



Consolidated Financial Results for the Fiscal Year Ended December 31, 2022

[Japanese GAAP]

February 14, 2023

Company name: Orchestra Holdings Inc.

Listing: Tokyo Stock Exchange

Stock code: 6533

URL: <https://orchestra-hd.co.jp/>

Representative: Yoshiro Nakamura, President and Representative Director

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Scheduled date of Annual General Meeting of Shareholders: March 24, 2023

Scheduled date of payment of dividend: March 27, 2023

Scheduled date of filing of Annual Securities Report: March 27, 2023

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for analysts and institutional investors)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for 2022 (January 1 to December 31, 2022)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2022	10,377	-	1,350	7.0	1,400	8.8	853	12.7
2021	16,640	40.7	1,262	84.0	1,286	88.3	757	73.8

Note: Comprehensive income (millions of yen) 2022: 1,073 (up 15.0%) 2021: 933 (up 81.2%)

	Basic earnings per share		Diluted earnings per share		Return on equity		Ordinary profit on total assets		Operating profit to net sales	
	Yen	%	Yen	%	%	%	%	%		
2022	87.12		85.40		18.0		12.7		13.0	
2021	77.33		77.10		24.7		16.9		7.6	

Reference: Equity in earnings of affiliates (millions of yen) 2022: - 2021: -

Note: The Company has adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended December 31, 2022, and the figures for the 2022 are based on the application of the standard. The application of this standard has a significant impact on net sales, and it is not appropriate to compare it with the figures for the 2021. Accordingly, the year-on-year changes are not indicated.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen	%	Million yen	%	%	Yen		
As of Dec. 31, 2022	11,410		5,735		45.4	528.39		
As of Dec. 31, 2021	10,560		4,945		40.9	440.50		

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2022: 5,180 As of Dec. 31, 2021: 4,315

(3) Consolidated cash flows

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Cash and cash equivalents at end of period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	
2022	(484)		(993)		(413)		3,067	
2021	1,113		(32)		2,461		4,958	

2. Dividends

	Dividends per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
2021	-	0.00	-	8.00	8.00	78	10.3	2.6
2022	-	0.00	-	9.00	9.00	88	10.4	1.9
2023 (forecast)	-	0.00	-	10.00	10.00		9.8	

3. Consolidated Forecast for 2023 (January 1 to December 31, 2023)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
First half	-	-	-	-	-	-	-	-	-	
Full year	12,500	20.4	1,630	20.7	1,640	17.1	1,000	17.1	101.92	

Note:..

Consolidated forecast for the first half of 2023 has not been disclosed.

*** Notes**

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): Yes

Newly added: 1 Name: DI Marketing Partners Co., Ltd. Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury shares)

As of Dec. 31, 2022: 9,811,400 shares As of Dec. 31, 2021: 9,796,000 shares

2) Number of treasury shares at the end of the period

As of Dec. 31, 2022: 97 shares As of Dec. 31, 2021: 97 shares

3) Average number of shares during the period

2022: 9,799,693 shares 2021: 9,792,556 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for 2022 (January 1 to December 31, 2022)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2022	796	(39.4)	71	(84.8)	72	(84.6)	(390)	-
2021	1,313	112.4	471	-	467	-	2,067	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2022	(39.89)	-
2021	211.14	210.53

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2022	3,655	2,205	56.3	224.81
As of Dec. 31, 2021	4,046	2,664	62.1	272.03

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2022: 2,058 As of Dec. 31, 2021: 2,511

Reason for difference from previous year's non-consolidated financial results

Orchestra Holdings is a pure holding company, and its main business is to provide administrative services to its subsidiaries. However, the non-consolidated financial results for 2022 is different from 2021 due to the recording of the valuation loss of part of shares of a consolidated subsidiary in 2022. The valuation loss of shares of subsidiaries and associates was offset and eliminated in the consolidated statement of income, and does not have a significant impact on the consolidated results of operations

* The current financial report is not subject to audit by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements, and other special items

Forecasts of future performance in this document are based on assumption judged to be valid and information currently available to the Company's management, but are not promises by the Company regarding future performance. Actual results may differ materially from the forecasts for a number of reasons.

Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

(Thousands of yen)

	2021 (As of Dec. 31, 2021)	2022 (As of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	4,958,380	3,016,381
Notes and accounts receivable-trade, and contract assets	-	3,317,823
Notes and accounts receivable-trade	2,528,114	-
Work in process	26,445	19,744
Deposits paid	185,049	319,653
Other	158,625	602,387
Total current assets	7,856,615	7,275,989
Non-current assets		
Property, plant and equipment		
Buildings, net	209,589	216,252
Land	387,971	387,971
Other, net	22,063	42,497
Total property, plant and equipment	619,624	646,721
Intangible assets		
Goodwill	1,139,962	1,964,386
Other	8,412	78,265
Total intangible assets	1,148,375	2,042,652
Investments and other assets		
Investment securities	583,687	958,905
Deferred tax assets	93,479	86,685
Other	259,195	399,118
Total investments and other assets	936,362	1,444,710
Total non-current assets	2,704,362	4,134,083
Total assets	10,560,977	11,410,073

	(Thousands of yen)	
	2021	2022
	(As of Dec. 31, 2021)	(As of Dec. 31, 2022)
Liabilities		
Current liabilities		
Accounts payable-trade	1,876,559	2,397,879
Short-term borrowings	-	388,000
Current portion of long-term borrowings	309,239	297,516
Income taxes payable	1,149,647	321,688
Accrued consumption taxes	279,957	166,772
Provision for bonuses	58,986	25,907
Other	586,403	787,679
Total current liabilities	4,260,793	4,385,443
Non-current liabilities		
Long-term borrowings	1,224,915	1,023,090
Other	129,413	266,362
Total non-current liabilities	1,354,328	1,289,452
Total liabilities	5,615,122	5,674,895
Net assets		
Shareholders' equity		
Share capital	194,637	202,843
Capital surplus	1,790,404	1,687,375
Retained earnings	2,115,627	2,890,970
Treasury shares	(102)	(102)
Total shareholders' equity	4,100,567	4,781,087
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	214,892	404,322
Foreign currency translation adjustment	(332)	(1,173)
Total accumulated other comprehensive income	214,560	403,148
Share acquisition rights	154,486	148,210
Non-controlling interests	476,240	402,731
Total net assets	4,945,855	5,735,178
Total liabilities and net assets	10,560,977	11,410,073

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	2021 (Jan. 1 – Dec. 31, 2021)	2022 (Jan. 1 – Dec. 31, 2022)
Net sales	16,640,632	10,377,898
Cost of sales	12,757,126	5,273,103
Gross profit	3,883,506	5,104,794
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	298,545	333,338
Salaries and allowances	783,845	1,380,092
Provision for bonuses	51,136	37,441
Provision for doubtful accounts	-	4,431
Other	1,487,280	1,998,580
Total selling, general and administrative expenses	2,620,807	3,753,884
Operating profit	1,262,699	1,350,909
Non-operating income		
Interest and dividend income	4,325	554
Subsidy income	9,762	30,948
Rental income from real estate	6,022	35,816
Gain on adjustment of account payable	6,665	-
Other	4,350	4,437
Total non-operating income	31,125	71,756
Non-operating expenses		
Interest expenses	2,641	3,963
Commission expenses	2,510	7,715
Office relocation expenses	-	3,499
Depreciation	1,717	7,020
Other	168	332
Total non-operating expenses	7,038	22,531
Ordinary profit	1,286,786	1,400,134
Extraordinary income		
Gain on sale of investment securities	36,077	84,521
Total extraordinary income	36,077	84,521
Extraordinary losses		
Impairment losses	-	16,493
Loss on retirement of non-current assets	-	4,071
Loss on valuation of investment securities	4,998	-
Total extraordinary losses	4,998	20,564
Profit before income taxes	1,317,865	1,464,091
Income taxes-current	567,062	521,232
Income taxes-deferred	(47,787)	57,705
Total income taxes	519,274	578,937
Profit	798,590	885,153
Profit attributable to non-controlling interests	41,357	31,443
Profit attributable to owners of parent	757,232	853,709

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	2021 (Jan. 1 – Dec. 31, 2021)	2022 (Jan. 1 – Dec. 31, 2022)
Profit	798,590	885,153
Other comprehensive income		
Valuation difference on available-for-sale securities	135,450	189,429
Foreign currency translation adjustment	(853)	(1,168)
Total other comprehensive income	134,596	188,260
Comprehensive income	933,187	1,073,414
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	891,989	1,042,310
Comprehensive income attributable to non-controlling interests	41,197	31,103

(3) Consolidated Statement of Changes in Equity

2021 (Jan. 1 – Dec. 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	194,578	121,832	1,426,921	(102)	1,743,231
Changes during period					
Issuance of new shares-exercise of share acquisition rights	58	58			116
Dividends of surplus			(68,526)		(68,526)
Profit attributable to owners of parent			757,232		757,232
Change in ownership interest of parent due to transactions with non-controlling interests		1,668,513			1,668,513
Net changes in items other than shareholders' equity					-
Total changes during period	58	1,668,571	688,706	-	2,357,336
Balance at end of period	194,637	1,790,404	2,115,627	(102)	4,100,567

