



**Brief of (Consolidated) Settlement of Accounts (Based on Japanese standards)  
for the 1st Quarter of Business Year 2021 Ending in March 2022**

August 5, 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 Submission Date of the quarterly report: August 12, 2021  
 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 1st quarter of business year 2021 (April 1, 2021 - June 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	%
1st quarter of the business year ending March 2022	166,862	-	4,393	-5.1	4,521	-5.6	3,114	-27.4
1st quarter of the business year ended March 2021	187,315	-8.8	4,629	-13.8	4,786	-11.8	4,290	17.1

(Note) Comprehensive income: 1st quarter of the business year ending March 2022 3,234 million yen (-29.9%)  
 1st quarter of the business year ended March 2021 4,615 million yen (33.4%)

	Quarterly net earnings per share	Quarterly fully diluted EPS
	yen sen	yen sen
1st quarter of the business year ending March 2022	32.45	-
1st quarter of the business year ended March 2021	44.62	-

(Note 1) The company is applying the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from the start of this 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 first 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 3.3%

(Note 2) The company implemented a stock split of five shares per ordinary share on April 1, 2021. "Quarterly net earnings 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	%
1st quarter of the business year ending March 2022	326,387	125,726	38.2
BY2020	383,757	129,322	33.4

Reference data: Net worth equity capital: 1st quarter BY2021 124,673 million yen BY2020 128,286 million yen

(Note) The company is applying the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from the start of this first quarter consolidated accounting period and the figures related to the first 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
BY2020	yen sen	yen sen	yen sen	yen sen	yen sen
BY2021	-	0.00	-	300.00	300.00
BY2021 (forecast)	-	30.00	-	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 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 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	8.6	11,800	6.8	8,100	-8.0	84.25
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 is applying the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from the start of this 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 at the end of 2nd quarter (cumulative) and 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

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

[3] Average number of shares during the period (quarterly cumulative)

BY2021 1Q	96,356,460 shares	BY2020	96,356,460 shares
BY2021 1Q	730,165 shares	BY2020	214,655 shares
BY2021 1Q	95,983,530 shares	BY2020 1Q	96,145,825 shares

(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. Qualitative information on the quarterly settlement of accounts (3) Explanation of future forecast information such as consolidated results forecasts" on page 3 of the 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 during the first quarter consolidated cumulative period while the Japanese economy continued to be affected by COVID-19 infections, the situation is still difficult. Further, despite vaccinations moving into full swing, it is not possible to predict when infections will be brought under control and the future continues to be uncertain.

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 first consolidated cumulative period saw net sales of 166,862 million yen, operating profit of 4,393 million yen (down 5.1% compared to the same period of the previous term) and ordinary profit of 4,521 million yen (down 5.6% compared to the same period of the previous term). In addition, we recorded 82 million yen as a gain on sale of investment securities and 15 million yen under others as extraordinary profits, while quarterly profit attributable to owners of parent finished at 3,114 million yen (down 27.4% compared to the same period of the previous term). It should be noted that the company is applying the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the start of this first quarter consolidated accounting period and net sales for the first quarter decreased by 17,378 million yen. Further, compared to net sales for the first quarter of last year calculated assuming said accounting standards, etc., were applied, net sales for this first quarter decreased by 3.3% 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 the corporate IT-related investment environment is unclear because of the prolongation of the impact of COVID-19 infections, sales bases nationwide have promoted community-based sales combining face-to-face and telework activities flexibly. There were few large-scale corporate or government projects nationwide and sales of PCs, etc., decreased, but the number of subscription service contracts increased against the backdrop of the building of corporate cloud environments and the shift to using services.

In education, the number of PC and tablet units shipped increased compared to the same period of the previous term as deliveries under the “GIGA School Project,” which has been focused on since last term, continued.

In the consumer market, although telework and online learning demand continued to be seen, including sales of printers and other equipment for work-at-home applications increased, sales of PCs and peripherals such as LCD monitors decreased compared to the same period of the previous year.

