Financial Disclosure Solutions
PRONEXUS

Earnings Announcement

For the Fiscal Year Ended March 31, 2015

Aspiring for Medium to Long-Term Growth

Results of Operations and Outlook

A Specialist in Corporate Disclosure and Investor Relations

PRONEXUS INC.

Takeshi Ueno

President and Representative Director

May 12, 2015

Contents

1. Overview of Operations

2. Market Environment

3. Results of Operations for the Fiscal Year Ended March 31, 2015

4. Earnings Forecast for the Fiscal Year Ending March 31, 2016

5. Business Strategy

6. Business Topics

7. Stock Price and Shareholder Return

Supplemental Data : Major Operating Performance Indicators, etc.

1. Overview of Operations

1-(1) Company Data

■ **Founded in 1930, PRONEXUS became the company with net sales ¥20 billion yen, operating income of ¥2 billion yen and 1,000 employees.**

Founded	December 15, 1930; 2010 was the 80th anniversary
Paid-in Capital	¥3,058 million (as of March 31, 2015)
Net Sales	¥21,119 million (consolidated; FYE March 31, 2015)
Operating Income	¥1,991 million (consolidated; FYE March 31, 2015)
Main Clients	Approximately 2,800 listed companies + approximately 1,000 companies considering an IPO
Number of Employees	988 (consolidated; as of May 31, 2015)
Offices	Tokyo, Osaka, Nagoya, Fukuoka, Sapporo
Plant	Toda City, Saitama Prefecture
Group Companies	■ ASP Communications Co., Ltd. (Text and information processing), consolidated subsidiary ■ ZAIHON, INC. (Translation of financial documents), consolidated subsidiary ■ a2media corporation (Planning/production of IR products), consolidated subsidiary ■ Japan REIT Inc. (Information services related to real estate investment trusts), consolidated subsidiary ■ PRONEXUS TAIWAN Co., Ltd. (BPO business for Japanese companies in Taiwan), consolidated subsidiary ■ DISCLOSURE PRO Inc. (Disclosure and BPO services), affiliate under the equity method ■ Mitsue-Links Co., Ltd. (Website planning and development services), affiliate under the equity method



Site of the head office (Minato Ward)



Takeshi Ueno
President and Representative Director

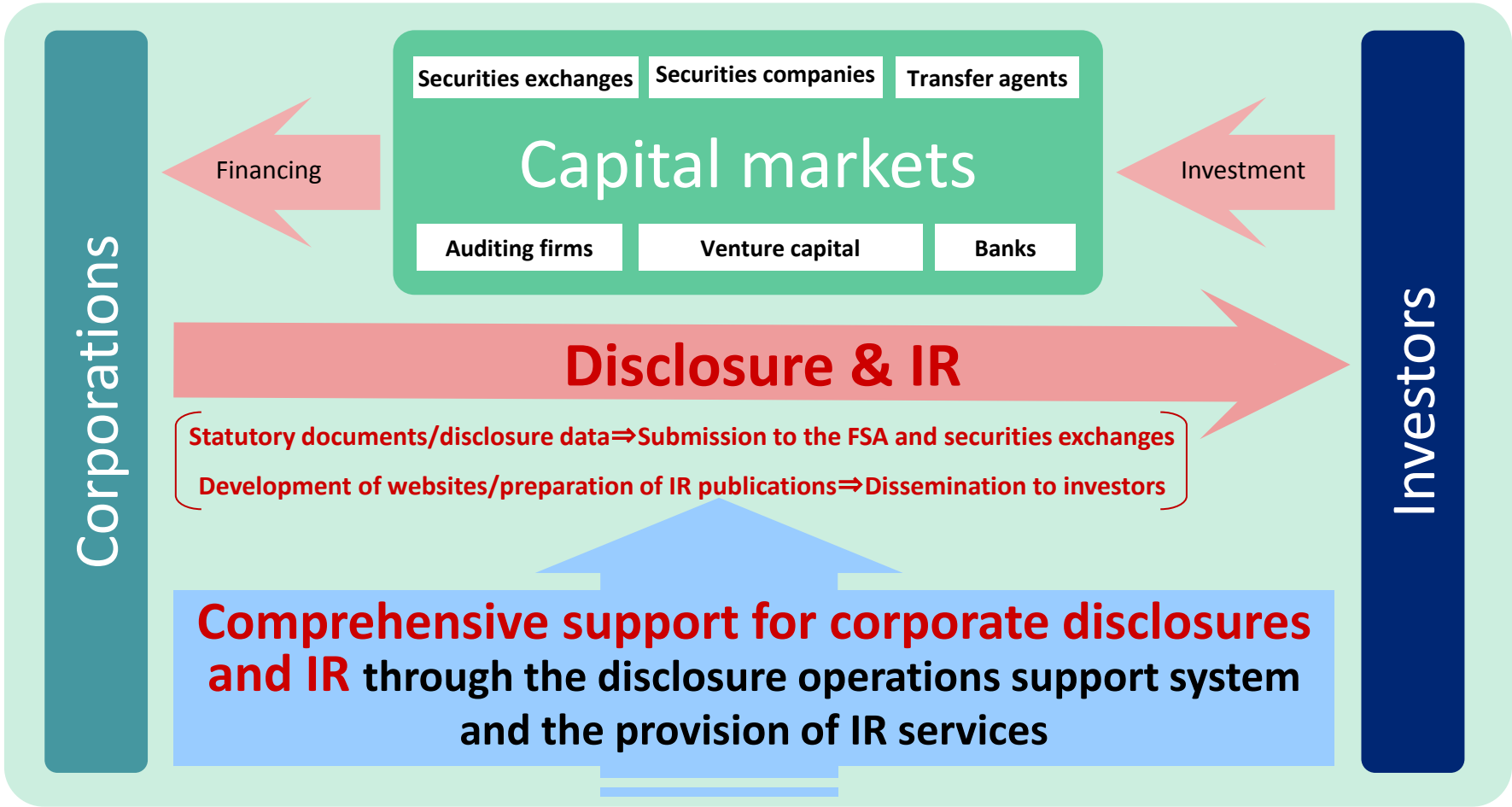


Plant (Toda City, Saitama Prefecture)



Data center in the Hokuriku region

■ We play a role in assisting corporate disclosure in the capital markets



1-(3) Sales Structure

■ More than 70% of sales originate from disclosure and investor relations services for listed companies

Listed companies disclosure-related

Shareholders' meeting-related

Account settlement-related

Account settlement-related system

Disclosure operations support system

Disclosure and accounting information generating system

IPO/finance-related

Listed companies IR-related, etc.

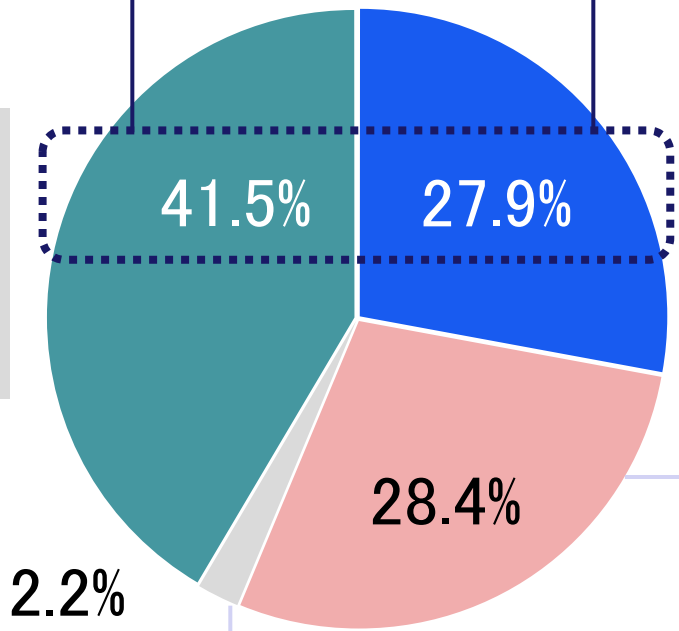
Business reports

IR site building and updating service

Support for shareholders' meeting (visualization, etc.)

English-language IR tools

Public notices, advertising, etc.



Financial instruments disclosure-related

Disclosure documents and tools for investment trusts, J-REITs and foreign securities, etc.

Investment trust document preparation support systems

Fund management system for J-REITs

Database-related

Corporate information databases

Ratio of sales structure
(FYE March 31, 2015)
¥21,119 million

■ **Providing a full range of support for disclosure operation processes with four core functions**

Disclosure workflow process of listed companies

Corporate activities

Accounting system

Account settlement data /Qualitative information

Import

(2) System support

Disclosure operations support system

PRONEXUS-WORKS
WORKS-i
FUND DOCUMENT SYSTEM

Edit

Draft disclosure document

Revise

Completed disclosure document

Securities report

FSA

Earnings reports

Securities exchanges

Persons in charge of accounting and general affairs

Persons in charge of accounting and general affairs

Websites

IR site

IR tools

Most up-to-date legal system and information

Comments / Advice

Seminars

Handbooks

Websites







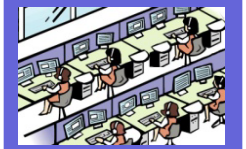
(1) Support by consulting

Infrastructure to maintain confidentiality



(3) Security support

Dedicated call center



(4) Customer support

Legal checks

Q&A





(1) Support by consulting

Web-IR systems

Editing/Printing

Transfer agent

Shareholders' meeting/convocation notices

Business reports

Investors and shareholders

1-(5) History of System Support

■ Providing system services compliant with the FSA's disclosure digitization program

History of the FSA's disclosure digitization

2001 Launch of EDINET

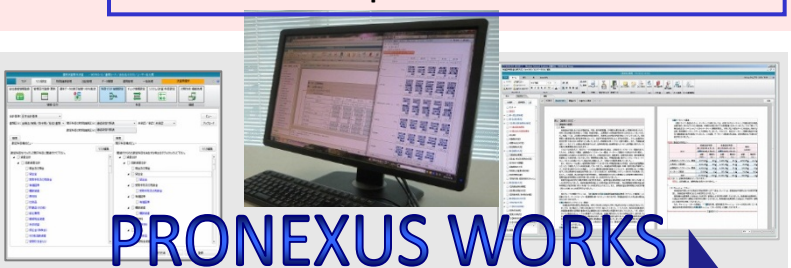
2004 EDINET compliance required

2008 Launch of new EDINET
- Use of XBRL for financial statements
- Quarterly disclosures

2013 Preparations begin for next-generation EDINET
- Increase in documents using XBRL
- Increase in items published in XBRL

2014 Full-fledged launch of next-generation EDINET

Expansion in PRONEXUS' system services for disclosure digitization



2000 Began developing the EDITS service

2003 EDITS service

2008 Began providing PRONEXUS WORKS

2014 Full-fledged launch of next-generation PRONEXUS WORKS
- Improved functions
- Enhanced client support

2009 Disclosure and accounting information generating system
WORKS-i

2011 Disclosure operations support system for investment trust management firms
PRONEXUS FUND DOCUMENT SYSTEM

Utilized expertise from PRONEXUS WORKS to develop system for investment trust asset management companies

■ **Protecting material information of corporations using a robust information security structure**

Company-wide information management structure

Company-wide ISMS (ISO 27001) certification



Security policy

- Security rules
- Information system development
- Training
- Document management
- Internal/external audits

Insider information management structure

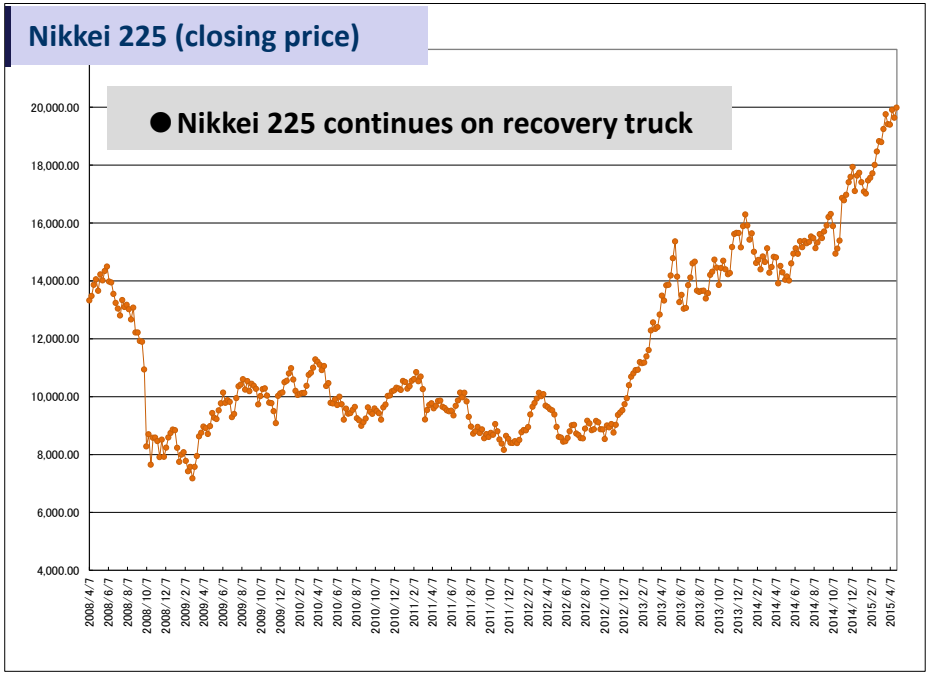
Enhanced information management structure for work processes

■ **Isolation of work areas** ■ **Careful selection of persons in charge of insider information**
■ **Traceability** ■ **Access restrictions**

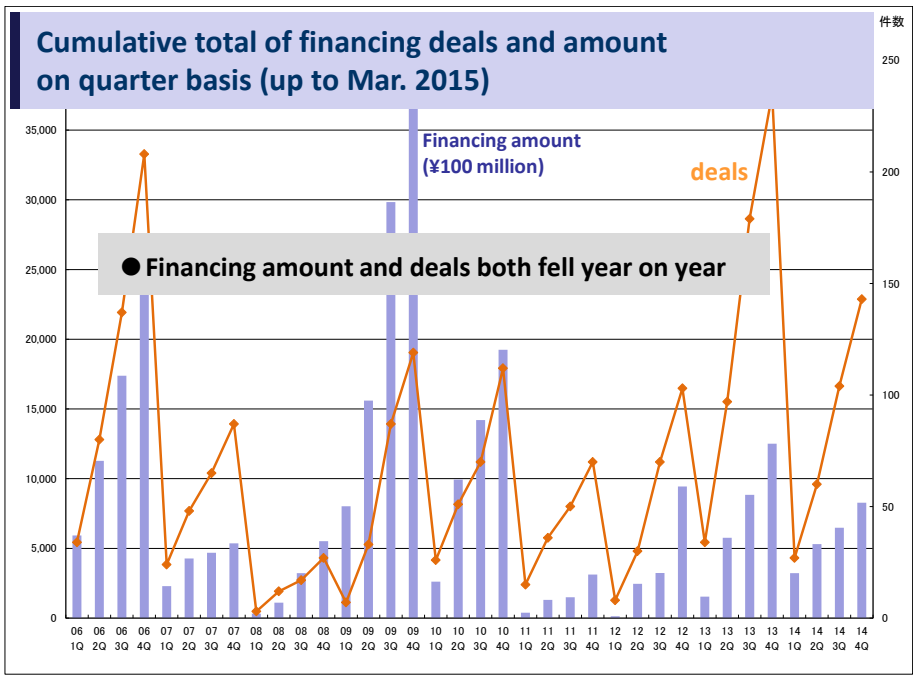
- Expanded training, personnel and systems
- Reinforced information security structure using IT
- Internal audits
- Rule against buying/selling stocks of listed companies
- Company-wide implementation organization

