



ID Holdings Corporation  
April 1, 2020 - June 30, 2020

President and Representative Director  
Masaki Funakoshi

TSE 1st section  
Code

4709

※ Our website can be  
accessed from the  
QR Code.



**1**

## Performance Overview

**2**

## Growth Strategy of ID Group

**3**

## Maximizing Shareholder Value

 We aim to expand services and strengthen our customer base.

## ActiveT Co., Ltd. (change to a sub-subsidiary on June 30)

<b>Headquarters</b>	Nakamura-ku, Nagoya-shi, Aichi
<b>Established</b>	1996
<b>Representative</b>	Tomoko Takehara, President and Representative Director (ID Executive Officer, Deputy Manager of GIC, Manager of Cutting-Edge Technology Department)
<b>Net Sales</b>	¥347 million (Fiscal year ended September 30, 2019)
<b>No. of Employees</b>	49 (As of August 1, 2020)
<b>Strengths</b>	Software development for the automobile industry and government/municipal offices

## GI Technos Inc. (change to a subsidiary on August 3)

<b>Headquarters</b>	Toshima-ku, Tokyo
<b>Established</b>	1973
<b>Representative</b>	Masaki Funakoshi, Representative Director (President and Representative Director, ID Holdings) Mitsuru Yoshida, President
<b>Net Sales</b>	¥1,918 million (Fiscal year ended July 31, 2019)
<b>No. of Employees</b>	216 (As of August 1, 2020)
<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Development of trunk systems and construction of infrastructure for telecommunications carriers and for public use</li> <li>• Development of mobile apps</li> </ul>

# Financial Results (Consolidated)

Change or Die!

	2019.6		2020.6			
(¥ million)	Results	(% of net sales)	Results	(% of net sales)	Diff.	YoY
Net sales	6,562	-	5,881	-	-680	-10.4%
Cost of sales	4,974	75.8%	4,549	77.3%	-425	-8.5%
Gross profit	1,587	24.2%	1,332	22.7%	-255	-16.1%
SG&A expenses	1,080	16.5%	1,101	18.7%	+20	+1.9%
Operating income	507	7.7%	231	3.9%	-276	-54.5%
Operating income (Before amortization of goodwill)	571	8.7%	294	5.0%	-276	-48.4%
Ordinary income	514	7.8%	270	4.6%	-244	-47.5%
Net income attributable to owners of parent	324	5.0%	137	2.3%	-187	-57.8%

## Net Sales

¥5,881 million (-10.4% YoY)

**System Operation Management:** ¥2,929 million (-2.7% YoY)

- ⊕ Orders increased from existed public-sector-related and telecommunication-related customers.
- ⊖ Sales decreased due to the ending finance-related large projects.

**Software Development:** ¥1,759 million (-21.8% YoY)

- ⊕ Sales increased from existed manufacture-related customers.
- ⊖ Sales decreased due to the ending three large projects from public-sector and financial-related customers on the previous fiscal year.

**System Infrastructure:** ¥612 million (+7.5% YoY)

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

**Cybersecurity, Consulting and Training:** ¥462 million (+9.7% YoY)

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

**Other:** ¥116 million (-62.3% YoY)

- ⊖ Sales decreased due to the large orders of products on the previous fiscal year.
- ⊖ Sales decreased due to part of ended finance-related businesses.

## Profit analysis

• **Operating Income**

¥231 million (-54.5% YoY)

• **Ordinary Income**

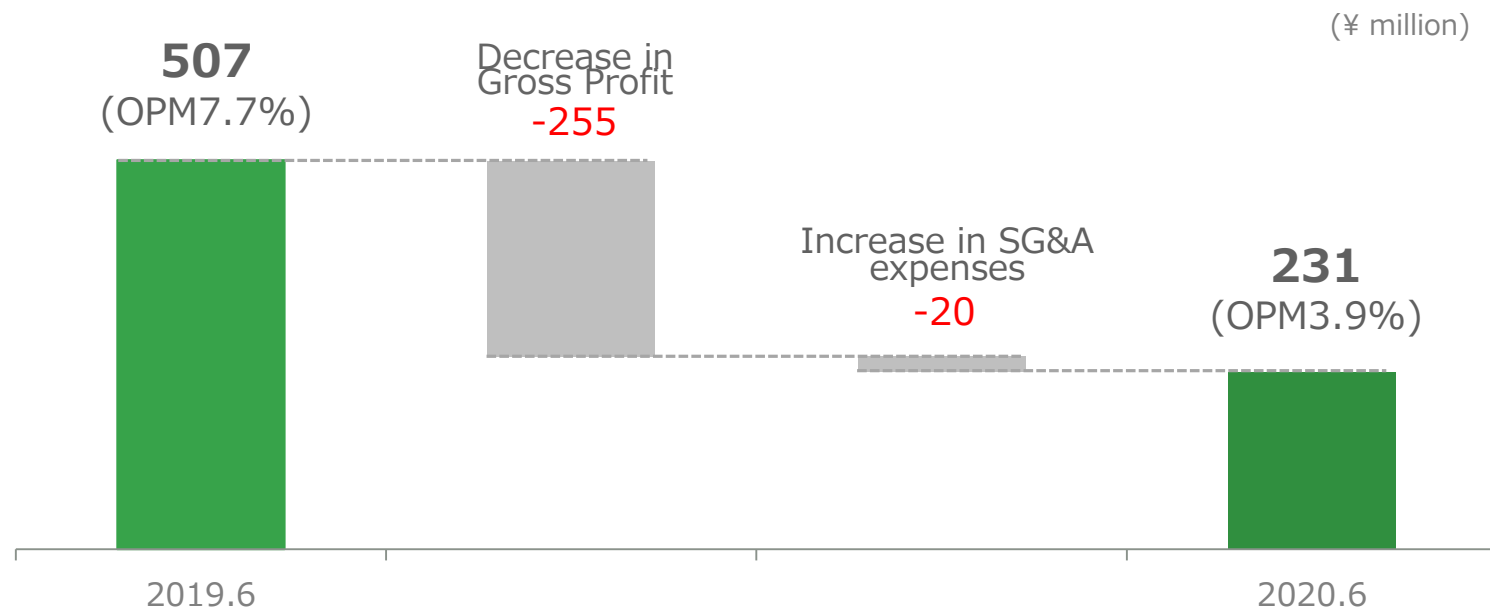
¥270 million (-47.5% YoY)

• **Net Income attributable to owners of parent**

¥137 million (-57.8% YoY)

- ⊖ The downturn in sales prompted a decline in income
- ⊖ The COVID-19 pandemic persuaded corporate clients to revise their system investment plans, in turn reducing the operation rate of engineers.

