



*High Technology. High Quality. Challenging the unknown*

**INFORMATION DEVELOPMENT Co.,Ltd.**

President and Representative Director  
Masaki Funakoshi

Change or Die!

May. 2018  
TSE 1st section  
Code: 4709

1

**New Topics**

2

**FY2017 Performance Overview**

3

**The Mid-term Management Plan**

April

**Notification of Holding Company Formation**

ID begin the transition to a holding company system on October 1, 2018 (scheduled).

April

**Announcement of Collaboration Agreement with Indica Holding B.V. in the Netherlands**

ID announced the collaboration with Indica, to create opportunities for Indica's solutions to European-based offices of Japanese companies.

March

**Becoming the First Sales Partner of CyberX Inc. in Japan**

First to become partners in Japan with America-based ICS-focused security platform company CyberX, and to start doing domestic business.

March

**A SaaS-Type Remote Operation Support Service Using Smart Glasses is Released**

Enhancing the IoT solution lineups

January

**New Subsidiary, Fess Co., Ltd.**

ID acquired ownership of Fess Co., Ltd. and made it into a subsidiary.

## Overview

Establishment	April, 1999
Capital	60 million yen
Main Line of Business	Medical and credit card related system operation, ITSM consulting, etc.
No. of employees	439 (As of March 31, 2018)
Stock Transfer Execution Date	January 4, 2018 (From Saison Information Systems Co., Ltd.)

## Financial Results and Financial Position (FY2016)

¥million

Net assets	Total assets	Sales	Operating income	Ordinary income	Net income
531	1,079	3,348	441	443	293

**1****New Topics****2****FY2017 Performance Overview****3****The Mid-term Management Plan**

## The net sales rose for the 6th fiscal year in a row

- ✓ Contribution of acquiring Fess Co., Ltd
- ✓ Continually increase in existing finance-related system operations projects
- ✓ Increase on account of augmented orders in public-sector-related software development projects.
- ✓ Decrease in finance-related software development projects
- ✓ Increase in security and consulting projects

## The operating income rose for the 5th fiscal year in a row

- ✓ Increase in gross profits as a result of increased sales
- ✓ Increase in cost of sales as a result of two unprofitable projects
- ✓ Increase in advertising and publicity expenses through active sales activities of Seceon OTM

## Decrease in net income attributable to owners of parent, 2nd record high

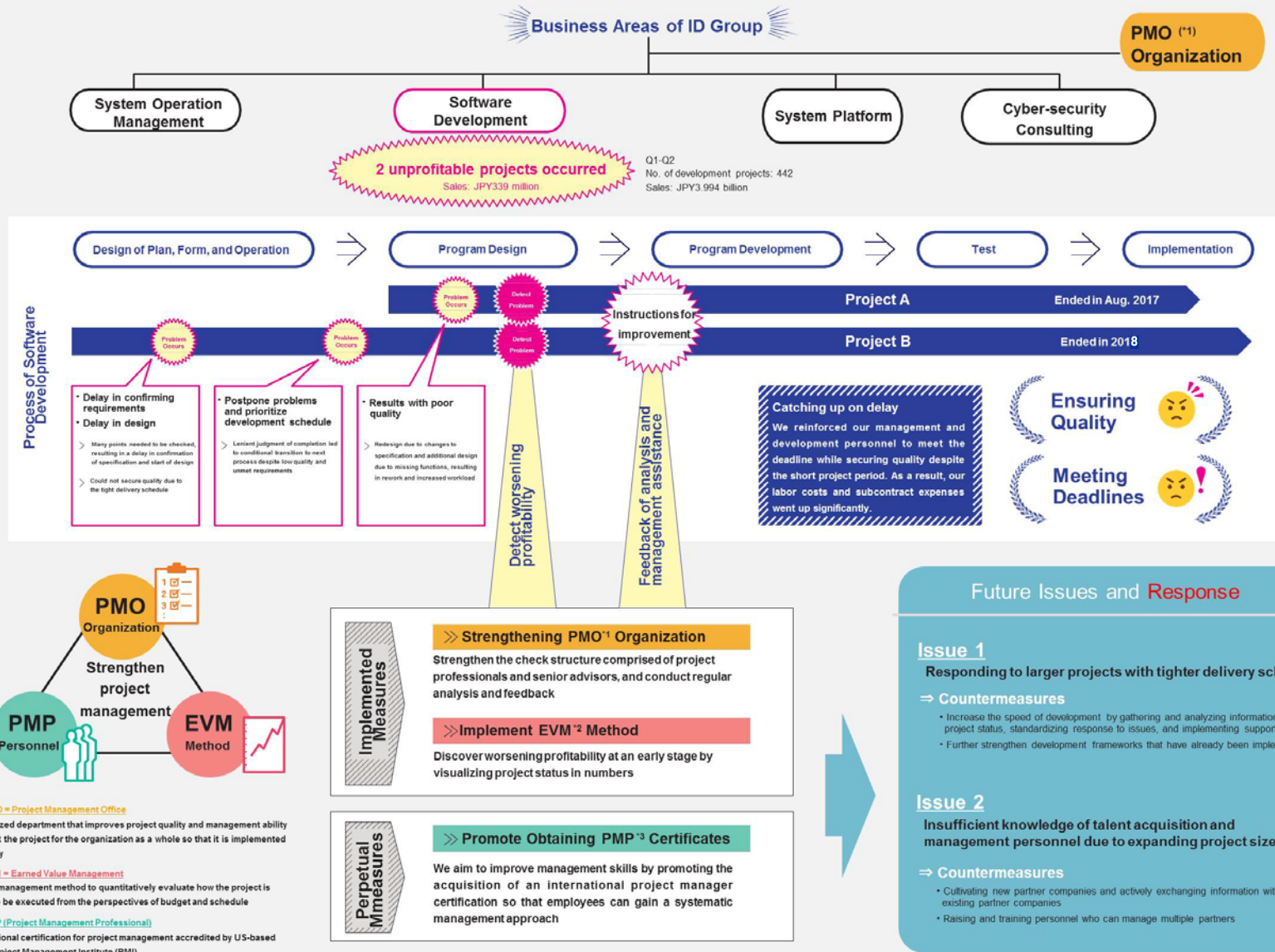
- ✓ Decrease due to gain on abolishment of retirement benefit plan in the previous fiscal year
- ✓ Decrease in loss on valuation of investment securities

