

Prored Partners

Prored Partners Co., Ltd.

Tokyo Stock Exchange Prime Market (Ticker: 7034)

Financial Results for FY2024

thinkOut

December 2024

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1. FY2024 Financial Results

Performance Highlights

1. Prored on a non-consolidated basis

- Net sales
 - ✓ Performance-based consulting: Sales exceeded the plan slightly, even though the environment remained challenging.
 - ✓ Fixed fee consulting: The Strategy / Digital & Hands-on Business achieved strong growth, and sales surpassed the plan.
- Profit
 - ✓ Operating profit: The increase in net sales and continuous reviews of costs led to a decrease in operating loss.
 - ✓ 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. Group companies

- Knowledge: Support for clients to achieve ISCC certification, as well as surveys and planning for the corporate sector, performed well, and sales exceeded the plan.
- Bluepass: A gain on investment in investment partnerships was posted after a share transfer in an investment project.

Consolidated Net Sales

3,205 million yen

(Year-on-year +18.0%)

Consolidated Operating Profit

-90 million yen

(+281 million yen in the same period a year earlier)

Profit attributable to owners of parent

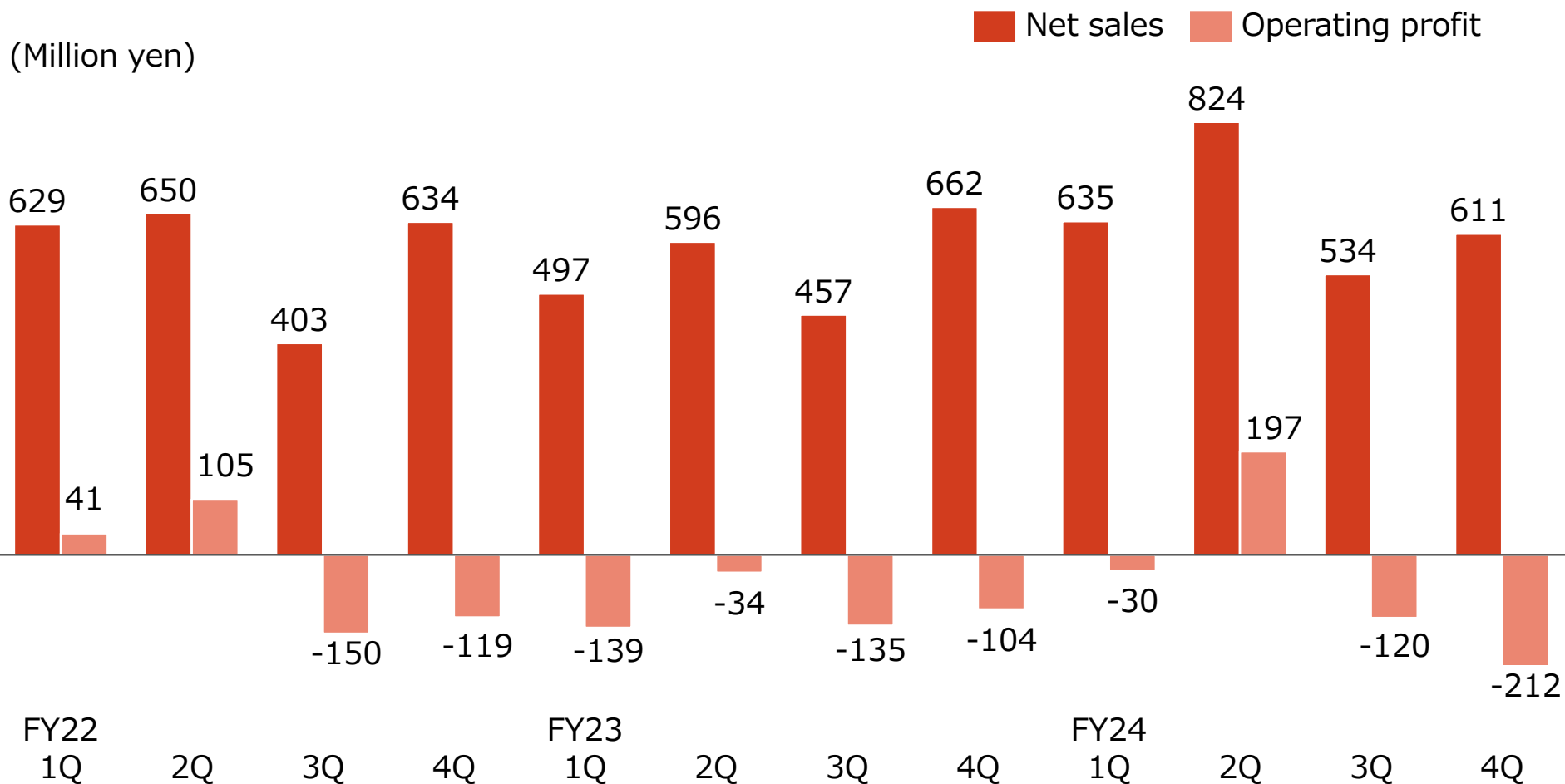
319 million yen

(Year-on-year -60.9%)