2. Market Environment

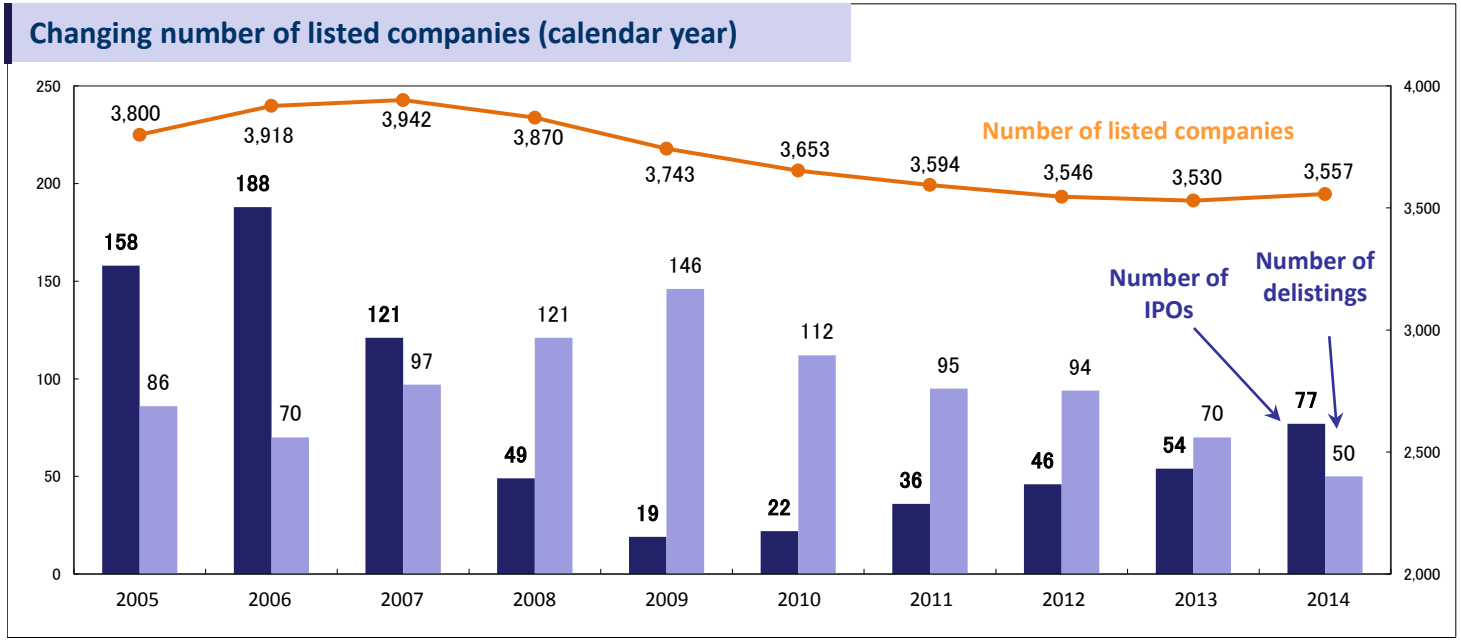
Nikkei 225 (closing price)



Cumulative total of financing deals and amount on quarter basis (up to Mar. 2015)



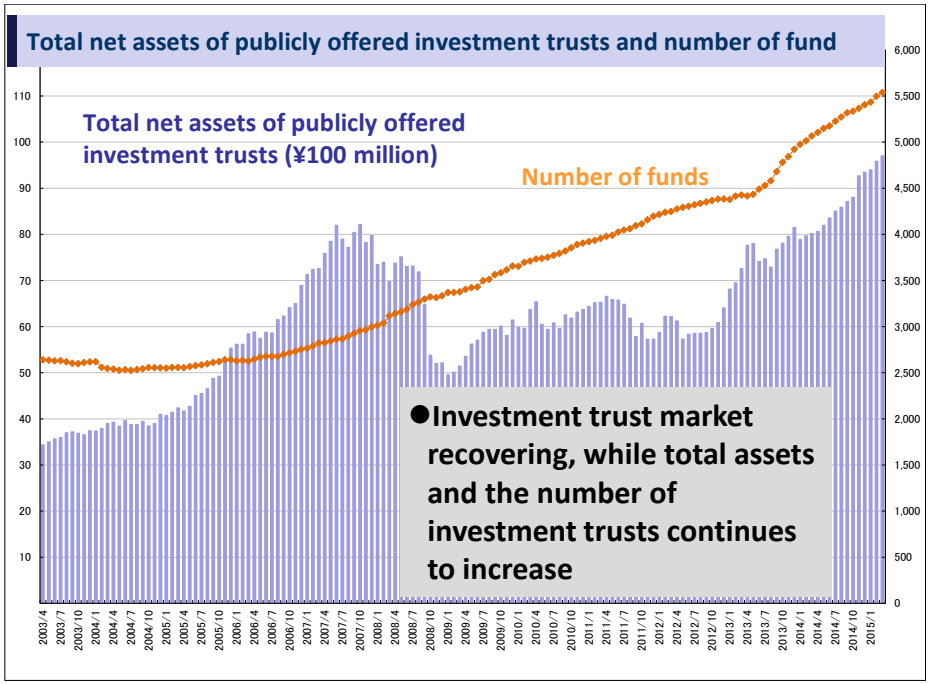
Changing number of listed companies (calendar year)



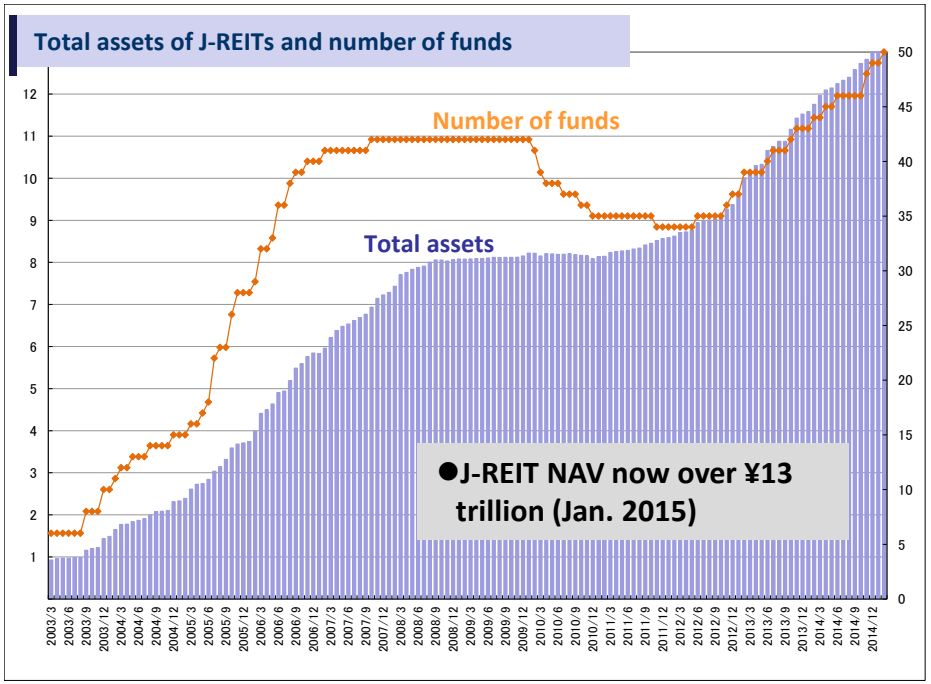
● Rose for the first time in seven years due to an increase in IPOs

2-(2) Investment Trust- and J-REIT-Related

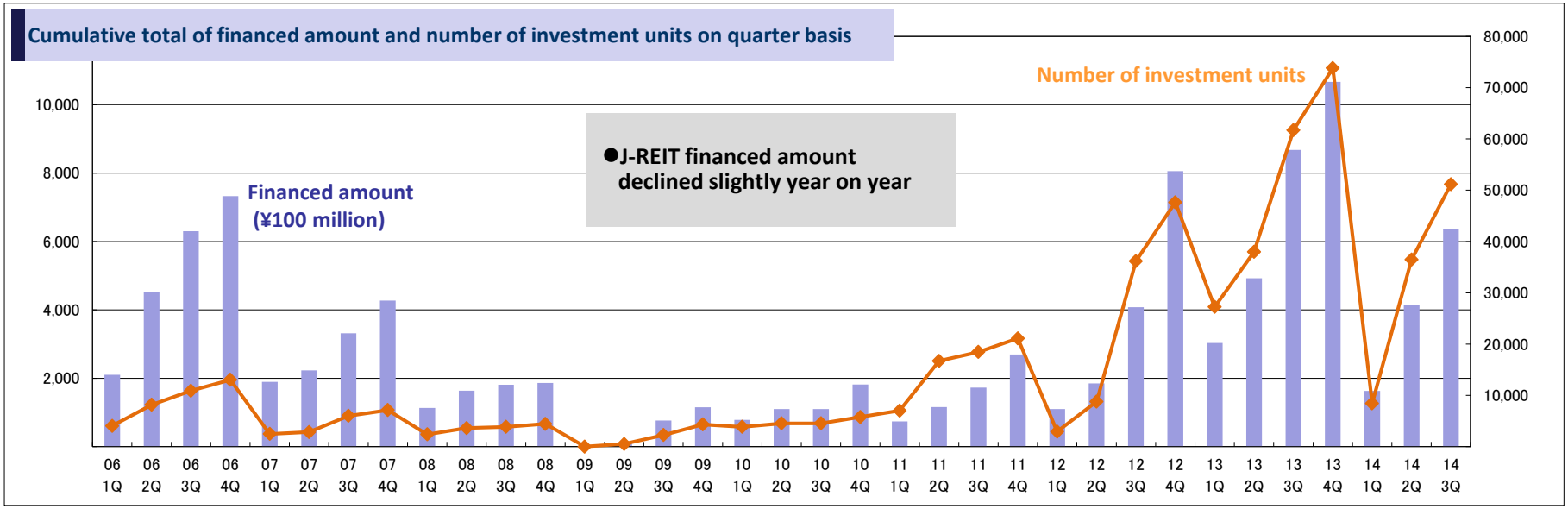
Total net assets of publicly offered investment trusts and number of fund



Total assets of J-REITs and number of funds



Cumulative total of financed amount and number of investment units on quarter basis



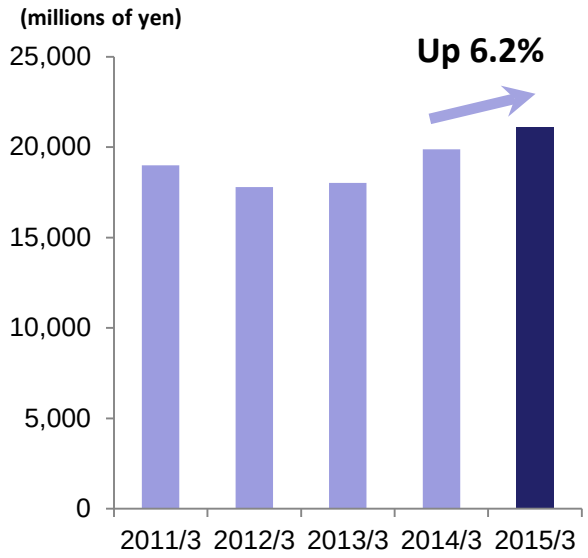
3. Results of Operations for the Fiscal Year Ended March 31, 2015

■ Net sales rose, but profits fell year on year; yet the initial forecast was still achieved

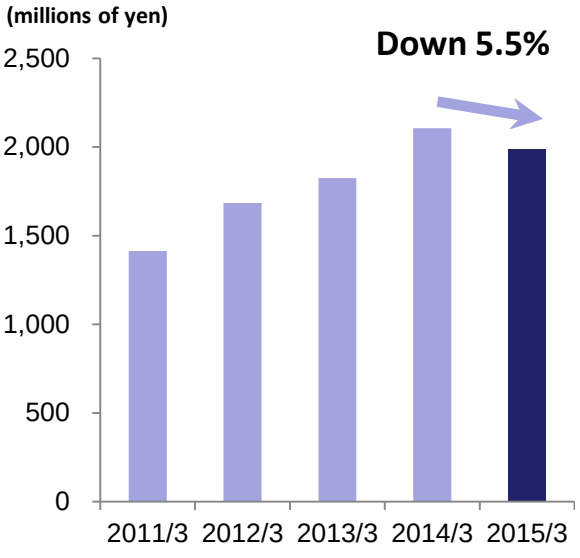
(millions of yen)

	Results for FYE March 2014		Results for FYE March 2015		Change YoY		Compared to forecast	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
Net sales	19,882	*100.0*	21,119	*100.0*	1,237	*6.2*	20,000	*1,119*
Operating income	2,107	*10.6*	1,991	*9.4*	–115	*–5.5*	1,800	*191*
Ordinary income	2,246	*11.3*	2,036	*9.6*	–209	*–9.3*	1,850	*186*
Net income	1,417	*7.1*	1,358	*6.4*	–58	*–4.1*	1,180	*178*

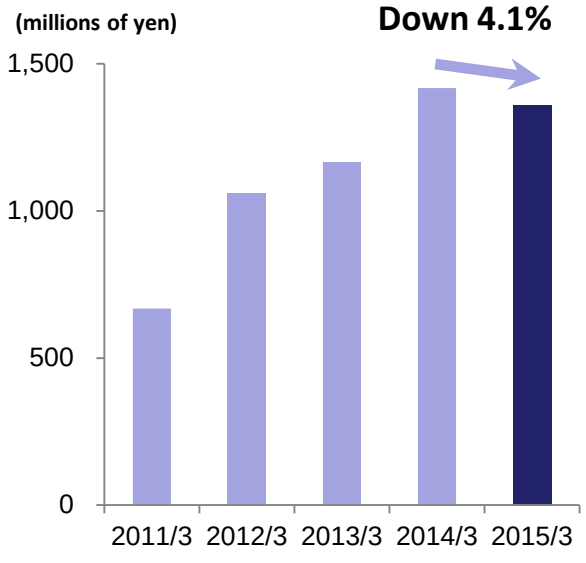
Net sales



Operating income



Net income



3-(2) Sales by Product Area – Composition (YoY Comparison)

■ Net sales rose in each product area
(database-related sales fell due to the nature of spot sales in the previous year)

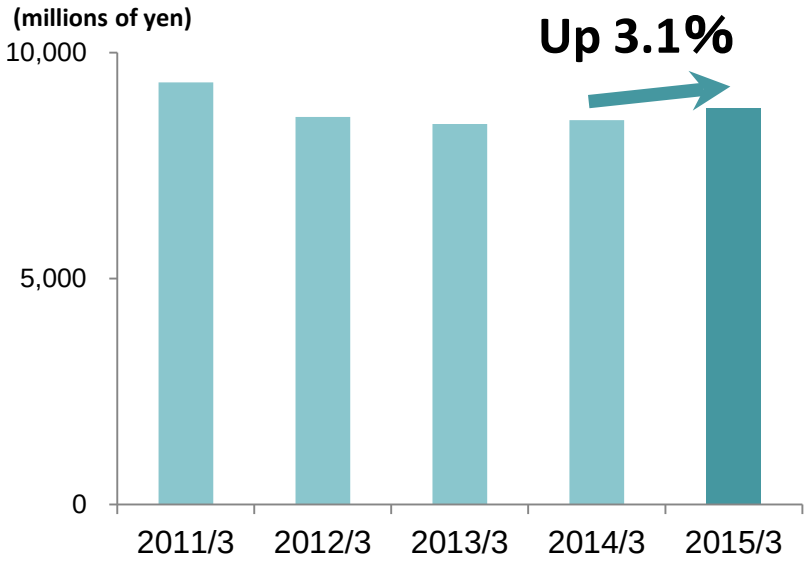
(millions of yen)

