



## Brief of (Consolidated) Settlement of Accounts (based on Japanese standards) for Business Year 2021 ended in March 2022

May 12, 2022  
TSE

Name of the Company Daiwa Holdings Co., Ltd. Listed on:  
 Code No. 3107 URL <https://www.daiwabo-holdings.com/>  
 Represented by: (Title) Representative Director and President (Name) Yukihiro NISHIMURA  
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Planned date of the Ordinary General Meeting of Shareholders: June 29, 2022  
 Planned Payment startup Date of Dividends: June 30, 2022  
 Planned Submission Date of the Securities report: June 29, 2022  
 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 2021 (April 1, 2021 - March 31, 2022)

(1) 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	%
BY2021	763,838	-	24,059	-31.3	24,554	-31.4	16,988	-33.9
BY2020	1,043,534	10.5	35,028	6.7	35,781	7.8	25,715	21.4

(Note) Comprehensive income BY2021 17,707 million yen (-36.0%) BY2020 27,672 million yen (29.3%)

	Net earnings per share	Fully diluted EPS	Return on equity	Return on assets	Operating profit margin
	yen sen	yen sen	%	%	%
BY2021	178.14	-	12.9	6.6	3.1
BY2020	267.47	-	22.2	10.0	3.4

Reference data: Equity in net income of affiliates: BY2021 22 million yen BY2020 13 million yen

(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 current consolidated business year. Because this has caused a large impact on net sales, the change in net sales against the previous business year is not given for the business year ended March 2022. The change calculated assuming said accounting standards, etc., were applied to the term ended March 2021 would be a decrease of 21.6%.

(Note 2) 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.

### (2) Consolidated financial status

	Collective assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen sen
BY2021	356,203	136,173	38.0	1,422.20
BY2020	383,757	129,322	33.4	1,334.35

Reference data: Net worth equity capital BY2021 135,255 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 current consolidated business year and the figures related to the business year ended March 2022 are those calculated following application of the accounting standard, etc.

### (3) 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
BY2021	28,165	-2,926	-10,724	46,728
BY2020	9,428	-1,357	-7,586	32,033

### 2. Dividend status

	Annual dividend					Total Value of Dividends (Total)	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	%	%
BY2020	-	0.00	-	300.00	300.00	5,768	22.4	5.0
BY2021	-	30.00	-	30.00	60.00	5,706	33.7	4.4
BY2022 (forecast)	-	30.00	-	30.00	60.00		30.8	

(Note) 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 BY2022 are the figures following the

stock split.

3. Estimated consolidated performance for business year 2022 (April 1, 2022 - March 31, 2023)

(% 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		Profit attributable to owners of parent		Net earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
At the end of 2nd quarter	377,300	7.6	11,040	12.6	11,100	12.3	7,600	8.3	79.69
(cumulative)	830,000	8.7	27,360	13.7	27,500	12.0	18,600	9.5	195.04
Full-term									

\* 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 : 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

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

[1] Number of outstanding shares (including treasury stock) at the end of BY	BY2021	96,356,460 shares	BY2020	96,356,460 shares
[2] Number of treasury stock at the end of BY	BY2021	1,253,110 shares	BY2020	214,655 shares
[3] Average number of shares outstanding during the BY	BY2021	95,367,496 shares	BY2020	96,143,854 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 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 2021 (April 1, 2021 - March 31, 2022)

(1) 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	%
BY2021	15,781	2.0	14,675	3.8	14,588	3.0	18,348	33.7
BY2020	15,479	41.2	14,143	46.1	14,157	45.2	13,724	51.5

	Net earnings per share	Fully diluted EPS
	yen sen	yen sen
BY2021	192.40	-
BY2020	142.75	-

(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.

(2) Non-consolidated financial status

	Collective assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen sen
BY2021	114,182	77,013	67.4	809.79
BY2020	114,049	69,153	60.6	719.29

Reference data: Net worth equity capital BY2021 77,013 million yen BY2020 69,153 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.

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## 1. Operating results briefing etc.

