

Results of Operations for the Fiscal Year Ended December 31, 2024

Executive Summary

FY2024	Net sales 14,036 mil yen YonY +15.9% Gross profit 6,492 mil yen YonY +10.6%	EBITDA 1,326 mil yen YonY +9.4% Operating income 801 mil yen YonY +4.7 %
	Both sales and gross profit reached record highs. As one-time expenses outside the budget, M&A brokerage fees of 133 million yen (50 million yen in 2Q, 30 million yen in 3Q, 53 million yen in 4Q) were incurred. Despite the downward pressure on performance caused by budget cuts at existing major customers in the DM business and investment in human resources, the company achieved an increase in both sales and profits overall.	

Digital marketing (DM) Business

Despite an increase in inquiries from major clients and a recent increase in large new projects, full-year results declined slightly in YonY due to the impact of budget cuts by existing large clients and human resource investments, including about 50 new graduates.

Digital Transformation (DX) Business

Segment sales and profits reached record highs. Profitability improved at Sharing Innovations through the expansion of high-unit-price, high-profit enterprise projects and cost optimization. A&B Computer Corp. acquired by VES, Inc. also contributed to profitability.

M&A

JTPRO Corporation became a subsidiary of the DX business at the end of January, and is scheduled to be included in the P/L from 1Q FY2025. Approximately 130 people, mainly engineers, have joined the company. The aim is to accelerate the growth of the DX business by sharing customer bases and development and sales resources.

Acquisition of treasury stock

Repurchase of own shares to be used for strategic M&A and other purposes, taking into account stock price levels and financial conditions.

Type of shares	Common stock of the Company
Total number of shares acquired	119,700 shares
Total amount of acquisition	99.9 million yen
Acquisition period	November 15, 2024 - December 17, 2024
Method ofacquisition	on-the-market purchase

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01 Financial Overview: FY2024

FY2024 Consolidated Results

Both net sales and gross profit reached record highs.

Three M&A deals executed during the period resulted in an unbudgeted brokerage fee of 133 million yen* (one-time expense), EBITDA increased YonY for the full year due to profit contribution from M&A and improved profitability of DX business.

*Brokerage commissions: 2Q 50 million yen, 3Q 30 million yen, 4Q 53 million yen

(Millions of yen)	FY2024	FY2023	% Change	4Q/FY2024	4Q/FY2023	% Change
Net Sales	14,036	12,109	15.9%	3,886	3,256	19.4%
Gross Profit	6,492	5,870	10.6%	1,734	1,547	12.1%
SG&A expenses	5,691	5,104	11.5%	1,541	1,310	17.6%
EBITDA	1,326	1,212	9.4%	334	361	△7.6%
EBITDA margin	9.4%	10.0%	△0.6%	8.6%	11.1%	△2.5%
Operating Profit	801	765	4.7%	192	236	△18.5%
Ordinary Profit	783	776	0.9%	190	236	△19.5%
Profit attributable to owners parent	331	474	△30.0%	35	196	△81.8%

FY2024 Segment Results

In the DX business, profitability improved due to cost optimization at Sharing Innovations and entry into enterprise projects with relatively high unit costs and revenues. A&B Computer Corp., which was acquired by VES, Inc. in 2Q, also contributed to a significant increase in EBITDA for the full year.

In the DM business, EBITDA for the full year declined slightly due to the impact of budget cuts and human resource investment by existing large customers, despite an increase in inquiries from major customers as a result of strengthened sales efforts to new customers.

In other businesses, Land Ho Co.,Ltd. contributed to sales from the 4Q, resulting in a significant increase in revenue, but business investment* continued in the "Skill Navi" SaaS business.

*Investment in Skill Navi: 4Q total approx. 233 million yen, 4Q approx. 56 million yen

Segment (Millions of yen)	FY2024	FY2023	% Change	4Q/FY2024	4Q/FY2023	% Change
Digital Transformation(DX) business						
Net sales	6,802	5,556	22.4%	1,800	1,537	17.1%
EBITDA	770	471	63.5%	231	125	84.7%
Segment profit	491	267	83.8%	160	53	203.1%
Digital Marketing business						
Net sales	5,645	5,603	0.7%	1,428	1,484	△3.8%
EBITDA	2,122	2,175	△2.4%	543	596	△8.9%
Segment profit	1,935	1,965	△1.5%	496	548	△9.4%
Other businesses						
Net sales	1,663	1,108	50.2%	663	286	131.8%
EBITDA	△ 4	△ 73	-	4	△ 26	-
Segment profit	△ 31	△ 85	-	△ 12	△ 29	-

Quarterly Consolidated Results

Record high

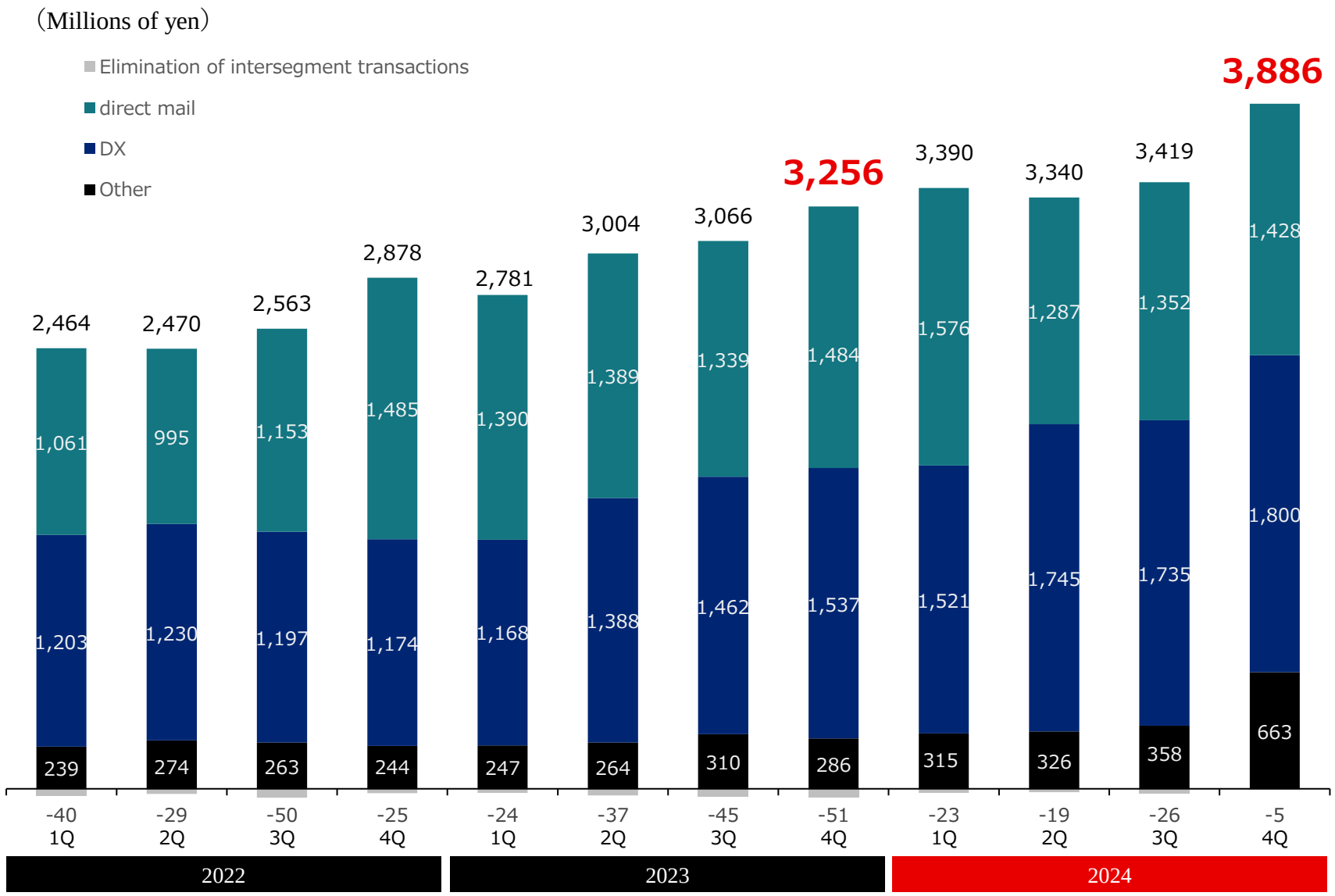
Net sales

Up 19.4% YonY

- Record high due to growth of DX business and M&A contribution, despite the impact of reduced advertising budgets of large customers in the DM business from 2Q.
- Land Ho Co.,Ltd. acquired through M&A (Segment: Other) contributed to sales from 4Q.

*Right graph shows sales transition after the start of application of the new revenue recognition standard.

From FY2022, due to the application of the new revenue recognition standard, a portion of sales in the digital marketing business is changed from gross to net presentation.

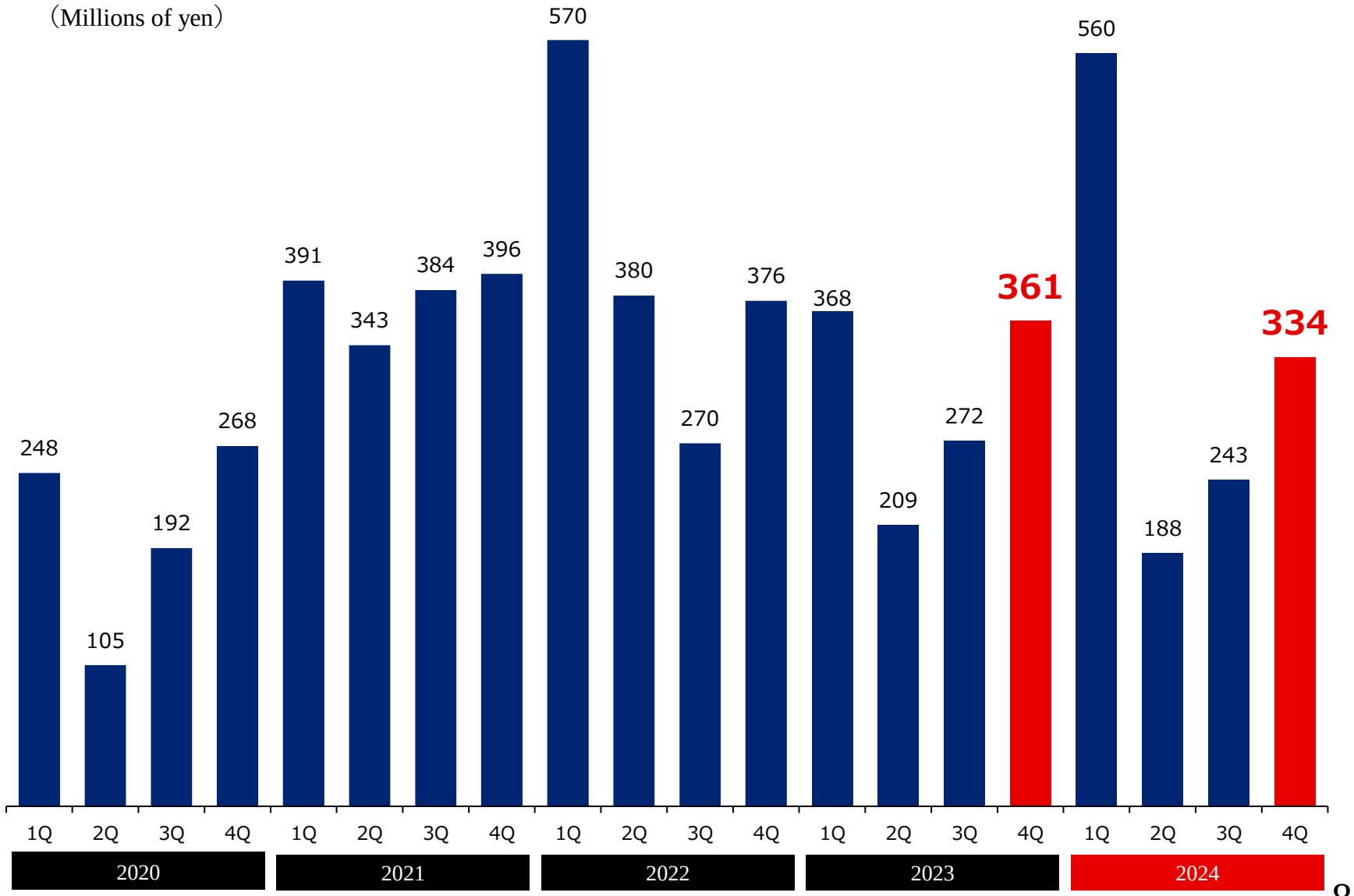


Quarterly Consolidated Results

EBITDA

Down 7.6% YonY

- One-time expenses of 53 million yen in M&A brokerage fees was incurred in 4Q in connection with the acquisition of shares in JTPRO Corporation. (The company's P/L is scheduled to be included from 1Q.)



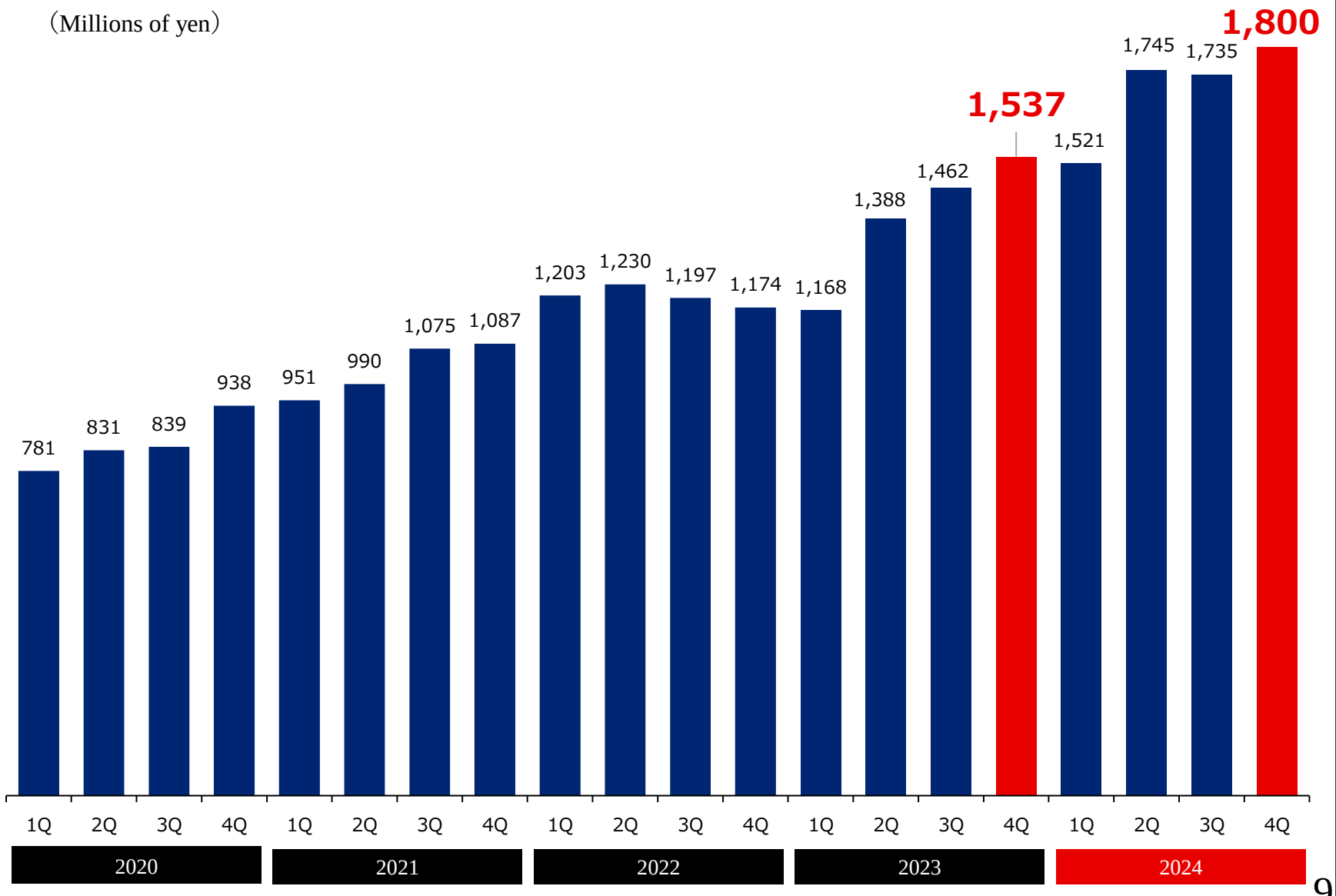
DX Business: Quarterly Results

Record high

Net sales

Up 17.1% YonY

- Record high sales.
- The PMI of A&B Computer Corp., which was acquired by VES, Inc. in 2Q, progressed smoothly and contributed to increased sales.



