

**Q3 FY2024/12**

# **Financial Results**

**oRo Co., Ltd. Code: 3983**



**November 14, 2024**

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**Translation Notice:**

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

# **Q3 FY2024/12 Financial Results Highlights**



01

# Q3 FY2024/12 Financial Results Highlights

## Q3 FY2024/12 Consolidated Financial Results

|                  |                              |                      |
|------------------|------------------------------|----------------------|
| Revenue          | 5,799 <sub>million JPY</sub> | YoY<br><b>+12.4%</b> |
| Operating Profit | 1,990 <sub>million JPY</sub> | YoY<br><b>+5.8%</b>  |

Revenue and operating profit remained steady compared to the plan.

### Cloud Solutions (CS)

|                  |                             |                     |
|------------------|-----------------------------|---------------------|
| Revenue          | million JPY<br><b>3,607</b> | YoY<br><b>+8.8%</b> |
| Operating Profit | million JPY<br><b>1,546</b> | YoY<br><b>+0.2%</b> |

Revenue was worse than planned, while operating profit remained steady.

- Recurring revenue growth remains steady; however, recovering delayed service provisions, such as customization proposals, this fiscal period is challenging and extend into the next fiscal period (Details: P.16)
- Following Q2, controlling outsourcing and other expenses has kept operating profit on plan

\* Progress expression to the plan: great > favorable > steady > worse > weak

### Marketing Solutions (MS)

|                  |                             |                      |
|------------------|-----------------------------|----------------------|
| Revenue          | million JPY<br><b>2,192</b> | YoY<br><b>+18.9%</b> |
| Operating Profit | million JPY<br><b>442</b>   | YoY<br><b>+17.9%</b> |

Revenue and operating profit remained steady compared to the plan.

- Revenue is progressing as planned, with no significant upward or downward factors
- Operating profit slightly exceeded the plan due to delays in hiring sales personnel, but overall, it is in line with projections

# Revision of the Dividend Policy



## Revision of the Dividend Policy

We will make the following revisions to the prior dividend policy (the revised sections are underlined).

This revision is intended to allow for a more comprehensive review of shareholder return measures and to change the dividend policy from a stable dividend to a progressive dividend.

(Before change)

### **Dividend Policy**

The Company places great emphasis on continuously improving corporate value and the stable return of profits to shareholders.

To achieve stable shareholder returns and sustainable company growth, the Company will review dividends as necessary, considering financial results, financial position, future business development and other relevant factors.

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



(After change)

### **Policy on Shareholder Returns**

The Company places great emphasis on continuously improving corporate value and the stable return of profits to shareholders.

To achieve stable shareholder returns and sustainable company growth, the Company will adopt a progressive dividend policy, considering financial results, financial position, future business development and other relevant factors.

The acquisition of treasury stock will be determined from a comprehensive standpoint, taking into account planned growth investments in response to the business environment and its impact on the financial position.

# Repurchase of Treasury Stock and Revision of Dividend Forecast

## Repurchase of Treasury Stock

Based on the previous page (Policy on Shareholder Returns), the Company will repurchase treasury stock with a cap of 500 million yen or 230,000 shares to enhance shareholder returns and improve capital efficiency. The newly repurchased treasury shares are planned to be fully canceled in due course.

(Repurchase period: From November 15, 2024, to February 13, 2025; method of repurchase: market purchases)

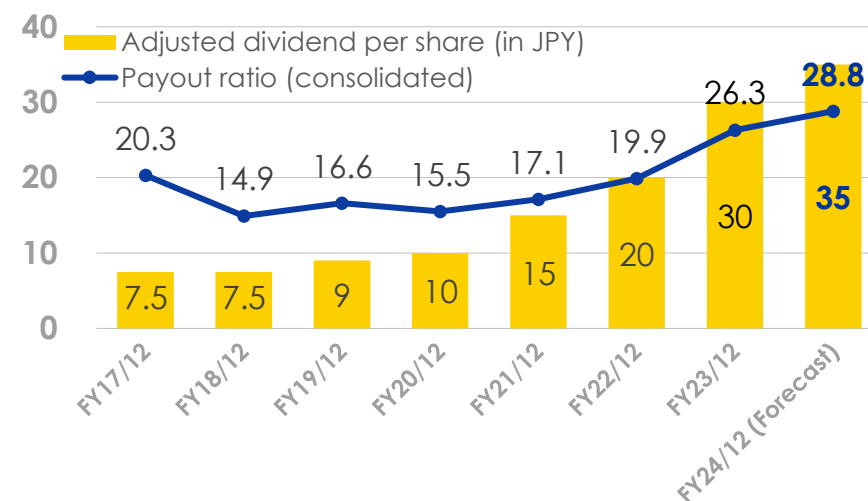
## Revision of the Dividend Forecast (Dividend Increase)

Based on Policy on Shareholder Returns on the previous page, we have revised the forecast for this fiscal year's dividend to **35 yen per share (an increase of 5 yen)** after comprehensively considering this fiscal year's performance, financial position and future business development.

## Revision of Dividend Forecast

|                               | Annual dividend (yen) |          |       |
|-------------------------------|-----------------------|----------|-------|
| Record date                   | 2nd quarter-end       | Year-end | Total |
| Previous forecast (FY2024/12) | 0.00                  | 30.00    | 30.00 |
| Revised forecast (FY2024/12)  | 0.00                  | 35.00    | 35.00 |

## Trend in Adjusted Dividend per Share and Payout Ratio (consolidated)

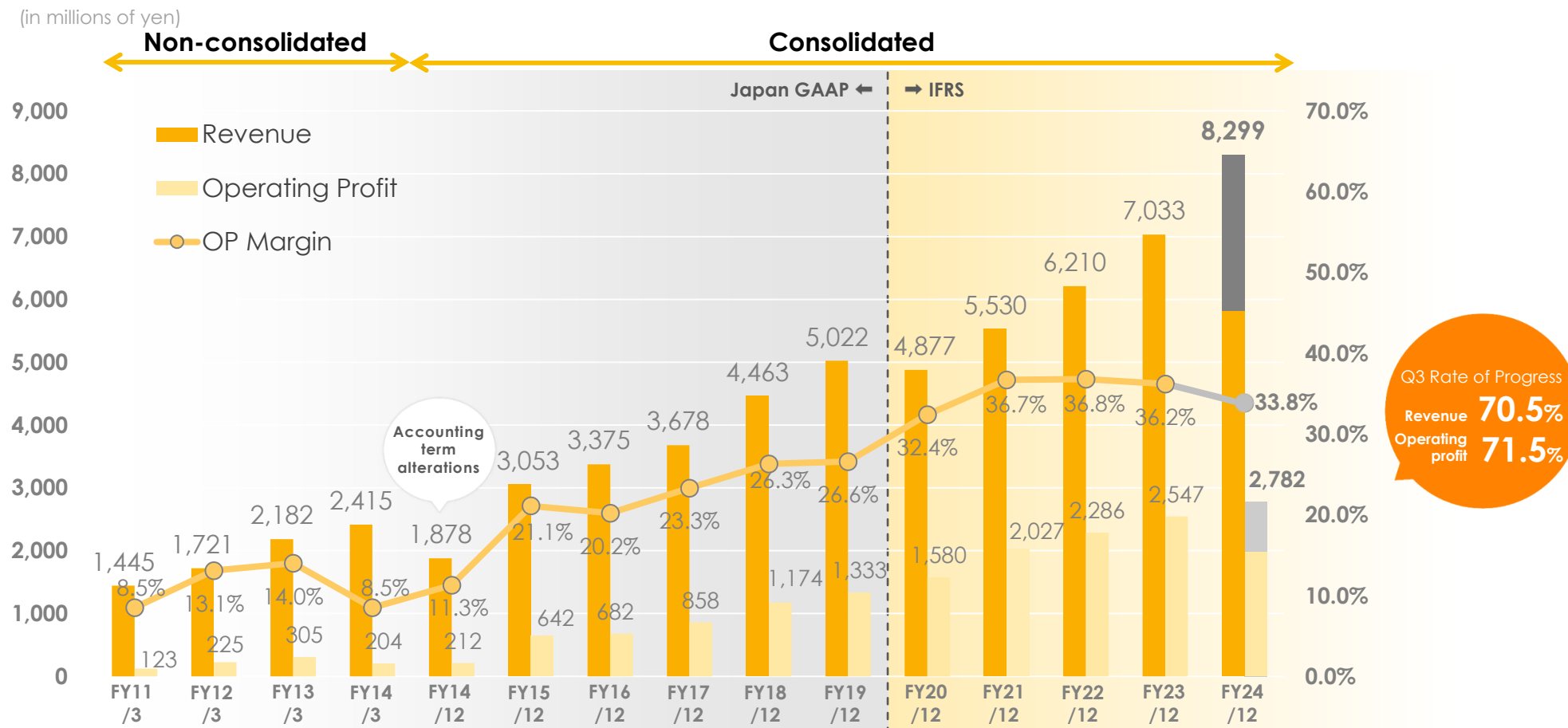


\* The payout ratio (consolidated) forecast for FY2024 excludes the effects of the above share repurchase. It is calculated using the earnings per share of 121.55 yen, as disclosed on February 14, 2024.

Consolidated

# Trend in Revenue, Operating Profit and Operating Margin

Recorded revenue 5,799 million yen, +12.4% YoY; operating profit 1,990 million yen, +5.8% YoY



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

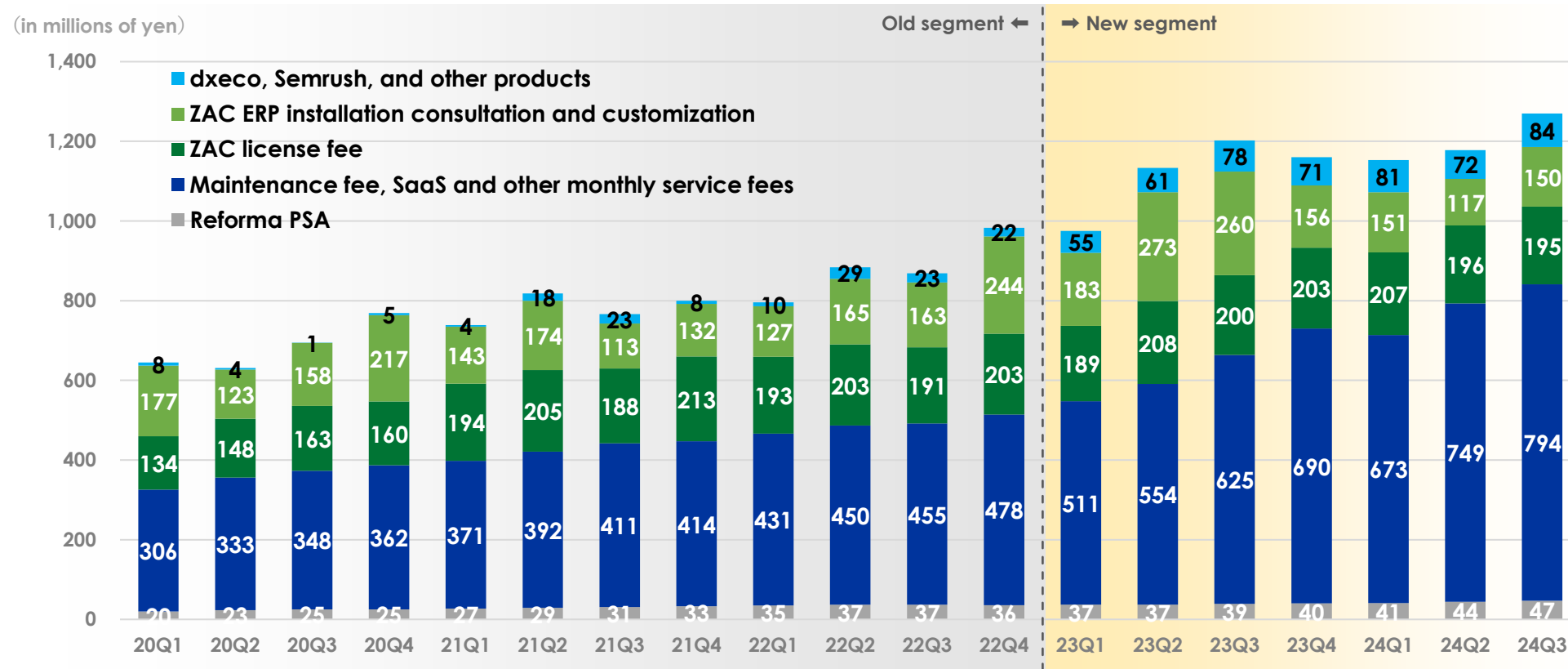
\*Following the change in accounting policy in the fiscal year ended December 31, 2018, net sales for the Marketing Solutions Business are now reported on a net basis from the fiscal year ended December 31, 2017, instead of a gross basis previously used.

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

# Breakdown of Revenue by Business Segment

## New customer acquisition drives recurring revenue growth; customization revenue recovery falls short of first-half target

While customization proposals for existing customers have been advanced, they are not expected to be completed in time for revenue recognition this period. These efforts will continue with the expectation of recognizing revenue in the next period.



\* Starting from FY2024/12, the Company has changed the reporting segments.

Accordingly, revenue for FY2023/12 is shown after retrospective application of this change.

\* Starting from FY2021/12, the Company has adapted International Financial Reporting Standards (IFRS) instead of Japanese GAAP.

Accordingly, revenue for FY2020/12 indicates the amount after retrospective application of the change.

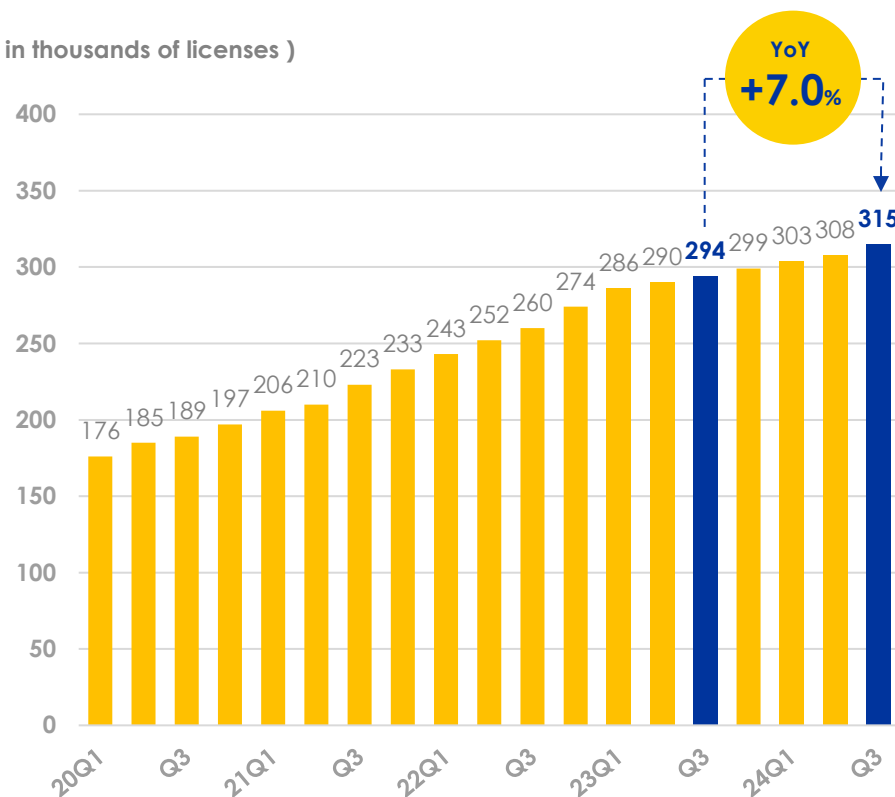
\* The values for each quarter of FY 2020/12 was not audited by KPMG AZSA LLC.

