



ORCHESTRA HOLDINGS

Results of Operations
for the Fiscal Year Ended
December 31, 2023

Executive Summary



FY2023	Net Sales	12,109 mil yen	YonY+16.7%	Operating Profit	765 mil yen	YonY▲43.3%
	Gross Profit	5,870 mil yen	YonY+15.0%	EBITDA	1,212 mil yen	YonY ▲24.1%
<p>Net sales (net) and gross profit reached record highs. In the DM business, operating income for the full year declined due to the reduction of 2H advertising budgets at major clients and intensified investment in human resources, but performance bottomed out in 3Q and is now on a recovery track. Sharing Innovations entered a phase of re-growth after undergoing structural reforms.</p>						

Digital Marketing (DM) Business

Profit decreased due to several major clients scaling back their advertising budgets in 2H due to individual business factors, and higher SG&A expenses due to strengthened human resource investment.

Profits are on a recovery trend after bottoming out in 3Q, when advertising budgets were reduced, due to the strengthening of the new client acquisition system, etc. Profits improved by 150 million yen from the previous quarter.

Digital Transformation (DX) Business

Sharing Innovations returned to the re-growth phase after the structural reform of the cloud integration business (see p.31-32), improving operating profit by 160 million yen in 2H YonY.

Cross-selling opportunities expanded through the sharing of VES, Inc.'s prime customer base, and group synergies accelerated.

Acquisition of treasury stock

Taking into consideration the overall stock price level and financial situation, we decided to repurchase its own shares under the following conditions to be used for strategic M&A and other purposes.

Type of shares to be acquired	Common stock of the Company
Total number of shares that may be acquired	250,000 Shares (upper limit)
Total acquisition cost of shares	200 million yen (upper limit)
Acquisition period	February 14, 2024 – May 31, 2024
Method of acquisition	on-the-market purchasing

01 Financial Overview: FY2023

02 Earnings Forecast: FY2024

03 Business Summary

04 Growth Strategy

05 ESG Activities



01 Financial Overview: FY2023

FY2023 Consolidated Results



Net sales (net) reached a record high, and gross profit reached a record high.

In the DM business, performance bottomed out in 3Q and is on a recovery track. In the DX business, Sharing Innovations has undergone structural reform and has become profitable on a stable basis since 3Q. Excluding the impact of a one-time cost of 50M associated with PMI at VES, Inc., 4Q operating profit recovered to the same level as the previous year.

(Millions of yen)	FY2023	FY2022	% Change	4Q/FY2023	4Q/FY2022	% Change
Net Sales(Net)	12,109	10,377	16.7%	3,256	2,878	13.1%
Gross Profit	5,870	5,104	15.0%	1,547	1,430	8.2%
SG&A expenses	5,104	3,753	36.0%	1,310	1,137	15.2%
EBITDA	1,212	1,597	△24.1%	361	376	△3.9%
EBITDA margin	10.0%	15.4%	△5.4%	11.1%	13.1%	△2.0%
Operating Profit	765	1,350	△43.3%	236	292	△19.4%
Ordinary Profit	776	1,400	△44.5%	236	307	△23.1%
Profit attributable to owners parent	474	853	△44.5%	196	253	△22.5%

Reference: Before applying the new revenue recognition standard ※

Net Sales(Gross)	24,814	21,220	16.9%	6,232	6,027	3.4%
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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 page8 for the details.

FY2023 Segment Results



In the DX business, earnings recovered at Sharing Innovations due to structural reforms, and excluding 50 million yen in one-time expenses, 4Q earnings rose sharply to 103 million yen (up 114.4% YoY).

In the DM business, earnings bottomed out in 3Q and are on a recovery trend, with profits improving by 150 million yen from the previous quarter.

Other businesses continued to make upfront investments*1 in the new "Skill Navi" business.

※1 Upfront investment in SkillNavi: YTD 236million yen QTD 54million yen

Segment (Millions of yen)	FY2023	FY2022	% Change	4Q/FY2023	4Q/FY2022	% Change
Digital Transformation(DX) business						
Net sales	5,556	4,805	15.6%	1,537	1,174	30.9%
Segment profit	267	319	△16.2%	53	48	9.6%
Digital Marketing business						
Net sales(Net)	5,603	4,695	19.3%	1,484	1,485	△0.1%
Segment profit	1,965	2,147	△8.5%	548	559	△2.1%
Other businesses						
Net sales	1,108	1,022	8.3%	286	244	16.9%
Segment profit	△ 85	△ 69	-	△ 29	△ 15	-

Includes 50 million yen of one-time costs associated with PMI at VES, Inc.

Reference: Before applying the new revenue recognition standard ※2

Digital Marketing business						
Net sales (Gross)	18,308	15,537	17.8%	4,460	4,633	△3.7%

※2 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 page8 for the details.

Difference between consolidated full-year forecasts and actual results



Reason for Difference

In the digital marketing business, several of the company's major clients reduced their advertising budgets in the second half of the fiscal year due to individual business factors, and the company reviewed transactions with low productivity in order to achieve medium- to long-term development, resulting in lower performance. In response, the company took measures, mainly in the second half of the year, to strengthen its system for acquiring new clients, and as a result, profits bottomed out in 3Q and are on a recovery track. However, due in part to the advertising market, it took longer than expected for earnings to recover, resulting in a divergence from the earnings forecast.

(Millions of yen)	Net Sales (Net)	Operating Profit	Ordinary Profit	Profit attributable to owners of the parent
Previous forecasts	11,500	1,150	1,150	705
Results	12,109	765	776	474
Change (Amount)	+609	△384	△373	△230
Change (%)	+5.3%	△33.4%	△32.5%	△32.7%

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 12,704 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

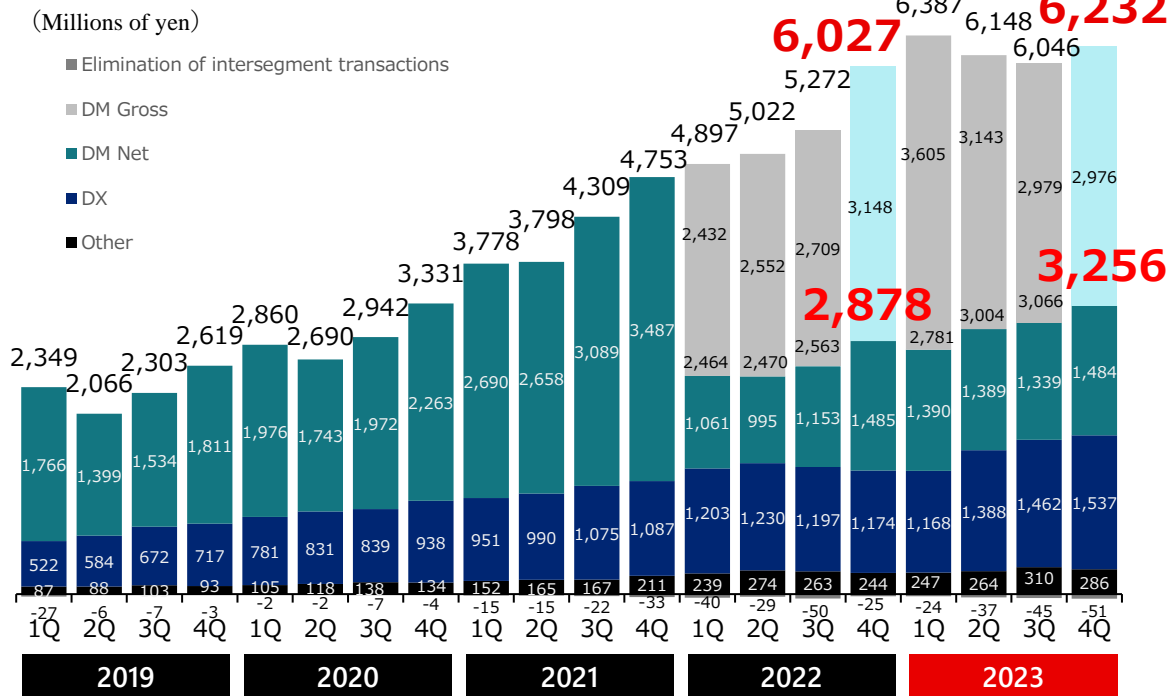
Up 13.1%
YoY

※ After the application of the new revenue recognition standard

Net Sales(net) hit record high due to sales growth of acquired companies.

※ 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 page8 for the details.

Sales before the application of the new revenue recognition standard



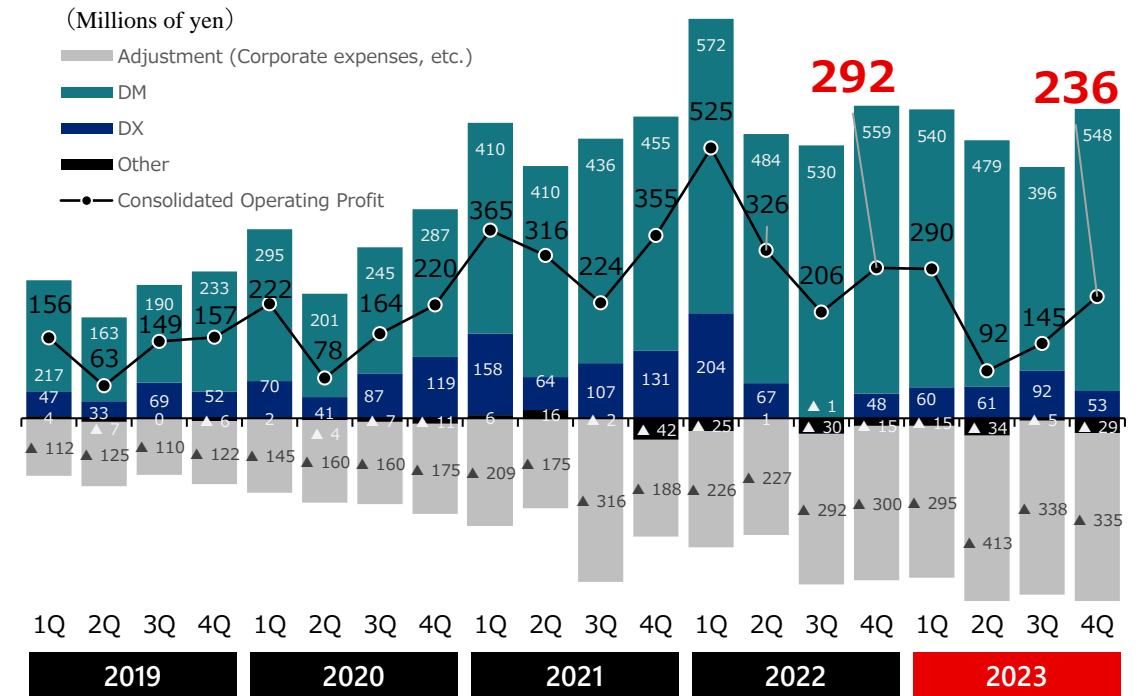
Operating profit

Down 19.4%
YoY

In the DM business, both sales and profits bottomed out in 3Q and are on a recovery trend.

In the DX business, profits increased due to Sharing Innovations becoming stably profitable due to structural reforms (see pages 31-32), despite one-time expenses of 50 million yen associated with PMI of VES.

※ The method of aggregating segment expenses was changed from the second quarter of 2023. Figures from 1Q2022 onward are based on the new aggregation method. For details, please refer to "3. Matters concerning changes in reportable segments, etc." on page 13 of the Consolidated Financial Results for the Fiscal Year Ended December 31, 2023.