DX Business: Quarterly Results

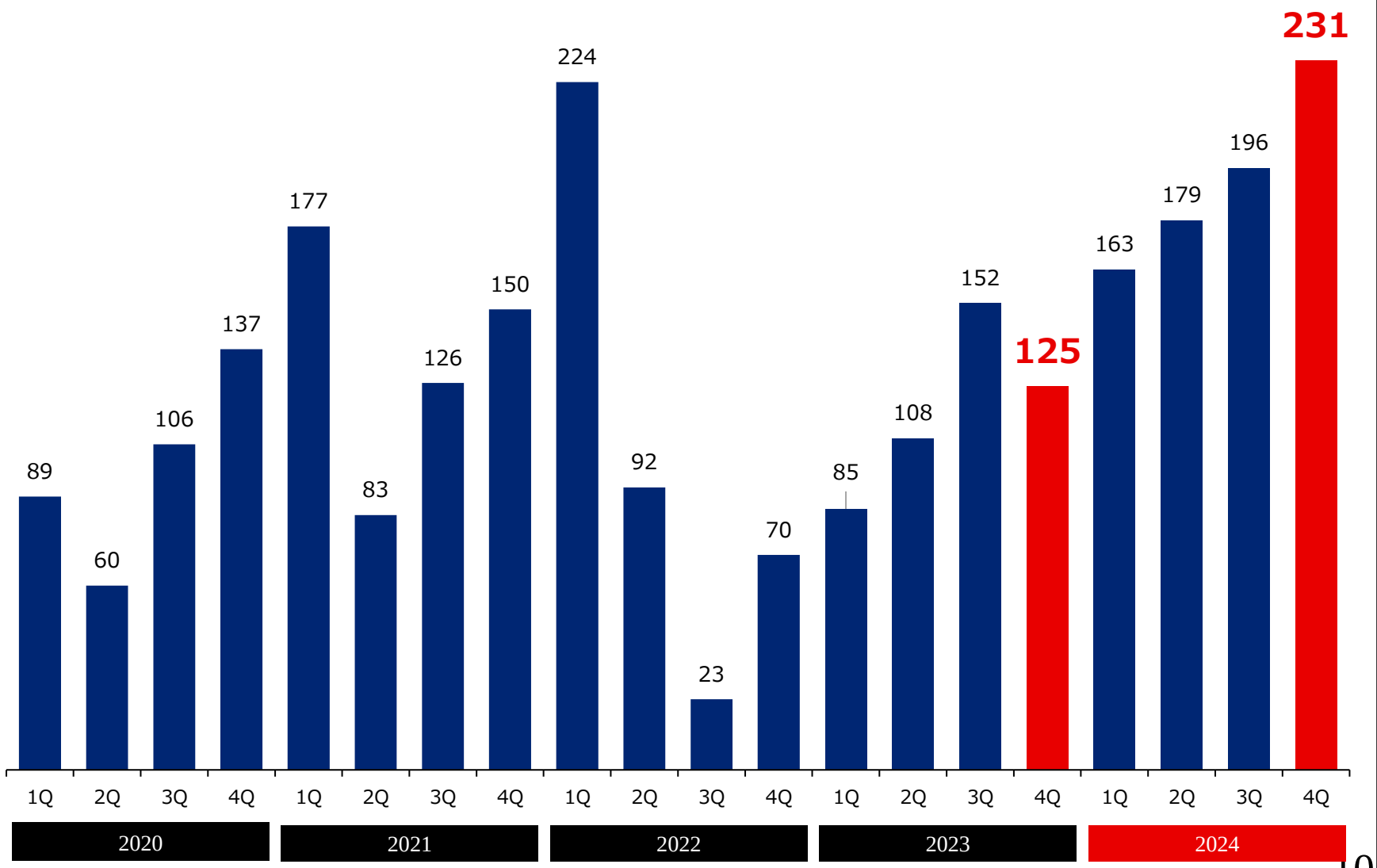
Record high

EBITDA

Up 84.7% YonY

- Record high.
- Profitability improved due to cost optimization at Sharing Innovations and the company's entry into enterprise projects with relatively high unit prices and high profitability.
- The PMI of A&B Computer Corp., which was acquired by VES, Inc. in 2Q, progressed smoothly and contributed to increased profits.

（Millions of yen）



Digital Marketing Business: Quarterly Results

Net sales

Down 3.8% YonY

- Although sales to new customers were strengthened, and inquiries from major companies increased, there was a slight decrease YonY due to the impact of the reduction in advertising budgets of major customers in 2Q.
- The company continued to recover from 2Q, when there was a reduction in advertising budgets of major customers.

*Right graph shows sales transition after the start of application of the new revenue recognition standard.

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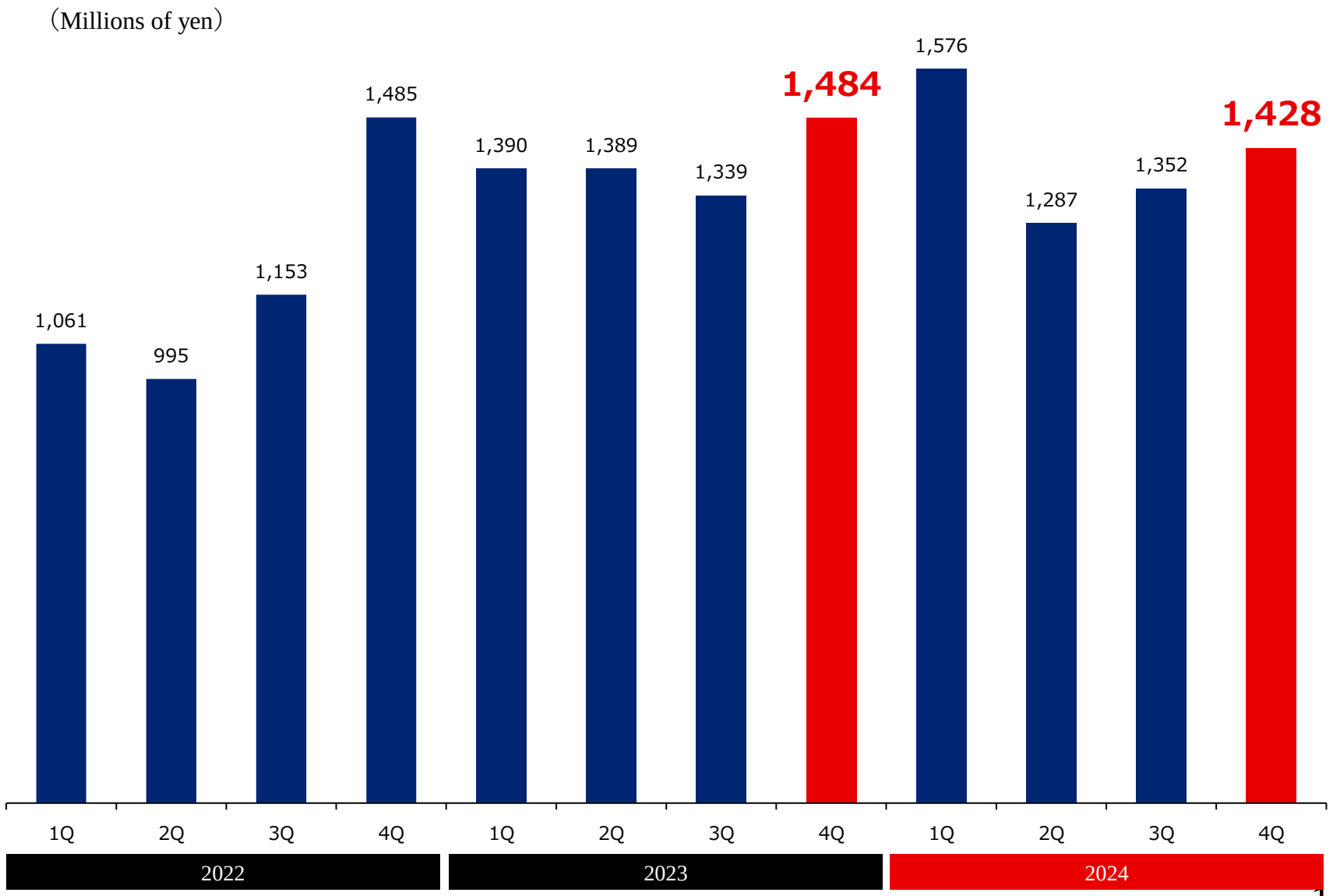


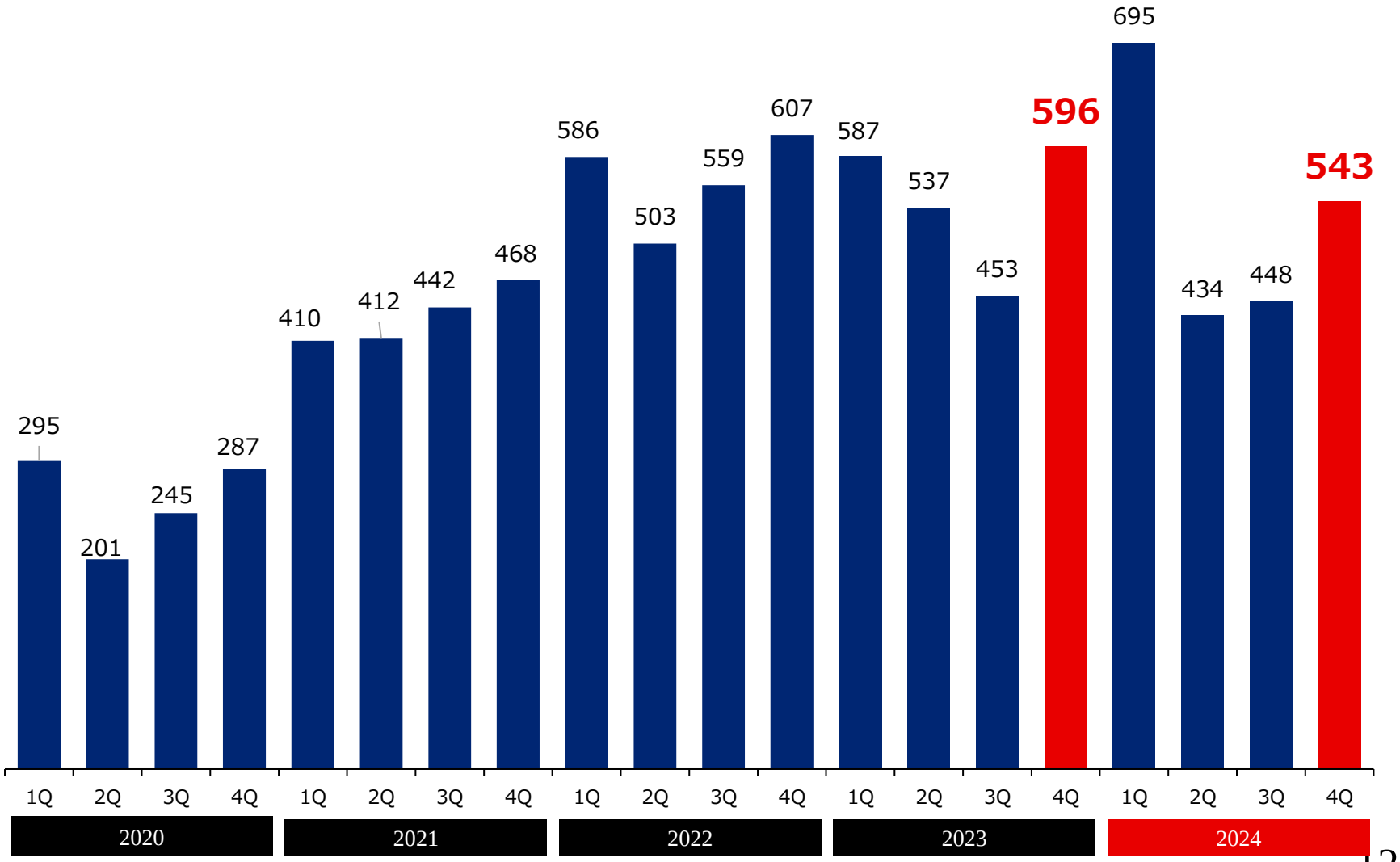
Digital Marketing Business: Quarterly Results

EBITDA

Down 8.9% YonY

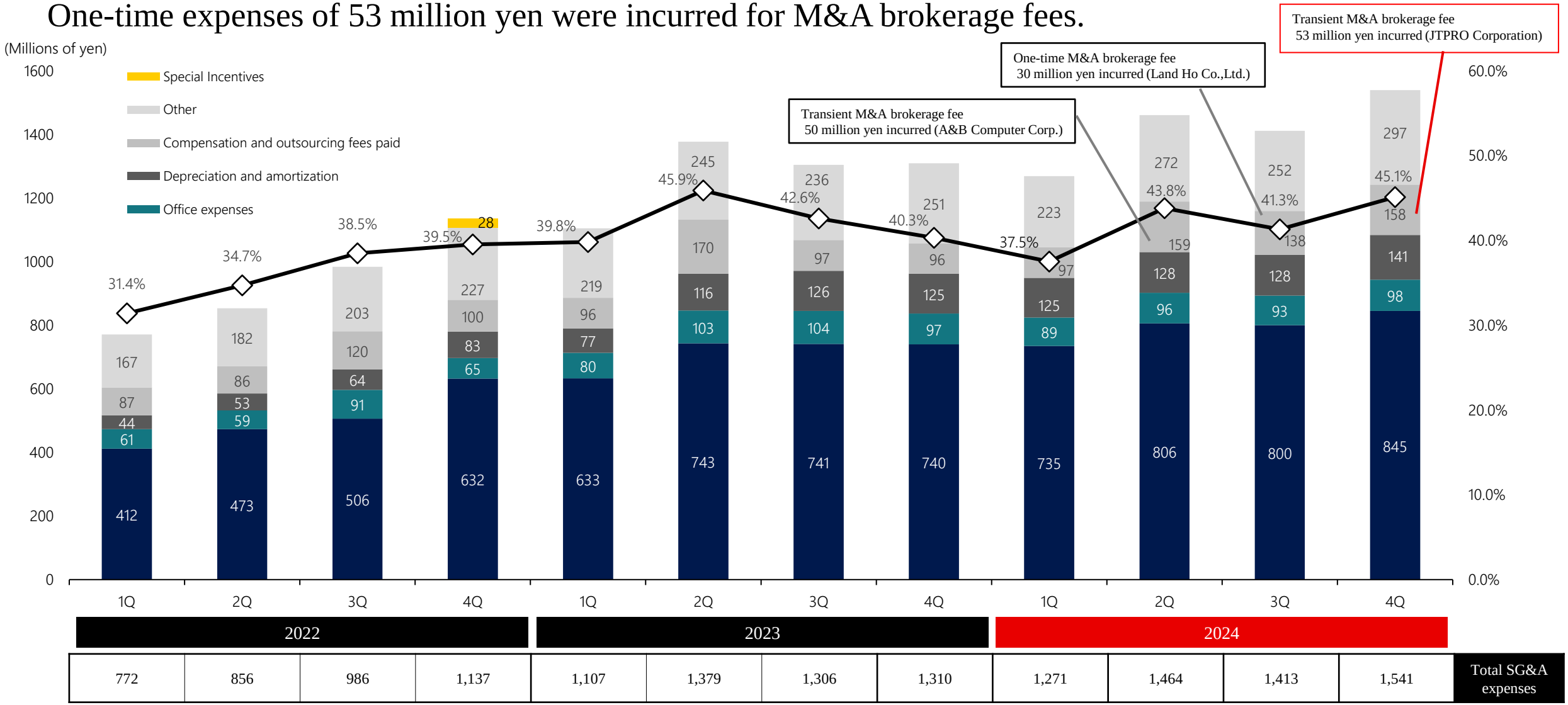
- Decreased in YonY due to the impact of reduced advertising budgets of large clients in 2Q, despite increased inquiries from major clients as a result of strengthened sales efforts to new clients

（Millions of yen）



Changes in SG&A Expenses

SG&A expenses increased YonY due to M&A and proactive investment in human resources.
One-time expenses of 53 million yen were incurred for M&A brokerage fees.



