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FOR IMMEDIATE RELEASE

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 (Securities code: 7034, Prime Market of TSE)
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Notice on Revisions to the Full-Year Business Results Forecasts

Prored Partners Co., Ltd. ("the Company") announces that the Company's Board of Directors, at a meeting held on June 14, 2022, resolved to revise the consolidated net sales forecast for the fiscal year ending October 31, 2022 (November 1, 2021 to October 31, 2022), which the Company had announced on March 17, 2022, and disclose consolidated profits forecasts based on the said net sales forecast, considering recent trends in corporate goods prices and social conditions. Details are as follows.

1. Revision of forecasts of consolidated business results for the fiscal year ending October 31, 2022 (November 1, 2021 - October 31, 2022) (Unit: million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share (yen)
Previously announced forecast (A)	3,240	-	-	-	-
Newly revised forecast (B)	2,515	△248	△460	△226	△20.71
Change (B - A)	△725	-	-	-	-
Change (%)	△22.4%	-	-	-	-
(Reference) Results for the previous fiscal year (FY 2021)	3,649	726	523	533	48.13

2. Reasons for the revision of the consolidated net sales forecast and the disclosure of consolidated profits forecasts

The Company's Board of Directors resolved to reduce the consolidated net sales forecast for the fiscal year under review to 3,240 million yen at its meeting held on March 17, 2022. The Company disclosed information to that effect on a timely basis. There were two major reasons for this forecast revision: (1) The significant impact of a sharp inflationary pressure in the most recent quarter on net sales for the cost management consulting business; and (2) The Company's decision to exclude from consolidated net sales an amount equivalent to management fees, which Bluepass Capital Inc., a consolidated subsidiary of the Company, receives from external investors in connection with Dolphin No. 1 Investment Limited Partnership under its management.

Business conditions for the Company related to the above reason (1) became more severe following the disclosure of this information. The Corporate Goods Price Index announced by the Bank of Japan rose 10.0% year on year in April 2022. This index increase was the largest since 1981. As far as energy costs, which are one of the Company's core business domains, are concerned, sharp rises in energy costs have significantly eaten into the financial strength of business operators

known as new electric power companies. Some of the major electric power companies have also started to stop soliciting new contracts. The reduction of energy costs has become extremely difficult in the last three months.

The average rate of cost reduction also declined gradually for mobile and fixed-line phones, multifunctional devices, building management fees and the like, which represent the main expenditure items for the Company, even though the headwind was not as strong as that for energy costs. Those items failed to offset a decrease in revenues related to energy costs even when growth in new fields like construction materials and logistics were additionally taken into consideration.

The performance-based fees that the Company receives from its clients are calculated by multiplying the annualized cost reductions by certain fee rates, and the fees are posted as revenues across a three-year period. Based on the reasons relating to inflation explained above, the Company decided to lower the consolidated net sales forecast for the fiscal year under review from 3,240 million yen to 2,515 million yen as a result of a lower estimate of the total amount of the first-year revenues pertaining to new projects as compared to that at the end of the first quarter in this fiscal year.

The Company had kept consolidated profits forecasts for the fiscal year under review undecided in view of significant uncertain factors related to software assets posted as development-related expenses for the Pro-Sign business and the amortization of those assets. The Company decided to disclose the said forecasts because rational calculations for the forecasts based on information accessible at the present time became possible. As stated above, business conditions for the Company are becoming increasingly severe. Taking this situation into account, the Company plans to quickly realize the effects of cost cutting by performing certain reviews on its cost structure. The effects predicted to appear in the fiscal year under review are reflected in the consolidated profits forecasts for the fiscal year.

(Note) The forecasts above are forward-looking statements based on information available at the time of publication of this notice. Actual results may differ because of a variety of factors.

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