

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2021 (Based on Japanese GAAP)

November 12, 2021

Company name: Mynet Inc.
 Stock exchange listing: Tokyo
 Stock code: 3928 URL <https://mynet.co.jp/>
 Representative: President and CEO Jin Uehara
 Inquiries: Director Takao Koide TEL 03-6864-4261
 Scheduled date to file Quarterly Securities Report: November 12, 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 nine months ended September 30, 2021 (from January 1, 2021 to September 30, 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	%
Nine months ended September 30, 2021	7,988	(8.9)	539	(48.8)	514	(50.7)	429	(51.0)
Nine months ended September 30, 2020	8,771	(1.4)	1,053	–	1,042	–	875	–

Note: Comprehensive income
 Nine months ended September 30, 2021 ¥433 million [(50.5)%]
 Nine months ended September 30, 2020 ¥875 million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2021	49.66		49.54	
Nine months ended September 30, 2020	101.84		101.34	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	5,841	3,015	51.5
As of December 31, 2020	5,049	2,518	49.6

Reference: Equity
 As of September 30, 2021 ¥3,009 million
 As of December 31, 2020 ¥2,503 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 December 31, 2020	–	0.00	–	0.00	0.00
Year ending December 31, 2021	–	0.00	–	–	–
Year ending December 31, 2021 (Forecast)	–	–	–	0.00	0.00

Note: Revision of cash dividends forecast most recently announced: No

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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	%
Full year	11,600	0.6	750	(33.9)	700	(37.3)	650	(42.5)

Note: Revision of consolidated financial results forecast most recently announced: No

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2021
 (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
 Newly included: 1 company SHIGA LAKESTARS inc. Excluded: –
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (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 September 30, 2021	8,698,760 shares	As of December 31, 2020	8,614,600 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	11,480 shares	As of December 31, 2020	5,230 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2021	8,645,115 shares	Nine months ended September 30, 2020	8,600,096 shares
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* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

The forward-looking statements, including the financial forecasts shown in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may differ materially from these forecasts due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	2,755,830	3,348,566
Accounts receivable - trade	1,165,013	1,057,195
Accounts receivable - other	27	10,262
Income taxes receivable	6,825	32,359
Other	190,547	299,046
Allowance for doubtful accounts	–	(2,816)
Total current assets	4,118,243	4,744,613
Non-current assets		
Property, plant and equipment	61,935	77,037
Intangible assets		
Goodwill	125,817	245,646
Other	30,334	31,980
Total intangible assets	156,152	277,627
Investments and other assets		
Investment securities	152,919	205,650
Leasehold deposits	171,447	116,351
Long-term prepaid expenses	107,400	188,200
Deferred tax assets	281,203	230,998
Other	564	708
Total investments and other assets	713,534	741,909
Total non-current assets	931,623	1,096,574
Total assets	5,049,867	5,841,188
Liabilities		
Current liabilities		
Accounts payable - trade	278,084	215,129
Accounts payable - other	321,861	154,506
Current portion of long-term borrowings	100,000	185,008
Current portion of bonds payable	638,750	400,000
Income taxes payable	50,230	70,325
Provision for bonuses	–	37,511
Other	387,020	378,253
Total current liabilities	1,775,946	1,440,734
Non-current liabilities		
Long-term borrowings	50,000	570,387
Bonds payable	700,000	800,000
Asset retirement obligations	5,193	11,177
Deferred tax liabilities	–	3,038
Total non-current liabilities	755,193	1,384,603
Total liabilities	2,531,140	2,825,337

(Thousands of yen)

	As of December 31, 2020	As of September 30, 2021
Net assets		
Shareholders' equity		
Share capital	3,076,557	46,483
Capital surplus	3,057,113	1,387,290
Retained earnings	(3,629,198)	1,573,021
Treasury shares	(353)	(353)
Total shareholders' equity	2,504,119	3,006,441
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,107)	3,533
Total accumulated other comprehensive income	(1,107)	3,533
Share acquisition rights	15,715	5,875
Non-controlling interests	–	–
Total net assets	2,518,726	3,015,850
Total liabilities and net assets	5,049,867	5,841,188

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Net sales	8,771,976	7,988,203
Cost of sales	4,728,691	4,732,018
Gross profit	4,043,285	3,256,184
Selling, general and administrative expenses	2,989,639	2,716,392
Operating profit	1,053,645	539,791
Non-operating income		
Interest income	24	25
Foreign exchange gains	–	3,312
Interest on refund of income taxes	465	70
Consumption taxes refund	26	–
income from selling consumables	2,081	–
Other	38	55
Total non-operating income	2,636	3,464
Non-operating expenses		
Interest expenses	5,392	4,904
Bond issuance costs	–	9,539
Interest on bonds	7,501	4,002
Loss on investments in investment partnerships	–	8,751
Other	428	1,773
Total non-operating expenses	13,321	28,972
Ordinary profit	1,042,960	514,283
Extraordinary income		
Gain on sales of investment securities	–	36,490
Gain on reversal of share acquisition rights	378	9,840
Total extraordinary income	378	46,330
Extraordinary losses		
Loss on retirement of non-current assets	2,640	2,260
Impairment loss	54,569	2,530
Total extraordinary losses	57,209	4,791
Profit before income taxes	986,128	555,821
Income taxes - current	85,883	75,092
Income taxes - deferred	24,407	51,374
Total income taxes	110,291	126,466
Profit	875,836	429,355
Profit attributable to owners of parent	875,836	429,355

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Profit	875,836	429,355
Other comprehensive income		
Valuation difference on available-for-sale securities	69	4,641
Total other comprehensive income	69	4,641
Comprehensive income	875,906	433,997
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	875,906	433,997
Comprehensive income attributable to non-controlling interests	—	—