

Note: This document is an English translation of the “Kessan Tanshin” for the second quarter of the fiscal year ending March 31, 2020 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 Six Months of the Fiscal Year Ending March 31, 2020 (J-GAAP)

November 8, 2019

Company name:	ID Holdings Corporation
Listing:	Tokyo Stock Exchange, 1st Section
Securities code:	4709
URL:	<a href="https://www.idnet-hd.co.jp">https://www.idnet-hd.co.jp</a>
Company representative:	Masaki Funakoshi, President and Representative Director
Direct inquiries to:	Masayoshi Nakatani, Senior Officer Manager, Corporate Strategy Department Tel: +81 3-3262-5177
Scheduled date of filing of Quarterly Securities Report:	November 12, 2019
Scheduled date of dividend payment:	December 6, 2019
Preparation of supplementary materials on financial results:	Yes
Presentation on quarterly results:	Yes (for institutional investors and financial analysts)



(Amounts of less than ¥1 million are truncated)

### 1. Consolidated Financial Results for H1 of FY2019 (April 1–September 30, 2019)

#### (1) Consolidated Business Results

(% indicates YoY changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
H1 FY2019	13,171	-0.0	1,159	57.7	1,168	48.6	738	63.8
H1 FY2018	13,171	22.5	734	149.2	786	154.2	450	332.6

Note: Comprehensive income H1 FY2019 ¥622 million (42.1%) H1 FY2018 ¥437 million (255.4%)

	Net income per share	Diluted net income per share
H1 FY2019	¥ 66.62	¥ 66.06
H1 FY2018	40.94	40.52

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
Q2 FY2019 FY2018	¥ million 13,725 14,600	¥ million 8,517 8,342	% 61.8 56.9

Reference: Equity Q2 FY2019 ¥8,480 million FY2018 ¥8,307 million

### 2. Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal period	Total
FY2018	¥ —	¥ 0.00	¥ —	¥ 40.00	¥ 40.00
FY2019	—	25.00	—	—	—
FY2019 (forecast)	—	—	—	25.00	50.00

Notes: 1. Revision of most recently published dividend forecast: No

2. Hitherto the Group had only distributed dividends once a year, in the year-end dividend. However, to enhance opportunities to return earnings to shareholders, the Group has decided to introduce an interim dividend, beginning with the fiscal year ending March 31, 2020 (FY2019).

### 3. Forecasts of Consolidated Results for FY2019 (April 1, 2019–March 31, 2020)

(% indicates YoY changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
FY2019 (full fiscal year)	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
	26,800	1.1	1,670	0.2	1,710	-0.8	1,060	3.1	95.37

Note: Revision of most recently published results forecast: No

#### \*Notes

(1) Changes in important subsidiaries during the period

Yes

Changes in specified subsidiaries resulting in change in consolidation scope:

New company: Information Development Co., Ltd.

Note: For details, please refer to (4) Notes on Consolidated Financial Statements (Changes in Important Subsidiaries During the Period) under Section 2, Consolidated Financial Statements and Main Notes on page 11 of the Attachment.

(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):	Q2 FY2019	12,044,302 shares	FY2018	12,044,302 shares
(ii) Amount of treasury stock:	Q2 FY2019	930,020 shares	FY2018	961,470 shares
(iii) Interim average number of shares (Consolidated total for the quarter)	Q2 FY2019	11,089,432 shares	Q2 FY2018	11,014,522 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 Second Quarter of the Fiscal Year Ending March 31, 2020, 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.

(Method of obtaining supplementary explanatory materials regarding results and details of the results briefing)

The Company will hold a results briefing for institutional investors and analysts on November 18, 2019. The materials that will be distributed at the briefing will be posted on the Company website promptly after the briefing.

