Translation

October 31, 2024

Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2025 <under IFRS>

Company name: PRONEXUS INC.
Listing: Tokyo Stock Exchange
Stock code: 7893
URL https://www.pronexus.co.jp/english/
Representative: Takeshi Ueno, President and Representative Director
Inquiries: Jun Takamatsu, Managing Executive Officer, General Manager, Corporate Planning and Administrative Division, General Manager, President's Office
TEL: +81-3-5777-3111 (from overseas)

Scheduled date to file Semi-annual Securities Report: November 11, 2024
Scheduled date to commence dividend payments: December 5, 2024
Preparation of supplementary material on earnings: Yes
Holding of earnings performance review: Yes (for analysts)

(Millions of yen with fractional amounts rounded, unless otherwise noted)

1. Consolidated performance for the first six months of the fiscal year ending March 31, 2025 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
First six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	17,887	1.0	3,163	8.9	4,595	56.6	3,134	57.0
September 30, 2023	17,716	10.6	2,905	7.7	2,935	6.5	1,996	6.9

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
First six months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2024	3,132	57.1	2,776	21.2	122.76	–
September 30, 2023	1,993	6.9	2,291	38.0	78.12	–

Note: At the end of the fiscal year ended March 31, 2024, the provisional accounting treatment for business combinations was finalized. Accordingly, figures for the first six months of the fiscal year ended March 31, 2024 show the amounts that have been adjusted to reflect the revision of the initial allocation of acquisition costs upon finalization of the provisional accounting treatment.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2024	41,643	27,899	27,849	66.9
March 31, 2024	38,584	25,583	25,535	66.2

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	18.00	–	18.00	36.00
Fiscal year ending March 31, 2025	–	26.00			
Fiscal year ending March 31, 2025 (Forecast)			–	26.00	52.00

Notes: 1. Revisions to the forecasts of cash dividends most recently announced: None
2. For the fiscal year ending March 31, 2025, the dividend for the second quarter-end and fiscal year-end (forecast) each include a special dividend of 8.00 yen (total of 16.00 yen for the fiscal year).

3. Consolidated earnings forecasts for the fiscal year 2024 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	31,000	2.9	2,500	2.7	3,900	54.2	2,650	48.4	2,650	48.9	103.88

Notes: 1. Revisions to the consolidated earnings forecasts most recently announced: None
2. On May 13, 2024, PRONEXUS INC. (hereinafter the “Company”) made a separate announcement, “(Update on Disclosed Matter) Notice Concerning Changes in Associates Accounted for by the Equity Method (Share Transfer), Recording of Gain on Sale of Shares of Subsidiaries and Associates, and Other Information.” In conjunction with this share transfer, the Company recorded gain on sale of investments accounted for using equity method of 1,411 million yen in the first quarter of the fiscal year ending March 31, 2025.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies and changes in accounting estimates

a. Changes in accounting policies required by IFRS: Yes
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None

(3) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	27,716,688 shares
As of March 31, 2024	27,716,688 shares

b. Number of treasury shares at the end of the period

As of September 30, 2024	2,207,608 shares
As of March 31, 2024	2,207,565 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the first six months ended September 30, 2024	25,509,089 shares
For the first six months ended September 30, 2023	25,509,151 shares

*** Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation**

*** Proper use of earnings forecasts, and other special matters**

(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. Please refer to the section of "(3) Explanation of consolidated earnings forecasts and other forward-looking statements" of "1. Qualitative information regarding earnings for the first six months" on page 5 of [Attached Material] for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(Means of access to contents of supplementary material on earnings and earnings performance review)

The supplementary material on earnings will be available on the Company's website. The Company holds presentations for analysts regarding the six-month and year-end results. Distributed presentation materials as well as video recordings of the performance reviews will be available on the Company's website.

[Attached Material]

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1. Qualitative information regarding earnings for the first six months

(1) Explanation of operating results

(i) Condition of Japanese economy

In the first six months, the Japanese economy showed a gradually recovery trend in economic conditions, backed mainly by improvement in the employment and income environment. However, the future of the economy remains unclear due to surging resource prices caused by the war in Ukraine and conflicts in the Middle East, primarily in Gaza, becoming prolonged, an increase in prices, the Japanese yen depreciation in foreign exchange markets and other factors.

