

Translation

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

November 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 file Quarterly Securities Report: November 14, 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 nine months ended September 30, 2022 (from January 1, 2022 to September 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	%
Nine months ended September 30, 2022	4,461	9.7	1,529	3.7	1,640	10.9	1,131	12.5
Nine months ended September 30, 2021	4,066	-	1,474	-	1,479	-	1,005	-
	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	
Nine months ended September 30, 2022	1,124	11.6	1,183	15.0	69.80		-	
Nine months ended September 30, 2021	1,007	-	1,028	-	62.13		-	

(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 September 30, 2022	9,757	6,862	6,856	70.3
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 September 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 September 30, 2022	39,299 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)

Nine months ended September 30, 2022	16,114,598 shares	Nine months ended September 30, 2021	16,217,005 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 September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	5,914,992	6,194,884
Trade and other receivables	1,111,675	1,209,064
Contract assets	204,700	349,269
Other financial assets	435,525	592,613
Other current assets	69,311	101,547
Total current assets	7,736,205	8,447,379
Non-current assets		
Property, plant and equipment	913,619	806,490
Intangible assets	45,722	50,506
Other financial assets	111,253	102,394
Deferred tax assets	517,688	321,579
Other non-current assets	23,350	29,644
Total non-current assets	1,611,635	1,310,614
Total assets	9,347,841	9,757,994

(Thousands of yen)

	As of December 31, 2021	As of September 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	375,096	299,162
Contract liabilities	1,474,343	1,579,286
Lease liabilities	184,826	190,612
Income tax payables	416,396	21,198
Provisions	4,934	2,938
Other current liabilities	444,772	357,690
Total current liabilities	2,900,370	2,450,890
Non-current liabilities		
Lease liabilities	411,925	312,472
Provisions	127,133	132,310
Total non-current liabilities	539,058	444,783
Total liabilities	3,439,428	2,895,673
Equity		
Capital stock	1,193,528	1,193,528
Capital surplus	1,095,407	1,095,202
Treasury shares	(1,727,465)	(147,254)
Retained earnings	5,300,180	4,620,861
Other components of equity	47,195	93,947
Equity attributable to owners of the parent	5,908,847	6,856,285
Non-controlling interests	(434)	6,035
Total equity	5,908,412	6,862,321
Total liabilities and equity	9,347,841	9,757,994

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

Condensed quarterly consolidated statement of income

Nine months ended September 30, 2021 and 2022

(Thousands of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Revenue	4,066,256	4,461,496
Cost of sales	1,521,009	1,653,502
Gross profit	2,545,247	2,807,994
Selling, general and administrative expenses	1,020,991	1,256,129
Research and development	60,591	35,303
Other income	11,215	12,689
Other expenses	27	221
Operating profit	1,474,852	1,529,029
Finance income	9,989	116,496
Finance costs	4,904	4,560
Profit before tax	1,479,937	1,640,964
Income tax expenses	474,523	509,788
Profit	1,005,414	1,131,176
Profit attributable to:		
Owners of parent	1,007,541	1,124,846
Non-controlling interests	(2,127)	6,329
Profit	1,005,414	1,131,176
Earnings per share		
Basic earnings per share (Yen)	62.13	69.80
Diluted earnings per share (Yen)	-	-

Three months ended September 30, 2021 and 2022

(Thousands of yen)

	Three months ended September 30, 2021	Three months ended September 30, 2022
Revenue	1,368,517	1,602,415
Cost of sales	519,856	569,907
Gross profit	848,660	1,032,508
Selling, general and administrative expenses	355,497	430,008
Research and development	18,100	9,820
Other income	2,128	287
Other expenses	0	91
Operating profit	477,190	592,875
Finance income	3,561	42,481
Finance costs	1,558	1,551
Profit before tax	479,193	633,804
Income tax expenses	154,365	194,508
Profit	324,827	439,296
Profit attributable to:		
Owners of parent	324,052	439,857
Non-controlling interests	774	(561)
Profit	324,827	439,296
Earnings per share		
Basic earnings per share (Yen)	20.11	27.29
Diluted earnings per share (Yen)	-	-

