

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2021 (Based on Japanese GAAP)

May 13, 2021

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: May 14, 2021
 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 three months ended March 31, 2021 (from January 1, 2021 to March 31, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2021	1,399	11.8	555	53.9	567	50.5	384	49.2
Three months ended March 31, 2020	1,251	9.0	361	34.1	377	40.8	257	42.1

Note: Comprehensive income Three months ended March 31, 2021: 401 million yen [60.9%]

Three months ended March 31, 2020: 249 million yen [32.2%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2021	23.40		-	
Three months ended March 31, 2020	15.53		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	Millions of yen
As of March 31, 2021	6,838	5,715	83.6
As of December 31, 2020	8,608	7,216	83.8

Reference: Equity capital As of March 31, 2021: 5,715 million yen As of December 31, 2020: 7,216 million yen

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, 2020	-	0.00	-	10.00	10.00
Year ending December 31, 2021	-	-	-	-	-
Year ending December 31, 2021 (Forecast)	-	0.00	-	10.00	10.00

Note: Revisions to most recently released dividend forecast : None

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,050	15.5	1,931	13.1	1,940	13.2	1,338	13.3	80.63

Note: Revisions to most recently released earnings forecast : None

4. Notes

(1) Changes in significant subsidiaries during the three months ended March 31, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatement of prior period financial statements: None

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2021	16,606,453 shares	As of December 31, 2020	16,606,453 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	500,331 shares	As of December 31, 2020	331 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2021	16,433,899 shares	Three months ended March 31, 2020	16,599,669 shares
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* This report is exempt from the quarterly review by certified a public accountant or audit firm.

* 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 are not guarantees of 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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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	6,293,840	4,823,681
Notes and accounts receivable - trade	1,370,614	1,076,376
Work in process	153,376	145,137
Raw materials and supplies	3,073	3,094
Other	100,355	110,629
Allowance for doubtful accounts	(1,120)	(2,624)
Total current assets	7,920,138	6,156,294
Non-current assets		
Property, plant and equipment	454,454	433,159
Intangible assets	31,233	31,665
Investments and other assets		
Investment securities	16,541	13,688
Deferred tax assets	88,624	107,807
Other	98,290	96,729
Allowance for doubtful accounts	(915)	(915)
Total investments and other assets	202,540	217,309
Total non-current assets	688,229	682,135
Total assets	8,608,368	6,838,429

(Thousands of yen)

	As of December 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	288,743	142,727
Income taxes payable	280,526	214,349
Provision for bonuses	53,222	135,434
Provision for loss on order received	30,132	30,183
Other	565,653	429,017
Total current liabilities	1,218,278	951,710
Non-current liabilities		
Asset retirement obligations	114,799	114,874
Other	58,471	56,616
Total non-current liabilities	173,271	171,491
Total liabilities	1,391,550	1,123,202
Net assets		
Shareholders' equity		
Capital stock	1,193,528	1,193,528
Capital surplus	1,103,528	1,103,528
Retained earnings	4,922,166	5,140,694
Treasury shares	(942)	(1,738,442)
Total shareholders' equity	7,218,281	5,699,310
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,523	5,440
Foreign currency translation adjustment	(8,987)	10,477
Total accumulated other comprehensive income	(1,463)	15,917
Total net assets	7,216,818	5,715,227
Total liabilities and net assets	8,608,368	6,838,429

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Net sales	1,251,919	1,399,370
Cost of sales	527,080	488,258
Gross profit	724,839	911,112
Selling, general and administrative expenses	363,690	355,399
Operating profit	361,148	555,712
Non-operating income		
Interest and dividend income	2,074	730
Foreign exchange gains	3,331	12,694
Subsidy income	10,800	200
Others	3,384	679
Total non-operating income	19,590	14,304
Non-operating expenses		
Interest expenses	732	548
Compensation for damage	2,876	-
Commission for purchase of treasury shares	-	1,913
Others	95	4
Total non-operating expenses	3,703	2,466
Ordinary profit	377,035	567,550
Profit before income taxes	377,035	567,550
Income taxes - current	143,532	201,224
Income taxes - deferred	(25,328)	(18,263)
Total income taxes	118,203	182,961
Profit	258,832	384,589
Profit attributable to non-controlling interests	1,037	-
Profit attributable to owners of parent	257,795	384,589

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Profit	258,832	384,589
Other comprehensive income		
Valuation difference on available-for-sale securities	644	(2,083)
Foreign currency translation adjustment	(9,724)	19,464
Total other comprehensive income	(9,079)	17,380
Comprehensive income	249,753	401,970
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	248,783	401,970
Comprehensive income attributable to non-controlling interests	970	-

(3) Notes on consolidated financial statements

(Note on the going-concern assumption)

Not applicable

(Note on significant changes in the amount of shareholders' equity)

The company bought back 500,000 treasury shares based on the resolution passed at the board of directors' meeting held on February 15, 2021. As a result, the value of treasury shares held has increased by 1,737,500 thousand yen to 1,738,442 thousand yen as at the end of the first quarter of the current fiscal year.

(Segment Information)

Three months ended March 31, 2020 (from January 1, 2020 to March 31, 2020)

1. Sales and Income (Loss) by Reportable Segment

	Reportable Segment			Adjustments	Consolidated Statements of Income
	Cloud Solution	Digital Transformation	Total		
Net sales					
Sales to external customers	695,210	556,709	1,251,919	-	1,251,919
Inter-segment sales or transfers	-	-	-	-	-
Total	695,210	556,709	1,251,919	-	1,251,919
Segment income (loss)	301,640	59,508	361,148	-	361,148

Note: Segment income is consistent with operating profit shown on the quarterly consolidated statements of income.

Three months ended March 31, 2021 (from January 1, 2021 to March 31, 2021)

1. Sales and Income (Loss) by Reportable Segment

	Reportable Segment			Adjustments	Consolidated Statements of Income
	Cloud Solution	Digital Transformation	Total		
Net sales					
Sales to external customers	779,946	619,424	1,399,370	-	1,399,370
Inter-segment sales or transfers	-	-	-	-	-
Total	779,946	619,424	1,399,370	-	1,399,370
Segment income (loss)	376,569	179,143	555,712	-	555,712

Note: Segment income is consistent with operating profit shown on the quarterly consolidated statements of income.