



# Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2023 (Six Months Ended June 30, 2023)

[Japanese GAAP]

August 14, 2023

Company name: Orchestra Holdings Inc.

Listing: Tokyo Stock Exchange

Stock code: 6533

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

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Scheduled date of filing of Quarterly Report:

August 14, 2023

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

Yes (for analysts and institutional investors)

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

## 1. Consolidated Financial Results for the First Six Months of 2023 (January 1 to June 30, 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	%
Six months ended Jun. 30, 2023	5,786	17.2	383	(54.9)	394	(55.2)	202	(58.6)
Six months ended Jun. 30, 2022	4,935	-	851	24.9	879	27.1	489	11.9

Note: Comprehensive income (millions of yen) Six months ended Jun. 30, 2023: 328 (down 45.0%)

Six months ended Jun. 30, 2022: 596 (up 32.8%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Jun. 30, 2023	20.64	20.35
Six months ended Jun. 30, 2022	49.93	48.91

Note: The Company has adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year ended December 31, 2022. The year-on-year changes in net sales for this period are not shown.

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2023	13,813	5,981	39.4
As of Dec. 31, 2022	11,410	5,735	45.4

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2023: 5,437 As of Dec. 31, 2022: 5,180

## 2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2022	-	0.00	-	9.00	9.00
2023	-	0.00	-	-	-
2023 (forecast)	-	-	-	10.00	10.00

Note: Revisions to the most recently announced dividend forecast: None

## 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
Full year	11,500	10.8	1,150	Δ14.9	1,150	Δ17.9	750	Δ17.4	71.81

Note: Revisions to the most recently announced consolidated forecast: Yes

**\* Notes**

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

Newly added: -

Excluded: -

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

(3) 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

(4) Number of shares issued (common stock)

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

As of Jun. 30, 2023:	9,817,800 shares	As of Dec. 31, 2022:	9,811,400 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2023:	97 shares	As of Dec. 31, 2022:	97 shares
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3) Average number of shares during the period

Six months ended Jun. 30, 2023:	9,815,034 shares	Six months ended Jun. 30, 2022:	9,796,506 shares
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\* The current financial report is not subject to quarterly review 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.

**Quarterly Consolidated Financial Statements****(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	2022 (As of Dec. 31, 2022)	Second quarter of 2023 (As of Jun. 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	3,016,381	3,830,954
Notes and accounts receivable-trade, and contract assets	3,317,823	3,232,739
Work in process	19,744	18,683
Deposits paid	319,653	297,039
Other	602,387	247,919
Total current assets	<u>7,275,989</u>	<u>7,627,336</u>
Non-current assets		
Property, plant and equipment	646,721	647,677
Intangible assets		
Goodwill	1,964,386	3,681,054
Other	78,265	73,940
Total intangible assets	<u>2,042,652</u>	<u>3,754,994</u>
Investments and other assets	<u>1,444,710</u>	<u>1,783,111</u>
Total non-current assets	<u>4,134,083</u>	<u>6,185,784</u>
Total assets	<u>11,410,073</u>	<u>13,813,121</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	2,397,879	2,474,583
Short-term borrowings	388,000	603,000
Current portion of long-term borrowings	297,516	602,599
Income taxes payable	321,688	241,844
Accrued consumption taxes	166,772	117,258
Provision for bonuses	25,907	27,337
Other	787,679	910,880
Total current liabilities	<u>4,385,443</u>	<u>4,977,503</u>
Non-current liabilities		
Long-term borrowings	1,023,090	2,529,182
Other	266,362	324,517
Total non-current liabilities	<u>1,289,452</u>	<u>2,853,699</u>
Total liabilities	<u>5,674,895</u>	<u>7,831,203</u>
<b>Net assets</b>		
Shareholders' equity		
Share capital	202,843	207,431
Capital surplus	1,687,375	1,691,443
Retained earnings	2,890,970	3,005,213
Treasury shares	(102)	(102)
Total shareholders' equity	<u>4,781,087</u>	<u>4,903,985</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	404,322	535,735
Foreign currency translation adjustment	(1,173)	(1,984)
Total accumulated other comprehensive income	<u>403,148</u>	<u>533,751</u>
Share acquisition rights	148,210	144,577
Non-controlling interests	<u>402,731</u>	<u>399,604</u>
Total net assets	<u>5,735,178</u>	<u>5,981,918</u>
Total liabilities and net assets	<u>11,410,073</u>	<u>13,813,121</u>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**  
**(Quarterly Consolidated Statement of Income)**  
**(For the Six-month Period)**

