



ORCHESTRA HOLDINGS

Results of Operations
for the First Quarter of the
Fiscal Year Ending
December 31, 2022

01 Financial Overview: 1Q FY2022

02 Earnings Forecast: FY2022

03 Business Summary/Growth Strategy

04 Appendix



01 Financial Overview: 1Q FY2022

1Q FY2022 Consolidated Results

Posted all-time high sales and earnings.

Maintain a high growth rate while investing in new businesses.

	(Millions of yen)	1Q/FY2022	1Q/FY2021	% Change
Net Sales(Net)		2,464	-	-
Gross Profit		1,297	889	45.9%
SG&A expenses		772	524	47.5%
Operating Profit		525	365	43.7%
EBITDA		570	391	45.7%
EBITDA margin		23.1%	-	-
Ordinary Profit		530	376	40.9%
Profit attributable to owners parent		291	245	18.3%
Reference: Before applying the new revenue recognition standard ※				
Net Sales(Gross)		4,897	3,778	29.6%
EBITDA margin		11.6%	10.3%	1.3pt

※From the beginning of the first quarter of FY2022, due to the application of the new revenue recognition standard, part of the sales of the digital marketing business has been changed from Gross to Net. The change has no impact on profits. Refer page6 for the details.

1Q FY2022 Segment Results

Strong growth continued in all businesses. Posted all-time high sales and earnings in DX and Digital Marketing business.

Segment (Millions of yen)	1Q/FY2022	1Q/FY2021	% Change
Digital Transformation(DX) business			
Net sales	1,203	951	26.5%
Segment profit	204	158	29.4%
Digital Marketing business			
Net sales(Net)	1,061	-	-
Segment profit	572	410	39.4%
Other businesses			
Net sales	239	152	57.6%
Segment profit	△ 25	6	-
Digital Marketing business			
Net sales (Gross)	3,494	2,690	29.9%

Posted all-time high sales and 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.

Reference: Before applying the new revenue recognition standard ※

※From the beginning of the first quarter of FY2022, due to the application of the new revenue recognition standard, part of the sales of the digital marketing business has been changed from Gross to Net. The change has no impact on profits. Refer page6 for the details.

Impact of applying the new revenue recognition standard

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. has been adopted from the beginning of FY2022

Until the previous year, we recognized revenue on a gross basis from the programmatic advertising service etc. in the digital marketing business, as it was considered we were acting as a principal in the transactions. However, after the application of this standard, it is considered we are acting as an agent in the same transactions, and we recognize revenue on a net basis.

Both sales and cost of sales decreased 2,432 million yen in the digital marketing business segment for 1Q FY2022, compared to the conventional revenue recognition method.

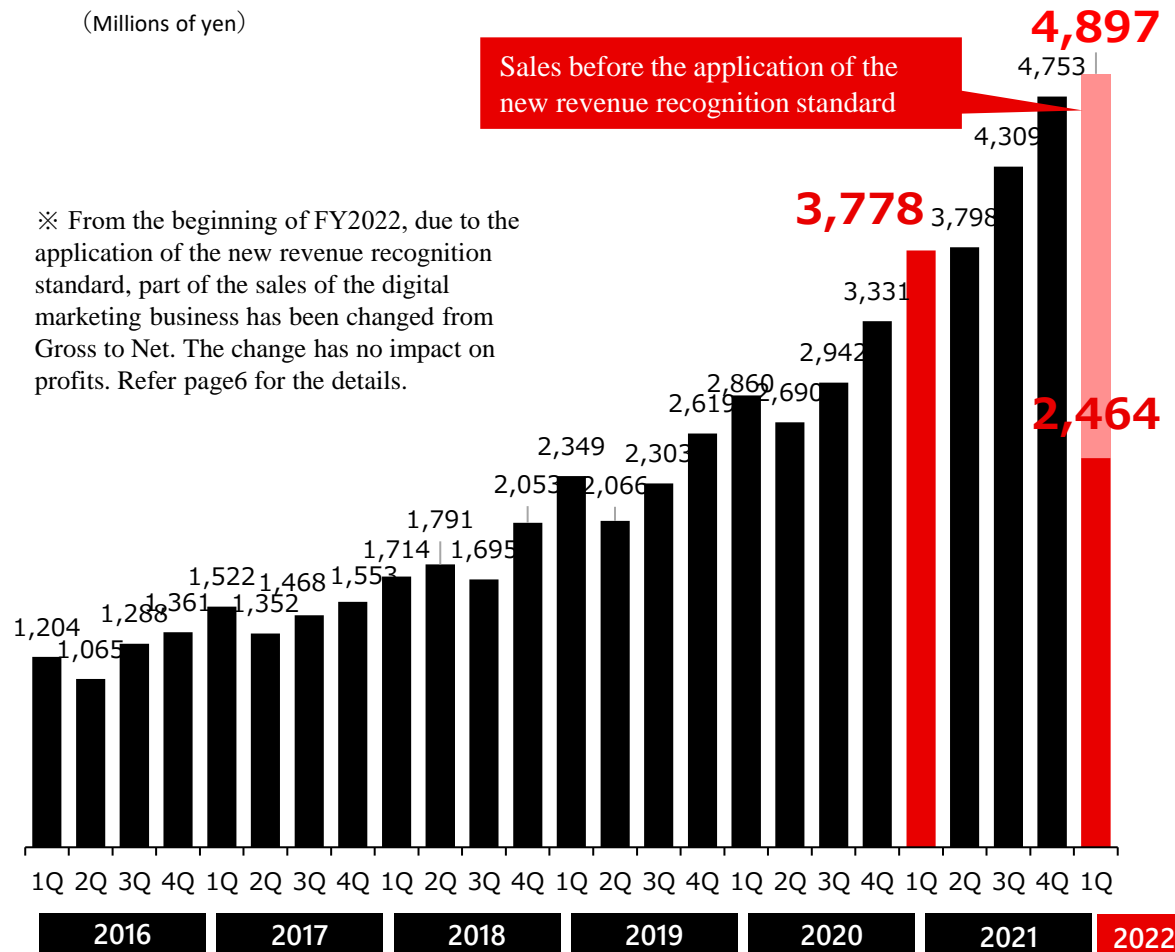
There is no impact on profits and the balance at the beginning of retained earnings.

Quarterly Consolidated Results

Net sales Up 29.6% YoY ※
Posted all-time high sales

※ Before the application of the new revenue recognition standard

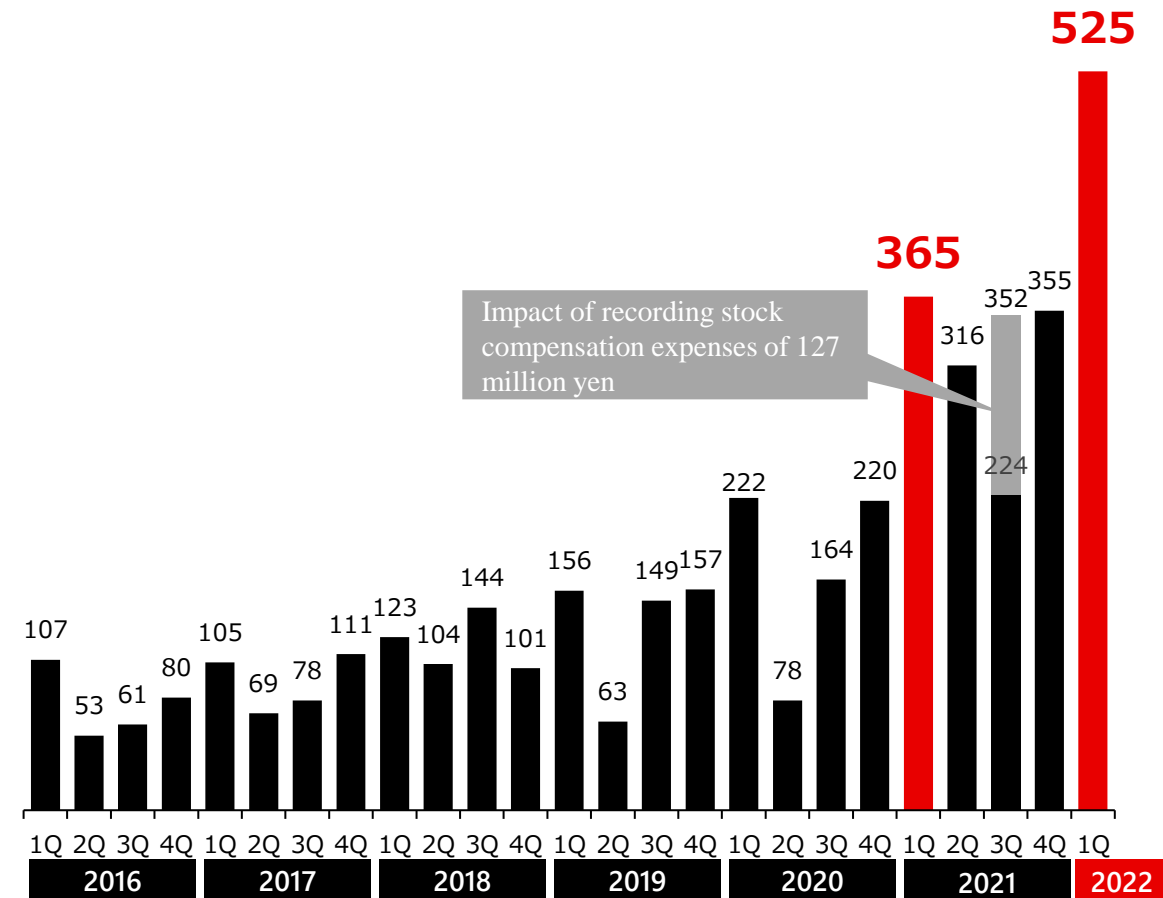
(Millions of yen)



※ From the beginning of FY2022, due to the application of the new revenue recognition standard, part of the sales of the digital marketing business has been changed from Gross to Net. The change has no impact on profits. Refer page6 for the details.

