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## Consolidated Financial Results for the 1Q of the Fiscal Year Ending Mar. 2025 [Japanese GAAP]

Aug. 2, 2024

Listed company name Daiwabo Holdings, Inc.  
Section of Tokyo Stock Exchange 3107  
URL <https://www.daiwabo-holdings.com/ja/index.html>

Representative Title: President and Chief Executive Officer"

Name: Yukihiro Nishimura

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Scheduled date to commence dividends distribution: —

Preparation of supplementary material on financial results : Yes

Holding of financial results briefing session : None

(Amounts are rounded down to the nearest million yen)

Consolidated Financial Results for the 1Q of the Fiscal Year Ending Mar..2025 (Apr. 1, 2024 to Jun. 30, 2024)

(1)Consolidated Operating Results (Cumulative)  
quarter of the previous year.)

(Percentages represent changes from the same

	Net sales		Operating income(loss)		Ordinary income(loss)		Net profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1Q of FY2025	227,844	8.8	4,274	△13.4	4,528	△10.2	3,079	△10.6
1Q of FY2024	209,337	12.9	4,938	13.4	5,044	11.1	3,442	9.4

(NOTE)Comprehensive income 1Q of FY2024 ¥3.781 billion (△: 25.5%) 1Q of FY2025 ¥5.077 billion (38.6%)

	Quarterly net income per share	Diluted per share Net profit
	Yen	Yen
1Q of FY2025	33.06	-
1Q of FY2024	36.83	-

(2)Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	Millions of yen	Millions of yen	%
1Q of FY2025	375,585	140,445	37.3
Year ended Mar. 31, 2024	405,256	142,133	35.0

(Reference) Equity capital 1Q of FY2024 ¥140.277 billion Year ended Mar. 31, 2025 ¥141.933 billion

### 2.Dividends

	Dividend				
	End of first quarter	End of second quarter	End of the third quarter	Term end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2024	-	32.00	-	32.00	64.00
Year ended Mar. 31, 2025	-	-	-	-	-
Year ending Mar. 31, 2025 (Forecast)	-	35.00	-	35.00	70.00

(NOTE)Revisions to the most recently announced dividend forecasts: None

Consolidated performance forecast for the Year Ended Mar. 31, 3.2025 (Apr. 1, 2024-Mar. 31, 2025)

(Percentages represent year-on-year changes for the full fiscal year and year-on-year changes for the quarter.)

	Net sales		Operating income(loss)		Ordinary income(loss)		Profit(loss) attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q (cumulative)	475,500	6.6	13,020	1.8	13,220	2.2	9,100	6.7	97.69
Full year	1,012,350	4.6	31,100	0.4	31,500	0.2	21,800	409.0	234.03

(NOTE)Revisions to the most recently announced earnings forecasts: Yes

For details on the revision of consolidated performance forecast, please refer to the "Notice Concerning Second-Quarter Earnings Forecasts and Full-Year Performance Forecast Revisions" announced today (Aug. 2, 2024).

※ Notes

(1) Significant changes in the scope of consolidation during the quarter under review: No  
 new companies (company name) Excluded:-companies (company name)

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies and changes or restatement of accounting estimates

- ① Changes in accounting policies caused by revision of accounting standards : Yes
- ② Changes in accounting policies other than ① : None
- ③ Changes in accounting estimates : None
- ④ Restatement of revisions : None

(4) Number of shares outstanding (common shares)

- ① Number of shares outstanding at the end of the period (including treasury stock)
- ② Number of treasury stock at the end of the period
- ③ Average number of shares outstanding (quarterly consolidated cumulative period)

1Q for the Year Ended Mar. 31, 2025	96,356,460 shares	Year ended Mar. 31, 2024	96,356,460 shares
1Q for the Year Ended Mar. 31, 2025	3,798,154 shares	Year ended Mar. 31, 2024	2,890,097 shares
1Q for the Year Ended Mar. 31, 2025	93,151,316 shares	1Q for the year ended Mar. 31, 2024	93,463,876 shares

※ Review of the accompanying quarterly consolidated financial statements by a certified public accountant or auditing firm: None

※ Explanations and other special notes concerning the appropriate use of business performance forecasts

(Notes on forward-looking statements)

Regarding consolidated performance forecast for the year ended Mar. 31, 2025, please refer to the "Notice Concerning Second-Quarter Earnings Forecasts and Full-Year Performance Forecast Revisions" announced today (Aug. 2, 2024).

The earnings forecasts and other forward-looking statements herein are based on information currently available to as Company / Company and certain assumptions that are deemed reasonable. Actual results may differ significantly from these forecasts for a number of reasons.

