Briefing Materials for the Financial Results of Second Quarter of Fiscal Year 2024

PR TIMES Corporation (TSE Prime | 3922)

October 11, 2024

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Executive Summary

Financial results for second quarter of FY2024	• Net sales increased 17.4% year on year, reaching a record high for the sixth consecutive quarter. • In addition to the PR TIMES renewal project, advertising expenses increased by ¥125 million year on year, resulting in an operating profit of ¥473 million or 86.7% year on year.
First-half results and outlook	• Compared to the first-half forecasts, net sales were down 1.7%, operating profit was up 13.8% and profit was up 12.2%. • The percentage of full-year forecasts progressed was 47.5% for net sales and 50.4% for operating profit, which is progressing smoothly.
Topics	• The incentive rate for the Employee Stock Ownership Plan increased to a maximum of 100%. • The work policy for permanent employees has been changed to a 5-day in-office work week in principle.
Services trends	• The number of companies using Jooto’s paid version was 2,424, an increase of 34.6% quarter on quarter. The average unit price was ¥10,197, a 20.5% increase quarter on quarter, and the number of companies using the paid version and the average unit price both rose rapidly. • The number of paid Tayori accounts was 1,254, a 6.5% increase quarter on quarter. The average unit price was ¥7,465, a 9.2% increase quarter on quarter.
FY2025 financial results forecasts	• The financial results forecasts for FY2025 are currently under development as of the announcement of FY2024 second-quarter results, but we plan to announce an operating profit of ¥2.5 billion or more in those FY2025 financial forecasts. • The entire Group will work as one to achieve an operating profit of ¥3.5 billion in FY2025, the goal set in Milestone 2025.



1 Financial Results for the Second Quarter of FY2024

2 Services Trends for the Second Quarter of FY2024

3 Topics & Reference Information

4 Road to Milestone 2025 (updated)

Financial Results for the First-half of FY2024

- Compared to the first-half forecasts, net sales were down 1.7%, operating profit was up 13.8% and profit was up 12.2%.
- In terms of net sales, we fell short of our target by ¥47 million for NAVICUS and ¥25 million for PR TIMES STORY.
- We posted NAVICUS's losses of ¥11 million in operating profit and ¥13 million in profit.

(Millions of yen)	FY2023		FY2024			Initial financial results forecasts	
	1st Half	2nd Half	1st Half	Year on Year	Half on Half	1st Half	vs. Forecasts
Net sales	3,284	3,552	3,892	118.5%	109.6%	3,958	98.3%
Gross profit	2,857	3,036	3,289	115.1%	108.3%	—	—
[Gross profit ratio]	(87.0%)	(85.5%)	(84.5%)	—	—	—	—
SG&A expenses	1,967	2,180	2,330	118.5%	106.9%	—	—
Operating profit	890	855	958	107.6%	112.0%	842	113.8%
[Operating profit ratio]	(27.1%)	(24.1%)	(24.6%)	—	—	(21.3%)	—
Ordinary profit	890	826	955	107.3%	115.5%	835	114.4%
Profit	600	560	634	105.6%	113.3%	566	112.2%

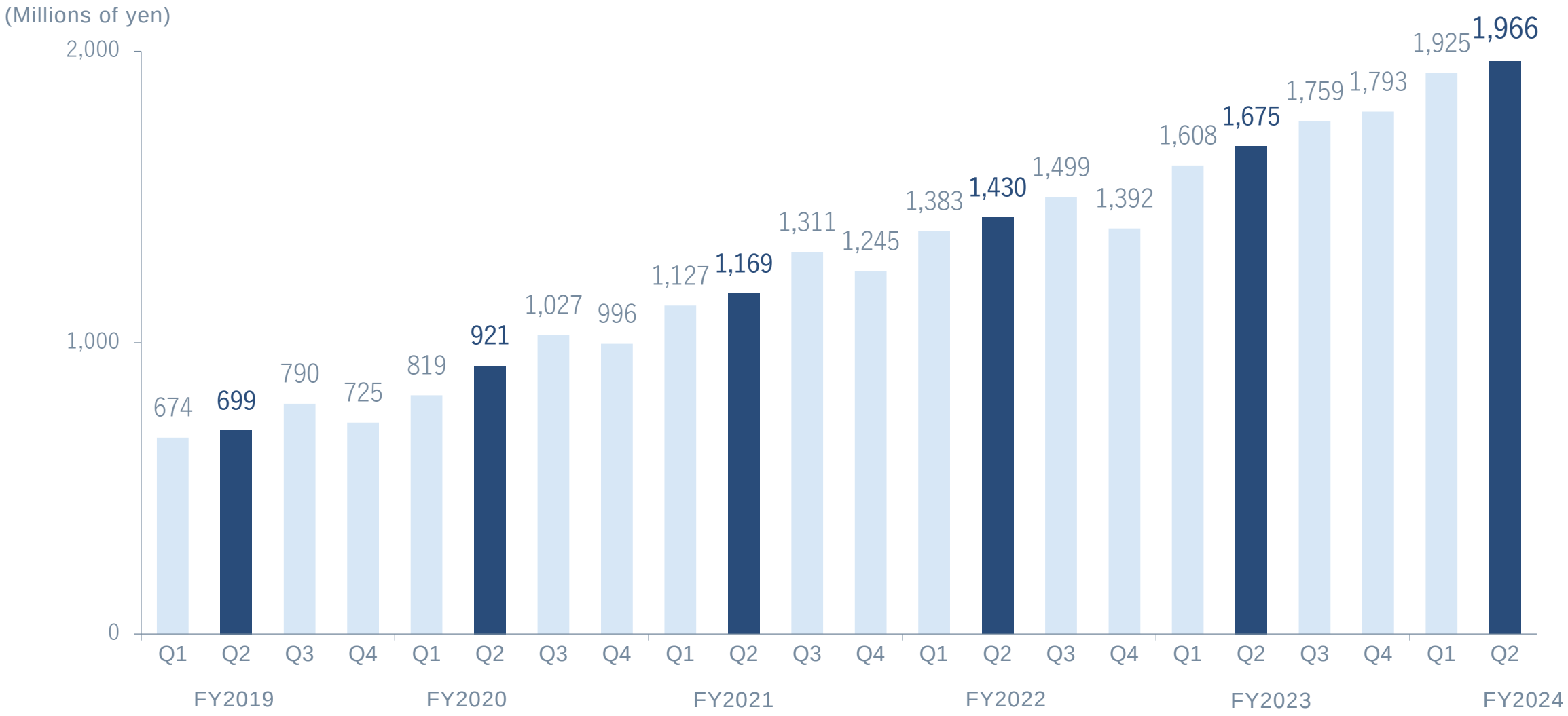
Financial Results for the Second Quarter of FY2024

- We posted net sales of ¥1,966 million (117.4% year on year; 102.2% quarter on quarter) and operating profit of ¥473 million (86.7% year on year; 97.8% quarter on quarter).
- Advertising expenses increased by ¥125 million year on year, resulting in an operating profit of 86.7% year on year.

(Millions of yen)	FY2023 Q2	FY2023 Q3	FY2023 Q4	FY2024 Q1	FY2024 Q2	Year on Year (YoY)	Quarter on Quarter (QoQ)
Net sales	1,675	1,759	1,793	1,925	1,966	117.4%	102.2%
Gross profit	1,450	1,536	1,500	1,630	1,658	114.4%	101.7%
[Gross profit ratio]	(86.6%)	(87.3%)	(83.7%)	(84.7%)	(84.3%)	—	—
SG&A expenses	903	911	1,269	1,145	1,184	131.1%	103.4%
Operating profit	546	624	231	484	473	86.7%	97.8%
[Operating profit ratio]	(32.6%)	(35.5%)	(12.9%)	(25.2%)	(24.1%)	—	—
Ordinary profit	546	600	226	484	470	86.1%	97.2%
Profit	369	399	160	320	313	84.9%	97.8%

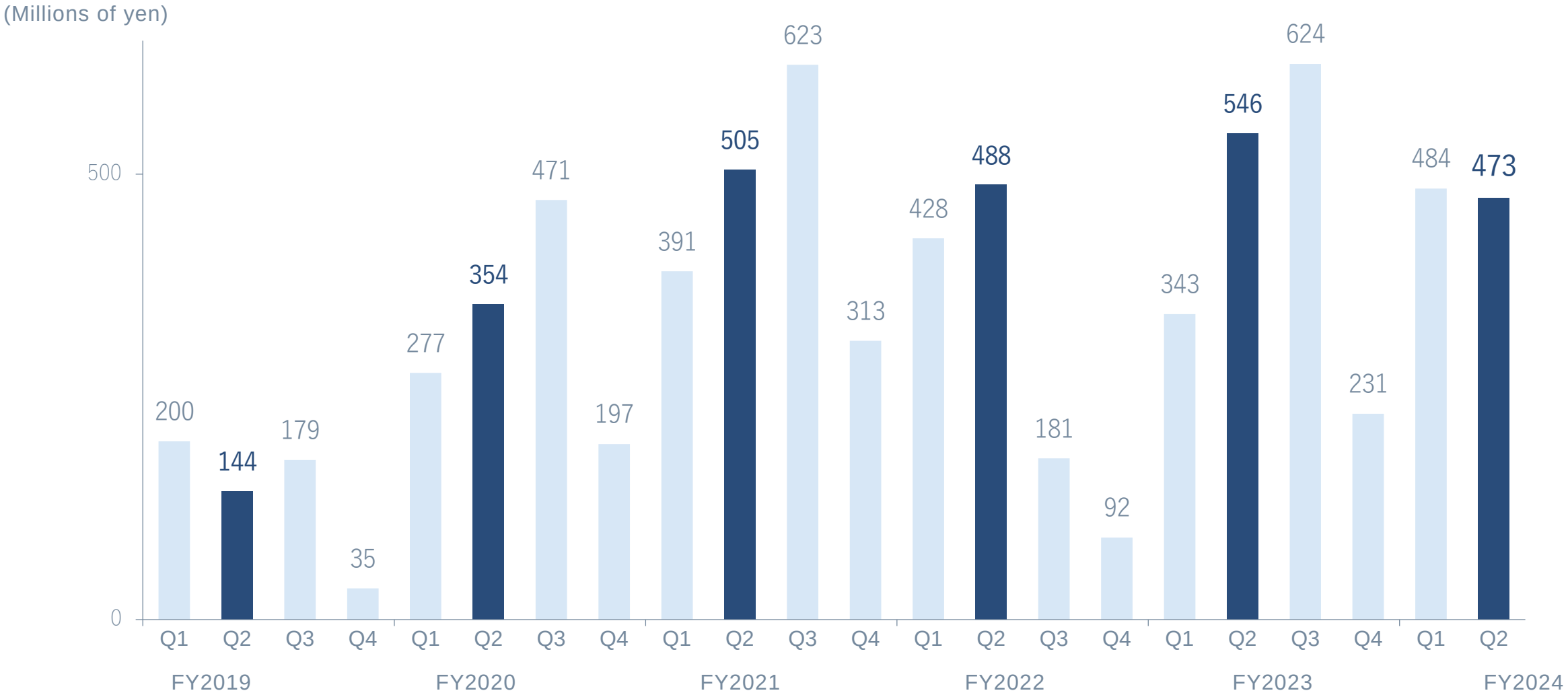
Changes in Quarterly Net Sales

- Net sales reached a record high for the sixth consecutive quarter.



