



ID Holdings Corporation
April 1, 2019 - March 31, 2020

President and Representative Director
Masaki Funakoshi

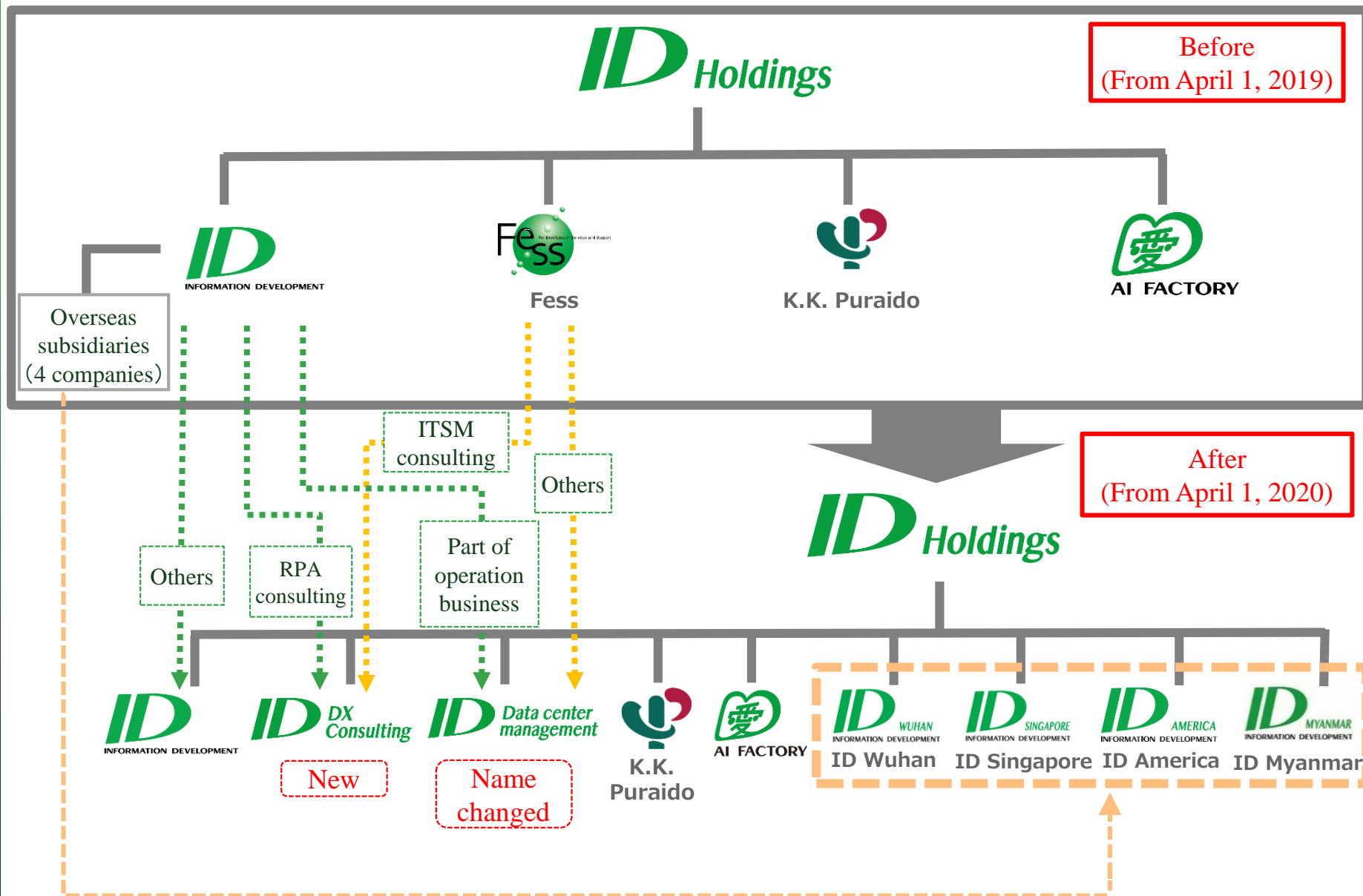
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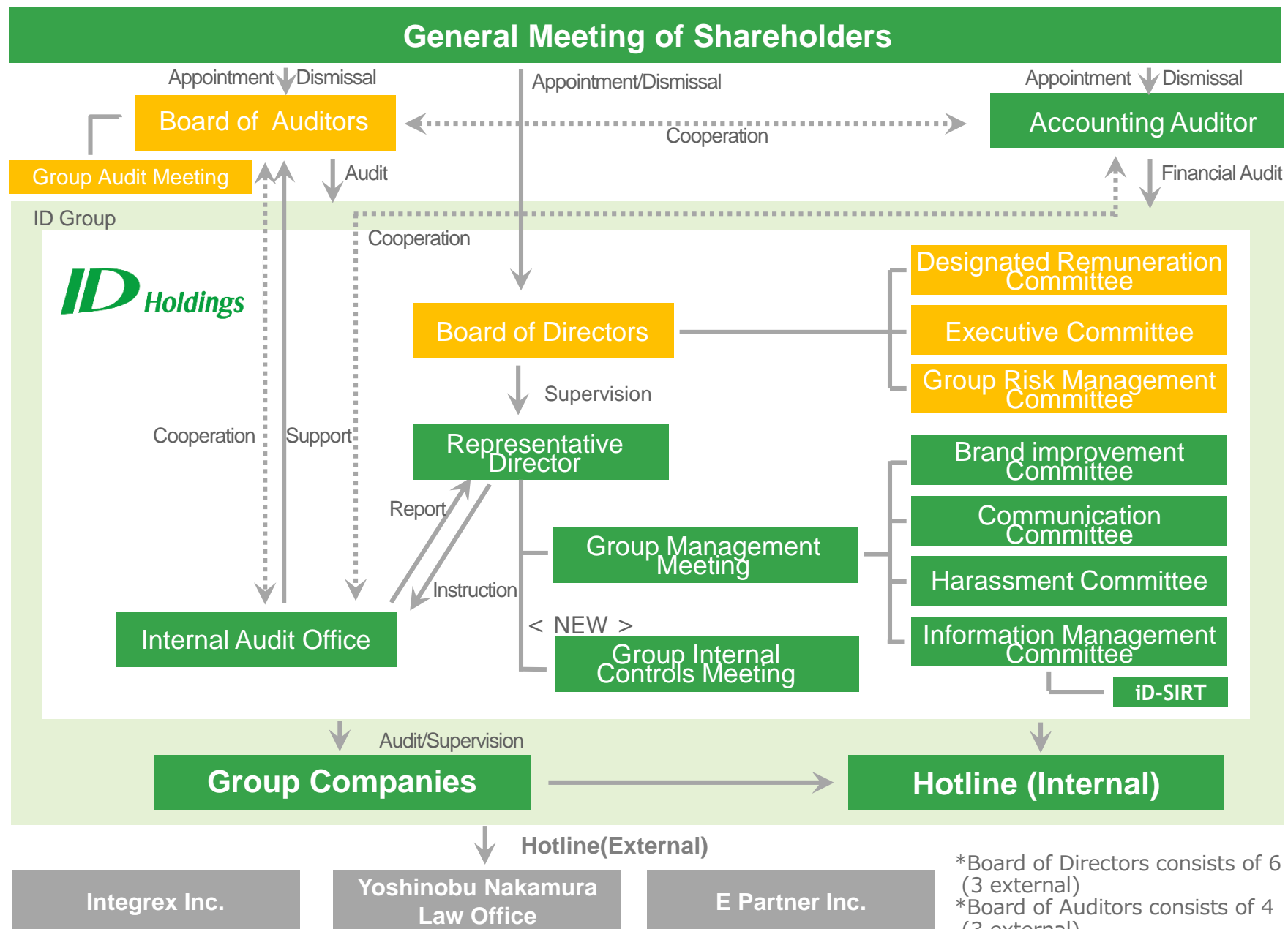
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※ Our website can be
accessed from the
QR Code.



