

April 28, 2022

To: All Concerned Stakeholders

Company : ID Holdings Corporation
Representative : Masaki Funakoshi,
President and Representative Director
(Securities Code: 4709; TSE Prime)
Inquiries : Yasuhiro Araki, General Manager,
Head of Corporate Strategy Department
TEL : +81 3-3262-5177

Notice of Formulation of the Mid-Term Management Plan (FY2022 – FY2024)

We are pleased to announce the formulation of the three-year Mid-Term Management Plan, **Next 50 Episode II: Ride on Time**, starting from the fiscal year ending March 31, 2023 (FY2022), as follows.

1. Objectives of the Mid-Term Management Plan

In the previous Mid-Term Management Plan, the ID Group set forth our goal of upgrading our services to make the most of digital technology, and thus built a strong foundation for future growth by training engineers with high expertise in digital technology and making significant enhancements to our services in the key areas of development, operations, and IT infrastructure.

Under the new Mid-Term Management Plan, built upon the business foundation established in the previous Mid-Term Management Plan, we are committed to defining the technological areas with high client needs, supporting the DX promotion by our clients in collaboration with our partners, and training our mid- to senior-level engineers and innovative leaders. We aim to develop proprietary solutions in the future growth areas of cloud computing and cybersecurity, enhance the functionality of our operations by revamping our internal core system, and solving social issues through our business activities.

In the fast-changing IT industry, we strive to be an indispensable IT engineering partner that firmly and accurately understands current trends and brings about an exciting (Waku-Waku) future for everyone.

2. Outline of the Mid-Term Management Plan

- (1) Name : **Next 50 Episode II: Ride on Time**
- (2) Period : Fiscal year ending March 31, 2023 (FY2022) to the fiscal year ending March 31, 2025 (FY2024)
- (3) Basic Themes :
 - Develop business models in line with our DX portfolio
 - Strengthen partnerships to create greater value-added service
 - Upgrade management divisions and reallocate resources to the business divisions

- (4) Basic Strategies : ①IT Service Strategy ②Human Resource Strategy
③New Normal Strategy ④SDGs Strategy

(5) Numerical Targets

(*Considering the implementation of M&A)

	FY2021 Results	FY2024 Targets for this Mid- Term Management Plan	FY2026* Targets for the next 5 years
Net sales	¥27.8 billion	¥32.0 billion	¥40.0 billion
Operating income	¥1.86 billion	¥2.55 billion	¥3.2 billion
Operating income margin	6.7%	8.0%	8.0%
EBITDA	¥2.49 billion	¥3.1 billion	¥4.0 billion
EBITDA margin	9.0%	9.7%	10.0%

Please refer to the attached document for details.

End

DISCLAIMER

This English translation is only for reference purpose. When there are any discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.



From April 2022 to March 2025

Mid-Term Management Plan

Next 50 Episode II: Ride on Time

Change or Die!



Prime Market, Tokyo Stock Exchange
Securities code: 4709

Scan the code to
access our website



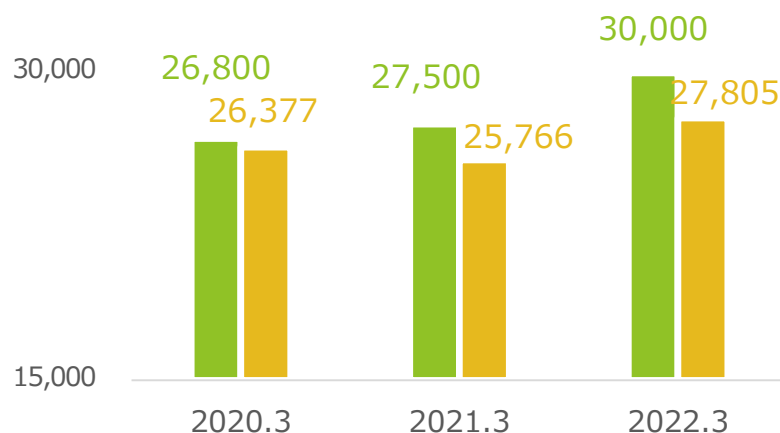
Net sales hit a record high, though missing the target, and operating income margin achieved the target

(¥ million)	Plan for 2022.3 (Prepared in Apr. 2021)	2022.3	Diff.	Ratio
Net sales	30,000	27,805	-2,195	-7.3%
Operating income	1,900	1,869	-31	-1.6%
Operating income margin	6.3%	6.7%	+0.4PT	—

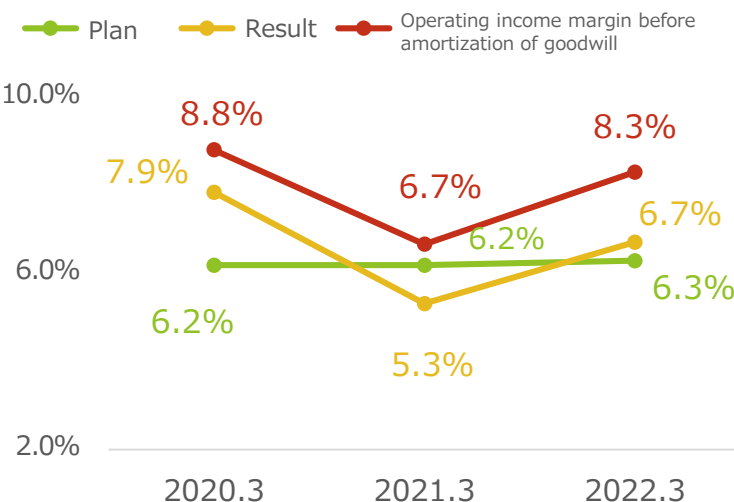
Net sales

(¥ million)

■ Plan ■ Result



Operating income margin



Despite the contributions of a subsidiary acquired in the previous fiscal year, the company was unable to reach its final target due to the inability to offset the impact of a reactionary drop following the completion of a major project and the reduced investment in systems by some customers.

