



ID Holdings Corporation
April 1, 2021 – September 30, 2021

President and Representative Director
Masaki Funakoshi

TSE 1st section
Code

4709

※ Our website can be
accessed from the
QR Code.



- Apr. 6th** ID Holdings acquired DX Certification based on the Ministry of Economy, Trade and Industry guidelines
- Jun. 29th** Publication of the *Evaluation Report from New York*
- Jul. 1st** Share split **Share split: 1 share → 1.5 shares**
Dividend forecast: Effective increase by ¥10
- 2nd** Listing in *Shukan Toyo Keizai's* "500 Companies That Lead Japan in the SDG s "
- Aug. 24th** ID Holdings participated in the TCFD Consortium
- Oct. 28th** Notice of Absorption-type Merger among Consolidated Subsidiaries
- 29th** Notice on the Selection to Apply to Prime Market of Reorganized TSE
- Nov. 5th** ID Holdings got 3.5 stars in NIKKEI Smart Work Awards 2022



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Non-financial Information

Q2 Financial Results (Consolidated) (Impact from application of ASRR¹)

Change or Die!

(¥ million)	2021.9 (Before application of ASRR)		Impact from application of ASRR		2021.9 (Figures published in the consolidated financial results)□	
	Results	(% of net sales)	Diff.	YoY	Results	(% of net sales)
Net sales	13,778	-	-437	-3.2%	13,340	-
Cost of sales	10,603	77.0%	-420	-4.0%	10,183	76.3%
Gross profit	3,174	23.0%	-17	-0.5%	3,157	23.7%
SG&A expenses	2,452	17.8%	0	+0.0%	2,452	18.4%
EBITDA ²	1,027	7.5%	-17	-1.7%	1,009	7.6%
Operating income	722	5.2%	-17	-2.4%	704	5.3%
Ordinary income	758	5.5%	-17	-2.3%	741	5.6%
Net income attributable to owners of parent	386	2.8%	-11	-3.0%	375	2.8%
Earnings per Share (EPS) (¥)	22.51	-	-0.67	-	21.84	-
EPS before Amortization of Goodwill (¥) ³	35.45	-	-0.67	-	34.78	-

Notes:

- ASRR = Accounting Standard for Revenue Recognition.** From the beginning of FY2021, the Group applies the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29) of the Japanese generally accepted accounting principles (J-GAAP).
- EBITDA = Operating income + depreciation + amortization of goodwill
- EPS before amortization of goodwill = (Net income attributable to owners of parent + amortization of goodwill) ÷ interim average number of shares

【Reference】 Q2 Financial Results (Consolidated)
(YoY comparison, before application of ASRR)

Change or Die!

(¥ million)	2020.9		2021.9 (Before application of ASRR)			
	Results	(% of net sales)	Results	(% of net sales)	Diff.	YoY
Net sales	12,174	-	13,778	-	1,604	+13.2%
Cost of sales	9,231	75.8%	10,603	77.0%	1,371	+14.9%
Gross profit	2,942	24.2%	3,174	23.0%	232	+7.9%
SG&A expenses	2,289	18.8%	2,452	17.8%	163	+7.2%
EBITDA	871	7.2%	1,027	7.5%	155	+17.9%
Operating income	653	5.4%	722	5.2%	68	+10.6%
Ordinary income	704	5.8%	758	5.5%	54	+7.7%
Net income attributable to owners of parent	611	5.0%	386	2.8%	-224	-36.7%
Earnings per Share (EPS) (¥)	36.50	-	22.51	-	-13.98	-
EPS before Amortization of Goodwill (¥)	45.23	-	35.45	-	-9.78	-

Note: The figures for EPS and EPS before amortization of goodwill take a share split (1 share →1.5 shares) which is executed as of the effective date (July 1, 2021) into consideration.

Q2 Net Sales by Services (Impact from application of ASRR)

Change or Die!

(¥ million)	2021.9 (Figures published in the consolidated financial results)	Impact from application of ASRR	2021.9 (Before application of ASRR)	2020.9 (Before application of ASRR)	YoY (Before application of ASRR)
System Operation Management	6,053	-2	6,055	5,879	+3.0%
Software Development	4,988	-39	5,027	3,772	+33.3%
IT Infrastructure	1,221	-3	1,225	1,256	-2.5%
Cybersecurity, Consulting & Training	960	-321	1,282	1,044	+22.8%
Others	116	-70	187	222	-15.8%
Total	13,340	-437	13,778	12,174	+13.2%

¥13,340 million (Note: ¥13,778 million before application of ASRR, +13.2% YoY)

- ⊕ Three subsidiaries purchased in the previous fiscal year contributed
- ⊕ System operation management held to a firm trend

System Operation Management

¥6,053 million

- ⊕ Subsidiaries purchased in the previous fiscal year contributed
- ⊕ Expansion of orders by strengthening sales to major IT vendors
- ⊕ Acquired new projects for operation support and help desk services
- ⊖ Conclusion of project for existing medical-related customers

Software Development

¥4,988 million

- ⊕ Subsidiaries purchased in the previous fiscal year contributed
- ⊕ Expanding transactions with existing corporate customers in finance and public fields
- ⊕ Acquired new projects at existing manufacturing-related customers
- ⊖ Some large-scale projects for existing corporate customers in the financial and public fields wrapped-up in the previous fiscal year

IT Infrastructure

¥1,221 million

- ⊕ Acquired new projects for the medical-related customers
- ⊖ System investment at existing transportation-related customers shrank, personnel declined and the orders converged at existing public-related customers

Cybersecurity, Consulting & Training

¥960 million

- ⊕ Product sales and the number of operators increased in cybersecurity
- ⊕ Acquired large-scale consulting project
- ⊖ The application of the Accounting Standard for Revenue Recognition had a negative impact of ¥321 million

Others

¥116 million

- ⊖ Product sales decreased relative to sales from large orders in the previous fiscal year
- ⊖ The application of the Accounting Standard for Revenue Recognition had a negative impact of ¥70 million

【Reference】 Operating Income Analysis (YoY)

Change or Die!

	2020.9	2021.9		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Gross Profit	2,942	3,157	+215	• Main changes in Gross Profit -Increase in net sales +1,166 (Of which: Decrease in net sales from application of ASRR -437) -Increase in cost of sales +951 (Of which: Decrease in cost of sales from application of ASRR -420) • Labor cost +932 • Subcontract expenses +222 • Manufacturing expenses +24 • Purchases -256
SG&A Expenses	2,289	2,452	+163	• Main changes in SG&A Expenses -Increase in personal cost +6 -Increase in other expenses +157 • Increase in goodwill expenses +75 • Expenses from the New Normal Adaptation Project • Increase in Land rent
Operating Income	653	704	+51	

Note: The Group applies ASRR from Q1 FY2021. However, in YoY comparisons, ASRR is not applied to the business results of the same period of the previous fiscal year (FY2020).