	Results for FYE March 2014		Results for FYE March 2015		YoY change	
	Amount	%	Amount	%	Amount	%
Listed companies disclosure-related	8,506	*42.8*	8,769	*41.5*	263	*3.1*
Listed companies IR-related, etc.	5,287	*26.6*	5,881	*27.9*	594	*11.2*
Financial instruments disclosure-related	5,610	*28.2*	6,005	*28.4*	395	*7.1*
Database-related	478	*2.4*	462	*2.2*	–16	*–3.3*
Total	19,882	*100.0*	21,119	*100.0*	1,237	*6.2*

■ Net sales continued to increase even after the previous fiscal year, which saw sales rise for the first time in five years*

*Including periods prior to the change in product areas

Net sales



Positive factors

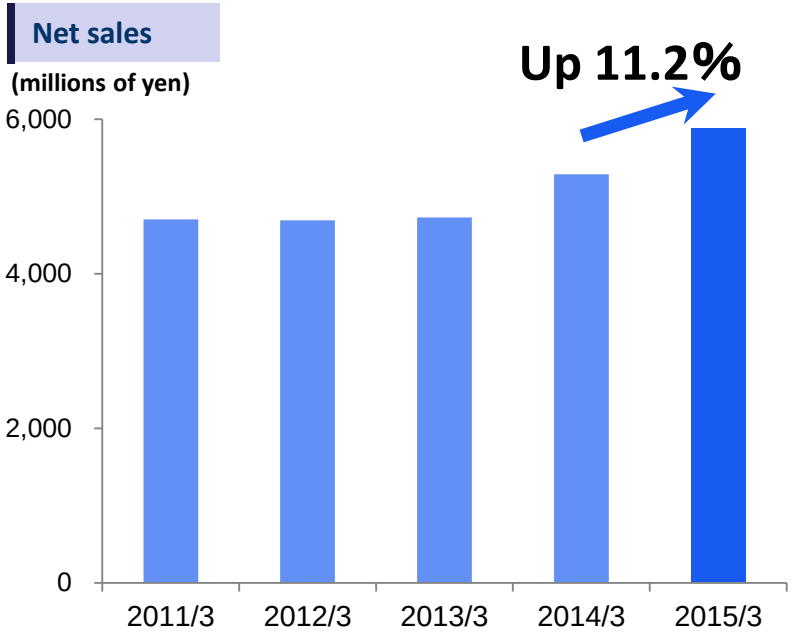
- Increased sales of new EDINET-compliant services
- Higher unit prices from the rising use of color in convocation notices

Negative factor

- Decline in equity financing

		Net sales	Major factors		
			Order volume	Market share	Prices
Shareholders' meeting-related	Convocation notices for shareholders' meetings/printing of resolution notices, etc.	→	→	→	→
Account settlement-related	Securities reports/earnings reports	↗	→	→	↗
	Systems related	↗	→	→	↗
IPO/finance-related	Prospectuses and registration documents	↘	↘	→	→

■ Online IR services, English-language IR tools and shareholders' meeting-related services remained strong



Positive factors

- Sharp increase in sales in the call center business (a new business) at consolidated subsidiary a2media
- Increased sales of English-language IR tools and IR site development including online IR services

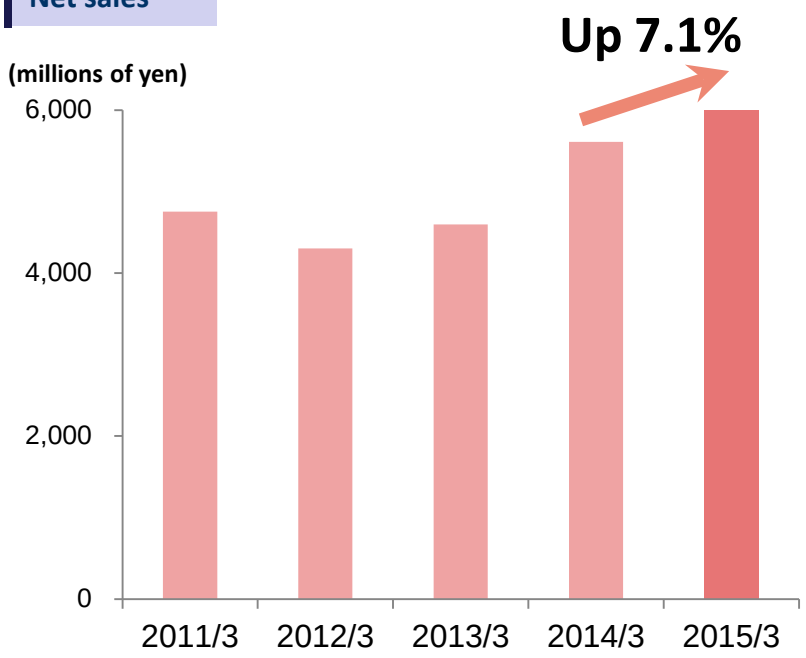
Negative factor

- Decline in business report sales from tougher competition and increasing use of color for convocation notices

	Net sales	Major factors		
		Order volume	Market share	Prices
Business reports	→	→	→	→
Online IR services	↗	↗		→
English-language IR tools	↗	↗	↗	→
Visuals and operational support for shareholders' meetings	→	→	→	→
Call center services	↗	↗		→

■ Growth in sales of investment trust- and J-REIT-Related products

Net sales



Positive factors

- Sharp increase in sales of products related to prospectus and sales materials, given more active conditions in financial instrument markets
- Developing and providing new services, including system services

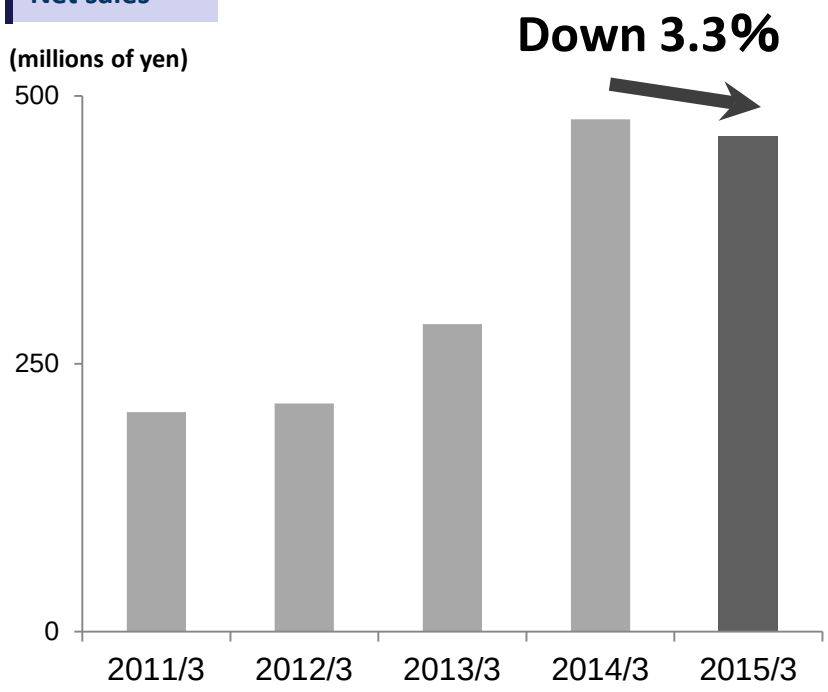
Negative factor

- Decline in asset management report sales due to legislative changes (from Jan. 2015)

	Net sales	Major factors		
		Order volume	Market share	Prices
Domestic investment trust management company related	→	→	→	→
J-REIT listed investment trust related	→	→	→	→
Foreign investment trust management company related	→	→	→	→
Foreign company related	→	→	→	→

■Sales of core services rose slightly, but overall sales fell because of a drop in spot sales seen last year

Net sales



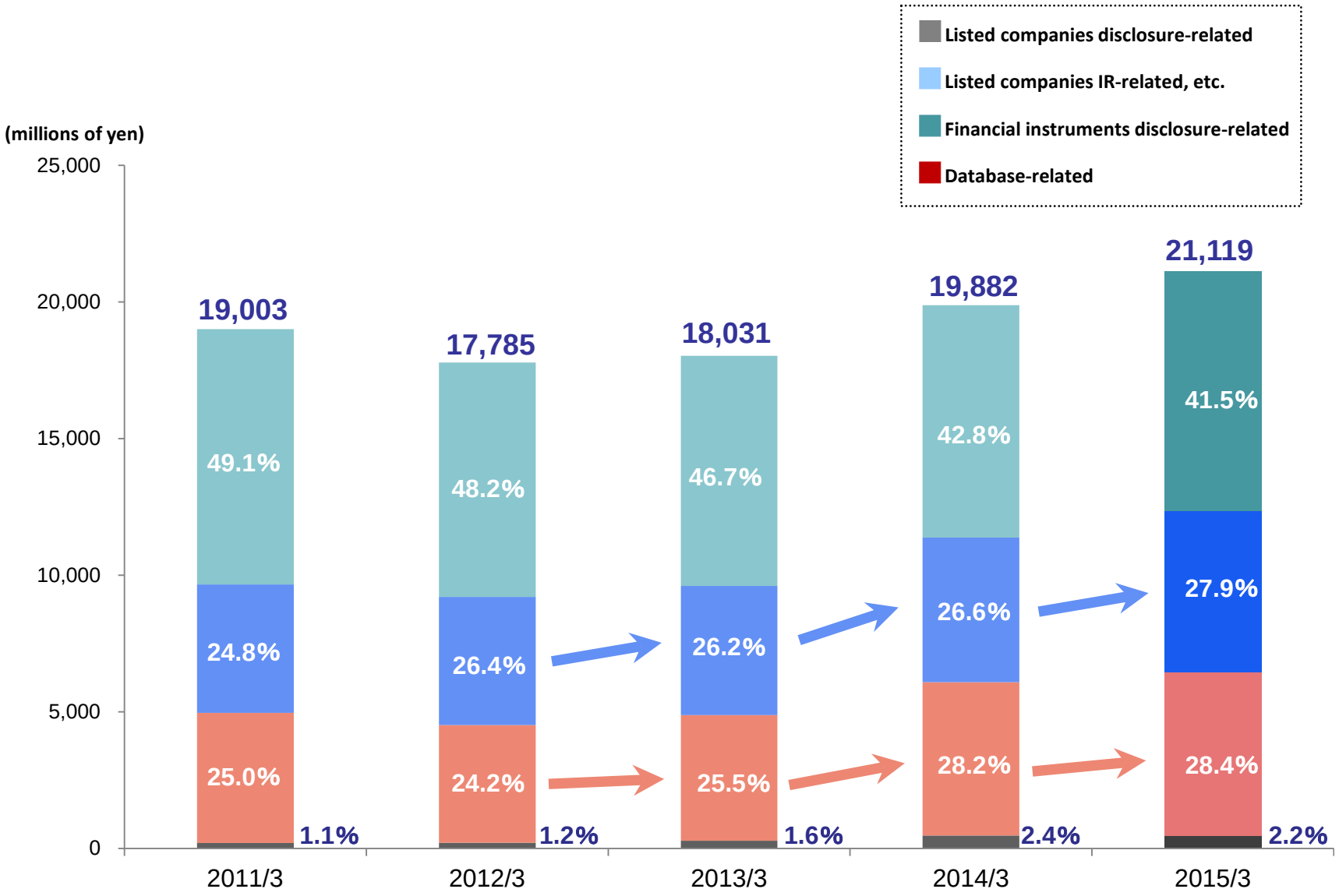
Positive factor

- Slight increase in sales of core services owing to development of new functions compliant with the new EDINET and client needs

Negative factor

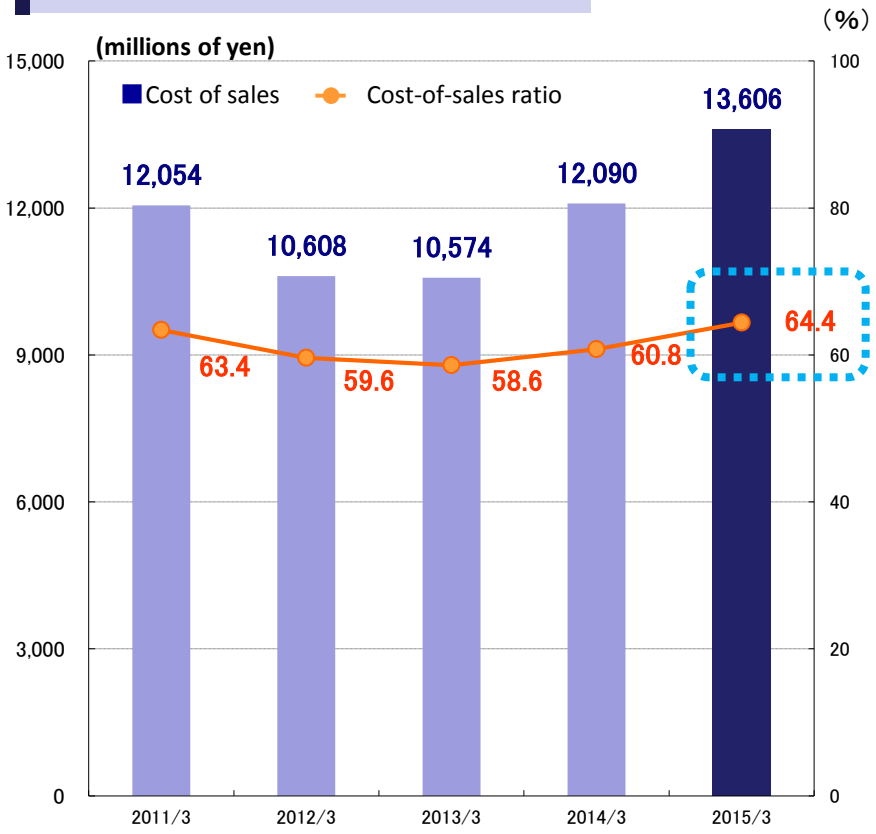
- Drop in spot sales seen last year

■ Increase in financial instruments disclosure-related sales and listed companies' IR-related sales boosted overall sales