June 2020





*Board of Directors consists of 6 (3 external)
 *Board of Auditors consists of 4 (3 external)

As an information service corporation that supports social infrastructure, the ID Group continues to work on various issues related to the **environment (E), society (S), and governance (G)**.



Environment

- Reduction of CO₂ Emissions arising from electrical power use
- Enhancement of Green Purchasing
- Improvement of participation rate in environmental volunteer activities and advancement of volunteer activities



Social

- Provide IT services which support social infrastructure
 - Develop and operate systems for important social infrastructure fields
 - Develop and implement cybersecurity services
 - Gather information and conduct R&D for advanced technology
 - Sponsor Venture Café Tokyo, a community that encourages innovation
- Promote the employment of people with disabilities at AI Factory Co., Ltd., a special subsidiary
- Achieve flexible work styles and promote health management
 - Certified as an “Excellent Enterprise of Health and Productivity Management 2020 (White 500)” in the large-enterprise category
 - Earned a rating of three stars in the 3rd Nikkei Smart Work Management Survey
 - Obtained Gold certification under the Healthy Company certification system
 - Encourage the use of paid holidays (Targets for FY2020: 90.0%)
- Philanthropy
 - Sponsor and support SAILING Team JAPAN, etc.
 - Support landmine removal activities by JMAS



Governance

- Implement the international standards ISO26000 and disclose initiatives on our homepage
- Formulate Human Rights Policy and hold education
- Conduct and analyze CSR questionnaires

1

Performance Overview

2

Adapting to the New Normal

Financial Results (consolidated)

Change or Die!

	2019.3		2020.3			
(¥ million)	Results	(% of net sales)	Results	(% of net sales)	Diff.	YoY
Net sales	26,515	-	26,377	-	-138	-0.5%
Cost of sales	20,917	78.9%	19,967	75.7%	-950	-4.5%
Gross profit	5,597	21.1%	6,409	24.3%	+811	+14.5%
SG&A expenses	3,930	14.8%	4,336	16.4%	+406	+10.3%
Operating income	1,667	6.3%	2,073	7.9%	+405	+24.3%
Operating income (Before amortization of goodwill)	1,922	7.2%	2,327	8.8%	+405	+21.1%
Ordinary income	1,724	6.5%	2,111	8.0%	+387	+22.4%
Net income attributable to owners of parent	1,028	3.9%	1,297	4.9%	+268	+26.1%

Financial Results (consolidated)

Net Sales

¥26,377 million (-0.5% YoY)

System Operation Management:

¥11,974 million (-2.4% YoY)

- ⊕ Orders increased from public-sector-related and existed finance-related customers.
- ⊖ Sales decreased due to part of ended finance-related projects.

Software Development: **¥8,941 million (-4.4% YoY)**

- ⊕ Sales increased continuously in part of public-sector-related large projects.
- ⊕ Orders increased in existed transport-related and manufacture-related customers.
- ⊖ Sales decreased due to the ended public-sector-related projects in the previous fiscal year.

System Infrastructure: **¥2,499 million (+8.2% YoY)**

- ⊕ New projects from existed public-sector-related customers.
- ⊕ Orders increased from existed finance-related customers.

Cybersecurity, Consulting and Training:

¥2,091 million (+31.3% YoY)

- ⊕ Orders increased in cybersecurity service
- ⊕ Sales increased in cybersecurity products.
- ⊕ Sales increased in consulting.

Other: **¥869 million (-11.6% YoY)**

- ⊕ Augmented orders of product sales.
- ⊖ Sales decreased due to part of ended finance-related businesses.

Profit analysis



Reaching an all-time high

• Operating income

Continuous growth for **7** fiscal years
¥2,073 million (+24.3% YoY)

