

Note: This document is an English translation of the “Kessan Tanshin” for the first six months of the fiscal year ending March 31, 2026 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, 2026 (J-GAAP)

October 31, 2025

Company name: ID Holdings Corporation
Listing: Tokyo Stock Exchange, Prime Market
Securities code: 4709
URL: <https://www.idnet-hd.co.jp>
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Scheduled date of filing of Semi-annual Securities Report: November 7, 2025
Scheduled date of dividend payment: December 5, 2025
Preparation of supplementary materials on financial results: Yes
Presentation on results: Yes (for institutional investors and financial analysts)

(Amounts of less than ¥1 million are truncated)

1. Consolidated Financial Results for H1 of FY2025 (April 1–September 30, 2025)

(1) Consolidated Business Results

(% indicates YoY changes)

	Net sales		EBITDA		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
H1 FY2025	19,472	12.2	2,210	7.0	2,018	16.2	2,003	11.2	1,274	20.7
H1 FY2024	17,347	8.8	2,065	19.9	1,737	22.2	1,801	19.7	1,055	25.1

Note: Comprehensive income H1 FY2025 ¥1,473 million (34.3%)

H1 FY2024 ¥1,097 million (-3.0%)

	EPS before amortization of goodwill		Net income per share	Diluted net income per share
	¥	%	¥	¥
H1 FY2025	81.62	7.0	75.63	—
H1 FY2024	76.29	19.0	63.03	—

Note: Diluted net income per share is not listed, as the Group has no potential shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of September 30, 2025	22,193	14,425	64.7
As of March 31, 2025	22,490	13,615	60.3

Reference: Equity

As of September 30, 2025 ¥14,358 million

As of March 31, 2025 ¥13,554 million

2. Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal period	Total
	¥	¥	¥	¥	¥
FY2024	—	25.00	—	45.00	70.00
FY2025	—	35.00			
FY2025 (forecast)			—	35.00	70.00

Note: Revision of most recently published dividend forecast: No

3. Forecasts of Consolidated Results for FY2025 (April 1, 2025–March 31, 2026)

(% indicates YoY changes)

	Net sales		EBITDA		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2025 (full fiscal year)	39,000	7.5	4,540	3.4	4,100	8.4	4,080	5.6	2,500	4.6

	EPS before amortization of goodwill		Net income per share
	¥	%	¥
FY2025 (full fiscal year)	159.74	-3.4	147.80

Note: Revision of most recently published results forecast: Yes

For the revisions to the forecast of consolidated business results, please refer to “Notice Regarding Revision of Forecast of the Full-year Consolidated Business Results” published on October 31, 2025.

*Notes

(1) Significant changes in the scope of consolidation during the period No

(2) Adoption of special accounting treatments for semi-annual 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):	As of September 30, 2025	17,229,712 shares	As of March 31, 2025	17,229,712 shares
(ii) Amount of treasury stock:	As of September 30, 2025	254,759 shares	As of March 31, 2025	437,641 shares
(iii) Interim average number of shares (Six months from the beginning of the fiscal year)	H1 FY2025	16,854,441 shares	H1 FY2024	16,754,139 shares

(5) Calculation of certain management indices

- EBITDA = Operating income + depreciation + amortization of goodwill
- EPS before amortization of goodwill = Net income after adjustments* ÷ interim average number of shares

*Net income after adjustments = Net income attributable to owners of parent + amortization of goodwill

* These consolidated financial results for the first six months of the fiscal year are not subject to 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. 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. Summary of Business Results, etc., on page 6 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 - restricted stock (BBT-RS) plan and Japanese employee stock ownership plan - restricted stock (J-ESOP-RS). Company shares held by Custody Bank of Japan, Ltd. (Trust Account E) as trust property for the BBT-RS and J-ESOP-RS plans are included in treasury stock.

