Note: This document is an English translation of the "Kessan Tanshin" for the first six months of the fiscal year ending March 31, 2027 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, 2027 (J-GAAP)

October 30, 2026

Company name:	ID Holdings Corporation
Listing:	Tokyo Stock Exchange, Prime Market
Securities code:	4709
URL:	https://www.idnet-hd.co.jp
Company representative:	Masaki Funakoshi, President, Representative Director and Group CEO
Direct inquiries to:	Naoko Hara, Executive Corporate Officer and Director Manager, Corporate Strategy Department Tel: +81 3-3262-5177
Scheduled date of filing of Semi-annual Securities Report:	October 30, 2026
Scheduled date of dividend payment:	December 4, 2026
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 FY2026 (April 1–September 30, 2026)

(1) Consolidated Business Results

(% indicates YoY changes)

	Net sales		EBITDA		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
H1 FY2026	19,399	−0.4	2,073	−6.2	1,898	−6.0	1,926	−3.8	943	−26.0
H1 FY2025	19,472	12.2	2,210	7.0	2,018	16.2	2,003	11.2	1,274	20.7

Note: Comprehensive income H1 FY2026 ¥1,173 million (–20.3%) H1 FY2025 ¥1,473 million (34.3%)

	EPS before amortization of goodwill		Net income per share	Diluted net income per share
	¥	%	¥	¥
H1 FY2026	30.38	−25.6	27.74	—
H1 FY2025	40.81	7.0	37.82	—

Note 1: Diluted net income per share is not listed, as the Group has no potential shares.

Note 2: On April 1, 2026, the Company conducted a two-for-one split of common shares. Net income per share and EPS before amortization of goodwill are calculated as if the share split had been conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of September 30, 2026	22,028	15,653	70.7
As of March 31, 2026	23,992	15,253	63.3

Reference: Equity As of September 30, 2026 ¥15,583 million As of March 31, 2026 ¥15,186 million

2. Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal period	Total
	¥	¥	¥	¥	¥
FY2025	—	35.00	—	45.00	80.00
FY2026	—	25.00			
FY2026 (forecast)			—	25.00	50.00

Note 1: Revision of most recently published dividend forecast: No

Note 2: On April 1, 2026, the Company conducted a two-for-one split of common shares. The annual dividend for the fiscal year ended March 31, 2026 would be ¥40.00 if the share split were taken into account.

3. Forecasts of Consolidated Results for FY2026 (April 1, 2026–March 31, 2027)

(% indicates YoY changes)

	Net sales		EBITDA		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2026 (full fiscal year)	42,000	6.7	4,850	7.3	4,500	9.0	4,550	8.0	3,000	3.2

	EPS before amortization of goodwill		Net income per share
	¥	%	¥
FY2026 (full fiscal year)	92.83	1.0	88.21

Note 1: Revision of most recently published results forecast: No

Note 2: On April 1, 2026, the Company conducted a two-for-one split of common shares. The year-on-year change in EPS before amortization of goodwill in the forecast of consolidated business results for the fiscal year ending March 31, 2027 takes the effect of the share split into account.

*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, 2026	34,459,424 shares	As of March 31, 2026	34,459,424 shares
(ii) Amount of treasury stock:	As of September 30, 2026	440,966 shares	As of March 31, 2026	476,500 shares
(iii) Interim average number of shares (Six months from the beginning of the fiscal year)	H1 FY2026	34,004,533 shares	H1 FY2025	33,708,882 shares

Note: On April 1, 2026, the Company conducted a two-for-one split of common shares. Number of shares issued at fiscal year-end (including treasury shares), number of treasury shares at fiscal year-end, and average number of shares during the fiscal year are calculated as if the share split had been conducted at the beginning of the previous consolidated fiscal year.

(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 - restricted stock (BBT-RS) 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-RS 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 24, 2026. 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 FY2026: April 1 to September 30, 2026), the Japanese economy continued on a gradual recovery trend, buoyed by the effects of improvements in the employment and income environments. However, the path forward remained unclear, due to factors such as fluctuations in financial and capital markets and conditions in the Middle East.

The information services industry, in which the ID Group is a participant, continued on a robust trend, powered by demand for IT investment amid the general digitalization of society. Needs for consulting and construction of in-house IT environments expanded, as demand grew for AI, cloud solutions and other technologies to boost productivity and resolve management issues. Enterprises suffered a sharp increase in sophisticated cyberattacks, highlighting the rising importance of investment in IT governance and security measures aimed at continuity of business.

