



ORCHESTRA HOLDINGS

Results of Operations
for the Third Quarter of
the Fiscal Year Ending
December 31, 2023

Executive Summary



FY2023	Net Sales	3,066 mil yen	YonY+19.6%	Operating Profit	145 mil yen	YonY▲29.4%
	Gross Profit	1,452 mil yen	YonY+21.7%	EBITDA	272 mil yen	YonY+0.6%
Third Quarter	<p>Net sales (net) reached a record high and gross profit reached a 3Q high. DX business recovered, but operating income declined due to lower sales to major customers in the DM business and the impact of increased investment in human resources.</p>					

Digital Marketing (DM) Business

Several of our major clients reduced their advertising budgets for the second half of the year due to individual business factors.

Profits also declined due to increased investment in human resources.

We aim to achieve an early recovery by strengthening the new client acquisition system, strengthening cross-selling by leveraging the Group's client base, and maximizing return on investment by utilizing the generated AI.

Digital Transformation (DX) Business

Sharing Innovations improved its operating profit by 90 million yen in YonY due to progress in structural reform of its cloud integration business (see p.30-31).

VES, Inc. continues to invest in growth to achieve 10 billion yen in sales in 5 years, but contributed by posting profits that exceeded amortization of goodwill.

Extraordinary gains and losses

【Extraordinary gains】 A gain on sales of investment securities of approx. 200 million yen was recorded.

【Extraordinary losses】 Considering the current business conditions and future growth potential, goodwill related to financial media*1 and SNS marketing tool CAMPiN*2 was impaired by approximately 120 million yen. The amortization expense for these goodwill was approximately 40 million yen per year.

*1 Acquired through M&A of MediaFox, Inc.

*2 Acquired through business acquisition

01 Financial Overview: 3Q FY2023

02 Earnings Forecast: FY2023

03 Business Summary

04 Growth Strategy

05 ESG Activities



01 Financial Overview: 3Q FY2023

3Q FY2023 Consolidated Results



Net sales (net) reached a record high for the quarter, and gross profit was the highest in 3Q.

DX business recovered due to progress in structural reforms at Sharing Innovations (see p.30-31), but EBITDA increased slightly YoY due to lower profit in DM business, strengthened investment in human resources, and continued investment in new business (HR SaaS "Skill Navi")*1.

*1 Upfront investment in Skill Navi: YTD 182million yen QTD 55million yen

	(Millions of yen)	1-3Q/FY2023	1-3Q/FY2022	% Change	3Q/FY2023	3Q/FY2022	% Change
Net Sales(Net)		8,853	7,499	18.1%	3,066	2,563	19.6%
Gross Profit		4,323	3,674	17.7%	1,452	1,193	21.7%
SG&A expenses		3,793	2,616	45.0%	1,306	986	32.4%
Operating Profit		529	1,058	△50.0%	145	206	△29.4%
EBITDA		850	1,221	△30.4%	272	270	0.6%
EBITDA margin		9.6%	16.3%	△6.7%	8.9%	10.6%	△1.7%
Ordinary Profit		539	1,092	△50.6%	145	212	△31.4%
Profit attributable to owners parent		277	600	△53.7%	75	111	△32.4%

Reference: Before applying the new revenue recognition standard ※

Net Sales(Gross)		18,581	15,193	22.3%	6,046	5,272	14.7%
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※ 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 page7 for the details.

3Q FY2023 Segment Results



In the DX business, profits of Sharing Innovations recovered due to the effects of structural reforms, and VES also recorded a profit that exceeded the amortization of goodwill, resulting in a large increase in profits.

In the DM business, sales (net) will increase due to the growth of M&A companies, but profits will decrease due to investment in human resources.

In other businesses, upfront investment in the new "Skill Navi" business continued.

Segment (Millions of yen)	1-3Q/FY2023	1-3Q/FY2022	% Change	3Q/FY2023	3Q/FY2022	% Change
Digital Transformation(DX) business						
Net sales	4,019	3,631	10.7%	1,462	1,197	22.2%
Segment profit	214	270	△20.8%	92	△ 1	-
Digital Marketing business						
Net sales(Net)	4,119	3,210	28.3%	1,339	1,153	16.2%
Segment profit	1,416	1,587	△10.8%	396	530	△25.3%
Other businesses						
Net sales	821	777	5.6%	310	263	17.5%
Segment profit	△ 55	△ 54	-	△ 5	△ 30	-
Reference: Before applying the new revenue recognition standard ※						
Digital Marketing business						
Net sales (Gross)	13,848	10,904	27.0%	4,319	3,862	11.8%

※ 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 page7 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 9,728 million yen in the digital marketing business segment for 3Q FY2023, 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 19.6%
YonY

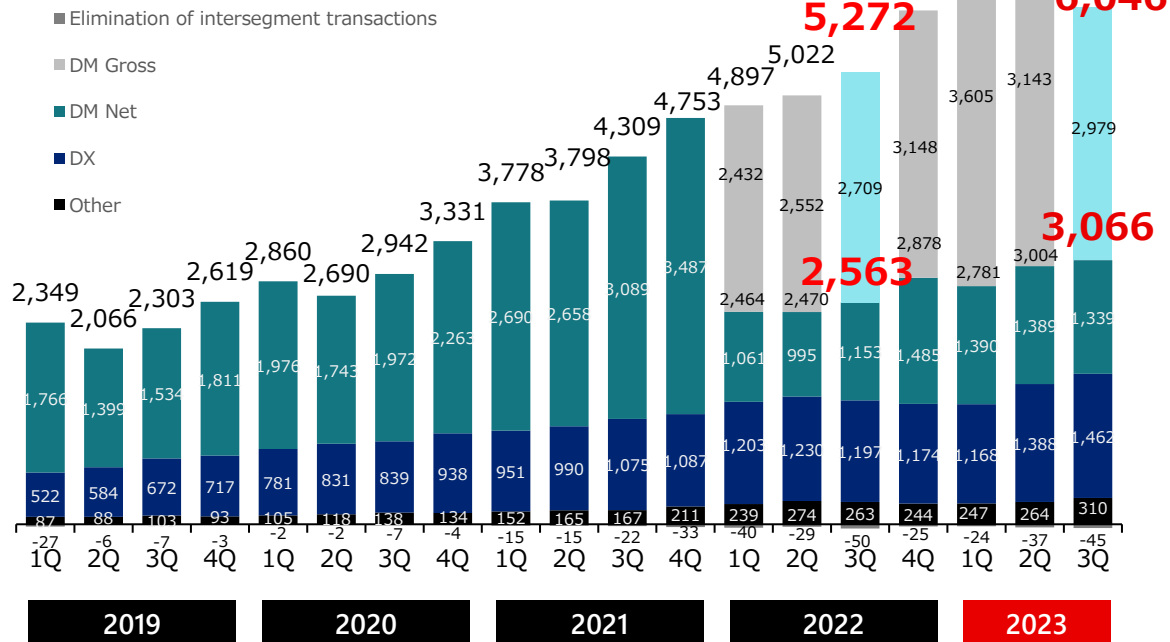
※ After the application of the new revenue recognition standard

Despite the impact of budget cuts by major customers in the DM business, sales growth was driven mainly by the growth of the companies acquired through M&A. The sales reached a new record high.

※ 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 page7 for the details.

Sales before the application of the new revenue recognition standard

(Millions of yen)

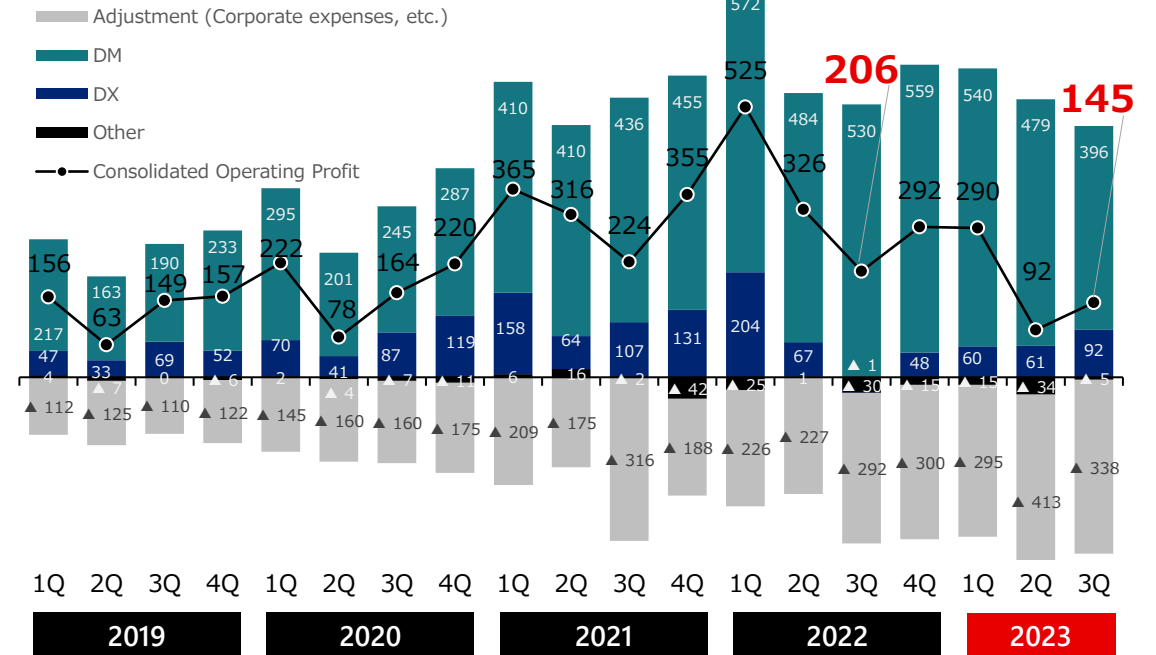


Operating profit

Down 29.4%
YonY

Profit declined in YonY due to lower profit in DM business, despite the recovery in DX business.

(Millions of yen)



DX Business: Quarterly Results

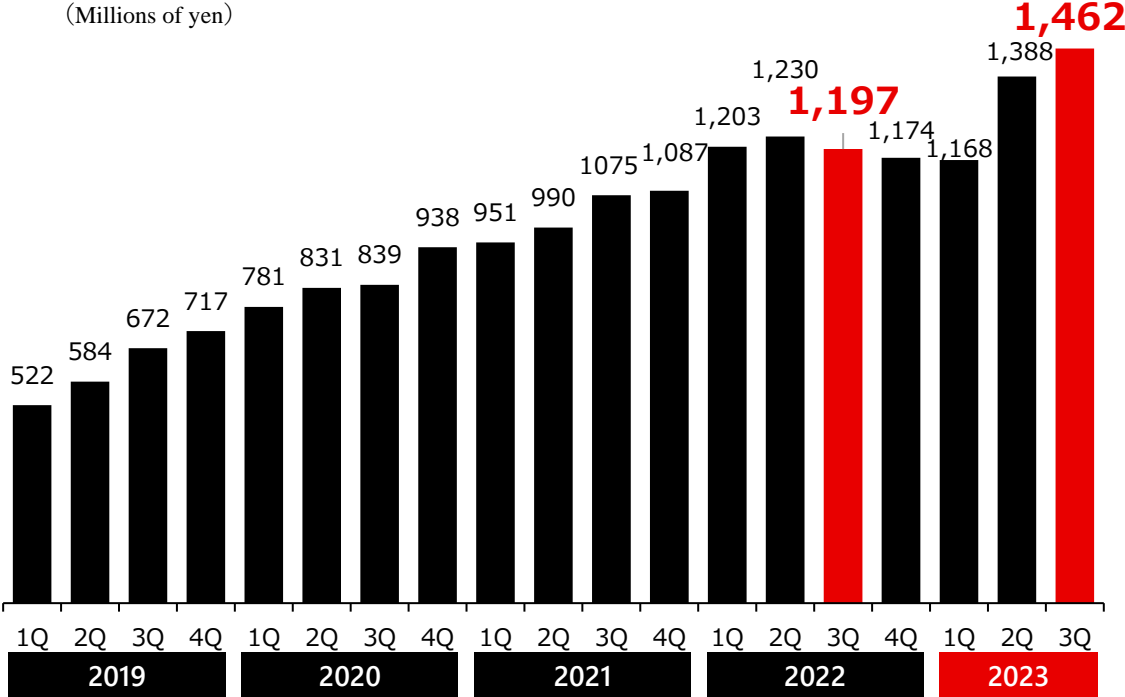


Net sales

Up 22.2%
YoY

Significant growth due to the start of consolidation of VES, Inc. from 2Q.

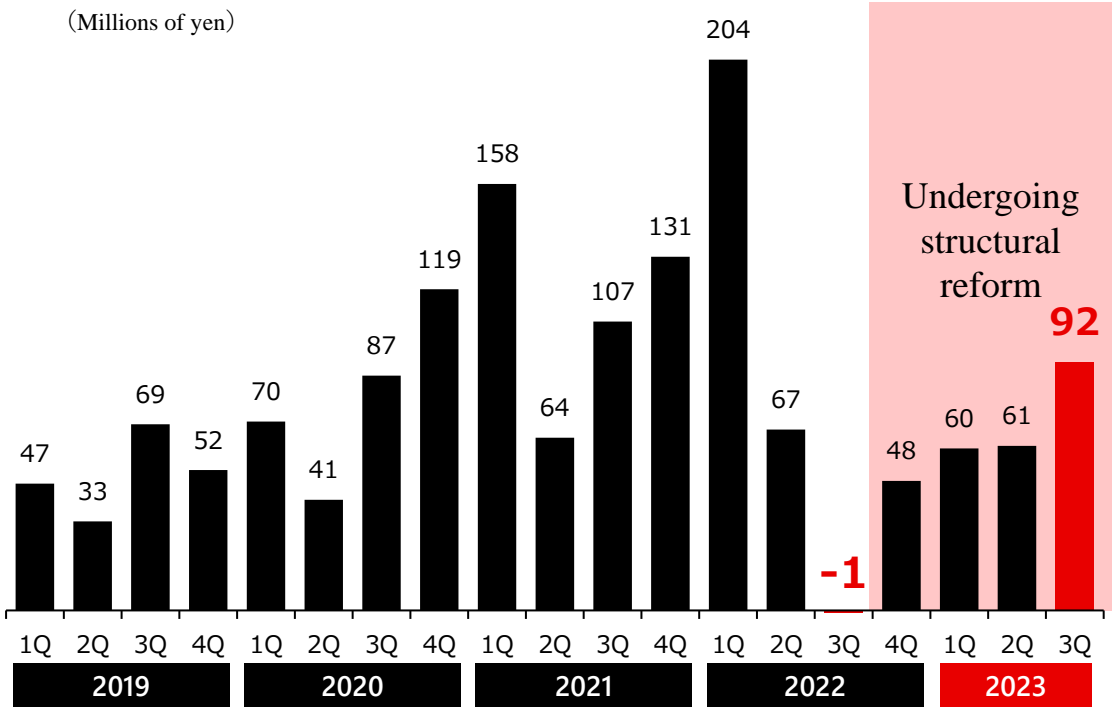
(Millions of yen)



Segment profit

Progress was made in the structural reform of Sharing Innovations' cloud integration business (see p.30-31), and VES, Inc. contributed by posting profits that exceeded goodwill amortization, resulting in approximately 90 million yen increase in profit compared to the previous year.

