



ORCHESTRA HOLDINGS

Results of Operations  
for the Fiscal Year Ended  
December 31, 2021

01 Financial Overview: FY2021

02 Earnings Forecast: FY2022

03 Business Summary/Growth Strategy

04 Appendix



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# 01 Financial Overview: FY2021

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# FY2021 Consolidated Results



Posted all-time high sales and 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 before recording stock compensation expenses was **¥1,390 million (+95.4% YoY)**.

(Millions of yen)	FY2021	FY2020	% Change	4Q/FY2021	4Q/FY2020	% Change
Net Sales	16,640	11,825	40.7%	4,753	3,331	42.7%
Gross Profit	3,883	2,510	54.7%	1,133	752	50.7%
SG&A expenses	2,620	1,823	43.7%	777	532	46.1%
Operating Profit	1,262	686	84.0%	355	220	61.7%
EBITDA	1,512	817	84.9%	393	268	46.7%
EBITDA margin	9.1%	6.9%	2.2pt	8.3%	8.0%	0.2pt
Ordinary Profit	1,286	683	88.3%	367	220	66.5%
Profit attributable to owners parent	757	435	73.8%	237	157	50.6%

## Reference: Profits before recording stock compensation expenses

Operating Profit	1,390	711	95.4%	355	245	45.0%
Ordinary Profit	1,414	708	99.6%	367	246	49.3%
Profit attributable to owners parent	884	460	92.0%	237	183	29.7%

# 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)	FY2021	FY2020	% Change	4Q/FY2021	4Q/FY2020	% Change
<b>Digital Transformation(DX) business</b>						
Net sales	4,104	3,390	21.1%	1,087	938	15.9%
Segment profit	462	318	45.1%	131	119	10.5%
<b>Digital Marketing business</b>						
Net sales	11,926	7,955	49.9%	3,487	2,263	54.1%
Segment profit	1,712	1,029	66.4%	455	287	58.7%
<b>Other businesses</b>						
Net sales	696	496	40.3%	211	134	57.0%
Segment profit	△ 21	△ 20	-	△ 42	△ 11	-

Posted all-time high sales and record-high 4Q 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 mostly 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 4Q 2020 have been revised for consistency with this change.

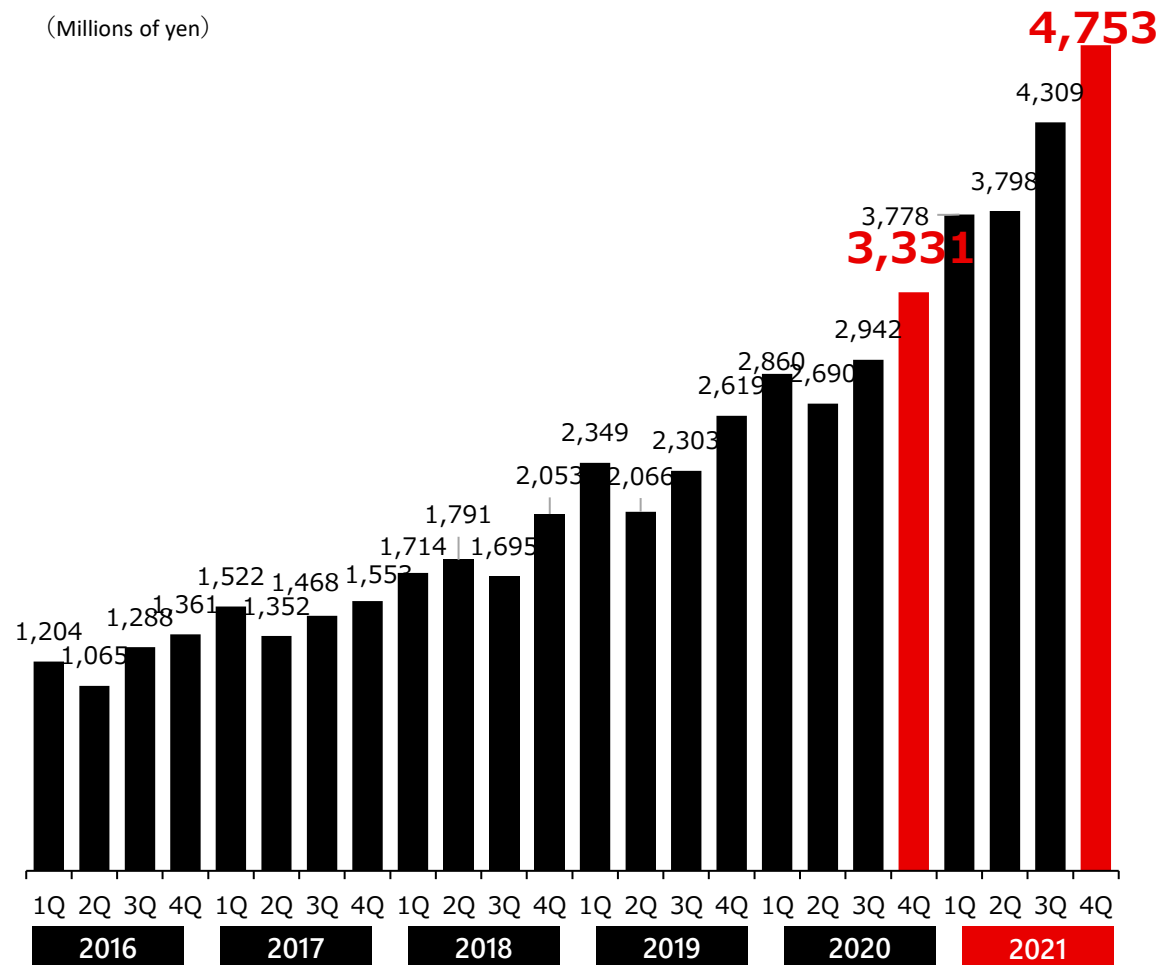
\* Net sales of each business segment include intersegment sales between the reportable segments.

# Quarterly Consolidated Results



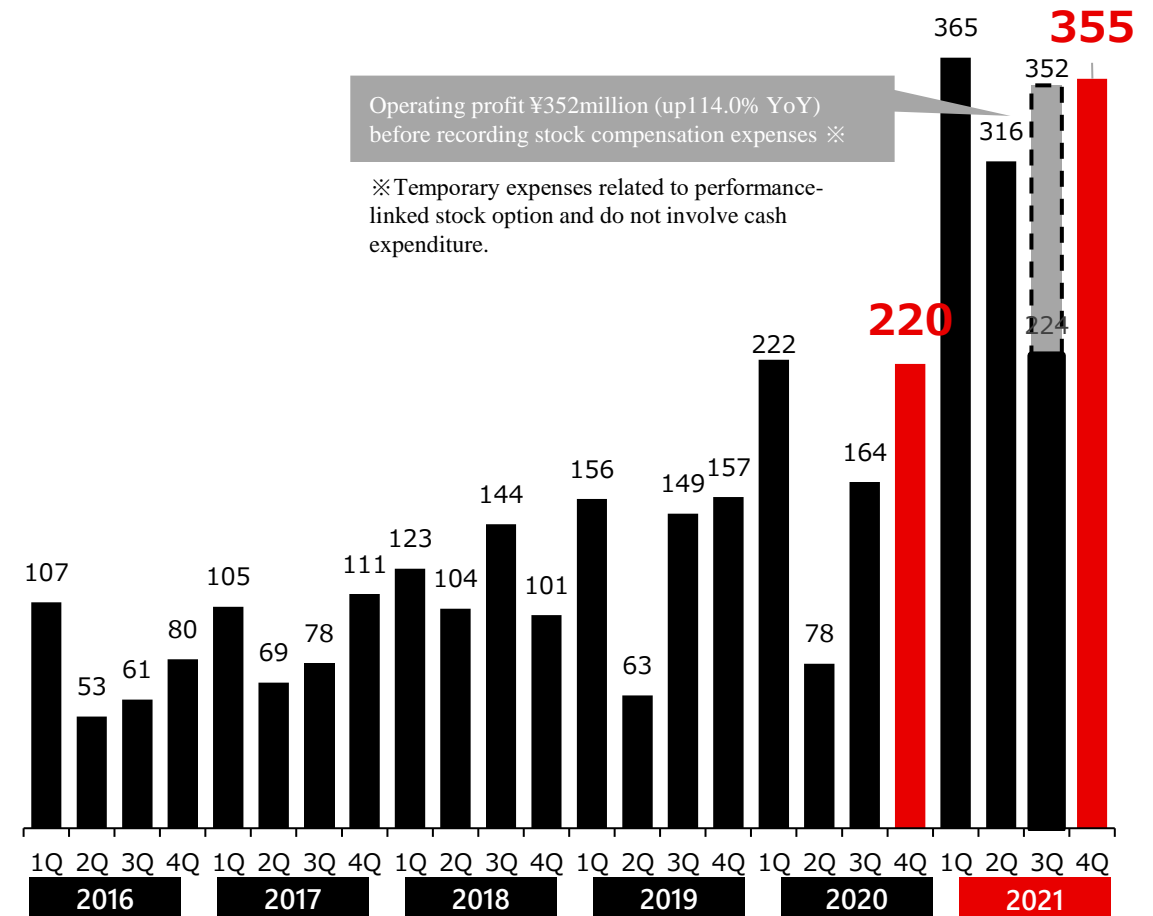
Net sales Up 42.7% YoY  
Posted all-time high sales

(Millions of yen)



Operating profit Up 61.7% YoY  
Posted record-high 4Q earnings

(Millions of yen)