Changes in Quarterly Operating Profit

- Operating profit consistently remained at a high level after absorbing investments.



Breakdown and Ratios of Quarterly SG&A Expenses

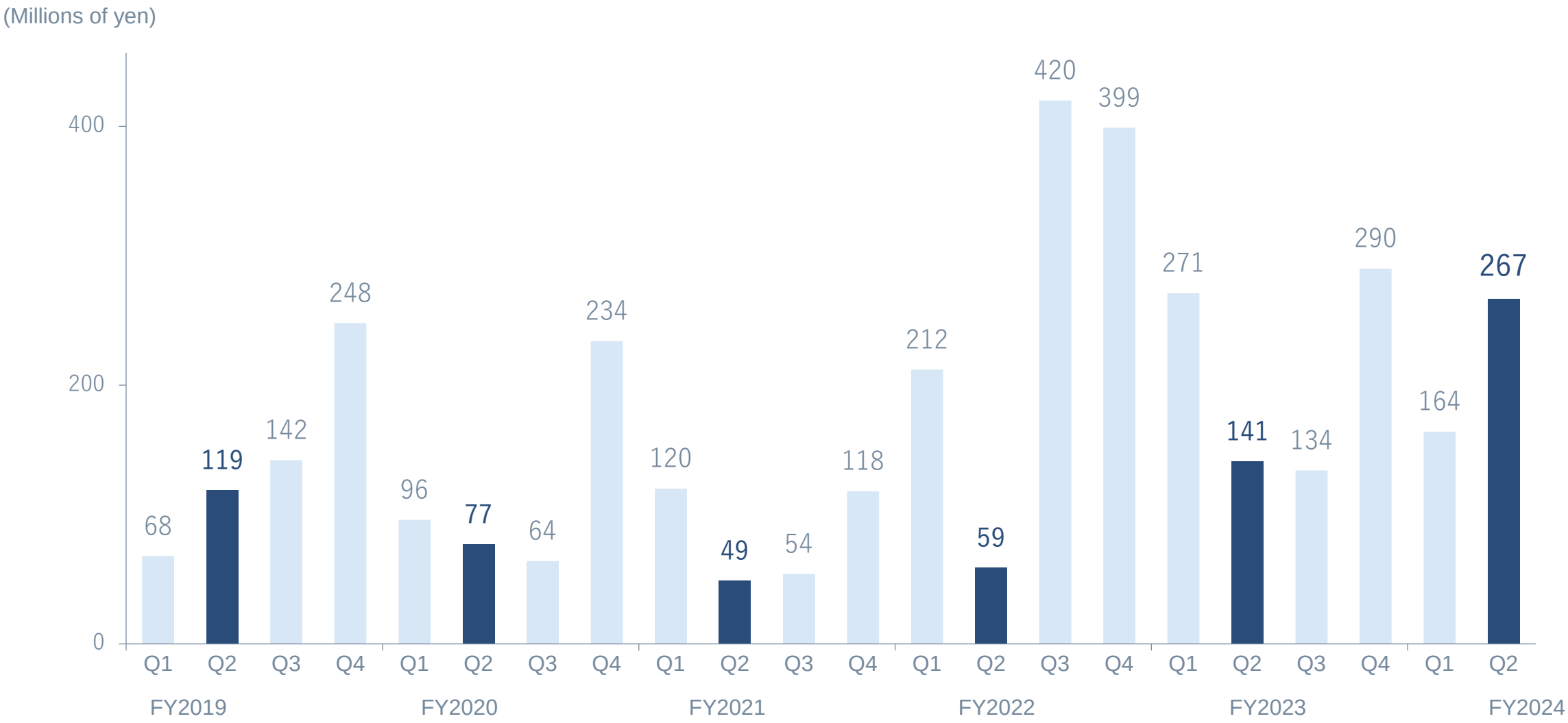
- S&M includes TV commercials, video advertising, and outdoor advertising in PR TIMES, and video advertising and event participation in Jooto and Tayori.
- R&D includes expenses we have continued to incur for the renewal project of PR TIMES, etc.
- G&A has been maintained at less than 10% of net sales.

	FY2023						FY2024			
	Q2		Q3		Q4		Q1		Q2	
(Millions of yen)	Amount	Percentage of net sales	Amount	Percentage of net sales	Amount	Percentage of net sales	Amount	Percentage of net sales	Amount	Percentage of net sales
Net sales	1,675	100.0%	1,759	100.0%	1,793	100.0%	1,925	100.0%	1,966	100.0%
Cost of sales	225	13.4%	223	12.7%	292	16.3%	294	15.3%	308	15.7%
S&M	537	32.1%	520	29.6%	870	48.5%	696	36.2%	747	38.0%
R&D	244	14.6%	266	15.1%	261	14.6%	279	14.5%	283	14.4%
G&A	121	7.2%	124	7.1%	137	7.7%	169	8.8%	154	7.8%
Operating profit	546	32.6%	624	35.5%	231	12.9%	484	25.2%	473	24.1%

Note: S&M, R&D, and G&A are abbreviations for Sales & Marketing, Research & Development, and General & Administrative expenses, respectively.
These figures have not been audited or reviewed by the financial auditor.

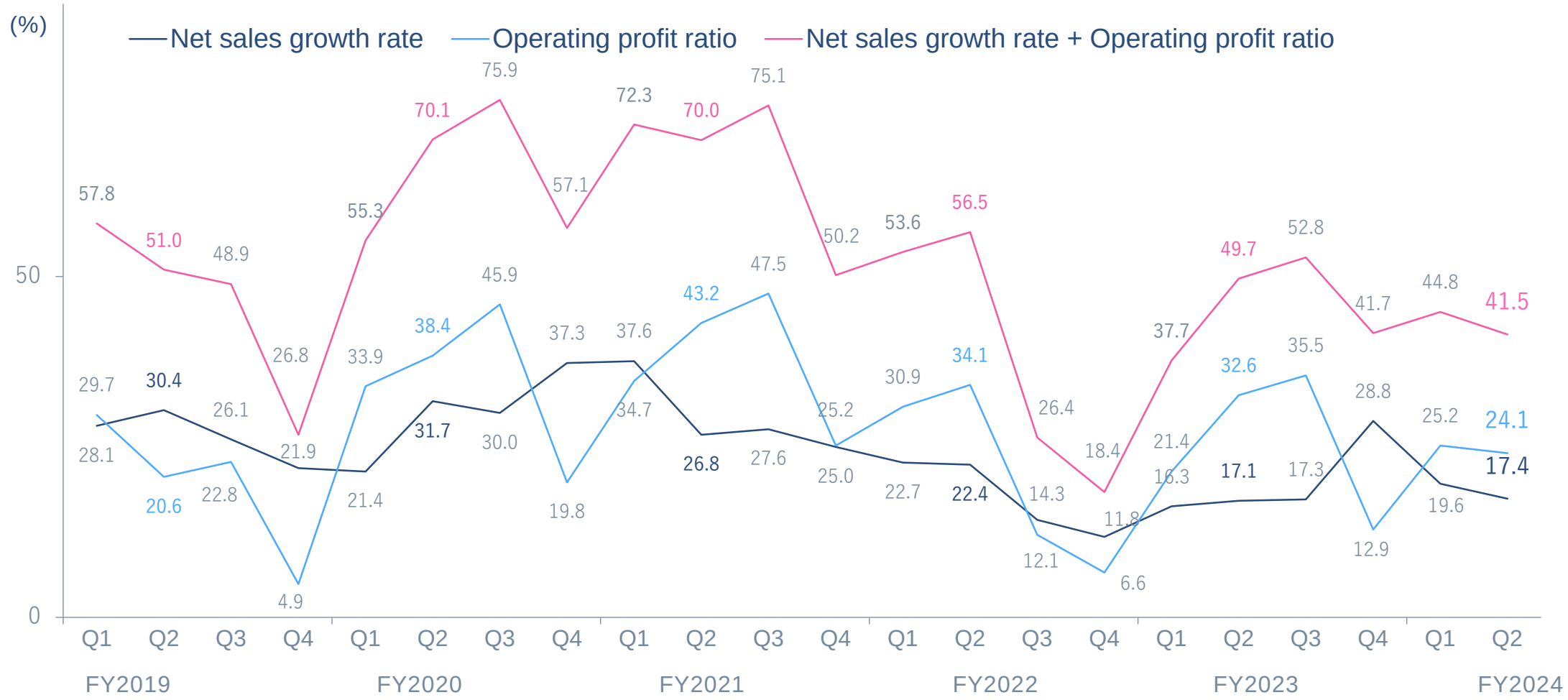
Changes in Quarterly Advertising Expenses

- Advertising expenses were ¥267 million, 188.1% of those in the same period of the previous fiscal year.



