

December 15, 2022

## Consolidated Financial Results for the Fiscal Year Ended October 31, 2022 (Japanese GAAP)

Company name: Prored Partners CO., LTD.      Stock exchange listing: Tokyo Stock Exchange  
 Securities code: 7034      URL: <https://www.prored-p.com/>  
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 Scheduled date of Annual General Meeting of Shareholders: January 26, 2023  
 Scheduled date for filing of securities report: January 26, 2023  
 Scheduled date of dividend payment: -  
 Supplementary documents for financial results: Yes  
 Financial result briefing: Yes (for institutional investors and analysts)

(Rounded down to nearest million yen)

### 1. Consolidated Financial Results for the Fiscal Year Ended October 31, 2022 (November 1, 2021 to October 31, 2022)

(1) Consolidated business 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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
The fiscal year ended October 31, 2022	2,718	(25.5)	(148)	-	(209)	-	(871)	-
October 31, 2021	3,649	-	726	-	523	-	533	-

(Note) Comprehensive income The fiscal year ended October 31, 2022: (1,107 million yen) (- %)

The fiscal year ended October 31, 2021: 346 million yen (- %)

	Earnings per share	Diluted Earnings per share	Return on equity	Ordinary profit to total assets	Operating profit ratio on net sales
	Yen	Yen	%	%	%
The fiscal year ended October 31, 2022	(79.78)	-	(15.5)	(2.3)	(5.5)
October 31, 2021	48.13	48.02	8.7	5.9	19.9

(Reference) Share of profit of entities accounted for using equity method Fiscal year ended October 31, 2022: - million yen

Fiscal year ended October 31, 2021: - million yen

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of October 31, 2022	9,322	7,519	55.4	688.66
October 31, 2021	8,892	7,860	67.9	719.86

(Reference) Equity As of October 31, 2022: 5,168 million yen

As of October 31, 2021: 6,039 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
	Million yen	Million yen	Million yen	Million yen
The fiscal year ended October 31, 2022	(186)	(1,109)	1,459	4,729
October 31, 2021	307	(2,679)	985	4,566

## 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, 2021	-	0.00	-	0.00	0.00	0.00	0.00	0.00
Fiscal year ended October 31, 2022	-	0.00	-	0.00	0.00	0.00	0.00	0.00
Fiscal year ending October 31, 2023 (forecast)	-	0.00	-	0.00	0.00		0.00	

### 3. Forecasts for Consolidated Financial Results for the Fiscal Year Ending October 31, 2023 (November 1, 2022, to October 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	2,361	(13.1%)	-	-	-	-	-	-	-

(Note) 1. For the earnings forecast, specific forecasts of income amounts for operating income and below have not been disclosed from the perspective of requiring investment decisions flexible to rapid changes in the current economic environment.

Note that the Company plans to announce an earnings forecast when announcing the financial results for the second quarter (scheduled for June 14, 2023).

#### \* Notes

(1) Changes in significant subsidiaries during the fiscal year ended October 31, 2022 (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

1) Changes in accounting policies associated with revision of accounting standards: Yes

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding  
(including treasury stock)

2) Number of treasury stock  
at the end of the period

3) Average number of shares outstanding  
during the period

As of October 31, 2022	11,195,600 shares	As of October 31, 2021	11,195,600 shares
As of October 31, 2022	276,106 shares	As of October 31, 2021	276,069 shares
As of October 31, 2022	10,919,497 shares	As of October 31, 2021	11,075,339 shares

#### Reference: Summary of non-consolidated results

1. Non-consolidated financial results for the fiscal year ended October 31, 2022 (November 1, 2021 to October 31, 2022)

(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		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
The Fiscal year ended October 31, 2022	2,316	(30.7)	(123)	-	0	(100.0)	(849)	-
October 31, 2021	3,342	2.2	748	(38.4)	696	(41.4)	525	(39.6)

	Earnings per share	Diluted earnings per share
	Yen	Yen
The fiscal year ended October 31, 2022	(77.76)	-
October 31, 2021	47.41	47.30

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	Yen
As of October 31, 2022	6,568	5,224	79.5	478.43
October 31, 2021	7,009	6,073	86.6	556.18

(Reference) Equity As of October 31, 2022: 5,224 million yen As of October 31, 2021: 6,073 million yen

\* This summary of financial statements is not subject to the scope of audit by certified public accountants or audit corporations

\* Explanation regarding the appropriate use of financial forecast and other special remarks

(Note concerning forward-looking statements, etc.)

