

Note: This document is an English translation of the “Kessan Tanshin” for the third 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 Nine Months of the Fiscal Year Ending March 31, 2025 (J-GAAP)

January 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 dividend payment: —  
 Preparation of supplementary materials on financial results: Yes  
 Presentation on results: No

(Amounts of less than ¥1 million are truncated)

### 1. Consolidated Financial Results for Q1–3 FY2024 (April 1–December 31, 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	%
Q1–3 FY2024	26,602	10.4	2,805	30.3	2,897	29.5	1,724	29.7
Q1–3 FY2023	24,106	4.7	2,153	16.0	2,237	15.7	1,329	18.8

Note: Comprehensive income Q1–3 FY2024 ¥2,195 million (27.4%) Q1–3 FY2023 ¥1,723 million (26.2%)

	Net income per share		Diluted net income per share		EBITDA		EPS before amortization of goodwill	
	¥		¥		¥ million	%	¥	%
Q1–3 FY2024	102.92		—		3,303	26.7	122.80	23.1
Q1–3 FY2023	79.75		—		2,606	12.9	99.74	13.9

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 December 31, 2024	20,455		13,279		64.6	
As of March 31, 2024	20,061		12,010		59.6	

Reference: Equity As of December 31, 2024 ¥13,215 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: No

#### \*Notes

- (1) Significant changes in the scope of consolidation during the period: No
- (2) Adoption of special accounting treatments for quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and restatements:
- (i) Changes in accounting policies due to revisions of accounting standards, etc.: No
  - (ii) Changes in accounting policies other than (i): No
  - (iii) Changes in accounting estimates: No
  - (iv) Restatements: No

#### (4) Number of shares outstanding (common stock)

(i) Number of shares outstanding (inclusive of treasury stock):	As of December 31, 2024	18,066,453 shares	As of December 31, 2023	18,066,453 shares
	As of December 31, 2024	1,292,663 shares	As of December 31, 2023	1,297,430 shares
(ii) Amount of treasury stock:	As of December 31, 2024	1,292,663 shares	As of December 31, 2023	1,297,430 shares
(iii) Interim average number of shares (Consolidated total for the quarter)	Q1–3 FY2024	16,760,802 shares	Q1–3 FY2023	16,675,709 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

\* Review of the attached quarterly consolidated financial statements by a certified public accountant or audit corporation: No

\* 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 7 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.

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## 1. Summary of Business Results, etc.

### (1) Summary of Business Results for the Period

During the consolidated cumulative third quarter under review (Q1–3 FY2024: April 1 to December 31, 2024), the Japanese economy proceeded on a modest recovery keynote. The employment and income environments improved, despite signs of sluggishness in some areas. However, downturns in overseas economies had a dampening effect, as high interest-rate levels persisted in Western countries and the real-estate market in China remained at a standstill. Moreover, other downside risks to the Japanese economy raised concerns, including rising cost of goods, difficult conditions on the international scene and fluctuations in financial and capital markets. Prospects remained uncertain for the near-to-medium term.

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 ¥26.602 billion (+10.4% 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 ¥2.805 billion (+30.3% YoY) and ordinary income increased to ¥2.897 billion (+29.5% YoY). Net income attributable to owners of parent grew to ¥1.724 billion (+29.7% YoY) and EBITDA improved to ¥3.303 billion (+26.7% YoY).

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

(Millions of ¥)

		Previous consolidated cumulative third quarter (April 1, 2023 to December 31, 2023)	Consolidated cumulative third quarter under review (April 1, 2024 to December 31, 2024)	Compared with same period of previous fiscal year (YoY)	
				Increase/decrease	Rate of increase/decrease (%)
System management	Net sales	10,845	11,304	459	4.2
	Gross profit	2,419	2,739	320	13.2
	Gross profit margin	22.3%	24.2%	1.9P	—
Software development	Net sales	8,629	9,113	483	5.6
	Gross profit	1,630	1,843	212	13.1
	Gross profit margin	18.9%	20.2%	1.3P	—
IT infrastructure	Net sales	2,111	3,012	901	42.7
	Gross profit	602	914	312	51.8
	Gross profit margin	28.5%	30.4%	1.9P	—
Cybersecurity, consulting and training	Net sales	2,276	2,845	569	25.0
	Gross profit	724	980	255	35.3
	Gross profit margin	31.8%	34.5%	2.7P	—
Others	Net sales	244	327	82	33.8
	Gross profit	43	-34	-78	—
	Gross profit margin	17.9%	—	—	—
Total	Net sales	24,106	26,602	2,495	10.4
	Gross profit	5,420	6,442	1,022	18.9
	Gross profit margin	22.5%	24.2%	1.7P	—

