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PRESS RELEASE

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(Securities code: 7034, TSE Prime Market)  
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**An updated plan for compliance with the criteria for maintaining listing  
(a change to the period of the plan)**

Prored Partners Co., Ltd. ("the Company") announces that it has updated its plan for compliance with the criteria for maintaining listing on the Prime Market (the "Initial Plan") filed and disclosed on January 27, 2023. The Company will scale down its Pro-Sign business, in which the Company had been investing to make it one of its main businesses. Details are as follows.

1. The Company's status regarding the criteria for maintaining its listing

In the Initial Plan, the Company disclosed its status regarding the criteria for maintaining its listing on the Prime Market as of the base date. The disclosed status is as shown below. The Company did not meet the criteria for market capitalization of shares in circulation. As of March 24, 2023, it still did not meet the criteria. Considering the business situation and current market trends, the Company has extended the period of the plan stated in the Initial Plan to the fiscal year ending October 31, 2030. The Company will continue to take a range of steps to meet the criteria for maintaining its listing.

	Number of shareholders (Persons)	Number of shares in circulation (Unit)	Market capitalization of shares in circulation (Million yen)	Percentage of shares in circulation (%)
Status of the Company (as of the base date)	3,264	40,715	2,117	36.3
Criteria for maintaining listing	800	20,000	10,000	35.0
Items described in the plan			○	

Note: The Company's status of compliance is calculated based on the distribution of the Company's share certificates, etc. as understood by the Tokyo Stock Exchange as of the base date.

2. Basic policy, challenges, and details of initiatives toward compliance with the criteria for maintaining listing

(1) Basic policy (updated)

The market capitalization of shares in circulation is composed of market capitalization and percentage of shares in circulation, and because the percentage of shares in circulation meets the criteria, the Company recognizes the need to improve market capitalization.

To improve market capitalization, the Company will concentrate its management resources on certain businesses, considering the current environment for the Company's businesses and the environment over the medium and long terms. Specifically, the Company will scale down its Pro-Sign business, in which the Company had been investing to make it one of its main businesses and a driver of sales growth. Instead, the Company will concentrate its management resources on performance-based consulting

services, which are being adversely affected by the ongoing inflation, to turn them around, and also on fixed-fee consulting services to expand them and achieve growth. In the Pro-Sign business, revenue from Pro-Sign subscription fees was around 40% of the Medium-term Management Plan sales target for the fiscal year ending October 31, 2025, 10.3 billion yen. In addition, the Company expected to generate revenue from consulting services that would be provided following the introduction of Pro-Sign. When the Initial Plan was disclosed, the Company was examining the direction of the Pro-Sign business and expected the above revenues. However, the Company will scale down the Pro-Sign business and it does not expect these revenues. Instead, the Company will take steps to meet the criterion by steadily accumulating revenue by providing performance-based consulting services and fixed-fee consulting services. To determine the period of the plan, the Company has compared net sales calculated in different ways: (i) net sales calculated using operating profit margin (Note 1) and profit, which is calculated using PER (price earnings ratio) (Note 1) and the market capitalization required for meeting the criterion (approx. 28 billion yen considering the ratio of tradable shares as of the base date) and (ii) net sales calculated based on expected net sales in the fiscal year ending October 31, 2023 and the assumption that net sales will grow 30% annually on average (Note 2). The Company concluded that net sales (ii) will reach net sales (i) in the fiscal year ending October 31, 2030 and extended the period of the plan.

(Note 1) Figures are determined referencing figures from other companies that provide fixed-fee consulting services

(Note 2) The growth rate is determined referencing figures from other companies that provide fixed-fee consulting services

## (2) Challenges

The Company recognizes that the reason why it has not achieved the market capitalization of shares in circulation is due to the following factors:

- 1) The contraction of net sales and consolidated operating income related to performance-based consulting services due to the manifestation of the impact of the coronavirus in the fiscal year ended October 31, 2021
- 2) Further contraction of net sales and loss of consolidated operating income related to performance-based consulting services due to the impact of inflation in the fiscal year ended October 31, 2022

## (3) Details of initiatives (updated)

The Company will strive to increase its market capitalization and meet the criteria for maintaining its listing on the prime market by promoting the following initiatives (i) and (ii).

The currently disclosed Medium-term Management Plan will be revised by the announcement of financial results for the fiscal year ending October 31, 2023, based on the progress of the following measures and current market conditions

### 1) Expansion of fixed-fee consulting services

Although the Company will continue to provide performance-based consulting services, there are aspects of the business that do not fit well under inflationary conditions. On the other hand, demand for cost management and various types of support for corporate activities that are difficult to provide in the performance-based model remains high, and the Company is expanding its fixed-fee consulting services in the belief that responding to these demands will contribute to its business growth.

As of the end of October 2022, the Company has begun offering the following fixed-fee consulting services, which are in particularly high demand.

- Business improvement consulting that goes beyond cost management
- PMO (Note 3) consulting for system introduction
- Hands-on corporate support consulting for funds
- Logistics consulting through optimization of 3PL (Note 4), supply chain improvements, and productivity improvements
- Environmental consulting through collaboration with its subsidiary, Knowledge Management Research & Institute

Starting from the fiscal year ending October 31, 2023, the Company will continue to expand its fixed-fee consulting services in order to transform its service portfolio to one that can withstand increasingly complex needs and rapid changes in market conditions, and to improve corporate performance. Although the percentage of net sales of performance-based consulting services and fixed-fee consulting services for the fiscal year ending October 31, 2023 and beyond has not yet been determined, it will be disclosed in conjunction with the expansion of sales of fixed-fee consulting services.

(Note 3) PMO: Abbreviation for project management office

It is a department or structural system that provides support for project management across the organization.

(Note 4) 3PL: Abbreviation for third party logistics

Generally, a third party proposes logistics reforms to shippers and undertakes comprehensive logistics operations on behalf of the shipper.

A business type in which a third party undertakes the entire planning, design, and operation of logistics operations on behalf of the shipper company.

## 2) Cost optimization through review of cost structure

The Company will strive to optimize expenses by reviewing its cost structure through the following measures.

- Restructuring of consultant structure in conjunction with reduced hiring due to shrinking sales of performance-based consulting services and increased hiring due to expansion of fixed-fee consulting services
- Review of personnel allocation in sales and administrative divisions
- Continuous review of company-wide expenses