April 28, 2016

# [Delayed]Notice concerning the Launch of New Medium-term Management Plan 2018

TOKYO, JAPAN, April 28, 2016—PRONEXUS Inc. (below “PRONEXUS”) announced today the launch of new medium-term management plan for the three-year period from April 2016 to March 2019 (below “the Plan”).

## 1. Background to the Formulation of the Plan

1) PRONEXUS’ History and Mission

PRONEXUS was founded in 1930 as a stock certificate printing company, and celebrated its 85th anniversary in 2015. Over the past 85 years, in response to the development of Japan's capital markets and changes in related laws and regulations, PRONEXUS has expanded its business domains as a company specializing in providing solutions for disclosure operations of listed companies and financial products. In recent years, advancements have been made in the digitization of disclosure operations, and as a result, the development and provision of disclosure support systems and consulting services using advanced and working level expertise have grown into PRONEXUS' core business lines. With more than 2,100 listed companies utilizing its services, PRONEXUS' mission today is providing advanced and stable services as an important part of social infrastructure used in the capital markets.

2) Changes in Operating Environment

PRONEXUS believes that one of management's most important tasks is to transform both positive and negative environmental changes into growth potential by expanding its business domains where its strengths can be harnessed, while also solidifying a foundation for its core disclosure support services.

■ Recent environmental changes

- The number of listed companies, which had continually declined since peaking out in the year ended March 2008, are now increasing once again
- Sales volumes of investment trusts and other financial products are increasing
- Growing demand for engagement between companies and investors with the introduction of the Corporate Governance Code

■ Environmental changes anticipated over the medium to long term

- Practical examination by relevant ministries and agencies given to digitization of convocation notices for general shareholders meetings and the integration of disclosure documents
- Growing need for support services in response to the further diversification and invigorization of financial products
- Growth in new fields of securitization, such as infrastructure funds, etc.
- Further advancement of the online disclosure and IR materials driven by the evolution of the Internet

## 2. Fundamental Concept of the Plan

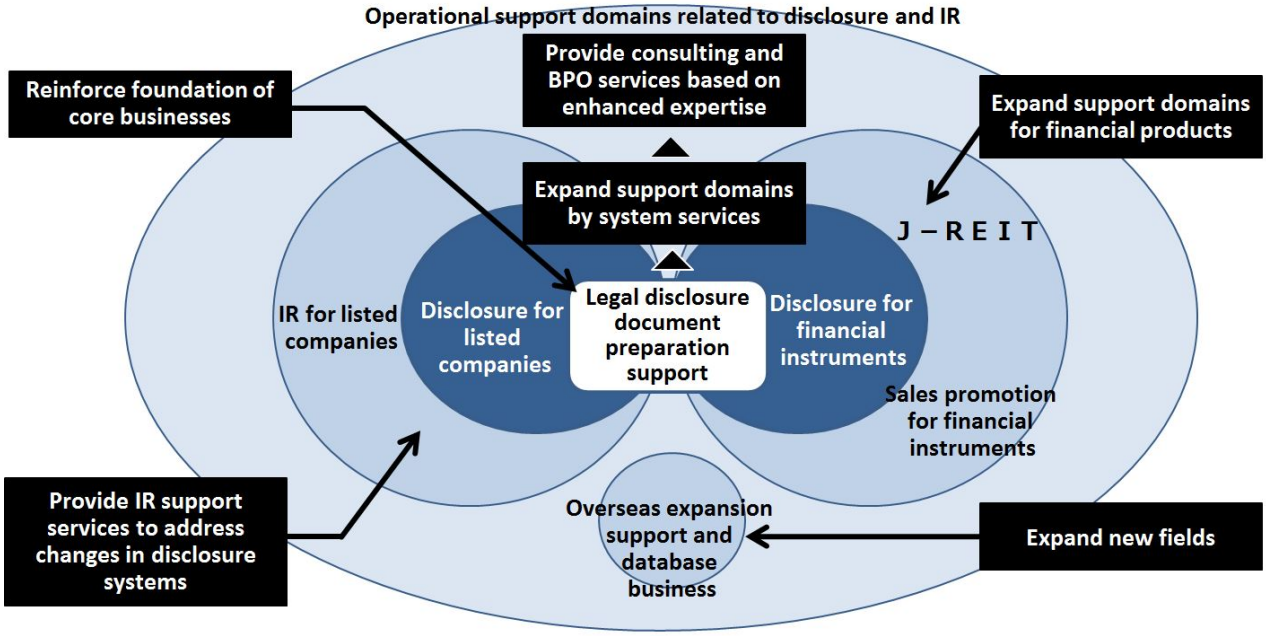
As was the case when it shifted away from its original securities printing business, PRONEXUS has established a corporate culture that values adaptation and reform tailored to changes in the business environment. The basic concept of the Plan is to further expand areas of support for clients through further adaptation and reform in the future.

