



**Brief of (Consolidated) Settlement of Accounts (Based on Japanese standards)
for the 2nd Quarter of Business Year 2021 Ending in March 2022**

November 9, 2021

Name of the Company Daiwabo Holdings Co., Ltd. Listed on: TSE
 Code No. 3107 URL <https://www.daiwabo-holdings.com/>
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Planned Submission Date of the quarterly report: November 12, 2021
 Planned Payment startup Date of Dividends December 3, 2021
 Support Documentation to be made available : Yes
 Explanatory Meeting to be held : Yes

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

1. Consolidated performance for the 2nd quarter of business year 2021 (April 1, 2021 - September 30, 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	%
2nd quarter of the business year ending March 2022	350,668	—	9,806	-9.6	9,883	-10.6	7,015	-20.3
2nd quarter of the business year ended March 2021	424,503	-10.1	10,853	-31.4	11,052	-30.3	8,803	-17.0

(Note) Comprehensive income: 2nd quarter of the business year ending March 2022 7,140 million yen (-23.3%)
 2nd quarter of the business year ended March 2021 9,309 million yen (-10.5%)

	Quarterly net profit per share		Quarterly fully diluted EPS	
	yen	sen	yen	sen
2nd quarter of the business year ending March 2022	73.36	—	—	—
2nd quarter of the business year ended March 2021	91.57	—	—	—

(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 second 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 10.6%.

(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		%	
2nd quarter of the business year ending March 2022	321,702		128,548		39.6	
BY2020	383,757		129,322		33.4	

Reference data: Net worth equity capital: 2nd quarter BY2021 127,485 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 second 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
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)

[1] Number of outstanding shares (including treasury stock) at the end of BY

BY2021 2Q	96,356,460 shares	BY2020	96,356,460 shares
BY2021 2Q	1,253,090 shares	BY2020	214,655 shares
BY2021 2Q	95,631,635 shares	BY2020 2Q	96,145,026 shares

[2] Number of treasury stock at the end of BY

[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

Although moves towards recovery were apparent in some parts of the Japanese economy during the second quarter consolidated cumulative period, the situation is still difficult due to the impact of the rapid spread of COVID-19 infections. With regard to the future, while the thorough implementation of infection countermeasures by the government and vaccinations are being promoted, various government policies have been effective and overseas economies are also improving so the economy is expected to pick up.

In such circumstances, the company group started its new Medium-Term Management Plan (BY2021 to BY2023) from this year. We apprehend the period subject to this plan 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 second consolidated cumulative period saw net sales of 350,668 million yen, operating profit of 9,806 million yen (down 9.6% compared to the same period of the previous term) and ordinary profit of 9,883 million yen (down 10.6% 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, while quarterly profit attributable to owners of parent finished at 7,015 million yen (down 20.3% 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 second quarter decreased by 33,135 million yen. Further, compared to consolidated cumulative net sales for the second quarter of last year calculated assuming said accounting standards, etc., were applied, net sales for this second quarter decreased by 10.6%. 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, while emergency declarations have been issued in many regions due to COVID-19 infections, sales bases nationwide have promoted community-based sales combining face-to-face and telework activities flexibly. Monitor sales trended strongly due to an increase in the number of subscription service contracts for corporations against the backdrop of the building of corporate cloud environments and the shift to using services, and the maintenance of office environments. In addition, sales were above the same period last year in the manufacturing industry and medical care-related areas, but core PC sales struggled mainly in the service industry, where results deteriorated due to the COVID-19 pandemic. In education, terminal shipments decreased due to the general completion of deliveries for the “GIGA School Concept,” under which full-scale shipments started from the same period of the previous year.

In the consumer market, although telework and online learning-related demand was solid, sales of PCs and peripherals decreased compared to the same period of the previous year.

As a result of the above, the net sales of this business were 315,155 million yen and operating profit was 8,556 million yen (down 20.4% 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 second quarter decreased by 33,135 million yen. Further, compared to consolidated cumulative net sales for the second quarter of last year calculated assuming said accounting standards, etc., were applied, net sales for this second quarter decreased by 11.1%. 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 utilizing low environmental load characteristics trended steadily, but sales decreased due to the rebound from the demand of last term for nonwoven fiber for masks and sterilization sheets. In Industrial Material Division, although sales of cartridge filters and some heavy fabric products under vigorous demand increased, sales of related materials stagnated due to the continuing impact of the suspension of various events and a decrease in construction work. In Clothing Products Division, signs of an early recovery could be seen in products for America, but domestically, sales of clothes in general were forced to struggle under the impact of self-restraint on going out and store closures.

