



ID Holdings Corporation  
April 1, 2022 – June 30, 2022

President and Representative Director  
Masaki Funakoshi

TSE Prime Market  
Code

4709

※ Our website can be  
accessed from the  
QR Code.



**1****Performance Overview for Q1****2****New Mid-Term Management Plan  
Next 50 Episode II: Ride on Time**

## Net Sales

**¥7,295 million** (+11.1% YoY)



- ⊕ Solid trend in software development; system operation management; and cybersecurity, consulting and training

## Operating Income

**¥630 million** (+115.6% YoY)



- ⊕ High-margin DX-related business expanded
- ⊕ Rising sales drove up earnings
- ⊖ Cost of sales climbed as a result of Group reorganization

# Financial Results (Consolidated)

Change or Die!

(¥ million)	2021.6		2022.6			
	Results	(% of net sales)	Results	(% of net sales)	Diff.	YoY
Net sales	6,565	-	<b>7,295</b>	-	730	+11.1%
Cost of sales	5,055	77.0%	<b>5,606</b>	<b>76.9%</b>	551	+10.9%
Gross profit	1,509	23.0%	<b>1,688</b>	<b>23.1%</b>	178	+11.8%
SG&A expenses	1,217	18.5%	<b>1,058</b>	<b>14.5%</b>	-159	-13.1%
EBITDA <sup>1</sup>	442	6.7%	<b>779</b>	<b>10.7%</b>	337	+76.3%
Operating income	292	4.5%	<b>630</b>	<b>8.6%</b>	337	+115.6%
Ordinary income	318	4.8%	<b>668</b>	<b>9.2%</b>	349	+109.9%
Net income attributable to owners of parent	142	2.2%	<b>372</b>	<b>5.1%</b>	230	+160.9%
Earnings per Share (EPS) (¥) <sup>2</sup>	8.33	-	<b>22.48</b>	-	14.15	-
EPS before Amortization of Goodwill (¥) <sup>2,3</sup>	14.81	-	<b>29.18</b>	-	14.37	-

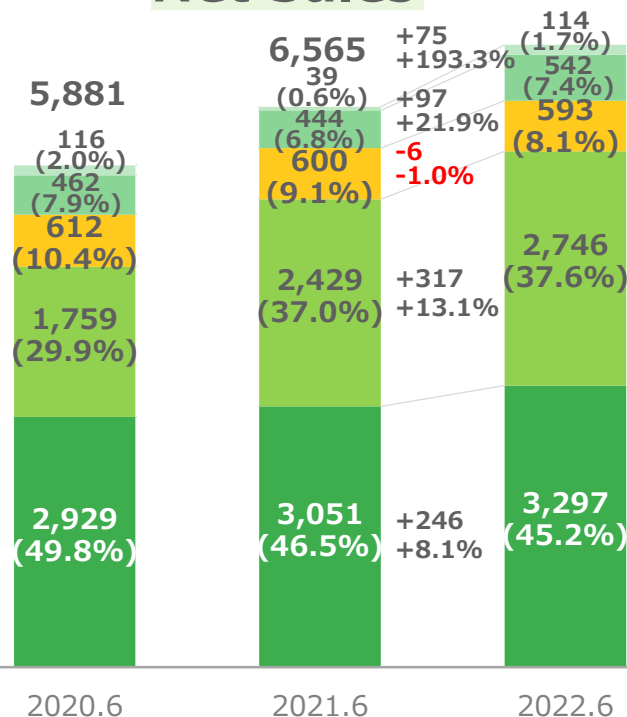
Note:

1. EBITDA = Operating income + depreciation + amortization of goodwill

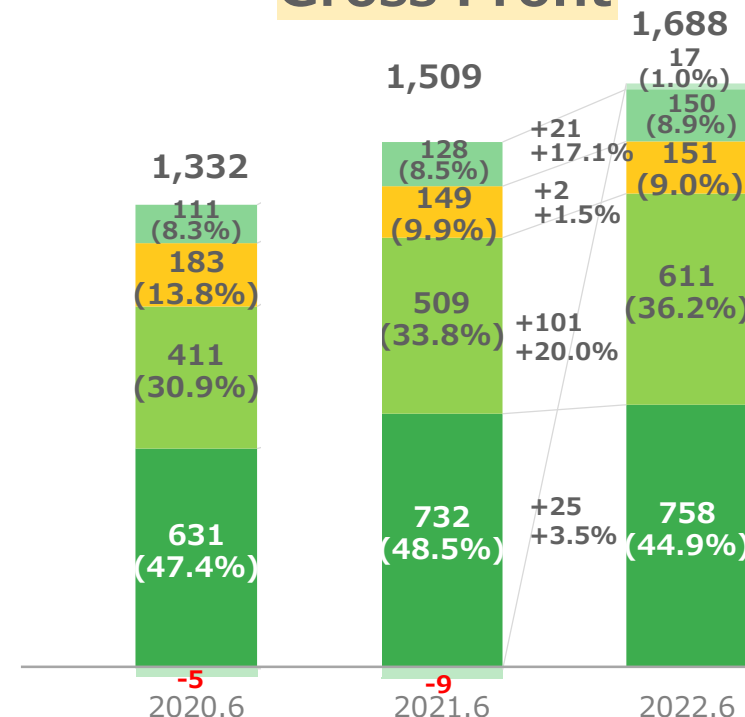
2. The figures for EPS and EPS before amortization of goodwill take a share split (1 share → 1.5 shares) which is executed as of the effective date (July 1, 2021) into consideration.

3. EPS before amortization of goodwill = (Net income attributable to owners of parent + amortization of goodwill) ÷ interim average number of shares

## Net Sales



## Gross Profit



■ System Operation Management ■ Software Development ■ IT Infrastructure  
■ Cybersecurity, Consulting and Training ■ Others

### Net Sales by Services

- System Operation Management
  - ⊕ Orders received from existing finance-related clients swelled, while transactions expanded due to redoubling of sales efforts aimed at major IT vendors
- Software Development
  - ⊕ Expanded transactions from reinforced sales efforts aimed at major IT vendors, rising orders from existing public-sector-related clients
  - ⊕ Reopening of major projects previously postponed by existing clients related to the transportation field
- IT Infrastructure
  - ⊖ Some projects with existing clients related to information & communication and the public sector were concluded
- Cybersecurity, Consulting and Training
  - ⊕ Swelling product sales and growing order acceptance in Cybersecurity
  - ⊕ Sales increased in Consulting

Note: From the beginning of FY2021, the Group has applied 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).

