

October 31, 2022

Consolidated Financial Results
for the First Six Months of the Fiscal Year Ending March 31, 2023
<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, Executive Officer, General Manager, President's Office
 TEL: +81-3-5777-3111 (from overseas)
 Scheduled date to file Quarterly Securities Report: November 11, 2022
 Scheduled date to commence dividend payments: December 5, 2022
 Preparation of supplementary material on quarterly earnings: Yes
 Holding of quarterly 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, 2023 (from April 1, 2022 to September 30, 2022)

(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, 2022	16,018	4.0	2,698	(6.3)	2,756	(6.8)	1,867	(8.3)
September 30, 2021	15,398	7.0	2,881	8.7	2,957	4.7	2,035	3.8

	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, 2022	1,864	(8.3)	1,660	(32.6)	73.05	—
September 30, 2021	2,032	3.9	2,464	16.3	77.56	—

(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, 2022	36,772	24,624	24,586	66.9
March 31, 2022	35,560	23,453	23,421	65.9

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, 2022	—	16.00	—	19.00	35.00
Fiscal year ending March 31, 2023	—	18.00			
Fiscal year ending March 31, 2023 (Forecast)			—	18.00	36.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year 2022 (from April 1, 2022 to March 31, 2023)

(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, 2023	27,000	3.3	2,600	4.7	2,600	(0.9)	1,800	1.8	1,800	2.1	70.56

Note: Revisions to the consolidated earnings forecasts most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the first six months ended September 30, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- a. Changes in accounting policies required by IFRS: None
 - 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, 2022	27,716,688 shares
As of March 31, 2022	27,716,688 shares

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

As of September 30, 2022	2,207,521 shares
As of March 31, 2022	2,207,421 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, 2022	25,509,229 shares
For the first six months ended September 30, 2021	26,200,577 shares

*** Quarterly financial results reports are exempt from quarterly 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 PRONEXUS INC. (hereinafter 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 4 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 quarterly earnings and quarterly earnings performance review)

The supplementary material on quarterly 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. Furthermore, depending on future conditions regarding the novel coronavirus disease (COVID-19), we may not hold the briefing in person, and instead upload a video recording of the earnings performance review on a later date.

[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 experienced a recovery in personal consumption due to the easing of COVID-19 restrictions and restrictions on economic activities. As a result, we saw an overall positive trend in corporate results.

However, in addition to surging resource prices caused by Russia's invasion of Ukraine, as a result of the Japanese yen plunging due to the European and U.S. central banks raising interest rates, an increase in prices, the sharp increase in COVID-19 cases from July to August and other factors, the future of the economy remains unclear.

In addition, in the securities markets of Japan, to which the business of the Company is closely linked, against a backdrop of a rapidly weakening yen, the Nikkei Stock Average trended mainly in the 27,000-yen level. The Nikkei Stock Average trended mainly in the 28,500-yen level in the same period of the previous fiscal year, meaning stock price levels in the first six months fell below previous year levels.

(ii) Review of performance

In the first six months, the Tokyo Stock Exchange started new market segments in April 2022. In the Prime Market, one of the new segments, principles requiring a higher level of governance standards were applied for Japan's Corporate Governance Code, updated in June of last year. Consequently, there has been a move to strengthen information provision to shareholders and investors particularly among companies listed on the Prime Market, and related products, which are shareholder convocation notices and English translation services, were strong. On the other hand, against the backdrop of European and U.S. central banks raising interest rates and the resulting sharp drop in the yen, the J-REIT market and the foreign bond market were weak compared to the same period of the previous fiscal year, and orders for associated products decreased. As a result, consolidated revenue in the first six months was 16,018 million yen, an increase of 620 million yen, or 4.0%, year on year.

Concerning profits, in addition to increases in labor costs and outsourcing expenses to respond mainly to increased orders, due to expenses associated with updating the support system for the preparation of disclosure documents, higher costs for printing paper from surging raw materials prices, and other factors, operating profit was 2,698 million yen, a decrease of 183 million yen, or 6.3%, year on year. Profit before tax was 2,756 million yen, a decrease of 201 million yen, or 6.8%, year on year, and profit attributable to owners of parent was 1,864 million yen, a decrease of 169 million yen, or 8.3%, year on year.

