

Translation

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Summary of Consolidated Financial Results
for the Six Months Ended June 30, 2021
(Based on Japanese GAAP)

August 12, 2021

Company name: ORO Co., Ltd
Stock exchange listing: TSE
Stock code: 3983 URL <https://www.oro.com>
Representative: Atsushi Kawata, Representative Director and President
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Scheduled date to file Quarterly Securities Report: August 13, 2021
Scheduled date to commence dividend payments: -
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: None

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2021	2,714	9.5	979	42.6	975	38.8	660	38.7
Six months ended June 30, 2020	2,479	7.8	686	26.2	702	29.3	476	32.5

Note: Comprehensive income Six months ended June 30, 2021: 683 million yen [46.7%]

Six months ended June 30, 2020: 465 million yen [33.1%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2021	40.61		-	
Six months ended June 30, 2020	28.70		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2021	7,300		6,013		82.4	
As of December 31, 2020	8,608		7,216		83.8	

Reference: Equity capital As of June 30, 2021: 6,013 million yen As of December 31, 2020: 7,216 million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended December 31, 2020	Yen -	Yen 0.00	Yen -	Yen 10.00	Yen 10.00
Year ending December 31, 2021	-	0.00	-	10.00	10.00
Year ending December 31, 2021 (Forecast)	-	-	-	10.00	10.00

Note: Revisions to most recently released dividend forecast : None

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,050	15.5	1,931	13.1	1,940	13.2	1,338	13.3	80.63

Note: Revisions to most recently released earnings forecast : None

4. Notes

(1) Changes in significant subsidiaries during the six months ended June 30, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatement of prior period financial statements: None

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2021	16,606,453 shares	As of December 31, 2020	16,606,453 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	495,544 shares	As of December 31, 2020	331 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2021	16,270,937 shares	Six months ended June 30, 2020	16,602,080 shares
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* This report is exempt from the quarterly review by certified a public accountant or audit firm.

* Explanation concerning appropriate use of the earnings forecast and other matters to note

(Caution regarding forward-looking statements)

Earnings forecasts and other forward-looking statements contained in this document are based on information available at the time of this document's preparation and on certain assumptions that are deemed to be reasonable. These forward-looking statements are not guarantees of future performance, and actual results, performance, achievements or financial position may differ materially from those expressed or implied herein due to a range of factors.

(Method of obtaining supplementary materials to quarterly financial results)

Supplementary materials to financial results are disclosed on TDnet and the Company's website on the same day.

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1. Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	6,293,840	5,704,507
Notes and accounts receivable - trade	1,370,614	680,185
Work in process	153,376	182,880
Raw materials and supplies	3,073	3,103
Other	100,355	90,087
Allowance for doubtful accounts	(1,120)	(3,295)
Total current assets	7,920,138	6,657,468
Non-current assets		
Property, plant and equipment	454,454	410,907
Intangible assets	31,233	33,669
Investments and other assets		
Investment securities	16,541	12,762
Deferred tax assets	88,624	86,188
Other	98,290	100,170
Allowance for doubtful accounts	(915)	(915)
Total investments and other assets	202,540	198,205
Total non-current assets	688,229	642,782
Total assets	8,608,368	7,300,251

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	288,743	113,211
Income taxes payable	280,526	335,406
Provision for bonuses	53,222	51,056
Provision for loss on order received	30,132	31,636
Other	565,653	588,352
Total current liabilities	1,218,278	1,119,663
Non-current liabilities		
Asset retirement obligations	114,799	114,368
Other	58,471	52,653
Total non-current liabilities	173,271	167,022
Total liabilities	1,391,550	1,286,686
Net assets		
Shareholders' equity		
Capital stock	1,193,528	1,193,528
Capital surplus	1,103,528	1,103,817
Retained earnings	4,922,166	5,416,836
Treasury shares	(942)	(1,721,812)
Total shareholders' equity	7,218,281	5,992,370
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,523	4,661
Foreign currency translation adjustment	(8,987)	16,533
Total accumulated other comprehensive income	(1,463)	21,194
Total net assets	7,216,818	6,013,565
Total liabilities and net assets	8,608,368	7,300,251