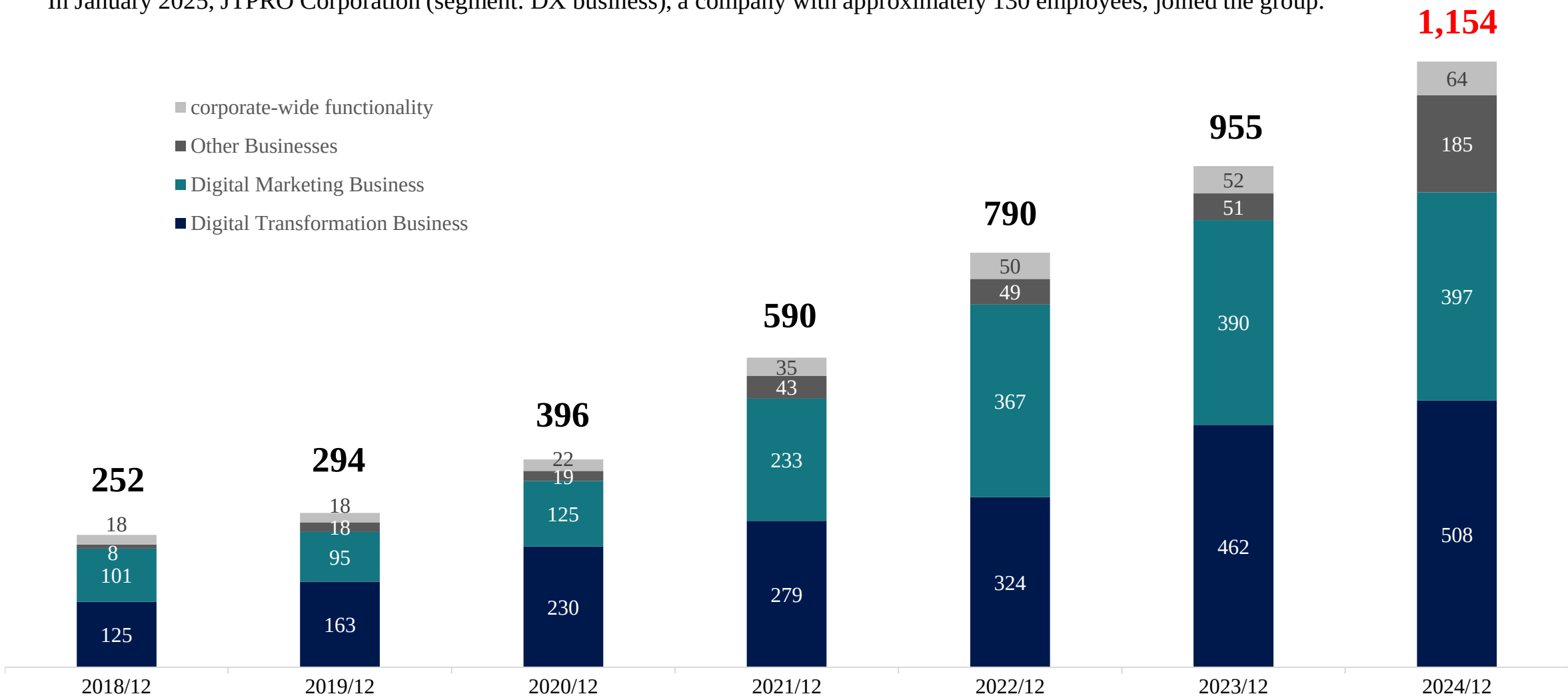
772	856	986	1,137	1,107	1,379	1,306	1,310	1,271	1,464	1,413	1,541

Total SG&A expenses

Changes in The Number of executives and employees

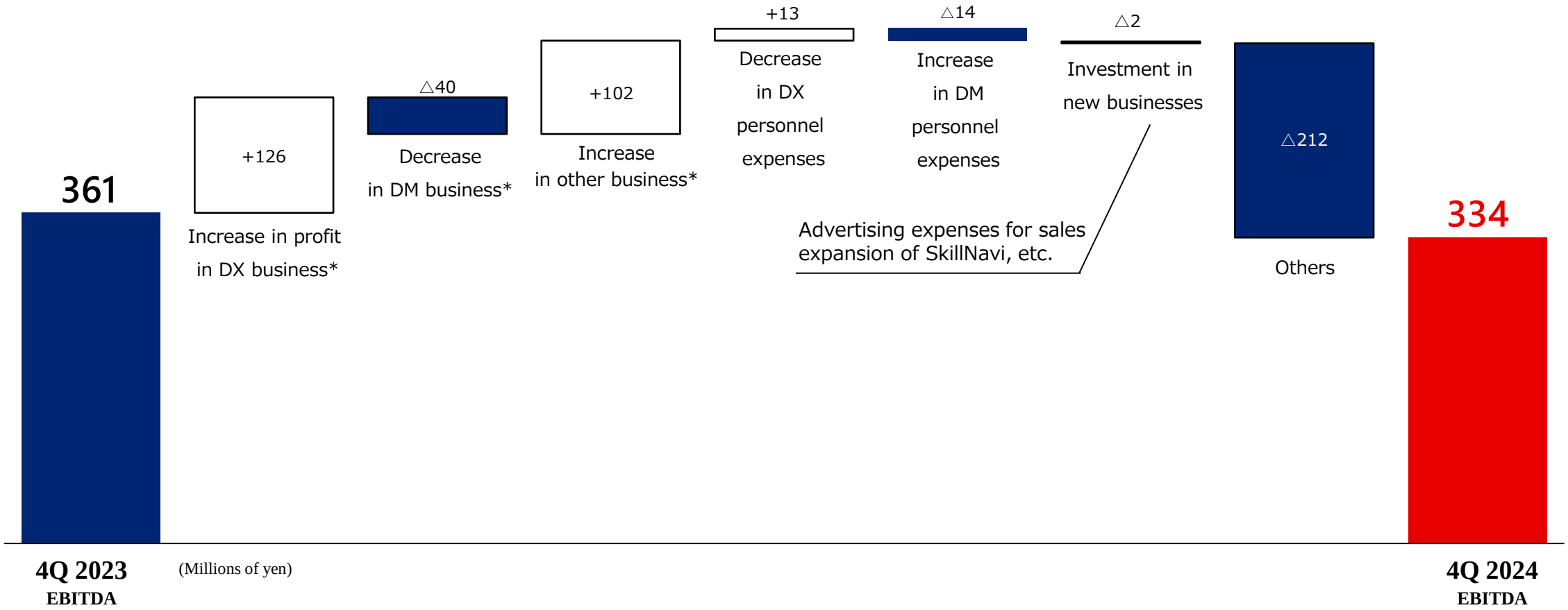
The number of executives and employees is 1,154 at the end of December 2024

In January 2025, JTPRO Corporation (segment: DX business), a company with approximately 130 employees, joined the group.



FY2024 Changes in EBITDA

Despite contributions from the DX business, which improved the profitability of Sharing Innovations, the M&A of A&B Computer Corp. by VES, Inc., and the M&A of Land Ho Co.,Ltd. in other businesses, EBITDA came to 334 million yen (△7.6% YonY) due to a reduction in advertising budgets for major customers in the DM business, personnel investment, and the one-time expenses of 53 million yen for M&A brokerage.



(Millions of yen)

*Changes in gross profit of each segment

Consolidated Balance Sheet Full Year Ended December 31, 2024

The capital adequacy ratio is 44.3% and the goodwill to capital ratio is approximately 0.6x, maintaining financial soundness while continuing to invest in growth.

(Millions of yen)	Dec.31, 2024	Dec.31, 2023	Change
Current assets	7,128	7,145	△ 16
Non-current assets	5,692	5,567	125
Property, plant and equipment	311	528	△ 217
Intangible assets	3,855	3,653	201
Investments and other assets	1,525	1,385	140
Total assets	12,821	12,712	108
Current liabilities	4,696	4,401	295
Non-current liabilities	1,999	2,274	△ 275
Total liabilities	6,695	6,676	19
Total net assets	6,125	6,036	89
Total liabilities and net assets	12,821	12,712	108



02 Earnings Forecast: 2025

FY2025 Consolidated Forecast

As the company has been continuously carrying out M&A in the past, it has factored in a certain amount of M&A intermediary fees in its earnings forecast for FY25. It is also considering adopting IFRS (International Financial Reporting Standards), and has factored in the expected value of consulting fees and other costs related to this consideration. In total, it is expected to have an impact of around 150 million yen.

It is expected to increase profits by 10% to 20% based on the above impact, mainly due to the progress of PMI in the DX business and the further use of M&A.

(Millions of yen)	FY2024 Results	FY2025 Forecasts	YoY Change Amount	YoY Change %
Net sales	14,036	16,500	2,463	17.5%
EBITDA	1,326	1,550	223	16.9%
Operating profit	801	950	148	18.6%
Ordinaly profit	783	900	116	14.8%
Profit attributable to owners of parent	331	400	68	20.6%

2025 Shareholder Distributions

Plans to increase ordinary dividend by 1 yen to 12 yen per share

Approach to Shareholder Returns

We aim to continuously improve shareholder value through M&A and growth investments in new business areas.

We emphasize shareholder returns as one of the measures to increase shareholder value. We intend to do so while maintaining a balance with investments for growth.

Plans to increase the ordinary dividend from 11 yen to 12 yen for the fiscal year ending December 31, 2025, in light of earnings forecasts, financial position, and other factors.

	2024	2025
Dividend per share	11.0 yen (Ordinary dividend: 11.0 yen)	12.0 yen (Ordinary dividend: 12.0 yen)



03 Compliance with listing maintenance criteria

Status of compliance with Prime Market listing maintenance criteria

【Status of compliance with Listing Maintenance Criteria】

As of our most recent record date (December 31, 2024), the company did not meet the criteria for maintaining a listing on the Prime Market in terms of “ Total market value of shares in circulation ”.

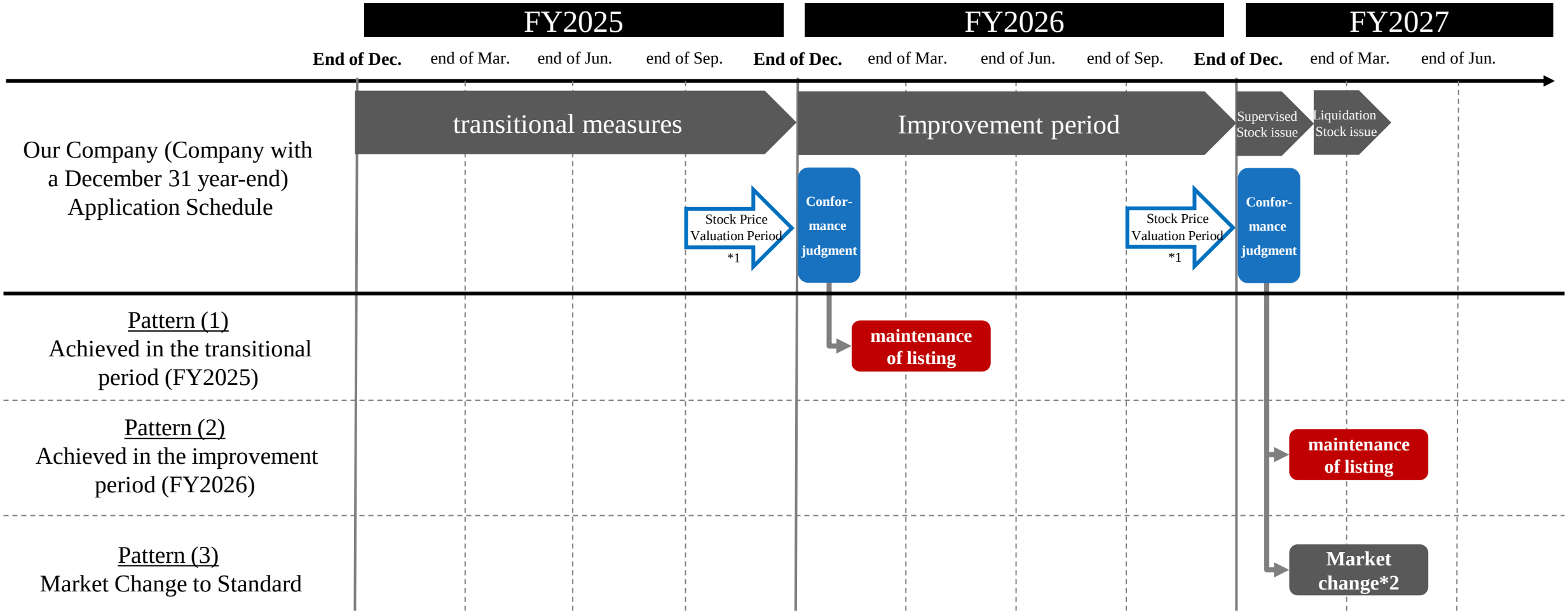
Regarding the “Total market value of shares in circulation”, we aim to achieve the criterion of 10 billion yen by the end of December 2025.

