

Prored Partners

Prored Partners Co., Ltd.

Tokyo Stock Exchange Prime Market (Ticker: 7034)

Financial Results for Q1 FY2023

thinkOut

2023.3

1. Q1 FY2023 Financial Results

P3

2. Update on Pro-Sign

P10

Appendix

Update on Bluepass Capital

P13

1. Q1 FY2023 Financial Results

1. Q1 FY2023 Financial Results

Performance Highlights

1. Non-consolidated cost management

- The impact of inflation has already been factored into the full-year financial forecast, and progress in 1Q was in line with the plan.
- Non-consolidated cost management net sales were down 36.9% YoY due to a decrease in the number of projects and a reduction in fees per engagement in 1Q compared to the same period of the previous fiscal year.

2. Pro-Sign

- BSM¹ billing began in the previous fiscal year, and the future direction is being reconsidered such as redefinition of value provided and focusing the functions provided because the number of companies being billed did not grow.

3. Subsidiary

- Knowledge Management: progress in 1Q as planned

Consolidated net sales

584 million yen
(-22.2% YoY)

Consolidated operating income

-142 million yen
(FY2022 1Q 30 million yen)

Consolidated EBITDA before investment²

17 million yen
(-77.4% YoY)

1. BSM: Abbreviation of Business Spend Management

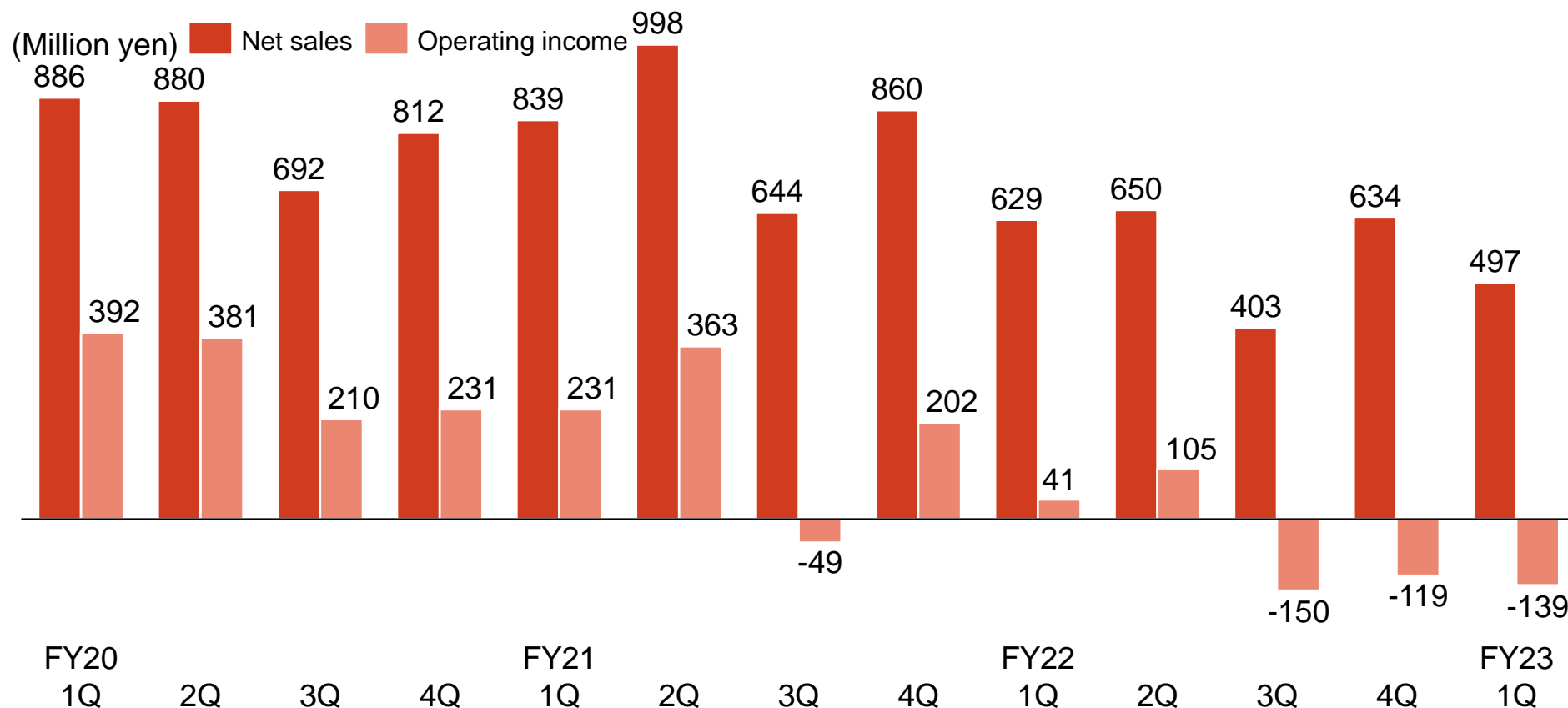
2. EBITDA before investment: Excludes losses on new businesses (including Pro-Sign) undergoing business development.