Any information contained in this document pertaining to future financial performance etc. is based on the information currently available to the Company and certain other assumptions judged to be reasonable, and the Company does not promise the achievement of this performance. Actual financial performance may vary significantly from the forecasts contained herein. Please refer to "1. Overview of Operating Results (4) Forecast" on page 3 of the attached materials for the assumptions on which the financial forecast is based and precautionary statements concerning their use.

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

The Company will hold an online results briefing for institutional investors and analysts on Thursday, December 15, 2022, 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, 2022

### (1) Explanation Regarding Business Results

During the year ended October 31, 2022, the Japanese economy has gradually recovered due to the promotion of measures such as vaccinations and the progressive easing of restrictions, although the situation caused by COVID-19 remains difficult. Meanwhile, the economic environment is expected to continue to be uncertain due to factors such as inflation reaching the highest level in around four decades as a result of rising raw material prices, concerns about the situation with Ukraine and Russia affecting economic activity, and the rapid progression of the weakening of the yen caused by interest rate hikes in the United States.

Amid such economic conditions, the Company has engaged in growth of the consulting business centered on cost management consulting with performance-based fees for which we have leading results in Japan, and also began full-scale development investment in Pro-Sign, our proprietary DX platform, since the previous fiscal year.

Firstly, in the consulting business, the Company continuously increased the number of customers, and was able to steadily increase the Company's customer base, such as increasing the percentage of customers of the company size particularly emphasized by the Company (medium to large enterprises with customer sales of 10 billion yen to 500 billion yen) to over 80% of the total. In addition, as a result of the smooth progress of the revision of the fee structure implemented in January 2020, and the introduction of a flexible fee system for continuous provision of services during inflation, the Company is establishing business infrastructure for the realization of sustained growth in the Company's consulting revenue.

Meanwhile, the business environment continues to present difficulties as a result of the difficulty in realizing cost reductions due to the recent sudden rise in prices, and the Company's net sales from industries significantly affected by the spread of COVID-19 that has continued since 2020 falling short of initial assumptions.

The Company believes that there is still latent demand for cost management with performance-based fees that is the Company's strength and that the Company's market position is strong, and we will conduct business operations to put the business back on a growth trajectory by implementing measures such as acceleration of the acquisition of sales leads and the expansion of new business areas.

With regard to the Pro-Sign business, implementation has been completed in 396 companies as of October 31, 2022, which is the end of the fiscal year under review. Meanwhile, due to the decline in consulting revenue initially anticipated to be brought about by the introduction of Pro-Sign as a result of the rapid advance of inflation, the Company recorded the entire carrying amount of 783 million yen in software and software in progress as impairment loss in the first nine months under review ended July 31, 2022.

As a result of the above, for the fiscal year under review recorded net sales of 2,718 million yen(down 25.5% year on year), operating loss of 148 million yen(operating profit of 726 million yen in the previous year),ordinary loss of 209 million yen (ordinary profit of 523 million yen in the previous year) and loss attributable to owners of parent of 871 million yen (profit attributable to owners of parent of 533 million yen in the previous year).

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

### (2) Explanation Regarding Financial Position

#### (Assets)

Assets stood at 9,322 million yen as of October 31, 2022, an increase of 430 million yen from the end of the fiscal year under review.

Current assets stood at 5,536 million yen, an increase of 131 million yen from the end of the previous fiscal year. This was mainly attributable to increases of 162 million yen in cash and deposits.

Non-current assets stood at 3,786 million yen, an increase of 298 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease of 288 million yen in software and software in progress, and an increase of 645 million yen in investment securities.

