

April 28, 2023

To: All Concerned Stakeholders

Company: ID Holdings Corporation
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Notice Regarding Revision of Numerical Targets in the Mid-term Management Plan and Dividend Forecast (Dividend Increase) for FY2023

ID Holdings Corporation hereby notifies that it has revised as follows the numerical targets for the fiscal years ending March 31, 2024 (FY2023) and March 31, 2025 (FY2024) in the Mid-term Management Plan, “Next 50 Episode II: Ride on Time,” announced on April 28, 2022.

The Company also hereby notifies that it has resolved the forecast of dividends for FY2023 as follows.

I. Revision of Numerical Targets in the Mid-term Management Plan

1. Background to Revision of Numerical Targets

(1) Overview of the Mid-term Management Plan

Guided by its corporate philosophy, IDentity, the Company upholds a basic management policy of providing high-value-added information services to meet customer needs and contributing to an information-driven society. On this basis, we are moving forward with enterprise activities to achieve our mission of participating in the creation of an exciting future (Waku-Waku) for everyone.

In its current three year Mid-term Management Plan, “Next 50 Episode II: Ride on Time,” of which FY2022 is the first fiscal year, the Company identified domains of technology where customer needs are demanding and proceeded to strengthen its support for advancing DX through collaboration with partner companies. We also cultivated advanced engineers to support these efforts and people with skills in planning and proposal. By staying abreast of the times in this way, the Company aims to become an IT engineering partner that can deliver a Waku-Waku future to the rapidly changing IT sector.

(2) Current Business Results and Outlook

Business results were strong in FY2022. The Company advanced vigorous sales activities in collaboration with major IT vendors and used advanced technologies such as cloud computing and cybersecurity to expand DX-related operations. As a result, transactions expanded. Net sales reached ¥31.1 billion (up 11.9% over the previous fiscal year (YoY)).

Earnings increased along with revenues. Moreover, the rate of selling, general and administrative expenses declined steeply to 14.1% (down 3.2 points YoY). These factors combined to produce operating income of

¥2.42 billion (up 29.7% YoY).

Both net sales and operating income in the first year of the current Mid-term Management Plan significantly outperformed the original numerical targets for this fiscal year, and even for the next fiscal year, to reach record highs for the Company. Looking ahead, the Company will continue to invest vigorously in IT to transform its operations. As a result, business results are forecasted to continue on a firm trend.

2. Revision of Numerical Targets

For the above reasons, the Company has adjusted the numerical targets listed in the Mid-term Management Plan (covering FY2023 and FY2024) as follows. The policies in the Mid-term Management Plan remain unchanged.

	FY2022		FY2023		FY2024	
	Original target	Result	Original target	Revised target	Original target	Revised target
Net sales	¥29.0 billion	¥31.1 billion	¥30.4 billion	¥32.8 billion	¥32.0 billion	¥3.50 billion
Operating income	¥1.95 billion	¥2.42 billion	¥2.20 billion	¥2.63 billion	¥2.55 billion	¥3.00 billion
Operating income margin	6.7%	7.8%	7.2%	8.0%	8.0%	8.6%
EBITDA	¥2.58 billion	¥3.03 billion	¥2.80 billion	¥3.26 billion	¥3.10 billion	¥3.55 billion
EBITDA margin	8.9%	9.8%	9.2%	10.0%	9.7%	10.1%

* EBITDA = operating income + depreciation + amortization of goodwill

II. Return to Shareholders

1. Basic Policy on Return of Earnings to Shareholders

The Company recognizes the return of earnings to shareholders as an important management issue. The Company's basic policy is to ensure continuous and appropriate distribution of earnings backed by business results, based on securing a robust management base, maintaining stable earnings and improving return on equity.

In accordance with the above policy, for the current Mid-term Management Plan (FY2022 through FY2024), the Company is targeting total return ratio*, which includes both dividends and purchase of treasury shares, of 50–60%.

* Total return ratio = (total dividends + amount of purchase of treasury stock) ÷ net income attributable to owners of parent

2. Forecast for FY2023

In the forecast of dividends for FY2023, the Company forecasts that the trend of solid business results will continue, as described above in “I. Revision of Numerical Targets in the Mid-term Management Plan.” As such, the Company expects to distribute an interim dividend of ¥25 per share and a year-end dividend of ¥25 per share, for a total dividend of ¥50. This dividend constitutes an increase in the forecast of the annual dividend of ¥5 from the original forecast of ¥45.

