



High Technology. High Quality. Challenging the unknown

INFORMATION DEVELOPMENT Co.,Ltd

President and Representative Director
Masaki Funakoshi

Change or Die!

Aug. 2018
TSE 1st section
Code: 4709

1**New Topics****2****Q1 Performance Overview**

- July** ○ **Certified as Gender Equality Promoting and Female Workforce Promoting Company**
ID Sanin Branch Office has been officially recognized as a Gender Equality Promoting Company within Tottori Prefecture government and officially registered as Female Workforce Promoting Company.
- July** ○ **Official Opening of ID Beach House “Henry Africa” at Kugenuma Beach**
As part of one of the events held in celebration of ID’s 50th anniversary, ID Beach House “Henry Africa” has been opened at Kugenuma Beach.
- July** ○ **Classic Concert was Hosted as a Part of Patronage of Arts**
ID hosted the “Soothing Baroque Concert” at Suntory Hall Blue Rose, Tokyo.
- June** ○ **Award from the Chinese Government for ID’ s overseas subsidiary**
INFORMATION DEVELOPMENT Wuhan CO., LTD. was awarded for “the Most Influential Company” at the China International Software and Information Service Fair, sponsored by the Ministry of Commerce, PRC, the Ministry of Science and Technology, PRC, and Liaoning Provincial People’s Government.
- June** ○ **Delay of Transition to Holding Company Structure, Removal of This Item from the Agenda of Shareholders Meeting and Reduction in Directors' Remuneration**
The Holding Company transition postponed. The bill was withdrawn from the Annual General Shareholders Meeting, and the remuneration of the president and representative director decreased in 6 months.
- April** ○ **Notification of Holding Company Formation**
ID begin the transition to a holding company system on October 1, 2018 (scheduled).

1

New Topics

2

Q1 Performance Overview

Net Sales ¥6,634 million +23.9%YoY reaching an all-time high

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

Operating Income ¥396 million +240.7%YoY reaching an all-time high

- ✓ Increase as a result of increased sales
- ✓ The cost due to the relocation of Fess. Co., Ltd., the subsidiary acquired in January 2018
- ✓ The provision for product warranties due to the former software development