1) Sales performance by business

<Listed companies disclosure-related business>

Regarding shareholder convocation notices, one of our mainstay products, there was further growth in response to the revised version of Japan's Corporate Governance Code, and the shift to color printing for notices and expansion of the information provided continued to increase. Furthermore, our unit price for orders also increased due to the increased number of individual shareholders and higher number of pages as many listed companies amended their articles of incorporation to respond to electronic provision methods for materials for shareholders' meetings. In addition, with persisting high demands for operational streamlining in line with work-style reform, orders increased in outsourcing services for the preparation of disclosure documents. As a result, revenue of the listed companies disclosure-related business was 7,640 million yen, an increase of 422 million yen, or 5.9%, year on year.

<Listed companies IR-related, etc. business>

With the start of new market segments on the Tokyo Stock Exchange in April 2022 and the application of the Japan's Corporate Governance Code to the Prime Market requiring English-

language information disclosure, orders for our English translation services grew steadily. Furthermore, orders for shareholders' meeting visualization services and virtual shareholders' meeting support services to promote dialogue with shareholders, as well as orders for non-financial information-related consulting, also grew. As a result, revenue of the listed companies IR-related, etc. business was 4,424 million yen, an increase of 344 million yen, or 8.4%, year on year.

<Financial instruments disclosure-related business>

Against the backdrop of European and U.S. central banks raising interest rates and the resulting sharp drop in the yen, the J-REIT market was weak mainly due to foreign investors hesitating to buy, and the issuance of foreign bonds decreased compared to the same period of the previous fiscal year, leading to a decrease in orders for related products. In addition, in the market for investment trusts in Japan, there was a partial slowdown in the establishment of new funds, which led to a decrease in revenue from mainstay products such as prospectuses and various sales promotion tools for financial institutions. As a result, revenue of the financial instruments disclosure-related business was 3,440 million yen, a decrease of 126 million yen, or 3.5%, year on year.

<Database-related business>

In the database-related business, although we worked to acquire orders from new customers, there were some cancellations and decreases in unit prices during contract renewals for existing customers. As a result, revenue of the database-related business was 514 million yen, a decrease of 20 million yen, or 3.8%, year on year.

Furthermore, in May 2021, the Company's database business was transferred to I-N Information Systems, Ltd., a consolidated subsidiary possessing databases for economic statistics and finance, to maximize Group synergies by way of mutual market exploration, development of new products, etc.

Revenue by product areas

	First six months of FY2021 (from April 1, 2021 to September 30, 2021)		First six months of FY2022 (from April 1, 2022 to September 30, 2022)		Change	
	Amount (Thousands of yen)	Composition ratio (%)	Amount (Thousands of yen)	Composition ratio (%)	Amount (Thousands of yen)	(%)
Listed companies disclosure-related business	7,217,812	46.9	7,640,239	47.7	422,427	5.9
Listed companies IR-related, etc. business	4,080,268	26.5	4,423,872	27.6	343,604	8.4
Financial instruments disclosure-related business	3,566,298	23.1	3,440,315	21.5	(125,983)	(3.5)
Database-related business	533,861	3.5	513,796	3.2	(20,065)	(3.8)
Total	15,398,239	100.0	16,018,222	100.0	619,983	4.0

Note: Amounts are based on sales prices.

2) Earnings summary

In the first six months, revenue increased by 620 million yen year on year, with revenue in product areas including listed companies disclosure-related business and listed companies IR-related, etc. business exceeding the same period of the previous fiscal year. Cost of sales rose by 724 million yen year on year due to increases in labor costs and outsourcing expenses to respond to increased orders, as well as expenses associated with updating the support system for the preparation of disclosure documents, higher costs for printing paper from surging raw materials prices, and other factors. Consequently, the cost-to-sales ratio rose to 59.6%, an increase of 2.3

percentage points year on year. As a result, gross profit was 6,464 million yen, a decrease of 104 million yen, or 1.6%, year on year. Meanwhile, selling, general and administrative expenses amounted to 3,778 million yen, an increase of 83 million yen, or 2.3%, year on year mainly due to a rise in personnel expenses associated with strengthening the sales structure. However, as a result of efforts to promote operational streamlining, the ratio of selling, general and administrative expenses was 23.6%, a decrease of 0.4 percentage points year on year. As a result, operating profit was 2,698 million yen, a decrease of 183 million yen, or 6.3%, year on year.