	(Thousands of yen)	
	First six months of 2022 (Jan. 1 – Jun. 30, 2022)	First six months of 2023 (Jan. 1 – Jun. 30, 2023)
Net sales	4,935,225	5,786,218
Cost of sales	2,454,095	2,915,611
Gross profit	2,481,129	2,870,607
Selling, general and administrative expenses	1,629,384	2,486,879
Operating profit	851,744	383,727
Non-operating income		
Interest and dividend income	260	28
Subsidy income	16,538	1,539
Rental income from real estate	17,692	17,202
Other	2,586	9,139
Total non-operating income	37,078	27,910
Non-operating expenses		
Interest expenses	1,916	4,854
Commission expenses	3,684	7,335
Depreciation	3,416	3,446
Other	-	1,907
Total non-operating expenses	9,018	17,543
Ordinary profit	879,804	394,094
Extraordinary losses		
Loss on valuation of investment securities	-	8,099
Loss on retirement of non-current assets	-	2,008
Total extraordinary losses	-	10,108
Profit before income taxes	879,804	383,985
Income taxes-current	320,731	154,562
Income taxes-deferred	30,684	31,350
Total income taxes	351,416	185,912
Profit	528,388	198,072
Profit (loss) attributable to non-controlling interests	39,279	(4,471)
Profit attributable to owners of parent	489,109	202,544

**(Quarterly Consolidated Statement of Comprehensive Income)**  
**(For the Six-month Period)**

	(Thousands of yen)	
	First six months of 2022 (Jan. 1 – Jun. 30, 2022)	First six months of 2023 (Jan. 1 – Jun. 30, 2023)
Profit	528,388	198,072
Other comprehensive income		
Valuation difference on available-for-sale securities	69,891	131,412
Foreign currency translation adjustment	(1,642)	(1,136)
Total other comprehensive income	68,249	130,276
Comprehensive income	596,638	328,349
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	557,831	333,144
Comprehensive income attributable to non-controlling interests	38,806	(4,795)

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of 2022 (Jan. 1 - Jun. 30, 2022)	First six months of 2023 (Jan. 1 - Jun. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	879,804	383,985
Depreciation	13,567	29,692
Amortization of goodwill	88,738	168,151
Loss on retirement of non-current assets	-	2,008
Loss (gain) on valuation of investment securities	-	8,099
Increase (decrease) in provision for bonuses	(31,431)	(23,132)
Interest and dividend income	(260)	(28)
Interest expenses	1,916	4,854
Decrease (increase) in trade receivables, and contract assets	(180,012)	308,609
Decrease (increase) in inventories	12,464	962
Decrease (increase) in deposits paid	(50,402)	(28,823)
Decrease (increase) in other current assets	(1,798)	278,904
Increase (decrease) in trade payables	162,901	16,239
Increase (decrease) in accrued consumption taxes	(147,662)	(79,812)
Increase (decrease) in other current liabilities	19,936	(83,023)
Other, net	(1,745)	(8,717)
Subtotal	766,016	977,972
Interest and dividends received	260	28
Interest paid	(2,030)	(5,808)
Income taxes paid	(1,089,665)	(317,843)
Income taxes refund	0	399,207
Net cash provided by (used in) operating activities	(325,419)	1,053,555
Cash flows from investing activities		
Purchase of investment securities	(69,942)	(158,560)
Purchase of property, plant and equipment	(23,588)	(21,933)
Loan advances	(115,000)	(1,500)
Payments of leasehold and guarantee deposits	(42,229)	(27,984)
Proceeds from refund of leasehold and guarantee deposits	4,907	25,675
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(253,409)	(2,039,476)
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	(1,043)	(861)
Net cash provided by (used in) investing activities	(573,234)	(2,224,641)

	(Millions of yen)	
	First six months of 2022 (Jan. 1 - Jun. 30, 2022)	First six months of 2023 (Jan. 1 - Jun. 30, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	36,000	215,000
Proceeds from long-term borrowings	-	2,200,000
Repayments of long-term borrowings	(168,120)	(399,897)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,039	5,542
Repayments to non-controlling shareholders	(204,276)	-
Dividends paid	(78,161)	(88,183)
Other, net	195	1,150
Net cash provided by (used in) financing activities	(413,322)	1,933,611
Effect of exchange rate change on cash and cash equivalents	1,602	580
Net increase (decrease) in cash and cash equivalents	(1,310,373)	763,106
Cash and cash equivalents at beginning of period	4,958,002	3,067,509
Cash and cash equivalents at end of period	3,647,628	3,830,616

*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.*