

December 16, 2024

Consolidated Financial Results for the Fiscal Year Ended October 31, 2024 (Japanese GAAP)

Company name: Prored Partners Co., Ltd.	Stock exchange listing: TSE Prime Market
Securities code: 7034	URL: https://www.prored-p.com/
Representative: Susumu Satani, Representative Director	
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Scheduled date of Annual General Meeting of Shareholders: January 30, 2025	
Scheduled date for filing of securities report: January 30, 2025	
Scheduled date of dividend payment: –	
Supplementary documents on financial results: Yes	
Financial result briefing: Yes (for Institutional Investors and analysts)	

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended October 31, 2024 (November 1, 2023 to October 31, 2024)

(1) Consolidated operating results (Percentages below represent increases (decreases) from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
October 31, 2024	3,205	18.0	-90	–	1,275	-70.9	319	-60.9
October 31, 2023	2,715	-0.1	-372	–	4,378	–	818	–

(Note) Comprehensive income Fiscal year ended October 31, 2024: 1,191 million yen (-73.6%)
Fiscal year ended October 31, 2023: 4,513 million yen (–%)

	Profit per share	Diluted profit per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
October 31, 2024	29.28	–	5.2	10.2	-2.8
October 31, 2023	74.95	–	14.7	41.1	-13.7

(Reference) Share of profit of entities accounted for using equity method Fiscal year ended October 31, 2024: – million yen
Fiscal year ended October 31, 2023: – million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
October 31, 2024	13,114	11,323	48.1	578.29
October 31, 2023	11,978	10,066	50.1	549.22

(Reference) Equity As of October 31, 2024: 6,314 million yen As of October 31, 2023: 5,997 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
October 31, 2024	-231	424	-77	5,519
October 31, 2023	-579	3,250	-1,996	5,404

2. Dividends

	Dividend per share					Total amount of dividends (Annual)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended October 31, 2023	–	0.00	–	0.00	0.00	0.00	0.00	0.00
Fiscal year ended October 31, 2024	–	0.00	–	0.00	0.00	0.00	0.00	0.00
Fiscal year ending October 31, 2025 (Forecast)	–	0.00	–	0.00	0.00		0.00	

3. Forecast for Consolidated Financial Results for the Fiscal Year Ending October 31, 2025 (November 1, 2024 to October 31, 2025)
(Percentages below represent increases (decreases) from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full Year	3,204	0.0	-848	—	—	—	—	—	—

(Note) 1. The Company does not forecast a specific ordinary profit figure or figures for profit items below ordinary profit, due to the difficulty of reasonably predicting the timing and amount of accruals for profit and loss caused by the management of the investment limited partnership in which the Company invests.

* Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in a change in scope of consolidation): None
New: None Excluded: None

(2) Changes in accounting policies, accounting estimates and restatement

- (i) Changes in accounting policies associated with revision of accounting standards: None
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of shares outstanding (common stock)

- (i) Number of shares outstanding (including treasury shares)
 - As of October 31, 2024: 11,195,600 shares
 - As of October 31, 2023: 11,195,600 shares
- (ii) Number of treasury shares at the end of the period
 - As of October 31, 2024: 276,106 shares
 - As of October 31, 2023: 276,106 shares
- (iii) Average number of shares issued during the period
 - Fiscal year ended October 31, 2024: 10,919,494 shares
 - Fiscal year ended October 31, 2023: 10,919,494 shares

(Reference) Summary of non-consolidated results

1. Non-consolidated financial results for the fiscal year ended October 31, 2024 (November 1, 2023 to October 31, 2024)

(1) Non-consolidated operating results (Percentages below represent increases (decreases) from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
October 31, 2024	2,604	17.7	-165	—	277	-32.8	231	-63.0
October 31, 2023	2,212	-4.5	-412	—	413	—	626	—

	Profit per share	Diluted profit per share
Fiscal year ended	Yen	Yen
October 31, 2024	21.22	—
October 31, 2023	57.39	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
October 31, 2024	7,765	6,175	78.4	557.81
October 31, 2023	7,511	5,911	77.6	536.80

(Reference) Equity As of October 31, 2024: 6,091 million yen As of October 31, 2023: 5,861 million yen

* This summary of financial statements is not subject to the statutory review of certified public accountants or audit corporations

* Explanations and other special notes concerning the appropriate use of business results forecasts

(Notes on forward-looking statements)

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially from the forecast depending on a range of factors. For preconditions for the financial forecasts and points to note in the use of the forecasts, see “(4) Explanation Regarding Financial Results Forecasts and Other Forward-Looking Statements” under the section, “1. Qualitative Information on Financial Results for the Fiscal Year Ended October 31, 2024” on page 5 of the accompanying materials.

