



ID Holdings

ID Holdings Corporation
April 1, 2023 – March 31, 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.



May 23, 2024

1

Performance Overview for FY2023

2

Business focus for FY2024

3

Mid-Term Management Plan

- Achieved **record-high** net sales and operating income and increased sales and profits for the **third consecutive year!**

Net Sales **¥32,680 million** (+5.1% YoY)



- ⊕ System management; cybersecurity, consulting and training; and IT infrastructure all trended favorably.

Operating Income **¥2,769 million** (+14.2% YoY)

Operating Income Margin **8.5%** (+0.7P YOY)



- ⊕ Rising sales drove up earnings
- ⊕ High-margin DX-related business expanded
- ⊖ Returning value to employees

Financial Results (Consolidated)

| (¥ million) | 2023.3 | | 2024.3 | | | |
|--|---------|------------------|---------------|------------------|-------|--------|
| | Results | (% of net sales) | Results | (% of net sales) | Diff. | YoY |
| Net sales | 31,101 | - | 32,680 | - | 1,579 | +5.1% |
| Cost of sales | 24,298 | 78.1% | 25,527 | 78.1% | 1,228 | +5.1% |
| Gross profit | 6,802 | 21.9% | 7,153 | 21.9% | 351 | +5.2% |
| SG&A expenses | 4,377 | 14.1% | 4,384 | 13.4% | 6 | +0.2% |
| EBITDA ¹ | 3,033 | 9.8% | 3,421 | 10.5% | 387 | +12.8% |
| Operating income | 2,424 | 7.8% | 2,769 | 8.5% | 344 | +14.2% |
| Ordinary income | 2,504 | 8.1% | 2,860 | 8.8% | 356 | +14.2% |
| Net income attributable to owners of parent | 1,402 | 4.5% | 1,777 | 5.4% | 374 | +26.7% |
| Earnings per share (EPS) (¥) | 84.54 | - | 106.42 | - | 21.88 | - |
| EPS before amortization of goodwill ² (¥) | 111.33 | - | 133.04 | - | 21.71 | - |

Note:

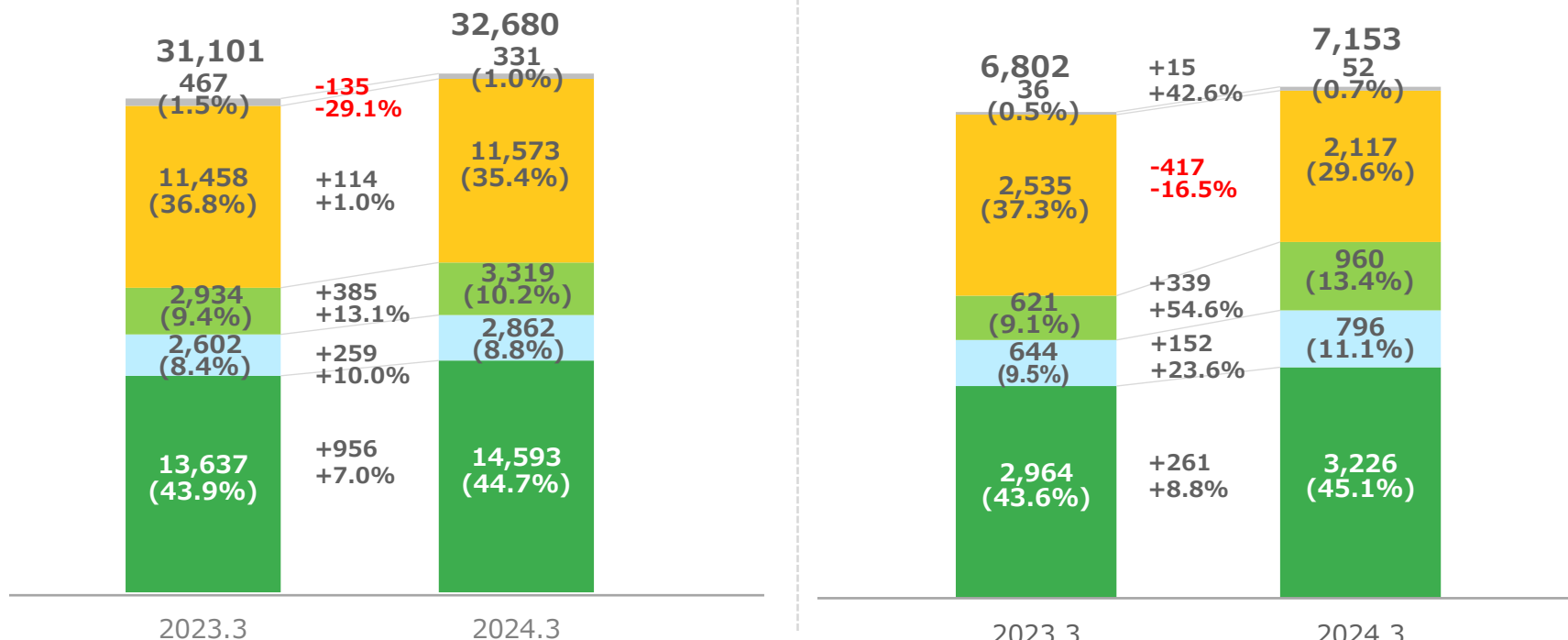
1. EBITDA = Operating income + Depreciation + Amortization of goodwill

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

(¥ million)

Net Sales

Gross Profit



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

Net Sales by Services

■ System Management

⊕ New orders were received due to redoubling of sales efforts aimed at major IT vendors, while orders accepted from existing clients swelled

■ IT Infrastructure

⊕ Major projects were accepted from finance-related clients, transactions with major IT vendors expanded and orders accepted from transport- and manufacturing-related clients grew

■ Cybersecurity, Consulting and Training

⊕ Orders accepted in consulting expanded and new projects in cybersecurity were obtained

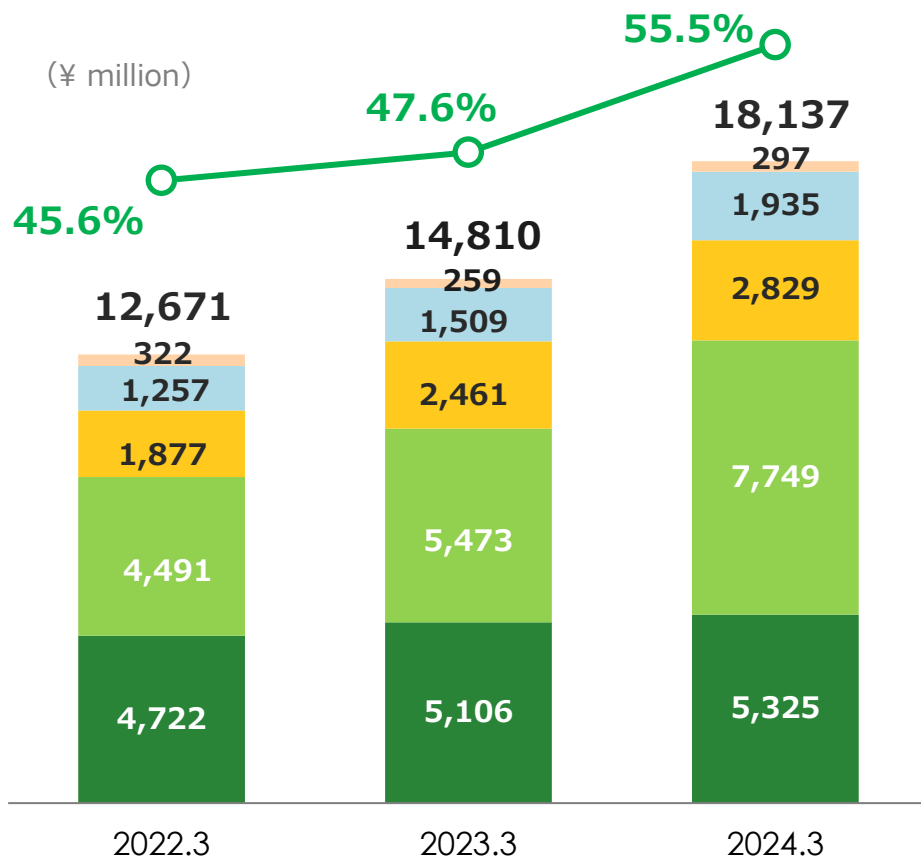
■ Software Development

⊕ Transactions expanded as a result of strengthened sales efforts toward major IT vendors, while orders accepted from public-sector and finance-related clients expanded
 ⊖ Some projects wrapped up

DX-related business

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

DX-related sales & sales ratio



✓ Expanding focus on advanced system management, remote support, consulting, and cloud.

