



ID Holdings Corporation
April 1, 2021 – June 30, 2021

President and Representative Director
Masaki Funakoshi

TSE 1st section
Code

4709

※ Our website can be
accessed from the
QR Code.



Apr. **6th** ID Holdings acquired DX Certification based on the Ministry of Economy, Trade and Industry guidelines.



Jun. **29th** Publication of the *Evaluation Report from New York*

Jul. **1st** Share split

Share split:

1 share → **1.5 shares**

Dividend forecast:

Effective increase **by ¥10**

2nd Listing in *Shukan Toyo Keizai's* "500 Companies That Lead Japan in the SDG s "

12th **Notice of Qualification for Prime Market of Reorganized TSE**

1

Q1 Performance Overview

2

Forecast of Financial Results for FY2021

Financial Results (Consolidated) (Impact from application of ASRR¹)

Change or Die!

(¥ million)	2021.6 (Before application of ASRR)		Impact from application of ASRR		2021.6 (Figures published in the consolidated financial results)□	
	Results	(% of net sales)	Diff.	YoY	Results	(% of net sales)
Net sales	6,838	-	-273	-4.0%	6,565	-
Cost of sales	5,313	77.7%	-258	-4.9%	5,055	77.0%
Gross profit	1,525	22.3%	-15	-1.0%	1,509	23.0%
SG&A expenses	1,217	17.8%	0	+0.0%	1,217	18.5%
EBITDA ²	458	6.7%	-15	-3.4%	442	6.7%
Operating income	307	4.5%	-15	-5.1%	292	4.5%
Ordinary income	334	4.9%	-15	-4.7%	318	4.8%
Net income attributable to owners of parent	158	2.3%	-15	-9.9%	142	2.2%
Earnings per Share (EPS) (¥)	9.25	-	-0.91	-	8.33	-
EPS before Amortization of Goodwill (¥) ³	15.73	-	-0.91	-	14.81	-

Notes:

- 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).
- 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

【Reference】 Financial Results (Consolidated)

(YoY comparison, before application of ASRR)

(¥ million)	2020.6		2021.6 (Before application of ASRR)			
	Results	(% of net sales)	Results	(% of net sales)	Diff.	YoY
Net sales	5,881	-	6,838	-	957	+16.3%
Cost of sales	4,549	77.3%	5,313	77.7%	764	+16.8%
Gross profit	1,332	22.7%	1,525	22.3%	193	+14.5%
SG&A expenses	1,101	18.7%	1,217	17.8%	116	+10.6%
EBITDA	328	5.6%	458	6.7%	129	+39.4%
Operating income	231	3.9%	307	4.5%	76	+33.2%
Ordinary income	270	4.6%	334	4.9%	63	+23.6%
Net income attributable to owners of parent	137	2.3%	158	2.3%	21	+15.7%
Earnings per Share (EPS) (¥)	8.20	-	9.25	-	1.05	-
EPS before Amortization of Goodwill (¥)	12.00	-	15.73	-	3.72	-

¥6,565 million (Note: ¥6,838 million before application of ASRR, +16.3% YoY)

- ⊕ Three subsidiaries purchased in the previous fiscal year contributed
- ⊕ System operation management held to a firm trend

System Operation Management

¥3,051 million

- ⊕ Subsidiaries purchased in the previous fiscal year contributed
- ⊕ Personnel increased as a result of organizational reinforcement by existing finance-related customers
- ⊕ New support-desk projects were secured
- ⊖ The wrap-up of some large-scale projects with existing public-sector-related customers in the previous fiscal year left a gap

Software Development

¥2,429 million

- ⊕ Subsidiaries purchased in the previous fiscal year contributed
- ⊕ Projects suspended at existing finance-related customers were restarted
- ⊕ New projects at existing manufacturing-related customers were secured
- ⊖ The wrap-up of some large-scale projects with existing public-sector-related customers in the previous fiscal year left a gap

IT Infrastructure

¥600 million

- ⊕ New system renewal projects were secured at existing financial-related customers
- ⊖ System investment at existing shipping-related customers shrank amid the COVID-19 pandemic and personnel declined at existing public-sector-related