(How to obtain supplementary documents for quarterly results and details of the results briefing)

The Company will hold an online results briefing for institutional investors and analysts on Monday, December 16, 2024 using its web meeting system. The Company will post the details of the results briefing on its website as soon as it has been held.

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1. Qualitative Information on Financial Results for the Fiscal Year Ended October 31, 2024

(1) Explanation Regarding Business Results

The Group sought to grow its consulting business, in which it provides pay-per-performance cost management consulting, where it has had one of the strongest track records in Japan.

The business environment for the consulting business remains challenging, given greater than expected difficulty in reducing cost due to inflation. 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. To meet such demand, the Company began providing a service in the fixed-fee consulting services domain aimed at establishing a new service model in which an investment phase is established before the fee-based contract. The Group will work to return the consulting business to a growth track by revitalizing the pay-per-performance cost management consulting business and offering more fixed-fee consulting services.

Moreover, as a result of the management of investment limited partnerships (Dolphin No. 1 and InfleXion II SP) in which the Company has invested, it recorded a gain on investments in investment partnerships of 1,632 million yen.

As a result, in the fiscal year under review, the Company recorded net sales of 3,205 million yen (up 18.0% year on year) and an operating loss of 90 million yen (an operating loss of 372 million yen a year ago). Ordinary profit stood at 1,275 million yen (down 70.9% year on year). Profit attributable to owners of parent came to 319 million yen (down 60.9% year on year).

Segment information is not shown because the Company's operations are limited to the single segment of the consulting business.

(2) Explanation Regarding Financial Position

(Assets)

Net assets at the end of the fiscal year under review totaled 13,114 million yen, an increase of 1,136 million yen from the end of the previous fiscal year.

Current assets increased 84 million yen from the end of the previous fiscal year, to 6,257 million yen. This is primarily due to an increase of 114 million yen in cash and deposits, despite a decrease of 14 million yen in prepaid expenses.

Non-current assets increased 1,052 million yen from the end of the previous fiscal year, to 6,857 million yen. This was attributable primarily to an increase of 1,099 million yen in investment securities, despite a decrease of 30 million yen in goodwill.

(Liabilities)

Liabilities at the end of the fiscal year under review totaled 1,791 million yen, a decrease of 119 million yen from the end of the previous fiscal year.

Current liabilities increased 14 million yen from the end of the previous fiscal year, to 934 million yen. This was mainly due to increases in current portion of long-term borrowings of 151 million yen and accounts payable - other of 108 million yen, despite decreases in current portion of bonds payable of 80 million yen and income taxes payable of 60 million yen.

Non-current liabilities declined 134 million yen from the end of the previous fiscal year, to 856 million yen. This chiefly reflects a decrease of 179 million yen in long-term borrowings.

(Net assets)

Net assets at the end of the fiscal year under review totaled 11,323 million yen, an increase of 1,256 million yen from the end of the previous fiscal year. This was mainly attributable to increases of 319 million yen in retained earnings due to the posting of profit attributable to owners of parent, and 904 million yen in non-controlling interests.

(3) Explanation Regarding Cash Flows

Cash and cash equivalents (net cash) during the fiscal year under review increased by 114 million yen from the previous fiscal year, to 5,519 million yen. Cash flows and the factors contributing to them during the fiscal year under review were as follows.

(Cash flows from operating activities)

Net cash used in operating activities was 231 million yen (579 million yen used during the same period of the previous year). This was mainly attributable to 1,275 million yen in profit before income taxes and 1,632 million yen in gain on investments in investment securities.