【 Gross profit margin 】

24.7% (YoY+ **1.3P**)

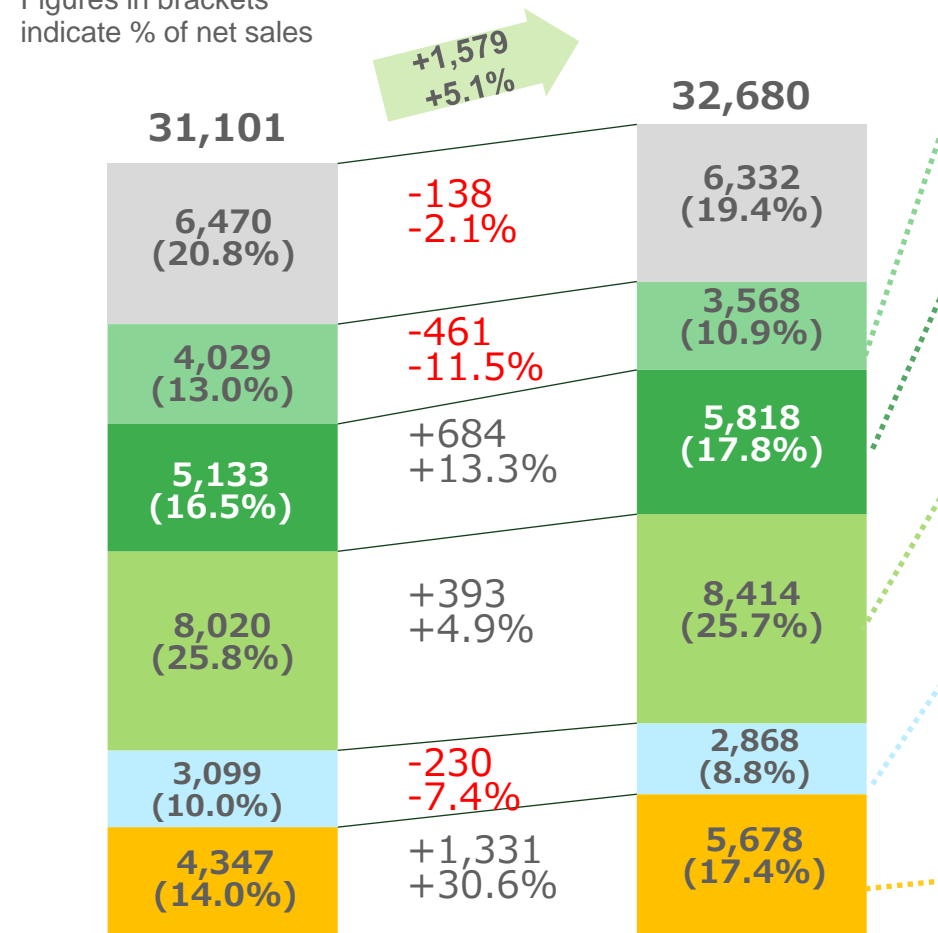
About **5** points higher than non-DX-related business

- Automation and Optimization
- Consulting and Training
- Cloud
- Remote Support, Advanced Development & System Management*
- Security and IT Infrastructure

*"Advanced System Management" has been added from the beginning of FY2023.

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

- ⊖ Completion of some projects in system management and software development

Major Customers (Non-Finance)

- ⊕ Rising orders from customers related to broadcasting, manufacturing, public-sector, and transportation
- ⊖ Wrap-up of some projects with public-sector customers

Major Customers (Finance)

- ⊕ Orders accepted for major projects in IT infrastructure
- ⊕ Expansion of orders received in software development and cybersecurity

Hitachi Group

- ⊖ Completion of some projects in software development, etc.

IBM Group

- ⊕ Receipt of new orders and expansion of existing transactions

【Reference】

| | Kyndryl Japan | MI Digital Services | IBM Japan |
|---------------|---------------|---------------------|--------------|
| 2024.3 | 2,683 (8.2%) | 1,937 (5.9%) | 1,058 (3.2%) |

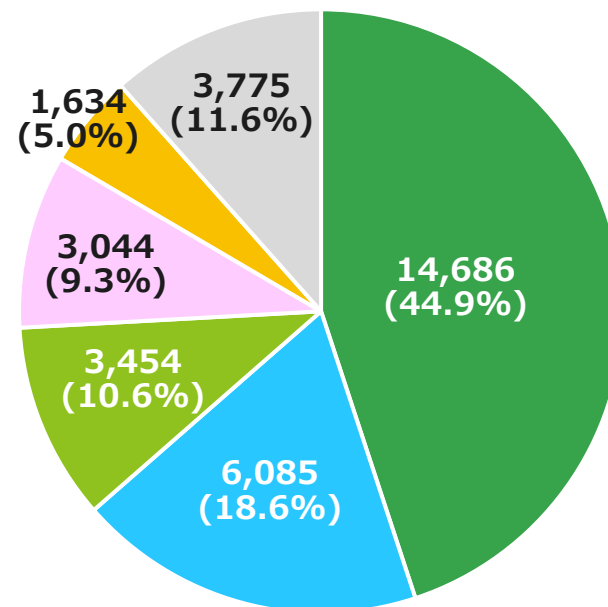
■ IBM Group ■ Hitachi Group ■ Major Customers (Finance)
■ Major Customers (Non-Finance) ■ Strategic Partners ■ Others

Change or Die!

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

| (¥ million) | 2024.3 | (% of net sales) | YoY | |
|-----------------------------|---------------|------------------|---------------|--------------|
| Finance | 14,686 | 44.9% | +1,074 | +7.9% |
| Public | 6,085 | 18.6% | +589 | +10.7% |
| Information & Communication | 3,454 | 10.6% | +199 | +6.1% |
| Manufacturing | 3,044 | 9.3% | +380 | +14.3% |
| Transportation | 1,634 | 5.0% | +123 | +8.2% |
| Others* | 3,775 | 11.6% | -787 | -17.3% |
| Total | 32,680 | 100.0% | +1,579 | +5.1% |

(¥ 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 FY2023, we have changed the accounting classification for some customers. The figures of previous fiscal year have been adjusted based on changes

Change or Die!

| | 2023.3 | 2024.3 | | Main Reasons in Changes |
|-------------------------|---------|---------|-------|---|
| (¥ million) | Results | Results | Diff. | |
| Gross profit | 6,802 | 7,153 | +351 | <ul style="list-style-type: none"> • Increase in net sales +1,579 • Increase in cost of sales +1,228 <ul style="list-style-type: none"> -Subcontract expenses +984 -Labor cost +421 -Manufacturing expenses +176 -Purchases -339 |
| SG&A expenses | 4,377 | 4,384 | +6 | <ul style="list-style-type: none"> • Decrease in personnel cost -124 <ul style="list-style-type: none"> -Reassignment of personnel from SG&A divisions to business divisions etc. • Increase in other expenses +131 |
| Operating income | 2,424 | 2,769 | +344 | |

| | 2023.3 | 2024.3 | | Main Reasons in Changes |
|--|-------------|---------|---------|--|
| | (¥ million) | Results | Results | |
| Ordinary income | 2,504 | 2,860 | +356 | <ul style="list-style-type: none"> • Increase in operating income +344 • Increase in non-operating income +9 • Decrease in non-operating expenses -2 |
| Extraordinary income | 0 | 73 | +73 | <ul style="list-style-type: none"> • Increase in gain on sales of investment securities +70 |
| Extraordinary losses | 172 | 30 | -142 | <ul style="list-style-type: none"> • Decrease in reaction to loss on retirement of non-current assets in the previous fiscal year -112 • Decrease in reaction to Loss on office closings in the previous fiscal year -37 • Loss on valuation of investment securities +27 |
| Total income taxes | 929 | 1,126 | +197 | |
| Net income attributable to owners of parent | 1,402 | 1,777 | +374 | |

Change or Die!