Cybersecurity, Consulting & Training

¥444 million

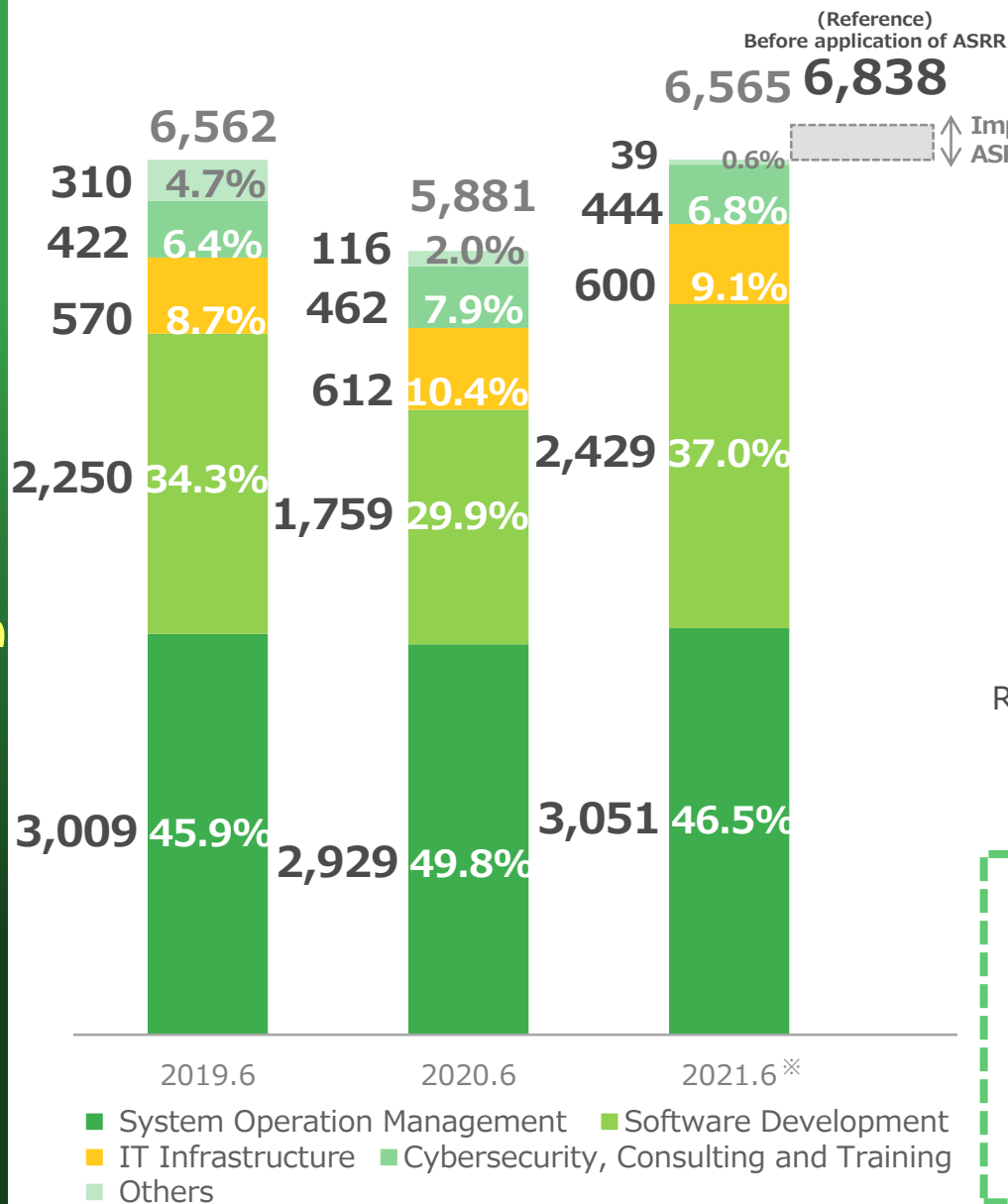
- ⊕ New consulting projects for the public sector secured
- ⊕ Increased sales of cybersecurity products and expanded its roster of operators
- ⊖ The application of the Accounting Standard for Revenue Recognition had a negative impact of ¥194 million

Others

¥39 million

- ⊖ Product sales were adversely affected by a decline in license sales from the previous fiscal year
- ⊖ The application of the Accounting Standard for Revenue Recognition had a negative impact of ¥36 million

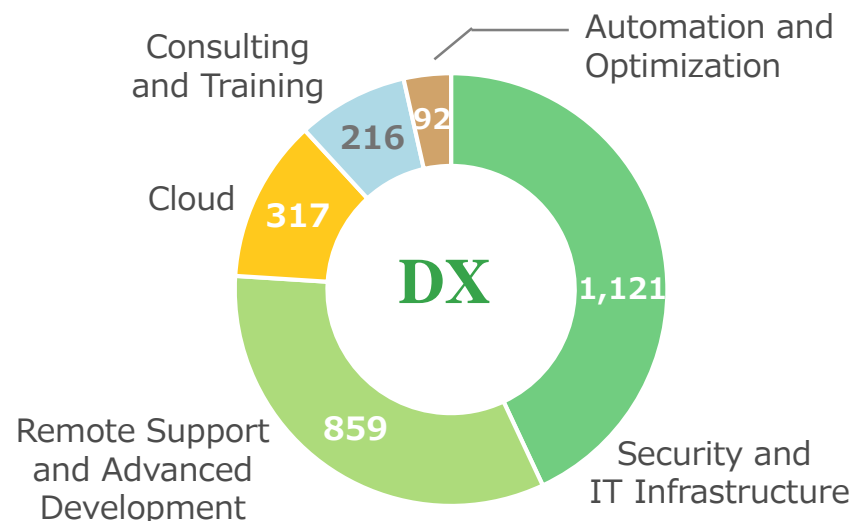
(¥ million)



DX related sales : ¥ 2,607 million

about 39.7 % of consolidated sales
[Reference] FY2020: ¥6,688 million

Note: The categories for DX-related net sales are changed as of the fiscal year under review.



~ DX related business ~

- High-value added businesses that use leading-edge technologies such as cybersecurity, cloud, RPA, AI and IoT
- Take-home development, remote/distributed development
- High-speed development using agile and low-code computing
- Consulting businesses using the ITSM method

Note: The Group applies ASRR from the beginning of FY2021.

【Reference】 Operating Income Analysis (YoY)

Change or Die!

	2020.6	2021.6		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Gross Profit	1,332	1,509	+177	• Main changes in Gross Profit -Increase in net sales +683 (Of which: Decrease in net sales from application of ASRR -273) -Increase in cost of sales -505 (Of which: Decrease in cost of sales from application of ASRR +258) • Labor cost -512 • Subcontract expenses -82 • Expenses -22 • Purchases +116
SG&A Expenses	1,101	1,217	+116	• Main changes in SG&A Expenses -Increase in personal cost -44 -Increase in other expenses -72 • Increase in goodwill expenses -47 • Expenses from the New Normal Adaptation Project • Increase in Land rent
Operating Income	231	292	+61	

Note: The Group applies ASRR from Q1 FY2021. However, in YoY comparisons, ASRR is not applied to the business results of the same period of the previous fiscal year (FY2020).

