

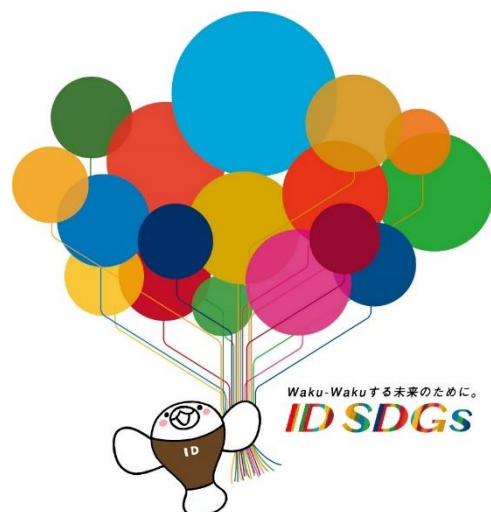
ID Holdings

ID Holdings Corporation
April 1, 2022 – March 31, 2023

President, Representative Director
Masaki Funakoshi

TSE Prime Market
Code

4709



* Our website can be accessed from the QR Code.



1

Performance Overview

2

**Mid-Term Management Plan
Next 50 Episode II: Ride on Time**

Record Net Sales and Operating Income

Net Sales

¥31,101 million (+11.9% YoY)



- ⊕ The Group expanded transactions by strengthening sales to major IT vendors
- ⊕ Expansion of core business
(System operation management, Software development)

Operating Income

¥2,424 million (+29.7% YoY)



- ⊕ High-margin DX-related business expanded
- ⊕ The Group streamlined the work of management divisions
- ⊖ Cost of sales rose amid returned to employees

Financial Results (Consolidated)

(¥ million)	2022.3		2023.3			
	Results	(% of net sales)	Results	(% of net sales)	Diff.	YoY
Net sales	27,805	-	31,101	-	3,295	+11.9%
Cost of sales	21,137	76.0%	24,298	78.1%	3,161	+15.0%
Gross profit	6,668	24.0%	6,802	21.9%	134	+2.0%
SG&A expenses	4,799	17.3%	4,377	14.1%	-421	-8.8%
EBITDA ¹	2,491	9.0%	3,033	9.8%	542	+21.8%
Operating income	1,869	6.7%	2,424	7.8%	555	+29.7%
Ordinary income	1,922	6.9%	2,504	8.1%	581	+30.3%
Net income attributable to owners of parent	1,046	3.8%	1,402	4.5%	356	+34.1%
Earnings per share (EPS) (¥)	61.61	-	84.54	-	22.93	-
EPS before amortization of goodwill ² (¥)	87.78	-	111.33	-	23.55	-

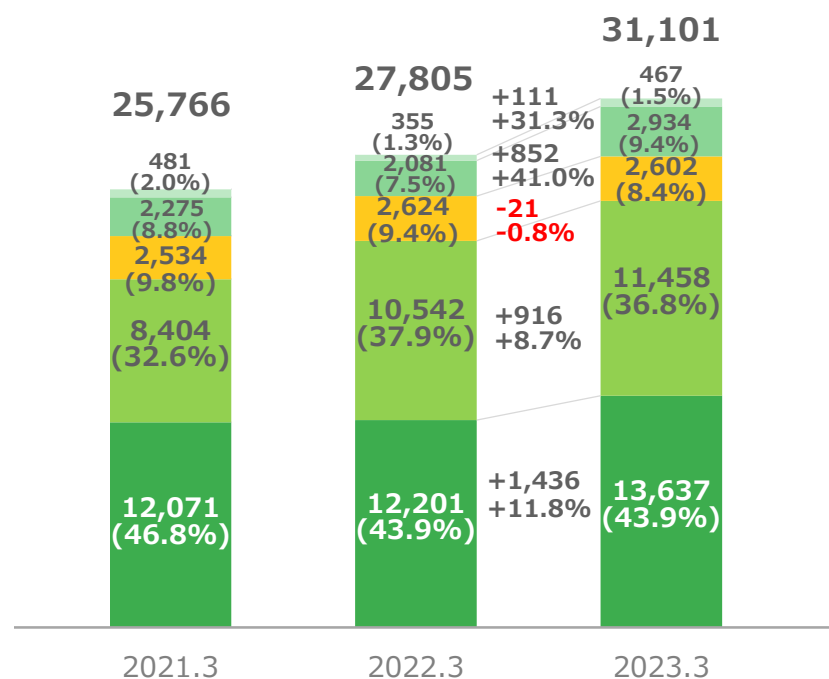
Note:

1. EBITDA = Operating income + Depreciation + Amortization of goodwill

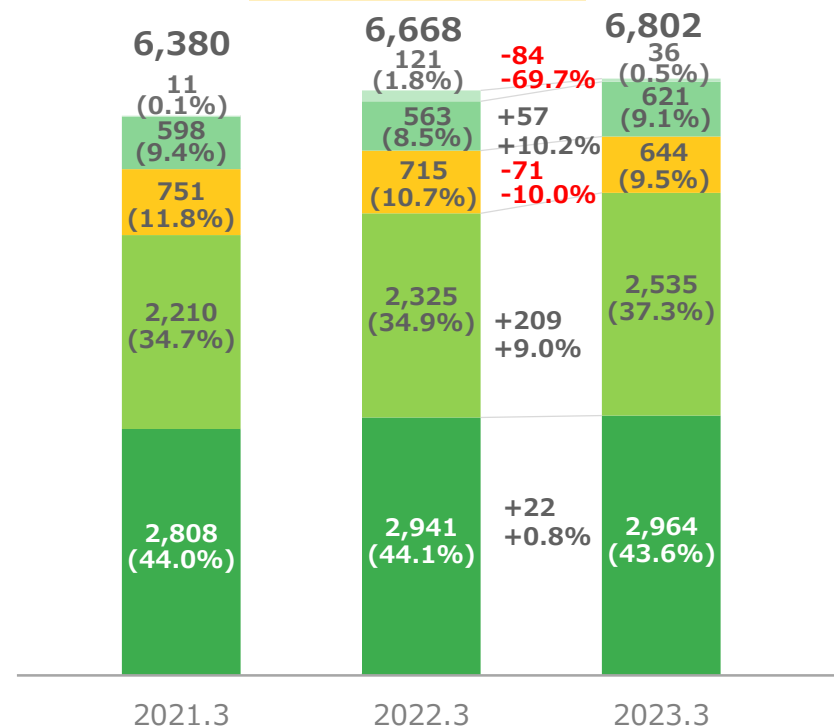
2. EPS before amortization of goodwill = (Net income attributable to owners of parent + Amortization of goodwill) ÷ Interim average number of shares

(¥ million)

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 the public and information & communication 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).

DX-related business

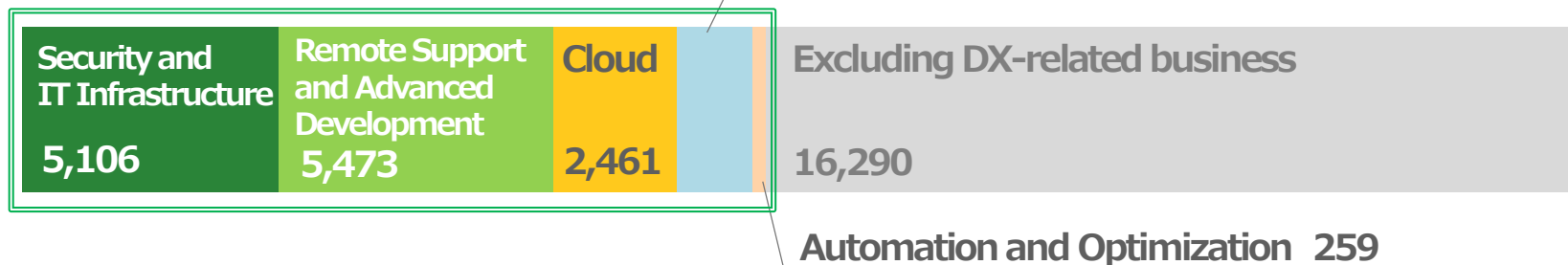
Promoting customer's DX by combining existing IT services with cutting-edge technologies such as cloud, AI and IoT.