In addition, finance income was 41 million yen, finance costs were 2 million yen and share of profit of investments accounted for using equity method was 19 million yen, resulting in profit before tax of 2,756 million yen, a decrease of 201 million yen, or 6.8%, year on year. As a result, profit attributable to owners of parent was 1,864 million yen, a decrease of 169 million yen, or 8.3%, year on year.

(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 65% 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, 2022

	Q1 (Apr.–Jun.)	Q2 (Jul.–Sep.)	Q3 (Oct.–Dec.)	Q4 (Jan.–Mar.)	Year total
Revenue (Millions of yen)	10,441	4,958	5,339	5,405	26,142
Composition ratio (%)	39.9	19.0	20.4	20.7	100.0

(2) Explanation of financial position

At the end of the second quarter ended September 30, 2022, total assets increased by 1,212 million yen from the previous fiscal year-end to 36,772 million yen. The main components included an increase of 2,127 million yen in cash and cash equivalents and a decrease of 483 million yen in trade and other receivables.

At the end of the second quarter, total liabilities increased by 42 million yen from the previous fiscal year-end to 12,148 million yen. The main components included a decrease of 710 million yen in trade and other payables, an increase of 426 million yen in income taxes payable, and an increase of 701 million yen in contract liabilities.

Equity totaled 24,624 million yen at the end of the second quarter, an increase of 1,170 million yen from the previous fiscal year-end. The main components included an increase due to the recording of 1,864 million yen in profit attributable to owners of parent, and a decrease due to dividends of surplus of 485 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, 2023>

No changes have been made to the full-year consolidated earnings forecasts for the fiscal year ending March 31, 2023 announced on May 13, 2022.

2. Condensed quarterly consolidated financial statements and significant notes thereto

(1) Condensed quarterly consolidated statement of financial position

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	12,207,624	14,334,354
Trade and other receivables	2,572,741	2,090,078
Other financial assets	1,741,441	1,791,666
Inventories	709,192	529,386
Other current assets	298,205	333,181
Total current assets	17,529,204	19,078,665
Non-current assets		
Property, plant and equipment	4,318,258	4,167,746
Right-of-use assets	3,067,975	2,747,402
Goodwill	472,287	475,983
Intangible assets	2,791,080	2,882,275
Investment property	186,322	186,322
Investments accounted for using equity method	825,274	821,884
Other financial assets	5,461,066	5,426,170
Deferred tax assets	856,831	935,273
Other non-current assets	51,487	49,988
Total non-current assets	18,030,581	17,693,044
Total assets	35,559,785	36,771,709

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	51,652	100,000
Lease liabilities	796,512	656,014
Trade and other payables	1,640,755	930,924
Income taxes payable	440,053	866,535
Contract liabilities	721,538	1,422,503
Other current liabilities	2,641,318	2,668,572
Total current liabilities	6,291,828	6,644,548
Non-current liabilities		
Borrowings	300,000	300,000
Lease liabilities	2,318,794	2,075,176
Retirement benefit liability	2,570,536	2,515,363
Provisions	204,329	189,105
Other non-current liabilities	421,061	423,963
Total non-current liabilities	5,814,721	5,503,607
Total liabilities	12,106,549	12,148,155
Equity		
Share capital	3,058,651	3,058,651
Capital surplus	4,694,634	4,688,104
Treasury shares	(2,269,362)	(2,269,465)
Other components of equity	941,708	735,054
Retained earnings	16,994,938	18,373,785
Total equity attributable to owners of parent	23,420,568	24,586,128
Non-controlling interests	32,668	37,426
Total equity	23,453,236	24,623,554
Total liabilities and equity	35,559,785	36,771,709

(2) Condensed quarterly consolidated statement of profit or loss and condensed quarterly consolidated statement of comprehensive income

(Condensed quarterly consolidated statement of profit or loss)

(Thousands of yen)

