

Translation

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**Summary of Consolidated Financial Results
for the Three Months Ended March 31, 2022
(Based on IFRS)**

May 16, 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 file Quarterly Securities Report: May 16, 2022
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2022	1,393	3.6	486	(8.7)	504	(6.9)	353	(2.2)
Three months ended March 31, 2021	1,345	-	532	-	542	-	361	-
	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share		Diluted earnings per share	
	Millions of yen	%	Millions of yen	%	Yen		Yen	
Three months ended March 31, 2022	348	(4.0)	377	(0.3)	21.63		-	
Three months ended March 31, 2021	363	-	378	-	22.10		-	

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of March 31, 2022	9,052	6,048	6,043	66.8
As of December 31, 2021	9,347	5,908	5,908	63.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2021	-	0.00	-	15.00	15.00
Year ending December 31, 2022	-	-	-	-	-
Year ending December 31, 2022 (Forecast)	-	0.00	-	15.00	15.00

Note: Revisions to most recently released dividend forecast : None

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

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,180	11.8	2,050	1.1	2,050	0.9	1,435	0.8	1,435	0.8	89.07

Note: Revisions to most recently released earnings forecast : None

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 and changes in accounting estimates
- Changes in accounting principles required by IFRS: None
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: None

(3) Number of issued shares (common shares)

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

As of March 31, 2022	16,606,453 shares	As of December 31, 2021	16,606,453 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	495,585 shares	As of December 31, 2021	495,585 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2022	16,110,868 shares	Three months ended March 31, 2021	16,433,899 shares
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* 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.

(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. Condensed quarterly consolidated financial statement and key notes

(1) Condensed quarterly consolidated statement of financial position

(Thousands of yen)

	As of December 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	5,914,992	5,687,111
Trade and other receivables	1,111,675	1,139,781
Contract assets	204,700	186,286
Other financial assets	435,525	463,705
Other current assets	69,311	72,969
Total current assets	7,736,205	7,549,854
Non-current assets		
Property, plant and equipment	913,619	865,878
Intangible assets	45,722	53,540
Other financial assets	111,253	102,076
Deferred tax assets	517,688	452,223
Other non-current assets	23,350	29,167
Total non-current assets	1,611,635	1,502,886
Total assets	9,347,841	9,052,741

(Thousands of yen)

	As of December 31, 2021	As of March 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	375,096	235,000
Contract liabilities	1,474,343	1,580,772
Lease liabilities	184,826	186,538
Income tax payables	416,396	84,514
Provisions	4,934	3,835
Other current liabilities	444,772	414,111
Total current liabilities	2,900,370	2,504,772
Non-current liabilities		
Lease liabilities	411,925	366,652
Provisions	127,133	132,490
Total non-current liabilities	539,058	499,143
Total liabilities	3,439,428	3,003,915
Equity		
Capital stock	1,193,528	1,193,528
Capital surplus	1,095,407	1,095,476
Treasury shares	(1,727,465)	(1,723,285)
Retained earnings	5,300,180	5,412,544
Other components of equity	47,195	65,709
Equity attributable to owners of the parent	5,908,847	6,043,973
Non-controlling interests	(434)	4,852
Total equity	5,908,412	6,048,825
Total liabilities and equity	9,347,841	9,052,741

(2) Condensed quarterly consolidated statement of income and consolidated statement of comprehensive income

Condensed quarterly consolidated statement of income

(Thousands of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Revenue	1,345,478	1,393,346
Cost of sales	465,164	497,368
Gross profit	880,314	895,977
Selling, general and administrative expenses	326,668	409,875
Research and development	22,821	11,152
Other income	1,332	11,194
Other expenses	4	102
Operating profit	532,153	486,041
Finance income	13,445	19,951
Finance costs	3,592	1,523
Profit before tax	542,006	504,469
Income tax expenses	180,570	150,863
Profit	361,435	353,606
Profit attributable to:		
Owners of parent	363,129	348,518
Non-controlling interests	△1,693	5,087
Profit	361,435	353,606
Earnings per share		
Basic earnings per share (Yen)	22.10	21.63
Diluted earnings per share (Yen)	-	-

