

# Financial Results FY2022

**oRo co.,ltd.** Code : 3983

February 14, 2023



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**Translation**

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.



**FY2022**

**Financial Results Highlights**

## FY2022 Financial Results

### FY2022 consolidated financial results

Revenue	<b>6,210</b> million JPY	YoY <b>+12.3%</b>
Operating profit	<b>2,286</b> million JPY	YoY <b>+12.8%</b>

### Cloud Solutions (CS)

Revenue	<b>3,541</b> million JPY	YoY <b>+13.0%</b>
Operating profit	<b>1,615</b> million JPY	YoY <b>+8.7%</b>

### Digital Transformation (DX)

Revenue	<b>2,668</b> million JPY	YoY <b>+11.3%</b>
Operating profit	<b>641</b> million JPY	YoY <b>+23.5%</b>

## Difference between full-year earnings forecasts and earnings results

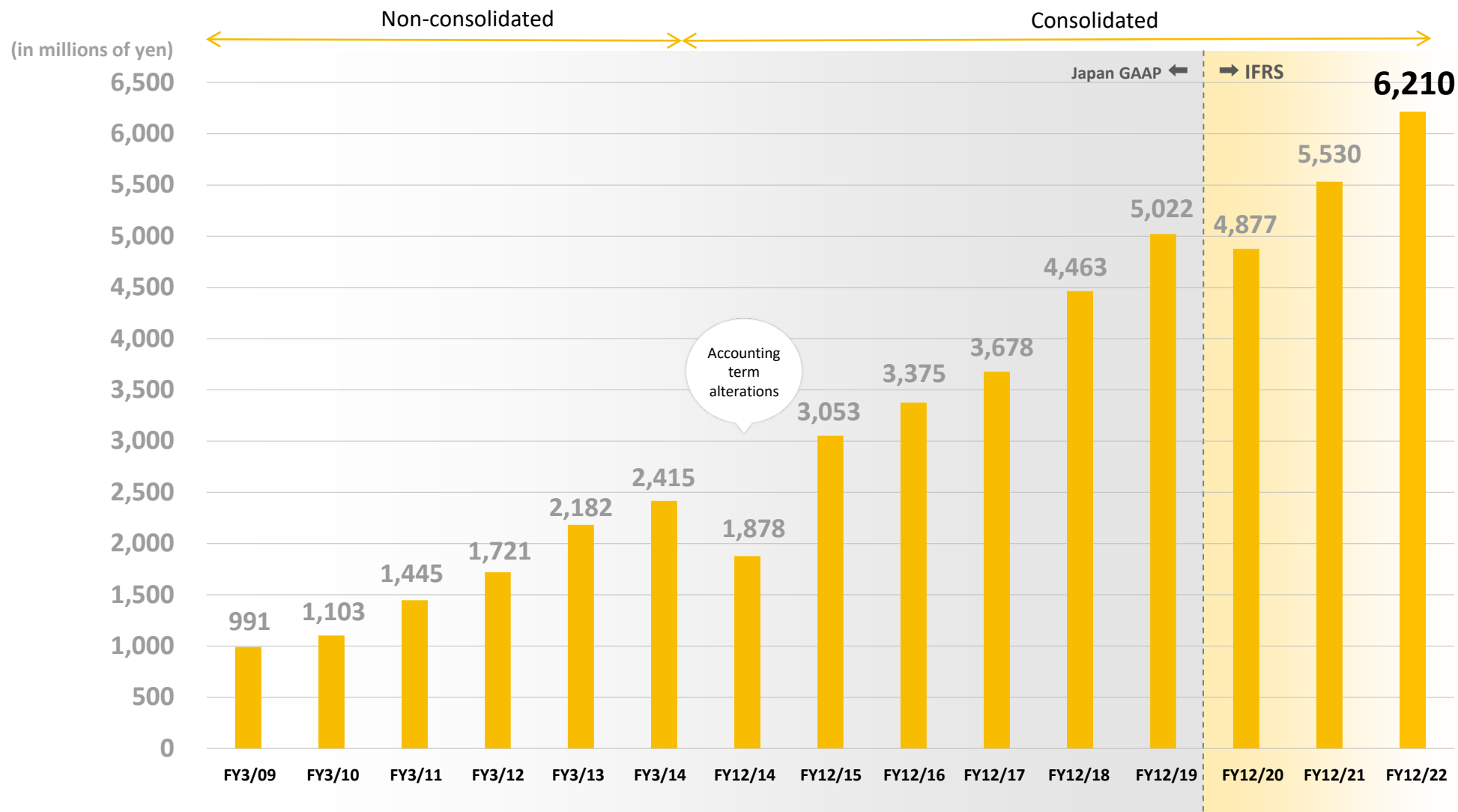
( in millions of yen )

	FY2022 Forecasts (composition ratios)	FY2022 Actual results (composition ratios)	Difference	Main factors
Revenue	<b>6,180</b> [100.0%]	<b>6,210</b> [100.0%]	<b>30</b>	
Cloud Solutions	<b>3,530</b> [57.1%]	<b>3,541</b> [57.0%]	<b>11</b>	
Digital Transformation	<b>2,650</b> [42.9%]	<b>2,668</b> [43.0%]	<b>18</b>	
Operating profit	<b>2,050</b> [33.2%]	<b>2,286<sup>*</sup></b> [36.8%]	<b>236</b>	
Cloud Solutions	<b>1,550</b> [25.1%]	<b>1,615</b> [26.0%]	<b>65</b>	Advertising expenses have been reduced compared to initial expectations following a review of cost-effectiveness.
Digital Transformation	<b>500</b> [8.1%]	<b>641</b> [10.3%]	<b>141</b>	The increase in headcount was less than initially expected. The impact of the semiconductor shortage eased from 3Q onwards, and the number of projects from the automotive industry recovered in the highly profitable marketing and promotion segment.
Profit before tax	<b>2,050</b> [33.2%]	<b>2,352</b> [37.9%]	<b>302</b>	
Profit attributable to owners of the parent	<b>1,435</b> [23.2%]	<b>1,623</b> [26.1%]	<b>188</b>	

\*Includes other gains and losses of 29 million yen not attributable to the reporting segment.

# Trends in sales

Recorded 6,210 million yen, up 12.3% year-on-year



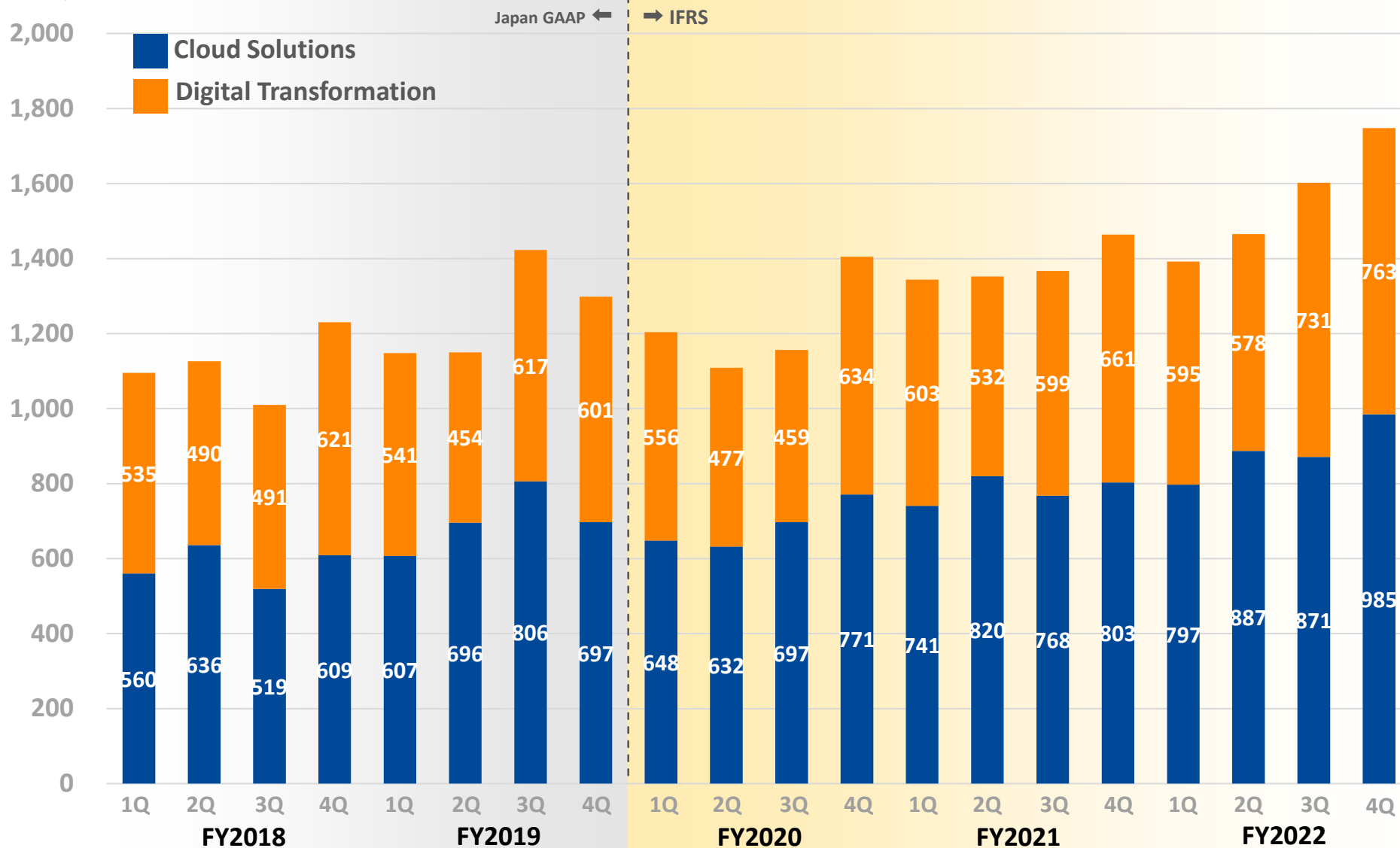
\*Was not audited by KPMG AZSA LLC, prior to and in the fiscal year ended March 31, 2014

\*Following the change in accounting policy in fiscal 2018, net sales for Digital Transformation Business (previously Communication Design Business) are shown on a net basis from the fiscal year ended December 31, 2017, instead of a gross basis used previously.

\*Starting from the fiscal year ended December 31, 2021, the Company has adapted International Financial Reporting Standards (IFRS) instead of Japanese GAAP. Accordingly, revenue for the fiscal year ended December 31, 2020 indicates the amount after retrospective application of the change.

# Trends in quarterly sales

( in millions of yen )



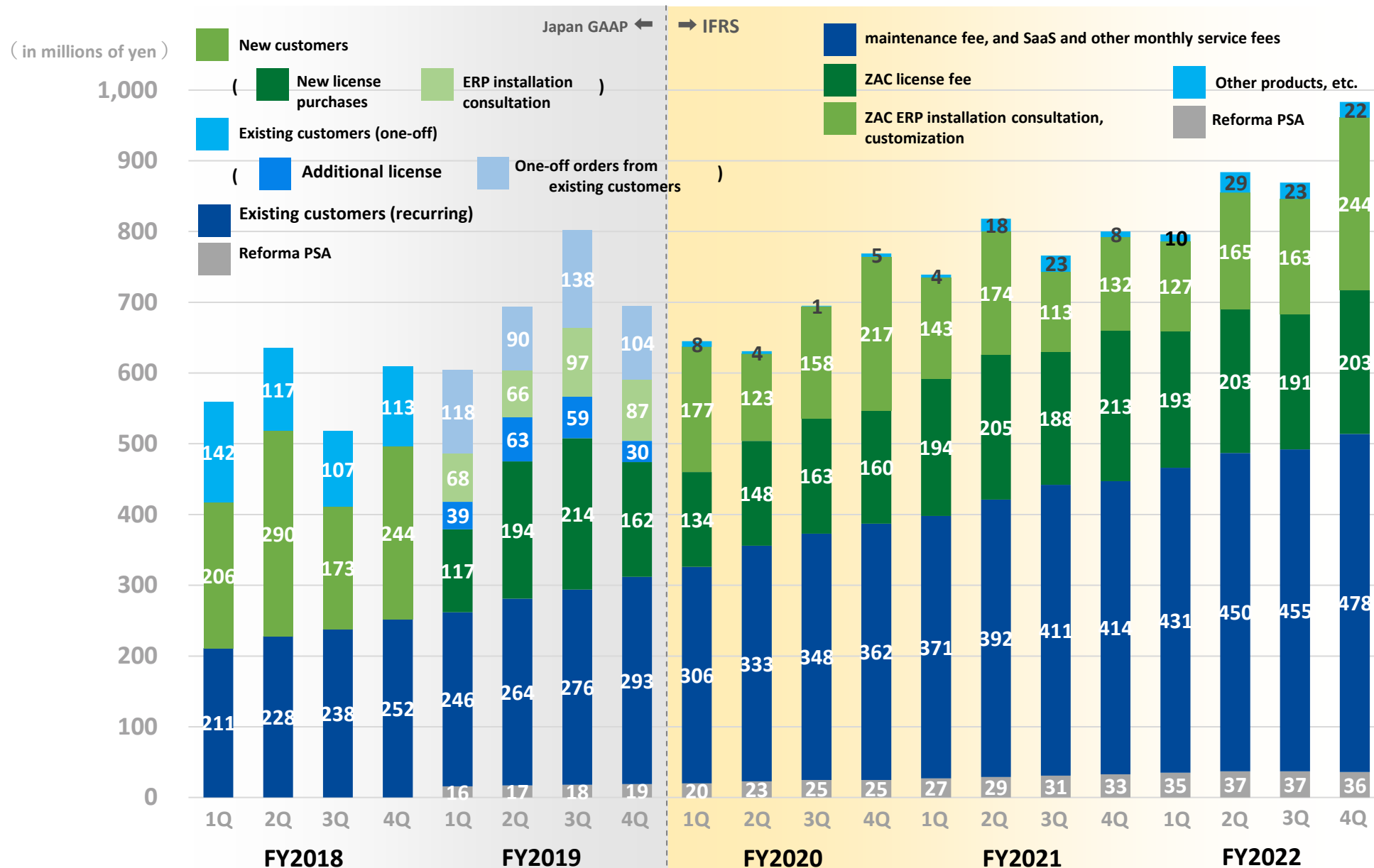
\*Starting from the fiscal year ended December 31, 2021, the Company has adapted International Financial Reporting Standards (IFRS) instead of Japanese GAAP.

