

**Translation**

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**Summary of Consolidated Financial Results  
for the Fiscal Year Ended December 31, 2021  
(Based on Japanese GAAP)**

February 14, 2022

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 hold ordinary general meeting of shareholders: March 25, 2022  
 Scheduled date to commence dividend payments: March 28, 2022  
 Scheduled date to file Securities Report: March 28, 2022  
 Supplementary documents for financial results: Yes  
 Financial results presentation: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the Fiscal Year Ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(1) Consolidated operating results

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	%
Fiscal Year Ended December 31, 2021	5,762	9.9	2,120	24.2	2,132	24.5	1,490	26.1
Fiscal Year Ended December 31, 2020	5,240	4.3	1,707	28.0	1,713	26.2	1,182	31.3

Note: Comprehensive income Fiscal Year Ended December 31, 2021: 1,529million yen 29.1%  
 Fiscal Year Ended December 31, 2020: 1,185million yen 32.4%

	Earnings per share	Profit per share after full dilution	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal Year Ended December 31, 2021	92.08	-	21.2	25.1	36.8
Fiscal Year Ended December 31, 2020	71.19	-	17.7	21.0	32.6

Reference: Share of profit or loss of entities accounted for using equity method: Fiscal Year Ended December 31, 2021: -million yen  
 Fiscal Year Ended December 31, 2020: -million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	8,357	6,859	82.1	425.79
As of December 31, 2020	8,608	7,216	83.8	434.59

Reference: Equity capital As of December 31, 2021: 6,859million yen As of December 31, 2020: 7,216million yen

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year Ended December 31, 2021	1,924	(34)	(1,925)	5,914
Fiscal Year Ended December 31, 2020	1,170	(232)	(169)	5,904

## 2. Cash dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends / net assets (consolidated)
	1st quarter- end	2nd quarter- end	3rd quarter- end	Fiscal year- end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal Year Ended December 31, 2020	-	0.00	-	10.00	10.00	166	14.0	2.5
Fiscal Year Ended December 31, 2021	-	0.00	-	15.00	15.00	241	16.3	3.5
Fiscal Year Ended December 31, 2022 (Forecasts)	-	0.00	-	15.00	15.00		15.5	

## 3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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	6,530	13.3	2,245	5.9	2,245	5.3	1,555	4.3	96.53

\*The above forecasts are based on Japanese GAAP, as stated in Partial Revision to Notice of Voluntary Adoption of International Financial Reporting Standards (IFRS) released on January 14, 2022. The Company plans to disclose the forecast of consolidated financial results for the year ending December 31, 2022 again under IFRS on the filing date of Annual Securities Report for the fiscal year ended December 31, 2021

#### 4. Notes

- (1) Changes in significant subsidiaries during the Period  
(changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revision of accounting standards: None
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: None
- Restatement of prior period financial statements: None

#### (3) Number of issued shares (common shares)

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

As of December 31, 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 December 31, 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)

Fiscal Year Ended December 31, 2021	16,190,253 shares	Fiscal Year Ended December 31, 2020	16,604,112 shares
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#### Reference: Non-Consolidated Results

Non-Consolidated Operating Results and Financial Position of the Fiscal 2021 (January 1, 2021 – December 31, 2021)

#### (1) Non-Consolidated Operating Results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year Ended December 31, 2021	5,507	9.6	2,035	22.8	2,081	21.9	1,441	20.3
Fiscal Year Ended December 31, 2020	5,022	5.9	1,657	24.9	1,707	26.3	1,198	40.6
	Profit per share		Profit per share after full dilution					
	Yen		Yen					
Fiscal Year Ended December 31, 2021	89.03		-					
Fiscal Year Ended December 31, 2020	72.19		-					

#### (2) Non-Consolidated Financial position

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	7,789	6,432	82.6	399.25
As of December 31, 2020	8,109	6,881	84.9	414.37

Reference: Equity capital As of December 31, 2021: 6,432million yen As of December 31, 2020: 6,881million yen

\* These Consolidated basic Results are not included in the scope of audits by certified public accountants or audit corporations.

