

ID Holdings

ID Holdings Corporation
April 1, 2022 – December 31, 2022

President and Representative Director
Masaki Funakoshi

TSE Prime Market
Code

4709



※ Our website can be
accessed from the
QR Code.



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Performance Overview for Q3

2

ID Group's Focused Businesses

3

New Mid-Term Management Plan

Net Sales

¥23,023 million (+12.9% YoY) 

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

Operating Income

¥1,855 million (+51.4% YoY) 

- ⊕ High-margin DX-related business expanded
- ⊕ Rising sales drove up earnings

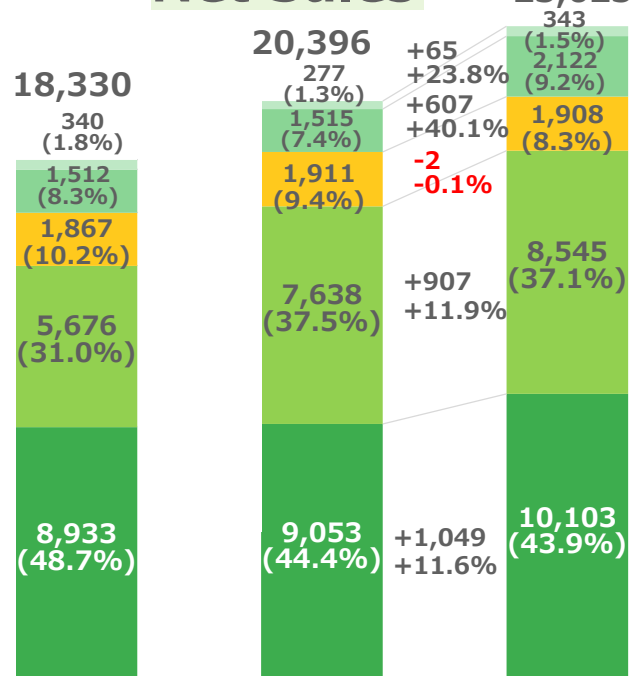
(¥ million)	2021.12		2022.12			
	Results	(% of net sales)	Results	(% of net sales)	Diff.	YoY
Net sales	20,396	-	23,023	-	2,627	+12.9%
Cost of sales	15,529	76.1%	17,934	77.9%	2,404	+15.5%
Gross profit	4,866	23.9%	5,088	22.1%	222	+4.6%
SG&A expenses	3,640	17.8%	3,232	14.0%	-407	-11.2%
EBITDA ¹	1,692	8.3%	2,309	10.0%	617	+36.5%
Operating income	1,225	6.0%	1,855	8.1%	630	+51.4%
Ordinary income	1,269	6.2%	1,934	8.4%	665	+52.4%
Net income attributable to owners of parent	649	3.2%	1,119	4.9%	470	+72.3%
Earnings per Share (EPS) (¥)	37.97	-	67.50	-	29.53	-
EPS before Amortization of Goodwill (¥) ²	57.44	-	87.59	-	30.15	-

Note:

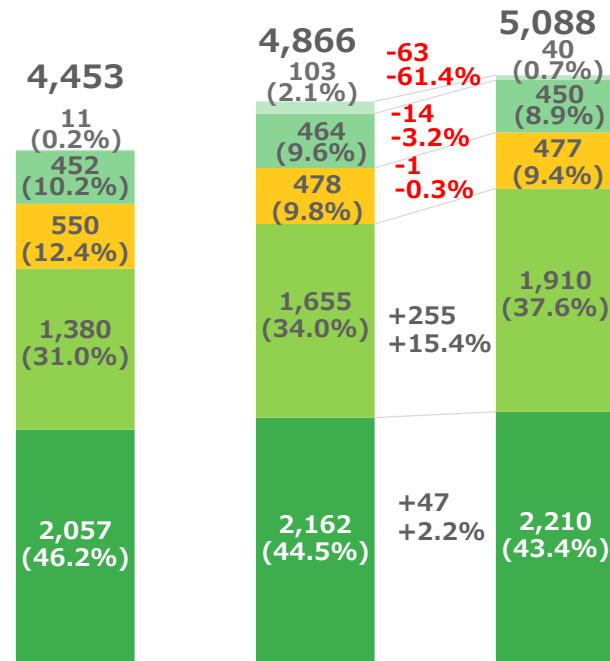
1. EBITDA = Operating income + depreciation + amortization of goodwill

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

Net Sales



Gross Profit



Net Sales by Services

- **System Operation Management**
 - ⊕ Reinforced sales efforts toward major IT vendors led to expansion in transactions, while orders received from existing financial-related customers increased
- **Software Development**
 - ⊕ Rising orders from major IT vendors, existing financial-related and public-sector-related customers
 - ⊕ Reopening of major projects previously postponed by existing customers related to the transportation field
- **IT Infrastructure**
 - ⊖ Some projects with existing customers related to information & communication and the public sector were concluded
 - ⊕ Expanded transactions with existing financial-related customers
- **Cybersecurity, Consulting and Training**
 - ⊕ Growing order acceptance and swelling product sales 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).