Accordingly, revenue for the fiscal year ended December 31, 2020 indicates the amount after retrospective application of the change.

\*The values for each quarter of FY 2020 was not audited by KPMG AZSA LLC.

# Breakdown of sales by customer segment

## Cloud Solutions



\*Starting from the fiscal year ended December 31, 2021, the Company has adapted International Financial Reporting Standards (IFRS) instead of Japanese GAAP.

Accordingly, revenue for the fiscal year ended December 31, 2020 indicates the amount after retrospective application of the change.

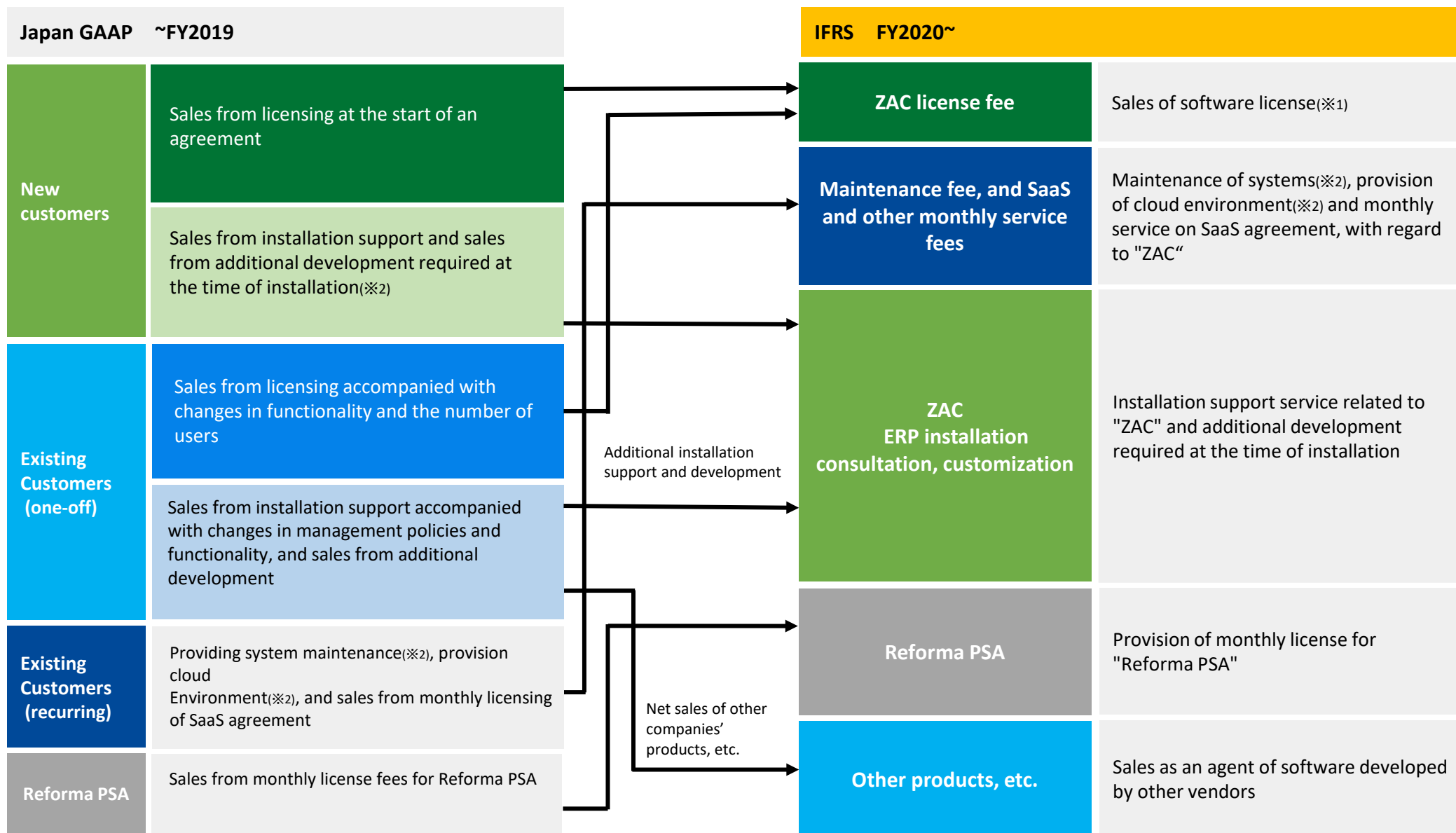
\*There were changes in the values for 3Q of FY 2022 as a result of the audit conducted by KPMG AZSA LLC.

\*The values for each quarter of FY 2020 was not audited by KPMG AZSA LLC.



# Breakdown of sales by business segment

## Cloud Solutions



※1 : Software license fees arising from one-time purchase contracts are allocated and recognized as revenue over 30 months.

※2 : Only in the case of no-returns purchase agreements.

# Summary of 2022 Fiscal Year

## Cloud Solutions

	Effect	Cause
<b>Revenue</b>	<p><b>[ZAC]</b></p> <ul style="list-style-type: none"> <li>• ZAC license fee: down 1.2% YoY</li> <li>• ZAC ERP installation consultation, customization: up 24.4% YoY</li> <li>• Maintenance fee, and SaaS and other monthly service fees: Steady increase</li> </ul> <p><b>[Reforma PSA]</b></p> <ul style="list-style-type: none"> <li>• Revenue: up 19.7% YoY</li> </ul>	<ul style="list-style-type: none"> <li>• Unit contract prices for new customers increased in the first half, impacting implementation support and customization revenue.</li> <li>• Churn rates remained lower than expected and maintenance fees and SaaS and other monthly service fees increased steadily.</li> </ul> <p>Despite an increase in the number of canceled companies, revenue increased due to improved ARPA.</p>
<b>Cost</b>	<ul style="list-style-type: none"> <li>• Increase in selling, general and administrative expenses</li> </ul>	<ul style="list-style-type: none"> <li>• Advertising and publicity expenses increased due to the reinforcement of marketing activities.</li> </ul>

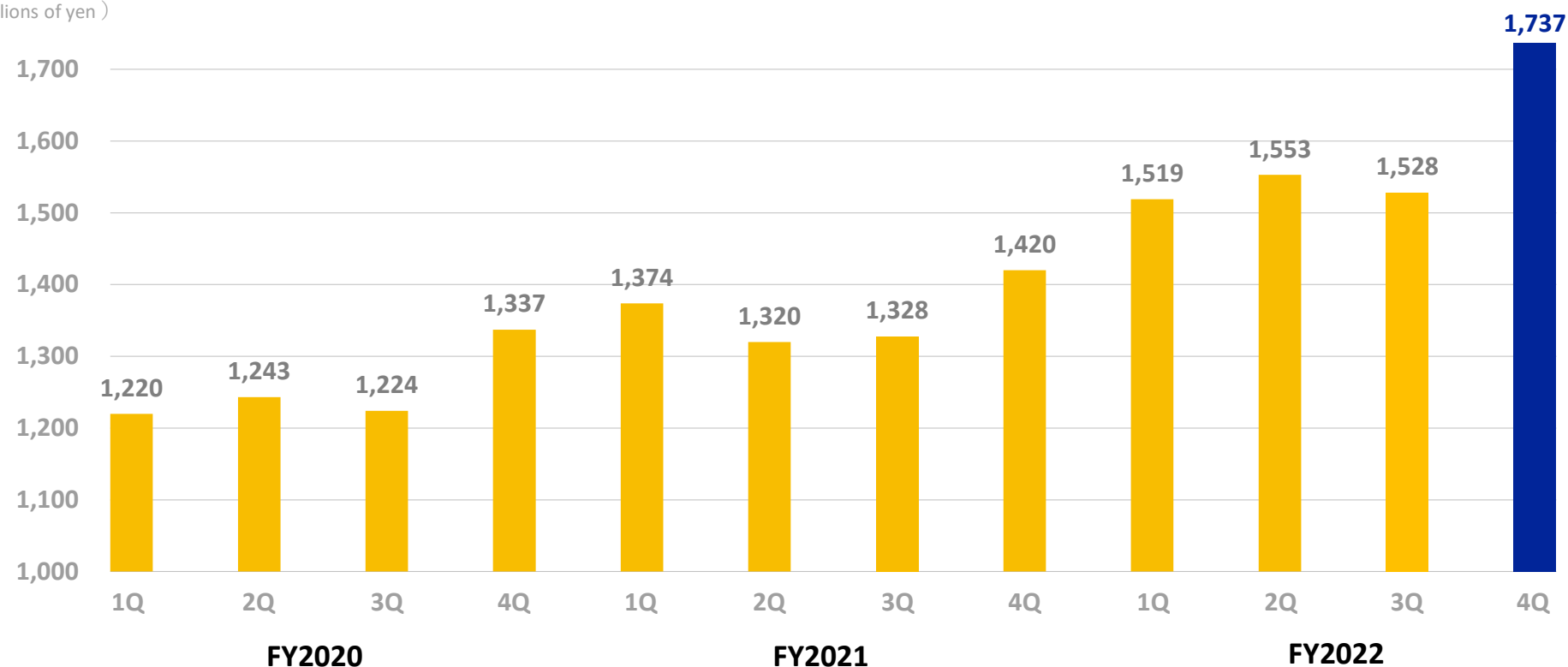
# ZAC Contract liabilities (license)

## Cloud Solutions

**Contract liabilities increased by 22.3% YoY to 1,737 million yen, and growth also in QoQ.**

Reason: The number of orders received in 4Q was relatively high at 28 (compared to 21 in 1Q, 15 in 2Q, and 23 in 3Q), with large projects also being awarded.

( in millions of yen )



Contract liabilities are the balance of contracts for which consideration has already been received and for which will be recognized as revenue in the following quarter or later.

Contracts for new and additional licenses are included in this balance.

The increase in contract liabilities indicates a steady build-up in orders.