	Prime Market criteria	As of December 31, 2023	As of December 31, 2024	Compatibility status
Number of shareholders	800 people	3,352 people	3,018 people	○
Number of shares in circulation	20,000 units	37,053 units	39,233 units	○
Total market value of shares in circulation	10 billion yen	3.70 billion yen	3.28 billion yen	×
Ratio of shares in circulation	35.0%	37.7%	39.0%	○

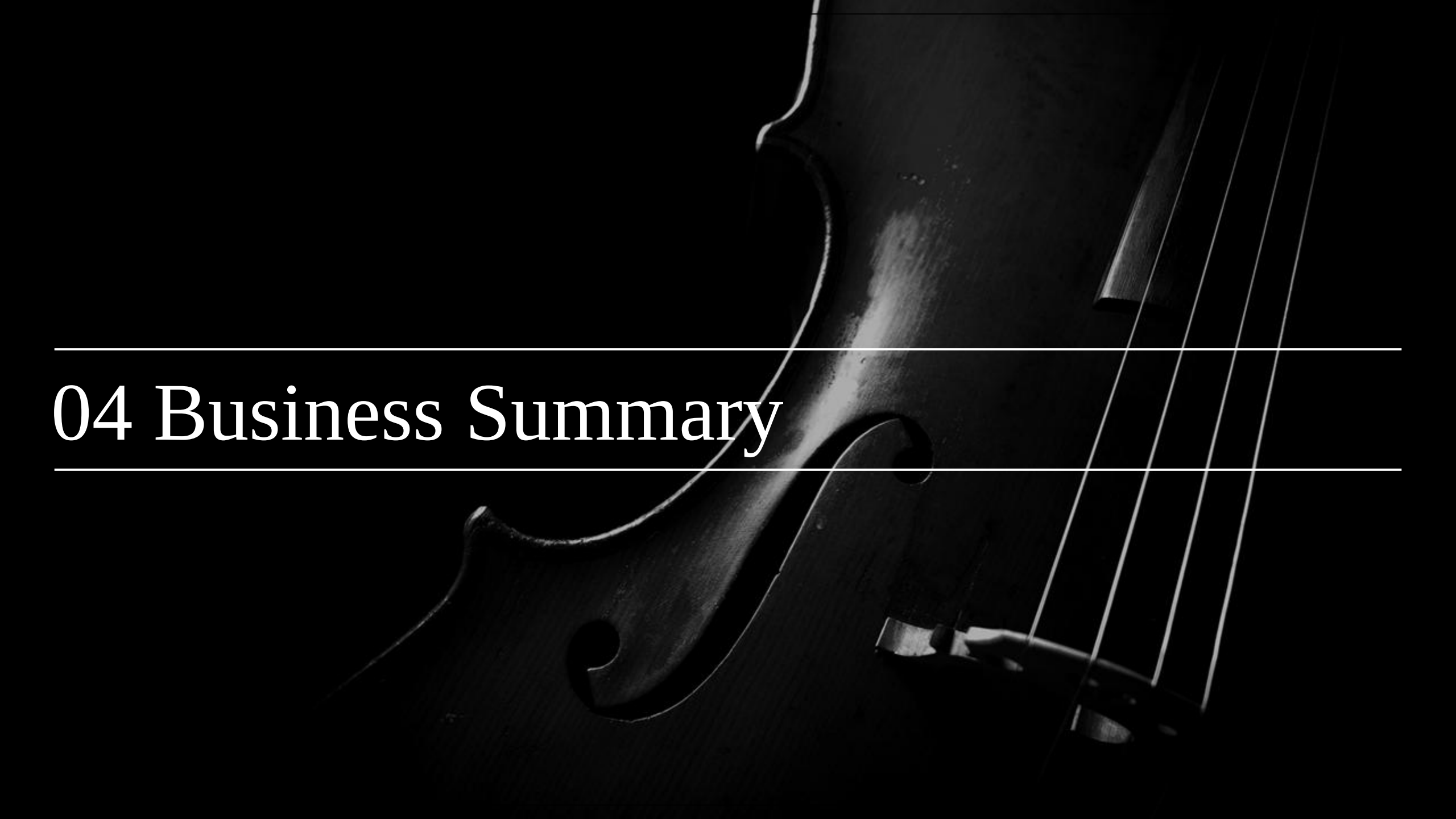
*The total market value of shares in circulation is calculated by multiplying the average of the daily closing stock price during the stock price evaluation period (three months prior to the end of the fiscal year) by the number of shares in circulation at the end of the fiscal year.

Schedule for compliance with Prime Market maintenance criteria

During the transitional measures or improvement period, the company will aim to improve its stock price by increasing corporate value, focusing on performance improvement and shareholder returns, in order to achieve the criteria for maintaining the prime market.
As a backup plan, we will also proceed with Pattern (3), “Market Change to Standard”.



*1:The market capitalization of tradable shares is calculated by multiplying the average of the daily final share price during the stock price evaluation period (three months prior to the end of the fiscal year) by the number of shares in circulation at the end of the fiscal year. *2:Application for change of market classification must be made by the end of December of FY2026.



04 Business Summary

Business Segment

＊Only listed main businesses

ORCHESTRA HOLDINGS

June 2009: Established
September 2016: Listed on TSE Mothers (currently Growth Market)
December 2018: Listed with 1st section of TSE (currently Prime Market)

Digital Marketing (DM) Business

Digital Identity

Mint'Z Planning co.,ltd.

Digital Transformation (DX) Business

Listed with Growth Market

Sharing Innovations

VES validation engineering service

JTPRO Corporation

Others

ウラーラ

スキルナビ

R-Stone.co.,ltd.

TechReach テックリーチ

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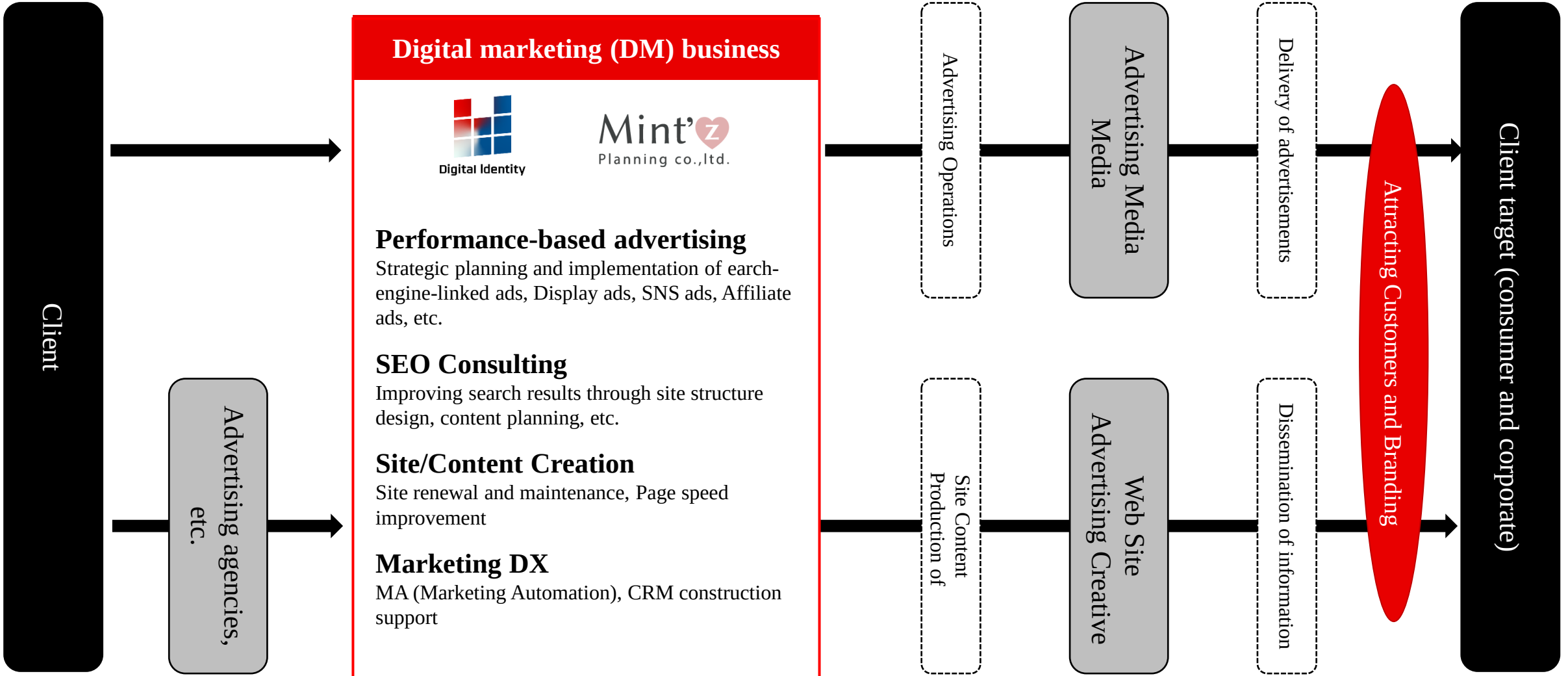
Business Model

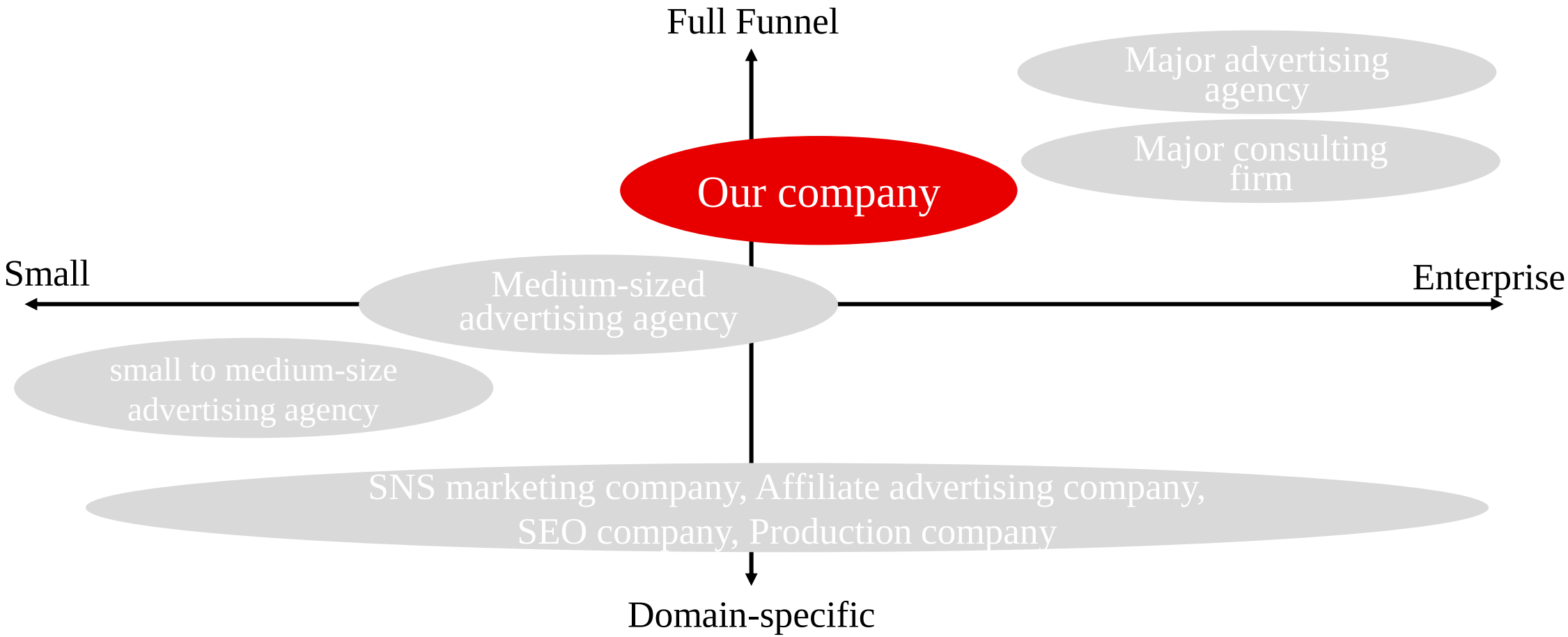
We support the optimization of the entire marketing process, from digital marketing strategy planning and proposal/execution to data analysis, and contribute to client customer acquisition and branding.



Positioning

Full Funnel × Mid-Market

By making a wealth of services available in-house, we provide consulting services for the entire digital marketing process, with all digital marketing initiatives as options (full funnel). The main target is the mid-market where major advertising agencies do not enter.

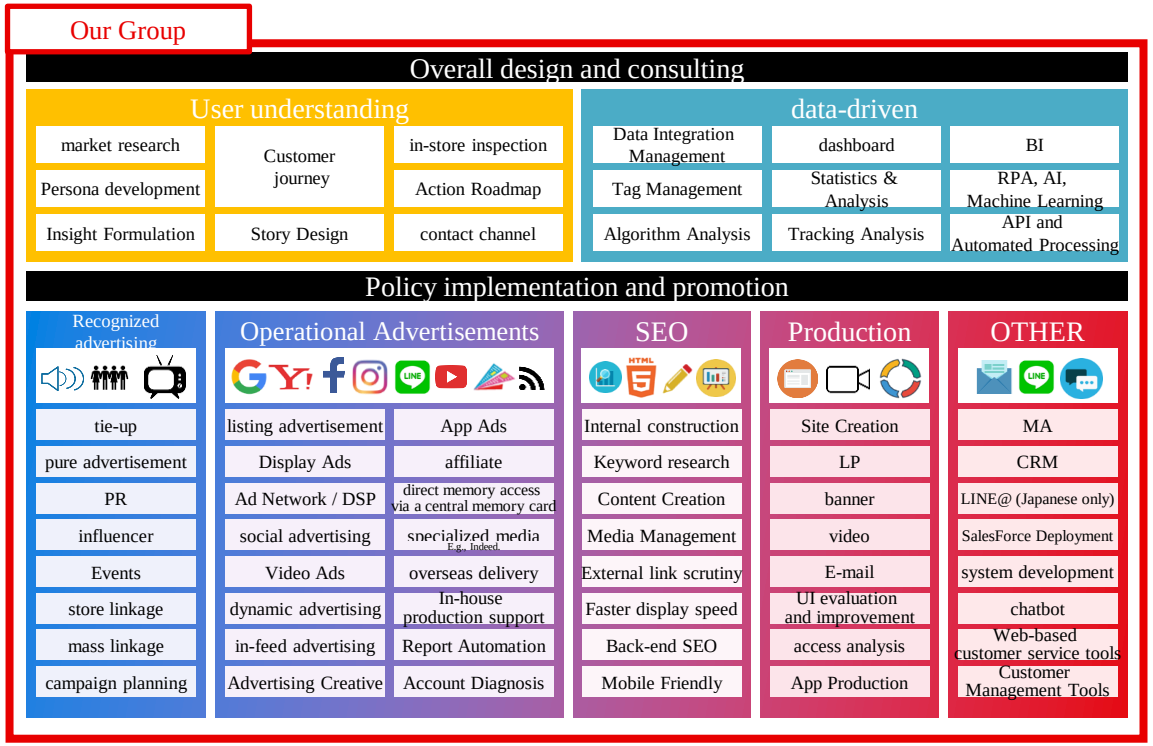


Strengths and Features with Full Funnel

Against the backdrop of digital marketing technology that is evolving day by day, the sophistication and complexity of customer needs is becoming more pronounced. In addition to high-quality services, there is a constant need for optimization of digital marketing strategies, as well as the implementation and review of flexible and agile measures. Our group has built a system that makes use of the strengths of the full funnel to enable the planning and implementation of optimal, centrally managed digital marketing strategies. This enables the provision of high-value-added services that meet customer needs.

