



Consolidated Financial Results for the Fiscal Year Ended December 31, 2023

[Japanese GAAP]

February 14, 2024

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

Contact: Naomi Iyogi, Director and CFO

Tel: +81-3-6450-4307

Scheduled date of Annual General Meeting of Shareholders: March 28, 2024

Scheduled date of payment of dividend: March 29, 2024

Scheduled date of filing of Annual Securities Report: March 29, 2024

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 2023 (January 1 to December 31, 2023)

(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	%
2023	12,109	16.7	765	(43.3)	776	(44.5)	474	(44.5)
2022	10,377	-	1,350	7.0	1,400	8.8	853	12.7

Note: Comprehensive income (millions of yen) 2023: 383 (down 64.3%) 2022: 1,073 (up 15.0%)

	Basic earnings per share		Diluted earnings per share		Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen		Yen		%	%	%
2023	48.31		47.81		8.9	6.4	6.3
2022	87.12		85.40		18.0	12.7	13.0

Reference: Equity in earnings of affiliates (millions of yen) 2023: - 2022: -

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, 2023	12,712	6,036	43.1	558.68
As of Dec. 31, 2022	11,410	5,735	45.4	528.39

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2023: 5,484 As of Dec. 31, 2022: 5,180

(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
2023	1,003	(2,000)	1,205	3,277
2022	(484)	(993)	(413)	3,067

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	%	%
2022	-	0.00	-	9.00	9.00	88	10.4	1.9
2023	-	0.00	-	10.00	10.00	98	20.7	1.8
2024 (forecast)	-	0.00	-	11.00	11.00		19.6	

3. Consolidated Forecast for 2024 (January 1 to December 31, 2024)

(Percentages represent year-on-year changes)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	14,000	15.6	1,500	23.7	1,000	30.6	1,000	28.8	550	16.0	56.02

Note: Consolidated forecast for the first half of 2024 has not been disclosed.

*** Notes**

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): None

Newly added: - Excluded: -

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

1) Changes in accounting policies due to revisions in accounting standards, others: None

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, 2023: 9,817,800 shares As of Dec. 31, 2022: 9,811,400 shares

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

As of Dec. 31, 2023: 97 shares As of Dec. 31, 2022: 97 shares

3) Average number of shares during the period

2023: 9,816,380 shares 2022: 9,799,693 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for 2023 (January 1 to December 31, 2023)

(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	%
2023	1,066	33.9	104	45.8	97	35.1	40	-
2022	796	(39.4)	71	(84.8)	72	(84.6)	(390)	-

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
2023	4.10		4.06	
2022	(39.89)		-	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of Dec. 31, 2023	5,011		2,163		40.3		220.34	
As of Dec. 31, 2022	3,655		2,205		56.3		224.81	

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2023: 2,019 As of Dec. 31, 2022: 2,058

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.

In the fiscal year ended December 31, 2023, the Company's net sales, operating income and ordinary income exceeded those of the previous fiscal year due to increased management fee income compared to the previous fiscal year. Net income also exceeded the results in the previous fiscal year due to the recording of the valuation loss of part of shares of a consolidated subsidiary in the previous fiscal year.

* 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)

	2022 (As of Dec. 31, 2022)	2023 (As of Dec. 31, 2023)
Assets		
Current assets		
Cash and deposits	3,016,381	3,239,909
Notes and accounts receivable-trade, and contract assets	3,317,823	3,181,225
Work in process	19,744	13,117
Deposits paid	319,653	347,201
Other	602,387	385,198
Allowance for doubtful accounts	-	(21,157)
Total current assets	7,275,989	7,145,495
Non-current assets		
Property, plant and equipment		
Buildings, net	216,252	158,904
Land	387,971	332,434
Other, net	42,497	37,302
Total property, plant and equipment	646,721	528,641
Intangible assets		
Goodwill	1,964,386	3,566,706
Other	78,265	87,050
Total intangible assets	2,042,652	3,653,756
Investments and other assets		
Investment securities	958,905	943,495
Deferred tax assets	86,685	45,840
Other	399,118	404,163
Allowance for doubtful accounts	-	(8,411)
Total investments and other assets	1,444,710	1,385,087
Total non-current assets	4,134,083	5,567,486
Total assets	11,410,073	12,712,981