Against this background, the period under review was one of adjustment for the ID Group. While growth in the focal areas of IT infrastructure and consulting and training proceeded briskly, some projects in application development came to a conclusion. Net sales declined to ¥19.399 billion (–0.4% YoY). Conversely, factors such as improvements in productivity in base areas raised gross profit to ¥5.236 billion (+3.7% YoY).

Earnings fell YoY across the board, as the Group returned value to employees through increases in base salary and implemented and increased strategic investment in training and hiring. EBITDA declined to ¥2.073 billion (–6.2% YoY), operating income slid to ¥1.898 billion (–6.0% YoY), and ordinary income retreated to ¥1.926 billion (–3.8% YoY). Net income attributable to owners of parent fell to ¥943 million (–26.0% YoY), in part due to the recording of a provision for loss on compensation for damage (extraordinary losses) of ¥243 million resulting from misconduct by a former employee of the Group.

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, 2025 to September 30, 2025)	Consolidated first half under review (April 1, 2026 to September 30, 2026)	Compared with same period of previous fiscal year (YoY)	
				Increase/ decrease	Rate of increase/ decrease (%)
System management	Net sales	7,744	7,597	–146	–1.9
	Gross profit	1,822	1,875	52	2.9
	Gross profit margin	23.5%	24.7%	1.2P	—
Application development	Net sales	6,814	6,613	–200	–2.9
	Gross profit	1,818	1,930	112	6.2
	Gross profit margin	26.7%	29.2%	2.5P	—
IT infrastructure	Net sales	2,335	2,487	152	6.5
	Gross profit	612	693	81	13.4
	Gross profit margin	26.2%	27.9%	1.7P	—
Cybersecurity	Net sales	1,443	1,406	–36	–2.5
	Gross profit	426	323	–102	–24.1
	Gross profit margin	29.5%	23.0%	–6.5P	—
Consulting and training	Net sales	839	1,017	177	21.2
	Gross profit	363	364	1	0.4
	Gross profit margin	43.3%	35.9%	–7.4P	—
Others	Net sales	295	277	–18	–6.1
	Gross profit	5	47	41	732.4
	Gross profit margin	1.9%	17.1%	15.2P	—
Total	Net sales	19,472	19,399	–72	–0.4
	Gross profit	5,048	5,236	187	3.7
	Gross profit margin	25.9%	27.0%	1.1P	—

(i) System management

Some projects with existing clients expanded and the Group shifted to high-margin projects with multiple customers. However, some projects with major IT vendors wrapped up. Net sales declined to ¥7.597 billion (–1.9% YoY) and gross profit rose to ¥1.875 billion (+2.9% YoY).

(ii) Application development

Order acceptance broadened through partnerships with major IT vendors, but some clients scaled back investment. Overall project pace was steady. Net sales slipped to ¥6.613 billion (–2.9% YoY) while gross profit rose to ¥1.93 billion (+6.2% YoY).

(iii) IT infrastructure

New projects were secured with clients related to finance, transportation, and energy. Net sales rose to ¥2.487 billion (+6.5% YoY) and gross profit jumped to ¥693 million (+13.4% YoY).

(iv) Cybersecurity

Although new projects were captured and transactions expanded through partnerships with major IT vendors, some high-margin projects drew to a conclusion. Net sales retreated to ¥1.406 billion (–2.5% YoY), while gross profit dropped to ¥323 million (–24.1% YoY).

(v) Consulting and training

While order acceptance expanded in consulting with clients related to finance, energy, and transportation, the Group invested in upskilling of personnel in accordance with the Mid-term Management Plan. Net sales were lifted to ¥1.017 billion (+21.2% YoY), while gross profit increased to ¥364 million (+0.4% YoY).