【Reference】 Net Income Attributable to Owners of Parent Analysis (YoY)

Change or Die!

	2020.6	2021.6		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Ordinary Income	270	318	+47	• Main changes in Ordinary Income -Increase in operating income +61 -Decrease in non-operating income -7 -Increase in non-operating expenses -5 (Of which: Decrease from application of ASRR -15)
Extraordinary Income	0	1	+1	• Main change in Extraordinary Income -Gain on sales of non-current assets +1
Extraordinary Losses	0	12	+12	• Main change in Extraordinary Losses -Office moving expenses at the three subsidiaries acquired in the previous fiscal year +12
Total Income Taxes	133	163	+30	
Net Income attributable to owners of parent	137	142	+5	

Note: The Group applies ASRR from Q1 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

Main Factors

- Accounts receivable–other increased +220
- Cash and deposits decreased -380
- Notes and accounts receivable–trade declined -714

2021.6

(¥ million)

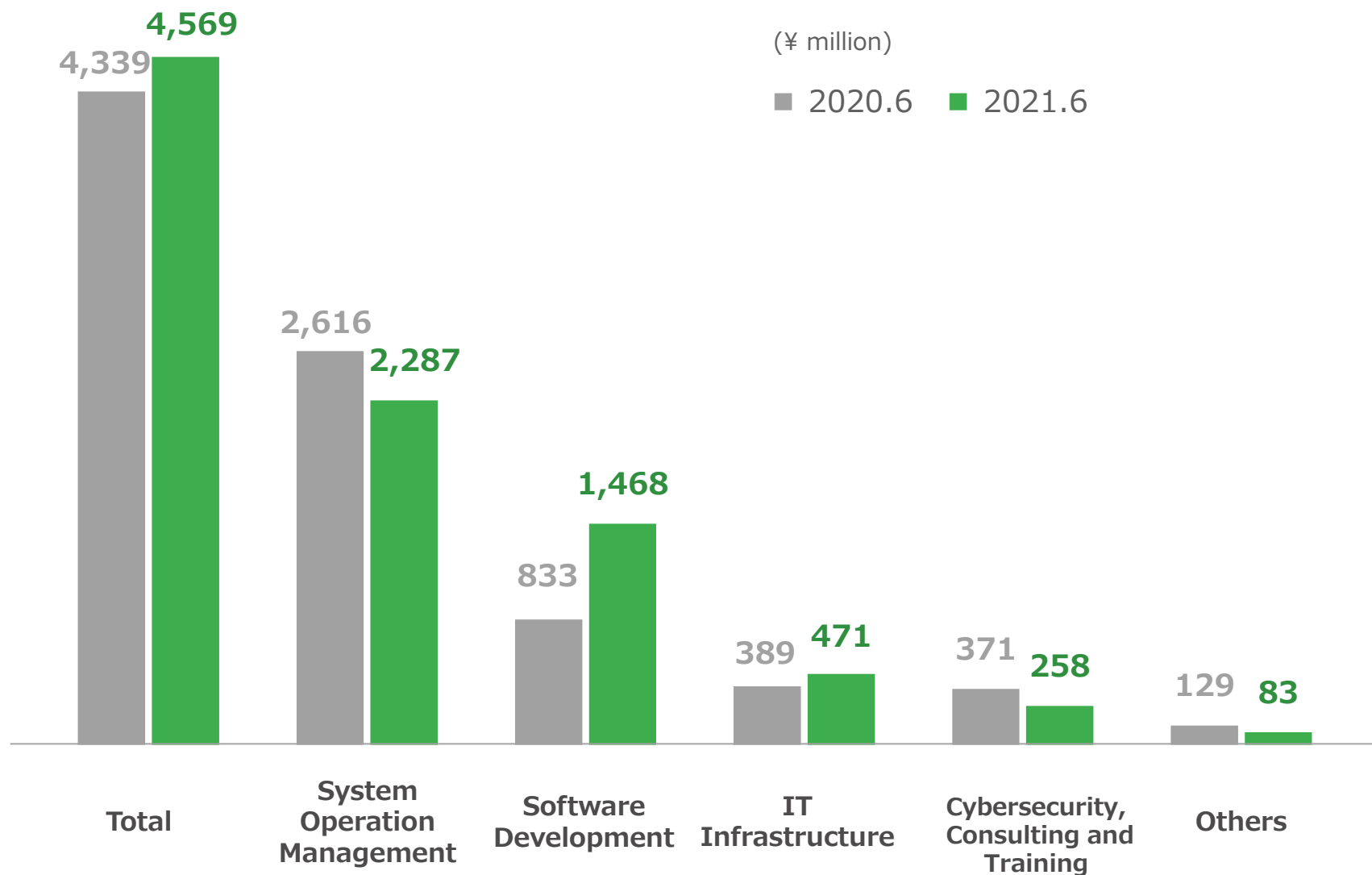
Assets 15,764	Liabilities 6,507
	Net assets 9,257

Main Factors

- Interest-bearing debt decreased -488
- Provision for bonuses declined -476

Equity Ratio
58.4%

Current Ratio
174.8%



1**Q1 Performance Overview****2****Forecast of Financial Results for FY2021**

Net Sales



¥30.0 billion

- ⊕ Contribution by the three newly acquired operating companies and synergy with existing operating companies
- ⊕ DX-related services are anticipated to trend favorably

