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June 10, 2025

Consolidated Financial Results for the Three Months Ended April 30, 2025 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 3657
 URL: <https://www.phd.inc>
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended April 30, 2025 (from February 1, 2025 to April 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
April 30, 2025	12,759	6.7	-22	—	-480	—	-609	—
April 30, 2024	11,963	9.5	-123	—	-91	—	-404	—

Note: Comprehensive income: For the three months ended April 30, 2025: -724 million [—%]
 For the three months ended April 30, 2024: -198 million [—%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
April 30, 2025	-17.23	—
April 30, 2024	-11.44	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
April 30, 2025	26,952	11,438	42.4
January 31, 2025	28,441	12,445	43.7

Reference: Equity: As of April 30, 2025: 11,430 million
 As of January 31, 2025: 12,438 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended January 31, 2025	—	8.00	—	8.00	16.00
Fiscal year ending January 31, 2026	—				
Fiscal year ending January 31, 2026 (Forecast)		8.00	—	8.00	16.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial forecast for the fiscal year ending January 31, 2026 (from February 1, 2025 to January 31, 2026)

(Percentages indicate year-on-year changes, Quarterly figures are the rate of change compared to the same quarter last year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending July 31, 2025	27,030	11.3	-236	—	-256	—	-515	—	-14.58
Fiscal year ending January 31, 2026	55,052	5.4	1,202	52.9	1,158	53.2	310	—	8.78

Note: Revisions to the financial forecasts most recently announced: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: — companies

Excluded: — companies

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

Note: See “(3) Notes to Quarterly Consolidated Financial Statements (Notes on Accounting Treatment Specific to the Preparation of Quarterly Consolidated Financial Statements)” under “2. Quarterly Consolidated Financial Statements and Main Notes” on page 8 of the attachment for details.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: See “(3) Notes to Quarterly Consolidated Financial Statements (Notes on Changes in Accounting Policies)” under “2. Quarterly Consolidated Financial Statements and Main Notes” on page 8 of the attachment for details.

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of April 30, 2025	38,156,000 shares
As of January 31, 2025	38,156,000 shares

(ii) Number of treasury shares at the end of the period

As of April 30, 2025	2,795,751 shares
As of January 31, 2025	2,795,751 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended April 30, 2025	35,360,249 shares
Three months ended April 30, 2024	35,360,270 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

(Disclaimer to forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not guarantee that the Company will achieve its earnings forecasts. In addition, actual business and other results may differ substantially due to several factors. See “(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements” under “1. Overview of the Financial Results” on page 3 of the attachment for the underlying assumptions of and precautions for using the forecasts.

(How to obtain supplementary material on financial results)

Supplementary material on financial results is disclosed on TDnet on the same day.

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1. Overview of Operating Results

(1) Overview of Quarterly Operating Results

During the first quarter of the current fiscal year, with the employment and income environment improving, the Japanese economy is expected to continue to recover moderately, due in part to the effects of various policies. However, the risk of a downturn in the economy due to the impact of the U.S. trade policy is increasing. In addition, the effects of continued inflation on private consumption, including a downturn in consumer sentiment, are a risk of downward pressure on the Japanese economy, and further attention should be paid to the effects of fluctuations in financial and capital markets.

Under these economic conditions, our Group globally promotes the Service Lifecycle Solution Business, which provides quality consulting, game debugging, software testing, environmental construction and transition support, monitoring, customer support, countermeasures against fraud, and BPR support in the processes of planning, developing, releasing, operating, and improving the lifecycle of customers' services and products (service life cycle). In the first quarter of the current fiscal year, PTW International Holdings Limited announced in March that it would change its name to Side International Holdings Limited and unify the names and brands of the Group companies under Side name in an effort to improve sales, marketing efficiency, and recognition. In terms of business performance, revenue increased in all operations. With regard to expenses, while expenses for liquidation of the Overseas Solutions business and additional expenses for the joint development of games in the Media Contents business have decreased, expenses have been incurred for establishing a sales structure and promotion expenses to strengthen orders for software testing and development in the Domestic Solutions business.

As a result, operating results for the first quarter of the current fiscal year were 12,759,678 thousand yen in net sales (up 6.7% year on year), an operating loss of 22,171 thousand yen (compared with an operating loss of 123,048 thousand yen in the same period of the previous fiscal year), an ordinary loss of 480,940 thousand yen (compared with an ordinary loss of 91,548 thousand yen in the same period of the previous fiscal year), and a loss attributable to owners of parent of 609,098 thousand yen (compared with a loss attributable to owners of parent of 404,501 thousand yen in the same period of the previous fiscal year).

Results of operations by service category were as follows.

(Domestic Solutions)

In this service category, domestic subsidiaries provide services related to debugging, customer support, localization, and support for overseas expansion for the game market. For Tech market, we provide services related to software testing, environmental construction, server monitoring, data center operations, and kitting. For the e-commerce market, we provide services related to monitoring and customer support. Software testing and system development for the Tech market continued to grow in size, driving sales growth in this business.

As a result, Domestic Solutions sales were 6,296,097 thousand yen (up 1.7% year on year).

