

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2023 (Based on Japanese GAAP)

October 12, 2023

Company name: PR TIMES Corporation
 Stock exchange listing: Tokyo
 Stock code: 3922 URL <https://prtimes.co.jp/>
 Representative: President and CEO TAKUMI YAMAGUCHI
 Inquiries: Director AKIHIRO MISHIMA TEL 03-5770-7888
 Scheduled date to file Quarterly Securities Report: October 12, 2023
 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 six months ended August 31, 2023 (from March 1, 2023 to August 31, 2023)

(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	%
Six months ended August 31, 2023	3,284	16.7	890	(2.8)	890	(2.7)	600	4.2
Six months ended August 31, 2022	2,814	22.5	916	2.2	915	2.2	576	(6.6)

Note: Comprehensive income For the six months ended August 31, 2023: ¥601 million [4.2%]
 For the six months ended August 31, 2022: ¥576 million [(6.6)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2023	44.86	44.38
Six months ended August 31, 2022	42.96	42.34

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2023	6,149	5,063	82.3	377.32
As of February 28, 2023	5,265	4,466	84.8	333.01

Reference: Equity As of August 31, 2023 ¥5,061 million
 As of February 28, 2023 ¥4,465 million

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, 2023	–	0.00	–	0.00	0.00
Year ending February 29, 2024	–	0.00			
Year ending February 29, 2024 (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 29, 2024 (from March 1, 2023 to February 29, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	6,650	16.5	1,500	26.0	1,472	23.8	1,004	29.1	74.89

Note: Revisions to the forecast most recently announced: None

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 “(4) 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 8 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: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatement of prior period financial statements: None

(4) Number of issued shares (common shares)

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

As of August 31, 2023	13,457,200 shares	As of February 28, 2023	13,457,200 shares
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Number of treasury shares at the end of the period

As of August 31, 2023	43,627 shares	As of February 28, 2023	46,904 shares
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Average number of shares during the period

Six months ended August 31, 2023	13,397,733 shares	Six months ended August 31, 2022	13,429,341 shares
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* 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 4 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, October 12, 2023, 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 six months ended August 31, 2023, the PR TIMES Corporation Group (the “Group”) continued aiming to increase recognition and acquire new customer segments, mainly working to strengthen the core structure for the press release distribution service “PR TIMES,” which is a key business, as well as to grow business for the tools “Jooto” and “Tayori” for SaaS-based businesses in order to realize our mission of “Towards an age where information inspires hearts and minds.”

The number of companies using “PR TIMES” has reached 87,316 companies (up 19.9% year on year), and 55.6% of listed companies in Japan were using “PR TIMES.” The number of press releases reached a monthly record high of 33,801 in March 2023. Moreover, as press release materials, 182,183 images were posted in March, which is a monthly record high, and 2,811 videos were posted in April, which is near the monthly record-high level, as the shift to press releases with rich content continues. In addition, there were 10,781 distribution recipients, 25,953 media users and 247 partner media, and the number of monthly site views for press releases in August was the highest recorded at 89.84 million page views.

We worked to expand usage and improve service with the key indicators of number of paying user companies for “Jooto,” our task and project management tool, and number of paying accounts for “Tayori,” our customer support tool. As a result, the number of paying user companies for “Jooto” rose 0.5% year on year to 1,853 and the number of paying accounts for “Tayori” rose 28.2% to 1,004. The effects of both services on net sales were limited, and we continue to be in the investment phase. Furthermore, “Jooto” saw a temporary decline in the number of paying user companies compared to the end of the previous fiscal year due to our consolidation and elimination of plans offered in the first quarter of the current fiscal year.

In addition, on March 31, 2023, the Company acquired all shares of glucose inc. (hereinafter “glucose”) and made it a consolidated subsidiary. Glucose is a group of engineers characterized by its service development capabilities. It is particularly strong in providing solutions related to the web, social media, and mobile app fields, and in building prototypes. Glucose provides contracted development and consulting to clients including media companies and startups that prioritize development capabilities for online services, and to think tanks and research institutions that value its technologies and results. By adding glucose to the Group, the Company believes that it will combine the customer base and networks of the Group with the prototype assembly and service development capabilities of glucose, start the commissioned development business for new projects, make the desires of “people who carry out actions” concrete, and provide integrated support from product development to PR. Furthermore, by promoting product development within the Group, the Company anticipates that it will enhance the speed and quality of development and implementation with a more uniform sense of purpose and contribute to business growth.