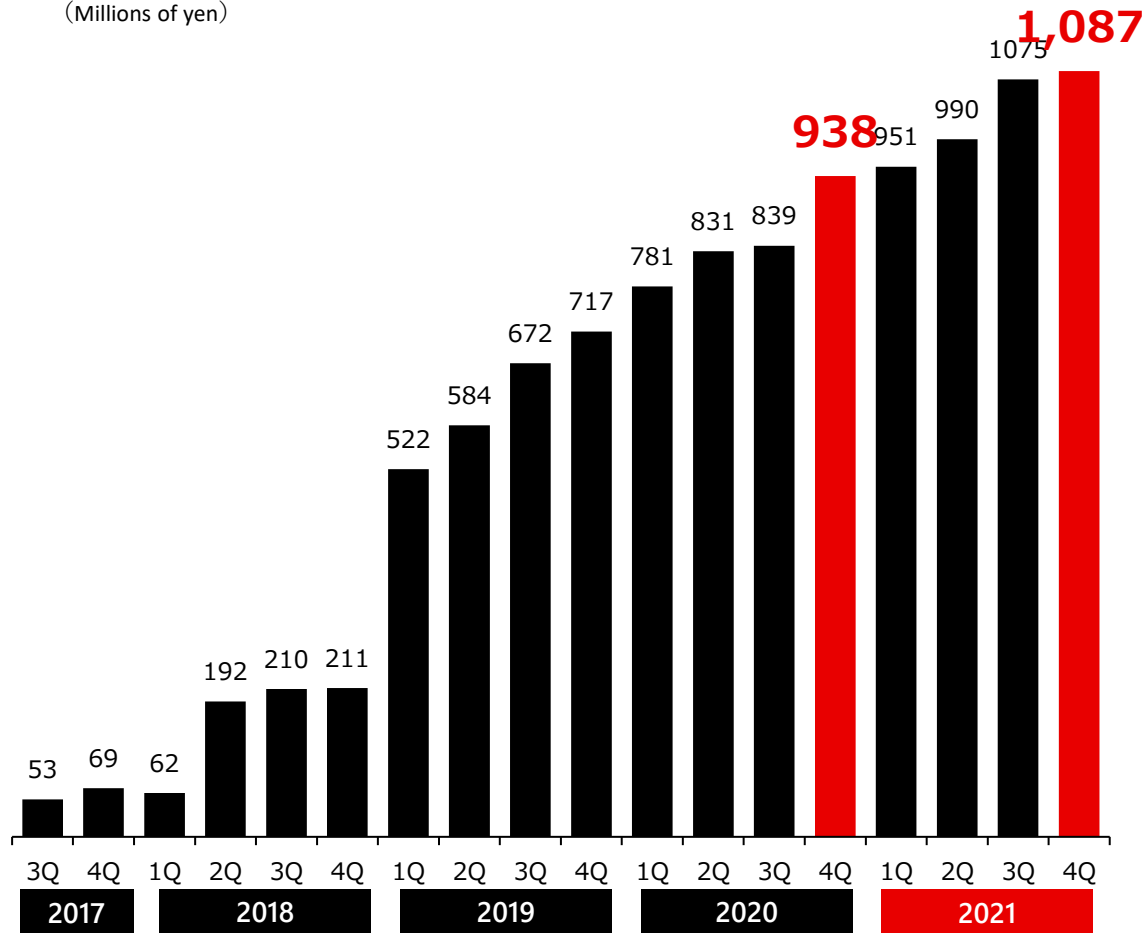


# DX Business: Quarterly Results



Net sales Up 15.9% YoY  
Posted all-time high sales

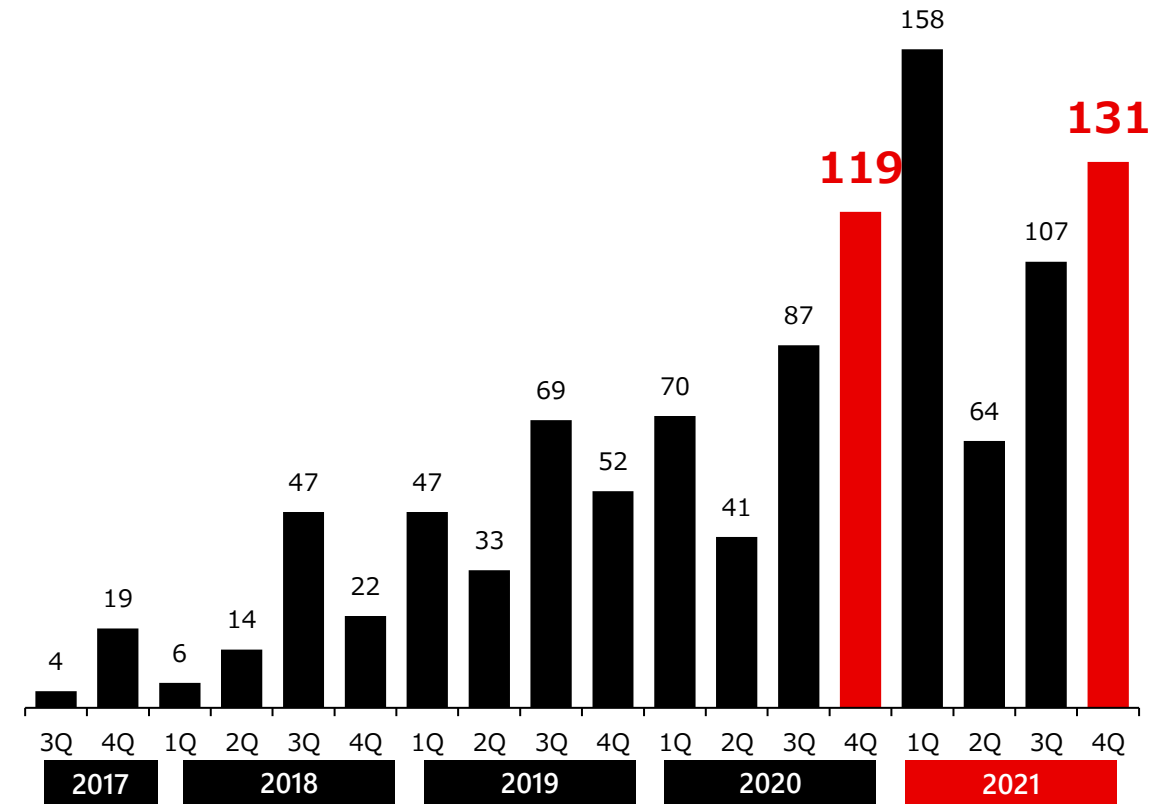
(Millions of yen)



Segment profit Up 10.5% YoY  
Posted record-high 4Q earnings despite higher investments in human resources

(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.



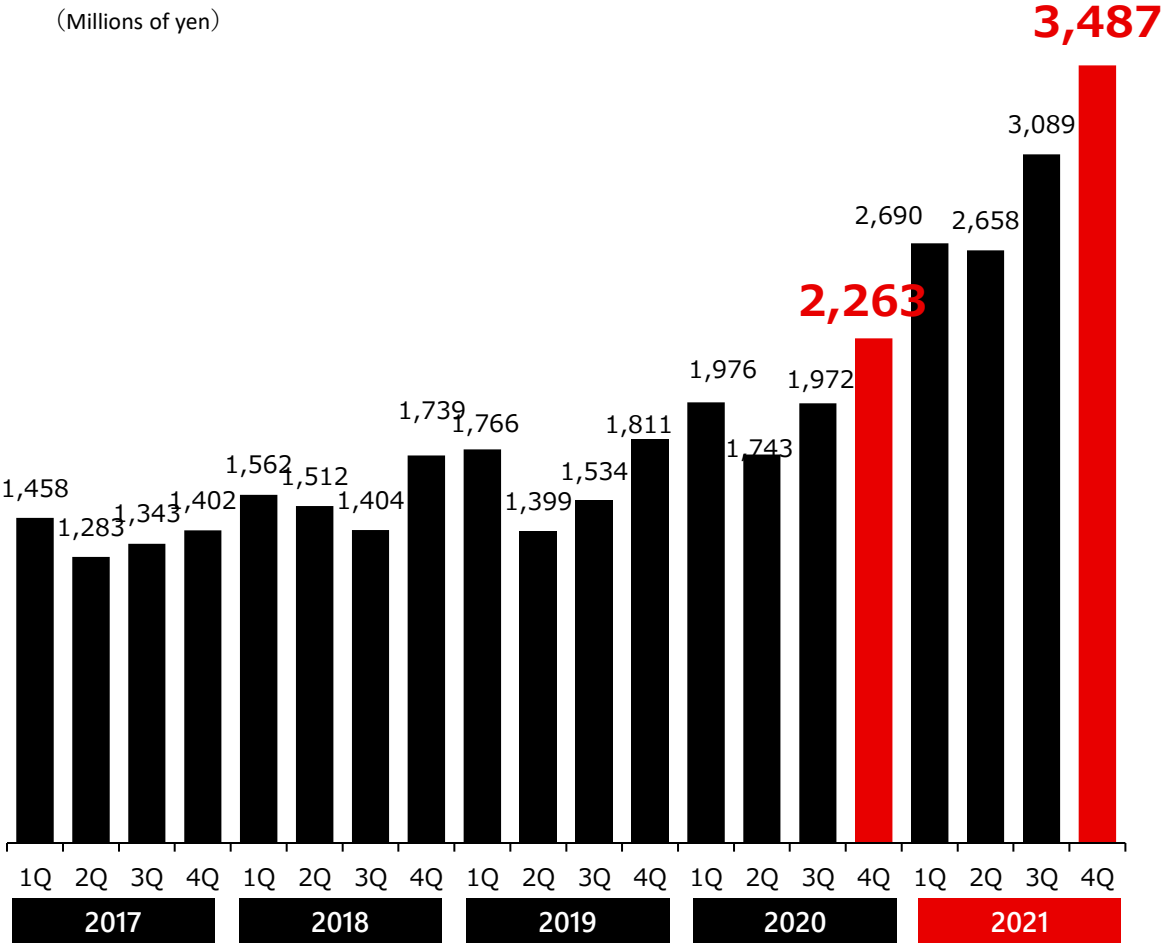
# Digital Marketing Business: Quarterly Results



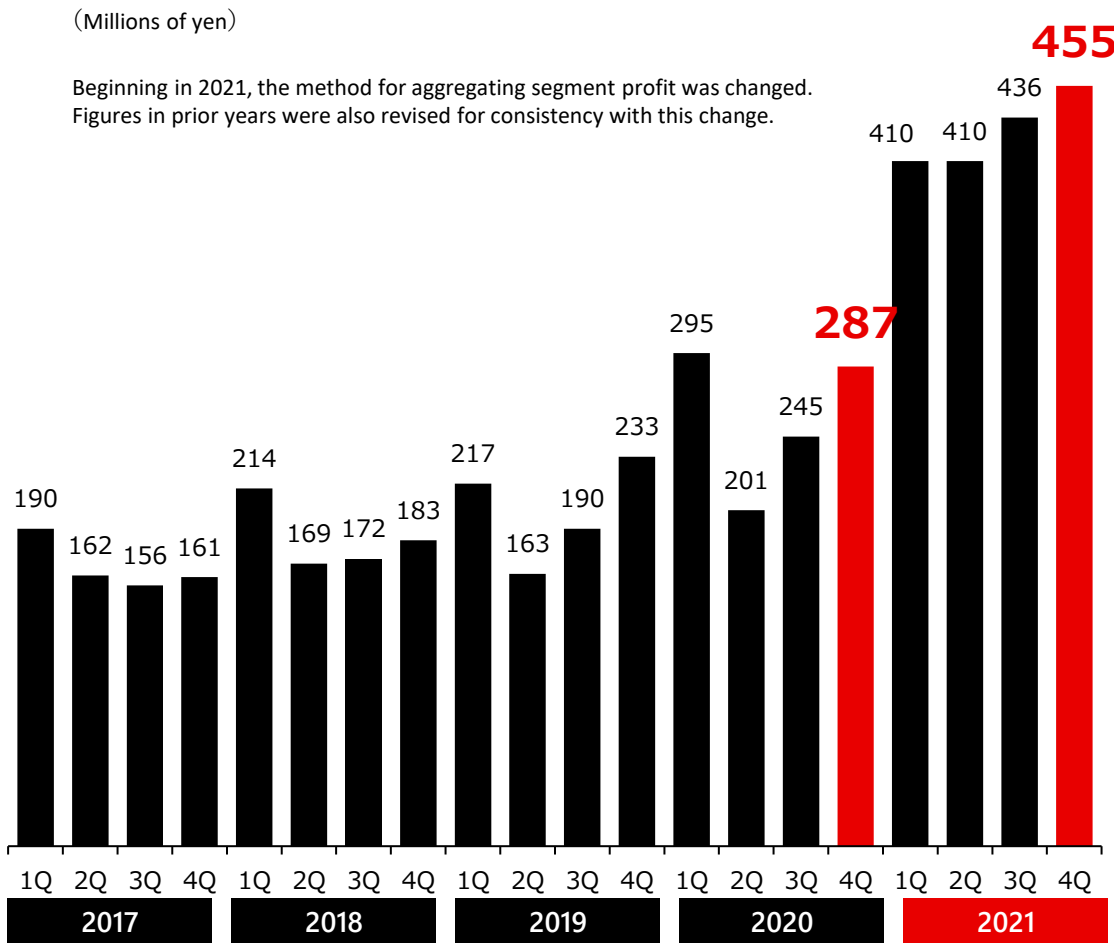
**Net sales**      Up 54.1% YoY  
 Posted all-time high sales