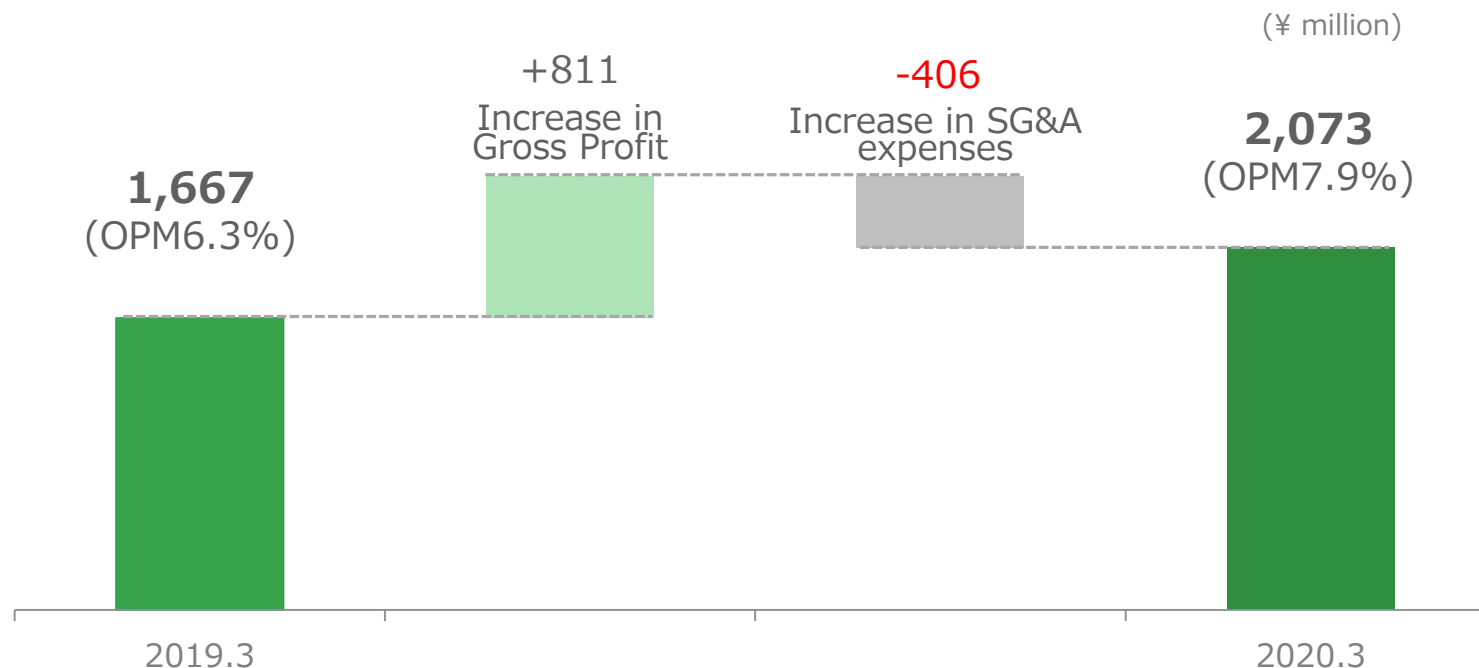
• Ordinary income

Continuous growth for **4** fiscal years
¥2,111 million (+22.4% YoY)

• Net income attributable to owners of parent

Continuous growth for **2** fiscal years
¥1,297 million (+26.1% YoY)

- ⊕ The positive activities in marketing.
- ⊕ The shift toward high-value-added fields of engineers.
- ⊕ The improvement in project management.
- ⊕ Continuously high-profit due to part of the large projects in software development.



◆ Gross profit +811

➤ Decrease in Cost of sales : 950

<Major changes in cost of sales>

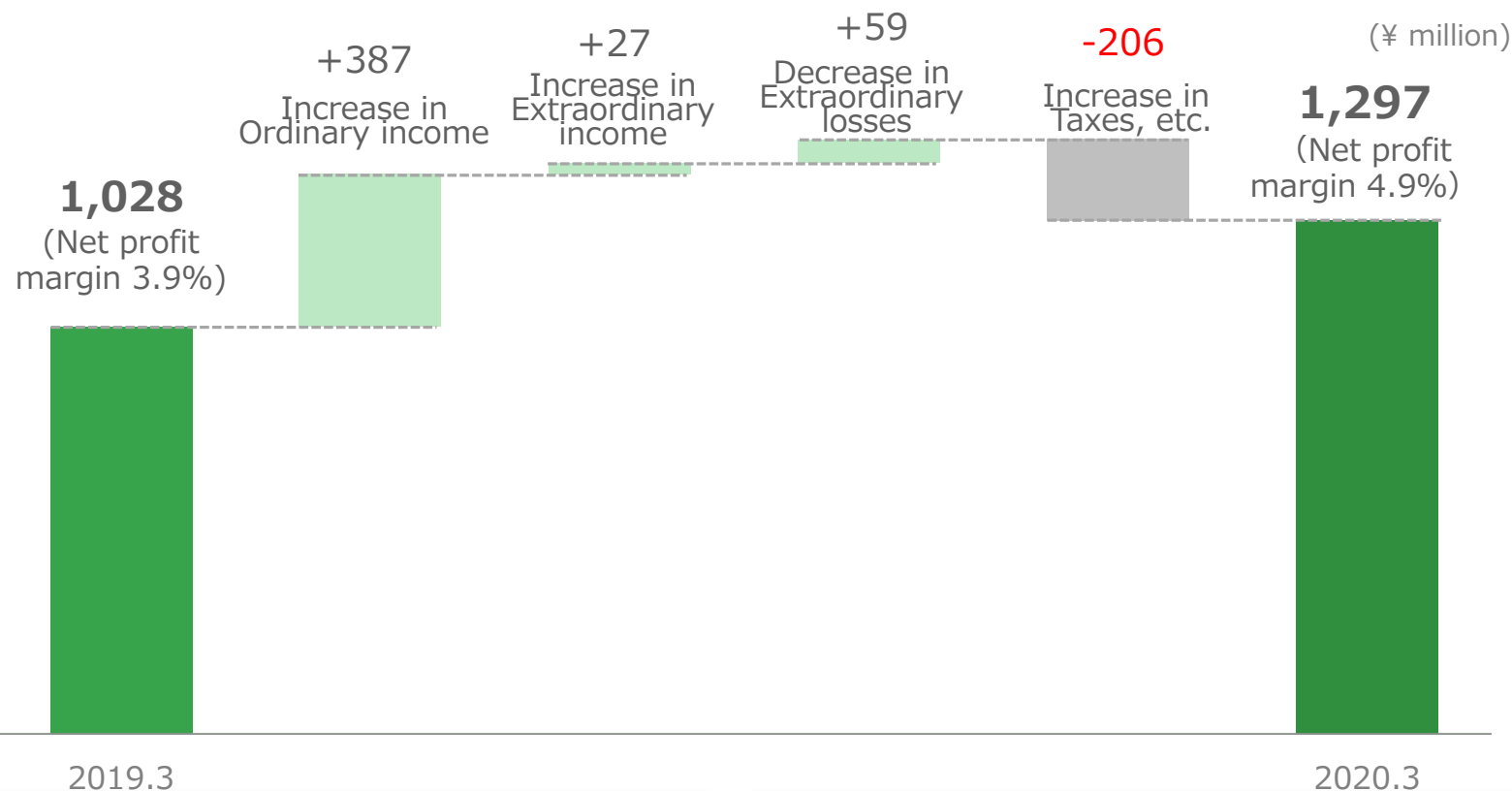
- Decrease in Labor cost : 540
- Decrease in Subcontract expenses : 533
- Decrease in Manufacturing expenses : 91
- Increase in Purchases : 241

◆ SG&A expenses -406

<Major changes in SG&A expenses>

- Increase in Personal expenses : 265
- Increase in Other SG&A expenses : 140

Net Income Attributable to Owners of Parent Analysis (YoY)



◆ Extraordinary income +27

Major changes in Extraordinary income

- Increase in gain on sales of investment securities : 29

◆ Extraordinary losses +59

Major changes in Extraordinary losses

- A reactionary decrease since the loss on office transfer in FY2018 : 57

Strength of ID Group (As of March 31, 2020)

