



Brief of Consolidated Settlement of Accounts (Based on Japanese standards) for Fiscal Year 2023 Ended in March 2024

May 9, 2024

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, President and Chief Executive Officer (Name) Yukihiro NISHIMURA
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Planned date of the Ordinary General Meeting of Shareholders: June 27, 2024
 Planned Payment startup Date of Dividends: June 28, 2024
 Planned Submission Date of the quarterly report: June 27, 2024
 Support Documentation to be made available : Yes
 Explanatory Meeting to be held : Yes

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

1. Consolidated performance for the fiscal year 2023 (April 1, 2023 - March 31, 2024)

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

	Net sales		Operating income		Ordinary income		Profit(Loss) attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 2024	967,760	7.1	30,963	10.8	31,431	9.9	4,283	(77.5)
Fiscal year ended March 2023	903,918	18.3	27,944	16.1	28,608	16.5	19,059	12.2

(Note) Comprehensive income Fiscal year ended March 2024 7,410 million yen [(55.1%)]
 Fiscal year ended March 2023 16,491 million yen [(6.9%)]

	Net earnings per share	Earnings per share (Diluted)	Return on equity	Return on assets	Operating income margin
	yen	yen	%	%	%
Fiscal year ended March 2024	45.82	-	3.0	7.7	3.2
Fiscal year ended March 2023	202.79	-	13.7	7.5	3.1

(Reference) Equity method investment profit/loss Fiscal year ended March 2024 43 million yen Fiscal year ended March 2023 96 million yen

(2) Consolidated financial status

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal year ended March 2024	405,256	142,133	35.0	1,518.56
Fiscal year ended March 2023	406,688	143,961	35.2	1,529.95

(Reference) Equity capital Fiscal year ended March 2024 141,933 million yen Fiscal year ended March 2023 142,994 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents at end of fiscal year
	million yen	million yen	million yen	million yen
Fiscal year ended March 2024	24,544	(4,946)	(2,856)	69,172
Fiscal year ended March 2023	16,958	(1,628)	(10,335)	51,923

2. Dividend status

	Annual dividend					Total 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 FY	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended March 2023	-	30.00	-	32.00	62.00	5,801	30.6	4.2
Fiscal year ended March 2024	-	32.00	-	32.00	64.00	5,989	139.7	4.2
Fiscal year ending March 2025 (forecast)	-	35.00	-	35.00	70.00		30.0	

3. Estimated consolidated performance for the fiscal year 2024 (April 1, 2024 - March 31, 2025)

(% indicates the rate of change as compared to the full year or corresponding quarter of the preceding year.)

	Net sales		Operating income		Ordinary income		Profit(Loss) attributable to owners of parent		Net earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
2nd quarter (cumulative)	450,500	1.0	13,020	1.8	13,220	2.2	9,100	6.7	97.36
Full year	975,000	0.7	31,100	0.4	31,500	0.2	21,800	409.0	233.24

* Note

(1) Important subsidiary movement during this accounting term (Change in scope of consolidation) : Yes

New: - company (company name) , Excluded: 1 company (company name) Daiwabo Co., Ltd.

(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 stocks issued (common stock)

(1) Number of stocks issued at the end of FY (including treasury stock)	Fiscal year ended March 2024	96,356,460 shares	Fiscal year ended March 2023	96,356,460 shares
(2) Number of treasury stock at the end of FY	Fiscal year ended March 2024	2,890,097 shares	Fiscal year ended March 2023	2,892,570 shares
(3) Average number of shares during the period	Fiscal year ended March 2024	93,465,738 shares	Fiscal year ended March 2023	93,990,123 shares

(Reference) Summary of non-consolidated performance

Non-consolidated performance for the fiscal year 2023 (April 1, 2023 - March 31, 2024)

(1) Non-consolidated operating results

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

	Operating revenue		Operating income		Ordinary income		Net profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 2024	13,063	10.4	11,713	10.5	11,640	10.1	(3,795)	-
Fiscal year ended March 2023	11,835	(25.0)	10,604	(27.7)	10,568	(27.6)	9,998	(45.5)

	Net earnings per share	Earnings per share (Diluted)
	yen	yen
Fiscal year ended March 2024	(40.61)	-
Fiscal year ended March 2023	106.37	-

(2) Non-consolidated financial status

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal year ended March 2024	120,024	69,832	58.2	747.14
Fiscal year ended March 2023	113,156	78,501	69.4	839.91

(Reference) Equity capital Fiscal year ended March 2024 69,832 million yen Fiscal year ended March 2023 78,501 million yen

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

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

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. Overview of operating results, etc. (4) Future outlook" on page 3 of the attached materials.

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1. Overview of operating results, etc.

(1) Overview of operating results for the term

During the consolidated fiscal year under review, a moderate economic recovery was apparent in the Japanese economy, including the improvement of corporate profits and consumer spending remaining steady, while COVID-19 transitioned to a Class 5 disease and socioeconomic activities have normalized. On the other hand, the uncertain outlook continues with regard to the growing instability of the global situation, high prices for resources and energy, price increases due to yen depreciation, etc.

In such circumstances, we apprehend the period subject to the company group's Medium-Term Management Plan (FY2021 - FY2023) as "A turning point anticipating ongoing 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 worked on the improvement of corporate value based on our growth strategy aimed at the next era and the implementation of social contributions through business.