Operating Income Margin



6.3%

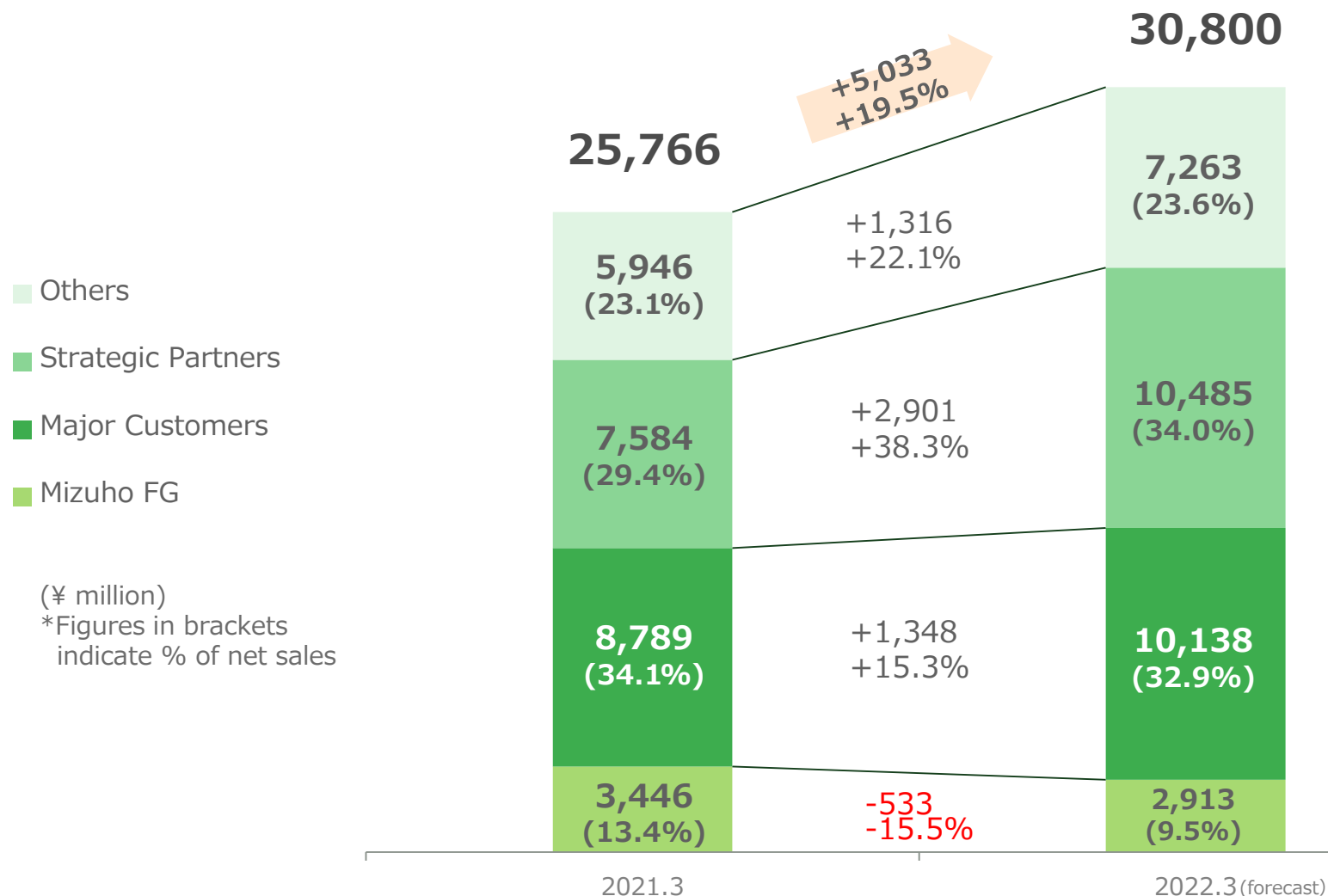
- ⊕ Factors such as enhancement of value-added in current services and training of DX-related engineers are expected to contribute to improvement in income

Forecast of Consolidated Financial Results for FY2021 (YoY)

Change or Die!

	2021.3		2022.3	
(¥ million)	Results	(% of net sales)	Plan	(% of net sales)
Net sales	25,766	-	30,000	-
EBITDA	1,877	7.3%	2,597	8.7%
Operating income	1,372	5.3%	1,900	6.3%
Ordinary income	1,553	6.0%	1,950	6.5%
Net income attributable to owners of parent	747	2.9%	1,020	3.4%
Earnings per Share(EPS)(¥)	66.56	-	59.40	-
EPS before Amortization of Goodwill(¥)	97.59	-	85.37	-
Cash flows from operating activities	-607	-	1,556	-

1. The figures for EPS and EPS before amortization of goodwill for FY2021 take a share split (1 share →1.5 shares) which is executed as of the effective date (July 1, 2021) into consideration. If the share split is not taken into consideration, the figure for EPS in FY2021 is ¥89.10. The figure for EPS before amortization of goodwill if the share split is not taken into consideration is ¥128.05.
2. As of the start of FY2021, the Group applies the Accounting Standard for Revenue Recognition. As such, YoY comparisons are not provided.