Consolidated P/L Summary

| (Unit: million yen) | Consolidated cumulative | | | |
|--|-------------------------|--------|-----------|------------------------|
| | FY2022 1Q | FY2022 | FY2023 1Q | YoY rate of change (%) |
| Net sales | 752 | 2,718 | 584 | -22.2% |
| Cost of sales | 365 | 1,358 | 448 | 22.6% |
| Cost rate | 48.7% | 50.0% | 76.7% | |
| Gross profit | 386 | 1,359 | 136 | -64.7% |
| Gross margin ratio | 51.3% | 50.0% | 23.3% | |
| Selling, general and administrative expenses | 355 | 1,508 | 279 | -21.5% |
| Selling and administration expense ratio | 47.3% | 55.5% | 47.8% | |
| Operating income | 30 | -148 | -142 | — |
| Operating income margin | 4.0% | -5.5% | -24.4% | |
| EBITDA before investment | 79 | 287 | 17 | -77.4% |
| EBITDA before investment/sales | 10.6% | 10.6% | 3.1% | |
| Ordinary income | -22 | -209 | -215 | — |
| Profit (attributable to owners of parent) | 24 | -871 | -156 | — |

Prored Non-consolidated | Quarterly Trend in Sales and Operating Income

- Net sales continued to decrease due to the reduction in the initial amount accepted in the previous fiscal year and the impact of inflation.
- From 4Q of FY2022, the investment amount for the Pro-Sign business was not recorded in software assets, and is recoded as an expense, causing a decrease in operating income.