# Q1 Operating Income Analysis (YoY)



## ◆ Gross Profit -255

- Decrease in Net Sales : -680
- Decrease in Cost of Sales : 425

### <Major changes in Cost of Sales>

- Decrease in Labor cost : 226
- Decrease in Subcontract expenses : 131
- Increase in Manufacturing expenses : 20
- Decrease in Purchases : 76

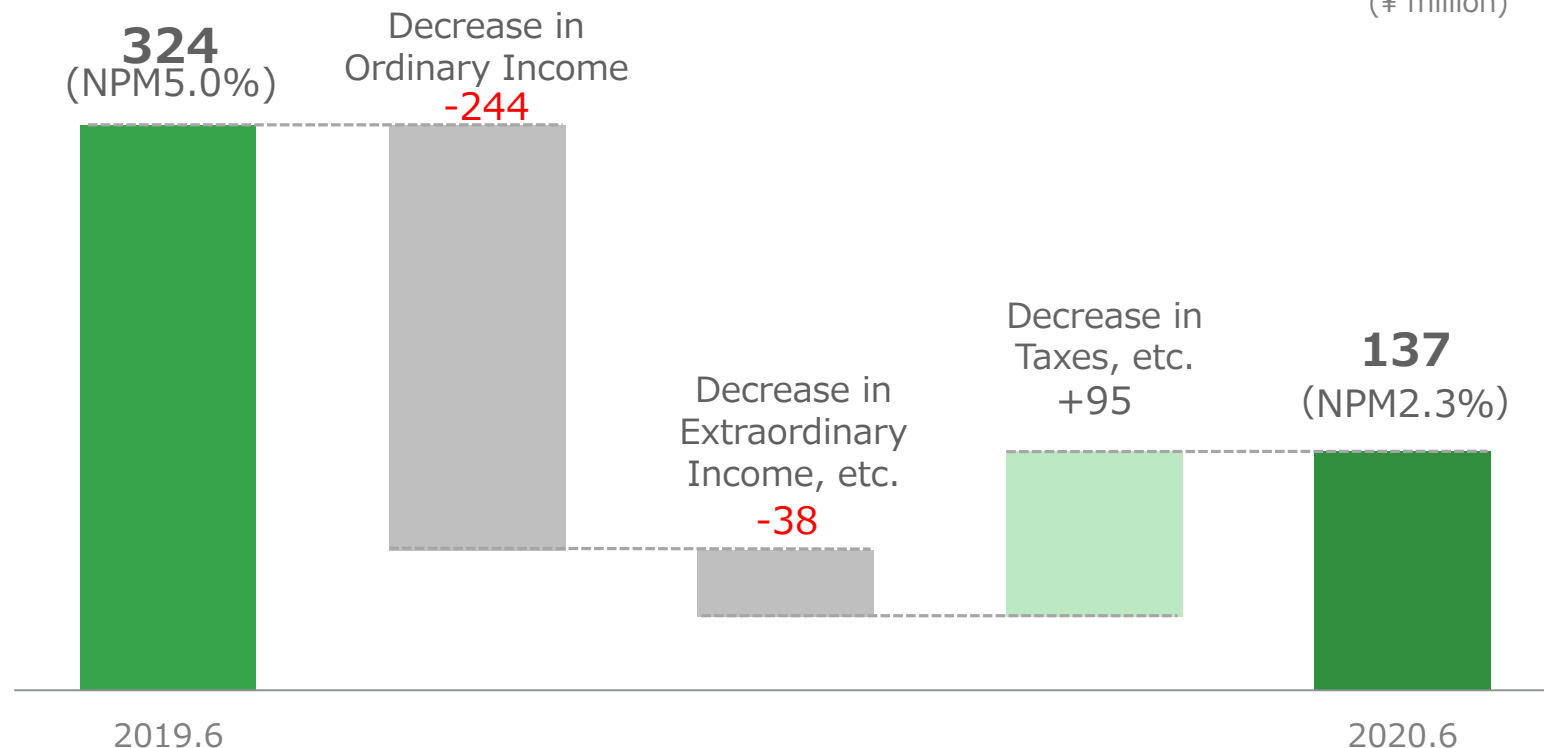
## ◆ SG&A expenses -20

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

- Increase in Personal expenses : 55
- Decrease in Other SG&A expenses : 34

# Q1 Net Income Attributable to Owners of Parent Analysis (YoY)

(¥ million)



## ◆ Ordinary Income -244

### Major changes in Ordinary Income

- Decrease in operating income : 276
- Increase in non-operating income : 29
- Decrease in non-operating expenses : 2