(Millions of yen)



Digital Marketing Business: Quarterly Results



Net sales

Up 16.2%
YonY

※ After the application of the new revenue recognition standard

Despite the impact of reduced advertising budgets by major clients, sales growth was driven mainly by the growth of the companies acquired through M&A.

※ 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 page7 for the details.

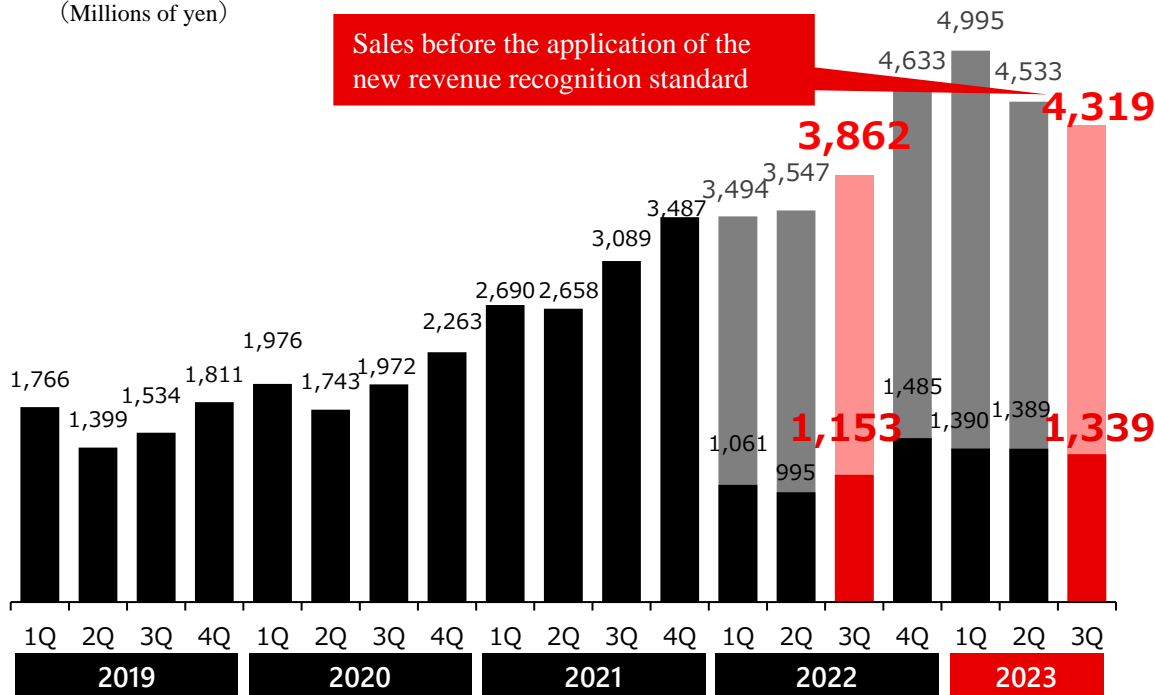
Segment profit

Down 25.3%
YonY

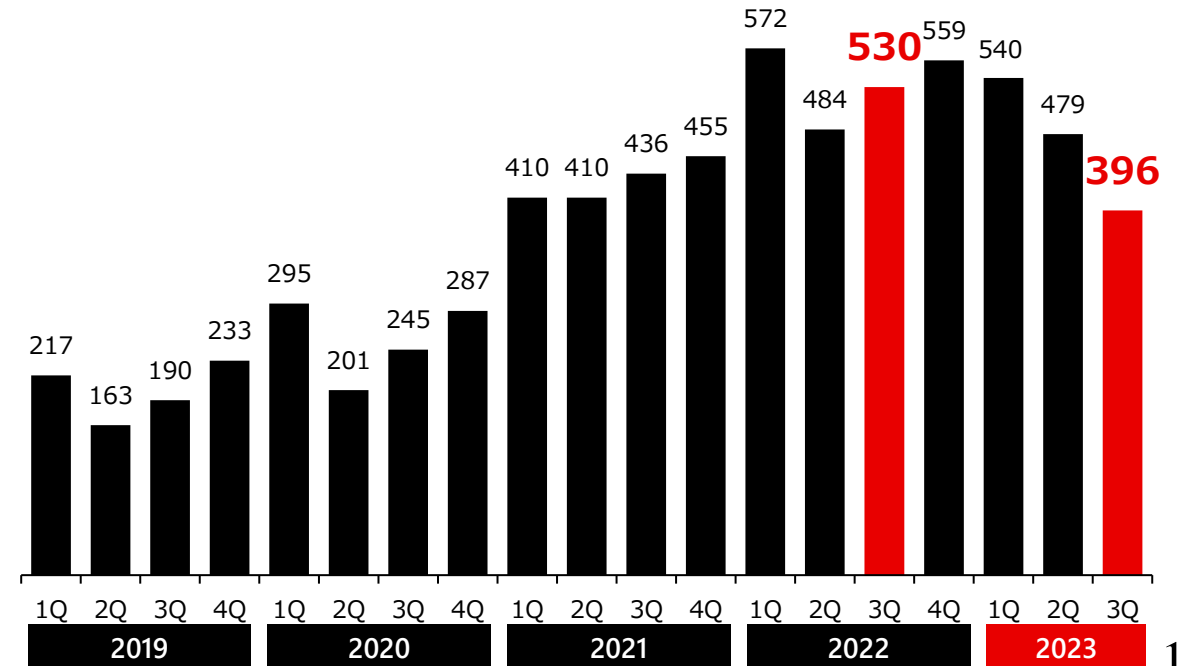
Profit decreased due to strengthened investment in human resources.

Working on improving profitability by leveraging human resources

(Millions of yen)



(Millions of yen)



Digital Marketing Business: Post-M&A Growth

Combined growth rate of companies* acquired through M&A in 2021 is 34.0% YonY for net sales (gross) and 21.0% YonY for gross profit due to cross-selling and other group synergies.

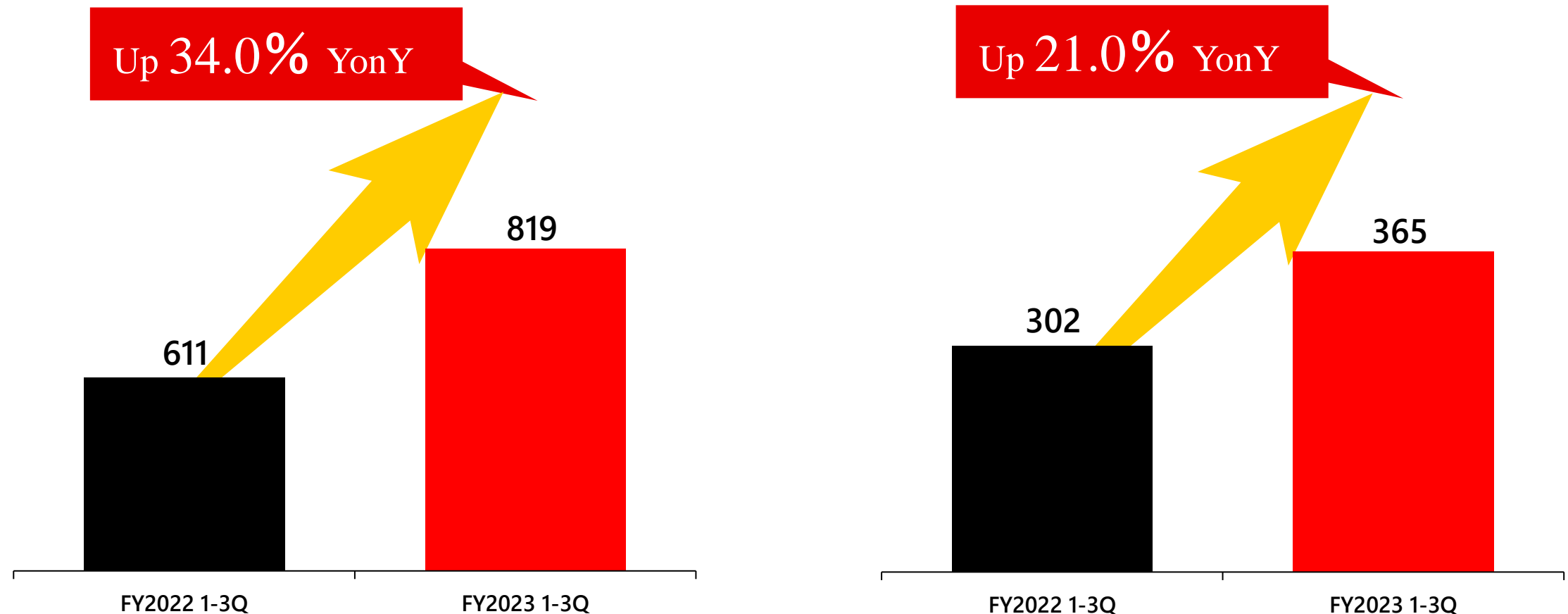
※ Pam Inc. , Peace Inc. , and MediaFox Inc. are included. Mint'z planning Inc. and DI marketing Partners Inc. (ex- LIFULL Marketing Partners) are not included as the acquisition was in FY2022.

Net sales

(Millions of yen)

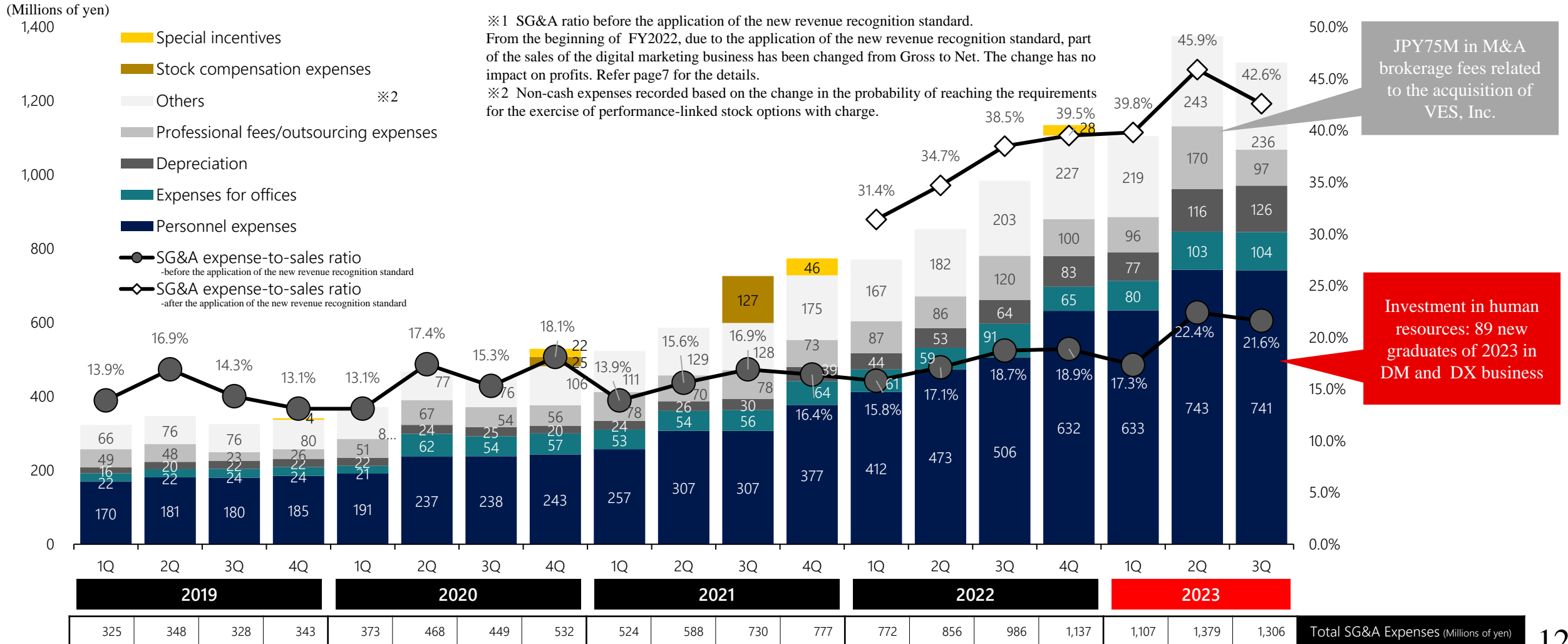
Gross profit

(Millions of yen)



Changes in SG&A Expenses

SG&A expenses increased in YonY due to investment in human resources. Decreased in QonQ due to a one-time M&A fee incurred in 2Q. The SG&A-to-sales ratio was 21.6% before the application of the new revenue recognition standard*1 and 42.6% after the application.