(Cash flows from investing activities)

Net cash provided by investing activities was 424 million yen (3,250 million yen provided during the same period of the previous year). This was mainly due to 1,232 million yen spent on the purchase of investment securities and 1,364 million yen in proceeds from the sale of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities was 77 million yen (1,996 million yen used during the same period of the previous year). This was mainly attributable to 1,225 million yen in proceeds from share issuance to non-controlling shareholders, 1,195 million yen in dividends paid to non-controlling interests, and 80 million yen in redemption of bonds.

(4) Explanation Regarding Financial Results Forecasts and Other Forward-Looking Statements

Although needs in the Japanese business consulting market remain high, as a result of consideration of the timing of the recording of sales in the Company's fee system, the Company forecasts net sales of 3,857 million yen and an operating loss of 757 million yen for the next fiscal year (ending October 31, 2025).

The Company does not forecast a specific ordinary profit figure or figures for profit items below ordinary profit, due to the difficulty of reasonably predicting the timing and amount of accruals for profit and loss caused by the management of the investment limited partnership in which the Company invests.

The results forecasts above are prepared based on the information available to the Company at the time of publication of this material, and actual results may differ from forecasts due to various future factors.

2. Basic Concept Concerning the Selection of Accounting Standards

The Group's policy for the present time is to prepare consolidated financial statements under Japanese standards considering comparability between periods of consolidated financial statements and comparability between companies.

The policy on application of International Financial Reporting Standards (IFRS) is to appropriately respond based on consideration of conditions in Japan and overseas.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Unit: Thousand yen)

	Previous fiscal year (As of October 31, 2023)	Fiscal year under review (As of October 31, 2024)
Assets		
Current assets		
Cash and deposits	5,404,432	5,519,365
Accounts receivable - trade, and contract assets	457,156	457,891
Work in process	1,161	—
Supplies	536	366
Other	309,608	279,813
Total current assets	6,172,895	6,257,437
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	76,954	76,954
Accumulated depreciation	-32,012	-41,995
Facilities attached to buildings, net	44,941	34,958
Tools, furniture and fixtures	20,488	21,381
Accumulated depreciation	-15,121	-17,488
Tools, furniture and fixtures, net	5,366	3,893
Total property, plant and equipment	50,308	38,852
Intangible assets		
Goodwill	276,790	246,036
Software	19,661	10,503
Other	26	3,176
Total intangible assets	296,478	259,716
Investments and other assets		
Investment securities	5,224,645	6,324,438
Investments in capital	1,530	1,530
Deferred tax assets	29,040	31,800
Leasehold and guarantee deposits	116,586	115,592
Other	86,571	85,465
Total investments and other assets	5,458,373	6,558,827
Total non-current assets	5,805,160	6,857,395
Total assets	11,978,055	13,114,833

(Unit: Thousand yen)

	Previous fiscal year (As of October 31, 2023)	Fiscal year under review (As of October 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	85,270	43,738
Current portion of bonds payable	80,000	—
Current portion of long-term borrowings	67,700	219,200
Accounts payable - other	125,886	234,404
Accrued expenses	298,177	264,092
Accrued consumption taxes	95,858	42,672
Income taxes payable	79,239	18,460
Provision for bonuses	54,847	64,099
Other	33,101	48,267
Total current liabilities	920,081	934,935
Non-current liabilities		
Long-term borrowings	956,300	777,000
Retirement benefit liability	14,273	16,498
Asset retirement obligations	15,038	15,079
Deferred tax liabilities	5,669	48,131
Total non-current liabilities	991,280	856,708
Total liabilities	1,911,362	1,791,644
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	4,031,851	4,031,851
Retained earnings	2,707,481	3,027,162
Treasury shares	-762,824	-762,824
Total shareholders' equity	5,986,507	6,306,189
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,720	8,441
Total accumulated other comprehensive income	10,720	8,441
Share acquisition rights	50,108	84,685
Non-controlling interests	4,019,356	4,923,873
Total net assets	10,066,692	11,323,189
Total liabilities and net assets	11,978,055	13,114,833

(2) Consolidated Statement of Income and Consolidated statement of Comprehensive Income
(Consolidated Statement of Income)

(Unit: Thousand yen)

