

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended June 30, 2023
(Based on IFRS)**

August 14, 2023

Company name: ORO Co., Ltd
 Stock exchange listing: TSE
 Stock code: 3983 URL: <https://www.oro.com>
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 Scheduled date to file Quarterly Securities Report: August 14, 2023
 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, 2023 (from January 1, 2023 to June 30, 2023)

(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, 2023	3,281	14.8	1,175	25.6	1,242	23.4	853	23.4
Six months ended June 30, 2022	2,859	6.0	936	(6.2)	1,007	0.6	691	1.7
	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, 2023	857	25.1	877	18.2	53.18		—	
Six months ended June 30, 2022	684	0.2	741	5.5	42.51		—	

(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, 2023	11,437	7,900	7,897	69.1
As of December 31, 2022	11,045	7,337	7,331	66.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2022	—	0.00	—	20.00	20.00
Year ending December 31, 2023	—	0.00	—	20.00	20.00
Year ending December 31, 2023 (Forecast)	—	—	—	20.00	20.00

Note: Revisions to most recently released dividend forecast : None

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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	7,092	14.2	2,380	4.1	2,386	1.4	1,656	1.6	1,656	2.0	102.78

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: Yes
 Changes in accounting policies due to other reasons: None
 Changes in accounting estimates: None

(Note) For details, please refer to “1. Condensed quarterly consolidated financial statements and key notes (5) Notes on condensed quarterly consolidated financial statements (Changes in accounting principles)” on page 13 of the accompanying materials.

(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, 2023	16,156,453 shares	As of December 31, 2022	16,156,453 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	30,282 shares	As of December 31, 2022	39,299 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, 2023	16,120,691 shares	Six months ended June 30, 2022	16,113,299 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.

○Accompanying Materials – Contents

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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, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	6,831,944	7,834,068
Trade and other receivables	1,405,886	864,323
Contract assets	514,034	417,401
Other financial assets	583,023	641,259
Other current assets	73,258	95,038
Total current assets	9,408,149	9,852,091
Non-current assets		
Property, plant and equipment	828,245	738,610
Intangible assets	70,689	89,119
Other financial assets	102,564	104,937
Deferred tax assets	596,601	608,816
Other non-current assets	39,505	43,570
Total non-current assets	1,637,606	1,585,055
Total assets	11,045,755	11,437,146

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	403,582	365,233
Contract liabilities	1,801,890	1,842,833
Lease liabilities	190,993	185,585
Income tax payables	475,244	369,889
Provisions	5,165	1,761
Other current liabilities	411,178	446,794
Total current liabilities	3,288,054	3,212,097
Non-current liabilities		
Lease liabilities	288,162	209,196
Provisions	132,102	115,216
Total non-current liabilities	420,264	324,412
Total liabilities	3,708,319	3,536,510
Equity		
Capital stock	1,193,528	1,193,528
Capital surplus	1,095,202	1,095,202
Treasury shares	(141,788)	(128,502)
Retained earnings	5,117,976	5,648,067
Other components of equity	66,170	89,347
Equity attributable to owners of the parent	7,331,089	7,897,642
Non-controlling interests	6,347	2,993
Total equity	7,337,436	7,900,636
Total liabilities and equity	11,045,755	11,437,146

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

Condensed quarterly consolidated statement of income

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Revenue	2,859,080	3,281,856
Cost of sales	1,083,594	1,079,377
Gross profit	1,775,485	2,202,478
Selling, general and administrative expenses	826,121	969,359
Research and development	25,482	19,119
Other income	12,401	8,230
Other expenses	130	46,778
Operating profit	936,153	1,175,451
Finance income	74,014	70,824
Finance costs	3,009	3,592
Profit before tax	1,007,159	1,242,683
Income tax expenses	315,280	389,154
Profit	691,879	853,529
Profit attributable to:		
Owners of parent	684,988	857,222
Non-controlling interests	6,891	(3,692)
Profit	691,879	853,529
Earnings per share		
Basic earnings per share (Yen)	42.51	53.18
Diluted earnings per share (Yen)	-	-

Three months ended June 30, 2022 and 2023

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Revenue	1,465,733	1,691,974
Cost of sales	586,225	558,850
Gross profit	879,508	1,133,123
Selling, general and administrative expenses	416,245	498,516
Research and development	14,329	9,053
Other income	1,207	6,256
Other expenses	28	46,776
Operating profit	450,112	585,033
Finance income	54,063	65,023
Finance costs	1,486	(1,913)
Profit before tax	502,689	651,971
Income tax expenses	164,417	204,175
Profit	338,272	447,795
Profit attributable to:		
Owners of parent	336,469	450,875
Non-controlling interests	1,803	(3,079)
Profit	338,272	447,795
Earnings per share		
Basic earnings per share (Yen)	20.88	27.96
Diluted earnings per share (Yen)	-	-

Condensed quarterly consolidated statement of comprehensive income

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	691,879	853,529
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	1,266	-
Total of items that will not be reclassified to profit or loss	1,266	-
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	48,552	23,516
Total of items that may be reclassified subsequently to profit or loss	48,552	23,516
Other comprehensive income, net of taxes	49,818	23,516
Comprehensive income	741,697	877,045
Attributable to:		
Owners of the parent	734,482	880,399
Non-controlling interests	7,215	(3,353)
Comprehensive income	741,697	877,045

