



This English translation is for reference purposes only. In the event a difference or inconsistency arises regarding the meaning herein, the original Japanese version shall prevail as the official version.

August 14, 2023

Company: Orchestra Holdings Inc.
Stock Code: TSE 6533
Representative: Yoshiro Nakamura,
Representative Director, President
Contact: Naomi Iyogi, Director, CFO

Notice on Revisions to Earnings Forecast

Orchestra Holdings Inc. announced today that its board of directors has resolved a revision to the earnings forecast for the fiscal year ending December 31, 2023, released on February 14, 2023, based on recent business performance.

1. Revisions to the earnings forecast for the fiscal year ending December 31, 2023 (January 1 to December 31, 2023)

<i>Million yen</i>	Net sales	Operating Profit	Ordinary Profit	Profit attributable to owners of parent	Basic earnings per share
Previous Forecast (A)	12,500	1,630	1,640	1,000	101.92 yen
Revised Forecast (B)	11,500	1,150	1,150	705	71.81 yen
Difference (B - A)	△1,000	△480	△490	△295	-
Difference (%)	△8.0%	△29.4%	△29.9%	△29.5%	-
FY2022 Results	10,377	1,350	1,400	853	87.12 yen

2. Reasons of Revision

In the digital marketing business, several major customers are expected to reduce their advertising budgets in the second half due to individual business factors. In addition, we are reviewing transactions with low productivity in order to aim for medium- to long-term development, and this may have a temporary negative impact on business performance.

In the digital transformation business, VES Co., Ltd. (VES) became a consolidated subsidiary in the second quarter, and we have started investing for the medium- to long-term business growth of the company.

In addition, acquisition-related costs of approximately 75 million yen were incurred as one-off costs when acquiring VES's shares. Since these investments and expenses were not factored into the initial earnings forecasts, we have revised our forecasts for the full year.

In light of the above situation, we have revised downward our consolidated earnings forecast for the fiscal year ending December 31, 2023, which was announced on February 14, 2023.

As future initiatives, in the digital marketing business, we will strive for an early recovery by strengthening the system

for acquiring new customers, strengthening cross-selling by utilizing the Group's customer base, and maximizing the return on investment by utilizing generative AI.

In the digital transformation business, In order to grow VES's sales to 10 billion yen over the next five years and make it a new earnings pillar for the Group, we will expand the company's organizational structure and service areas at an early stage. In addition, the structural reform of Sharing Innovations has been almost completed, and we expect that the company will return to the black during the current term and continue to grow in profits from the next term onwards.

※The above forecast are based on the information currently available to us and certain assumptions that we consider reasonable, however, please note that actual results may differ from these forecasts due to various factors.

End