

# Prored Partners

Prored Partners Co., Ltd.

Tokyo Stock Exchange Prime Market (Ticker: 7034)

## Financial Results for Q2 FY2024

thinkOut

June 2024

<b>1. Q2 FY2024 Financial Results</b>	<b>P3</b>
<b>2. Appendix</b>	
<b>Progress of Bluepass Capital Inc.</b>	<b>P12</b>
<b>References</b>	<b>P15</b>

# **1. Q2 FY2024 Financial Results**

## Performance Highlights

### 1. Prored on a non-consolidated basis

- Net sales
  - ✓ Performance-based consulting: Progress was made as planned since the plan placed a greater focus on the first half.
  - ✓ Fixed fee consulting: Progress was faster than planned for seasonal reasons (i.e. capturing of demand from companies closing their accounts in March).
- Profit
  - ✓ Operating profit: A positive figure was attained, given that higher net sales are earned in the first half than in the second and that hiring expenses were delayed to the second half.
  - ✓ Ordinary profit: A gain on investments in investment partnerships was recorded as a result of the management of the limited liability investment partnerships, namely Dolphin No. 1 Fund and Inflexion II SP, in which the Group has an investment.

### 2. Subsidiary

- Knowledge: Progress was made as planned given that the plan placed a greater emphasis on the first half in view of offering consulting services to public offices.
- Bluepass: A gain on investment in investment partnerships was posted after a share transfer in an investment project.

Consolidated Net Sales

**1,794** million yen  
(Year-on-year +31.8%)

Consolidated Operating Profit

**270** million yen  
(-98 million yen in the  
same period a year earlier)

Profit Attributable to Owners of Parent

**481** million yen  
(Year-on-year -46.7%)

## Financial Results

(Unit: million yen)	Consolidated cumulative			
	FY2023 2Q Results	FY2023 Results	FY2024 2Q Results	YoY rate of change Percentage increase/ decrease (%)
Net sales	1,361	2,715	1,794	31.8%
Cost of sales	920	1,952	977	6.2%
Personnel expenses	531	1,147	571	7.4%
Other	388	804	406	4.5%
Gross profit	440	763	817	85.3%
Gross profit margin %	32.4%	28.1%	45.5%	
Selling, general and administrative expenses	539	1,135	546	1.2%
Personnel expenses	252	507	193	-23.5%
Other	286	627	352	23.1%
Operating profit	-98	-372	270	—
Operating profit margin %	-7.2%	-13.7%	15.1%	
Ordinary profit	4,746	4,378	1,662	-65.0%
Profit attributable to owners of parent	902	818	481	-46.7%

## Progress of FY2024 Financial Results

- **Prored:**  
In performance-based consulting, results progressed as planned. In fixed fee consulting, results were higher than planned for seasonal reasons. In addition, hiring expenses were delayed to the second half. Consequently, net sales ended at 1,459 million yen and operating profit at 167 million yen.
- **Knowledge:**  
Progress was made as planned, including the offering of consulting services to public offices. As a result, net sales stood at 334 million yen and operating profit at 124 million yen.

### Progress of FY2024 Financial Results

(Unit: million yen)	FY2024 Forecast	FY2024 2Q Results	Progress rate (%)
Net sales	2,546	1,794	70.5
Operating profit	-917	270	-

- Financial results figures
  - ✓ 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 discloses financial results briefing materials and holds financial results briefings every six months.

## Prored Non-Consolidated I Progress of FY2024 Financial Results

- Performance-based consulting:  
Progress was in line with the plan, which already took into account the impact of the ongoing inflation. In the second half, sales activities will be carried out towards the next fiscal year while working on projects in progress.
- Fixed-fee consulting:  
Performance grew, particularly in the Strategy & Hands-on Business. Progress was more rapid than planned for seasonal reasons. This seasonal factor is expected to have some impact on the results for the second half. In the second half, sales activities will be conducted to gain new projects while striving to have contracts continued for the ongoing projects.
- SaaS:  
Pro-Sign CRE had 61 paying companies (as of Q2 of the fiscal year ending October 31, 2024). Functional expansion made good progress but the lead time to conclude a contract lengthened after the price revision.

Due to the factors mentioned above, performance is seen as making progress as foreseen in the full-year financial forecast, and the forecast is kept unchanged.

