

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2021 (Based on Japanese GAAP)

January 13, 2022

Company name: PR TIMES, Inc.
 Stock exchange listing: Tokyo
 Stock code: 3922 URL <https://prtimes.co.jp/>
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 Scheduled date to file Quarterly Securities Report: January 13, 2022
 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 nine months ended November 30, 2021 (from March 1, 2021 to November 30, 2021)

(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	%
Nine months ended November 30, 2021	3,608	—	1,520	—	1,518	—	1,044	—
Nine months ended November 30, 2020	—	—	—	—	—	—	—	—

Note: Comprehensive income For the nine months ended November 30, 2021: ¥1,043 million [—%]
 For the nine months ended November 30, 2020: ¥— million [—%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2021	79.45	76.53
Nine months ended November 30, 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 nine months ended November 30, 2021, or the consolidated operating results (cumulative) and year-on-year changes for the nine months ended November 30, 2020.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2021	4,366	3,563	81.6	264.97
As of February 28, 2021	—	—	—	—

Reference: Equity As of November 30, 2021 ¥3,562 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	—	0.00	—		
Year ending February 28, 2022 (Forecast)				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
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 November 30, 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 November 30, 2021	10,421 shares	As of February 28, 2021	424,931 shares
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Average number of shares during the period

Nine months ended November 30, 2021	13,140,956 shares	Nine months ended November 30, 2020	13,040,376 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 Thursday, January 13, 2022, 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 nine months ended November 30, 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 62,415 companies, and 49.3% 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 28,534 in November and also due to other factors. As press release materials, 144,887 images were posted in November and 2,406 videos were posted in October, both representing record highs, as the shift to press releases with rich contents continues. In addition, there were 11,814 distribution recipients, 22,559 media users and 206 partner media, and the number of monthly site views for press releases in August was the highest recorded at 58.80 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 4.9% quarter on quarter to 1,727 companies and the number of paying accounts for “Tayori” rose 8.0% to 624 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 nine months ended November 30, 2021, the Company posted net sales of ¥3,608,841 thousand, operating profit of ¥1,520,360 thousand, ordinary profit of ¥1,518,938 thousand and profit attributable to owners of parent of ¥1,044,078 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 ended May 31, 2021.

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 third quarter under review were ¥4,366,813 thousand.

Current assets at the end of the third quarter under review were ¥3,779,749 thousand. The main factors were cash and deposits of ¥3,132,301 thousand and notes and accounts receivable - trade of ¥610,286 thousand.

Non-current assets at the end of the third quarter under review were ¥587,064 thousand. The main factors were intangible assets of ¥159,109 thousand and investments and other assets of ¥369,884 thousand.

Liabilities

Liabilities at the end of the third quarter under review were ¥802,951 thousand.

Current liabilities at the end of the third quarter under review were ¥800,267 thousand. The main factors were income taxes payable of ¥307,433 thousand, unearned revenue of ¥207,571 thousand, and other current liabilities of ¥221,610 thousand.

Non-current liabilities at the end of the third quarter under review were ¥2,683 thousand.

Net assets

Net assets at the end of the third quarter under review were ¥3,563,861 thousand. The main factor was retained earnings of ¥2,763,041 thousand.

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

There are no changes to forecast of consolidated financial results for 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 November 30, 2021	
Assets	
Current assets	
Cash and deposits	3,132,301
Notes and accounts receivable - trade	610,286
Other	54,635
Allowance for doubtful accounts	(17,475)
Total current assets	3,779,749
Non-current assets	
Property, plant and equipment	58,070
Intangible assets	159,109
Investments and other assets	369,884
Total non-current assets	587,064
Total assets	4,366,813
Liabilities	
Current liabilities	
Notes and accounts payable - trade	48,202
Income taxes payable	307,433
Unearned revenue	207,571
Provision for bonuses	15,450
Other	221,610
Total current liabilities	800,267
Non-current liabilities	
Other	2,683
Total non-current liabilities	2,683
Total liabilities	802,951
Net assets	
Shareholders' equity	
Share capital	420,660
Capital surplus	395,660
Retained earnings	2,763,041
Treasury shares	(16,410)
Total shareholders' equity	3,562,952
Share acquisition rights	203
Non-controlling interests	706
Total net assets	3,563,861
Total liabilities and net assets	4,366,813