# Financial Results (consolidated)

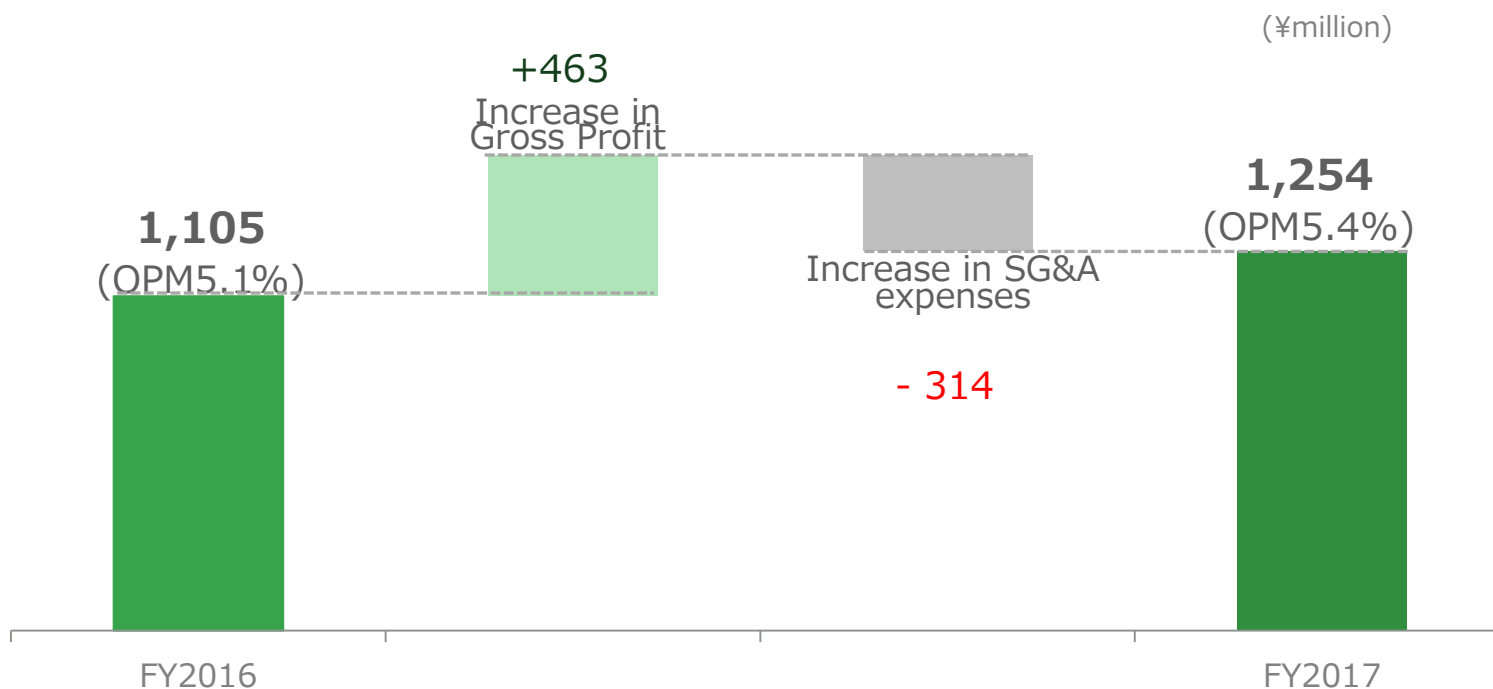
	FY2016		FY2017			
(¥ million)	Results	(% of net sales)	Results	(% of net sales)	Diff.	YoY
Net sales	21,554	-	23,207	-	+1,652	+7.7%
Cost of sales	17,569	81.5%	18,758	80.8%	+1,189	+6.8%
Gross profit	3,985	18.5%	4,448	19.2%	+463	+11.6%
SG&A expenses	2,879	13.4%	3,193	13.8%	+314	+10.9%
Operating income	1,105	5.1%	1,254	5.4%	+149	+13.5%
Ordinary income	1,133	5.3%	1,274	5.5%	+141	+12.5%
Net income attributable to owners of parent	654	3.0%	622	2.7%	-31	-4.8%

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## Unprofitable Projects in Software Development







## ◆ Gross profit +463

➤ Net Sales +1,652

➤ Cost of sales - 1,189

### <Major changes in cost of sales>

• Outsourcing expenses - 518

• Labor cost - 482

## ◆ SG&A expenses -314

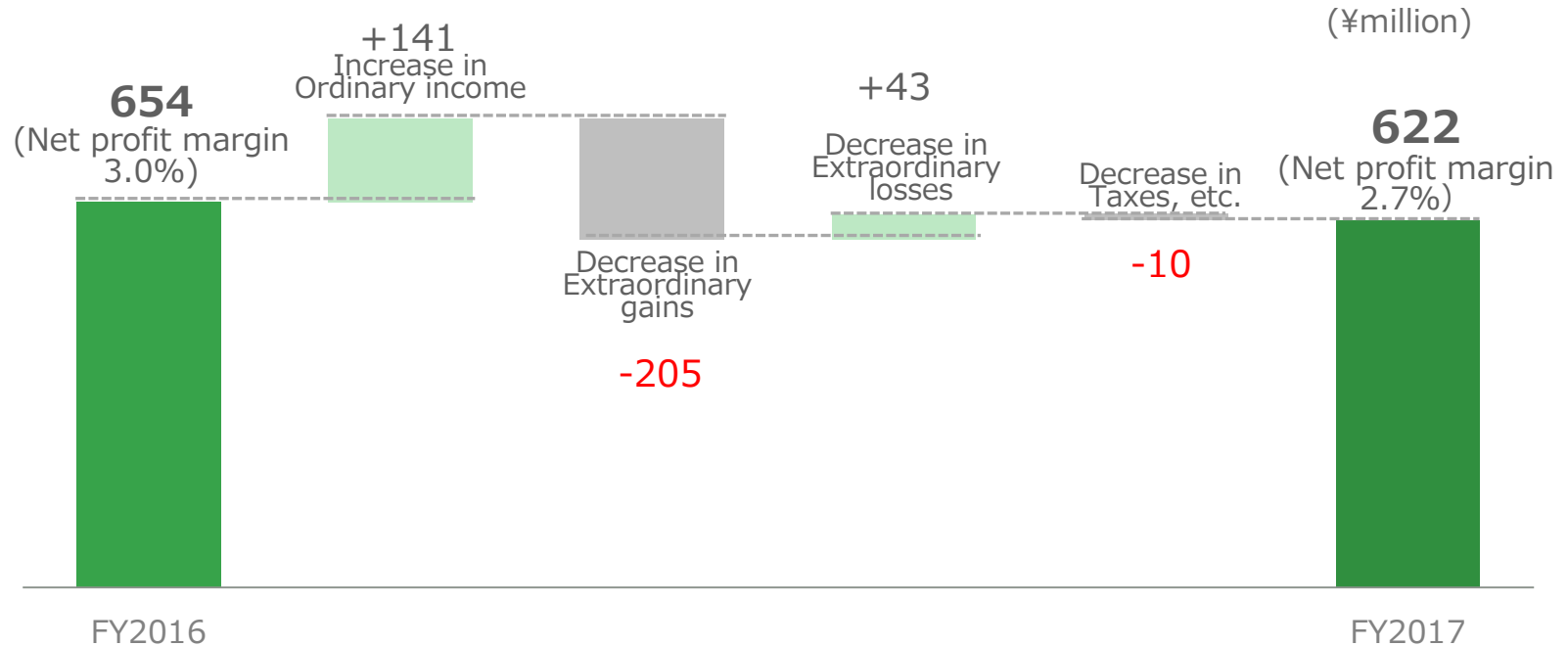
### <Major changes in SG&A expenses>

➤ Personal expenses - 223

➤ Other SG&A expenses - 91

# Net Income Attribute to Owners of Parent Analysis (YoY)

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## Extraordinary income -205

### Major changes in Extraordinary income

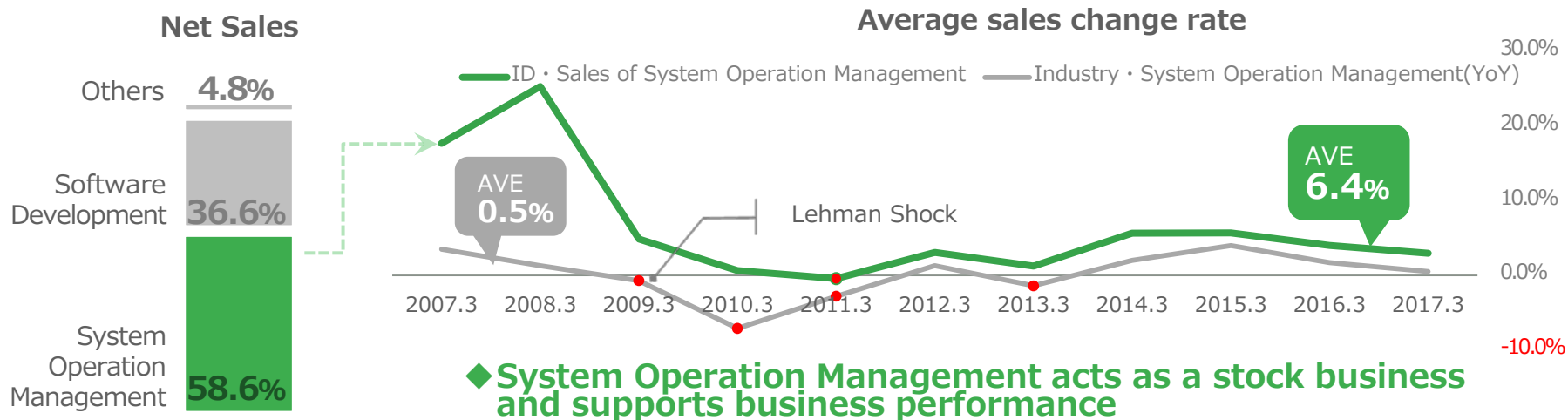
The gain on abolishment of retirement benefit plan in the previous fiscal year -207