(¥ million)

2023.3

| | |
|-------------------------|----------------------|
| Assets 17,519 | Liabilities 7,087 |
| | Net assets 10,432 |

2024.3

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

Main Factors

| | |
|--|------|
| • Cash and deposits increased | +851 |
| • Investment securities increased | +592 |
| • Contract assets increased | +499 |
| • Accounts receivable –trade increased | +126 |
| • Decrease due to amortization of goodwill | -444 |

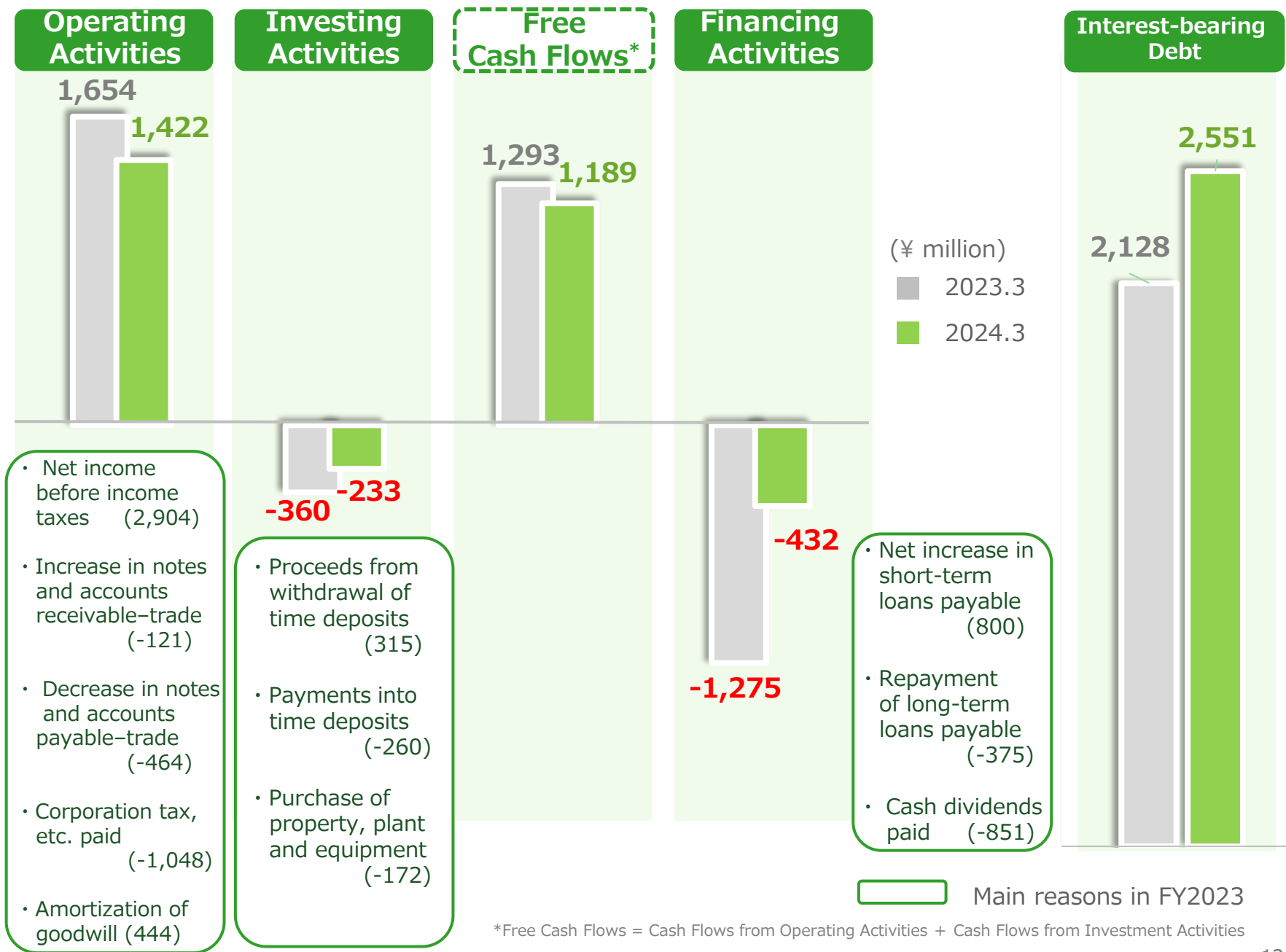
Main Factors

| | |
|-----------------------------------|------|
| • Interest-bearing debt increased | +422 |
|-----------------------------------|------|

Equity Ratio
59.6%
Current Ratio
196.9%
Goodwill
859 million

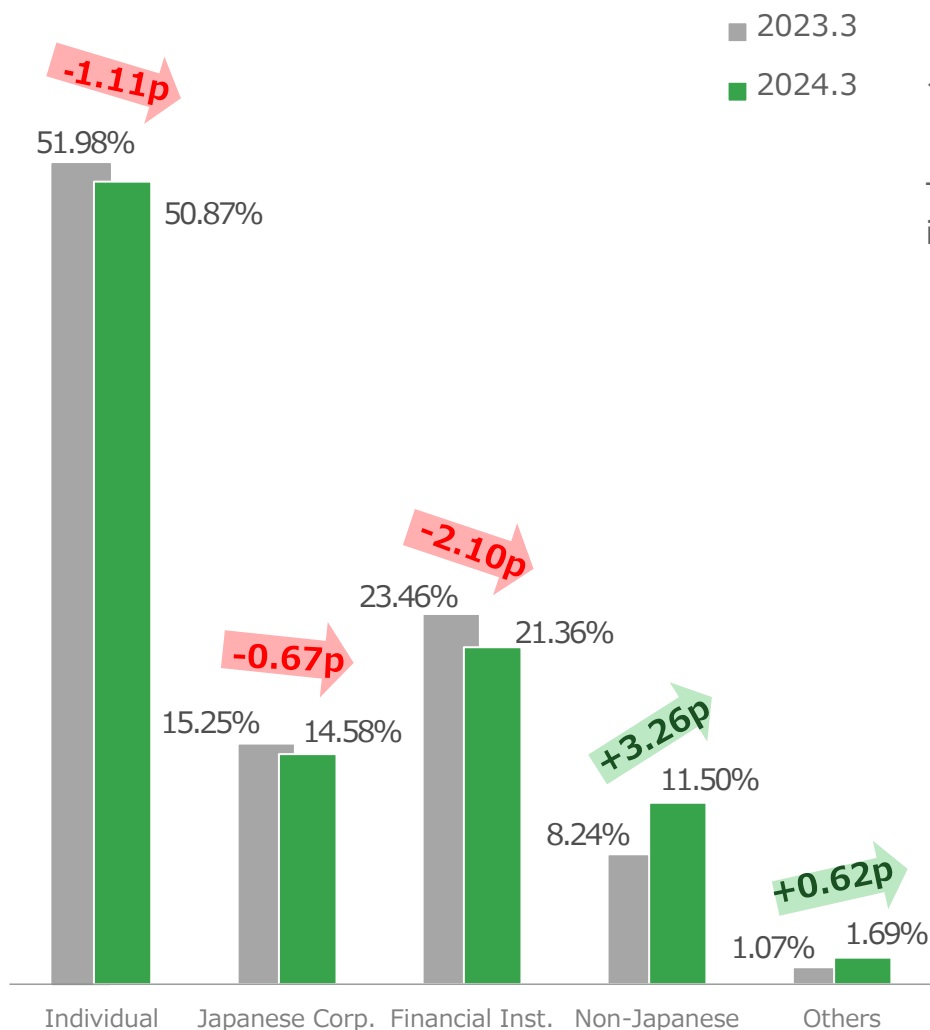
Cash Flows and Interest-bearing Debt

Change or Die!



