

Note: This document is an English translation of the “Kessan Tanshin” for the second quarter of the fiscal year ending March 31, 2025 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, 2025 (J-GAAP)

October 31, 2024

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 8, 2024
 Scheduled date of dividend payment: December 6, 2024
 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 FY2024 (April 1–September 30, 2024)

(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 FY2024	17,347	8.8	1,737	22.2	1,801	19.7	1,055	25.1
H1 FY2023	15,938	7.2	1,421	23.0	1,504	24.5	844	24.0

Note: Comprehensive income H1 FY2024 ¥1,097 million (-3.0%) H1 FY2023 ¥1,131 million (27.4%)

	Net income per share		Diluted net income per share		EBITDA		EPS before amortization of goodwill	
	¥		¥		¥ million	%	¥	%
H1 FY2024	63.03		—		2,065	19.9	76.29	19.0
H1 FY2023	50.76		—		1,722	18.4	64.12	17.8

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, 2024	19,141		12,606		65.5	
As of March 31, 2024	20,061		12,010		59.6	

Reference: Equity As of September 30, 2024 ¥12,546 million As of March 31, 2024 ¥11,954 million

2. Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal period	Total
FY2023	—	25.00	—	25.00	50.00
FY2024	—	25.00			
FY2024 (forecast)			—	30.00	55.00

Note: Revision of most recently published dividend forecast: No
 Breakdown of year-end dividend for FY2024 (forecast)
 Ordinary dividend ¥25.00 Commemorative dividend ¥5.00

3. Forecasts of Consolidated Results for FY2024 (April 1, 2024–March 31, 2025)

(% indicates YoY changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
FY2024 (full fiscal year)	35,000	7.1	3,400	22.8	3,400	18.8	2,000	12.5	119.30

	EBITDA		EPS before amortization of goodwill	
	¥ million	%	¥	%
FY2024 (full fiscal year)	3,950	15.4	142.20	6.9

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, 2024.

*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, 2024	18,066,453 shares	As of March 31, 2024	18,066,453 shares
(ii) Amount of treasury stock:	As of September 30, 2024	1,292,638 shares	As of March 31, 2024	1,297,430 shares
(iii) Interim average number of shares (Six months from the beginning of the fiscal year)	H1 FY2024	16,754,139 shares	H1 FY2023	16,633,598 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 (BBT) 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 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, 2024. 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 FY2024: April 1 to September 30, 2024), moderate recovery proceeded but uncertainty persisted due to a number of ongoing risks. The Japanese economy continued a gradual recovery keynote, with improvements seen in the employment and income environments. However, the path forward remained unclear amid concerns regarding the impact of downside events in the global economy, such as continuing high interest rates in Western countries and worries about prospects for the Chinese economy, as well as downside risks in Japan such as rising resource prices, geopolitical tensions, and fluctuations in financial and capital markets, among other issues.

The information services industry, in which the ID Group is a participant, continued on a firm footing. Demand for IT investment related to digital transformation (DX) was firmly based. DX is the application of digital technology to create new business models or transform existing ones, and to streamline operations to respond to labor shortages, a serious social issue in Japan.

Ongoing growth in the fields of cloud services and generative AI drove heightened investment in construction of data centers in Japan. Resulting demand for IT infrastructure construction and system operation appears set to expand.

Against this background, the ID Group strategically invested management resources in the high-margin advanced operation and IT infrastructure domains and revised unit prices for orders received. Trends were favorable across all services, notably including IT infrastructure. Net sales rose to ¥17.347 billion (+8.8% YoY).

Earnings leaped YoY across the board. The Group returned value to employees and increased strategic investment in training and securing personnel. The increase in net sales and expansion in high-margin DX-related business boosted income. Operating income rose to ¥1.737 billion (+22.2% YoY) and ordinary income increased to ¥1.801 billion (+19.7% YoY). Net income attributable to owners of parent grew to ¥1.055 billion (+25.1% YoY) and EBITDA improved to ¥2.065 billion (+19.9% YoY).

