

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2023 (Based on Japanese GAAP)

January 11, 2024

Company name: PR TIMES Corporation
 Stock exchange listing: Tokyo
 Stock code: 3922 URL <https://prtimes.co.jp/>
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 Inquiries: Director AKIHIRO MISHIMA TEL 03-5770-7888
 Scheduled date to file Quarterly Securities Report: January 11, 2024
 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, 2023 (from March 1, 2023 to November 30, 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	%
Nine months ended November 30, 2023	5,043	16.9	1,515	38.0	1,490	35.8	1,000	40.4
Nine months ended November 30, 2022	4,313	19.5	1,098	(27.8)	1,097	(27.8)	712	(31.7)

Note: Comprehensive income For the nine months ended November 30, 2023: ¥1,000 million [40.4%]
 For the nine months ended November 30, 2022: ¥712 million [(31.7)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2023	74.64	73.85
Nine months ended November 30, 2022	53.10	52.34

(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, 2023	6,584	5,462	82.9	407.10
As of February 28, 2023	5,265	4,466	84.8	333.01

Reference: Equity As of November 30, 2023 ¥5,460 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 “(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: 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 November 30, 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 November 30, 2023	43,663 shares	As of February 28, 2023	46,904 shares
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Average number of shares during the period

Nine months ended November 30, 2023	13,402,965 shares	Nine months ended November 30, 2022	13,422,806 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 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 11, 2024, 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.

Attached Material**Index**

1. Qualitative information on quarterly consolidated financial results for the period under review.....	2
(1) Explanation of operating results.....	2
(2) Explanation of financial position.....	3
(3) Explanation of forward-looking information, including consolidated results forecasts.....	3
2. Quarterly consolidated financial statements and significant notes thereto	4
(1) Quarterly consolidated balance sheet	4
(2) Quarterly consolidated statement of income and comprehensive income.....	5
Quarterly consolidated statement of income (cumulative).....	5
Quarterly consolidated statement of comprehensive income (cumulative).....	5
(3) Notes to quarterly consolidated financial statements	6
Notes on premise of going concern.....	6
Notes on significant changes in the amount of shareholders' equity.....	6
Changes in significant subsidiaries during the period under review	6
Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements	6
Additional information	6
Segment information	7
Significant events after the reporting period	9

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, 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 91,115 companies (up 19.1% year on year), and 56.7% of listed companies in Japan were using “PR TIMES.” The number of press releases reached a monthly record high of 34,092 in October 2023. Moreover, as press release materials, 187,016 images were posted in October, 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 10,631 distribution recipients, 26,395 media users and 251 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” fell 4.7% year on year to 1,818 and the number of paying accounts for “Tayori” rose 32.9% to 1,106. 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 nine months ended November 30, 2023, the Company posted net sales of ¥5,043,595 thousand (up 16.9% year on year), operating profit of ¥1,515,315 thousand (up 38.0% year on year), ordinary profit of ¥1,490,725 thousand (up 35.8% year on year) and profit attributable to owners of parent of ¥1,000,452 thousand (up 40.4% 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 reportable 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

Assets, liabilities, and net assets

Assets

Total assets at the end of the third quarter under review were ¥6,584,947 thousand, an increase of ¥1,319,579 thousand from the end of the previous fiscal year.

Current assets at the end of the third quarter under review were ¥5,101,418 thousand, an increase of ¥659,954 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥535,453 thousand in cash and deposits.

Non-current assets at the end of the third quarter under review were ¥1,483,528 thousand, an increase of ¥659,624 thousand from the end of the previous fiscal year. This was primarily due to increases of ¥221,076 thousand in intangible assets and ¥459,273 thousand in investments and other assets.

Liabilities

Liabilities at the end of the third quarter under review were ¥1,122,142 thousand, an increase of ¥323,289 thousand from the end of the previous fiscal year.

Current liabilities at the end of the third quarter under review were ¥1,117,280 thousand, an increase of ¥318,531 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥287,198 thousand in income taxes payable.

Non-current liabilities at the end of the third quarter under review were ¥4,862 thousand, an increase of ¥4,758 thousand from the end of the previous fiscal year.

Net assets

Net assets at the end of the third quarter under review were ¥5,462,804 thousand, an increase of ¥996,289 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥1,000,452 thousand in retained earnings resulting from the recording of profit attributable to owners of parent.