In addition, we transferred 85.0% of the outstanding shares of Daiwabo Co., Ltd., to Aspirant Group SPC 11, Inc., in March 2024 to realize the independence of the fiber business, from the viewpoint of maximizing the corporate value of the company and Daiwabo. In association with this, the fiber business was excluded from the scope of consolidation as of the end of the consolidated fiscal year. Results for the full consolidated fiscal year saw net sales of 967,760 million yen (up 7.1% compared to the previous fiscal year), operating income of 30,963 million yen (up 10.8% compared to the previous fiscal year) and ordinary income of 31,431 million yen (up 9.9% compared to the previous fiscal year). In addition, we recorded a gain on sales of investment securities of 60 million yen as extraordinary income, and a loss on sales and retirement of noncurrent assets of 113 million yen as extraordinary losses, as well as impairment losses of 16,723 million yen and business transfer losses of 1,039 million yen associated with the Daiwabo Co., Ltd., share transfer, etc., and other extraordinary losses of 25 million yen. Net income attributable to owners of the parent amounted to 4,283 million yen (down 77.5% compared to the previous fiscal year).

Segment results were as follows.

(IT Infrastructure Distribution Business)

Opportunities for face-to-face visits increased at sales bases nationwide, and due to smooth communication, many business negotiations occurred in relation to IT investment against the backdrop of strong corporate results. In addition, consultation regarding the end of support for Windows 10 planned for October 2025 and the replacement of GIGA school terminals, which will gradually become more active from the fiscal year ending March 2025, is also increasing. PC unit sales increased after showing higher demand in the fourth quarter, which resulted in higher net sales than in the same period of the previous year in combination with higher unit prices. At the same time, the company promoted value-added and combination proposals with peripheral equipment, services and support centered on PCs, tablets and other devices, thereby capturing demand. Sales to companies and government agencies exceeded those of the previous year, due to receiving stable orders for medium to large-scale IT investment projects in particular. We expanded cloud services through iKAZUCHI and strengthened proposal activities so net sales also expanded steadily in subscription business, a key measure.

As a result of the above, net sales of this business were 894,693 million yen (up 7.9% compared to the previous fiscal year) and operating income was 28,244 million yen (up 11.2% compared to the previous fiscal year).

(Fiber Business)

In the Synthetic Fibers and Rayon Divisions, sales volumes of non-woven fabric products such as face masks and antiperspirant sheets increased, supported by firm demand, but we struggled in terms of profits due to inventory adjustments in raw cotton for sanitary materials, sluggish demand related to US housing market conditions, and high raw material and fuel prices. In the Industrial Material Division, although construction sheets and belt-related products remained solid and revenue from rubber sponges improved, cartridge filters, demand for which has been slow to recover, were sluggish. In Clothing Products Division, profit grew compared to the previous year partly because some products for apparel customers in Japan remained firm, and revenue improved due to the implementation of price pass-through, although demand in exports for the U.S. was sluggish. The Fiber Business as a whole experienced high raw material and fuel prices and poor sales of core products, leading to results that deviated significantly from initial performance forecasts, especially in terms of profit.

Although we transferred 85.0% of Daiwabo Co., Ltd.'s shares in March 2024, the figures reflect the 12-month period. As a result of the above, net sales of this business were 59,210 million yen (down 4.5% compared to the previous fiscal year) and operating income was 1,580 million yen (up 5.4% compared to the previous fiscal year).

(Industrial Machinery Business)

In the Machine Tools Division, a recovery in demand was apparent in the energy industry, where there is demand for wind power generation and high-efficiency turbines, and also for small engines for the aircraft industry, which had been sluggish due to the COVID-19 pandemic. On the other hand, in the Chinese market, which was booming, demand decreased in the wind power generation industry as it entered an inventory adjustment phase. The Automatic Machinery Division was affected by soaring procurement costs.

As a result of the above, net sales of this business were 13,213 million yen (up 8.6% compared to the previous fiscal year) and operating income was 1,032 million yen (up 16.4% compared to the previous fiscal year).

(2) Overview of the financial situation during the fiscal year

Assets amounted to 405,256 million yen, down 1,431 million yen from the end of the previous fiscal year, due to a decrease in non-current assets resulting from the exclusion of Fiber Business from the scope of consolidation, etc., despite an increase in accounts receivable, while liabilities amounted to 263,123 million yen, up 396 million yen, due to an increase in notes and accounts payable, etc. Net assets amounted to 142,133 million yen, down 1,828 million yen from the end of the previous fiscal year, due to a decrease in retained earnings resulting from the exclusion of Fiber Business from the scope of consolidation, etc.

(3) Overview of cash flows for the fiscal year

Cash flows from operating activities amounted to 24,544 million yen (up 7,585 million yen compared to the previous fiscal year) due to increasing factors such as an increase in trade payables and a decrease in inventories, despite decreasing factors such as an increase in trade receivables, against profit (loss) before income taxes of 13,590 million yen.

Cash flows from investing activities amounted to payments of 4,946 million yen (increase in payments of 3,318 million yen compared to the previous fiscal year), due to decreasing factors such as payments for sale of shares of subsidiaries resulting in change in scope of consolidation.

Cash flows from financing activities amounted to payments of 2,856 million yen (decrease in payments of 7,478 million yen compared to the previous fiscal year) due to decreasing factors such as the payment of dividends.

As a result of the above, cash and cash equivalents at the end of the fiscal year under review increased 17,248 million yen compared to the end of the previous fiscal year to 69,172 million yen, and the balance of borrowings at the end of the fiscal year under review decreased 5,199 million yen to 20,900 million yen compared to the end of the previous fiscal year.