Furthermore, in the securities markets of Japan, to which the business of the Company is closely linked, although the Nikkei Stock Average fell to the 31,000-yen level at one point in the first six months due to concerns about the slowing of the U.S. economy and the rapid appreciation of the yen, expectations for a domestic economic recovery resulted in it trading mostly around the 38,000-yen level, compared to the 31,000-yen level in the same period of the previous fiscal year.

(ii) Review of performance

In the first six months of the current fiscal year, orders for web services, English translation services and other IR-related services increased against the backdrop of the growing need for the promotion of dialogue with shareholders and investors and the requirement for companies listed on the Prime Market to simultaneously disclose information in Japanese and English starting in April 2025. In addition, orders increased for finance-related products for listed companies and, in the investment trust-related business, for promotion tools, mainly for sales company websites. The business of preparing the shareholder convocation notices, one of our mainstay products, saw the number of their printed pages decrease due to the system for the electronic provision of convocation notices that was implemented starting from the general meetings of shareholders held in March 2023. However, sales remained almost at the same level year on year, as the shift to electronic provision has been more gradual than expected, as well as due to an increase in the number of printed copies, accompanying the increase in the number of individual shareholders, and the provision of services aimed at supporting electronic provision. Meanwhile, starting from the first six months of the current fiscal year, the accounting for the annual fees for the practical information provision services for our client companies was changed from recording a lump sum at the beginning of the fiscal year previously to recording monthly installments. Although there will be no impact on the performance for the full year as a result of this change, both revenue and profit for these services for the first six months decreased by 96 million yen. The aforementioned factors contributing to increased revenue more than offset these. As a result, consolidated revenue in the first six months was 17,887 million yen, an increase of 171 million yen, or 1.0%, year on year.

In terms of profit, as a result of efforts to offset initial costs incurred to address the system for electronic provision of shareholder convocation notices, and to implement operational streamlining, operating profit came to 3,163 million yen, an increase of 258 million yen, or 8.9%, year on year. In addition, as a result of recording gain on sale of investments accounted for using equity method of 1,411 million yen in conjunction with the share transfer of associates accounted for using equity method, profit before tax was 4,595 million yen, an increase of 1,660 million yen, or 56.6%, year on year, and profit attributable to owners of parent was 3,132 million yen, an increase of 1,139 million yen, or 57.1%, year on year.

1) Sales performance by business

<Listed companies disclosure-related business>

In conjunction with the expanding adoption of the system for the electronic provision of convocation notices that was implemented starting from the general meetings of shareholders held in March 2023, the number of printed pages for shareholder convocation notices, one of our mainstay products, decreased. However, as the shift to electronic provision has been more gradual than expected, as well as due to an increase in the number of printed copies,

accompanying the increase in the number of individual shareholders, and the promotion of orders for new services in response to the introduction of the new system, the negative impact has been negligible and the results exceeded our plan at the beginning of the fiscal year.

In addition, orders increased for finance-related products against the backdrop of robust stock markets, and revenues increased for outsourcing services for the preparation of disclosure documents due to strong demands for operational streamlining. As a result, revenue of the listed companies disclosure-related business was 8,148 million yen, an increase of 147 million yen, or 1.8%, year on year.

<Listed companies IR and events-related, etc. business>

Orders increased for web services and visualization services for shareholders' meetings, backed by growing needs for the promotion of dialogue with shareholders and investors. Furthermore, revenues increased for English translation services in anticipation of the requirement for companies listed on the Prime Market to simultaneously disclose information in Japanese and English starting in April 2025.

However, revenue from business reports for shareholders decreased as the number of companies preparing such reports has declined. In addition, starting from the first six months of the current fiscal year, the accounting for the annual fees for the practical information provision services for our client companies was changed from recording a lump sum at the beginning of the fiscal year previously to recording monthly installments. Although there will be no impact on the performance for the full year as a result of this change, the sales for these services for the first six months decreased by 96 million yen. As a result, revenue of the listed companies IR and events-related, etc. business was 5,752 million yen, a decrease of 94 million yen, or 1.6%, year on year.

