

# Prored Partners

Prored Partners Co., Ltd.

Tokyo Stock Exchange Prime Market (Ticker: 7034)

## Financial Results for FY2023

thinkOut

December 2023

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# **1. FY2023 Financial Results**

## Performance Highlights

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### 1. Consulting

- In performance-based consulting, the impact of ongoing inflation has already been factored into the forecast, and progress was in line with the plan.
- Growth in fixed fee consulting exceeded the plan, reflecting rises in services in the fields of back office BPR support and project implementation support.

### 2. Pro-Sign

- The BSM business was transferred. Prored will continue development and operation of the Pro-Sign corporate real estate (CRE) management (store information management) services.

### 3. Subsidiary

- KMRI: Company name was changed and the head office was relocated. Net sales and operating profit grew more than planned.
- Bluepass: A gain on investment in investment partnerships was posted after a share transfer in an investment project. This contributed to profit.

Consolidated Net Sales

**2,715** million yen  
(Year-on-year -0.1%)

Consolidated Operating Profit

**-372** million yen  
(-148 million yen in the  
same period a year earlier)

Profit Attributable to Owners of Parent

**818** million yen  
(-871 million yen in the  
same period a year earlier)

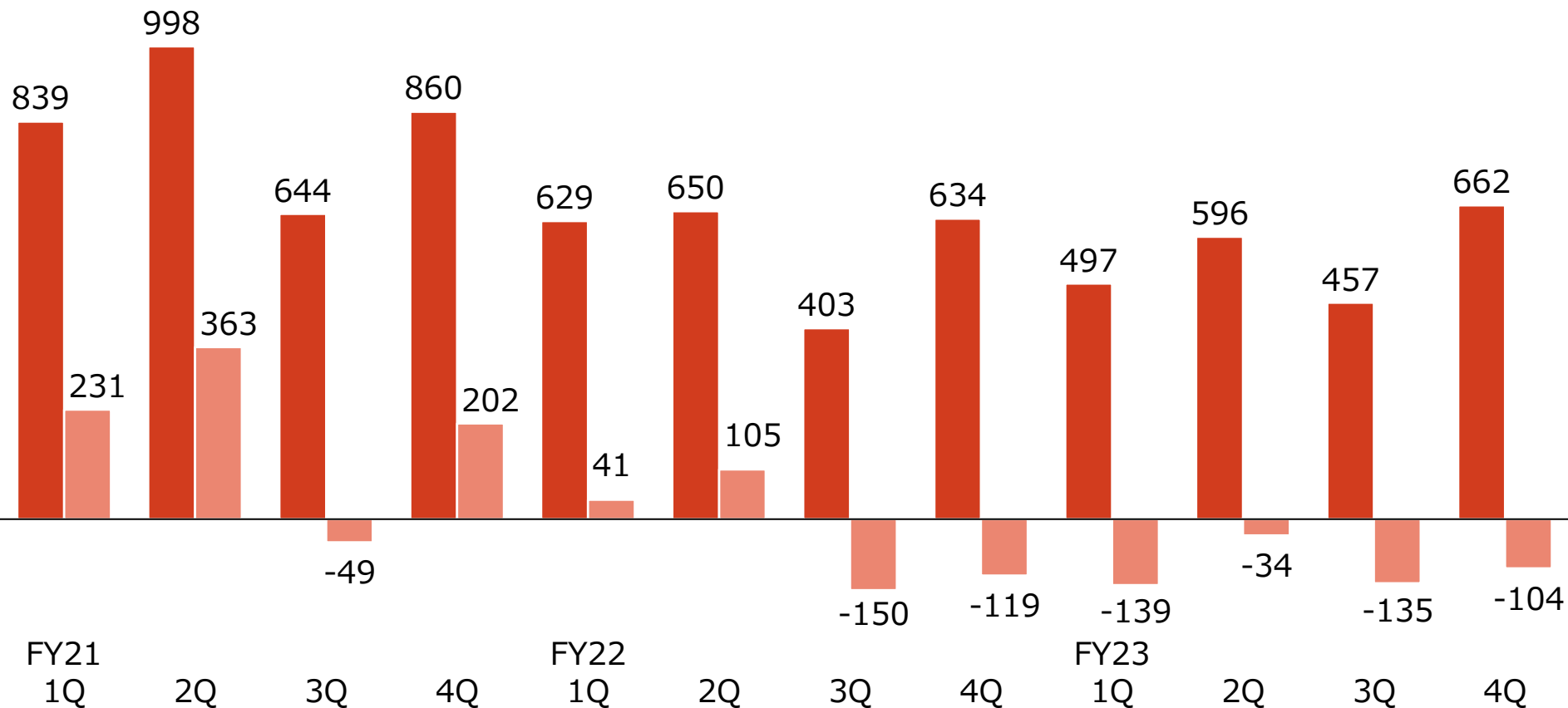
## Financial Results

(Unit: million yen)	Consolidated cumulative		
	FY2022 Results	FY2023 Results	YoY rate of change (%)
Net sales	2,718	2,715	-0.1%
Cost of sales	1,358	1,952	43.7%
Personnel expenses	811	1,147	41.4%
Other	546	804	47.1%
Gross profit	1,359	763	-43.9%
Gross margin %	50.0%	28.1%	
Selling, general and administrative expenses	1,508	1,135	-24.7%
Personnel expenses	703	507	-27.9%
Other	804	627	-22.0%
Operating profit	-148	-372	—
Operating profit margin %	-5.5%	-13.7%	
Ordinary profit	-209	4,378	—
Profit attributable to owners of parent	-871	818	—

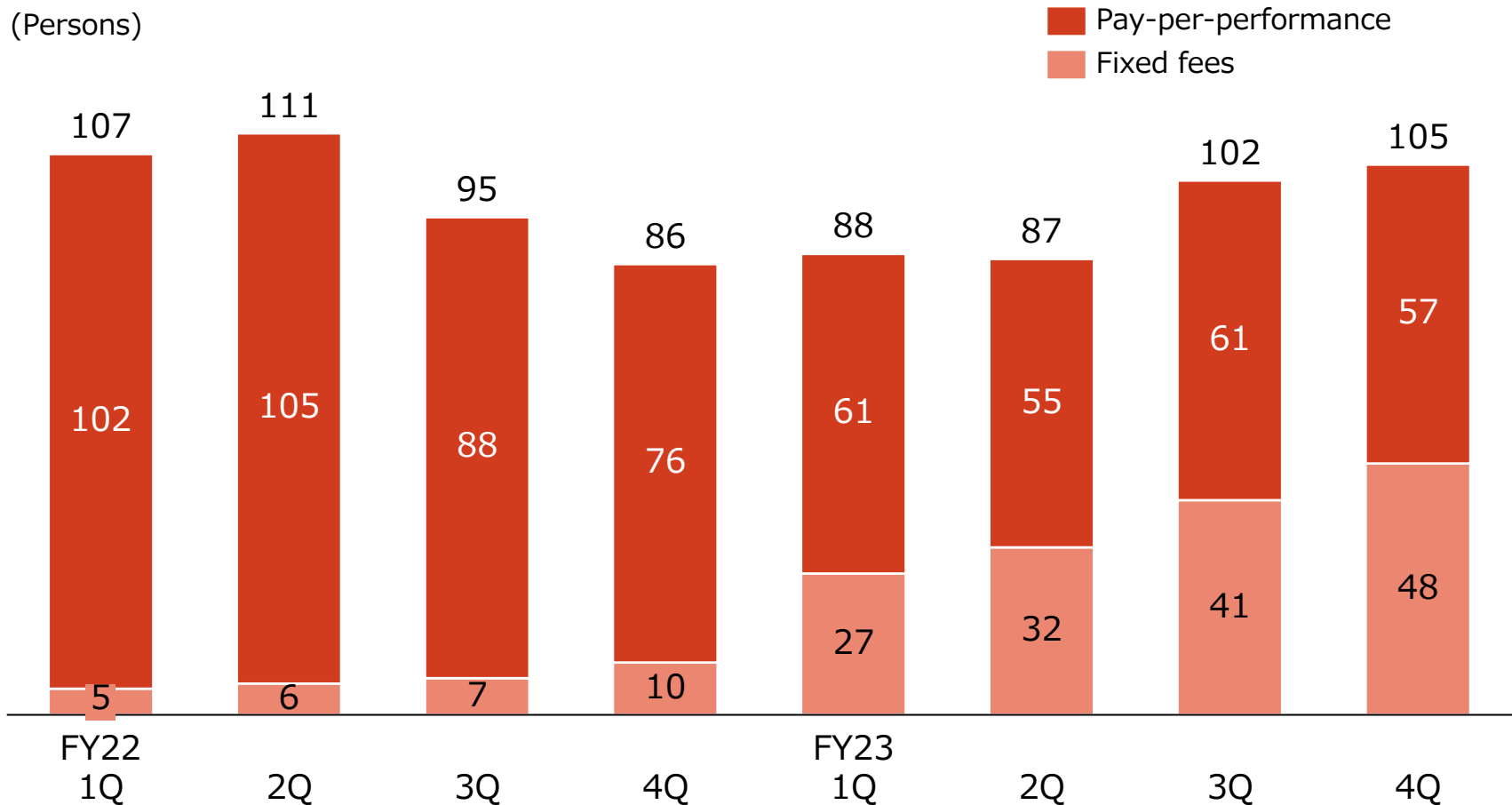
# Prored Non-consolidated | Quarterly Trend in Net Sales and Operating Profit

