



# ID Holdings

ID Holdings Corporation  
April 1, 2024 – September 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.



November 20, 2024

1

Performance Overview for Q2

2

Business Focus for FY2024

3

Mid-Term Management Plan

**Net Sales**    **¥ 17,347 million** (+8.8% YoY)



⊕ All services, paced by IT infrastructure, posted solid growth trends, as the Group revised order acceptance prices and strategically committed management resources to the highly profitable fields of advanced operations and IT infrastructure.

**Operating Income**    **¥1,737 million** (+22.2% YoY)

**Operating Income Margin**    **10.0%** (+1.1P YOY)



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

⊕ High-margin DX-related business expanded.

# Financial Results (Consolidated)

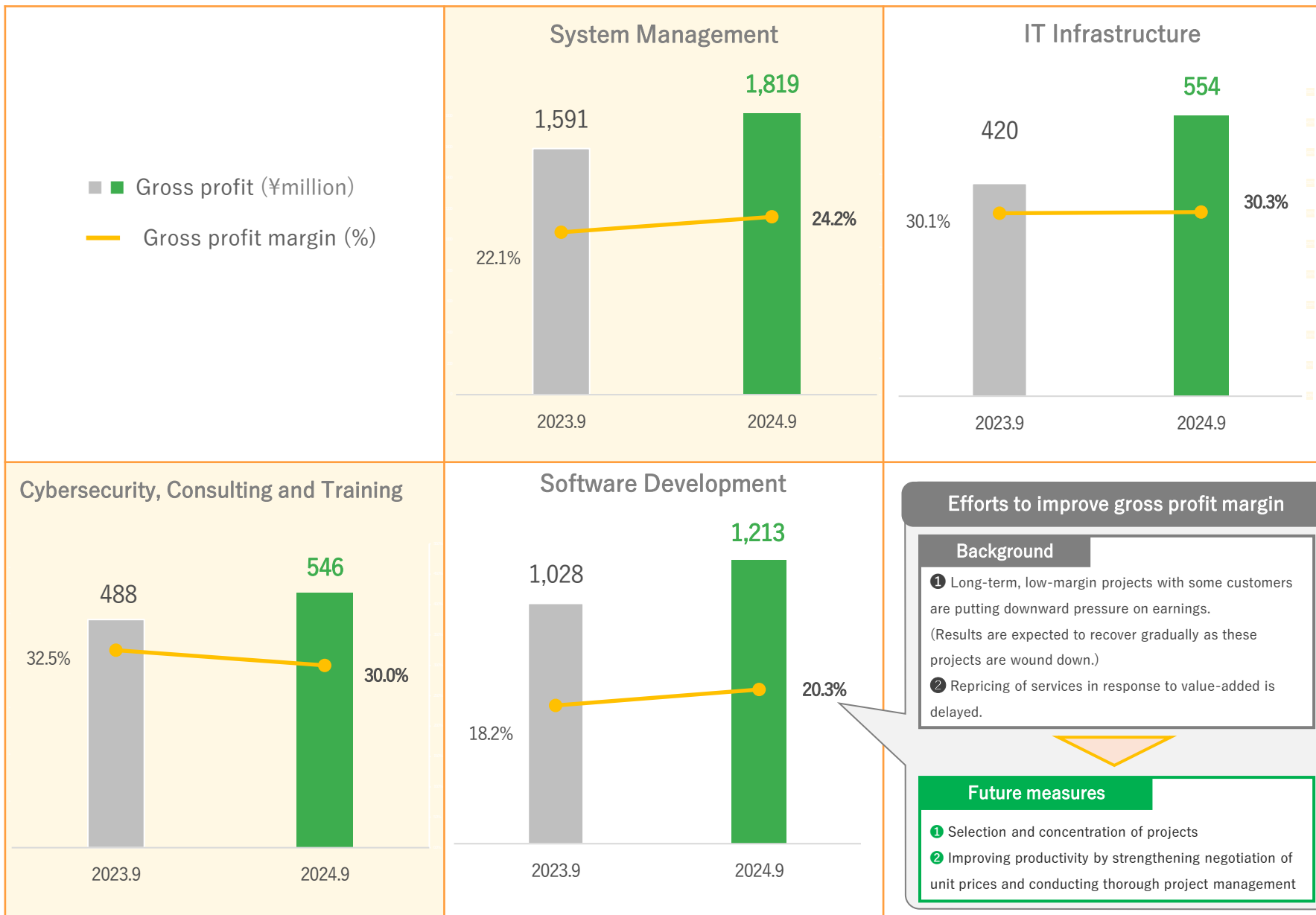
(¥ million)	2023.9		2024.9			
	Results	(% of net sales)	Results	(% of net sales)	Diff.	YoY
Net sales	15,938	-	<b>17,347</b>	-	1,408	+8.8%
Cost of sales	12,354	77.5%	<b>13,186</b>	<b>76.0%</b>	831	+6.7%
Gross profit	3,583	22.5%	<b>4,160</b>	<b>24.0%</b>	577	+16.1%
SG&A expenses	2,162	13.6%	<b>2,423</b>	<b>14.0%</b>	261	+12.1%
EBITDA <sup>1</sup>	1,722	10.8%	<b>2,065</b>	<b>11.9%</b>	343	+19.9%
Operating income	1,421	8.9%	<b>1,737</b>	<b>10.0%</b>	316	+22.2%
Ordinary income	1,504	9.4%	<b>1,801</b>	<b>10.4%</b>	296	+19.7%
Net income attributable to owners of parent	844	5.3%	<b>1,055</b>	<b>6.1%</b>	211	+25.1%
Earnings per share (EPS) (¥)	50.76	-	<b>63.03</b>	-	12.27	-
EPS before amortization of goodwill <sup>2</sup> (¥)	64.12	-	<b>76.29</b>	-	12.17	-

