



ID Holdings Corporation
April 1, 2021 – December 31, 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  Digital Transformation Certification
- 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 SDGs"
- Oct. 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  From last year, **1 rank up!**
- 18th** The Group got 3 stars in NIKKEI SDGs management Awards 2022 
- Dec. 24th** AI FACTORY acquired "Noufuku JAS" Certification  
- 28th** Treasury Stock Acquisition (605,000 share, 3.45% of circulation)  **1st in Tottori City**
- Jan. 24th** ID Holdings acquired certification under the ISO14001*

*International certification related to environmental management systems

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Q3 Performance Overview

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Forecast of Financial Results for FY2021

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Non-financial Information

Q3 Financial Results (Consolidated) (Impact from application of ASRR¹)

(¥ million)	2021.12 (Before application of ASRR)		Impact from application of ASRR		2021.12 (Figures published in the consolidated financial results)□	
	Results	(% of net sales)	Diff.	YoY	Results	(% of net sales)
Net sales	21,058	-	-662	-3.1%	20,396	-
Cost of sales	16,174	76.8%	-644	-4.0%	15,529	76.1%
Gross profit	4,883	23.2%	-17	-0.4%	4,866	23.9%
SG&A expenses	3,640	17.3%	0	+0.0%	3,640	17.8%
EBITDA ²	1,709	8.1%	-17	-1.0%	1,692	8.3%
Operating income	1,243	5.9%	-17	-1.4%	1,225	6.0%
Ordinary income	1,286	6.1%	-17	-1.4%	1,269	6.2%
Net income attributable to owners of parent	661	3.1%	-11	-1.8%	649	3.2%
Earnings per Share (EPS) (¥)	38.64	-	-0.67	-	37.97	-
EPS before Amortization of Goodwill (¥) ³	58.12	-	-0.67	-	57.44	-

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, March 31, 2020) 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

(¥ million)	2020.12		2021.12 (Before application of ASRR)			
	Results	(% of net sales)	Results	(% of net sales)	Diff.	YoY
Net sales	18,330	-	21,058	-	2,727	+14.9%
Cost of sales	13,877	75.7%	16,174	76.8%	2,296	+16.5%
Gross profit	4,453	24.3%	4,883	23.2%	430	+9.7%
SG&A expenses	3,506	19.1%	3,640	17.3%	134	+3.8%
EBITDA	1,295	7.1%	1,709	8.1%	414	+32.0%
Operating income	946	5.2%	1,243	5.9%	296	+31.3%
Ordinary income	1,035	5.6%	1,286	6.1%	251	+24.3%
Net income attributable to owners of parent	781	4.3%	661	3.1%	-120	-15.4%
Earnings per Share (EPS) (¥)	46.67	-	38.64	-	-8.02	-
EPS before Amortization of Goodwill (¥)	60.65	-	58.12	-	-2.53	-

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.

Q3 Net Sales by Services (Impact from application of ASRR)

(¥ million)	2021.12 (Figures published in the consolidated financial results)	Impact from application of ASRR	2021.12 (Before application of ASRR)	2020.12 (Before application of ASRR)	YoY (Before application of ASRR)
System Operation Management	9,053	-2	9,055	8,933	+1.4%
Software Development	7,638	-39	7,678	5,676	+35.3%
IT Infrastructure	1,911	-3	1,914	1,867	+2.5%
Cybersecurity, Consulting & Training	1,515	-418	1,933	1,512	+27.8%
Others	277	-198	476	340	+40.0%
Total	20,396	-662	21,058	18,330	+14.9%

Change or Die!

¥20,396 million (Note: ¥21,058 million before application of ASRR, +14.9% YoY)

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

System Operation Management

¥9,053 million

- ⊕ Subsidiaries acquired during the previous fiscal year contributed
- ⊕ Expanded orders from existing clients in the public sector and wholesaling
- ⊖ The conclusion of infrastructure-strengthening projects with existing finance-related clients in the previous fiscal year

Software Development

¥7,638 million

- ⊕ Subsidiaries purchased in the previous fiscal year contributed
- ⊕ Secured new projects at existing manufacturing-related customers
- ⊕ Transactions with existing public-sector- and financial-related customers expanded
- ⊖ The wrap-up of some large-scale projects with existing public-sector- and financial-related customers in the previous fiscal year left a gap

IT Infrastructure

¥1,911 million

- ⊕ Secured new projects and expanded orders with existing finance-related customers
- ⊕ Subsidiaries purchased in the previous fiscal year contributed
- ⊖ System investment at existing transportation-related customers shrank, personnel reductions unfolded at existing public-sector-related customers

Cybersecurity, Consulting & Training

¥1,515 million

- ⊕ Increased its team of operators in cybersecurity and boosted product sales
- ⊕ Secured major projects in consulting
- ⊖ The application of the Accounting Standard for Revenue Recognition had a negative impact of ¥418 million

Others

¥277 million

- ⊕ Product orders increased
- ⊖ The application of the Accounting Standard for Revenue Recognition had a negative impact of ¥198 million

【Reference】 Operating Income Analysis (YoY)

Change or Die!

	2020.12	2021.12		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Gross Profit	4,453	4,866	+413	• Main changes in Gross Profit -Increase in net sales +2,065 (Of which: Decrease in net sales from application of ASRR -662) -Increase in cost of sales +1,652 (Of which: Decrease in cost of sales from application of ASRR -644) • Labor cost +1,179 • Subcontract expenses +640 • Manufacturing expenses +33 • Purchases -285
SG&A Expenses	3,506	3,640	+134	• Main changes in SG&A Expenses -Decrease in personal cost -99 -Increase in other expenses +233 • Increase in goodwill expenses +98 • Expenses from the New Normal Adaptation Project • Increase in Land rent
Operating Income	946	1,225	+279	

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).

