



ORCHESTRA HOLDINGS

Results of Operations
for the Third Quarter of the
Fiscal Year Ending
December 31, 2021

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01 Financial Overview: 3Q FY2021

3Q FY2021 Consolidated Results



Posted all-time high sales and record-high 3Q earnings.

Due to significant increase in profits, stock compensation expenses ¥127million recorded in 3Q, considering the expected achievement of performance conditions for stock options. Cumulative operating profit in 3Q before recording stock compensation expenses was **¥1,034 million (+121.9% YoY)**.

(Millions of yen)	1-3Q/FY2021	1-3Q/FY2020	% Change	3Q/FY2021	3Q/FY2020	% Change
Net Sales	11,887	8,494	39.9%	4,309	2,942	46.5%
Gross Profit	2,749	1,757	56.4%	955	613	55.6%
SG&A expenses	1,843	1,291	42.7%	730	449	62.6%
Operating Profit	906	466	94.5%	224	164	36.5%
EBITDA	1,119	549	103.7%	384	192	100.0%
EBITDA margin	9.4%	6.5%	2.9pt	8.9%	6.5%	2.4pt
Ordinary Profit	918	462	98.8%	226	162	39.3%
Profit attributable to owners parent	519	277	87.1%	82	98	△16.4%

¥127million of stock compensation expenses are not tax deductible.

Reference: Profits before recording stock compensation expenses

Operating Profit	1,034	466	121.9%	352	164	114.0%
Ordinary Profit	1,046	462	126.4%	354	162	117.8%
Profit attributable to owners parent	647	277	133.1%	210	98	112.8%

3Q FY2021 Segment Results



Strong growth continued in all businesses despite the COVID-19 pandemic.
 Cloud integration was the main reason for the rapid growth of the DX business.
 Digital Marketing also continued to grow, posting all-time high sales and earnings.

Segment (Millions of yen)	1-3Q/FY2021	1-3Q/FY2020	% Change	3Q/FY2021	3Q/FY2020	% Change
Digital Transformation (DX) business						
Net sales	3,017	2,452	23.0%	1,075	839	28.0%
Segment profit	330	199	65.8%	107	87	22.8%
Digital Marketing business						
Net sales	8,438	5,692	48.2%	3,089	1,972	56.6%
Segment profit	1,257	742	69.3%	436	245	77.8%
Other businesses						
Net sales	485	361	34.0%	167	138	21.4%
Segment profit	20	△ 9	-	△ 2	△ 7	-

Posted all-time high sales and record-high 3Q earnings while investment in human resources to enhance sales and development team

Posted all-time high sales and earnings. Orders from current and new customers increased steadily.

Losses from upfront investments in new businesses were offset by earnings from Urala, an app for fortune telling chat consultations

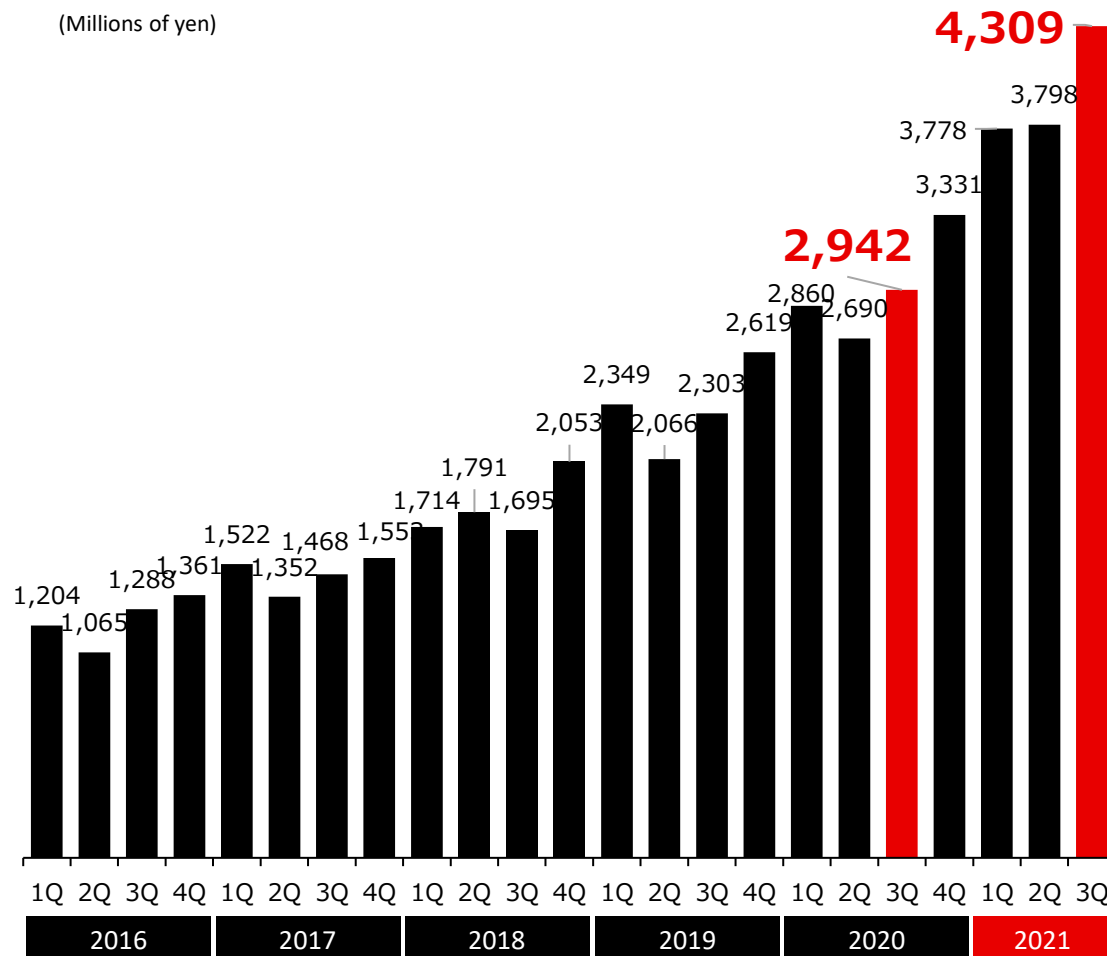
* Beginning in 2021, some corporate expenses that were not assigned to a business segment in prior years are now assigned to a business segment by using reasonable standards. The purpose is to show the performance of business segments more appropriately. Earnings for 3Q 2020 have been revised for consistency with this change.

* Net sales of each business segment include intersegment sales between the reportable segments.

Quarterly Consolidated Results

Net sales Up 46.5% YoY
Posted all-time high sales

(Millions of yen)

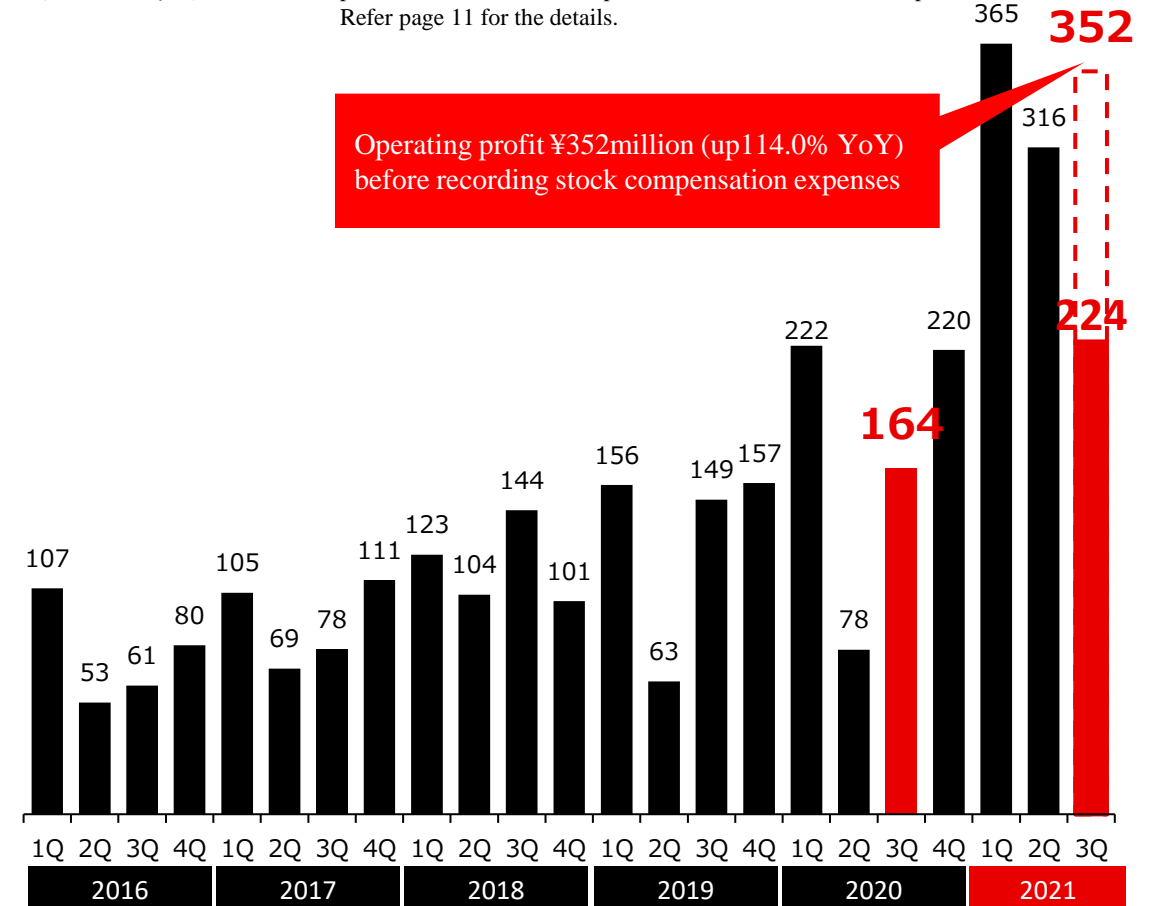


Operating profit

Up 36.5% YoY
Posted record-high 3Q earnings despite recording stock compensation expenses ※ of 127million yen

(Millions of yen)

※ Stock compensation expenses is the temporary expenses related to performance-linked stock option and do not involve cash expenditure. Refer page 11 for the details.