Condensed quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Profit	361,435	353,606
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	(2,083)	1,266
Total of items that will not be reclassified to profit or loss	(2,083)	1,266
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	19,464	22,954
Total of items that may be reclassified subsequently to profit or loss	19,464	22,954
Other comprehensive income, net of taxes	17,380	24,221
Comprehensive income	378,816	377,828
Attributable to:		
Owners of the parent	380,534	372,540
Non-controlling interests	(1,718)	5,287
Comprehensive income	378,816	377,828

(3) Condensed quarterly consolidated statement of changes in equity

Three months ended March 31, 2021

(Thousands of yen)

	Equity attributable to owners of parent			
	Capital stock	Capital surplus	Treasury shares	Retained earnings
Balance on January 1, 2021	1,191,403	1,093,077	(942)	4,042,203
Profit				363,129
Other comprehensive income				
Total comprehensive income	-	-	-	363,129
Restricted Stock-based payment transactions	2,124	2,124		
Dividends				(166,061)
Purchase of treasury shares			(1,737,500)	
Total transactions with owners	2,124	2,124	(1,737,500)	(166,061)
Balance on March 31, 2021	1,193,528	1,095,202	(1,738,442)	4,239,271

	Equity attributable to owners of parent					
	Other components of equity					
	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Total	Total	Non-controlling interests	Equity
Balance on January 1, 2021	7,523	505	8,029	6,333,772	(180)	6,333,591
Profit				363,129	(1,693)	361,435
Other comprehensive income	(2,083)	19,489	17,405	17,405	(24)	17,380
Total comprehensive income	(2,083)	19,489	17,405	380,534	(1,718)	378,816
Restricted Stock-based payment transactions				4,249		4,249
Dividends				(166,061)		(166,061)
Purchase of treasury shares				(1,737,500)		(1,737,500)
Total transactions with owners	-	-	-	(1,899,311)	-	(1,899,311)
Balance on March 31, 2021	5,440	19,994	25,435	4,814,994	(1,898)	4,813,096

Three months ended March 31, 2022

(Thousands of yen)

	Equity attributable to owners of parent			
	Capital stock	Capital surplus	Treasury shares	Retained earnings
Balance on January 1, 2022	1,193,528	1,095,407	(1,727,465)	5,300,180
Profit				348,518
Other comprehensive income				
Total comprehensive income	-	-	-	348,518
Restricted Stock-based payment transactions		68	4,179	
Dividends				(241,663)
Transfer from other components of equity to retained earnings				5,508
Total transactions with owners	-	68	4,179	(236,154)
Balance on March 31, 2022	1,193,528	1,095,476	(1,723,285)	5,412,544

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Equity
Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Total				
Balance on January 1, 2022	4,241	42,954	47,195	5,908,847	(434)	5,908,412
Profit				348,518	5,087	353,606
Other comprehensive income	1,266	22,755	24,021	24,021	199	24,221
Total comprehensive income	1,266	22,755	24,021	372,540	5,287	377,828
Restricted Stock-based payment transactions				4,248		4,248
Dividends				(241,663)		(241,663)
Transfer from other components of equity to retained earnings	(5,508)		(5,508)	-		-
Total transactions with owners	(5,508)	-	(5,508)	(237,414)	-	(237,414)
Balance on March 31, 2022	-	65,709	65,709	6,043,973	4,852	6,048,825

