



ID Holdings

ID Holdings Corporation
April 1, 2021 – March 31, 2022

President and Representative Director
Masaki Funakoshi

TSE Prime Market
Code

4709

※ Our website can be
accessed from the
QR Code.



1

Performance Overview

2

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

Net Sales

¥27,805 million (highest ever!)

(Reference)
Before application of ASRR ¥28,677 million
YoY +11.3%



- ⊕ Contributions from purchased subsidiaries
- ⊕ Solid trend in system operation management
- ⊖ Negative impact of ¥871 million due to the application of ASRR*

Operating Income

¥1,869 million

(Reference)
Before application of ASRR ¥1,887 million
YoY +37.5%



- ⊕ Increased sales fostered increased earnings
- ⊕ M&A-related expenses were considerably lower than those appropriated in the previous fiscal year
- ⊖ Amortization of goodwill increased ¥95 million as a result of acquisition of three subsidiaries in the previous fiscal year
- ⊖ Expenses appropriated in connection with the New Normal Adaptation Project

Note:

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).

Financial Results (Consolidated) (Impact from application of ASRR)

(¥ million)	2022.3 (Before application of ASRR)		Impact from application of ASRR		2022.3 (Figures published in the consolidated financial results)□	
	Results	(% of net sales)	Diff.	YoY	Results	(% of net sales)
Net sales	28,677	-	-871	-3.0%	27,805	-
Cost of sales	21,990	76.7%	-852	-3.9%	21,137	76.0%
Gross profit	6,687	23.3%	-18	-0.3%	6,668	24.0%
SG&A expenses	4,799	16.7%	0	+0.0%	4,799	17.3%
EBITDA ¹	2,510	8.8%	-18	-0.7%	2,491	9.0%
Operating income	1,887	6.6%	-18	-1.0%	1,869	6.7%
Ordinary income	1,941	6.8%	-18	-1.0%	1,922	6.9%
Net income attributable to owners of parent	1,058	3.7%	-12	-1.2%	1,046	3.8%
Earnings per Share (EPS) (¥)	62.34	-	-0.73	-	61.61	-
EPS before Amortization of Goodwill (¥) ²	88.52	-	-0.73	-	87.78	-

Notes:

- 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)	2021.3		2022.3 (Before application of ASRR)		Diff.	YoY
	Results	(% of net sales)	Results	(% of net sales)		
Net sales	25,766	-	28,677	-	2,910	+11.3%
Cost of sales	19,386	75.2%	21,990	76.7%	2,603	+13.4%
Gross profit	6,380	24.8%	6,687	23.3%	306	+4.8%
SG&A expenses	5,007	19.4%	4,799	16.7%	-208	-4.2%
EBITDA	1,877	7.3%	2,510	8.8%	632	+33.7%
Operating income	1,372	5.3%	1,887	6.6%	514	+37.5%
Ordinary income	1,553	6.0%	1,941	6.8%	387	+25.0%
Net income attributable to owners of parent	747	2.9%	1,058	3.7%	311	+41.6%
Earnings per Share (EPS) (¥)	44.37	-	62.34	-	17.97	-
EPS before Amortization of Goodwill (¥)	65.06	-	88.52	-	23.46	-

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.

Net Sales by Services (Impact from application of ASRR)

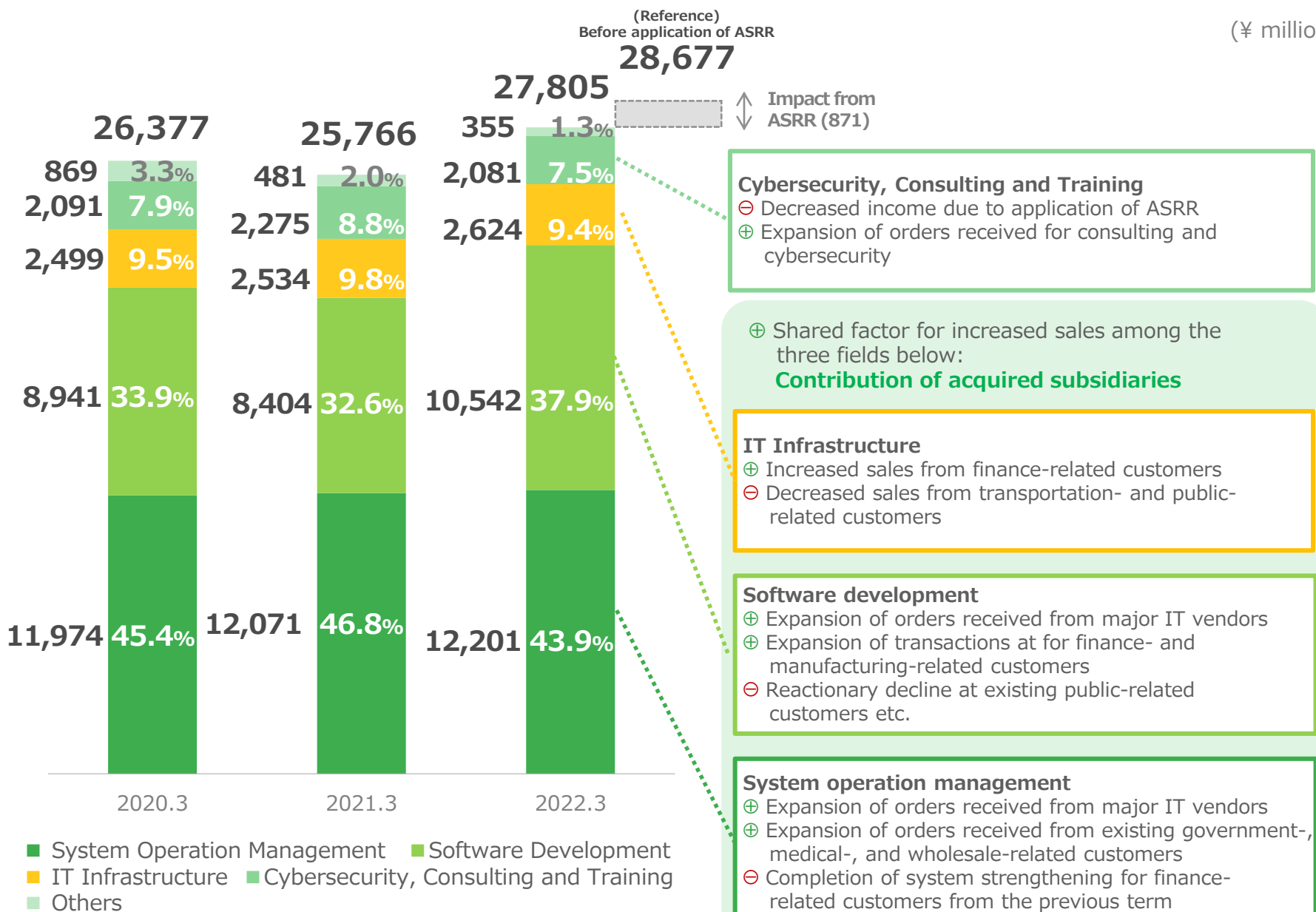
(¥ million)	2022.3 (Figures published in the consolidated financial results)	Impact from application of ASRR	2022.3 (Before application of ASRR)	2021.3 (Before application of ASRR)	YoY (Before application of ASRR)
System Operation Management	12,201	-3	12,205	12,071	+1.1%
Software Development	10,542	-44	10,586	8,404	+26.0%
IT Infrastructure	2,624	-4	2,628	2,534	+3.7%
Cybersecurity, Consulting & Training	2,081	-575	2,656	2,275	+16.7%
Others	355	-243	599	481	+24.7%
Total	27,805	-871	28,677	25,766	+11.3%

Change or Die!

