

Note: This document is an English translation of the “Kessan Tanshin” for the third quarter of the fiscal year ending March 31, 2019 and is provided solely for reference purposes. In the event of any inconsistency between the Japanese and English versions, the Japanese version will govern.



## Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2019 (J-GAAP)

January 31, 2019

Company name:	INFORMATION DEVELOPMENT CO., LTD.
Listing:	Tokyo Stock Exchange, 1st Section
Securities code:	4709
URL:	<a href="https://www.idnet.co.jp">https://www.idnet.co.jp</a>
Company representative:	Masaki Funakoshi, President and Representative Director
Direct inquiries to:	Masayoshi Nakatani, Senior Officer Corporate Strategy Planning Office Tel: +81 3-3262-5177
Scheduled date of filing of Quarterly Securities Report:	February 12, 2019
Scheduled date of dividend payment:	—
Preparation of supplementary materials on financial results:	Yes
Presentation on quarterly results:	No

(Amounts of less than ¥1 million are truncated)

### 1. Consolidated Financial Results for the First Nine Months of FY2018 (April 1–December 31, 2018)

#### (1) Consolidated Business Results

(% indicates YoY changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Q3 FY2018	19,698	20.7	1,287	74.1	1,336	75.0	790	94.7
Q3 FY2017	16,323	1.9	739	-7.6	763	-7.8	406	-25.6

Note: Comprehensive income    Q3 FY2018    ¥832 million    (70.2%)                      Q3 FY2017    ¥488 million    (-47.6%)

	Net income per share	Diluted net income per share
	¥	¥
Q3 FY2018	71.69	70.96
Q3 FY2017	37.12	36.69

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
Q3 FY2018	13,059	8,021	61.2
FY2017	13,748	7,617	55.2

Reference: Equity                      Q3 FY2018    ¥7,988 million                      FY2017    ¥7,586 million

Note: The Group has been applying the Partial Revision of the Accounting Standards for Tax-effect Accounting (Enterprise Accounting Standard No. 28, February 16, 2018) since the beginning of Q1 of the current consolidated fiscal year. For this reason, these revisions have been applied retroactively to figures from the end of the previous consolidated fiscal year for the purpose of comparison.

### 2. Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal period	Total
	¥	¥	¥	¥	¥
FY2017	—	0.00	—	40.00	40.00
FY2018	—	0.00	—		
FY2018 (forecast)				40.00	40.00

Note: Revision of most recently published dividend forecast:                      No

### 3. Forecasts of Consolidated Results for FY2018 (April 1, 2018–March 31, 2019)

(% indicates YoY changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
FY2018 (full fiscal year)	26,600	14.6	1,640	30.7	1,700	33.4	960	54.2	86.93

Note: Revision of most recently published results forecast: No

#### \*Notes

(1) Changes in important subsidiaries during the period  
Changes in specified subsidiaries resulting in change in consolidation scope: No

(2) Adoption of special accounting treatments for quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and restatements:  
 (i) Changes in accounting policies due to revisions of accounting standards, etc.: No  
 (ii) Changes in accounting policies other than (i): No  
 (iii) Changes in accounting estimates: No  
 (iv) Restatements: No

(4) Number of shares outstanding (common stock)

(i) Number of shares outstanding (inclusive of treasury stock):	Q3 FY2018	12,044,302 shares	FY2017	12,044,302 shares
(ii) Amount of treasury stock:	Q3 FY2018	965,875 shares	FY2017	1,044,686 shares
(iii) Interim average number of shares (Consolidated total for the quarter)	Q3 FY2018	11,029,123 shares	Q3 FY2017	10,939,738 shares

\* These quarterly consolidated financial results are not subject to quarterly review by a certified public accountant or audit corporation.

\* Qualitative information relating to the appropriate use of results forecasts, and other noteworthy items

Results forecasts are estimates based on information available as of the day the results were announced. Forecasts are inherently uncertain and do not constitute a guarantee on the part of the ID Group. The actual results, etc. may be different from the forecasts because of changes in business conditions, etc. See (3) Qualitative Information on the Consolidated Results Forecast under Section 1, Qualitative Information on the Third Quarter of the Fiscal Year Ending March 31, 2019, on page 5 of the Attachment for the assumptions that form the basis of results forecasts and other things to remember when relying on results forecasts.