【Reference】 Net Income Attributable to Owners of Parent Analysis (YoY)

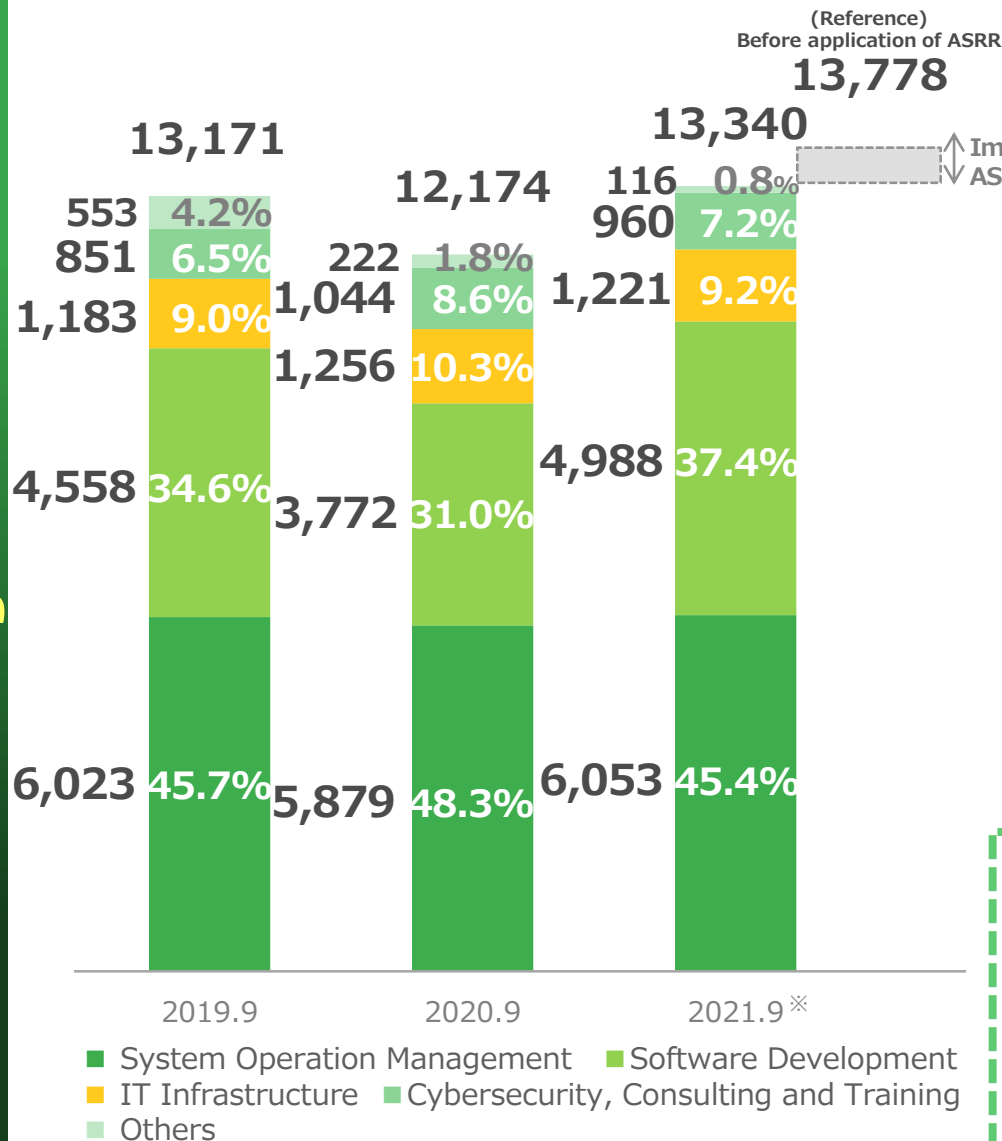
Change or Die!

	2020.9	2021.9		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Ordinary Income	704	741	+36	• Main changes in Ordinary Income -Increase in operating income +51 (Of which: Decrease from application of ASRR -17) -Decrease in non-operating income -19 -Increase in non-operating expenses +5
Extraordinary Income	310	5	-304	• Main change in Extraordinary Income -Decrease in reaction to gain on sales of investment securities recorded in the previous fiscal year -308
Extraordinary Losses	0	15	+15	• Main change in Extraordinary Losses -Office moving expenses at the subsidiaries acquired in the previous fiscal year +15
Total Income Taxes	403	355	-47	
Net Income attributable to owners of parent	611	375	-236	

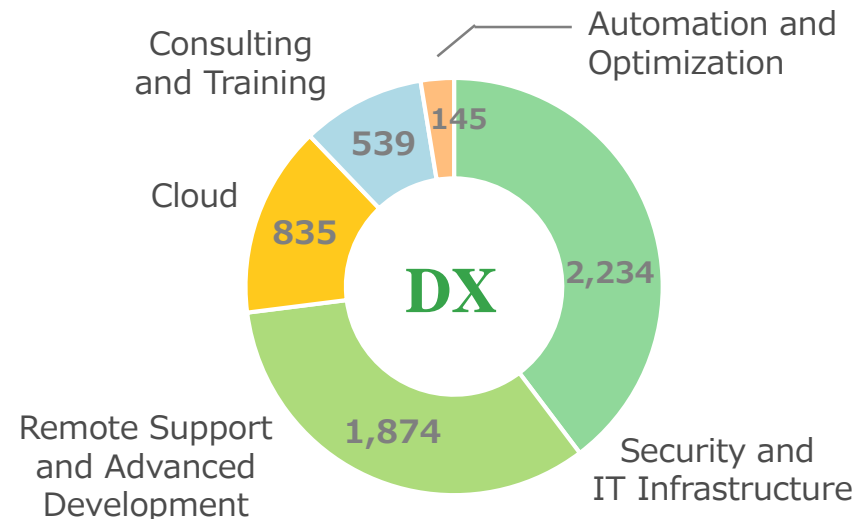
Note: The Group applies ASRR from Q1 FY2021. However, in YoY comparisons, ASRR is not applied to the business results of the same period of the previous fiscal year (FY2020).

Feature of ID Group① (Net Sales by Services)

(¥ million)



DX related sales : ¥ 5,629 million
 about 42.2 % of consolidated sales
 [Reference] FY2020: ¥6,688 million
 about 26.0 % of consolidated sales