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



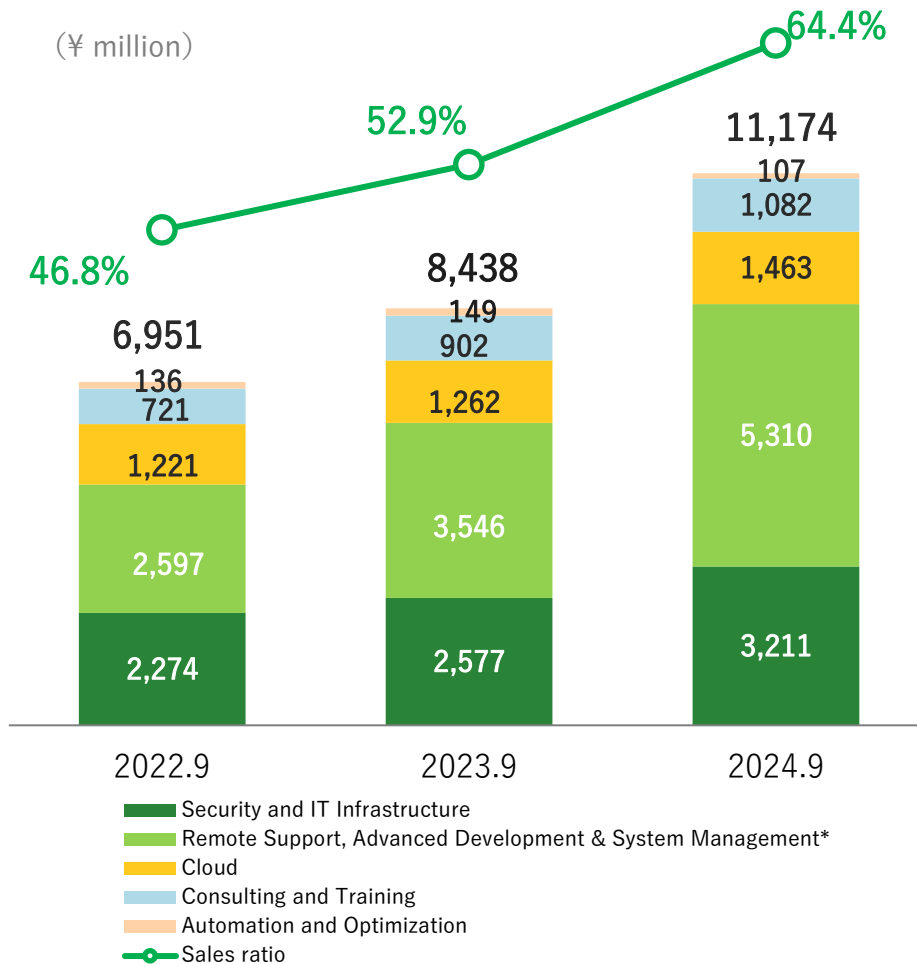


# Net Sales of DX-related Business

## 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, security and IT infrastructure

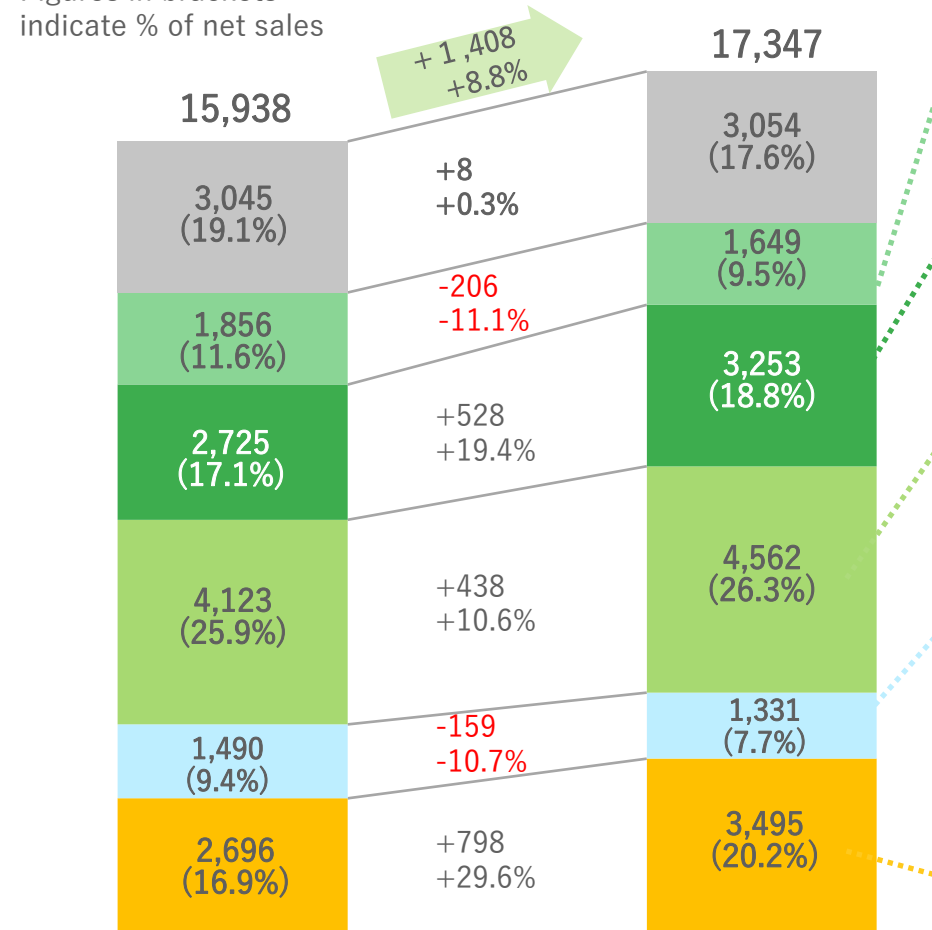
【 Gross profit margin 】  
**26.3%** (+0.6P YoY)

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 or conclusion of some projects in software development

**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**  
⊖ Conclusion of some projects in software development, etc.

**IBM Group**  
⊕ Expansion of transactions in software development  
⊕ Acceptance of orders for new projects in system management and IT infrastructure, etc.

Reference

	Kyndryl Japan	MI Digital Services	IBM Japan
<b>2024.9</b>	1,672 (9.6%)	980 (5.6%)	843 (4.9%)

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

Change or Die!

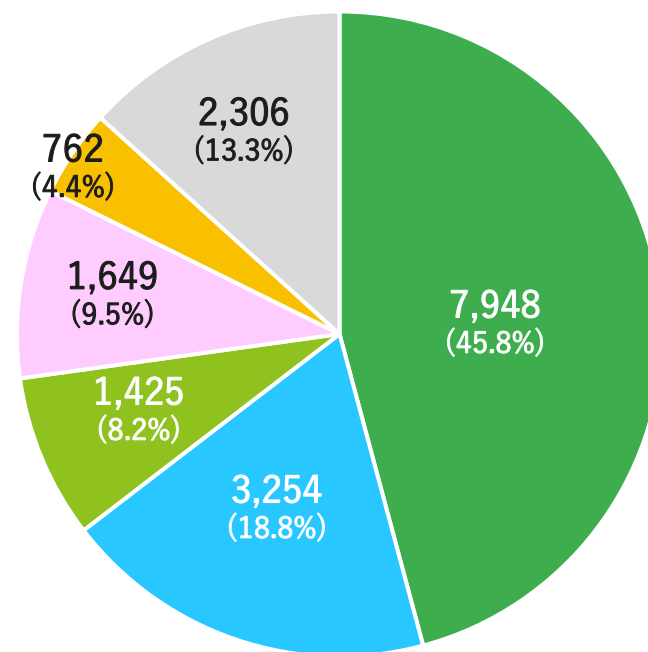


# Net Sales Composition by End-user Industry

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

(¥ million)	2024.9	(% of net sales)	YoY	
Finance	7,948	45.8%	+897	+12.7%
Public	3,254	18.8%	+388	+13.5%
Information & Communication	1,425	8.2%	-351	-19.8%
Manufacturing	1,649	9.5%	+157	+10.6%
Transportation	762	4.4%	-103	-12.0%
Others*	2,306	13.3%	+421	+22.4%
<b>Total</b>	<b>17,347</b>	<b>100.0%</b>	<b>+1,408</b>	<b>+8.8%</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)

Change or Die !

	2023.9	2024.9		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Gross profit	3,583	4,160	+577	<ul style="list-style-type: none"> <li>• <b>Increase in net sales</b> +1,408</li> <li>• <b>Increase in cost of sales</b> +831                             <ul style="list-style-type: none"> <li>-Subcontract expenses +693</li> <li>-Purchases +67</li> <li>-Expenses +59</li> <li>-Labor cost +16</li> </ul> </li> </ul>
SG&A expenses	2,162	2,423	+261	<ul style="list-style-type: none"> <li>• <b>Increase in personnel cost</b> +85                             <ul style="list-style-type: none"> <li>-Advancing returns to employees</li> </ul> </li> <li>• <b>Increase in other expenses</b> +175                             <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>
<b>Operating income</b>	1,421	1,737	+316	

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

	2023.9	2024.9		Main Reasons in Changes
(¥ million)	Results	Results	Diff.	
Ordinary income	1,504	1,801	+296	<ul style="list-style-type: none"> <li>• Increase in operating income +316</li> <li>• Decrease in non-operating income -7</li> <li>• Increase in non-operating expenses +11</li> </ul>
Extraordinary income	0	2	+1	<ul style="list-style-type: none"> <li>• Increase in gain on sales of non-current assets +1</li> </ul>
Extraordinary losses	0	1	+1	<ul style="list-style-type: none"> <li>• Increase in loss on retirement of non-current assets +1</li> </ul>
Total income taxes	660	746	+85	
<b>Net income attributable to owners of parent</b>	<b>844</b>	<b>1,055</b>	<b>+211</b>	

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(¥ million)

2024.3

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

2024.9

Assets 19,141	Liabilities 6,534
Net assets 12,606	

**Main Factors**

- Cash and deposits decreased -735
- Accounts receivable –trade decreased -424
- Accounts receivable–other decreased -240
- Goodwill decreased -222
- Contract assets increased +507
- Investment securities increased +165