Operating income margin exceeded the target by 0.4 PT due to the improvements in productivity and reduction in SG&A expenses.

In general, each policy achieved its target and established a strong foundation for future growth

Development of an Upgraded Business Model based on Digital Transformation (DX)



1. Obtained DX certification based on METI guidelines in recognition of our efforts in further promoting DX
2. Achieved ¥12.6 billion in DX sales for FY2021 compared to the ¥10.5 billion target
3. Received 1,392 DX certifications compared to the 3-year target of 1,165
4. Opened the Cloud Management Center and launched ID-Cross, a multi-cloud service

Development of a Future-oriented Corporate Culture



1. Implemented a human resource management system to better visualize BSC management and human resource skills
2. Promoted the New Normal Projected and transferred part of the HQ functions to Sanin
3. Reorganized the group to implement a flat organizational structure
4. Implemented an internal proposal system to create new business models and improve operations

Promotion of ESG



1. Recognized as a "Company with Excellent Health and Productivity Management (White 500)" for the third consecutive year
2. Received a 3.5 stars in the Nikkei Smart Work Management Awards 2022 and 3 stars in the Nikkei SDGs Management Awards 2022
3. Listed in Shukan Toyo Keizai's "500 Companies That Lead Japan in the SDGs"
4. Established the Sustainability Committee and obtained the ISO 14001 Certification

Changes in customer environment

- Double-digit growth in DX-related markets as client companies invest more in digital technology
- Increase in in-house production of systems by client companies
- Intensifying shortages in IT human resources

Recognizing the challenges

- Strengthen sales strategy and sales structure with a focus on DX services
- Improve productivity by training DX engineers and providing high value-added services
- Improvement of high SG&A ratio

Direction of the new Mid-Term Management Plan

Realize a greater growth cycle by increasing corporate value and giving back to our employees and business partners!※

<Themes to be addressed>

- 1 Develop business models in line with our DX portfolio
- 2 Strengthen partnerships to create greater value-added
- 3 Upgrade management divisions and reallocate resources to the business divisions

Increase in corporate value

Give back to employees and business partners



※Business partner : IT vendors with whom we will collaborate on project execution

©2022 ID Holdings Corporation. All Rights Reserved.

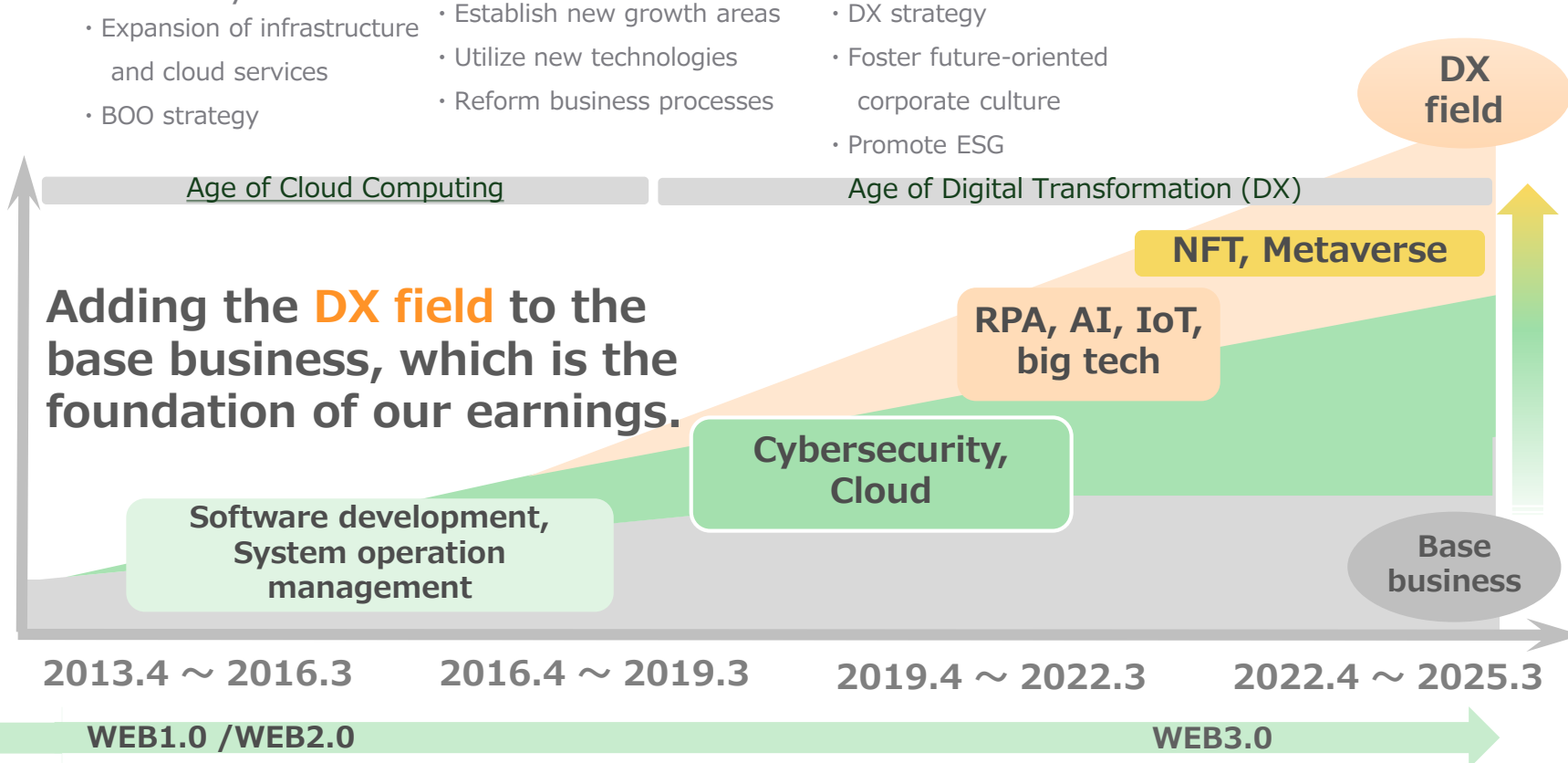
Capturing the current trends in DX investment and further expanding business through high value-added services