(Million yen)

Net sales Operating profit



## Prored Non-consolidated | Quarterly Trend in Number of Consultants



\* Headcount as of the end of each quarter

# Prored Non-consolidated | Service Lines

- Taking a thorough hands-on approach, Prored offers implementation support services based on a wide range of themes, particularly cost management.

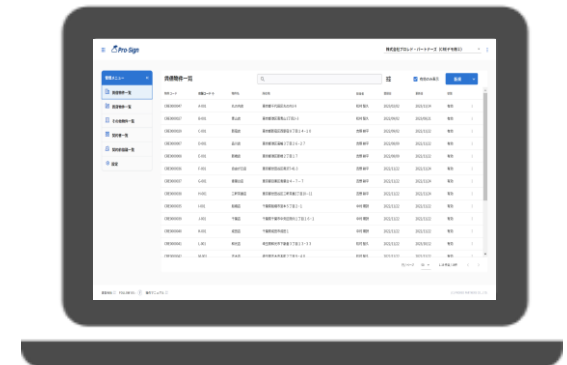
## Consulting

## SaaS

	Theme	Examples of projects
Performance-based fees	Cost management	Reduction in indirect materials procurement costs and distribution costs
	Cost management	Development of rules and tools related to the establishment of a procurement organization Strategy development and implementation support for supply chain optimization Back office BPR support
Fixed fees	Sales increase	Support for new business development Support to lead acquisition and improvement in the success rate
	M&A/DD/PMI	Business/financial due diligence Hands-on support by a member of management (CxO)
	DX promotion	System introduction support Project implementation support by PMO
	Human resource development	Practical development of executive candidates in a Kei-Gan program using generative AI
	Decarbonization	Development of decarbonization strategies, and implementation support