	First six months ended September 30, 2021	First six months ended September 30, 2022
Revenue	15,398,239	16,018,222
Cost of sales	(8,829,815)	(9,554,077)
Gross profit	6,568,424	6,464,145
Selling, general and administrative expenses	(3,694,744)	(3,778,219)
Other income	38,458	34,559
Other expenses	(31,355)	(22,523)
Operating profit	2,880,782	2,697,962
Finance income	53,803	41,227
Finance costs	(3,494)	(1,977)
Share of profit of investments accounted for using equity method	25,556	18,729
Profit before tax	2,956,647	2,755,941
Income tax expense	(921,602)	(889,256)
Profit	2,035,045	1,866,685
Profit attributable to		
Owners of parent	2,032,042	1,863,524
Non-controlling interests	3,003	3,162
Profit	2,035,045	1,866,685
Earnings per share		
Basic earnings per share (Yen)	77.56	73.05
Diluted earnings per share (Yen)	—	—

(Condensed quarterly consolidated statement of comprehensive income)

(Thousands of yen)

	First six months ended September 30, 2021	First six months ended September 30, 2022
Profit	2,035,045	1,866,685
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	418,671	(223,631)
Share of other comprehensive income of investments accounted for using equity method	66	(955)
Total of items that will not be reclassified to profit or loss	418,737	(224,586)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	10,548	17,760
Total of items that may be reclassified to profit or loss	10,548	17,760
Other comprehensive income, net of tax	429,286	(206,827)
Comprehensive income	2,464,330	1,659,859
Comprehensive income attributable to		
Owners of parent	2,461,326	1,656,869
Non-controlling interests	3,005	2,990
Comprehensive income	2,464,330	1,659,859

(3) Condensed quarterly consolidated statement of changes in equity

First six months ended September 30, 2021

(Thousands of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Total
Balance as of April 1, 2021	3,058,651	4,691,776	(2,082,303)	6,681	715,277	721,958
Profit						—
Other comprehensive income				10,547	418,737	429,284
Total comprehensive income	—	—	—	10,547	418,737	429,284
Purchase of treasury shares			(1,215,119)			—
Cancellation of treasury shares			1,028,060			—
Dividends						—
Changes in ownership interest in subsidiaries		2,858				—
Total transactions with owners	—	2,858	(187,059)	—	—	—
Balance as of September 30, 2021	3,058,651	4,694,634	(2,269,362)	17,228	1,134,014	1,151,242

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance as of April 1, 2021	17,032,541	23,422,622	29,792	23,452,414
Profit	2,032,042	2,032,042	3,003	2,035,045
Other comprehensive income		429,284	1	429,286
Total comprehensive income	2,032,042	2,461,326	3,005	2,464,330
Purchase of treasury shares		(1,215,119)		(1,215,119)
Cancellation of treasury shares	(1,028,060)	—		—
Dividends	(426,966)	(426,966)		(426,966)
Changes in ownership interest in subsidiaries		2,858	(2,858)	—
Total transactions with owners	(1,455,026)	(1,639,227)	(2,858)	(1,642,085)
Balance as of September 30, 2021	17,609,557	24,244,721	29,939	24,274,660

First six months ended September 30, 2022

(Thousands of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Total
Balance as of April 1, 2022	3,058,651	4,694,634	(2,269,362)	36,450	905,258	941,708
Profit						—
Other comprehensive income				17,932	(224,586)	(206,655)
Total comprehensive income	—	—	—	17,932	(224,586)	(206,655)
Purchase of treasury shares			(103)			—
Dividends						—
Changes in ownership interest in subsidiaries		(6,530)				—
Total transactions with owners	—	(6,530)	(103)	—	—	—
Balance as of September 30, 2022	3,058,651	4,688,104	(2,269,465)	54,382	680,672	735,054

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance as of April 1, 2022	16,994,938	23,420,568	32,668	23,453,236
Profit	1,863,524	1,863,524	3,162	1,866,685
Other comprehensive income		(206,655)	(172)	(206,827)
Total comprehensive income	1,863,524	1,656,869	2,990	1,659,859
Purchase of treasury shares		(103)		(103)
Dividends	(484,676)	(484,676)		(484,676)
Changes in ownership interest in subsidiaries		(6,530)	1,768	(4,762)
Total transactions with owners	(484,676)	(491,309)	1,768	(489,541)
Balance as of September 30, 2022	18,373,785	24,586,128	37,426	24,623,554

(4) Notes to condensed quarterly consolidated financial statements
(Notes on premise of going concern)

No items to report