■ The cost-of-sales ratio increased 3.6% points year on year

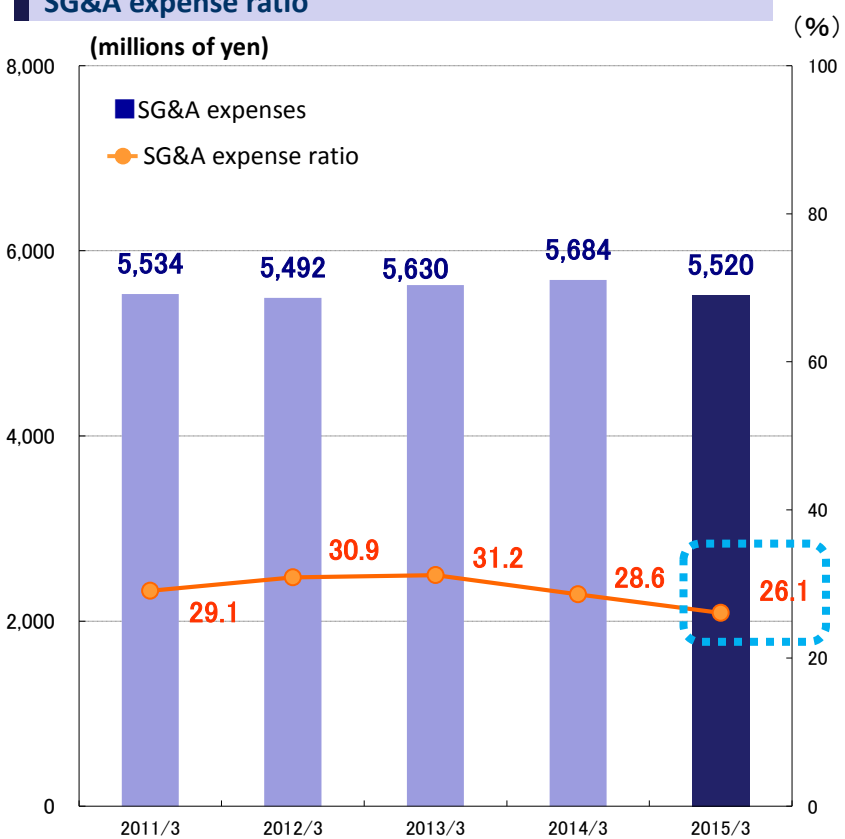
Cost of sales/Cost-of-sales ratio



Cost-of-sales ratio: Up 3.6% YoY

- Increase in system related costs for next-generation EDINET compliance and labor expenses
- Increase in costs for call center services
- Certain SG&A expenses transferred to labor expenses/manufacturing expenses

Selling, general and administrative(SG&A) expenses SG&A expense ratio

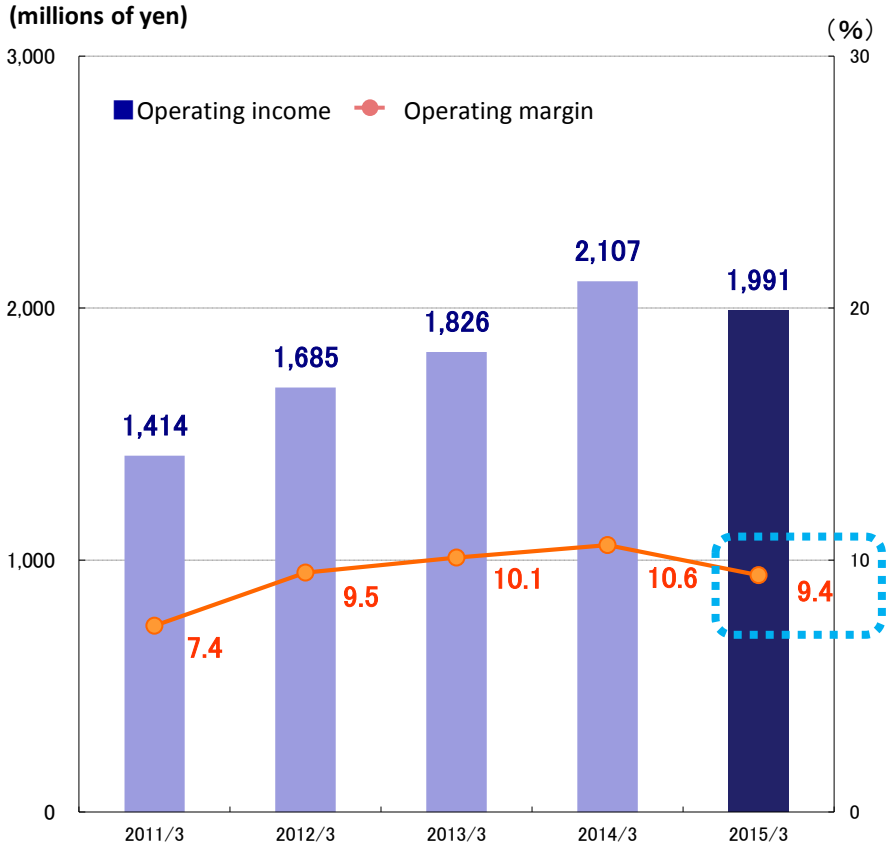


SG&A expense ratio: Down 2.5% YoY

- Certain SG&A expenses transferred to labor expenses/manufacturing expenses

■ Operating margin declined to 9.4%

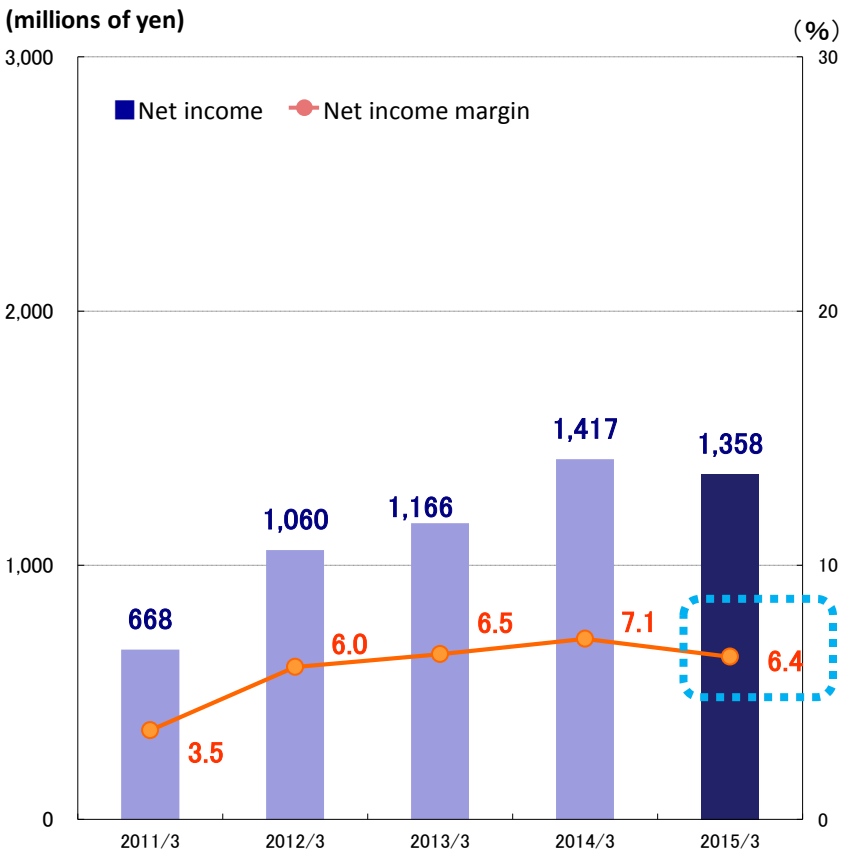
Operating income / Operating margin



Operating margin: Down 1.2% YoY

- Net sales rose, but operating income fell due to the higher cost-of-sales ratio

Net income / Net income margin

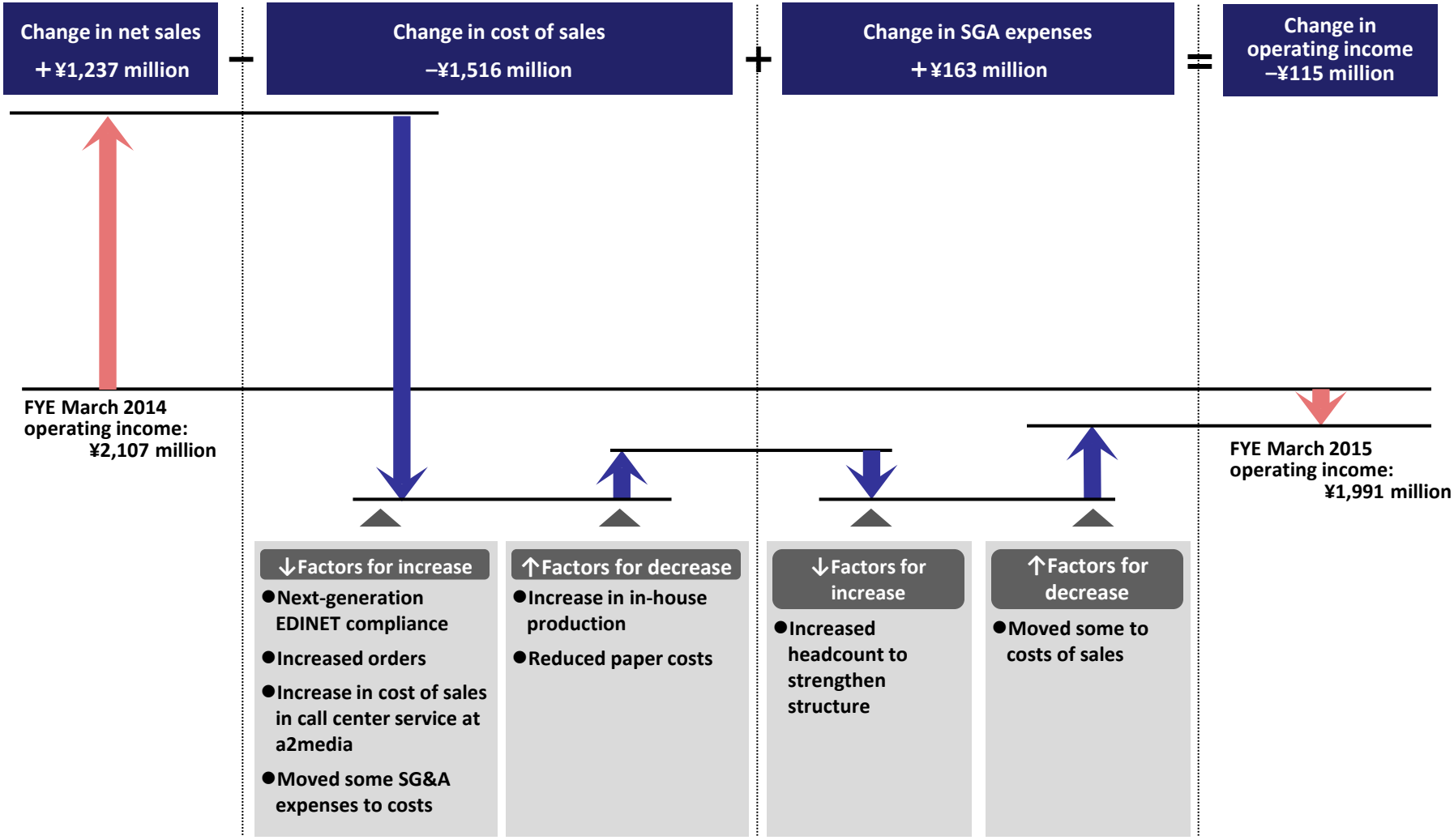


Net income margin: Down 0.7% YoY

- Non-operating income and extraordinary profits decreased year on year

3-(10) Main Factors behind the Decline in Profits during the FYE March 2015

- Increase in related costs from the introduction of next-generation EDINET
- Increase in cost of sales in call center services at a2media
- Due to the above, the cost-of-sales ratio increased 3.6% points, and costs exceeded the increase in net sales, resulting in a ¥115 million decline in operating income



3-(11) Statements of Income – 1H vs. 2H YoY Comparison with the FYE March 2015

Financial Disclosure Solutions PRONEXUS

■ Net sales rose, but profits fell in both the first and second halves

(millions of yen)

	Year ended March 2014			Year ended March 2015			Difference over previous year
	1st half	2nd half	Full year	1st half	2nd half	Full year	Full year
Net sales	11,356	8,525	19,882	12,168	8,950	21,119	1,237
Cost of sales	6,328	5,762	12,090	7,367	6,239	13,606	1,516
Cost of sales ratio	*55.7%*	*67.6%*	*60.8%*	*60.5%*	*69.7%*	*64.4%*	*3.6pt*
Gross profit	5,028	2,763	7,791	4,801	2,711	7,512	–278
SG&A expenses	2,913	2,770	5,684	2,744	2,775	5,520	–163
Operating income (loss)	2,114	(6)	2,107	2,056	(64)	1,991	–115
Operating margin	*18.6%*	*–0.1%*	*10.6%*	*16.9%*	*–0.7%*	*9.4%*	*–1.2pt*
Non-operating income	50	114	164	62	51	113	–50
Non-operating expenses	20	5	25	79	(9)	69	43
Ordinary income (loss)	2,144	101	2,246	2,039	(3)	2,036	–209
Extraordinary income	54	47	101	-	36	36	–64
Net income	1,343	74	1,417	1,253	105	1,358	–58

3-(12) Sales by Product Area – 1H vs. 2H YoY Comparison for the FYE March 2015

(millions of yen)

	Year ended March 2014			Year ended March 2015			Difference over previous year		
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year
Listed companies disclosure-related	5,544	2,961	8,506	5,662	3,106	8,769	118	145	263
Listed companies IR-related, etc.	2,897	2,389	5,287	3,325	2,555	5,881	427	166	594
Financial instruments disclosure-related	2,684	2,925	5,610	2,949	3,056	6,005	265	130	395
Database-related	229	248	478	231	231	462	1	–17	–16
Total	11,356	8,525	19,882	12,168	8,950	21,119	811	425	1,237

Main reasons for difference in the 2nd half

Listed companies disclosure-related	● Increase in settlement-related sales from compliance with next-generation EDINET
Listed companies IR-related, etc.	● Increase in sales from the online IR, English language IR and a2media call center businesses
Financial instruments disclosure-related	● Increase in J-REIT related services and investment trust sales materials in Japan
Database-related	● Decrease in spot sales compared to the previous year

3-(13) Financial Position – YoY Comparison with the FYE March 2015

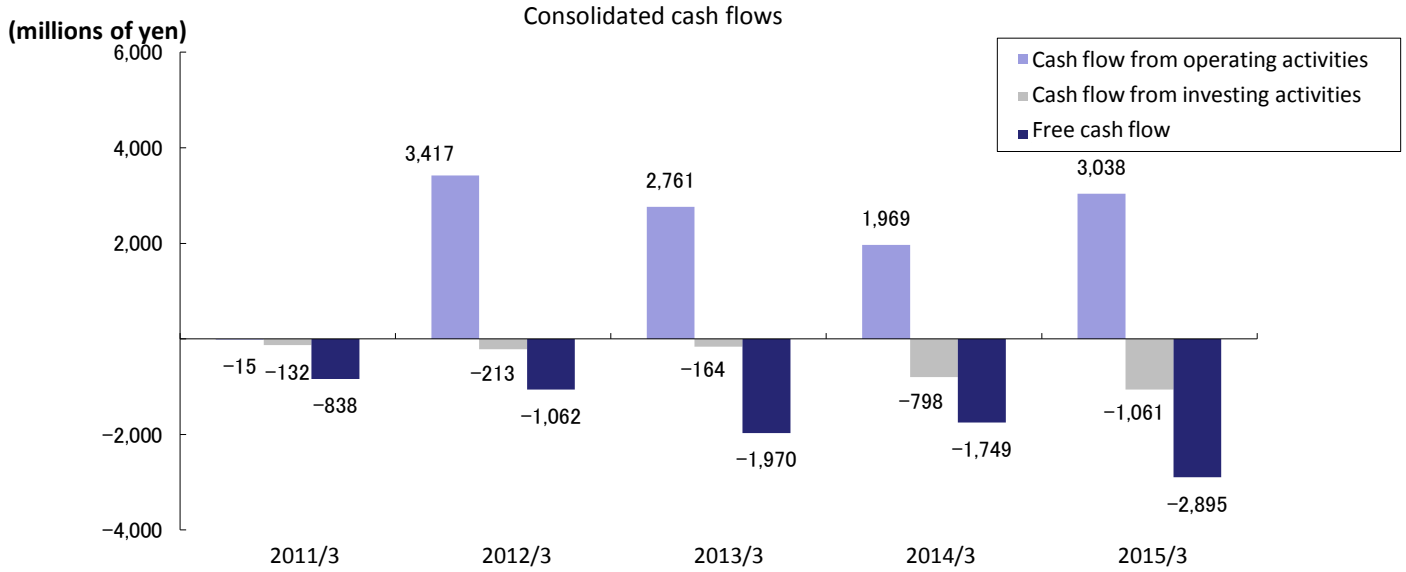
(millions of yen)