Condensed quarterly consolidated statement of comprehensive income

Nine months ended September 30, 2021 and 2022

(Thousands of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Profit	1,005,414	1,131,176
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	(3,470)	1,266
Total of items that will not be reclassified to profit or loss	(3,470)	1,266
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	26,809	51,133
Total of items that may be reclassified subsequently to profit or loss	26,809	51,133
Other comprehensive income, net of taxes	23,338	52,399
Comprehensive income	1,028,752	1,183,576
Attributable to:		
Owners of the parent	1,030,780	1,177,106
Non-controlling interests	(2,027)	6,469
Comprehensive income	1,028,752	1,183,576

Three months ended September 30, 2021 and 2022

(Thousands of yen)

	Three months ended September 30, 2021	Three months ended September 30, 2022
Profit	324,827	439,296
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	(608)	-
Total of items that will not be reclassified to profit or loss	(608)	-
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	1,288	2,581
Total of items that may be reclassified subsequently to profit or loss	1,288	2,581
Other comprehensive income, net of taxes	680	2,581
Comprehensive income	325,507	441,878
Attributable to:		
Owners of the parent	324,682	442,623
Non-controlling interests	824	(745)
Comprehensive income	325,507	441,878

(3) Condensed quarterly consolidated statement of changes in equity

Nine months ended September 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				1,007,541
Other comprehensive income				
Total comprehensive income	-	-	-	1,007,541
Restricted Stock-based payment transactions	2,124	2,261	8,359	
Dividends				(166,061)
Purchase of treasury shares			(1,739,062)	
Total transactions with owners	2,124	2,261	(1,730,702)	(166,061)
Balance on September 30, 2021	1,193,528	1,095,339	(1,731,644)	4,883,683

	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				1,007,541	(2,127)	1,005,414
Other comprehensive income	(3,470)	26,709	23,238	23,238	99	23,338
Total comprehensive income	(3,470)	26,709	23,238	1,030,780	(2,027)	1,028,752
Restricted Stock-based payment transactions				12,745		12,745
Dividends				(166,061)		(166,061)
Purchase of treasury shares				(1,739,062)		(1,739,062)
Total transactions with owners	-	-	-	(1,892,377)	-	(1,892,377)
Balance on September 30, 2021	4,053	27,214	31,268	5,472,174	(2,208)	5,469,966

Nine months ended September 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				1,124,846
Other comprehensive income				
Total comprehensive income	-	-	-	1,124,846
Restricted Stock-based payment transactions		(205)	15,111	(2,909)
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)	1,580,211	(1,804,164)
Balance on September 30, 2022	1,193,528	1,095,202	(147,254)	4,620,861

	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				1,124,846	6,329	1,131,176
Other comprehensive income	1,266	50,993	52,259	52,259	140	52,399
Total comprehensive income	1,266	50,993	52,259	1,177,106	6,469	1,183,576
Restricted Stock-based payment transactions				11,995		11,995
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)	(229,667)	-	(229,667)
Balance on September 30, 2022	-	93,947	93,947	6,856,285	6,035	6,862,321

