



Brief of (Consolidated) Settlement of Accounts (Based on Japanese standards) for the 3rd Quarter of Business Year 2021 Ending in March 2022

February 8, 2022

Name of the Company	Daiwabo Holdings Co., Ltd.	Listed on:	TSE
Code No.	3107	URL	https://www.daiwabo-holdings.com/
Represented by:	(Title) Representative Director and President	(Name)	Yukihiko NISHIMURA
Person in charge of receiving inquiries:	(Title) Manager of Financial Control Dept.	(Name)	Hiroyuki HANAOKA
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Planned Submission Date of the quarterly report: February 14, 2022

Planned Payment startup Date of Dividends -

Support Documentation to be made available: Yes

Explanatory Meeting to be held: Nil

(Any fractional sum of less than a million yen is disregarded.)

1. Consolidated performance for the 3rd quarter of business year 2021 (April 1, 2021 - December 31, 2021)

(1) Consolidated operating results (cumulative) (% figures are the change against the same quarter of the previous year)

	Net sales		Operating profit		Ordinary profit		Quarterly profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
3rd quarter of the business year ending March 2022	539,068	-	14,877	-29.8	15,066	-30.3	10,478	-36.0
3rd quarter of the business year ended March 2021	709,830	-0.1	21,201	-9.9	21,630	-8.3	16,369	7.4

(Note) Comprehensive income:	3rd quarter of the business year ending March 2022	10,557 million yen (-38.0%)
	3rd quarter of the business year ended March 2021	17,020 million yen (10.8%)

	Quarterly net profit per share	Quarterly fully diluted EPS
	yen sen	yen sen
3rd quarter of the business year ending March 2022	109.78	-
3rd quarter of the business year ended March 2021	170.26	-

(Note 1) The company has been applying the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from the start of the first quarter consolidated accounting period. Because this has caused a large impact on net sales, the change in net sales against the same quarter of the previous year is not given for the third quarter of the business year ending March 2022. The change calculated assuming said accounting standards, etc., were applied to the term ended March 2021 would be a decrease of 18.4%.

(Note 2) The company implemented a stock split of five shares per ordinary share on April 1, 2021. "Quarterly net profit per share" have been calculated assuming that the stock split was implemented at the start of the previous consolidated accounting year.

(2) Consolidated financial status

	Collective assets	Net assets	Capital adequacy ratio
	million yen	million yen	%
3rd quarter of the business year ending March 2022	354,261	129,027	36.2
BY2020	383,757	129,322	33.4

(Reference data) Net worth equity capital 3rd quarter BY2021 128,113 million yen BY2020 128,286 million yen

(Note) The company has been applying the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from the start of the first quarter consolidated accounting period and the figures related to the third quarter of the business year ending March 2022 are those calculated following application of the accounting standard, etc.

2. Dividend status

	Annual dividend				
	At the end of 1st quarter	At the end of 2nd quarter	At the end of 3rd quarter	At the end of BY	Total
	yen sen	yen sen	yen sen	yen sen	yen sen
BY2020	-	0.00	-	300.00	300.00
BY2021	-	30.00	-		
BY2021 (forecast)				30.00	60.00

(Note 1) Revision of most-recently announced dividend forecast: No

(Note 2) The company implemented a stock split of five shares per ordinary share on April 1, 2021. The dividends shown for BY2020 are the dividends prior to the stock split. The interim dividend and dividend at the end of BY for BY2021 and forecast for BY2021 are the figures following the stock split.

3. Estimated consolidated performance for business year 2021 (April 1, 2021 - March 31, 2022)

(% indicates the rate of change as compared to the preceding year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
Full-term	820,000	-	28,500	-18.6	28,500	-20.4	18,500	-28.1	192.42

(Note 1) Revision of most-recently announced results forecast: Nil

(Note 2) The company has been applying the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from the start of the first quarter consolidated accounting period and the above results forecasts are the figures following application of the accounting standard, etc. Rates of change against results for the previous term for net sales for the full-term are not shown because this caused a large impact on those figures. Net sales for the full-term if the "Accounting Standard for Revenue Recognition," etc., was not applied would be 892,000 million yen (down 14.5% compared to the previous year).

(Note 3) The company implemented a stock split of five shares per ordinary share on April 1, 2021. Net Earnings per Share in the consolidated results forecast for business year 2021 are shown following the stock split.