As a result, for the six months ended August 31, 2023, the Company posted net sales of ¥3,284,368 thousand (up 16.7% year on year), operating profit of ¥890,638 thousand (down 2.8% year on year), ordinary profit of ¥890,433 thousand (down 2.7% year on year) and profit attributable to owners of parent of ¥600,992 thousand (up 4.2% year on year).

The Group previously only had one segment, the “Press Release Distribution Business.” However, starting in the first quarter of the current fiscal year, we acquired all shares of glucose and newly added it to our scope of consolidation. With this addition, we began disclosing segment information on our system development business, a business segment not included in our reporting segments, in the “Other” category. The ratio of our “Press Release Distribution Business” as part of the Group’s reportable segments is extremely high, and as the information for this business is nearly the same as that for our entire business listed above, we have omitted segment-specific listings.

(2) Explanation of financial position**(i) Assets, liabilities, and net assets**Assets

Total assets at the end of the second quarter under review were ¥6,149,150 thousand, an increase of ¥883,782 thousand from the end of the previous fiscal year.

Current assets at the end of the second quarter under review were ¥5,025,421 thousand, an increase of ¥583,957 thousand from the end of the previous fiscal year. This was primarily due to increases of ¥175,582 thousand in cash and deposits and ¥325,967 thousand in other.

Non-current assets at the end of the second quarter under review were ¥1,123,729 thousand, an increase of ¥299,824 thousand from the end of the previous fiscal year. This was primarily due to increases of ¥217,680 thousand in intangible assets and ¥89,280 thousand in investments and other assets.

Liabilities

Liabilities at the end of the second quarter under review were ¥1,085,720 thousand, an increase of ¥286,867 thousand from the end of the previous fiscal year.

Current liabilities at the end of the second quarter under review were ¥1,080,709 thousand, an increase of ¥281,961 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥255,362 thousand in income taxes payable.

Non-current liabilities at the end of the second quarter under review were ¥5,010 thousand, an increase of ¥4,906 thousand from the end of the previous fiscal year.

Net assets

Net assets at the end of the second quarter under review were ¥5,063,430 thousand, an increase of ¥596,915 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥600,992 thousand in retained earnings resulting from the recording of profit attributable to owners of parent.

(ii) Cash flows

Cash and cash equivalents (“cash”) as of August 31, 2023 were ¥3,871,122 thousand, an increase of ¥175,582 thousand from the end of the previous fiscal year. The respective cash flow positions and the factors thereof in the six months ended August 31, 2023, are as follows.

Cash flows from operating activities

Net cash provided by operating activities totaled ¥620,042 thousand (compared with ¥534,271 thousand provided in the same period of the previous fiscal year). This was primarily due to profit before income taxes totaling ¥890,433 thousand and decrease in accounts payable - other totaling ¥133,015 thousand.

Cash flows from investing activities

Net cash used in investing activities totaled ¥409,304 thousand (compared with ¥96,427 thousand used in the same period of the previous fiscal year). This was primarily due to purchase of intangible assets totaling ¥117,841 thousand, purchase of investment securities totaling ¥50,000 thousand and purchase of shares of subsidiaries resulting in change in scope of consolidation totaling ¥192,541 thousand.

Cash flows from financing activities

Net cash used in financing activities totaled ¥35,155 thousand (compared with ¥73,166 thousand used in the same period of the previous fiscal year). This was primarily due to purchase of treasury shares of ¥36,580 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 29, 2024 released in the Summary of Consolidated Financial Results for the Year Ended February 28, 2023, announced on April 13, 2023.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of February 28, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	3,695,539	3,871,122
Notes and accounts receivable - trade, and contract assets	654,379	733,113
Other	124,889	450,856
Allowance for doubtful accounts	(33,343)	(29,670)
Total current assets	4,441,463	5,025,421
Non-current assets		
Property, plant and equipment	254,737	247,602
Intangible assets		
Goodwill	–	141,939
Other	212,339	288,080
Total intangible assets	212,339	430,019
Investments and other assets	356,826	446,107
Total non-current assets	823,904	1,123,729
Total assets	5,265,368	6,149,150
Liabilities		
Current liabilities		
Notes and accounts payable - trade	57,192	61,798
Income taxes payable	54,602	309,964
Contract liabilities	240,137	326,020
Provision for bonuses	39,865	47,065
Provision for shareholder benefit program	14,060	–
Other	392,890	335,860
Total current liabilities	798,748	1,080,709
Non-current liabilities		
Other	104	5,010
Total non-current liabilities	104	5,010
Total liabilities	798,852	1,085,720
Net assets		
Shareholders' equity		
Share capital	420,660	420,660
Capital surplus	395,660	395,660
Retained earnings	3,764,178	4,343,528
Treasury shares	(114,725)	(98,654)
Total shareholders' equity	4,465,774	5,061,194
Share acquisition rights	191	1,657
Non-controlling interests	549	577
Total net assets	4,466,515	5,063,430
Total liabilities and net assets	5,265,368	6,149,150