\* 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 do not guarantee 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.

(Methods of obtaining the supplementary materials and the content of the earnings briefings)

The Company is scheduled to hold a financial results briefing for institutional investors and analysts (planned to be recorded & shared online). Supplementary material on financial results used at the briefing will be disclosed on TDnet and the Company's website on the same day.

1. Overview of operating results	
(1) Analysis of full-year results	5
(2) Analysis of financial position	5
(3) Summary of cash flows for FY2021	6
(4) Future outlook	7
2. basic policy for selection of accounting standards	7
3. Consolidated financial statements and key notes	8
(1) Consolidated balance sheets	8
(2) Consolidated statements of income and consolidated statements of comprehensive income	10
(3) Consolidated statements of changes in net assets	12
(4) Consolidated statements of cash flows	14
(5) Notes on consolidated financial statements	15
(Note on the going-concern assumption)	15
(Segment information)	15
(Information per share)	17
(Significant subsequent events)	17

## 1. Overview of operating results

### (1) Analysis of full-year results

#### Operating results for the consolidated fiscal year under review

During the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021) (the “current fiscal year”), the Japanese economy remained in a severe situation with the state of emergency being declared for the second time due to the spread of COVID-19 infections. While there were signs of recovery in some economic activities in the second half of the current fiscal year, during which vaccination against COVID-19 was facilitated and various economic measures were taken, as well as the state of emergency was lifted nationwide, the outlook for the future still remains uncertain.

In the domestic IT service industry, with workstyle reform being more widely accepted in society, there has been a continued growth in demand for IT systems that improve productivity and operational efficiency. In fact, an increasing number of companies have been adopting cloud-based services for their enterprise IT systems, seeking for more cost-effective and convenient IT systems and making a transition to a new way of working designed to support remote work triggered by the impact of COVID-19.

The Internet industry has seen an ongoing strong trend mainly among major corporations toward a new form of digitization called “Digital Transformation (DX),” which can drastically transform the existing business models and industry structures.

Under such market conditions, we have maintained our integrated system of production and sales, on which the cloud services and digital solutions are provided. Cloud-based ERP “ZAC” and “Reforma PSA,” flagship products of our Cloud Solutions business, have contributed to business results by showing a steady growth thanks to extensive demand from industries and business fields comprised mainly of companies seeking for project management solutions. In our Digital Transformation (DX) business, we have provided a variety of digital-based solutions that support the full scope of clients’ business activities. Among them are area marketing for corporate clients who operate local stores in each trade area across the nation; planning and development of websites, digital content, and applications; strategic planning and operational support for SNS marketing; strategy building for and management of Web advertisements. In addition, to achieve continuous improvement in our corporate value, we have strived to acquire new clients while deepening relationships with existing high-priority clients in each of our businesses.

As a result of the above, the consolidated financial results for the current fiscal year were as follows. Net sales were 5,762,070 thousand yen (up 9.9% year-on-year), operating profit was 2,120,427 thousand yen (up 24.2% year-on-year), ordinary profit was 2,132,046 thousand yen (up 24.5% year-on-year), and profit attributable to owners of parent was 1,490,724 thousand yen (up 26.1% year-on-year).

Results by business segment are as follows:

#### a) Cloud Solution

The number of new contracts signed during the first half of the current fiscal year remained rather stagnant due to a prolonged time required to close a new contract as the Company has changed its operating structure since January 2021. Since the second half of the current fiscal year, the number of new contracts signed has been on an upward trend, which could however not offset the decreased number of new contracts and the associated decline in sales from installation support in the first half. As a result, net sales was 3,372,782 thousand yen (up 10.3% year-on-year) and segment profit was 1,578,768 thousand yen (up 16.6% year-on-year).

