Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2022 (Based on Japanese GAAP)

July 14, 2022

Company name: PR TIMES, Inc.
Stock exchange listing: Tokyo
Stock code: 3922 URL https://prtimes.co.jp/
Representative: President and CEO TAKUMI YAMAGUCHI
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Scheduled date to file Quarterly Securities Report: July 14, 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 three months ended May 31, 2022 (from March 1, 2022 to May 31, 2022)

(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	%
Three months ended May 31, 2022	1,383	22.7	428	9.3	427	9.2	294	7.6
Three months ended May 31, 2021	1,127	–	391	–	391	–	273	–

Note: Comprehensive income For the three months ended May 31, 2022: ¥294 million [7.7%]
For the three months ended May 31, 2021: ¥273 million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2022	21.91	21.58
Three months ended May 31, 2021	20.97	20.00

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2022	4,813	4,036	83.8	300.48
As of February 28, 2022	4,831	3,740	77.4	278.52

Reference: Equity As of May 31, 2022 ¥4,035 million
As of February 28, 2022 ¥3,739 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, 2022	–	0.00	–	0.00	0.00
Year ending February 28, 2023	–				
Year ending February 28, 2023 (Forecast)		0.00	–	0.00	0.00

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

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

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, 2022	2,823	22.9	675	(24.8)	673	(24.9)	466	(24.6)	34.71
Full year	5,950	22.6	1,600	(12.8)	1,596	(13.0)	1,105	(13.8)	82.30

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:	Yes
Changes in accounting policies due to other reasons:	None
Changes in accounting estimates:	None
Restatement of prior period financial statements:	None

Note: For more details, please refer to the section of "(3) Notes to quarterly consolidated financial statements, Changes in accounting policies" of "2. Quarterly consolidated financial statements and significant notes thereto" on page 6 of the attached material.

(4) Number of issued shares (common shares)

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

As of May 31, 2022	13,457,200 shares	As of February 28, 2022	13,457,200 shares

Number of treasury shares at the end of the period

As of May 31, 2022	28,047 shares	As of February 28, 2022	30,847 shares

Average number of shares during the period

Three months ended May 31, 2022	13,427,053 shares	Three months ended May 31, 2021	13,031,020 shares

* 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, July 14, 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.

Attached Material

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

(1) Explanation of operating results

In the three months ended May 31, 2022, the PR TIMES, Inc. Group (the "Group") invested in advertising with the aim of increasing recognition for business growth of the tools "Jooto" and "Tayori" for Saas-based businesses as well as acquiring new customer segments 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 "PR TIMES" has reached 69,257 companies, and 50.9% of listed companies in Japan were using "PR TIMES." The Group is maintaining a strong growth rate with the number of press releases reaching a record high of 31,165 in March and also due to other factors. 160,676 images and 2,840 videos as press release materials were posted in March, both representing record highs, as the shift to press releases with rich contents continues. In addition, there were 11,792 distribution recipients, 23,697 media users and 219 partner media, and the number of monthly site views for press releases in March was the highest recorded at 59.37 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 a conventional information distribution service for press releases, containing media-oriented material, to a PR (Public Relations) platform.

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 cloud-based information organization tool. As a result, the number of paying user companies for "Jooto" rose 18.6% year on year to 1,835 and the number of paying accounts for "Tayori" rose 39.7% to 721. Although both services grew according to plan, their effect on net sales was limited, and we continue to be in the investment phase.

As a result, for the three months ended May 31, 2022, the Company posted net sales of ¥1,383,533 thousand (up 22.7% year on year), operating profit of ¥428,126 thousand (up 9.3% year on year), ordinary profit of ¥427,928 thousand (up 9.2% year on year) and profit attributable to owners of parent of ¥294,139 thousand (up 7.6% year on year).

In addition, the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the first quarter under review. Details are as described in "(3) Notes to quarterly consolidated financial statements, Changes in accounting policies" of "2. Quarterly consolidated financial statements and significant notes thereto."

Note that statement of operating results by segment is omitted because the Group has a single reportable segment, the Press Release Distribution Business.

(2) Explanation of financial position

Assets

Total assets at the end of the first quarter under review were ¥4,813,323 thousand, a decrease of ¥17,734 thousand from the end of the previous fiscal year.

Current assets at the end of the first quarter under review were ¥3,986,910 thousand, an increase of ¥13,672 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥5,824 thousand in notes and accounts receivable - trade and an increase of ¥21,866 thousand in other, despite a decrease of ¥14,791 thousand in cash and deposits.

Non-current assets at the end of the first quarter under review were ¥826,413 thousand, a decrease of ¥31,406 thousand from the end of the previous fiscal year. This was primarily due to a decrease of ¥28,702 thousand in investments and other assets.

Liabilities

Liabilities at the end of the first quarter under review were ¥777,257 thousand, a decrease of ¥313,559 thousand from the end of the previous fiscal year.

Current liabilities at the end of the first quarter under review were ¥776,154 thousand, a decrease of ¥312,891 thousand from the end of the previous fiscal year. This was primarily due to a decrease of ¥269,626 thousand in income taxes payable.

Non-current liabilities at the end of the first quarter under review were ¥1,102 thousand, a decrease of ¥667 thousand from the end of the previous fiscal year.