<Financial instruments disclosure-related business>

In the investment trust-related business, orders increased for promotion tools, mainly for sales company websites, against the backdrop of the increase in the number of individual investors following the introduction of the new NISA (Nippon Individual Savings Account) scheme. In the meantime, in the real estate securities business, despite a decline in orders for related products due to a decrease in financing compared to the same period of the previous fiscal year, factors contributing to increased revenue more than offset these. As a result, revenue of the financial instruments disclosure-related business was 3,472 million yen, an increase of 117 million yen, or 3.5%, year on year.

<Database-related business>

In the database-related business, although there were some decreases in unit prices during contract renewals for existing customers, we worked to increase unit prices mainly from universities, who are the main customers, and acquire orders from new customers. As a result, revenue of the database-related business was 516 million yen, an increase of 1 million yen, or 0.1%, year on year.

Revenue by product areas

(Thousands of yen with fractional amounts discarded, unless otherwise noted)

	First six months of FY2023 (from April 1, 2023 to September 30, 2023)		First six months of FY2024 (from April 1, 2024 to September 30, 2024)		Change	
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount	(%)
Listed companies disclosure-related business	8,000,642	45.2	8,147,712	45.5	147,070	1.8
Listed companies IR and events-related, etc. business	5,845,947	33.0	5,752,221	32.2	(93,726)	(1.6)
Financial instruments disclosure-related business	3,354,377	18.9	3,471,723	19.4	117,346	3.5
Database-related business	514,897	2.9	515,534	2.9	637	0.1
Total	17,715,863	100.0	17,887,190	100.0	171,327	1.0

Note: Amounts are based on sales prices.

2) Earnings summary

In the first six months, revenue increased by 171 million yen over the same period of the previous fiscal year in product categories other than those in the listed companies IR and events-related, etc. business, where the accounting method for recording sales from annual fees was changed. Cost of sales amounted to 10,565 million yen, an increase of 37 million yen, or 0.4%, year on year, despite a decrease in costs for paper as a result of the expanding adoption of the system for the electronic provision of shareholder convocation notices. Factors causing this cost increase included continued rises in unit purchase prices, such as the cost of materials, including paper, and an increase in labor costs caused by the expansion of orders. On the other hand, the cost-to-sales ratio was 59.1%, a decrease of 0.3 percentage points year on year, as a result of efforts to offset initial costs incurred to address the aforementioned system for electronic provision, and to implement operational streamlining. As a result, gross profit was 7,322 million yen, an increase of 134 million yen, or 1.9%, year on year. Selling, general and administrative expenses amounted to 4,217 million yen, a decrease of 94 million yen, or 2.2%, year on year mainly due to a decrease in sales promotion expenses. The ratio of selling, general and administrative expenses was 23.6%, a decrease of 0.7 percentage points year on year. As a result, operating profit was 3,163 million yen, an increase of 258 million yen, or 8.9%, year on year.

In addition, as a result of recording finance income of 44 million yen, finance costs of 23 million yen, and gain on sale of investments accounted for using equity method of 1,411 million yen in conjunction with the share transfer of associates accounted for using equity method, profit before tax was 4,595 million yen, an increase of 1,660 million yen, or 56.6%, year on year. Profit attributable to owners of parent was 3,132 million yen, an increase of 1,139 million yen, or 57.1%, year on year.

In conjunction with the finalization of the provisional accounting treatment for business combinations, the figures for the first six months of the fiscal year ended March 31, 2024 reflect the finalization of the provisional accounting treatment.

(iii) Seasonal factors of the second quarter

The Company and its subsidiaries (the “Group”) owe approximately two-thirds of its revenue to Japanese listed companies. Because roughly 60% of these companies close their books in March, orders for products related to account settlements and shareholders’ meetings peak in the first quarter (from April to June). Consequently, as shown in the table below, revenue during the first quarter accounts for approximately 40% of the year total, while that during the second quarter (from July to September) is limited to 20% or less.

(Reference) Fiscal year ended March 31, 2024

	Q1 (Apr.–Jun.)	Q2 (Jul.–Sep.)	Q3 (Oct.–Dec.)	Q4 (Jan.–Mar.)	Year total
Revenue (Millions of yen)	11,800	5,916	6,275	6,126	30,117
Composition ratio (%)	39.2	19.7	20.8	20.3	100.0

(2) Explanation of financial position

As of September 30, 2024, total assets increased by 3,059 million yen from the previous fiscal year-end to 41,643 million yen. The main components included an increase of 5,217 million yen in cash and cash equivalents, a decrease of 584 million yen in trade and other receivables and a decrease of 974 million yen in investments accounted for using equity method.

