Financial Disclosure Solutions
PRONEXUS

Disclosure & IR Total Solution Company

◆

Providing total solutions leveraging IT expertise and practical knowhow as a company specialized in supporting corporate disclosure and IR

[Delayed]Earnings Performance Review

For the Fiscal Year Ended March 31, 2016

PRONEXUS INC.

President and Representative Director

Takeshi Ueno

May 11. 2016

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Supplemental Data: Major Operating Performance Indicators, etc.

Part 1

1. Results of Operations for the Year Ended March 31, 2016

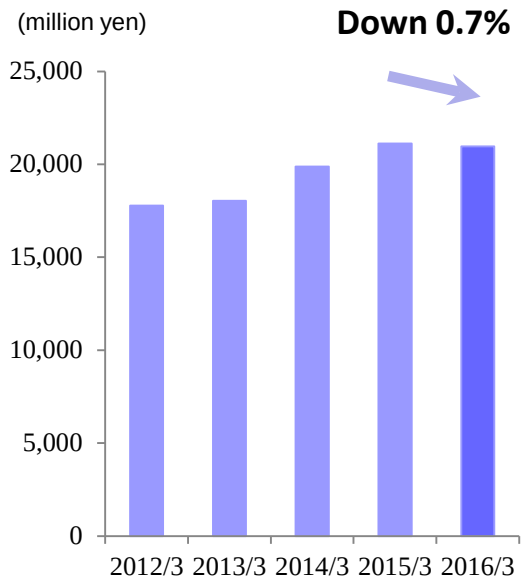
1-1 Financial Highlight (1)

■ Revenue decreased slightly and profits rose year-on-year

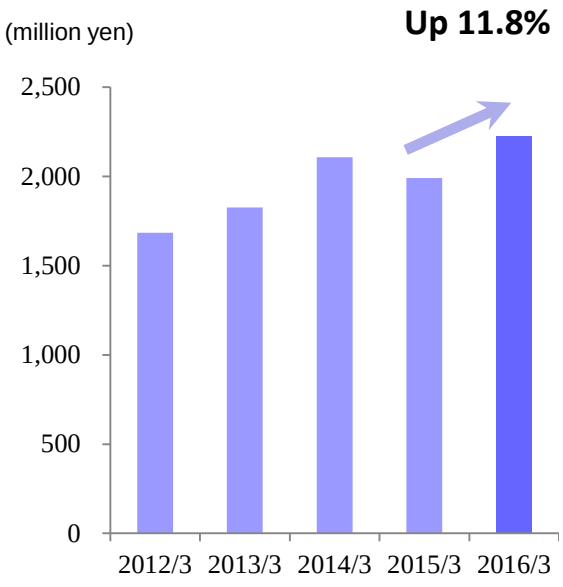
(Unit: million yen)

	Results for FYE March 2015		Results for FYE March 2016		Change YoY		Compared to forecast	
	Amount	Share	Amount	Share	Amount	Share	Forecast on 1/29/2016	Change
Net sales	21,119	100.0	20,971	100.0	(147)	(0.7)	20,500	471
Operating income	1,991	9.4	2,226	10.6	234	11.8	2,100	126
Ordinary income	2,036	9.6	2,255	10.8	219	10.8	2,150	105
Profit attributable to owners of parent	1,358	6.4	1,680	8.0	321	23.7	1,600	80

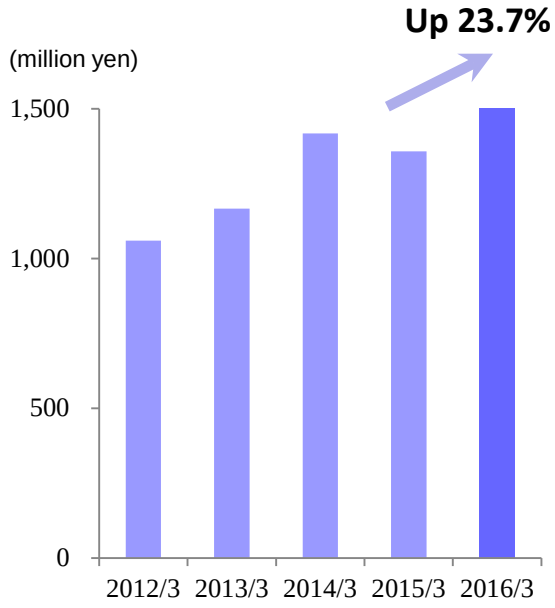
Net sales



Operating income



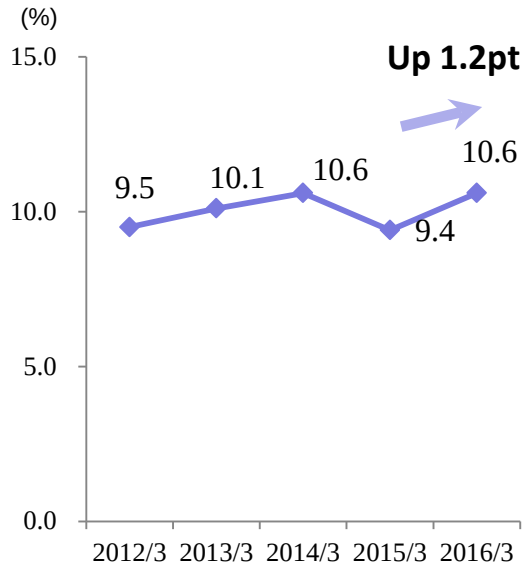
Profit attributable to owners of parent



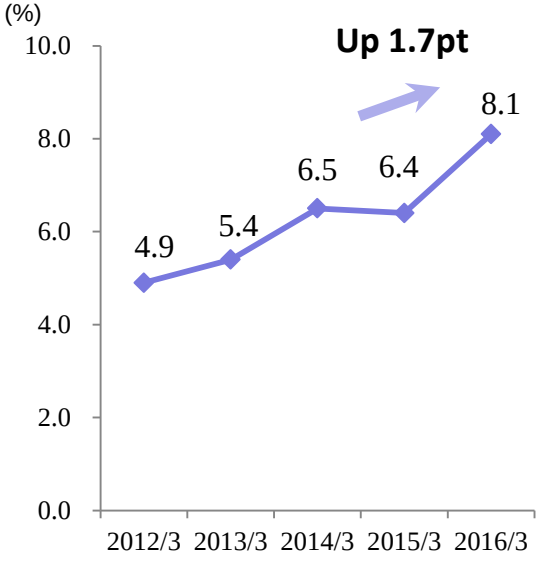
■ Targeted management benchmarks cleared

	FYE March 2012	FYE March 2013	FYE March 2014	FYE March 2015	FYE March 2016	Target
Operating margin (%)	9.5	10.1	10.6	9.4	10.6	10.0
R O E (%)	4.9	5.4	6.5	6.4	8.1	8.0
E P S (Yen)	29.91	34.69	43.63	43.72	56.28	—

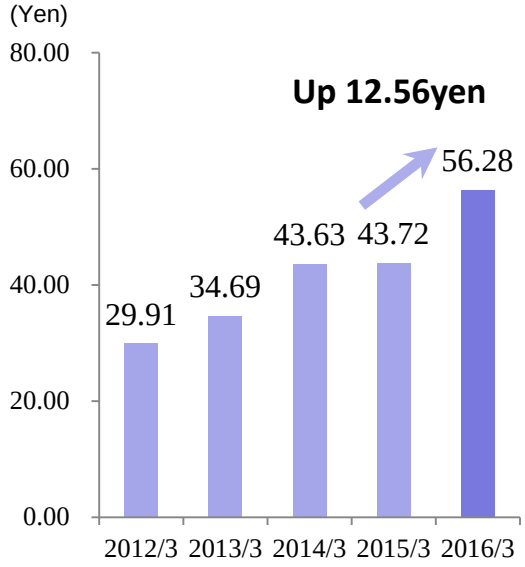
Operating margin



R O E



E P S



■IR-related sales to listed companies decreased by around 20% (7% real increase) due to consolidation change

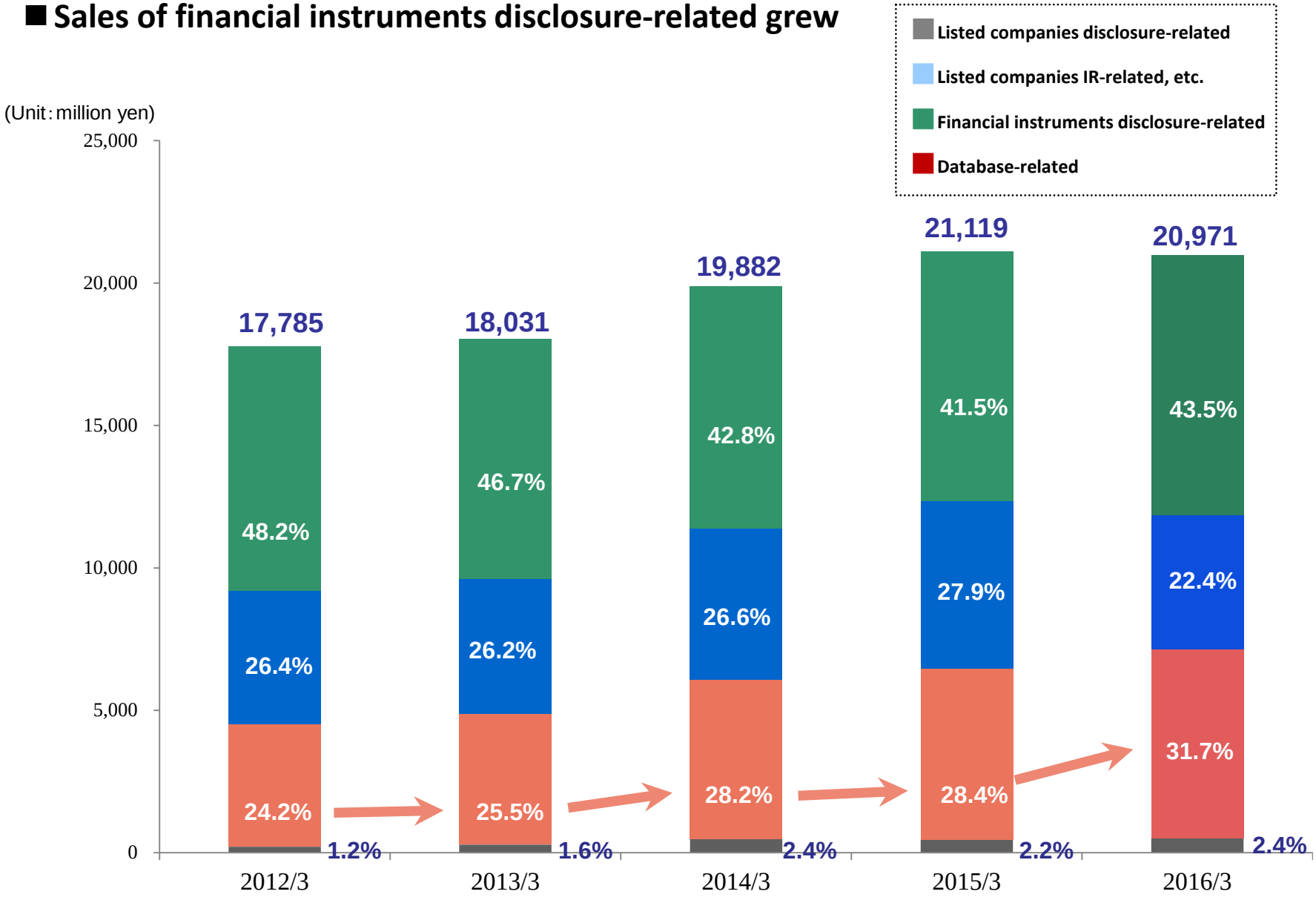
(Unit: million yen)

	Results for FYE March 2015		Results for FYE March 2016		YoY change	
	Amount	%	Amount	%	Amount	%
Listed companies disclosure-related	8,769	41.5	9,124	43.5	355	4.1
Listed companies IR-related, etc. * (after revision)	5,881 (4,374)	27.9	4,689 (4,689)	22.4	(1,191) (315)	(20.3) (7.2)
Financial instruments disclosure-related	6,005	28.4	6,655	31.7	649	10.8
Listed companies disclosure-related	462	2.2	502	2.4	39	8.5
Total * (after revision)	21,119 (19,612)	100.0	20,971 (20,971)	100.0	(147) (1,359)	(0.7) (6.9)

* Results after revision in which around 1,507 million yen of the a2media Group's sales to outside customers in the year ended March 2015 were excluded.

