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**ITEMS DISCLOSED ON INTERNET CONCERNING NOTICE OF CONVOCATION OF
THE 24th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Notes to the Consolidated Financial Statements

Notes to the Non-Consolidated Financial Statements

(Fiscal Year Ended December 31, 2021)

ORO Co., Ltd.

Of the documents attached to Notice of Convocation of the 24th Annual General Meeting of Shareholders, Notes to the Consolidated Financial Statements in the Consolidated Financial Statements, and Notes to the Non-Consolidated Financial Statements in the Non-Consolidated Financial Statements have been provided to our shareholders by posting the same on our website (<https://www.oro.com/ja/ir/>) in accordance with laws and regulations and Article 18 of the Articles of Incorporation of ORO Co., Ltd (hereinafter the “Company”).

Notes to the Consolidated Financial Statements

(Notes to Significant Matters Forming the Basis for Preparing Consolidated Financial Statements)

1. Scope of consolidation

Number of consolidated subsidiaries:	10 companies
Names of subsidiaries:	oRo TECHNOLOGY (DALIAN) Co., Ltd. oRo Vietnam Co., Ltd. oRo Malaysia Sdn. Bhd. oRo (Thailand) Co., Ltd. oRo TAIWAN Co., Ltd. DALIAN oRo ADVERTISING Co., Ltd. oRo Miyazaki Co., Ltd. oRo Digital Asia Pte. Ltd. oRo Digital Asia Sdn. Bhd. oRo code MOC Co., Ltd.

2. Application of equity method

An affiliated company not accounted for by the equity method (DO HOUSE Thailand Co., Ltd.) has been excluded from the scope of equity method application since it has a minor impact on the consolidated financial statements in terms of net income or loss (the amount equivalent to equity shareholdings) and retained earnings (the amount equivalent to equity shareholdings), etc., and has no materiality as a whole.

3. Fiscal year, etc. of the consolidated subsidiaries

The balance sheet date of all subsidiaries is December 31, which is the same as the consolidated balance sheet date.

4. Accounting policies

(1) Valuation standards and methods for significant assets

(i) Securities

Other securities:

Securities with market quotations	Securities with market quotations are stated at fair value at the end of the fiscal year. (Unrealized gains or losses are included directly in net assets; costs of securities sold are determined using the moving-average method.)
Securities without market quotations	Securities without market quotations are stated at cost using the moving-average method.
(ii) Inventories		
Work in process	Work in process is stated at cost, which is determined by the specific identification method. (Amount presented on the balance sheets is calculated using the method of reducing book value due to a decline in profitability.)
Raw materials and supplies	Raw materials and supplies are stated at cost, which is determined by the last purchase cost method. (Amount presented on the balance sheets is calculated using the method of reducing book value due to a decline in profitability.)

(2) Depreciation and amortization methods for significant depreciable assets

(i) Property, plant and equipmentProperty, plant and equipment are depreciated using the straight-line method.

The useful lives of assets are principally as follows:

Buildings 3-18 years

Tools, furniture and fixtures 3-10 years

(ii) Intangible assets

Trademark right Trademark right is amortized using the straight-line method over 10 years.

Software for sale Software for sale is amortized by the larger of either the amount based on the estimated sales volume for the effective sales period (three years) or the amount equally allocated over the remaining effective sales period.

Software for internal use Software for internal use is amortized using the straight-line method over its useful life (five years).

(3) Standards for recording significant allowances and provisions

(i) Allowance for doubtful accounts To provide for potential losses on doubtful accounts, allowance for doubtful accounts is provided at the amount computed using the historical bad debt ratio for ordinary receivables, and the estimated uncollectible amount for specific receivables including doubtful accounts receivables after reviewing their collectability on an individual basis.

(ii) Provision for bonuses To prepare for payment of bonuses to employees, provision for bonuses to employees is provided at the estimated amounts of future payments attributable to the fiscal year ended December 31, 2021 (hereinafter the “current fiscal year”).

