

ID Holdings Corporation

Operational Briefing

Today's Topics

- Three mergers/acquisitions in the current fiscal year
- Impact of reorganization of the subsidiaries of MHFG

Masaki Funakoshi
President and Representative Director

January 13, 2021

M&A strategy will be used to expand the Group's scope of operations, propelling further growth.

Recruiting engineers



The Group is strengthening its production framework by recruiting outstanding engineers.

Expanding the Group's technological domain



The Group is creating new revenue pillars by entering new fields and applying DX.

Strengthening the customer base



The Group is attracting new customers to strengthen its customer base.

Change or Die!

Create synergies by combining the technology fields, customer base, engineers, etc., of the target company with the management resources of the ID Group

Overview

Headquarters	Nakamura-ku, Nagoya-shi, Aichi
Established	November, 1996
Representative	Akira Saito, President and Representative Director
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

Timeline

- Became the sub-subsubsidiary on June 30, 2020 (100%)

Target

MORE engineers

- Acquisition of software development engineers for leading automobile companies

Plans after April 2021



(Management policy) Early realization of synergies by merger with ID (merger scheduled on April 1, 2021)

Sales promotion to target customers

- Making proposals for leading automobile companies

Strengthening production system in the Chubu area

- Strengthen of the software development system (The number of engineers is doubled.)

Overview

Headquarters	Toshima-ku, Tokyo
Established	November, 1973
Representative	Masaki Funakoshi, Representative Director 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

Timeline

- Became the subsidiary on August 3 (100%)

Target

Expansion of technology & services fields

- Acquisition of the mobile applications development business

Plans after April 2021



(Management policy) Selection and concentration of business

Mobile shift with target customers

- Shift to major telecommunications customers and the mobile applications development field

Strengthening the production system

- Collaboration and human exchange with ID in the mobile applications development field (34 mobile applications development engineers)

Change or Die!

Overview

Headquarters	Koto-ku, Tokyo / Hitachi, Ibaraki
Established	April, 1981
Representative	Toshio Yamakawa, Representative Director Tomoko Takehara, President
Net Sales*	¥2,797 million (fiscal year ended December 31, 2019)
No. of Employees	193 (As of December 31, 2019)
Strengths	<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

Timeline

- Became the subsidiary on January 4, 2021 (78.4%)
- Became the wholly-owned subsidiary on January 27, 2021(plan)(100%)

Target

MORE Customers

- Acquisition of the industry-leading strategic partner

Plans after April 2021

※The net sales were estimated based on the financial statements of With Holdings and System Design.

(Management policy) Joint sales and the establishment of a production system utilizing the core partner

Joint sales to target customers

- Expansion of orders through joint sales utilizing the core partner

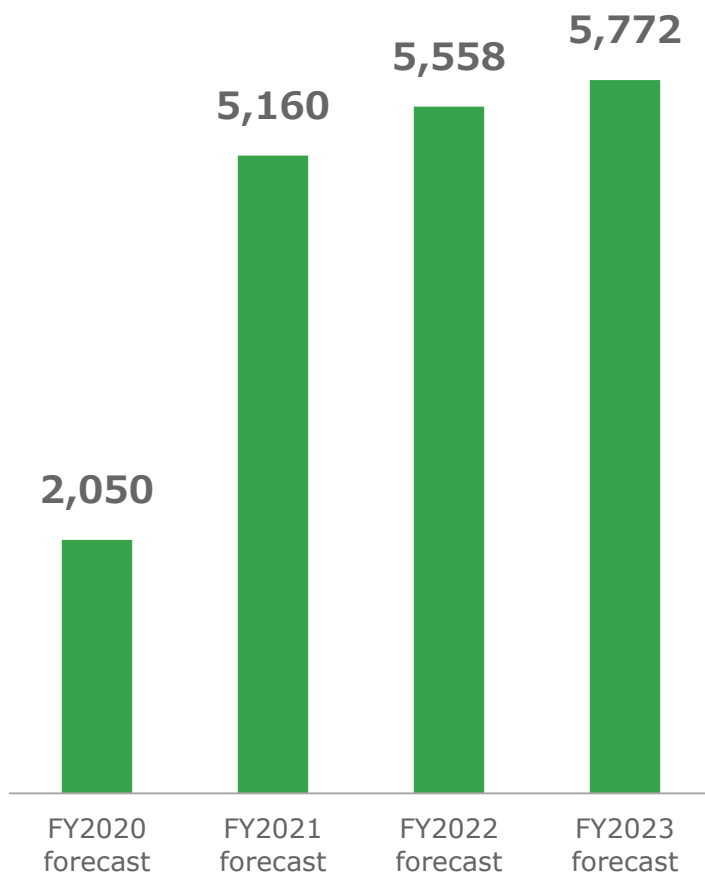
Acquisition of large projects and extension to infrastructure/operation

