

May 13, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 <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 of ordinary general meeting of shareholders: June 26, 2024
 Scheduled date to commence dividend payments: June 11, 2024
 Scheduled date to file Securities Report: June 27, 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 fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2024	30,117	12.4	2,435	10.1	2,529	5.8	1,786	9.9
March 31, 2023	26,804	2.5	2,212	(10.9)	2,391	(8.9)	1,625	(8.1)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal year ended						
March 31, 2024	1,779	10.0	2,065	6.9	69.76	–
March 31, 2023	1,618	(8.2)	1,932	(5.8)	63.43	–

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	%	%	%
Fiscal year ended			
March 31, 2024	7.1	6.7	8.1
March 31, 2023	6.8	6.6	8.3

Reference: Share of profit (loss) of investments accounted for using equity method

Fiscal year ended March 31, 2024	89 million yen
Fiscal year ended March 31, 2023	96 million yen

(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	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2024	38,584	25,583	25,535	66.2	1,001.02
March 31, 2023	36,918	24,436	24,395	66.1	956.34

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	5,325	(1,713)	(1,750)	9,452
March 31, 2023	3,600	(6,478)	(1,762)	7,574

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, 2023	—	18.00	—	18.00	36.00
Fiscal year ended March 31, 2024	—	18.00	—	18.00	36.00
Fiscal year ending March 31, 2025 (Forecast)	—	26.00	—	26.00	52.00

	Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	Millions of yen	%	%
Fiscal year ended March 31, 2023	918	56.8	3.8
Fiscal year ended March 31, 2024	918	51.6	3.7
Fiscal year ending March 31, 2025 (Forecast)		50.1	

Notes: For the fiscal year ending March 31, 2025, the dividend forecasts for the second quarter-end and fiscal year-end 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
First six months ending September 30, 2024	18,300	3.3	2,900	(4.3)	4,200	37.3	2,850	37.2	2,850	37.4	111.72
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

Note: Today (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 expects to record 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) Changes in significant subsidiaries during the period (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 March 31, 2024	27,716,688 shares
As of March 31, 2023	27,716,688 shares

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

As of March 31, 2024	2,207,565 shares
As of March 31, 2023	2,207,521 shares

c. Average number of shares during the period

For the fiscal year ended March 31, 2024	25,509,137 shares
For the fiscal year ended March 31, 2023	25,509,198 shares

[Reference] Overview of non-consolidated performance

1. Non-consolidated performance for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	25,891	2.9	1,633	(6.8)	1,744	(23.8)	1,210	(24.7)
March 31, 2023	25,155	2.9	1,752	(7.4)	2,290	(11.8)	1,606	(16.8)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	47.42	—
March 31, 2023	62.97	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	29,153	22,578	77.4	885.10
March 31, 2023	28,393	22,199	78.2	870.25

Reference: Equity

As of March 31, 2024

22,578 million yen

As of March 31, 2023

22,199 million yen

* **Financial results reports are exempt from audit 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 “(4) Future outlook” of “1. Review of operating results and others” 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 Company holds presentations for analysts regarding the first six-months and year-end results. Distributed presentation materials as well as video recordings of the performance reviews will be available on the Company’s website.

Index

- 1. Review of operating results and others 2
 - (1) Review of operating results for the fiscal year under review 2
 - (2) Review of financial position for the fiscal year under review 4
 - (3) Review of cash flows for the fiscal year under review 5
 - (4) Future outlook 5
 - (5) Basic policy on profit distribution and dividends for fiscal 2023 and fiscal 2024 6
- 2. Basic concept regarding selection of accounting standards 7
- 3. Consolidated financial statements and significant notes thereto 8
 - (1) Consolidated statement of financial position 8
 - (2) Consolidated statement of profit or loss and consolidated statement of comprehensive income 10
 - (Consolidated statement of profit or loss) 10
 - (Consolidated statement of comprehensive income) 11
 - (3) Consolidated statement of changes in equity 12
 - (4) Consolidated statement of cash flows 14
 - (5) Notes to consolidated financial statements 15
 - (Notes on premise of going concern) 15
 - (Segment information) 15
 - (Per share information) 15
 - (Significant subsequent events) 15

1. Review of operating results and others

(1) Review of operating results for the fiscal year under review

(i) Condition of Japanese economy

In the fiscal year ended March 31, 2024, the Japanese economy experienced a recovery in personal consumption due to the easing of activity restrictions against COVID-19 infection, leading to an improvement in corporate earnings.