### (1) Operating results briefing for this term

#### Overview of results in general this term

While the impacts of COVID-19 remain, the Japanese economy in the fiscal year under review continued to show signs of a general recovery due to the promotion of vaccinations and the effects of various policies. On the other hand, the outlook for the Japanese economy remains uncertain due to the emergence of new highly contagious mutant strains of the virus, concerns over the prolongation of the global semiconductor shortage and soaring raw material and energy costs.

As for the environment surrounding the company group, in the IT industry, the building of cloud computing environments and switching of services continued for corporations and government agencies. However, delays in the delivery of IT equipment in general due to the global shortage of semiconductors and a rebound from concentrated demand in the education sector in the previous term could be seen. In addition, in the fibers industry, rayon continued to perform strongly, but overall, the difficult market environment continued and we were also affected by the high prices of raw materials and fuels. Although concerns over soaring raw material prices continued in the industrial machinery industry too, the order environment trended towards recovery, centered on the Chinese market.

As a result of these efforts, consolidated results for the term saw net sales of 763,838 million yen, operating profit of 24,059 million yen (down 31.3% compared to previous term) and ordinary profit of 24,554 million yen (down 31.4% compared to previous term). Within this, we recorded profit on the sale of fixed assets of 62 million yen, profit on the sale of investment securities of 414 million yen and other profit of 50 million yen as extraordinary profit, and loss on the sale or disposal of fixed assets of 141 million yen, impairment loss of 2 million yen and other loss of 20 million yen as extraordinary loss, with profit attributable to owners of parent ending at 16,988 million yen (down 33.9% compared to 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 current consolidated business year and net sales for the current consolidated business year decreased by 64,867 million yen. Further, compared to net sales for the previous consolidated business year calculated assuming said accounting standards, etc., were applied, net sales for this business year decreased by 21.6%. For details, please see "3. Consolidated financial statements and significant notes (5) Notes on the consolidated financial statements (Modification of accounting policy)."

#### Overview by segment for this term

Segment results were as follows.

##### (IT Infrastructure Distribution Business)

In the corporate market, we promoted community-based sales by combining face-to-face activities and telework flexibly at our sales offices nationwide, while considering the prevention of infection. We focused on strengthening purchasing and sales of terminal products such as PCs, tablets, and smartphones, and the acquisition of IT demand aimed at resolving the issues of the COVID-19 pandemic. In both the corporate and government markets, contracts for subscription services provided through iKAZUCHI increased as the building of cloud environments and the switching of services used advanced. In addition, delays in deliveries of IT equipment in general occurred due to the global shortage of semiconductors, but sales of PCs and monitors increased from the previous term due to the securing of strategic inventories and the strengthening of switching proposals. On the other hand, in the education market, shipments of PCs and tablets were lower than the previous term due to the rebound from the GIGA School Concept, which showed concentrated high demand in the previous term.

In the consumer market, sales of PCs and peripherals decreased from the previous term, when telework demand was invigorated. As a result of the above, the net sales of this business were 691,281 million yen and operating profit was 21,651 million yen (down 34.8% compared to the same period of the previous term). It should be noted that the company has been applying the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from the start of the current consolidated business year and net sales for the current consolidated business year decreased by 64,867 million yen. Further, compared to net sales for the previous consolidated business year calculated assuming said accounting standards, etc., were applied, net sales for this business year decreased by 23.2%. For details, please see "3. Consolidated financial statements and significant notes (5) Notes on the consolidated financial statements (Modification of accounting policy)."

##### (Fiber Business)

In the Synthetic Fibers and Rayon Divisions, sales of synthetic fiber cotton for industrial applications and fire-proof and flame-retardant rayon cotton for the US trended strongly against the backdrop of increased awareness of the environment and safety, but sales of synthetic fiber nonwoven fabric for sanitization and cosmetics decreased. In the Industrial Material Division, sales of cartridge filters and rubber sponges trended steadily, but the recovery in sales of heavy textiles such as construction sheets and synthetic canvas was slow. In the Clothing Products Division, although orders for apparel for the US increased due partly to the economic recovery in the country, orders were sluggish in Japan due to the impact of store closures and other factors. In terms of profits, the soaring prices of raw materials and fuel in business overall forced us to struggle.