- Acquire large projects and extend horizontally to infrastructure/operation in collaboration with ID

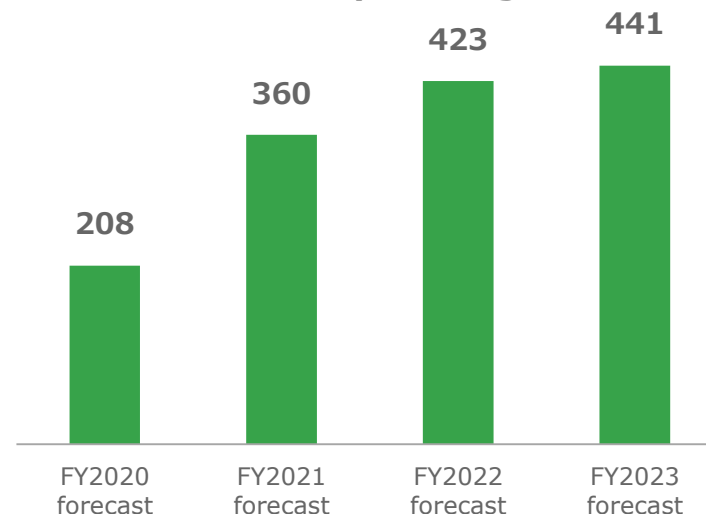
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(¥ million)

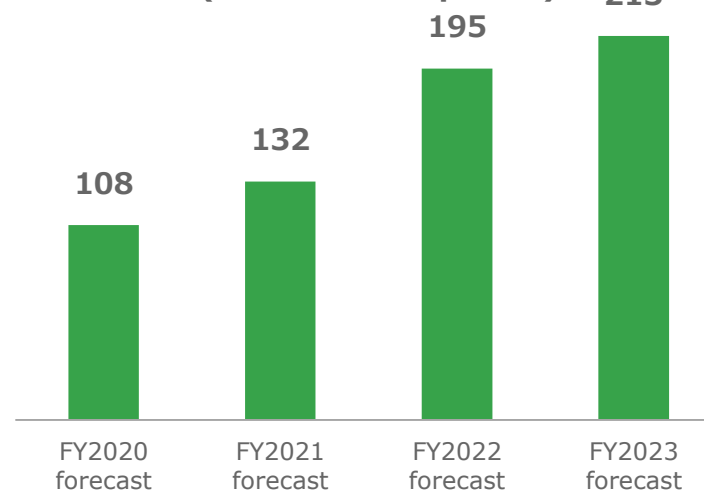
Forecast of Net Sales



Forecast of Operating Income



Forecast of Operating Income minus amortization of goodwill (Total of 3 companies)



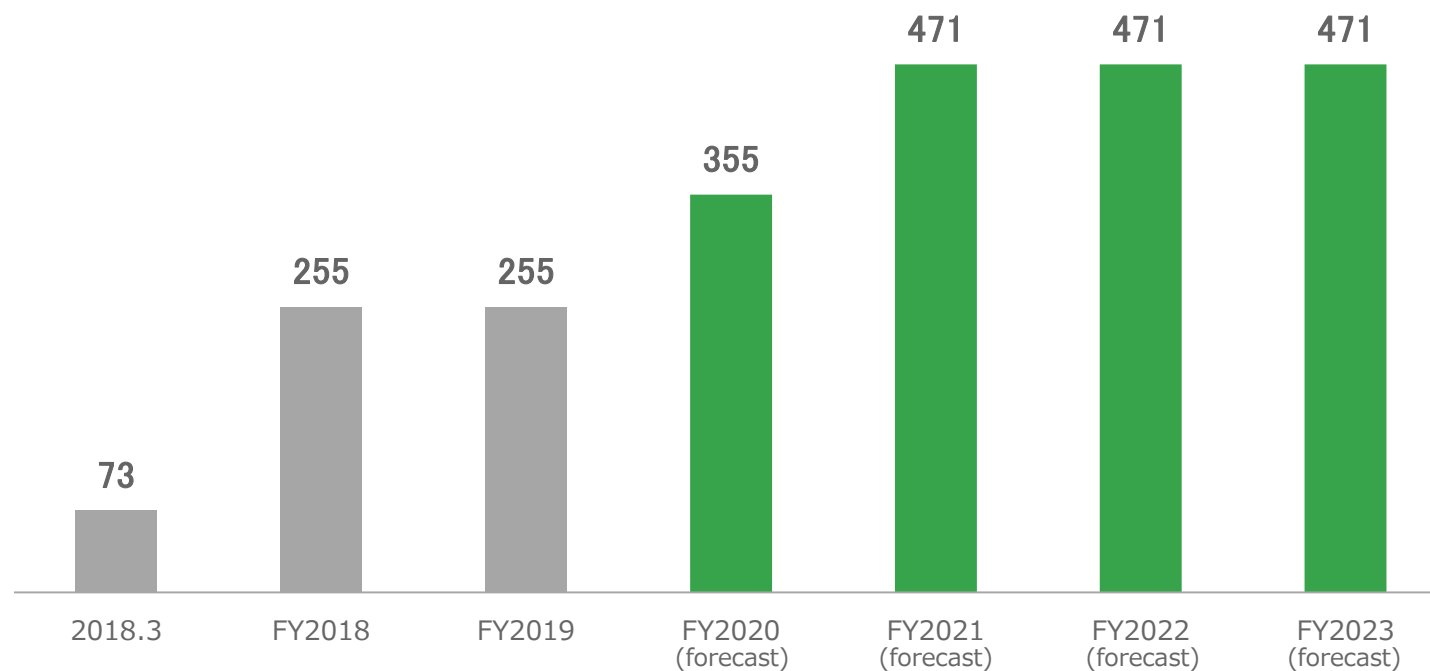
Note: Figures above are based on forecasts as of November 30, 2020 and are subject to change.