**Main Factors**

- interest-bearing debt decreased -1,300

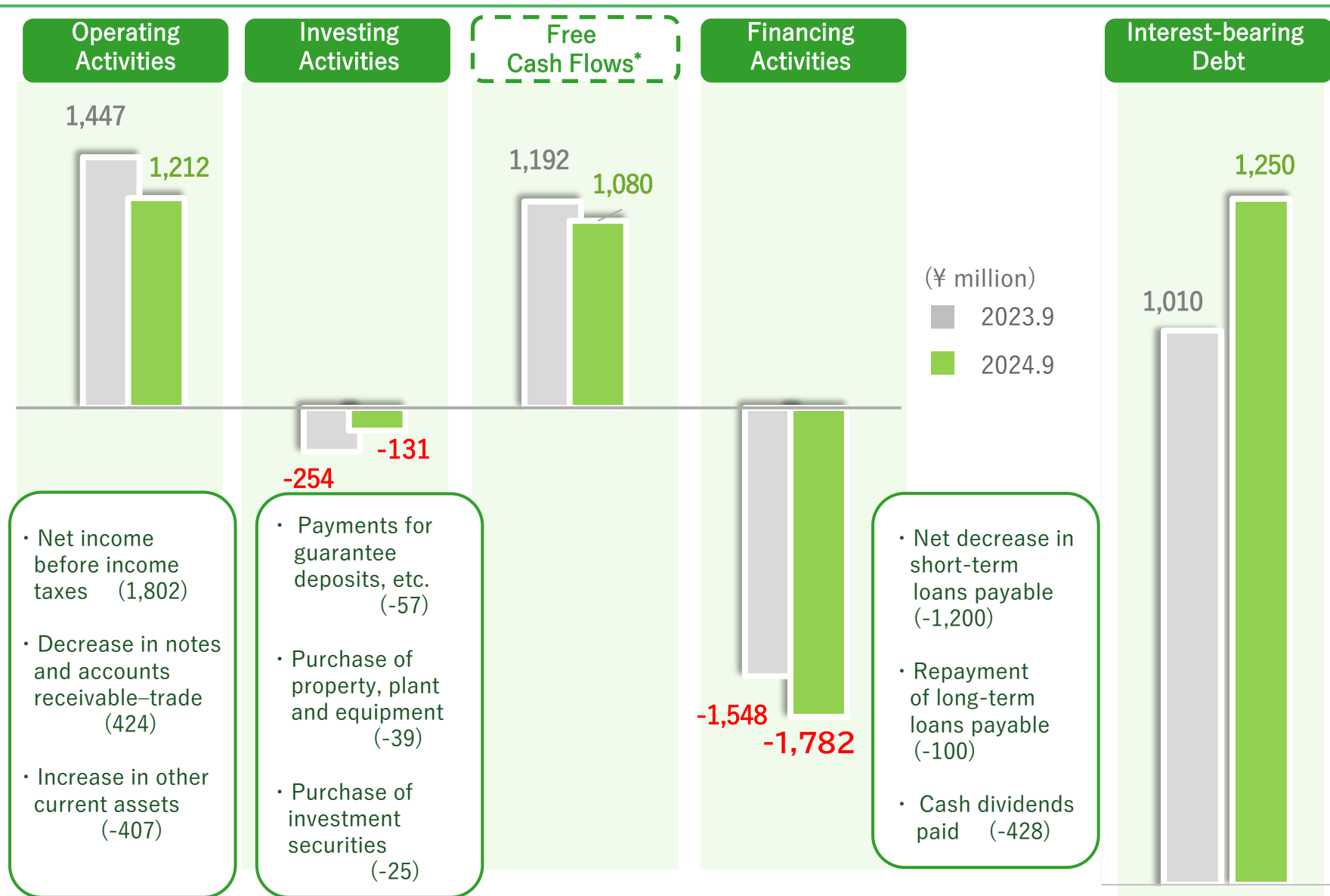
Equity Ratio: **65.5%**

Current Ratio: **232.2%**

Goodwill: **¥637 million**

# Cash Flows and Interest-bearing Debt

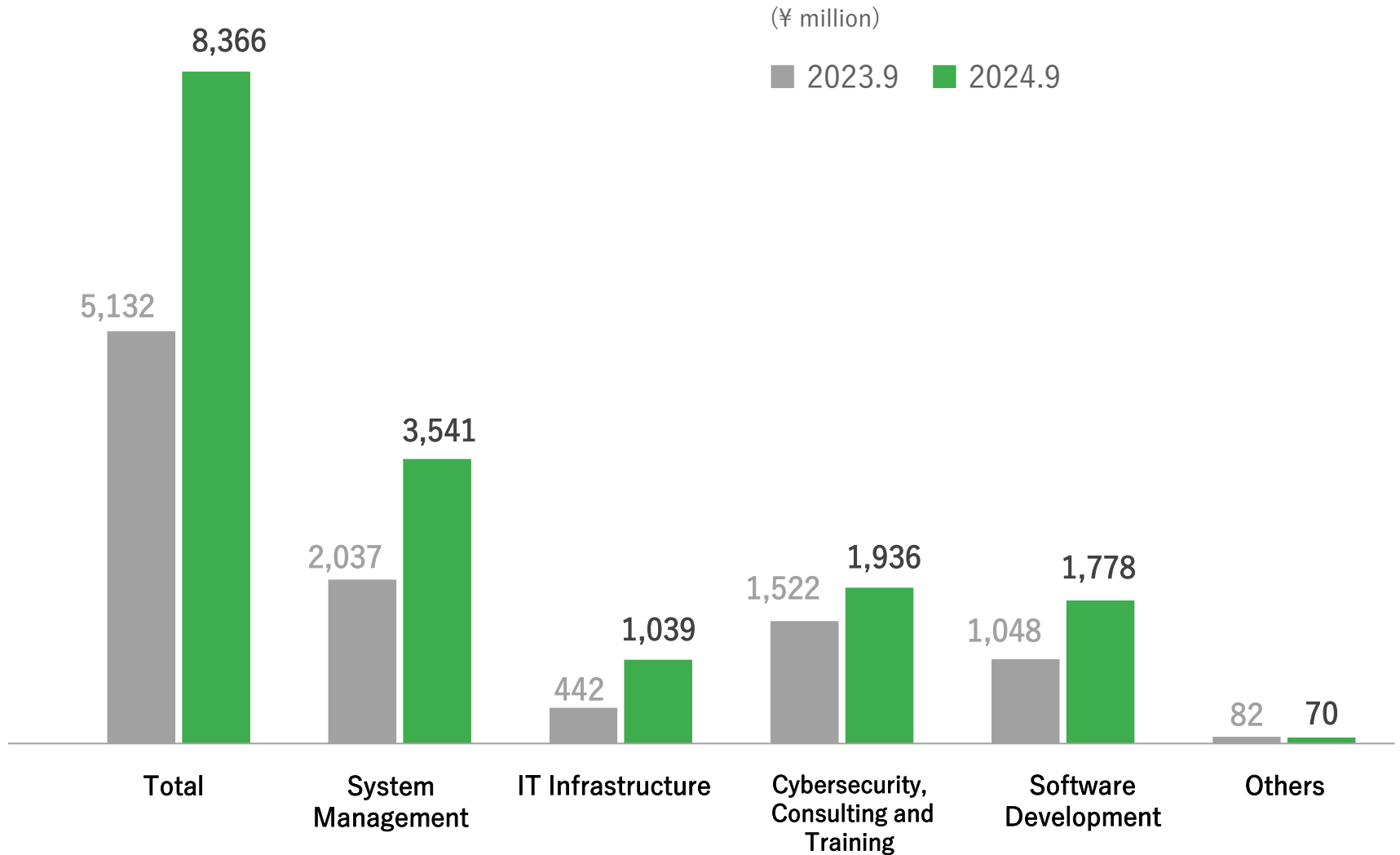
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\*Free Cash Flows = Cash Flows from Operating Activities + Cash Flows from Investing Activities

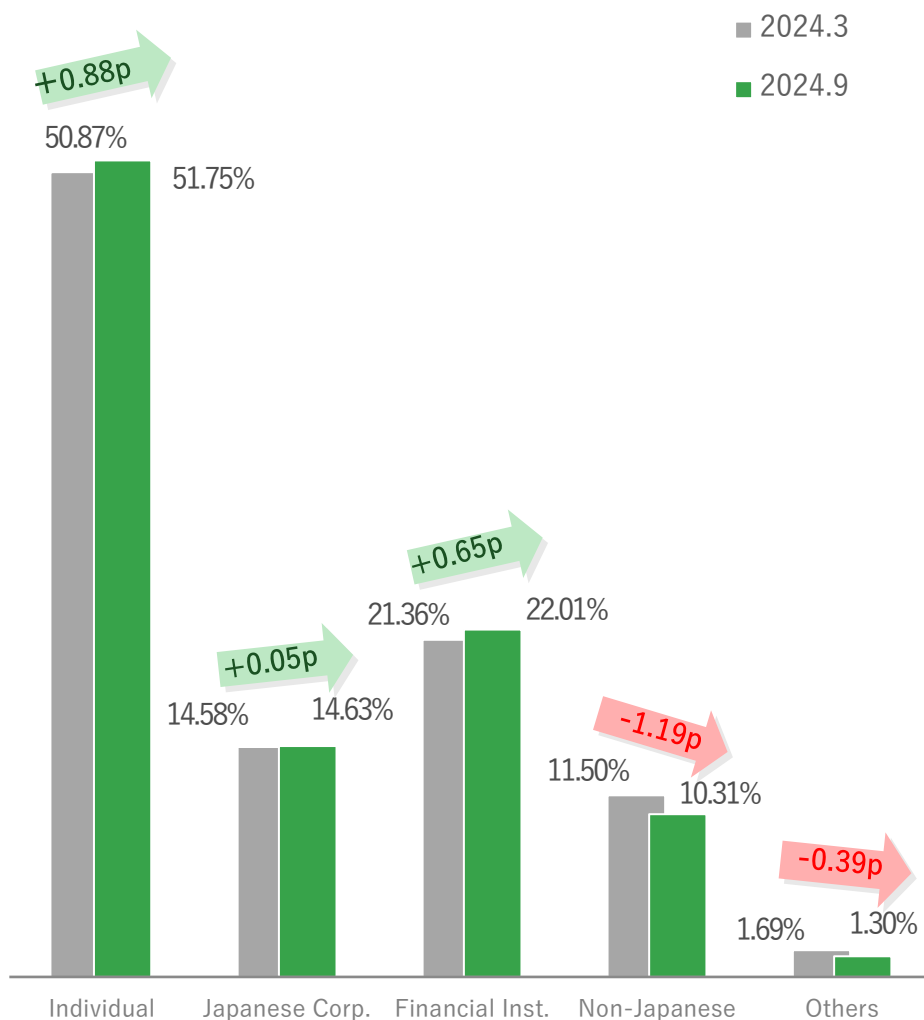
Main reasons in Q2 (FY2024)

# Order Backlog by Service (Cumulative)



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## Shareholding by investor type



## Major shareholders

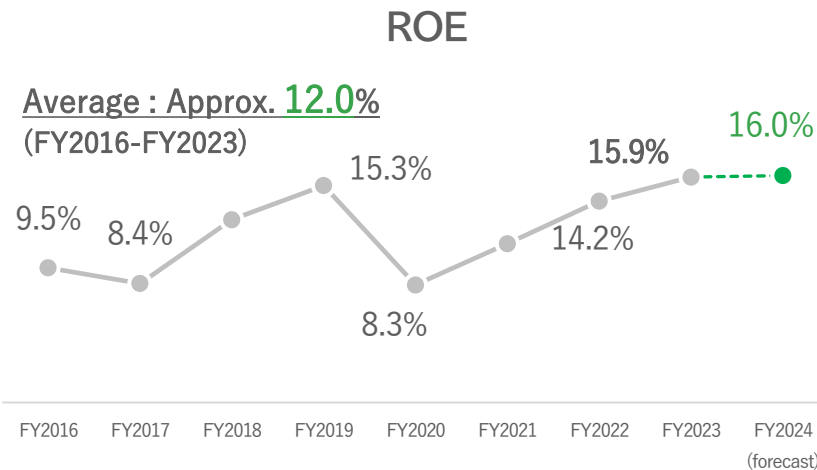
- ✓ No. of shareholders: 7,223 (+590 since March 31, 2024)
- ✓ No. of shareholders with voting rights: 5,785 (+397 since March 31, 2024)
- ✓ Treasury stocks (1,056 thousand shares) are not included when calculating the ratio of shareholdings.