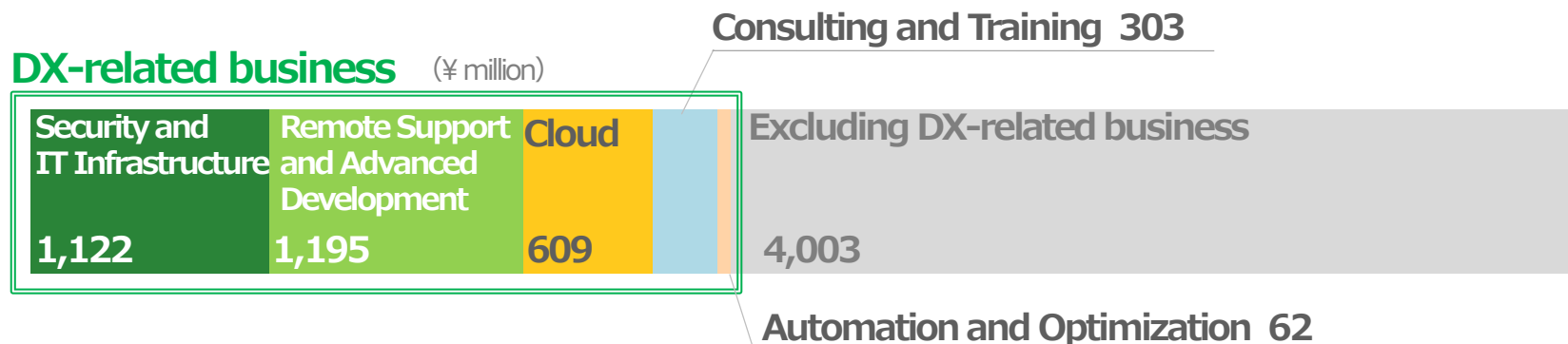
## DX-related business






Promoting customer's DX by combining existing IT services with cutting-edge technologies such as cloud, AI and IoT.

DX-related sales: **¥3,292** million      about **45.1** % of consolidated sales

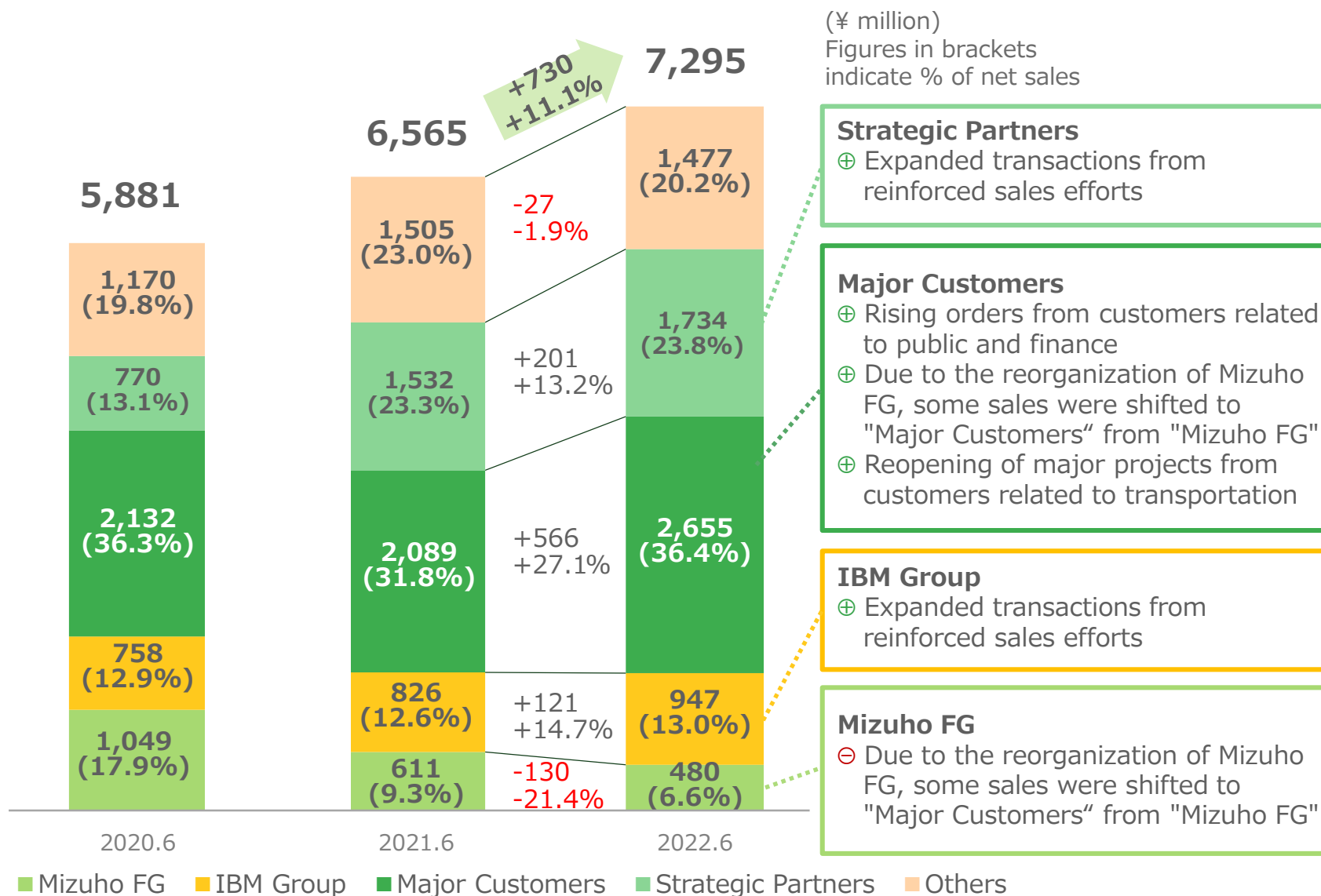
DX-related gross profit: **¥829** million (gross profit margin: **25.2**%)

