

April 15, 2025

To: All Concerned Stakeholders

Company : ID Holdings Corporation  
Representative : Masaki Funakoshi, President,  
Representative Director and Group CEO  
(Securities Code: 4709; TSE Prime)  
Inquiries : Naoko Hara, Senior Corporate Officer,  
Manager, Corporate Strategy Department  
TEL : +81 3-3262-5177

## **Notice Regarding the Formulation of the Medium-Term Management Plan (Fiscal Years Ending March 2026 to March 2028)**

We have formulated a three-year medium-term management plan, Next 50 Episode III “**JUMP!!!**”, with the fiscal year ending March 31, 2026(FY2025) as the first year, as follows.

### **1. Objectives of the Mid-Term Management Plan**

In the previous medium-term management plan, our group accurately grasped the rapidly changing trends in the IT industry and achieved improved profitability by implementing various strategies aimed at adding greater value to our services.

As the social and industry environment becomes more complex, we aim to achieve dramatic growth by setting the following medium- to long-term targets for 2030, the 60th anniversary of our founding: consolidated sales of 50 billion yen, gross profit of 15 billion yen, and operating profit of 8 billion yen.

In this medium-term management plan, we will promote six key strategies, including a service portfolio strategy, the establishment of customer contact points, and a human capital investment strategy, with the two strategic themes of “Shifting towards highly profitable business model” and “Innovation of Culture” at their core. Amidst the accelerating shortage of human resources and the changing nature of the industry due to technological progress, we will raise the value of the “human resources” that drive our business to a higher level than ever before, and work to transform our business model into one with high profitability and growth potential.

We will strive to become a “lean ID Group” in order to survive in the turbulent IT industry.

## 2. Outline

Name : Next 50 Episode III: “**JUMP!!!**”

Period : Fiscal year ending March 31, 2026 (FY2025) to the fiscal year ending March 31, 2028 (FY2027)

Strategic Themes : Shifting towards highly profitable business model

Innovating Corporate culture

Priority Strategies :

1. Service Portfolio Strategy
2. Establishing customer contact points
3. Investment in human capital Strategy
4. M&A Strategy
5. Global Strategy
6. Management that is Conscious of Cost of Capital and Stock Price

## 3. Numeritical Targets

	FY2024 Results (Expectation)	FY2027 Targets for this Mid- Term Management Plan	FY2029* Targets for the next 5 years
Net sales	¥36.0 billion	¥44.0 billion	¥55.0 billion
Gross profit	¥8.4 billion (23.3%)	¥12.3 billion (28.0%)	¥15.0 billion (30.0%)
Operating income(margin)	¥3.5 billion (9.7%)	¥5.7 billion (13.0%)	¥8.0 billion (16.0%)
Total return ratio	54.9%	50～60%	50～60%

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

### 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.*

*This English translation is an automated translation using AI.*



# Mid-term Management Plan

## Next 50 Episode III: ***JUMP!!!***

Our website can be  
accessed from the  
QR Code.



ID Holdings Corporation  
April 15, 2025

# Agenda

- Preface: The ID Group's Business Areas
- Review of the Previous Mid-term Management Plan (Next 50 Episode II)
- Business Environment of the ID Group
- Path of Growth Toward Achieving the Vision
- Overview of Next 50 Episode III "JUMP!!!"
  - 1 . Service Portfolio Strategy
  - 2 . Establishment of Customer Contact Points
  - 3 . Strategy for Investment in Human Capital
  - 4 . M&A Strategy
  - 5 . Global Strategy
  - 6 . Management That is Mindful of Capital Cost and Share Price
- Key Numerical Targets of Current Mid-term Management Plan

# Preface: The ID Group's Business Areas

- Financial institutions, public services (energy), manufacturing, transportation/traffic, information and communication, medical care...

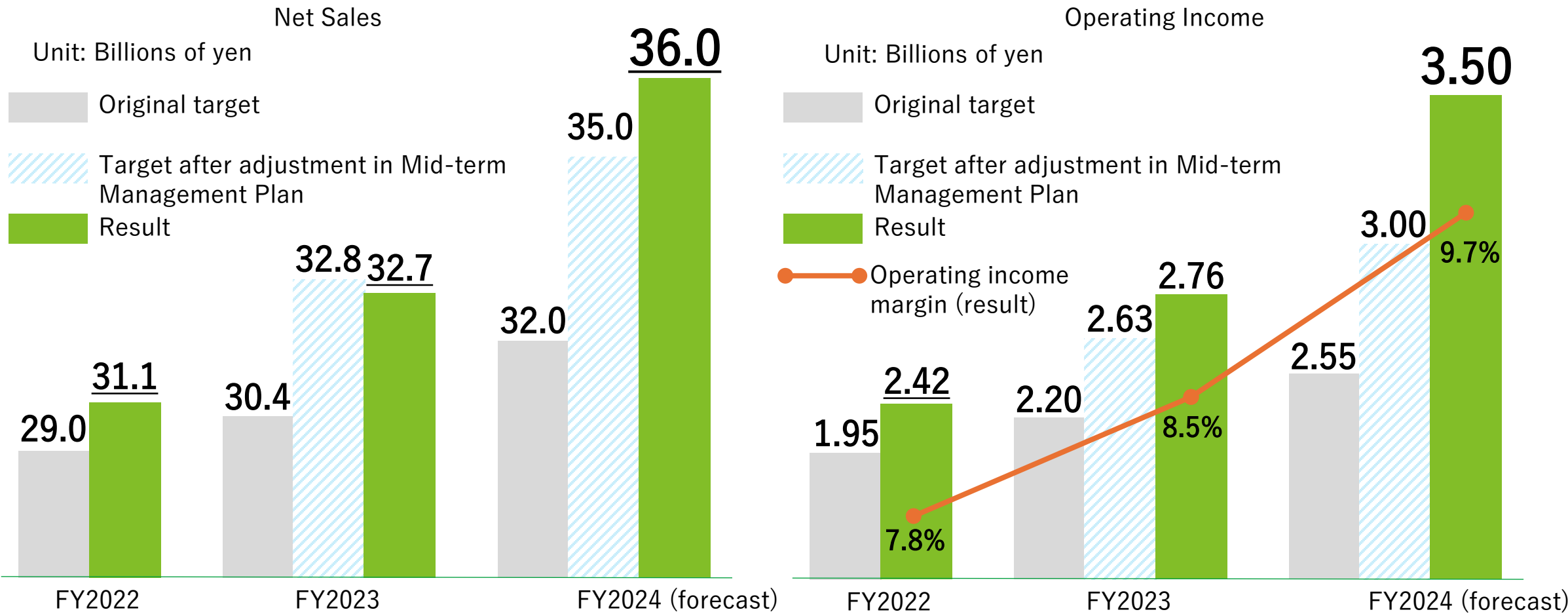
We develop and protect the IT behind the institutions and services that are essential to our daily lives.