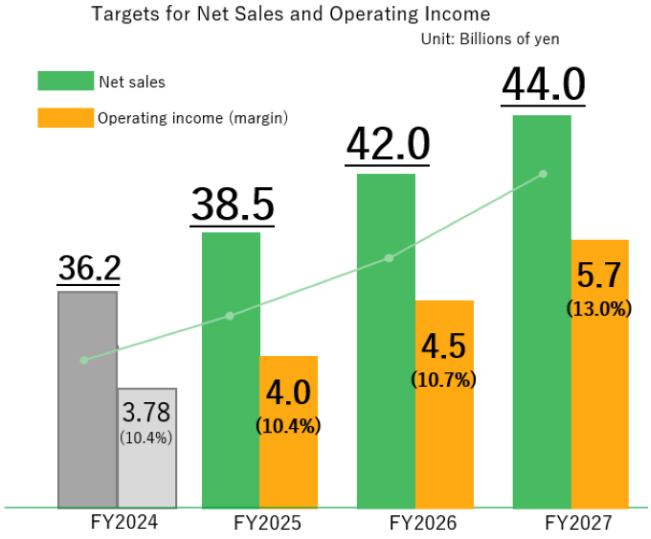
(vi) Others

Projects with a number of clients wound down. Net sales dropped to ¥277 million (–6.1% YoY), but gross profit soared to ¥47 million (+732.4% YoY).

Management Policy Initiatives

The ID Group has drafted a three-year Mid-term Management Plan entitled "Next 50 Episode III: JUMP!!!," with FY2025 as its first year. Focusing on two strategic themes, "shift to a high-profit model" and "transformation of culture," the plan outlines six key strategies, including a service portfolio strategy, establishment of customer contact points and a strategy for investment in human capital.

■ **Advancement of six key strategies including service portfolio, establishment of customer contact points and investment in human capital**





In its service portfolio strategy, the ID Group aims for ebullient growth through its twin strategies of improving profitability in its base areas[1] and expanding the scale of operations in its focal areas[2]. In the previous fiscal year, the first year of the service portfolio strategy, sales growth was achieved by improving profitability centered on application development, a base area, and through rapid advances in the cybersecurity business, a focus area. Steady progress on plans enabled the Group to revise some of its target for FY2026 upward in the first quarter, in view of forecasted market trends. In H1 FY2026, the Group actively pursued improvements in productivity and upskilling measures. As a result, gross profit margins in system management and application development rose and net sales rose in IT infrastructure and in consulting and training.

In its human-capital investment strategy, the Group aims to invest ¥6 billion over three years. To support employees' independent career formation and expand growth opportunities, during the current fiscal year the Group launched an in-house open-recruitment program, seeking applicants from areas ranging from production, sales, and administration in Japan to locations overseas. These efforts to encourage employees' career autonomy are proceeding steadily, attracting numerous applications.

To contribute to both personnel training and regional co-creation, the Group implemented a training camp for new hires in Yonago, Tottori Prefecture. This program of practical training, such as field work focused on regional issues, earned high praise from participants, and the program is expected to be extended in the coming fiscal year.

Additionally, the Group continued to implement actions originally prepared for the strategy for establishing customer contact points and implementing a global strategy.

Notes
1. Base areas: System management and application development
2. Focal areas: IT infrastructure, cybersecurity, and consulting and training

Research and Development Activities

During H1 FY2026, Group expenditures on research and development activities totaled ¥40 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.

Key measures focused on research in AI. As part of this effort, the Group completed examination of development standards predicated on the use of AI and moved forward with preparations to apply these technologies in live projects. In the period under review, the Group established an AI Advancement Committee, consisting of members of the Group's operating and administrative divisions, and strove to improve operating efficiency and quality by preparing workflows and advancing the use of AI agents. The Group completed development of ID-AI Masky, a software application to identify and mask personal information in medical images, to supply the technology to medical facilities beginning in August 2026. By making this tool available, the Group will support safe and effective use of medical data, aid in reducing workload associated with anonymization and strengthening privacy, and contribute to medical research, education, and development. Also, leveraging this knowledge about AI, in August 2026 the Group released Beginning Practical Training with AI Agents Using Dify, the advanced version of Starting Dify Training from Scratch, launched in October 2025.

Against the background of these efforts, in July 2026 the Group obtained certification in ISO/IEC 42001, the international standard for AI management systems. The Group also obtained certification in BSI Kitemark™, a standard based on ISO 56001, in March 2026. With these accomplishments, the Group became the first corporate Group in Japan to earn certification in both ISO 42001 and ISO 56001.