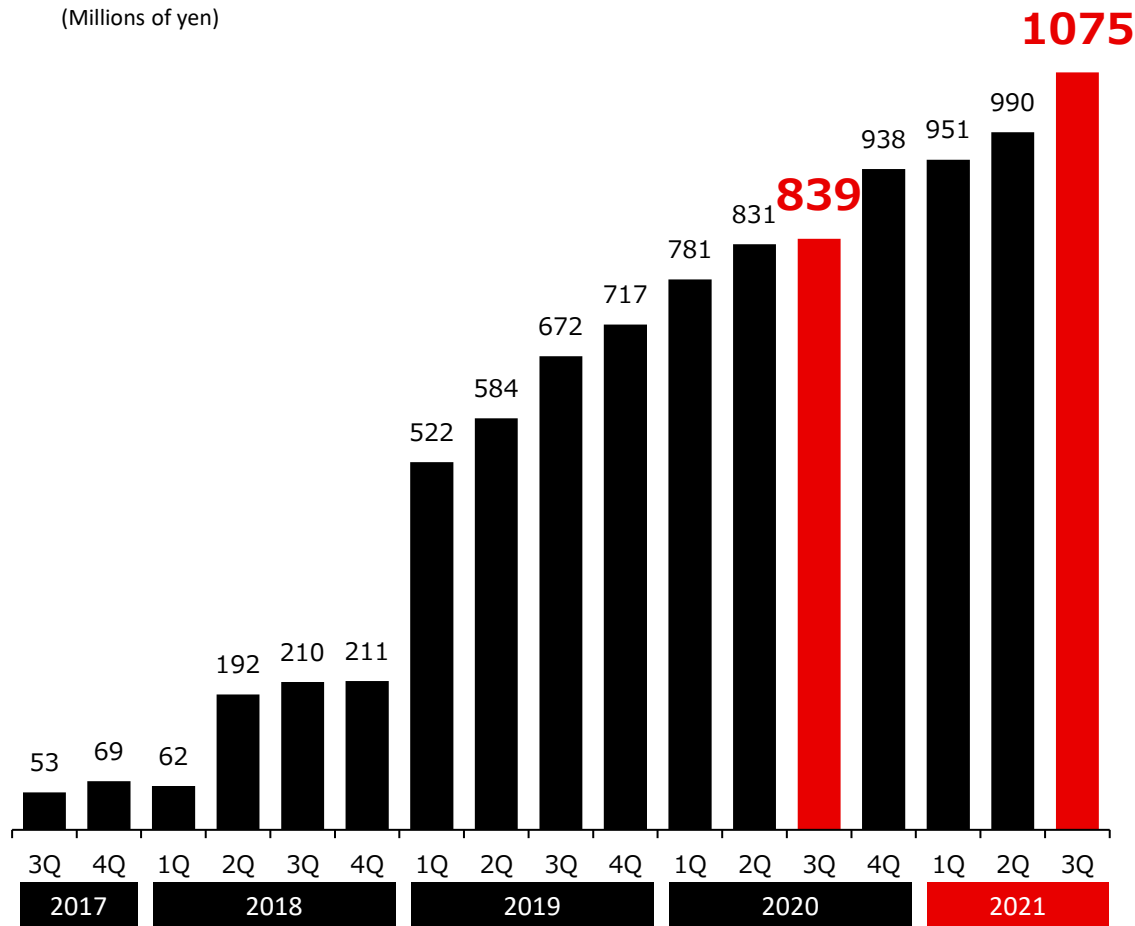
DX Business: Quarterly Results



Net sales Up 28.0% YoY
Posted all-time high sales

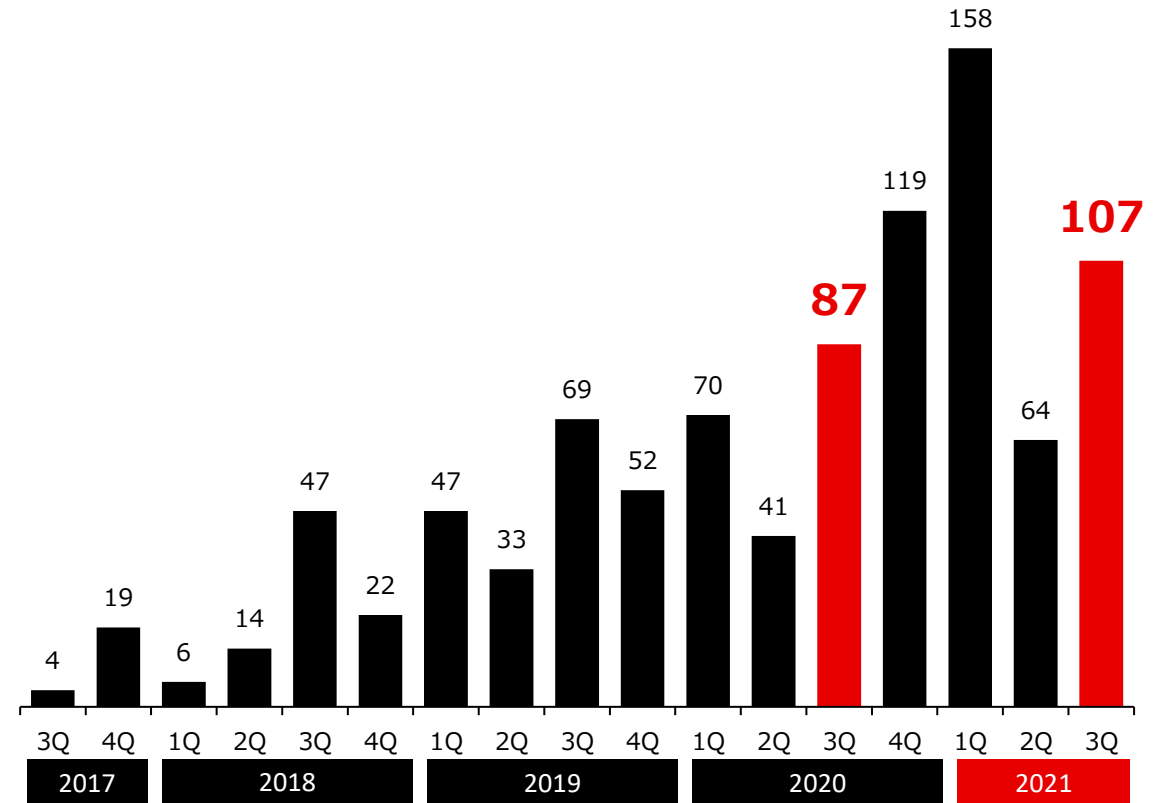
Segment profit Up 22.8% YoY
Posted record-high 3Q earnings despite higher investments in human resources

(Millions of yen)



(Millions of yen)

Beginning in 2021, the method for aggregating segment profit was changed. Figures in prior years were also revised for consistency with this change.



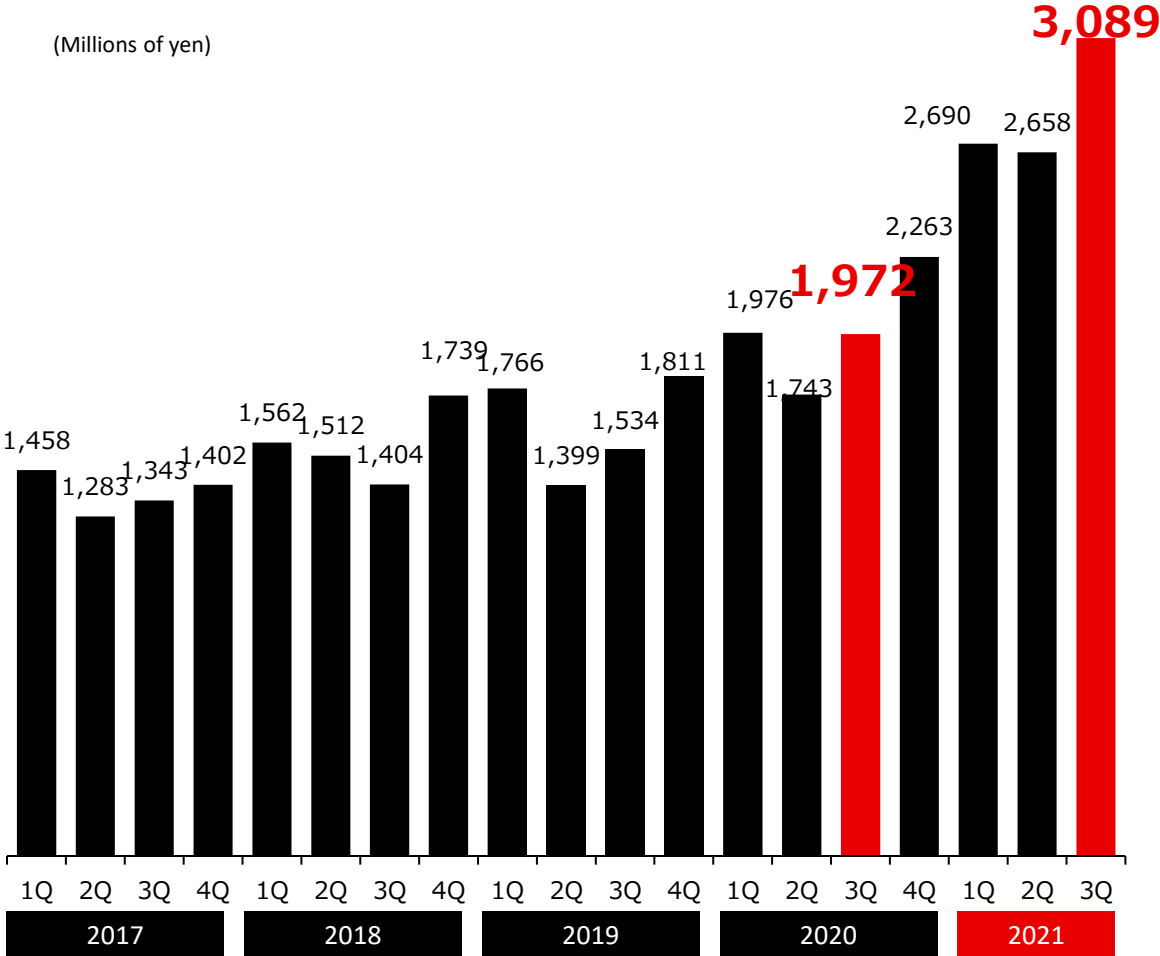
Digital Marketing Business: Quarterly Results



Net sales Up 56.6% YoY
 Posted all-time high sales

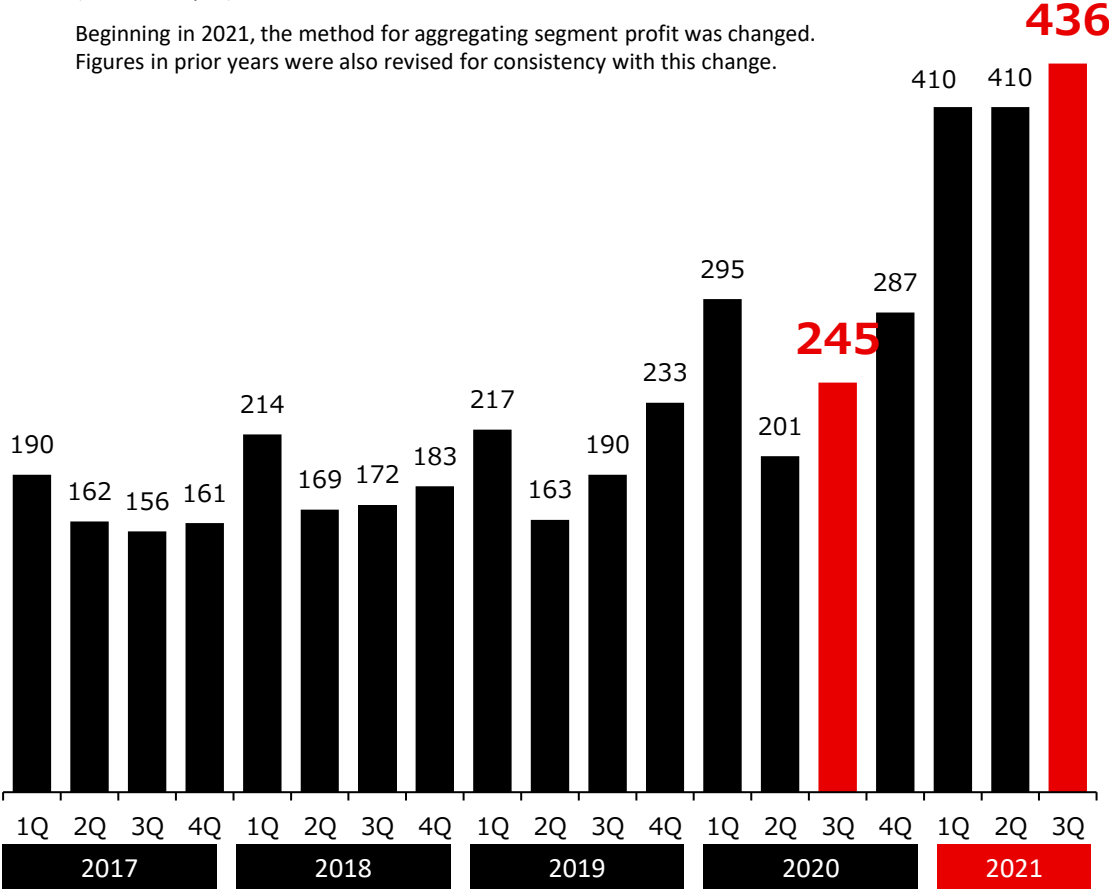
Segment profit Up 77.8% YoY
 Posted all-time high earnings