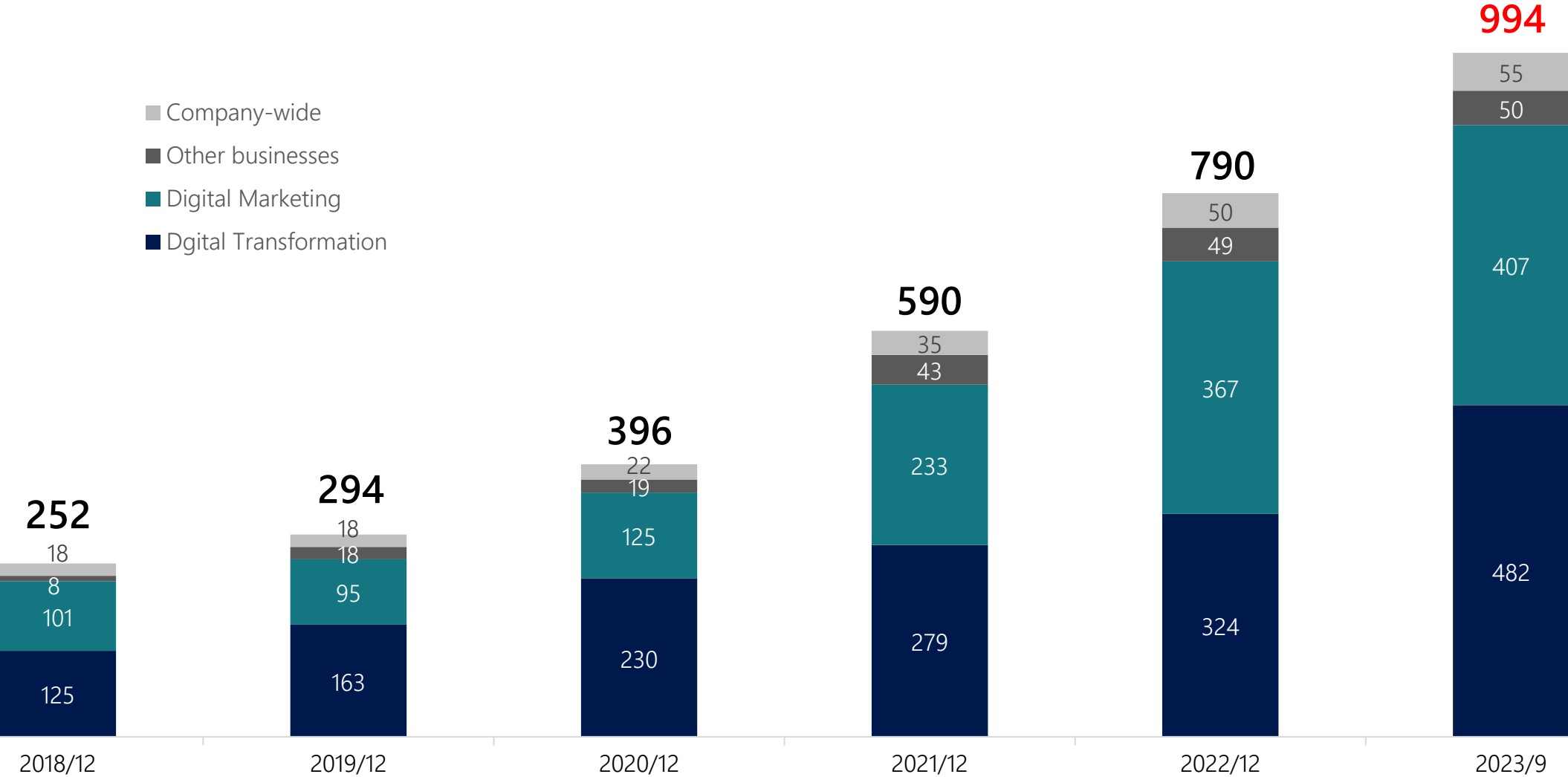


Changes in The Number of executives and employees



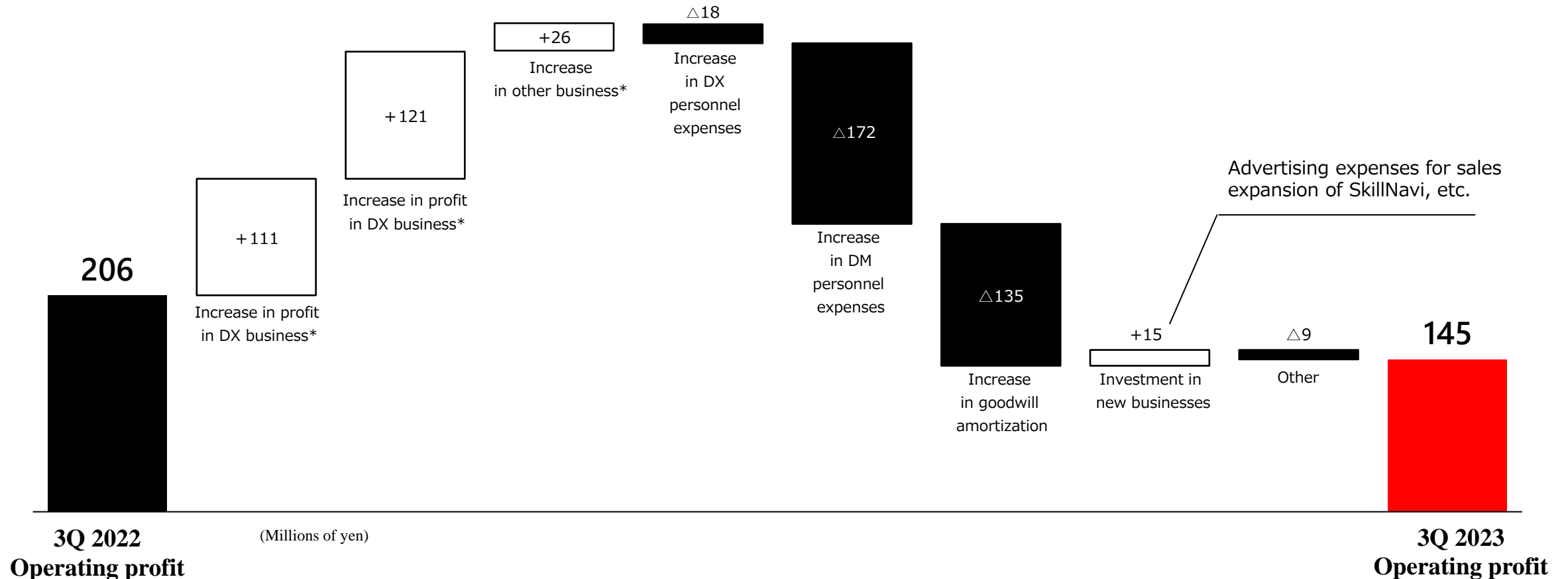
The number of personnel will be approximately 1,000 at the end of September 2023

- Company-wide
- Other businesses
- Digital Marketing
- Digital Transformation



FY2023 Changes in Operating profit

Operating income declined by 145 million yen (-29.4% Y on Y) due to strengthened investment in human resources in the DM business, despite the positive effect of increased profits from progress in structural reforms at Sharing Innovations (see p.30-31).



Performance-linked stock options (4th SO)

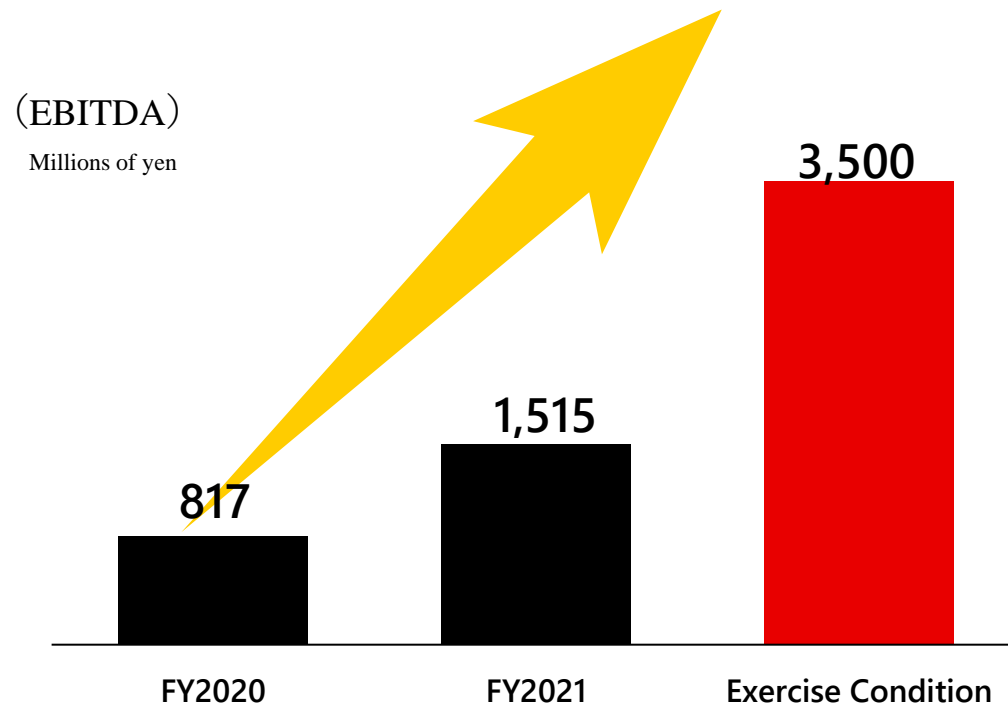
New Performance-linked stock options (4th SO) were issued in 2022 under the following conditions for the purpose of incentives for officers and employees, as the exercise conditions for the 3rd SO have been achieved.

Condition 1

Consolidated EBITDA – over 3.5billion yen

in any fiscal year from FY2022 to FY2025

➔ 50% of stock options can be exercised



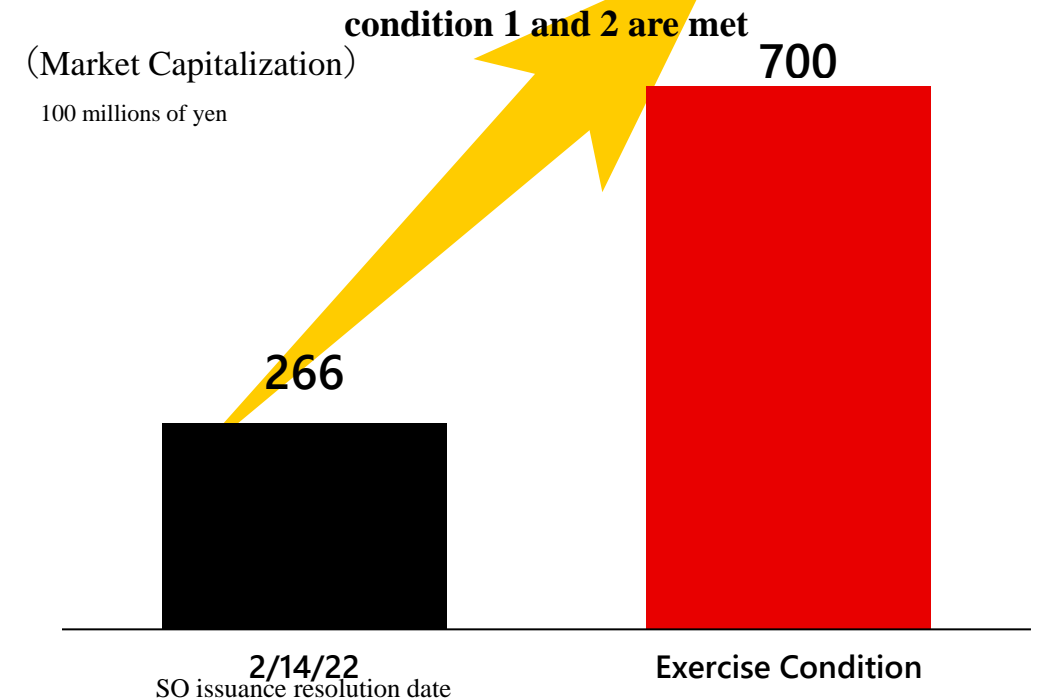
Condition 2

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



3Q FY2023 Consolidated Balance Sheet



Equity ratio of 41.6%, goodwill to capital ratio of 0.6x, maintaining financial soundness while continuing to invest in growth.

(Millions of yen)	Sep.30, 2023	Dec.31, 2022	Change
Current assets	7,100	7,275	△ 175
Non-current assets	5,801	4,134	1,667
Property, plant and equipment	541	646	△ 105
Intangible assets	3,743	2,042	1,700
Investments and other assets	1,516	1,444	72
Total assets	12,901	11,410	1,491
Current liabilities	4,495	4,385	110
Non-current liabilities	2,490	1,289	1,200
Total liabilities	6,985	5,674	1,310
Total net assets	5,916	5,735	180
Total liabilities and net assets	12,901	11,410	1,491

This was mainly due to an increase in goodwill resulting from the acquisition of shares in VES, Inc.

Long-term debt increased mainly due to M&A financing (approx. 1.9 billion yen) in connection with the acquisition of VES, Inc.



02 Earnings Forecast: 2023

FY2023 Consolidated Forecast



Despite the recovery of the DX business, the DM business is taking time to recover from the decline in sales to its main customers, resulting in a 40-50% progress on the profit budget.

	1-3Q/FY2023		FY2022	FY2023	YoY Change		
	(Millions of yen)	Amount	Progress ratio	Results	Revised Forecasts	Amount	%
Net sales(Net)		8,853	77.0%	10,377	11,500	1,122	10.8%
Operating profit		529	46.0%	1,350	1,150	△ 200	△14.9%
Ordinary profit		539	46.9%	1,400	1,150	△ 250	△17.9%
Profit attributable to owners of parent		277	39.4%	853	705	△ 148	△17.4%

2023 Shareholder Distributions



Forecast a 2023 ordinary dividend of 10 yen per share, 1 yen higher than for 2022

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 2023, based on our forecast for sales and earnings, our financial position, and other considerations, we plan to raise the ordinary dividend from 9 yen to 10 yen.

	2022	2023
Dividend per share	9.0 yen (Ordinary dividend: 9.0 yen)	10.0 yen (Ordinary dividend: 10.0 yen)



03 Business Summary

Business Segment



* Only listed main businesses



Jun 2009 : Established
Sept 2016 : Listed with Mothers of TSE
Dec 2018 : Listed with 1st section of TSE

Digital Marketing (DM) business



Digital Identity

Mint'z
Planning co.,Ltd.

Digital Transformation (DX) business



Mar 24, 2021
Listed with Mothers
(Growth Market)



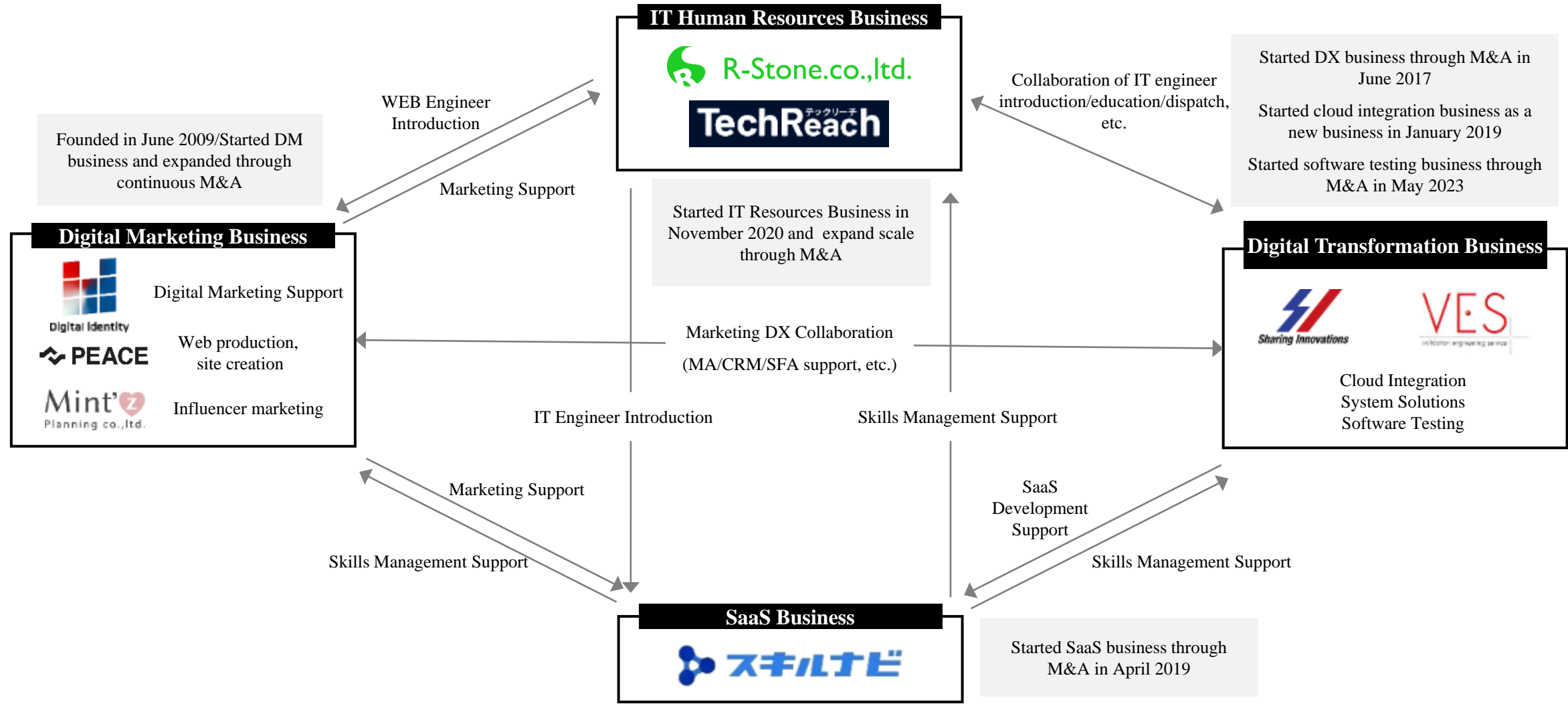
May, 2023
Start of consolidation

Others



Business Synergies

Create synergies among businesses to build a high-growth × high-profit business model



