



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

President and Representative Director
Masaki Funakoshi

TSE 1st section
Code

4709

※ Our website can be
accessed from the
QR Code.



1

Q2 Performance Overview

2

Growth Strategy of ID Group

3

Maximizing Shareholder Value

- Sep.**
- 28th** The **ID Group** conducted the Happy Earth Challenge, a month-long initiative to improve the ID Group's environment
 - 23rd** Hosted an IR seminar with the Securities Analysts Association of Japan for individual investors in Osaka
 - 16th** Notice on Reorganization of Group Subsidiaries and Personnel Changes
 - 16th** **DX*** opened the first courses in Japan certified by the EXIN BCS Artificial Intelligence Foundation operated by EXIN Holding B.V., an international testing agency
- Aug.**
- 31st** To coexist with COVID-19, the ID Group launched an internal reorganization called the New Normal Adaptation Project
 - 24th** Hosted an IR seminar with the Securities Analysts Association of Japan for individual investors in Tokyo
 - 7th** Notice on Personnel Changes at Group Subsidiaries
- Jul.**
- 21st** Notice of Acquisition of All Shares of GI Technos (Turning GI Technos into a Subsidiary)
 - 10th** **ID** began supplying Network Detection and Response (NDR), a network monitoring and incident response service that uses Seceon OTM, an advanced security product
 - 9th** **ID** added new features to IDEye, a remote work support system

*DX CONSULTING CO., LTD.

- Jun.**
- 29th** **DX** launched online training on ITIL[®] 4 as part of ODITT operations hosted by the government of Okinawa Prefecture (presented June 29 and 30, 2020)
 - 29th** Notice of Acquisition of All Shares of ActiveT by an ID Group Subsidiary (Turning ActiveT into a Sub-subsidiary)
 - 15th** Notice on Personnel Transfer at Group Subsidiaries
- May**
- 27th** **DX** launched Raku Raku Implementation Support Service, a service that enables remote implementation of IT service management tools and other operational-support tools
 - 19th** Fifth anniversary of the establishment of ID Myanmar
 - 15th** Overview of Results of Evaluation of the Effectiveness of the Group's Board of Directors
 - 15th** Notice on Transfer of Representative Director and Directors as Well as Transfer of Directors at Subsidiaries
 - 14th** Regarding a release of performance videos of artists supported by the ID Group
- Apr.**
- 24th** Notice on Return of Employees to On-site Work at ID Wuhan
 - 7th** **DX** launched online training for ITIL[®] certification

 We aim to expand services and strengthen our customer base.

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

Headquarters	Nakamura-ku, Nagoya-shi, Aichi
Established	1996
Representative	Tomoko Takehara, President and Representative Director (ID Executive Officer, Deputy Manager of GIC, Manager of Cutting-Edge Technology Department)
Net Sales	¥347 million (Fiscal year ended September 30, 2019)
No. of Employees	46 (As of September 30, 2020)
Strengths	Software development for the automobile industry and government/municipal offices

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

Headquarters	Toshima-ku, Tokyo
Established	1973
Representative	Masaki Funakoshi, Representative Director (President and Representative Director, ID Holdings) Mitsuru Yoshida, President
Net Sales	¥1,918 million (Fiscal year ended July 31, 2019)
No. of Employees	216 (As of September 30, 2020)
Strengths	<ul style="list-style-type: none"> • Development of trunk systems and construction of infrastructure for telecommunications carriers and for public use • Development of mobile apps

 We aim to expand services and strengthen our customer base.

With Holdings Co., Ltd. (change to a wholly owned subsidiary in January 2021 (scheduled))

Headquarters	Minamisuna, Koto-ku, Tokyo
Established	January, 2019
Representative	Naohito Hata, Chairman and Representative Director Kazuo Ogishima, President and Representative Director
Details of Operations	Management guidance to subsidiaries, contracted administrative work
Net Sales (Consolidated)	¥2,797 million (fiscal year ended December 31, 2019) ※The net sales were estimated based on the financial statements of WHD* and a core subsidiary of WHD.
No. of Employees (Consolidated)	193 (As of December 31, 2019)
Core Subsidiary	System Design Co., Ltd.
Strengths of the Group	<ul style="list-style-type: none">• Software development for a wide variety of industries ranging from transportation, manufacturing, pharmaceuticals, public administration, energy, and telecommunications• A robust customer base including major manufacturing companies

* With Holdings Co., Ltd.



Paid-in Capital : ¥592.34 million
 Established : October, 1969
 Number of Employees : 2,458(Consolidated)

INFORMATION DEVELOPMENT CO., LTD.

System Operation Management, Software Development, System Infrastructure, Cyber Security, etc.



ID DATA CENTER MANAGEMENT CO., LTD.

System Management Service, Medical System Operation, Staffing Service, etc.



DX CONSULTING CO., LTD.

ITSM Consulting, System Management Service, Training Service, etc.



K.K.PURAI DO

Business Process Re-Engineering (BPR), IT Governance and Consulting



GI Technos Inc.

Contract development of IT software



AI FACTORY CO., LTD.

Agricultural Production, Processing, and Distribution, etc.



ActiveT Co., Ltd.

Contract development of IT software



INFORMATION DEVELOPMENT Wuhan CO., LTD.

Software Development, System Operation Management, etc.



INFORMATION DEVELOPMENT SINGAPORE PTE. LTD.

System Operation Management, Help Desk



INFORMATION DEVELOPMENT AMERICA INC.

Software Development, Recruitment and Training, Local Market Research



IDM INFORMATION DEVELOPMENT MYANMAR CO., LTD.

IT Training Academy, Software Development, System Infrastructure, etc.



System Operation Management

ID

DCM

IDW

IDS

Software Development

ID

GIT

AT

IDW

IDA

IDM

System Infrastructure

ID

IDM

Cybersecurity, consulting and training

ID

DX

PR

IDM

Others

product sales,R&D,etc.

ID

IDW

IDA

IDS

AF

ID: INFORMATION DEVELOPMENT CO., LTD.
 DCM: ID DATA CENTER MANAGEMENT CO., LTD.
 DX: DX CONSULTING CO., LTD.
 PR: K.K. PURAIDO
 GIT: GI Technos Inc.
 AT: ActiveT Co., Ltd.
 IDW: INFORMATION DEVELOPMENT Wuhan CO., LTD.
 IDS: INFORMATION DEVELOPMENT SINGAPORE PTE. LTD.
 IDA: INFORMATION DEVELOPMENT AMERICA INC.
 IDM: IDM INFORMATION DEVELOPMENT MYANMAR CO., LTD.
 AF: AI FACTORY CO., LTD.

Financial Results (Consolidated)

Change or Die!

	2019.9		2020.9			
(¥ million)	Results	(% of net sales)	Results	(% of net sales)	Diff.	YoY
Net sales	13,171	-	12,174	-	-997	-7.6%
Cost of sales	9,837	74.7%	9,231	75.8%	-605	-6.2%
Gross profit	3,334	25.3%	2,942	24.2%	-392	-11.8%
SG&A expenses	2,175	16.5%	2,289	18.8%	+113	+5.2%
Operating income	1,159	8.8%	653	5.4%	-505	-43.6%
Operating income (Before amortization of goodwill)	1,286	9.8%	799	6.6%	-487	-37.9%
Ordinary income	1,168	8.9%	704	5.8%	-464	-39.7%
Net income attributable to owners of parent	738	5.6%	611	5.0%	-127	-17.3%
EBITDA	1,422	10.8%	1,240	10.2%	-181	-12.8%

Financial Results (Consolidated)

Net Sales

¥12,174 million (-7.6% YoY)

System Operation Management: **¥5,879 million (-2.4% YoY)**

- ⊕ Increased staffing levels in response to organizational strengthening moves at existing corporate customers related to the financial sector.
- ⊕ Acquired new projects with existing corporate customers involved in communications and the public sector.
- ⊖ The conclusion of major projects in the financial sphere reduced revenues by ¥144 million.

Software Development: **¥3,772 million (-17.3% YoY)**

- ⊕ Contributions from subsidiaries acquired during the fiscal year under review.
- ⊕ Increased staffing levels on existing manufacturing-related projects.
- ⊖ The completion of three major projects at existing corporate customers related to finance and the public sector in the previous fiscal year reduced revenues by ¥744 million.

System Infrastructure: **¥1,256 million (+6.1% YoY)**

- ⊕ Increased staffing levels for transportation-related projects increased order acceptance.
- ⊕ Acquired new projects at existing corporate customers related to the public sector.