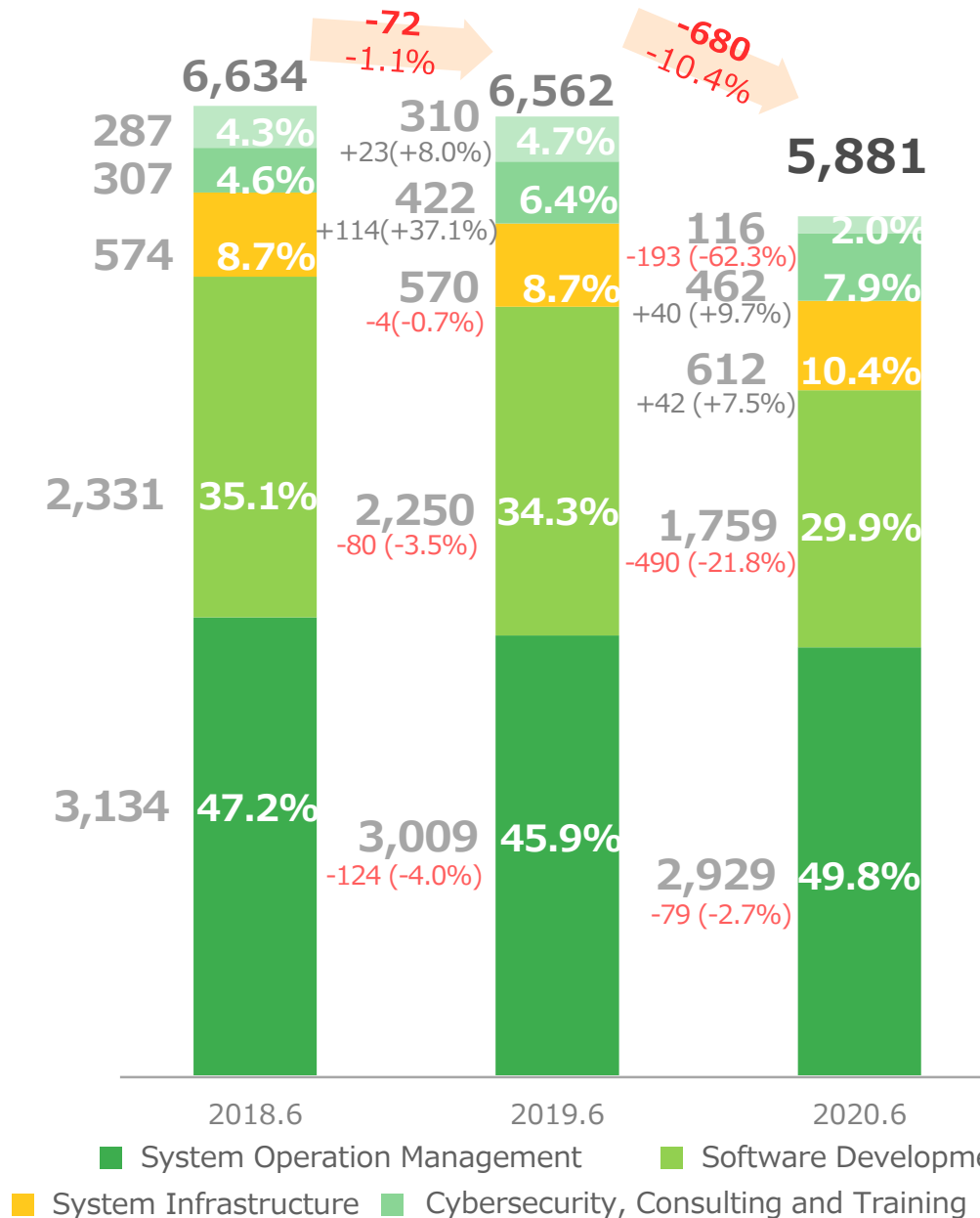
## ◆ Extraordinary Income -38

### Major changes in Extraordinary Income

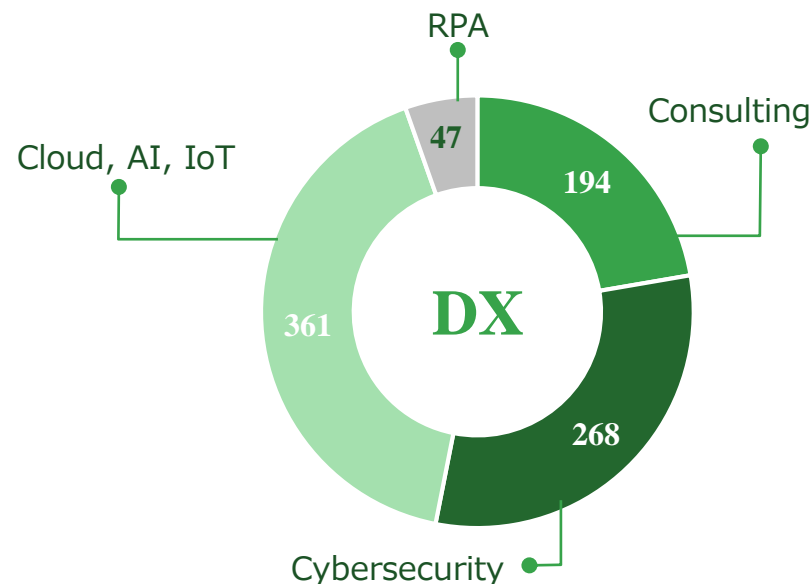
- Decrease in reaction to gain on sales of investment securities recorded in the previous fiscal year : 38

# Feature of ID Group① (Net sales by Services)

(¥ million)



