

Financial Results for Q3 FY2019

oRo co.,ltd. Code : 3983

November 12, 2019



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Translation

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Q3 FY2019 Financial Results Highlights

Q3 FY2019 Financial Results

Q3 FY2019 consolidated financial results

Net sales	3,723 million JPY	YoY +15.2%
Operating profit	1,008 million JPY	YoY +15.6%

Net sales were solid compared to the full-year forecast, with operating profits delivering solid results.

Cloud Solutions (CS)

Net sales	2,109 million JPY	YoY +22.9%
Operating profit	972 million JPY	YoY +46.7%

With the acquisition of new customers and an increase in transactions with existing customers, net sales and operating profits were both solid.

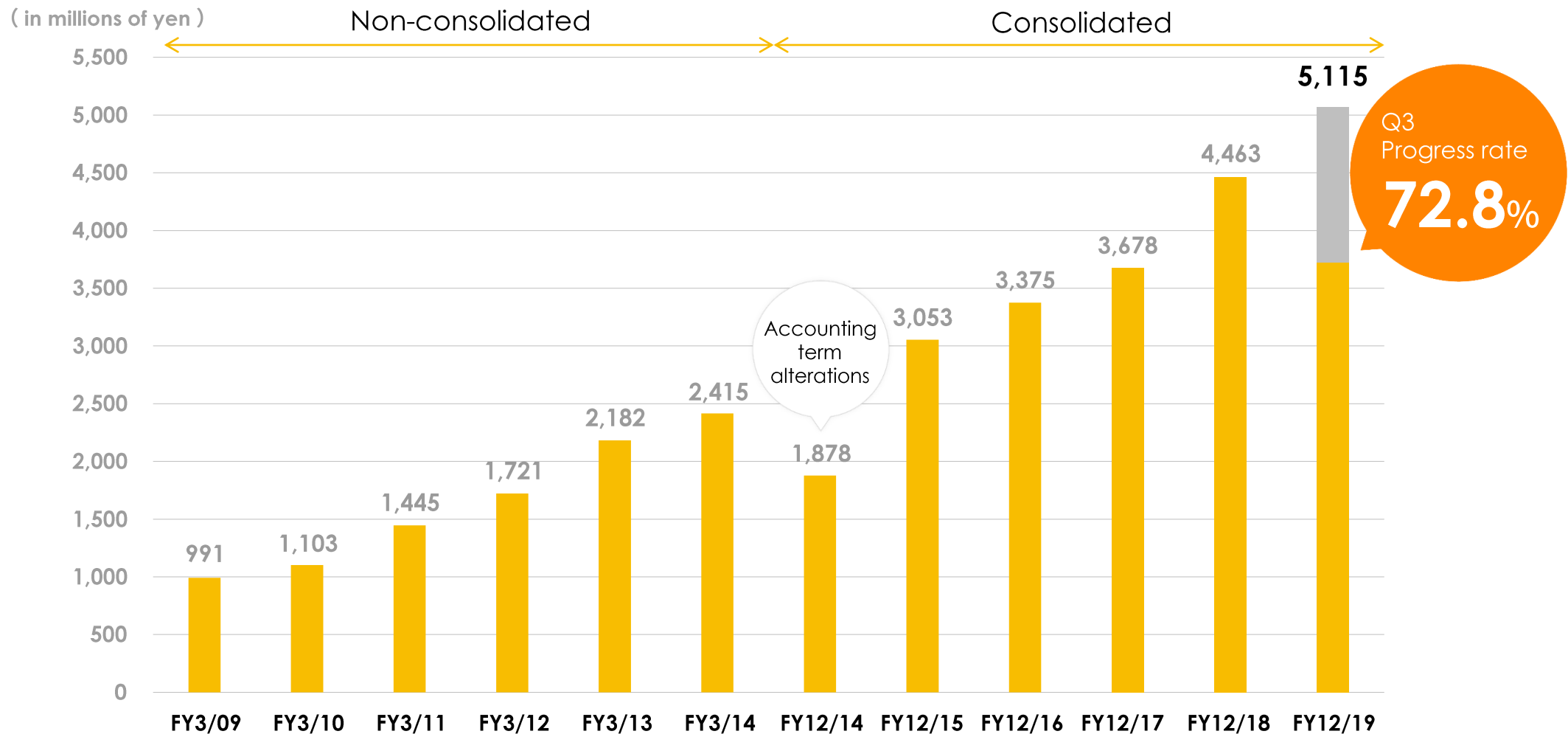
Digital Transformation (DX)

Net sales	1,613 million JPY	YoY +6.4%
Operating profit	35 million JPY	YoY (83.1%)

With the recovery of transactions with existing customers, net sales were solid. Operating profits declined year on year due to a rise in personnel expenses, as well as an increase in provision for loss on orders received.

Trends in sales

Recorded 3.72 billion yen, an increase of 15.2% year-on-year, Net sales were solid compared to the full-year forecast.