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## 1. Qualitative Information on the Second Quarter of the Fiscal Year Ending March 31, 2020

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

Business results were overall flat in the first six months of the ID Group's 2019 consolidated fiscal year (H1 FY2019: the period from April 1, 2019 to September 30, 2019). In the cybersecurity and consulting operations, results trended favorably, but orders declined in system operation management and software development, as some major projects reached their conclusions. Net sales declined only marginally, 0.0%, from the same period of the previous fiscal year (YoY) to ¥13.171 billion.

In terms of earnings, a number of efforts bore fruit for the ID Group. The Group advanced proactive sales efforts, strengthened its project management system and shifted engineers into value-added fields related to cybersecurity and digital transformation (DX). In addition, a number of high profitable, large-scale projects in software development continued in the period under review. Operating income soared to ¥1.159 billion (+57.7% YoY), ordinary income leapt to ¥1.168 billion (+48.6% YoY), and net income attributable to owners of parent rose to ¥738 million (+63.8% YoY).

From the first quarter of the 2019 consolidated fiscal year (Q1 FY2019), the Group has combined its reporting segments into a single segment, the information service business. Business results for each service are as listed below.

		Previous consolidated cumulative second quarter (April 1, 2018 to September 30, 2018)	Consolidated cumulative second quarter under review (April 1, 2019 to September 30, 2019)	(Millions of ¥) YoY comparison	
				Increase/ decrease	Rate of increase/ decrease (%)
System operation management	Net sales	6,235	6,023	-211	-3.4
	Gross profit	1,374	1,424	50	3.6
	Gross profit margin	22.0%	23.6%	1.6P	—
Software development	Net sales	4,601	4,558	-42	-0.9
	Gross profit	922	1,215	292	31.7
	Gross profit margin	20.1%	26.7%	6.6P	—
System infrastructure	Net sales	1,188	1,183	-4	-0.4
	Gross profit	252	344	92	36.8
	Gross profit margin	21.2%	29.1%	7.9P	—
Cybersecurity, consulting and training	Net sales	618	851	232	37.5
	Gross profit	148	223	75	50.6
	Gross profit margin	24.0%	26.2%	2.3P	—
Others	Net sales	527	553	26	5.0
	Gross profit	-18	126	144	—
	Gross profit margin	—	22.8%	—	—

#### (i) System operation management

Although the Group won some projects from existing customers in the financial sector, certain major finance-related projects were wrapped up. Net sales decreased to ¥6.023 billion (-3.4% YoY).

#### (ii) Software development

A number of projects continued in the public sector, while orders from existing customers in the financial sector expanded. However, some large-scale projects in the public sector from the previous fiscal year were brought to a conclusion. Net sales slid to ¥4.558 billion (-0.9% YoY).

#### (iii) System infrastructure

While sales to public-sector customers increased, those in the transportation and financial sectors contracted. Net sales fell to ¥1.183 billion (-0.4% YoY).

(iv) Cybersecurity, consulting and training

Sales of cybersecurity products increased, as did consulting sales. Net sales grew to ¥851 million (+37.5% YoY).

(v) Others

Product orders from major customers boosted net sales 5.0% YoY to ¥553 million.