(Overseas Solutions)

In this service category, the Company's overseas subsidiaries primarily provide services related to debugging, localization, voice recording, customer support, product development support, and art production. Overseas game-industry conditions recovered, resulting in an increase in localization and customer support. In addition, sales increased significantly due to the contribution to consolidation from the acquisition of Ghostpunch Games, LLC in September last year and the depreciation of the yen.

As a result, net sales of Overseas Solutions were 4,862,359 thousand yen (up 12.9% year on year).

(Media Contents)

In this service category, the Company's domestic subsidiaries mainly engage in services related to animation production, game publishing, graphic development, marketing support, barrier-free subtitles and voice guide production, centered on "IP360-degree development." While we withdrew from unprofitable businesses through the selection and concentration of businesses, net sales increased mainly in contract production operations.

As a result, net sales of Media Contents were 1,601,220 thousand yen (up 9.1% year on year).

(2) Overview of the Quarterly Financial Position

(Assets)

Current assets decreased by 1,268,572 thousand yen (6.4%) from the previous consolidated fiscal year end to 18,438,966 thousand yen. This was mainly due to decreases of 1,668,639 thousand yen in notes and accounts receivable-trade, and contract assets, despite increases of 212,927 thousand yen in cash and deposits and 137,808 thousand yen in work in process.

Non-current assets decreased by 219,928 thousand yen (2.5%) from the previous consolidated fiscal year end to 8,513,754 thousand yen. This was mainly due to decreases of 172,790 thousand yen in goodwill, 54,481 thousand yen in software, and 81,830 thousand yen in intangible assets, despite an increase of 103,518 thousand yen in deferred tax assets.

As a result, total assets decreased by ¥1,488,501 thousand (5.2%) from the previous fiscal year end to 26,952,721 thousand yen.

(Liabilities)

Current liabilities decreased by 437,957 thousand yen (2.8%) from the previous consolidated fiscal year end to 14,953,041 thousand yen. This was mainly due to decreases of 1,157,914 thousand yen in accounts payable-other and 139,277 thousand yen in income taxes payable, despite increases of 600,000 thousand yen in short-term borrowings and 287,176 thousand yen in other (contract liabilities, etc.).

Non-current liabilities decreased by 43,161 thousand yen (7.1%) compared to the previous consolidated fiscal year end, to 561,548 thousand yen. This was mainly due to decreases of 13,176 thousand yen in retirement benefit liability and 8,800 thousand yen in deferred tax liabilities.

As a result, total liabilities decreased by 481,119 thousand yen (3.0%) compared to the previous consolidated fiscal year end, to 15,514,589 thousand yen.

(Net assets)

Total net assets decreased 1,007,381 thousand yen (8.1%) from the previous consolidated fiscal year end to 11,438,131 thousand yen. This was mainly due to a decrease of 891,980 thousand yen in retained earnings and 116,962 thousand yen in foreign currency translation adjustment resulting from the recording of a quarterly net loss attributable to owners of the parent and payment of dividends.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

In the first quarter of the fiscal year under review, net sales were slightly below the Company's internal plan, but profits exceeded the Company's internal plan. For the second quarter and beyond, we forecast that results will generally be in line with the plan, and there are no changes to the consolidated earnings forecast announced on March 14, 2025. The financial forecast is based on information currently available to the Company and on certain assumptions deemed to be reasonable, and we do not promise to achieve such results. Actual results may differ from these forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of January 31, 2025	As of April 30, 2025
Assets		
Current assets		
Cash and deposits	7,012,693	7,225,621
Notes and accounts receivable - trade, and contract assets	9,357,920	7,689,281
Merchandise and finished goods	19,784	19,092
Work in process	1,493,080	1,630,889
Other	1,853,221	1,899,350
Allowance for doubtful accounts	-29,161	-25,269
Total current assets	19,707,539	18,438,966
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,110,978	2,098,244
Accumulated depreciation	-776,549	-790,049
Buildings and structures, net	1,334,429	1,308,194
Machinery, equipment and vehicles	80,207	78,111
Accumulated depreciation	-42,884	-44,695
Machinery, equipment and vehicles, net	37,323	33,416
Tools, furniture and fixtures	3,724,560	3,670,429
Accumulated depreciation	-3,071,075	-3,041,907
Tools, furniture and fixtures, net	653,484	628,522
Other	106,651	131,439
Total property, plant and equipment	2,131,888	2,101,573
Intangible assets		
Goodwill	2,183,313	2,010,523
Software	810,484	756,003
Intangible assets	1,186,871	1,105,040
Other	3,997	3,997
Total intangible assets	4,184,666	3,875,564
Investments and other assets		
Investment securities	627,107	597,962
Leasehold and guarantee deposits	1,184,824	1,244,177
Deferred tax assets	418,795	522,314
Other	589,112	563,460
Allowance for doubtful accounts	-402,711	-391,298
Total investments and other assets	2,417,126	2,536,615
Total non-current assets	8,733,682	8,513,754
Total assets	28,441,222	26,952,721

(Thousands of yen)