Financial Results

(Unit: million yen)	FY2023 Results	FY2024 Results	YoY rate of change %
Net sales	2,715	3,205	18.0%
Cost of sales	1,952	2,101	7.6%
Personnel expenses	1,147	1,303	13.6%
Other	804	797	-0.9%
Gross profit	763	1,103	44.6%
Gross profit margin %	28.1%	34.4%	
Selling, general and administrative expenses	1,135	1,194	5.2%
Personnel expenses	507	404	-20.4%
Hiring expenses	57	286	395.3%
Other	570	503	-11.7%
Operating profit	-372	-90	—
Operating profit margin %	-13.7%	-2.8%	
Ordinary profit	4,378	1,275	-70.9%
Profit attributable to owners of parent	818	319	-60.9%

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

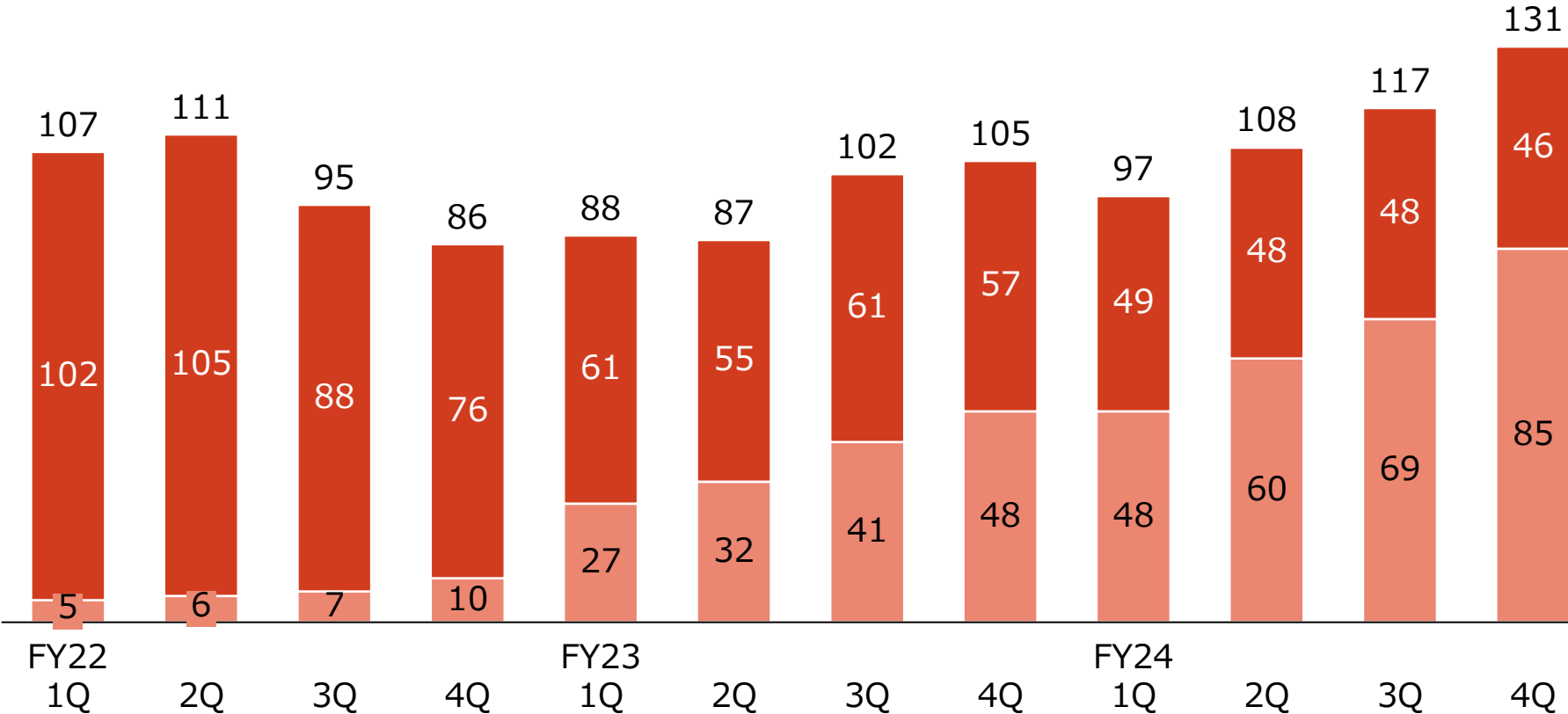


Prored Non-consolidated | Quarterly Trend in Number of Consultants

- The number of consultants increased to 131 at the end of the fiscal year under review. We will continue to focus on hiring new consultants, aiming to reach a total of 200 in the fiscal year ending October 2025.