## Extraordinary losses +43

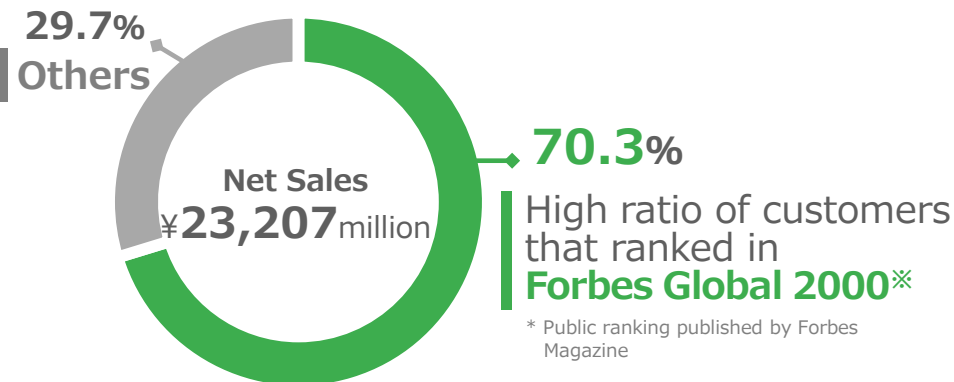
### Major changes in Extraordinary losses

Impairment loss booked in the previous fiscal year +147  
 Allowance for doubtful accounts booked in the previous fiscal year +54  
 Loss on valuation of investment securities -142

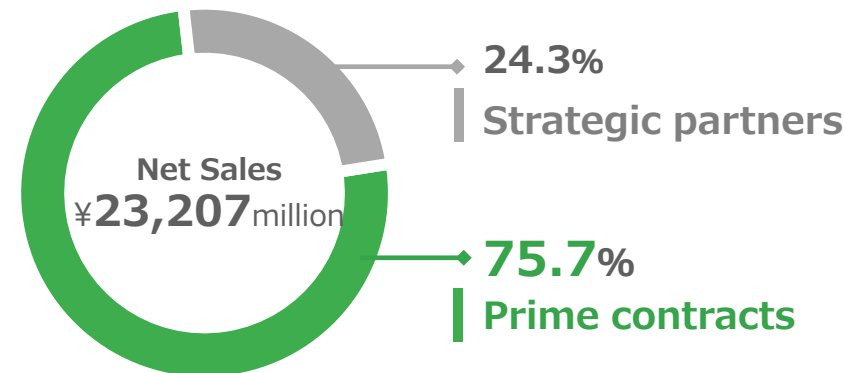
## 1 Sale for System Operation Management over 50%



## 2 More than 70% of the Transaction Revenue Comes from Global Leading Companies



## 3 Near 80% of the contracts are prime contracts

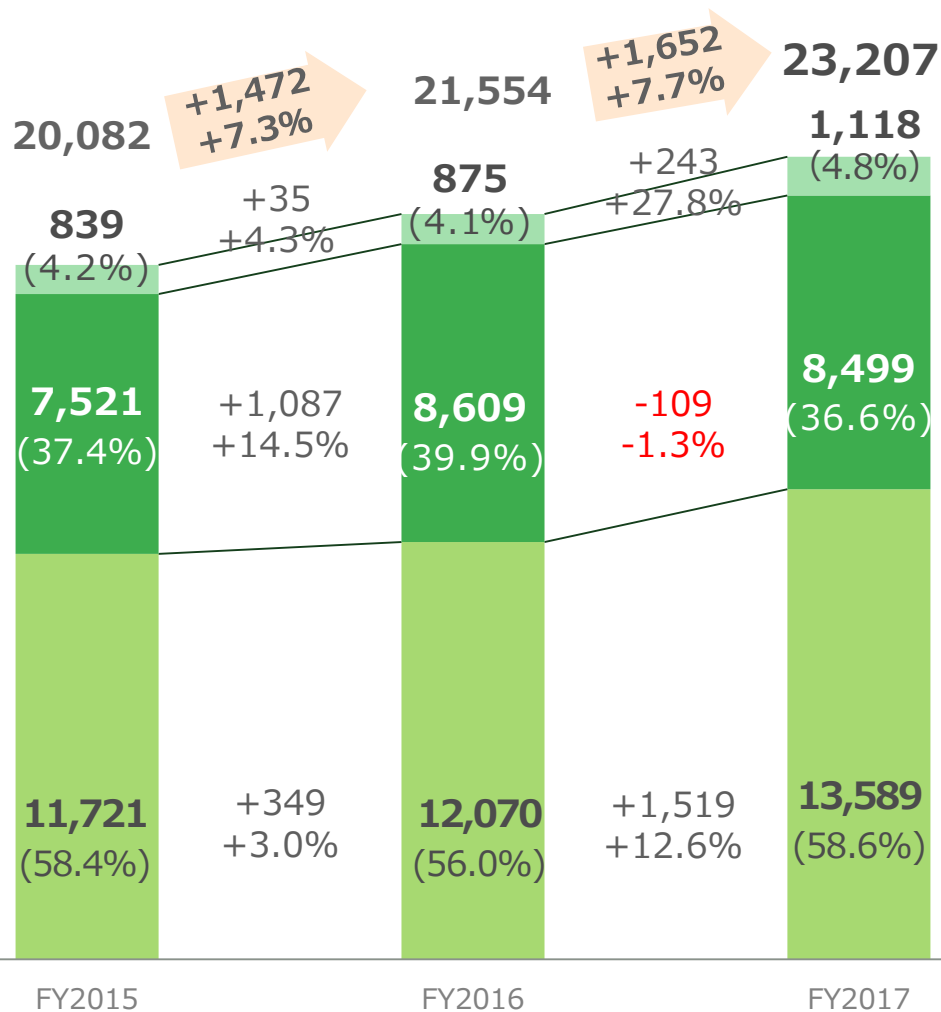


◆ Actively stabilizing relation with leading companies for IT investments

◆ Directly understanding customer needs and creating appropriate proposals

# Feature of ID Group① (Net sales by Segment)

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



## Others

- Increase in sales in/at
  - Security
  - Consulting projects

## Software Development

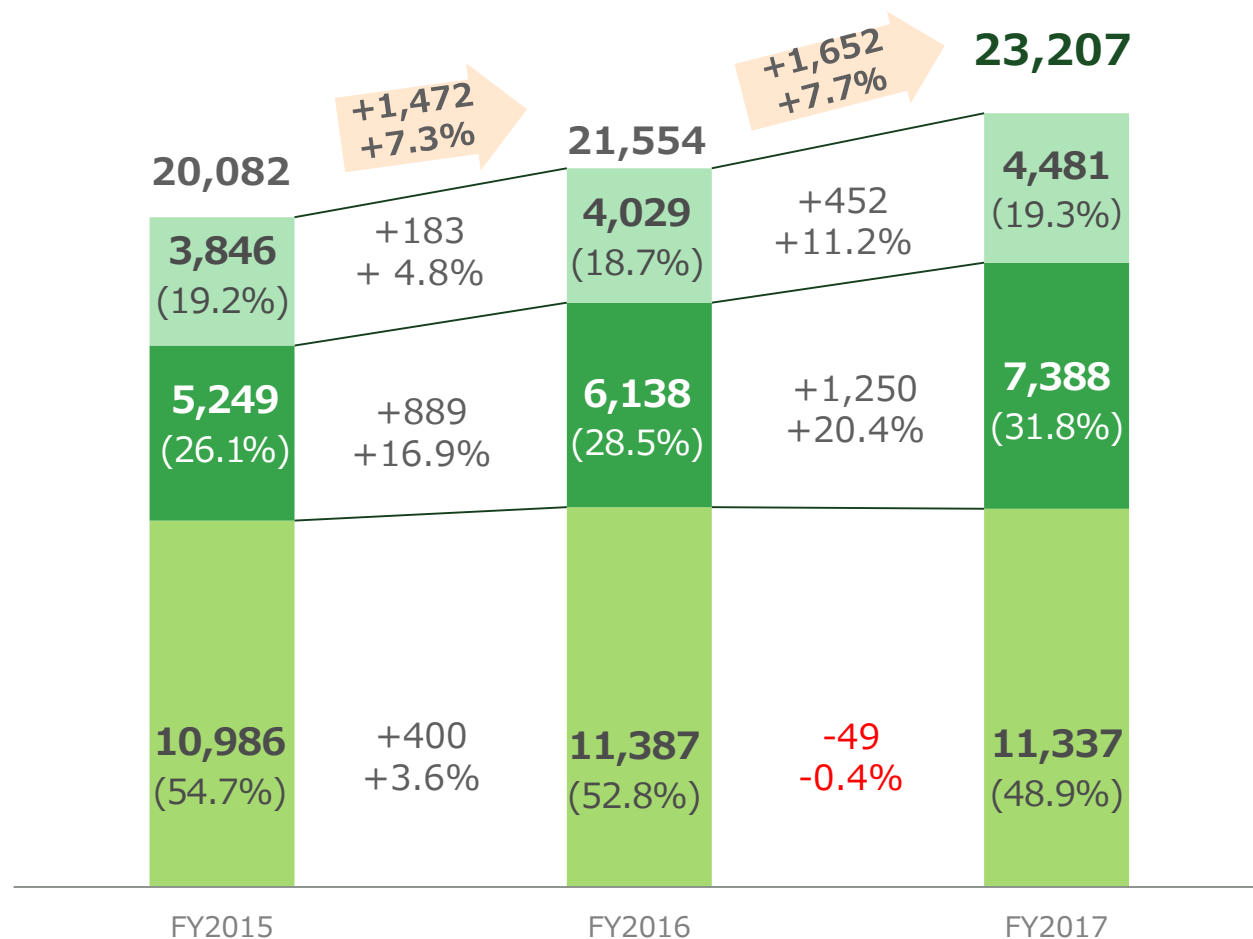
- Increase as a result of augmented orders in public-sector-related projects
- Decrease in finance-related projects