1-3 Sales Composition by Product Area

■ Sales of financial instruments disclosure-related grew

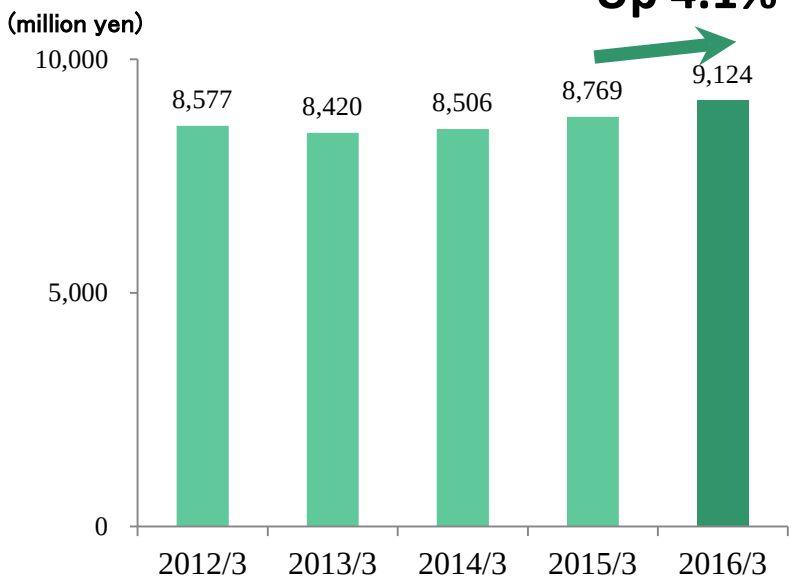


■ Colorization of convocation notices and increase in IPOs and financing contribute to slight increase

Net sales

+355 million yen

Up 4.1%



▲ Positive factors

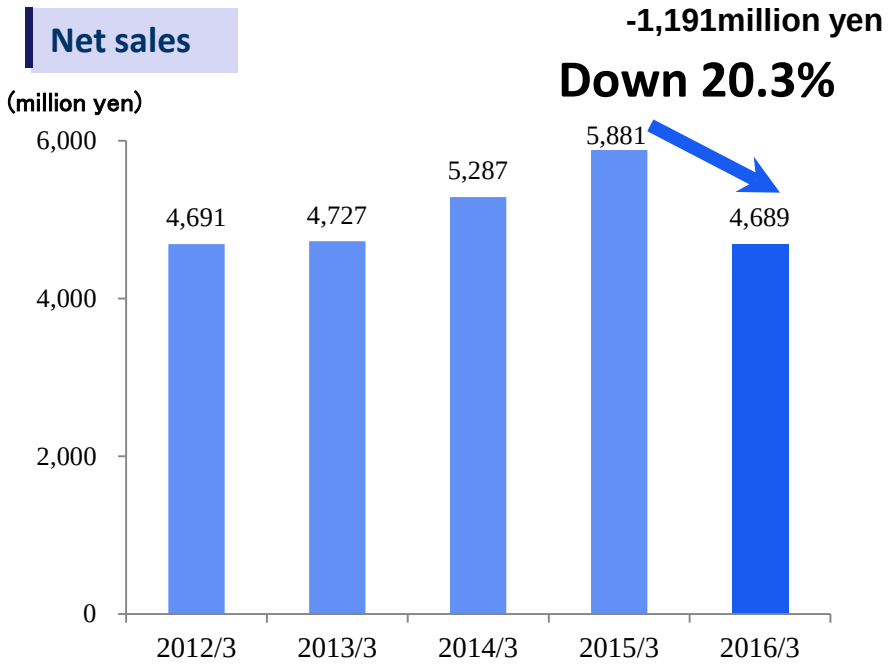
- Increase number of companies for use of color in the convocation notice of shareholders' meetings
- Increase in financing and IPOs

		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	→	→	→	→

1-4 Sales by Product Area — Listed Companies IR-Related, etc.

■ **Sales declined due to exclusion of a2media Group's external sales.**

Net sales



▼ Negative factors

- Exclusion of a2media Group's external sales

▲ Positive factors

- Increase in orders for English IR (translation) services
- Increase in orders for online services such as IR websites
- Increase in orders for visual services for shareholders' meetings

	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	→	→	→	→

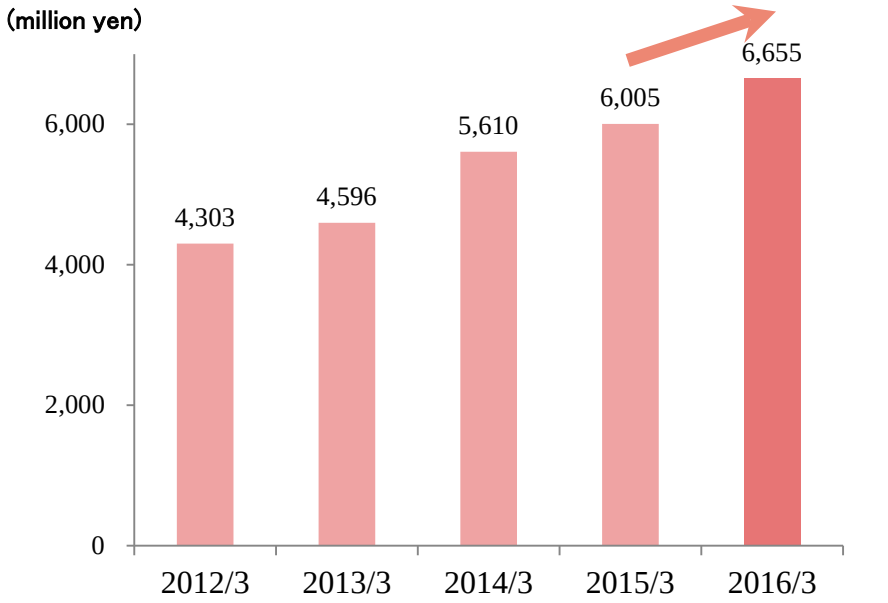
1-4 Sales by Product Area — Financial Instruments Disclosure-Related

■ Vigorous investment trust market boosted orders for various products and services

Net sales

+649million yen

Up 10.8%



Positive factors

- Increase in orders Asset management reports
- Increase in orders for prospectuses and sales materials
- Increase in orders for online services

	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	→	→	→	→

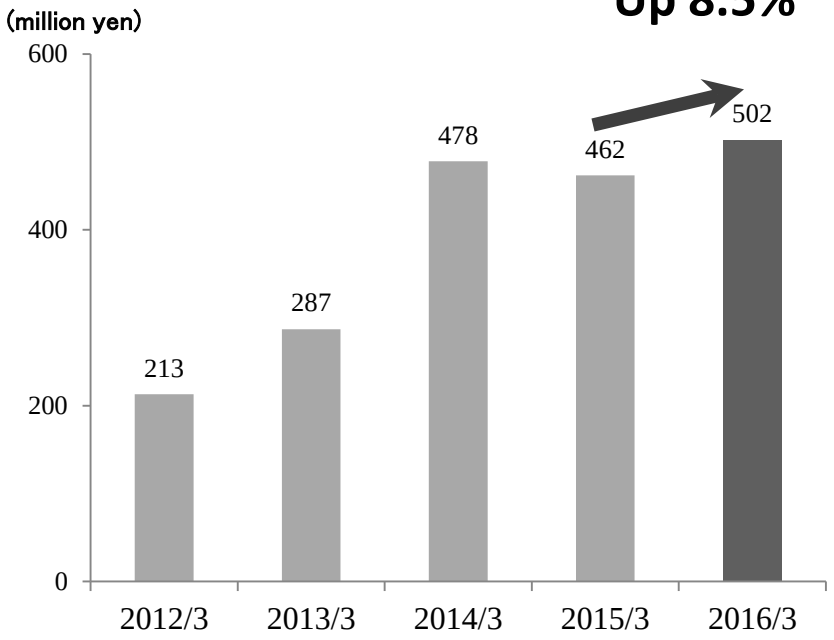
1-4 Sales by Product Area — Database-Related

■ **Sales increased with high rate of contract renewals and new orders**

Net sales

+39million yen

Up 8.5%

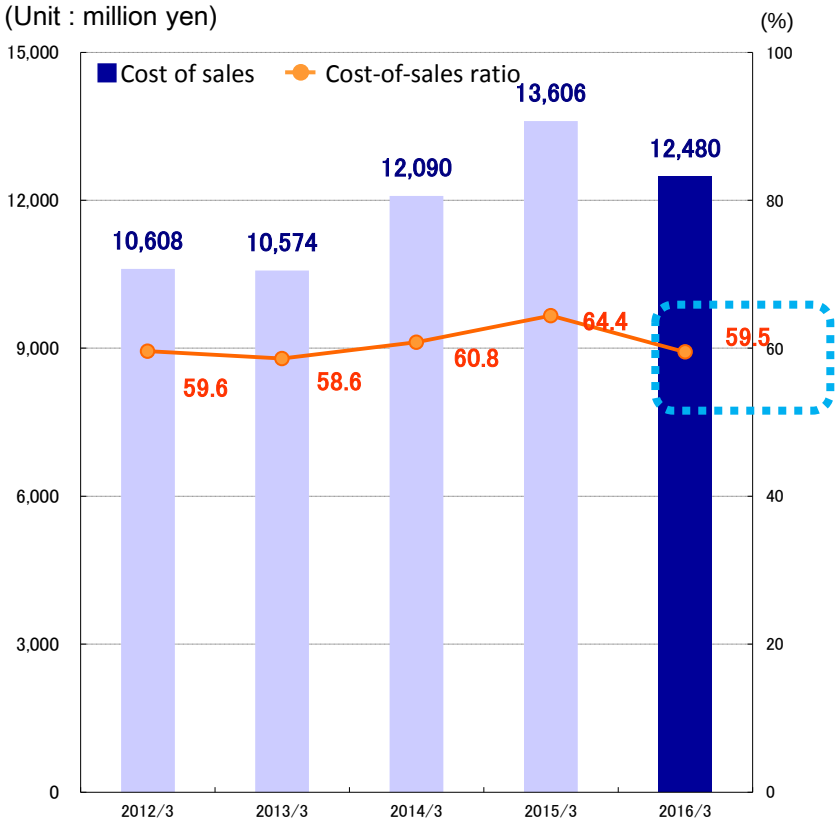


▲ Positive factors

- High rate of contract renewals by existing clients
- Increase in new orders

■ Increase in SG&A absorbed by decrease in cost of sales

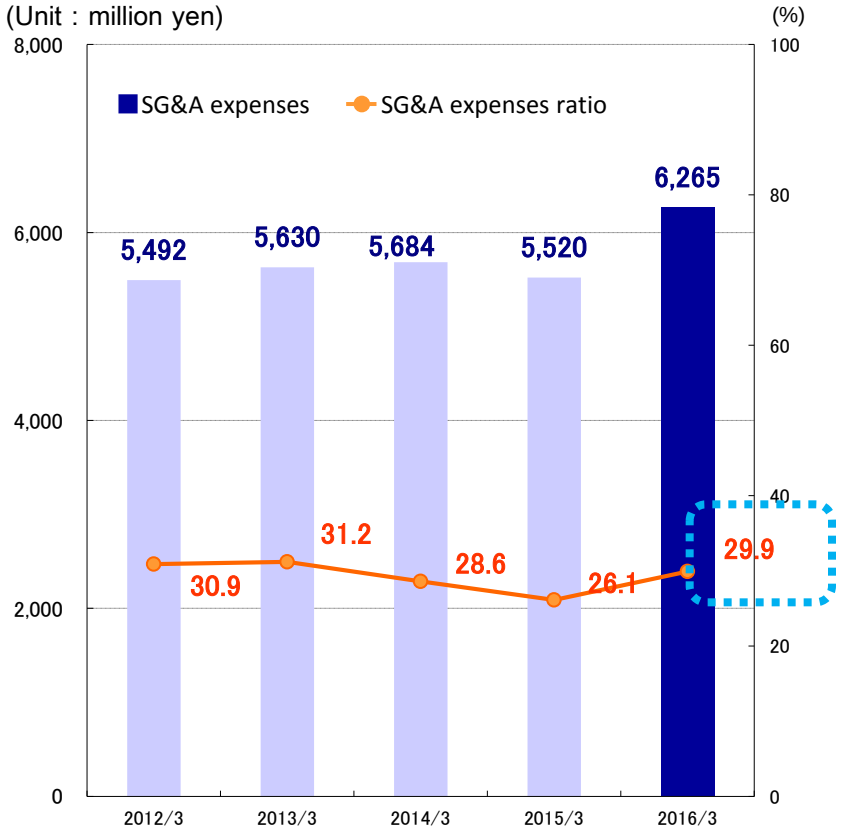
Cost of sales / Cost-of-sales ratio



Cost-of-sales ratio: Down 4.9 percentage pts YoY

- Disappear of the initial cost burden to comply with the new EDINET
- a2media Group-related costs were largely decreased.
- Increase in in-house production associated with large printer operation

SG&A expenses / SG&A expense ratio

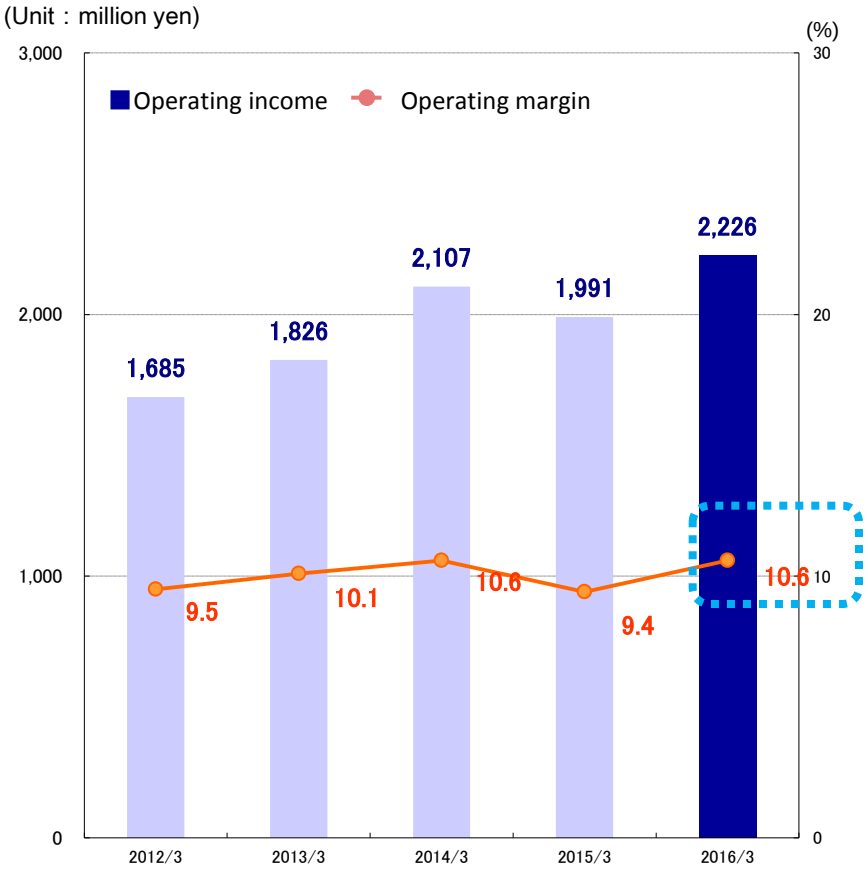


SG&A expense ratio: Up 3.8 percentage pts YoY

- Increase in personnel associated with enhancement of sales structure

■ Income and margin increased by reduction in costs and recording of extraordinary gain