(iii) Provision for loss on order received To prepare for future losses on orders received, provision for loss on order received is provided at the estimated amount of losses on orders received at the end of the current fiscal year.

5. Other significant matters forming the basis for preparing consolidated financial statements

(1) Standards for recording revenues and expenses

Standards for recording net sales and cost of sales

a. Contracts recognized to hold certainty of outcomes for the portion completed by the end of the current fiscal year Percentage of completion method (Percentage of completion is estimated using the cost-to-cost method)

b. Other contracts Completed contract method

(2) Standards for translating assets and liabilities denominated in foreign currencies into Japanese yen

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing on the balance sheet date, and the resulting translation gains and losses are recognized as income and losses. Assets and liabilities of overseas subsidiaries and others are translated into Japanese yen at the spot exchange rate prevailing on the respective balance sheet date and their income and expenses are translated into Japanese yen at the average exchange rate for the reporting period, and the resulting translation gains and losses are recorded as foreign currency translation adjustment under net assets.

(3) Accounting treatment for consumption tax, etc.

Consumption taxes are accounted for using the tax-excluded method.

(Notes to Changes in Presentation)

(Consolidated statements of income)

“Consumption tax difference,” which was included in “Other” under “Non-operating income” in the previous fiscal year, has been presented as a separate account from the current fiscal year due to its increased financial materiality.

(Application of “Accounting Standard for Disclosure of Accounting Estimates”)

The “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) has been applied to the consolidated financial statements from the current fiscal year, whereby “Notes to Accounting Estimates” have been disclosed in the notes to such statements.

(Notes to Accounting Estimates)

(Estimates of recognition period for revenue from license fees arising from one-time purchase contracts of the cloud ERP system)

- (1) The amount recorded in the consolidated financial statements for the current fiscal year
Sales from license fees arising from one-time purchase contracts of the cloud ERP system
848,700 thousand yen

- (2) Information on significant accounting estimates for the items identified

The license fees arising from one-time purchase contracts of the cloud ERP system, which are recognized as revenue in a lump sum at the time of receipt in the consolidated financial statements for the current fiscal year, will be recognized over a certain period of time in such statements for the following fiscal year as the Company will apply the International Financial Reporting Standards (hereinafter “IFRS”) to such statements.

The cloud ERP system “ZAC” is treated as a single performance obligation because it is provided in a combination of software licensing, maintenance, and related system integration services through which customers can enjoy the benefits of using such ERP system. Of software license fees, those arising from one-time purchase contracts are received by the Company in lump sum at the time of the conclusion of a contract with the customer, which under IFRS will be recognized as revenue over the period during which such fees are estimated to provide material rights to the customer. Specifically, as the one-time purchase fee is approximately equivalent to the 30-month fee of a SaaS contract, the amount of such one-time purchase fee is allocated to the material right and recognized as revenue over the 30 months.

The period during which such one-time purchase fee is estimated to provide material rights to the customer is an accounting estimate that requires management judgement since such period can be shorter than a period of use by the Company’s typical customers as the contract period is not specified in the contracts concluded with customers. If such period needs to be revised due to changes in customer needs and pricing structures, etc., it could cause a significant impact on the consolidated financial statements for the following fiscal year.

(Notes to Consolidated Balance Sheet)

1. Presentation of work in process and provision for loss on order received

The work in process and provision for loss on order received for contracts that are likely to incur losses are not offset but individually presented.

Of the work in process for contracts that are likely to incur losses, the amount corresponding to the provision for loss on order received was 29,809 thousand yen.

(Notes to Consolidated Statements of Changes in Net Assets)

1. Class and total number of shares issued at the end of the current fiscal year

Common stock 16,606,453 shares

2. Class and number of treasury shares at the end of the current fiscal year

Common stock 495,585 shares

Note: Pursuant to the Board of Directors' resolution on February 15, 2021, the Company purchased 500,000 shares of treasury stock. Additionally, the Company disposed of treasury shares for restricted stock compensation. As a result, the number of treasury stock at the end of the current fiscal year was 495,585 shares.

3. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Dividend resource	Total amount of dividends (thousand yen)	Dividend per Share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on March 25, 2021	Common stock	Retained earnings	166,061	10.00	December 31, 2020	March 26, 2021

(2) Dividends with a record date in the current fiscal year but with an effective date in the following fiscal year

The following resolution is scheduled.

Resolution (planned)	Class of shares	Dividend resource	Total amount of dividends (thousand yen)	Dividend per Share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on March 25, 2022	Common stock	Retained earnings	241,663	15.00	December 31, 2021	March 28, 2022

4. The class and number of shares to be issued upon the exercise of stock acquisition rights at the end of the current fiscal year (except for those shares whose first date of exercise period has not passed).

Not applicable

(Notes to Financial Instruments)

1. Status of financial instruments

(1) Policies for financial instruments

The Group manages its funds by investing in high-security deposits and others.

(2) Description of financial instruments and associated risks

Foreign currency deposits are exposed to foreign exchange rate fluctuation risk.

Notes and accounts receivable – trade, which are trade receivables, are exposed to customer credit risk. Investment securities, which are mainly composed of equity securities issued by those who have business relationships with the Group, are exposed to market price fluctuation risk.

Notes and accounts payable – trade, which are trade payables, are due within one year.

(3) Risk management for financial instruments

(i) Monitoring of credit risk (the risk that customers or counterparties may default)

For trade receivables, the Group's Corporate Department monitors the financial status of main customers and counterparties, as well as manages their respective outstanding balances, while making efforts to quickly identify and mitigate risks of bad debts from customers and counterparties who are having financial difficulties.

The Group's maximum exposure to credit risk as of the balance sheet date of the current fiscal year is represented by the consolidated balance sheet values of financial assets that are exposed to credit risk.

(ii) Monitoring of market risk

The Group manages foreign exchange rate fluctuation risk for foreign currency deposits by monitoring exchange rates on a regular basis.

For investment securities, the Group regularly monitors their fair values and financial status of issuers of such securities.

(iii) Management of liquidity risk (the risk of being unable to make payments on due dates) related to financing

The Group's Corporate Department manages liquidity risk by, among others, preparing and updating cash flow plans in a timely manner.

(4) Supplementary explanation for matters concerning the fair values of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. As various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different fair value.

(5) Concentration of credit risk

As of the balance sheet date of the current fiscal year, 22.8% of the trade receivables were due from the Group's largest and second largest customers.

2. Estimated fair value, etc. of financial instruments

The carrying value on the consolidated balance sheet, their estimated fair value, and the difference between them as of December 31, 2021 (the balance sheet date of the current fiscal year) are as follows:

(Thousands of yen)

	Carrying value*	Estimated fair value*	Difference
(1) Cash and deposits	6,350,145	6,350,145	—
(2) Notes and accounts receivable – trade	1,060,753	1,060,753	—
(3) Investment securities	12,500	12,500	—
(4) Notes and accounts payable – trade	(208,009)	(208,009)	—
(5) Income taxes payable	(447,760)	(447,760)	—

* Items recognized as liabilities are presented in parentheses.

Note: Valuation method for financial instruments and matters concerning investment securities and derivatives

(1) Cash and deposits and (2) Notes and accounts receivable – trade

These items are valued at book value because their fair value approximates the book value since these items are settled in a short period of time.

(3) Investment securities

The fair value of investment securities is based on the quoted market prices for listed shares.

(4) Notes and accounts payable – trade and (5) Income taxes payable, etc.

These items are valued at book value because their fair value approximates the book value since these items are settled in a short period of time.

