

March 14, 2023

To: All Concerned Stakeholders

Company : ID Holdings Corporation
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(Securities Code: 4709; TSE Prime)
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Plan for Conforming to Criteria for Continued Listing on the Prime Market

As of December 31, 2022, ID Holdings Corporation (“the Company”) does not satisfy the criteria to support listing on the TSE Prime market. To address this issue, the Company has prepared a plan to conform to the criteria for continued listing for the TSE Prime market, as follows.

1. Status of the Company’s conformity to the criteria for continued listing and plan period

As of December 31, 2022, the status of the Company with respect to conforming to the criteria to support continued listing on the TSE Prime market is that the daily average sale price does not satisfy the criterion. The Company is therefore undertaking a variety of measures to ensure that it satisfies the criteria for continued listing consistently.

The plan period is the period to March 31, 2025. The Company aims to satisfy the criteria for continued listing and other requirements by the fiscal year ending March 31, 2025, when the Company’s share price will reflect the progress of its Mid-term Management Plan, “Next 50 Episode II: Ride on Time.”

Reference: For details on the Mid-term Management Plan “Next 50 Episode II: Ride on Time,” please see the appendix.

	Daily average sale price (millions of yen)
The Company’s status (as of December 31, 2022)	17.9
Criterion for continued listing	20

Notes:

- The Company's status is based on the Tokyo Stock Exchange's calculation of the Company's daily average sale price for the period from January 1 to December 31, 2022.
- The Company has confirmed that it satisfies all other criteria for continued listing other than daily average sale price.

2. Basic policy on measures to conform to criteria for continued listing and related issues

(1) Basic policy

Based on the Mid-term Management Plan, the Company is executing a raft of measures to improve corporate value over the medium-to-long term, thereby satisfying the criteria for continued listing. The Company is moving steadily forward with transforming its business by transitioning to high-value-added services, and expanding its operations. In addition, the Company is advancing measures to return earnings to shareholders, enhancing investor-relations (IR) activities, bolstering corporate governance and taking part in sustainability activities.

(2) Issues

Of the criteria for continued listing, only one remains unsatisfied by the Company: the daily average sale price. Because both share price and number of transactions are components of sale price, the Company believes that its challenges are to increase corporate value, to raise the Company's share price through appropriate valuation in the stock market and to improve the liquidity of the Company's shares.

3. The search for solutions

(1) Business growth raises corporate value, pushing up the share price.

In its Mid-term Management Plan, the Company aims to achieve net sales of ¥32 billion and operating income of ¥2.55 billion in FY2024. Calculating expected share price from earnings per share (EPS), based on the current price/earnings ratio (PER), and assuming that current levels of number of transactions are supported, the Company can theoretically expect daily average sale price to exceed the criterion for continued listing.

Moreover, the Company is currently revising the numerical targets in the Mid-term Management Plan in view of current solid business results. By achieving numbers above those in the original Mid-term Management Plan, the Company will boost corporate value even further.

For details, please refer to “Reference: Simulation of daily average sale price in FY2024” on page 3.

(2) Securing liquidity of shares

1) Advancing measures to return earnings to shareholders

The Company recognizes the return of earnings to shareholders as an important management issue. Its basic policy is to ensure continuous and appropriate distribution of earnings backed by business results by striving to secure a robust management base, maintain stable earnings and improve return on equity. Looking back on the past decade, since FY2012 the Company has raised dividends seven times, executed two share splits and increased dividend yield 320%.

Moreover, with business results trending firm in the current fiscal year, the Company is taking steps to increase return of earnings to shareholders. As outlined in “Notice of (Upward) Revision of Dividend Forecast,” released today (March 14, 2023), the Company has revised its forecast of annual dividends for FY2022 from ¥40.00 per share to ¥45.00 per share, including the interim dividend of ¥20.00 per share. The Company will continue to make efforts to strengthen return of earnings to shareholders in accordance with growth in business results.

2) Enhancing IR activities

To spur communication with investors, the Company is vigorously pursuing IR activities.

■ Activities in FY2022

- Financial-results briefings for institutional investors (twice), briefings for individual investors (four times), other individual IR meetings (23 meetings, of which five were held for overseas investors)
- Disclosure of supplementary materials explaining financial statements, factbooks and other IR tools (12 items)

- Publication of key disclosure documents in English, including summaries of consolidated financial results (13 items)
- Dissemination of quarterly accounts information in Japanese and English by e-mail etc.

Recently, the Company also took steps to improve convenience from shareholders' point of view, through measures such as incorporating visual elements into invitations and participation in electronic voting platforms. In addition to continuing the above activities, the Company is moving forward with the following initiatives.

- Upcoming initiatives (planned for FY2023)
 - Twice-yearly investor targeting using shareholder information
 - Changes in IR policy to expand opportunities for meetings etc.

(3) Improving medium-to-long term corporate value

1) Efforts on sustainability

Aiming for further improvement in medium-to-long term corporate value, the Company is moving decisively on initiatives for sustainability.

- Results of efforts (FY2022)
 - The Company signed a pact with the Town of Kofu, Tottori Prefecture, on advancement of DX in government and regional coexistence.
 - By switching to sustainable energy supply for its head-office building, the Company reduced emissions of greenhouse gases.
 - The Company empowered women and foreign nationals and trained them for management positions.

Reference: Status of female and foreign-national employees (as of December 31 2022)

Women as proportion of employees	Women as proportion of managers	Foreign nationals as proportion of employees	Foreign nationals as proportion of managers
24.8%	16.9%	8.1%	4.2%

The Company plans to continue the above efforts and advance the initiatives listed below, aiming to boost medium-to-long term corporate value.

- Upcoming initiatives (disclosed in the Annual Securities Report in Q1 FY2023)
 - Expansion of disclosure regarding approaches and efforts on sustainability
 - Composition and disclosure of policies on human capital, such as personnel training and overhaul of the in-house environment
 - Expansion of disclosure of information related to climate change

2) Strengthening corporate governance

Since 2016, to energize and enhance the function of the Board of Directors, the Company has contracted third-party evaluation organizations to assess the Board's efficacy. Going forward, to boost corporate value still further, the Company plans to review the third-party evaluation organization to introduce more effective evaluation processes.

Reference: Simulation of daily average sale price in FY2024

- 1) Forecast of share price = EPS × PER
 = (net income ÷ number of shares issued) × PER
 = (¥1.53 billion¹ ÷ 18,066,453 shares) × 14²

= ¥1,185.62 per share

≒ ¥1,185 per share

- 1 Forecast of net income as share of operating income ¥2.55 billion in FY2024 (multiplied by 0.6)
- 2 Here “14” is PER (14.06 rounded to 14), calculated by dividing average share price at end of each month from January to December 2022, which is ¥866.36, by EPS ¥61.61 in FY2021

2) Average number of transactions for the most recent 12 months (January to December 2022)

= Daily average sale price ¥17,956,740 ÷ average share price ¥866.36

≒ 20,727 shares

3) Daily average sale price in FY2024

= Forecast of share price for FY2024 (1) × average number of transactions for the most recent 12 months (2)

= ¥1,185 per share × 20,727 shares

= ¥24,561,495

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