As a result of the above, the net sales of this business were 149,878 million yen and operating profit was 3,558 million yen (down 7.3% compared to the same period of the previous term). It should be noted that the company is applying the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the start of this first quarter consolidated accounting period and net sales for the first quarter decreased by 17,378 million yen. Further, compared to net sales for the first quarter of last year calculated assuming said accounting standards, etc., were applied, net sales for this first quarter decreased by 3.2% 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, a decrease in sales was apparent due to the rebound from the demand of last term for nonwoven fiber for masks and sterilization sheets, but sales of products such as synthetic fiber cotton for use in construction materials, etc., rayon material for non-woven fabric utilizing its low environmental load characteristics, and flameproof or flame-retardant rayon materials for overseas trended well. In Industrial Material Division, heavy fabric products such as the core tents and canvas stagnated under the impact of the suspension of various events and a decrease in construction work. In Clothing Products Division, sales of casual brand products were forced to struggle due to the impact of prolonged self-restraint on going out and store closures.

As a result of the above, the net sales of this business were 14,460 million yen (down 8.6% compared to the same period of the previous term) and operating profit was 729 million yen (down 17.8% compared to the same period of the previous term).

Industrial Machinery Business

In the Machine Tools Division, sales to the aircraft and railway industries stagnated due to travel restrictions due to the impact of COVID-19 infections, but shipments to the energy and infrastructure industries, and service sales such as parts replacement increased. Further, in the Automatic Machinery Division, although customers continued to have a cautious attitude towards capital investment, both sales and profits improved, partly because we acquired sales of lines with multiple units, etc.

As a result of the above, the net sales of this business were 2,333 million yen (up 30.8% compared to the same period of the previous term) and operating profit was 124 million yen (operating loss of 45 million yen for the same period of the previous term).

(2) Explanation of financial situation

Total assets decreased by 57,369 million yen compared to the end of the previous consolidated business year to 326,387 million yen due to decreases in notes and accounts receivable. In addition, liabilities decreased by 53,774 million yen compared to the end of the previous consolidated business year to 200,660 million yen due to decreases in notes and accounts payable. Net assets decreased by 3,595 million yen compared to the end of the previous consolidated business year to 125,726 million yen due to a decrease in retained earnings.

(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 second quarter consolidated cumulative period and the full-term of 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)	1st quarter of the current consolidated business year (Ended June 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	32,058	51,193
Notes and accounts receivable	246,897	-
Notes and accounts receivable, and contract assets	-	158,553
Goods and products	32,580	46,191
Work in progress	3,667	4,150
Raw materials and supplies	1,748	1,770
Others	14,653	12,802
Allowance for doubtful accounts	-144	-139
Total current assets	331,461	274,522
Fixed assets		
Property, plant and equipment		
Land	18,360	18,387
Others (net)	20,812	20,739
Total property, plant and equipment	39,172	39,126
Intangible fixed assets		
Goodwill	6	-
Others	2,689	2,584
Total intangible fixed assets	2,696	2,584
Investments and other assets		
Others	10,555	10,280
Allowance for doubtful accounts	-129	-127
Total investments and other assets	10,426	10,153
Total fixed assets	52,295	51,865
Total assets	383,757	326,387

Daiwabo Holdings Co., Ltd. (3107) Brief of Settlement of Accounts for the 1st Quarter of Business Year 2021 Ending in March 2022  
(Unit: million yen)

	Previous consolidated business year (Ended March 31, 2021)	1st quarter of the current consolidated business year (Ended June 30, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable and accounts payable	188,483	140,810
Short-term loans payable	15,255	14,427
Accrued corporate tax, etc.	6,170	395
Allowance for bonuses	3,218	1,375
Other allowances	383	114
Others	17,007	18,735
<b>Total current liabilities</b>	<b>230,519</b>	<b>175,858</b>
<b>Non-current liabilities</b>		
Long-term loans payable	12,065	12,073
Retirement benefit liabilities	7,509	7,357
Others	4,340	5,371
<b>Total fixed liabilities</b>	<b>23,916</b>	<b>24,801</b>
<b>Total liabilities</b>	<b>254,435</b>	<b>200,660</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital	21,696	21,696
Capital surplus	7,863	7,858
Retained earnings	97,816	95,032
Treasury stock	-123	-1,039
<b>Total shareholders' equity</b>	<b>127,253</b>	<b>123,548</b>
<b>Accumulated other comprehensive income</b>		
Other valuation difference on securities	1,837	1,717
Deferred hedge gain or loss	255	123
Exchange translation adjustment account	-1,322	-1,010
Accumulated adjustments related to retirement benefits	262	295
<b>Total accumulated other comprehensive income</b>	<b>1,033</b>	<b>1,124</b>
<b>Non-controlling interests</b>	<b>1,035</b>	<b>1,053</b>
<b>Total net assets</b>	<b>129,322</b>	<b>125,726</b>
<b>Total liabilities and net assets</b>	<b>383,757</b>	<b>326,387</b>

