



# ID Holdings

ID Holdings Corporation  
April 1, 2024 – June 30, 2024  
Financial Results Presentations

President, Representative Director  
and Group CEO  
Masaki Funakoshi

TSE Prime Market  
Code

4709



Our website can be  
accessed from the QR  
Code.



August 20, 2024

1

Performance Overview for Q1

2

Business Focus for FY2024

3

Mid-Term Management Plan

**Net Sales**    **¥8,487 million** (+8.5% YoY)

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⊕ All services proceeded on a solid footing, paced by system management.

**Operating Income**    **¥729 million** (-11.5% YoY)

**Operating Income Margin**    **8.6%** (-1.9P YOY)

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⊖ Returns to employees increased, as did expenses for strategic investment in personnel training and retention.

⊕ High-margin DX-related business expanded.

# Financial Results (Consolidated)

(¥ million)	2023.6		2024.6		Diff.	YoY
	Results	(% of net sales)	Results	(% of net sales)		
Net sales	7,819	-	<b>8,487</b>	-	667	+8.5%
Cost of sales	5,949	76.1%	<b>6,502</b>	<b>76.6%</b>	552	+9.3%
Gross profit	1,869	23.9%	<b>1,984</b>	<b>23.4%</b>	115	+6.2%
SG&A expenses	1,045	13.4%	<b>1,255</b>	<b>14.8%</b>	209	+20.1%
EBITDA <sup>1</sup>	973	12.4%	<b>893</b>	<b>10.5%</b>	<b>-79</b>	<b>-8.2%</b>
Operating income	823	10.5%	<b>729</b>	<b>8.6%</b>	<b>-94</b>	<b>-11.5%</b>
Ordinary income	884	11.3%	<b>799</b>	<b>9.4%</b>	<b>-84</b>	<b>-9.6%</b>
Net income attributable to owners of parent	514	6.6%	<b>451</b>	<b>5.3%</b>	<b>-62</b>	<b>-12.1%</b>
Earnings per share (EPS) (¥)	30.96	-	<b>26.97</b>	-	<b>-3.99</b>	-
EPS before amortization of goodwill <sup>2</sup> (¥)	37.65	-	<b>33.60</b>	-	<b>-4.05</b>	-

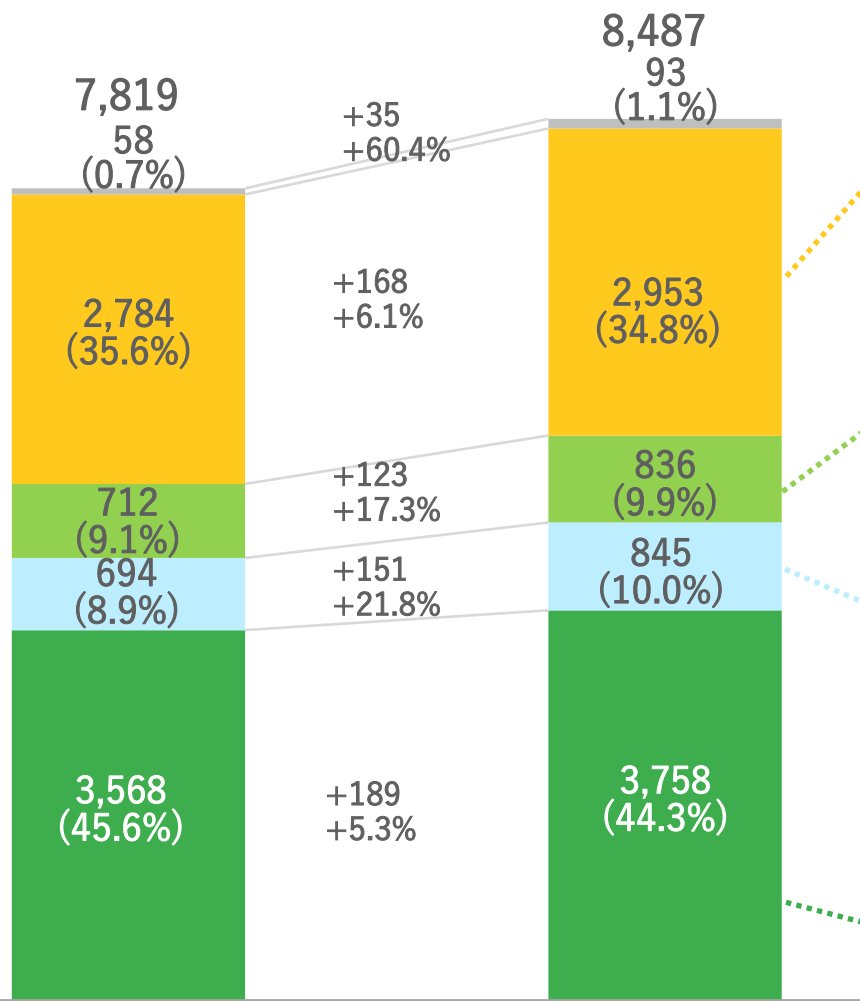
Notes:

1. EBITDA = Operating income + Depreciation + Amortization of goodwill

2. EPS before amortization of goodwill = (Net income attributable to owners of parent + Amortization of goodwill) ÷ Interim average number of shares

# Net Sales by Service

(¥ million)



## Software Development

⊕ Expansion of order acceptance from customers in the public sector and finance and expansion of transactions due to strengthened sales efforts to major IT vendors

## Cyber Security, Consulting and Training

⊕ Expansion of order acceptance in cybersecurity and consulting

## IT Infrastructure

⊕ Expansion of transactions with major IT vendors and of order acceptance from customers in finance, the public sector and transportation

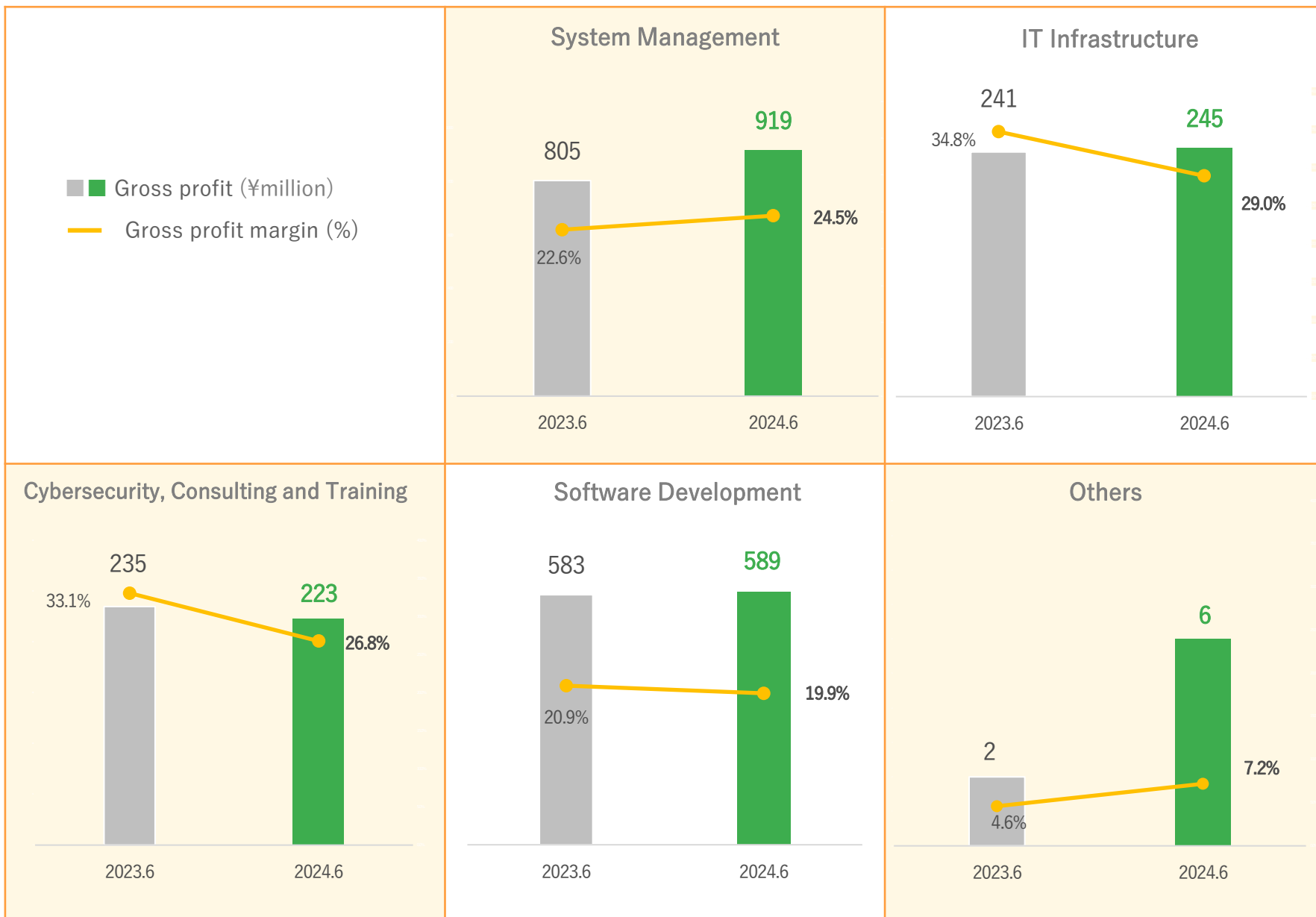
## System Management

⊕ Expansion of order acceptance and securing of new projects, including projects related to relocation of data centers for major IT vendors and customers in finance  
 ⊕ Revision of unit prices to reflect increases in labor and outsourcing expenses

■ System Management    ■ IT Infrastructure  
 ■ Cyber Security, Consulting and Training  
 ■ Software Development    ■ Others

# Gross Profit by Service

Change or Die!