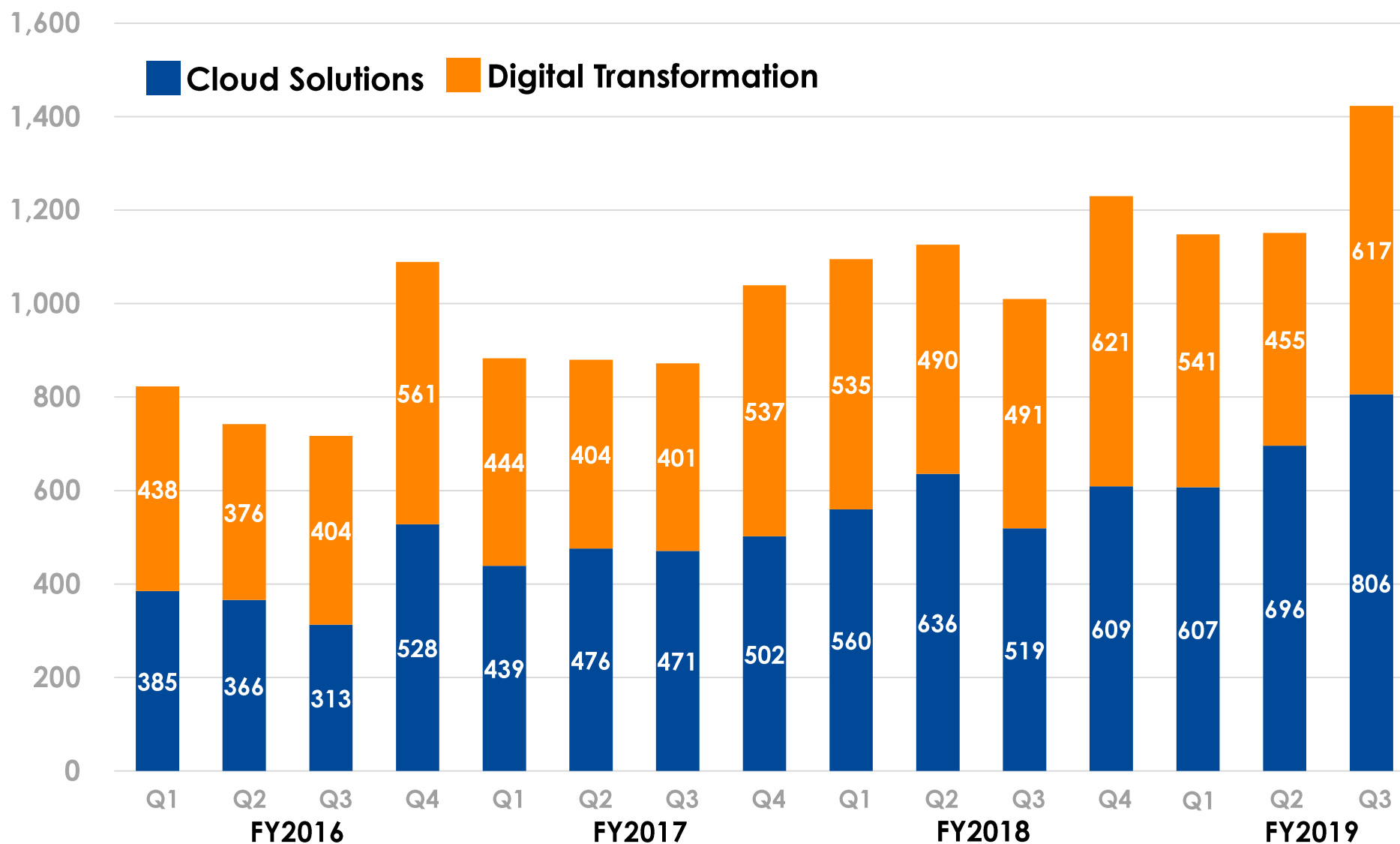


*Was not audited by KPMG AZSA LLC, prior to and in the fiscal year ended March 31, 2014

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

Trends in quarterly net sales

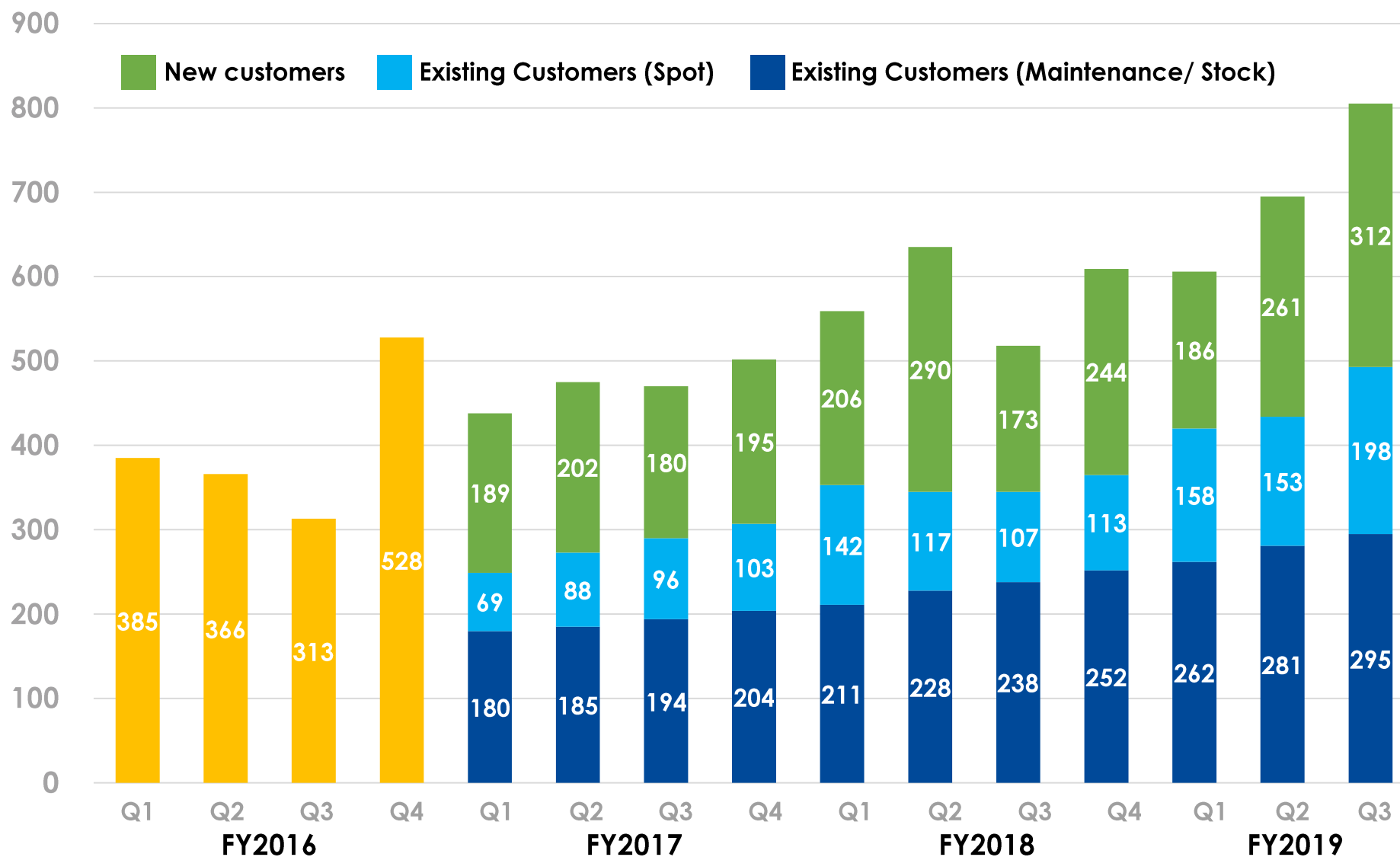
(in millions of yen)