Operating profit Up 43.7% YoY
Posted all-time high earnings

(Millions of yen)



Impact of recording stock compensation expenses of 127 million yen

Digital Marketing Business: Quarterly Results

Net sales Up 29.9% YoY ※
Posted all-time high sales

※ Before the application of the new revenue recognition standard

Segment profit Up 39.4% YoY
Posted all-time high earnings

(Millions of yen)

Sales before the application of the new revenue recognition standard

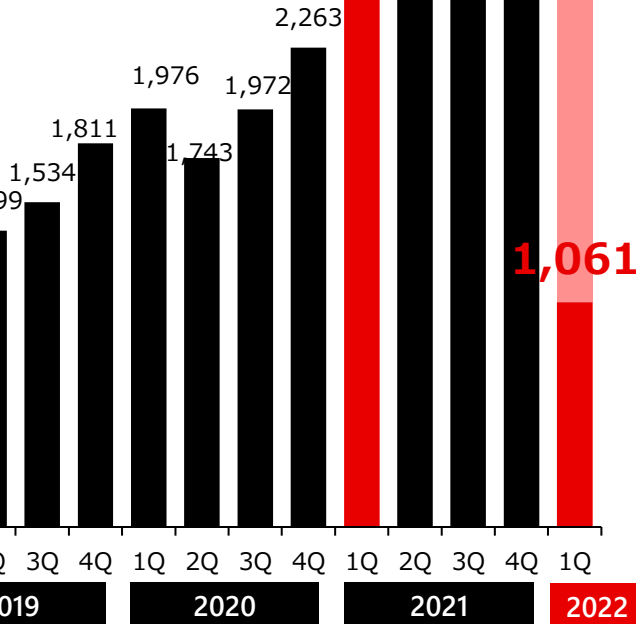
3,494

3,487

2,690

2,658

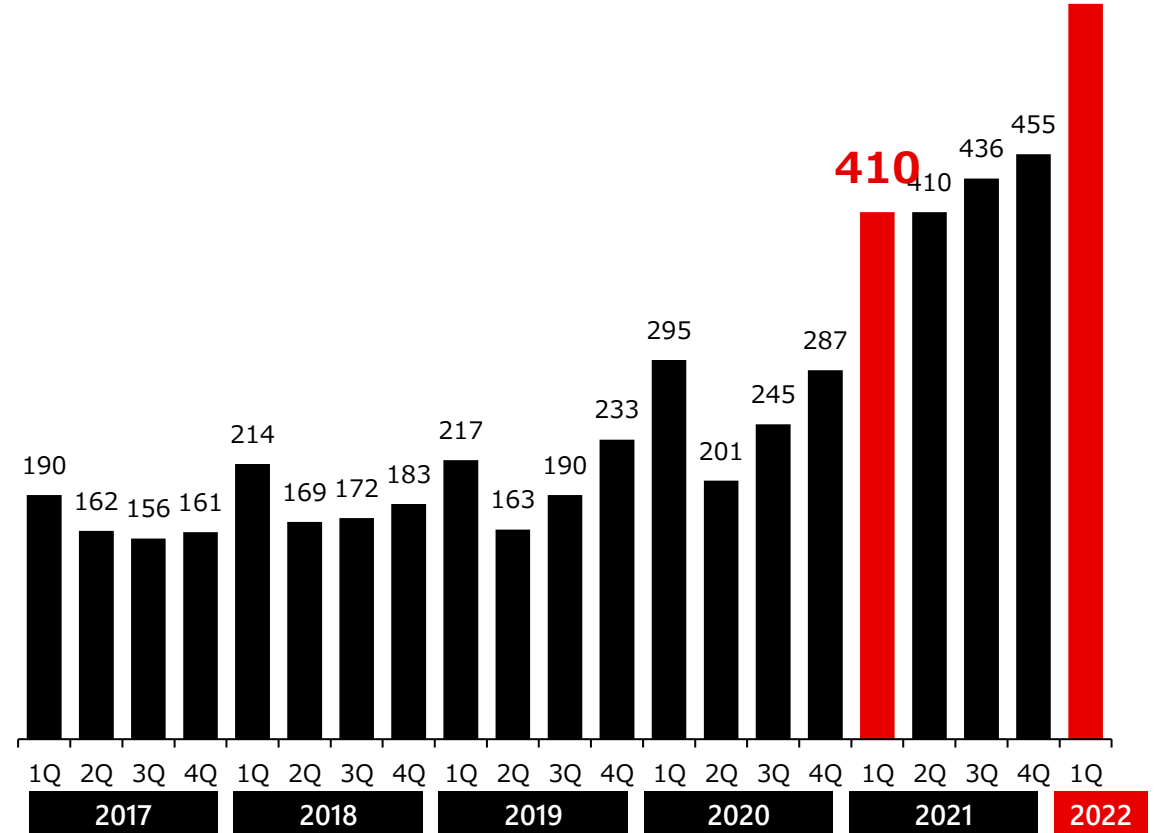
3,089



※ From the beginning of FY2022, due to the application of the new revenue recognition standard, part of the sales of the digital marketing business has been changed from Gross to Net. The change has no impact on profits. Refer page6 for the details.

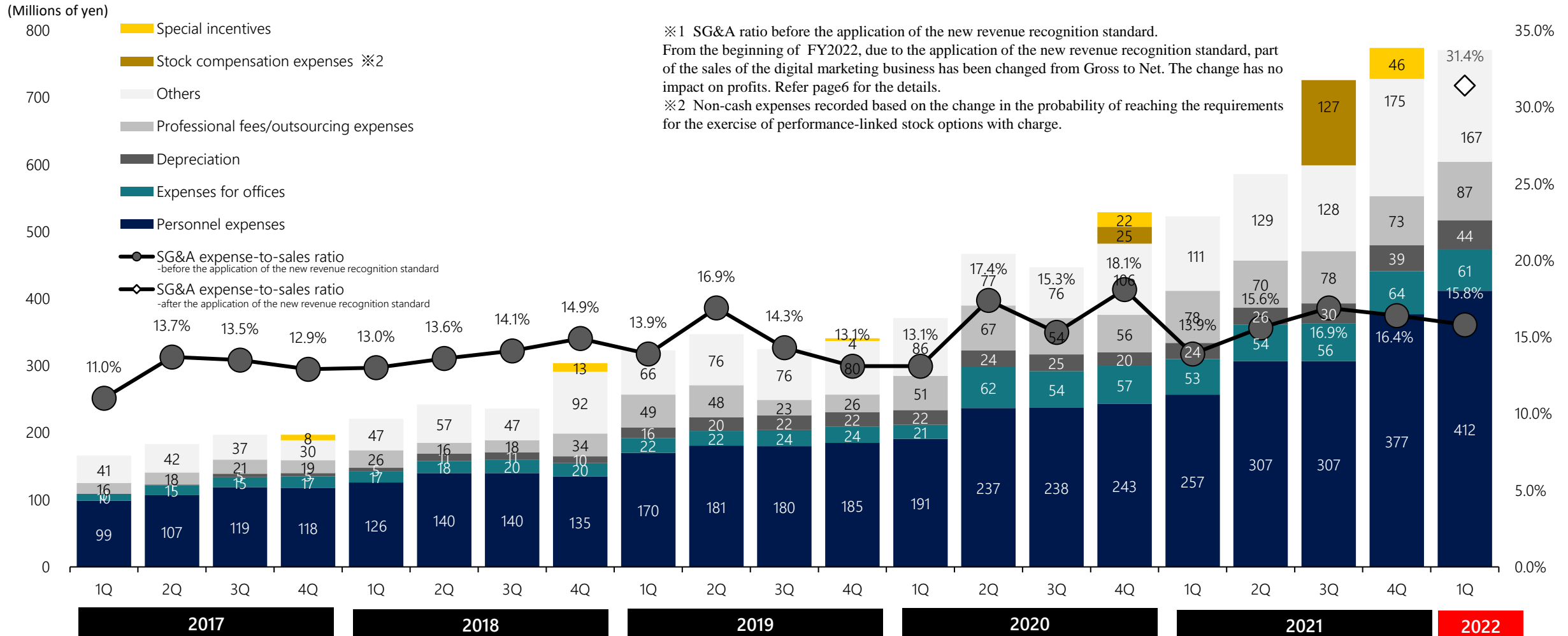
(Millions of yen)