## System Operation Management

- Continuous increase in finance-related projects
- Decrease in transportation-related platform development projects

- Others
- IT, Telecom & Service
- Financial Institution

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

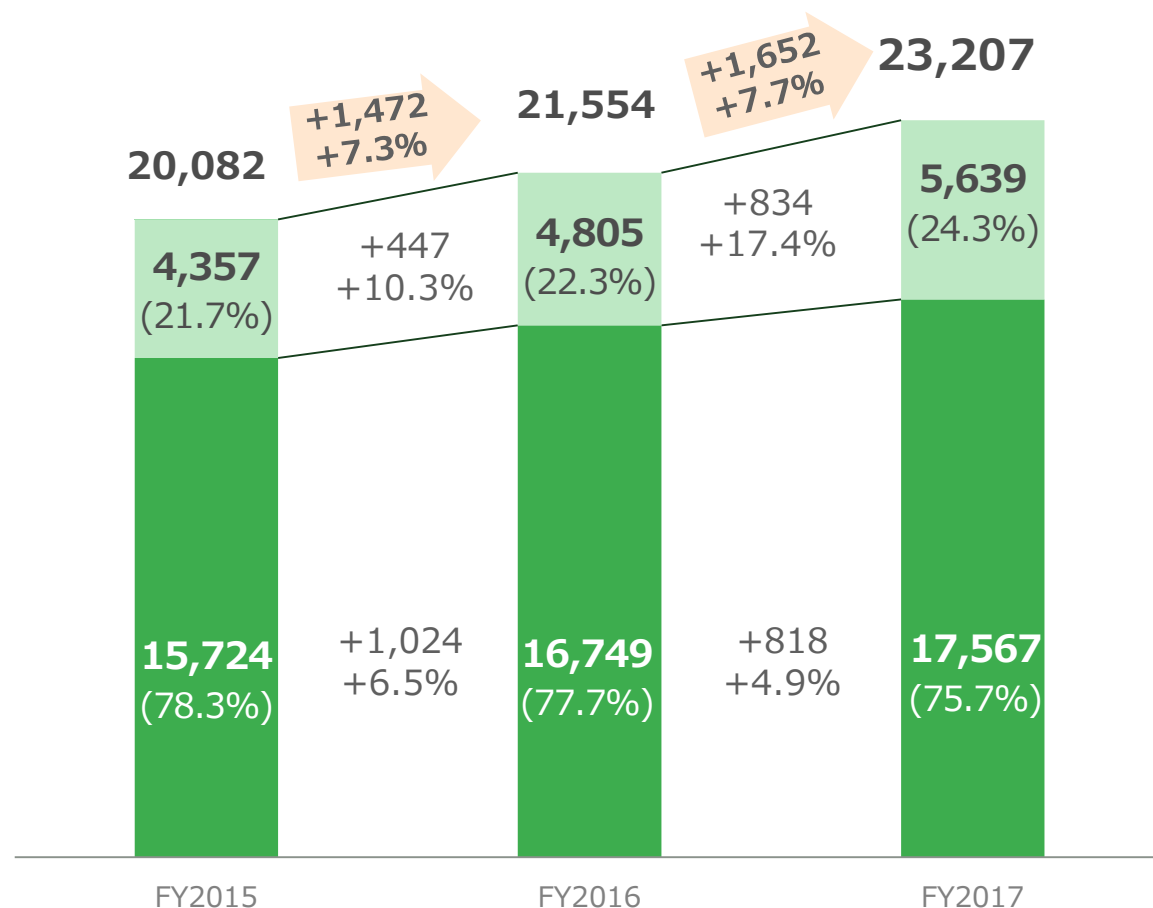


# Feature of ID Group③ (Net sales by Contracts)

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- Strategic partners
- Prime contracts

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



Prime contracts	Strategic partners
✓ Financial Institution, Energy, Transportation, Manufacturing	✓ Major IT Vendors

## Financial Position (Consolidated)

	FY2016	FY2017		Main Reasons
(¥million)	Results	Results	Diff.	
Current assets	6,901	8,727	+1,826	<ul style="list-style-type: none"> <li>• Increase in accounts receivable (+1,036)</li> <li>• Increase in cash and deposits (+654)</li> <li>• Decrease in tangible fixed assets <b>(-141)</b></li> <li>• Increase in goodwill (+1,615)</li> </ul>
Noncurrent assets	3,650	5,189	+1,538	
Total assets	10,552	13,917	+3,364	
Current liabilities	2,890	5,923	+3,033	
Noncurrent liabilities	340	375	+34	<ul style="list-style-type: none"> <li>• Increase in interest-bearing debt (+1,895)</li> <li>• Increase in provision for bonus (+314)</li> </ul>
Total liabilities	3,230	6,299	+3,068	
Total net assets	7,321	7,617	+295	<ul style="list-style-type: none"> <li>• Increase on account of net income (+622)</li> <li>• Decrease in payment of dividends <b>(-420)</b></li> <li>• Increase in valuation difference on available-for-sale securities (+93)</li> </ul>
Total liabilities and net assets	10,552	13,917	+3,364	