(Reference) Q1 of FY2021: ¥2,607 million, about 39.7% of consolidated sales

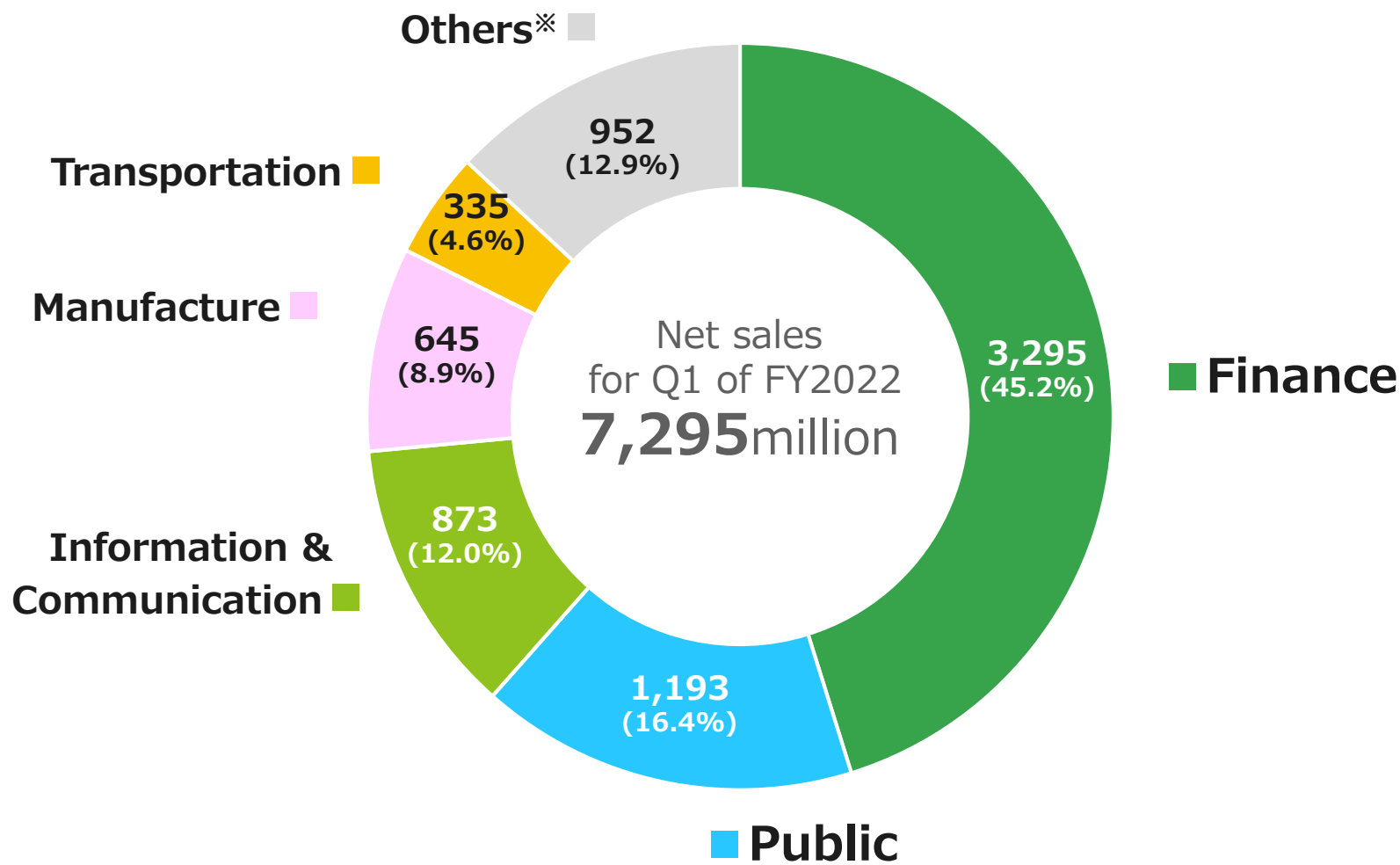


Security and IT Infrastructure	Remote Support and Advanced Development	Cloud	Consulting and Training	Automation and Optimization
 <p>24-hour support for network surveillance, incident handling, and security product installation</p>	 <p>Expansion of mobile app development, accelerated development using technology such as remote infrastructure and no-code development platforms</p>	 <p>Supporting cloud environment construction and migration using major IT infrastructure such as AWS and Azure</p>	 <p>Implementation of consulting and training related to system operations and security</p>	 <p>Supporting the automation and optimization of customer operations using technologies such as RPA, AI, and smart glasses</p>

# Net Sales by Strategic Alliances



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



Note: "Media", "Healthcare", "Construction, Real estate", "Wholesale, Retail, Restaurants", etc.



# Operating Income Analysis (YoY)

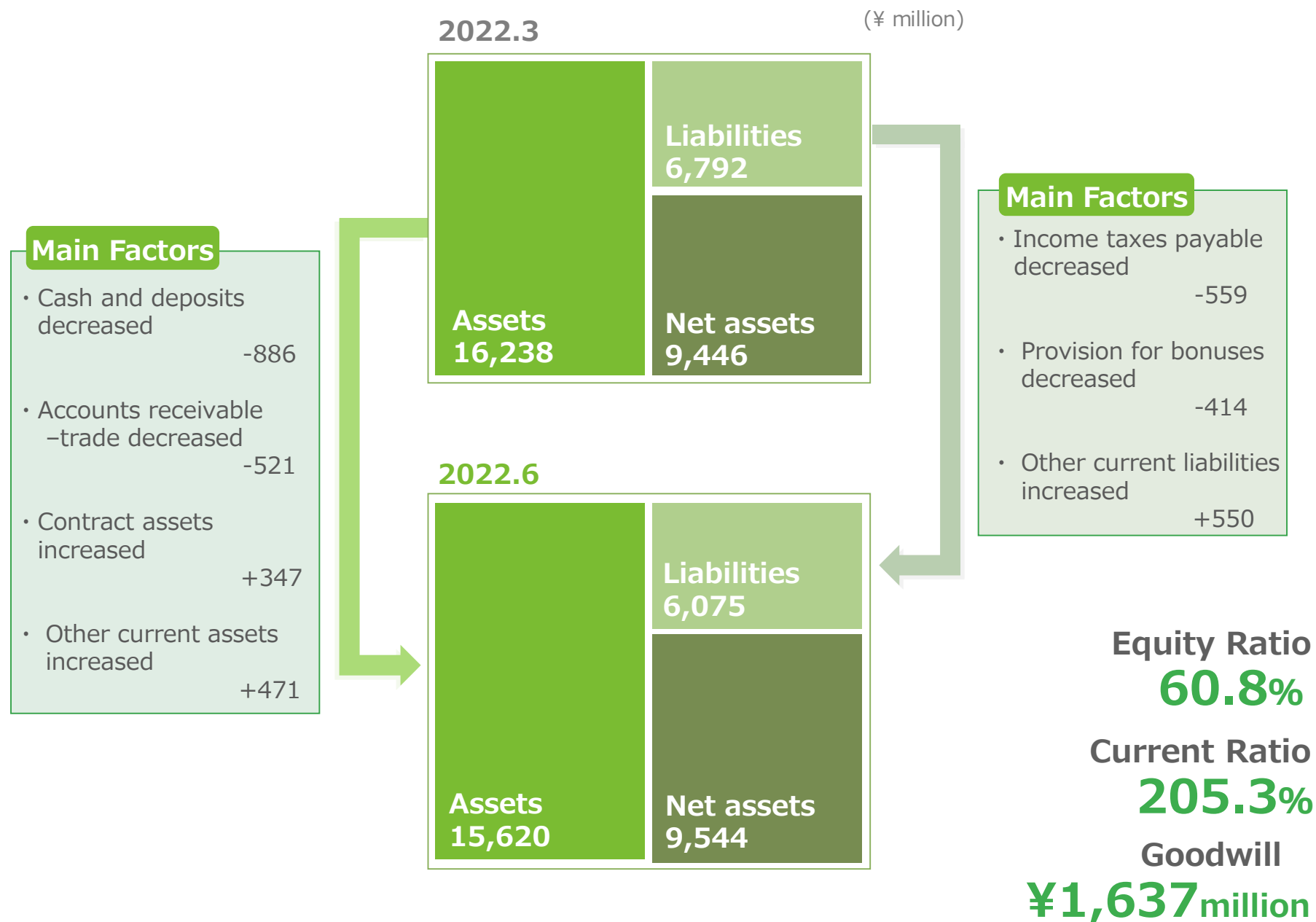
	2021.6	2022.6		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Gross Profit	1,509	1,688	+178	<b>• Main changes in Gross Profit</b> -Increase in net sales +730 -Increase in cost of sales +551 • Labor cost +37 • Subcontract expenses +468 • Manufacturing expenses +6 • Purchases +21
SG&A Expenses	1,217	1,058	-159	
				<b>• Main changes in SG&amp;A Expenses</b> <b>-Decrease in personal cost -181</b> -Decrease in personnel cost in tandem with Group reorganization -Reassignment of personnel from SG&A divisions to business divisions -Rebound from employee-benefit expenses (anniversary) appropriated in subsidiary in the previous fiscal year, etc. <b>-Increase in other expenses +22</b> • Increase in travel, transportation expenses +18
Operating Income	292	630	+337	