572



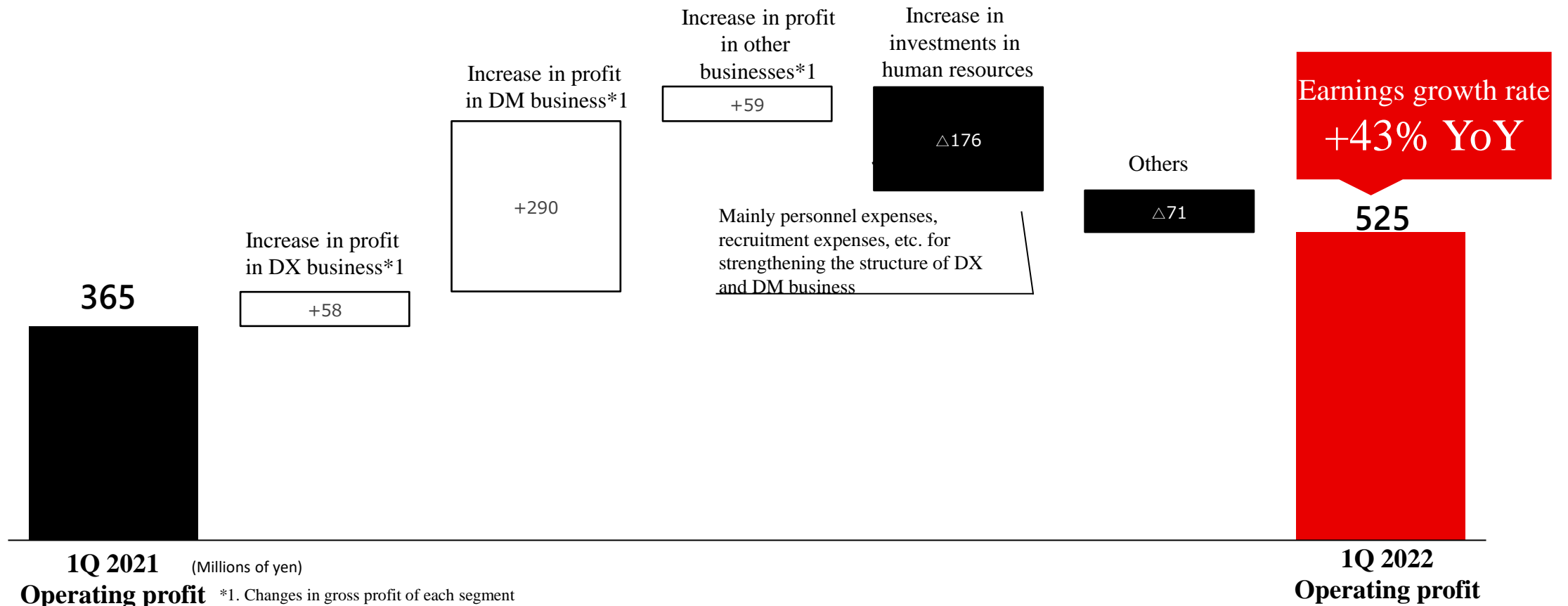
1Q FY2022 Changes in SG&A Expenses

SG & A expenses increased due to investment in human resources, while the SG & A ratio is maintained at 15.8% ※1 due to the steady expansion of sales.



1Q FY2022 Changes in Operating profit

Continued high profit growth by absorbing the increase in SG & A expenses due to investment in human resources. 1Q operating profit increased significantly to 525 million yen (YoY + 43%).



Performance-linked stock options (4th SO)

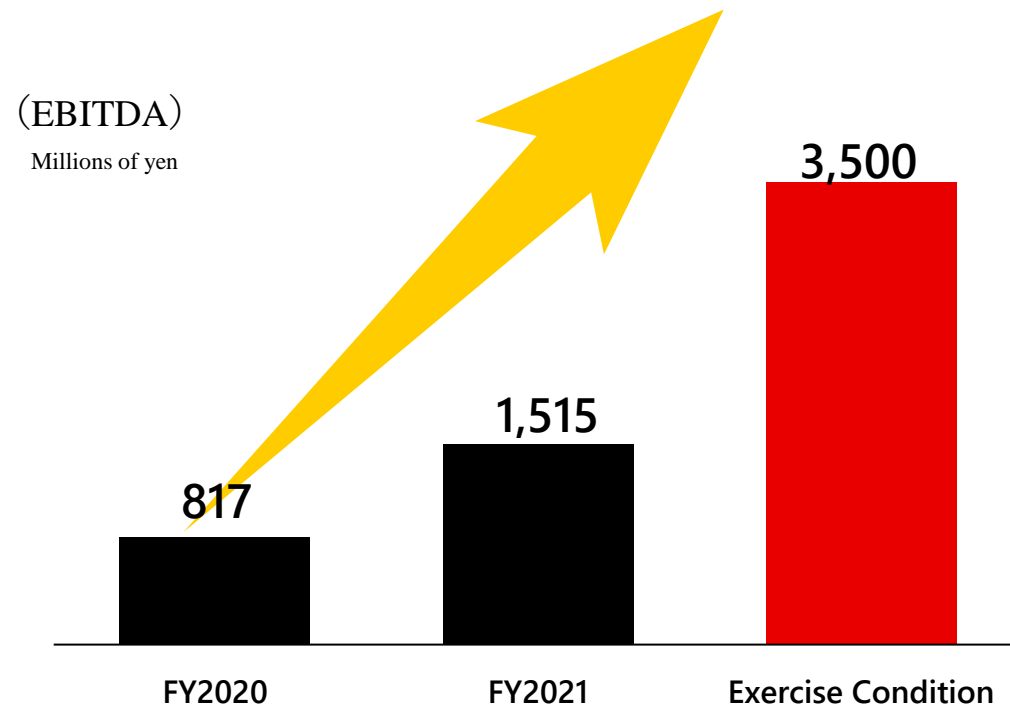
New Performance-linked stock options (4th SO) were issued under the following conditions for the purpose of incentives for officers and employees, as the exercise conditions for the 3rd SO have been achieved.

Condition 1

Consolidated EBITDA – over 3.5billion yen

in any fiscal year from FY2022 to FY2025

➔ **50% of stock options can be exercised**



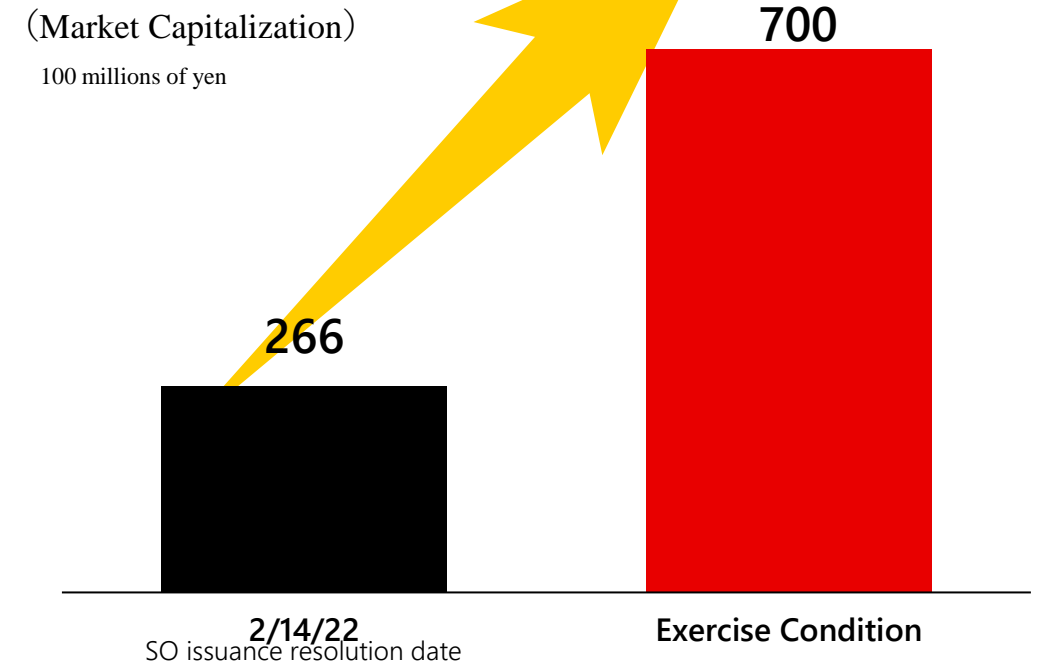
Condition 2

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**



1Q FY2022 Consolidated Balance Sheet



Equity ratio was 46.8%; maintain financial soundness while continuing to make investments for growth

(Millions of yen)	Mar.31, 2022	Dec.31, 2021	Change
Current assets	6,694	7,856	△ 1,162
Non-current assets	3,172	2,704	468
Property, plant and equipment	632	619	12
Intangible assets	1,290	1,148	141
Investments and other assets	1,249	936	313
Total assets	9,866	10,560	△ 694
Current liabilities	3,222	4,260	△ 1,038
Non-current liabilities	1,405	1,354	51
Total liabilities	4,627	5,615	△ 987
Total net assets	5,238	4,945	293
Total liabilities and net assets	9,866	10,560	△ 694

Cash and deposits decreased due to the payment of approximately 1.1 billion yen in income taxes payable in the previous fiscal year. Of that amount, about 700 million yen is mainly related to the gain on the sale of Sharing Innovations shares in the previous year.

Impact of paying approximately 1.1 billion yen in income taxes payable at the end of the previous fiscal year



02 Earnings Forecast: 2022

FY2022 Consolidated Forecast

Good performance progress compared to the earning forecasts.