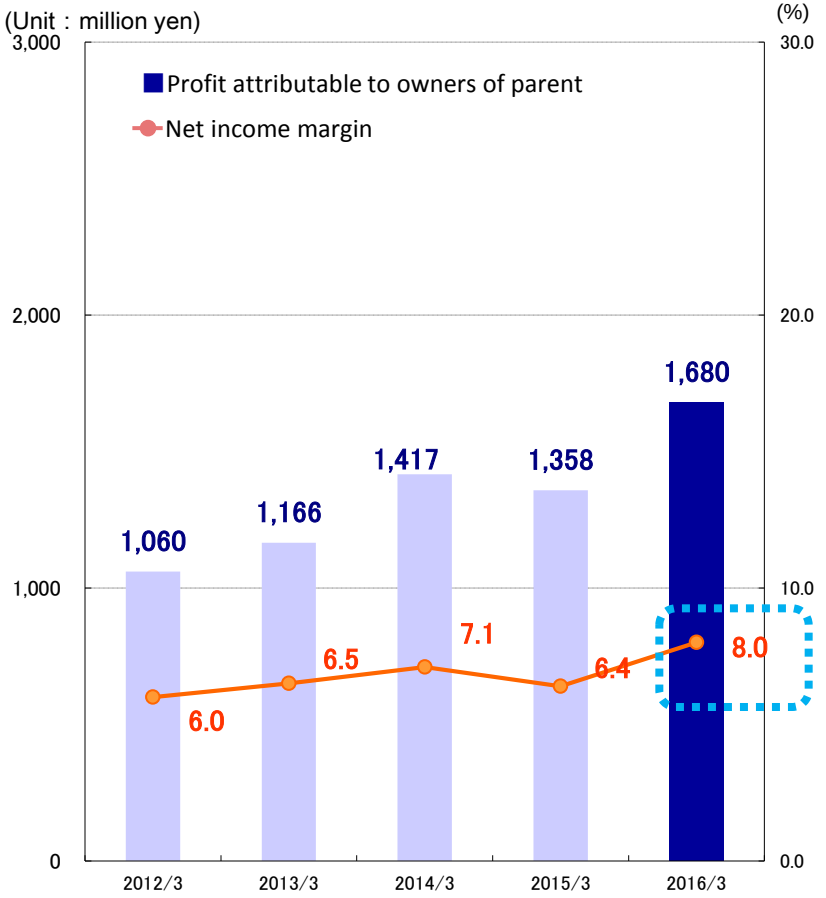
Operating income / Operating margin



Operating margin: Up 1.2pt YoY

- **Reduction in cost of sale > increase in SG&A expenses**

Profit attributable to owners of parent/ Net income margin



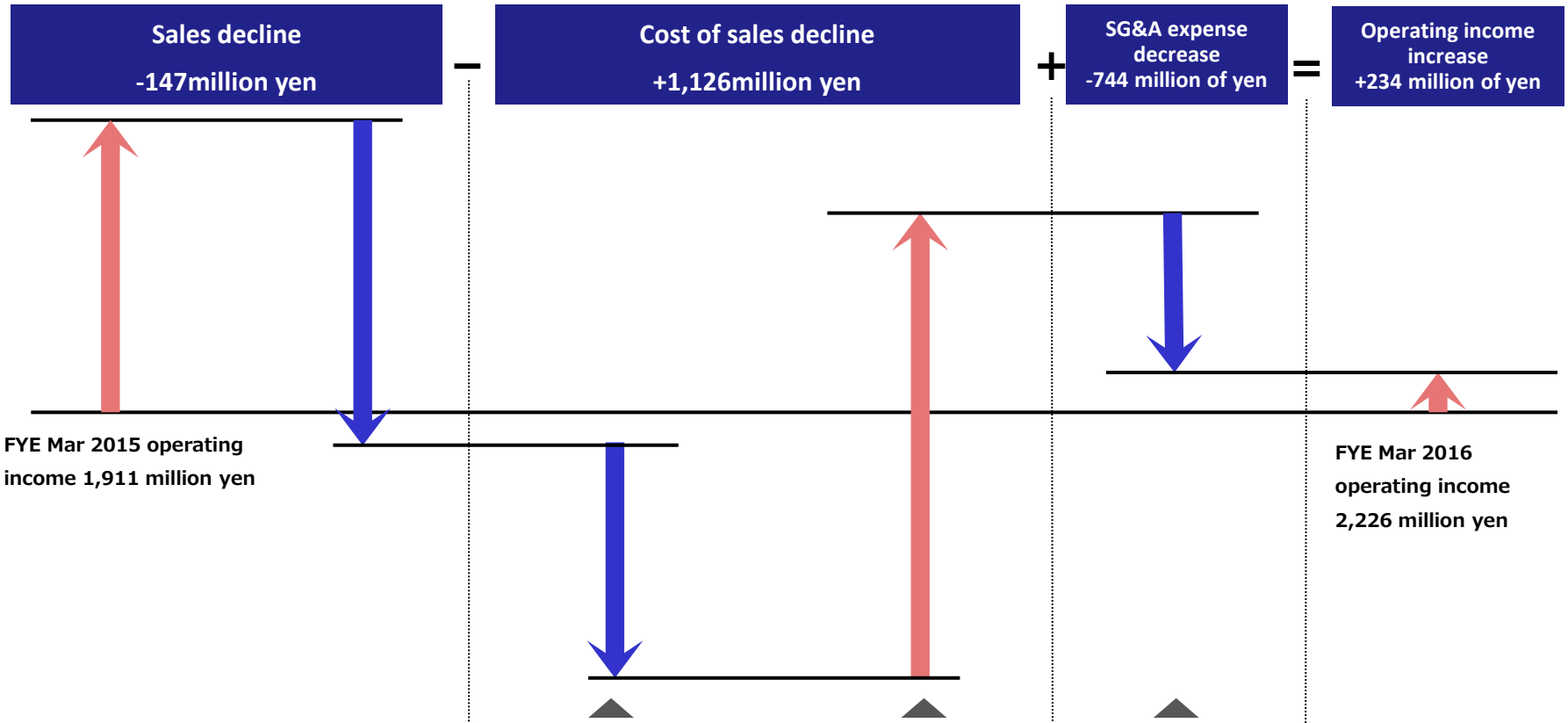
Net income margin: Up 1.6pt YoY

- **Recorded extraordinary gain of 213 million yen**

1-6 FYE March 2016 Main positive and negative earnings factors

■ a2media Group-related costs was declined and increase in in-house production brought the reduction of cost of sales substantially
■ The reduction of cost of sales was absorbed increasing costs associated with structural enhancement due to increased orders.

★Factors of increase or decrease resulting from change in scope of consolidation for a2media Group.



↑Positive	↓Negative	↓Positive	↑Negative	↓Negative
●See previous pages for details	●Deduction of sales of a2media Group's external sales	●Structural enhancement in consolidated companies ●Increase in orders	★Decrease on a2media Group-related costs ●Increase in in-house production ●Disappear of initial costs for next-generation EDINET compliance	●Increase in personnel associated with structural enhancement

1-7 Statements of Income – 1H vs. 2H YoY Comparison with the FYE March 2016

(Unit: million yen)

	Year ended March 2015			Year ended March 2016			Difference over previous year
	1st half	2nd half	Full year	1st half	2nd half	Full year	Full year
Net sales	12,168	8,950	21,119	12,315	8,655	20,971	-147
Cost of sales	7,367	6,239	13,606	6,876	5,603	12,480	-1,126
Cost of sales ratio	*60.5%*	*69.7%*	*64.4%*	55.8%	*64.7%*	*59.5%*	*-4.9pt*
Gross profit	4,801	2,711	7,512	5,438	3,052	8,491	978
Selling, general and administrative expenses	2,744	2,775	5,520	3,128	3,136	6,265	744
Operating income (loss)	2,056	(64)	1,991	2,310	(83)	2,226	234
Operating margin	*16.9%*	*(0.7%)*	*9.4%*	18.8%	*(1.0%)*	*10.6%*	*1.2pt*
Non-operating income	62	51	113	67	35	103	-10
Non-operating expenses	79	(9)	69	24	49	74	4
Ordinary income	2,039	(3)	2,036	2,353	(97)	2,255	219
Extraordinary income	-	36	36	904	-	904	867
Extraordinary losses	-	-	-	662	28	691	691
Quarterly profit attributable to owners of parent	1,253	105	1,358	1,702	(22)	1,680	321

1-8 Financial Position – YoY Comparison with the FYE March 2016

(Unit：million yen)

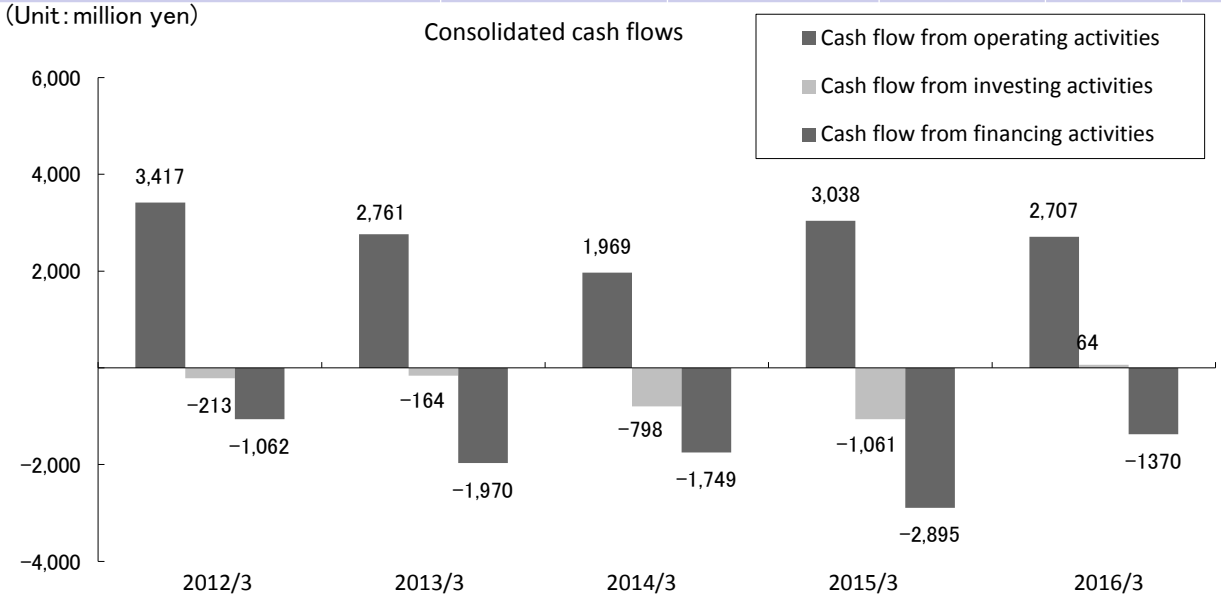
	Year ended March 2015	Year ended March 2016	change	Main reasons for difference
Cash and deposits	6,851	7,114	262	
Notes and accounts receivable—trade	2,182	1,938	-244	
Other	4,874	6,099	1,225	Increase in securities: ¥1,201 million
Total current assets	13,908	15,152	1,243	
Property, plant and equipment	6,019	4,133	-1,885	Increase in machinery, equipment and vehicles: ¥226 million Reduction in land: ¥1,958 million
Intangible assets	2,650	2,450	-199	
Investments and other assets	4,899	5,887	987	Increase in investment securities: ¥981 million
Total noncurrent assets	13,569	12,471	-1,097	
Total assets	27,478	27,624	145	
Total liabilities	6,544	6,772	227	Increase in income tax payable: ¥523 million, Decline in account payable-other: ¥394 million, Increase in long-term loans payable: ¥300 million, Decrease in deferred tax liabilities: ¥365 million
Capital stock / retained earnings	24,827	23,846	-980	Increase of net income: ¥1,680 million Decrease due to dividend of surplus: ¥628 million and cancellation of treasury shares: ¥2,032million
Treasury stock	(4,498)	(3,466)	1,032	Cancelled approximately 2.88 million shares and acquired approximately 0.8 million shares in the fiscal year under review
Total shareholders' equity	20,328	20,379	51	
Total net assets	20,934	20,852	-81	
Total liabilities and net assets	27,478	27,624	145	

1-9 Consolidated Statements of Cash Flows for the FYE March 2016

(Unit: million yen)

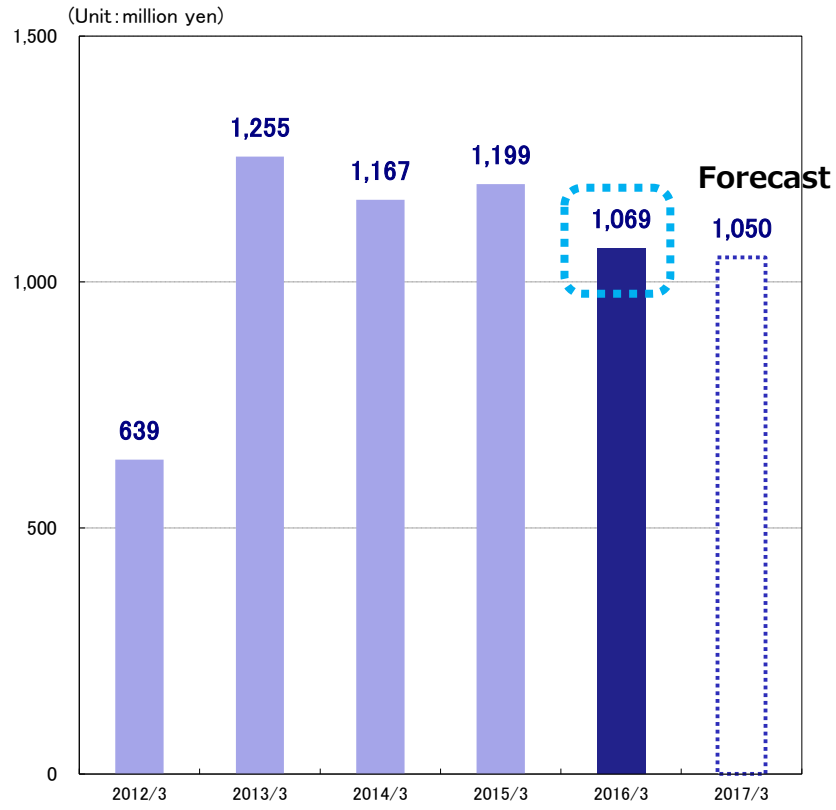
	Year ended March 2015	Year ended March 2016	Change		Major factors
Cash flow from operating activities	3,038	2,707	-330	→	
Cash flow from investing activities	(1,061)	64	1,125	→	Proceeds from sales of property, plant and equipment: 2,244 million yen Decrease in purchase of investment securities: 1,103 million yen
Cash flow from financing activities	(2,895)	(1,370)	1,525	→	Purchases of treasury stock: 999 million yen Cash dividend paid: 628 million yen
Net increase (decrease) in cash and cash equivalents	(924)	1,408	2,332	↗	
Cash and cash equivalents at end of period	10,642	11,854	1,212	→	