# Trend in the Number of Active Licenses

Continued growth in the number of contracted licenses through the acquisition of new customers and increased in business with existing customers

Trend in the number of active licenses

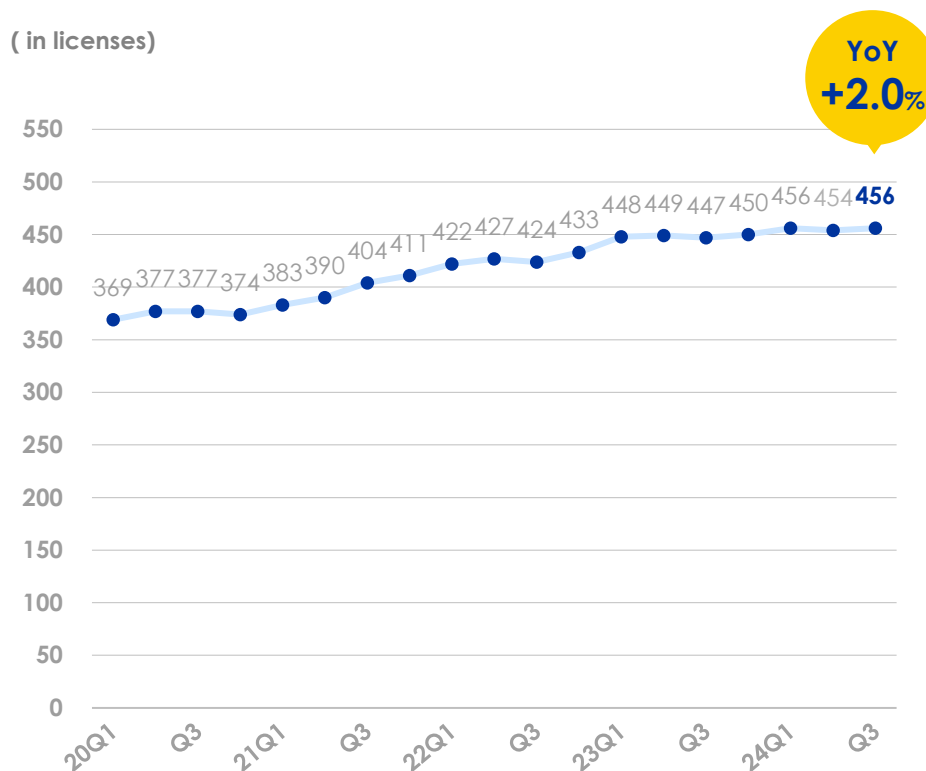
( in thousands of licenses )



\* Number of active licenses  
= Cumulative number of licenses sold - Cumulative number of licenses terminated

Trend in the number of active licenses per active client

( in licenses )



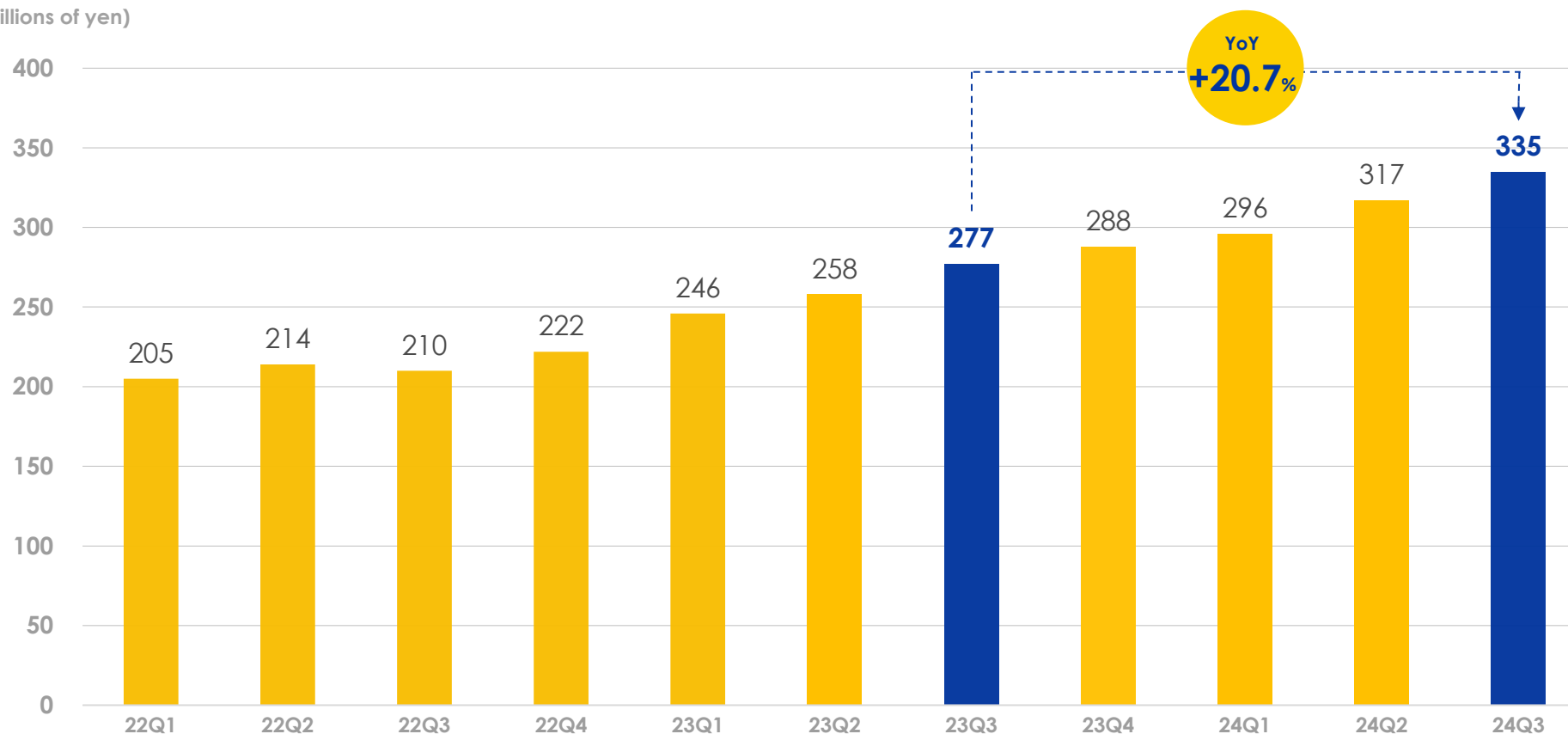
\* Number of active licenses per active client  
= Number of active licenses / The number of active clients at the end of the quarter

## Trend in MRR

Due to the growth in the number of active licenses, MRR has grown steadily

+20.7% YoY and +5.4% QoQ

(in millions of yen)

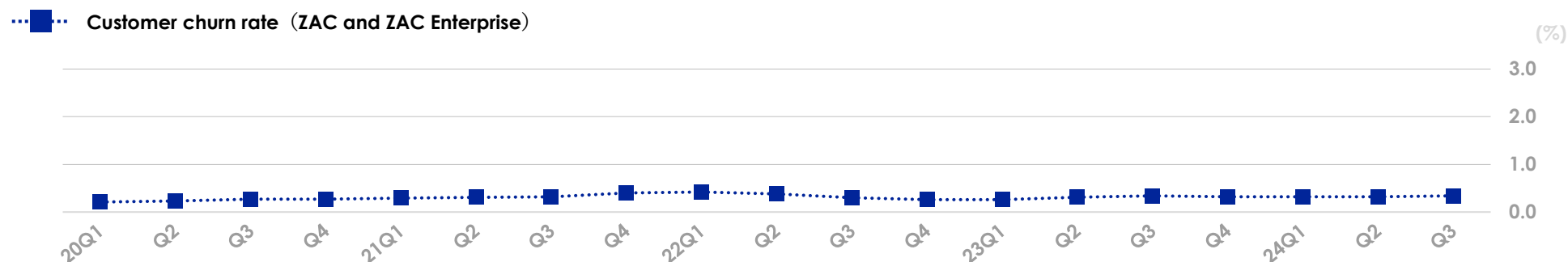


\*MRR: Stands for Monthly Recurring Revenue, which is the regular monthly revenue. It is calculated as the total sum of "ZAC License Fees" and "Maintenance Fees, SaaS, and Other Monthly Service Fees" for the last month of the respective quarter.

# Monthly Churn Rate, the Numbers of New Contracts and Churns

## Trend in Monthly Customer Churn Rate

The trend remains steady, hovering around 0.3%. Starting FY2024/12, we are enhancing support for client ZAC adoption.



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

## Trend in the Number of New Contracts and Churns

The number of new contracts has reached 76.1% of the full-year forecast of 67. We have successfully acquired a wide range of clients, from SMEs to large corporations.

As in Q1 and Q2, the primary reasons for contract cancellations are business closures or transitions to parent company systems following mergers and acquisitions.

|                         | 20/12<br>Q1 | 20/12<br>Q2 | 20/12<br>Q3 | 20/12<br>Q4 | 21/12<br>Q1 | 21/12<br>Q2 | 21/12<br>Q3 | 21/12<br>Q4 | 22/12<br>Q1 | 22/12<br>Q2 | 22/12<br>Q3 | 22/12<br>Q4 | 23/12<br>Q1 | 23/12<br>Q2 | 23/12<br>Q3 | 23/12<br>Q4 | 24/12<br>Q1 | 24/12<br>Q2 | 24/12<br>Q3 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Number of New Contracts | 22          | 19          | 14          | 34          | 17          | 6           | 21          | 19          | 21          | 15          | 23          | 28          | 13          | 16          | 16          | 9           | 13          | 21          | 17          |
| Number of Churns        | 4           | 7           | 5           | 11          | 5           | 8           | 7           | 5           | 11          | 3           | 0           | 7           | 9           | 7           | 4           | 3           | 11          | 9           | 4           |

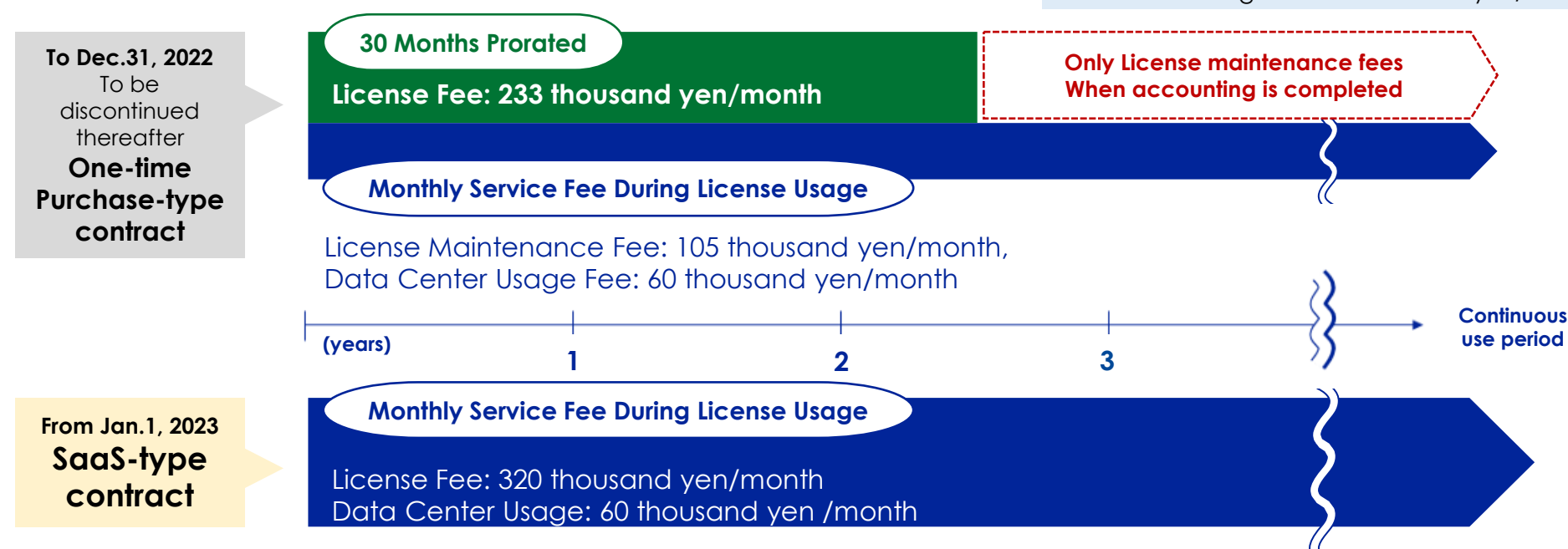
# License Price Revisions and Revenue Recognition

As of January 1, 2023, the sales format of ZAC/ZAC Enterprise licenses, one-time Purchase-type contracts (lump-sum perpetual license type) has been discontinued, and only SaaS-type contracts (monthly subscription fee type) is now available.

## Revenue Recognition of License Sales (Model case for 100-person client)

\*The green and blue areas represent the revenue amount.

Sales Management: 20 licenses  
Purchase Management: 20 licenses  
Time Management: 100 licenses  
Expense Control: 100 licenses  
Data center usage fee: 60 thousand yen/month



\*The above revisions do not apply to customers who have signed and used a one-time purchase contract by December 31, 2022.  
For details, please refer to the "Notice of Revisions of License Fees for Cloud-based ERP ZAC and ZAC Enterprise" disclosed on November 14, 2022.

\*After April 1, 2023, the data center usage fee has increased by 20% in stages.

# Schedule and Revenue Recognition after New ZAC Contract

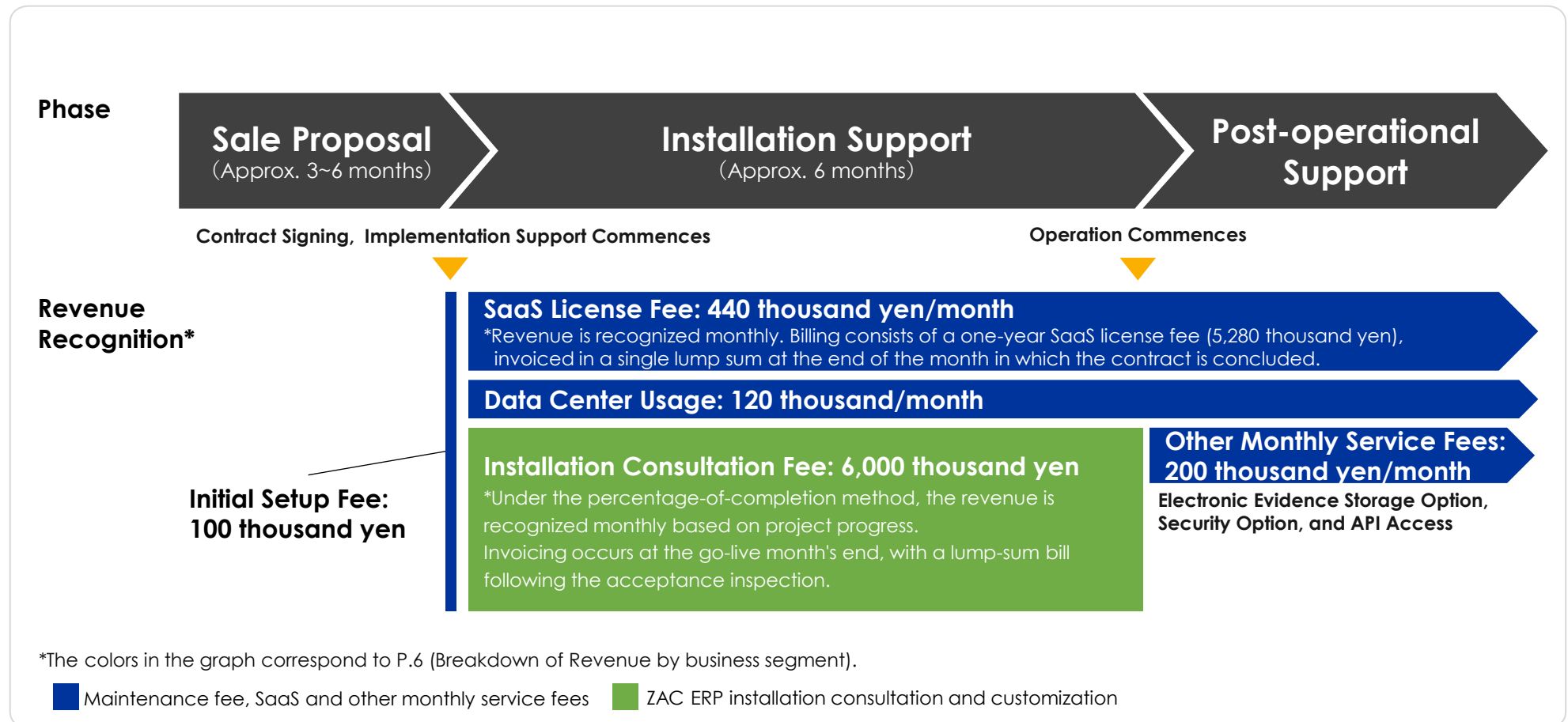
## Model case for a client with 200 employees