* Comments

(1) Important subsidiary movement during this quarterly cumulative consolidated accounting term (movement within subsidiaries affecting the overall consolidation size): Nil

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements : Nil

(3) Modification of accounting policy, accounting estimate change, and restated modification

- | | |
|--|-------|
| [1] Modification of accounting policy required by a change or changes made to accounting standards | : Yes |
| [2] Modification of accounting policy required by any cause other than the foregoing [1] | : Nil |
| [3] Accounting estimate change | : Nil |
| [4] Restated modification | : Nil |

(Note) For details, please see "2. Quarterly consolidated financial statements and significant notes (3) Notes on the quarterly consolidated financial statements (Modification of accounting policy)" on page 8 of the attached materials.

(4) Number of outstanding shares (of common stock)	BY2021 3Q	96,356,460 shares	BY2020	96,356,460 shares
[1] Number of outstanding shares (including treasury stock) at the end of BY	BY2021 3Q	1,253,100 shares	BY2020	214,655 shares
[2] Number of treasury stock at the end of BY	BY2021 3Q	95,455,545 shares	BY2020 3Q	96,144,431 shares
[3] Average number of shares during the period (quarterly cumulative)				

(Note) The company implemented a stock split of five shares per ordinary share on April 1, 2021. The "Number of outstanding shares (including treasury stock) at the end of BY," "Number of treasury stock at the end of BY" and "Average number of shares during the period" have been calculated assuming that the stock split was implemented at the start of the previous consolidated business year.

* This brief of the quarterly settlement of accounts is not subject to a quarterly review by a certified public accountant or audit corporation.

* Explanation of the appropriate use of results forecasts and other special notes

(Notes on statements concerning the future, etc.)

Results forecasts and other statements concerning the future published in this document are based on the information that the company currently possesses and certain conditions that the company judges to be reasonable, and actual results, etc., may differ greatly due to various factors. If you want to know the conditions required by such projected figures and make use of such forecasts, please see "1. (3) Explanation of future forecast information such as consolidated results forecasts" on page 3 of the brief of the quarterly settlement of accounts [attached materials].

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1. Qualitative information on the quarterly settlement of accounts

(1) Explanation of operating results

While moves towards recovery continued in some parts of the Japanese economy during the third quarter consolidated cumulative period, due partly to the promotion of vaccinations and the effects of various policies resulting from measures against COVID-19, on the other hand, the future of the economy remains uncertain due to concerns about the emergence of new highly contagious variants and the global shortage of semiconductors, as well as soaring raw material prices and energy costs.

In such circumstances, the group apprehends the period subject to the Medium-Term Management Plan (the fiscal year ending March 2022 to the fiscal year ending March 2024) as “A turning point anticipating development into the future,” and raise “The creation of next generation growth drivers,” “Contributions to the creation of a new society as a leading company” and “Reform of management foundations” as the group’s basic policies. We will work on the improvement of corporate value based on our growth strategy aimed at the next era and the implementation of social contributions through business.

Results for the third consolidated cumulative period saw net sales of 539,068 million yen, operating profit of 14,877 million yen (down 29.8% compared to the same period of the previous term) and ordinary profit of 15,066 million yen (down 30.3% compared to the same period of the previous term). In addition, we recorded 319 million yen as a gain on sale of investment securities, and 23 million yen under others as extraordinary profits, and 40 million yen as a loss on the disposal of fixed assets and 11 million yen under others as extraordinary losses, while quarterly profit attributable to owners of parent finished at 10,478 million yen (down 36.0% compared to the same period of the previous term). It should be noted that the company has been applying the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the start of the first quarter consolidated accounting period and consolidated cumulative net sales for the third quarter decreased by 49,128 million yen. Further, compared to consolidated cumulative net sales for the third quarter of last year calculated assuming said accounting standards, etc., were applied, net sales for this third quarter decreased by 18.4%. For details, please see “2. Quarterly consolidated financial statements and significant notes (3) Notes on the quarterly consolidated financial statements (Modification of accounting policy).”

Segment results were as follows.