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## 1. Qualitative Information on Quarterly Financial Results

## (1) Explanation of operating results

In Three months ended June 30, 2024, the economy showed a moderate recovery due to factors such as improved employment and income conditions and inbound demand. On the other hand, the outlook remains uncertain, including the unstable global situation, high resource and energy prices, and the upward trend in prices due to the yen's depreciation.

Under these circumstances, as Group has positioned the period covered by Medium-Term Management Plan (from the fiscal year ended Mar. 2025 to the fiscal year ended Mar. 2027) as the "period of breakthrough due to business portfolio reform." As the Group's basic policy, we have set forth "growth in the holding system," "challenge to reach a record high," and "improvement of stakeholder engagement," and as a key challenge period in realizing our medium-to long-term vision of "2030 VISION," we are continuing to work to improve corporate value.

In Mar. 2024, the Company transferred 85.0% of the outstanding shares of Daiwa Co., Ltd. As a result, the textile business was excluded from the scope of consolidation at the end of the previous Year ended March 31, 2024, and the textile business was not included in the results of operations for the fiscal year under review.

In this Three months ended June 30, 2024, net sales were ¥227.844 billion (up 8.8% year on year) and Operating income(loss) was ¥4.274 billion (Down 13.4% year on year). Ordinary income(loss) was ¥4.528 billion (down 10.2% year on year) and quarterly net income attributable to owners of the parent was ¥3.079 billion (down 10.6% year on year).

Results by business segment are as follows.

## IT Infrastructure Distribution Business

We focused on ending support for Windows10 scheduled for Oct. 2025, promoting activities in anticipation of full-scale replacement demand for the GIGA School devices from the fiscal year under review, and establishing a sales structure. In particular, we promoted value-added proposals and combined proposals for peripheral equipment and services and support, focusing on device products such as PC and tablets. In addition, the strengthening of proposals for iKAZUCHI, which we are focusing on, has helped to capture demand for cloud services. As a result, the subscription business is performing well. In for corporates, demand expanded mainly in the information/communications and manufacturing industries, and orders for large-scale IT investment projects were also received in the public sector, resulting in an increase in sales. However, profitability temporarily declined due to intensified competition in a number of large-scale projects. In the education sector, sales fell below the level of the previous year due to the preparation period for the second phase of the GIGA School, but we are stepping up our proposal-based activities to win orders nationwide.

As a consequence, net sales in this segment stood at ¥226.058 billion, up 17.4% year on year, and Operating income(loss) was ¥4.358 billion, down 4.0% year on year.

## Industrial Machinery Business

In the Machine Tool Division, although there are some booming industries, such as shipbuilding, the recovery in orders in the mainstay aircraft and railway industries is expected to be from the 2Q onward. However, overseas orders increased due to an increasing trend in inquiries in the U.S. market. On the other hand, net sales fell below the previous year due in part to the concentration of shipments from the 2Q onward. In the automated machinery division, both orders and sales exceeded the previous year's level, but profits struggled due to rising costs.

As a consequence, net sales in this segment stood at ¥1.786 billion, down 18.2% year on year, and the operating loss was ¥87 million, compared with an operating Operating income(loss) of ¥137 million in the same period of the previous fiscal year.

## (2) Explanation of Financial Position

Total assets at the end of the 1Q of the current fiscal year decreased ¥29.671 billion from the end of the previous fiscal Year ended March 31, 2024 to ¥375.585 billion mainly due to a decrease in accounts receivable-trade.

Liabilities were lower than at the end of the previous Year ended March 31, 2024 due to a decline in Notes and accounts payable and other factors.

Net assets decreased b¥27.983 billion to ¥235.139 billion and net assets decreased b¥1.687 billion to ¥140.445 billion compared to the end of the previous Year ended March 31, 2024 due to Purchase of treasury shares and other factors.

## (3) Explanations for future forecasts of consolidated performance forecast, etc.

Regarding consolidated performance forecast in Mar. 2025, the 2nd Quarterly Outcomes and Outcomes, please refer to the "Notice Concerning Second-Quarter Earnings Forecasts and Full-Year Performance Forecast Revisions" announced today (Aug. 2, 2024).

