

January 20, 2020

To: All Concerned Stakeholders

Company : ID Holdings Corporation  
Representative : Masaki Funakoshi,  
President and Representative Director  
(Securities Code 4709; TSE 1<sup>st</sup> Section)  
Inquiries : Masayoshi Nakatani, General Manager,  
Head of Corporate Strategy Department  
TEL : +81 3-3262-5177

## Notice of Group Restructuring (Establishment of New Company and Company Split between Subsidiaries, etc.)

This is to notify that at today's meeting of the Board of Directors, the Directors decided to restructure the Group (hereafter, this restructuring), in which the Group's wholly owned subsidiaries are the subjects of this restructuring.

Note that because this Group's wholly owned subsidiaries are the subjects of this restructuring, some disclosure items and content are omitted from this press release.

### **I. Aims behind This Restructuring**

The environment surrounding the IT service industry is changing quicker than ever before. Customer needs are becoming increasingly sophisticated, while the pace of technological innovation continues to accelerate. Amid this business environment, fast and accurate decision-making and execution are indispensable. With this in mind, the Group underwent a transition to a holding-company structure in April 2019. Through this restructuring, the Group aims to further accelerate the pace of innovation and enhance its corporate value and competitiveness by making extensive revisions to the companies operating under its umbrella.

In recent years, there is a rapidly growing need among client companies for innovation in existing businesses which utilize digital technologies (digital transformation). The Group is working to upgrade its services utilizing digital technologies in existing service solutions based on business knowledge and know-how relating to clients' systems accumulated over many years. This restructuring within the Group will help consolidate departments with strengths in consulting in areas such as streamlining and improving quality, and will enable an expansion in business improvement services intended to further heighten customer satisfaction.

There are two companies within the Group which excel at system operation management at data centers, possessing many years of expertise and know-how in the fields of finance and distribution, respectively. Through this restructuring, the Group will merge the know-how and technologies relating to system operation management business possessed by both companies, and provide added-value services as a professional group specializing in system operation.

## II. Overview of This Restructuring

(1) Concerning the establishment of DX CONSULTING CO., LTD. and the company split (absorption-type split)  
On April 1, 2020, a company split (absorption-type split) will be carried out in which DX CONSULTING CO., LTD. (hereafter, DX), a new company due to be established, will succeed ITSM business providing consulting services for system operation work based on ITIL by Fess Co., Ltd. (hereafter, Fess), and RPA promotion business in the System Operation Management Department of INFORMATION DEVELOPMENT CO., LTD. (hereafter, ID), both the Group's wholly owned subsidiaries.

(2) Regarding the company split (absorption-type split) and change of trade name to ID DATA CENTER MANAGEMENT CO., LTD.

On April 1, 2020, a company split (absorption-type split) will be carried out in which part of the system operation management business of ID will be succeeded by Fess, and the trade name of Fess will change to ID DATA CENTER MANAGEMENT CO., LTD. (hereafter, DCM)

## III. Concerning the Establishment of DX CONSULTING CO., LTD. and the Company Split (Absorption-type Split)

### 1. Regarding the establishment of the new company

New company to be established

- |   |   |
|---|---|
| (1) Trade name:                           | DX CONSULTING CO., LTD.   |
| (2) Details of operations:                | Consulting services utilizing digital technologies, ITSM consulting and training services |
| (3) Address of headquarters:              | 12-1 Goban-cho, Chiyoda-ku, Tokyo   |
| (4) Representative:                       | Masashi Takase, President and Representative Director                                     |
| (5) Capital stock:                        | ¥50 million   |
| (6) Date established:                     | January 21, 2020 (scheduled)  |
| (7) Total number of shares issued:        | 1,000 shares  |
| (8) Fiscal terms:                         | March 31  |
| (9) Major shareholder/shareholding ratio: | ID Holdings Corporation 100%  |
| (10) Number of employees:                 | 0   |

### 2. Overview of the company Split (absorption-type split)

#### (1) Schedule of the company split (scheduled)

Board of Directors meeting authorizes the contract for absorption-type split (ID, Fess and DX):	February 10, 2020
Conclusion of contract for absorption-type split (ID, Fess and DX):	February 21, 2020
Meeting of Shareholders authorizes the absorption-type split (ID, Fess and DX):	March 25, 2020
Effective date of absorption-type split:	April 1, 2020

#### (2) Method of the company split

An absorption-type split in which ID and Fess are split companies and DX becomes the successor company.