As a result of the above, the net sales of this business were 58,289 million yen (down 4.5% compared to the same period of the previous term) and operating profit was 1,617 million yen (down 19.7% compared to the same period of the previous term).

## Industrial Machinery Business

In the Machine Tools Division, there was strong desire in the Chinese market for capital investment in a wide range of industries, including wind power generation, and orders in the domestic market were also on a recovery trend. However, both sales and operating profit were lower than the previous term due to a decrease in orders in the previous term and soaring material prices. In the Automatic Machinery Division, results improved over the previous term and trended steadily due to the strengthening of service sales such as parts replacements and remodeling work.

As a result of the above, the net sales of this business were 11,610 million yen (up 0.2% compared to the same period of the previous term) and operating profit was 656 million yen (up 22.0% compared to the same period of the previous term).

## (2) Overview of the financial situation for the term

Assets decreased by 27,553 million yen compared to the end of the previous term to 356,203 million yen due to decreases in notes and accounts receivable, and liabilities decreased by 34,405 million yen compared to the end of the previous term to 220,030 million yen due to decreases in notes and accounts payable, etc. Net assets increased by 6,851 million yen compared to the end of the previous term to 136,173 million yen due to an increase in retained earnings, etc.

## (3) Overview of consolidated cash flows

Against net profit before income taxes, etc., of 24,917 million yen, cash flow due to operating activities was impacted by decreasing factors such as an increase in inventory assets and a decrease in purchasing liabilities, but income ended at 28,165 million yen (increase in income of 18,737 million yen compared to previous term) due to increasing factors such as a decrease in accounts receivables.

Cash flow due to investment activities ended with expenditure of 2,926 million yen (increase in expenditure of 1,568 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 10,724 million yen (increase in expenditure of 3,138 million yen compared to previous term) due to decreasing factors such as expenditure due to the payment of dividends and expenditure due to the acquisition of treasury stock.

As a result of the above, the balance of cash and cash equivalents at term-end increased by 14,695 million yen compared to the end of the previous term to 46,728 million yen, and the balance of borrowings at term-end increased by 162 million yen compared to the end of the previous term to 27,484 million yen.

(Unit: million yen)

	Previous term	Current term	Change
Cash flow due to operating activities	9,428	28,165	18,737
Cash flow due to investment activities	-1,357	-2,926	-1,568
Cash flow due to financial activities	-7,586	-10,724	-3,138
Conversion difference	-25	180	205
Change in cash and cash equivalents	458	14,695	14,236
Balance of cash and cash equivalents at the start of BY	31,574	32,033	458
Balance of cash and cash equivalents at the end of BY	32,033	46,728	14,695
Balance of loans at the end of BY	27,321	27,484	162

(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 soaring raw material and energy costs against the backdrop of the world situation including the Russian invasion of Ukraine.

In such circumstances, we apprehend the period subject to the company group's Medium-Term Management Plan (BY2021 ~ BY2023) 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 2023, we expect net sales of 830,000 million yen, operating profit of 27,360 million yen, ordinary profit of 27,500 million yen and profit attributable to owners of parent of 18,600 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 30 yen per share as the term-end dividend for the current term. By doing so, we plan to pay an annual dividend of 60 yen per share, in combination with the interim dividend of 30 yen per share.