(IT Infrastructure Distribution Business)

In the corporate market, sales bases nationwide have promoted community-based sales combining face-to-face and telework activities flexibly while considering the prevention of infections, and while some products are tight and composite proposals difficult due to the semiconductor shortage, etc., business focused on the strengthening of the purchase and sale of terminal products and the unearthing of new needs during the COVID-19 pandemic. In business for corporations and government agencies, the building of cloud environments and switching to the use of services advanced so subscription sales expanded through iKAZUCHI, and demand for PCs, software and monitors also tended to recover. In education, sales of PCs and tablets were below the same period of last fiscal year due to the rebound from the “GIGA School Concept,” which saw a concentrated increase in demand last year.

In the consumer market, although sales of monitors were strong at electronics retail stores and other retailers, sales of PCs and peripherals decreased compared with last term, when telework demand was activated.

As a result of the above, the net sales of this business were 485,355 million yen and operating profit was 12,981 million yen (down 35.8% compared to the same period of the previous term). It should be noted that the company has been applying the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the start of the first quarter consolidated accounting period and consolidated cumulative net sales for the third quarter decreased by 49,128 million yen. Further, compared to consolidated cumulative net sales for the third quarter of last year calculated assuming said accounting standards, etc., were applied, net sales for this third quarter decreased by 19.9%. For details, please see “2. Quarterly consolidated financial statements and significant notes (3) Notes on the quarterly consolidated financial statements (Modification of accounting policy).”

(Fiber Business)

In the Synthetic Fibers and Rayon Divisions, rayon materials with low environmental loads trended strongly, but in addition to sales slumping due to the rebound from the demand to last term for nonwoven fiber for sterilization sheets, soaring raw material and fuel costs squeezed profits. In Industrial Materials Division, apart from cartridge filters, whose demand was strong, orders for heavy fabrics such as construction sheets and synthetic canvas tended to pick up, but profitability became more difficult under the impact of soaring raw material costs. In Clothing Products Division, the recovery trend for clothing and underwear for America continued, but orders for clothing for children fell and business was forced to struggle in terms of profits.

As a result of the above, the net sales of this business were 43,446 million yen (down 5.6% compared to the same period of the previous term) and operating profit was 1,394 million yen (up 111.4% compared to the same period of the previous term).

(Industrial Machinery Business)

In the Machine Tools Division, orders increased in the Chinese market in a wide range of industries, and domestically too, orders are tending to recover gradually. However, under the impact of declining orders for machine tool bodies in previous year and soaring materials prices, both sales and profits were lower than the same period of the previous term. In the Automatic Machinery Division, results improved compared to the same period of the previous term due to the acquisition of sales of lines with multiple units and the strengthening of service sales such as parts replacements.

As a result of the above, the net sales of this business were 7,827 million yen (down 1.9% compared to the same period of the previous term) and operating profit was 354 million yen (down 2.2% compared to the same period of the previous term).

(2) Explanation of financial situation

Total assets decreased by 29,496 million yen compared to the end of the previous consolidated business year to 354,261 million yen due to decreases in notes and accounts receivable. In addition, liabilities decreased by 29,201 million yen compared to the end of the previous consolidated business year to 225,233 million yen due to decreases in notes and accounts payable. Net assets decreased by 294 million yen compared to the end of the previous consolidated business year to 129,027 million yen due to an increase in treasury stock.

(3) Explanation of future forecast information such as consolidated results forecasts

The consolidated results forecasts for the business year ending March 2022 have not changed from the consolidated results forecasts for the business year ending March 2022 announced on May 13, 2021.

2. Quarterly consolidated financial statements and significant notes

(1) Quarterly consolidated balance sheet

(Unit: million yen)

	Previous consolidated business year (Ended March 31, 2021)	3rd quarter of the current consolidated business year (December 31, 2021)
Assets		
Current assets		
Cash and deposits	32,058	57,459
Notes and accounts receivable	246,897	-
Notes and accounts receivable, and contract assets	-	176,366
Goods and products	32,580	49,568
Work in progress	3,667	3,305
Raw materials and supplies	1,748	1,992
Others	14,653	14,489
Allowance for doubtful accounts	-144	-152
Total current assets	331,461	303,029
Fixed assets		
Property, plant and equipment		
Land	18,360	18,391
Others (net)	20,812	20,333
Total property, plant and equipment	39,172	38,725
Intangible fixed assets		
Goodwill	6	-
Others	2,689	2,470
Total intangible fixed assets	2,696	2,470
Investments and other assets		
Others	10,555	10,163
Allowance for doubtful accounts	-129	-127
Total investments and other assets	10,426	10,036
Total fixed assets	52,295	51,232
Total assets	383,757	354,261