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

The ID Group will hold a results briefing for institutional investors and analysts on November 20, 2025. The materials that will be distributed at the briefing will be posted on the Group website promptly after the briefing.

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1. Summary of Business Results, etc.

(1) Summary of Business Results for the Period

During the consolidated fiscal first half under review (H1 FY2025: April 1 to September 30, 2025), the Japanese economy continued on a gradual recovery keynote, with improvements in the employment and income environments. However, the path forward remained unclear amid risk of recession, due to factors such as the impact of US trade policy on the global economy, rising prices of goods and fluctuations in financial and capital markets.

The information services industry, in which the ID Group is a participant, continued on a growth trend. Demand for IT investment was robust, as digital technologies advanced in virtually every aspect of society. Corporate demand for AI, cloud solutions and other technologies that boost productivity expanded, along with needs for consulting and construction of in-house IT environments to realize those gains. Increases in cyberattacks, as well as manifestation of vulnerabilities in operational systems, brought attention to risks to business continuity. In response to these management issues, appetite for investment in cybersecurity and IT governance intensified.

Against this background, the ID Group enjoyed favorable growth in application development, IT infrastructure and cybersecurity. Net sales rose to ¥19.472 billion (+12.2% YoY).

In earnings, the Group ramped up returns to employees and strategic investments to train and retain personnel, amid the increase in net sales noted above, improvement in gross profit margin, and decrease in amortization of goodwill. Operating income rose to ¥2.018 billion (+16.2% YoY) and ordinary income increased to ¥2.003 billion (+11.2% YoY). Net income attributable to owners of parent grew to ¥1.274 billion (+20.7% YoY) and EBITDA improved to ¥2.210 billion (+7.0% YoY).

Note: Beginning with the consolidated first quarter under review, the service named “software development” is changed to “application development” and the service named “cybersecurity, consulting and training” is split into two services, “cybersecurity” and “consulting and training.” These changes in nomenclature do not denote any change in the nature or status of these businesses.

The Group's business consists of a single segment. Business results for each service are as follows.

(Millions of ¥)

		Previous consolidated first half (April 1, 2024 to September 30, 2024)	Consolidated first half under review (April 1, 2025 to September 30, 2025)	Compared with same period of previous fiscal year (YoY)	
				Increase/decrease	Rate of increase/decrease (%)
System management	Net sales	7,528	7,744	215	2.9
	Gross profit	1,819	1,822	3	0.2
	Gross profit margin	24.2%	23.5%	-0.7P	—
Application development	Net sales	5,978	6,814	836	14.0
	Gross profit	1,213	1,818	604	49.8
	Gross profit margin	20.3%	26.7%	6.4P	—
IT infrastructure	Net sales	1,829	2,335	505	27.6
	Gross profit	554	612	57	10.3
	Gross profit margin	30.3%	26.2%	-4.1P	—
Cybersecurity	Net sales	964	1,443	478	49.5
	Gross profit	181	426	244	134.5
	Gross profit margin	18.8%	29.5%	10.7P	—
Consulting and training	Net sales	854	839	-15	-1.8
	Gross profit	364	363	-1	-0.3
	Gross profit margin	42.7%	43.3%	0.6P	—
Others	Net sales	190	295	104	55.0
	Gross profit	25	5	-20	-78.0
	Gross profit margin	13.6%	1.9%	-11.7P	—
Total	Net sales	17,347	19,472	2,125	12.2
	Gross profit	4,160	5,048	887	21.3
	Gross profit margin	24.0%	25.9%	1.9P	—

(i) System management

Although some projects were scaled back, order acceptance from clients in the financial sector and major IT vendors expanded, and a review of unit prices to ensure appropriate pricing also contributed. Net sales rose to ¥7.744 billion (+2.9% YoY).

(ii) Application development

The Group attracted new clients through partnerships with major IT vendors and enjoyed increases in order acceptance from clients related to finance, manufacturing, and energy. Net sales grew to ¥6.814 billion (+14.0% YoY).

