Q2 FY2025/12

Financial Results

oRo Co., Ltd.   Code: 3983

oRo

Index

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Q2 FY2025/12
Financial Results Highlights

01

Q2 FY2025/12 Financial Results Highlights

Q2 FY2025/12 Consolidated Financial Results		
Revenue	**3,891** million JPY	YoY **+2.0%**
Operating Profit	**1,202** million JPY	YoY **-8.1%**

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

Cloud Solutions (CS)		
Revenue	million JPY **2,700**	YoY **+15.6%**
Operating Profit	million JPY **1,203**	YoY **+23.9%**

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

- Despite healthy acquisition and churn rates, revenue was worse than planned. This was attributed to a one-time 39 million yen adjustment to correct the operational overbilling errors that have occurred since 2016(see p.6).
- Operating profit slightly exceeded expectation due to lower expenses than planned.

Marketing Solutions (MS)		
Revenue	million JPY **1,191**	YoY **-19.5%**
Operating Profit	million JPY **-0**	YoY **-**

Revenue and operating profit were weak relative to the plan.

- In Q2, we experienced a series of lost deals, both domestic and overseas, that were part of our initial forecast. As a result, our revenue was below plan.
- Cost-saving measures alone were insufficient to offset the revenue shortfall from these lost deals, causing us to drop below the break-even point.

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

Trend in Revenue, Operating Profit and Operating Margin

Recorded revenue 3,891 million yen, +2.0% YoY; operating profit 1,202 million yen, -8.1% YoY

(in millions of yen)
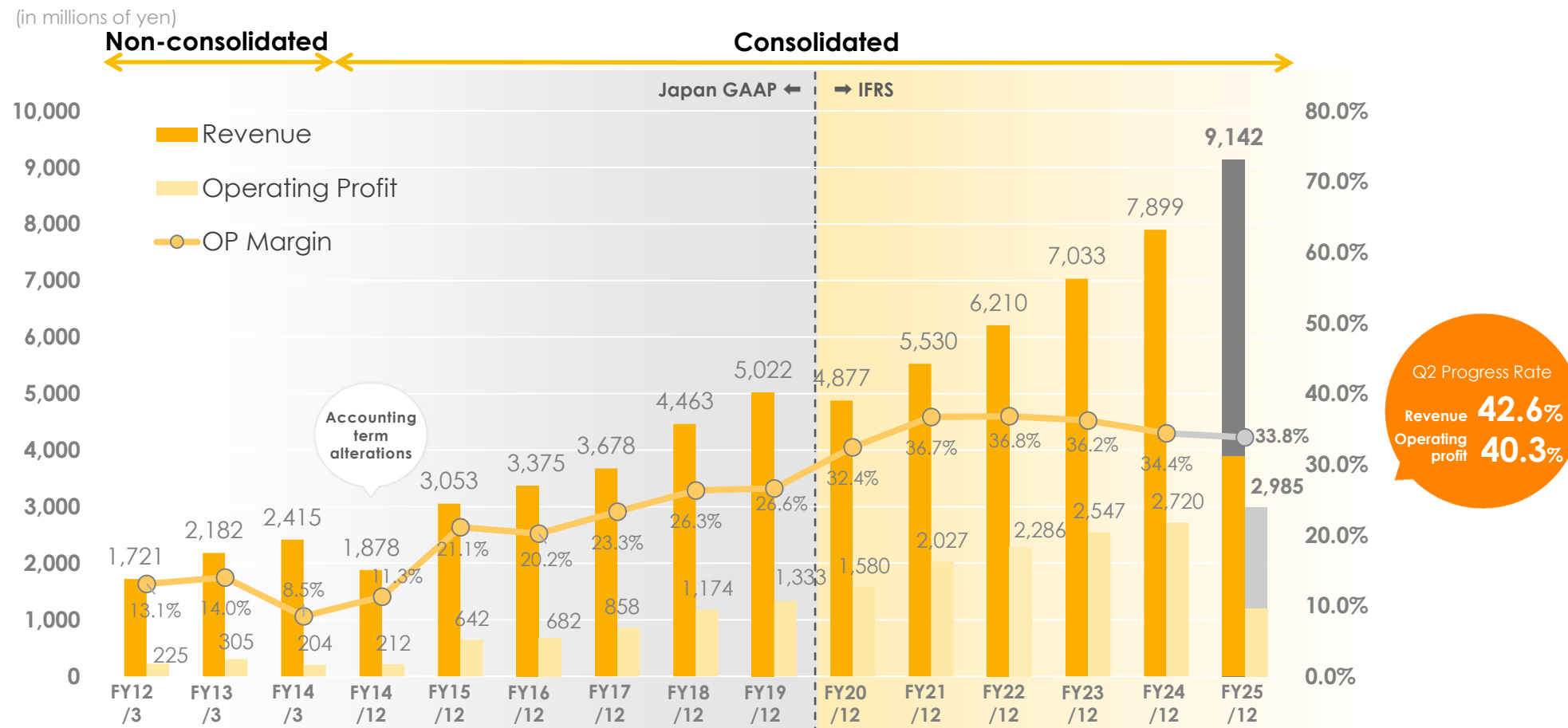
*Was not audited by KPMG AZSA LLC, prior to and in the fiscal year ended March 31, 2014.
*Following the change in accounting policy in the fiscal year ended December 31, 2018, net sales for the Marketing Solutions Business are now reported on a net basis from the fiscal year ended December 31, 2017, 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

Key KPIs (e.g., Acquisition, Churn) Healthy and Recurring Revenue Growing; Overbilling from Operational Error Identified

Our standard procedure is to perform server upgrades for customers once the number of users reaches a predetermined threshold. However, an internal investigation identified an operational oversight where these upgrades were missed for 15 customers. As the historical quarterly impact was minor (max. 3 million yen), a one-time adjustment of 39 million yen was made in Q2 to correct the resulting cumulative revenue error. Recurring revenue growth is expected to normalize from Q3. We are proactively contacting affected customers regarding apologies and refunds, and no cancellations have resulted to date.

(in millions of yen)

Old segment ⇐   ⇒ New segment

Legend:
- dxeco, Semrush, and other products
- ZAC ERP installation consultation and customization
- ZAC license fee
- Correction for Revenue Error (for Maintenance, SaaS and other monthly fees)
- Maintenance fee, SaaS and other monthly service fees
- Reforma PSA

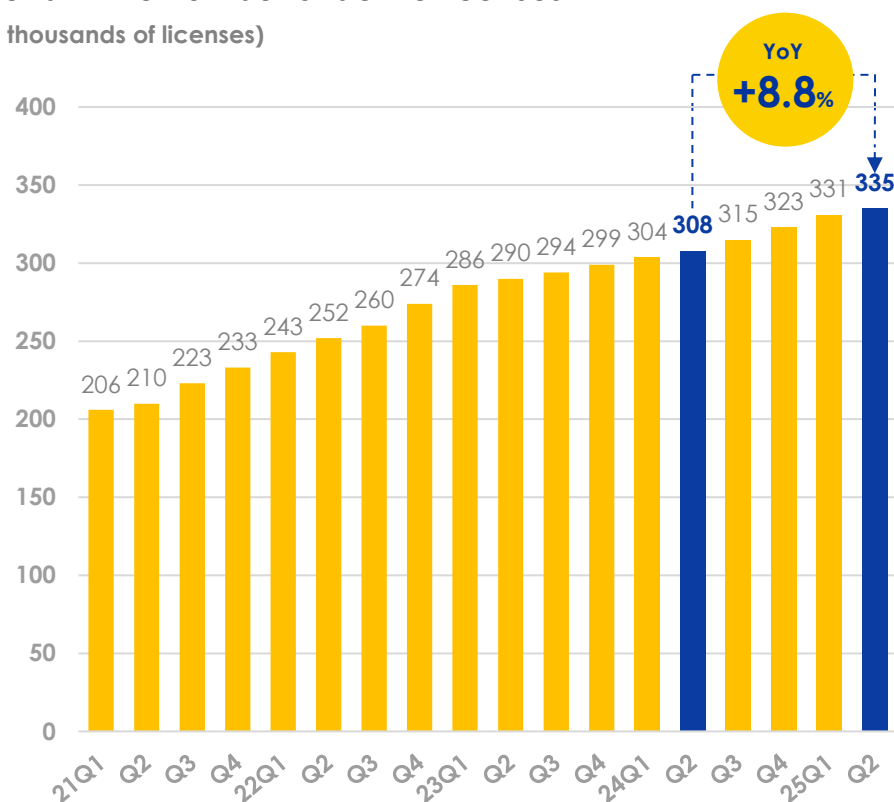|	21Q1	21Q2	21Q3	21Q4	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2
dxeco, Semrush	4	18	23	8	10	29	23	22	55	61	78	71	81	72	84	94	83	88
ZAC ERP install.	143	174	113	132	127	165	163	244	183	273	260	156	151	117	150	164	172	186
ZAC license fee	194	205	188	213	193	203	191	203	189	208	200	203	207	196	195	166	140	125
Correction for Revenue Error																		(39)
Maintenance fee, SaaS	371	392	411	414	431	450	455	478	511	554	625	690	673	749	794	847	890	946
Reforma PSA	27	29	31	33	35	37	37	36	37	37	39	40	41	44	47	49	53	53

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

Trend in the Number of Active Licenses

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

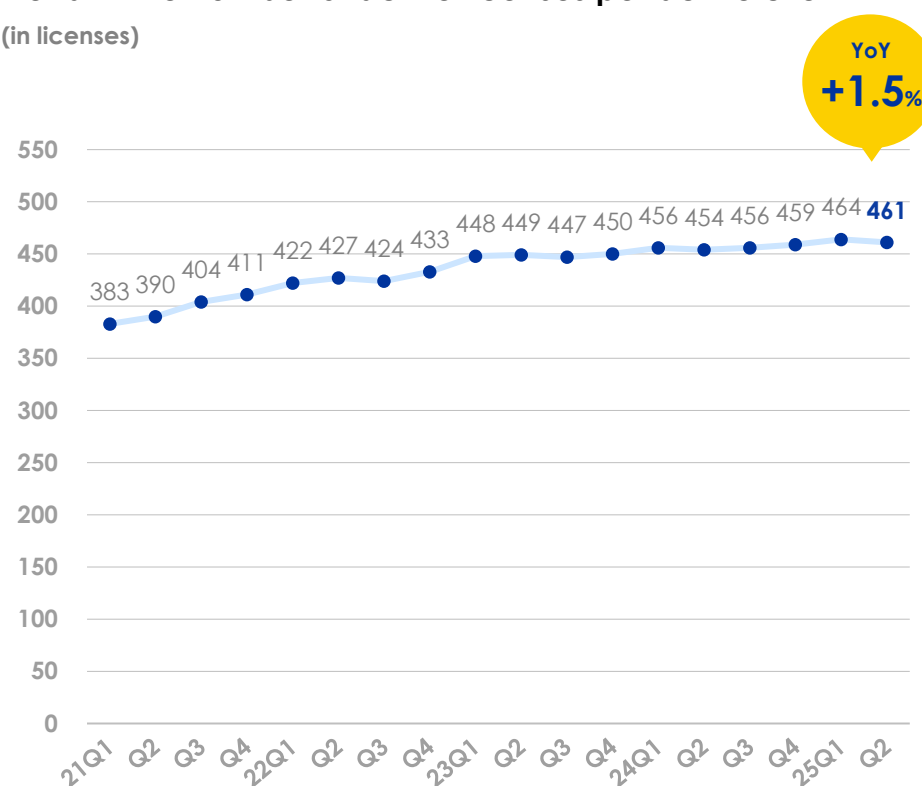### Trend in the number of active licenses

(in thousands of licenses)

YoY
+8.8%

400
350
300
250
200
150
100
50
0

206 210 223 233 243 252 260 274 286 290 294 299 304 **308** 315 323 331 **335**

21Q1 Q2 Q3 Q4 22Q1 Q2 Q3 Q4 23Q1 Q2 Q3 Q4 24Q1 Q2 Q3 Q4 25Q1 Q2

* 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)