(Millions of yen)



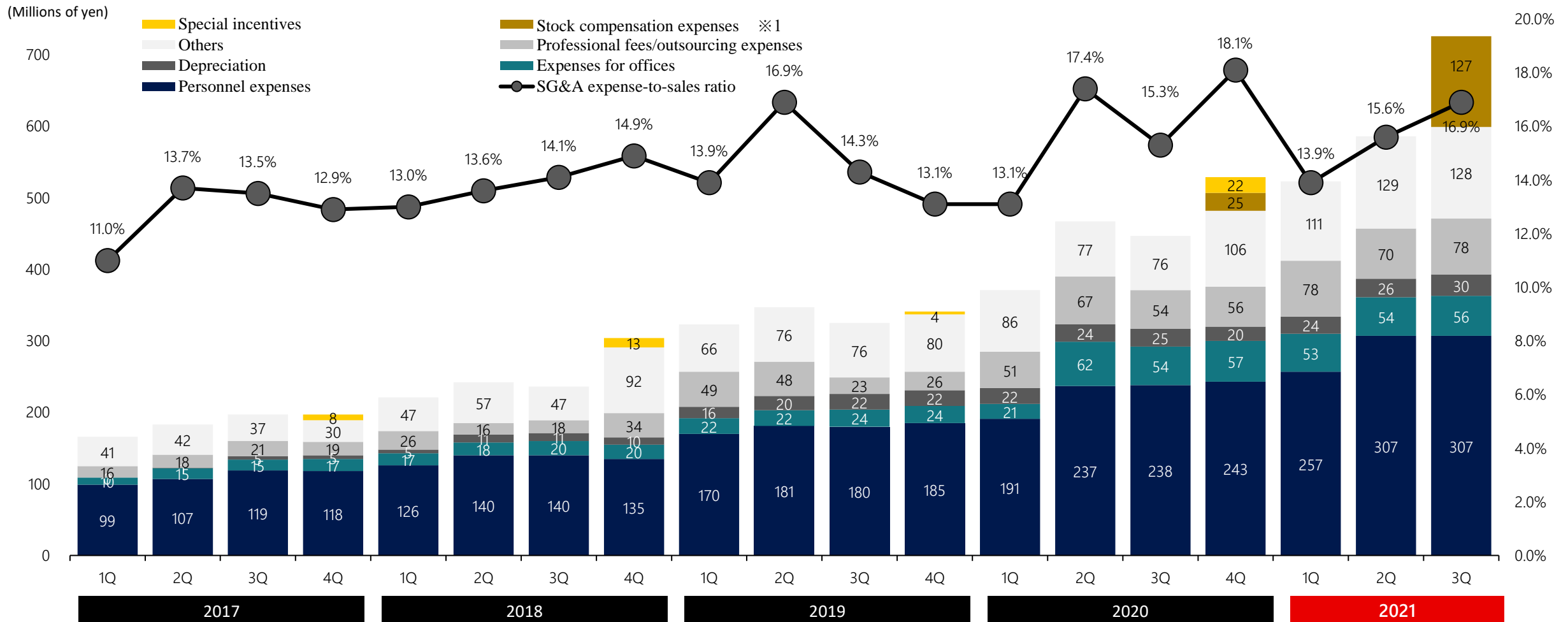
(Millions of yen)

Beginning in 2021, the method for aggregating segment profit was changed. Figures in prior years were also revised for consistency with this change.



3Q FY2021 Changes in SG&A Expenses

SG&A expense increased due to stock compensation expenses and investment in human resources. Due to the steady expansion of sales, the SG&A ratio remained at a low level of 16.9% after recording stock compensation expenses and 14.0% before recording.

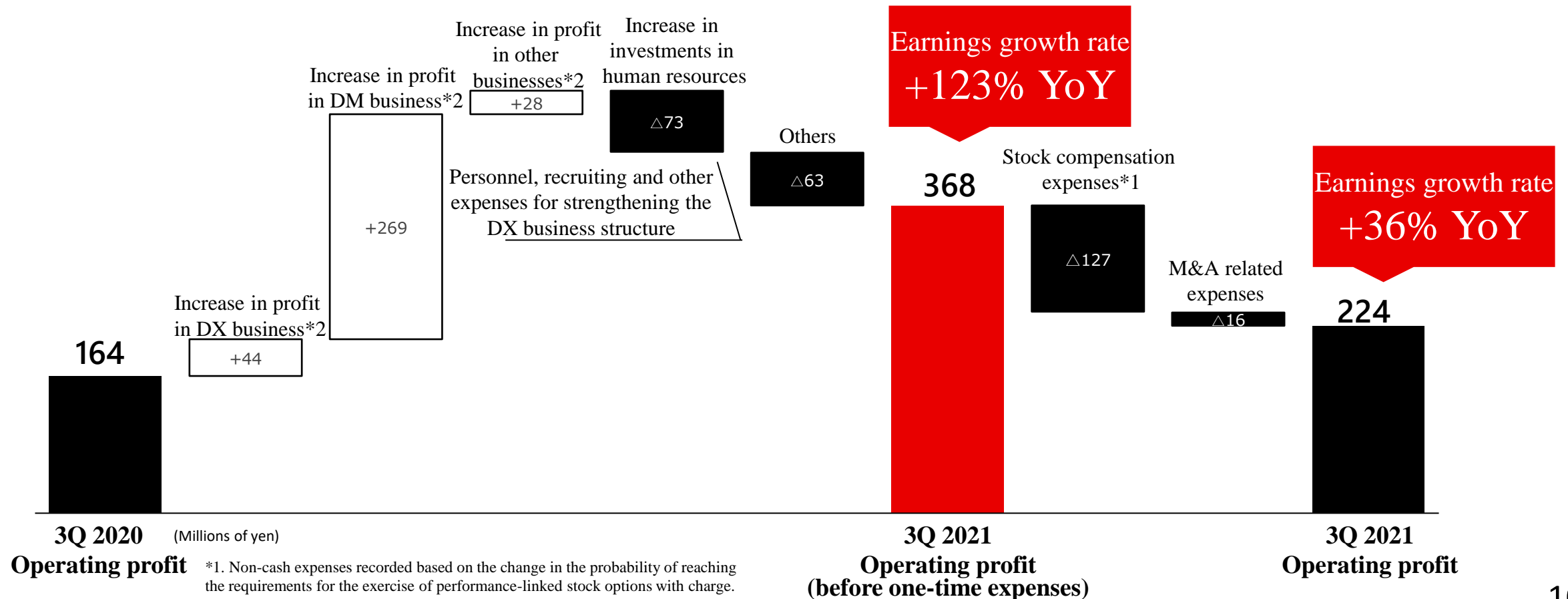


*1. Non-cash expenses recorded based on the change in the probability of reaching the requirements for the exercise of performance-linked stock options with charge

3Q FY2021 Changes in Operating profit

The growth of earnings in all businesses.

Excluding one-time expenses, 3Q operating profit was up 123% YoY to ¥368 million.



*1. Non-cash expenses recorded based on the change in the probability of reaching the requirements for the exercise of performance-linked stock options with charge.
 *2. Changes in gross profit of each segment

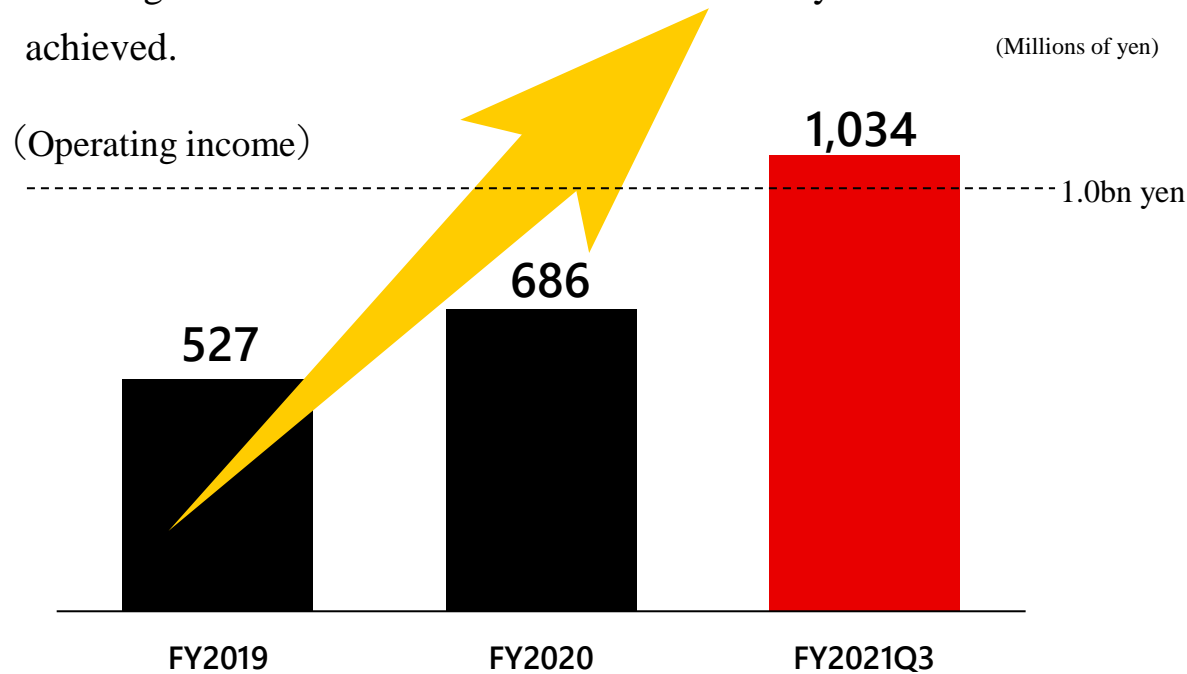
Stock compensation expenses

Stock compensation expenses ¥127million recorded in 3Q, considering the expected achievement of performance conditions for stock options. This is temporary non-cash expenses recorded in SG&A expenses.