# Forecasts of Results for FY2018(Consolidated)

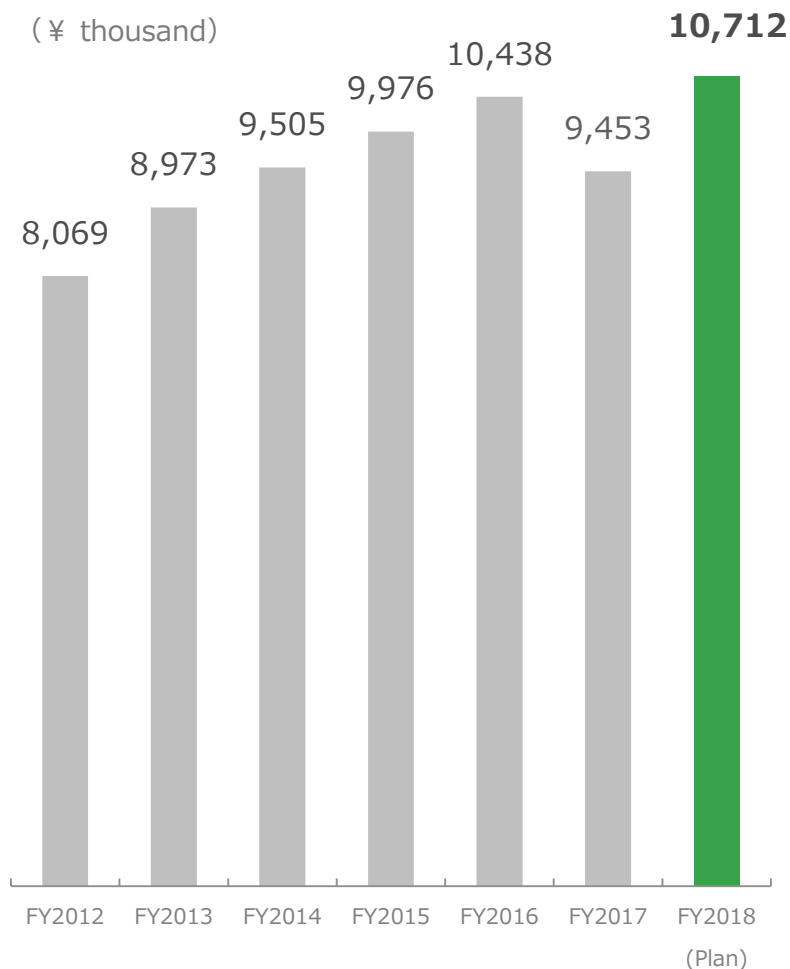
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	FY2017		FY2018 Plan			
(¥million)	Results	(% of net sales)	Plan	(% of net sales)	Diff.	Overall change
Net sales	23,207	-	26,300	-	+3,092	+13.3%
Operating income	1,254	5.4%	1,480	5.6%	+225	+17.9%
Ordinary income	1,274	5.5%	1,500	5.7%	+225	+17.7%
Net income attributable to owners of parent	622	2.7%	780	3.0%	+157	+25.3%
Net income per share(¥)	56.84	-	70.91	-	+14.1	-



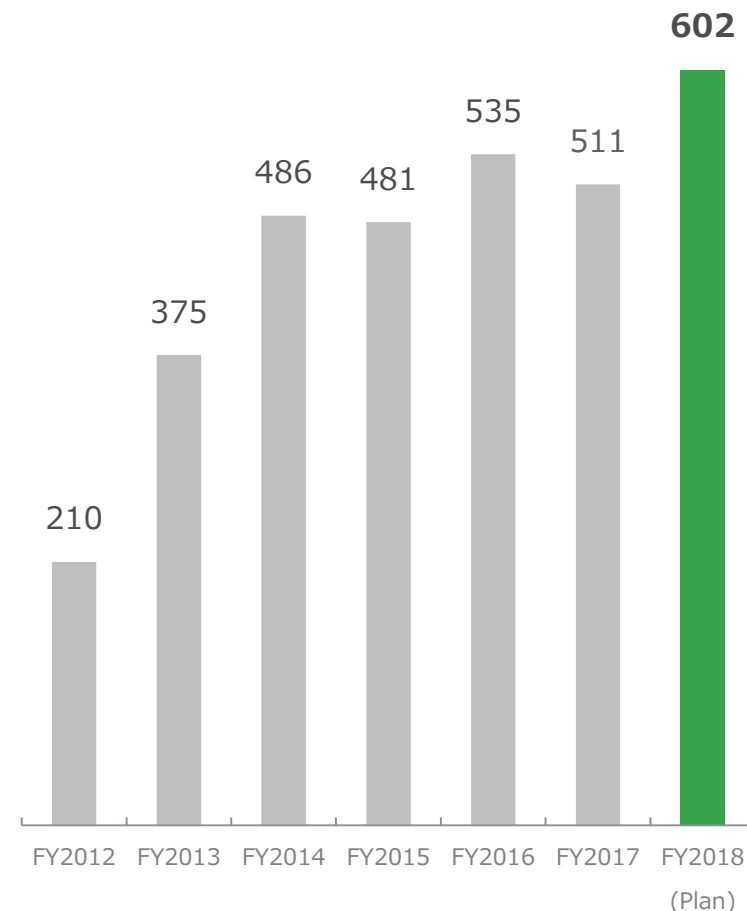
## Sales per Employee

(¥ thousand)



## Operating Income per Employee

(¥ thousand)



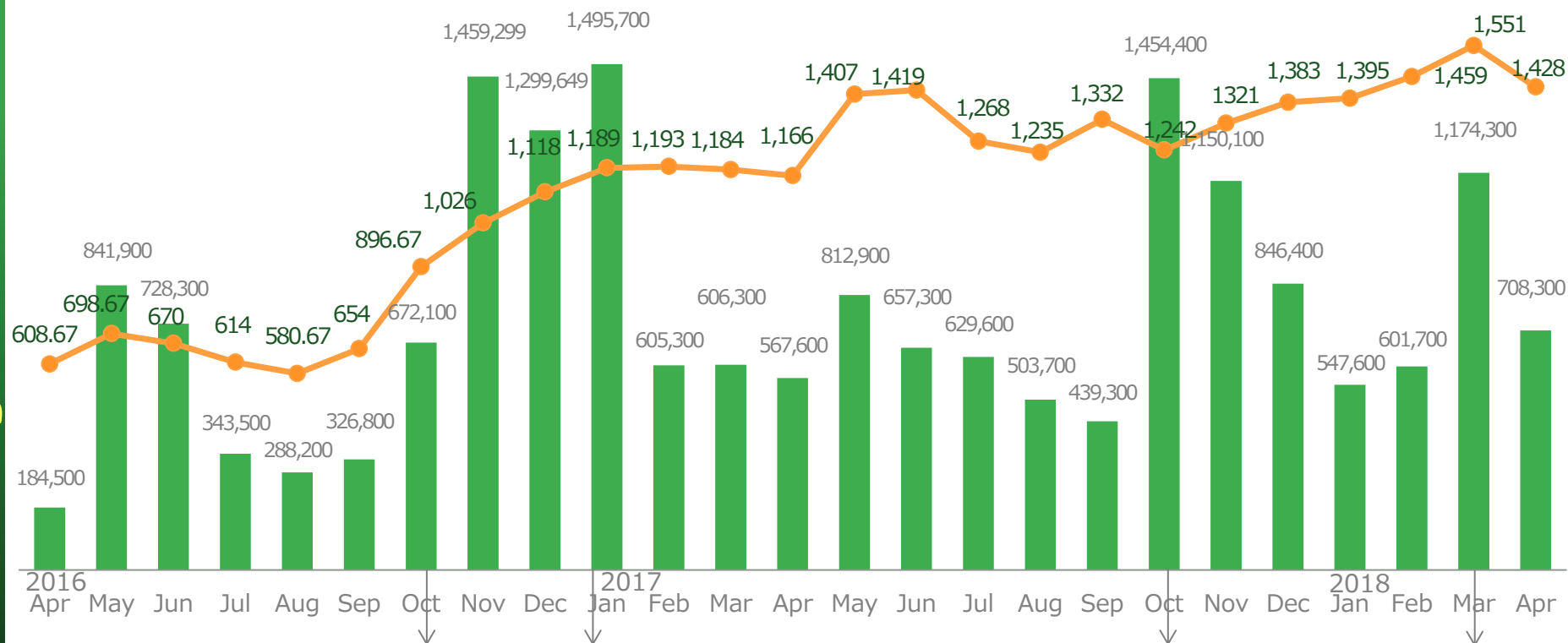
\*1 Revenue, Operating Profit of 2018.3 include the three months' data of subsidiary Fess Co., Ltd. (acquired January 2018), and for the index per employee, these three factors are divided by the consolidated amount of employees.

\*2 The calculation for FY2018(Plan) is based on the data of FY2017

# Monthly Stock Prices and Trade Volume Chart

Trade Volume (¥) Stock Price

Turnover Ratio **85.6%**  
(2017.4-2018.3)



- Amendment to earnings estimates
- Stock split and Revision of Dividend Forecast (Increase)

- Stock split

- Amendment to earnings estimate
- Revision of Dividend Forecast (Increase)

- Amendment to earnings estimate

\*1 We calculate the stock price for from Apr.2016 to Dec.2016 using the number of revision of the stock split.