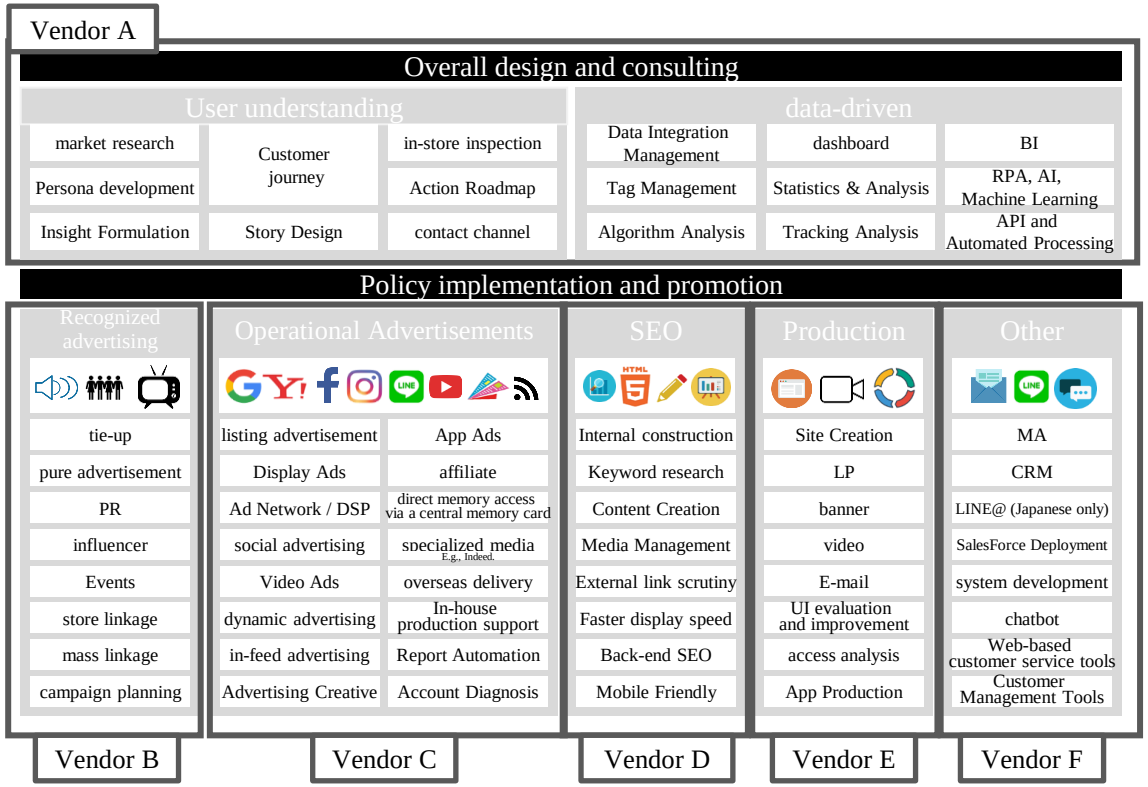
Full funnel

Capable of proposing and executing optimal digital marketing strategies centrally managed



Domain-specific

Vertical division by multiple vendors, reduced mobility, and intermediary margins



Most Recent Topic: Use of Generative AI

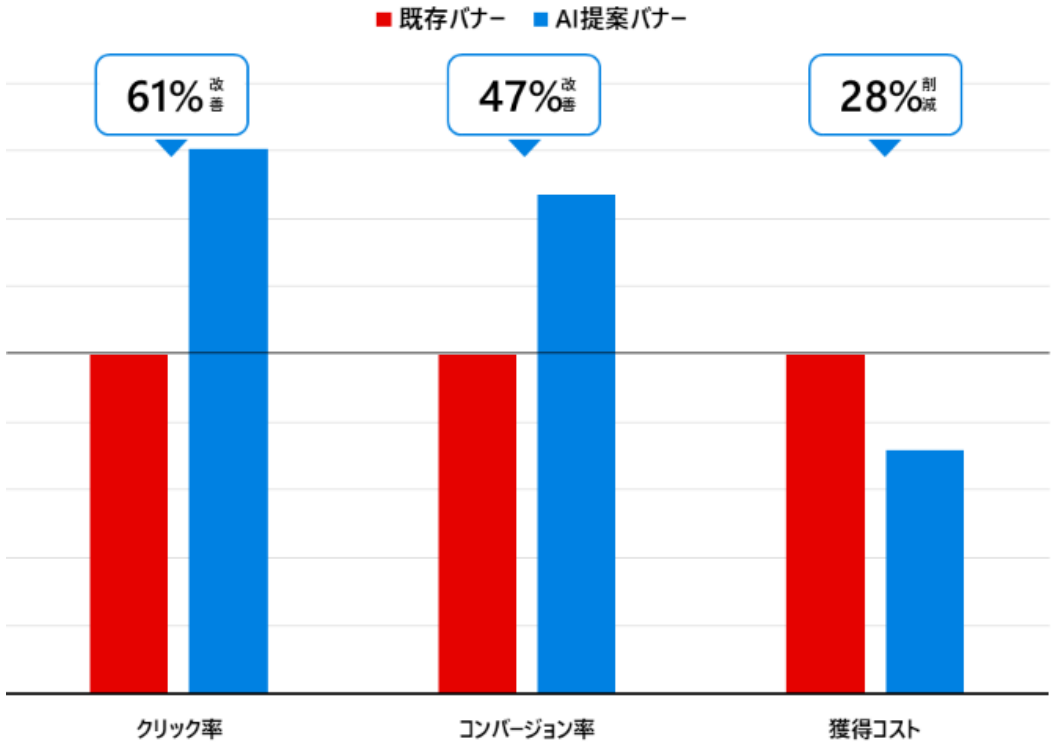
Introduce of creative production platform using generative AI

Introduced a creative production platform that uses generative AI to achieve significant improvements in results.

Contribute to "improvement of ad performance" such as conversion rate and click rate.

We will continue to develop AI technology and promote further use of AI in overall marketing, including overall ad creativity, SEO, and digital ad management.





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Summary

Providing value that goes beyond mere "implementation support" to maximize IT and digital performance after implementation

Client

In companies and organizations
Major issues related to IT and digital utilization

- Achieve business and operational efficiencies through the use of digital technology
- Cloud computing of various systems and tools
- Promote the use of AI, including generative AI
- Improvement and promotion of data utilization environment for data-driven management
- Quality assurance and improvement in software application of products and services
- Development efficiency for IT and digital implementation
- Enhanced security in conjunction with digital utilization
- Study on introduction and utilization of advanced technology
- Secure and train professional digital human resources
- Securing financial resources and budgets
- Fostering a culture of digital utilization

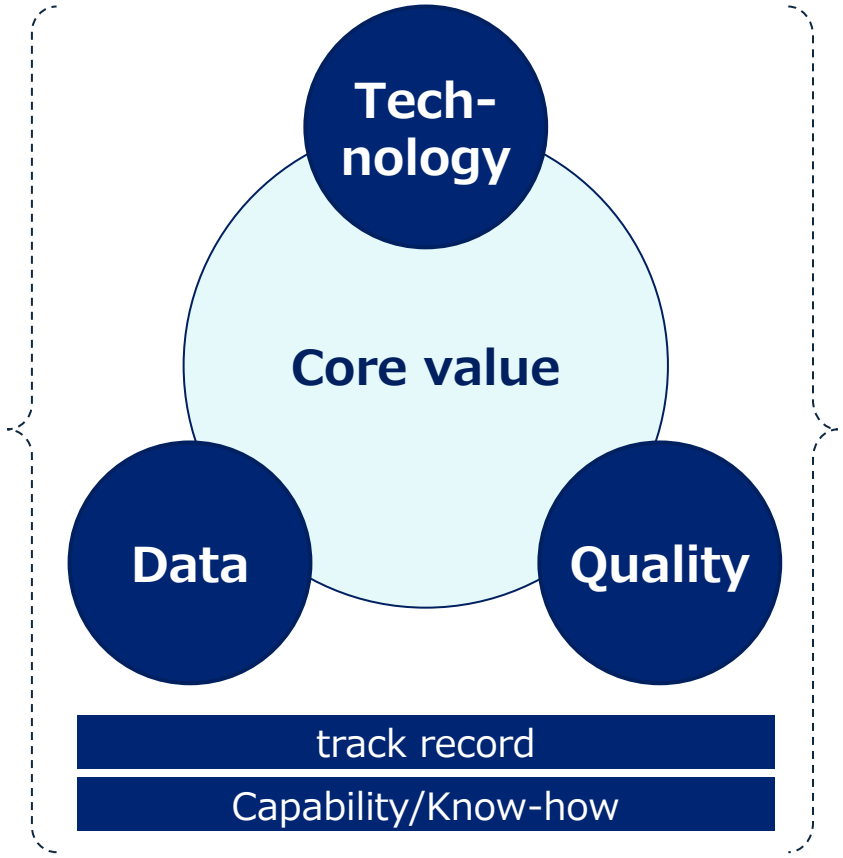
Not just IT and digital implementation, Failure to maximize utilization performance (Not fully exploiting potential)

Supporter of "maximizing IT and digital performance

Sharing Innovations

Cloud Data Utilization Specialists in

- Specialized group focused on IT and digital implementation
- R&D is also involved in the early trial and deployment of cutting-edge technologies.
- Strong support not only for implementation but also for the provision of IT personnel



VES

software quality Specialists in

- A group of quality experts in software utilization
- Leading the use of advanced technology to improve software quality
- Comprehensive coverage of security and other peripheral topics

Business Model

Promoting problem-solving support centered on system and software implementation and data utilization support. Aiming to expand coverage with an eye on partner collaboration and M&A in the future, in addition to in-house services.

	Required Effectiveness	Service Areas
SoI System of Insight	**Business Insight Creation** Providing business insights that directly lead to business actions	Data application: Descriptive (dashboard) / Generative (inference, generation) / Predictive (prediction, Classification.) Data base: Data Warehousing, Data Mart
SoR System of Record	**Reliable data provision** Provision of data that ensures reliability, stability and continuity for the creation of high-quality action	Data linkage: delayed processing, real time processing System group: Core system, Sales system, Production Management System, Accoun-ting system, Service system, IoT system, Other System, Common Infrastructure
SoE System of Engagement	**Improve customer experience value**	Data Provision: EC, CRM, Mobile, Contact center, AI Agent / Chatbot, SNS, store

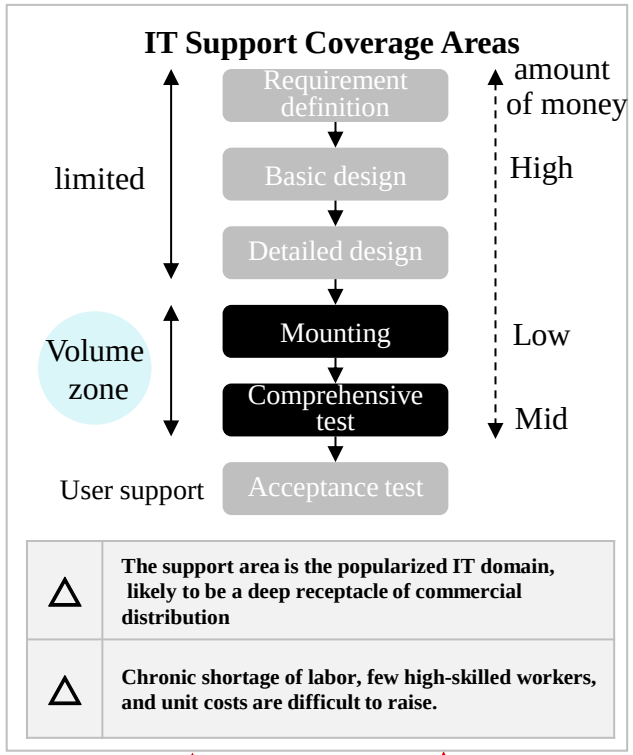
now being offered / Scheduled to be offered / under consideration for expansion

(material) quality	security
Service (material) quality	Data Monitoring
Data (material) quality	Cyber Attack Response
	Regulation support
Software (material) quality	Infrastructure Monitoring
Infrastructure Quality	Vulnerability diagnosis
	User Authentication

Strengths and characteristics compared to competitors

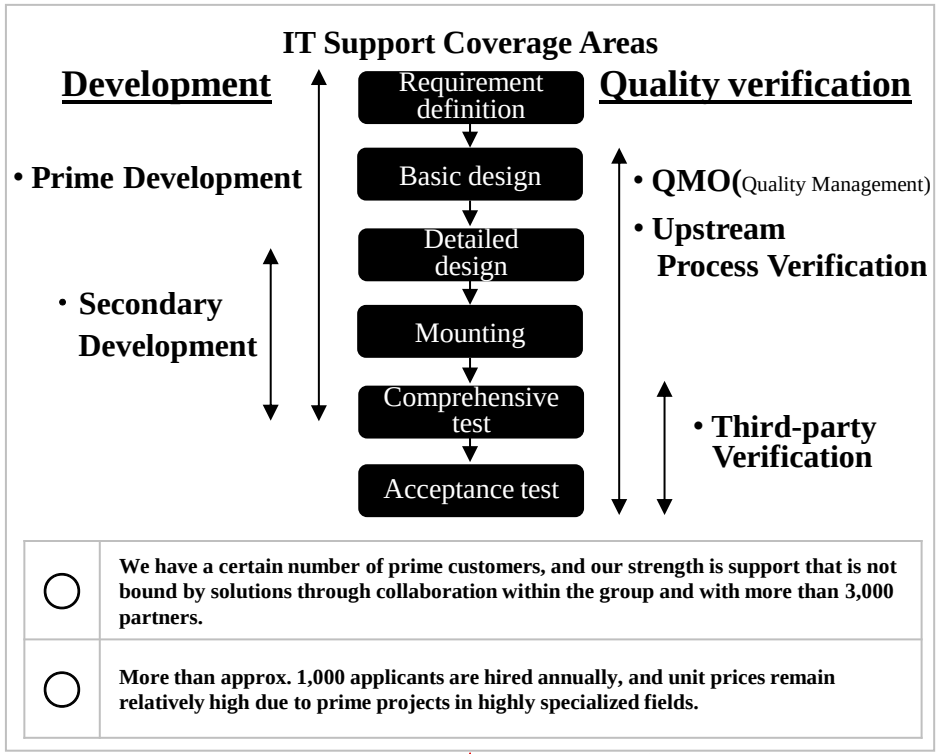
It has a price advantage over major vendors and a support range advantage over small and medium-sized vendors, and it is easy for customers to choose it because of these advantages. It is also easy for other companies in the same industry to collaborate with it because of these advantages.

General Small and Medium SI Vendors



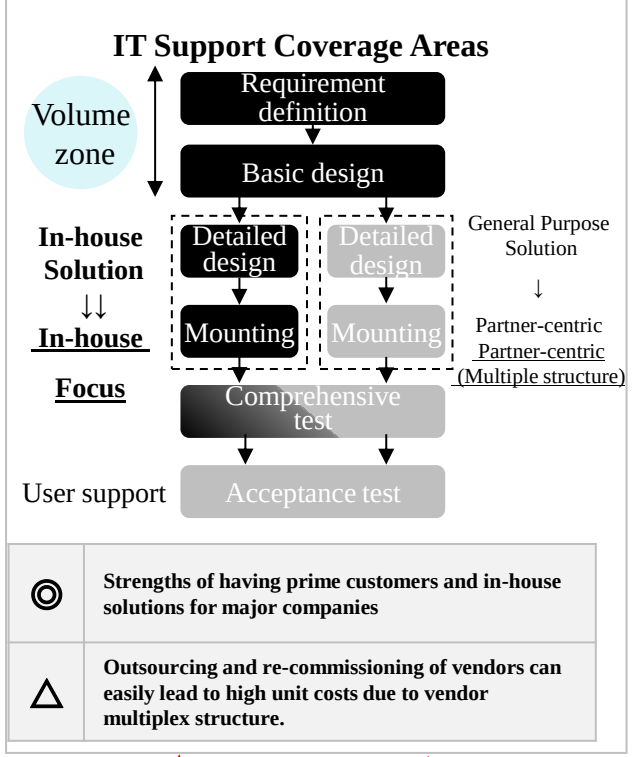
△	The support area is the popularized IT domain, likely to be a deep receptacle of commercial distribution
△	Chronic shortage of labor, few high-skilled workers, and unit costs are difficult to raise.