Percentages of net sales by business segment

Cloud Solutions

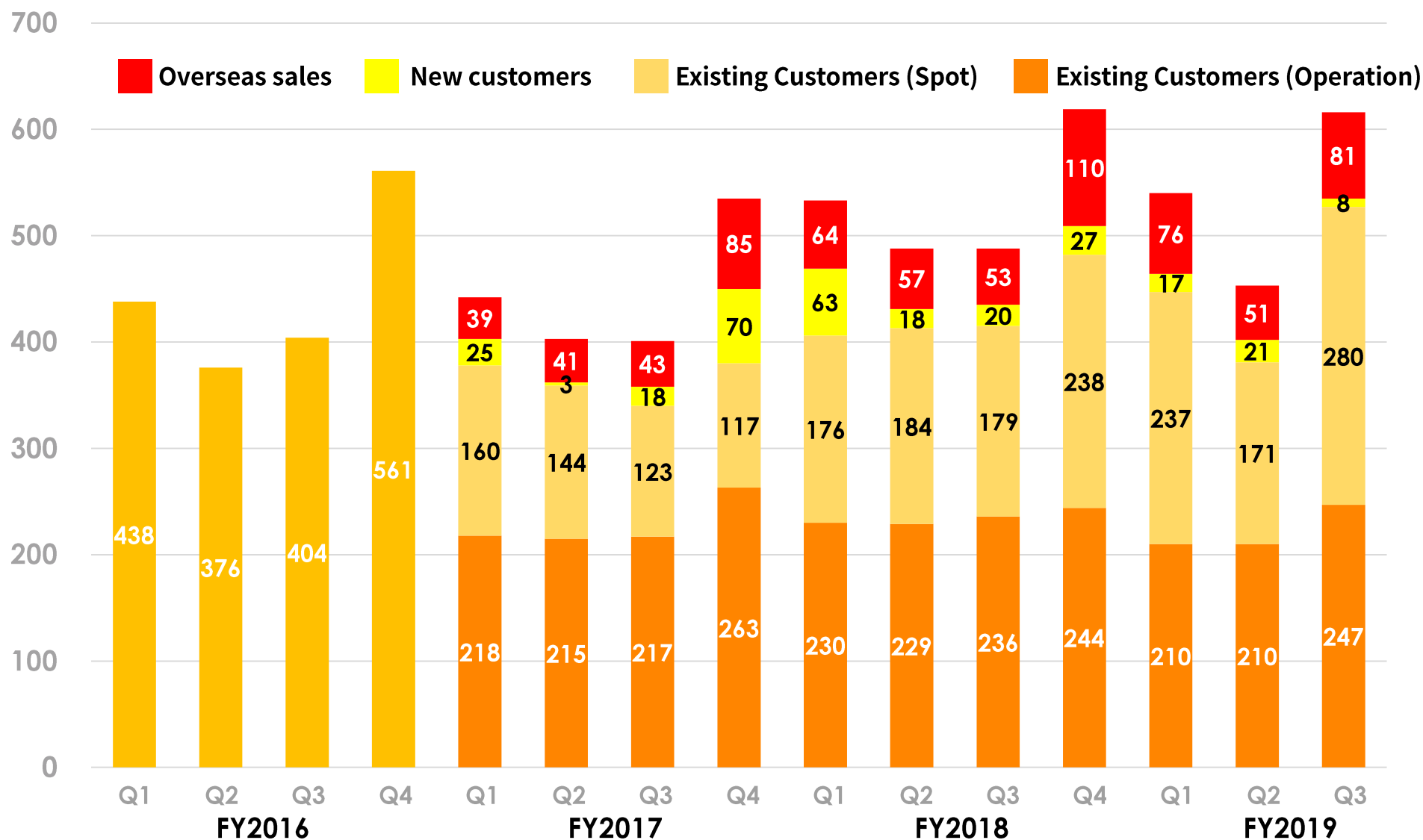
(in millions of yen)



Percentages of net sales by business segment

Digital Transformation

(in millions of yen)



Progress against the full-year forecast

Net sales were solid compared to the full-year forecast, with operating profits delivering solid results.

(in millions of yen)

	FY2019 forecasts	Q3 FY2019 actual results	Progress rates
Net Sales	5,115	3,723	72.8 %
Cloud Solutions	2,801	2,109	75.3 %
Digital Transformation	2,313	1,613	69.7 %
Operating profit	1,308	1,008	77.1 %
Ordinary profit	1,325	1,030	77.7 %
Profit attributable to owners of the parent	907	694	76.5 %

