

October 31, 2018

To: All Concerned Stakeholders

Company : INFORMATION DEVELOPMENT CO.,
LTD.
Representative : Masaki Funakoshi,
President and Representative Director
(Securities Code: 4709; TSE 1st Section)
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Notice of Transition to Holding-company Structure by Means of Incorporation-type Company Split, Partial Revision of Articles of Incorporation (Change of Trade Name and Purpose of Business) and Setting of Record Date for Convocation of Extraordinary General Meeting of Shareholders

INFORMATION DEVELOPMENT has revised its schedule for transition to a holding-company structure, as announced in its press release of June 14, 2018, “Notice of Postponement of Transition to Holding Company Structure by Means of Incorporation-type Company Split, Partial Removal of Items from the Agenda of the Annual General Meeting of Shareholders and Reduction of Remuneration to Directors.” The preparations for the transition to the holding-company structure are now complete. Accordingly, at today’s meeting of the Board of Directors, the Directors decided to implement an incorporation-type company split (“the Company Split”) to establish a new company, Information Development Co., Ltd. (“the New Company”), in preparation for the Company’s transition to a holding-company structure on April 1, 2019, as described below. As of the same date, the Directors further decided to change the trade name of the Company (the existing company) to ID Holdings Corporation (“ID Holdings”), and to revise the Articles of Incorporation to reflect the new purpose of business of ID Holdings after the transition.

In this release the term “the Company” refers to the present Company, INFORMATION DEVELOPMENT CO., LTD., before the Company Split, and ID Holdings Corporation after the Company Split; “the New Company” refers only to the new Company created by the Company Split, which takes the name INFORMATION DEVELOPMENT CO., LTD.

The transition to a holding-company structure and partial revision of the Articles of Incorporation are contingent upon approval by the Extraordinary General Meeting of Shareholders scheduled for January 24, 2019. The Directors decided the record date for convocation of said Extraordinary General Meeting of Shareholders at today’s meeting of the Board of Directors.

Because the Company Split is a split of the Company only, some disclosure items and content are omitted from this press release.

I. Transition to Holding Company Structure by Company Split

1. Background and Purpose of Transition to Holding Company Structure

The environment enfolding the IT service industry is changing quicker than ever before. Customer needs are becoming increasingly sophisticated, while the pace of technological innovation accelerates.

Amid this business environment, fast and accurate decision-making and execution are indispensable to ensure the future growth of the Information Development Group (“the Group”) and the continuing expansion of its enterprise value. Through the upcoming transition to a holding-company structure, the Company aims to separate clearly its management and executive functions, creating a more dynamic and efficient Group management framework. In so doing the Company expects to achieve further enhancement of Group enterprise value.

In moving to a holding-company structure and establishing the new company, the Company will transfer all of its

operations in system operation management, software development and other operations to the New Company, separating these businesses and passing them on to the New Company. As a result, the Company will serve as the holding company for all subsidiaries, handling Group strategy functions and management functions for each operating company, and will maintain its listing on the Tokyo Stock Exchange.

2. Overview of the Company Split

(1) Schedule of the Company Split

Meeting of Board of Directors to approve the Company Split plan	October 31, 2018
Publication of record date for Extraordinary General Meeting of Shareholders	November 1, 2018 (scheduled)
Record date of Extraordinary General Meeting of Shareholders	November 30, 2018 (scheduled)
Approval of the Company Split plan by the Extraordinary General Meeting of Shareholders	January 24, 2019 (scheduled)
Effective date of the Company Split	April 1, 2019 (scheduled)

(2) Method of the Company Split

The Company will be split to create the newly established company, Information Development Co., Ltd., as the operating successor to the Company, through an incorporation-type company split.

As of April 1, 2019 (scheduled), the Company will transition to a holding-company structure, changing its trade name to ID Holdings Corporation.

(3) Allotment of shares resulting from the Company Split

All 1,000 common shares issued by the New Company as a result of the Company Split will be allotted to the Company.

(4) Handling of the Company's subscription rights to shares and warrant bonds

The Company Split entails no change to the handling of subscription rights to shares issued by the Company.

The Company does not issue warrant bonds, so this item is of no concern.

(5) Increase/decrease in capital stock arising from the Company Split

The Company Split entails no increase or decrease in the Company's capital stock.

(6) Rights and duties inherited by the successor company (the New Company)

Except as otherwise specified in the Company Split Plan Document, the New Company inherits the assets, liabilities and other rights and duties of the Company operations subject to the Company Split, except such rights and duties that are difficult or impossible to pass on to the New Company by their nature.

The Company and the New Company shall determine the obligations inherited by the New Company by cumulative taking of obligation.

(7) Anticipation of fulfillment of obligations

The Company and the New Company expect the amount of assets to continue to exceed the amount of liabilities after the Company Split. At this time the Company and the New Company do not anticipate any circumstances that may obstruct the execution of their due obligations. As such, the Company and the New Company judge that no problems exist with respect to the execution of their due obligations after the Company Split.