Our DX Business



○	We have a certain number of prime customers, and our strength is support that is not bound by solutions through collaboration within the group and with more than 3,000 partners.
○	More than approx. 1,000 applicants are hired annually, and unit prices remain relatively high due to prime projects in highly specialized fields.

General major SI vendor



◎	Strengths of having prime customers and in-house solutions for major companies
△	Outsourcing and re-commissioning of vendors can easily lead to high unit costs due to vendor multiplex structure.

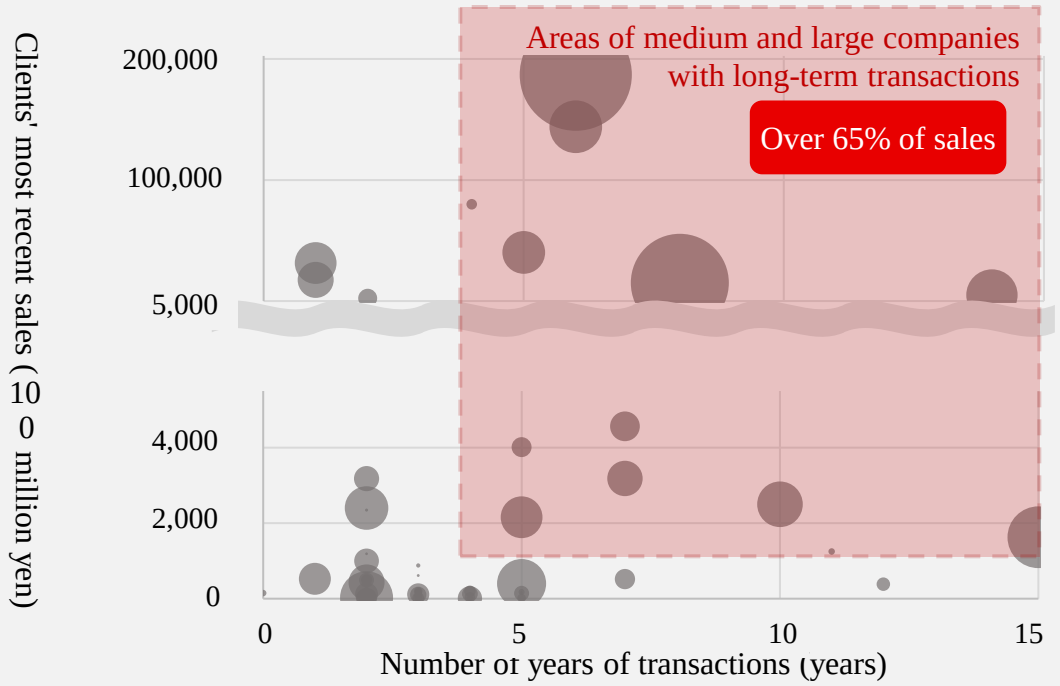
Advantages of Support Coverage | **price advantage**

Product and Solution Free

Client Demographics, Industry

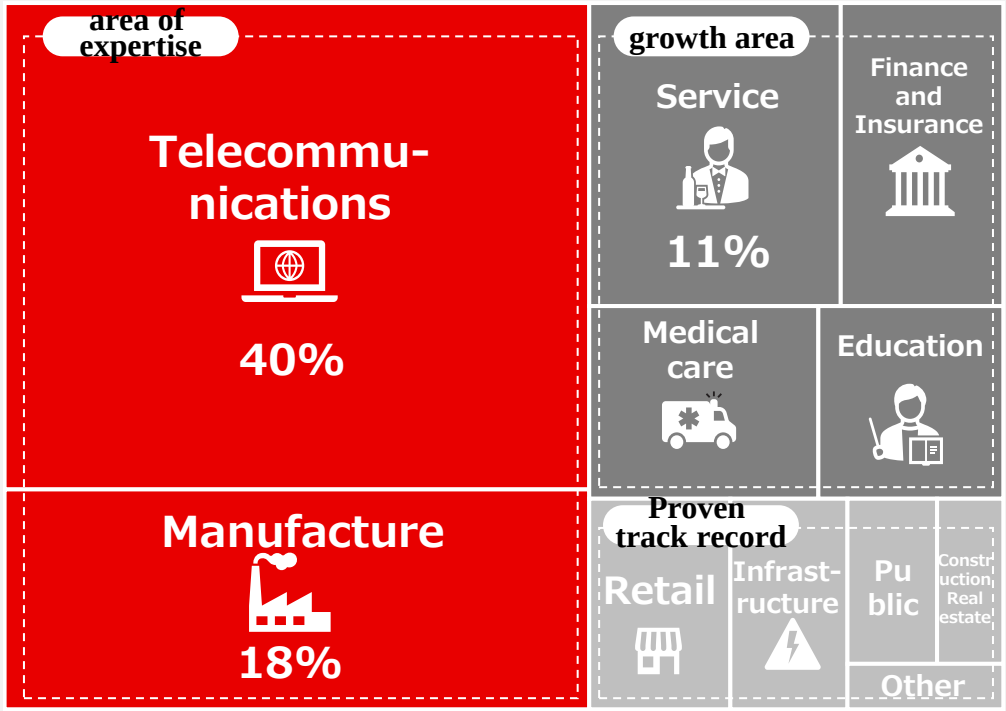
Responding to a wide range of client needs through a solid client base and a proven track record in services for the information and telecommunications and manufacturing industries, with medium- to large-sized companies with a track record of medium- to long-term transactions (5 years or more) as the main client base

client layer



- **60% of sales are** from corporate clients with **sales of 100 billion yen** or more**.**
- **Of the top 200 clients, approximately 20% have been doing business with us for 5 years or longer**,
  Strong client base

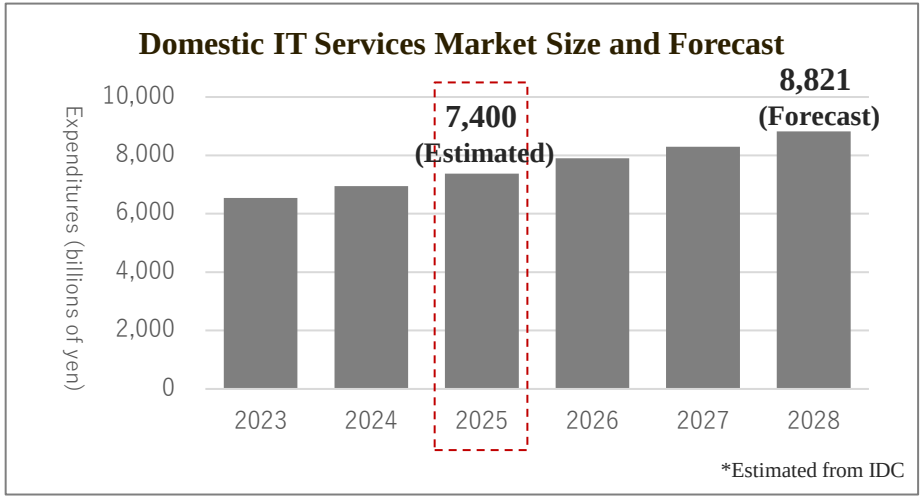
type of industry



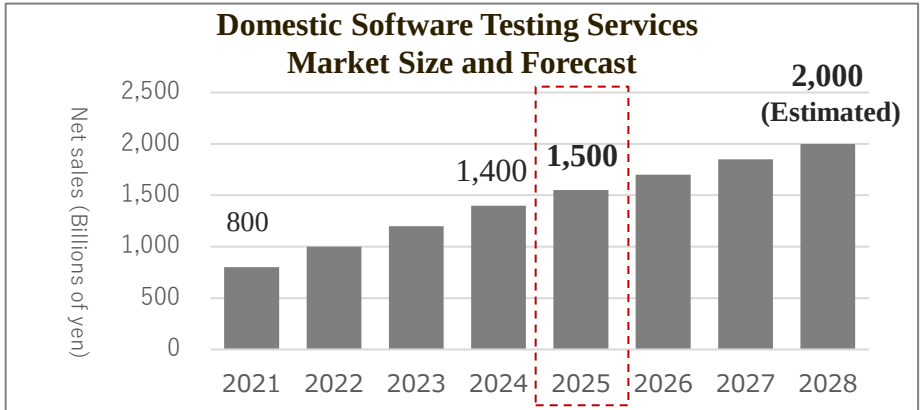
- **Information and communication and manufacturing industries** account for **58%** of the **total**, and are the main industries in terms of revenue
- Especially **in the manufacturing industry, there are many industry-specific service achievements**, and industries to be strengthened in the future

Market Environment

While the use of generative AI is expected to accelerate in the IT and digital market in 2025, the systems (DX) and software-related markets, which are the focus of our Group's DX business, will remain strong.



*Estimated from IDC



DX share: approx. 2.0

Excluding the gaming and entertainment sectors, *Estimated from JMA Research Institute MDB

	Category	Summary	Market	Fit feel.
Whole	**Software Development Market**	• Projected to expand to 7,328.7 billion in 2028 at a CAGR of 9.4%. • By category, AI-related, data management, and security markets are expected to drive the domestic market. • Demand for system renewal is expected to continue as the "2025 cliff" has passed the peak of special demand for legal revisions.	☀	○
	DX Market	• Expected to double from 2023 to 8.35 trillion yen by 2030 at a CAGR of 10.4%. • Transportation/transportation/logistics, manufacturing, finance, medical care/nursing care, and local government, in that order. • Areas of focus for companies are No Code > Talent Management > Electronic Decision Making/Contracts	☀	△
Atten-tion area	**Embedded Software Development Market**	• CAGR of 5.3% from 2022 to 2027, expected to expand to 1.4 trillion yen in 2027 • Market growth is expected to continue in the automotive and medical industries, as 5G usage is expected to grow. • Intensifying competition for contracts with overseas developers	☀	◎
	Medical System and Device Development Market	• Medical system development 2023~2026 CAGR is 0.6%, 500 billion yen scale • Japan lags behind other countries and has room to grow, but there are concerns about its competitiveness. • Growth rate is stagnant due to the introduction of electronic medical records, but expect to see medical DX such as miner insurance cards.	☁	◎
	In-vehicle Software (the) market (as a concept)	• Projected to expand to 1 trillion yen in 2030 at a CAGR of 7.5% from 2024~2030 • Projected increase in demand for automated driving software, sensors, and development simulations • In 2024, the certification fraud problem will cause a ¥244.0 billion hit, including in related industries.	☀	◎
	Cyber Security Market	• Exceeding 1 trillion yen in 2024, CAGR 7.2% forecast for 2022~2027 • Scale of services is SOC > consulting > diagnostics, in that order. • Active cyber legislation will also be focused on; zero-trust will become mainstream.	⛅	△
	AI-related markets	• Projected to expand to 2,543.3 billion yen in 2028 at a CAGR of 29.9% from 2023~28 • Scale of generated AI services is Finance, Banking, and Insurance > Healthcare > Consumer • The development of AI is also expected to accelerate the development of virtual space (metaverse digital twin), robotics, and automated driving	☀	△

*Legend Market > ☀ Strong ⛅ Slightly favorable ☁ Sideways DX fit> ◎ Direct Area ○: Indirect area △ : Related Areas

Most Recent Topic: AI Agents

We have begun work in the "AI agent" area, the latest technology. Aiming to build a new revenue base by flexibly responding to rapidly changing market trends and leveraging the high affinity with existing solutions.

AI Agent Utilization Support

*Market forecast: Growth to 7.2 trillion yen in 2030

in our company Main Products Solutions	built-in type	Third Party Type	customized type
	mitoco AI	Salesforce (Agentforce)	Azure
	ThoughtSpot		AWS

Large synergy with existing services

Salesforce implementation support

Areas of high synergy, as they require the use of traditional Salesforce core products (Salescloud, Servicecloud, etc.)

Data Infrastructure Solutions

Areas of high synergy as support is needed to build data infrastructure (e.g. Snowflake) for data utilization

Software Third-Party Verification

Area of great synergy, given the growing use of generative AI in test design and the high need for automation.

Other Businesses

＊Only listed main businesses

ORCHESTRA HOLDINGS

June 2009: Established
September 2016: Listed on TSE Mothers (currently Growth Market)
December 2018: Listed with 1st section of TSE (currently Prime Market)

Digital Marketing (DM) Business

Digital Identity

Mint' Planning co.,ltd.

Digital Transformation (DX) Business

Listed with Growth Market

Sharing Innovations

VES validation engineering service

JTPRO Corporation

Others

ウラーラ

スキルナビ

R-Stone.co.,ltd.

TechReach テックリーチ

Business Overview

Developing new core and stable profitable businesses by leveraging the Group's foundation

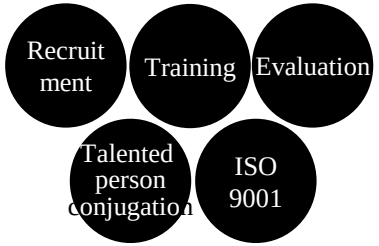
*Major businesses within the Other Businesses segment

SaaS Business

スキルナビ

✓ SaaS-based skills management system

✓Skills management and training supported by the latest technology



✓Adoption is accelerating in major manufacturing companies

Advance Investment Phase

Game Development Business

✓We handle game planning, development and operation regardless of platform.

✓We have entered the DX field by utilizing the UI and UX knowledge we have cultivated through game development.

✓We handle everything from planning, development, operation and sales promotion to strengthen corporate branding using Roblox*.

(Metaverse × Marketing Field)

*A powerful metaverse platform used by approximately 80 million people worldwide every day.

Business expansion phase

IT Human Resources Business

R-Stone.co.,ltd.

TechReach テックリーチ

✓ R-stone, a job placement agency specializing in IT engineers and creators, joined the company through an M&A in FY2021.

