

Translation

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Summary of Consolidated Financial Results for the Six months ended June 30, 2024 (Based on IFRS)

August 14, 2024

Company name: ORO Co., Ltd
 Stock exchange listing: TSE
 Stock code: 3983 URL <https://www.oro.com>
 Representative: Atsushi Kawata, Representative Director, President and CEO
 Inquiries: Yasuhisa Hino, Director and Senior Managing Executive Officer, and General Manager for Corporate Department TEL: +81-3-5724-7001
 Scheduled date to file Semi-Annual Securities Report: August 14, 2024
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

(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, 2024	3,815	16.3	1,309	11.4	1,444	16.2	990	16.1
Six months ended June 30, 2023	3,281	14.8	1,175	25.6	1,242	23.4	853	23.4
	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, 2024	995	16.2	1,016	15.9	61.73		—	
Six months ended June 30, 2023	857	25.1	877	18.2	53.18		—	

(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, 2024	12,757	9,425	9,430	73.9
As of December 31, 2023	12,373	8,884	8,884	71.8

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, 2023	—	0.00	—	30.00	30.00
Year ending December 31, 2024	—	0.00	—	—	—
Year ending December 31, 2024 (Forecast)	—	—	—	30.00	30.00

Note: Revisions to most recently released dividend forecast : None

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

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	8,229	17.0	2,782	9.2	2,824	8.5	1,963	7.3	1,963	6.9	121.55	

Note: Revisions to most recently released earnings forecast : None

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 June 30, 2024	16,156,453 shares	As of December 31, 2023	16,156,453 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	23,505 shares	As of December 31, 2023	30,282 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, 2024	16,128,893 shares	Six months ended June 30, 2023	16,120,691 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 consolidated financial statement and key notes

(1) Condensed consolidated statement of financial position

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	8,707,486	9,450,476
Trade and other receivables	998,173	844,973
Contract assets	447,407	362,040
Other financial assets	641,152	742,084
Other current assets	126,445	117,107
Total current assets	10,920,664	11,516,682
Non-current assets		
Property, plant and equipment	731,017	607,924
Intangible assets	83,338	85,594
Other financial assets	111,251	111,802
Deferred tax assets	488,796	394,396
Other non-current assets	38,452	41,021
Total non-current assets	1,452,857	1,240,740
Total assets	12,373,522	12,757,422

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	455,382	307,318
Contract liabilities	1,759,116	1,741,594
Lease liabilities	195,412	177,067
Income tax payables	229,569	336,659
Provisions	27,639	1,413
Other current liabilities	476,106	498,823
Total current liabilities	3,143,227	3,062,876
Non-current liabilities		
Lease liabilities	220,118	142,730
Provisions	125,895	126,058
Total non-current liabilities	346,014	268,789
Total liabilities	3,489,241	3,331,666
Equity		
Capital stock	1,193,528	1,193,528
Capital surplus	1,095,202	1,095,202
Treasury shares	(112,862)	(99,214)
Retained earnings	6,620,867	7,128,280
Other components of equity	87,318	112,683
Equity attributable to owners of the parent	8,884,053	9,430,480
Non-controlling interests	227	(4,724)
Total equity	8,884,280	9,425,756
Total liabilities and equity	12,373,522	12,757,422

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

Condensed consolidated statement of income

Six months ended June 30, 2024

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Revenue	3,281,856	3,815,658
Cost of sales	1,079,377	1,254,389
Gross profit	2,202,478	2,561,269
Selling, general and administrative expenses	969,359	1,207,699
Research and development	19,119	45,271
Other income	8,230	1,253
Other expenses	46,778	25
Operating profit	1,175,451	1,309,525
Finance income	70,824	138,801
Finance costs	3,592	3,797
Profit before tax	1,242,683	1,444,529
Income tax expenses	389,154	453,649
Profit	853,529	990,879
Profit attributable to:		
Owners of parent	857,222	995,672
Non-controlling interests	(3,692)	(4,793)
Profit	853,529	990,879
Earnings per share		
Basic earnings per share (Yen)	53.18	61.73
Diluted earnings per share (Yen)	-	-