The future of the economy remains unclear, however, due to a number of factors, including surging resource prices caused by Russia's invasion of Ukraine, the Japanese yen depreciation in foreign exchange markets, higher prices, and the worsening of conditions in the Middle East.

In the securities markets of Japan, to which the business of the Company is closely linked, the Nikkei Stock Average temporarily reached the 41,000-yen level, the highest since the bursting of the bubble economy, against the backdrop of expectations for a domestic economic recovery. The Nikkei Stock Average trended mainly in the 33,000-yen level during the fiscal year under review, surpassing that of the previous fiscal year, which was in the 27,000-yen level.

(ii) Review of performance

1) Sales performance

In the fiscal year under review, Cine Holdings Co., Ltd., and Cine Focus Corp., which are engaged in video equipment rental and operational support for events, joined as consolidated subsidiaries in March 2023, making a significant contribution to our business performance. The business of preparing the shareholder convocation notices, one of our mainstay products, saw the number of their printed pages decrease due to the implementation of the system for the electronic provision of convocation notices starting from the general meetings of shareholders held in March 2023. Nevertheless, the business achieved an increased revenue owing to an increase in the number of copies due to the increased number of individual shareholders, solicitation of orders at reasonable prices in response to rising costs such as those of printing paper, and promotion of orders for new services in response to the introduction of the new system. In other businesses, the cessation of the issuance of structured notes that combine bonds and financial derivatives led to a significant decline in revenues from foreign bond-related products, but the increase in revenues from other products more than offset this. As a result, consolidated revenue in the fiscal year ended March 31, 2024 was 30,117 million yen, an increase of 3,313 million yen, or 12.4%, year on year. The Company's consolidated revenue reached a record high and surpassed 30,000 million yen for the first time. Additionally, the results surpassed the consolidated forecast announced May 11, 2023.

<Listed companies disclosure-related business>

The business of preparing shareholder convocation notices, one of our mainstay products, saw a decrease in number of their printed pages due to the implementation of the system for the electronic provision of convocation notices starting from the general meetings of shareholders held in March 2023, and to the absence of the temporary increase in the printed pages that occurred in the same period of the previous fiscal year that notified amendments to articles of incorporation of many listed companies to respond to the introduction of the system. Nevertheless, the business achieved an increased revenue due to the fact that in the first year of the introduction of the electronic provision system, more than 70% of listed companies still printed the convocation notice of general meetings of shareholders as before (a "full-set delivery"), and to an increase in the number of copies due to the increased number of individual shareholders, solicitation of orders at reasonable prices in response to rising costs such as those of printing paper, and promotion of orders for new services in response to the introduction of the new system. Furthermore, 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 12,098 million yen, an increase of 365 million yen, or 3.1%, year on year.

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

In March 2023, Cine Holdings Co., Ltd., and Cine Focus Corp. which are engaged in video equipment rental and operational support for events, joined as consolidated subsidiaries, allowing our event-related business such as support services for general meetings of shareholders to make a significant contribution to our business performance. In addition, there was a growing number of orders for our support for preparing tools for websites and non-financial information and for English translation services. Driving the demand was the application of the Japan's Corporate Governance Code to the Prime Market from April 2022, requiring the enhancement of shareholder dialogues, information about sustainability, English-language disclosures, and other measures. As a result, revenue of the listed companies IR and events-related, etc. business was 10,226 million yen, an increase of 2,813 million yen, or 37.9%, year on year.

The name of this product category has been changed from "listed companies IR-related, etc. business" to "listed companies IR and events-related, etc. business" from the first quarter of the fiscal year under review due to an increase in the composition ratio of the event business.

<Financial instruments disclosure-related business>

In the investment trust-related business, new large orders received in the second half of the previous fiscal year contributed to an increase in revenues related to prospectuses, its mainstay product. In the real estate securities business, orders for finance-related products increased due to a rise in the number of funding businesses compared to the previous fiscal year. In the meantime, the cessation of structured notes that combine bonds and financial derivatives led to a significant decline in revenues from foreign bond-related products, but the increase in revenues from other products more than offset this. As a result, revenue of the financial instruments disclosure-related business was 6,755 million yen, an increase of 129 million yen, or 1.9%, year on year.