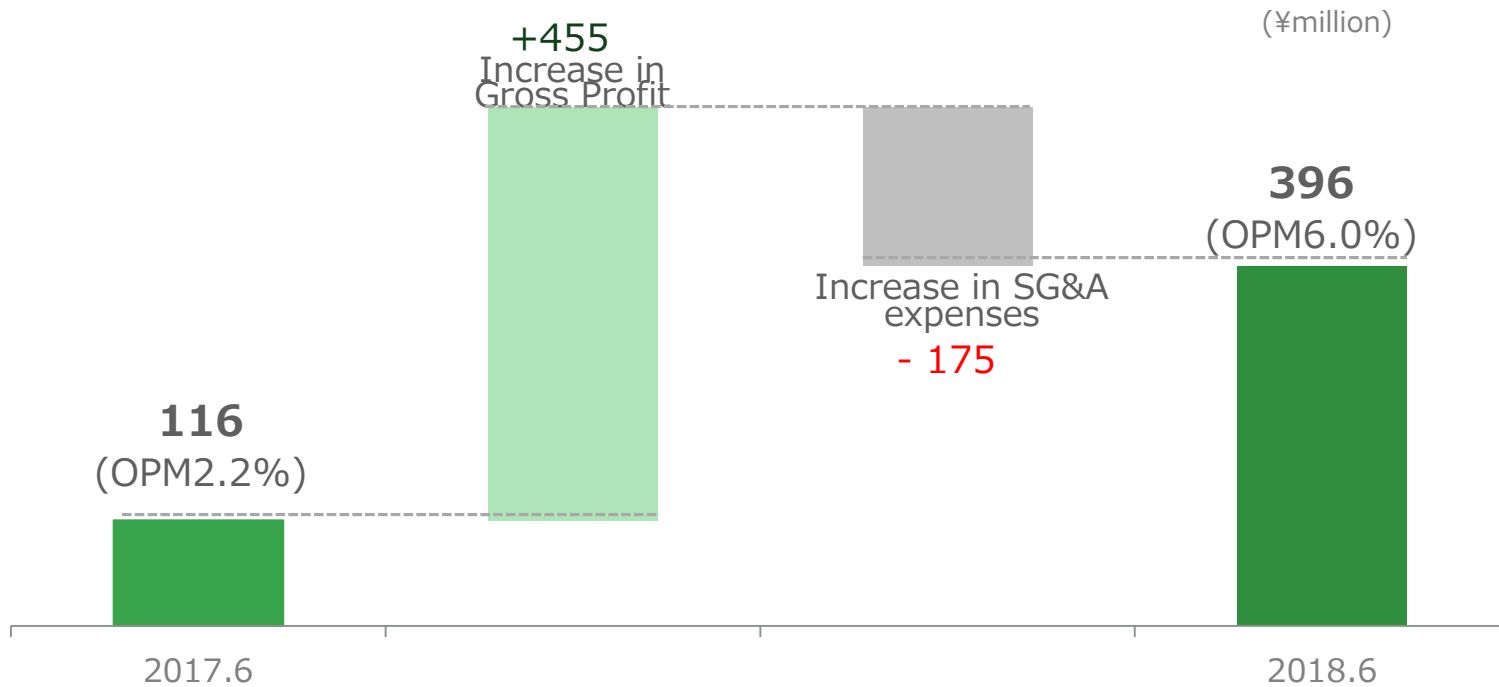
Net Income Attributable to Owners of Parent ¥210 million +495.3%YoY reaching an all-time high

- ✓ The extraordinary losses due to the relocation of Fess. Co., Ltd.

Q1 Financial Results (consolidated)

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(¥ million)	2017.6		2018.6		Diff.	YoY
	Results	(% of net sales)	Results	(% of net sales)		
Net sales	5,353	-	6,634	-	+1,281	+23.9%
Cost of sales	4,432	82.8%	5,258	79.3%	+825	+18.6%
Gross profit	920	17.2%	1,376	20.7%	+455	+49.5%
SG&A expenses	804	15.0%	979	14.8%	+175	+21.8%
Operating income	116	2.2%	396	6.0%	+280	+240.7%
Ordinary income	120	2.3%	424	6.4%	+303	+251.3%
Net income attributable to owners of parent	35	0.7%	210	3.2%	+174	+495.3%