YoY
+1.5%

550
500
450
400
350
300
250
200
150
100
50
0

383 390 404 411 422 427 424 433 448 449 447 450 456 454 456 459 464 **461**

21Q1 Q2 Q3 Q4 22Q1 Q2 Q3 Q4 23Q1 Q2 Q3 Q4 24Q1 Q2 Q3 Q4 25Q1 Q2
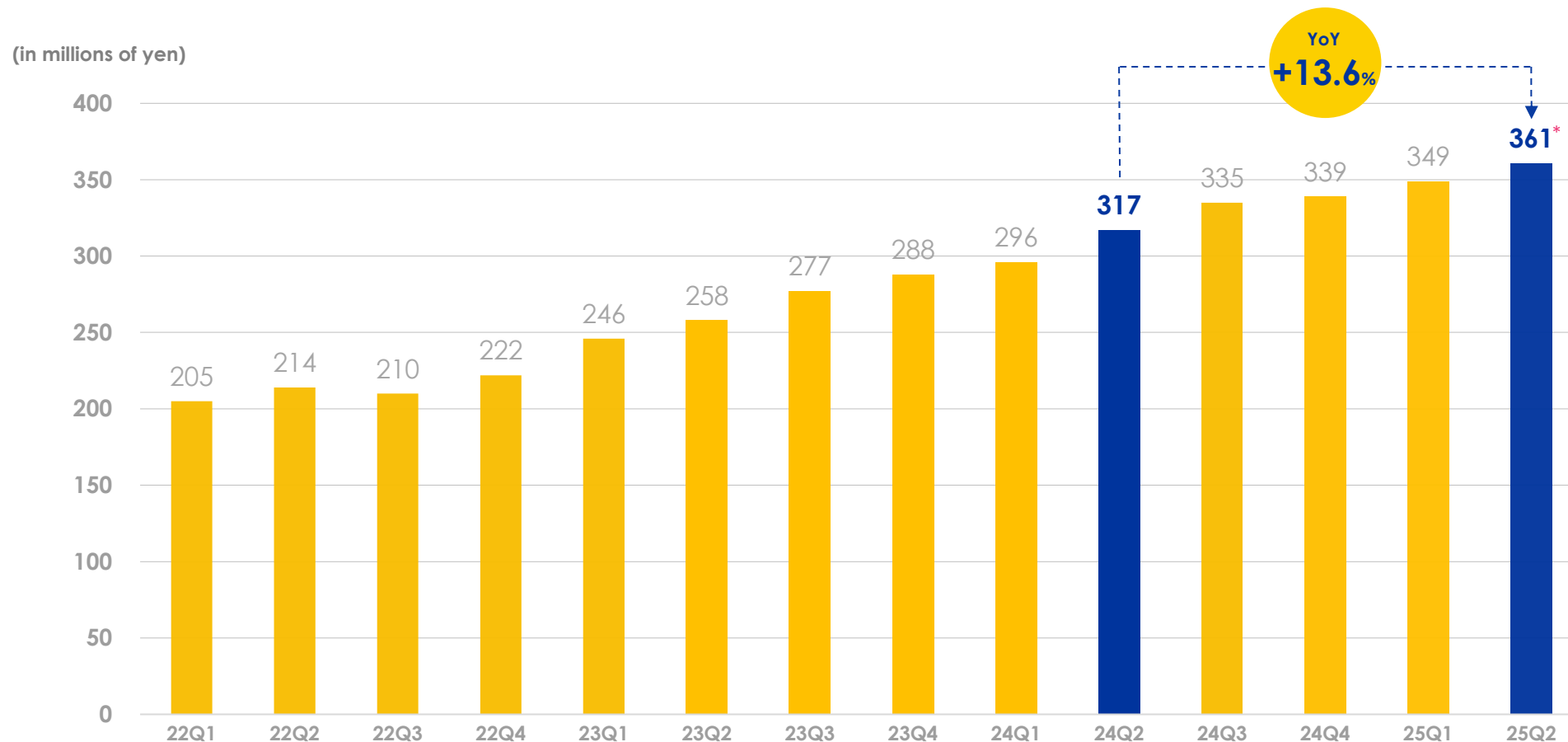
* Number of active licenses per active client
= Number of active licenses / The number of active clients at the end of the quarter

Cloud Solutions

Trend in MRR

Growing number of active licenses drives stable MRR growth

(in millions of yen)

Quarter	MRR
22Q1	205
22Q2	214
22Q3	210
22Q4	222
23Q1	246
23Q2	258
23Q3	277
23Q4	288
24Q1	296
24Q2	317
24Q3	335
24Q4	339
25Q1	349
25Q2	361*

YoY **+13.6%**

* The MRR trends shown exclude the impact of a revenue error correction made in Q2 FY2025 (see p.6).

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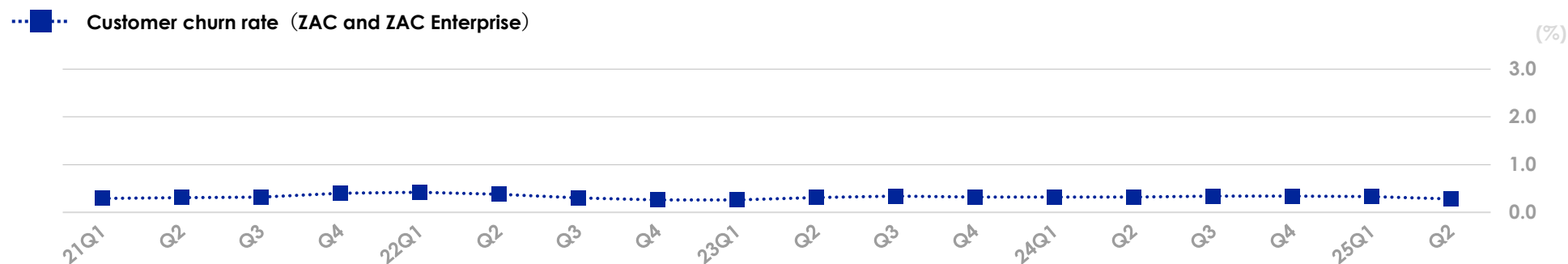
*Monthly churn rate: churn rate calculated by moving average of monthly churn customers / customers at beginning of the month for the last 12 months

Trend in the Number of New Contracts and Churns

New contract acquisitions reached 43.8% of the full-year target of 89, with a well-balanced mix of large enterprises and SMEs.
Contract cancellations were primarily due to business closures or transitions to parent company systems following M&A.

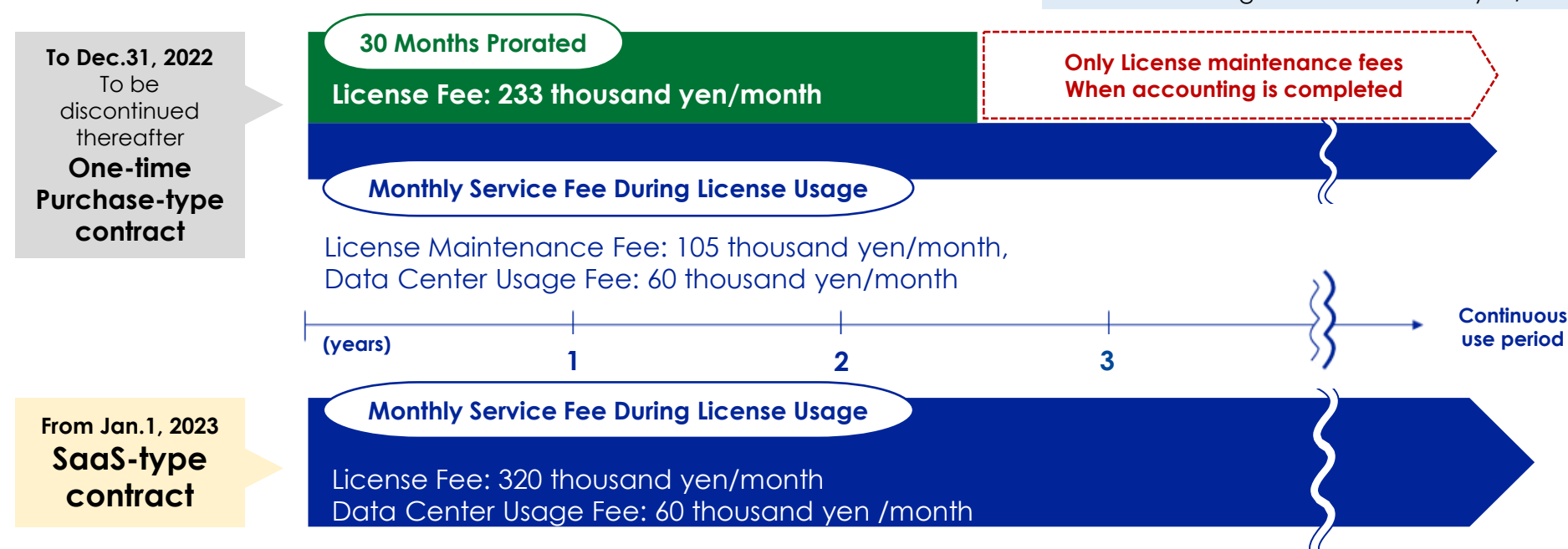|	21/12 Q1	21/12 Q2	21/12 Q3	21/12 Q4	22/12 Q1	22/12 Q2	22/12 Q3	22/12 Q4	23/12 Q1	23/12 Q2	23/12 Q3	23/12 Q4	24/12 Q1	24/12 Q2	24/12 Q3	24/12 Q4	25/12 Q1	25/12 Q2
Number of New Contracts	17	6	21	19	21	15	23	28	13	16	16	9	13	21	17	17	17	22
Number of Churns	5	8	7	5	11	3	0	7	9	7	4	3	11	9	4	4	8	8

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

To Dec.31, 2022
To be discontinued thereafter
One-time Purchase-type contract

30 Months Prorated

License Fee: 233 thousand yen/month

**Only License maintenance fees
When accounting is completed**

Monthly Service Fee During License Usage

License Maintenance Fee: 105 thousand yen/month,
Data Center Usage Fee: 60 thousand yen/month

(years)

1   2   3

Continuous use period

**From Jan.1, 2023
SaaS-type contract**

Monthly Service Fee During License Usage

License Fee: 320 thousand yen/month
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.

Cloud Solutions

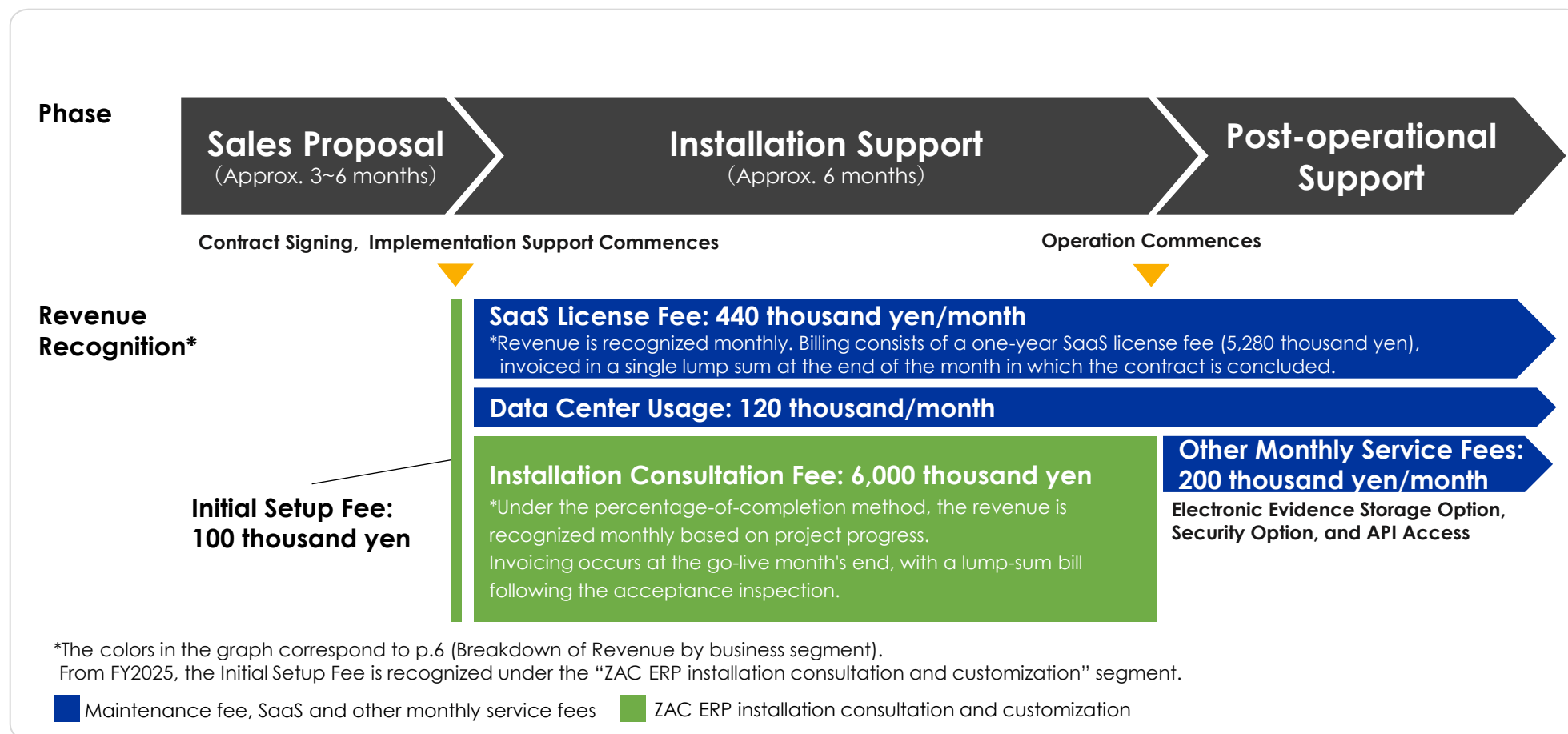# Schedule and Revenue Recognition after New ZAC Contract