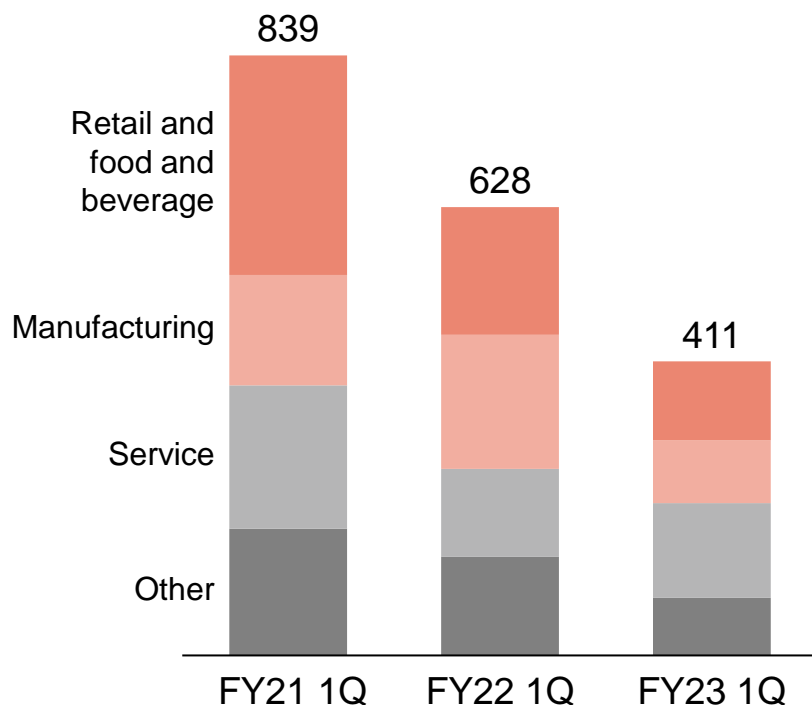


Cost Management | Trends in Net Sales by Sector

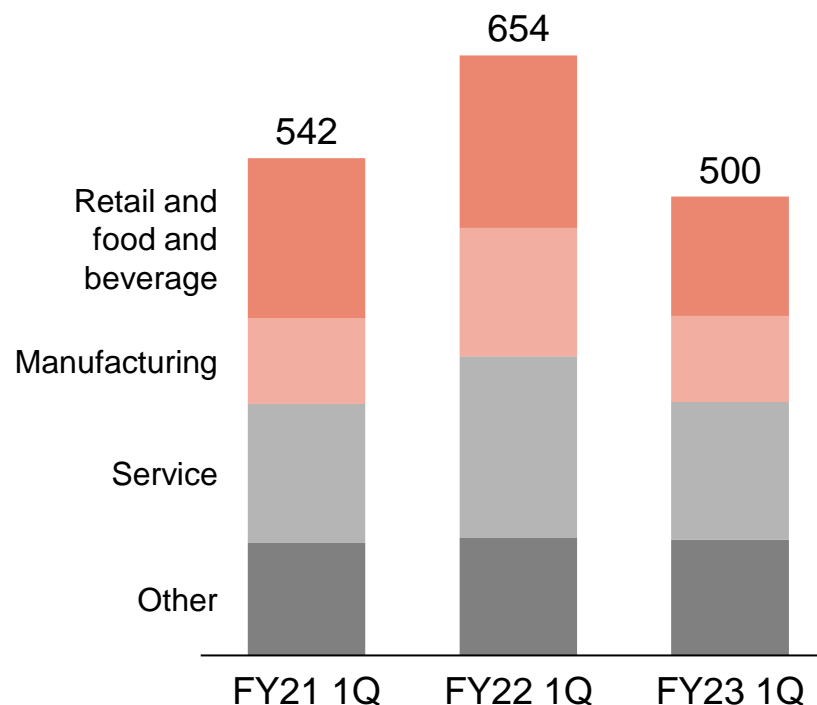
- Cost reductions and fees per engagement continued to shrink due to the effects of ongoing inflation. In addition, net sales were stagnated due to a decrease in the number of engagements.

Net sales¹

(Million yen)

Number of engagements¹

(Number of engagements)



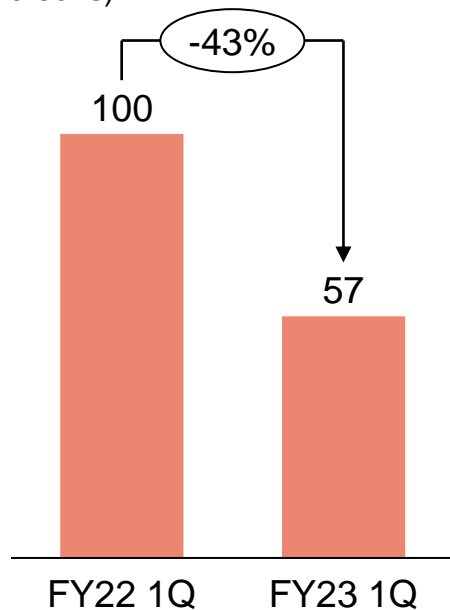
1. Excludes net sales and number of engagements for new business areas

Cost Management | Number of Personnel, Productivity, Gross Profit Margin

- The number of consultants was 57 as of the end of 1Q due to a natural decrease caused by turnover. Based on the decrease in momentum of net sales, new hiring has been postponed with the exception of some new business areas.
- Cost management gross profit margin improved as the number of engagement per consultant and net sales began to increase.