Changes in Net Sales Growth Rate and Operating Profit Ratio

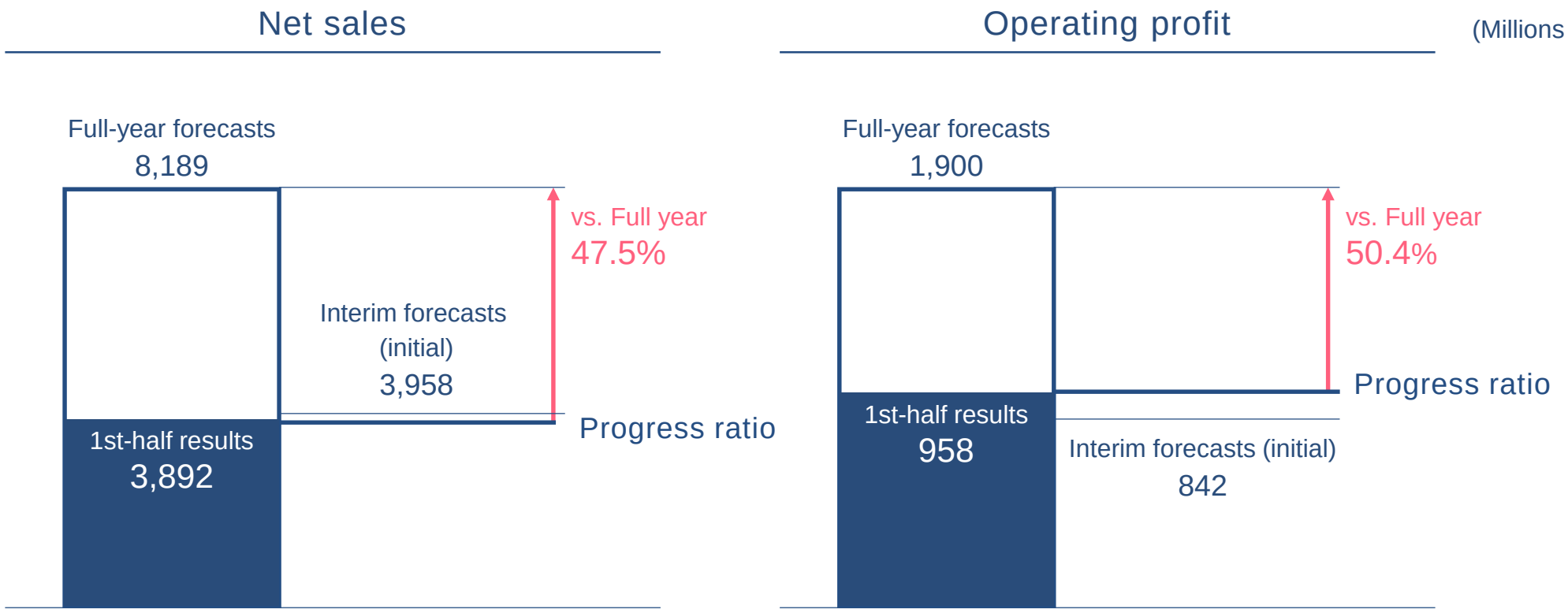
- Net sales growth rate + operating profit ratio = 41.5%, maintaining a favorable level
- We aim to achieve both sustainable growth and profit expansion through aggressive yet disciplined investment.



Progress of Financial Results Forecasts for FY2024

- The percentage of full-year forecasts progressed was 47.5% (48.0% in the same period of the previous fiscal year) for net sales and 50.4% (51.0% in the same period of the previous fiscal year) for operating profit.
- Both net sales and operating profit progressed at the same level as in the previous fiscal year, with the full-year forecasts on track.

(Millions of yen)

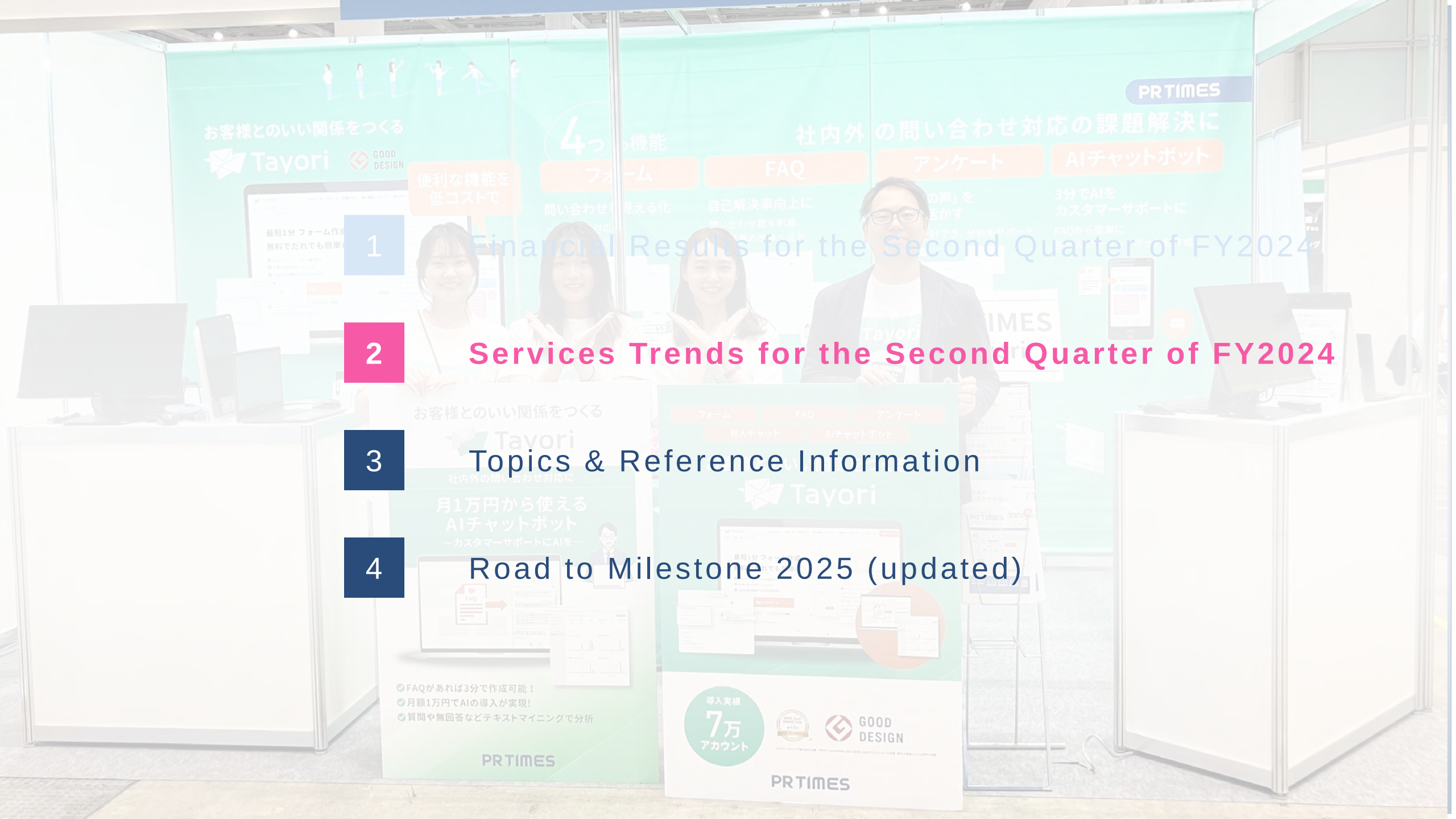


Balance Sheet

- Cash and deposits continued to accumulate due to operating cash flows.

(Millions of yen)	As of August 31, 2023	As of May 31, 2024	As of August 31, 2024	Year on Year	Quarter on Quarter
Current assets	5,025	5,235	5,785	115.1%	110.5%
Of which, cash and deposits	3,871	4,297	4,807	124.2%	111.9%
Non-current assets	1,123	1,790	1,830	162.9%	102.3%
Total assets	6,149	7,025	7,615	123.9%	108.4%
Current liabilities	1,080	1,039	1,280	118.5%	123.1%
Of which, contract liabilities	326	287	314	96.6%	109.4%
Non-current liabilities	5	2	2	48.0%	98.4%
Net assets	5,063	5,983	6,333	125.1%	105.8%
ROA (*)	14.1%	19.2%	17.4%	—	—
ROE	17.2%	23.5%	21.0%	—	—

(*) ROA and ROE have been calculated based on figures of the latest 12 months.



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PR TIMES Business Highlights



https://prtimes.jp

Companies	Number of companies using PR TIMES	101,286
	Percentage of listed companies in Japan using PR TIMES	59.5% (2,407 out of 4,048 companies)
	Number of press releases	35,357 per month (Jul. 2024)
Media	Delivery media list	10,848 media
	Number of media users	27,929 persons
	Number of partner media	260 media
Consumers	Number of site views	89.84 million page views per month (Aug. 2023)
	Social media accounts	Facebook: 130,579
		X (formerly Twitter): 470,632
	Number of individual users	216,918 persons

*As of August 31, 2024

Publicity Achievements

- One of the values we offer is publicity, and our publicity achievements demonstrate it.
- The number of publicity for the second quarter of FY2024 was 104 releases across 61 media (106.1% of that for the previous fiscal year), marking a record high for the second quarter.

