



Brief of (Consolidated) Settlement of Accounts (based on Japanese standards) for Business Year 2020 ended in March 2021

May 13, 2021

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) Yukihiro NISHIMURA
 Person in charge of receiving inquiries: (Title) Manager of Financial Control Dept. (Name) Hiroyuki HANAOKA
 TEL 06-6281-2325
 Planned date of the Ordinary General Meeting of Shareholders: June 29, 2021
 Planned Payment startup Date of Dividends June 30, 2021
 Planned Submission Date of the Securities report: June 29, 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 business year 2020 (April 1, 2020 - March 31, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
BY2020	1,043,534	10.5	35,028	6.7	35,781	7.8	25,715	21.4
BY2019	944,053	20.2	32,841	44.6	33,195	45.3	21,178	26.2

(Note) Comprehensive income: BY2020 27,672 million yen (29.3%); BY2019 21,405 million yen (27.3%)

	Net earnings per share	Fully diluted EPS	Return on equity	Return on assets	Operating profit margin
	yen sen	yen sen	%	%	%
BY2020	267.47	-	22.2	10.0	3.4
BY2019	220.27	-	22.3	10.0	3.5

Reference data: Equity in net income of affiliates: BY2020 13 million yen; BY2019 75 million yen

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

Consolidated financial status

	Collective assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen sen
BY2020	383,757	129,322	33.4	1,334.35
BY2019	328,813	104,741	31.6	1,080.11

Reference data: Net worth equity capital: BY2020 128,286 million yen; BY2019 103,848 million yen

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

Consolidated cash flows

	Cash flow due to operating activities	Cash flow due to investment activities	Cash flow due to financial activities	Balance of cash and cash equivalents at the end of BY
	million yen	million yen	million yen	million yen
BY2020	9,428	-1,357	-7,586	32,033
BY2019	18,487	-4,343	-6,733	31,574

2. Dividend status

	Annual dividend					Total value of dividends	Dividend ratio (consolidated)	Dividend on equity ratio (consolidated)
	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	million yen	%	%
BY2019	-	0.00	-	160.00	160.00	3,076	14.5	3.2
BY2020	-	0.00	-	300.00	300.00	5,768	22.4	5.0
BY2021 (forecast)	-	30.00	-	30.00	60.00		31.2	

(Note) The company implemented a stock split of five shares per ordinary share on April 1, 2021. The dividends shown for BY2019 and BY2020 are the dividends prior to the stock split. The interim dividend and dividend at the end of BY forecast for BY2021 are shown taking into account the impact 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 or the corresponding quarter of the preceding year.)

	Net sales		Operating profit		Ordinary profit		Net profit		Net earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
At the end of 2nd quarter (cumulative)	387,000	-	11,790	-	11,800	-	8,100	-	84.25
Full-term	820,000	-	28,500	-	28,500	-	18,500	-	192.42

(Note 1) Because the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) will apply from the start of the term ending March 2022, the above results forecast is based on application of the standard. Consequently, no rates of change are shown against the actual results values for the previous term, prior to application of the standard.

Net sales if the "Accounting Standard for Revenue Recognition" was not applied would be 892,000 million yen (down 14.5% compared to the previous year).

(Note 2) 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 taking the impact of the stock split into account.

* Comments

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

New companies: - companies (company names): ; Excluded companies: - (company names):

(2) 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 : Nil

[2] Modification of accounting policy required by any cause other than the foregoing [1] : Nil

[3] Accounting estimate change : Nil

[4] Restated modification : Nil

(3) Number of outstanding shares (of common stock)

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

BY2020	96,356,460 shares	BY2019	96,356,460 shares
--------	-------------------	--------	-------------------

BY2020	214,655 shares	BY2019	210,430 shares
--------	----------------	--------	----------------

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

BY2020	96,143,854 shares	BY2019	96,147,048 shares
--------	-------------------	--------	-------------------

[3] Average number of shares outstanding during the BY

(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 outstanding during the BY" have been calculated assuming that the stock split was implemented at the start of the previous consolidated business year.

Reference data: Overview of non-consolidated performance

Non-consolidated performance for business year 2020 (April 1, 2020 - March 31, 2021)

Non-consolidated operating results (% indicates the rate of change as compared to the preceding year.)

	Operating revenue		Operating profit		Ordinary profit		Net profit	
	million yen	%	million yen	%	million yen	%	million yen	%
BY2020	15,479	41.2	14,143	46.1	14,157	45.2	13,724	51.5
BY2019	10,959	44.8	9,680	56.6	9,748	55.5	9,056	59.7

	Net earnings per share	Fully diluted EPS
	yen sen	yen sen
BY2020	142.75	-
BY2019	94.19	-

(Note) The company implemented a stock split of five shares per ordinary share on April 1, 2021. "Net Earnings per Share" have been calculated assuming that the stock split was implemented at the start of the previous consolidated business year.

Non-consolidated financial status

	Collective assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen sen
BY2020	114,049	69,153	60.6	719.29
BY2019	110,776	58,213	52.6	605.47

Reference data: Net worth equity capital: BY2020 69,153 million yen BY2019 58,213 million yen

(Note) The company implemented a stock split of five shares per ordinary share on April 1, 2021. "Net Assets per Share" have been calculated assuming that the stock split was implemented at the start of the previous consolidated business year.

* This brief of the settlement of accounts is not subject to auditing 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 heed the warnings given in "(4) Future outlook" in "1. Operating results briefing etc." on page 4 of the document attached to this report.