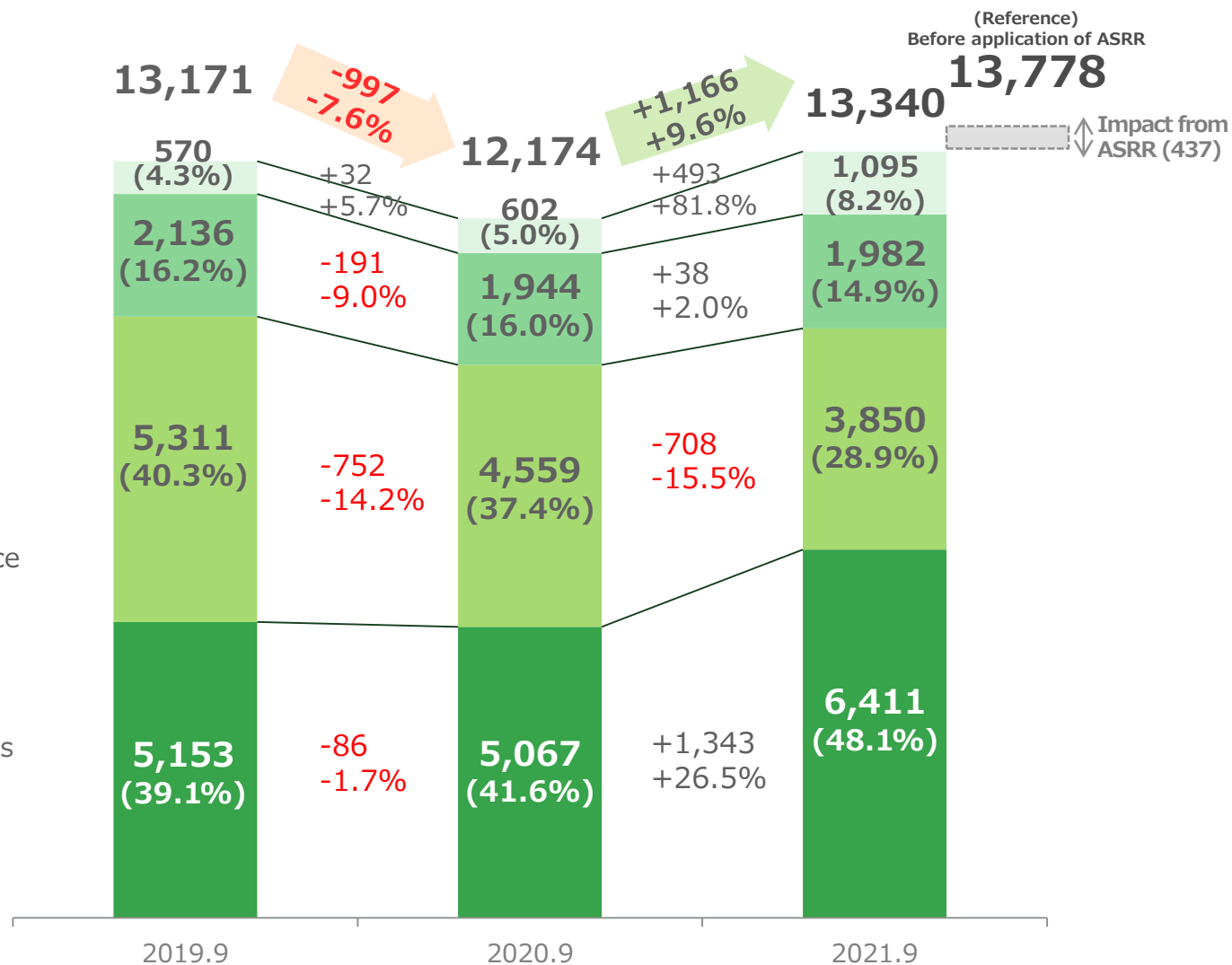


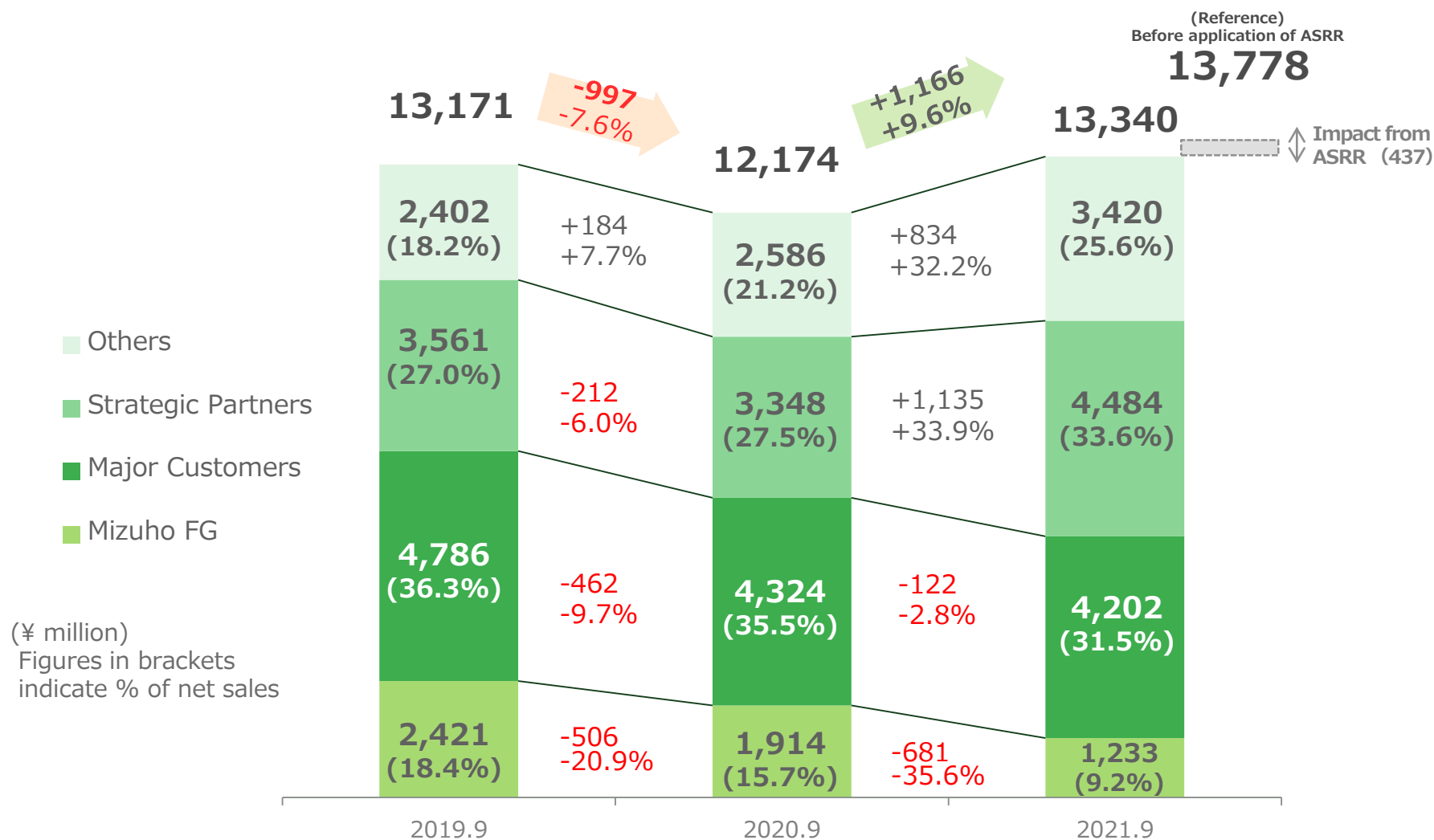
~ DX related business ~

- High-value added businesses that use leading-edge technologies such as cybersecurity, cloud, RPA, AI and IoT
- Take-home development, remote/distributed development
- High-speed development using agile and low-code computing
- Consulting businesses using the ITSM method

- Others
- Public
- Financial Institution
- IT, Telecom & Service

(¥ million)
Figures in brackets
indicate % of net sales





Note: From Q1 FY2021, the breakdown of the category "**Major Customers**" has changed. The figures of FY2019 and FY2020 have been adjusted based on changes.

Main Factors

- Investment securities increased +269
- Cash and deposits decreased -428
- Notes and accounts receivable-trade, and contract assets declined -419
- Accounts receivable-other decreased -283

2021.3

(¥ million)