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

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)

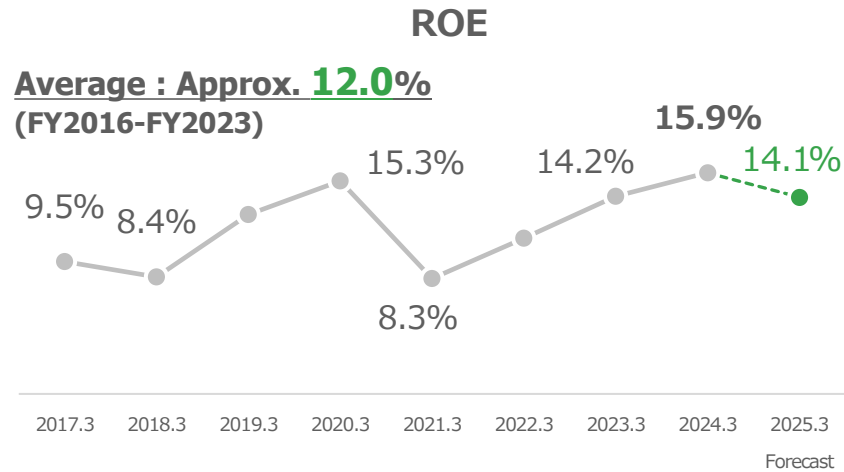
Treasury stocks (1,021 thousand shares) are not included when calculating the ratio of shareholdings.

| 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

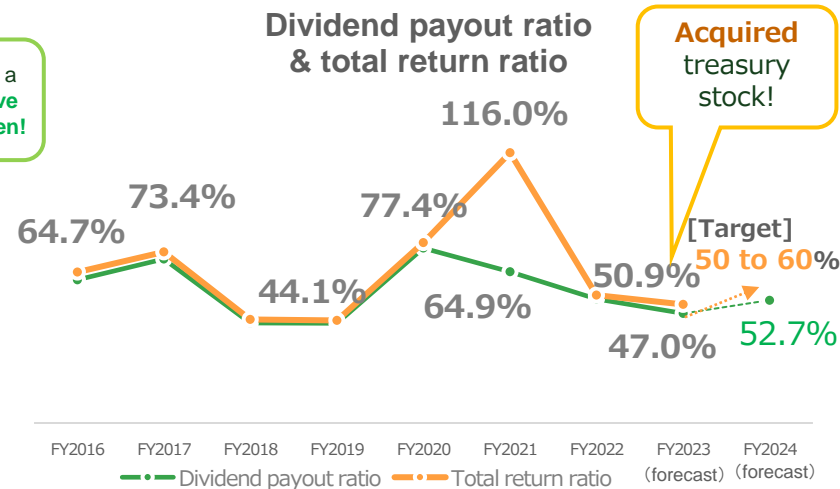
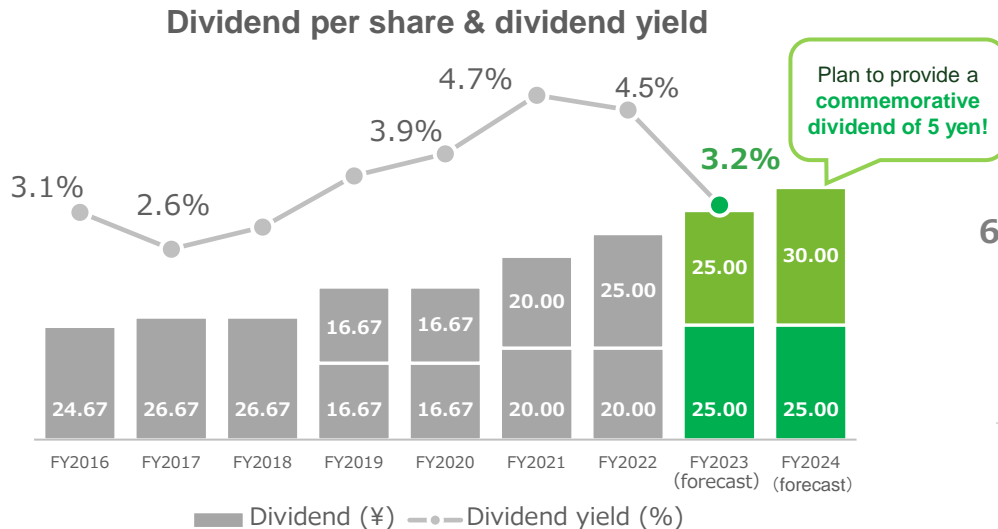
ROE = $\frac{\text{Net income}}{\text{Equity}}$

- 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)



※Total return ratio = (Total dividends + Amount of purchase of treasury stock) + Net income attributable to owners of parent

Indicators related to share price¹ (as of April 30, 2024)

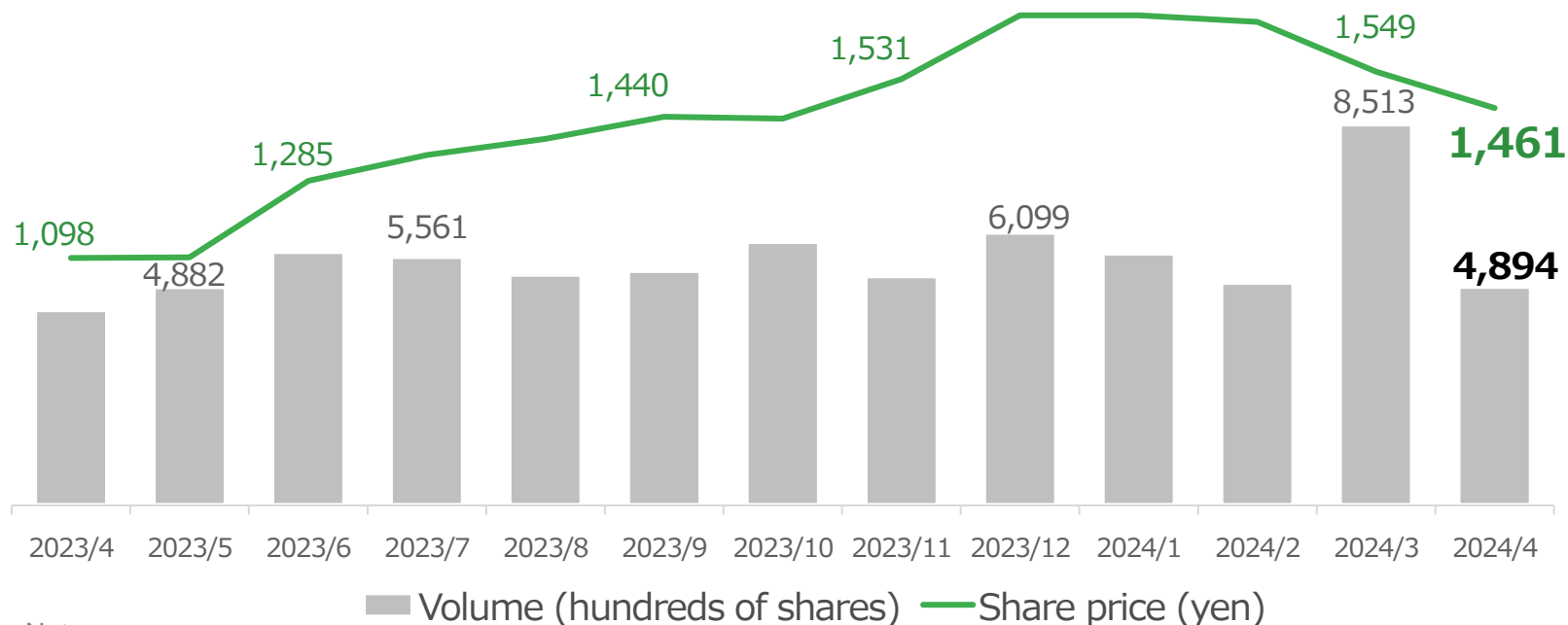
Price Earnings Ratio (PER)