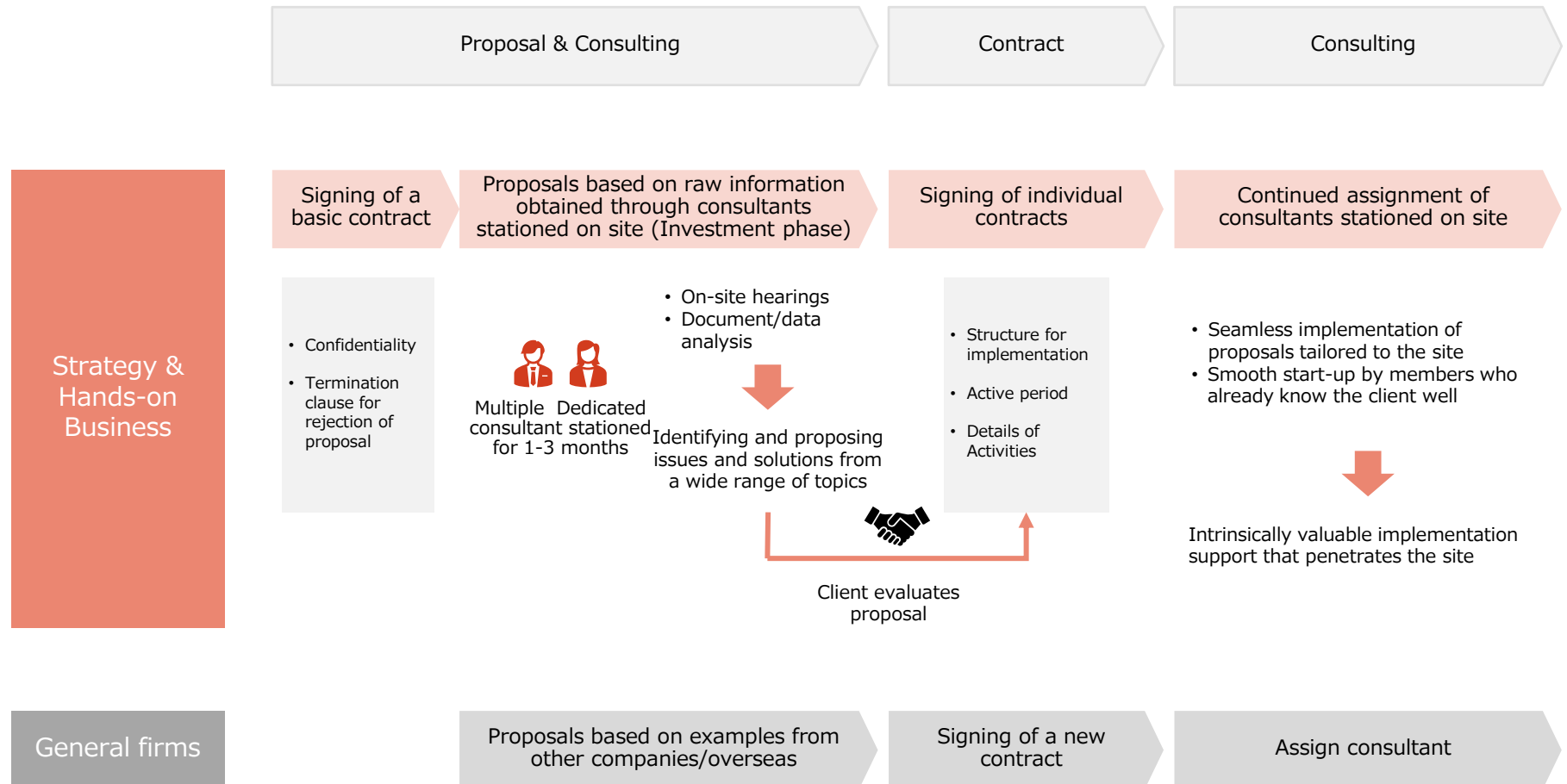
Improvement in efficiency in store information management





# Prored Non-consolidated | A new model of fixed-fee consulting

- To embody the concept of "value for money," we established a new model we call the Strategy & Hands-on Business, in which an investment phase is established before the fee-based contract.



## **2. Forecasts for FY2024 Financial Results**

## Forecasts for FY2024 Financial Results

- **Prored:**  
We aim to improve efficiency in performance-based consulting and will invest in recruitment to expand fixed fees consulting.  
We forecast net sales of 2,035 million yen (down 8.0% year on year) and operating profit of -929 million yen (down 516 million yen year on year).
- **Knowledge:**  
Net zero carbon projects are expected to rise. We will invest in recruitment for further growth.  
We forecast net sales of 510 million yen (down 0.1% year on year), and operating profit of 52 million yen (down 36.1% year on year).