	2020.12	2021.12		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Ordinary Income	1,035	1,269	+233	• Main changes in Ordinary Income -Increase in operating income +279 (Of which: Decrease from application of ASRR -17) -Decrease in non-operating income -48 -Decrease in non-operating expenses -3
Extraordinary Income	310	5	-305	• Main change in Extraordinary Income -Decrease in reaction to gain on sales of investment securities recorded in the previous fiscal year -309
Extraordinary Losses	5	16	+11	• Main change in Extraordinary Losses -Office moving expenses at the subsidiaries acquired in the previous fiscal year +15
Total Income Taxes	558	608	+49	
Net Income attributable to owners of parent	781	649	-132	

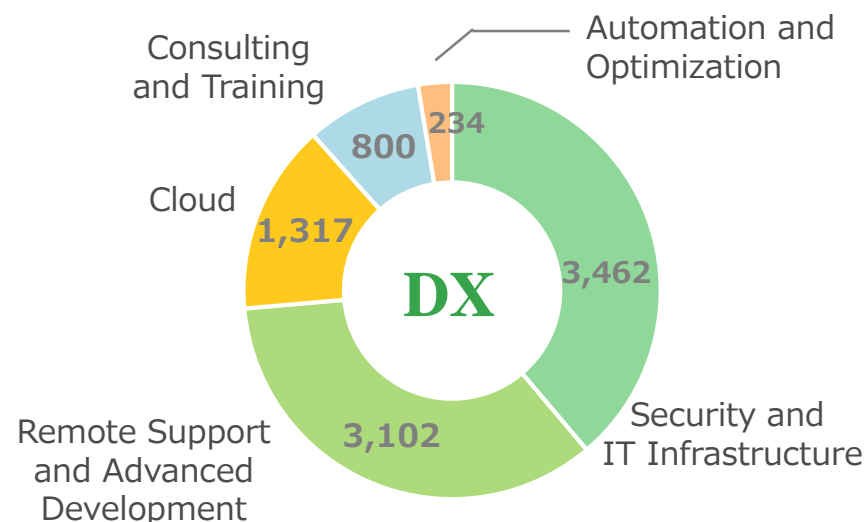
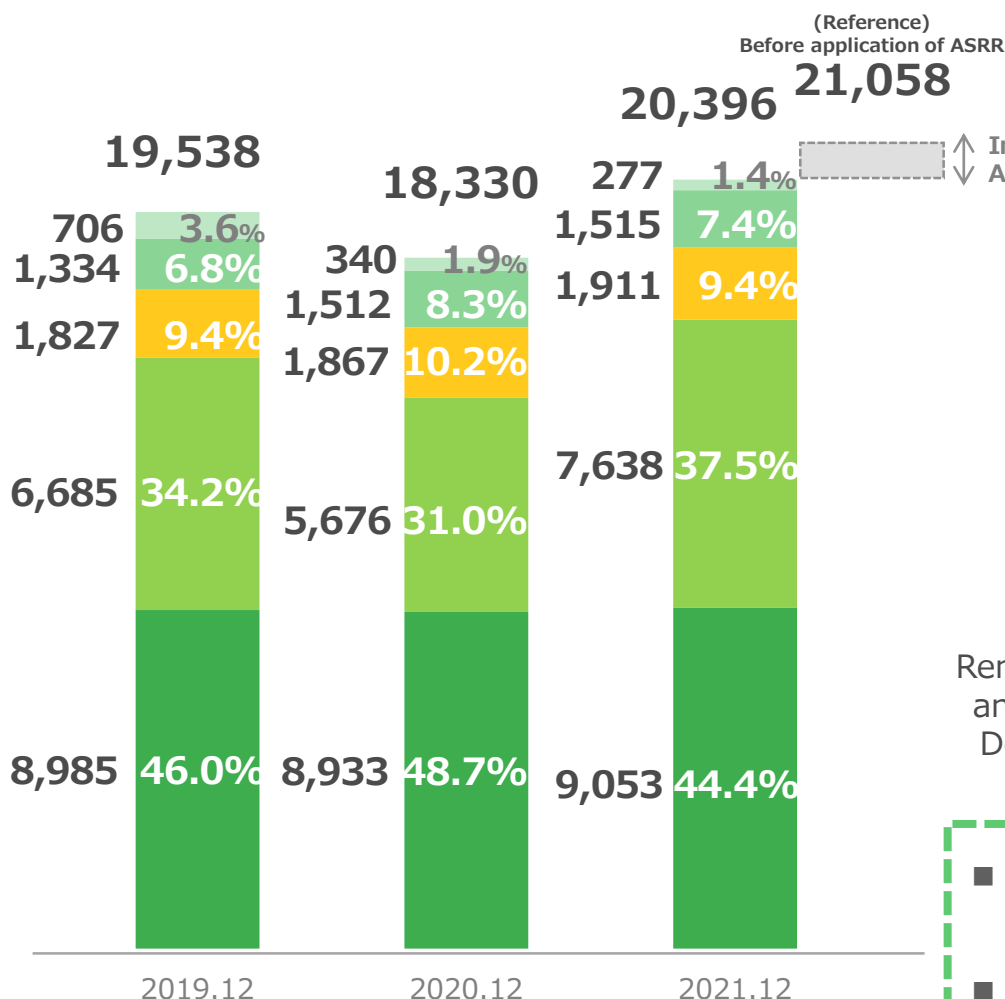
Note: The Group applies ASRR from Q1 FY2021. However, in YoY comparisons, ASRR is not applied to the business results of the same period of the previous fiscal year (FY2020).

(¥ million)