Net Sales of DX-related Business

DX-related business

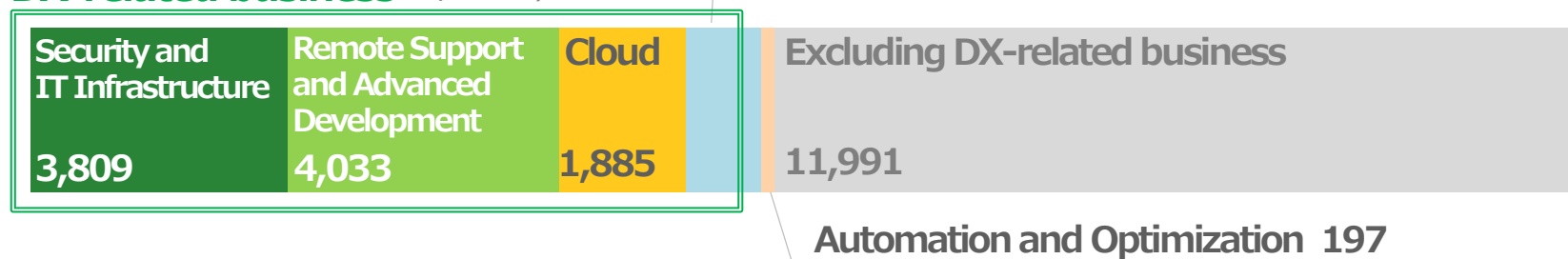
Promoting customer's DX by combining existing IT services with cutting-edge technologies such as cloud, AI and IoT.





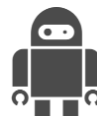
DX-related sales: **¥11,032** million About **47.9** % of consolidated sales

DX-related gross profit: **¥2,382** million (gross profit margin: **21.6**%)

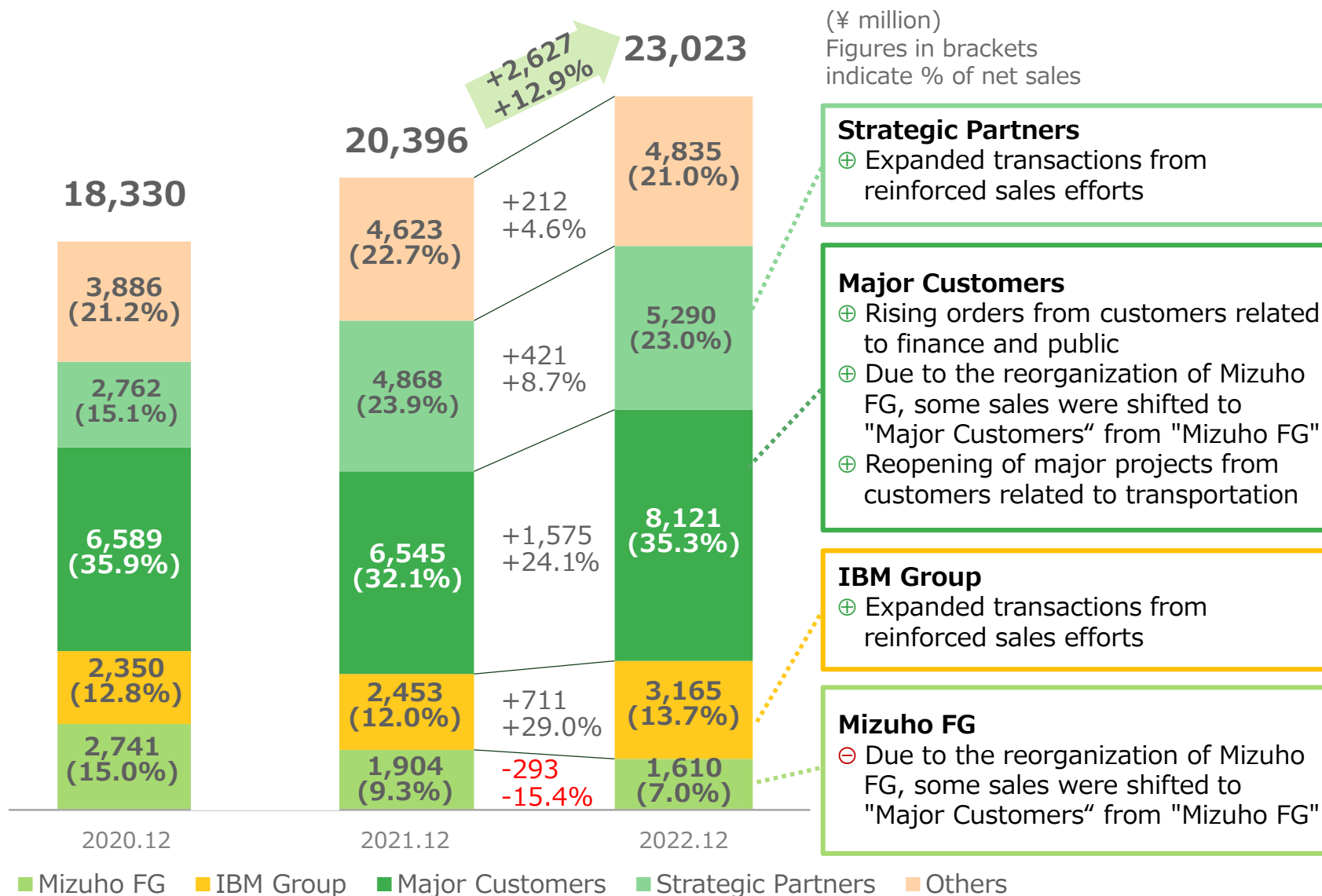
(Reference) Q3 of FY2021: ¥8,916million, about 43.7% of consolidated sales

DX-related business (¥ million)