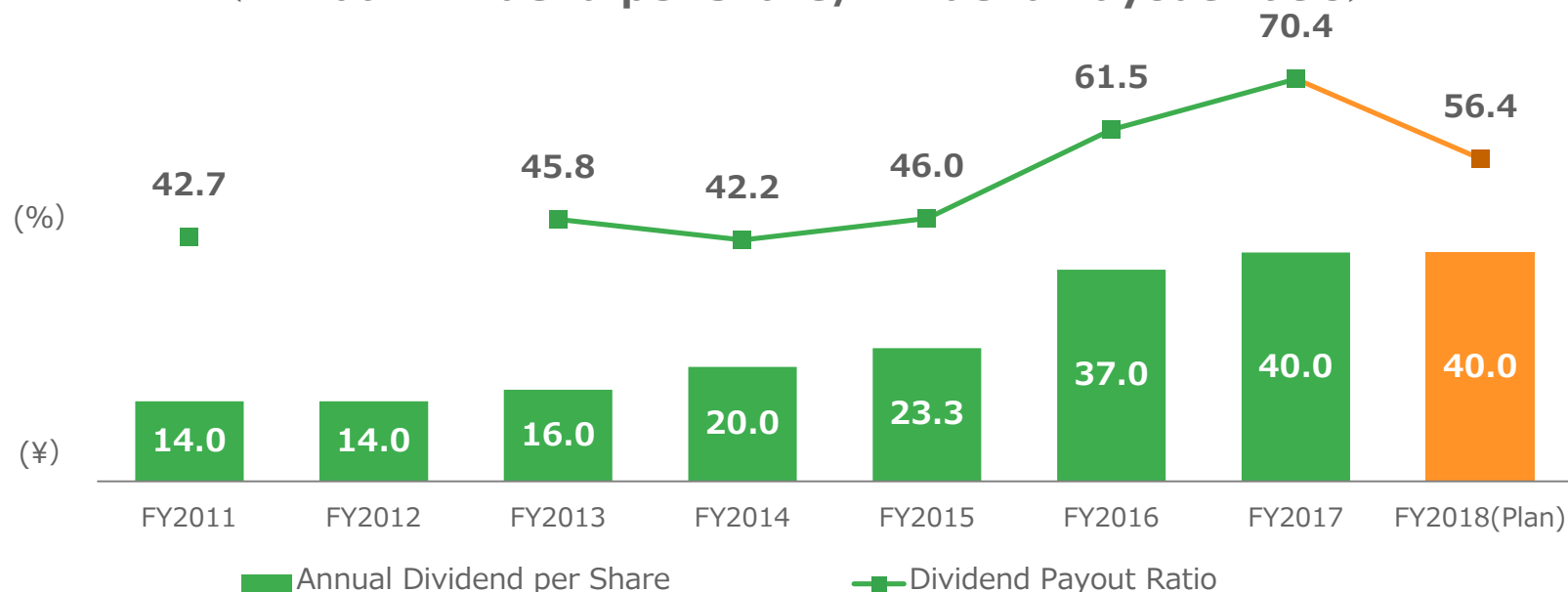
\*2 Volume is cumulative for each month, stock price lists closing price for each month.

The dividend for the FY2018: **¥40** (forecast)

## Basic Dividend Policy

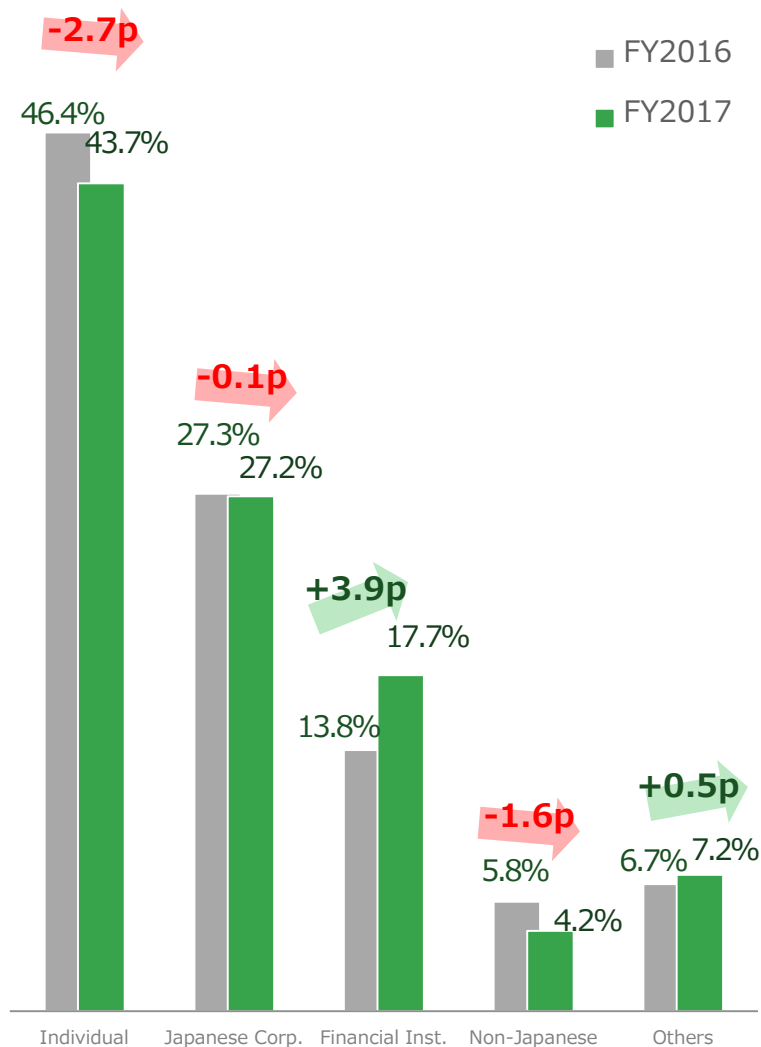
We will strive to secure a solid financial footing and stable profit, and work to increase the return on equity to continue the proper distribution of profit backed by financial results

### <Annual Dividend per share/Dividend Payout Ratio>



\* On January 1, 2017 a common stock split of 1.5-for-1 came into effect.  
For dividends before March 2016, the recorded values are adjusted to reflect stock split above.