**DX-related sales: ¥871 million**  
**about 14.8 % of consolidated sales**

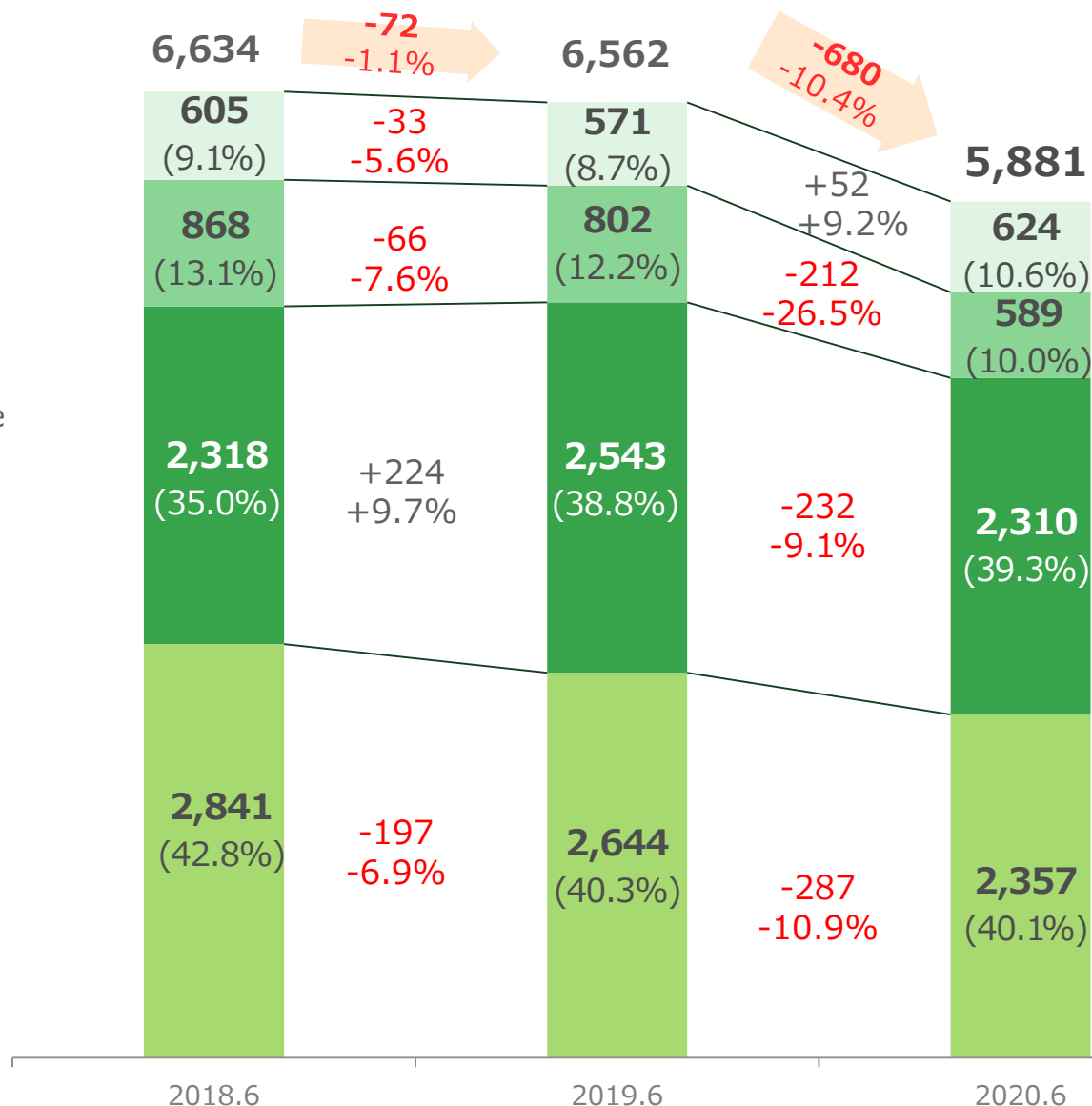


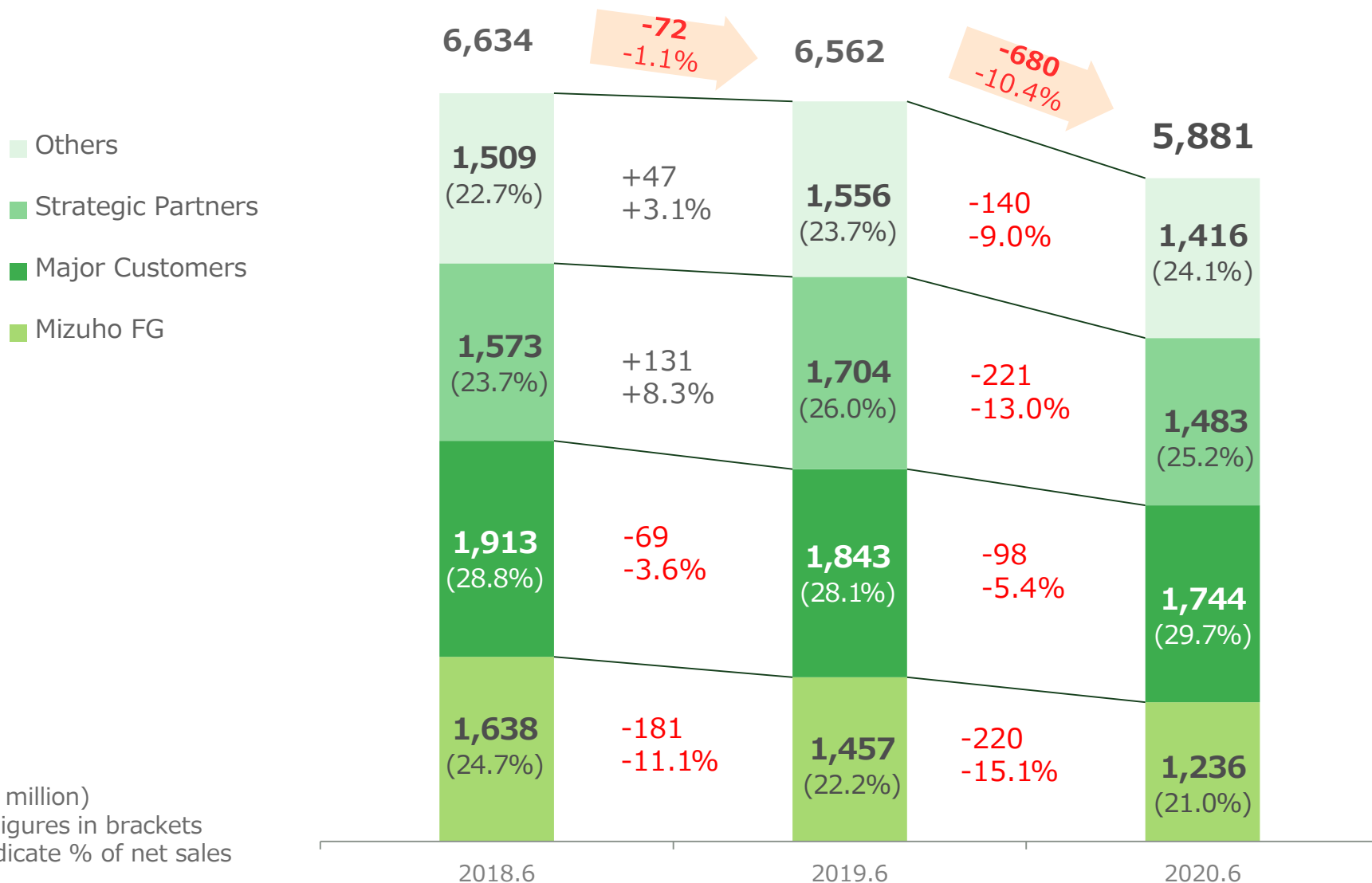
## DX related business

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

- Others
- Public
- IT, Telecom & Service
- Financial Institution

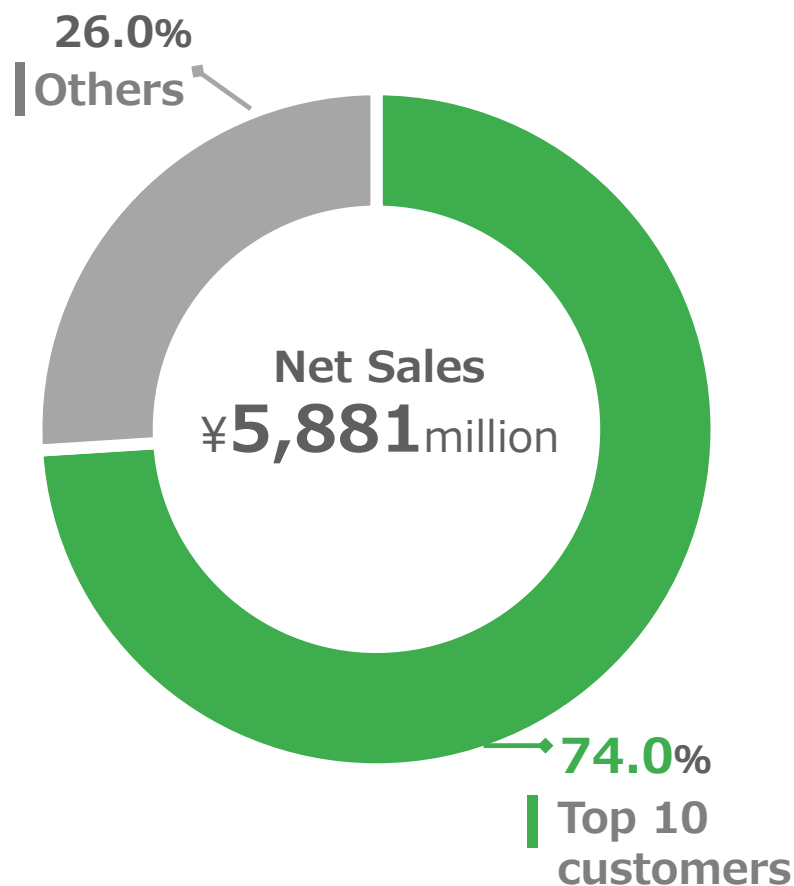
(¥ million)  
\*Figures in brackets  
indicate % of net sales





Note: From Q1 FY2020, the breakdown of the category "**Major Customer**" has changed.  
The figures of FY2018 and FY2019 have been adjusted based on changes.

Over **70%** of the transaction revenue comes from Top 10 customers in sales



Rank	Company	Category*	% of net sales
1	Mizuho FG	M	21.0%
2	IBM Japan	S	12.9%
3	Company A	M	11.0%
4	Company B	M	5.9%
5	Company C	M	5.1%
6	Company D	S	4.6%
7	Company E	S	4.4%
8	Company F	S	3.4%
9	Company G	M	3.0%
10	Company H	M	2.8%
13	Company I	M	1.2%
18	Company J	M	0.7%

\*M : Major Customers , S : Strategic Partners

# Financial Position (Consolidated)

Change or Die!

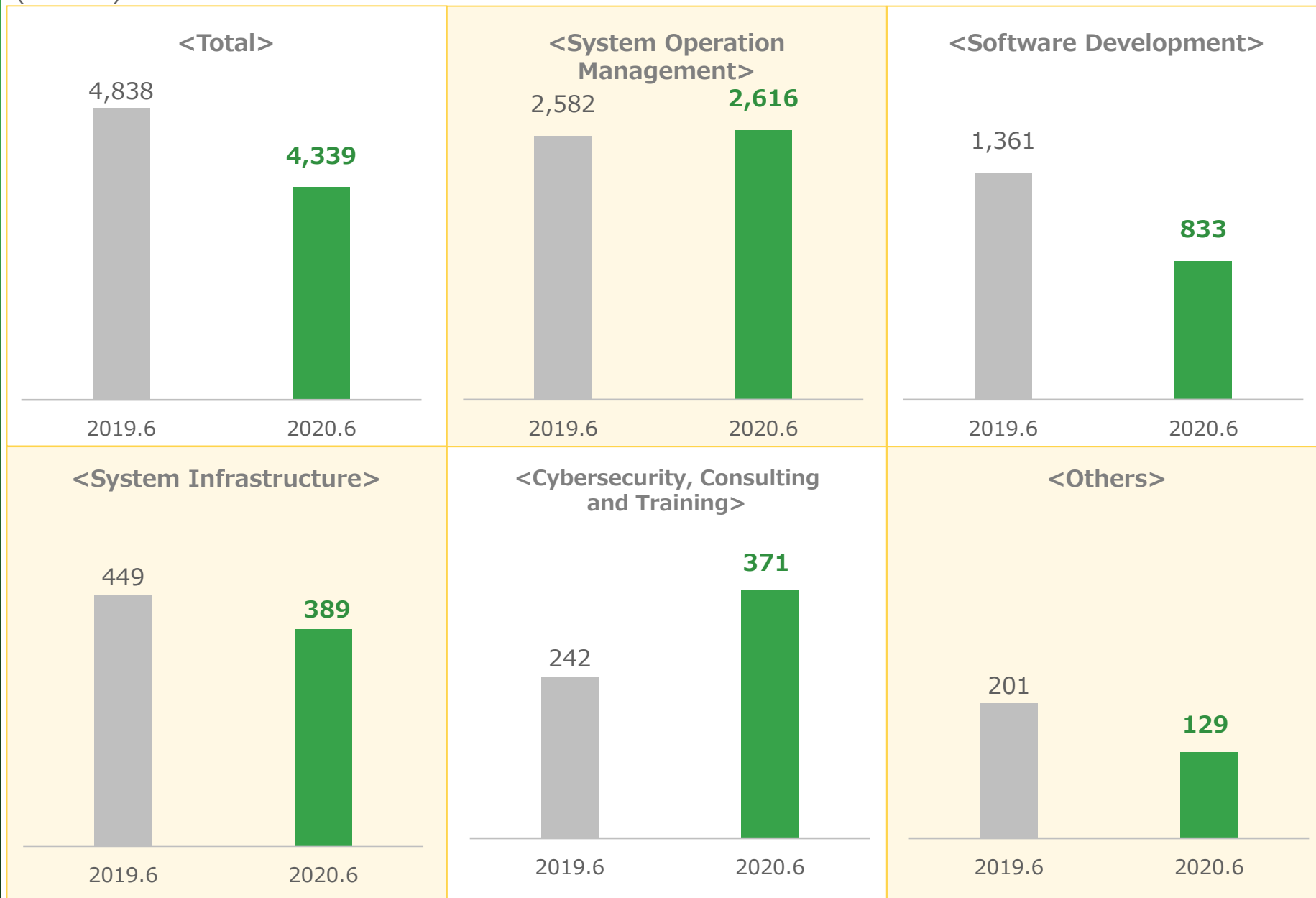
	2020.3	2020.6		Main Reasons
(¥ million)	Results	Results	Diff.	
Current assets	10,116	9,545	-570	Increase in cash and deposits (+601)
Non-current assets	5,133	5,496	+363	Decrease in accounts receivable (-636) Decrease in notes and accounts receivable-trade (-620)
Total assets	15,249	15,042	-207	
Current liabilities	5,857	5,683	-173	Increase in interest-bearing debt (+1,621)
Non-current liabilities	661	641	-20	Decrease in accrued consumption tax, etc. (-991) Decrease in income taxes payable (-859)
Total liabilities	6,519	6,325	-193	
Total net assets	8,730	8,716	-14	Net income attributable to owners of parent (137) Increase in valuation defference on available-for-sales securities (+130)
Total liabilities and net assets	15,249	15,042	-207	Decrease in cash dividends paid (-285)