### Progress of FY2024 Financial Results (Non-Consolidated)

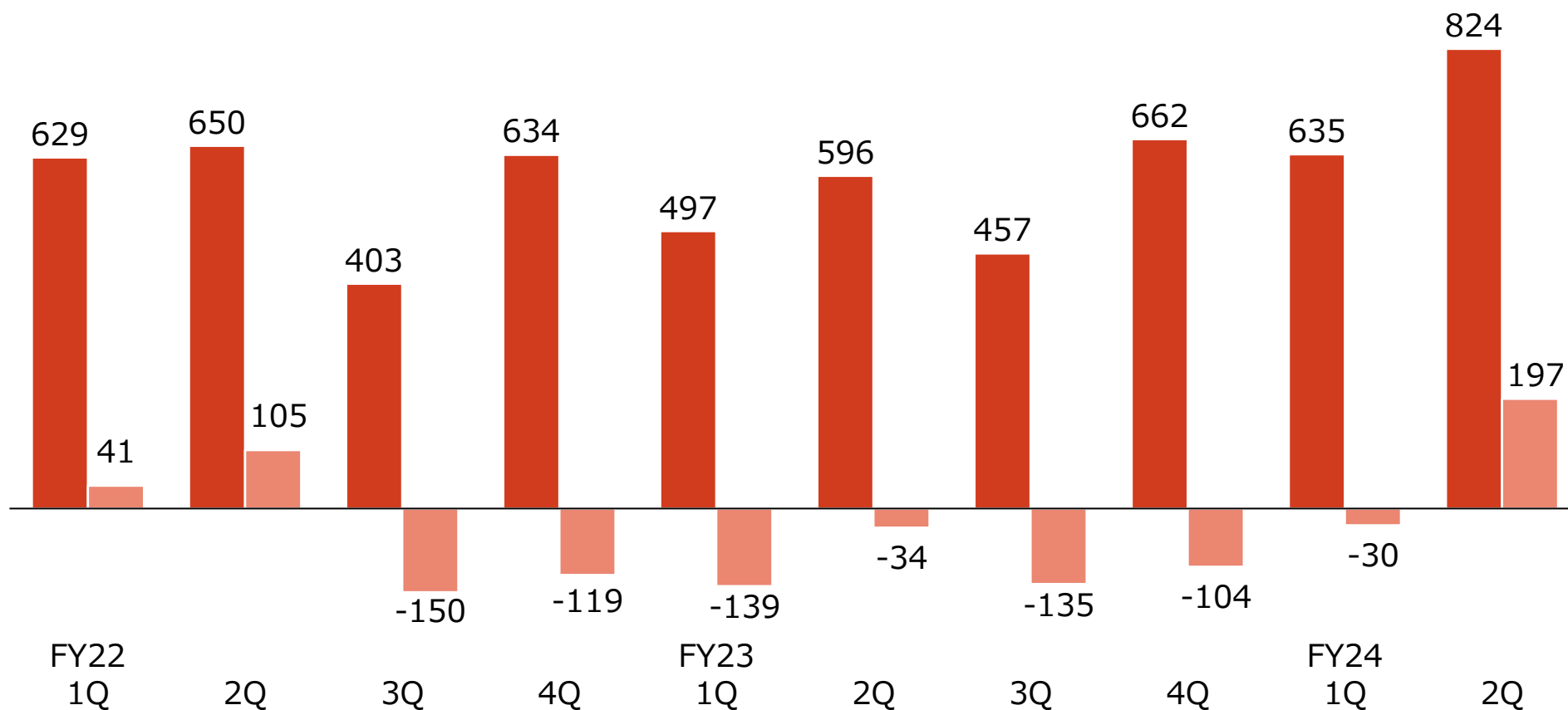
(Unit: million yen)	FY2024 Forecast	FY2024 2Q Results	Progress rate (%)
Performance-based consulting	1,096	773	70.6
Fixed fees consulting	869	676	77.9
SaaS	70	8	12.8
Total	2,035	1,459	71.7