	(Thousands of yen)	
	2022	2023
	(As of Dec. 31, 2022)	(As of Dec. 31, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	2,397,879	2,081,407
Short-term borrowings	388,000	388,010
Current portion of long-term borrowings	297,516	480,533
Income taxes payable	321,688	240,380
Accrued consumption taxes	166,772	155,094
Provision for bonuses	25,907	-
Other	787,679	1,020,390
Total current liabilities	4,385,443	4,365,815
Non-current liabilities		
Long-term borrowings	1,023,090	2,140,218
Other	266,362	170,215
Total non-current liabilities	1,289,452	2,310,433
Total liabilities	5,674,895	6,676,248
Net assets		
Shareholders' equity		
Share capital	202,843	207,431
Capital surplus	1,687,375	1,691,443
Retained earnings	2,890,970	3,276,890
Treasury shares	(102)	(102)
Total shareholders' equity	4,781,087	5,175,662
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	404,322	310,853
Foreign currency translation adjustment	(1,173)	(1,576)
Total accumulated other comprehensive income	403,148	309,276
Share acquisition rights	148,210	144,577
Non-controlling interests	402,731	407,216
Total net assets	5,735,178	6,036,733
Total liabilities and net assets	11,410,073	12,712,981

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

(Thousands of yen)

	2022 (Jan. 1 – Dec. 31, 2022)	2023 (Jan. 1 – Dec. 31, 2023)
Net sales	10,377,898	12,109,488
Cost of sales	5,273,103	6,239,430
Gross profit	5,104,794	5,870,057
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	333,338	440,180
Salaries and allowances	1,380,092	1,974,417
Other	2,040,453	2,689,930
Total selling, general and administrative expenses	3,753,884	5,104,528
Operating profit	1,350,909	765,529
Non-operating income		
Interest and dividend income	554	223
Subsidy income	30,948	2,729
Rental income from real estate	35,816	31,762
Cashback income	935	12,840
Other	3,501	5,425
Total non-operating income	71,756	52,980
Non-operating expenses		
Interest expenses	3,963	18,691
Commission expenses	7,715	11,560
Office relocation expenses	3,499	-
Depreciation	7,020	6,043
Other	332	5,695
Total non-operating expenses	22,531	41,990
Ordinary profit	1,400,134	776,520
Extraordinary income		
Gain on sale of investment securities	84,521	310,297
Gain on sale of non-current assets	-	10,713
Total extraordinary income	84,521	321,011
Extraordinary losses		
Impairment losses	16,493	125,287
Provision of allowance for doubtful accounts	-	29,524
Other	4,071	18,772
Total extraordinary losses	20,564	173,584
Profit before income taxes	1,464,091	923,946
Income taxes-current	521,232	407,976
Income taxes-deferred	57,705	38,770
Total income taxes	578,937	446,747
Profit	885,153	477,199
Profit attributable to non-controlling interests	31,443	2,978
Profit attributable to owners of parent	853,709	474,221

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	2022 (Jan. 1 – Dec. 31, 2022)	2023 (Jan. 1 – Dec. 31, 2023)
Profit	885,153	477,199
Other comprehensive income		
Valuation difference on available-for-sale securities	189,429	(93,469)
Foreign currency translation adjustment	(1,168)	(566)
Total other comprehensive income	188,260	(94,035)
Comprehensive income	1,073,414	383,164
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,042,310	380,346
Comprehensive income attributable to non-controlling interests	31,103	2,817

