

Translation

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Summary of Consolidated Financial Results for the Six Months Ended August 31, 2021 (Based on Japanese GAAP)

October 14, 2021

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 14, 2021
 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, 2021 (from March 1, 2021 to August 31, 2021)

(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, 2021	2,296	–	897	–	895	–	617	–
Six months ended August 31, 2020	–	–	–	–	–	–	–	–

Note: Comprehensive income For the six months ended August 31, 2021: ¥617 million [–%]
 For the six months ended August 31, 2020: ¥– million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2021	47.36	45.31
Six months ended August 31, 2020	–	–

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, or the consolidated operating results (cumulative) and year-on-year changes for the six months ended August 31, 2020.

(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, 2021	3,866	3,047	78.8	229.35
As of February 28, 2021	–	–	–	–

Reference: Equity As of August 31, 2021 ¥3,046 million
 As of February 28, 2021 ¥– million

Note: Because the Company has prepared quarterly consolidated financial statements starting in the three months ended May 31, 2021, the Company is not stating the consolidated financial position as of February 28, 2021.

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, 2021	–	0.00	–	0.00	0.00
Year ending February 28, 2022	–	0.00			
Year ending February 28, 2022 (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, 2022 (from March 1, 2021 to February 28, 2022)

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	4,715	–	1,750	–	1,748	–	1,212	–	93.02

Notes: 1 Revisions to the forecast most recently announced: None

2. 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.

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:	No
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

- (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, 2021	13,457,200 shares	As of February 28, 2021	13,457,200 shares
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Number of treasury shares at the end of the period

As of August 31, 2021	174,793 shares	As of February 28, 2021	424,931 shares
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Average number of shares during the period

Six months ended August 31, 2021	13,047,266 shares	Six months ended August 31, 2020	13,040,404 shares
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Note: The Company conducted a 2-for-1 share split of its common shares on August 5, 2020. Number of issued shares at the end of the period, number of treasury shares at the end of the period and average number of shares of common stock outstanding during the period have been calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

* 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 14, 2021, 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.

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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, 2021, the PR TIMES, Inc. Group (the “Group”) invested in the development of new functions, etc. for the future 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 our services has reached 58,436 companies, and 47.7% of listed companies in Japan were using our services. The Group is maintaining a strong growth rate with the number of press releases reaching a record high of 26,072 in March and also due to other factors. 134,332 images and 2,388 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 11,962 distribution recipients, 21,947 media users and 203 partner media, and the number of monthly site views for press releases in August was the highest recorded at 58.80 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 an information distribution service for press releases, containing media-oriented material, to a PR (Public Relations) platform.

To realize our mission, we are also striving to create business that goes beyond “PR TIMES.” Beginning in this fiscal year, we changed the key indicators from number of users to number of paying user companies for “Jooto,” our task and project management tool, and from number of accounts to number of paying accounts for “Tayori,” our cloud-based information organization tool, and worked to expand usage and improve service. As a result, the number of paying user companies for “Jooto” rose 6.5% quarter on quarter to 1,647 companies and the number of paying accounts for “Tayori” rose 12.0% to 578 accounts. Although both services grew according to plan, their effects on net sales were limited, and we continue to still be in the investment phase.

As a result, for the six months ended August 31, 2021, the Company posted net sales of ¥2,296,986 thousand, operating profit of ¥897,094 thousand, ordinary profit of ¥895,856 thousand and profit attributable to owners of parent of ¥617,914 thousand. Comparison against the consolidated financial statements for corresponding period of the previous fiscal year or as of the end of the previous fiscal year has not been performed as the Company began preparing the quarterly consolidated financial statements from the first quarter ended May 31, 2021.

Note that the Group has a single segment consisting of the Press Release Distribution Business, and statement of operating results by segment has been omitted.

(2) Explanation of financial position

(i) Assets, liabilities, and net assets

Assets

Total assets at the end of the second quarter under review were ¥3,866,045 thousand.

Current assets at the end of the second quarter under review were ¥3,291,682 thousand. The main factors were cash and deposits of ¥2,723,816 thousand and notes and accounts receivable - trade of ¥521,936 thousand.

Non-current assets at the end of the second quarter under review were ¥574,363 thousand. The main factors were intangible assets of ¥140,225 thousand and investments and other assets of ¥358,701 thousand.

Liabilities

Liabilities at the end of the second quarter under review were ¥818,391 thousand.

Current liabilities at the end of the second quarter under review were ¥814,805 thousand. The main factors were income taxes payable of ¥301,923 thousand, unearned revenue of ¥231,484 thousand, and other current liabilities of ¥206,328 thousand.

Non-current liabilities at the end of the second quarter under review were ¥3,585 thousand.

Net assets

Net assets at the end of the second quarter under review were ¥3,047,654 thousand. The main factor was retained earnings of ¥2,504,905 thousand.

(ii) Cash flows

Cash and cash equivalents (“cash”) as of August 31, 2021, totaled ¥2,723,816 thousand. The respective cash flow positions and the factors thereof in the six months ended August 31, 2021, are as follows.