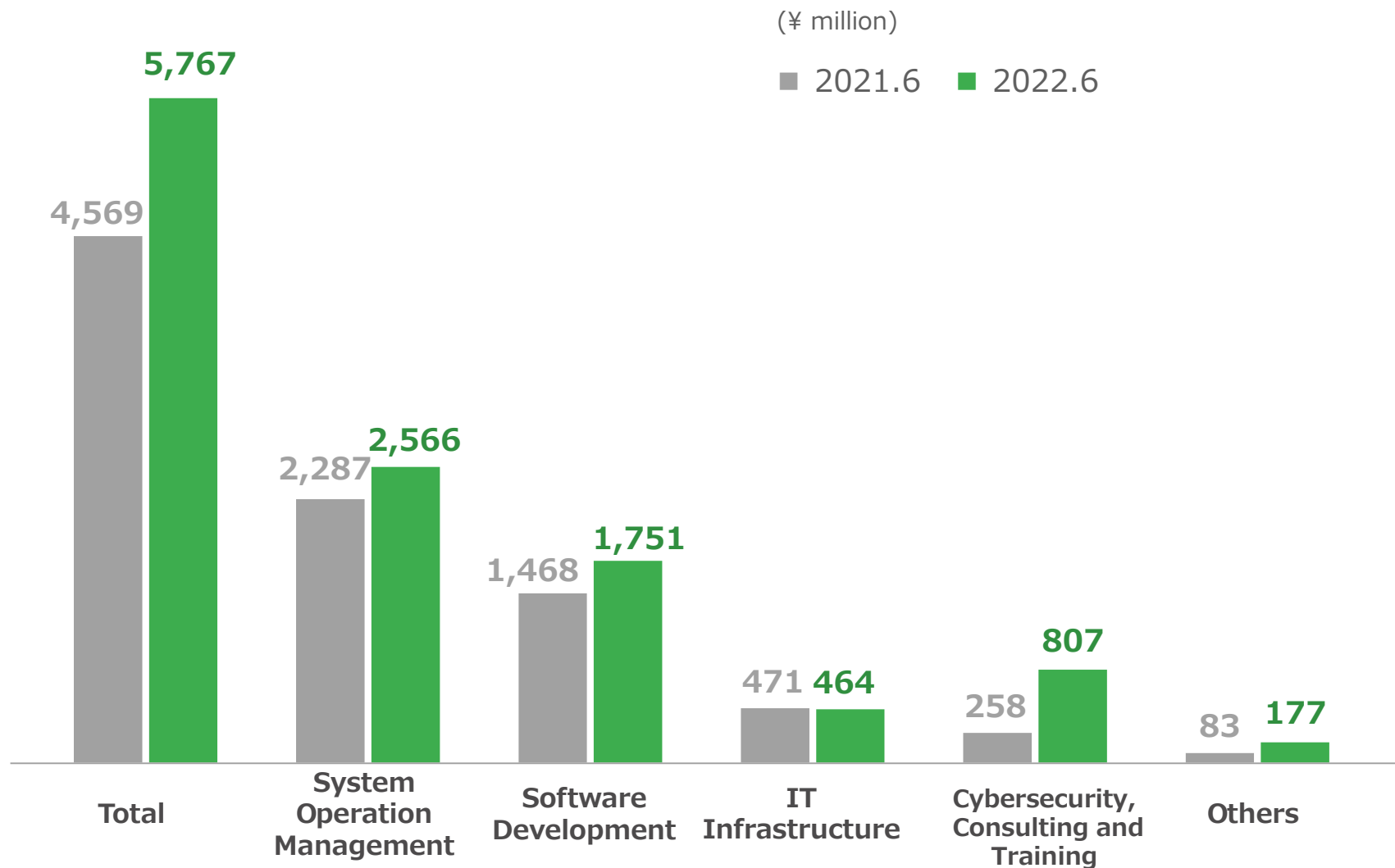
Change or Die!

# Net Income Attributable to Owners of Parent Analysis (YoY)

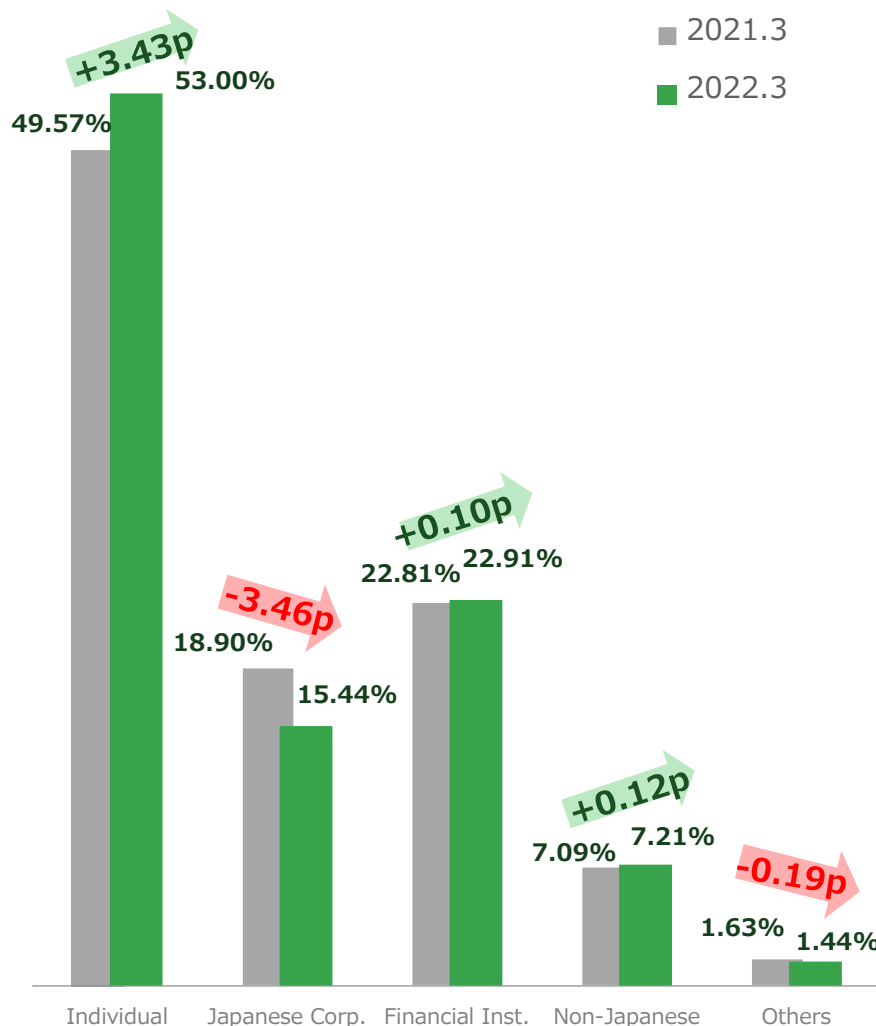
Change or Die!