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

(Thousands of yen)

	Nine months ended November 30, 2021
Net sales	3,608,841
Cost of sales	407,309
Gross profit	3,201,532
Selling, general and administrative expenses	1,681,172
Operating profit	1,520,360
Non-operating income	
Interest income	0
Recoveries of written off receivables	215
Other	122
Total non-operating income	337
Non-operating expenses	
Interest expenses	570
Loss on investments in capital	1,113
Other	76
Total non-operating expenses	1,759
Ordinary profit	1,518,938
Profit before income taxes	1,518,938
Income taxes	475,653
Profit	1,043,285
Loss attributable to non-controlling interests	(793)
Profit attributable to owners of parent	1,044,078

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2021
Profit	1,043,285
Comprehensive income	1,043,285
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	1,044,078
Comprehensive income attributable to non-controlling interests	(793)

(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

Based on a resolution at the meeting of the Board of Directors held on May 14, 2021, the Company purchased 73,800 treasury shares. In addition, based on a resolution at the meeting of the Board of Directors held on June 10, 2021, the Company disposed of 3,938 treasury shares as restricted share-based remuneration and disposed of 484,400 treasury shares due to exercise of share options. As a result, for the nine months ended November 30, 2021, retained earnings decreased ¥492,536 thousand and treasury shares decreased ¥527,085 thousand. At the end of the third quarter under review, retained earnings was ¥2,763,041 thousand and treasury shares was ¥16,410 thousand, all of which included acquisition through purchase of shares less than one unit.

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 ended May 31, 2021.

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 third 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

Restricted share-based remuneration plan

The Company, at the Board of Directors meeting held on December 10, 2021, resolved to expand the eligible persons for the restricted share-based remuneration plan to employees of the Company or its subsidiaries (hereinafter, the “Group”) who fulfill certain requirements.

1. Purpose for expanding eligible persons

The Company provides opportunities for employees, etc. to become shareholders in order to for them build active ownership as a representative of the Company to realize the Company’s mission of “Towards an age where information inspires hearts and minds.” Thus far, the Company allotted the 4th share acquisition rights, which were set as a share acquisition right trust issued at market value in April 2017 (hereinafter, “4th SO”), to persons employed as of May 31, 2021, and plans to allot the 6th share acquisition rights, which were set as a share acquisition right trust issued at market value in April 2021 (hereinafter, “6th SO”), to persons employed as of May 31, 2027.

With regard to employees, etc. who joined the Company after the allocation of the 4th SO, the Company has expanded the eligible persons as it believes that eliminating the difference between opportunities is important as there are not many opportunities to hold the Company’s share acquisition rights and shares until the allocation of the 6th SO, and in order to realize the mission together as one company.

2. Overview

(1) Eligible Persons

The expanded eligible persons are expected to include employees who joined the Company from June 1, 2021 onward and fulfill certain requirements (hereinafter, “Eligible Persons”), and who wish to receive the allotment at the time the allotment of restricted shares is determined. The Company will pay monetary compensation claims to Eligible Persons to be used for making contribution in-kind, but this will in no way cause a reduction in wages.

(2) Number of shares to be allotted

The total number of the Company’s common shares to be newly issued or disposed of for Eligible Persons by the Company per fiscal year will be an amount that will not reach 0.1% of the total number of the Company’s shares issued at the beginning of the fiscal year ending February 28, 2022. However, in the event that the total number of the Company’s shares issued changes due to share consolidation or share split, the maximum number of shares will be adjusted by multiplying by the ratio of consolidation or split. The pricing of such share issuance or disposal shall be calculated in a way that eliminates arbitrariness, and the prices shall not be a value that is particularly advantageous to the Eligible Persons.

(3) Other

A certain period in which the transfer of the restricted shares is restricted, along with a clause for gratis acquisition of the restricted shares is applied. Other specific content relating to the allotment of the restricted shares will be determined by the Board of Directors of the Company.