Mid-Term Management Plan



Basic Policy

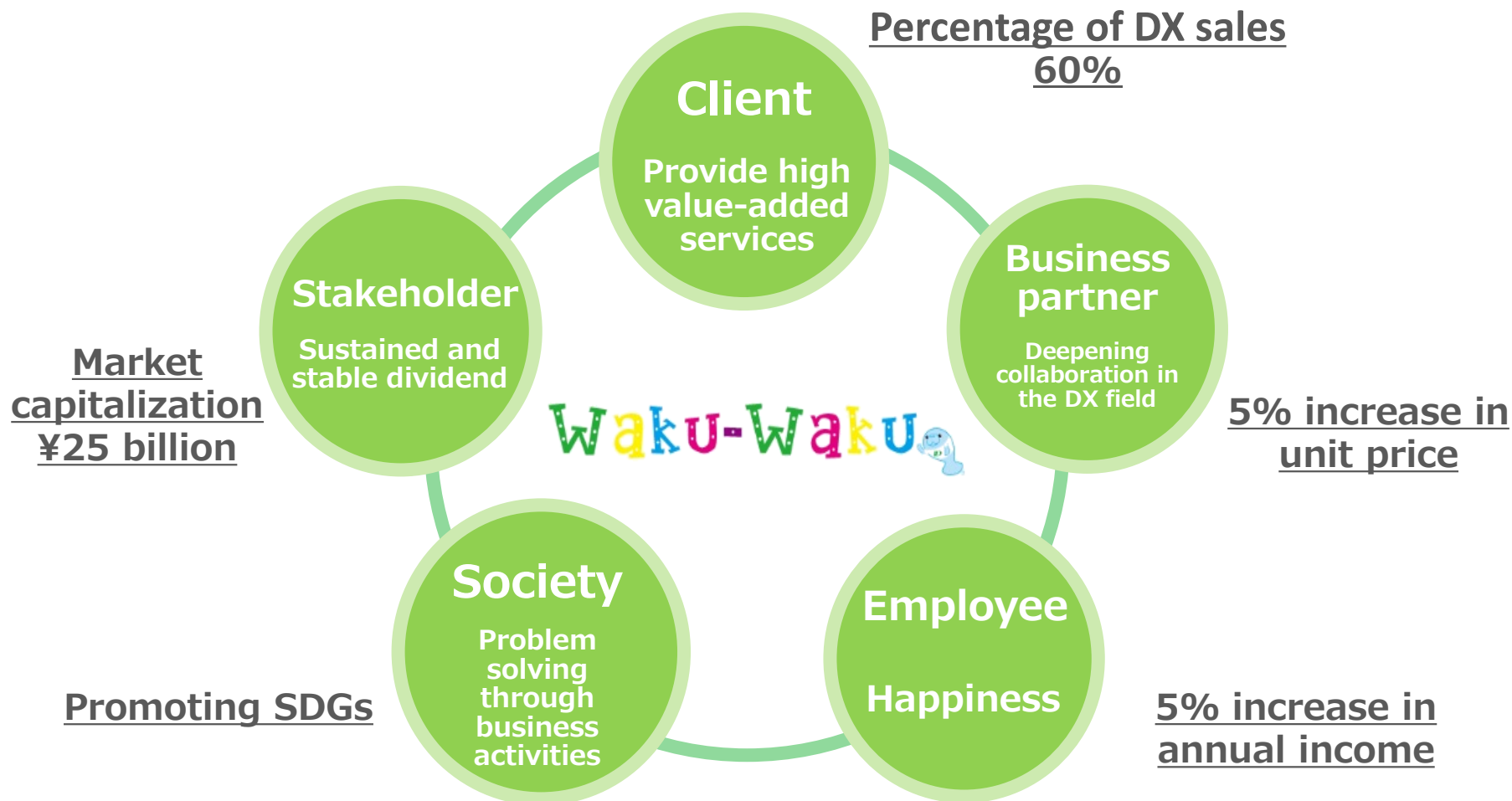
- Expansion of infrastructure and cloud services
- BOO strategy
- Establish new growth areas
- Utilize new technologies
- Reform business processes
- DX strategy
- Foster future-oriented corporate culture
- Promote ESG



※Base business includes system operation and management, software development, IT infrastructure, and cybersecurity.