(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 ¥11.304 billion (+4.2% 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 ¥9.113 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 financial sector, public and shipping. Net sales leaped to ¥3.012 billion (+42.7% YoY).

(iv) Cybersecurity, consulting and training

Orders accepted in cybersecurity and consulting expanded. Net sales lifted to ¥2.845 billion (+25.0% YoY).

(v) Others

Net sales reached ¥327 million (+33.8% YoY), buoyed by factors such as securing of new projects.

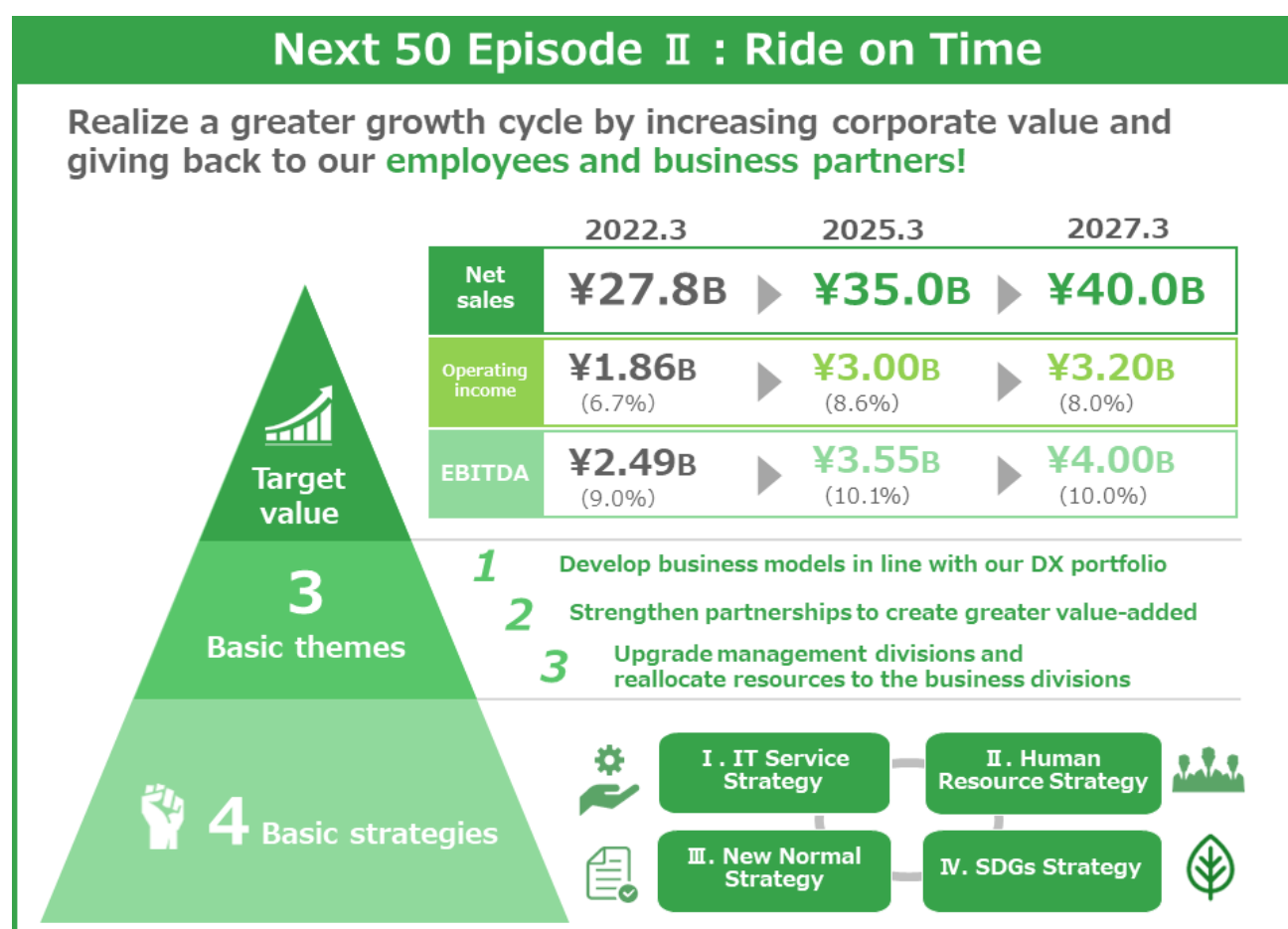
## Management Policy Initiatives

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.

On October 31, 2024, the ID Group revised upward its forecast for FY2024. (For details, please refer to “Notice Regarding Revision of Forecast of the Full-year Consolidated Business Results,” published on the same day.)



Notes: 1. Business partners refers to IT partners collaborating with the Group on projects.

2. The illustration above was prepared based on “Notice Regarding Revision of Numerical Targets in the Mid-term Management Plan and Dividend Forecast (Dividend Increase) for FY2023,” published on April 28, 2023.

(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. Aiming to strengthen its cybersecurity business, for which demand is expected to increase, in January 2024 the Group purchased a stake in BroadBand Security, Inc., (hereinafter “BBSec”) making it an affiliated company accounted for by the equity-method, and entered into a capital and business partnership with BBSec. The ID Group and BBSec aim to provide more advanced and comprehensive cybersecurity services, by combining the ID Group’s advantages in business support, construction and maintenance services for large corporate clients with BBSec’s prowess in specialized solutions such as security auditing and vulnerability diagnostics. (For details, please refer to “Notice Concerning Capital and Business Partnership with BBSec” and “ID Holdings Concludes Capital and Business Partnership Agreement with BBSec to Strengthen its Cybersecurity Business,” both published on November 14, 2024.)