The ID Group has also introduced a board benefit trust (BBT) and Japanese employee stock ownership plan (J-ESOP). Company shares held by Trust & Custody Services Bank, Ltd. (Trust Account E) as trust property for the BBT and J-ESOP plans are included in treasury stock.

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## 1. Qualitative Information on the Third Quarter of the Fiscal Year Ending March 31, 2019

### (1) Qualitative Information on the Consolidated Business Results

Orders and sales were strong in the first nine months of the ID Group's 2018 consolidated fiscal year (Q1–Q3 FY2018: period from April 1, 2018 to December 31, 2018). In our main operating segment, the system operation management segment, subsidiaries acquired in the previous fiscal year contributed to sales, while large orders from public-sector entities supported a favorable order-acceptance environment in the software development segment. Net sales rose 20.7% from the same period of the previous fiscal year (YoY) to ¥19.698 billion.

In earnings terms, the Group appropriated expenses for relocating the headquarters of Fess Co., Ltd. (completed on July 23, 2018) as well as after-sales costs for software development (provision for product warranties\*) in the previous fiscal year. However, as a result of the synergistic effect of subsidiary acquisition in addition to the promotion of initiatives such as sales efforts for increased profitability and strengthened project control for boosted productivity, operating income rose to ¥1.287 billion (+74.1% YoY), ordinary income expanded to ¥1.336 billion (+75.0% YoY), and net income attributable to owners of parent increased to ¥790 million (+94.7% YoY).

\*The provision for product warranties is a provision appropriated to prepare for warranty expenses that may occur over a certain period of time in or after the current fiscal year due to responsibility for free-of-charge warranty contracts and warranties against defects with respect to software developed under contract and already received and inspected by customers in the previous fiscal year.

The ID Group's sales results by segment in Q1–Q3 FY2018 are as follows.

#### (i) System operation management

In platform development operations\*, an increase in sales to public institutions was partially offset by a decline in sales to the financial sector. However, contribution from acquired subsidiaries and an intensified focus on existing customers in the finance-related operations management business boosted sales. Net sales increased to ¥12.088 billion (+27.7% YoY).

#### (ii) Software development

Although large projects concluded in the financial and transportation sectors, the Group accepted other large-scale projects in the public sector, boosting sales. Net sales rose to ¥6.894 billion (+11.9% YoY).

#### (iii) Others

While cyber-security-related sales declined, consulting and overseas subsidiary sales increased. Net sales rose to ¥716 million (+2.8% YoY).

\*Platform development operations refer to the ID Group's service of making optimal use of hardware, operating systems, and middleware to design and build low-cost, reliable system operational environments.