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
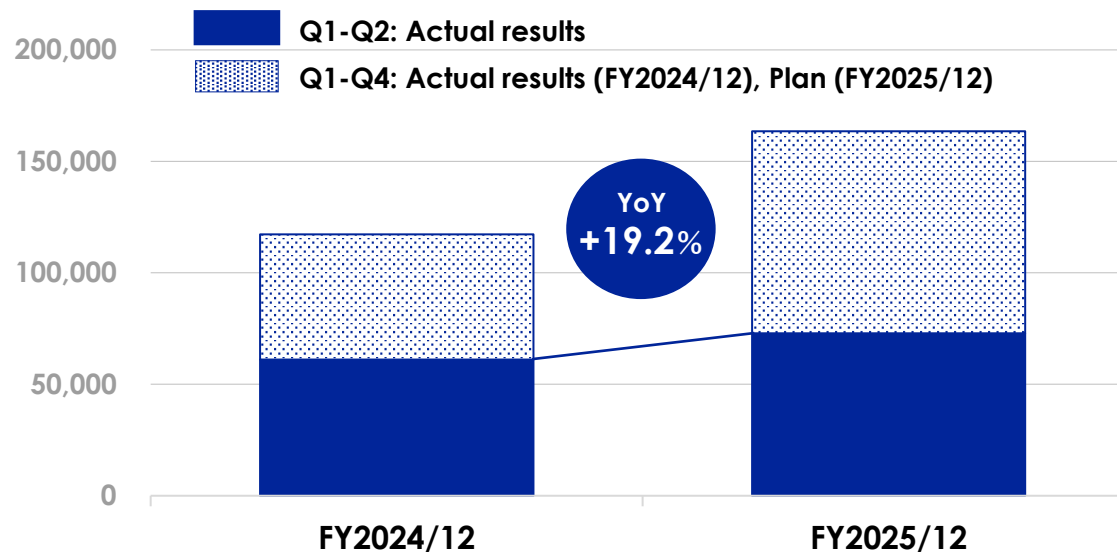
Additional Monthly Service Configurations:
Electronic Evidence Storage Option, Security Option, API Access

Phase

| Sales Proposal (Approx. 3~6 months) | Installation Support (Approx. 6 months) | Post-operational Support |

Contract Signing, Implementation Support Commences

Operation Commences

Revenue Recognition*

SaaS License Fee: 440 thousand yen/month
*Revenue is recognized monthly. Billing consists of a one-year SaaS license fee (5,280 thousand yen), invoiced in a single lump sum at the end of the month in which the contract is concluded.

Data Center Usage: 120 thousand/month

Other Monthly Service Fees: 200 thousand yen/month
Electronic Evidence Storage Option, Security Option, and API Access

Installation Consultation Fee: 6,000 thousand yen
*Under the percentage-of-completion method, the revenue is recognized monthly based on project progress.
Invoicing occurs at the go-live month's end, with a lump-sum bill following the acceptance inspection.

Initial Setup Fee: 100 thousand yen

*The colors in the graph correspond to p.6 (Breakdown of Revenue by business segment).
 From FY2025, the Initial Setup Fee is recognized under the "ZAC ERP installation consultation and customization" segment.

■ Maintenance fee, SaaS and other monthly service fees   ■ ZAC ERP installation consultation and customization

Efforts for Customer Acquisition

Advertising Expenses (only ZAC and Reforma PSA)

(in thousands of yen)

■ Q1-Q2: Actual results
▨ Q1-Q4: Actual results (FY2024/12), Plan (FY2025/12)

YoY
+19.2%

FY2024/12　　　FY2025/12

Rate of progress against the plan:

44.6% (As of June 30, 2025)

Our H1 lead pipeline (including appointments and sales qualified leads) recovered, supported by a successful major exhibition and sales agency referrals.
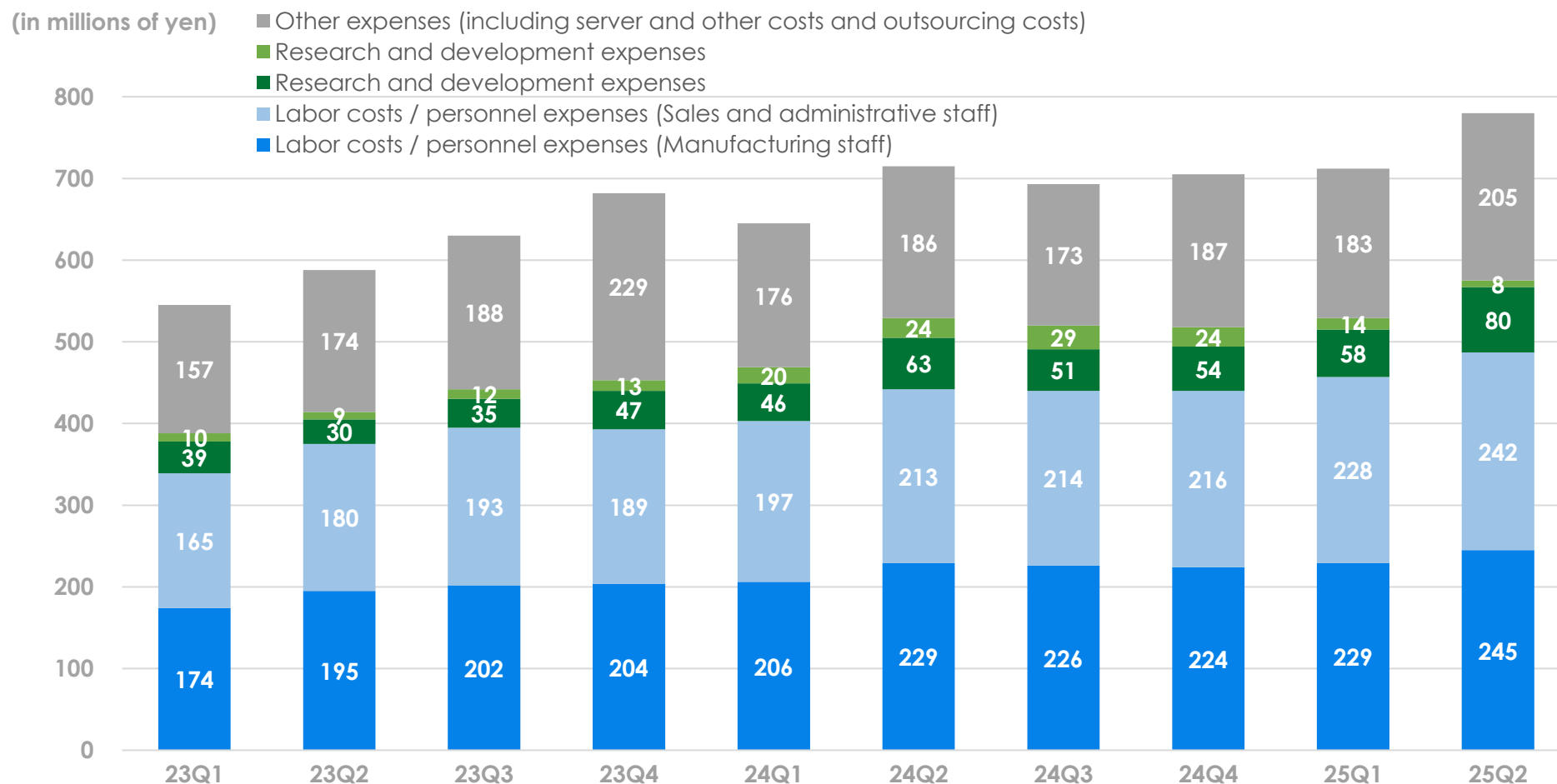
To build on this, our H2 focus remains on acquiring new prospects through ongoing optimization of our digital marketing. As a new step for us, we will also launch several brand awareness initiatives.

Plans for H2

In H2, our initiatives will focus on engaging new prospects. This includes participating in three small-to-mid-sized exhibitions, complemented by a new brand awareness campaign aimed at our key industries (IT, advertising, and consulting).
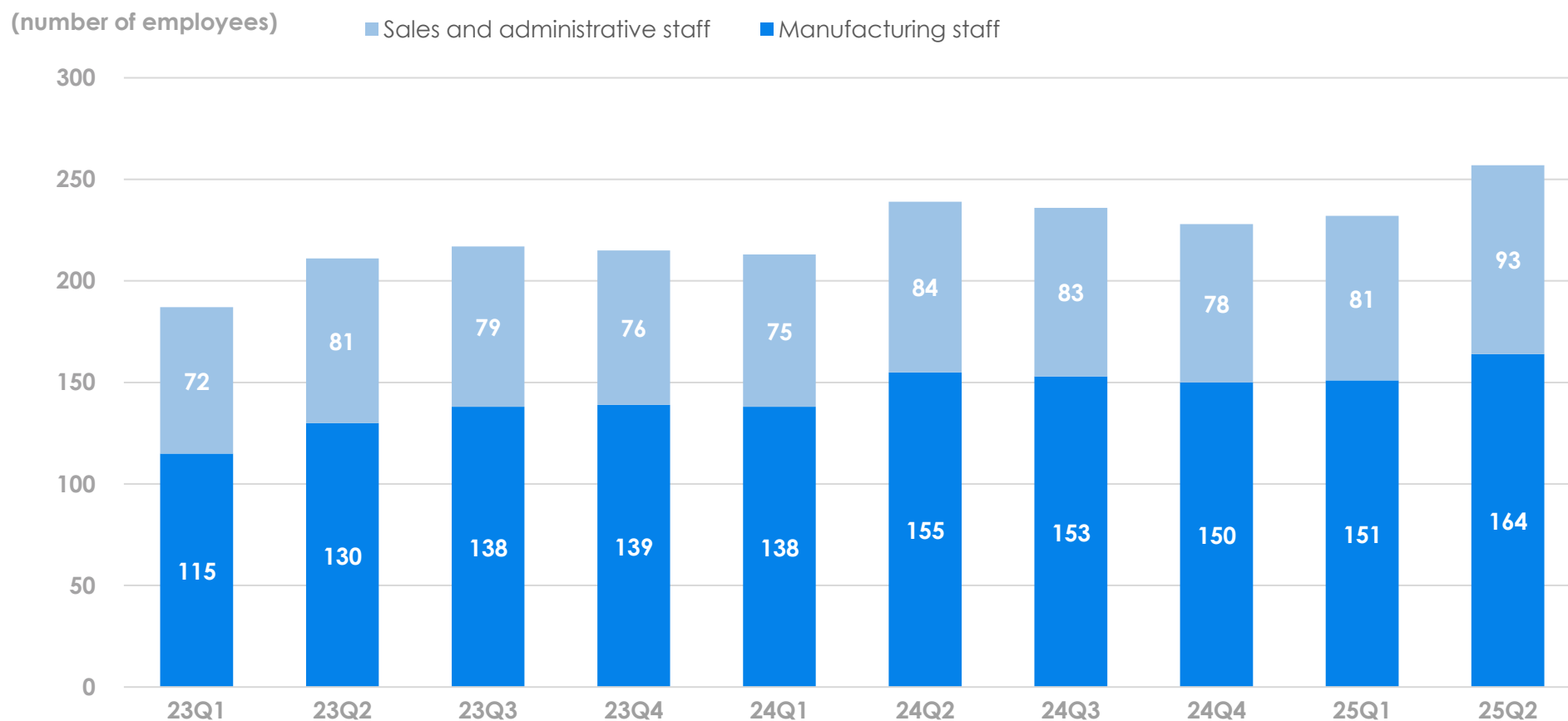
Cloud Solutions

Breakdown of Expenses (Consolidated)

Personnel expenses for both our manufacturing staff and our sales and administrative staff increased, driven by the onboarding of new graduates.

