

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2022 (Based on Japanese GAAP)

November 14, 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: November 14, 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 nine months ended September 30, 2022 (from January 1, 2022 to September 30, 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	%
Nine months ended September 30, 2022	7,863	(1.6)	(6)	–	(16)	–	(78)	–
Nine months ended September 30, 2021	7,988	–	539	–	514	–	429	–

Note: Comprehensive income
 Nine months ended September 30, 2022 ¥(67) million [–%]
 Nine months ended September 30, 2021 ¥433 million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2022	(9.19)		–	
Nine months ended September 30, 2021	49.66		49.54	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	5,858	2,551	43.5
As of December 31, 2021	5,814	2,817	48.3

Reference: Equity
 As of September 30, 2022 ¥2,545 million
 As of December 31, 2021 ¥2,812 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	–	6.00	–	–	–
Year ending December 31, 2022 (Forecast)	–	–	–	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 nine months ended September 30, 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 September 30, 2022	8,710,334 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 September 30, 2022	242,065 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)

Nine months ended September 30, 2022	8,564,462 shares	Nine months ended September 30, 2021	8,645,115 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 September 30, 2022
Assets		
Current assets		
Cash and deposits	3,500,153	2,417,847
Accounts receivable - trade	1,063,202	–
Accounts receivable - trade, and contract assets	–	1,140,453
Accounts receivable - other	38,825	3,324
Income taxes receivable	146,187	32
Other	252,594	497,694
Allowance for doubtful accounts	(9,585)	(5,209)
Total current assets	4,991,377	4,054,141
Non-current assets		
Property, plant and equipment	74,387	72,865
Intangible assets		
Goodwill	222,933	195,180
Other	26,314	72,608
Total intangible assets	249,248	267,788
Investments and other assets		
Investment securities	182,291	223,292
Leasehold deposits	113,891	108,114
Long-term prepaid expenses	76,845	1,047,318
Deferred tax assets	125,814	84,030
Other	708	674
Total investments and other assets	499,551	1,463,428
Total non-current assets	823,186	1,804,082
Total assets	5,814,564	5,858,224

(Thousands of yen)

	As of December 31, 2021	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	255,287	274,922
Accounts payable - other	239,077	203,379
Advances received	334,447	–
Contract liabilities	–	289,266
Provision for bonuses	–	38,181
Short-term borrowings	–	161,080
Current portion of long-term borrowings	161,048	168,187
Current portion of bonds payable	400,000	490,000
Other	252,567	175,546
Total current liabilities	1,642,426	1,800,561
Non-current liabilities		
Long-term borrowings	543,199	712,200
Bonds payable	800,000	760,000
Asset retirement obligations	10,962	9,454
Lease obligations	–	5,795
Other	–	18,556
Total non-current liabilities	1,354,161	1,506,005
Total liabilities	2,996,587	3,306,567
Net assets		
Shareholders' equity		
Share capital	46,483	49,631
Capital surplus	1,387,290	1,391,688
Retained earnings	1,372,940	1,188,257
Treasury shares	(353)	(100,328)
Total shareholders' equity	2,806,360	2,529,248
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,740	16,532
Total accumulated other comprehensive income	5,740	16,532
Share acquisition rights	5,875	5,875
Total net assets	2,817,977	2,551,656
Total liabilities and net assets	5,814,564	5,858,224

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, 2021	Nine months ended September 30, 2022
Net sales	7,988,203	7,863,099
Cost of sales	4,732,018	4,867,059
Gross profit	3,256,184	2,996,040
Selling, general and administrative expenses	2,716,392	3,002,342
Operating profit (loss)	539,791	(6,302)
Non-operating income		
Interest income	25	31
Foreign exchange gains	3,312	8,046
Subsidy income	–	4,594
Interest on refund of income taxes	70	364
Other	55	2,216
Total non-operating income	3,464	15,251
Non-operating expenses		
Interest expenses	4,904	8,949
Bond issuance costs	9,539	8,811
Interest on bonds	4,002	3,702
Loss on investments in investment partnerships	8,751	3,637
Other	1,773	511
Total non-operating expenses	28,972	25,610
Ordinary profit (loss)	514,283	(16,661)
Extraordinary income		
Gain on sale of investment securities	36,490	–
Gain on reversal of share acquisition rights	9,840	–
Total extraordinary income	46,330	–
Extraordinary losses		
Loss on retirement of non-current assets	2,260	133
Impairment losses	2,530	–
Loss on valuation of goods	–	1,242
Total extraordinary losses	4,791	1,376
Profit (loss) before income taxes	555,821	(18,038)
Income taxes - current	75,092	5,997
Income taxes - deferred	51,374	54,633
Total income taxes	126,466	60,631
Profit	429,355	(78,669)
Profit (loss) attributable to owners of parent	429,355	(78,669)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Profit (loss)	429,355	(78,669)
Other comprehensive income		
Valuation difference on available-for-sale securities	4,641	10,791
Total other comprehensive income	4,641	10,791
Comprehensive income	433,997	(67,878)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	433,997	(67,878)
Comprehensive income attributable to non-controlling interests	—	—