

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2021 (Based on Japanese GAAP)

July 14, 2021

Company name: PR TIMES, Inc.
 Stock exchange listing: Tokyo
 Stock code: 3922 URL <https://prtimes.co.jp/>
 Representative: President and CEO TAKUMI YAMAGUCHI
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 Scheduled date to file Quarterly Securities Report: July 14, 2021
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 31, 2021 (from March 1, 2021 to May 31, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended May 31, 2021	1,127	—	391	—	391	—	273	—
Three months ended May 31, 2020	—	—	—	—	—	—	—	—

Note: Comprehensive income For the three months ended May 31, 2021: ¥273 million [—%]
 For the three months ended May 31, 2020: ¥— million [—%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2021	20.97	20.00
Three months ended May 31, 2020	—	—

Note: Because the Company has prepared quarterly consolidated financial statements starting in the three months ended May 31, 2021, the Company is not stating year-on-year changes for the three months ended May 31, 2021, or the consolidated operating results (cumulative) and year-on-year changes for the three months ended May 31, 2020.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2021	3,285	2,659	80.9	204.27
As of February 28, 2021	—	—	—	—

Reference: Equity As of May 31, 2021 ¥2,657 million
 As of February 28, 2021 ¥— million

Note: Because the Company has prepared quarterly consolidated financial statements starting in the three months ended May 31, 2021, the Company is not stating the consolidated financial position as of February 28, 2021.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2021	—	0.00	—	0.00	0.00
Year ending February 28, 2022	—	—	—	—	—
Year ending February 28, 2022 (Forecast)	—	0.00	—	0.00	0.00

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

3. Forecast of consolidated financial results for the year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2021	2,216	—	803	—	802	—	556	—	42.70
Full year	4,715	—	1,750	—	1,748	—	1,212	—	93.02

Notes: 1 Revisions to the forecast most recently announced: None

2. Because the Company has prepared quarterly consolidated financial statements starting in the three months ended May 31, 2021, the Company is not stating year-on-year changes.

4. Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation):
None

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

Note: For more details, please refer to the section of “(3) Notes to quarterly consolidated financial statements, Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements” of “2. Quarterly consolidated financial statements and significant notes thereto” on page 6 of the attached material.

- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

- (4) Number of issued shares (common shares)

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

As of May 31, 2021	13,457,200 shares	As of February 28, 2021	13,457,200 shares
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Number of treasury shares at the end of the period

As of May 31, 2021	448,331 shares	As of February 28, 2021	424,931 shares
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Average number of shares during the period

Three months ended May 31, 2021	13,031,020 shares	Three months ended May 31, 2020	13,040,459 shares
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Note: The Company conducted a 2-for-1 share split of its common shares on August 5, 2020. Number of issued shares at the end of the period, number of treasury shares at the end of the period and average number of shares of common stock outstanding during the period have been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of financial results forecasts, and other special matters

(Caution regarding forward-looking statements)

Forward-looking statements, including the consolidated forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. As such, they do not constitute guarantees by the Company of future performance. Results may differ materially from the consolidated forecasts due to various factors. Please refer to the section of “(3) Explanation of forward-looking information, including consolidated results forecasts” of “1. Qualitative information on quarterly consolidated financial results for the period under review” on page 3 of the attached material for the preconditions for the results forecasts and items to exercise caution in the use of these results forecasts.

(How to obtain supplementary material on quarterly financial results and quarterly financial summary presentation material)

On Wednesday, July 14, 2021, the Company plans to post the supplementary material on the quarterly financial results on its website. The Company also plans to hold a quarterly financial summary presentation meeting for institutional investors and securities analysts on the same day.

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1. Qualitative information on quarterly consolidated financial results for the period under review

(1) Explanation of operating results

In the three months ended May 31, 2021, the PR TIMES, Inc. Group (the “Group”) invested in the development of new functions, etc. for the future in order to realize our mission of “Towards an age where information inspires hearts and minds” while continuing efforts to strengthen the core structure for the press release distribution service “PR TIMES,” which is a key business.

The number of companies using our services has reached 54,426 companies, and 46.3% of listed companies in Japan were using our services. The Group is maintaining a strong growth rate with the number of press releases reaching a record high of 26,072 in March and also due to other factors. 134,332 images and 2,388 videos as press release materials were posted in March, both representing record highs, as the shift to press releases with rich contents continues. In addition, there were 11,980 distribution recipients, 21,203 media users and 200 partner media, and the number of monthly site views for press releases in March was the highest recorded at 53.54 million page views. There has been an enormous response in terms of network effect accompanying the increases for both the distribution side and the receiving side of press releases. As a result, “PR TIMES” has evolved from an information distribution service for press releases, containing media-oriented material, to a PR (Public Relations) platform.

To realize our mission, we are also striving to create business that goes beyond “PR TIMES.” Beginning in this fiscal year, we changed the key indicators from number of users to number of paying user companies for “Jooto,” our task and project management tool, and from number of accounts to number of paying accounts for “Tayori,” our cloud-based information organization tool, and worked to expand usage and improve service. As a result, the number of paying user companies for “Jooto” rose 7.0% year on year to 1,547 companies and the number of paying accounts for “Tayori” rose 11.7% to 516 accounts. Although both services grew according to plan, their effects on net sales were limited, and we continue to still be in the investment phase.