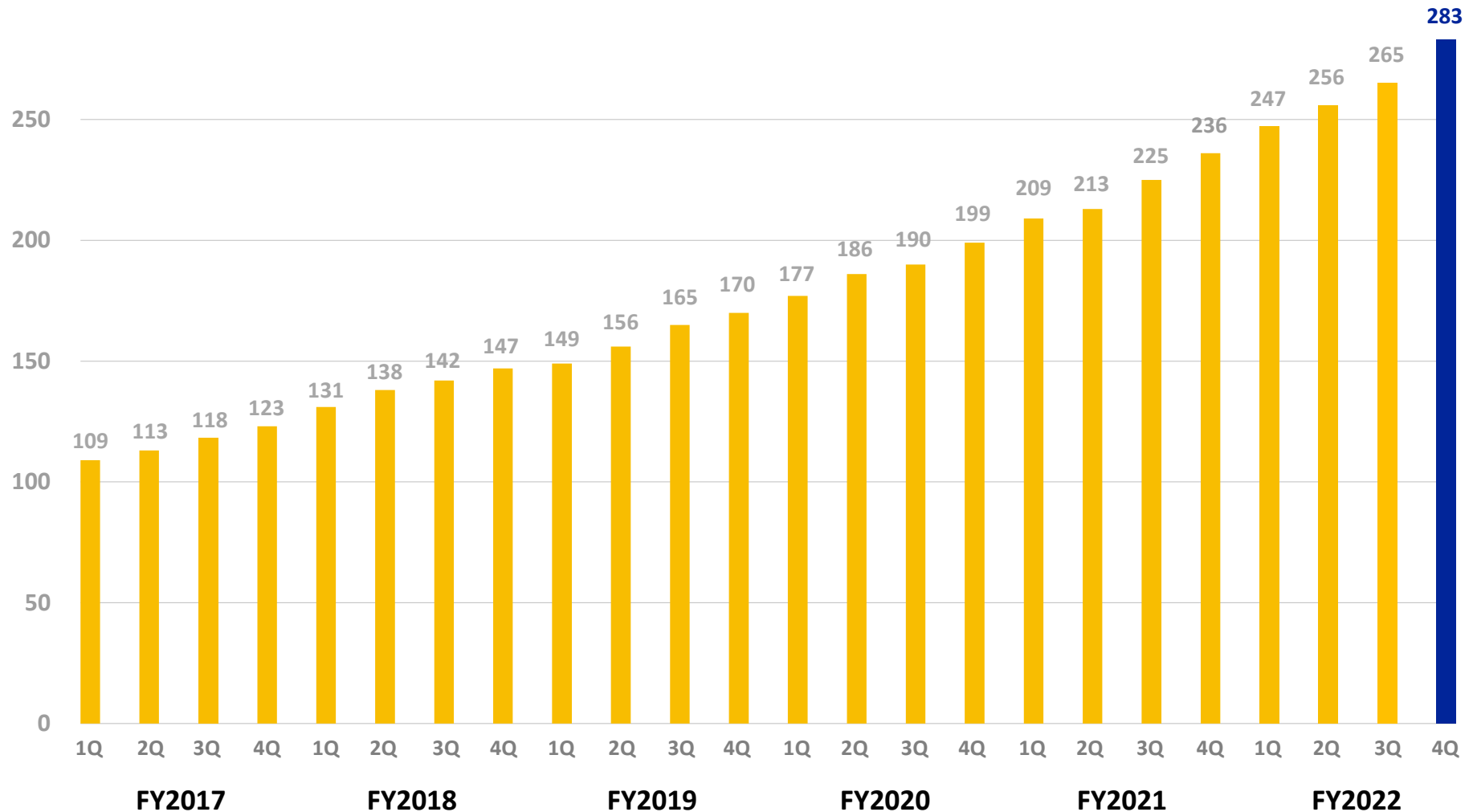
\*The values for each quarter of FY 2020 was not audited by KPMG AZSA LLC.

# Trend in the numbers of "ZAC" and "ZAC Enterprise" active licenses

## Cloud Solutions

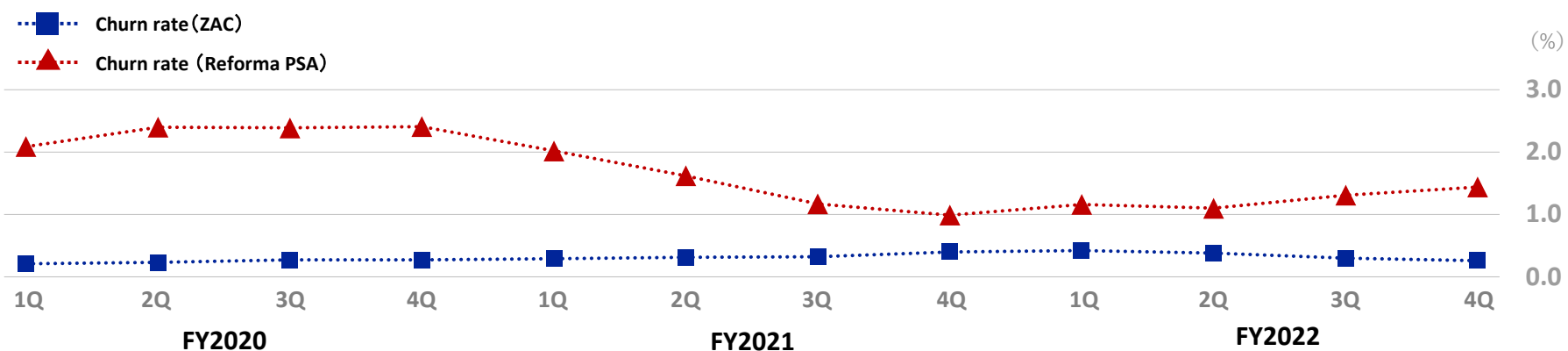
The number of active licenses have been increasing steadily backed by acquisition of new customers and expansion of transactions with existing customers.

(in thousand)



# Monthly Churn Rate, Changes in the Number of Contracts and Churns

## Cloud Solutions



- The monthly churn rate of ZAC has remained stably low. New services to maintain the current churn rate are being planned and prepared for launch primarily by the service planning staff and health score staff.
- The monthly churn rate of Reforma PSA is declining due to strengthened follow-up measures of the customer success team.

### [ZAC]

	Q1 FY2020	Q2 FY2020	Q3 FY2020	Q4 FY2020	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022
<b>Number of Contracts</b>	22	19	14	34	17	6	21	19	21	15	23	28
<b>Number of Churns</b>	4	7	5	11	5	8	7	5	11	3	0	7

### [Reforma PSA]

	Q1 FY2020	Q2 FY2020	Q3 FY2020	Q4 FY2020	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022
<b>Number of Contracts</b>	23	18	11	25	10	13	15	10	13	10	9	9
<b>Number of Churns</b>	10	10	10	4	6	6	2	7	9	6	8	8

\*Monthly churn rate: churn rate calculated by moving average of monthly churn customers / customers at beginning of the month for the last 12 months

# Progress in advertising expenses

Cloud Solutions

## Acquire new customers

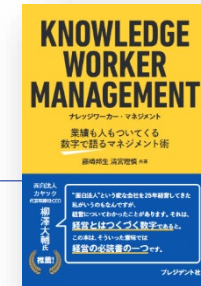
Although the number of inquiries and seed size are increasing compared to last year, there are issues with the results of web advertising measures relative to advertising expenditures, and we are currently working to improve them.

## Improve branding and recognition

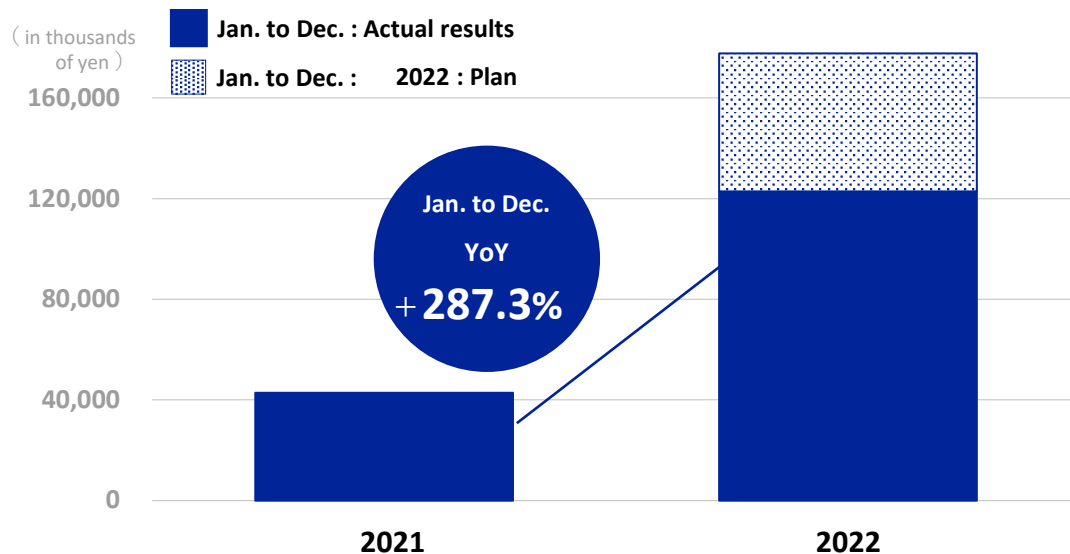
Published a book  
**"KNOWLEDGE WORKER MANAGEMENT"**  
 (August 31, 2022)

Released a book with the aim of  
"improving the order rate" and "cultivating deeper relationships with existing customers".

This book discloses the systematic business management know-how of ORO, which has been developing and providing cloud ERP since its inception.



## Advertising Expenses (CS)



**Rate of progress against the plan : 69.1%**

(As of December 31, 2022)

### Acquire new customers

Progress is in line with plans. In FY2023, we will continue to focus on implementing and improving the efficiency of the measures that are expected to be particularly effective.

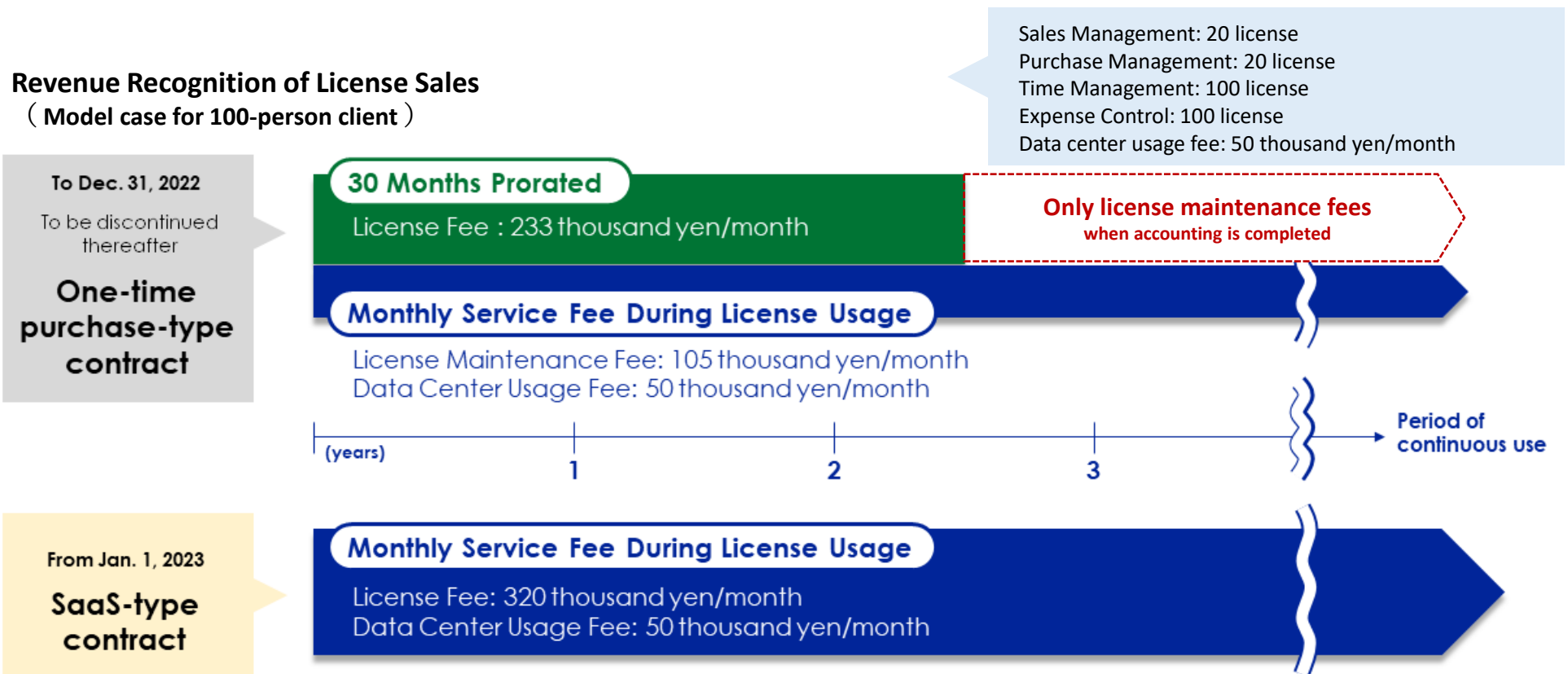
### Improve branding and recognition

The book was published in 3Q and book-related PR measures were implemented. On the other hand, as a result of examining the cost-effectiveness of other measures, the implementation of measures in FY2022 was postponed.

# License Price Revisions (Abolition of One-time Purchase-type Contract) and Revenue Recognition

Cloud Solutions

As of January 1, 2023, the sales format of licenses for cloud-based ZAC and ZAC Enterprise has been updated. The one-time purchase-type contract (lump-sum perpetual license type) has been discontinued, and only the SaaS-type contract (monthly subscription fee type) is now available. Additionally, the license fees have been revised.