DX Business: Quarterly Results

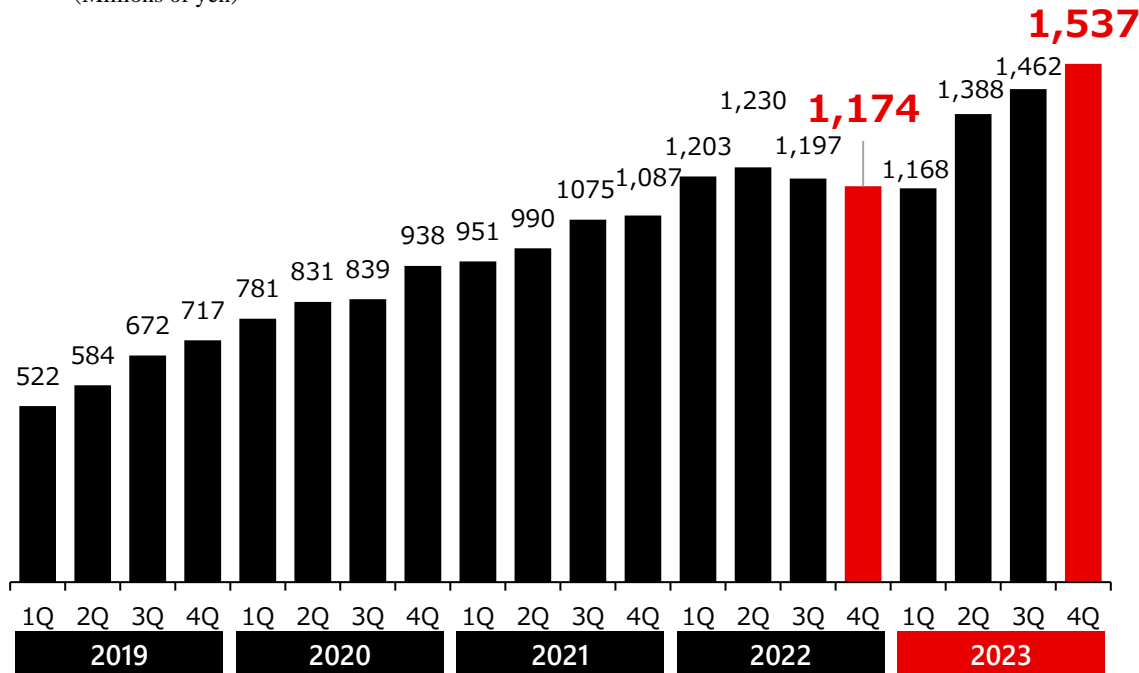


Net sales

Up 30.9%
YonY

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

(Millions of yen)



Segment profit

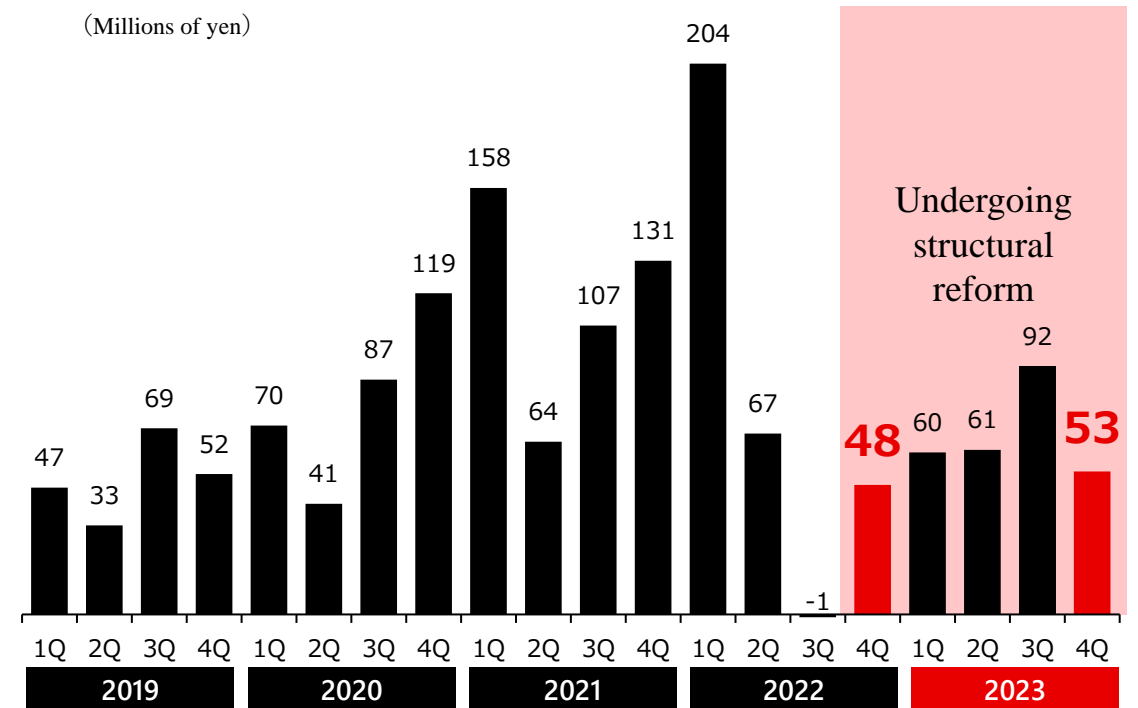
Up 9.6%
YonY

Sharing Innovations returned to the re-growth phase after the structural reform of the cloud integration business (see p.31-32).

Synergies with VES, Inc. improved operating income by 160 million yen in 2H YonY.

Excluding one-time expenses of 50 million yen associated with PMI at VES, Inc., profit rose sharply to 103 million yen (+114.4% YonY).

(Millions of yen)



Digital Marketing Business: Quarterly Results



Net sales

Down 0.1%
YoY

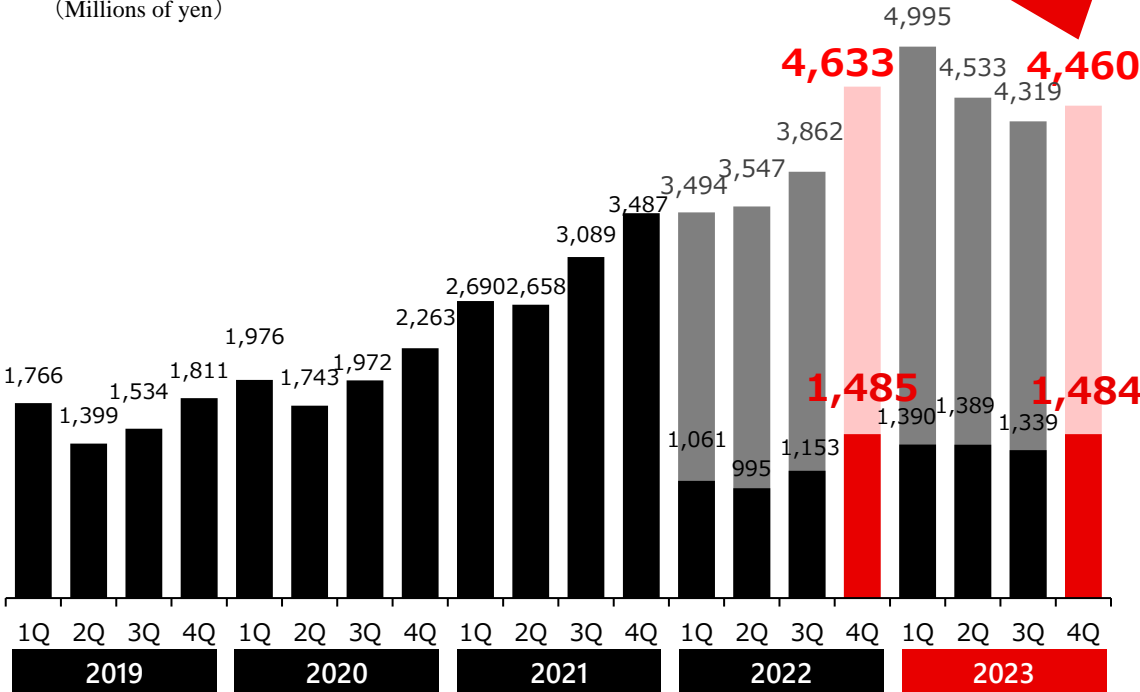
※ After the application of the new revenue recognition standard

Despite the impact of the 2H budget cuts by major customers, sales (net) were on a recovery trend after bottoming out in 3Q, and are at the same level as last year's 4Q.

※ 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 page8 for the details.

Sales before the application of the new revenue recognition standard

(Millions of yen)



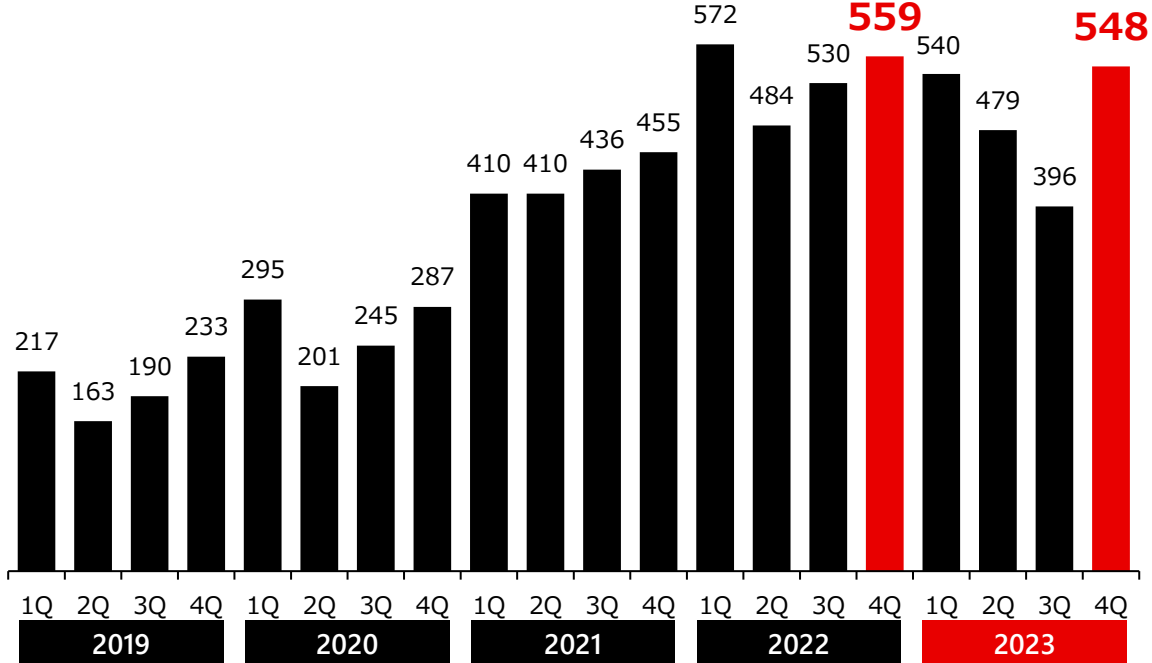
Segment profit

Down 2.1%
YoY

Recovered to about the same level as the previous 4Q through efforts such as strengthening the system for acquiring new customers.

※ The method of aggregating segment expenses was changed from the second quarter of 2023. Figures from 1Q2022 onward are based on the new aggregation method. For details, please refer to "3. Matters concerning changes in reportable segments, etc." on page 13 of the Consolidated Financial Results for the Fiscal Year Ended December 31, 2023.

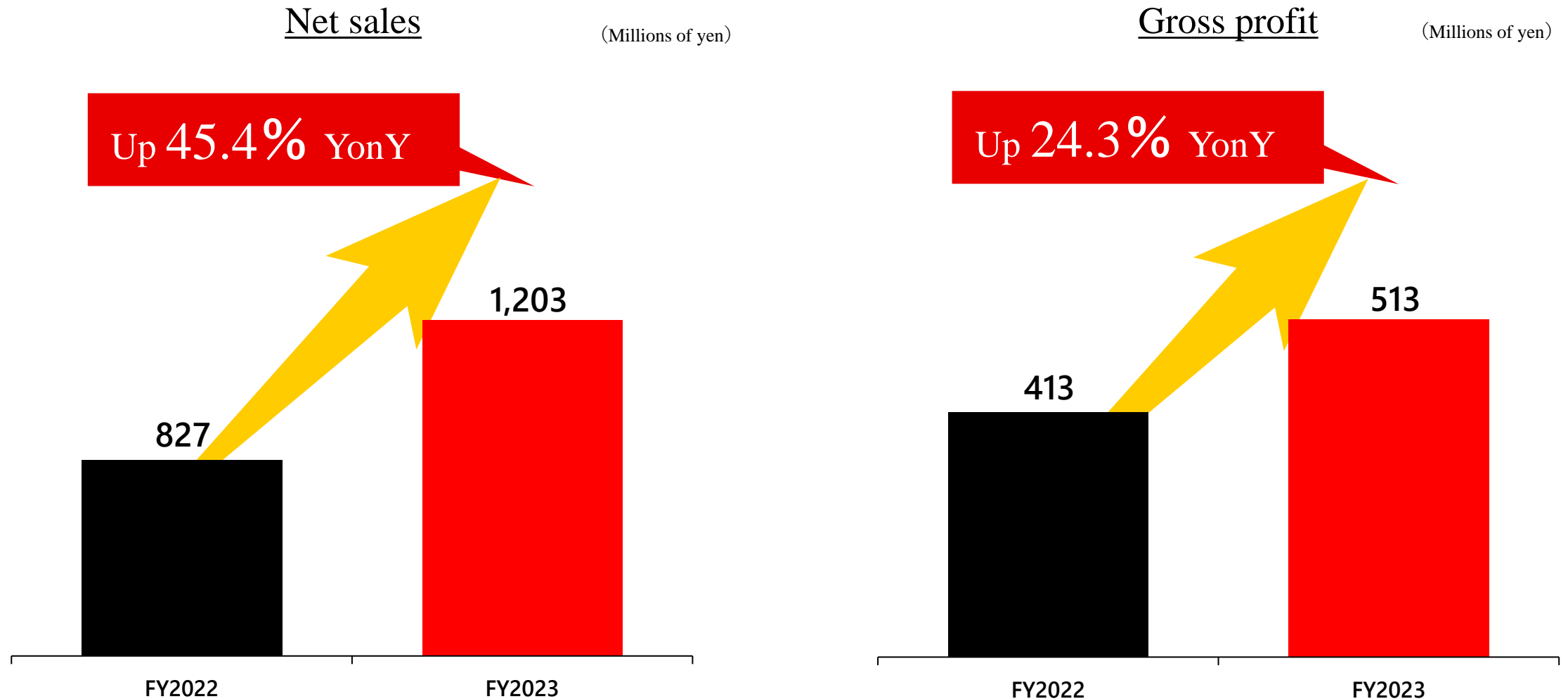
(Millions of yen)



Digital Marketing Business: Post-M&A Growth

Combined growth rate of companies* acquired through M&A in 2021 is 45.4% YoY for net sales (gross) and 24.3% YoY for gross profit due to cross-selling and other group synergies.