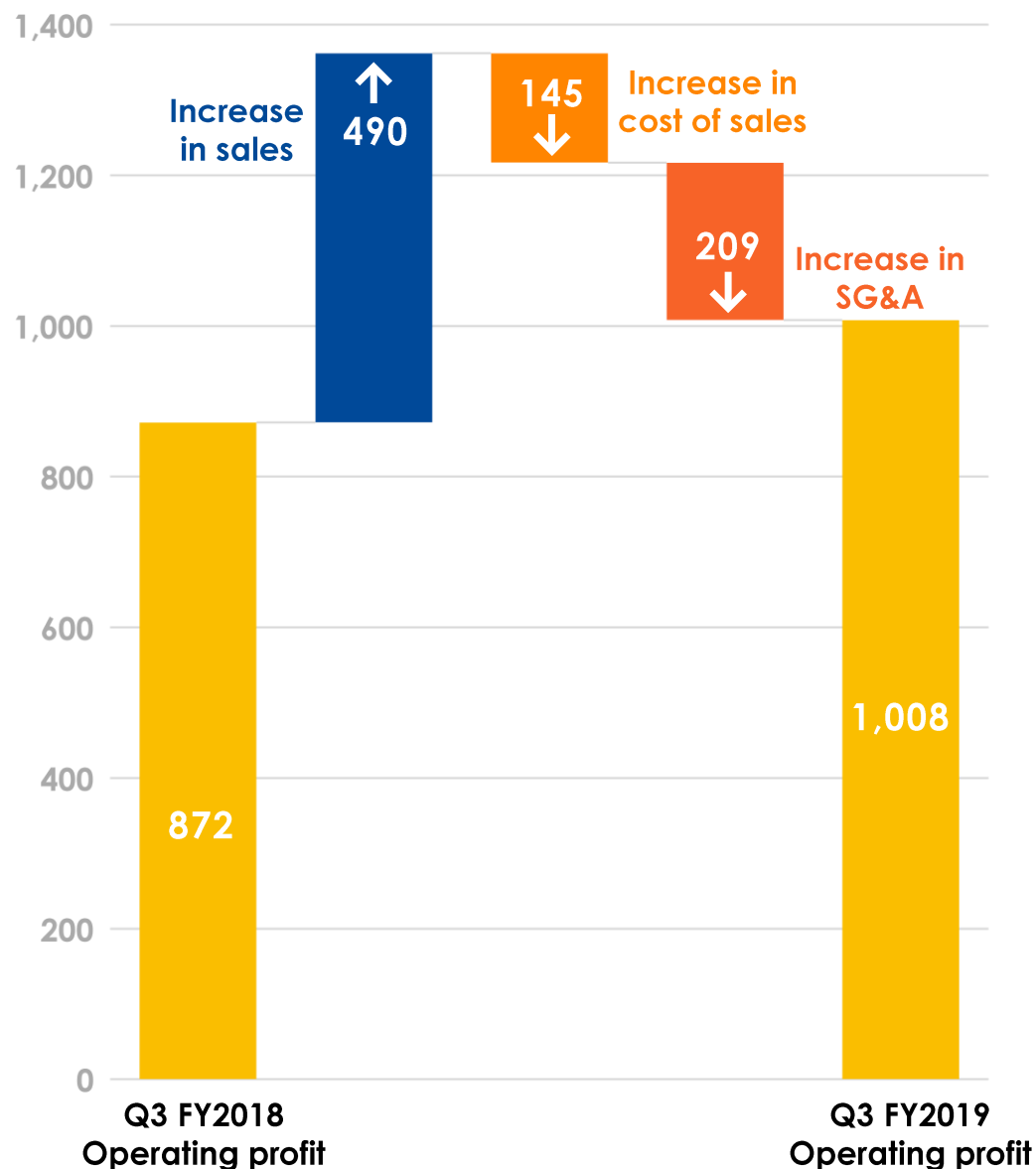
Profit and loss statement (YoY)

(in millions of yen)

	Q3 FY2019 (composition ratios)	Q3 FY2018 (composition ratios)	Difference	Main factors
Net sales	3,723 [100.0%]	3,232 [100.0%]	490	
Cost of sales	1,599 [43.0%]	1,454 [45.0%]	145	Increase in the number of engineers and a rise in average compensation and bonuses, etc.
Gross profit	2,123 [57.0%]	1,777 [55.0%]	345	
Selling, general and administrative expenses	1,114 [29.9%]	905 [28.0%]	209	Increase in the number of Sales and management personnel and a rise in average compensation and bonuses, Increase in Recruiting expenses, etc.
Operating profit	1,008 [27.1%]	872 [27.0%]	135	
Ordinary profit	1,030 [27.7%]	874 [27.0%]	156	
Profit attributable to owners of the parent	694 [18.6%]	586 [18.1%]	107	

Fluctuation factor of operating profit (YoY)

(in millions of yen)



(in millions of yen)

Main factors

↑ Increase in sales	490
Cloud Solutions	393
Digital Transformation	97
↓ Increase in cost of sales	145
Increase in the number of engineers and a rise in average compensation and bonuses	105
Recording of Provision for loss on orders received	36
↓ Increase in SG&A	209
Increase in the number of Sales and management personnel and a rise in average compensation and bonuses	87
Increase in Recruiting expenses	15
Increase in Advertising expenses	6
Increase in other selling and general administrative expenses	101

Balance sheet

- ① Increase in cash and deposits, increase in notes and accounts receivable – trade, increase in work in process
- ② Increase in profit attributable to owners of parent

				(in millions of yen)			
	As of Sep 30, 2019	As of Dec 31, 2018	Difference		As of Sep 30, 2019	As of Dec 31, 2018	Difference
Current assets	① 6,640	6,222	418	Current Liabilities	1,205	1,243	(37)
Non-current assets	509	415	93	Total liabilities	1,205	1,243	(37)
Property, plant and equipment	151	107	43	Net assets	5,943	5,394	549
Intangible assets	78	106	(17)	Shareholders' equity	② 5,962	5,393	569
Investments and other assets	278	201	77	Other	(18)	0	(19)
Total assets	7,149	6,637	511	Total liabilities and net assets	7,149	6,637	511

02

Business Segment Topics

Business overview

Cloud Solutions (CS)

The development and sales of cloud-base ERP



Support for management with cloud-based ERP

- Improving operational efficiency
- Improvement of project management level
- support for management decision making based on management accounting