(Persons)



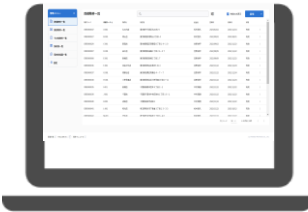





Pay-per-performance Fixed fees



* Headcount as of the end of each quarter

Prored Non-consolidated | Service Lines

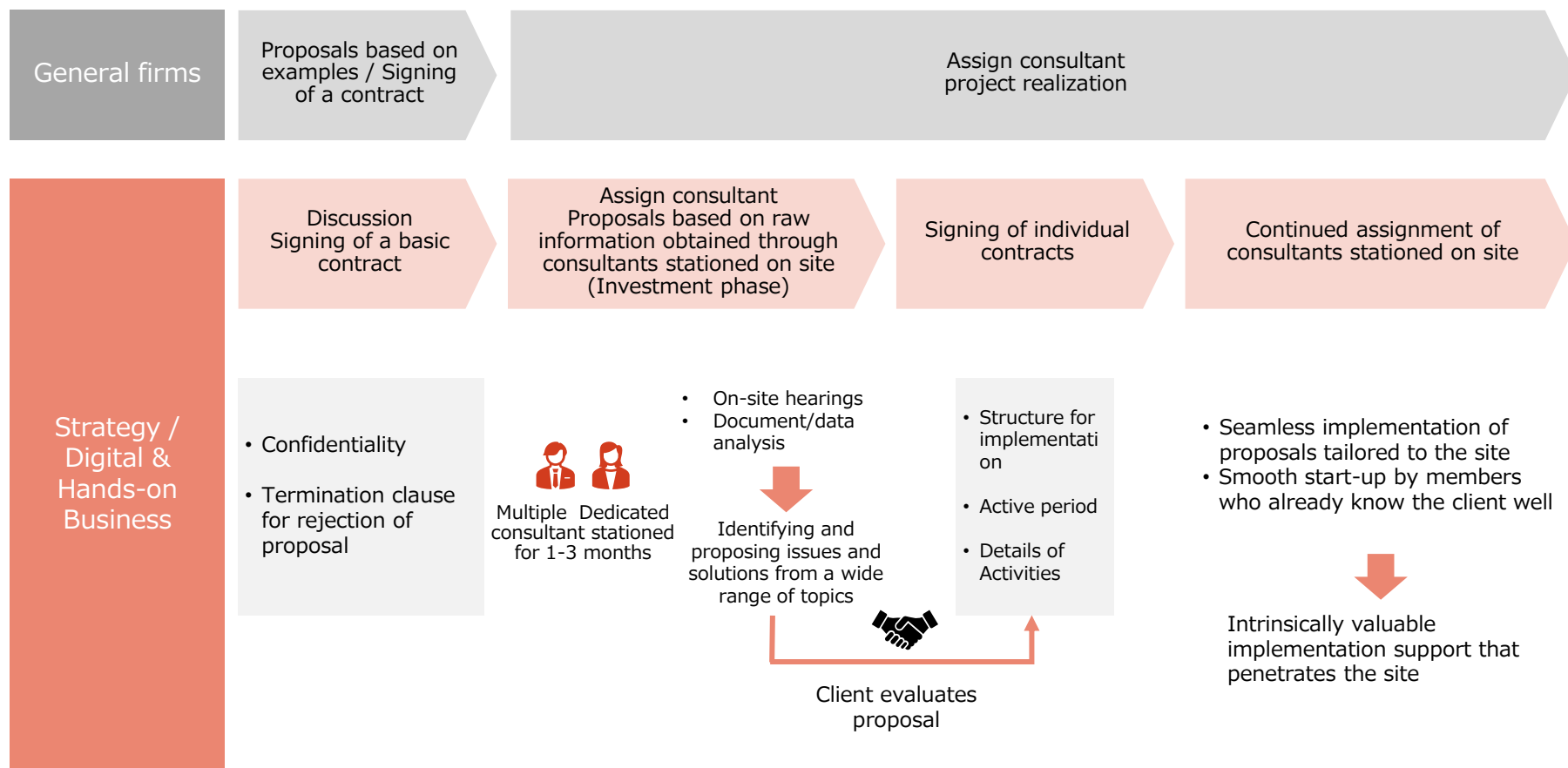
- Taking a thorough hands-on approach, Prored offers implementation support services based on a wide range of themes, particularly Business Digital Consulting.