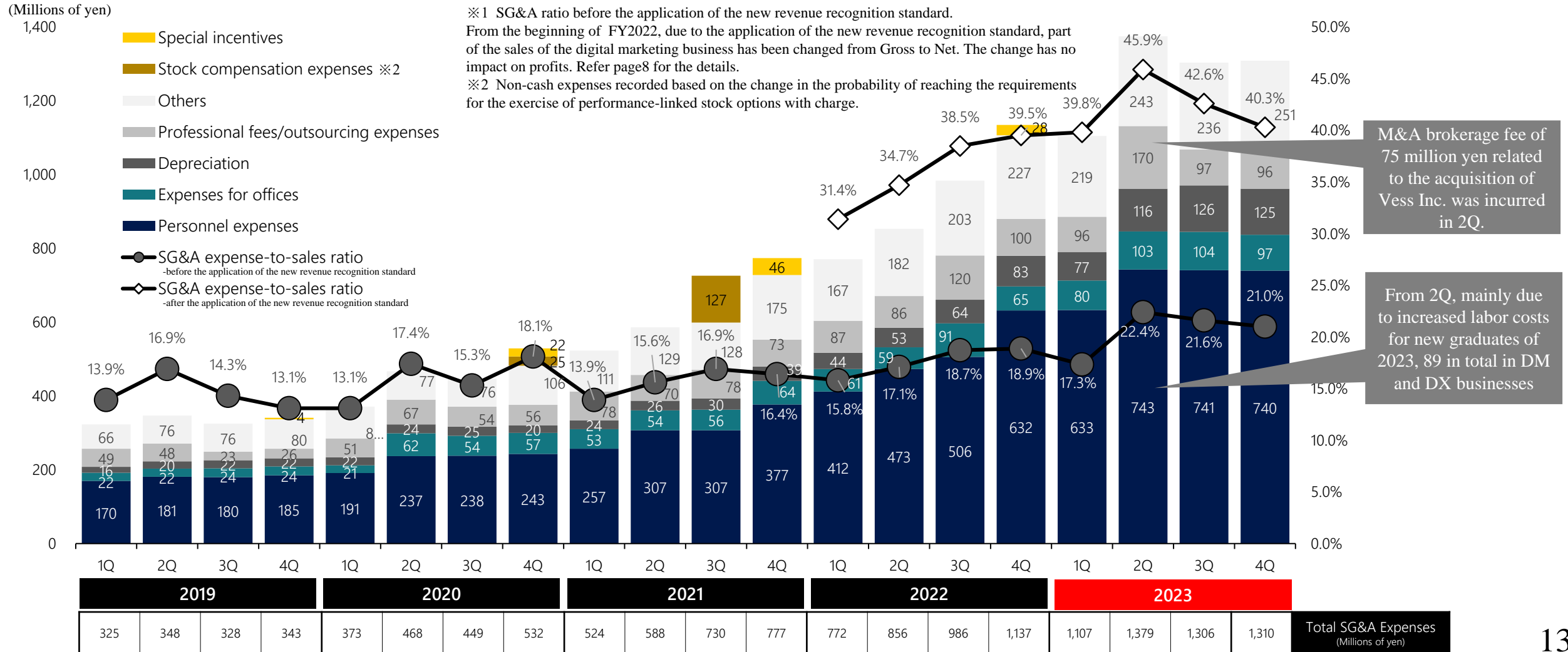
※ Pam Inc. , Peace Inc. , and MediaFox Inc. are included. Mint'z planning Inc. and DI marketing Partners Inc. (ex- LIFULL Marketing Partners) are not included as the acquisition was in FY2022.



Changes in SG&A Expenses

SG&A expenses increased in YoY due to M&A and active investment in human resources.

The SG&A-to-sales ratio was 21.0% before the application of the new revenue recognition standard*1 and 40.3% after.

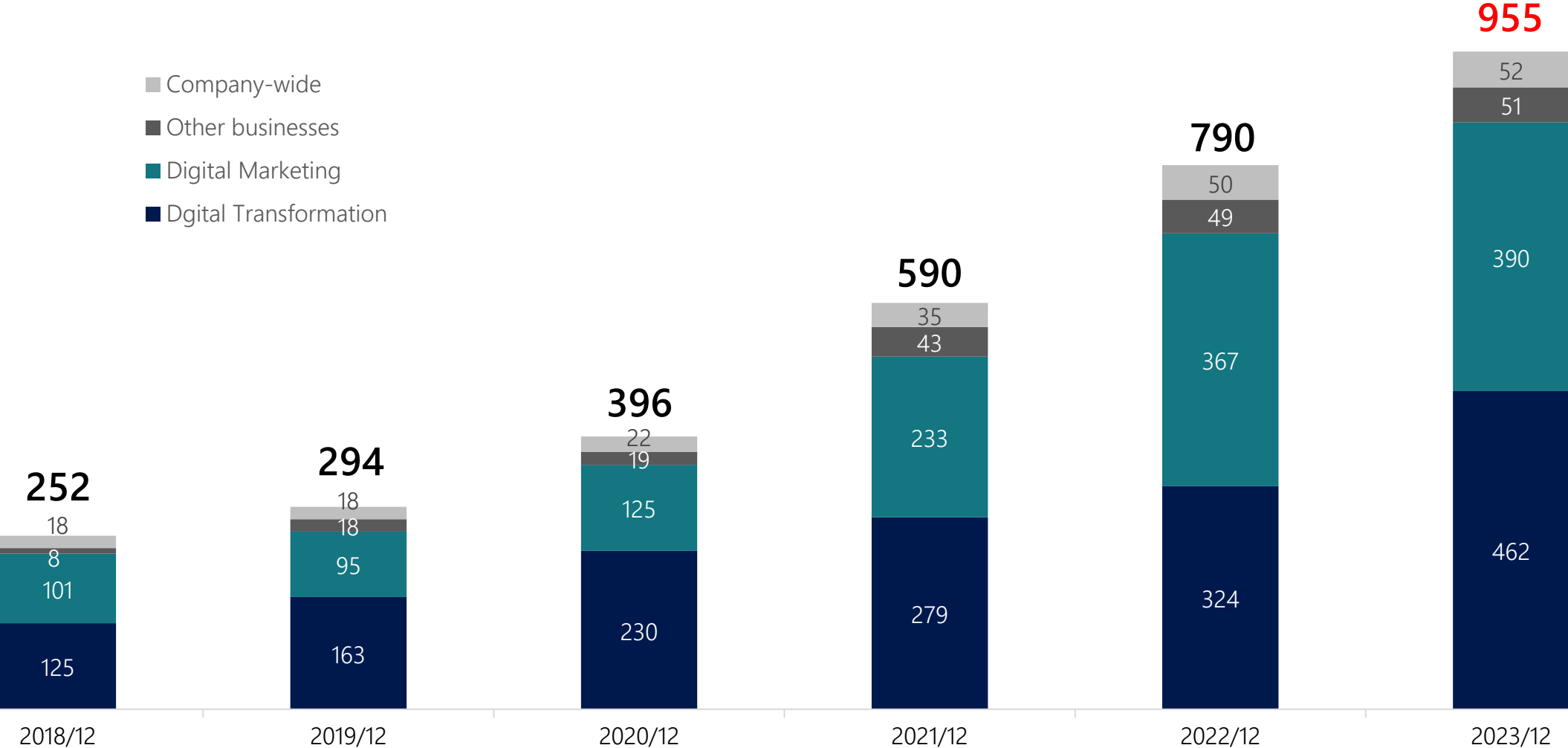


Changes in The Number of executives and employees



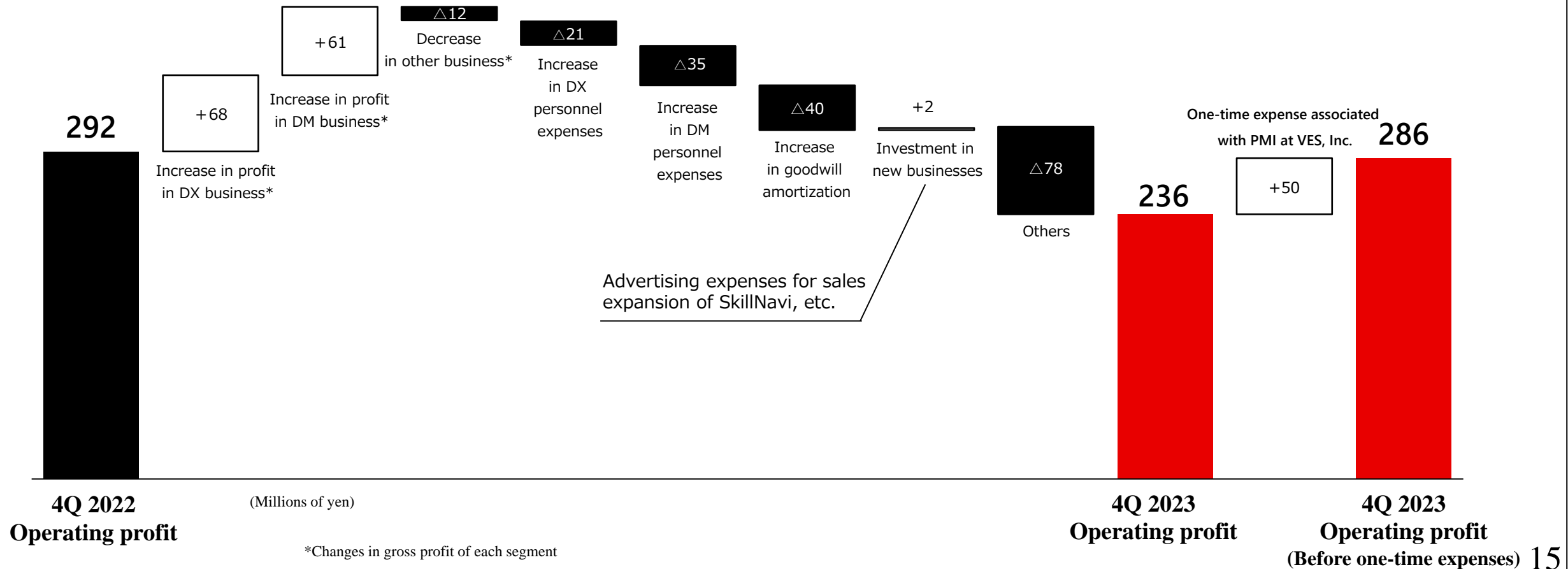
The number of positions will be 955 at the end of December 2023

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



FY2023 Changes in Operating profit

In the DM business, performance bottomed out in the 3Q and is now on a recovery track, and in the DX business, Sharing Innovations has been generating stable profits since the 3Q. 4Q profits, excluding 50 million yen in one-time PMI-related expenses, are expected to be 286 million yen, roughly back to the previous year's level.



