Translation

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Summary of Non-Consolidated Financial Results for the Year Ended February 28, 2021 (Based on Japanese GAAP)

April 13, 2021

Company name: PR TIMES, Inc.
Stock exchange listing: Tokyo
Stock code: 3922 URL https://prtimes.co.jp/
Representative: President and CEO TAKUMI YAMAGUCHI
Inquiries: Director AKIHIRO MISHIMA TEL 03-6455-5331
Scheduled date of ordinary general meeting of shareholders: May 26, 2021
Scheduled date to file Securities Report: May 26, 2021
Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

(1) Non-consolidated operating results

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	%
Year ended February 28, 2021	3,765	30.6	1,301	156.5	1,299	156.2	1,043	280.0
Year ended February 29, 2020	2,884	27.9	507	12.2	507	18.6	274	(13.2)

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 28, 2021	80.01	76.60	52.7	47.2	34.6
Year ended February 29, 2020	20.71	20.60	17.1	24.4	17.6

Reference: Equity in earnings (losses) of affiliates: Year ended February 28, 2021 – million
Year ended February 29, 2020 – million

Note: The Company conducted a 2-for-1 share split of its common shares on August 5, 2020. Basic earnings per share and diluted earnings per share have been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2021	3,457	2,484	71.8	190.63
As of February 29, 2020	2,046	1,472	72.0	112.93

Reference: Equity As of February 28, 2021 ¥2,484 million
As of February 29, 2020 ¥1,472 million

Note: The Company conducted a 2-for-1 share split of its common shares on August 5, 2020. Net assets per share has been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 28, 2021	1,408	(166)	(48)	2,531
Year ended February 29, 2020	–	–	–	–

Note: The Company has been disclosing consolidated financial results up until the fiscal year ended February 29, 2020. However, from the fiscal year ended February 28, 2021, the Company has disclosed financial results on a non-consolidated basis. Accordingly, the Company is not stating its cash flow positions for the fiscal year ended February 29, 2020.

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 29, 2020	–	0.00	–	0.00	0.00	–	–	–
Year ended February 28, 2021	–	0.00	–	0.00	0.00	–	–	–
Year ending February 28, 2022 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Forecast of non-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

Note: The Company will change to disclosing financial results forecasts on a consolidated basis as it plans to transition to consolidated financial reporting from the period ending February 28, 2022. The Company is not stating year-on-year comparisons for annual or quarterly results as there is no fiscal year based on consolidated accounting with which to compare.

4. Notes

(1) 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

(2) Number of issued shares (common shares)

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

As of February 28, 2021	13,457,200 shares	As of February 29, 2020	13,457,200 shares

Number of treasury shares at the end of the period

As of February 28, 2021	424,931 shares	As of February 29, 2020	416,636 shares

Average number of shares during the period

Year ended February 28, 2021	13,040,131 shares	Year ended February 29, 2020	13,259,552 shares

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.

* Financial results reports are exempt from audit 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.

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

On Tuesday, April 13, 2021, the Company plans to post the supplementary material on the financial results on its website. The Company also plans to hold a financial summary presentation meeting for institutional investors and securities analysts on the same day.

Attached Material

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1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year under review

(i) Operating results during the fiscal year under review

In the fiscal year under review (March 1, 2020 to February 28, 2021) PR TIMES, Inc. (the "Company"), while continuing efforts to strengthen the core structure for the press release distribution service "PR TIMES," made its best efforts to deliver accurate and valuable information to consumers as an information platform for company announcements, in spite of the unprecedented situation of the spread of the novel coronavirus disease (COVID-19). During the initial period of the spread of COVID-19, the opportunities for using PR TIMES press releases declined and the growth rate of the number of press releases weakened. However, press releases on content related to the cause of COVID-19 infection, such as "masks" and "disinfectant" were widely read, and the number of site views for May 2020 was the highest recorded at 52.21 million page views. On May 25, 2020, the date of lifting of the first state of emergency, the growth rate for the number of press releases returned to pre-COVID-19 levels. The number of press releases in December was the highest recorded at 21,838 news releases for the month. By the end of February 2021, the number of companies using our service had reached 50,633 companies (an increase of 13,916 companies year on year), and 44.7% of listed companies in Japan were using our services. The number of media users, which is also maintaining a strong growth rate, was 20,307 users. Along with the increases for both the distribution side and the receiving side led to an enormous response in terms of network effect. This caused "PR TIMES" to evolve from an information distribution service for press releases, containing media-oriented material, to a PR (Public Relations) platform.