DX-related sales : **¥14,810** million About **47.6%** of consolidated sales

DX-related gross profit : **¥3,472** million (gross profit margin : **23.4%**)

(Reference) FY2021 : ¥12,671 million, about 45.6% of consolidated sales

DX-related business (¥ million)



Security and
IT Infrastructure



Remote Support
and Advanced
Development



Cloud



Consulting and
Training

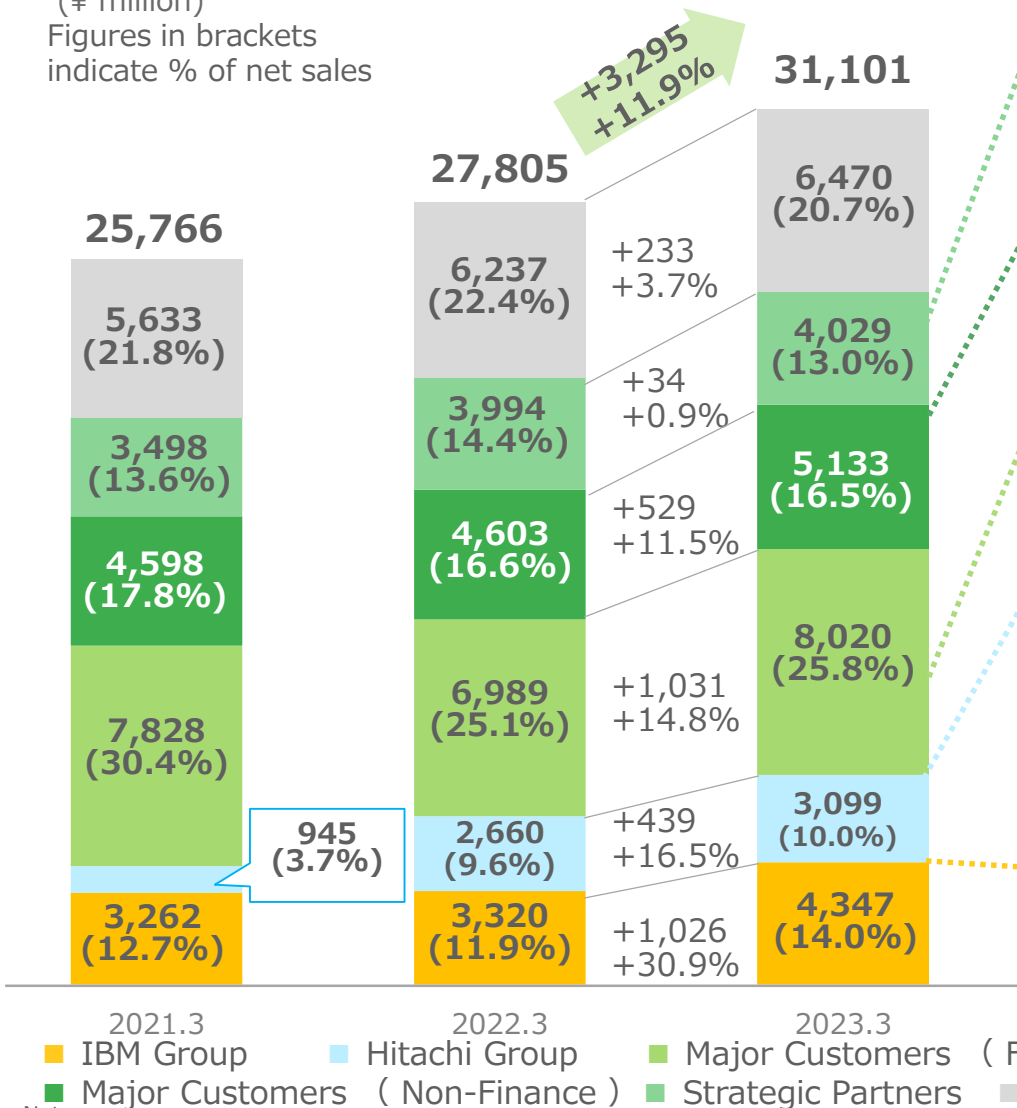


Automation and
Optimization



Net Sales by Strategic Alliances

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



Strategic Partners

- ⊕ Expanded transactions from reinforced sales efforts

Major Customers (Non-Finance)

- ⊕ Rising orders from customers related to public
- ⊕ Reopening of major projects from customers related to transportation

Major Customers (Finance)

- ⊕ Rising orders from existing customers

Hitachi Group

- ⊕ Expanded transactions from reinforced sales efforts

IBM Group

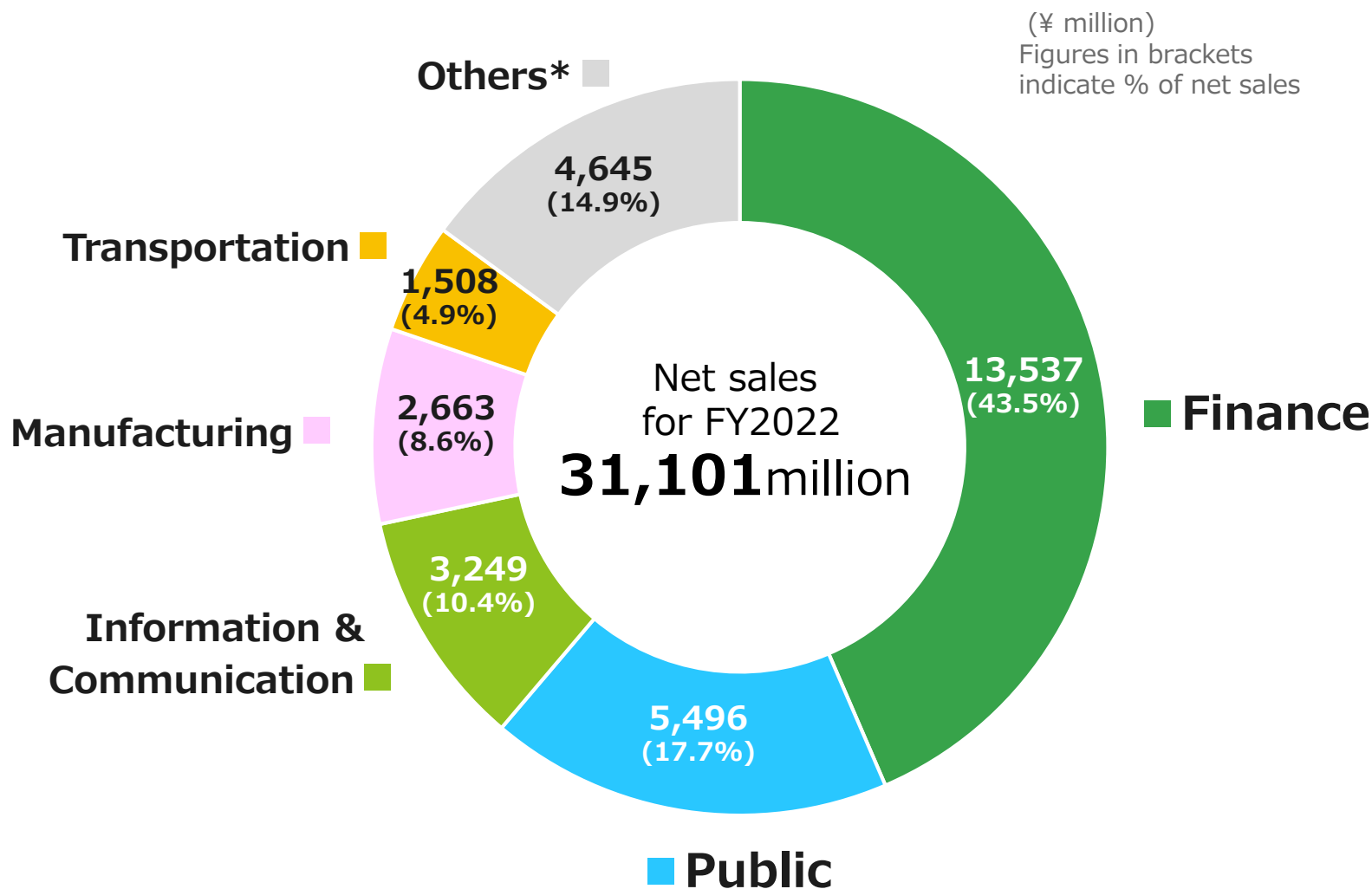
- ⊕ Expanded transactions from reinforced sales efforts