- Becoming an indispensable IT engineering partner that brings about an exciting **Waku-Waku** future for our 5 stakeholders.

Together we will **Ride on Time!**



Next 50 Episode II: Ride on Time

- Realize a greater growth cycle by increasing corporate value and giving back to our **employees and business partners!**

	2022.3	2025.3	2027.3※
Net sales	¥27.8 billion	▶ ¥32 billion	▶ ¥40 billion
Operating income	¥1.86 billion (6.7%)	▶ ¥2.55 billion (8.0%)	▶ ¥3.2 billion (8.0%)

※ Considering M&A implementation

Target value

3

Basic themes



4 Basic strategies

1

Develop business models in line with our DX portfolio

2

Strengthen partnerships to create greater value-added

3

Upgrade management divisions and reallocate resources to the business divisions

IT Service Strategy

We are committed to defining the technological areas with high client needs, supporting the DX promotion by our clients in collaboration with our partners, and developing proprietary solutions targeting key growth areas.



Human Resource Strategy

In order to expand our DX services and provide even higher value-added, we will further enhance our training system and accelerate the development of our mid- to senior-level engineers and innovative leaders.



We aim to better optimize and further enhance the functionality of our operations by revamping our internal core system and advancing other measures. In addition, we will build a smart administrative division, and strategically reallocate personnel to the business division.



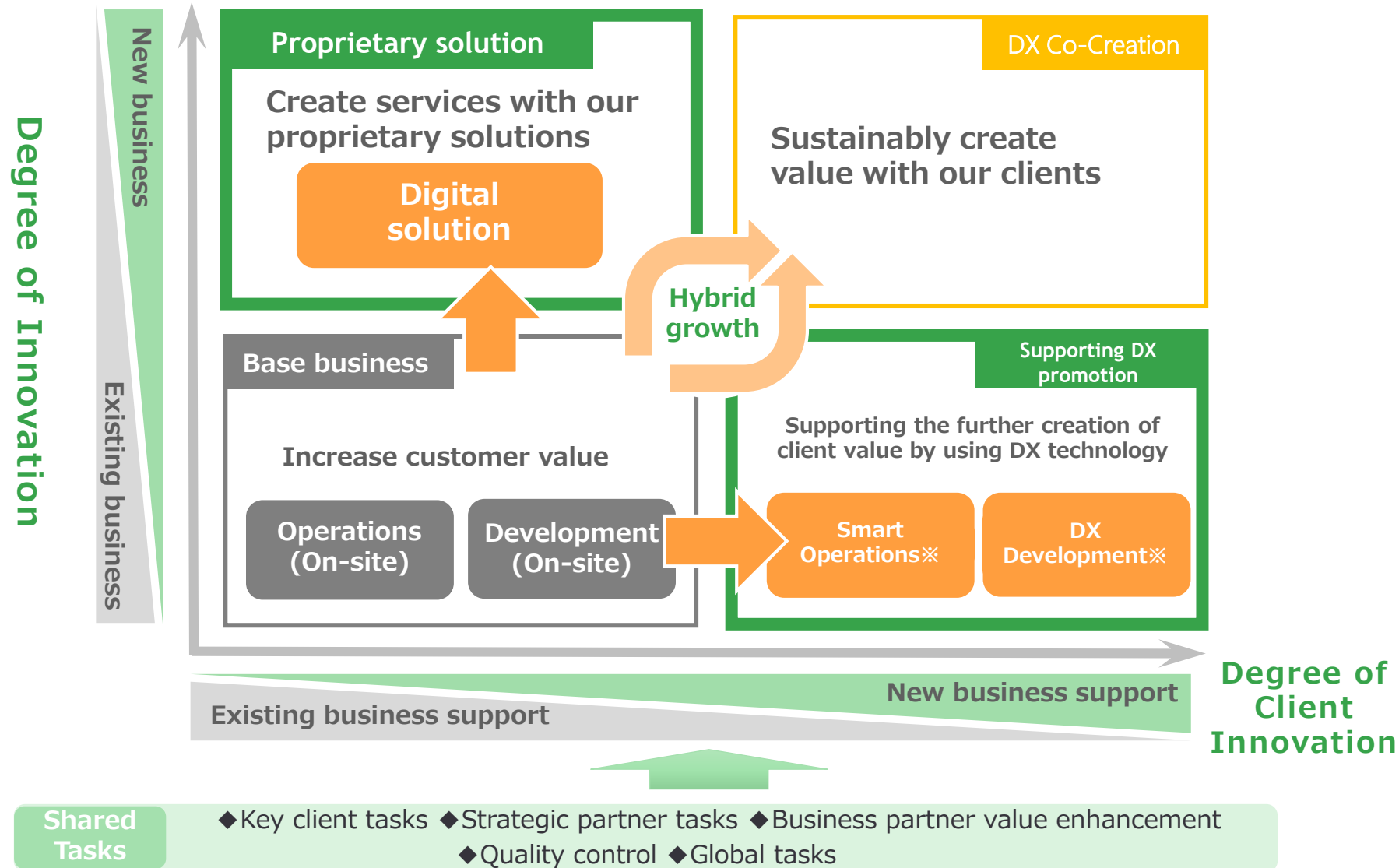
New Normal Strategy



We strive for a virtuous cycle of “solving social issues” and “enhancing corporate value” by making progress in our sustainability initiatives through our business activities.

