Translation

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

October 13, 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: October 13, 2022
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2022 (from March 1, 2022 to August 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	%
Six months ended August 31, 2022	2,814	22.5	916	2.2	915	2.2	576	(6.6)
Six months ended August 31, 2021	2,296	–	897	–	895	–	617	–

Note: Comprehensive income For the six months ended August 31, 2022: ¥576 million [(6.6)%]
For the six months ended August 31, 2021: ¥617 million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2022	42.96	42.34
Six months ended August 31, 2021	47.36	45.31

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 six months ended August 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 August 31, 2022	5,263	4,263	81.0	317.88
As of February 28, 2022	4,831	3,740	77.4	278.52

Reference: Equity As of August 31, 2022 ¥4,262 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	–	0.00			
Year ending February 28, 2023 (Forecast)			–	0.00	0.00

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

3. Forecast of consolidated financial results for the year ending February 28, 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
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 "(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 7 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 "(4) Notes to quarterly consolidated financial statements, Changes in accounting policies" of "2. Quarterly consolidated financial statements and significant notes thereto" on page 7 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 August 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 August 31, 2022	47,609 shares	As of February 28, 2022	30,847 shares

Average number of shares during the period

Six months ended August 31, 2022	13,429,341 shares	Six months ended August 31, 2021	13,047,266 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, October 13, 2022, the Company plans to post the supplementary material on the quarterly financial results on its website. The Company also plans to hold a quarterly financial summary presentation meeting for institutional investors and securities analysts on the same day.

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 six months ended August 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 72,851 companies, and 51.4% 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 11,807 distribution recipients, 24,208 media users and 223 partner media, and the number of monthly site views for press releases in August was the highest recorded at 62.12 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 12.0% year on year to 1,844 and the number of paying accounts for "Tayori" rose 35.5% to 783. 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 six months ended August 31, 2022, the Company posted net sales of ¥2,814,282 thousand (up 22.5% year on year), operating profit of ¥916,391 thousand (up 2.2% year on year), ordinary profit of ¥915,326 thousand (up 2.2% year on year) and profit attributable to owners of parent of ¥576,891 thousand (down 6.6% 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 of the current fiscal year. Details are as described in "(4) 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

(i) Assets, liabilities, and net assets

Assets

Total assets at the end of the second quarter under review were ¥5,263,188 thousand, an increase of ¥432,130 thousand from the end of the previous fiscal year.

Current assets at the end of the second quarter under review were ¥4,441,408 thousand, an increase of ¥468,170 thousand from the end of the previous fiscal year. This was primarily due to increases of ¥364,677 thousand in cash and deposits and ¥60,322 thousand in notes and accounts receivable - trade and ¥43,978 thousand in other.

Non-current assets at the end of the second quarter under review were ¥821,779 thousand, a decrease of ¥36,040 thousand from the end of the previous fiscal year. This was primarily due to decreases of ¥17,562 thousand in property, plant and equipment and ¥22,377 thousand in investments and other assets.

Liabilities

Liabilities at the end of the second quarter under review were ¥999,735 thousand, a decrease of ¥91,081 thousand from the end of the previous fiscal year.

Current liabilities at the end of the second quarter under review were ¥999,015 thousand, a decrease of ¥90,030 thousand from the end of the previous fiscal year. This was primarily due to a decrease of ¥104,173 thousand in income taxes payable.

Non-current liabilities at the end of the second quarter under review were ¥720 thousand, a decrease of ¥1,050 thousand from the end of the previous fiscal year.

Net assets

Net assets at the end of the second quarter under review were ¥4,263,452 thousand, an increase of ¥523,211 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥576,891 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, 2022, totaled ¥3,708,933 thousand. The respective cash flow positions and the factors thereof in the six months ended August 31, 2022, are as follows.

Cash flows from operating activities

Net cash provided by operating activities totaled ¥534,271 thousand (compared with ¥499,599 thousand provided in the same period of the previous fiscal year). This was primarily due to profit before income taxes totaling ¥865,926 thousand and income taxes paid totaling ¥389,781 thousand.

Cash flows from investing activities

Net cash used in investing activities totaled ¥96,427 thousand (compared with ¥237,834 thousand used in the same period of the previous fiscal year). This was primarily due to purchase of investment securities of ¥99,399 thousand.

Cash flows from financing activities

Net cash used in financing activities totaled ¥73,166 thousand (compared with ¥69,545 thousand used in the same period of the previous fiscal year). This was primarily due to purchase of treasury shares of ¥74,631 thousand.

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

There are no changes to forecast of consolidated financial results for full year ending February 28, 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 August 31, 2022
Assets		
Current assets		
Cash and deposits	3,344,256	3,708,933
Notes and accounts receivable - trade	578,895	639,217
Other	64,826	108,804
Allowance for doubtful accounts	(14,740)	(15,548)
Total current assets	3,973,237	4,441,408
Non-current assets		
Property, plant and equipment	289,933	272,370
Intangible assets	169,181	173,081
Investments and other assets	398,704	376,327
Total non-current assets	857,820	821,779
Total assets	4,831,057	5,263,188
Liabilities		
Current liabilities		
Notes and accounts payable - trade	49,777	48,811
Income taxes payable	413,026	308,852
Unearned revenue	208,783	–
Contract liabilities	–	258,230
Provision for bonuses	70,400	32,700
Provision for shareholder benefit program	8,990	–
Other	338,069	350,420
Total current liabilities	1,089,046	999,015
Non-current liabilities		
Other	1,770	720
Total non-current liabilities	1,770	720
Total liabilities	1,090,816	999,735
Net assets		
Shareholders' equity		
Share capital	420,660	420,660
Capital surplus	395,660	395,660
Retained earnings	3,000,248	3,563,529
Treasury shares	(77,111)	(117,170)
Total shareholders' equity	3,739,457	4,262,680
Share acquisition rights	203	197
Non-controlling interests	579	573
Total net assets	3,740,240	4,263,452
Total liabilities and net assets	4,831,057	5,263,188

