



Consolidated Financial Results for the Fiscal Year Ended December 31, 2021

[Japanese GAAP]

February 14, 2022

Company name: Orchestra Holdings Inc.

Listing: Tokyo Stock Exchange, First Section

Stock code: 6533

URL: <https://orchestra-hd.co.jp/>

Representative: Yoshiro Nakamura, President and Representative Director

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Scheduled date of Annual General Meeting of Shareholders: March 29, 2022

Scheduled date of payment of dividend: March 30, 2022

Scheduled date of filing of Annual Securities Report: March 30, 2022

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for 2021 (January 1 to December 31, 2021)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2021	16,640	40.7	1,262	84.0	1,286	88.3	757	73.8
2020	11,825	26.6	686	30.0	683	27.8	435	58.5

Note: Comprehensive income (millions of yen) 2021: 933 (up 81.2%) 2020: 514 (up 90.3%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
2021	77.33	77.10	24.7	16.9	7.6
2020	47.29	44.39	27.4	16.2	5.8

Reference: Equity in earnings of affiliates (millions of yen) 2021: - 2020: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2021	10,560	4,945	40.9	440.50
As of Dec. 31, 2020	4,689	1,885	38.9	186.23

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2021: 4,315 As of Dec. 31, 2020: 1,823

(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
2021	1,113	(32)	2,461	4,958
2020	660	(62)	127	1,413

2. Dividends

	Dividends per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
2020	-	0.00	-	7.00	7.00	68	14.8	4.2
2021	-	0.00	-	8.00	8.00	78	10.3	2.6
2022 (forecast)	-	0.00	-	9.00	9.00		9.3	

3. Consolidated Forecast for 2022 (January 1 to December 31, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	-	-	-	-	-	-	-	-	-
Full year	10,000	-	1,670	32.3	1,680	30.6	950	25.5	96.98

Note: The Company plans to adopt "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of the first quarter of the fiscal year ending December 31, 2022, and the forecasts are based on the application of the standard. The application of this standard has a significant impact on Net sales, and it is not appropriate to compare it with the actual figures for the fiscal year ended December 2021. Accordingly, the year-on-year changes in Net sales are not indicated.

In accordance with the previous standard, for the fiscal year ending December 31, 2022, Net sales were 21,000 million yen (up 26.2% year-on-year).

Consolidated forecast for the first half of 2022 has not been disclosed.

* Notes

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): Yes

Newly added: 2 Name: PAM, INC., R-Stone.co.,ltd. Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Dec. 31, 2021: 9,796,000 shares As of Dec. 31, 2020: 9,789,600 shares

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

As of Dec. 31, 2021: 97 shares As of Dec. 31, 2020: 97 shares

3) Average number of shares during the period

2021: 9,792,556 shares 2020: 9,210,763 shares

(Reference) Summary of Non-consolidated Financial Results**1. Non-consolidated Financial Results for 2021 (January 1 to December 31, 2021)****(1) Non-consolidated results of operations**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2021	1,313	112.4	471	-	467	-	2,067	-
2020	618	40.1	(11)	-	(28)	-	(72)	-

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
2021	211.14		210.53	
2020	(7.83)		-	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of Dec. 31, 2021	4,046		2,664		62.1		272.03	
As of Dec. 31, 2020	3,563		537		14.4		54.94	

Reference: Shareholders' equity (millions of yen)

As of Dec. 31, 2021: 2,511

As of Dec. 31, 2020: 512

Reason for difference from previous year's non-consolidated financial results

Orchestra Holdings is a pure holding company, and its main business is to provide administrative services to its subsidiaries. However, the non-consolidated financial results for 2021 is different from 2020 due to sales of part of shares of consolidated subsidiary Sharing Innovations Inc. in 2021 and the recording of a gain on sales of shares of subsidiaries and associates. As Sharing Innovations has remained a consolidated subsidiary of Orchestra Holdings after the sale, the gain on sales of shares of subsidiaries and associates was offset and eliminated in the consolidated statement of income, and does not have a significant impact on the consolidated results of operations.

* The current financial report is not subject to audit by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements, and other special items

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to the Company's management, but are not promises by the Company regarding future performance. Actual results may differ materially from the forecasts for a number of reasons.

Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

(Thousands of yen)

	2020 (As of Dec. 31, 2020)	2021 (As of Dec. 31, 2021)
Assets		
Current assets		
Cash and deposits	1,413,863	4,958,380
Notes and accounts receivable-trade	1,674,888	2,528,114
Work in process	19,477	26,445
Deposits paid	145,511	185,049
Other	111,696	158,625
Total current assets	3,365,438	7,856,615
Non-current assets		
Property, plant and equipment		
Buildings, net	64,007	209,589
Land	-	387,971
Other, net	23,179	22,063
Total property, plant and equipment	87,187	619,624
Intangible assets		
Goodwill	596,312	1,139,962
Other	11,860	8,412
Total intangible assets	608,172	1,148,375
Investments and other assets		
Investment securities	382,574	583,687
Deferred tax assets	37,760	93,479
Other	207,956	259,195
Total investments and other assets	628,291	936,362
Total non-current assets	1,323,651	2,704,362
Total assets	4,689,089	10,560,977

	(Thousands of yen)	
	2020	2021
	(As of Dec. 31, 2020)	(As of Dec. 31, 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	1,272,728	1,876,559
Short-term borrowings	28,000	-
Current portion of long-term borrowings	233,360	309,239
Income taxes payable	196,291	1,149,647
Accrued consumption taxes	134,992	279,957
Provision for bonuses	34,124	58,986
Other	339,576	586,403
Total current liabilities	2,239,073	4,260,793
Non-current liabilities		
Long-term borrowings	529,800	1,224,915
Other	35,068	129,413
Total non-current liabilities	564,868	1,354,328
Total liabilities	2,803,941	5,615,122
Net assets		
Shareholders' equity		
Share capital	194,578	194,637
Capital surplus	121,832	1,790,404
Retained earnings	1,426,921	2,115,627
Treasury shares	(102)	(102)
Total shareholders' equity	1,743,231	4,100,567
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	79,441	214,892
Foreign currency translation adjustment	382	(332)
Total accumulated other comprehensive income	79,824	214,560
Share acquisition rights	26,803	154,486
Non-controlling interests	35,289	476,240
Total net assets	1,885,148	4,945,855
Total liabilities and net assets	4,689,089	10,560,977

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	2020 (Jan. 1 – Dec. 31, 2020)	2021 (Jan. 1 – Dec. 31, 2021)
Net sales	11,825,546	16,640,632
Cost of sales	9,315,455	12,757,126
Gross profit	2,510,090	3,883,506
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	233,487	298,545
Salaries and allowances	542,149	783,845
Provision for bonuses for directors	22,795	51,136
Other	1,025,359	1,487,280
Total selling, general and administrative expenses	1,823,792	2,620,807
Operating profit	686,298	1,262,699
Non-operating income		
Interest and dividend income	20	4,325
Subsidy income	2,645	9,762
Rental income from real estate	-	6,022
Gain on sales of non-current assets	578	-
Gain on adjustment of account payable	-	6,665
Gain on expired points	1,210	-
Other	982	4,350
Total non-operating income	5,438	31,125
Non-operating expenses		
Interest expenses	3,073	2,641
Commission expenses	1,807	2,510
Foreign exchange losses	1,361	-
Office relocation expenses	1,710	-
Depreciation	-	1,717
Other	504	168
Total non-operating expenses	8,456	7,038
Ordinary profit	683,279	1,286,786
Extraordinary income		
Gain on sales of investment securities	53,165	36,077
Total extraordinary income	53,165	36,077
Extraordinary losses		
Impairment losses	1,936	-
Loss on valuation of investment securities	33,029	4,998
Total extraordinary losses	34,966	4,998
Profit before income taxes	701,479	1,317,865
Income taxes-current	264,780	567,062
Income taxes-deferred	1,605	(47,787)
Total income taxes	266,386	519,274
Profit	435,093	798,590
Profit (loss) attributable to non-controlling interests	(509)	41,357
Profit attributable to owners of parent	435,602	757,232

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	2020 (Jan. 1 – Dec. 31, 2020)	2021 (Jan. 1 – Dec. 31, 2021)
Profit	435,093	798,590
Other comprehensive income		
Valuation difference on available-for-sale securities	79,441	135,450
Foreign currency translation adjustment	382	(853)
Total other comprehensive income	79,824	134,596
Comprehensive income	514,917	933,187
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	515,426	891,989
Comprehensive income attributable to non-controlling interests	(509)	41,197

(3) Consolidated Statement of Changes in Equity

2020 (Jan. 1 – Dec. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	189,193	116,447	1,046,257	(102)	1,351,796
Changes during period					
Issuance of new shares-exercise of share acquisition rights	5,385	5,385			10,770
Dividends of surplus			(54,937)		(54,937)
Profit attributable to owners of parent			435,602		435,602
Net changes in items other than shareholders' equity					-
Total changes during period	5,385	5,385	380,664	-	391,434
Balance at end of period	194,578	121,832	1,426,921	(102)	1,743,231