SDGs Strategy

Secure revenue from base business, and expand our support for DX promotion by our clients and proprietary solutions



※ Source: "Information Service Industry White Paper 2021," p. 6, "DX Business Portfolio," partially revised

※1 Smart Operations : System operations utilizing automation tools, cloud, remote work, etc.
 ※2 DX Development : Software development utilizing AI, low code, cloud, etc.

Supporting the DX promotion by our clients by leveraging cutting-edge technology

DX service

Cloud



Automation



AI



Low code



Remote work



Consulting



IT service

System operation
management

Software
development

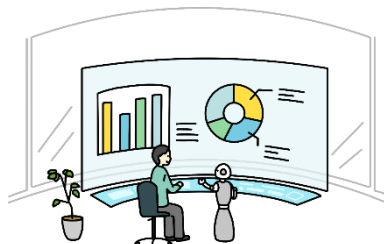
IT
infrastructure

Cybersecurity

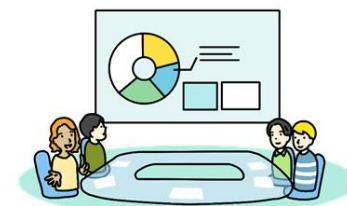


Next-generation system operation management and software development utilizing innovative technology

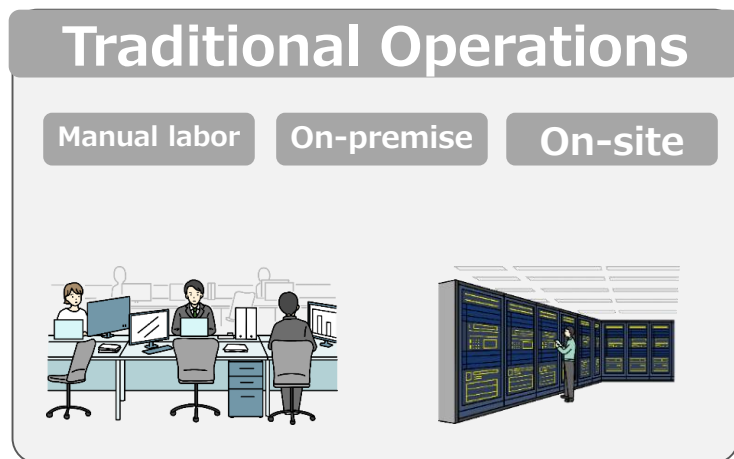
Smart Operations



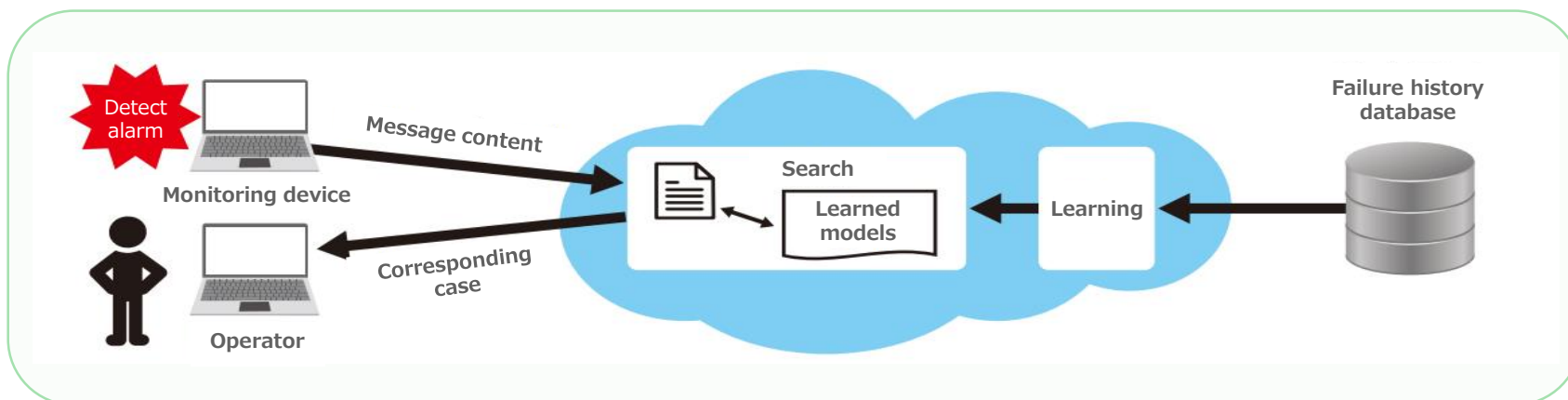
DX Development



- **【Smart Operations】** System operations utilizing automation tools, cloud, and remote work
- Not only **reducing costs**, but simultaneously improving **productivity** and **quality**!