(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 210 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 December 2024, to promote the use of AI and improve prompt capabilities, the Group held an in-house conference on prompts. 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 November 2024, AI Factory Co., Ltd., a special subsidiary, switched all of its power consumption to renewable energy under the Clean 100 Plan, reducing the company’s emissions of greenhouse gases from power consumption to zero. AI Factory’s efforts toward work-life balance were highly regarded, leading to its designation as an “Excellent Company That Supports the Iku Boss/Family Boss Declaration” and its acceptance of a commendation from the governor of Tottori Prefecture.

This fiscal year the ID Group launched a Group-wide health-promotion project, aiming to strengthen health management across all Group companies. Initiatives included health support by a public health nurse, start of a subsidy program to defray the cost of therapy to quit smoking, and the launch of Waku-Waku Walk!!, a walking event. In recognition of its efforts to advance diversity and train personnel for cutting-edge fields, the Group earned three and a half stars in the Nikkei Smart Work Management Survey and three stars in the Nikkei SDGs Management Survey. In other efforts, the Group continued to support community contribution activities, such as donations to children’s cafeterias and an ID Group Blood Donation Day; environmental activities, including volunteer beach cleanup exercises; and cultural and artistic activities, such as classical music concerts.

At a meeting of the Board of Directors held on December 16, 2024, the Company resolved to conduct an absorption merger of four consolidated subsidiaries, with INFORMATION DEVELOPMENT CO., LTD. to be the surviving company, and three other consolidated subsidiaries, ID DATA CENTER MANAGEMENT CO., LTD., DX CONSULTING CO., LTD. and ID AI Factory CO., LTD. to be the absorbed companies. Through this merger, the Group aims to concentrate the services of multiple Group companies in a single operating company, thereby intensifying proactive management, dramatically boosting corporate growth and raising the profile of the ID Group. (For details, please refer to “Notice Concerning Absorption Merger Among Consolidated Subsidiaries of the ID Group,” published on December 16, 2024, as well as “Notice Concerning Changes to Organization of Group Subsidiaries and Changes in Personnel,” published today.)