Consulting			SaaS
	Theme	Examples of projects	
Fixed fees (Contingency-fee)	Growth strategy 	Mid-term Management Plan / Support for new business development Global strategy / Strategy development and implementation support for sales and marketing	 (Store information management) 
	DX promotion 	System introduction support / Strategy development and implementation support for digital Project implementation support by PMO / IT costs reduction	
	M&A/DD/PMI 	Business/financial due diligence Hands-on support by a member of management (CxO)	
	Cost management 	Development of rules and tools related to the establishment of a procurement organization Strategy development and implementation support for supply chain optimization BPR support	
	Human resource development 	Practical development of executive candidates and Strategy development and implementation support for organizational strategy Evaluation formulation plan in using generative AI	
Performance-based fees	Cost management 	Reduction in indirect materials procurement costs, direct material costs and distribution costs	

1. FY2024 Financial Results

Prored Non-consolidated | A new model of fixed-fee (Contingency-fee) consulting

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



2. Forecasts for FY2025 Financial Results

Forecasts for FY2025 Financial Results

- **Prored:**
We aim to increase fixed-fee (Contingency-fee) consulting, and the recruitment budget is expected to rise significantly compared to a year ago.
We forecast net sales of 3,204 million yen (up 23.0% year on year) and operating profit of -848 million yen (-165 million yen in the same period of the previous year).
- **Knowledge:**
We aim to increase results as the market is thriving, reflecting the goal of net zero emissions by 2050. We will invest in recruitment to achieve this growth.
We forecast net sales of 653 million yen (up 8.4% year on year), and operating profit of 92 million yen (down 20.5% year on year).

Forecasts for FY2025 Financial Results

(Unit: million yen)	FY2024 Results	FY2025 Forecast	Amount of increase/decrease	Percentage increase/decrease (%)
Net sales	3,205	3,857	652	20.4
Operating profit	-90	-757	-667	—

- **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.
 - ✓ We plan to disclose a medium-term management plan or a medium-term management policy when we announce financial results for the fiscal year ending October 2025.
- **IR Policy**
 - ✓ Prored limits disclosure related to Bluepass to statutory disclosure to avoid effects on fund management.

Prored Non-Consolidated I Forecasts for FY2025 Financial Results

- Performance-based consulting:
Continued sharp rises in energy costs, inflation, and resulting price hikes are having adverse effects, and sales will likely decline. We will improve efficiency. We will continue to review staffing in the fiscal year ending October 2025.
- Fixed-fee (Contingency-fee) consulting:
Sales are growing in Digital, human resource development, M&A strategies, and operations, and an increase in sales is expected. We will continue to focus on these fields and promote organizational expansion through personnel redeployment and recruitment.
- SaaS: We are receiving an increased number of business inquiries associated with the implementation of the new accounting standard for leases. We anticipate that more companies will introduce our SaaS, leading to an increase in sales.

Forecasts for FY2025 Financial Results (Non-Consolidated)

(Unit: million yen)	FY2024 Results	FY2025 Forecast	Amount of increase/decrease	Percentage increase/decrease (%)
Performance-based consulting	1,247	776	-471	-37.8
Fixed fees consulting	1,330	2,354	1,023	77.0
SaaS	25	73	47	184.6
Annual	2,604	3,204	599	23.0

- 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. Appendix: Progress of Bluepass Capital Inc.

Portfolio



Japan DHA Holdings Co., Ltd.

- Japan DHA Holdings Co., Ltd. offers a new service named Kuruma terrace, which combines cars with a mechanism for credit creation and enhancements. This service has become available due to advancements in credit technology in recent years. It is designed for individuals who struggle to secure traditional car loans because of factors like job stability, nationality, past credit issues, although they work hard and have a steady income.
- Non-standard workers and foreign residents are on the rise, and we anticipate an increase in demand for credit creation and enhancements related to car loans.



- 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.



- 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.



- 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.

3. Appendix: References

Corporate Profile

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	203 (as of October 31, 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 Results	Percentage increase/decrease (%)
Total assets	11,978	13,114	9.5%
Current assets	6,172	6,257	1.4%
Cash and deposits	5,404	5,519	2.1%
Non-current assets	5,805	6,857	18.1%
Liabilities	1,911	1,791	-6.3%
Current liabilities	920	934	1.6%
Non-current liabilities	991	856	-13.6%
Net assets	10,066	11,323	12.5%
Shareholders' equity	6,047	6,399	5.8%
Non-controlling interests	4,019	4,923	22.5%

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
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