As of September 30, 2024, total liabilities increased by 743 million yen from the previous fiscal year-end to 13,744 million yen. The main components included a decrease of 681 million yen in trade and other payables, an increase of 939 million yen in income taxes payable, and an increase of 840 million yen in contract liabilities.

Equity totaled 27,899 million yen as of September 30, 2024, an increase of 2,317 million yen from the previous fiscal year-end. The main components included an increase due to the recording of 3,132 million yen in profit attributable to owners of parent, a decrease due to the recording of a loss of 359 million yen in other comprehensive income, and a decrease due to dividends of surplus of 459 million yen. As a result, the ratio of equity attributable to owners of parent to total assets became 66.9%.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

<Outlook for the fiscal year ending March 31, 2025>

No changes have been made to the full-year consolidated earnings forecasts announced on May 13, 2024.

2. Condensed semi-annual consolidated financial statements and significant notes thereto

(1) Condensed semi-annual consolidated statement of financial position

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	9,452,342	14,668,996
Trade and other receivables	3,089,873	2,505,540
Other financial assets	1,798,796	1,816,598
Inventories	588,363	589,989
Other current assets	413,977	459,691
Total current assets	15,343,350	20,040,815
Non-current assets		
Property, plant and equipment	4,409,753	4,300,598
Right-of-use assets	2,657,411	2,462,553
Goodwill	3,670,999	3,668,095
Intangible assets	4,954,217	4,881,570
Investment property	186,322	186,322
Investments accounted for using equity method	973,599	–
Other financial assets	5,994,443	5,473,601
Deferred tax assets	350,433	582,638
Other non-current assets	43,450	47,021
Total non-current assets	23,240,627	21,602,398
Total assets	38,583,977	41,643,213

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	122,085	400,000
Lease liabilities	803,445	776,848
Trade and other payables	1,830,942	1,150,253
Income taxes payable	702,688	1,642,168
Contract liabilities	756,416	1,596,799
Other current liabilities	3,266,666	3,329,051
Total current liabilities	7,482,242	8,895,119
Non-current liabilities		
Borrowings	311,470	–
Lease liabilities	1,840,133	1,676,484
Retirement benefit liability	2,648,177	2,591,094
Provisions	219,795	219,997
Other non-current liabilities	499,484	361,174
Total non-current liabilities	5,519,059	4,848,750
Total liabilities	13,001,300	13,743,869
Equity		
Share capital	3,058,651	3,058,651
Capital surplus	4,688,104	4,688,104
Treasury shares	(2,269,512)	(2,269,562)
Other components of equity	1,186,563	819,068
Retained earnings	18,871,299	21,552,648
Total equity attributable to owners of parent	25,535,105	27,848,910
Non-controlling interests	47,572	50,435
Total equity	25,582,677	27,899,344
Total liabilities and equity	38,583,977	41,643,213

(2) Condensed semi-annual consolidated statement of profit or loss and condensed semi-annual consolidated statement of comprehensive income

(Condensed semi-annual consolidated statement of profit or loss)

(Thousands of yen)

	First six months ended September 30, 2023	First six months ended September 30, 2024
Revenue	17,715,863	17,887,190
Cost of sales	(10,528,094)	(10,564,984)
Gross profit	7,187,770	7,322,206
Selling, general and administrative expenses	(4,311,614)	(4,217,363)
Other income	42,915	61,994
Other expenses	(13,785)	(3,753)
Operating profit	2,905,286	3,163,084
Finance income	29,252	43,982
Finance costs	(18,381)	(23,036)
Share of profit of investments accounted for using equity method	18,719	–
Gain (loss) on sale of investments accounted for using equity method	–	1,411,154
Profit before tax	2,934,876	4,595,184
Income tax expense	(938,662)	(1,460,744)
Profit	1,996,214	3,134,439
Profit attributable to		
Owners of parent	1,992,892	3,131,577
Non-controlling interests	3,321	2,862
Profit	1,996,214	3,134,439
Earnings per share		
Basic earnings per share (Yen)	78.12	122.76
Diluted earnings per share (Yen)	–	–