### Management Policy Initiatives

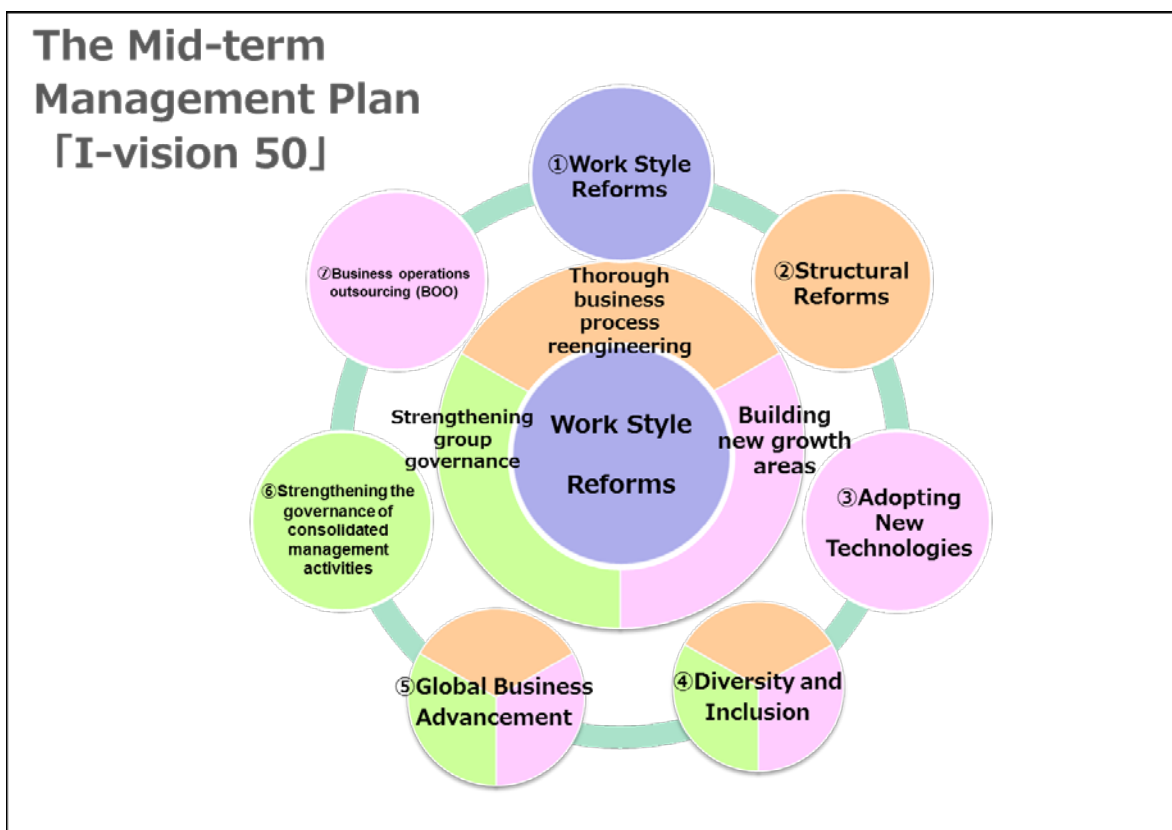
Guided by Mid-term Management Plan **I-vision 50** (adopted in April 2016 for the FY2016 to FY2018 period) and its philosophy of "better, quicker services for our customers," and in light of the current operating environment, the ID Group is implementing initiatives to achieve net sales of ¥26.3 billion and operating income of ¥1.48 billion in FY2018. **I-vision 50** supports three basic principles that are aimed at work style reforms: thorough business process reengineering (BPR), building new growth areas, and strengthening group governance. The ID Group is also undertaking the following seven priority initiatives: (i) work style reforms, (ii) structural reforms, (iii) adopting new technologies, (iv) diversity and inclusion, (v) global business advancement, (vi) strengthening the governance of consolidated management activities, and (vii) business operations outsourcing (BOO)\*. These seven priority initiatives will motivate our employees and business partners to grow the business, supporting higher revenues and better wages. In doing so, the ID Group aims to create an environment that produces a virtuous cycle of taking on increasingly tougher challenges leading to fair return of profits to stakeholders other than the employees.

As of January 2018, Fess Co., Ltd. ("Fess"), whose core businesses are medical-related operations and system operation-related business such as ITSM consulting, is included in the ID Group. The inclusion of Fess expands the Group's operating base in system operation management, the core field of both companies, and creates a more efficient operating structure, setting the stage for further growth in this mainstay field.

In addition, although the Group revised its schedule for moving to a holding-company structure, related agenda items were

approved at an Extraordinary General Meeting of Shareholders held on January 24, 2019. The shift is scheduled to be applied on April 1, 2019.

\*BOO (Business Operation Outsourcing) refers to a total IT outsourcing service provided by the Group. This service provides a single client with a complete package that includes consulting, software development, system operation management, cloud services, and cyber-security.



The following is a summary on the state of each of the initiatives.

Note: The numbers in brackets below match each of the priority initiatives listed above.

(i) Work style reforms

IT engineers are in high demand, and there is a serious shortage of engineers across the industry. This situation calls for an improvement in work environment to facilitate the recruitment of talented personnel\*. The entire Company is addressing the way it works, with an emphasis on the importance of a work-life balance and the creation of attractive workplaces to help improve the work environment and enhance productivity.

- The ID Group is certified by Tottori Prefecture as an “enterprise that promotes equal participation in the workplace by men and women.” (San’in Branch) [(1), (4)]
- The ID Group is certified and registered by Tottori Prefecture as an “outstanding enterprise that empowers women.” (San’in Branch) [(1), (4)]
- Introduction of the volunteer leave system [(1), (4)]

\*The ID Group believes that our employees are precious resources, not just a means to an end.