1. **Numbers in the forecast for the fiscal year ending March 31, 2022 reflects those before the application of the Accounting Standard for Revenue Recognition, etc.**

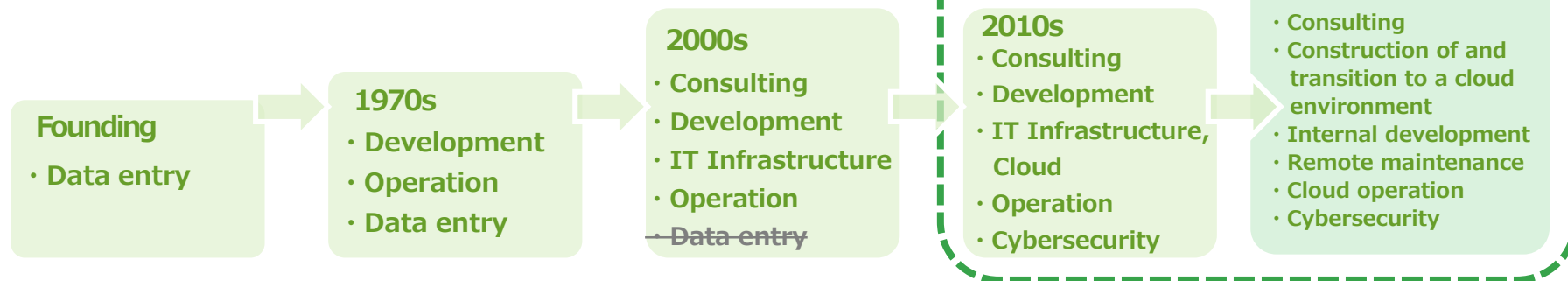
In addition, the forecast for the fiscal year ending March 31, 2022, which reflects estimates as of today, may be subject to change going forward.

2. From Q1 FY2021, the breakdown of the category "**Major Customers**" has changed.
The figures of FY2020 has been adjusted based on changes.

Changes in Business Model and Net Sales Trends of ID Group

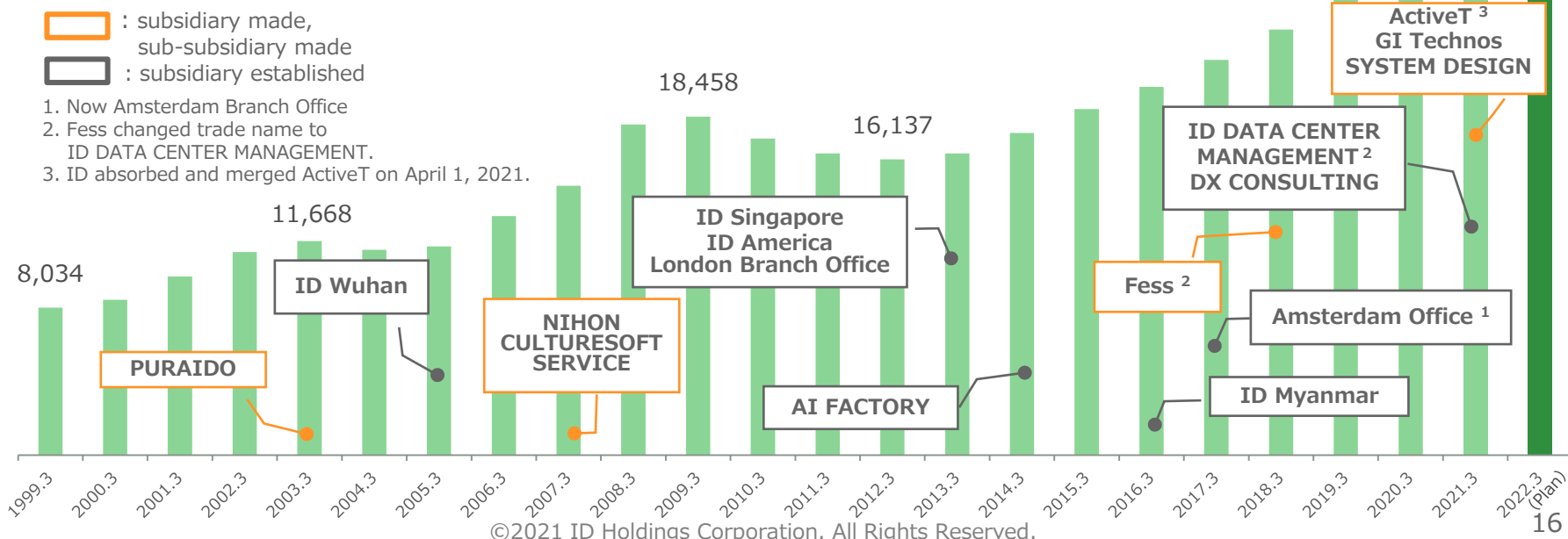
Changing business model in line with the changes in the IT industry

【Changes in Business Model】



Implement M&A strategy and overseas expansion seeking out synergy with existing group companies

【Net Sales (consolidated)】(¥ million)



By combining cloud, RPA, IoT, and other cutting-edge technologies with our current businesses, we will aim to expand DX-related business.

Current Businesses

System Operation
Management

Software
Development

IT
Infrastructure

Cybersecurity



Digital Technology for Achieving DX

Cloud

RPA

IoT

AI

Remote

No-Code

Mobile

etc.



DX-Related Fields

Cloud



Security and
Infrastructure



Remote Support
and Advanced
Development



Consulting
and Training



Automation and
Optimization



DX-related Net Sales Goal

- By accelerating the DX strategy-driven upgrade of business models, we will seek to improve profitability.