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

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

(Millions of yen)	1Q/FY2022		FY2021	FY2022	YoY Change	
	Amount	Progress ratio	Results	Forecasts	Amount	%
Net sales(Net) ※	2,464	24.6%	-	10,000	-	-
Operating profit	525	31.4%	1,262	1,670	407	32.3%
Ordinary profit	530	31.5%	1,286	1,680	393	30.6%
Profit attributable to owners of parent	291	30.6%	757	950	192	25.5%
Reference: Before applying the new revenue recognition standard						
Net sales(Gross) ※	4,897	23.3%	16,640	21,000	4,359	26.2%

※ The Company adopts "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of the first quarter of FY2022

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.

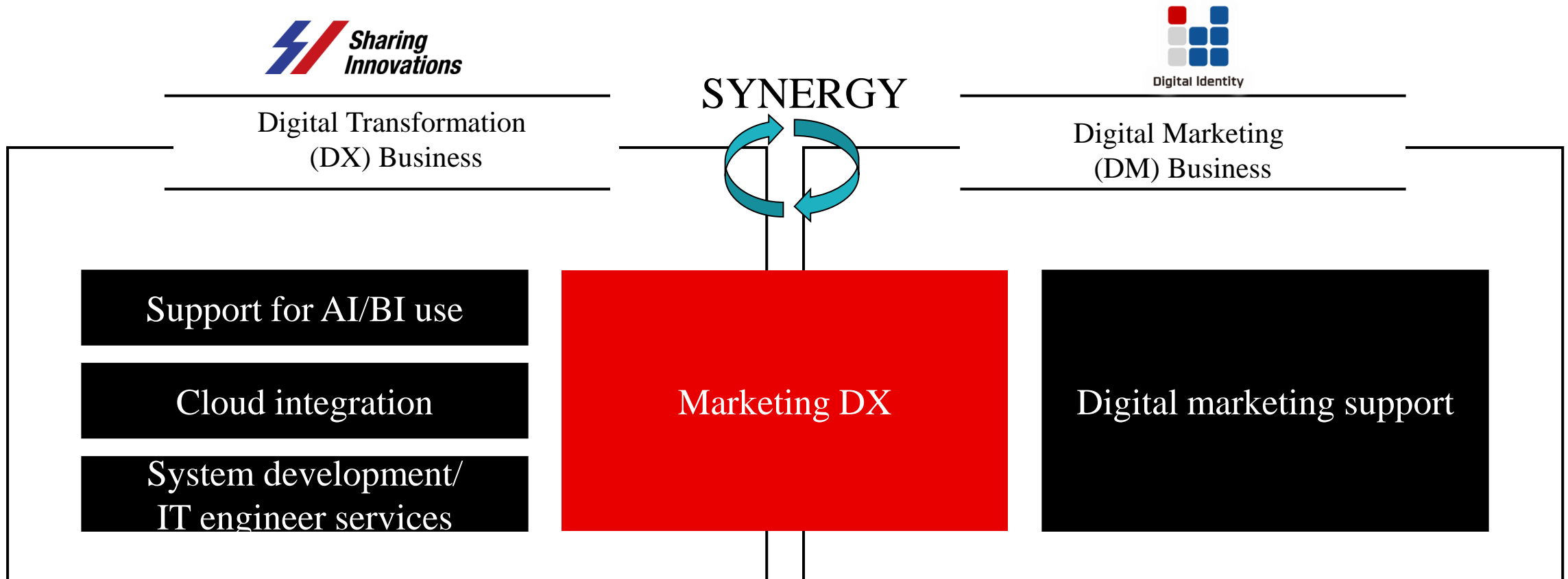
	2021	2022
Dividend per share	8.0 yen (Ordinary dividend: 8.0 yen)	9.0 yen (Ordinary dividend: 9.0 yen)