Moreover, for the Company's new businesses, "Web Clipping," our service for measuring the effect of publicity activities and PR, reached 12,368 users, "Jooto," our task management tool, reached 262,694 users, and "Tayori," our customer support service, reached 42,251 user accounts. In regard to "Jooto," we started TV commercials from January 2021, and since February we have been actively investing in broadcasting commercials in Taxis. In the case of all of these new services, although we are achieving growth in user numbers and account numbers, the number of recipients of paid services is very low, and these new services continue to be in the investment phase.

As a result, for the fiscal year under review, the Company posted net sales of ¥3,765,954 thousand (up 30.6% year on year), operating profit of ¥1,301,329 thousand (up 156.5% year on year), ordinary profit of ¥1,299,420 thousand (up 156.2% year on year) and profit of ¥1,043,392 thousand (up 280.0% year on year).

With these results, the Company achieved the targets of 50,000 companies using "PR TIMES" and operating profit of ¥1,000,000 thousand set forth in the medium-term management plan for FY2020 announced on July 13, 2016.

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

(ii) Outlook for the next fiscal year

The Company does not know when the waves of COVID-19 infection that are occurring again and again will come to an end, and it is not in a position to directly contribute to resolving the situation. However, through providing "PR TIMES," an information platform that connects companies with the media and consumers, we believe we can play an important social role. Moreover, at a time when remote work practices are being promoted across society, "Jooto" and "Tayori" can contribute to improving teamwork and enhancing work productivity as cloud tools for business that can be used even for free. In this current environment where activity that relies on people's ability to move about and connect with people has been limited due to measures against COVID-19, we are witnessing digitalization and the expanded use of the Internet for all work in all industries. We expect that such changes to the social environment will continue to progress even after COVID-19 ends.

The Company has today announced “Milestone 2025,” our new medium-term management targets, for which FY2025 has been set as the final year. While constantly maintaining a medium-term perspective, we will strive to do the best we can do at this point in time.

In our calculations for the earnings forecasts for the next fiscal year, while we do not expect the Company to be significantly impacted depending on the timing of when COVID-19 will come to an end, we have assumed that economic activity will not slow further, and are forecasting net sales of ¥4,715 million, operating profit of ¥1,750 million, ordinary profit of ¥1,748 million and profit attributable to owners of parent of ¥1,212 million. In addition, we are considering relocating our head office in the next fiscal year, and in our calculations, we have accounted for what we expect at this current point in time.

Note. The Company plans to change to disclosing financial results on a consolidated basis for the fiscal year ending February 28, 2022. The Company is not stating year-on-year comparisons as there is no such consolidated accounting data for year-on-year comparison.

(2) Overview of financial position for the fiscal year under review

(i) Assets, liabilities, and net assets

Assets

Total assets at the end of the fiscal year under review were ¥3,457,974 thousand, an increase of ¥1,411,359 thousand from the end of the previous fiscal year.

Current assets at the end of the fiscal year under review were ¥3,051,215 thousand, an increase of ¥1,377,980 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥1,399,162 thousand in cash and deposits, despite a decrease of ¥29,694 thousand in accounts receivable - trade. Non-current assets at the end of the fiscal year under review were ¥406,759 thousand, an increase of ¥33,378 thousand from the end of the previous fiscal year. This was primarily due to increases of ¥11,568 thousand in intangible assets and ¥14,938 thousand in investments and other assets.

Liabilities

Total liabilities at the end of the fiscal year under review were ¥973,469 thousand, an increase of ¥399,731 thousand from the end of the previous fiscal year.