Assets 16,796	Liabilities 7,388
	Net assets 9,408

Main Factors

- Interest-bearing debt decreased -1,049
- Provision for bonuses declined -112

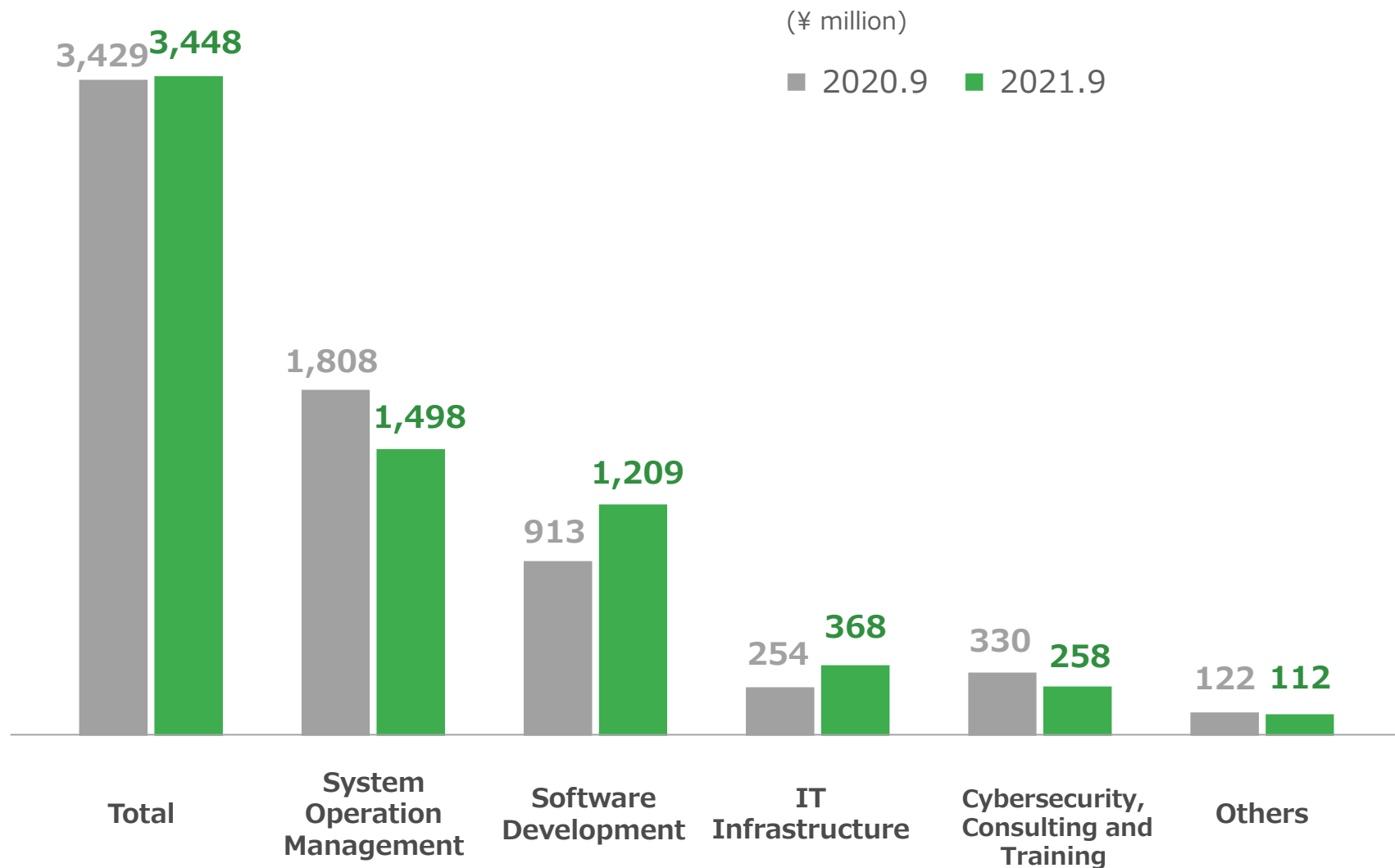
2021.9

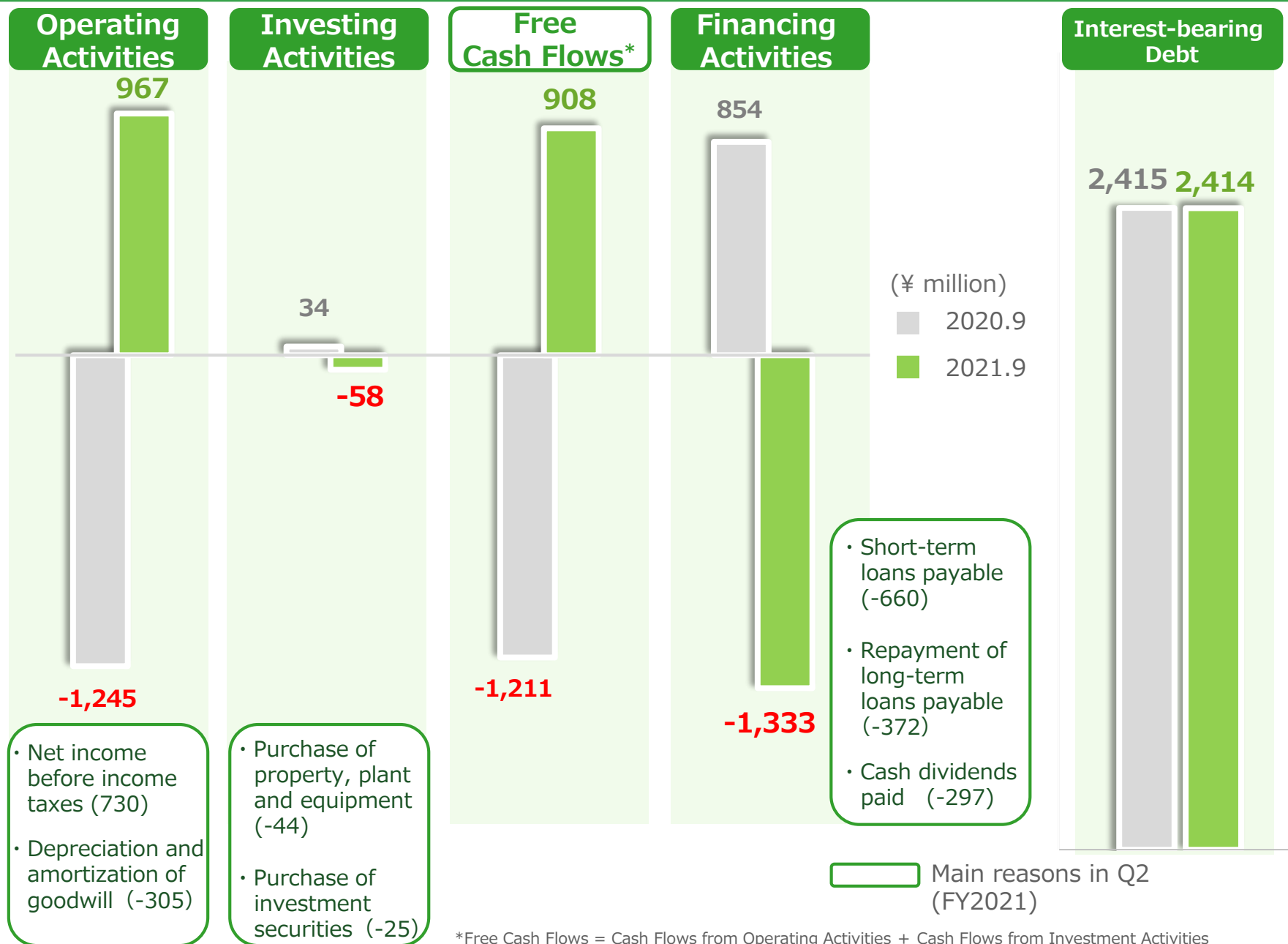
(¥ million)