Cybersecurity, Consulting and Training:

¥1,044 million (+22.7% YoY)

- ⊕ Increased the number of operators working in cybersecurity.
- ⊕ Bolstered product sales.

Others: **¥222 million (-59.9% YoY)**

- ⊖ Certain projects related to the financial sector wound up.
- ⊖ Decrease in reaction to large orders of products in the previous fiscal year.

Profit Analysis

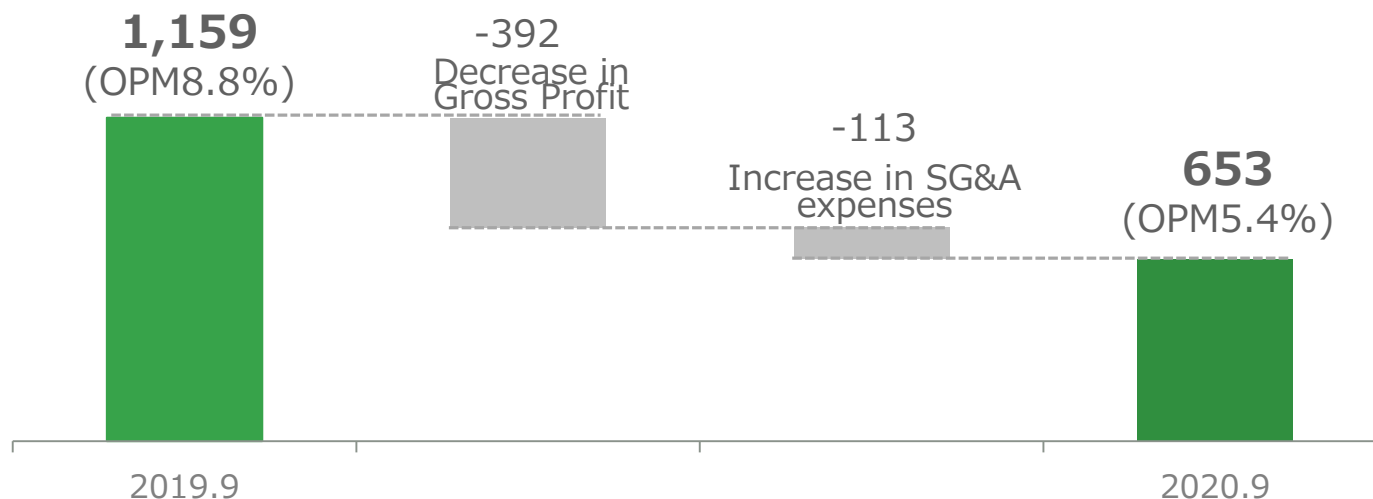
• **Operating Income**
¥653 million (-43.6% YoY)

• **Ordinary Income**
¥704 million (-39.7% YoY)

• **Net Income attributable to owners of parent**
¥611 million (-17.3% YoY)

- ⊖ The decline in sales engendered a fall in earnings.
- ⊖ The COVID-19 pandemic prompted corporate customers to revise their systems investment plans and make other adjustments, resulting in a decline in the operating ratio of the Group's engineers.
- ⊖ Absorbed M&A expenses related to the acquisition of two subsidiaries as well as expenses related to the New Normal Adaptation Project.
- ⊕ Earned gain on sales of investment securities.

(¥ million)



◆ Gross Profit -392

- Decrease in Net Sales : -997
- Decrease in Cost of Sales : +605

< Major changes in Cost of Sales >

- Decrease in Labor cost : +378
- Decrease in Subcontract expenses : +194
- Increase in Manufacturing expenses : -17
- Decrease in Purchases : +49

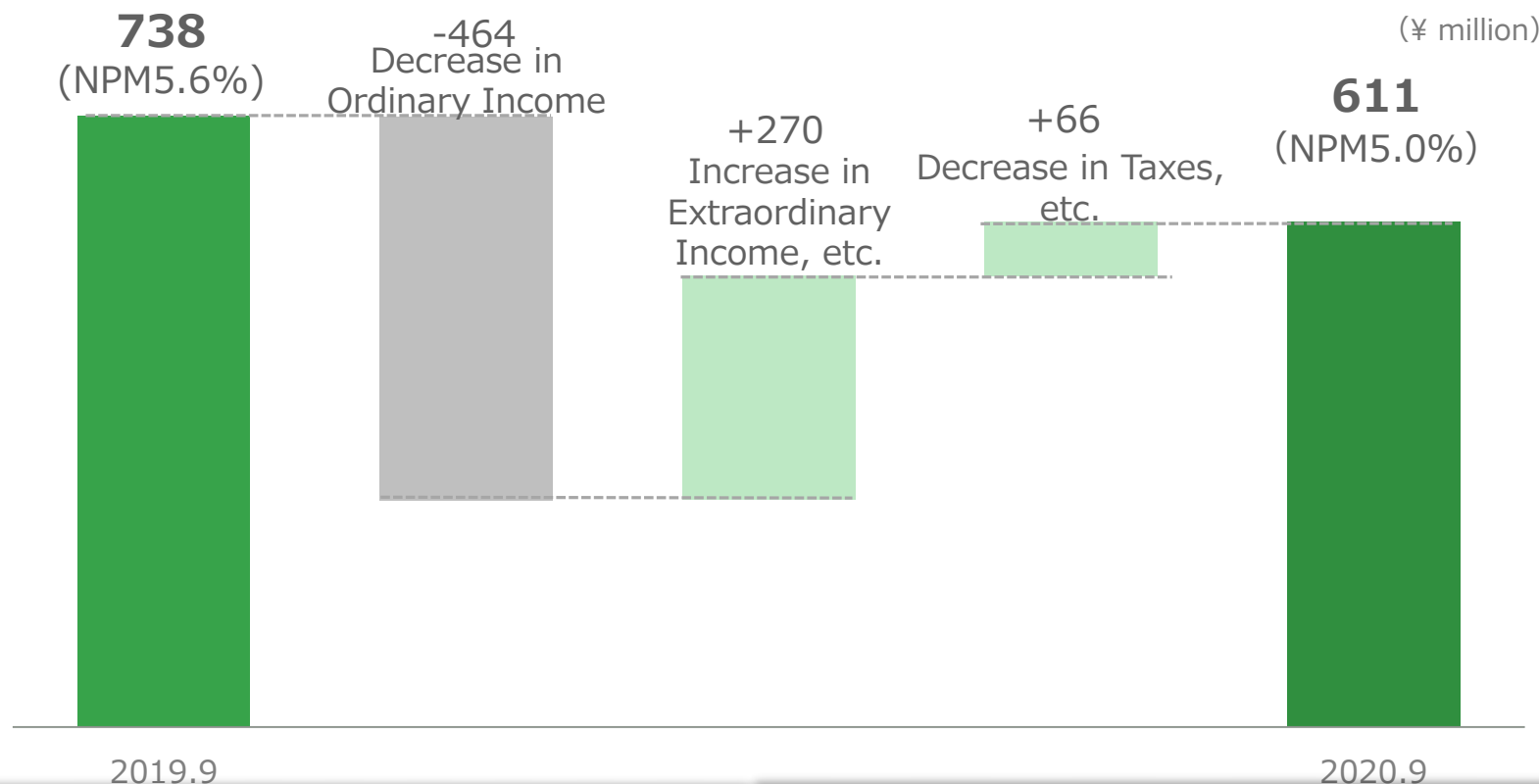
◆ SG&A expenses -113

<Major changes in SG&A expenses>

- Increase in Personal expenses : -141
- Decrease in Other SG&A expenses : +28

Q2 Net Income Attributable to Owners of Parent Analysis (YoY)

Change or Die!