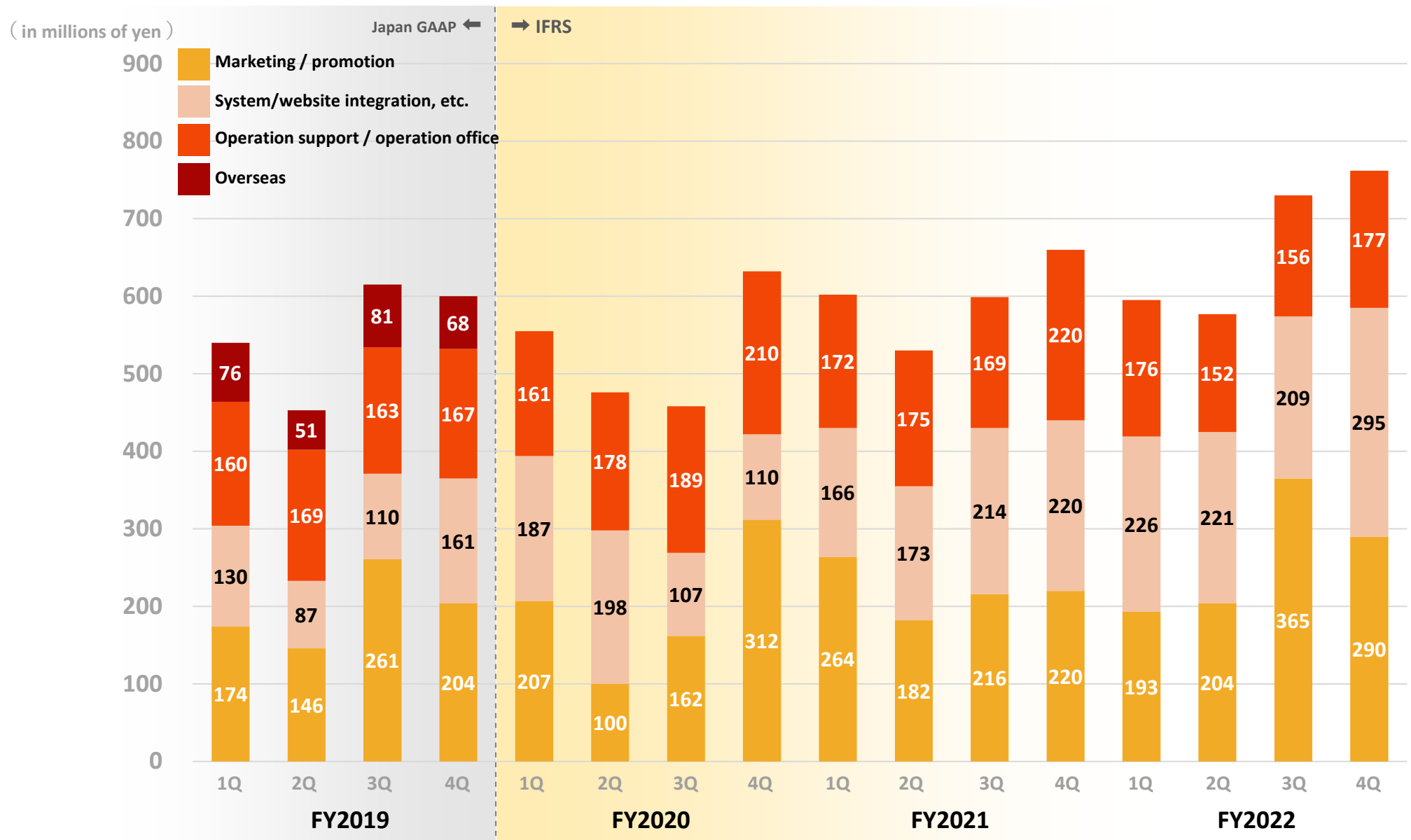


The above revisions do not apply to customers who have signed and used the service under a purchase-type contract by December 31, 2022.

For details, please refer to the "Notice of Revisions of License Fees for Cloud-based ERP ZAC and ZAC Enterprise" disclosed on November 14, 2022.

# Breakdown of sales by type of operations

## Digital Transformation



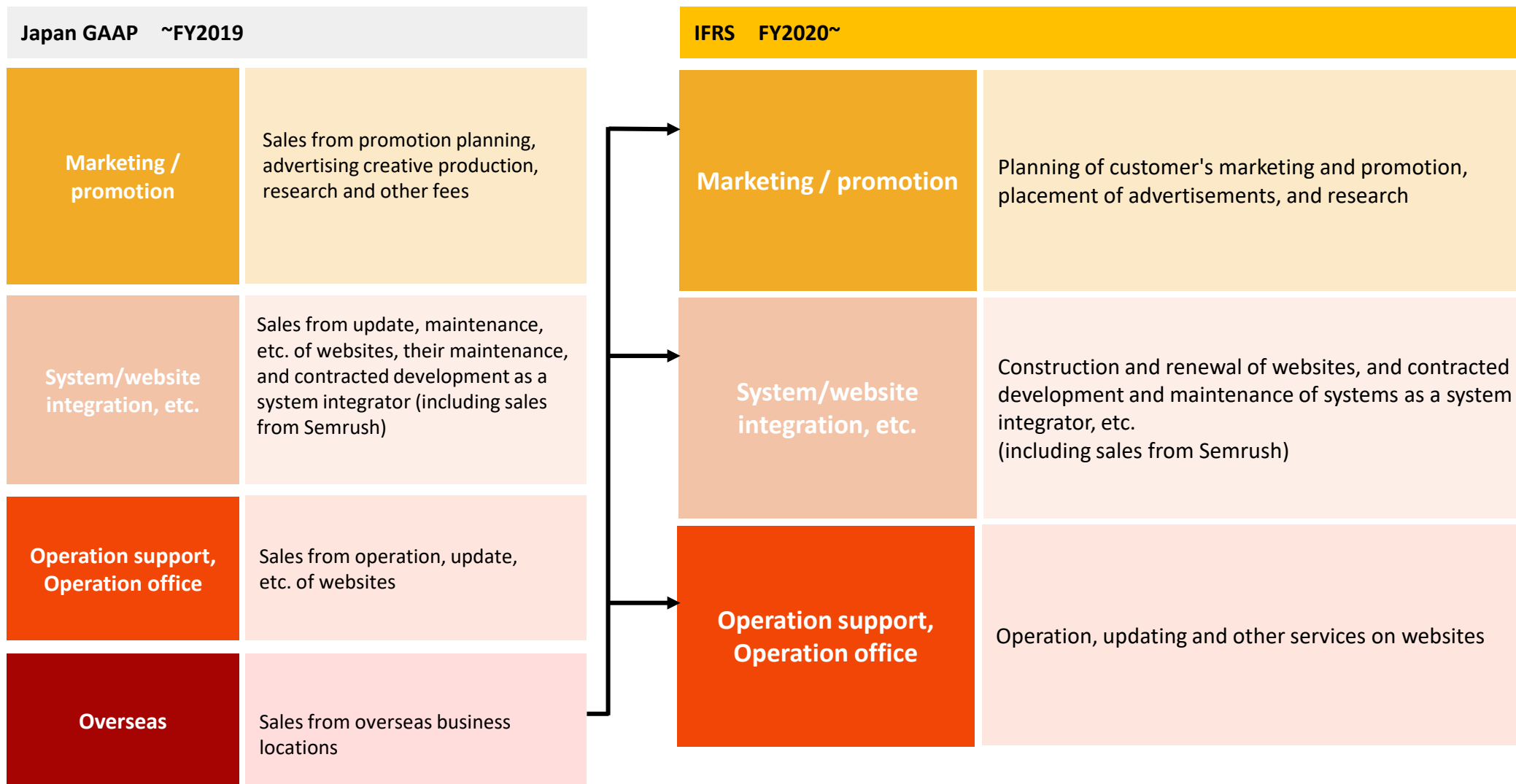
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# Composition of sales by type of operations

## Digital Transformation



\*Upon the adoption of IFRS, sales from overseas business locations that were previously reported in a separate segment "Overseas" have been allocated to the above three segments based on the nature of their services.

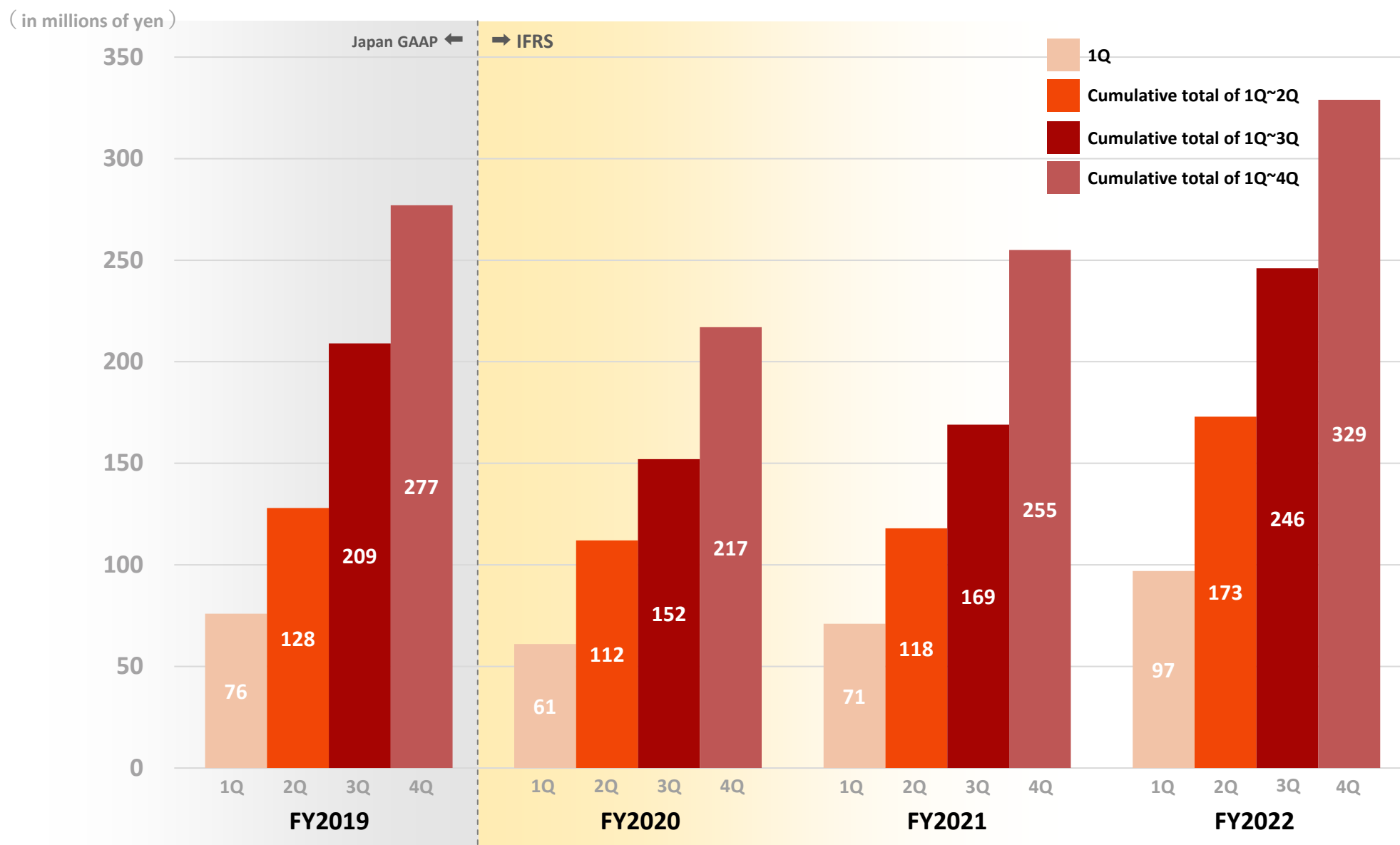
# Summary of 2022 Fiscal Year

## Digital Transformation

	Effect	Cause
Revenue	<ul style="list-style-type: none"><li>• Revenue from advertisement: lower than planned</li><li>• Revenue from system/website integration, etc.: higher than planned</li><li>• Revenue from Overseas: up 28.3% YoY</li></ul>	<p>The impact of the global semiconductor shortage eased and advertising projects from the automotive industry recovered from 3Q onwards. On the other hand, the acquisition of projects from new clients was sluggish.</p> <p>Revenue increased due to an increase in projects with high unit contract prices.</p> <p>The global outbreak of COVID-19 infections has improved, leading to a YoY increase in revenue in FY2022.</p>