### License Structure

Sales Management: 20 licenses, Purchase Management: 20 licenses, Time Management: 200 licenses, Expense Control: 200 licenses

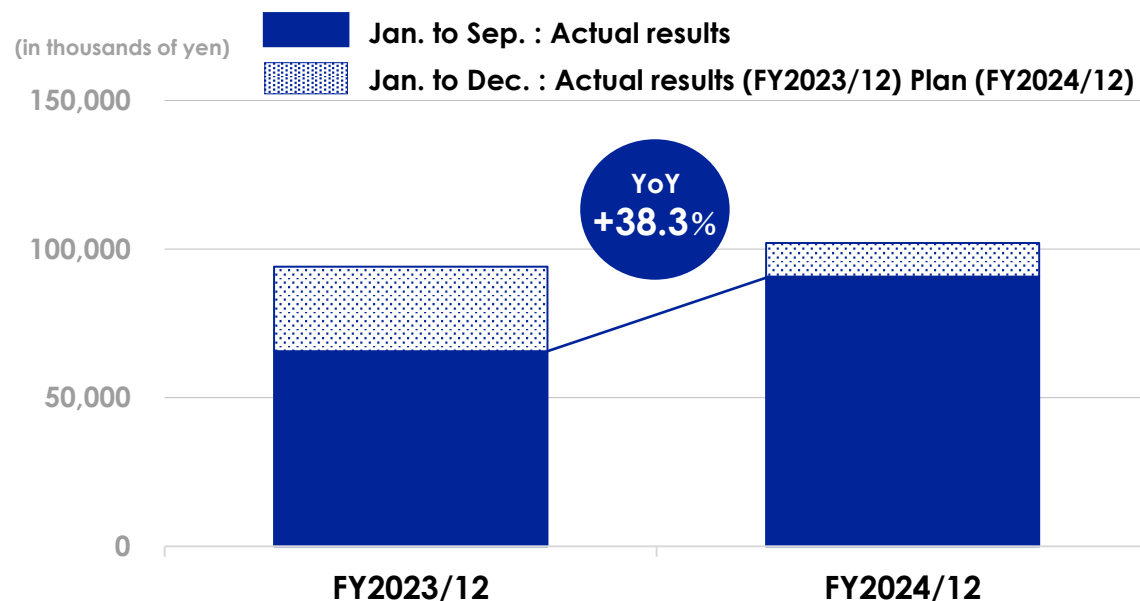
### Additional Monthly Service Configurations:

Electronic Evidence Storage Option, Security Option, API Access



# Efforts for Customer Acquisition

## Advertising Expenses (only ZAC and Reforma PSA)



### Rate of progress against the plan:

**89.0%** (As of September 30, 2024)

Progress in acquiring SQLs (Sales Qualified Leads) and appointments is recovering. Business card collection at exhibitions remained strong in Q3, so we are focusing on SQL acquisition through exhibitions.

TEL sales, website, and web advertising results remain steady, with other initiatives advancing alongside cost-effectiveness improvements.

### Plans for the Second Half

With SQLs created toward achieving the full-year target of 67 new contracts, we will focus on closing these deals. Our marketing efforts will continue to receive budget allocations for initiatives expected to yield results. Additionally, we will work on generating SQLs for the next fiscal year, including strengthening alliances with sales agencies.

## Efforts for Customer Acquisition

To get more new clients and maximize MRR, we implemented the following initiatives:

### Strengthening Collaboration with Sales Agencies

To increase the number of sales qualified leads (SQLs), the Sales Planning Team, established in Q2 2024, is actively working to strengthen collaboration with sales agencies. Through this partnership, we can reach decision-makers among potential clients who may not have been accessible through our own efforts alone. We will therefore continue to deepen our partnership with sales agencies.

In Q3, our sales agencies introduced us to promising prospective clients with whom they have established strong trust-based relationships. We intend to continue this initiative to drive further results.

### Development and Provision of Optional Features

In Q3, we made progress in securing contracts for the “QuickSight Integration Option” and “HubSpot Integration Option.” Our proposals for new clients have been positively received, showcasing the potential for operational efficiency gains, including in areas beyond the core ZAC system. Additionally, we have established a structured approach for proposals to existing clients. Moving forward, we will continue to provide solutions that address operational challenges, aiming to secure contracts from both new and existing clients.

\* QuickSight is a service provided by Amazon Web Service (AWS). HubSpot is a service provided by HubSpot Japan, Inc.

## Reasons for Worse Revenue Progress and Measures for H2 (updated)

**Recovery from previous period delays is challenging. Despite successful SQL acquisition, revenue is not expected to be recognized this period**

### Situation as of Q2 FY24/12

In the initial plan, after accounting for the rebound decrease from FY2023/12 demand related to the Qualified Invoice-Based Method (the Invoice System), revenue for the “ZAC ERP installation consultation and customization” segment was projected to be 357 million yen in the first half. However, delays in expected orders for Electric Books Maintenance Act compliance and API integration have caused this segment's first-half revenue to fall short of the plan by 89 million yen.

In the second half, we are engaging SE personnel in sales and enhancing proposals to address customer issues.

\* Revenue from other segments of this business, including recurring revenue from maintenance fee, SaaS, and other monthly service fees, is generally progressing steadily according to the plan.

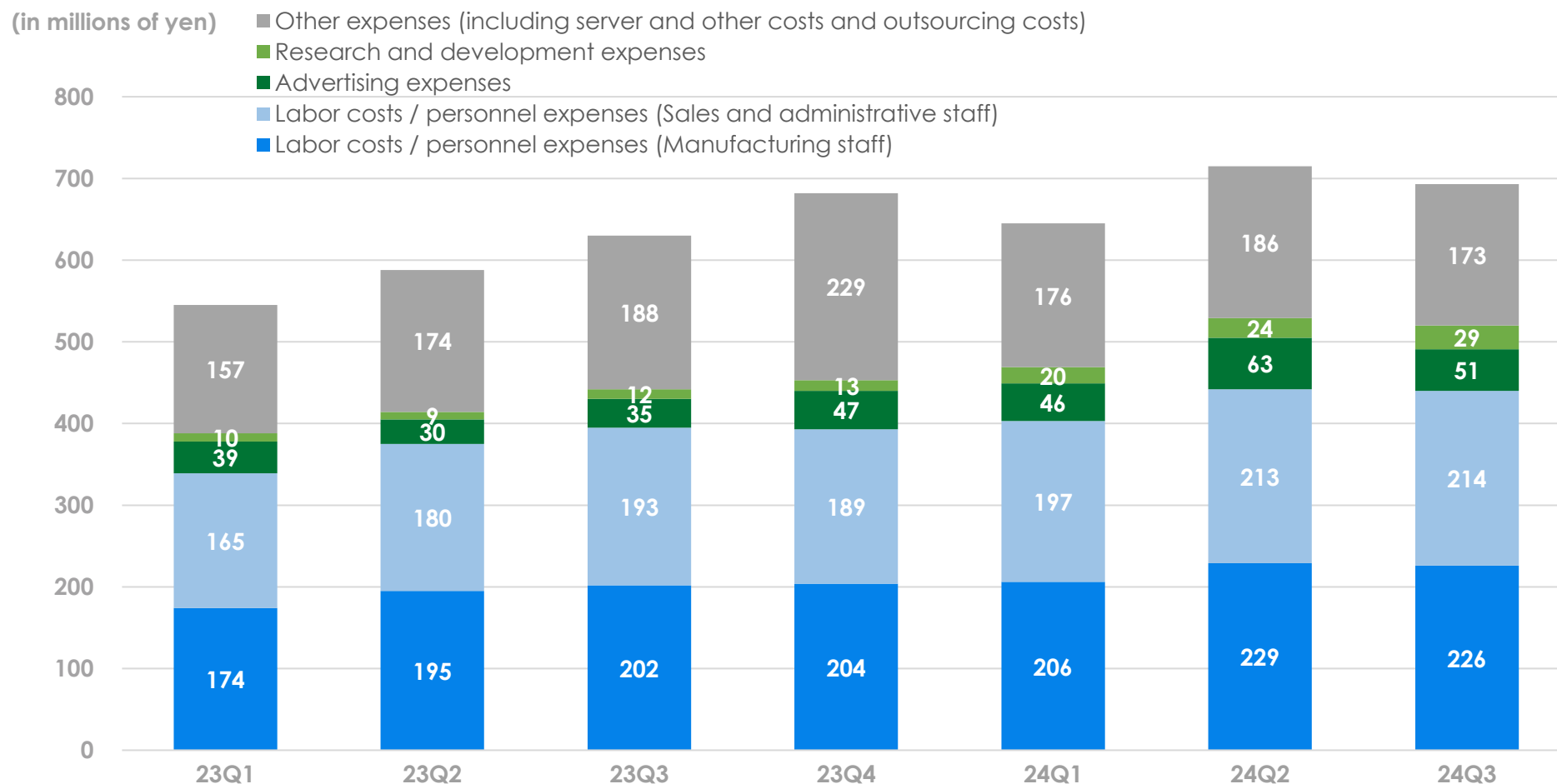
### Progress and Countermeasures at Q3

As of August 14, 2024, SQLs generated from existing customers suggested a potential recovery from delays in the first half. However, as proposals progressed, we realized that many projects would be delivered in the next fiscal period, making it difficult to recover delayed revenue from ZAC ERP consultation and customization within this fiscal year.

On the other hand, involving SE personnel in sales activities has worked well, and we have retained the generated opportunities, so we will continue advancing customization proposals to secure future revenue and build our backlog.

# Breakdown of Expenses (Consolidated)

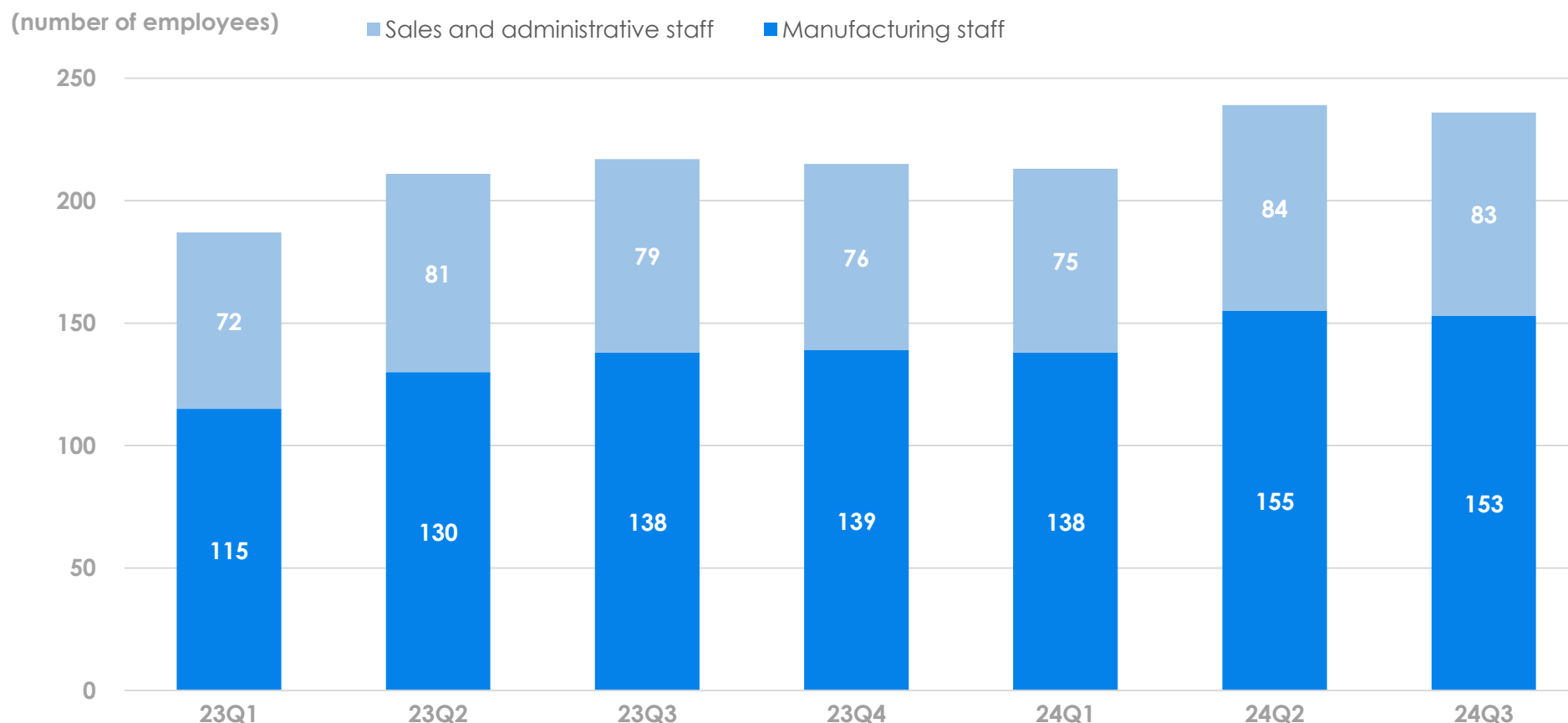
In addition to a reactionary decrease in costs from a major exhibition expensed in Q2, other costs and expenses also decreased slightly overall



\*Starting from FY2024/12, the Company has changed the reporting segments.  
Accordingly, expense for FY2023/12 is shown after retrospective application of this change.

## Breakdown of Personnel (Consolidated)

Minor dip from Q2; no major issues. Expansion remains focused on new graduate recruitment



\*Starting from FY2024/12, the Company has changed the reporting segments.

Accordingly, number of employees for FY2023/12 is shown after retrospective application of this change.

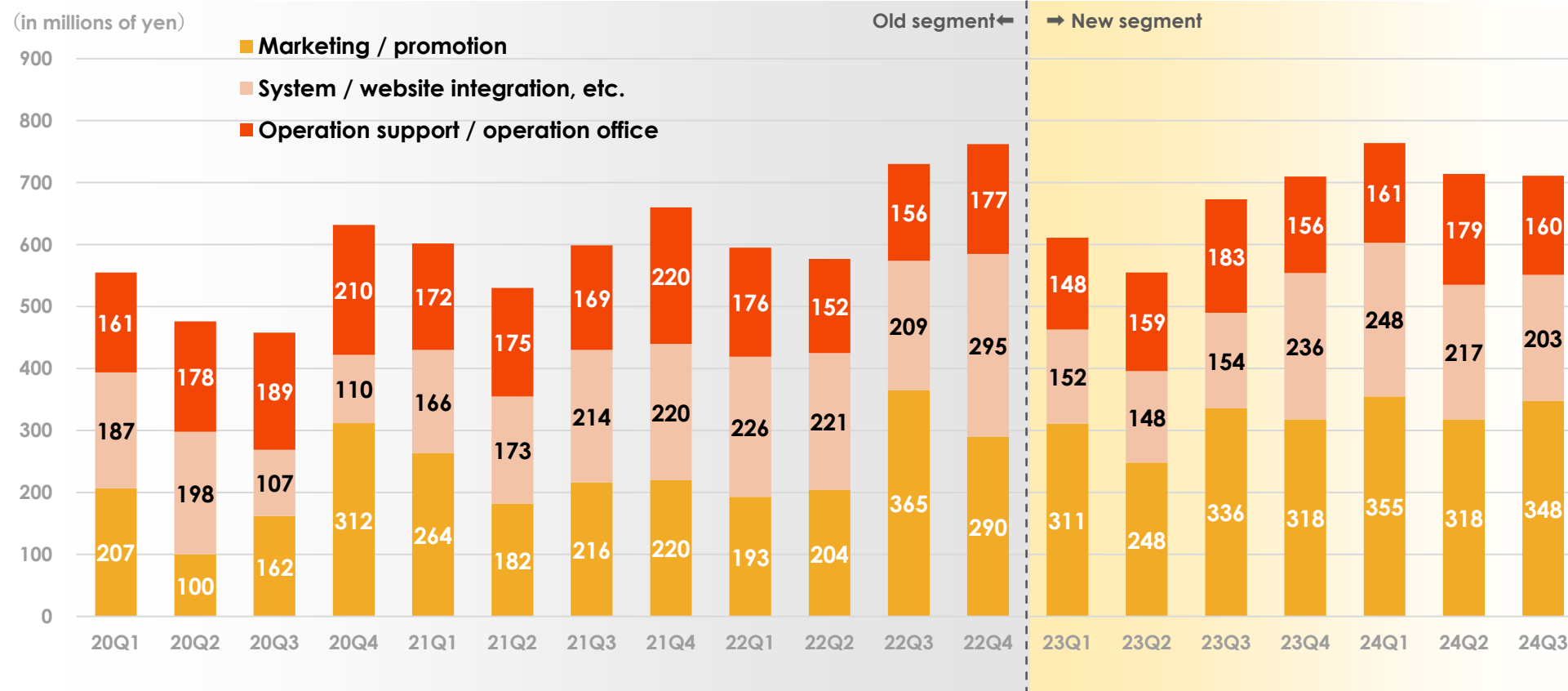
\*We disclose the average number of employees during the quarter (rounded to one decimal place) instead of at the end of the quarter.