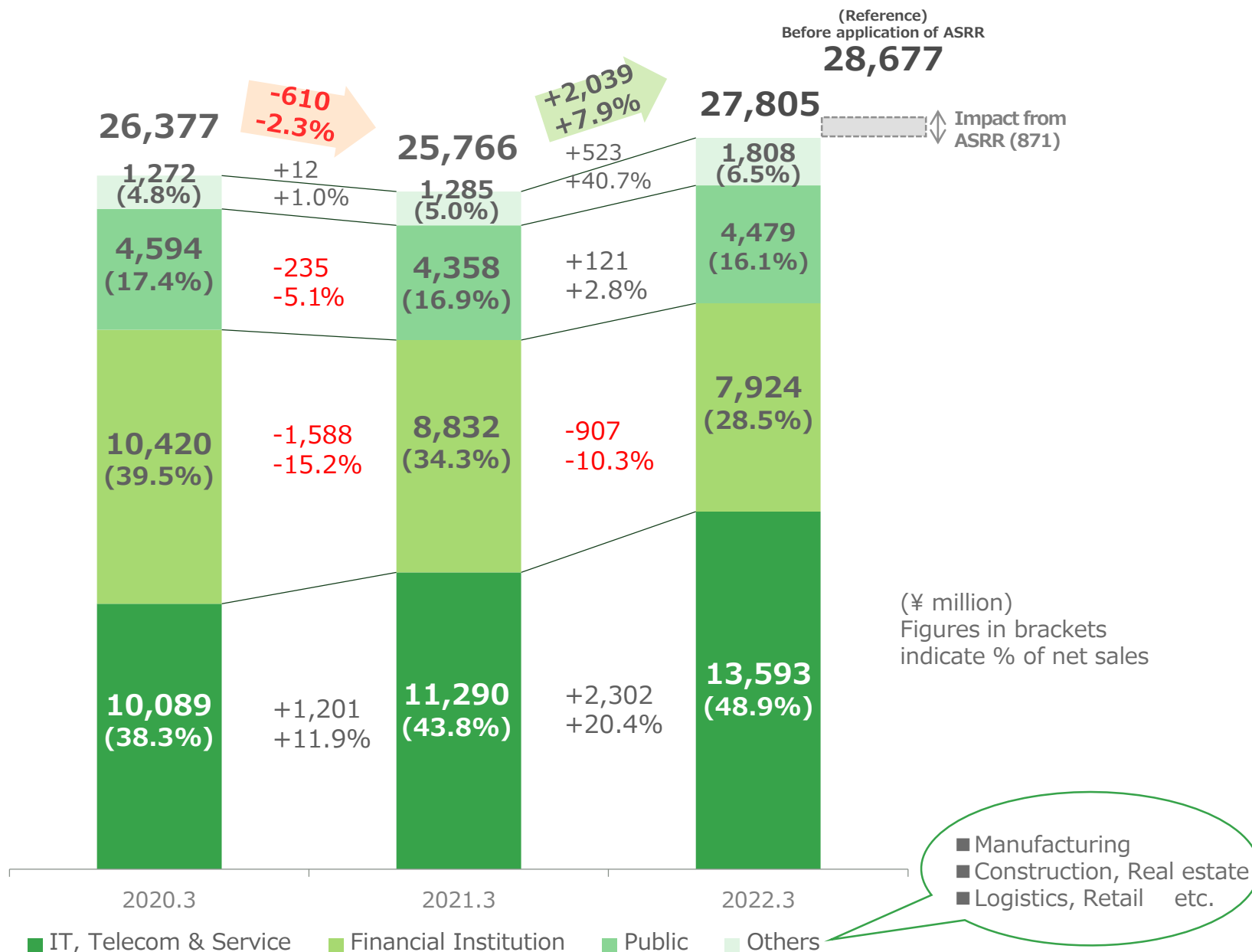
Feature of ID Group① (Net sales by Services)

(¥ million)

Change or Die!

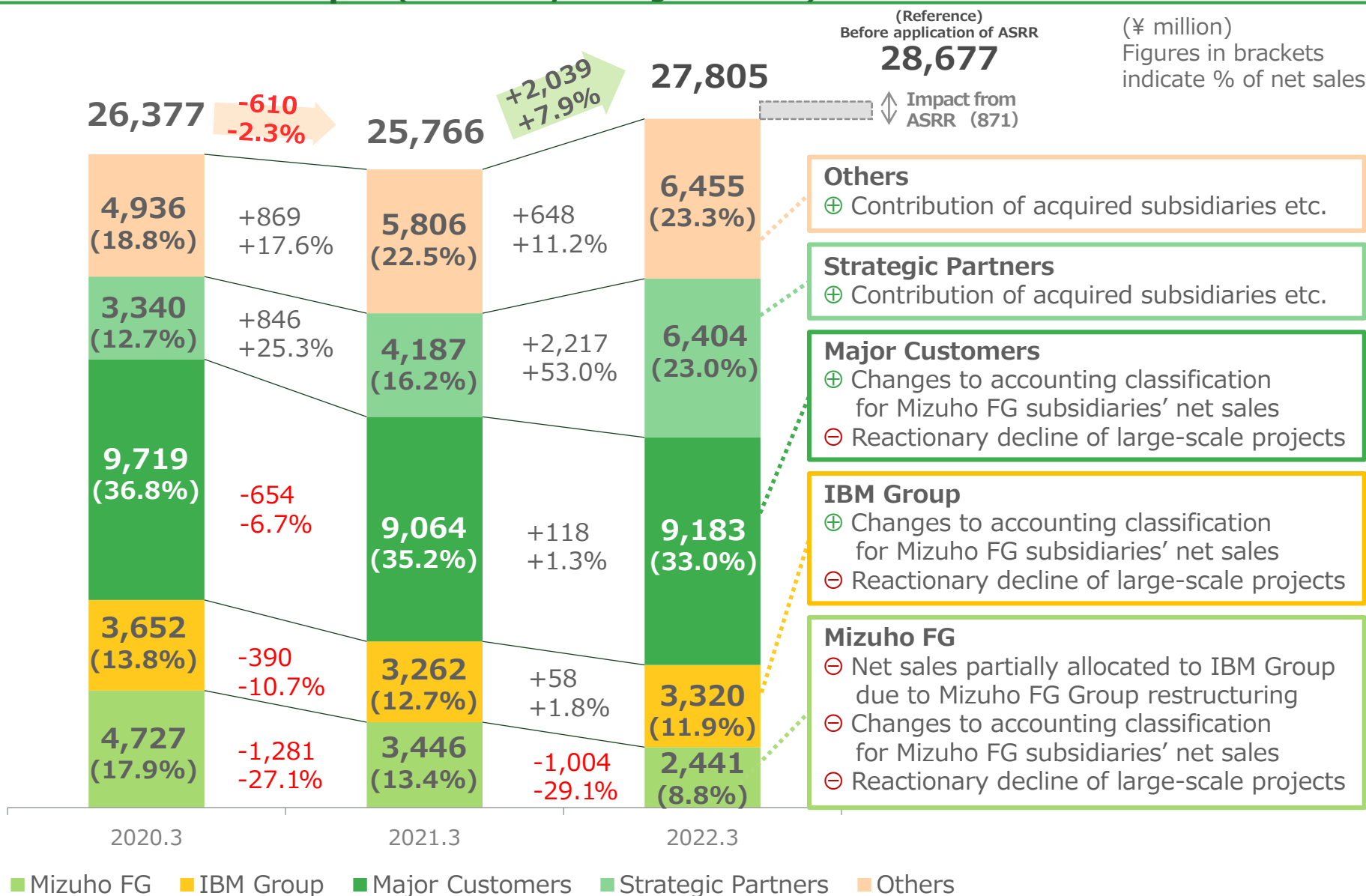


Change or Die!



Feature of ID Group③ (Net sales by Strategic Alliances)

Change or Die!