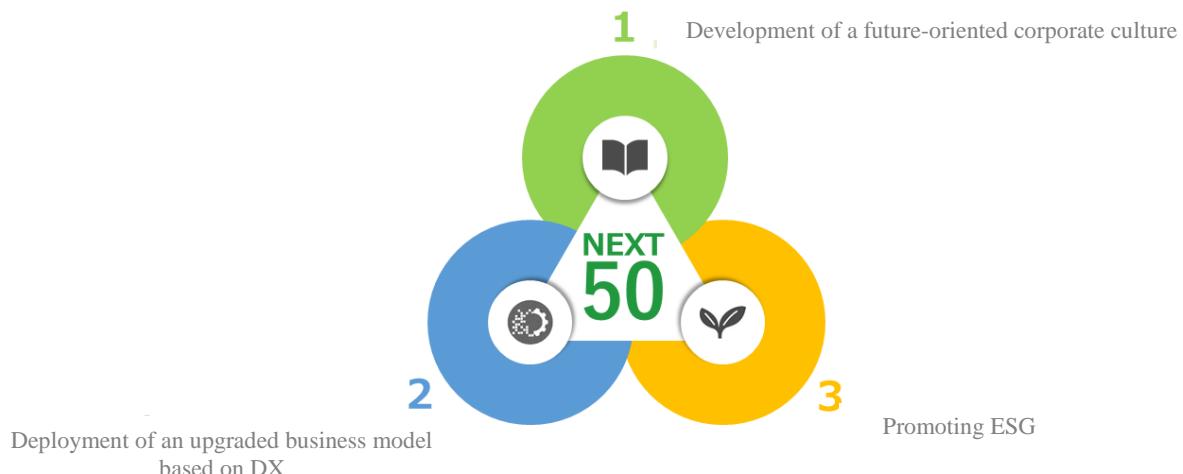
### Management Policy Initiatives

In today's information services industry, customers' IT needs are increasingly diversifying. Digital transformation (DX) is advancing rapidly, as companies transform existing businesses through digital technologies such as robotic process automation (RPA) and AI. Businesses are shifting from system ownership to system use, IoT devices are proliferating rapidly, and cyberattacks are becoming ever more sophisticated. These developments are driving profound changes in the IT management environment. For the ID Group, market shifts such as these represent a growth opportunity. To set the stage for further expansion in operations, the Group has established a new Mid-term Management Plan, Next 50 Episode I: Awakening!, covering the period from the fiscal year ending March 31, 2020 to the fiscal year ending March 31, 2022. For FY2021, the final year of the plan, the group is targeting net sales of ¥30 billion and operating income of ¥1.85 billion.

To achieve these targets, the new Mid-term Management Plan sets three Basic Policies: Development of a future-oriented corporate culture, deployment of an upgraded business model based on DX, and promoting ESG\*. The Group is working vigorously on all three fronts.

\*“ESG” stands for “environmental, social and governance.” The ESG approach holds that an appropriate response to each of these three areas of concern is a core driver of the long-term growth of an enterprise and plays a valuable role in the formation of a sustainable society.

New Mid-term Management Plan “Next 50 Episode I: Awakening!”  
(FY2019 to FY2021)



(i) Development of a future-oriented corporate culture

Diversity of personnel and fostering of innovation are indispensable for the sustainable growth of the ID Group. The ID Group will hire and train diverse individuals while continuously overhauling its organization, systems and work environment so that each personnel can achieve their maximum potential. We will also cultivate a work environment that embraces future-oriented challenge and innovation.

Measures taken to implement this policy include the following:

- To enable talented engineers from overseas to play active roles in Japan, Information Development America Inc., an overseas subsidiary (sub-subsidiary) of the Group, established a country headquarters in Japan.
- To ensure effective personnel assignment, the Group's software development segment has scrapped the divisional-

headquarters system, promoting more fluid assignment of personnel.

- To enable cross-organizational response in personnel and quality-control matters, the Group has appointed an executive responsible for general personnel matters and an executive responsible for quality.
- A Globalization Department is established to strengthen communication between bases in Japan and overseas.
- The Group is promoting personnel\* diversity (percentage of women in management positions: 18%, percentage of non-Japanese workers at the ID Group: 9%).

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

(ii) Deployment of an upgraded business model based on DX

Amid today's rapid trend toward digitalization, the ID Group's corporate clients are moving forward with the introduction and use of innovative technologies. Informed by knowledge and expertise in customer systems accumulated over many years, the ID Group will roll out an upgraded service model that brings added value to customer needs by combining existing service solutions with advanced technologies.

To make this service model a reality, during this three-year period the ID Group will focus squarely on engineer training. By shifting existing services to more upstream processes, the ID Group will transition from a worker-time-based business model to a result-reward-type business model. In this way, while expanding existing businesses, the Group will invest aggressively in new fields, bolstering its competitive position and enhancing profitability.