■ Sales in DX-related businesses were favorable. Against a background of a policy of price adjustment, results in **net sales and operating income were well above targets.**

Note: In the Mid-term Management Plan disclosed on April 28, 2023:

- 1) The targets for FY2023 were adjusted to ¥32.8 billion for net sales and ¥2.63 billion for operating income.
- 2) The targets for FY2024 were adjusted to ¥35 billion for net sales and ¥3 billion for operating income.



- The four basic strategies were firmly implemented and all targets were met.

## IT Service Strategy

- Against a background of growth in advanced system management and IT infrastructure, overall **targets in sales and earnings are forecast to be met.** (Targets were revised upward in March 2025.)
- **Share of DX-related net sales** as a proportion of overall net sales is forecast to exceed **60%.**



## Human Resource Strategy

- Efforts on qualifications were fruitful. **The rate of qualification as DX mid- to senior-level engineers reached over 75% of employees.**
- Even amid a chronic shortage of personnel, by strengthening partnerships, the ID Group increased the number of business partners (BPs) as a proportion of all employees.



- By using Sanin Business Process Outsourcing Center, the BCP framework was implemented and worker-hours were distributed.
- By overhauling in-house OA and shifting personnel from management division to business division, the rate of selling, general, and administrative expenses was reduced.



## New Normal Strategy

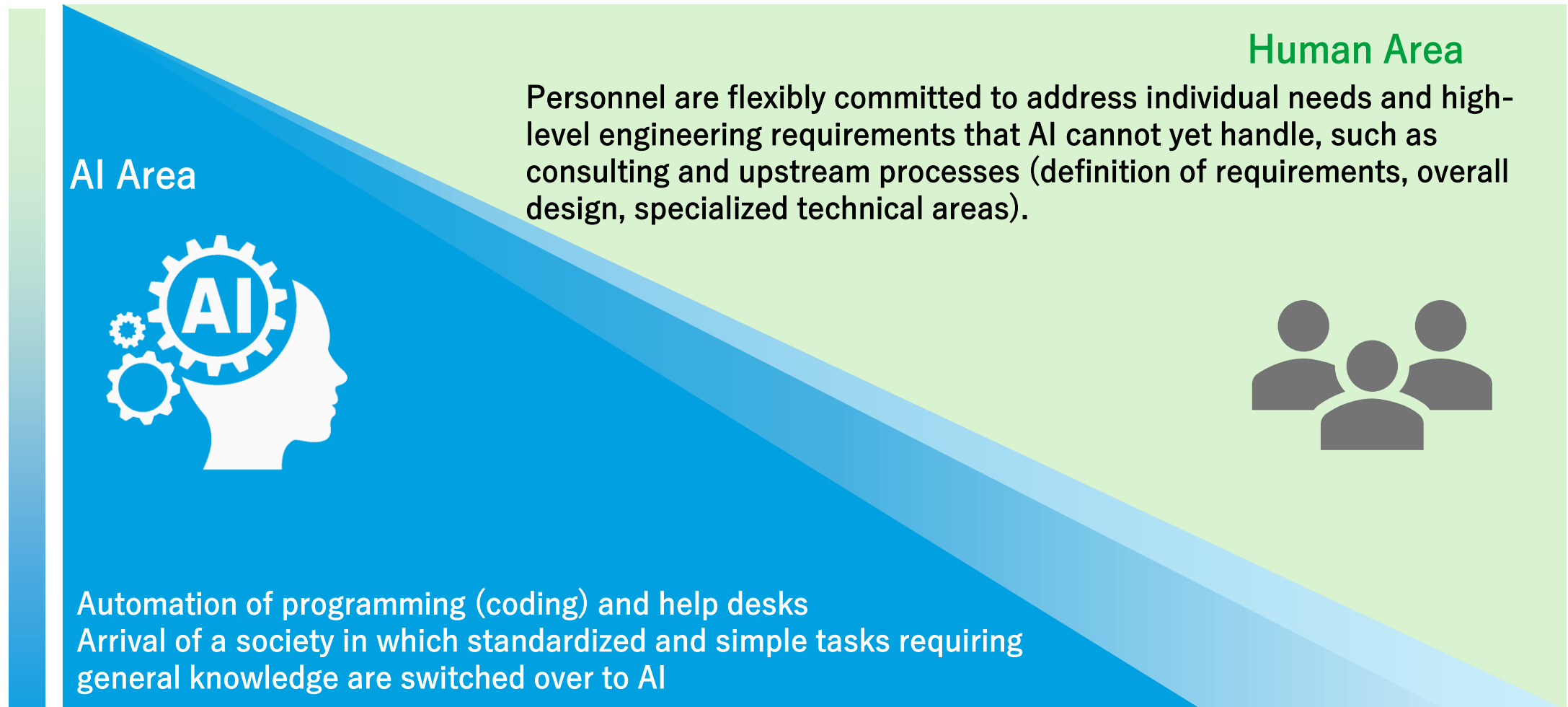
- Head-office electricity was switched to sustainable energy, achieving 100% elimination of CO<sub>2</sub> emissions.
- Employees' awareness of environmental issues was kindled through voluntary participation in exercises such as beach cleaning.



## SDGs Strategy

- AI is serving as “digital labor,” taking over some tasks previously handled by humans.

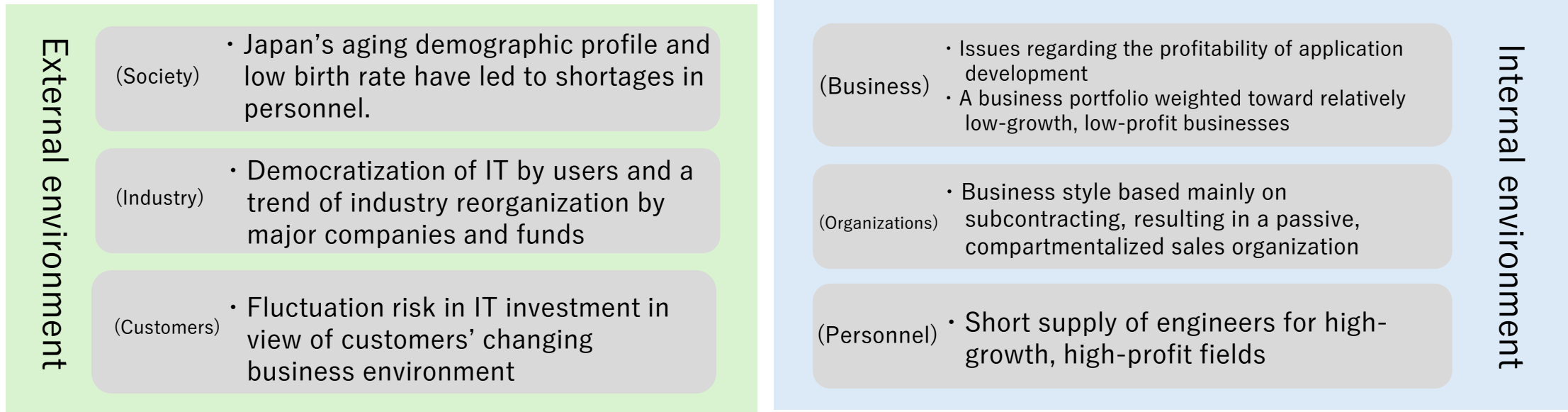
Upstream processes



Downstream processes



- Prospects for the business and social environments remain unclear. Under current conditions, vigorous growth is difficult to achieve.