Radio 1 release across 1 media

渋谷のラジオ「渋谷でブランチトーク」

TV 1 release across 1 media

テレビ東京「ダイアンのこれ何なん！？～今検索したい！Bizワード～」

Magazines 9 releases across 9 media

印刷雑誌｜Oggi｜月刊終活｜月刊メニューアイディア｜CALL CENTER JAPAN｜ゴルフ特信｜週刊ダイヤモンド｜宣伝会議｜
日経マネー

Newspapers 19 releases across 15 media

朝日新聞｜神戸新聞｜食品化学新聞｜新聞情報｜新聞之新聞｜新聞報｜総合報道｜日刊食品通信｜日刊水産経済新聞｜
日刊速報冷食タイムス｜日本経済新聞｜日本食糧新聞｜フードウィークリー｜みなと新聞｜冷食日報

Web 74 releases across 35 media

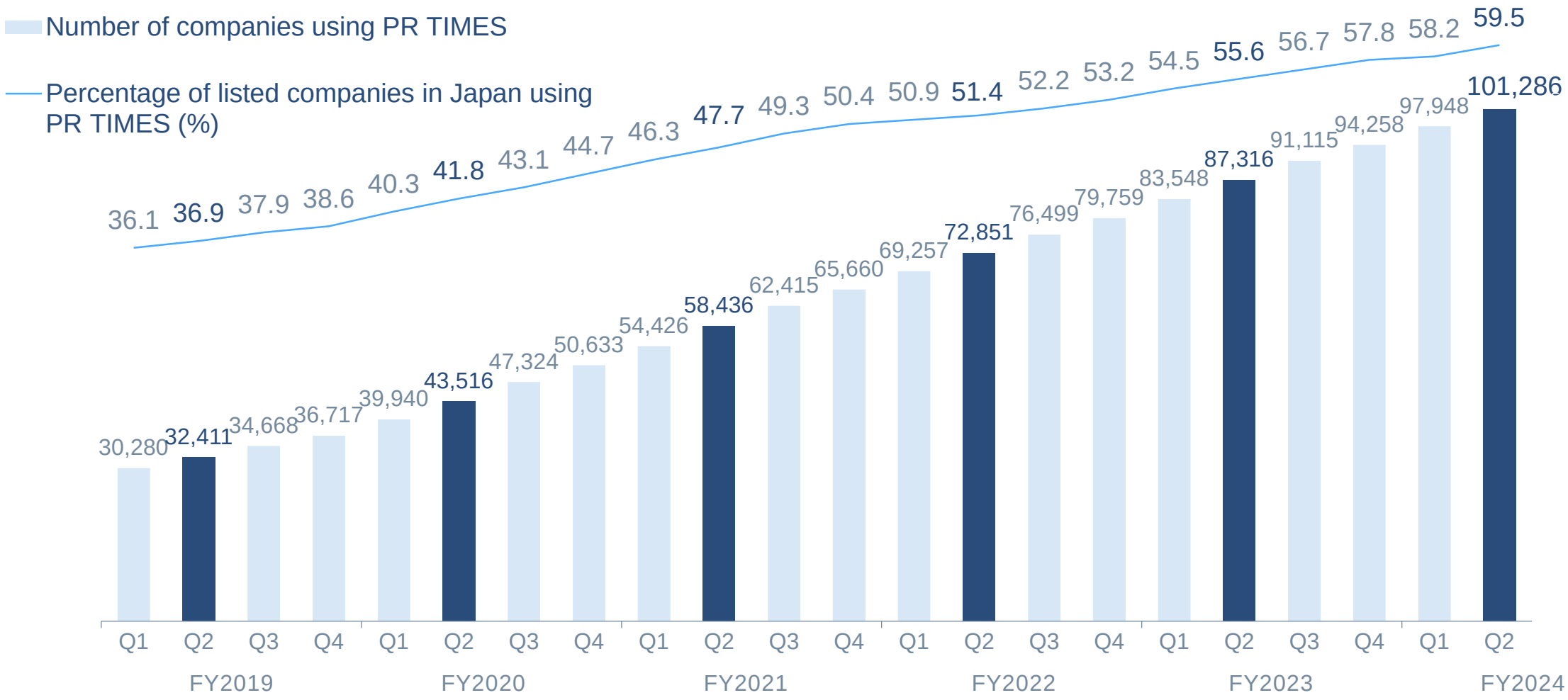
Aismiley｜ITキャピタル｜アスキーグルメ｜ASCII STARTUP｜@DIME｜AdverTimes.（アドタイ）｜advanced by massmedian｜AMP｜ECのミカタ｜
Web担当者Forum｜ウォーカープラス｜カワコレメディア｜広報デリ｜サードニュース｜SIGN NEWS SITE｜サツイベ｜渋谷新聞｜syncAD｜XEXEQ｜
船場経済新聞｜DXマガジン｜トウシル｜日刊水産経済新聞｜PR EDGE｜FYTTE｜
プリント＆プロモーション｜ProductZine｜VOIX biz｜訪日ラボ｜BOXIL MAGAZINE｜Markezine｜マイナビウーマン｜毎日新聞｜マナミナ｜LASISA

- Publicity releases reproduced in Yahoo! News, livedoor News, SmartNews, LINE NEWS, NewsPicks, antenna, etc., are omitted.
- Publicity releases reproduced from newspapers and magazines to their respective online editions are omitted.
- Publicity releases regarding the Company’s stock price are omitted.
- Figures include media that were published more than once.

(June 2024 to August 2024; media names listed in Japanese alphabetical order)

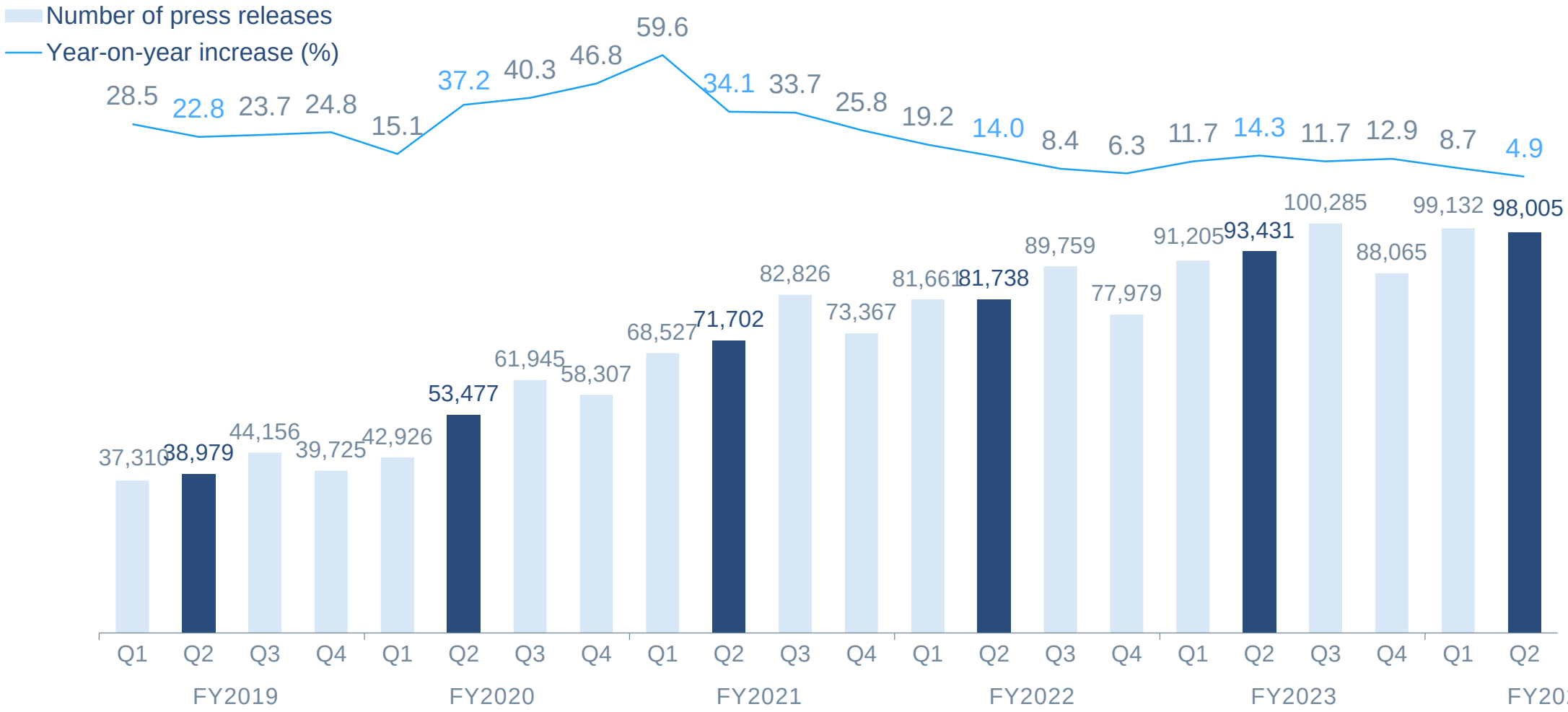
PR TIMES | Changes in Number of Companies Using PR TIMES

- The number of companies using PR TIMES reached 101,286 (up 13,970 companies year on year; up 3,338 companies quarter on quarter).
- 59.5% (2,407 out of 4,048) of all listed companies used PR TIMES.



PR TIMES | Changes in Number of Press Releases

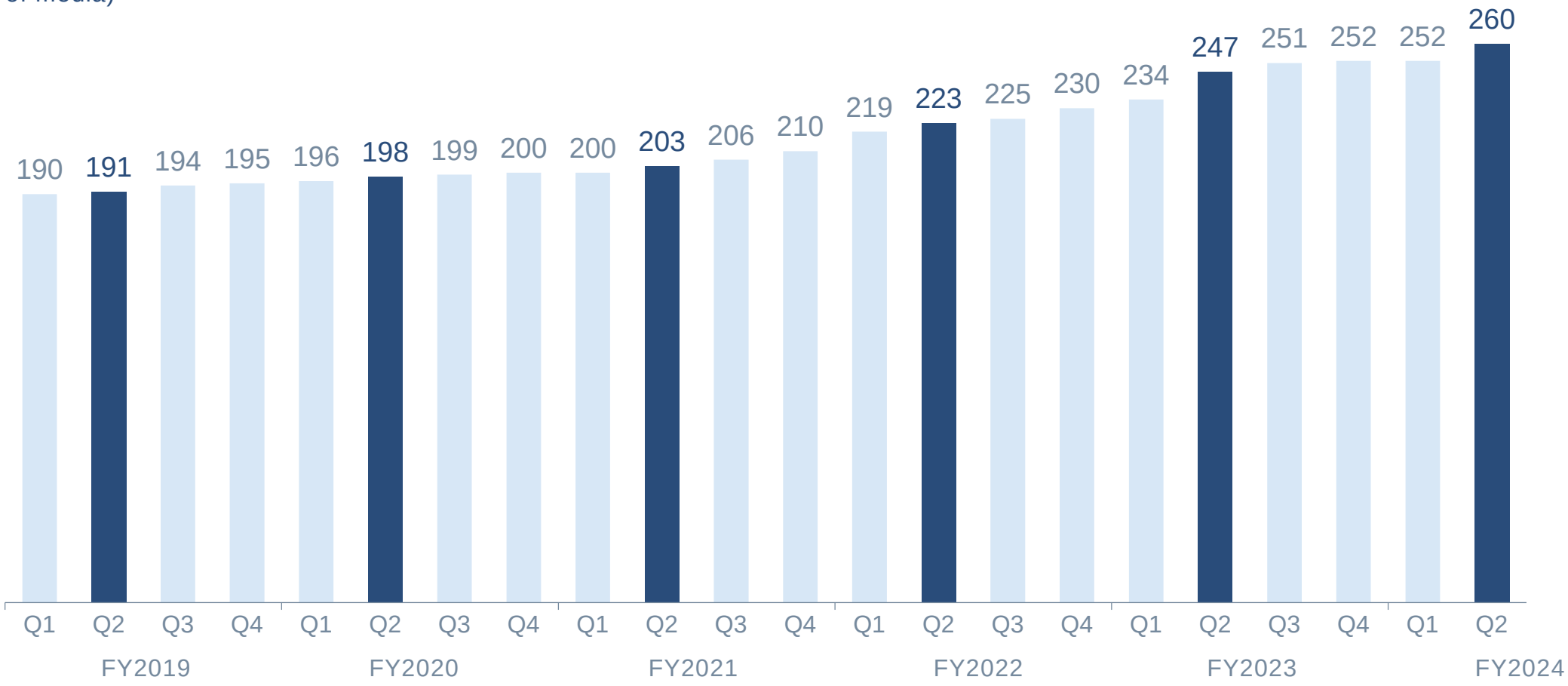
- The number of press releases was 98,005 (up 4.9% year on year; down 1.1% quarter on quarter), a new record high for the second quarter.
- Despite new factors causing the sluggish growth, such as frequent system failures (see page 27 for details), the excessive review process that chased away customers (see page 25 for details), and the new editor launched late last year that is struggling to penetrate the market (see page 26 for details), we expect the growth rate to recover in the third quarter.