(2) Quarterly consolidated profit statement and quarterly consolidated statement of comprehensive income  
 (Quarterly consolidated profit statement)  
 (1st quarter consolidated cumulative period)

(Unit: million yen)

	Previous 1st quarter consolidated cumulative period (From April 1, 2020 to June 30, 2020)	Current 1st quarter consolidated cumulative period (From April 1, 2021 to June 30, 2021)
Net sales	187,315	166,862
Cost of sales	171,649	152,397
Gross profit	15,666	14,465
Selling, general and administrative expenses	11,036	10,071
Operating profit	4,629	4,393
Non-operating income		
Interest income	3	3
Dividend income	83	86
Sales support funding	80	82
Investment gain on equity method	61	21
Others	82	70
Total non-operating income	310	265
Non-operating expenses		
Interest paid	53	44
Others	99	93
Total non-operating expenses	152	137
Ordinary profit	4,786	4,521
Extraordinary profit		
Gain on sale of investment securities	47	82
Compensation received	665	-
Others	-	15
Total extraordinary profit	712	97
Extraordinary loss		
Loss on sale of investment securities	52	-
Loss on temporary closure	74	-
Others	2	-
Total extraordinary loss	128	-
Quarterly net income before income taxes, etc.	5,370	4,619
Corporate tax, inhabitant tax and business tax	583	105
Corporate tax adjustment amount	363	1,396
Total corporate tax, etc.	946	1,501
Quarterly net profit	4,423	3,117
Quarterly profit attributable to non-controlling interests	133	2
Quarterly profit attributable to owners of parent	4,290	3,114



Daiwabo Holdings Co., Ltd. (3107) Brief of Settlement of Accounts for the 1st Quarter of Business Year 2021 Ending in March 2022  
(Quarterly consolidated statement of comprehensive income)

(1st quarter consolidated cumulative period)

(Unit: million yen)

	Previous 1st quarter consolidated cumulative period (From April 1, 2020 to June 30, 2020)	Current 1st quarter consolidated cumulative period (From April 1, 2021 to June 30, 2021)
Quarterly net profit	4,423	3,117
Other comprehensive income		
Other valuation difference on securities	317	-123
Deferred hedge gain or loss	-7	-132
Exchange translation adjustment account	-48	308
Adjustments related to retirement benefits	49	33
Share of other comprehensive income of entities accounted for using equity method	-118	31
Total other comprehensive income	191	117
Quarterly comprehensive income	4,615	3,234
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	4,482	3,206
Quarterly comprehensive income attributable to non-controlling interests	133	28

(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 515,300 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 916 million yen during the current 1st quarter consolidated cumulative period to finish at 1,039 million yen at the end of the current 1st quarter consolidated cumulative period.

(Modification of accounting policy)

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

The company is 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 this 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 1st quarter consolidated cumulative period decreased by 17,378 million yen and the cost of sales decreased by 16,605 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.

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(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 1st 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 1st quarter consolidated cumulative period (from April 1, 2020 to June 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	169,523	15,824	1,783	187,132	183	187,315	-	187,315
Internal sales or transfers between segments	62	72	-	135	63	199	-199	-
Total	169,586	15,897	1,783	187,267	247	187,514	-199	187,315
Segment profit or loss (-)	3,838	887	-45	4,680	-51	4,629	0	4,629

(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 1st quarter consolidated cumulative period (from April 1, 2021 to June 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	149,878	14,460	2,333	166,672	190	166,862	-	166,862
Internal sales or transfers between segments	32	49	-	82	316	398	-398	-
Total	149,911	14,509	2,333	166,754	506	167,261	-398	166,862
Segment profit or loss (-)	3,558	729	124	4,412	-19	4,392	0	4,393

(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.

(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).