The ID Group aims to construct next-generation system operations combining advanced technologies with system management, a core business of the Group. In one of these projects, ID-VROP, a virtual operation center developed by the Group, the Group completed a proof of concept in a client's environment and commenced sales of the service. The Group applied AI and patented technologies it had acquired in relation to blockchain technology to achieve further feature enhancements. Additionally, the Group participated in a consortium of over 40 companies aimed at achieving next-generation system operations. The Group will continue to strengthen its technical capabilities and foster further innovation.

(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 ¥1.964 billion from the end of the previous consolidated accounting period to ¥22.028 billion. Although investment securities increased by ¥337 million, cash and deposits decreased by ¥936 million, accounts receivable–trade decreased by ¥714 million, contract assets decreased by ¥251 million, securities decreased by ¥100 million, and deferred tax assets decreased by ¥300 million.

(Liabilities)

Liabilities at the end of consolidated Q2 decreased by ¥2.364 billion from the end of the previous consolidated accounting period to ¥6.374 billion. Interest-bearing debt declined by ¥1 billion, income taxes payable decreased by ¥398 million, and provision for bonuses declined by ¥710 million.

(Net Assets)

Net assets at the end of consolidated Q2 increased by ¥400 million from the end of the previous consolidated accounting period to ¥15.653 billion. Although payment of year-end dividends reduced net assets by ¥774 million, net assets increased by ¥943 million due to net income attributable to owners of parent and by ¥239 million due to an increase in valuation difference on available-for-sale securities.

(ii) Cash flows

Cash and cash equivalents on a consolidated basis (hereinafter "net cash") at the end of consolidated Q2 under review increased by ¥344 million in comparison with the end of consolidated Q2 in the previous fiscal year, to ¥5.098 billion (+7.3% 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 ¥896 million (compared to a net cash increase of ¥1.140 billion in the same period of the previous fiscal year). This result was mainly due to ¥1.685 billion in net income before income taxes and ¥858 million in corporation tax, etc. paid.

(Cash flows from investing activities)

Net cash used in investing activities was ¥12 million (compared to a net cash decrease of ¥37 million in the same period of the previous fiscal year). This result was mainly due to purchase of property, plant and equipment of ¥36 million, purchase of intangible assets of ¥21 million, purchase of investment securities of ¥44 million, other purchases (payments for guarantee deposits, etc.) of ¥12 million, and proceeds from redemption of securities of ¥100 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥1.818 billion (compared to a net cash decrease of ¥1.825 billion in the same period of the previous fiscal year). This result was mainly due to a net decrease of ¥1 billion in short-term loans payable and cash dividends paid of ¥775 million (including cash dividends paid to non-controlling interests).

(3) Qualitative Information on the Consolidated Results Forecast

There have been no changes to the full-year results projections as released by the ID Group on April 30, 2026.

2. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheet

(Thousands of ¥)

	Previous consolidated accounting period As of March 31, 2026	Consolidated second quarter under review As of September 30, 2026
Assets		
Current assets		
Cash and deposits	6,520,340	5,583,842
Accounts receivable–trade	8,323,053	7,608,438
Contract assets	775,280	523,886
Securities	100,260	—
Work in process	1,900	1,186
Accounts receivable–other	28,008	53,821
Other	661,173	778,016
Total current assets	16,410,017	14,549,191
Non-current assets		
Property, plant and equipment	1,440,505	1,413,763
Intangible assets		
Goodwill	273,890	184,086
Software	61,987	69,014
Other	2,694	754
Total intangible assets	338,572	253,855
Investments and other assets		
Investment securities	4,189,408	4,526,654
Deferred tax assets	801,181	500,573
Guarantee deposits	361,992	335,316
Other	458,307	456,222
Allowance for doubtful accounts	–7,500	–7,500
Total investments and other assets	5,803,389	5,811,266
Total non-current assets	7,582,467	7,478,885
Total assets	23,992,484	22,028,077

(Thousands of ¥)