**Operating profit**      Up 58.7% YoY  
 Posted all-time high earnings

(Millions of yen)



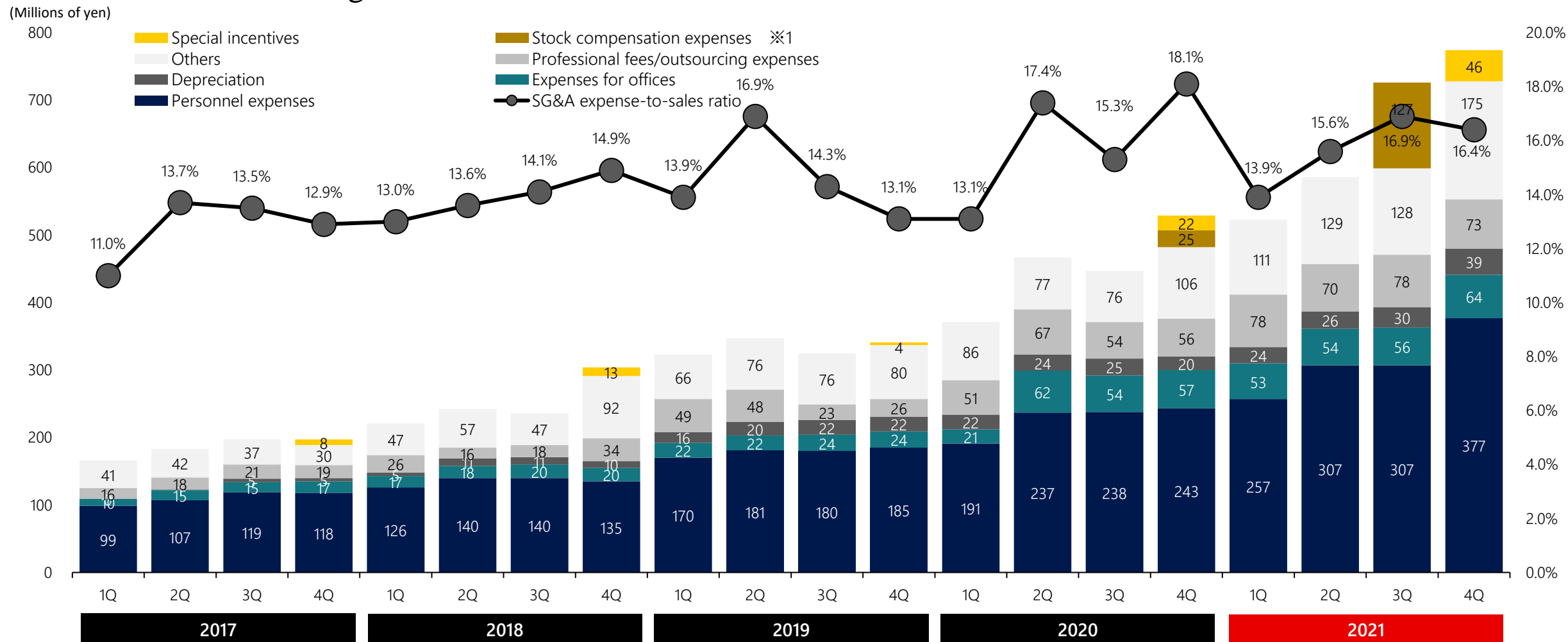
(Millions of yen)





# FY2021 Changes in SG&A Expenses

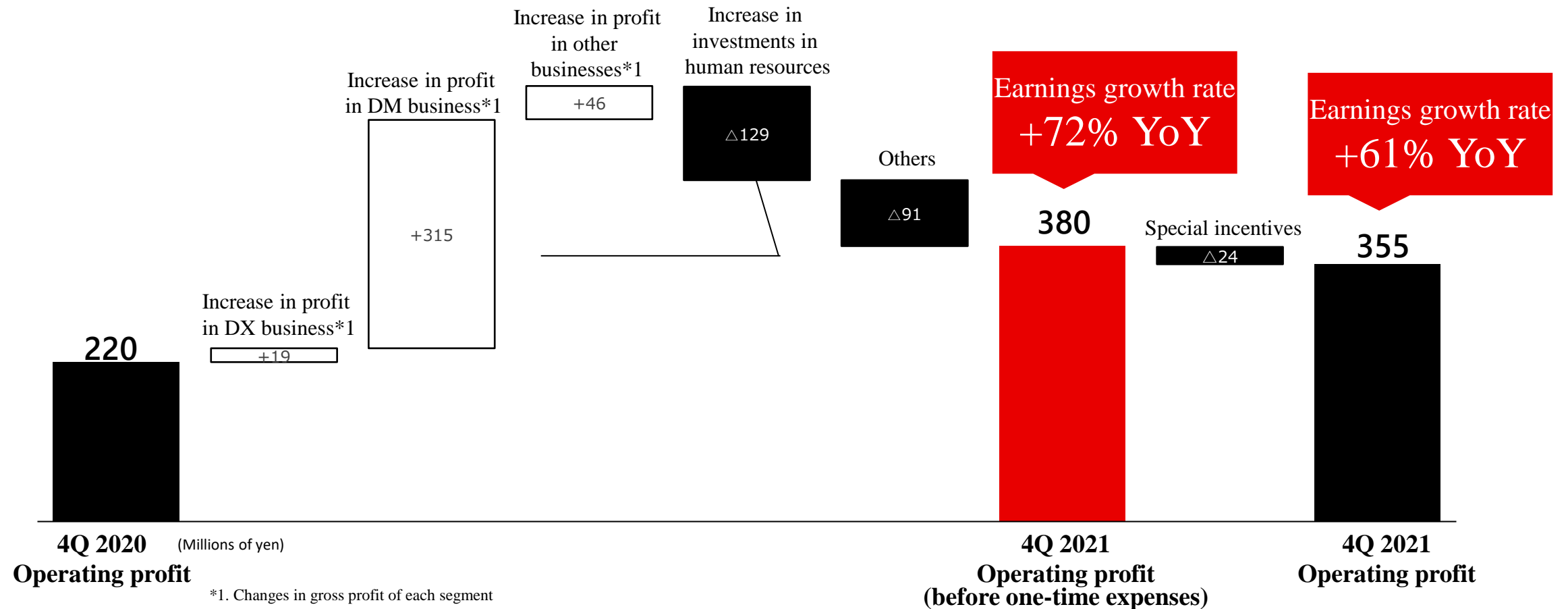
SG&A expense increased due to special incentives and investment in human resources. Due to the steady expansion of sales, the SG&A ratio remained at a low level of 16.4% after recording special incentives and 15.4% before recording.



\*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

# FY2021 Changes in Operating profit

Continued high profit growth by absorbing the increase in SG & A expenses due to investment in human resources. Excluding one-time expenses, 4Q operating profit was up 72% YoY to ¥380 million.



# Performance-linked stock options (4th SO)

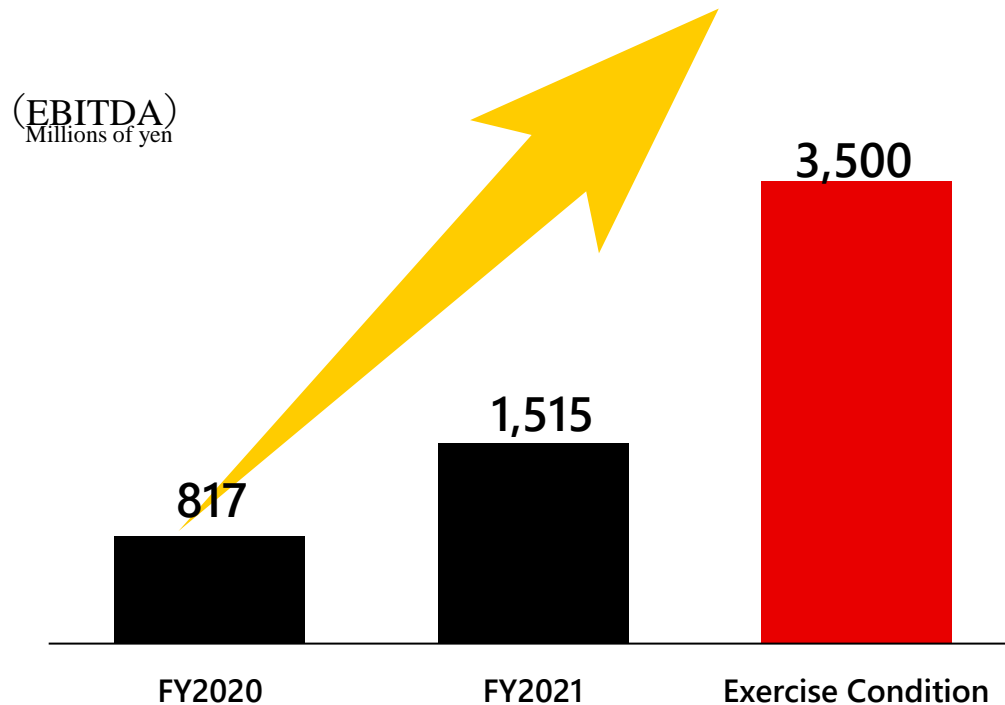
New Performance-linked stock options (4th SO) will be issued under the following conditions for the purpose of incentives for officers and employees, as the exercise conditions for the 3rd SO have been achieved.

## Condition 1

### Consolidated EBITDA – over 3.5billion yen

in any fiscal year from FY2022 to FY2025

➔ 50% of stock options can be exercised



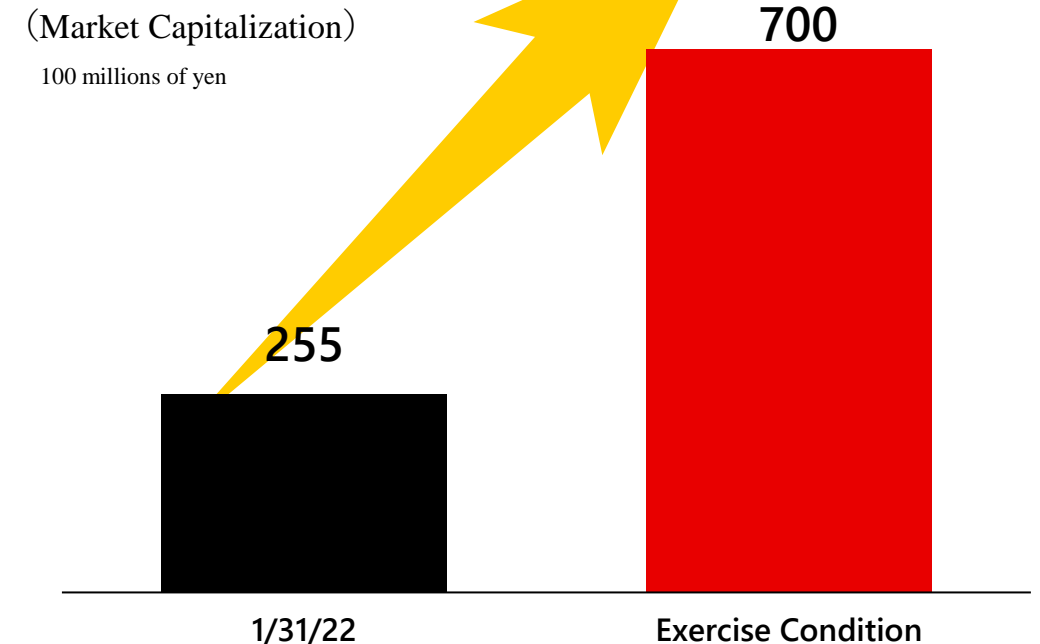
## Condition 2

### Market capitalization– over 70billion yen

at any point until the expiration of the exercise period

Market capitalization should be calculated based on the number of shares issued at the time of stock option issuance.