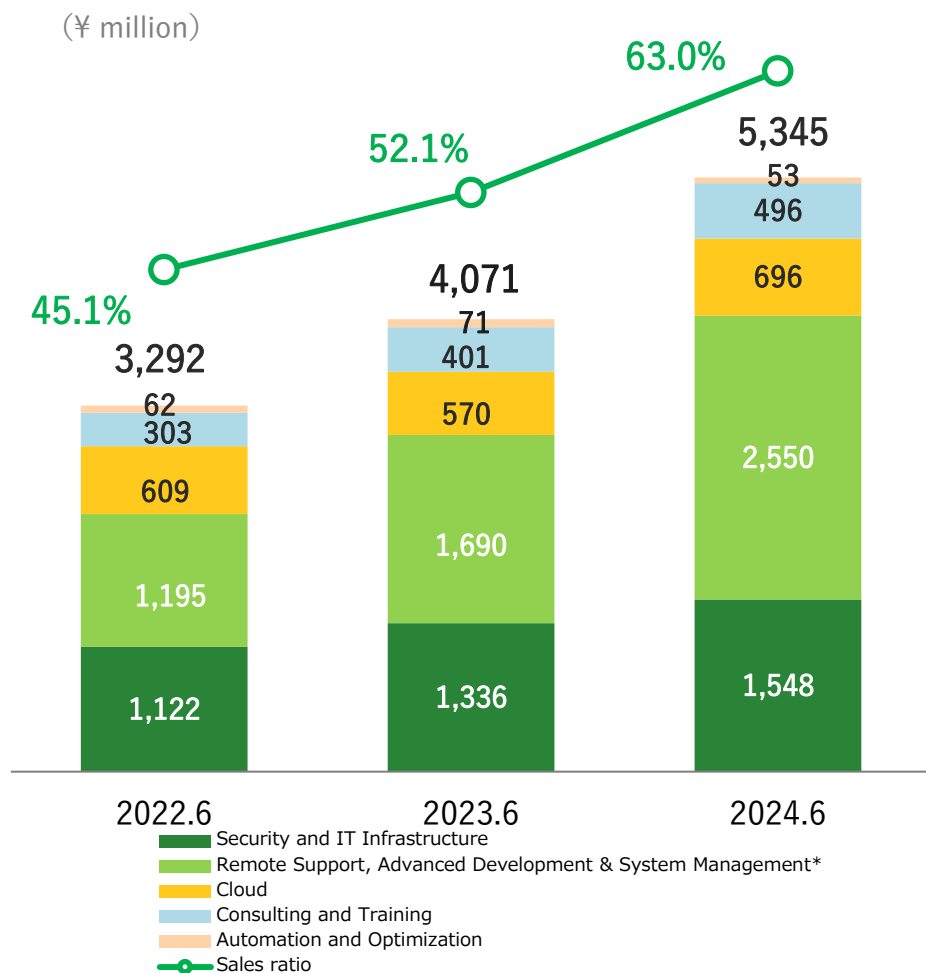


# Net Sales of DX-related Business

## DX-related business

Promoting customer's DX by combining existing IT services with cutting-edge technologies such as cloud and AI.

### DX-related sales & sales ratio



✓ Expansion focused on advanced operation, remote support, IT infrastructure, cloud computing and security

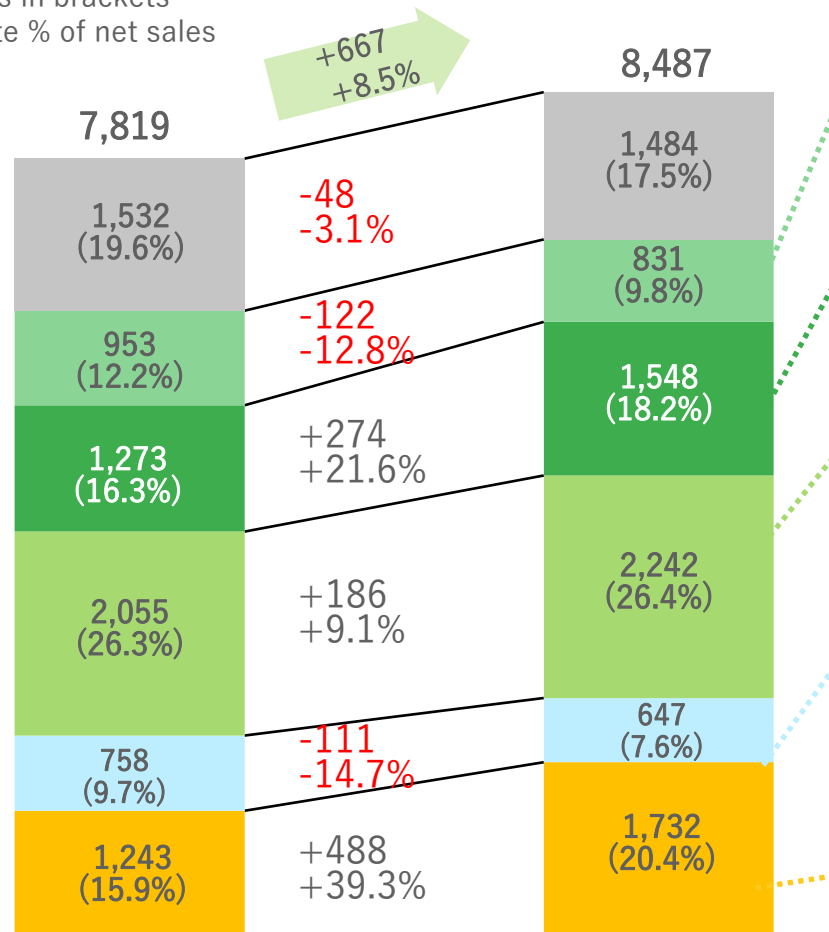
【 Gross profit margin 】  
**25.8%** (-0.9P YoY)

About **5** points higher than non-DX-related business

# Net Sales by Strategic Alliances

Transactions with major, high-value customers that are actively investing in IT account for over **80%** of net sales.

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



## Strategic Partners

⊖ Withdrawal from some projects in software development, etc.

## Major Customers (Non-Finance)

⊕ Expansion of transactions with customers in the public sector, broadcasting and manufacturing

## Major Customers (Finance)

⊕ Expansion of orders accepted in fields such as system management and software development

## Hitachi Group

⊖ Withdrawal from some projects in software development, etc.

## IBM Group

⊕ Expansion of transactions in software development  
⊕ Acceptance of orders for new projects in system management, etc.

Reference

	Kyndryl Japan	MI Digital Services	IBM Japan
2024.6	810 (9.5%)	499 (5.9%)	422 (5.0%)

■ IBM Group   
 ■ Hitachi Group   
 ■ Major Customers (Finance)   
 ■ Major Customers (Non-Finance)   
 ■ Strategic Partners   
 ■ Others

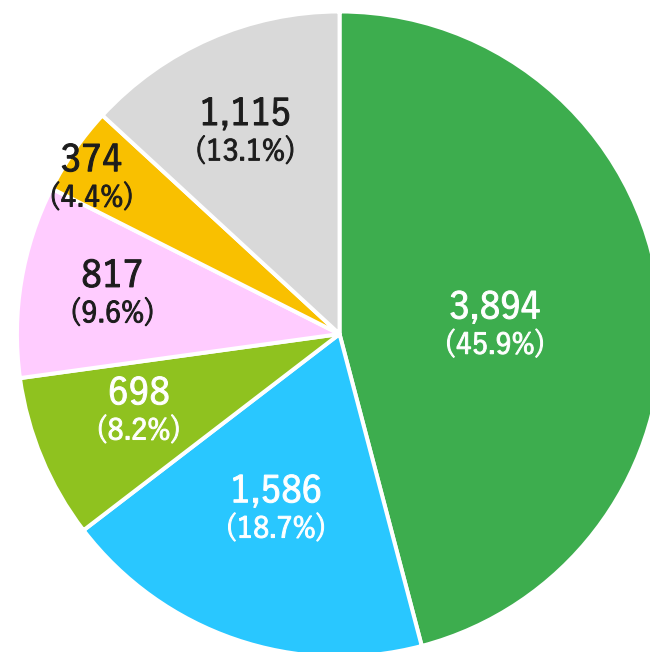


# Net Sales Composition by End-user Industry

Transactions with the financial and public sectors account for over **60%** of net sales.

(¥ million)	2024.6	(% of net sales)	YoY	
Finance	3,894	45.9%	+451	+13.1%
Public	1,586	18.7%	+136	+9.4%
Information & Communication	698	8.2%	-190	-21.5%
Manufacturing	817	9.6%	+86	+11.8%
Transportation	374	4.4%	-68	-15.4%
Others*	1,115	13.1%	+253	+29.4%
<b>Total</b>	<b>8,487</b>	<b>100.0%</b>	<b>+667</b>	<b>+8.5%</b>

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



- Finance
- Public
- Information & Communication
- Manufacturing
- Transportation
- Others

\*"Media", "Healthcare", "Construction, Real estate", "Wholesale, Retail, Restaurants", etc.

\*\*From FY2024, we have changed the accounting classification for some customers. The figures of previous fiscal year have been adjusted based on changes.

# Operating Income Analysis (YoY)

	2023.6	2024.6		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Gross profit	1,869	1,984	+115	<ul style="list-style-type: none"> <li>• Increase in net sales +667</li> <li>• Increase in cost of sales +552                             <ul style="list-style-type: none"> <li>-Subcontract expenses +437</li> <li>-Labor cost +66</li> <li>-Manufacturing expenses +29</li> <li>-Purchases +19</li> </ul> </li> </ul>
SG&A expenses	1,045	1,255	+209	<ul style="list-style-type: none"> <li>• Increase in personnel cost +68                             <ul style="list-style-type: none"> <li>-Advancing returns to employees</li> </ul> </li> <li>• Increase in other expenses +141                             <ul style="list-style-type: none"> <li>-Increase in strategic investment expenses to train and secure personnel</li> </ul> </li> </ul> <p style="text-align: right;">etc.</p>
Operating income	823	729	-94	

Change or Die!