Contents of attached materials

1. Operating results briefing etc.....	2
(1) Operating results briefing for this term.....	2
(2) Overview of the financial situation for the term	3
(3) Overview of consolidated cash flows	3
(4) Future outlook	4
(5) Basic policy on profit distribution and dividends for this term and next term	4
2. Basic way of thinking concerning the selection of accounting standards	4
3. Consolidated financial statements and significant notes	5
(1) Consolidated balance sheet)	5
(2) Consolidated profit statement and consolidated statement of comprehensive income.....	7
(Consolidated profit statement)	7
(Consolidated statement of comprehensive income)	8
(3) Statement of changes in consolidated shareholders' equity, etc.	9
(4) Statement of consolidated cash flows	11
(5) Notes on the consolidated financial statements	13
(Notes on the going concern assumption).....	13
(Additional information).....	13
(Segment information, etc.).....	13
(Business combinations, etc.)	17
(Per share information).....	18
(Significant events after the reporting period)	18
4. Others	19
Transfers of officers (As of June 29, 2021).....	19
Supplementary material for the settlement of accounts for business year 2020.....	20

1. Operating results briefing etc.

(1) Operating results briefing for this term

Overview of results in general this term

Although moves towards recovery were apparent during this term while the Japanese economy continued to be in a difficult situation due to the impact of COVID-19 infections, the future is still uncertain.

In the environment surrounding the company group, new workstyles such as telework have spread in the IT industry and demand for related products and cloud services has increased, while the adoption of ICT in the education sector was promoted by government initiative. In addition, in the fiber industry, hygiene material-related demand increased, but the difficult market environment continued overall, and in the industrial machinery industry too, a cautious attitude towards capital investment was apparent among corporations. In such circumstances, the company group took on the challenge of changes in social structure boldly under our business policies for this business year of “challenging to further heights as a leading company,” “the creation of growth drivers aimed at sustainable development” and “the pursuit of highly efficient management through continuous change.” While doing so, we promoted the group’s growth strategy and strove for improvements in consolidated corporate value.

As a result of these efforts, consolidated results for the term saw net sales of 1,043,534 million yen (up 10.5% compared to previous term), operating profit of 35,028 million yen (up 6.7% compared to previous term) and ordinary profit of 35,781 million yen (up 7.8% compared to previous term). Within this, we recorded profit on the sale of Distribution Centers of 754 million yen, compensation for transfer of overseas plants of 663 million yen and other profit of 50 million yen as extraordinary profit, and an impairment loss for idle land of 681 million yen and other loss of 315 million yen as extraordinary loss, with profit attributable to owners of parent ending at 25,715 million yen (up 21.4% compared to previous term). Net sales were again at a record high for the fourth consecutive term, and we reached one trillion yen for the first time. In the IT Infrastructure Distribution Business, in particular, there were significant increases in both revenue and profit due to sales growing in the education market, where the establishment of ICT environments is advancing, and the proportion of consolidated results provided by this business was 92.9% of net sales and 94.9% of operating profit.

Overview by segment for this term

Segment results were as follows.

It should be noted that we have changed the reporting segment management divisions from this consolidated business year so the following comparisons with the previous year are comparisons using the figures after the change. For details of the changes to the reporting segment management divisions, please see “3. Consolidated financial statements and significant notes (5) Notes on the consolidated financial statements (segment information, etc.).”

(IT Infrastructure Distribution Business)

In the corporate market, there were concerns over a rebound from the special demand for updates associated with the end of Windows 7 support in January last year and a reduction in IT-related expenditures by corporations due to the expansion of COVID-19 infections. In such an environment, as a result of promoting community-based sales combining face-to-face and online activities at bases nationwide, we grasped IT needs for responding to “new normal” workstyles, and orders for subscription services (ongoing billing) and products such as notebook PCs, LCD monitors headsets increased. In addition, in the education market, where the establishment of ICT environments is advancing, while the early realization of the establishment of one terminal per student is being called for due to the COVID-19 pandemic, in addition to sales of related products, we are focusing on composite proposals with kitting services, etc., in which we set up equipment in advance, so sales expanded due to the acquisition of PC, tablet and network-related demand.

In the retail market, while the promotion of telework and online learning caused related-product demand to increase, we grasped demand by strengthening procurement and product proposals for EC sales, and sales of PCs and peripherals such as LCD monitors were strong. As a result of the above, the net sales of this business were 969,748 million yen (up 13.2% compared to previous term) and operating profit was 33,226 million yen (up 18.0% compared to previous term).

(Fiber Business)

In the Synthetic Fibers and Rayon Divisions, sales of sterilization-related products and rayon cotton for nonwoven fiber increased significantly against the backdrop of strong demand. In Industrial Material Division, orders for heavy fabric products such as tents and canvas continued to stagnate due to the suspension of various events and a decrease in construction work. In Clothing Products Division, sales of antiviral-related functional products were strong, but casual brand products were forced to struggle due to the impact of self-restraint on going out and store closures.

As a result of the above, the net sales of this business were 61,033 million yen (down 15.4% compared to previous term) and operating profit was 1,350 million yen (down 65.2% compared to previous term).

(Industrial Machinery Business)

Both the Machine Tools and Automatic Machinery Divisions stagnated in terms of revenue, partly because a cautious attitude towards capital investment was apparent among corporations against the spread of COVID-19 and also because sales activities were restricted. As a result of the above, the net sales of this business were 11,582 million yen (down 10.8% compared to previous term) and operating profit was 537 million yen (down 28.6% compared to previous term).