◆ Ordinary Income -464

Major changes in Ordinary Income

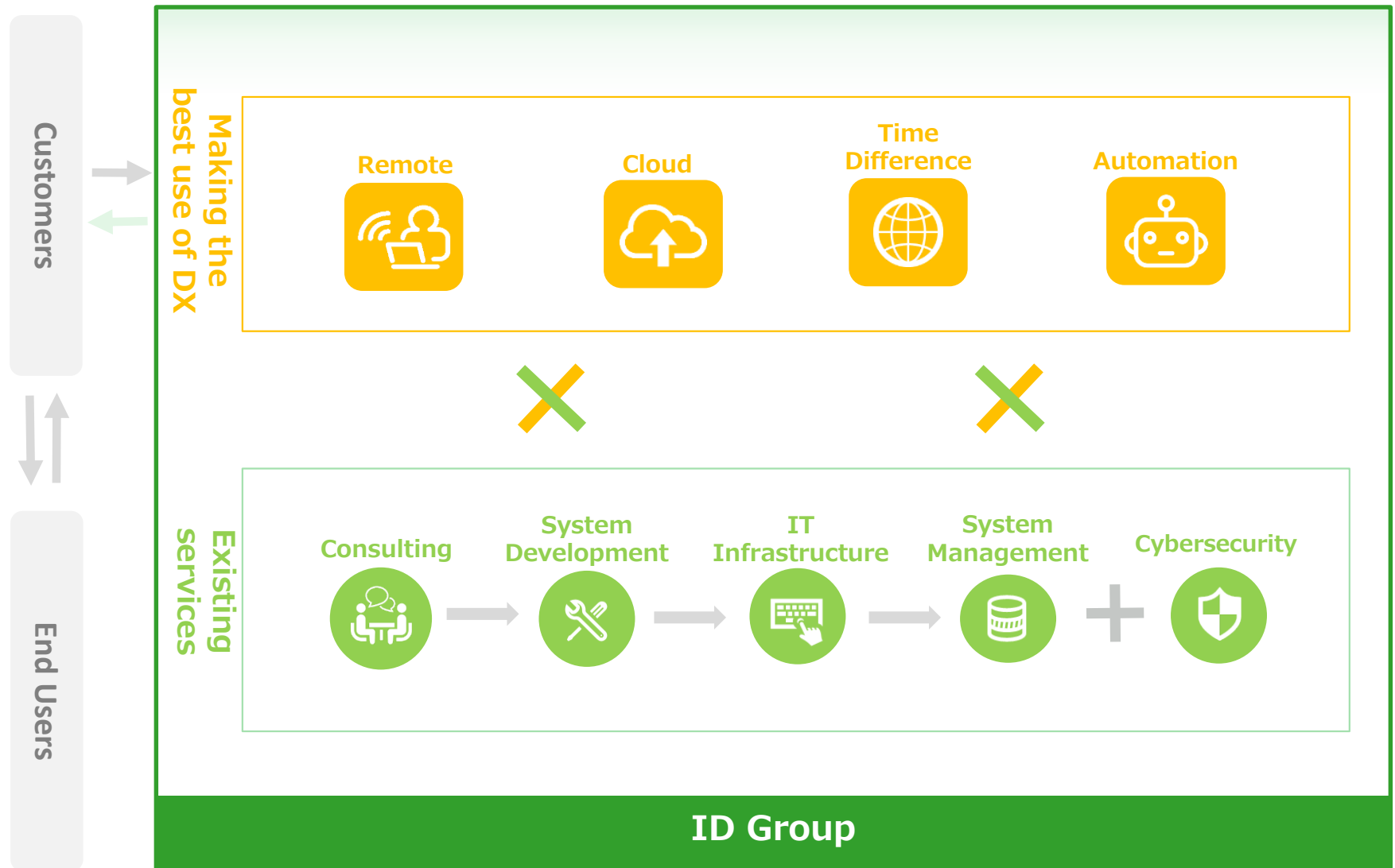
- Decrease in operating income : -505
- Increase in non-operating income : +50
- Increase in non-operating expenses : -8

◆ Extraordinary Income +270

Major changes in Extraordinary Income

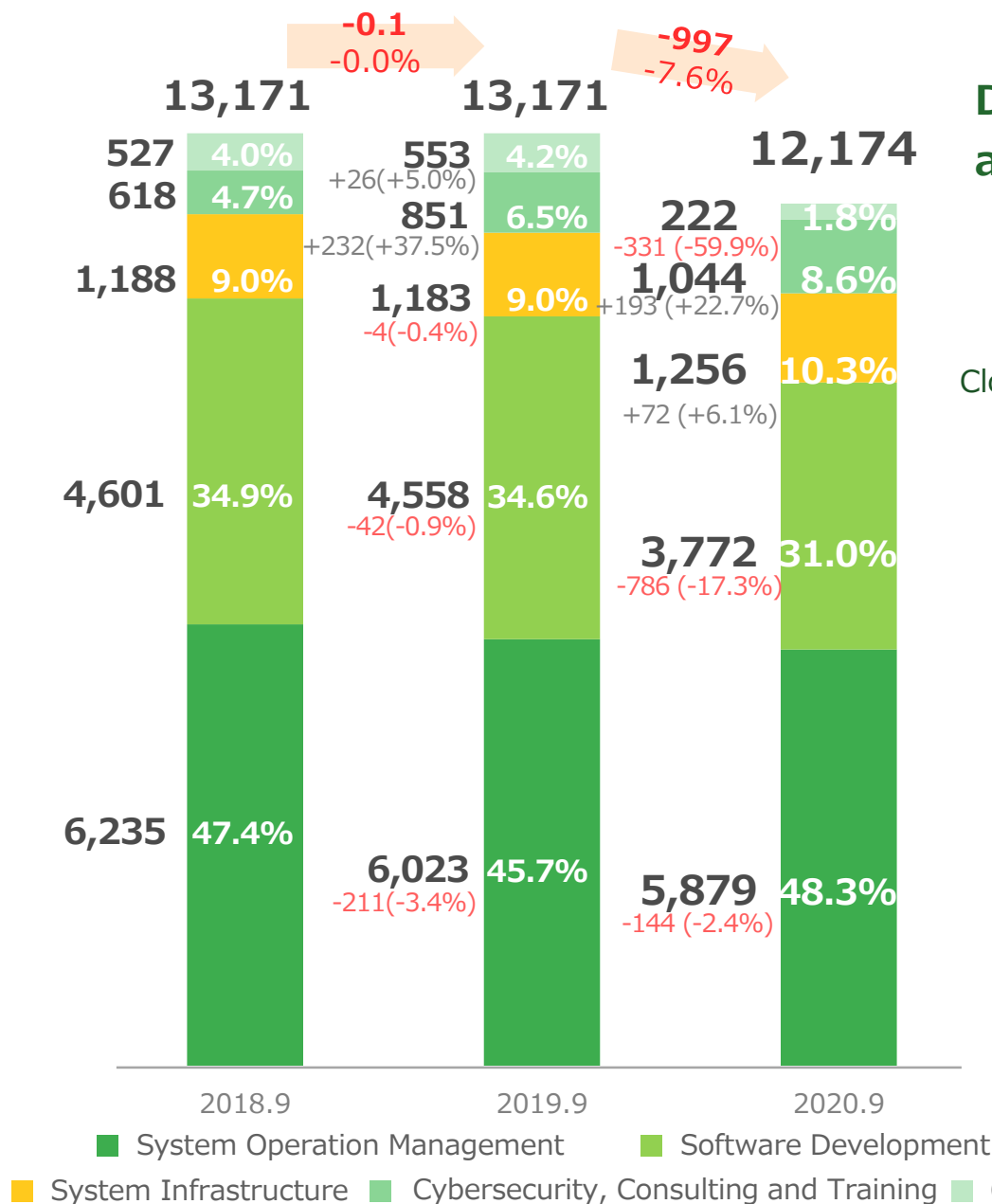
- Increase in gain on sales investment securities : +308
- Decrease in reaction to gain on sales of investment securities recorded in the previous fiscal year : -38

- The ID Group supports customers in achieving their IT strategies by providing total IT service.



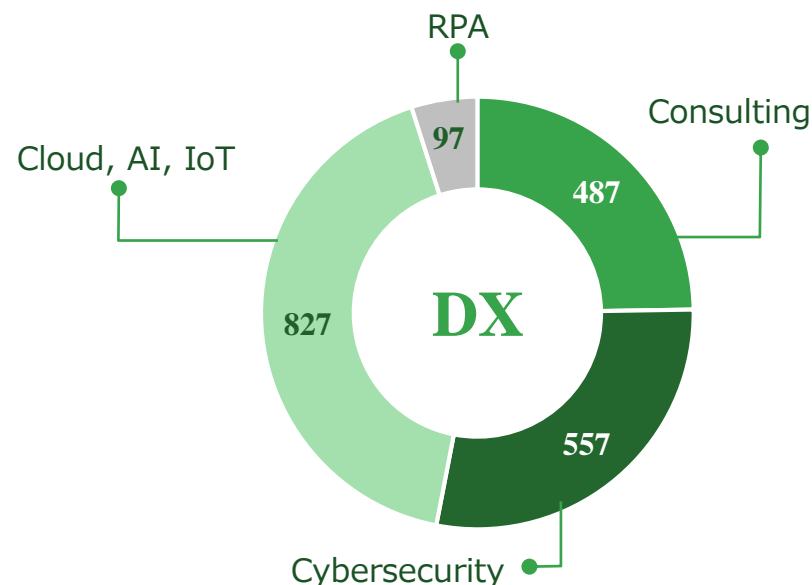
Feature of ID Group① (Net sales by Services)