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	79,441	382	79,824	26,803	35,289	1,885,148
Changes during period						
Issuance of new shares-exercise of share acquisition rights			-			116
Dividends of surplus			-			(68,526)
Profit attributable to owners of parent			-			757,232
Change in ownership interest of parent due to transactions with non-controlling interests			-			1,668,513
Net changes in items other than shareholders' equity	135,450	(715)	134,735	127,683	440,951	703,370
Total changes during period	135,450	(715)	134,735	127,683	440,951	3,060,707
Balance at end of period	214,892	(332)	214,560	154,486	476,240	4,945,855

2022 (Jan. 1 – Dec. 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	194,637	1,790,404	2,115,627	(102)	4,100,567
Changes during period					
Issuance of new shares-exercise of share acquisition rights	8,206	8,206			16,412
Dividends of surplus			(78,367)		(78,367)
Profit attributable to owners of parent			853,709		853,709
Change in ownership interest of parent due to transactions with non-controlling interests		(111,235)			(111,235)
Net changes in items other than shareholders' equity					-
Total changes during period	8,206	(103,028)	775,342	-	680,520
Balance at end of period	202,843	1,687,375	2,890,970	(102)	4,781,087

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	214,892	(332)	214,560	154,486	476,240	4,945,855
Changes during period						
Issuance of new shares-exercise of share acquisition rights			-			16,412
Dividends of surplus			-			(78,367)
Profit attributable to owners of parent			-			853,709
Change in ownership interest of parent due to transactions with non-controlling interests			-			(111,235)
Net changes in items other than shareholders' equity	189,429	(841)	188,588	(6,276)	(73,509)	108,803
Total changes during period	189,429	(841)	188,588	(6,276)	(73,509)	789,323
Balance at end of period	404,322	(1,173)	403,148	148,210	402,731	5,735,178

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	2021	2022
	(Jan. 1 – Dec. 31, 2021)	(Jan. 1 – Dec. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	1,317,865	1,464,091
Depreciation	18,020	41,353
Amortization of goodwill	107,389	212,741
Loss on retirement of non-current assets	-	4,071
Loss (gain) on sale of investment securities	(36,077)	(84,521)
Loss (gain) on valuation of investment securities	4,998	-
Impairment losses	-	16,493
Share-based payment expenses	127,761	-
Increase (decrease) in provision for bonuses	14,815	(35,879)
Increase (decrease) in allowance for doubtful accounts	-	4,431
Interest and dividend income	(4,325)	(554)
Interest expenses	2,641	3,963
Decrease (increase) in trade receivables	(745,450)	(199,804)
Decrease (increase) in inventories	(1,701)	6,546
Decrease (increase) in deposits paid	(39,524)	(83,166)
Decrease (increase) in other current assets	(34,180)	(20,877)
Increase (decrease) in trade payables	565,969	10,805
Increase (decrease) in accrued consumption taxes	118,361	(137,923)
Increase (decrease) in other current liabilities	118,585	52,017
Other, net	(1,560)	1,324
Subtotal	1,533,587	1,255,110
Interest and dividends received	4,325	554
Interest paid	(2,683)	(4,077)
Income taxes paid	(422,075)	(1,736,133)
Net cash provided by (used in) operating activities	1,113,154	(484,544)
Cash flows from investing activities		
Purchase of investment securities	(5,118)	(100,375)
Proceeds from sale of investment securities	49,132	99,261
Purchase of property, plant and equipment	(5,661)	(49,172)
Loan advances	-	(115,000)
Proceeds from collection of loans receivable	250,248	124
Payments of leasehold and guarantee deposits	(28,957)	(91,960)
Proceeds from refund of leasehold and guarantee deposits	850	20,571
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(293,677)	(610,463)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	12,070
Purchase of investments in subsidiaries not resulting in change in scope of consolidation	-	(85,000)
Other, net	1,000	(73,920)
Net cash provided by (used in) investing activities	(32,184)	(993,865)

	(Thousands of yen)	
	2021	2022
	(Jan. 1 – Dec. 31, 2021)	(Jan. 1 – Dec. 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(28,000)	188,000
Repayments of long-term borrowings	(236,690)	(315,199)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	13,341	9,940
Proceeds from share issuance to non-controlling shareholders	198,747	25,102
Repayments to non-controlling shareholders	-	(204,276)
Dividends paid	(68,322)	(78,354)
Proceeds from issuance of share acquisition rights	-	195
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	2,582,670	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(38,959)
Net cash provided by (used in) financing activities	2,461,746	(413,551)
Effect of exchange rate change on cash and cash equivalents	1,667	1,468
Net increase (decrease) in cash and cash equivalents	3,544,384	(1,890,493)
Cash and cash equivalents at beginning of period	1,413,618	4,958,002
Cash and cash equivalents at end of period	4,958,002	3,067,509

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.