# Overseas Sales

## Digital Transformation



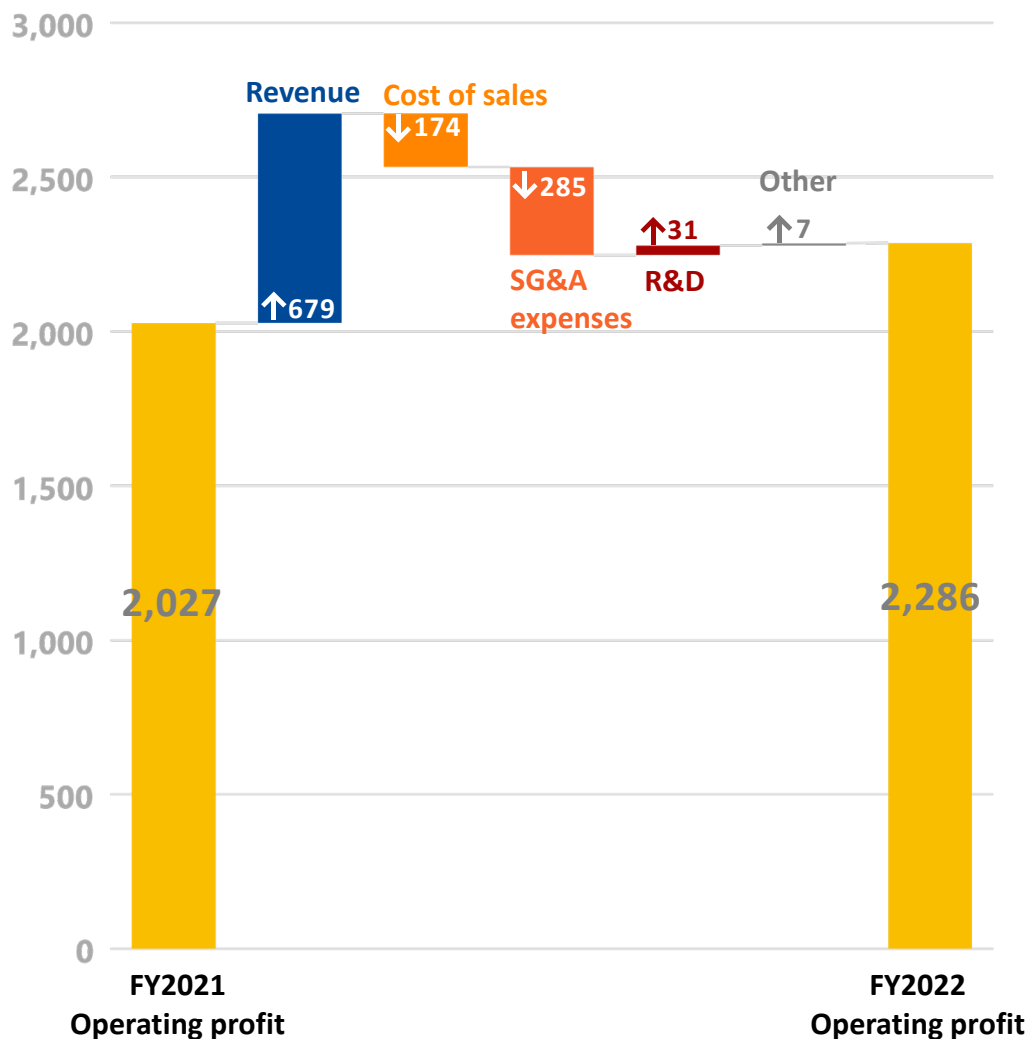
## Profit and loss statement (YoY)

(in millions of yen)

	FY2021 (Composition ratio)	FY2022 (Composition ratio)	Difference	Main factors
<b>Revenue</b>	<b>5,530</b> [100.0%]	<b>6,210</b> [100.0%]	<b>679</b>	
Cost of sales	2,047 [37.0%]	2,222 [35.8%]	174	Increase in salaries due to an increase in the number of technical professional employees and pay raise
<b>Gross profit</b>	<b>3,483</b> [63.0%]	<b>3,988</b> [64.2%]	<b>505</b>	
Selling, general and administrative expenses	1,403 [25.4%]	1,688 [27.2%]	285	Increase in advertising expenses, increase in sales and administrative employees and pay raise, increase in travel and transportation expenses, etc.
Research and development	74 [1.3%]	42 [0.7%]	(31)	
Other income (expenses)	22 [0.4%]	29 [0.5%]	7	
<b>Operating profit</b>	<b>2,027</b> [36.7%]	<b>2,286</b> [36.8%]	<b>258</b>	
Finance income (costs)	4 [0.1%]	65 [1.1%]	61	
<b>Profit before tax</b>	<b>2,032</b> [36.7%]	<b>2,352</b> [37.9%]	<b>320</b>	
<b>Profit</b>	<b>1,423</b> [25.7%]	<b>1,630</b> [26.2%]	<b>206</b>	
<b>Profit attributable to owners of the parent</b>	<b>1,424</b> [25.7%]	<b>1,623</b> [26.1%]	<b>199</b>	

# Fluctuation factor of operating profit (YoY)

(in millions of yen)



(in millions of yen)

## Main factors

<b>↑ Increase in revenue</b>	<b>679</b>
Cloud Solutions	408
Digital Transformation	271
<b>↓ Increase in cost of sales</b>	<b>174</b>
Increase in salaries due to an increase in the number of technical professional employees and pay raise	87
Increase(decrease) in other cost of sales	87
<b>↓ Increase in SG&amp;A</b>	<b>285</b>
Increase in salaries due to an increase in the number of sales employees and pay raise	136
Increase In advertising expenses	65
Increase in recruiting expenses due to strengthened recruiting	18
Increase in travel and transportations expenses	14
Increase(decrease) in other SG&A	49
<b>↑ Decrease in R&amp;D</b>	<b>(31)</b>
<b>↑ Other</b>	<b>7</b>

## Statement of financial position(vs. end of previous fiscal year)

(in millions of yen)

	As of Dec 31, 2021	As of Dec 31, 2022	Difference		As of Dec 31, 2021	As of Dec 31, 2022	Difference
Current assets	7,736	9,408	1,671	Total liabilities	3,439	3,708	268
Non-Current Assets	1,611	1,637	25	Current liabilities	2,900	3,288	387
Property, plant and equipment	913	828	(85)	Non-current liabilities	539	420	(118)
Intangible assets	45	70	24	Total equity	5,908	7,337	1,429
Other	652	738	86	Equity attributable to owners of the parent	5,908	7,331	1,422
Total assets	9,347	11,045	1,697	Non-controlling interests	(0)	6	6
				Total liabilities and equity	9,347	11,045	1,697

### 【 Major components of current liabilities 】

	As of Dec 31, 2021	As of Dec 31, 2022	Difference
Contract liabilities	1,474	1,801	327
Income tax payable	416	475	58
Trade and other payable	375	403	28

The increase in contract liabilities is primarily due to the acquisition of ZAC contracts.

## Dividend policy

The Company places great emphasis on continuous improvement of corporate value and stable return of profits to shareholders. In order to achieve stable shareholders return and sustainable company growth, the company will review the dividend when necessary, taking financial results, financial position, future business development, etc. into consideration.

The acquisition of treasury stock is determined from a comprehensive standpoint, based on the need for a flexible capital policy and the impact on the financial position.

In accordance with the above policy, the Company has decided to pay a year-end dividend of 20.00 yen per share for the current fiscal year ended December 31, 2022.

	Dividend per Share		
Record Date	Second quarter-end	Fiscal year-end	Total
<b>Current results</b> (fiscal year ended December 31, 2022)	<b>0.00 yen</b>	<b>20.00 yen</b>	<b>20.00 yen</b>
<b>Next forecast</b> (fiscal year ended December 31, 2023)	<b>0.00 yen</b>	<b>20.00 yen</b>	<b>20.00 yen</b>

## News Release

Cloud Solutions / Digital Transformation /Others

**Nov. 17 : Started handling IAS, an adverification tool**

**Nov. 24 : New plans dedicated to analysing and improving GA4**

**Dec. 20 : SaaS management tool “dxeco” adds 'insight function' and 'task function'**

**Dec. 22 : Reforma PSA adds functionality for the integration of financial accounting systems**

The 'File for Money Forward Cloud Accounting Linkage' can now be output.

**Dec. 22 : Started selective three-day work week system (“Sun Life”) and childcare support work system (“Core Life”) from January 2023**

Sun Life is a system that allows employees to choose between an 8-hour or 10-hour work type and to adopt a three-day working week. Eligible employees can choose Tuesday, Wednesday, or Thursday as their day off.

Core Life is ORO's childcare support working system, which allows employees to come to work between 10:00 and 16:00 and to choose where and when they work the rest of the time. (office or home) and the hours of work can be chosen flexibly, helping employees to balance work with family and childcare.

**Jan. 19 : “dxeco” linked to Money Forward Cloud Expense and Money Forward Cloud Debt Payment**

**Feb. 27 : “dxeco” updates IT asset management functionality**



**02**

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## **Business Segment Topics**

# Business overview

## Cloud Solutions (CS)

Development and delivery of



Support for operation and management  
with cloud-based ERP

- Improving operational efficiency
- Improving project management level
- Supporting appropriate management decision-making based on managerial accounting

## Digital Transformation (DX)

Planning of digital strategies, digitalization support, creative

Digital-based corporate business activities support

- Planning digital strategies for business activities
- Promoting digitalization of marketing activities
- Accelerating global business expansion

# Cloud Solutions

## Cloud ERP “ZAC”, Cloud PSA “Reforma PSA”

### Cloud Solutions

Cloud-based integrated mission critical systems centered on management of income and expenditure for each transaction/project, supporting business processing and information sharing within a corporate group.



### Cloud ERP “ZAC”

- Targeting small- to middle sized companies with 50 to 300 employees
- Numerous general-purpose parameters to match client needs/resolve client problems
- Providing end-to-end supports by consultants, from installation to operation

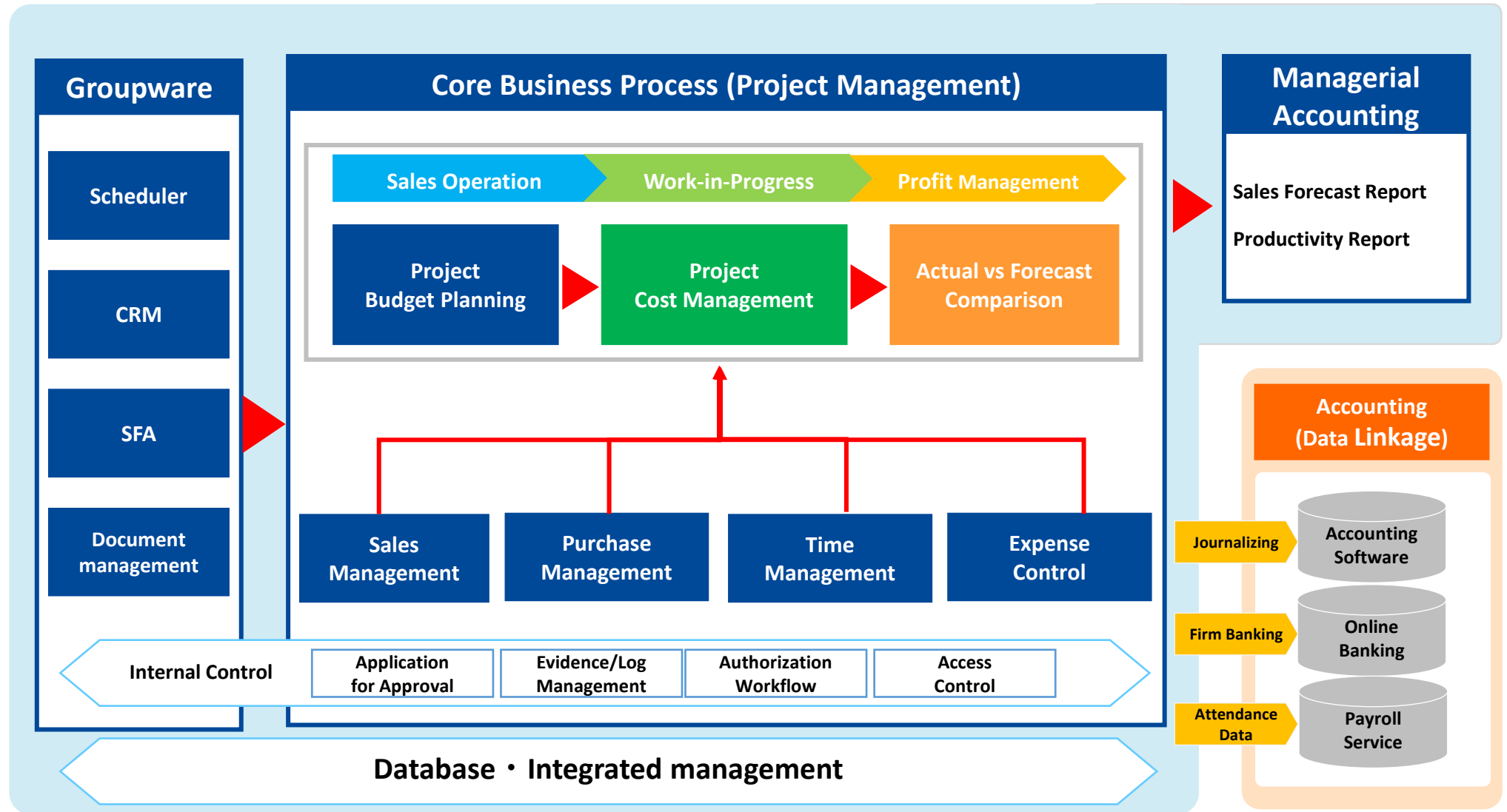


### Cloud PSA “Reforma PSA”

- Targeting start-ups/venture firms with up to 50 employees
- Providing only a selected set of essential functions of ZAC
- Allowing customers to use the service at low cost given no upfront fees (only monthly subscription fees)

# Overview of cloud ERP "ZAC" – functions

Cloud Solutions

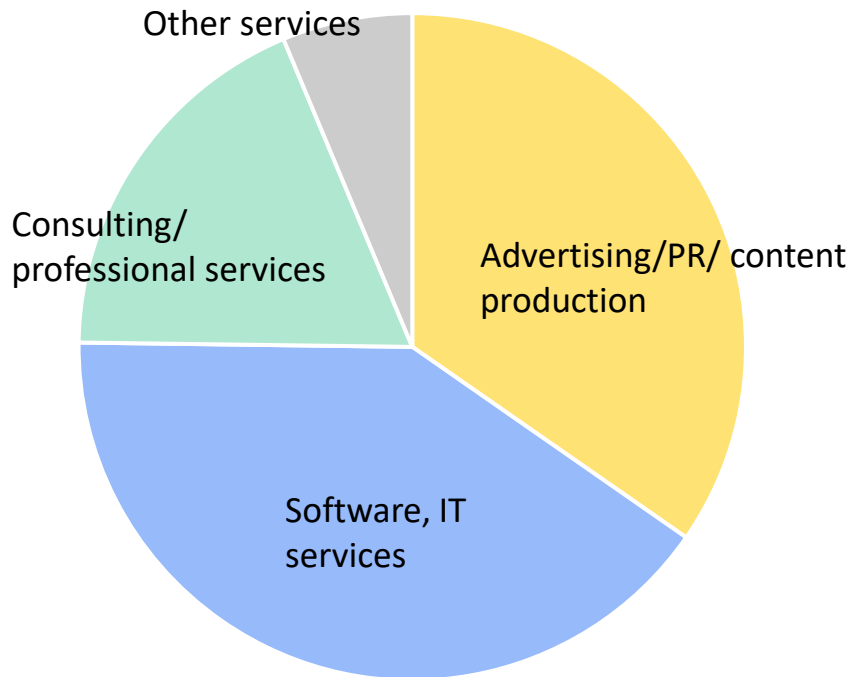


# Industry-specific ERP

Cloud Solutions

ZAC's customer base consists primarily of IT services and advertising businesses.