Major shareholders		% of total shares
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	11.31%
2	A.K. Corporation	9.20%
3	ID Employee Ownership Account	7.05%
4	PERSHING-DIV. OF DLJ SECS. CORP.	6.96%
5	Mizuho Trust & Banking Co., Ltd.	3.72%
6	Custody Bank of Japan, Ltd. (Trust Account)	3.68%
7	TDC SOFT Inc.	2.50%
8	Akemi Funakoshi	1.74%
9	Kaori Marubayashi	1.58%
10	Custody Bank of Japan, Ltd. (Trust Account E)	1.38%

## Measures to improve capital efficiency

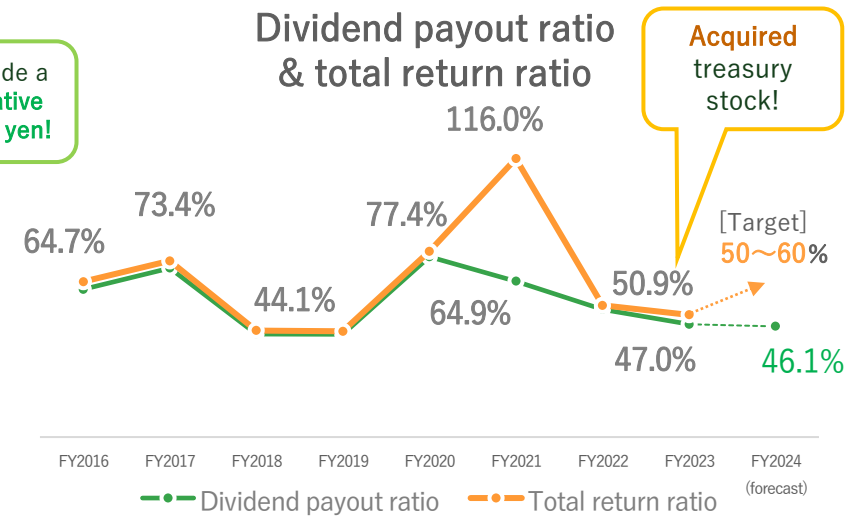
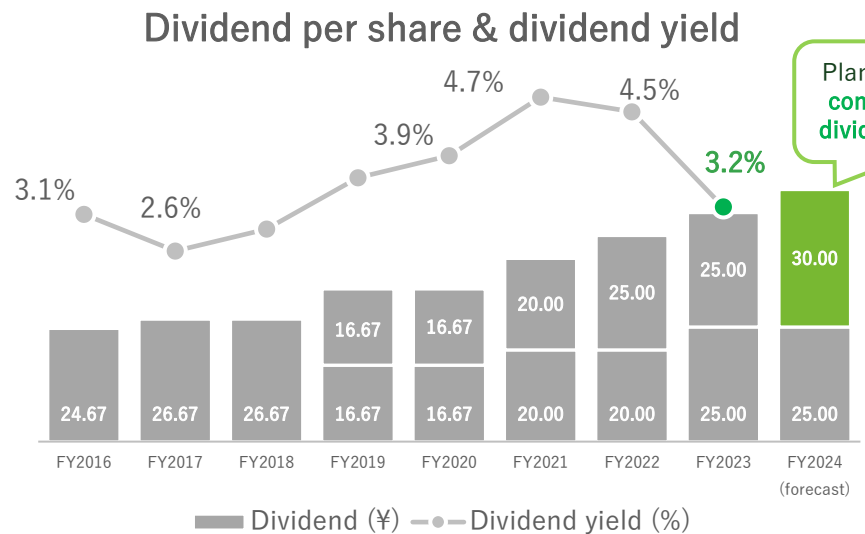
**ROE =  $\frac{\text{Net income}}{\text{Equity}}$**

- 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)



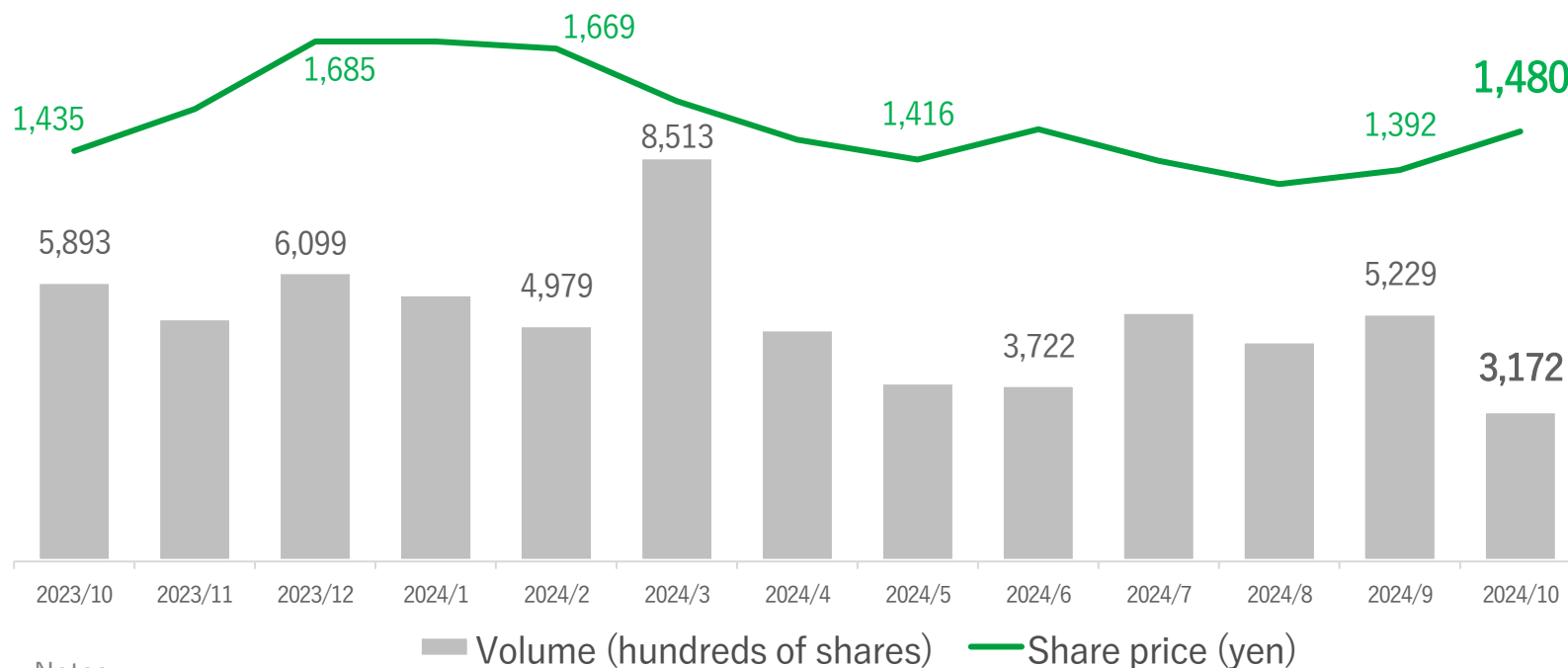


## Indicators related to share price<sup>1</sup> (as of October 31, 2024)

**Price Earnings Ratio (PER)** **13.9x**

**Price Book-value Ratio (PBR)** **2.1x**

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



Notes:

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 October 31, 2024.

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

# Revision of Consolidated Business Results for FY2024

(¥ million)	2025.3 Plan (Published April 15, 2024*)		2025.3 Plan (Published October 31, 2024)		Diff.	YoY
	Plan	(% of net sales)	Plan	(% of net sales)		
Net sales	35,000	-	35,000	-	+0	+0.0%
EBITDA	3,550	10.1%	3,950	11.3%	+400	+11.3%
Operating income	3,000	8.6%	3,400	9.7%	+400	+13.3%
Ordinary income	3,000	8.6%	3,400	9.7%	+400	+13.3%
Net income attributable to owners of parent	1,750	5.0%	2,000	5.7%	+250	+14.3%
Earnings per share (EPS)(¥)	104.55	-	119.30	-	-	-
EPS before amortization of goodwill (¥)	127.49	-	142.20	-	-	-
Cash flows from operating activities	2,059	-	2,322	-	+262	-

\*Net income per share and EPS before amortization of goodwill are the figures published on July 31, 2024, at the time of publication of the Q1 financial results.

# Forecast of Consolidated Financial Results for FY2024 (YoY)

(¥ million)	2024.3		2025.3 (Published October 31, 2024)		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%	3,950	11.3%	+528	+15.4%
Operating income	2,769	8.5%	3,400	9.7%	+630	+22.8%
Ordinary income	2,860	8.8%	3,400	9.7%	+539	+18.8%
Net income attributable to owners of parent	1,777	5.4%	2,000	5.7%	+222	+12.5%
Earnings per share (EPS)(¥)	106.42	-	119.30	-	+12.88	-
EPS before amortization of goodwill (¥)	133.04	-	142.20	-	+9.16	-
Cash flows from operating activities	1,422	-	2,322	-	+899	-

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Performance Overview for Q2

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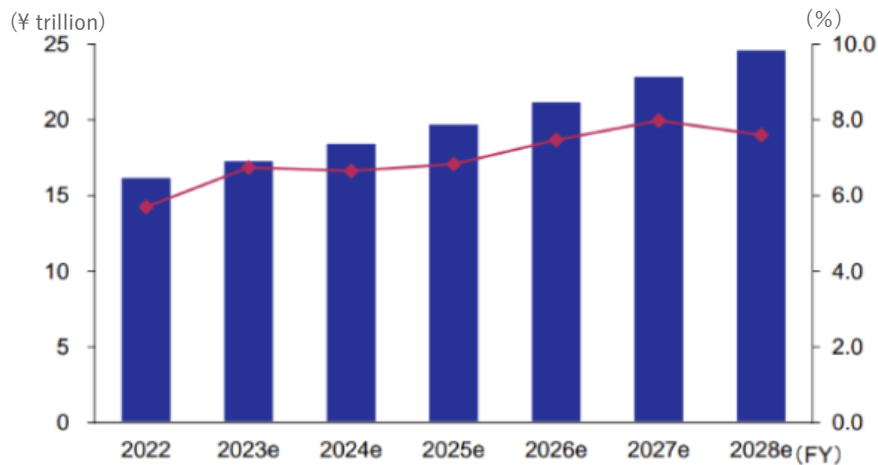
Business Focus for FY2024