3. Overview of the Companies after the Company Split

(1) Overview of each company

	The split company (the Company) (as of September 30, 2018)	The New Company (to be established April 1, 2019)
(1) Name	INFORMATION DEVELOPMENT CO., LTD. (Trade name is to be changed to ID Holdings Corporation as of April 1, 2019.)	INFORMATION DEVELOPMENT CO., LTD.
(2) Location	12-1 Goban-cho, Chiyoda-ku, Tokyo	12-1 Goban-cho, Chiyoda-ku, Tokyo
(3) Name and position of representative director	Masaki Funakoshi, President and Representative Director	Masaki Funakoshi, Chairman and Representative Director Toshio Yamakawa, President and Representative Director
(4) Details of operations	System operation management, software development, other	System operation management, software development, other
(5) Date of establishment	October 20, 1969	April 1, 2019 (scheduled)
(6) Amount of capital stock	¥592,344 thousand	¥400,000 thousand
(7) Number of shares issued	12,044,302 shares	1,000 shares
(8) Settlement date	March 31	March 31
(9) Major shareholders and their holdings as share of total	A.K. Corporation 10.91% Mizuho Trust Systems Co., Ltd 8.98% ID Employee Ownership Account 6.47% Japan Trustee Services Bank, Ltd. (Trust Account) 4.56% The Master Trust Bank of Japan, Ltd. (Trust Account) 4.16% Mizuho Trust & Banking Co., Ltd. 3.71% Trust & Custody Services Bank, Ltd. (Trust Account E) 3.12% 有限会社福田商事 2.63% TDC SOFT Inc. 2.49% Akemi Funakoshi 1.74%	INFORMATION DEVELOPMENT CO., LTD. 100% (scheduled to change its trade name to ID Holdings Corporation as of April 1, 2019)

Note: The Company holds 644 thousand shares of treasury stock, which is excluded from the stock of the 10 persons listed above. The shareholding ratios listed above are calculated with this treasury stock excluded.

(2) Business results for the split company (the Company) in recent accounting periods (consolidated)

	FY2015 (Fiscal year ended March 31, 2016)	FY2016 (Fiscal year ended March 31, 2017)	FY2017 (Fiscal year ended March 31, 2018)
Net assets (thousands of yen)	6,509,090	7,321,305	7,617,250
Total assets (thousands of yen)	10,319,890	10,403,277	13,748,957
Book value per share (yen)	596.65	666.68	689.74

Net sales (thousands of yen)	20,082,605	21,554,874	23,207,461
Operating income (thousands of yen)	970,200	1,105,815	1,254,939
Ordinary income (thousands of yen)	964,763	1,133,245	1,274,756
Net income attributable to owners of parent (thousands of yen)	548,936	654,340	622,659
Net income per share (yen)	50.73	60.13	56.84

Note: The “Partial Revision of Tax-effect Accounting Standards” (Corporate Accounting Standard No. 28, February 16, 2018) has been applied from the start of FY2018. The figures in the consolidated business results for the most recent accounting period of the split company reflect retroactive application of the new standards.

4. Overview of Split Business Segments

(1) Details of operations of split business segments

All operations currently conducted by the Company

(2) FY2017 management results of the split business segments

	Management results of the split business segments (a)	Business results of the split company (the Company) (b)	Ratio (a/b)
Net sales	¥21,537 million	¥21,537 million	100.0%

(3) Items and amounts of inherited assets and liabilities

Some of the assets and liabilities of all operations managed by the Company are inherited by the New Company. Amounts are unconfirmed as of this date.

5. Status after the Company Split

	The split company (the Company)	The New Company
(1) Name	ID Holdings Corporation	INFORMATION DEVELOPMENT CO., LTD.
(2) Location	12-1 Goban-cho, Chiyoda-ku, Tokyo	12-1 Goban-cho, Chiyoda-ku, Tokyo
(3) Name and position of representative director	Masaki Funakoshi, President and Representative Director	Masaki Funakoshi, Chairman and Representative Director Toshio Yamakawa, President and Representative Director
(4) Details of operations	Planning and management of Group operations, management of subsidiaries, etc., through ownership of shares	System operation management, software development, other
(5) Capital stock	¥592,344 thousand	¥400,000 thousand
(6) Settlement date	March 31	March 31

6. Forecast

Although the New Company inherits the businesses of the Company as a result of the Company Split, the New Company is a wholly owned subsidiary of the Company, so the Company Split has no direct impact on the consolidated business results.

II. Change of Trade Name and Partial Revision of Articles of Incorporation

1. Purpose of Change of Trade Name and Revision of Articles of Incorporation

In tandem with its transition to a holding-company structure, the Company is changing its name to ID Holdings Corporation. This name change reflects the Company's change in business purpose to operations management as a holding company.

2. Details of Changes to Articles of Incorporation

Changes are as listed in the Appendix.