➔ 100% of stock options can be exercised when both condition 1 and 2 are met



# FY2021 Consolidated Balance Sheet



Equity ratio was 40.9%; maintain financial soundness while continuing to make investments for growth

(Millions of yen)	Dec.31, 2021	Dec.31, 2020	Change
<b>Current assets</b>	<b>7,856</b>	<b>3,365</b>	<b>4,491</b>
<b>Non-current assets</b>	<b>2,704</b>	<b>1,323</b>	<b>1,380</b>
Property, plant and equipment	619	87	532
Intangible assets	1,148	608	540
Investments and other assets	936	628	308
<b>Total assets</b>	<b>10,560</b>	<b>4,689</b>	<b>5,871</b>
<b>Current liabilities</b>	<b>4,260</b>	<b>2,239</b>	<b>2,021</b>
<b>Non-current liabilities</b>	<b>1,354</b>	<b>564</b>	<b>789</b>
<b>Total liabilities</b>	<b>5,615</b>	<b>2,803</b>	<b>2,811</b>
<b>Total net assets</b>	<b>4,945</b>	<b>1,885</b>	<b>3,060</b>
<b>Total liabilities and net assets</b>	<b>10,560</b>	<b>4,689</b>	<b>5,871</b>

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.

Due to the acquisition of Pam as a subsidiary, the investment real estate owned by the company (buildings of ¥140 million and land of ¥380 million on a market value basis) has increased. Considering future sales while observing market trends, etc.

Goodwill increased by about ¥650 million due to M & A conducted during the period.

Due to the acquisition of Pam as a subsidiary, the borrowing that Pam had procured at a low interest rate increased by about ¥ 1 billion.

Capital surplus increased about ¥1.6 billion due to a listing of consolidated subsidiary Sharing Innovations and sales of some shares associated with this listing.



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# 02 Earnings Forecast: 2022

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# FY2022 Consolidated Forecast

Sustaining high growth, both sales and profits are expected to increase by 20% to 30%.

Orders for both Digital Transformation and Digital Marketing business are expected to remain strong.

Continue to invest in new businesses (HR SaaS "Skill Navi", etc.) and aim for early profitability.

	FY2021	FY2022	YoY Change	
	(Millions of yen) Results	Forecasts	Amount	%
Net Sales (Gross) ※	16,640	21,000	4,359	26.2%
Net Sales (Net) ※	-	10,000	-	-
Operating Profit	1,262	1,670	407	32.3%
Ordinary Profit	1,286	1,680	393	30.6%
Profit attributable to owners of parent	757	950	192	25.5%

※ The Company plans to adopt "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of the first quarter of the fiscal year ending December 31, 2022

Net Sales(Gross) = Net sales based on the previous standard

Net Sales(Net) = Net sales based on Accounting Standard for Revenue Recognition.

# 2022 Shareholder Distributions

Forecast a 2022 ordinary dividend of 9 yen per share, 1 yen higher than for 2021

## 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.

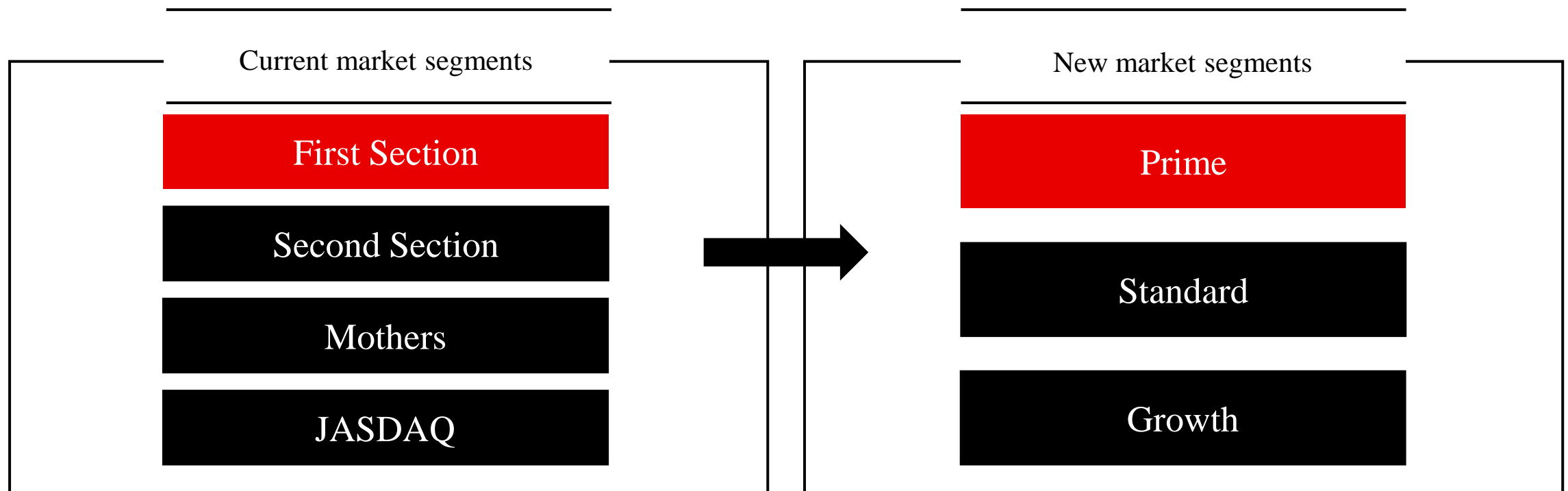
In 2022, based on our forecast for sales and earnings, our financial position, and other considerations, we plan to raise the ordinary dividend from 8 yen to 9 yen.

	2021	2022
<b>Dividend per share</b>	<b>8.0 yen</b> (Ordinary dividend: 8.0 yen)	<b>9.0 yen</b> (Ordinary dividend: 9.0 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

The listing is expected to change from the First Section to the Prime Market in or after April 2022, as it has being confirmed its compliance with Prime Market listing requirements.







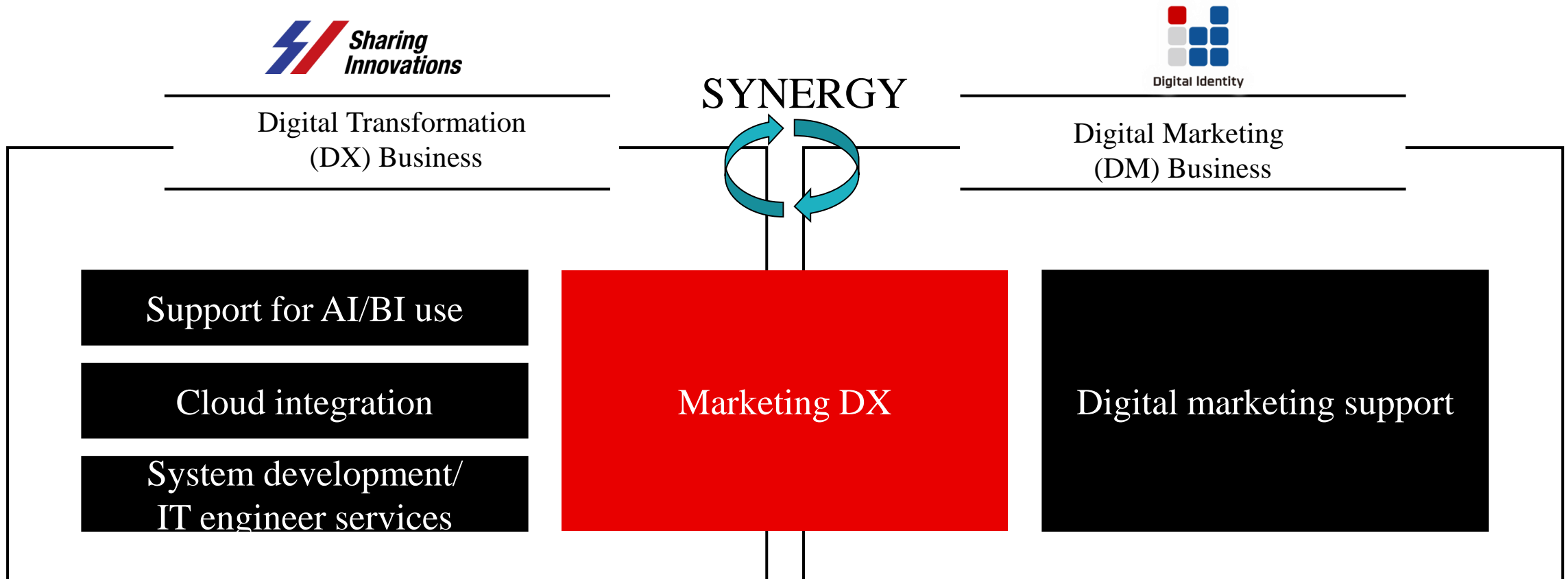
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# 03 Business Summary/Growth Strategy

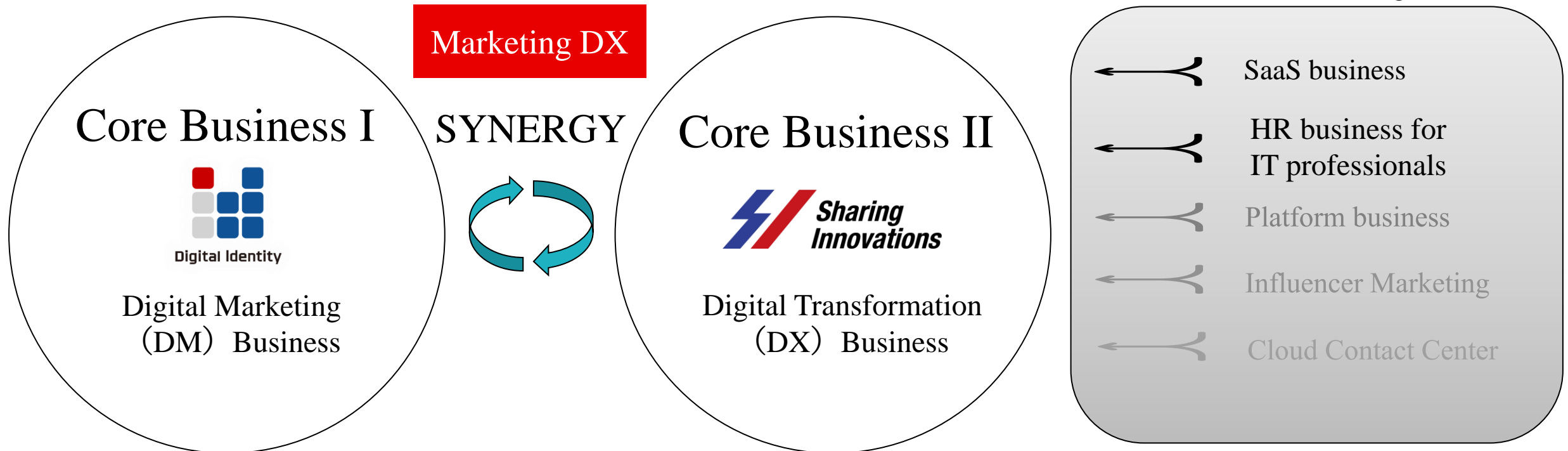
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## To be a leading company in the marketing DX domain