(Unit: million yen)

	Previous fiscal year	Current fiscal year	Change
Cash flows from operating activities	16,958	24,544	7,585
Cash flows from investing activities	(1,628)	(4,946)	(3,318)
Cash flows from financing activities	(10,335)	(2,856)	7,478
Translation difference	200	507	307
Change in cash and cash equivalents	5,195	17,248	12,053
Cash and cash equivalents at the beginning of FY	46,728	51,923	5,195
Cash and cash equivalents at the end of FY	51,923	69,172	17,248
Borrowings at the end of FY	26,099	20,900	(5,199)

(4) Future outlook

Although economic recovery is expected to continue, the future economic outlook is expected to remain uncertain for the time being, with concerns over prolongation of the soaring costs of raw materials and energy, and the impacts due to yen depreciation.

Under such circumstances, we apprehend the period subject to the company group's Medium-Term Management Plan (FY2024 - FY2026) as a "Breakthrough period due to business portfolio transformation," and raise "Growth under a holding company structure," "Challenging to achieve record-high results" and "improvement of stakeholder engagement" as the group's basic policies. We will work so as to accelerate the speed of growth gradually to 2030 through management that pursues business portfolio transformation. With regard to the fiscal year ending March 31, 2025, we forecast net sales of 975,000 million yen, operating income of 31,100 million yen, ordinary income of 31,500 million yen, and profit attributable to owners of parent of 21,800 million yen.

(5) Basic policy on profit distribution and dividends for the current and next fiscal years

The company positions the payment of dividends as an important management issue, and makes its basic policy to make continuous stable returns of profits, taking into consideration our financial situation and earnings trend.

With regard to dividends, we will enhance opportunities to return profits to shareholders by paying dividends of surplus twice a year with an interim dividend and a year-end dividend. We will use retained earnings from profits in investment for future growth in new areas where market expansion is expected, in addition to investments for the sustainable growth of existing business. In addition, we consider the purchase of treasury shares one of the measures to return profits to shareholders, and will consider the flexible implementation of such purchases in accordance with the market environment.

Based on the above policy, we are planning to pay a year-end dividend of 32 yen per share for the current fiscal year. By doing so, we are planning an annual dividend of 64 yen per share in combination with the interim dividend of 32 yen per share.

Next fiscal year, we are planning to pay an annual dividend of 70 yen per share (interim and year-end dividends of 35 yen per share each).

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

Since many of the company group's stakeholders are domestic shareholders, creditors, business partners, etc., and we have little need to procure funds from overseas, we apply Japanese accounting standards.

3. Consolidated financial statements and significant notes

(1) Consolidated balance sheet

(Unit: Rounded down at the nearest million yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Assets		
Current assets		
Cash and deposits	52,123	69,372
Notes receivable	3,718	3,251
Accounts receivable	212,956	233,054
Electronically recorded monetary claims	23,181	20,740
Goods and products	39,273	33,413
Work in process	3,725	2,804
Raw materials and supplies	2,049	233
Others	17,322	14,411
Allowance for doubtful accounts	(163)	(36)
Total current assets	354,188	377,245
Fixed assets		
Property, plant and equipment		
Buildings and structures	24,484	8,679
Accumulated depreciation	(16,023)	(5,468)
Buildings and structures, net	8,460	3,211
Machinery, equipment and vehicles	46,202	6,468
Accumulated depreciation	(37,276)	(4,897)
Machinery, equipment and vehicles, net	8,926	1,571
Land	18,029	4,253
Construction in progress	312	440
Others	5,653	3,571
Accumulated depreciation	(4,254)	(2,810)
Others (net)	1,398	761
Total property, plant and equipment	37,127	10,238
Intangible fixed assets		
Goodwill	-	1,351
Customer-related intangible assets	-	1,044
Others	2,081	1,295
Total intangible fixed assets	2,081	3,691
Investments and other assets		
Investment securities	6,488	9,289
Retirement benefit asset	527	-
Distressed receivables	57	52
Deferred tax assets	3,655	2,434
Others	2,620	2,356
Allowance for doubtful accounts	(57)	(52)
Total investments and other assets	13,291	14,081
Total fixed assets	52,500	28,011
Total assets	406,688	405,256

(Unit: Rounded down at the nearest million yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Liabilities		
Current liabilities		
Notes payable and accounts payable	192,594	206,212
Short-term loans payable	12,869	8,400
Accrued corporate tax, etc.	6,077	4,438
Allowance for bonuses	2,879	2,236
Provision for bonuses for directors (and other officers)	246	189
Provision for product warranties	195	120
Others	17,020	18,145
Total current liabilities	231,884	239,742
Non-current liabilities		
Long-term loans payable	13,230	12,500
Deferred tax liabilities	2,665	1,604
Provision for share awards for directors	75	119
Retirement benefit liabilities	10,764	5,310
Guarantee deposits received	2,999	2,967
Others	1,107	879
Total fixed liabilities	30,842	23,380
Total liabilities	262,726	263,123
Net assets		
Shareholders' equity		
Share capital	21,696	21,696
Capital surplus	7,951	7,954
Retained earnings	119,449	115,226
Treasury shares	(5,137)	(5,133)
Total shareholders' equity	143,959	139,744
Accumulated other comprehensive income		
Other valuation difference on securities	1,559	3,038
Deferred gains and losses on hedges	(201)	52
Foreign currency translation adjustment	(208)	260
Accumulated adjustments related to retirement benefits	(2,114)	(1,161)
Total accumulated other comprehensive income(loss)	(965)	2,189
Non-controlling interests	966	199
Total net assets	143,961	142,133
Total liabilities and net assets	406,688	405,256

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

(Unit: Rounded down at the nearest million yen)