Security and IT Infrastructure	Remote Support and Advanced Development	Cloud	Consulting and Training	Automation and Optimization
				

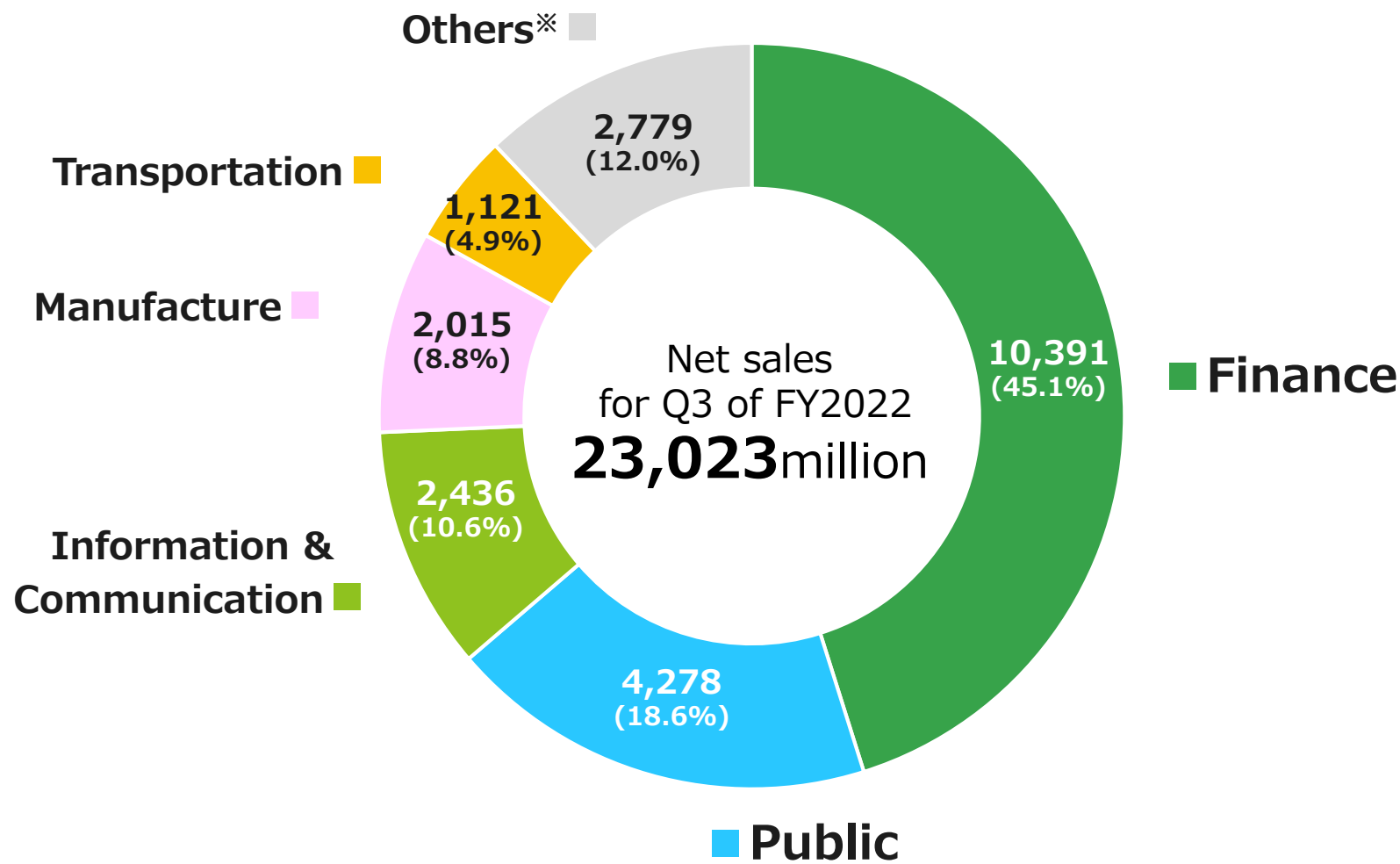
Net Sales by Strategic Alliances



Note:

- From FY2022, the breakdown of the category "**Major Customers**" has changed. The figures of FY2020 and FY2021 have been adjusted based on changes.
- From the beginning of FY2021, the Group has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29) of the Japanese generally accepted accounting principles (J-GAAP).

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



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

Operating Income Analysis (YoY)

Change or Die!

	2021.12	2022.12		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Gross Profit	4,866	5,088	+222	• Main changes in Gross Profit -Increase in net sales +2,627 -Increase in cost of sales +2,404 -Labor cost +484 -Subcontract expenses +1,415 -Manufacturing expenses +87 -Purchases +405
SG&A Expenses	3,640	3,232	-407	
Operating Income	1,225	1,855	+630	• Main changes in SG&A Expenses -Decrease in personnel cost -411 -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. -Increase in other expenses +4

Net Income Attributable to Owners of Parent Analysis (YoY)

Change or Die!