(iii) IT infrastructure

Transactions expanded through partnerships with major IT vendors while order acceptance increased with clients related to finance and energy. Net sales surged to ¥2.335 billion (+27.6% YoY).

(iv) Cybersecurity

As demand for cybersecurity solutions intensified, order acceptance broadened with multiple clients, most notably in the public sector. Net sales surged to ¥1.443 billion (+49.5% YoY).

(v) Consulting and training

Projects with some clients wrapped up. Net sales retreated to ¥839 million (−1.8% YoY).

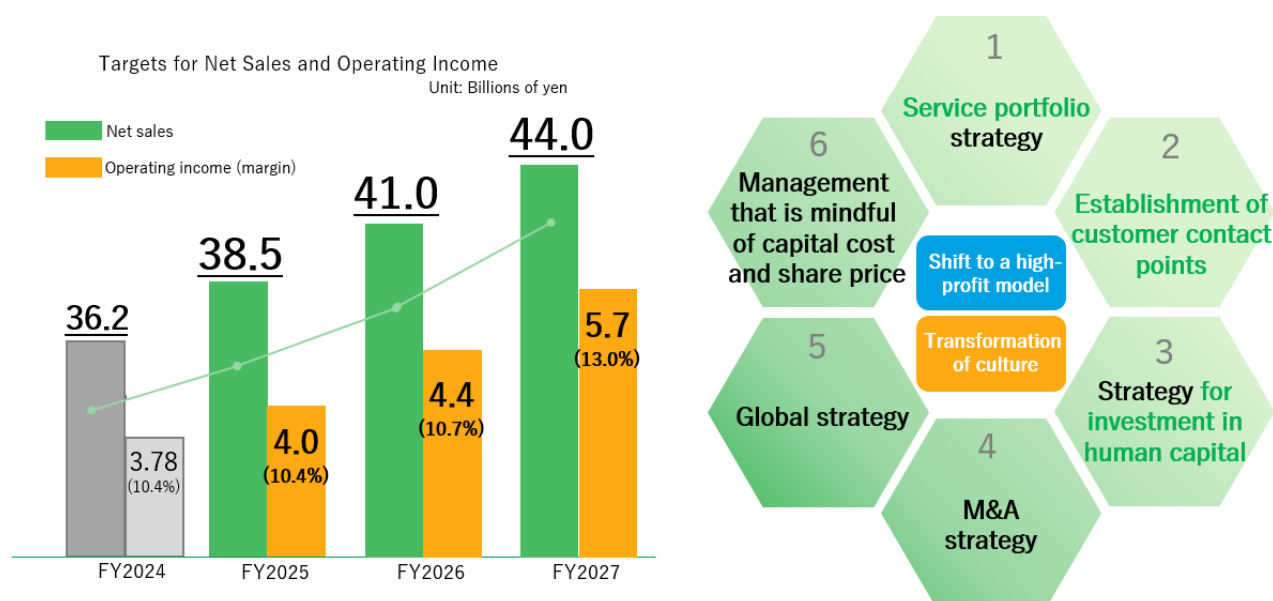
(vi) Others

Order acceptance from clients related to finance and energy expanded. Net sales lifted to ¥295 million (+55.0% YoY).

Management Policy Initiatives

The ID Group has drafted a three-year Mid-term Management Plan entitled “Next 50 Episode III: JUMP!!!,” with FY2025 as its first year. Focusing on two strategic themes, “shift to a high-profit model” and “transformation of culture,” the plan outlines six key strategies, including a service portfolio strategy, establishment of customer contact points and a strategy for investment in human capital.

■ Advancement of six key strategies including service portfolio, establishment of customer contact points and investment in human capital



Note: Target figures as of April 30, 2025

In its service portfolio strategy, the ID Group posted ebullient growth through its twin strategies of improving profitability in its base areas¹ and expanding the scale of operations in its focal areas². In application development in particular, in which profitability has been identified as an issue, reforms were undertaken with a view to improving earnings at each business location. Going forward, the Group aims to improve profitability by establishing a high-productivity business model.

