Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2024 (Based on Japanese GAAP)

July 11, 2024

Company name: PR TIMES Corporation
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: July 11, 2024
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 31, 2024 (from March 1, 2024 to May 31, 2024)

(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, 2024	1,925	19.6	484	41.0	484	40.9	320	38.9
Three months ended May 31, 2023	1,608	16.3	343	(19.7)	343	(19.7)	231	(21.4)

Note: Comprehensive income For the three months ended May 31, 2024: ¥320 million [38.9%]
For the three months ended May 31, 2023: ¥230 million [(21.5)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2024	23.88	23.63
Three months ended May 31, 2023	17.26	17.07

(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, 2024	7,025	5,983	85.1	445.07
As of February 29, 2024	7,071	5,662	80.0	421.20

Reference: Equity As of May 31, 2024 ¥5,981 million
As of February 29, 2024 ¥5,660 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 29, 2024	–	0.00	–	0.00	0.00
Year ending February 28, 2025	–				
Year ending February 28, 2025 (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, 2025 (from March 1, 2024 to February 28, 2025)

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, 2024	3,958	20.5	842	(5.5)	835	(6.2)	566	(5.7)	42.15
Full year	8,189	19.8	1,900	8.8	1,889	10.0	1,276	9.9	94.94

Note: Revisions to the forecast most recently announced: None

4. Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

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

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:	None
Changes in accounting policies due to other reasons:	None
Changes in accounting estimates:	None
Restatement of prior period financial statements:	None

(4) Number of issued shares (common shares)

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

As of May 31, 2024	13,462,249 shares	As of February 29, 2024	13,462,249 shares

Number of treasury shares at the end of the period

As of May 31, 2024	22,924 shares	As of February 29, 2024	22,876 shares

Average number of shares during the period

Three months ended May 31, 2024	13,439,365 shares	Three months ended May 31, 2023	13,390,296 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 11, 2024, the Company plans to post the supplementary material on the quarterly financial results on its website. The Company also plans to hold a quarterly financial summary presentation meeting for institutional investors and securities analysts on the same day.

Attached Material

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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, 2024, the PR TIMES Corporation Group (the "Group") continued aiming to increase recognition and acquire new customer segments, mainly working to strengthen the core structure for the press release distribution service "PR TIMES," which is a key business, as well as to grow business for the tools "Jooto" and "Tayori" for SaaS-based businesses in order to realize our mission of "Towards an age where information inspires hearts and minds."

The number of companies using "PR TIMES" has reached 97,948 companies (up 17.2% year on year), and 58.2% of listed companies in Japan were using "PR TIMES." The number of press releases reached a monthly record high of 34,291 in April 2024. In addition, there were 10,719 distribution recipients, 27,382 media users and 252 partner media, and the number of monthly site views for press releases in March was 68.06 million page views.

We worked to expand usage and improve service with the key indicators of number of paying users and average unit prices for "Jooto," our task and project management tool, and "Tayori," our customer support tool. As a result, for "Jooto," although the number of paying users fell 3.2% year on year to 1,801, the average unit price per user rose 60.1% year on year to ¥8,464. For "Tayori," the number of paying users rose 28.1% to 1,177 and the average unit price per account rose 14.4% year on year to ¥6,837. The effects of both services on net sales were limited, and we continue to be in the investment phase.

As a result, for the three months ended May 31, 2024, the Company posted net sales of ¥1,925,015 thousand (up 19.6% year on year), operating profit of ¥484,497 thousand (up 41.0% year on year), ordinary profit of ¥484,424 thousand (up 40.9% year on year) and profit attributable to owners of parent of ¥320,942 thousand (up 38.9% year on year).

The ratio of our "Press Release Distribution Business" as part of the Group's reportable segments is extremely high, and as the information for this business is nearly the same as that for our entire business listed above, we have omitted segment-specific listings.

(2) Explanation of financial position

Assets, liabilities, and net assets

Assets

Total assets at the end of the first quarter under review were ¥7,025,820 thousand, a decrease of ¥45,672 thousand from the end of the previous fiscal year.

Current assets at the end of the first quarter under review were ¥5,235,740 thousand, a decrease of ¥164,625 thousand from the end of the previous fiscal year. This was primarily due to a decrease of ¥238,822 thousand in cash and deposits and an increase of ¥48,484 thousand in other.

Non-current assets at the end of the first quarter under review were ¥1,790,079 thousand, an increase of ¥118,952 thousand from the end of the previous fiscal year. This was due to increases of ¥51,586 thousand in property, plant and equipment, ¥30,073 thousand in intangible assets and ¥37,293 thousand in investments and other assets.

Liabilities

Liabilities at the end of the first quarter under review were ¥1,042,071 thousand, a decrease of ¥366,517 thousand from the end of the previous fiscal year.