Performance-linked stock options (4th SO)

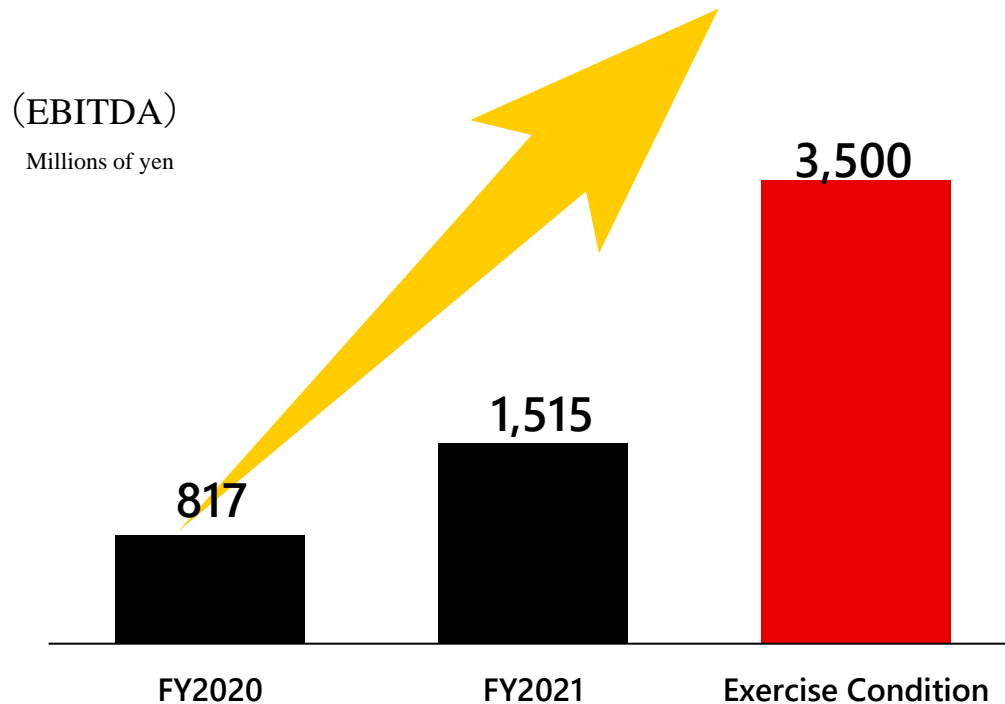
New Performance-linked stock options (4th SO) were issued in 2022 under the following conditions for the purpose of incentives for officers and employees, as the exercise conditions for the 3rd SO have been achieved.

Condition 1

Consolidated EBITDA – over 3.5billion yen

in any fiscal year from FY2022 to FY2025

➔ 50% of stock options can be exercised



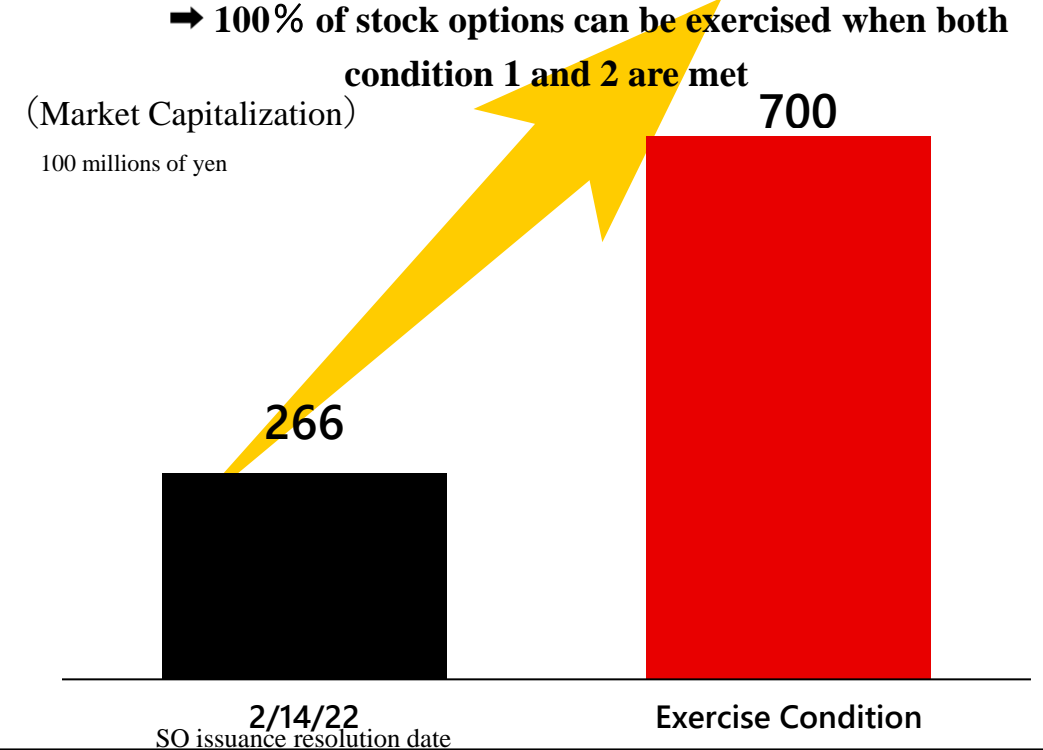
Condition 2

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



FY2023 Consolidated Balance Sheet



Equity ratio of 43.1%, goodwill to capital ratio of 0.6x, maintaining financial soundness while continuing to invest in growth.

(Millions of yen)	Dec.31, 2023	Dec.31, 2022	Change
Current assets	7,145	7,275	△ 130
Non-current assets	5,567	4,134	1,433
Property, plant and equipment	528	646	△ 118
Intangible assets	3,653	2,042	1,611
Investments and other assets	1,385	1,444	△ 59
Total assets	12,712	11,410	1,302
Current liabilities	4,365	4,385	△ 19
Non-current liabilities	2,310	1,289	1,020
Total liabilities	6,676	5,674	1,001
Total net assets	6,036	5,735	301
Total liabilities and net assets	12,712	11,410	1,302

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

Mainly due to an increase in long-term debt as a result of M&A financing in connection with the acquisition of shares in VES, Inc.



02 Earnings Forecast: 2024

FY2024 Consolidated Forecast



Profit is expected to increase by 20%-30% due to the contribution of Sharing Innovations, which has returned to the re-growth phase through structural reforms, and VES, Inc., which is steadily expanding its business through PMI. Although the DM business has been on a recovery trend since bottoming out in 3Q, the budget plan assumes that performance will be at the same level as last year.

(Millions of yen)	FY2023	FY2024	YoY Change	
	Results	Forecasts	Amount	%
Net sales(Net)	12,109	14,000	1,890	15.6%
EBITDA	1,212	1,500	287	23.7%
Operating profit	765	1,000	234	30.6%
Ordinary profit	776	1,000	223	28.8%
Profit attributable to owners of parent	474	550	75	16.0%

2024 Shareholder Distributions



The ordinary dividend will be increased by 1 yen to 11 yen per share.

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 2024, based on our forecast for sales and earnings, our financial position, and other considerations, we plan to raise the ordinary dividend from 10 yen to 11 yen.

	2023	2024
Dividend per share	10.0 yen (Ordinary dividend: 10.0 yen)	11.0 yen (Ordinary dividend: 11.0 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)



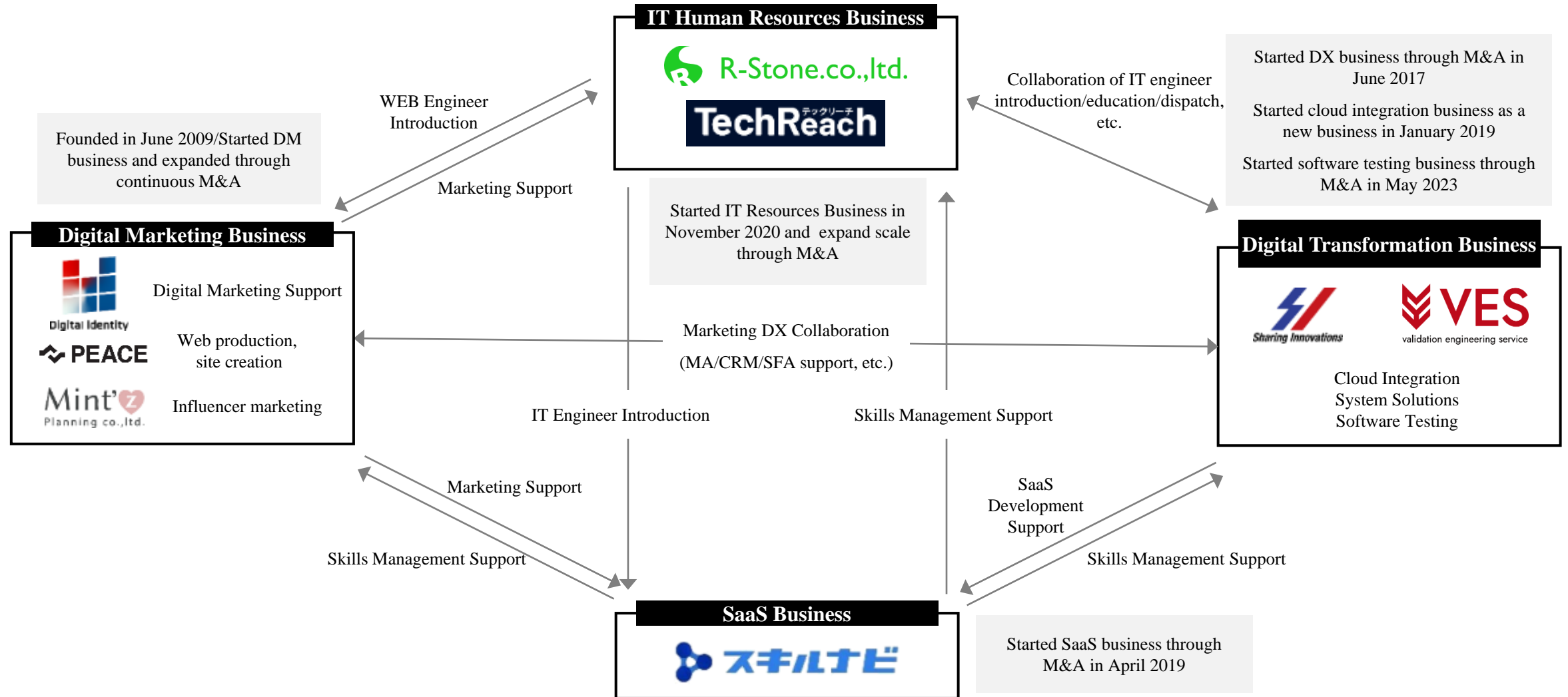
May, 2023
Start of consolidation

Others



Business Synergies

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



Digital Marketing (DM) Business



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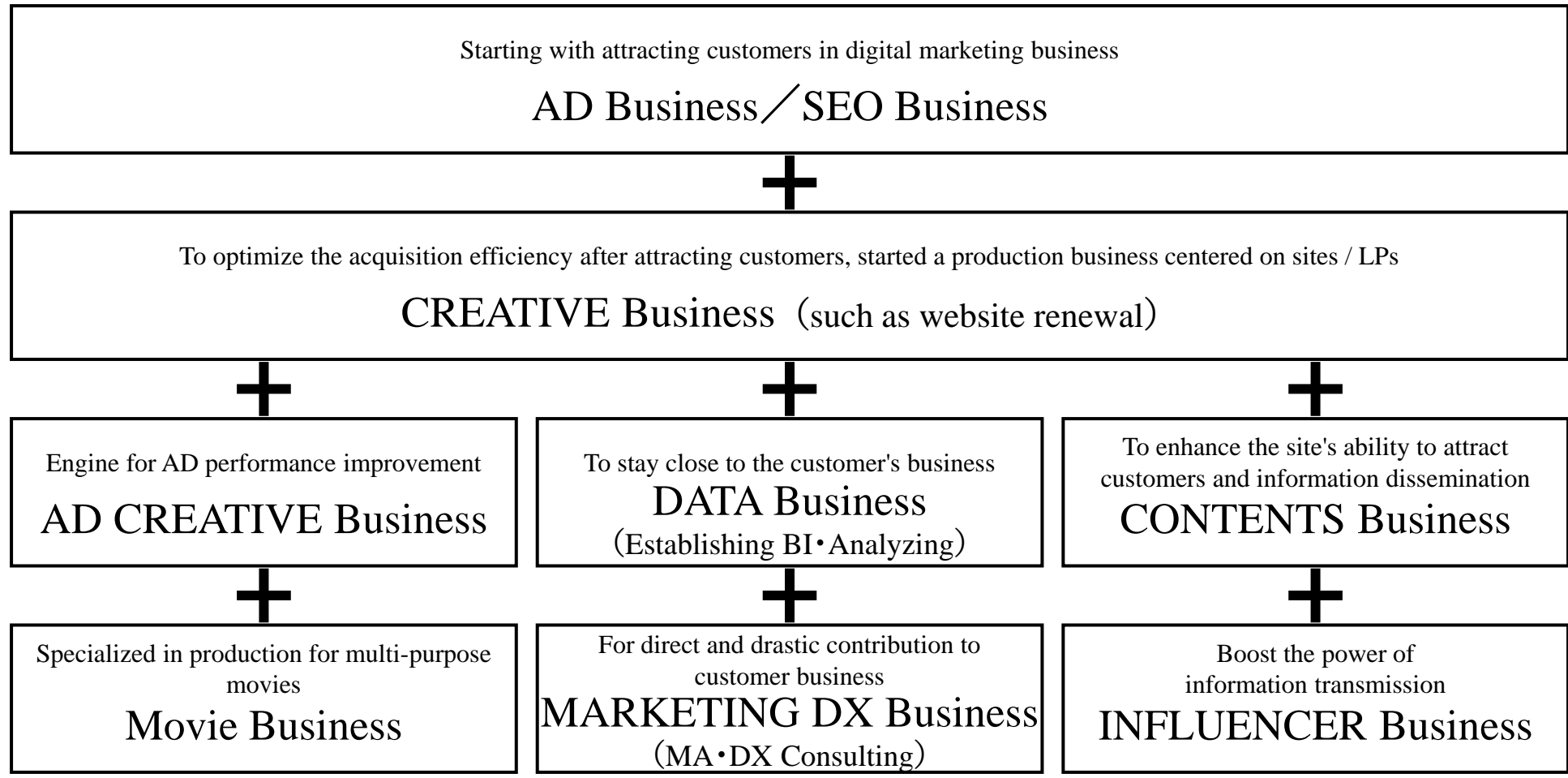
May, 2023
Start of consolidation