(ii) Structural reforms

The ID Group is fundamentally reforming how it does business without fixating on past business practices, and creating new business processes. It is also attempting to improve the organization’s overall productivity by promoting transfers of authority or IT systemization.

- Implementation of business reform and improvement activities based on company-wide call for suggestions [(1), (2)]
- The Group has established a Committee for Visualization of Personnel Affairs, aiming for visualization of employees’ skills,

experience and career paths. [(2), (4)]

(iii) Adopting new technologies

The ID Group is aggressively adopting new technologies to make its existing services more competitive and improve productivity and quality.

- The Group established an Advanced Technology Office, tasked with promoting the Group's beneficial use of new technologies such as robotic process automation (RPA), AI and IoT. [(3)]
- The Group invested in the ff Graphite (v), L.P. Venture Fund, a fund targeting cutting-edge IT technology [(3)]
- The Group started a cooperative business with Keio University in the cyber-security field [(3)]
- The Group held the "Night for Considering Technology Promotion and Business Innovation Powered by ID" at Venture Café Tokyo, of which the Group is a sponsor [(3)]
- The Group started training technicians in "Agile Development," a leading software development management method for rapid development with adaptability and reduced risk [(3)]
- The Group executed a memorandum with the Ireland's ActionPoint Technology Group regarding Agile Development [(3), (5)]
- The Group began providing an "RPA Business Innovation Service" to support business process analysis and RPA introduction in system operation management [(1), (3)].
- The Group began providing "Managed Security Service (MSS) for Seceon OTM" [(3)].
- The Group invested in GoAhead Ventures II, L.P., a company that invests in DX-related projects [(3)].

(iv) Diversity and inclusion

As it pursues global strategies, the ID Group is refining its training techniques and diversifying to energize its organization and keep pace with the ever-changing business environment.

- Percentage of women in management positions: 14% [(4)]
- Percentage of non-Japanese workers at the ID Group: 9% [(4), (5)]

(v) Global business advancement

The ID Group is aggressively expanding overseas to assist other Japanese companies with their own overseas expansion and to increase its global competitiveness. The ID Group has begun to offer higher quality products and services to overseas clients and provides a 24/7 support system through its eight overseas bases (see the diagram below of our global network).

- INFORMATION DEVELOPMENT Wuhan CO., LTD.: Won the award for "most influential enterprise in the software and information service industries in China in FY2017-FY2018." [(5)]
- Became the first Japanese company to participate as a member of the Netherlands' Hague Security Delta [(3), (5)]

(vi) Strengthening the governance of consolidated management activities

The ID Group is working to bring together solutions and maximize corporate value by communicating closely with the 12 bases of operations in and outside of Japan (see the diagram below of our global network). The ID Group strives to quickly ascertain management information, including the personnel and expertise at each base and the state of operations, and resolve customers' issues as a cohesive group.

- Fess Co., Ltd.: Moved to the head office of the parent company to improve business efficiency by pursuing synergies and centralizing management functions. [(6)]

## 【Global expansion】



### (vii) Business operations outsourcing (BOO)

The ID Group has a diverse line-up of businesses, ranging from system operation management, software development, cybersecurity, and consulting.

BOO is a strategy for providing a wide range of services to individual customers, and the ID Group aims to provide these services to customers in Japan and overseas.

## (2) Qualitative Information on the Consolidated Financial Position

Changes in the ID Group's financial position

(Assets)

Assets at the end of consolidated Q3 decreased by ¥689 million to ¥13.059 billion from ¥13.748 billion at the end of the previous consolidated accounting period, owing to a decrease in cash and deposits of ¥357 million, a decrease in notes and accounts receivable–trade of ¥140 million, and a decrease in goodwill of ¥191 million, etc.

(Liabilities)

Liabilities at the end of consolidated Q3 decreased by ¥1.093 billion to ¥5.038 billion from ¥6.131 billion at the end of the previous consolidated accounting period, owing to a decrease in notes and accounts payable–trade of ¥117 million, a decrease in provision for bonuses of ¥514 million, and a decrease in income taxes payable of ¥484 million, etc.

(Net Assets)

Net assets at the end of consolidated Q3 increased by ¥404 million to ¥8.021 billion from ¥7.617 billion at the end of the previous consolidated accounting period, owing to a net income attributable to owners of parent of ¥790 million, a decrease of ¥455 million due to dividend payments, and an increase in valuation difference on available-for-sale securities of ¥36 million, etc.