As a result, for the three months ended May 31, 2021, the Company posted net sales of ¥1,127,655 thousand, operating profit of ¥391,759 thousand, ordinary profit of ¥391,827 thousand and profit attributable to owners of parent of ¥273,246 thousand. Comparison against the consolidated financial statements for corresponding period of the previous fiscal year or as of the end of the previous fiscal year has not been performed as the Company began preparing the quarterly consolidated financial statements from the first quarter under review.

Note that the Group has a single segment consisting of the Press Release Distribution Business, and statement of operating results by segment has been omitted.

(2) Explanation of financial position

Assets

Total assets at the end of the first quarter under review were ¥3,285,228 thousand.

Current assets at the end of the first quarter under review were ¥2,721,194 thousand. The main factors were cash and deposits of ¥1,801,345 thousand and notes and accounts receivable - trade of ¥497,000 thousand.

Non-current assets at the end of the first quarter under review were ¥564,034 thousand. The main factors were intangible assets of ¥138,080 thousand and investments and other assets of ¥335,357 thousand.

Liabilities

Liabilities at the end of the first quarter under review were ¥626,145 thousand.

Current liabilities at the end of the first quarter under review were ¥621,668 thousand. The main factors were income taxes payable of ¥132,249 thousand, unearned revenue of ¥228,556 thousand, and other current liabilities of ¥188,790 thousand.

Non-current liabilities at the end of the first quarter under review were ¥4,477 thousand.

Net assets

Net assets at the end of the first quarter under review were ¥2,659,082 thousand. The main factor was retained earnings of ¥2,474,380 thousand.

(3) Explanation of forward-looking information, including consolidated results forecasts

There are no changes to forecast of consolidated financial results for six months ending August 31, 2021 and full year ending February 28, 2022 released in the Summary of Non-Consolidated Financial Results for the Year Ended February 28, 2021, announced on April 13, 2021.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

	(Thousands of yen)
	As of May 31, 2021
Assets	
Current assets	
Cash and deposits	1,801,345
Notes and accounts receivable - trade	497,000
Deposits paid	399,014
Other	55,308
Allowance for doubtful accounts	(31,474)
Total current assets	2,721,194
Non-current assets	
Property, plant and equipment	90,597
Intangible assets	138,080
Investments and other assets	335,357
Total non-current assets	564,034
Total assets	3,285,228
Liabilities	
Current liabilities	
Notes and accounts payable - trade	43,440
Income taxes payable	132,249
Unearned revenue	228,556
Provision for bonuses	14,700
Provision for shareholder benefit program	13,932
Other	188,790
Total current liabilities	621,668
Non-current liabilities	
Other	4,477
Total non-current liabilities	4,477
Total liabilities	626,145
Net assets	
Shareholders' equity	
Share capital	420,660
Capital surplus	395,660
Retained earnings	2,474,380
Treasury shares	(633,338)
Total shareholders' equity	2,657,362
Share acquisition rights	315
Non-controlling interests	1,405
Total net assets	2,659,082
Total liabilities and net assets	3,285,228

(2) Quarterly consolidated statement of income and comprehensive income
Quarterly consolidated statement of income (cumulative)

	(Thousands of yen)
	Three months ended May 31, 2021
Net sales	1,127,655
Cost of sales	135,518
Gross profit	992,137
Selling, general and administrative expenses	600,377
Operating profit	391,759
Non-operating income	
Interest income	0
Recoveries of written off receivables	125
Other	99
Total non-operating income	224
Non-operating expenses	
Interest expenses	156
Total non-operating expenses	156
Ordinary profit	391,827
Profit before income taxes	391,827
Income taxes	118,676
Profit	273,151
Loss attributable to non-controlling interests	(94)
Profit attributable to owners of parent	273,246

Quarterly consolidated statement of comprehensive income (cumulative)

	(Thousands of yen)
	Three months ended May 31, 2021
Profit	273,151
Comprehensive income	273,151
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	273,246
Comprehensive income attributable to non-controlling interests	(94)

(3) Notes to quarterly consolidated financial statements**Notes on premise of going concern**

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Changes in significant subsidiaries during the period under review

Although this matter does not constitute a change in a specified subsidiary, THE BRIDGE, Inc., which was established on March 19, 2021, is included in the scope of consolidation from the first quarter under review.

Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements*Tax expense calculation*

Tax expenses are calculated by multiplying the profit before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the profit before income taxes for the fiscal year including the first quarter under review.

Segment information

Segment information is omitted as the Group has one reportable segment of the Press Release Distribution Business.

Significant events after reporting period*Acquisition of own shares*

At the Board of Directors meeting held on May 14, 2021, the Company resolved to carry out the acquisition of its own shares prescribed in the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph (3) of the said Act, and carried out the acquisition of own shares as described below.