Starting from Q2, FY2024/12, the Company has changed reporting of the number of full-time employees for the consolidated group, rather than just the three domestic companies.

# Breakdown of Revenue by Business Segment

## New customer acquisition and existing customer transactions were steady against the plan

Revenue for the current period is expected to meet the plan, with no anticipated upward or downward deviations. We are steadily carrying out closing activities and ensuring deliveries.



\* Starting from FY2024/12, the Company has changed the reporting segments.

Accordingly, revenue for FY2023 is shown after retrospective application of this change.

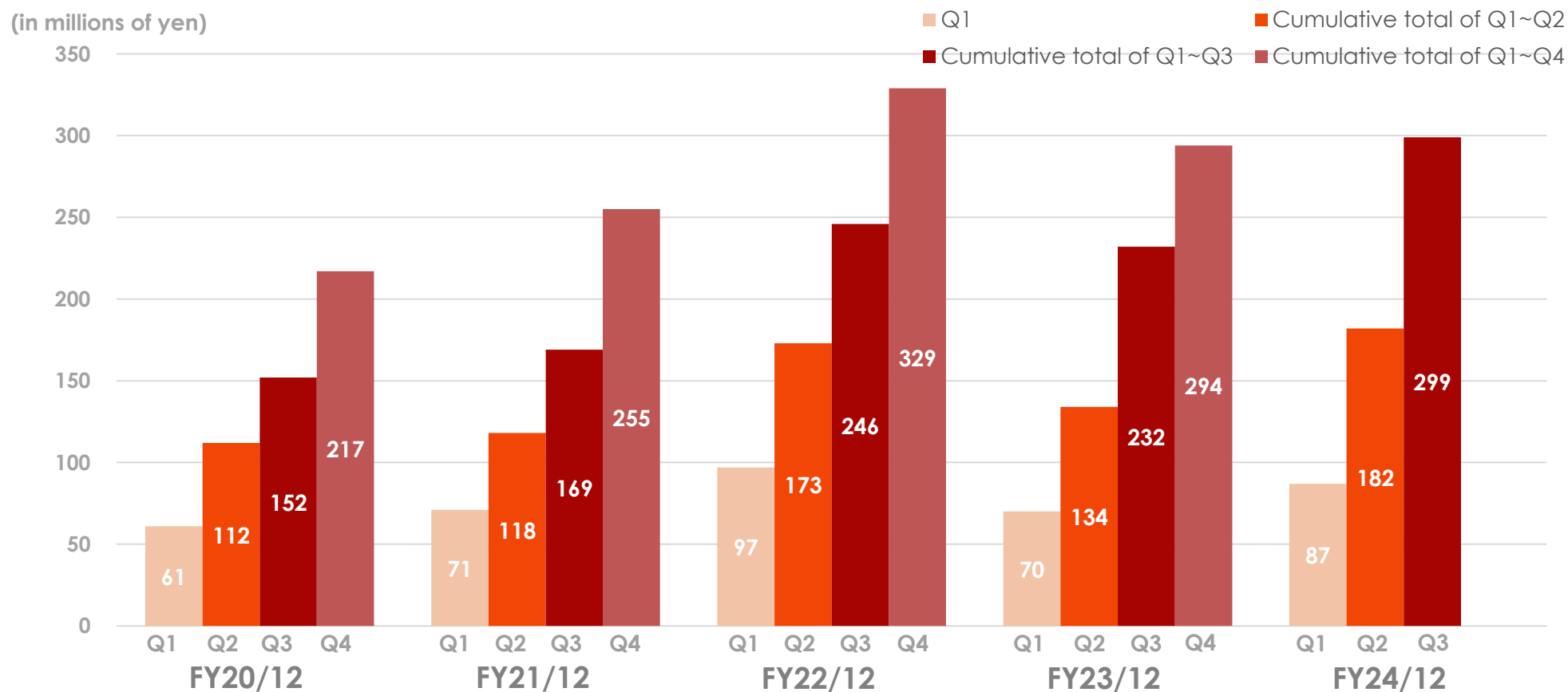
\* Starting from the fiscal year ended December 31, 2021, the Company has adapted International Financial Reporting Standards (IFRS) instead of Japanese GAAP. Accordingly, revenue for the fiscal year ended December 31, 2020 indicates the amount after retrospective application of the change.

\* The values for each quarter of FY 2020/12 was not audited by KPMG AZSA LLC.

# Overseas Revenue

**To further expand our revenue, we're focusing on recruiting to strengthen sales and production**

Sales and strategic planner recruitment is underway to enhance our sales structure.

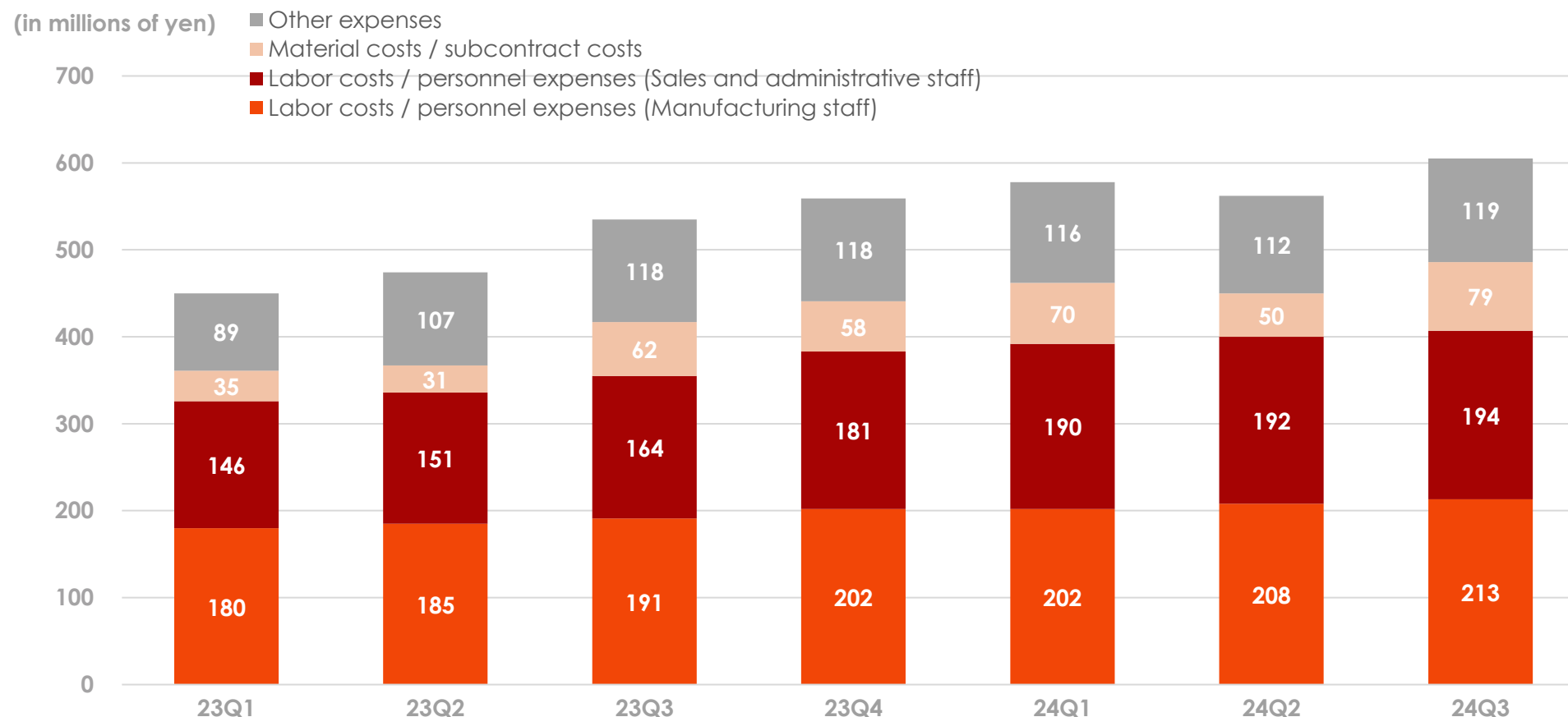


\* Starting from December 31, FY2021/12, the Company has adapted International Financial Reporting Standards (IFRS) instead of Japanese GAAP. Accordingly, revenue for December 31, FY2020/12 indicates the amount after retrospective application of the change.

\* The values for each quarter of FY2020/12 was not audited by KPMG AZSA LLC.

# Breakdown of Expenses (Consolidated)

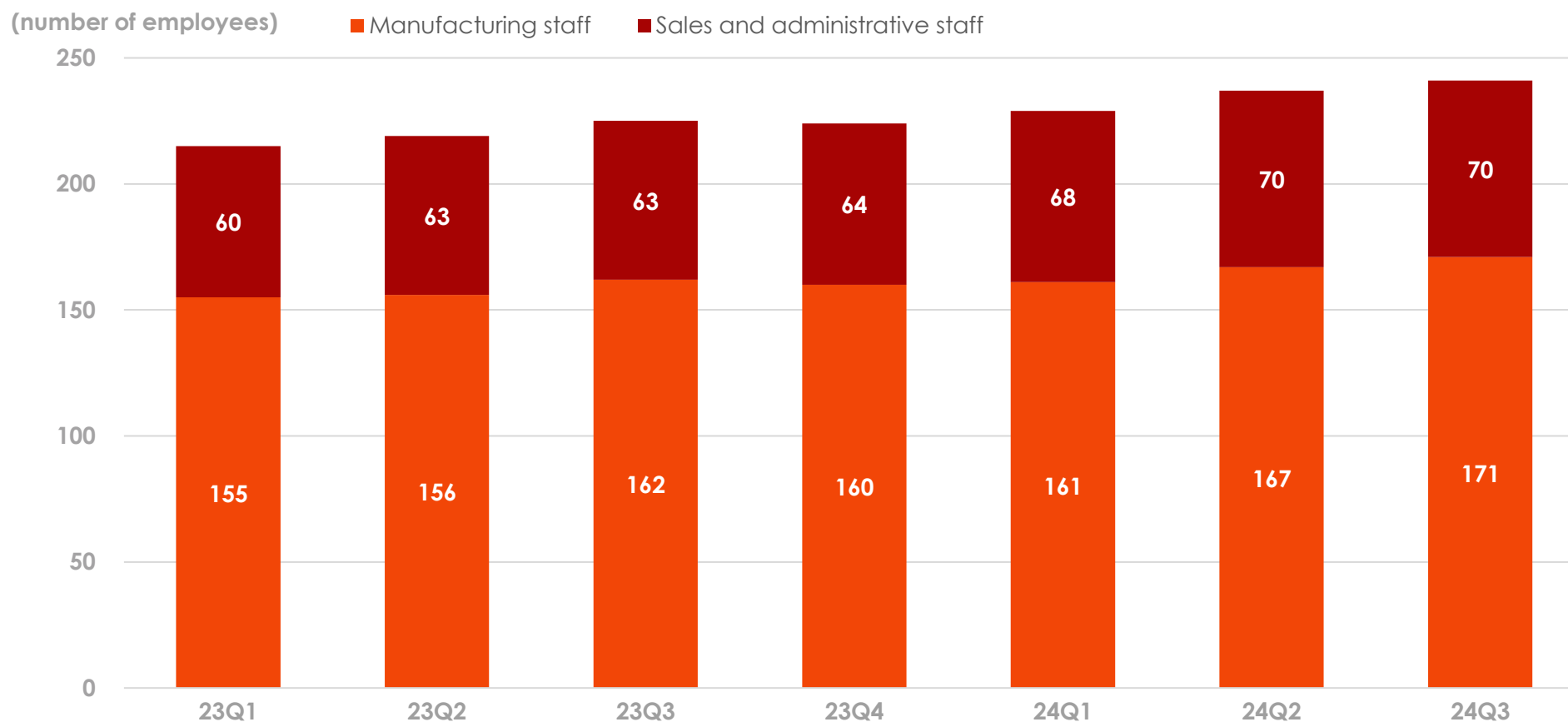
Temporary increase in subcontract costs, but no significant change in overall trend



\*Starting from FY2024/12, the Company has changed the reporting segments.  
Accordingly, expense for FY2023/12 is shown after retrospective application of this change.

## Breakdown of Personnel (Consolidated)

Ongoing recruitment primarily focused on experienced sales personnel for growth



\*Starting from FY2024/12, the Company has changed the reporting segments.

Accordingly, number of employees for FY2023/12 is shown after retrospective application of this change.

\*We disclose the average number of employees during the quarter (rounded to one decimal place) instead of at the end of the quarter.

Starting from Q2, FY2024/12, the Company has changed the reporting of the number of full-time employees for the consolidated group, rather than just the three domestic companies.

# Progress Against Full-Year Forecasts

(in millions of yen)

|                                                | FY2024/12<br>Full-year forecasts<br>[Composition ratio] | FY2024/12<br>Q3 Results<br>[Composition ratio] | Rate of<br>progress |
|------------------------------------------------|---------------------------------------------------------|------------------------------------------------|---------------------|
| Revenue                                        | 8,229 [100.0%]                                          | 5,799 [100.0%]                                 | 70.5%               |
| Cloud Solutions                                | 5,270 [64.0%]                                           | 3,607 [62.2%]                                  | 68.4%               |
| Marketing<br>Solutions                         | 2,959 [36.0%]                                           | 2,192 [37.8%]                                  | 74.1%               |
| Operating profit                               | 2,782 [33.8%]                                           | 1,990* [34.3%]                                 | 71.5%               |
| Cloud Solutions                                | 2,214 [26.9%]                                           | 1,546 [26.7%]                                  | 69.8%               |
| Marketing<br>Solutions                         | 568 [6.9%]                                              | 442 [7.6%]                                     | 77.9%               |
| Profit before tax                              | 2,824 [34.3%]                                           | 1,998 [34.5%]                                  | 70.8%               |
| Profit attributable to<br>owners of the parent | 1,963 [23.9%]                                           | 1,381 [23.8%]                                  | 70.4%               |

\* Includes 1 million yen of other profit (loss) not attributable to reportable segments.