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

(Thousands of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Net sales	2,814,282	3,284,368
Cost of sales	316,809	426,478
Gross profit	2,497,473	2,857,890
Selling, general and administrative expenses	1,581,081	1,967,252
Operating profit	916,391	890,638
Non-operating income		
Interest income	0	0
Recoveries of written off receivables	479	535
Other	13	267
Total non-operating income	492	802
Non-operating expenses		
Interest expenses	414	328
Loss on investments in capital	914	494
Other	228	184
Total non-operating expenses	1,556	1,007
Ordinary profit	915,326	890,433
Extraordinary losses		
Loss on valuation of investment securities	49,399	—
Total extraordinary losses	49,399	—
Profit before income taxes	865,926	890,433
Income taxes	289,041	289,412
Profit	576,885	601,021
Profit (loss) attributable to non-controlling interests	(5)	28
Profit attributable to owners of parent	576,891	600,992

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Profit	576,885	601,021
Comprehensive income	576,885	601,021
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	576,891	600,992
Comprehensive income attributable to non-controlling interests	(5)	28

(3) Quarterly consolidated statement of cash flows

(Thousands of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023
Cash flows from operating activities		
Profit before income taxes	865,926	890,433
Depreciation	41,957	49,210
Amortization of goodwill	–	12,903
Loss (gain) on valuation of investment securities	49,399	–
Loss (gain) on investments in capital	914	494
Increase (decrease) in allowance for doubtful accounts	807	(3,673)
Increase (decrease) in provision for bonuses	(37,700)	7,200
Increase (decrease) in provision for shareholder benefit program	(8,990)	(14,060)
Interest and dividend income	(0)	(0)
Interest expenses	414	328
Decrease (increase) in trade receivables and contract assets	(60,322)	(41,860)
Increase (decrease) in trade payables	(966)	4,539
Increase (decrease) in accounts payable - other	54,762	(133,015)
Increase (decrease) in contract liabilities	49,447	85,883
Other, net	(31,184)	(194,486)
Subtotal	924,467	663,897
Interest and dividends received	0	0
Interest paid	(414)	(328)
Income taxes paid	(389,781)	(43,526)
Net cash provided by (used in) operating activities	534,271	620,042
Cash flows from investing activities		
Purchase of property, plant and equipment	(32,587)	(8,651)
Purchase of intangible assets	(27,203)	(117,841)
Purchase of investment securities	(99,399)	(50,000)
Payments of leasehold and guarantee deposits	–	(270)
Proceeds from refund of leasehold and guarantee deposits	75,263	–
Payments for investments in capital	(12,500)	(40,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(192,541)
Net cash provided by (used in) investing activities	(96,427)	(409,304)
Cash flows from financing activities		
Repayments of lease liabilities	(1,771)	(1,295)
Purchase of treasury shares	(74,631)	(36,580)
Proceeds from issuance of share acquisition rights	–	1,563
Proceeds from disposal of treasury shares from exercise of share acquisition rights	3,236	1,156
Net cash provided by (used in) financing activities	(73,166)	(35,155)
Net increase (decrease) in cash and cash equivalents	364,677	175,582
Cash and cash equivalents at beginning of period	3,344,256	3,695,539
Cash and cash equivalents at end of period	3,708,933	3,871,122

(4) 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 February 22, 2023, the Company purchased 20,000 treasury shares. In addition, based on a resolution at the meeting of the Board of Directors held on June 9, 2023, the Company disposed 21,277 treasury shares as restricted share-based remuneration and disposed of 2,000 treasury shares due to exercise of share options. As a result, for the six months ended August 31, 2023, retained earnings decreased ¥21,642 thousand and treasury shares decreased ¥16,070 thousand. At the end of the second quarter under review, retained earnings was ¥4,343,528 thousand and treasury shares was ¥98,654 thousand.