Digital Transformation (DX)

Digital strategy planning, Digitization support, Creative

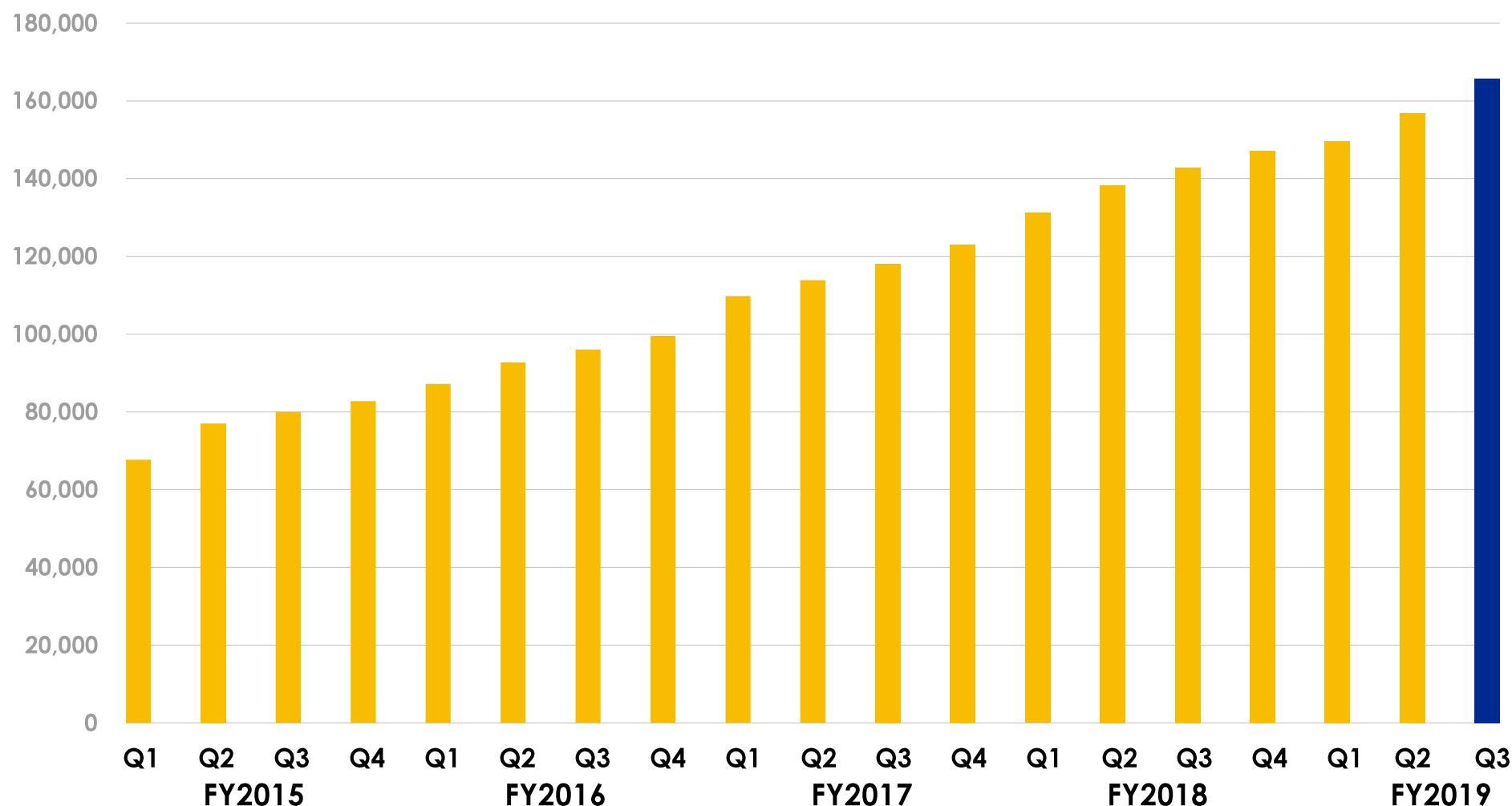
Corporate business activity support based on digital

- Digital strategy planning of corporate activities
- Promotion of marketing digitization
- Acceleration of global business