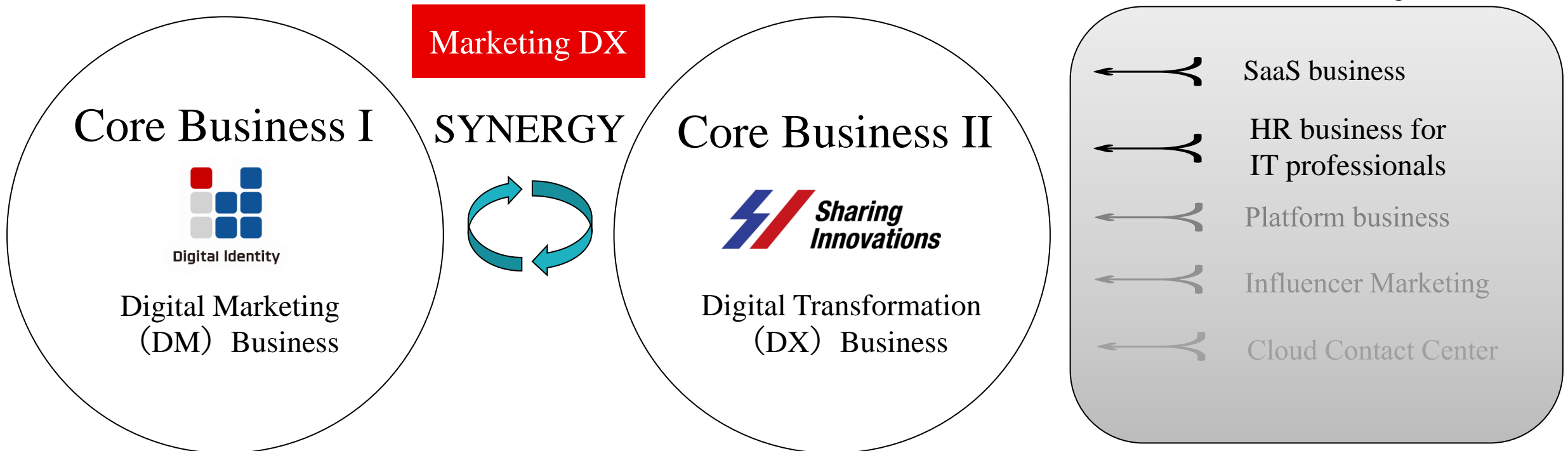
03 Business Summary/Growth Strategy

To be a leading company in the marketing DX domain

by combining DX business and DM business



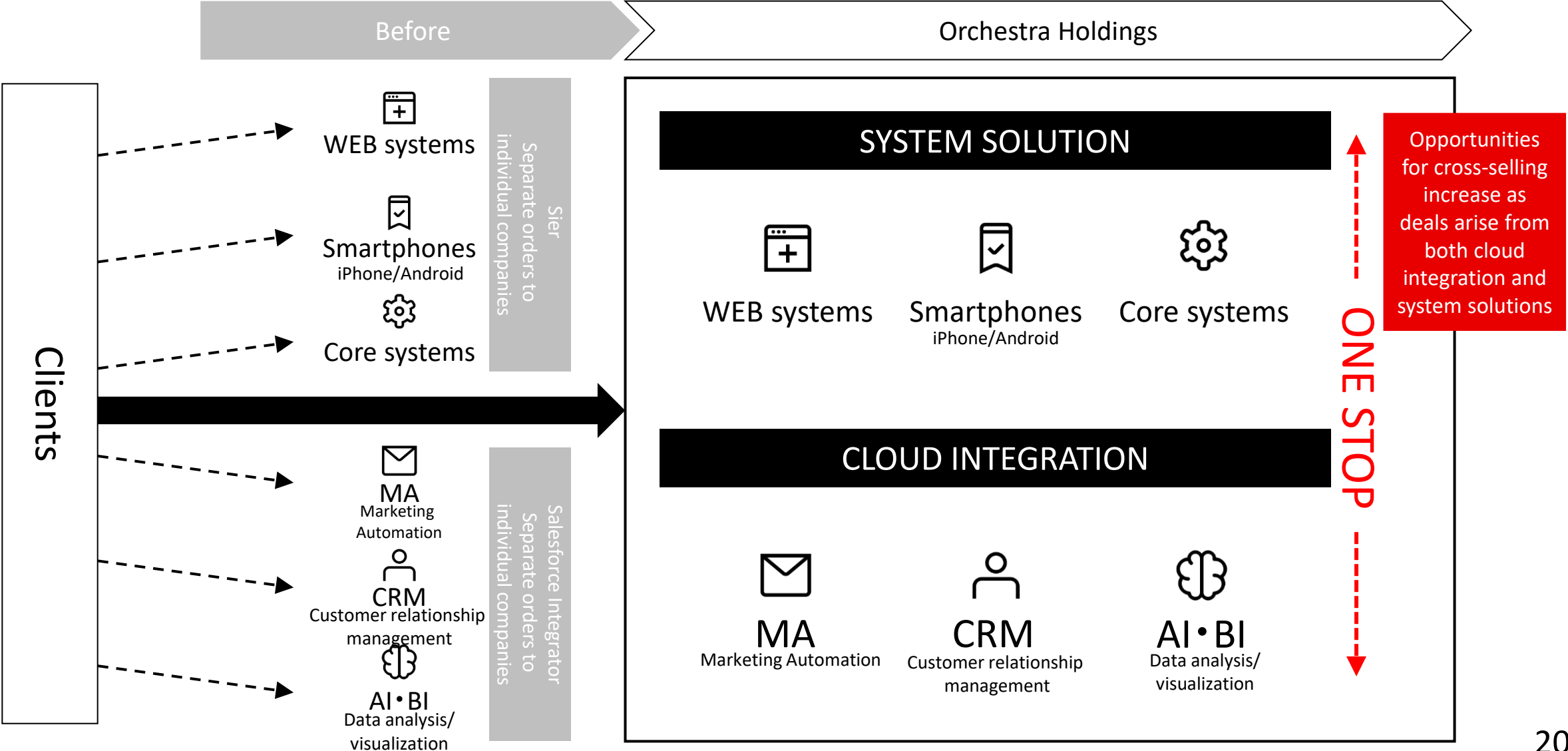
Continue to grow the next core business



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

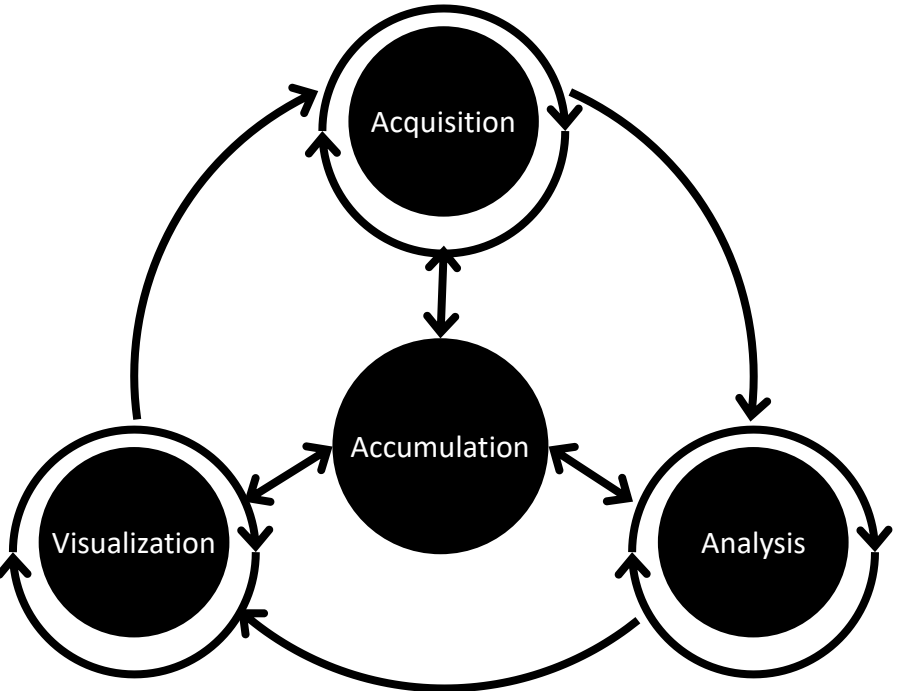
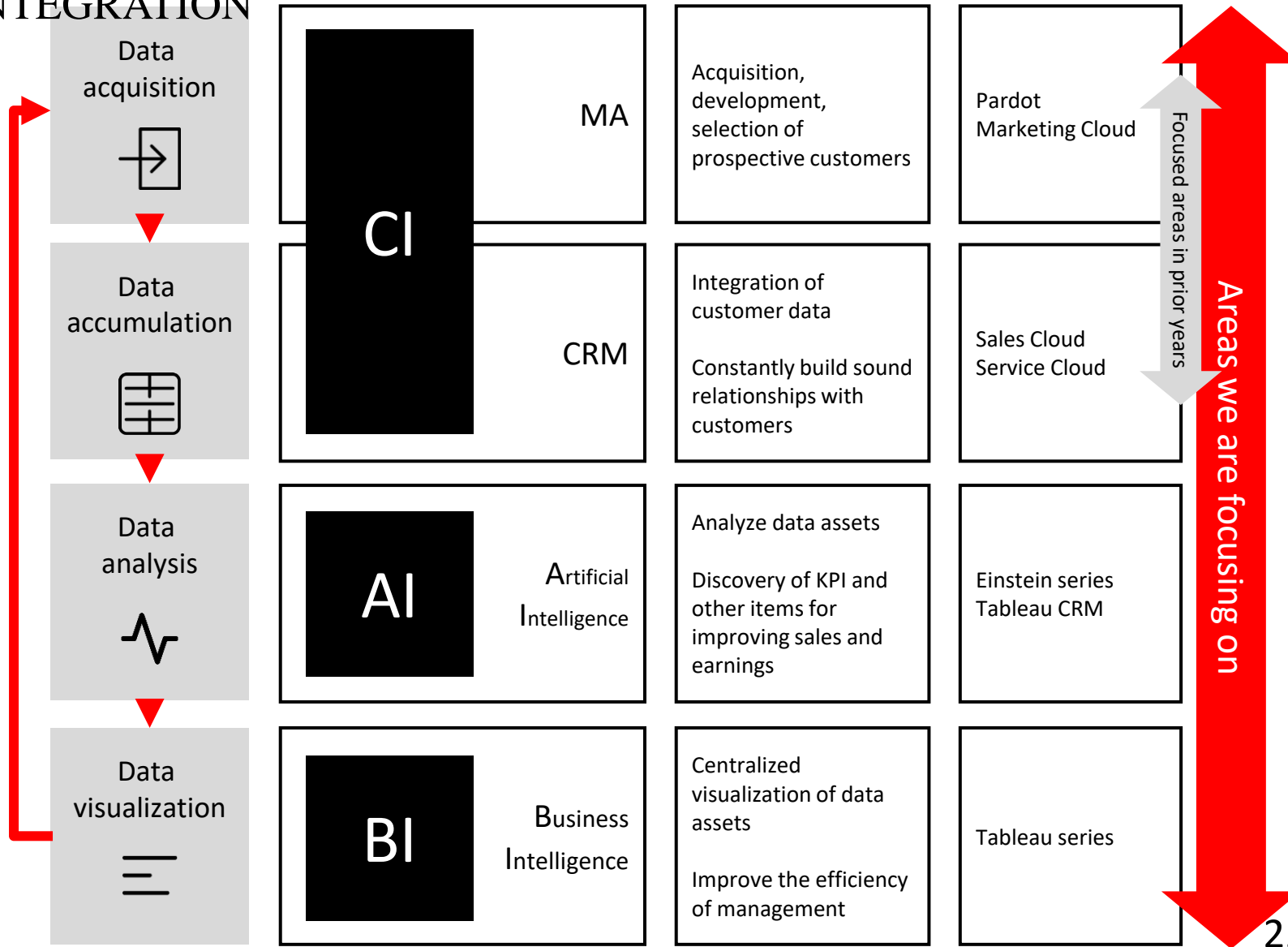
Market Selection

DX >>Cloud>>Salesforce

Business Overview: DX Business

Growth Strategy: AI×BI×CLOUD INTEGRATION

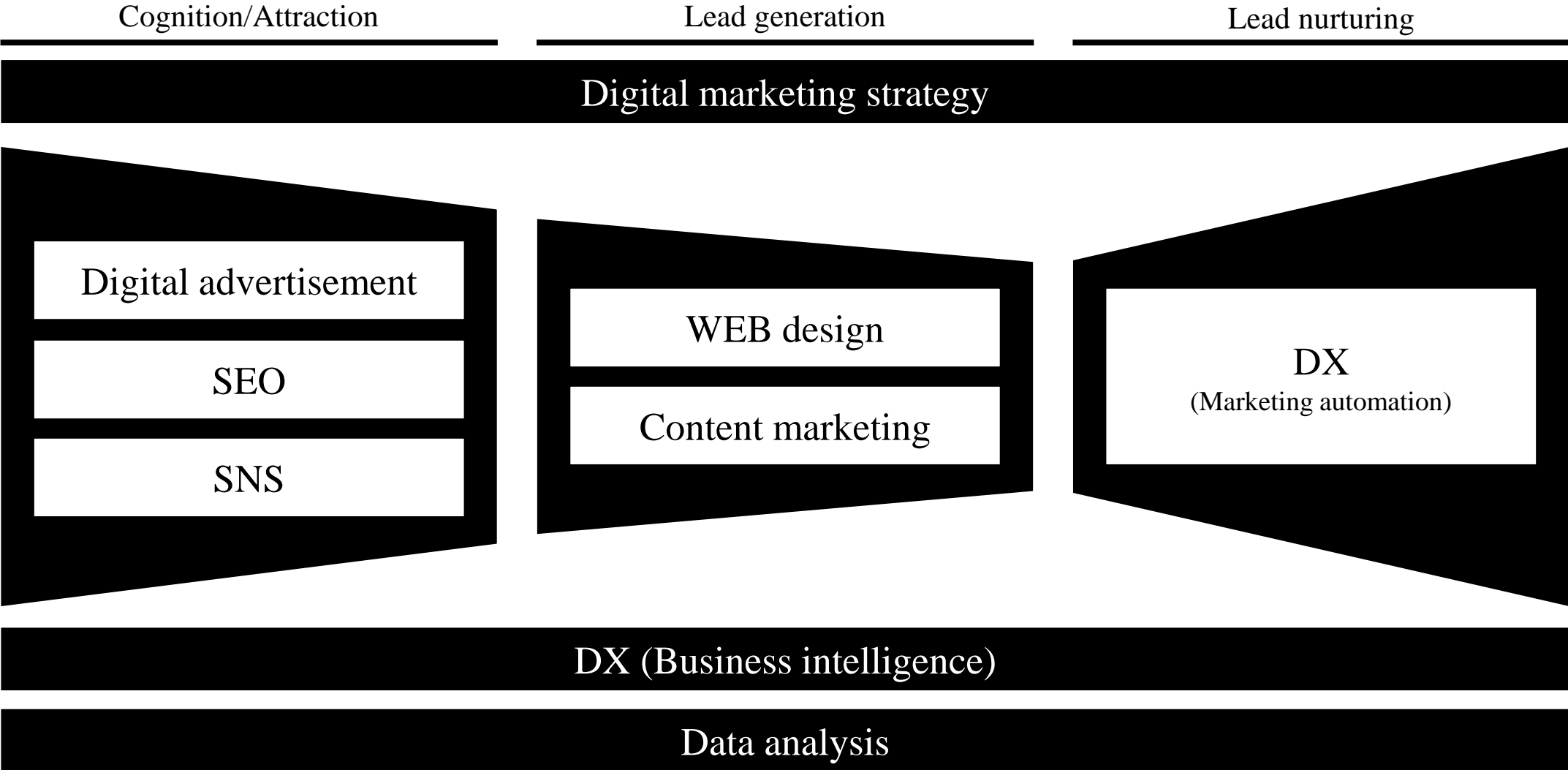
Aiming for growth as an integrator encompassing AI x BI x CI for the digital transformation of our client companies