DX related sales : ¥8,916 million

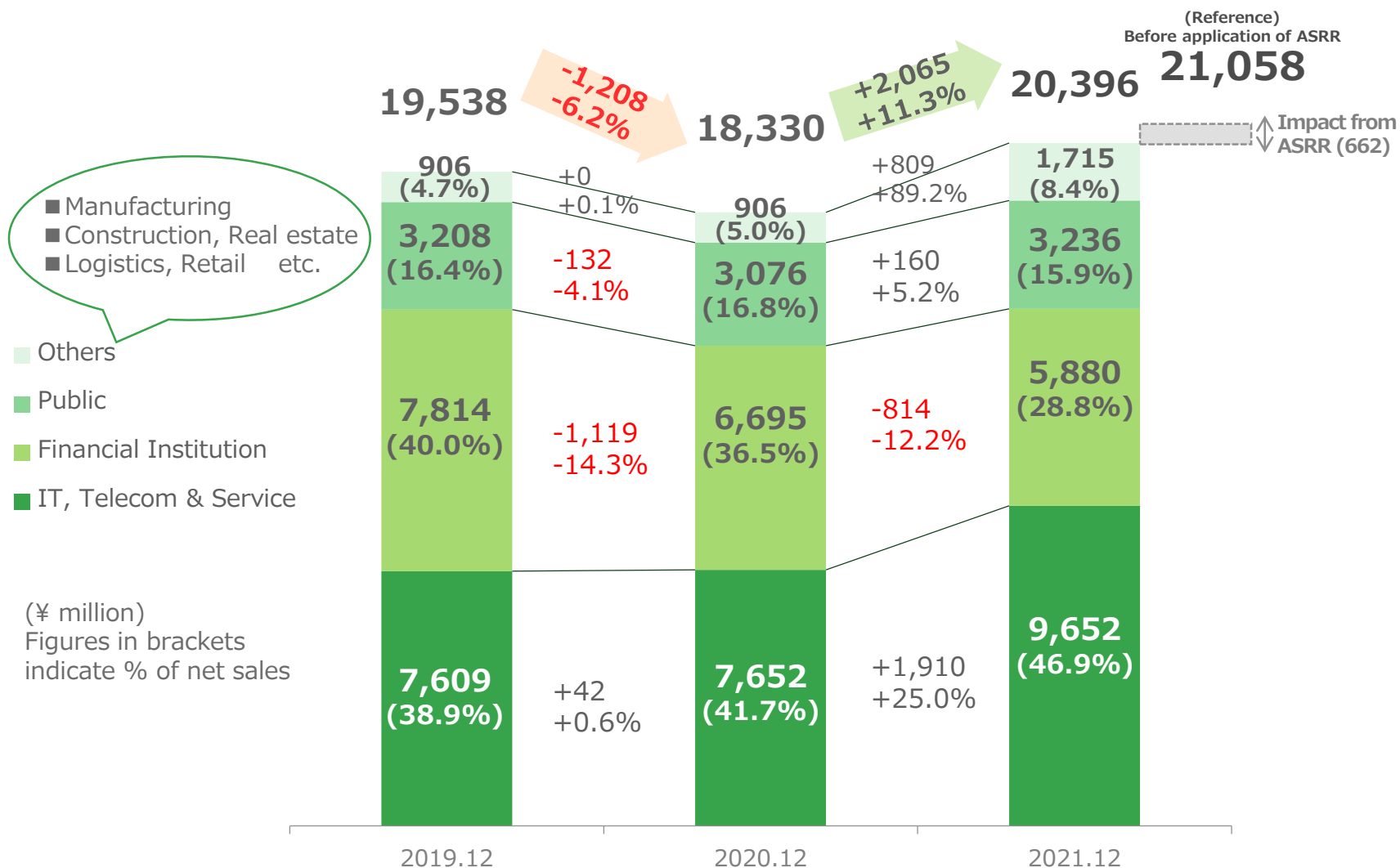
about 43.7 % of consolidated sales

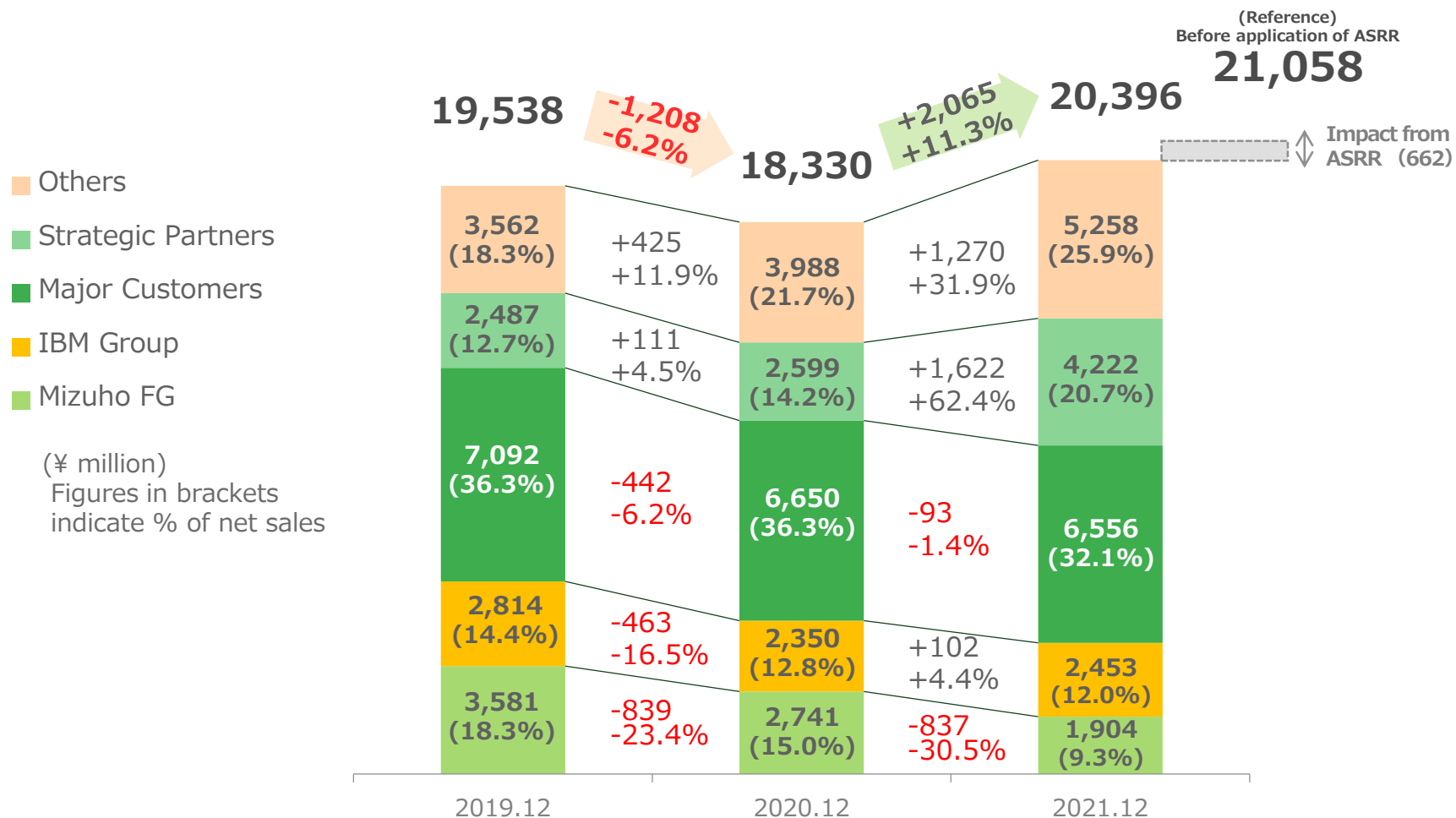
**[Reference] FY2020: ¥6,688 million
about 26.0 % of consolidated sales**