(Notes to Information Per Share)

Net assets per share 425.79 yen

Earnings per share 92.08 yen

(Notes to Significant Subsequent Events)

Not applicable

Notes to the Non-Consolidated Financial Statements

(Significant Accounting Policies)

1. Valuation standards and methods for significant assets

(1) Valuation standards and methods for securities

(i) Shares of Shares of subsidiaries are carried at cost by the moving-average method.
subsidiaries

(ii) Other securities

Securities with Securities with market quotations are stated at fair value at the end of the
market quotations fiscal year. (Unrealized gains or losses are included directly in net assets;
costs of securities sold are determined using the moving-average method.)

Securities without..... Securities without market quotations are stated at cost using the moving-
market quotations average method.

(2) Valuation standards and methods for inventories

(i) Work in Work in process is stated at cost, which is determined by the specific
process identification method. (Amount presented on the balance sheets is
calculated using the method of reducing book value due to a decline in
profitability.)

(ii) Supplies Supplies are stated at cost, which is determined by the last purchase cost
method. (Amount presented on the balance sheets is calculated using the
method of reducing book value due to a decline in profitability.)

2. Depreciation and amortization methods for tangible assets

(1) Property, plant and Property, plant and equipment are depreciated using the
equipment straight-line method.

The useful lives of assets are principally as follows:

Buildings	8-18 years
Tools, furniture and fixtures	3-10 years

(2) Intangible assets

(i) Trademark right Trademark right is amortized using the straight-line method over 10
years.

(ii) Software for Software for sale is amortized by the larger of either the amount based
sale on the estimated sales volume for the effective sales period (three
years) or the amount equally allocated over the remaining effective
sales period.

(iii) Software for Software for internal use is amortized using the straight-line method
internal use over its useful life (five years).

3. Standards for recording allowances and provisions

- (1) Allowance for doubtful accountsTo provide for potential losses on doubtful accounts, allowance for doubtful accounts is provided at the amount computed using the historical bad debt ratio for ordinary receivables, and the estimated uncollectible amount for specific receivables including doubtful accounts receivables after reviewing their collectability on an individual basis.
- (2) Provision for bonusesTo prepare for payment of bonuses to employees, provision for bonuses to employees is provided at the estimated amounts of future payments attributable to the current fiscal year.
- (3) Provision for loss on order receivedTo provide for future losses on orders received, provision for loss on order received is provided at the estimated amount of losses on orders received at the end of the current fiscal year.

4. Standards for recording revenues and expenses

Standards for recording net sales and cost of sales

- (i) Contracts recognized to hold certainty of outcomes for the portion completed by the end of the current fiscal year Percentage of completion method (Percentage of completion is estimated using the cost-to-cost method)
- (ii) Other contracts Completed contract method

5. Other significant matters forming the basis for preparing financial statements

Accounting treatment for consumption tax, etc.

Consumption taxes are accounted for using the tax-excluded method.

(Notes to Changes in Presentation)

The “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) has been applied to the financial statements from the current fiscal year, whereby “Notes to Accounting Estimates” have been disclosed in such statements.

(Notes to Accounting Estimates)

(Estimates of recognition period for revenue from license fees arising from one-time purchase contracts of the cloud ERP system)

(1) The amount recorded in the financial statements for the current fiscal year

Sales from license fees arising from one-time purchase contracts of the cloud ERP system
848,700 thousand yen

(2) Information on significant accounting estimates for the items identified

The license fees arising from one-time purchase contracts of the cloud ERP system, which are recognized as revenue in a lump sum at the time of receipt in the financial statements for the current fiscal year, will be recognized over a certain period of time in such statements for the following fiscal year as the Company will apply “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No.30, March 31, 2020) to such statements.

Other information that contributes to the understanding of significant accounting estimates is the same as described in “Notes to Accounting Estimates” in the notes to the consolidated financial statements.