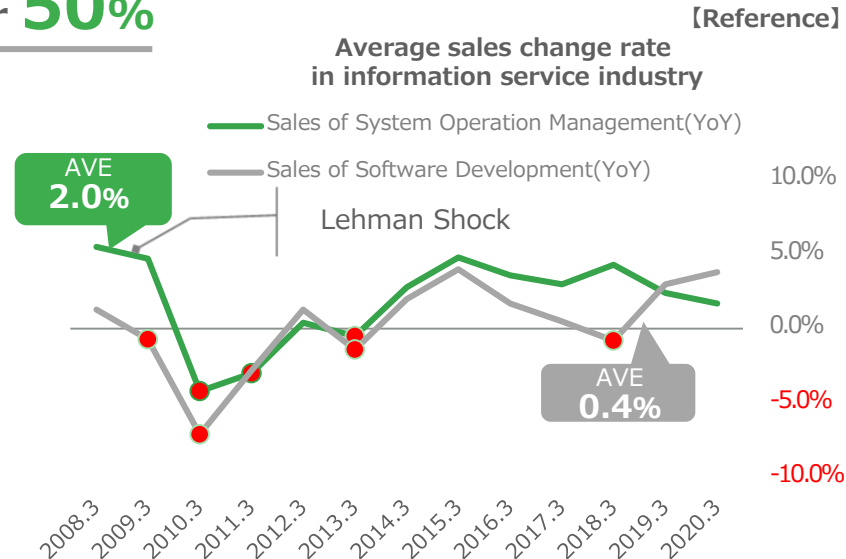
1 Sale for System Operation Management near **50%**

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

Net sales by Services

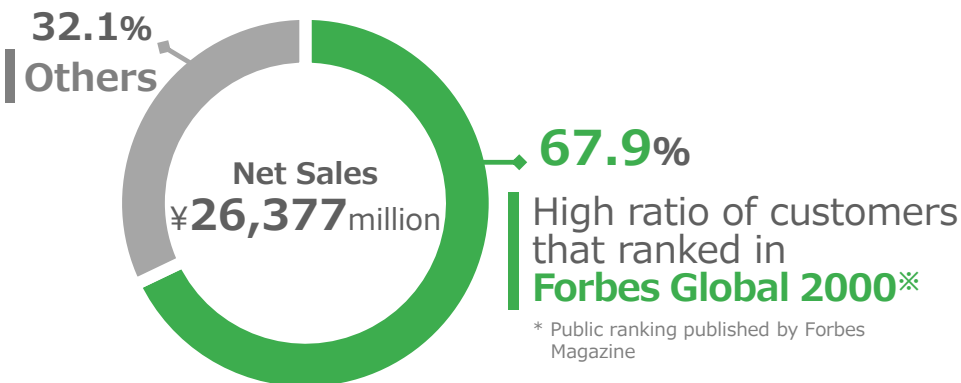


■ System Operation Management ■ Software Development
■ System Infrastructure ■ Cybersecurity, Consulting and Training
■ Others



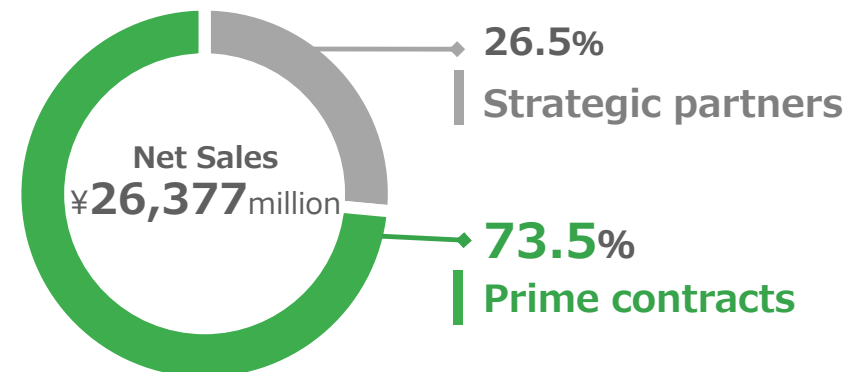
2 Near **70%** of the Transaction Revenue comes from Global Leading Companies

◆ **Actively stabilizing relation with leading companies for IT investments**



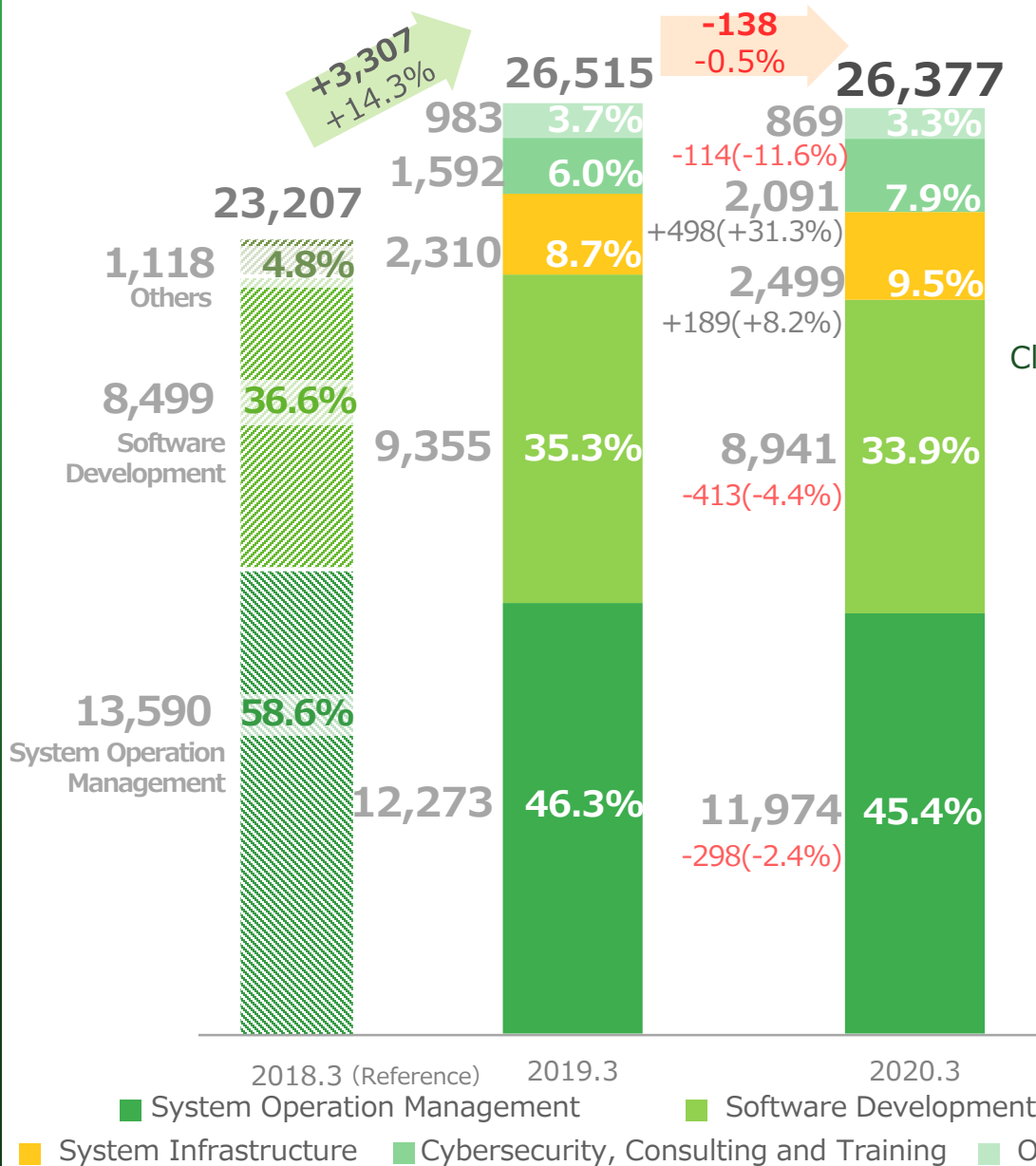
3 Over **70%** of the Contracts are Prime Contracts