	Previous consolidated fiscal year (From April 1, 2022, to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023, to March 31, 2024)
Net sales	903,918	967,760
Cost of sales	833,395	889,550
Gross profit	70,523	78,209
Selling, general and administrative expenses	42,579	47,246
Operating income	27,944	30,963
Non-operating income		
Interest income	30	17
Dividend income	197	201
Sales support funding	568	685
Investment gain on equity method	96	43
Others	569	339
Total non-operating income	1,462	1,288
Non-operating expenses		
Interest expenses	158	177
Loss on tax purpose reduction entry of non-current assets	211	103
Finance processing fees	38	21
Others	389	518
Total non-operating expenses	798	820
Ordinary income	28,608	31,431
Extraordinary income		
Gain on sale of fixed assets	26	-
Gain on sale of investment securities	25	60
Gain on sale of shares of subsidiaries and associates	6	-
Total extraordinary income	58	60
Extraordinary losses		
Loss on sale and retirement of non-current assets	194	113
Loss on sale of business	-	1,039
Impairment losses	191	16,723
Finished goods warranty expenses	89	-
Others	-	25
Total extraordinary losses	475	17,901
Net income before income taxes, etc.	28,191	13,590
Corporate income taxes-current	9,304	8,695
Corporate income taxes-deferred	(214)	560
Total corporate income taxes	9,089	9,255
Net profit	19,101	4,334
Profit attributable to non-controlling interests	42	51
Profit(Loss) attributable to owners of parent	19,059	4,283

(Consolidated statement of comprehensive income)

(Unit: Rounded down at the nearest million yen)

	Previous consolidated fiscal year (From April 1, 2022, to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023, to March 31, 2024)
Net profit	19,101	4,334
Other comprehensive income		
Other valuation difference on securities	59	1,460
Deferred gains or losses on hedges	(527)	254
Foreign currency translation adjustment account	550	346
Adjustments related to retirement benefits	(2,728)	947
Share of other comprehensive income of entities accounted for using equity method	36	67
Total other comprehensive income(loss)	(2,610)	3,076
Comprehensive income	16,491	7,410
(Breakdown)		
Comprehensive income(loss) attributable to owners of parent	16,403	7,437
Comprehensive income(loss) attributable to non-controlling interests	88	(26)

(3) Consolidated statement of changes in shareholders' equity
Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)

(Unit: Rounded down at the nearest million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of FY	21,696	7,937	106,053	(2,123)	133,564
Changes during period					
Dividends of surplus			(5,663)		(5,663)
Profit(Loss) attributable to owners of parent			19,059		19,059
Purchase of treasury shares				(3,220)	(3,220)
Disposal of treasury shares		13		206	219
Net changes in items other than shareholders' equity					
Total changes during period	-	13	13,396	(3,013)	10,395
Balance at the end of FY	21,696	7,951	119,449	(5,137)	143,959

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Other valuation difference on securities	Deferred gains and losses on hedges	Foreign currency translation adjustment	Accumulated adjustments related to retirement benefits	Total accumulated other comprehensive income(loss)		
Balance at the beginning of FY	1,499	325	(748)	615	1,691	917	136,173
Changes during period							
Dividends of surplus							(5,663)
Profit(Loss) attributable to owners of parent							19,059
Purchase of treasury shares							(3,220)
Disposal of treasury shares							219
Net changes in items other than shareholders' equity	60	(527)	539	(2,729)	(2,656)	49	(2,607)
Total changes during period	60	(527)	539	(2,729)	(2,656)	49	7,788
Balance at the end of FY	1,559	(201)	(208)	(2,114)	(965)	966	143,961

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

(Unit: Rounded down at the nearest million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of FY	21,696	7,951	119,449	(5,137)	143,959
Changes during period					
Change in scope of consolidation		3	(2,517)		(2,513)
Dividends of surplus			(5,989)		(5,989)
Profit(Loss) attributable to owners of parent			4,283		4,283
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		0		5	5
Net changes in items other than shareholders' equity					
Total changes during period	-	3	(4,223)	4	(4,215)
Balance at the end of FY	21,696	7,954	115,226	(5,133)	139,744

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Other valuation difference on securities	Deferred gains and losses hedges	Foreign currency translation adjustment	Accumulated adjustments related to retirement benefits	Total accumulated other comprehensive income(loss)		
Balance at the beginning of FY	1,559	(201)	(208)	(2,114)	(965)	966	143,961
Changes during period							
Change in scope of consolidation							(2,513)
Dividends of surplus							(5,989)
Profit(Loss) attributable to owners of parent							4,283
Purchase of treasury shares							(1)
Disposal of treasury shares							5
Net changes in items other than shareholders' equity	1,478	254	469	952	3,154	(767)	2,387
Total changes during period	1,478	254	469	952	3,154	(767)	(1,828)
Balance at the end of FY	3,038	52	260	(1,161)	2,189	199	142,133