<Database-related business>

In the database-related business, although there were some cancellations and decreases in unit prices during contract renewals for existing customers, we worked to acquire orders from new customers such as universities and financial institutions. As a result, revenue of the database-related business was 1,038 million yen, an increase of 6 million yen, or 0.6%, year on year.

Revenue by product areas

(Thousands of yen, with fractional amounts discarded)

	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		Change	
	Amount (Thousands of yen)	Composition ratio (%)	Amount (Thousands of yen)	Composition ratio (%)	Amount (Thousands of yen)	(%)
Listed companies disclosure-related business	11,732,711	43.8	12,097,670	40.2	364,959	3.1
Listed companies IR and events-related, etc. business	7,413,206	27.7	10,226,243	34.0	2,813,037	37.9
Financial instruments disclosure-related business	6,626,635	24.7	6,755,447	22.4	128,811	1.9
Database-related business	1,031,487	3.8	1,037,896	3.4	6,409	0.6
Total	26,804,039	100.0	30,117,256	100.0	3,313,217	12.4

Note: Amounts are based on sales prices.

2) Earnings summary

In the fiscal year under review, revenue increased by 3,313 million yen year on year, with revenue in all product areas exceeding the previous fiscal year levels. Cost of sales increased by 1,962 million yen due to the effects of making Cine Holdings Co., Ltd. and Cine Focus Corp. consolidated subsidiaries, as well as due to the initial costs, mainly labor costs, that were incurred from making changes in workflows and an increase in man-hours due to the introduction of the system for the electronic provision of convocation notices of general meetings of shareholders and from the launch of new services. Meanwhile, the cost-to-sales ratio declined by 0.5 percentage points to 63.3% year on year due to increased revenue. As a result, gross profit was 11,044 million yen, an increase of 1,351 million yen, or 13.9%, year on year.

Selling, general and administrative expenses amounted to 8,599 million yen, an increase of 1,148 million yen, or 15.4%, year on year mainly due to a rise in personnel expenses associated with strengthening the sales structure. The ratio of selling, general and administrative expenses was 28.6%, an increase of 0.8 percentage points year on year. As a result, operating profit was 2,435 million yen, an increase of 223 million yen, or 10.1%, year on year.

As a result of recording finance income of 53 million yen, finance costs of 48 million yen and share of profit of investments accounted for using equity method of 89 million yen, profit before tax was 2,529 million yen, an increase of 138 million yen, or 5.8%, year on year. As a result, profit attributable to owners of parent was 1,779 million yen, an increase of 161 million yen, or 10.0% year on year, exceeding consolidated earnings forecasts also in terms of profit.

(2) Review of financial position for the fiscal year under review

At the end of the fiscal year under review, total assets increased by 1,666 million yen from the previous fiscal year-end to 38,584 million yen.

Current assets increased by 1,809 million yen to 15,343 million yen. The main components included an increase of 1,878 million yen in cash and cash equivalents and a decrease of 33 million yen in trade and other receivables. Non-current assets decreased by 143 million yen to 23,241 million yen. The main components included a decrease of 273 million yen in right-of-use assets.

At the end of the fiscal year under review, total liabilities increased by 519 million yen from the previous fiscal year-end to 13,001 million yen.

Current liabilities increased by 861 million yen to 7,482 million yen. The main components included an increase of 87 million yen in trade and other payables and an increase of 501 million yen in other current liabilities. Non-current liabilities decreased by 341 million yen to 5,519 million yen. The main components included a decrease of 230 million yen in lease liabilities and a decrease of 38 million yen in retirement benefit liability.

Equity totaled 25,583 million yen at the end of the fiscal year under review, an increase of 1,147 million yen from the previous fiscal year-end. The main components included an increase due to the recording of 1,779 million yen in profit attributable to owners of parent, and a decrease due to dividends of surplus of 918 million yen.

In conjunction with the finalization of the provisional accounting treatment for business combinations, the figures for the fiscal year ended March 31, 2023 reflect the finalization of the provisional accounting treatment.

(3) Review of cash flows for the fiscal year under review

The balance of cash and cash equivalents (hereinafter “cash”) as of March 31, 2024 amounted to 9,452 million yen, an increase of 1,878 million yen (up 24.8% year on year) compared with the previous fiscal year-end.

The respective cash flow positions and the factors thereof in the fiscal year under review are as follows.