#### (Liabilities)

Liabilities stood at 1,802 million yen as of October 31, 2022, an increase of 771 million yen from the end of the fiscal year under review.

Current liabilities stood at 1,012 million yen, an increase of 193 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease of 100 million yen in short-term borrowings and an increase of 93 million yen in accounts payable – other and 144 million yen in other current liabilities .

Non-current liabilities stood at 790 million yen, an increase of 577 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease of 80 million yen in bonds payable and an increase of 656 million yen in long-term borrowings.

(Net assets)

Net assets stood at 7,519 million yen as of October 31, 2022, a decrease of 340 million yen from the end of the fiscal year under review. This was mainly attributable to an increase of 530 million yen in non-controlling interests and a decrease of 871 million yen in retained earnings due to recording loss attributable to owners of parent.

### (3) Explanation Regarding Cash Flows

Cash and cash equivalents (net cash) during the end of the fiscal year under review October 31, 2022 increased by 162 million yen from the end of the fiscal year under review to 4,729 million yen. Cash flows and the factors contributing thereto during the fiscal year ended October 31, 2022 were as follows.

(Cash flows from operating activities)

Net cash used in operating activities was 186 million yen (307 million yen provided during the same period of the previous year). This was mainly attributable to 783 million yen in impairment losses, 141 million yen in decrease in trade receivables and 995 million yen in net loss before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities was 1,109 million yen (2,679 million yen used during the same period of the previous year). This was mainly due to 662 million yen spent on the purchase of investment securities and 596 million yen spent on the purchase of intangible assets.

(Cash flows from financing activities)

Net cash provided by financing activities was 1,459 million yen (985 million yen provided during the same period of the previous year). This was mainly attributable to 962 million yen in proceeds from share issuance to non-controlling interests and 712 million yen in long-term borrowings.

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

Looking ahead, although the Japanese economy is expected to gradually recover due to the implementation of measures such as vaccinations against COVID-19 and progress in the relaxation of restrictions, it is seen that companies will make a variety of up-front investments with the aim of further increasing corporate value because the economic environment continues to be uncertain due to the high level of inflation, the Ukraine situation and the weakening of the yen.

Under such conditions, 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, net sales of 2,361 million yen are forecast for the next fiscal year (ending October 31, 2023).

Meanwhile, for the earnings forecast, it is our policy not to disclose specific forecasts of income amounts for operating income and below from the perspective of requiring investment decisions flexible to rapid changes in the current economic environment.

Furthermore, the above earnings forecast was prepared using information available as of the date of the publication of these materials, and actual performance may differ from the forecast figures due to a variety of 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 abroad.

### 3. Consolidated Financial Statements and Key Notes

#### (1) Consolidated Balance Sheet

(Unit: thousand yen)

	Previous fiscal year (As of October 31, 2021)	Fiscal year under review (As of October 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	4,566,793	4,729,774
Accounts receivable - trade	650,228	-
Accounts receivable - trade, and contract assets	-	509,080
Work in process	47,039	571
Supplies	332	460
Other	140,323	296,216
Total current assets	5,404,717	5,536,104
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	76,574	78,010
Accumulated depreciation	(5,135)	(18,642)
Facilities attached to buildings, net	71,438	59,367
Tools, furniture and fixtures	16,182	23,229
Accumulated depreciation	(8,372)	(12,385)
Tools, furniture and fixtures, net	7,809	10,843
Total property, plant and equipment	79,248	70,211
Intangible assets		
Goodwill	338,299	307,545
Software	71,982	27,106
Software in progress	243,634	-
Other	26	26
Total intangible assets	653,943	334,678
Investments and other assets		
Investment securities	2,559,608	3,204,654
Investments in capital	30	30
Deferred tax assets	51,021	12,327
Leasehold and guarantee deposits	113,320	111,938
Other	30,467	52,753
Total investments and other assets	2,754,448	3,381,704
Total non-current assets	3,487,640	3,786,594
Total assets	8,892,357	9,322,699
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	74,340	21,645
Current portion of bonds payable	80,000	80,000
Short-term borrowings	100,000	-
Current portion of long-term borrowings	25,200	45,600
Accounts payable - other	148,620	241,778
Accrued expenses	228,381	230,953
Accrued consumption taxes	33,727	87,024
Income taxes payable	36,378	66,696
Provision for bonuses	11,271	13,040
Other	80,417	225,320
Total current liabilities	818,337	1,012,058
Non-current liabilities		
Bonds payable	160,000	80,000
Long-term borrowings	25,600	682,000
Retirement benefit liability	12,966	13,847
Asset retirement obligations	14,955	14,996
Total non-current liabilities	213,522	790,844
Total liabilities	1,031,860	1,802,903