- **【DX Development】** Software development utilizing AI, low code, cloud, etc.
- Build an AI support system to **automate failure detection and analysis** when failures occur



Expanding multi-cloud & cybersecurity to critical infrastructure areas

ID-Cross



ID Ashura

Multi-Cloud

Target

- Medical
- Energy
- Public sector



Installation, Managed services

Identification of vulnerabilities,
Provision of information

PC management



RPA remote maintenance

Security

Target

- Manufacturing
- Construction
- Logistics
- Medical
- Public sector



Microsoft Defender for
IoT

Security

Advisory & Scoring

Cyber Threat Retrospective Analysis

EDR※

Cyber defense exercises

IoT

OT

IT

※ EDR (Endpoint Detection & Response) is the enhanced endpoint monitoring to detect and respond to cyber attacks.



Strengthen training of mid- to senior-level DX engineers and project personnel for future growth

◆ Human resource training policy

- Establishment and operation of a Japanese-style job description system
- Utilization of human resource management system and strategic human resource management
- Continuous training of the next-generation at every level (Reskilling)
- Fostering the engineers for Web 3.0 (Metaverse, NFT※)

※Non Fungible Token

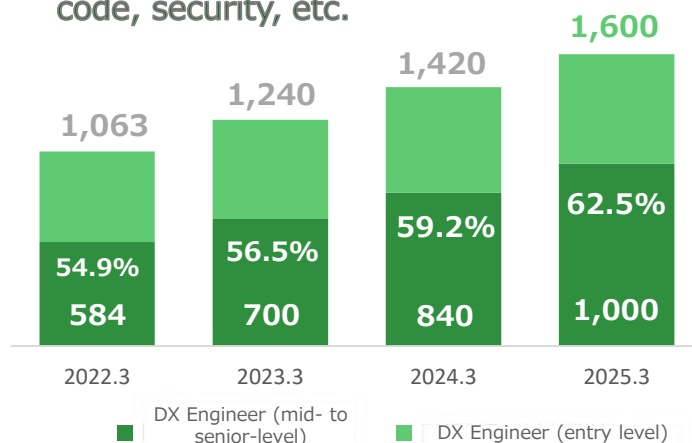


Reference : FY2021 result ¥180 million

◆ Increase the number of mid- to high-level DX engineers and expand the training of project personnel and innovative leaders

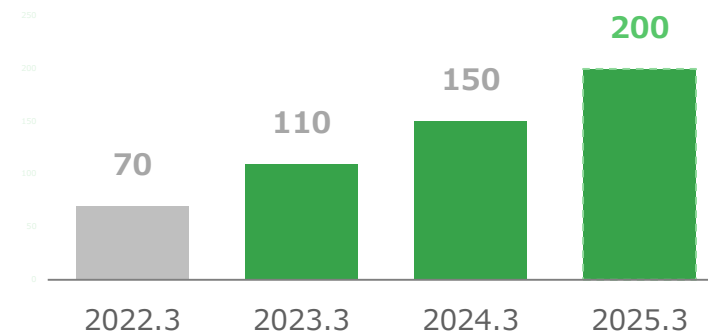
👉 DX Engineer

Mid- to senior-level personnel to design/build cloud, AI, containers, low code, security, etc.



👉 Personnel for Proposing & Planning

Personnel capable of proposing solutions based on new ideas



Reallocate members of management to business divisions to improve operational efficiency and return profits to our employees

Business Optimization · Simplification



- Centralization of data through the implementation of information sharing infrastructure
- Elimination of unnecessary processes and digitization of operations

Decentralization of HQ Functions



- Transfer some HQ functions to the Sanin and overseas offices
- Rearrange the functions of HQ and shared offices