	2021.12	2022.12		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Ordinary Income	1,269	1,934	+665	• Main changes in Ordinary Income -Increase in operating income +630 -Increase in non-operating income +11 -Decrease in non-operating expenses -23
Extraordinary Income	5	0	-5	• Main change in Extraordinary Income -Decrease in reaction to gain on reversal of subscription rights to shares in the previous fiscal year -4
Extraordinary Losses	16	13	-3	• Main changes in Extraordinary Losses -Decrease in reaction to office relocation expenses at the subsidiaries in the previous fiscal year -15 -Loss on retirement of non-current assets +13
Total Income Taxes	608	800	+192	
Net Income attributable to owners of parent	649	1,119	+470	

2022.3

(¥ million)

Assets 16,238	Liabilities 6,792
	Net assets 9,446

Main Factors

- Contract assets increased +1,138
- Cash and deposits decreased -698
- Amortization of goodwill reduced assets -333

2022.12

Assets 16,328	Liabilities 6,197
	Net assets 10,131

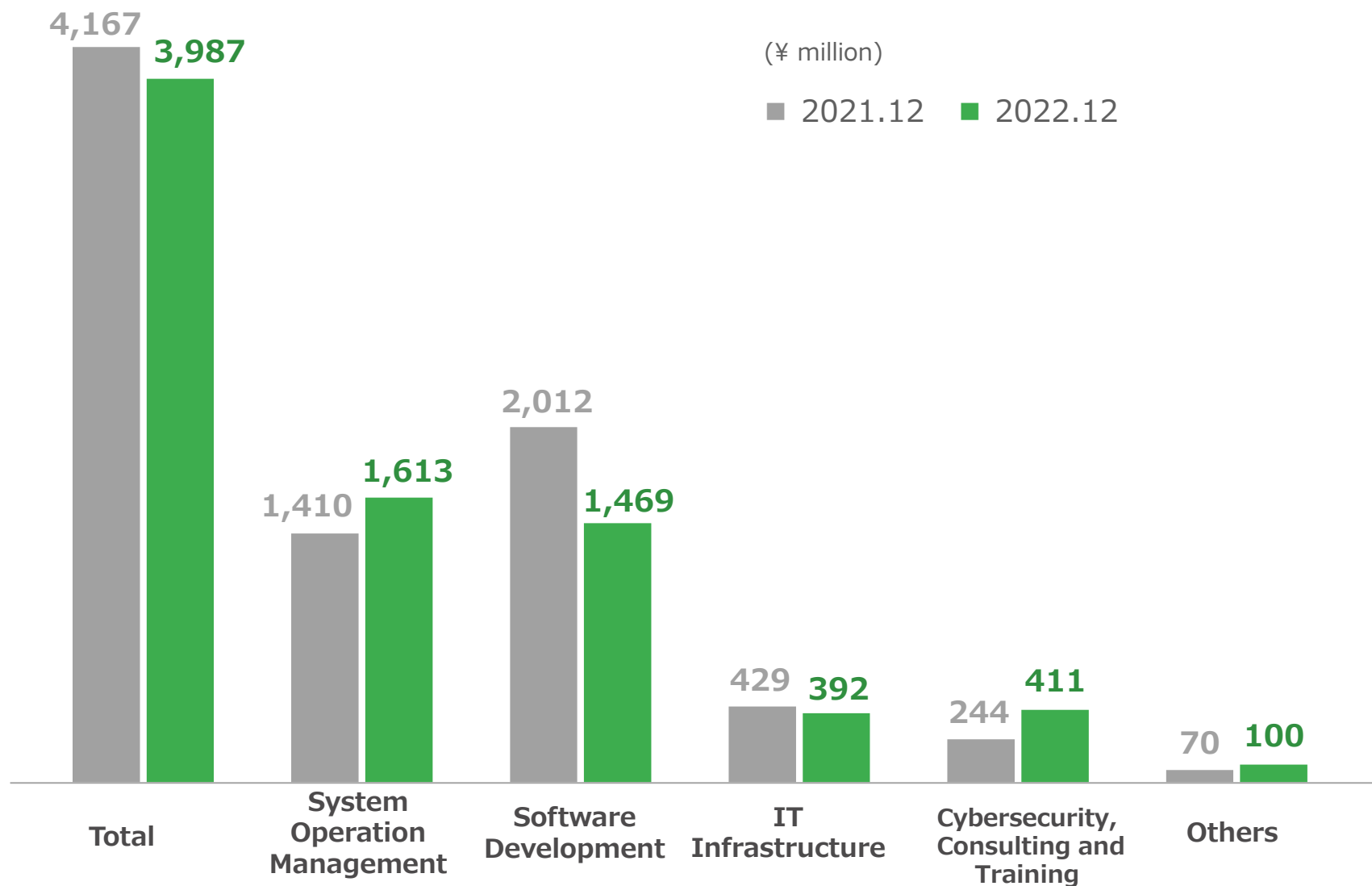
Main Factors

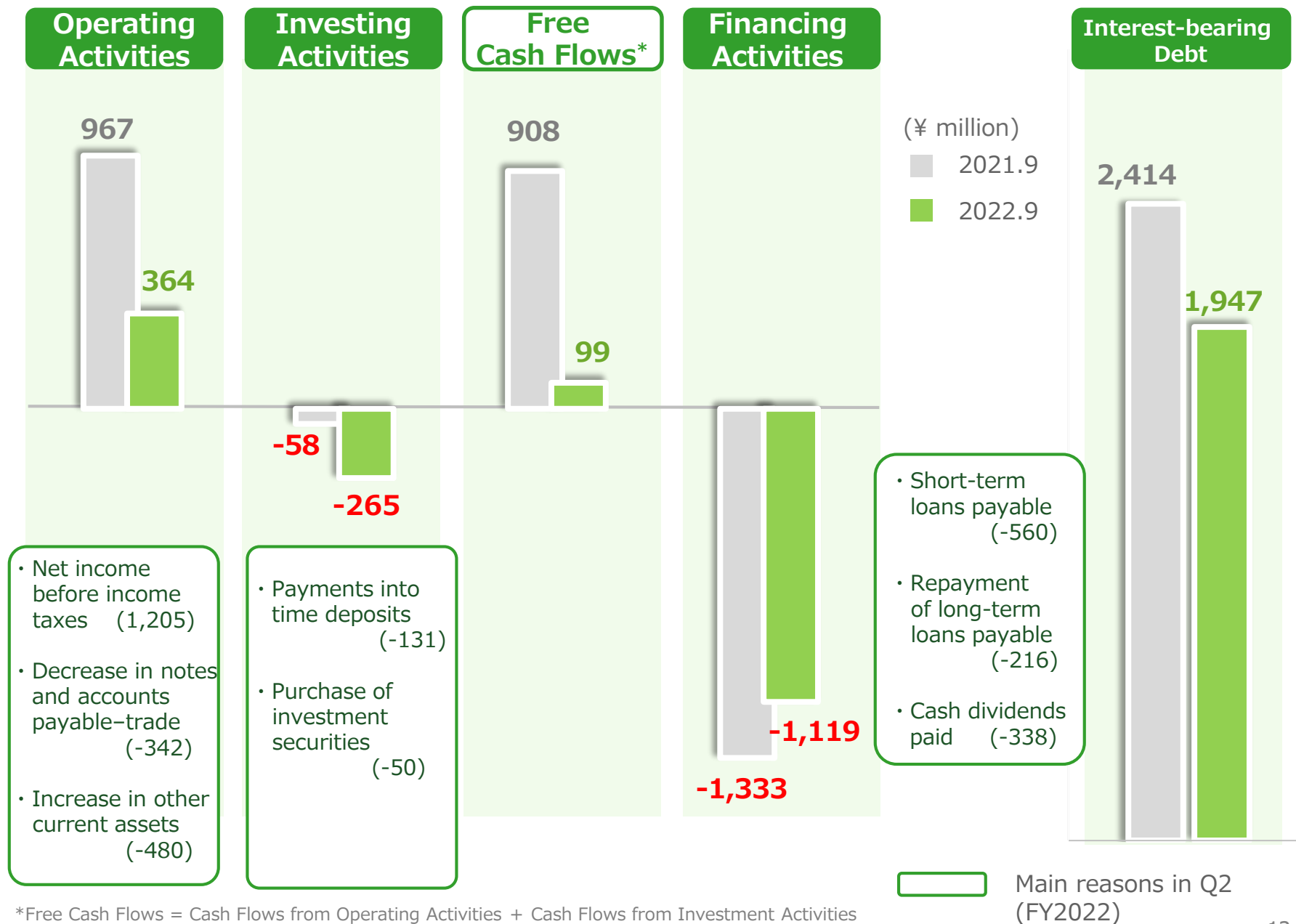
- Income taxes payable decreased -459
- long-term loans payable decreased -325
- Accounts payable-trade increased +148