(4) Consolidated statement of cash flows

(Unit: Rounded down at the nearest million yen)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Net income before income taxes, etc.	28,191	13,590
Depreciation	3,381	3,290
Loss (gain) on sale of property, plant and equipment	(26)	-
Loss (gain) on sale and retirement of property, plant and equipment	194	113
Impairment losses	191	16,723
Loss (gain) on sale of business	-	1,039
Amortization of goodwill	-	150
Loss (gain) on sales of investment securities	(32)	(60)
Increase (decrease) in allowance for doubtful accounts	(202)	(15)
Increase (decrease) in provision for bonuses	409	(139)
Increase (decrease) in provision for bonuses for directors (and other officers)	61	(25)
Increase (decrease) in provision for product warranties	56	(76)
Increase (decrease) in retirement benefit liability	120	(644)
Decrease (increase) in retirement benefit asset	(30)	(29)
Increase (decrease) in provision for share awards for directors (and other officers)	75	43
Interest and dividend income	(227)	(219)
Interest expenses	158	177
Decrease (increase) in trade receivables	(37,109)	(28,084)
Decrease (increase) in inventories	(1,305)	2,225
Increase (decrease) in trade payables	30,566	26,448
Increase (decrease) in accrued consumption taxes	2,803	1,248
Decrease (increase) in other current assets	(5,778)	(2,630)
Increase (decrease) in other current liabilities	1,233	968
Increase (decrease) in other non-current liabilities	22	99
Share of loss (profit) of entities accounted for using equity method	(96)	(43)
Others	(877)	363
Subtotal	21,781	34,511
Interest and dividends received	216	242
Interest expenses paid	(158)	(173)
Income taxes paid	(4,742)	(10,024)
Others	(137)	(11)
Net cash provided by (used in) operating activities	16,958	24,544
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,653)	(2,018)
Proceeds from sales of property, plant and equipment	108	300
Purchase of intangible assets	(368)	(708)
Purchase of investment securities	(19)	(519)
Proceeds from sale of investment securities	35	89
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	2,003
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-	(4,099)
Others	268	5
Net cash provided by (used in) investing activities	(1,628)	(4,946)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(740)	(1,035)
Proceeds from long-term borrowings	4,800	10,820
Repayments of long-term borrowings	(5,534)	(6,474)
Dividends paid	(5,649)	(5,971)
Dividends paid to non-controlling interests	(8)	(12)
Decrease (increase) in treasury shares	(3,000)	4
Others	(202)	(187)
Net cash provided by (used in) financing activities	(10,335)	(2,856)
Effect of exchange rate change on cash and cash equivalents	200	507
Net increase (decrease) in cash and cash equivalents	5,195	17,248
Cash and cash equivalents at the beginning of FY	46,728	51,923
Cash and cash equivalents at the end of FY	51,923	69,172

- (5) Notes on the consolidated financial statements
(Notes on the going concern assumption)
Not applicable

(Change in scope of consolidation)

Because the company acquired all shares of Alphatec Solutions Co., Ltd., through Daiwabo Information System Co., Ltd., a consolidated subsidiary of the company, in the first quarter of the consolidated fiscal year, it has included the acquired company in the scope of consolidation.

In addition, because the company transferred 85.0% of the outstanding shares of Daiwabo Co., Ltd., a consolidated subsidiary (specified subsidiary) of the company, on March 27, 2024, the company has excluded Daiwabo Co., Ltd., from the scope of consolidation as of the end of the current consolidated fiscal year. Moreover, KANBO PRAS Corporation, Daiwabo Rayon Co., Ltd., Daiwabo Spintec Co., Ltd., Daiwabo Advance Co., Ltd., Daiwa Engineering Co., Ltd., Daiwabo Lifesupport Co., Ltd., Asahi Kako Co., Ltd., KB Industry Co., Ltd., P.T. Daiwabo Industrial Fabrics Indonesia, Daiwabo Industrial (Suzhou) Co., Ltd., P.T. Daiwabo Sheetec Indonesia, P.T. Daiwabo Garment Indonesia, and P.T. Daiwabo Nonwoven Indonesia, subsidiaries of the company that were included in the scope of consolidation in the fiber business segment, and P.T. Primatexco Indonesia, an affiliate of the company, were excluded from the scope of consolidation.

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

The company transferred 85.0% of the outstanding shares of Daiwabo Co., Ltd., a consolidated subsidiary (specified subsidiary) of the company, on March 27, 2024. As a result, capital surplus increased by 3 million yen and retained earnings decreased by 2,517 million yen in the current consolidated fiscal year.

(Change of method of presentation)

(Consolidated statement of operations)

“Subsidy income” under “Non-operating income,” which was stated independently in the previous consolidated fiscal year, is presented included in “Other” under “Non-operating income” in the current consolidated fiscal year because the amount is low significance. To reflect this method of presentation, the consolidated financial statements for the previous consolidated fiscal year have been reorganized.

As a result, the 333 million yen presented as “Subsidy income” under “Non-operating income” in the consolidated statement of operations for the previous consolidated fiscal year has been reorganized within the 569 million yen for “Other.”

(Segment information, etc.)

a. Segment information

1. Overview of reporting segments

The company's reporting segments are those elements of the company for which separate financial information can be obtained and that are subject to regular consideration by 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 each operating company under the holding company formulates comprehensive domestic and overseas strategies for the products and services that it handles and develops its business activities.

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

IT Infrastructure Distribution Business sells computer equipment and peripherals, etc. Fiber Business manufactures and sells synthetic cotton, nonwoven fabric products, industrial material-related products, fabric, knitted fabrics, and secondary products. Industrial Machinery Business manufactures and sells machinery and casting products for production facilities.

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

The accounting processing methods for the reported business segments state the amounts based on the accounting processing standards adopted for the preparation of the consolidated financial statements.

In addition, the profits of the reporting segments are based on operating profit, and inter-segment sales or transfers are based on market prices.

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

Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)

(Unit: Rounded down at the nearest million yen)

	Reporting segment				Others (Notes)1	Total	Adjustment (Notes)2,4	Amount recorded in consolidated financial statements (Notes)3
	IT Infrastructure Distribution Business	Fiber Business	Industrial Machinery Business	Total				
Net sales								
Net sales to external customers	828,997	61,980	12,170	903,148	770	903,918	-	903,918
Internal sales or transfers between segments	228	16	-	245	452	698	(698)	-
Total	829,226	61,997	12,170	903,394	1,223	904,617	(698)	903,918
Segment income	25,394	1,499	886	27,781	115	27,896	48	27,944
Segment assets	302,910	60,325	14,592	377,828	2,805	380,634	26,054	406,688
Other items								
Depreciation	1,132	1,726	484	3,343	37	3,381	-	3,381
Impairment losses	-	191	-	191	-	191	-	191
Investments in equity method affiliates	-	772	-	772	-	772	-	772
Increase in property, plant and equipment and intangible fixed assets	531	1,018	381	1,931	220	2,151	-	2,151

(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 elimination of internal transactions between segments.