Number of consultants^{1, 4}

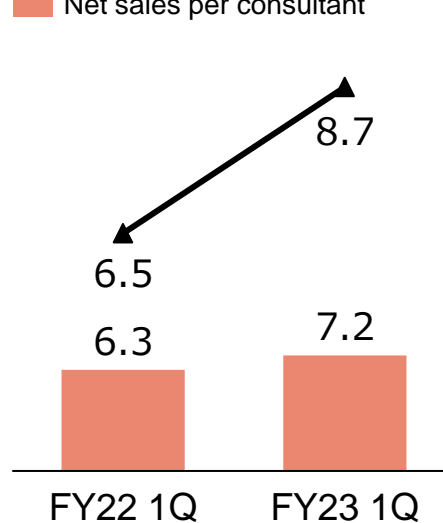
(Persons)



Net sales and number of engagements per person^{2, 4}

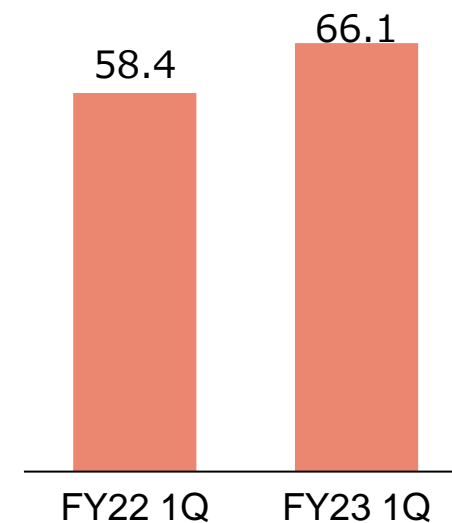
(Engagements, million yen)

▲ Number of engagements per consultant
 ■ Net sales per consultant



Gross profit margin³

(%)



1. Number of members at end of each quarter

2. Value divided by the average number of members during the fiscal year. Quarterly net sales are on a cumulative basis from the start of the fiscal year.

3. Gross profit margin on a cumulative basis for the 1Q

4. Excludes number of consultants, net sales and number of engagements for new business areas

Measures to address increasingly complex needs

- In the fiscal year ended October 31, 2022, record corporate inflation and a sudden increase in energy costs led to the emergence of a headwind against the performance-based fee model amid market conditions with various companies raising prices in succession.
- Meanwhile, there is still a high level of needs for reducing costs during inflation, and fixed fee consulting was expanded to respond to increasingly complex needs.

Emerging issues and reform policy

FY22

As companies raise prices led by energy costs due to rapid inflation, cost management demand is becoming increasingly complex to the point that it is difficult to provide support using only a performance-based fee model.

FY23

In order to respond to increasingly complex needs for cost reduction and corporate reform, **in addition to the existing performance-based fee consulting, expand fixed fee consulting** to support clients

New service matrix (example)

| | Cost down | Hands On | Public service | Environment | Logistics SCM | ... |
|------------------------|---|----------|----------------|-------------|---------------|-----|
| Fee format | | | | | | |
| Performance-based fees | Provision of all-in-one service from strategy drafting to implementation support as in the past | | | | | |
| Fixed fees | Provider medium- to long-term management services utilizing Prored's knowledge, such as structural reform and group strategy drafting | | | | | |

Provide services with a portfolio combining performance-based and fixed fees to respond to increasingly complex needs