(2) Overview of the financial situation for the term

Assets increased by 54,943 million yen compared to the end of the previous term to 383,757 million yen due to increases in notes and accounts receivable, and liabilities increased by 30,362 million yen compared to the end of the previous term to 254,435 million yen due to increases in notes and accounts payable, etc. Net assets increased by 24,581 million yen compared to the end of the previous term to 129,322 million yen due to an increase in retained earnings, etc.

(3) Overview of consolidated cash flows

With net profit before income taxes, etc., of 36,253 million yen, cash flow due to operating activities was impacted by decreasing factors such as an increase in accounts receivable, but income ended at 9,428 million yen (increase in expenditure of 9,059 million yen compared to previous term) due to increasing factors such as a decrease in inventory assets and an increase in accounts payable.

Cash flow due to investment activities ended with expenditure of 1,357 million yen (increase in revenue of 2,985 million yen compared to previous term) due to decreasing factors such as expenditure due to the acquisition of fixed assets.

Cash flow due to financial activities ended with expenditure of 7,586 million yen (increase in expenditure of 853 million yen compared to previous term) due to decreasing factors such as a decrease in loans and expenditure due to the payment of dividends.

As a result of the above, the balance of cash and cash equivalents at term-end increased by 458 million yen compared to the end of the previous term to 32,033 million yen, and the balance of borrowings at term-end decreased by 4,314 million yen compared to the end of the previous term to 27,321 million yen.

(Unit: million yen)

	Previous term	Current term	Change
Cash flow due to operating activities	18,487	9,428	-9,059
Cash flow due to investment activities	-4,343	-1,357	2,985
Cash flow due to financial activities	-6,733	-7,586	-853
Conversion difference	-17	-25	-7
Change in cash and cash equivalents	7,393	458	-6,935
Balance of cash and cash equivalents at the start of BY	24,180	31,574	7,393
Balance of cash and cash equivalents at the end of BY	31,574	32,033	458
Balance of loans at the end of BY	31,635	27,321	-4,314

(4) Future outlook

With regard to the future economic outlook, while measures to prevent the expansion of COVID-19 infections are being taken, moves towards recovery are expected to continue due to the effects of various government policies and improvements in the overseas economy, but sufficient care will be required towards the high risk of a downturn due to the expansion of COVID-19 infections either domestically or overseas.

The company group started its new Medium-Term Management Plan (BY2021 to BY2023) from April this year in such circumstances. 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.

With regard to results for the term ending March 2022, we expect net sales of 820,000 million yen, operating profit of 28,500 million yen, ordinary profit of 28,500 million yen and profit attributable to owners of parent of 18,500 million yen.

(5) Basic policy on profit distribution and dividends for this term and next term

The company has positioned dividends as an important issue in management and has a basic policy of returning profits continuously and stably in consideration of its financial situation and earnings trend.

The company will enhance opportunities for returns by paying dividends of surplus funds twice a year as an interim dividend and as a term-end dividend. In addition to investments aimed at the sustainable growth of existing business, we will use retained earnings for growth investment in new areas where market expansion is expected. Further, we consider the acquisition of treasury stock to be one of the measures for returning profits to shareholders and will consider the flexible implementation of such measures in accordance with the market environment.

Based on the above policy, we are planning to pay a dividend of 300 yen per share as the term-end dividend for the current term. It should be noted that we implemented a stock split at a ratio of five shares per ordinary share on April 1, 2021 so the dividend per share if this stock split is taken into consideration will be 60 yen per share.

Also, with regard to dividends next term, we are planning to enhance the interim dividend and pay an annual dividend of 60 yen per share, with an interim dividend of 30 yen per share and a term-end dividend of 30 yen per share.

2. Basic way of thinking concerning the selection of accounting standards

Many of the stakeholders in the company group are Japanese shareholders, creditors and business partners, and we have little need for fund procurement from overseas so we apply Japanese standards as our accounting standards.

3. Consolidated financial statements and significant notes

(1) Consolidated balance sheet

(Unit: million yen)

	Previous consolidated business year (Ended March 31, 2020)	Current consolidated business year (Ended March 31, 2021)
Assets		
Current assets		
Cash and deposits	31,600	32,058
Notes and accounts receivable	196,390	246,897
Goods and products	33,341	32,580
Work in progress	3,468	3,667
Raw materials and supplies	1,731	1,748
Others	9,905	14,653
Allowance for doubtful accounts	-151	-144
Total current assets	276,285	331,461
Fixed assets		
Property, plant and equipment		
Buildings and structures	25,507	24,467
Accumulated depreciation	-16,910	-15,631
Buildings and structures (net)	8,597	8,835
Machinery, equipment and vehicles	42,787	44,586
Accumulated depreciation	-33,519	-34,437
Machinery, equipment and vehicles (net)	9,268	10,149
Land	19,651	18,360
Construction in progress	214	207
Others	6,410	6,547
Accumulated depreciation	-4,620	-4,928
Others (net)	1,790	1,619
Total property, plant and equipment	39,522	39,172
Intangible fixed assets		
Goodwill	387	6
Others	3,016	2,689
Total intangible fixed assets	3,403	2,696
Investments and other assets		
Investment securities	5,553	6,606
Retirement benefit assets	317	483
Bankruptcy rehabilitation claims, etc.	140	129
Deferred tax assets	1,183	736
Others	2,578	2,599
Allowance for doubtful accounts	-171	-129
Total investments and other assets	9,601	10,426
Total fixed assets	52,527	52,295
Total assets	328,813	383,757