Measures taken to implement this policy include the following:

- In collaboration with Keio University, whose research activities the Group supports, the Group presented a digital-technology symposium "Advances in Infrastructure and the Status of Data in the DX Era."
- Information Development Co., Ltd. ("ID") has concluded a development-resource partnership agreement with UiPath.
- To transform existing businesses, the Group has established a DX strategic task team, under the direct responsibility of the president of ID as the executive in charge.
- The training environment for RPA service providers UiPath and WinActor have been brought in-house, providing training for 100 employees.
- US-based RealWear, Inc. has certified the ID Group as an ISV partner for its remote work support system, IDEye.
- Venture Café Tokyo\*, an operation co-sponsored by the Group, has partnered with Keio University to present "Cyber Technology & Fusion of Startup/Enterprise Night."

\*In keeping with its mission of "Connecting innovators to make things happen," Venture Café Tokyo conducts a wide range of programming events that bring venture companies, entrepreneurs and investors together. In so doing, the organization aims to cultivate innovation that can change the world. Sponsors of Venture Café Tokyo include the Group, Japan Tobacco Inc., MORI Building Co., Ltd., SOMPO Holdings, Inc. and TEPCO i-Frontiers, Inc.

(iii) Promoting ESG

Through its provision of information services, the ID Group strives to develop solutions to society's problems while creating sustainable growth and social value. By strengthening its commitment to each aspect of ESG investment, the ID Group is working to achieve growth and development for all stakeholders, including customers, shareholders and employees.

Measures taken to implement this policy include the following:

- The Group promoted diversity in work styles by participating in Telework Days 2019<sup>1</sup>, expanding telework using remote-access services and making use of satellite offices.
- To enhance work-life balance, the Group designated days on which employees are encouraged to take paid leave.
- The Group established a Health Management Policy to enable employees to work with motivation and enthusiasm, healthy in mind and body.
- To seek solutions to environmental issues on a Group-wide basis, the Group produced an Environmental Policy.
- Based on ISO 26000, the international standard for organizational social responsibility, the Group is framing its ESG response.
- To strengthen its corporate-governance system, the Group has established a Group Board of Auditors, a Management Committee and a Group Risk Management Committee.
- AI Factory Co., Ltd., a special subsidiary, has obtained certification under JGAP<sup>2</sup>.
- As part of its Mecenat activities, the Group sponsors a Tanabata (Star Festival) concert at Suntory Hall in Minato Ward, Tokyo.
- The Group participates in the Business Consortium to Promote Non-smoking.

1 Telework Days are a national-movement project to promote work-style reforms, leveraging the excitement of the Tokyo 2020 Olympic and Paralympic Games. The project is conducted by the Ministry of Internal Affairs and Communications (MIC), Ministry of Health, Labour and Welfare (MHLW), Ministry of Economy, Trade and Industry (METI), Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Cabinet Office Secretariat and Cabinet Office, in partnership with the government of Metropolitan Tokyo and related organizations.

2 Japan Good Agricultural Practice (JGAP) certification is certification provided to farms that have been confirmed through examination by third-party organizations to ensure food safety, environmental preservation and other good agricultural practices, based on standards of appropriate farm management. Examinations are conducted in five categories: farm operation, food safety, environmental preservation, occupational safety, and human rights/social services. The aim of JGAP is to earn the trust of consumers and establish sustainable farm management through the certification process.

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

### (i) Changes in the ID Group's financial position

#### (Assets)

Assets at the end of consolidated Q2 decreased by ¥875 million to ¥13.725 billion from ¥14.6 billion at the end of the previous consolidated accounting period, owing to a decrease in notes and accounts receivable—trade of ¥1.153 billion, an increase in accounts receivable—other of ¥353 million, etc.

#### (Liabilities)

Liabilities at the end of consolidated Q2 decreased by ¥1.05 billion to ¥5.208 billion from ¥6.258 billion at the end of the previous consolidated accounting period, owing to a decrease in notes and accounts payable—trade of ¥270 million, a decrease in interest-bearing debt of ¥1.252 billion, an increase in advances received of ¥314 million, an increase in income taxes payable of ¥130 million, etc.

