Translation

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2022 (Based on Japanese GAAP)

January 12, 2023

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 03-5770-7888
Scheduled date to file Quarterly Securities Report: January 12, 2023
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended November 30, 2022 (from March 1, 2022 to November 30, 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	%
Nine months ended November 30, 2022	4,313	19.5	1,098	(27.8)	1,097	(27.8)	712	(31.7)
Nine months ended November 30, 2021	3,608	–	1,520	–	1,518	–	1,044	–

Note: Comprehensive income For the nine months ended November 30, 2022: ¥712 million [(31.7)%]
For the nine months ended November 30, 2021: ¥1,043 million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2022	53.10	52.34
Nine months ended November 30, 2021	79.45	76.53

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 nine months ended November 30, 2021.

(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, 2022	5,101	4,399	86.2	328.01
As of February 28, 2022	4,831	3,740	77.4	278.52

Reference: Equity As of November 30, 2022 ¥4,398 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 "(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 November 30, 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 November 30, 2022	47,609 shares	As of February 28, 2022	30,847 shares

Average number of shares during the period

Nine months ended November 30, 2022	13,422,806 shares	Nine months ended November 30, 2021	13,140,956 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, January 12, 2023, the Company plans to post the supplementary material on the quarterly financial results on its website. The Company also plans to hold a quarterly financial summary presentation meeting for institutional investors and securities analysts on the same day.

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 2
(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
Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements 6
Changes in accounting policies 6
Segment information 6
Significant events after the reporting period 7

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, 2022, the PR TIMES, Inc. Group (the "Group") continued investing in advertising with the aim of increasing recognition and acquiring new customer segments to strengthen the core structure for the press release distribution service "PR TIMES," which is a key business, as well as to grow business of 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 76,499 companies, and 52.2% 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. As press release materials, 164,608 images were posted in November and 2,840 videos were posted in March, both representing record highs, as the shift to press releases with rich contents continues. In addition, there were 11,796 distribution recipients, 24,703 media users and 225 partner media, and the number of monthly site views for press releases in November was the highest recorded at 66.94 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 10.5% year on year to 1,908 and the number of paying accounts for "Tayori" rose 33.3% to 832. 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 nine months ended November 30, 2022, the Company posted net sales of ¥4,313,803 thousand (up 19.5% year on year), operating profit of ¥1,098,316 thousand (down 27.8% year on year), ordinary profit of ¥1,097,356 thousand (down 27.8% year on year) and profit attributable to owners of parent of ¥712,749 thousand (down 31.7% 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 "(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 third quarter under review were ¥5,101,839 thousand, an increase of ¥270,782 thousand from the end of the previous fiscal year.

Current assets at the end of the third quarter under review were ¥4,277,843 thousand, an increase of ¥304,606 thousand from the end of the previous fiscal year. This was primarily due to increases of ¥175,875 thousand in cash and deposits and ¥108,962 thousand in notes and accounts receivable - trade.

Non-current assets at the end of the third quarter under review were ¥823,995 thousand, a decrease of ¥33,824 thousand from the end of the previous fiscal year. This was primarily due to decreases of ¥26,563 thousand in property, plant and equipment and ¥13,651 thousand in investments and other assets.

Liabilities

Liabilities at the end of the third quarter under review were ¥702,590 thousand, a decrease of ¥388,226 thousand from the end of the previous fiscal year.

Current liabilities at the end of the third quarter under review were ¥702,176 thousand, a decrease of ¥386,870 thousand from the end of the previous fiscal year. This was primarily due to a decrease of ¥364,330 thousand in income taxes payable.

Non-current liabilities at the end of the third quarter under review were ¥414 thousand, a decrease of ¥1,355 thousand from the end of the previous fiscal year.

Net assets

Net assets at the end of the third quarter under review were ¥4,399,248 thousand, an increase of ¥659,008 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥712,749 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 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 November 30, 2022
Assets		
Current assets		
Cash and deposits	3,344,256	3,520,132
Notes and accounts receivable - trade	578,895	687,857
Other	64,826	92,614
Allowance for doubtful accounts	(14,740)	(22,760)
Total current assets	3,973,237	4,277,843
Non-current assets		
Property, plant and equipment	289,933	263,369
Intangible assets	169,181	175,572
Investments and other assets	398,704	385,053
Total non-current assets	857,820	823,995
Total assets	4,831,057	5,101,839
Liabilities		
Current liabilities		
Notes and accounts payable - trade	49,777	48,497
Income taxes payable	413,026	48,695
Unearned revenue	208,783	–
Contract liabilities	–	238,589
Provision for bonuses	70,400	19,950
Provision for shareholder benefit program	8,990	–
Other	338,069	346,443
Total current liabilities	1,089,046	702,176
Non-current liabilities		
Other	1,770	414
Total non-current liabilities	1,770	414
Total liabilities	1,090,816	702,590
Net assets		
Shareholders' equity		
Share capital	420,660	420,660
Capital surplus	395,660	395,660
Retained earnings	3,000,248	3,699,387
Treasury shares	(77,111)	(117,170)
Total shareholders' equity	3,739,457	4,398,538
Share acquisition rights	203	197
Non-controlling interests	579	513
Total net assets	3,740,240	4,399,248
Total liabilities and net assets	4,831,057	5,101,839

(2) Quarterly consolidated statement of income and comprehensive income

Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Net sales	3,608,841	4,313,803
Cost of sales	407,309	462,493
Gross profit	3,201,532	3,851,309
Selling, general and administrative expenses	1,681,172	2,752,993
Operating profit	1,520,360	1,098,316
Non-operating income		
Interest income	0	0
Recoveries of written off receivables	215	724
Other	122	35
Total non-operating income	337	760
Non-operating expenses		
Interest expenses	570	577
Loss on investments in capital	1,113	914
Other	76	228
Total non-operating expenses	1,759	1,719
Ordinary profit	1,518,938	1,097,356
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	1,518,938	1,043,767
Income taxes	475,653	331,084
Profit	1,043,285	712,682
Loss attributable to non-controlling interests	(793)	(66)
Profit attributable to owners of parent	1,044,078	712,749

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Profit	1,043,285	712,682
Comprehensive income	1,043,285	712,682
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,044,078	712,749
Comprehensive income attributable to non-controlling interests	(793)	(66)

(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 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 nine months ended November 30, 2022, retained earnings decreased ¥13,610 thousand and treasury shares increased ¥40,058 thousand. At the end of the third quarter under review, retained earnings was ¥3,699,387 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 third 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 nine months ended November 30, 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. 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 December 9, 2022, the Company resolved to perform a disposal of treasury shares as restricted share-based remuneration, and conducted the Disposal of Treasury Shares as described below.

1. Overview of disposal

(1) Date of payment	December 27, 2022
(2) Class and number of shares for disposal	600 common shares of the Company
(3) Disposal value	¥2,498 per share
(4) Total disposal value	¥1,498,800
(5) Planned recipients of disposed shares	Employees of the Company (3 persons) 600 shares

2. Purpose and reason for the disposal

At the meeting of the Board of Directors held on December 10, 2021, the Company resolved to introduce a share-based remuneration plan for granting restricted shares to employees of the Company and 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 Company's Board of Directors meeting held on December 9, 2022, the Company resolved to allot 600 shares of the Company's common shares as special restricted shares by paying a total amount of monetary remuneration claims of ¥1,498,800 as restricted share-based remuneration relating to the period from December 1, 2022 to November 30, 2027 to the planned allottees, namely three 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.