Digital Marketing (DM) Business



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Digital Transformation (DX) business



Mar 24, 2021
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(Growth Market)



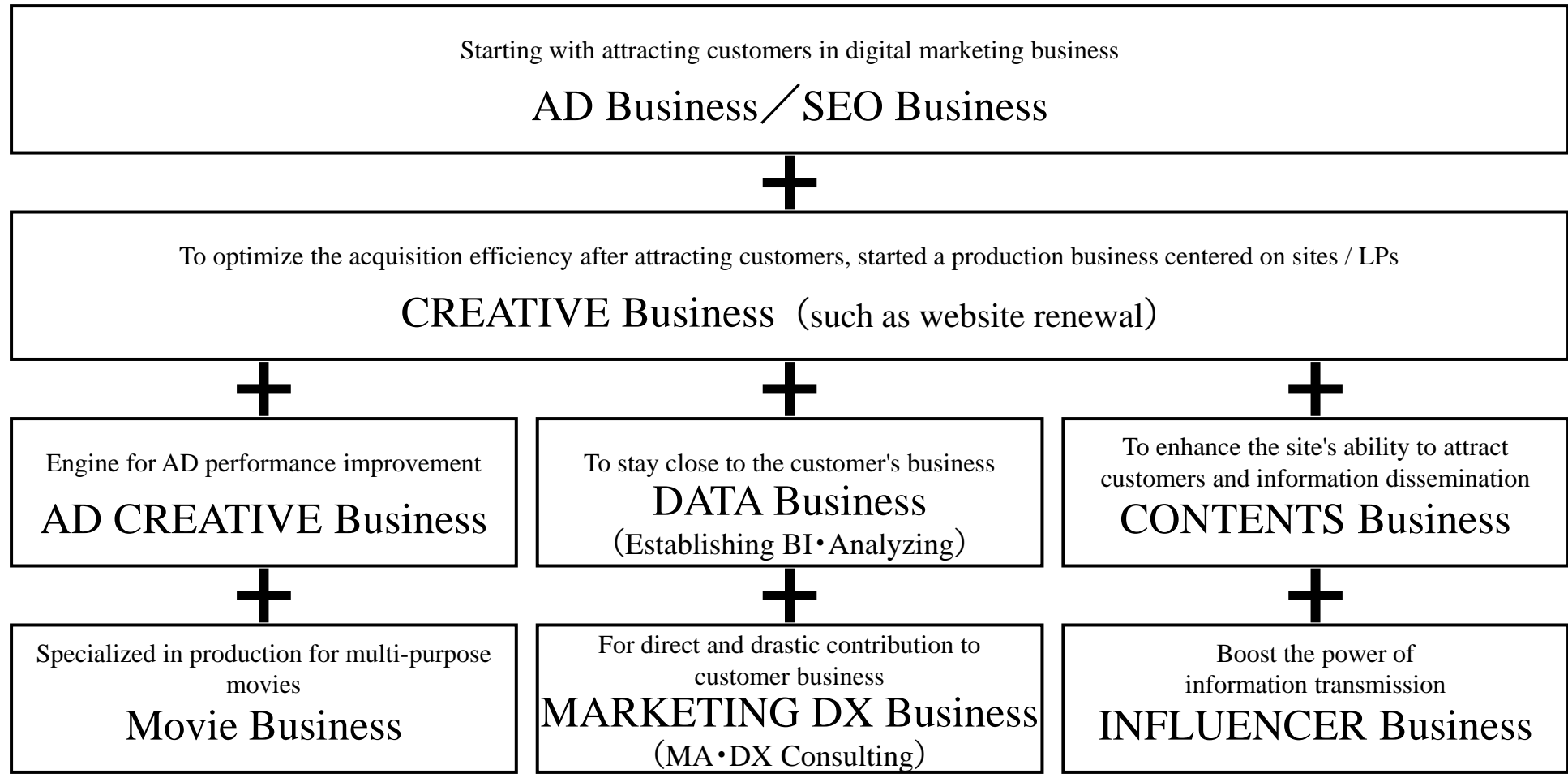
May, 2023
Start of consolidation

Others



Business Overview

Starting with attracting customers digitally, developing into various products to provide end-to-end digital marketing service to customers.



Business Overview

Build a system that can be executed in a one-stop system from end to end

Overall design and Consulting

Understanding Users			Data Driven		
Market research	Customer journey	In-store survey	Data integration management	Dashboard	BI
Persona development		Action roadmap	Tag management	Statistics/analysis	RPA・AI・machine learning
Insight development	Story Design	Contact channel	Algorithm analysis	Tracking analysis	API・automatic processing

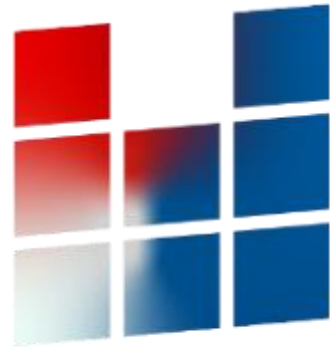
Execution of measures and promotion

Cognitive Advertising	Programmatic Advertising		SEO	Creation	OTHER
Tie-up	Listing Ad	App Ad	Internal enforcement	Website creation	MA
Pure Ad	Display Ad	Affiliate Ad	Keyword research	LP	CRM
PR	Ad network・DSP	PMP	Content production	Banner Ad	LINE@
Influencer	Social Ad	Specialized Media <small>例：インテイド</small>	Media management	Movie	SalesForce Implementation
Event	Movie Ad	Overseas Streaming	External link scrutiny	Email	System development
In-store linkage	Dynamic Ad	In-house production support	Speeding up display speed	UI evaluation/improvement	Chatbot
Mass linkage	Infeed Ad	Report automation	Backend SEO	Access analysis	WEB customer service tool
Campaign	Ad Creative	Account diagnosis	Mobile friendly	App creation	Customer management tool

Highlights

Certified as an Advertisement Operation Certified Partner of the Yahoo! Marketing Solutions Partner Program for 9 consecutive terms

Only 8 companies have accomplished this since the Yahoo! Marketing Solutions Partner Program started.



Digital Identity



Digital Transformation (DX) Business



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Digital Marketing
(DM) business



Digital Identity

Mint'z
Planning co.,ltd.

Digital Transformation
(DX) business



Mar 24, 2021
Listed with Mothers
(Growth Market)



May, 2023
Start of consolidation

Others



Sharing Innovations / Business Overview

CLOUD INTEGRATION

Cloud service implementation support centered on Salesforce



DATA SUCCESS

Support for a full range of data utilization from data success consulting to environment construction and utilization support



SYSTEM SOLUTION

DX support in scratch development centered on open technology



WEB



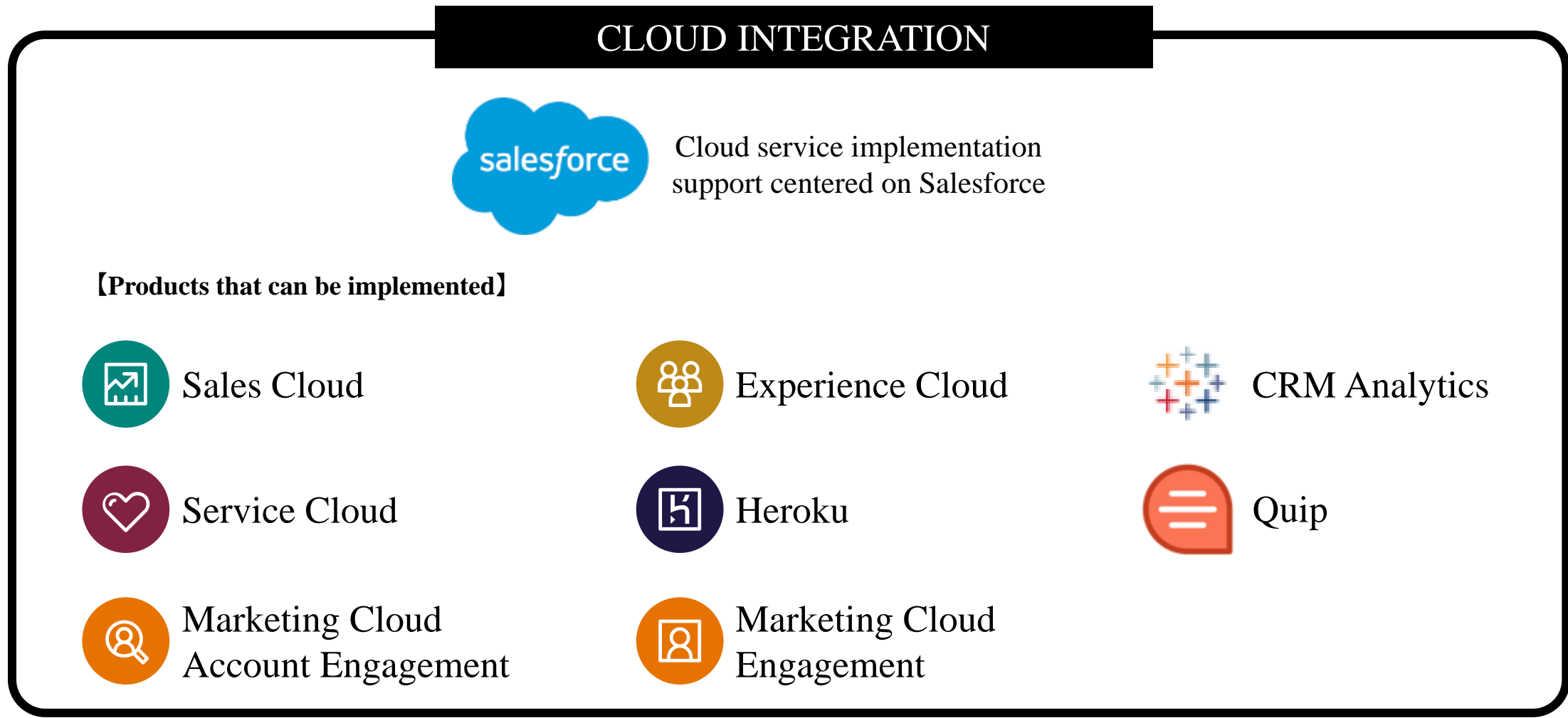
Smart Phone



core system

Sharing Innovations / Business Overview

Approach for Multi-Cloud Tools



Sharing Innovations / Restructuring

Current Phase

Present point



Actions for Further Growth

In addition to reinstating our position in the DX market, which we have been doing business so far, we will approach new areas that will become a source of new revenue

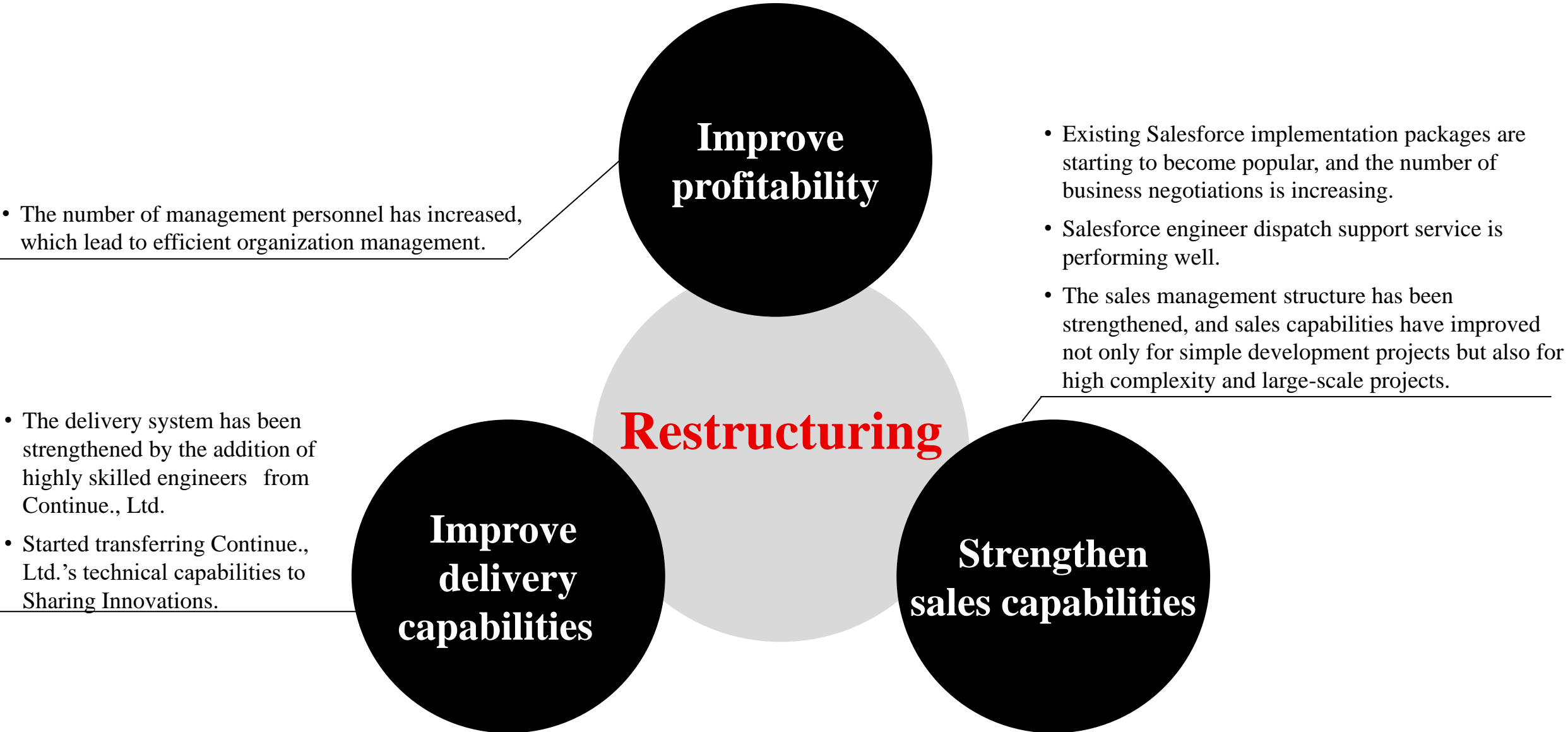
Profit Recreation Phase

Reforms proceeded with both cost optimization and sales expansion, and the company became essentially profitable

Initial phase of structural reform (= actions to improve profitability)

Optimization of human resources and organization, structuring of sales and delivery
(Building a foundation for risk-free and efficient operations)

Sharing Innovations / Restructuring



VES / Business Overview

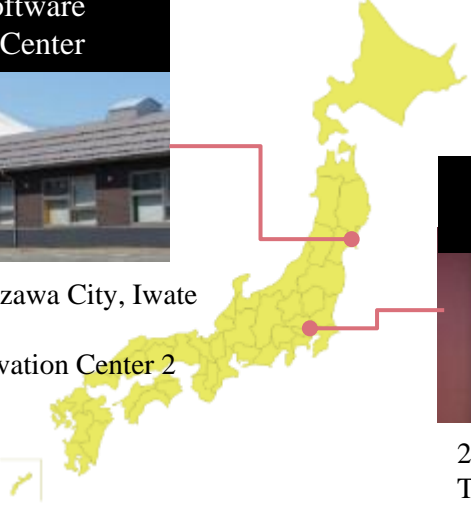
Main Business

- Software Third-Party Verification Services
- Test Automation Services
- Nearshore Verification Services
- Usability Verification Services
- Test Engineer Training Support Services

Select the best verification system for each client



Takizawa Software Verification Center
 152-409 Sugo, Takizawa City, Iwate Prefecture
 Takizawa IPU Innovation Center 2 Laboratory 2-4



Metropolitan Area Verification Lab
 2-11-6 Yotsuya, Shinjuku-ku, Tokyo FORECAST Yotsuya 7F

Cumulative total of over 12,000 cases
Extensive verification experience

Since starting software verification services in 2003, we have accumulated specialized technology and expertise in verification in a variety of industries.