~ 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





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

- Cash and deposits decreased -175
- Notes and accounts receivable-trade, and contract assets declined -274
- Amortization of goodwill reduced assets -333

2021.3

(¥ million)

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

Main Factors

- Accounts payable-trade increased +52
- Interest-bearing debt decreased -111
- Provision for bonuses declined -399

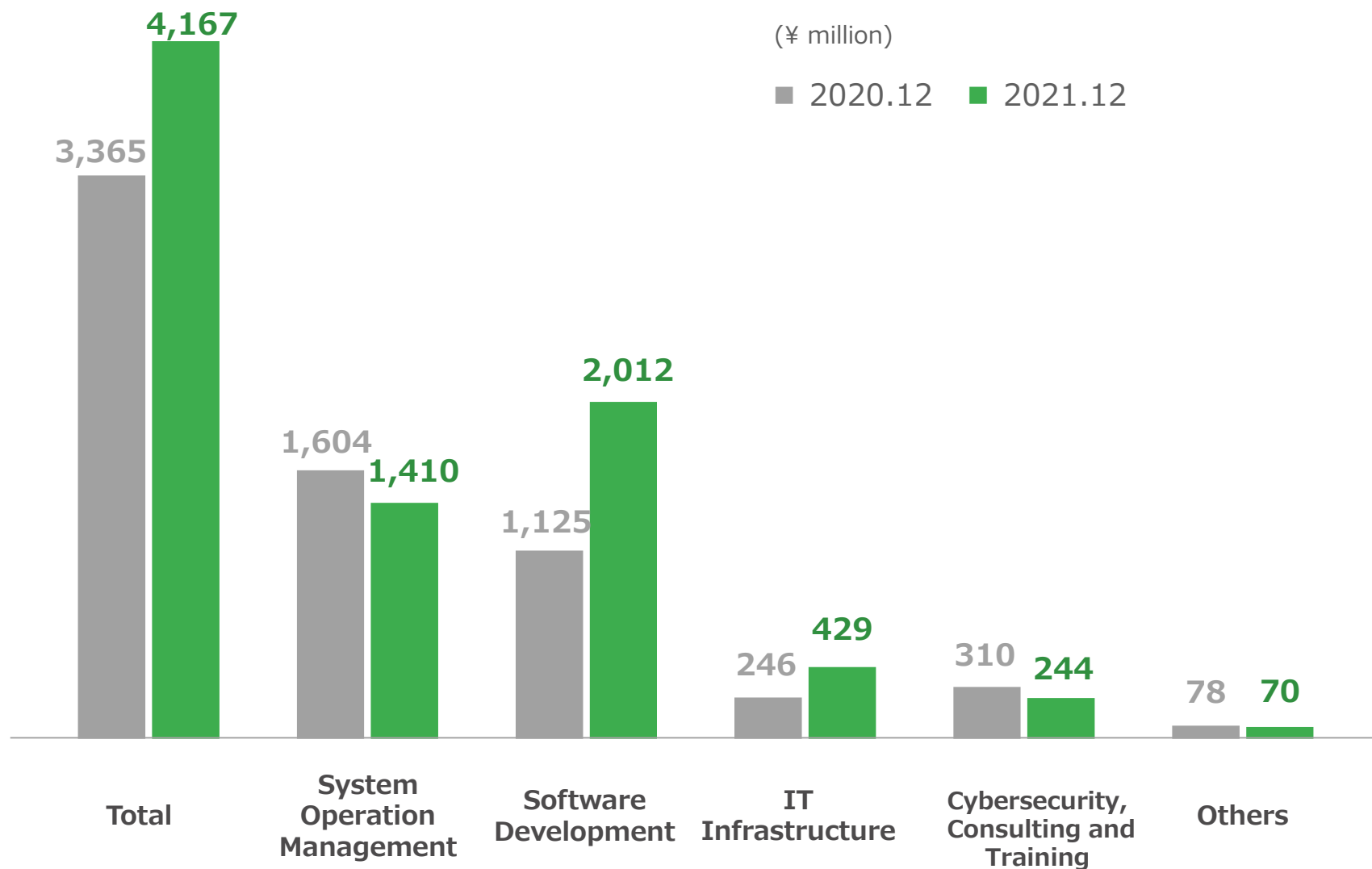
2021.12

(¥ million)