(Unit: million yen)

	Previous consolidated business year (Ended March 31, 2020)	Current consolidated business year (Ended March 31, 2021)
Liabilities		
Current liabilities		
Notes payable and accounts payable	158,067	188,483
Short-term loans payable	12,608	15,255
Accrued corporate tax, etc.	4,362	6,170
Allowance for bonuses	3,279	3,218
Allowance for executive bonuses	145	276
Allowance for product warranties	122	106
Others	13,929	17,007
Total current liabilities	192,514	230,519
Non-current liabilities		
Long-term loans payable	19,027	12,065
Deferred tax liabilities	712	120
Retirement benefit liabilities	8,251	7,509
Deposits received	2,567	2,745
Others	999	1,474
Total fixed liabilities	31,558	23,916
Total liabilities	224,072	254,435
Net assets		
Shareholders' equity		
Capital	21,696	21,696
Capital surplus	7,863	7,863
Retained earnings	75,177	97,816
Treasury stock	-116	-123
Total shareholders' equity	104,620	127,253
Accumulated other comprehensive income		
Other valuation difference on securities	971	1,837
Deferred hedge gain or loss	16	255
Exchange translation adjustment account	-1,149	-1,322
Accumulated adjustments related to retirement benefits	-612	262
Total accumulated other comprehensive income	-772	1,033
Non-controlling interests	892	1,035
Total net assets	104,741	129,322
Total liabilities and net assets	328,813	383,757

(2) Consolidated profit statement and consolidated statement of comprehensive income
(Consolidated profit statement)

(Unit: million yen)

	Previous consolidated business year (From April 1, 2019 to March 31, 2020)	Current consolidated business year (From April 1, 2020 to March 31, 2021)
Net sales	944,053	1,043,534
Cost of sales	862,577	961,683
Gross profit	81,476	81,851
Selling, general and administrative expenses	48,634	46,823
Operating profit	32,841	35,028
Non-operating income		
Interest income	19	22
Dividend income	196	142
Sales support funding	459	716
Employment subsidies	-	239
Investment gain on equity method	75	13
Others	406	330
Total non-operating income	1,158	1,464
Non-operating expenses		
Interest paid	247	277
Others	557	433
Total non-operating expenses	804	710
Ordinary profit	33,195	35,781
Extraordinary profit		
Gain on sale of fixed assets	123	754
Compensation received	-	663
Others	13	50
Total extraordinary profit	137	1,468
Extraordinary loss		
Impairment loss	1,911	681
Others	396	315
Total extraordinary loss	2,308	996
Net income before income taxes, etc.	31,024	36,253
Corporate tax, inhabitant tax and business tax	9,060	11,354
Corporate tax adjustment amount	668	-973
Total corporate tax, etc.	9,728	10,381
Net profit	21,295	25,872
Profit attributable to non-controlling interests	117	157
Profit attributable to owners of parent	21,178	25,715

(Consolidated statement of comprehensive income)

(Unit: million yen)

	Previous consolidated business year (From April 1, 2019 to March 31, 2020)	Current consolidated business year (From April 1, 2020 to March 31, 2021)
Net profit	21,295	25,872
Other comprehensive income		
Other valuation difference on securities	-553	870
Deferred hedge gain or loss	29	238
Exchange translation adjustment account	827	-127
Adjustments related to retirement benefits	-210	875
Share of other comprehensive income of entities accounted for using equity method	16	-57
Total other comprehensive income	109	1,799
Comprehensive income	21,405	27,672
(Breakdown)		
Comprehensive income attributable to owners of parent	21,305	27,521
Comprehensive income attributable to non-controlling interests	99	150

(3) Statement of changes in consolidated shareholders' equity, etc.
Previous consolidated business year (from April 1, 2019 to March 31, 2020)

(Unit: million yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the start of BY	21,696	7,863	57,844	-114	87,290
Change during term					
Dividend of surplus			-3,845		-3,845
Profit attributable to owners of parent			21,178		21,178
Acquisition of treasury stock				-2	-2
Change during term of items other than shareholders' equity (net)					
Total change during term	-	-	17,332	-2	17,330
Balance at the end of BY	21,696	7,863	75,177	-116	104,620

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Other valuation difference on securities	Deferred hedge gain or loss	Exchange translation adjustment account	Accumulated adjustments related to retirement benefits	Total accumulated other comprehensive income		
Balance at the start of BY	1,515	-12	-1,999	-402	-900	801	87,191
Change during term							
Dividend of surplus							-3,845
Profit attributable to owners of parent							21,178
Acquisition of treasury stock							-2
Change during term of items other than shareholders' equity (net)	-543	29	850	-209	127	91	218
Total change during term	-543	29	850	-209	127	91	17,549
Balance at the end of BY	971	16	-1,149	-612	-772	892	104,741

Current consolidated business year (from April 1, 2020 to March 31, 2021)

(Unit: million yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the start of BY	21,696	7,863	75,177	-116	104,620
Change during term					
Dividend of surplus			-3,076		-3,076
Profit attributable to owners of parent			25,715		25,715
Acquisition of treasury stock				-6	-6
Change during term of items other than shareholders' equity (net)					
Total change during term	-	-	22,638	-6	22,632
Balance at the end of BY	21,696	7,863	97,816	-123	127,253