## (3) Qualitative Information on the Consolidated Results Forecast

There have been no changes to the full-year results projections as released by the ID Group on October 26, 2018.

The Group began applying the Partial Revision of the Accounting Standards for Tax-effect Accounting (Enterprise Accounting Standard No. 28, February 16, 2018) at the beginning of Q1 of the current consolidated fiscal year. Figures are therefore compared with the figures at the end of the previous consolidated fiscal year after retroactive processing of the financial position.

## 2. Consolidated Financial Statements and Important Notes

### (1) Consolidated Balance Sheet

(Thousands of ¥)

	Previous consolidated accounting period As of March 31, 2018	Consolidated third quarter under review As of December 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	3,145,324	2,788,086
Notes and accounts receivable – trade	4,911,145	4,771,058
Work in process	51,743	75,820
Other	235,990	329,734
Allowance for doubtful accounts	-64	–
Total current assets	8,344,139	7,964,699
Non-current assets		
Property, plant and equipment	1,791,124	1,762,167
Intangible assets		
Goodwill	1,673,712	1,482,657
Software	90,443	91,495
Other	749	3,050
Total intangible assets	1,764,906	1,577,203
Investments and other assets		
Deferred tax assets	233,414	45,267
Other	1,622,872	1,717,867
Allowance for doubtful accounts	-7,500	-7,500
Total investments and other assets	1,848,787	1,755,634
Total non-current assets	5,404,818	5,095,005
Total assets	13,748,957	13,059,705
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	956,721	839,120
Short-term loans payable	2,280,000	860,000
Current portion of long-term loans payable	–	499,600
Income taxes payable	497,043	12,098
Provision for bonuses	930,104	415,612
Provision for directors' bonuses	20,847	11,700
Provision for loss on orders received	–	19,222
Provision for product warranties	–	65,794
Other	1,239,280	1,204,511
Total current liabilities	5,923,997	3,927,659
Non-current liabilities		
Long-term loans payable	–	874,300
Net retirement benefit liability	46,117	34,019
Provision for directors' retirement benefits	7,985	10,810
Deferred tax liabilities	–	22,353
Other	153,605	169,052
Total non-current liabilities	207,708	1,110,535
Total liabilities	6,131,706	5,038,194
<b>Net assets</b>		
Shareholders' equity		
Capital stock	592,344	592,344
Capital surplus	568,970	568,521
Retained earnings	6,374,935	6,709,841
Treasury stock	-502,870	-472,094
Total shareholders' equity	7,033,380	7,398,612
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	451,852	488,229
Foreign currency translation adjustment	103,481	101,140
Remeasurements of retirement benefit plans	-1,892	184
Total accumulated other comprehensive income	553,441	589,554
Subscription rights to shares	11,993	11,070
Non-controlling interests	18,435	22,272
Total net assets	7,617,250	8,021,510
Total liabilities and net assets	13,748,957	13,059,705



(2) Consolidated Statement of Income and Comprehensive Income  
(Consolidated Statement of Income)  
(Consolidated Cumulative Third Quarter)

(Thousands of ¥)

	Previous consolidated cumulative third quarter (April 1, 2017 to December 31, 2017)	Consolidated cumulative third quarter under review (April 1, 2018 to December 31, 2018)
Net sales	16,323,437	19,698,745
Cost of sales	13,310,897	15,522,417
Gross profit	3,012,540	4,176,327
Selling, general, and administrative expenses	2,272,572	2,888,412
Operating income	739,968	1,287,915
Non-operating income		
Interest income	2,802	2,833
Dividend income	18,258	37,531
Foreign exchange gains	—	16,253
Other	23,636	21,834
Total non-operating income	44,697	78,453
Non-operating expenses		
Interest expenses	3,268	11,627
Commitment line fees	17,300	17,715
Other	191	200
Total non-operating expenses	20,759	29,543
Ordinary income	763,906	1,336,824
Extraordinary income		
Gain on sales of non-current assets	4	1,204
Gain on sales of investment securities	6,948	9,495
Other	288	4
Total extraordinary income	7,240	10,705
Extraordinary losses		
Loss on sales of non-current assets	179	27
Loss on retirement of non-current assets	2,973	862
Loss on valuation of investment securities	48,643	—
Impairment loss	9,233	—
Office transfer loss	—	57,701
Other	6,830	—
Total extraordinary losses	67,861	58,590
Net income before income taxes	703,286	1,288,939
Income taxes—current	166,485	299,614
Income taxes—deferred	121,716	193,363
Total income taxes	288,202	492,977
Net income	415,083	795,961
Net income attributable to non-controlling interests	9,040	5,276
Net income attributable to owners of parent	406,043	790,685