Strengthen business management and planning functions



- Improve data aggregation and utilization through the renewal of core systems



FY2024
Numerical
Targets

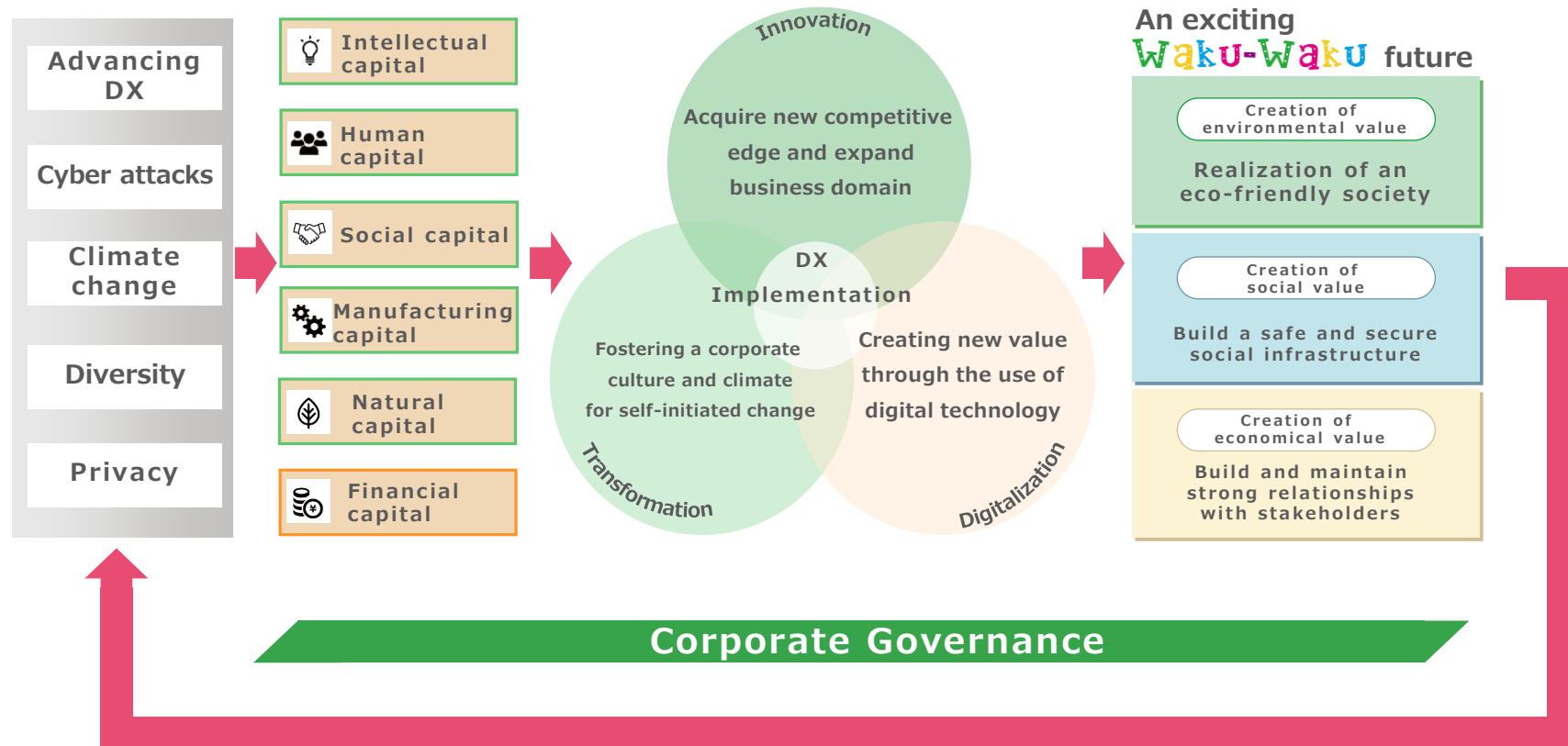
Improvement in SG&A ratio **17.3%※** → **13.9%**
SG&A Department **190 members** → **140 members**

※FY2021 result

Contribute to the solving of social issues and further increase corporate value through our business activities

Management Philosophy *IDentity*

Social issues → Management Resources → Business activities → Creating value



Value Creation Ecosystem

Proactively address sustainability issues and create further value in three key areas

Creation of environmental value



- Reducing our environmental impact
- Realizing a recycling-oriented society

Creation of economic value

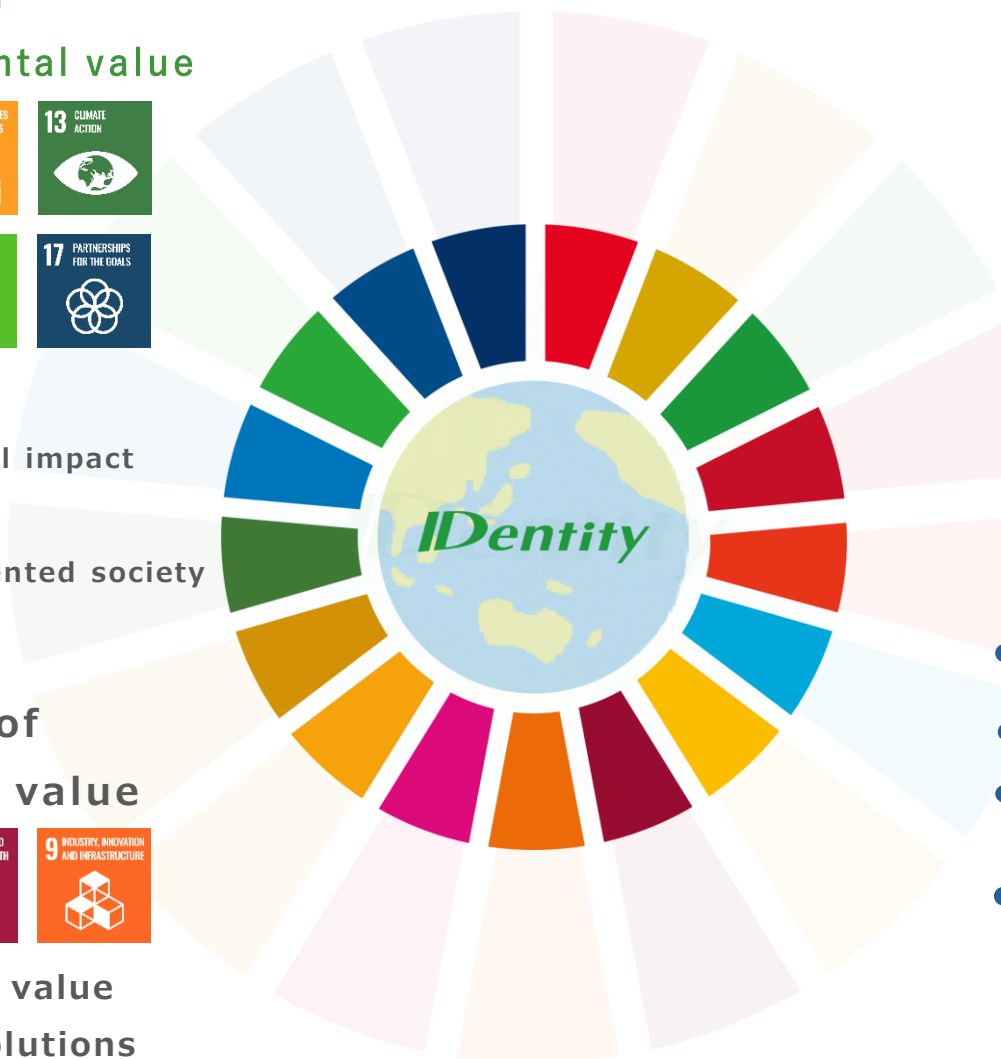


- Delivering value with SX solutions

Creation of social value



- A pleasant work environment
- Human rights and diversity
- Coexistence and co-prosperity with local communities
- Stabilization of social infrastructure