Assets 15,824	Liabilities 6,132
	Net assets 9,691

Equity Ratio
61.0%

Current Ratio
185.0%





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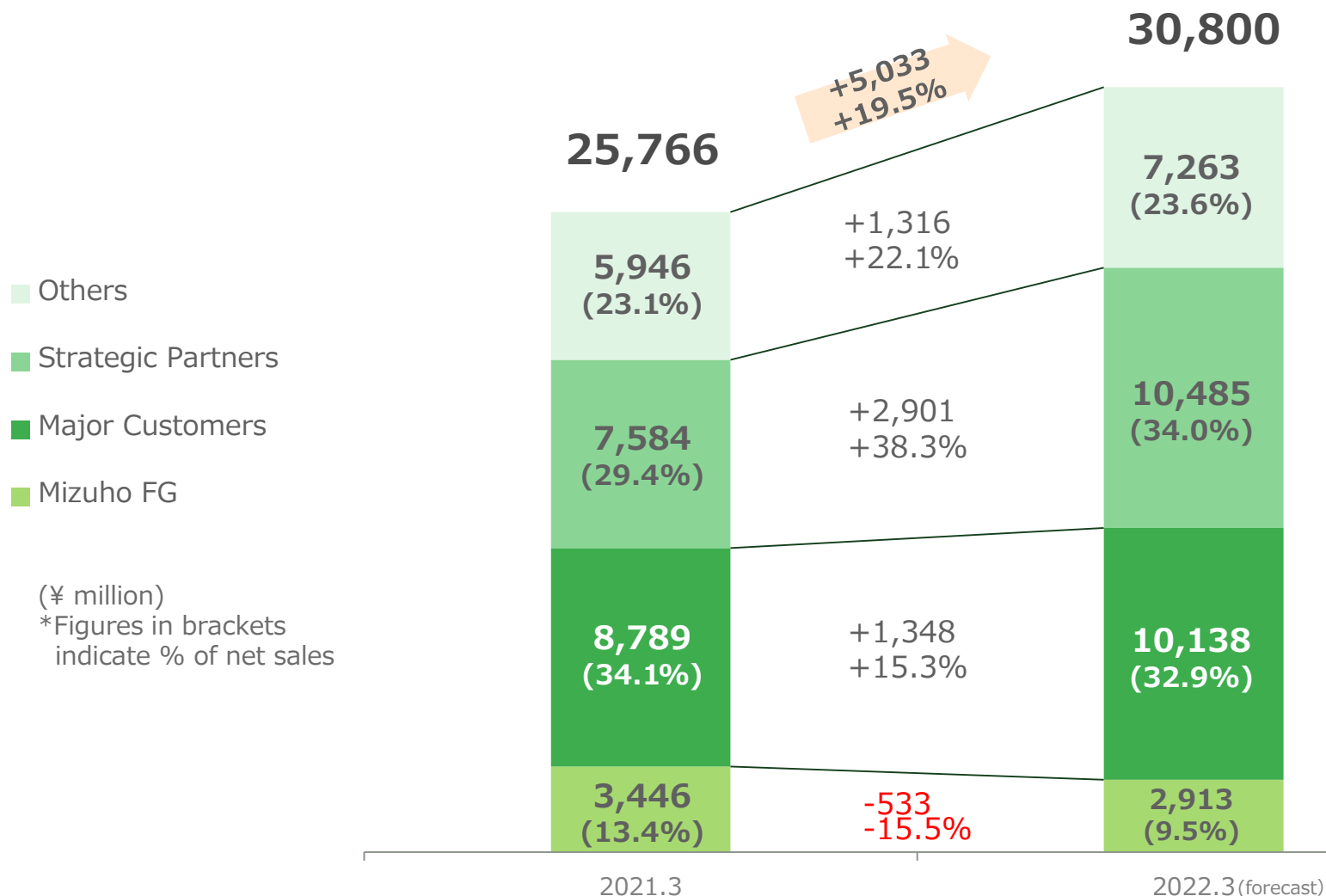
Non-financial Information

Forecast of Consolidated Financial Results for FY2021 (YoY)

Change or Die!

	2021.3		2022.3	
(¥ million)	Results	(% of net sales)	Plan	(% of net sales)
Net sales	25,766	-	30,000	-
EBITDA	1,877	7.3%	2,597	8.7%
Operating income	1,372	5.3%	1,900	6.3%
Ordinary income	1,553	6.0%	1,950	6.5%
Net income attributable to owners of parent	747	2.9%	1,020	3.4%
Earnings per Share(EPS)(¥)	44.37	-	59.32	-
EPS before Amortization of Goodwill(¥)	65.06	-	85.27	-
Cash flows from operating activities	-607	-	1,556	-

1. The figures for EPS and EPS before amortization of goodwill take a share split (1 share →1.5 shares) which is executed as of the effective date (July 1, 2021) into consideration.
2. As of the start of FY2021, the Group applies the Accounting Standard for Revenue Recognition. As such, YoY comparisons are not provided.



1. Numbers in the forecast for the fiscal year ending March 31, 2022 reflects those before the application of the Accounting Standard for Revenue Recognition, etc.

In addition, the forecast for the fiscal year ending March 31, 2022, which reflects estimates as of today, may be subject to change going forward.

2. From Q1 FY2021, the breakdown of the category "**Major Customers**" has changed.
The figures of FY2020 has been adjusted based on changes.

By combining cloud, RPA, IoT, and other cutting-edge technologies with our current businesses, we will aim to expand DX-related business.

Current Businesses

System Operation
Management

Software
Development

IT
Infrastructure

Cybersecurity



Digital Technology for Achieving DX

Cloud

RPA

IoT

AI

Remote

No-Code

Mobile

etc.



