

November 18, 2021

To: All Concerned Stakeholders

Company	:	ID Holdings Corporation
Representative	:	Masaki Funakoshi, President and Representative Director (Securities Code: 4709; TSE 1 st Section)
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Notice of Group Reorganization (Absorption-type Split Ahead of Transfer of Head-office Functions)

ID Holdings Corporation (“the Company”) hereby announces that, at a meeting of its Board of Directors held today, the Company resolved to conduct an absorption-type split of INFORMATION DEVELOPMENT Co., Ltd. (“ID”), a consolidated subsidiary of the Company, in which the Company becomes the successor to the administrative operations of ID. The purpose of this move is to transfer head-office functions within the Group.

This absorption-type split is a simplified absorption-type split, in which the Company becomes the successor to operations of a wholly owned subsidiary of the Company. As such, some disclosure items and content are omitted from this announcement.

1. Purpose of the Absorption-type Split

Pursuant to its conversion to a holding-company structure in April 2019, the Company is reorganizing the Group to improve corporate value and reinforce competitiveness. As the core operating company of the ID Group, ID has hitherto held responsibility for the Group’s head-office functions. To enhance the efficiency of Group management, the Company had concentrated and centralized administrative operations in ID.

To expand its sphere of operations and strengthen its customer base, the Group acquired three operating companies in the previous fiscal year. As the Group’s parent company, the Company recognized the need to build an effective framework in which the Company controls the entire Group, as part of its continued search for a growth strategy for the enlarged ID Group. The Company therefore elected to conduct an absorption-type split, becoming the successor to the Group administrative functions previously handled by ID. With this move, the Company aims to improve the efficiency of overall Group management, streamline administrative processes and reinforce governance.

The details of the contract for the absorption-type split and the organization that will result are to be resolved at a separate meeting of the Board of Directors. The Company will announce these matters as they are resolved.

2. Overview of the Absorption-type Split

(1) Schedule of the split

Board of Directors authorizes the absorption-type split:	November 18, 2021
Board of Directors authorizes the contract for absorption-type split (ID):	February 14, 2022 (scheduled)
Board of Directors authorizes the contract for absorption-type split (the Company):	February 15, 2022 (scheduled)
Effective date of absorption-type split:	April 1, 2022 (scheduled)

Note: In this absorption-type split, the Company, as the successor company, satisfies the requirements for a “simplified split” as stipulated in Article 796, Paragraph 2 of the Companies Act. As the split company, ID satisfies the requirements for an “informal split” as stipulated in Article 784, Paragraph 1 of the Companies Act. As such, both companies will conduct the absorption-type split without the approval of a general meeting of shareholders.

(2) Method of the company split

An absorption-type split in which ID is the split company and the Company becomes the successor company

3. Overview of the Companies (As of September 30, 2021)

	Split company	Successor company
(1) Name	INFORMATION DEVELOPMENT CO., LTD.	ID Holdings Corporation
(2) Location	12-1, Goban-cho, Chiyoda-ku, Tokyo	12-1, Goban-cho, Chiyoda-ku, Tokyo
(3) Name and position of representative	Toshio Yamakawa, President and Representative Director	Masaki Funakoshi, President and Representative Director
(4) Details of operations	Software development, System operation management, IT infrastructure, Cybersecurity, etc.	Group management /Planning, Subsidiary administration, etc.
(5) Date of establishment	April 1, 2019	October 20, 1969
(6) Capital stock	¥400 million	¥592 million
(7) Total number of shares issued	1,000 shares	18,066,453 shares
(8) Fiscal terms	March 31	March 31
(9) Major shareholder and shareholding ratio	ID Holdings Corporation: 100%	The Master Trust Bank of Japan, Ltd. (Trust Account): 9.11% A.K. Corporation: 8.91% ID Employee Ownership Account: 6.10% Custody Bank of Japan, Ltd. (Trust Account): 4.82% PERSHING-DIV. OF DLJ SECS.CORP.: 4.44%

4. Financial Condition and Business Results in the Previous Fiscal Year (FY2020)

	INFORMATION DEVELOPMENT CO., LTD. (non-consolidated)	ID Holdings Corporation (consolidated)
Net assets	¥3,381 million	¥9,408 million
Total assets	¥6,733 million	¥16,796 million
Net assets per share	¥3,381,771	¥546
Net sales	¥16,688 million	¥25,766 million
Operating income	¥436 million	¥1,372 million
Ordinary income	¥690 million	¥1,553 million
Net income attributable to owners of parent	¥645 million (Net income)	¥747 million
Net income per share	¥645,161	¥44

Note: On July 1, 2021, the Company executed a share split at a ratio of 1.5 new shares per previous common share. In consideration of this share split, the items “Net assets per share” and “Net income per share” are calculated as if the share split had occurred at the beginning of FY2020.

5. Status After the Absorption-type Split

The names, details of operations, head-office locations, representatives, capital stock and fiscal terms of the companies will be announced as they are separately resolved by the Board of Directors.

6. Forecast

Because the parties to this absorption-type split are the Company and a wholly owned subsidiary of the Company, the split is expected to have minimal impact on the Company’s consolidated business results.

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