(Notes to Balance Sheet)

1. Presentation of work in process and provision for loss on order received

The work in process and provision for loss on order received for contracts that are likely to incur losses are not offset but individually presented.

Of the work in process for contracts that are likely to incur losses, the amount corresponding to the provision for loss on order received was 33,488 thousand yen.

2. Receivables from and payables to affiliated companies

Short-term receivables 9,838 thousand yen

Short-term payables 65,649 thousand yen

The receivables and payables that were separately presented are excluded from the above list.

(Notes to Statements of Income)

Transactions with affiliated companies

Operating transactions

Sales 1,498 thousand yen

Purchases 586,455 thousand yen

Other non-operating
transactions 1,700 thousand yen

(Notes to Statements of Changes in Net Assets)

Class and number of treasury shares at the end of the current fiscal year

Common stock 495,585 shares

Note: Pursuant to the Board of Directors' resolution on February 15, 2021, the Company purchased 500,000 shares of treasury stock. Additionally, the Company disposed of treasury shares for restricted stock compensation. As a result, the number of treasury stock at the end of the current fiscal year was 495,585 shares.

(Notes to Tax Effect Accounting)

The deferred tax assets were primarily the result of accrued enterprise tax, denial of valuation loss on shares of subsidiaries and affiliated companies, etc.

(Notes to Related Party Transactions)

1. Directors and major shareholders, etc.

(Thousands of yen)

Type	Name of company, etc. or individual	Address	Capital or investment	Business or occupation	Ratio of voting rights, etc. (held) (%)	Relationship with related party	Type of transaction	Transaction amount (Note 1)	Accounting title	Ending balance (Note 1)
Major shareholders (Individuals)	Atsushi Kawata	–	–	CEO of the Company	(held) Direct 38.74	CEO of the Company	Purchase of treasury shares (Note 2)	932,690	–	–
Major shareholders (Individuals)	Yasuhisa Hino	–	–	Senior Managing Director of the Company	(held) Direct 19.28	Senior Managing Director of the Company	Purchase of treasury shares (Note 2)	464,955	–	–
Company, etc. whose majority of voting rights are held by directors and their close relatives	DECOBOCO BASE Co., Ltd. (Note 3)	Minato-ku Tokyo	9,501	Disability support business Nursing and education business	–	System Construction Server operation Interlocking directorate	System integration Server management (Note 4)	118,342	Accounts receivable - trade	11,382

Transaction conditions and policies for determining such conditions, etc.

Note 1: Consumption taxes are not included in the transaction amount, but are included in the ending balance.

Note 2: The treasury shares were purchased pursuant to the Board of Directors' resolution on February 15, 2021 through off-auction own share repurchase trading (ToSTNeT-3) at the closing price of the previous trading day.

Note 3: Happy Terrace Co., Ltd. changed its name to DECOBOCO BASE Co., Ltd. in October 2021.

Note 4: Prices and other transaction conditions are determined through price negotiations based on an asking price offered by the Company in light of prevailing market prices.

2. Subsidiaries, etc.

(Thousands of yen)

Type	Name of company, etc. or individual	Ratio of voting rights, etc. (%)	Relationship with related party	Type of transaction (Note 1)	Transaction amount (Note 2)	Accounting title	Ending balance (Note 2)
Subsidiaries	oRo Miyazaki Co., Ltd.	Direct 100.0	Entity entrusted with the Company's customer support services, etc.	Customer support services, etc.	363,066	Accounts payable – trade	32,956
			Concurrent positions of officers			Accounts payable – other	3,194

Transaction conditions and policies for determining such conditions, etc.

Note 1: Prices and other transaction conditions are determined through mutual consultation after the Company receives an offer made by its subsidiary based on certain calculations.

Note 2: Consumption taxes are not included in the transaction amount, but are included in the ending balance.

(Notes to Information Per Share)

Net assets per share	399.25 yen
Earnings per share	89.03 yen

(Notes to Significant Subsequent Events)

Not applicable