## Shareholding by investor type



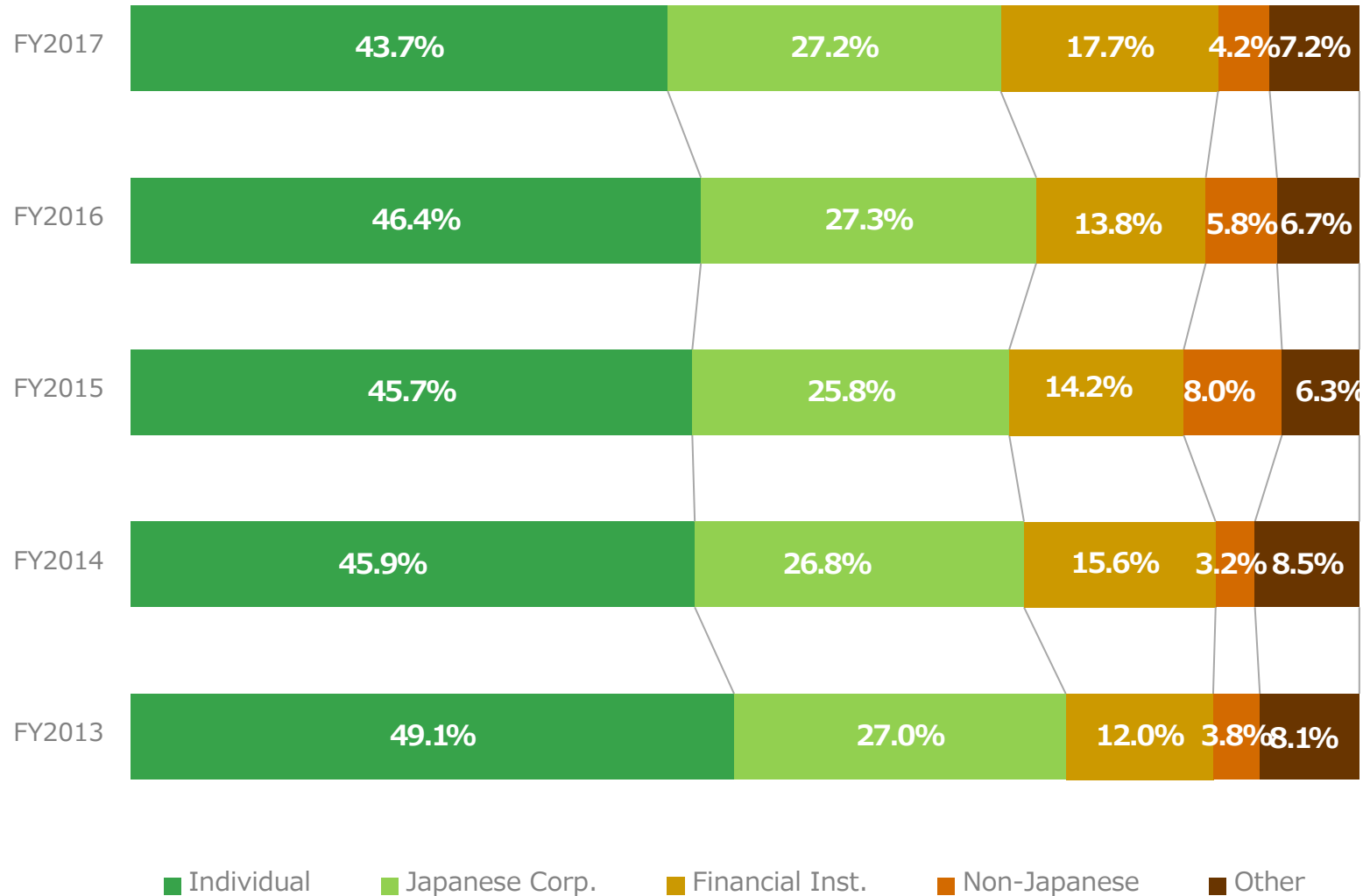
## Major shareholders

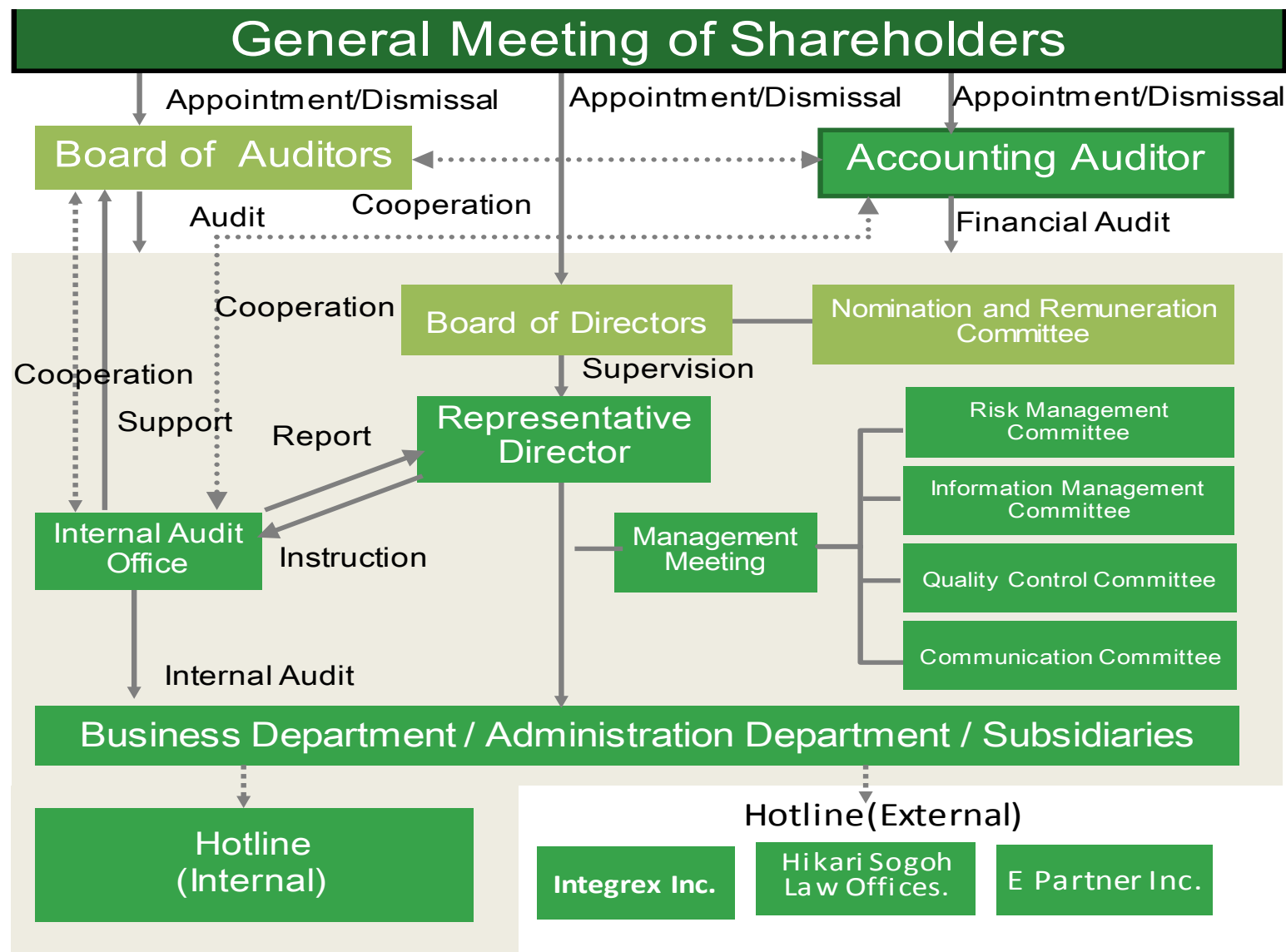
- ✓ No. of shareholders: 3,750 (-161 since Mar. 2017)
- ✓ **No. of shareholders with voting rights: 3,299** (-202 since Mar. 2017)
- ✓ Treasury stocks: 649,817 (5.39%) isn't included in the list below.

	Major shareholders	% of total shares
1	A.K. Corporation	10.32%
2	Mizuho Trust Systems Co., Ltd.	8.50%
3	ID Employee Ownership Account	6.00%
4	Japan Trustee Services Bank, Ltd. (Trust Account)	4.21%
5	Mizuho Trust & Banking Co., Ltd.	3.51%
6	Trust & Custody Services Bank, Ltd. (Trust Account E)	3.27%
7	有限会社福田商事	2.49%
8	TDC SOFT Inc.	2.35%
9	The Master Trust Bank of Japan, Ltd. (Trust Account)	1.99%
10	Akemi Funakoshi	1.64%

# Shareholdings by Investor Type

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\*Board of Directors consists of 6 (2 external)

\*Board of Auditors consists of 4 (3 external)