3. Segment income is adjusted with the operating income of the consolidated statement of operations.

4. The adjustment of segment assets is mainly for company-wide assets, including 26,054 million yen in deposits and long-term investment funds (investment securities) of the company.

5. Depreciation includes amortization related to long-term prepaid expenses.

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

(Unit: Rounded down at the nearest million yen)

	Reporting segment				Others (Notes)1	Total	Adjustment (Notes)2,4	Amount recorded in consolidated financial statements (Notes)3
	IT Infrastructure Distribution Business	Fiber Business (Notes)6	Industrial Machinery Business	Total				
Net sales								
Net sales to external customers	894,693	59,210	13,213	967,117	642	967,760	-	967,760
Internal sales or transfers between segments	194	18	-	212	212	425	(425)	-
Total	894,887	59,228	13,213	967,330	855	968,185	(425)	967,760
Segment income	28,244	1,580	1,032	30,857	63	30,920	42	30,963
Segment assets	326,603	-	15,202	341,806	-	341,806	63,450	405,256
Other items								
Depreciation	1,326	1,497	434	3,258	32	3,290	-	3,290
Impairment losses	-	16,723	-	16,723	-	16,723	-	16,723
Investments in equity method affiliates	-	-	-	-	-	-	-	-
Increase in property, plant and equipment and intangible fixed assets	793	705	1,173	2,672	7	2,679	-	2,679

- (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 elimination of internal transactions between segments.
3. Segment income is adjusted with the operating income of the consolidated statement of operations.
4. The adjustment of segment assets is mainly for company-wide assets, including 63,450 million yen in deposits and long-term investment funds (investment securities) of the company.
5. Depreciation includes amortization related to long-term prepaid expenses.
6. Fiber Business has been excluded from the scope of consolidation due to the sale of some of the shares of Daiwabo Co., Ltd., which was a consolidated subsidiary of the company. The amounts for net sales, segment income, and other items (depreciation, impairment losses, and increase in property, plant and equipment, and intangible fixed assets) for this business are for 12 months.

b. Related information

Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)

1. Information by product and service

This information is omitted because the same disclosure has been made in the segment information.

2. Information by region

(1) Net sales

This information is omitted because sales to external customers in Japan exceeds 90% of net sales in the consolidated statement of operations.

(2) Property, plant and equipment

This information is omitted because the amount for property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

This information is not given because there is no single external customer that accounts for 10% or more of net sales.

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

1. Information by product and service

This information is omitted because the same disclosure has been made in the segment information.

2. Information by region

(1) Net sales

This information is omitted because sales to external customers in Japan exceeds 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because the amount for property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

This information is not given because there is no single external customer that accounts for 10% or more of net sales.

c. Information on impairment losses of non-current assets by reporting segment

Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)

This information is omitted because the same disclosure has been made in the segment information.

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

In Fiber Business, we reduced the book value to the recoverable amount, and recorded impairment losses of 16,723 million yen as extraordinary losses in the current consolidated fiscal year. The details of major items are as stated in (5) Notes on the consolidated financial statements (Business Divestiture).

d. Information on the amortization and unamortized balance of goodwill by reporting segment

Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)

Not applicable

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

(Unit: million yen)

	IT Infrastructure Distribution Business	Fiber Business	Industrial Machinery Business	Others	Company-wide / elimination	Total
Amortization for the FY	150	-	-	-	-	150
Balance at the end of FY	1,351	-	-	-	-	1,351

(Note) Goodwill was generated because the company acquired all shares of Alphatec Solutions Co., Ltd., through Daiwabo Information System Co., Ltd., a consolidated subsidiary of the company, in the first quarter of the consolidated fiscal year. "Amortization for the FY" and "Balance at the end of FY" in the above table are due to the acquisition of those shares. The details of major items are as stated in (5) Notes on the consolidated financial statements (Business Combinations, etc.).

e. Information on gain on bargain purchase by reporting segment

Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)

Not applicable

Current consolidated fiscal year (April 1, 2023 to March 31, 2024)

Not applicable

(Business combinations, etc.)

(Business combination based on share acquisition)

The company resolved to acquire all shares of Alphatec Solutions Co., Ltd., through Daiwabo Information System Co., Ltd., a consolidated subsidiary of the company, and to make it a consolidated subsidiary (sub-subsidiary) at a meeting of the Board of Directors held on February 22, 2023, subsequently acquiring all shares of the company on April 1, 2023.

1. Overview of business combination

(1) Name of acquired company and details of its business

Name of acquired company	Alphatec Solutions, Co., Ltd.
Details of business	Provision of IT infrastructure and information-related application services Sales of hardware, software and cloud services related to IT systems

(2) Main reason for the business combination

Alphatec Solutions, Co., Ltd., is engaged in the entire IT lifecycle (planning, design, construction, operation and maintenance) of IT infrastructure and information application systems, and sells associated hardware and software. In addition, it also provides services using advanced technologies such as PCLCM (PC lifecycle management) and hybrid or public cloud-based security to a wide range of customers in healthcare, local government, manufacturing, distribution and finance, and has established a very good reputation.