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, 2023 to September 30, 2023)	Consolidated first half under review (April 1, 2024 to September 30, 2024)	Compared with same period of previous fiscal year (YoY)	
				Increase/decrease	Rate of increase/decrease (%)
System management	Net sales	7,213	7,528	315	4.4
	Gross profit	1,591	1,819	228	14.3
	Gross profit margin	22.1%	24.2%	2.1P	—
Software development	Net sales	5,659	5,978	319	5.6
	Gross profit	1,028	1,213	185	18.0
	Gross profit margin	18.2%	20.3%	2.1P	—
IT infrastructure	Net sales	1,396	1,829	433	31.0
	Gross profit	420	554	134	31.9
	Gross profit margin	30.1%	30.3%	0.2P	—
Cybersecurity, consulting and training	Net sales	1,502	1,819	317	21.1
	Gross profit	488	546	58	11.9
	Gross profit margin	32.5%	30.0%	-2.5P	—
Others	Net sales	166	190	23	14.3
	Gross profit	54	25	-28	-52.3
	Gross profit margin	32.6%	13.6%	-19.0P	—
Total	Net sales	15,938	17,347	1,408	8.8
	Gross profit	3,583	4,160	577	16.1
	Gross profit margin	22.5%	24.0%	1.5P	—

(i) System management

Order acceptance expanded and new projects were won, including projects for the relocation of data centers for major IT vendors and clients in the financial sector. Unit prices were revised in view of increasing labor and outsourcing expenses. Net sales rose to ¥7.528 billion (+4.4% YoY).

(ii) Software development

Orders accepted from clients in the public and financial sectors swelled, while reinforced sales efforts aimed at major IT vendors led to expansion in transactions. Net sales grew to ¥5.978 billion (+5.6% YoY).

(iii) IT infrastructure

The Group enjoyed increases in transactions with major IT vendors and in orders accepted from clients related to the public sector, finance and shipping. Net sales leaped to ¥1.829 billion (+31.0% YoY).

(iv) Cybersecurity, consulting and training

Orders accepted in cybersecurity and consulting expanded. Net sales lifted to ¥1.819 billion (+21.1% YoY).

(v) Others

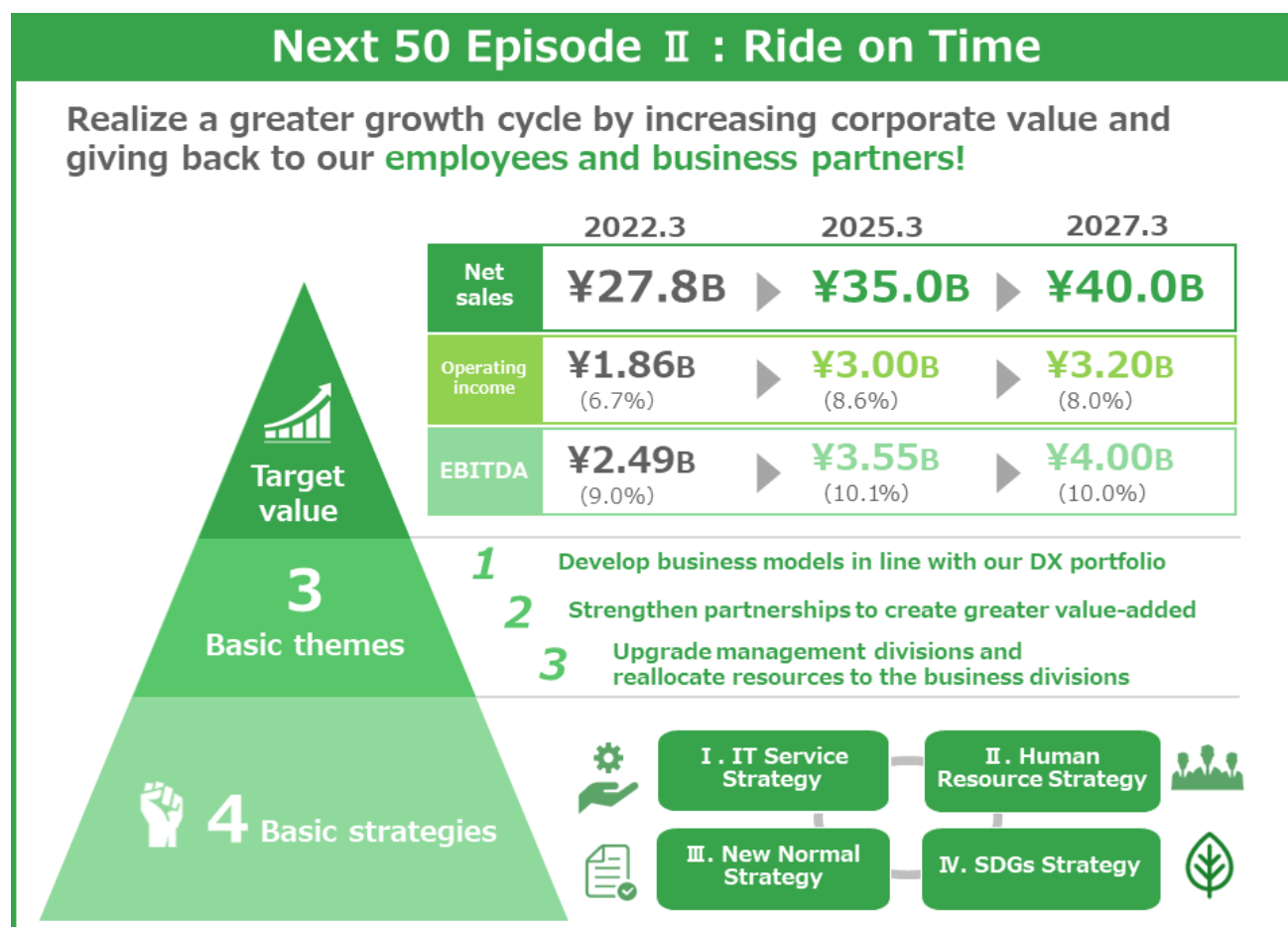
Orders accepted for product sales expanded. Net sales rose to ¥190 million (+14.3% YoY).

