

Translation

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Summary of Consolidated Financial Results
for the Six Months Ended June 30, 2022
(Based on IFRS)

August 15, 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: August 15, 2022
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 six months ended June 30, 2022 (from January 1, 2022 to June 30, 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	%
Six months ended June 30, 2022	2,859	6.0	936	(6.2)	1,007	0.6	691	1.7
Six months ended June 30, 2021	2,697	-	997	-	1,000	-	680	-
	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	
Six months ended June 30, 2022	684	0.2	741	5.5	42.51		-	
Six months ended June 30, 2021	683	-	703	-	42.01		-	

(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 June 30, 2022	9,544	6,416	6,409	67.2
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	-	0.00	-	-	-
Year ending December 31, 2022 (Forecast)	-	-	-	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 June 30, 2022	16,156,453 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 June 30, 2022	39,299 shares	As of December 31, 2021	495,544 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2022	16,113,299 shares	Six months ended June 30, 2021	16,270,937 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 June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	5,914,992	6,387,259
Trade and other receivables	1,111,675	859,585
Contract assets	204,700	301,143
Other financial assets	435,525	518,216
Other current assets	69,311	70,678
Total current assets	<u>7,736,205</u>	<u>8,136,883</u>
Non-current assets		
Property, plant and equipment	913,619	838,946
Intangible assets	45,722	52,272
Other financial assets	111,253	102,383
Deferred tax assets	517,688	388,172
Other non-current assets	23,350	26,236
Total non-current assets	<u>1,611,635</u>	<u>1,408,011</u>
Total assets	<u><u>9,347,841</u></u>	<u><u>9,544,895</u></u>

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	375,096	289,440
Contract liabilities	1,474,343	1,591,002
Lease liabilities	184,826	196,939
Income tax payables	416,396	182,599
Provisions	4,934	11,395
Other current liabilities	444,772	374,874
Total current liabilities	2,900,370	2,646,252
Non-current liabilities		
Lease liabilities	411,925	349,628
Provisions	127,133	132,444
Total non-current liabilities	539,058	482,073
Total liabilities	3,439,428	3,128,325
Equity		
Capital stock	1,193,528	1,193,528
Capital surplus	1,095,407	1,095,202
Treasury shares	(1,727,465)	(152,719)
Retained earnings	5,300,180	4,182,596
Other components of equity	47,195	91,181
Equity attributable to owners of the parent	5,908,847	6,409,788
Non-controlling interests	(434)	6,780
Total equity	5,908,412	6,416,569
Total liabilities and equity	9,347,841	9,544,895

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

Condensed quarterly consolidated statement of income

Six months ended June 30, 2021 and 2022

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Revenue	2,697,739	2,859,080
Cost of sales	1,001,152	1,083,594
Gross profit	1,696,586	1,775,485
Selling, general and administrative expenses	665,494	826,121
Research and development	42,490	25,482
Other income	9,087	12,401
Other expenses	26	130
Operating profit	997,662	936,153
Finance income	6,428	74,014
Finance costs	3,345	3,009
Profit before tax	1,000,744	1,007,159
Income tax expenses	320,157	315,280
Profit	680,587	691,879
Profit attributable to:		
Owners of parent	683,488	684,988
Non-controlling interests	(2,901)	6,891
Profit	680,587	691,879
Earnings per share		
Basic earnings per share (Yen)	42.01	42.51
Diluted earnings per share (Yen)	-	-

Three months ended June 30, 2021 and 2022

(Thousands of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Revenue	1,352,260	1,465,733
Cost of sales	535,987	586,225
Gross profit	816,272	879,508
Selling, general and administrative expenses	338,826	416,245
Research and development	19,669	14,329
Other income	7,754	1,207
Other expenses	22	28
Operating profit	465,508	450,112
Finance income	(7,017)	54,063
Finance costs	(247)	1,486
Profit before tax	458,738	502,689
Income tax expenses	139,586	164,417
Profit	319,151	338,272
Profit attributable to:		
Owners of parent	320,359	336,469
Non-controlling interests	(1,208)	1,803
Profit	319,151	338,272
Earnings per share		
Basic earnings per share (Yen)	19.89	20.88
Diluted earnings per share (Yen)	-	-