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Mid-Term Management Plan

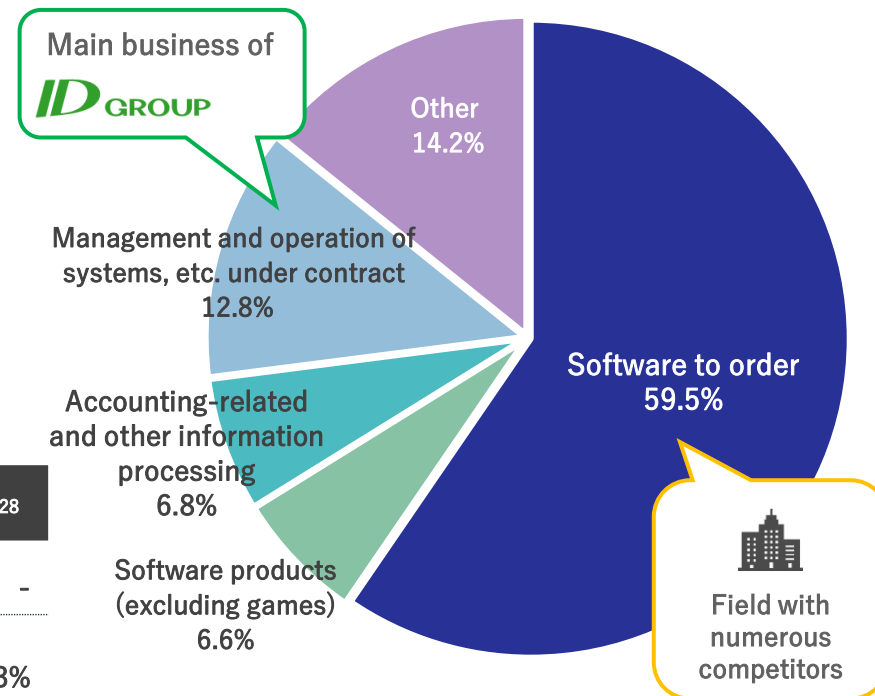
The Group expects to expand domestic IT investment in and after 2024, through upgrading of existing systems and responding to demand for DX. Compound annual growth rate (CAGR) of 7.3% is forecast for the period 2023 to 2028.

## 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)



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.

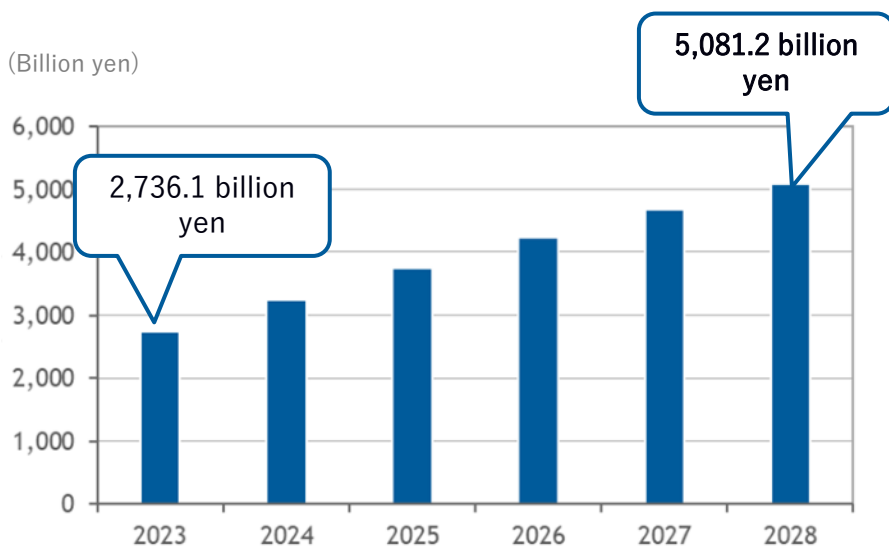
[https://www.mizuho.com/corporate/bizinfo/industry/sangyou/pdf/1073\\_18.pdf](https://www.mizuho.com/corporate/bizinfo/industry/sangyou/pdf/1073_18.pdf)

# 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

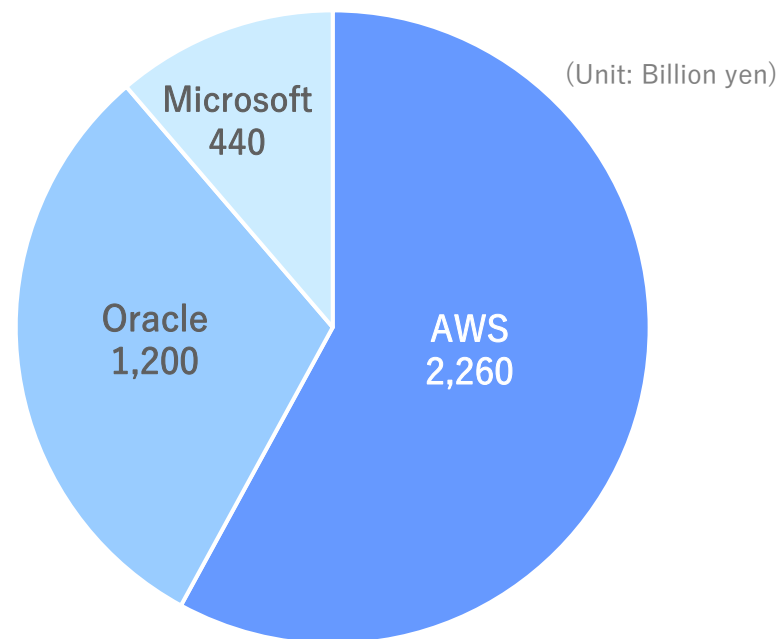
The compound annual growth rate (CAGR) is expected to remain at 13.2% going forward and the market size is expected to reach 5,081.2 billion yen in 2028.



Note: Figures for 2023 are results. Figures for 2024 forward are forecasts.

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

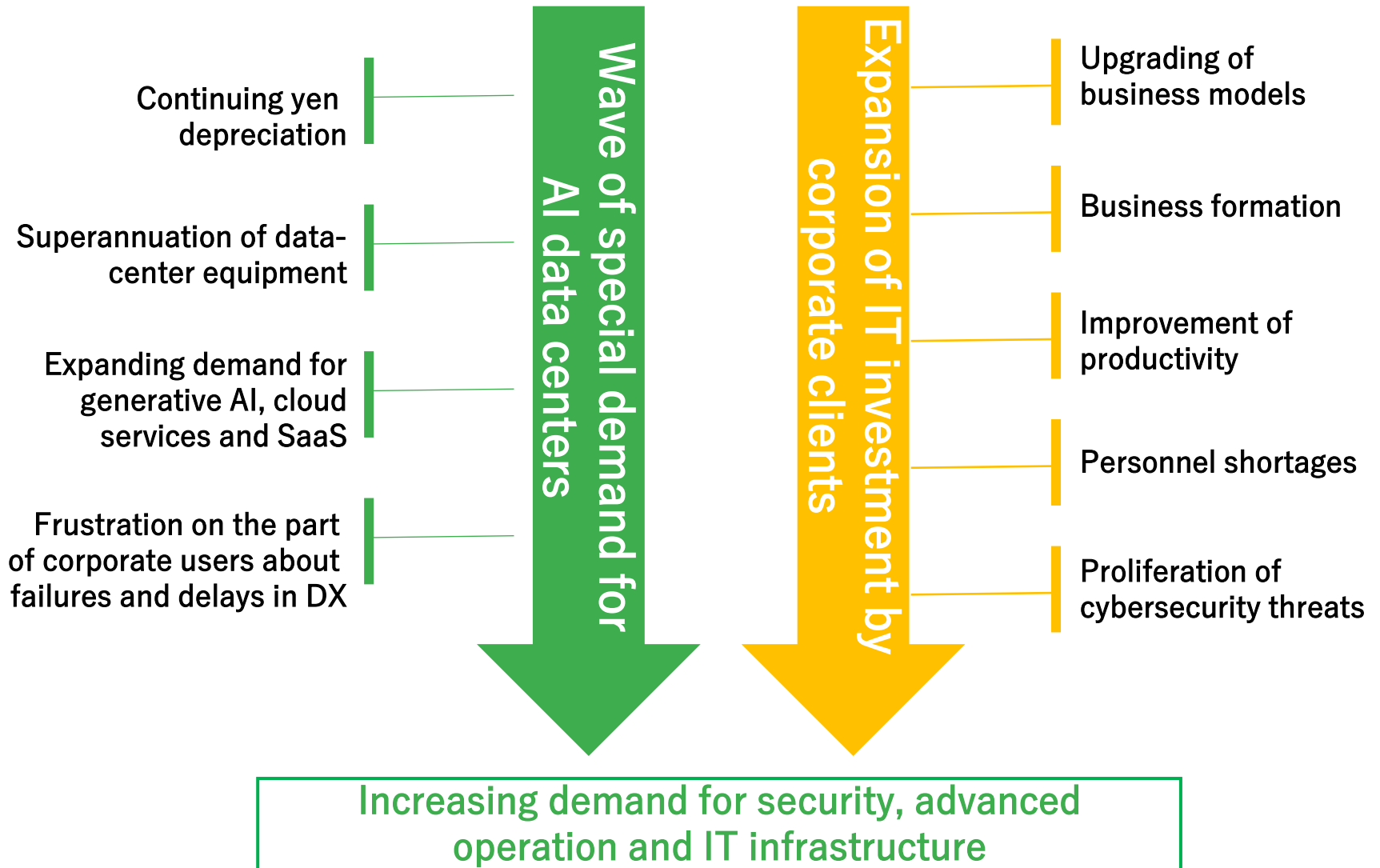
Future investment plan: 3,900 billion yen



### [References]

- 1) IDC Japan, Announcement of forecast for the data center service market in Japan : Expansion to 5 trillion yen expected within 4 years" (October 28, 2024) <https://www.idc.com/getdoc.jsp?containerId=prJPJ52680524>
- 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/>

As growth in data-center demand and business accelerates, the importance of equating **management strategy** with **IT strategy** mounts day by day.