(¥ million)



DX related sales: ¥ 1,970 million
about 16.2 % of consolidated sales

【Reference】 FY2019: about 13.4%

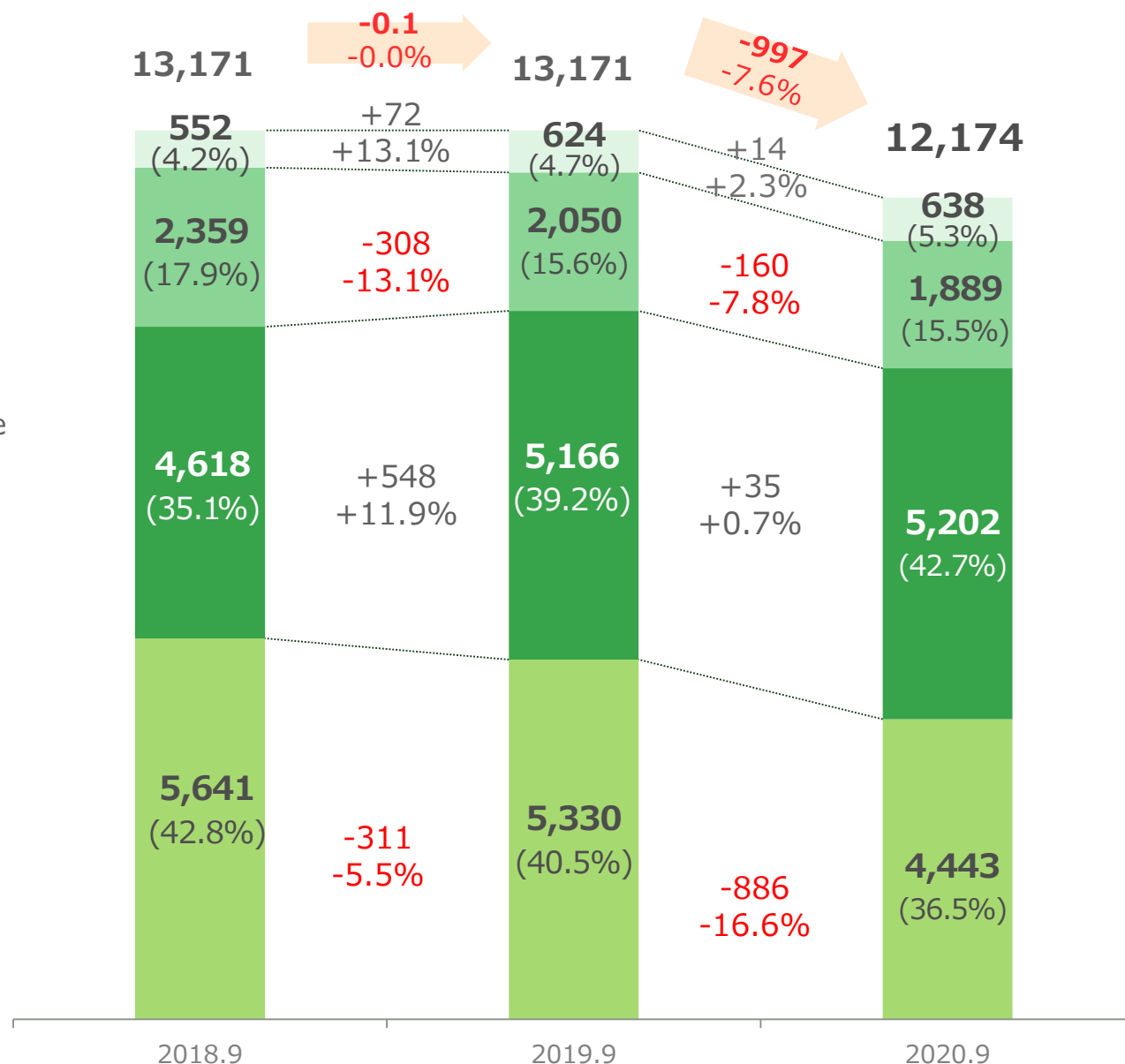


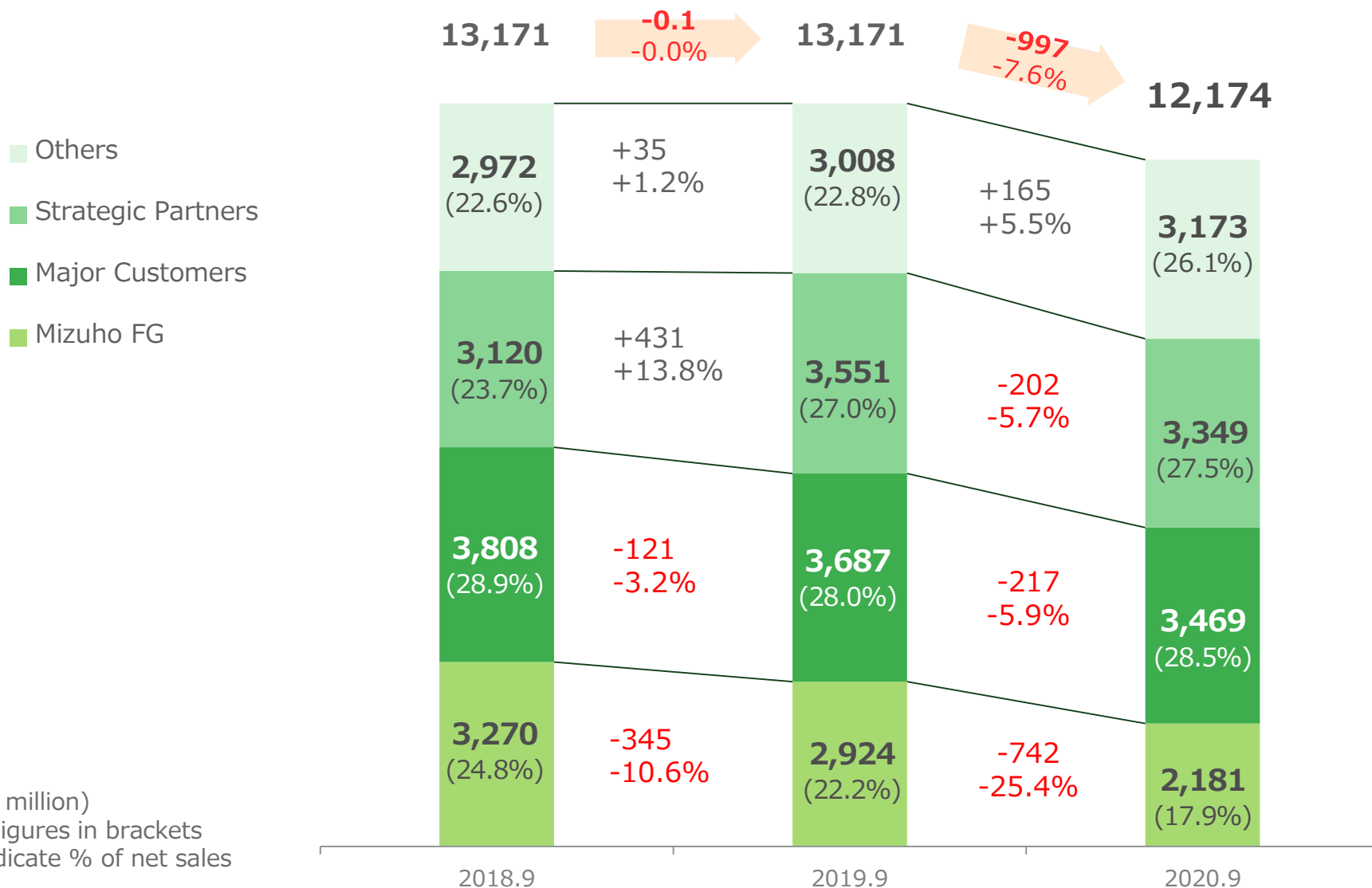
DX related business

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



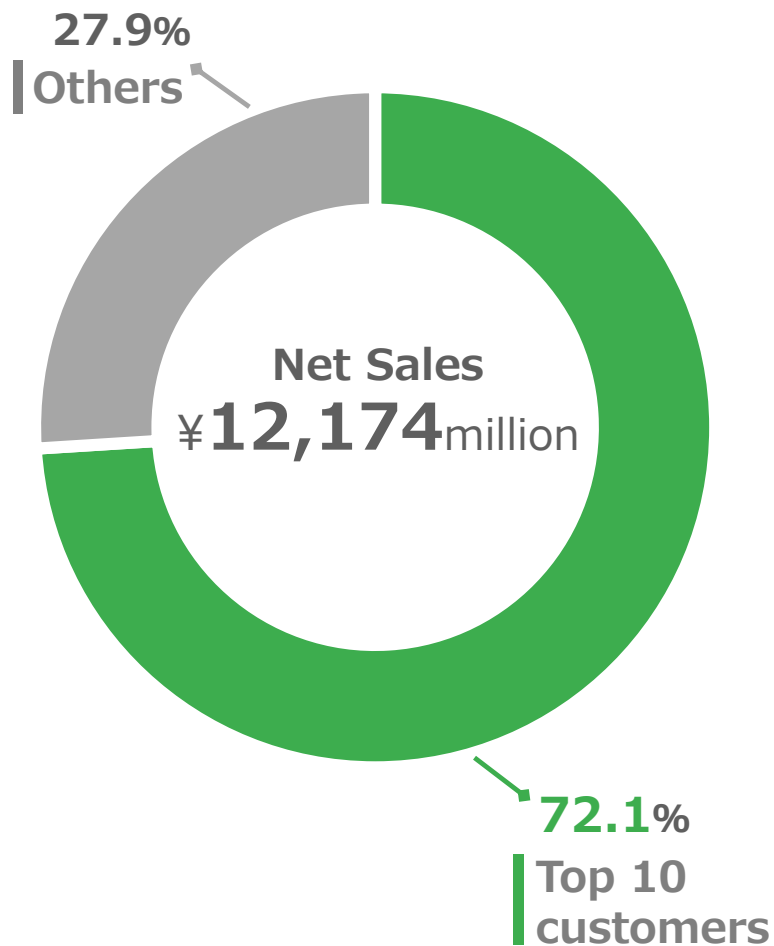


(¥ million)

*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	YoY
1	Mizuho FG	M	17.9%	-4.3P
2	IBM Japan	S	14.3%	-0.2P
3	Company A	M	10.8%	+0.9P
4	Company B	M	5.3%	-1.7P
5	Company C	M	5.2%	+0.2P
6	Company D	S	5.2%	+1.8P
7	Company E	S	4.9%	-0.3P
8	Company F	S	3.2%	-0.8P
9	Company G	M	2.7%	+0.7P
10	Company H	M	2.6%	+0.1P
14	Company I	M	1.1%	+0.2P
19	Company J	M	0.7%	+0.1P

*M : Major Customers , S : Strategic Partners

Financial Position (Consolidated)

Change or Die!

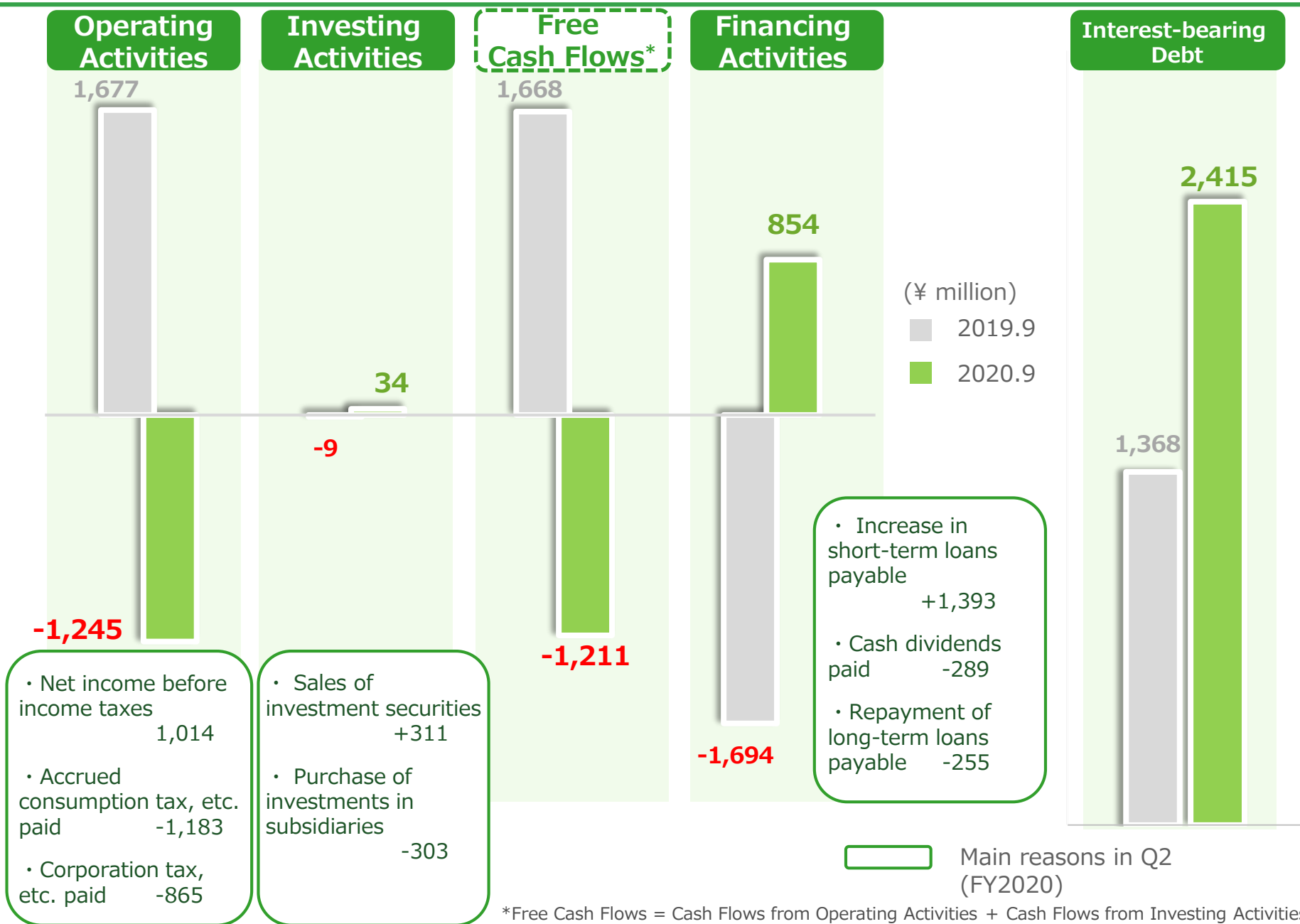
	2020.3	2020.9		Main Reasons
(¥ million)	Results	Results	Diff.	
Current assets	10,116	8,940	-1,175	Increase in goodwill (+502)
Non-current assets	5,133	6,102	+969	Increase in gain on sales investment securities (+254)
Total assets	15,249	15,043	-206	Decrease in cash and deposits (-369) Decrease in accounts receivable (-651)
Current liabilities	5,857	5,032	-824	Increase in interest-bearing debt (+1,287)
Non-current liabilities	661	775	+113	Decrease in accrued consumption tax, etc. (-1,123) Decrease in income taxes payable (-665)
Total liabilities	6,519	5,808	-710	
Total net assets	8,730	9,235	+504	Net income attributable to owners of parent (611) Increase in valuation difference on available-for-sales securities (+163)
Total liabilities and net assets	15,249	15,043	-206	Decrease in cash dividends paid (-285)