In focal areas, over the past three years the Group has confirmed a number of employees who wish to rotate into different areas. For these employees, the Group worked to execute a planned resource shift into IT infrastructure and cybersecurity, and moved forward with training plans for consultants of whom advanced knowledge and experience will be required.

Additionally, the Group continued to implement actions originally prepared for the strategy for investment in human capital, global strategy, and other initiatives.

Notes

1. Base areas: System management and application development
2. Focus areas: IT infrastructure, cybersecurity, and consulting and training

Research and Development Activities

During H1 FY2024, Group expenditures on research and development activities totaled ¥99 million.

The ID Group is focusing intensively on research and development, determined to create innovative businesses that put state-of-the-art technologies to work.

The ID Group undertook a number of major initiatives. The Group moved actively forward on AI technology, an area in which client expectations for improved operational efficiency are rising. In particular, the Group focused on research on AI agents that can process complex tasks with high degrees of autonomy. The Group also examined and implemented development standards predicated on the assumption that AI will be used in system development. In addition, Group technical research continued on small language models (SLMs), which have high affinity with corporate security management, and on medical AI systems for diagnosis of knee osteoarthritis, in collaboration with Tottori University.

The ID Group continued to develop ID-VROP, a virtual operation center that enables system operation in a virtual space. In July 2025 the Group added features for creating dedicated rooms for clients with stringent security requirements. The Company strengthened security features using its patented blockchain technology, incorporated AI features, and improved certain features in view of proof-of-concept results in particular client environments.

The Group also pursued R&D applying patented technologies that the Company holds or intends to acquire. In collaboration with SBI R3 Japan Co., Ltd., the Group continued to advance research and development to achieve innovative services using a previously developed logging system.

Finally, the Group took steps to strengthen its technical capabilities and foster further innovation. Through investment in venture funds, the ID Group strengthened efforts to gather information on cybersecurity and other leading-edge IT trends in the United States. The Group stepped up efforts to acquire certification under ISO42001, the international standard for artificial intelligence management systems (AIMS), and ISO56001, the international standard for innovation management systems.

(2) Summary of Financial Condition for the Period

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

(Assets)

Assets at the end of consolidated Q2 decreased by ¥296 million from the end of the previous consolidated accounting period to ¥22.193 billion. Although accounts receivable—trade increased by ¥210 million and investment securities by ¥189 million, cash and deposits decreased by ¥659 million.

(Liabilities)

Liabilities at the end of consolidated Q2 decreased by ¥1.107 billion from the end of the previous consolidated accounting period to ¥7.767 billion. Interest-bearing debt declined by ¥1.050 billion.

(Net Assets)

Net assets at the end of consolidated Q2 increased by ¥810 million from the end of the previous consolidated accounting period to ¥14.425 billion. Although payment of year-end dividends reduced net assets by ¥774 million, net income attributable to owners of parent increased to ¥1.274 billion and valuation difference on available-for-sale securities increased to 152 million.

(ii) Cash flows

Cash and cash equivalents on a consolidated basis (hereinafter “net cash”) at the end of consolidated Q2 under review decreased by ¥187 million in comparison with the end of consolidated Q2 in the previous fiscal year, to ¥4.753 billion (-3.8% 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 ¥1.140 billion (compared to a net cash increase of ¥1.212 billion in the same period of the previous fiscal year). This result was mainly due to ¥2.050 billion in net income before income taxes, ¥205 million increase in provision for bonuses, and ¥1.099 billion Corporation tax, etc. paid.

(Cash flows from investing activities)

Net cash used in investing activities was ¥37 million (compared to a net cash decrease of ¥131 million in the same period of the previous fiscal year). This result was mainly due to purchase of property, plant and equipment of ¥65 million, purchase of investment securities of ¥57 million, proceeds from sale of businesses ¥35 million, and other proceeds of ¥41 million (proceeds from cancellation of insurance funds, etc.).