Cash flows from operating activities

Net cash provided by operating activities was 5,325 million yen (3,600 million yen was provided in the previous fiscal year). As a main breakdown of cash provided, profit before tax was 2,529 million yen, while income from operations after adjustment for non-cash items was 6,108 million yen and interest and dividends received was 73 million yen. As a main breakdown of cash used, income taxes paid totaled 835 million yen.

Cash flows from investing activities

Net cash used in investing activities was 1,713 million yen (6,478 million yen was used in the previous fiscal year). As a main breakdown of cash used, purchase of intangible assets was 1,234 million yen.

Cash flows from financing activities

Net cash used in financing activities was 1,750 million yen (1,762 million yen was used in the previous fiscal year). As a main breakdown of cash used, repayments of lease liabilities was 771 million yen and dividends paid was 918 million yen.

(4) Future outlook

(Percentages indicate year-on-year changes.)

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

(i) Background and factors in fluctuations of revenue projection

For the fiscal year ending March 31, 2025, we forecast consolidated revenue of 31,000 million yen, an increase of 883 million yen year on year.

Originally, we forecast several factors to have a potentially negative impact on business, including the digitalization of general shareholder meeting convocation notices and investment trust prospectuses and asset management reports amid the paperless trend, as well as the unification of quarterly financial disclosures. At the present time, however, the digitalization and paperless trend is expected to progress more gradually than previously assumed. Additionally, orders for the Company’s services designed for new systems are projected to remain robust. Overall, therefore, the potentially negative factors are expected to have less of an impact than originally assumed.

Furthermore, starting in April 2025, the Tokyo Stock Exchange will require companies listed on the Prime Market to simultaneously disclose quarterly earnings and other information in Japanese and English, which is expected to boost orders for English translation services. The revenue of the event business is also expected to grow sustainably due to the continued improvement in the business environment following the end of the COVID-19 pandemic. These factors are expected to drive an increase in consolidated revenue in the fiscal year ending March 31, 2025.

Revenue by product areas

(Thousands of yen, with fractional amounts discarded)

	Fiscal year ended March 31, 2024		Fiscal year ending March 31, 2025		Change	
	Amount (Thousands of yen)	Composition ratio (%)	Amount (Thousands of yen)	Composition ratio (%)	Amount (Thousands of yen)	(%)
Listed companies disclosure-related business	12,097,670	40.2	11,800,000	38.1	(297,670)	(2.5)
Listed companies IR and events-related, etc. business	10,226,243	34.0	11,300,000	36.4	1,073,757	10.5
Financial instruments disclosure-related business	6,755,447	22.4	6,900,000	22.3	144,553	2.1
Database-related business	1,037,896	3.4	1,000,000	3.2	(37,896)	(3.7)
Total	30,117,256	100.0	31,000,000	100.0	882,744	2.9

(ii) Background and factors in fluctuations of profits projection

While higher revenue and the solicitation of orders at reasonable prices are expected to boost profits, expenses are also expected to increase, specifically for upgrading systems to support the preparation of disclosure documents, as well as personnel expenses to acquire and develop specialized human resources for such growth areas as English translation and event services, as well as for new business domains. As a result, we expect operating profit of 2,500 million yen, up 65 million yen year on year.

Additionally, as explained in today's (May 13, 2024) 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," the Company has transferred all of its shares of Mitsue-Links Co., Ltd., a website production company that was previously an associate of the Company accounted for by the equity method, and will record 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.

As a result, we expect profit before tax of 3,900 million yen, up 1,371 million yen year on year, and profit attributable to owners of parent of 2,650 million yen, up 871 million yen year on year.

(iii) Relevance to medium-term management plan

Currently, the Company is executing its "New Medium-term Management Plan 2024," which will be completed with the fiscal year ending March 2025. On May 11, 2023, the Company announced earnings forecasts of 30,000 million yen in consolidated revenue, operating profit of 2,400 million yen, and profit attributable to owners of parent of 1,650 million yen for the fiscal year ending March 2025. The current forecasts announced today represent upward revisions to these previous forecasts.

(5) Basic policy on profit distribution and dividends for fiscal 2023 and fiscal 2024

(i) Dividends

The Company believes that returning profits to shareholders is a vital issue facing company management, and is taking a series of measures corresponding to our belief. The Company's basic dividend policy is to conduct the stable, continuous payment of dividends, taking a comprehensive evaluation of business performance and the business environment into account. The Company's standard for the dividend payout ratio is 50% or higher.