### Forecasts for FY2024 Financial Results

(Unit: million yen)	FY2023 Results	FY2024 Forecast	Amount of increase/decrease	Percentage increase/decrease (%)
Net sales	2,715	2,546	-168	-6.2
Operating profit	-372	-917	-545	—

- **Financial forecast**
  - ✓ The forecasts above are different from the aggregates of figures for Prored and Knowledge due to amortization of goodwill and selling, general and administrative expenses related to Bluepass posted.
  - ✓ The Company will not disclose ordinary profit and profit attributable to owners of parent forecasts, given the difficulty in reasonably predicting the timing and amount of future accruals for profit and loss caused by the management of the investment limited partnership in which the Company invests.
- **IR Policy**
  - ✓ Prored limits disclosure related to Bluepass to statutory disclosure to avoid effects on fund management.
  - ✓ Considering progress in the revision of the quarterly disclosure system, Prored will disclose financial results briefing materials and hold financial results briefings every six months.

## Prored Non-Consolidated I Forecasts for FY2024 Financial Results

- Performance-based consulting:  
Sharp rises in energy cost and inflation are expected to continue having significant effects for some time come, and as a result, sales will likely decline. We will improve efficiency. We will continue to review staffing.
- Fixed-fee consulting:  
We aim to expand business, particularly in cost management and digital transformation. Sales are expected to increase. We will continue to focus on this field. We will transfer personnel from performance-based consulting to fixed fees consulting and hire new employees to expand the organization.
- SaaS: We plan to revise the price of Pro-Sign in light of the expansion of its functions, and expect an increase in sales.

### Forecasts for FY2024 Financial Results (Non-Consolidated)

(Unit: million yen)	FY2023 Results	FY2024 Forecast	Amount of increase/decrease	Percentage increase/decrease (%)
Performance-based consulting	1,492	1,096	-396	-26.5
Fixed fees consulting	697	869	171	24.6
SaaS	21	70	48	223.0
Total	2,211	2,035	-176	-8.0

- Criteria for maintaining listing on the Prime Market  
Prored disclosed a plan to meet the criteria for maintaining its listing by the fiscal year ending October 31, 2030, in a notice titled "An Updated Plan for Compliance with the Criteria for Maintaining Listing," which was issued on March 31, 2023. As a transitional measure, if a company discloses a plan to meet the criteria on a target date after the first record date following March 2026, its stock will remain under supervision as an exception until it is determined whether the criteria have been met on the target date. Thus Prored will not be delisted even if it does not meet the criteria by October 31, 2026.