Three months ended June 30, 2024

(Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Revenue	1,691,974	1,895,636
Cost of sales	558,850	633,048
Gross profit	1,133,123	1,262,588
Selling, general and administrative expenses	498,516	623,774
Research and development	9,053	24,376
Other income	6,256	472
Other expenses	46,776	0
Operating profit	585,033	614,910
Finance income	65,023	74,391
Finance costs	(1,913)	2,115
Profit before tax	651,971	687,186
Income tax expenses	204,175	217,495
Profit	447,795	469,690
Profit attributable to:		
Owners of parent	450,875	473,802
Non-controlling interests	(3,079)	(4,111)
Profit	447,795	469,690
Earnings per share		
Basic earnings per share (Yen)	27.96	29.37
Diluted earnings per share (Yen)	-	-

Condensed consolidated statement of comprehensive income

Six months ended June 30, 2024

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	853,529	990,879
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	23,516	25,207
Total of items that may be reclassified subsequently to profit or loss	23,516	25,207
Other comprehensive income, net of taxes	23,516	25,207
Comprehensive income	877,045	1,016,086
Attributable to:		
Owners of the parent	880,399	1,021,038
Non-controlling interests	(3,353)	(4,951)
Comprehensive income	877,045	1,016,086

Three months ended June 30, 2024

(Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	447,795	469,690
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	11,789	12,265
Total of items that may be reclassified subsequently to profit or loss	11,789	12,265
Other comprehensive income, net of taxes	11,789	12,265
Comprehensive income	459,585	481,956
Attributable to:		
Owners of the parent	462,510	486,229
Non-controlling interests	(2,924)	(4,273)
Comprehensive income	459,585	481,956

(3) Condensed consolidated statement of changes in equity

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

Six months ended June 30, 2024

(Thousands of yen)

	Equity attributable to owners of parent			
	Capital stock	Capital surplus	Treasury shares	Retained earnings
Balance on January 1, 2024	1,193,528	1,095,202	(112,862)	6,620,867
Profit				995,672
Other comprehensive income				
Total comprehensive income	-	-	-	995,672
Restricted Stock-based payment transactions			13,720	(4,473)
Dividends				(483,785)
Purchase of treasury shares			(72)	
Total transactions with owners	-	-	13,648	(488,259)
Balance on June 30, 2024	1,193,528	1,095,202	(99,214)	7,128,280

	Equity attributable to owners of parent		Non-controlling interests	Equity	
	Other components of equity	Total			
	Exchange differences on translation of foreign operations	Total			
Balance on January 1, 2024	87,318	87,318	8,884,053	227	8,884,280
Profit			995,672	(4,793)	990,879
Other comprehensive income	25,365	25,365	25,365	(158)	25,207
Total comprehensive income	25,365	25,365	1,021,038	(4,951)	1,016,086
Restricted Stock-based payment transactions			9,246		9,246
Dividends			(483,785)		(483,785)
Purchase of treasury shares			(72)		(72)
Total transactions with owners	-	-	(474,610)	-	(474,610)
Balance on June 30, 2024	112,683	112,683	9,430,480	(4,724)	9,425,756

(4) Condensed consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,242,683	1,444,529
Depreciation and amortization	162,914	178,089
Finance income	(75,981)	(142,889)
Finance costs	1,734	1,614
Settlement payment	45,000	-
Decrease (increase) in trade and other receivables	544,879	149,182
Decrease (increase) in contract assets	97,112	85,902
Increase (decrease) in trade and other payables	(131,514)	(128,122)
Increase (decrease) in contract liabilities	40,265	(17,566)
Increase (decrease) in provision	(15,736)	(26,212)
Other	24,904	41,429
Subtotal	1,936,260	1,585,958
Interest received	4,823	15,392
Interest paid	(1,734)	(1,614)
Income taxes paid	(506,731)	(252,280)
Cash flows from operating activities	1,432,618	1,347,455
Cash flows from investing activities		
Payments into time deposits	(4,051)	(13,029)
Purchase of property, plant and equipment	(2,622)	(56,749)
Purchase of intangible assets	(30,128)	(20,633)
Payments for lease and guarantee deposits	(2,740)	(24)
Other	1,006	9,732
Cash flows from investing activities	(38,536)	(80,705)
Cash flows from financing activities		
Repayments of lease liabilities	(97,621)	(99,105)
Cash dividends paid	(322,040)	(483,527)
Purchase of treasury shares	-	(72)
Cash flows from financing activities	(419,661)	(582,705)
Net increase (decrease) in cash and cash equivalents	974,420	684,045
Cash and cash equivalents at beginning of period	6,831,944	8,707,486
Effect of exchange rate change on cash and cash equivalents	27,703	58,944
Cash and cash equivalents at end of period	7,834,068	9,450,476