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

(¥ million)	2023.6	2024.6		Main Reasons in Changes
	Results	Results	Diff.	
Ordinary income	884	799	-84	<ul style="list-style-type: none"> <li>• Decrease in operating income -94</li> <li>• Increase in non-operating income +12</li> <li>• Increase in non-operating expenses +2</li> </ul>
Extraordinary income	0	2	+2	<ul style="list-style-type: none"> <li>• Increase in gain on sales of non-current assets +2</li> </ul>
Extraordinary losses	0	0	-	
Total income taxes	370	350	-19	
<b>Net income attributable to owners of parent</b>	<b>514</b>	<b>451</b>	<b>-62</b>	

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# Analysis of Balance-sheet Factors

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(¥ million)

2024.3

Assets 20,061	Liabilities 8,050
Net assets 12,010	

2024.6

Assets 18,616	Liabilities 6,446
Net assets 12,170	

### Main Factors

• Cash and deposits decreased	-1,124
• Accounts receivable –trade decreased	-877
• Contract assets increased	+419
• Accounts receivable –other increased	+152

### Main Factors

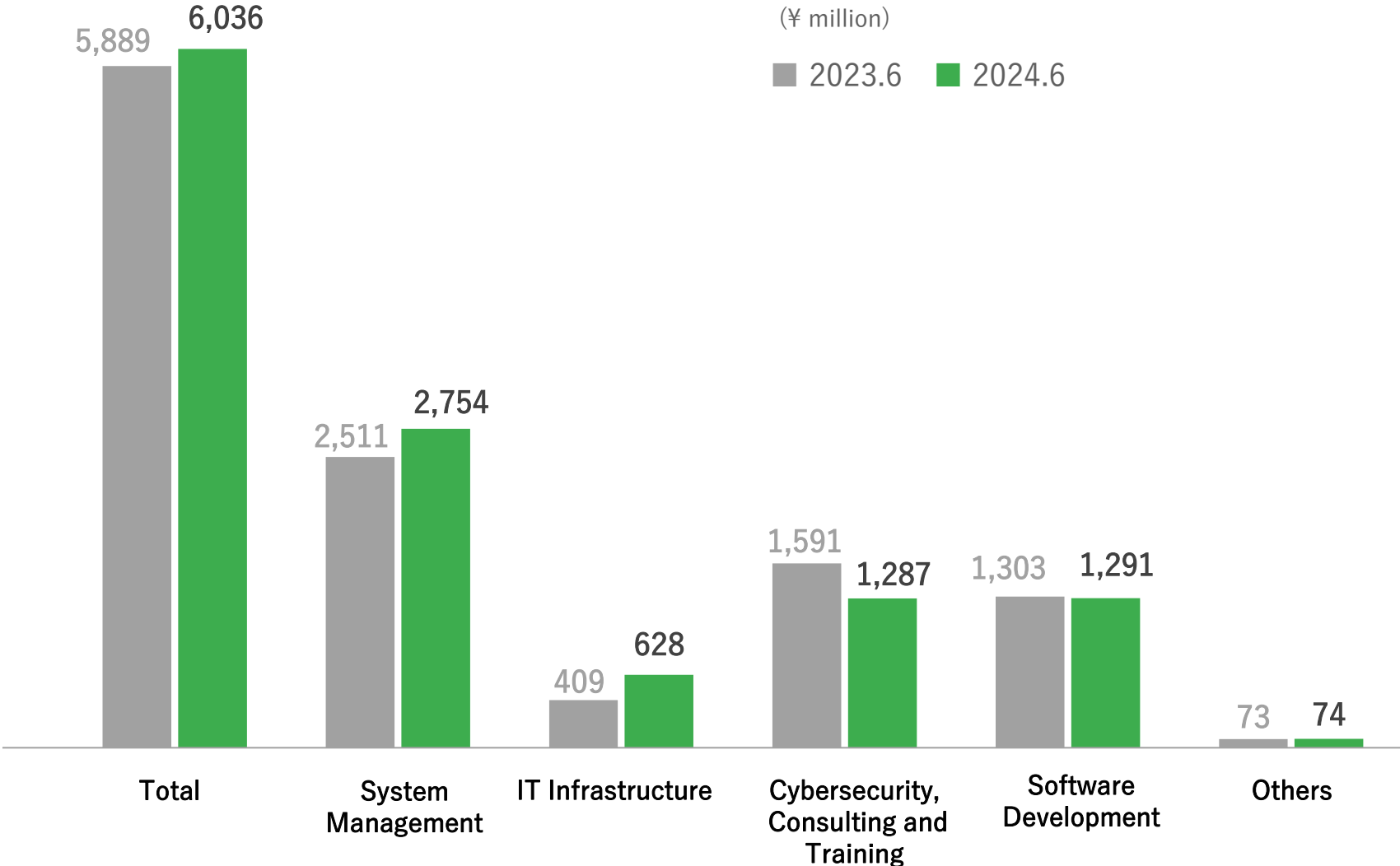
• Short-term loans payable decreased	-800
• Provision for bonuses decreased	-584
• Income taxes payable decreased	-506
• Other current liabilities increased	+296

Equity Ratio: **65.1%**

Current Ratio: **231.4%**

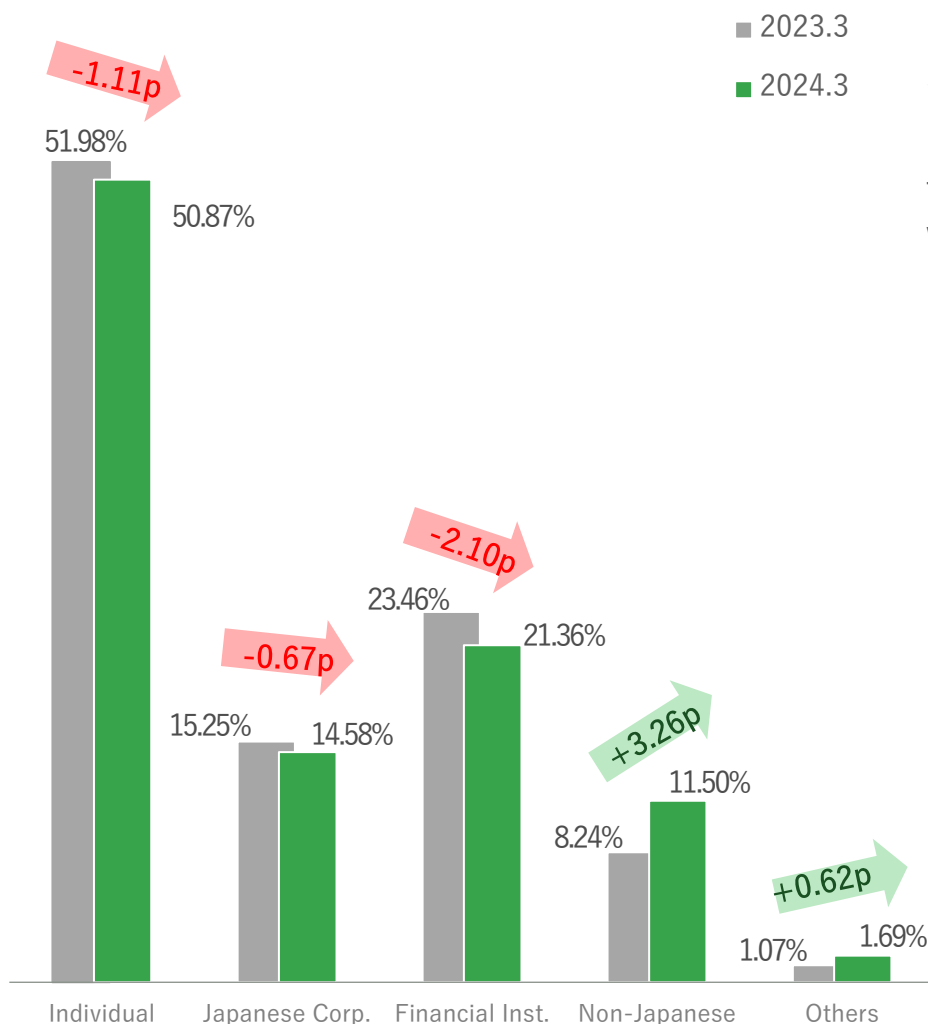
Goodwill: **¥748 million**

# Order Backlog by Service (Cumulative)



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## Shareholding by investor type



## Major shareholders

- ✓ No. of shareholders: 6,633  
(+512 since March 31,2023)
- ✓ No. of shareholders with voting rights: 5,388  
(+325 since March 31,2023)

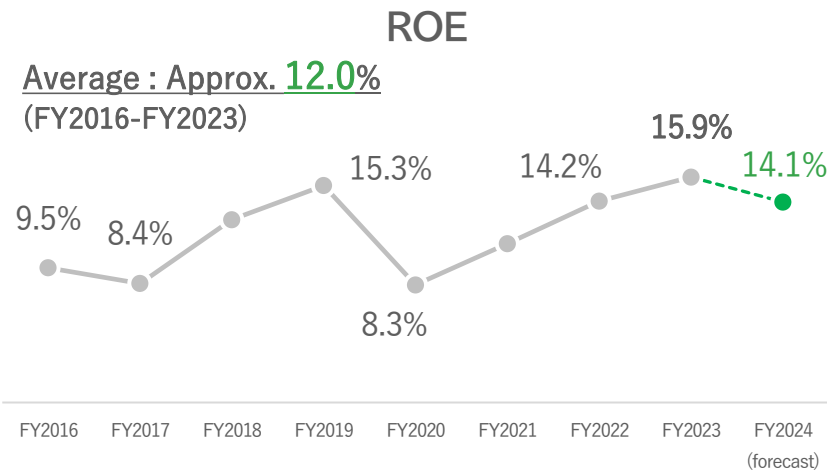
Treasury stocks (1,021 thousand shares) are not included when calculating the ratio of shareholdings.