Current liabilities at the end of the fiscal year under review were ¥968,112 thousand, an increase of ¥400,086 thousand from the end of the previous fiscal year. This was primarily due to increases of ¥214,879 thousand in income taxes payable and ¥72,136 in other. Non-current liabilities at the end of the fiscal year under review were ¥5,357 thousand, a decrease of ¥355 thousand from the end of the previous fiscal year.

Net assets

Total net assets at the end of the fiscal year under review were ¥2,484,504 thousand, an increase of ¥1,011,628 thousand from the end of the previous fiscal year. This was primarily due to an increase in retained earnings resulting from the recording of ¥1,043,392 thousand in profit.

(ii) Cash flows

Year-on-year comparison and analysis are not performed as the Company began preparing non-consolidated statements of cash flows from the fiscal year under review, while the Company had been preparing consolidated statements of cash flows up until the previous fiscal year.

Cash and cash equivalents (“cash”) for the fiscal year ended February 28, 2021, totaled ¥2,531,595 thousand. The respective cash flow positions and the factors thereof in the fiscal year under review are as follows.

Cash flows from operating activities

Net cash provided by operating activities totaled ¥1,408,727 thousand. This was primarily due to recognition of profit before income taxes of ¥1,424,746 thousand.

Cash flows from investing activities

Net cash used in investing activities totaled ¥166,466 thousand. This was primarily due to purchase of property, plant and equipment totaling ¥39,974 thousand, purchase of intangible assets totaling ¥66,191 thousand, and purchase of shares of subsidiaries and associates totaling ¥28,764 thousand.

Cash flows from financing activities

Net cash used in financing activities totaled ¥48,556 thousand. This was primarily due to repayments of long-term borrowings totaling ¥13,635 thousand and purchase of treasury shares totaling ¥31,764 thousand.

(3) Basic policy on profit distribution and dividends for the fiscal year under review and next fiscal year

Recognizing that the return of profits to shareholders is an important management issue, the Company intends to pay dividends while giving comprehensive consideration of the status of development of the business foundation, business results, financial position, etc.

For the current fiscal year, the Company believes that giving priority to the development of the business foundation will contribute to the maximization of corporate value, and is following a basic policy of enhancing internal reserves, which are the resources for that. In addition, the Company is following a policy of allocating an amount of internal funds for reinvestment. The Company has not determined dividends for the next fiscal year and subsequent years as of the date of this report.

2. Basic concept regarding selection of accounting standards

The Company, to ensure comparability among companies and with past years, creates the Company's non-consolidated financial statements based on the "Regulation on Terminology, Forms, and Preparation Methods of Financial Statements" (Ministry of Finance Order No. 59 of 1963).

With respect to adoption of International Financial Reporting Standards (IFRS), the Company follows a policy of responding in a suitable manner after giving consideration to various circumstances in Japan and overseas.

3. Non-consolidated financial statements

(1) Non-consolidated balance sheets

(Thousands of yen)

	As of February 29, 2020	As of February 28, 2021
Assets		
Current assets		
Cash and deposits	1,132,433	2,531,595
Notes receivable - trade	3,147	4,109
Accounts receivable - trade	540,592	510,897
Supplies	25	–
Accounts receivable - other	818	2,141
Prepaid expenses	41,001	38,266
Other	17,613	2,585
Allowance for doubtful accounts	(62,397)	(38,381)
Total current assets	1,673,234	3,051,215
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,186	47,485
Tools, furniture and fixtures	135,279	143,777
Leased assets	5,800	9,720
Accumulated depreciation	(103,527)	(113,373)
Total property, plant and equipment	80,737	87,609
Intangible assets		
Goodwill	35,839	–
Software	72,007	94,548
Software in progress	27,667	52,669
Other	1,104	969
Total intangible assets	136,618	148,187
Investments and other assets		
Investment securities	800	800
Shares of subsidiaries and associates	16,086	–
Investments in capital	–	10,469
Leasehold and guarantee deposits	61,438	79,153
Deferred tax assets	76,483	80,539
Other	1,215	–
Total investments and other assets	156,023	170,962
Total non-current assets	373,380	406,759
Total assets	2,046,614	3,457,974