**(Consolidated Statement of Comprehensive Income)**  
**(Consolidated Cumulative Third Quarter)**

(Thousands of ¥)

	Previous consolidated cumulative third quarter (April 1, 2017 to December 31, 2017)	Consolidated cumulative third quarter under review (April 1, 2018 to December 31, 2018)
Net income	415,083	795,961
Other comprehensive income		
Valuation difference on available-for-sale securities	51,738	36,377
Foreign currency translation adjustment	22,146	-2,340
Remeasurements of retirement benefit plans	—	2,076
Total other comprehensive income	73,884	36,113
Comprehensive income	488,968	832,075
(Breakdown)		
Comprehensive income attributable to owners of parent	480,430	826,798
Comprehensive income attributable to non-controlling interests	8,537	5,276

### **(3) Notes on Consolidated Financial Statements**

#### **(Notes on Assumptions regarding Going Concern)**

None.

#### **(Notes on Significant Changes (If Any) in Shareholder' Equity)**

None.

#### **(Additional Information)**

(Trades involving the delivery of Company shares to employees, etc. through a trust)

The ID Group introduced two performance pay plans: a "board benefit trust (BBT) plan" for Company directors and executive officers ("Directors, etc."), and a "Japanese employee stock ownership plan (J-ESOP)" for Company employees. The former is designed to encourage Directors, etc. to contribute to better mid- to long-term results and greater corporate value, and the latter is designed to motivate employees to increase the share price and improve results.

##### **(1) How the Plans Work**

At a meeting held on April 30, 2015, the Board of Directors approved the BBT for Directors, etc. as a way to provide directors' compensation. The BBT is a performance pay plan under which Company shares are acquired through a trust using money contributed by the ID Group, and those Company shares are then awarded to Directors, etc. through the trust based on their job performance, etc. as stipulated by the Officer Stock Benefit Rules established by the ID Group. Directors, etc. are generally eligible to receive the award of Company shares when they retire.

Under the J-ESOP, the ID Group awards shares to employees who satisfy certain conditions as stipulated under the Stock Benefit Rules previously established by the ID Group.

The ID Group awards points to the employees based on their years of service or promotions, and issues Company shares to the employees commensurate with the points that the employees have been awarded. The shares to be awarded to the employees in the future are acquired through a previously established trust, and those shares are segregated and managed as trust property.

##### **(2) Notes on the ID Group shares held in trust**

Shares in the ID Group held by BBT and J-ESOP at the end of the consolidated third quarter under review are listed in the consolidated balance sheet under "Net Assets" as "Treasury Stock." The book value of these shares was ¥191,437,000 at the end of the previous consolidated fiscal period and was ¥166,289,000 at the end of the consolidated third quarter under review. The number of shares was 394,869 at the end of the previous consolidated fiscal period and was 327,977 at the end of the consolidated third quarter under review.

(Application of the Partial Revision of the Accounting Standards for Tax-effect Accounting)

The Group began applying the Partial Revision of the Accounting Standards for Tax-effect Accounting (Enterprise Accounting Standard No. 28, February 16, 2018) at the beginning of Q1 of the current consolidated fiscal year. Deferred tax assets are therefore listed in the category "Investment and Other Assets," while deferred tax liabilities are listed in the category "Non-current Liabilities."

## **(Material Subsequent Events)**

(Transition to Holding Company Structure by Company Split)

At the October 31, 2018 meeting of the Board of Directors, the Directors decided to implement an incorporation-type company split (“the Company Split”) to establish a new company, Information Development Co., Ltd. (“the New Company”), in preparation for the Company’s transition to a holding-company structure on April 1, 2019, as described below. As of the same date, the Directors further decided to change the trade name of the Company (the existing company) to ID Holdings Corporation (“ID Holdings”), and to revise the Articles of Incorporation to reflect the new purpose of business of ID Holdings after the transition. The transition to a holding-company structure and partial revision of the Articles of Incorporation were approved by an Extraordinary General Meeting of Shareholders on January 24, 2019.