Major shareholders		% of total shares
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	10.19%
2	A.K.Corporation	9.18%
3	ID Employee Ownership Account	6.95%
4	PERSHING-DIV. OF DLJ SECS. CORP.	6.54%
5	Custody Bank of Japan, Ltd. (Trust Account)	3.89%
6	Mizuho Trust & Banking Co., Ltd.	3.72%
7	TDC SOFT Inc.	2.50%
8	Akemi Funakoshi	1.74%
9	Custody Bank of Japan, Ltd. (Trust Account E)	1.61%
10	Kaori Marubayashi	1.58%

## Measures to improve capital efficiency

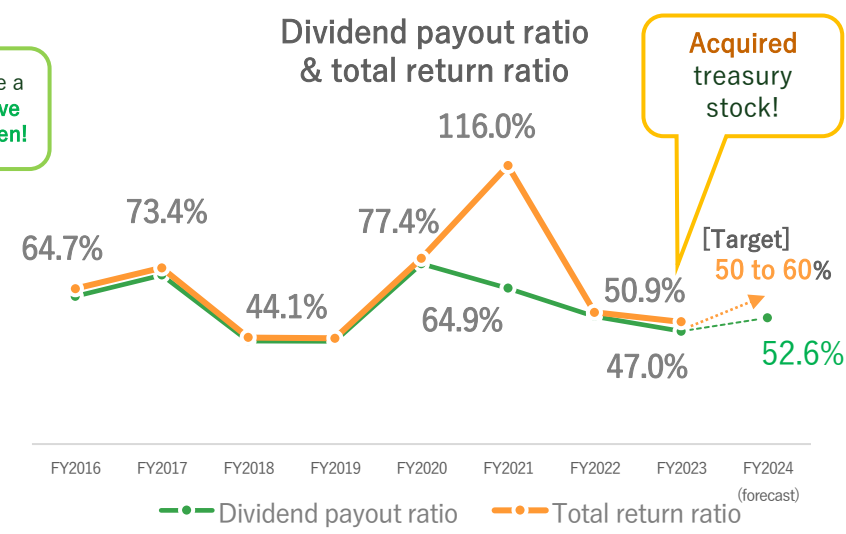
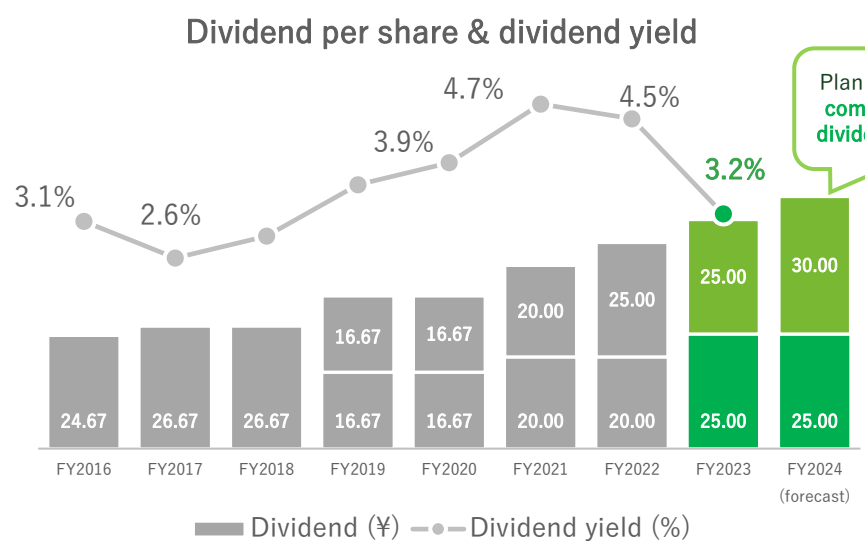
**ROE =  $\frac{\text{Net income}}{\text{Equity}}$**

- Expansion of net sales through M&A strategy and promotion of DX business
- Improvement of income margin by shifting to a service-based business model
- Investment in human resources for further growth
- Enhancement of return to shareholders through dividend distribution



## Enhancement of return to shareholders

Dividend increase : **5 times**, Stock split : **Twice** (FY2016-FY2023)



# Indicators Related to Share Price and Volume

## Indicators related to share price<sup>1</sup> (as of July 31, 2024)

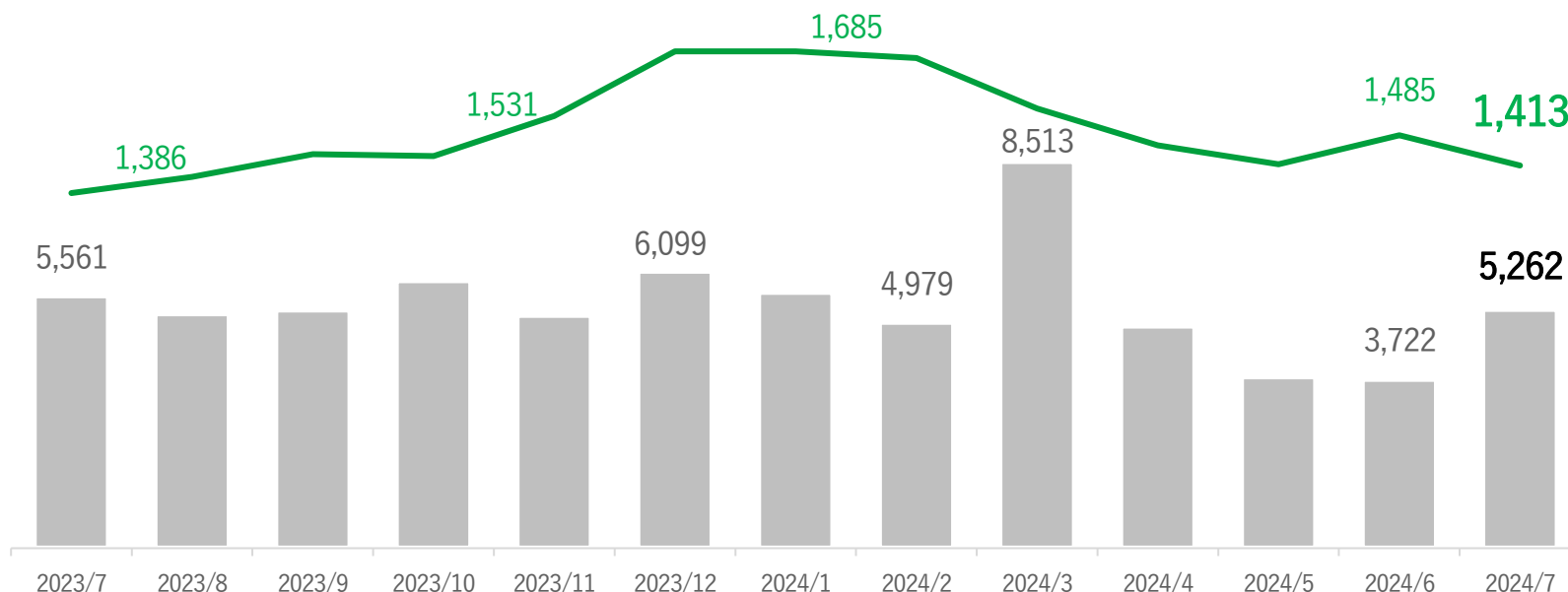
**Price Earnings Ratio (PER)**

**13.3x**

**Price Book-value Ratio (PBR)**

**2.0x**

## Trends in share price and volume<sup>2</sup> (From July 2023 to July 2024)



Notes:

■ Volume (hundreds of shares)    — Share price (yen)

1 PER and PBR are calculated based on net income per share as of March 2024, net assets per share as of March 2024 and the closing share price on July 31, 2024.

2 Volume is a monthly cumulative figure. Share price is the closing price on the last day of each month.



1

Performance Overview for Q1

2

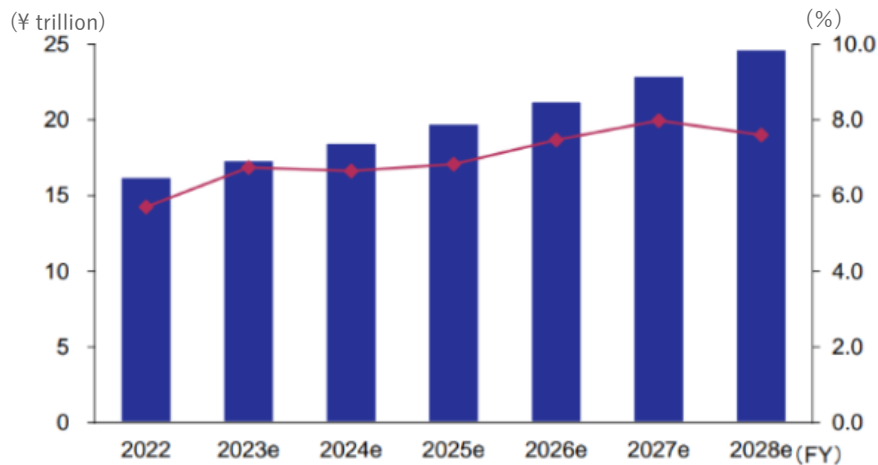
Business Focus for FY2024

3

Mid-Term Management Plan

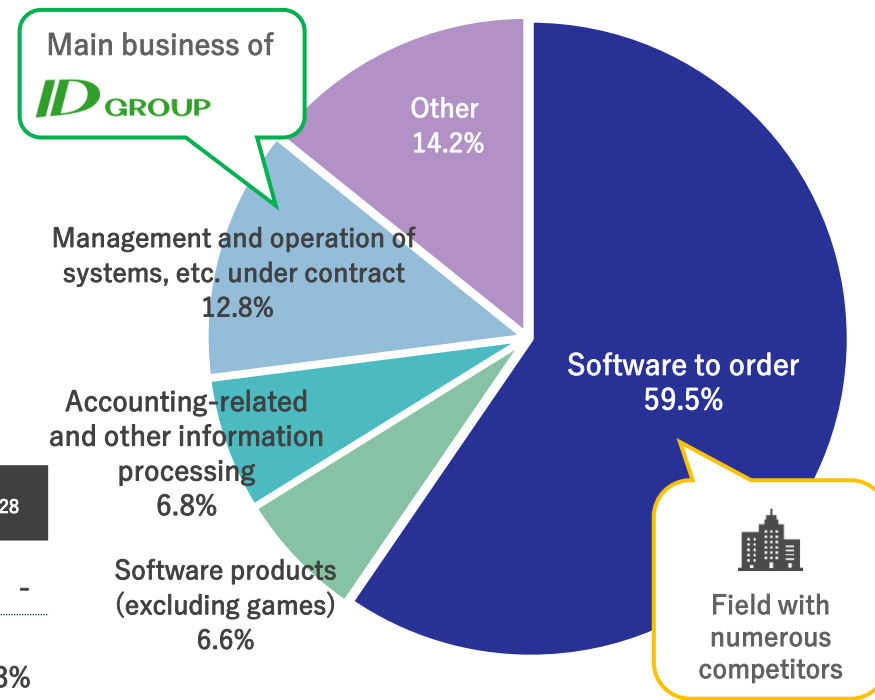
The Group expects to expand domestic IT investment in and after 2024, through upgrading of existing systems and responding to demand for DX. Compound annual growth rate (CAGR) of 7.3% is forecast for the period 2023 to 2028.