(Unit: million yen)

	Previous consolidated business year (Ended March 31, 2021)	3rd quarter of the current consolidated business year (December 31, 2021)
Assets		
Current liabilities		
Notes payable and accounts payable	188,483	166,633
Short-term loans payable	15,255	12,185
Accrued corporate tax, etc.	6,170	260
Allowance for bonuses	3,218	1,332
Other allowances	383	212
Others	17,007	15,250
Total current liabilities	230,519	195,875
Non-current liabilities		
Long-term loans payable	12,065	16,247
Retirement benefit liabilities	7,509	7,325
Others	4,340	5,785
Total fixed liabilities	23,916	29,358
Total liabilities	254,435	225,233
Net assets		
Shareholders' equity		
Capital	21,696	21,696
Capital surplus	7,863	7,939
Retained earnings	97,816	99,543
Treasury stock	-123	-2,123
Total shareholders' equity	127,253	127,056
Accumulated other comprehensive income		
Other valuation difference on securities	1,837	1,622
Deferred hedge gain or loss	255	144
Exchange translation adjustment account	-1,322	-930
Accumulated adjustments related to retirement benefits	262	221
Total accumulated other comprehensive income	1,033	1,057
Non-controlling interests	1,035	913
Total net assets	129,322	129,027
Total liabilities and net assets	383,757	354,261

(2) Quarterly consolidated profit statement and quarterly consolidated statement of comprehensive income
 (Quarterly consolidated profit statement)
 (3rd quarter consolidated cumulative period)

(Unit: million yen)

	Previous 3rd quarter consolidated cumulative period (From April 1, 2020 to December 31, 2020)	Current 3rd quarter consolidated cumulative period (From April 1, 2021 to December 31, 2021)
Net sales	709,830	539,068
Cost of sales	654,811	494,385
Gross profit	55,019	44,682
Selling, general and administrative expenses	33,817	29,805
Operating profit	21,201	14,877
Non-operating income		
Interest income	11	16
Dividend income	134	143
Sales support funding	249	210
Investment gain on equity method	26	27
Others	435	188
Total non-operating income	857	585
Non-operating expenses		
Interest paid	179	125
Others	249	271
Total non-operating expenses	428	397
Ordinary profit	21,630	15,066
Extraordinary profit		
Gain on sale of fixed assets	754	-
Gain on sale of investment securities	47	319
Compensation received	658	-
Others	-	23
Total extraordinary profit	1,459	342
Extraordinary loss		
Loss on retirement of fixed assets	-	40
Impairment loss	521	-
Others	219	11
Total extraordinary loss	740	51
Quarterly net income before income taxes, etc.	22,349	15,357
Corporate tax, inhabitant tax and business tax	5,861	3,072
Corporate tax adjustment amount	-29	1,789
Total corporate tax, etc.	5,831	4,861
Quarterly net profit	16,517	10,496
Quarterly profit attributable to non-controlling interests	148	17
Quarterly profit attributable to owners of parent	16,369	10,478

(Quarterly consolidated statement of comprehensive income)
(3rd quarter consolidated cumulative period)

(Unit: million yen)

	Previous 3rd quarter consolidated cumulative period (From April 1, 2020 to December 31, 2020)	Current 3rd quarter consolidated cumulative period (From April 1, 2021 to December 31, 2021)
Quarterly net profit	16,517	10,496
Other comprehensive income		
Other valuation difference on securities	561	-215
Deferred hedge gain or loss	-29	-111
Exchange translation adjustment account	-103	380
Adjustments related to retirement benefits	148	-41
Share of other comprehensive income of entities accounted for using equity method	-74	48
Total other comprehensive income	502	61
Quarterly comprehensive income	17,020	10,557
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	16,870	10,503
Quarterly comprehensive income attributable to non-controlling interests	149	54

(3) Notes on the quarterly consolidated financial statements

(Notes on the going concern assumption)

Not applicable

(Notes on substantial changes in the amount of shareholders' equity)

The company acquired 1,038,100 shares of treasury stock based on a resolution of the meeting of the Board of Directors held on May 13, 2021. Due to this acquisition, etc., treasury stock increased by 2,000 million yen during the current 3rd quarter consolidated cumulative period to finish at 2,123 million yen at the end of the current 3rd quarter consolidated cumulative period.