(Unit: thousand yen)

	Previous fiscal year (As of October 31, 2021)	Fiscal year under review (As of October 31, 2022)
Net assets		
Shareholders' equity		
Share capital	2,025,925	2,025,925
Capital surplus	2,015,925	2,015,925
Retained earnings	2,760,265	1,889,074
Treasury shares	(762,779)	(762,824)
Total shareholders' equity	6,039,337	5,168,101
Non-controlling interests	1,821,160	2,351,694
Total net assets	7,860,497	7,519,795
Total liabilities and net assets	8,892,357	9,322,699



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

(Consolidated statement of income)

(Unit: thousand yen)

	Previous fiscal year (From November 1, 2020 to October 31, 2021)	Fiscal year under review (From November 1, 2021 to October 31, 2022)
Net sales	3,649,639	2,718,380
Cost of sales	1,473,777	1,358,578
Gross profit	2,175,861	1,359,802
Selling, general and administrative expenses	1,449,600	1,508,723
Operating profit (loss)	726,261	(148,920)
Non-operating income		
Interest income	116	160
Government subsidies received	2,000	-
Surrender benefits	4,200	-
Subsidy income	1,208	-
Gain on investments in investment partnerships	-	182,001
Miscellaneous income	3,362	16,390
Total non-operating income	10,886	198,551
Non-operating expenses		
Interest expenses	663	1,617
Interest expenses on bonds	300	220
Loss on investments in investment partnerships	9,493	-
Investment partnership administrative expenses	202,626	244,304
Commission expenses	-	10,200
Miscellaneous losses	384	2,294
Total non-operating expenses	213,468	258,636
Ordinary profit (loss)	523,679	(209,005)
Extraordinary income		
Gain on sales of non-current assets	154	-
Total extraordinary income	154	-
Extraordinary losses		
Loss on retirement of non-current assets	0	2,666
Impairment losses	-	783,834
Total extraordinary losses	0	786,501
Profit (loss) before income taxes	523,834	(995,506)
Income taxes - current	181,035	73,466
Income taxes - deferred	(3,405)	38,693
Total income taxes	177,630	112,159
Profit (loss)	346,203	(1,107,666)
Profit (loss) attributable to non-controlling interests	(186,848)	(236,475)
Profit (loss) attributable to owners of parent	533,052	(871,190)

## (Consolidated statement of comprehensive income)

(Unit: thousand yen)

	Previous fiscal year (From November 1, 2020 to October 31, 2021)	Fiscal year under review (From November 1, 2021 to October 31, 2022)
Profit (loss)	346,203	(1,107,666)
Comprehensive income	346,203	(1,107,666)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	533,052	(871,190)
Comprehensive income attributable to non-controlling interests	(186,848)	(236,475)

## (3) Consolidated Statement of Changes in Equity

Previous fiscal year (November 1, 2020 - October 31, 2021)

(Unit: thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,025,041	2,015,041	2,227,213	(546)	6,266,750
Changes during period					
Issuance of new shares - exercise of share acquisition rights	884	884	-	-	1,768
Profit (loss) attributable to owners of parent	-	-	533,052	-	533,052
Purchase of treasury shares	-	-	-	(762,233)	(762,233)
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes in items during period	884	884	533,052	(762,233)	(227,413)
Balance at end of current period	2,025,925	2,015,925	2,760,265	(762,779)	6,039,337