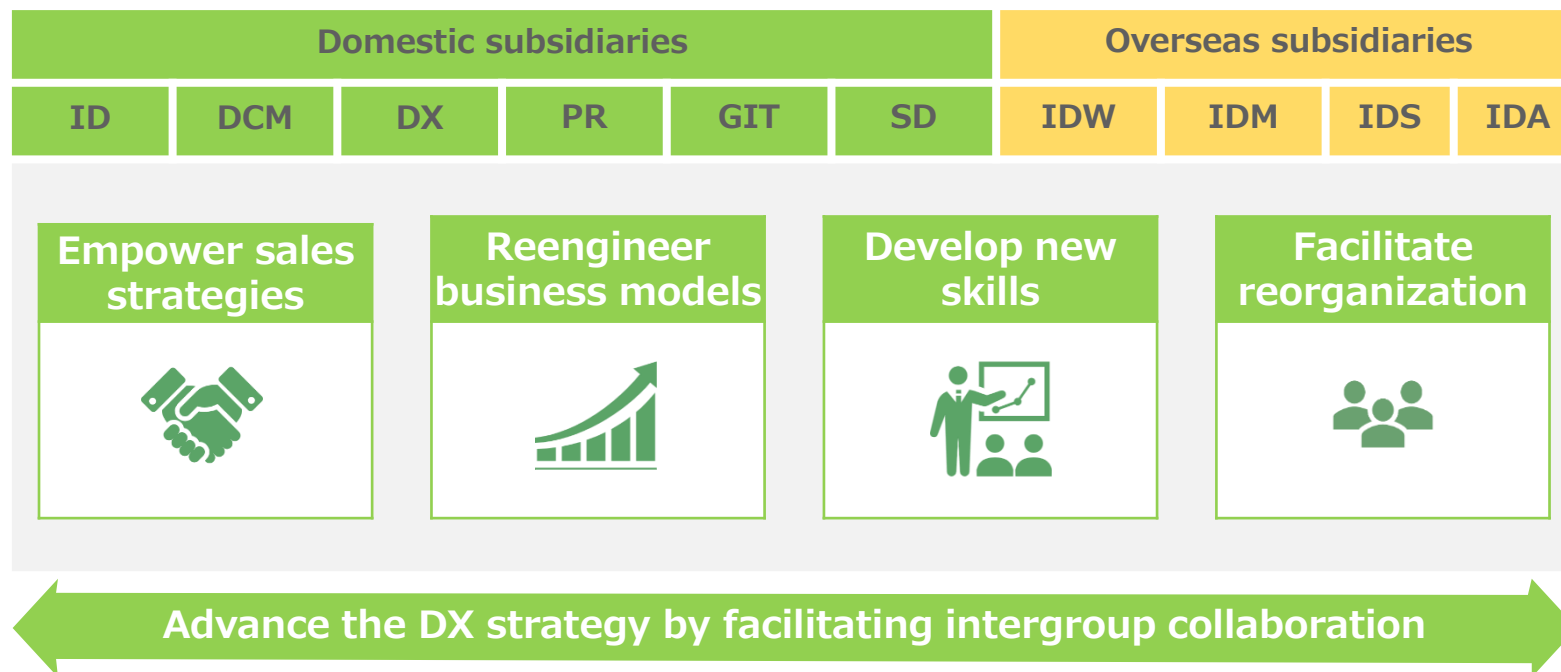


**DX-related
Net Sales Goal**

¥10.5 billion
35.0%
of consolidated Net Sales

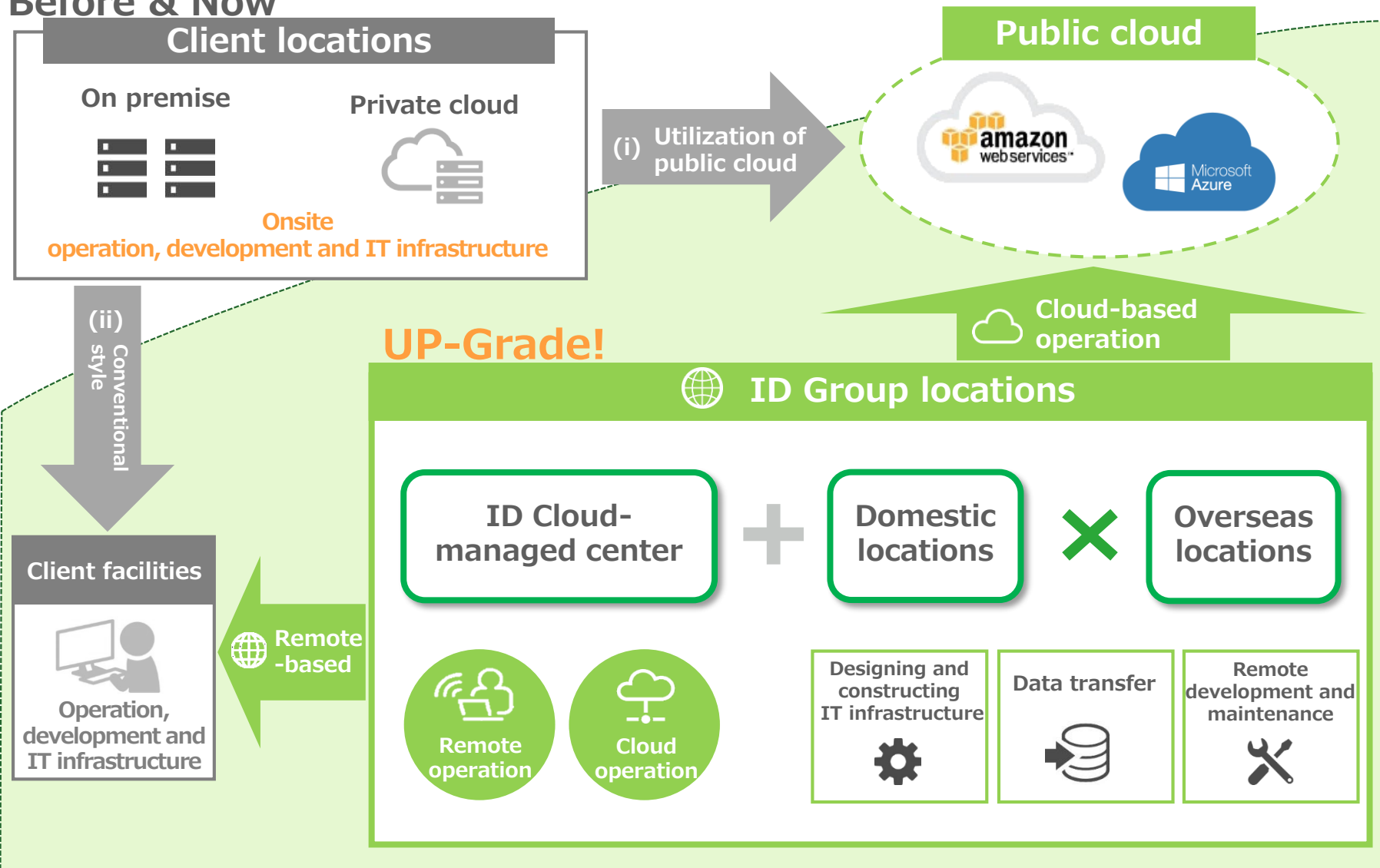
【Reference】 FY2020: ¥6,688 million
Approx. 26.0% of consolidated Net Sales