The Company forecasts annual dividends of 36 yen per share for the fiscal year under review with a year-end dividend of 18 yen in addition to the second quarter-end dividend of 18 yen, which has already been paid. This is expected to result in a dividend payout ratio of 51.6%.

Based on a policy of providing stable dividends, for the fiscal year ending March 2025, the Company plans to pay ordinary annual dividends of 36 yen per share (18 yen at the second quarter-end and 18 yen at the year-end), in addition to a special dividend of 16 yen per share (8 yen at the second quarter-end and 8 yen at the year-end) funded by a portion of the gain on sale of investments accounted for using equity method generated by the transfer of shares of Mitsue-Links Co., Ltd. As a result, the Company forecasts annual dividends of 52.00 yen per share (26.00 yen at the second quarter-end and 26.00 yen at the fiscal year-end).

(ii) Share buyback for treasury

The Company has always engaged in share buyback for treasury in consideration that it will contribute to returning profits to shareholders and improving capital efficiency. Although we did not acquire our own shares in the consolidated fiscal year under review, we will continue to consider it as a shareholder return measure, while also taking into consideration the balance between investment in equipment and human resources, and growth investment including M&A.

(iii) Shareholders benefit program

The Company also operates a shareholders benefit program using QUO prepaid card. The Company has established criteria under which the values of benefits awarded increase in accordance with the number of shares owned and the number of years they were owned.

Number of shares owned	Number of years owned				
	Less than 1 year	1 or more years but less than 3 years	3 or more years but less than 5 years	5 or more years but less than 10 years	10 years or more
100 or more but less than 1,000 shares	¥500	¥1,000	¥1,500	¥2,000	¥3,000
1,000 shares or more	¥1,000	¥3,000	¥5,000	¥7,000	¥10,000

2. Basic concept regarding selection of accounting standards

The Company and its subsidiaries (the “Group”) has adopted International Financial Reporting Standards from the fiscal year ended March 31, 2020, to enhance the international comparability and convenience of its financial reporting in capital markets.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated statement of financial position

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	7,574,004	9,452,342
Trade and other receivables	3,122,537	3,089,873
Other financial assets	1,883,697	1,798,796
Inventories	601,723	588,363
Other current assets	352,299	413,977
Total current assets	<u>13,534,261</u>	<u>15,343,350</u>
Non-current assets		
Property, plant and equipment	4,439,524	4,409,753
Right-of-use assets	2,930,134	2,657,411
Goodwill	3,666,247	3,670,999
Intangible assets	5,156,509	4,954,217
Investment property	186,322	186,322
Investments accounted for using equity method	900,821	973,599
Other financial assets	5,863,264	5,994,443
Deferred tax assets	176,763	350,433
Other non-current assets	64,380	43,450
Total non-current assets	<u>23,383,964</u>	<u>23,240,627</u>
Total assets	<u><u>36,918,225</u></u>	<u><u>38,583,977</u></u>

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	116,540	122,085
Lease liabilities	771,299	803,445
Trade and other payables	1,744,201	1,830,942
Income taxes payable	504,767	702,688
Contract liabilities	719,178	756,416
Other current liabilities	2,765,632	3,266,666
Total current liabilities	6,621,617	7,482,242
Non-current liabilities		
Borrowings	378,010	311,470
Lease liabilities	2,070,057	1,840,133
Retirement benefit liability	2,686,459	2,648,177
Provisions	219,391	219,795
Other non-current liabilities	506,549	499,484
Total non-current liabilities	5,860,466	5,519,059
Total liabilities	12,482,083	13,001,300
Equity		
Share capital	3,058,651	3,058,651
Capital surplus	4,688,104	4,688,104
Treasury shares	(2,269,465)	(2,269,512)
Other components of equity	1,064,206	1,186,563
Retained earnings	17,853,844	18,871,299
Total equity attributable to owners of parent	24,395,339	25,535,105
Non-controlling interests	40,803	47,572
Total equity	24,436,142	25,582,677
Total liabilities and equity	36,918,225	38,583,977

(2) Consolidated statement of profit or loss and consolidated statement of comprehensive income
(Consolidated statement of profit or loss)