by combining DX business and DM business



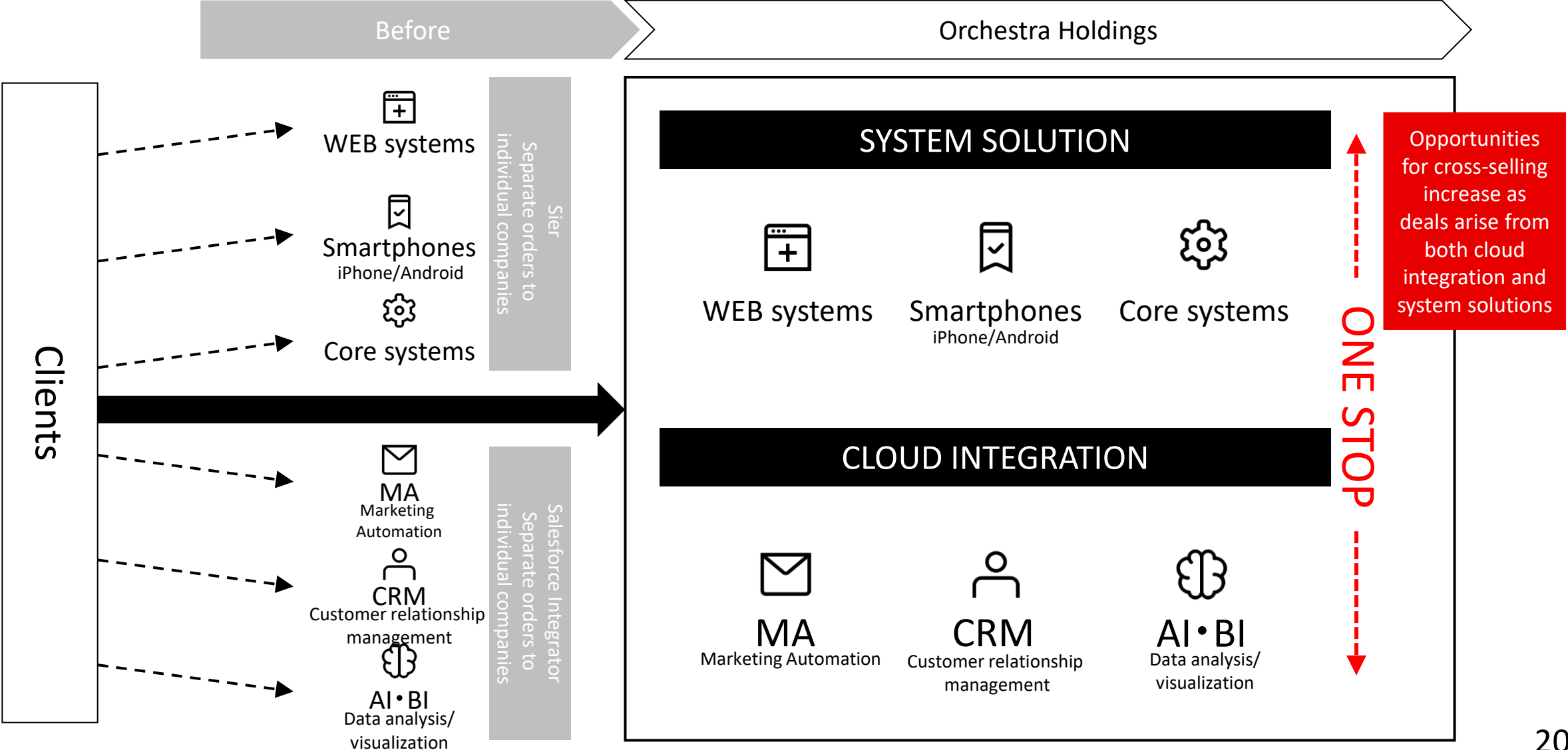
## Continue to grow the next core business



# 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

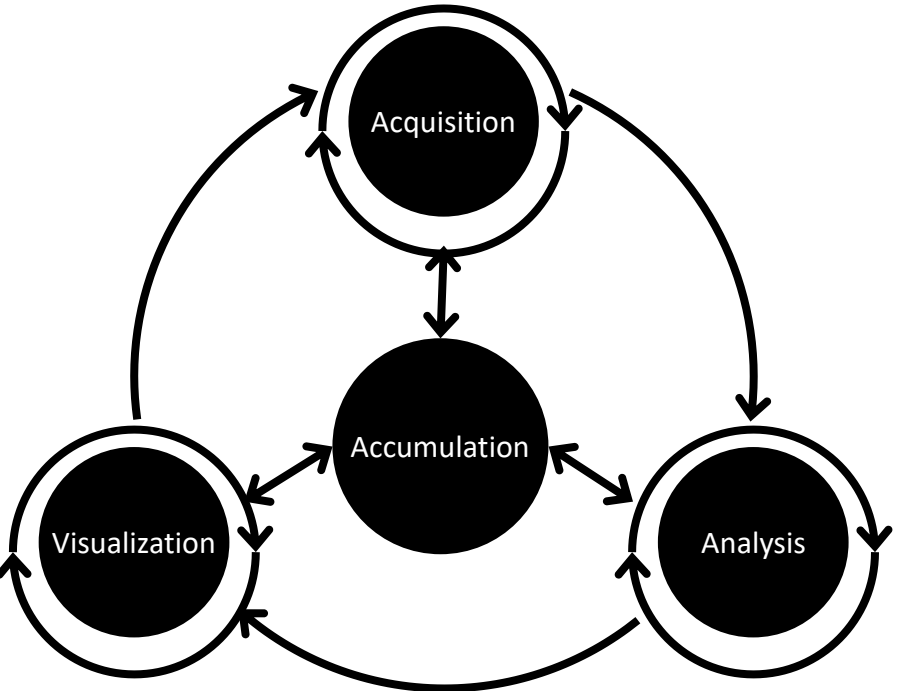
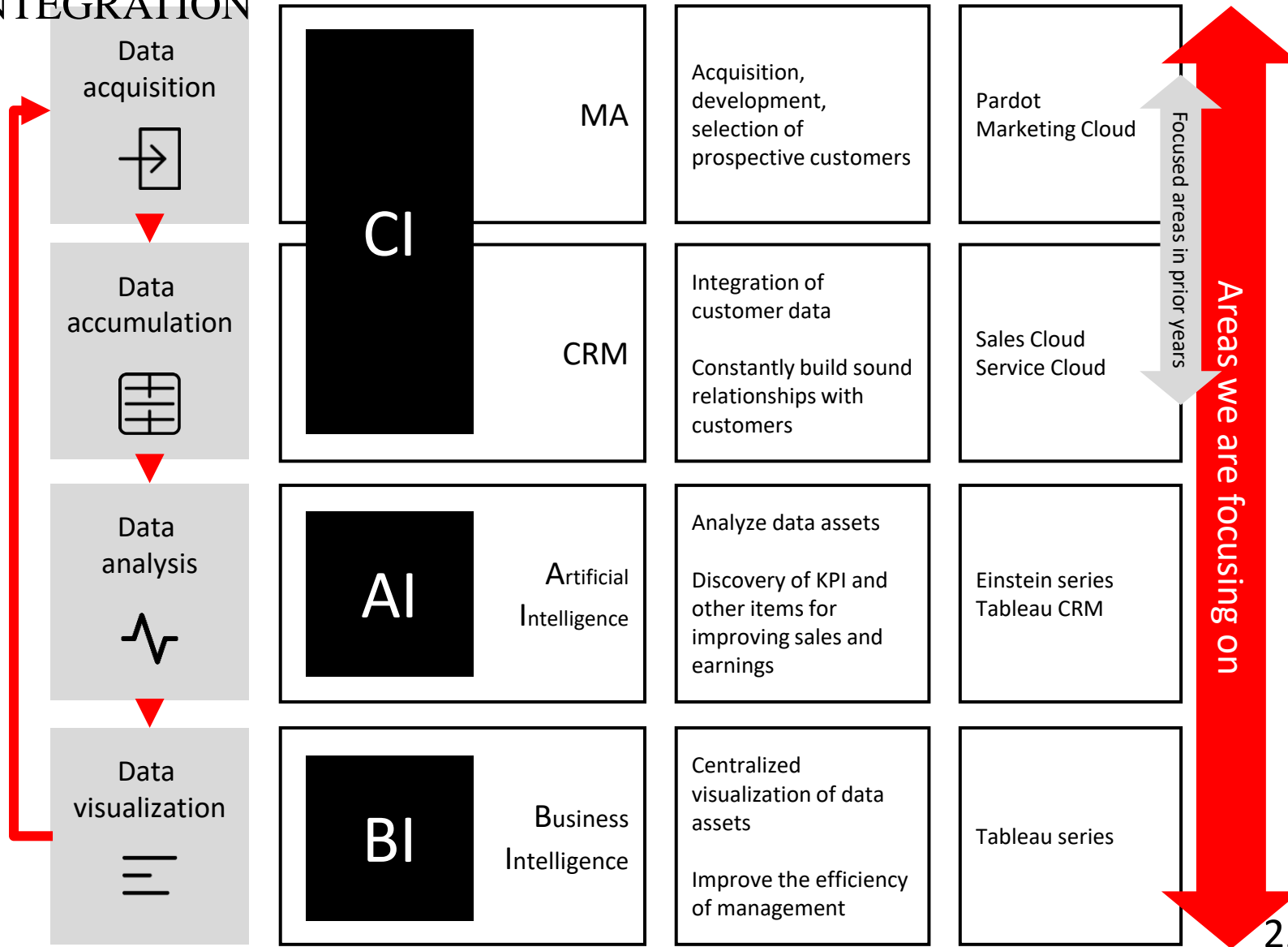
Market Selection

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”