(in millions of yen)

- ■ Other expenses (including server and other costs and outsourcing costs)
- ■ Research and development expenses
- ■ Research and development expenses
- ■ Labor costs / personnel expenses (Sales and administrative staff)
- ■ Labor costs / personnel expenses (Manufacturing staff)

	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2
Other expenses	157	174	188	229	176	186	173	187	183	205
R&D expenses (light green)		9	12	13	20	24	29	24	14	8
R&D expenses (dark green)	10 / 39	30	35	47	46	63	51	54	58	80
Labor (Sales and admin)	165	180	193	189	197	213	214	216	228	242
Labor (Manufacturing)	174	195	202	204	206	229	226	224	229	245

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

Breakdown of Personnel (Consolidated)

(number of employees)

■ Sales and administrative staff   ■ Manufacturing staff

	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2
Sales and administrative staff	72	81	79	76	75	84	83	78	81	93
Manufacturing staff	115	130	138	139	138	155	153	150	151	164

*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.

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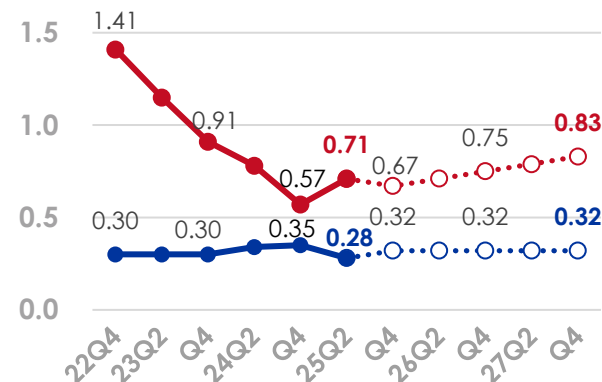# Progress on "Setting KPIs in the Earnings Outlooks for FY27/12"

Results as of the end of June, 2025

(Blue: ZAC, ZAC Enterprise   Red: Reforma PSA   Solid line: Actual figures   Dotted line: Forecasts and outlooks)
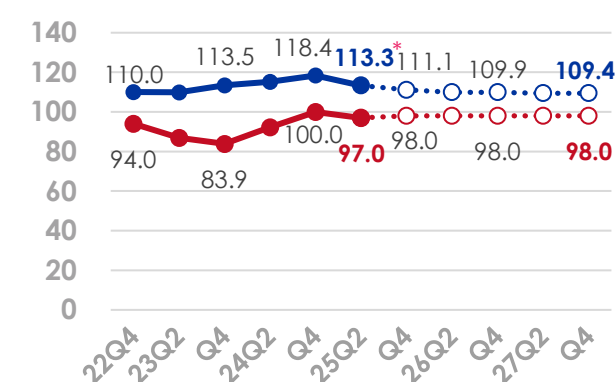
ARPA （in thousands of yen） *
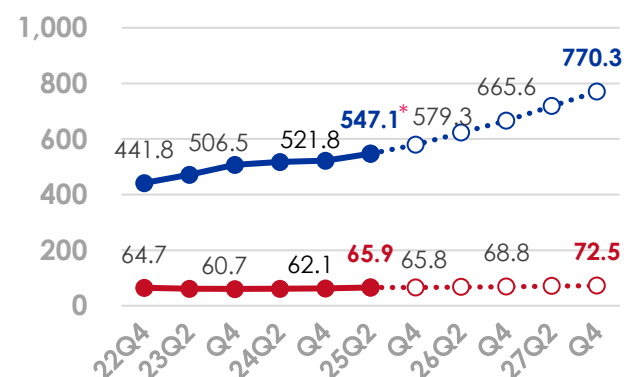
Customer Churn Rate （%） **

NRR （%） ***

ZAC・ZAC Enterprise

ARPA, Customer Churn Rate, and NRR are all tracking broadly in line with our plan.
- ARPA is expected to improve over the mid-to-long term as SaaS license revenue continues to accumulate.
- Customer Churn Rate is anticipated to remain stable at a low level.
- NRR is currently trending slightly above plan, driven by our BI integration option in addition to SaaS licenses. We anticipate it will stabilize at around 110% going forward.

* The ARPA and NRR trends shown exclude the impact of a revenue error correction made in Q2 FY2025/12 (see p.6).

Reforma PSA

Our key metrics performed broadly to plan this quarter, though Customer Churn Rate ticked up slightly from several smaller clients churning.
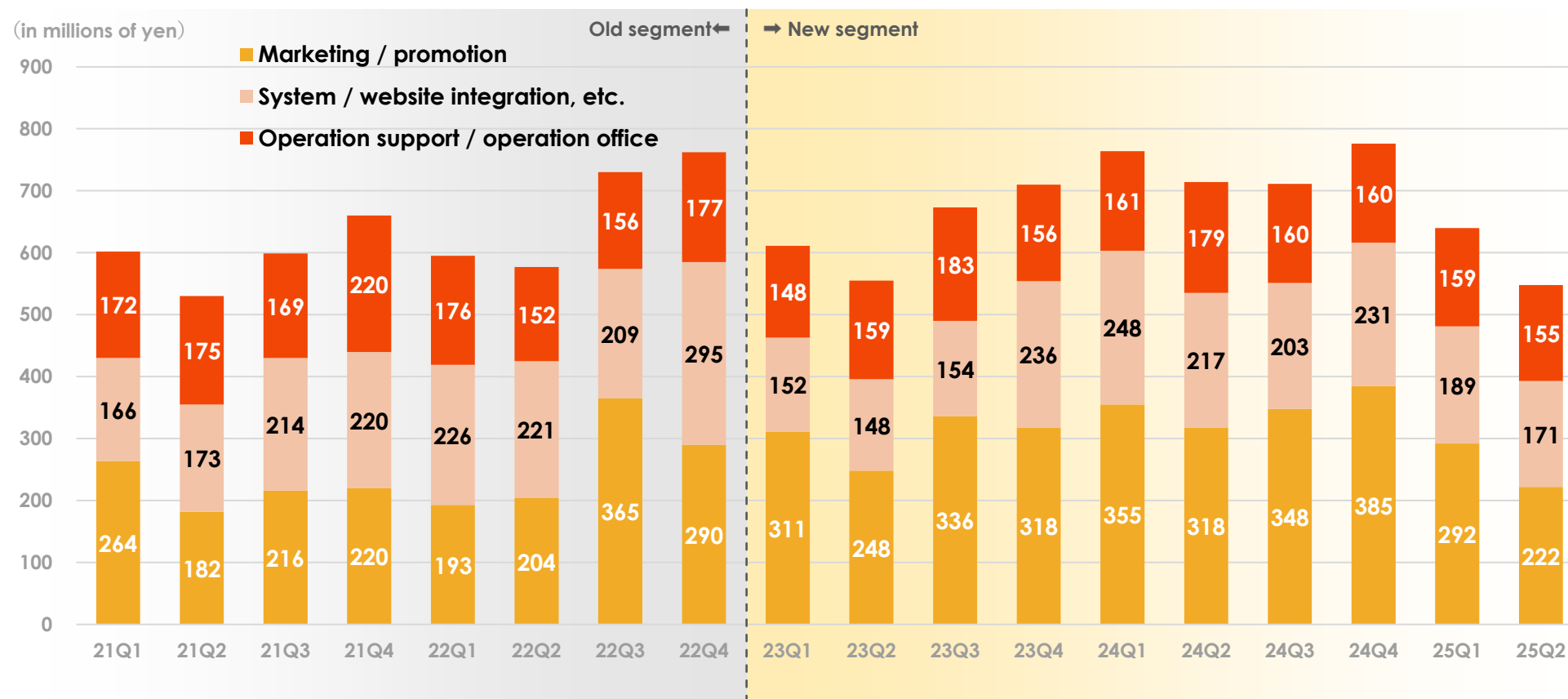
*Abbreviation for Average Revenue Per Account.
ARPA for ZAC and ZAC Enterprise are calculated based on monthly revenue related to "ZAC license fees, maintenance fees,SaaS and other monthly service fees" and "ZAC installation support and customization" per customer. ARPA for Reforma PSA is calculated by monthly revenue related to "ReformaPSA" per customer.
**Monthly customer churn rate calculated using the most recent 12-month moving average of "number of customers canceled in the current month ÷ number of customers at the beginning of the month."
***Abbreviation for Net Retention Rate. ARR for period n ÷ ARR for period n-1 for customers with revenue in period n-1. For ZAC and ZAC Enterprise, calculation is based only on "maintenance fees, SaaS and other monthly service fees." For Reforma PSA, the calculation is based on the monthly usage fee of "ReformaPSA."

Breakdown of Revenue by Business Segment

Lost a series of deals in Q2 that were initially forecasted. We are strengthening our sales execution system under a new executive officer.

（in millions of yen）

Old segment ⟵ | ⟶ New segment

Legend:
- 🟨 Marketing / promotion
- 🟧 System / website integration, etc.
- 🟥 Operation support / operation office

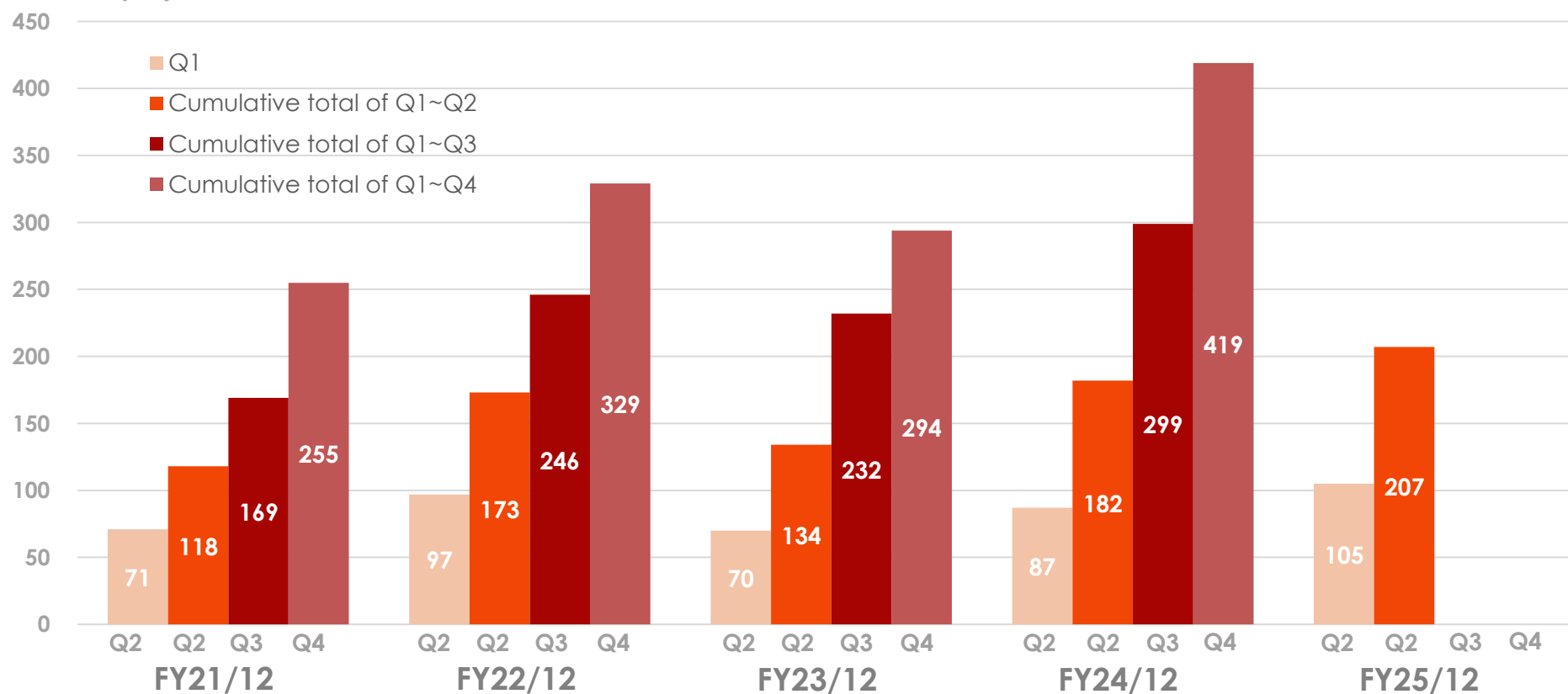| Quarter	Marketing / promotion	System / website integration, etc.	Operation support / operation office
21Q1	264	166	172
21Q2	182	173	175
21Q3	216	214	169
21Q4	220	220	220
22Q1	193	226	176
22Q2	204	221	152
22Q3	365	209	156
22Q4	290	295	177
23Q1	311	152	148
23Q2	248	148	159
23Q3	336	154	183
23Q4	318	236	156
24Q1	355	248	161
24Q2	318	217	179
24Q3	348	203	160
24Q4	385	231	160
25Q1	292	189	159
25Q2	222	171	155