Note: From FY2021, the breakdown of the category "Major Customers" has changed. The figures of FY2019 and FY2020 have been adjusted based on changes.

DX-related business

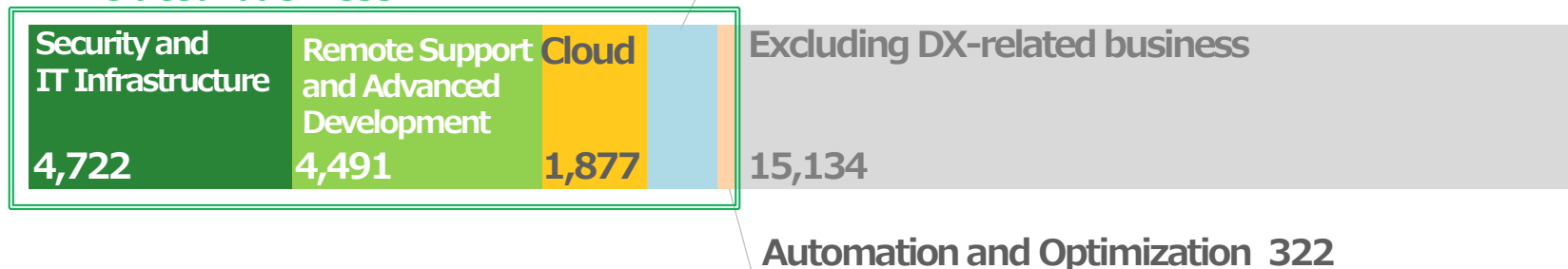
Promoting customer's DX by combining existing IT services with cutting-edge technologies such as cloud, AI and IoT.

DX-related sales: ¥12,671 million about **45.6 %** of consolidated sales

(Reference) FY2020: ¥6,688 million, about 26.0% of consolidated sales

(¥ million)

DX-related business



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

【Reference】 Operating Income Analysis (YoY)

	2021.3	2022.3		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Gross Profit	6,380	6,668	+287	<ul style="list-style-type: none"> • Main changes in Gross Profit -Increase in net sales +2,039 (Of which: Decrease in net sales from application of ASRR -871) -Increase in cost of sales +1,751 (Of which: Decrease in cost of sales from application of ASRR -852) <ul style="list-style-type: none"> • Labor cost +1,240 • Subcontract expenses +974 • Manufacturing expenses +16 • Purchases -423
SG&A Expenses	5,007	4,799	-208	<ul style="list-style-type: none"> • Main changes in SG&A Expenses -Decrease in personal cost -288 -Increase in other expenses +80 <ul style="list-style-type: none"> • Increase in goodwill expenses +95 • Expenses from the New Normal Adaptation Project • Increase in Land rent
Operating Income	1,372	1,869	+496	

Change or Die!

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

	2021.3	2022.3		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Ordinary Income	1,553	1,922	+369	<ul style="list-style-type: none"> • Main changes in Ordinary Income -Increase in operating income +496 (Of which: Decrease from application of ASRR -18) -Decrease in non-operating income -129 -Decrease in non-operating expenses -2
Extraordinary Income	317	32	-284	<ul style="list-style-type: none"> • Main change in Extraordinary Income -Decrease in reaction to gain on sales of investment securities recorded in the previous fiscal year -316
Extraordinary Losses	470	18	-451	<ul style="list-style-type: none"> • Main changes in Extraordinary Losses -Decrease in reaction to loss on sales of non-current assets (company domitory) in the previous fiscal year -433 -Office moving expenses at the subsidiaries acquired in the previous fiscal year +15
Total Income Taxes	653	890	+237	
Net Income attributable to owners of parent	747	1,046	+298	

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

2021.3

(¥ million)

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

2022.3

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

Main Factors

- Cash and deposits decreased -108
- Amortization of goodwill reduced assets -444