✓Operates "TechReach", a project and job information site for freelance engineers

Business expansion phase

Platform Business

ウラーラ



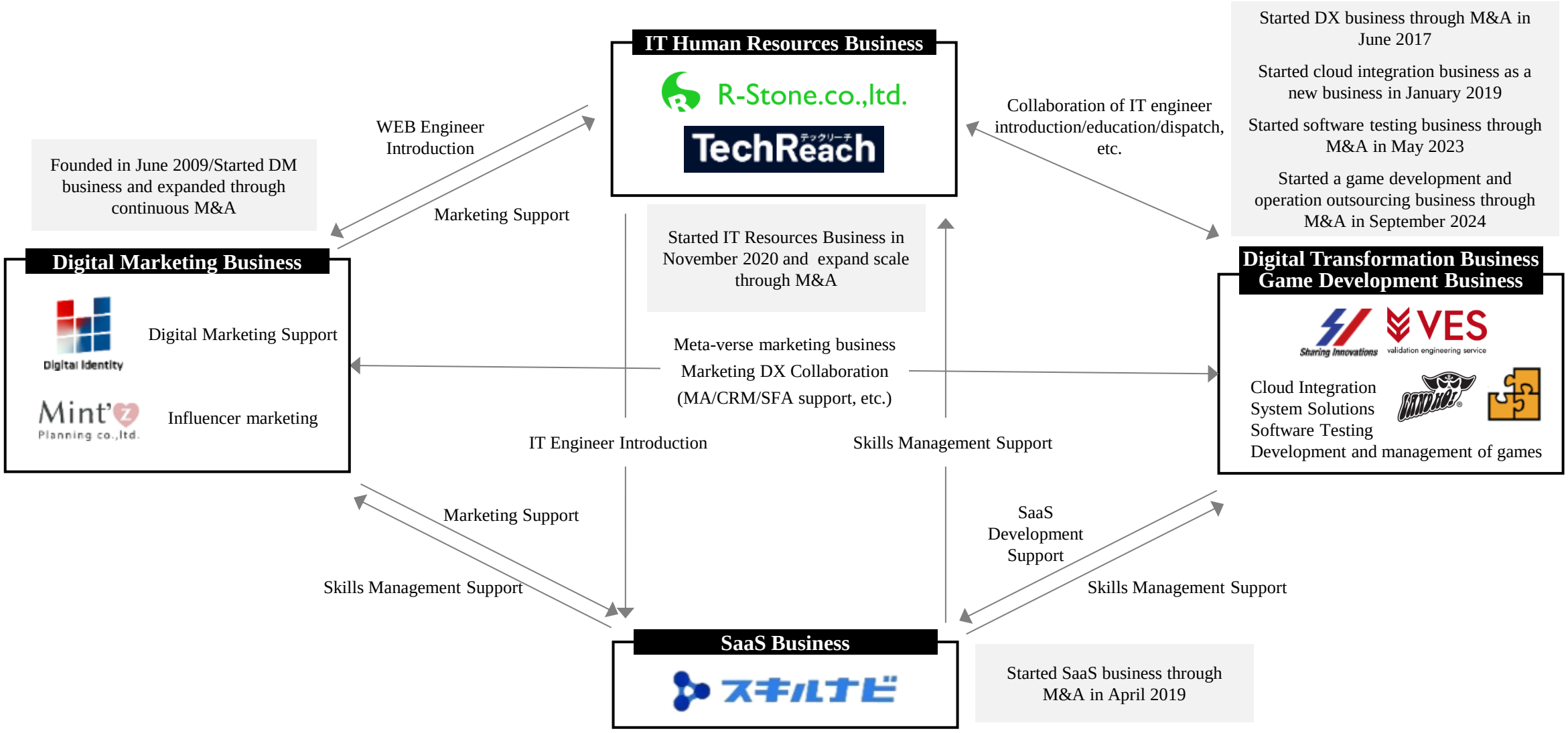
✓ A fortune-telling service that allows you to chat with over 1,000 fortune-tellers on your iPhone or Android.

✓ You can also consult by phone or email.

Stable Profitability Phase

Business Synergies

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



Corporate Venture Capital Investments

ORCHESTRA HOLDINGS

Five investees achieved IPO on the Tokyo Stock Exchange

IPO July 2020

- HR
- Cosplay
- Smart homes

IPO Nov. 2020

- Marketing
- AI
- P2C

IPO Dec. 2020

- Fraudulent order detection
- Fintech
- HR

IPO Sept. 2021

- Payments
- MEO
- Health care

IPO Mar. 2022

- Health care
- Real estate
- HR

- Point mall
- Electricity retailing
- Con-tech
- Project Management



05 Growth Strategies

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.

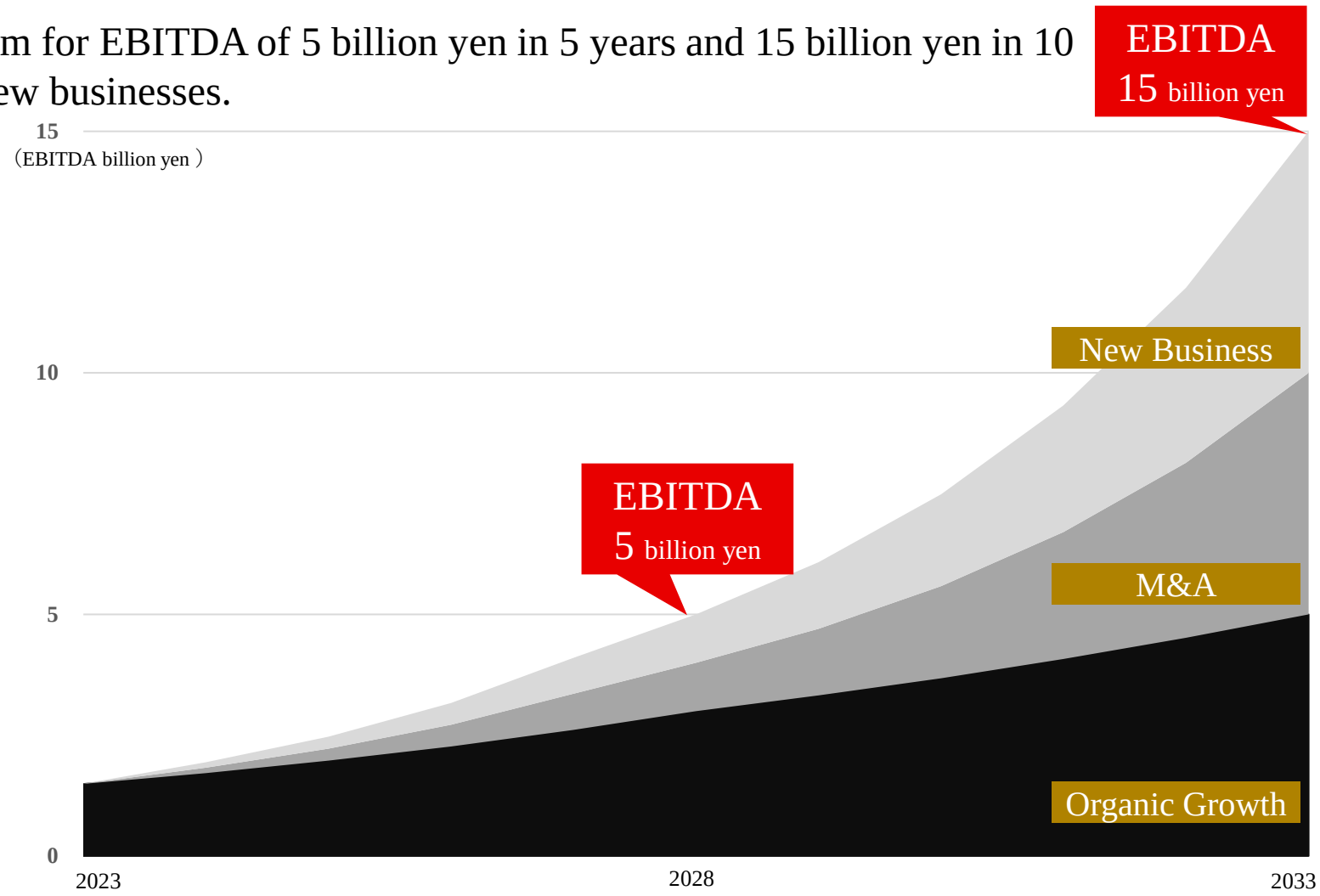
M&A

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
After undergoing structural reform, Sharing Innovations is on track for increased revenue and profits.
VES, Inc.'s software testing business aims to grow to sales of 10 billion yen by FY2028.



Growth Strategy

Strength 01

Compete in a growing market

Strength 02

Active utilizations of M&A

Strength 03

Cultivate new business

Growth Strategy: Compete in a growing market

Developing business in a growing market with favorable macroeconomic conditions

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 cloud services is expected to expand
at an average annual rate of 17.9% between 2022 and 2027.
The market size in 2027 is projected to be 13,257 billion yen, 2.3 times larger than in 2022. *2

*2 Source: International Data Corporation Japan "Domestic Cloud Market Forecast, 2023 - 2027"

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 10.9% in 2023 *5

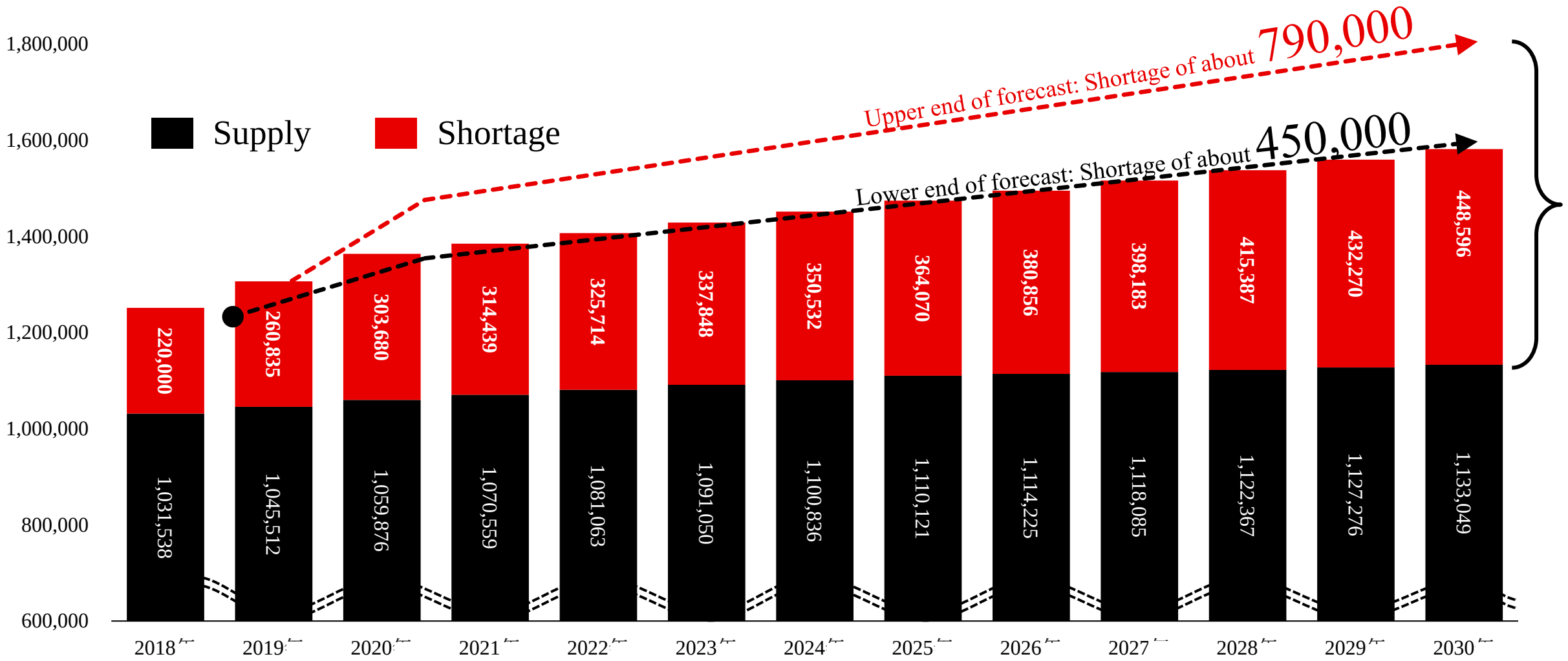
*5 Source: Dentsu Inc. "2023 Advertising Expenditures in Japan"

Growth Strategy: Compete in a growing market / Projected Shortage of IT Professionals in Japan

ORCHESTRA HOLDINGS

Forecast a shortage of up to 790,000 in 2030

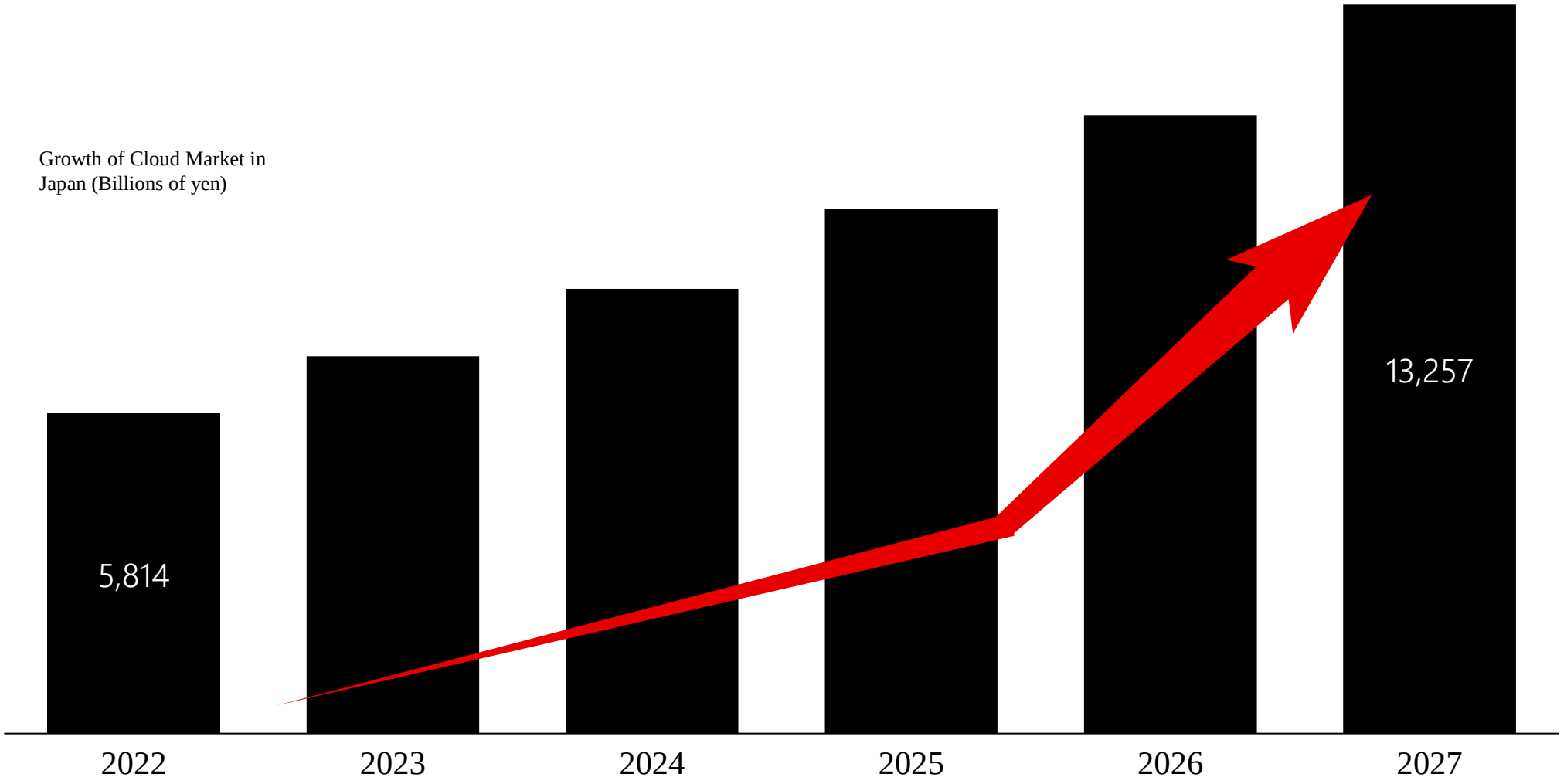
Demand for IT professionals is expected to increase steadily



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

Growth Strategy: Compete in a growing market / Growth of the Cloud Market in Japan