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

Marketing Solutions
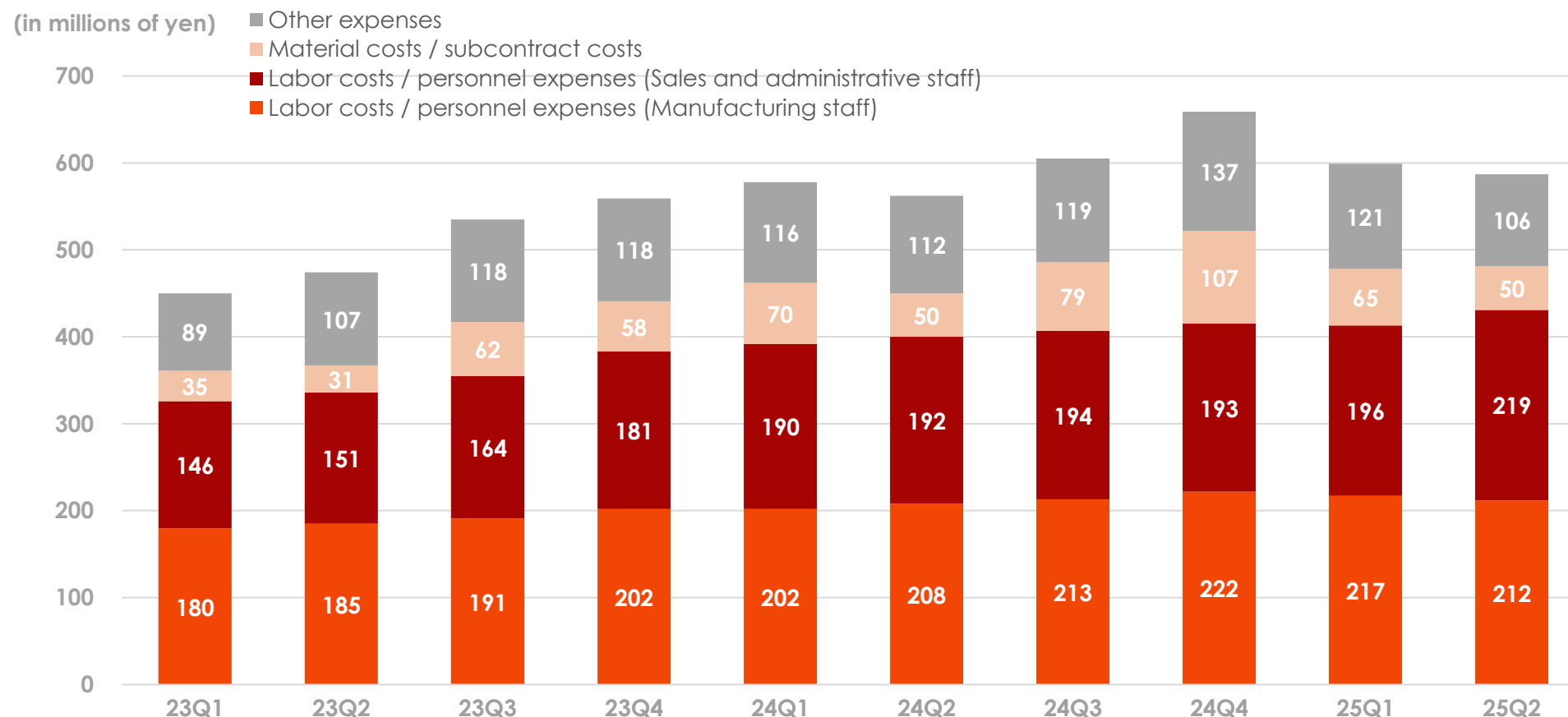
Overseas Revenue

Although we achieved YoY growth, we fell short of our initial plan as we were unable to offset the impact of losing major forecasted deals.
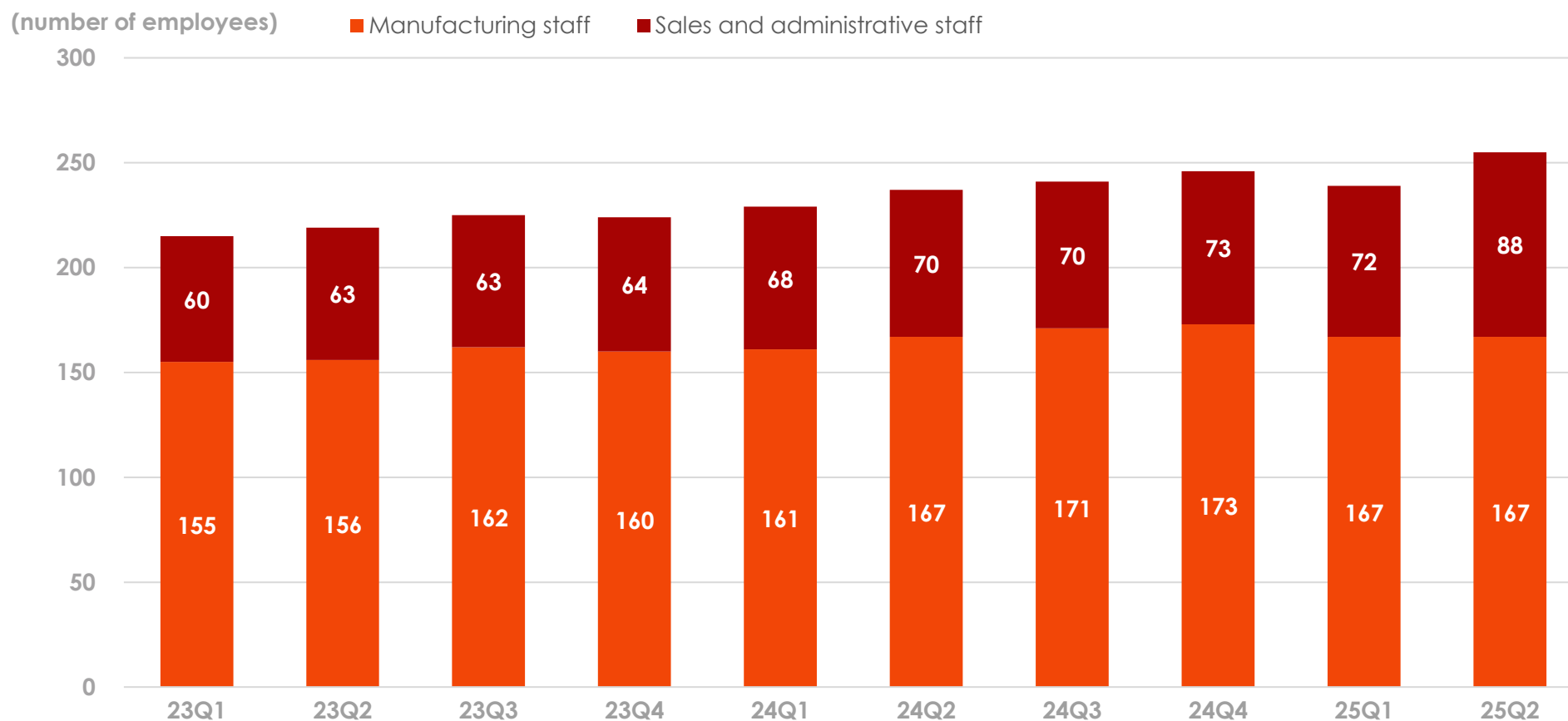

(in millions of yen)

Legend:
- Q1
- Cumulative total of Q1~Q2
- Cumulative total of Q1~Q3
- Cumulative total of Q1~Q4

FY21/12: Q2 71, Q2 118, Q3 169, Q4 255
FY22/12: Q2 97, Q2 173, Q3 246, Q4 329
FY23/12: Q2 70, Q2 134, Q3 232, Q4 294
FY24/12: Q2 87, Q2 182, Q3 299, Q4 419
FY25/12: Q2 105, Q2 207, Q3 —, Q4 —

Breakdown of Expenses (Consolidated)

We are reviewing staffing plans and reducing costs in response to business conditions.

(in millions of yen)

Legend:
- Other expenses
- Material costs / subcontract costs
- Labor costs / personnel expenses (Sales and administrative staff)
- Labor costs / personnel expenses (Manufacturing staff)

	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2
Other expenses	89	107	118	118	116	112	119	137	121	106
Material costs / subcontract costs	35	31	62	58	70	50	79	107	65	50
Labor costs (Sales and administrative staff)	146	151	164	181	190	192	194	193	196	219
Labor costs (Manufacturing staff)	180	185	191	202	202	208	213	222	217	212

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

Breakdown of Personnel (Consolidated)

(number of employees)

■ Manufacturing staff ■ Sales and administrative staff

	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2
Sales and administrative staff	60	63	63	64	68	70	70	73	72	88
Manufacturing staff	155	156	162	160	161	167	171	173	167	167

*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 Forecasts and Actual Results

(in millions of yen)

	FY2025/12 Q2 Results [Composition ratio]	FY2025/12 Forecasts [Composition ratio]				
		Full-year	Progress	H1	Difference	Factors
Revenue	**3,891** [100.0%]	**9,142** [100.0%]	**42.6**%	**4,163** [100.0%]	**(272)**	
Cloud Solutions	**2,700** [69.4%]	**5,959** [65.2%]	**45.3**%	**2,786** [66.9%]	**(86)**	Correction for revenue error (39 million yen, see p.6)
Marketing Solutions	**1,191** [30.6%]	**3,182** [34.8%]	**37.4**%	**1,376** [33.1%]	**(185)**	Loss of forecasted deals
Operating profit	**1,202*** [30.9%]	**2,985** [32.7%]	**40.3**%	**1,187** [28.5%]	**15**	
Cloud Solutions	**1,203** [30.9%]	**2,569** [28.1%]	**46.8**%	**1,141** [27.4%]	**62**	
Marketing Solutions	**(0)** [(0.0%)]	**415** [4.5%]	**-**	**45** [1.1%]	**(45)**	Revenue shortfall
Profit before tax	**1,091** [28.1%]	**3,020** [33.0%]	**36.2**%	**1,204** [28.9%]	**(113)**	Foreign exchange loss (Foreign currency deposits)
Profit attributable to owners of the parent	**754** [19.4%]	**2,099** [23.0%]	**35.9**%	**835** [20.1%]	**(81)**	

* Includes (0.4) million yen of other profit (loss) not attributable to reportable segments.