2. Consolidated Financial Statements and Notes  
 (1) Consolidated Balance Sheet

(Millions of yen)

	Previous Year ended March 31, 2024 (As of Mar. 31, 2024)	1Q consolidated accounting period As of Jun. 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	69,372	53,654
Notes receivable	3,251	3,242
Accounts receivable	233,054	199,197
Electronically Recorded Monetary Claims	20,740	25,358
Merchandise and finished goods	33,413	48,979
Work in process	2,804	3,439
Raw materials and supplies	233	231
Others	14,411	13,994
Allowance for doubtful accounts	△36	△33
Total current assets	377,245	348,064
Fixed assets		
Property, plant and equipment		
Land	4,253	4,253
Other, net	5,985	5,838
Total property, plant and equipment	10,238	10,092
Intangible assets		
Goodwill	1,351	1,314
Customer related asset	1,044	1,015
Others	1,295	1,197
Total intangible assets	3,691	3,526
Investments and other assets		
Others	14,133	13,954
Allowance for doubtful accounts	△52	△52
Total investments and other assets	14,081	13,901
Total noncurrent assets	28,011	27,520
Total assets	405,256	375,585

(Millions of yen)

	Previous Year ended March 31, 2024 (As of Mar. 31, 2024)	Current 1Q (As of Jun. 30, 2024)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	206,212	184,412
Short-term loans payable	8,400	8,200
Income taxes payable	4,438	1,113
Provision for bonuses	2,236	1,207
Other provisions	310	141
Others	18,145	16,943
<b>Total current liabilities</b>	<b>239,742</b>	<b>212,018</b>
Long-term liabilities		
Long-term debt	12,500	12,500
Provision for directors' stock benefits	119	137
Obligations for retirement pay	5,310	5,030
Others	5,450	5,452
<b>Total noncurrent liabilities</b>	<b>23,380</b>	<b>23,121</b>
<b>Total liabilities</b>	<b>263,123</b>	<b>235,139</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	21,696	21,696
Capital surplus	7,954	7,954
Retained earnings	115,226	115,367
Treasury stock	△5,133	△7,582
<b>Shareholders' equity Sum</b>	<b>139,744</b>	<b>137,436</b>
Other accumulated comprehensive income		
Valuation difference on securities	3,038	3,319
Deferred gains or losses on hedges	52	273
Foreign currency translation adjustment	260	308
Remeasurements of defined benefit plans	△1,161	△1,060
<b>Total other accumulated comprehensive income</b>	<b>2,189</b>	<b>2,841</b>
Non-controlling shareholders' equity	199	167
<b>Total net assets</b>	<b>142,133</b>	<b>140,445</b>
<b>Total liabilities and net assets</b>	<b>405,256</b>	<b>375,585</b>

(2) Consolidated Statement of Operations and Consolidated Statement of Comprehensive Income  
(Consolidated Statement of Operations)

(Three months ended June 30, 2024)

(Millions of yen)

	Previous Three months ended June 30, 2023 (From Apr. 1, 2023 to Jun. 30, 2023)	Current Three months ended June 30, 2024 (From Apr. 1, 2024 to Jun. 30, 2024)
Net sales	209,337	227,844
Cost of sales	192,628	213,085
Gross profit	16,709	14,759
Selling, general and administrative expenses	11,771	10,484
Operating income(loss)	4,938	4,274
Non-operating income		
Interest income	4	0
Dividends income	92	173
Sales support fund	99	83
Others	75	142
Total non-operating income	272	400
Non-operating expenses		
Interest expenses	33	25
Financial fees	8	8
Loss on revision of retirement benefit plan	52	-
Equity in losses of affiliates	8	-
Others	63	111
Total non-operating expenses	165	145
Ordinary income(loss)	5,044	4,528
Extraordinary losses		
Valuation loss on shares of affiliates	23	-
Others	1	1
Total extraordinary loss	25	1
Profit(loss) before income taxes	5,019	4,527
Income taxes : Current	919	1,070
Income taxes : Deferred	644	378
Total income taxes	1,563	1,448
Net profit	3,455	3,078
Quarterly profit attributable to non-controlling interests or non-controlling interests	13	△0
Quarterly net loss (△) attributable to		
Net profit attributable to owners of parent	3,442	3,079

(Consolidated Statement of Comprehensive Income)  
(Three months ended June 30, 2024)

(Millions of yen)

	Previous Three months ended June 30, 2023 (From Apr. 1, 2023 to Jun. 30, 2023)	Current Three months ended June 30, 2024 (From Apr. 1, 2024 to Jun. 30, 2024)
Net profit	3,455	3,078
Other comprehensive income		
Valuation difference on securities	509	281
Deferred gains or losses on hedges	904	221
Foreign currency translation adjustment	△32	98
Net defined benefit Adjustments and eliminations	200	101
Share of other comprehensive income of entities accounted for using equity method	39	-
Total other comprehensive income	1,621	702
Comprehensive income (loss)	5,077	3,781
(Comprehensive income attributable to)		
Comprehensive income (loss) attributable to owners of parent	5,060	3,731
Comprehensive income (loss) attributable to non-controlling interests	16	49

## (3)Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption) Not applicable.

## (Notes on Significant Changes in the Amount of Shareholders' equity)

As Company / Company acquired 913.8 thousand shares of treasury stock in accordance with the resolution of Director Board of Directors held on May. 9, 2024. As a result of this acquisition, Three months ended June 30, YYYY increased its treasury stock b¥2.449 billion, resulting in treasury stock of ¥7.582 billion at the end of the 1Q of the current fiscal year.