#### (3) Allotment of shares resulting from the company split

There will be no allotment of shares or other assets resulting from the absorption-type split.

#### (4) Handling of subscription rights to shares and warrant bonds resulting from the company split

N/A

(5) Increase/decrease in capital stock arising from the company split

N/A

(6) Rights and duties inherited by the successor company (the new company)

- Assets, liabilities and accompanying rights and duties

Except as otherwise specified in the Absorption-type Split Contract, the successor company will inherit the assets, liabilities, contractual positions and other accompanying rights and duties of ID's and Fess's operations subject to the company split, except such rights and duties that are difficult or impossible to pass on to the successor company by their nature.

The transfer of obligations shall be undertaken based on the concomitant assumption method.

- Rights and obligations in terms of labor contracts

Employment contracts for employees of ID and Fess mainly performing work inherited by the successor company will not be continued, and the necessary personnel will be placed on loan from ID and Fess.

(7) Anticipation of fulfillment of obligations

At this time, the Group does not anticipate any circumstances that may obstruct the execution of the due obligations of ID, Fess and DX after the absorption-type split.

3. Overview of the companies

(1) Overview of the companies

	Split companies (As of December 31, 2019)		Successor company (at the time of establishment)
(1) Name	INFORMATION DEVELOPMENT CO., LTD.	Fess Co., Ltd. (scheduled to change trade name to ID DATA CENTER MANAGEMENT CO., LTD. on April 1, 2020)	DX CONSULTING CO., LTD.
(2) Location	12-1 Goban-cho, Chiyoda-ku, Tokyo	12-1 Goban-cho, Chiyoda-ku, Tokyo	12-1 Goban-cho, Chiyoda-ku, Tokyo
(3) Name and position of representative director	Masaki Funakoshi, Chairman and Representative Director Toshio Yamakawa, President and Representative Director	Shizuya Nanao President and Representative Director	Masashi Takase, President and Representative Director
(4) Details of operations	System operation management, software development, etc.	System management services, help desk services, consulting & training services, medical	Consulting services utilizing digital technologies, ITSM consulting and training

		system operation/help desk services, personnel dispatch services	services
(5) Date of establishment	April 1, 2019	April 1, 1999	January 21, 2020 (scheduled)
(6) Amount of capital stock	¥400 million	¥60 million	¥50 million
(7) Total number of shares issued	1,000 shares	1,200 shares	1,000 shares
(8) Fiscal terms	March 31	March 31	March 31
(9) Major shareholders and shareholding ratio	ID Holdings Corporation 100%	ID Holdings Corporation 100%	ID Holdings Corporation 100%

(2) Business results for the split company in recent accounting period

	Fess Co., Ltd.
Fiscal term	FY2018 (Fiscal year ended March 31, 2019)
Net assets	¥686 million
Total assets	¥1,125 million
Net assets per share	¥572,000
Net sales	¥3,508 million
Operating income	¥529 million
Ordinary income	¥529 million
Net income	¥304 million
Net income per share	¥253,000

Note: INFORMATION DEVELOPMENT CO., LTD. was established on April 1, 2019. As such, it is not included in the above “Business results for the split company in recent accounting period.”

4. Overview of the company split

(1) Details of split business

Part of ID’s system operation management business

Fess’ ITSM consulting and training services

(2) FY2018 management results of the split business (net sales)

ID: ¥71 million

Fess: ¥860 million

(3) Items and amounts of split assets and liabilities

Assets and liabilities pertaining to (1) will be inherited by DX.

Amounts are unconfirmed as of this date.

5. Overview of DX CONSULTING CO., LTD. after company split (scheduled)

- (1) Trade name: DX CONSULTING CO., LTD.
- (2) Details of operations: Consulting services utilizing digital technologies  
ITSM consulting and training services
- (3) Address of headquarters: 12-1 Goban-cho, Chiyoda-ku, Tokyo
- (4) Representative: Masashi Takase, President and Representative Director
- (5) Capital stock: ¥50 million
- (6) Fiscal terms: March 31
- (7) Major shareholder/shareholding ratio: ID Holdings Corporation 100%

**IV. Regarding the Company Split (Absorption-type Split) and Change of Trade Name to ID DATA CENTER MANAGEMENT CO., LTD.**