13.7x

Price Book-value Ratio (PBR)

2.0x

Trends in Share Price and Volume² (From April 2023 to April 2024)



Note:

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 April 30, 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 FY2023

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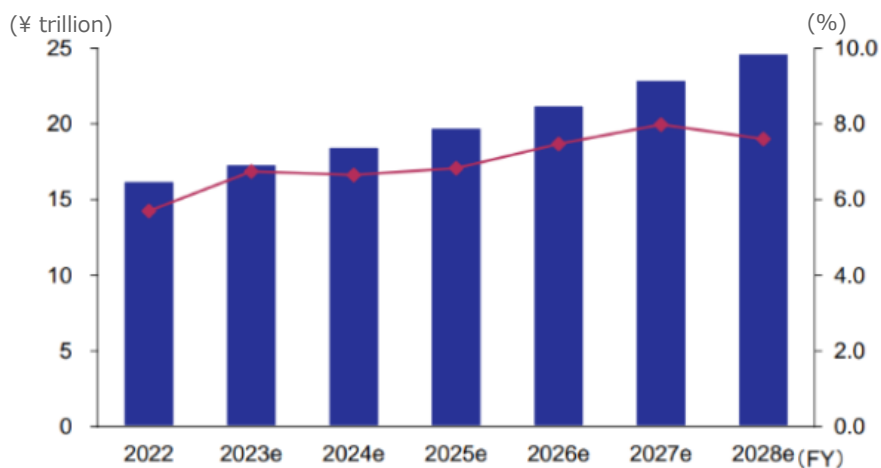
Business focus for FY2024

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.

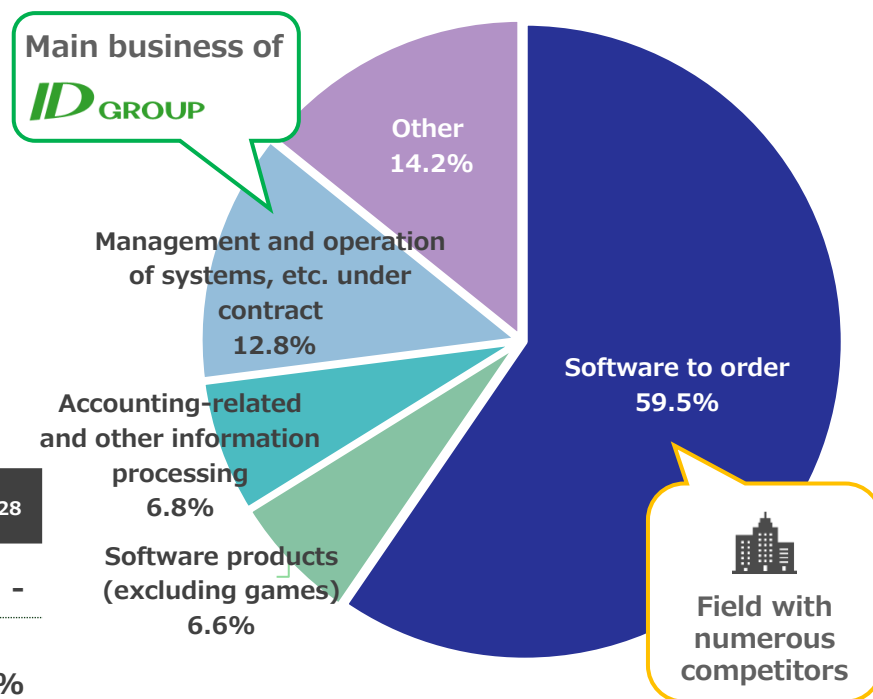
Mid-term forecast of demand for information services in Japan



■ Net sales — Sales growth rate

| (¥ 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)



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-bank.co.jp/corporate/bizinfo/industry/sangyou/pdf/1073_18.pdf

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)

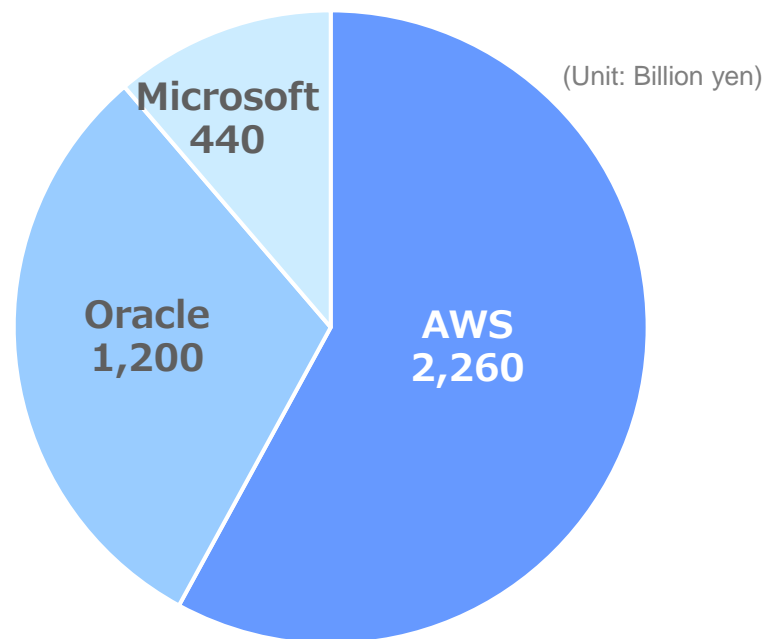


*Values for 2022 are an estimate, and values for 2023 and beyond are a forecast.

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

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

Future investment plan: 3,900 billion yen



[References]

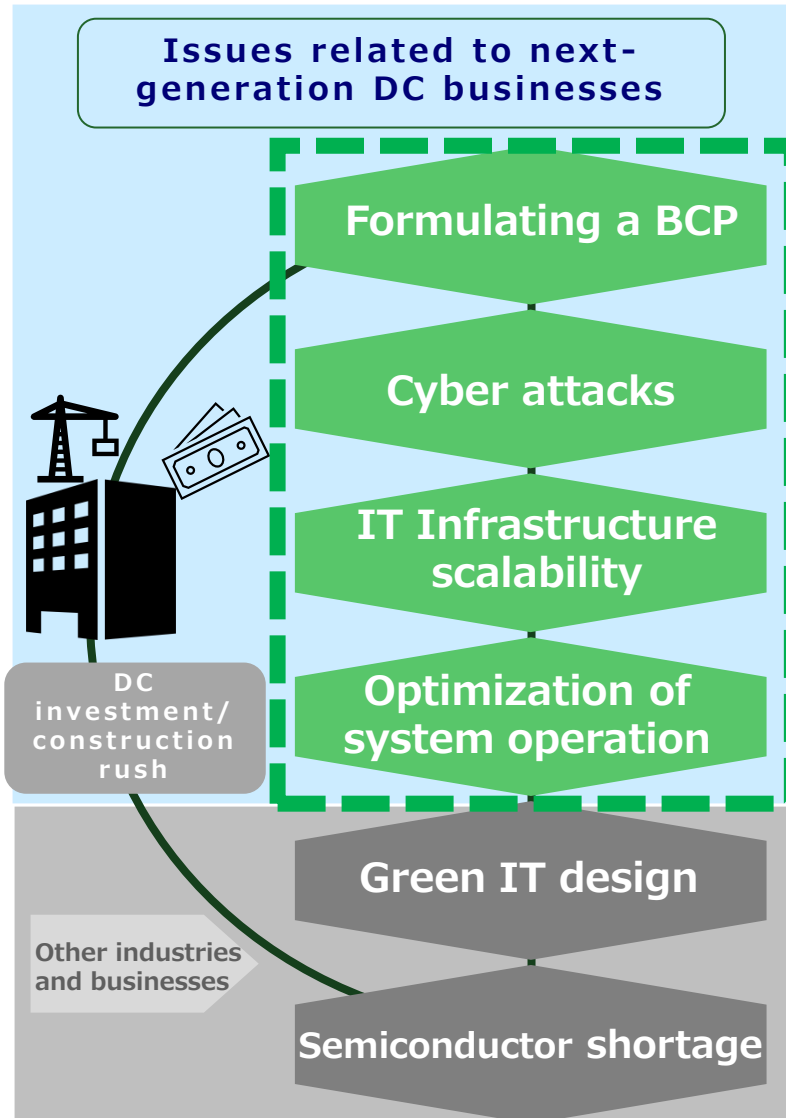
- 1) Ministry of Internal Affairs and Communications, 2023 edition Information and Communications White Paper <https://www.soumu.go.jp/johotsusintokei/whitepaper/ja/r05/html/nd248100.html>
- 2) Nikkei xTECH "Oracle will invest 1.2 trillion yen in Japan over 10 years in cloud and AI fields" (2024.04.18) <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/DGXZQOGS095A00Z00C24A5000000/>

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

Change or Die!