Condition1

Consolidated Operating Income - Over ¥1billion (※)

Operating income excluding stock compensation expenses was ¥1.0bn (+ 121.9% YoY) for the cumulative third quarter, ensuring that the conditions for the current fiscal year will be achieved.

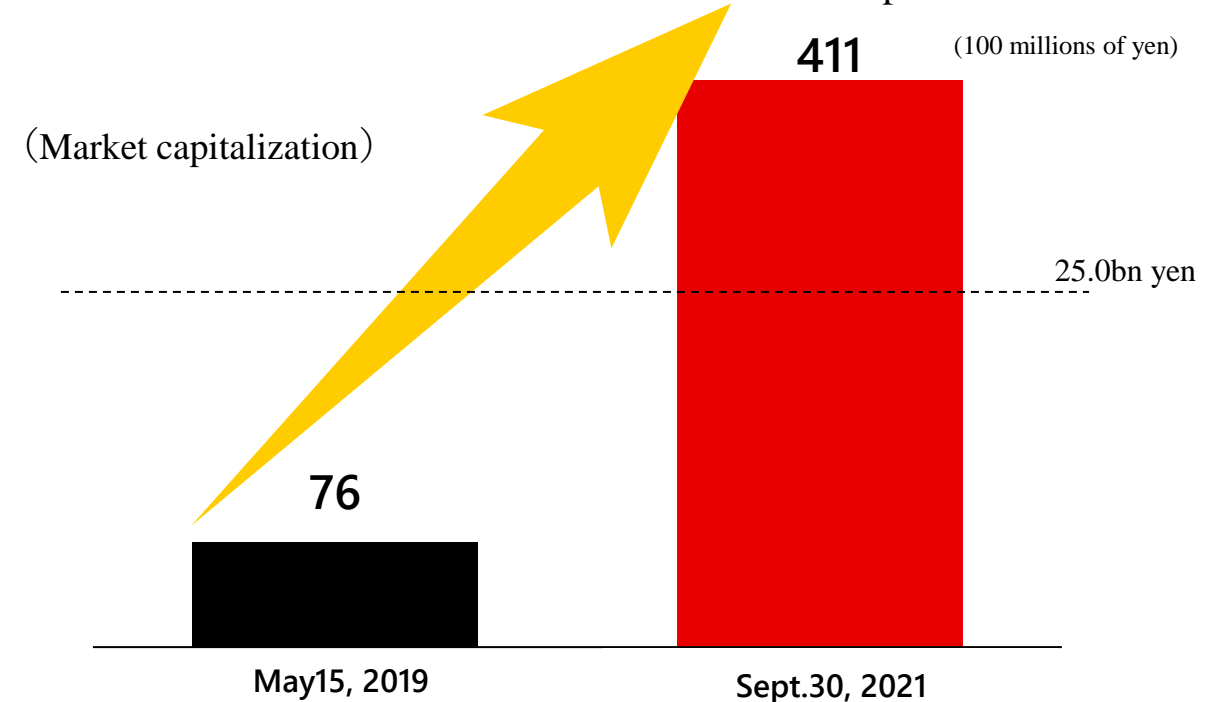


※ In any of the fiscal years from 2019 to 2022, it is necessary to achieve operating income of 1 billion yen before recording stock compensation expenses

Condition2

Market capitalization - Over ¥25billion

The condition has been achieved. As of September 30, 2021, the market capitalization was ¥ 41.1 billion yen, which is more than five times the value at the time of the stock option issuance.



At the time of stock option issuance

3Q FY2021 Consolidated Balance Sheet



Equity ratio was 47.0%; maintain financial soundness while continuing to make investments for growth

(Millions of yen)	Sept.30, 2021	Dec.31, 2020	Change
Current assets	7,119	3,365	3,753
Non-current assets	1,702	1,323	379
Property, plant and equipment	83	87	△ 3
Intangible assets	666	608	58
Investments and other assets	951	628	323
Total assets	8,822	4,689	4,132
Current liabilities	3,575	2,239	1,336
Non-current liabilities	497	564	△ 67
Total liabilities	4,072	2,803	1,268
Total net assets	4,749	1,885	2,864
Total liabilities and net assets	8,822	4,689	4,132

Cash and deposits increased about ¥2.7 billion due to a listing of consolidated subsidiary Sharing Innovations and sales of some shares associated with this listing

Capital surplus increased about ¥1.6 billion due to the reason above.



02 Earnings Forecast: 2021

Repost : Revisions to Earnings Forecast for FY2021 ※ Announced on Sept.21



Revised earnings forecast for FY2021, as both the DX business and Digital Marketing business continue to grow strongly.

- ◆ **DX business** : Orders for Salesforce projects have been strong. Profitability improved more than expected because the development system could be strengthened at an early stage due to the smooth progress of recruitment and education activities.
- ◆ **Digital Marketing business** : Additional orders from existing customers and new customer development have progressed steadily, and orders have been increasing faster than initially expected.
- ◆ The performance condition of stock option is expected to be achieved due to a significant increase in profits. Operating income after recording stock compensation expenses is expected to be 1.13 billion yen.
- ◆ **Operating income before recording stock compensation expenses is expected to increase 44.8% from the initial budget and 77.0% from the previous fiscal year to 1.25 billion yen.**

	FY2021	FY2021	Change		FY2020	YoY change	
	Revised Forecast	Previous Forecast	Amount	%	Results	Amount	%
Net Sales	15,620	14,200	1,420	10.0%	11,825	3,794	32.1%
Reference: Operating profit before recording stock compensation expenses	1,259	870	389	44.8%	711	548	77.0%
Operating Profit	1,131	870	261	30.0%	686	444	64.8%
Ordinary Profit	1,124	865	259	30.0%	683	441	64.6%
Profit attributable to owners of parent	702	540	162	30.0%	435	266	61.2%

FY2021 Consolidated Forecast

Sustaining high growth.

Good performance progress even after upward revisions of earnings forecast.

	1-3Q/FY2021		FY2020	FY2021	YoY Change		
	(Millions of yen)	Amount	Progress ratio	Results	Forecasts	Amount	%
Net sales		11,887	76.1%	11,825	15,620	3,794	32.1%
Operating profit		906	80.2%	686	1,131	444	64.8%
Ordinary profit		918	81.7%	683	1,124	441	64.6%
Profit attributable to owners of parent		519	74.0%	435	702	266	61.2%

2021 Shareholder Distributions



Forecast a 2021 ordinary dividend of 8 yen per share, 1 yen higher than for 2020

Policy for shareholder distributions

Our goal is the constant growth of shareholder value by making investments for growth by using M&A and starting businesses in new market sectors.

Shareholder distributions are an important means of increasing shareholder value. Our policy is to distribute earnings to shareholders while maintaining the balance between these distributions and investments for growth.

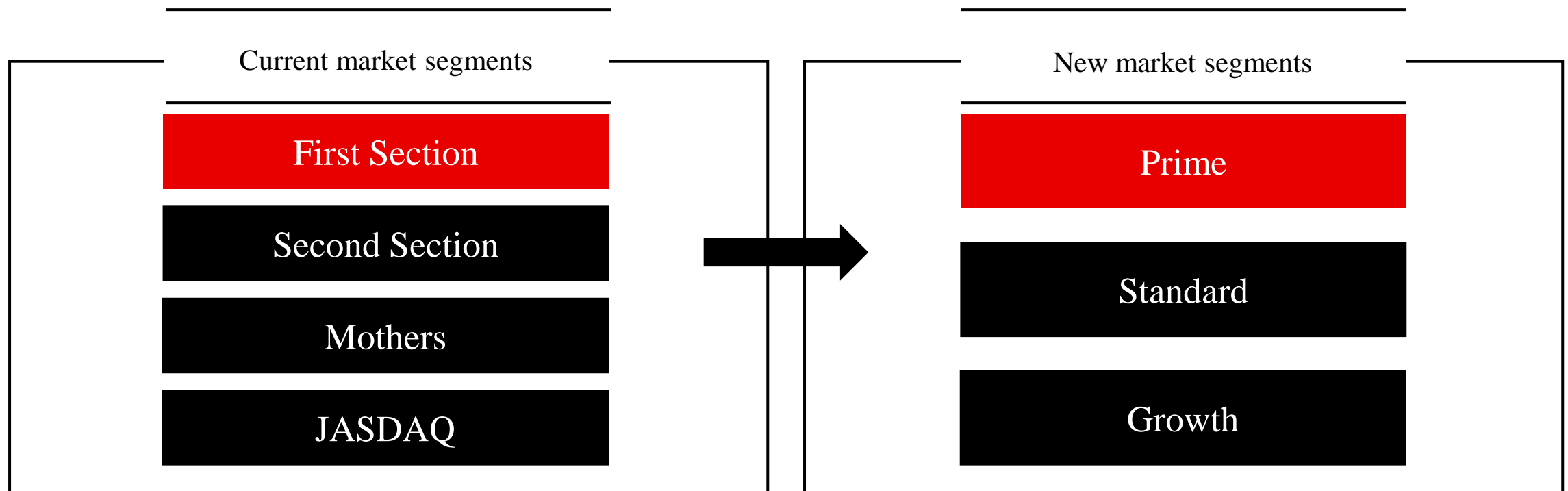
In 2021, based on our forecast for sales and earnings, our financial position, and other considerations, we plan to raise the ordinary dividend from 7 yen to 8 yen.

	2020	2021
Dividend per share	7.0 yen (Ordinary dividend: 7.0 yen)	8.0 yen (Ordinary dividend: 8.0 yen)

Listing Application for the New Prime Market

Orchestra Holdings has decided to apply for a listing on the Prime Market, a new market segment of the Tokyo Stock Exchange

Based on the results of the initial assessment of compliance with listing standards for the new market segments, Orchestra Holdings has confirmed its compliance with Prime Market listing requirements. The listing is expected to change from the First Section to the Prime Market in or after April 2022.