PR TIMES | Changes in Number of Partner Media

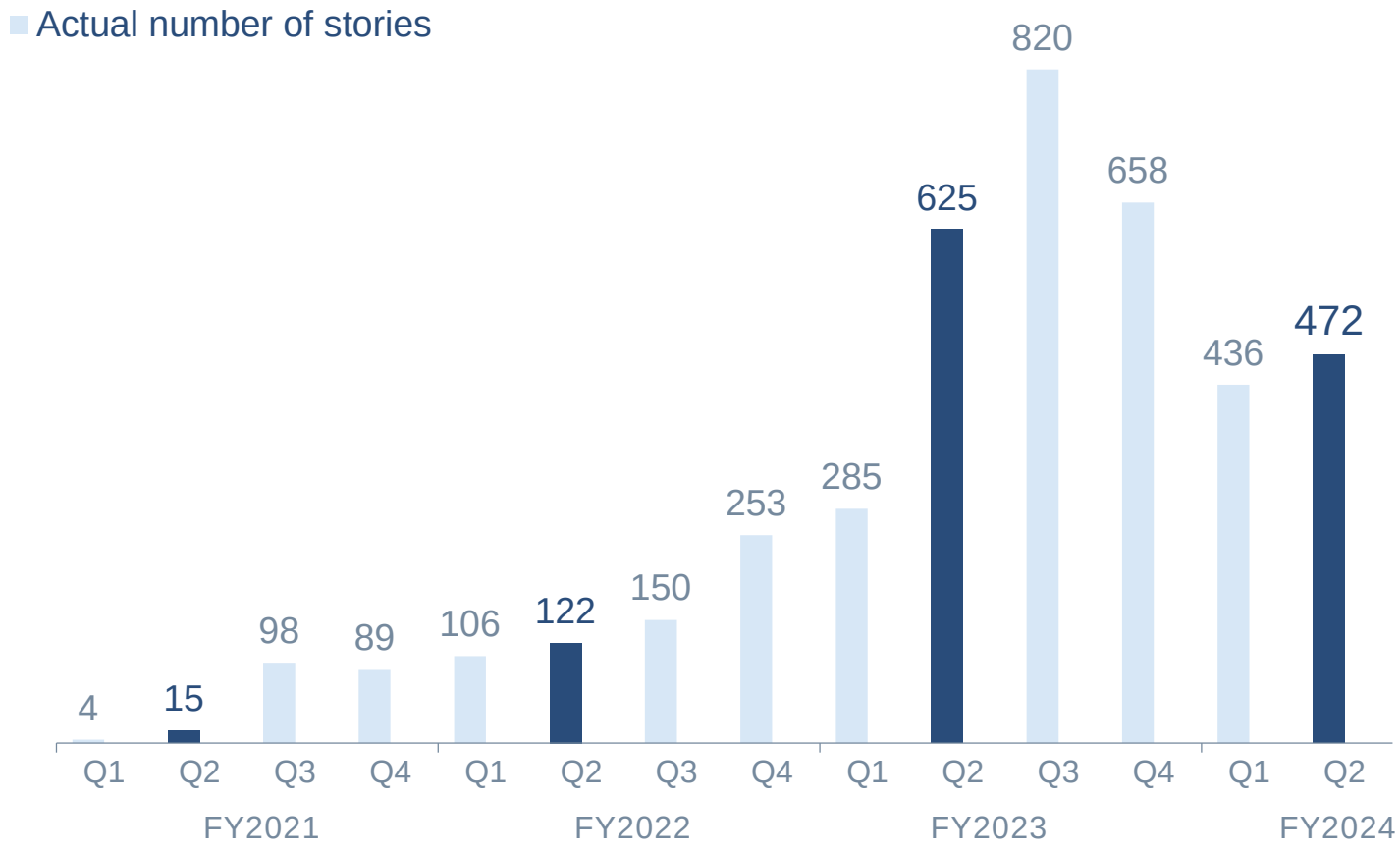
- The number of partner media was 260 (up 9 media; down 1 media).

(Number of media)



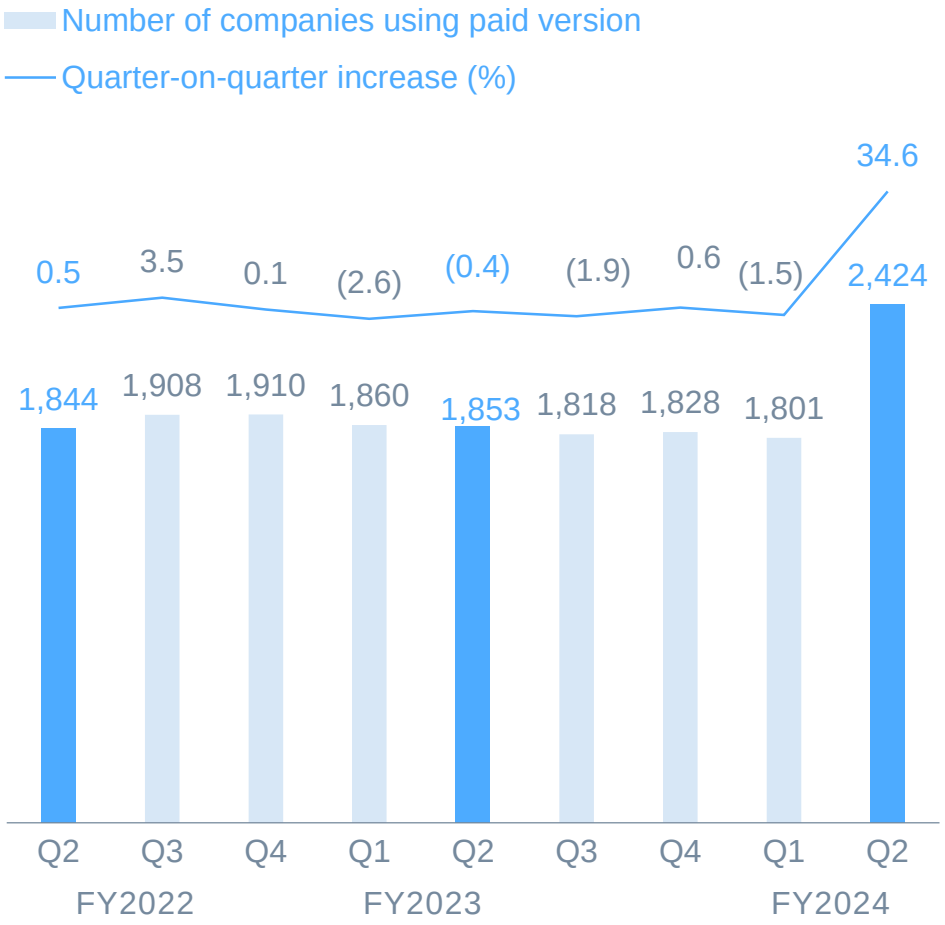
PR TIMES STORY | Changes in Number of Stories

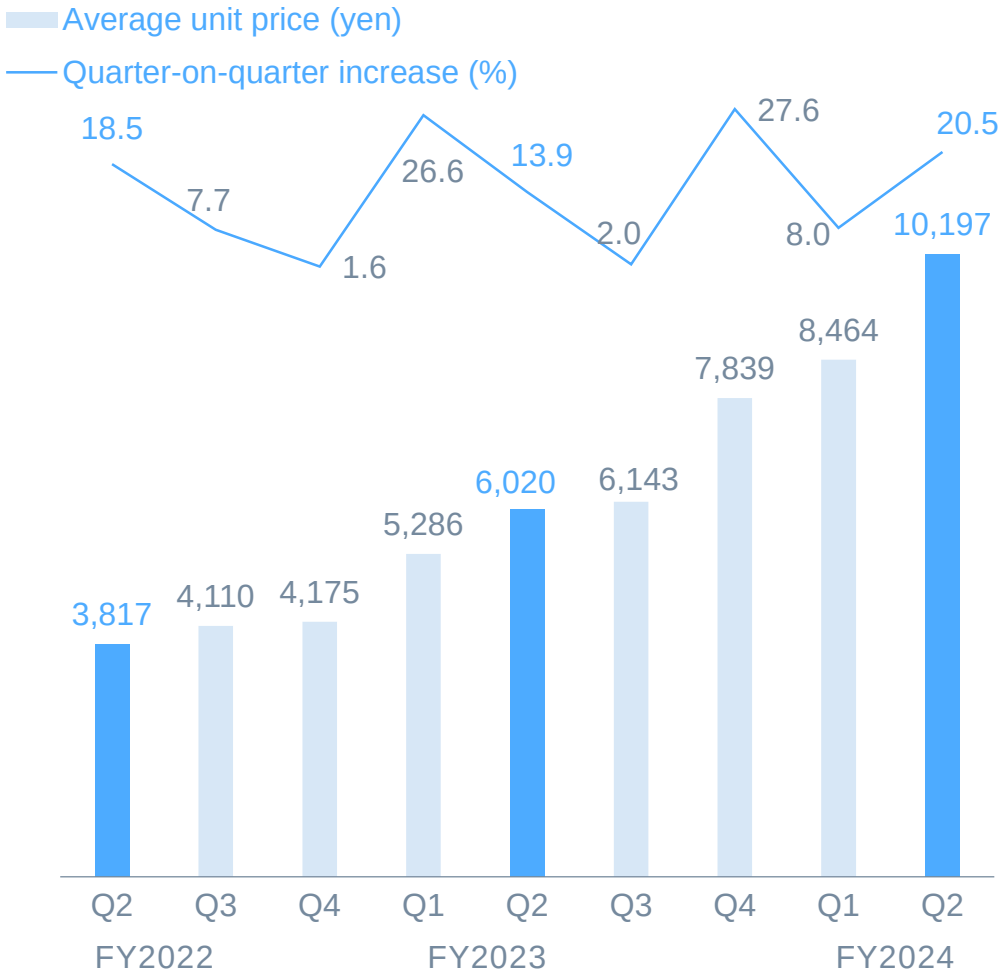
- The number of stories for PR TIMES STORY was 472 (down 24.5% year on year; up 8.3% quarter on quarter).
- We saw signs of recovery for the first time in three quarters, but still fell far short of our target of 1,467.
- To return to our growth trajectory, we implemented structural and operational policy changes in July.