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Other valuation difference on securities	Deferred hedge gain or loss	Exchange translation adjustment account	Accumulated adjustments related to retirement benefits	Total accumulated other comprehensive income		
Balance at the start of BY	971	16	-1,149	-612	-772	892	104,741
Change during term							
Dividend of surplus							-3,076
Profit attributable to owners of parent							25,715
Acquisition of treasury stock							-6
Change during term of items other than shareholders' equity (net)	865	238	-173	874	1,806	142	1,948
Total change during term	865	238	-173	874	1,806	142	24,581
Balance at the end of BY	1,837	255	-1,322	262	1,033	1,035	129,322

(4) Statement of consolidated cash flows

(Unit: million yen)

	Previous consolidated business year (From April 1, 2019 to March 31, 2020)	Current consolidated business year (From April 1, 2020 to March 31, 2021)
Cash flow due to operating activities		
Net income before income taxes, etc.	31,024	36,253
Depreciation expenses	3,112	3,405
Gain or loss on sale of property, plant and equipment (- indicates gain)	-123	-754
Gain or loss on sale or disposal of property, plant and equipment (- indicates gain)	292	34
Impairment loss	1,911	681
Amortization of goodwill	380	380
Compensation received	-	-663
Change in allowance for doubtful accounts (- indicates decrease)	-126	-49
Change in allowance for bonuses (- indicates decrease)	255	-60
Change in allowance for executive bonuses (- indicates decrease)	76	131
Change in allowance for product warranties (- indicates decrease)	-60	-15
Change in allowance for business consolidation loss reduction (- indicates decrease)	-919	-
Change in retirement benefit liabilities (- indicates decrease)	-204	523
Change in retirement benefit assets (- indicates increase)	7	-165
Interest income and dividend income	-215	-164
Interest paid	247	277
Change in accounts receivable (- indicates increase)	12,950	-48,677
Change in inventory assets (- indicates increase)	-1,415	494
Change in accounts payable (- indicates decrease)	-21,106	30,511
Change in accrued consumption taxes, etc. (- indicates decrease)	1,359	305
Change in other current assets (- indicates increase)	120	-4,470
Change in other current liabilities (- indicates decrease)	-20	456
Change in other fixed liabilities (- indicates decrease)	-33	101
Equity method investment gain or loss (- indicates gain)	-75	-13
Others	880	238
Sub-total	28,315	18,758
Interest and dividends received	229	183
Interest paid	-214	-278
Compensation received	-	554
Corporate tax, etc., paid	-9,842	-9,789
Cash flow due to operating activities	18,487	9,428
Cash flow due to investment activities		
Expenditures due to the acquisition of property, plant and equipment	-2,810	-2,757
Revenue due to the sale of property, plant and equipment	244	1,656
Expenditures due to the acquisition of intangible fixed assets	-1,798	-365
Expenditures due to the acquisition of investment securities	-18	-18
Revenue due to the sale of investment securities	0	97
Others	40	29
Cash flow due to investment activities	-4,343	-1,357

(Unit: million yen)

	Previous consolidated business year (From April 1, 2019 to March 31, 2020)	Current consolidated business year (From April 1, 2020 to March 31, 2021)
Cash flow due to financial activities		
Net change in short-term loans payable (- indicates decrease)	-3,011	-2,517
Revenue due to long-term loans payable	4,557	2,300
Expenditures due to repayments of long-term loans payable	-4,281	-4,059
Dividends paid	-3,832	-3,072
Dividends paid to non-controlling interests	-8	-8
Change in treasury stock (- indicates increase)	-2	-6
Others	-154	-222
Cash flow due to financial activities	-6,733	-7,586
Translation adjustments related to cash and cash equivalents	-17	-25
Change in cash and cash equivalents (- indicates decrease)	7,393	458
Balance of cash and cash equivalents at the start of BY	24,180	31,574
Balance of cash and cash equivalents at the end of BY	31,574	32,033

(5) Notes on the consolidated financial statements
(Notes on the going concern assumption)

Not applicable

(Additional information)

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

Although the impact on the company group's business due to COVID-19 infections differs in degree depending on the business, we assume that the impacts will continue from the next business year on, and have estimated in accounting terms the recoverability of deferred tax assets, etc., under that assumption. It should be noted that because this assumption is highly uncertain, if a change occurs in the situation, the company group's financial situation, operating results and cashflows could be affected.

(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.)

a. Segment information

1. Overview of reporting segments

The reporting segments of the company allow the acquisition of separated financial information from among the constituent units of the company and are subject to regular consideration in order for the Board of Directors to determine the allocation of management resources and evaluate results.

The company has adopted a group management structure based on a pure holding company system and the various operating companies under the holding company's umbrella formulate comprehensive strategies and develop business activities in Japan and overseas for the products and services that they handle.

Consequently, the company is composed of segments classified by products and services based on operating companies and has established the three segments of IT Infrastructure Distribution Business, Fiber Business and Industrial Machinery Business.

IT Infrastructure Distribution Business sells computers, peripherals, etc. Fiber Business manufactures and sells synthetic fibers, nonwovens, industrial materials and related products, fabric, knitting and secondary products. Industrial Machinery Business manufactures and sells machine parts for production equipment and casting parts.

2. Method for calculating the amounts of net sales, profit or loss, assets and other items for each reporting segment

The accounting processing method of reported business segments is to use the amounts based on the accounting standards adopted for the preparation of the consolidated financial statements.

In addition, reporting segment profits are figures on an operating profit base and internal sales or transfers between segments are based on market prices, etc.