No.1 in the industry IVEC's highest rank
Platinum Partner Certification

No. 1 in the industry for LEVEL 5 certification, the highest level of the IT Verification Engineer Certification Examination (IVEC). We have high-level test engineers.



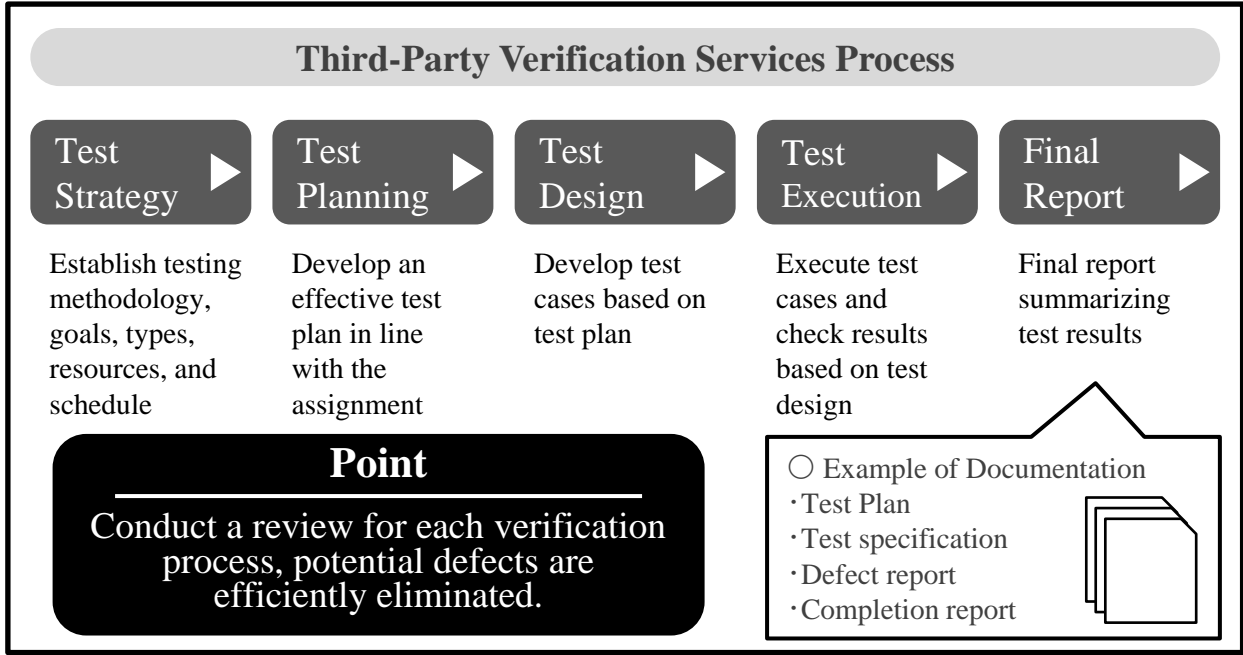
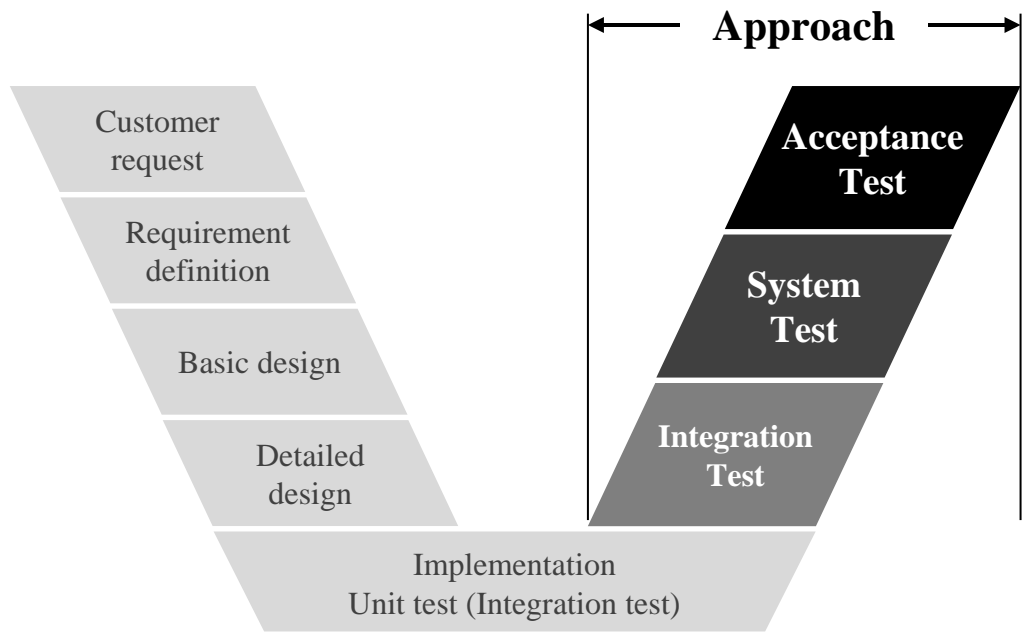
Software Testing International Certification JSTQB
Gold Partner Certification

We have been certified as a "Gold Partner" by ISTQB, an international certification body, as a sign of recognition of our high-quality testing services.



VES / Business Overview

Third-party verification services can support all phases of testing after the integration test, from test strategy, planning, design, execution, and final report.

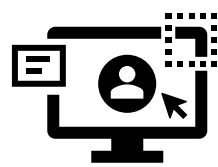


Third-party verification solutions (excerpts)



● Software Verification Services

Verify and evaluate software from an objective perspective to identify and report on problems that are often overlooked



● Embedded Verification Services

Various tests are conducted to verify that the embedded control software operates correctly and achieves its objectives

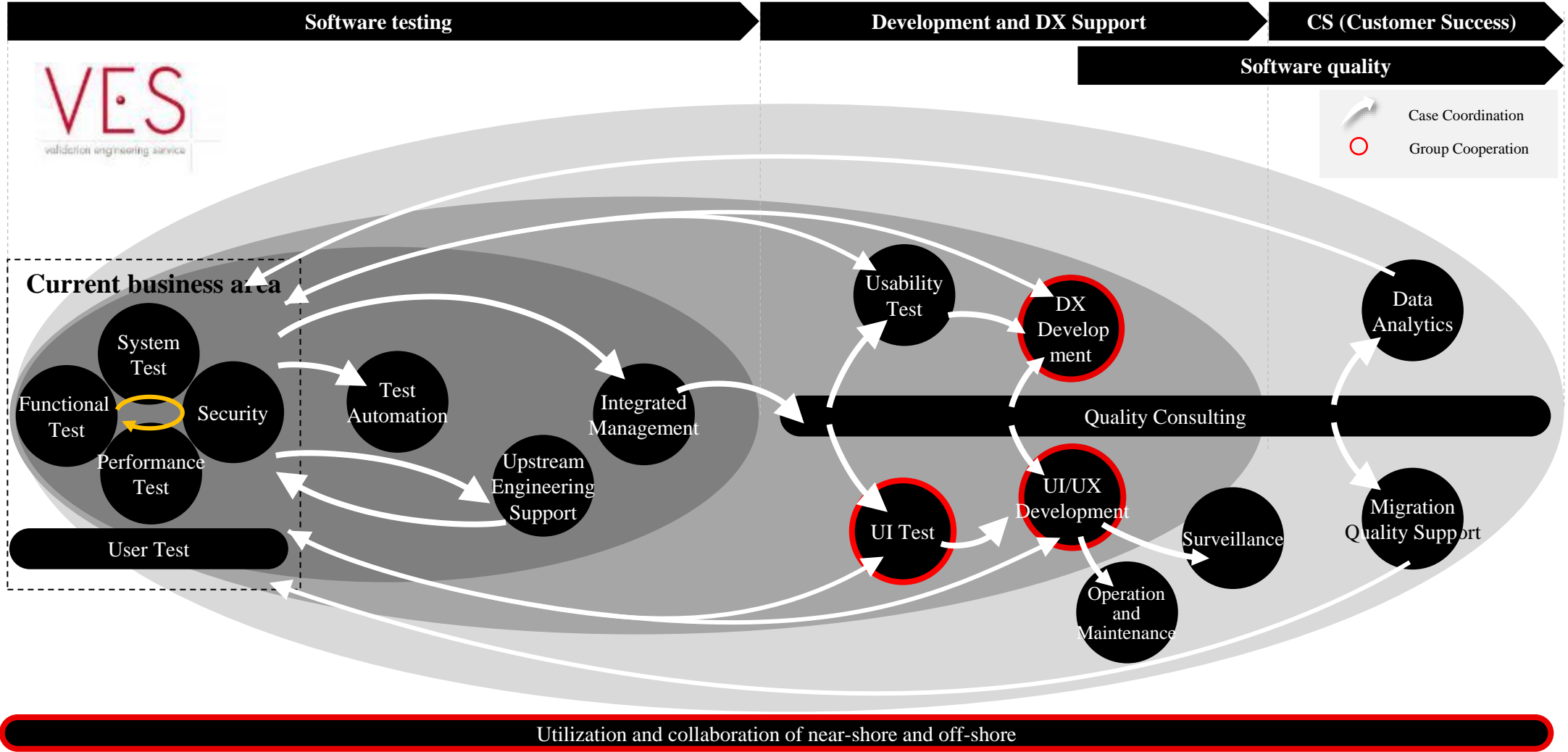


● EC/Web Verification Services

One-stop, speed-oriented verification from test planning to implementation for customers developing web services

VES / Business Strategy

Starting from software testing, expanding to DX and CS areas to become an expert in software quality.



Software Quality Experts

Expand our service area to become “Software Quality Experts”

VES / Business Strategy

Utilizing the resources of the ORCHESTRA Group to expand its service areas and organizational structure. Aiming to grow to 10 billion yen in sales in 5 years.

FY2023

FY2028

	Step0 Existing state	Step1 Upstream + development	Step2 Offshore Utilization	Step3 In-house development	Step4 Expansion into new areas	Step5 Customer Success Deployment
Objective	Stable profitability through the establishment of a business foundation	Increase revenue by expanding the range of requests handled	Near-shore and off-shore utilization to Strengthening Cost Competitiveness	Reinforcement of Implementation Capability Expansion of Earnings	Reinforcement of Implementation Capability Expansion of Earnings	Cyclical Response to Fixation Expansion of Earnings
Business development						
Estimated sales	1.54 billion yen	2.40 billion yen (YonY 156.3%)	3.50 billion yen (YonY 145.6%)	4.91 billion yen (YonY 140.2%)	7.01 billion yen (YonY 142.6%)	10.03 billion yen (YonY 143.1%)
Number of engineers	223 people (Full-time employee 71.3%)	261 people (Full-time employee 67.0%)	317 people (Full-time employee 62.7%)	358 people (Full-time employee 58.4%)	485 people (Full-time employee 54.2%)	614 people (Full-time employee 49.9%)
Point	<ul style="list-style-type: none"> Deployment of automation, security, and other areas around test validation Improvement of PM and PL delivery skills to stabilize service delivery 	<ul style="list-style-type: none"> Test Verification area aims to expand from adaptation to loyal customers Hiring upstream process skills & experience 	<ul style="list-style-type: none"> Offshore expansion through SIV utilization Acquisition of global projects Become a client of a major local company (Takizawa TC model → 2nd TC development) 	<ul style="list-style-type: none"> Capability of development Provide collaborative solutions with upstream and testing areas Provide quality assurance 	<ul style="list-style-type: none"> Quality expertise (compliance with laws, regulations, standards, etc.), not just IT consulting DX and operational monitoring works with seasonal products 	<ul style="list-style-type: none"> Establishing a position as a quality control

* Only listed main businesses



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Digital Marketing (DM) business



Digital Identity

Mint'z
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Digital Transformation (DX) business



Mar 24, 2021
Listed with Mothers
(Growth Market)



May, 2023
Start of consolidation

Others



Other Businesses

Raising the next core businesses

Major businesses within other business segments:

SaaS Business



- ✓ 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 Business




- ✓ 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.

IT Human Resources Business




- ✓ Acquired "R-Stone", a recruiting firm specializing in IT engineers and creators in 2021.
- ✓ Operates "TechReach", a project and job information site for freelance engineers.

SaaS Business / Business Overview

Developing "Skill Navi" with strength in skills management

- Skill Navi has strengths in skills visualization and management, and is being adopted by major manufacturing companies that require such skills.
- We can also support reskilling and job-based work styles.