(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 November 30, 2023
Assets		
Current assets		
Cash and deposits	3,695,539	4,230,992
Notes and accounts receivable - trade, and contract assets	654,379	782,191
Other	124,889	114,818
Allowance for doubtful accounts	(33,343)	(26,583)
Total current assets	4,441,463	5,101,418
Non-current assets		
Property, plant and equipment	254,737	234,012
Intangible assets		
Goodwill	—	134,197
Other	212,339	299,218
Total intangible assets	212,339	433,415
Investments and other assets	356,826	816,100
Total non-current assets	823,904	1,483,528
Total assets	5,265,368	6,584,947
Liabilities		
Current liabilities		
Notes and accounts payable - trade	57,192	63,526
Income taxes payable	54,602	341,801
Contract liabilities	240,137	296,189
Provision for bonuses	39,865	24,133
Provision for shareholder benefit program	14,060	—
Other	392,890	391,629
Total current liabilities	798,748	1,117,280
Non-current liabilities		
Other	104	4,862
Total non-current liabilities	104	4,862
Total liabilities	798,852	1,122,142
Net assets		
Shareholders' equity		
Share capital	420,660	420,660
Capital surplus	395,660	395,660
Retained earnings	3,764,178	4,742,988
Treasury shares	(114,725)	(98,718)
Total shareholders' equity	4,465,774	5,460,591
Share acquisition rights	191	1,657
Non-controlling interests	549	555
Total net assets	4,466,515	5,462,804
Total liabilities and net assets	5,265,368	6,584,947

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

(Thousands of yen)

	Nine months ended November 30, 2022	Nine months ended November 30, 2023
Net sales	4,313,803	5,043,595
Cost of sales	462,493	649,544
Gross profit	3,851,309	4,394,051
Selling, general and administrative expenses	2,752,993	2,878,735
Operating profit	1,098,316	1,515,315
Non-operating income		
Interest income	0	0
Recoveries of written off receivables	724	660
Other	35	296
Total non-operating income	760	956
Non-operating expenses		
Interest expenses	577	533
Loss on investments in capital	914	494
Non-payment additional tax	—	24,333
Other	228	184
Total non-operating expenses	1,719	25,546
Ordinary profit	1,097,356	1,490,725
Extraordinary losses		
Loss on valuation of investment securities	49,399	—
Loss on retirement of non-current assets	4,189	—
Total extraordinary losses	53,589	—
Profit before income taxes	1,043,767	1,490,725
Income taxes	331,084	490,266
Profit	712,682	1,000,458
Profit (loss) attributable to non-controlling interests	(66)	5
Profit attributable to owners of parent	712,749	1,000,452

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2022	Nine months ended November 30, 2023
Profit	712,682	1,000,458
Comprehensive income	712,682	1,000,458
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	712,749	1,000,452
Comprehensive income attributable to non-controlling interests	(66)	5

(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 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 nine months ended November 30, 2023, retained earnings decreased ¥21,642 thousand and treasury shares decreased ¥16,006 thousand. At the end of the third quarter under review, retained earnings was ¥4,742,988 thousand and treasury shares was ¥98,718 thousand, all of which included acquisition through purchase of shares less than one unit.

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 in 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 third 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 of the current fiscal year. 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 Nine months ended November 30, 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”	4,215,970	—	4,215,970	—	4,215,970
SaaS services for businesses	97,832	—	97,832	—	97,832
Other	—	—	—	—	—
Revenue arising from contracts with customers	4,313,803	—	4,313,803	—	4,313,803
Net sales to external customers	4,313,803	—	4,313,803	—	4,313,803
Internal sales or transfer volume among segments	—	—	—	—	—
Total	4,313,803	—	4,313,803	—	4,313,803
Segment profit	1,098,316	—	1,098,316	—	1,098,316

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

II Nine months ended November 30, 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”	4,796,646	—	4,796,646	—	4,796,646
SaaS services for businesses	145,994	—	145,994	—	145,994
Other	—	100,954	100,954	—	100,954
Revenue arising from contracts with customers	4,942,640	100,954	5,043,595	—	5,043,595
Net sales to external customers	4,942,640	100,954	5,043,595	—	5,043,595
Internal sales or transfer volume among segments	—	47,777	47,777	(47,777)	—
Total	4,942,640	148,732	5,091,373	(47,777)	5,043,595
Segment profit or loss	1,536,028	(20,712)	1,515,315	—	1,515,315

(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 third quarter under review increased by ¥234,808 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 reportable segments, in the “Other” category.

Furthermore, for segment information for the nine months ended November 30, 2022, we have disclosed information prepared based on the reportable segment categories for the nine months ended November 30, 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 ¥134,197 thousand.

Significant events after the reporting period

Business combination through acquisition

At the meeting of the Board of Directors held on November 20, 2023, the Company resolved to acquire 70% of the issued shares (hereinafter the “Share Acquisition”) of NAVICUS Co., Ltd. (hereinafter “NAVICUS”) and make it a subsidiary. The Company concluded a share transfer agreement on the same day, and acquired the shares on December 1, 2023.

As stipulated in the share transfer agreement for the Share Acquisition, the Company will additionally acquire the remaining 30% of the issued shares for contingent consideration according to the business performance of NAVICUS achieved after the conclusion of the year ending February 28, 2026, and the Company plans to ultimately make NAVICUS a wholly owned subsidiary.