As a result of the above, the net sales of this business were 29,360 million yen (down 5.8% compared to the same period of the previous term) and operating profit was 957 million yen (operating loss of 194 million yen for the same period of the previous term).

Industrial Machinery Business

In the Machine Tools Division, orders increased in the Chinese market where capital investment is on an expansion trend and domestically too, orders are tending to recover gradually. However, under the impact of declining orders for machine tool bodies 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 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 5,727 million yen (down 4.4% compared to the same period of the previous term) and operating profit was 302 million yen (down 19.5% compared to the same period of the previous term).

(2) Explanation of financial situation

Total assets decreased by 62,055 million yen compared to the end of the previous consolidated business year to 321,702 million yen due to decreases in notes and accounts receivable. In addition, liabilities decreased by 61,281 million yen compared to the end of the previous consolidated business year to 193,153 million yen due to decreases in notes and accounts payable. Net assets decreased by 773 million yen compared to the end of the previous consolidated business year to 128,548 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)	2nd quarter of the current consolidated business year (September 30, 2021)
Assets		
Current assets		
Cash and deposits	32,058	43,911
Notes and accounts receivable	246,897	-
Notes and accounts receivable, and contract assets	-	165,568
Goods and products	32,580	43,587
Work in progress	3,667	4,551
Raw materials and supplies	1,748	1,718
Others	14,653	10,613
Allowance for doubtful accounts	-144	-140
Total current assets	331,461	269,809
Fixed assets		
Property, plant and equipment		
Land	18,360	18,386
Others (net)	20,812	20,722
Total property, plant and equipment	39,172	39,109
Intangible fixed assets		
Goodwill	6	-
Others	2,689	2,563
Total intangible fixed assets	2,696	2,563
Investments and other assets		
Others	10,555	10,347
Allowance for doubtful accounts	-129	-127
Total investments and other assets	10,426	10,219
Total fixed assets	52,295	51,892
Total assets	383,757	321,702

(Unit: million yen)

	Previous consolidated business year (Ended March 31, 2021)	2nd quarter of the current consolidated business year (September 30, 2021)
Liabilities		
Current liabilities		
Notes payable and accounts payable	188,483	137,249
Short-term loans payable	15,255	11,740
Accrued corporate tax, etc.	6,170	1,035
Allowance for bonuses	3,218	2,550
Other allowances	383	213
Others	17,007	14,949
Total current liabilities	230,519	167,738
Non-current liabilities		
Long-term loans payable	12,065	12,905
Retirement benefit liabilities	7,509	7,330
Others	4,340	5,179
Total fixed liabilities	23,916	25,414
Total liabilities	254,435	193,153
Net assets		
Shareholders' equity		
Capital	21,696	21,696
Capital surplus	7,863	7,858
Retained earnings	97,816	98,933
Treasury stock	-123	-2,123
Total shareholders' equity	127,253	126,365
Accumulated other comprehensive income		
Other valuation difference on securities	1,837	1,751
Deferred hedge gain or loss	255	115
Exchange translation adjustment account	-1,322	-982
Accumulated adjustments related to retirement benefits	262	234
Total accumulated other comprehensive income	1,033	1,120
Non-controlling interests	1,035	1,063
Total net assets	129,322	128,548
Total liabilities and net assets	383,757	321,702

(2) Quarterly consolidated profit statement and quarterly consolidated statement of comprehensive income

(Quarterly consolidated profit statement)

(2nd quarter consolidated cumulative period)

(Unit: million yen)