Also, with regard to dividends next term, we are planning to pay an annual dividend of 60 yen per share (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, 2021)	Current consolidated business year (Ended March 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	32,058	46,963
Notes and accounts receivable	246,897	-
Notes receivable	-	23,027
Accounts receivable	-	179,381
Goods and products	32,580	38,478
Work in progress	3,667	3,053
Raw materials and supplies	1,748	2,059
Others	14,653	11,467
Allowance for doubtful accounts	-144	-297
<b>Total current assets</b>	<b>331,461</b>	<b>304,134</b>
Fixed assets		
Property, plant and equipment		
Buildings and structures	24,467	24,875
Accumulated depreciation	-15,631	-16,186
<b>Buildings and structures (net)</b>	<b>8,835</b>	<b>8,688</b>
Machinery, equipment and vehicles	44,586	45,542
Accumulated depreciation	-34,437	-35,786
<b>Machinery, equipment and vehicles (net)</b>	<b>10,149</b>	<b>9,756</b>
Land	18,360	18,385
Construction in progress	207	40
Others	6,547	6,692
Accumulated depreciation	-4,928	-5,291
<b>Others (net)</b>	<b>1,619</b>	<b>1,401</b>
<b>Total property, plant and equipment</b>	<b>39,172</b>	<b>38,272</b>
Intangible fixed assets		
Goodwill	6	-
Others	2,689	2,462
<b>Total intangible fixed assets</b>	<b>2,696</b>	<b>2,462</b>
Investments and other assets		
Investment securities	6,606	6,314
Retirement benefit assets	483	496
Bankruptcy rehabilitation claims, etc.	129	126
Deferred tax assets	736	2,048
Others	2,599	2,473
Allowance for doubtful accounts	-129	-126
<b>Total investments and other assets</b>	<b>10,426</b>	<b>11,333</b>
<b>Total fixed assets</b>	<b>52,295</b>	<b>52,068</b>
<b>Total assets</b>	<b>383,757</b>	<b>356,203</b>



(Unit: million yen)

	Previous consolidated business year (Ended March 31, 2021)	Current consolidated business year (March 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes payable and accounts payable	188,483	161,859
Short-term loans payable	15,255	12,589
Accrued corporate tax, etc.	6,170	727
Allowance for bonuses	3,218	2,476
Allowance for executive bonuses	276	185
Allowance for product warranties	106	138
Others	17,007	13,587
Total current liabilities	230,519	191,564
Non-current liabilities		
Long-term loans payable	12,065	14,895
Deferred tax liabilities	120	2,691
Retirement benefit liabilities	7,509	6,677
Deposits received	2,745	2,898
Others	1,474	1,302
Total fixed liabilities	23,916	28,465
Total liabilities	254,435	220,030
<b>Net assets</b>		
Shareholders' equity		
Capital	21,696	21,696
Capital surplus	7,863	7,937
Retained earnings	97,816	106,053
Treasury stock	-123	-2,123
Total shareholders' equity	127,253	133,564
Accumulated other comprehensive income		
Other valuation difference on securities	1,837	1,499
Deferred hedge gain or loss	255	325
Exchange translation adjustment account	-1,322	-748
Accumulated adjustments related to retirement benefits	262	615
Total accumulated other comprehensive income	1,033	1,691
Non-controlling interests	1,035	917
Total net assets	129,322	136,173
Total liabilities and net assets	383,757	356,203

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

(Unit: million yen)

	Previous consolidated business year (From April 1, 2020 to March 31, 2021)	Current consolidated business year (From April 1, 2021 to March 31, 2022)
Net sales	1,043,534	763,838
Cost of sales	961,683	699,697
Gross profit	81,851	64,141
Selling, general and administrative expenses	46,823	40,081
Operating profit	35,028	24,059
Non-operating income		
Interest income	22	26
Dividend income	142	170
Sales support funding	716	667
Employment subsidies	239	126
Investment gain on equity method	13	22
Others	330	177
Total non-operating income	1,464	1,190
Non-operating expenses		
Interest paid	277	164
Finance charge	81	101
Foreign exchange loss	17	80
Others	334	349
Total non-operating expenses	710	695
Ordinary profit	35,781	24,554
Extraordinary profit		
Gain on sale of fixed assets	754	62
Gain on sale of investment securities	50	414
Compensation received	663	-
Others	-	50
Total extraordinary profit	1,468	527
Extraordinary loss		
Loss on sale of fixed assets	34	141
Impairment loss	681	2
Others	280	20
Total extraordinary loss	996	163
Net income before income taxes, etc.	36,253	24,917
Corporate tax, inhabitant tax and business tax	11,354	6,714
Corporate tax adjustment amount	-973	1,201
Total corporate tax, etc.	10,381	7,915
Net profit	25,872	17,001
Profit attributable to non-controlling interests	157	13
Profit attributable to owners of parent	25,715	16,988