	Non-controlling interests	Total net assets
Balance at beginning of period	-	6,266,750
Changes during period		
Issuance of new shares - exercise of share acquisition rights	-	1,768
Profit (loss) attributable to owners of parent	-	533,052
Purchase of treasury shares	-	(762,233)
Net changes in items other than shareholders' equity	1,821,160	1,821,160
Total changes in items during period	1,821,160	1,593,747
Balance at end of current period	1,821,160	7,860,497

Fiscal year under review (November 1, 2021 - October 31, 2022)

(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	2,760,265	(762,779)	6,039,337
Changes during period					
Issuance of new shares - exercise of share acquisition rights	-	-	-	-	-
Profit (loss) attributable to owners of parent	-	-	(871,190)	-	(871,190)
Purchase of treasury shares	-	-	-	(45)	(45)
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes in items during period	-	-	(871,190)	(45)	(871,235)
Balance at end of current period	2,025,925	2,015,925	1,889,074	(762,824)	5,168,101

	Non-controlling interests	Total net assets
Balance at beginning of period	1,821,160	7,860,497
Changes during period		
Issuance of new shares - exercise of share acquisition rights	-	-
Profit (loss) attributable to owners of parent	-	(871,190)
Purchase of treasury shares	-	(45)
Net changes in items other than shareholders' equity	530,534	530,534
Total changes in items during period	530,534	(340,701)
Balance at end of current period	2,351,694	7,519,795

## (4) Consolidated Statement of Cash Flows

(Unit: thousand yen)

	Previous fiscal year (From November 1, 2020 to October 31, 2021)	Fiscal year under review (From November 1, 2021 to October 31, 2022)
Cash flows from operating activities		
Profit (loss) before income taxes	523,834	(995,506)
Depreciation	75,814	50,522
Amortization of goodwill	30,754	30,754
Increase (decrease) in provision for bonuses	903	1,768
Interest income	(116)	(160)
Interest expenses	963	1,837
Loss (gain) on investments in investment partnerships	9,493	(182,001)
Gain on sales of non-current assets	(154)	-
Loss on retirement of non-current assets	-	2,666
Impairment losses	-	783,834
Subsidy income	(2,000)	(2,901)
Decrease (increase) in trade receivables	(21,149)	141,147
Decrease (increase) in inventories	(3,705)	46,339
Decrease (increase) in prepaid expenses	(10,336)	(20,539)
Increase (decrease) in trade payables	46,025	(52,694)
Increase (decrease) in accounts payable - other	(74,425)	172,607
Increase (decrease) in accrued expenses	15,617	2,572
Increase (decrease) in accrued consumption taxes	(59,013)	53,296
Increase (decrease) in advances received	24,405	(17,713)
Other	81,436	(96,608)
Subtotal	638,346	(80,778)
Interest received	116	160
Subsidies received	2,000	2,901
Interest paid	(963)	(1,837)
Income taxes paid	(331,523)	(107,354)
Cash flows from operating activities	307,976	(186,908)
Cash flows from investing activities		
Purchase of property, plant and equipment	(99,477)	(29,302)
Proceeds from sales of property, plant and equipment	154	-
Purchase of intangible assets	(206,099)	(596,123)
Purchase of investment securities	(2,317,889)	(662,780)
Proceeds from distributions from investment partnerships	11,625	199,929
Payments of leasehold deposits	(58,695)	(140)
Proceeds from refund of leasehold and guarantee deposits	21,006	1,521
Other	(30,000)	(22,500)
Cash flows from investing activities	(2,679,375)	(1,109,395)
Cash flows from financing activities		
Repayments of Short-term borrowings	-	(100,000)
Proceeds from long-term borrowings	-	712,000
Repayments of long-term borrowings	(25,200)	(35,200)
Redemption of bonds	(80,000)	(80,000)
Purchase of treasury shares	(762,233)	(45)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,768	-
Proceeds from share issuance to non-controlling shareholders	1,851,045	962,529
Cash flows from financing activities	985,380	1,459,284
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(1,386,019)	162,981
Cash and cash equivalents at beginning of period	5,952,812	4,566,793
Cash and cash equivalents at end of period	4,566,793	4,729,774

(5) Notes to Consolidated Financial Statements

(Note regarding going concern assumptions )

Not applicable.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company began applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Accounting Standard”) at the beginning of the fiscal year under review.

