May 13, 2022

New Medium-Term Management Plan 2024 Announced

TOKYO, JAPAN, May 13, 2022 – PRONEXUS Inc. (“PRONEXUS” or the “Company”) announced the New Medium-Term Management Plan 2024 (“new plan”) that will run for three years, from April 2022 to March 2025.

1. Background to the new plan

(1) History of PRONEXUS’s businesses and actions under the 2018 medium-term management plan

PRONEXUS was founded in 1930 as a company specializing in printing stock certificates, and we celebrated our 90th anniversary in 2020. During this period, PRONEXUS made a major shift to becoming a disclosure business that supports information disclosure for listed companies and for financial instruments in response to the development of Japan’s capital markets and changes in laws and regulations.

In recent years, the disclosure business has become increasingly digitized, and with PRONEXUS’s system and consulting services as core pillars of the business, the Company has evolved, as part of the social infrastructure, to support capital markets. In addition, to improve dialogue with investors and to respond to clients’ requirements for business efficiency, PRONEXUS has continued to expand the business domain into nonprinting fields, such as the Web, English translation, and BPO (business process outsourcing) as growth drivers under the Company’s New Medium-Term Management Plan 2021 (“previous plan”) for three years from the fiscal year ending March 31, 2020.

As a result, during the previous plan the nonprinting segment grew to 55% of the Company’s sales revenue, including the effect of M&As. Although the Company dropped performance targets for the second and third years due to the COVID-19 pandemic, performance exceeded the plan in the first year and the Company achieved record sales revenue in the two following years. On the other hand, operating income fell short of the initial plan due to aggressive investment in growth, DX, and human resources in anticipation of the world after COVID-19.

The introduction of a system for electronically providing convocation notices for general meetings of shareholders (“convocation notices”) was expected to have an impact during the previous plan, and this will begin fully with the general meetings of shareholders to be held in March 2023, within the period of the new plan. The Company recognizes that improved profitability in response to these changes in the business environment will be a challenge for the new plan.

*Nonprinting fields: Electronic disclosure on TDnet and EDINET, Web, English translation, business process outsourcing (BPO), support for visualizations of general shareholders meetings, consulting and seminars, support for overseas expansion, databases, etc.

Quantitative targets and results in the previous plan

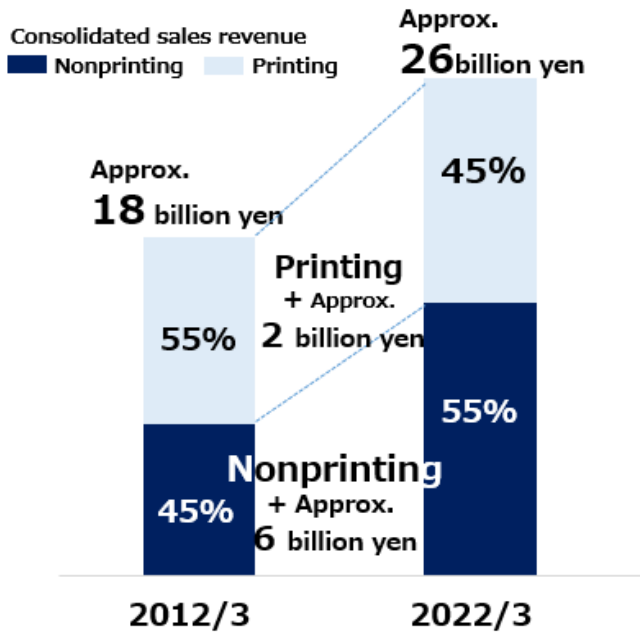
(Unit: million yen)

	FY	Sales revenue Relative to plan	Operating income Relative to plan	*Net income Relative to plan
Previous medium-term management plan	Results for year ended March 2020	24,446 +746	2,600 +50	1,846 +16
	Results for year ended March 2021	24,997 Reference +497	2,130 Plan withdrawn due to COVID-19 pandemic △520	1,691 △209
	Results for year ended March 2022	26,142 Reference +1,142	2,483 Plan withdrawn due to COVID-19 pandemic △167	1,763 △137

*Net income attributable to owners of the parent

*This table compares the previous medium-term management plan's goals when they were announced with the actual results.