1. Overview of the company split (absorption-type split)

(1) Schedule of the company split (scheduled)

- Board of Directors meeting authorizes the contract for absorption-type split (ID and Fess): February 10, 2020
- Conclusion of contract for absorption-type split (ID and Fess): February 21, 2020
- Meeting of Shareholders authorizes the absorption-type split (ID): March 25, 2020
- Meeting of Shareholders authorizes the absorption-type split and changes to Articles of Association (Fess): March 25, 2020
- Effective date of absorption-type split: April 1, 2020

(2) Method of the company split

An absorption-type split in which ID is a split company and Fess becomes the successor company. Fess is scheduled to change its trade name to ID DATA CENTER MANAGEMENT CO., LTD. on April 1, 2020.

(3) Allotment of shares resulting from the company split

There will be no allotment of shares or other assets resulting from the absorption-type split.

(4) Handling of subscription rights to shares and warrant bonds resulting from the company split

N/A

(5) Increase/decrease in capital stock arising from the company split

N/A

(6) Rights and duties inherited by the successor company

Except as otherwise specified in the Absorption-type Split Contract, the successor company will inherit the assets, liabilities and other rights and duties of the ID's operations subject to the company split, except such rights and duties that are difficult or impossible to pass on to the successor company by their nature.

The transfer of obligations shall be undertaken based on the concomitant assumption method.

(7) Anticipation of fulfillment of obligations

At this time, the Group does not anticipate any circumstances that may obstruct the execution of the due

obligations of ID and Fess after the absorption-type split.

## 2. Overview of the companies

### (1) Overview of the companies

	Split company (As of December 31, 2019)	Successor company (As of December 31, 2019)
(1) Name	INFORMATION DEVELOPMENT CO., LTD.	Fess Co., Ltd. (scheduled to change trade name to ID DATA CENTER MANAGEMENT CO., LTD. on April 1, 2020)
(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, Chairman and Representative Director Toshio Yamakawa, President and Representative Director	Shizuya Nanao President and Representative Director
(4) Details of operations	System operation management, software development, etc.	System management services, help desk services, consulting & training services, medical system operation/help desk services, personnel dispatch services
(5) Date of establishment	April 1, 2019	April 1, 1999
(6) Amount of capital stock	¥400 million	¥60 million
(7) Total number of shares issued	1,000 shares	1,200 shares
(8) Fiscal terms	March 31	March 31
(9) Major shareholders and shareholding ratio	ID Holdings Corporation 100%	ID Holdings Corporation 100%

### (2) Business results for the split company in recent accounting period

	Fess Co., Ltd.
Fiscal term	FY2018 (Fiscal year ended March 31, 2019)
Net assets	¥686 million
Total assets	¥1,125 million
Net assets per share	¥572,000
Net sales	¥3,508 million
Operating income	¥529 million
Ordinary income	¥529 million
Net income	¥304 million
Net income per share	¥253,000

Note: INFORMATION DEVELOPMENT CO., LTD. was established on April 1, 2019. As such, it is not included in the above “Business results for the split company in recent accounting period.”

### 3. Overview of the company split

#### (1) Details of split business

Part of ID's system operation management business

#### (2) FY2018 management results of the split business (net sales)

¥2,650 million

#### (3) Items and amounts of split assets and liabilities

Assets and liabilities pertaining to (1) will be inherited by Fess.

Amounts are unconfirmed as of this date.

### 4. Overview of ID DATA CENTER MANAGEMENT CO., LTD. after company split (scheduled)

- |   |  |
|---|--|
| (1) Trade name:                           | ID DATA CENTER MANAGEMENT CO., LTD.  |
| (2) Details of operations:                | System management services, help desk services, medical system operation/help desk services, personnel dispatch services |
| (3) Address of headquarters:              | 12-1 Goban-cho, Chiyoda-ku, Tokyo  |
| (4) Representative:                       | Shizuya Nanao, President and Representative Director   |
| (5) Capital stock:                        | ¥60 million  |
| (6) Fiscal terms:                         | March 31   |
| (7) Major shareholder/shareholding ratio: | ID Holdings Corporation 100%   |

## V. Forecast

The subjects of this restructuring are the Group's wholly owned subsidiaries. This means that the impact on the Group's consolidated business results will be negligible.

#### DISCLAIMER

*This English translation is only for reference purpose. When there are any discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.*

(Attachment) Conceptual diagram of the restructuring