Management Policy Initiatives

In the previous Mid-term Management Plan, the ID Group strove to upgrade its services in various fields by cultivating engineers with a thorough grounding in digital technology, thereby building a foundation for future growth. Beginning in the fiscal year ended March 31, 2023 (FY2022), the Group prepared “Next 50 Episode II: Ride on Time,” the Mid-term Management Plan covering the period FY2022 through FY2024, to bolster profitability based on the following three basic themes:

1. Develop business models in line with our DX portfolio, which is focused on strengthening support for advancement of customers’ DX and development of original solutions
2. Strengthen partnerships to create greater value-added
3. Upgrade management divisions and reallocate resources to the business divisions

Under this Mid-term Management Plan, the Group is pursuing four basic strategies to achieve the above three basic themes: an IT service strategy, a human resource strategy, a “new normal” strategy and a Sustainable Development Goals (SDGs) strategy.



Note: Business partners refers to IT partners collaborating with the Group on projects.

(i) IT Service Strategy

The Group identifies fields of technology where needs are strong and works with corporate partners to support customers in advancing DX and develop original solutions targeting growth fields. Aiming for further expansion in revenues in the high-margin fields of advanced operations and IT infrastructure, the Group is focusing on strategic placement of engineers and strengthening cooperation with business partners. In April 2024 the Group established a company focused on AI, ID AI Factory Co., Ltd. The purpose of this move is to apply the Group's amassed wealth of AI-related technologies to enhancing the sophistication of system management, cybersecurity and software development. In June 2024, the Group launched an AI literacy training service. The service offers a curriculum ranging from basic knowledge of AI to methods of practical application, supporting customers in creating business opportunities and boosting productivity. In addition, in August 2024 the Group significantly expanded the feature set of ID-VROP, a product that enables system operation through a virtual environment. The ID Group is moving forward with further enhancements, to deliver new work styles and appealing new approaches in system operation.

(ii) Human Resource Strategy

To expand its DX services and boost value-added, the Group is further enhancing its training programs, accelerating the development of mid- to senior-level engineers and planning-and-proposal staff. For example, the Group is deploying in-house training roadmaps for each role of personnel involved in advancing DX, promoting personnel development. To bolster employees' ability to develop technologies and propose solutions in the advanced-ops and IT infrastructure spaces, the Group implemented "container-type" advanced technical training, as well as training in project management and proposal management. To boost service quality and create innovative services, we provided technical training related to AI to support employees in obtaining qualifications. As a result, some 180 employees have taken the Generalist Test ("G-test"), which evaluates technical skill and basic knowledge of AI.