Boost for ID Group's advantage zones

ID Group's strengths
Advanced operation and IT infrastructure fields

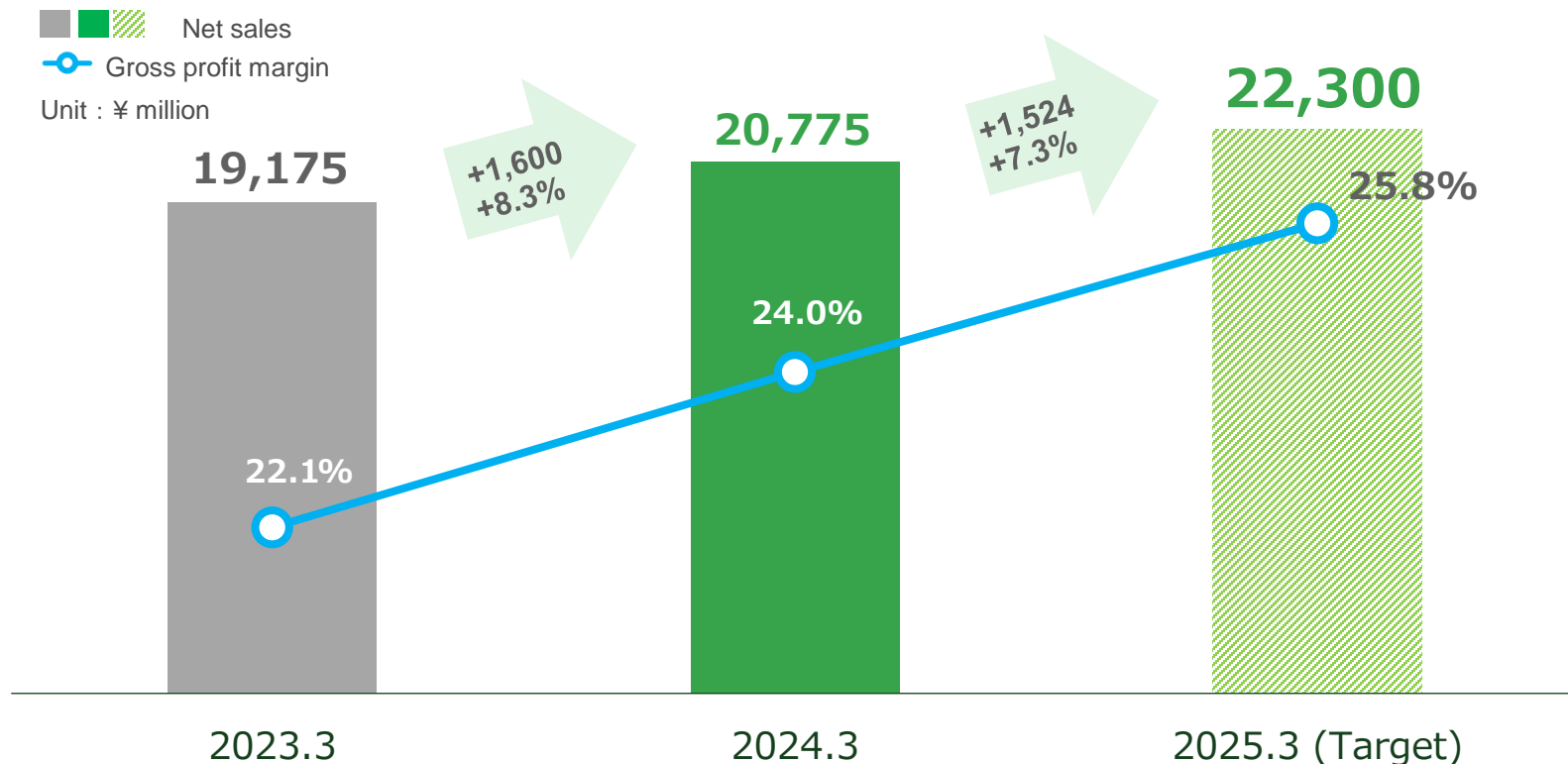
- Consulting
- Security
- IT Infrastructure management
- Application design and improvement
- System operation/Service desk

| | |
|---------------------|--|
| 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 |

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

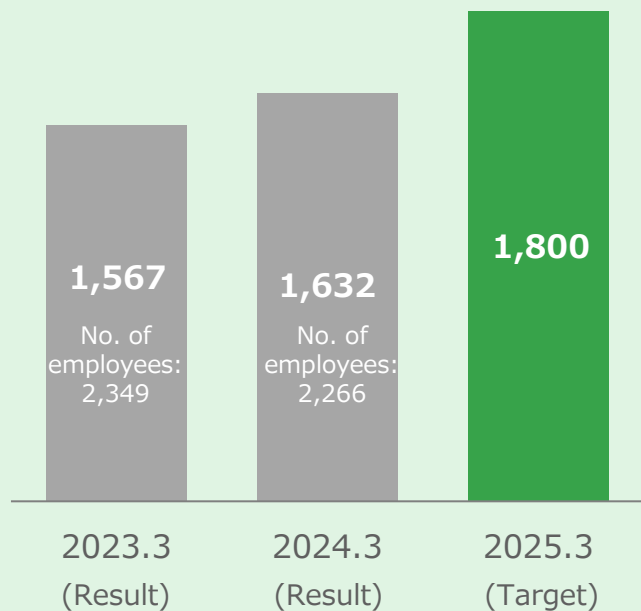


Note) The “advanced system management and IT infrastructure fields” refer to system operations, IT infrastructure development, and security solutions that use IT technologies such as AI, automation, multi-cloud, and containers, as well as the consulting and personnel training businesses that support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

