



December 15, 2022

PRESS RELEASE

Company Name: Prored Partners Co., Ltd.

(Securities code: 7034, TSE Prime Market)

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Notice Concerning Differences Between Full-Year Financial Forecasts and Actual Results

This notice is provided due to the occurrence of differences between the full-year financial forecasts for the fiscal year ended October 31, 2022 (November 1, 2021 to October 31, 2022) announced on September 14, 2022 and the actual results announced today.

1. Differences between consolidated financial forecasts and actual results for the fiscal year ended October 31, 2022 (November 1, 2021 - October 31, 2022)

(Unit: million yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share (Unit: yen)
Previously announced forecast (A)	2,515	(487)	(698)	(1,287)	(117.87)
Actual results (B)	2,718	(148)	(209)	(871)	(79.78)
Change (B-A)	202	337	489	415	38.09
Percent change (%)	108.1	-	-	-	-
(Reference) Results for the previous fiscal year (FYE October 2021)	3,649	726	523	533	48.13

2. Reasons for differences

After the Company lowered the full-year forecast for consolidated net sales to 2,515 million yen on June 14, 2022, the Company lowered operating income to -487 million yen, ordinary income to -698 million yen and profit attributable to owners of parent to -1,287 million yen due to recording an impairment loss on software assets and income taxes - deferred related to the partial reversal of deferred tax assets on September 14, 2022.

Although the business environment surrounding the Company remained challenging after making this disclosure, the results exceeded the previously announced forecast for the following reasons.

(1) Net sales

The performance-based fees received by the Company from customers are the total amount obtained by multiplying the annual costs reduced due to consulting provided by the Company by a fixed percentage, and the amount is recorded as sales over three years. The figures announced on June 14, 2022 incorporated the impact of inflation and rising electricity prices into net sales for the second and third years for orders received in the fiscal year

ended October 31, 2021 or before. However, net sales increased due to the existence of being able to record some projects not affected by these, the continued high level of consulting needs in the environmental area for our subsidiary the Knowledge Management Research & Institute, and the application of the Accounting Standard for Revenue Recognition.

- (2) Operating income, ordinary income, profit attributable to owners of parent

In addition to the increase in net sales, efforts to curb costs through revision of the Company's cost structure was a factor resulting in increased profit.

End