Current liabilities at the end of the first quarter under review were ¥1,039,628 thousand, a decrease of ¥366,336 thousand from the end of the previous fiscal year. This was primarily due to decreases of ¥282,292 thousand in income taxes payable and ¥138,787 thousand in other.

Non-current liabilities at the end of the first quarter under review were ¥2,443 thousand, a decrease of ¥181 thousand from the end of the previous fiscal year.

Net assets

Net assets at the end of the first quarter under review were ¥5,983,748 thousand, an increase of ¥320,845 thousand from the end of the previous fiscal year. This was primarily due to an increase of ¥320,942 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, 2024 and full year ending February 28, 2025 released in the Summary of Consolidated Financial Results for the Year Ended February 29, 2024, announced on April 11, 2024.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of February 29, 2024	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	4,536,792	4,297,970
Notes and accounts receivable - trade, and contract assets	732,112	762,861
Other	164,038	212,522
Allowance for doubtful accounts	(32,578)	(37,613)
Total current assets	5,400,365	5,235,740
Non-current assets		
Property, plant and equipment	239,654	291,240
Intangible assets		
Goodwill	252,005	237,655
Other	278,113	322,536
Total intangible assets	530,118	560,192
Investments and other assets	901,354	938,647
Total non-current assets	1,671,127	1,790,079
Total assets	7,071,492	7,025,820
Liabilities		
Current liabilities		
Notes and accounts payable - trade	81,840	80,561
Income taxes payable	457,672	175,379
Contract liabilities	209,916	287,909
Provision for bonuses	68,097	37,101
Provision for shareholder benefit program	20,090	29,115
Other	568,348	429,560
Total current liabilities	1,405,965	1,039,628
Non-current liabilities		
Other	2,624	2,443
Total non-current liabilities	2,624	2,443
Total liabilities	1,408,589	1,042,071
Net assets		
Shareholders' equity		
Share capital	422,717	422,717
Capital surplus	397,717	397,717
Retained earnings	4,891,507	5,212,450
Treasury shares	(51,302)	(51,394)
Total shareholders' equity	5,660,638	5,981,489
Share acquisition rights	1,654	1,654
Non-controlling interests	610	604
Total net assets	5,662,903	5,983,748
Total liabilities and net assets	7,071,492	7,025,820

(2) Quarterly consolidated statement of income and comprehensive income

Quarterly consolidated statement of income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2023	Three months ended May 31, 2024
Net sales	1,608,929	1,925,015
Cost of sales	201,474	294,680
Gross profit	1,407,455	1,630,335
Selling, general and administrative expenses	1,063,753	1,145,838
Operating profit	343,701	484,497
Non-operating income		
Interest income	0	0
Recoveries of written off receivables	380	455
Other	91	75
Total non-operating income	471	530
Non-operating expenses		
Interest expenses	279	217
Other	184	386
Total non-operating expenses	463	603
Ordinary profit	343,709	484,424
Profit before income taxes	343,709	484,424
Income taxes	112,722	163,487
Profit	230,986	320,937
Loss attributable to non-controlling interests	(67)	(5)
Profit attributable to owners of parent	231,054	320,942

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended May 31, 2023	Three months ended May 31, 2024
Profit	230,986	320,937
Comprehensive income	230,986	320,937
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	231,054	320,942
Comprehensive income attributable to non-controlling interests	(67)	(5)

(3) Notes to quarterly consolidated financial statements

Notes on premise of going concern

Not applicable.

Notes on significant changes in the amount of shareholders' equity

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.

Segment information

I Three months ended May 31, 2023

1. Information related to amounts for net sales and profit, or losses, as well as earnings analysis information by reportable segment

(Thousands of yen)

	Reportable segment	Other (Note) 1.	Total	Amount of adjustments	Quarterly consolidated statement of income amount (Note) 2.
	Press Release Distribution Business				
Net sales					
"PR TIMES" and services related to "PR TIMES"	1,542,702	–	1,542,702	–	1,542,702
SaaS services for businesses	43,176	–	43,176	–	43,176
Other	–	23,050	23,050	–	23,050
Revenue arising from contracts with customers	1,585,878	23,050	1,608,929	–	1,608,929
Net sales to external customers	1,585,878	23,050	1,608,929	–	1,608,929
Internal sales or transfer volume among segments	–	7,546	7,546	(7,546)	–
Total	1,585,878	30,597	1,616,475	(7,546)	1,608,929
Segment profit or loss	349,807	(6,105)	343,701	–	343,701

(Notes) 1. The "Other" category represents our system development business, a business segment not included in our reportable segments.

