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December 9, 2025


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# Key Points of Interest Expected in the Financial Results for the 3rd Quarter of the Fiscal Year Ending January 31, 2026

The Company has published a list of anticipated questions and answers in relation to the "Consolidated Financial Results for the Nine Months Ended Oct. 31, 2025" and other information announced today. Please see attached a list of expected questions and answers.

# Key Points of Interest Expected in the Financial Results for the 3rd Quarter of the Fiscal Year Ending January 31, 2026

## ■Financial Results for the Third Quarter and Progress toward Forecasts

**Q1: Could you please provide more detailed information regarding the revision of the full-year earnings forecast?**

First of all, we sincerely apologize for causing concern once again, following the downward revision of our full-year earnings forecast after the second-quarter financial results announcement on September 12th, 2025.

The downward revision of our earnings forecast is primarily attributable to sluggish order acquisition in both Domestic and Overseas Solutions, resulting in sales and operating income falling short of our internal plans. Furthermore, we do not anticipate a significant improvement in the fourth quarter, and sales as well as operating income are expected to decline substantially compared to our previous forecast.

For Domestic Solutions the EC field was unable to recover to the level prior to the removal of the large-scale project in the previous fiscal year, and sales were below the forecast. In Tech field, the business domain of SynX Inc. (former MIRAIt Service Design co.,ltd) has been difficult to secure development-engineers, and sales have been below the forecast. In light of this situation, we have revised our forecasts for the fourth quarter and revised them downward for both the full-year sales and operating profit.

Although we have secured orders for projects that were deferred from the first half to the second half in our Overseas Solutions business, performance continues to fall short of plan. In addition, commissioned game development at Ghostpunch Games, LLC, which we acquired in the previous fiscal year, is also progressing below expectations. To prepare for the prolonged impact of these factors, we are implementing a temporary streamlining of our business structure, resulting in an increase in business restructuring costs.

While we have completed our withdrawal from the Media Contents business in the third quarter, we will reassess the asset value of goodwill and intangible assets arising from past M&A transactions during the current fiscal year. If deemed necessary, we will record impairment losses to ensure a return to stable profitability from the next fiscal year onward.

The revised earnings forecast by business segment is as follows.

- **Effect on Net sales and operating profit by business**

(Millions of yen)

| | | 12/9 Forecast (Current) | 9/12 Forecast (Previous) | Difference |
|---|---|---|---|---|
| Domestic Solutions | Net sales | 25,915 | 26,598 | -682 |
| | Operating profit | 1,088 | 1,500 | -411 |
| Overseas Solutions | Net sales | 20,453 | 20,961 | -507 |
| | Operating profit | -385 | 20 | -405 |
| Media Contents | Net sales | 2,160 | 2,169 | -8 |
| | Operating profit | -134 | -133 | -0 |
| Company-wide | Operating profit | -289 | -262 | -27 |
| **Consolidated Total** | Net sales | 48,529 | 49,729 | -1,199 |
| | Operating profit | 279 | 1,124 | -845 |

**Q2: Please tell us about the impact of gains and losses on the sale of HIKE and AQUAPLUS.**

As a result of the sale of HIKE Inc. (hereinafter referred to as "HIKE"), we recorded a special gain of ¥86 million from the sale of shares of an affiliated company in the second quarter. Similarly, as a result of the sale of AQUAPLUS Co., Ltd. (hereinafter referred to as "AQUAPLUS"), we recorded a special gain of approximately ¥48 million from the sale of shares of an affiliated company in the third quarter.

**Q3: Could you confirm whether Media Contents sales in the second half are expected to remain above zero? Additionally, could you provide more details regarding Palabra Inc.?**

As a result of the divestment of HIKE and AQUAPLUS only Palabra Inc. (hereinafter referred to as "Palabra") remains within the Media Contents segment. Performance in the second half will therefore reflect the results of Palabra alone. Following the sale of HIKE and AQUAPLUS, operating income turned positive in the third quarter. Looking ahead to the next fiscal year, we plan to integrate Palabra into the Domestic Solutions segment and discontinue the Media Contents segment.

Palabra is a specialized company engaged in the production of barrier-free subtitles and audio guides for films. Against the backdrop of growing interest in creating an inclusive and accessible society—driven by legal reforms and changing social awareness, such as the enforcement on April 1, 2024, of the amended Act on the Elimination of Discrimination against Persons with Disabilities, which mandates the provision of "reasonable accommodation" by businesses—Palabra has expanded its efforts into barrier-free consulting for cultural and artistic fields such as theater and events. It also provides "UDCast," a barrier-free service focused on video content. In 2020, Palabra received the Cabinet Office Minister's Award for Excellence under the Commendation for Persons of Merit in Promoting Barrier-Free and Universal Design.

For the fiscal year ending January 2025, Palabra recorded net sales of ¥176 million (representing 0.3% of consolidated net sales). Supported by the enforcement of the amended Act on the Elimination of Discrimination against Persons with Disabilities, the company continues to achieve steady growth.