## Mid-term forecast of demand for information services in Japan



(¥ trillion)	2022 (Result)	2023 (Forecast)	2024 (Forecast)	2028 (Forecast)	CAGR 2023-2028
Domestic demand	16.3	17.4	18.5	24.7	-
Comparison with previous year	+5.7%	+6.7%	+6.7%	-	+7.3%

## Share of net sales by business (FY2022)



Main business of ID GROUP

Field with numerous competitors

Reference:

Prepared by Mizuho Bank's Industry Research Department based on Survey of Selected Service Industries, Ministry of Economy, Trade and Industry (METI) \*. Forecasts for 2023 and subsequent years are forecasts of Mizuho Bank's Industry Research Department.

\* From Mizuho Industrial Survey: Mid-term Forecasts for Japanese Industries, Next Five Years (2024-2028): Demand Trends and Recommended Strategies (18. Information Services), 2023, vol. 73, p. 4.

[https://www.mizuho.com/corporate/bizinfo/industry/sangyou/pdf/1073\\_18.pdf](https://www.mizuho.com/corporate/bizinfo/industry/sangyou/pdf/1073_18.pdf)

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# Market Environment of the Information Service Industry (2)

Expansion forecast for the data center (DC) service market size due to increased demand for AI and cloud. Large-scale investment opportunities from major IT companies such as AWS in DC-related businesses in Japan and Southeast Asia.

## Expected DC service market size in Japan (as of 2022)

The market size is expected to reach 3,208.3 billion yen in 2026  
The year-on-year growth rate is expected to bounce back due to large-scale investment

Table 4-8-1-2: Trend and forecast for Japan's data center service market size (sales)

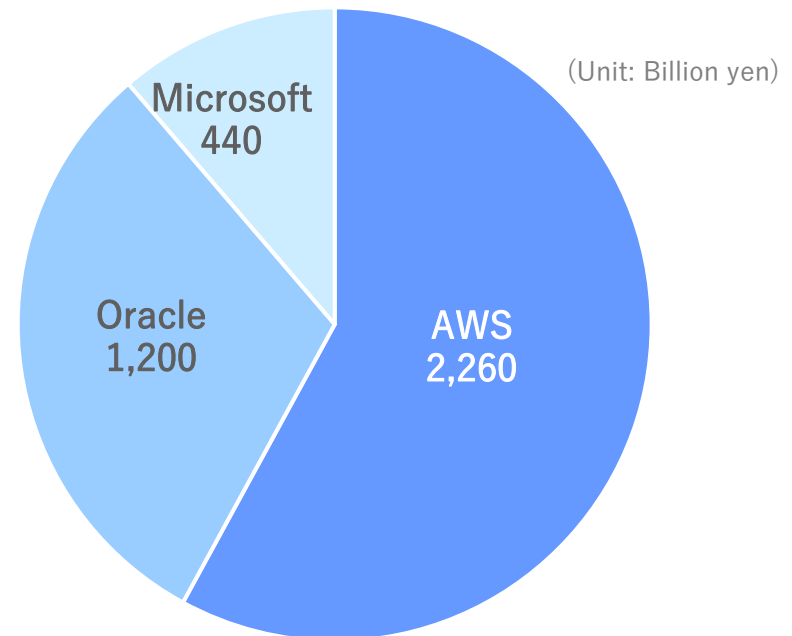


\*Values for 2022 are an estimate, and values for 2023 and beyond are a forecast.

(Source) IDC "Announcement of the domestic data center service market forecast" (August 29, 2022)<sup>3</sup>

## Future investment plans of IT companies in DC-related business in Japan

Future investment plan: 3,900 billion yen



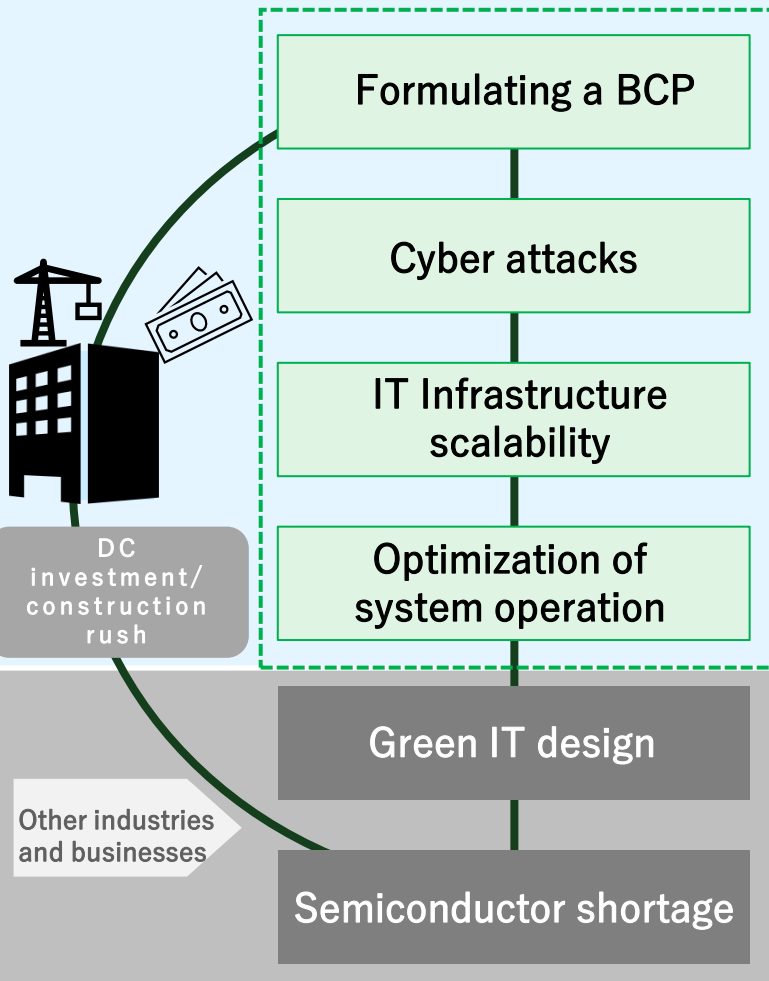
### [References]

- 1) Ministry of Internal Affairs and Communications, 2023 edition Information and Communications White Paper <https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r05/html/nd248100.html>
- 2) Nikkei xTECH "Oracle will invest 1.2 trillion yen in Japan over 10 years in cloud and AI fields" (2024.04.18) <https://xtech.nikkei.com/atcl/nxt/news/24/00591/>
- 3) Nikkei xTECH "Microsoft to invest 440 billion yen to increase data centers in Japan to meet demand for generative AI" (2024.04.10) <https://xtech.nikkei.com/atcl/nxt/news/24/00547/>
- 4) Nikkei xTECH "AWS to invest 2.26 trillion yen in Japan over 5 years to expand data center facilities in anticipation of cloud demand" (2024.01.19) <https://xtech.nikkei.com/atcl/nxt/news/24/00077/>
- 5) The Nikkei "Southeast Asia: Renewable energy brings in data centers; US tech keen on investment" (2024.05.14) <https://www.nikkei.com/article/DGXZQOGS095A00Z00C24A500000/>

# Strengths of the ID Group

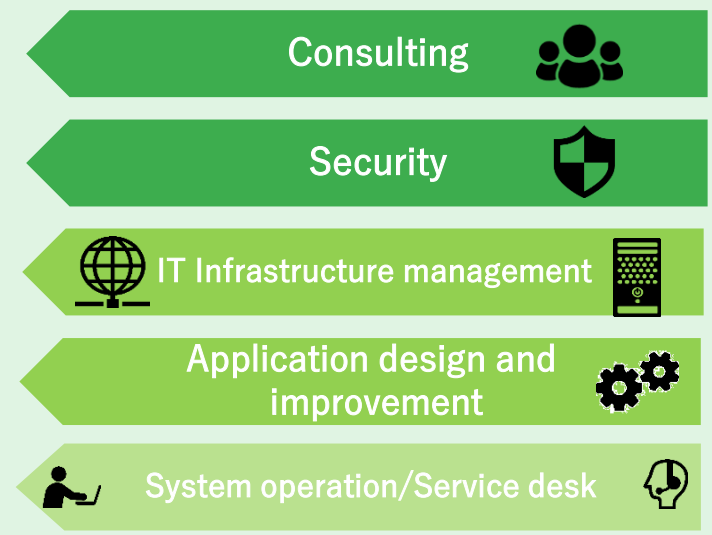
- Commitment to leveraging the Group's strengths to meet the accelerating demand for data centers (DC)
  - ⇒ Aim for **75%** net sales in the advanced system management and IT infrastructure fields.