◆ **Directly understanding customer needs and creating appropriate proposals**

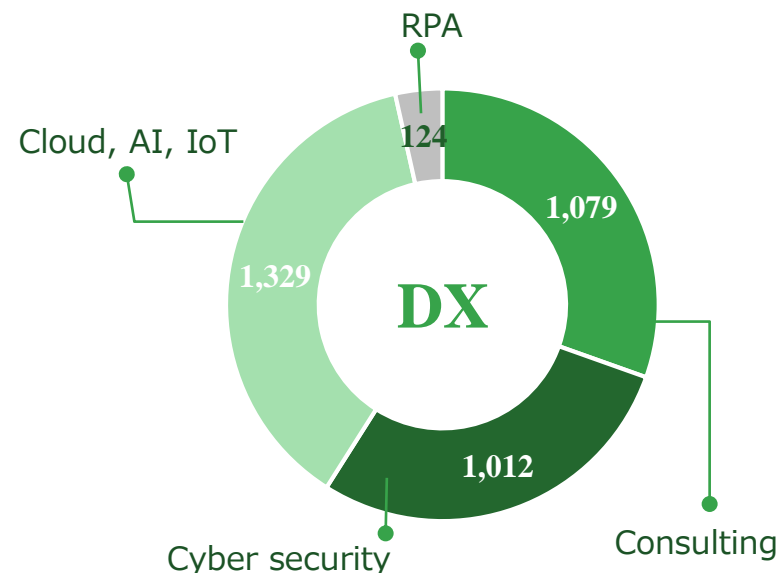


Feature of ID Group① (Net sales by Services)

(¥ million)