Growth in nonprinting fields over the past ten years



(2) Main changes in the business environment

1) Development of nonfinancial information disclosure and dialogues with investors (positive impact)

In the disclosure and investor relations (IR) industry, the Company's primary focus, there is increasing demand for improved disclosure of nonfinancial information. In particular, in recent years, the disclosure of corporate sustainability information, such as information on climate change and human capital, has become ingrained and is expected to grow further in the future.
In addition, with the reorganization of the TSE market, there is new demand for better dialogue with investors, including information disclosure in English, especially for companies listed on the TSE Prime Market. As a result, further growth is expected for IR-related products, such as consulting on sustainability information disclosure as well as English translations.

2) Promotion of workstyle reforms and DX (positive impact)

The requirement for improved operational efficiency and outsourcing by the Company's clients has grown sharply due to workstyle reforms. Moreover, corporate operations have changed dramatically with the COVID-19 pandemic and the digital transformation (DX) is accelerating, including the shift of operations to online and remote working. As a result, system services, BPO services, and Web services that streamline disclosure practices are expected to grow.

3) Changes in digitization of disclosures and consolidation of quarterly disclosures (negative impact)

Currently, listed companies are mailing convocation notices to shareholders. But starting with the general shareholders' meetings to be held in March 2023, listed companies will be posted their convocation notices on the Web and also, they will be introduced an electronic system, along with a simplified document called an access notice that will be mailed out. This is expected to reduce the number of pages printed for convocation notices. In practice, on the other hand, from the viewpoint of exercising shareholders' voting rights, multiple approaches to sending information, in addition to the access notice, are envisioned, such as optional mailing of all pages of a convocation notice and certain summaries, as in the past.

For investment trust companies, the shift to paperless prospectuses, sales information, and other printed materials is gradually increasing due to fewer face-to-face sales at financial institutions as a result of the COVID-19 pandemic and the growth of online sales.

Further, under the current quarterly disclosure system, quarterly financial statements are submitted to the TSE and quarterly securities reports to the FSA, but discussions are taking place in government ministries and agencies to consolidate these into a single quarterly financial statement. As a result, the Company expects some negative

impact on sales and profit, although it is difficult to estimate the amount.

The Company believes that the principal issue facing management is how to respond to both the positive and negative aspects of these changes and transform them into growth.

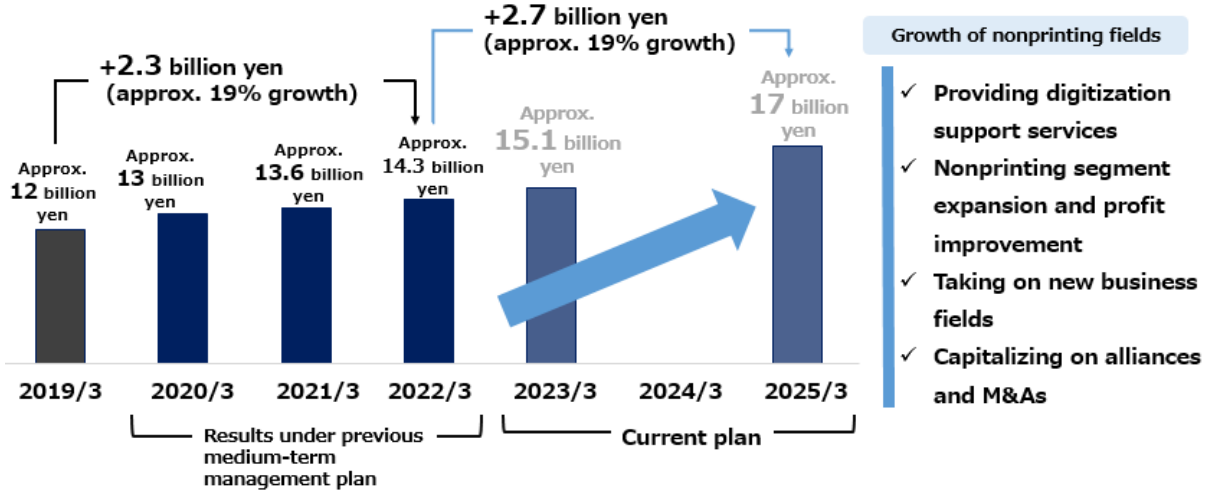
2. Concept of the New Medium-Term Management Plan 2024

For the 90th anniversary in 2020, PRONEXUS reviewed the management philosophy, which had been limited to disclosure and investor relations, redefining business domains as both information communication and documentation. This plan is a response to the challenge to nurture and grow these areas in the run-up to the Company's 100th anniversary.