DX-Related Fields

Cloud



Security and
Infrastructure



Remote Support
and Advanced
Development



Consulting
and Training

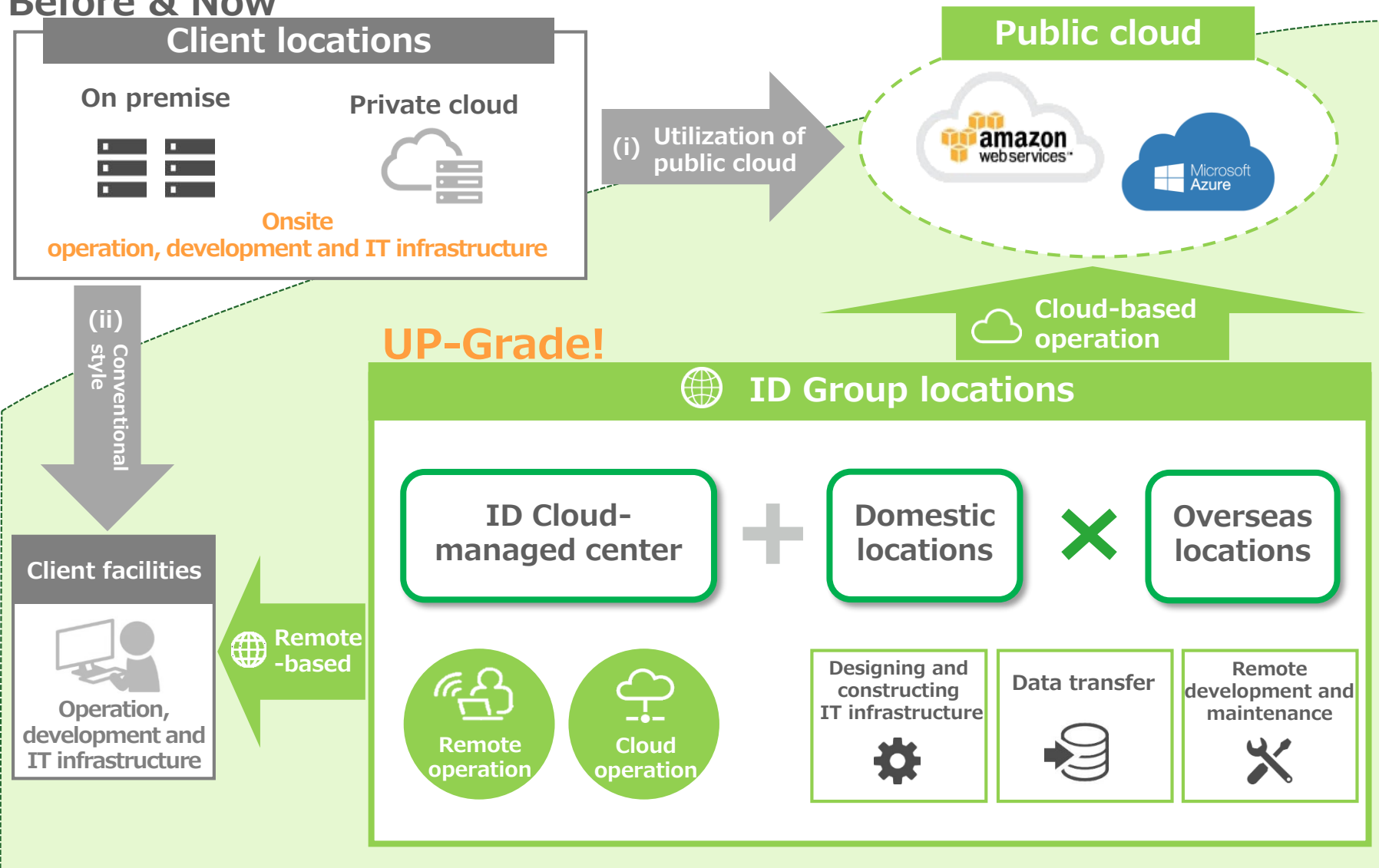


Automation and
Optimization



- We will focus on the cloud- and remote-based upgrade of existing businesses.

Before & Now



DX-related Net Sales Goal

- By accelerating the DX strategy-driven upgrade of business models, we will seek to improve profitability.

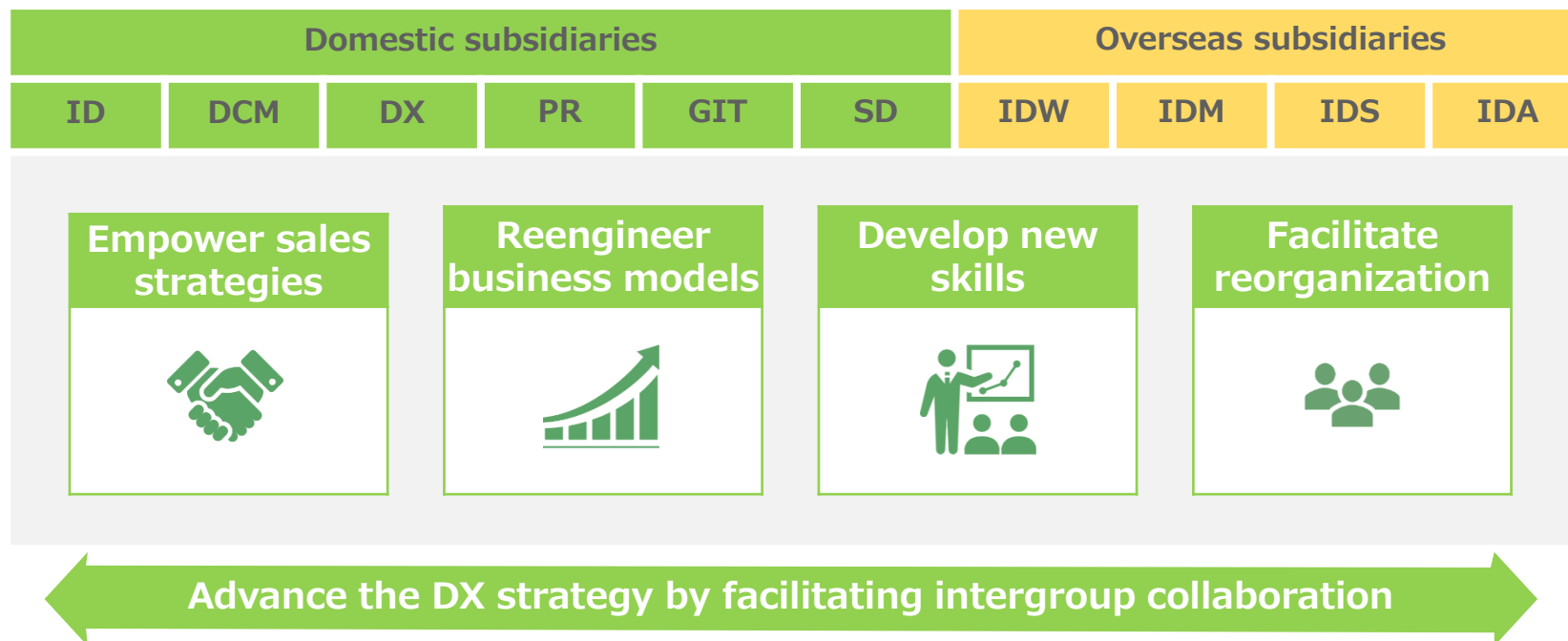


**DX-related
Net Sales Goal**

¥10.5 billion
35.0%
of consolidated Net Sales

【Reference】 FY2020: ¥6,688 million
Approx. 26.0% of consolidated Net Sales

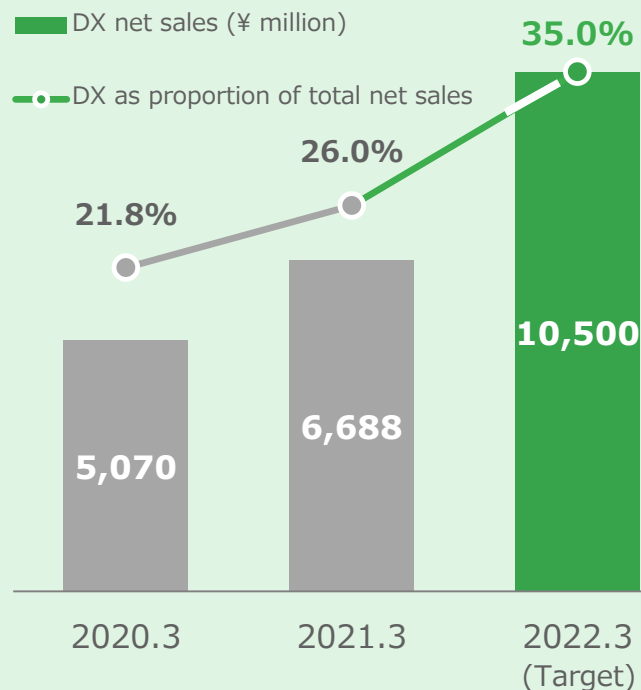
Measures to achieve the goal



- Aiming to shift its business from the previous worker-hour basis to a service-provided basis, the Group is focusing on cultivating DX engineers and expanding DX net sales.

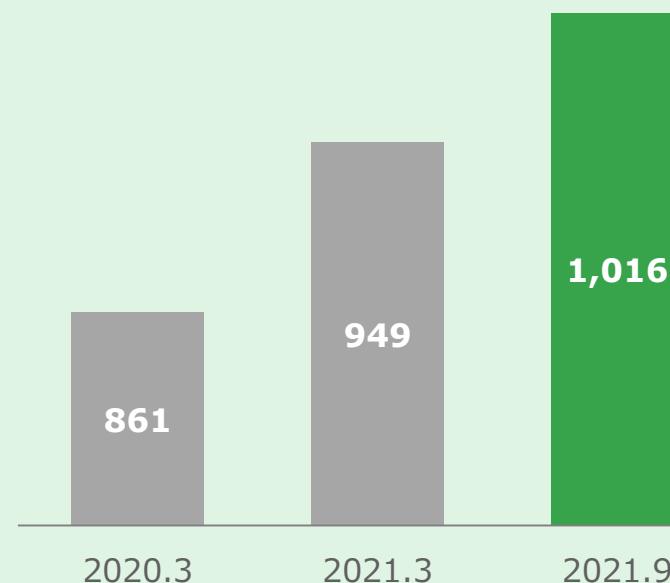
Trend in DX net sales

Net sales are expanding steadily.