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	-	-	-	1,411	(4,201)	1,349,006
Changes during period						
Issuance of new shares-exercise of share acquisition rights			-			10,770
Dividends of surplus			-			(54,937)
Profit attributable to owners of parent			-			435,602
Net changes in items other than shareholders' equity	79,441	382	79,824	25,392	39,490	144,707
Total changes during period	79,441	382	79,824	25,392	39,490	536,141
Balance at end of period	79,441	382	79,824	26,803	35,289	1,885,148

2021 (Jan. 1 – Dec. 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	194,578	121,832	1,426,921	(102)	1,743,231
Changes during period					
Issuance of new shares-exercise of share acquisition rights	58	58			116
Dividends of surplus			(68,526)		(68,526)
Profit attributable to owners of parent			757,232		757,232
Change in ownership interest of parent due to transactions with non-controlling interests		1,668,513			1,668,513
Net changes in items other than shareholders' equity					-
Total changes during period	58	1,668,571	688,706	-	2,357,336
Balance at end of period	194,637	1,790,404	2,115,627	(102)	4,100,567

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	79,441	382	79,824	26,803	35,289	1,885,148
Changes during period						
Issuance of new shares-exercise of share acquisition rights			-			116
Dividends of surplus			-			(68,526)
Profit attributable to owners of parent			-			757,232
Change in ownership interest of parent due to transactions with non-controlling interests			-			1,668,513
Net changes in items other than shareholders' equity	135,450	(715)	134,735	127,683	440,951	703,370
Total changes during period	135,450	(715)	134,735	127,683	440,951	3,060,707
Balance at end of period	214,892	(332)	214,560	154,486	476,240	4,945,855

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	2020 (Jan. 1 – Dec. 31, 2020)	2021 (Jan. 1 – Dec. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	701,479	1,317,865
Depreciation	17,630	18,020
Amortization of goodwill	83,959	107,389
Loss (gain) on sale of fixed assets	(578)	-
Loss (gain) on sales of investment securities	(53,165)	(36,077)
Loss (gain) on valuation of investment securities	33,029	4,998
Impairment loss	1,936	-
Share-based remuneration expenses	25,393	127,761
Increase (decrease) in provision for bonuses	14,967	14,815
Interest and dividend income	(20)	(4,325)
Interest expenses	3,073	2,641
Decrease (increase) in trade receivables	(232,709)	(745,450)
Decrease (increase) in inventories	15,746	(1,701)
Decrease (increase) in deposits paid	63,814	(39,524)
Decrease (increase) in other current assets	42,736	(34,180)
Increase (decrease) in trade payables	37,144	565,969
Increase (decrease) in accrued consumption taxes	57,798	118,361
Increase (decrease) in other current liabilities	58,146	118,585
Other, net	2,483	(1,560)
Subtotal	872,864	1,533,587
Interest and dividends received	20	4,325
Interest paid	(3,073)	(2,683)
Income taxes paid	(209,325)	(422,075)
Net cash provided by (used in) operating activities	660,486	1,113,154
Cash flows from investing activities		
Purchase of investment securities	(48,880)	(5,118)
Proceeds from sales of investment securities	68,765	49,132
Purchase of property, plant and equipment	(72,663)	(5,661)
Proceeds from sale of property, plant and equipment	578	-
Purchase of intangible assets	(1,170)	-
Loan advances	(16,017)	-
Collection of loans receivable	-	250,248
Payments of leasehold and guarantee deposits	(11,137)	(28,957)
Proceeds from refund of leasehold and guarantee deposits	8,832	850
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(293,677)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	8,810	-
Other, net	-	1,000
Net cash provided by (used in) investing activities	(62,881)	(32,184)

	(Thousands of yen)	
	2020	2021
	(Jan. 1 – Dec. 31, 2020)	(Jan. 1 – Dec. 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	28,000	(28,000)
Proceeds from long-term borrowings	300,000	-
Repayments of long-term borrowings	(196,600)	(236,690)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	10,770	13,341
Proceeds from share issuance to non-controlling shareholders	40,000	198,747
Dividends paid	(54,803)	(68,322)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	-	2,582,670
Net cash provided by (used in) financing activities	127,366	2,461,746
Effect of exchange rate change on cash and cash equivalents	(424)	1,667
Net increase (decrease) in cash and cash equivalents	724,546	3,544,384
Cash and cash equivalents at beginning of period	689,071	1,413,618
Cash and cash equivalents at end of period	1,413,618	4,958,002