Profit and Loss Statement (YoY)

(in millions of yen)

	Q2 FY2024/12 [Composition ratio]	Q2 FY2025/12 [Composition ratio]	Difference	Main factors
Revenue	**3,815** [100.0%]	**3,891** [100.0%]	**75**	
Cost of sales	**1,254** [32.9%]	**1,329** [34.2%]	**75**	Increase in technical personnel, salary, material costs, subcontract cost, etc.
Gross profit	**2,561** [67.1%]	**2,561** [65.8%]	**0**	
Selling, general and administrative expenses	**1,207** [31.7%]	**1,335** [34.3%]	**128**	Increase in sales and administrative employees and salary, advertising expenses, etc.
Research and development	**45** [1.2%]	**22** [0.6%]	**(22)**	
Other profit (loss)	**1** [0.0%]	**(0)** [(0.0%)]	**(1)**	
Operating profit	**1,309** [34.3%]	**1,202** [30.9%]	**(106)**	
Finance profit (loss)	**135** [3.5%]	**(110)** [(2.9%)]	**(245)**	Increase in foreign exchange losses.
Profit before tax	**1,444** [37.9%]	**1,091** [28.1%]	**(352)**	
Profit	**990** [26.0%]	**758** [19.5%]	**(232)**	
Profit attributable to owners of the parent	**995** [26.1%]	**754** [19.4%]	**(241)**	

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

(in millions of yen)

	FY2024/12	FY2025/12 Q2	Difference
Current assets	12,455	11,552	(903)
Cash and cash equivalents	9,903	9,035	(867)
Trade and other receivables	974	726	(248)
Contract Assets	434	298	(135)
Other current assets	1,143	1,492	348
Non-Current Assets	1,134	1,441	306
Property, plant and equipment	574	897	322
Intangible assets	119	162	42
Other	440	381	(59)
Total assets	13,590	12,993	(597)

	FY2024/12	FY2025/12 Q2	Difference
Total liabilities	3,308	3,139	(168)
Current liabilities	2,986	2,506	(479)
Contract liabilities	1,600	1,259	(341)
Income tax payable	233	251	18
Trade and other payable	472	280	(192)
Other current liabilities	680	715	35
Non-current liabilities	321	633	311
Total equity	10,281	9,853	(428)
Equity attributable to owners of the Parent	10,283	9,851	(432)
Non-controlling interests	(2)	1	3
Total liabilities and equity	13,590	12,993	(597)

Business Segment Topics

02

Business Overview

Cloud Solutions (CS)

Development and provision of cloud services, including

ZAC **Reforma** PSA

Marketing Solutions (MS)

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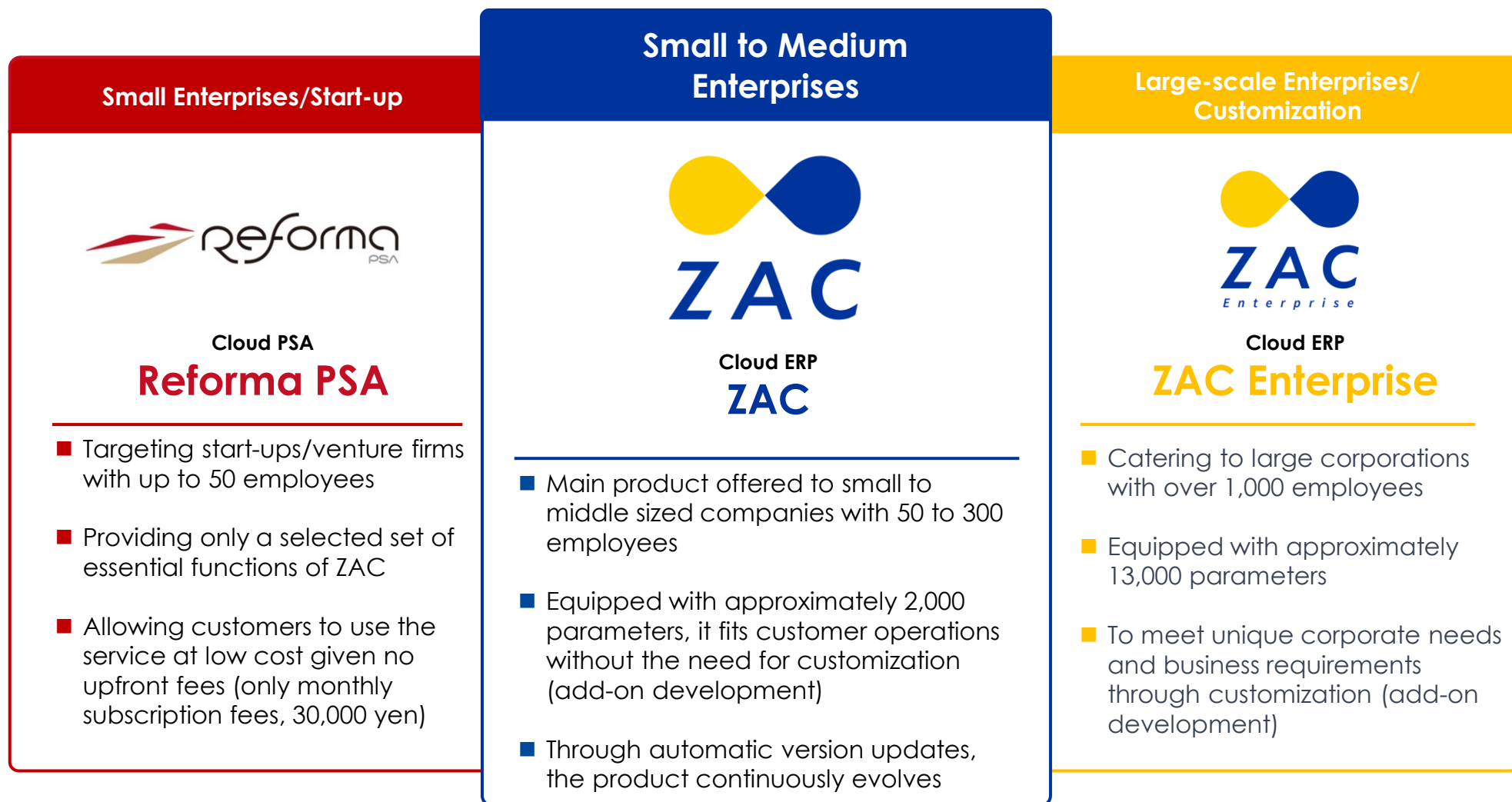
CLOUD SOLUTIONS

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.

Small Enterprises/Start-up

Cloud PSA
Reforma PSA

- Targeting start-ups/venture firms with up to 50 employees

- Providing only a selected set of essential functions of ZAC

- Allowing customers to use the service at low cost given no upfront fees (only monthly subscription fees, 30,000 yen)

Small to Medium Enterprises

Cloud ERP
ZAC

- Main product offered to small to middle sized companies with 50 to 300 employees

- Equipped with approximately 2,000 parameters, it fits customer operations without the need for customization (add-on development)

- Through automatic version updates, the product continuously evolves

Large-scale Enterprises/Customization

Cloud ERP
ZAC Enterprise

- Catering to large corporations with over 1,000 employees

- Equipped with approximately 13,000 parameters

- To meet unique corporate needs and business requirements through customization (add-on development)

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.
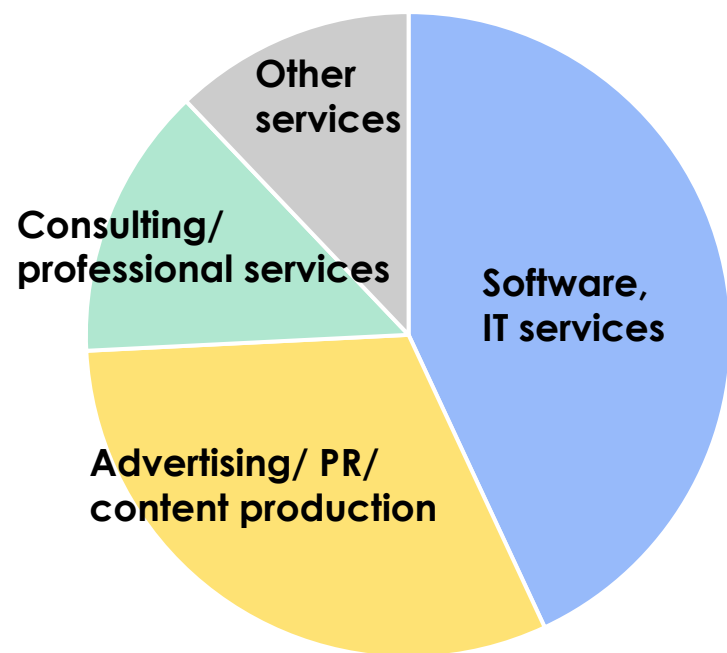
(As of June 30, 2025)

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

株式会社豊田自動織機ITソリューションズ　住友林業情報システム　UEL Corporation
株式会社 KSK　面白法人カヤック　SynergyMarketing

Advertising/PR/content production

KEIKYU AD ENTERPRISE　KEIO AGENCY　1→10　TOKYO AD AGENCY
NISSEN　株式会社静鉄アド・パートナーズ SHIZUTETSU AD. PARTNERS　東京テアトル株式会社

Consulting/professional services

ASK TOTAL ADVISORS & SUPPORTING KNOWLEDGE　KRI　DOLBIX CONSULTING Inc.

Other services

JMC　WASEDA Academic Solutions　INA 株式会社INA新建築研究所 Institute of New Architecture

Overview of Cloud ERP ZAC - Functions

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

Groupware
- Scheduler
- CRM
- Document Management

Core Business Process (Project Management)

Capabilities Achieved by Combining Functions

Pre-order and Budget Planning ▶ Order Processing, Work-in-Progress, and Accounts Receivable ▶ Management

Project Budget Planning
- Forecast Management
- Pre-order Review

Project Cost Management
- Profit and Loss Management
- Cost/Work-in-Progress Calculation

Actual vs Forecast Comparison
- Final Profit and Loss Confirmation
- Variance Analysis between Budget and Actual

- Sales Management
- Attendance and Man-Hour Management
- Purchase Management
- Expense Control
- Process Management
- Inventory Management

Management Accounting (BI Tools)

Analysis reports can be exported according to utilized features
- Segment-Based P&L
- Forecast Analysis
- Productivity Analysis
- Financial Management Report
- BI Tools, etc

Additionally, if monitoring for anomalies in KPIs
- Management Monitoring

External Integration
- Journal Entry Data → Accounting System
- Attendance Data → Payroll System (Payroll Calculation)
- Online Banking Data → Online Banking
- Cost Data → Fixed Asset Management System

Internal Control | As a standard function | Workflow / Electronic Application and Approval | Audit Trail / Log Management | Approval Flow Configuration | Access Permission Setting | are available

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.

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Cloud Solutions

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
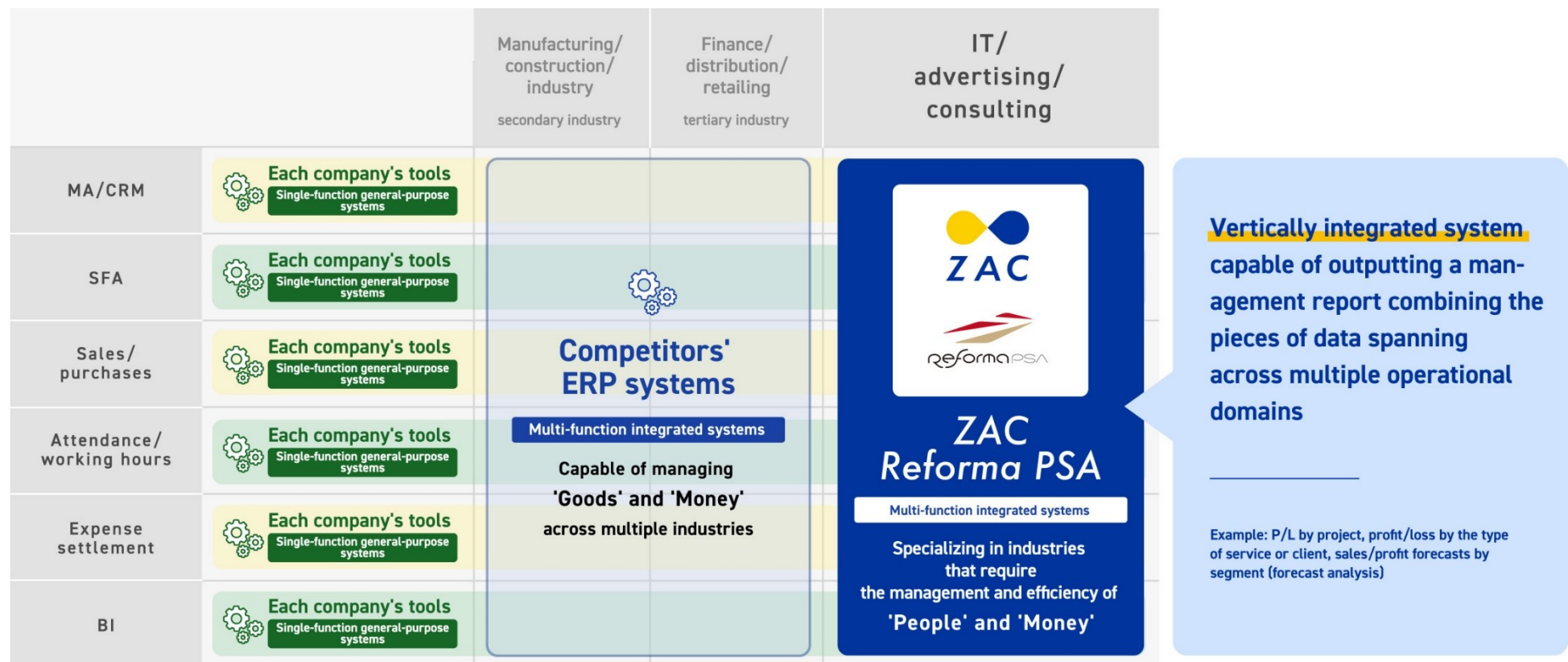
Advantages of Cloud-Based Systems in Functional Scalability