3. Schedule of Changes to Articles of Incorporation

Extraordinary General Meeting of Shareholders to approve the changes to the Articles of Incorporation

January 24, 2019 (scheduled)

Effective date of changes to Articles of Incorporation

April 1, 2019 (scheduled)

III. Setting of Record Date, etc. for Convocation of the Extraordinary General Meeting of Shareholders

1. Record Date for Convocation of the Extraordinary General Meeting of Shareholders

To confirm the shareholders who can exercise voting rights at the Extraordinary General Meeting of Shareholders scheduled for January 24, 2019 ("the Extraordinary General Meeting of Shareholders"), the Company has established November 30, 2018 as the record date. Only shareholders written or recorded in the final shareholder registry on that date may exercise voting rights at the Extraordinary General Meeting of Shareholders.

(1) Record date November 30, 2018

(2) Official notice date November 1, 2018

(3) Method of official notice Electronic notice (posting on the Company's website)

<https://www.idnet.co.jp/>

(4) Expected date of Extraordinary General Meeting of Shareholders January 24, 2019

2. Schedule and Agenda of the Extraordinary General Meeting of Shareholders

(1) Date and time 10:00AM, January 24, 2019

(2) Location Fujihigashi-no-Ma, 4th floor

Hotel Grand Arc Hanzomon

1-1 Hayabusa-cho, Chiyoda-ku, Tokyo

(3) Agenda of the Extraordinary General Meeting of Shareholders

Resolutions

Agenda item 1 Approval of the Company Split Plan

Agenda item 2 Partial Revision of the Articles of Incorporation

Current Articles of Incorporation	Proposed Changes
<p>(Trade name) Article 1 The Company's trade name is <u>INFORMATION DEVELOPMENT CO., LTD.</u></p> <p>(Purpose) Article 2 The purpose of the Company is to conduct the following operations.</p> <p>(1), (2) (text abridged) (3) Education, consulting and dispatch of engineers regarding the <u>operations in Item 2</u> (4), (5) (text abridged) (6) Sales, leasing, mediation and management of real estate (7), (8) (text abridged)</p> <p>(9) Any operations related to the above</p> <p>(Shareholder Registry Administrator) Article 11-3 A shareholder registry administrator shall be appointed to manage clerical matters relating to the production and safekeeping of the Company's shareholder registry and ledgers of subscription rights to shares, so that the Company shall not handle these matters directly.</p> <p>(Exemption of Directors from Liability) Article 28 In accordance with Article 426, Paragraph 1 of the Companies Act, the Company can, by decision of the Board of Directors, exempt the directors (including former directors) from responsibility for any negligence, to the extent permitted by the law.</p> <p>(Exemption of Statutory Auditors from Liability) Article 36 In accordance with Article 426, Paragraph 1 of the Companies Act, the Company can, by decision of the Board of Directors, exempt the statutory auditors (including former statutory auditors) from responsibility for any negligence, to the extent permitted by the law.</p> <p>(Exemption of Accounting Auditors from Liability) Article 39 In accordance with Article 427, Paragraph 1 of the Companies Act, the Company can conclude contracts with accounting auditors that limit the accounting auditors' responsibility for any negligence. However, limits on amounts of damages based on such contracts are as provided by law.</p>	<p>(Trade name) Article 1 The Company's trade name is <u>ID Holdings Corporation.</u></p> <p>(Purpose) Article 2 The purpose of the Company is to conduct the following operations <u>and to hold shares or holdings in companies in Japan and in other countries in order to control and manage the operating activities of those companies.</u></p> <p>(1), (2) (text abridged) (3) Education, consulting and dispatch of engineers regarding the <u>operations in the previous Item</u> (4), (5) (text abridged) (6) Sales, leasing, mediation and management of real estate (7), (8) (text abridged) (9) <u>Production, processing and sale of agricultural products</u> (10) Any operations related to the above</p> <p>(Shareholder Registry Administrator) Article 11-3 A shareholder registry administrator shall be appointed to manage clerical matters relating to the production and safekeeping of the Company's shareholder registry and ledgers of subscription rights to shares, so that the Company shall not handle these matters directly.</p> <p>(Exemption of Directors from Liability) Article 28 In accordance with Article 426, Paragraph 1 of the Companies Act, the Company can, by decision of the Board of Directors, exempt the directors (including former directors) from responsibility for any negligence, to the extent permitted by the law.</p> <p>(Exemption of Statutory Auditors from Liability) Article 36 In accordance with Article 426, Paragraph 1 of the Companies Act, the Company can, by decision of the Board of Directors, exempt the statutory auditors (including former statutory auditors) from responsibility for any negligence, to the extent permitted by the law.</p> <p>(Exemption of Accounting Auditors from Liability) Article 39 In accordance with Article 427, Paragraph 1 of the Companies Act, the Company can conclude contracts with accounting auditors that limit the accounting auditors' responsibility for any negligence. However, limits on amounts of damages based on such contracts are as provided by law.</p> <p>(Supplementary Provisions) <u>Article 1 Changes to Articles 1 and 2 are effective as of April 1, 2019.</u> <u>Article 2 These Supplementary Provisions are automatically deleted after the above listed changes to the Articles of Incorporation</u></p>

	<u>become effective.</u>
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