The IT industry is undergoing a period of major change and looking to the future, we recognize that securing technological capabilities that allow us to respond to changes in the business environment due to technological innovation is an important issue to grow our IT Infrastructure Distribution Business. We will use the technological know-how and resources of Alphatec Solutions, Co., Ltd., to advance the development of services in sales partner support and develop high value-added distribution business.

(3) Date of business combination

April 1, 2023

(4) Legal form of business combination

Acquisition of shares for cash

(5) Name of company after combination

No change

(6) Percentage of voting rights acquired

100.0% (indirect ownership)

(7) Main grounds for deciding on the acquiring company

Due to Daiwabo Information System Co., Ltd., acquiring shares for cash consideration.

2. Period for which the acquired company's results are included in the consolidated statement of income related to the consolidated cumulative period

April 1, 2023 to March 31, 2024

3. Cost of acquisition of the acquired company and breakdown by type of consideration

<u>Consideration for acquisition</u>	Cash and deposits	4,600 million yen
<u>Cost of acquisition</u>		4,600 million yen

4. Description and amount of major acquisition-related expenses

Compensation and processing fees for advisory services, etc. 18 million yen

5. Amount of goodwill generated, cause of generation, amortization method and amortization period

(1) Amount of goodwill generated

Goodwill 1,502 million yen

(2) Cause of generation

Mainly excess earning capacity expected in the future.

(3) Amortization method and period

Goodwill will be amortized by the straight-line method over a period of ten years.

6. Amount allocated to intangible fixed assets other than goodwill and its breakdown and amortization period

(1) Amount allocated to intangible assets and breakdown

Customer-related intangible assets 1,160 million yen

(2) Amortization method and period

Customer-related intangible assets will be amortized by the straight-line method over a period of ten years.

(Business divestiture)

The company resolved to transfer its fiber business to Aspirant Group SPC 11, Inc., at a meeting of the Board of Directors held on November 22, 2023, subsequently transferring the business on March 27, 2024.

Overview of the business divestiture

- (1) Name of the receiving company
Aspirant Group SPC 11, Inc.
- (2) Details of the business divested
The company's fiber business
- (3) Main reason for the business divestiture
The group has been working on measures for the improvement of corporate value under the Medium-Term Management Plan (term ended March 2022 to the term ended March 2024) announced in May 2021 (hereinafter referred to as "Medium-Term Management Plan"). Under such circumstances, the group entered the final business year of the Medium-Term Management Plan, and prior to the formulation of the next Medium-Term Management Plan, summarized and disclosed the key considerations and the consideration system for the group's business portfolio, capital allocation, etc., in May 2023. We considered our business portfolio from the two perspectives of "best owner" and "sustainable value creation, and considered carefully the positioning of Daiwabo, including independence from the group as a strategic option that will contribute most to the improvement of our corporate value. For Daiwabo to achieve further growth, flexible management decision-making will be required, including positive R&D and large-scale capital investment. Because of this, the company advanced considerations while holding discussions with Daiwabo on the pros and cons of the implementation of strategic options within the current group business portfolio. As a result, we judged that the selection of the best owner to replace the company's management resources and decision-making system was required to maximize the business value of Daiwabo in full. And, as a result of process-based discussions with multiple candidates for the transfer, we decided on the Transfer having judged that flexible decision-making as a corporate group independent of our group under the management resources of the Aspirant Group was optimal for Daiwabo to realize independent and sustainable growth with its employees and to create prosperous future life through the provision of value to customers, and that this is also in the best interests of the company and its stakeholders, including its shareholders.
- (4) Date of business divestiture
March 27, 2024
- (5) Other items related to the overview of the transaction including legal form
Business transfer solely for received consideration of cash or other property
- (6) Amount of gain (loss) on transfer
Loss on sale of business 1,039 million yen
(Note) Separate to the loss on sale of business above, we reduced the book value of the fixed assets of the Fiber Business to the recoverable amount in association with the decision on the transfer, and recorded the reduction as impairment losses of 16,695 million yen under extraordinary losses. The recoverable amount was measured based on net realizable value evaluated based on the share transfer agreement, etc.

(Per share information)

	Previous consolidated fiscal year (From April 1, 2022, to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023, to March 31, 2024)
Net assets per share	1,529.95 yen	1,518.56 yen
Net earnings per share	202.79 yen	45.82 yen

- (Notes)
1. Diluted net income per share is not shown because no dilutive shares exist.
 2. In the calculation of “Net assets per share,” the company’s shares held by the BIP trust for remuneration for directors (and other officers) are included in treasury stock, which is deducted from the total number of shares issued and outstanding at the end of the period (116,400 shares in the previous consolidated fiscal year and 113,450 shares in the current consolidated fiscal year).
 3. In the calculation of “Net earnings per share,” the company’s shares held by the BIP trust for remuneration for directors (and other officers) are included in treasury stock, which is deducted in calculation of the average number of shares during the period (116,400 shares in the previous consolidated fiscal year and 113,450 shares in the current consolidated fiscal year).
 4. The basis for the calculation of net earnings per share is as follows.

	Previous consolidated fiscal year (From April 1, 2022, to March 31, 2023)	Current consolidated fiscal year (From April 1, 2023, to March 31, 2024)
Net earnings per share		
Profit attributable to owners of parent (million yen)	19,059	4,283
Amount not attributable to common shareholders (million yen)	-	-
Profit attributable to owners of parent related to common stock (million yen)	19,059	4,283
Average number of shares of common stock during the period (1,000 shares)	93,990	93,465

(Significant subsequent events)

(Acquisition of treasury shares)

The Company resolved on matters related to the acquisition of treasury shares based on the provisions of Article 156 of the Companies Act, read and applied pursuant to Article 165, Paragraph 3 of the Companies Act at a meeting of the Board of Directors held on May 9, 2024.