Assets 16,009	Liabilities 7,010
	Net assets 8,998

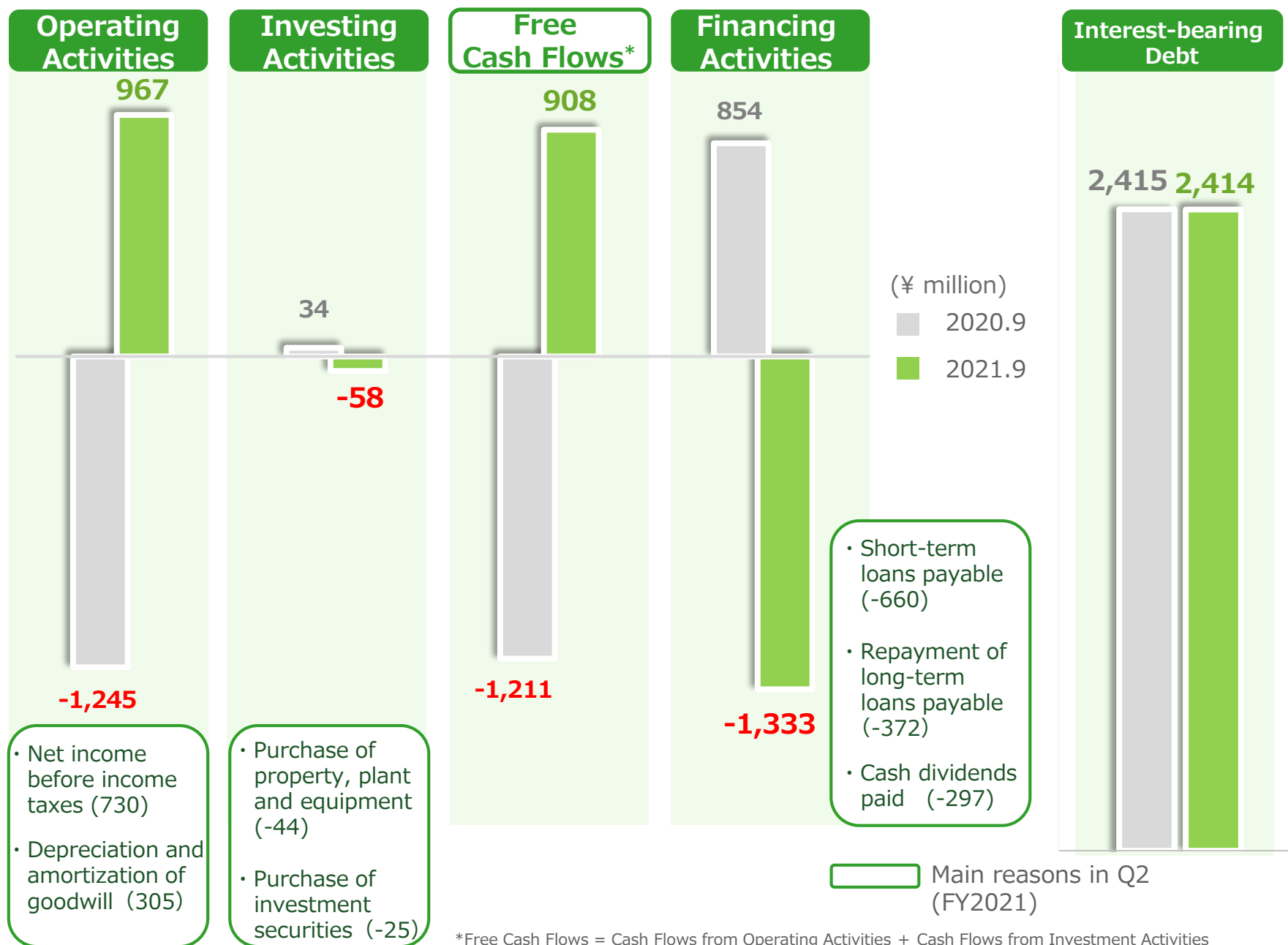
Equity Ratio
55.9%

Current Ratio
181.7%



Cash Flows

Change or Die!



*Free Cash Flows = Cash Flows from Operating Activities + Cash Flows from Investment Activities

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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	-	60.06	-
EPS before Amortization of Goodwill(¥)	65.06	-	86.23	-
Cash flows from operating activities	-607	-	1,556	-

Notes:

1. The figures listed for "EPS" and "EPS before amortization of goodwill" take into account the effects of the share split (1 share →1.5 shares) implemented on July 1, 2021 and the treasury stock acquisition of 605,600 shares carried out by resolution of the Board of Directors on December 27, 2021.
2. As of the start of FY2021, the Group applies the Accounting Standard for Revenue Recognition. As such, YoY comparisons are not provided.