# Profit and Loss Statement (YoY)

(in millions of yen)

|                                              | Q3 FY2023/12<br>[Composition ratio] | Q3 FY2024/12<br>[Composition ratio] | Difference | Main factors                                                                                                     |
|----------------------------------------------|-------------------------------------|-------------------------------------|------------|------------------------------------------------------------------------------------------------------------------|
| Revenue                                      | 5,158 [100.0%]                      | 5,799 [100.0%]                      | 640        |                                                                                                                  |
| Cost of sales                                | 1,710 [33.2%]                       | 1,925 [33.2%]                       | 214        | Increase in technical personnel, salary, material costs, and maintenance expenses, etc.                          |
| Gross profit                                 | 3,448 [66.8%]                       | 3,874 [66.8%]                       | 425        |                                                                                                                  |
| Selling, general and administrative expenses | 1,497 [29.0%]                       | 1,810 [31.2%]                       | 312        | Increase in sales and administrative employees and salary, advertising expenses, and depreciation expenses, etc. |
| Research and development                     | 32 [0.6%]                           | 74 [1.3%]                           | 42         |                                                                                                                  |
| Other profit (loss)                          | (37) [(0.7%)]                       | 1 [0.0%]                            | 39         |                                                                                                                  |
| Operating profit                             | 1,880 [36.5%]                       | 1,990 [34.3%]                       | 109        |                                                                                                                  |
| Finance profit (loss)                        | 98 [1.9%]                           | 7 [0.1%]                            | (90)       |                                                                                                                  |
| Profit before tax                            | 1,978 [38.4%]                       | 1,998 [34.5%]                       | 19         |                                                                                                                  |
| Profit                                       | 1,361 [26.4%]                       | 1,376 [23.7%]                       | 15         |                                                                                                                  |
| Profit attributable to owners of the parent  | 1,366 [26.5%]                       | 1,381 [23.8%]                       | 14         |                                                                                                                  |

# Statement of Financial Position (vs. End of Previous Fiscal Year)

(in millions of yen)

|                               | FY2023/12 | Q3<br>FY2024/12 | Difference |
|-------------------------------|-----------|-----------------|------------|
| Current assets                | 10,920    | 11,620          | 699        |
| Cash and cash equivalents     | 8,707     | 9,470           | 763        |
| Trade and other receivables   | 998       | 1,133           | 135        |
| Other current assets          | 1,215     | 1,015           | (199)      |
| Non-Current Assets            | 1,452     | 1,118           | (334)      |
| Property, plant and equipment | 731       | 541             | (189)      |
| Intangible assets             | 83        | 96              | 13         |
| Other                         | 638       | 480             | (158)      |
| Total assets                  | 12,373    | 12,738          | 364        |

|                                             | FY2023/12 | Q3<br>FY2024/12 | Difference |
|---------------------------------------------|-----------|-----------------|------------|
| Total liabilities                           | 3,489     | 2,939           | (550)      |
| Current liabilities                         | 3,143     | 2,681           | (461)      |
| Contract liabilities                        | 1,759     | 1,616           | (142)      |
| Income tax payable                          | 229       | 115             | (113)      |
| Trade and other payable                     | 455       | 315             | (139)      |
| Other current liabilities                   | 699       | 633             | (66)       |
| Non-current liabilities                     | 346       | 257             | (88)       |
| Total equity                                | 8,884     | 9,799           | 915        |
| Equity attributable to owners of the Parent | 8,884     | 9,803           | 919        |
| Non-controlling interests                   | 0         | (4)             | (4)        |
| Total liabilities and equity                | 12,373    | 12,738          | 364        |

# News Release

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|    |        |                                                                                                                                                                                                   |
|----|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CS | Nov 1  | Cloud-based ERP “ZAC” revamps “Project Search Screen” and “Master Registration Screen”                                                                                                            |
| CS | Oct 29 | Cloud-based ERP “ZAC” receives “Leader” rank in ERP Package category “ITreview Grid Award”                                                                                                        |
| CS | Oct 25 | “Reforma PSA” upgraded and new features “Selling, General and Administrative Expenses” and “Notifications” now available                                                                          |
| MS | Sep 30 | Participates and presents at “Overseas Business EXPO Tokyo” Seminar Supporting Outbound and Inbound Business                                                                                      |
| CS | Sep 13 | Cloud-based ERP “ZAC” participates in “DX EXPO TOKYO 2024 Autumn,” an IT and DX exhibition                                                                                                        |
| CS | Sep 9  | “Reforma PSA” upgrades to reduce workload for management tasks, within and outside system                                                                                                         |
| CS | Sep 3  | “Reforma PSA” revamps screen layout of key features                                                                                                                                               |
| CS | Aug 9  | Surpasses 1,000* companies implementing “ZAC” and “ZAC Enterprise”!! Adoption expands primarily among advertising and production, IT and systems, and consulting/professional services industries |
| CS | Jul 31 | NEC Networks & System Integration Group unifies core systems on ZAC across three companies, reducing work hours by 2,000 per month                                                                |

\*The cumulative number of contracts for “ZAC” and “ZAC Enterprise” (as of July 2024).

# **Business Segment Topics**



02

# Business Overview



## Cloud Solutions (CS)

Development and provision of cloud services, including



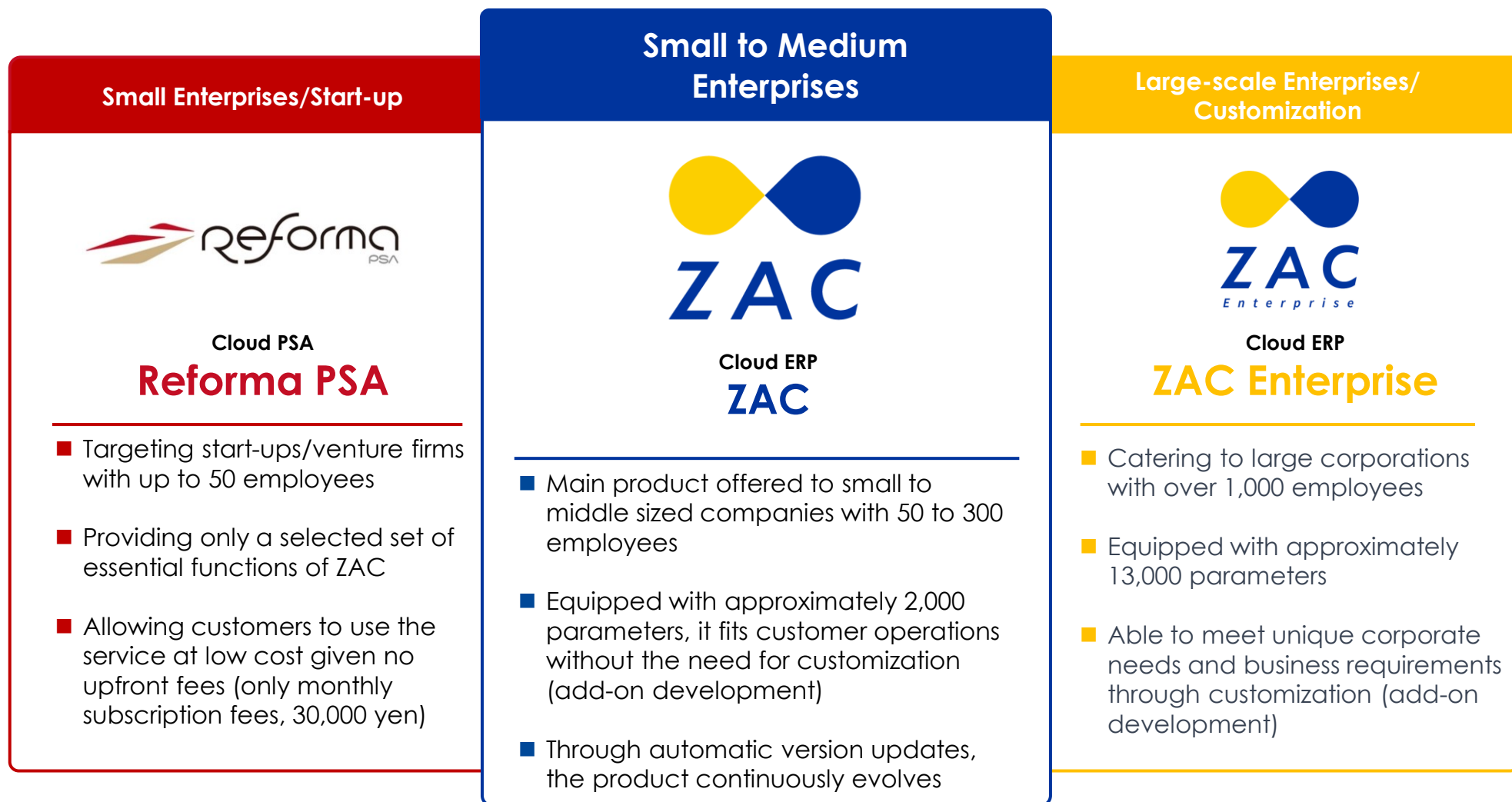
## Marketing Solutions (MS)

Provision of services related to customer marketing support, including digital advertising, system production, web production, and more.

# CLOUD SOLUTIONS

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

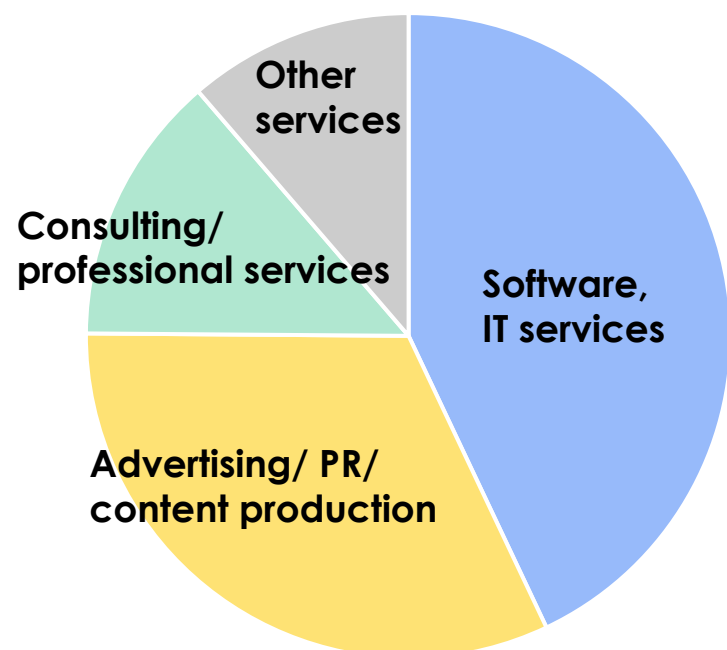
We provide three types of cloud-based integrated systems tailored to the size of the enterprise. The systems streamline business processes and facilitate company-wide information sharing.



# Industry-Specific ERP

ZAC has been implemented in a cumulative total of over 1,000 companies, primarily in the software, IT services, and advertising industries.

(As of September 30, 2024)



Recently, orders from the software and IT services industries have increased. Approximately 40% of the total number of orders received come from the IT service industry, and 30% come from the advertising industry.

## Software/system development, and IT services



## Advertising/PR/content production



## Consulting/professional services

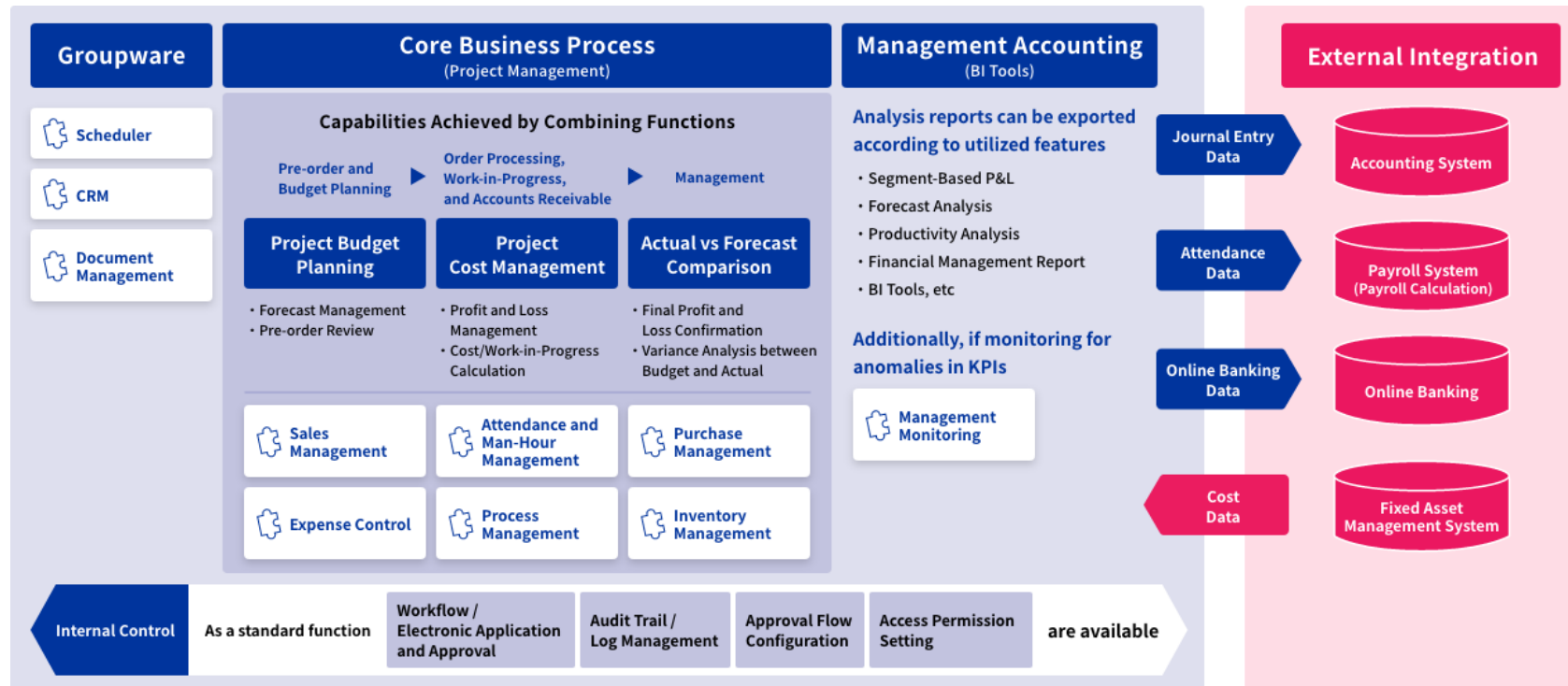


## Other services



# Overview of Cloud ERP ZAC - Functions

Specialized in Front Office Operations, Standard Features Fulfill Industry-Specific Requirements



With ZAC,  
you can choose  
and implement only  
necessary modules

Modules  
(Functions)



Number of Licenses  
(Users)



Usage Price\*



Begin by utilizing only the necessary modules and the precise number of licenses required  
**Both modules and licenses can be freely expanded or reduced as needed**

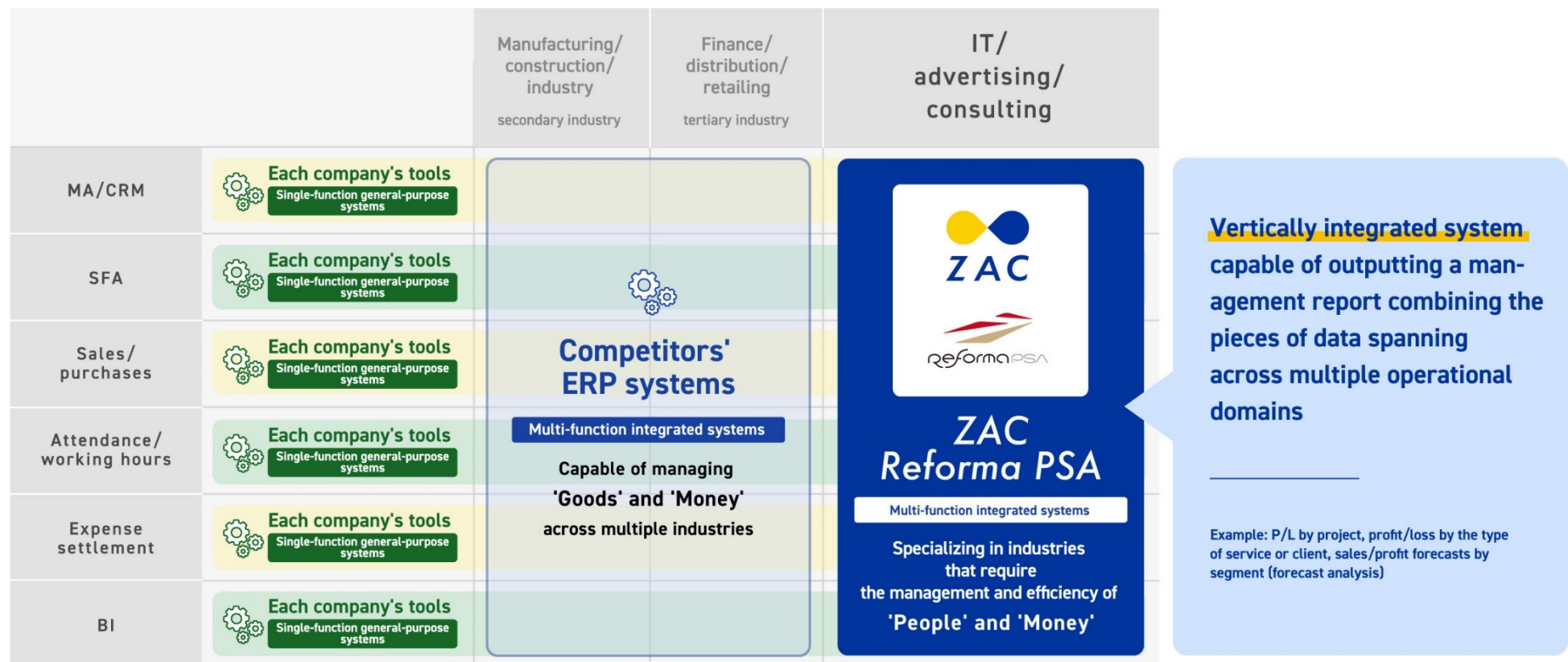
\*Reforma PSA provides some of ZAC's key features.