	Previous 2nd quarter consolidated cumulative period (From April 1, 2020 to September 30, 2020)	Current 2nd quarter consolidated cumulative period (From April 1, 2021 to September 30, 2021)
Net sales	424,503	350,668
Cost of sales	391,269	320,969
Gross profit	33,233	29,699
Selling, general and administrative expenses	22,379	19,893
Operating profit	10,853	9,806
Non-operating income		
Interest income	7	9
Dividend income	87	91
Sales support funding	159	139
Employment subsidies	118	-
Investment gain on equity method	36	23
Others	95	121
Total non-operating income	505	385
Non-operating expenses		
Interest paid	106	89
Others	200	219
Total non-operating expenses	306	308
Ordinary profit	11,052	9,883
Extraordinary profit		
Gain on sale of fixed assets	754	-
Gain on sale of investment securities	47	319
Compensation received	645	-
Others	-	23
Total extraordinary profit	1,446	342
Extraordinary loss		
Impairment loss	513	-
Others	118	-
Total extraordinary loss	631	-
Quarterly net income before income taxes, etc.	11,867	10,226
Corporate tax, inhabitant tax and business tax	3,594	2,216
Corporate tax adjustment amount	-667	984
Total corporate tax, etc.	2,927	3,200
Quarterly net profit	8,940	7,025
Quarterly profit attributable to non-controlling interests	136	10
Quarterly profit attributable to owners of parent	8,803	7,015

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 (Quarterly consolidated statement of comprehensive income)
 (2nd quarter consolidated cumulative period)

(Unit: million yen)

	Previous 2nd quarter consolidated cumulative period (From April 1, 2020 to September 30, 2020)	Current 2nd quarter consolidated cumulative period (From April 1, 2021 to September 30, 2021)
Quarterly net profit	8,940	7,025
Other comprehensive income		
Other valuation difference on securities	418	-89
Deferred hedge gain or loss	-20	-139
Exchange translation adjustment account	-86	340
Adjustments related to retirement benefits	98	-27
Share of other comprehensive income of entities accounted for using equity method	-40	31
Total other comprehensive income	369	115
Quarterly comprehensive income	9,309	7,140
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	9,170	7,102
Quarterly comprehensive income attributable to non- controlling interests	139	38

(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 1,999 million yen during the current 2nd quarter consolidated cumulative period to finish at 2,123 million yen at the end of the current 2nd 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 2nd quarter consolidated cumulative period decreased by 33,135 million yen and the cost of sales decreased by 31,720 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 2nd 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.

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(Segment information, etc.)

[Segment information]

I Previous 2nd quarter consolidated cumulative period (from April 1, 2020 to September 30, 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	386,870	31,179	5,994	424,043	459	424,503	-	424,503
Internal sales or transfers between segments	98	144	-	243	192	436	-436	-
Total	386,969	31,324	5,994	424,287	652	424,939	-436	424,503
Segment profit or loss (-)	10,749	-194	375	10,930	-77	10,852	0	10,853

- (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 2nd quarter consolidated cumulative period (from April 1, 2021 to September 30, 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	315,155	29,360	5,727	350,244	424	350,668	-	350,668
Internal sales or transfers between segments	153	100	-	254	622	876	-876	-
Total	315,309	29,461	5,727	350,498	1,046	351,545	-876	350,668
Segment profit or loss (-)	8,556	957	302	9,816	-12	9,804	1	9,806

- (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.

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 2nd quarter consolidated cumulative period have decreased 33,135 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-subsidiary DIS Solution Co., Ltd. and its sub-subsidiary 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-subsidiaries 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).

2nd Quarter of the Fiscal Year Ending March 2022 Financial Results Materials

1. Capital investment and depreciation (Million yen)

	Consolidated		
	2020/9	2021/3	2021/9
Capital investment	1,574	3,667	1,356
Depreciation	1,669	3,405	1,732

2. Interest-bearing liabilities (Million yen)

	Consolidated		
	2020/9	2021/3	2021/9
Loans payable	31,230	27,321	24,645

3. R&D expenses (Million yen)

	2020/9	2021/3	2021/9
Consolidated	438	853	458

4. Consolidated employees (people)

	2020/9	2021/3	2021/9
Consolidated	5,806	5,683	5,861
(overseas)	(1,591)	(1,555)	(1,747)
Non-consolidated	29	28	28

(Note) Including temporary employees, excluding seconded employees.

5. Business Forecast for the Full Term of the Fiscal Year Ending March 2022 (Million yen)

	Consolidated				
	IT Infrastructure Distribution Business	Fiber Business	Industrial Machinery Business	Others	Total
Net sales	742,000	64,700	11,100	2,200	820,000
Operating profit	24,400	3,450	640	10	28,500

6. Capital investment and depreciation forecast for the full-term of BY2021 (Million yen)

	Consolidated
Capital investment	3,304
Depreciation	3,257