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New Topics

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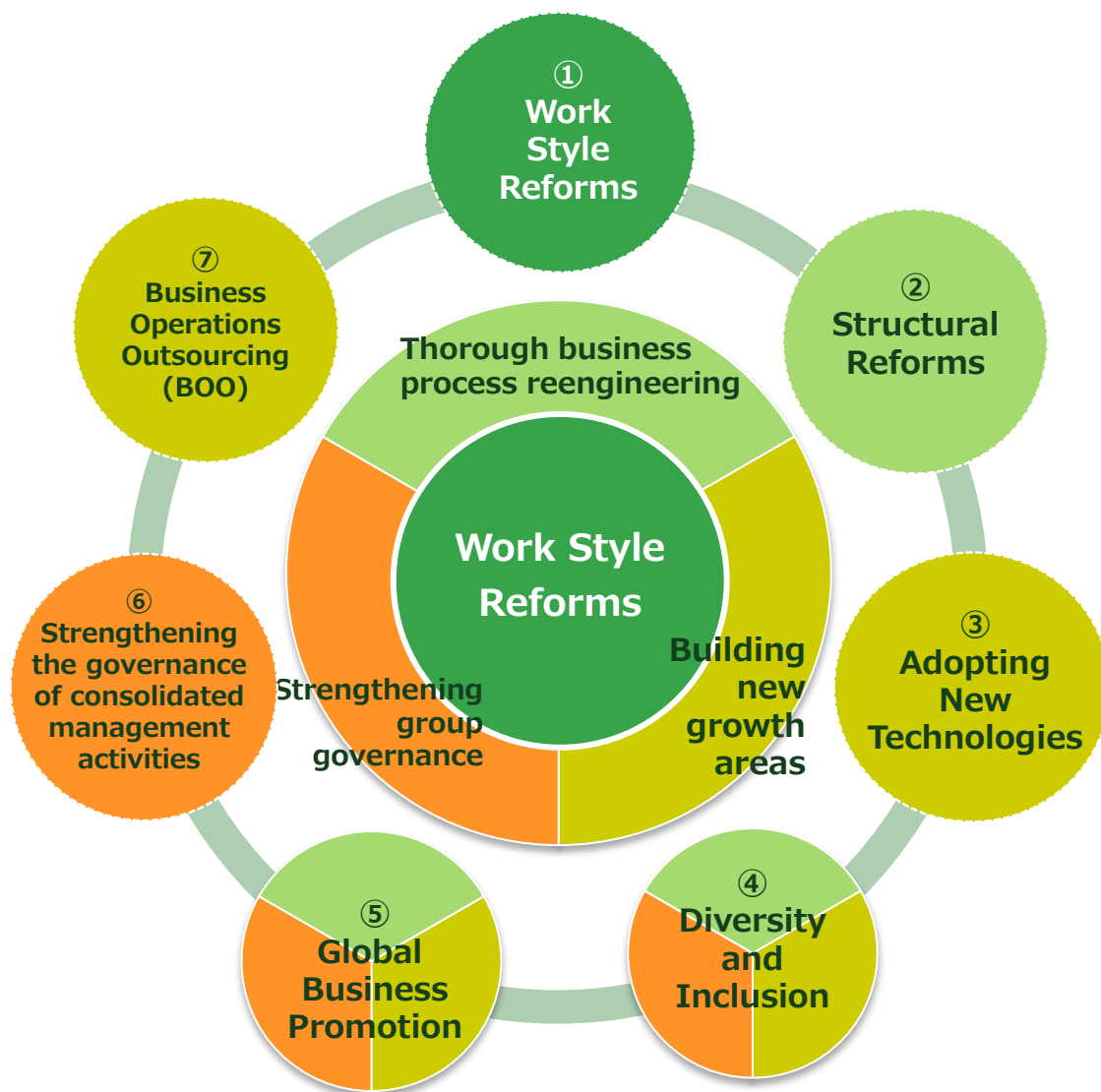
FY2017 Performance Overview

3

The Mid-term Management Plan

## Skill improvement and invigoration of employees and partners

This can be achieved by a greater understanding of technology and effective communication, as elements of learning and growth.

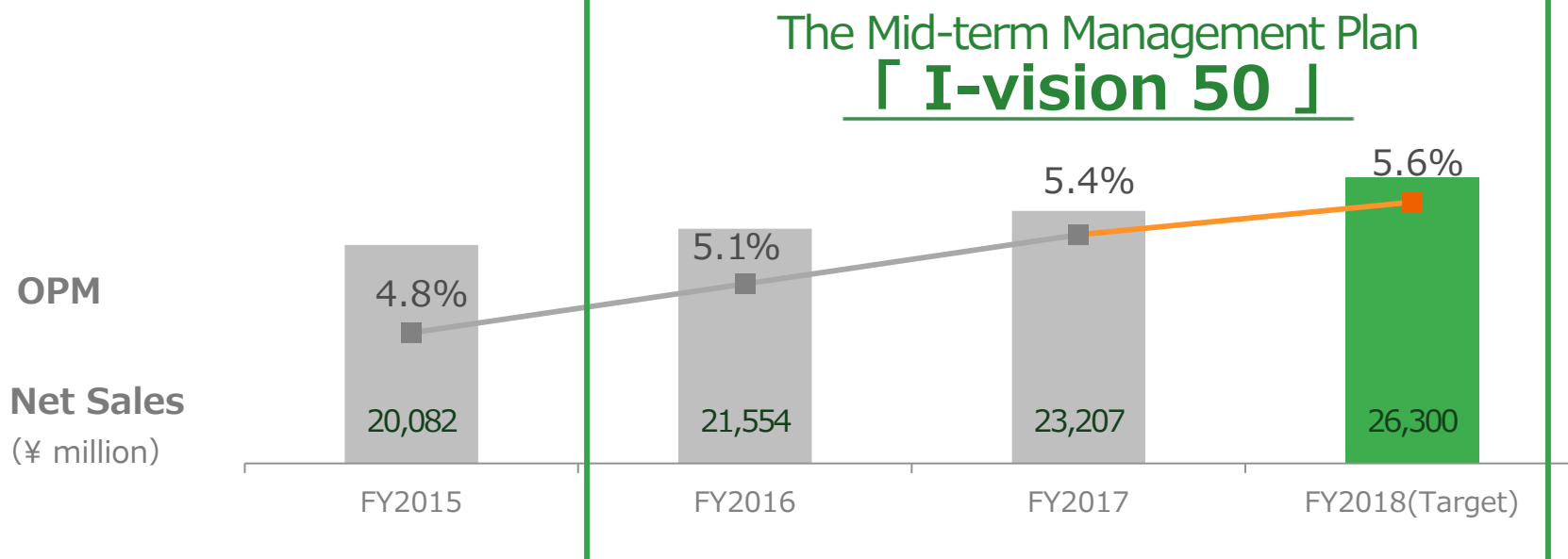




# The Mid-term Management Plan 「I-vision 50」 & Numerical Targets

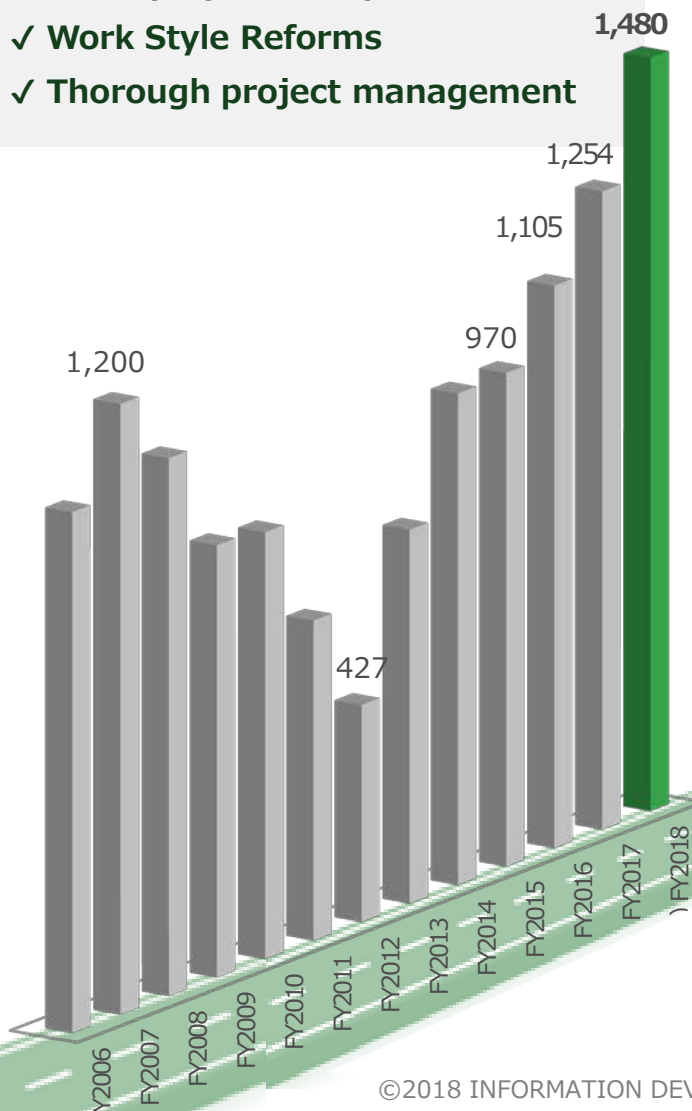
“Upgrading the speed of delivery of high quality services to our customers”

(¥ million)	FY2017	(Revised) FY2018 Plan	(Before)FY2018 Plan
Net sales	23,207	<b>26,300</b> (diff. Mar.2017+13.3%)	24,000
Operating income	1,254	<b>1,480</b> (diff. Mar.2017+17.9%)	1,680
OPM	5.4%	<b>5.6%</b> (diff. Mar.2017+0.2pp)	7.0%



## Measures to Avoid Risk

- ✓ Skill improvement and invigoration of employees and partners
- ✓ Work Style Reforms
- ✓ Thorough project management



Desired Operating Income  
FY2018:  
**¥1.48 Billion**



(¥ million)  
(Plan) is scheduled data

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