Measures to achieve the goal



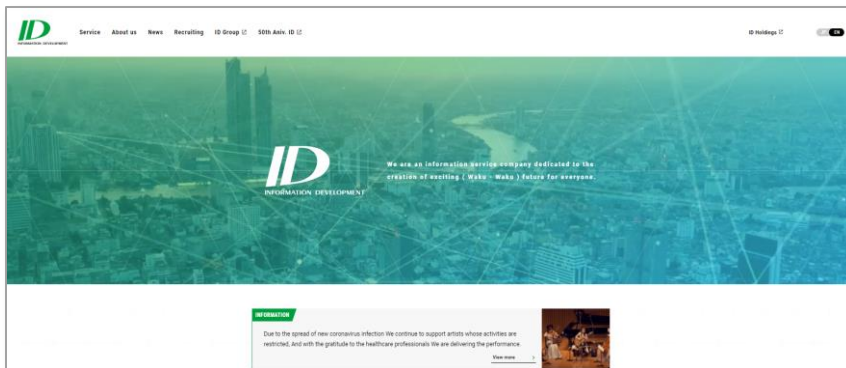
- We will focus on the cloud- and remote-based upgrade of existing businesses.

Before & Now



To create more business opportunities, we have upgraded the function of sales promotion on our website.

ID Top



ID-Cross (JP website)



IDEye (JP website)



ID Top

<https://www.idnet.co.jp/english/>



ID-Cross (JP website)

<https://id-cross.jp/>



IDEye (JP website)

<https://ideye.jp/>



- As the basic policy of the Mid term Management Plan, the ID Group is working on "Development of a future-oriented corporate culture" and "Promoting ESG".



Development of a future-oriented corporate culture

- Established **the ID Cloud Managed Center** in Yonago, Tottori Prefecture
- **Transferred some head-office functions** and established **the Sanin Business Process Outsourcing Center** with the aim of avoiding risk from the overconcentration of functions in the head office and improving the efficiency and productivity of the management function
- Established **THE Forest Room**, a free-address office at Group head office



Promoting ESG

- Established **the Sustainability Committee**
- Took steps to acquire certification under **the ISO14001 environmental management system**

Improving Capital Efficiency and Enhancing Return to Shareholders

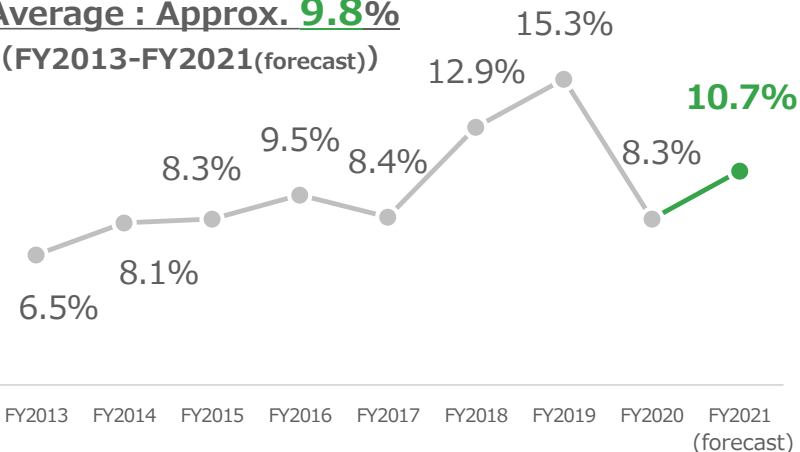
Measures to improve capital efficiency

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

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

Trend in ROE

Average : Approx. 9.8%
(FY2013-FY2021(forecast))