(Modification of accounting policy)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The company has been applying the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter "Accounting Standard for Revenue Recognition"), etc., from the start of the first quarter consolidated accounting period, under which we recognize revenue as the amount expected to be received in exchange for goods or services at the point in time when control over the promised goods or services has transferred to the customer.

Due to this, although we previously recognized the total amount of consideration received from customers as revenue, with regard to some transactions, where the role of the company group in the provision of goods or services to the customer falls under the category of agent, we are now recognizing the net amount after deducting the amount paid to the supplier from the amount received from the customer as revenue. In addition, although we previously used the method of processing consideration paid to customers such as sales incentives as selling, general and administrative expenses, we have now changed to the method of deducting this from the transaction price. Further, with regard to extended warranty services, although we previously recognized revenue at the time of contract, we now recognize revenue across the warranty period because the performance obligation is satisfied across the warranty period. Also, with regard to buy-sell transactions, we previously recognized the elimination of supplied products provided for a fee, but we have changed to the method of not recognizing the elimination of supplied products if we bear an obligation to buy them back.

With regard to application of the Accounting Standard for Revenue Recognition, etc., in accordance with the transitional handling established in the proviso of Article 84 of the Accounting Standard for Revenue Recognition, we adjusted retained earnings at the start of the 1st quarter of the current consolidated business year by the cumulative impact amount when applying the new accounting policy retrospectively from before the start of the 1st quarter of the current consolidated business year and are applying the new accounting policy from the balance at the start of the term.

As a result, net sales for the current 3rd quarter consolidated cumulative period decreased by 49,128 million yen and the cost of sales decreased by 47,008 million yen. The impact on operating profit, ordinary profit and quarterly net profit before income taxes, etc., is minor. In addition, the impact on the balance of retained earnings at the start of the current term was minor.

Because we have applied the Accounting Standard for Revenue Recognition, etc., "Notes and accounts receivable" shown under "Current assets" on the consolidated balance sheet for the previous consolidated business year is shown including "Notes and accounts receivable, and contract assets" from the 1st quarter of the current consolidated business year. It should be noted that we have not rearranged the figures for the previous consolidated business year based on the new method, in accordance with the transitional measure established in Article 89-2 of the Accounting Standard for Revenue Recognition.

(Application of the Accounting Standard, etc., in regard to the calculation of market prices)

The company is applying the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Accounting Standard for Calculation of Fair Value Measurement"), etc., from the start of this first quarter consolidated accounting period, and will apply the new accounting policy established in the Accounting Standard for Calculation of Fair Value Measurement in accordance with the transitional handling established in Article 19 of the Accounting Standard for Calculation of Fair Value Measurement and Article 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019) into the future. It should be noted that there will be no impact on the quarterly consolidated financial statements as a result.

(Additional information)

(Estimate in accounting terms of the impact of the expansion of COVID-19 infections)

There are no significant changes to assumptions including the time COVID-19 infections will be brought under control stated in the securities report for the previous business year in the current 3rd quarter consolidated cumulative period.

(Application of the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System)

The company and some domestic consolidated subsidiaries are basing the amounts of deferred tax assets and deferred tax liabilities on the provisions of the Tax Act prior to the revision without applying the provisions of Article 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) due to the treatment of Section 3 of the "Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Solution No. 39, March 31, 2020) with regard to matters for which a review of the group tax system created under the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020), and the non-consolidated tax payment system in combination with the transition to the group tax system was carried out.

(Segment information, etc.)