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

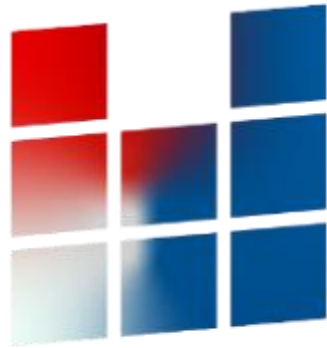
Execution of measures and promotion

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



* Only listed main businesses



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Digital Marketing (DM) business



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(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



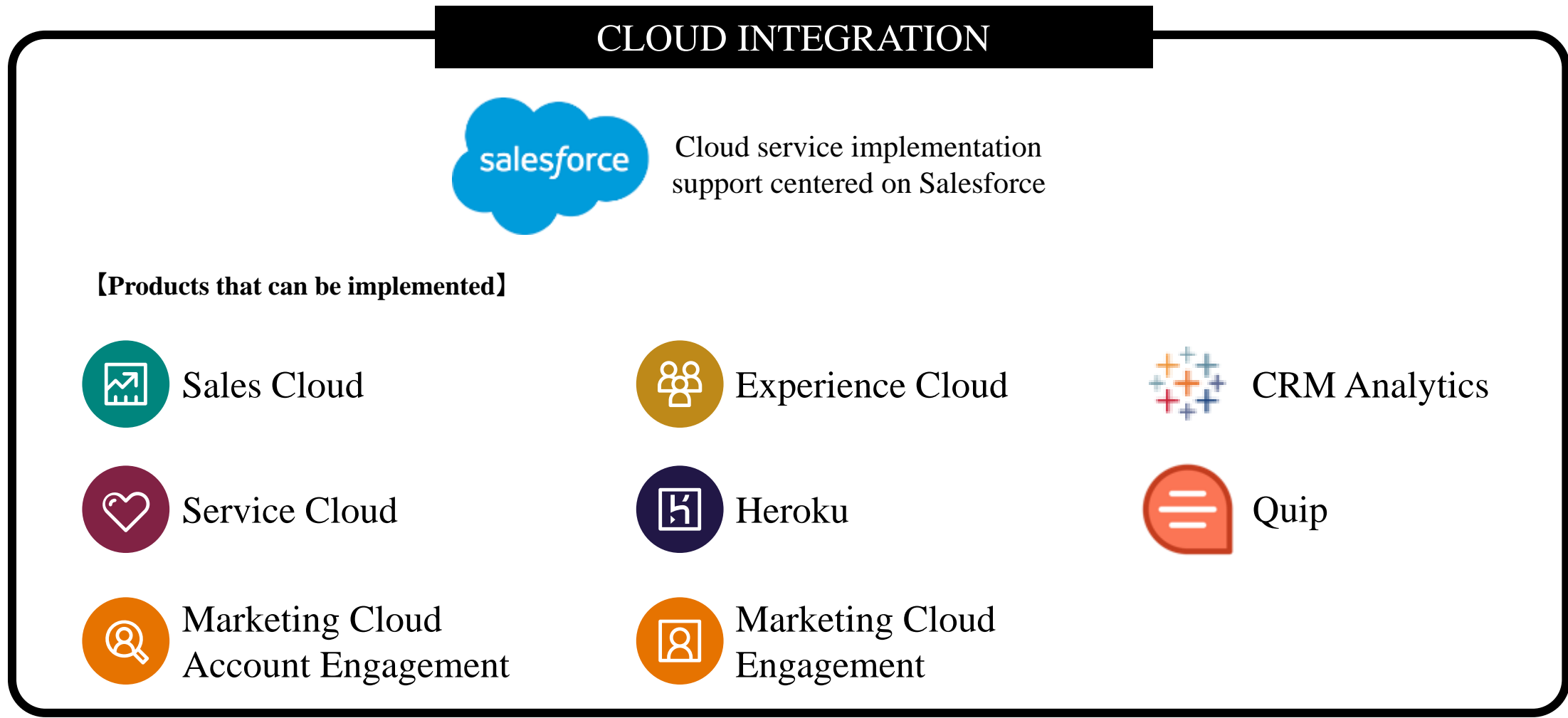
Smart Phone



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

Improvement in profitability

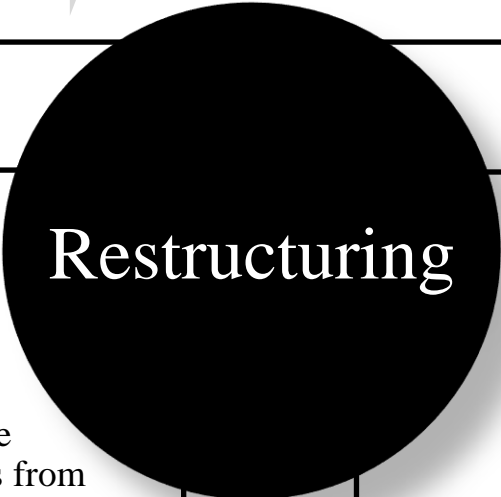
Before

- Received orders for projects that exceeded capability and became unprofitable
- Deterioration in occupancy rate



After

- Designing appropriate rules for order receipt (completed)
- Reallocation of personnel to optimize fixed costs (completed)
- Improvement of utilization ratio (continued)



Improvement of delivery capability

Before

- Quality issues



After

- Depth in the middle class due to the addition of highly skilled engineers from Continu and mid-career hires (completed)
- Optimization of the number of managers per PM/PL (completed)

Improvement of sales force

Before

- Decrease in orders



After

- Expansion of resident dispatch support services for Salesforce engineers (continued)
- Acquire large scale projects with high degree of difficulty (continued)
- Expand pipeline through group company VES, Inc. (continued)

VES / Business Overview

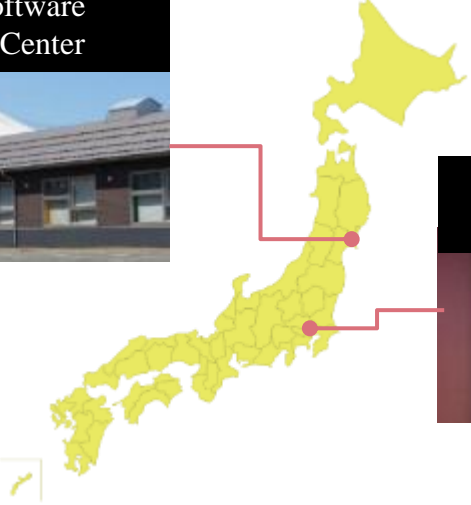
Main Business

- 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



Metropolitan Area Verification Lab

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.



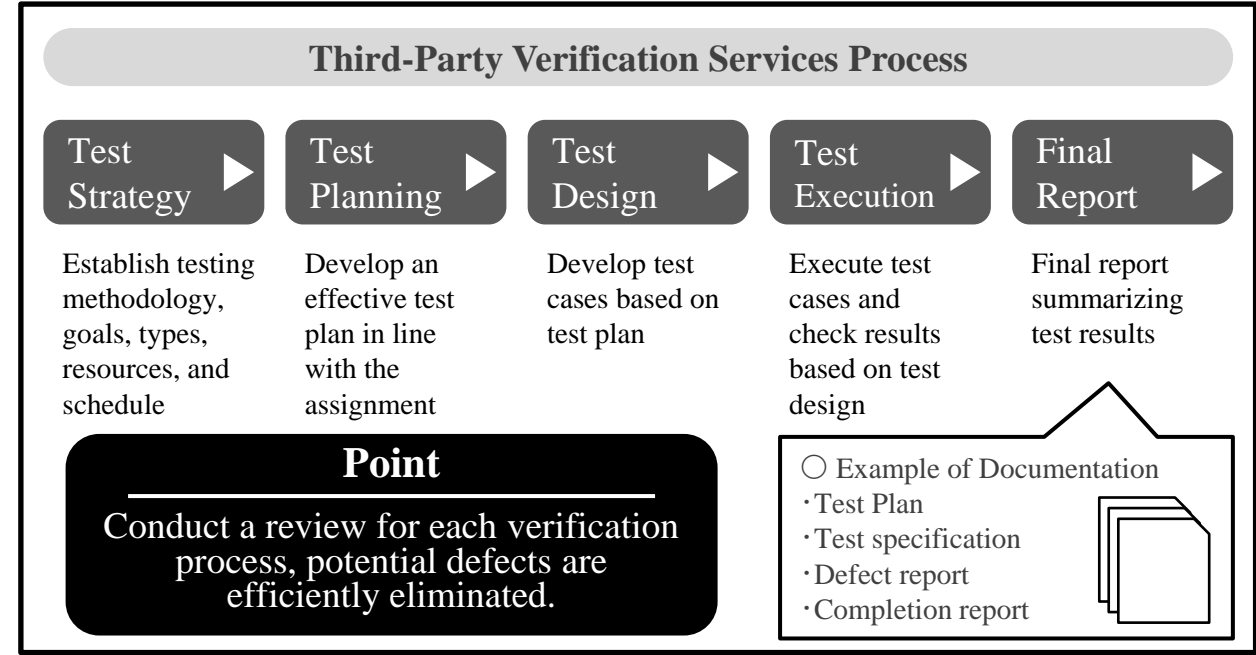
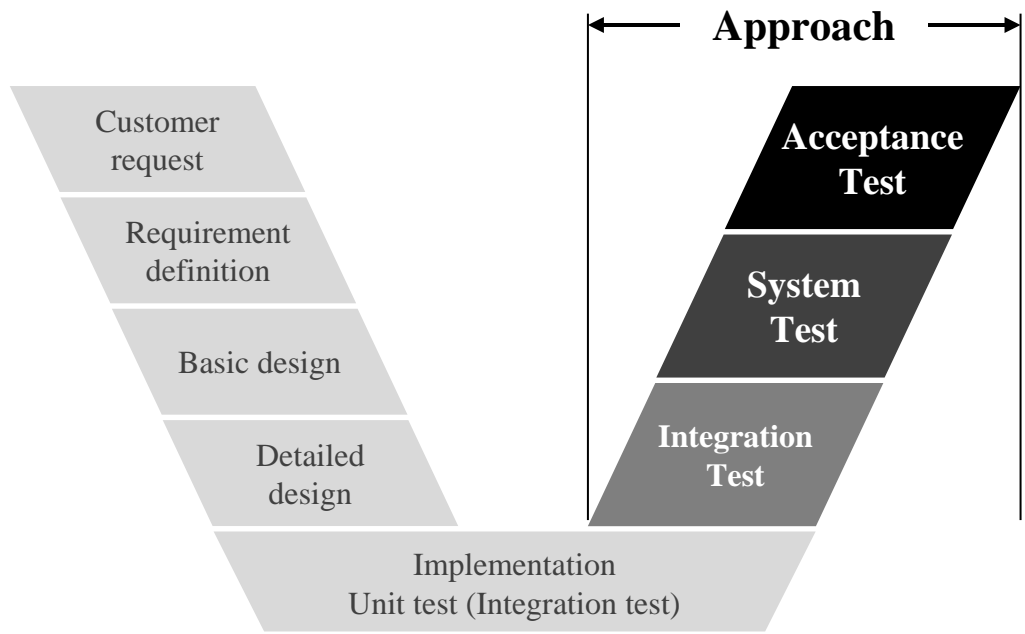
Software Testing International Certification JSTQB
Gold Partner Certification