(As of December 31, 2022)



## Advertising/PR/content production



## Software/system development, and IT services



## Consulting/professional services



## Other services




# Industry-specific integrated ERP

## Cloud Solutions

ERP systems can be classified broadly into **single-function general-purpose** systems, which may be used irrespective of which industries customers belong to; and **multi-function integrated** systems, which have combined a variety of industry-specific functions especially for IT service, advertising and consulting industries, addressing every need and issue unique to each of these industries.

**Positioning Map by Industry/Business Domain**

			Secondary industries	Tertiary industries	Quaternary industries	Quinary industries
<b>MA/CRM</b>	Overseas MA tool	Domestic CRM tool	Overseas ERP	Domestic ERP Overseas ERP		
<b>SFA</b>	Overseas SFA tool	Domestic SFA tool				
<b>Sales/purchases</b>	Domestic sales management system	Domestic purchase management system				
<b>Attendance/working hours</b>	Domestic attendance management system	Domestic working hour management system				
<b>Expense settlement</b>	Overseas expense settlement system	Domestic expense settlement system				
<b>BI</b>	Overseas BI tool	Domestic BI tool				

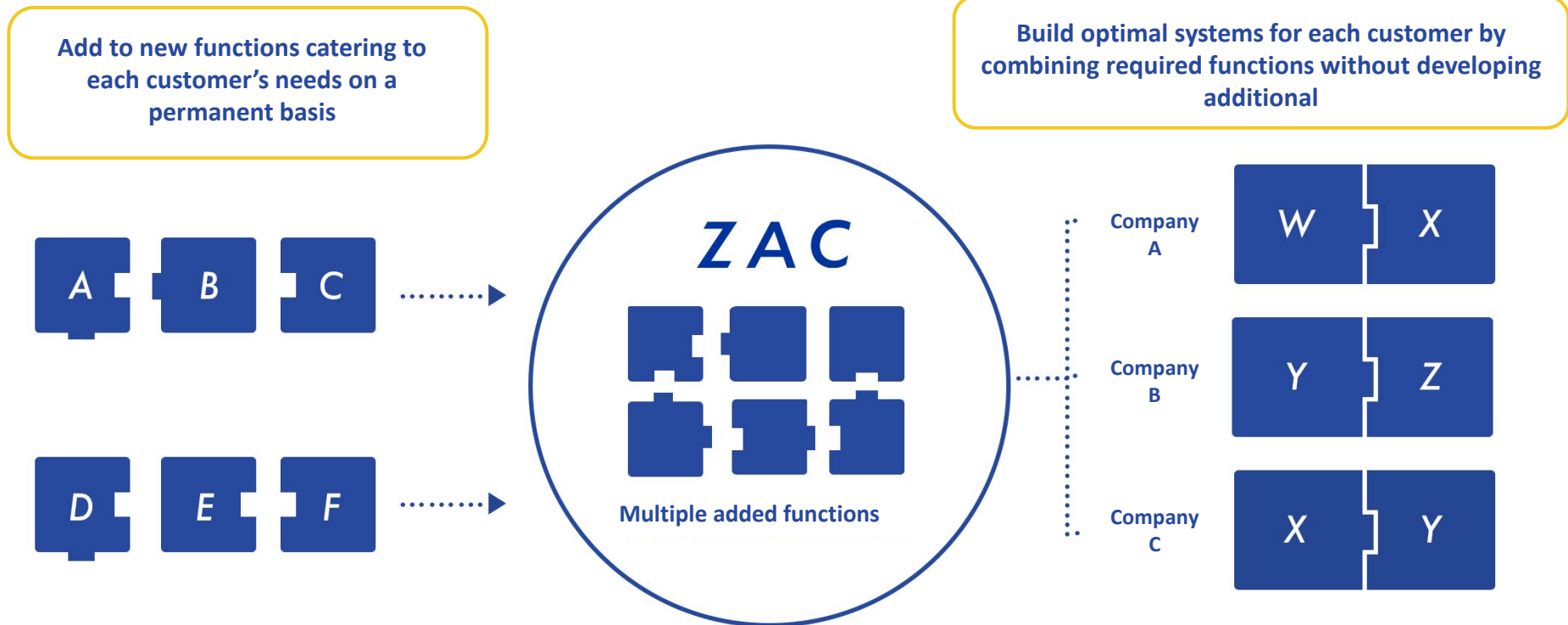
**Vertically integrated system capable of outputting a management report combining the pieces of data spanning across multiple operational domains**

Example: P/L by project, profit/loss by the type of service or client, sales/profit forecasts by segment (forecast analysis)

# Advantages of cloud-based systems in functional scalability

## Cloud Solutions

Parameter design allowing for sustainable growth of systems



### Advantages of industry-specific parameter design

#### POINT1

Has developed numerous industry-specific parameters since the launch of ZAC in 2006, whereby matching client needs and resolving client problems without developing additional parameters.

#### POINT2

Able to shorten lead time to implementation, and reduce development costs.

#### Example of functional enhancement ①

Function to manage man hours corresponding to orders placed in-house for each of contract production/development project.

#### Example of functional enhancement ②

Function to provisionally record purchase before receiving an invoice to cater for the client needs in the advertising/event/creative business sectors.



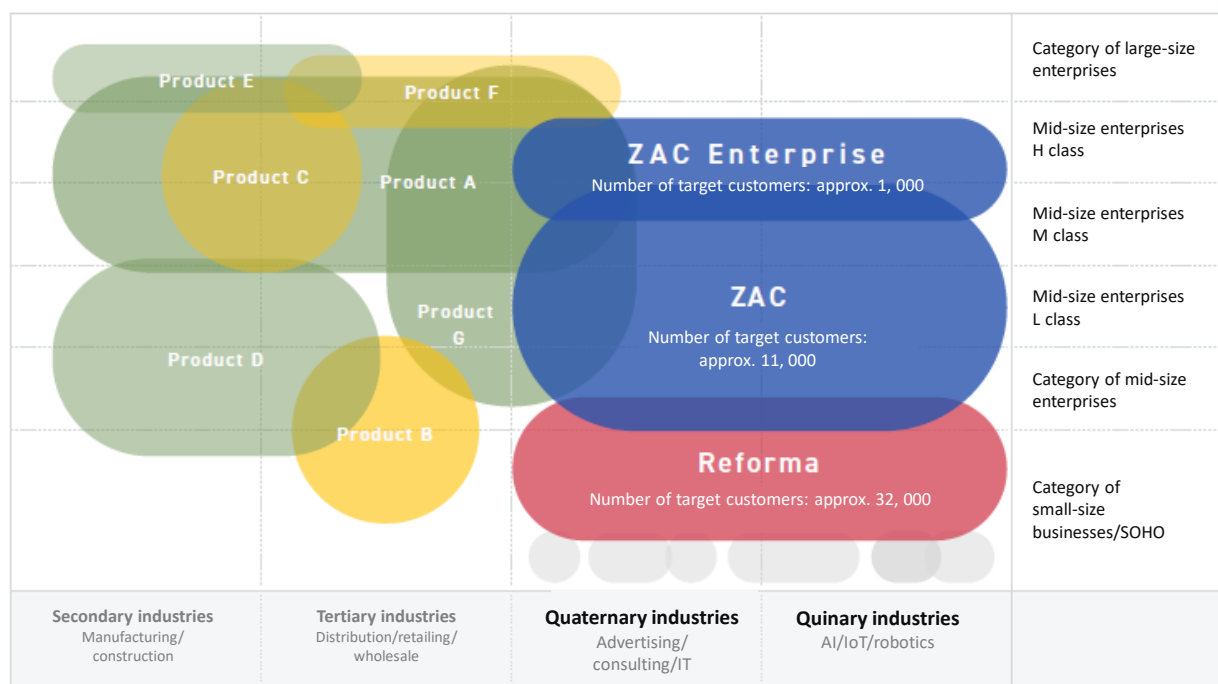
# Size of target market in Japan and medium-term goal for ZAC/Reforma PSA

## Cloud Solutions

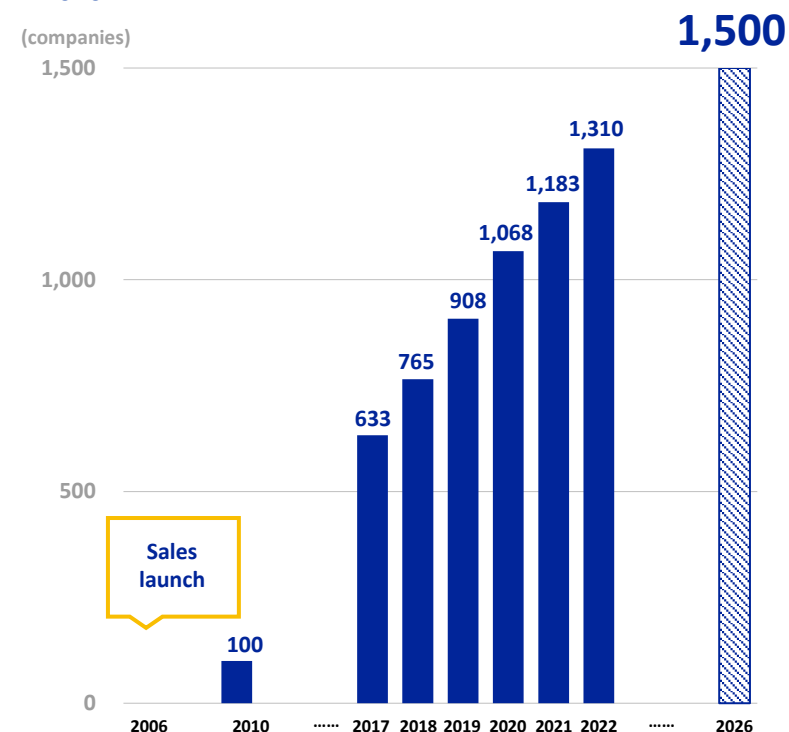
Aiming to expand the market share of ZAC / Reforma PSA on a cumulative basis to 3,000 companies out of approx.