Equity ratio : **61.1%**

Current ratio : **177.6%**

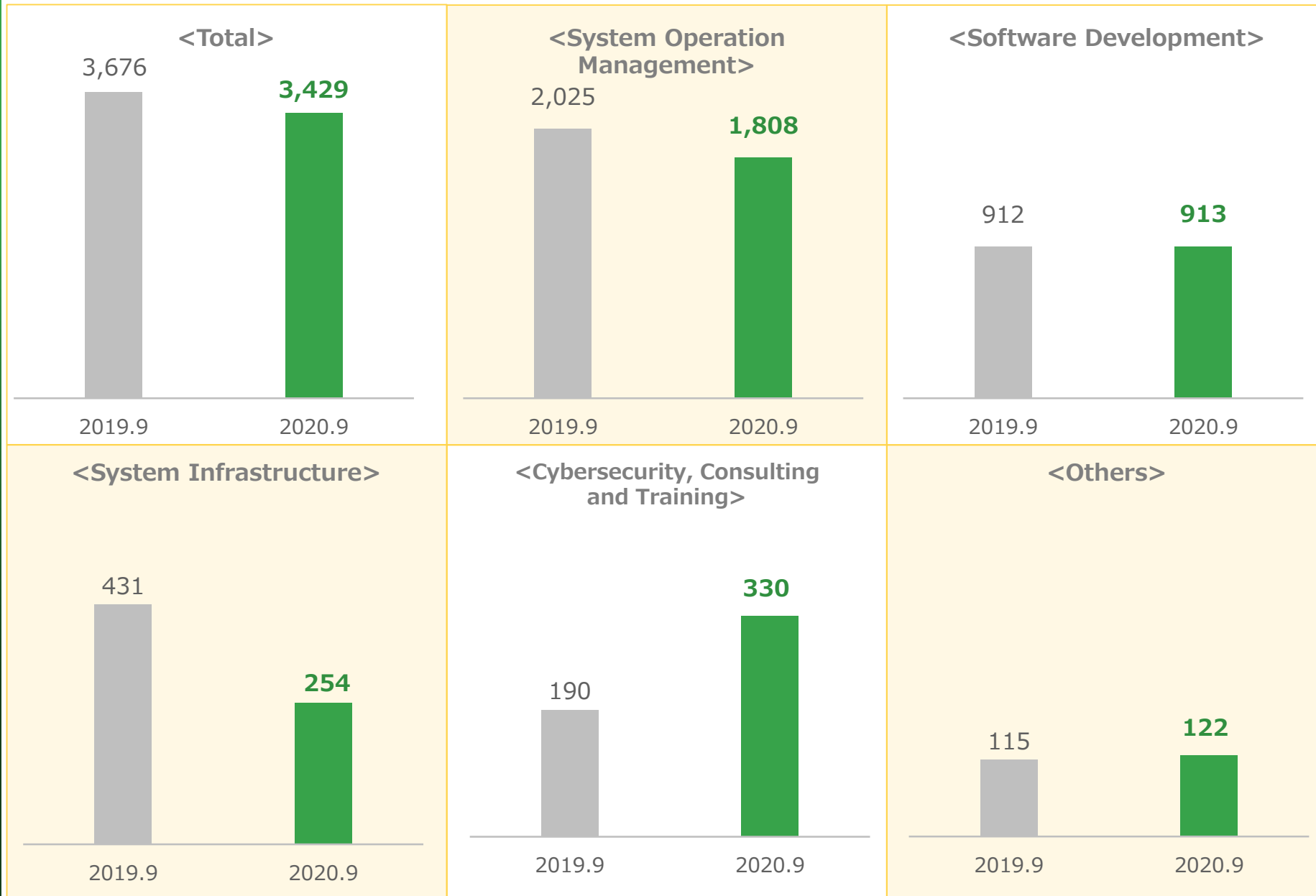
Cash Flows

Change or Die!



Order Backlog by Service (Cumulative)

(¥ million)



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

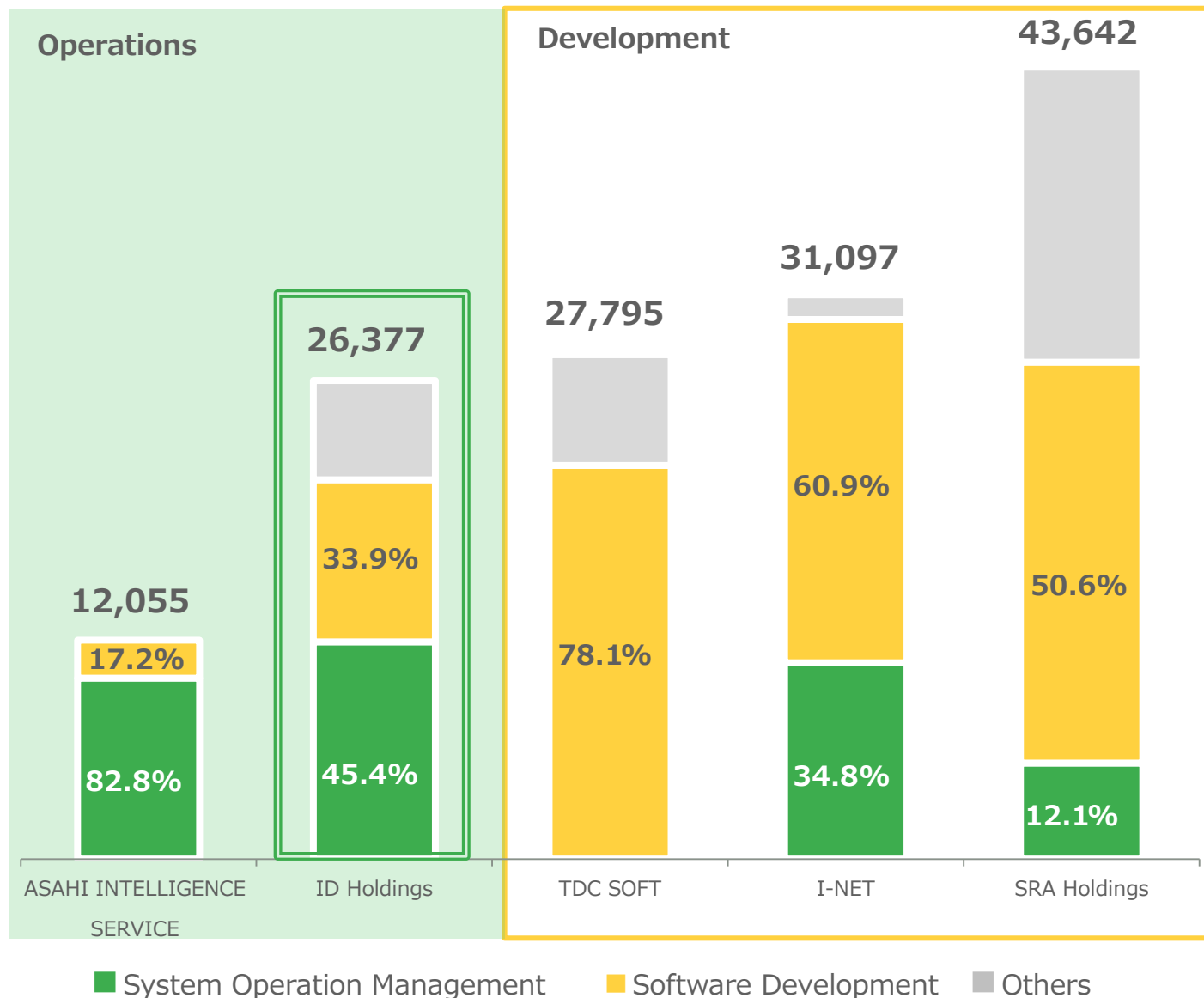
(¥ million, % indicates YoY changes)

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%	106.39

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.

(¥ million)



1**Q2 Performance Overview****2****Growth Strategy of ID Group****3****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

-  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



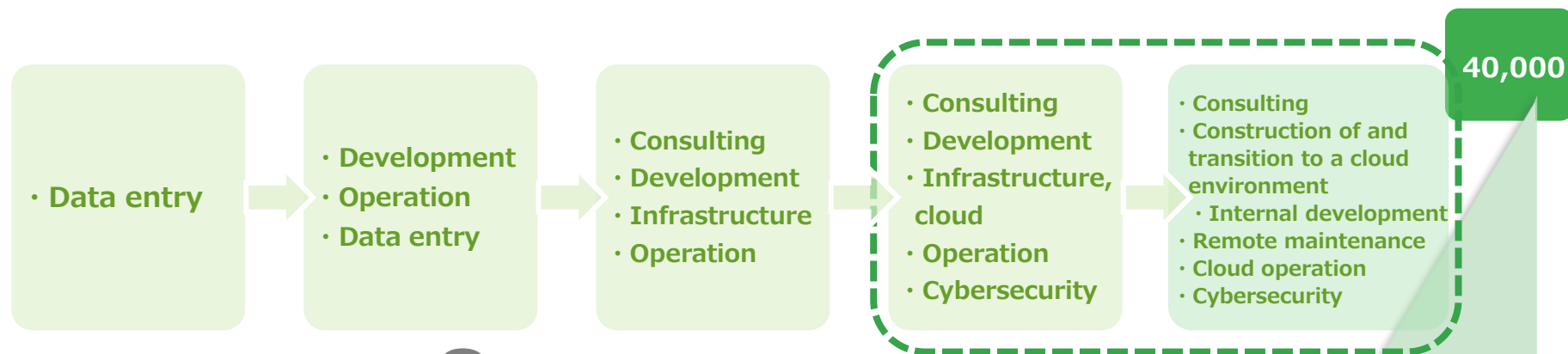
Innovations for the treatment of employees