※ SX solutions refer to the Group's SDGs-related solutions

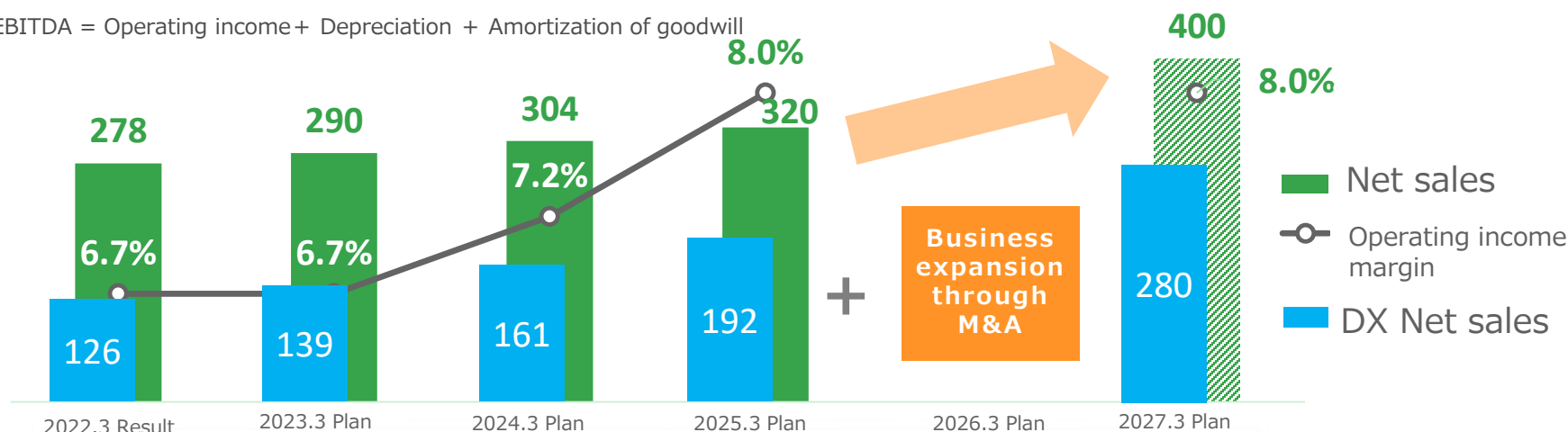
Key Numerical Targets for the New Mid-Term Management Plan

(Numerical targets 5-years later)

	2022.3	2023.3	2024.3	2025.3	2027.3
Net sales	¥27.8 billion	¥29.0 billion	¥30.4 billion	¥32.0 billion	¥40.0 billion
Operating income (rate)	¥1.86 billion (6.7%)	¥1.95 billion (6.7%)	¥2.2 billion (7.2%)	¥2.55 billion (8.0%)	¥3.2 billion (8.0%)
DX Net sales (rate)	¥12.6 billion (45.6%)	¥13.9 billion (48%)	¥16.1 billion (53%)	¥19.2 billion (60%)	¥28.0 billion (70%)
EBITDA (rate)	¥2.49 billion (9.0%)	¥2.58 billion (8.9%)	¥2.8 billion (9.2%)	¥3.1 billion (9.7%)	¥4.0 billion (10.0%)

※ Taking M&A into account

※ EBITDA = Operating income + Depreciation + Amortization of goodwill



	Key KPI	2022.3 Result	2023.3 Plan	2024.3 Plan	2025.3 Plan
IT Service Strategy	DX Net sales	¥12.6 billion	¥13.9 billion	¥16.1 billion	¥19.2 billion
	DX Net sales ratio	45.6%	48%	53%	60%
Human Resource Strategy	Number of mid- to senior-level DX certifications (Annual)	264	300	300	300
	Number of mid- to senior-level DX engineers	584 people	700 people	840 people	1,000 people
	Percentage of female employees	24.1%	26%	28%	30%
	Percentage of female managers	16.9%	22%	25%	30%
	Percentage of foreign employees	7.7%	10%	13%	15%
New Normal Strategy	Improvement in SG&A ratio	17.3%	15.3%	14.6%	13.9%
SDGs Strategy	Reduction in CO2 emissions (from electricity use) * compared to FY2020 electricity use	Down 3.7%	Down 15%	Down 18%	Down 20%
	Reduction in paper consumption * compared to FY2020	Down 17%	Down 17%	Down 20%	Down 23%
	Participation in environmental volunteer activities (Total number of people per year)	173 people	200 people	200 people	200 people

Change or Die!

Disclaimer

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

Forecasts and plans contained in these non-historical information are based on our judgment in accordance with the information available at the time of publication.

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.

This English translation is only for reference purpose. When there are any discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.