(Cash flows from financing activities)

Net cash used in financing activities was ¥1.825 billion (compared to a net cash decrease of ¥1.782 billion in the same period of the previous fiscal year). This result was mainly due to a net decrease of ¥950 million in short-term loans payable, repayment of long-term loans payable of ¥100 million, and cash dividends paid of ¥774 million (including cash dividends paid to non-controlling interests).

(3) Qualitative Information on the Consolidated Results Forecast

In view of recent trends in business results, the Group has revised its forecast of consolidated business results for the fiscal year ending March 31, 2026, published on April 30, 2025. For details, please refer to “Notice Regarding Revision of Forecast of the Full-year Consolidated Business Results” published on October 31, 2025.

2. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheet

(Thousands of ¥)

	Previous consolidated accounting period As of March 31, 2025	Consolidated second quarter under review As of September 30, 2025
Assets		
Current assets		
Cash and deposits	5,683,280	5,023,783
Accounts receivable–trade	6,902,201	7,113,087
Contract assets	975,713	1,009,152
Work in process	109	531
Accounts receivable–other	28,912	46,545
Other	805,830	861,674
Total current assets	14,396,048	14,054,775
Non-current assets		
Property, plant and equipment	1,463,168	1,453,860
Intangible assets		
Goodwill	475,828	374,859
Software	88,303	76,914
Other	754	754
Total intangible assets	564,886	452,528
Investments and other assets		
Investment securities	4,664,007	4,853,900
Deferred tax assets	651,589	671,237
Guarantee deposits	371,700	366,758
Other	386,411	348,060
Allowance for doubtful accounts	–7,500	–7,500
Total investments and other assets	6,066,209	6,232,457
Total non-current assets	8,094,264	8,138,845
Total assets	22,490,312	22,193,620

(Thousands of ¥)

	Previous consolidated accounting period As of March 31, 2025	Consolidated second quarter under review As of September 30, 2025
Liabilities		
Current liabilities		
Accounts payable-trade	1,378,584	1,376,786
Contract liabilities	673,293	735,166
Short-term loans payable	1,800,000	850,000
Current portion of long-term loans payable	150,000	50,000
Income taxes payable	1,132,988	878,675
Provision for bonuses	1,443,365	1,648,926
Provision for directors' bonuses	44,593	15,553
Other	1,365,111	1,311,026
Total current liabilities	7,987,936	6,866,135
Non-current liabilities		
Deferred tax liabilities	494,495	573,033
Provision for directors' retirement benefits	45,351	49,881
Net retirement benefit liability	36,620	39,437
Other	310,503	239,243
Total non-current liabilities	886,969	901,596
Total liabilities	8,874,905	7,767,731
Net assets		
Shareholders' equity		
Capital stock	592,344	592,344
Capital surplus	541,475	541,475
Retained earnings	11,119,125	11,619,598
Treasury stock	-427,649	-314,147
Total shareholders' equity	11,825,295	12,439,272
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,298,070	1,451,060
Deferred gains or losses on hedges	648	5,643
Foreign currency translation adjustment	412,769	444,497
Remeasurements of retirement benefit plans	17,374	17,945
Total accumulated other comprehensive income	1,728,863	1,919,146
Non-controlling interests	61,247	67,470
Total net assets	13,615,406	14,425,889
Total liabilities and net assets	22,490,312	22,193,620

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

(Thousands of ¥)