Issues related to next-generation DC businesses



Boost for ID Group's advantage zones

ID Group's strengths  
Advanced operation and IT infrastructure fields



- Strength (1)** One of the largest group of system management engineers in Japan \*More than 1,600 people
- Strength (2)** Customer/industry know-how across multiple fields centered on finance
- Strength (3)** Advanced operation services using Metaverse, AI, and cloud

Change or Die!

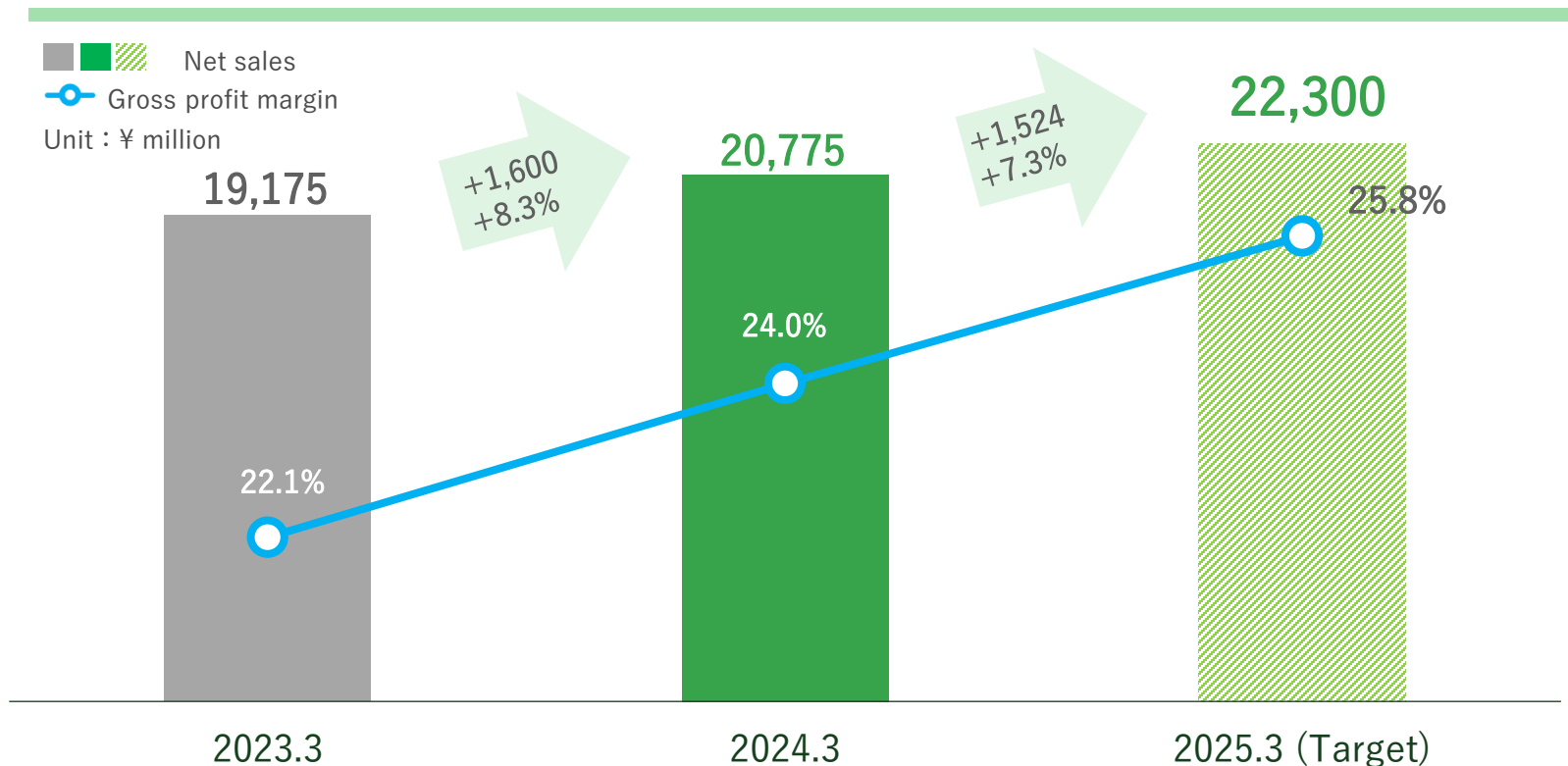
# Business focus for FY2024



Aim to increase revenue by concentrating management resources on the highly profitable advanced system management and IT infrastructure fields.

- Point 1** Develop DX personnel and strategically place them in advanced system management and IT infrastructure fields
- Point 2** Expand business transactions by strengthening collaboration with business partners

## Increase in profits in advanced operation and IT infrastructure fields



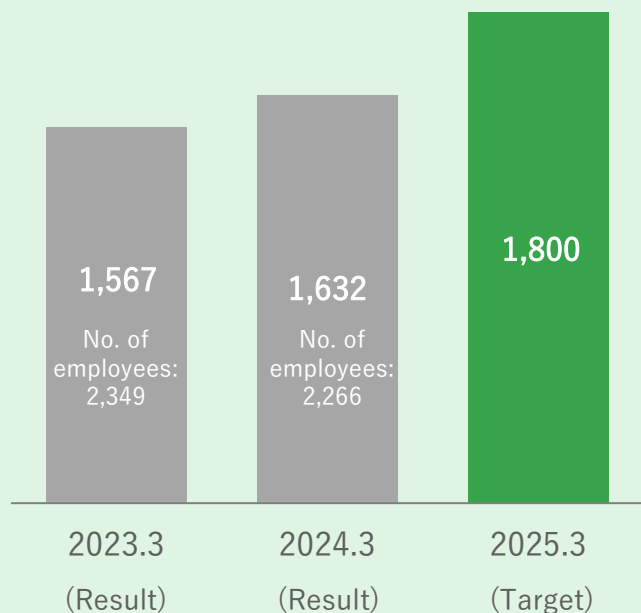
Note) The “advanced system management and IT infrastructure fields” refer to system operations, IT infrastructure development, and security solutions that use IT technologies such as AI, automation, multi-cloud, and containers, as well as the consulting and personnel training businesses that support them.

# Expansion of DX-related Business

The Group is developing engineers for DX-related business, aiming to boost profitability.

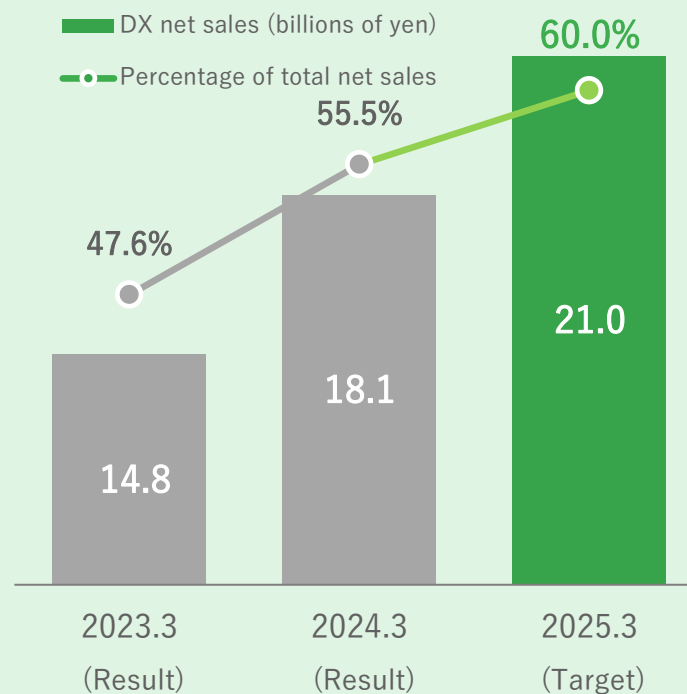
## Trend in number of DX-related engineers

Development of personnel focused on cloud computing, AI and security



## Trend in DX-related net sales

Aiming to raise DX-related net sales to **60%** of total



Note: The definition of “DX-related engineer” and the target number of DX-related engineers were revised based on the DX advancement skill standard established by METI and IPA in July 2023.