Equity Ratio
61.7%

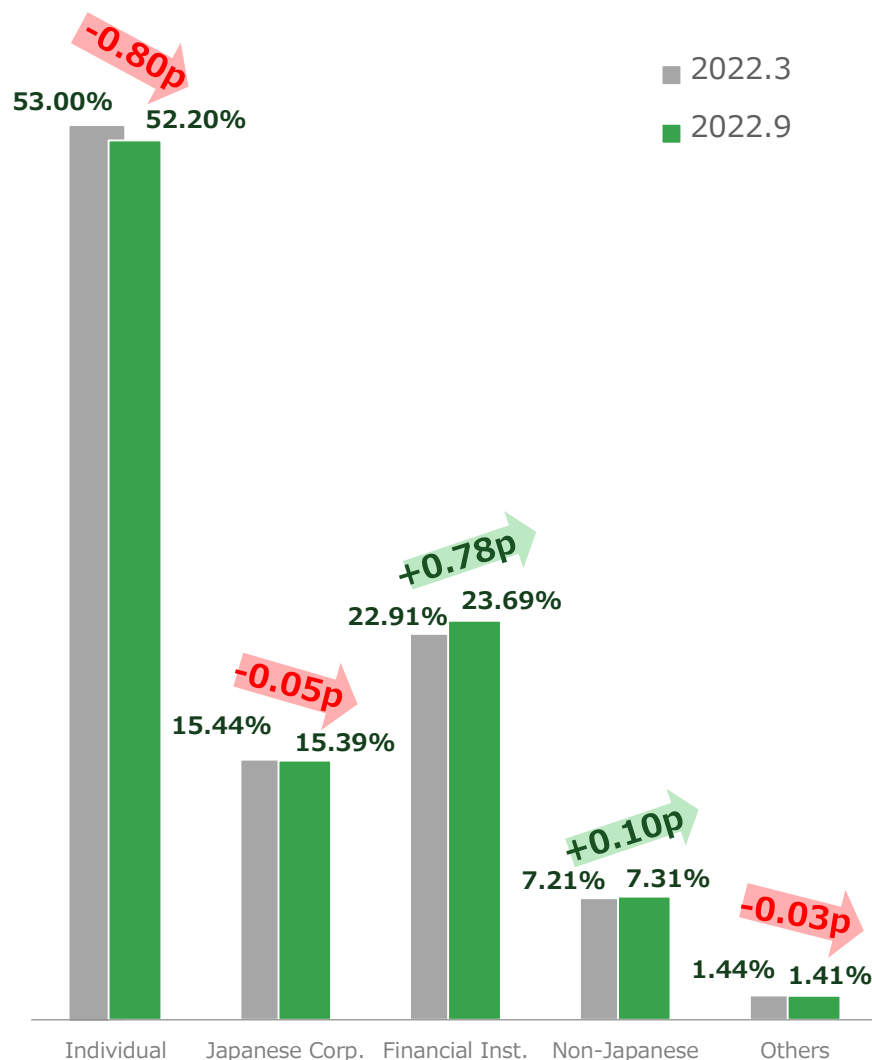
Current Ratio
209.5%

Goodwill
¥1,415million





Shareholding by investor type



Major shareholders

- ✓ No. of shareholders: 6,123
(+ 140 since March 31, 2022)
- ✓ **No. of shareholders with voting rights: 5,120**
(+ 53 since March 31, 2022)
- ✓ Treasury stocks (1,017 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)	10.74%
2	A.K. Corporation	9.18%
3	ID Employee Ownership Account	6.81%
4	PERSHING-DIV. OF DLJ SECS. CORP.	4.40%
5	Custody Bank of Japan, Ltd. (Trust Account)	4.33%
6	Mizuho Trust & Banking Co., Ltd.	3.72%
7	Custody Bank of Japan, Ltd. (Trust Account E)	2.68%
8	TDC SOFT Inc.	2.49%
9	Akemi Funakoshi	1.74%
10	Kaori Marubayashi	1.58%

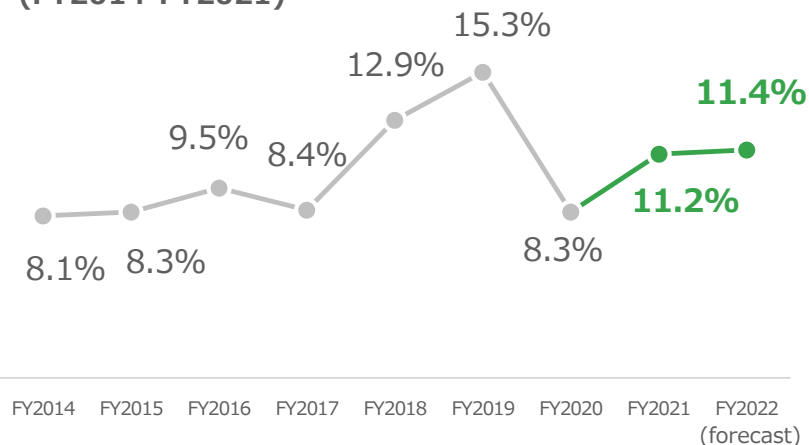
Measures to improve capital efficiency

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

- 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)

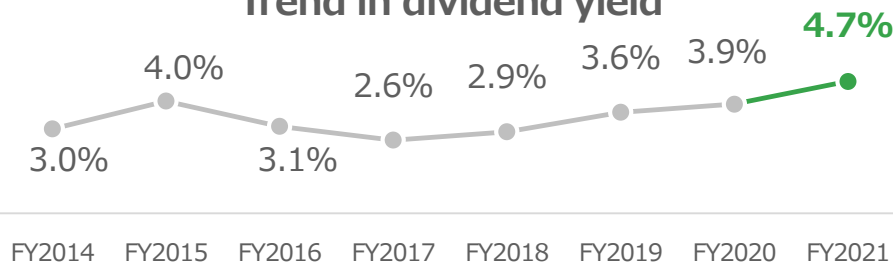


Enhancement of return to shareholders

Fiscal year ending March 31, 2023

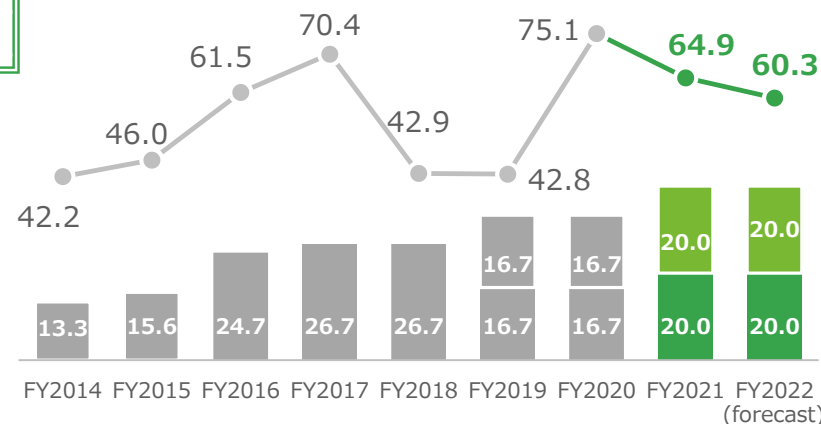
- ◆ Interim dividend of ¥20 per share
- ◆ Year-end dividend of ¥20 per share (plan)

Trend in dividend yield



Trend in dividend per share and dividend payout ratio

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



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New Mid-Term Management Plan

Change or Die!

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► It is a **stock business** that secures reliable revenues.

43.9%

System operation management

2

FY2021
consolidated net sales

A donut chart with a green segment labeled '60.8%' and a grey segment. A bracket on the right side of the chart groups both segments together.

Platform

Future orientation

75.0%

etc.