(2) Quarterly consolidated statement of income and comprehensive income

Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Net sales	2,296,986	2,814,282
Cost of sales	269,051	316,809
Gross profit	2,027,935	2,497,473
Selling, general and administrative expenses	1,130,840	1,581,081
Operating profit	897,094	916,391
Non-operating income		
Interest income	0	0
Recoveries of written off receivables	125	479
Other	118	13
Total non-operating income	243	492
Non-operating expenses		
Interest expenses	292	414
Loss on investments in capital	1,113	914
Other	76	228
Total non-operating expenses	1,482	1,556
Ordinary profit	895,856	915,326
Extraordinary losses		
Loss on valuation of investment securities	–	49,399
Total extraordinary losses	–	49,399
Profit before income taxes	895,856	865,926
Income taxes	278,336	289,041
Profit	617,519	576,885
Loss attributable to non-controlling interests	(394)	(5)
Profit attributable to owners of parent	617,914	576,891

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Profit	617,519	576,885
Comprehensive income	617,519	576,885
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	617,914	576,891
Comprehensive income attributable to non-controlling interests	(394)	(5)

(3) Quarterly consolidated statement of cash flows

(Thousands of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022
Cash flows from operating activities		
Profit before income taxes	895,856	865,926
Depreciation	48,717	41,957
Loss (gain) on valuation of investment securities	–	49,399
Loss (gain) on investments in capital	1,113	914
Increase (decrease) in allowance for doubtful accounts	(17,822)	807
Increase (decrease) in provision for bonuses	(2,765)	(37,700)
Increase (decrease) in provision for shareholder benefit program	(13,932)	(8,990)
Interest and dividend income	(0)	(0)
Interest expenses	292	414
Decrease (increase) in trade receivables	(6,929)	(60,322)
Increase (decrease) in trade payables	(3,426)	(966)
Increase (decrease) in accounts payable - other	(83,003)	54,762
Increase (decrease) in unearned revenue	46,480	–
Increase (decrease) in contract liabilities	–	49,447
Other, net	(61,811)	(31,184)
Subtotal	802,769	924,467
Interest and dividends received	0	0
Interest paid	(292)	(414)
Income taxes paid	(302,877)	(389,781)
Net cash provided by (used in) operating activities	499,599	534,271
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,334)	(32,587)
Purchase of intangible assets	(41,241)	(27,203)
Purchase of investment securities	(25,192)	(99,399)
Payments of leasehold and guarantee deposits	(158,065)	–
Proceeds from refund of leasehold and guarantee deposits	–	75,263
Payments for investments in capital	–	(12,500)
Net cash provided by (used in) investing activities	(237,834)	(96,427)
Cash flows from financing activities		
Repayments of lease obligations	(1,687)	(1,771)
Proceeds from share issuance to non-controlling shareholders	1,500	–
Purchase of treasury shares	(238,249)	(74,631)
Proceeds from issuance of share acquisition rights	135	–
Proceeds from disposal of treasury shares from exercise of share acquisition rights	168,756	3,236
Net cash provided by (used in) financing activities	(69,545)	(73,166)
Net increase (decrease) in cash and cash equivalents	192,220	364,677
Cash and cash equivalents at beginning of period	2,531,595	3,344,256
Cash and cash equivalents at end of period	2,723,816	3,708,933

(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 June 9, 2022, the Company disposed 8,138 treasury shares as restricted share-based remuneration. In addition, based on a resolution at the meeting of the Board of Directors held on August 12, 2022, the Company purchased 30,500 treasury shares and disposed of 5,600 treasury shares due to exercise of share options. As a result, for the six months ended August 31, 2022, retained earnings decreased ¥13,610 thousand and treasury shares increased ¥40,058 thousand. At the end of the second quarter under review, retained earnings was ¥3,563,529 thousand and treasury shares was ¥117,170 thousand.

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.

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 of the current fiscal year, 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 of the current fiscal year, was added to or subtracted from the opening balance of retained earnings of the first quarter of the current fiscal year, 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 six months ended August 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 of the current fiscal year. "Increase (decrease) in unearned revenue" under cash flows from operating activities of the quarterly consolidated statement of cash flows for the six months ended August 31, 2021 has been included in "Increase (decrease) in contract liabilities" under cash flows from operating activities from the quarterly consolidated statement of cash flows for the six months ended August 31, 2022. 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

Establishment of a subsidiary

The Company, at the Board of Directors meeting held on October 13, 2022, resolved to establish a subsidiary as described below.

1. Purpose of the establishment

   The Company will establish the subsidiary in the U.S.A. as part of our plan to expand PR TIMES into the U.S.A., as set forth in "Milestone 2025," our new medium-term management targets that we announced on April 13, 2021.

2. Overview of a subsidiary to be established

(1) Name	PR TIMES Inc.
(2) Location	Texas, U.S.A.
(3) Business description	Press release distribution service
(4) Share capital	US$100 thousand (planned)
(5) Date of establishment	October 2022 (planned)
(6) Ownership	Wholly-owned by the Company