	Previous consolidated first half (April 1, 2024 to September 30, 2024)	Consolidated first half under review (April 1, 2025 to September 30, 2025)
Net sales	17,347,054	19,472,057
Cost of sales	13,186,260	14,423,529
Gross profit	4,160,793	5,048,527
Selling, general, and administrative expenses	2,423,279	3,029,819
Operating income	1,737,514	2,018,708
Non-operating income		
Interest income	3,790	2,922
Dividend income	37,520	43,620
Subsidy income	1,960	1,920
Foreign exchange gains	—	10,838
Other	37,504	25,651
Total non-operating income	80,775	84,952
Non-operating expenses		
Interest expenses	8,075	10,849
Foreign exchange loss	7,219	—
Share of loss of entities accounted for using equity method	—	77,000
Other	1,429	12,408
Total non-operating expenses	16,724	100,258
Ordinary income	1,801,565	2,003,402
Extraordinary income		
Gain on sales of non-current assets	2,280	—
Gain on sales of investment securities	—	12,084
Gain on sale of businesses	—	35,000
Total extraordinary income	2,280	47,084
Extraordinary losses		
Loss on retirement of non-current assets	1,790	319
Total extraordinary losses	1,790	319
Net income before income taxes	1,802,055	2,050,167
Income taxes—current	747,758	780,840
Income taxes—deferred	-7,996	-13,931
Total income taxes	739,761	766,909
Net income	1,062,293	1,283,258
Net income attributable to non-controlling interests	6,294	8,494
Net income attributable to owners of parent	1,055,998	1,274,763

(Consolidated Statement of Comprehensive Income)

(Thousands of ¥)

	Previous consolidated first half (April 1, 2024 to September 30, 2024)	Consolidated first half under review (April 1, 2025 to September 30, 2025)
Net income	1,062,293	1,283,258
Other comprehensive income		
Valuation difference on available-for-sale securities	97,223	150,674
Deferred gains or losses on hedges	-5,627	4,995
Foreign currency translation adjustment	-58,123	31,727
Remeasurements of retirement benefit plans	1,737	571
Share of other comprehensive income of entities accounted for using equity method	—	2,315
Total other comprehensive income	35,211	190,283
Comprehensive income	1,097,505	1,473,541
(Breakdown)		
Comprehensive income attributable to owners of parent	1,091,210	1,465,047
Comprehensive income attributable to non-controlling interests	6,294	8,494

(3) Consolidated Cash Flow Statement

(Thousands of ¥)

	Previous consolidated first half (April 1, 2024 to September 30, 2024)	Consolidated first half under review (April 1, 2025 to September 30, 2025)
Cash flows from operating activities		
Net income before income taxes	1,802,055	2,050,167
Depreciation	106,048	90,987
Amortization of goodwill	222,234	100,969
Loss on retirement of non-current assets	1,790	319
Loss (gain) on sales of non-current assets	-2,280	—
Loss (gain) on sales of investment securities	—	-12,084
Loss (gain) on sale of businesses	—	-35,000
Share of loss (profit) of entities accounted for using equity method	—	77,000
Increase (decrease) in provision for bonuses	16,574	205,220
Increase (decrease) in provision for directors' bonuses	-31,414	-49,039
Increase (decrease) in net retirement benefit assets (liabilities)	7,309	3,691
Increase (decrease) in provision for directors' retirement benefits	4,155	4,530
Interest income and dividend income	-41,310	-46,542
Interest expenses	8,075	10,849
Foreign exchange losses (gains)	4,769	-12,365
Decrease (increase) in notes and accounts receivable—trade	424,226	-207,964
Decrease (increase) in inventories	-7,506	-3,349
Increase (decrease) in notes and accounts payable—trade	89,663	-23,366
Increase (decrease) in amounts payable—other	-39,814	-19,499
Increase (decrease) in accrued consumption tax, etc.	-162,296	22,094
Decrease (increase) of other current assets	-407,164	-39,837
Increase (decrease) in other current liabilities	-202,219	29,938
Decrease (increase) in other non-current assets	-22,993	-1,188
Increase (decrease) in other non-current liabilities	613	-71,259
Other	29,583	122,145
Subtotal	1,800,098	2,196,418
Interest and dividend income received	38,384	55,041
Interest expenses paid	-8,075	-10,849
Corporation tax, etc. paid	-617,525	-1,099,667
Net cash provided by (used in) operating activities	1,212,882	1,140,942
Cash flows from investing activities		
Purchase of property, plant and equipment	-39,657	-65,806
Proceeds from sales of property, plant and equipment	2,579	—
Purchase of intangible assets	-11,493	-6,673
Purchase of investment securities	-25,401	-57,319
Proceeds from sales of investment securities	—	16,702
Long-term loan advances	—	-549
Proceeds from sale of businesses	—	35,000
Other	-57,981	41,246
Net cash provided by (used in) investing activities	-131,954	-37,400