Change or Die !

# Challenges for the ID Group as Demand for Data Centers Grows



Leveraging its strengths in advanced operation and IT infrastructure, the ID Group is setting its sights on the growing demand for data centers (DCs).

Until IT service solutions are launched in DCs built by the Group

Launch of solutions using DC resources

Construction of robust and scalable system foundations

Development of IT systems that can deliver solutions

Operation and maintenance of activated IT systems

ID Group services and commitments to DCs

IT service consulting and AI consulting

Proposals to corporate users applying IT service consulting and AI consulting



Cybersecurity and IT infrastructure

Secure fundamental frameworks combining technologies in the vital fields of cybersecurity and IT infrastructure



Development of systems and applications

Commitment to development in domains related to SaaS packages according to changing needs



System management

Provision of optimal operational and maintenance methods sublimating long-term expertise and knowledge



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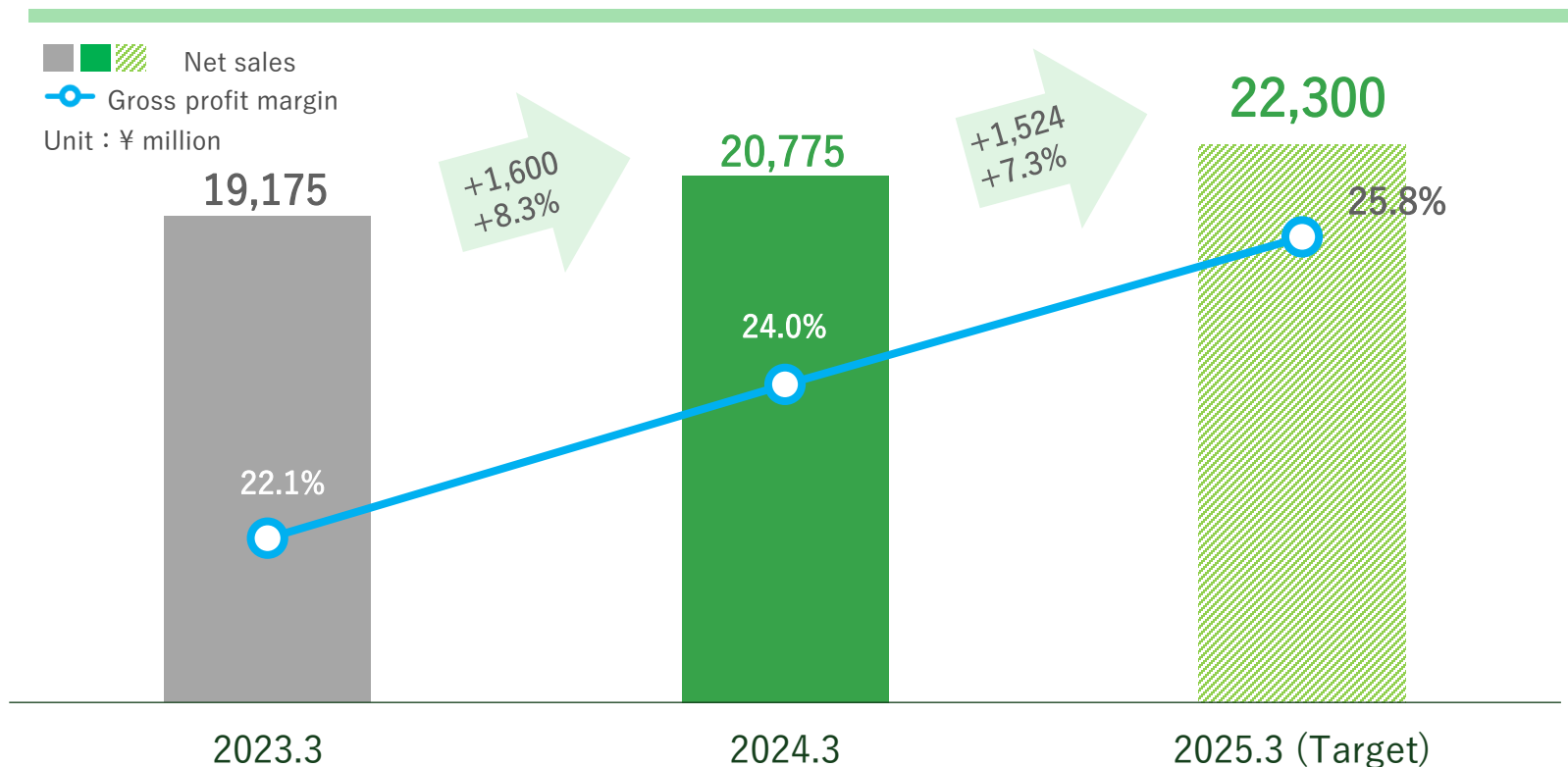
# Business focus for FY2024



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



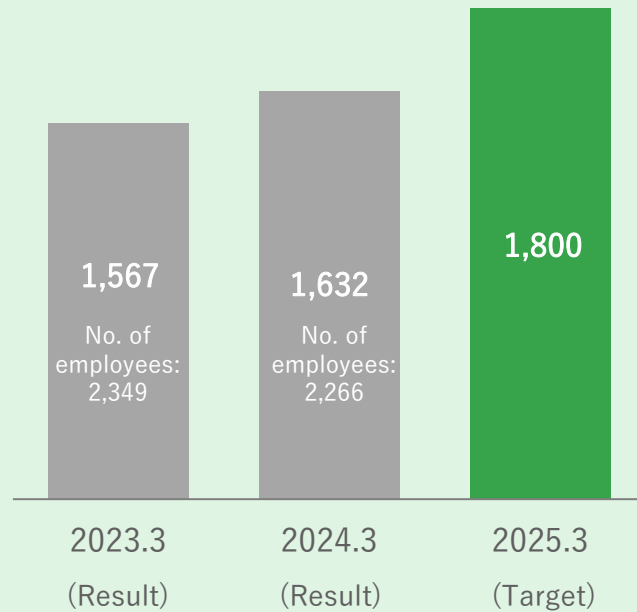
Note) The “advanced system management and IT infrastructure fields” refer to system operations, IT infrastructure development, and security solutions that use IT technologies such as AI, automation, multi-cloud, and containers, as well as the consulting and personnel training businesses that support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

# Expansion of DX-related Business

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

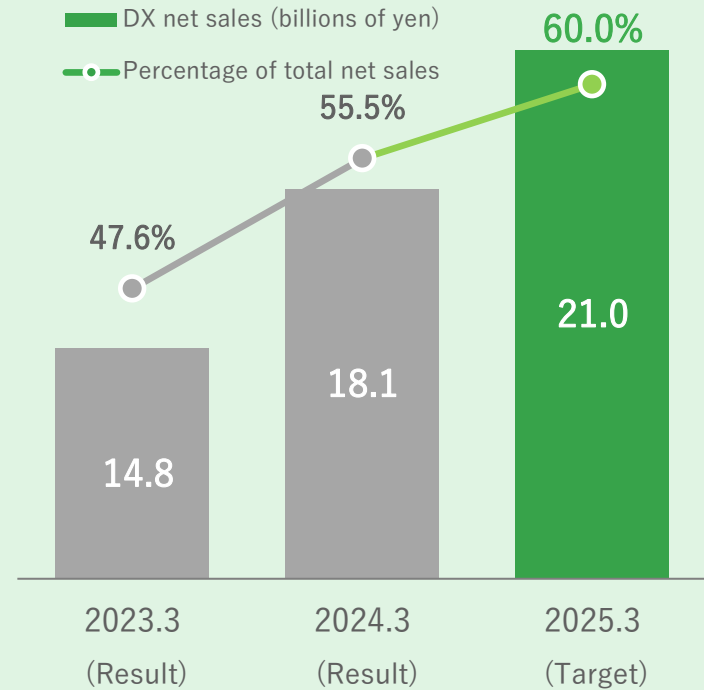
## Trend in number of DX-related engineers

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.

# Use of Advanced Technology (Virtual Reality Operation Center)

In January 2024, the ID Group launched ID-VR0P, a product that realizes system operation in a virtual space. ID-VR0P achieves remote access that enables continuity of operations in times of accident or disaster.

## ID-VR0P

ID Virtual Reality Operation center

More features added in August 2024!