- 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

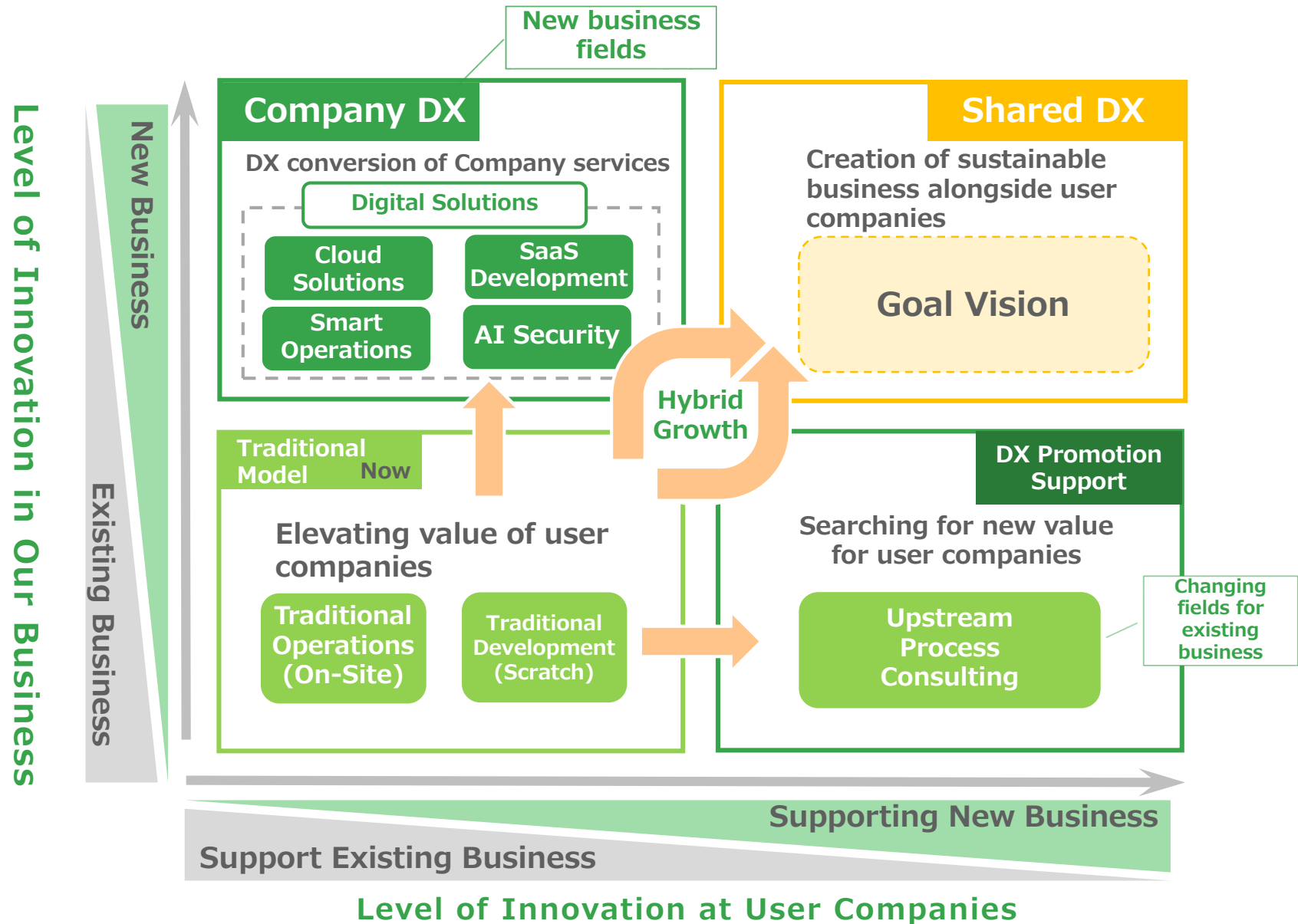


Consulting
and Training



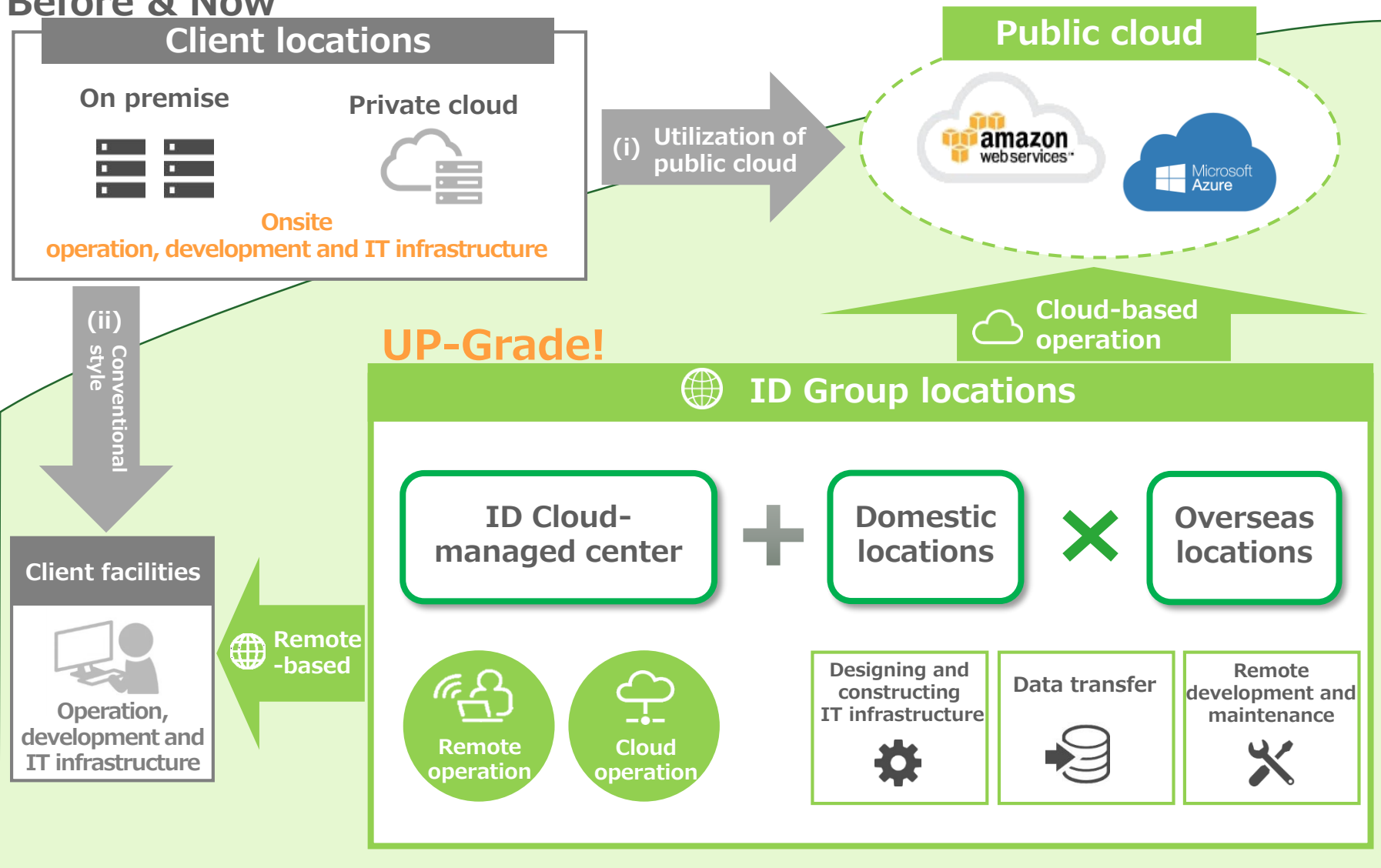
Automation and
Optimization





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

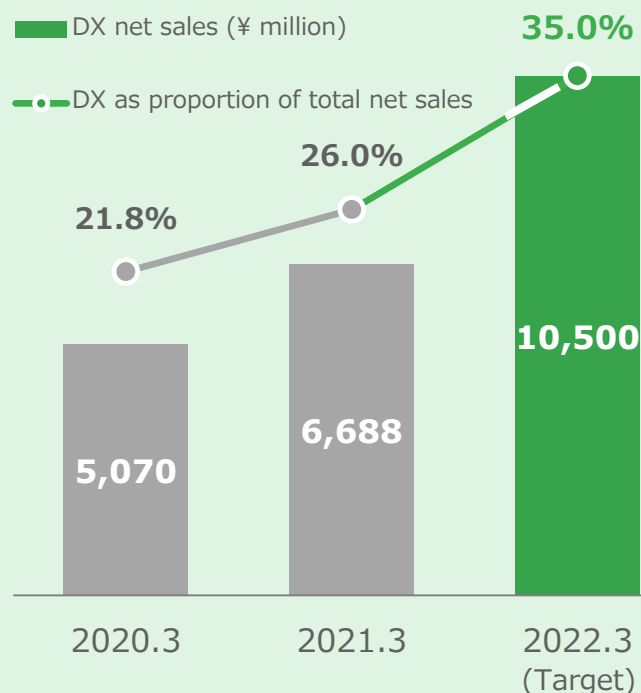
Before & Now



- 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.