(Thousands of yen)

	As of February 29, 2020	As of February 28, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	36,605	50,495
Lease obligations	1,205	2,708
Accounts payable - other	195,828	229,079
Accrued expenses	17,834	23,156
Income taxes payable	113,190	328,070
Deposits received	3,881	5,150
Unearned revenue	134,446	185,004
Provision for bonuses	37,420	30,765
Provision for shareholder benefit program	–	13,932
Other	27,613	99,749
Total current liabilities	568,025	968,112
Non-current liabilities		
Lease obligations	3,777	4,129
Other	1,935	1,227
Total non-current liabilities	5,713	5,357
Total liabilities	573,738	973,469
Net assets		
Shareholders' equity		
Share capital	420,660	420,660
Capital surplus		
Legal capital surplus	395,660	395,660
Total capital surpluses	395,660	395,660
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,168,106	2,211,499
Total retained earnings	1,168,106	2,211,499
Treasury shares	(511,731)	(543,496)
Total shareholders' equity	1,472,695	2,484,324
Share acquisition rights	180	180
Total net assets	1,472,875	2,484,504
Total liabilities and net assets	2,046,614	3,457,974

(2) Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Net sales	2,884,020	3,765,954
Cost of sales	418,327	541,272
Gross profit	2,465,693	3,224,682
Selling, general and administrative expenses	1,958,359	1,923,353
Operating profit	507,333	1,301,329
Non-operating income		
Interest income	13	1
Recoveries of written off receivables	343	655
Gain on sales of non-current assets	191	–
Other	222	293
Total non-operating income	770	950
Non-operating expenses		
Interest expenses	819	785
Loss on investments in capital	–	2,030
Other	128	43
Total non-operating expenses	948	2,859
Ordinary profit	507,156	1,299,420
Extraordinary income		
Gain on extinguishment of tie-in shares	–	192,102
Total extraordinary income	–	192,102
Extraordinary losses		
Impairment loss	103,977	33,316
Loss on retirement of non-current assets	4,878	525
Loss on extinguishment of tie-in shares	–	32,934
Total extraordinary losses	108,856	66,775
Profit before income taxes	398,299	1,424,746
Income taxes - current	170,416	384,072
Income taxes - deferred	(46,708)	(2,718)
Total income taxes	123,707	381,353
Profit	274,592	1,043,392

(3) Non-consolidated statements of changes in equity

Fiscal year ended February 29, 2020

(Thousands of yen)

	Shareholders' equity					
		Capital surplus			Retained earnings	
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	419,931	394,931	12,797	407,728	912,445	912,445
Changes during period						
Issuance of new shares	729	729		729		
Profit					274,592	274,592
Purchase of treasury shares						
Disposal of treasury shares			(31,728)	(31,728)		
Transfer of loss on disposal of treasury shares			18,930	18,930	(18,930)	(18,930)
Net changes in items other than shareholders' equity						
Total changes during period	729	729	(12,797)	(12,068)	255,661	255,661
Balance at end of period	420,660	395,660	–	395,660	1,168,106	1,168,106

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of period	(502)	1,739,602	180	1,739,782
Changes during period				
Issuance of new shares		1,458		1,458
Profit		274,592		274,592
Purchase of treasury shares	(544,397)	(544,397)		(544,397)
Disposal of treasury shares	33,168	1,440		1,440
Transfer of loss on disposal of treasury shares		–		–
Net changes in items other than shareholders' equity			–	–
Total changes during period	(511,229)	(266,906)	–	(266,906)
Balance at end of period	(511,731)	1,472,695	180	1,472,875

Fiscal year ended February 28, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus		Retained earnings	
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
				Retained earnings brought forward	
Balance at beginning of period	420,660	395,660	395,660	1,168,106	1,168,106
Changes during period					
Profit				1,043,392	1,043,392
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	–	1,043,392	1,043,392
Balance at end of period	420,660	395,660	395,660	2,211,499	2,211,499