(5) Notes on condensed consolidated financial statements

(Note on the going-concern assumption)

Not applicable

(Segment information)

1. Revenues and results for each reportable segment

Six months ended June 30, 2023

	Reportable Segment			Adjustments (Note 1)	(Thousands of yen)
	Cloud Solutions	Marketing Solutions	Total		Consolidated
Revenue					
Revenue from external customers	2,112,447	1,169,408	3,281,856	—	3,281,856
Intersegment revenue	—	—	—	—	—
Total	2,112,447	1,169,408	3,281,856	—	3,281,856
Segment income	974,893	239,105	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	106,176	56,737	162,914	—	162,914

(Note)

1. The adjustment of (38,547) 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, 2024

	Reportable Segment			Adjustments (Note 1)	(Thousands of yen)
	Cloud Solutions	Marketing Solutions	Total		Consolidated
Revenue					
Revenue from external customers	2,335,616	1,480,042	3,815,658	—	3,815,658
Intersegment revenue	—	—	—	—	—
Total	2,335,616	1,480,042	3,815,658	—	3,815,658
Segment income	971,013	337,284	1,308,297	1,227	1,309,525
Finance income					138,801
Finance costs					3,797
Profit before tax					1,444,529
Other					
Depreciation and amortization	119,206	58,883	178,089	—	178,089

(Note)

1. The adjustment of 1,227 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

	Reportable Segment			Adjustments (Note 1)	(Thousands of yen)
	Cloud Solutions	Marketing Solutions	Total		Consolidated
Revenue					
Revenue from external customers	1,135,046	556,927	1,691,974	—	1,691,974
Intersegment revenue	—	—	—	—	—
Total	1,135,046	556,927	1,691,974	—	1,691,974
Segment income	545,629	79,924	625,553	(40,520)	585,033
Finance income					65,023
Finance costs					(1,913)
Profit before tax					651,971
Other					
Depreciation and amortization	53,877	29,503	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.

Three months ended June 30, 2024

	Reportable Segment			Adjustments (Note 1)	(Thousands of yen)
	Cloud Solutions	Marketing Solutions	Total		Consolidated
Revenue					
Revenue from external customers	1,180,484	715,151	1,895,636	—	1,895,636
Intersegment revenue	—	—	—	—	—
Total	1,180,484	715,151	1,895,636	—	1,895,636
Segment income	462,944	151,492	614,437	472	614,910
Finance income					74,391
Finance costs					2,115
Profit before tax					687,186
Other					
Depreciation and amortization	60,705	28,533	89,238	—	89,238

(Note)

1. The adjustment of 472 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.

2. Matters Concerning Changes in Reportable Segments, etc.

From the first quarter of the current consolidated cumulative period, the Company has revised its reportable segments to better align with the actual business conditions. The main changes are as follows:

1. The domestic sales agency business of the SEO tool “Semrush,” previously reported under the Digital Transformation business, is now classified as part of the Cloud Solutions business.
2. The Digital Transformation business has been discontinued, and a new Marketing Solutions business has been established. Marketing support operations (excluding “Semrush”), previously reported under the Digital Transformation business, will now be reported under the Marketing Solutions business.
3. The SaaS management tool “dxeco” was previously considered a new business in the pre-commercialization stage, with its costs distributed between two segments. However, since its commercialization is expected in the current fiscal year, all its sales and expenses will now be reported entirely under the Cloud Solutions business.

Due to these changes, the Cloud Solutions business will now focus on developing and providing proprietary cloud services, along with services

from other companies. The Marketing Solutions business will primarily offer marketing support services to clients. Segment information for the second quarter of the previous fiscal year is presented according to the new reporting segment classifications.