Cybersecurity

 Platform

- In addition to conventional operations, the ID Group is focusing on SaaS-type **Smart operation** service.

Conventional operation

Smart operation

Systems

The managed servers are **on the customer's premises**



Use of the **cloud**



Business processes

Work is done **by hand**.

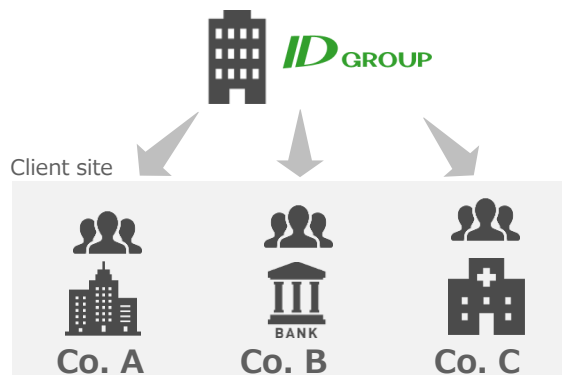


Through the introduction of **AI**, **ServiceNow**, etc., some work processes are **automated**.

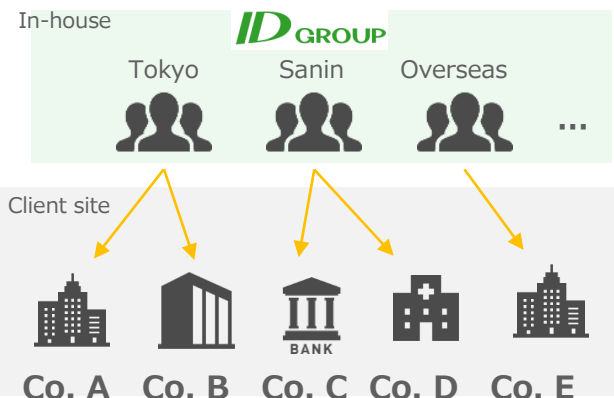


Workstyles and work systems

Work is done at the customer's site. **Multiple engineers** are required.

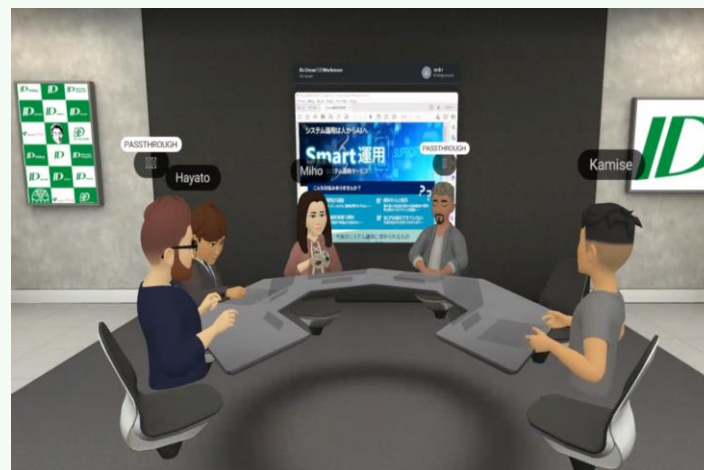


Work is conducted **remotely** from ID Group locations, enabling more customers to be supported.



- The ID Group is testing the management of business tasks within a virtual space, with a view to launching a virtual operation center.

ID Virtual Reality Operation Center (VROP)



Achievement of operational services **freed from the constraints of time and place**
(Creating new value through the fusion of the real and virtual worlds)

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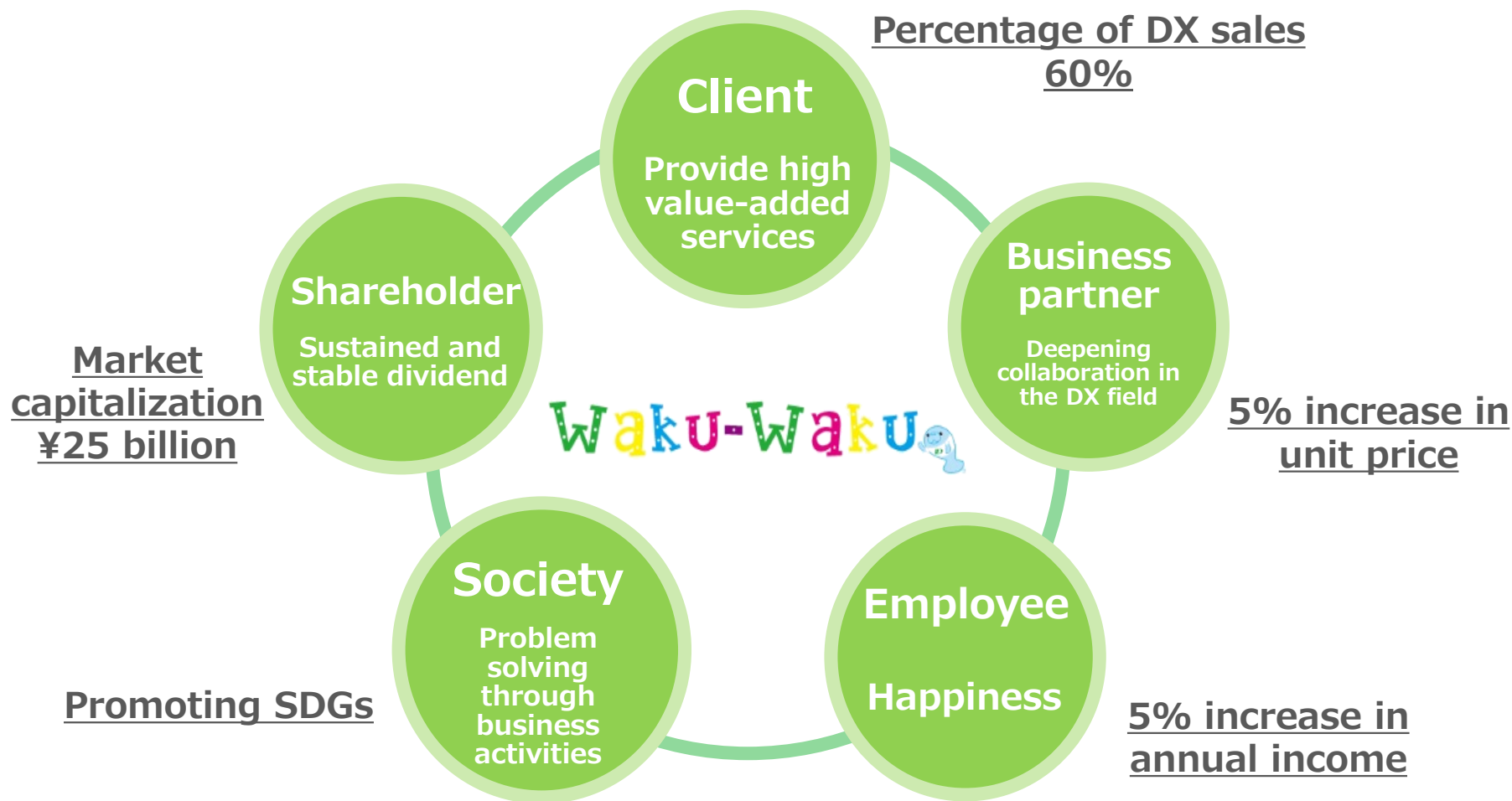
ID Group's Focused Businesses