Business Overview: 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: Other Businesses

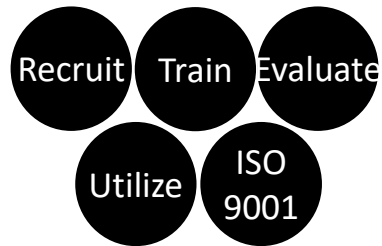
Raising the next core businesses

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
- ✓ Cumulative number of consultations exceeded 1.3 million.

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 in 2021.

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
社員の基本情報 社員の基本情報を管理。項目は自由設定が可能。 キャリアシート 社員のキャリアシートを作成・管理までシステム上で可能。 履歴管理 社員の履歴など人事情報をシステム上で管理・更新が可能。 キャリアモデル管理 社員のキャリアモデルの表示や更新が可能。 面談管理 社員のキャリアモデルの表示や更新が可能。	研修管理 研修の概要の管理。外部研修内訳確認も可能。 研修申し込み 研修の申込・承認・フォロー作成・更新が可能。 試験の登録 受験日や受験人数の登録を行うことが可能。 資格の登録 社員の取得資格を管理し、忘れないうちに更新を管理。	社員案件検索 社員の検索を全て条件として設定し、検索が可能。 エンゲージメント分析 集積したデータからエンゲージメント分析が可能。 人事評価分析 人事評価項目を別々に分析し、個人を特定し分析が可能。 個人層分析 個人を特定し分析が可能。 二重分析 様々な条件を設定し、二重分析が可能。 グループ比較 予め作成したグループ間で比較・分析が可能。	有給申請 有給申請や有給申請の承認システム上で可能。 CSV機能 システム上にあるデータはすべてCSVでダウンロード可能。 アラートメール送信 様々なアラートに対してメールの送信が可能。 パスワード相談 パスワードやパスワードのリセットの相談システム上で可能。 プロジェクト管理 プロジェクトの進捗管理や管理を管理可能。 給与・賞与情報 給与や賞与の情報を管理可能。 管理権限 役割別のユーザーレベルでの権限設定が可能。 仕事のフォーム作成 業務に合わせた仕事のフォーム作成可能。
人事評価	スキル管理		
MBO評価 MBO評価に対応可能。 コンピテンシー評価 コンピテンシー評価に対応可能。 業績評価 業績評価に対応可能。	OKR評価 OKR評価に対応可能。 360度評価 360度評価に対応可能。 BSC評価 BSC評価に対応可能。	スキル自己評価 業務や職能に合わせたスキルを表現・更新・管理が可能。 スキル検索 スキル検索・レベル指定を行い検索を行うことが可能。	スキル満足 上司によるスキル満足度調査を行うことが可能。 スキルアップ促進 スキルに合わせた研修などを紹介することが可能。

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

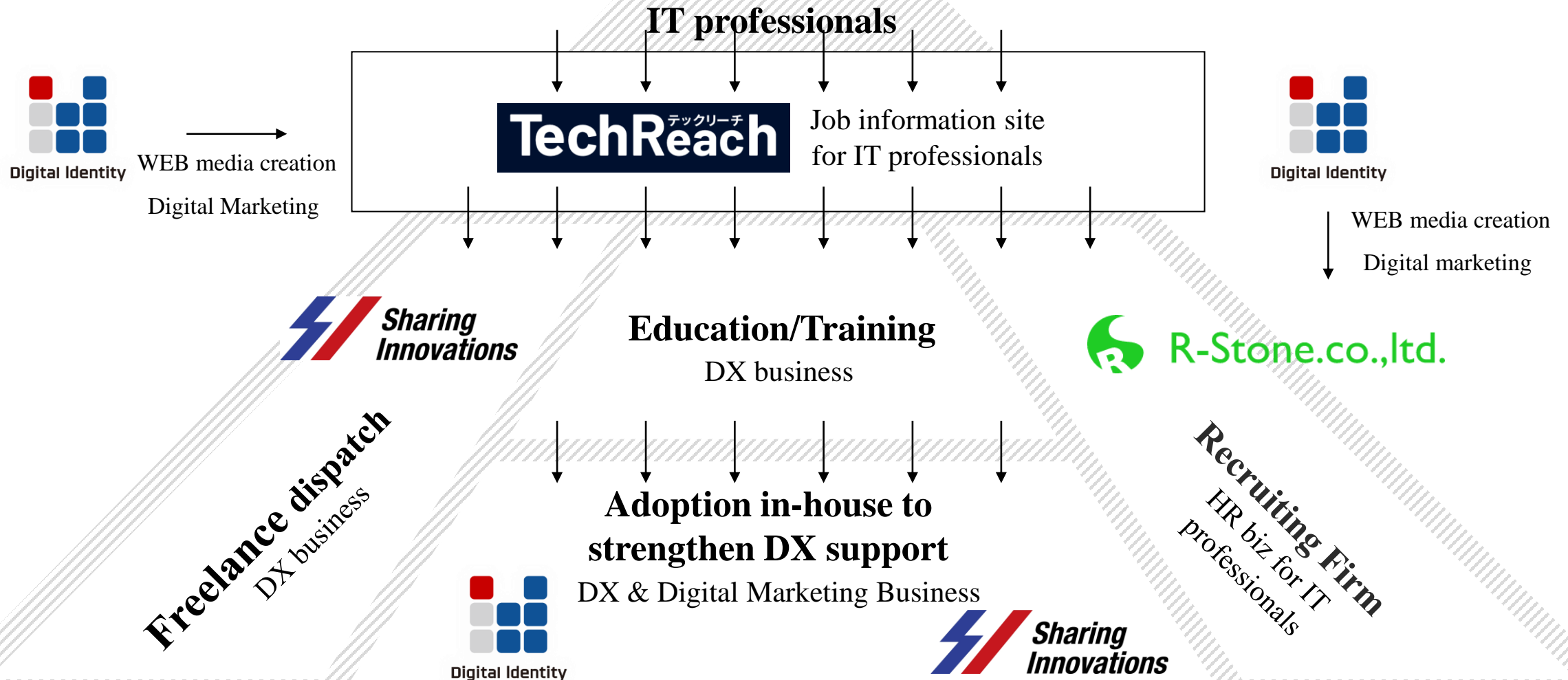
The number of companies using Skill Navi and prospective companies are steadily increasing



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



Five investees achieved IPO on the Tokyo Stock Exchange

Major investment results:

	IPO Sept. 2021	IPO July 2020	IPO Dec. 2020	IPO Nov. 2020
 WealthPark Real estate IPO Mar. 2022	 ROBOT PAYMENT Payments	 BRANDING ENGINEER HR	 COXIO Fraudulent order detection	 GEO CODE Marketing
 Mental Health Technologies Health care	 Maple Systems BtoB matching	 WCS Cosplay	 JOBSUGOI.COM HR	 Concierge U AI
 LiveSmart Smart homes	 WASD Inc. Store DX	 Fourth Valley HR	 Mealthy Health care	 attuned HR

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 **18.8%** between 2021 and 2026.

In 2026, this market is expected to be **3,758 billion yen, 140% higher** than in 2021^{*2}

^{*2} Source: International Data Corporation Japan "Japan Public IT Cloud Services Forecast, 2022 - 2026"

Digital Marketing business

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 26.3%** in 2021^{*3}

^{*3} Source: Dentsu Inc. "2021 Advertising Expenditures in Japan"

Growth Strategy: Active Utilization of M&A

Two acquisitions in 1Q FY2022



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.