(Change to the calculation method)

We revised the segment management classification in Fiber Business because we implemented an absorption-type merger at Daiwabo Co., Ltd., a group company, on April 1, 2020 (surviving company: Daiwabo Co., Ltd.; absorbed companies: Daiwabo Neu Co., Ltd., Daiwabo Polytec Co., Ltd., Daiwabo Progress Co., Ltd., Daiwabo Estate Co., Ltd., and Daiwabo Associe Co., Ltd.). Following this, we changed the classification of real estate business, etc., which was formerly classified as "Others" to "Fiber Business."

It should be noted that segment information for the previous fiscal year is based on the reporting segment management classification after the change.

3. Information on the amounts of net sales, profit or loss, assets and other items for each reporting segment
Previous business year (from April 1, 2019 to March 31, 2020)

(Unit: million yen)

	Reporting segments				Others (Note) 1	Total	Adjustment (Notes) 2, 4	Amount recorded in the consolidated financial statements (Note) 3
	IT Infrastructure Distribution Business	Fiber Business	Industrial Machinery Business	Total				
Net sales								
Net sales to external customers	857,008	72,180	12,988	942,177	1,875	944,053	-	944,053
Internal sales or transfers between segments	188	310	-	499	625	1,124	-1,124	-
Total	857,197	72,490	12,988	942,676	2,500	945,177	-1,124	944,053
Segment profit	28,161	3,877	753	32,791	46	32,838	3	32,841
Segment assets	238,688	58,901	14,688	312,279	2,005	314,284	14,529	328,813
Other items								
Depreciation expenses	755	1,834	448	3,038	74	3,112	-	3,112
Impairment loss	-	1,056	-	1,056	855	1,911	-	1,911
Investment in companies accounted for using the equity method	-	673	-	673	-	673	-	673
Change in property, plant and equipment and intangible fixed assets	2,089	1,236	559	3,885	12	3,898	-	3,898

- (Note) 1. The "Others" classification is a segment for business not included in the reporting segments and includes hotel business, 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 consolidated profit statement.
4. The amount of adjustment of segment assets is 14,807 million yen, mainly company-wide assets and including deposits and long-term investment assets (investment securities), etc.
5. Depreciation expenses include amortization related to long-term prepaid expenses.

Current consolidated business year (from April 1, 2020 to March 31, 2021)

(Unit: million yen)

	Reporting segments				Others (Note) 1	Total	Adjustment (Notes) 2, 4	Amount recorded in the consolidated financial statements (Note) 3
	IT Infrastructure Distribution Business	Fiber Business	Industrial Machinery Business	Total				
Net sales								
Net sales to external customers	969,748	61,033	11,582	1,042,364	1,169	1,043,534	-	1,043,534
Internal sales or transfers between segments	212	343	-	555	1,092	1,647	-1,647	-
Total	969,961	61,376	11,582	1,042,920	2,261	1,045,182	-1,647	1,043,534
Segment profit or loss (-)	33,226	1,350	537	35,114	-87	35,027	0	35,028
Segment assets	294,499	56,288	13,541	364,330	3,271	367,601	16,155	383,757
Other items								
Depreciation expenses	1,116	1,783	488	3,388	17	3,405	-	3,405
Impairment loss	-	521	153	674	6	681	-	681
Investment in companies accounted for using the equity method	-	611	-	611	-	611	-	611
Change in property, plant and equipment and intangible fixed assets	639	2,320	660	3,619	47	3,667	-	3,667

- (Note) 1. The “Others” classification is a segment for business not included in the reporting segments and includes hotel business, 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 consolidated profit statement.
4. The amount of adjustment of segment assets is 18,030 million yen, mainly company-wide assets and including deposits and long-term investment assets (investment securities), etc.
5. Depreciation expenses include amortization related to long-term prepaid expenses.

(Additional information)

(Matters concerning inappropriate transactions)

As stated in “Notice concerning the occurrence of inappropriate transactions at a consolidated subsidiary of the company and the establishment of a Special Investigation Committee” dated September 30, 2020 and “Notice concerning the receipt of the Investigation Report of the Special Investigation Committee” dated November 27, 2020, a former employee executed fictitious round-trip transactions in independent actions across six years from 2014 to 2020 at the former Daiwabo Neu Co., Ltd., a consolidated subsidiary of the company (Daiwabo Neu Co., Ltd. was subject to an absorption-type merger into Daiwabo Co., Ltd., a consolidated subsidiary of the company as of April 1, 2020). Due to these transactions, net sales of 640 million yen of the Fiber Business segment have been cancelled this business year, and when the impact of the cost of sale this business year and the cumulative losses for past business years are incorporated, operating profit or loss has decreased by 2,100 million yen.

b. Related information

Previous consolidated business year (from April 1, 2019 to March 31, 2020)

1. Information by products and services

Because we make the same disclosures in segment information, statement here is omitted.

2. Information by region

(1) Net sales

Because net sales to external customers in Japan exceed 90% of net sales in the consolidated profit statement, statement here is omitted.

(2) Property, plant and equipment

Because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet, statement here is omitted.

3. Information of each major customer

Because there is no single external customer occupying 10% or more of net sales, statement here is omitted.

Current consolidated business year (from April 1, 2020 to March 31, 2021)

1. Information by products and services

Because we make the same disclosures in segment information, statement here is omitted.

2. Information by region

(1) Net sales

Because net sales to external customers in Japan exceed 90% of net sales in the consolidated profit statement, statement here is omitted.

(2) Property, plant and equipment

Because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet, statement here is omitted.

3. Information of each major customer

Because there is no single external customer occupying 10% or more of net sales, statement here is omitted.

c. Information on impairment loss on fixed assets for each reporting segment

Previous consolidated business year (from April 1, 2019 to March 31, 2020)

Because we make the same disclosures in segment information, statement here is omitted.