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

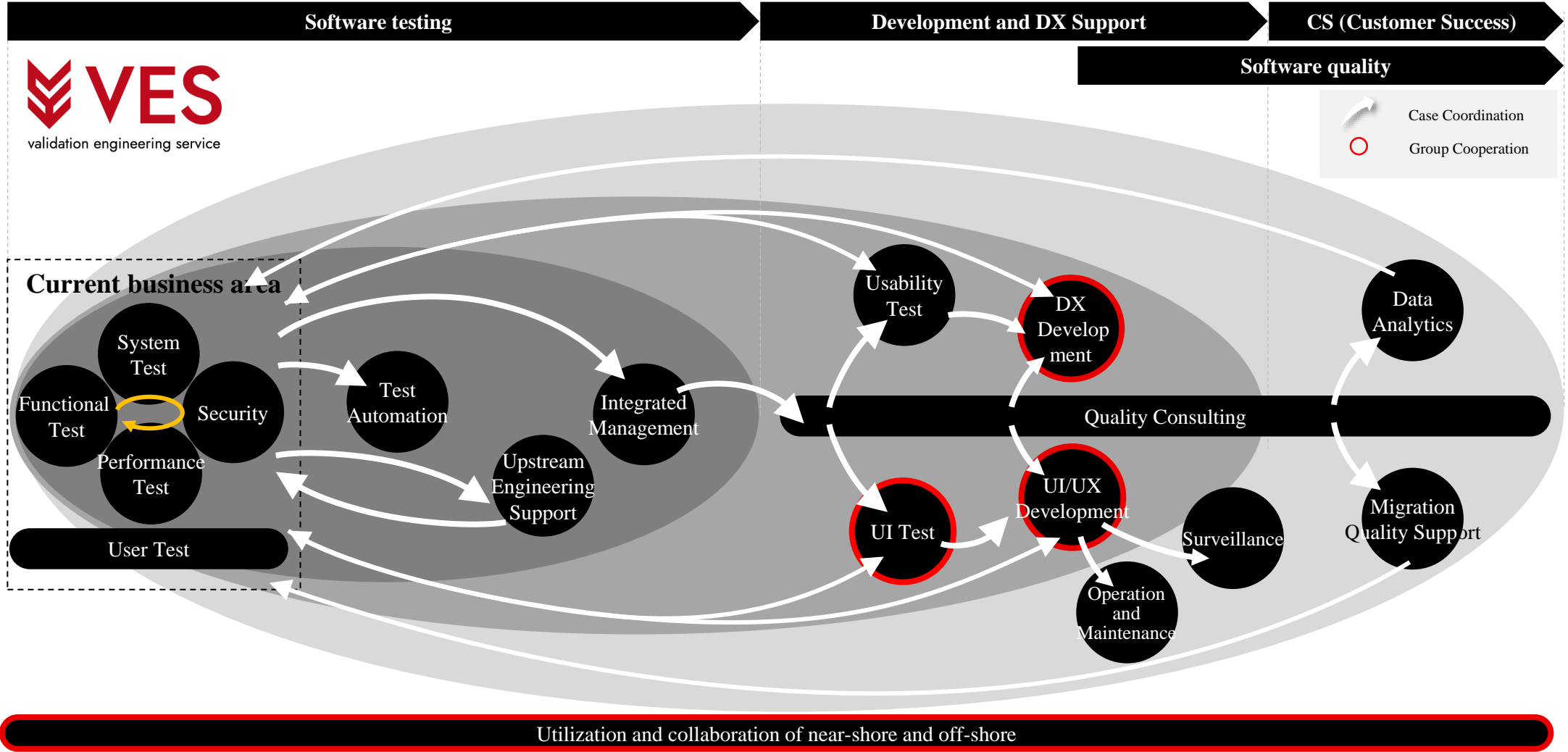


● EC/Web Verification Services

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.



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

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Digital Marketing (DM) business



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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

得意機能	評価・報酬 改善機能	業務機能	その他特長
スキル管理 スキル登録・スキル評価 スキルマップの作成 スキルギャップの分析 スキル取得の進捗管理 スキル取得の履歴管理 スキル取得の通知機能 スキル取得の履歴管理 スキル取得の通知機能	評価機能 評価シートのデジタル化 評価シートの共有機能 評価シートの印刷機能 評価シートの通知機能 評価シートの履歴管理 評価シートの通知機能 評価シートの履歴管理 評価シートの通知機能	人事管理 人事データの連携 人事データの連携 人事データの連携 人事データの連携 人事データの連携 人事データの連携 人事データの連携 人事データの連携	その他特長 クラウドシステム モバイル対応 セキュリティ対策 柔軟なカスタマイズ 柔軟なカスタマイズ 柔軟なカスタマイズ 柔軟なカスタマイズ 柔軟なカスタマイズ

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、標準機能すべてがオプションなしで活用可能です。そのほかにも様々な機能を追加することができます。



SaaS Business / Business Overview

Skill Management System

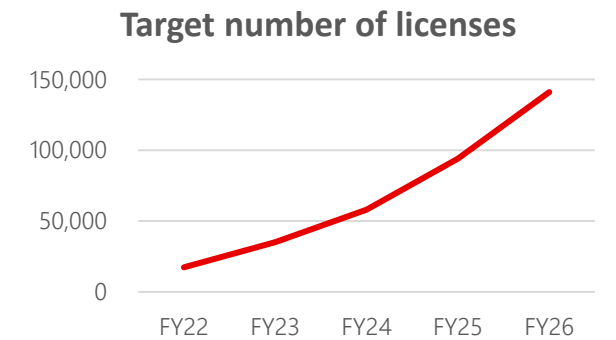
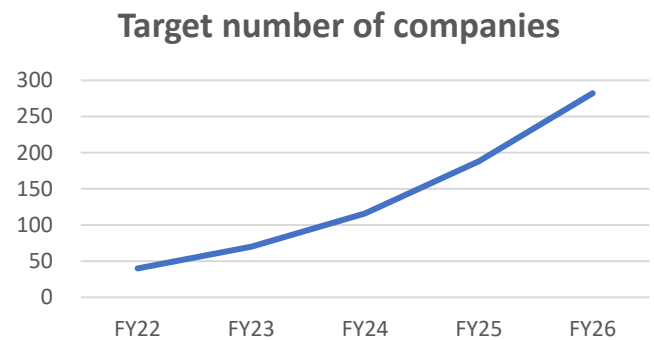
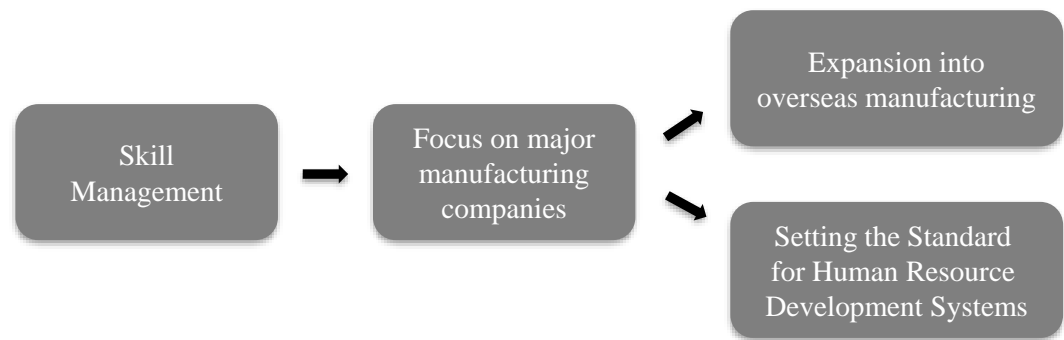
As the working-age population continues to decline, there is an increasing need to build human resource management systems in order to "maximize human capital," "improve productivity," and "reskilling".

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

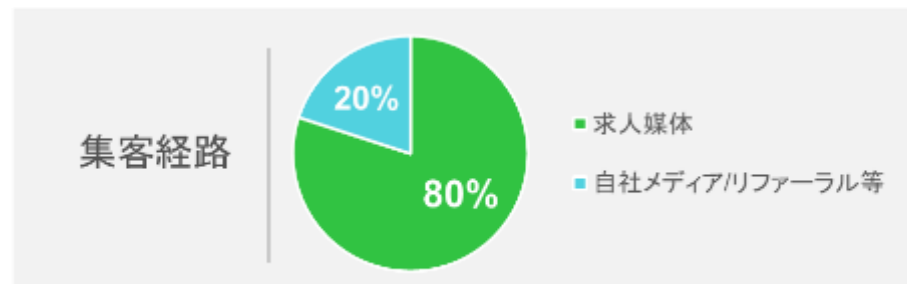


人材紹介サービスについて

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



Electricity retailing



BtoB matching



Cosplay



HR



AI



Fintech



MEO



Real estate



Smart homes



P2C



HR



Health care



HR



Con-tech



Project
Management 43



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. The company will enter the re-growth phase with a significant recovery in business performance. (See p.31-32) 【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.35-36)
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.39-41) 【IT Human Resources Business】 Continued annual growth of 20-30%. Next fiscal year, the recruitment media business is expected to be profitable on a monthly basis, resulting in a significant improvement in profits. In addition, by recruiting IT personnel through in-house HR agency, we can reduce recruiting costs significantly at the Group level (See p.42).

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}

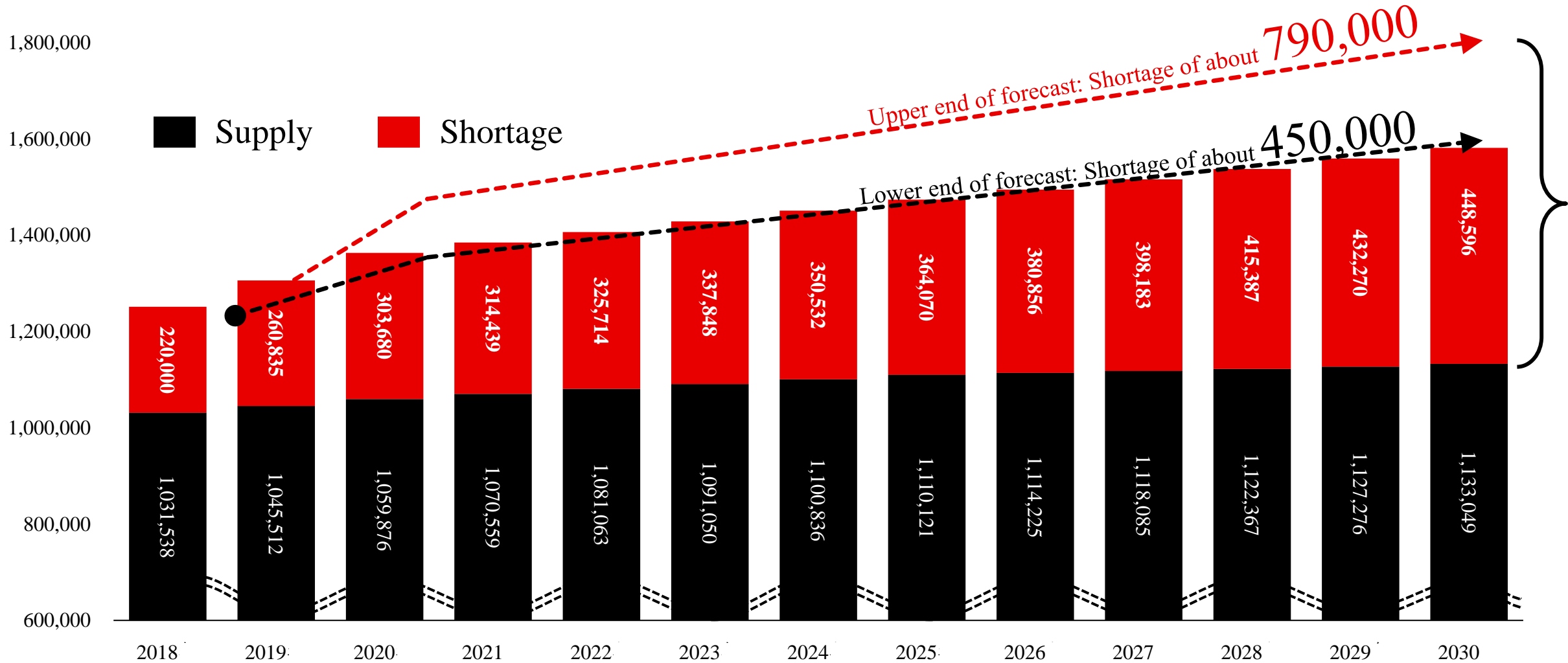
^{*5} Source: Dentsu Inc. "2022 Advertising Expenditures in Japan"