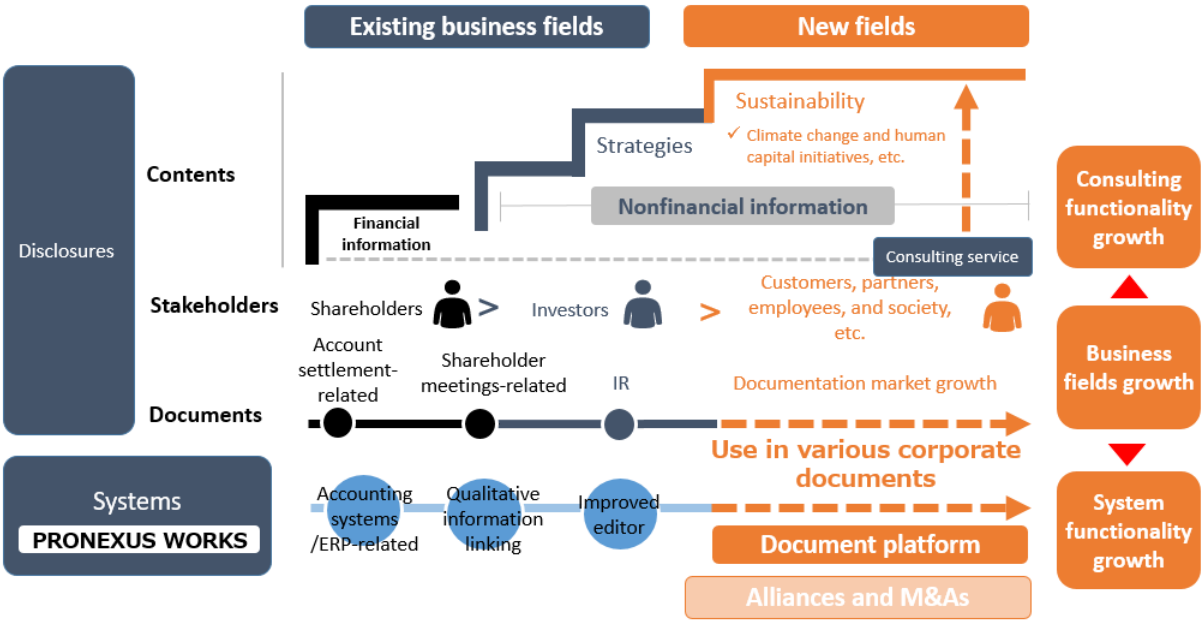
To date, the Company has achieved business transformation and growth in response to changes in the business environment, including the digitization of stock certificates and the introduction of electronic disclosure for annual securities reports. The previously mentioned digitization of convocation notices and the shift to paperless operations for investment trusts are major changes in the Company's core business. PRONEXUS will respond to customer requirements associated with these changes and provide new services to turn them into opportunities, leading to further growth. On the other hand, since a fall in printing sales is inevitable, the Company intends to secure profits by improving profitability and by expanding into nonprinting fields, such as the Web, English translation, and BPO, to meet changes in the business environment.

In addition, PRONEXUS will strengthen system consulting operations in response to the need for more nonfinancial information disclosures, such as sustainability information. This will enable the Company to achieve medium- to long-term growth by taking on the challenge of new business areas, such as document support for disclosures.

sales revenue–nonprinting



Direction of growth in new business domains



3. Key strategies in the new plan

(1) Growth strategies to handle digitization of convocation notices

[Background]	[Key strategies]
● Digitization of convocation notice for general meetings of shareholders ● Growing demand for Web services	✓ Create new services that improve convenience for shareholders and support a reduced workload for clients in listed companies in response to digitizing convocation notices. ✓ Provide secondary support for other areas, including conformity with statutory requirements and improved Web services, along with digitization.

(2) Growth strategies to adopt paperless operations for investment trusts

[Background]	[Key strategies]
● Shift to a paperless system for printed materials, such as prospectuses and sales information ● Growing need for improvements	✓ Improve operational efficiency by boosting functionality of support system for FDS investment trust fund documentation and develop new digital products. ✓ Use the expertise accumulated from

in operational efficiency along with workstyle reforms ● Growing demand for Web services	providing IR support for listed companies to grow the business for disclosure-related support for investment trust companies, especially for disclosures, mainly on the Web.