(4) Condensed quarterly consolidated statements of cash flows

(Thousands of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	542,006	504,469
Depreciation and amortization	74,199	73,564
Finance income	(730)	(477)
Finance costs	1,238	1,046
Decrease (increase) in trade and other receivables	290,070	(23,671)
Decrease (increase) in contract assets	(8,010)	18,810
Increase (decrease) in trade and other payables	(212,104)	(109,122)
Increase (decrease) in contract liabilities	27,312	105,500
Increase (decrease) in provision	(3,989)	(1,229)
Other	(17,952)	(67,135)
Subtotal	692,040	501,755
Interest received	1,573	361
Interest paid	(1,238)	(1,046)
Income taxes paid	(257,221)	(418,285)
Cash flows from operating activities	435,153	82,784
Cash flows from investing activities		
Payments into time deposits	(1,256)	(278)
Purchase of property, plant and equipment	(839)	(46,287)
Purchase of intangible assets	(3,560)	(11,529)
Purchase of securities	(149)	(49)
Proceeds from sales of securities	-	14,375
Payments for lease and guarantee deposits	-	(3,055)
Other	1,308	131
Cash flows from investing activities	(4,497)	(46,694)
Cash flows from financing activities		
Repayments of lease liabilities	(44,620)	(46,738)
Cash dividends paid	(165,575)	(240,891)
Purchase of treasury shares	(1,739,413)	-
Cash flows from financing activities	(1,949,609)	(287,630)
Net increase (decrease) in cash and cash equivalents	(1,518,953)	(251,539)
Cash and cash equivalents at beginning of period	5,904,772	5,914,992
Effect of exchange rate change on cash and cash equivalents	20,356	23,659
Cash and cash equivalents at end of period	4,406,175	5,687,111

(5) Notes on condensed quarterly consolidated financial statements

(Note on the going-concern assumption)

Not applicable

(Segment information)

Revenues and results for each reportable segment of the Group are as follows:

Three months ended March 31, 2021

	Reportable Segment			Adjustments (Note 1)	(Thousands of yen) Consolidated
	Cloud Solution	Digital Transformation	Total		
Revenue					
Revenue from external customers	741,630	603,848	1,345,478	-	1,345,478
Intersegment revenue	-	-	-	-	-
Total	741,630	603,848	1,345,478	-	1,345,478
Segment income	352,296	178,528	530,824	1,328	532,153
Finance income					13,445
Finance costs					3,592
Profit before tax					542,006
Other					
Depreciation and amortization	57,070	17,129	74,199	-	74,199

(Note)

1. The adjustment of 1,328 thousand yen to segment income mainly consists of “Other income” and “Other expense” that are not attributable to any reportable segment.
2. Segment income corresponds to operating profit in the consolidated statements of income.
3. Segment assets, segment liabilities, and capital expenditures are not presented since they are not subject to a review to determine the allocation of management resources and evaluate financial results.

Three months ended March 31, 2022

	Reportable Segment			Adjustments (Note 1)	(Thousands of yen) Consolidated
	Cloud Solution	Digital Transformation	Total		
Revenue					
Revenue from external customers	797,719	595,627	1,393,346	-	1,393,346
Intersegment revenue	-	-	-	-	-
Total	797,719	595,627	1,393,346	-	1,393,346
Segment income	338,756	136,192	474,949	11,091	486,041
Finance income					19,951
Finance costs					1,523
Profit before tax					504,469
Other					
Depreciation and amortization	43,324	30,239	73,564	-	73,564

(Note)

1. The adjustment of 11,091 thousand yen to segment income mainly consists of “Other income” and “Other expense” that are not attributable to any reportable segment.
2. Segment income corresponds to operating profit in the consolidated statements of income.
3. Segment assets, segment liabilities, and capital expenditures are not presented since they are not subject to a review to determine the allocation of management resources and evaluate financial results.

(Subsequent events)

Cancellation of Treasury Shares

At its Board of Directors meeting held on April 14, 2022, pursuant to the provisions of Article 178 of the Companies Act, the Company resolved to cancel its treasury shares, and carried out the cancellation as described below.

- | | |
|---|--|
| 1. Type of shares cancelled | Common stock |
| 2. Total number of shares cancelled | 450,000shares
(Equivalent to 2.71% of the issued common shares before the cancellation) |
| 3. Date of cancellation | April 28, 2022 |
| 4. Total number of issued shares after the cancellation | 16,156,453shares (including treasury shares) |