Equity ratio : **57.7%**

Current ratio : **167.9%**

# Order Backlog by Service (Cumulative)

(¥ million)




## 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%	106.71

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

- ① The COVID-19 pandemic will 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.

-  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!!



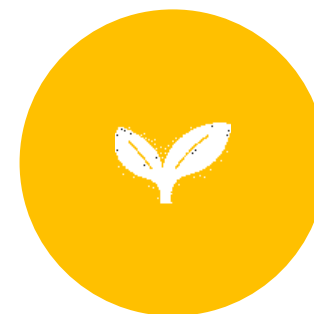
### Innovations for increased productivity

- 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

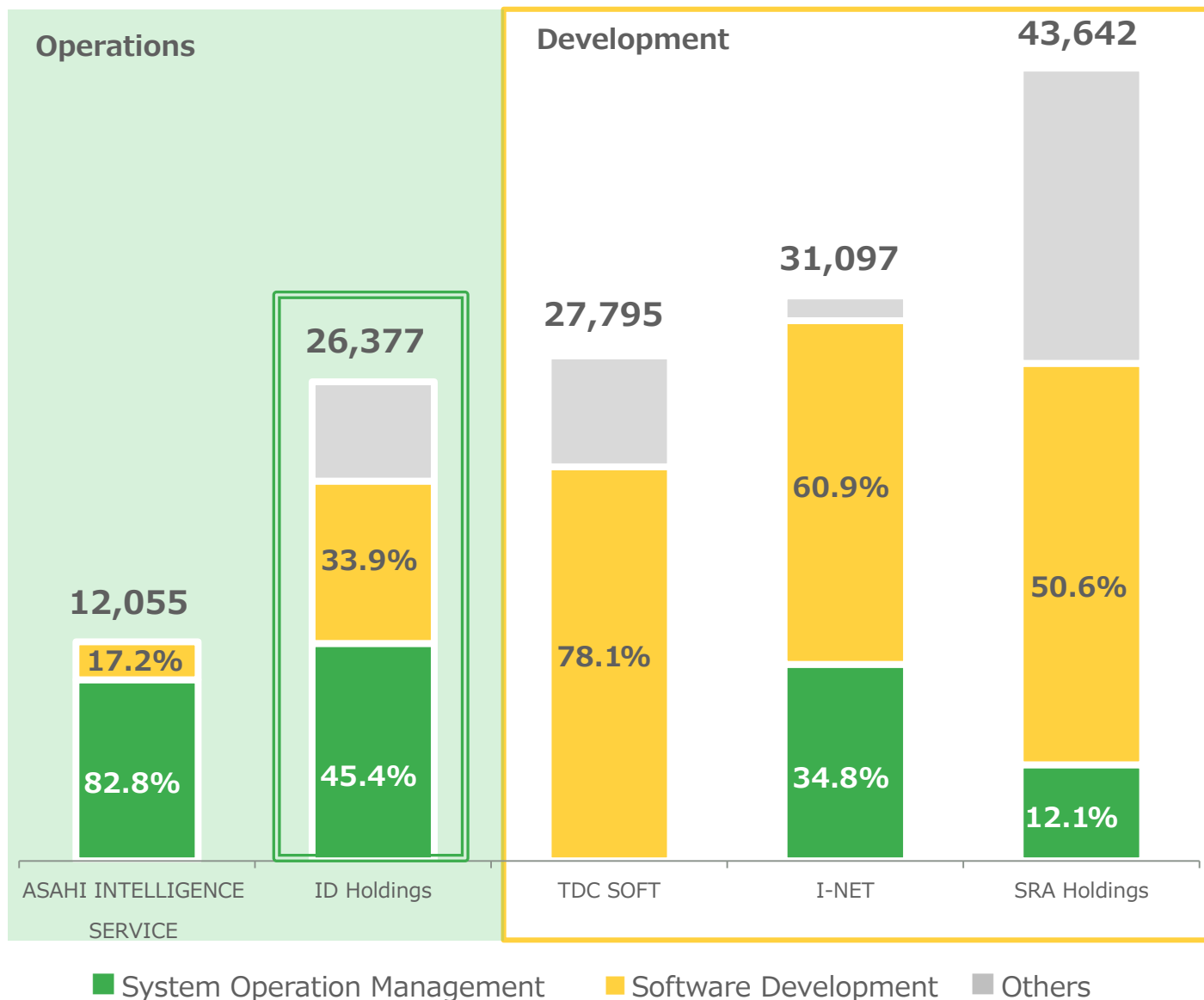
- Cultivate employees (promote innovation)
- Improve the quality of welfare including remuneration



### Innovations for management awareness of ESG

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

(¥ million)



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Performance Overview

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Growth Strategy of ID Group

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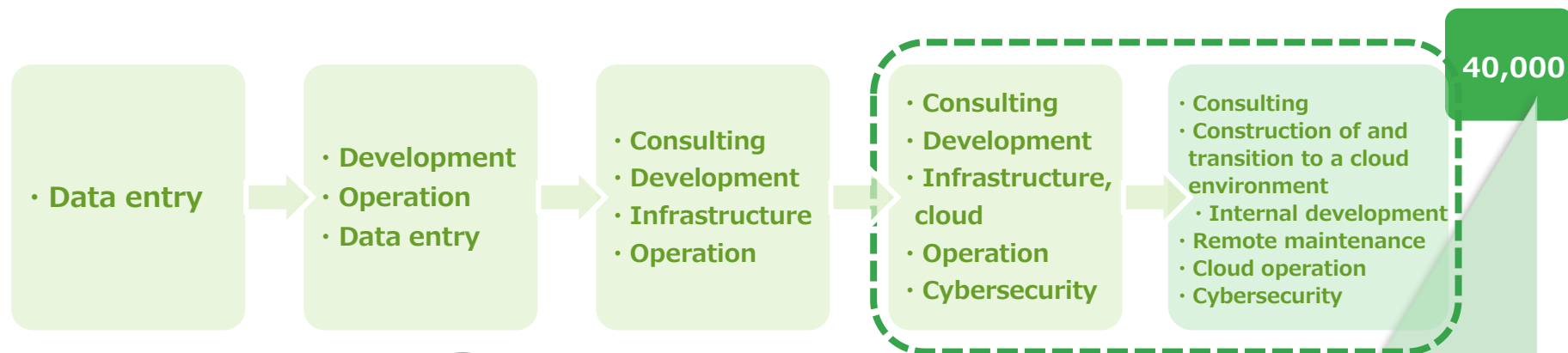
Maximizing Shareholder Value