## Medium-term Vision

Not an extension of Episode II but discontinuous growth



**JUMP!!!** to a **high-profit, high-growth** business model ⇒ Service portfolio (pp. 10–19)

**JUMP!!!** to a **high-presence organization** that can survive in the IT industry ⇒ Establishment of customer contact points (pp. 20–21)

**JUMP!!!** to a **proactive culture** ⇒ Investment in human capital (pp. 22–23)

■ To achieve the medium-term vision, the ID Group is setting **two themes: a shift to a lean, high-profit model** and **a transformation of culture** to support it.

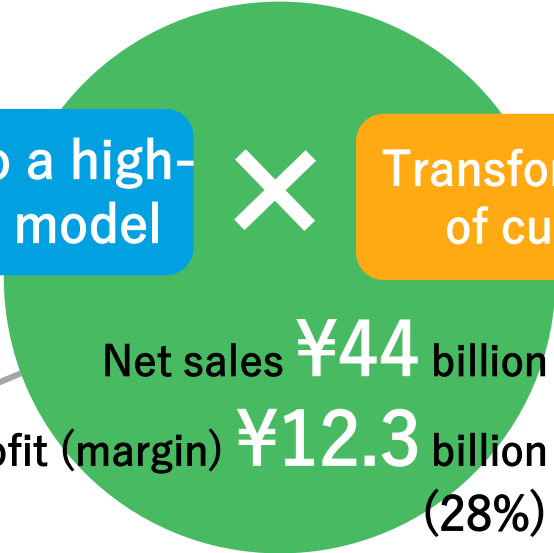
Next 50 Episode III: **JUMP!!!**

FY2025 to FY2027

Shift to a high-profit model

×

Transformation of culture



Next 50 Episode II: Ride on Time

FY2022 to FY2024



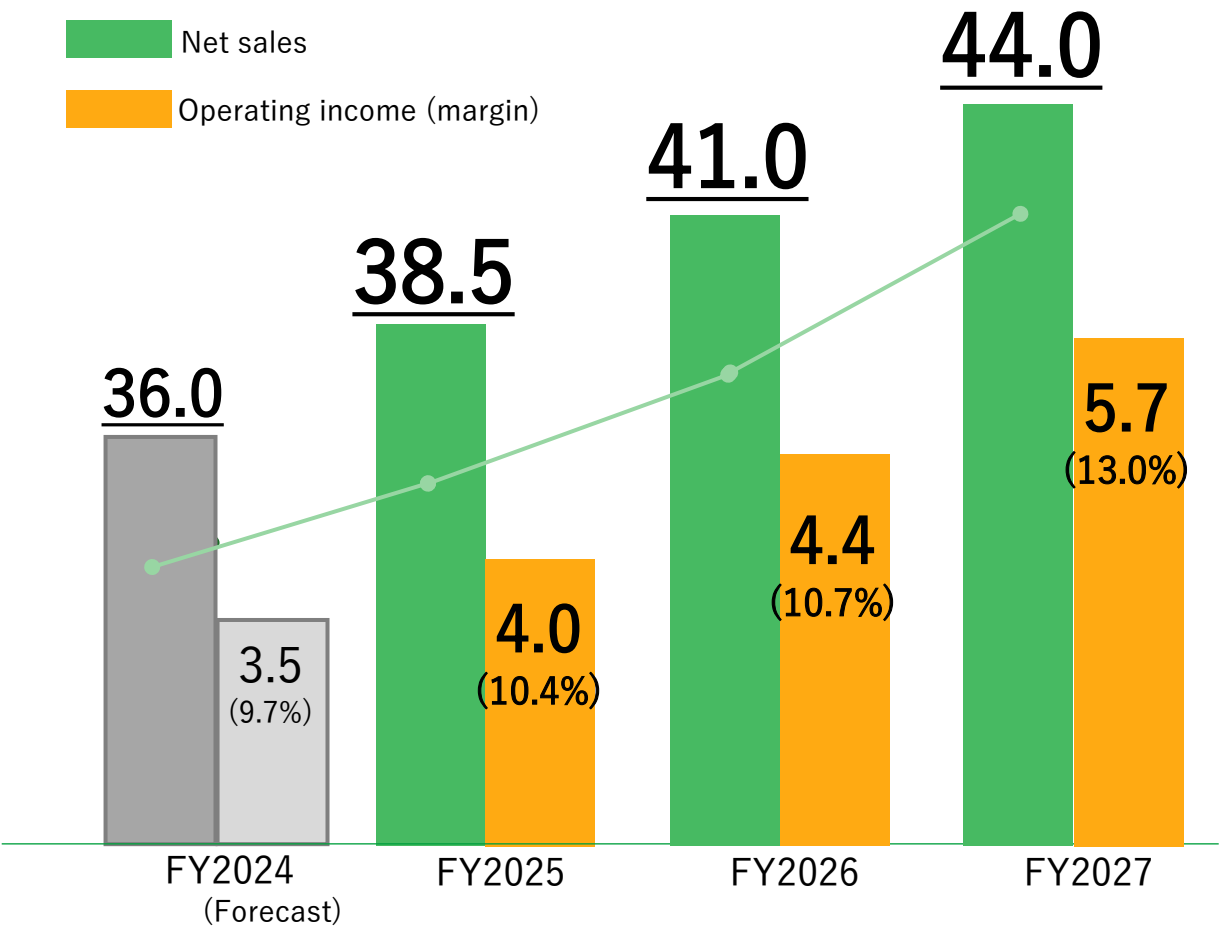
Net sales **¥36** billion\*  
Gross profit (margin) **¥8.4** billion (23%)\*

\*Forecasted

■ Advancement of six key strategies including **service portfolio**, establishment of customer contact points and **investment in human capital**