	March 2014	March 2015	Difference over previous year	Main reasons for difference
Cash and deposits	7,377	6,851	–525	Share buybacks, etc.
Notes and accounts receivable—trade	1,949	2,182	233	
Other	5,401	4,874	–527	Decline in securities: ¥398 million Decline in work in progress: ¥167 million
Total current assets	14,727	13,908	–818	
Property, plant and equipment	6,031	6,019	–12	
Intangible assets	2,457	2,650	193	Increase in disclosure operations support system, etc.
Investments and other assets	4,673	4,899	225	Increase in investment securities: ¥141 million
Total noncurrent assets	13,163	13,569	406	
Total assets	27,890	27,478	–412	
Total liabilities	6,070	6,544	473	Increase in accrued consumption tax:¥446 million Increased in account payable-other:¥344 million Decrease in current portion of long-term loans payable: ¥375 million
Capital stock / retained earnings	24,073	24,827	753	Net income: ¥1,358 million Decrease due to dividend of surplus: ¥639 million
Treasury stock	(2,623)	(4,498)	–1,875	Acquired approximately 2.5 million shares in the fiscal year under review
Total shareholders' equity	21,449	20,328	–1,121	
Total net assets	21,819	20,934	–885	
Total liabilities and net assets	27,890	27,478	–412	

3-(14) Consolidated Statements of Cash Flows for the FYE March 2015

(millions of yen)

	Year ended March 2014	Year ended March 2015	Change		Major factors
Cash flow from operating activities	1,969	3,038	1,069	↗	Increase in accrued consumption taxes Decrease in inventories
Cash flow from investing activities	(798)	(1,061)	–262	→	Decrease in proceeds from withdrawal of time deposits and sales of securities Decrease in purchase of investment securities
Cash flow from financing activities	(1,749)	(2,895)	–1,146	↘	Increase in purchase of treasury shares
Net increase (decrease) in cash and cash equivalents	(579)	(924)	–345	→	
Cash and cash equivalents at end of period	11,566	10,642	–924	→	



- Investment for development of next-generation EDINET-compliant software peaked out
- We will continue investment for development to increase customer satisfaction and enhance competitiveness

1. Capex

	Results for FYE March 2014	Results for FYE March 2015	Forecast for FYE March 2016
Total (millions of yen)	1,167	1,199	900

2. Depreciation

	Results for FYE March 2014	Results for FYE March 2015	Forecast for FYE March 2016
Total (millions of yen)	862	1,020	1,040

■ We plan to continue with small-scale M&A to expand business and reinforce competitiveness

Project	Date of implementation	Acquisition	Purpose
Database business succession	Jan. 2013	Succeeded to soft assets and customers of "Next Yuho Kakumei" from Hitachi High-Technologies Corporation	Expand database business and enhance competitiveness
Make English-language translation company into a wholly owned subsidiary	Apr. 2013	Made ZAIHON, Inc., in which we had a 37% stake, into a wholly owned subsidiary	Expand English-language IR services and enhance competitiveness
Investment in a website production company	Dec. 2013	Acquired a 20% stake in Mitsue-Links Co., Ltd., making it an equity method affiliate	Expand online services business and enhance competitiveness
Launch of BPO business for Japanese firms in Taiwan	Aug. 2014	Acquired business from SABC	Reinforce overseas expansion and the BPO service segment
Established of a JV focused on disclosure BPO services	Mar. 2015	Took a 35% stake in DISCLOSURE PRO Inc.	Reinforce the BPO service segment

4. Earnings Forecast for the FYE March 2016

■ Forecast indicates lower net sales, but higher profits than in the FYE March 2015

(millions of yen)

	Results for year ended March 2015			Forecast for year ending March 2016			Difference
	1st half	2nd half	Full year	1st half	2nd half	Full year	Full year
Net sales	12,168	8,950	21,119	11,600	8,400	20,000	–1,119
Operating income (loss)	2,056	(64)	1,991	2,100	(100)	2,000	8
Ordinary income (loss)	2,039	(3)	2,036	2,100	(50)	2,050	13
Net income	1,253	105	1,358	1,400	(30)	1,370	11

Net Sales Forecast by Product Area for the FYE March 2016

(millions of yen)

	Results for year ended March 2015			Forecast for year ending March 2016			Difference
	1st half	2nd half	Full year	1st half	2nd half	Full year	Full year
Listed companies disclosure-related	5,662	3,106	8,769	5,820	3,180	9,000	230
Listed companies IR-related, etc.	3,325	2,555	5,881	2,670	1,960	4,630	–1,251
Financial instruments disclosure-related	2,949	3,056	6,005	2,880	3,020	5,900	–105
Database-related	231	231	462	230	240	470	7
Total	12,168	8,950	21,119	11,600	8,400	20,000	–1,119

Note : PRONEXUS plans to change the a2media Group from a consolidated subsidiary to an affiliate under the equity method. As a result of this change in the scope of consolidation, the a2media Group's external sales have been excluded from the forecast.

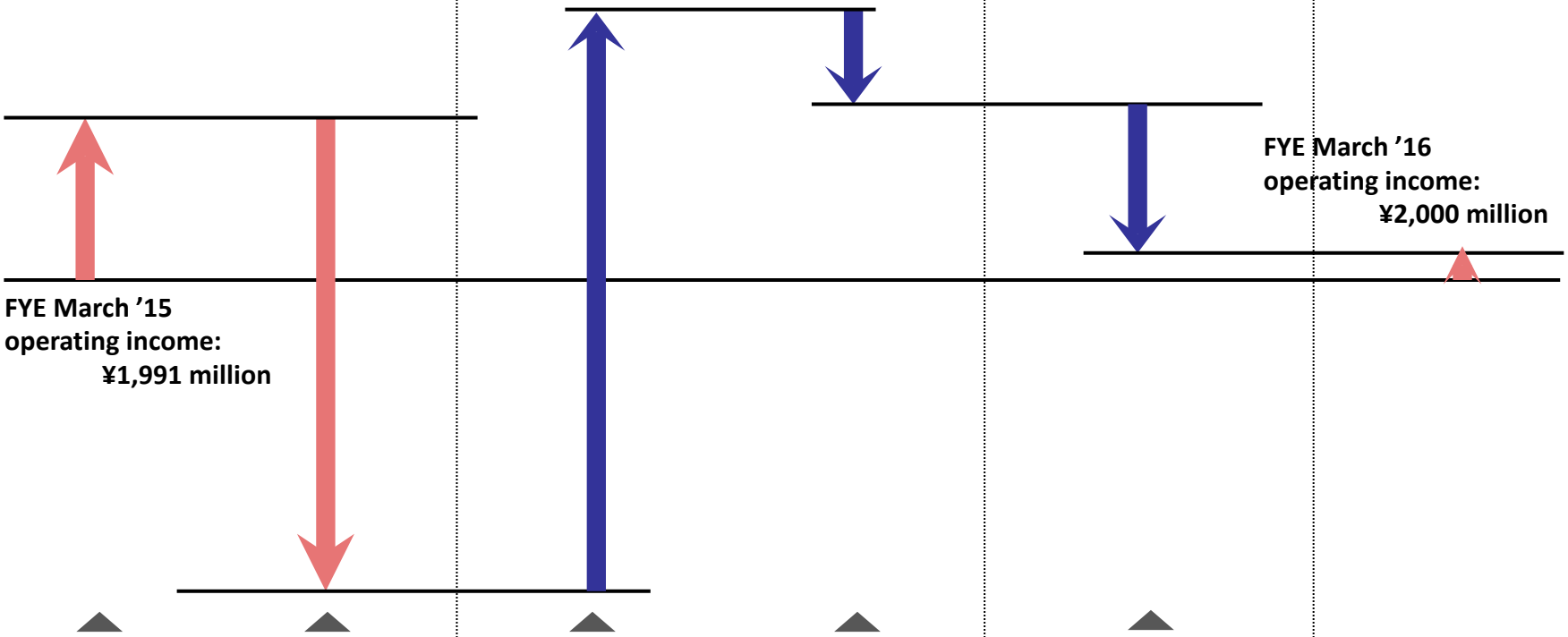
Factors behind the increase in net sales (forecast)	
Listed companies disclosure-related	(+) Convocation notices and IPO/financing related
Listed companies IR-related, etc.	(+) Online IR services and English-language IR services (-) External sales of the a2media Group*
Financial instruments disclosure-related	(+) New customer support services (+) J-REIT-related products (-) Investment trust management reports
Database-related	Forecast nearly level performance compared to the previous year

*PRONEXUS plans to change the a2media Group from a consolidated subsidiary to an affiliate under the equity method. As a result of this change in the scope of consolidation, the a2media Group's external sales have been excluded from the forecast.

4-(3) Main Factors behind the Increase in Profits during FYE March 2016 (Forecast)

- The a2media Group's sales and expenses will be excluded from the scope of consolidation once it is made an affiliate under the equity method (planned).
- Decrease of ¥1,119 million in net sales < Decrease in cost of sales and SG&A expenses of ¥1,128 million, resulting in a rise of ¥9 million in operating income

Change in net sales –¥1,119 million	+	Change in cost of sales +¥1,680 million	–	Change in SG&A expenses –¥552 million	=	Change in operating income +¥9 million



↓Factors for increase	↑Factors for decrease	↑Factors for decrease	↓Factors for increase	↓Factors for increase
●See previous page for details	●External sales of the a2media Group ●See previous page for other details	●Exclusion of a2media Group expenses ●Temporary cost reductions from the next-generation EDINET ●Increase in in-house production ●Decrease in asset management reports	●Increased headcount to strengthen structure	●Increased headcount to strengthen structure ●Goodwill amortization of consolidated subsidiary

5. Business Strategy

5-(1) PRONEXUS's Business Domains and Market Environment

Business domains		Market environment	Services
Market	Clients		
Listed company related market	●Listed companies General affairs Accounting IR Corporate planning HR/training ●Companies considering an IPO	■ Recovery in number of listed companies and increase in IPOs ■ Expanding disclosure/IR needs Compliance with governance code Response to growing number of foreign investors Increasing number of companies adopting IFRS ■ Need for support due to lack of specialized human resources ■ Need to achieve greater operating efficiencies	Statutory disclosure support IR support IPO support <BPO services>
Financial instruments related market	● Investment trust asset management companies ● J-REITs ● Securities companies ● Banks ● Companies issuing foreign debt	■ Reinvigorated investment trust market ■ Growth of J-REIT market ■ Decrease in asset management reports ■ Tougher competition among clients ■ Need for specialized human resources ■ Need to achieve greater operating efficiencies	Statutory disclosure support IR/sales promotion support IPO support <BPO services>
Data base	● Universities, research institutes, financial institutions, business companies	■ Increased demand for database services	Corporate information databases
Int'l	● Japanese companies expanding overseas	■ Continuing demand from Japanese companies expanding into Asia	BPO services

Business strategy

Strengthen and reinforce existing businesses	■ Improve functions of disclosure support systems ■ Strengthen consulting services and expand working level support services ■ Reinforce structure in growth areas and expand support services (Online/English/shareholders' meetings/financial instruments/J-REITs)
Expand business domains	■ Expand system service domain ■ Expand database service functions and domain ■ Enhance assistance for client operational processes ■ Expand foundation of BPO business in Taiwan and build a structure to provide services in Asia
Improve productivity and pursue cost cutting	■ Restructuring ■ Increase in-house production at plant

Utilize external resources/M&A

Roll out internal resources

Enhance competitiveness and earnings power

Operating margin: over 10%
•
ROE: over 8%

Aim for growth

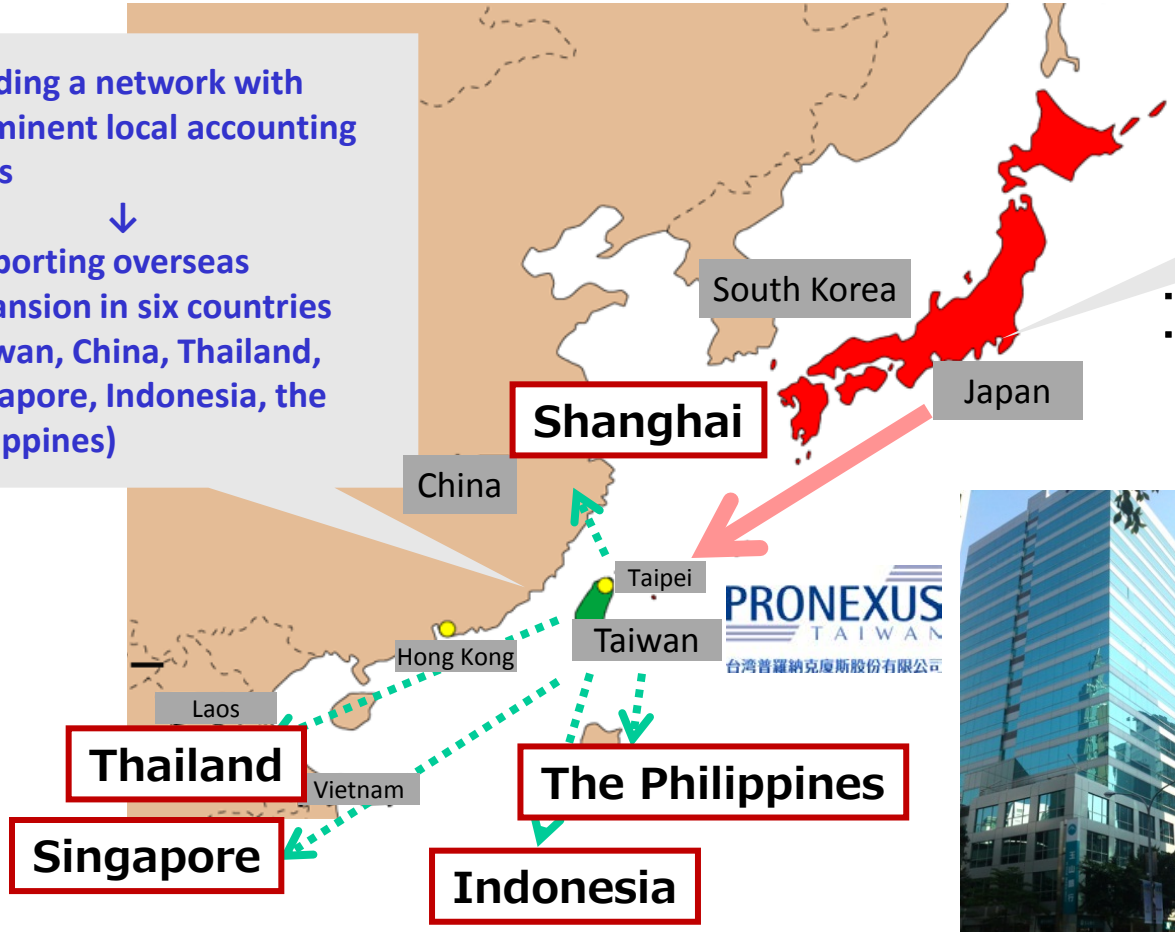
6. Business Topics

■ **PRONEXUS TAIWAN was established in 2014. The company is supporting Japanese companies looking to expand in Asia from Taiwan and Asia.**

Building a network with prominent local accounting firms

↓

Supporting overseas expansion in six countries (Taiwan, China, Thailand, Singapore, Indonesia, the Philippines)



(Japan)
Business tie-ups with regional financial institutions

- **March 2015:** The Chiba Kogyo Bank, Ltd.
- **April 2015:** FIDEA Holdings Co., Ltd.
  The Hokuto Bank, Ltd.
  The Shonai Bank, Ltd.