(4) Condensed quarterly consolidated statements of cash flows

(Thousands of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,479,937	1,640,964
Depreciation and amortization	217,129	229,143
Finance income	(33,348)	(117,175)
Finance costs	3,619	3,064
Decrease (increase) in trade and other receivables	496,855	(87,687)
Decrease (increase) in contract assets	(97,240)	(143,773)
Increase (decrease) in trade and other payables	(204,284)	(47,343)
Increase (decrease) in contract liabilities	2,983	102,772
Increase (decrease) in provision	(9,849)	(2,384)
Other	(8,903)	(95,498)
Subtotal	1,846,900	1,482,081
Interest received	2,899	1,004
Dividends received	56	63
Interest paid	(3,619)	(3,064)
Income taxes paid	(480,616)	(730,728)
Cash flows from operating activities	1,365,620	749,356
Cash flows from investing activities		
Payments into time deposits	(2,308)	(43,701)
Purchase of property, plant and equipment	(1,112)	(81,503)
Purchase of intangible assets	(17,228)	(16,852)
Purchase of securities	(498)	(49)
Proceeds from sales of securities	-	14,375
Payments for lease and guarantee deposits	(3,614)	(3,154)
Other	2,399	233
Cash flows from investing activities	(22,362)	(130,653)
Cash flows from financing activities		
Repayments of lease liabilities	(136,220)	(145,433)
Cash dividends paid	(166,026)	(241,550)
Purchase of treasury shares	(1,739,572)	-
Cash flows from financing activities	(2,041,819)	(386,984)
Net increase (decrease) in cash and cash equivalents	(698,561)	231,718
Cash and cash equivalents at beginning of period	5,904,772	5,914,992
Effect of exchange rate change on cash and cash equivalents	28,126	48,173
Cash and cash equivalents at end of period	5,234,337	6,194,884

(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:

Nine months ended September 30, 2021

(Thousands of yen)

	Reportable Segment			Adjustments (Note 1)	Consolidated
	Cloud Solution	Digital Transformation	Total		
Revenue					
Revenue from external customers	2,330,644	1,735,612	4,066,256	-	4,066,256
Intersegment revenue	-	-	-	-	-
Total	2,330,644	1,735,612	4,066,256	-	4,066,256
Segment income	1,100,021	363,642	1,463,664	11,187	1,474,852
Finance income					9,989
Finance costs					4,904
Profit before tax					1,479,937
Other					
Depreciation and amortization	122,614	94,515	217,129	-	217,129

(Note)

1. The adjustment of 11,187 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.

Nine months ended September 30, 2022

(Thousands of yen)

	Reportable Segment			Adjustments (Note 1)	Consolidated
	Cloud Solution	Digital Transformation	Total		
Revenue					
Revenue from external customers	2,556,161	1,905,335	4,461,496	-	4,461,496
Intersegment revenue	-	-	-	-	-
Total	2,556,161	1,905,335	4,461,496	-	4,461,496
Segment income	1,098,722	417,838	1,516,561	12,467	1,529,029
Finance income					116,496
Finance costs					4,560
Profit before tax					1,640,964
Other					
Depreciation and amortization	142,803	86,339	229,143	-	229,143

(Note)

1. The adjustment of 12,467 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 September 30, 2021

	Reportable Segment			Adjustments (Note 1)	(Thousands of yen)
	Cloud Solution	Digital Transformation	Total		Consolidated
Revenue					
Revenue from external customers	768,885	599,631	1,368,517	-	1,368,517
Intersegment revenue	-	-	-	-	-
Total	768,885	599,631	1,368,517	-	1,368,517
Segment income	355,393	119,668	475,062	2,127	477,190
Finance income					3,561
Finance costs					1,558
Profit before tax					479,193
Other					
Depreciation and amortization	42,030	32,098	74,128	-	74,128

(Note)

1. The adjustment of 2,127 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 September 30, 2022

	Reportable Segment			Adjustments (Note 1)	(Thousands of yen)
	Cloud Solution	Digital Transformation	Total		Consolidated
Revenue					
Revenue from external customers	871,240	731,175	1,602,415	-	1,602,415
Intersegment revenue	-	-	-	-	-
Total	871,240	731,175	1,602,415	-	1,602,415
Segment income	344,607	248,071	592,678	196	592,875
Finance income					42,481
Finance costs					1,551
Profit before tax					633,804
Other					
Depreciation and amortization	51,435	28,464	79,900	-	79,900

(Note)

1. The adjustment of 196 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.