	Previous fiscal year (from November 1, 2022 to October 31, 2023)	Fiscal year under review (from November 1, 2023 to October 31, 2024)
Net sales	2,715,262	3,205,046
Cost of sales	1,952,194	2,101,487
Gross profit	763,068	1,103,558
Selling, general and administrative expenses	1,135,552	1,194,099
Operating loss	-372,483	-90,541
Non-operating income		
Interest income	232	759
Subsidy income	396	238
Gain on investments in investment partnerships	5,075,372	1,632,134
Miscellaneous income	6,917	11,318
Total non-operating income	5,082,919	1,644,450
Non-operating expenses		
Interest expenses	3,496	5,133
Interest expenses on bonds	140	60
Investment partnership management expenses	327,109	272,454
Miscellaneous losses	1,431	339
Total non-operating expenses	332,177	277,986
Ordinary profit	4,378,258	1,275,922
Extraordinary income		
Gain on sale of businesses	215,089	—
Total extraordinary income	215,089	—
Extraordinary losses		
Loss on retirement of non-current assets	2,607	—
Total extraordinary losses	2,607	—
Profit before income taxes	4,590,740	1,275,922
Income taxes - current	104,355	40,862
Income taxes - deferred	-16,712	40,906
Total income taxes	87,642	81,769
Profit	4,503,097	1,194,153
Profit attributable to non-controlling interests	3,684,691	874,471
Profit attributable to owners of parent	818,406	319,681

(Consolidated Statement of Comprehensive Income)

(Unit: Thousand yen)

	Previous fiscal year (from November 1, 2022 to October 31, 2023)	Fiscal year under review (from November 1, 2023 to October 31, 2024)
Profit	4,503,097	1,194,153
Other comprehensive income		
Valuation difference on available-for-sale securities	10,720	-2,279
Other comprehensive income	10,720	-2,279
Comprehensive income	4,513,818	1,191,874
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	829,127	317,402
Comprehensive income attributable to non-controlling interests	3,684,691	874,471

(3) Consolidated Statement of Changes in Equity

Previous fiscal year (from November 1, 2022 to October 31, 2023)

(Unit: Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,025,925	2,015,925	1,889,074	-762,824	5,168,101
Changes during period					
Capital reduction	-2,015,925	2,015,925			—
Profit attributable to owners of parent			818,406		818,406
Purchase of treasury shares				—	—
Net changes in items other than shareholders' equity					
Total changes during period	-2,015,925	2,015,925	818,406	—	818,406
Balance at end of period	10,000	4,031,851	2,707,481	-762,824	5,986,507

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	—	—	—	2,351,694	7,519,795
Changes during period					
Capital reduction					—
Profit attributable to owners of parent					818,406
Purchase of treasury shares					—
Net changes in items other than shareholders' equity	10,720	10,720	50,108	1,667,661	1,728,490
Total changes during period	10,720	10,720	50,108	1,667,661	2,546,897
Balance at end of period	10,720	10,720	50,108	4,019,356	10,066,692

Fiscal year under review (from November 1, 2023 to October 31, 2024)

(Unit: Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,000	4,031,851	2,707,481	-762,824	5,986,507
Changes during period					
Profit attributable to owners of parent			319,681		319,681
Net changes in items other than shareholders' equity					
Total changes during period	—	—	319,681	—	319,681
Balance at end of period	10,000	4,031,851	3,027,162	-762,824	6,306,189

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	10,720	10,720	50,108	4,019,356	10,066,692
Changes during period					
Profit attributable to owners of parent					319,681
Net changes in items other than shareholders' equity	-2,279	-2,279	34,577	904,516	936,814
Total changes during period	-2,279	-2,279	34,577	904,516	1,256,496
Balance at end of period	8,441	8,441	84,685	4,923,873	11,323,189

(4) Consolidated Statement of Cash Flows

(Unit: Thousand yen)