(Condensed semi-annual consolidated statement of comprehensive income)

(Thousands of yen)

	First six months ended September 30, 2023	First six months ended September 30, 2024
Profit	1,996,214	3,134,439
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	265,965	(338,208)
Share of other comprehensive income of investments accounted for using equity method	3,992	–
Total of items that will not be reclassified to profit or loss	269,958	(338,208)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	24,576	(20,350)
Total of items that may be reclassified to profit or loss	24,576	(20,350)
Other comprehensive income, net of tax	294,534	(358,558)
Comprehensive income	2,290,748	2,775,882
Comprehensive income attributable to		
Owners of parent	2,287,426	2,773,019
Non-controlling interests	3,321	2,862
Comprehensive income	2,290,748	2,775,882

(3) Condensed semi-annual consolidated statement of changes in equity

First six months ended September 30, 2023

(Thousands of yen)

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Total
Balance as of April 1, 2023	3,058,651	4,688,104	(2,269,465)	41,809	1,022,397	1,064,206
Profit						–
Other comprehensive income				24,576	269,958	294,534
Total comprehensive income	–	–	–	24,576	269,958	294,534
Purchase of treasury shares			(46)			–
Dividends						–
Total transactions with owners	–	–	(46)	–	–	–
Balance as of September 30, 2023	3,058,651	4,688,104	(2,269,512)	66,385	1,292,355	1,358,740

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance as of April 1, 2023	17,853,844	24,395,339	40,803	24,436,142
Profit	1,992,892	1,992,892	3,321	1,996,214
Other comprehensive income		294,534		294,534
Total comprehensive income	1,992,892	2,287,426	3,321	2,290,748
Purchase of treasury shares		(46)		(46)
Dividends	(459,165)	(459,165)		(459,165)
Total transactions with owners	(459,165)	(459,211)	–	(459,211)
Balance as of September 30, 2023	19,387,571	26,223,554	44,125	26,267,678

First six months ended September 30, 2024

(Thousands of yen)

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Total
Balance as of April 1, 2024	3,058,651	4,688,104	(2,269,512)	70,274	1,116,289	1,186,563
Profit						–
Other comprehensive income				(20,350)	(338,208)	(358,558)
Total comprehensive income	–	–	–	(20,350)	(338,208)	(358,558)
Purchase of treasury shares			(50)			–
Dividends						–
Transfer from other components of equity to retained earnings					(8,937)	(8,937)
Total transactions with owners	–	–	(50)	–	(8,937)	(8,937)
Balance as of September 30, 2024	3,058,651	4,688,104	(2,269,562)	49,924	769,144	819,068

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance as of April 1, 2024	18,871,299	25,535,105	47,572	25,582,677
Profit	3,131,577	3,131,577	2,862	3,134,439
Other comprehensive income		(358,558)		(358,558)
Total comprehensive income	3,131,577	2,773,019	2,862	2,775,882
Purchase of treasury shares		(50)		(50)
Dividends	(459,164)	(459,164)		(459,164)
Transfer from other components of equity to retained earnings	8,937	–		–
Total transactions with owners	(450,228)	(459,214)	–	(459,214)
Balance as of September 30, 2024	21,552,648	27,848,910	50,435	27,899,344

(4) Notes to condensed semi-annual consolidated financial statements

(Changes in accounting policies)

The Group has adopted the following standards from the first six months of the fiscal year ending March 31, 2025. The adoption of the following standards does not have a material impact on the condensed semi-annual consolidated financial statements.

IFRS		Description of New Standards/Amendments
IAS 1	Presentation of Financial Statements	Amended to clarify the requirements for classifying debt and other financial liabilities as current or non-current
IFRS 16	Leases	Amended to clarify the accounting treatment of a sale-and-leaseback transaction after the date of the transaction

(Segment information)

The reportable segments of the Group are components of the Company for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of managerial resources and to assess their performance.

The Group's business consists of the production of disclosure and IR-related products and incidental business operations. As such, the Group has a single business segment, the disclosure-related business, since there are no separable operating segments.

(Notes on premise of going concern)

No items to report