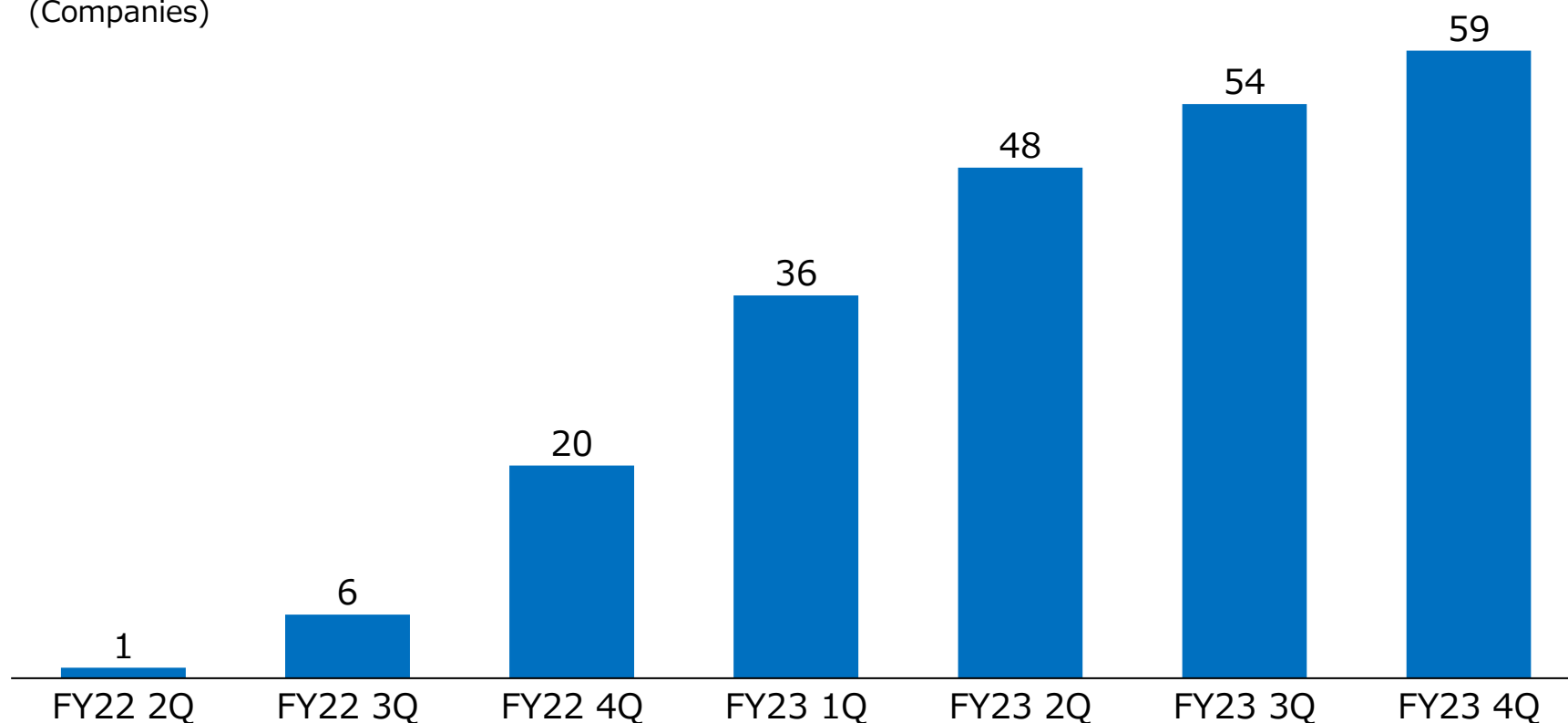
### **3. Update on Pro-Sign**

## Pro-Sign | Update on the Number of Paying Companies

- Extraordinary income was recorded in 3Q as a result of the transfer of the BSM business. Prored will continue development and operation of CRE management services.
- As of the end of the fiscal year under review, 59 companies were billed for CRE management services.

### Number of Paying Companies

(Companies)



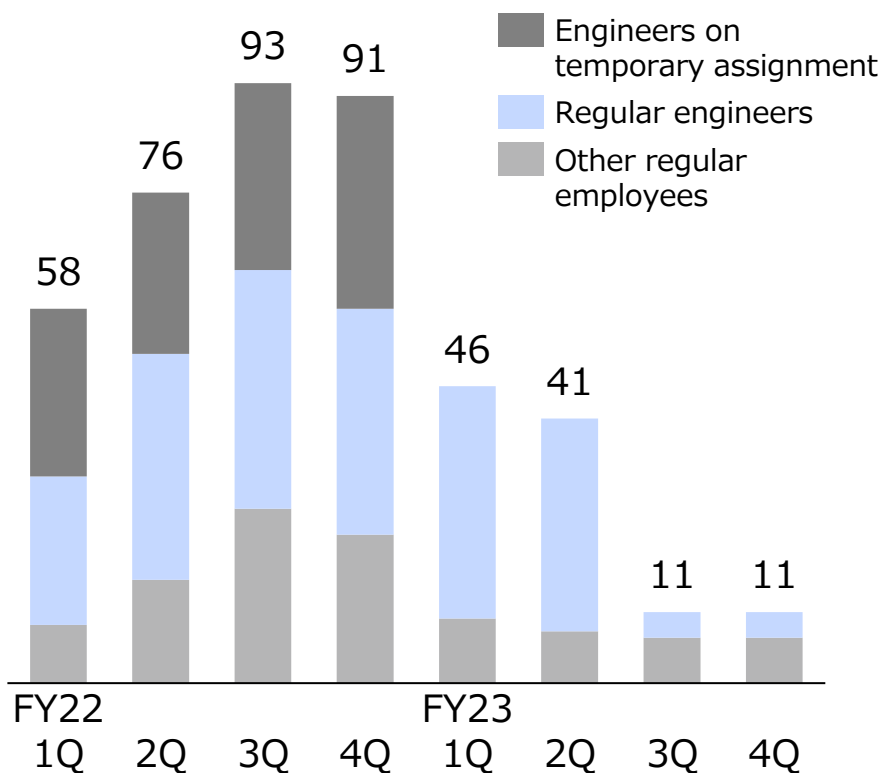
CRE: Refers to corporate real estate management (store information management) services.