**スキル管理特化型
タレントマネジメントシステムなら
スキルナビ**

評価シートのデジタル化だけではない、本格的なタレントマネジメントを実現！
スキル管理、目標管理、統計データ、人材情報の見える化や分析など、
人事戦略の立案と実行に役立つクラウドシステムです。

スキルナビは豊富な標準機能を搭載

得意先向け	顧客・受発注 企業向け	業務機能	その他機能
<ul style="list-style-type: none"> スキル管理 スキル評価 スキル履歴 スキル取得 	<ul style="list-style-type: none"> スキル管理 スキル評価 スキル履歴 スキル取得 	<ul style="list-style-type: none"> 人事管理 給与管理 労務管理 研修管理 	<ul style="list-style-type: none"> スキルナビ スキルナビ スキルナビ スキルナビ

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の豊富に搭載されており、標準機能はすべてクラウド上で活用可能です。その他機能はオプションで追加可能です。



SaaS Business / Business Overview

Skill Management System

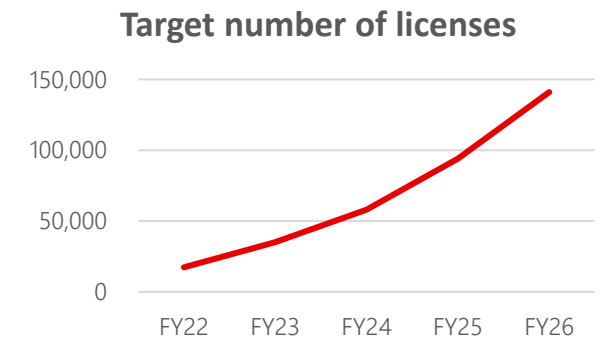
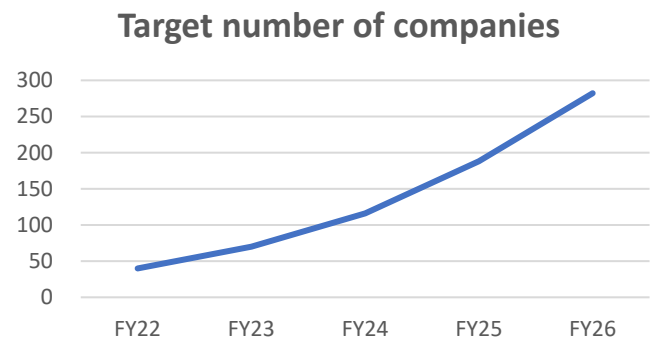
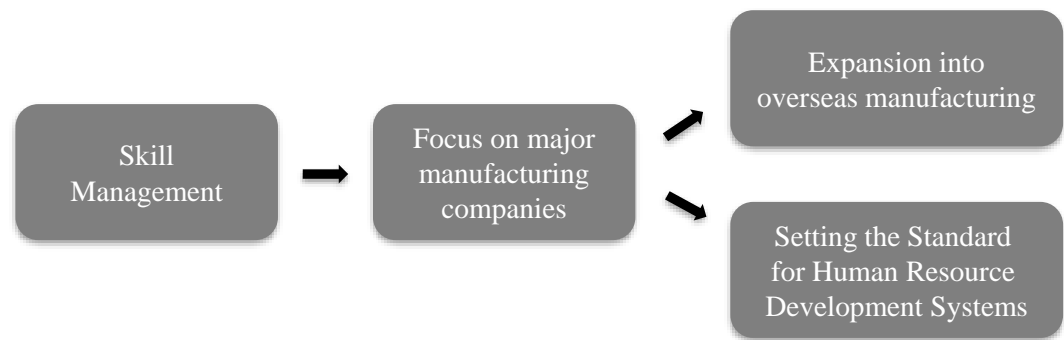
As the working-age population continues to decline, there is an increasing need to build human resource management systems in order to "maximize human capital," "improve productivity," and "reskilling".

Among these, Skill Navi's competitive advantage of visualizing skills and managing the implementation and effectiveness verification of necessary training programs in real time is expected to be needed by many companies, and we aim for significant growth in this field.

Growth strategy

Of the human resource management systems, we focus on "skill management," which is the most important aspect of building a framework for human resource development. We aim to increase the number of companies that have adopted the system, particularly in the manufacturing industry, which requires more detailed skills management.

Few competitors focus on skills management, and because of the competitive advantage of its functions, Skill Navi has recently been adopted by major manufacturing companies. In the future, we plan to further expand its business overseas and establish a de facto standard for building a framework for human resource development in the manufacturing industry.



SaaS Business / Business Overview

Skill Navi Major Installation Results

Number of Companies and Leads Acquired Continues to Grow
continues to grow

IT Human Resources Business / Business Overview

- Acquired R-Stone, a career change agency specializing in the IT field, through M&A
- Operates "TechReach", an IT recruiting and project introduction media

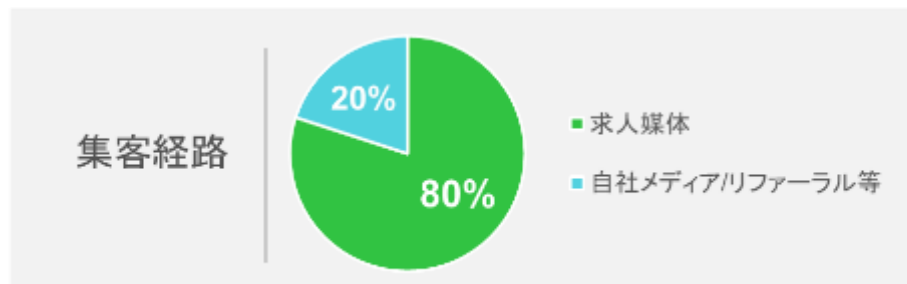


人材紹介サービスについて

クリエイター・エンジニアに特化したコンサルタントが採用活動をサポート

主なターゲット層	年齢	希望勤務地	現在年収
	20代後半～40代後半	東京	350～1000万円台

月間登録者数	エンジニア	120名	クリエイター	80名
--------	-------	------	--------	-----



- Specialized in freelance
 - Engineer
 - Creator
 - PM・PMO...
- Strength of TechReach
 - 80% are end/main contractor direct projects
 - 15 days payment cycle

Corporate Venture Capital Investments

Five investees achieved IPO on the Tokyo Stock Exchange

IPO July 2020



HR

IPO Nov. 2020



Marketing

IPO Dec. 2020



Fraudulent
order detection

IPO Sept. 2021



Payments

IPO Mar. 2022



Health care



Point mall



BtoB matching



Cosplay



HR



AI



Fintech



MEO



Real estate



Smart homes



P2C



HR



Health care



HR



Con-tech



Project
Management



04 Growth Strategy

Medium- to Long-term Growth Strategies

Medium- to long-term growth strategy formulated, with a commitment to growth in the next fiscal year and beyond, bottoming out in FY2023.

Based on the growth of 2 main businesses, aim for EBITDA of 5 billion yen in 5 years and 15 billion yen in 10 years through M&A and contribution from new businesses.

New business

New business under development is growing steadily and will contribute significantly to the Group's earnings in the future.

M&A

Accelerate growth of existing businesses by expanding business scale and service areas through M&A

Organic growth in two main businesses

Digital Marketing Business

Steadily capture market growth and drive overall growth

Digital Transformation Business

Sharing Innovations will return to profitability in the second half of the year due to progress in structural reforms, and will be on a revenue and profit growth path from the next fiscal year. VES aims to grow its software testing business to 10 billion yen in sales over the next five years.

15
(EBITDA billion yen)

10

5

0

2023

2028

2033

EBITDA
15 billion yen

EBITDA
5 billion yen

New Business

M&A

Organic Growth

Future Outlook and Initiatives



Future Outlook and Initiatives for Each Business

Digital Marketing Business	Sustain 10-20% annual growth through organic growth + M&A and drive overall group growth by strengthening the new customer acquisition system, strengthening cross-selling by leveraging the group's customer base, and maximizing return on investment by using generative AI.
Digital Transformation Business	【Sharing Innovations, Inc.】 The initial phase of structural reforms is almost complete. Full-year earnings are expected to return to the black, and the company is expected to achieve its initial budgeted level. The company will enter the re-growth phase with a significant recovery in business performance. (See p.30-31) 【VES, Inc.】 Utilizing the resources of the ORCHESTRA Group, the company will expand its organizational structure and service areas, aiming to grow to 10 billion yen in sales over the next five years. (See p.34-35)
New business	【Skill Navi】 Focusing on "skill management," the most important aspect of building a framework for human resource development. The company is expanding its introduction mainly among major manufacturing companies that require detailed skill management. In the future, the company aims to become the de facto standard for overseas development in the manufacturing industry and for building a framework for human resource development. (See p.38-40) 【IT Human Resources Business】 Continued annual growth of 20-30%. TechReach, a recruitment media, is expected to return to profitability in the first half of next year, and is expected to improve its profit structure from next year onward. In addition, by recruiting IT personnel through in-house HR agency, we can reduce recruiting costs significantly at the Group level (See p.41).

Growth Strategy

Strength

01

Compete in a growing market

Strength

02

Active utilizations of M&A

Strength

03

Cultivate new business

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 **20.8%** between 2021 and 2026.

In 2026, this market is expected to be **4,279 billion yen, 160% higher** than in 2021 ^{*2}

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

The domestic software industry market is growing steadily.

Among them, the software testing market size is estimated to account for

more than 30%, or **6 trillion yen.** ^{*3,4}

^{*3} Source: Ministry of Economy 「Basic Survey of Information and Communication Industry」

^{*4} Source: IPA 「Software Development Data White Paper」

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 15.3%** in 2022 ^{*5}

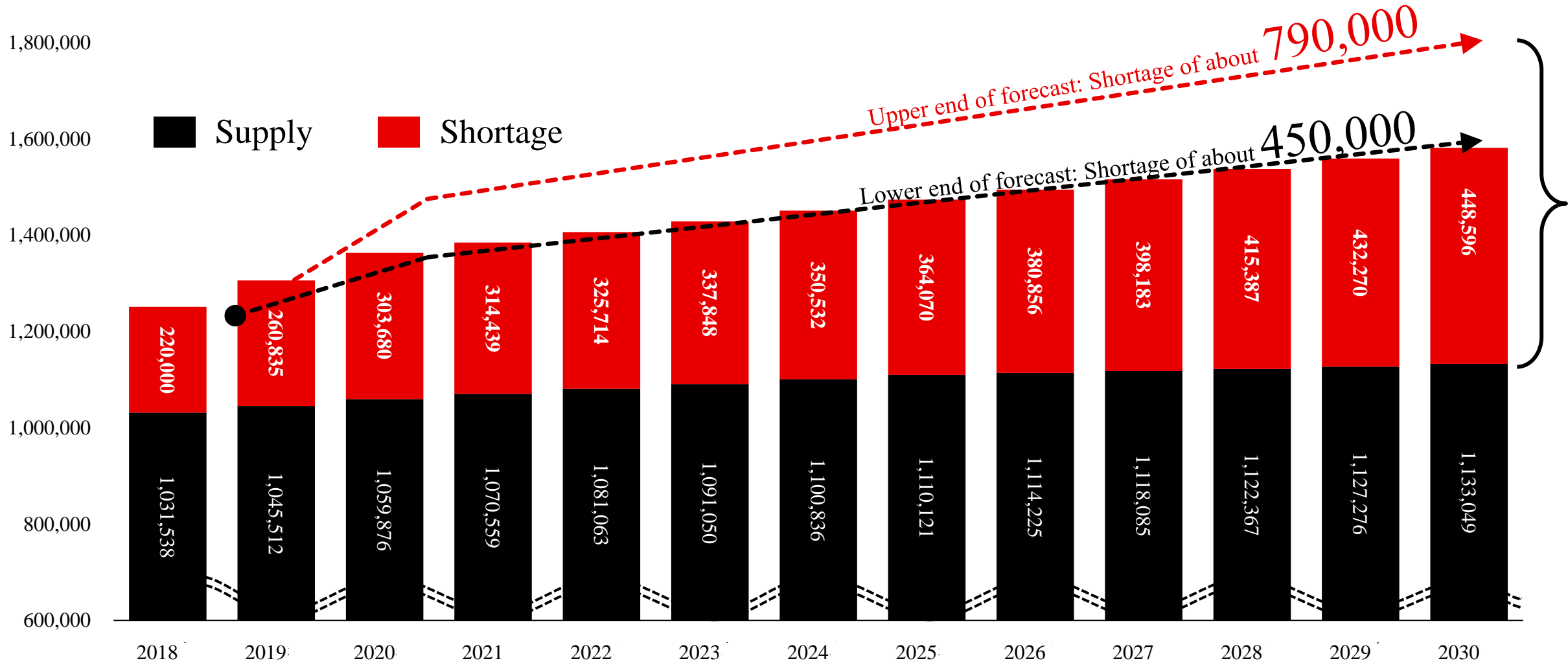
^{*5} Source: Dentsu Inc. "2022 Advertising Expenditures in Japan"

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

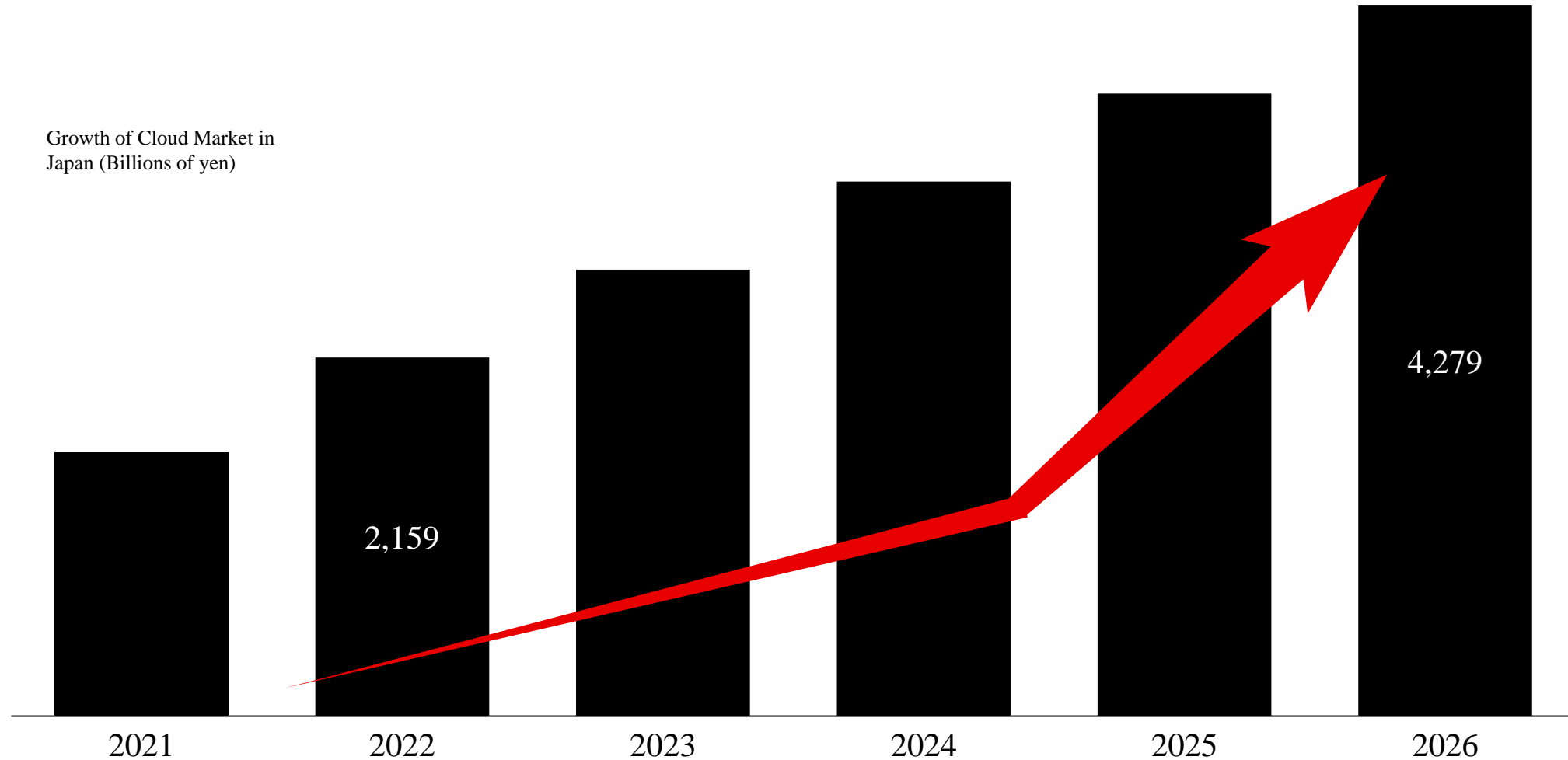


Source: "IT Personnel Supply and Demand Survey" conducted for the Ministry of Economy, Trade and Industry