Trend in the number of ZAC and ZAC Enterprise active licenses

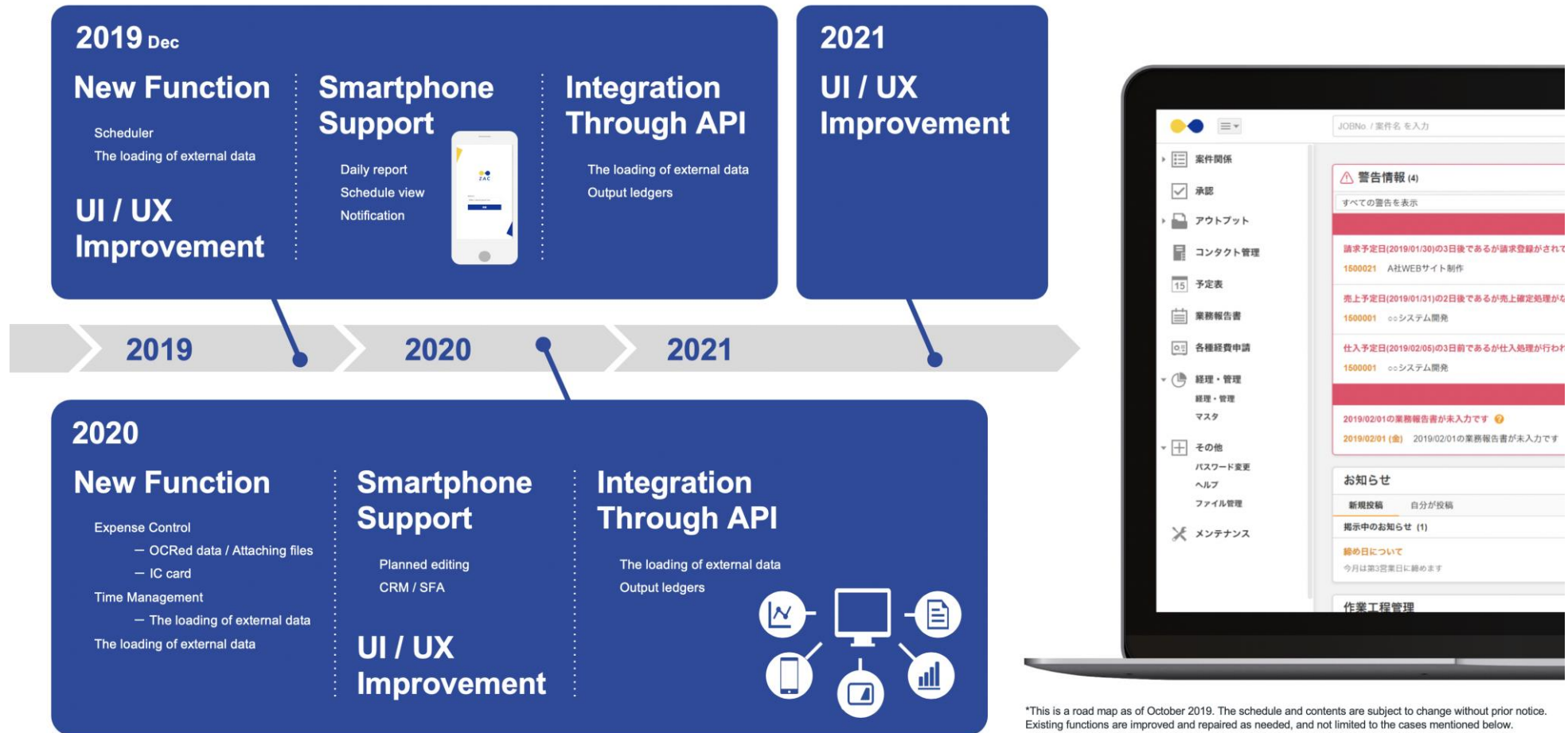
Cloud Solutions

With the acquisition of new customers and expansion of transactions with existing customers, the number of licenses steadily increased.



The middle phase of the road map of ZAC's development

Cloud Solutions



The launch of the new lineup that allows for the automated version upgrades of new functions and additional functions.

Shift of SEMrush business from the prior investment phase to the expansion phase

Digital Transformation

- ◆ With the number of domestic user accounts exceeding 600, the number of users is steadily increasing.
- ◆ Preparation of manuals in Japanese, as well as the setting up of a team for customer success, is progressing as planned.
- ◆ The challenge going forward is to gain advantage through marketing activities while expanding sales channels through secondary agents.



Offering free webinar sessions for users twice a week



Participation in the 9th Web & Digital Marketing Expo Autumn to be held at Makuhari Messe in 2019



SEMrush is one of the largest-scale digital marketing tools in the world with 4 million subscribers worldwide.

* An all-in-one tool covering everything: competitive analysis, search engine optimization strategies and improvement of advertisement effect

* oRo began exclusive distribution of the package in Japan in December 2018.

03

Company profile

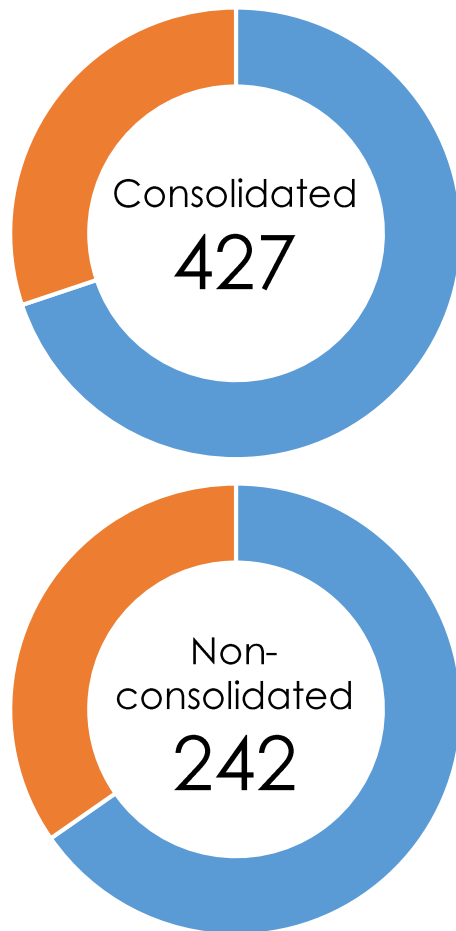
Company profile

Company name	oRo co., Ltd.
Listed Exchange	Tokyo Stock Exchange First Section (Code : 3983)
Representative	CEO Atsushi Kawata
Foundation	January 20, 1999
Head Office	Meguro Suda Building, 3-9-1 Meguro, Meguro-ku, Tokyo 153-0063
Capital	1,185 million yen
Business Portfolio	Cloud Solutions (CS) • Development and sales of cloud-based ERP 'ZAC' Digital Transformation (DX) • Support for corporate marketing activities
Employees	Non-consolidated 242 / Consolidated 427 (As of end of Jun, 2019)
Branch	Nishinohon Branch, Chu-bu Branch, Hokkaido Branch, Fukuoka Branch
Group Company	oRo Miyazaki Co., Ltd. oRo code MOC Co., Ltd. oRo TECHNOLOGY (DALIAN) Co., Ltd. oRo TECHNOLOGY (DALIAN) Co., Ltd. SHANGHAI BRANCH, GUANGZHOU BRANCH DALIAN oRo ADVERTISING Co., Ltd. oRo TAIWAN Co., Ltd. oRo Malaysia Sdn. Bhd. oRo Vietnam Co., Ltd. oRo (Thailand) Co., Ltd. oRo Digital Asia Pte. Ltd. oRo Digital Asia Sdn. Bhd.