## Pro-Sign | Number of Employees and Development Cost

- Due to the transfer of the BSM business, the number of employees in and after 3Q only includes those belonging to CRE.
- Annual expenses relating to Pro-Sign from next fiscal year are expected to be around 120 million yen.

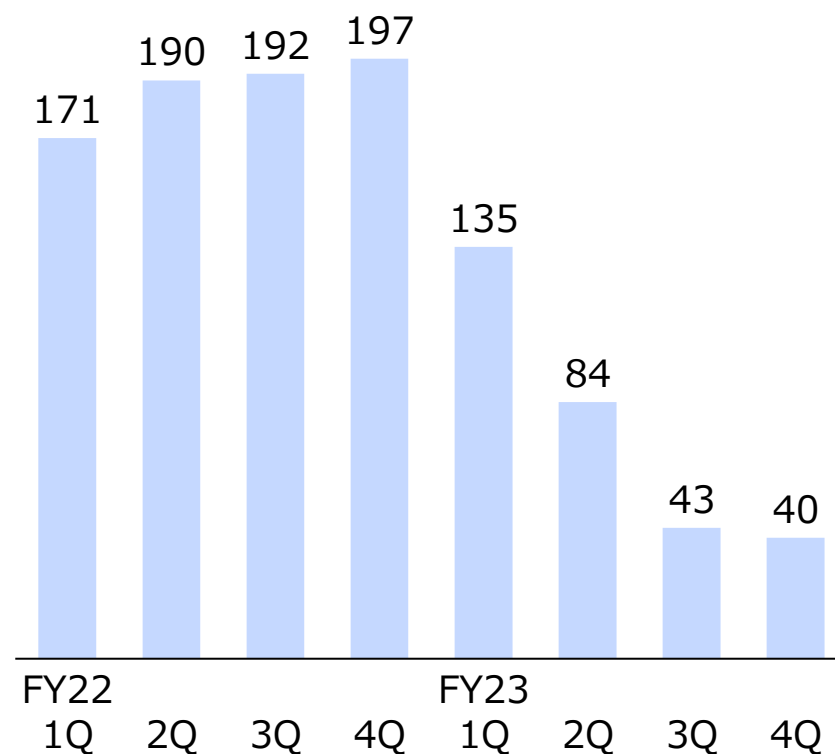
**Number of employees  
(excluding employees at subcontractors)**

(Persons)



**Development-related expenses**

(Million yen)



# **Appendix**

## **Update on Bluepass Capital**



# Portfolio



- Takaroku Shoji Co., Ltd. is a leading domestic plastic trading company in terms of sales. As a manufacturer, the company colors resins and manufactures compound resins. It also has its own technology development function.



- Takapla Recycle Co., Ltd. has its own recycling system in which it collects waste materials, recycles them, improves the materials, and adds sophisticated functions. It has many customers, including public offices and major companies. In recent years, recycling has gained attention as an initiative for SDGs and has been growing.



- NBS Co., Ltd. primarily manufactures and sells hair removal equipment and weight reduction machines for business use and hair removal equipment for household use. The company is expanding its market share, taking advantage of product capabilities that have a competitive advantage based on the company's deep understanding of customers and its own team for attracting customers, which its competitors lack.