Changes in significant subsidiaries during the period under review

Not applicable.

Although this matter does not constitute a change in a specified subsidiary, glucose inc., all shares of which the Company acquired the first quarter of the current fiscal year, is included in the scope of consolidation.

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 second quarter under review.

Additional information

On May 29, 2023, the National Tax Agency announced its view that the “economic gain at the time of exercise shall be taxed as wages” for the tax treatment of trust-type stock options.

For share acquisition rights issued by the Company, the fourth and sixth series of share acquisition rights fall under trust-type stock options. Of these, as the exercise period has commenced for the fourth series of share acquisition rights and the Company had tax withholding obligations with respect to those who have exercised their rights, the Company made tax payments of income tax withheld for the second quarter under review. In addition, the exercise period for the sixth series of share acquisition rights did not commence, and this series of acquisition rights was cancelled pursuant to a resolution at the meeting of the Board of Directors held on July 13, 2023.

Segment information**I Six months ended August 31, 2022**

Information related to amounts for net sales and profit, or losses, as well as earnings analysis information by reportable segment

(Thousands of yen)

	Reportable segment	Other	Total	Amount of adjustments	Quarterly consolidated statement of income amount (Note)
	Press Release Distribution Business				
Net sales					
“PR TIMES” and services related to “PR TIMES”	2,752,270	—	2,752,270	—	2,752,270
SaaS services for businesses	62,012	—	62,012	—	62,012
Other	—	—	—	—	—
Revenue arising from contracts with customers	2,814,282	—	2,814,282	—	2,814,282
Net sales to external customers	2,814,282	—	2,814,282	—	2,814,282
Internal sales or transfer volume among segments	—	—	—	—	—
Total	2,814,282	—	2,814,282	—	2,814,282
Segment profit	916,391	—	916,391	—	916,391

(Note) Segment profit matches operating profit in the quarterly consolidated statement of income.

II Six months ended August 31, 2023

1. Information related to amounts for net sales and profit, or losses, as well as earnings analysis information by reportable segment

(Thousands of yen)

	Reportable segment	Other (Note) 1.	Total	Amount of adjustments	Quarterly consolidated statement of income amount (Note) 2.
	Press Release Distribution Business				
Net sales					
“PR TIMES” and services related to “PR TIMES”	3,131,319	—	3,131,319	—	3,131,319
SaaS services for businesses	93,177	—	93,177	—	93,177
Other	—	59,871	59,871	—	59,871
Revenue arising from contracts with customers	3,224,496	59,871	3,284,368	—	3,284,368
Net sales to external customers	3,224,496	59,871	3,284,368	—	3,284,368
Internal sales or transfer volume among segments	—	26,412	26,412	(26,412)	—
Total	3,224,496	86,283	3,310,780	(26,412)	3,284,368
Segment profit or loss	905,761	(15,123)	890,638	—	890,638

(Notes) 1. The “Other” category represents our system development business, a business segment not included in our reportable segments.

2. Segment profit or losses match operating profit in the quarterly consolidated statement of income.

2. Information related to assets by reportable segment

In the first quarter of the current fiscal year, the Company acquired all shares of glucose inc. and newly included it to the scope of consolidation. As a result, compared to the final day of the previous fiscal year, the amount of assets in reportable segments in the second quarter under review increased by ¥244,256 thousand in the “Other” category.

3. Items related to changes in reportable segments

The Group previously only had one segment, the “Press Release Distribution Business.” However, starting in the first quarter of the current fiscal year, we acquired all shares of glucose and newly added it to our scope of consolidation. With this addition, we began disclosing segment information on our system development business, previously a business segment not included in our reporting segments, in the “Other” category.

Furthermore, for segment information for the six months ended August 31, 2022, we have disclosed information prepared based on the reportable segment categories for the six months ended August 31, 2023.

4. Information related to impairment losses or goodwill for non-current assets by reportable segment

(Important changes in the amount of goodwill)

In the first quarter of the current fiscal year, with the acquisition of all shares of glucose and its new addition to the scope of consolidation, goodwill in the “Other” category increased by ¥141,939 thousand.

Significant events after the reporting period

Not applicable.