DX-related sales: ¥3,544 million
about **13.4%** of consolidated sales



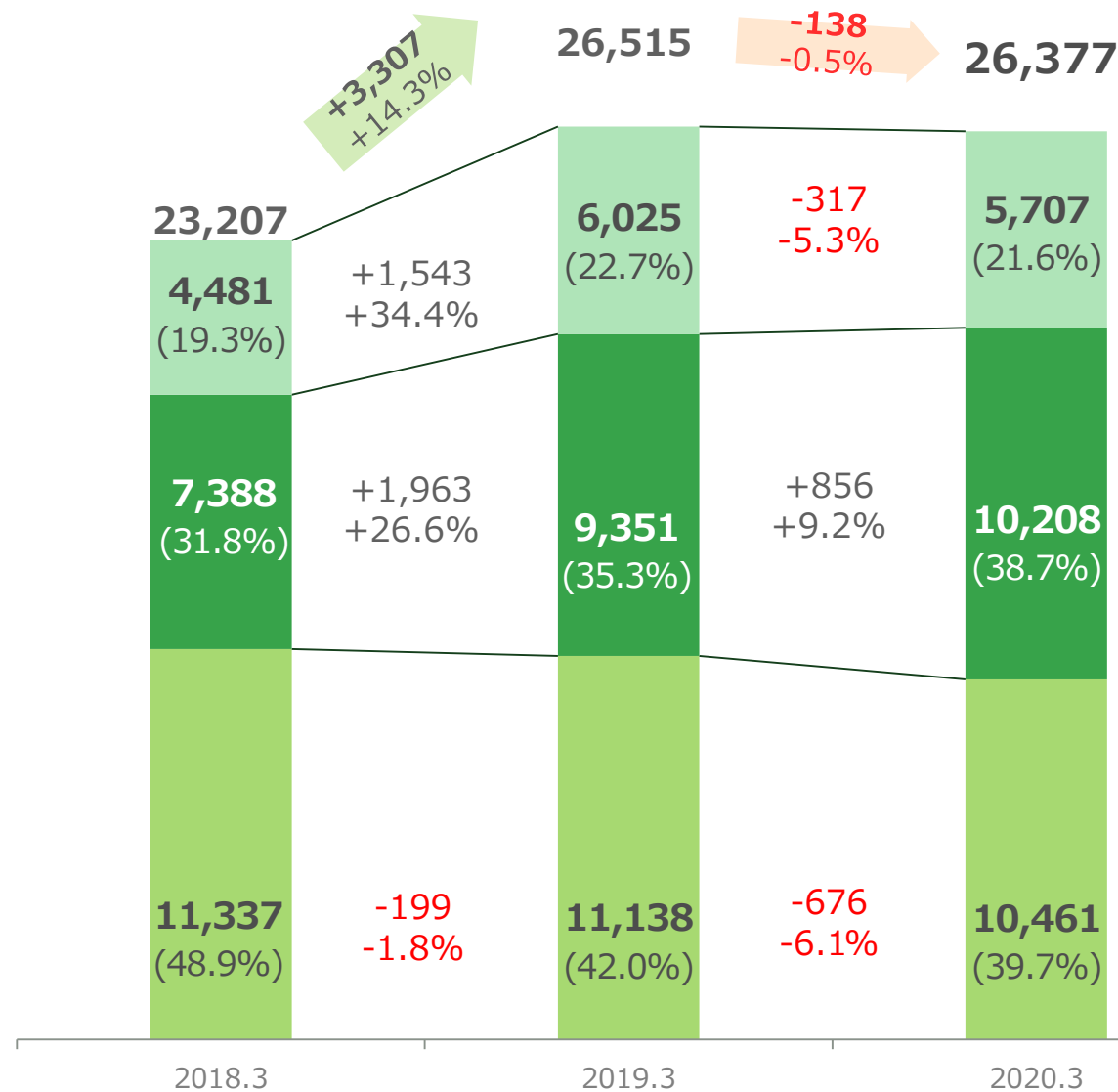
DX related business

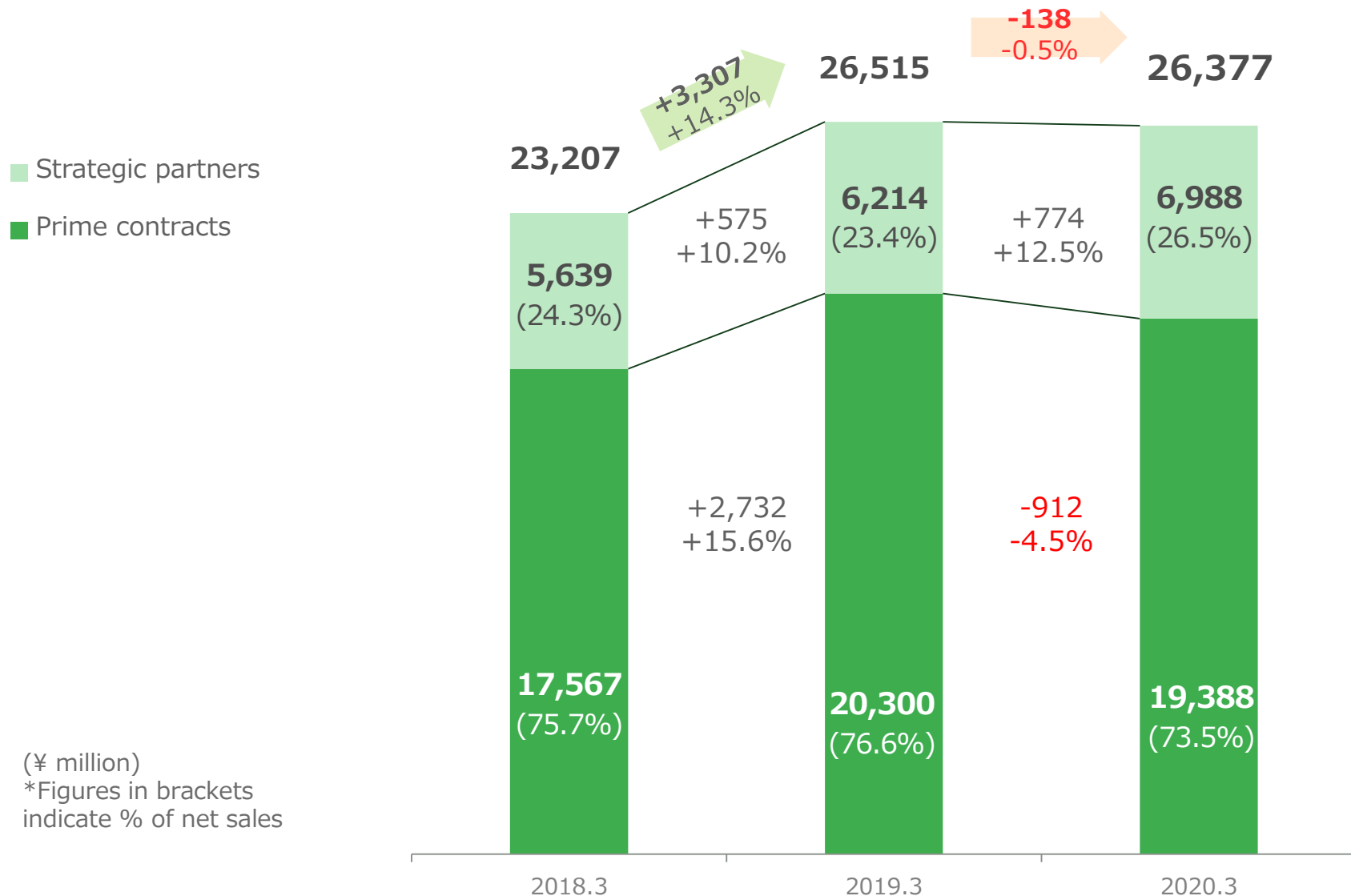
The high value-added business with advanced technologies such as cyber security, cloud, RPA, AI, IoT, the consulting business with ITSM methods, etc.

Note: From Q1 FY2019, the category "System Operation Management" separated into "System Operation Management" and "System Infrastructure". The category "Others" separated into "Cybersecurity, Consulting and Training" and "Others".

