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FOR IMMEDIATE RELEASE

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(Securities code: 7034, TSE Prime Market)
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Notice of Recording of Impairment Losses on Software Assets

Prored Partners Co., Ltd. (the "Company") announces that it has decided to post impairment losses (extraordinary losses) on software assets in its financial results for the first nine months of the fiscal year ending October 31, 2022 (November 1, 2021 to October 31, 2022). Details are as follows.

1. Details of impairment losses (extraordinary losses) on software assets

As a result of reviewing the recoverability of software assets related to the the Pro-Sign business in accordance with the "Accounting Standard for Impairment of Fixed Assets" and taking into consideration future earnings prospects, the Company has decided to write off the entire book value of the relevant software and software in progress, and record extraordinary losses of 783 million yen.

Pro-Sign is a SaaS platform for companies to realize appropriate and efficient purchasing, which we began developing in November 2020. We continued the service development after the soft launch in June 2021. The Company initially assumed the following future earnings projections for the Pro-Sign business.

- i. Revenues from continuous billing related to the introduction of Pro-Sign
- ii. Revenues from providing consulting services triggered by the introduction of Pro-Sign

However, the business environment surrounding the Company has remained severe given recent inflation, and performance-based fees for cost management consulting, which had been one of the Company's strengths, have gradually been declining. Although we are promoting measures such as providing services through a hybrid of fixed and performance-based fees, we recognize that a decline in revenues related to cost management consulting is inevitable in the short term. As a result, the Company has decided to write off the entire book value of software and software in progress related to the Pro-Sign business as impairment losses, based on the judgment that the earnings prospect in (2) has declined.

With regard to the earnings prospects from continuous billing related to the introduction of Pro-Sign, there is a delay in billing in the BSM area, but the Company began billing in the area of real estate lease agreement management (CRE) in the second quarter of the fiscal year ending October 31, 2022. Therefore, the Company has determined that future Medium to Long Term earnings prospects have not declined with respect to (1). The Company will continue to develop services and conduct marketing and sales activities to increase the number of billing companies.

2. Impact on business performance

The impairment losses above are reflected on the "Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending October 31, 2022 (Japanese GAAP)" released today. In addition, as a result of this booking of impairment losses, depreciation and amortization related to software assets will decrease in or after the fourth quarter of

the fiscal year ending October 31, 2022, while the investment amount related to the Pro-Sign business will not be recorded as software assets but posted as expenses. The impact of these changes is reflected on the forecast figures in the "Notice of Revisions to Full-Year Results Forecasts" disclosed today.

3. Future outlook

We will continue to make efforts to develop services and improve profitability in the Pro-Sign business.