Current consolidated business year (from April 1, 2020 to March 31, 2021)

Because we make the same disclosures in segment information, statement here is omitted.

d. Information on the balance of amortization or non-amortization of goodwill for each reporting segment

Previous consolidated business year (from April 1, 2019 to March 31, 2020)

(Unit: million yen)

	IT Infrastructure Distribution Business	Fiber Business	Industrial Machinery Business	Others	Company- wide / cancellation	Total
Current term amortization	-	-	380	-	-	380
Balance at the end of BY	-	-	387	-	-	387

Current consolidated business year (from April 1, 2020 to March 31, 2021)

(Unit: million yen)

	IT Infrastructure Distribution Business	Fiber Business	Industrial Machinery Business	Others	Company- wide / cancellation	Total
Current term amortization	-	-	380	-	-	380
Balance at the end of BY	-	-	6	-	-	6

e. Information on gain on negative goodwill for each reporting segment

Previous consolidated business year (from April 1, 2019 to March 31, 2020)

Not applicable

Current consolidated business year (from April 1, 2020 to March 31, 2021)

Not applicable

(Business combinations, etc.)

(Transactions under common control, etc.)

The company implemented a merger (hereinafter referred to as “This Absorption-Type Merger”) of six companies, namely Daiwabo Co., Ltd., a wholly-owned subsidiary of the company, and Daiwabo Polytec Co., Ltd., Daiwabo Progress Co., Ltd., Daiwabo Neu Co., Ltd., Daiwabo Estate Co., Ltd., and Daiwabo Associe Co., Ltd., all sub-subsidiaries of the company, effective as of April 1, 2020, after resolving to change part of the details of This Absorption-Type Merger, which were resolved upon at a meeting of the Board of Directors held on July 25, 2019, at a meeting of the Board of Directors held on October 24, 2019.

1. Overview (This Absorption-Type Merger)

(1) The names and business profiles of the companies subject to combination

	Surviving company	Absorbed companies				
Name	Daiwabo Co., Ltd.	Daiwabo Polytec Co., Ltd.	Daiwabo Progress Co., Ltd.	Daiwabo Neu Co., Ltd.	Daiwabo Estate Co., Ltd.	Daiwabo Associe Co., Ltd.
Business profile	Control and management of business activities through the holding of shares or equity in operating companies focused on fiber business	Manufacture, processing and sales of synthetic fibers and nonwovens	Manufacture, processing and sales of fiber products for industrial materials and canvas for papermaking	Manufacture, processing and sales of spun yarn, knitting and secondary products	Real estate leasing and management	Provision of general affairs, personnel and financial services, and development and operation of information processing systems

(2) Date of business combination

April 1, 2020

(3) Legal format of business combination

Absorption-type merger with Daiwabo Co., Ltd. as the surviving company and Daiwabo Polytec Co., Ltd., Daiwabo Progress Co., Ltd., Daiwabo Neu Co., Ltd., Daiwabo Estate Co., Ltd. and Daiwabo Associe Co., Ltd. as the absorbed companies

(4) Name of the business after the combination

Daiwabo Co., Ltd.

(5) Other matters concerning the overview of this combination

As a pure holding company, the company strives to improve consolidated corporate value by promoting group management positioning IT Infrastructure Distribution Business, Fiber Business and Industrial Machinery Business as its core business. In the Fiber Business, we constructed a stable profit base by promoting the establishment of a high profit structure at each operating company and business management focused on cashflow under a management framework whereby Daiwabo Co., Ltd., an intermediate pure holding company, controlling and managing the operating companies that conduct business in each area of the Fiber Business.

In such circumstances, the company decided to merge the three core fiber business companies and management companies aimed at strengthening group competitiveness in the Fiber Business, but while advancing considerations, recognized again the synergistic effects due to the fusion of quick decision-making in a rapidly changing business environment and the knowhow among each business, as well as the importance of organizational cooperation based on personnel exchanges, and decided to transition Daiwabo Co., Ltd. into an operating holding company positioned mainly for business management. By doing so, Daiwabo Co., Ltd. now has a function as a self-contained operating company, and a function as a holding company controlling and managing the operating companies under its umbrella. The company has judged that this will lead to the further strengthening of our management base due to the promotion of the delegation of authority in business management in the Fiber Business and the clarification of management responsibility.

By doing this, the company group will aim for the further improvement of profitability through positive business development towards the promotion of new growth strategies for the 2020s under an integrated business management framework centered on the core operating companies Daiwabo Information System Co., Ltd., O-M Ltd. and Daiwabo Co., Ltd.

It should be noted that after This Absorption-Type Merger, the company increased the capital of Daiwabo Co., Ltd. through a debt-for-equity swap (investment in kind of 6,470 million yen of loan receivables held by the company against Daiwabo Co., Ltd) on April 30, 2020, aimed at reducing the interest-bearing liabilities and enhancing the equity capital of Daiwabo Co., Ltd., which then incorporated 3,235 million yen of the capital increase into its capital and 3,235 million yen into its capital reserve. By doing so, the capital of Daiwabo Co., Ltd. has reached 3,545 million yen.

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).