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Revenue	26,804,039	30,117,256
Cost of sales	(17,111,711)	(19,073,573)
Gross profit	9,692,328	11,043,683
Selling, general and administrative expenses	(7,450,982)	(8,599,205)
Other income	76,431	83,682
Other expenses	(105,638)	(93,063)
Operating profit	2,212,138	2,435,097
Finance income	89,729	52,782
Finance costs	(6,481)	(48,362)
Share of profit of investments accounted for using equity method	95,624	89,477
Profit before tax	2,391,011	2,528,994
Income tax expense	(766,462)	(742,856)
Profit	1,624,549	1,786,138
Profit attributable to		
Owners of parent	1,618,139	1,779,469
Non-controlling interests	6,410	6,669
Profit	1,624,549	1,786,138
Earnings per share		
Basic earnings per share (Yen)	63.43	69.76
Diluted earnings per share (Yen)	-	-

(Consolidated statement of comprehensive income)

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	1,624,549	1,786,138
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	116,181	87,171
Remeasurements of defined benefit plans	184,738	156,415
Share of other comprehensive income of investments accounted for using equity method	959	6,721
Total of items that will not be reclassified to profit or loss	301,877	250,307
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	5,186	28,465
Total of items that may be reclassified to profit or loss	5,186	28,465
Other comprehensive income, net of tax	307,064	278,772
Comprehensive income	1,931,612	2,064,910
Comprehensive income attributable to		
Owners of parent	1,925,245	2,058,141
Non-controlling interests	6,367	6,769
Comprehensive income	1,931,612	2,064,910

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2023

(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	Remeasurements of defined benefit plans
Balance as of April 1, 2022	3,058,651	4,694,634	(2,269,362)	36,450	905,258	–
Profit						
Other comprehensive income				5,358	117,139	184,609
Total comprehensive income	–	–	–	5,358	117,139	184,609
Purchase of treasury shares			(103)			
Dividends						
Changes in ownership interest in subsidiaries		(6,530)				
Transfer from other components of equity to retained earnings						(184,609)
Total transactions with owners	–	(6,530)	(103)	–	–	(184,609)
Balance as of March 31, 2023	3,058,651	4,688,104	(2,269,465)	41,809	1,022,397	–

	Equity attributable to owners of parent			Non-controlling interests	Total
	Other components of equity	Retained earnings	Total		
	Total				
Balance as of April 1, 2022	941,708	16,994,938	23,420,568	32,668	23,453,236
Profit	–	1,618,139	1,618,139	6,410	1,624,549
Other comprehensive income	307,106		307,106	(43)	307,064
Total comprehensive income	307,106	1,618,139	1,925,245	6,367	1,931,612
Purchase of treasury shares	–		(103)		(103)
Dividends	–	(943,841)	(943,841)		(943,841)
Changes in ownership interest in subsidiaries	–		(6,530)	1,768	(4,762)
Transfer from other components of equity to retained earnings	(184,609)	184,609	–		–
Total transactions with owners	(184,609)	(759,233)	(950,474)	1,768	(948,706)
Balance as of March 31, 2023	1,064,206	17,853,844	24,395,339	40,803	24,436,142

Fiscal year ended March 31, 2024

(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	Remeasurements of defined benefit plans
Balance as of April 1, 2023	3,058,651	4,688,104	(2,269,465)	41,809	1,022,397	–
Profit						
Other comprehensive income				28,465	93,892	156,315
Total comprehensive income	–	–	–	28,465	93,892	156,315
Purchase of treasury shares			(46)			
Dividends						
Transfer from other components of equity to retained earnings						(156,315)
Total transactions with owners	–	–	(46)	–	–	(156,315)
Balance as of March 31, 2024	3,058,651	4,688,104	(2,269,512)	70,274	1,116,289	–

	Equity attributable to owners of parent			Non-controlling interests	Total
	Other components of equity	Retained earnings	Total		
	Total				
Balance as of April 1, 2023	1,064,206	17,853,844	24,395,339	40,803	24,436,142
Profit	–	1,779,469	1,779,469	6,669	1,786,138
Other comprehensive income	278,672		278,672	100	278,772
Total comprehensive income	278,672	1,779,469	2,058,141	6,769	2,064,910
Purchase of treasury shares	–		(46)		(46)
Dividends	–	(918,329)	(918,329)		(918,329)
Transfer from other components of equity to retained earnings	(156,315)	156,315	–		–
Total transactions with owners	(156,315)	(762,014)	(918,376)	–	(918,376)
Balance as of March 31, 2024	1,186,563	18,871,299	25,535,105	47,572	25,582,677