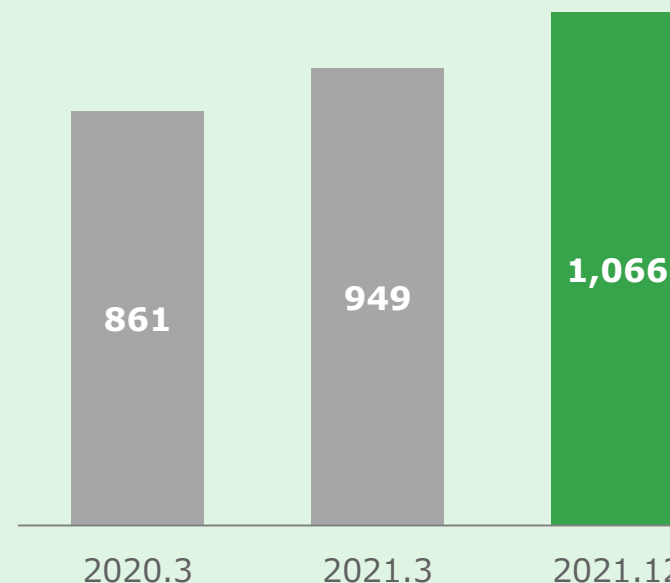
Trend in DX net sales

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.



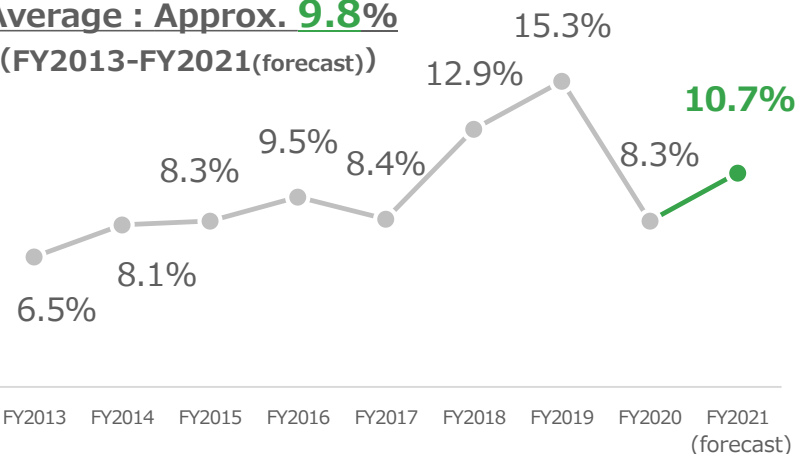
Measures to improve capital efficiency

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

- 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))

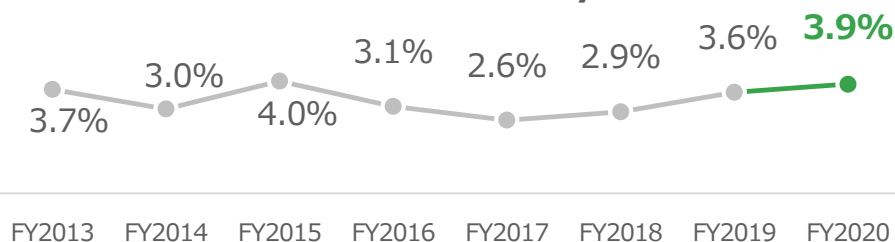


Enhancement of return to shareholders

Fiscal year ending March 31, 2022

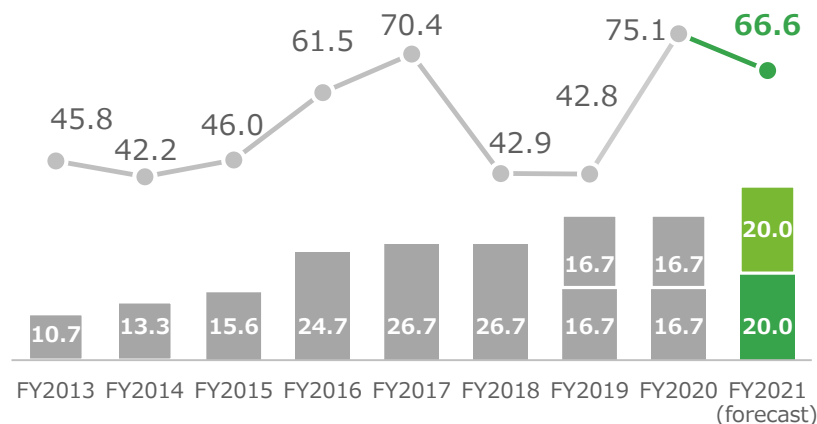
- **Share split** (1 share → 1.5 shares) as of the effective date (July 1, 2021)
- **Effective increase by ¥10** (An interim dividend of ¥20 per share and a year-end dividend of ¥20 per share are planned)