(Consolidated statement of comprehensive income)

(Unit: million yen)

	Previous consolidated business year (From April 1, 2020 to March 31, 2021)	Current consolidated business year (From April 1, 2021 to March 31, 2022)
Net profit	25,872	17,001
Other comprehensive income		
Other valuation difference on securities	870	-346
Deferred hedge gain or loss	238	69
Exchange translation adjustment account	-127	553
Adjustments related to retirement benefits	875	354
Share of other comprehensive income of entities accounted for using equity method	-57	74
Total other comprehensive income	1,799	706
Comprehensive income	27,672	17,707
(Breakdown)		
Comprehensive income attributable to owners of parent	27,521	17,646
Comprehensive income attributable to non- controlling interests	150	61

## (3) Statement of changes in consolidated shareholders' equity, etc.

Previous 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

Current consolidated business year (from April 1, 2021 to March 31, 2022)

(Unit: million yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the start ofBY	21,696	7,863	97,816	-123	127,253
Cumulative impact due to change in accounting policy			-129		-129
Balance at the start ofBY reflecting change in accounting policy	21,696	7,863	97,686	-123	127,123
Change during term					
Change in equity due to acquisition of shares of consolidated subsidiaries		74			74
Dividend of surplus			-8,621		-8,621
Profit attributable to owners of parent			16,988		16,988
Acquisition of treasury stock				-2,000	-2,000
Change during term of items other than shareholders' equity (net)					
Total change during term	-	74	8,366	-2,000	6,440
Balance at the end ofBY	21,696	7,937	106,053	-2,123	133,564

	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 ofBY	1,837	255	-1,322	262	1,033	1,035	129,322
Cumulative impact due to change in accounting policy							-129
Balance at the start ofBY reflecting change in accounting policy	1,837	255	-1,322	262	1,033	1,035	129,192
Change during term							
Change in equity due to acquisition of shares of consolidated subsidiaries							74
Dividend of surplus							-8,621
Profit attributable to owners of parent							16,988
Acquisition of treasury stock							-2,000
Change during term of items other than shareholders' equity (net)	-338	69	573	353	658	-118	540
Total change during term	-338	69	573	353	658	-118	6,981
Balance at the end ofBY	1,499	325	-748	615	1,691	917	136,173

## (4) Statement of consolidated cash flows

(Unit: million yen)

	Previous consolidated business year (From April 1, 2020 to March 31, 2021)	Current consolidated business year (From April 1, 2021 to March 31, 2022)
<b>Cash flow due to operating activities</b>		
Net income before income taxes, etc.	36,253	24,917
Depreciation expenses	3,405	3,491
Gain or loss on sale of property, plant and equipment (- indicates gain)	-754	-62
Gain or loss on sale or disposal of property, plant and equipment (- indicates gain)	34	141
Impairment loss	681	2
Amortization of goodwill	380	6
Profit or loss on sale of investment securities (- indicates profit)	-40	-414
Compensation received	-663	-
Change in allowance for doubtful accounts (- indicates decrease)	-49	150
Change in allowance for bonuses (- indicates decrease)	-60	-742
Change in allowance for executive bonuses (- indicates decrease)	131	-91
Change in allowance for product warranties (- indicates decrease)	-15	32
Change in retirement benefit liabilities (- indicates decrease)	523	-354
Change in retirement benefit assets (- indicates increase)	-165	-12
Interest income and dividend income	-164	-196
Interest paid	277	164
Change in accounts receivable (- indicates increase)	-48,677	44,127
Change in inventory assets (- indicates increase)	494	-3,728
Change in accounts payable (- indicates decrease)	30,511	-26,824
Change in accrued consumption taxes, etc. (- indicates decrease)	305	-3,301
Change in other current assets (- indicates increase)	-4,470	4,828
Change in other current liabilities (- indicates decrease)	456	-1,637
Change in other fixed liabilities (- indicates decrease)	101	153
Equity method investment gain or loss (- indicates gain)	-13	-22
Others	279	211
<b>Sub-total</b>	<b>18,758</b>	<b>40,838</b>
Interest and dividends received	183	178
Interest paid	-278	-165
Compensation received	554	-
Corporate tax, etc., paid	-9,789	-12,685
<b>Cash flow due to operating activities</b>	<b>9,428</b>	<b>28,165</b>
<b>Cash flow due to investment activities</b>		
Expenditure due to depositing of fixed-term deposits	-	-210
Expenditures due to the acquisition of property, plant and equipment	-2,757	-2,715
Revenue due to the sale of property, plant and equipment	1,656	114
Expenditures due to the acquisition of intangible fixed assets	-365	-411
Expenditures due to the acquisition of investment securities	-18	-228
Revenue due to the sale of investment securities	97	617
Others	29	-92
<b>Cash flow due to investment activities</b>	<b>-1,357</b>	<b>-2,926</b>