(iii) New Normal Strategy

The ID Group is working to streamline and add value to operations through measures such as overhauling its core in-house systems and is constructing a smart management division. Among measures to further streamline the duties of the management division, the ID Group is actively deploying systems such as ID AI Concierge, an AI chatbot service. In tandem with the transfer of back-office functions to the Sanin Business Process Outsourcing Center, the Group worked to improve productivity and establish a business continuity plan.

(iv) SDGs Strategy

The Group takes concerted steps to advance sustainability through its business activities, aiming for a virtuous circle of solving social problems and enhancing corporate value. In July 2024 AI Factory Co., Ltd., a special subsidiary, was recognized as A Company in Tottori Prefecture That Promotes Women in the Workplace and A Company That Supports the Iku Boss/Family Boss Declaration. AI Factory was also recognized as a Tottori SDGs Company, praised for original efforts such as its "pear-tree owner program" and product development in collaboration with local companies. In September 2024, to provide a forum of exchange between venture companies and investors in Boston, MA, USA, the Group began operating of Miraku Boston Partners with ID Group, a ramen restaurant. To further strengthen healthy Group management, we launched a health advancement project this fiscal year, beginning health support by public health nurses and a subsidy for treatments to stop smoking. To support activities contributing to society and to culture and the arts, the Group continued to sponsor ID Group Blood Donation Day and classical concerts.

Research and Development Activities

During H1 FY2024, Group expenditures on research and development activities totaled ¥112 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 Group undertook a number of major initiatives. In AI technology, the Group is committing resources to R&D on voice- and image-recognition technologies, focusing on large language models, a field that is advancing at an eye-watering pace. At ID AI Factory Co., Ltd., a subsidiary established in April 2024, the Group moved forward with a proof-of-concept system in AI services to contribute to the enhancement of its business domains. We also developed the Funakoshi President AI Chatbot, to study and faithfully reproduce the thoughts and philosophy of Masaki Funakoshi, President of ID Holdings.

In ID-VROP, a virtual operation center that enables system operation in a virtual space, the Group developed major functional additions, including an impairment detection function and a whiteboard function. These features enable swift and accurate response to system impairments by means of a virtual operation room, contributing to the Group's aim of achieving new styles of system operation.

Additionally, the Group began joint development with NTT Data Intellilink Corporation and SBI R3 Japan Co., Ltd. of a logging system that uses a patented blockchain technology developed by ID.

(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 ¥919 million from the end of the previous consolidated accounting period to ¥19.141 billion. Although contract assets increased by ¥507 million and investment securities by ¥165 million, cash and deposits decreased by ¥735 million, accounts receivable–trade by ¥424 million, accounts receivable–other by ¥240 million, and goodwill by ¥222 million.

(Liabilities)

Liabilities at the end of consolidated Q2 decreased by ¥1.515 billion from the end of the previous consolidated accounting period to ¥6.534 billion. Interest-bearing debt declined by ¥1.3 billion.

(Net Assets)

Net assets at the end of consolidated Q2 increased by ¥596 million from the end of the previous consolidated accounting period to ¥12.606 billion. Although payment of year-end dividends reduced net assets by ¥426 million, net income attributable to owners of parent increased to ¥1.055 billion.

(ii) Cash flows

Cash and cash equivalents on a consolidated basis (hereinafter “net cash”) at the end of consolidated Q2 under review increased by ¥387 million in comparison with the end of consolidated Q2 in the previous fiscal year, to ¥4.941 billion (+8.5% 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 ¥1.212 billion (compared to a net cash increase of ¥1.447 billion in the same period of the previous fiscal year). This result was mainly due to ¥1.802 billion in net income before income taxes, ¥424 million decrease in notes and accounts receivable–trade, and ¥407 million increase in other current assets.

(Cash flows from investing activities)

Net cash used in investing activities was ¥131 million (compared to a net cash decrease of ¥254 million in the same period of the previous fiscal year). This result was mainly due to purchase of property, plant and equipment of ¥39 million, purchase of investment securities of ¥25 million, and other expenditures of ¥57 million (payments for guarantee deposits, etc.).

(Cash flows from financing activities)

Net cash used in financing activities was ¥1.782 billion (compared to a net cash decrease of ¥1.548 billion in the same period of the previous fiscal year). This result was mainly due to a net decrease of ¥1.2 billion in short-term loans payable, repayment of long-term loans payable of ¥100 million, and cash dividends paid of ¥431 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, 2025, published on April 15, 2024. For details, please refer to “Notice Regarding Revision of Forecast of the Full-year Consolidated Business Results,” published on October 31, 2024.

2. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheet

(Thousands of ¥)

	Previous consolidated accounting period As of March 31, 2024	Consolidated second quarter under review As of September 30, 2024
Assets		
Current assets		
Cash and deposits	5,920,631	5,185,594
Accounts receivable–trade	6,029,880	5,605,358
Contract assets	793,644	1,301,572
Work in process	636	7,631
Accounts receivable–other	271,421	30,975
Other	886,256	899,145
Total current assets	13,902,470	13,030,277
Non-current assets		
Property, plant and equipment	1,374,298	1,417,461
Intangible assets		
Goodwill	859,665	637,430
Software	135,577	114,752
Other	754	754
Total intangible assets	995,997	752,937
Investments and other assets		
Investment securities	2,457,655	2,623,486
Deferred tax assets	530,266	519,897
Guarantee deposits	328,933	377,759
Other	478,918	426,865
Allowance for doubtful accounts	-7,500	-7,500
Total investments and other assets	3,788,272	3,940,508
Total non-current assets	6,158,567	6,110,907
Total assets	20,061,038	19,141,185

(Thousands of ¥)

	Previous consolidated accounting period As of March 31, 2024	Consolidated second quarter under review As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable–trade	1,211,827	1,210,436
Contract liabilities	111,302	108,190
Short-term loans payable	2,200,000	1,000,000
Current portion of long-term loans payable	200,000	200,000
Income taxes payable	634,985	774,650
Provision for bonuses	1,157,594	1,173,879
Provision for directors' bonuses	24,454	12,240
Other	1,519,504	1,132,121
Total current liabilities	7,059,670	5,611,517
Non-current liabilities		
Long-term loans payable	150,000	50,000
Deferred tax liabilities	455,922	478,863
Provision for directors' retirement benefits	36,666	40,821
Net retirement benefit liability	22,569	27,221
Other	325,794	326,344
Total non-current liabilities	990,952	923,250
Total liabilities	8,050,623	6,534,767
Net assets		
Shareholders' equity		
Capital stock	592,344	592,344
Capital surplus	754,132	754,132
Retained earnings	9,743,914	10,334,023
Treasury stock	-762,970	-795,926
Total shareholders' equity	10,327,421	10,884,573
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,176,088	1,273,312
Deferred gains or losses on hedges	—	-5,627
Foreign currency translation adjustment	441,618	383,495
Remeasurements of retirement benefit plans	8,942	10,680
Total accumulated other comprehensive income	1,626,649	1,661,860
Non-controlling interests	56,344	59,983
Total net assets	12,010,415	12,606,417
Total liabilities and net assets	20,061,038	19,141,185

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

(Thousands of ¥)

	Previous consolidated first half (April 1, 2023 to September 30, 2023)	Consolidated first half under review (April 1, 2024 to September 30, 2024)
Net sales	15,938,283	17,347,054
Cost of sales	12,354,635	13,186,260
Gross profit	3,583,647	4,160,793
Selling, general, and administrative expenses	2,162,232	2,423,279
Operating income	1,421,415	1,737,514
Non-operating income		
Interest income	6,047	3,790
Dividend income	24,173	37,520
Subsidy income	6,389	1,960
Foreign exchange gains	31,189	—
Other	20,958	37,504
Total non-operating income	88,758	80,775
Non-operating expenses		
Interest expenses	4,368	8,075
Foreign exchange loss	—	7,219
Other	980	1,429
Total non-operating expenses	5,348	16,724
Ordinary income	1,504,825	1,801,565
Extraordinary income		
Gain on sales of non-current assets	632	2,280
Total extraordinary income	632	2,280
Extraordinary losses		
Loss on retirement of non-current assets	231	1,790
Total extraordinary losses	231	1,790
Net income before income taxes	1,505,226	1,802,055
Income taxes—current	636,649	747,758
Income taxes—deferred	16,647	–7,996
Total income taxes	653,296	739,761
Net income	851,929	1,062,293
Net income attributable to non-controlling interests	7,607	6,294
Net income attributable to owners of parent	844,322	1,055,998