Organizational structure

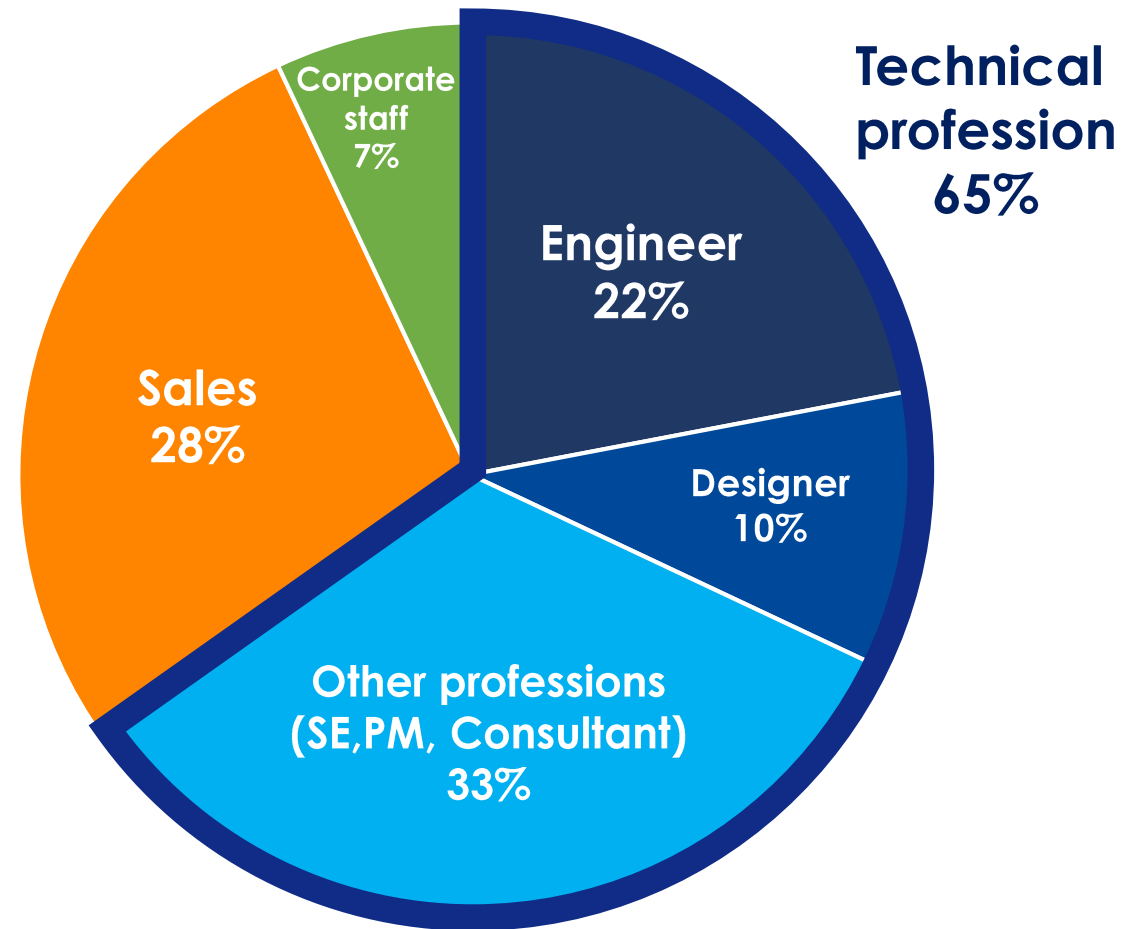
Create various solutions with “Technology × Creative”

Production and sales ratio



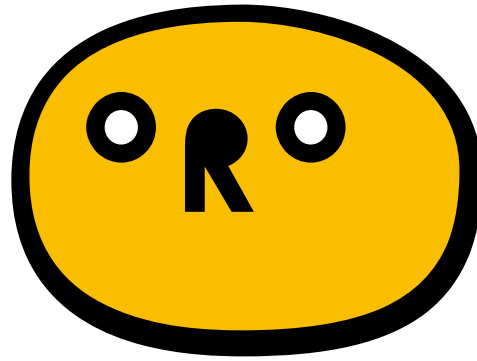
(As of end of Jun, 2019)

Job type ratio (Non-consolidated)



(As of end of Jun, 2019)

Corporate philosophy



*With the commitment of all employees in creating what they can proudly present to the world
(namely our organization with its products, and services),
oRo's goal is to continue to deliver more happiness and joy to more people
(coworkers, families, business partners, shareholders and society),
and lead all our employees to self-fulfillment through our efforts to achieve this goal.*

History

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

Cloud ERP “ZAC”

Cloud Solutions

“ZAC” is

A cloud ERP package with which to manage profits for the entire organization based on a project bottom line through a web browser.

Assists streamlining operations and making business decisions appropriately, and contributes to companies raising productivity.