1. Overview of business combination

(1) Name of acquiree and its business description

Name of acquiree	NAVICUS Co., Ltd.
Business description	Social media marketing support, social media advertising operation support, and agent sales of social media analysis tools

(2) Primary reason for business combination

While we raise the press release distribution service “PR TIMES” to the point where it can be called social information infrastructure, the creation of new businesses that will lead to the realization of our mission even using other means of disseminating information has become an issue for the Company. Many of the clients who form the customer base of “PR TIMES” are persons in charge of public relations and executives who face various public relations issues, and we believe that they have great needs for social media operation support.

Therefore, the Group has concluded a share transfer agreement based on our belief that through launching a social media marketing support business and leveraging the business synergy between the Company and NAVICUS, we will be able to offer public relations support for social media marketing, in addition to press releases, and that we will be able to support our customers’ public relations activities in a more well-rounded way.

(3) Date of business combination

December 1, 2023

(4) Legal form of business combination

Acquisition of shares

(5) Name of company after business combination

No change.

(6) Percentage of voting rights acquired

70%

(7) Main basis for determining acquiring company

The Company acquired the shares in consideration for cash and treasury shares through third-party allotment.

2. Acquisition cost of acquiree and components thereof by consideration type

		(Thousands of yen)
Consideration for the acquisition	Cash	34,999
	Treasury shares	35,000
Acquisition cost		70,000

3. Amount of goodwill, reason for recognition, amortization method and amortization period

Not confirmed at this stage.

4. Amount and breakdown of assets acquired and liabilities assumed as of the date of business combination

Not confirmed at this stage.

Disposal of treasury shares through third-party allotment

At the meeting of the Board of Directors held on November 20, 2023, the Company resolved to perform a disposal of treasury shares through third-party allotment as part of the Share Acquisition (hereinafter the “Disposal of Treasury Shares”), and conducted the disposal of treasury shares as described below.

1. Overview of disposal

(1) Date of payment	December 5, 2023
(2) Class and number of shares for disposal	20,971 common shares of the Company
(3) Disposal value	¥1,669 per share
(4) Total disposal value	¥35,000,599
(5) Recipients of disposed shares	Kazuya Takeuchi (Representative Director of NAVICUS Co., Ltd.)
(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

The Company conducted the Disposal of Treasury Shares in the expectation that, by allotting shares of the Company instead of shares of NAVICUS to Kazuya Takeuchi, who is the transferor of the shares, this will increase his awareness of participation in the management of the Group and enhance his contribution to increasing the business performance of the Group.

Issuance of new shares as restricted share-based remuneration

At the meeting of the Board of Directors held on December 8, 2023, the Company resolved to perform an issuance of new shares as restricted share-based remuneration, and conducted the issuance of new shares as described below.

1. Overview of issuance

(1) Date of payment	December 26, 2023
(2) Class and number of shares for issuance	1,049 common shares of the Company
(3) Issue price	¥1,716 per share
(4) Total issue amount	¥1,800,084
(5) Amount of capitalization	¥858 per share
(6) Total amount of capitalization	¥900,042
(7) Recipients of new shares	Employees of the Company 20 persons 1,049 shares

2. Purpose and reason for the issuance

At the meetings of the Board of Directors held on April 13, 2021 and December 10, 2021, the Company resolved to introduce a share-based remuneration plan for granting restricted shares to Executive Officers and employees of the Company and employees of its subsidiaries in order for them to build active ownership as representatives of the Company to realize the Company's mission of "Towards an age where information inspires hearts and minds."

Moreover, at the meeting of the Board of Directors held on December 8, 2023, the Company resolved to allot 1,049 shares of the Company's common shares as special restricted shares by paying a total amount of monetary remuneration claims of ¥1,800,084 as restricted share-based remuneration relating to the remuneration target period in the following table to the planned allottees, namely 20 employees of the Company (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.

The restricted shares to be granted at this time are Restricted Shares II, which are granted to Executive Officers and employees of the Company in consideration of their semiannual contribution, and Restricted Shares III, which are granted to employees of the Company and its subsidiaries who joined the respective Group company from June 1, 2021 onward and who fulfill certain requirements. In principle, payments are to be made twice a year.

Although the Company does have Restricted Shares I, which are granted to Directors, and Restricted Shares IV, which are granted to Directors and employees of subsidiaries that newly joined the Group and who fulfill certain requirements, these restricted shares will not be granted at this time.

Allottees	Kinds of restricted shares	Remuneration target period
Employees of the Company	Restricted Shares II	December 1, 2023 to November 30, 2024
Employees of the Company	Restricted Shares III	December 1, 2023 to November 30, 2028