Targets for Net Sales and Operating Income

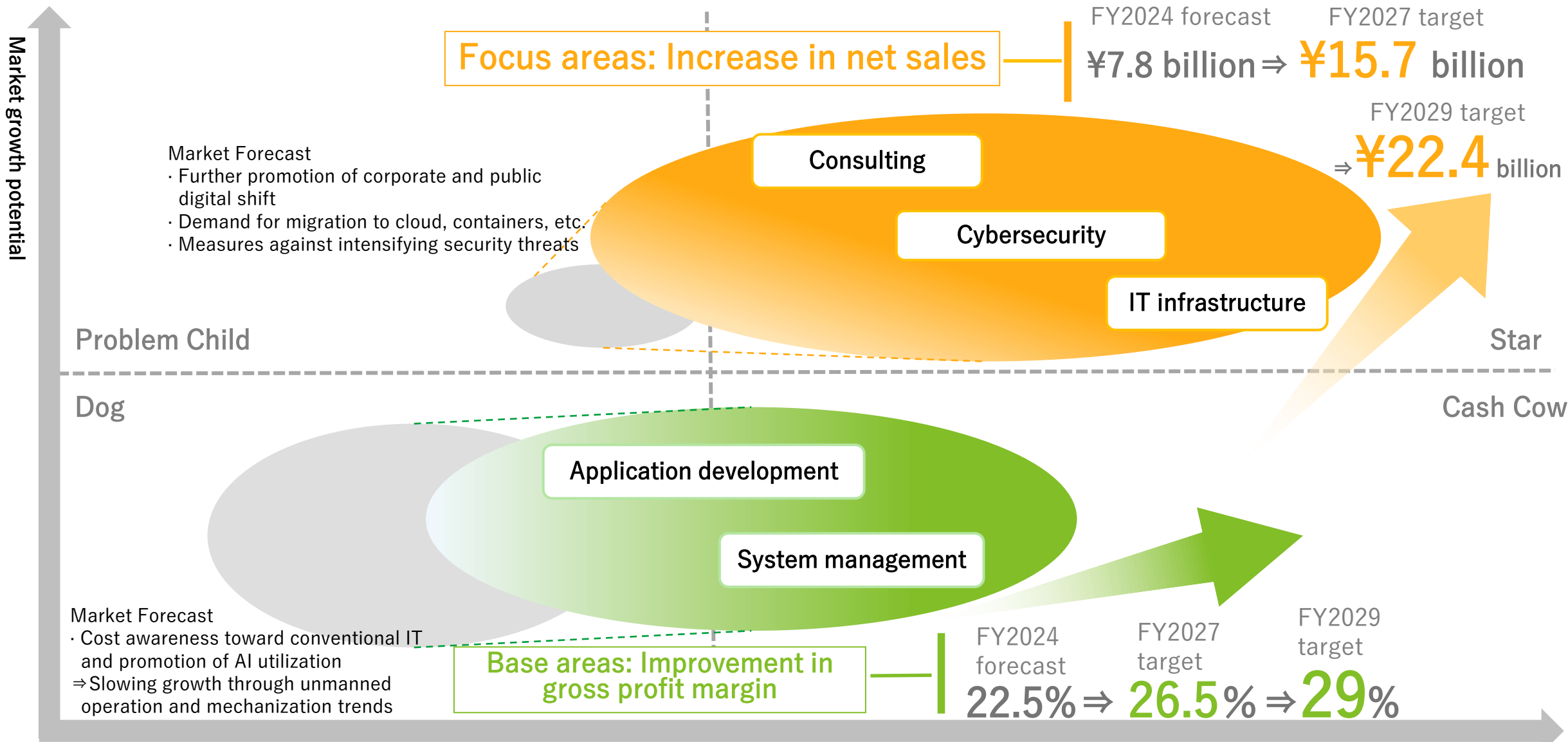
Unit: Billions of yen



# 1. Service Portfolio Strategy

# 1.1 Service Portfolio Strategy: Overview

■ Aiming to **JUMP!!!** by growing the scale of business in Focus areas and profitability in Base areas.

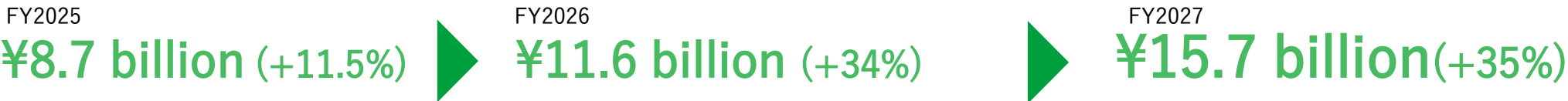





Note: The above overview was prepared based on a BCG matrix analysis and the ID Group's own perspective.

1.2 Service Portfolio Strategy: By Business Area (1)

■ Resources will be concentrated on Focus areas. Sales will be expanded by providing value-added services.

Numerical targets: Net sales

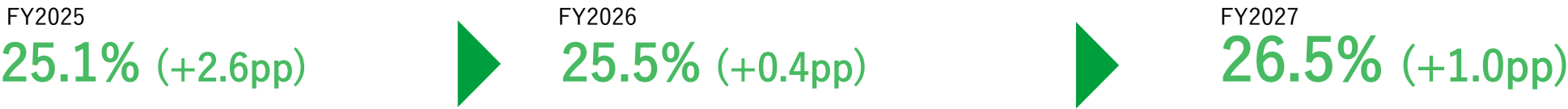




		Service	Topic	Business Strategy	Technology/Resource
Focus areas	 Consulting	Completion of a consulting group with expertise in all processes of IT services	<ul style="list-style-type: none"><li>Establishment of <b>AI consulting</b></li><li>Expansion of <b>upstream projects</b> in cybersecurity, IT infrastructure and system management</li></ul>	<ul style="list-style-type: none"><li><b>Additional consulting skills for high-end talent</b> in application development, cybersecurity, IT infrastructure and system management</li></ul>	
	 Cybersecurity	Expansion of coverage of service areas	<ul style="list-style-type: none"><li>Creation of <b>streamlined</b> DevSecOps services in collaboration with BroadBand Security, Inc.</li></ul>	<ul style="list-style-type: none"><li><b>Support for Focus areas</b> from IT infrastructure and system management</li><li>Strengthening of the resource framework through collaboration with other companies and use of partners</li></ul>	
	 IT infrastructure	Establishment of a highly skilled unit to meet forecasted demand	<ul style="list-style-type: none"><li><b>Strategic project participation</b> of skill holders in IT infrastructure</li><li>Active development of Openshift start packs</li></ul>	<ul style="list-style-type: none"><li>Developing <b>engineers for cloud/containers/virtualization/upstream design</b></li><li><b>Upskill of</b> system management personnel</li></ul>	

1.2 Service Portfolio Strategy: By Business Area (2)

■ The ID Group will focus closely on improving the profit margin of Base areas, to complete their conversion into high-profit areas

Numerical targets: Gross profit margin



					Service	Topic	Business Strategy	Technology/Resource
Base areas		Application development		<b>Determination to exponential improvement in profitability</b>	<ul style="list-style-type: none"><li>· Achieving higher profitability through price optimization and contract review</li><li>· Acquisition of SaaS/packaged solution projects</li><li>· Cost control through project management</li></ul>	<ul style="list-style-type: none"><li>· Hiring and training of project managers</li><li>· AI utilization and near-shore/off-shore optimization</li></ul>		
								