(Unit: million yen)



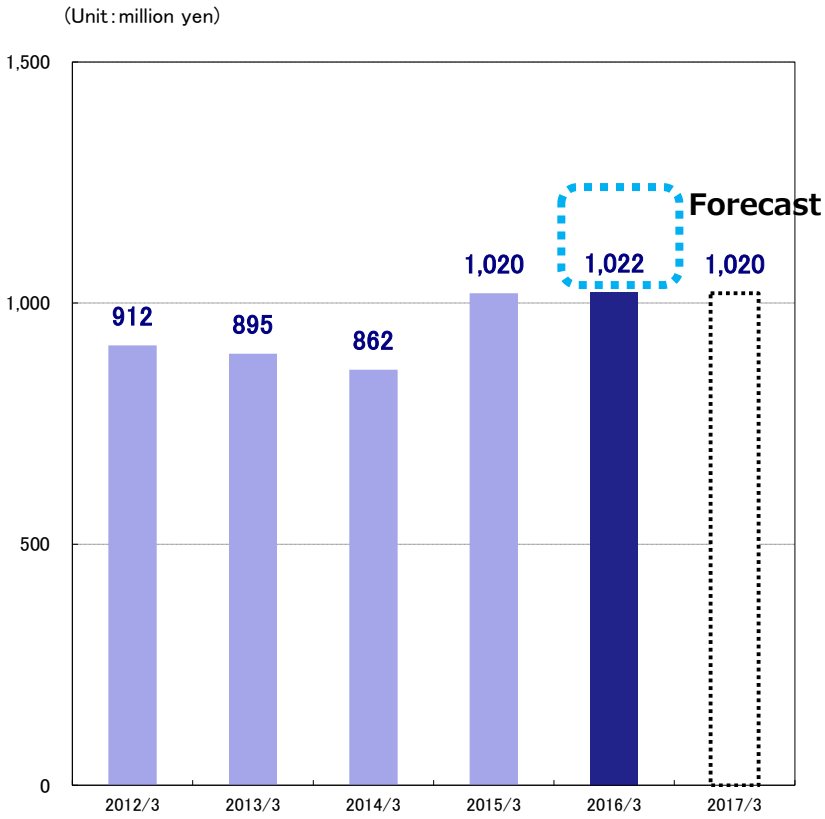
- Investment for development of next-generation EDINET-compliant software leveled off and will stay the same for now.
- We will continue improving the function and enhancing the competitiveness of our support systems as our core businesses.

Capex



Capex: Down 130 million yen YoY

Depreciation



Depreciation: Up 1 million yen YoY

*As of fiscal year under review, we switched the method of depreciation for property, plant and equipment from declining balance method to the straight-line method.

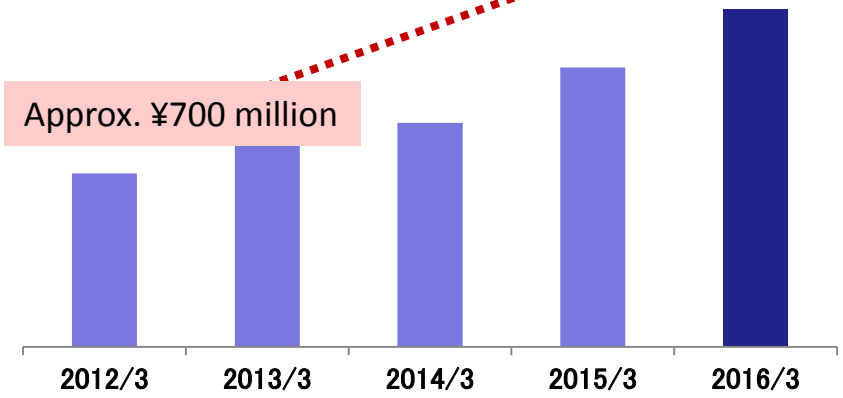
2. Business Topics

2 Business Topics (1) Enhancement of web services and increasing orders

■ Increasing orders through ‘planning and proposal abilities’ and ‘production and operation support systems’ unique to a company specialized in disclosure and IR support

● Sales of website planning, production, and operation services

Approx. ¥1.3 billion



● Planning and production / operation support system

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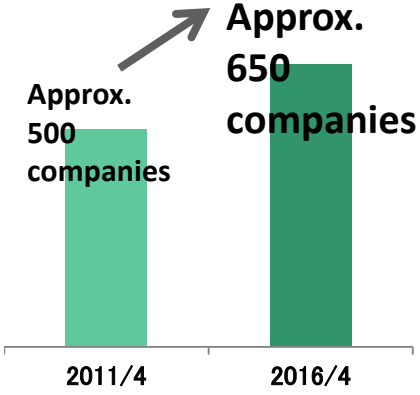
- a2media — IR tools / online planning and production
- MITSUE-LINKS — Online planning and production

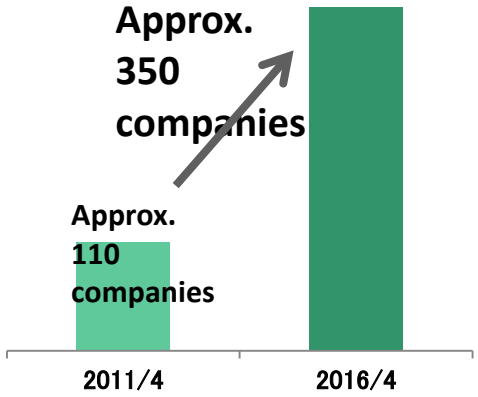
Establishing partnerships with specialized companies that have advanced expertise

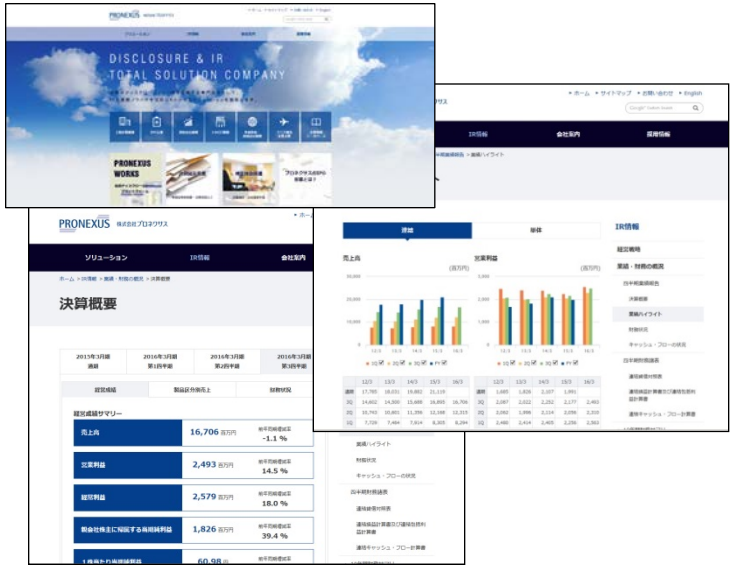
IR site automatic updating and developing support service

E-IR



Corporate website development and updating service (including for investment trust management firms and J-REITs

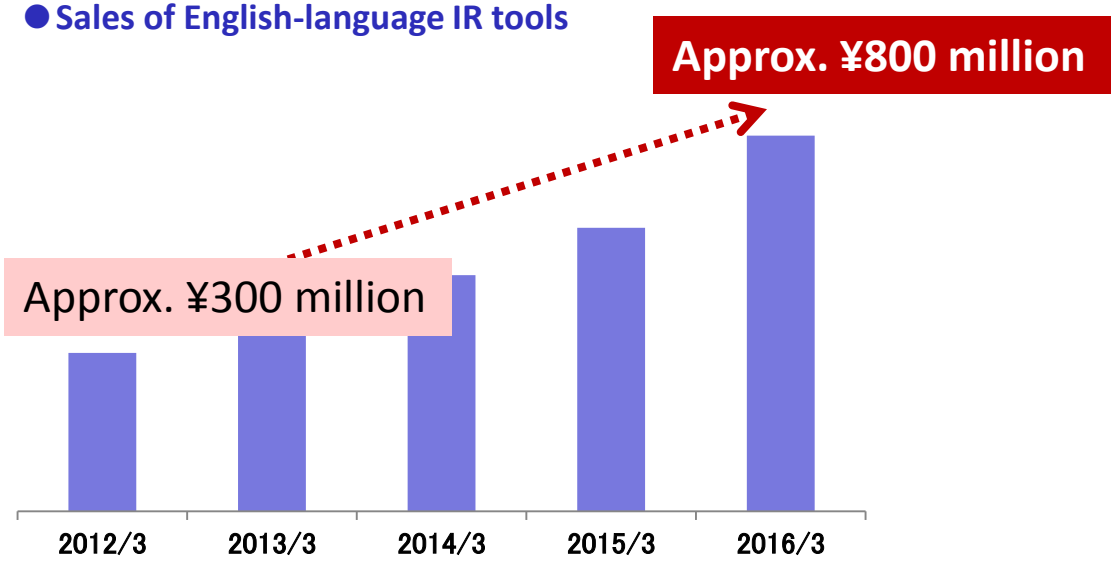




2 Business Topics (2) Increasing orders for English-financial services

■ **Increasing orders through organizational enhancement of subsidiaries with expertise in English-language financial disclosure, accounting, and IR**

● Sales of English-language IR tools



● **English-language tools production support organization**

PRONEXUS

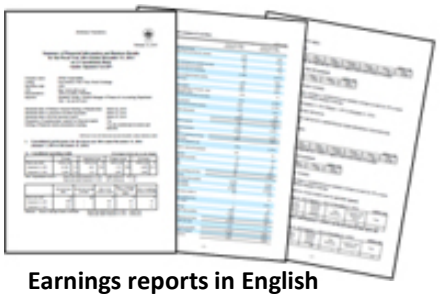
財務翻訳 ZAI HON

Translation of information disclosure documents and production of materials

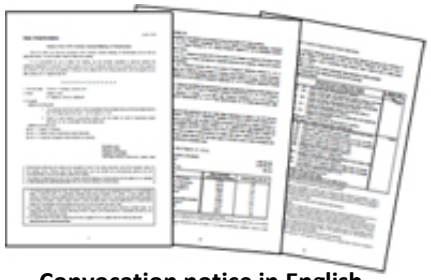
Wholly owned subsidiary specialized in financial translation providing high-quality service

English-language disclosure materials produced (annually)	Top share of English-language convocation notices	Annual reports produced (annually)
Approx. **1,200**	**Over 30%** (About 280 companies per year)	**40** companies

Number of listed companies producing English-language convocation notices for general meetings of shareholders: About 800 per year (estimate by Pronexus in March 2016)



Earnings reports in English



Convocation notice in English

■ As a partner that solves practical IFRS issues, we handle all kinds of requests, from the provision of information and seminars to help producing IFRS disclosure documents and incidental matters

We support 49 of 77 companies (64%) that have chosen in option application of IFRS

We support 26 of 34 companies (76%) that will chose application of IFRS in option

(As of April 25, 2016)

Provision of information / knowhow

■ Practical IFRS: A member service providing information

Member website



Materials provided





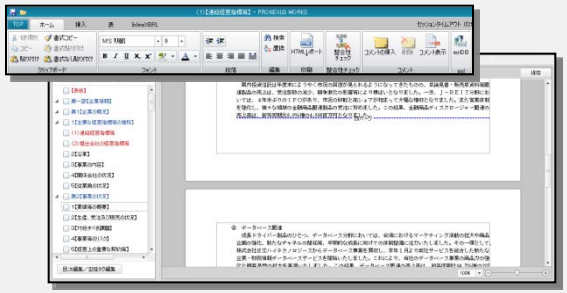
Examples⇔text searching system

* The materials and searching system contain IFRS texts obtained with permission of the FRS Foundation

■ Holding of IFRS seminars

Production Support for disclosure documents

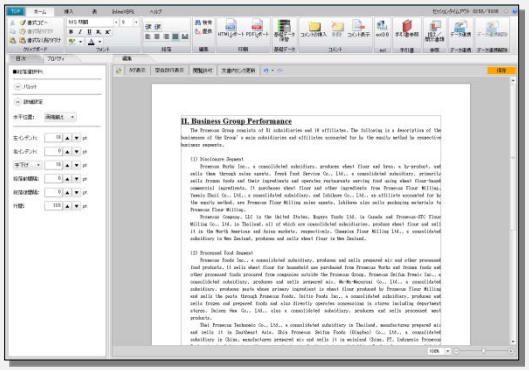
- Identification of customers' disclosure issues through analysis of disclosure examples for specific sources
- Provision of IFRS disclosure documents entry form customized for each customer
- Support such as advice, editing, and proofing in production of IFRS disclosure documents
- Provision of IFRS disclosure documents editing system



Office-like compilation operability

Practical support for related matters

- Introduction of advisors and dispatching of personnel
- Translation service
  - ◆Disclosure documents (securities reports/earnings reports, etc.)
  - ◆Accounting manuals for overseas subsidiaries
- Provision of English-language disclosure documents editing system



■ The Service for Listed Companies and to be Applied by PRONEXUS called “Smart Convocation Notice Service”

- Online convocation notices for shareholder meetings will be uploaded to a secure server
- Easily accessible online by a smartphone, tablet device or personal computer, in addition to the traditional printed materials
- Developed and initially examined based on a request from AEON CO., LTD.

Features of the Service

1. Visual aids and compact summaries based on the original convocation notice
2. Provided over a secure server
3. Effective notifications to shareholders / investors
4. Efficient production through linkages with original data

Function of the Service

1. Links to information of interest
2. Easy to scroll drop-down menu
3. Map directions to the shareholders meeting venue
4. Videos stream function

Overview of the Smart Convocation Notice Service



The convocation notice for the 91st Regular General Meeting of Shareholders of AEON CO., LTD., released on April 2016, was the first to use this service. We started providing the service fully for general meetings of shareholders held after the year ended March 2016. The convocation notice for 72nd General Meeting of Shareholders of Pronexsus, which was released online in June 2016 was also adopt this service.