(as of April 2015)

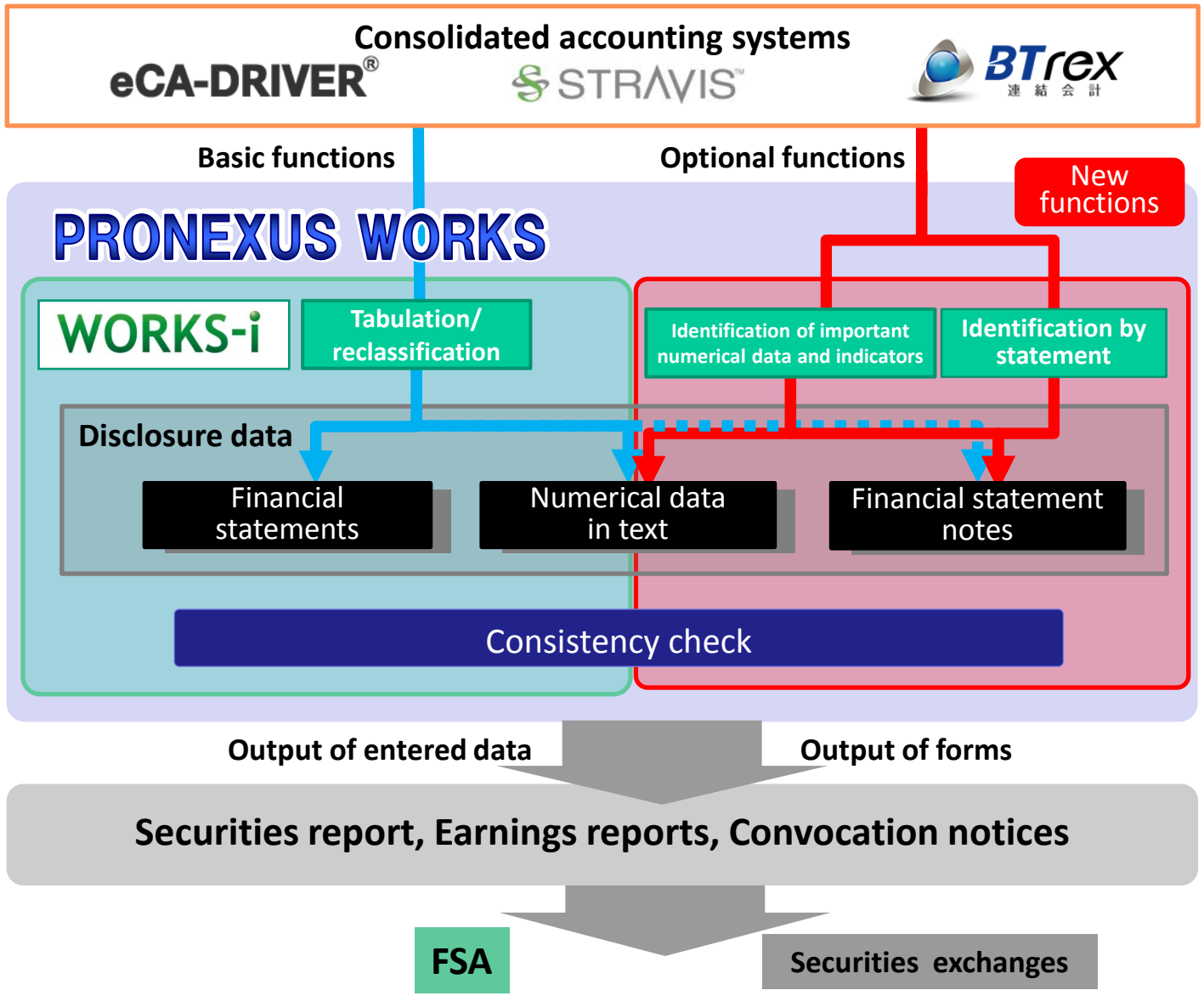
In addition to strengthening structures in Japan and overseas, reinforce marketing support and information provision by utilizing our IT expertise



Providing working-level services through prominent local accounting firms

- ■ Business center (Taiwan)
- ■ Accounting operations
- ■ HR/payroll operations
- ■ Company establishment
- ■ Trademark registration
- ■ Accounting audit support and referrals
- ■ Credit research reports

- Linkage with the consolidated accounting system of three consolidated accounting system vendors
- Improved functionality of disclosure operation support system PRONEXUS WORKS and improved client convenience



- Linkage with data from each consolidated accounting system
- Reflects data in disclosure documents for each statement and data field
- Improved consistency check function

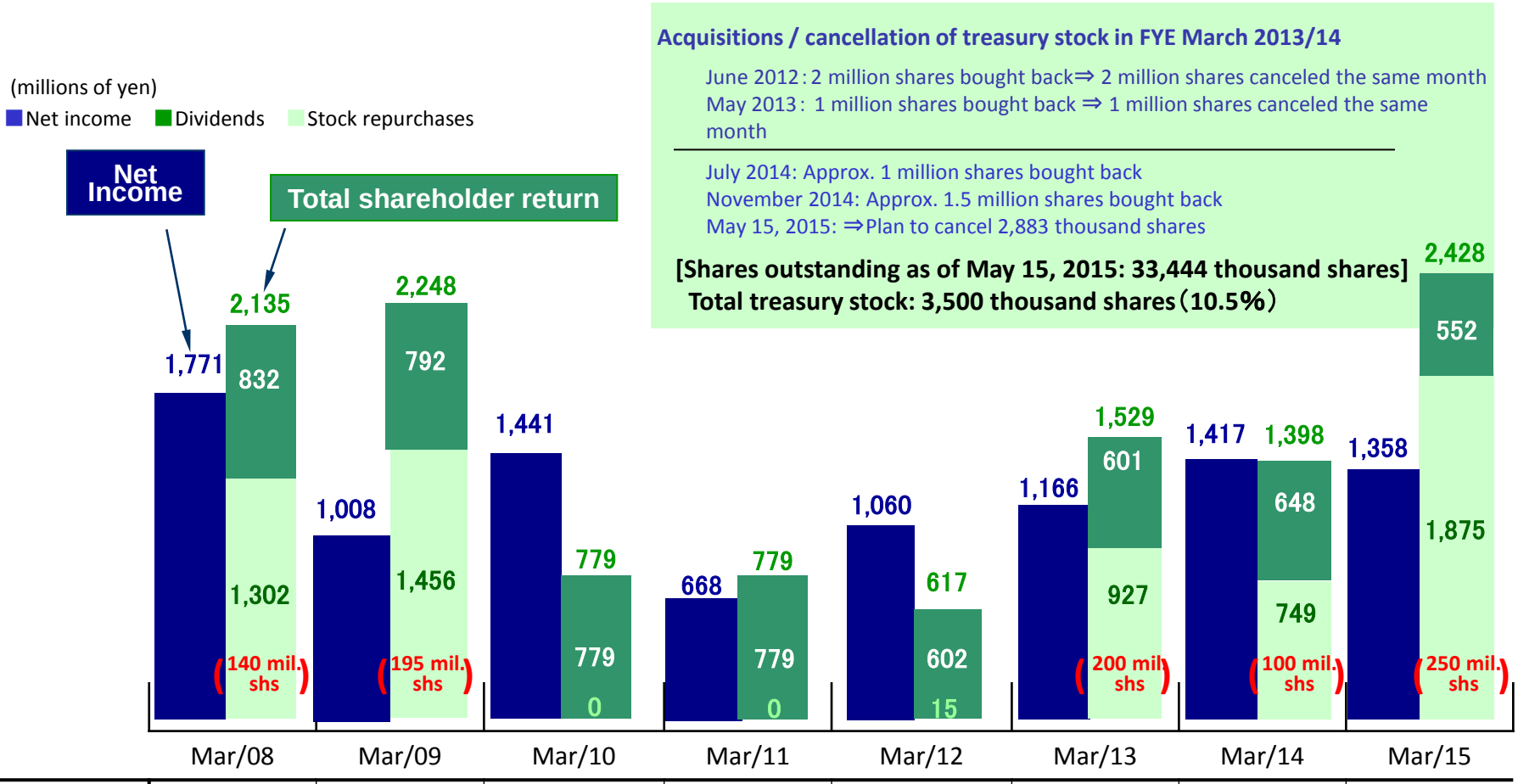
(1) Automation of manual entry work

(2) Reduced workload

(3) Prevention of human errors, such as transcription errors

7. Stock Price and Shareholder Return

7-(1) Dividends and Stock Repurchases



Acquisitions / cancellation of treasury stock in FYE March 2013/14

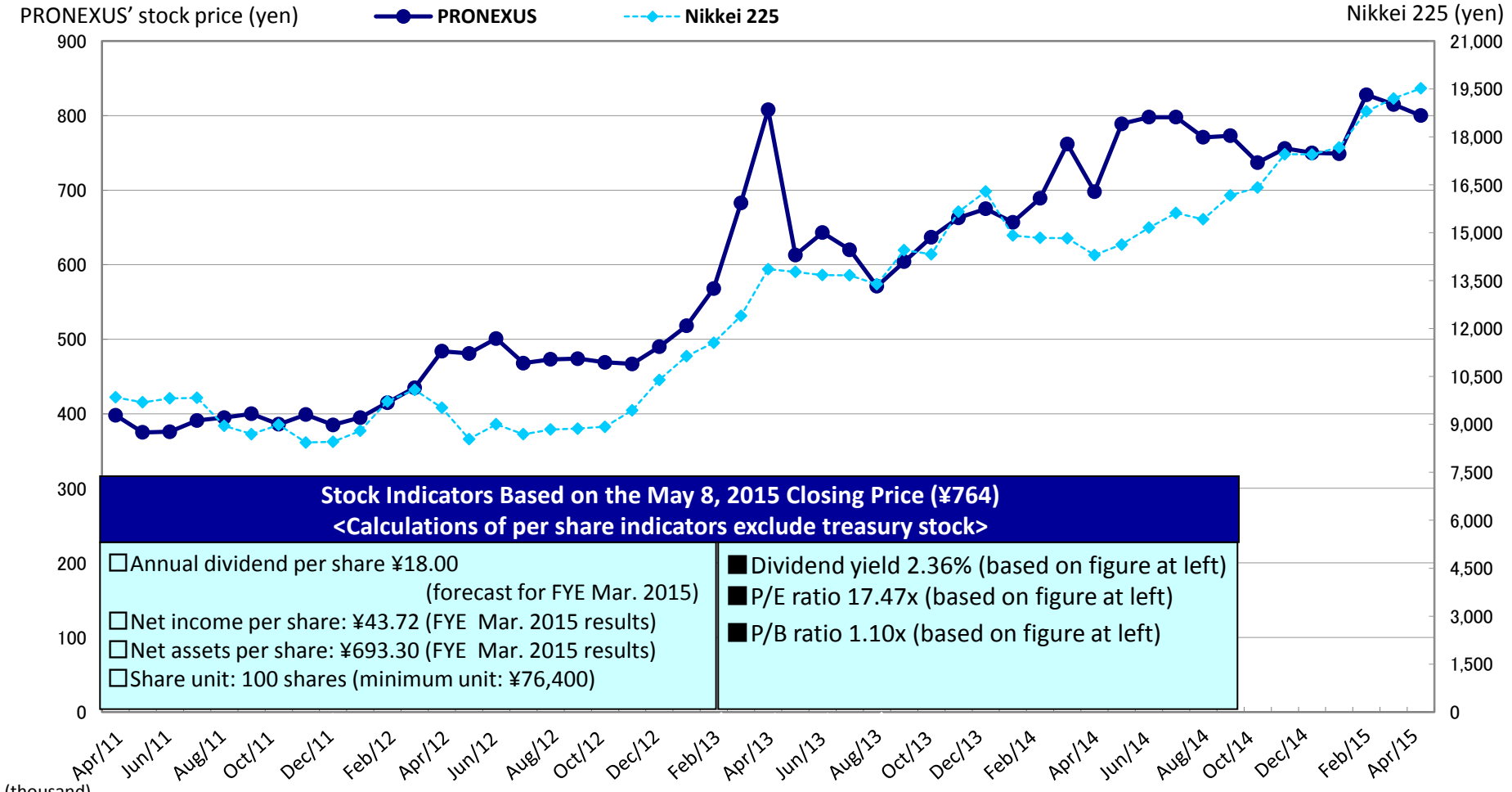
June 2012：2 million shares bought back⇒ 2 million shares canceled the same month
May 2013： 1 million shares bought back ⇒ 1 million shares canceled the same month

July 2014: Approx. 1 million shares bought back
November 2014: Approx. 1.5 million shares bought back
May 15, 2015: ⇒Plan to cancel 2,883 thousand shares

[Shares outstanding as of May 15, 2015: 33,444 thousand shares]
Total treasury stock: 3,500 thousand shares（10.5%）

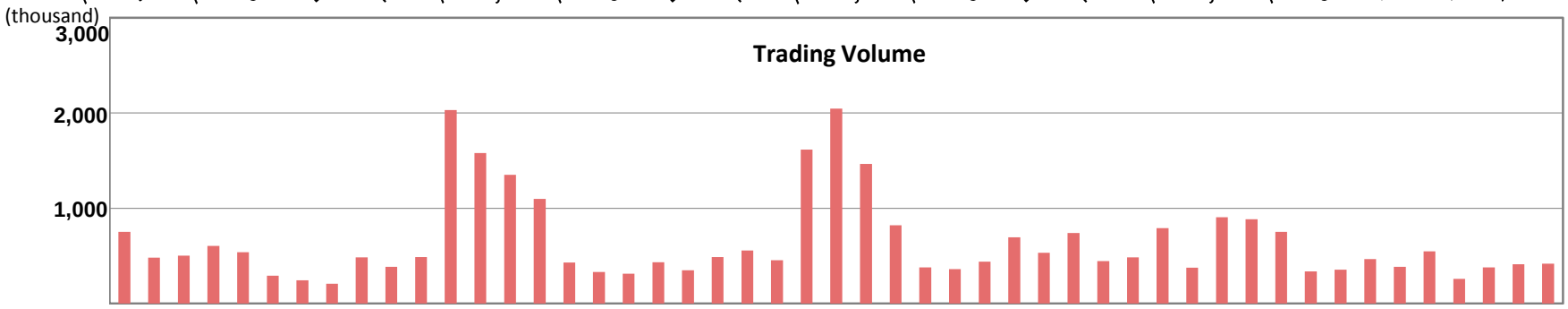
	Mar/08	Mar/09	Mar/10	Mar/11	Mar/12	Mar/13	Mar/14	Mar/15
Pct. of earnings returned to shareholders	**120.5%**	**223.0%**	**54.1%**	**116.7 %**	**58.3%**	**131.0%**	**98.7%**	**178.7%**
Dividend payout ratio	**47.5%**	**79.6%**	**54.1%**	**116.6%**	**56.8%**	**51.9%**	**45.8%**	**41.2%**
Annual dividend per share	**¥22**	**¥22**	**¥22**	**¥22** (including ¥2 commemorative dividend)	**¥17**	**¥18**	**¥20**	**¥18**

7-(2) Stock Price, Trading Volume, and Related Indicators



Stock Indicators Based on the May 8, 2015 Closing Price (¥764)
<Calculations of per share indicators exclude treasury stock>

- ☐Annual dividend per share ¥18.00 (forecast for FYE Mar. 2015)
- ☐Net income per share: ¥43.72 (FYE Mar. 2015 results)
- ☐Net assets per share: ¥693.30 (FYE Mar. 2015 results)
- ☐Share unit: 100 shares (minimum unit: ¥76,400)
- ■Dividend yield 2.36% (based on figure at left)
- ■P/E ratio 17.47x (based on figure at left)
- ■P/B ratio 1.10x (based on figure at left)



■ QUO prepaid cards presented based on the number of years and number of shares owned

(offered to shareholders recorded in the shareholder registry as of March 31 each year who own more than 100 shares)

Number of shares owned \ Number of years owned	Less than 1 year	1 or more years but less than 3 years	3 years or more
100 shares or more	¥500 QUO prepaid card	¥1,000 QUO prepaid card	¥1,500 QUO prepaid card
1,000 shares or more	¥1,000 QUO prepaid card	¥3,000 QUO prepaid card	¥5,000 QUO prepaid card

“Number of years owned” is the number of years that a shareholder with the same shareholder no. is recorded continuously in the shareholder registry.