	2021.6	2022.6		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Ordinary Income	318	668	+349	<b>• Main changes in Ordinary Income</b> -Increase in operating income +337 -Decrease in non-operating income -5 -Decrease in non-operating expenses -17
Extraordinary Income	1	0	-1	<b>• Main change in Extraordinary Income</b> -Decrease in reaction to gain on sales of non-current assets recorded in the previous fiscal year -1
Extraordinary Losses	12	1	-11	<b>• Main changes in Extraordinary Losses</b> -Decrease in reaction to office relocation expenses at the subsidiaries in the previous fiscal year -12 -Loss on retirement of non-current assets +1
Total Income Taxes	163	293	+129	
<b>Net Income attributable to owners of parent</b>	<b>142</b>	<b>372</b>	<b>+230</b>	





## Shareholding by investor type



## Major shareholders

- ✓ No. of shareholders: 5,983  
(+ 710 since March 31, 2021)
- ✓ **No. of shareholders with voting rights: 5,067**  
(+ 499 since March 31, 2021)
- ✓ Treasury stocks (1,111 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)	10.16%
2	A.K. Corporation	9.23%
3	ID Employee Ownership Account	6.60%
4	PERSHING-DIV. OF DLJ SECS. CORP.	4.60%
5	Custody Bank of Japan, Ltd. (Trust Account)	4.47%
6	Mizuho Trust & Banking Co., Ltd.	3.74%
7	TDC SOFT Inc.	2.51%
8	Custody Bank of Japan, Ltd. (Trust Account E)	2.15%
9	Akemi Funakoshi	1.75%
10	Kaori Marubayashi	1.58%

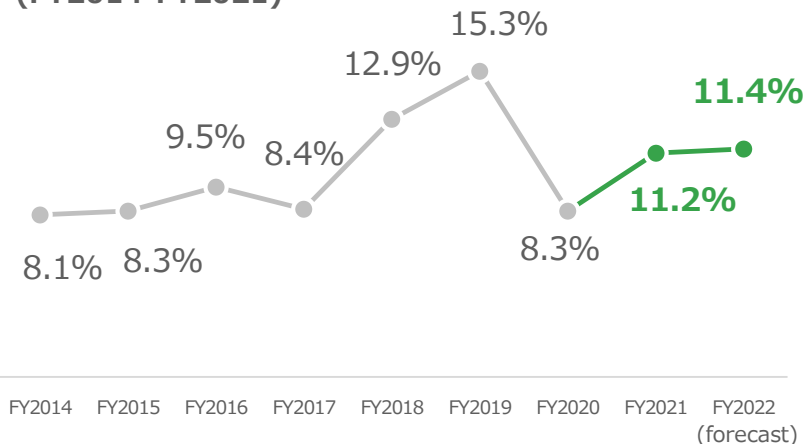
## Measures to improve capital efficiency

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

- 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 (M&A, personnel training, etc.)

## Trend in ROE

Average : Approx. **10.3%**  
(FY2014-FY2021)

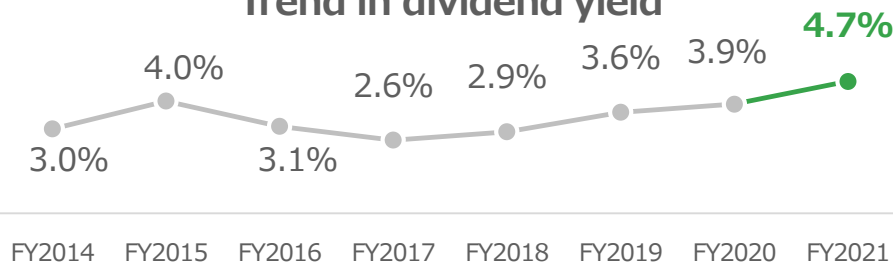


## Enhancement of return to shareholders

Fiscal year ending March 31, 2023

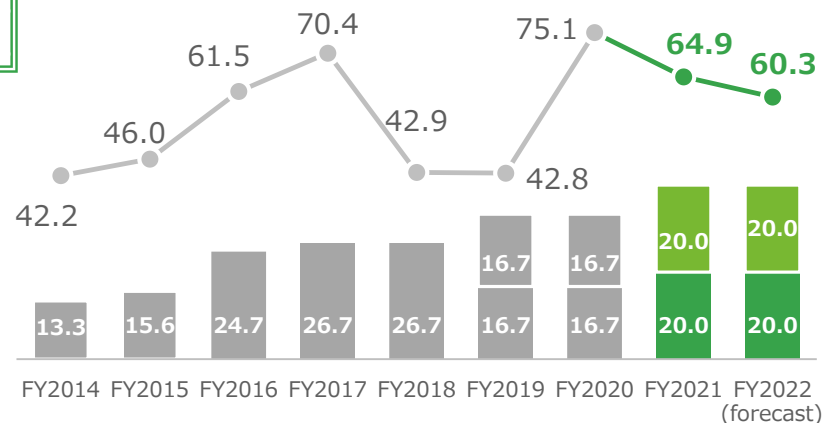
An interim dividend of ¥20 per share and a year-end dividend of ¥20 per share are planned

## Trend in dividend yield



## Trend in dividend per share and dividend payout ratio

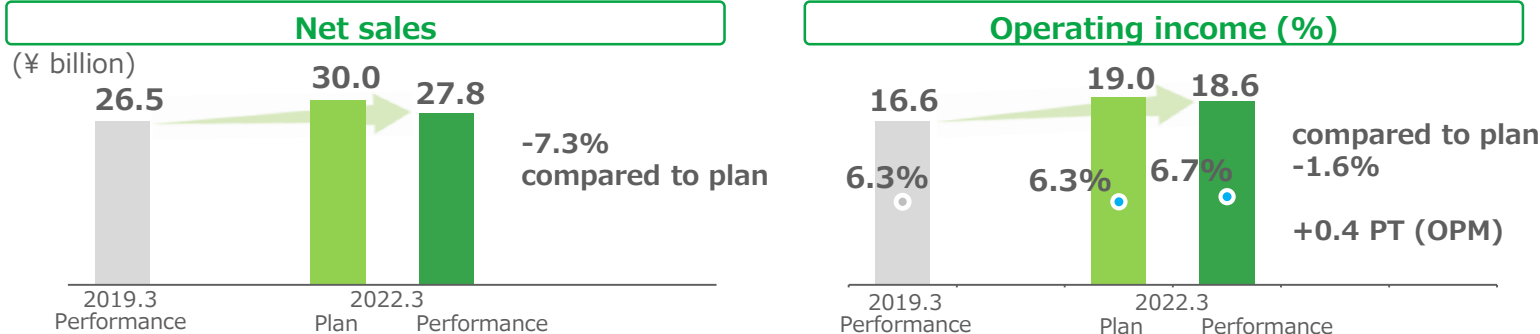
Dividend increase : **5** times, Stock split : **Twice**  
(FY2014-FY2021)



**1****Performance Overview for Q1****2****New Mid-Term Management Plan  
Next 50 Episode II: Ride on Time**

- Although the sales goal was not achieved, the goal of operating income margin was.
- By promoting various initiatives, a business foundation anticipating future growth was established.

## Performance achievement conditions



Confirmation of challenges

Strengthening on DX services, reviewing sales frameworks, further increasing productivity and reducing selling, general, and administrative expenses.