System consulting strengthened

■ December 2015: Business tie-up forged with Business Brain Ota-Showa Inc. (BBS)

- we acquired treasury stock from BBS through a third-party allocation

Details of the business tie-ups

- ■ Cooperation in the system service field for accounting, financial results, and disclosure
- ■ Information sharing on clients, technology, and staff, as well as cooperation for mutual benefit
- ■ Exploration of new tie-up fields through mutual use of each company's strengths and expertise



Support business for Japanese companies looking to expand in Asia Business tie-ups with regional financial institutions are moving forward

April 2016: Business tie-ups with 25 regional financial institutions

- Strengthen support services for regional companies that are expanding overseas

Details of the business tie-ups

- ■ Consulting on business expansion in overseas
- ■ Human resources/payroll services
- ■ Accounting services and support services for registrations necessary to establish a new base, etc.
- ■ Proxy service for working visas and other applications
- ■ Office space rental and virtual office services (Taiwan only)



■ March 2016: Started live relay consulting service for venturing into Asia (At a desk in Chiba Kogyo Bank Ltd.)

■ February 2016: "J-REIT Fan 2016," an IR fair for individual investors

(held jointly with TSE and Radio Nikkei)

- **A better IR venue for both individual investors and J-REITs**
- **Exposure to a broad investor stratum centered on Radio Nikkei listeners is achieved**

Program ■ J-REIT IR seminars ■ Securities company seminars ■ Keynote speech ■ Special speech ■ J-REIT discussion



■ March 2016: Individual Investors Thanksgiving Day – Spring IR Festival 2016 – (held jointly with Radio Nikkei)

- **Radio Nikkei's appeal to clients and its media power will be fully; broad notification ensures exposure to a broad investor stratum.**
- **Collaboration with the jointly held Investment Strategy Fair boosts the appeal to diverse investors**

Program ■ Stock speech ■ Corporate IR seminars ■ Seminars to be broadcast on radio and kept in archives



■ Tie-ins with Radio Nikkei program "Asazai": Positive results since July 2012

- **IR and investment information offered on morning program "Asazai"**
- **Corporate IR and individual investor-support events**
- **Asazai IR Special Seminars that provide a platform for direct dialogue between individual investors and companies**



3. Stock Price and Shareholder Return

3-1 Shareholder return for the fiscal year under review

1. May 2015 (Voted)

Cancellation of treasury stock: Cancelation of 2,883,000 shares of common stock
⇒Shares outstanding after cancellation: 33,444,000 shares
Total treasury stock: 3,500,000 shares (10.5%)

2. September 2015 (Voted)

85th anniversary commemorative dividend

	FYE March 2015	FYE March 2016
End first half	9 yen	Ordinary 9 yen Comm. 3 yen Total 12 yen
End fiscal year	9 yen	(Planned) 9 yen
Annual	18 yen	(Planned) 21 yen

3. March 2016 (Voted)

Acquisition of treasury stock: 853,000 shares of common stock (2.6% of outstanding stock)
(About 1 billion yen (62.5% of forecast net income on January 29, 2016)
Acquisition (period: 2/1 to5/31/2016, completed 3/11)

4. April 2016 (Voted)

Planned 2-yen increase of year-end dividend ▶ **Annual dividend 23 yen per share**

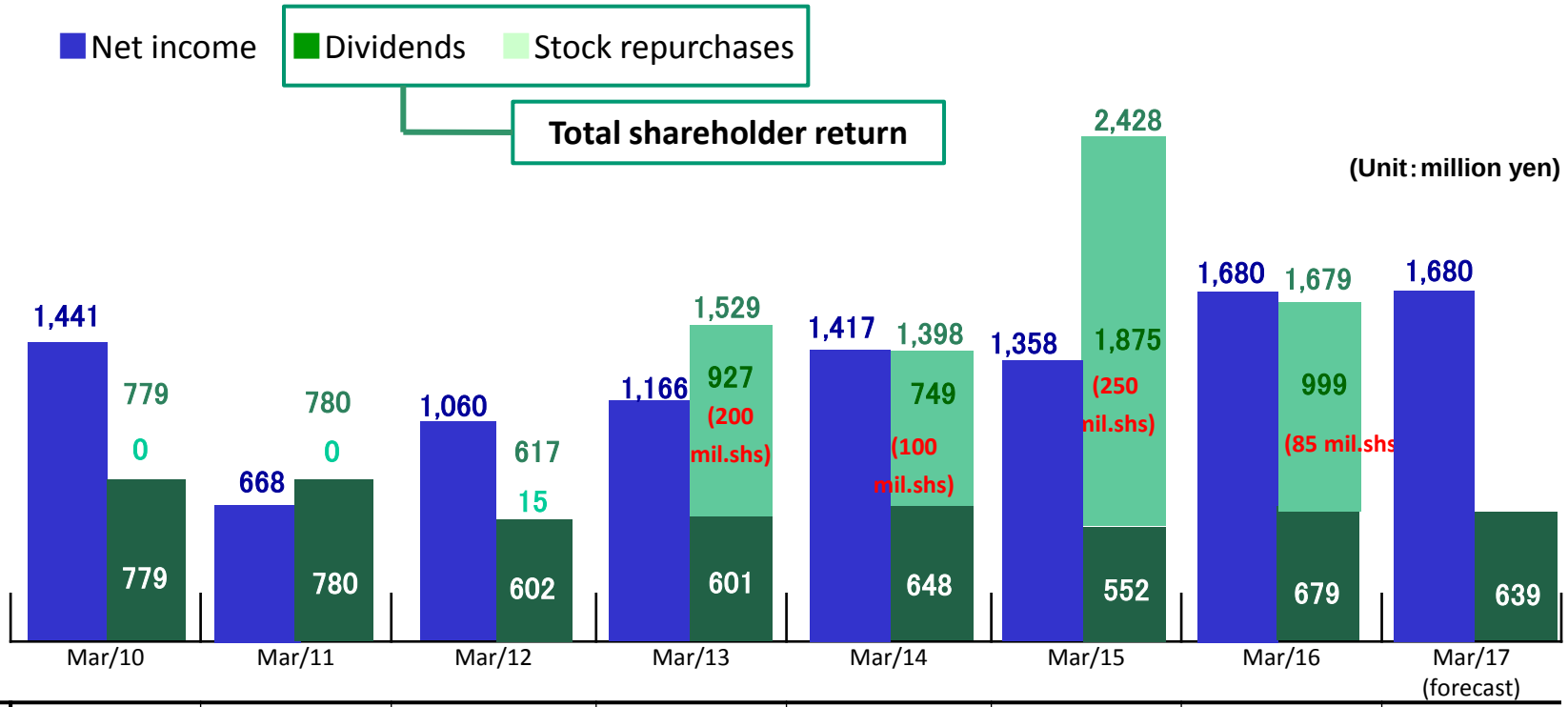
■Approx. 6.35 million shares bought back and 5.88 million shares cancelled in four years

	Shares acquired	Acquisition value	Shares cancelled
June 2012	About 2 million	942 million yen	2 million
May 2013	About 1 million	749 million yen	1 million
July 2014	About 1 million	799 million yen	
Nov. 2014	1.5 million	1,075 million yen	
May 2015			About 2.88 million
March 2016	About 850,000	999 million yen	
Total	About 6.35 million	4,567 million yen	About 5.88 million

Outstanding shares of as March 2016
33,444,000 shares

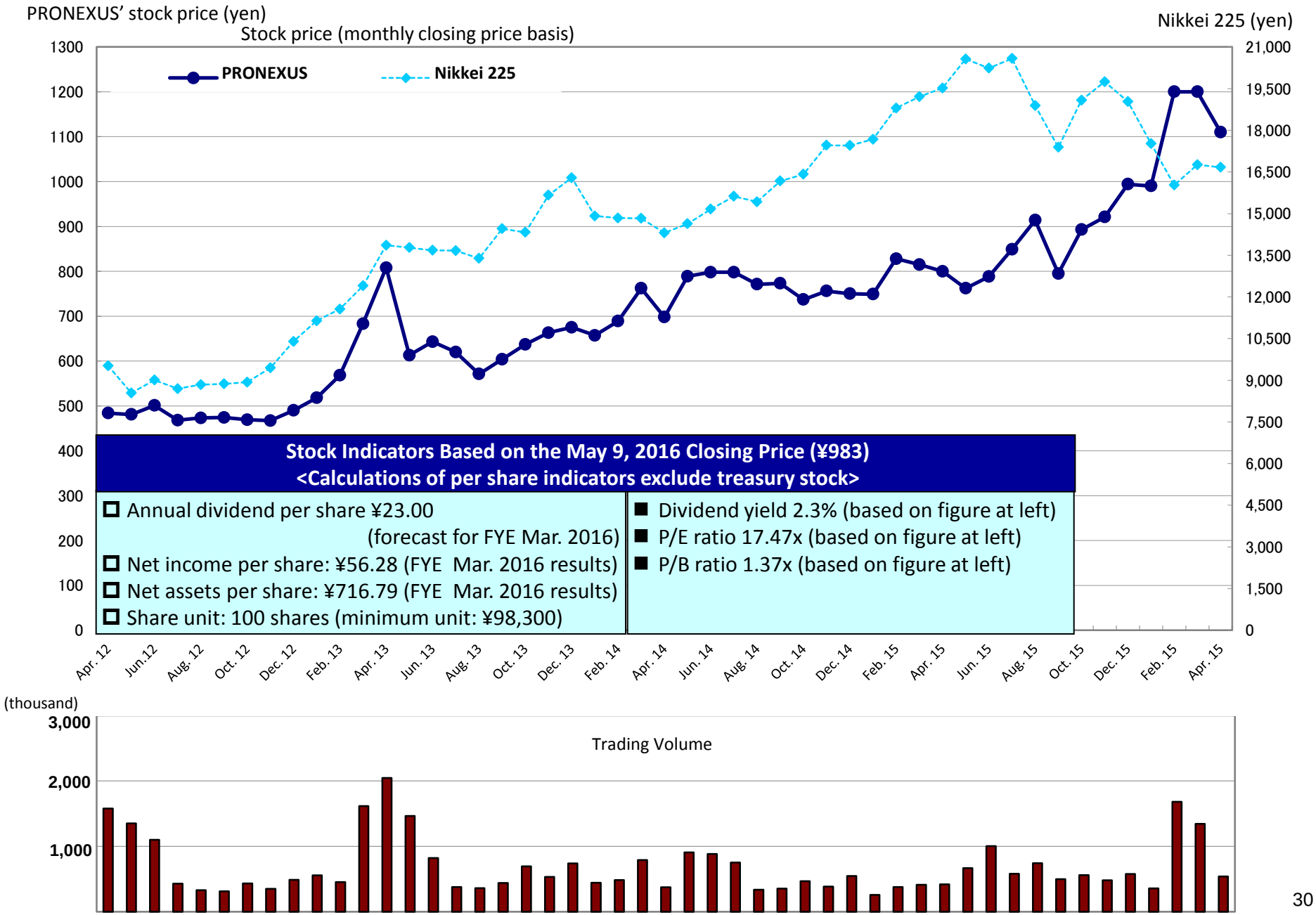
Treasury stock
4,353,000 (13.0%)

■Percentage of earnings returned to shareholders has been around 100% over the past four years



	Mar/10	Mar/11	Mar/12	Mar/13	Mar/14	Mar/15	Mar/16	Mar/17 (forecast)
Dividend payout ratio	54.1%	116.6%	56.8%	51.9%	45.8%	41.2 %	40.9%	38.1%
Annual dividend per share	¥22	¥22 (including ¥2 commemorative dividend)	¥17	¥18	¥20	¥18	¥23 (including ¥3 commemorative dividend)	¥22
Pct. of earnings returned to shareholders	54.1%	116.7 %	58.3%	131.0%	98.7%	178.7%	99.9%	

3-4 Stock Price, Trading Volume, and Related Indicators



■ 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.









4. Forecast for the Fiscal Year Ending March 31, 2017

■Forecasting YoY rise in sales and flat net income for the FYE March 2017 (an extraordinary gain was recorded in the FYE March 2016)

● P/L summary

(Unit : million yen)

	Results for year ended March 2016			Forecast for year ending March 2017			Difference
	1st half	2nd half	Full year	1st half	2nd half	Full year	Full year
Net sales	12,315	8,655	20,971	12,600	8,900	21,500	528
Cost of sales	6,876	5,603	12,480	7,000	5,700	12,700	219
(Cost of sales ratio)	*55.8%*	*64.7%*	*59.5%*	*55.6%*	*64.0%*	*59.1%*	*-0.4pt*
Gross profit	5,438	3,052	8,491	5,600	3,200	8,800	308
SG&A expenses	3,128	3,136	6,265	3,250	3,200	6,450	184
Operating income (loss)	2,310	(83)	2,226	2,350	0	2,350	123
(Operating margin)	*18.8%*	*(1.0%)*	*10.6%*	*18.7%*	*0%*	*10.9%*	*0.3pt*
Ordinary income (loss)	2,353	(97)	2,255	2,400	0	2,400	144
Profit (loss) attributable to owners of parent	1,702	(22)	1,680	1,680	0	1,680	-0

Main management indicators targeted

● Management Indicators

	Full year result for FYE March 2016	Full year forecast for FYE March 2017	Difference
ROE	8.1%	7.8%	-0.3pt

4-2 Factors behind the Change in Net Sales by Product Area for the FYE March 2017

Financial Disclosure Solutions PRONEXUS

Net Sales Forecast by Product Area for the FYE March 2017

	Results for year ended March 2016			Forecast for year ending March 2017			Difference
	1st half	2nd half	Full year	1st half	2nd half	Full year	Full year
Listed companies disclosure-related	6,065	3,059	9,124	6,100	3,180	9,280	155
Listed companies IR-related, etc.	2,698	1,990	4,689	2,800	2,090	4,890	200
Financial instruments disclosure-related	3,313	3,341	6,655	3,440	3,360	6,800	144
Database-related	238	263	502	260	270	530	27
Total	12,315	8,655	20,971	12,600	8,900	21,500	528

Main factors behind the change in net sales	
Listed companies disclosure-related	(＋) Increase in orders for convocation notices and system services (－) Slight decrease in IPOs and financing
Listed companies IR-related, etc.	(＋) Increase in orders for English-language IR (translation) services and online services
Financial instruments disclosure-related	(＋) Increase in orders for domestic investment trusts and J-REITs
Database-related	(＋) Additions such as sales of eolDB data

5. Corporate Profile

5-1 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; 2015 was the 85th anniversary
Paid-in Capital	3,058millions of yen(As of March 31, 2016)
Net Sales	20,971millions of yen (consolidated; FYE March 31, 2016)
Operating Income	2,226millions of yen (consolidated; FYE March 31, 2016)
Main Clients	Approximately 2,700 listed companies + approximately 1,100 companies considering an IPO
Number of Employees	967 (consolidated; as of March 31, 2016)
Offices	Tokyo, Osaka, Nagoya, Fukuoka, Sapporo
Plant	Toda City, Saitama Prefecture
Group Companies	● Three consolidated subsidiaries ● Five affiliates under the equity method



Takeshi Ueno
President and Representative Director



Site of the head office (Minato Ward)



Plant (Toda City, Saitama Prefecture)



Data center in the Hokuriku region

5-2 PRONEXUS' History

■ 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 consulting and systems.