Market Data: Growth of the Cloud Market in Japan

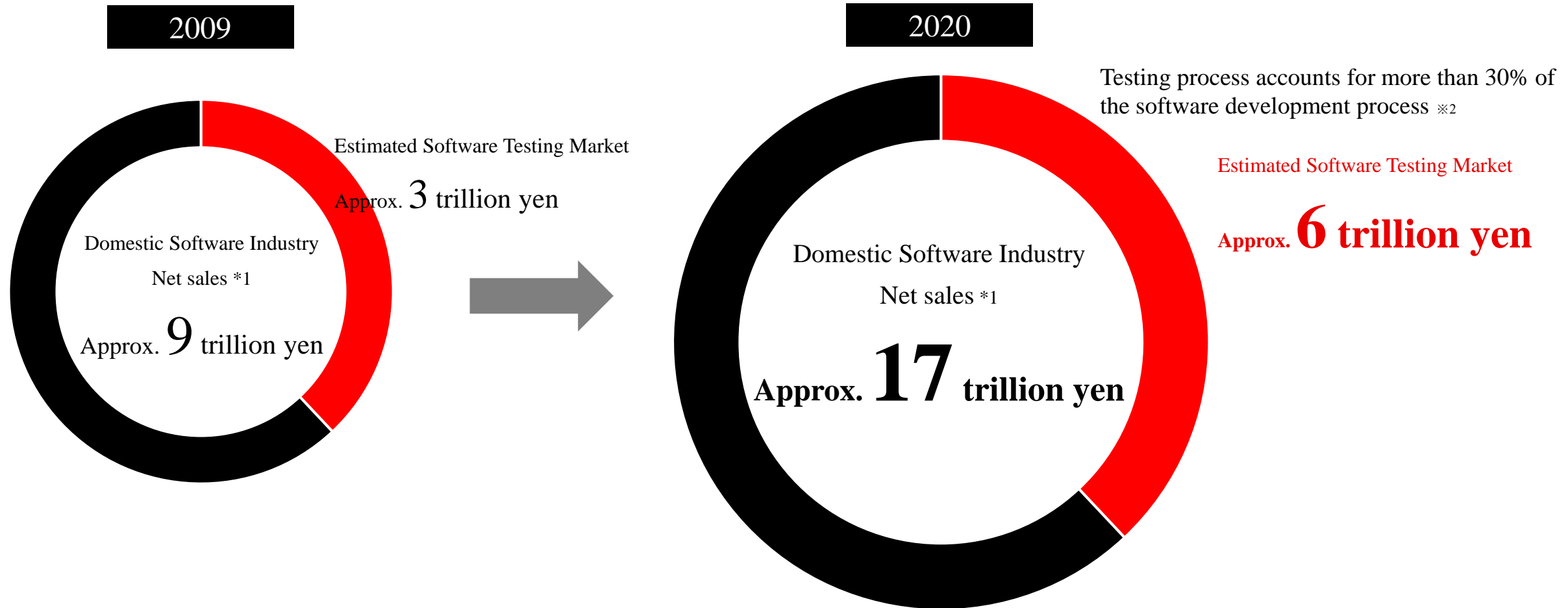
Forecast annual average growth rate of 20.8% between 2021 and 2026

Forecast value of 4,279 billion yen in 2026, 160% higher than in 2021



Market Data: Software Testing Market in Japan

New entry into the approximately 6 trillion yen software testing market through M&A of VES, Inc.

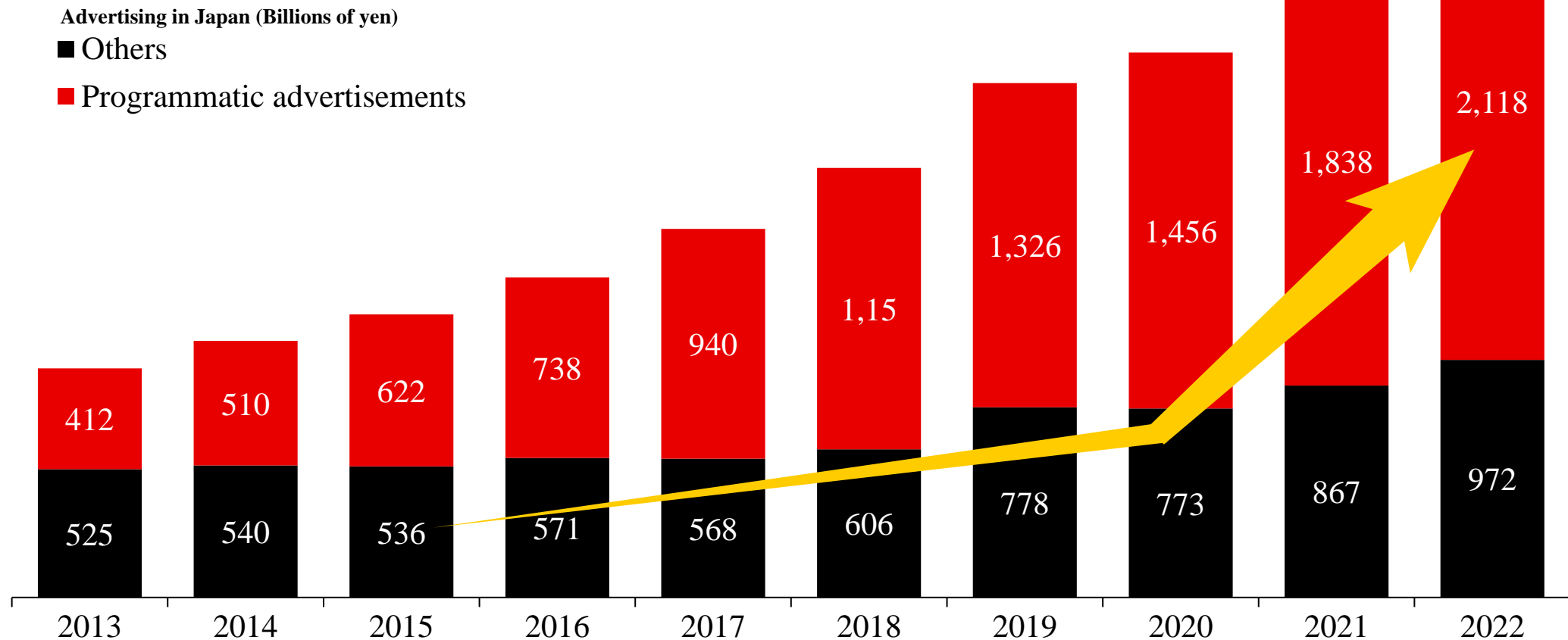


*1 Source: Ministry of Economy [Basic Survey of Information and Communication Industry]

*2 Source: IPA [Software Development Data White Paper] Refer to the percentage of the 5 development processes in the new development, including the integration test and comprehensive test processes.

Market Data: Internet Advertising Market in Japan

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 15.3% in 2022



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

Growth Strategy

Strength

01

Compete in a growing market

Strength

02

Active utilization of M&A

Strength

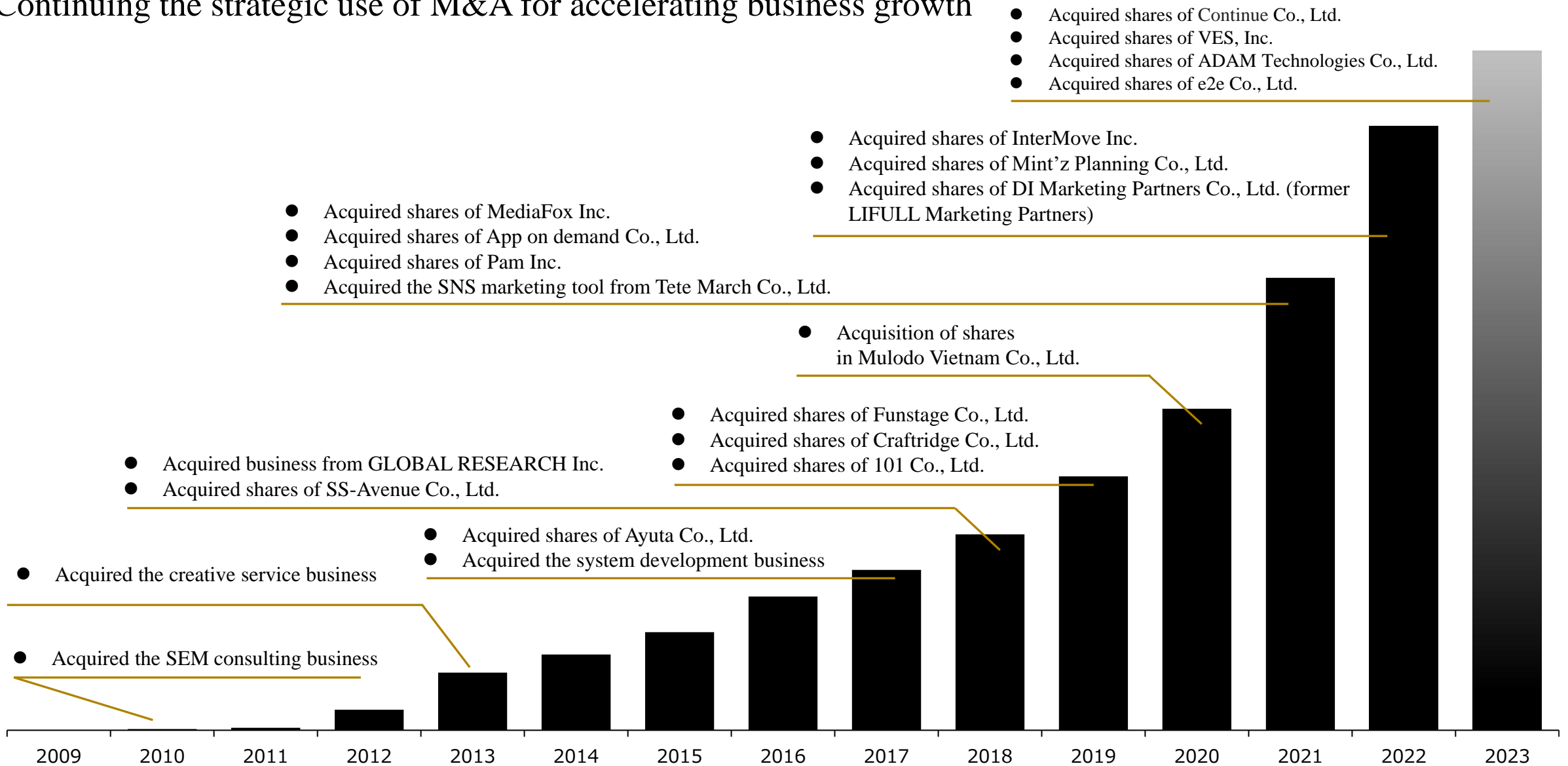
03

Cultivate new business

Growth Strategy: Active Utilization of M&A



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



Growth Strategies: Active use of M&A

Implemented 3 M&As in FY2023



In August 2023, our consolidated subsidiary Sharing Innovations, acquired shares of Continue Co., Ltd, a company based in the Chubu area, has large number of highly skilled engineers at the project manager and project leader level and handles many projects for large companies. The addition of the company to our group will strengthen our competitiveness in the Chubu area, improve our delivery and sales capabilities, and attract new customers.

The logo for Validation Engineering Service (VES) consists of the letters "VES" in a large, red, sans-serif font. A vertical line is positioned to the right of the letter "S".

Validation Engineering Service

※Details explained on p. 56-58

Growth Strategies: Active use of M&A

Implemented 2 M&As in FY2023



In February 2023, Digital Identity, a consolidated subsidiary of the Company, acquired shares of Adam Technologies and e2e, and made them its subsidiaries.



Adam Technologies specializes in content marketing with strength in SEO, and e2e specializes in WordPress system development, maintenance, and operation.

Growth Strategies: Active use of M&A / VES, Inc.



VES, a company in the software testing business, joins the group.

Overview of the M&A and VES

Outline of Transaction	Shares acquired Date of agreement Date of share acquisition Acquisition company Acquisition price Acquisition funds	100% of the shares of VES, Inc. April 25, 2023 April 28, 2023 Orchestra Holdings Inc. Approx. 1.95 billion yen (including advisory fees, etc.) Use of borrowed funds and cash on hand
Outline of VES	Trade name Establishment Business Number of Employees Business Performance	VES, Inc. July 1, 2003 Software Testing Business Approx. 130 employees Net sales approx. 1.3 billion yen, Operating income Approx. 38 million yen (FY3/2022) ※ Contributing to profit in excess of goodwill amortization

Growth Strategies: Active use of M&A / VES, Inc.



New entry into the approximately 6 trillion yen software testing market by M&A of VES, Inc.
Acquired new markets, services, resources, and customers through M&A.

Segment	Domain	Track record	M&A Objectives	Market scale	
Digital Marketing	AD/SEO Creative SNS Marketing Started Jun 2009	LIFULL Marketing Partners	<ul style="list-style-type: none"> • Expansion of service lineup • Share customer base and expand cross-selling opportunities • Strengthen digital human resources 	Approx. 3 trillion yen ※1	
DX	System Solutions Started Jun 2017	*M&A and integration of 10 companies in the DX area	<ul style="list-style-type: none"> • Expansion of TAM (*4) (new entry into DX market) • Share customer base and expand cross-selling opportunities • Expansion of service lineup • Enter marketing DX with Salesforce at the core • Strengthen DX human resources 	Approx. 16 trillion yen ※2	
	Cloud Integration Started Jan 2019				
	Software testing Started May 2023		<ul style="list-style-type: none"> • Expansion of TAM (*4) (new entry into the testing market) • Create synergies with existing businesses ⇒Details are explained in the next slide. 	of which Approx. 6 trillion yen ※3	

*1 Source: Dentsu "Advertising Expenditures in Japan" *2 Source: Ministry of Economy, Trade and Industry, "Basic Survey of Information and Communication Industry" (calculated from software industry sales)

*3 Source: Information-technology Promotion Agency, Japan (IPA) "Software Development Analysis Data Collection" *4 TAM=Total Addressable Market

VES M&A Objectives

Strengths of VES

Approximately 130 people, mainly test engineers, belong to the company.
Providing software testing services for 20 years.
Experience in more than 12,000 cases of verification.