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

ZAC

A B C

D E F

Multiple added functions

Company A — W X

Company B — Y Z

Company C — X Y
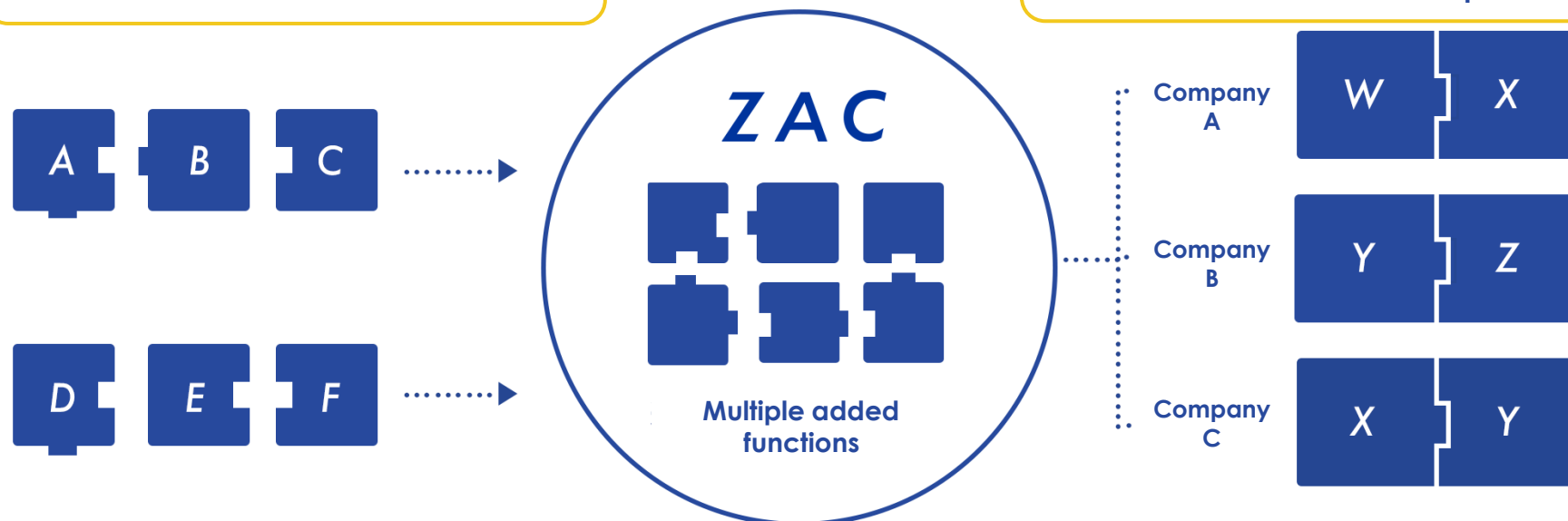
Advantages of industry-specific parameter design

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.

Cloud Solutions

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**.

Health Score and Market Customer Needs Analysis

Product Development

New Feature Offering

Customer Satisfaction

Regular Version Updates
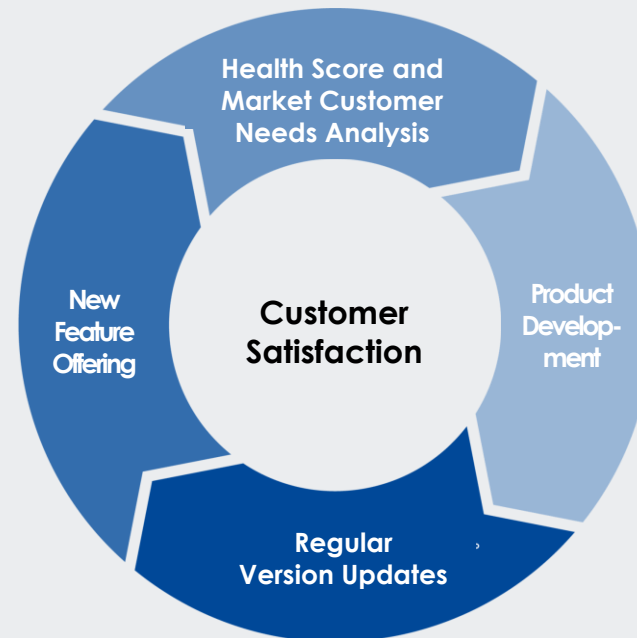
*Approximately 2,000 functional parameters are available for ZAC and 13,000 for ZAC Enterprise.

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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:

Employee working hours > Actual labor costs

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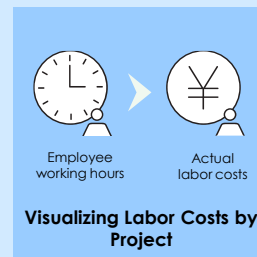
Easier Understanding of Labor Costs by Project
Centralizing the management of man-hours at a single ZAC location has streamlined the process, allowing for quick and efficient allocation of labor costs by project.

Future

Past

Improved Accuracy of Management Control

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.

Cloud Solutions

Strengthening Development for Further Market Expansion

44,000 domestic target companies, we are targeting larger companies and overseas markets
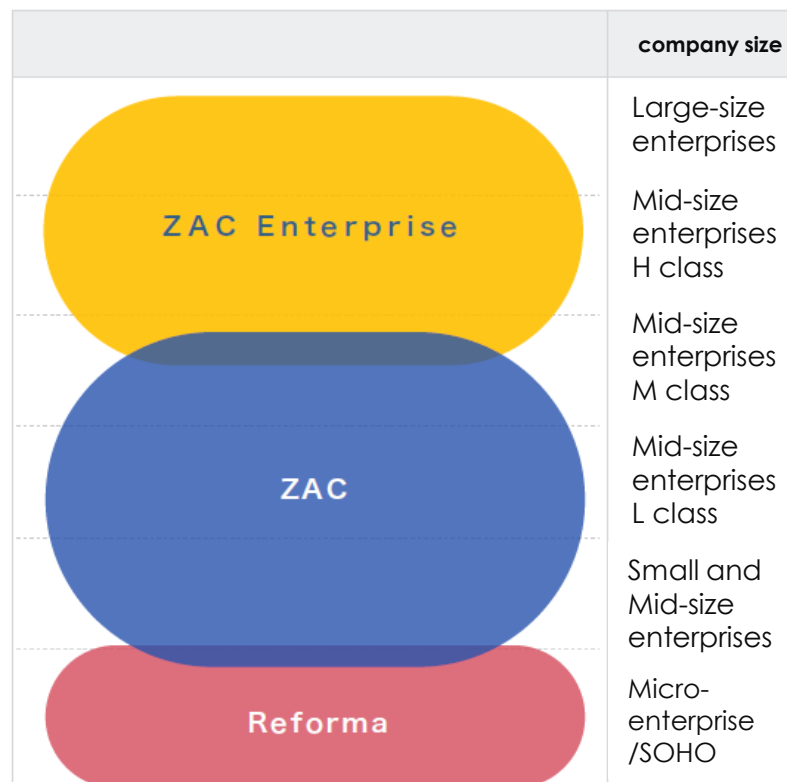
We will review our system configuration and enhance our internationalization functions to propose solutions to large enterprises with 10,000 employees and small- to medium-sized enterprises located overseas by 2026.

Market Expansion Image (TAM)

Present

	company size
TAM expansion and ARPA improvement	Large-size enterprises
ZAC Enterprise	Mid-size enterprises H class
TAM expansion through overseas expansion	Mid-size enterprises M class
ZAC	Mid-size enterprises L class
	Small and Mid-size enterprises
Reforma	Micro-enterprise /SOHO

2026

	company size
ZAC Enterprise	Large-size enterprises
	Mid-size enterprises H class
	Mid-size enterprises M class
ZAC	Mid-size enterprises L class
	Small and Mid-size enterprises
Reforma	Micro-enterprise /SOHO

*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.

Strengthening Development for Further Market Expansion

On Track for 2026 Overseas Launch with Feature Development and Final Preparations

With Vietnam as the leading candidate for expansion, we are developing multi-language/currency support and localization.

We will continue test marketing such as exhibitions, aiming to start sales proposals to local mid-sized companies in 2026.

Reasons for Selecting Vietnam as the Leading Expansion Candidate

1 Minimal Investment Needed for Vietnam Expansion

With a local subsidiary established in 2013, no major investment is required. Strong understanding of local business practices and existing product specifications enable cost-effective localization.

2 Roughly 100 ZAC clients in Japan have subsidiaries in Vietnam

With numerous candidates for test marketing and proposals, the probability of success is high.

3 Vietnamese Government's Support for IT Industry Growth

Growth in IT companies is expected to expand the total addressable market (TAM) for ZAC.

Cloud Solutions

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.

- Permissions can be set for each organizational level.
- Praised during ISMS audits and internal reviews for excellence.
- Continuously adding new features in response to customer feedback.

dXECO

Case study

Pre-implementation Challenges	Post-implementation Impact
● Inability to comprehensively track internal SaaS account information	● Creation of a comprehensive management ledger without gaps through API and CSV integration
● Difficulty in understanding SaaS adopted and managed at the department level	● Capability to gain a comprehensive understanding of all SaaS in use across the company, including Shadow IT

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

サブスク管理に速さを
ハヤサブ

Issues that can be solved and expected

Challenges Before Implementation	Effects After Implementation
● Manual billing processes lead to errors, including missed and inaccurate charges.	● Systematization ensures accurate billing amid complex fee and contract structures.
● Key subscription business KPIs like MRR and churn rates are not calculated accurately or promptly.	● Centralized management enables real-time visualization of key subscription metrics.

Boost Overseas Tool Variety and Revenue

Semrush localization and domestic distribution are growing steadily

We will enhance new plans, including Semrush Enterprise*, to drive MRR expansion.

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**	Target in 2025

(active users)
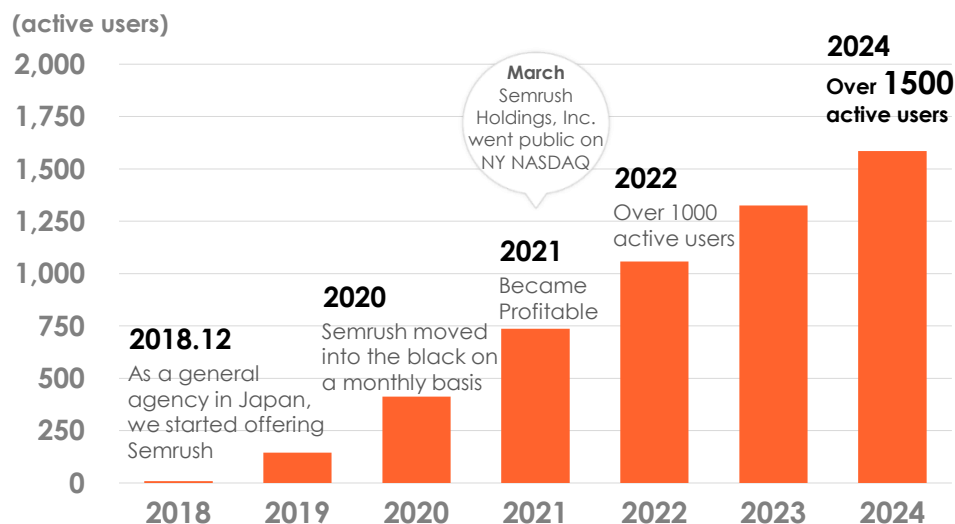
Aim to **increase the number of Enterprise users and the revenue growth rate** in 2025

2024
Over **1500**
active users

2022
Over 1000
active users

2021
Became
Profitable

March
Semrush
Holdings, Inc.
went public on
NY NASDAQ

2020
Semrush moved
into the black on
a monthly basis

2018.12
As a general
agency in Japan,
we started offering
Semrush

2,000
1,750
1,500
1,250
1,000
750
500
250
0

2018 2019 2020 2021 2022 2023 2024

Providing hands-on
Customer Support

Acquiring leads by
Expansion of Marketing Channels

implementation and expansion of
Semrush * Enterprise

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

*Semrush Enterprise : A new enterprise SEO platform separate from the standard Semrush (Core), enhanced with advanced BI and AI capabilities.