#### (Net Assets)

Net assets at the end of consolidated Q2 increased by ¥175 million to ¥8.517 billion from ¥8.342 billion at the end of the previous consolidated accounting period, owing to a net income attributable to owners of parent of ¥738 million, a decrease of ¥456 million due to dividend payments, a decrease in valuation difference on available-for-sale securities of ¥87 million, etc.

### (ii) Cash flows

The balance of cash and cash equivalents (“cash”) at the end of consolidated Q2 under review increased by ¥784 million compared with the end of consolidated Q2 in the previous fiscal year, to ¥3.437 billion (+29.6% YoY).

The cash flow and factors affecting cash flow for H1 of the fiscal year under review are as follows.

#### (Cash flows from operating activities)

Net cash provided by operating activities was ¥1.677 billion (+175.3% YoY).

This result was mainly due to ¥1.208 billion in net income before income taxes, a decrease of ¥1.467 billion in notes and accounts receivable—trade, a decrease of ¥291 million in notes and accounts payable—trade, and ¥290 million in corporation tax, etc. paid.

#### (Cash flows from investing activities)

Net cash used in investing activities was ¥9 million (−96.4% YoY).

This result was mainly due to payments into time deposits of ¥116 million, proceeds from withdrawal of time deposits of ¥104 million, and proceeds from sales of investment securities of ¥70 million.

#### (Cash flows from financing activities)

Net cash used in financing activities was ¥1.694 billion (+152.9% YoY).

This result was mainly due to a net decrease of ¥1 billion in short-term loans payable, repayment of long-term loans payable of ¥249 million, and cash dividends paid of ¥454 million (including cash dividends paid to non-controlling interests).

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

The forecast of consolidated business results for H1 FY2019 is revised as described in the “Revision of Forecast of Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2020,” released on November 1, 2019. The Group will continue to scrutinize trends carefully. If revisions to the full-fiscal-year business results are required, the Group will publish those revisions promptly.

## 2. Consolidated Financial Statements and Important Notes

### (1) Consolidated Balance Sheet

	(Thousands of ¥)	
	Previous consolidated accounting period As of March 31, 2019	Consolidated second quarter under review As of September 30, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,797,736	3,764,850
Notes and accounts receivable – trade	5,232,087	4,078,247
Work in process	19,288	62,457
Other	249,744	654,157
<b>Total current assets</b>	<b>9,298,856</b>	<b>8,559,713</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,781,771	1,738,902
Intangible assets		
Goodwill	1,418,972	1,291,601
Software	94,212	82,839
Other	742	742
<b>Total intangible assets</b>	<b>1,513,927</b>	<b>1,375,183</b>
Investments and other assets		
Deferred tax assets	203,067	369,611
Other	1,810,543	1,689,756
Allowance for doubtful accounts	-7,500	-7,500
<b>Total investments and other assets</b>	<b>2,006,110</b>	<b>2,051,867</b>
<b>Total non-current assets</b>	<b>5,301,809</b>	<b>5,165,952</b>
<b>Total assets</b>	<b>14,600,666</b>	<b>13,725,665</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable – trade	975,479	705,079
Short-term loans payable	1,360,000	360,000
Current portion of long-term loans payable	499,600	499,600
Income taxes payable	325,600	456,567
Provision for bonuses	954,331	773,469
Provision for directors' bonuses	22,700	12,352
Provision for loss on orders received	34,479	—
Provision for product warranties	—	43,571
Other	1,121,494	1,436,099
<b>Total current liabilities</b>	<b>5,293,685</b>	<b>4,286,739</b>
<b>Non-current liabilities</b>		
Long-term loans payable	749,400	499,600
Net retirement benefit liability	29,888	27,812
Provision for directors' retirement benefits	11,799	13,996
Deferred tax liabilities	—	196,927
Other	173,664	183,259
<b>Total non-current liabilities</b>	<b>964,752</b>	<b>921,596</b>
<b>Total liabilities</b>	<b>6,258,438</b>	<b>5,208,335</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	592,344	592,344
Capital surplus	568,352	568,097
Retained earnings	6,947,709	7,230,096
Treasury stock	-470,069	-457,635
<b>Total shareholders' equity</b>	<b>7,638,336</b>	<b>7,932,903</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	557,514	470,392
Foreign currency translation adjustment	109,840	74,033
Remeasurements of retirement benefit plans	1,807	3,145
<b>Total accumulated other comprehensive income</b>	<b>669,162</b>	<b>547,570</b>
Subscription rights to shares	10,609	10,090
Non-controlling interests	24,119	26,765
<b>Total net assets</b>	<b>8,342,227</b>	<b>8,517,330</b>
<b>Total liabilities and net assets</b>	<b>14,600,666</b>	<b>13,725,665</b>