### Development of an Upgraded Business Model based of DX

**DX net sales**  
**¥12.6 billion**  
 (20.7% increase over plan)

**DX licenses acquired**  
**1,392**  
 (19.5% increase over plan)

Confirmation of challenges

Training intermediate and advanced DX technicians as well as corporate proposal staff

### Development of a Future-oriented Corporate Culture



Relocation of a portion of head office operations to the Sanin region



Introduction of a personnel management system

Confirmation of challenges

Making Administration Department's operations more efficient and advanced

### Promotion of ESG



Certified three years in a row



3-star evaluation



3.5-star evaluation



ISO14001 certification acquired<sup>1</sup>

Confirmation of challenges

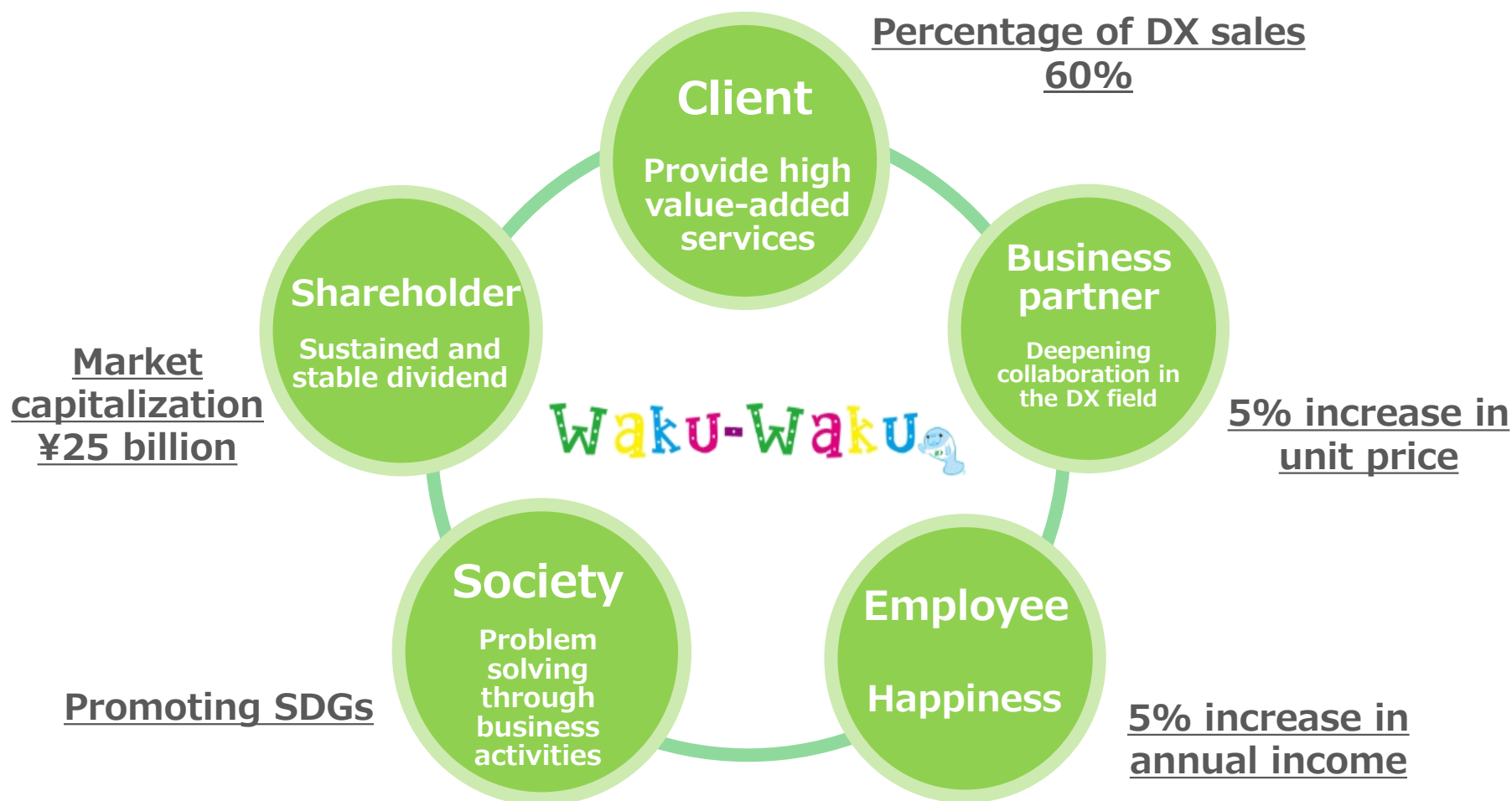
Further expansion of activity content

1: Registration number: JQA-EM7740



- 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	¥27.8B	▶	¥32.0B	▶	¥40.0B
Operating income	¥1.86B (6.7%)	▶	¥2.55B (8.0%)	▶	¥3.20B (8.0%)

※Considering M&A implementation



- 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



I . IT Service Strategy

II . Human Resource Strategy

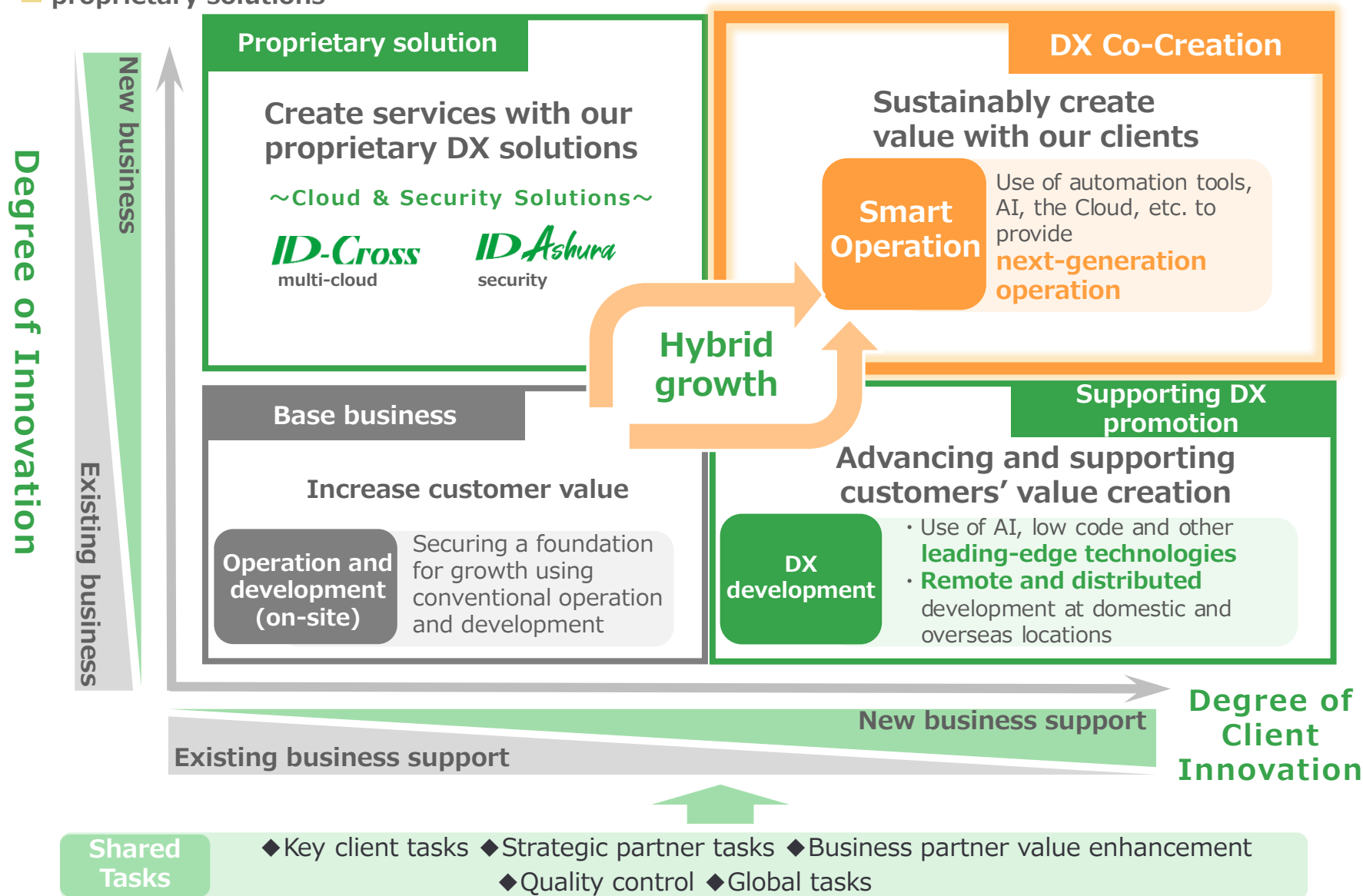


III . New Normal Strategy

IV . SDGs Strategy



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



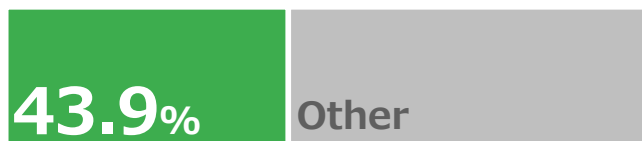
※ Source: "2021 White paper of information service industry" p.6  
"DX Business Portfolio" partially revised