Trend in dividend yield

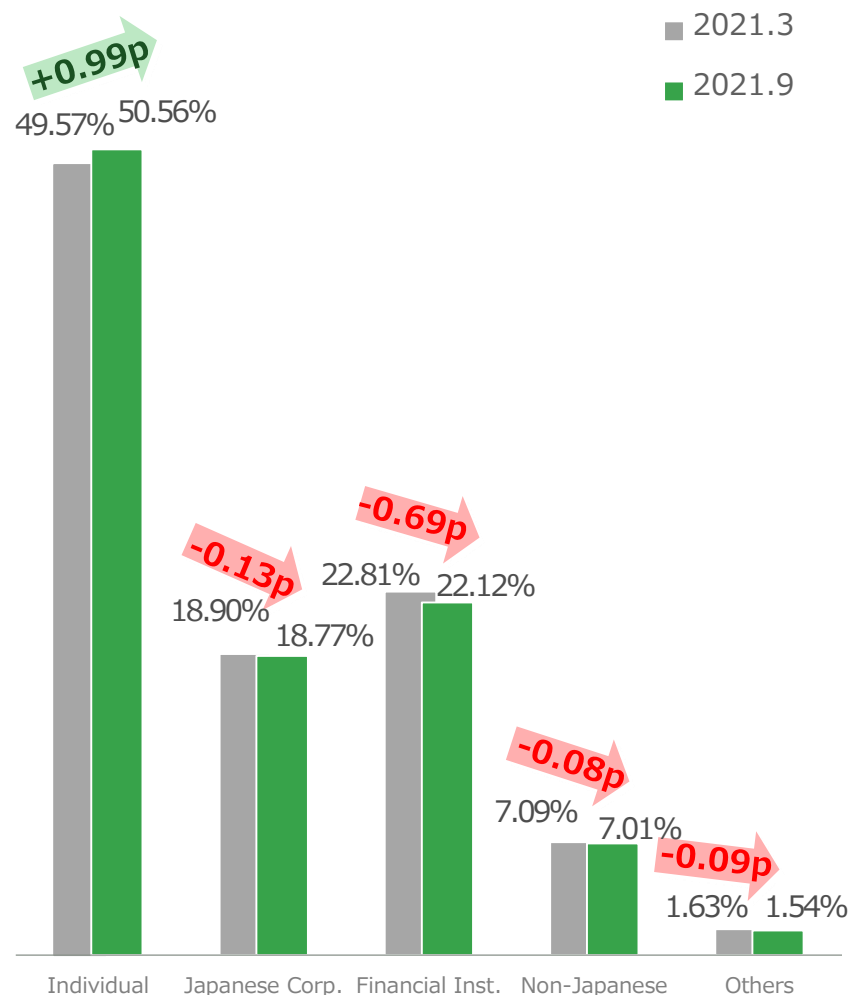


Trend in dividend per share and dividend payout ratio (FY2013-FY2021(forecast))

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%

*Note: Due to factors such as the treasury stock acquisition of 605.6 thousand carried out by resolution of the Board of Directors on December 27, 2021, the total number of treasury stock shares possessed by the Company as of the end of December is 1,110 thousand.

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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

Past 4 years

Number of personnel secured through four **M&A** projects

855

Number of future **core** personnel hired

241



2,555

Women as percentage of workforce **23.4%**

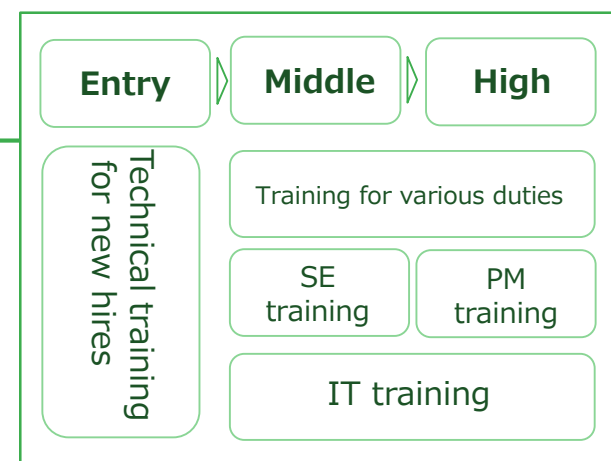
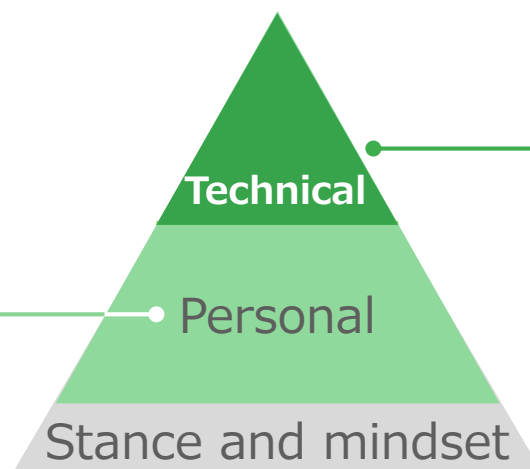
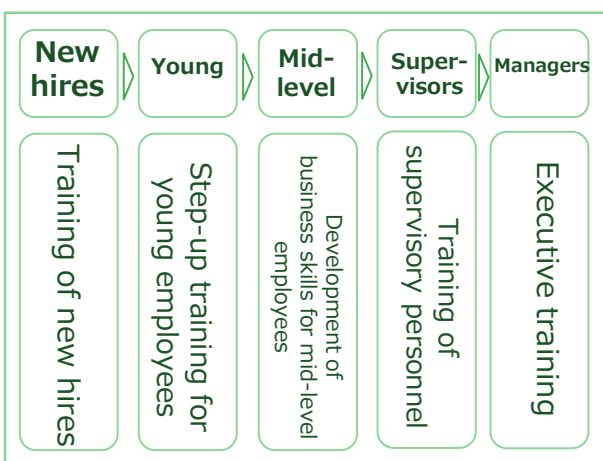
Women as percentage of senior management **14.8%**

Non-Japanese as percentage of workforce **7.9%**

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



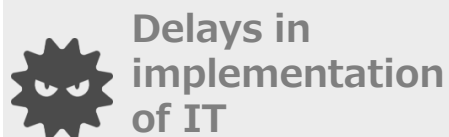
■ Awarded for 2 years in succession



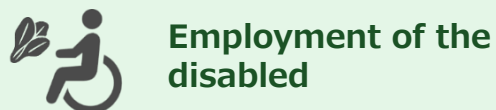
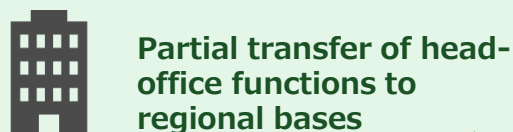
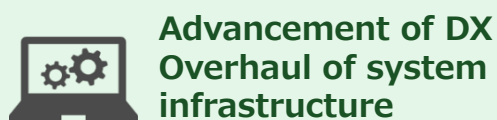
■ Oct. 2017: Silver certification
Dec. 2019: Gold certification

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

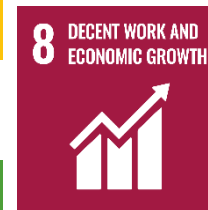
Social issues



ID's business activities



SUSTAINABLE DEVELOPMENT GOALS



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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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