Active users exclude free trial users and canceled users   * Total number of users including trial users

Segment Revenue and Operating Margin

The impact of unifying license sales into a SaaS-type contract in January 2023 is expected to materialize from FY2026/12 onward

To drive revenue growth and prepare for overseas sales not yet included in our outlook, we will expand our organization while improving productivity.

(in millions of yen)

Operating Margin

43.9%　43.1%　44.3%　47.3%

4,929　5,959　7,507　9,590

FY24/12 (Results)　FY25/12 (Forecasts)　FY26/12 (Outlook)　FY27/12 (Outlook)　FY28/12　FY29/12

Other products, etc.
Revenue as an agent of software developed by other vendors

ZAC ERP installation consultation and customization
Installation support service related to "ZAC" and additional development required at the time of installation

ZAC license fee (one-time purchase-type contract)
Revenue of software license
The discontinuation of one-time purchase-type contract is expected to cause a decrease, with revenue from this format expected to disappear entirely by 2027

Maintenance fee, and SaaS and other monthly service fees
ZAC system maintenance, cloud provisioning, and license monthly fees
Post-2023 ZAC license fees booked in this segment after ending one-time purchase-type contracts

Reforma PSA
Provision of monthly license for "Reforma PSA"

* While we plan to begin overseas sales of ZAC in 2026, the impact on our financial performance is currently difficult to estimate. Accordingly, it is not reflected in our earnings forecast for FY26/12 and beyond.

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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 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)

Outcome

Output

Execution

Tactics

Strategy

Support model to link strategy to implementation and deliver results

Tactics

Communication design

=Creating tactics
Pursuit of essential results/advertising effectiveness
Integrated mass x digital planning
Comprehensive CRM consulting
Experience strategy development
Governance development

Breakthrough

Execution

Marketing execution support

=Create and implement mechanism
Website construction, maintenance and operation
System construction, maintenance and operation
SNS operation, email marketing operation
Campaign/advertising office

Scale up

Data Driven Marketing

Data platform implementation support, MA implementation and utilization support, GA4 solutions, BI implementation support and construction, 1st Party data utilization

We support the marketing efforts of large enterprises

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.

Marketing Solutions

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 Manage 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

Advertisements with a Unified Brand Image

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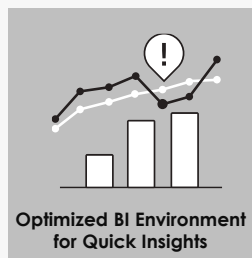
Optimized BI Environment for Quick Insight
A Business Intelligence (BI) environment has been established to allow for seamless, comprehensive analysis of national marketing outcomes. This system reduces reporting burdens for sales companies and enables manufacturers to easily oversee distribution results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

OBAYASHI

Requirements	TOPPAN × ORO Proposal
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.	**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

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

While revenue is expected to increase, profits are projected to decline temporarily

However, we anticipate expansion with existing customers and growth in overseas revenue

To drive improvements, we will strengthen marketing efforts for brand awareness and lead generation starting in FY2025/12

(in millions of yen)

■ Operation support, Operation office

Operation, updating and other services on websites.

■ System / website integration, etc.

Construction and renewal of websites, and contracted development and maintenance of systems as a system integrator, etc.

■ Marketing / promotion

Planning of customer's marketing and promotion, placement of advertisements, and research.

While focusing on growing this segment, we also plan to simultaneously roll out proposals for the other two segments, complementing our marketing and promotion-related proposals to support our clients' marketing strategy execution.

Company Profile

03

Corporate Philosophy
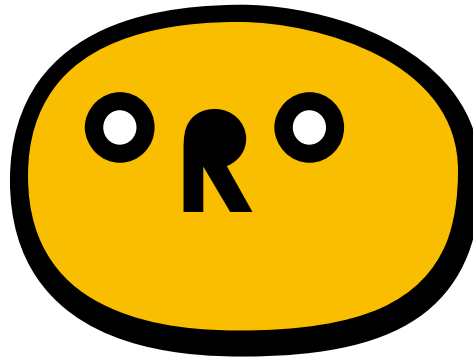
With the commitment of all employees
in creating what they can proudly present to the world
(namely our organization with its products, and services),
oRo's goal is to continue to deliver
more happiness and joy to more people
(coworkers, families, business partners, shareholders and society),
and lead 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 launched sales of ZAC Enterprise, an SaaS-compliant ERP package
2007	Acquired certification to use the Privacy Mark Opened the Osaka branch (currently, the Nishinihon 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

Split between manufacturing and sales personnel

- Manufacturing staff
- Sales and administrative staff

Consolidated 584

Non-consolidated 341

(As of June 30, 2025)

Breakdown by job type
(non-consolidated)

- Technical profession 54%
  - Engineer 23%
  - Designer 4%
- Other professionals (incl. SE, PM, consultants) 27%
- Planning/Sales personnel 40%
- Corporate Staff 6%

- Professionals (Engineer)
- Professionals (Designer)
- Other professionals
- Planning / Sales personnel
- Corporate staff

(As of June 30, 2025)

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, 2024, we have reached a performance level of 10.8%, 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.

The Percentage of Women in Managerial Positions
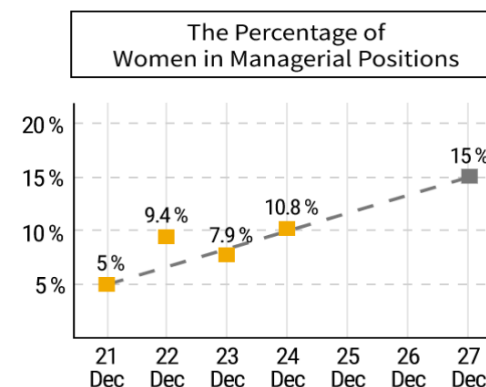
# Human Resources Initiatives (2/2)

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.

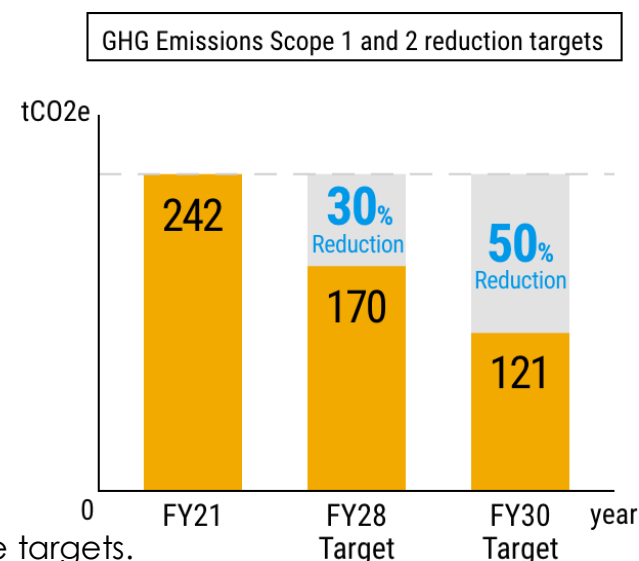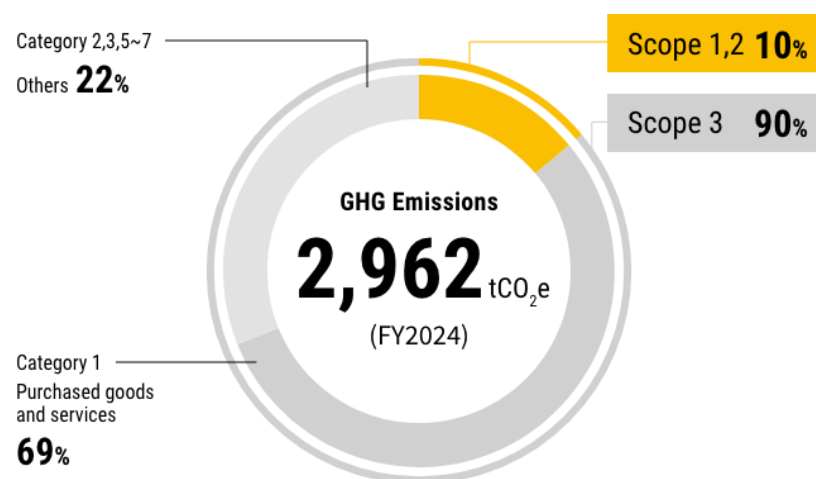| Selective four-day work week "Sun Life"	Childcare support system "Core Life"
This system allows applicants to choose between an 8-hour or 10-hour work day and adopt a four-day work week. Eligible employees can choose Tuesday, Wednesday, or Thursday as their additional day off.	Our childcare support 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.
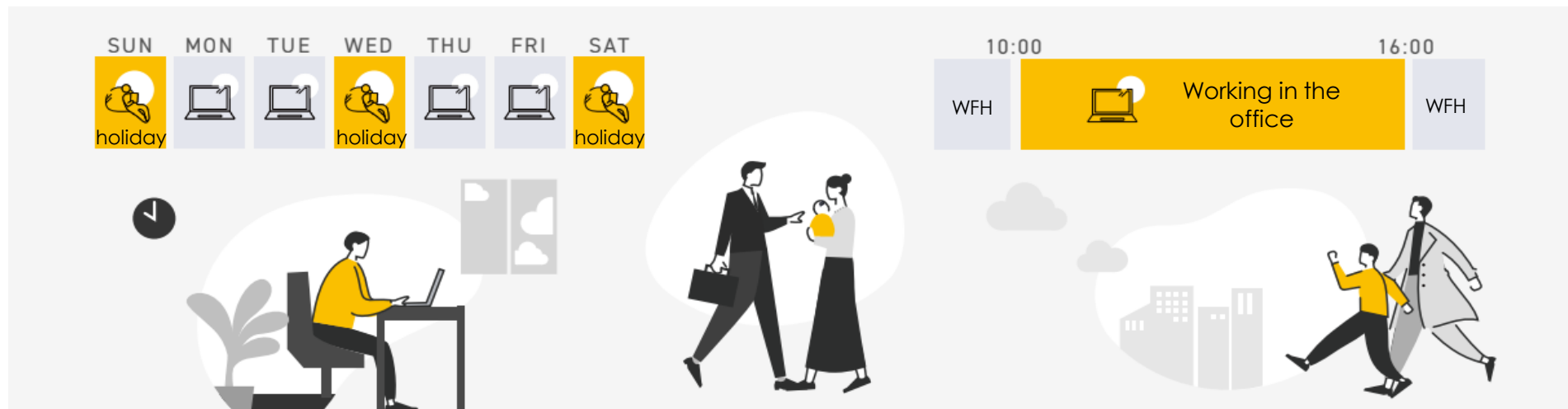
*Our company has certified as a Health & Productivity Management Outstanding Organization 2024 (Large Enterprise Category) for the second consecutive year, and oRo Miyazaki and oRo code MOC were also certified in the Small and Medium-Sized Enterprise Category.
And also we and oRo Miyazaki have received 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 FY2024/12 were 2,962 tCO2e. 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.

Category 2,3,5~7 Others **22%**

Scope 1,2 **10%**
Scope 3 **90%**

GHG Emissions
2,962 tCO$_2$e
(FY2024)

Category 1
Purchased goods and services
69%

GHG Emissions Scope 1 and 2 reduction targets

tCO2e

242 (FY21)
30% Reduction / 170 (FY28 Target)
50% Reduction / 121 (FY30 Target)

0   FY21   FY28 Target   FY30 Target   year

*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	**Cloud Solutions (CS)** - Development and sales of cloud-based ERP "ZAC," "Reforma PSA," SaaS management tool "dxeco" - Domestic sales representation for SEO tool "Semrush" **Marketing Solutions (MS)** - Support for corporate marketing activities
Employees	**Non-consolidated 341 / Consolidated 584 (as of June 30, 2025)**
Branch	**Nishinihon Branch, Hokkaido Branch, Fukuoka Branch**
Group Company	**oRo Miyazaki Co., Ltd.　oRo code MOC Co., Ltd.　oRo TECHNOLOGY Co., Ltd. (DALIAN, SHANGHAI) DALIAN oRo ADVERTISING Co., Ltd.　oRo TAIWAN Co., Ltd. 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.

- The Company will not necessarily revise previously-issued releases on its future outlook regardless of the occurrence of future events unless it is required to do so by disclosure rules.

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