1 Development of a Future-oriented Corporate Culture



2 Deployment of an Upgraded  
Business Model Based on Digital  
Transformation (DX)

3 Promotion of ESG



## M&A Record 8 times

Oct. 1996	Made Spacelink a consolidated subsidiary
Apr. 2002	Made PURAIDO a consolidated subsidiary
Dec. 2006	Made NIHON CULTURESOFTE SERVICE a consolidated subsidiary
Aug. 2008	Made CAT a consolidated subsidiary
Apr. 2016	Made TERRA Corporation a consolidated subsidiary
Jan. 2018	Made Fess a consolidated subsidiary
Jun. 2020	Made ActiveT a consolidated subsidiary
Aug. 2020	Made GI Technos a consolidated subsidiary

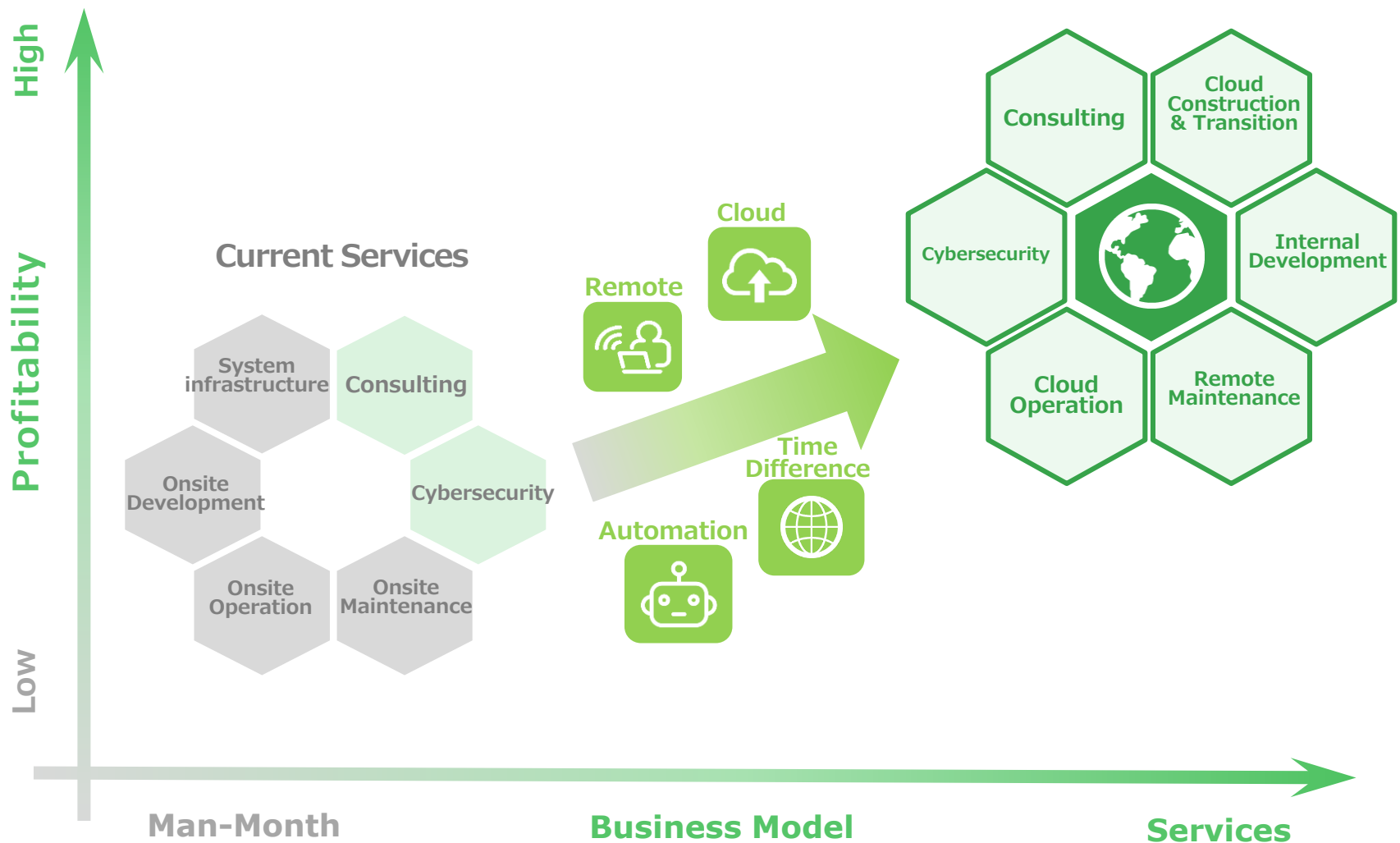
**Change to a business model**  
that matches the times and  
expansion of business operations through  
**M&A strategy**

Net sales (¥ million)



- Build a new business model that utilizes remote, cloud, automation, and time differences with overseas sites.

## Up-Graded Business Model



## Goal

Seek a **DX Net Sales Ratio of 35%** by the fiscal year ending March 31, 2022

Results for fiscal year  
ended March 31, 2020

**13.4%**

Goal for fiscal year  
ending March 31, 2021

**20.0%**

Goal for fiscal year  
ending March 31, 2022

**35.0%**

## Strategy for Achieving Goal



**Focus on upgrading  
the business model**

Develop even higher value-added services by combining advanced technology with existing services



**Cultivate DX  
engineers**

Actively invest in education to train 450 DX engineers annually



**Identify DX-related  
merchandise**

Invest in venture funds, discover new products, and pursue partnerships with companies possessing advanced technology

- Utilize M&A to accelerate transition to a service-type business model.

## Strengthen customer base



Acquire new customers and expand business in existing fields

## Increase sophistication of services



Incorporate DX technology and upgrade existing services

## Expand business fields



Enter new fields and establish new earnings pillars that do not rely on man-months

**Create synergies by combining the technological capabilities, customer base, employee skills, etc., of the target company with the management resources of the ID Group**