1

Performance Overview for Q1

2

Business Focus for FY2024

3

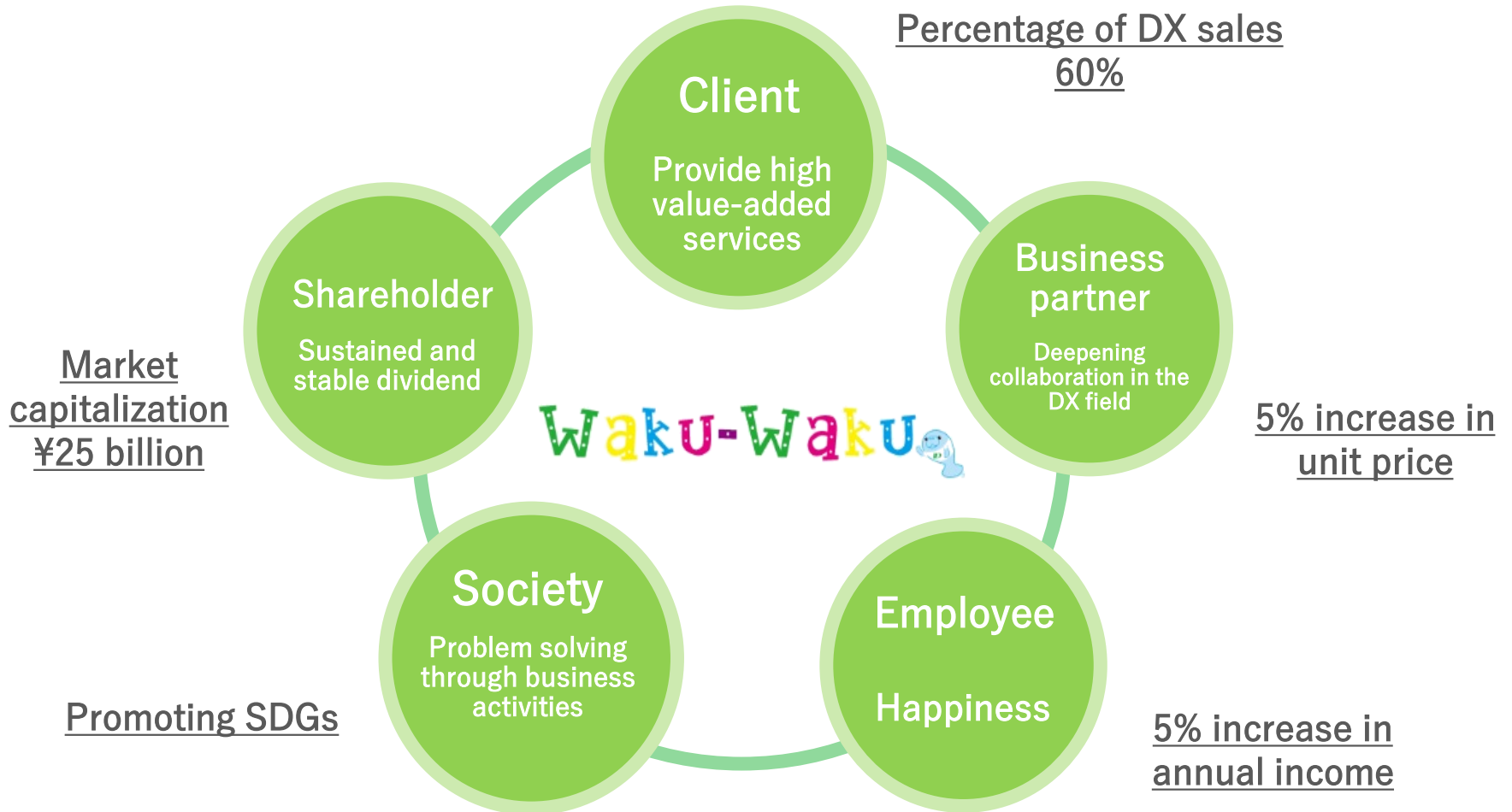
Mid-Term Management Plan

# The Goals of the Mid-Term Management Plan



■ Becoming an indispensable IT engineering partner that brings about an exciting **Waku-Waku** future for our 5 stakeholders.

Together we will **Ride on Time!**





## Next 50 Episode II : Ride on Time

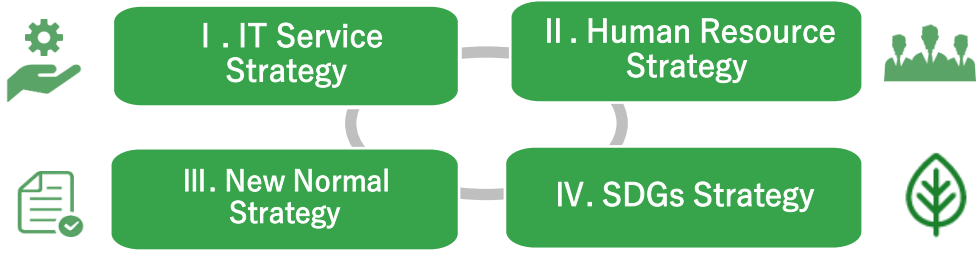
Realize a greater growth cycle by increasing corporate value and giving back to our employees and business partners!

### FY2024 Target

Net sales	¥35.0B
Operating income (%)	¥3.00B (8.6%)
EBITDA (%)	¥3.55B (10.1%)



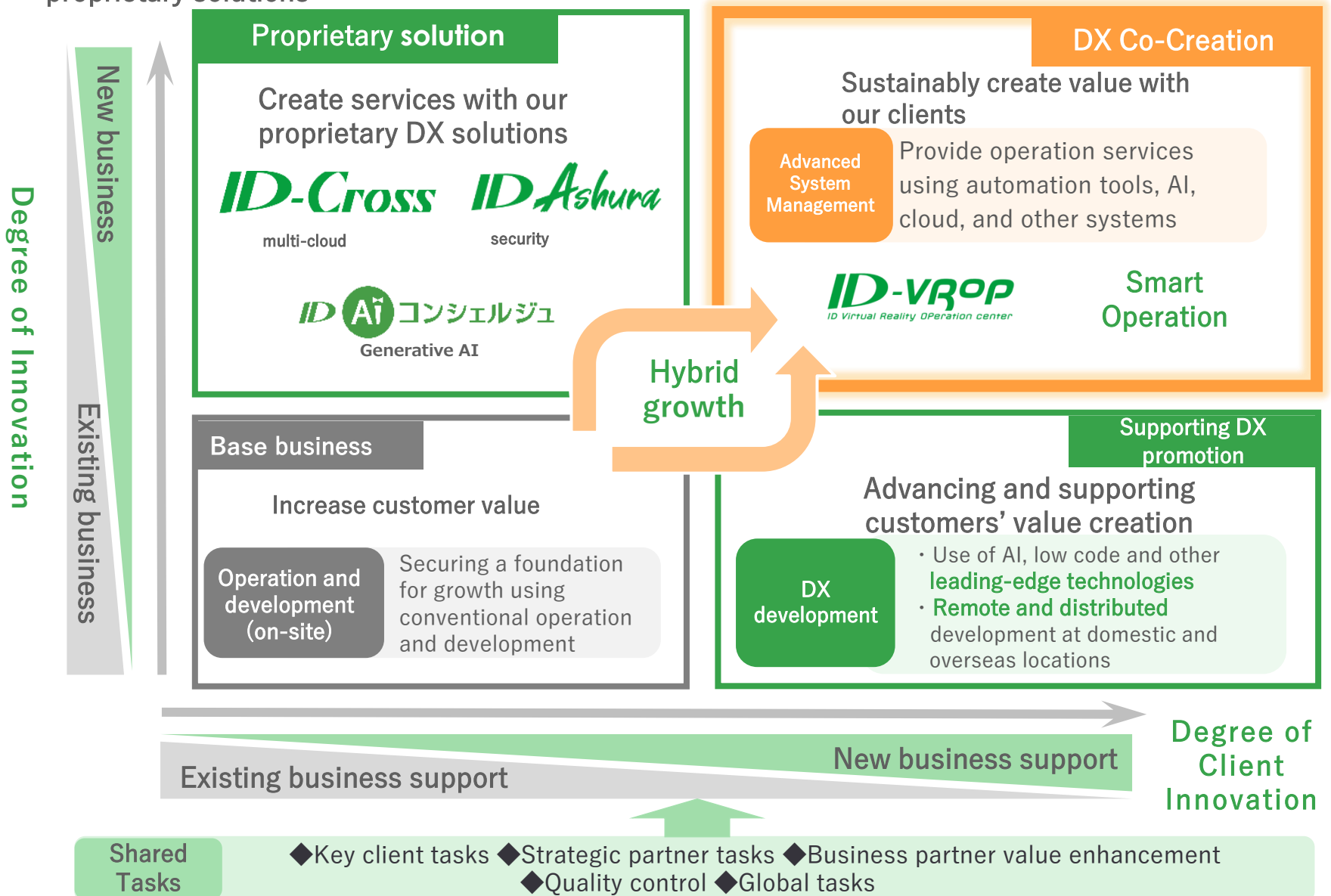
- 1 Develop business models in line with our DX portfolio
- 2 Strengthen partnerships to create greater value-added
- 3 Upgrade management divisions and reallocate resources to the business divisions



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# IT Service Strategy (DX Portfolio)

Secure revenue from base business, and expand our support for DX promotion by our clients and proprietary solutions



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In January 2024, the ID Group began sales of the Virtual Operation Center (VROP), a subscription-based SaaS service.

## ID-VROP

ID Virtual Reality Operation center

Employees can easily access the service from physically distant locations!  
Operations can continue smoothly even in the event of disaster.



Client systems are monitored on a large monitor



A wide range of communication modes are available, including voice conversation and chat

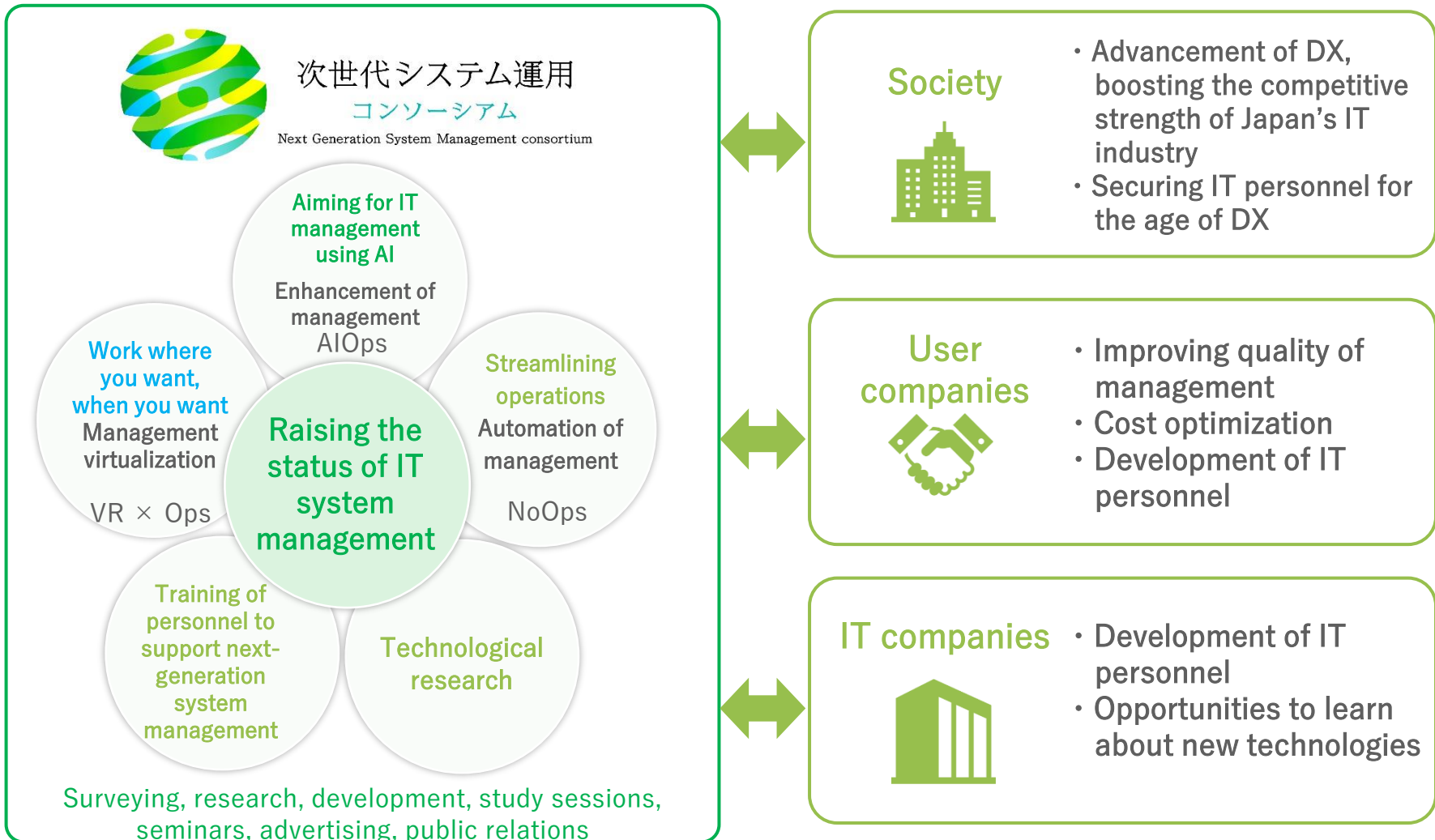
Watch a video introducing the features of VROP here.  
<https://www.youtube.com/watch?v=M1E-f-3IGYc>