Main Factors

- Income taxes payable increased +322
- Short-term loans payable decreased -960

Equity Ratio

57.9%

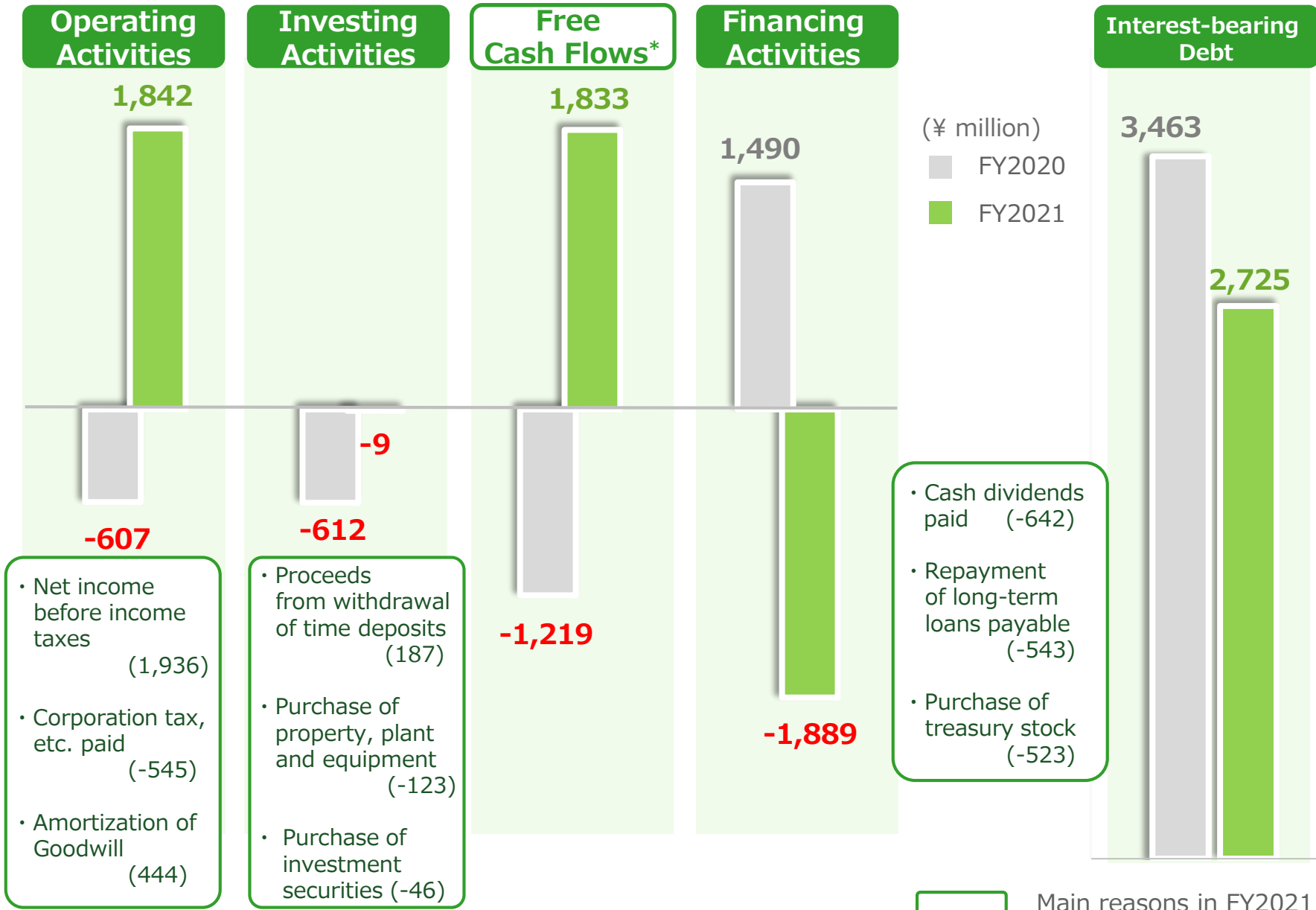
Current Ratio

188.2%

Goodwill

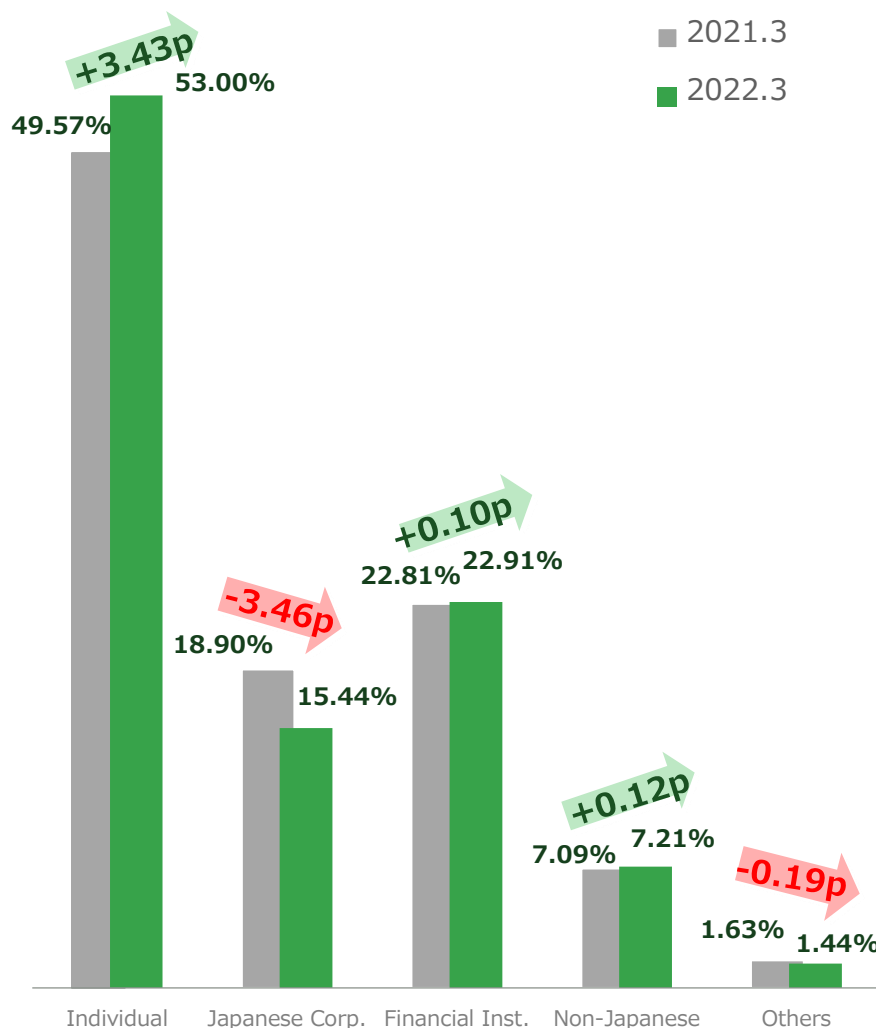
¥1,748 million

Change or Die!



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

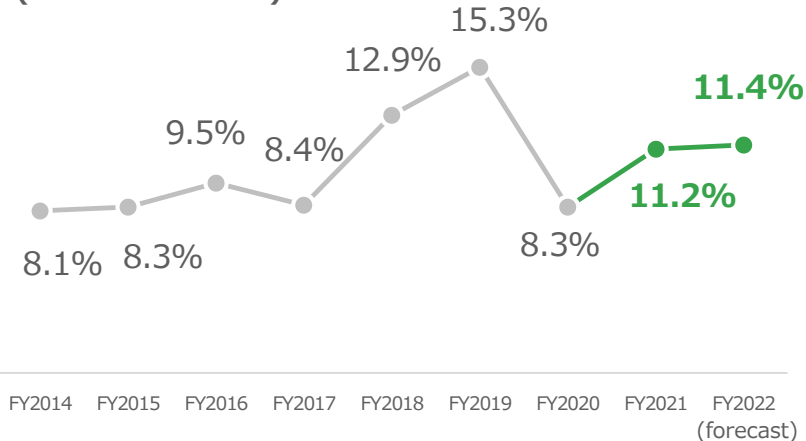
Measures to improve capital efficiency

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

- 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, 2022

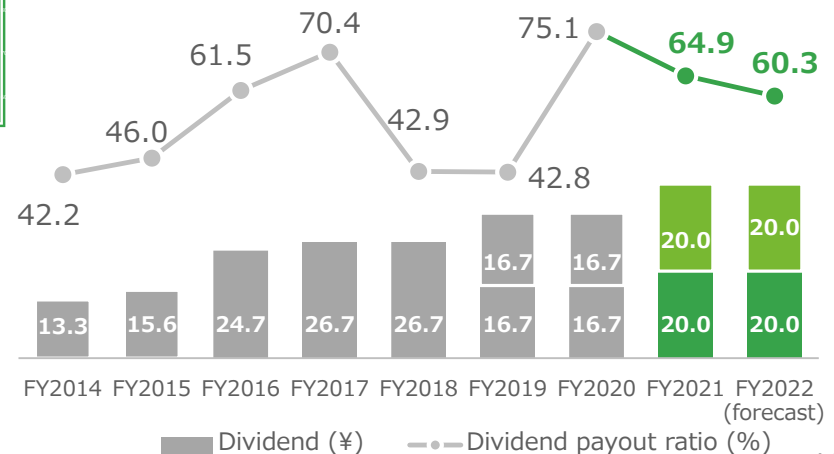
- **Share split** (1 share → 1.5 shares) as of the effective date (July 1, 2021)
- **Effective increase by ¥10** (An interim dividend of ¥20 per share and a year-end dividend of ¥20 per share are planned)

Trend in dividend yield



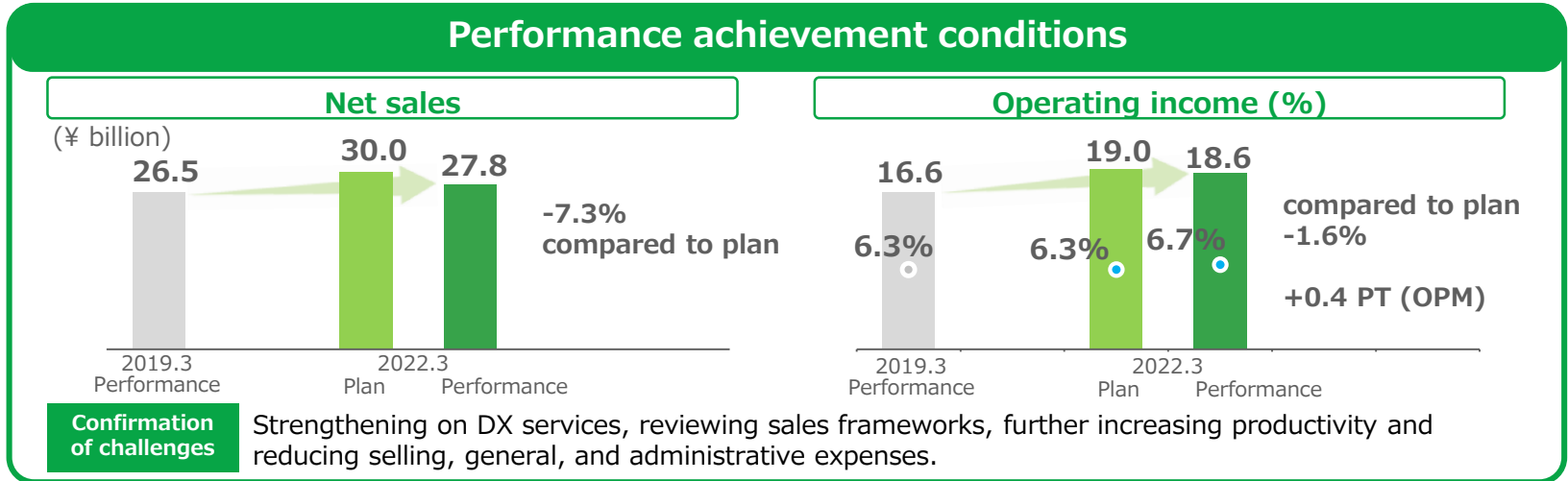
Trend in dividend per share and dividend payout ratio

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



1**Performance Overview****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.