(Per share information)

	Previous consolidated business year (From April 1, 2019 to March 31, 2020)	Current consolidated business year (From April 1, 2020 to March 31, 2021)
Net assets per share	1,080 yen 11 sen	1,334 yen 35 sen
Net earnings per share	220 yen 27 sen	267 yen 47 sen

- (Note) 1. No potentially dilutive shares exist so basic earnings per share after adjustment for potentially dilutive shares are not stated.
 2. The company implemented a stock split of five shares per ordinary share on April 1, 2021. "Net assets per share" and "Net earnings per share" have been calculated assuming that the stock split was implemented at the start of the previous consolidated business year.
 3. The basis for calculation of net earnings per share is as follows.

	Previous consolidated business year (From April 1, 2019 to March 31, 2020)	Current consolidated business year (From April 1, 2020 to March 31, 2021)
Net earnings per share		
Profit attributable to owners of parent (million yen)	21,178	25,715
Amount not attributable to ordinary shareholders (million yen)	-	-
Profit attributable to owners of parent related to ordinary shares (million yen)	21,178	25,715
Average number of ordinary shares during the BY (thousand shares)	96,147	96,143

(Significant events after the reporting period)

(Acquisition of treasury stock)

The company passed a resolution pertaining to the acquisition of treasury stock based on the provisions of Article 156 of the Companies Act, applied as read based on Article 165, Paragraph 3 of the Companies Act at a meeting of the Board of Directors held on May 13, 2021.

1. Reason for acquiring treasury stock
To improve capital efficiency and shareholder value as part of the shareholder return measures in the Medium-Term Management Plan.
2. Details pertaining to acquisition
 - (1) Type of shares subject to acquisition Ordinary shares of the company
 - (2) Total number of shares that can be obtained 1,500,000 shares (upper limit)
(Ratio of 1.56% of the total number of outstanding shares (excluding treasury stock))
 - (3) Total stock acquisition cost 2,000 million yen (upper limit)
 - (4) Acquisition period May 14, 2021 to August 31, 2021
 - (5) Method of acquisition Market purchases on the Tokyo Stock Exchange

4. Others

Transfers of officers (As of June 29, 2021)

(1) Transfer of Representative Director
Representative Director scheduled for retirement Kunihiko Arichi (currently Representative Director and Senior Managing Director)

(2) Candidates for Director
Director Mitsushige Yasuda (currently Director of Daiwabo Information System Co., Ltd.)
Director Yukiko Yoshimaru
Director Takako Fujiki

* It should be noted that the candidates Yukiko Yoshimaru and Takako Fujiki meet the requirements for Outside Director established in Article 2, Paragraph (xv) of the Companies Act.

(3) Brief personal records of the candidates for new Director

Mitsushige Yasuda	April 1988	Joined Daiwabo Information System Co., Ltd.
(Born January 5, 1966)	April 2019	General Manager of Finance Department at same company
	June 2020	Director and General Manager of Administration Division at same company
	April 2021	Director responsible for Administration Division at same company (present position)

Yukiko Yoshimaru	April 1982	Joined Oki Electric Industry Co., Ltd.
(Born February 1, 1960)	April 1998	Director of Oki America Inc. and Head of the New York Office of Oki Electric Industry Co., Ltd.
	October 2004	General Manager, Diversity Development Office of Nissan Motor Co., Ltd.
	April 2008	Joined Nifco Inc.
	June 2011	Managing Director of Nifco Inc.
	April 2018	Outside Director of Sekisui House, Ltd. (present position)
	June 2019	Outside Director of Mitsui Chemicals, Inc. (present position)

Takako Fujiki	November 1993	Joined Intel Japan K.K.
(Born January 30, 1970)	October 2005	General Manager, Business Planning and Business Operations Group of Intel Japan K.K.
	January 2013	Executive Officer, General Manager, Global Sales Division of Intel Japan K.K.
	May 2019	Executive Officer, General Manager, Sales Division of Google Japan G.K. (present position)

(4) Audit & Supervisory Board Member scheduled for retirement
Yoshinobu Hiraoka (currently Audit & Supervisory Board Member)

* It should be noted that the transfers of officers were disclosed in the “Notice of the transfer of a Representative Director and personnel changes at the company and group companies” dated February 25, 2021.

Supplementary material for the settlement of accounts for business year 2020

1. Capital investment and depreciation (Unit: million yen)

	Consolidated		
	BY2018	BY2019	BY2020
Capital investment	4,361	3,898	3,667
Depreciation	2,906	3,112	3,405

2. Interest-bearing liabilities (Unit: million yen)

	Consolidated		
	BY2018	BY2019	BY2020
Loans	34,384	31,635	27,321

3. R&D expenses (Unit: million yen)

	BY2018	BY2019	BY2020
Consolidated	1,033	1,001	853

4. Consolidated employees (Unit: people)

	BY2018	BY2019	BY2020
Consolidated	5,794	5,654	5,683
(overseas)	(1,823)	(1,593)	(1,555)
Non-consolidated	16	26	28

(Note) Including temporary employees, excluding seconded employees.

5. Business forecast for BY2021 (Unit: million yen)

	Consolidated					
	Net sales			Operating profit		
	First half	Second half	Full-term	First half	Second half	Full-term
IT Infrastructure Distribution Business	347,500	394,500	742,000	9,900	14,500	24,400
Fiber Business	32,200	32,500	64,700	1,600	1,850	3,450
Industrial Machinery Business	5,400	5,700	11,100	260	380	640
Others	1,900	300	2,200	30	-20	10
Total	387,000	433,000	820,000	11,790	16,710	28,500

6. Capital investment and depreciation forecast for BY2021 (Unit: million yen)

	Consolidated		
	First half	Second half	Full-term
Capital investment	1,250	2,054	3,304
Depreciation	1,611	1,646	3,257