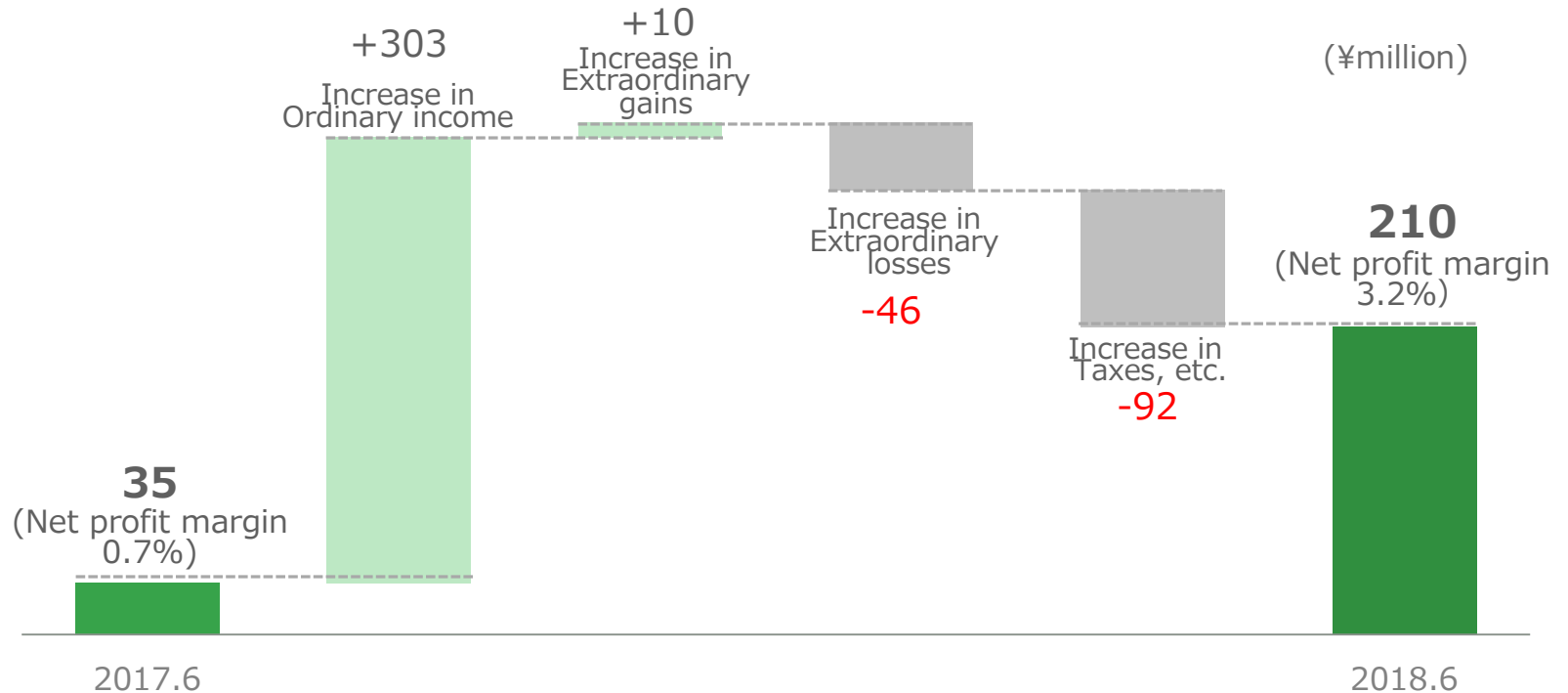


◆ Gross profit	+455
➤ Net Sales	+ 1,281
➤ Cost of sales	- 825
<Major changes in cost of sales>	
• Outsourcing expenses	- 227
• Labor cost	- 460
• Manufacturing expenses	-94

◆ SG&A expenses	-175
<Major changes in SG&A expenses>	
➤ Personal expenses	- 65
➤ Other SG&A expenses	- 109

Net Income Attribute to Owners of Parent Analysis (YoY)