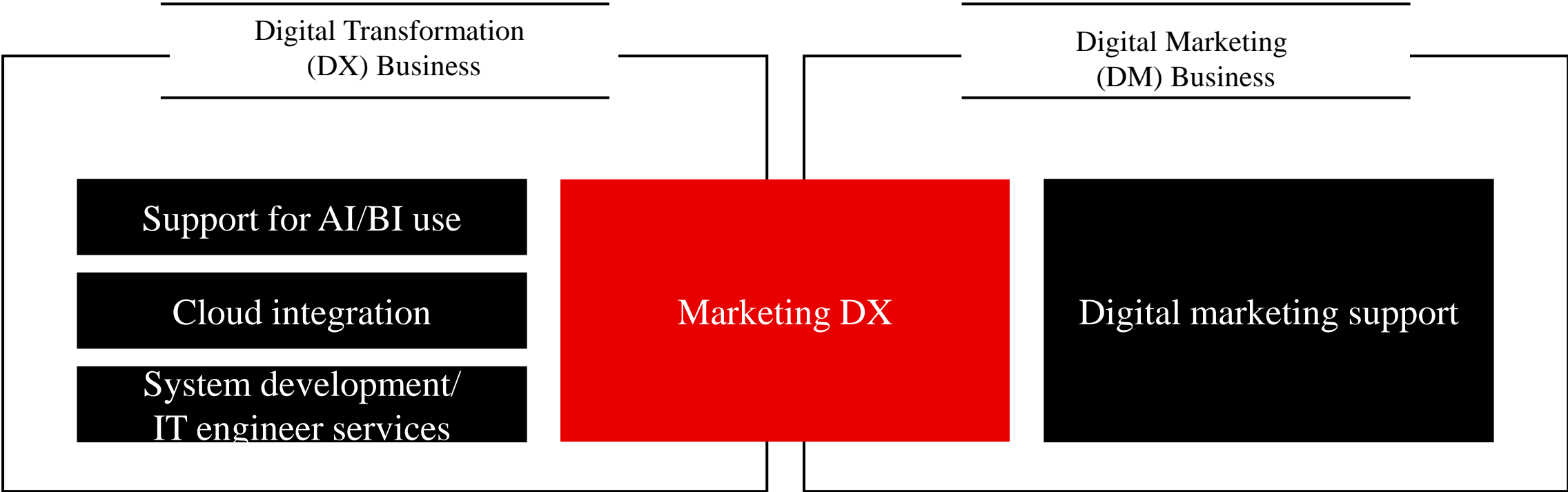




03 Business Summary/Growth Strategy

To be a leading company in the marketing DX domain

by combining DX business and DM business



NEW BUSINESS

Investing our group business resources in
“Skill Navi”, SaaS talent management
system

DIGITAL TRANSFORMATION

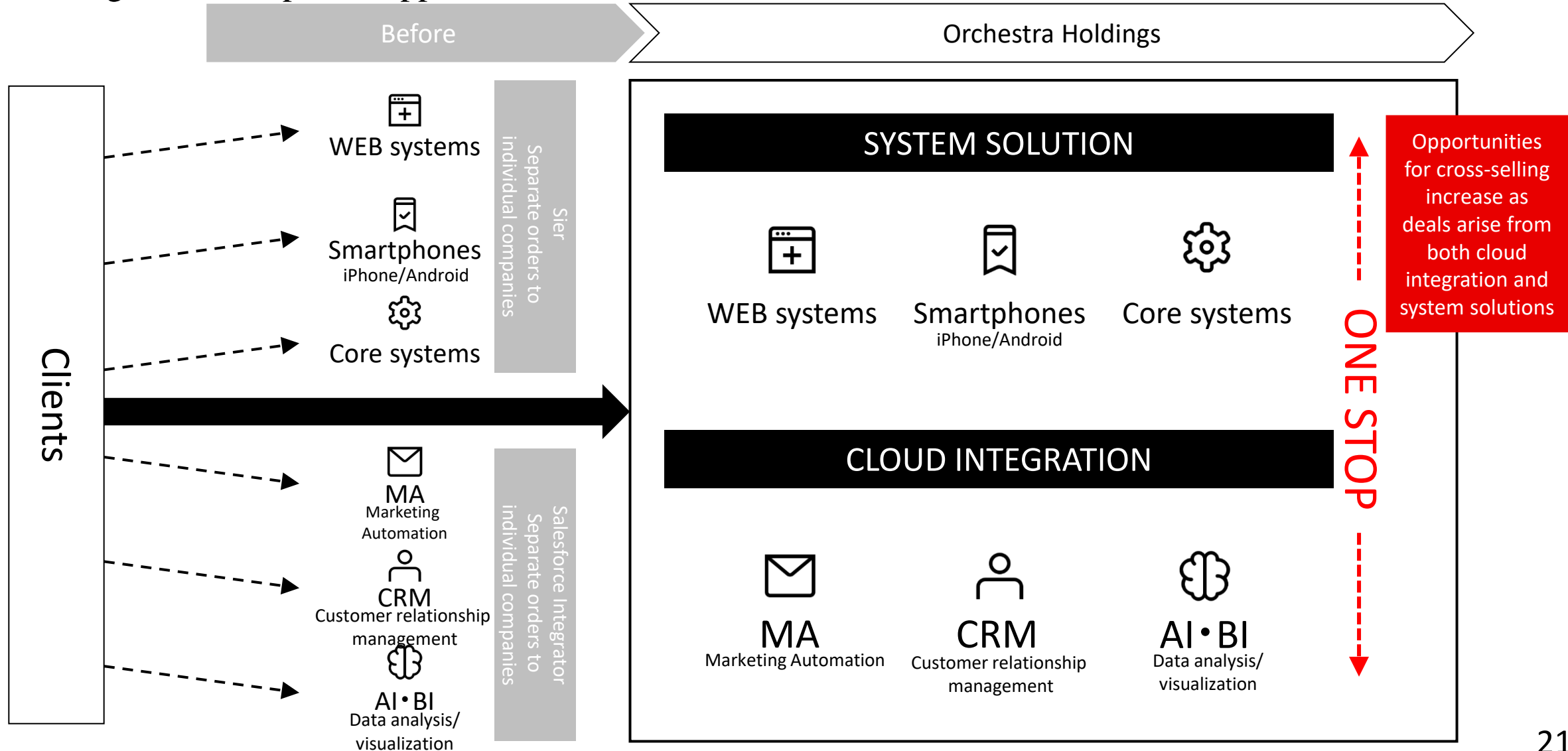
Utilize DX human resources for
other businesses
Supporting DX within our group

DIGITAL MARKETING

Leverage marketing expertise
in other businesses

Business Overview: DX Business

Our Strength: One-stop DX support



Business Overview: DX Business



Source of competitiveness



Faster growth



These strengths have been generating rapid growth over a short time

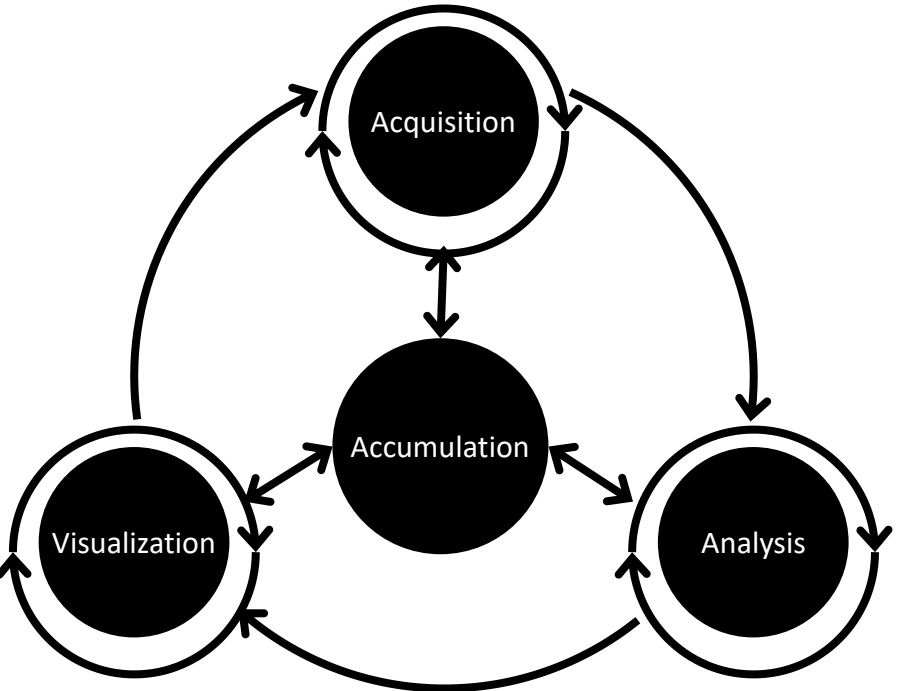
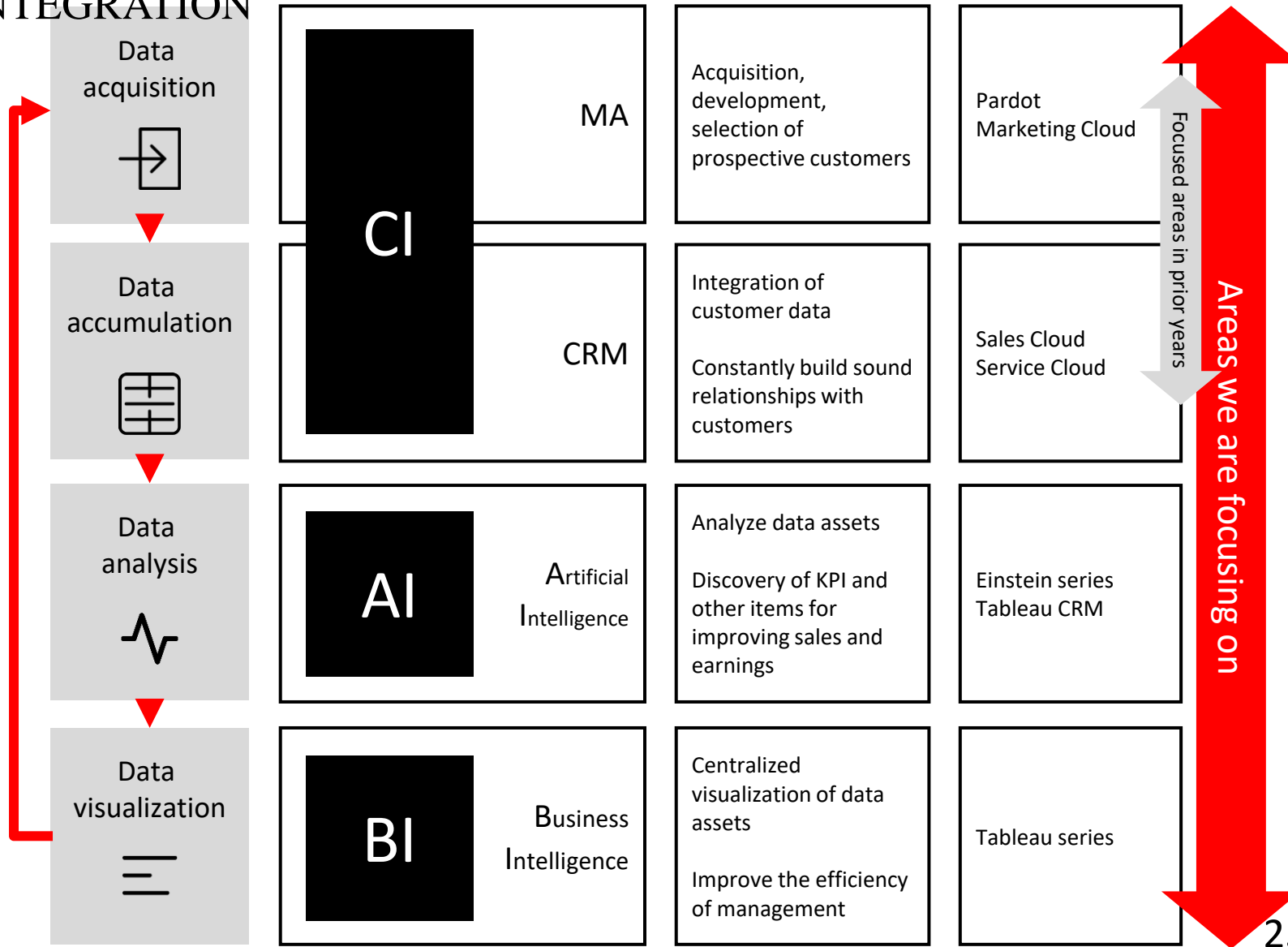
Market Selection

DX >>Cloud>>Salesforce

Business Overview: DX Business

Growth Strategy: AI×BI×CLOUD INTEGRATION

Aiming for growth as an integrator encompassing AI x BI x CI for the digital transformation of our client companies



Business Overview: DX Business

Recognized as “Agile Integration Partner of the Year” in Salesforce Partner Summit 2021

Sharing Innovations Inc. was recognized as the Agile Integration Partner of the Year for FY2021 (Feb. 2020 to Jan. 2021) from an overall perspective (Salesforce business growth rate, number of certified personnel, number of Salesforce products introduced, and other performance indicators).