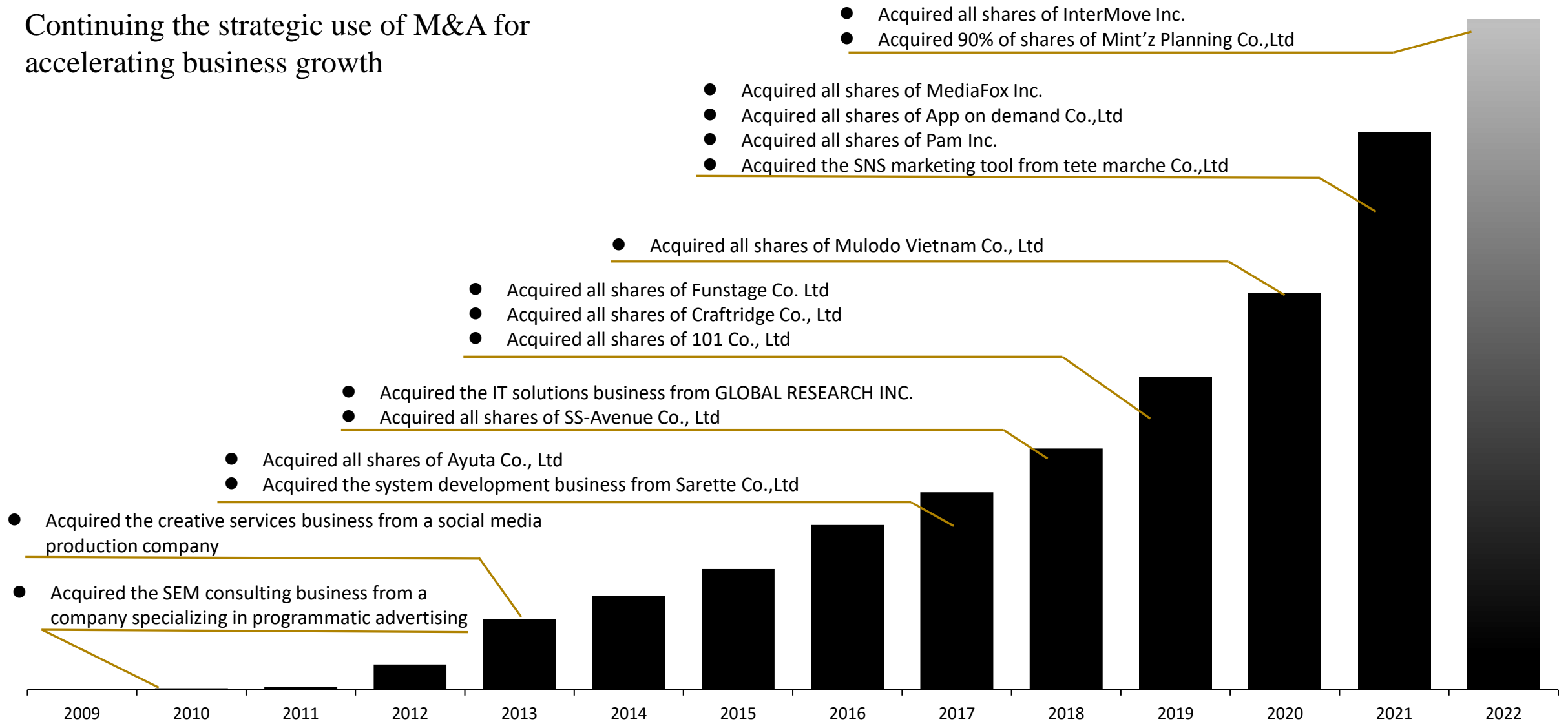
In May 2022, consolidated subsidiary Digital Identity purchased 90% of shares of Mint'z Planning to make it a subsidiary.

The company is engaged in the SNS marketing business, where the market is growing rapidly. It has strengths in planning and promotion that utilize women's perspectives and sensibilities as consumers, and handles everything from brand communication support to creative production and casting. With Mint'z joining our group, we will be able to provide a wider range of digital marketing support to our clients.

Growth Strategy: Active Utilization of M&A



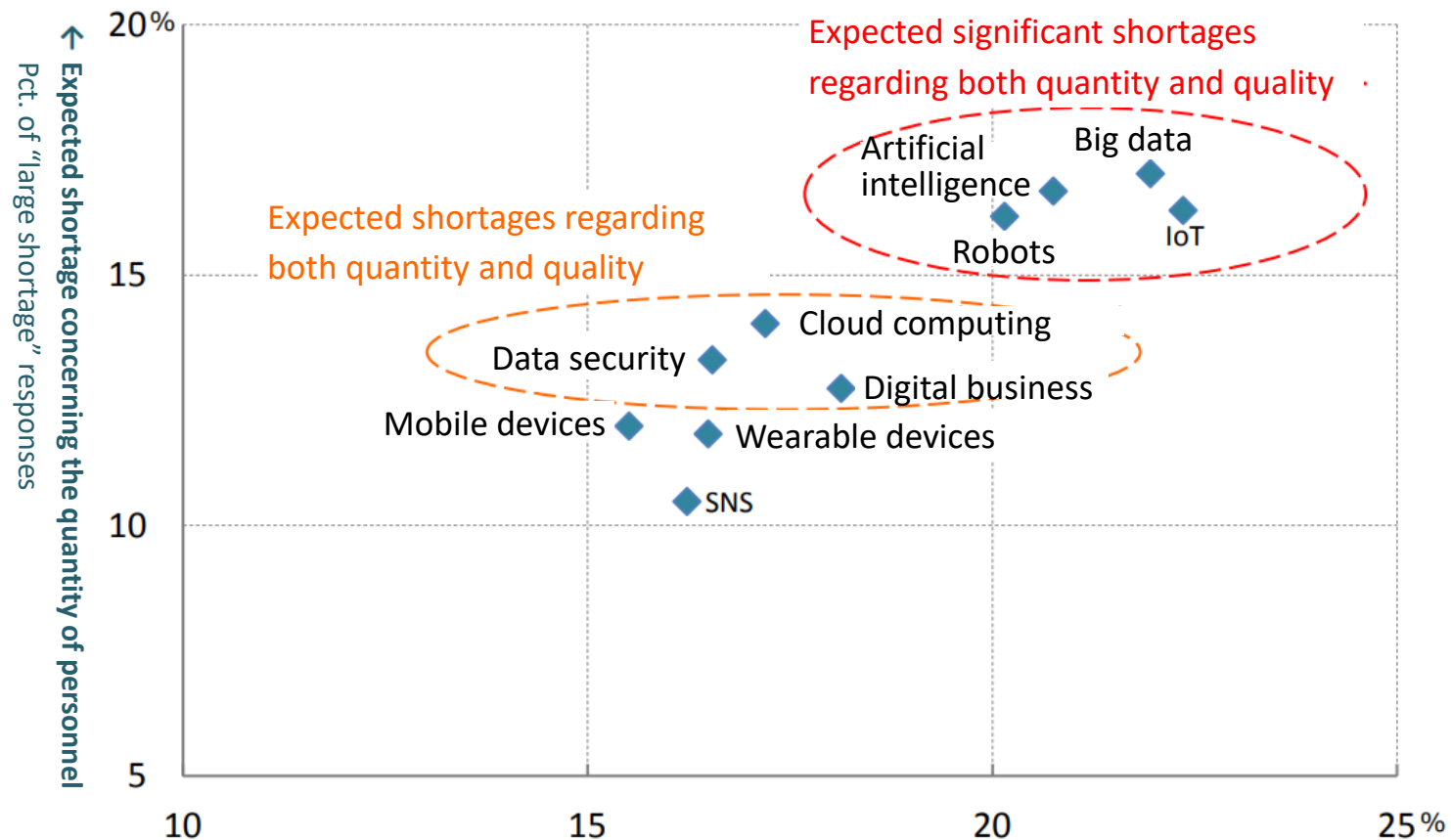
Continuing the strategic use of M&A for accelerating business growth



Growth Strategy: Active Utilization of M&A

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

Forecast for Shortages of Advanced IT Professionals



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

Expected shortage concerning the quality of personnel →
Pct. of "large shortage" responses