	Previous consolidated accounting period As of March 31, 2026	Consolidated second quarter under review As of September 30, 2026
Liabilities		
Current liabilities		
Accounts payable–trade	1,397,940	1,313,961
Contract liabilities	1,013,089	721,256
Short-term loans payable	1,000,000	—
Income taxes payable	884,386	486,358
Provision for bonuses	2,037,863	1,327,365
Provision for directors' bonuses	42,787	17,776
Provision for loss on compensation for damage	—	243,493
Other	1,672,122	1,433,209
Total current liabilities	8,048,187	5,543,421
Non-current liabilities		
Deferred tax liabilities	376,906	498,291
Provision for directors' retirement benefits	54,411	59,128
Net retirement benefit liability	38,994	42,962
Other	220,955	230,707
Total non-current liabilities	691,267	831,089
Total liabilities	8,739,455	6,374,511
Net assets		
Shareholders' equity		
Capital stock	592,344	592,344
Capital surplus	541,475	541,475
Retained earnings	12,650,355	12,819,537
Treasury stock	–285,109	–282,038
Total shareholders' equity	13,499,066	13,671,319
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,079,716	1,319,104
Deferred gains or losses on hedges	29,997	25,405
Foreign currency translation adjustment	577,742	567,467
Total accumulated other comprehensive income	1,687,456	1,911,978
Non-controlling interests	66,506	70,268
Total net assets	15,253,029	15,653,566
Total liabilities and net assets	23,992,484	22,028,077

(2) Consolidated Statement of Income and Comprehensive Income

(Consolidated Statement of Income)

(Thousands of ¥)

	Previous consolidated first half (April 1, 2025 to September 30, 2025)	Consolidated first half under review (April 1, 2026 to September 30, 2026)
Net sales	19,472,057	19,399,757
Cost of sales	14,423,529	14,163,432
Gross profit	5,048,527	5,236,325
Selling, general, and administrative expenses	3,029,819	3,337,877
Operating income	2,018,708	1,898,448
Non-operating income		
Interest income	2,922	5,031
Dividend income	43,620	52,377
Subsidy income	1,920	2,174
Foreign exchange gains	10,838	—
Other	25,651	29,728
Total non-operating income	84,952	89,311
Non-operating expenses		
Interest expenses	10,849	4,079
Foreign exchange loss	—	8,165
Share of loss of entities accounted for using equity method	77,000	47,166
Other	12,408	1,761
Total non-operating expenses	100,258	61,172
Ordinary income	2,003,402	1,926,587
Extraordinary income		
Gain on sales of non-current assets	—	2,483
Gain on sales of investment securities	12,084	—
Gain on sale of businesses	35,000	—
Total extraordinary income	47,084	2,483
Extraordinary losses		
Loss on retirement of non-current assets	319	39
Provision of allowance for loss on compensation for damage	—	243,493
Total extraordinary losses	319	243,533
Net income before income taxes	2,050,167	1,685,537
Income taxes–current	780,840	422,821
Income taxes–deferred	–13,931	313,362
Total income taxes	766,909	736,183
Net income	1,283,258	949,354
Net income attributable to non-controlling interests	8,494	6,033
Net income attributable to owners of parent	1,274,763	943,320

(Consolidated Statement of Comprehensive Income)

(Thousands of ¥)

	Previous consolidated first half (April 1, 2025 to September 30, 2025)	Consolidated first half under review (April 1, 2026 to September 30, 2026)
Net income	1,283,258	949,354
Other comprehensive income		
Valuation difference on available-for-sale securities	150,674	240,363
Deferred gains or losses on hedges	4,995	–4,591
Foreign currency translation adjustment	31,727	–7,908
Remeasurements of retirement benefit plans	571	—
Share of other comprehensive income of entities accounted for using equity method	2,315	–3,341
Total other comprehensive income	190,283	224,521
Comprehensive income	1,473,541	1,173,875
(Breakdown)		
Comprehensive income attributable to owners of parent	1,465,047	1,167,842
Comprehensive income attributable to non-controlling interests	8,494	6,033

(3) Consolidated Cash Flow Statement

(Thousands of ¥)