2. Update on Pro-Sign

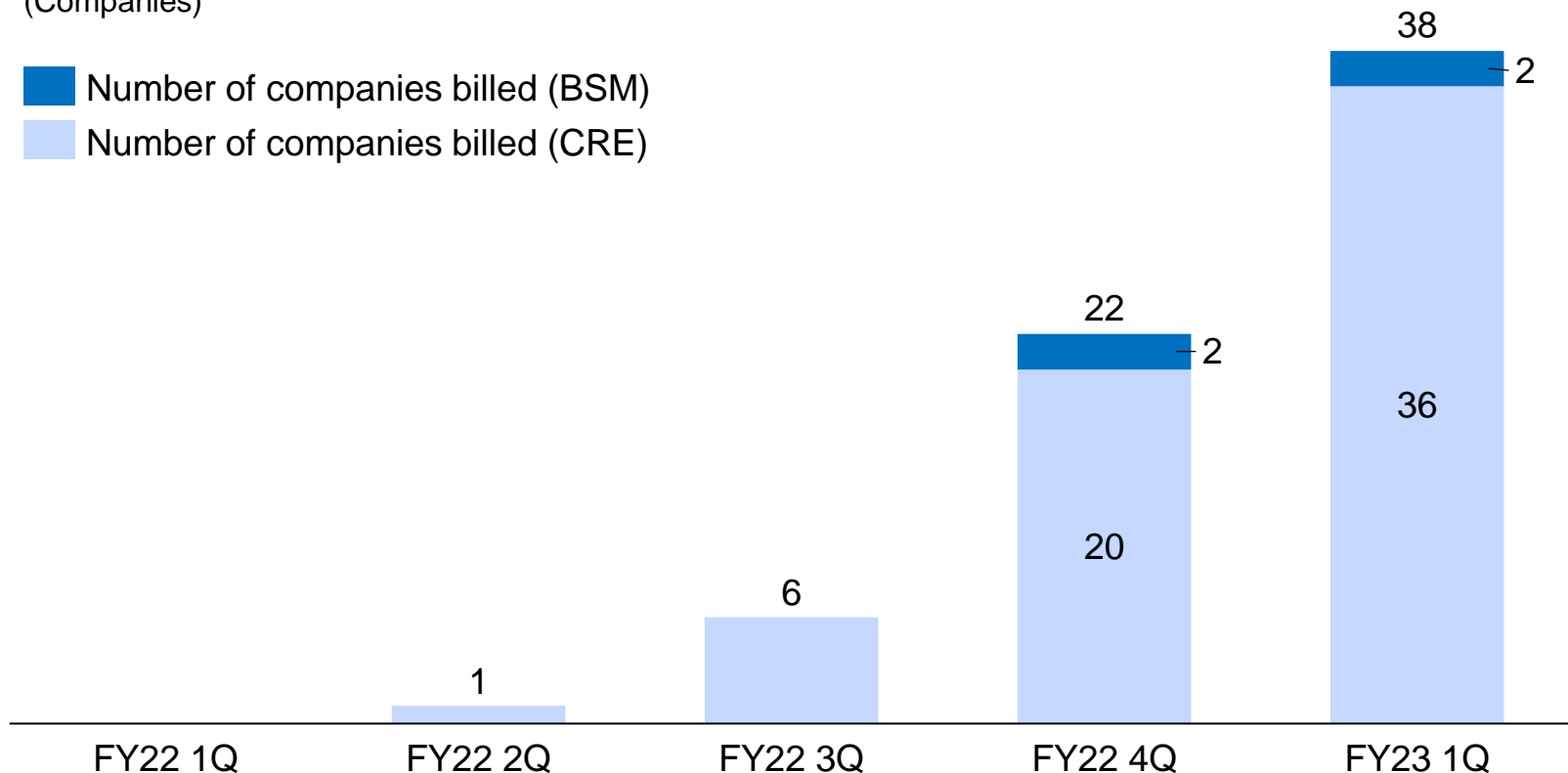
Pro-Sign | Update on the Number of Companies Being Billed for Service

- As of the end of 1Q, 38 companies are being billed.
- Although BSM billing has begun, the future direction is being reconsidered such as redefinition of value provided by BSM and focusing the functions provided because the number of companies being billed has not grown.

Number of companies billed

(Companies)