Centralized
management of
information

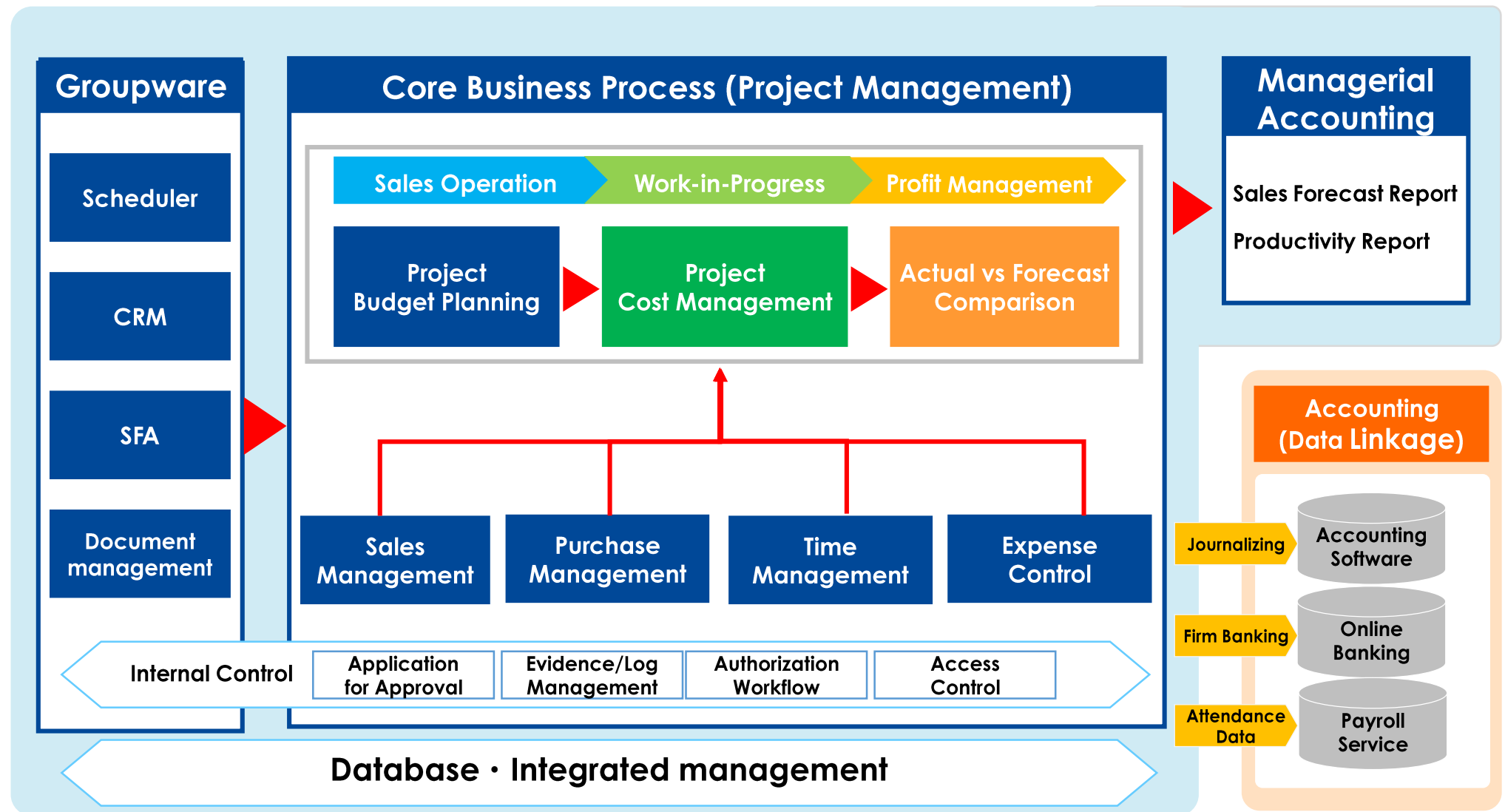
Overall
optimum
system

Practice of
management
accounting



“ZAC” system over view - general flowchart

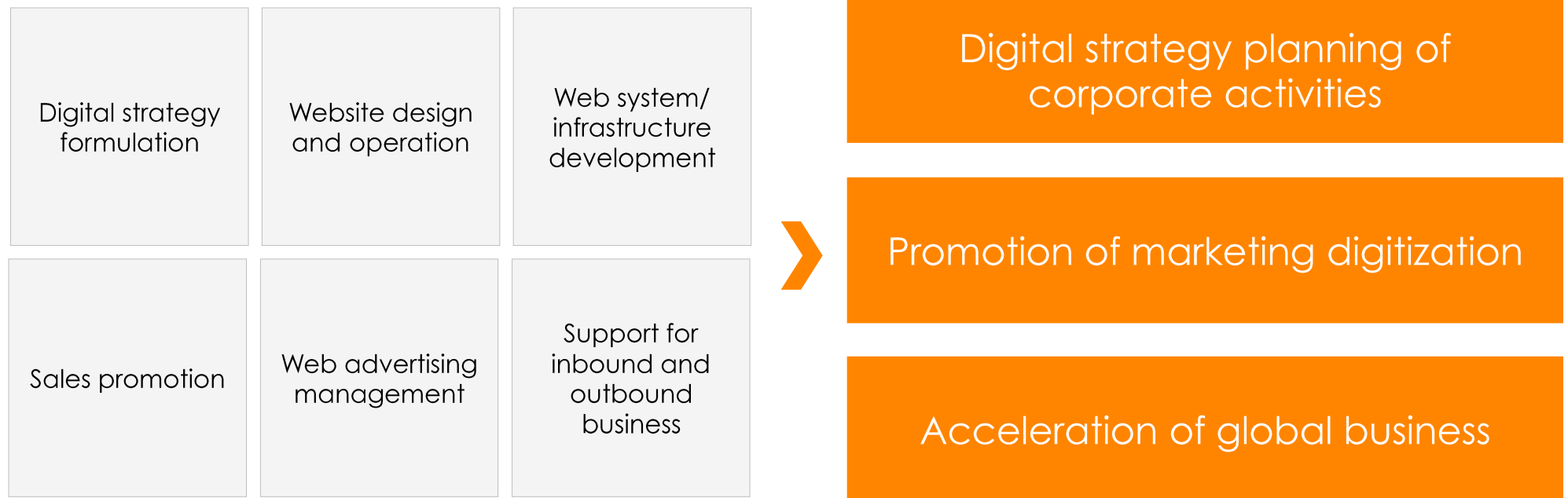
Cloud Solutions



Corporate business activity support based on digital

Digital Transformation

Providing a full service as companies' business partner



Business strength

Digital Transformation

- One-stop full service

Building a system that can be deeply involved in corporate growth over a long period of time

- Highly reliable systems development capabilities

Development capabilities that integrate original cloud-based enterprise systems

- Strategic cost management

Building a highly profitable in-house production system

- Ability to respond to inbound demand and an overseas strategy

7 bases in Japan and 9 bases overseas in China, Taiwan and ASEAN

Attention on handling this material

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

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