Cash flows from operating activities

Net cash provided by operating activities totaled ¥499,599 thousand. This was primarily due to profit before income taxes totaling ¥895,856 thousand, decrease in accounts payable - other totaling ¥83,003 thousand and income taxes paid totaling ¥302,877 thousand.

Cash flows from investing activities

Net cash used in investing activities totaled ¥237,834 thousand. This was primarily due to purchase of intangible assets totaling ¥41,241 thousand and payments of leasehold and guarantee deposits totaling ¥158,065 thousand.

Cash flows from financing activities

Net cash used in financing activities totaled ¥69,545 thousand. This was primarily due to purchase of treasury shares totaling ¥238,249 thousand and proceeds from disposal of treasury shares from exercise of share acquisition rights totaling ¥168,756 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, 2022 released in the Summary of Non-Consolidated Financial Results for the Year Ended February 28, 2021, announced on April 13, 2021.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Thousands of yen)

As of August 31, 2021	
Assets	
Current assets	
Cash and deposits	2,723,816
Notes and accounts receivable - trade	521,936
Other	66,487
Allowance for doubtful accounts	(20,558)
Total current assets	3,291,682
Non-current assets	
Property, plant and equipment	75,437
Intangible assets	140,225
Investments and other assets	358,701
Total non-current assets	574,363
Total assets	3,866,045
Liabilities	
Current liabilities	
Notes and accounts payable - trade	47,069
Income taxes payable	301,923
Unearned revenue	231,484
Provision for bonuses	28,000
Other	206,328
Total current liabilities	814,805
Non-current liabilities	
Other	3,585
Total non-current liabilities	3,585
Total liabilities	818,391
Net assets	
Shareholders' equity	
Share capital	420,660
Capital surplus	395,660
Retained earnings	2,504,905
Treasury shares	(274,920)
Total shareholders' equity	3,046,306
Share acquisition rights	242
Non-controlling interests	1,105
Total net assets	3,047,654
Total liabilities and net assets	3,866,045

(2) Quarterly consolidated statement of income and comprehensive income**Quarterly consolidated statement of income (cumulative)**

(Thousands of yen)

	Six months ended August 31, 2021
Net sales	2,296,986
Cost of sales	269,051
Gross profit	2,027,935
Selling, general and administrative expenses	1,130,840
Operating profit	897,094
Non-operating income	
Interest income	0
Recoveries of written off receivables	125
Other	118
Total non-operating income	243
Non-operating expenses	
Interest expenses	292
Loss on investments in capital	1,113
Other	76
Total non-operating expenses	1,482
Ordinary profit	895,856
Profit before income taxes	895,856
Income taxes	278,336
Profit	617,519
Loss attributable to non-controlling interests	(394)
Profit attributable to owners of parent	617,914

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

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

(3) Quarterly consolidated statement of cash flows

(Thousands of yen)

	Six months ended August 31, 2021
Cash flows from operating activities	
Profit before income taxes	895,856
Depreciation	48,717
Loss (gain) on investments in capital	1,113
Increase (decrease) in allowance for doubtful accounts	(17,822)
Increase (decrease) in provision for bonuses	(2,765)
Increase (decrease) in provision for shareholder benefit program	(13,932)
Interest and dividend income	(0)
Interest expenses	292
Decrease (increase) in trade receivables	(6,929)
Increase (decrease) in trade payables	(3,426)
Increase (decrease) in accounts payable - other	(83,003)
Increase (decrease) in unearned revenue	46,480
Other, net	(61,811)
Subtotal	802,769
Interest and dividends received	0
Interest paid	(292)
Income taxes paid	(302,877)
Net cash provided by (used in) operating activities	499,599
Cash flows from investing activities	
Purchase of property, plant and equipment	(13,334)
Purchase of intangible assets	(41,241)
Purchase of investment securities	(25,192)
Payments of leasehold and guarantee deposits	(158,065)
Net cash provided by (used in) investing activities	(237,834)
Cash flows from financing activities	
Repayments of lease obligations	(1,687)
Proceeds from share issuance to non-controlling shareholders	1,500
Purchase of treasury shares	(238,249)
Proceeds from issuance of share acquisition rights	135
Proceeds from disposal of treasury shares from exercise of share acquisition rights	168,756
Net cash provided by (used in) financing activities	(69,545)
Net increase (decrease) in cash and cash equivalents	192,220
Cash and cash equivalents at beginning of period	2,531,595
Cash and cash equivalents at end of period	2,723,816

(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 May 14, 2021, the Company purchased 73,800 treasury shares. In addition, based on a resolution at the meeting of the Board of Directors held on June 10, 2021, the Company disposed of 3,938 treasury shares as restricted share-based remuneration and disposed of 320,000 treasury shares due to exercise of share options. As a result, for the six months ended August 31, 2021, retained earnings decreased ¥324,508 thousand and treasury shares decreased ¥268,575 thousand. At the end of the second quarter under review, retained earnings was ¥2,504,905 thousand and treasury shares was ¥274,920 thousand.

Changes in significant subsidiaries during the period under review

Although this matter does not constitute a change in a specified subsidiary, THE BRIDGE, Inc., which was established on March 19, 2021, is included in the scope of consolidation from the first quarter ended May 31, 2021.

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.

Segment information

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

Significant events after reporting period

Not applicable.