Accordingly, the Company recognizes amounts expected to be received in exchange for promised goods or services as revenue at the point where control over the goods and services is transferred to the customer. As a result, the Company changed the way it recognizes revenue from consulting projects. Previously, the Company used the percentage-of-completion method for projects where the outcome of the contract could be estimated reliably and the completed contract method for other contracts. Under the new method, for a performance obligation satisfied at a point in time, the Company recognizes revenue on completion of the acceptance inspection while for a performance obligation satisfied over time, the Company measures progress towards the complete satisfaction of the performance obligation and recognizes revenue over time based on such progress. When the Company cannot reasonably measure progress towards the complete satisfaction of the performance obligation but the cost of fulfilling the performance obligation is expected to be recovered, the Company recognizes revenue using the cost recovery method.

As a result, both net sales and cost of sales for the fiscal year under review increased by 49,145 thousand yen respectively. However, there is no impact on operating loss, ordinary loss or loss before income taxes. Furthermore, there is no impact on the consolidated statement of cash flows or per share information for the fiscal year under review.

The application of the Revenue Recognition Accounting Standard, etc. is subject to the transitional treatment provided for in the proviso of paragraph 84 of the Revenue Recognition Accounting Standard, and the amount of the cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the fiscal year under review, was added to or subtracted from the starting balance of retained earnings of the fiscal year under review, and thus the new accounting policy was applied from such starting balance, but this had no impact on the starting balance of retained earnings. Due to application of the Revenue Recognition Accounting Standard, etc., “accounts receivable - trade” that was indicated under “current assets” in the consolidated balance sheet for the previous fiscal year is included in “accounts receivable - trade, and contract assets” from the fiscal year under review.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Group decided to apply the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the “Fair Value Measurement Accounting Standard”) at the beginning of the first three months of the fiscal year under review. Accordingly it decided to continue to adopt the new accounting policies specified in the Fair - 8 -

Value Accounting Standard and other standards according to the transitional measures prescribed in paragraph 19 of the Fair Value Measurement Accounting Standard and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), and provides notes on matters related to a breakdown by the level of market value of financial instruments in the notes on “Financial instruments”. However, pursuant to the transitional treatment provided for in paragraph 7-4 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, July 4, 2019), the note does not state information on the previous fiscal year. The application of this standard has no impact on the consolidated financial statements.

(Segment information, etc.)

This information has been omitted because the Company's operations are limited to the single segment of consulting business.

## (Per-share information)

	Previous fiscal year (From November 1, 2020 to October 31, 2021)	Fiscal year under review (From November 1, 2021 to October 31, 2022)
Net assets per share	719.86 yen	688.66 yen
Net income (loss) per share	48.13 yen	(79.78 yen)
Diluted net income per share	48.02 yen	- yen

## (Notes)

1. Diluted net income per share of the fiscal year under review is not presented since the Company recorded a net loss per share and there are no dilutive potential shares exist.
2. The basis for calculation of net income (loss) per share and diluted net income per share is as follows.

	Previous fiscal year (From November 1, 2020 to October 31, 2021)	Fiscal year under review (From November 1, 2021 to October 31, 2022)
Net income per share		
Profit (loss) attributable to owners of parent (thousands of yen)	533,052	(871,190)
Amount not attributable to common shareholders (thousands of yen)	-	-
Profit (loss) attributable to owners of parent pertaining to common shares	533,052	(871,190)
Average number of shares during the period (shares)	11,075,339	10,919,497
Diluted net income per share		
Net income adjustment (thousands of yen)	-	-
Increase in the number of common shares (shares)	26,000	-
(Share acquisition rights (shares))	(26,000)	(-)
Overview of potential shares not included in the calculation of diluted net income per share due to having no dilutive effect	-	-

(Significant subsequent events)

(1) Issuance of share acquisition rights as stock options

In the meeting of the Board of Directors held on October 19, 2022, the Company resolved to issue stock options (share acquisition rights) to employees of the Company and directors and employees of the Company's wholly-owned subsidiaries pursuant to the provisions of Article 238, paragraph 1 and paragraph 2, and Article 240, paragraph 1 of the Companies Act.