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 VR0P here.  
<https://www.youtube.com/watch?v=M1E-f-3IGYc>

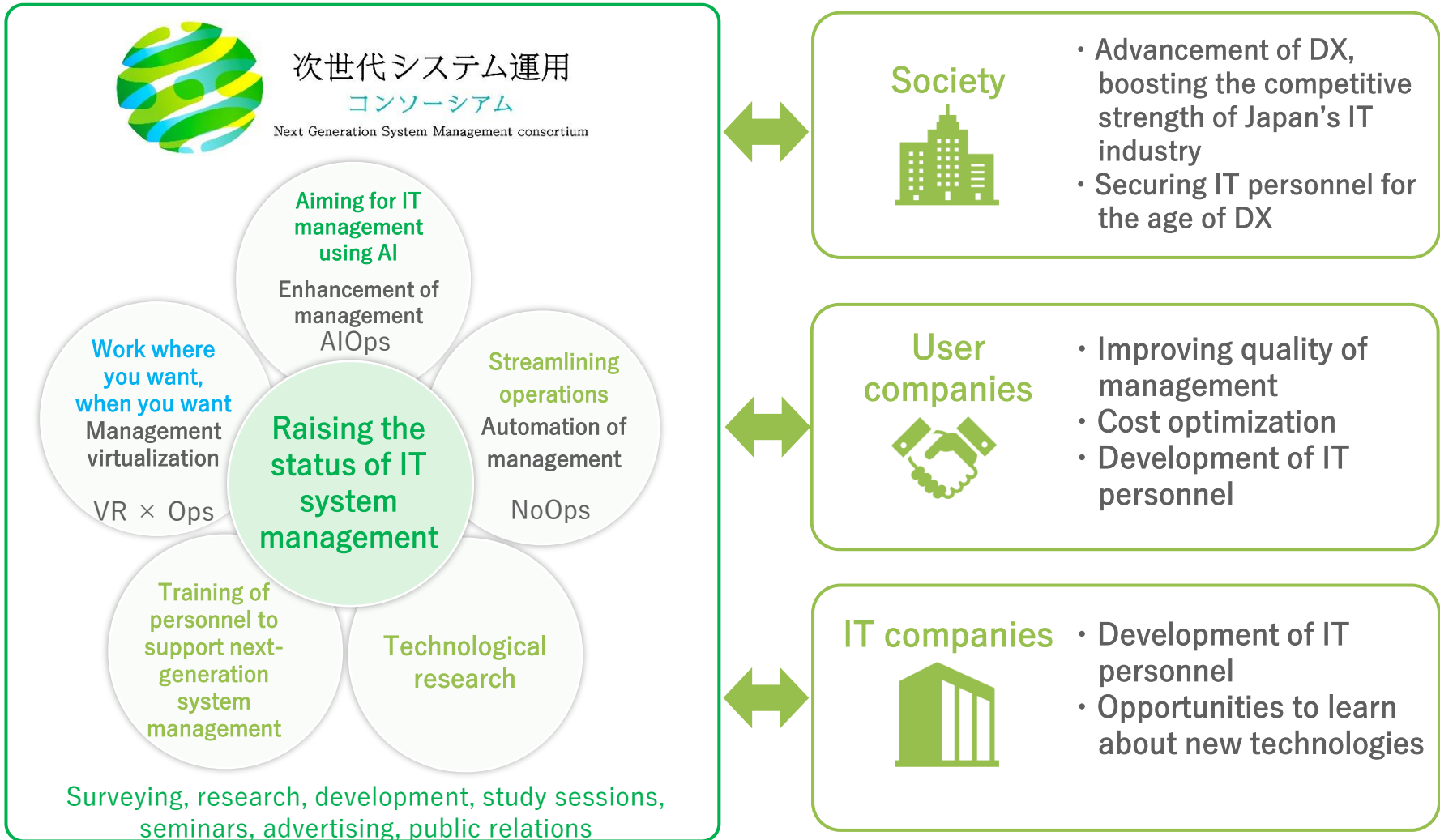


# Establishment of a Next Generation System Management Consortium



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. (NGSM was incorporated in October 2024 as a general incorporated association.)

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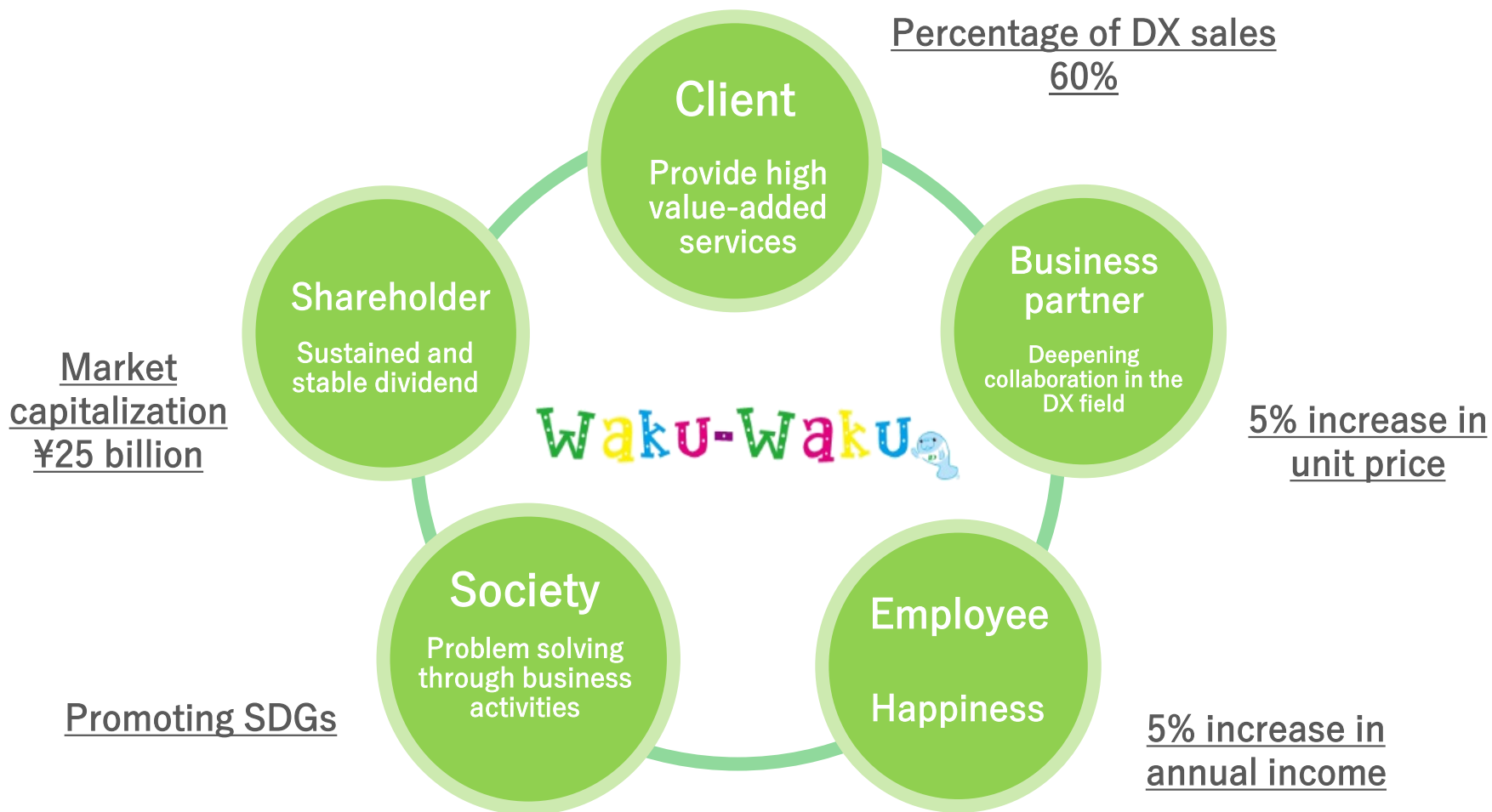
Mid-Term Management Plan

# 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

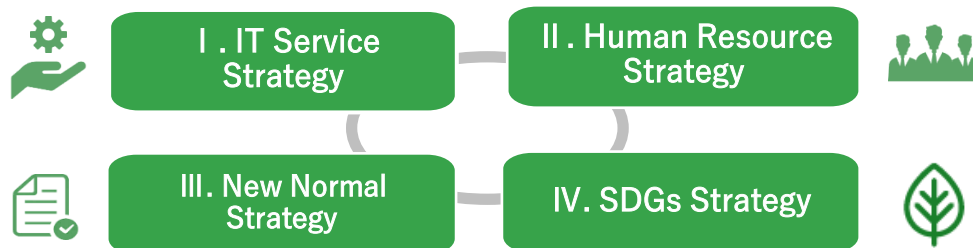
Realize a greater growth cycle by increasing corporate value and giving back to our employees and business partners!