# Establishment of a Next Generation System Management Consortium

ID Holdings has joined a number of companies, including Kyndryl Japan KK, user companies and seven IT companies to form the **Next Generation System Management consortium(NGSM)**. The purpose of the consortium is to propose solutions for and raise the profile of IT system management in Japan.

Change or Die!



## 1 Establishing a new company specializing in generative AI!

ID AI Factory Co., Ltd. was established in April 2024. Underpinned by the ID Group's accumulated store of AI-related technology, ID AI Factory is raising the bar in the Group's service domains of system management, cybersecurity and software development.



ID AI Factory Co.,Ltd.

## 2 ID started the operation of a medical image masking software using AI at Keio University Hospital

Trial implementation of the personal information identification and personal information masking software for medical images developed for Keio University Hospital began in February 2024. This AI system has reduced the mental stress of those in charge of reviewing medical images and has reduced their workload.



## 3 Acquisition of patent on suitable use of AI machine learning data

By applying this patented technology, the ID Group expects to guarantee that Big Data is used with AI in suitable ways, so that the rights of content creators and information providers are protected. Building on this patented technology as a foundation, the operating companies that run the Group's software development segment can partner with AI-related operating companies to achieve transformative AI services.



## 4 DX Consulting launches AI literacy training services

These training services teach everything from the basics of AI to methods of practical application. They provide the knowledge needed to apply AI appropriately, supporting customers in creating business opportunities and improving productivity.



The ID Group is strengthening its global sales and production networks, which are strongly rooted in the regional communities of countries worldwide. Our aim is to establish a “glocalized” IT service model.

## Sales network



Japan



China



Singapore



America



Amsterdam



London

## Production network

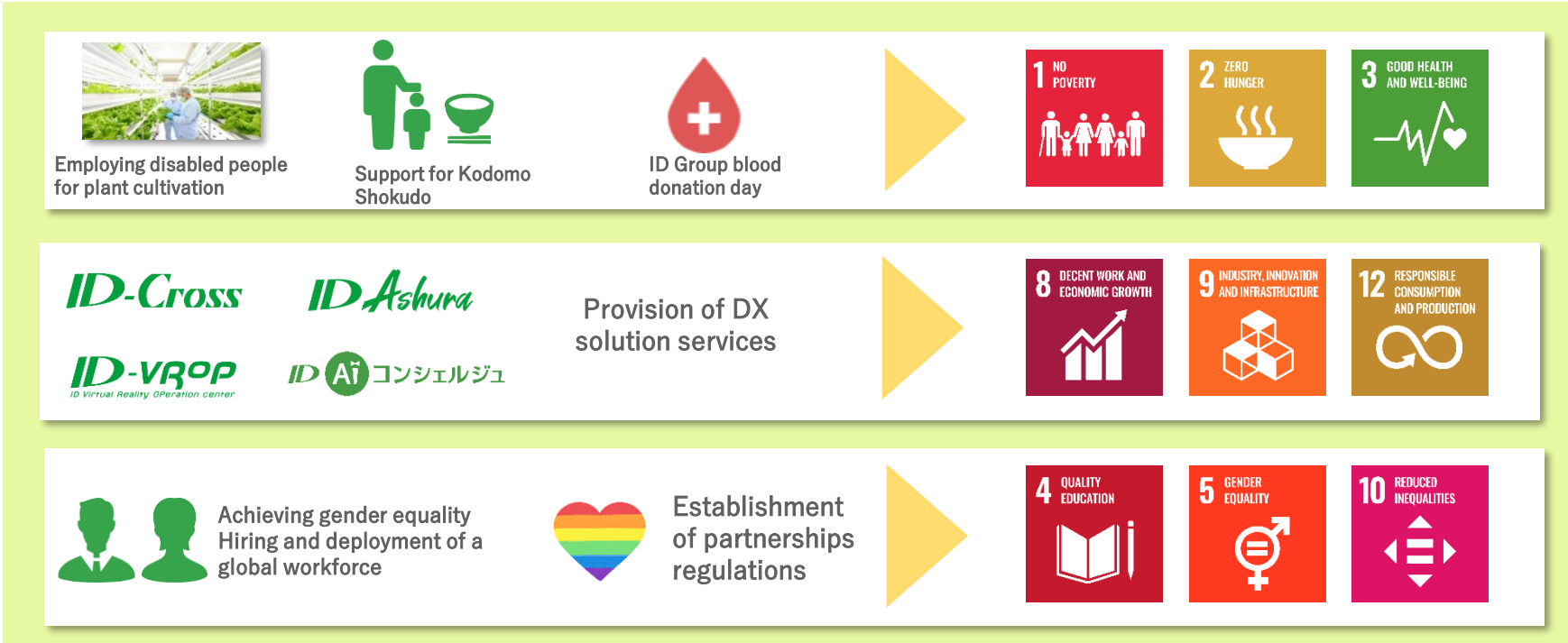


# The ID Group's Initiatives on the SDGs (excerpt)

We are making efforts to provide solutions to a wide variety of social issues through our business activities.

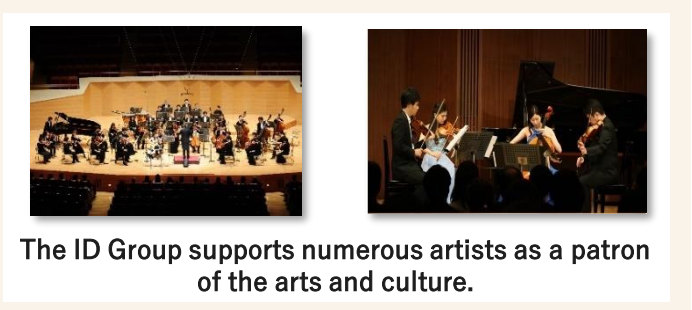
## Activities of the ID Group

### SUSTAINABLE DEVELOPMENT GOALS



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## Support for cultural activities and the fine arts



## Third-party evaluations

**Health and Productivity (2024):** Recognized for 5 years in succession

**NIKKEI Smart Work (2024):** Rated S for human resource utilization

**NIKKEI SDGs (2023):** Rated S for social value

# Forecast of Consolidated Financial Results for FY2024 (YoY)

(¥ million)	2024.3		2025.3		Diff.	YoY
	Results	(% of net sales)	Plan	(% of net sales)		
Net sales	32,680	-	35,000	-	+2,319	+7.1%
EBITDA	3,421	10.5%	3,550	10.1%	+128	+3.8%
Operating income	2,769	8.5%	3,000	8.6%	+230	+8.3%
Ordinary income	2,860	8.8%	3,000	8.6%	+139	+4.9%
Net income attributable to owners of parent	1,777	5.4%	1,750	5.0%	-27	-1.5%
Earnings per share (EPS)(¥)	106.42	-	104.55	-	-1.87	-
EPS before amortization of goodwill (¥)	133.04	-	127.49	-	-5.55	-
Cash flows from operating activities	1,422	-	2,059	-	+636	-

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# (Reference) KPIs of the Mid-Term Management Plan

	KPI	2023.3 Result	2024.3 Result	2025.3 Target
IT Service Strategy	DX Net sales	¥14.8B	¥18.1B*	¥21.0B*
	DX Net sales ratio	47.6%	55.5%	60%
Human Resource Strategy	Number of DX certifications (Annual)	315	570	1,000
	Number of DX engineers**	1,567 people	1,632 people	1,800 people
	Percentage of female employees	23.0%	23.5%	30%
	Percentage of female managers	16.3%	14.3%	30%
	Percentage of foreign employees	7.9%	8.5%	15%
New Normal Strategy	Improvement in SG&A ratio	14.1%	13.4%	13.9%
SDGs Strategy	Reduction in CO2 emissions (from electricity use) Note: compared to FY2020 electricity use	Down 100%	Down 100%	Down 20%
	Reduction in paper consumption Note: compared to FY2020	Down 30.9%	Down 39.8%	Down 23%
	Participation in environmental volunteer activities (Total number of people per year)	228 people	566 people	200 people

\* Targets are revised in accordance with upward revisions to numerical targets in the Mid-Term Management Plan.

\*\* The definition of “DX-related engineer” and the target number of DX-related engineers were revised based on the DX advancement skill standard established by METI and IPA in July 2023.

## Disclaimer

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

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