**Research and Development Activities**

During Q1–3 FY2024, Group expenditures on research and development activities totaled ¥154 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. ID AI Factory Co., Ltd., a subsidiary of the Company, completed an in-house release of an AI service that will contribute to the advancement of two of the Group's business domains, software development and cybersecurity. In October 2024 the Group began using the Funakoshi President AI Chatbot, to study and faithfully reproduce the thoughts and philosophy of Masaki Funakoshi, President of ID Holdings.

The ID Group continued to develop ID-VROP, a virtual operation center that enables system operation in a virtual space. These improvements, which include refinements and added features, follow a version upgrade implemented in the previous fiscal year.

Working with NTT Data Intellilink Corporation and SBI R3 Japan Co., Ltd., the Group made steady preparations to develop applications for a logging system that uses a patented blockchain technology developed by ID, thereby bolstering its appeal.



**(2) Summary of Financial Condition for the Period**

(Assets)

Assets at the end of consolidated Q3 FY2024 increased by ¥394 million from the end of the previous fiscal year, to ¥20.455 billion. Accounts receivable–trade decreased by ¥701 million, amortization of goodwill reduced assets by ¥333 million and accounts receivable–other fell by ¥237 million. However, contract assets rose by ¥680 million, investment securities by ¥614 million and cash and deposits by ¥519 million.

(Liabilities)

Liabilities at the end of consolidated Q3 FY2024 decreased by ¥873 million from the end of the previous fiscal year, to ¥7.176 billion. Although contract liabilities increased by ¥563 million, interest-bearing debt declined by ¥1.350 billion.

(Net Assets)

Net assets at the end of consolidated Q3 FY2024 increased by ¥1.268 billion from the end of the previous fiscal year, to ¥13.279 billion. Although payment of year-end and interim dividends reduced net assets by ¥851 million, net income attributable to owners of parent increased to ¥1.724 billion and valuation difference on available-for-sale securities rose by ¥408 million.

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

There are no changes to the forecast of business results in “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 third quarter under review As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	5,920,631	6,440,225
Accounts receivable–trade	6,029,880	5,328,168
Contract assets	793,644	1,474,418
Work in process	636	23,576
Accounts receivable–other	271,421	33,778
Other	886,256	897,670
Total current assets	13,902,470	14,197,839
Non-current assets		
Property, plant and equipment	1,374,298	1,422,300
Intangible assets		
Goodwill	859,665	526,313
Software	135,577	104,046
Other	754	754
Total intangible assets	995,997	631,114
Investments and other assets		
Investment securities	2,457,655	3,071,763
Deferred tax assets	530,266	302,619
Guarantee deposits	328,933	375,479
Other	478,918	462,104
Allowance for doubtful accounts	-7,500	-7,500
Total investments and other assets	3,788,272	4,204,467
Total non-current assets	6,158,567	6,257,881
Total assets	20,061,038	20,455,721

(Thousands of ¥)

	Previous consolidated accounting period As of March 31, 2024	Consolidated third quarter under review As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable–trade	1,211,827	1,374,640
Contract liabilities	111,302	675,102
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	470,779
Provision for bonuses	1,157,594	685,611
Provision for directors' bonuses	24,454	18,360
Other	1,519,504	1,723,292
Total current liabilities	7,059,670	6,147,786
Non-current liabilities		
Long-term loans payable	150,000	—
Deferred tax liabilities	455,922	627,444
Provision for directors' retirement benefits	36,666	43,086
Net retirement benefit liability	22,569	28,079
Other	325,794	330,289
Total non-current liabilities	990,952	1,028,900
Total liabilities	8,050,623	7,176,686
Net assets		
Shareholders' equity		
Capital stock	592,344	592,344
Capital surplus	754,132	754,132
Retained earnings	9,743,914	10,577,735
Treasury stock	–762,970	–795,664
Total shareholders' equity	10,327,421	11,128,547
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,176,088	1,584,178
Deferred gains or losses on hedges	—	8,124
Foreign currency translation adjustment	441,618	483,303
Remeasurements of retirement benefit plans	8,942	11,549
Total accumulated other comprehensive income	1,626,649	2,087,155
Non-controlling interests	56,344	63,331
Total net assets	12,010,415	13,279,034
Total liabilities and net assets	20,061,038	20,455,721