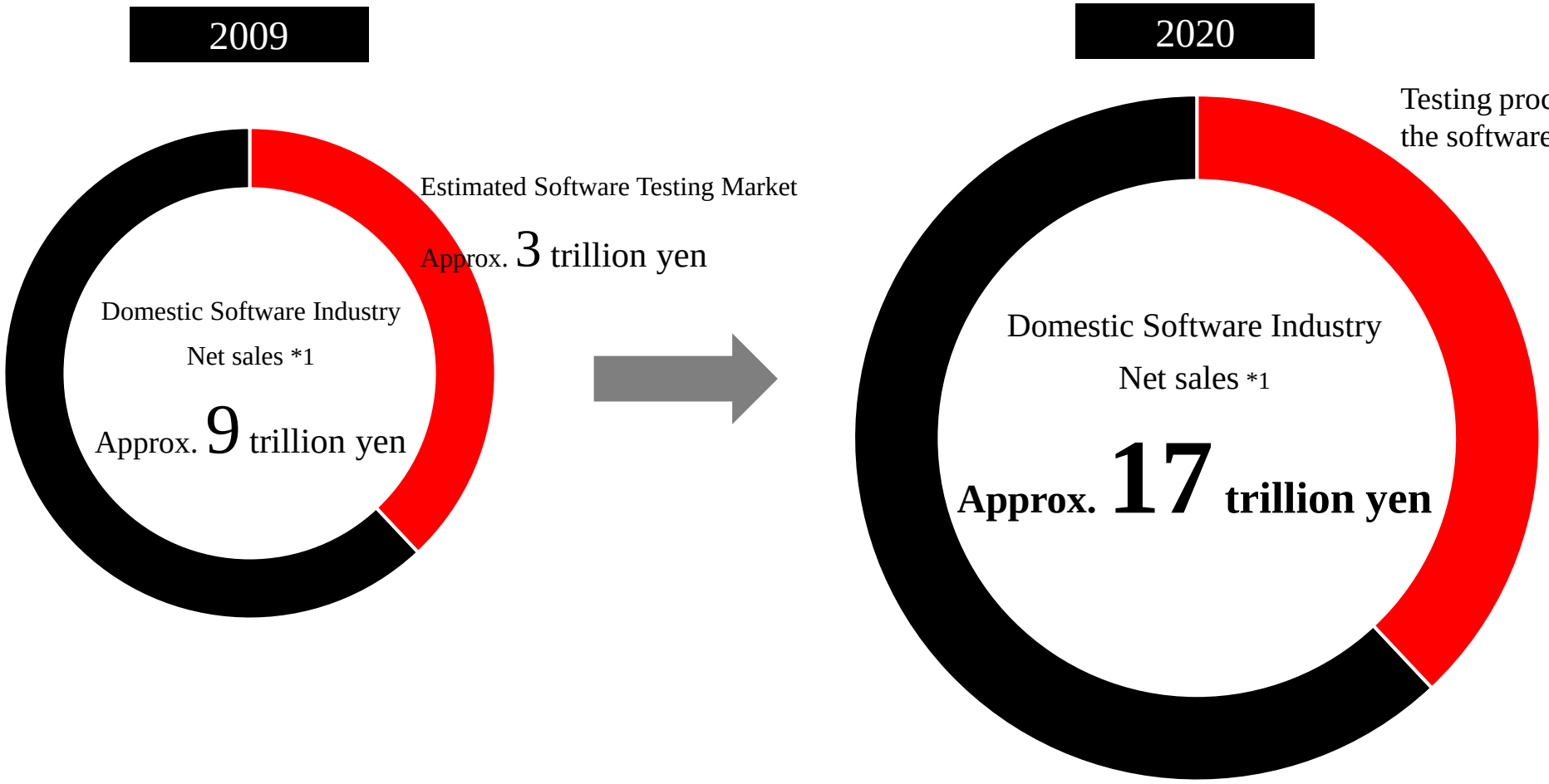
Average annual growth rate of 17.9% from 2022 to 2027.
The market size in 2027 is projected to be 13,257 billion yen, 2.3 times larger than in 2022.



Source: International Data Corporation Japan “Domestic Cloud Market Forecast, 2023 - 2027”

Growth Strategy: Compete in a growing market / Software Testing Market in Japan

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



Testing process accounts for more than 30% of the software development process ※2

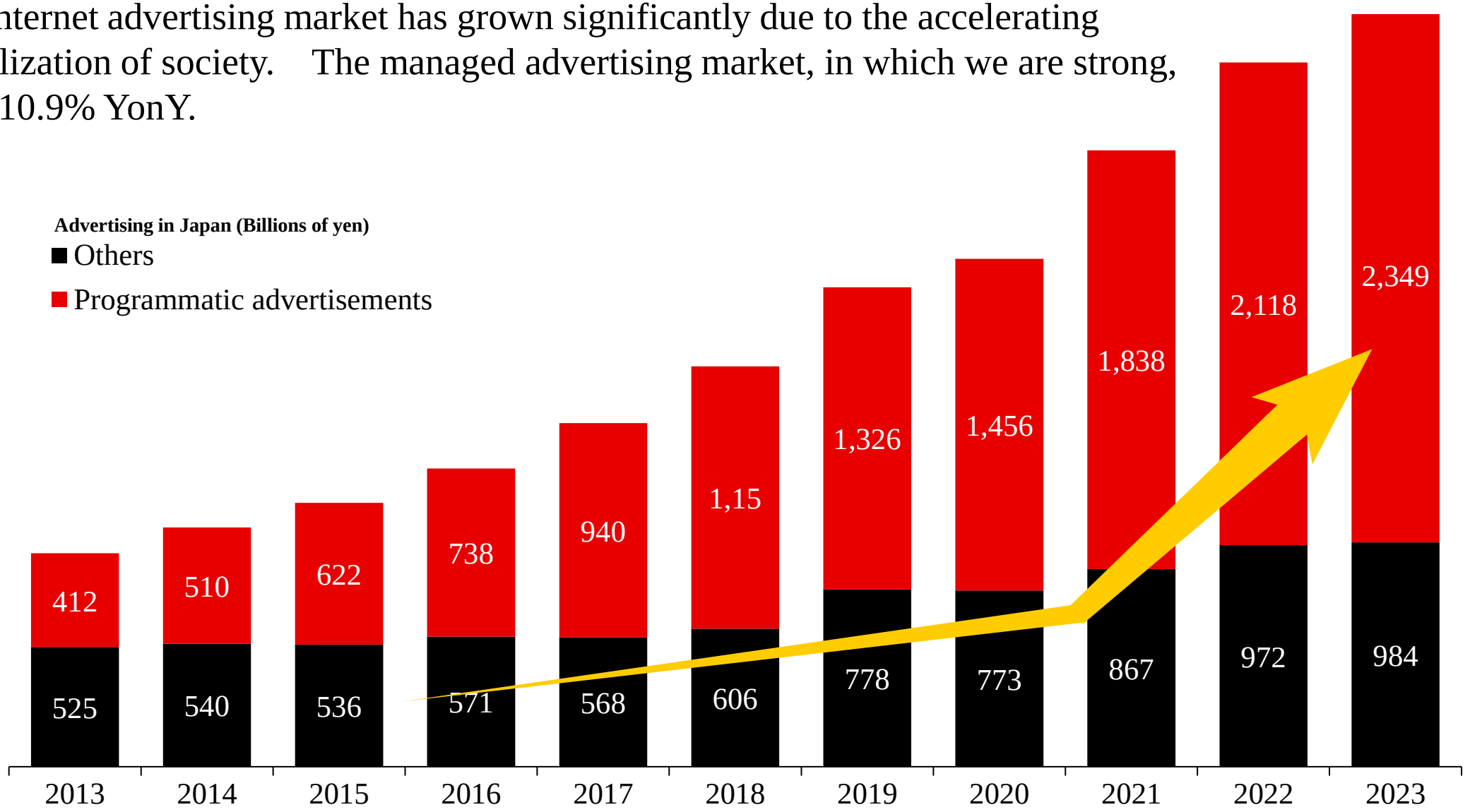
Estimated Software Testing Market

Approx. 6 trillion yen

*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.

Growth Strategy: Compete in a growing market / Internet Advertising Market in Japan

The Internet advertising market has grown significantly due to the accelerating digitalization of society. The managed advertising market, in which we are strong, grew 10.9% YonY.



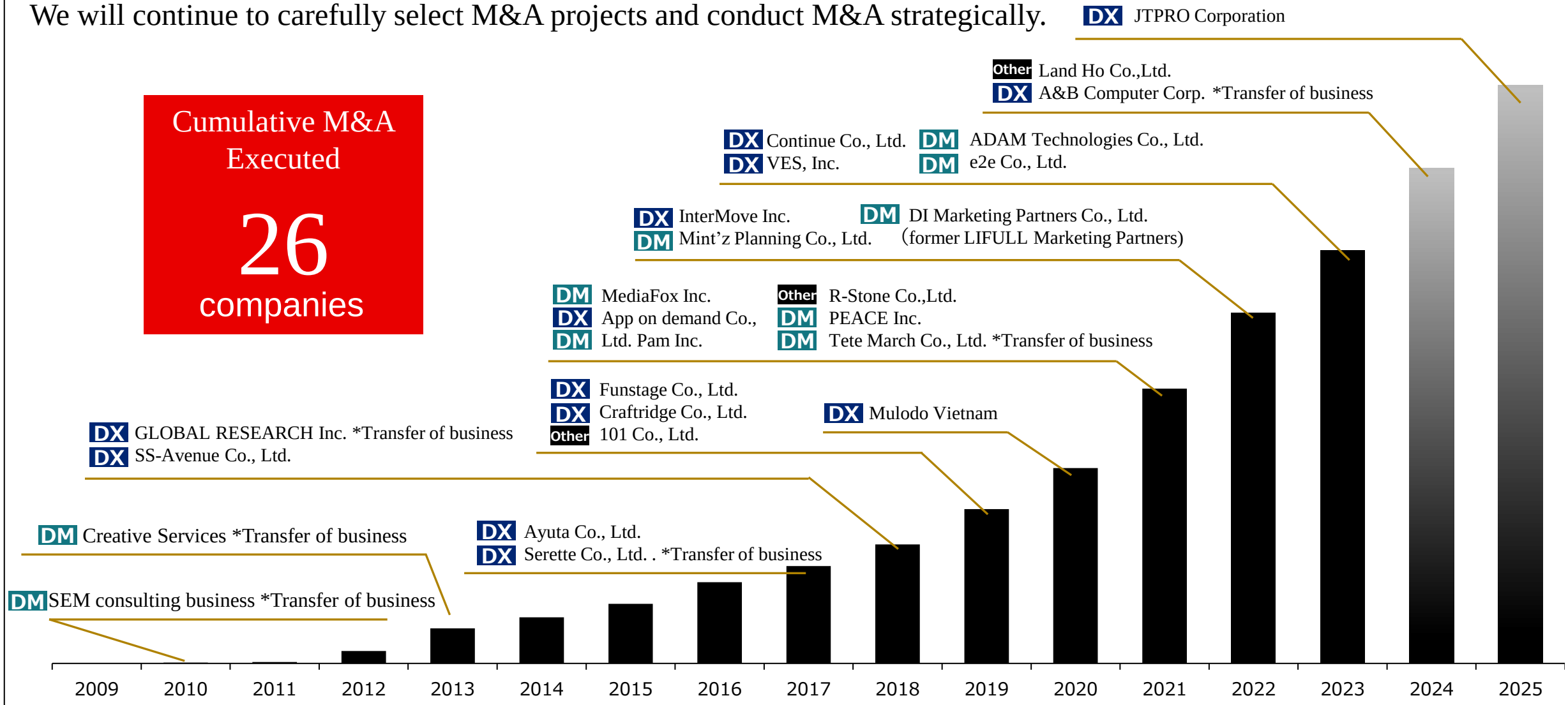
Source: Publicly announced advertising data since 2012 using “Advertising Expenditures in Japan” by Dentsu Inc.

Growth Strategy: Active utilizations of M&A

Since its establishment, the company has read market trends and conducted M&A.
We will continue to carefully select M&A projects and conduct M&A strategically.

Cumulative M&A Executed

26 companies



Growth Strategy: Active utilizations of M&A

JTPRO Corporation, a software development company, joins the group.

Outline of the M&A and JTPRO Corporation

Outline of Transaction	Shares acquired	100% of the shares of JTPRO Corporation
	Contract date	December 26, 2024
	Date of share acquisition	January 30, 2025
	Acquisition company	VES, Inc.
	Acquisition cost	Approx. 1.05 billion yen (including advisory fees, etc.)
	Impact on business	After adjustments, operating income is expected to exceed the amortization of goodwill amortization, and will be a factor in increasing operating income in the next fiscal year. The start of P/L incorporation is scheduled for the first quarter of FY2025.
Outline of the Subject Company	Company name	JTPRO Corporation Corporation
	Established	June 28, 2006
	Business description	Software development business
	Number of employees	Approx. 130
	Performance	Net sales: Approx. 800 million yen (Fiscal year ending March 2024)
Group Synergies	・By utilizing VES, Inc.'s customer base and switching the target company's second-tier and lower-tier projects to prime projects, the company expects to see a significant improvement in its profit margin. ・Accelerating growth through the sharing of resources within the group (recruitment and training systems, corporate functions, etc.)	

Growth Strategy: Active utilizations of M&A

With the participation of JTPRO Corporation, approximately 130 people, mainly engineers, have joined the group.

By sharing customer bases and development and sales resources, we will accelerate the growth of the DX business.

Segment	Area	Track record	M&A Objectives	Market scale
Digital Marketing	AD/SEO creative SNS Marketing Started June 2009	PAM GROUP, ADAM TECHNOLOGIES, Mint'Z Planning co.,ltd., E2E EMPOWERMENT JAPAN LIFULL Marketing Partners	Expansion of business scale through roll-up strategy Through mergers and acquisitions of several peer companies, Expand service lineup, customer base, and human resources	Approx. 3 trillion yen *1
Others *6	Game Development Starts in May 2024	LAND HO!	Expansion of TAM (*4) (new entry into game development market) Create synergies with existing DX business	Approx. 2 trillion yen *5
DX	System Solutions Started June 2017	Sharing Innovations *10 companies in the DX area M&A, integration	Expand TAM (*4) by entering adjacent markets Leveraging our knowledge in the digital marketing business, New entry into Marketing DX based on Salesforce	Approx. 16 trillion yen *2
	Cloud integration Starts January 2019	A&B エー・アンド・ビー・コンピュータ JTPRO Corporation	Expansion of business scale through roll-up strategy Through mergers and acquisitions of several peer companies, Expand service lineup, customer base, and human resources	
	Software Testing Starts in May 2023	VES validation engineering service	Expand TAM (*4) by entering adjacent markets Synergy with existing DX business is expected, New Entry into Software Testing Business	(one's) household Approx. 6 trillion yen *3

*1 Source: Dentsu, "Advertising Expenditures in Japan" *2 Source: Ministry of Economy, Trade and Industry, "Information and Communication Industry Basic Survey" (calculated from software industry sales) *3 Source: Information-technology Promotion Agency (IPA), "Software Development Analysis Data Collection" *4 TAM=Total Addressable Market (maximum addressable market) TAM=Total Addressable Market (maximum addressable market size) * 5 Source: XENO BRAIN, "Market Size Forecast for Game Software Makers. *6 Land Ho Co.,Ltd. (area of business: game development) is being separated from the existing DX business, and the segment has been changed from DX business to other business.

Growth Strategy: Cultivate new businesses

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