(3) Consolidated Statement of Changes in Equity

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

2023 (Jan. 1 – Dec. 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	202,843	1,687,375	2,890,970	(102)	4,781,087
Changes during period					
Issuance of new shares-exercise of share acquisition rights	4,587	4,587			9,175
Dividends of surplus			(88,301)		(88,301)
Profit attributable to owners of parent			474,221		474,221
Change in ownership interest of parent due to transactions with non-controlling interests		(520)			(520)
Net changes in items other than shareholders' equity					-
Total changes during period	4,587	4,067	385,919	-	394,575
Balance at end of period	207,431	1,691,443	3,276,890	(102)	5,175,662

	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	404,322	(1,173)	403,148	148,210	402,731	5,735,178
Changes during period						
Issuance of new shares-exercise of share acquisition rights			-			9,175
Dividends of surplus			-			(88,301)
Profit attributable to owners of parent			-			474,221
Change in ownership interest of parent due to transactions with non-controlling interests			-			(520)
Net changes in items other than shareholders' equity	(93,469)	(402)	(93,872)	(3,633)	4,485	(93,020)
Total changes during period	(93,469)	(402)	(93,872)	(3,633)	4,485	301,555
Balance at end of period	310,853	(1,576)	309,276	144,577	407,216	6,036,733

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	2022	2023
	(Jan. 1 – Dec. 31, 2022)	(Jan. 1 – Dec. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	1,464,091	923,946
Depreciation	41,353	64,303
Amortization of goodwill	212,741	388,534
Gain on sale of non-current assets	-	(10,713)
Loss (gain) on sale of investment securities	(84,521)	(310,297)
Impairment losses	16,493	125,287
Increase (decrease) in provision for bonuses	(35,879)	(50,642)
Increase (decrease) in allowance for doubtful accounts	4,431	25,082
Interest and dividend income	(554)	(223)
Interest expenses	3,963	18,691
Decrease (increase) in trade receivables, and contract assets	(199,804)	374,353
Decrease (increase) in inventories	6,546	6,553
Decrease (increase) in deposits paid	(83,166)	(41,500)
Decrease (increase) in other current assets	(20,877)	174,081
Increase (decrease) in trade payables	10,805	(376,987)
Increase (decrease) in accrued consumption taxes	(137,923)	(51,582)
Increase (decrease) in other current liabilities	52,017	(25,842)
Other, net	5,395	(2,496)
Subtotal	1,255,110	1,230,548
Interest and dividends received	554	223
Interest paid	(4,077)	(19,263)
Income taxes refund	142	405,621
Income taxes paid	(1,736,275)	(613,525)
Net cash provided by (used in) operating activities	(484,544)	1,003,604
Cash flows from investing activities		
Purchase of investment securities	(100,375)	(158,560)
Proceeds from sale of investment securities	99,261	331,324
Purchase of property, plant and equipment	(49,172)	(31,203)
Proceeds from sale of property, plant and equipment	-	132,618
Payments of leasehold and guarantee deposits	(91,960)	(28,414)
Proceeds from refund of leasehold and guarantee deposits	20,571	39,892
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(610,463)	(2,261,464)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	12,070	-
Payments for acquisition of businesses	(85,000)	-
Other, net	(188,796)	(24,313)
Net cash provided by (used in) investing activities	(993,865)	(2,000,119)

	(Thousands of yen)	
	2022	2023
	(Jan. 1 – Dec. 31, 2022)	(Jan. 1 – Dec. 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	188,000	10
Proceeds from long-term borrowings	-	2,450,000
Repayments of long-term borrowings	(315,199)	(1,162,839)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	9,940	5,542
Proceeds from share issuance to non-controlling shareholders	25,102	1,150
Repayments to non-controlling shareholders	(204,276)	-
Dividends paid	(78,354)	(88,249)
Proceeds from issuance of share acquisition rights	195	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(38,959)	-
Net cash provided by (used in) financing activities	(413,551)	1,205,613
Effect of exchange rate change on cash and cash equivalents	1,468	465
Net increase (decrease) in cash and cash equivalents	(1,890,493)	209,564
Cash and cash equivalents at beginning of period	4,958,002	3,067,509
Cash and cash equivalents at end of period	3,067,509	3,277,073

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.