■ Domain expansion: Shift from disclosure document preparation support to practical operation support including disclosure document preparation.

- In the field of statutory disclosure document preparation that has been the principal domain of PRONEXUS support, clients continue to see an increase in their workload of the process to convert accounting data into disclosure data in recent years.
- Within the Plan, PRONEXUS will further broaden the scope of its support solutions for clients through the advancement of its system services and expansion of BPO* and consulting services.

*Business process outsourcing (BPO)

(Vision for domain expansion under the Plan)
PRONEXUS' business domains have expanded out from its core disclosure support business for listed companies and financial products to include listed company IR, J-RET support services, financial product sales promotion support services, and corporate databases. Under the Plan, PRONEXUS will work to expand its business domains related to disclosure and IR based on changes taking place in the business environment.



## 3. Basic Strategies of the Medium-term Management Plan

PRONEXUS will realize sustainable growth by implementing the following key strategies based on the above concept.

1) Expand the disclosure process support domain for listed companies disclosure

| <Background> | <Key strategies> |
|---|---|
| ● Increased workload of operational processes from account settlements to disclosure<br>● Rising demand from clients to streamline operations<br>● Shortage of highly experienced experts in disclosure | ■ **Expansion of system service functions and rollout support**<br>Using disclosure support system PRONEXUS WORKS as the underlying infrastructure, expand the functions of WORKS-i, which links with accounting systems, and provide services which meet the client needs.<br>■ **Provision of BPO services**<br>Support clients through the draft preparation of disclosure documents. |

2) Provide services that address changes in disclosure systems

| <Background> | <Key strategies> |
|---|---|
| ● Growing demand for engagement between companies and investors with the introduction of the Corporate Governance Code<br>● Increasing number of companies adopting IFRS<br>● Growing demand for the translation of disclosure documents into English<br>● Future digitization of convocation notices for general shareholders meetings | ■ **Enhancement of English language translation system**<br>Respond to growing demand for English language disclosure documents.<br>■ **Expansion of online services**<br>Pursue advancements in web-based IR services, such as the convocation notices formatted for smartphone viewing.<br>■ **Enhancement of support services for IFRS compliance**<br>Organize IFRS operation workshops and provide support services including the development and provision of sample databases. |

3) Expand services in new domains of financial instruments disclosure

| <Background> | <Key strategies> |
|---|---|
| ● Investment trust market expected to maintain its current vigor over the interim<br>● Growth in new fields of securitization, such as healthcare REIT and infrastructure funds<br>● Growing demand among asset management companies to streamline operations | ■ **Expansion of operational support to the investment trust management companies**<br>Work to increase the number of funds utilizing the FDS (Fund Document System) and expand functions to support a wider scope of client operations.<br>■ **Initiatives to address new fields of securitization**<br>Maintain a high market share among J-REITs and deliver services using accumulated know-how in new fields of securitization, such as infrastructure funds.<br>■ **Enhancement of sales support for financial instruments**<br>Enhance sales promotion support services, such as website services and various sales tools.<br>■ **Provision of BPO services**<br>Expand system services in the fields of investment trusts and J-REITs as well as provide BPO services for client operations. |

4) Develop the overseas expansion support business and expand the database business

| <Environmental changes> | <Key strategies> |
|---|---|
| ● Increase in number of Japanese companies expanding into Asia given the long-term contraction of domestic demand<br>● Maturation of the corporate information database market | ■ **Development of business to support Japanese companies intending to expand their business in Asia**<br>Expand support services for accounting operations and rental offices in seven areas of Asia, with Taiwan as the hub, through partnerships with regional banks.<br>■ **Expansion of corporate information database eolDB**<br>Expand markets by developing new functions and selling data offered by eolDB, an exhaustive corporate information database. |

5) Build a company-wide platform for supporting business domain expansion

| <Background> | <Key strategies> |
|---|---|
| ● Growing need for enhancing human resources and organizations for carrying out business domain expansion<br>● Need to improve productivity and profitability for domain expansion and stronger competitiveness | ■ **Build company-wide platform for domain expansion**<br>Develop and obtain professional talent to reinforce the structure from development to planning, marketing and consulting.<br>■ **Enhancement of productivity and profitability**<br>Secure the speed needed to respond to client needs and improve profitability through increased ratio of in-house production and improvements in business processes. |