Jooto | Changes in Number of Companies Using Paid Version

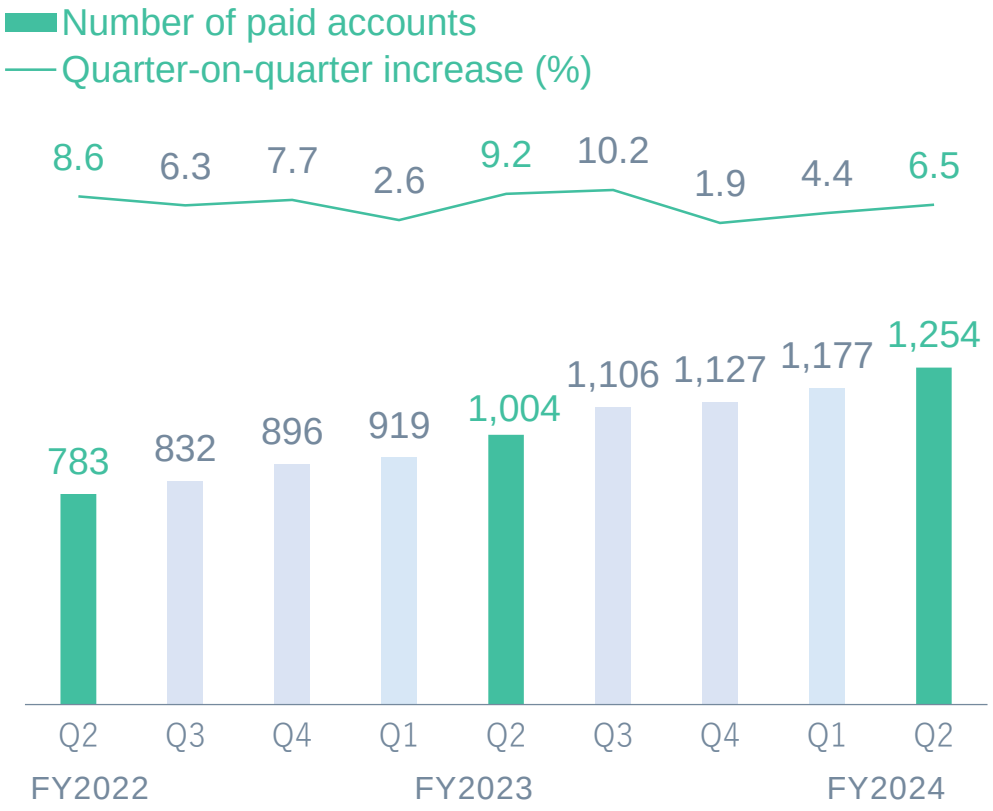
- The number of companies using the paid version was 2,424 (up 623 companies or up 34.6% quarter on quarter), while the average unit price per company was ¥10,197 (up 20.5% quarter on quarter or 69.4% year on year).
- On August 1, we changed the maximum number of the Jooto free plan users from four to one and reduced the number of free version of the standard plan users by four, resulting in a sharp rise in both the number of companies using the paid version and the average unit price.

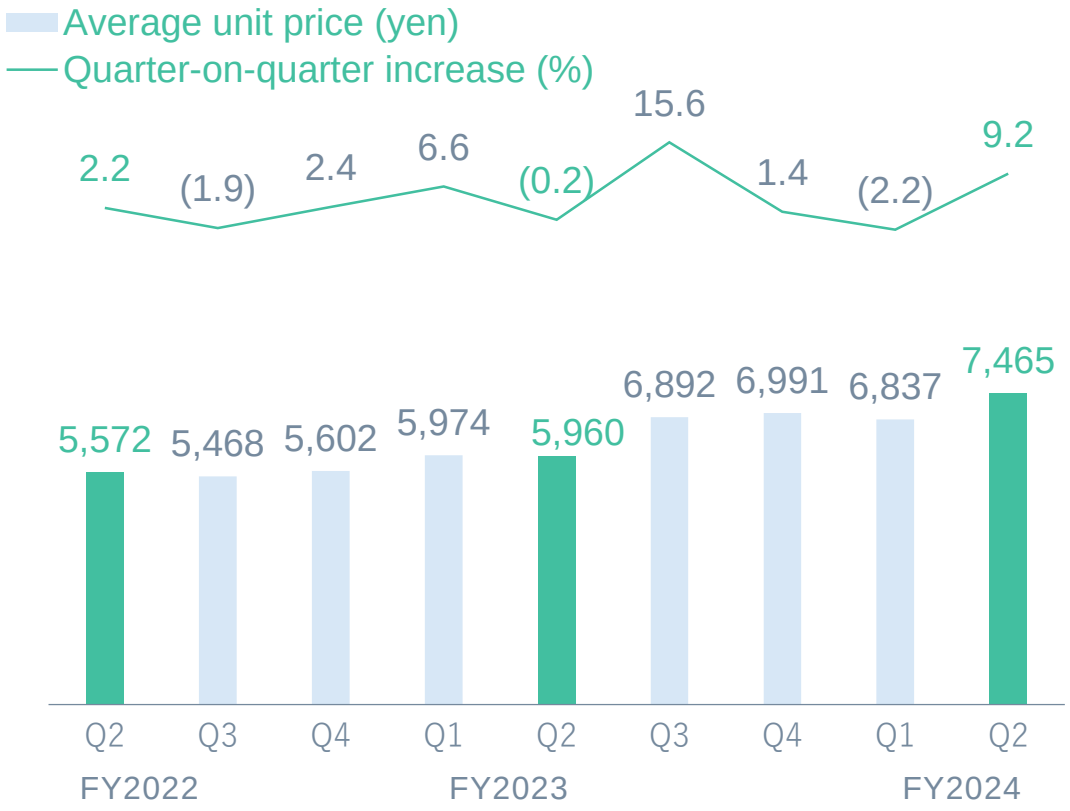




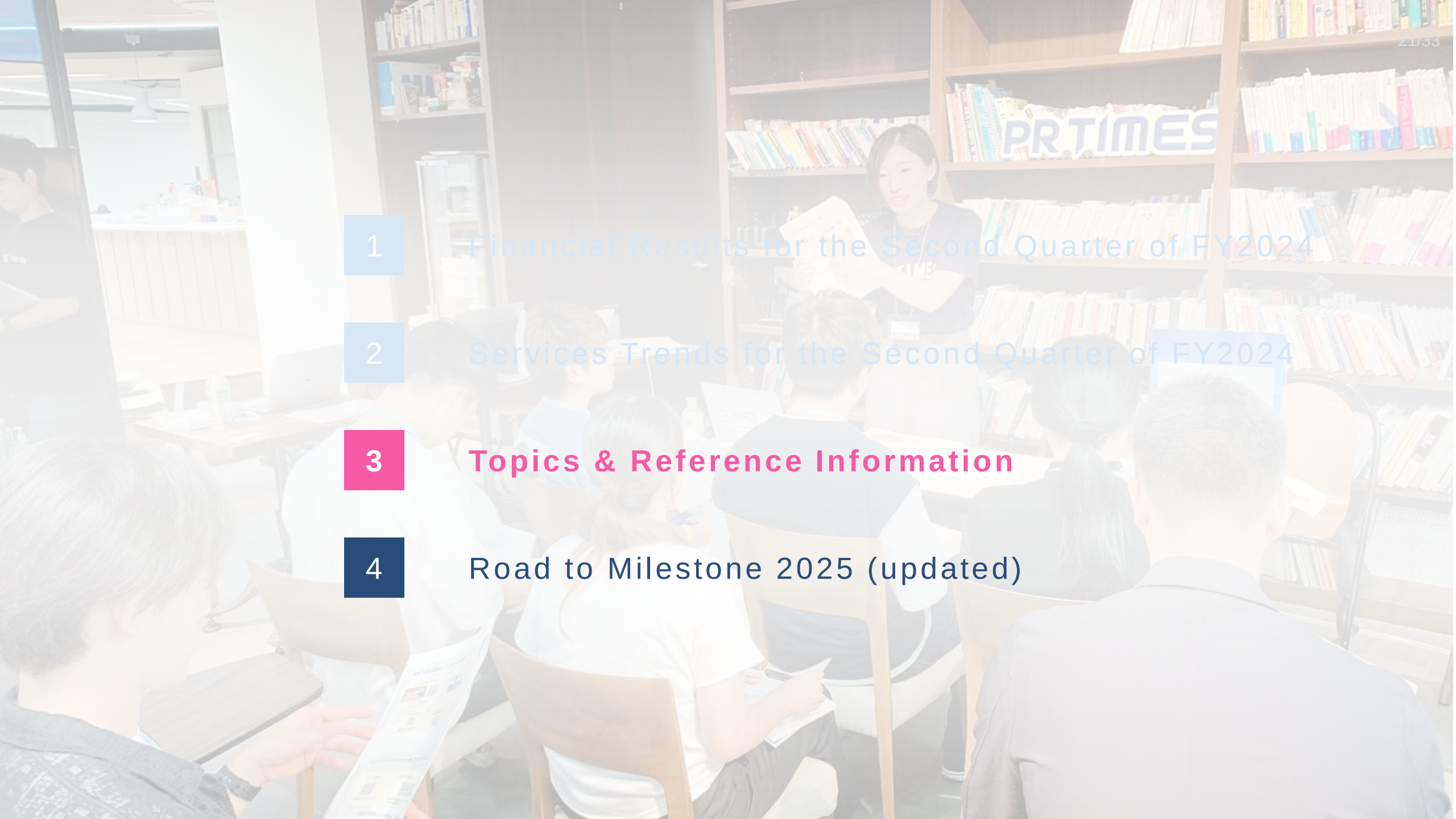
Tayori | Changes in Number of Paid Accounts

- The number of paid accounts was 1,254 (up 77 accounts or up 6.5% quarter on quarter), while the average unit price was ¥7,465 (up 9.2% quarter on quarter).
- AI chatbots made a good start, and the average unit price increased as more plans were upgraded to the professional plan and above.