Summary of issuance of share acquisition rights

Number of share acquisition rights: 4,999

Total amount of issue value: 259,948,000 yen

Class and number of shares subject to the share acquisition rights: 100 common shares per share acquisition right

Strike price: 52,000 yen per share acquisition right

Amount of issue value to be incorporated into the share capital in the event of issuance of shares due to the exercise of the share acquisition rights

The increase in share capital in the event of issuance of shares due to the exercise of the share acquisition rights shall be the one half of the maximum amount of increase of share capital calculated in accordance with Article 17, paragraph 1 of the Regulation on Corporate Accounting, and amounts of less than one yen resulting from the calculation shall be rounded up to the nearest yen. The increase in the amount of legal capital surplus in the event of issuance of shares due to the exercise of the share acquisition rights shall be the amount after subtracting the amount of the aforementioned increase in share capital from the aforementioned maximum amount of increase of share capital.

Exercise period: From October 20, 2024 until October 19, 2032.

Transfer restrictions

Acquisition of share acquisition rights by transfer shall require approval by resolution of the Company's Board of Directors.

Conditions for exercise of share acquisition rights

A person allotted share acquisition rights must have the status of a director or employee of the Company or a subsidiary of the Company at the time of exercising the rights. However, this shall not apply in the cases where there are legitimate grounds such as retirement due to the expiration of the term of office as director of the Company or a subsidiary of the Company or reaching mandatory retirement age, and approval is given by the Company's Board of Directors.

The exercise of share acquisition rights by an heir of a person allotted share acquisition rights shall not be allowed.

Date of allotment of share acquisition rights: November 4, 2022

Number and breakdown of counterparties to the solicitation

A total of 216 employees of the Company and directors and employees of the Company's wholly-owned subsidiaries

(2) Execution of investment through a fund to which a Group company provides services

A fund to which the Company's Group company BLUEPASS CAPITAL INC. provides services, reached an agreement on a capital and business alliance, etc. with Takashi Kurihara, Representative Director of F-iST Co., Ltd. (F-iST) and Obrigado Co., Ltd. (Obrigado), the executed investments in F-iST and Obrigado through a special purpose company to which the fund makes investments in capital on November 4, 2022. The acquisition price, etc. are not disclosed due to confidentiality obligations.

① Overview of the execution of investment

F-iST and Obrigado are concessionary chains selling fruit and vegetables that operate approximately 30 stores mainly in fresh food supermarkets and discount stores in the Greater Tokyo area under the names Yaoshin and Vivace, respectively. They possess unique product procurement and sales know-how enabling the provision of fresh fruit and vegetables purchased that day to customers at a low price, and contribute to raising the tenants' ability to attract customers. They are maintaining high growth by increasing the number of stores due to receiving many inquiries from the retail industry such as drug stores seeking to strengthen the fresh food area in recent years.

BLUEPASS CAPITAL INC. will seek to strengthen the organizational base with management and promote the improvement of operations in store development, product procurement and sales, while seeking further growth of the business through the acceleration of deployment of stores. Furthermore, by utilizing the Company's know-how on cost optimization and operation improvement in companies operating multiple stores, which is our strength, and our unique network, we will fully support further progress by F-iST and Obrigado.



② Overview of the recipients of execution of investment

Company name:	F-iST Co., Ltd.
Business:	Fruit and vegetable retail
Established:	August 13, 2007

Company name:	Obrigado Co., Ltd.
Business:	Fruit and vegetable retail
Established:	June 11, 2009