44,000 target companies in Japan by 2030

ERP Positioning Map by Industry/Target Customers Size



Cumulative total numbers of companies that have introduced our ZAC / Reforma PSA, and the goal for 2026



**Target: 1,500 companies by 2026, 3,000 companies by 2030**

\* Clients in Japan (44,000 companies) consist mostly of the companies with roughly 1 to 2,000 employees in the target industries for ZAC / Reforma PSA, including IT, advertising and consulting industries. Since FY2021, we have worked out numbers using data extracted from the database of FORCAS (Uzabase), not the database of Teikoku Databank used until FY2020, to raise the accuracy of numbers as to target industries.  
 \* The numbers above represent the cumulative numbers of companies that introduced ZAC and/or Reforma PSA solutions,

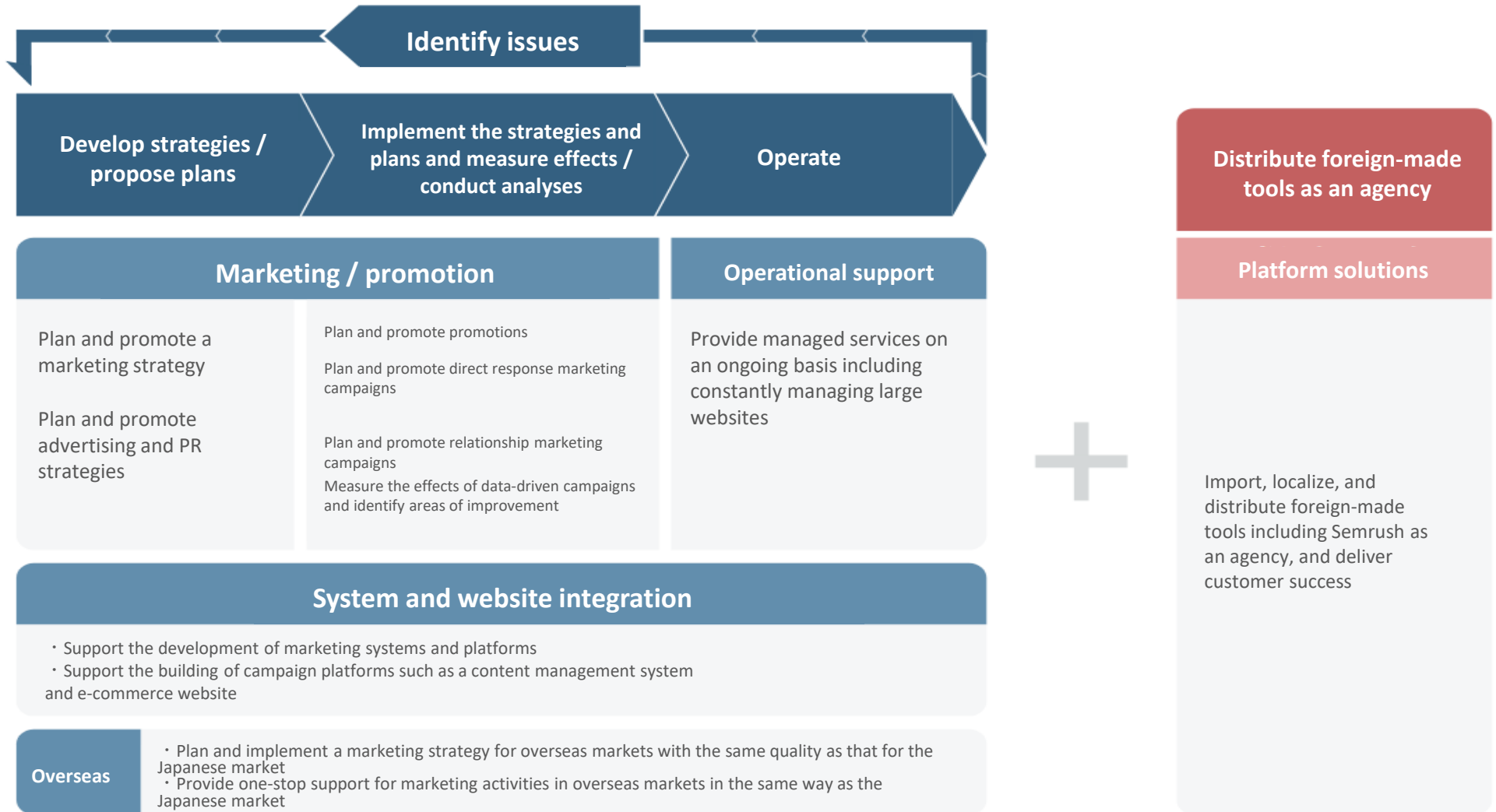
# Digital Transformation

# Support large companies with digital marketing

## Digital Transformation

Achieve excellence in integrity, speed, and cost performance by providing end-to-end services, from designing of strategies to operation.

Enhance services that support the shift to digitalization based on data analysis, in which Oro boasts strengths.

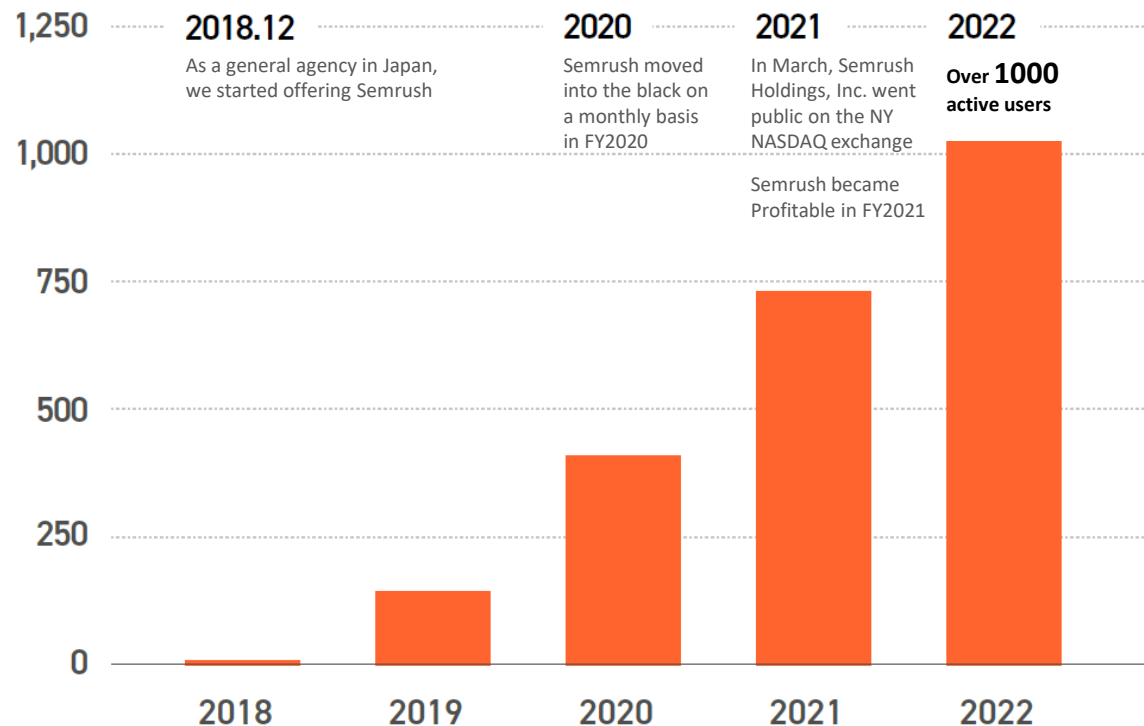




All-in-one competitive analysis tool that enables competitive research and analysis in SEO, ads, and social media

### Number of Active Users\*

(active users)



\* Active users exclude free trial users and canceled users.

### Semrush

**The World's Largest Digital Marketing Tool**

(10 million Registered Account in the world)

※As of June 2022

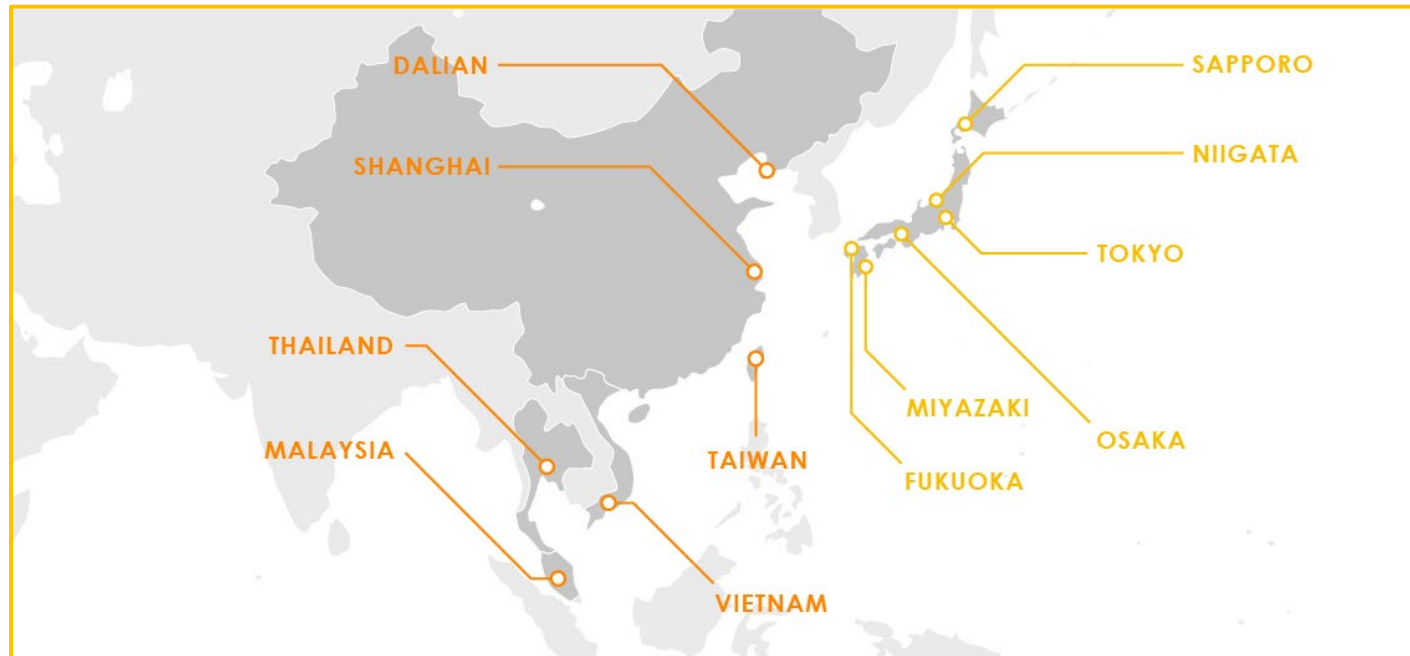
**Monthly Subscription Business Model**

Get ourselves ready for expanding a range of foreign-made tools next to Semrush

# Strengthen sales forces at overseas business locations

Digital Transformation

Reinforcement of operating structure to prepare for the recovery of economic activity to pre-COVID-19 crisis levels



## Advertising and promotion in ASEAN and Greater China

Investing resources in foreign operations to move into full-fledged sales of our excellent and quality products and services to Japanese companies operating abroad and local companies by utilizing our track record and insights gained through providing advertising and promotion services in Japan

## Inbound demand to be back on track as COVID-19 infections begin to settle down

Preparing for a full recovery of inbound demand

## New business/overseas business

### New business

#### SaaS management platform "dxeco"

- A platform that detects SaaS in an enterprise and provides the visibility of cost performance to facilitate cost reduction/optimization
- New functions added one after another
- API release completed, and we have published many releases for cooperation with other companies' products

(As of February 2023)

### Overseas business

#### Cross-border EC support for companies opening stores on overseas EC platforms

- Started cross-border EC support service using the EC platform "Lazada" in 2021 for Japanese companies aiming to expand sales channels to Southeast Asia. Numbers of inquiries and branch stores are increasing. Inquiries continuously increasing due in part to the weak yen.
- Continuing to provide support services for opening stores on "Shopee," the Southeast Asian EC mall

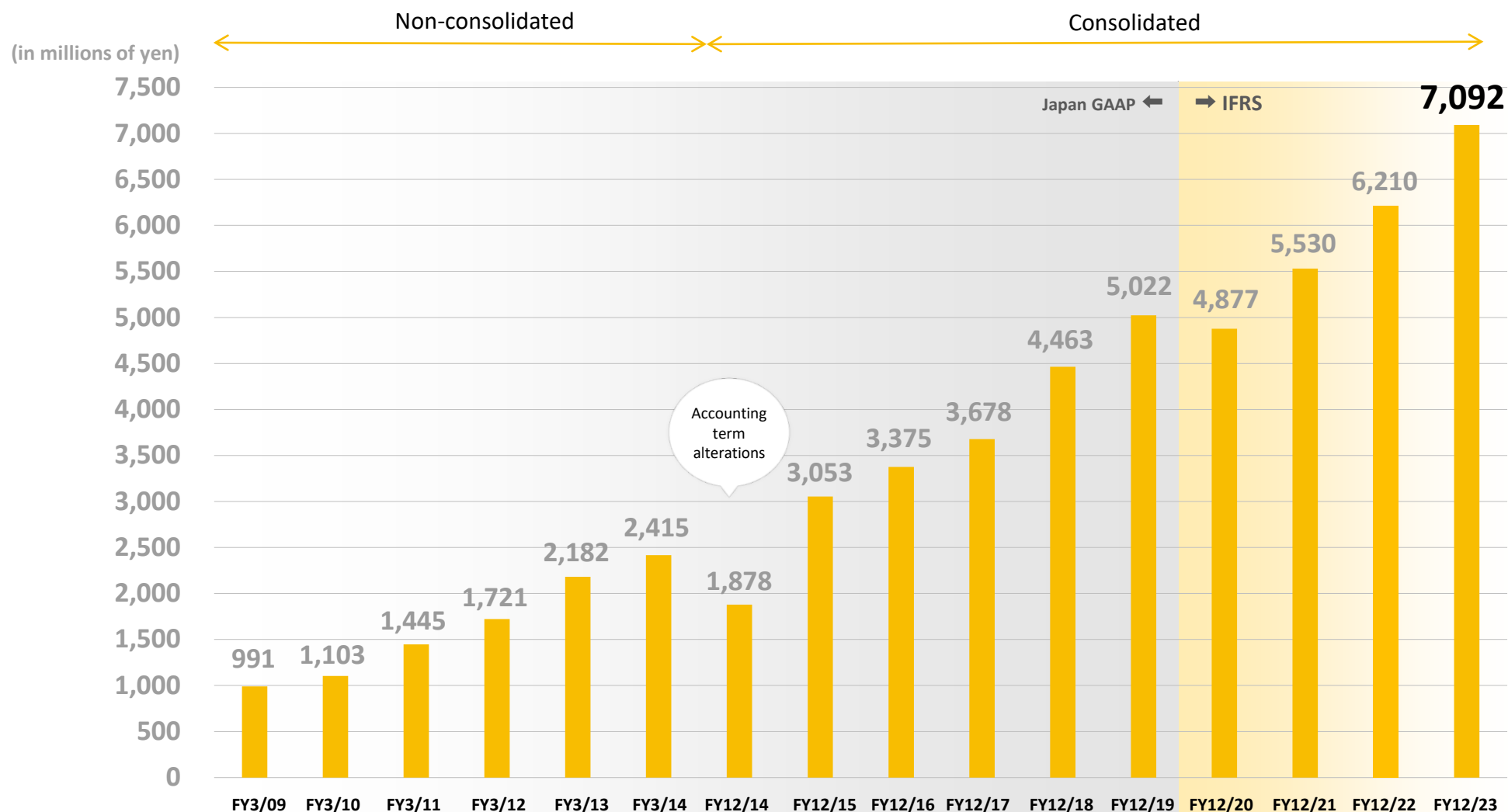
**03**

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**FY2023 Forecast**

## FY2022 forecasts

Revenue is estimated to be 7.09 billion yen, an increase by 14.2% year-on-year.