(Unit: million yen)

	Previous consolidated business year (From April 1, 2020 to March 31, 2021)	Current consolidated business year (From April 1, 2021 to March 31, 2022)
<b>Cash flow due to financial activities</b>		
Net change in short-term loans payable (- indicates decrease)	-2,517	911
Revenue due to long-term loans payable	2,300	6,500
Expenditures due to repayments of long-term loans payable	-4,059	-7,312
Dividends paid	-3,072	-8,593
Dividends paid to non-controlling interests	-8	-8
Change in treasury stock (- indicates increase)	-6	-2,000
Others	-222	-221
<b>Cash flow due to financial activities</b>	<b>-7,586</b>	<b>-10,724</b>
Translation adjustments related to cash and cash equivalents	-25	180
<b>Change in cash and cash equivalents (- indicates decrease)</b>	<b>458</b>	<b>14,695</b>
Balance of cash and cash equivalents at the start of BY	31,574	32,033
Balance of cash and cash equivalents at the end of BY	32,033	46,728

(5) Notes on the consolidated financial statements

(Notes on the going concern assumption)

Not applicable

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

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

(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 current consolidated business year, 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 current consolidated business year by the cumulative impact amount when applying the new accounting policy retrospectively from before the start 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 consolidated business year decreased by 64,867 million yen and the cost of sales decreased by 61,835 million yen. The impact on operating profit, ordinary profit and 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 receivable" and "Accounts receivable" from 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 the current consolidated business year, 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 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 consolidated business year.



(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.

## 3. Information on the amounts of net sales, profit or loss, assets and other items for each reporting segment

Previous 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

(Notes) 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 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.

Current consolidated business year (from April 1, 2021 to March 31, 2022)

(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	691,281	58,289	11,610	761,181	2,657	763,838	-	763,838
Internal sales or transfers between segments	233	202	-	435	942	1,378	-1,378	-
Total	691,515	58,491	11,610	761,617	3,600	765,217	-1,378	763,838
Segment profit	21,651	1,617	656	23,924	130	24,054	4	24,059
Segment assets	259,616	58,007	13,335	330,959	2,232	333,192	23,011	356,203
Other items								
Depreciation expenses	1,154	1,802	518	3,475	16	3,491	-	3,491
Impairment loss	-	2	-	2	-	2	-	2
Investment in companies accounted for using the equity method	-	688	-	688	-	688	-	688
Change in property, plant and equipment and intangible fixed assets	445	1,474	263	2,183	4	2,187	-	2,187

- (Notes) 1. The "Others" classification is a segment for business not included in the reporting segments and includes insurance agency business, engineering business, etc.
2. The adjustment of segment profit is mainly for the deletion of transactions between segments.
3. Segment profit is adjusted with the operating profit of the consolidated profit statement.
4. The amount of adjustment of segment assets is 23,011 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.

4. 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 current consolidated business year, 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 consolidated business year have decreased 64,867 million yen compared to the previous method. It should be noted that the impact on segment profit is minor.

b. Related information

Previous 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.

Current consolidated business year (from April 1, 2021 to March 31, 2022)

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 losses for fixed assets by each reporting segment

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

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

Current consolidated business year (from April 1, 2021 to March 31, 2022)

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, 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

Current consolidated business year (from April 1, 2021 to March 31, 2022)

(Unit: million yen)

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

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

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

Not applicable

Current consolidated business year (from April 1, 2021 to March 31, 2022)

Not applicable

(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).