(Consolidated Statement of Comprehensive Income)

(Thousands of ¥)

	Previous consolidated first half (April 1, 2023 to September 30, 2023)	Consolidated first half under review (April 1, 2024 to September 30, 2024)
Net income	851,929	1,062,293
Other comprehensive income		
Valuation difference on available-for-sale securities	139,822	97,223
Deferred gains or losses on hedges	18,934	-5,627
Foreign currency translation adjustment	118,847	-58,123
Remeasurements of retirement benefit plans	1,809	1,737
Total other comprehensive income	279,413	35,211
Comprehensive income	1,131,343	1,097,505
(Breakdown)		
Comprehensive income attributable to owners of parent	1,123,736	1,091,210
Comprehensive income attributable to non-controlling interests	7,607	6,294

(3) Consolidated Cash Flow Statement

(Thousands of ¥)

	Previous consolidated first half (April 1, 2023 to September 30, 2023)	Consolidated first half under review (April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Net income before income taxes	1,505,226	1,802,055
Depreciation	78,705	106,048
Amortization of goodwill	222,234	222,234
Loss on retirement of non-current assets	231	1,790
Loss (gain) on sales of non-current assets	-632	-2,280
Increase (decrease) in provision for bonuses	-3,229	16,574
Increase (decrease) in provision for directors' bonuses	-39,850	-31,414
Increase (decrease) in provision for product warranties	-3,750	—
Increase (decrease) in net retirement benefit assets (liabilities)	-143,703	7,309
Increase (decrease) in provision for directors' retirement benefits	3,555	4,155
Interest income and dividend income	-30,221	-41,310
Interest expenses	4,368	8,075
Foreign exchange losses (gains)	-11,241	4,769
Decrease (increase) in notes and accounts receivable- trade	912,941	424,226
Decrease (increase) in inventories	-745	-7,506
Increase (decrease) in notes and accounts payable- trade	18,608	89,663
Increase (decrease) in amounts payable-other	-40,955	-39,814
Increase (decrease) in accrued consumption tax, etc.	-20,973	-162,296
Decrease (increase) of other current assets	-864,351	-407,164
Increase (decrease) in other current liabilities	218,986	-202,219
Decrease (increase) in other non-current assets	8,066	-22,993
Increase (decrease) in other non-current liabilities	141,196	613
Other	73,950	29,583
Subtotal	2,028,416	1,800,098
Interest and dividend income received	30,226	38,384
Interest expenses paid	-4,368	-8,075
Corporation tax, etc. paid	-607,011	-617,525
Net cash provided by (used in) operating activities	1,447,262	1,212,882
Cash flows from investing activities		
Payments into time deposits	-197,292	—
Proceeds from withdrawal of time deposits	124,425	—
Purchase of property, plant and equipment	-53,487	-39,657
Proceeds from sales of property, plant and equipment	902	2,579
Purchase of intangible assets	-10,325	-11,493
Purchase of investment securities	-11,643	-25,401
Other	-107,455	-57,981
Net cash provided by (used in) investing activities	-254,876	-131,954

(Thousands of ¥)

	Previous consolidated first half (April 1, 2023 to September 30, 2023)	Consolidated first half under review (April 1, 2024 to September 30, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-900,000	-1,200,000
Repayment of long-term loans payable	-216,466	-100,000
Purchase of treasury stock	-1,221	-50,358
Cash dividends paid	-427,664	-428,906
Cash dividends paid to non-controlling interests	-2,048	-2,656
Other	-1,192	-911
Net cash provided by (used in) financing activities	-1,548,593	-1,782,832
Effect of exchange rate changes on cash and cash equivalents	109,007	-44,400
Net increase (decrease) in cash and cash equivalents	-247,200	-746,305
Cash and cash equivalents at beginning of period	4,801,503	5,680,881
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	6,787
Cash and cash equivalents at end of period	4,554,302	4,941,364

(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. J-ESOP-RS places restrictions on transfer of shares provided to employees before retirement.

(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-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 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 ¥132,921,000 at the end of the previous consolidated fiscal period and was ¥115,519,000 at the end of the consolidated second quarter under review. The number of shares was 275,516 at the end of the previous consolidated fiscal period and was 235,741 at the end of the consolidated second quarter under review.

(Material Subsequent Events)

None.