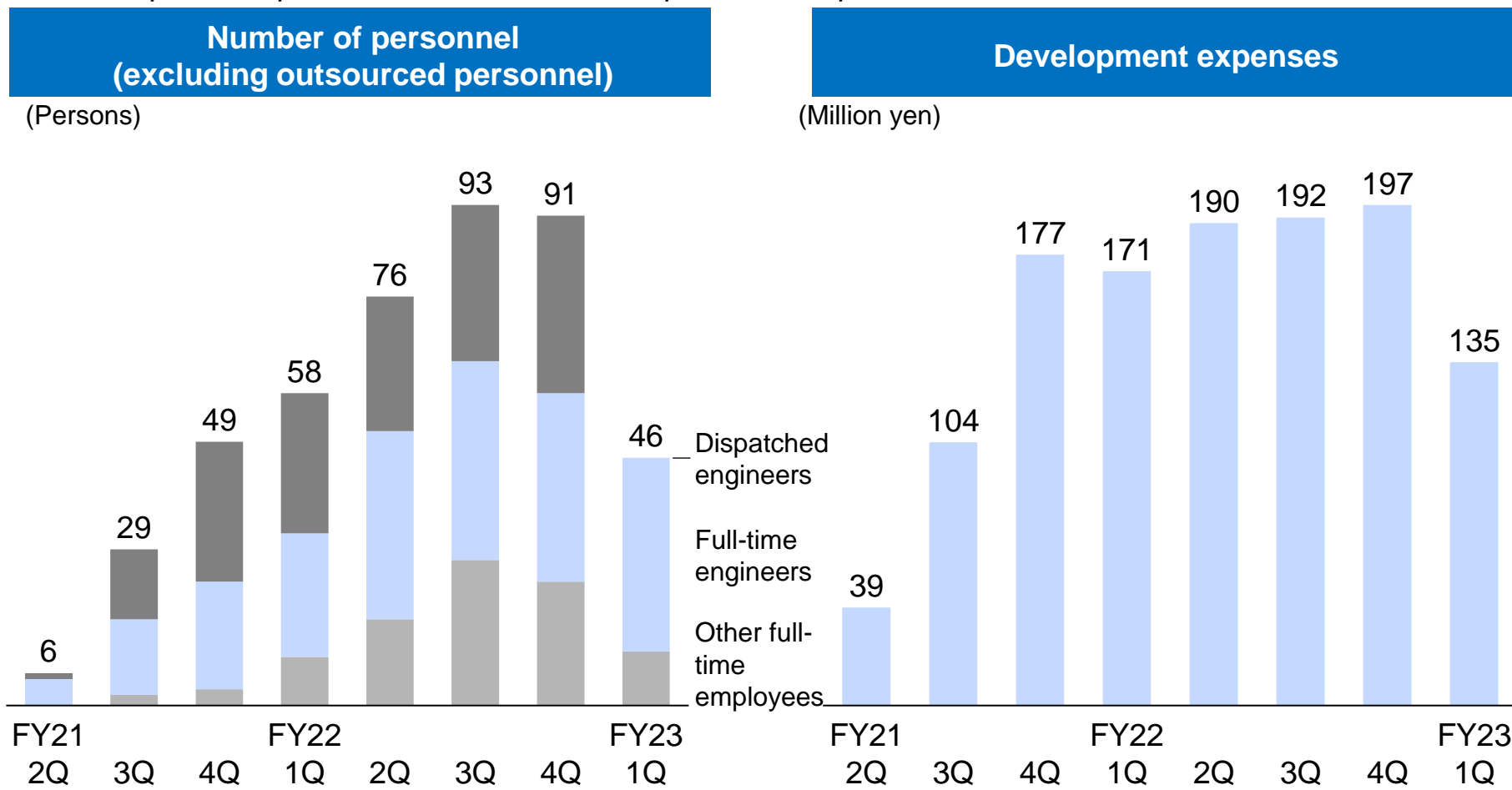
- Number of companies billed (BSM)
- Number of companies billed (CRE)



CRE: Refers to real estate lease agreement management system

Pro-Sign | Number of Personnel and Development Expenses

- The contract with dispatched engineers was terminated due to a reexamination of the direction of BSM. At the same time, business-side personnel were reallocated, resulting in a decrease in personnel compared to the previous 4Q.
- Development expenses also decreased compared to the previous 4Q as a result of the above measures.



Appendix

Update on Bluepass Capital

Making investments at a brisk pace after raising funds



F-ist Co., Ltd.
Obrigado Co., Ltd.

- A concessionary chain selling fruit and vegetables, operating approximately 30 stores mainly in fresh food supermarkets and discount stores in the Greater Tokyo area under the names Yaoshin and Vivace.
- Contributes to attracting customers for tenants using its unique product procurement and sales know-how, and is maintaining high growth by increasing the number of stores due to receiving many inquiries from retail companies such as drug stores seeking to strengthen the fresh food area in recent years.

MURA

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



- Outsourced hair salons branded as “amie” with approx. 50 directly operated salons in the Tokyo metropolitan area and suburbs



- Providing private-sector companies and local governments with call center operations, and agency sales operations for approx. 15 years in five prefectures across Japan

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.

*In this slide, we disclose only the projects we are allowed to announce.

Disclaimer

- 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
- The contents of this document will not be updated or revised, even if there are changes in matters or situations after the date these materials were created
- Any information in this document not pertaining to Prored Partners has been extracted from publicly disclosed information and the accuracy and rationality of such information have not been verified and thus are not guaranteed by Prored Partners



Prored Partners

プロフェッショナル Pro + red 情 熱 の 赤