	Previous fiscal year (from November 1, 2022 to October 31, 2023)	Fiscal year under review (from November 1, 2023 to October 31, 2024)
Cash flows from operating activities		
Profit before income taxes	4,590,740	1,275,922
Depreciation	30,380	37,037
Amortization of goodwill	30,754	30,754
Share-based payment expenses	50,108	34,577
Increase (decrease) in provision for bonuses	41,806	9,252
Interest income	-232	-759
Interest expenses	3,636	5,193
Loss (gain) on investments in investment partnerships	-5,075,372	-1,632,134
Loss (gain) on sale of businesses	-215,089	—
Loss on retirement of non-current assets	2,607	—
Subsidy income	-396	-238
Decrease (increase) in trade receivables	51,924	-735
Decrease (increase) in inventories	-656	1,314
Decrease (increase) in prepaid expenses	-53,507	14,228
Increase (decrease) in trade payables	48,469	-41,532
Increase (decrease) in accounts payable - other	-100,287	108,517
Increase (decrease) in accrued expenses	67,097	-34,395
Increase (decrease) in accrued consumption taxes	8,833	-53,185
Increase (decrease) in advances received	-247	9,834
Other, net	-38,860	32,376
Subtotal	-558,292	-203,972
Interest received	232	100,759
Subsidies received	396	238
Interest paid	-3,509	-4,882
Income taxes paid	-18,291	-124,040
Net cash provided by (used in) operating activities	-579,464	-231,897
Cash flows from investing activities		
Purchase of property, plant and equipment	-2,093	-1,667
Proceeds from sale of property, plant and equipment	680	—
Purchase of intangible assets	-1,590	-3,150
Payments for investments in capital	-1,500	—
Purchase of investment securities	-2,385,460	-1,232,210
Proceeds from distributions from investment partnerships	86,284	298,180
Proceeds from sale of investment securities	5,365,005	1,364,538
Payments of leasehold deposits	-4,788	-4,358
Proceeds from refund of leasehold and guarantee deposits	3,733	5,753
Proceeds from sale of businesses	220,000	—
Other, net	-30,000	-2,500
Net cash provided by (used in) investing activities	3,250,272	424,585

(Unit: Thousand yen)

	Previous fiscal year (from November 1, 2022 to October 31, 2023)	Fiscal year under review (from November 1, 2023 to October 31, 2024)
Cash flows from financing activities		
Proceeds from long-term borrowings	342,000	42,000
Repayments of long-term borrowings	-45,600	-69,800
Redemption of bonds	-80,000	-80,000
Proceeds from share issuance to non-controlling shareholders	1,993,293	1,225,841
Dividends paid to non-controlling interests	-4,205,842	-1,195,796
Net cash provided by (used in) financing activities	-1,996,149	-77,754
Net increase (decrease) in cash and cash equivalents	674,658	114,932
Cash and cash equivalents at beginning of period	4,729,774	5,404,432
Cash and cash equivalents at end of period	5,404,432	5,519,365

(5) Notes to Consolidated Financial Statements

(Note regarding going concern assumptions)

Not applicable.

(Notes to segment information, etc.)

Segment information is omitted since the Company's sole business is consulting services.

(Per-share information)

	Previous fiscal year (from November 1, 2022 to October 31, 2023)	Fiscal year under review (from November 1, 2023 to October 31, 2024)
Net assets per share	549.22 yen	578.29 yen
Profit per share	74.95 yen	29.28 yen
Diluted profit per share	—	—

(Notes) 1. Diluted profit per share is not presented because there are no potential shares having dilutive effects.

2. The basis of calculating the amount of profit per share and the amount of diluted profit per share is as follows:

	Previous fiscal year (from November 1, 2022 to October 31, 2023)	Fiscal year under review (from November 1, 2023 to October 31, 2024)
Profit per share		
Profit attributable to owners of parent (thousand yen)	818,406	319,681
Amount not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent pertaining to common shares (thousand yen)	818,406	319,681
Average number of shares outstanding during the period (shares)	10,919,494	10,919,494
Diluted profit per share		
Adjusted profit (thousand yen)	—	—
Number of common shares	—	—
[of which share acquisition rights (shares)]	(—)	(—)
Overview of dilutive shares not included in the calculation of diluted profit per share due to the absence of dilution	Number of share acquisition rights issued by resolution passed at a Board of Directors meeting held on October 19, 2022 (the fifth series of share acquisition rights): 3,850 (385,000 common shares)	Number of share acquisition rights issued by resolution passed at a Board of Directors meeting held on August 20, 2024 (the sixth series of share acquisition rights): 1,875 (187,500 common shares)

(Significant subsequent events)

Not applicable.