[Reference]

	Kyndryl Japan	MI Digital Services	IBM Japan
2023.3	2,390 (7.7%)	1,447 (4.7%)	509 (1.6%)

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).



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

Operating Income Analysis (YoY)

Change or Die!

	2022.3	2023.3		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Gross Profit	6,668	6,802	+134	• Main changes in Gross Profit -Increase in net sales +3,295 -Increase in cost of sales +3,161 -Labor cost +809 -Subcontract expenses +1,818 -Manufacturing expenses +105 -Purchases +429
SG&A Expenses	4,799	4,377	-421	
Operating Income	1,869	2,424	+555	• Main changes in SG&A Expenses -Decrease in personnel cost -477 -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 +56

Net Income Attributable to Owners of Parent Analysis (YoY)

Change or Die!

	2022.3	2023.3		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Ordinary Income	1,922	2,504	+581	• Main changes in Ordinary Income -Increase in operating income +555 -Decrease in non-operating expenses -25
Extraordinary Income	32	0	-32	• Main change in Extraordinary Income -Decrease in reaction to gain on sales of investment securities recorded in the previous fiscal year -27
Extraordinary Losses	18	172	+154	• Main changes in Extraordinary Losses -Loss on termination of retirement benefit plan +112 -Loss on office closings +37
Total Income Taxes	890	929	+38	
Net Income attributable to owners of parent	1,046	1,402	+356	

(¥ million)

2022.3

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

Main Factors

- Accounts receivable
-trade increased +1,399
- Cash and deposits
increased +161
- Amortization of
goodwill reduced assets -444

Main Factors

- Provision for bonuses
increased +306
- Accounts payable-
trade increased +202
- Short-term loans
payable decreased -160