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



1960 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



5-3 Composition of net sales

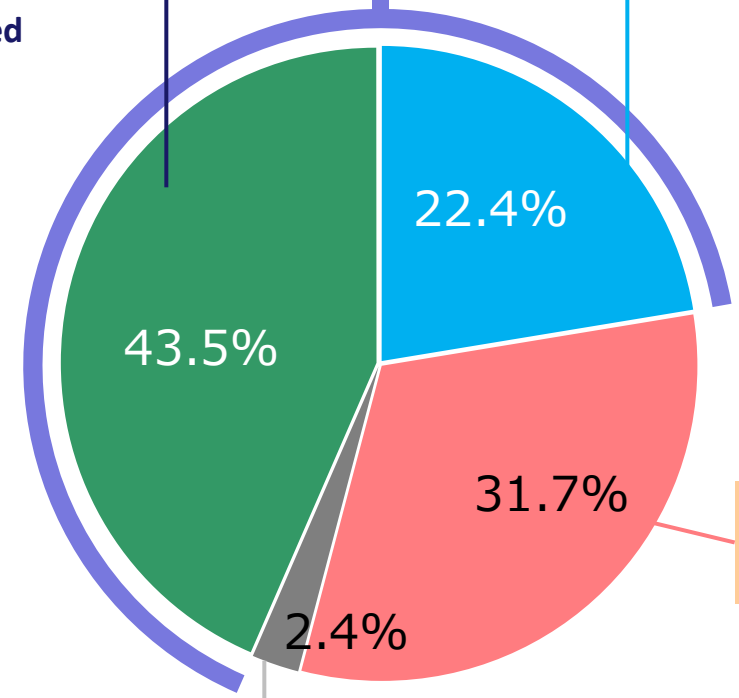
About 70% of sales originate from disclosure and investor relations services for listed companies

Listed companies disclosure-related

- Shareholders' meeting-related
- Account settlement-related
- Account settlement-related system
- Disclosure 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 sales 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

Net sales
(FYE March 31, 2016)
20,971 million

Financial Disclosure Solutions PRONEXUS

1. Listed companies disclosure-related

Main clients: Listed companies (accounting / administrative divisions)

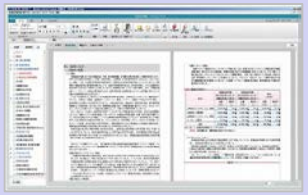
Shareholders' meeting-related

■**Support producing shareholders' meeting documents**

Documents
- Convocation notices for Shareholders' meeting
- Printing of resolution notices
- Voting forms, etc.



System-based document production support



Disclosure and accounting information generating system **WORKS-i**

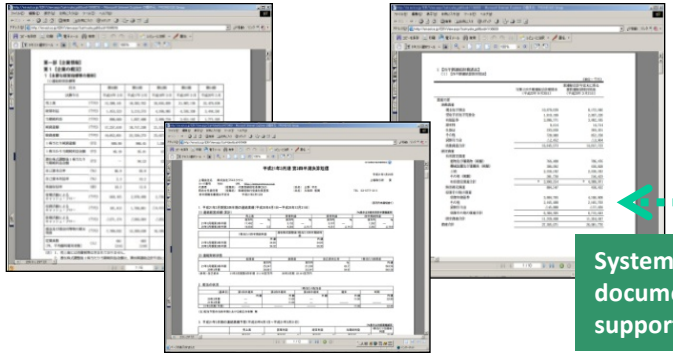
Disclosure support system

PRONEXUS WORKS

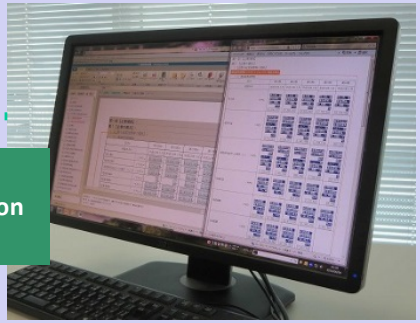
Account settlement-related

■**Support producing disclosure documents**

Documents
- Securities reports
- Quarterly reports
- Earnings reports
- Extraordinary reports
- Large shareholding report, etc.



System-based document production support



IPO/finance-related

■**IPO support services**

Services
- Provision of information
- Consulting service, etc.

■**Support producing IPO and finance documents**

Documents
- Stock listing applications
- Securities registration statements
- Prospectuses and others





2. Listed companies IR-related, etc.

Main clients: Listed companies (IR departments)

Creation of communication tools

Tools

- Business reports
- Visual convocation notices
- CSR reports
- Integration reports
- Earnings announcements, etc.



English-language IR

Disclosure

- English earning report
- English convocation notices for shareholders' meeting
- English securities report
- English corporate governance reports, etc.

IR

- English earnings announcements
- English websites
- English fact books, etc.



Website production and operation

Website

- Corporate information websites
- IR websites
- CSR websites
- Recruitment websites, etc.



Support for shareholders' meeting

Service

- Venue proposal
- AV arrangement and operation
- Production of business report visuals
- Planning and production of pre-meeting visuals, etc.



Proprietary automatic IR site development/updating support service

E-IR



Tie-ins with Radio Nikkei program "Asazai"

- IR events, seminars



Business seminars



IR consulting

- Support for electronic public notices
- Public notices, advertising

Financial Disclosure Solutions PRONEXUS

3. Financial product disclosure-related

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

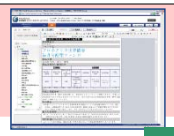
Investment Trust Company related

Documents
- Securities registration (EDINET documents)
- Prospectuses
- Asset management report
- Sales promotion tool, etc.



Investment trust support system

PRONEXUS FUND DOCUMENT SYSTEM



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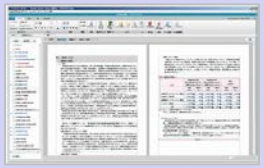


Disclosure support system

・Website development / operation support, translation services

System-based document production support

PRONEXUS WORKS

J-REIT company-related

Support for management company establishment and IPO
- Prospectuses
- Securities registration
- Newspaper advertisement
- Sales promotion tool, etc.

Support for book closing, shareholders' meetings, public stock offerings, etc.
- Securities report
- Earnings report
- Asset management report
- Results briefing material
- Convocation notices for shareholders' meeting
- Voting form, etc.

J-REIT support system





・Website development / operation support, translation services

System-based document production support

Foreign investment trust / foreign company-related

Documents
- Securities registration (EDINET document)
- Prospectuses
- Asset management report
- Sales promotion tool, etc.





・Website development / operation support, translation services

4. Database-related

Main clients: Universities, research institutions, and general business companies

Corporate information databases

eolDB



- Comprehensive distribution of information, mainly on publicly traded companies in Japan (dating back to 1961)

Japanese | English | Chinese

eol Asia One Data



- Comprehensive data on listed companies in Asia's main regions (9 regions, about 12,500 companies)

Japanese | English | Chinese

Company Navi



- Corporate information service for career planning allowing simple company research

Japanese

DataFeeds

- Timely distribution of needed information. Support for database operation.

Japanese

BenchMark

- Analysis of one's own company compared to other companies. Corporate information comparison service.

Japanese

LionShares

- Support for overseas IR activities. Foreign investors database service.

Japanese

■ We support a variety of work, centered on disclosure and IR, through four functions.

Main clients

Listed Company	Investment Trust Company	J-REIT	Overseas investment trust management companies, and overseas companies

Customers' work that we address

- Operation and management
- Sales promotion and marketing
- IPOs, financing, and fund establishment
- (Account settlement) ⇒ Disclosure, Shareholders' meeting-related
- IR

Four functions that we provide

PRONEXUS

Support by consulting	Support by System	Security support	Customer support
• Information, seminars • Guidebooks • Legal checks • Q & A	• Disclosure support system • Investment trust support system • Asset management and operation support system	• Infrastructure to maintain confidentiality • Information security system • Insider information management structure	• Two agent support system • Customer support center • Technical support center • ISO certification

Part 2

New Medium-term Management Plan 2018

■ Our social mission

Supporting disclosure and IR for over 2,100 listed companies

Our mission is to provide advanced and stable services as a kind of social infrastructure in Japan's capital markets

■ Changes in the business environment

Environmental changes in recent years

- Recovery of number of listed companies
- Increasing sales of financial products such as investment trusts
- Growing need for dialogue between companies and investors based on adoption of corporate governance codes

Contributied to performance for FYE March 2015 and FYE March 2016

Environmental changes envisioned for the medium- to long-term

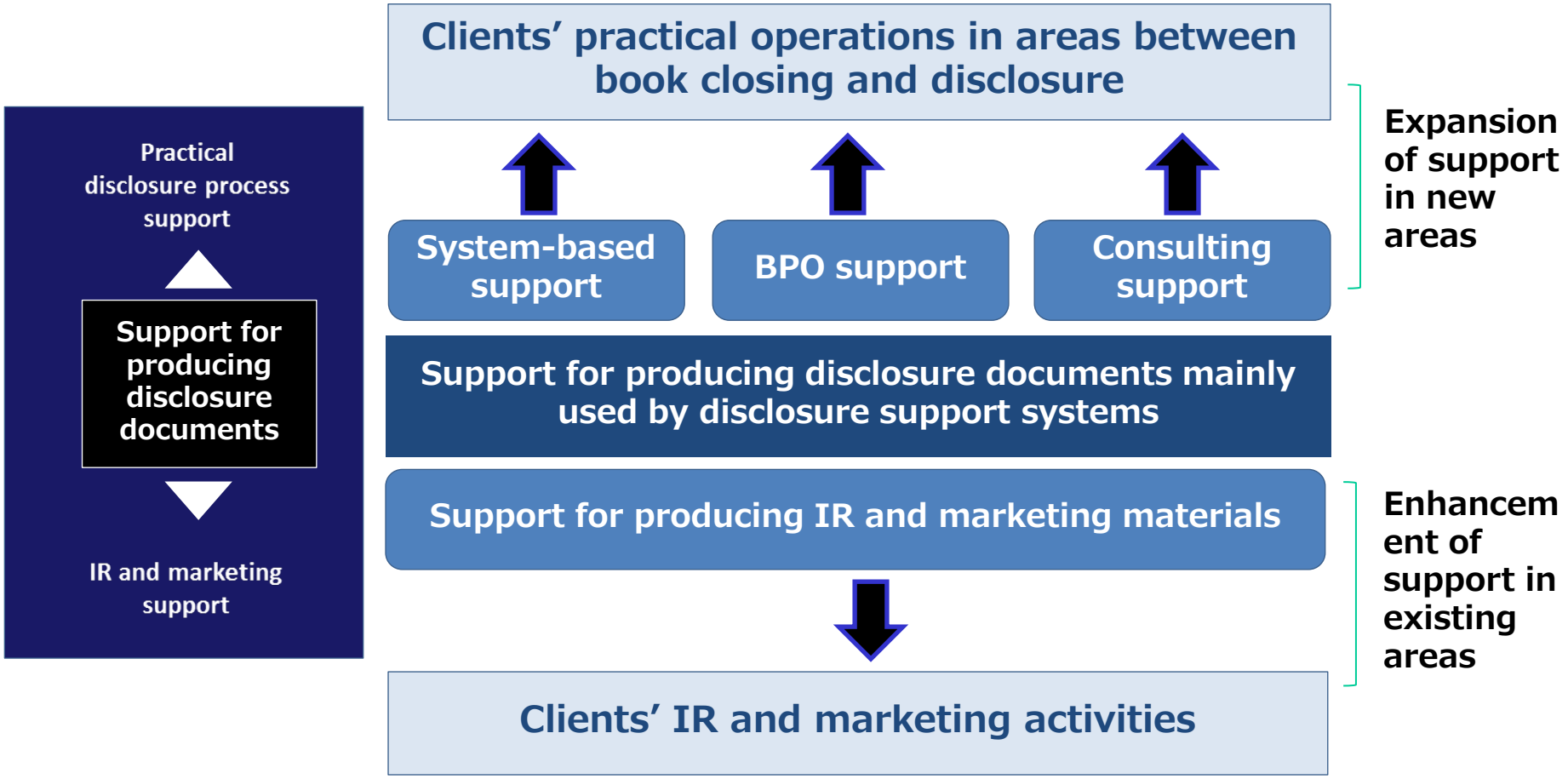
- Digitization of convocation notices and unification of disclosure documents
- Greater need for support services to handle diversification and vigorous business in financial products
- Expansion of new securitization markets such as infrastructure funds
- Move to online disclosure and IR tools with development of the Internet environment