	As of January 31, 2025	As of April 30, 2025
Liabilities		
Current liabilities		
Short-term borrowings	7,000,000	7,600,000
Current portion of long-term borrowings	33,643	24,805
Accounts payable - other	5,318,014	4,160,099
Accrued expenses	611,064	597,859
Income taxes payable	500,505	361,228
Provision for bonuses	51,676	45,778
Other	1,876,094	2,163,271
Total current liabilities	15,390,999	14,953,041
Non-current liabilities		
Long-term borrowings	62,100	55,600
Retirement benefit liability	151,340	138,163
Deferred tax liabilities	266,778	257,977
Other	124,490	109,806
Total non-current liabilities	604,709	561,548
Total liabilities	15,995,708	15,514,589
Net assets		
Shareholders' equity		
Share capital	1,239,064	1,239,064
Capital surplus	2,183,442	2,183,442
Retained earnings	10,384,336	9,492,355
Treasury shares	-2,552,270	-2,552,270
Total shareholders' equity	11,254,573	10,362,592
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,039	2,869
Foreign currency translation adjustment	1,182,437	1,065,474
Total accumulated other comprehensive income	1,183,477	1,068,344
Non-controlling interests	7,462	7,195
Total net assets	12,445,513	11,438,131
Total liabilities and net assets	28,441,222	26,952,721

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statement of Comprehensive Income

(Quarterly Consolidated Statements of Income for the Three Months Ended April 30, 2025)

(Thousands of yen)

	Three months ended April 30, 2024	Three months ended April 30, 2025
Net sales	11,963,587	12,759,678
Cost of sales	9,495,383	9,840,161
Gross profit	2,468,203	2,919,516
Selling, general and administrative expenses	2,591,251	2,941,687
Operating loss	-123,048	-22,171
Non-operating income		
Foreign exchange gains	33,279	—
Subsidy income	3,014	11,804
Other	10,378	12,245
Total non-operating income	46,672	24,050
Non-operating expenses		
Interest expenses	3,709	14,231
Foreign exchange losses	—	433,715
Loss on investment securities	8,011	11,728
Other	3,451	23,144
Total non-operating expenses	15,172	482,820
Ordinary loss	-91,548	-480,940
Extraordinary losses		
Loss on retirement of non-current assets	11,413	—
Loss on valuation of investment securities	49,990	—
Total extraordinary losses	61,404	—
Loss before income taxes	-152,952	-480,940
Income taxes	250,873	128,425
Loss	-403,825	-609,366
Profit (loss) attributable to non-controlling interests	675	-267
Loss attributable to owners of parent	-404,501	-609,098

(Quarterly Consolidated Statement of Comprehensive Income for the Three Months Ended April 30, 2025)

(Thousands of yen)

	Three months ended April 30, 2024	Three months ended April 30, 2025
Loss	-403,825	-609,366
Other comprehensive income		
Valuation difference on available-for-sale securities	29,065	1,829
Foreign currency translation adjustment	176,430	-116,962
Total other comprehensive income	205,496	-115,133
Comprehensive income	-198,329	-724,499
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-199,005	-724,232
Comprehensive income attributable to non-controlling interests	675	-267

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Changes in Accounting Policies)

(Application of “Accounting Standard for Current Income Taxes,” etc.)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter, “Revised Accounting Standard 2022”) has been applied from the beginning of the first quarter of the current fiscal year.

With respect to the revision related to the classification of current income taxes (taxation on other comprehensive income), the Company adheres to the transitional treatment stipulated in the provisory clause of Paragraph 20-3 of the Revised Accounting Standard 2022 as well as that in the provisory clause of Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter, “Revised Guidance 2022”). The change in accounting policy has no impact on the quarterly consolidated financial statements.

In addition, with respect to the revision related to the treatment in consolidated financial statements of the deferral for tax purposes of gains and losses arising from the sale of subsidiary shares, etc., between consolidated companies, the Company has applied the Revised Guidance 2022 from the beginning of the first quarter of the current fiscal year. The change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements for the previous quarter and consolidated financial statements for the previous fiscal year have been restated accordingly. The change in accounting policy has no impact on the quarterly consolidated financial statements for the previous quarter and the consolidated financial statements for the previous fiscal year.

(Notes on Accounting Treatment Specific to the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of Income Taxes Payable)

Tax expenses for the Company and some consolidated subsidiaries are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to income before taxes for the fiscal year, including the current quarterly period ended April 30, 2025. This estimate is then multiplied by the income before taxes to determine the tax expenses.

(Notes on Segment Information)

This information is omitted as the Group has a single segment, the Service Life Cycle Solutions Business.

(Notes on Significant Changes in Shareholders’ Equity)

Not applicable.

(Notes on Premise of Going Concern)

Not applicable.

(Notes to Quarterly Consolidated Statement of Cash Flows)

We have not prepared the quarterly consolidated statement of cash flows for the three months ended April 30, 2025. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three-month period are as follows.

	(Thousands of yen)	
	Three months ended April 30, 2024	Three months ended April 30, 2025
Depreciation	213,081	250,341
Amortization of goodwill	64,575	84,644