Timing of acquisition of acquired companies

Company	TERRA Corporation. Ltd.	Fess Co., Ltd.	ActiveT Co., Ltd.	GI Technos Inc.	With Holdings Co., Ltd. (System Design Co., Ltd.)
Timing of acquisition	April 2016	January 2018	June 2020	August 2020	January 2021

Simulation of goodwill amortization (consolidated)

(¥ million)

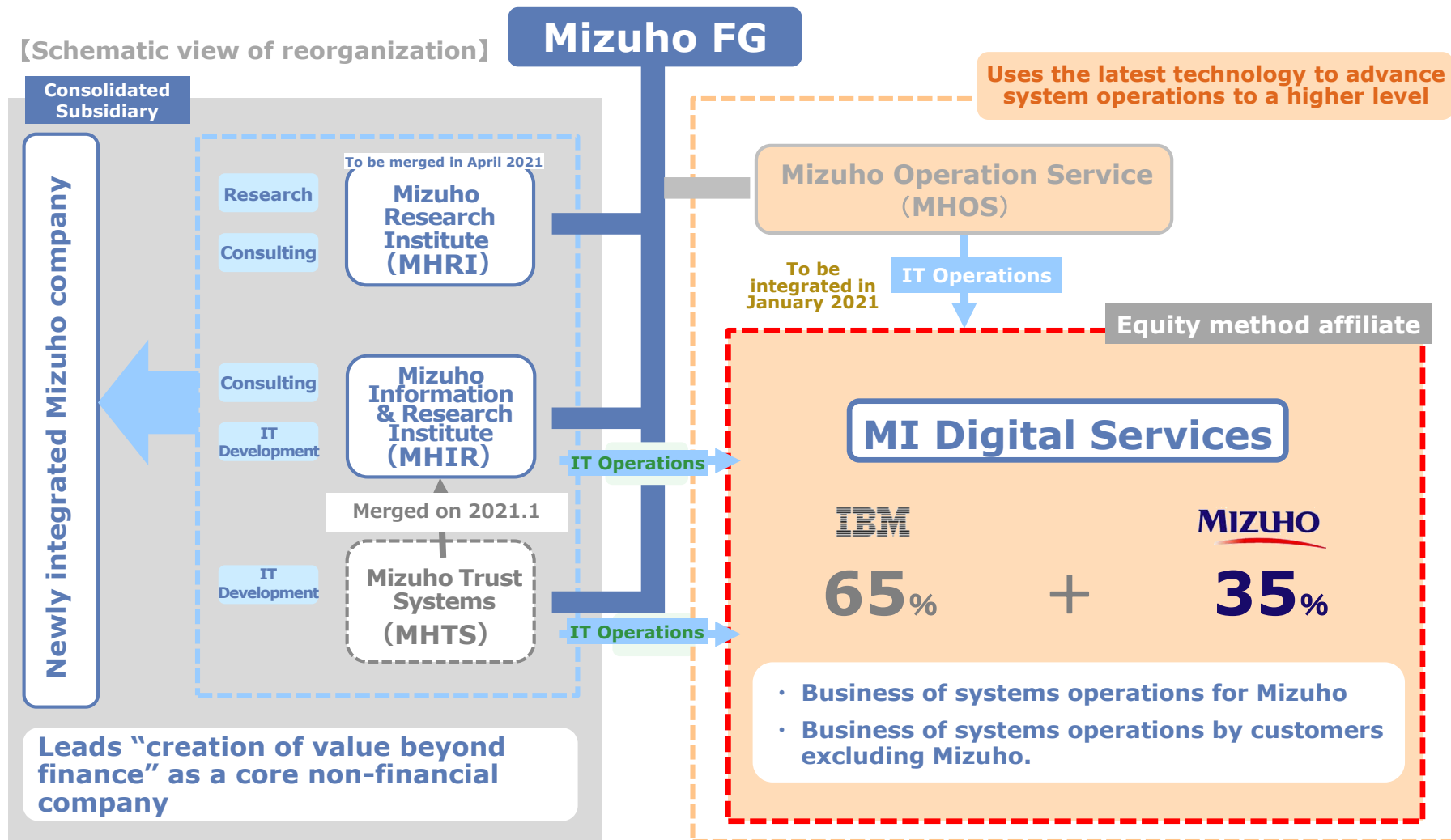


Note: The feature of Goodwill amortization of With Holdings has been estimated since it is not yet confirmed.

Reorganization of MHFG Subsidiaries