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

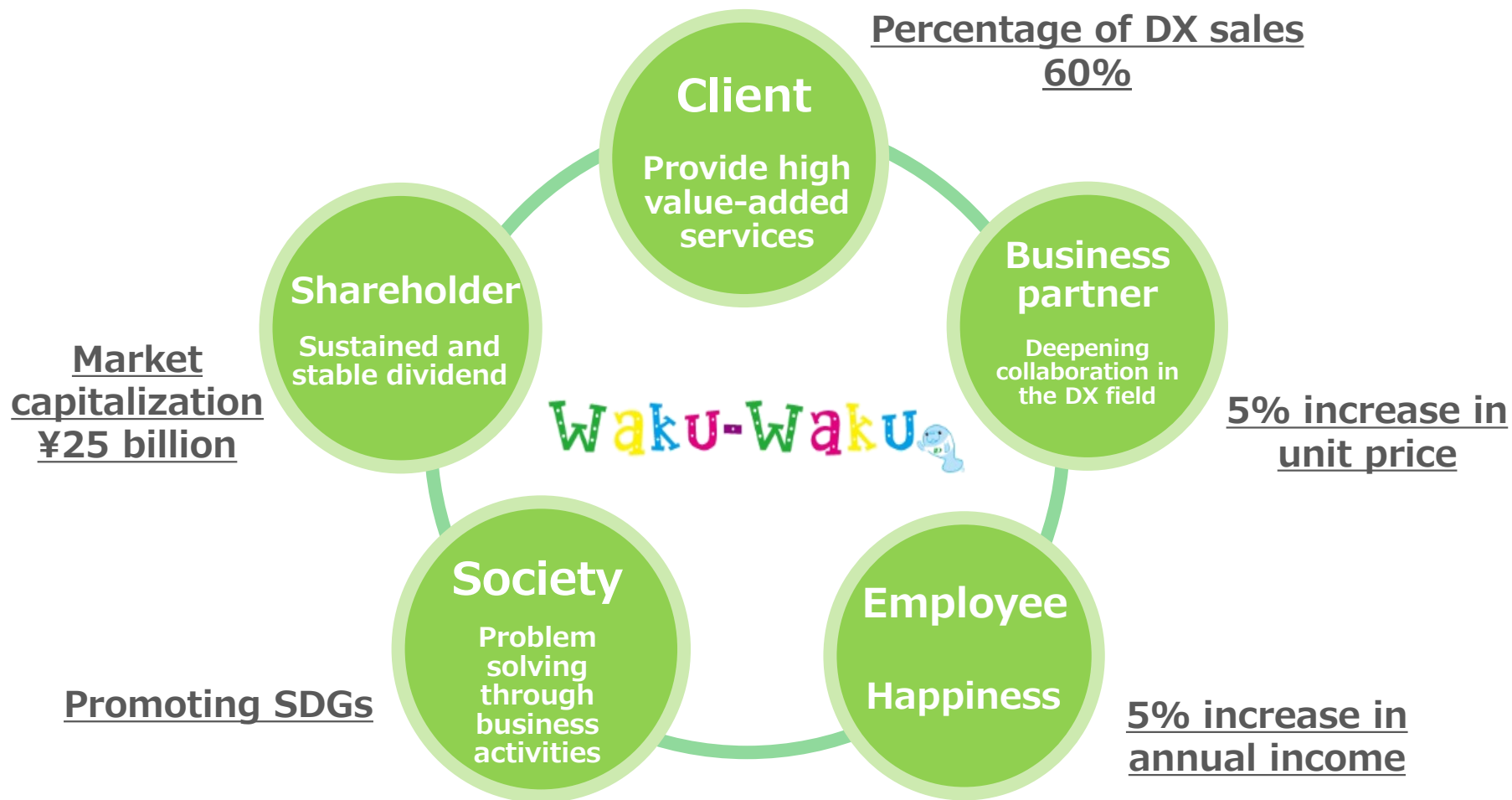
ISO14001 certification acquired¹

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.

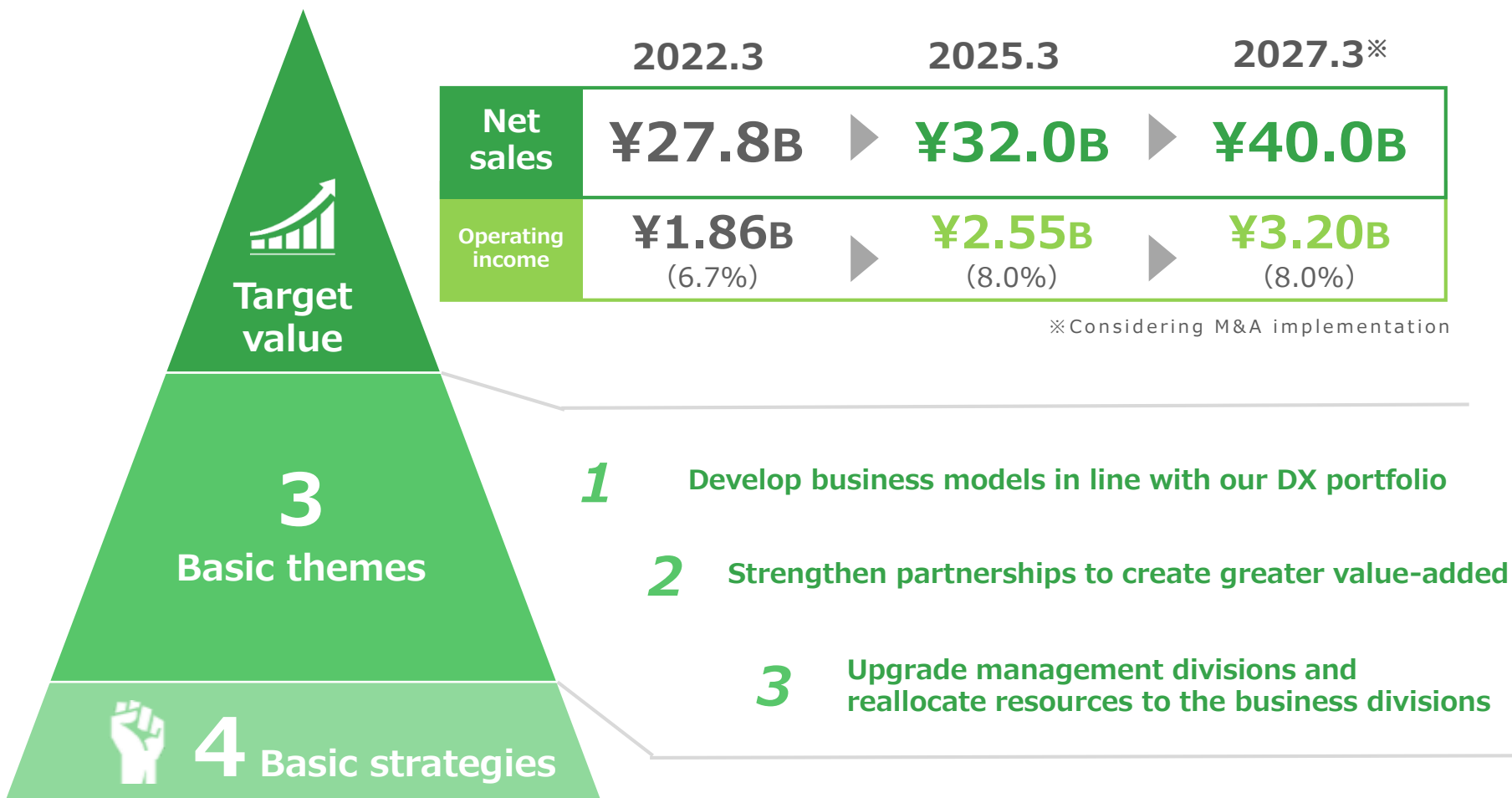
Together we will **Ride on Time!**



Change or Die!