# Industry-Specific Integrated ERP

ERP systems can be divided into single-function general-purpose systems applicable across industries, and **multi-function integrated systems** merging industry-specific functions.

ZAC / Reforma PSA is a **multi-function integrated system** designed to meet the specific needs and challenges of customers in the IT services, advertising, and consulting industries.

Positioning Map by Industry/Business Domain

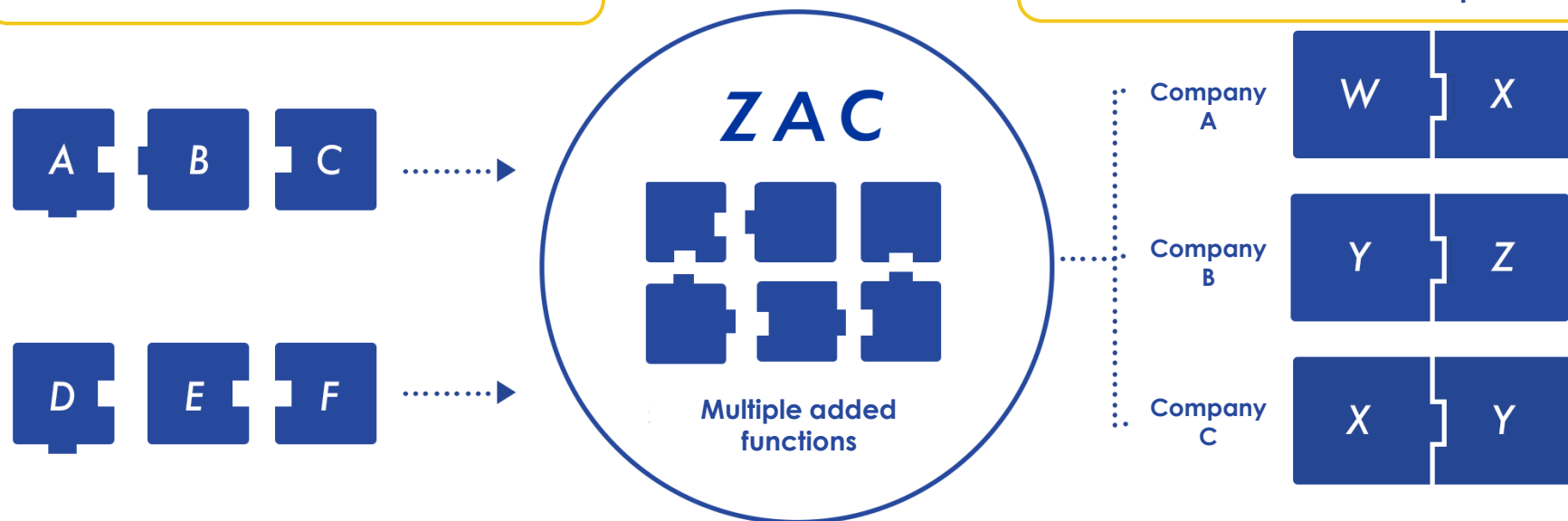


# Advantages of Cloud-Based Systems in Functional Scalability

Since 2006, we have accumulated approximately 13,000\* parameters (functional components) to meet unique customer demands.

Continuously adding the latest features in response to customer and market needs

Combining necessary features to build the optimal system for each company without additional development



## Advantages of industry-specific parameter design

**POINT1** (From the customer's perspective) Access to a customized system at a low cost and with a short delivery time, making specification changes, such as adding new features, easier

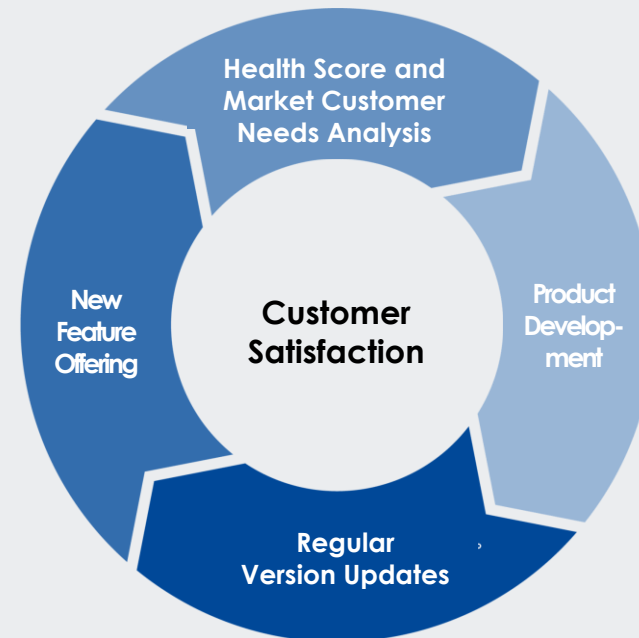
**POINT2** (From our perspective) Ability to horizontally deploy new features or functionality developed for individual customers, resulting in efficient sales proposals and feature delivery

\*We provide about 2,000 functional parameters in ZAC and about 13,000 functional parameters in ZAC Enterprise.

## Provide Regular Version Updates

Despite being a large-scale system with approximately 2,000 functional parameters, ZAC undergoes regular version upgrades, continuously offering enhancements in functionality and design, as well as new features.

Regular version upgrades  
to improve customer satisfaction,  
reduce **Customer Churn Rate**  
and increase **ARPA** and **NRR**.



\*Approximately 2,000 functional parameters are available for ZAC and 13,000 for ZAC Enterprise.

# ZAC Enables Visibility of Project-Based Labor Costs



### KAYAC Inc.

<App and Game Development Industry>

Renowned for unique management methods like “dice pay,” the company develops content businesses, producing innovative social games and smartphone apps, and hosting special exhibitions such as UNKO MUSEUM. Its performance and scale expand annually.

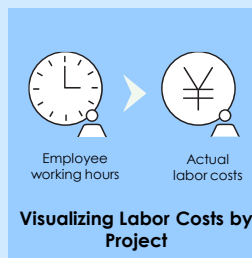
## Challenges Prior to 2010 Implementation of ZAC Enterprise:

### Manual Cost Calculation in Excel Reaches Its Limit Due to Scaling Up

The company managed project-specific man-hour data using Excel files. However, a rapid increase in the workforce made it challenging to manually calculate costs by linking accounting data (labor costs) with project-specific man-hours.



## Benefits Following the 2010 Implementation of ZAC Enterprise:



### Easier Understanding of Labor Costs by Project

Centralizing the management of man-hours at a single ZAC location has streamlined the process, allowing for quick and efficient allocation of labor costs by project.



### Enabling Data-Driven Decision-Making

The implementation of ZAC Enterprise has improved the accuracy of management data, enabling intuitive decisions to be backed by reliable information.

Kayac Inc. adopted ZAC Enterprise in 2010, starting with attendance and man-hour management, and gradually adding sales, purchasing, and expense features. In 2023, to meet legal changes and enhance management for their growing group, they switched to ZAC, launched in 2019. This reflects the state during ZAC Enterprise's implementation.

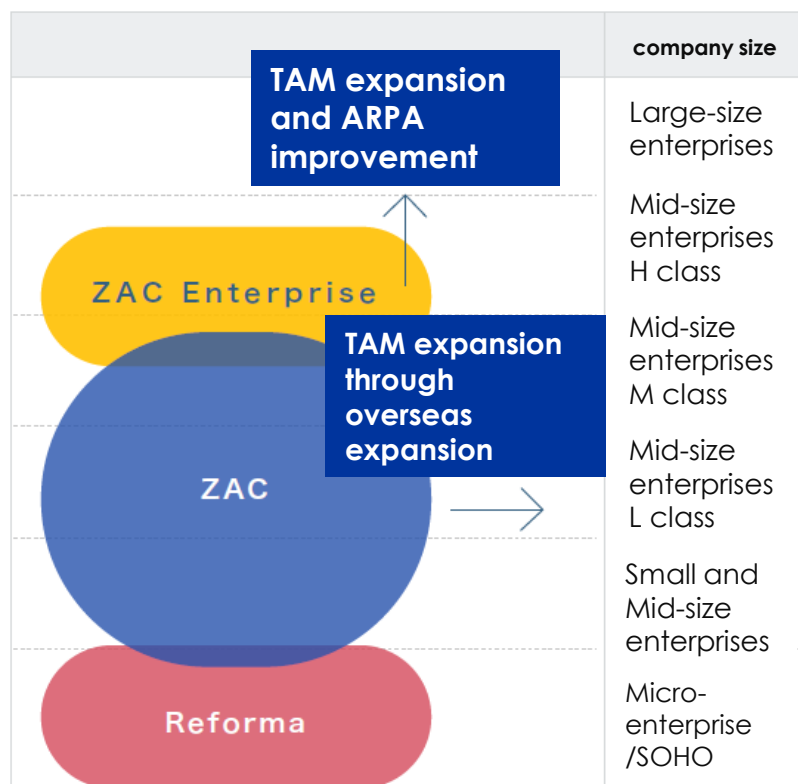
# Strengthen Development for Further Market Expansion

**44,000 domestic target companies, we are targeting larger companies and overseas markets**

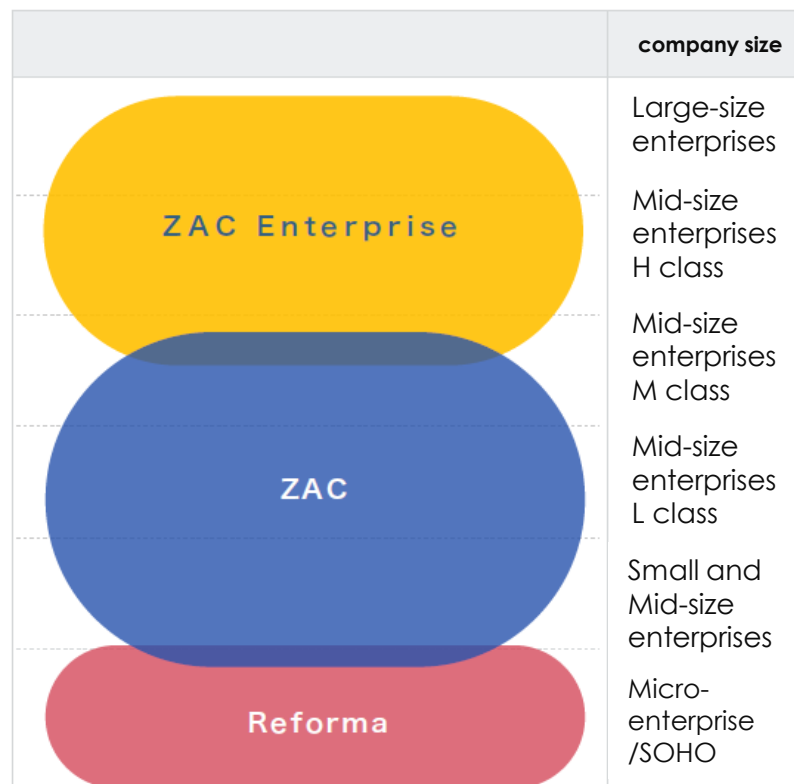
We will review our system configuration and enhance our internationalization functions to propose solutions to large enterprises with 10,000 employees and small- to medium-sized enterprises located overseas by 2026.

## Market Expansion Image (TAM)

Present



2026



\*Domestic target companies are ZAC, ZAC Enterprise and Reforma's target industries, such as IT, advertising and consulting, with approximately 1 to 2,000 employees.

# Boost Overseas Tool Variety and Revenue

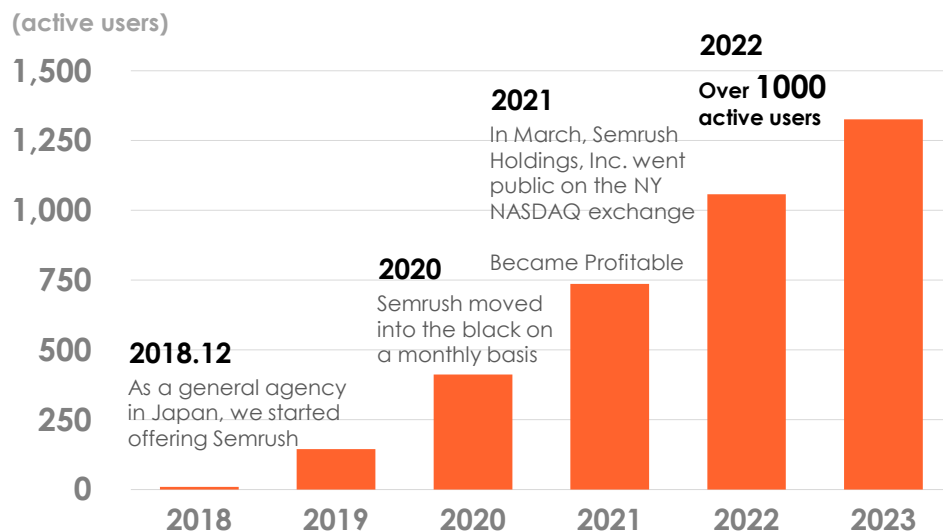
We continue to make progress in localizing overseas tools and handling domestic sales representation, with preparations for further expansion of overseas tools following Semrush.



10 million Registered Account in the world\*\*

All-in-one competitive analysis tool for  
SEO/ Ad Analysis/ SNS Competitive Analysis

## Number of Active Users\*



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

\*\* Total number of users including trial users

## Target in 2024

Active users in Japan have steadily grown since launch  
Although the churn rate remains low, we aim to **increase the number of users and the revenue growth rate** with **improving the figures** in 2024.



Next

Plan to expand a range of foreign-made tools next to Semrush

## SaaS Management Tool “dxeco”

**“dxeco” visualizes contract information, usage status, account information, and Shadow IT for SaaS applications used within companies.**

**It optimizes SaaS costs, management and understanding of security risks, and streamlining of account inventory tasks.**

- Implemented team management features with customizable permissions for each organizational level.
- Praised during ISMS audits and internal reviews for excellence.
- Continuously adding new features in response to customer feedback.



### Case study

#### Pre-implementation Challenges

- Inability to comprehensively track internal SaaS account information
- Difficulty in understanding SaaS adopted and managed at the department level

#### Post-implementation Impact

- Creation of a comprehensive management ledger without gaps through API and CSV integration
- Capability to gain a comprehensive understanding of all SaaS in use across the company, including Shadow IT

\*While monetization may take time, we prioritize enhancing features based on user organizations' feedback.

# Subscription Business Sales Management System “Hayasub”

**Hayasub is a sales management system designed for BtoB subscription businesses. It streamlines the sales management process by handling diverse pricing models (flat/metered fees) and contract terms (annual/monthly, special discount).**

- Systematizes sales management from prospecting to invoicing to reduce waste
- Manages varied fee structures, contract terms, and billing
- Centralizes sales management by integrating with ZAC and other systems



## Issues that can be solved and expected

### Challenges Before Implementation

- Manual billing processes lead to errors, including missed and inaccurate charges.
- Key subscription business KPIs like MRR and churn rates are not calculated accurately or promptly.

