

Translation

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

November 11, 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
Inquiries: Yasuhisa Hino, Senior Managing Director and General Manager for Corporate Department TEL +81-3-5724-7001
Scheduled date to file Quarterly Securities Report: November 12, 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 nine months ended September 30, 2021 (from January 1, 2021 to September 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	%
Nine months ended September 30, 2021	4,071	13.8	1,452	44.8	1,453	44.2	991	45.4
Nine months ended September 30, 2020	3,578	(3.9)	1,002	(0.6)	1,007	(2.3)	681	(1.8)

Note: Comprehensive income Nine months ended September 30, 2021: 1,014 million yen [49.6%]

Nine months ended September 30, 2020: 678 million yen [0.5%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2021	61.13		-	
Nine months ended September 30, 2020	41.06		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2021	7,503		6,344		84.6	
As of December 31, 2020	8,608		7,216		83.8	

Reference: Equity capital As of September 30, 2021: 6,344 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	-	-	-
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 nine months ended September 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 September 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 September 30, 2021	495,585 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)

Nine months ended September 30, 2021	16,217,005 Shares	Nine months ended September 30, 2020	16,603,437 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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Quarterly consolidated financial statements**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2020	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	6,293,840	5,657,489
Notes and accounts receivable - trade	1,370,614	882,836
Work in process	153,376	225,601
Raw materials and supplies	3,073	3,050
Other	100,355	99,654
Allowance for doubtful accounts	(1,120)	(553)
Total current assets	7,920,138	6,868,079
Non-current assets		
Property, plant and equipment	454,454	385,629
Intangible assets	31,233	38,674
Investments and other assets		
Investment securities	16,541	12,037
Deferred tax assets	88,624	101,048
Other	98,290	99,325
Allowance for doubtful accounts	(915)	(915)
Total investments and other assets	202,540	211,495
Total non-current assets	688,229	635,799
Total assets	8,608,368	7,503,878

(Thousands of yen)

	As of December 31, 2020	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	288,743	147,229
Income taxes payable	280,526	263,818
Provision for bonuses	53,222	111,621
Provision for loss on order received	30,132	28,118
Other	565,653	445,640
Total current liabilities	1,218,278	996,427
Non-current liabilities		
Asset retirement obligations	114,799	114,340
Other	58,471	48,474
Total non-current liabilities	173,271	162,815
Total liabilities	1,391,550	1,159,242
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	5,747,386
Treasury shares	(942)	(1,721,970)
Total shareholders' equity	7,218,281	6,322,760
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,523	4,053
Foreign currency translation adjustment	(8,987)	17,821
Total accumulated other comprehensive income	(1,463)	21,875
Total net assets	7,216,818	6,344,635
Total liabilities and net assets	8,608,368	7,503,878

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Net sales	3,578,495	4,071,509
Cost of sales	1,541,258	1,508,970
Gross profit	2,037,237	2,562,538
Selling, general and administrative expenses	1,034,431	1,110,518
Operating profit	1,002,805	1,452,020
Non-operating income		
Interest and dividend income	5,246	1,572
Foreign exchange gains	-	8,353
Subsidy income	12,997	738
Compensation income for damage	2,812	5,904
Others	4,081	3,249
Total non-operating income	25,138	19,818
Non-operating expenses		
Interest expenses	2,590	1,698
Foreign exchange losses	14,062	-
Settlement package	-	15,000
Others	3,828	1,943
Total non-operating expenses	20,480	18,641
Ordinary profit	1,007,463	1,453,196
Profit before income taxes	1,007,463	1,453,196
Income taxes - current	285,254	472,808
Income taxes - deferred	39,528	(10,892)
Total income taxes	324,783	461,915
Profit	682,679	991,280
Profit attributable to non-controlling interests	988	-
Profit attributable to owners of parent	681,691	991,280

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Profit	682,679	991,280
Other comprehensive income		
Valuation difference on available-for-sale securities	800	(3,470)
Foreign currency translation adjustment	(5,419)	26,809
Total other comprehensive income	(4,619)	23,338
Comprehensive income	678,060	1,014,619
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	677,118	1,014,619
Comprehensive income attributable to non-controlling interests	942	-

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 nine months ended September 30, 2021. In addition, the balance of treasury shares as of September 30, 2021 stood at 1,721,970 thousand yen following the disposal of treasury shares for restricted stock compensation.

(Segment Information)

Nine months ended September 30, 2020 (from January 1, 2020 to September 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	2,085,620	1,492,875	3,578,495	-	3,578,495
Inter-segment sales or transfers	-	-	-	-	-
Total	2,085,620	1,492,875	3,578,495	-	3,578,495
Segment income (loss)	870,714	132,091	1,002,805	-	1,002,805

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

Nine months ended September 30, 2021 (from January 1, 2021 to September 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	2,405,667	1,665,842	4,071,509	-	4,071,509
Inter-segment sales or transfers	-	-	-	-	-
Total	2,405,667	1,665,842	4,071,509	-	4,071,509
Segment income (loss)	1,093,327	358,693	1,452,020	-	1,452,020

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