6) Utilize outside resources to expand business domains

| <Background> | <Key strategies> |
|---|---|
| ● New know-how and skills essential for expanding business domains | ■ **Promote the utilization of outside resources, including M&A as well as capital/business alliances, while working to strengthen internal resources.** |

7) Financial strategy

| <Background> | <Key strategies> |
|---|---|
| ● ROE of 8.1% in the fiscal year ended March 2016<br>● Total shareholder return ratio of 99.9% in the fiscal year ended March 2016 | ■ **Enhance capital efficiencies by continuing to improve profitability and maintaining shareholder returns at an elevated level.** |

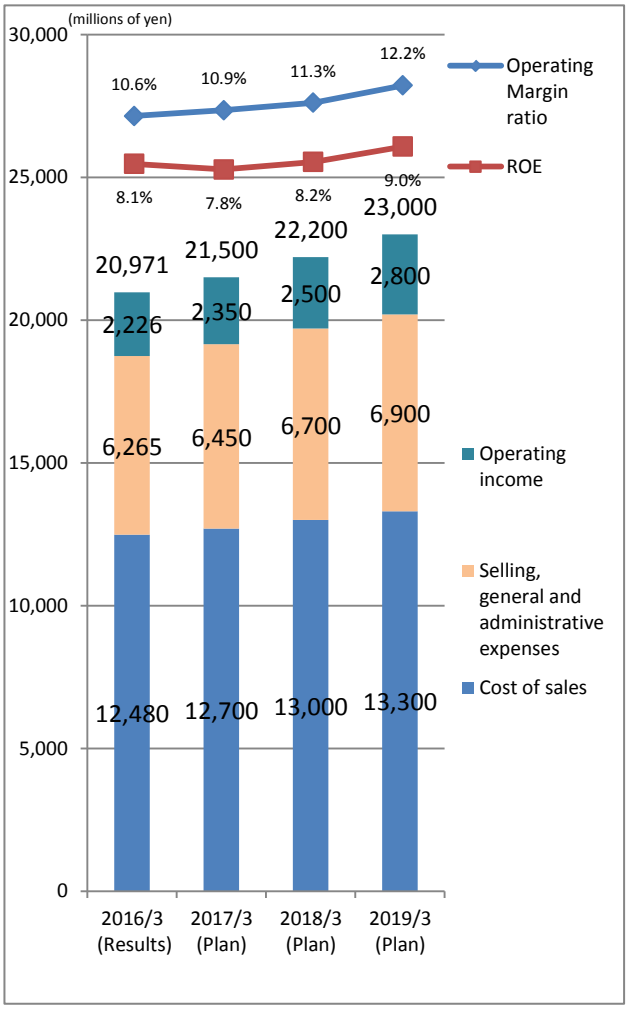
**1. Quantitative Targets**

Based on the above key strategies, the goal of the Plan will be to achieve the following quantitative targets within a three-year span. As a particularly important key performance indicator for management, PRONEXUS will work to achieve an operating margin of 12% or higher and a shareholders' equity ratio of 9% or higher.

(millions of yen)

| | Results for Year Ended March 2016 | Plan for Year Ending March 2017 | Plan for Year Ending March 2018 | Plan for Year Ending March 2019 | Change from Results for Year Ended March 2016 | |
|---|---|---|---|---|---|---|
| 1. Results | | | | | | |
| Net sales | 20,971 | 21,500 | 22,200 | 23,000 | 2,028 | 110% |
| Cost of sales | 12,480 | 12,700 | 13,000 | 13,300 | 820 | 107% |
| Cost to sales ratio | 59.5% | 59.1% | 58.6% | 57.8% | (1.7)pt | — |
| Operating income | 2,226 | 2,350 | 2,500 | 2,800 | 573 | 126% |
| Ordinary income | 2,255 | 2,400 | 2,550 | 2,850 | 595 | 126% |
| Net income | 1,680 | 1,680 | 1,780 | 1,970 | 289 | 117% |
| 2. Management indicator | | | | | | |
| Operating Margin ratio | 10.6% | 10.9% | 11.3% | 12.2% | 1.6pt | — |
| ROE | 8.1% | 7.8% | 8.2% | 9.0% | 0.9pt | — |
| 3 Shareholder return | | | | | | |
| Payout ratio | 40.9% | Provide stable dividend with a payout ratio of at least 30% | | | — | — |
| Acquisition of Treasury Stock | 850,000 shares | Carry out in an agile manner as an important measure for returning profits to shareholders based on stock price, and financial standing | | | — | — |

■ **Medium-term outlook for net sales, operating income and ROE**




■ **Medium-term sales outlook by product**