#### b) Digital Transformation

Impacted by budget cuts from clients due to the global shortage of semiconductors, advertising for the automobile industry has decreased. As a result, net sales was 2,389,288 thousand yen (up 9.5% year-on-year) and segment profit was 541,658 thousand yen (up 53.3% year-on-year).

### (2) Analysis of financial position

#### Asset, liabilities and net assets

Total assets at the end of the current fiscal year decreased by 250,798 thousand yen from the end of the previous fiscal year to 8,357,570 thousand yen. This decrease was due mainly to a decrease in notes and accounts receivable – trade of 309,860 thousand yen, partially offset by an increase in cash and deposits of 56,304 thousand yen.

Total liabilities at the end of the current fiscal year increased by 106,111 thousand yen from the end of the previous fiscal year to 1,497,661 thousand yen. This increase was due mainly to an increase in income taxes payable of 167,233 thousand yen, partially offset by a decrease in notes

and accounts payable – trade of 80,734 thousand yen.

Net assets at the end of the current fiscal year decreased by 356,909 thousand yen from the end of the previous fiscal year to 6,859,908 thousand yen. This decrease was due mainly to purchase of treasury shares of 1,721,028 thousand yen and dividend payments of 166,061 thousand yen, partially offset by the recording of profit attributable to owners of parent of 1,490,724 thousand yen.

### (3) Summary of cash flows

The balance of cash and cash equivalents (“net cash”) at the end of the current fiscal year was 5,914,992 thousand yen, an increase of 10,219 thousand yen compared to the end of the previous fiscal year (increased by 0.2% year-on-year). The respective cash flows for the current fiscal year and their contributing factors are as follows:

#### (Cash flows from operating activities)

Net cash provided by operating activities was 1,924,134 thousand yen (compared to 1,170,252 thousand yen provided in the previous fiscal year). This was due mainly to the recording of profit before income taxes of 2,132,046 thousand yen, partially offset by income taxes paid of 484,610 thousand yen.

#### (Cash flows from investing activities)

Net cash used in investing activities was 34,892 thousand yen (compared to 232,336 thousand yen used in the previous fiscal year). This was due mainly to purchase of intangible assets of 28,028 thousand yen.

#### (Cash flows from financing activities)

Net cash used in financing activities was 1,925,090 thousand yen (compared to 169,715 thousand yen used in the previous fiscal year). This was due mainly to purchase of treasury shares of 1,739,413 thousand yen and dividend payments of 166,028 thousand yen.

#### (Reference) Indicators related to cash flows

	FY2017	FY2018	FY2019	FY2020	FY2021
Equity ratio (%)	87.5	81.3	80.2	83.8	82.1
Equity ratio based on market value (%)	333.9	512.7	826.6	845.9	578.0
The ratio of interest-bearing debt to operating cash flow (years)	—	—	—	0.1	0.0
Interest coverage ratio (times)	—	—	—	395.7	853.1

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

The ratio of interest-bearing debt to operating cash flow: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payments

Note: 1. All of the above indicators are calculated based on consolidated financial figures.

2. Operating cash flow equals to the total net cash flows from operating activities as stated in the Consolidated Statements of Cash Flows.

Interest payments are equal to interest paid as stated in the Consolidated Statements of Cash Flows.

3. Before the consolidated fiscal year ended December 31, 2019, since the Company does not have interest-bearing liabilities and there are no interest payments, it presents neither the ratio of cash flows to interest-bearing liabilities nor the interest coverage ratio.

#### (4) Future outlook

##### 1) Net sales

###### a) Cloud Solution

For the Cloud Solutions business in the next fiscal year ending December 31, 2022, we will expand the marketing budget among others to bolster the sales of “ZAC” and “Reforma PSA” as well as reinforce their branding. In addition, to improve customer satisfaction with such products, we are going to redesign and improve their main screens, while revamping their UI (user interface) on an ongoing basis. To prepare a sales forecast of the business for the next fiscal year, we have accumulated monthly net sales that are estimated in consideration of the past results and other factors as well as the backlog orders at the end of the current fiscal year. As a result, net sales of the business are forecast to increase by 15.1% year-on-year to 3,880 million yen.