		System management		<b>Further enhancement of operational services</b>	<ul style="list-style-type: none"><li>· Expansion of upstream projects twining around security as well</li><li>· Withdrawal from low-profit projects and shift to high-profit projects through selection and concentration</li><li>· Promotion of VROP utilization</li></ul>	<ul style="list-style-type: none"><li>· Fostering next-generation IT service management personnel</li><li>· Strengthening collaboration with core partners</li></ul>		

1.3 Service Portfolio Strategy: Numerical Targets

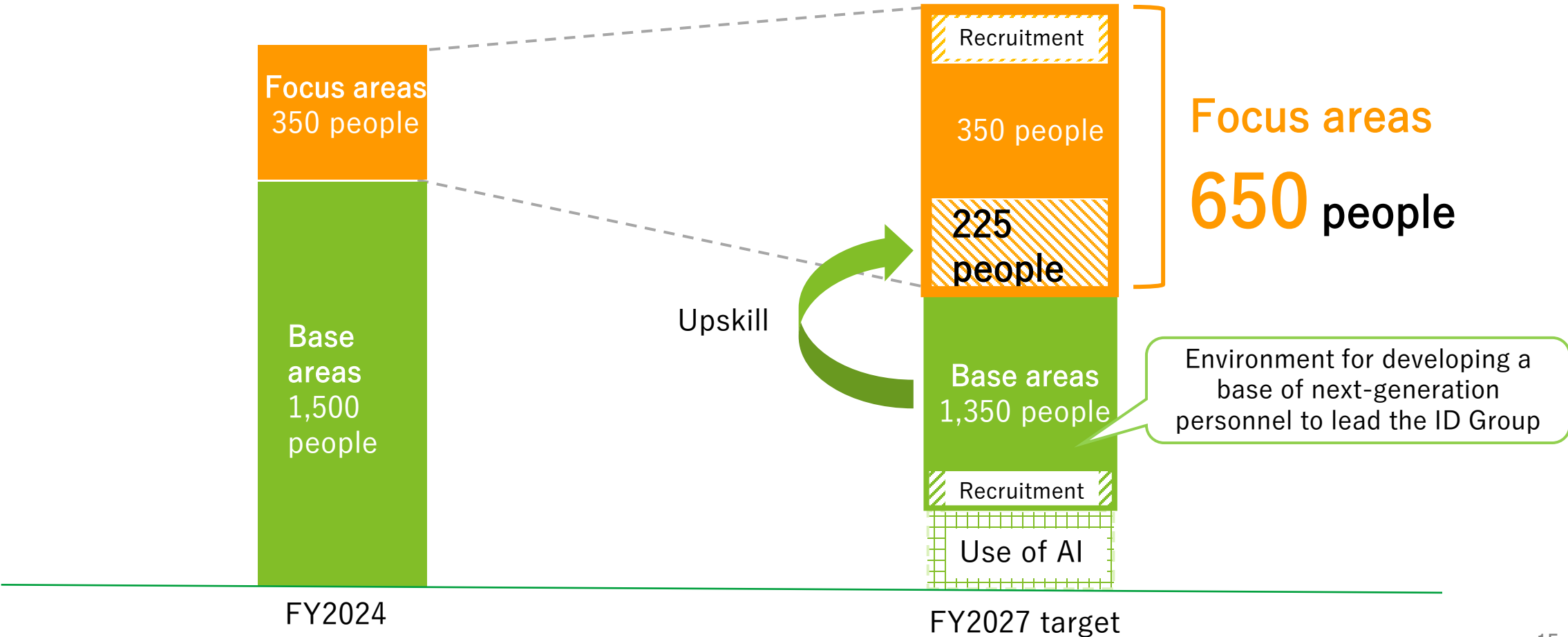
Unit: Billions of yen	FY2024 forecast	FY2025 target	FY2026 target	FY2027 target
Consolidated net sales	36.0	38.5	41.0	44.0
Net sales in Focus areas	7.8	8.7	11.6	15.7
Net sales in Base areas	28.2	29.8	29.4	28.3
Consolidated gross profit margin	23.3%	26.2%	26.4%	28.0%
Gross profit margin in Focus areas	26.3%	28.5%	28.8%	30.6%
Gross profit margin in Base areas	22.5%	25.1%	25.5%	26.5%
Shift of personnel from Base areas to Focus areas (3-year cumulative)	—	225 people		
Shift of personnel from application development	—	100 people		
Shift of personnel from system management	—	125 people		



# 1.4 Service Portfolio Strategy: Human Resources (1): In-house Resources

- Use of upskill and AI to optimize internal service resources

Upskill of **225 people** in Base areas to **JUMP!!!**  
Focus areas to **650 people**



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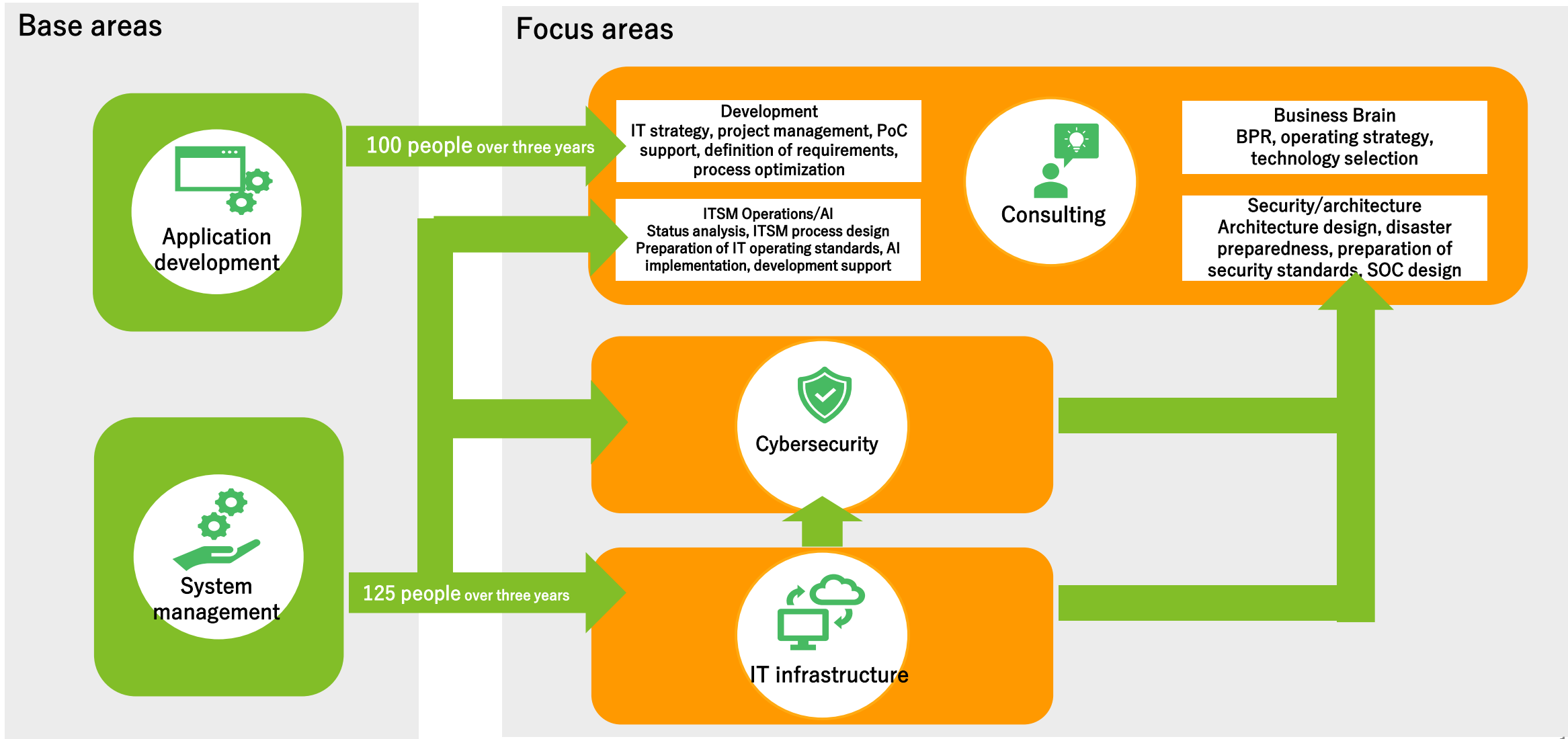
## 1.4 Service Portfolio Strategy: Human Resources (2): Flow Chart of Upskill