Condensed quarterly consolidated statement of comprehensive income

Six months ended June 30, 2021 and 2022

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	680,587	691,879
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	(2,862)	1,266
Total of items that will not be reclassified to profit or loss	(2,862)	1,266
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	25,520	48,552
Total of items that may be reclassified subsequently to profit or loss	25,520	48,552
Other comprehensive income, net of taxes	22,658	49,818
Comprehensive income	703,245	741,697
Attributable to:		
Owners of the parent	706,097	734,482
Non-controlling interests	(2,851)	7,215
Comprehensive income	703,245	741,697

Three months ended June 30, 2021 and 2022

(Thousands of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	319,151	338,272
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	(778)	-
Total of items that will not be reclassified to profit or loss	(778)	-
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	6,056	25,597
Total of items that may be reclassified subsequently to profit or loss	6,056	25,597
Other comprehensive income, net of taxes	5,277	25,597
Comprehensive income	324,428	363,869
Attributable to:		
Owners of the parent	325,562	361,941
Non-controlling interests	(1,133)	1,927
Comprehensive income	324,428	363,869

(3) Condensed quarterly consolidated statement of changes in equity

Six months ended June 30, 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				683,488
Other comprehensive income				
Total comprehensive income	-	-	-	683,488
Restricted Stock-based payment transactions	2,124	2,193	4,179	
Dividends				(166,061)
Purchase of treasury shares			(1,738,902)	
Total transactions with owners	2,124	2,193	(1,734,723)	(166,061)
Balance on June 30, 2021	1,193,528	1,095,270	(1,735,665)	4,559,630

	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				683,488	(2,901)	680,587
Other comprehensive income	(2,862)	25,470	22,608	22,608	49	22,658
Total comprehensive income	(2,862)	25,470	22,608	706,097	(2,851)	703,245
Restricted Stock-based payment transactions				8,497		8,497
Dividends				(166,061)		(166,061)
Purchase of treasury shares				(1,738,902)		(1,738,902)
Total transactions with owners	-	-	-	(1,896,466)	-	(1,896,466)
Balance on June 30, 2021	4,661	25,976	30,637	5,143,402	(3,032)	5,140,369

Six months ended June 30, 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				684,988
Other comprehensive income				
Total comprehensive income	-	-	-	684,988
Restricted Stock-based payment transactions		(205)	9,645	(1,317)
Dividends				(241,663)
Cancellation of treasury shares			1,565,100	(1,565,100)
Transfer from other components of equity to retained earnings				5,508
Total transactions with owners	-	(205)	1,574,745	(1,802,572)
Balance on June 30, 2022	1,193,528	1,095,202	(152,719)	4,182,596

	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				684,988	6,891	691,879
Other comprehensive income	1,266	48,227	49,494	49,494	324	49,818
Total comprehensive income	1,266	48,227	49,494	734,482	7,215	741,697
Restricted Stock-based payment transactions				8,121		8,121
Dividends				(241,663)		(241,663)
Cancellation of treasury shares				-		-
Transfer from other components of equity to retained earnings	(5,508)		(5,508)	-		-
Total transactions with owners	(5,508)	-	(5,508)	(233,541)	-	(233,541)
Balance on June 30, 2022	-	91,181	91,181	6,409,788	6,780	6,416,569