For details, please refer to Palabra website. https://palabra-i.co.jp/

**Q4: Exchange rate fluctuations remain significant, and we would like to understand their impact on the current financial results.**

In the Overseas Solutions segment, net sales increased from ¥14.0 billion in the third quarter of the previous fiscal year to ¥15.56 billion in the current third quarter, representing a rise of ¥1.56 billion. Of this amount, the impact of foreign exchange was negative ¥90 million, meaning that excluding currency effects, the increase was ¥1.65 billion. The average exchange rate applied for the third quarter was ¥150.61 per U.S. dollar in the previous fiscal year and ¥148.82 per U.S. dollar in the current fiscal year. For the fourth quarter, we assume an exchange rate of ¥150 per U.S. dollar.

## ■ Business Environment and Strategies for Each Operation

**Q5: With regard to Domestic Solutions, the recent profitability has been much lower than in the past. Will it recover in the future? What are your thoughts on the future growth policy?**

We have completed our withdrawal from Media Contents business and plan to reallocate the management resources previously invested in this area toward domestic Tech fields (software testing and development) and overseas markets, which are key drivers of future growth. In Japan, we have established the leading market share in game debugging and monitoring. Going forward, we will leverage this expertise to focus our resources on developing BPO services within the large Tech market where we can achieve a leading share, thereby accelerating both investment and returns.

Domestic Solutions forecasts a year-on-year increase in sales, but a large rise in SG&A expenses has resulted in a year-on-year decline in income. Specifically, SG&A expenses rose as a result of advertising activities aimed at recruiting executives and expanding Tech areas, strengthening of the sales structure, and measures to recruit AI specialists and invest in IT systems. In addition, we are continuing to consolidate our sites with the aim of improving the working environment for our employees and streamlining our operations. During the fiscal year under review, we opened a second Akihabara Center for Pole To Win, Inc. in September. With regard to establishing sites, we have improved employee turnover by improving employee satisfaction (ES) and hiring efficiently. We will promote these efforts as part of our human capital-expenditure initiative, which also looks to reduce future costs. In addition, the Group has established the Advanced Technology Laboratory, inviting Microsoft employees as general managers, to train high-tech engineers and develop automation tools using AI in order to improve AI and DX of human resources training and operations.

Although Domestic Solutions is expected to decrease due to a temporary increase in expenses for the implementation of these measures, it is a growth-oriented investment needed to quickly respond to the needs of customers and expand the scale of our business. We consider this investment to be recoverable through future sales and profit expansion. For the next fiscal year, we expect an increase in orders in the game field, which is our core business. Furthermore, by advancing unit price revisions across all services, we expect steady growth in both sales and profits.

**Q6: Will Overseas Solutions become profitable from the next fiscal year onward? Please also tell us your future growth policy.**

In the Overseas Solutions segment, we are advancing operational efficiency through the use of AI, similar to our initiatives in Japan. Meanwhile, demand for game-related BPO services continues to grow globally as the world population increases. For tasks that still require human involvement, we will pursue cost advantages by utilizing offshore sites with lower labor costs. Regarding AI implementation, we are not only developing solutions in-house but also leveraging partnerships with leading companies. For example, in August, we announced the world's first hybrid playtest-based AI-powered game debugging solution in collaboration with Razer Inc. (Razer Cortex: Playtest Program – Powered by Side), which recorded 799 million unique views in its news release. These partnerships will help us improve efficiency and strengthen our market share. Additionally, as part of our expansion strategy, we signed an MoU in July with Savvy Games Group in Saudi Arabia, exploring entry into the high-growth Middle East and North Africa markets.

In the current fiscal year, profitability has declined due to upfront costs for newly established offshore sites, project timing delays, and increased business restructuring expenses associated with temporary downsizing in response to weak demand for game development outsourcing. While revenue growth is expected to slow temporarily next fiscal year, these initiatives will drive steady improvement in profitability, and we anticipate a sustained return to positive earnings.

## ■ Future Management Policies

**Q7: Your company withdrew from Media Contents, but we would like to know the future business growth image.**

Previously, we had set a target of achieving ¥100 billion in net sales and an operating margin of 10% by the fiscal year ending January 2029. However, following our withdrawal from the Media Contents business, we have revised this policy. Our new goal is to maintain a revenue CAGR of over 10%, while balancing growth investments with profitability to achieve an EBITDA margin of 10%. We are committed to realizing ¥100 billion in net sales at an early stage and establishing a stable profit structure through company-wide efforts.

That said, in light of repeated revisions to earnings forecasts, we are currently redefining our business growth priorities. We are developing a growth strategy focused on profitability recovery and renewed expansion, collaboration between AI technology and human expertise, and concentrated investment in core areas. This vision will be announced in mid-March 2026, together with our earnings forecast for the fiscal year ending January 2027.