Trend in number of DX engineers

The Group's workforce of engineers is growing, particularly in Cloud, ITSM and RPA.



Note: The component of net sales defined as "DX net sales" is changed as of FY2021.

Improving Capital Efficiency and Enhancing Return to Shareholders

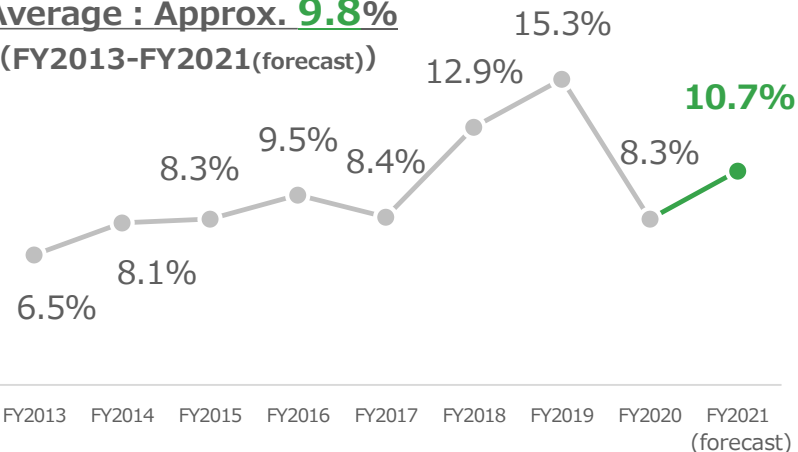
Measures to improve capital efficiency

$$\text{ROE} = \frac{\text{Net income}}{\text{Equity}}$$

- Expansion of net sales through M&A strategy and promotion of DX business
- Improvement of income margin by shifting to a service-based business model
- Enhancement of return to shareholders through dividend distribution
- Investment for further growth (Outstanding M&A, personnel training, etc.)

Trend in ROE

Average : Approx. 9.8%
(FY2013-FY2021(forecast))

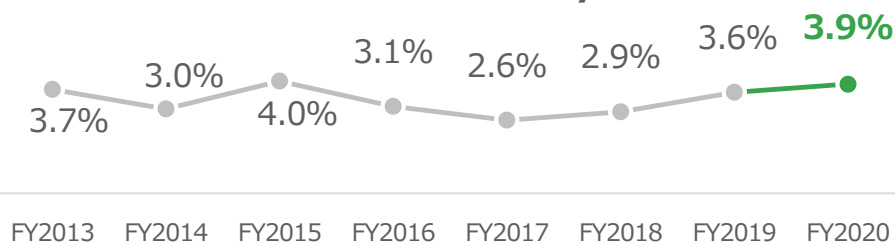


Enhancement of return to shareholders

Fiscal year ending March 31, 2022

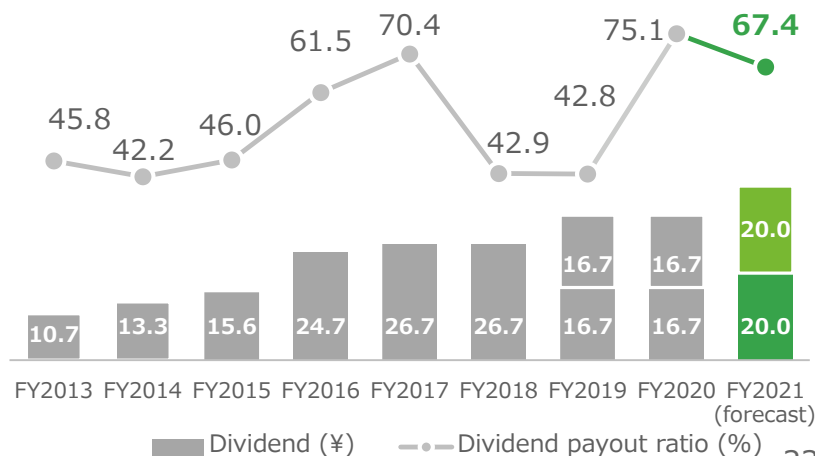
- **Share split** (1 share → 1.5 shares) as of the effective date (July 1, 2021)
- **Effective increase by ¥10** (An interim dividend of ¥20 per share and a year-end dividend of ¥20 per share are planned)

Trend in dividend yield

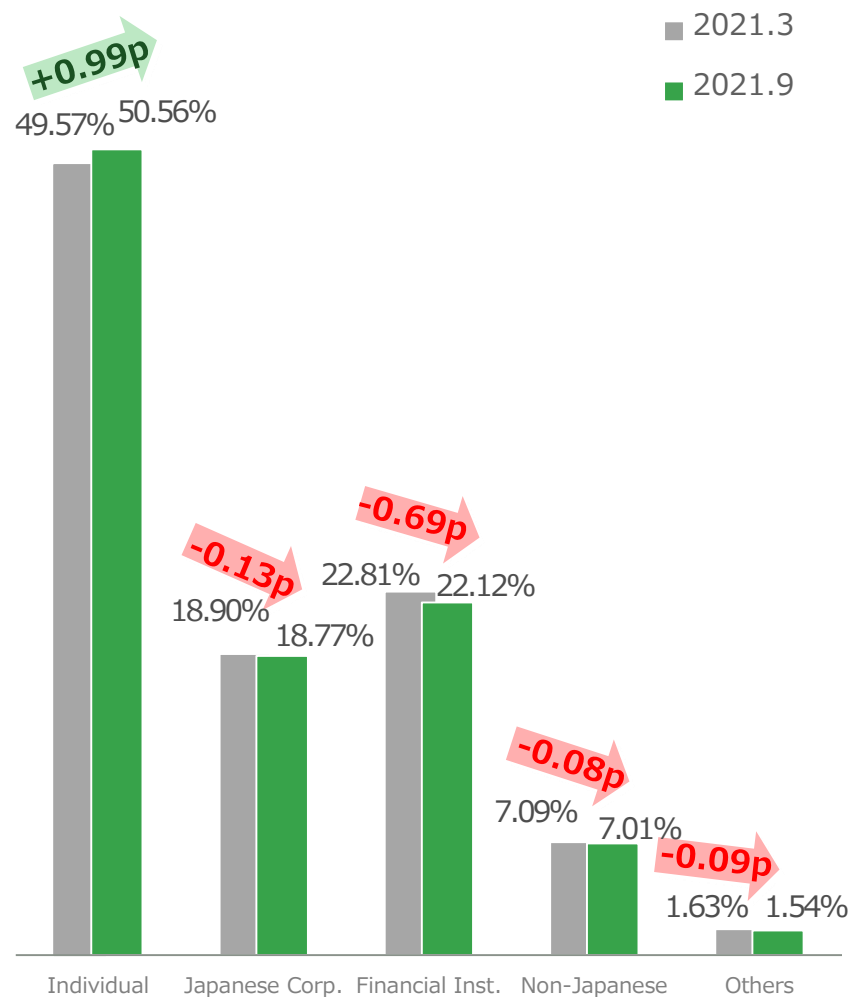


Trend in dividend per share and dividend payout ratio (FY2013-FY2021(forecast))

Dividend increase : 6 times
Stock split : Twice



Shareholding by investor type



Major shareholders

- ✓ No. of shareholders: 5,558
(+ 285 since March 31, 2021)
- ✓ **No. of shareholders with voting rights: 4,780**
(+ 212 since March 31, 2021)
- ✓ Treasury stocks (504 thousand shares) are not included when calculating the ratio of shareholdings.