2023.3

Assets 17,519	Liabilities 7,087
	Net assets 10,432

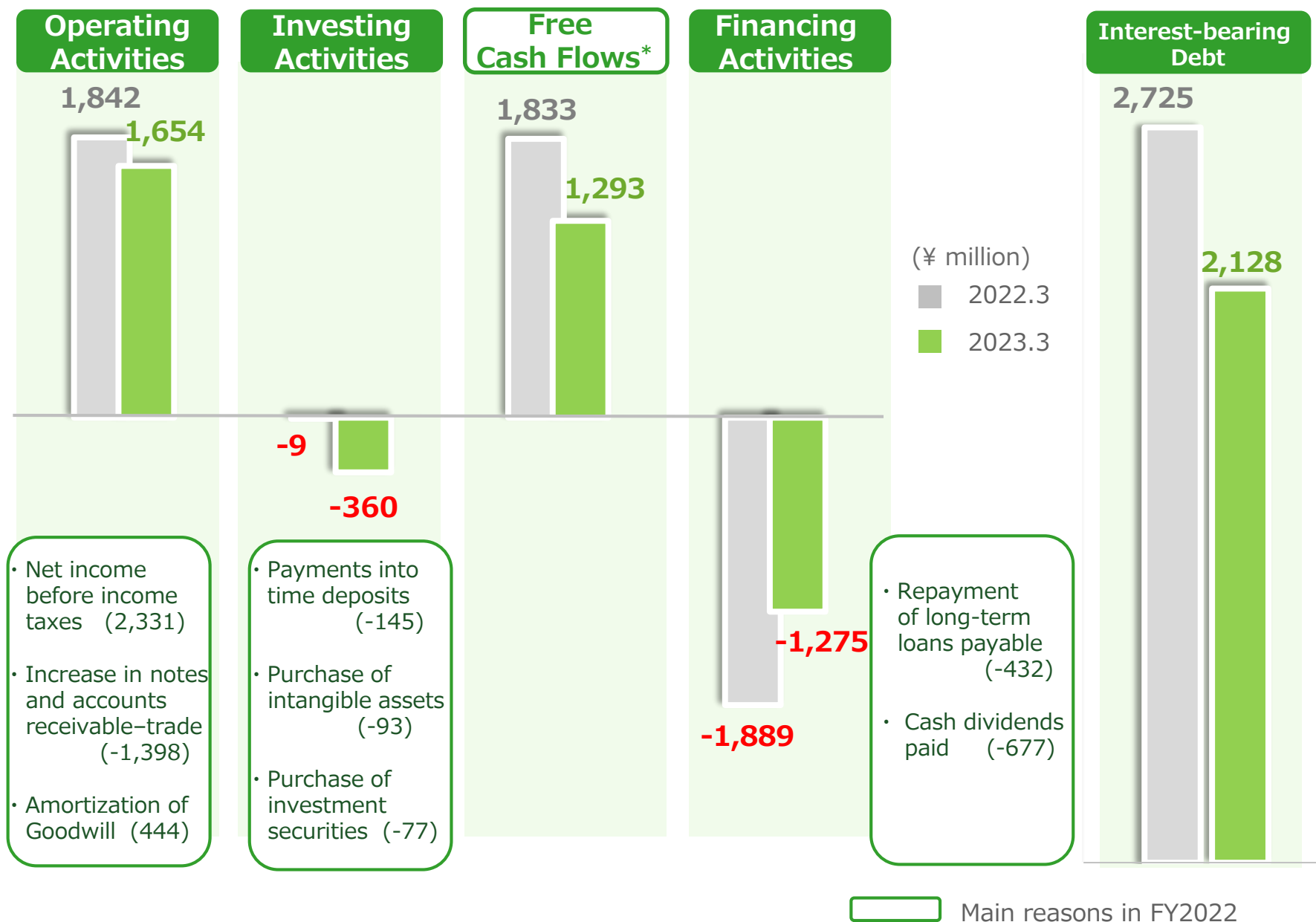
Equity Ratio
59.3%

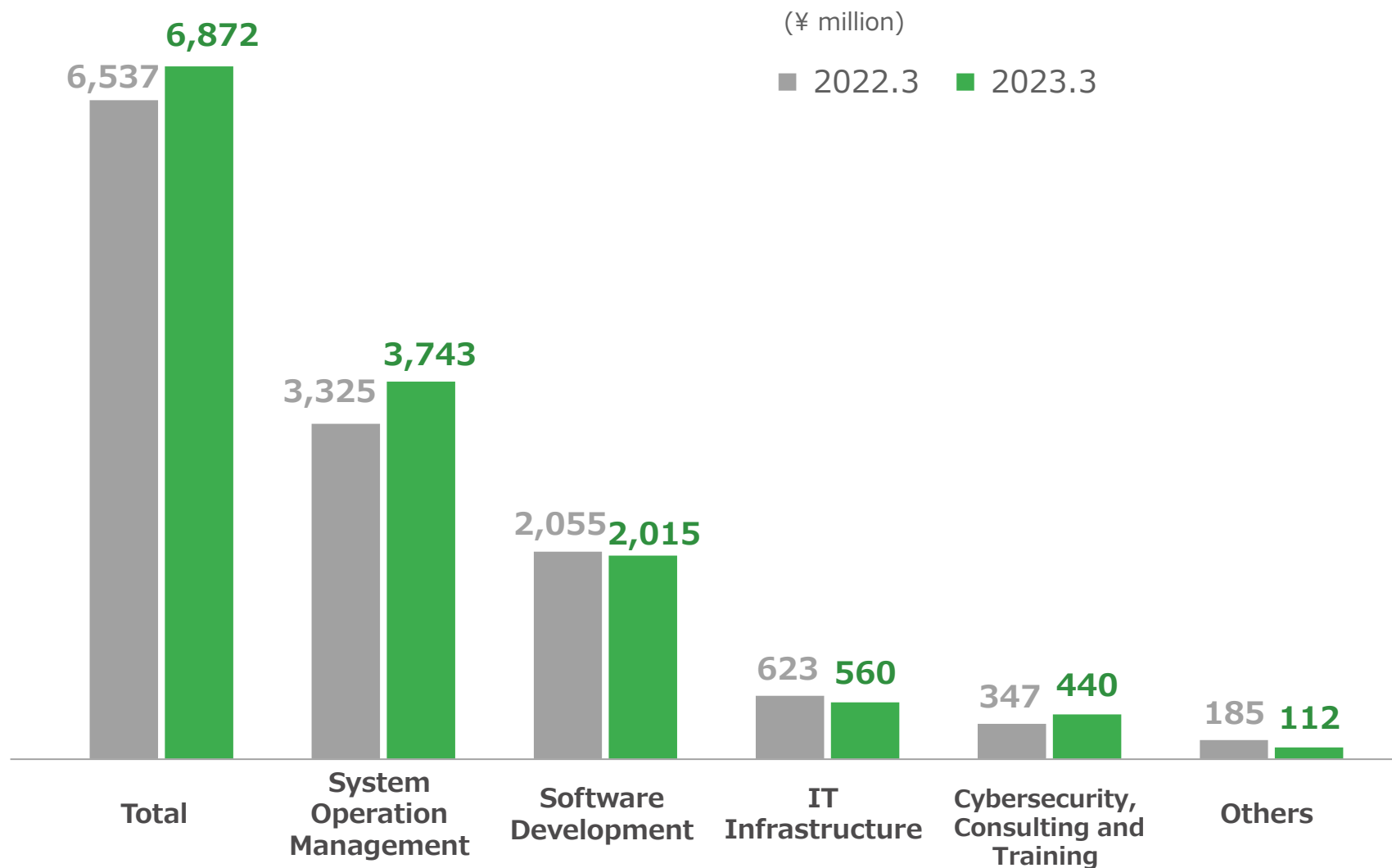
Current Ratio
195.5%

Goodwill
¥1,304million

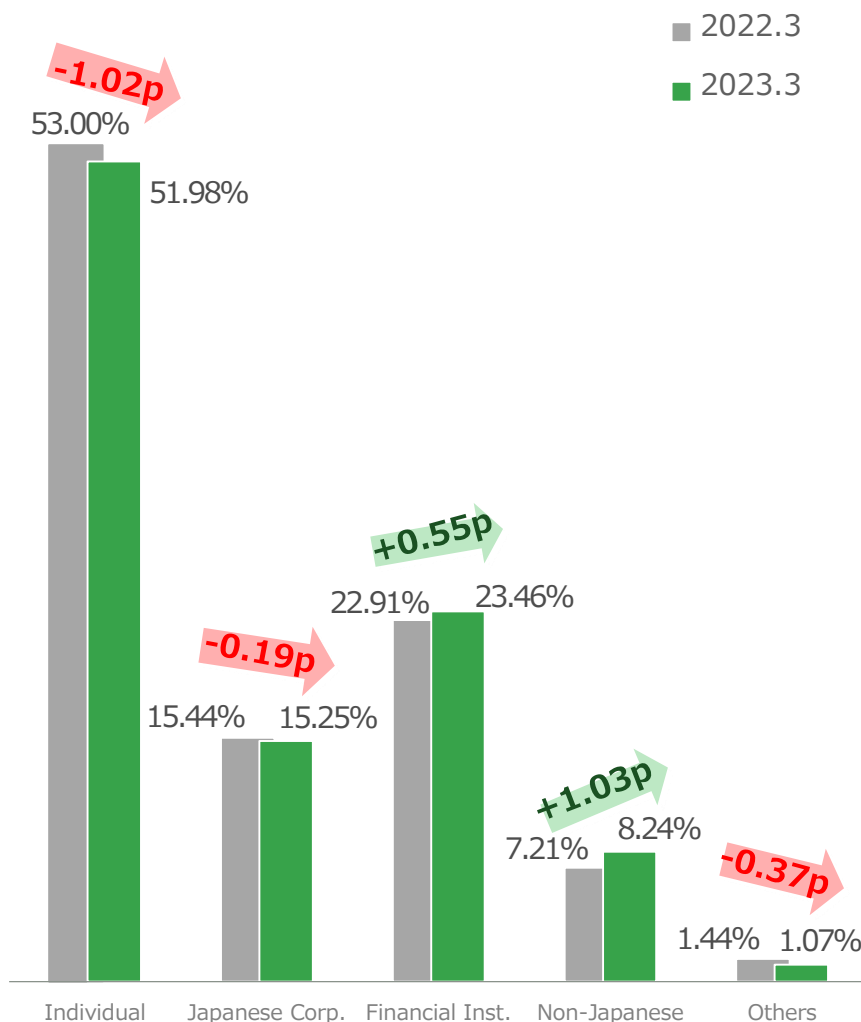
Cash Flows and Interest-bearing Debt

Change or Die!