(4) Condensed quarterly consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,000,744	1,007,159
Depreciation and amortization	143,000	149,243
Finance income	(1,180)	(1,640)
Finance costs	2,456	2,025
Decrease (increase) in trade and other receivables	703,705	262,031
Decrease (increase) in contract assets	(40,711)	(95,739)
Increase (decrease) in trade and other payables	(57,967)	(56,221)
Increase (decrease) in contract liabilities	(25,506)	114,706
Increase (decrease) in provision	(8,422)	6,201
Other	(95,659)	(151,368)
Subtotal	1,620,459	1,236,398
Interest received	2,372	721
Dividends received	56	63
Interest paid	(2,456)	(2,025)
Income taxes paid	(255,714)	(420,165)
Cash flows from operating activities	1,364,718	814,992
Cash flows from investing activities		
Payments into time deposits	(1,925)	(573)
Purchase of property, plant and equipment	(986)	(47,829)
Purchase of intangible assets	(8,659)	(13,925)
Purchase of securities	(346)	(49)
Proceeds from sales of securities	-	14,375
Payments for lease and guarantee deposits	(3,611)	(3,055)
Other	1,394	134
Cash flows from investing activities	(14,135)	(50,923)
Cash flows from financing activities		
Repayments of lease liabilities	(90,020)	(96,464)
Cash dividends paid	(166,020)	(241,539)
Purchase of treasury shares	(1,739,413)	-
Cash flows from financing activities	(1,995,454)	(338,003)
Net increase (decrease) in cash and cash equivalents	(644,872)	426,064
Cash and cash equivalents at beginning of period	5,904,772	5,914,992
Effect of exchange rate change on cash and cash equivalents	26,908	46,202
Cash and cash equivalents at end of period	5,286,809	6,387,259

(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:

Six months ended June 30, 2021

	Reportable Segment			Adjustments (Note 1)	(Thousands of yen) Consolidated
	Cloud Solution	Digital Transformation	Total		
Revenue					
Revenue from external customers	1,561,758	1,135,980	2,697,739	-	2,697,739
Intersegment revenue	-	-	-	-	-
Total	1,561,758	1,135,980	2,697,739	-	2,697,739
Segment income	744,627	243,973	988,601	9,060	997,662
Finance income					6,428
Finance costs					3,345
Profit before tax					1,000,744
Other					
Depreciation and amortization	80,584	62,416	143,000	-	143,000

(Note)

1. The adjustment of 9,060 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.

Six months ended June 30, 2022

	Reportable Segment			Adjustments (Note 1)	(Thousands of yen) Consolidated
	Cloud Solution	Digital Transformation	Total		
Revenue					
Revenue from external customers	1,684,920	1,174,159	2,859,080	-	2,859,080
Intersegment revenue	-	-	-	-	-
Total	1,684,920	1,174,159	2,859,080	-	2,859,080
Segment income	754,115	169,767	923,882	12,271	936,153
Finance income					74,014
Finance costs					3,009
Profit before tax					1,007,159
Other					
Depreciation and amortization	91,368	57,874	149,243	-	149,243

(Note)

1. The adjustment of 12,271 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 June 30, 2021

	Reportable Segment			Adjustments (Note 1)	(Thousands of yen)
	Cloud Solution	Digital Transformation	Total		Consolidated
Revenue					
Revenue from external customers	820,128	532,132	1,352,260	-	1,352,260
Intersegment revenue	-	-	-	-	-
Total	820,128	532,132	1,352,260	-	1,352,260
Segment income	392,331	65,445	457,776	7,731	465,508
Finance income					(7,017)
Finance costs					(247)
Profit before tax					458,738
Other					
Depreciation and amortization	23,513	45,287	68,801	-	68,801

(Note)

1. The adjustment of 7,731 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 June 30, 2022

	Reportable Segment			Adjustments (Note 1)	(Thousands of yen)
	Cloud Solution	Digital Transformation	Total		Consolidated
Revenue					
Revenue from external customers	887,201	578,532	1,465,733	-	1,465,733
Intersegment revenue	-	-	-	-	-
Total	887,201	578,532	1,465,733	-	1,465,733
Segment income	415,358	33,574	448,933	1,179	450,112
Finance income					54,063
Finance costs					1,486
Profit before tax					502,689
Other					
Depreciation and amortization	48,043	27,635	75,679	-	75,679

(Note)

1. The adjustment of 1,179 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.