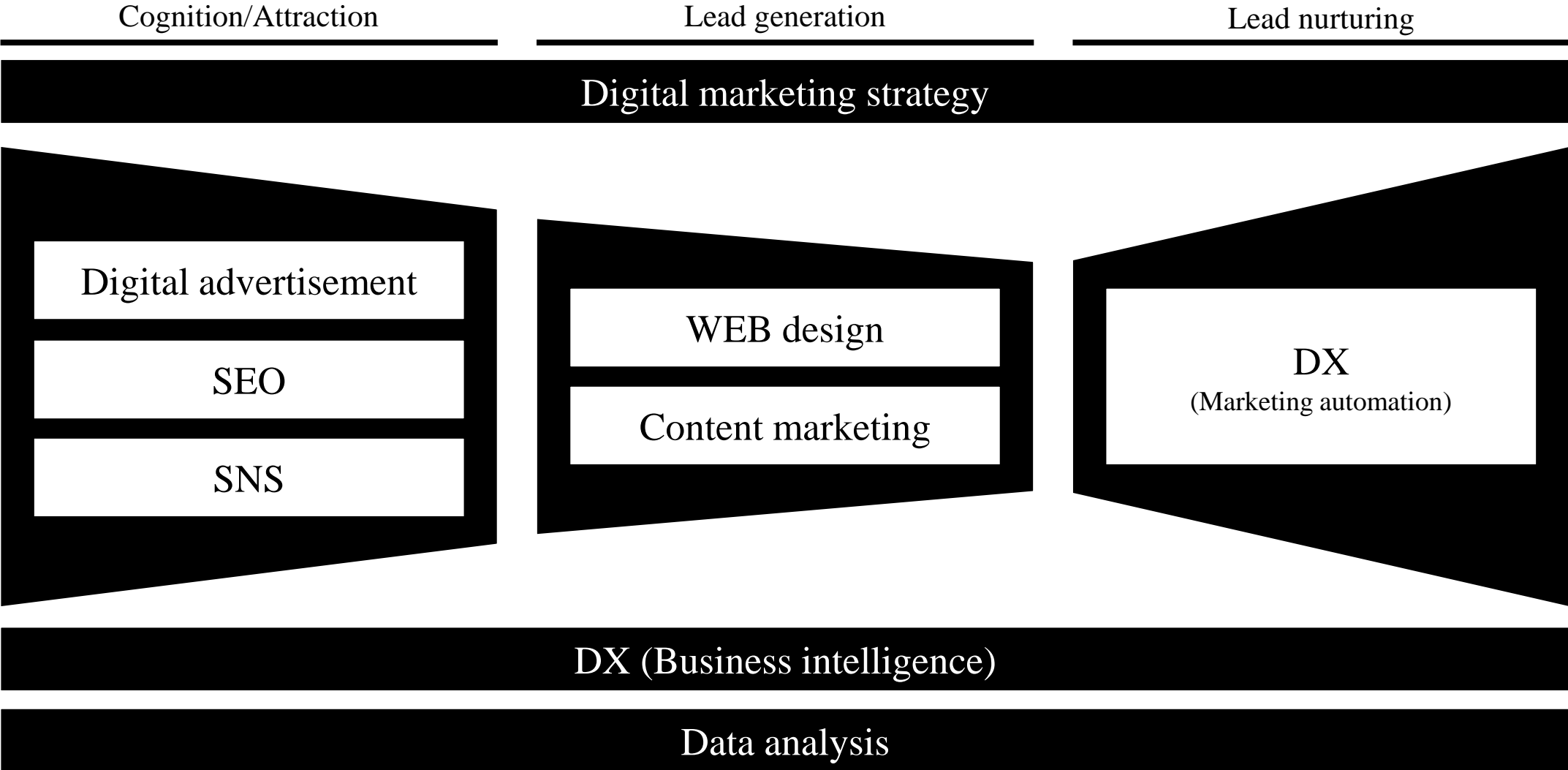
Since a partner agreement was signed with Tableau Software in August 2020, Sharing Innovations has trained engineers, and provided services at many companies. Due to these accomplishments, Sharing Innovations has been upgraded to a “Select” partner of Tableau Software.



# 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

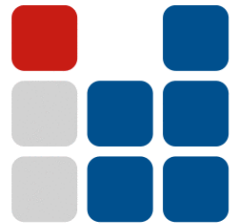




# Business Overview: Digital Marketing Business

## 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.

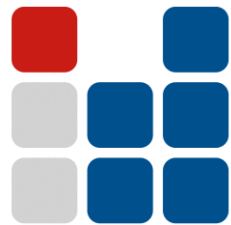


Digital Identity



## 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

Major businesses within other business segments:

### TALENT MANAGEMENT



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



- ✓ The number of customers continue to increase as a result of the expansion of marketing investment

### 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.

### HR biz for IT professionals



×



- ✓ Launched "TechReach", a job information site for freelance engineers
- ✓ Acquired "R-stone", a recruiting firm specializing in IT engineers and creators

# Business Overview: Other Businesses / Skill Navi

As a result of the expansion of marketing investment, the number of customers and the number of leads acquired continue to increase.

## スキルナビ

戦略的な  
採用

効果的な  
育成

成長に  
繋がる  
評価

スキルナビは豊富な標準機能を搭載

社員管理	研修・試験・資格管理	分析機能	その他機能
<b>社員の基本情報</b> 社員の基本情報を管理。項目は自由設定が可能。 <b>キャリアシート</b> 社員のキャリアシートを作成・管理。システム上で可能。 <b>履歴管理</b> 社員の履歴など人事情報をシステムで管理。更新が可能。 <b>キャリアモデル管理</b> 社員のキャリアモデルの表示や更新が可能。 <b>面談管理</b> 社員のキャリアモデルの表示や更新が可能。	<b>研修概要</b> 研修の概要の管理。外部研修内訳確認も可能。 <b>研修申し込み</b> 研修の申込・承認フローを作成・管理が可能。 <b>試験の登録</b> 受験日や受験人数の登録を行うことが可能。 <b>資格の登録</b> 社員の取得資格を管理し、更新が可能。	<b>社員条件検索</b> 社員の条件を全て条件として設定し、検索が可能。 <b>エンゲージメント分析</b> 集積したデータからエンゲージメント分析が可能。 <b>人事評価分析</b> 人事評価結果を部門別で分析。人事評価結果をグラフ化可能。 <b>個人層分析</b> 個人を特定し分析が可能。 <b>二重分析</b> 様々な条件を設定し、二重分析が可能。 <b>グループ比較</b> 予め作成したグループ間で比較・分析が可能。	<b>有給申請</b> 有給申請や有給申請の承認システムが可能。 <b>CSV機能</b> システム上にあるデータをCSVでダウンロード可能。 <b>アラートメール送信</b> 様々なアラートに対してメールの送信が可能。 <b>パスワード相談</b> パスワードやパスワードの相談システムが可能。
	<b>受講履歴管理</b> 受講履歴の管理が可能。 <b>研修評価管理</b> 研修後の感想や研修の評価管理が可能。 <b>試験結果の確認</b> 過去の試験結果を一覧で確認可能。検索条件としても指定可能。 <b>資格の検索</b> 資格を登録している人のみを条件検索して取り出すことが可能。	<b>異動シミュレーション</b> 異動シミュレーションを行い、異動したデータからデータ分析が可能。 <b>アンケート分析</b> 集積したアンケートからデータ分析が可能。 <b>スキル分析</b> スキルの強弱や、スキル取得による成長率を分析。 <b>部門別分析</b> 部門や部署で様々なデータの集積・分析が可能。	<b>プロジェクト管理</b> プロジェクトの進捗管理や管理を管理可能。 <b>給与・賞与情報</b> 給与や賞与の情報を管理可能。 <b>管理権限</b> 役割別のユーザーレベルでの権限設定が可能。 <b>仕事のフォーム作成</b> 業務に合わせたフォーム作成機能で業務に活用可能。
<b>人事評価</b> <b>MBO評価</b> MBO評価に対応可能。 <b>コンピテンシー評価</b> コンピテンシー評価に対応可能。 <b>業績評価</b> 業績評価に対応可能。	<b>OKR評価</b> OKR評価に対応可能。 <b>360度評価</b> 360度評価に対応可能。 <b>BSC評価</b> BSC評価に対応可能。	<b>スキル管理</b> <b>スキルの自己評価</b> 業務や職に必要とするスキルを自己評価。スキルを登録・更新・管理が可能。 <b>スキルアップ促進</b> スキルに必要とするスキルを登録・更新・管理が可能。	

スキルナビは全て標準機能で設定可能！！（※上記機能は一例です。）  
スキルナビは標準機能が豊富に搭載されており、標準機能はすべてライセンス料金で使用可能です。その他機能はお問い合わせください。



# Business Overview: Other Businesses / Skill Navi

## Major customers of Skill Navi

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



SoftBank

UNISYS

三井住友信託銀行  
SUMITOMO MITSUI TRUST BANK

DNP

OKI

XCCIT  
クロスキャット

YAMANO

PAMEU

SEVEN&i HOLDINGS  
ひと皿に豊かな明日を  
SEVEN&i Food Systems

SAPIX

ADF

ALSI

NEXCO  
中日本

Ortoise  
Corporate

ADK

ソフトウェア開発技術  
Software Development Technologies

Tsukiden

ICT LINK

aswellb

YNP Group

KAIZEN PLATFORM

SSI

Family

多田ファーム  
TADA farm

社会福祉法人サムス会  
桜の森白子ホーム

WOOD TEC

木村情報技術株式会社  
KIMURA INFORMATION TECHNOLOGY Co., Ltd.

JFE

Sumitomo Mitsui Trust Holdings

NISSAN GROUP OF JAPAN

YOKOGAWA

Polestar-ID

JFEシステムズ

三井住友トラスト・システム&サービス

日産トレーディング株式会社

横河ソリューションサービス

CREATORS MATCH Ltd.

岡崎建工株式会社

CREANS MAERD  
株式会社クレアンスマエード

MICS  
MEDIA AND CREATIVE SYSTEM INC.

AMMIC Corporation  
Advanced Manufacturing Management Information Consulting

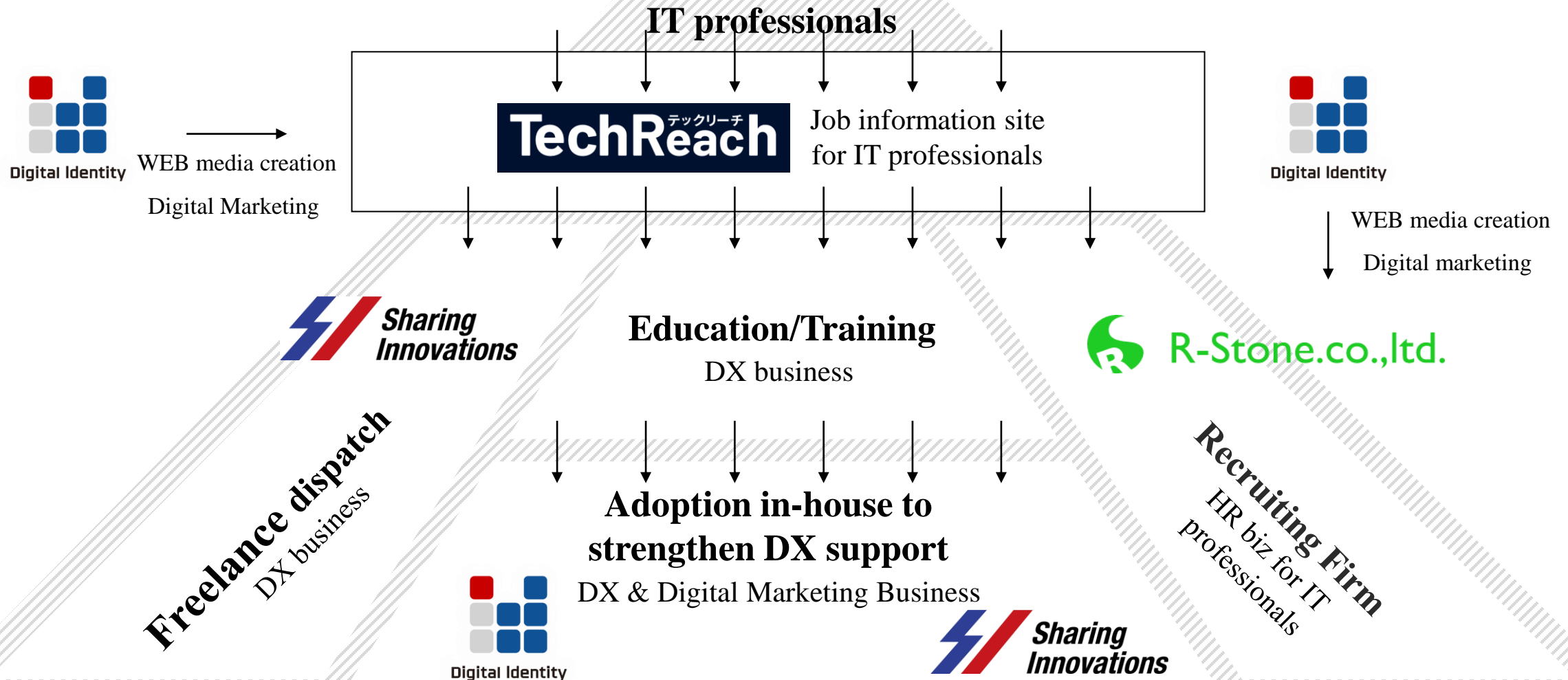
GNT

野口精機株式会社

# Business Overview: Other Businesses /HR biz -IT professionals















Launched "TechReach", a job information site for freelance engineers. Acquired "R-stone", a recruiting firm specializing in IT professionals. Utilizing the experience in digital marketing, DX and HR business, our group provide total support for the success of IT professionals.