###### b) Digital Transformation

For the Digital Transformation (DX) business, we should be fully aware that the global shortage of semiconductors due to the COVID-19 infections had a significant impact on the automobile industry in the current fiscal year, and therefore should assume that certain of our clients will continue be affected throughout the next fiscal year. Given such a situation, we will strengthen hiring and expand the marketing budget in FY2022 so that we can deepen business relationships with our existing clients and advertising agencies and develop new clients. In addition, we will aim to expand sales transactions overseas by leveraging our overseas consolidated subsidiaries. Accordingly, net sales of the business are forecast to increase by 10.9% year-on-year to 2,650 million yen.

##### 2) Cost of sales

Cost of sales for the Cloud Solutions business and the Digital Transformation (DX) business is comprised primarily of labor costs and subcontracting costs incurred for product development and installation support. The labor costs are estimated by accumulating assumed labor cost per employee based on the planned number of employees in each department. The subcontracting costs are estimated in consideration of the cost of sales ratio of each business. Cost of sales is then calculated as cost of services provided as estimated above, adjusted by the beginning and ending balances of work in process. Accordingly, cost of sales is forecast to increase by 7.9% year-on-year to 1,092 million yen for the Cloud Solutions business and by 4.3% year-on-year to 1,153 million yen for the Digital Transformation (DX) business.

##### 3) Selling, general and administrative expenses

Selling, general and administrative expenses, which are comprised mainly of personnel expenses for sales executives and corporate staff and other overhead expenses, are estimated by accumulating each item of expenses. Among other overhead expenses, we will focus on increasing advertising expenses to acquire more new clients and R&D expenses to improve product appeal for the Cloud Solutions business. Accordingly, selling, general and administrative expenses are forecast to increase by 33.8% year-on-year to 2,038 million yen.

##### 4) Non-operating income (expenses)

Non-operating income (expenses) are not projected.

##### 5) Extraordinary gains (losses)

Extraordinary gains (losses) are not projected.

Accordingly, at this point, the Group's consolidated financial results for the next period ending December 31, 2022 are estimated as follows:

Net sales	6,530 Millions of yen (increased by 13.3% year-on-year)
Operating profit	2,245 Millions of yen (increased by 5.9% year-on-year)
Ordinary profit	2,245 Millions of yen (increased by 5.3% year-on-year)
Profit attributable to owners of parent	1,555 Millions of yen (increased by 4.3% year-on-year)

#### 2. Basic policy for selection of accounting standards

For the purpose of enhancing the international comparability of its financial information in capital markets, the Company has resolved at the Board of Directors' meeting held on August 13, 2021 to voluntarily adopt the International Financial Reporting Standards (IFRS) starting with its consolidated financial statements in Annual Securities Report (*Yukashoken Hokokusho*) for the fiscal year ended December 31, 2021.

3. Consolidated financial statements and key notes

(1) Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	6,293,840	6,350,145
Notes and accounts receivable - trade	1,370,614	1,060,753
Work in process	153,376	173,310
Raw materials and supplies	3,073	2,658
Other	100,355	120,943
Allowance for doubtful accounts	(1,120)	(584)
Total current assets	7,920,138	7,707,227
Non-current assets		
Property, plant and equipment		
Buildings	253,750	254,007
Tools, furniture and fixtures	410,240	440,595
Other	75,112	79,747
Accumulated depreciation	(284,648)	(380,095)
Total property, plant and equipment	454,454	394,255
Intangible assets	31,233	45,722
Investments and other assets		
Investment securities	16,541	12,500
Deferred tax assets	88,624	90,976
Other	98,290	107,802
Allowance for doubtful accounts	(915)	(915)
Total investments and other assets	202,540	210,364
Total non-current assets	688,229	650,342
Total assets	8,608,368	8,357,570