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!**



Change or Die!

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.



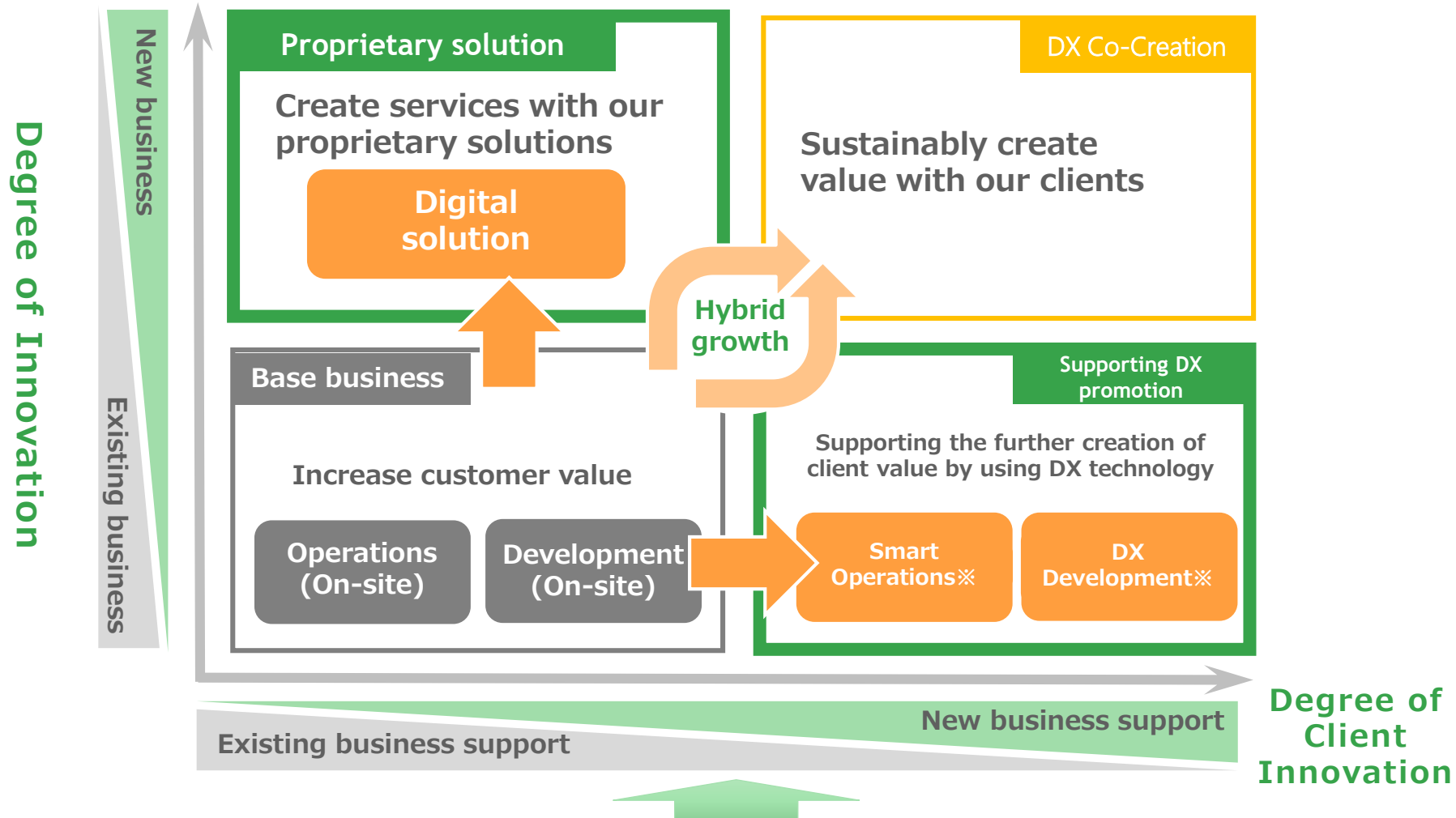
New Normal Strategy



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



Shared Tasks ◆ Key client tasks ◆ Strategic partner tasks ◆ Business partner value enhancement
◆ Quality control ◆ Global tasks

※ Source: "2021 White paper of information service industry" 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

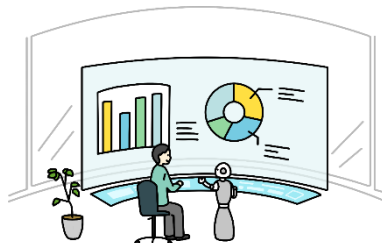
IT infrastructure

Cybersecurity

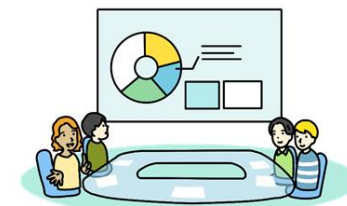


Next-generation system operation management and software development utilizing innovative technology

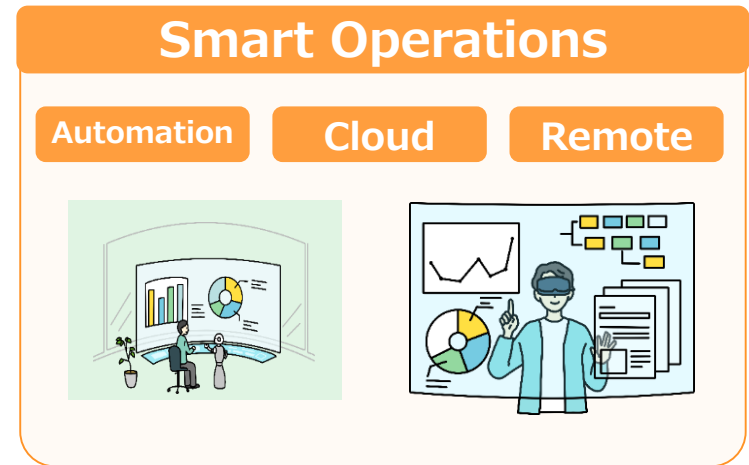
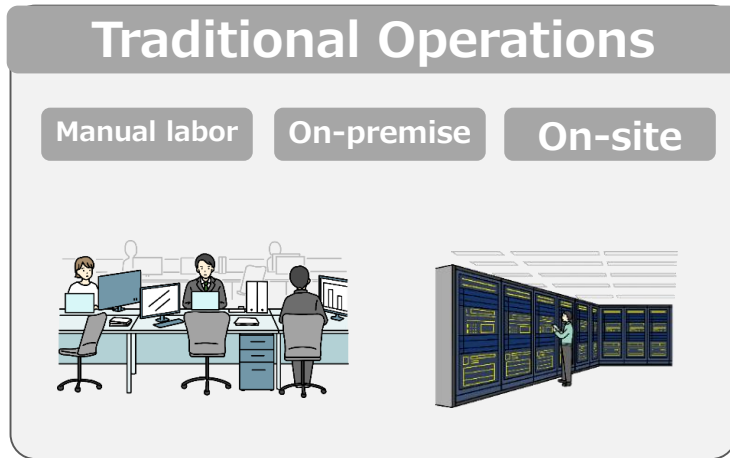
Smart Operations