2. Segment profit or losses match operating profit in the quarterly consolidated statement of income.

2. Information related to assets by reportable segment

In the first quarter of the fiscal year ended February 29, 2024, the Company acquired all shares of glucose inc. and newly included it to the scope of consolidation. As a result, compared to the final day of the fiscal year ended February 28, 2023, the amount of assets in reportable segments in the first quarter of the fiscal year ended February 29, 2024 increased by ¥247,669 thousand in the "Other" category.

3. Information related to impairment losses or goodwill for non-current assets by reportable segment

(Important changes in the amount of goodwill)

In the first quarter of the fiscal year ended February 29, 2024, with the acquisition of all shares of glucose and its new addition to the scope of consolidation, goodwill in the "Other" category increased by ¥149,681 thousand.

II Three months ended May 31, 2024

Information related to amounts for net sales and profit, or losses, as well as earnings analysis information by reportable segment

(Thousands of yen)

	Reportable segment	Other (Note) 1.	Total	Amount of adjustments	Quarterly consolidated statement of income amount (Note) 2.
	Press Release Distribution Business				
Net sales					
"PR TIMES" and services related to "PR TIMES"	1,701,654	–	1,701,654	–	1,701,654
SaaS services for businesses	68,962	–	68,962	–	68,962
Other	–	154,398	154,398	–	154,398
Revenue arising from contracts with customers	1,770,616	154,398	1,925,015	–	1,925,015
Net sales to external customers	1,770,616	154,398	1,925,015	–	1,925,015
Internal sales or transfer volume among segments	–	35,173	35,173	(35,173)	–
Total	1,770,616	189,572	1,960,189	(35,173)	1,925,015
Segment profit or loss	494,077	(9,580)	484,497	–	484,497

(Notes) 1. The "Other" category includes our system development business and social media marketing support business, which are business segments not included in our reportable segments.

2. Segment profit or losses match operating profit in the quarterly consolidated statement of income.

Significant events after the reporting period

Issuance of new shares as restricted share-based remuneration

At the meeting of the Board of Directors held on June 14, 2024, the Company resolved to perform an issuance of new shares as restricted share-based remuneration as described below.

1. Overview of issuance

(1) Date of payment	July 12, 2024 (scheduled)		
(2) Class and number of shares for issuance	17,656 common shares of the Company		
(3) Issue price	¥1,788 per share		
(4) Total issue amount	¥31,568,928		
(5) Amount of capitalization	¥894 per share		
(6) Total amount of capitalization	¥15,784,464		
(7) Recipients of new shares	Directors of the Company	2 persons	13,981 shares
	Executive Officers of the Company	2 persons	754 shares
	Employees of the Company	43 persons	2,921 shares

2. Purpose and reason for the issuance

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 allotting 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, and to set the transfer restriction period for the restricted shares at a period from the date that the restricted shares are allotted until the day that the allottee ends all positions at the Company as Director, Executive Officer, or employee, among other details. In addition, at the Company's 19th Ordinary General Meeting of Shareholders held on May 29, 2024, it was approved 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 ¥120 million per year (including the amount no more than ¥24 million per year for Outside Directors), and to set the total number of the restricted shares allotted to the Company's Directors in each fiscal year at no more than 65,000 shares (including the number no more than 13,000 for Outside Directors).

Moreover, at the Company's Board of Directors meeting held on June 14, 2024, the Company resolved to allot 17,656 shares of the Company's common shares as special restricted shares by paying a total amount of monetary remuneration claims of ¥31,568,928 as three kinds of restricted share remuneration relating to the remuneration target period in the following table to the planned allottees, namely two Directors, two Executive Officers and 43 employees of the Company (hereinafter the "Allottees") and having the Allottees provide the full amount of those monetary remuneration claims through the method of contribution in kind. The amount of the monetary remuneration claims paid to each of the Allottees is determined after giving comprehensive consideration to various matters including each Allottee's level of contribution to the Company. Moreover, said monetary remuneration claims are paid on condition that each of the Allottees enter into a restricted share allotment agreement with the Company.

The restricted shares to be allotted at this time consist of Restricted Shares I, which are allotted to Directors, Restricted Shares II, which are allotted to Executive Officers and employees of the Company in consideration of their semiannual contribution, and Restricted Shares III, which are allotted to employees of the Company and its subsidiaries who joined the respective Group company from June 1, 2021 onward and who fulfill certain requirements.

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

Allottees	Kinds of restricted shares	Remuneration target period
Directors of the Company	Restricted Shares I	From the 19th Ordinary General Meeting of Shareholders to the 20th Ordinary General Meeting of Shareholders
Executive Officers of the Company	Restricted Shares II	From the 19th Ordinary General Meeting of Shareholders to the 20th Ordinary General Meeting of Shareholders
Employees of the Company		
Employees of the Company	Restricted Shares III	June 1, 2024 to May 31, 2029