We envision big changes with both positive and negative aspects

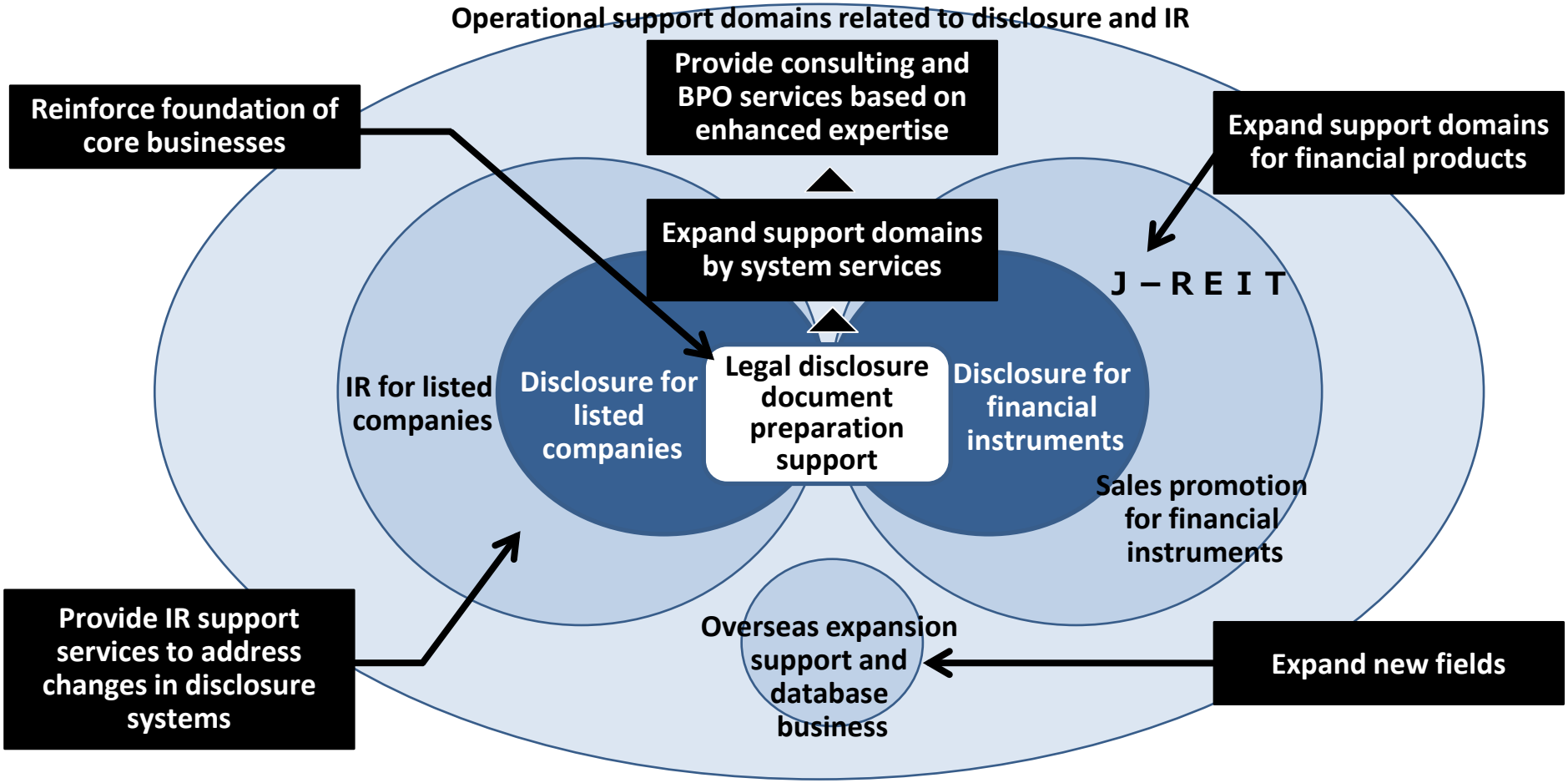
Our paramount management issue is to foresee and respond to environmental changes and change them into growth potential

■ Expanding domain: From support producing disclosure documents to support for practical processes surrounding disclosure

- In the practical business of disclosure, the process of going from accounting data to disclosure data is increasing the burden on customers year by year.
- We will expand the scope of practical support by upgrading our system services and enhancing our BPO and consulting services



■ **We will expand the domain of practical support while strengthening our foundation in support producing statutory disclosure documents.**



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

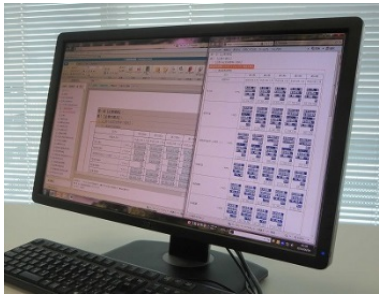
Background

- Increased workload of operational processes from account settlements to disclosure
- Rising demand from clients to streamline operations
- Shortage of highly experienced experts in disclosure

Key strategies

■ **Expansion of function and rool out support system service centered on PRONEXUS WORKS**

■ **Provision of BPO services**



Supporting customers' practical business through system services and consulting

2. Provide services that address changes in disclosure systems

Background

- Growing demand for engagement between companies and investors with the introduction of the Corporate Governance Code
- Increasing number of companies adopting IFRS
- Growing demand for the translation of disclosure documents into English
- Future digitization of convocation notices for general shareholders meetings

Key strategies

■ **Enhancement of English language translation system**

■ **Expansion of online services**

■ **Enhancement of support services for IFRS compliance**





Providing pioneering services that meet regulation chan
increasing needs, and IT environment development

3. Expand services in new domains of financial instruments disclosure

Background

- Investment trust market expected to maintain its current vigor over the interim
- Diversification of financial product markets
- Growing demand among asset management companies to streamline operations

Key strategies

- **Expansion of operational support to the investment trust management companies**
- **Initiatives in new securitization fields such as infrastructure funds**
- **Strengthening of support for marketing of financial products such as websites and marketing tools**
- **Support for asset management in J-REITs**

PRONEXUS FUND DOCUMENT SYSTEM



Expand practical support surrounding financial disclosure

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

Background

- Increase in number of Japanese companies expanding into Asia given the long-term contraction of domestic demand
- Maturation of the corporate information database market

Key strategies

- **Development of business to support Japanese companies intending to expand their business in Asia**
- **Expansion of corporate information database eolDB**



Expand new domains beyond market needs

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

Background

- Growing need for enhancing human resources and organizations for carrying out business domain expansion
- Need to improve productivity and profitability for domain expansion and stronger competitiveness

Key strategies

- **Build company-wide platform for domain expansion including human resources development, etc.**
- **Enhancement of productivity and profitability increased ratio of in-house production and improvements in business processes**



Control cost increases from system enhancement by improving productivity and earning power

6. Utilize outside resources to expand business domains

Background

- New know-how and skills are essential for expanding business domains

Key strategies

- **Promote the utilization of outside resources, including M&A as well as capital/business alliances**

Speed up domain expansion by making use of external resources in addition to strengthening internal resources

7. Financial strategy

Background

- ROE of 8.1% in the fiscal year ended March 2016
- Total shareholder return ratio of 99.9% in the fiscal year ended March 2016

Key strategies

- **continuing to improve profitability and maintaining shareholder returns at an elevated level.**

Position improvement of capital efficiency as an important management issue

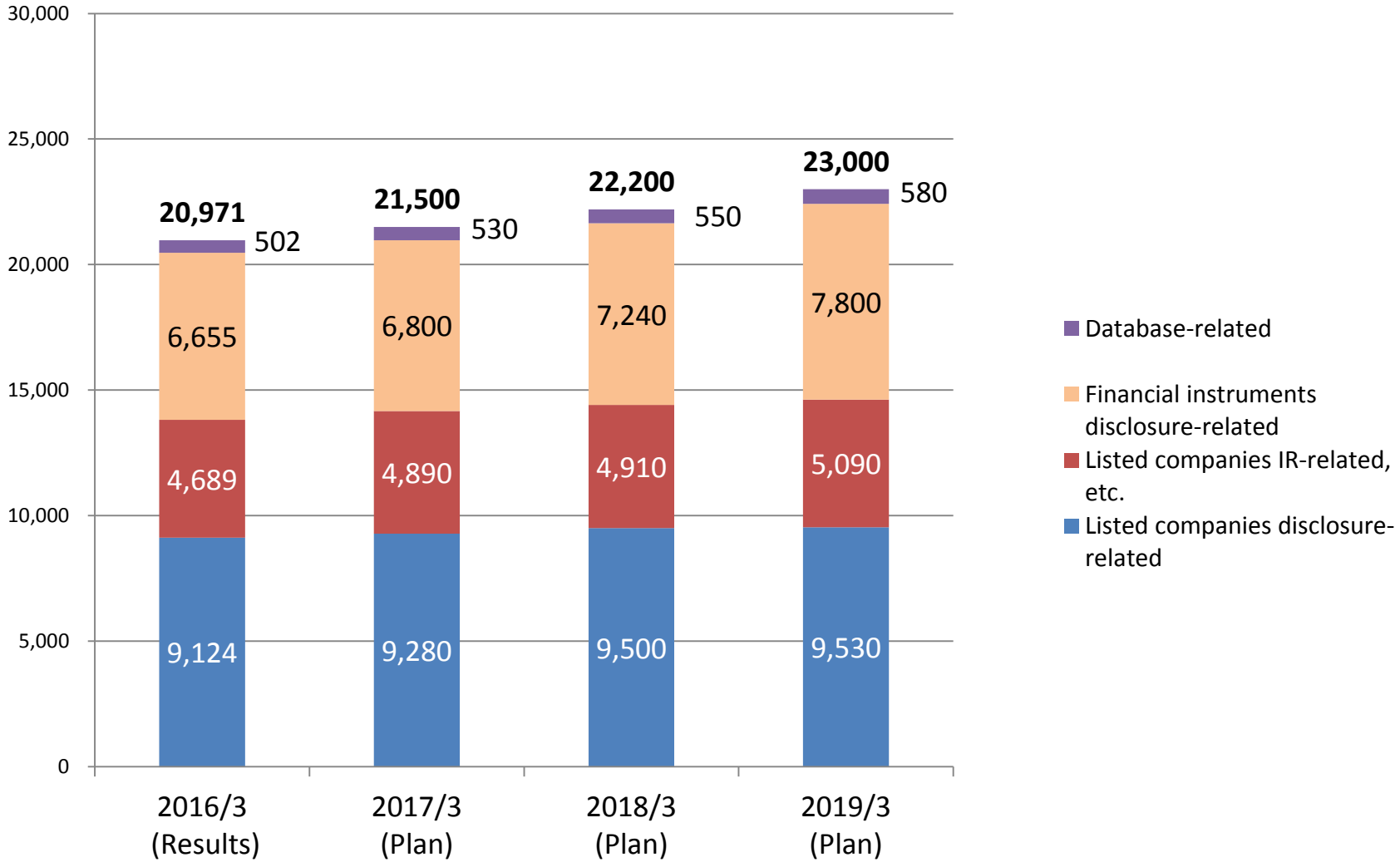
■ Medium-term net sales, operating income, operating margin, and ROE targets

- 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.



■ Forecast of medium-term net sales by product

- We plan to increase sales in each product category, especially in the field of financial disclosure.



■ Detailed quantitative targets

- We will practice stable and flexible shareholder return in addition to pursuing performance targets.

	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%	-1.7pt	–
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			–	–

Financial Disclosure Solutions
PRONEXUS

Thank you for your kind attention

PRONEXUS INC.

Supplemental Data: Major Operating Performance Indicators, etc.

1. Our Performance and Business Environment: System Changes and Effects of Market Conditions

● Main system revision

● Financial Instruments and Exchange Act (Sep./07)

● Introduction of corporate governance code (begun Jun./15)

● Increased publication of investment trust risk information (Sep./07)

● Disclosure of consolidated financial statements in the convocation notices (Apr./05)

● Next-generation EDINET (Sep./13) Securities reports disclosure begun via new EDINET (from Jan./14)

● Quarterly reporting system and XBRL disclosure (Apr./08)

▽Simplification of quarterly reporting system (Apr./11)

● Companies Act and Increase in convocation notice publishing (May/06)

▽Simplification of investment trust prospectuses (Aug./10)

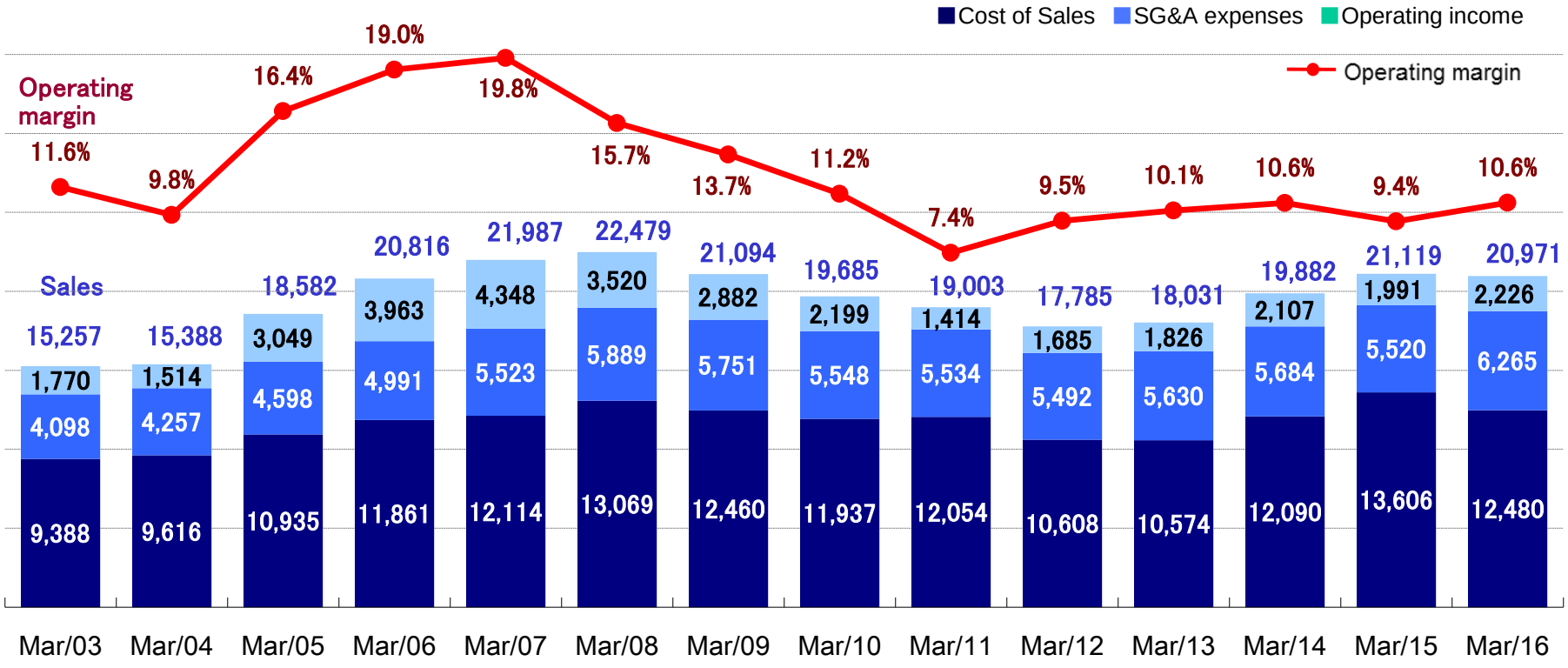
● EDINET becomes mandatory (June/04)