Shareholding by investor type



Major shareholders

- ✓ No. of shareholders: 6,121
(+ 138 since March 31, 2022)
- ✓ **No. of shareholders with voting rights: 5,063**
(- 4 since March 31, 2022)
- ✓ Treasury stocks (1,018 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)	10.41%
2	A.K. Corporation	9.18%
3	ID Employee Ownership Account	6.93%
4	Custody Bank of Japan, Ltd. (Trust Account)	4.50%
5	PERSHING-DIV. OF DLJ SECS. CORP.	4.45%
6	Mizuho Trust & Banking Co., Ltd.	3.72%
7	Custody Bank of Japan, Ltd. (Trust Account E)	2.65%
8	TDC SOFT Inc.	2.49%
9	Akemi Funakoshi	1.74%
10	Kaori Marubayashi	1.58%

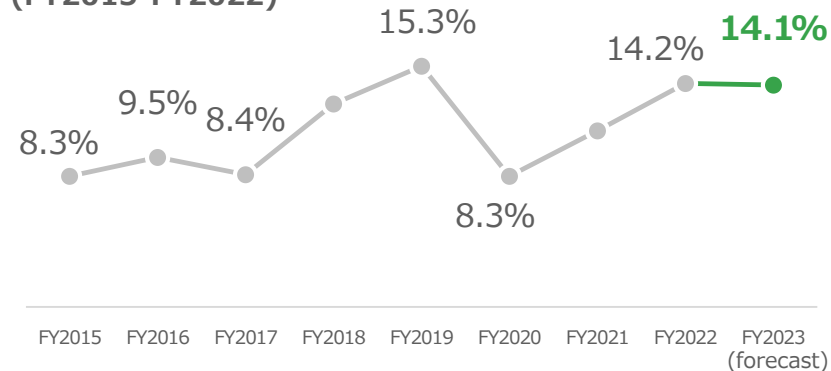
Measures to improve capital efficiency

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

- 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
- Investment in human resources for further growth
- Enhancement of return to shareholders through dividend distribution

ROE

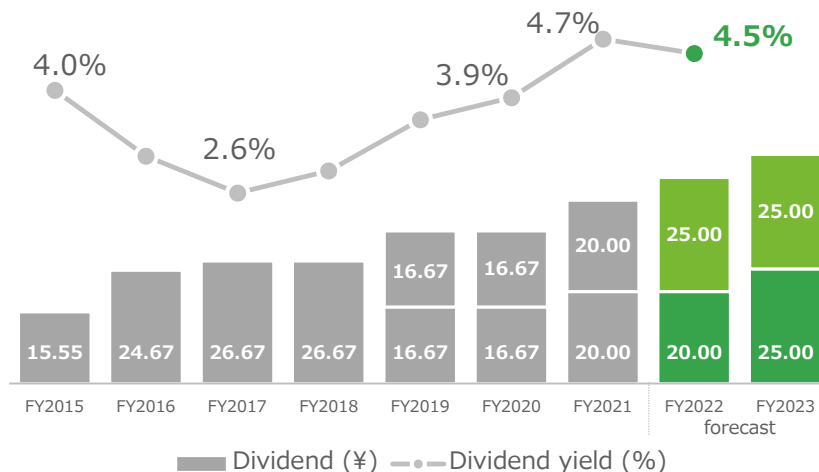
Average : Approx. **11.0%**
(FY2015-FY2022)



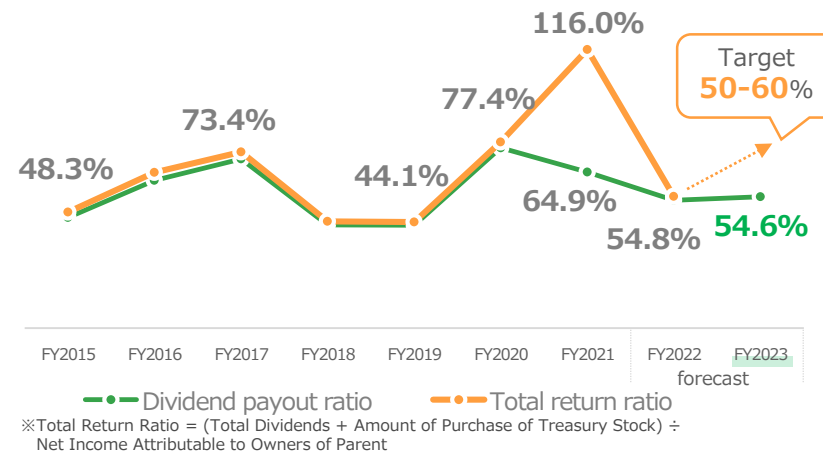
Enhancement of return to shareholders

Dividend increase : **5** times, Stock split : **Twice**
(FY2015-FY2022)

Dividend per share & dividend yield



Dividend payout ratio & total return ratio



1

Performance Overview

2

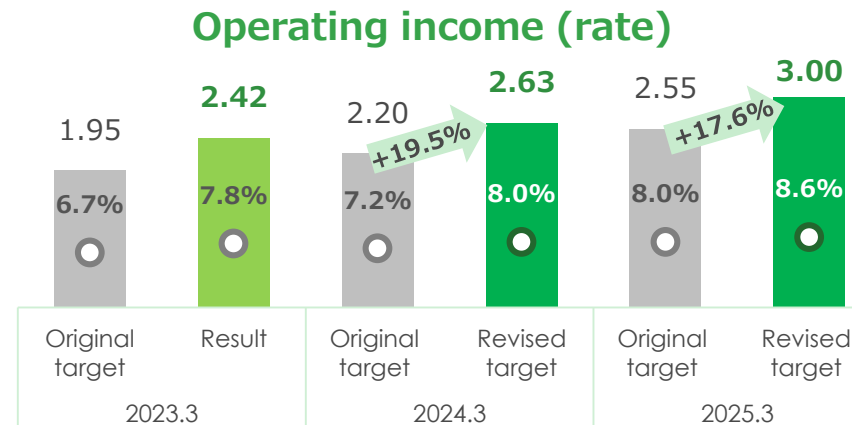
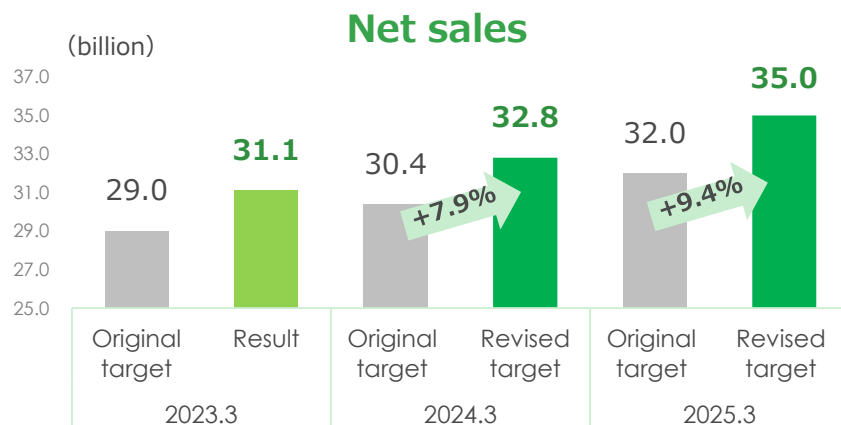
Mid-Term Management Plan Next 50 Episode II: Ride on Time