- On June 30, 2020, IBM Japan, Ltd. ("IBMJ") and Mizuho Financial Group, Inc. ("MHFG") launched MI Digital Services Co., Ltd. ("MIDS"), a system operation company.
- The system operation functions of MHFG subsidiaries MHIR and MHTS were integrated with MIDS in January 2021.

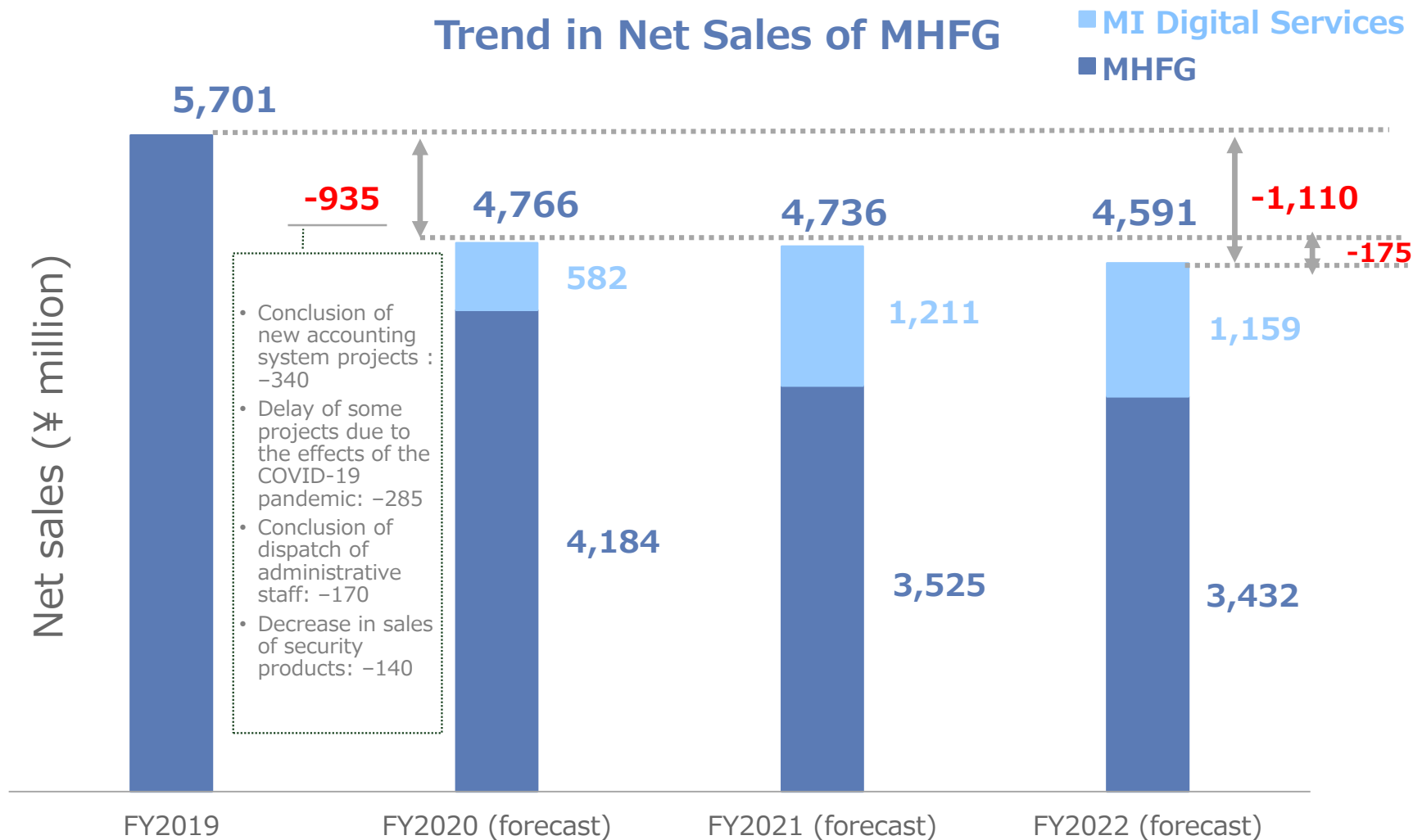
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Source: The above illustration was partially revised based on Conclusion of Joint Venture Agreement Between IBM Japan, Ltd. and Mizuho Financial Group, Inc., published by Mizuho Financial Group on June 2, 2020.