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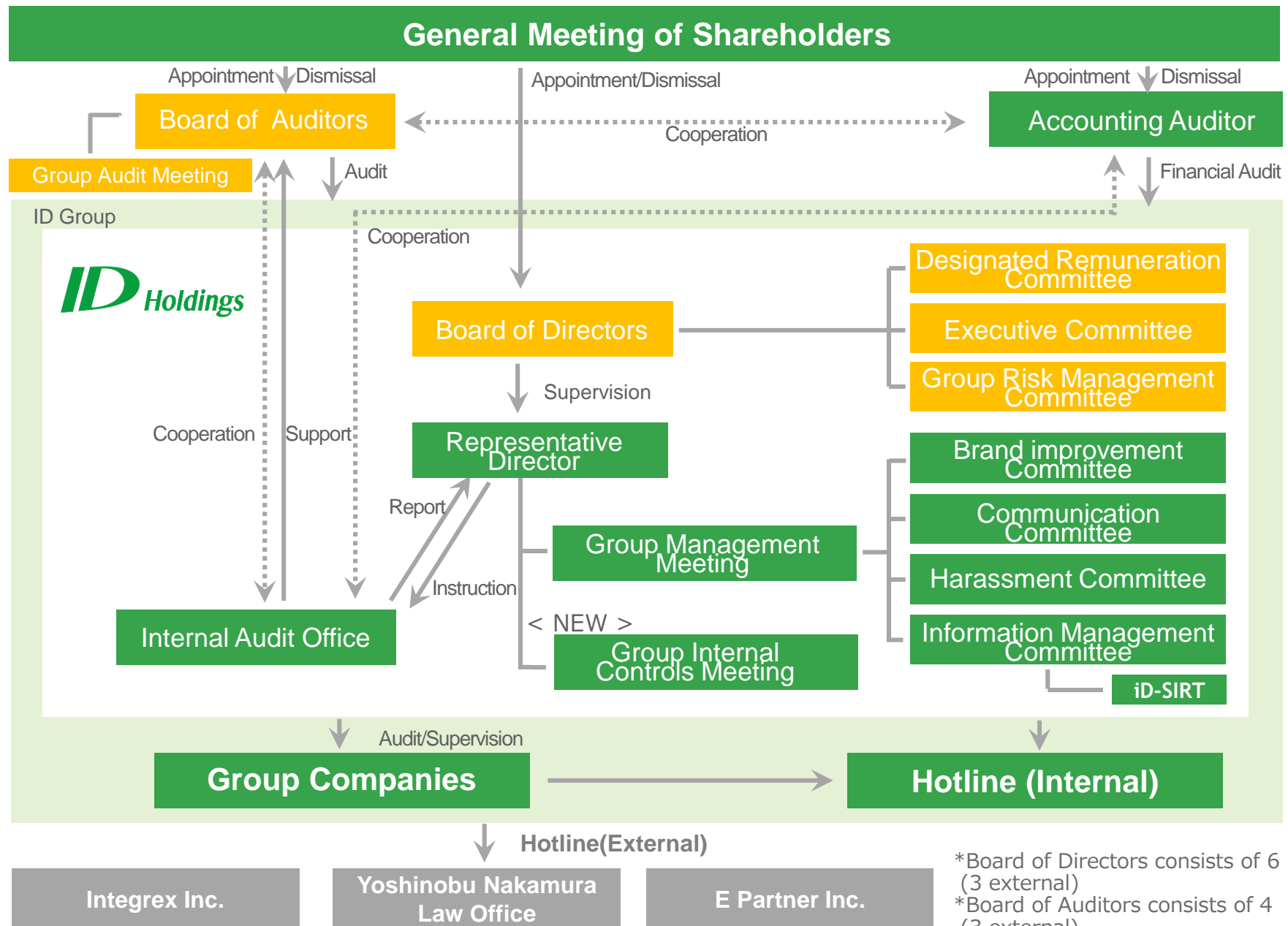
Performance Overview