## Prored Non-consolidated |

## Quarterly Trend in Net Sales and Operating Profit

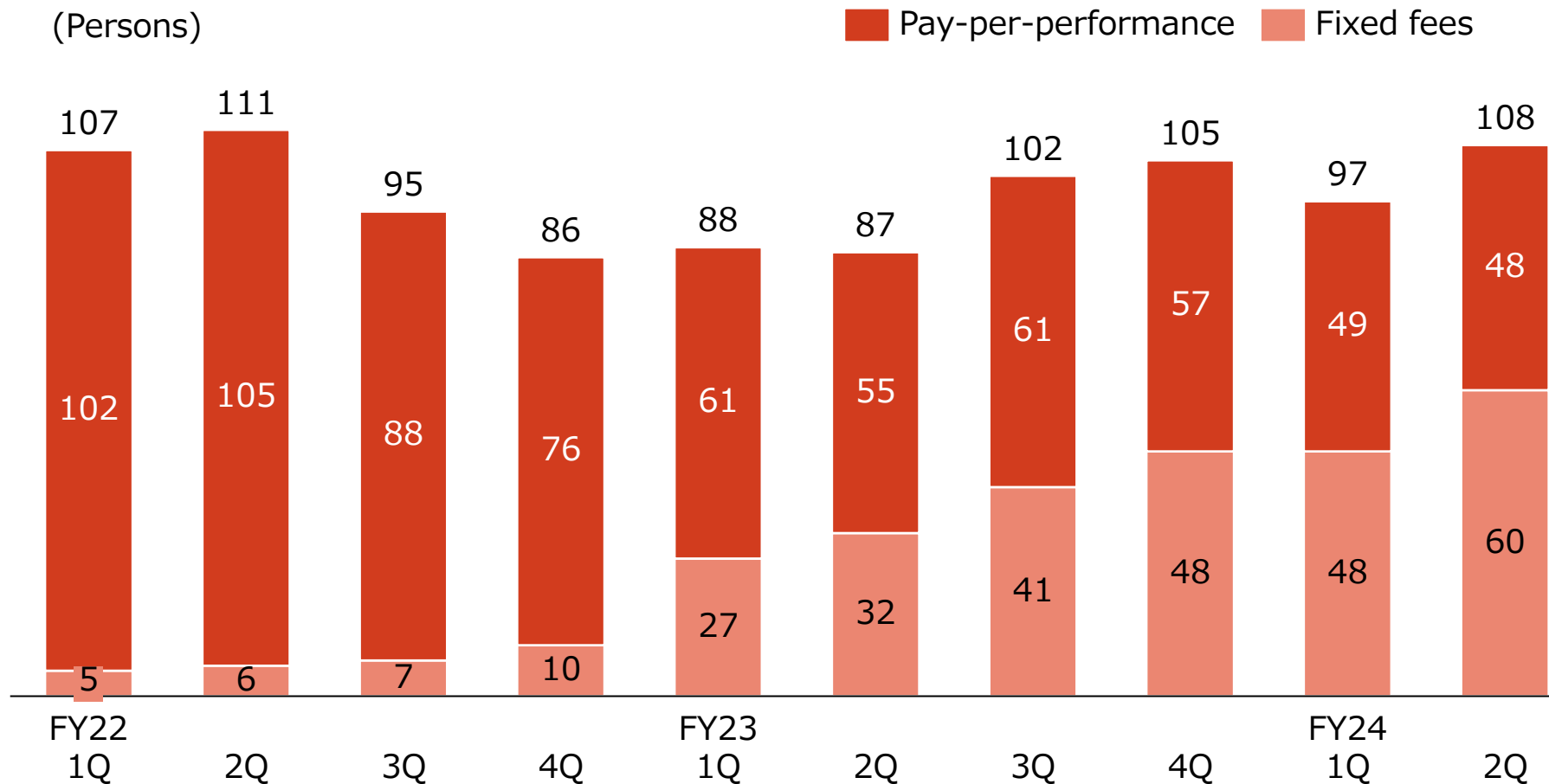
(Million yen)

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.