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Extraordinary income +303

Major changes in Extraordinary income

Gain on sales of investment securities +9

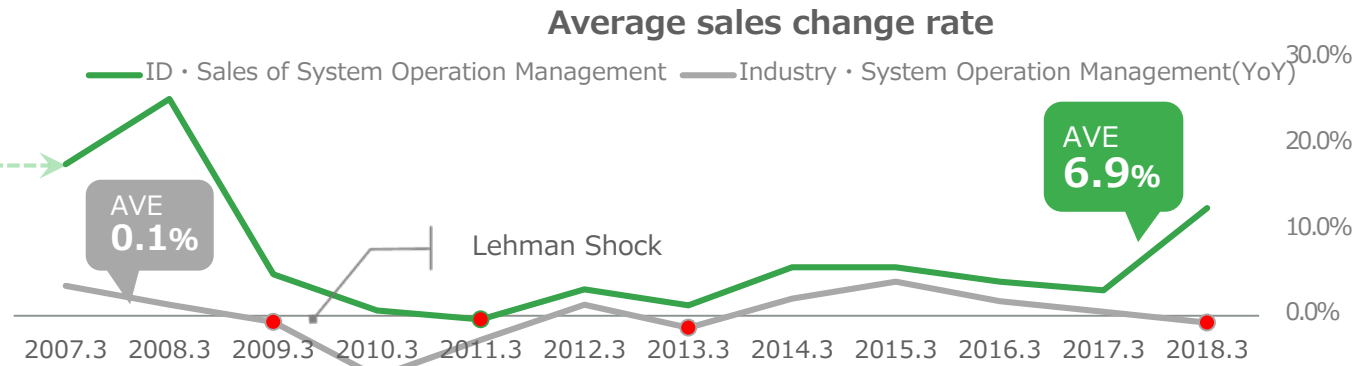
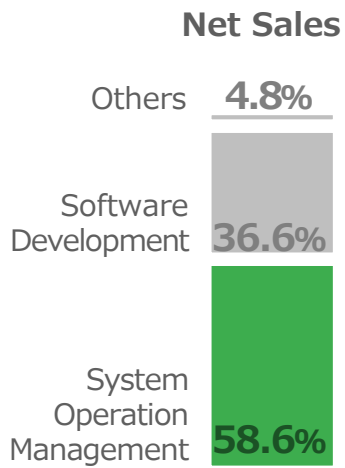
Extraordinary losses -46

Major changes in Extraordinary losses

Provision of allowance for loss on transfer -56

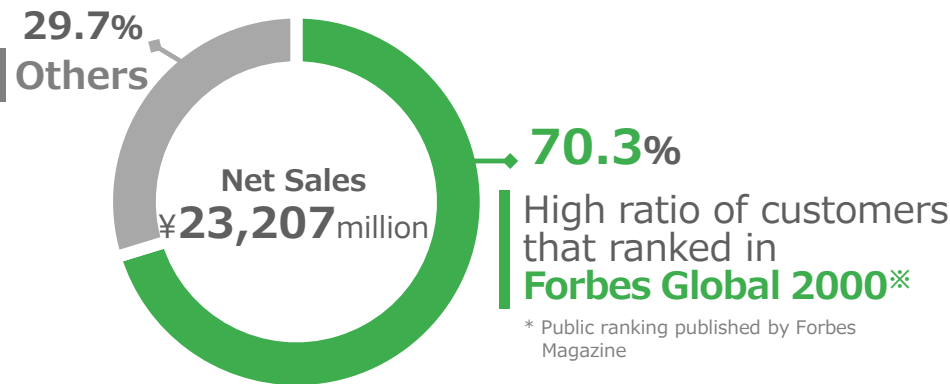
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1 Sale for System Operation Management over 50%



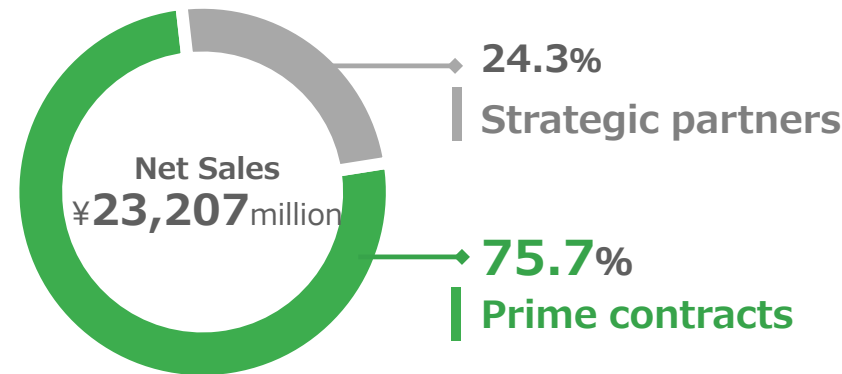
◆ System Operation Management acts as a stock business and supports business performance