### Effects After Implementation

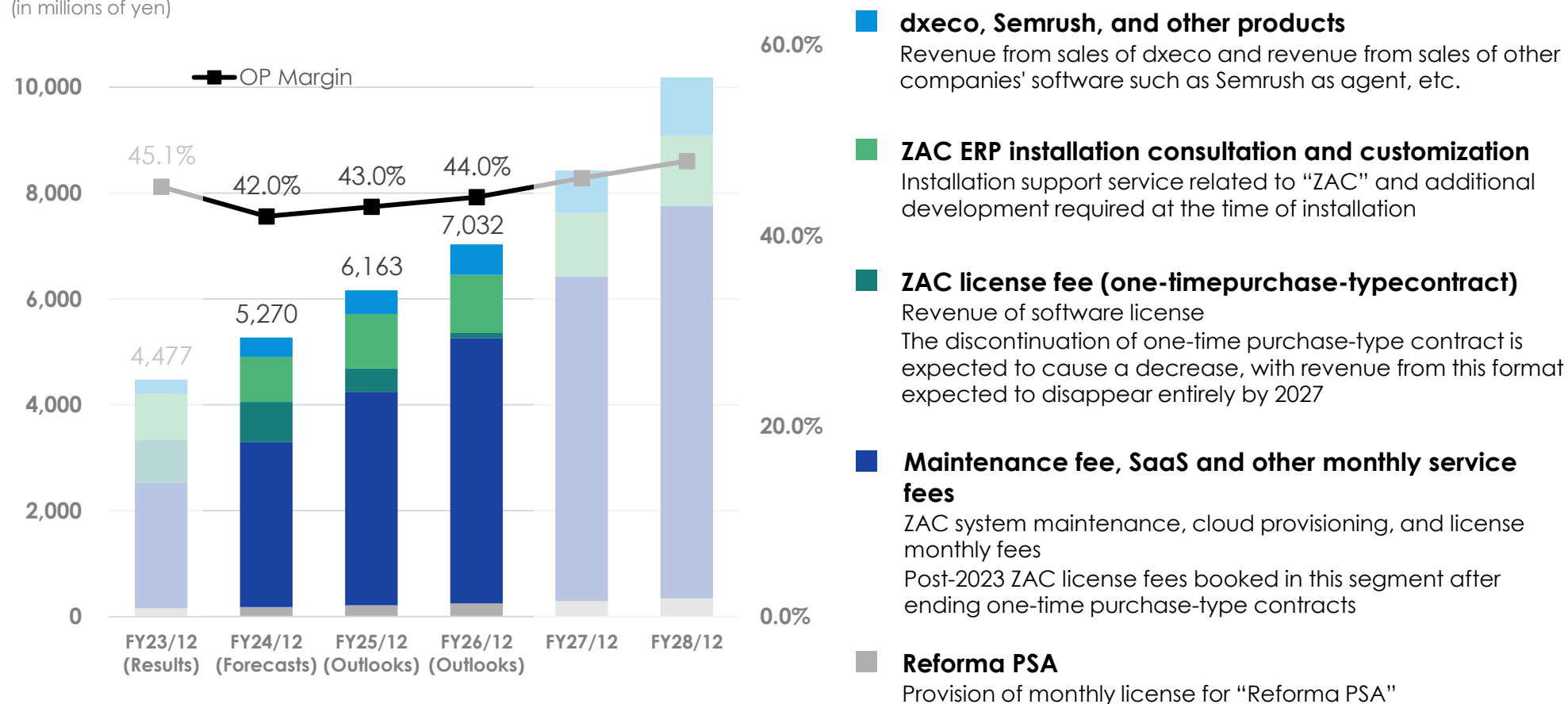
- Systematization ensures accurate billing amid complex fee and contract structures.
- Centralized management enables real-time visualization of key subscription metrics.

# Segment Revenue and Operating Margin [New Segment]

## FY2024/12 sees a temporary dip in margins due to preparation for 2026 global expansion

We are assessing market research for destination selection and participation in overseas exhibitions, incorporating associated expenses into our financial planning.

(in millions of yen)



\* Starting from FY2024/12 Q1, the data in this graph for FY2023/12 and beyond have been revised to reflect the change in reporting segments.

# Marketing Solutions

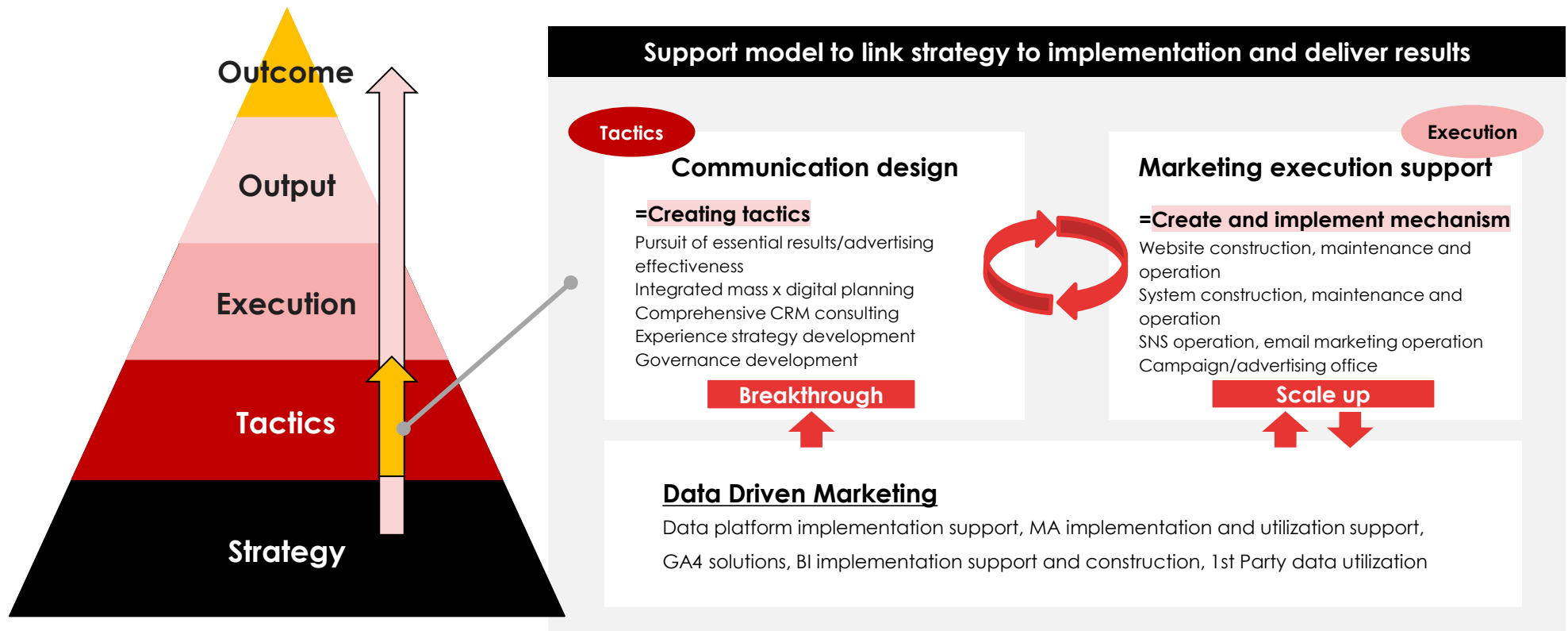
# Building Support Model as “Execution-Oriented Company”

## Provide a mechanism to translate the client's marketing strategy into concrete actions

As the digital marketing market expands, we serve MS businesses as “an execution company”. This is to ensure clients' strategies to make sure that their strategies do not just remain theoretical.

We provide a support model that generates ongoing results through communication design (effective tactical planning) and marketing execution support (implementing and scaling tactics).

## Our Support Model as an “Execution-Oriented Company” (conceptual diagram)



# Digital Marketing Consultation for National Brands

Aeon Co., Ltd. And Nissan Motor Co., Ltd. are the main customers.



## Examples of ORO's Support for Implementing Marketing Strategies

Strong in supporting organizations to execute strategy and to deliver results

- **Tactical Planning:** Tailored digital marketing consulting and execution per regional characteristics.
- **Systematization:** Developing and offering dashboards that enable the visualization of marketing ROI across all areas.
- **Execution Support:** Designing and implementing customer acquisition strategies for nationwide stores.

# One-stop digital marketing for store-based businesses



## Nissan Motor Co., Ltd.

<Manufacturing and sales of automotive products>

Nissan, renowned for its technological prowess, is a leading player in the automobile industry, particularly in electric vehicle innovation. The Nissan sales company group, boasting 115 companies, operates around 2,100 dealerships across all prefectures as of April 2024.

### Issues to be Improved

#### No Unified System to Govern Nationwide Sales Companies

Each sales company managed its advertising independently based on regional car demand. This resulted in some advertisements not aligning with the brand image that Nissan Motor Co. aimed for.

#### Challenges in Aggregating Ad Distribution Results

Since sales companies across the nation reported their advertising results separately, the reporting process created significant burdens. Moreover, this made it difficult for Nissan to comprehensively track and analyze the overall data.



### Digital Marketing Support by ORO



#### Enabling Regional Advertising with Brand Integrity

We support each sales company in aligning ad production and distribution with the manufacturer's marketing strategies and brand image. This system enables tailored advertising to meet local needs while maintaining brand integrity.



#### Optimized BI Environment for Quick Insight

A Business Intelligence (BI) environment has been established to allow for seamless, comprehensive analysis of national marketing outcomes. This system reduces reporting burdens for sales companies and enables manufacturers to easily oversee distribution results with a strategic perspective.

# Creating an “Engaging” 130-Year Corporate History Site



## Obayashi Corporation

<General Construction Company>

A leading general construction company committed to contributing to a sustainable society in Japan and globally, guided by the philosophy of being a “Leading Sustainable Company.” The company is actively pursuing green energy projects and expanding into new business domains for the new era.

### Requirements

#### A Web-Based 130-Year History

In line with current trends, the goal was to create a 130-year history site accessible from any device and location, with features such as searchability and links to the corporate website.

#### Expanding Corporate History Globally

For the first time, the history would be made available globally with both Japanese and English. To further share the history with employees and clients at Obayashi's overseas subsidiaries, additional support was added for four languages: Traditional Chinese, Thai, Indonesian, and Vietnamese.



### TOPPAN × ORO Proposal

**TOPPAN**

#### An “Engaging” History Site Aligned with Corporate Rebranding

To support Obayashi's rebranding, TOPPAN produced an “engaging” history site rather than merely a “readable” one, designed as web-based global content for the general public beyond corporate stakeholders. The multilingual requirements were met through collaboration between TOPPAN's translation and history teams.



#### Website Design and Implementation by ORO

ORO handled the design and implementation, featuring six stories like Obayashi's “Space Elevator” vision, brought to life through animations. The site is optimized for mobile and includes key web features like internal search and external links.

Please refer to the interview article at the following URL for details (this will redirect you to the website of TOPPAN Holdings Inc.; Japanese Only):

[https://solution.toppan.co.jp/bx/contents/interview\\_contents05.html](https://solution.toppan.co.jp/bx/contents/interview_contents05.html)

# Strengthen the Structure at Overseas Business Locations

## Strengthening Both Sales and Production to Improve Profitability



### Enhancing the Sales Structure

By bolstering the recruitment of sales personnel and strategic planners, the company aims to enhance proposal quality to secure contracts through direct appointments and annual deals.

### Reinforcing the Production System

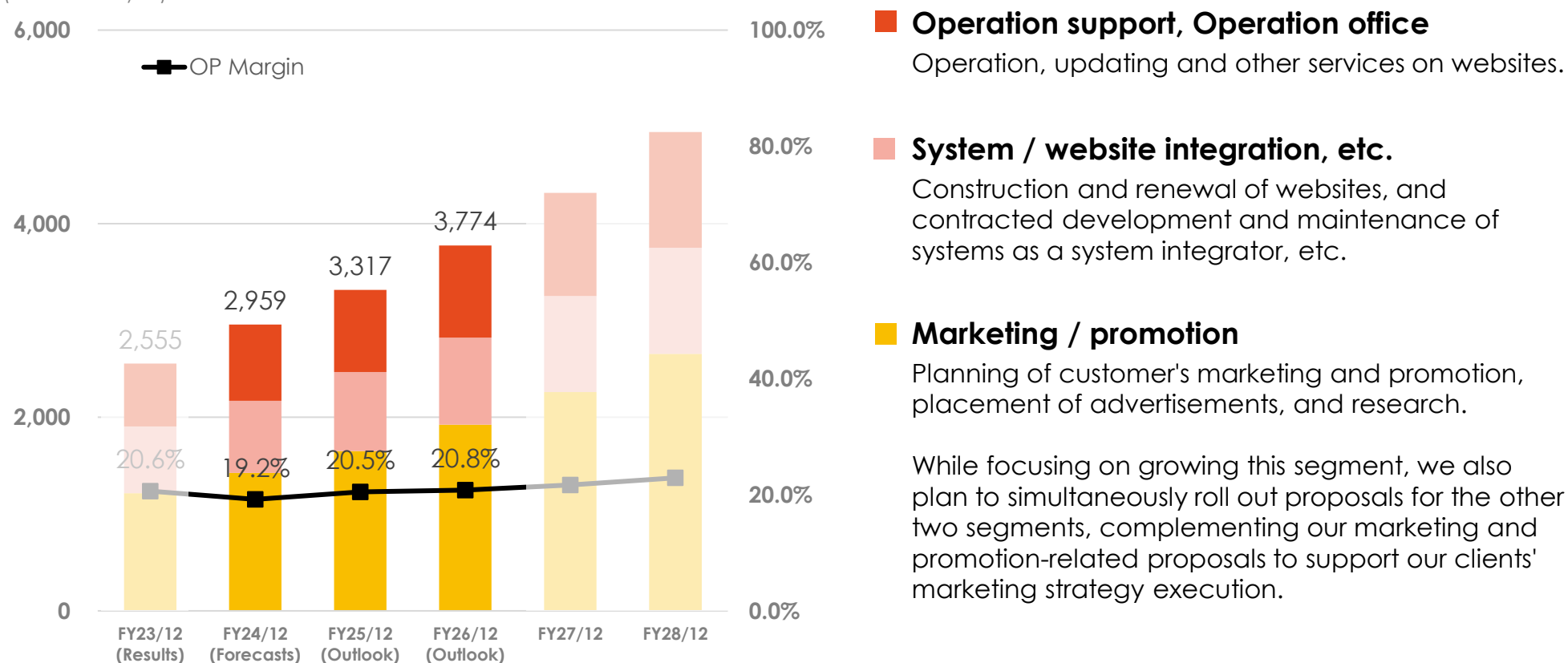
With growing demand for outsourced services from advertising agencies, we are strengthening our structure, including recruitment, to boost revenue. At the same time, we aim to improve profitability by promoting in-house production.

# Segment Revenue and Operating Margin [New Segment]

**Revising strategies in both domestic and international markets to recover revenue growth.**

We aim to secure an operating margin of around 20%, focusing on growth across all three segments.

(in millions of yen)



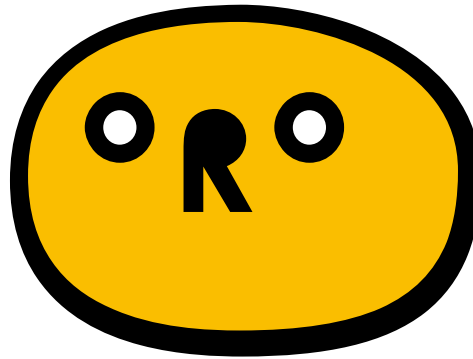
\* Starting from FY2024/12 Q1, the data in this graph for FY2023/12 and beyond have been revised to reflect the change in reporting segments.