1. Reason for conducting acquisition of own shares

Under its five-year medium-term management targets "Milestone 2025" for which fiscal 2025 is the final year, the Company aims to achieve profit growth that can provide the funds for the investment necessary to achieve sustainable growth. In order to generate a virtuous cycle for disciplined, active investment and business growth and provide flexible options for investment strategies, the Company will carry out agile purchasing of its own shares while giving comprehensive consideration to the financial position, the share price level, etc. Furthermore, the Company has introduced share acquisition rights and restricted share-based remuneration as an incentive system aimed at realizing the sustainable improvement of corporate value. In order to suppress stock dilution, the Company will follow a policy of using its own shares that it acquires as shares to be granted in connection to the aforementioned system.

2. Details of matters concerning the acquisition of own shares

(1) Class of shares to acquire	The Company's common shares
(2) Total number of shares to acquire	134,000 shares (upper limit) (This constitutes 1.02% of the total number of shares issued (excluding treasury shares))
(3) Total share acquisition cost	¥450,000,000 (upper limit)
(4) Acquisition period	From May 17, 2021 to June 25, 2021

(5) Method of acquisition	Market purchases based on the discretionary dealing contract through the Tokyo Stock Exchange
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3. Result of the acquisition of own shares

As a result of the acquisition by the market purchases described above, the Company acquired 73,800 shares of the Company's common shares (total acquisition cost of ¥238,249,400).

Disposal of treasury shares as restricted share-based remuneration

At the meeting of the Board of Directors held on June 10, 2021, the Company resolved to perform a disposal of treasury shares as restricted share-based remuneration (hereinafter "Disposal of Treasury Shares"), and conducted the Disposal of Treasury Shares as described below.

1. Overview of disposal

(1) Date of payment	June 30, 2021
(2) Class and number of shares for disposal	3,938 common shares of the Company
(3) Disposal value	¥3,425 per share
(4) Total disposal value	¥13,487,650
(5) Planned recipients of disposed shares	Directors of the Company (2 persons) 3,502 shares Executive Officers of the Company (1 person) 291 shares Employees of the Company (1 person) 145 shares
(6) Other	The Company has filed a written securities notice based on the Financial Instruments and Exchange Act for the Disposal of Treasury Shares.

2. Purpose and reason for the disposal

At the Company's 16th Ordinary General Meeting of Shareholders held on May 26, 2021, it was approved to introduce a share-based remuneration plan for granting restricted shares to the Company's Directors, for the purpose of having Directors share in the benefits and risks of share price fluctuations with the shareholders, and providing greater incentive to Directors to elevate the share price and boost corporate value, to set the total amount of monetary remuneration claims to be provided to the Company's Directors as remuneration, etc. linked to the restricted shares under the plan at no more than ¥20 million per year (including the amount no more than ¥4 million per year for Outside Directors), to set the total number of the restricted shares allotted to the Company's Directors in each fiscal year at no more than 10,000 shares (including the number no more than 2,000 for Outside Directors), to set the transfer restriction period for the restricted shares at a period from the date that the restricted shares are granted until the day that the allottee ends all positions at the Company as Director, Executive Officer, or employee, among other details.

Moreover, at the Company's Board of Directors meeting held on June 10, 2021, the Company resolved to allot 3,938 shares of the Company's common shares as special restricted shares by paying a total amount of monetary remuneration claims of ¥13,487,650 as two kinds of restricted share remuneration relating to the remuneration target period in the following table to the planned allottees, namely two Directors, one Executive Officer, and one employee (hereinafter the "Allottees") and having the Allottees provide the full amount of those monetary remuneration claims through the method of contribution in kind. The amount of the monetary remuneration claims paid to each of the Allottees is determined after giving comprehensive consideration to various matters including each Allottee's level of contribution to the Company. Moreover, said monetary remuneration claims are paid on condition that each of the Allottees enter into a restricted share allotment agreement with the Company that includes the contents summarized below.

There are two kinds of restricted shares as stated in the table below under the restricted share-based remuneration plan described above and the restricted share remuneration plan for Executive Officers and employees (collectively referred to hereinafter as the "Plan"). The first kind is the

restricted shares that are allotted to the Company's Directors (hereinafter "Restricted Shares I"), and the other kind is the restricted shares allotted to the Company's Executive Officers and to employees (hereinafter "Restricted Shares II"). The Restricted Shares I are provided to the Directors so that they share in the benefits and risks of share price fluctuations with the shareholders and are provided greater incentive to elevate the share price and boost corporate value, and accordingly, the period for the restriction on share transfer lasts until the Allottee ends all positions at the Company as Director, Executive Officer or employee. For the Restricted Shares II, the period for restriction on share transfer is set at five years in order to realize the purpose for introducing the Plan, namely, to enhance management participation awareness among Executive Officers and employees through having them own the Company's shares while promoting a further sharing of value with the shareholders.

Allottees	Kinds of restricted shares	Remuneration target period
Directors of the Company	Restricted Shares I	From the 16th Ordinary General Meeting of Shareholders to the 17th Ordinary General Meeting of Shareholders
Executive Officers of the Company	Restricted Shares II	From the 16th Ordinary General Meeting of Shareholders to the 17th Ordinary General Meeting of Shareholders
Employees of the Company		