Sharing Innovation acquired a high score of 4.77 out of a possible 5 in the Salesforce Project evaluation survey at client companies.

In addition, on October 29, 2021, Sharing Innovations received the same award from the Salesforce West Japan Partners Association for its activities in the West Japan area.



Partner Network rank of Tableau Software raised to “Select”

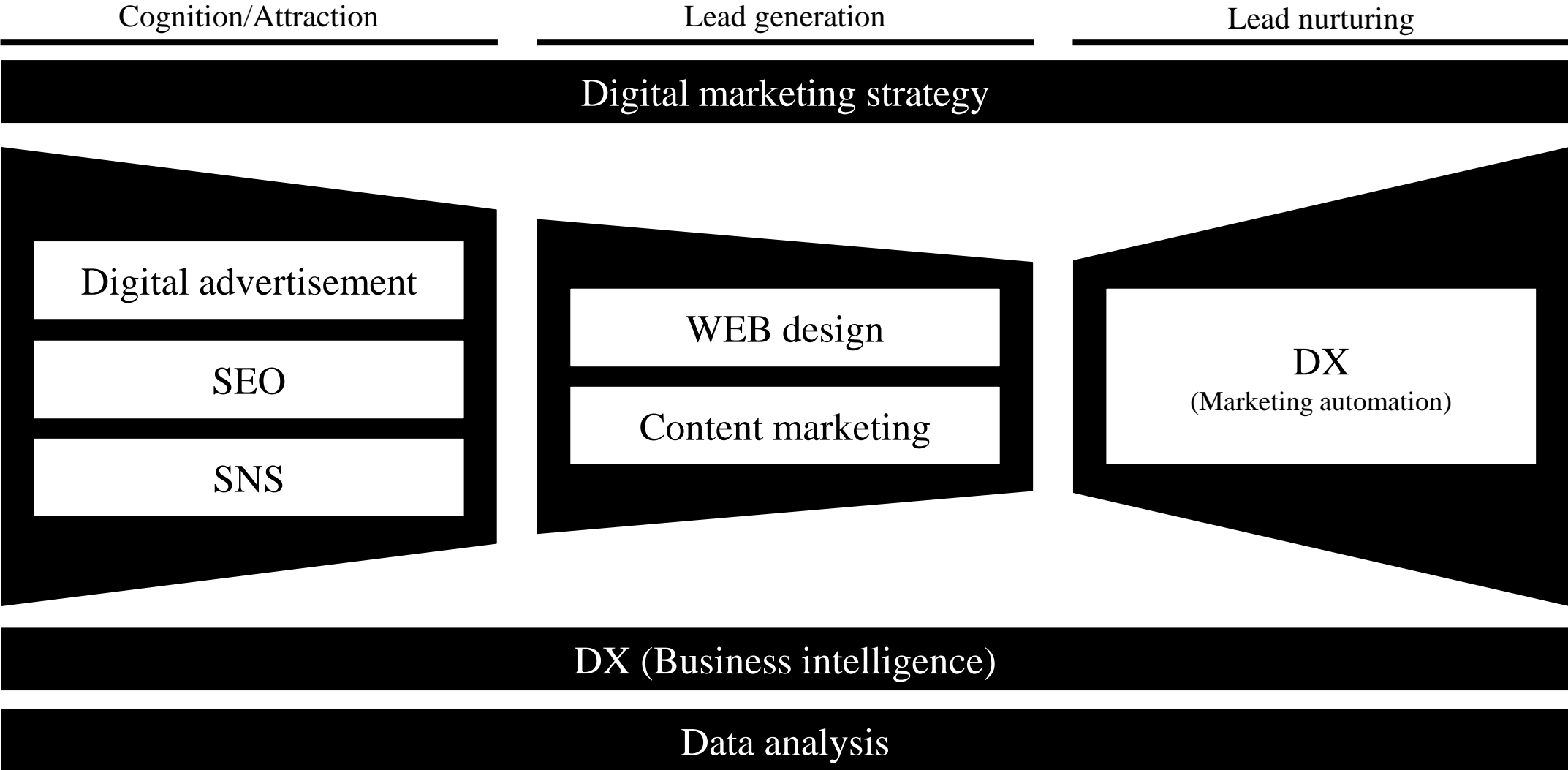
Since a partner agreement was signed with Tableau Software in August 2020, Sharing Innovations has trained engineers, and provided services at many companies. Due to these accomplishments, Sharing Innovations has been upgraded to a “Select” partner of Tableau Software.



Business Overview: Digital Marketing Business



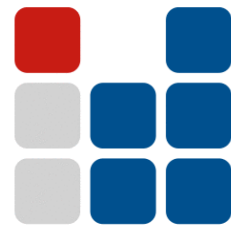
End-to-end services for digital marketing, from the creation of strategies, proposal and execution to the analysis of data



Business Overview: Digital Marketing Business

Certified as an Advertisement Operation Certified Partner of the Yahoo! Marketing Solutions Partner Program for 6 consecutive terms

Only 9 companies have accomplished this since the Yahoo! Marketing Solutions Partner Program started.

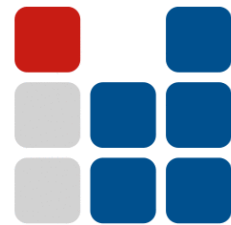


Digital Identity



Certified as a four star sales partner of the Yahoo! Marketing Solutions Partner Program

There are only 14 sales partners with 4 stars or more in Japan.



Digital Identity



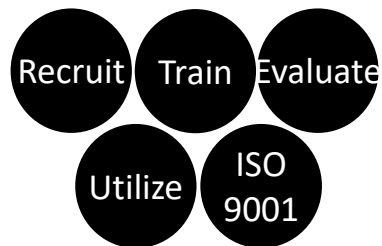
Business Overview: Other Businesses

Raising the next core businesses

TALENT MANAGEMENT



- ✓ An SaaS talent management system
- ✓ Visualize HR related activities for more effective and efficient talent management



- ✓ Used by an increasing number of companies by starting digital marketing (see next page)

PLATFORM



- ✓ An iPhone/Android app for fortune telling chat consultations by more than 1000 fortune tellers throughout Japan
- ✓ The cost is based on the number of letters. Telephone and e-mail consultations are also possible.

CLOUD CONTACT CENTER



- ✓ Established a joint venture with Skyarch Networks Inc., which has been certified as AWS Advanced Consulting Partner
- ✓ Uses Amazon Connect for the DX of contact centers
- ✓ Received the second Sales Cloud Voice order.

Business Overview: Other Businesses

Major customers of Skill Navi

The number of companies using Skill Navi and prospective companies are steadily increasing



Business Overview: Corporate Venture Capital Investments

Three investees achieved IPO on the Tokyo Stock Exchange



Growth Strategy: Market Selection

Focusing on growth market

DX business

Japan's IT professional shortage will become even worse

Forecast **a shortage of as much as 790,000** in 2030^{*1}

^{*1} Source: "IT Personnel Supply and Demand Survey" conducted for Ministry of Economy, Trade and Industry

Japan's market for public cloud services is expected to expand at an average annual rate of **18.4%** between 2020 and 2025.

In 2025, this market is expected to be **2,913 billion yen, 130% higher** than in 2020^{*2}

^{*2} Source: International Data Corporation Japan "Japan Public IT Cloud Services Forecast, 2021 - 2025"

Digital Marketing business

Although the COVID-19 pandemic has temporarily reduced the volume of advertising, the increasing speed of the digitalization of society is fueling growth of the internet advertising market. The programmatic advertising market, a key strength of Orchestra Holdings, recorded **growth of 9.7%** in 2020^{*3}

^{*3} Source: Dentsu Inc. "2020 Advertising Expenditures in Japan"

Growth Strategy: Active Utilization of M&A

Four acquisitions in 2021



In October 2021, consolidated subsidiary Digital Identity purchased all shares of PAM to make it a subsidiary.

The company has strengths in web design and content marketing, mainly in the financial industry, and is highly evaluated by major financial institutions for its quality, and has a large number of production results. Together with Digital Identity, the company aims to provide broader digital marketing support to existing customers and acquire new customers in the financial industry.



In September 2021, consolidated subsidiary Digital Identity decided to acquire the SNS marketing tool "CAMPiN" from Tete March. The acquisition process is expected to be completed during November.

In the SNS marketing area where the market is growing rapidly, we will enable a wider range of digital marketing support by enhancing the service lineup.

Growth Strategy: Active Utilization of M&A



In June 2021, consolidated subsidiary Digital Identity purchased all shares of MediaFox to make it a subsidiary.

MediaFox was started by a student entrepreneur at Hitotsubashi University and is primarily engaged in the operation of media in the financial sector. The company has been profitable since starting operations in 2019.

Synergies are expected with the digital marketing business of the Orchestra Group.