2

Growth Strategy of ID Group

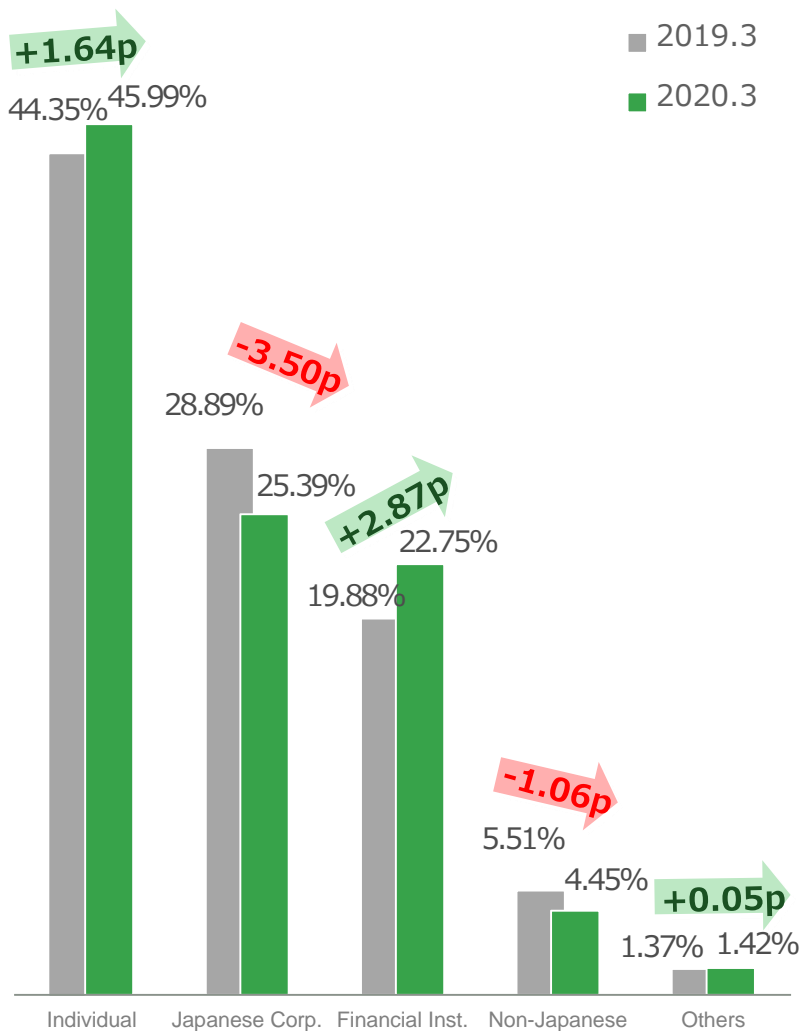
3

Maximizing Shareholder Value



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

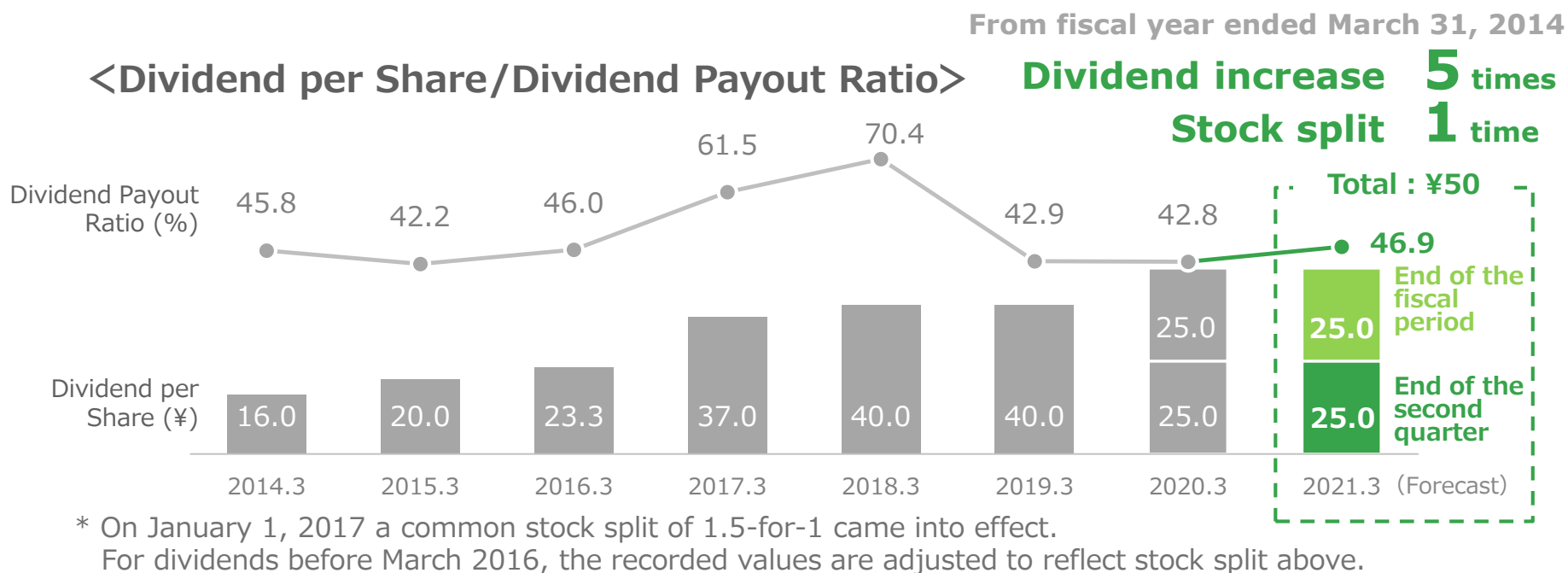
## Shareholding by investor type



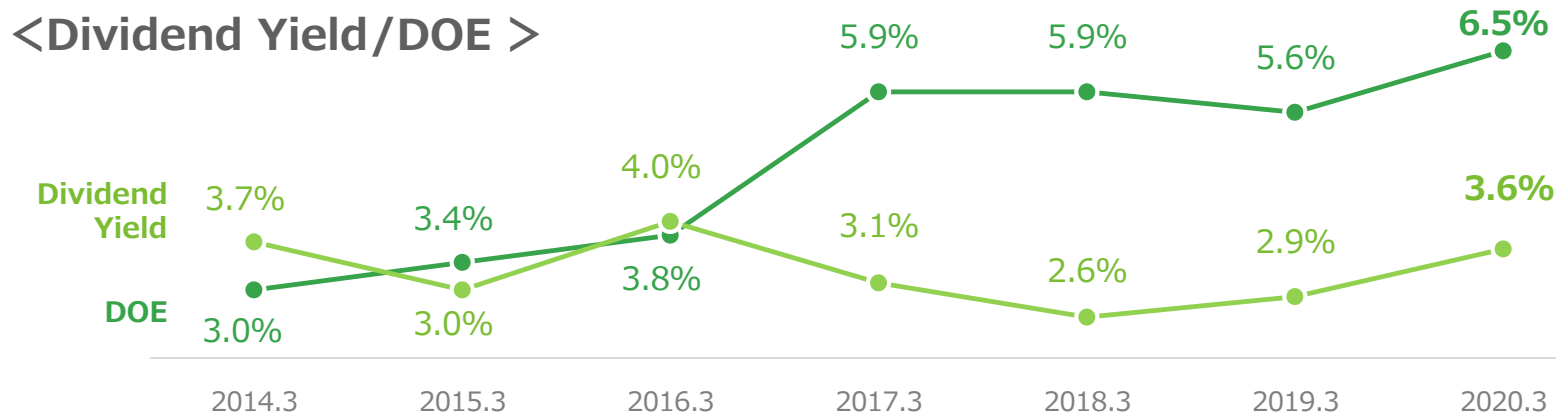
## Major shareholders

- ✓ No. of shareholders: 4,365 (+ 455 since Mar. 2019)
- ✓ **No. of shareholders with voting rights: 3,874** (+ 410 since Mar. 2019)
- ✓ Treasury stocks (613 thousand shares) are not included when calculating the ratio of shareholdings.

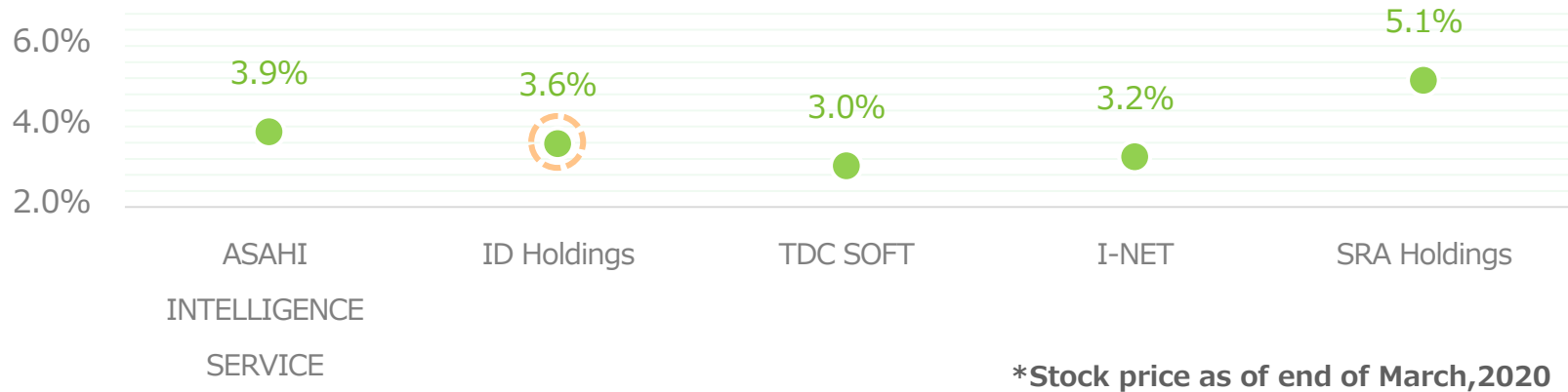
	Major shareholders	% of total shares
1	A.K. Corporation	9.13%
2	Mizuho Trust Systems Co., Ltd.	7.20%
3	ID Employee Ownership Account	6.20%
4	The Master Trust Bank of Japan, Ltd.(Trust Account)	5.55%
5	Japan Trustee Services Bank, Ltd. (Trust Account)	5.43%
6	Mizuho Trust & Banking Co., Ltd.	3.69%
7	有限会社福田商事	2.62%
8	TDC SOFT Inc.	2.48%
9	Trust & Custody Services Bank, Ltd.(Trust Account E)	2.46%
10	Akemi Funakoshi	1.73%



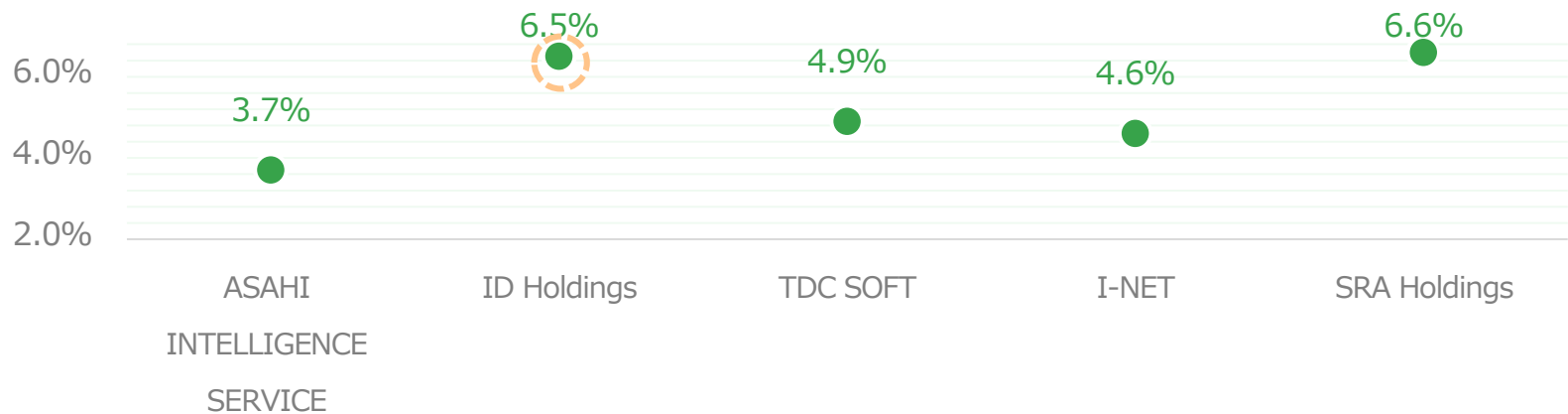
**Prioritize return to shareholders and continue to appropriately distribute profits based on business performance.**



## <Comparison of Dividend Yield>



## <Comparison of DOE>



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