[Segment information]

I Previous 3rd quarter consolidated cumulative period (from April 1, 2020 to December 31, 2020)

1. Information on net sales, profit or loss for each reporting segment

(Unit: million yen)

	Reporting segments				Others (Note) 1	Total	Adjustment (Note) 2	Amount recorded on quarterly consolidated profit statement (Note) 3
	IT Infrastructure Distribution Business	Fiber Business	Industrial Machinery Business	Total				
Net sales								
Net sales to external customers	655,037	46,000	7,979	709,017	813	709,830	-	709,830
Internal sales or transfers between segments	135	247	-	383	262	645	-645	-
Total	655,173	46,248	7,979	709,401	1,075	710,476	-645	709,830
Segment profit or loss (-)	20,234	659	362	21,255	(54)	21,200	0	21,201

- (Note) 1. The “Others” classification is a segment for business not included in the reporting segments and includes insurance agency business, engineering business, etc.
2. The adjustment of segment profit or loss (-) is mainly for the deletion of transactions between segments. 3. Segment profit or loss (-) is adjusted with the operating profit of the quarterly consolidated profit statement.

II Current 3rd quarter consolidated cumulative period (from April 1, 2021 to December 31, 2021)

1. Information on net sales, profit or loss for each reporting segment

(Unit: million yen)

	Reporting segments				Others (Note) 1	Total	Adjustment (Note) 2	Amount recorded on quarterly consolidated profit statement (Note) 3
	IT Infrastructure Distribution Business	Fiber Business	Industrial Machinery Business	Total				
Net sales								
Net sales to external customers	485,355	43,446	7,827	536,629	2,439	539,068	-	539,068
Internal sales or transfers between segments	183	167	-	350	801	1,152	-1,152	-
Total	485,538	43,613	7,827	536,979	3,240	540,220	-1,152	539,068
Segment profit	12,981	1,394	354	14,729	144	14,874	3	14,877

- (Note) 1. The “Others” classification is a segment for business not included in the reporting segments and includes insurance agency business, engineering business, etc.
2. The adjustment of segment profit is mainly for the deletion of transactions between segments.
3. Segment profit is adjusted with the operating profit of the quarterly consolidated profit statement.

2. Matters concerning changes to reporting segments, etc.

As stated under (Modification of accounting policy), the company has been applying the “Accounting Standard for Revenue Recognition,” etc., from the start of the first quarter consolidated accounting period, and because we have changed the accounting processing method for revenue recognition, we have likewise changed the calculation method for profit or loss in the reporting segments.

Due to this change, the net sales of IT Infrastructure Distribution Business for the current 3rd quarter consolidated cumulative period have decreased 49,128 million yen compared to the previous method. It should be noted that the impact on segment profit is minor.

(Business combinations, etc.)

(Transactions under common control, etc.)

The company implemented a merger of its sub-subsiary DIS Solution Co., Ltd. and its sub-subsiary DIS Service & Support Co., Ltd. as of April 1, 2021 and changed the trade name of the surviving company based on a resolution of the meeting of the Board of Directors held on January 26, 2021.

1. Overview of the transaction

(1) Names and business descriptions of the combined companies

	Surviving company	Absorbed company
Name	DIS Service & Support Co., Ltd.	DIS Solution Co., Ltd.
Address	2-3-13 Azuchi-machi, Chuo-ku, Osaka City	1-20-10 Oi, Shinagawa-ku, Tokyo
Represented by:	Keizo Toyoda, President and Director	Kadonori Shimamura, President and Director
Business profile	Warehousing business and business related to the introduction, operation and failure recovery support of PCs, etc.	System integration business (Cloud data center services, system integration, application development, communication engineering, system operation and support services)
Capital	50 million yen	95 million yen
Shareholder	100%-owned by DAIWABO INFORMATION SYSTEM CO., LTD. (a wholly-owned subsidiary of the company)	
Date of establishment	December 9, 1992	September 4, 1995

(2) Main reasons for combining the companies

This merger is aimed at promoting the elimination of work duplicated at both companies, the integration of their knowhow, the effective use of human resources and management resources, and further business expansion, and at maintaining and improving competitive superiority in IT Infrastructure Distribution Business.

(3) Date of business combination

April 1, 2021

(4) Legal format of business combination

Absorption-type merger with DIS Service & Support Co., Ltd. as the surviving company and DIS Solution Co., Ltd. as the absorbed company.

(5) Name of the company after the combination

DIS Service & Solution Co., Ltd.

(6) Other matters concerning the overview of this combination

Because this merger was between wholly-owned sub-subsiaries of the company, there was no allocation of shares or other monies, etc.

2. Overview of accounts processing implemented

The company processed the actions above as a transaction under common control under the “Accounting Standards for Business Combinations” (ASBJ Statement No.21, January 16, 2019) and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10, January 16, 2019).