(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net sales	2,479,758	2,714,614
Cost of sales	1,090,001	1,011,646
Gross profit	1,389,757	1,702,967
Selling, general and administrative expenses	702,836	723,617
Operating profit	686,920	979,350
Non-operating income		
Interest and dividend income	3,862	1,180
Foreign exchange gains	-	5,206
Subsidy income	12,179	200
Compensation income for damage	-	5,904
Others	5,310	2,082
Total non-operating income	21,352	14,573
Non-operating expenses		
Interest expenses	1,580	1,128
Foreign exchange losses	819	-
Compensation for damage	2,703	-
Settlement package	-	15,000
Others	221	1,941
Total non-operating expenses	5,325	18,069
Ordinary profit	702,948	975,854
Profit before income taxes	702,948	975,854
Income taxes - current	162,116	311,423
Income taxes - deferred	64,240	3,698
Total income taxes	226,356	315,122
Profit	476,591	660,731
Profit attributable to non-controlling interests	77	-
Profit attributable to owners of parent	476,514	660,731

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	476,591	660,731
Other comprehensive income		
Valuation difference on available-for-sale securities	181	(2,862)
Foreign currency translation adjustment	(11,011)	25,520
Total other comprehensive income	(10,830)	22,658
Comprehensive income	465,761	683,389
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	465,693	683,389
Comprehensive income attributable to non-controlling interests	68	-

(3) Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	702,948	975,854
Depreciation	55,345	57,041
Increase (decrease) in allowance for doubtful accounts	985	2,111
Increase (decrease) in provision for bonuses	16,176	(2,269)
Increase (decrease) in provision for loss on order received	(210,113)	1,504
Interest and dividend income	(3,862)	(1,180)
Interest expense	1,580	1,128
Settlement package	-	15,000
Compensation for damage	2,703	-
Decrease (increase) in notes and accounts receivable - trade	352,739	695,030
Decrease (increase) in inventories	238,695	(29,400)
Increase (decrease) in notes and accounts payable - trade	(107,428)	(176,137)
Other, net	70,741	4,424
Subtotal	1,120,510	1,543,106
Interest and dividend income received	4,916	2,428
Interest expenses paid	(1,580)	(1,128)
Compensation for damage paid	(2,703)	(3,206)
Income taxes paid	(274,994)	(256,552)
Net cash provided by (used in) operating activities	846,148	1,284,648
Cash flows from investing activities		
Payments into time deposits	(4,041)	(1,925)
Purchase of property, plant and equipment	(98,166)	(986)
Purchase of intangible assets	(10,108)	(8,659)
Purchase of investment securities	(340)	(346)
Payments for lease and guarantee deposits	(88)	(3,611)
Other	(185)	1,394
Net cash provided by (used in) investing activities	(112,931)	(14,135)
Cash flows from financing activities		
Purchase of treasury shares	-	(1,739,413)
Cash dividends paid	(149,350)	(166,020)
Other, net	(11,701)	(9,950)
Net cash provided by (used in) financing activities	(161,052)	(1,915,385)
Effect of exchange rate change on cash and cash equivalents	(10,848)	26,908
Net increase (decrease) in cash and cash equivalents	561,316	(617,963)
Cash and cash equivalents at beginning of period	5,135,866	5,904,772
Cash and cash equivalents at end of period	5,697,182	5,286,809

(4) Notes on consolidated financial statements

(Note on the going-concern assumption)

Not applicable

(Note on significant changes in the amount of shareholders' equity)

The Company purchased 500,000 treasury shares based on the resolution made at the Board of Directors' meeting held on February 15, 2021. As a result, the balance of treasury shares increased by 1,737,500 thousand yen during the six months ended June 30, 2021. In addition, the balance of treasury shares as of June 30, 2021 stood at 1,721,812 thousand yen following the disposal of treasury shares for restricted stock compensation.

(Segment Information)

Six months ended June 30, 2020 (from January 1, 2020 to June 30, 2020)

1. Sales and Income (Loss) by Reportable Segment

(Thousands of yen)

	Reportable Segment			Adjustments	Consolidated Statements of Income
	Cloud Solution	Digital Transformation	Total		
Net sales					
Sales to external customers	1,446,076	1,033,682	2,479,758	-	2,479,758
Inter-segment sales or transfers	-	-	-	-	-
Total	1,446,076	1,033,682	2,479,758	-	2,479,758
Segment income (loss)	618,306	68,614	686,920	-	686,920

Note: Segment income is consistent with operating profit shown on the quarterly consolidated statements of income.

Six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

1. Sales and Income (Loss) by Reportable Segment

(Thousands of yen)

	Reportable Segment			Adjustments	Consolidated Statements of Income
	Cloud Solution	Digital Transformation	Total		
Net sales					
Sales to external customers	1,587,588	1,127,025	2,714,614	-	2,714,614
Inter-segment sales or transfers	-	-	-	-	-
Total	1,587,588	1,127,025	2,714,614	-	2,714,614
Segment income (loss)	734,247	245,102	979,350	-	979,350

Note: Segment income is consistent with operating profit shown on the quarterly consolidated statements of income.