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of period	(511,731)	1,472,695	180	1,472,875
Changes during period				
Profit		1,043,392		1,043,392
Purchase of treasury shares	(31,764)	(31,764)		(31,764)
Net changes in items other than shareholders' equity			–	–
Total changes during period	(31,764)	1,011,628	–	1,011,628
Balance at end of period	(543,496)	2,484,324	180	2,484,504

(4) Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 28, 2021
Cash flows from operating activities	
Profit before income taxes	1,424,746
Depreciation	74,809
Impairment loss	33,316
Loss (gain) on extinguishment of tie-in shares	(159,168)
Amortization of goodwill	4,998
Loss (gain) on investments in capital	2,030
Loss on retirement of non-current assets	525
Increase (decrease) in allowance for doubtful accounts	(24,016)
Increase (decrease) in provision for bonuses	(9,985)
Increase (decrease) in provision for shareholder benefit program	13,932
Interest and dividend income	(1)
Interest expenses	785
Decrease (increase) in trade receivables	34,454
Increase (decrease) in trade payables	11,513
Increase (decrease) in accounts payable - other	23,981
Increase (decrease) in unearned revenue	50,557
Other, net	105,956
Subtotal	1,588,436
Interest and dividends received	1
Interest paid	(785)
Income taxes paid	(178,925)
Net cash provided by (used in) operating activities	1,408,727
Cash flows from investing activities	
Purchase of property, plant and equipment	(39,974)
Purchase of intangible assets	(66,191)
Purchase of shares of subsidiaries and associates	(28,764)
Payments of leasehold and guarantee deposits	(19,550)
Proceeds from refund of leasehold and guarantee deposits	516
Payments for investments in capital	(12,500)
Net cash provided by (used in) investing activities	(166,466)
Cash flows from financing activities	
Repayments of long-term borrowings	(13,635)
Repayments of lease obligations	(3,156)
Purchase of treasury shares	(31,764)
Net cash provided by (used in) financing activities	(48,556)
Net increase (decrease) in cash and cash equivalents	1,193,705
Cash and cash equivalents at beginning of period	1,132,433
Increase in cash and cash equivalents resulting from merger	205,457
Cash and cash equivalents at end of period	2,531,595

(5) Notes to non-consolidated financial statements

Notes on premise of going concern

Not applicable.

Equity in earnings (losses) of affiliates if equity method is applied

Not applicable since the Company has no associate.

Segment information

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

Per share information

(Yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Net assets per share	112.93	190.63
Basic earnings per share	20.71	80.01
Diluted earnings per share	20.60	76.60

Notes: 1. The Company conducted a 2-for-1 share split of its common shares on August 5, 2020. Net assets per share, basic earnings per share and diluted earnings per share have been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

2. Basis for calculation of basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Basic earnings per share		
Profit (Thousands of yen)	274,592	1,043,392
Amounts not attributable to common shareholders (Thousands of yen)	–	–
Profit related to common shares (Thousands of yen)	274,592	1,043,392
Average number of common shares outstanding during the period (Shares)	13,259,552	13,040,131
Diluted earnings per share		
Adjustments to profit (Thousands of yen)	–	–
Increase in number common shares (Shares)	68,310	580,822
[of which share acquisition rights (Shares)]	[68,310]	[580,822]
Overview of dilutive shares that are not included in the calculation of diluted earnings per share as they have no dilutive effects	–	

3. Basis for calculation of net assets per share is as follows:

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Total net assets on the non-consolidated balance sheets (Thousands of yen)	1,472,875	2,484,504
Amount deduced from total net assets on the non-consolidated balance sheets (Thousands of yen)	180	180
[of which share acquisition rights (Thousands of yen)]	[180]	[180]
Net assets related to common shares at the end of period (Thousands of yen)	1,472,695	2,484,324
Number of common shares at the end of period used in calculation of net assets per share (Shares)	13,040,564	13,032,269

Significant events after reporting period

Company split resulting from the establishment of a subsidiary

At the meeting of the Board of Directors held on March 12, 2021, the Company resolved to establish a new subsidiary and transfer the business related to the start-up media "BRIDGE" operated by the Company (hereinafter the "BRIDGE Business") and use that company to start a new business for start-up companies and their stakeholders. On March 19, 2021, THE BRIDGE, Inc. was established.