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

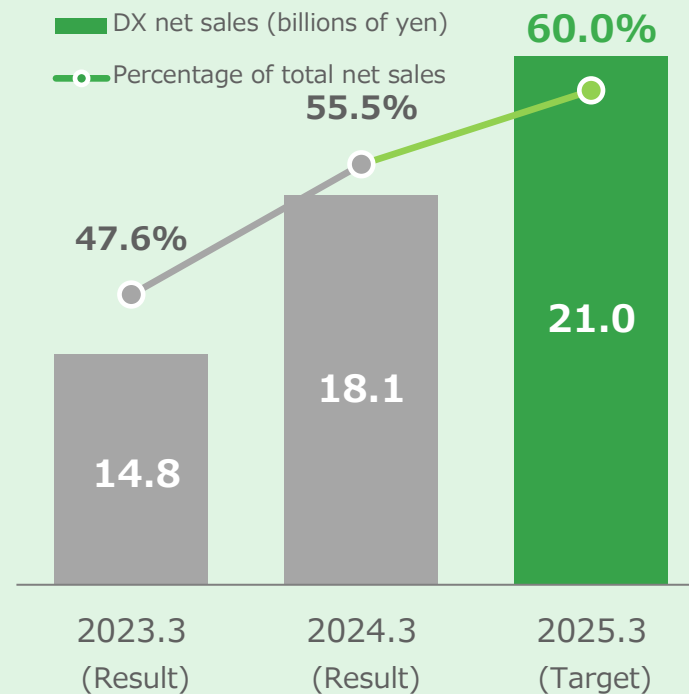
Trend in number of DX-related engineers

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 FY2023

2

Business focus for FY2024

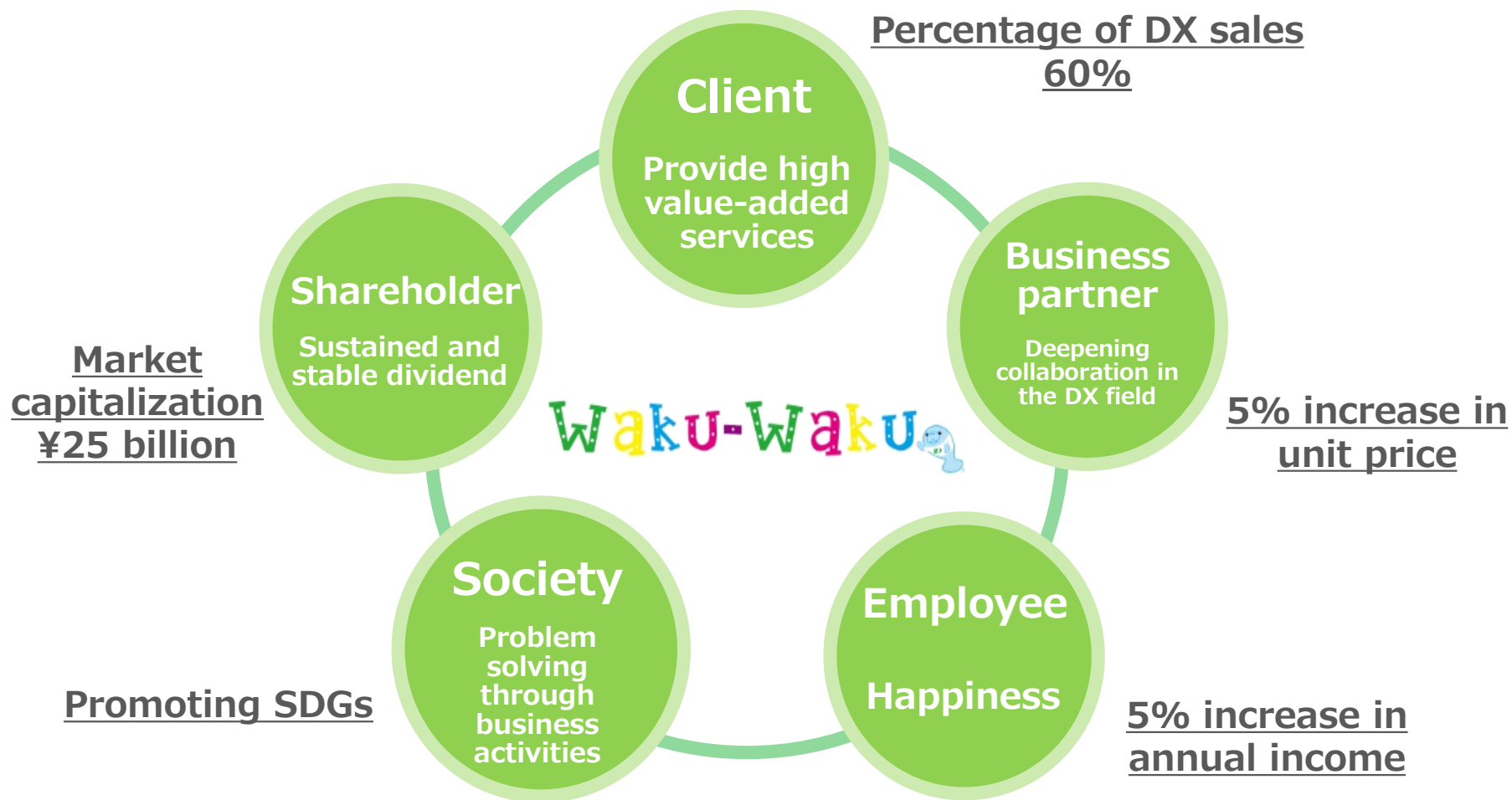
3

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!**



Change or Die!



Next 50 Episode II : Ride on Time

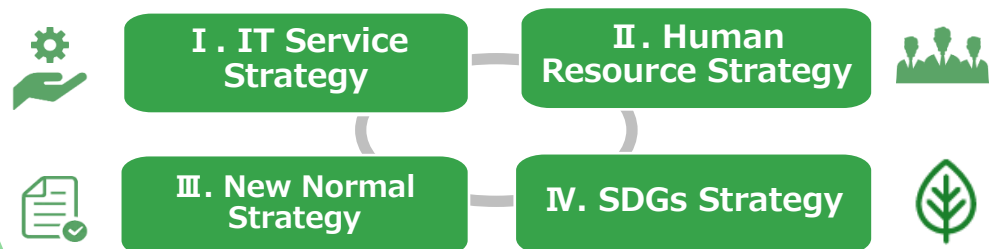
Realize a greater growth cycle by increasing corporate value and giving back to our **employees and business partners!**