Key Numerical Targets for the Mid-Term Management Plan

The Group has **achieved its numerical targets ahead of schedule.**

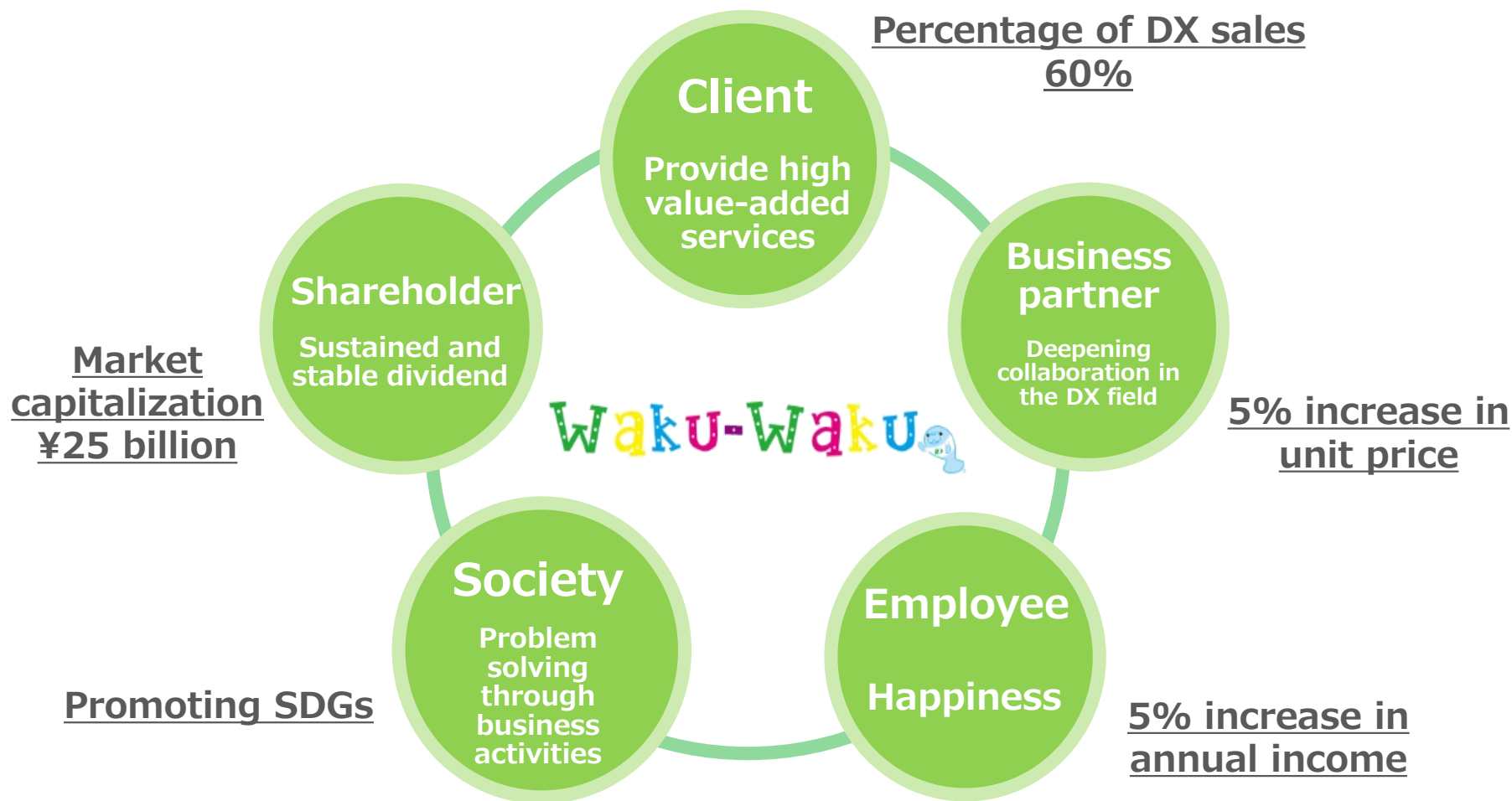
The target for net sales in the final fiscal year of the Plan has been revised upward to **¥35.0 billion.**

	2023.3		2024.3		2025.3		2027.3
	Original target	Result	Original target	Revised target	Original target	Revised target	Original target
Net sales	¥29.0 billion	¥31.1 billion	¥30.4 billion	¥32.8 billion	¥32.0 billion	¥35.0 billion	¥40.0 billion
Operating income (rate)	¥1.95 billion (6.7%)	¥2.42 billion (7.8%)	¥2.20 billion (7.2%)	¥2.63 billion (8.0%)	¥2.55 billion (8.0%)	¥3.00 billion (8.6%)	¥3.20 billion (8.0%)
DX Net sales (rate)	¥13.9 billion (48.0%)	¥14.8 billion (47.6%)	¥16.1 billion (53.0%)	¥17.3 billion (53.0%)	¥19.2 billion (60.0%)	¥21.0 billion (60.0%)	¥28.0 billion (70.0%)
EBITDA (rate)	¥2.58 billion (8.9%)	¥3.03 billion (9.8%)	¥2.80 billion (9.2%)	¥3.26 billion (10.0%)	¥3.10 billion (9.7%)	¥3.55 billion (10.1%)	¥4.00 billion (10.0%)
NEW Return to shareholders	Total return ratio : Target of 50–60%						
	*Total return ratio = (total dividends + amount of purchase of treasury stock) ÷ net income attributable to owners of parent						



■ 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	▶ ¥35.0B	▶ ¥40.0B
Operating income	¥1.86B (6.7%)	▶ ¥3.00B (8.6%)	▶ ¥3.20B (8.0%)
EBITDA	¥2.49B (9.0%)	▶ ¥3.55B (10.1%)	▶ ¥4.00B (10.0%)