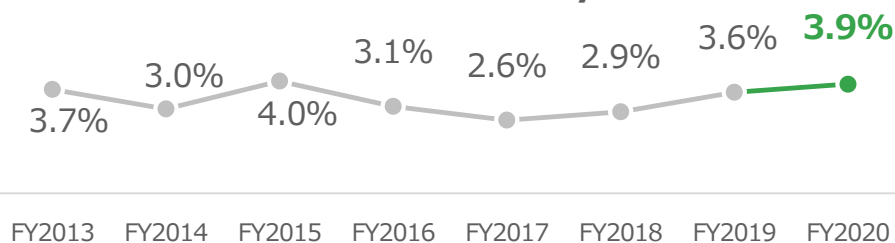


Enhancement of return to shareholders

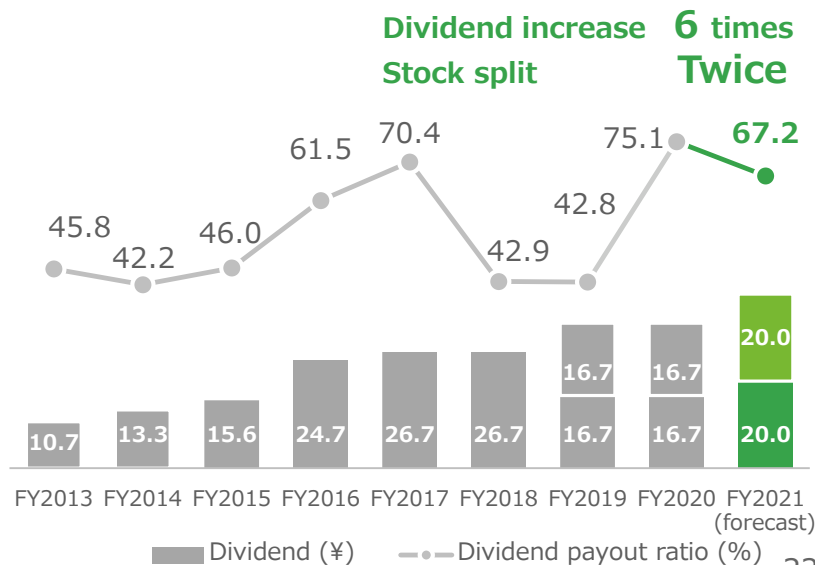
Fiscal year ending March 31, 2022

- **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

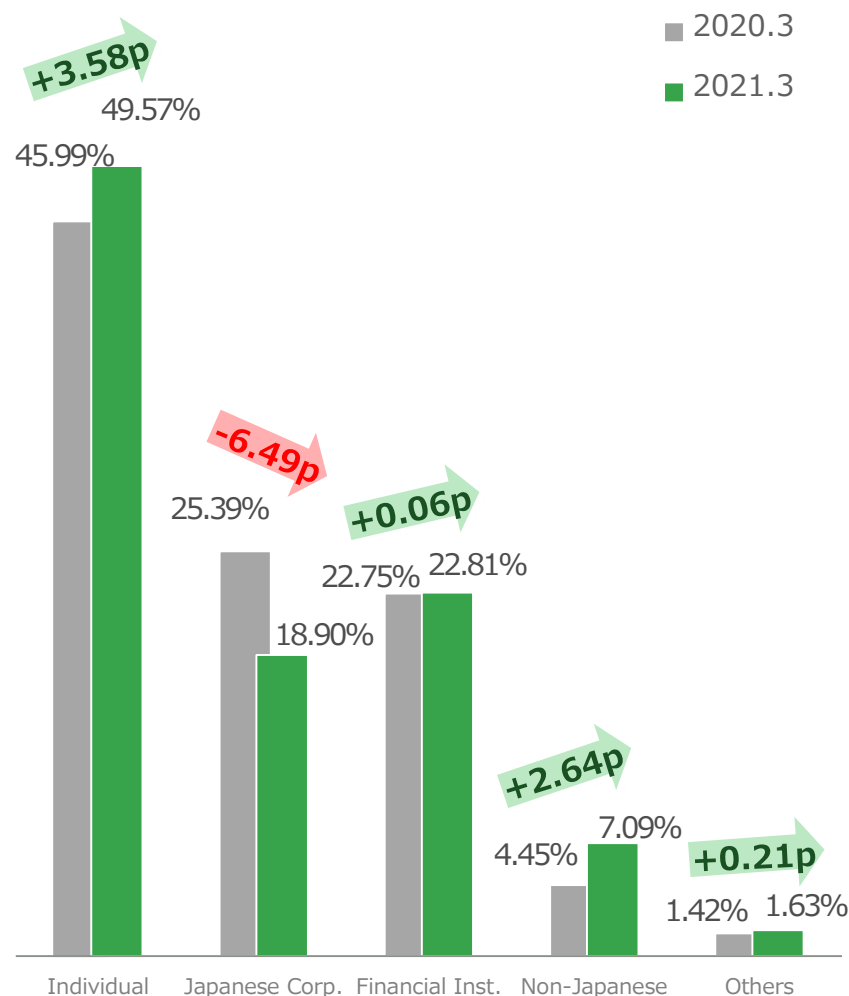


Trend in dividend per share and dividend payout ratio (FY2013-FY2021(forecast))



Dividend increase 6 times
Stock split Twice

Shareholding by investor type



Major shareholders

✓ No. of shareholders: 5,273

(+ 908 since Mar. 2020)

✓ **No. of shareholders with voting rights: 4,568**

(+ 694 since Mar. 2020)

✓ Treasury stocks (370 thousand shares) are not included when calculating the ratio of shareholdings.

	Major shareholders	% of total shares
1	A.K. Corporation	8.94%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	6.39%
3	ID Employee Ownership Account	6.01%
4	Custody Bank of Japan, Ltd. (Trust Account)	5.03%
5	PERSHING-DIV. OF DLJ SECS. CORP.	3.65%
6	Mizuho Trust & Banking Co., Ltd.	3.62%
7	Mizuho Information & Research Institute, Inc. ※	3.45%
8	TDC SOFT Inc.	2.43%
9	Custody Bank of Japan, Ltd. (Trust Account E)	2.11%
10	Akemi Funakoshi	1.69%

Note: The company changed its name to "Mizuho Research & Technologies, Ltd." on April 1, 2021.

Disclaimer

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Such forward-looking statements and information are based on the data available when this presentation was prepared.

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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