Three months ended June 30, 2022 and 2023

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	338,272	447,795
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	25,597	11,789
Total of items that may be reclassified subsequently to profit or loss	25,597	11,789
Other comprehensive income, net of taxes	25,597	11,789
Comprehensive income	363,869	459,585
Attributable to:		
Owners of the parent	361,941	462,510
Non-controlling interests	1,927	(2,924)
Comprehensive income	363,869	459,585

(3) Condensed quarterly consolidated statement of changes in equity

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

Six months ended June 30, 2023

(Thousands of yen)

	Equity attributable to owners of parent			
	Capital stock	Capital surplus	Treasury shares	Retained earnings
Balance on January 1, 2023	1,193,528	1,095,202	(141,788)	5,117,976
Profit				857,222
Other comprehensive income				
Total comprehensive income	-	-	-	857,222
Restricted Stock-based payment transactions			13,285	(4,788)
Dividends				(322,343)
Total transactions with owners	-	-	13,285	(327,131)
Balance on June 30, 2023	1,193,528	1,095,202	(128,502)	5,648,067

	Equity attributable to owners of parent				
	Other components of equity		Total	Non-controlling interests	Equity
	Exchange differences on translation of foreign operations	Total			
Balance on January 1, 2023	66,170	66,170	7,331,089	6,347	7,337,436
Profit			857,222	(3,692)	853,529
Other comprehensive income	23,177	23,177	23,177	338	23,516
Total comprehensive income	23,177	23,177	880,399	(3,353)	877,045
Restricted Stock-based payment transactions			8,497		8,497
Dividends			(322,343)		(322,343)
Total transactions with owners	-	-	(313,845)	-	(313,845)
Balance on June 30, 2023	89,347	89,347	7,897,642	2,993	7,900,636

(4) Condensed quarterly consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,007,159	1,242,683
Depreciation and amortization	149,243	162,914
Finance income	(1,640)	(75,981)
Finance costs	2,025	1,734
Settlement payment	-	45,000
Decrease (increase) in trade and other receivables	262,031	544,879
Decrease (increase) in contract assets	(95,739)	97,112
Increase (decrease) in trade and other payables	(56,221)	(131,514)
Increase (decrease) in contract liabilities	114,706	40,265
Increase (decrease) in provision	6,201	(15,736)
Other	(151,368)	24,904
Subtotal	1,236,398	1,936,260
Interest received	721	4,823
Dividends received	63	-
Interest paid	(2,025)	(1,734)
Income taxes paid	(420,165)	(506,731)
Cash flows from operating activities	814,992	1,432,618
Cash flows from investing activities		
Payments into time deposits	(573)	(4,051)
Purchase of property, plant and equipment	(47,829)	(2,622)
Purchase of intangible assets	(13,925)	(30,128)
Purchase of securities	(49)	-
Proceeds from sales of securities	14,375	-
Payments for lease and guarantee deposits	(3,055)	(2,740)
Other	134	1,006
Cash flows from investing activities	(50,923)	(38,536)
Cash flows from financing activities		
Repayments of lease liabilities	(96,464)	(97,621)
Cash dividends paid	(241,539)	(322,040)
Cash flows from financing activities	(338,003)	(419,661)
Net increase (decrease) in cash and cash equivalents	426,064	974,420
Cash and cash equivalents at beginning of period	5,914,992	6,831,944
Effect of exchange rate change on cash and cash equivalents	46,202	27,703
Cash and cash equivalents at end of period	6,387,259	7,834,068

(5) Notes on condensed quarterly consolidated financial statements

(Note on the going-concern assumption)

Not applicable

(Changes in accounting principles)

The standards that the Group has adopted as of the first quarter of the fiscal year ending December 31, 2023 are as follows:

Standards	Interpretations	Outline
IAS 12	Income Taxes	Clarification of the accounting treatment of deferred taxes on leases and decommissioning provisions

The adoption of new standards had no significant impact on the condensed consolidated financial statements for Six months ended June 30, 2023.

(Segment information)

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

Six months ended June 30, 2022

(Thousands of yen)

	Reportable Segment			Adjustments (Note 1)	Consolidated
	Cloud Solutions	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.

Six months ended June 30, 2023

	Reportable Segment			Adjustments (Note 1)	(Thousands of yen)
	Cloud Solutions	Digital Transformation	Total		Consolidated
Revenue					
Revenue from external customers	2,025,891	1,255,965	3,281,856	—	3,281,856
Intersegment revenue	—	—	—	—	—
Total	2,025,891	1,255,965	3,281,856	—	3,281,856
Segment income	945,980	268,019	1,213,999	(38,547)	1,175,451
Finance income					70,824
Finance costs					3,592
Profit before tax					1,242,683
Other					
Depreciation and amortization	103,874	59,039	162,914	—	162,914

(Note)

1. The adjustment of (38,574) 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 Solutions	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.

Three months ended June 30, 2023

(Thousands of yen)

	Reportable Segment			Adjustments (Note 1)	Consolidated
	Cloud Solutions	Digital Transformation	Total		
Revenue					
Revenue from external customers	1,089,783	602,190	1,691,974	—	1,691,974
Intersegment revenue	—	—	—	—	—
Total	<u>1,089,783</u>	<u>602,190</u>	<u>1,691,974</u>	<u>—</u>	<u>1,691,974</u>
Segment income	<u>530,791</u>	<u>94,761</u>	<u>625,553</u>	<u>(40,520)</u>	<u>585,033</u>
Finance income					65,023
Finance costs					<u>(1,913)</u>
Profit before tax					<u>651,971</u>
Other					
Depreciation and amortization	53,699	29,681	83,381	—	83,381

(Note)

1. The adjustment of (40,520) 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.