Target value

3

Basic themes

- 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



4 Basic strategies



I . IT Service Strategy

II . Human Resource Strategy

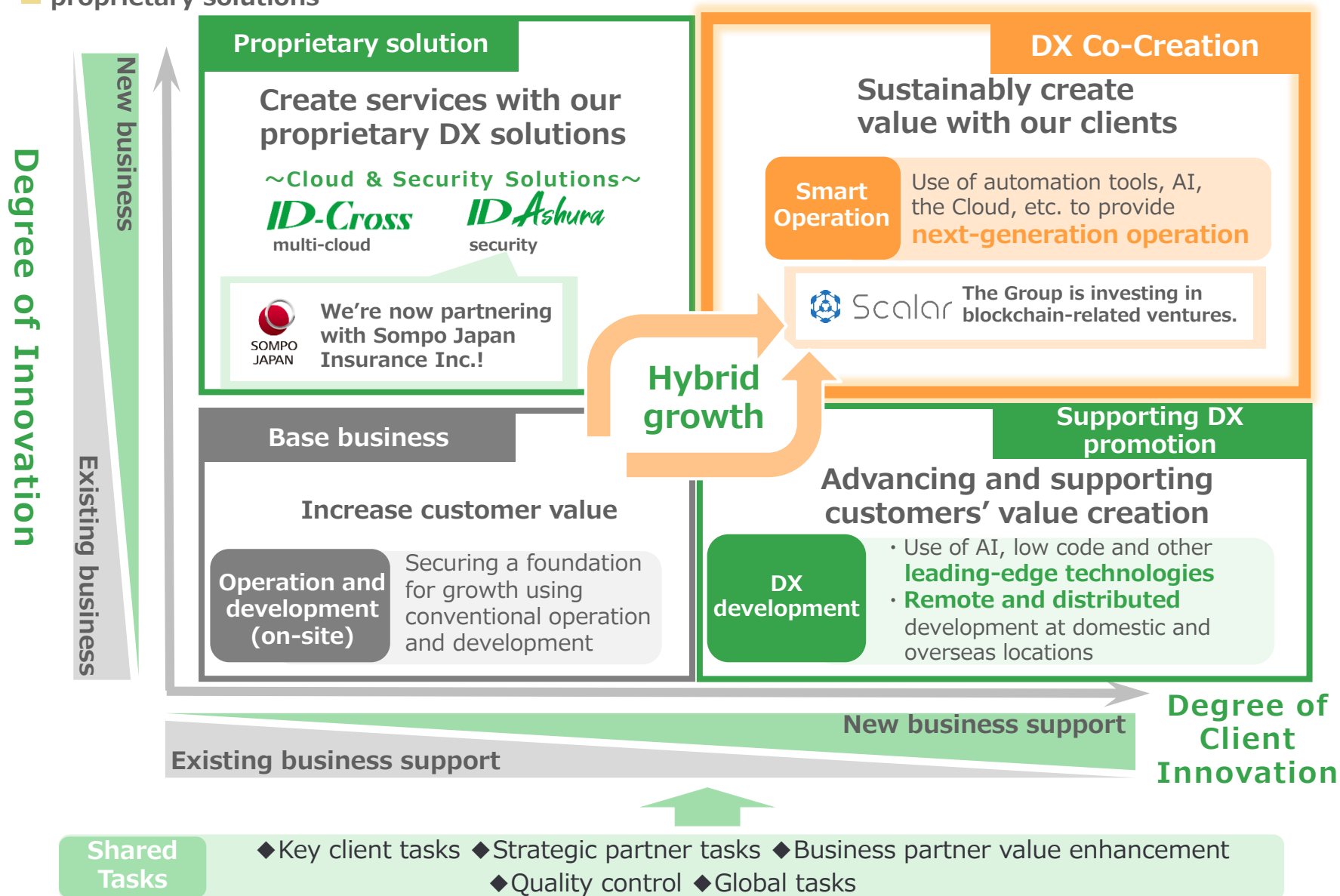


III . New Normal Strategy

IV . SDGs Strategy



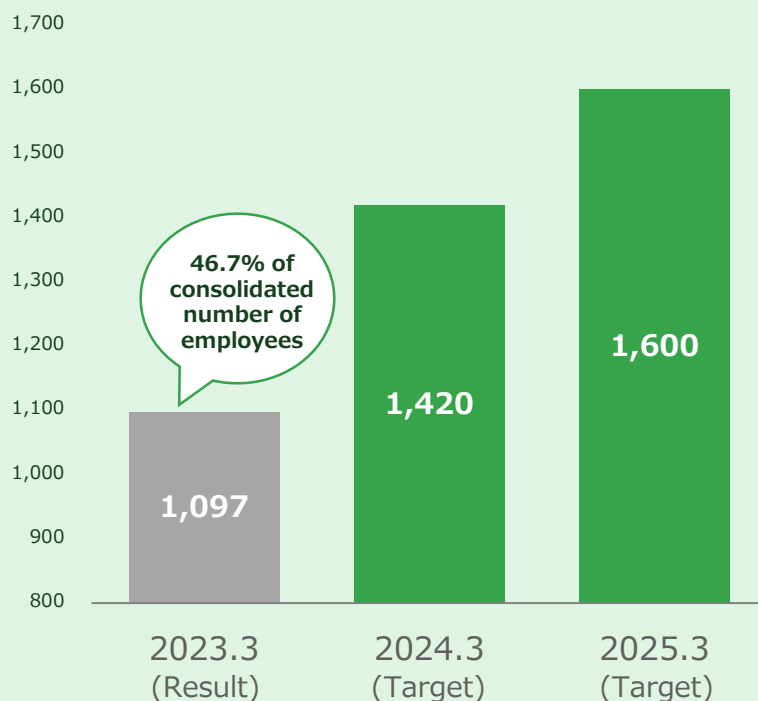
- Secure revenue from base business, and expand our support for DX promotion by our clients and proprietary solutions



- The Group is developing engineers for DX-related business, aiming to boost profitability.

Trend in number of DX-related engineers

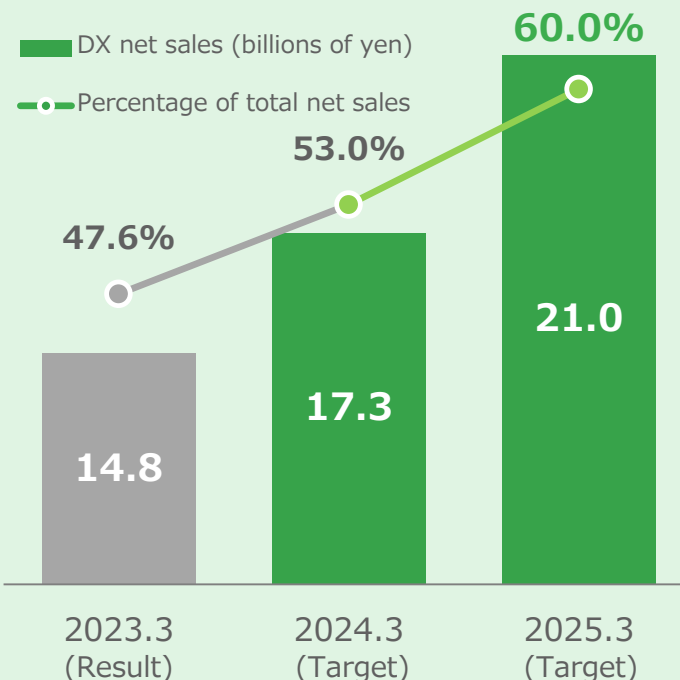
Development of personnel focused on cloud computing, AI and security



Trend in DX-related net sales

Aiming to raise DX-related net sales to **60%** of total

DX-related income margin is approximately 3 points higher than for conventional business.



What is system operation management?

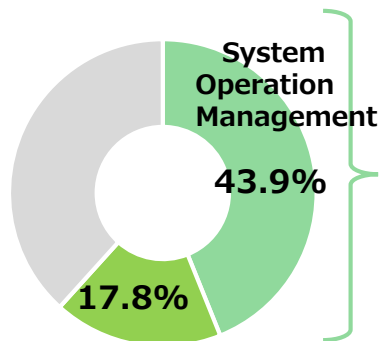
System operation management is a business that **operates and monitors customer systems 24 hours a day, 365 days a year**, and supports vital infrastructure. Barriers to entry are formidable in this field, so the Group enjoys steady revenues from it as a stock business.



Thanks to growth in the scale of the data-center market, the Group expects **demand for its system operation management business to increase.**

The Group is advancing the transition from conventional operations to smart operations, creating **a new paradigm in system operation.**

FY2022
consolidated net sales

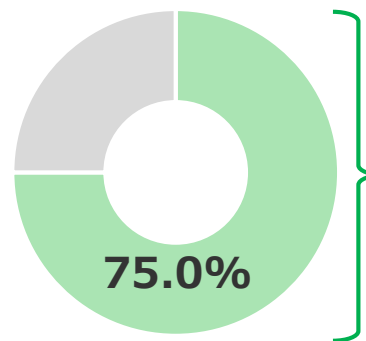


Cybersecurity,
Platform, etc.