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

(Thousands of ¥)

	Previous consolidated cumulative third quarter (April 1, 2023 to December 31, 2023)	Consolidated cumulative third quarter under review (April 1, 2024 to December 31, 2024)
Net sales	24,106,583	26,602,545
Cost of sales	18,686,249	20,159,728
Gross profit	5,420,334	6,442,817
Selling, general, and administrative expenses	3,266,676	3,637,170
Operating income	2,153,658	2,805,646
Non-operating income		
Interest income	7,008	10,037
Dividend income	26,353	40,434
Subsidy income	8,742	7,057
Foreign exchange gains	25,632	6,031
Other	24,738	41,017
Total non-operating income	92,476	104,578
Non-operating expenses		
Interest expenses	6,308	10,975
Other	2,750	1,974
Total non-operating expenses	9,058	12,949
Ordinary income	2,237,076	2,897,275
Extraordinary income		
Gain on sales of non-current assets	632	2,280
Gain on sales of investment securities	50,300	—
Total extraordinary income	50,933	2,280
Extraordinary losses		
Loss on retirement of non-current assets	1,481	1,790
Total extraordinary losses	1,481	1,790
Net income before income taxes	2,286,528	2,897,764
Income taxes—current	700,277	948,900
Income taxes—deferred	245,825	214,271
Total income taxes	946,102	1,163,172
Net income	1,340,425	1,734,592
Net income attributable to non-controlling interests	10,511	9,642
Net income attributable to owners of parent	1,329,914	1,724,949

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

(Thousands of ¥)

	Previous consolidated cumulative third quarter (April 1, 2023 to December 31, 2023)	Consolidated cumulative third quarter under review (April 1, 2024 to December 31, 2024)
Net income	1,340,425	1,734,592
Other comprehensive income		
Valuation difference on available-for-sale securities	301,550	408,090
Deferred gains or losses on hedges	11,062	8,124
Foreign currency translation adjustment	67,782	41,685
Remeasurements of retirement benefit plans	2,714	2,606
Total other comprehensive income	383,109	460,506
Comprehensive income	1,723,534	2,195,099
(Breakdown)		
Comprehensive income attributable to owners of parent	1,713,023	2,185,456
Comprehensive income attributable to non-controlling interests	10,511	9,642

**(3) Notes on Consolidated Financial Statements**  
**(Notes on Assumptions Regarding Going Concern)**

None.

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

None.

**(Notes on Consolidated Balance Sheet)**

To improve the flexibility and efficiency of its fundraising, the Group has concluded overdraft agreements with five of its correspondent banks.

The Group's balance of unexecuted loans payable based on the above agreement is as follows.

	Previous consolidated accounting period As of March 31, 2024	Consolidated third quarter under review As of December 31, 2024
Maximum amount of overdraft	¥4,100,000 thousand	¥4,100,000 thousand
Balance of executed loans payable	¥2,200,000 thousand	¥1,000,000 thousand
Difference	¥1,900,000 thousand	¥3,100,000 thousand

**(Notes on Consolidated Cash Flow Statement)**

The Group has not prepared consolidated cash flow statement for the consolidated cumulative third quarter under review.

However, depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill for the consolidated cumulative third quarter are as follows.

	Previous consolidated cumulative third quarter (April 1, 2023 to December 31, 2023)	Consolidated cumulative third quarter under review (April 1, 2024 to December 31, 2024)
Depreciation	¥119,846 thousand	¥164,802 thousand
Amortization of goodwill	¥333,352 thousand	¥333,352 thousand

**(Notes on Segment Information, etc.)**

[Segment Information]

The Group has only one segment, "information service business." Accordingly, this item is omitted.

**(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 third 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 ¥114,896,000 at the end of the consolidated third quarter under review. The number of shares was 275,516 at the end of the previous consolidated fiscal period and was 234,275 at the end of the consolidated third quarter under review.

**(Material Subsequent Events)**

None.