- Others
- IT, Telecom & Service
- Financial Institution

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

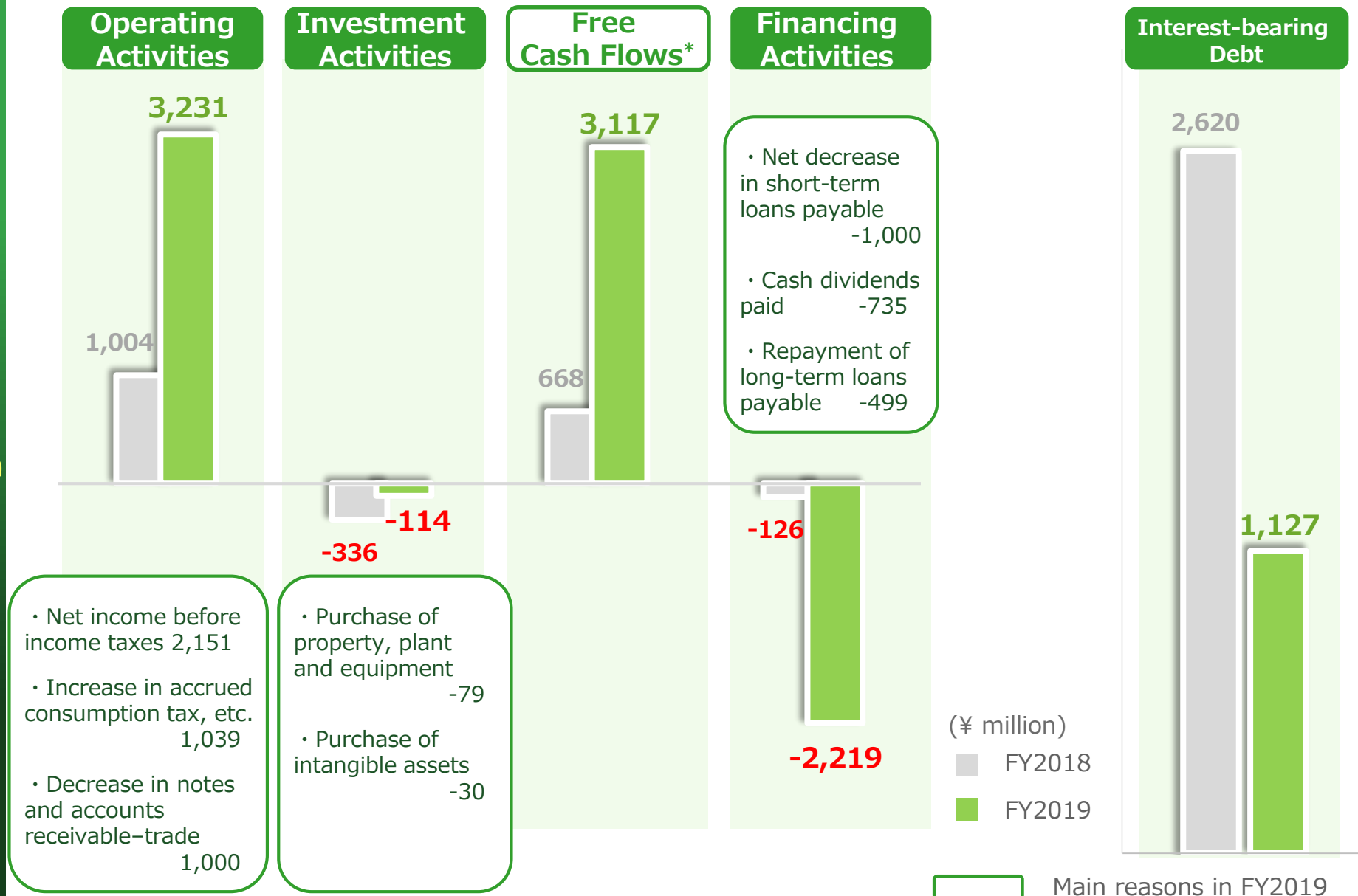




Financial Position (Consolidated)

	2019.3	2020.3		Main Reasons
(¥ million)	Results	Results	Diff.	
Current assets	9,298	10,116	+817	
Non-current assets	5,301	5,133	-168	<ul style="list-style-type: none"> • Increase in accounts receivable-other(+906) • Decrease in amortization of goodwill(-254)
Total assets	14,600	15,249	+649	
Current liabilities	5,293	5,857	+563	<ul style="list-style-type: none"> • Decrease in interest-bearing debt(-1,493)
Non-current liabilities	964	661	-302	<ul style="list-style-type: none"> • Increase in accrued consumption tax, etc.(+1,038) • Increase in income taxes payable(+593) • Increase in deferred tax liabilities(+157)
Total liabilities	6,258	6,519	+260	
Total net assets	8,342	8,730	+388	<ul style="list-style-type: none"> • Decrease in cash dividends paid(-741) • Net income attributable to owners of parent(1,297)
Total liabilities and net assets	14,600	15,249	+649	

Equity ratio : **57.0%**Current ratio : **173%**

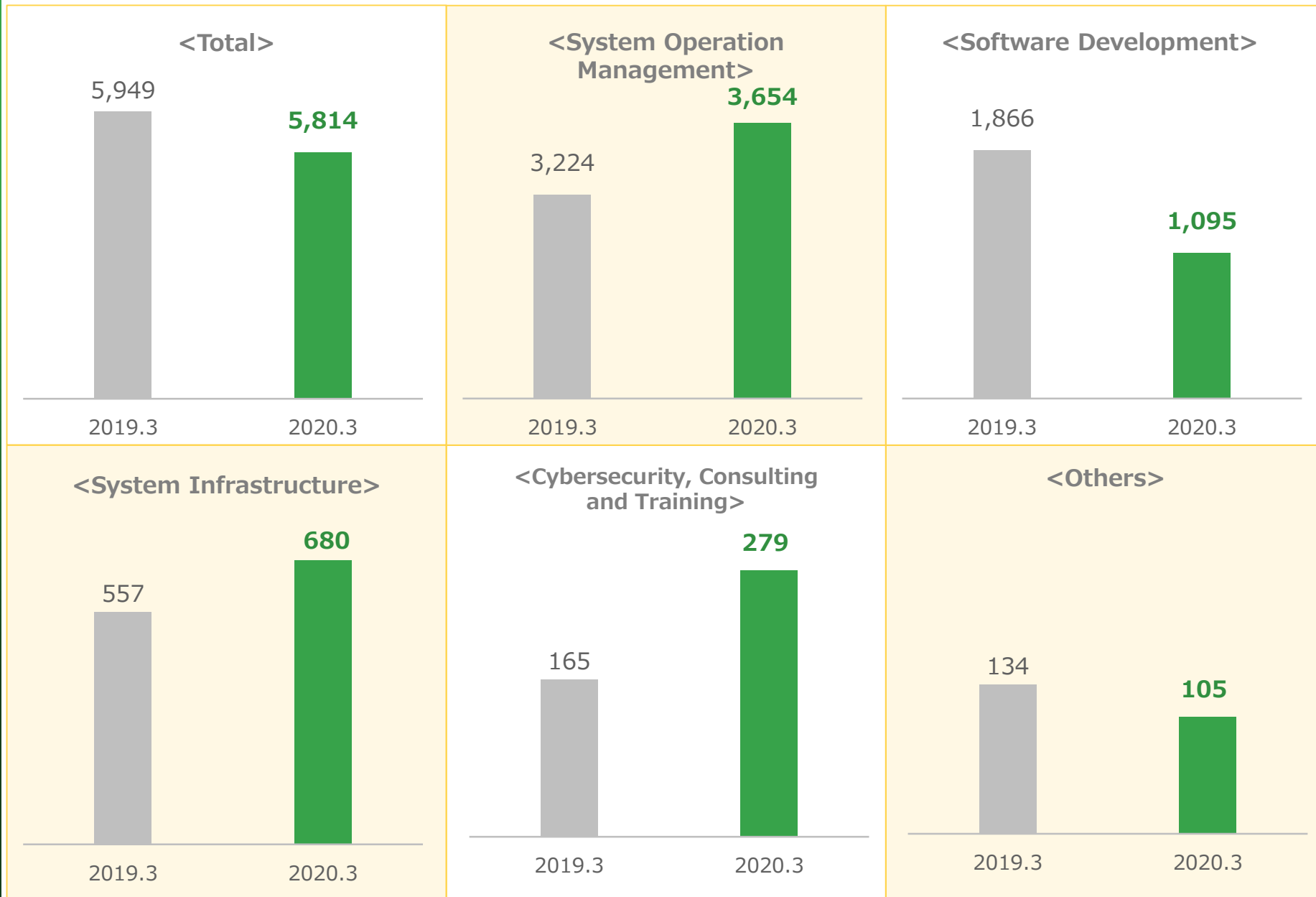


*Free Cash Flows = Cash Flows from Operating Activities + Cash Flows from Investment Activities

Order Backlog by Service (Cumulative)

(¥ million)

Change or Die!



1**Performance Overview****2****Adapting to the New Normal**

Adapt to the New Normal (Stakeholder Capitalism)

Coming of a New Age

- COVID-19 will drastically change the world in unimaginable ways.
- There will be changes to the physical and emotional sense of distance between people.
- There will be even greater need for philosophy, science, and a tender heart.