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



◆ Actively stabilizing relation with leading companies for IT investments

3 Near 80% of the contracts are prime contracts

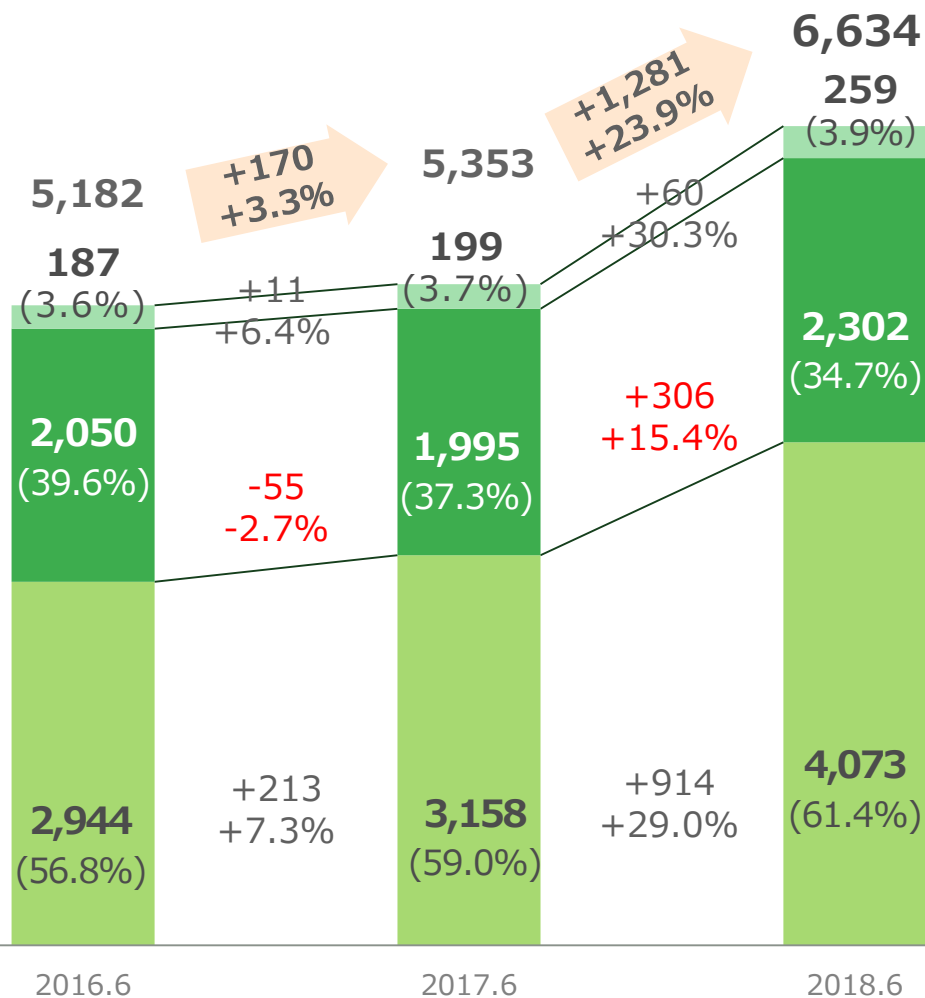


◆ Directly understanding customer needs and creating appropriate proposals

Q1 Feature of ID Group① (Net sales by Segment)