### What is system operation management?

We support society's vital infrastructure with **all-day, year-round operation and monitoring of customer systems**. For competitors, this is a field with **high barriers to entry**.

- 1 System operation management constitutes over **40%** of Group operations, supporting business results as a **"stock business."**

FY2021 consolidated net sales: ¥27,805 million



**System operation management**

Future orientation

### Smart operation

Aiming for high value-added



Security



Platform development

Aiming to raise smart operation to a **75%** share of the system operation management

- 2 One of Japan's largest associations of system operation engineers  
 ▶ **Over 50 years' experience**, including with major financial clients



Number of engineers

Approx. **1,000**※

(+ approx. 1,000 business partners)



No. qualifications earned in operation and IT infrastructure

Approx. **700**※

Future orientation

Focus on development of intermediate and upper-level engineers

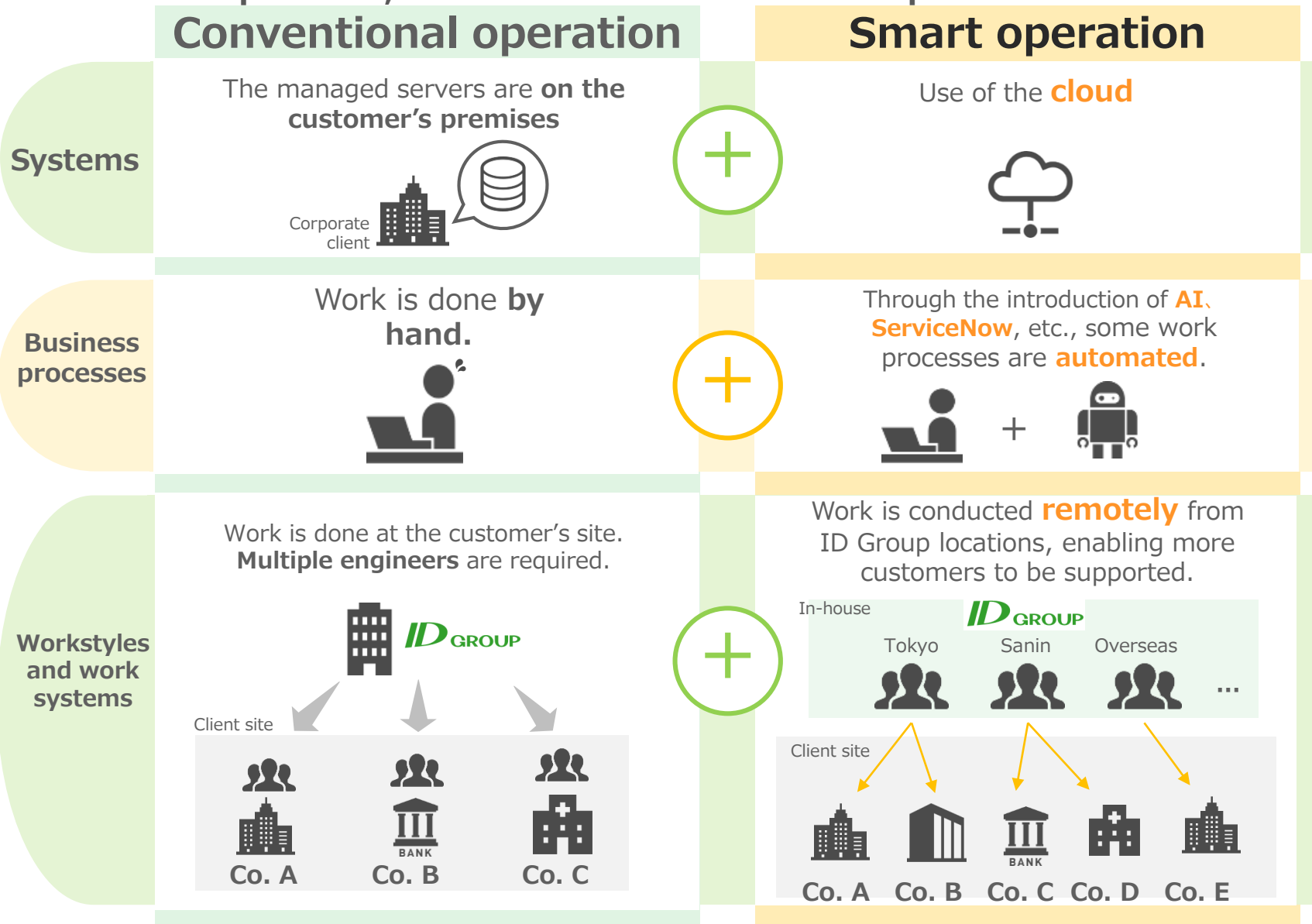
Strengthening of acquisition of intermediate and upper-level qualifications

**+470** qualifications/ 3 years

Target qualifications:  
ServiceNow, OpenShift, AWS, Azure, etc.

※As of March 31, 2022

- Focus on **Smart operation** using cloud, automation tools and remote operation, in addition to conventional operation



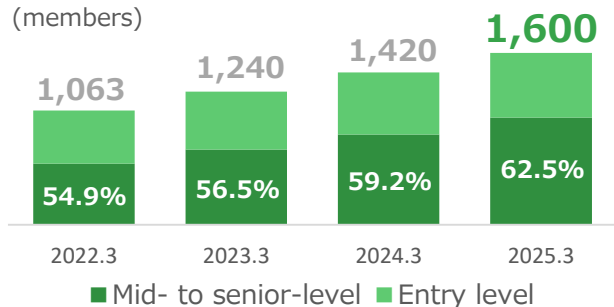
## Strengthen training of mid- to senior-level DX engineers and project personnel

### Training Strategy

#### ◆ DX Engineer

Mid- to senior-level personnel to design/build cloud, AI, etc.

(members)



#### ◆ Priority Policy



Continuous training of the next-generation at every level (Reskilling)



Fostering the engineers for Web 3.0 (Metaverse, NFT※)

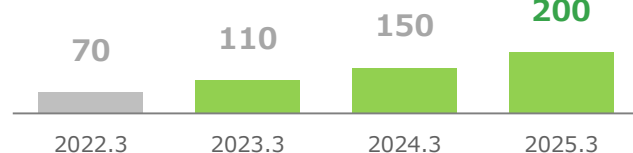
※Non-Fungible Token

etc.