Note: Since average unit prices disclosed in FY2023 and prior included tax, the figures shown have been revised to average unit prices excluding tax starting in this first quarter. Quarter-on-quarter increases have also been recalculated accordingly.



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Corporate Information | Incentive Rate for Employee Stock Ownership Plan Increased to 100%

- The incentive rate for the Employee Stock Ownership Plan has been changed to 100% for amounts up to ¥15,000 in the reserve and to 20% for amounts exceeding ¥15,000.
- According to the “Summary of 2022 Employee Stock Ownership Plan” published by the Tokyo Stock Exchange, of the 3,262 companies surveyed, only 9 had a 100% incentive rate as of March 31, 2023, making ours one of the top preferential incentive plans among listed companies.

Monthly reserve (yen)	Previous incentive rate	New incentive rate
1,000-10,000	50%	100%
10,001-15,000	10%	100%
Over 15,000	10%	20%

Membership rate	June 2024	September 2024	Target
Permanent employees	46.2%	60.0%	70%
Contract employees	22.2%	27.8%	30%
Subsidiary employees	30.1%	34.1%	—

All to share the joy of the journey towards the realization of our mission

PR TIMES intends to be an organization where all employees are united under our mission “Towards an Age Where Information Inspires Hearts and Minds.” With this mission in view, we seek to attract more shareholders who embrace the future we hope to bring about and support us in realizing this mission over the long term. That is why we also want our employees to be involved in our company as shareholders. Whereas we do not intend to be an organization driven by economic incentives, we strongly aspire to be an organization in which we, as employees and shareholders, can share in the joy when the efforts of each employee bear fruit and we achieve dramatic growth.

Press release: https://prtimes.jp/main/html/rd/p/000001461.000000112.html (in Japanese)

Corporate Information | Transition to In-office Work Policy as a Rule

- The 4-day in-office work week was changed to a full in-office work week as a rule, but the development department's recommendation to one day a week of in-office work was changed to a 3-day in-office week as a transitional measure.
- To help employees balance work and life events or other occasions, they can request to work from home as and when needed.





Lunchtime (sales department's lunch gatherings)



Monthly birthday event “It's You”

The introduction of remote work in 2020 as a COVID-19 prevention measure reduced the number of in-office employees by 70%. In May 2023, following the reclassification of COVID-19 to Class 5 under the Infectious Disease Control Law, the percentage of in-office employees gradually began to increase. Now, in October 2024, we have moved to in-office work policy as a rule. The benefits of face-to-face communication in the office are invaluable. The factors contributing to greater customer and user engagement include: the ability to foster mutual understanding and empathy among employees; organizational agility and flexibility and solid teamwork united under our mission; innovation and creativity that emerge from multiplying the individuality and strengths of each employee; and countless others.

Corporate Information | Reorganization and Personnel Changes

- The development department's development team was split into two groups, one led by the CTO and the other by the VPoE, and an employee in his 20s, in his seventh year at the company since being hired as a new graduate, was appointed as VPoE.
- The product team was upgraded from the development department to directly under the PR TIMES business unit, and a new Media Relations group was established.
- A new branch office, the Kansai Branch Office was established, and an employee in his 20s, in his fifth year at the company since being hired as a new graduate, was selected as Branch Office Manager.
- PR Times continues to innovate on our own while pursuing the corporate philosophy for the long term without hardening the organization.

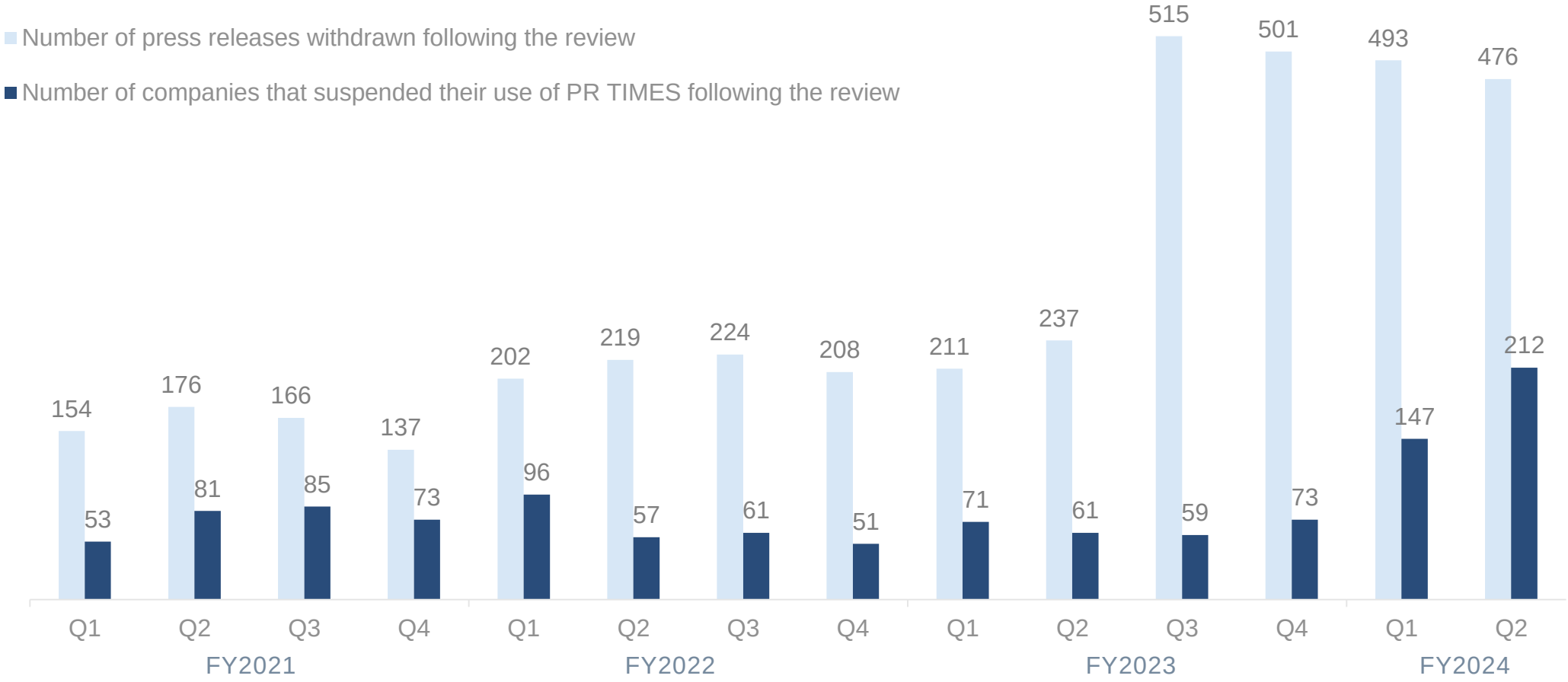


Management members (on October 11, 2024)