(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	288,743	208,009
Income taxes payable	280,526	447,760
Provision for bonuses	53,222	37,099
Provision for loss on order received	30,132	30,083
Other	565,653	614,480
Total current liabilities	1,218,278	1,337,432
Non-current liabilities		
Asset retirement obligations	114,799	114,376
Other	58,471	45,852
Total non-current liabilities	173,271	160,228
Total liabilities	1,391,550	1,497,661
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	6,246,829
Treasury shares	(942)	(1,721,970)
Total shareholders' equity	7,218,281	6,822,204
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,523	4,241
Foreign currency translation adjustment	(8,987)	33,462
Total accumulated other comprehensive income	(1,463)	37,704
Total net assets	7,216,818	6,859,908
Total liabilities and net assets	8,608,368	8,357,570

## (2) Consolidated statements of income and consolidated statements of comprehensive income

## Consolidated statements of income

(Thousands of yen)

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021
Net sales	5,240,816	5,762,070
Cost of sales	2,138,168	2,118,120
Gross profit	3,102,648	3,643,950
Selling, general and administrative expenses	1,395,157	1,523,522
Operating profit	1,707,490	2,120,427
Non-operating income		
Interest and dividend income	6,194	1,952
Foreign exchange gains	-	8,064
Subsidy income	24,427	1,340
Consumption tax difference	2,271	3,927
Compensation income for damage	2,812	6,004
Gain on forgiveness of debts	4,895	8,848
Others	5,392	704
Total non-operating income	45,994	30,842
Non-operating expenses		
Interest expenses	2,957	2,255
Foreign exchange losses	29,825	-
Compensation for damage	5,909	-
Settlement package	-	15,000
Others	1,671	1,967
Total non-operating expenses	40,364	19,223
Ordinary profit	1,713,121	2,132,046
Extraordinary losses		
Impairment loss	5,196	-
Total extraordinary losses	5,196	-
Profit before income taxes	1,707,924	2,132,046
Income taxes - current	469,047	642,225
Income taxes - deferred	57,178	(903)
Total income taxes	526,225	641,321
Profit	1,181,698	1,490,724
Profit or Losses attributable to non-controlling interests	(381)	-
Profit attributable to owners of parent	1,182,080	1,490,724

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021
Profit	1,181,698	1,490,724
Other comprehensive income		
Valuation difference on available-for-sale securities	3,009	(3,282)
Foreign currency translation adjustment	488	42,449
Total other comprehensive income	3,497	39,167
Comprehensive income	1,185,196	1,529,892
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,185,483	1,529,892
Comprehensive income attributable to non-controlling interests	(286)	-

## (3) Consolidated Statements of Changes in Net Assets

Fiscal Year Ended December 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of year	1,185,030	1,095,030	3,889,482	(942)	6,168,600
Changes of items during period					
Issuance of new shares	8,498	8,498			16,997
Dividends of surplus			(149,397)		(149,397)
Profit attributable to owners of parent			1,182,080		1,182,080
Net changes of items other than shareholders' equity					
Total changes of items during period	8,498	8,498	1,032,683	-	1,049,680
Balance at the end of year	1,193,528	1,103,528	4,922,166	(942)	7,218,281

	Accumulated other comprehensive income			Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of year	4,514	(9,379)	(4,865)	286	6,164,021
Changes of items during period					
Issuance of new shares					16,997
Dividends of surplus					(149,397)
Profit attributable to owners of parent					1,182,080
Net changes of items other than shareholders' equity	3,009	392	3,402	(286)	3,115
Total changes of items during period	3,009	392	3,402	(286)	1,052,796
Balance at the end of year	7,523	(8,987)	(1,463)	-	7,216,818