	Previous consolidated first half (April 1, 2025 to September 30, 2025)	Consolidated first half under review (April 1, 2026 to September 30, 2026)
Cash flows from operating activities		
Net income before income taxes	2,050,167	1,685,537
Depreciation	90,987	84,883
Amortization of goodwill	100,969	89,803
Loss on retirement of non-current assets	319	39
Loss (gain) on sales of non-current assets	—	–2,483
Loss (gain) on sales of investment securities	–12,084	—
Loss (gain) on sale of businesses	–35,000	—
Share of loss (profit) of entities accounted for using equity method	77,000	47,166
Increase (decrease) in provision for bonuses	205,220	–710,252
Increase (decrease) in provision for directors' bonuses	–49,039	–49,010
Increase (decrease) in provision for loss on compensation for damage	—	243,493
Increase (decrease) in net retirement benefit assets (liabilities)	3,691	3,968
Increase (decrease) in provision for directors' retirement benefits	4,530	4,717
Interest income and dividend income	–46,542	–57,408
Interest expenses	10,849	4,079
Foreign exchange losses (gains)	–12,365	6,179
Decrease (increase) in notes and accounts receivable–trade	–207,964	713,178
Decrease (increase) in inventories	–3,349	1,268
Increase (decrease) in notes and accounts payable–trade	–23,366	–16,177
Increase (decrease) in amounts payable–other	–19,499	–53,289
Increase (decrease) in accrued consumption tax, etc.	22,094	76,241
Decrease (increase) of other current assets	–39,837	125,658
Increase (decrease) in other current liabilities	29,938	–532,097
Decrease (increase) in other non-current assets	–1,188	–52,627
Increase (decrease) in other non-current liabilities	–71,259	9,751
Other	122,145	72,490
Subtotal	2,196,418	1,695,111
Interest and dividend income received	55,041	63,911
Interest expenses paid	–10,849	–4,079
Corporation tax, etc. paid	–1,099,667	–858,169
Net cash provided by (used in) operating activities	1,140,942	896,774
Cash flows from investing activities		
Payments into time deposits	—	–140,897
Proceeds from withdrawal of time deposits	—	140,897
Proceeds from redemption of securities	—	100,000
Purchase of property, plant and equipment	–65,806	–36,365
Proceeds from sales of property, plant and equipment	—	2,768
Purchase of intangible assets	–6,673	–21,746
Purchase of investment securities	–57,319	–44,394
Proceeds from sales of investment securities	16,702	—
Long-term loan advances	–549	–267
Proceeds from sale of businesses	35,000	—
Other	41,246	–12,759
Net cash provided by (used in) investing activities	–37,400	–12,766

(Thousands of ¥)

	Previous consolidated first half (April 1, 2025 to September 30, 2025)	Consolidated first half under review (April 1, 2026 to September 30, 2026)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–950,000	–1,000,000
Repayment of long-term loans payable	–100,000	—
Purchase of treasury stock	–491	–43,217
Cash dividends paid	–772,626	–772,852
Cash dividends paid to non-controlling interests	–2,272	–2,272
Other	–64	—
Net cash provided by (used in) financing activities	–1,825,455	–1,818,342
Effect of exchange rate changes on cash and cash equivalents	42,744	–13,103
Net increase (decrease) in cash and cash equivalents	–679,169	–947,437
Cash and cash equivalents at beginning of period	5,432,882	6,046,015
Cash and cash equivalents at end of period	4,753,712	5,098,577

(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—restricted stock (BBT-RS) 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.

(1) How the plans work

The BBT-RS 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. When Directors, etc. receive Company shares while still employed with the Group, before receiving the shares the Directors, etc. must conclude a transfer restriction agreement with the Company. This measure restricts the ability of Directors, etc. to transfer or otherwise dispose of Company shares acquired while employed with the Company before they retire. Shares awarded to Directors, etc., 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.

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-RS 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 ¥269,459,000 at the end of the previous consolidated fiscal period and was ¥223,170,000 at the end of the consolidated second quarter under review. The number of shares was 211,622 at the end of the previous consolidated fiscal period and was 343,264 at the end of the consolidated second quarter under review.

On April 1, 2026, the Company conducted a 2-for-1 split of common shares. If the share split had been conducted before the previous fiscal year, the number of shares would have been 423,244.

(Loss on compensation for damage)

The Group judges that it bears employer's responsibility under Article 715 of the Civil Code for damage incurred by a client arising from the actions of a former employee. At the end of the consolidated second quarter under review, in preparation for expenditures related to the damage, the Group recorded a provision for loss on compensation for damage of ¥243,493,000 under current liabilities. This figure is the amount of damage reasonably estimated based on information available at the time of writing, minus the amount expected to be recoverable simultaneously with payment of the compensation for damage. The same amount was recorded as "Provision of allowance for loss on compensation for damage" under "Extraordinary losses." The amount of damage and the amount expected to be recoverable are estimates as of the time of writing and are subject to change based on upcoming discussions among related parties and other circumstances.

(Notes on Material Subsequent Events)

None.