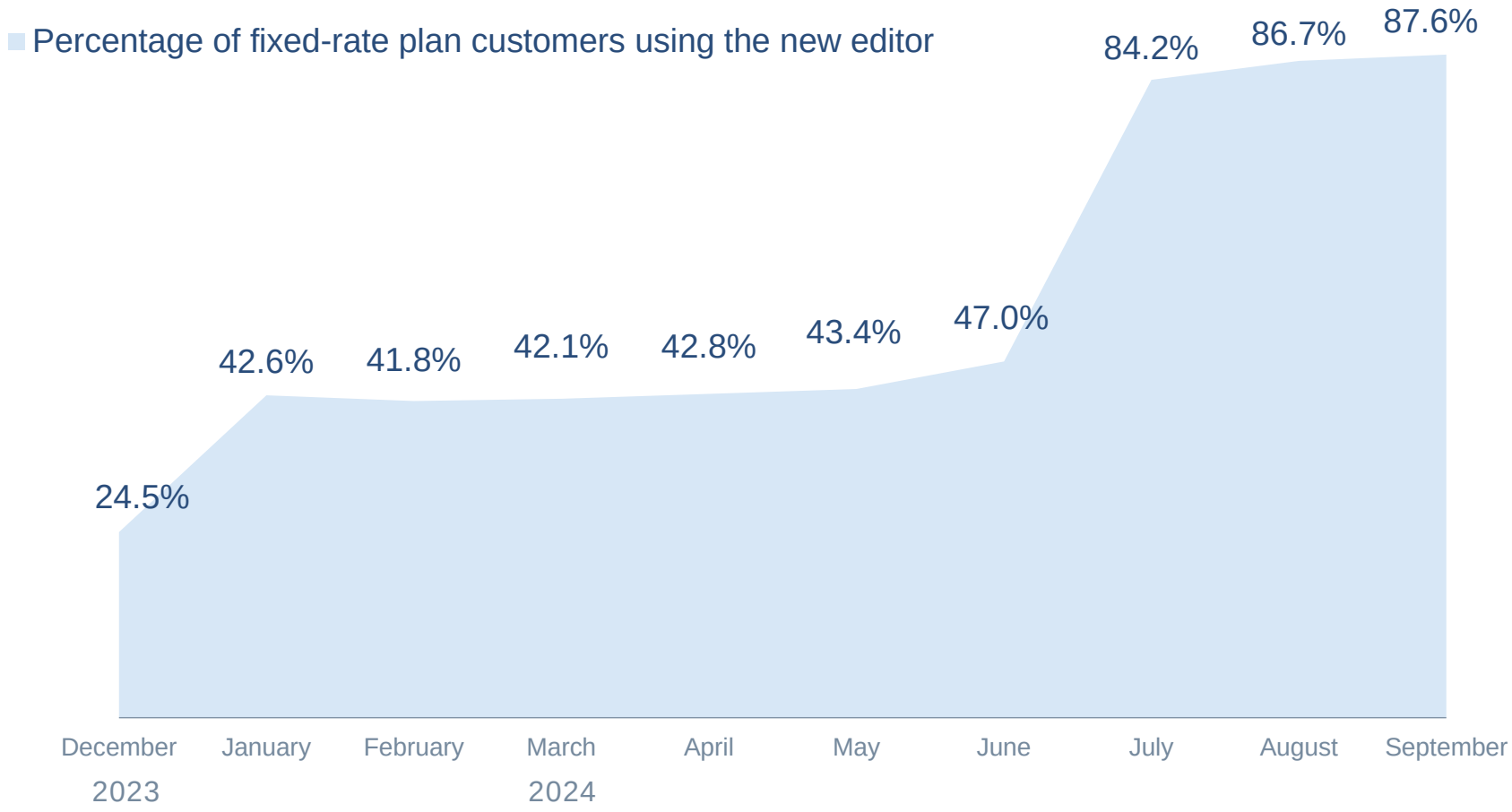


Kazuhiro Takeuchi, General Manager of Tayori Business Department (right) appointed as Executive Officer, and other executive officers

- We learned that the number of companies suspending their use of PR TIMES and the number of press release withdrawals had risen sharply. Factors included an overly stringent review process and poor communication, as well as the system in place.
- Now, under the revised review policy, which is directly controlled by the General Manager of Customer Relations Department, we will increase consultation and communication efforts leading to the use of PR TIMES rather than its suspension.



- Nine months has passed since the first phase of the UI renewal project, the PR TIMES new editor, was released on December 19, 2023. The new editor has yet to be used by 12.4% of the fixed-rate plan customers, and we reflect on the fact that we were at fault for being too trend-sensitive.
- We will renew our focus on customer feedback and pursue future product improvements that will help create a customer base, in accordance with our mission and business strategies.



- System failures continued to occur in the second quarter, causing great inconvenience to companies, media, and users of PR TIMES.
- The failures were all recovered, and measures were taken to prevent recurrence. Such repeated system failures had a negative impact on usage by companies using PR TIMES.

Date of occurrence - Date of recovery	Occurred event
July 12, 2024 - July 12, 2024	Connection failed, causing login and access to fail intermittently for more than 4 hours.
June 12, 2024 - June 12, 2024	A functional error in the press release editor prevented the uploading of images and document files.
March 25, 2024 - May 1, 2024	In 5,309 press releases from 1,566 customer companies, 351,266 faxes failed to be sent.
April 4, 2024 - April 4, 2024	Titles, thumbnail images, and hashtags of 3,886 stories from 2,793 customer companies not publicly available on PR TIMES STORY appeared to be viewable.
July 13, 2023 - February 21, 2024	After changing the aggregation method for the number of unique users and page views in the Analyze Data function on the administration screen, some access numbers failed to be acquired. The numbers were underrepresented.

- We released a beta version AI-powered feature that automatically generates tasks and creates optimal management boards by simply entering a project outline.
- This beta version helps even first-time users to easily initiate project management with the power of AI.
- It automatically suggests the optimal management method according to the type and size of the project, helping to improve business efficiency.



Press release: https://prtimes.jp/main/html/rd/p/000001432.000000112.html (in Japanese)

Tayori | AI Chatbot Available for ¥10,000/Month, Now Linked to Official LINE Accounts

- Tayori AI chatbot responds to inquiries on LINE without system development or additional costs.
- The AI chatbot answers based on FAQs, helping to reduce the risk of providing incorrect information, increasing service user satisfaction, and enhancing the productivity of corporate activities.

Tayori AIチャットボット
FAQからAIチャットボットを自動生成



LINE公式アカウントへ連携





Kazuhiro Takeuchi
General Manager of Tayori Business Department

More and more individuals as consumers are registering with official LINE accounts to make purchases and gain preferences. We are pleased to be able to contribute to “building a good relationship with customers” through this LINE-linked feature.

Press release: https://prtimes.jp/main/html/rd/p/000001460.000000112.html (in Japanese)

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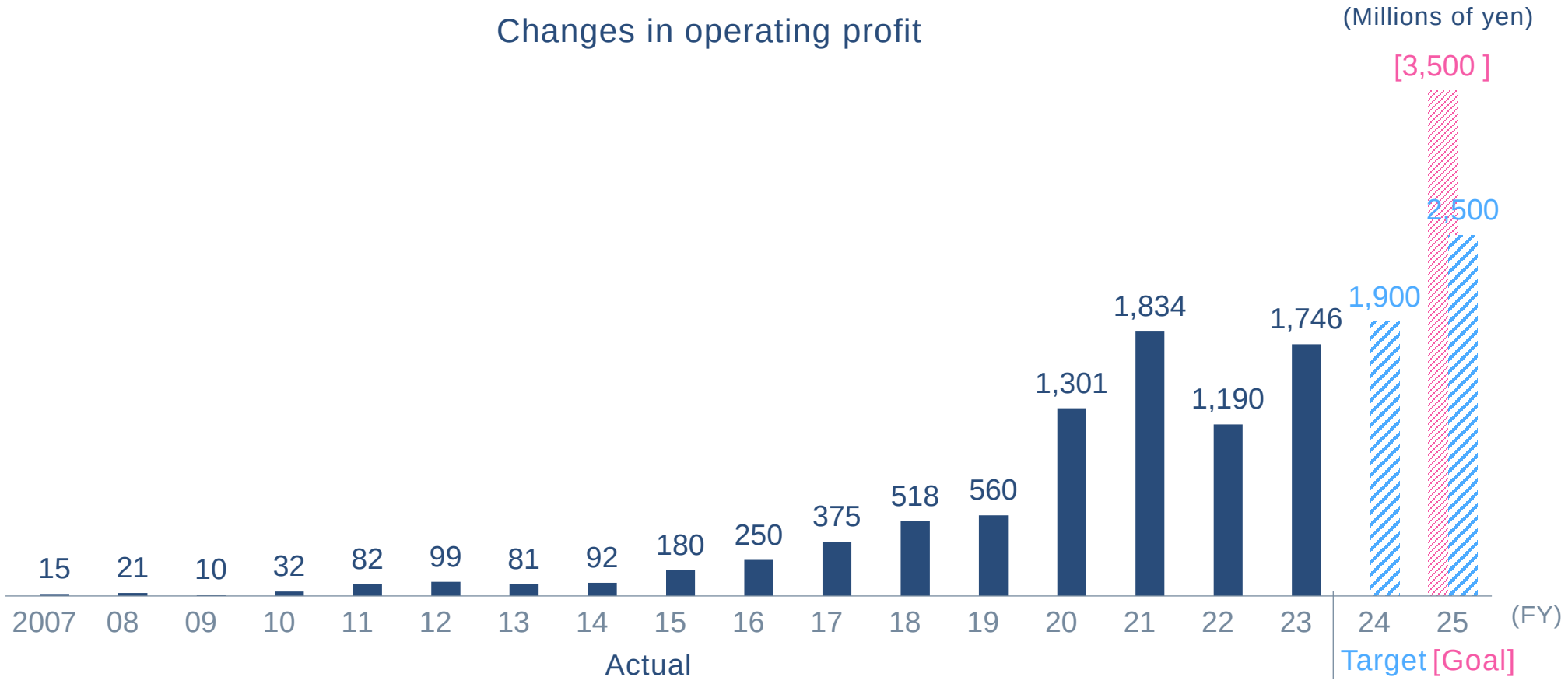
3 Topics & Reference Information

4 **Road to Milestone 2025 (updated)**



Milestone 2025 Profit Goal and Plans

- **The financial results forecasts for FY2025 are currently under development as of the announcement of FY2024 second-quarter results, but we plan to announce an operating profit of ¥2.5 billion or more in those FY2025 financial forecasts.**
- Despite the current gap between this target and the operating profit goal of ¥3.5 billion by FY2025 stipulated in Milestone 2025, the entire Group will work as one to achieve this goal.



Towards an Age Where Information Inspires Hearts and Minds

It has been a quarter of a century since the Internet first became a part of people’s lives.

Each and every one of us can now edit and disseminate information.

However, the amount of information that is gathered with technology and casually disseminated continues to grow.

Unfortunately, the probability of encountering the information that we really need and the feelings and thoughts that we really wish to experience has decreased in general.

The unshakable truth is not what has been said but what has been done.

Actions do not lie.

Hence, it is imperative to leverage the power of the Internet and technology to amplify the value of information about people who carry out actions.

Information directly related to hard work will spark the most robust and inspiring movements.

This is true in sports, in the arts, in politics, in economics, and at work and at home.

It is also true for all things big and small.

As the quality and speed of dissemination of information from people who carry out actions increases, it can become a mainstream source of information in the world.

The stories and thoughts that emerge from this will move the hearts and minds of each and every individual around the world.

This will create a virtuous cycle of positive energy.

Our mission is to become such a platform.

A briefing session is held in addition to the release of this document. We also meet separately with analysts and institutional investors as necessary. We refrain from communicating important information that has not been publicly disclosed during the Q&A segments of the briefing session and individual meetings. In general, new important information will first be announced on PR TIMES.

With regard to the rounding of numbers in this document, figures below the unit of millions of yen are rounded down (but rounded off to the first decimal place in cases where decimals are shown), while percentages (%) are rounded off to the first decimal place in general.

All opinions and forecasts contained in this document are the views of the Company as of the date on which the document was prepared, and the Company does not guarantee the accuracy of such information.

Please note that actual results, etc., may differ due to various factors.