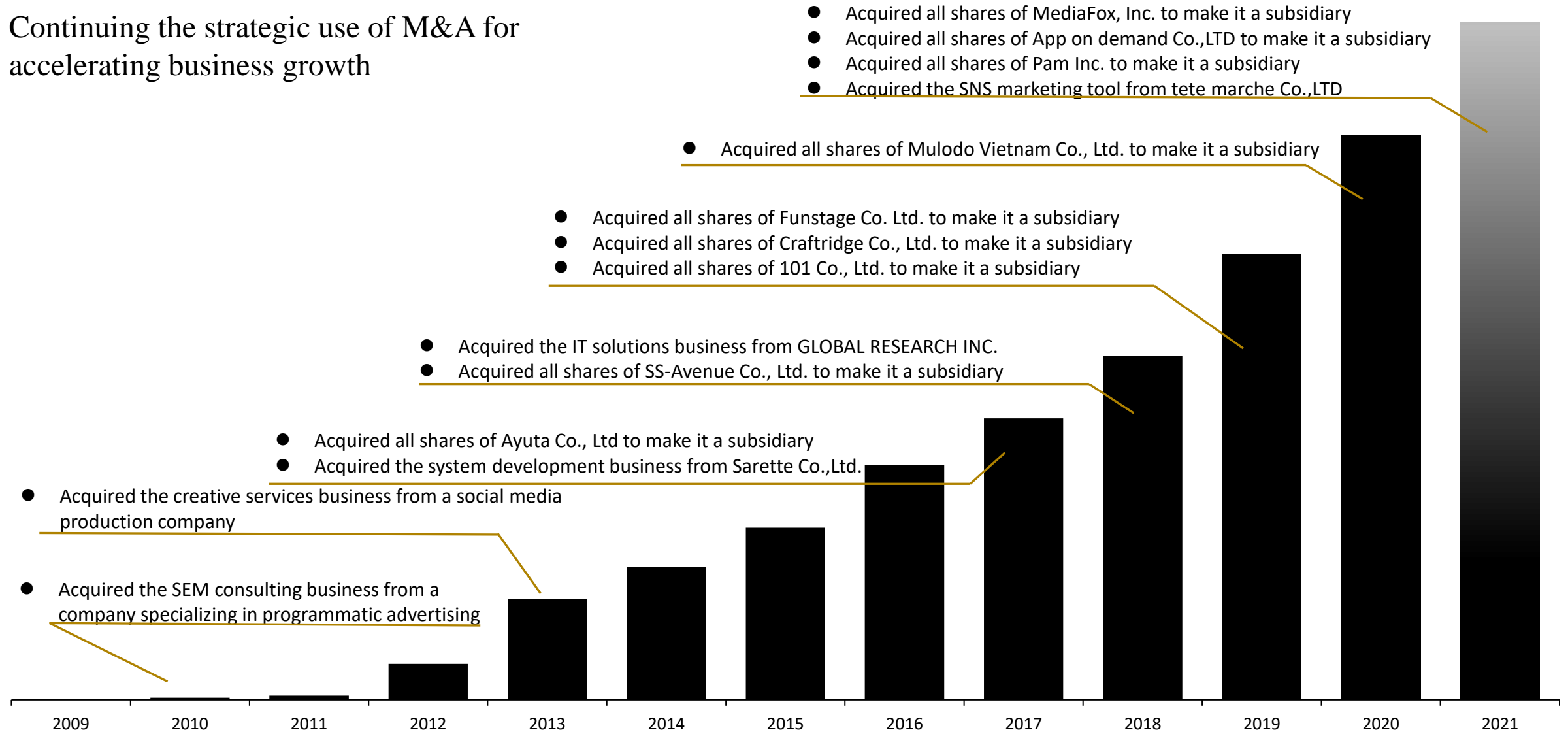
In July 2021, consolidated subsidiary Sharing Innovations purchased all shares of App on demand to make it a subsidiary.

Since starting operations in Kyoto in 2010, the company has served a large number of companies, mainly in the Kansai region, as a certified consulting partner of Salesforce.com.

We plan to use App on demand as the main base for the growth of our DX business in the Kansai region.

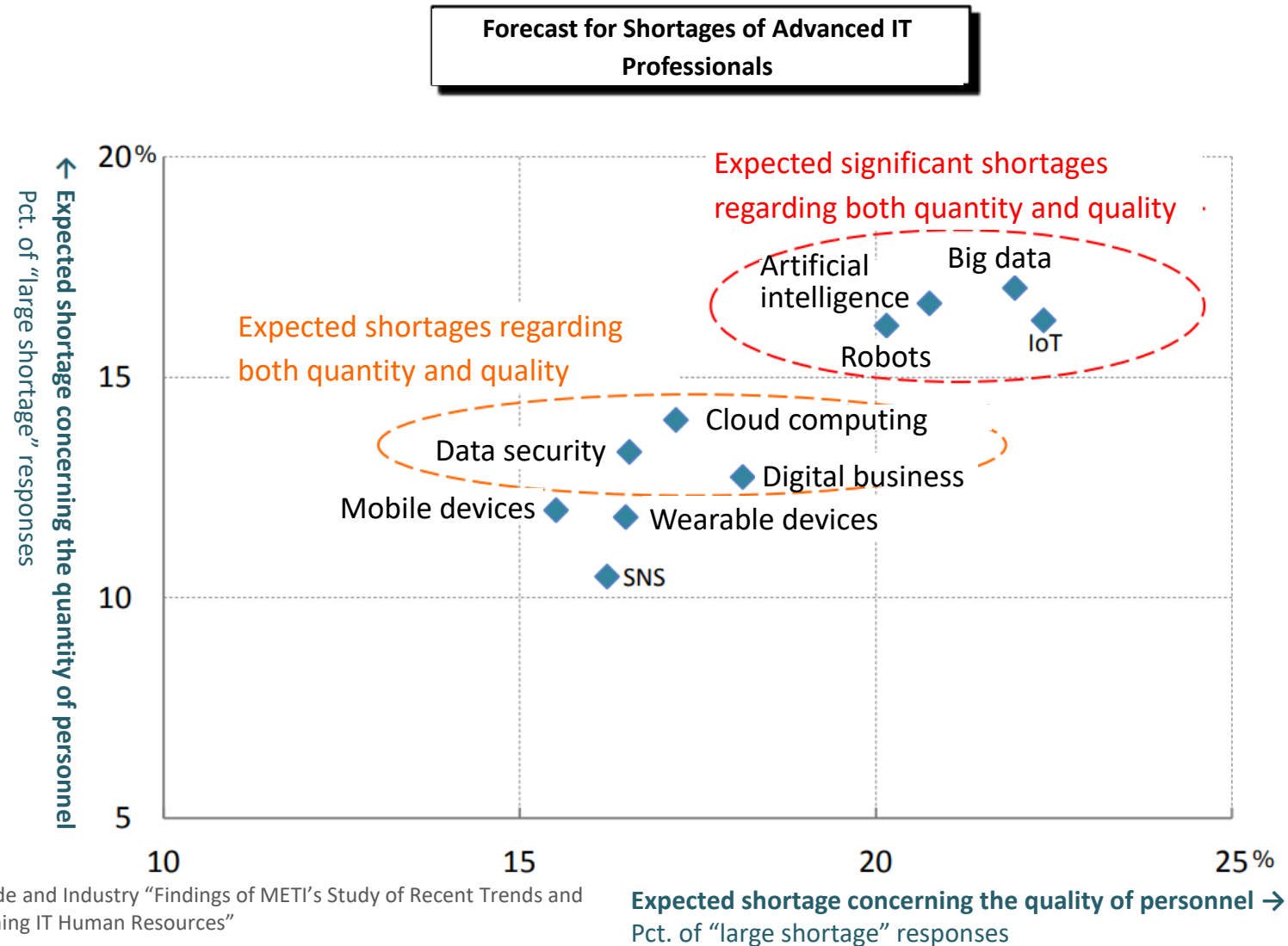
Growth Strategy: Active Utilization of M&A

Continuing the strategic use of M&A for accelerating business growth



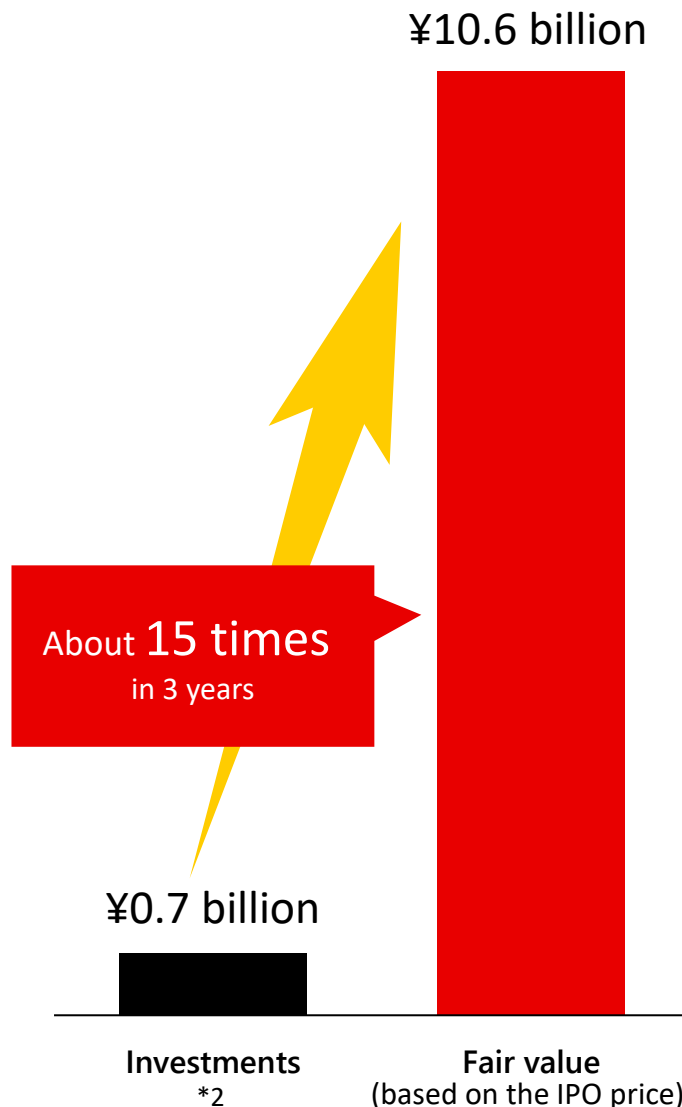
Growth Strategy: Active Utilization of M&A

Targeting companies that have IT professionals with expertise with leading-edge technologies for M&A



Growth Strategy: Active Utilization of M&A

Consolidated subsidiary Sharing Innovations was listed on the TSE Mothers*1



Use of M&A and the group platform to increase value

- Joined the Orchestra Group following the 2017 acquisition
- M&A of six companies enlarged the base for business operations
- Recruiting and training activities strengthened the company's infrastructure
- Started operations in a rapidly growing market sector (Cloud integration)

Proceeds of about 2.6 billion yen from the secondary offering of 27% shares of total ownership*3

- The cash from the secondary offering will be utilized on M&A and investments in rapidly growing market sectors

*1 Date of listing: March 24, 2021

*2 Total investments of Orchestra Holdings in Sharing Innovations

*3 Before deduction of expenses related to the offering, taxes and other items

Group Growth Strategy

Digital Marketing business

- A driver of overall growth by targeting the steady growth of this market
-

DX business

- Quickly establish DX as the second core profit center by expanding the presence of this business in rapidly growing market sectors
-

Other new businesses/M&A

- Aim for rapid growth by adding new services
- Using M&A for the faster growth of existing businesses and making investments in new business domains with rapid growth and high profitability