Shift to a high-profit model

transformation of culture

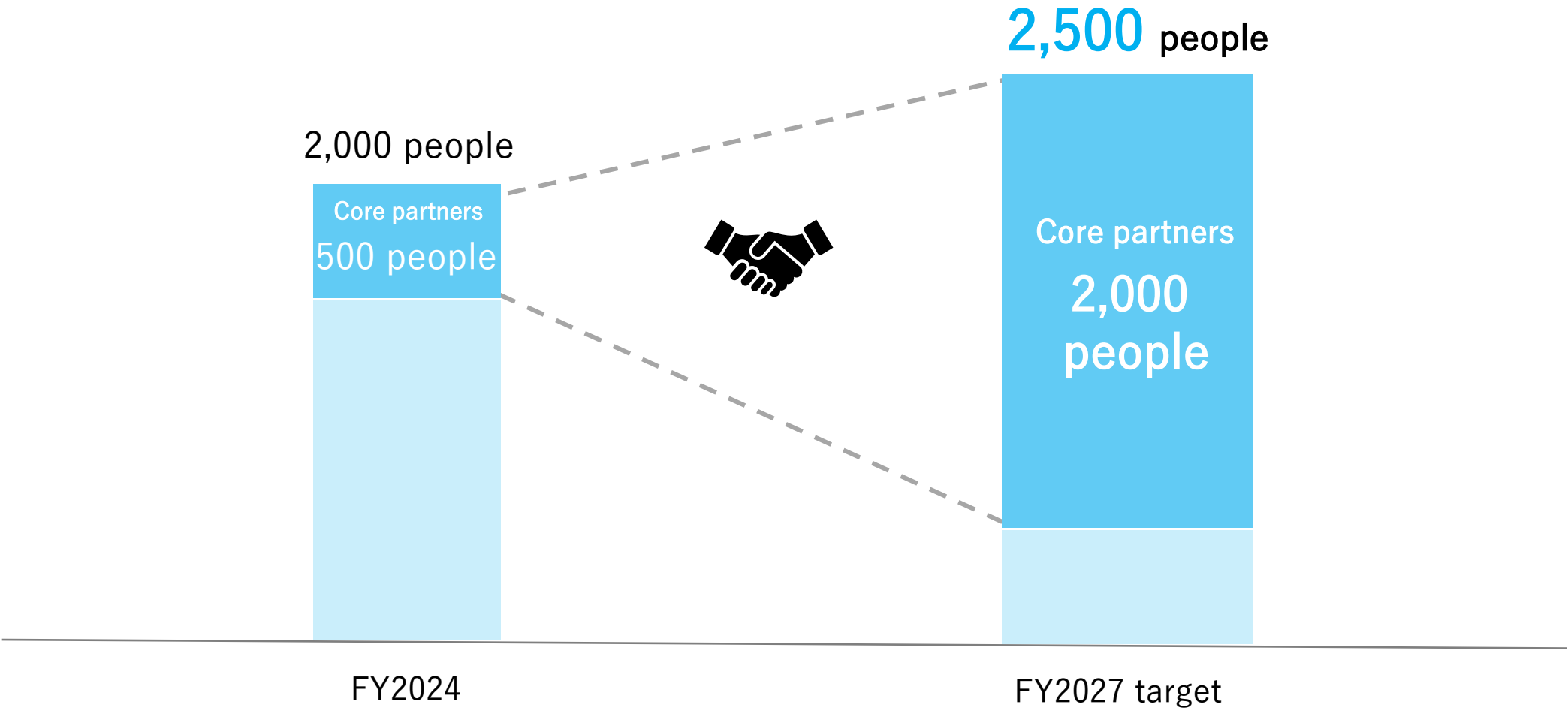
ID GROUP

- The ID Group will accelerate **upskill** across areas and services to achieve a personnel portfolio that is deeper both quantitatively and qualitatively.



# 1.4 Service Portfolio Strategy: Human Resources (3): Business Partners

- Securing of high-value-added personnel by strengthening certification of core partners and training personnel for mutual assistance



1.4 Service Portfolio Strategy: Production Service Bases

- Construction of a flexible framework using near-shore and offshore bases, to respond to customer needs and technical characteristics

Securing resources that can respond to projects not only in Tokyo but in the Nagoya region, where strong growth is expected

Business Base	Tokyo	Nagoya	Osaka	Omika (Ibaraki)	Yonago	Takamatsu	Fukuoka	ID Wuhan	ID Singapore	ID Europe	ID America	INNOVA (Thailand)
System management	■	■	○	★	○	■	○	■	■	★	★	
IT infrastructure	■	■	○		○			■				
Application development	■	■	○	■	○	○	○	○		■		★
Cybersecurity	■	★							★	■	○	★
Consulting	■											
R&D	■	○			■					★	○	

■: Marketing bases ○: Near-shore/offshore bases ★: Planned for expansion


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## 1.5 Service Portfolio Strategy: R&D Strategy

- The ID Group will strive to improve competitiveness by focusing on R&D and implementation to effect progress in existing businesses and create new services.