(Thousands of ¥)

	Previous consolidated first half (April 1, 2024 to September 30, 2024)	Consolidated first half under review (April 1, 2025 to September 30, 2025)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-1,200,000	-950,000
Repayment of long-term loans payable	-100,000	-100,000
Purchase of treasury stock	-50,358	-491
Cash dividends paid	-428,906	-772,626
Cash dividends paid to non-controlling interests	-2,656	-2,272
Other	-911	-64
Net cash provided by (used in) financing activities	-1,782,832	-1,825,455
Effect of exchange rate changes on cash and cash equivalents	-44,400	42,744
Net increase (decrease) in cash and cash equivalents	-746,305	-679,169
Cash and cash equivalents at beginning of period	5,680,881	5,432,882
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	6,787	—
Cash and cash equivalents at end of period	4,941,364	4,753,712

(4) Notes on Consolidated Financial Statements
(Notes on Assumptions Regarding Going Concern)

None.

(Notes on Significant Changes (If Any) in Shareholders' 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 performance-based stock remuneration plan called a “board benefit trust (BBT) plan,” for Group directors and corporate officers (“Directors, etc.”), and a stock remuneration plan called a “Japanese employee stock ownership plan - restricted-stock (J-ESOP-RS),” for Group employees. The plans are designed to encourage Directors, etc. and employees to contribute to better mid- to long-term results and greater corporate value. At the 57th Annual General Meeting of Shareholders, convened on June 20, 2025, shareholders approved a shift from BBT to a “board benefit trust—restricted stock” (BBT-RS) for Directors, etc. of ID Holdings and major Group subsidiaries. Under this plan, the stock granted to the Directors, etc. is subject to transfer restrictions until the Directors, etc. retire.

(1) How the plans work

The BBT-RS 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. When Directors, etc. receive Company shares while still employed with the Group, before receiving the shares the Directors, etc. must conclude a transfer restriction agreement with the Company. This measure restricts the ability of Directors, etc. to transfer or otherwise dispose of Company shares acquired while employed with the Company before they retire. Shares awarded to Directors, etc., including shares to be awarded in the future, are acquired using funds from a previously established trust, and those shares are segregated and managed as trust property.

Under the J-ESOP-RS, 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 employees based on factors such as years of service and promotions, issuing Company shares to employees in proportion to accrued points, once they become eligible to receive the shares based on certain conditions. When employees receive the Company shares while still employed with the Group, before receiving the shares the employees conclude a transfer restriction agreement with the Company. This measure restricts employees' ability to transfer or otherwise dispose of Company shares acquired while employed with the Company before they retire. Shares awarded to employees, including shares to be awarded in the future, are acquired using funds from 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-RS and J-ESOP-RS at the end of the consolidated second quarter under review are listed in the consolidated balance sheet under “Net Assets” as “Treasury Stock.” The book value of these shares was ¥412,696,000 at the end of the previous consolidated fiscal period and was ¥298,702,000 at the end of the consolidated second quarter under review. The number of shares was 414,371 at the end of the previous consolidated fiscal period and was 229,698 at the end of the consolidated second quarter under review.

(Notes on Material Subsequent Events)

None.