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

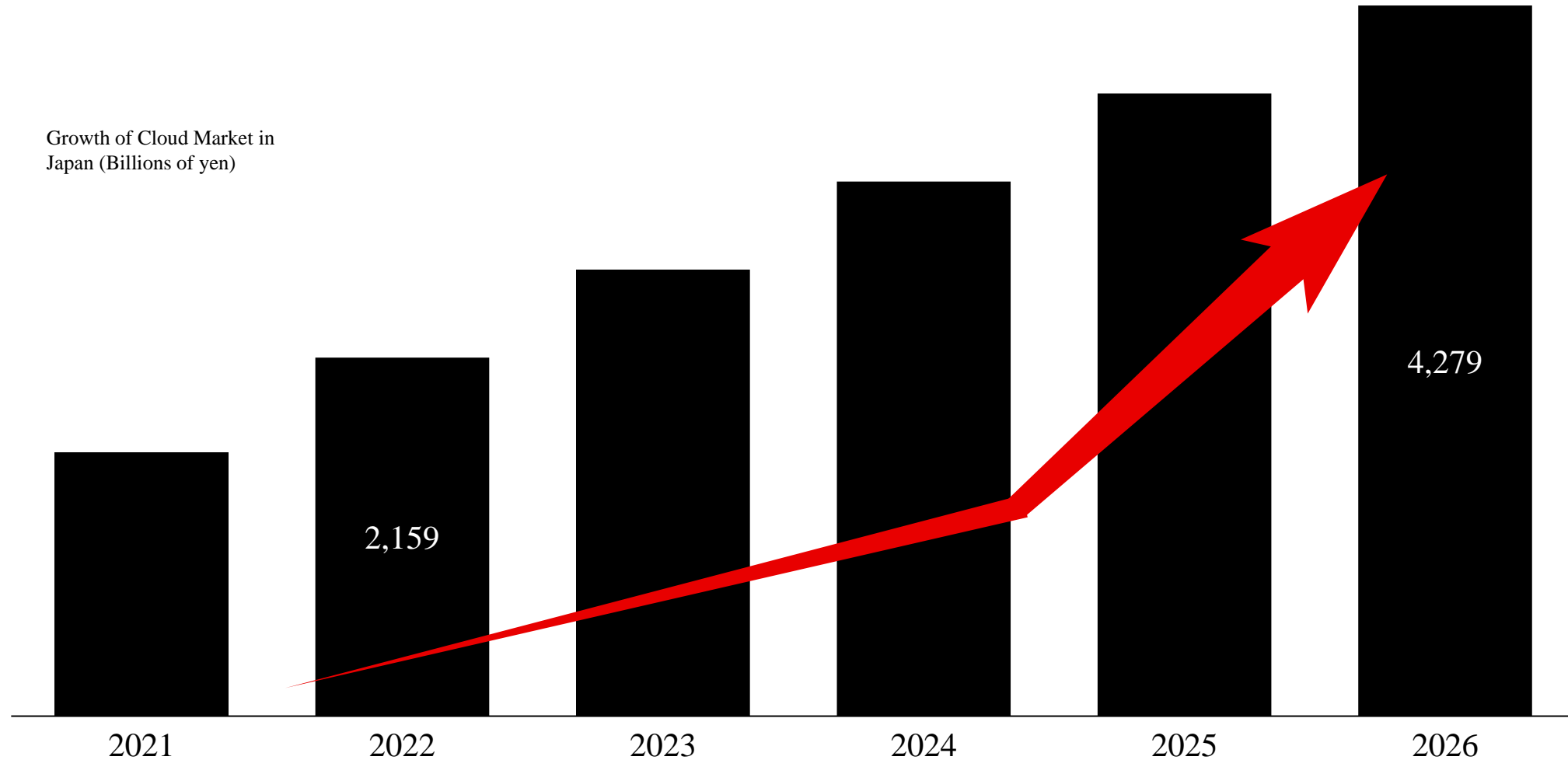


Source: "IT Personnel Supply and Demand Survey" conducted for the Ministry of Economy, Trade and Industry

Market Data: Growth of the Cloud Market in Japan

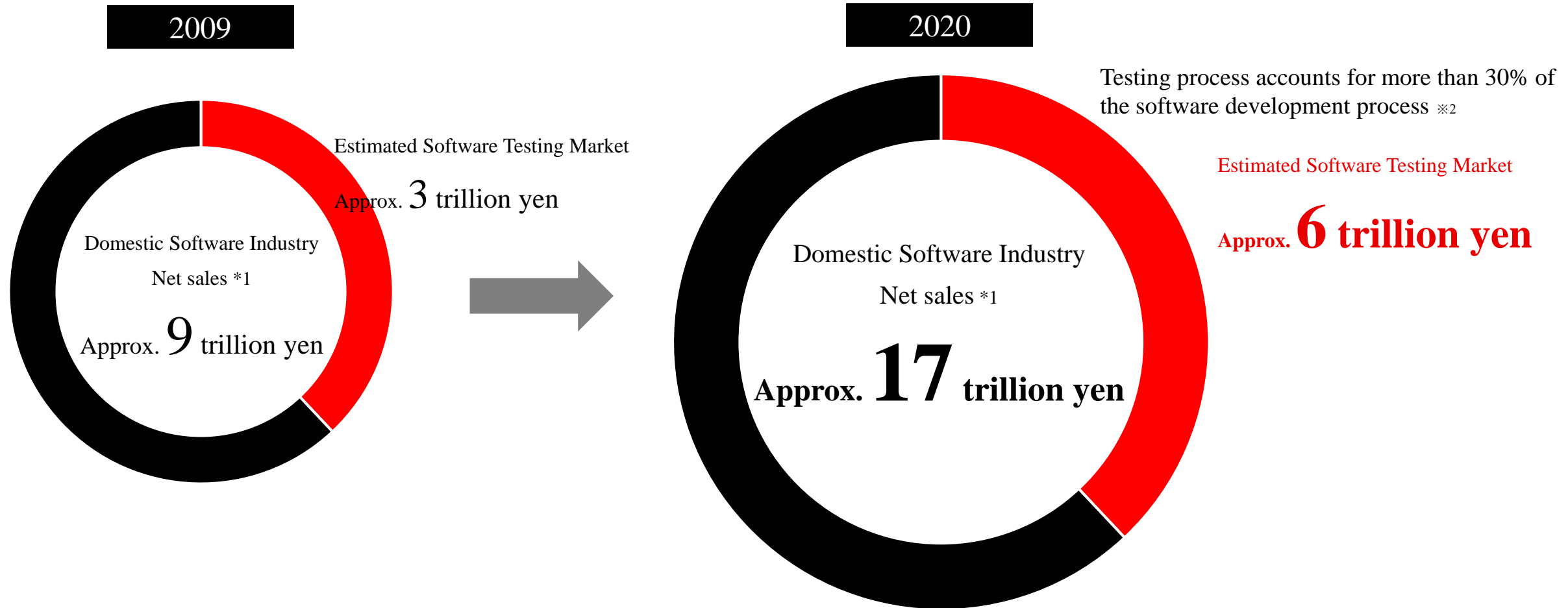
Forecast annual average growth rate of 20.8% between 2021 and 2026

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.

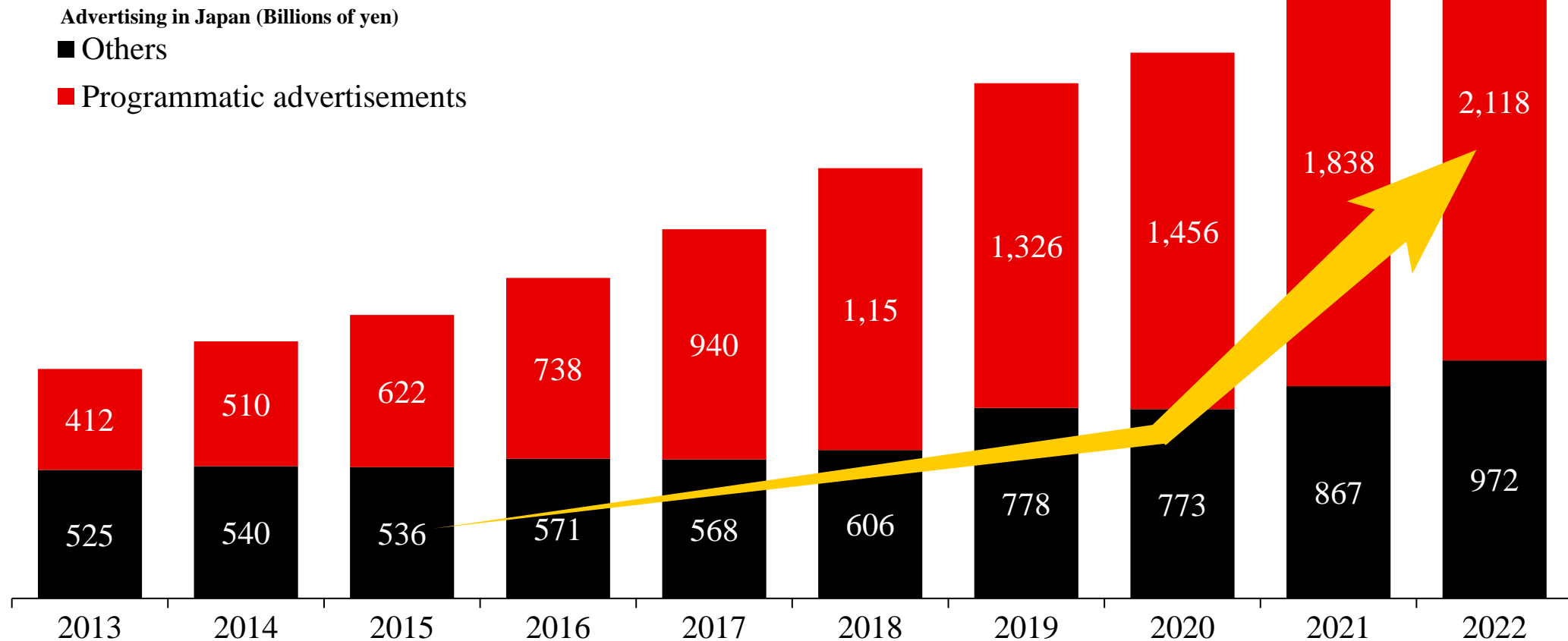


*1 Source: Ministry of Economy [Basic Survey of Information and Communication Industry]

*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

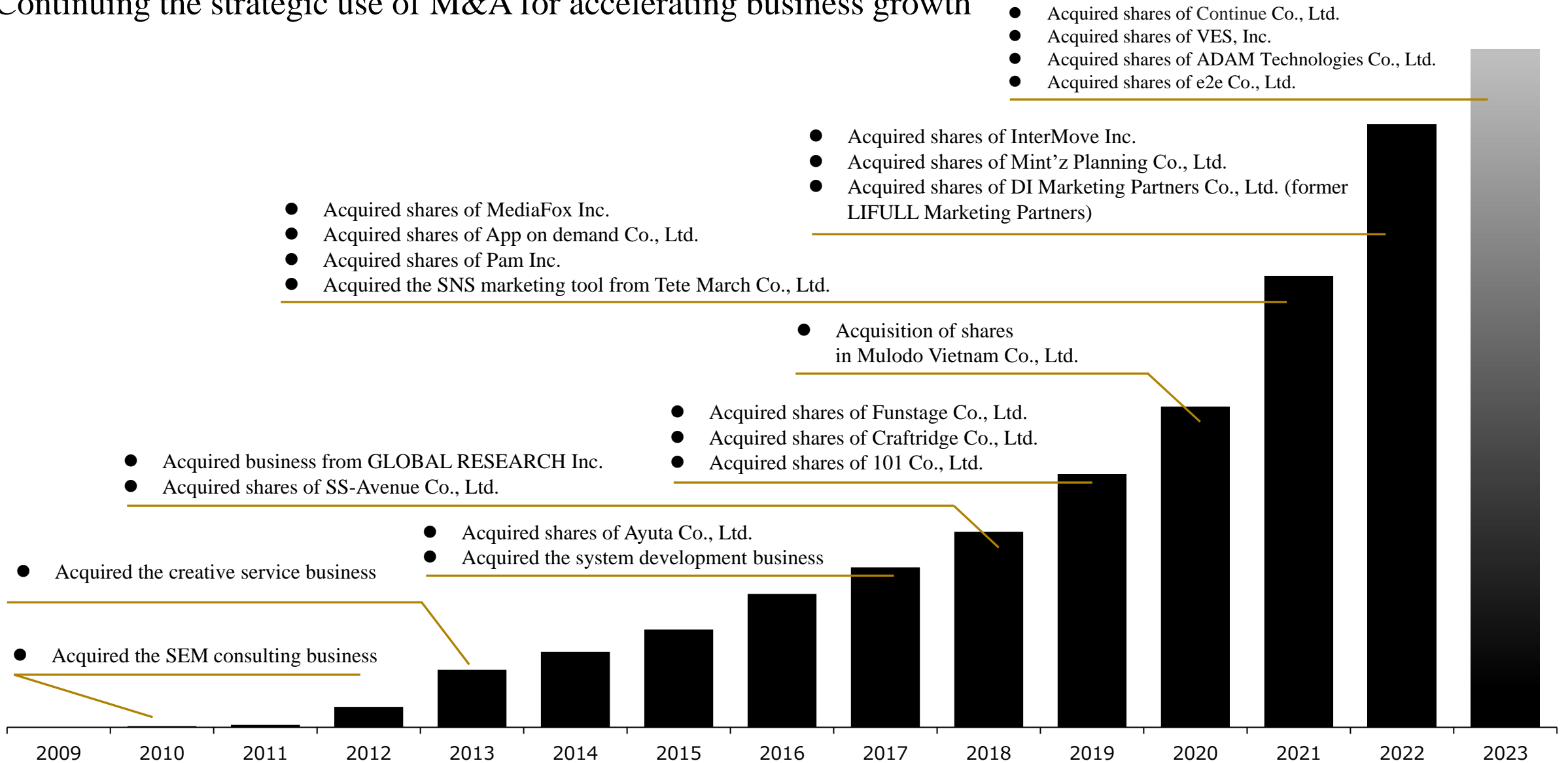
03

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.