- Noguchi Medical Research, Co. Ltd. was established in 1990 as an organization dedicated to revenue-generating activities to support international medical exchange and education, with the aim of promoting patient-centric healthcare.
- Since its inception, the company has provided a 24-hour telephone medical consultation service and an overseas insurance investigation service to confirm the details of treatment received overseas by insured persons. In 2006, it also began selling health foods/supplements. Sold mainly through major drugstores in Japan, the company boasts high name recognition and brand power in China as well.



- Founded in 1997, Sir's Co., Ltd. provides sales representative services for overseas and domestic brands, primarily in the apparel sector.
- The company excels especially in opening outlet malls in regional areas where foreign brands do not have geographical knowledge, leading the industry with a significant share since its establishment. In recent years, they have also ventured into undertaking sales representation for cosmetics and sweets products, experiencing continuous growth beyond the apparel sector.

\* This slide only presents projects that may be disclosed to the public.

## Portfolio



- A trading company founded in 1913 engages in sales and construction of civil engineering and construction materials and equipment used in public and private civil engineering works and sales of industrial materials and equipment used at plants, primarily in eastern Japan.
- With an extensive lineup of products and excellent sales capabilities, it has earned the trust of general constructors and others and holds a large market share in eastern Japan. It has a significant role in supporting infrastructure and foundations from the perspective of disaster control and response.



F-ist Inc.  
Obrigado Inc.

- They are retail concession operators selling fresh vegetables and fruits inside nearly 30 fresh food supermarkets and discount stores in Tokyo suburbs under the brands of Yaoshin and Vivace.

**MURA**

- A D2C company that plans and sells MURA brand small leather goods, such as wallets and bags, at major online shopping malls.



- Outsourced hair salons mostly of the amie brand with approx. 50 directly operated salons in the Tokyo metropolitan area and suburbs

**Ceno.Company.**

- Ceno is a fashion apparel company operating multiple brands including VANQUISH, a Shibuya-originated brand that Ceno established, and #FR2, a street fashion brand symbolizing the era of photo-based social media communication promoted through its Harajuku-based flagship store.



- A software vendor with the largest market share in the industry, which develops, sells, and maintains its Dr. Process brand of production control systems, process control systems, and production control schedulers for the in-house die production departments of leading manufacturers, specialized die manufacturers, etc.

\* This slide only presents projects that may be disclosed to the public.

# Appendix References

## Corporate Profile

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Company name	Prored Partners Co., Ltd.
Securities	7034 (TSE Prime Market)
Representative Director	Susumu Satani
Founded	December 2009 (Established: April 2008)
Accounting period	October
Outline of the business	Management consulting, environmental consulting, PE funds
Employees	167 (as of October 31, 2023)
Headquarters	Sumitomo Fudosan Onarimon Tower 7F, 1-1-1 Shibakoen, Minato-ku, Tokyo
Group companies	Knowledge Lean Co., Ltd. and Bluepass Capital Inc.(PE fund)

## Consolidated Balance Sheet

(Unit: million yen)	Consolidated cumulative		
	FY2022 Results	FY2023 Results	YoY rate of change (%)
Total assets	9,322	11,978	28.5%
Current assets	5,536	6,172	11.5%
Cash and deposits	4,729	5,404	14.3%
Non-current assets	3,786	5,805	53.3%
Liabilities	1,802	1,911	6.0%
Current liabilities	1,012	920	-9.1%
Non-current liabilities	790	991	25.3%
Net assets	7,519	10,066	33.9%
Shareholders' equity	5,168	6,047	17.0%
Non-controlling interests	2,351	4,019	70.9%

# Disclaimer

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- This document includes descriptions of the future prospects of the company. These descriptions were prepared based on the information at the time they were written and do not guarantee future results and involve risks and uncertainties. Please note that there is a possibility that these results will substantially differ from the future prospects due to a variety of factors
- This document includes past financial statements that have not been audited by audit companies and management figures of the company that are not based on financial statements
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