61.7%

Future
orientation

Aims to increase system operation management to a **75%** share of net sales by **promoting high added value.**



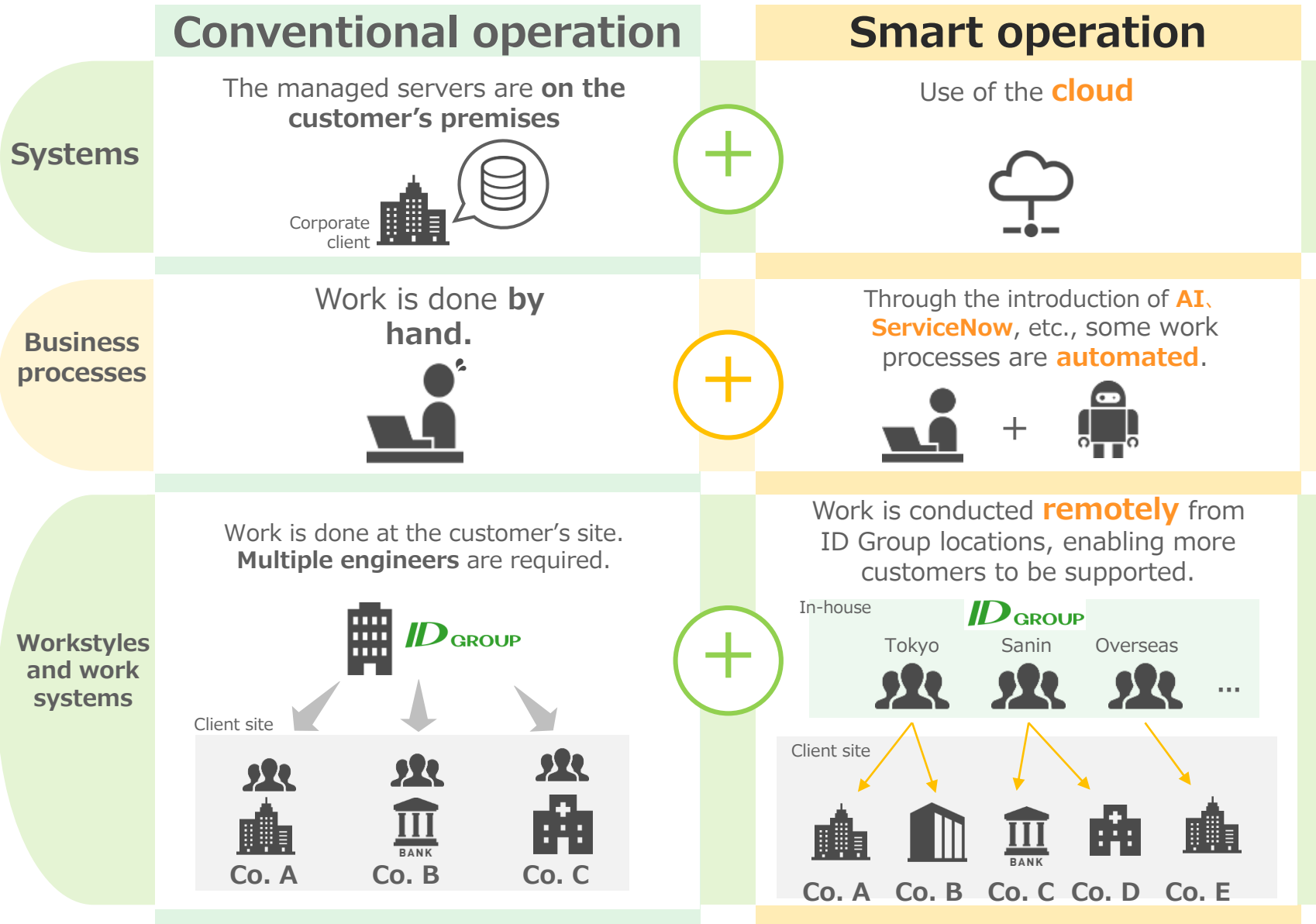
Smart operation



✗ Cybersecurity

✗ Platform

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



To achieve operations free of the constraints of time and space, we are developing an operation center that runs in a virtual environment.

ID-VR^{OP}

ID Virtual Reality OPERATION center



Employees can easily access the service from physically distant locations! Operations can continue smoothly even in the event of disaster.



Shifting from a worker-hour-focused business to a service-focused business

Service is scheduled to launch in January 2024 as a subscription-based SaaS.

Using virtual spaces for lessons in cybersecurity

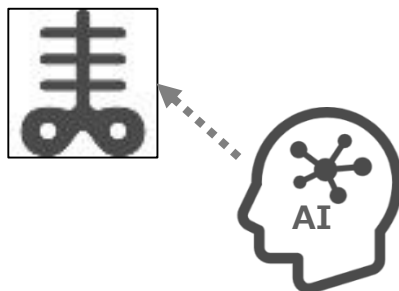
Cyber Range



Cyberattacks are growing in sophistication day by day. A cyber range **recreates these cyberattacks** in a virtual practice environment in which users can train. The Company is partnering with SimSpace, the United States' leader in the cyber-range field, to support customers' training of security personnel.



AI can read X-ray images and provide a diagnosis.



Combining its leading-edge technology with the knowledge of Tottori University Hospital, the Company is moving forward with joint development of an **AI system that can read X-ray images and provide a diagnosis.**

By applying AI in this way, we aim to support physicians in their work and solve problems in regional healthcare.

The ID Group is strengthening its global sales and production networks, which are strongly rooted in the regional communities of countries worldwide. Our aim is to establish a **“glocalized” IT service model**.

Sales network



Japan



China



Singapore



America



Amsterdam



London

Production network



We are making efforts to provide solutions to a wide variety of social issues through our business activities.

Activities of the ID Group

SUSTAINABLE DEVELOPMENT GOALS



Employing disabled people for plant cultivation



Support for Kodomo Shokudo



ID-Cross
ID-Ashura

ID-VROP
ID Virtual Reality Operation center

Provision of DX solution services



Achieving gender equality
Hiring and deployment of a global workforce



Support for cultural activities and the fine arts



The ID Group supports numerous artists as a patron of the arts and culture.

Third-party evaluations



Recognized for 4 years in succession



A++ in appropriate use of human resources



Rated S for social value

(Reference) KPIs of the Mid-Term Management Plan

	KPI	2023.3 Result	2024.3 Target	2025.3 Target
IT Service Strategy	DX Net sales	¥14.8B	¥17.3B*	¥21.0B*
	DX Net sales ratio	47.6%	53%	60%
Human Resource Strategy	Number of DX engineers	1,097 people	1,420 people	1,600 people
	Percentage of female employees	24.3%	28%	30%
	Percentage of female managers	15.9%	25%	30%
	Percentage of foreign employees	7.9%	13%	15%
New Normal Strategy	Improvement in SG&A ratio	14.1%	14.6%	13.9%
SDGs Strategy	Reduction in CO2 emissions (from electricity use) Note: compared to FY2020 electricity use	Down 100%	Down 18%	Down 20%
	Reduction in paper consumption Note: compared to FY2020	Down 30.9%	Down 20%	Down 23%
	Participation in environmental volunteer activities (Total number of people per year)	228 people	200 people	200 people

*Targets are revised in accordance with revisions to numerical targets in the Mid-Term Management Plan.

Forecast of Consolidated Financial Results for FY2023 (YoY)

	2023.3		2024.3			
(¥ million)	Results	(% of net sales)	Plan	(% of net sales)	Diff.	YoY
Net sales	31,101	-	32,800	-	+1,698	+5.5%
EBITDA	3,033	9.8%	3,269	10.0%	+235	+7.8%
Operating income	2,424	7.8%	2,630	8.0%	+205	+8.5%
Ordinary income	2,504	8.1%	2,650	8.1%	+145	+5.8%
Net income attributable to owners of parent	1,402	4.5%	1,520	4.6%	+117	+8.4%
Earnings per Share(EPS)(¥)	84.54	-	91.59	-	+7.05	-
EPS before Amortization of Goodwill(¥)	111.33	-	118.38	-	+7.05	-
Cash flows from operating activities	1,654	-	1,880	-	+226	-

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.