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



Others

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

Software Development

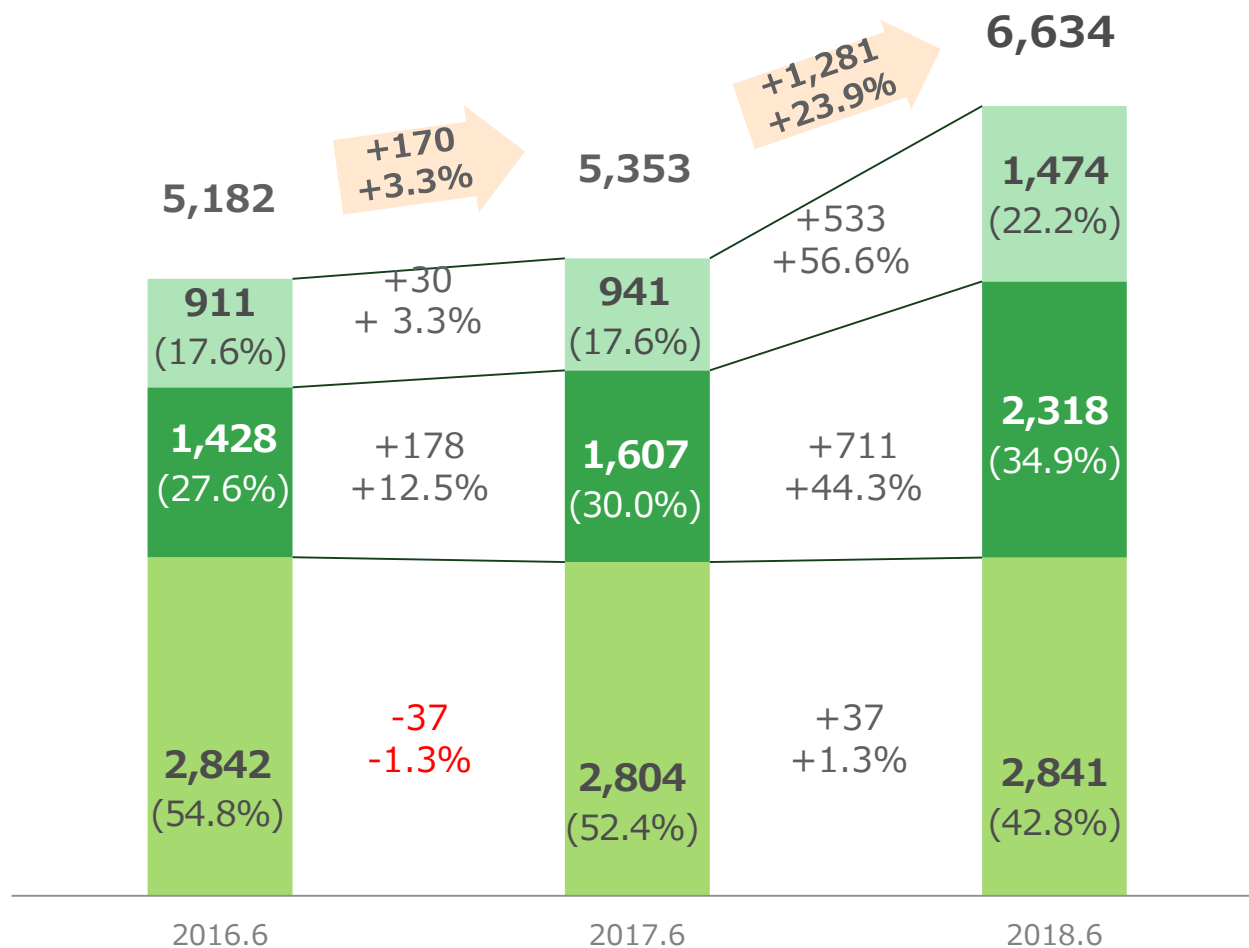
- Increase as a result of augmented orders in public-sector-related projects
- Decrease in finance-related and transportation-related projects

System Operation Management

- Contribution of Fess Co., Ltd
- Continuous increase in finance-related projects
- Increase in public-sector-related and decrease in finance-related platform development projects

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- Others
- IT, Telecom & Service
- Financial Institution