3

New Mid-Term Management Plan

■ 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



Change or Die!



The ID Group strives to address a wide range of social issues through its business activities. Here we highlight a few representative examples.

Key issues

DX and threats of cyberattacks



Diversity



Climate change and decarbonization



Business activities

Provision of DX solution services

ID-Cross

ID Ashura



Hiring and empowerment of women and global personnel



Reduction of greenhouse-gas emissions
Use of renewable energy



SUSTAINABLE DEVELOPMENT GOALS

Support for cultural, fine-art and other activities contributing to society



Employment of handicapped persons in plant cultivation



Support for activities of fine artists

External evaluation

NIKKEI Smart Work

★★★★ 2023

"A++" in personnel empowerment

NIKKEI SDGs

結果評価 2022 ★★★★★

"S" in social value

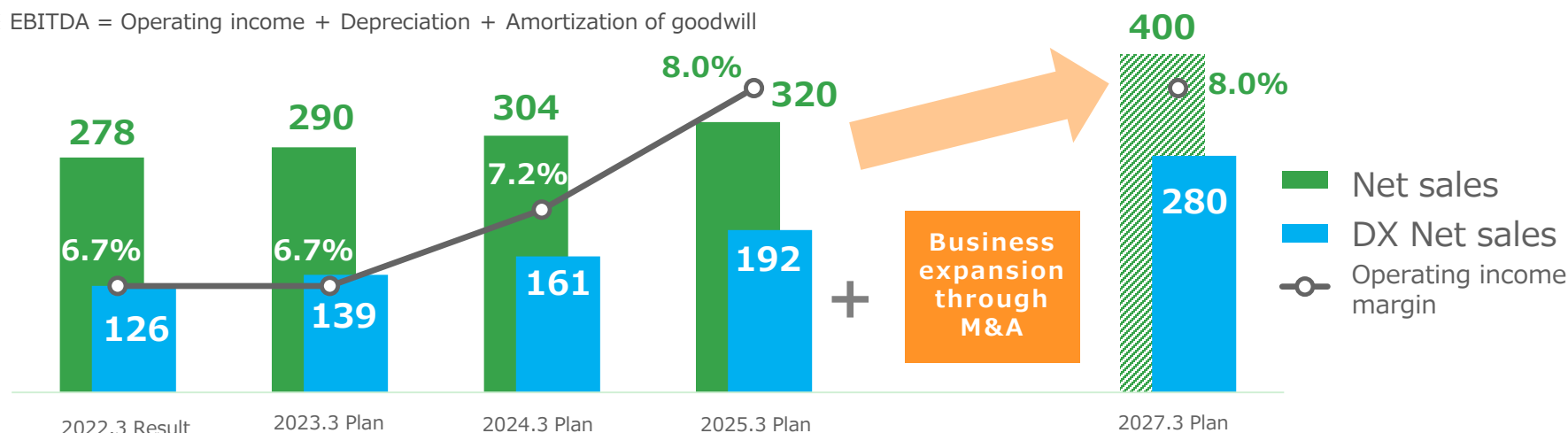
Key Numerical Targets for the New Mid-Term Management Plan

(Numerical targets 5-years later)

	2022.3 (Result)	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 (Announced on April 28, 2022)			
(¥ 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	-	66.30	-	+4.69	-
EPS before Amortization of Goodwill(¥)	87.78	-	93.09	-	+5.31	-
Cash flows from operating activities	1,842	-	1,816	-	-26	-

Change or Die!

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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.

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