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
-

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

New businesses/M&A

DX business

Digital Marketing business



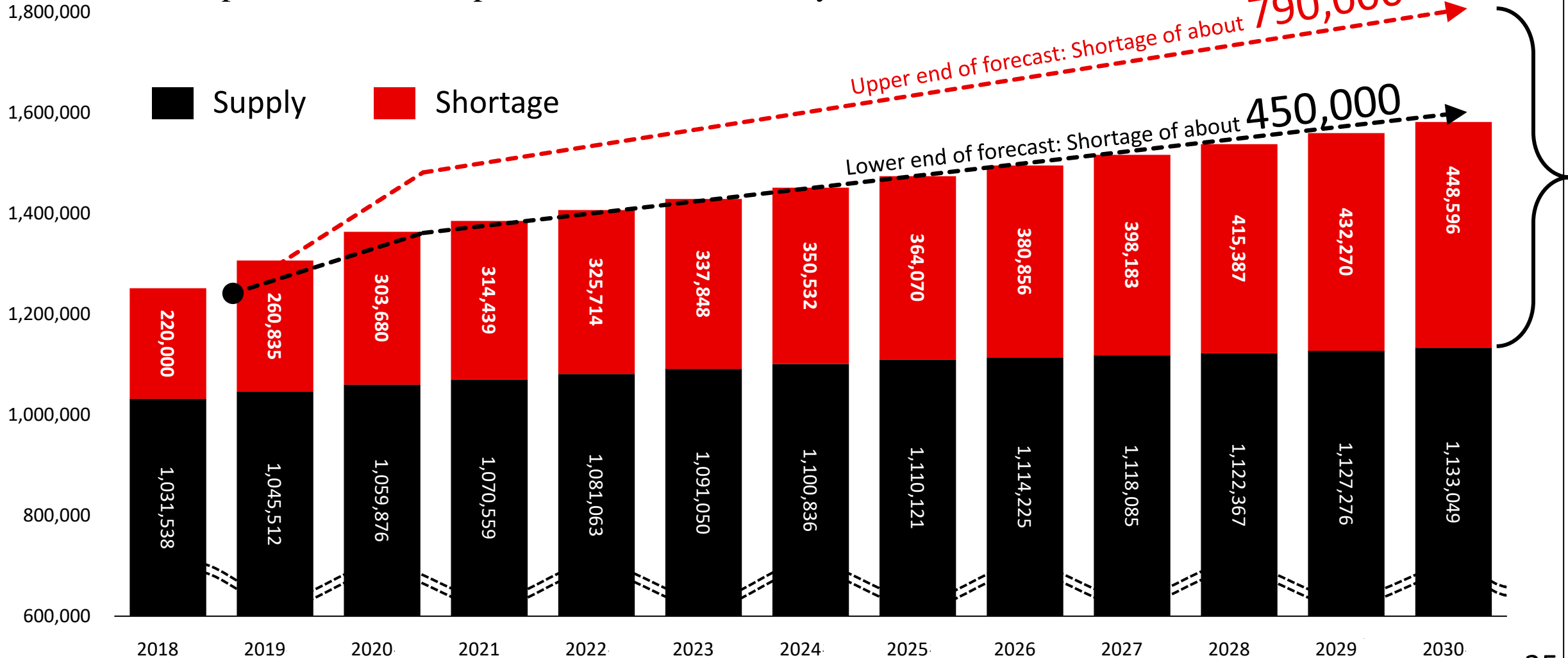
04 Appendix

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

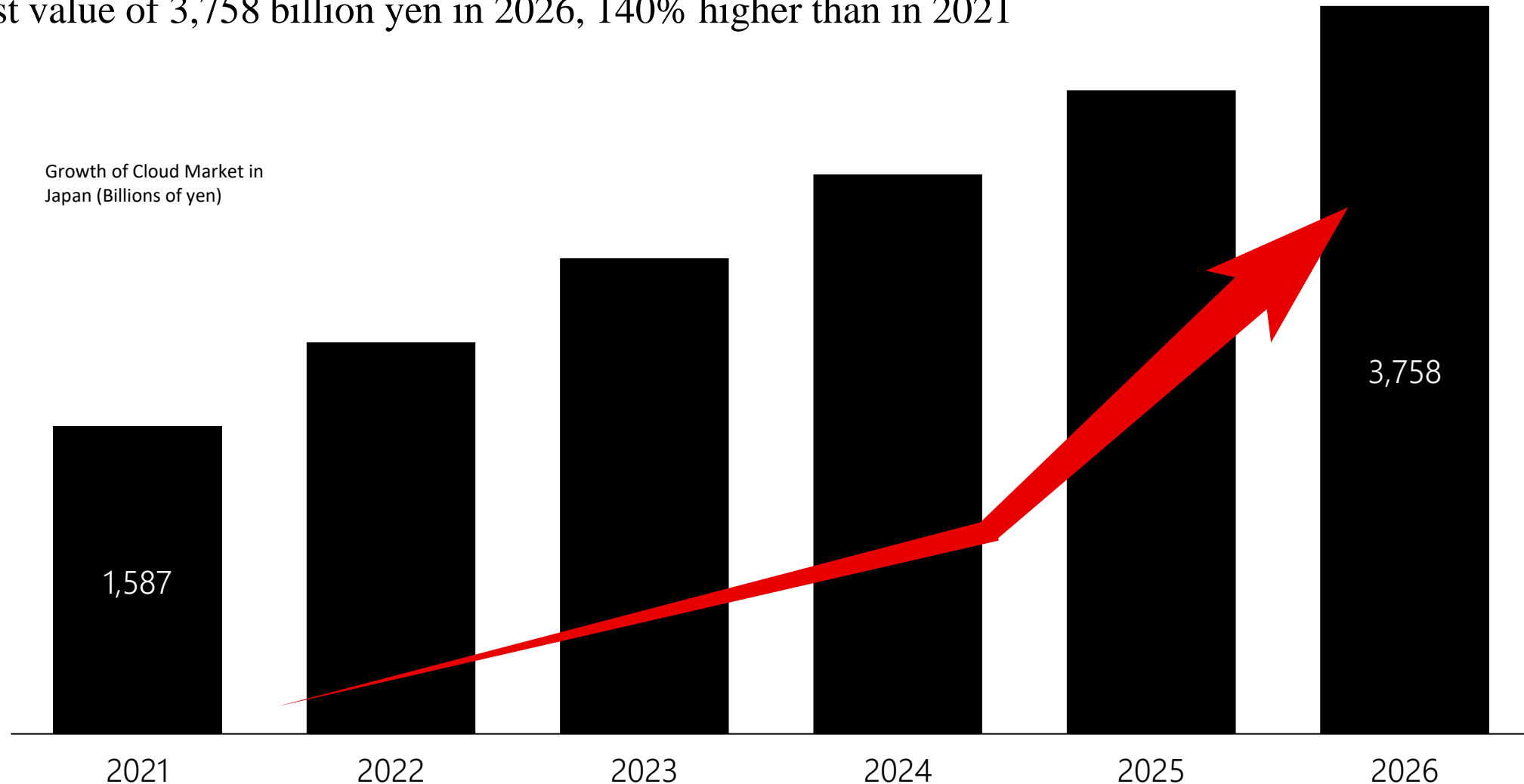


*Source: "IT Personnel Supply and Demand Survey" conducted for the Ministry of Economy, Trade and Industry

Market Data: Growth of the Cloud Market in Japan

Forecast annual average growth rate of 18.8% between 2021 and 2026

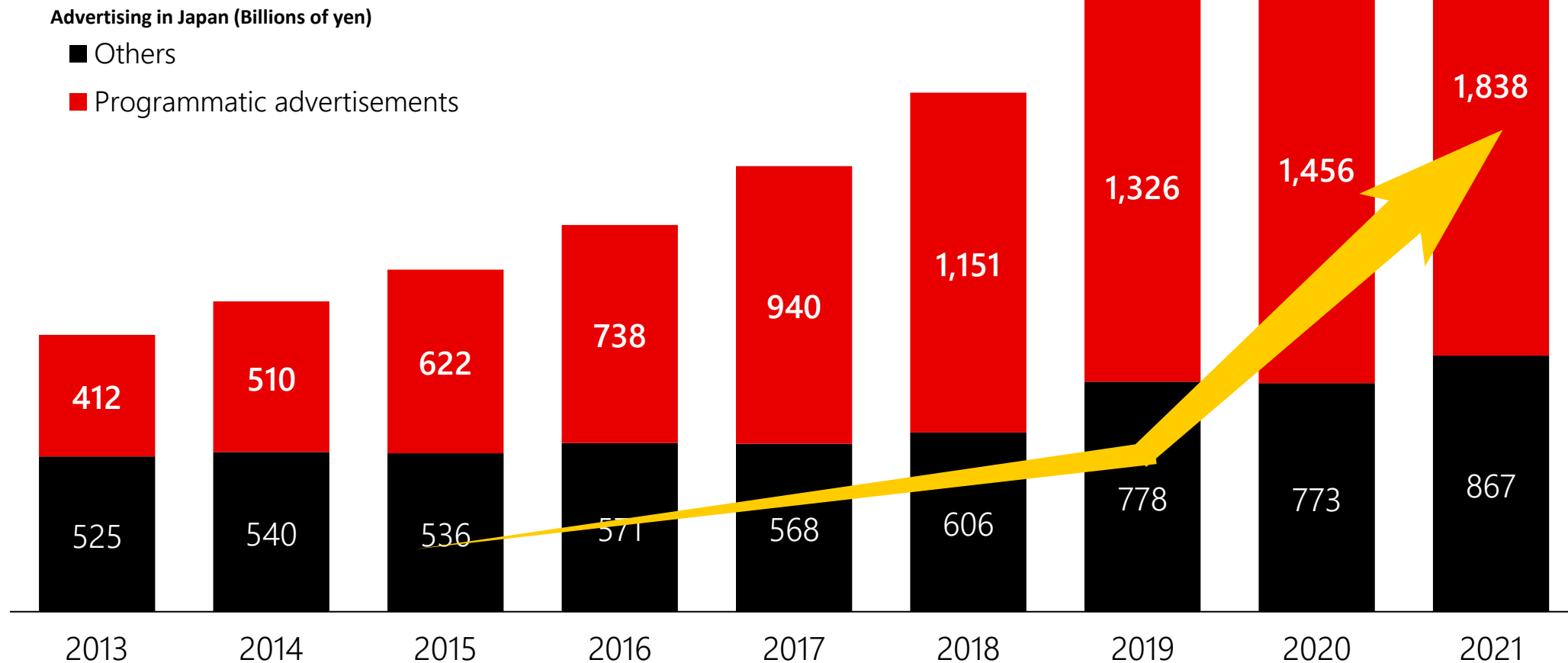
Forecast value of 3,758 billion yen in 2026, 140% higher than in 2021



Source: International Data Corporation Japan "Japan Public IT Cloud Services Forecast, 2022 - 2026"

Market Data: Growth of the Internet Advertising Market

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 26.3% in 2021



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.
- Irrespective of the occurrence of future events or any other reason, Orchestra Holdings may not revise statements about the outlook that have already been announced except in cases where a revision is required by the disclosure rules.
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Thank You!