DX Development

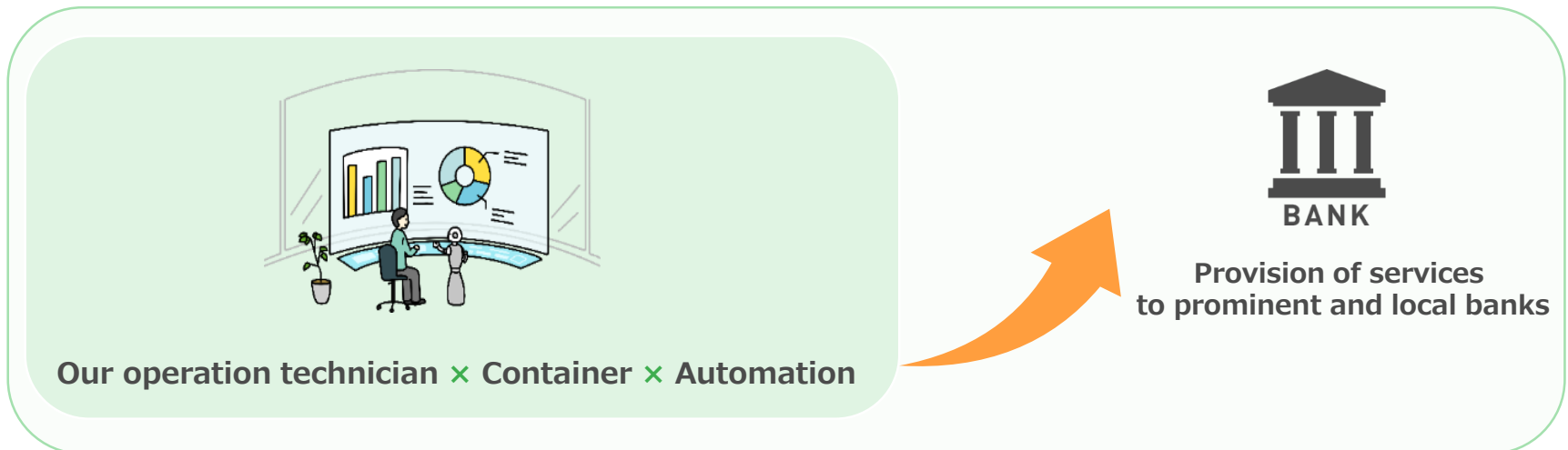


Operations utilizing automation tools, cloud, and remote work
Not only **reducing costs**, but simultaneously improving **productivity** and **quality**!



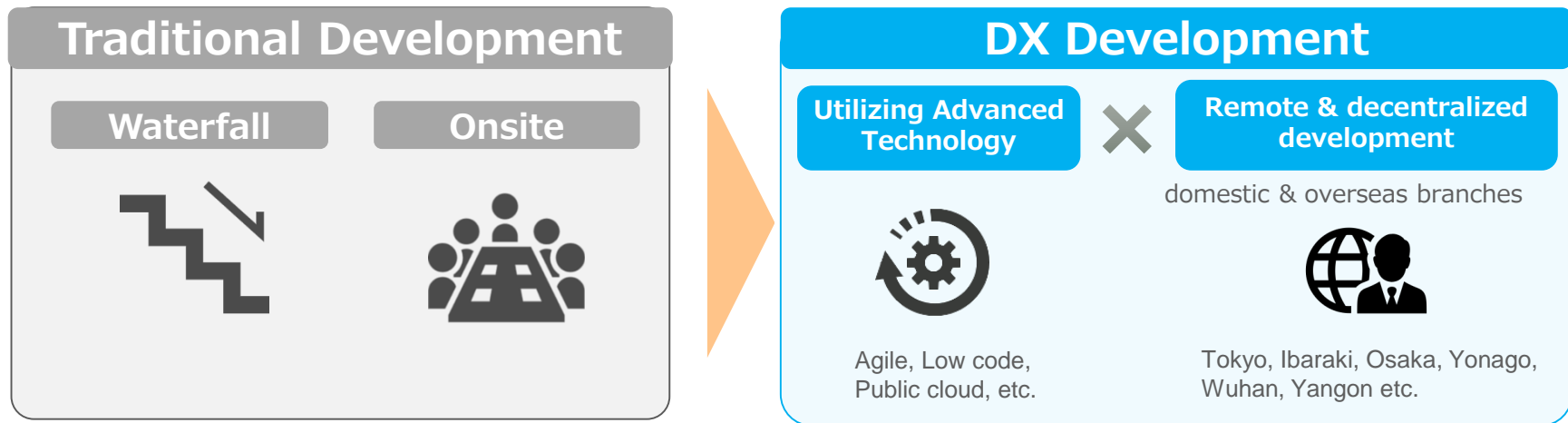
[Case Study]
Expansion of Smart operations
to prominent and local banks

ID GROUP X Prominent IT service company



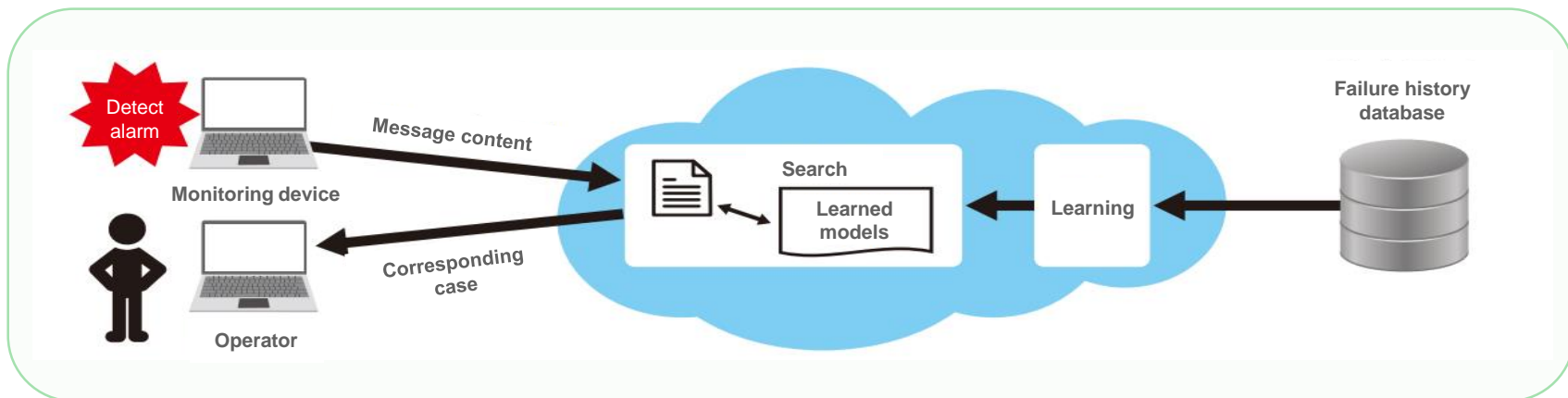
Software development utilizing AI, low code, cloud, etc.