Financial Disclosure Solutions
PRONEXUS

Thank you for your kind attention

PRONEXUS INC.

Supplemental Data: Major Operating Performance Indicators, etc.

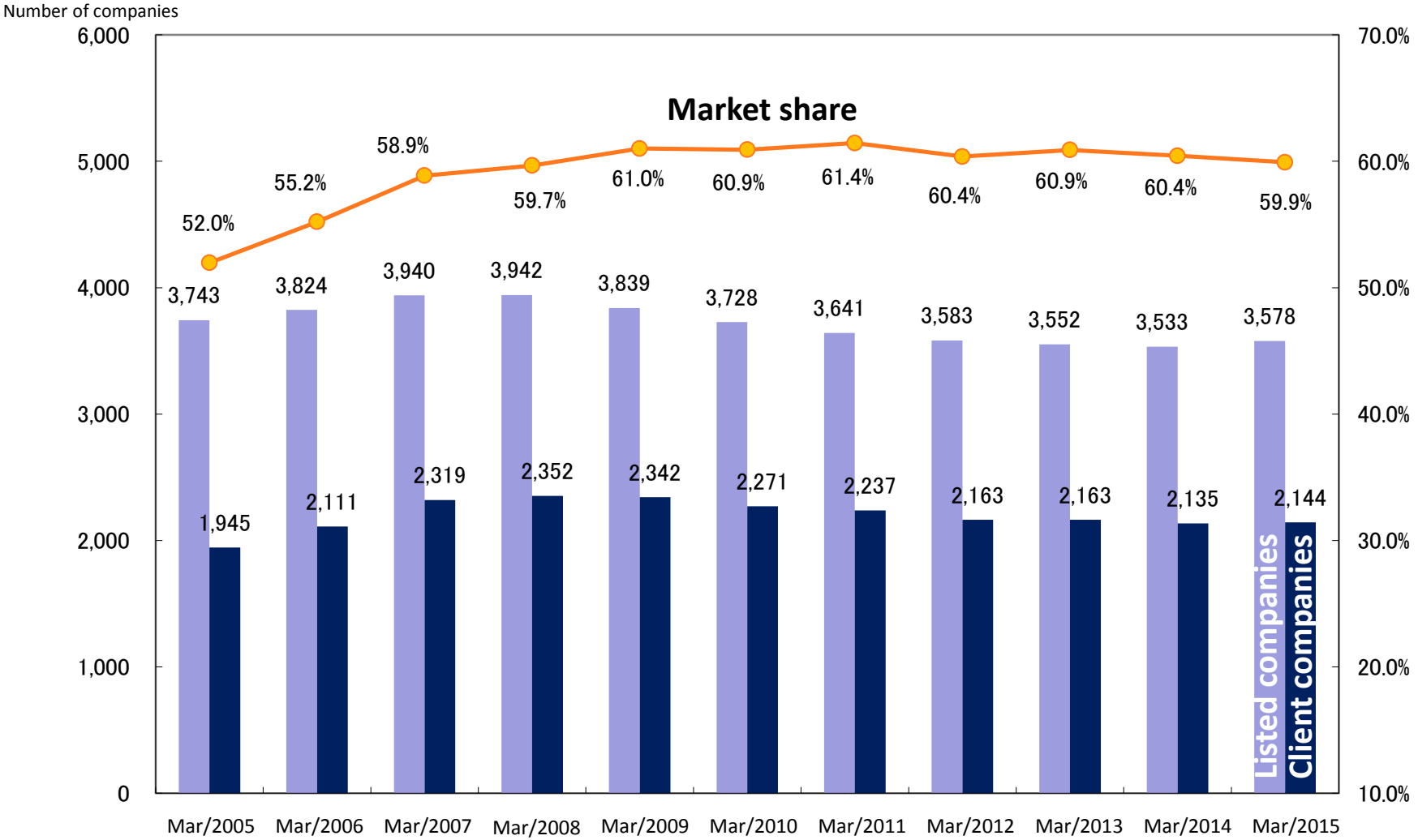
■ Operating margin: 9.4%; ROE: 6.4%

(millions of yen)

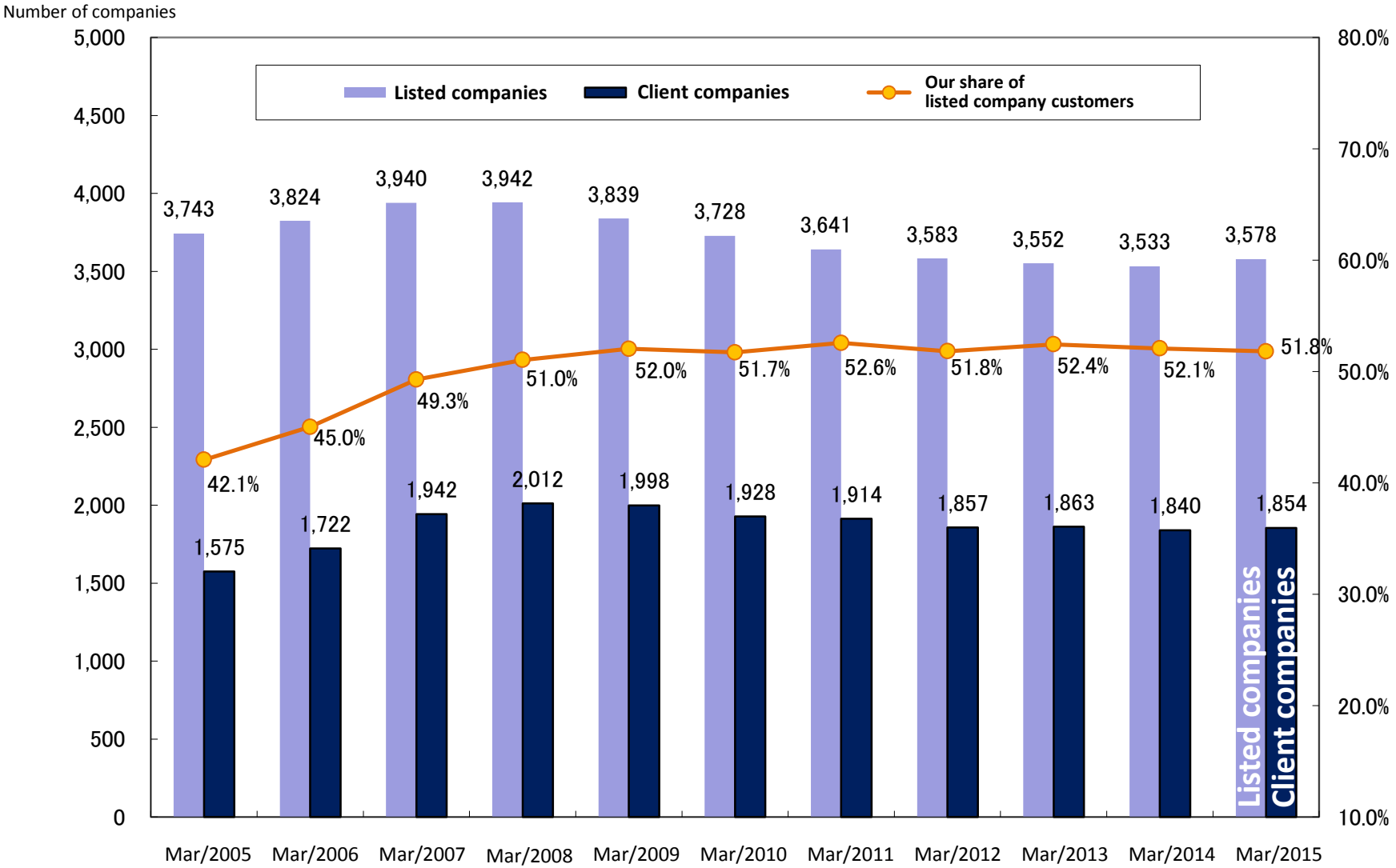
	2011	2012	2013	2014	2015	2016 (Forecast)
Net sales	19,003	17,785	18,031	19,882	21,119	20,000
Rate of change (%)	(3.5)	(6.4)	1.4	10.3	6.2	(5.3)
Cost-of-sales ratio (%)	63.4	59.6	58.6	60.8	64.4	
Operating income	1,414	1,685	1,826	2,107	1,991	2,000
Rate of change (%)	(35.7)	19.1	8.4	15.4	(5.5)	0.4
Operating margin (%)	**7.4**	**9.5**	**10.1**	**10.6**	**9.4**	**10.0**
Net income	668	1,060	1,166	1,417	1,358	1,370
Earnings per share (EPS)	18.86	29.91	34.69	43.63	43.72	44.08
Rate of change in EPS (%)	**(53.6)**	**58.6**	**16.0**	**25.8**	**0.2**	**0.8**
Net assets	21,473	21,943	21,758	21,819	20,934	
ROE (%)	**3.1**	**4.9**	**5.4**	**6.5**	**6.4**	
Dividends per share	22	17	18	20	18	18
Total dividends	779	602	601	648	552	539
Acquisition of treasury stock	0	15	927	749	1,875	
Dividend payout ratio (%)	**116.6**	**56.8**	**51.9**	**45.8**	**41.2**	**40.8**
Return to shareholders (%)	**116.7**	**58.3**	**131.0**	**98.7**	**178.7**	
Average number of shares during year (excld. treasury stock)	35,441	35,440	33,633	32,485	31,077	29,944

Financial Disclosure Solutions PRONEXUS

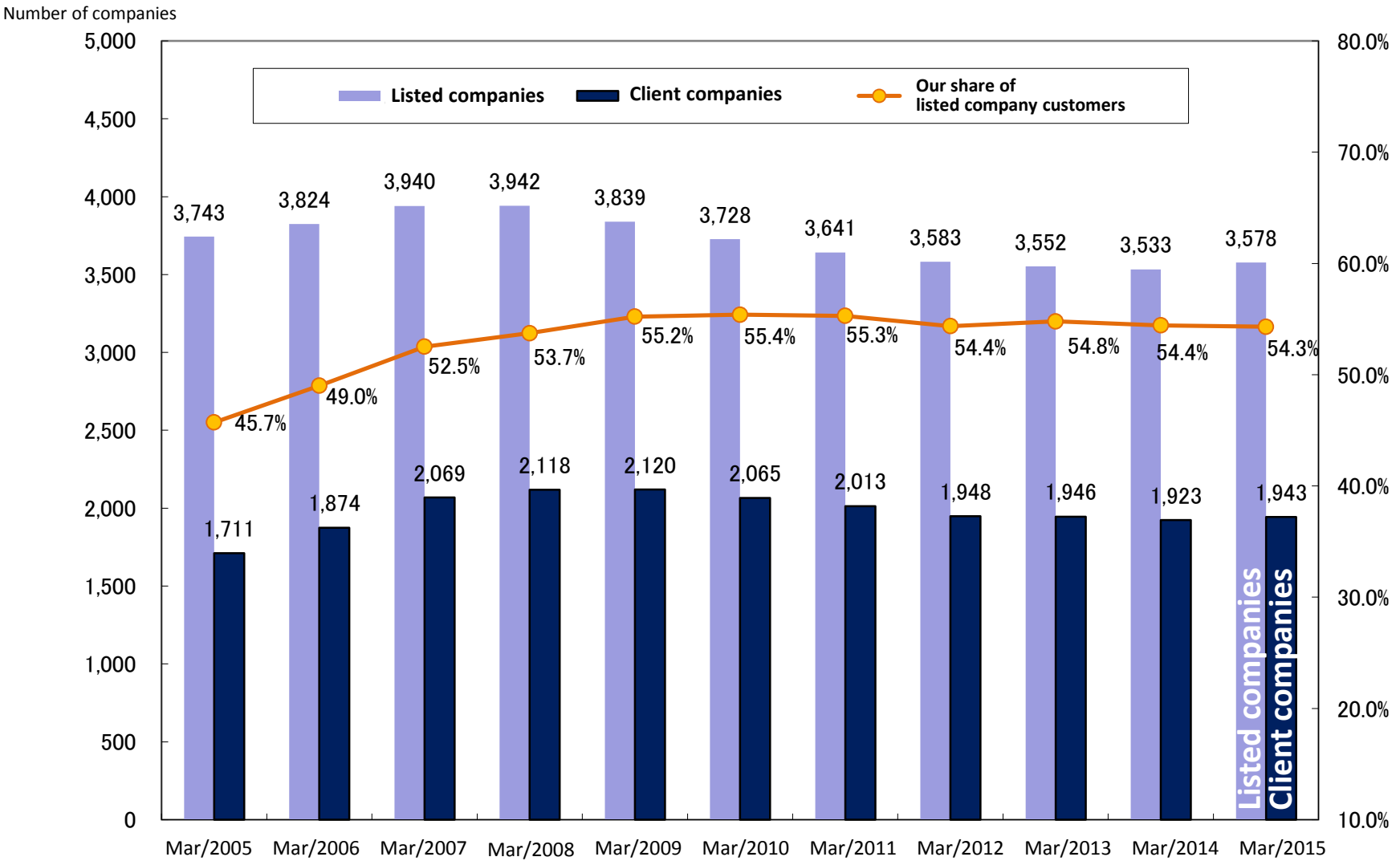
Listed companies and client companies (number of listed clients companies that place orders for either convocation notices or securities reports)