## (Notes on Changes in Accounting Policies)

(Application of the Accounting Standard for Income taxes : Current, etc.)

"Accounting Standard for Income taxes : Current, etc." (ASBJ Statement No. 27, Oct. 28, 2022; hereinafter referred to as the "Revised Accounting Standard, 2022") has been applied from the beginning of the 1Q of the current fiscal year. With regard to revisions to the classification of corporate income taxes and other items (taxation on other comprehensive income), the transitional treatment stipulated in the proviso of Article 20-3 of the Revised Accounting Standard 2022 and the transitional treatment stipulated in Article 65-2 (2) of the "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, Oct. 28, 2022, hereinafter referred to as the "2022 Revised Implementation Guidance") have been followed. This change had no impact on the quarterly consolidated financial statements.

In addition, the Company has applied the revised guidance for 2022 from the beginning of the 1Q of the current fiscal year with regard to the amendments related to the revision to the treatment in the consolidated financial statements for deferring gain or loss on sales of shares of subsidiaries, etc. arising from sales of subsidiaries, etc. among consolidated companies for tax purposes. These changes in accounting policies were applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year and for the previous Year ended March 31, 2024 were applied retrospectively. This did not affect the quarterly consolidated financial statements for the previous fiscal quarter or the consolidated financial statements for the previous Year ended March 31, 2024.

## (Notes on Quarterly Consolidated Statement of Cash Flows)

Quarterly Consolidated Statement of Cash Flows related to this Three months ended June 30, 2024 has not been prepared. Depreciation related to Three months ended June 30, 2024 (including amortization related to intangible assets excluding goodwill) and amortization of goodwill are as follows:

	Previous Three months ended June 30, 2023 (From Apr. 1, 2023 to Jun. 30, 2023)	Three months ended June 30, 2024 (From Apr. 1, 2024 to Jun. 30, 2024)
Depreciation and amortization	¥1.057 billion	¥447 million
Amortization of goodwill	37	37

(Notes on Segment Information)

[Segment Information]

I Previous Three months ended June 30, 2023 (From Apr. 1, 2023 to Jun. 30, 2023) 1. Net Sales and Income (Loss) by Reportable Segment

(Millions of yen)

	Reportable Segments				Others (NOTE)1	Total	Adjustments and eliminations (NOTE)2	Consolidated Statement of Operations amount posted (NOTE)3
	IT Infrastructure Distribution Business	Fibers and Textiles	Industrial machinery business	Total				
Net sales								
Sales to customers	192,592	14,417	2,182	209,192	144	209,337	-	209,337
Intersegment sales	25	3	-	29	53	82	△82	-
Total	192,618	14,421	2,182	209,222	198	209,420	△82	209,337
Segment profit	4,538	224	137	4,900	20	4,920	18	4,938

(NOTE)1. "Others" is a business segment that is not included in the reportable segments, and includes insurance agency and engineering businesses.

2. Adjustments and eliminations in segment income is mainly the elimination of intersegment transactions.

3. Segment income is adjusted with Consolidated Statement of Operations's Operating income(loss).

II Three months ended June 30, 2024 (Apr. 1, 2024-Jun. 30, 2024) 1. Net sales and income/loss by reportable segment

(Millions of yen)

	Reportable Segments			Adjustments and eliminations (NOTE)1	Consolidated Statement of Operations amount posted (NOTE)2
	IT Infrastructure Distribution Business	Industrial machinery business	Total		
Net sales					
Sales to customers	226,058	1,786	227,844	-	227,844
Intersegment sales	17	-	17	△17	-
Total	226,076	1,786	227,862	△17	227,844
Segment profit Or loss (△)	4,358	△87	4,271	2	4,274

(NOTE)1. Adjustments and eliminations in segment income (△) is mainly the elimination of inter-segment transactions.

2. Segment income (△) is adjusted with Consolidated Statement of Operations's Operating income(loss).

## 2. Changes in reportable segments

In the previous Year ended March 31, 2024, the Company conducted share transfer of Daiwa Co., Ltd., a consolidated subsidiary of as Company, and removed it from the scope of consolidation. As a result, from the 1Q of the current fiscal year to the reportable segments of the Textiles Business

The classification of "Other" has been abolished. "Others" includes insurance agency business and engineering business.