(Per share information)

	Previous consolidated business year (From April 1, 2020 to March 31, 2021)	Current consolidated business year (From April 1, 2021 to March 31, 2022)
Net assets per share	1,334 yen 35 sen	1,422 yen 20 sen
Net earnings per share	267 yen 47 sen	178 yen 14 sen

(Notes) 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, 2020 to March 31, 2021)	Current consolidated business year (From April 1, 2021 to March 31, 2022)
Net earnings per share		
Profit attributable to owners of parent (million yen)	25,715	16,988
Amount not attributable to ordinary shareholders (million yen)	-	-
Profit attributable to owners of parent related to ordinary shares (million yen)	25,715	16,988
Average number of ordinary shares during the BY (thousand shares)	96,143	95,367

(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 12, 2022.

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 2,400,000 shares (upper limit)  
(Ratio of 2.52% of the total number of outstanding shares (excluding treasury stock))
- (3) Total stock acquisition cost 3,000 million yen (upper limit)
- (4) Acquisition period May 13, 2022 to October 31, 2022
- (5) Method of acquisition Market purchases on the Tokyo Stock Exchange

#### 4. Others

Transfers of officers(As of June 29, 2022)

- (1) Candidates for Director  
Director Tsukasa Igari (currently Deputy Manager of Management Strategy and Manager of Management Strategy Office)
  
- (2) Brief personal records of the candidate for new Director  
Tsukasa Igari  
(Born January 22, 1964)
 

November 1994	Joined Daiwabo Information System Co., Ltd.
April 2006	General Manager of East Japan Sales Department at same company
April 2009	General Manager of Sales Promotion Department and General Manager of Marketing Department at same company
April 2012	General Manager of Sales Planning Department at same company
May 2015	General Manager, Logistics & Business Promotion Department, DIS Service & Support Co., Ltd. (currently DIS Service & Solution Co., Ltd.)
April 2020	Chief Financial Officer at Daiwabo Holdings Co., Ltd.
October 2020	General Manager of Investor Relations and Public Relations Office at same company
June 2021	Deputy Manager of Management Strategy and General Manager of Investor Relations and Public Relations Office at same company
April 2022	General Manager of Corporate Strategy Dept. at same company (current position)
  
- (3) Director scheduled to retire  
Toshihiro Tatsumi (current Managing Director)

\* The changes in officers were disclosed in “Changes in officers, organizational revision and personnel changes” dated March 24, 2022.

Supplementary material for the settlement of accounts for business year 2021

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

	Consolidated		
	BY2019	BY2020	BY2021
Capital investment	3,898	3,667	2,187
Depreciation	3,112	3,405	3,491

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

	Consolidated		
	BY2019	BY2020	BY2021
Loans payable	31,635	27,321	27,484

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

	BY2019	BY2020	BY2021
Consolidated	1,001	853	883

## 4. Consolidated employees (Unit: people)

	BY2019	BY2020	BY2021
Consolidated	5,654	5,683	5,671
(overseas)	(1,593)	(1,555)	(1,660)
Non-consolidated	26	28	28

(Note) Including temporary employees, excluding seconded employees.

## 5. Business forecast for BY2022 (Unit: million yen)

	Consolidated					
	Net sales			Operating profit		
	First half	Second half	Full-term	First half	Second half	Full-term
IT Infrastructure Distribution Business	340,850	413,970	754,820	9,420	14,280	23,700
Fiber Business	30,280	31,780	62,060	1,200	1,560	2,760
Industrial Machinery Business	6,030	6,450	12,480	415	475	890
Others	140	500	640	5	5	10
Total	377,300	452,700	830,000	11,040	16,320	27,360

## 6. Capital investment and depreciation forecast for BY2022 (Unit: million yen)

	Consolidated		
	First half	Second half	Full-term
Capital investment	1,776	1,328	3,105
Depreciation	1,779	1,911	3,689