Investment in R&D: **¥1 billion** over three years


AI



Promotion of application of AI in customers' business areas

- Promotion of AI application in consulting
- Formation of development processes that incorporate AI


VR



Expansion of deployment of ID-VR OP

- Spread of use of next-generation systems
- Research toward implementation of the latest technologies

Patents



Research to expand application of patented technologies

- Development of technologies to deepen system management, security and AI
- Advancement of technical research through industry-academic partnerships

## 2. Establishment of Customer Contact Points

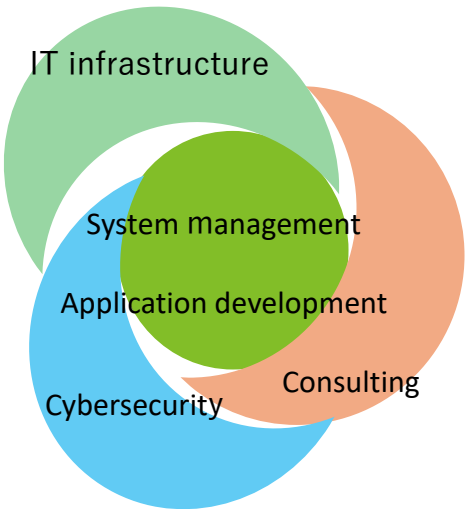
## 2. Establishment of Customer Contact Points

- The ID Group will **JUMP!!!** by taking a proactive and cross-cutting approach, establishing new marketing and business functions.

### Marketing activities of the ID Group

#### Establishment of new marketing and business functions

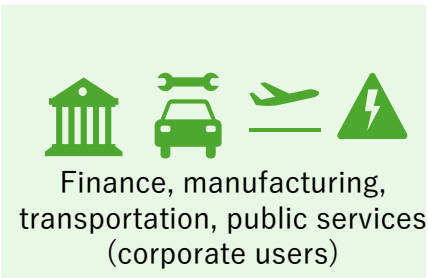
#### 1) Tabling customer-focused proposals



#### 2) Tabling solution-focused proposals

### Main targets of the ID Group

#### Existing and large-scale customers

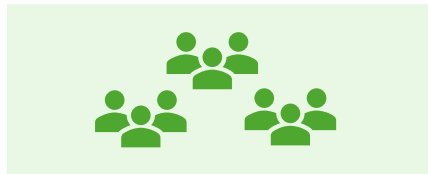


- From relationships built in Base areas, the ID Group aims to:
- Secure major projects based on **DevSecOps**
  - Become customers' medium-to-long term **strategic IT partner**



- Through major system integrators, the ID Group aims to:
- Leverage customer solutions to expand order acceptance
  - **Cross-apply to other companies in the same field** expertise accumulated by working with existing customers

#### New customers



Leveraging **proposals focused on Focus areas**, the Group aims to expand orders received for system management and application development.

# 3. Strategy for Investment in Human Capital



### 3. Strategy for Investment in Human Capital

■ The ID Group will **JUMP!!!** to become a corporate Group where a professional workforce plays an active role.

Investment in human capital:

**¥6 billion** over three years

(Including recruitment expenses, educational and training expenses, pay rises, etc.)

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# 4. M&A Strategy

## 4. M&A Strategy

- Aiming to expand its workforce, technology and license portfolio and customer base, the ID Group will **JUMP!!!** through M&A and capital and business alliances.

Investment in M&A: **From ¥5 billion**

### Targets of M&A and capital and business alliances

Net sales from operations:  
From ¥5 billion

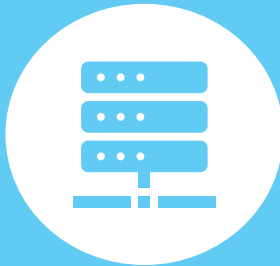
#### Personnel



Securing personnel for upstream processes

- Consultants
- Project managers

#### Technology and licenses



Securing technologies for Focus areas

- SaaS and packaged solutions
- Network-related solutions
- Cybersecurity and IT infrastructure areas

#### Customers



Attracting excellent customers

- New customers in existing industries
- Customers in new industries

# 5. Global Strategy

## 5. Global Strategy

- The ID Group is aiming for expansion focused on attracting business from the overseas locations of Japanese-affiliated companies.

### 1 Expanding local business with the overseas locations of Japanese-affiliated companies

- The Group will support efforts by Japanese-affiliated companies to enter expanding overseas markets.

### 2 Securing personnel who can play active roles on the world stage

- The Group will cultivate global personnel in Japan and advance local hiring overseas.

### 3 Surveying and gathering information on IT markets

- The Group will survey AI, security and other leading-edge technologies overseas and seek to discover related products.



FY2024 forecast

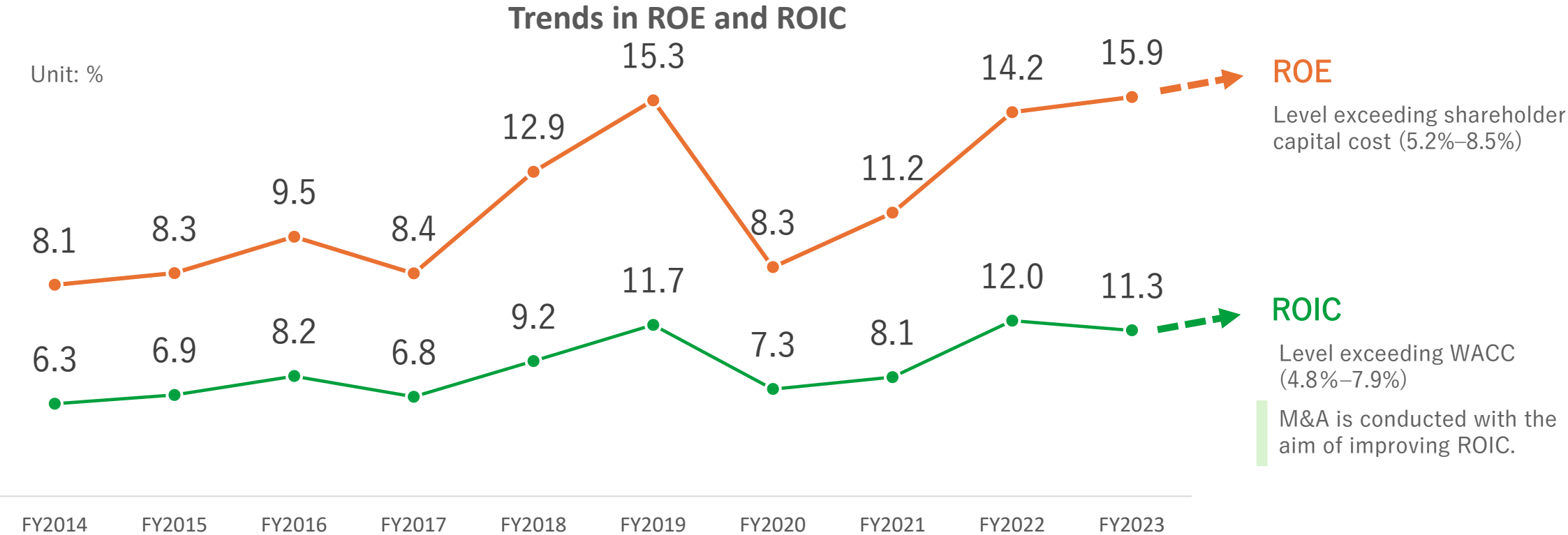
FY2027 target

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## 6. Management That is Mindful of Capital Cost and Share Price

6.1 Management That is Mindful of Capital Cost and Share Price (ROE and ROIC)

- Over the past 10 years, return on equity (ROE) and return on invested capital (ROIC) have been on an improving trend.  
Going forward the Group will, in a sustainable fashion, continue to aim for ROE greater than shareholder capital cost and ROIC greater than weighted average cost of capital (WACC).