■ FY2024 Target

Net sales	¥35.0B	Upward revision
Operating income (%)	¥3.00B (8.6%)	▶ ¥3.40B (9.7%)
EBITDA (%)	¥3.55B (10.1%)	▶ ¥3.95B (11.3%)

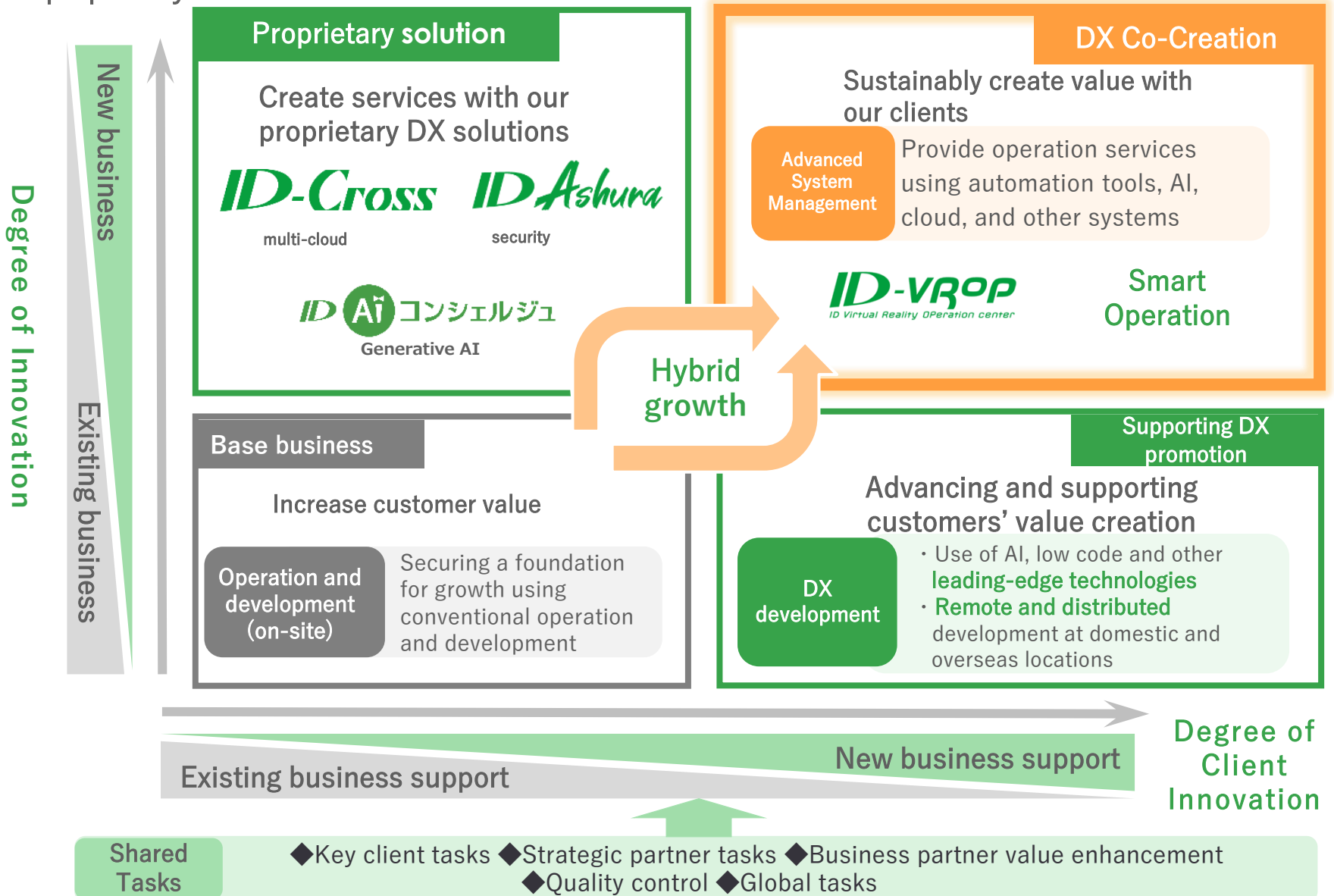


- 1 Develop business models in line with our DX portfolio
- 2 Strengthen partnerships to create greater value-added
- 3 Upgrade management divisions and reallocate resources to the business divisions



# 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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# Capital and Business Partnership with BBSec

To strengthen its cybersecurity business, which is expected to enjoy growing demand, ID Holdings Corporation (“the Company”) concluded a capital and business partnership with Broadband Security, Inc. (“BBSec”). BBSec possesses an extensive menu of cybersecurity services.

Note: On January 20, 2025, the Company will acquire 21.39% of issued shares of BBSec, not including treasury shares.



## Toward a more advanced and comprehensive cybersecurity business

Creation of new business opportunities beyond the boundaries of cybersecurity

Fusion of the two companies' strengths to develop a comprehensive security service



Complementarity between and cross-selling of security services

Advancement of collaboration through personnel exchanges and joint projects

- ID Holdings vigorously pursues research and development, seeking to create innovative businesses that deploy leading-edge technologies.



Research and development activities

Q2 FY2024  
¥112 million

## AI



ID AI Factory Co.,Ltd.

Demonstration testing of AI services by a subsidiary that specializes in AI



Boss, can I ask you a question?

Development of Funakoshi President AI Chatbot\*

## VR

**ID-VR<sub>OP</sub>**  
ID Virtual Reality *OP*eration center

Large-scale addition and expansion of features

## Blockchain



Development of products using patented technologies

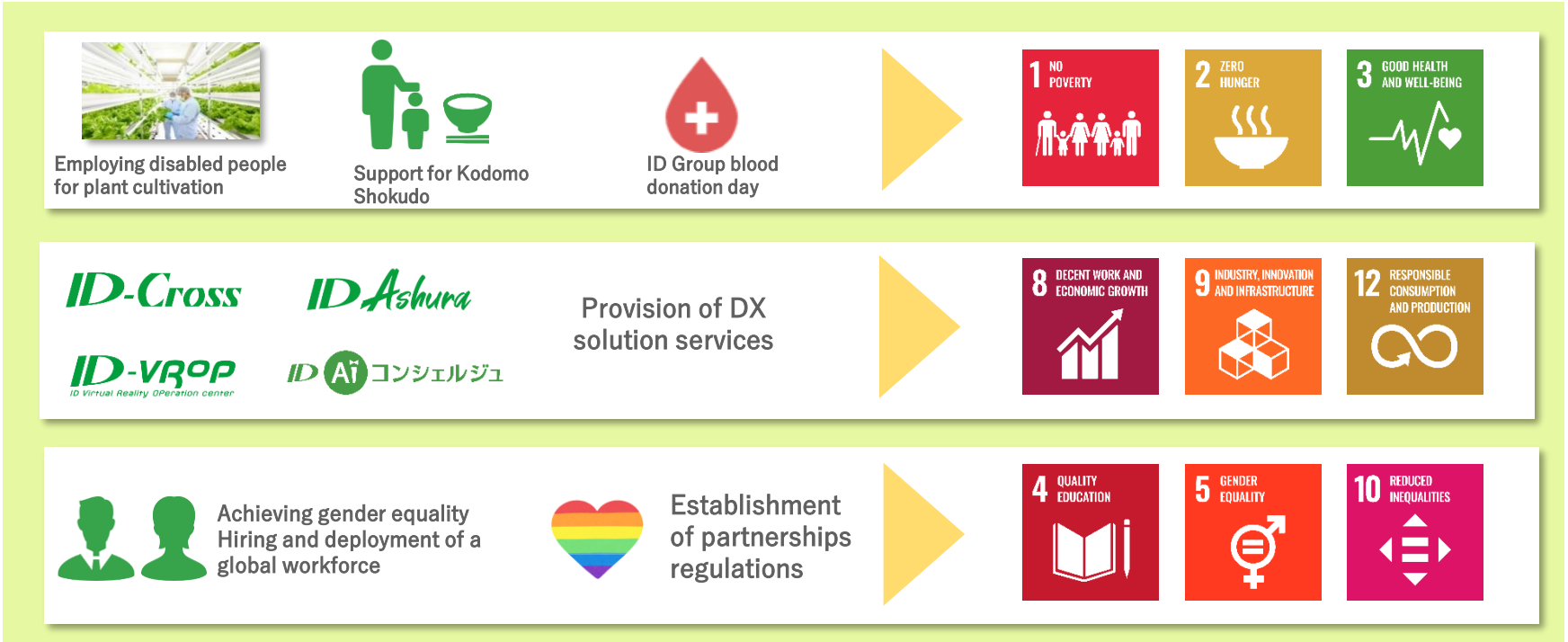
\*Reference: <https://www.idnet-hd.co.jp/news/4192>

# 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.

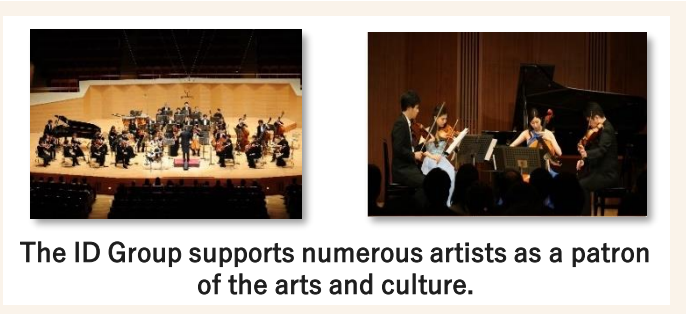
## Activities of the ID Group

### SUSTAINABLE DEVELOPMENT GOALS

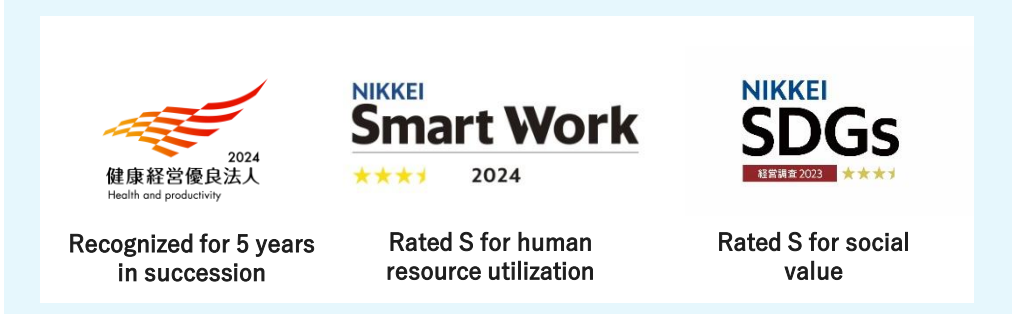


Change or Die!

## Support for cultural activities and the fine arts



## Third-party evaluations



# (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%
	Rate of uptake of paid leave	86.0%	84.0%	95%
	Rate of uptake of childcare leave among men	42.9%	90.5%	70%
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	500 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.

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