1. Reason for the purchase of treasury shares
To improve capital efficiency and shareholder value as part of the shareholders return measures in the Medium-Term Management Plan.
2. Details of matters related to the purchase
 - (1) Type of shares to be acquired Common stock of the company
 - (2) Total number of shares that could be acquired 5,000,000 shares (maximum)
(Ratio to total number of shares issued and outstanding (excluding treasury shares) 5.34%)
 - (3) Total cost of acquisition of shares 10,000 million yen (maximum)
 - (4) Acquisition period May 10, 2024 to January 31, 2025
 - (5) Method of acquisition Market purchases on the Tokyo Stock Exchange

4. Others

Changes to officers

- (1) Changes to Directors (effective April 1, 2024)
Tsukasa Igari, Managing Director

- (2) Candidates for new appointment as Directors (as of June 27, 2024)
Managing Director Takao Yamashita (currently Managing Director and General Manager of Procurement & Sales Promotion Division, Daiwabo Information System Co., Ltd.)
Director Misawa Kishinami

* The candidate, Ms. Misawa Kishinami, meets the requirements for Director (outside) as established in Article 2, Item 15 of the Companies Act.

- (3) Brief personal histories of the candidates for new appointment as Directors

Takao Yamashita (Date of birth: September 1, 1968)	March 1990	Joined Daiwabo Information System Co., Ltd.
	October 2010	General Manager of Chu-Shikoku Sales Department
	April 2015	Deputy General Manager of West-Japan Sales Division
	June 2016	Director
	June 2020	Managing Director and General Manager of Metropolitan Sales Division
	April 2021	Managing Director and General Manager of Procurement & Sales Promotion Division (to present)
Misawa Kishinami (Date of birth: November 4, 1972)	April 1995	Joined The Industrial Bank of Japan Limited
	August 2000	Joined Goldman Sachs Securities Co., Ltd.
	December 2012	General Manager of Syndicate Department, Capital Markets Division, Investment Banking Division
	December 2018	Executive Director, Investment Banking Division, UBS Securities Japan Co., Ltd.
	June 2022	Director (outside), Shibaura Electronics Co., Ltd.

- (4) Directors scheduled to retire (as of June 27, 2024)

Mitsushige Yasuda (current Director)
Kenichi Dohi (current Director)

* The candidate, Mr. Kenichi Dohi, is outside director as established in Article 2, Item 15 of the Companies Act.

- (5) Candidate for appointment as substitute Audit & Supervisory Board Member (as of June 27, 2024)

Motohiro Matsuyama

* The candidate, Mr. Motohiro Matsuyama, meets the requirements for Audit & Supervisory Board Member (outside) as established in Article 2, Item 16 of the Companies Act.

- (6) Brief personal history of the candidate for appointment as substitute Audit & Supervisory Board Member

Motohiro Matsuyama (Date of birth: January 8, 1969)	October 1996	Joined Hayashi Mitsuyuki Accounting Office (concurrently with Yamato Audit Corporation)
	November 1999	Joined Mizuho Audit Corporation
	February 2002	Joined Chuo Aoyama Audit Corporation, Osaka Office
	July 2007	Joined Kyoritsu Audit Corporation, Osaka Office
	October 2010	Joined Kasumigaseki Audit Corporation, Osaka Office
	October 2013	Joined Taiyo ASG LLC
	July 2015	Joined SCS Global LLC, Representative Partner
	July 2018	Established Matsuyama Motohiro Accounting Office, certified accountant and tax accountant (to present)
	July 2021	Joined Altkansa LLC
	July 2022	Representative Partner, Altkansa LLC (to present)
	December 2023	Head, Hyogo Branch, Japan Institute of Management and Administration (to present)

* The changes to officers were disclosed in “Notice of Changes to the Company’s Directors and Appointment of a Substitute Corporate Auditor” dated March 28, 2024.

Supplementary materials for the financial results for the fiscal year ended March 2024

1. Capital Investment and depreciation (Unit: Rounded down at the nearest million yen)

	Consolidated		
	FY2021	FY2022	FY2023
Capital investment	2,187	2,151	2,679
Depreciation	3,491	3,381	3,290

2. Interest-bearing liabilities (Unit: Rounded down at the nearest million yen)

	Consolidated		
	FY2021	FY2022	FY2023
Borrowings	27,484	26,099	20,900

3. Research and development expenses (Unit: Rounded down at the nearest million yen)

	FY2021	FY2022	FY2023
Consolidated	883	928	902

4. Number of employees (Unit: people)

	FY2021	FY2022	FY2023
Consolidated	5,671	5,432	2,867
(Inc. overseas)	(1,660)	(1,510)	(14)
Non-consolidated	28	26	31

(Notes) Including temporary employees and excluding seconded employees.

5. Results forecast for the fiscal year ending March 2025 (Unit: Rounded down at the nearest million yen)

	Consolidated					
	Net sales			Operating income		
	1st half	2nd half	Full year	1st half	2nd half	Full year
IT Infrastructure Distribution Business	444,500	518,150	962,650	12,585	17,615	30,200
Industrial Machinery Business	6,000	6,350	12,350	435	465	900
Total	450,500	524,500	975,000	13,020	18,080	31,100

6. Capital investment and depreciation forecast for the fiscal year ending March 2025 (Unit: Rounded down at the nearest million yen)

	Consolidated		
	1st half	2nd half	Full year
Capital investment	2,170	2,938	5,108
Depreciation	828	884	1,712