Other new businesses/M&A

DX business

Digital Marketing business



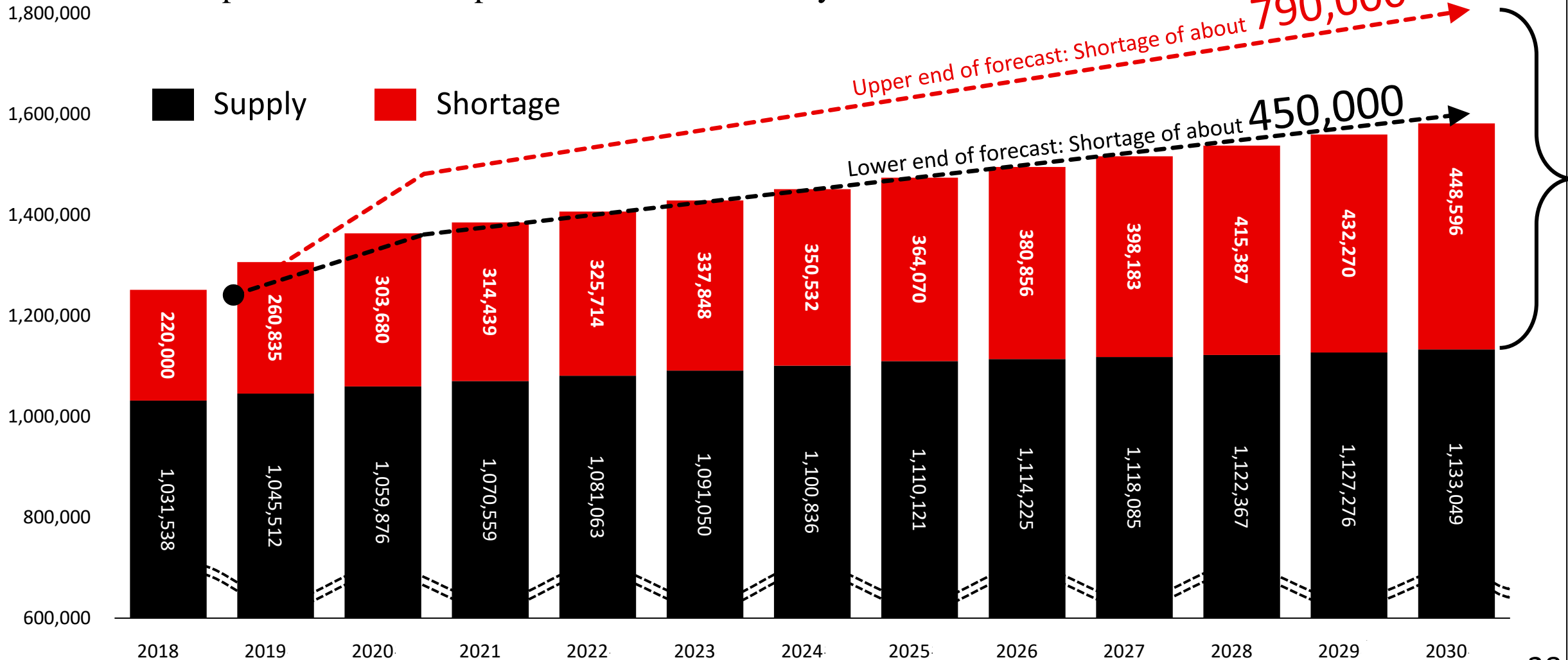
04 Appendix

Market Data: Projected Shortage of IT Professionals in Japan



Forecast a shortage of up to 790,000 in 2030

Demand for IT professionals is expected to increase steadily

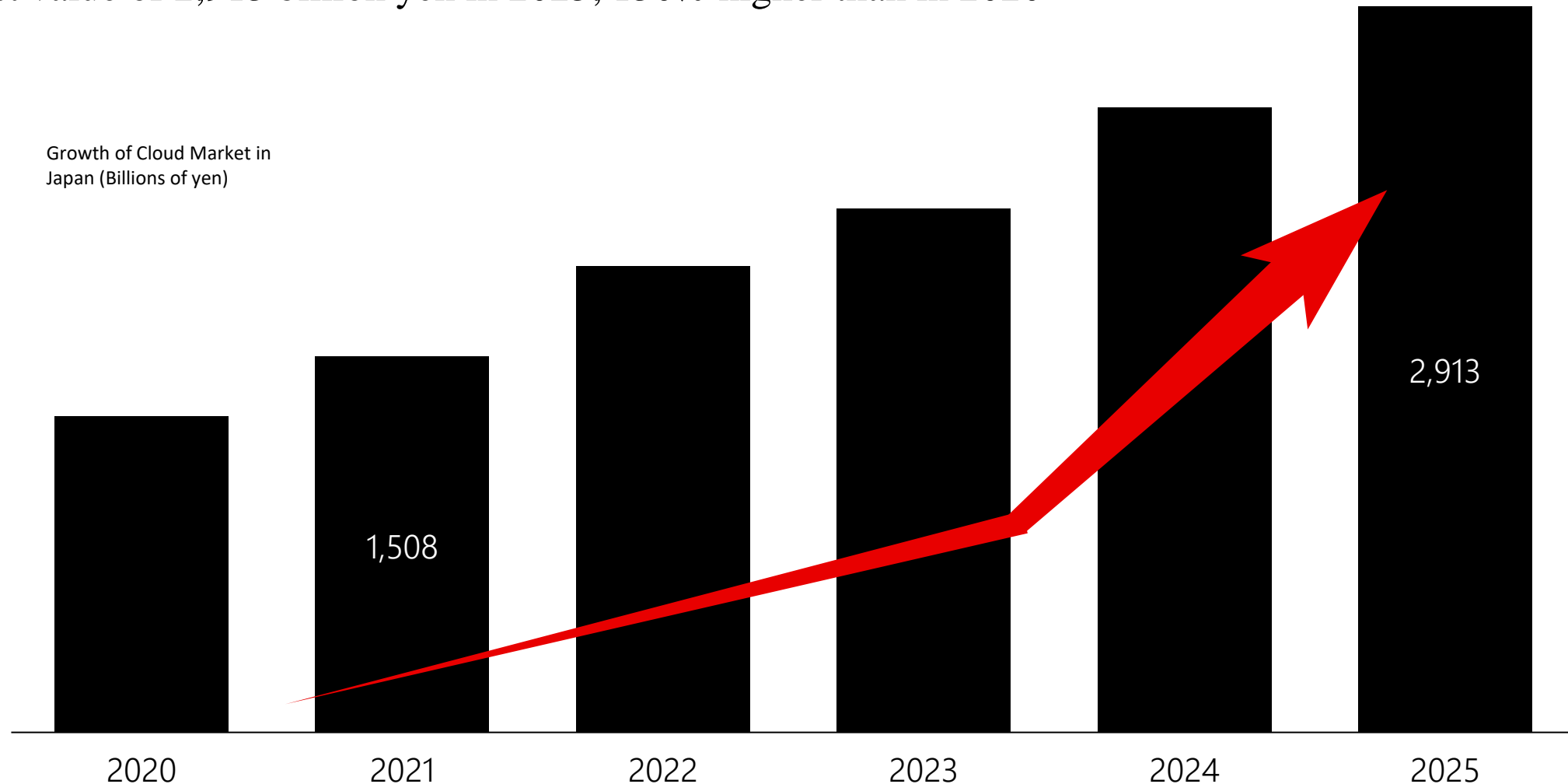


*Source: "IT Personnel Supply and Demand Survey" conducted for the Ministry of Economy, Trade and Industry

Market Data: Growth of the Cloud Market in Japan

Forecast annual average growth rate of 18.4% between 2020 and 2025

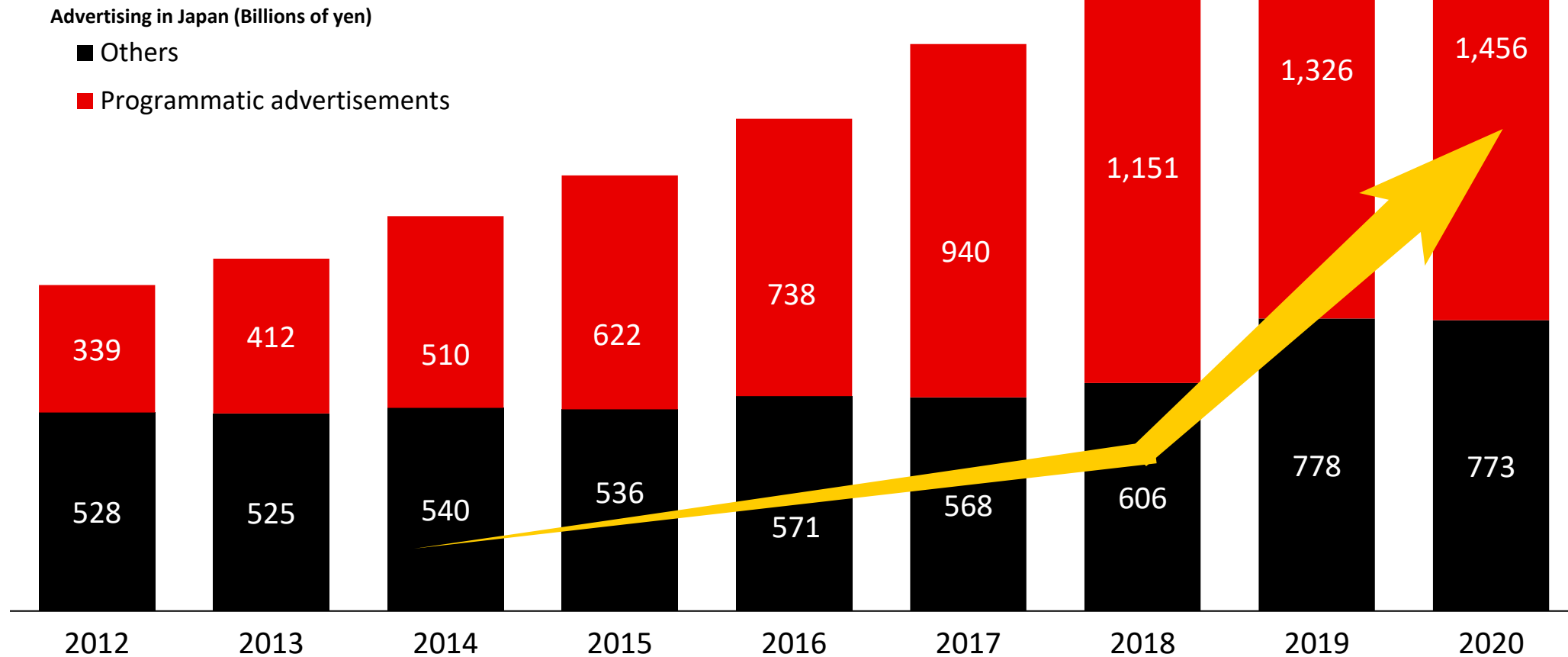
Forecast value of 2,913 billion yen in 2025, 130% higher than in 2020



Source: International Data Corporation Japan "Japan Public IT Cloud Services Forecast, 2021 - 2025"

Market Data: Growth of the Internet Advertising Market

Although the COVID-19 pandemic has temporarily reduced the volume of advertising, the increasing speed of the digitalization of society is fueling growth of the internet advertising market. The programmatic advertising market, a key strength of Orchestra Holdings, recorded growth of 9.7% in 2020



Source: Publicly announced advertising data since 2012 using "Advertising Expenditures in Japan" by Dentsu Inc.

Vision

The Chain of Creation



ORCHESTRA HOLDINGS

Precautions concerning forward-looking statements

- This presentation includes forward-looking statements that are based on current outlooks, forecasts and assumptions concerning risk factors. Actual results of operations may be different because these statements incorporate uncertainties. These risk factors and uncertainties include, but are not limited to, changes involving industries and markets and the Japanese and global economies, such as interest rate and foreign exchange rate movements.
- Orchestra Holdings is not obligated to update or revise forward-looking statements in this presentation even if there is new information or events that affect these statements.
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Thank You!