	Major shareholders	% of total shares
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	9.11%
2	A.K. Corporation	8.91%
3	ID Employee Ownership Account	6.10%
4	Custody Bank of Japan, Ltd. (Trust Account)	4.82%
5	PERSHING-DIV. OF DLJ SECS. CORP.	4.44%
6	Mizuho Trust & Banking Co., Ltd.	3.61%
7	Mizuho Research & Technologies, Ltd.	3.44%
8	TDC SOFT Inc.	2.42%
9	Custody Bank of Japan, Ltd. (Trust Account E)	2.08%
10	Akemi Funakoshi	1.69%

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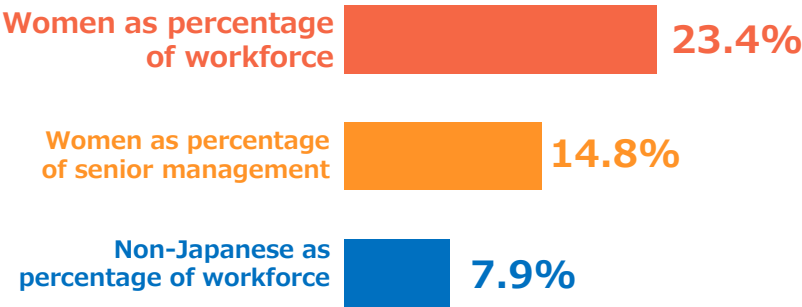
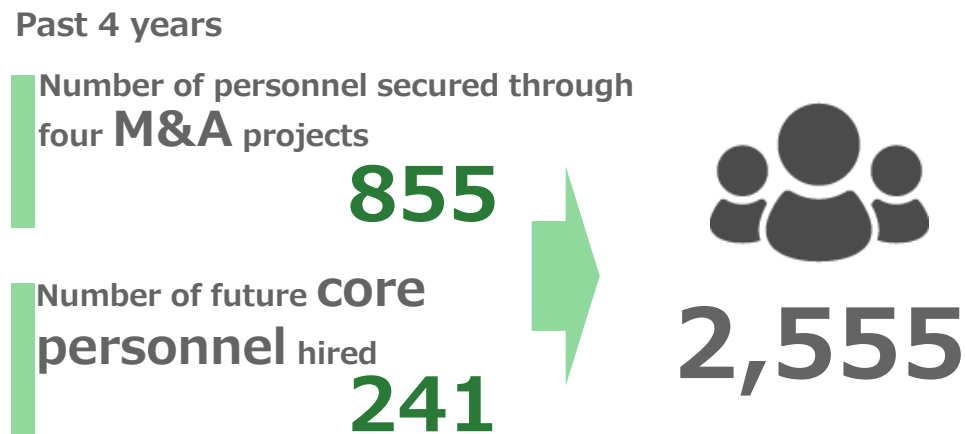
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Non-financial Information

Hiring and securing personnel

The Group aims to energize its organization, focusing on securing a diverse workforce.

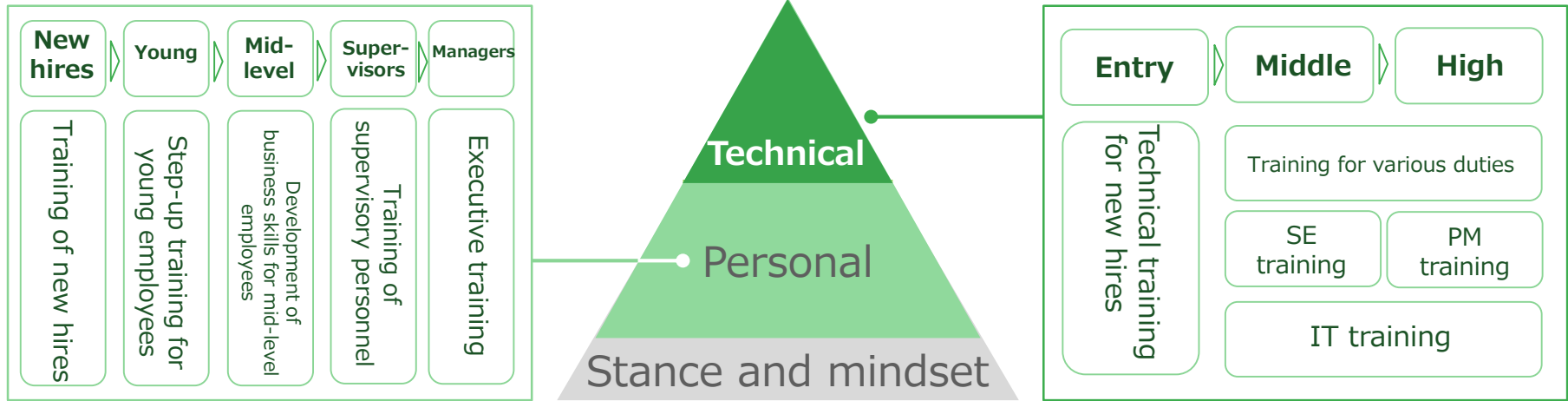
Note: As of March 31, 2021



A diverse workforce

Training

Through comprehensive training, the Group supports its employees' growth in terms of both technical and personal capability.



- The ID Group recognizes **health management** as an important management issue. The Group is undertaking a wide range of measures to promote good health among all employees.



Improvement of
mental health



Promotion of work-
life balance



Prevention of
lifestyle diseases

Main initiatives (FY2020)



Rate of implementation
of stress checks: 97.5%



Percentage of employees who
practice telework:
Target: 70.0%
Result: 43.6%



Rate of uptake of paid
leave:
Target: 90%
Result: 83.5%



Percentage of employees who
smoke:
Target: 12% or fewer
Result: 19.7% (As of June 2021)



Individual counseling for
those with mental and
physical issues



Monthly Company-wide
dialogues hosted by senior
management



Regular presentation of
seminars on health
management

Evaluation by outside parties



2021
健康経営優良法人
Health and productivity
ホワイト500

- Awarded for 2 years in succession



健康優良企業

認定 協金第48号

(Health Excellence Company)

- Oct. 2017: Silver certification
Dec. 2019: Gold certification

The ID Group is conducting efforts to solve a wide range of social issues through its business activities.

SUSTAINABLE DEVELOPMENT GOALS

Social issues

Delays in implementation of IT

Regional revitalization

Equality of job satisfaction

ID's business activities

Advancement of DX
Overhaul of system infrastructure

Partial transfer of head-office functions to regional bases

Employment of the disabled

Disclaimer

This presentation material contains statements and information about future forecasts, including financial projections, strategies and business plans of ID Holdings Corporation.

Such forward-looking statements and information are based on the data available when this presentation was prepared.

These forward-looking statements and information also incorporate potential risks and uncertainties caused by changing economic trends, the competitive environment, and other factors. The Company's actual results, business development progress, and financial situation may differ significantly from forward-looking statements and information contained herein, due to competition in the industry, market demand, exchange rates, and other socioeconomic and political factors.

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