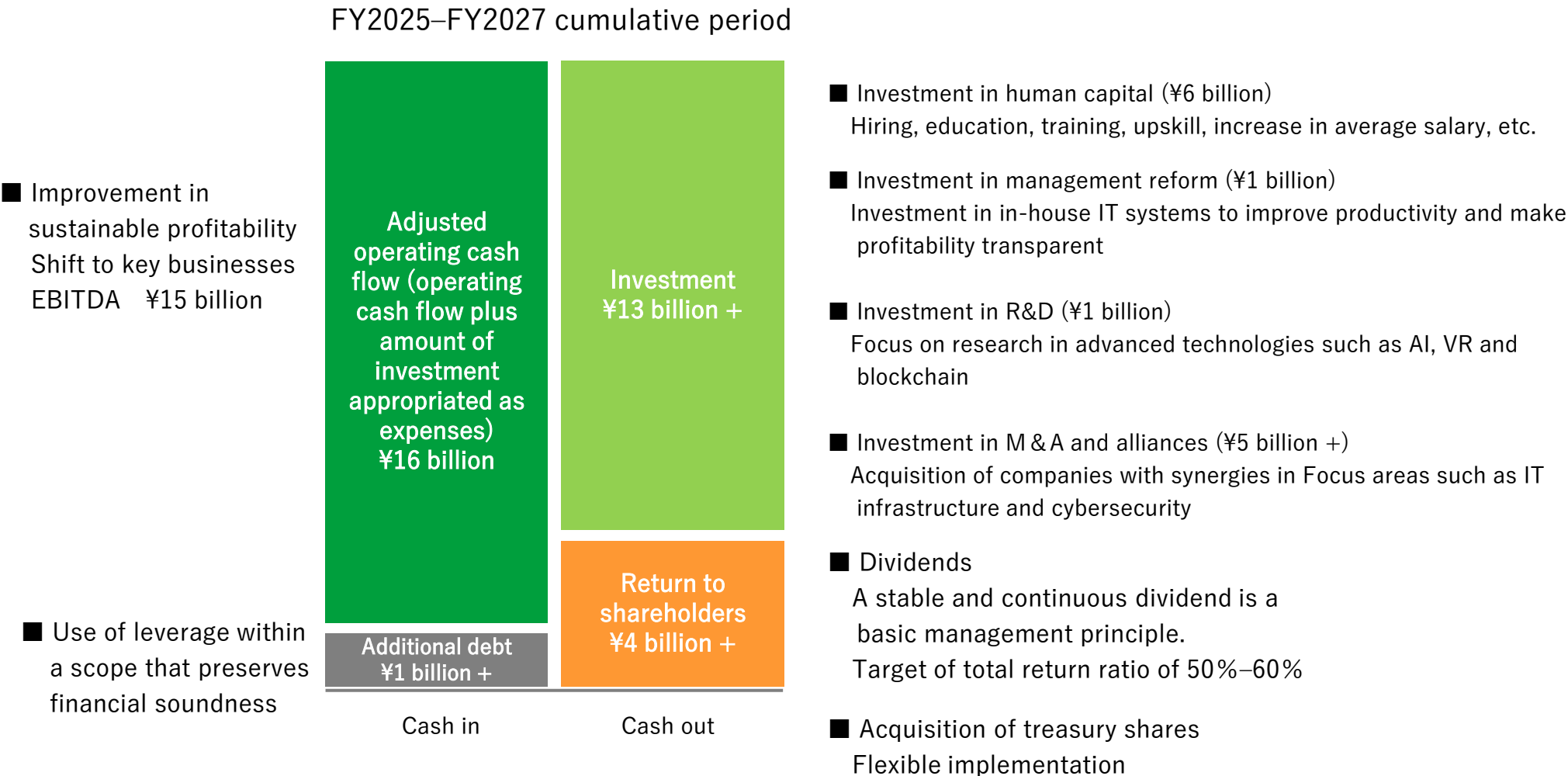


- Return on invested capital (ROIC) = (Operating income – income taxes) ÷ (net assets + interest-bearing debt) × 100
- Reference calculation of shareholder capital cost and WACC based on Mizuho Securities Co., Ltd. and Mizuho Trust & Banking Co., Ltd.
  - Shareholder capital cost (5.2–8.5%) = risk-free rate (about 1.55%) + beta (0.6–0.95) × market risk premium (6.0–7.37%)
  - WACC = interest-bearing debt ÷ (market cap + interest-bearing debt) × (1 – effective tax rate) × debt cost + market cap ÷ (market cap + interest-bearing debt) × shareholder capital cost
  - Market cap: ¥31.5 billion (as of March 31, 2025); debt cost: 0.4%–0.49%; effective tax rate: 30%–38%

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## 6.2 Management That is Mindful of Capital Cost and Share Price (Cash Flow Allocation)

- By boosting profitability and applying financial leverage, the ID Group will secure capital, which it will allocate strategically to improve corporate value.





# Key Numerical Targets of Current Mid-term Management Plan

	FY2024 (Forecast)	FY2025	FY2026	FY2027		FY2029
Net sales	¥36 billion	¥38.5 billion	¥41 billion	¥44 billion		¥50 billion
Gross profit	¥8.4 billion	¥10.1 billion	¥10.8 billion	¥12.3 billion		¥15 billion
Gross profit margin	23.3%	26.2%	26.4%	28.0%		30.0%
Operating income	¥3.5 billion	¥4.0 billion	¥4.4 billion	¥5.7 billion		¥8 billion
Operating income margin	9.7%	10.4%	10.7%	13.0%		16.0%
Total return ratio	54.9%	50–60%				50–60%

Note: The figures in this table do not include amounts from inorganic growth by M&A.  
The forecasts in these materials are prepared using information available at the time of publication.  
Actual business results may differ from these forecasts as a result of a wide range of factors.

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## Disclaimer

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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.

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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