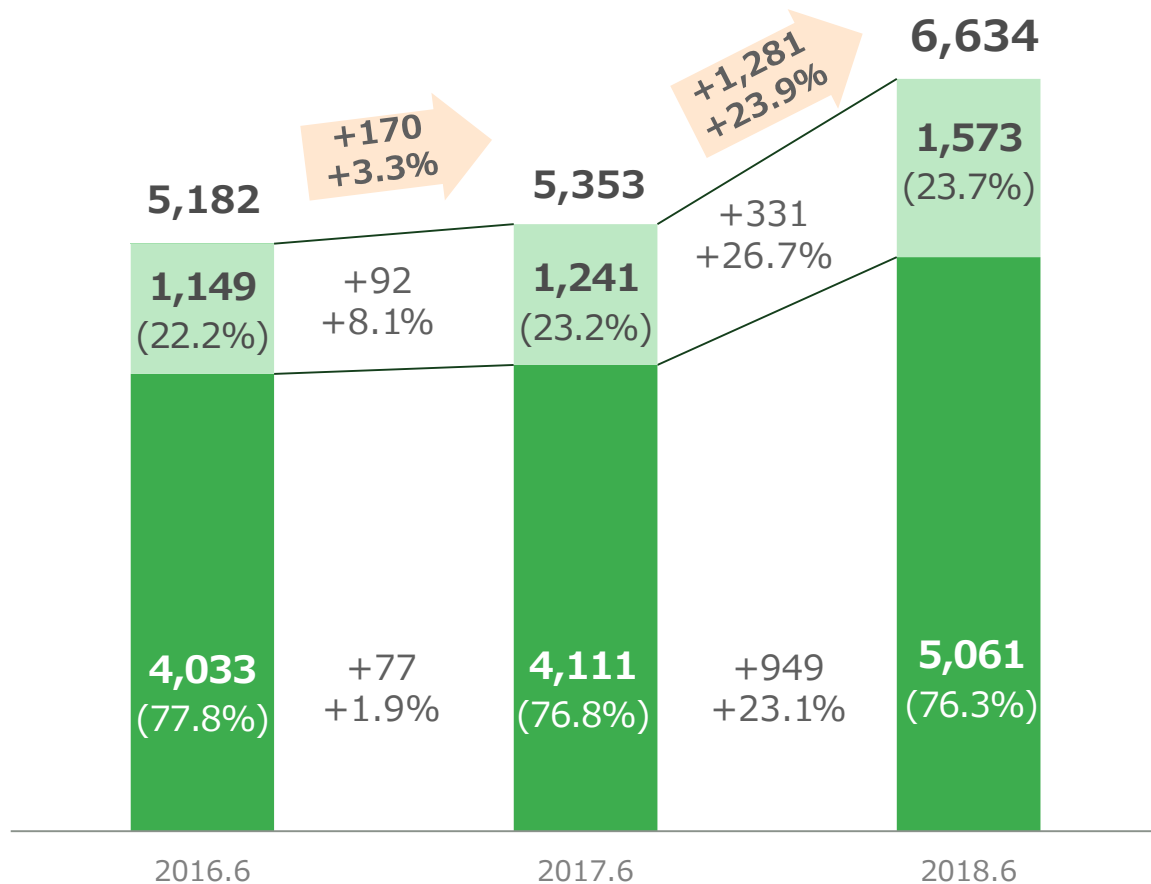
(¥ million)
*Figures in brackets indicate % of net sales

Q1 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 Institutions, Energy, Transportation and Manufacturing.	✓ Major IT Vendors

Q1 Financial Position (Consolidated)