#### ◆ Personnel for Proposing & Planning

Personnel capable of proposing solutions based on new ideas

(members)



#### ◆ Training Budget



**¥600 million/3 years**

Reference : FY2021 result ¥180 million

## Expand DX Service

- 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

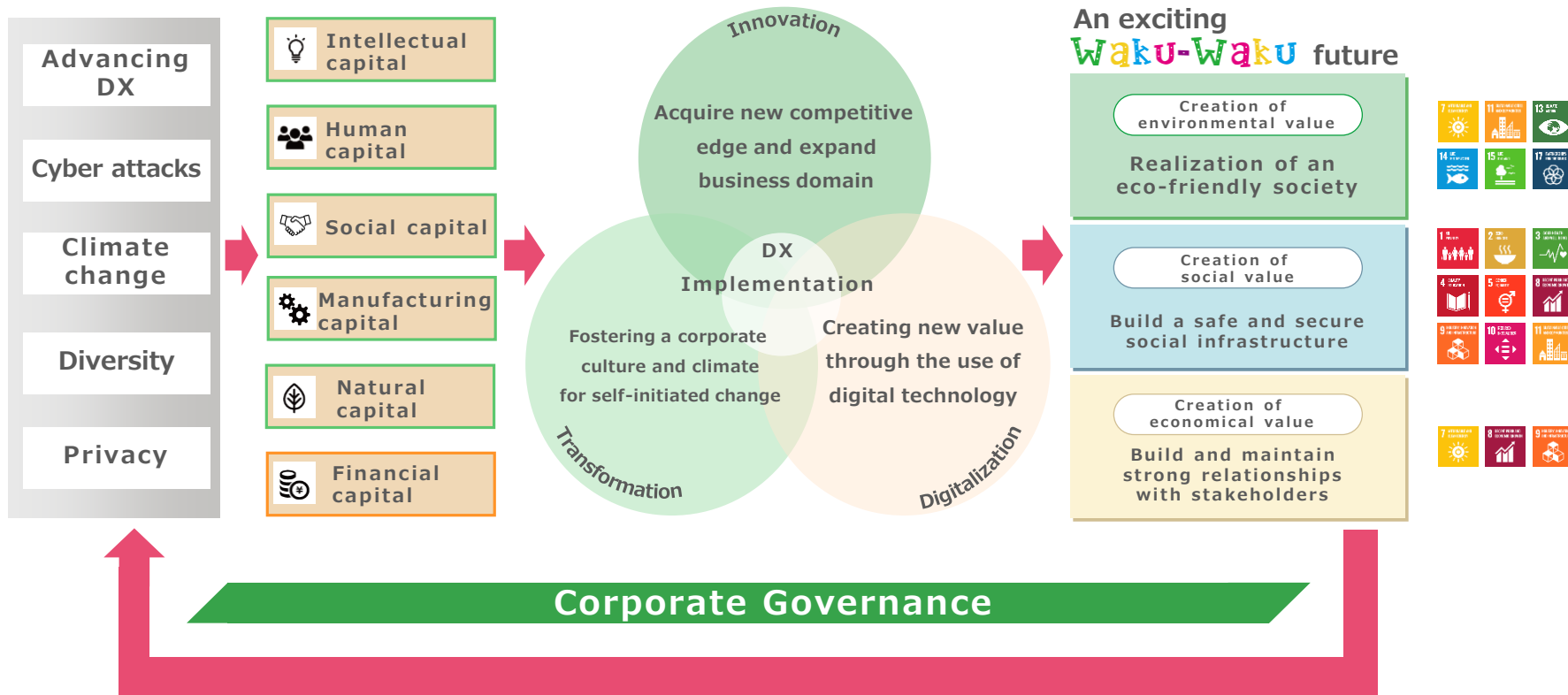
Improvement in SG&A ratio **17.3%※** → **13.9%**  
SG&A Department **190 members** → **140 members**

※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



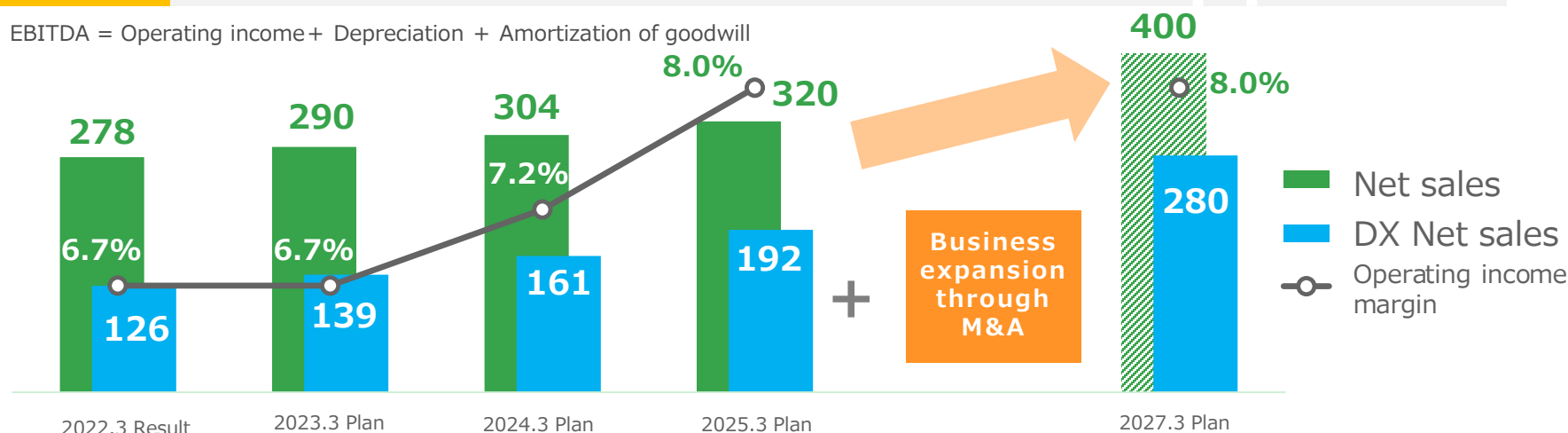
# Key Numerical Targets for the New Mid-Term Management Plan

(Numerical targets 5-years later)

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

※ Taking M&A into account

※ EBITDA = Operating income + Depreciation + Amortization of goodwill



# (Reference) KPIs of the New Mid-Term Management Plan

Change or Die!

	KPI	2022.3 Result	2023.3 Plan	2024.3 Plan	2025.3 Plan
IT Service Strategy	DX Net sales	¥12.6B	¥13.9B	¥16.1B	¥19.2B
	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

# Forecast of Consolidated Financial Results for FY2022 (YoY)

	2022.3		2023.3			
(¥ million)	Results	(% of net sales)	Plan	(% of net sales)	Diff.	YoY
Net sales	27,805	-	29,000	-	+1,194	+4.3%
EBITDA	2,491	9.0%	2,580	8.9%	+88	+3.5%
Operating income	1,869	6.7%	1,950	6.7%	+81	+4.3%
Ordinary income	1,922	6.9%	2,000	6.9%	+77	+4.0%
Net income attributable to owners of parent	1,046	3.8%	1,100	3.8%	+54	+5.1%
Earnings per Share(EPS)(¥)	61.61	-	66.31	-	+4.70	-
EPS before Amortization of Goodwill(¥)	87.78	-	93.10	-	+5.32	-
Cash flows from operating activities	1,842	-	1,816	-	-26	-

Change or Die!

## Disclaimer

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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.

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