- 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



M&A Record 8 times (As of September 30, 2020)

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

**Upgrading of Business Models and
Expansion of Operations Through
M&A Strategy**

Net sales (¥ million)



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

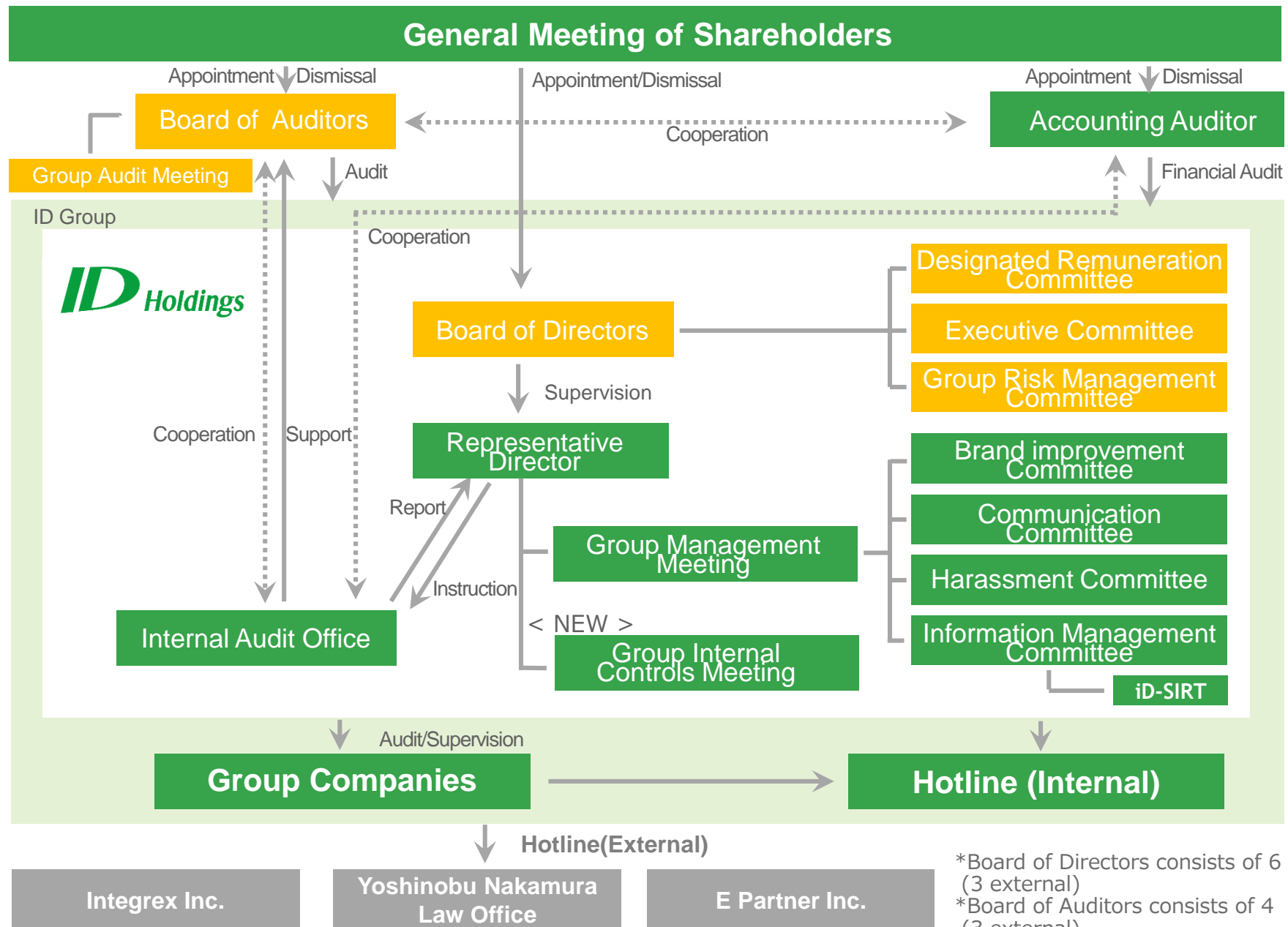
Expand business fields



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

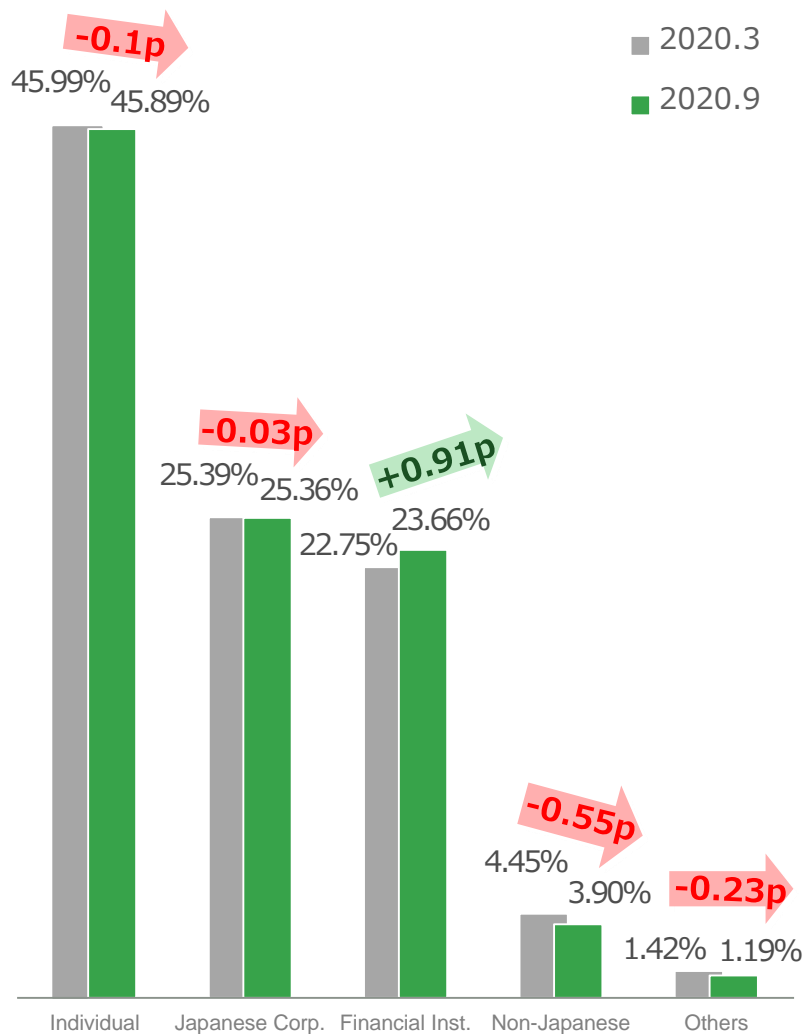
Create synergies by combining the technological capabilities, customer base, employee skills, etc., of the target company with the management resources of the ID Group

1**Q2 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)