# Business Overview: Corporate Venture Capital Investments

Four investees achieved IPO on the Tokyo Stock Exchange

Major investment results:

	IPO September 2021	IPO July 2020	IPO December 2020		IPO November 2020
					
Real estate	Payments	Human resources	Fraudulent order detection	Smart homes	Marketing
					
Health care	BtoB matching	Cosplay	Human resources	Artificial intelligence	Store DX

# 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<sup>\*1</sup>

<sup>\*1</sup> 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<sup>\*2</sup>

<sup>\*2</sup> 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<sup>\*3</sup>

<sup>\*3</sup> Source: Dentsu Inc. "2020 Advertising Expenditures in Japan"

# Growth Strategy: Active Utilization of M&A

An acquisition in Jan 2022



In January 2022, consolidated subsidiary Sharing Innovations purchased all shares of Inter Move to make it a subsidiary.

Since its founding in 2006, the company has been engaged in Salesforce integration business based in Nagoya, as well as application business such as "AppMove Workflow" which can be linked with Salesforce.

We plan to use Inter Move as the main base for the growth of our DX business in the Chubu region.



# 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.

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.

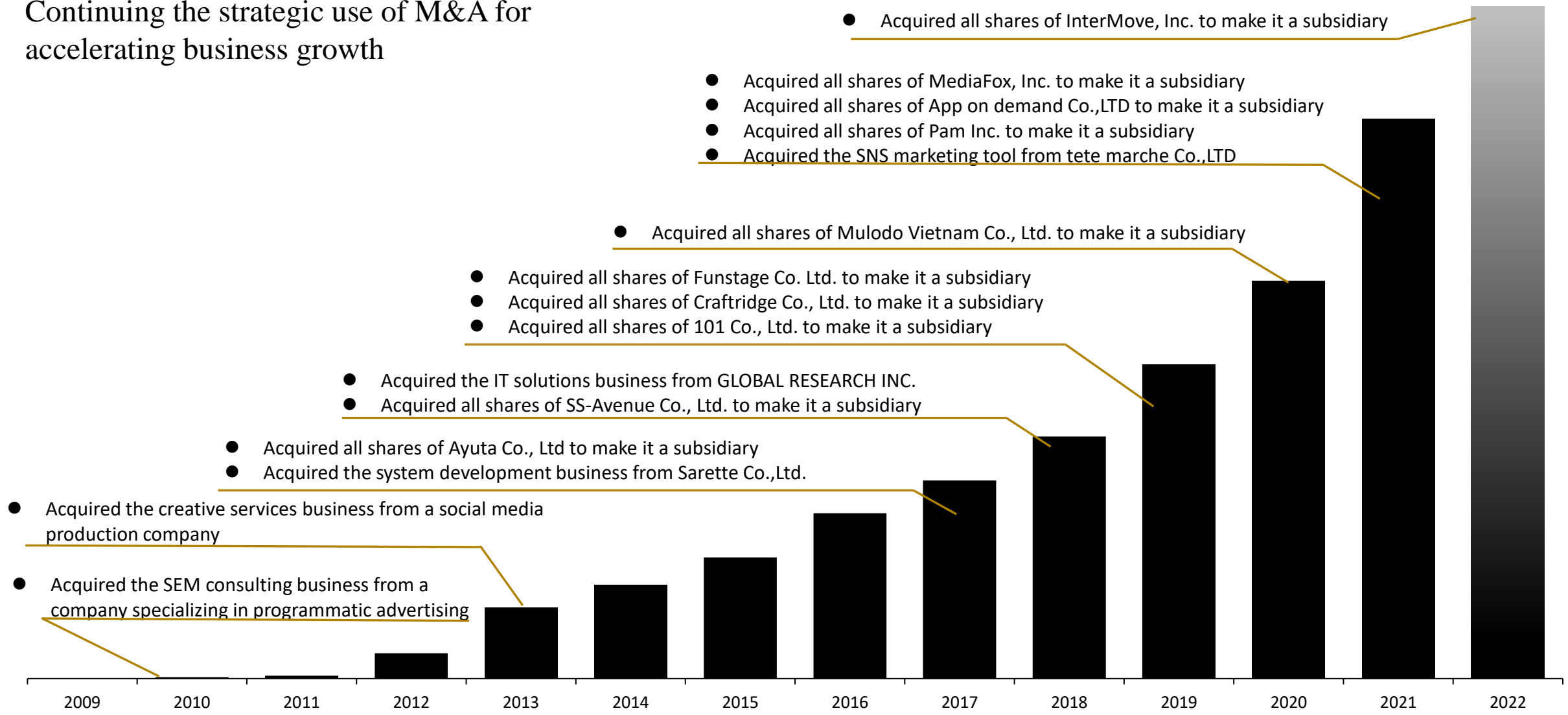
Since starting operations in Kyoto in 2010, the company has served a large number of companies, mainly in the Kansai region, as a certified consulting partner of Salesforce.com.

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

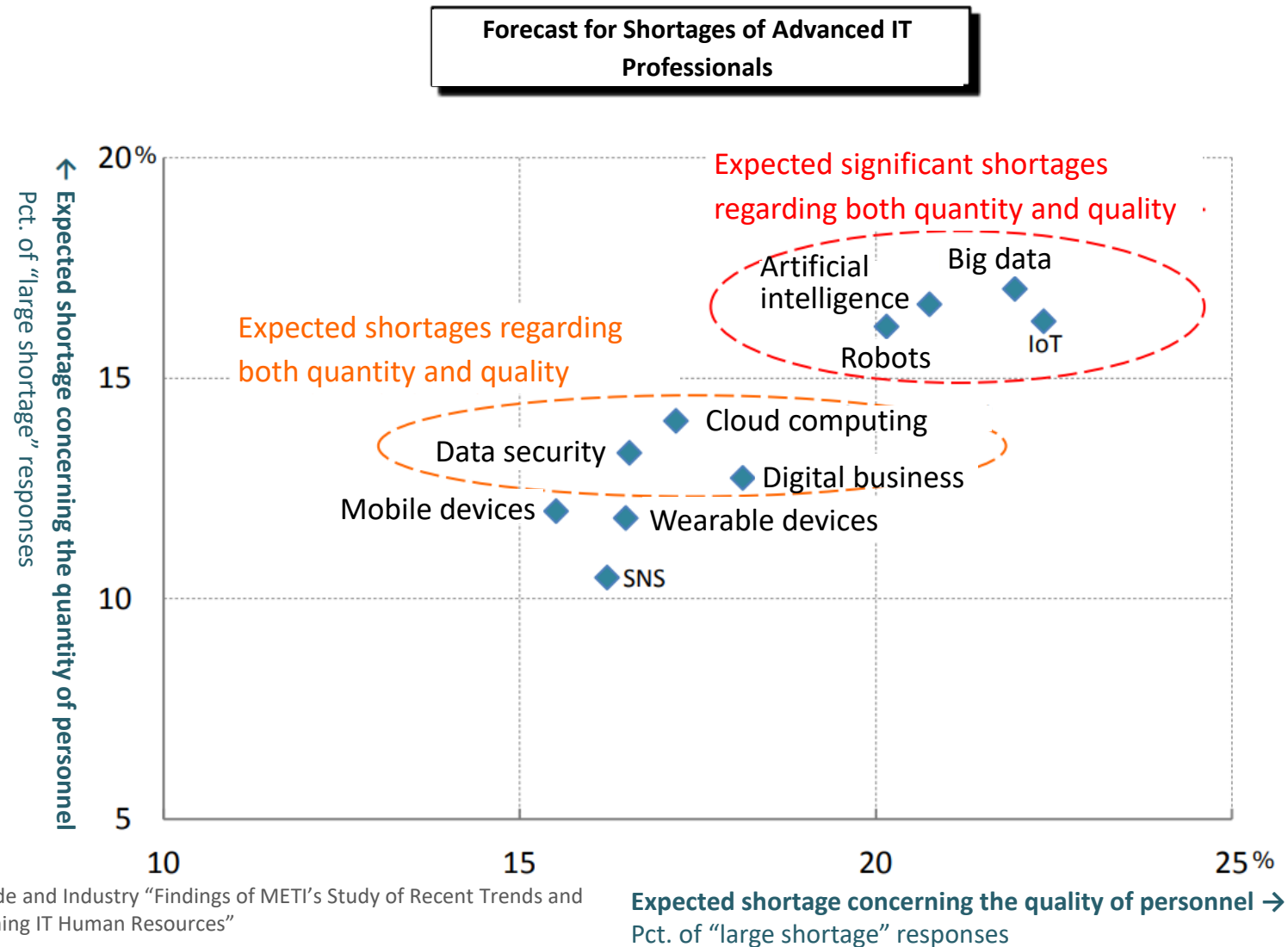


Continuing the strategic use of M&A for accelerating business growth



# Growth Strategy: Active Utilization of M&A

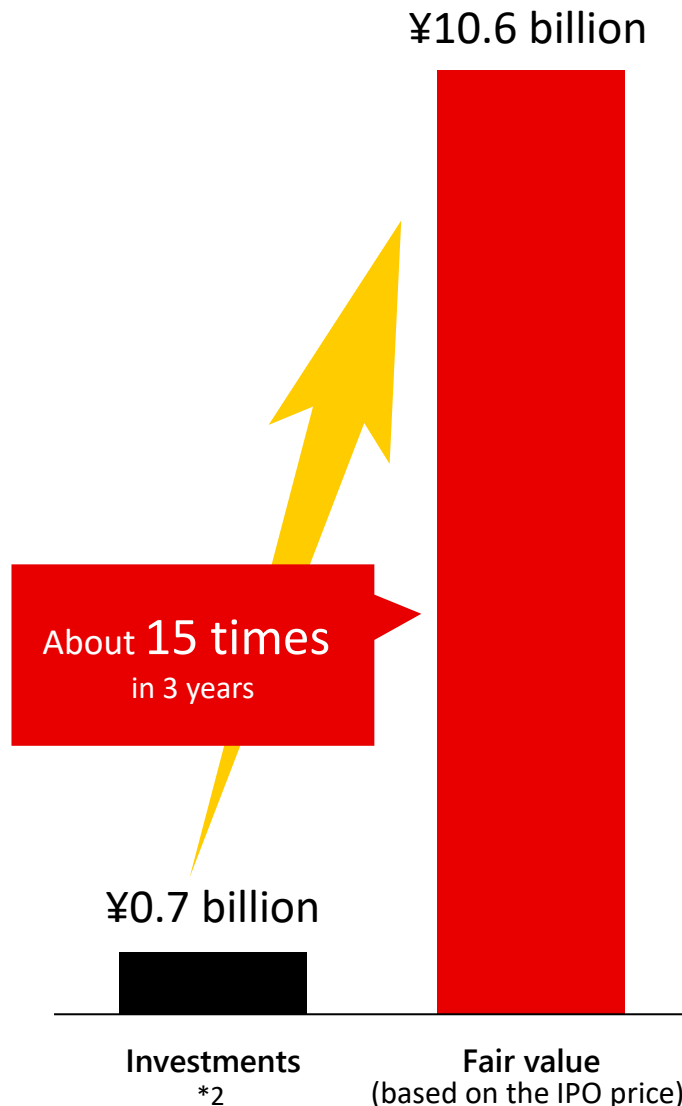
Targeting companies that have IT professionals with expertise with leading-edge technologies for M&A