(3) Further growth of nonprinting fields and improved profitability

[Background]	[Key strategies]
● Improve nonfinancial information disclosure ● Enhance dialogues with investors ● Post COVID-19 ● Increase profitability	✓ Strengthen consulting services to support sustainability information disclosure ✓ Increase profitability by making further structural changes in the nonprinting fields (growth drivers under the previous medium-term management plan), including Web-based English translations, virtual shareholder meeting support, and BPO.

(4) Taking on the challenge of new business areas and creating a document platform

[Background]	[Key strategies]
● Improve nonfinancial information disclosure ● Handle increased need for greater operational efficiency due to workstyle reforms ● Post COVID-19	✓ Introduce a new version of PRONEXUS WORKS, a system for preparing disclosure documents for listed companies, and beef up functionality. Work to gather more orders for optional services: WORKS-i and WORKS-Core. ✓ In addition to PRONEXUS WORKS, sequentially offer more customer-specific operational information sites and online business management functionality. ✓ In addition to disclosure documents, aim to develop a multi-document service that addresses the everyday requirements for business reporting.

(5) Human Resources and M&A Strategie

[Background]	[Key strategies]
● Increase in orders ● Increasing profitability	✓ Promote using external resources, including through M&As and capital and business alliances, while strengthening

● Workstyle reforms at the Company	internal resources, such as securing and nurturing professional human resources in the nonprinting segment as well as new business areas. ✓ Develop and grow existing and new business areas.

(6) Financial Targets

[Background]	[Key strategies]
● ROE of 9.1%, dividend and payout ratio of 51.3% in the fiscal year ended March 31, 2022	✓ Improve capital efficiency by continuing to grow profitability while maintaining high shareholder returns. ✓ Continue stable dividends with a payout ratio of 50% or more as our standard.

4. Quantitative targets

Up until the previous medium-term management plan, the Company announced performance targets for the period of a plan. As mentioned above, however, the current plan envisions multiple patterns in practice for the digitization of convocation notices. In other words, at this time the Company is unable to estimate the level of customer changeover to the Company's new service, which is currently under development. Also, there are uncertainties, especially in the Company's core business (disclosure-related services for listed companies), such as the fact that the system for consolidating quarterly disclosures is still being developed. Therefore, it is difficult today to calculate the impact on the Company's business performance.

For the fiscal year ending March 2023, the effect of digitizing convocation notices is expected to be relatively minor or have not yet occurred, and therefore performance targets will be announced later. For the fiscal years ending March 2024 and March 2025, on the other hand, the Company has determined that more careful consideration is needed, and we will announce performance targets when they can be calculated more accurately.

(Unit: million yen)

	22/3 Results	23/3 Forecast	24/3 Forecast	25/3 Forecast	note	
Changes in the business environment affecting performance						
Digitization of convocation notices	System finalized (Practical operation not yet finalized)	To be introduced from shareholders' meetings in March 2023			**Introduction of a system that does not eliminate all sales.**	
Consolidation of quarterly disclosures	System under development	Minor effects	(System requirements stage) (Introduction period not yet set)			
1. Result						
Revenue	26, 142	27, 000				
Listed Companies Disclosure-Related	11, 267	11, 500				
Listed Companies IR-Related	6, 914	7, 300	To be announced at a later date		**For the fiscal years ending March 2024 and March 2025, the Company will announce performance targets at a time when they can be calculated with a higher degree of accuracy.**	
Financial Instruments Disclosure-Related	6, 890	7, 150				
Database-Related	1, 071	1, 050				
Operating profit	2, 483	2, 600				
Profit	1, 763	1, 800				
2.Management Indicators						
Operating margin ratio	9. 5%	9.6%				
Return on equity (ROE)	7. 5%	7.7%				
3. Shareholder return						
Payout ratio	51. 3%	51. 0%	50% or more as standard.		—	—
Acquisition of treasurystock	Approx 1.17 million shares.	Implemented as an important shareholder return policy, taking into consideration stock price and financial conditions.			—	—

*PRONEXUS has been using the International Financial Reporting Standards (IFRS) from the fiscal year ending March 31, 2020.