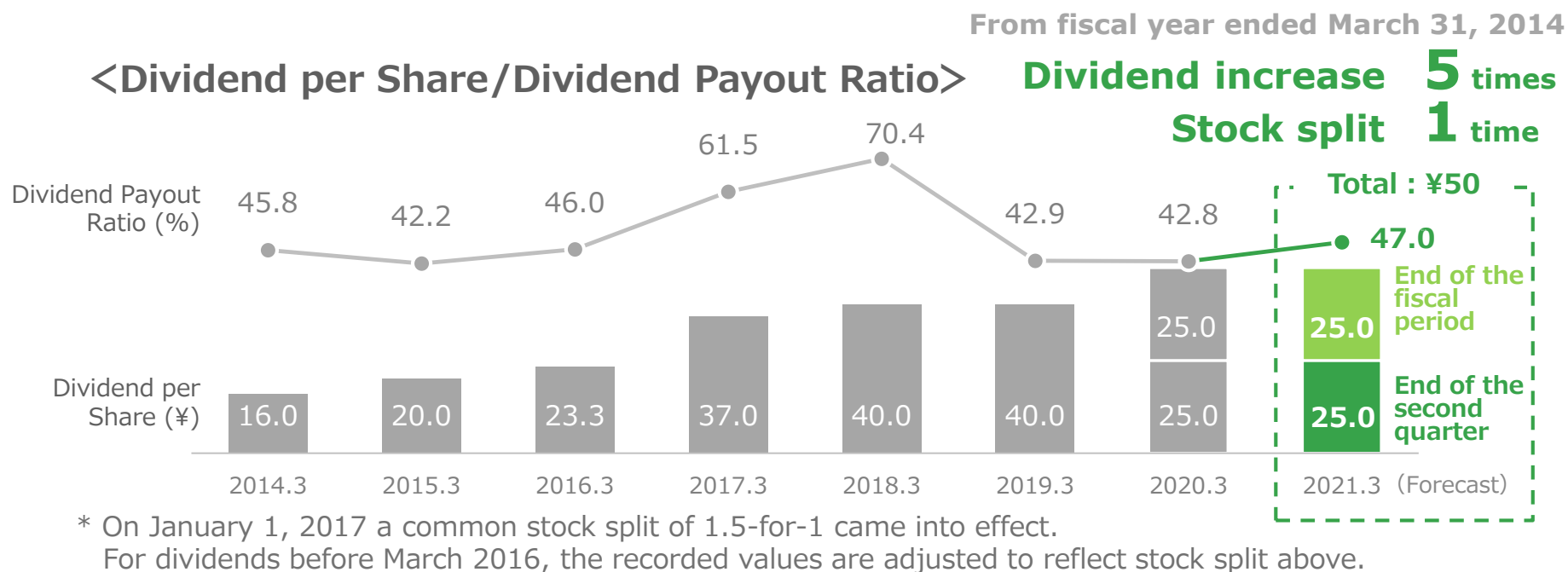
Shareholding by investor type



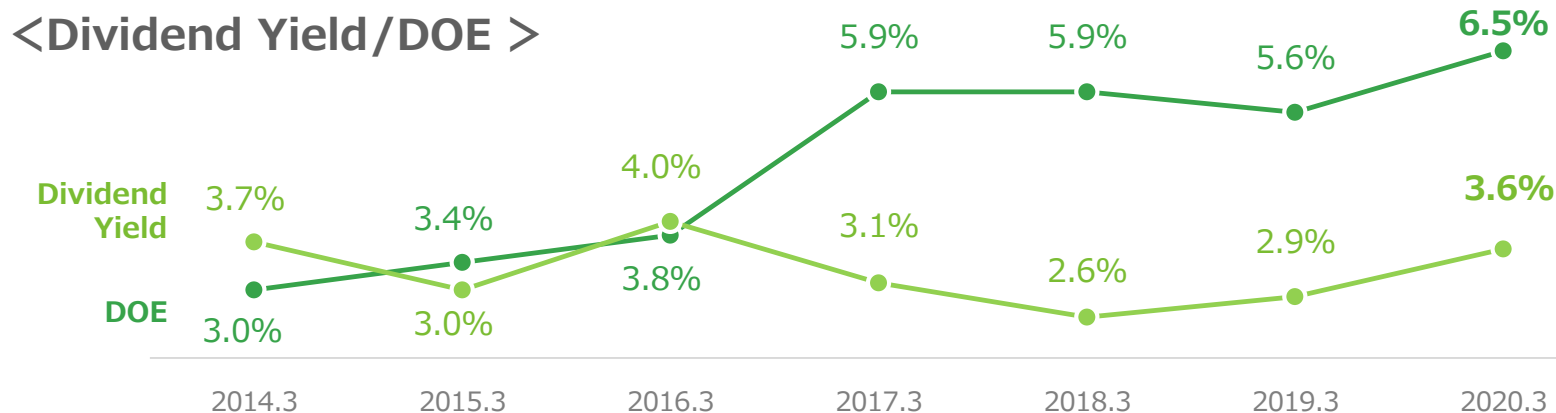
Major shareholders

- ✓ No. of shareholders: 4,430 (+ 65 since Mar. 2020)
- ✓ **No. of shareholders with voting rights: 3,894** (+ 20 since Mar. 2020)
- ✓ Treasury stocks (602 thousand shares) are not included when calculating the ratio of shareholdings.

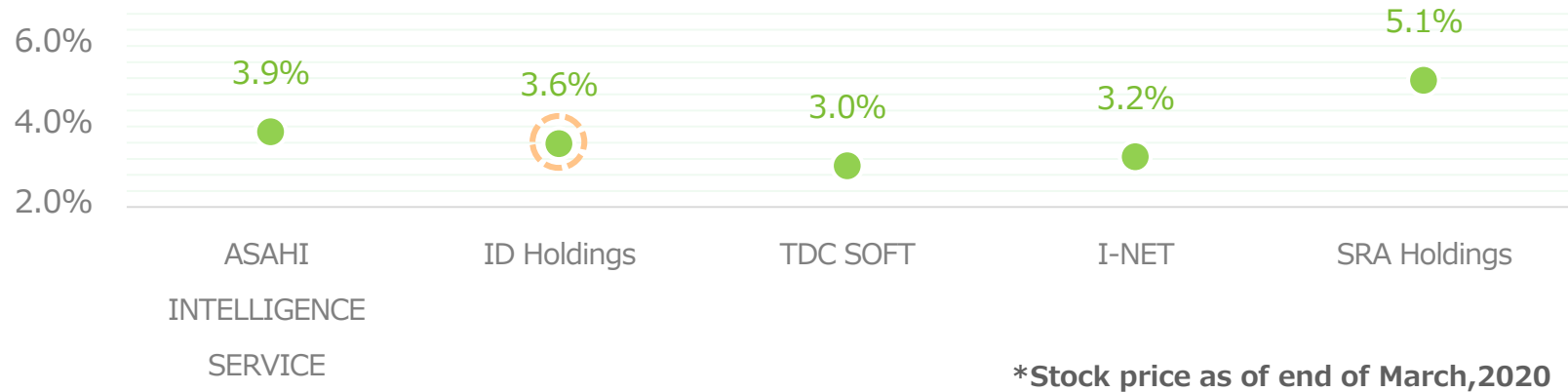
	Major shareholders	% of total shares
1	A.K. Corporation	9.12%
2	Mizuho Trust Systems Co., Ltd.	7.20%
3	The Master Trust Bank of Japan, Ltd. (Trust Account)	6.44%
4	ID Employee Ownership Account	5.94%
5	Custody Bank of Japan, Ltd. (Trust Account)	5.55%
6	Mizuho Trust & Banking Co., Ltd.	3.69%
7	有限会社福田商事	2.62%
8	TDC SOFT Inc.	2.48%
9	Custody Bank of Japan, Ltd. (Trust Account E)	2.24%
10	Akemi Funakoshi	1.73%



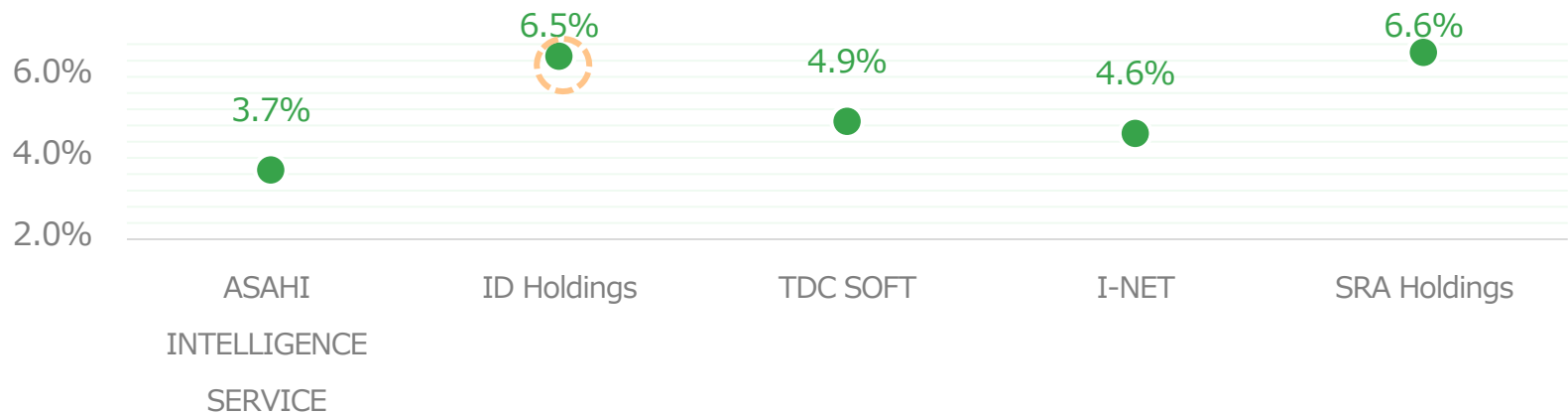
Prioritize return to shareholders and continue to appropriately distribute profits based on business performance.



<Comparison of Dividend Yield>



<Comparison of DOE>



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.

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