

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2023 (Based on Japanese GAAP)

May 15, 2023

Company name: Mynet Inc.
 Stock exchange listing: Tokyo
 Stock code: 3928 URL <https://mynet.co.jp/>
 Representative: President and CEO Minoru Iwaki
 Inquiries: Director Takuya Nishimura TEL 03-6864-4261
 Scheduled date to file Quarterly Securities Report: May 15, 2023
 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, 2023 (from January 1, 2023 to March 31, 2023)

(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, 2023	2,658	2.4	70	24.0	59	1.5	168	211.2
Three months ended March 31, 2022	2,595	(13.2)	56	(81.4)	58	(80.5)	54	(76.3)

Note: Comprehensive income Three months ended March 31, 2023 ¥178 million [184.5%]
 Three months ended March 31, 2022 ¥62 million [(72.5)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2023	19.95	–
Three months ended March 31, 2022	6.23	–

Note: Diluted earnings per share for the three months ended March 31, 2022 and the three months ended March 31, 2023 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, 2023	4,060	1,171	28.7
As of December 31, 2022	4,360	995	22.7

Reference: Equity As of March 31, 2023 ¥1,167 million
 As of December 31, 2022 ¥989 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, 2022	–	6.00	–	0.00	6.00
Year ending December 31, 2023	–				
Year ending December 31, 2023 (Forecast)		0.00	–	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, 2023 (from January 1, 2023 to December 31, 2023)

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	9,400	(10.8)	100	–	80	–	100	–

Note: Revision of consolidated financial results forecast most recently announced: Yes

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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 March 31, 2023	8,710,334 shares	As of December 31, 2022	8,710,334 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	281,621 shares	As of December 31, 2022	271,621 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, 2023	8,431,157 shares	Three months ended March 31, 2022	8,674,803 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	1,977,096	1,542,644
Accounts receivable - trade, and contract assets	1,187,360	1,131,709
Accounts receivable - other	13,699	5,185
Income taxes refund receivable	27,266	27,264
Other	416,194	657,407
Allowance for doubtful accounts	(5,942)	(3,700)
Total current assets	3,615,673	3,360,509
Non-current assets		
Property, plant and equipment	53,066	50,355
Intangible assets		
Goodwill	31,000	28,000
Other	57,480	51,257
Total intangible assets	88,480	79,257
Investments and other assets		
Investment securities	215,027	221,005
Leasehold deposits	106,131	103,444
Long-term prepaid expenses	265,665	237,856
Deferred tax assets	15,432	8,169
Other	550	150
Total investments and other assets	602,806	570,624
Total non-current assets	744,353	700,237
Total assets	4,360,027	4,060,746

(Thousands of yen)

	As of December 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	351,758	232,190
Accounts payable - other	279,107	688,637
Contract liabilities	274,717	119,784
Short-term borrowings	–	75,000
Current portion of long-term borrowings	165,999	160,000
Current portion of bonds payable	490,000	440,000
Income taxes payable	7,880	1,882
Provision for bonuses	73,862	34,696
Other	129,859	106,417
Total current liabilities	1,773,182	1,858,606
Non-current liabilities		
Long-term borrowings	662,200	435,000
Bonds payable	770,000	565,000
Asset retirement obligations	25,339	30,488
Long-term accounts payable - other	127,652	–
Other	5,796	–
Total non-current liabilities	1,590,987	1,030,488
Total liabilities	3,364,169	2,889,094
Net assets		
Shareholders' equity		
Share capital	49,631	49,631
Capital surplus	1,391,688	1,390,438
Retained earnings	(366,083)	(197,863)
Treasury shares	(100,328)	(100,328)
Total shareholders' equity	974,907	1,141,877
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,074	25,149
Total accumulated other comprehensive income	15,074	25,149
Share acquisition rights	5,875	4,624
Total net assets	995,857	1,171,651
Total liabilities and net assets	4,360,027	4,060,746

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, 2022	Three months ended March 31, 2023
Net sales	2,595,182	2,658,343
Cost of sales	1,551,796	1,698,263
Gross profit	1,043,386	960,079
Selling, general and administrative expenses	986,584	889,643
Operating profit	56,802	70,436
Non-operating income		
Interest income	17	10
Foreign exchange gains	1,629	–
Subsidy income	3,409	2,772
Other	559	828
Total non-operating income	5,614	3,610
Non-operating expenses		
Interest expenses	2,552	2,872
Foreign exchange losses	–	68
Interest on bonds	1,290	1,519
Loss on investments in investment partnerships	–	9,861
Other	–	259
Total non-operating expenses	3,842	14,579
Ordinary profit	58,574	59,466
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	–	139,604
Gain on reversal of share acquisition rights	–	1,251
Total extraordinary income	–	140,855
Extraordinary losses		
Loss on retirement of non-current assets	133	–
Total extraordinary losses	133	–
Profit before income taxes	58,440	200,322
Income taxes - current	2,073	30,162
Income taxes - deferred	2,306	1,934
Total income taxes	4,380	32,097
Profit	54,060	168,225
Profit attributable to owners of parent	54,060	168,225

Consolidated statements of comprehensive income (cumulative)

	(Thousands of yen)	
	Three months ended March 31, 2022	Three months ended March 31, 2023
Profit	54,060	168,225
Other comprehensive income		
Valuation difference on available-for-sale securities	8,618	10,075
Total other comprehensive income	8,618	10,075
Comprehensive income	62,678	178,301
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	62,678	178,301
Comprehensive income attributable to non-controlling interests	—	—