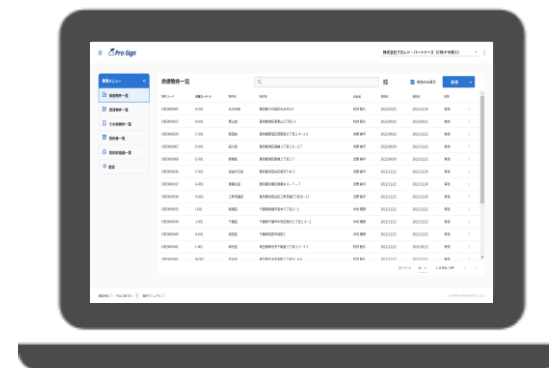
## Consulting

## 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

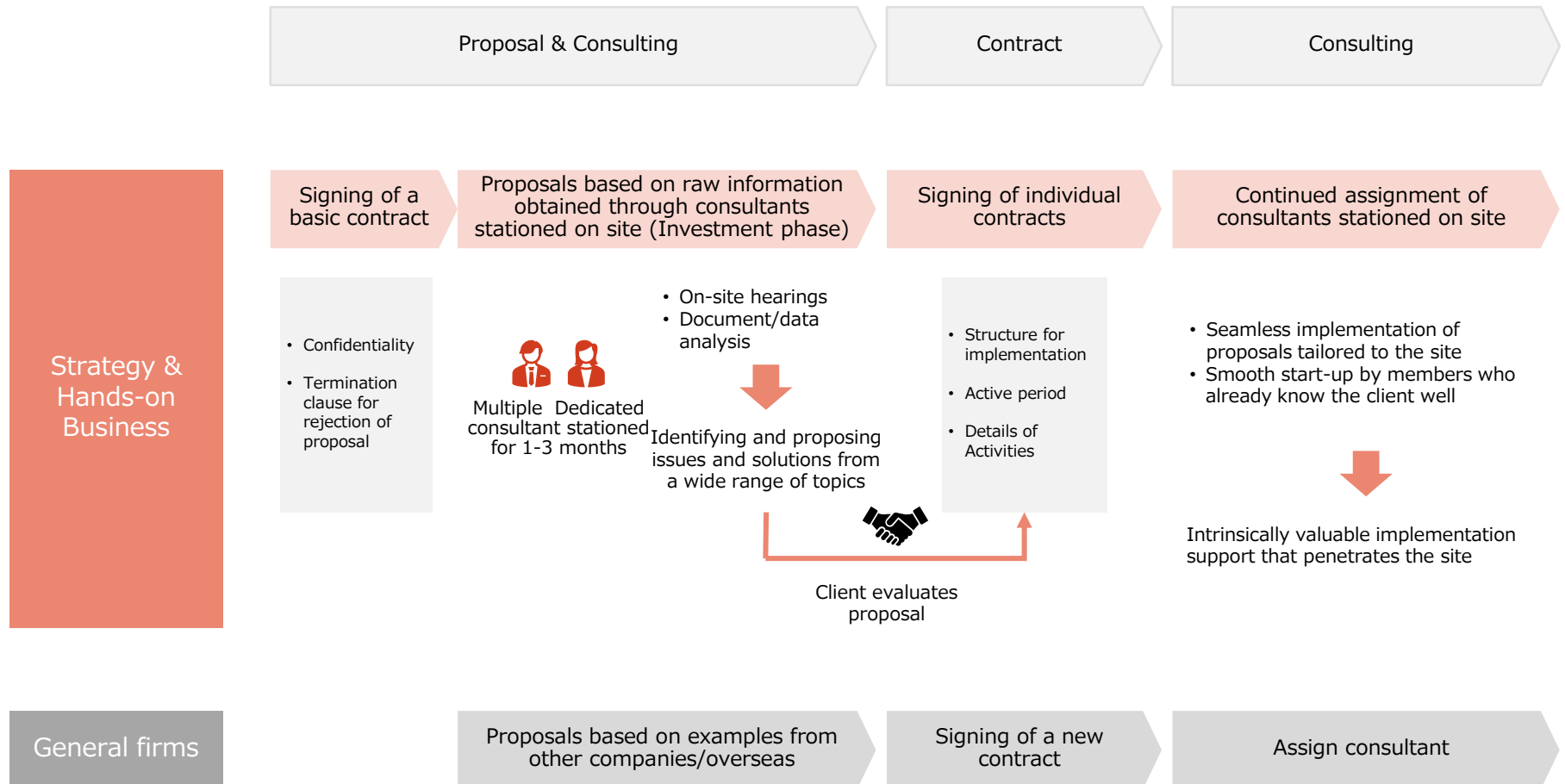


Improvement in efficiency in store information management



# 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. Appendix: Progress of Bluepass Capital Inc.**

### Portfolio



- Re Pot Co., Ltd. is a niche top company in the Japanese cat cafe industry, running 25 cat cafes in the country to answer the needs of a wide variety of customers including tourists from overseas.
- Cat cafes are recognized as a Japanese culture and are immensely popular with overseas tourists. Involving customers in Japan and from around the world, the market is expanding. This trend is expected to continue, mainly amid the growth of inbound tourists.



- 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.

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

### Portfolio



- 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.



- 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.



- 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 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.

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

## 2. 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	174 (as of April 30, 2024)
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		
	FY2023 Results	FY2024 2Q Results	Percentage increase/decrease (%)
Total assets	11,978	13,227	10.4%
Current assets	6,172	6,712	8.7%
Cash and deposits	5,404	6,156	13.9%
Non-current assets	5,805	6,515	12.2%
Liabilities	1,911	1,868	-2.2%
Current liabilities	920	949	3.2%
Non-current liabilities	991	918	-7.3%
Net assets	10,066	11,359	12.8%
Shareholders' equity	6,047	6,541	8.2%
Non-controlling interests	4,019	4,817	19.9%

# 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
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