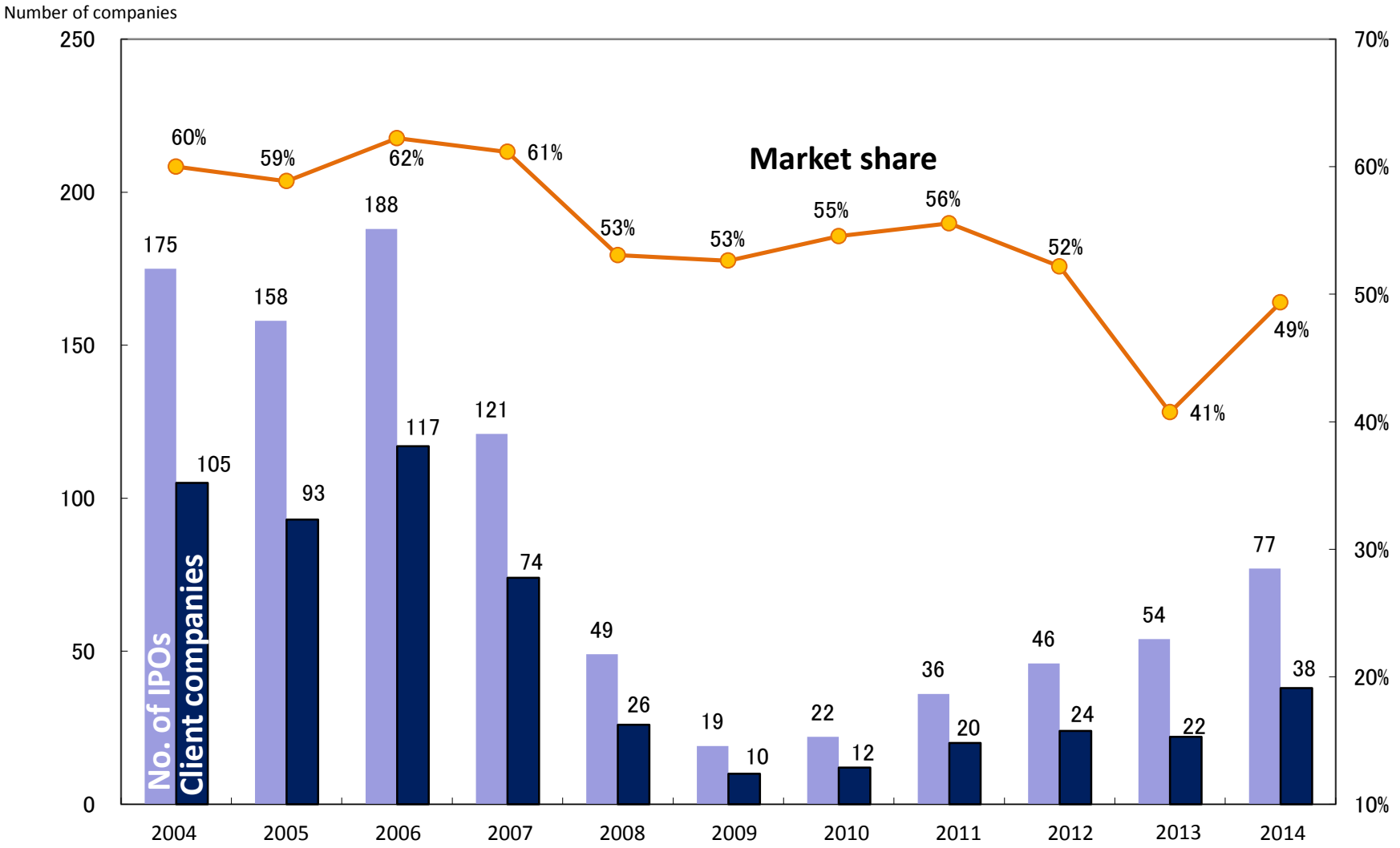
3. Number of Clients for Convocation Notices for Shareholders' Meeting (Listed Companies)



4. Number of Clients for Securities Reports (Listed Companies)



5. Number of Clients for Listing Application Materials (Calendar-Year Basis)



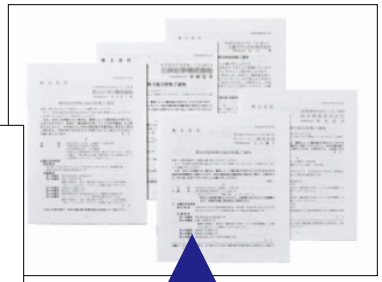
1. Listed companies disclosure-related

Main clients Listed companies (accounting / administrative divisions)

Shareholders' meeting-related

Convocation notices for shareholders' meeting



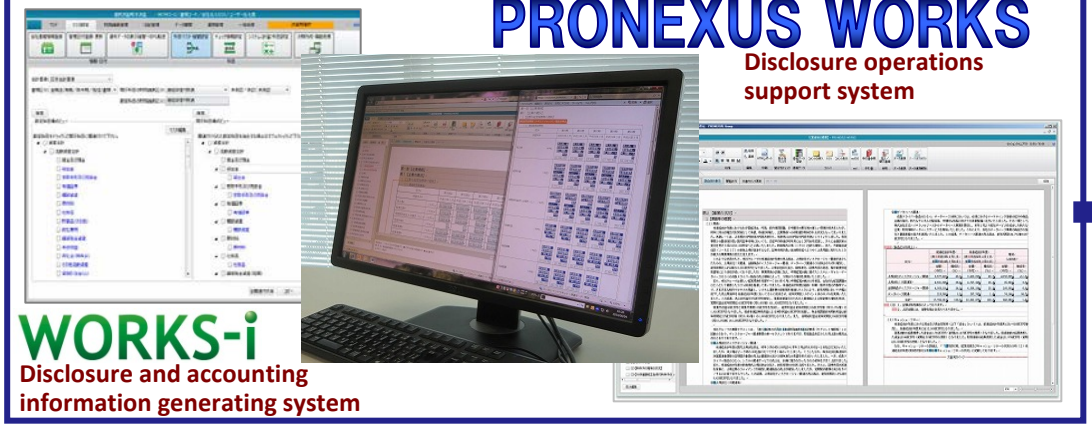


Convocation notices for shareholders' meeting



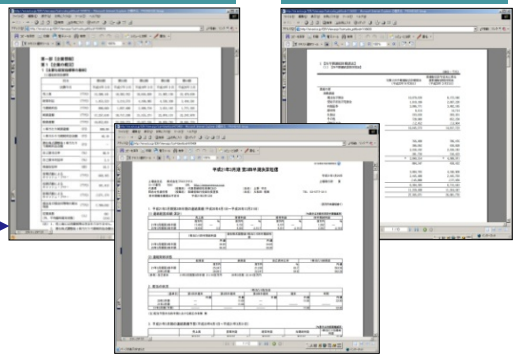
Account settlement-related

PRONEXUS WORKS
Disclosure operations support system



WORKS-i
Disclosure and accounting information generating system

Securities reports **Quarterly reports**



Earnings reports

IPO/finance-related

Stock listing applications



Prospectuses



Securities registration statements



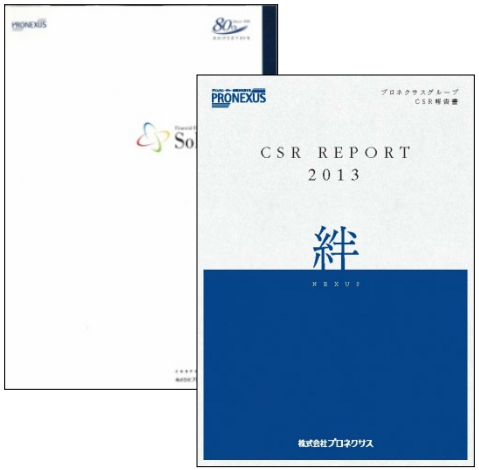
2. Listed companies IR-related, etc.

Main clients Listed companies (IR departments)

Business reports



Company brochures



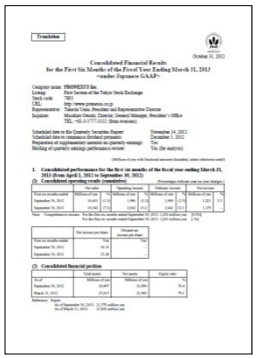
IR consulting service

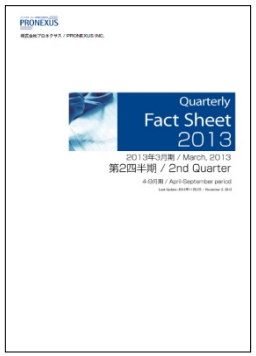
IR site building and updating service



English-language IR tools







Support for electronic public notices



Public notices, advertising



Support for shareholders' meeting (visualization, etc.)





Business education seminars





3. Financial instruments disclosure-related

Disclosure documents and tools for investment trusts, J-REIT and foreign securities, etc.

Main clients

Domestic investment trust management companies, listed J-REITs, overseas investment trust management companies, and overseas companies

Prospectuses, securities registration statements, and asset management reports



Sales materials

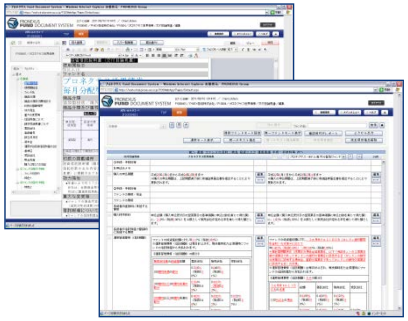


Website content



Disclosure operations support system for investment trust management firms

PRONEXUS FUND DOCUMENT SYSTEM



Operations support system for J-REITs



4. Database-related

Main clients

Universities, research institutions, and general business companies

Corporate information databases

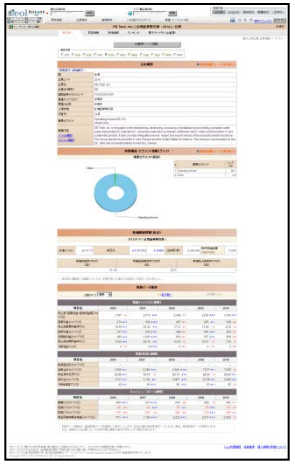
"eolDB," "AsiaOne," "eol Japan's 1 Million Companies"

eol



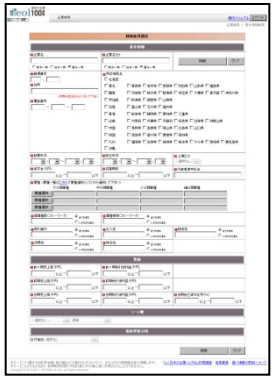
eol Asia one Comprehensive Asia Company Data Service Data





eol 日本の企業 100万社





■ Basic stance

(As of March 31, 2015)

PRONEXUS strives to continually improve and review its corporate management structure in terms of its effectiveness in order to reasonably and fairly fulfill management responsibilities and manage itself efficiently, with the goal of achieving sustainable growth and development, and maximizing shareholder value and earnings respect and admiration from shareholders and clients. Additionally, we strive to disclose management information in a timely and accurate manner, constantly improve our checks and oversight of management activities, boost transparency and thoroughly manage compliance and risk in an effort to enhance corporate governance, which we consider to be one of the most important management tasks that we face.

■ Capital composition

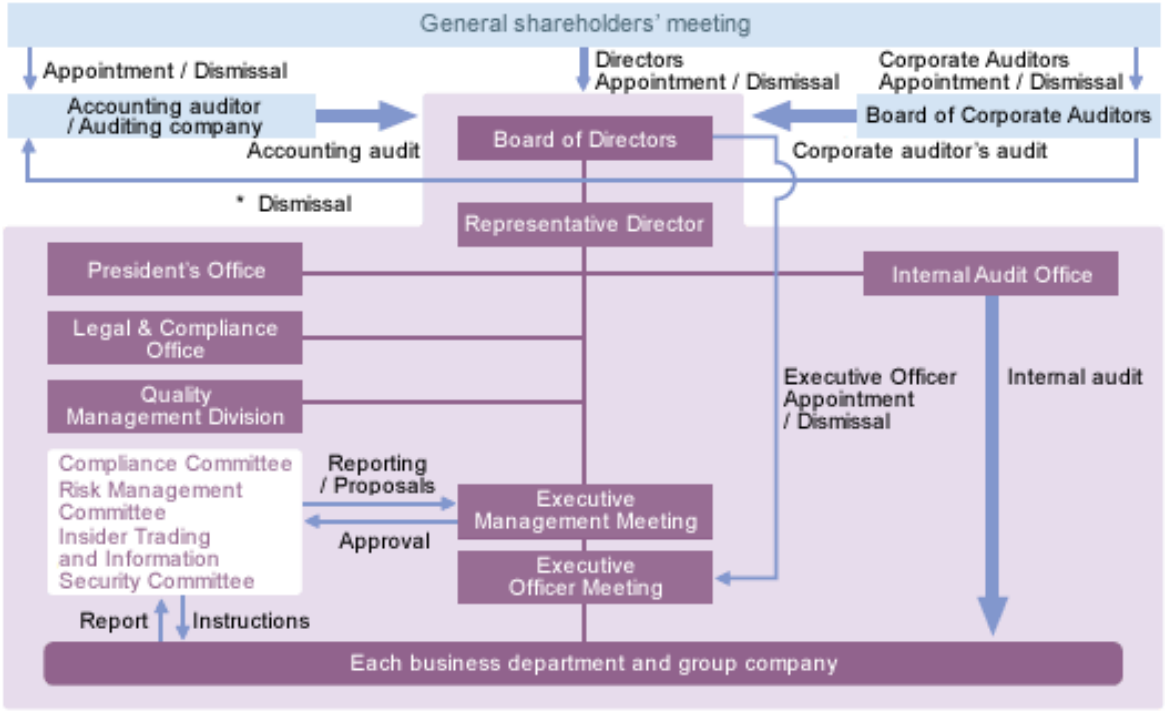
● Foreign ownership: 14.0%

● **Principal shareholders**

name	Percentage of total shares (%)
Morio Ueno	25.9%
Seiko Ueno	4.7%
PRONEXUS Employees' Shareholding Association	4.0%
Yoshio Ueno	2.7%
Akiko Minetomatsu	2.4%
Takeshi Ueno	2.4%
CBNY-CHOU ASIA FUND	2.2%
Tatsuya Okada	1.9%
Daisuke Ueno	1.5%
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1.5%

The percentage of total shares is calculated excluding this treasury stock.

■ Overview of corporate governance / Internal control structures



*In accordance with the reasons stipulated in Article 340, paragraph 1 of the Companies Act of Japan.

■ Organizational format

● Board of Corporate Auditors (3 of the 4 corporate auditors are outside corporate auditors)

● Directors : 8 persons ● Executive Officers : 24 persons (5 of whom serve concurrently as director) ● Outside Director : 1 person

■ **Founded as a firm specializing in the printing of securities certificates, PRONEXUS later moved into the disclosure business and has grown into a major corporation that supports disclosure operations with working-level consulting and systems.**

1930 Founded as a firm specializing in the printing of securities certificates

1960s Became a leader in securities printing





1970-1980s Expanded into disclosure business

- Expanded into Commercial Code (Companies Act)-related documents business
- Expanded into Securities and Exchange Act (Financial Instruments and Exchange Act)-related documents business
- Expanded into IR-related business
- Expanded into investment trust-related business








Expanded the business base with consulting and system services

1990s Responded to major changes in disclosure-related laws

2000s Accommodated change to electronic disclosures and developed and grew system services