validation engineering service

※Details explained on p. 57-59

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

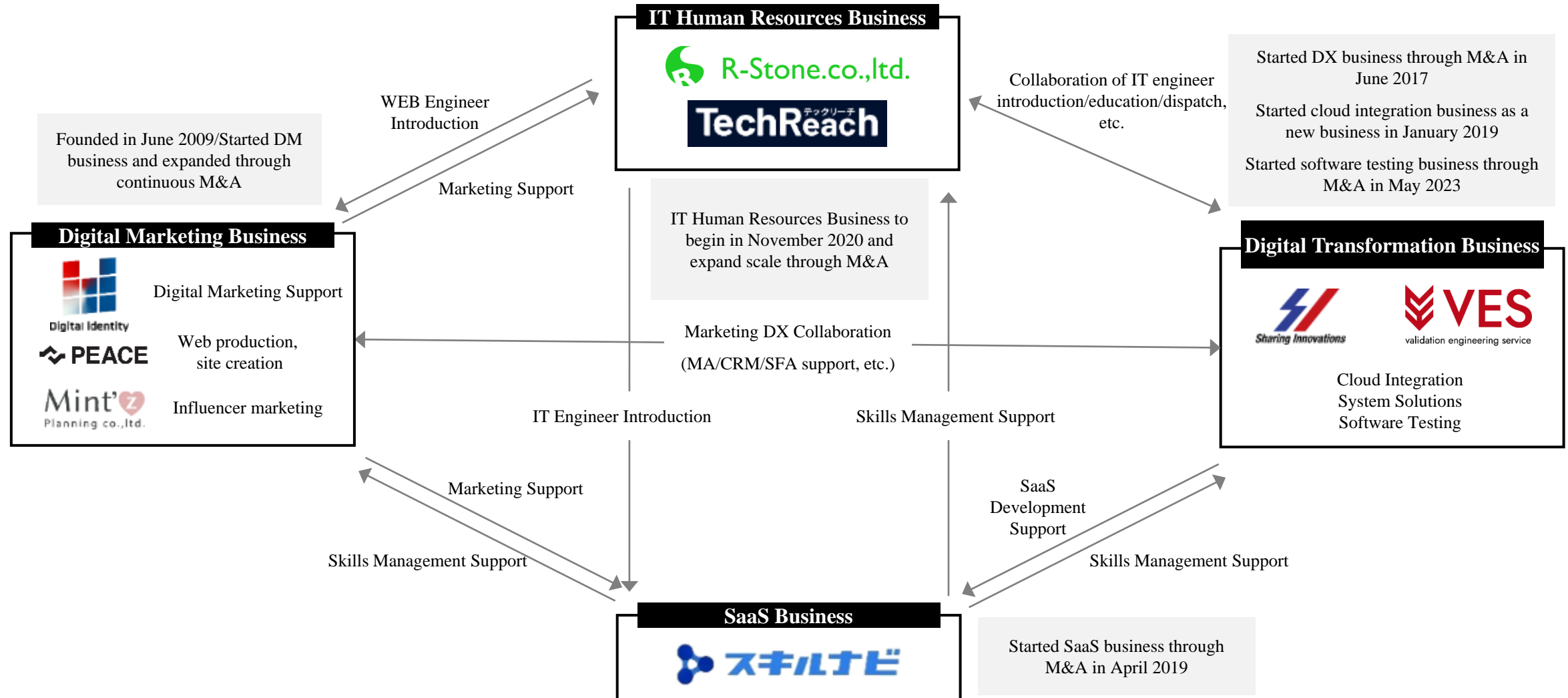
Strength

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

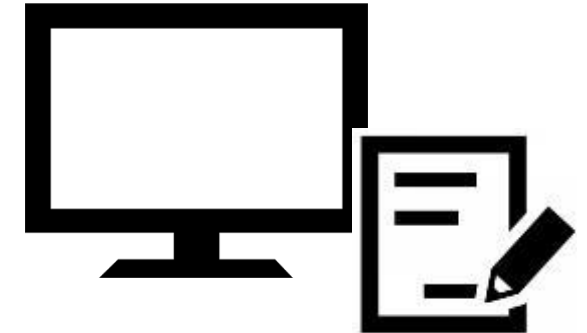


We have already introduced a hybrid work system that combines remote work and office work.

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)

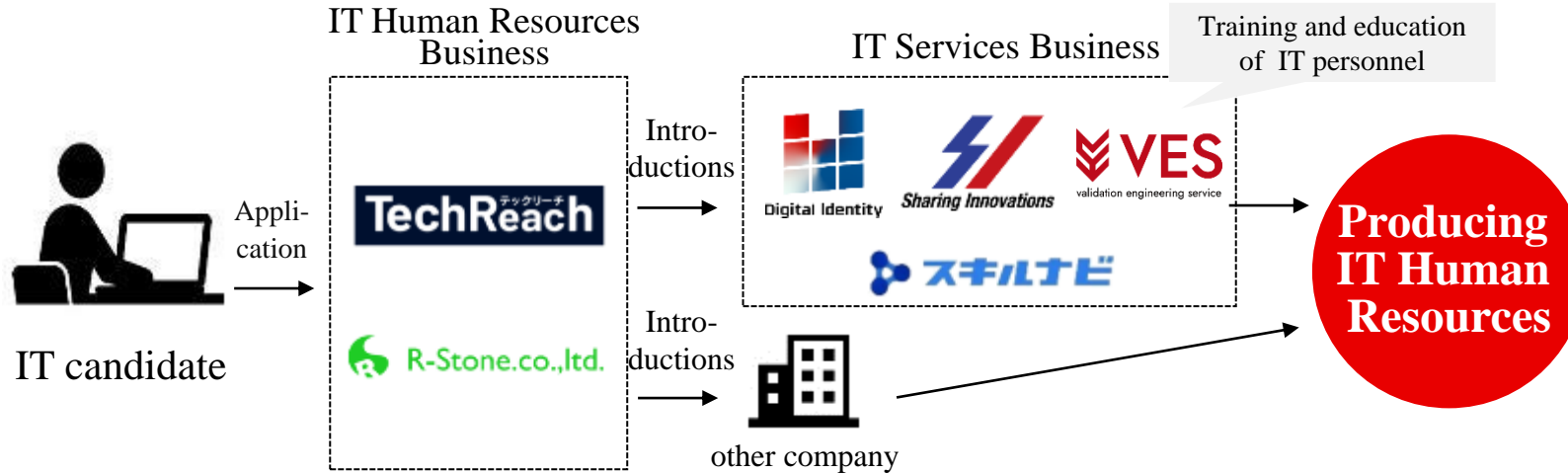
The paperless workflow is being promoted through the construction of a workflow that involves as little paper as possible.

Social



Responding to Industry Challenges

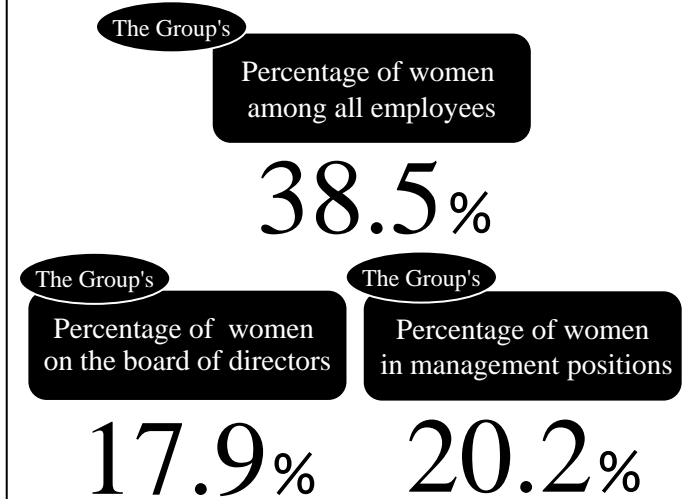
Building a business model for producing IT human resources



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.

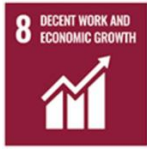
Diversity

Promotion of women's activities



(As of December 31, 2023)

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



Governance Features

① Corporate Governance Structure

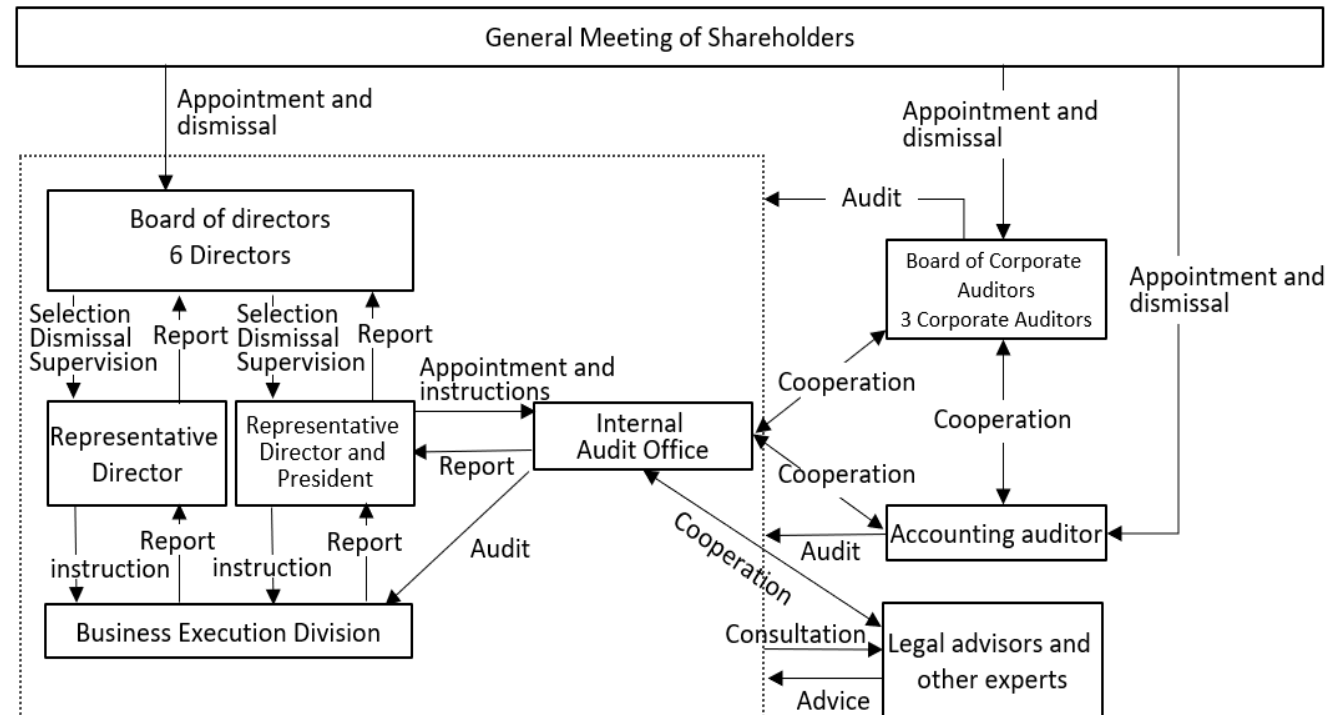
As a company with a board of auditors, we have established a corporate governance system centered on the board of directors, board of auditors, and accounting auditors.

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!