**(2) Consolidated Statement of Income and Comprehensive Income**

**(Consolidated Statement of Income)**

**(Consolidated Cumulative Second Quarter)**

(Thousands of ¥)

	Previous consolidated cumulative second quarter (April 1, 2018 to September 30, 2018)	Consolidated cumulative second quarter under review (April 1, 2019 to September 30, 2019)
Net sales	13,171,826	13,171,714
Cost of sales	10,492,412	9,837,354
Gross profit	2,679,414	3,334,360
Selling, general, and administrative expenses	1,944,468	2,175,337
Operating income	734,945	1,159,022
Non-operating income		
Interest income	1,780	2,514
Dividend income	35,393	21,187
Foreign exchange gains	21,790	—
Other	16,227	12,952
Total non-operating income	75,192	36,654
Non-operating expenses		
Interest expenses	6,866	7,033
Commitment line fees	17,004	16,055
Other	131	4,014
Total non-operating expenses	24,001	27,104
Ordinary income	786,136	1,168,572
Extraordinary income		
Gain on sales of non-current assets	1,204	1,068
Gain on sales of investment securities	9,495	38,886
Other	4	—
Total extraordinary income	10,705	39,955
Extraordinary losses		
Loss on sales of non-current assets	27	—
Loss on retirement of non-current assets	733	12
Office transfer loss	57,701	—
Total extraordinary losses	58,462	12
Net income before income taxes	738,379	1,208,515
Income taxes—current	320,419	396,401
Income taxes—deferred	−36,429	68,408
Total income taxes	283,989	464,810
Net income	454,389	743,705
Net income attributable to non-controlling interests	3,412	4,885
Net income attributable to owners of parent	450,977	738,819

**(Consolidated Statement of Comprehensive Income)**

**(Consolidated Cumulative Second Quarter)**

(Thousands of ¥)

	Previous consolidated cumulative second quarter (April 1, 2018 to September 30, 2018)	Consolidated cumulative second quarter under review (April 1, 2019 to September 30, 2019)
Net income	454,389	743,705
Other comprehensive income		
Valuation difference on available-for-sale securities	-34,404	-87,122
Foreign currency translation adjustment	16,506	-35,806
Remeasurements of retirement benefit plans	1,384	1,338
Total other comprehensive income	-16,513	-121,591
Comprehensive income	437,876	622,114
(Breakdown)		
Comprehensive income attributable to owners of parent	434,464	617,228
Comprehensive income attributable to non-controlling interests	3,412	4,885

(3) Consolidated Cash Flow Statement

(Thousands of ¥)