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before tax	2,391,011	2,528,994
Depreciation and amortization	2,082,580	2,654,815
Impairment losses	84,884	62,841
Finance income	(89,729)	(52,782)
Finance costs	6,481	48,362
Share of loss (profit) of investments accounted for using equity method	(95,624)	(89,477)
Decrease (increase) in inventories	110,048	13,033
Decrease (increase) in trade and other receivables	(253,742)	15,375
Increase (decrease) in trade and other payables	10,382	577,020
Increase (decrease) in retirement benefit liability	47,740	42,221
Increase (decrease) in accrued consumption taxes	53,062	128,259
Other	31,939	179,345
Subtotal	4,379,031	6,108,006
Interest and dividends received	59,431	73,371
Interest paid	(6,185)	(21,384)
Income taxes paid	(831,874)	(834,959)
Net cash provided by (used in) operating activities	3,600,403	5,325,034
Cash flows from investing activities		
Payments into time deposits	(287,052)	(292,924)
Proceeds from withdrawal of time deposits	247,046	292,924
Purchase of property, plant and equipment	(106,493)	(532,643)
Purchase of intangible assets	(1,306,330)	(1,234,286)
Purchase of investments	(411,795)	(84,569)
Proceeds from sale and redemption of investments	–	100,000
Proceeds (payments) for obtaining of control of subsidiaries	(4,808,888)	–
Other	195,612	38,942
Net cash provided by (used in) investing activities	(6,477,901)	(1,712,556)
Cash flows from financing activities		
Repayments of long-term borrowings	(1,652)	(60,995)
Repayments of lease liabilities	(811,142)	(770,944)
Purchase of treasury shares	(103)	(46)
Dividends paid	(944,596)	(918,268)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(4,762)	–
Net cash provided by (used in) financing activities	(1,762,255)	(1,750,254)
Net increase (decrease) in cash and cash equivalents	(4,639,754)	1,862,224
Cash and cash equivalents at beginning of period	12,207,624	7,574,004
Effect of exchange rate changes on cash and cash equivalents	6,134	16,115
Cash and cash equivalents at end of period	7,574,004	9,452,342

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report

(Segment information)

As the Group consists of a single business segment, the disclosure-related business, this information is omitted.

(Per share information)

The basis of calculating basic earnings per share is as follows:

		Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit attributable to owners of parent	(Thousands of yen)	1,618,139	1,779,469
Weighted average number of common shares outstanding	(Shares)	25,509,198	25,509,137
Basic earnings per share	(Yen)	63.43	69.76

Note: Diluted earnings per share is not presented because there were no dilutive potential shares.

(Significant subsequent events)

(Transfer of shares in associates accounted for by the equity method)

Mitsue-Links Co., Ltd. (“Mitsue-Links”) was an associate accounted for by the equity method of the Company. The Company has transferred all of its shares to Mr. Masashi Takahashi, Representative Director of Mitsue-Links.

In conjunction with the share transfer, Mitsue-Links has been removed from the Company’s associates accounted for by the equity method.

(1) Reasons and background to the share transfer

On November 14, 2013, with the intention of further strengthening and expanding its website-related business, the Company made website production services specialist Mitsue-Links an associate accounted for by the equity method. In parallel with this, the Company hired personnel with website skills and conducted M&As to strengthen the PRONEXUS Group’s overall production system in the website area, which has seen continual sales growth.

The Company was approached by Mr. Masashi Takahashi, Representative Director of Mitsue-Links, with a proposal to purchase all of that company’s shares held by the Company. After thorough consideration of the proposal, the Company agreed to the share transfer based on the belief that good progress had been made in establishing website production systems at the Company and its subsidiaries, that the cooperative relationship with Mitsue-Links can be continued, and that the share transfer can improve the Company’s asset efficiency.

(2) Name of transferee

Masashi Takahashi

(3) Share transfer date

April 26, 2024

(4) Company name of associate accounted for by the equity method and its business description

Company name Mitsue-Links Co., Ltd.

Business description Web integration, Web consulting, System development, Audio / Video content

(5) Number of shares transferred, transfer price, number of shares held by the Company after transfer

Number of shares transferred	1,357 shares
Transfer price	2,384,752 thousand yen (1,757,371 yen per share)
Transfer profit	1,411,154 thousand yen
Number of shares held by the Company after transfer	0 shares