Group synergies

- ◆ Collaboration with Sharing Innovations (SI), a DX business
 - Enables us to provide a full range of services from design to development to testing
 - By sharing SI's engineering resources with VES, the following synergies will be created;
 - ⇒ Accelerate business growth by expanding development and verification system
 - ⇒ Improve profitability of the entire group by increasing the utilization ratio of engineers in the DX business
- ◆ Sharing of customer base and expansion of cross-selling opportunities throughout the group
- ◆ Accelerate growth by sharing resources within the group
(recruiting and training system, marketing support, corporate functions, etc.)

Growth Strategy

Strength

01

Compete in a growing market

Strength

02

Active utilizations of M&A

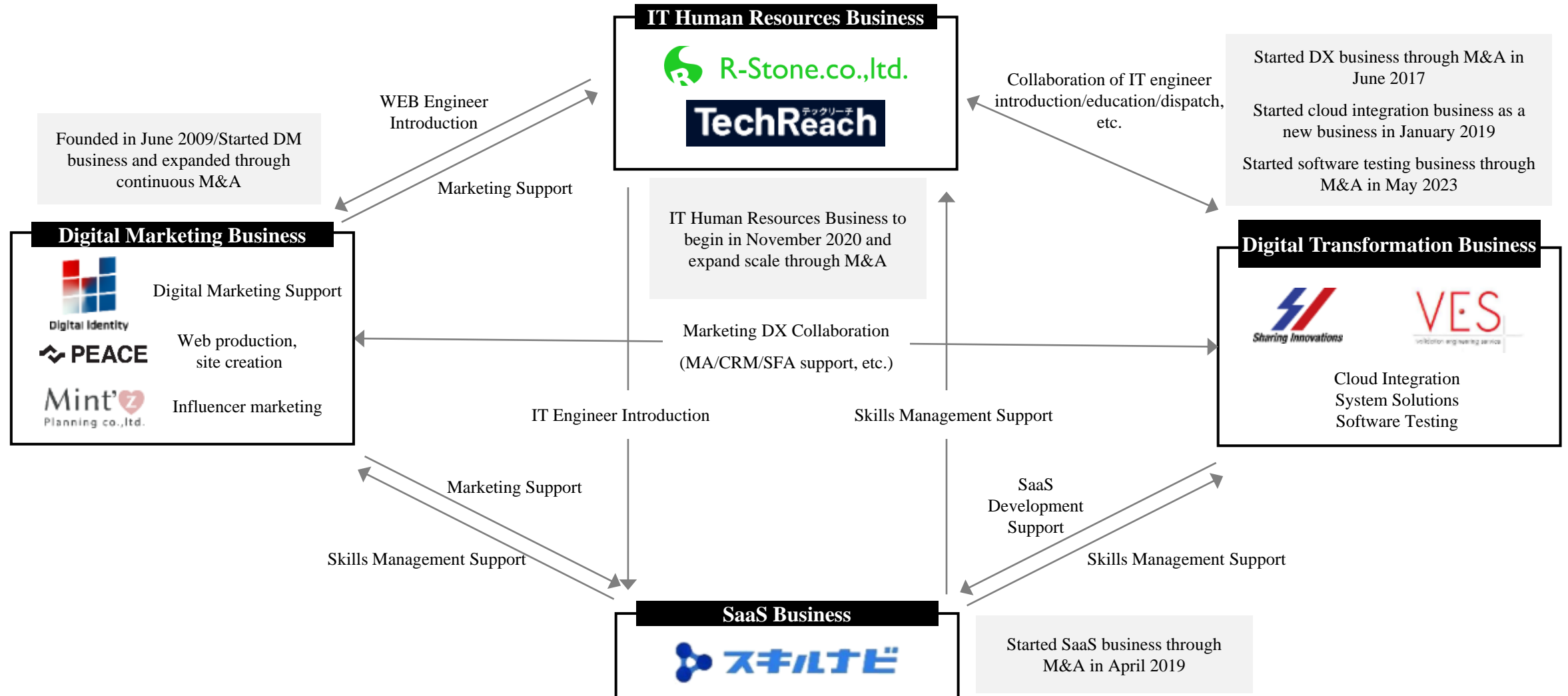
Strength

03

Cultivate new business

Cultivate new businesses

Aim to develop and expand new businesses, focusing on business areas where synergies can be created.





05 ESG Activities

Basic Sustainability Policy

We believe that contributing to the resolution of social issues through our business activities contributes to the creation of a sustainable society, which in turn leads to the sustainable growth of our group and enhancement of our corporate value.

To this end, we will set materiality issues and promote sustainability activities through our business activities, taking into consideration various factors such as the business environment surrounding our group, our business situation, and the stage of our business.

Environment



Social



Governance



Materiality Initiatives

Environment

Realization of office ecology through support for corporate DX

The Group will contribute to paperless, energy-saving and CO2 reductions by supporting the DX of companies through salesforce implementation support and its consulting services, by promoting the computerization, streamlining of internal procedures and the reform of work styles through teleworking, etc.

Social

IT Human Resource Development

The group will promote the development of IT human resources in order to address the increasingly serious shortage of IT personnel, contribute to the realization of an efficient and affluent society by addressing the digitization of society, which is expected to become even more prominent in the future.

Promoting Diversity and Diverse Work Styles

The Group does not tolerate discrimination on the basis of race, nationality, gender, age, religion or political ideology, disability, marital status, child status, sexual orientation, gender identity, etc., in its corporate activities.
The Group provides equal opportunities to all people and respects their human rights to the fullest extent.

Respect for human rights

In accordance with the "Orchestra Holdings Human Rights Policy, we will contribute to the development of a sustainable society by respecting human rights in all aspects of our operations.

Governance

Strengthening the Governance System

The Group recognizes that strengthening and enhancing corporate governance is an important management issue in order to maintain and improve its competitiveness over the long term.
We will implement measures such as the establishment of various committees, further appointment of outside directors, and evaluation of the effectiveness of the Board of Directors.

Environment



Initiatives in Business Activities

Digitization of operations by supporting companies' DX



DXing Support



- Complicated workflow
- Face-to-face meetings and contracts
- Exchange of paper forms

- Increase in operational efficiency
- Reduction of transportation and logistics
- Reduction of paper

Supporting companies' DX will not only increase operational efficiency, but also reduce the movement of people/things and the use of paper.

In-house Activities

Utilization of remote work

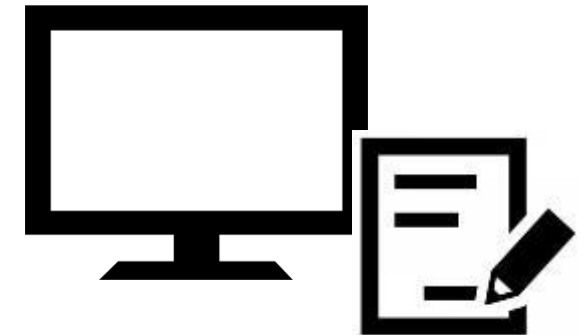


We have already introduced a hybrid work system that combines remote work and office work.

By using different types of work depending on the nature of the business and operations, we have been able to control the movement of people without reducing operational efficiency.

Using remote work reduces traffic and CO2 emissions.

Digitization of documents



< Documents that have been digitized >

- Contracts (with electronic signatures)
- Human resource documents (HR software installed)
- Meeting documents (monitors installed in meeting rooms)

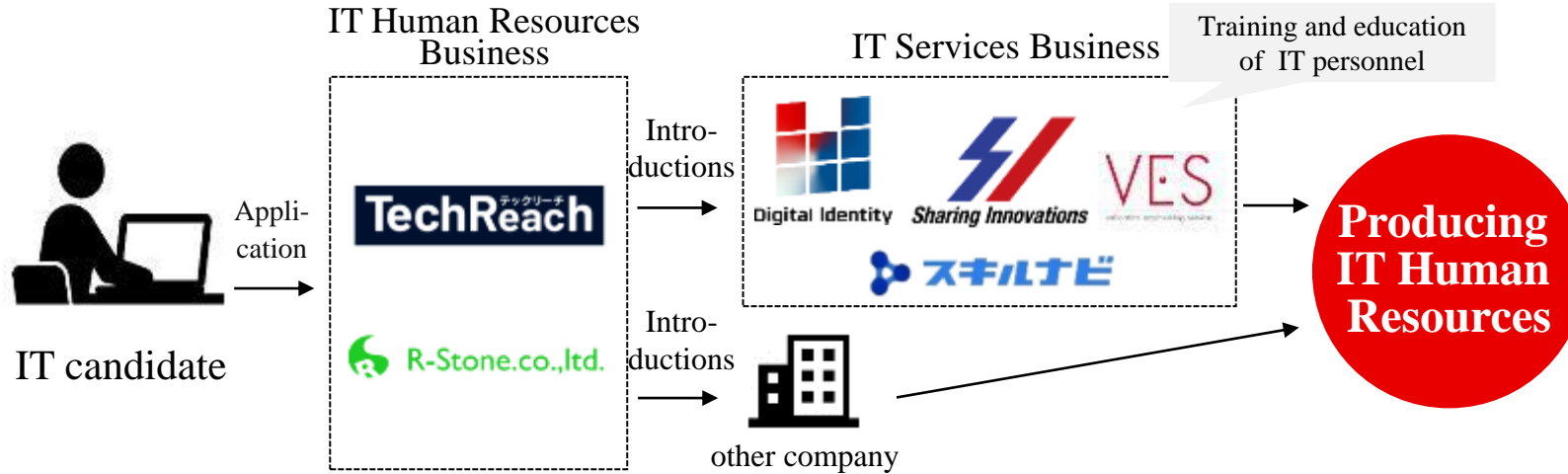
The paperless workflow is being promoted through the construction of a workflow that involves as little paper as possible.

Social



Responding to Industry Challenges

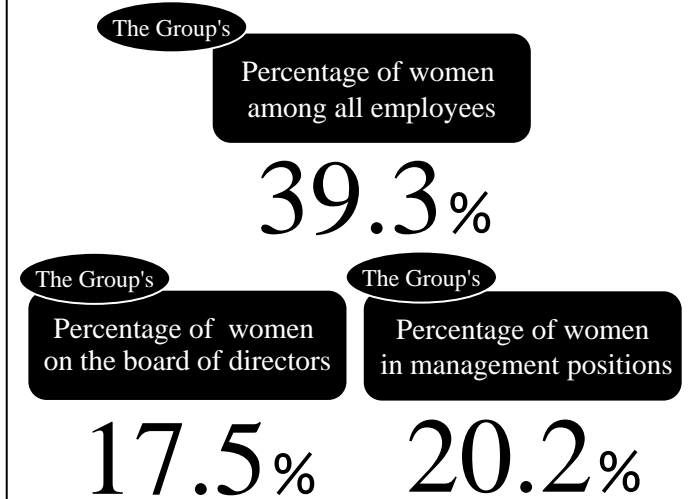
Building a business model for producing IT human resources



To contribute to the IT industry by producing a steady stream of IT personnel through each of our businesses to address the industry's challenge of **a shortage of up to 790,000 IT personnel** by 2030.

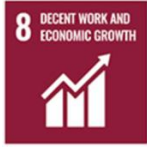
Diversity

Promotion of women's activities



(As of September 30, 2023)

Creating an internal environment in which women can play an active role to ensure sustainable growth.



Governance Features

① Corporate Governance Structure

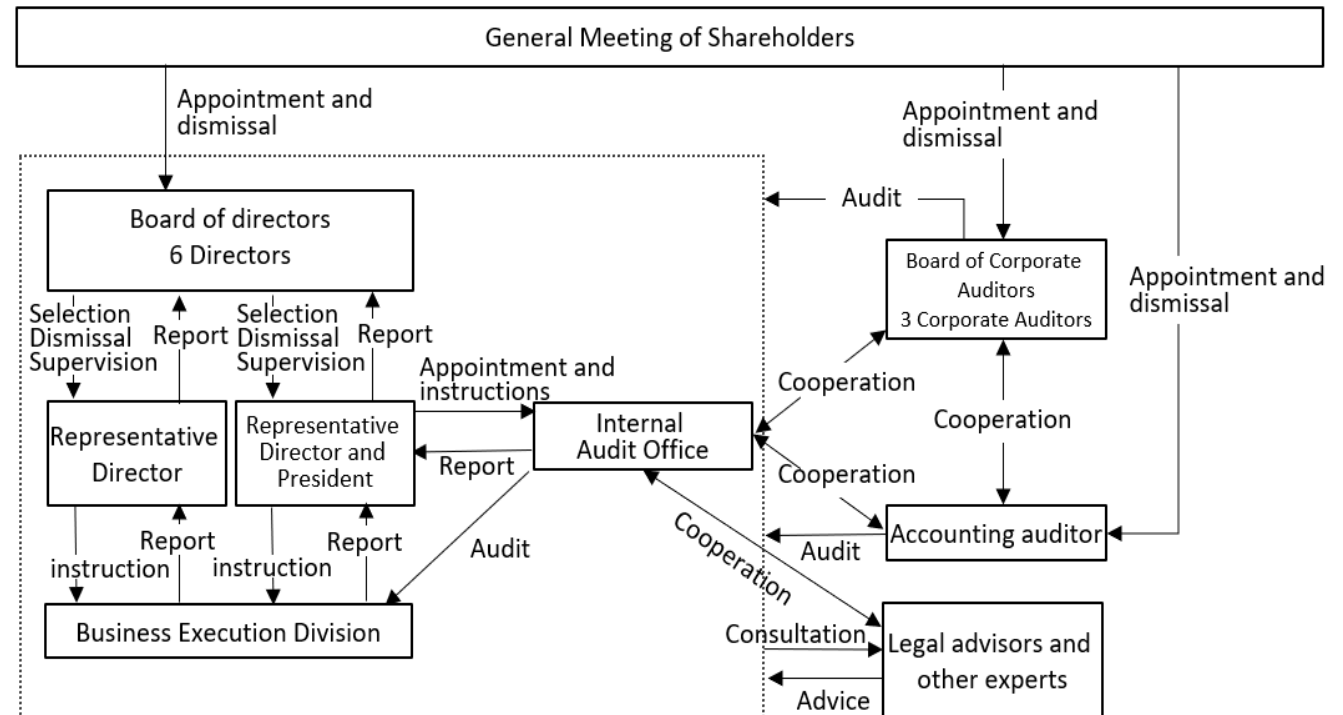
As a company with a board of auditors, we have established a corporate governance system centered on the board of directors, board of auditors, and accounting auditors.

Two of the six directors on the Board of Directors are outside directors, and all three members of the Board of Corporate Auditors are outside corporate auditors, who make management decisions while incorporating objective opinions, and supervise and audit from a standpoint independent of the Board of Directors.

② Maintenance of Internal Controls

In order to ensure transparency and fairness in corporate management, the Company has established an Internal Audit Office to check and determine whether various rules and regulations have been established and are functioning properly.

In cooperation with the accounting auditor, the Internal Audit Office conducts regular internal audits of each division and each company in our group in accordance with the "Internal Audit Regulations."



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!