	Previous consolidated cumulative second quarter (April 1, 2018 to September 30, 2018)	Consolidated cumulative second quarter under review (April 1, 2019 to September 30, 2019)
<b>Cash flows from operating activities</b>		
Net income before income taxes	738,379	1,208,515
Depreciation	95,332	78,743
Amortization of goodwill	127,370	127,370
Loss on retirement of non-current assets	733	12
Loss (gain) on sales of non-current assets	-1,177	-1,068
Loss (gain) on sales of investment securities	-9,495	-38,886
Increase (decrease) in provision for bonuses	1,814	-181,401
Increase (decrease) in provision for directors' bonuses	-13,047	-14,348
Increase (decrease) in allowance for doubtful accounts	-64	—
Increase (decrease) in provision for loss on orders received	27,626	-34,479
Increase (decrease) in provision for product warranties	108,395	43,571
Increase (decrease) in net retirement benefit assets (liabilities)	-2,140	-29
Increase (decrease) in provision for directors' retirement benefits	1,835	2,197
Interest income and dividend income	-37,174	-23,701
Interest expenses	6,866	7,033
Foreign exchange losses (gains)	-15,819	136
Decrease (increase) in notes and accounts receivable—trade	469,231	1,467,065
Decrease (increase) in inventories	-7,582	-44,322
Increase (decrease) in notes and accounts payable—trade	-223,564	-291,559
Increase (decrease) in amounts payable—other	-5,216	-46,955
Increase (decrease) in accrued expenses	-86,039	-162,786
Increase (decrease) in accrued consumption tax, etc.	-127,743	237,304
Decrease (increase) of other current assets	-33,781	-342,959
Increase (decrease) in other current liabilities	-25,595	-19,902
Decrease (increase) in other non-current assets	2,359	-15,285
Increase (decrease) in other non-current liabilities	15,204	-1,007
Other	14,712	-259
<b>Subtotal</b>	<b>1,021,417</b>	<b>1,952,996</b>
Interest and dividend income received	37,686	22,104
Interest expenses paid	-6,849	-7,033
Corporation tax, etc. paid	-442,913	-290,692
<b>Net cash provided by (used in) operating activities</b>	<b>609,340</b>	<b>1,677,374</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	-149,130	-116,830
Proceeds from withdrawal of time deposits	—	104,163
Purchase of property, plant and equipment	-59,023	-28,802
Proceeds from sales of property, plant and equipment	1,216	6,503
Purchase of intangible assets	-12,983	-8,095
Purchase of investment securities	-56,983	-900
Proceeds from sales of investment securities	14,000	70,424
Other	7,658	-35,721
<b>Net cash provided by (used in) investing activities</b>	<b>-255,246</b>	<b>-9,258</b>

(Thousands of ¥)

	Previous consolidated cumulative second quarter (April 1, 2018 to September 30, 2018)	Consolidated cumulative second quarter under review (April 1, 2019 to September 30, 2019)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	-1,720,000	-1,000,000
Proceeds from long-term loans payable	1,500,000	—
Repayment of long-term loans payable	—	-249,800
Purchase of treasury stock	-319	-59
Proceeds from sales of treasury stock	2,407	12,239
Cash dividends paid	-452,296	-452,466
Cash dividends paid to non-controlling interests	-1,440	-2,240
Other	1,568	-2,490
Net cash provided by (used in) financing activities	-670,080	-1,694,816
Effect of exchange rate changes on cash and cash equivalents	24,592	-25,547
Net increase (decrease) in cash and cash equivalents	-291,393	-52,248
Cash and cash equivalents at beginning of period	2,944,523	3,489,851
Cash and cash equivalents at end of period	2,653,130	3,437,602

**(4) Notes on Consolidated Financial Statements**

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

None.

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

None.

**(Changes in Important Subsidiaries During the Period)**

In tandem with the ID Group's transition to a holding-company structure in Q1, on April 1, 2019 the Company changed its name to ID Holdings Corporation. The new company created by the company split, Information Development Co., Ltd., was included in the scope of consolidation.

**(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 Group directors and executive officers ("Directors, etc."), and a "Japanese employee stock ownership plan (J-ESOP)" for Group 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 point 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 first quarter under review are listed in the consolidated balance sheet under "Net Assets" as "Treasury Stock." The book value of these shares was ¥166,289,000 at the end of the previous consolidated fiscal period and was ¥157,033,000 at the end of the consolidated second quarter under review. The number of shares was 327,977 at the end of the previous consolidated fiscal period and was 303,227 at the end of the consolidated second quarter under review.