# Company Profile



03

# Corporate Philosophy



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

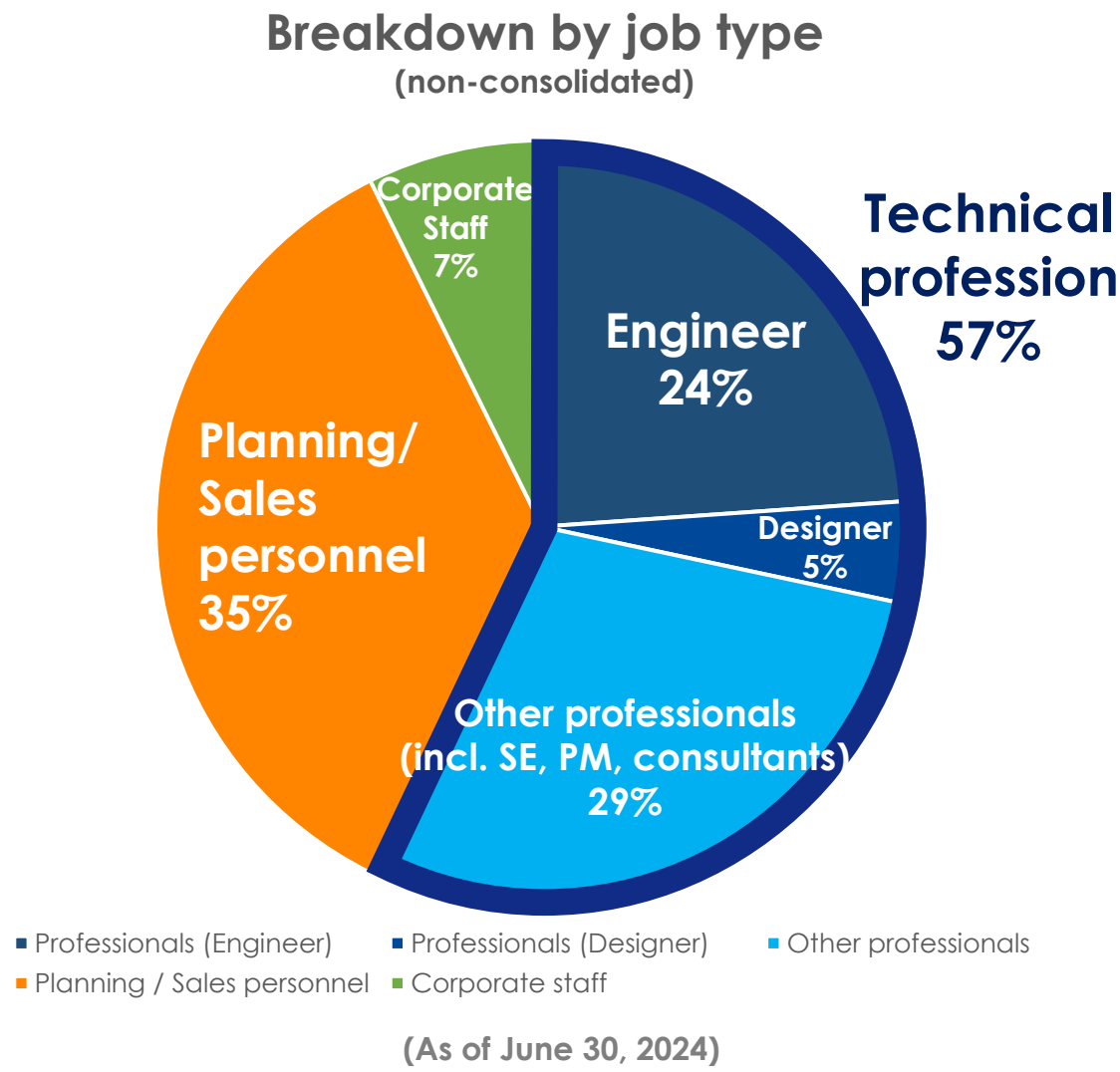
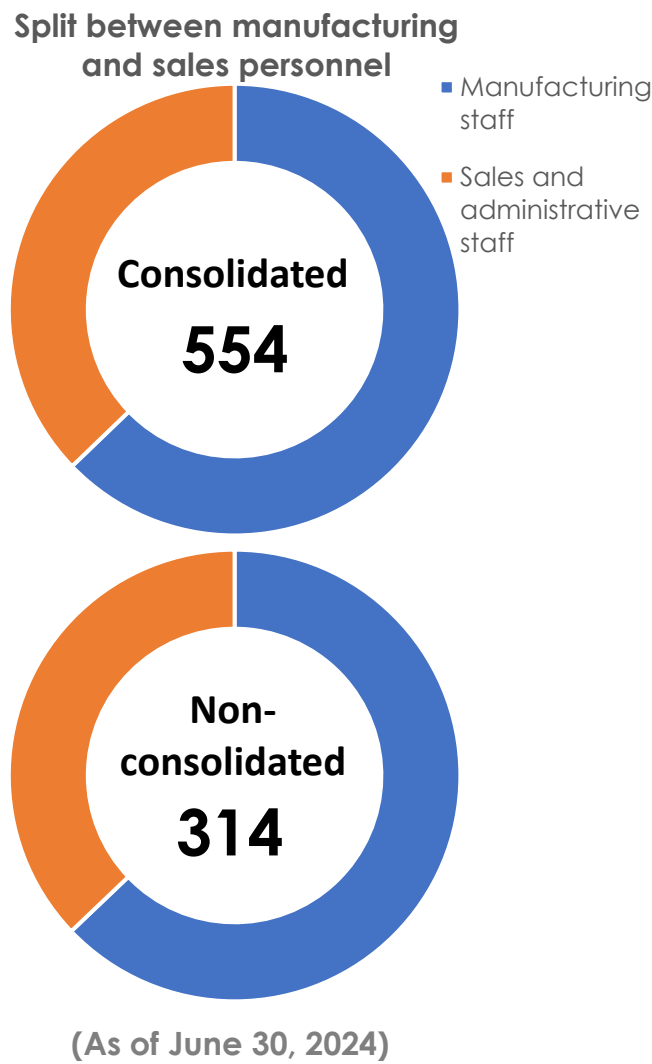
# History



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

# Organizational Structure

Organizational structure promotes “technology x creativity” solutions



## Material Issues

To realize our corporate philosophy, we have identified the three categories of material issues that we must address in order to achieve sustainable growth: **business**, **human resources**, and **environment**.



### Sustainability Policy

Realizing our corporate philosophy requires our own sustainable growth in the first place.

Our growth cannot be achieved without delivering more happiness and joy to co-workers, families, business partners, shareholders, and society at large.

For this reason, oRo will engage in corporate activities to realize its corporate philosophy by aligning its initiatives for the three materiality categories of **Business**, **Human Resources**, and **Environment** from the perspective of sustainability, while monitoring the progress of these initiatives.

# Human Resources Initiatives (1/2)

**In line with our 'oRo GROUP HUMAN RESOURCES POLICY', we are advancing diversity initiatives, targeting a 15% ratio of women in managerial positions by 2027 to diversify our core personnel.**

## oRo GROUP HUMAN RESOURCES POLICY

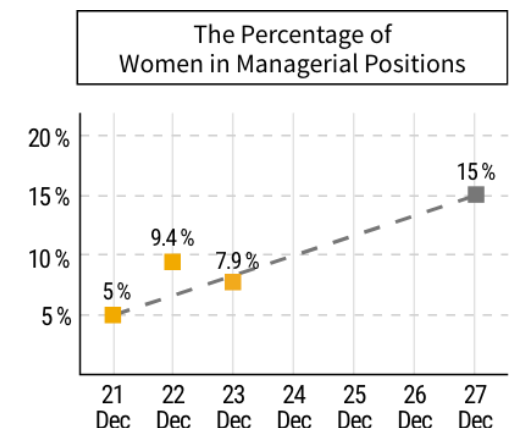
oRo's goal is to continuously develop creative and autonomous human resources and therefore to deliver more happiness and joy to more people through creation of organization, products, and services.

1. We do not discriminate on the basis of race, creed, gender, social status, nationality, disability, employment type, age, religion, etc.
2. We evaluate our employees/ business partners fairly and treat them appropriately.
3. We respect diversity. We will create a culture where everybody can think on their own, demonstrate their abilities and creativity, and achieve self-fulfillment.
4. We pursue the physical and mental well-being of our employees and their family, and support career development, health, and personal fulfillment.

## Raising the percentage of women in managerial positions

Since February 2023, we have established a goal of achieving a 15% ratio of women in managerial positions by 2027. As of December 31, 2023, we have reached a performance level of 7.9%, which aligns closely with our plan.

Moving forward, we will concentrate on improving our workplace by accommodating diverse career paths and work styles, as well as striving to create a more attractive work environment. Through these enhancements, we aim to increase the proportion of female managers.



## Human Resources Initiatives (2/2)

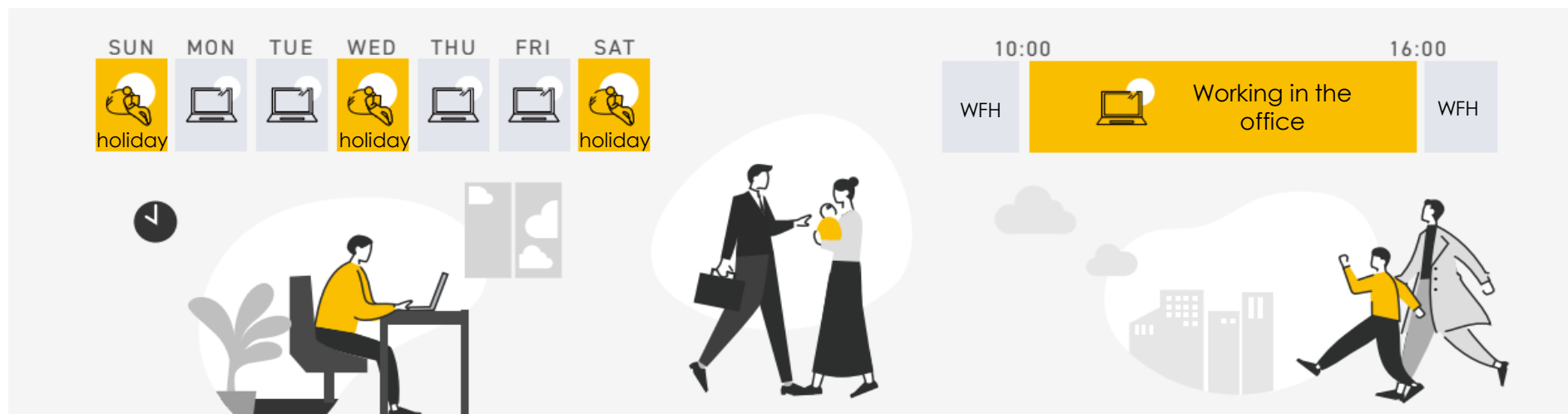
We promote “Health & Productivity Management” to empower employees to play an active role in the company. Offering diverse and flexible work styles enhances self-fulfillment.

### Selective four-day work week “Sun Life”

This system allows applicants to choose between an 8-hour or 10-hour work day and adopt a four-day work week. Eligible employees can choose Tuesday, Wednesday, or Thursday as their additional day off.

### Childcare support system “Core Life”

Our childcare support system enables flexible office hours from 10:00 to 16:00, and the option to work from home for the rest, promoting work-life balance and aiding in managing family and childcare duties.



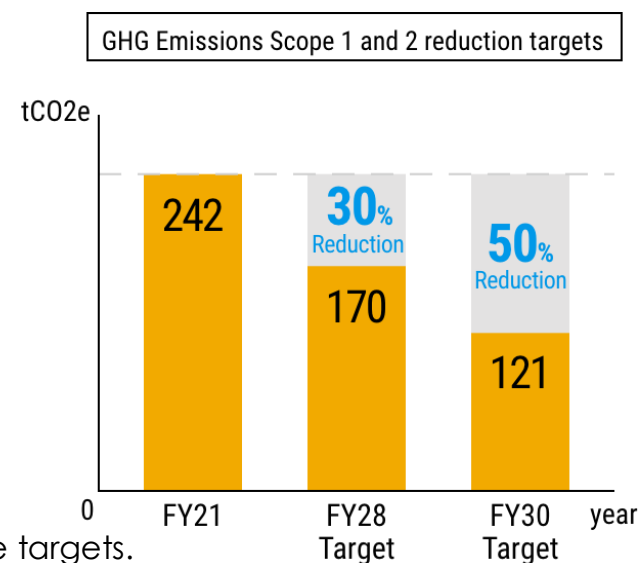
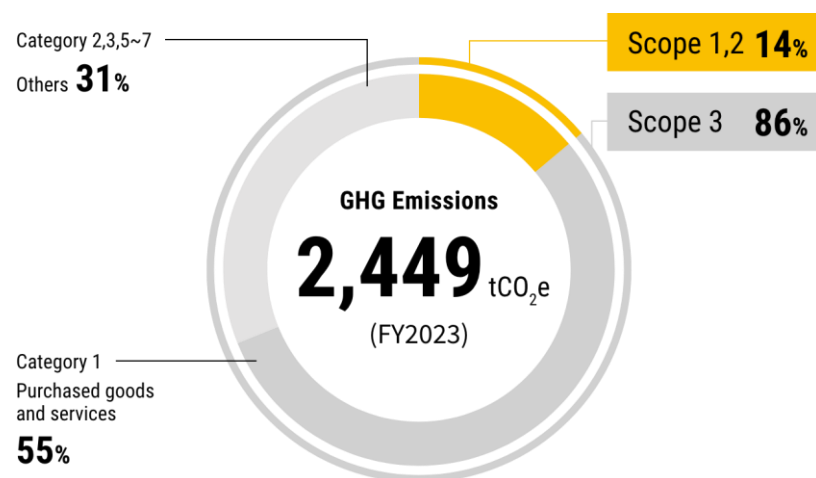
\*Our company has certified as a Health & Productivity Management Outstanding Organization 2024 (Large Enterprise Category) for the second consecutive year, and oRo Miyazaki and oRo code MOC were also certified in the Small and Medium-Sized Enterprise Category. And also we and oRo Miyazaki have received the “Kurumin” certification, which is awarded by the Japanese Ministry of Health, Labor and Welfare to companies that actively support employees in balancing work and family life.

# Environment Initiatives

We believe that climate change will affect the growth of our business in the medium to long term. As we advance our business, we will also work to reduce greenhouse gas emissions and environmental impacts.

## Greenhouse gas emission and reduction targets

Our GHG emissions in FY2023/12 were 2,449 tCO<sub>2</sub>e. We believe we can reduce Scope 1 and 2 emissions, which include our direct emissions and electricity use, through our own efforts. We will continue to implement specific measures, such as energy conservation, with the goal of achieving a 50% reduction\* by 2030.



\*The targets are set with 2021 as the base year and Scope 1 and 2 as the targets.

## Status of other initiatives

We have conducted a climate change scenario analysis based on TCFD recommendations and published the results on our website.

<https://www.oro.com/en/ir/sustainability/environment/>

# Company Profile

|                    |                                                                                                                                                                                                                                                                           |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company Name       | oRo Co., Ltd.                                                                                                                                                                                                                                                             |
| Listed Exchange    | Tokyo Stock Exchange Prime Market (Code: 3983)                                                                                                                                                                                                                            |
| Representative     | Representative Director, President and CEO Atsushi Kawata                                                                                                                                                                                                                 |
| Foundation         | January 20, 1999                                                                                                                                                                                                                                                          |
| Head Office        | Meguro Suda Building, 3-9-1 Meguro, Meguro-ku, Tokyo 153-0063                                                                                                                                                                                                             |
| Capital            | 1,193 million yen                                                                                                                                                                                                                                                         |
| Business Portfolio | <b>Cloud Solutions (CS)</b><br>- Development and sales of cloud-based ERP “ZAC,” “Reforma PSA,” SaaS management tool “dxeco”<br>- Domestic sales representation for SEO tool “Semrush”<br><b>Marketing Solutions (MS)</b><br>- Support for corporate marketing activities |
| Employees          | Non-consolidated 314 / Consolidated 554 (as of June 30, 2024)                                                                                                                                                                                                             |
| Branch             | Nishinihon Branch, Hokkaido Branch, Fukuoka Branch                                                                                                                                                                                                                        |
| Group Company      | oRo Miyazaki Co., Ltd. oRo code MOC Co., Ltd. oRo TECHNOLOGY Co., Ltd. (DALIAN, SHANGHAI)<br>DALIAN oRo ADVERTISING Co., Ltd. oRo TAIWAN Co., Ltd.<br>oRo Malaysia Sdn. Bhd. oRo Vietnam Co., Ltd. oRo (Thailand) Co., Ltd.                                               |

# Attention on handling this material



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