As a result of reorganization of MHFG subsidiaries, some of the net sales that formerly accrued to MHFG will be appropriated as net sales of MIDS, an IBM subsidiary.

Change or Die!



Recent moves by the Mizuho Group

- Reorganization of IT subsidiaries (system operation business integrated with MIDS, development operations integrated with MHIR)
- Reorganization of data centers (merger and scrapping of multiple sites in Japan)

Future directions for the ID Group

- Securing of system-infrastructure and development projects in tandem with reorganization of data centers
- Securing of system-infrastructure and development projects in tandem with integration of Custody Bank of Japan, Ltd.
- Expansion of system operation business using core IBM operational partners
- Expansion of development projects from integration of development business with MHIR

MI Digital Service (MIDS)

IBM
65% + **MIZUHO**
35%

Core IBM
operational
partners



Expansion of
operations
business

New development companies

Mizuho
Research
Institute
(MHRI)

Mizuho
Information &
Research
Institute
(MHIR)

Mizuho Trust
Systems
(MHTS)

Bank systems



Trust systems

Expansion of infrastructure and
development business

What are "DX-related businesses"?

High-value added businesses that use leading-edge technologies such as cloud, cybersecurity, RPA, AI and IoT, as well as consulting businesses using the ITSM method, etc.





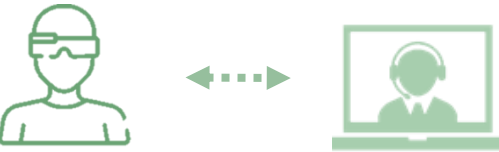

DX-related net sales: **¥5,749** million
 Approx. **21.8** % of consolidated net sales

(As of March 31, 2020)



- Cloud, system infrastructure
- Consulting
- Cybersecurity
- AI, IoT, RPA, etc.

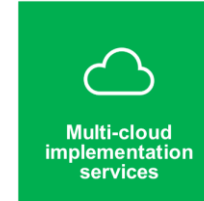
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(1) Cybersecurity	(2) Cloud (ID-Cross)	(3) System Infrastructure
<p>Introduction of network monitoring, incident response and security products</p> 	<p>Introduction and transfer of cloud systems, remote operation and monitoring</p> 	<p>Construction of system infrastructure using the cloud</p> 
(4) RPA	(5) Smart glasses (IDEye)	(6) Agile development
<p>Selection of targets for application using work analysis, automation of work formerly done by hand</p> 	<p>Support for remote operation by sharing images, video and audio in real time</p> 	<p>Building systems by repeating small cycles over short periods of time</p> 

ID-Cross multi-cloud solution service

ID-Cross is a cloud solution service that promotes the development and strengthening of the cloud environment to meet the needs of New Normal workstyles.

ID-Cross flexibly responds to customer needs through two services: an implementation service, which covers cloud implementation from design and construction of the cloud environment to transfer, and a management service, which provides remote operation and maintenance after transfer to the cloud environment.



Multi-cloud implementation services



Multi-cloud management services



Implementation and transfer of cloud systems



Remote operation by the ID Cloud Management Center

IDEye remote work support system

IDEye is a cloud service that uses smart glasses to support operations at remote worksites.

Supervisors remote from the worksite can share operations in real time by using smart glasses to see and hear what operators see, hear and say on-site. Communications are hands-free for operators, greatly enhancing work efficiency.



IDEye

INFORMATION DEVELOPMENT



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