In this document the term “the Company” refers to the present Company, INFORMATION DEVELOPMENT CO., LTD., before the Company Split, and ID Holdings Corporation after the Company Split; “the New Company” refers only to the new Company created by the Company Split, which takes the name INFORMATION DEVELOPMENT CO., LTD.

### **I. Transition to Holding Company Structure by Company Split**

#### **1. Background and Purpose of Transition to Holding Company Structure**

The environment enfolding the IT service industry is changing quicker than ever before. Customer needs are becoming increasingly sophisticated, while the pace of technological innovation accelerates.

Amid this business environment, fast and accurate decision-making and execution are indispensable to ensure the future growth of the Information Development Group (“the Group”) and the continuing expansion of its enterprise value. Through the upcoming transition to a holding-company structure, the Company aims to separate clearly its management and executive functions, creating a more dynamic and efficient Group management framework. In so doing the Company expects to achieve further enhancement of Group enterprise value.

In moving to a holding-company structure and implementing an incorporation-type company split, the Company will transfer all of its operations in system operation management, software development and other operations to the New Company, separating these businesses and passing them on to the New Company. As a result, the Company will serve as the holding company for all subsidiaries, handling Group strategy functions and management functions for each operating company, and will maintain its listing on the Tokyo Stock Exchange.

#### **2. Overview of the Company Split**

##### **(1) Schedule of the Company Split**

Meeting of Board of Directors to approve the incorporation-type company split plan	October 31, 2018
Publication of record date for Extraordinary General Meeting of Shareholders	November 1, 2018
Record date of Extraordinary General Meeting of Shareholders	November 30, 2018
Approval of the incorporation-type company split plan by the Extraordinary General Meeting of Shareholders	January 24, 2019
Effective date of the incorporation-type company split	April 1, 2019 (scheduled)

##### **(2) Method of the Company Split**

The Company will be split to create the newly established company, Information Development Co., Ltd., as the operating successor to the Company, through an incorporation-type company split.

As of April 1, 2019 (scheduled), the Company will transition to a holding-company structure, changing its trade name to ID Holdings Corporation.

##### **(3) Allotment of shares resulting from the Company Split**

All 1,000 common shares issued by the New Company as a result of the Company Split will be allotted to the Company.

(4) Handling of the Company's subscription rights to shares and bonds with subscription rights to shares

The Company Split entails no change to the handling of subscription rights to shares issued by the Company.

The Company does not issue bonds with subscription rights to shares, so this item is of no concern.

(5) Increase/decrease in capital stock arising from the Company Split

The Company Split entails no increase or decrease in the Company's capital stock.

(6) Rights and duties inherited by the successor company (the New Company)

Except as otherwise specified in the incorporation-type company split plan, the New Company inherits the assets, liabilities and other rights and duties of the Company operations subject to the Company Split, except such rights and duties that are difficult or impossible to pass on to the New Company by their nature.

The Company and the New Company shall determine the obligations inherited by the New Company by cumulative taking of obligation.

(7) Anticipation of fulfillment of obligations

The Company and the New Company expect the amount of assets to continue to exceed the amount of liabilities after the Company Split. At this time the Company and the New Company do not anticipate any circumstances that may obstruct the execution of their due obligations. As such, the Company and the New Company judge that no problems exist with respect to the execution of their due obligations after the Company Split.

3. Overview of the Companies after the Company Split

(1) Overview of each company

	The split company (the Company) (as of September 30, 2018)	The New Company (to be established April 1, 2019)
(1) Name	INFORMATION DEVELOPMENT CO., LTD. (Trade name is to be changed to ID Holdings Corporation as of April 1, 2019.)	INFORMATION DEVELOPMENT CO., LTD.
(2) Location	12-1 Goban-cho, Chiyoda-ku, Tokyo	12-1 Goban-cho, Chiyoda-ku, Tokyo
(3) Name and position of representative director	Masaki Funakoshi, President and Representative Director	Masaki Funakoshi, Chairman and Representative Director Toshio Yamakawa, President and Representative Director
(4) Details of operations	System operation management, software development, other	System operation management, software development, other
(5) Date of establishment	October 20, 1969	April 1, 2019 (scheduled)
(6) Amount of capital stock	¥592,344,000	¥400,000,000
(7) Number of shares issued	12,044,302 shares	1,000 shares
(8) Settlement date	March 31	March 31
(9) Major shareholders and their holdings as share of total	A.K. Corporation 10.91% MHTS Co., Ltd. 8.98% ID Employee Ownership Account 6.47%	INFORMATION DEVELOPMENT CO., LTD. 100% (scheduled to change its trade name to ID Holdings Corporation as of April 1,