Fiscal Year Ended December 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of year	1,193,528	1,103,528	4,922,166	(942)	7,218,281
Changes of items during period					
Dividends of surplus			(166,061)		(166,061)
Profit attributable to owners of parent			1,490,724		1,490,724
Purchase of Treasury shares				(1,737,733)	(1,737,733)
Disposal of treasury shares		288		16,704	16,992
Net changes of items other than shareholders' equity					
Total changes of items during period	-	288	1,324,663	(1,721,028)	(396,076)
Balance at the end of year	1,193,528	1,103,817	6,246,829	(1,721,970)	6,822,204

	Accumulated other comprehensive income			Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of year	7,523	(8,987)	(1,463)	-	7,216,818
Changes of items during period					
Dividends of surplus					(166,061)
Profit attributable to owners of parent		-			1,490,724
Purchase of Treasury shares					(1,737,733)
Disposal of treasury shares					16,992
Net changes of items other than shareholders' equity	(3,282)	42,449	39,167	-	39,167
Total changes of items during period	(3,282)	42,449	39,167	-	(356,909)
Balance at the end of year	4,241	33,462	37,704	-	6,859,908

## (4) Consolidated statements of cash flows

(Thousands of yen)

Fiscal Year Ended December 31, 2020 Fiscal Year Ended December 31, 2021

Cash flows from operating activities		
Profit before income taxes	1,707,924	2,132,046
Depreciation	112,621	114,671
Impairment loss	5,196	-
Increase (decrease) in allowance for doubtful accounts	59	(2,366)
Increase (decrease) in provision for bonuses	1,880	(16,123)
Increase (decrease) in provision for loss on order received	(220,151)	(48)
Interest and dividend income	(6,194)	(1,952)
Interest expenses	2,957	2,255
Settlement package	-	15,000
Compensation for damage	2,703	-
Decrease (increase) in notes and accounts receivable - trade	(419,323)	287,715
Decrease (increase) in inventories	243,723	(19,116)
Increase (decrease) in notes and accounts payable - trade	101,163	(81,901)
Other, net	100,491	(4,320)
Subtotal	1,633,053	2,425,860
Interest and dividend income received	8,949	3,346
Interest paid	(2,957)	(2,255)
Settlement package paid	-	(15,000)
Compensation for damage paid	(2,703)	(3,206)
Income taxes paid	(466,088)	(484,610)
Net cash provided by (used in) operating activities	1,170,252	1,924,134
Cash flows from investing activities		
Payments into time deposits	(7,316)	(2,583)
Purchase of property, plant and equipment	(205,211)	(1,797)
Purchase of intangible assets	(19,636)	(28,028)
Purchase of investment securities	(677)	(689)
Payments for lease and guarantee deposits	(370)	(3,728)
Other	875	1,934
Net cash provided by (used in) investing activities	(232,336)	(34,892)
Cash flows from financing activities		
Purchase of treasury shares	-	(1,739,413)
Cash dividends paid	(149,377)	(166,028)
Other	(20,337)	(19,648)
Net cash provided by (used in) financing activities	(169,715)	(1,925,090)
Effect of exchange rate change on cash and cash equivalents	705	46,068
Net increase (decrease) in cash and cash equivalents	768,906	10,219
Cash and cash equivalents at beginning of period	5,135,866	5,904,772
Cash and cash equivalents at end of period	5,904,772	5,914,992

(5) Notes on consolidated financial statements

(Note on the going-concern assumption)

Not applicable

(Segment information)

#### 1. Summary of Reportable Segments

##### (1) Classification of business reportable segments

The Group's reportable segments are the Company's structural units of which segregated financial information is available and that are subject to a periodical review by the Board of Directors so that allocation of management resources can be determined and financial results can be evaluated.

The Group establishes business divisions by product and by service within the Company. Each business division plans a comprehensive strategy for domestic and overseas businesses regarding products and services handled and conducts business activities.

Consequently, the Group is comprised of segments by product and by service based on the business divisions: Cloud Solutions and Digital Transformation are established as two reportable segments.