	Dividend per share		
	End of the second quarter	End of the fiscal period	Total
Forecast for FY2023	¥25.00	¥25.00	¥50.00
Reference: Forecast for FY2022	¥20.00	¥25.00	¥45.00

Note: The above forecast was prepared based on information available at the time of publication of this document. Actual business results may differ due to a wide variety of factors.

Please refer to the attached document for details.

DISCLAIMER

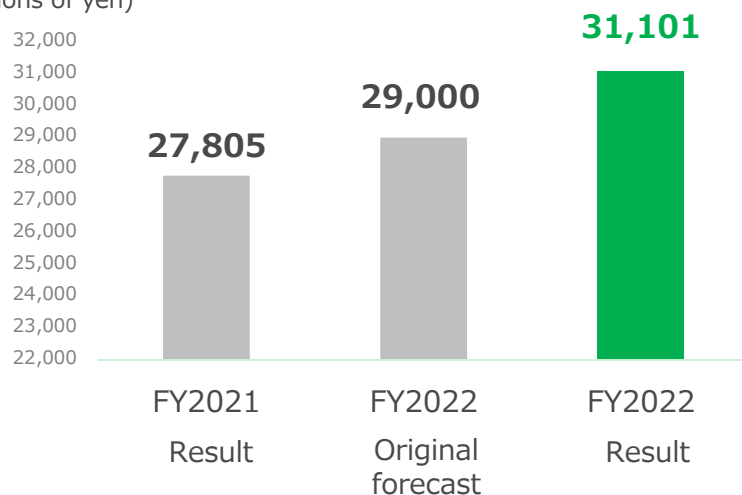
This English translation is only for reference purpose. When there are any discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.

Net sales, operating income, ordinary income and net income all reached **record highs!**

- ▶ In the business results for FY2022, net sales were ¥31.1 billion (up 11.9%), operating income was ¥2.42 billion (up 29.7%), ordinary income was ¥2.5 billion (up 30.3%) and net income was ¥1.4 billion (up 34.1%). All of these results are the highest ever for the Company.
- ▶ The Company bolstered transactions by pursuing vigorous sales activities in cooperation with major IT vendors and by expanding DX-related business using leading-edge technologies such as cloud computing and cybersecurity.
- ▶ Earnings grew in tandem with revenues, while improved efficiency in administrative functions was achieved. As a result, the Company achieved a sharp reduction in selling, general and administrative expenses, from 17.3% in the previous fiscal year to 14.1% (a reduction of 3.2 points).

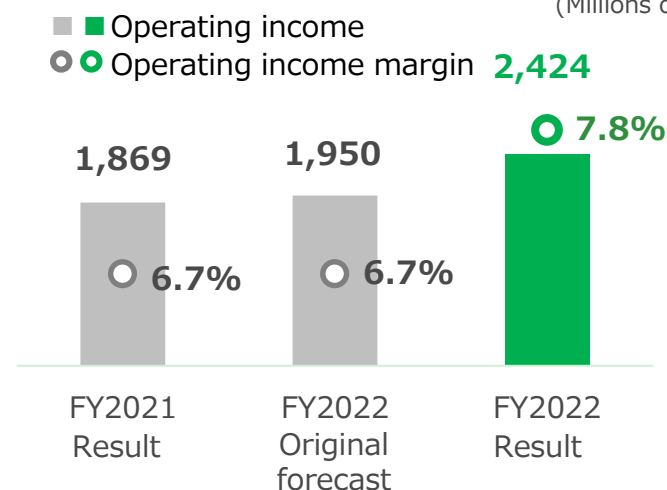
Net sales

Previous fiscal year: **11.9%** increase
 Comparison with target: **7.2%** above target
 (Millions of yen)



Operating income

Previous fiscal year: **29.7%** increase
 Comparison with target: **24.4%** above target
 (Millions of yen)



Key Numerical Targets for the New Mid Term Management Plan

	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%**

(billion) *Total return ratio = (total dividends + amount of purchase of treasury stock) ÷ net income attributable to owners of parent