\*Was not audited by KPMG AZSA LLC, prior to and in the fiscal year ended March 31, 2014

\* Following the change in accounting policy in fiscal 2018, net sales for Digital Transformation Business (previously Communication Design Business) are shown on a net basis from the fiscal year ended December 31, 2017, instead of a gross basis used previously.

\*Starting from the fiscal year ended December 31, 2021, the Company has adapted International Financial Reporting Standards (IFRS) instead of Japanese GAAP. Accordingly, revenue for the fiscal year ended December 31, 2020 indicates the amount after retrospective application of the change.



## FY2023 forecasts

We forecast company-wide revenue and operating profit to grow by 14.2% and 4.1% respectively.

( in millions of yen )

	FY2023 forecasts	FY2022 actual results	Difference	% change
<b>Revenue</b>	<b>7,092</b>	<b>6,212</b>	<b>881</b>	<b>14.2 %</b>
Cloud Solutions	4,132	3,541	590	16.7 %
Digital Transformation	2,959	2,668	290	10.9 %
<b>Operating profit</b>	<b>2,380</b>	<b>2,286<sup>*</sup></b>	<b>93</b>	<b>4.1 %</b>
Cloud Solutions	1,712	1,615	97	6.0 %
Digital Transformation	667	641	26	4.1 %
<b>Profit before tax</b>	<b>2,386</b>	<b>2,352</b>	<b>34</b>	<b>1.4 %</b>
<b>Profit attributable to owners of the parent</b>	<b>1,656</b>	<b>1,623</b>	<b>32</b>	<b>2.0 %</b>

\*Includes other gains and losses of 29 million yen not attributable to the reporting segment.

## Assumptions for the financial forecasts in FY2023

### Cloud Solutions

Number of new contracts 98 (+11 YoY (compared to FY2022))

ARPA\* 465.8 thousand (+24.0 thousand YoY)

NRR\*\* 112.0% (+1.9 percentage points YoY)

Monthly churn rate (12-month moving average) 0.38% (+0.05 percentage points YoY)

On the cost side, we forecast that labor and recruitment costs have increased due to the active expansion of the workforce, and we expect an increase in research and development costs to strengthen our products.

\* Revenue per customer per month from "ZAC license fees, maintenance fees, SaaS and other monthly service fees" and "ZAC introduction support and customization"

\*\* Annual growth rate of recurring revenue in the current year for customers with revenue from sales in the previous year

### Digital Transformation

As the global shortage of semiconductors eases, we expect to see a recovery in inquiries in the marketing and promotion segment from the automotive industry, its main customer base.

On the other hand, the operational support and office segment is expected to be affected by reduced project budgets and contract terminations. On the cost side, labor, personnel, and recruitment costs are expected to increase in line with the active expansion of the workforce.

**04**

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## **Company Profile**

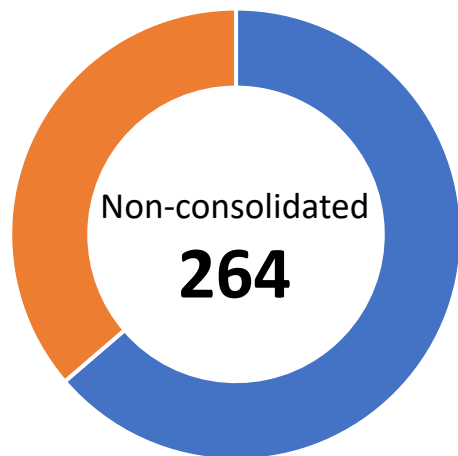
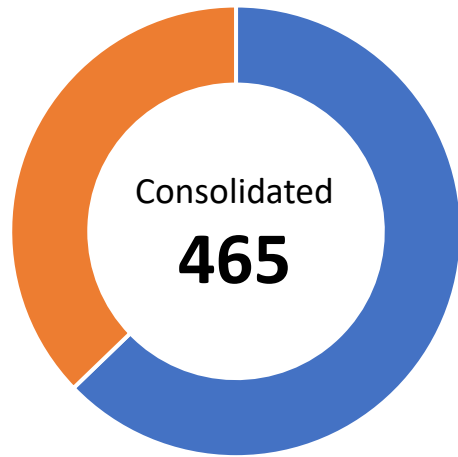
## Company Profile

Company name	oRo co., Ltd.
Listed Exchange	Tokyo Stock Exchange Prime Market (Code : 3983)
Representative	CEO Atsushi Kawata
Foundation	January 20,1999
Head Office	Meguro Suda Building, 3-9-1 Meguro, Meguro-ku, Tokyo 153-0063
Capital	1,193 million yen
Business Portfolio	Cloud Solutions (CS) <ul style="list-style-type: none"><li>• Development and sales of cloud-based ERP 'ZAC'</li></ul> Digital Transformation (DX) <ul style="list-style-type: none"><li>• Support for corporate marketing activities</li></ul>
Employees	Non-consolidated 264 / Consolidated 465 (as of end of December 31, 2022)
Branch	Nishinohon Branch, Hokkaido Branch, Fukuoka Branch
Group Company	oRo Miyazaki Co., Ltd. oRo code MOC Co., Ltd. oRo TECHNOLOGY Co., Ltd. (DALIAN, SHANGHAI) DALIAN oRo ADVERTISING Co., Ltd. oRo TAIWAN Co., Ltd. oRo Malaysia Sdn. Bhd. oRo Vietnam Co., Ltd. oRo (Thailand) Co., Ltd.

# Organizational structure

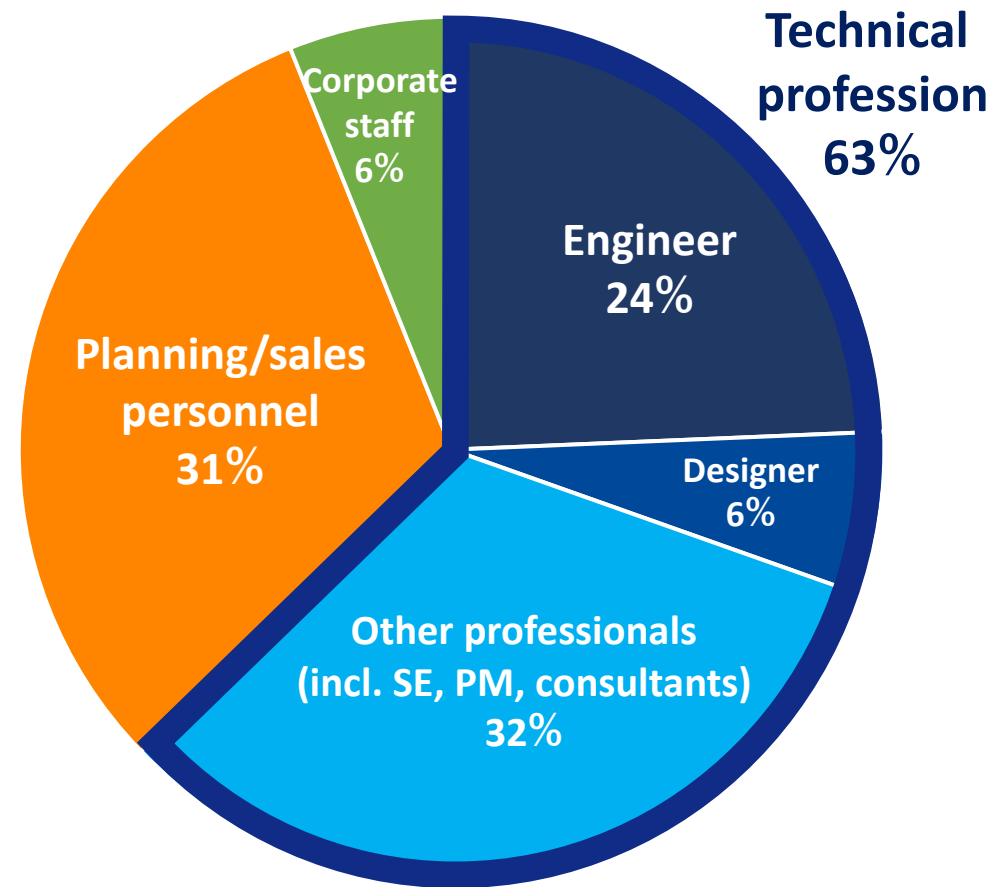
Organizational structure designed to drive creation of solutions through "Technology x Creative"

Split between manufacturing and sales personnel



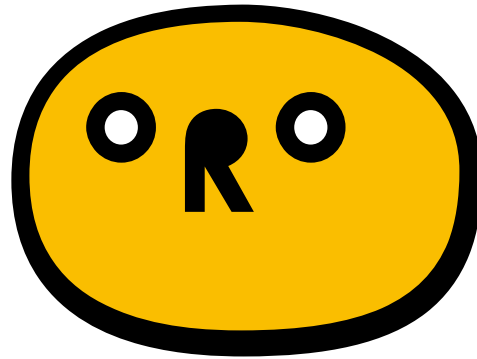
(As of end of December 2022)

Breakdown by job type (non-consolidated)



(As of end of December 2022)

## Corporate philosophy



*With the commitment of all employees in creating what they can proudly present to the world*

*(namely our organization with its products, and services),*

*oRo's goal is to continue to deliver more happiness and joy to more people*

*(coworkers, families, business partners, shareholders and society),*

*and lead all our employees to self-fulfillment through our efforts to achieve this goal.*

# History

- 1999 Establishment of oRo Co., Ltd
- 2004 Launched website management and maintenance operations
- 2005 Acquired the Information Security Management Systems (ISMS) certification
- 2006 Developed and launch sales of ZAC Enterprise, an SaaS-compliant ERP package
- 2007 Acquired certification to use the Privacy Mark  
Opened the Osaka branch (currently, the Nishinohon branch office)
- 2008 Opened the Hokkaido branch office
- 2010 Established the Chinese local corporation oRo TECHNOLOGY (DALIAN) CO., LTD. (currently, a consolidated subsidiary)  
Acquired the Environmental Management Systems (EMS) certification
- 2012 Opened the Miyazaki Support Center  
Opened the Chubu branch office  
Established the Malaysian local corporation ORO Malaysia Sdn. Bhd. (currently, a consolidated subsidiary)
- 2013 Established the Vietnamese local corporation ORO Vietnam Co., Ltd. (currently, a consolidated subsidiary)
- 2014 Established the Thai local corporation ORO (Thailand) Co., Ltd. (currently, a consolidated subsidiary)
- 2016 Established the Taiwanese local corporation ORO TAIWAN CO., LTD. (currently, a consolidated subsidiary)  
Established the Chinese local corporation DALIAN oRo ADVERTISING CO., LTD. (currently, a consolidated subsidiary)  
Established oRo Miyazaki Co., Ltd. (currently, a consolidated subsidiary)
- 2017 Listed on the TSE Mothers Section
- 2018 Listing upgraded to the TSE 1st Section  
oRo Digital Asia Pte. Ltd. (formerly Crossfinity Digital Asia Pte. Ltd.) becomes a subsidiary  
oRo Digital Asia Sdn. Bhd. (formerly Crossfinity Digital Asia Sdn. Bhd.) becomes a subsidiary  
Opening of the Fukuoka branch
- 2019 Established oRo code MOC Co., Ltd. (currently, a consolidated subsidiary)
- 2022 Transition to TSE Prime Market

## Attention on handling this material

- This presentation material contains the projections for the Company as well as its forward-looking plans and business goals. These statements are based on current assumptions regarding potential future events and developments, and we provide no guarantee that these assumptions are correct. Actual financial results could potentially differ significantly from what is shown in this presentation material due to various factors.
- Financial data stated in this presentation material are shown according to Japanese generally accepted accounting principles unless specified otherwise.
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