■ FY2024 Target

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

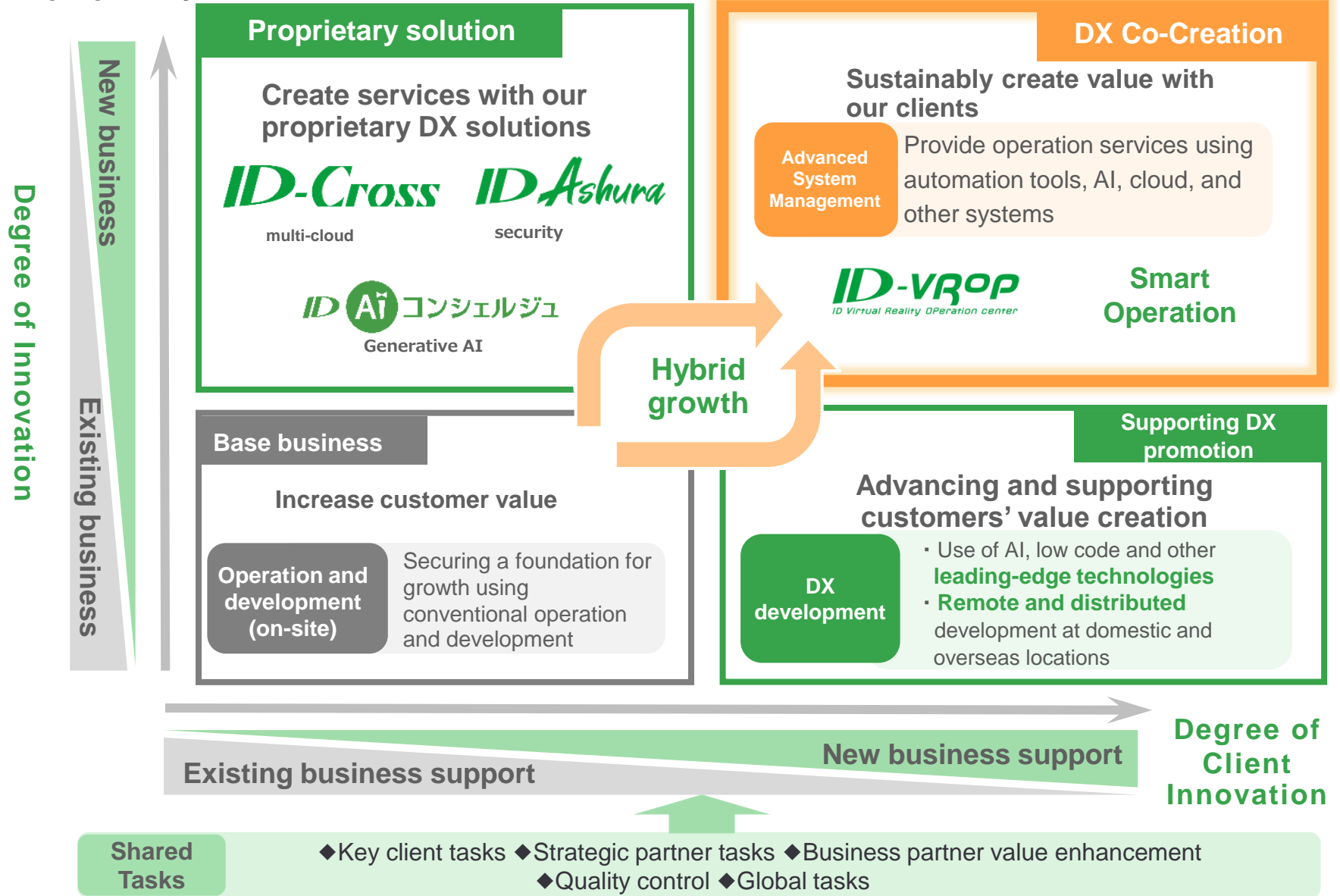


- 1** Develop business models in line with our DX portfolio
- 2** Strengthen partnerships to create greater value-added
- 3** Upgrade management divisions and reallocate resources to the business divisions



Change or Die!

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



Change or Die!

* Source: "2021 White paper of information service industry" p.6 "DX Business Portfolio" partially revised
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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



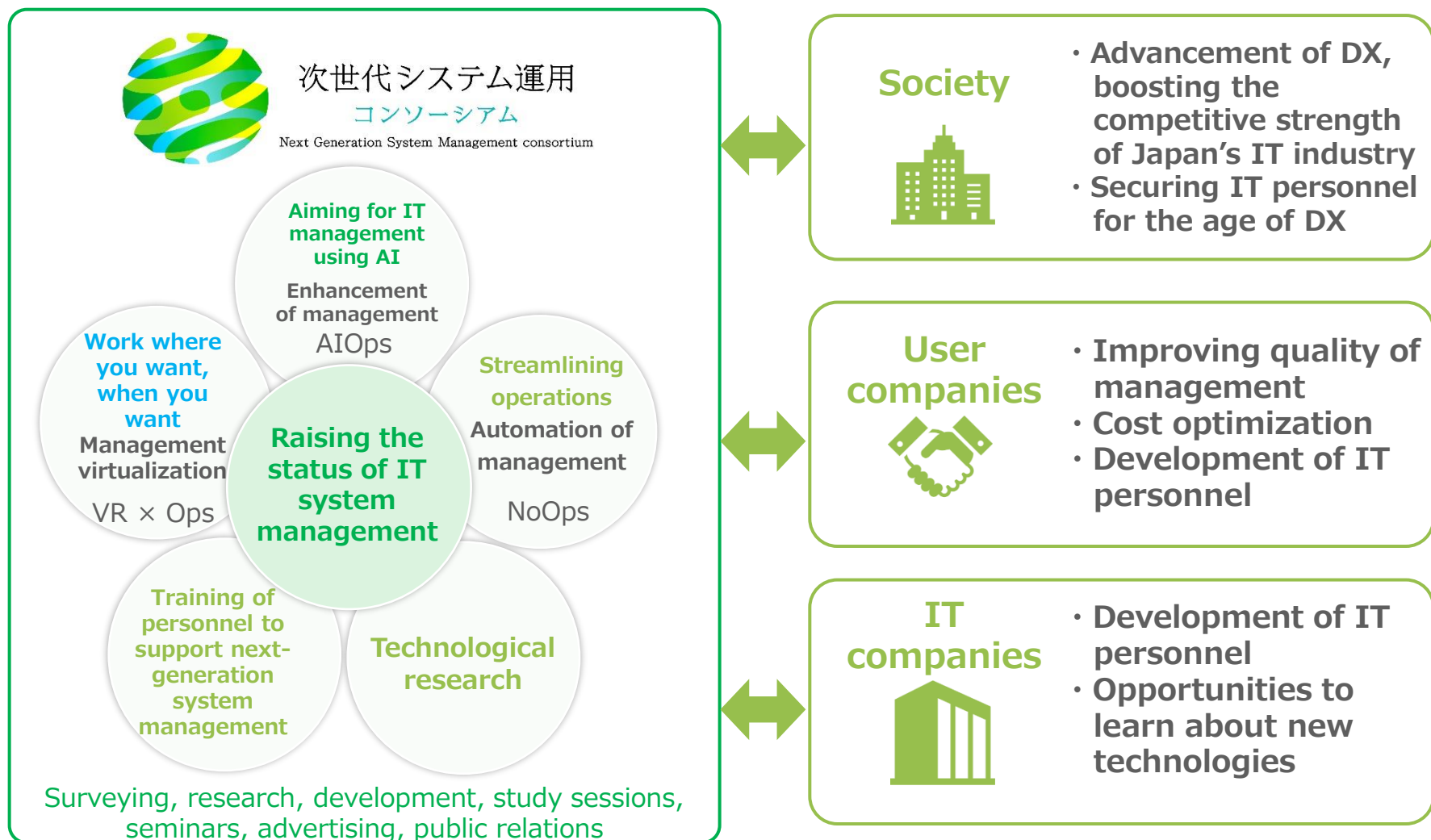
A wide range of communication modes are available, including voice conversation and chat

Watch a video introducing the features of VROP here.
<https://www.youtube.com/watch?v=juCYgQO1uW8>



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 Using virtual spaces for lessons in cybersecurity

Cyberattacks are growing in sophistication day by day. A cyber range recreates these cyberattacks in a virtual practice environment in which users can train. The Company is partnering with SimSpace, the United States' leader in the cyber-range field, to support customers' training of security personnel.



2 Establishing a new company specializing in generative AI!

"ID AI Factory Co., Ltd." was newly established in April 2024. In addition to researching and developing AI, the new company will provide business support for operations, infrastructure design, software development, and AI services for security risks to accelerate the realization of operational efficiency and quality improvement.

ID AI Factory Co.,Ltd.

3 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.

AI-based personal information masking tool



4 Obtained 3 patents using advanced technology

The company has obtained 3 patents using blockchain. Blockchain is a type of secure database technology that makes it difficult to tamper with data. We are creating new services that combine patented technologies with existing businesses.



Blockchain

x



Cyber Security

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



Change or Die !

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

Activities of the ID Group



| | | | | | |
|--|------------------------------------|--|--|--|--|
| <p>Employing disabled people for plant cultivation</p> | <p>Support for Kodomo Shokudo</p> | <p>ID Group blood donation day</p> | | | |
| | | <p>Provision of DX solution services</p> | | | |
| <p>Achieving gender equality Hiring and deployment of a global workforce</p> | <p>Investment in Artreoss Inc.</p> | | | | |

Change or Die!

Support for cultural activities and the fine arts

| | |
|--|--|
| | |
| <p>The ID Group supports numerous artists as a patron of the arts and culture.</p> | |

Third-party evaluations

| | | |
|--|---|---------------------------------|
| <p>2024 健康経営優良法人 Health and productivity</p> | <p>2024 ★★★★</p> | <p>2023 ★★★★</p> |
| <p>Recognized for 5 years in succession</p> | <p>Rated S for human resource utilization</p> | <p>Rated S for social value</p> |

Forecast of Consolidated Financial Results for FY2024 (YoY)

| | 2024.3 | | 2025.3 | | | |
|---|---------|------------------|--------|------------------|--------|-------|
| (¥ million) | Results | (% of net sales) | Plan | (% of net sales) | Diff. | YoY |
| 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 | - | 104.36 | - | -2.06 | - |
| EPS before Amortization of Goodwill(¥) | 133.04 | - | 127.25 | - | -5.79 | - |
| Cash flows from operating activities | 1,422 | - | 2,059 | - | +636 | - |

Change or Die !

(Reference) KPIs of the Mid-Term Management Plan

Change or Die!

| | 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 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.

Forecasts and plans contained in these non-historical information are based on our judgment in accordance with the information available at the time of publication.

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