	Japan Trustee Services Bank, Ltd. (Trust Account)	4.56%	2019)
	The Master Trust Bank of Japan, Ltd. (Trust Account)	4.16%	
	Mizuho Trust & Banking Co., Ltd.	3.71%	
	Trust & Custody Services Bank, Ltd. (Trust Account E)	3.12%	
	Fukuda Trading Inc.	2.63%	
	TDC Soft Inc.	2.49%	
	Akemi Funakoshi	1.74%	

Note: The Company holds 644,000 shares of treasury stock, which is excluded from the stock of the 10 persons listed above. The shareholding ratios listed above are calculated with this treasury stock excluded.

(2) Business results for the split company (the Company) in recent accounting periods (consolidated)

	FY2015 (Fiscal year ended March 31, 2016)	FY2016 (Fiscal year ended March 31, 2017)	FY2017 (Fiscal year ended March 31, 2018)
Net assets (thousands of yen)	6,509,090	7,321,305	7,617,250
Total assets (thousands of yen)	10,319,890	10,403,277	13,748,957
Book value per share (yen)	596.65	666.68	689.74
Net sales (thousands of yen)	20,082,605	21,554,874	23,207,461
Operating income (thousands of yen)	970,200	1,105,815	1,254,939
Ordinary income (thousands of yen)	964,763	1,133,245	1,274,756
Net income attributable to owners of parent (thousands of yen)	548,936	654,340	622,659
Net income per share (yen)	50.73	60.13	56.84

Note: The Partial Revision of the Accounting Standards for Tax-effect Accounting (Enterprise Accounting Standard No. 28, February 16, 2018) has been applied from the start of FY2018. The figures in the consolidated business results for the most recent accounting period of the split company reflect retroactive application of the new standards.

4. Overview of Split Business Segments

(1) Details of operations of split business segments

All operations currently conducted by the Company

(2) FY2017 management results of the split business segments

	Management results of the split business segments (a)	Business results of the split company (the Company) (b)	Ratio (a/b)
Net sales	¥21,537,000,000	¥21,537,000,000	100.0%

(3) Items and amounts of inherited assets and liabilities

Some of the assets and liabilities of all operations managed by the Company are inherited by the New Company. Amounts

are unconfirmed as of this date.

#### 5. Status after the Company Split

	The split company (the Company)	The New Company
(1) Name	ID Holdings Corporation	INFORMATION DEVELOPMENT CO., LTD.
(2) Location	12-1 Goban-cho, Chiyoda-ku, Tokyo	12-1 Goban-cho, Chiyoda-ku, Tokyo
(3) Name and position of representative director	Masaki Funakoshi, President and Representative Director	Masaki Funakoshi, Chairman and Representative Director Toshio Yamakawa, President and Representative Director
(4) Details of operations	Planning and management of Group operations, management of subsidiaries, etc., through ownership of shares	System operation management, software development, other
(5) Capital stock	¥592,344,000	¥400,000,000
(6) Settlement date	March 31	March 31

#### 6. Forecast

Although the New Company inherits the businesses of the Company as a result of the Company Split, the New Company is a wholly owned subsidiary of the Company, so the Company Split has no direct impact on the consolidated business results.

#### 7. Overview of Accounting Treatment

Transactions were treated as transactions under common control based on the Accounting Standard for Business Combination (Enterprise Accounting Standard No. 21, September 13, 2013), the Accounting Standard for Business Divestitures (Enterprise Accounting Standard No. 7, September 13, 2013) and the Application Guideline for the Accounting Standard for Business Combination and Accounting Standard for Business Divestitures (Application Guideline for Enterprise Accounting Standards No. 10, September 13, 2013).