##### (2) Product and service line

Cloud Solutions provides services with a focus on development and sale of the enterprise resource planning (ERP) "ZAC" and "Reforma PSA." Digital Transformation provides one-stop services from digital strategy planning of corporate activities to development, management and analysis of the strategy.

#### 2. Calculation method of the amount of each reportable segment's net sales, income (loss), assets, liabilities, and other items

Accounting treatment for reported business segments is almost the same as accounting treatment adopted for the preparation of consolidated financial statements. Profits of reportable segments are on an operating profit basis.

#### 3. Information on Net Sales, Profit/Loss, Assets/Liabilities and Others of Each Reportable Segment

Fiscal Year Ended December 31, 2020

(Thousands of yen)

	Reportable Segment			Adjustments (Note 2)	Consolidated Statements of Income
	Cloud Solution	Digital Transformation	Total		
Net sales					
Sales to external customers	3,058,717	2,182,099	5,240,816	-	5,240,816
Inter-segment sales or transfers	-	-	-	-	-
Total	3,058,717	2,182,099	5,240,816	-	5,240,816
Segment income (note) 1, 3	1,354,242	353,248	1,707,490	-	1,707,490
Identifiable assets	1,038,889	1,195,390	2,234,279	6,374,088	8,608,368
Other items					
Depreciation	69,634	42,987	112,621	-	112,621
Increase in tangible and intangible fixed assets	171,928	8,669	180,598	-	180,598

(note)

1. The Company's common expenses are allocated to each segment by a constant fraction.

2. Adjustments of segment assets are the Company-wide assets that are not being allocated to each reportable segment, and they are mainly cash and deposits.

3. The total segment income corresponds to operating profit in the consolidated statements of income.

Fiscal Year Ended December 31, 2021

(Thousands of yen)

	Reportable Segment			Adjustments (Note 2)	Consolidated Statements of Income
	Cloud Solution	Digital Transformation	Total		
Net sales					
Sales to external customers	3,372,782	2,389,288	5,762,070	-	5,762,070
Inter-segment sales or transfers	-	-	-	-	-
Total	3,372,782	2,389,288	5,762,070	-	5,762,070
Segment income (note) 1, 3	1,578,768	541,658	2,120,427	-	2,120,427
Identifiable assets	859,067	976,709	1,835,777	6,521,792	8,357,570
Other items					
Depreciation	78,944	35,726	114,671	-	114,671
Increase in tangible and intangible fixed assets	56,281	3,879	60,161	-	60,161

(note)

1. The Company's common expenses are allocated to each segment by a constant fraction.

2. Adjustments of segment assets are the Company-wide assets that are not being allocated to each reportable segment, and they are mainly cash and deposits.

3. The total segment income corresponds to operating profit in the consolidated statements of income.

**【Information on impairment losses on fixed assets by reporting segment】**

Fiscal Year Ended December 31, 2020

(Thousands of yen)

	Reportable Segment			Adjustments	Total
	Cloud Solution	Digital Transformation	Total		
Impairment loss	—	5,196	5,196	—	5,196

(note) The amount of the “Digital Transformation Business” relates to office and business assets.

Fiscal Year Ended December 31, 2021

Not applicable



(Information per share)

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021
Net assets per share	434.59 yen	425.79 yen
Earnings per share	71.19 yen	92.08 yen

Note: 1. Diluted earnings per share are not presented because dilutive shares do not exist.

2. The basis for calculating earnings per share is as follows:

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021
Earnings per share		
Profit attributable to owners of parent (thousands of yen)	1,182,080	1,490,724
Amount not attributable to common shareholders (thousands of yen)	-	-
Profit attributable to owners of parent in relation to common shares (thousands of yen)	1,182,080	1,490,724
Average number of shares during the fiscal year (shares)	16,604,112	16,190,253

(Significant subsequent events)

Not applicable