By utilizing **domestic and overseas branches** and proactively promoting **DX development**, efficient development would be achieved



【Case Study】

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 **Security**

Target

- Medical
- Energy
- Public sector



Installation, Managed services

Identification of vulnerabilities,
Provision of information

PC management



RPA remote maintenance

Target

- Manufacturing
- Construction
- Logistics
- Medical
- Public sector



Microsoft Defender for IoT

Security

Advisory & Scoring

Cyber Threat Retrospective Analysis

EDR*

IoT

OT

Cyber defense exercises

IT

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

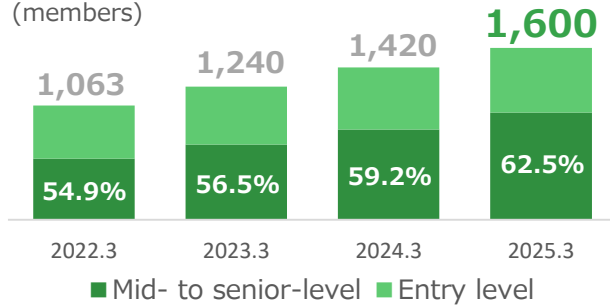
Strengthen training of mid- to senior-level DX engineers and project personnel

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*)

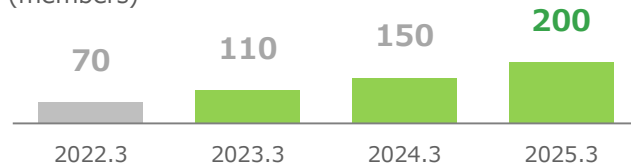
*Non-Fungible Token

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

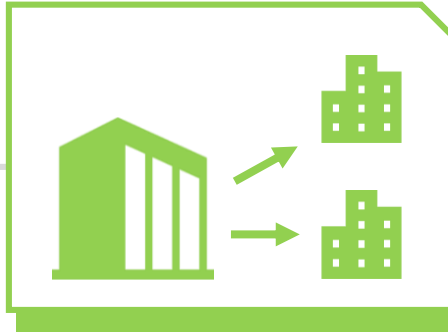
Reallocate members of management to business divisions to improve operational efficiency and return profits to our employees

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

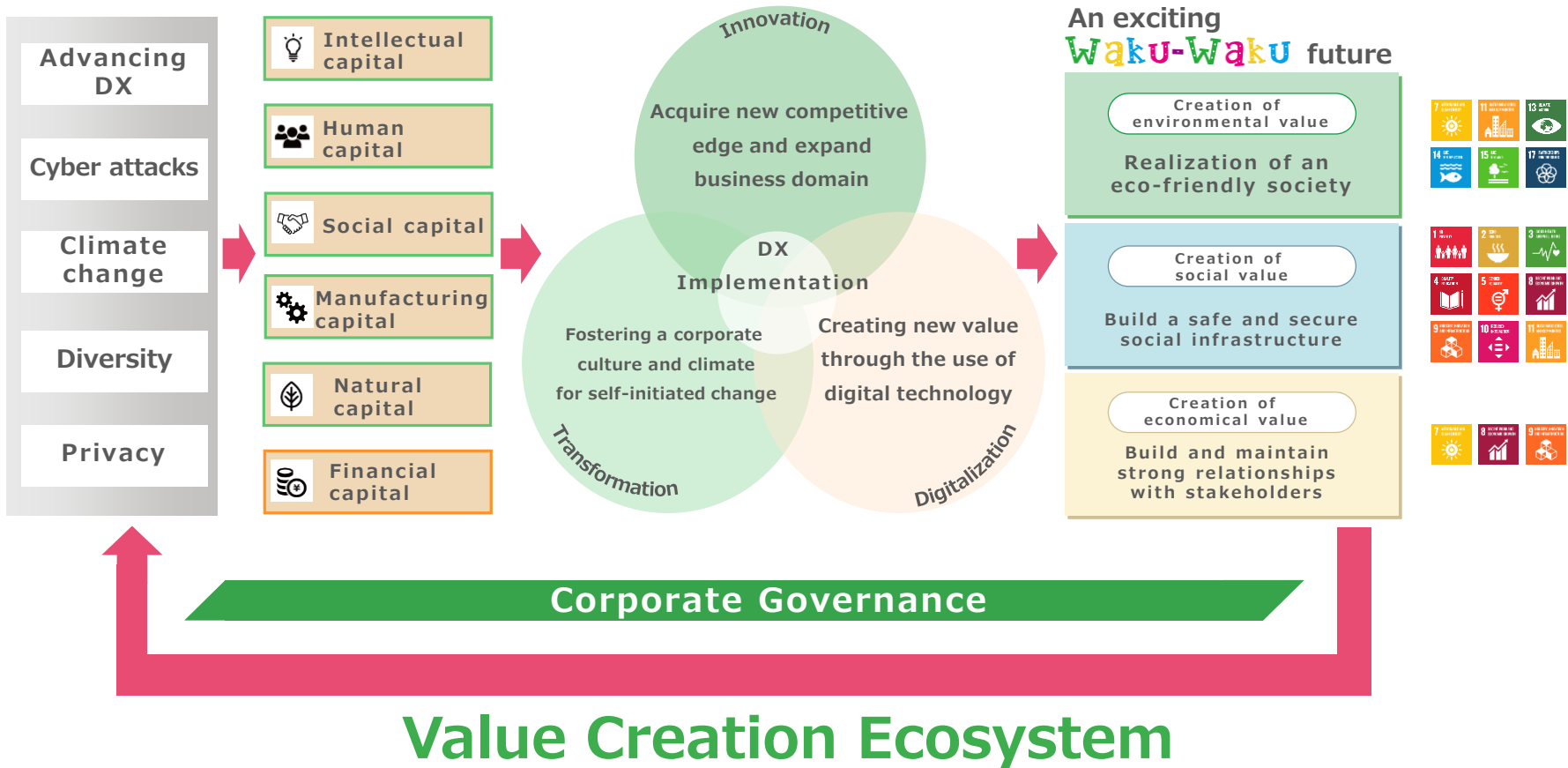
Improvement in SG&A ratio **17.3%*** → **13.9%**
SG&A Department **190 members** → **140 members**

*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



Key Numerical Targets for the New Mid-Term Management Plan

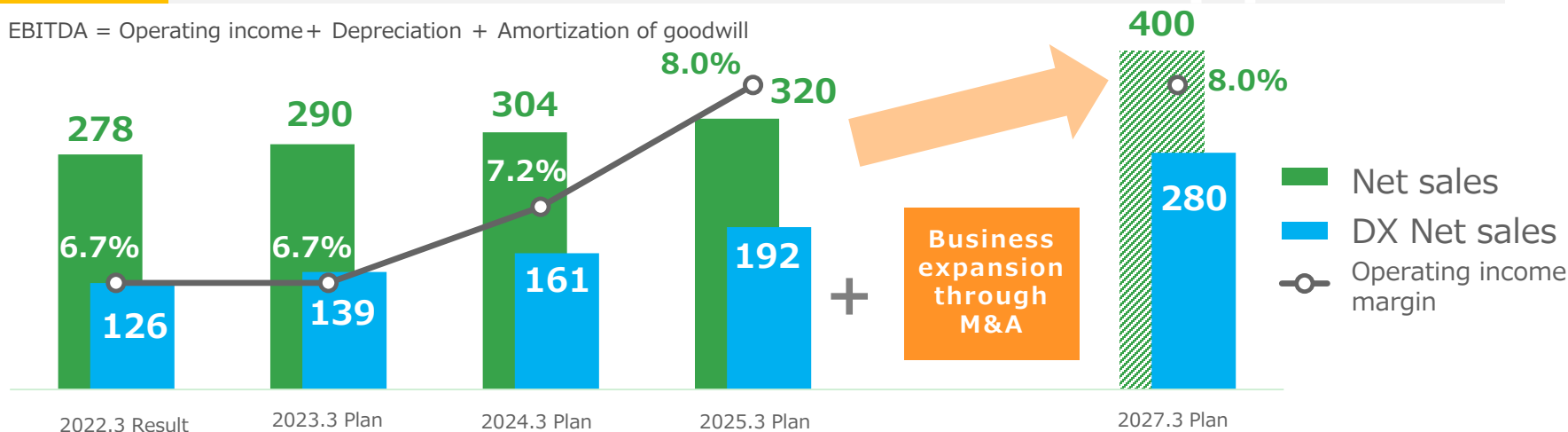
(Numerical targets 5-years later)

	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



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)

(\$ million)	2022.3		2023.3		Diff.	YoY
	Results	(% of net sales)	Plan	(% of net sales)		
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

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.

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