(1) Purpose of the company split

In February 2015, the Company formed an alliance with "BRIDGE (former name: THE BRIDGE)" to begin, in earnest, the development of measures for a start-up. In January 2016, the Company invested in BRIDGE, and in April 2018, the Company was the recipient in a business transfer. During the three years since then, the business has been continuing to post articles as a Company-operated media operation while continuing to look for challenging new ways to contribute to the start-up ecosystem. However, under the Company's current growth, there is a risk that the role of "BRIDGE" will be diminished, and aiming to grow the business independently as an independent corporation so that it can now take on the challenge, in a fully-fledged manner, of transforming these three years of trial and error into a new business, the Company decided to clarify the responsibilities of management.

(2) Overview of transaction

(a) Details of business subject to the company split
Operation of "BRIDGE," a media business for start-ups, and all businesses peripheral to this.

(b) Type of the company split
Company split in which the Company is the splitting company and THE BRIDGE, Inc. is the successor company (simplified company split).

(c) Details of allotment concerning the company split
It is planned that THE BRIDGE, Inc. will pay the Company ¥4,413 thousand for the company split.

(3) Overview of successor company after the company split

(a) Trade name THE BRIDGE, Inc.

(b) Business description Media business, community energizing business

(c) Address of head office 27-25, Minami-Aoyama 2-chome, Minato-ku, Tokyo

(d) Name and title of representative Takeshi Hirano, Representative Director

(e) Amount of share capital ¥15,000 thousand

(f) Amount of legal capital surplus ¥15,000 thousand

(4) Future outlook

THE BRIDGE, Inc., the company succeeding to the BRIDGE business as a result of the company split, will become 95% owned by the Company. Accordingly, the impact on the financial results of the Company will be slight. Moreover, for the medium to long term, the Company believes the company split will lead to improved consolidated business results and enhanced corporate value. Due to the establishment of this subsidiary, the Company plans to transition to consolidated financial reporting from the next fiscal year onward.

(5) Overview of accounting treatment to be applied

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the Company plans to treat the company split as a transaction under common control.

Introduction of restricted share-based remuneration plan

The Company, at the Board of Directors meeting held on April 13, 2021, resolved to introduce a restricted share-based remuneration plan (hereinafter, the "Plan") for executive officers and employees of the Company who fulfill certain requirements.

(1) Purposes for introducing the Plan

The purpose for introducing the Plan is to enhance a sense of management participation in the Company's executive officers and employees by having them own the Company's shares and also to promote further shared value with the shareholders.

(2) Overview of the Plan

(a) Eligible Persons
The executive officers and employees who are planned to be eligible persons for the Plan (hereinafter "Eligible Persons") are those executive officers and employees who are registered as such as of June 1, 2021, and who wish to receive the allotment at the time the allotment of restricted shares is determined.
The Company will pay the recipients monetary compensation claims to be used for making contribution in-kind. Under the plan, the Eligible Persons shall make contribution in-kind of all the monetary compensation claims and shall receive an issuance or disposal of shares of the Company's common stock as restricted shares. The payment of monetary compensation claims will in no way cause a reduction in the Eligible Persons' wages.

(b) Number of shares to be allotted
This time, the total number of shares of the Company's common stock to be newly issued or disposed for the Eligible Persons under the Plan is planned to be not more than 10,000 shares (making up 0.08% of the total number of shares issued). 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 Person

(c) Other
In order to more effectively achieve the purpose of introducing the Plan stated in (1) above, a certain period in which the transfer of shares is restricted, along with a clause for gratis acquisition of shares is applied. Other specific content relating to the allotment of the restricted shares will be determined by the Board of Directors.

(For reference)
The Company plans to submit a proposal to the 16th Ordinary General Meeting of Shareholders to be held on May 26, 2021 regarding the revision of the remuneration amount limits for Directors, and the introduction of a restricted share-based remuneration plan, different from the restricted shares described above.