Source: Ministry of Economy, Trade and Industry "Findings of METI's Study of Recent Trends and Future Estimates Concerning IT Human Resources"

# 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

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## Digital Marketing business

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

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- Quickly establish DX as the second core profit center by expanding the presence of this business in rapidly growing market sectors
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## Other new businesses/M&A

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- 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



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# 04 Appendix

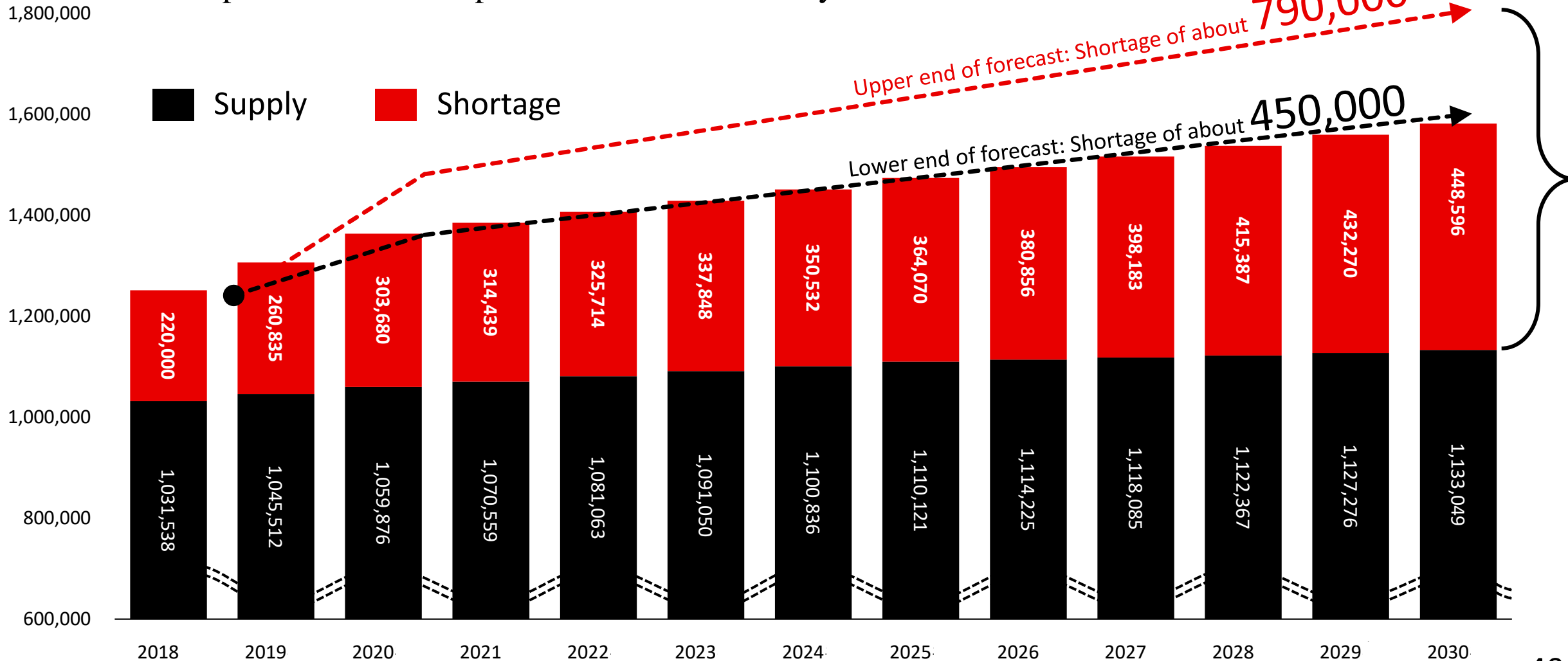
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# Market Data: Projected Shortage of IT Professionals in Japan



Forecast a shortage of up to 790,000 in 2030

Demand for IT professionals is expected to increase steadily



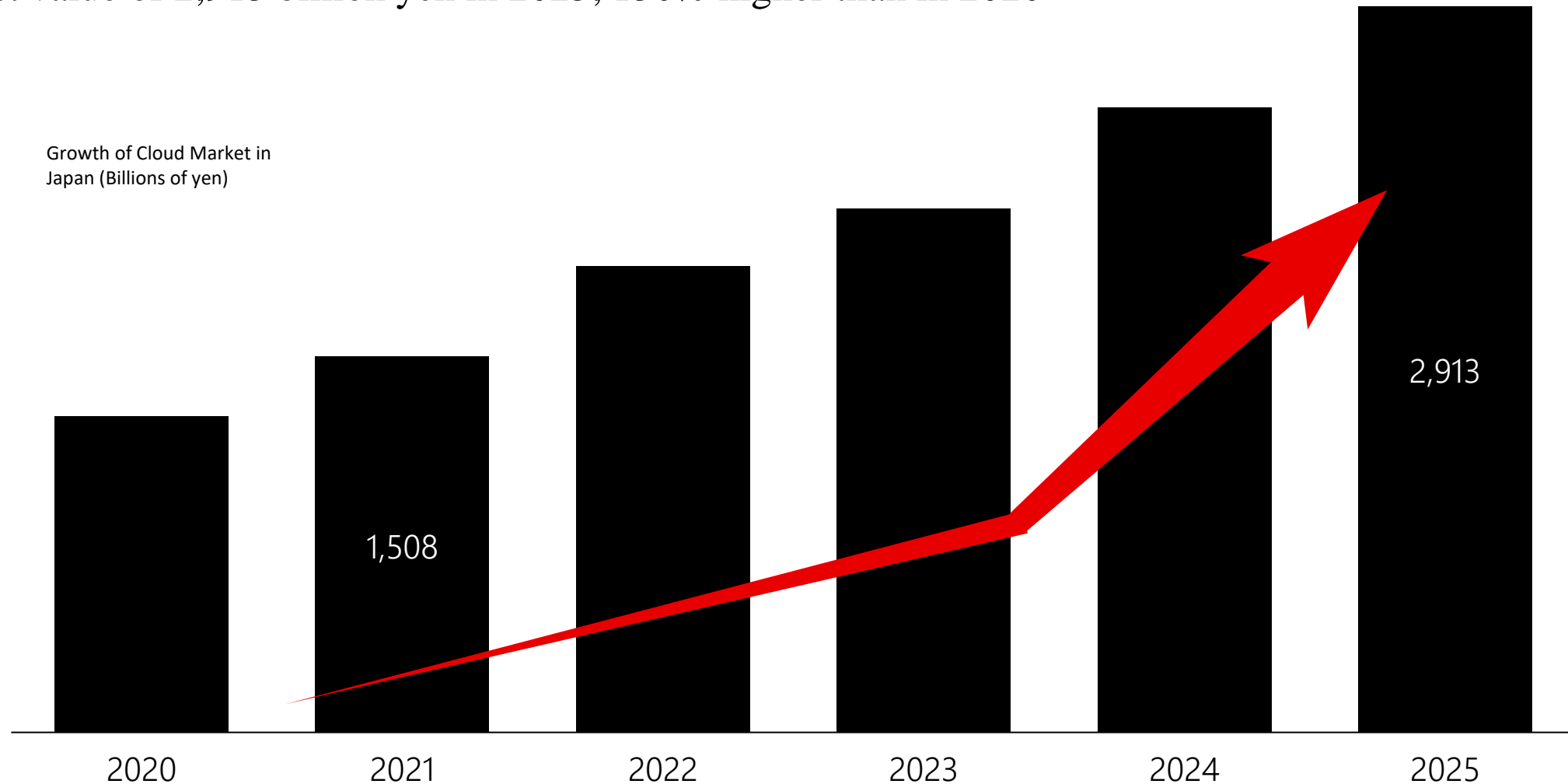
\*Source: "IT Personnel Supply and Demand Survey" conducted for the Ministry of Economy, Trade and Industry



# Market Data: Growth of the Cloud Market in Japan

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

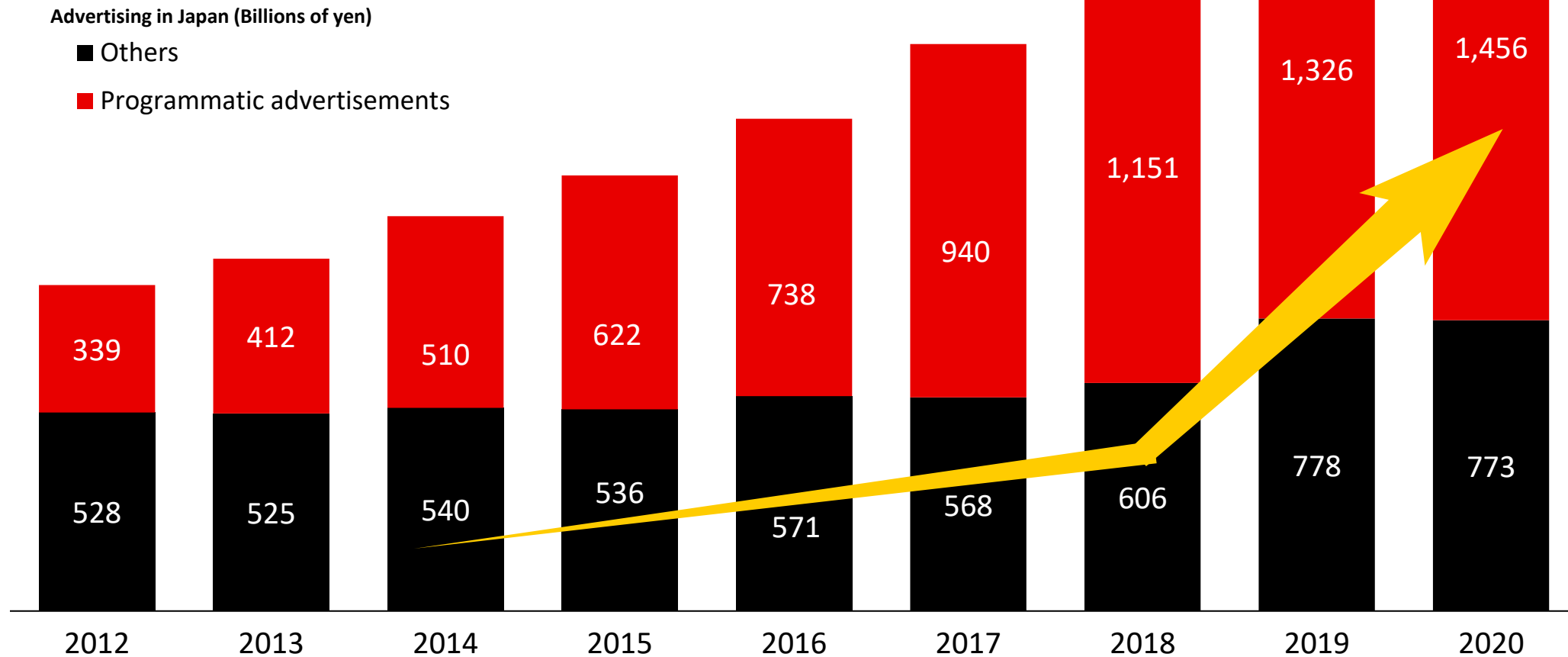
Forecast value of 2,913 billion yen in 2025, 130% higher than in 2020



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*



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*Thank You!*