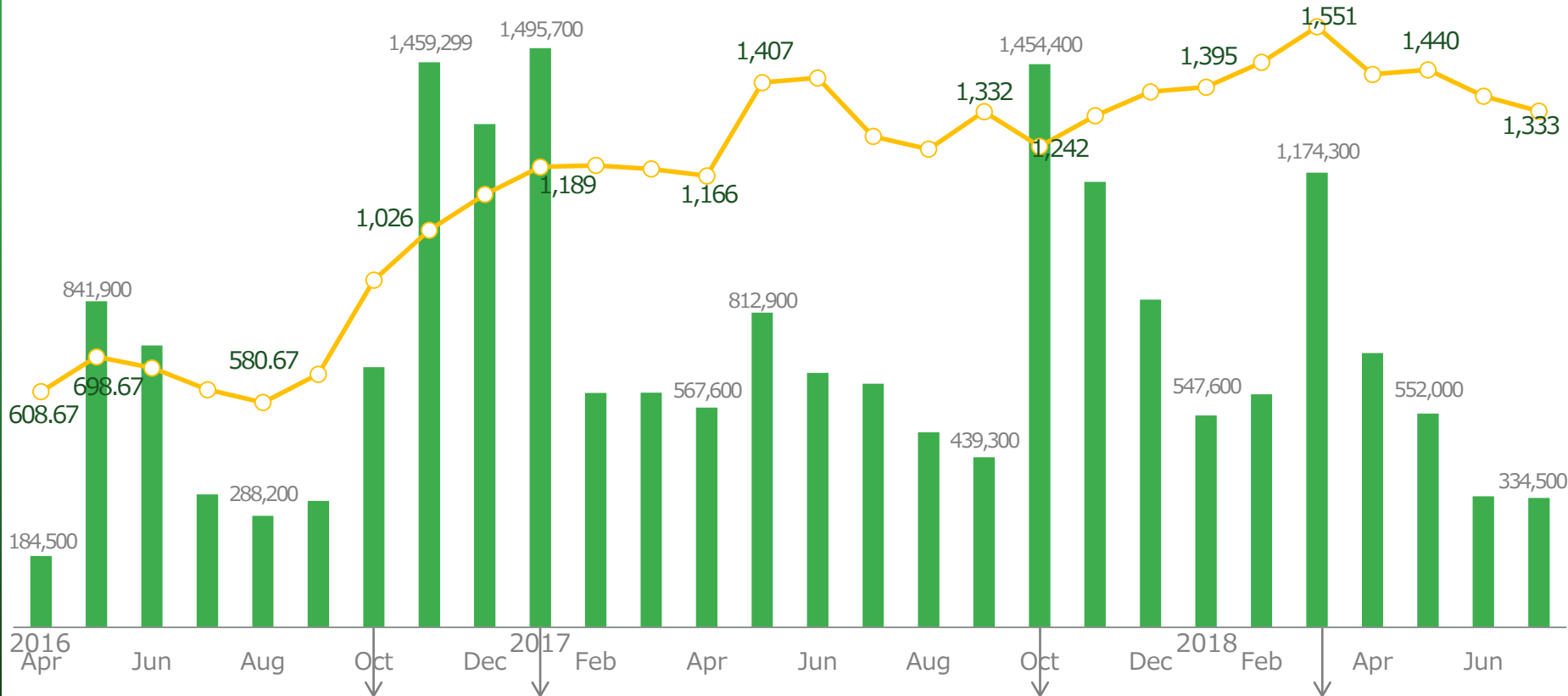
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	2018.3	2018.6		Main Reasons
(¥million)	Results	Results	Diff.	
Current assets	8,344	7,873	-470	<ul style="list-style-type: none"> • Increase in cash and deposits (+340) • Decrease in notes and accounts receivable (-840) • Decrease in deferred tax assets (-161)
Noncurrent assets	5,404	5,291	-113	
Total assets	13,748	13,165	-583	
Current liabilities	5,923	5,469	-454	<ul style="list-style-type: none"> • Decrease in income taxes payable (-435) • Decrease in provision for bonuses (-455) • Increase in other current liabilities (+436)
Noncurrent liabilities	207	219	+11	
Total liabilities	6,131	5,688	-442	
Total net assets	7,617	7,476	-140	<ul style="list-style-type: none"> • Net income attributable to owners of parent (+210) • Decrease in payment of dividends (-455) • Increase in valuation difference on available-for-sale securities (+93)
Total liabilities and net assets	13,748	13,165	-583	

Monthly Stock Prices and Trade Volume Chart

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

Trade Volume (¥) Stock Price



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

• Stock split

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

- Amendment to earnings estimates

*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.

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	-

Disclaimer

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