

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

Company name: Mynet Inc.
 Stock exchange listing: Tokyo
 Stock code: 3928 URL <https://mynet.co.jp/>
 Representative: President and CEO Jin Uehara
 Inquiries: Managing Executive Officer Takuya Nishimura TEL 03-6864-4261
 Scheduled date to file Quarterly Securities Report: May 13, 2022
 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 March 31, 2022 (from January 1, 2022 to March 31, 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	%
Three months ended March 31, 2022	2,595	(13.2)	56	(81.4)	58	(80.5)	54	(76.3)
Three months ended March 31, 2021	2,989	–	304	–	300	–	227	–

Note: Comprehensive income Three months ended March 31, 2022 ¥62 million [(72.5)%]
 Three months ended March 31, 2021 ¥227 million [–%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2022	6.23	–
Three months ended March 31, 2021	26.49	26.40

Note: Diluted earnings per share for the three months ended March 31, 2022 are not presented, because there are no dilutive shares with dilutive effects.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2022	5,658	2,825	49.8
As of December 31, 2021	5,814	2,817	48.3

Reference: Equity As of March 31, 2022 ¥2,819 million
 As of December 31, 2021 ¥2,806 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, 2021	–	0.00	–	6.00	6.00
Year ending December 31, 2022	–				
Year ending December 31, 2022 (Forecast)		6.00	–	6.00	12.00

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

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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	11,000	4.1	200	(65.4)	175	(68.0)	120	(47.7)

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

4. Notes

(1) Changes in significant subsidiaries during the three months ended March 31, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
Newly included: — Excluded: 1 company MYLOOPS inc.

(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: Yes
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 March 31, 2022	8,698,760 shares	As of December 31, 2021	8,698,760 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	44,965 shares	As of December 31, 2021	23,480 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2022	8,674,803 shares	Three months ended March 31, 2021	8,603,328 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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	3,500,153	3,236,000
Accounts receivable - trade	1,063,202	–
Accounts receivable - trade, and contract assets	–	1,003,305
Accounts receivable - other	38,825	40,158
Income taxes receivable	146,187	146,179
Other	252,594	449,953
Allowance for doubtful accounts	(9,585)	(4,453)
Total current assets	4,991,377	4,871,143
Non-current assets		
Property, plant and equipment	74,387	74,922
Intangible assets		
Goodwill	222,933	202,349
Other	26,314	22,665
Total intangible assets	249,248	225,014
Investments and other assets		
Investment securities	182,291	199,553
Leasehold deposits	113,891	111,852
Long-term prepaid expenses	76,845	55,814
Deferred tax assets	125,814	118,950
Other	708	1,179
Total investments and other assets	499,551	487,351
Total non-current assets	823,186	787,289
Total assets	5,814,564	5,658,432

(Thousands of yen)

	As of December 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	255,287	314,699
Accounts payable - other	239,077	180,997
Advances received	334,447	–
Contract liabilities	–	259,255
Short-term borrowings	–	194,440
Current portion of long-term borrowings	161,048	112,164
Current portion of bonds payable	400,000	400,000
Income taxes payable	84,746	2,110
Provision for bonuses	–	36,939
Other	167,819	201,929
Total current liabilities	1,642,426	1,702,536
Non-current liabilities		
Long-term borrowings	543,199	514,787
Bonds payable	800,000	600,000
Asset retirement obligations	10,962	9,454
Lease obligations	–	6,099
Total non-current liabilities	1,354,161	1,130,340
Total liabilities	2,996,587	2,832,876
Net assets		
Shareholders' equity		
Share capital	46,483	46,483
Capital surplus	1,387,290	1,387,290
Retained earnings	1,372,940	1,371,901
Treasury shares	(353)	(353)
Total shareholders' equity	2,806,360	2,805,321
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,740	14,358
Total accumulated other comprehensive income	5,740	14,358
Share acquisition rights	5,875	5,875
Total net assets	2,817,977	2,825,555
Total liabilities and net assets	5,814,564	5,658,432

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Net sales	2,989,817	2,595,182
Cost of sales	1,744,279	1,551,796
Gross profit	1,245,538	1,043,386
Selling, general and administrative expenses	940,759	986,584
Operating profit	304,779	56,802
Non-operating income		
Interest income	13	17
Foreign exchange gains	2,677	1,629
Subsidy income	–	3,409
Interest on refund of income taxes	6	–
Other	10	559
Total non-operating income	2,708	5,614
Non-operating expenses		
Interest expenses	873	2,552
Interest on bonds	1,674	1,290
Loss on investments in investment partnerships	4,087	–
Other	473	–
Total non-operating expenses	7,109	3,842
Ordinary profit	300,378	58,574
Extraordinary losses		
Loss on retirement of non-current assets	2,260	133
Impairment losses	2,530	–
Total extraordinary losses	4,791	133
Profit before income taxes	295,586	58,440
Income taxes - current	40,821	2,073
Income taxes - deferred	26,878	2,306
Total income taxes	67,699	4,380
Profit	227,886	54,060
Profit attributable to owners of parent	227,886	54,060

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Profit	227,886	54,060
Other comprehensive income		
Valuation difference on available-for-sale securities	(11)	8,618
Total other comprehensive income	(11)	8,618
Comprehensive income	227,875	62,678
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	227,875	62,678
Comprehensive income attributable to non-controlling interests	—	—