Chance


- This is a completely new experience for all major corporations and all people in modern society.
- This is the perfect chance to implement reforms.



Challenges

- Adapt to the New Normal.
- Start of stakeholder capitalism which has always been the orientation of the ID Group.



-  In the current fiscal year, based on “Next 50 Episode I: Awakening!”, we will commit ourselves to taking on challenges from a completely new perspective and create an exciting (**Waku-Waku**) future for everyone.

Three Innovations for adapting to the New Normal

Despite our small scale, we will continue to exist as a sincere and meaningful company!!



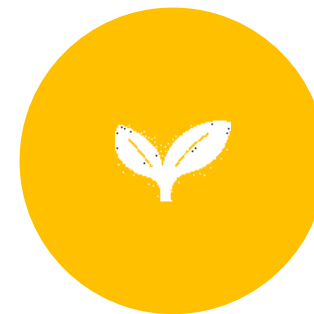
Innovations for increased productivity

- Implement innovations for marketing (including sales)
- Shift to a working style focused on telework
- Implement IT for internal work (including automation)
- Use appropriate human resources for the appropriate tasks



Innovations for the treatment of employees

- Cultivate employees (promote innovation)
- Improve the quality of welfare including remuneration



Innovations for management awareness of ESG

- Actively work on various issues related to the environment, society, and governance


In order to create an exciting (**Waku-Waku**) future for everyone, in addition to resolving social issues through the provision of information services, we will strive for **sustainable growth** and **creation of social value**.

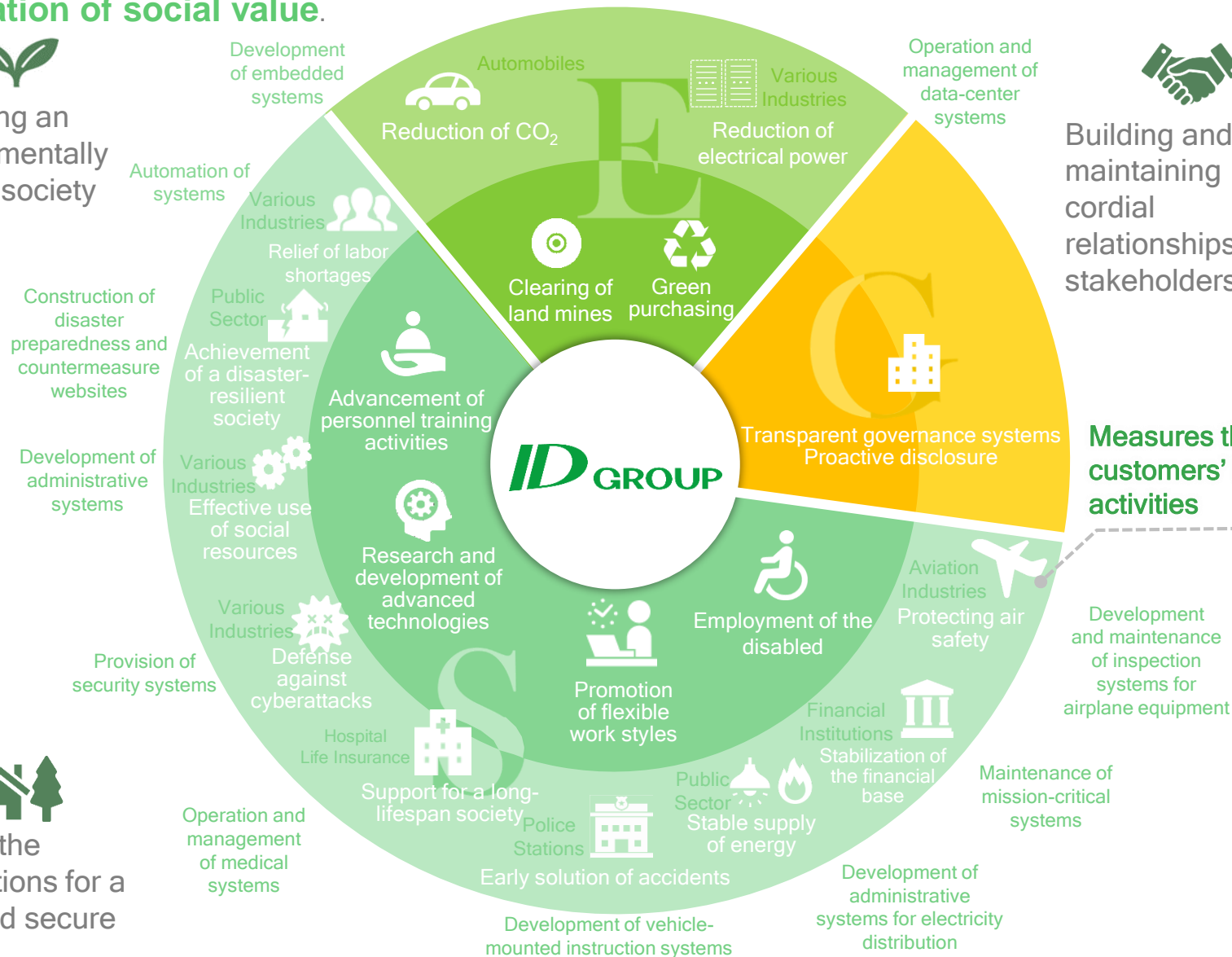
Change or Die!


Achieving an environmentally friendly society


Building and maintaining cordial relationships with stakeholders

Measures through customers' business activities


Laying the foundations for a safe and secure society



Forecasts of Consolidated Results for FY2020 (April 1, 2020–March 31, 2021)

(¥ million, % indicates YoY changes)

Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share (¥)
24,500	-7.1%	2,000	-3.5%	2,040	-3.4%	1,190	-8.3%	106.74

This forecast of business results is calculated based on the following assumptions.

- ① The COVID-19 pandemic will come to a temporary conclusion around August 2020 and reemerge around the period from December 2020 to April 2021.
- ② A full-fledged resumption of IT investment by corporate customers will occur in or after Q2 FY2020.
- ③ The Group's employment levels will be preserved.
- ④ The impact of the COVID-19 pandemic on the fields of "System Operation Management" and "Cybersecurity, Consulting and Training", which account for most of the Group's consolidated net sales, will be slight.
- ⑤ In the software development and system infrastructure fields, the expected IT investment policies of corporate customers will change, possibly resulting in the delay or cancellation of projects currently under way.
- ⑥ Measures for rationalization and streamlining of management will be implemented to reduce costs.

Disclaimer

This presentation material contains statements and information about future forecasts, including financial projections, strategies and business plans of ID Holdings Corporation.

Such forward-looking statements and information were 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.