Net assets

Net assets at the end of the first quarter under review were ¥4,036,065 thousand, an increase of ¥295,824 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥294,139 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 six months ending August 31, 2022 and full year ending February 28, 2023 released in the Summary of Consolidated Financial Results for the Year Ended February 28, 2022, announced on April 13, 2022.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of February 28, 2022	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	3,344,256	3,329,464
Notes and accounts receivable - trade	578,895	584,719
Other	64,826	86,693
Allowance for doubtful accounts	(14,740)	(13,967)
Total current assets	3,973,237	3,986,910
Non-current assets		
Property, plant and equipment	289,933	280,212
Intangible assets	169,181	176,198
Investments and other assets	398,704	370,002
Total non-current assets	857,820	826,413
Total assets	4,831,057	4,813,323
Liabilities		
Current liabilities		
Notes and accounts payable - trade	49,777	51,770
Income taxes payable	413,026	143,399
Unearned revenue	208,783	–
Contract liabilities	–	277,658
Provision for bonuses	70,400	18,150
Provision for shareholder benefit program	8,990	8,990
Other	338,069	276,186
Total current liabilities	1,089,046	776,154
Non-current liabilities		
Other	1,770	1,102
Total non-current liabilities	1,770	1,102
Total liabilities	1,090,816	777,257
Net assets		
Shareholders' equity		
Share capital	420,660	420,660
Capital surplus	395,660	395,660
Retained earnings	3,000,248	3,289,006
Treasury shares	(77,111)	(70,111)
Total shareholders' equity	3,739,457	4,035,215
Share acquisition rights	203	200
Non-controlling interests	579	649
Total net assets	3,740,240	4,036,065
Total liabilities and net assets	4,831,057	4,813,323

(2) Quarterly consolidated statement of income and comprehensive income

Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Net sales	1,127,655	1,383,533
Cost of sales	135,518	161,978
Gross profit	992,137	1,221,555
Selling, general and administrative expenses	600,377	793,428
Operating profit	391,759	428,126
Non-operating income		
Interest income	0	0
Recoveries of written off receivables	125	152
Other	99	9
Total non-operating income	224	161
Non-operating expenses		
Interest expenses	156	360
Other	–	0
Total non-operating expenses	156	360
Ordinary profit	391,827	427,928
Profit before income taxes	391,827	427,928
Income taxes	118,676	133,719
Profit	273,151	294,208
Profit (loss) attributable to non-controlling interests	(94)	69
Profit attributable to owners of parent	273,246	294,139

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Profit	273,151	294,208
Comprehensive income	273,151	294,208
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	273,246	294,139
Comprehensive income attributable to non-controlling interests	(94)	69

(3) Notes to quarterly consolidated financial statements

Notes on premise of going concern

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements

Tax expense calculation

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

Changes in accounting policies

Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter under review, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application assuming the new accounting policy had been applied to periods prior to the start of the first quarter under review, was added to or subtracted from the opening balance of retained earnings of the first quarter under review, and thus the new accounting policy is applied from such opening balance.

As a result of the above, there was no impact on profit or loss in the three months ended May 31, 2022. Furthermore, there was no impact on the balance of retained earnings at the beginning of the period.

Due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations, "Unearned revenue" under current liabilities of the consolidated balance sheet as of the end of the previous fiscal year has been included in "Contract liabilities" under current liabilities from the quarterly consolidated balance sheet as of the end of the first quarter under review. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

Segment information

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

Significant events after the reporting period

Disposal of treasury shares as restricted share-based remuneration

At the meeting of the Board of Directors held on June 9, 2022, the Company resolved to perform a disposal of treasury shares as restricted share-based remuneration (hereinafter "Disposal of Treasury Shares"), and conducted the Disposal of Treasury Shares as described below.

1. Overview of disposal

(1) Date of payment	June 30, 2022
(2) Class and number of shares for disposal	8,138 common shares of the Company
(3) Disposal value	¥2,150 per share
(4) Total disposal value	¥17,496,700
(5) Planned recipients of disposed shares	Directors of the Company (2 persons) 7,441 shares Executive Officers of the Company (1 person) 465 shares Employees of the Company (1 person) 232 shares
(6) Other	The Company has filed a written securities notice based on the Financial Instruments and Exchange Act for the Disposal of Treasury Shares.

2. Purpose and reason for the disposal

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

Moreover, at the Company's Board of Directors meeting held on June 9, 2022, the Company resolved to allot 8,138 shares of the Company's common shares as special restricted shares by paying a total amount of monetary remuneration claims of ¥17,496,700 as two kinds of restricted share remuneration relating to the remuneration target period in the following table to the planned allottees, namely two Directors, one Executive Officer, and one employee (hereinafter the "Allottees") and having the Allottees provide the full amount of those monetary remuneration claims through the method of contribution in kind. The amount of the monetary remuneration claims paid to each of the Allottees is determined after giving comprehensive consideration to various matters including each Allottee's level of contribution to the Company. Moreover, said monetary remuneration claims are paid on condition that each of the Allottees enter into a restricted share allotment agreement with the Company that includes the contents summarized below.

There are two kinds of restricted shares as stated in the table below under the restricted share-based remuneration plan described above and the restricted share remuneration plan for Executive Officers and employees (collectively referred to hereinafter as the "Plan"). The first kind is the restricted shares that are allotted to the Company's Directors (hereinafter "Restricted Shares I"), and the other kind is the restricted shares allotted to the Company's Executive Officers and to employees (hereinafter "Restricted Shares II"). The Restricted Shares I are provided to the Directors so that they share in the benefits and risks of share price fluctuations with the

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

Allottees	Kinds of restricted shares	Remuneration target period
Directors of the Company	Restricted Shares I	From the 17th Ordinary General Meeting of Shareholders to the 18th Ordinary General Meeting of Shareholders
Executive Officers of the Company	Restricted Shares II	From the 17th Ordinary General Meeting of Shareholders to the 18th Ordinary General Meeting of Shareholders
Employees of the Company		