▽Digitization of listed company stock certificates in Japan (Jan./09)

▽Management reports split into two stages (begun Jan./15)

▽Lehman crisis (Sep./08)

(Unit: millions of yen)

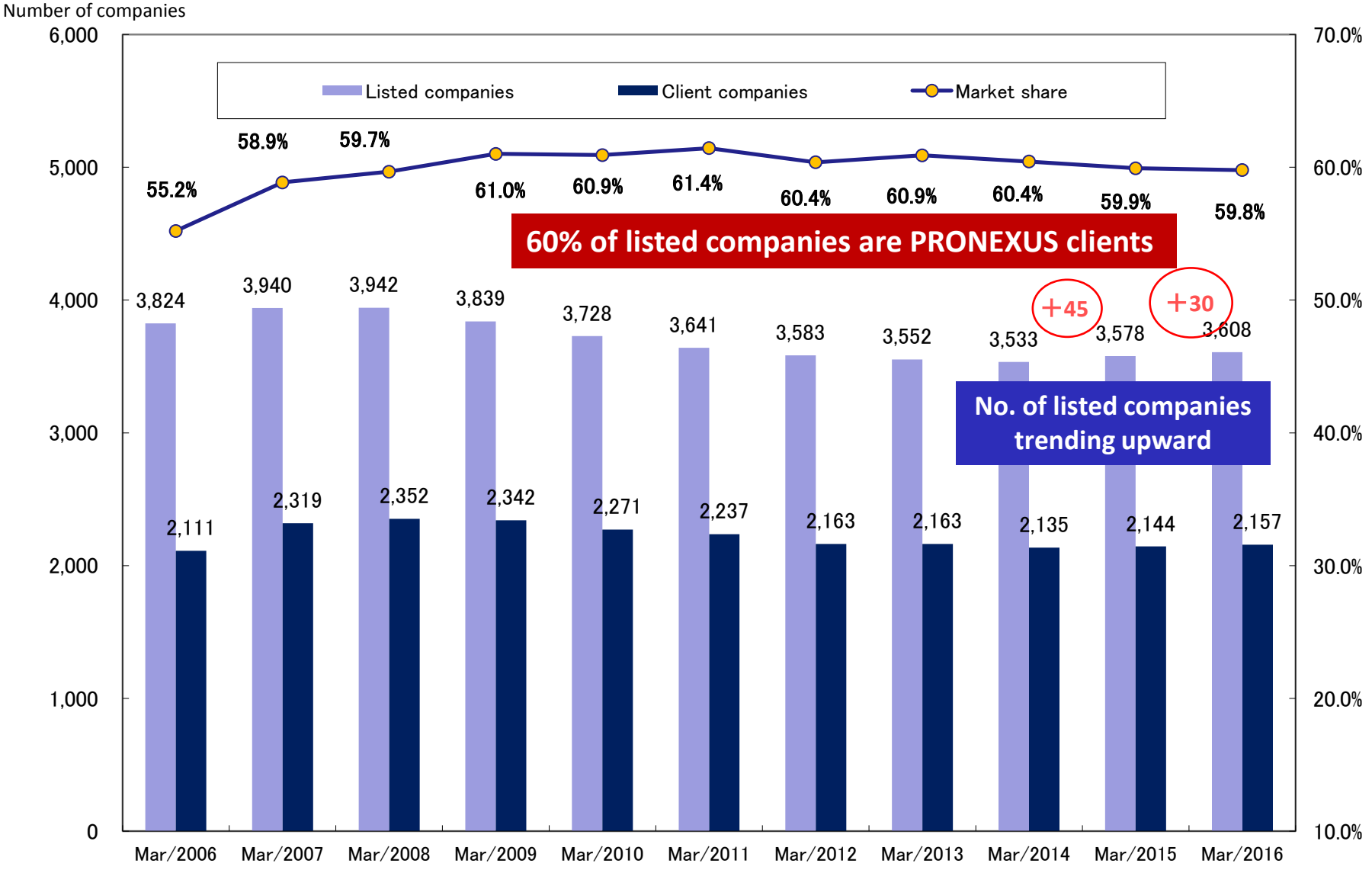


■Operating margin: 10.6%, ROE: 8.1%

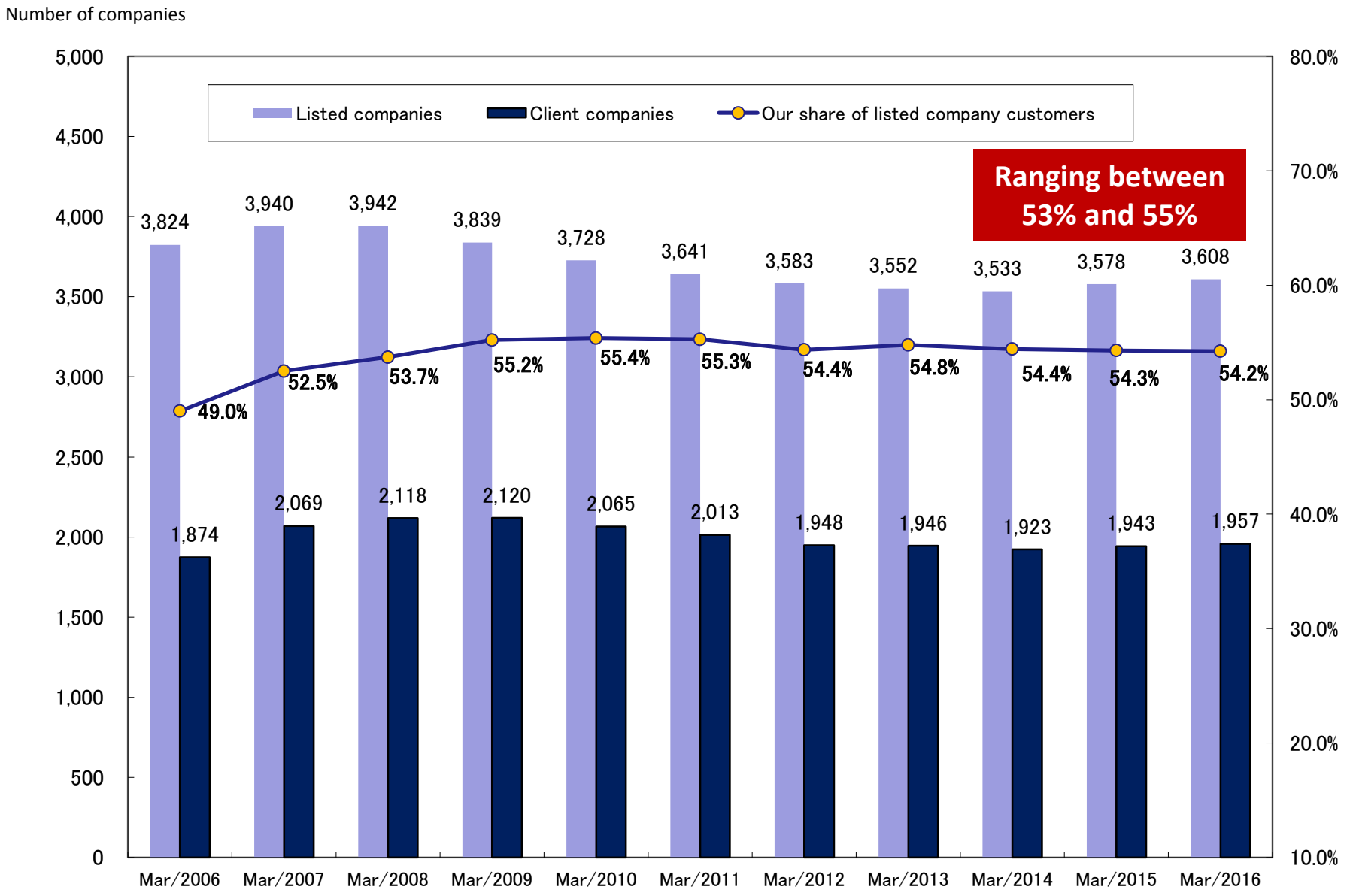
(million yen)

	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3 (Forecast)
Net sales	17,785	18,031	19,882	21,119	20,971	21,500
Rate of change (%)	(6.4)	1.4	10.3	6.2	(0.7)	2.5
Cost-of-sales ratio (%)	59.6	58.6	60.8	64.4	59.5	59.1
Operating income	1,685	1,826	2,107	1,991	2,226	2,350
Rate of change (%)	19.1	8.4	15.4	(5.5)	11.8	5.6
Operating margin (%)	**9.5**	**10.1**	**10.6**	**9.4**	**10.6**	**10.9**
Profit attributable to owners of parent	1,060	1,166	1,417	1,358	1,680	1,680
Earnings per share (EPS)	29.91	34.69	43.63	43.72	56.28	
Rate of change in EPS (%)	**58.6**	**16.0**	**25.8**	**0.2**	**28.7**	
Net assets	21,943	21,758	21,819	20,934	20,852	
ROE (%)	**4.9**	**5.4**	**6.5**	**6.4**	**8.1**	**7.8**
Dividends per share	17	18	20	18	23	22
Total dividends	602	601	648	552	679	
Acquisition of treasury stock	15	927	749	1,875	999	
Dividend payout ratio (%)	**56.8**	**51.9**	**45.8**	**41.2**	**40.9**	
Total return to shareholders (%)	**58.3**	**131.0**	**98.7**	**178.7**	**99.9**	
Average number of shares during year (excld. treasury stock)	35,440	33,633	32,485	31,077	29,855	

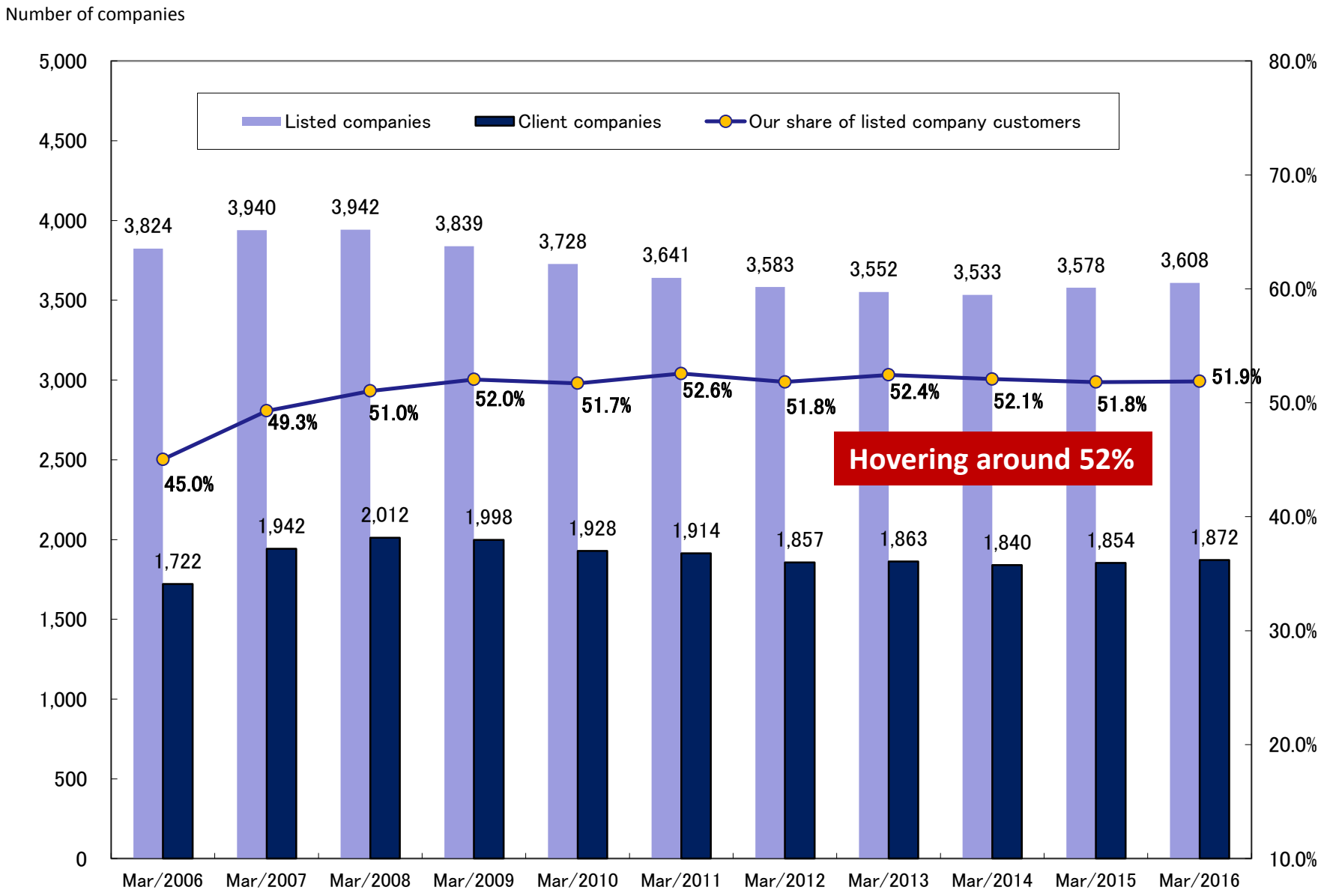
※Number of listed clients companies that place orders for either convocation notices or securities reports



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



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



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

