

3rd Quarter of the Fiscal Year Ending March 2025 Supplementary Materials for Financial Results

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February 7, 2025

Daiwabo Holdings Co., Ltd.

(Stock code: 3107)

Consolidated financial highlights



3rd quarter of the fiscal year ending March 2025 (April 1, 2024-December 31, 2024)

By capturing IT demand, primarily PC replacement demand, net sales reached
Record-high for the 3rd quarter

Business Results

IT Infrastructure Distribution Business

- Demand for Windows upgrades driven by the acquisition of a large number of large-scale for corporates projects
- Transaction volume for iKAZUCHI steadily expanded +40.1% year on year
- Strong sales and profit growth in both the corporate and government agencies and the education sector markets

Industrial Machinery Business

- In Machine tools division business, sales increased due to the success of capturing demand for short-term delivery, despite the struggle in terms of profitability due to increased costs.

Forecast

- Full-year of net sales and operating income forecasts for the fiscal year ending March 2025 revised upward → P2

Shareholders return

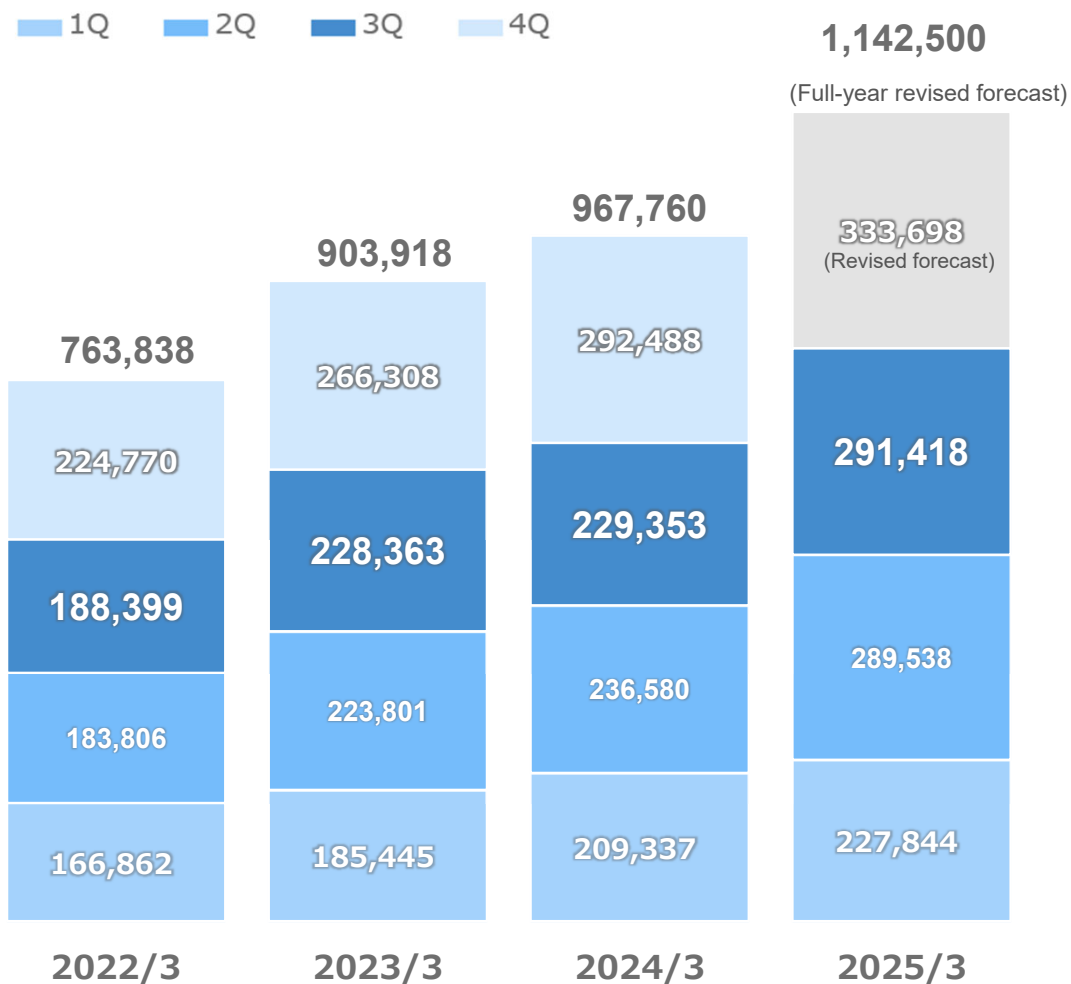
- The approximately ¥10 billion acquisition of treasury shares that had been implemented since May 2024 was completed in December. → P13

Full-year performance forecast for the fiscal year ending March 2025



(Million yen)	2024/3 (Actual of previous term)		2025/3		Change ②-①	Change ②-Previous term	YoY change
			① Previous forecast (Disclosed on November 6, 2024)	② Revised forecast (Disclosed on February 7, 2025)			
Net sales	967,760		1,123,500	1,142,500	+19,000	+174,739	+18.1%
IT Infrastructure Distribution Business	894,693		1,111,100	1,130,000	+18,900	+235,306	+26.3%
Industrial Machinery Business	13,213		12,400	12,500	+100	(713)	(5.4)%
Fiber Business	59,210		-	-	-	(59,210)	-
Operating income	30,963	3.2%	33,000	34,500	+1,500	+3,536	+11.4%
IT Infrastructure Distribution Business	28,244	3.2%	32,320	33,700	+1,380	+5,455	+19.3%
Industrial Machinery Business	1,032	7.8%	680	800	+120	(232)	(22.5)%
Fiber Business	1,580	2.7%	-	-	-	(1,580)	-
Ordinary income	31,431	3.2%	33,400	34,900	+1,500	+3,468	+11.0%
Profit attributable to owners of parent	4,283	0.4%	23,000	23,900	+900	+19,616	+458.0%

3rd quarter (cumulative) the fiscal year ending March 2025 Net sales (April - December 2024)



Net sales 808.801 billion yen

From the preceding year +19.8%

Progress rate 70.8%

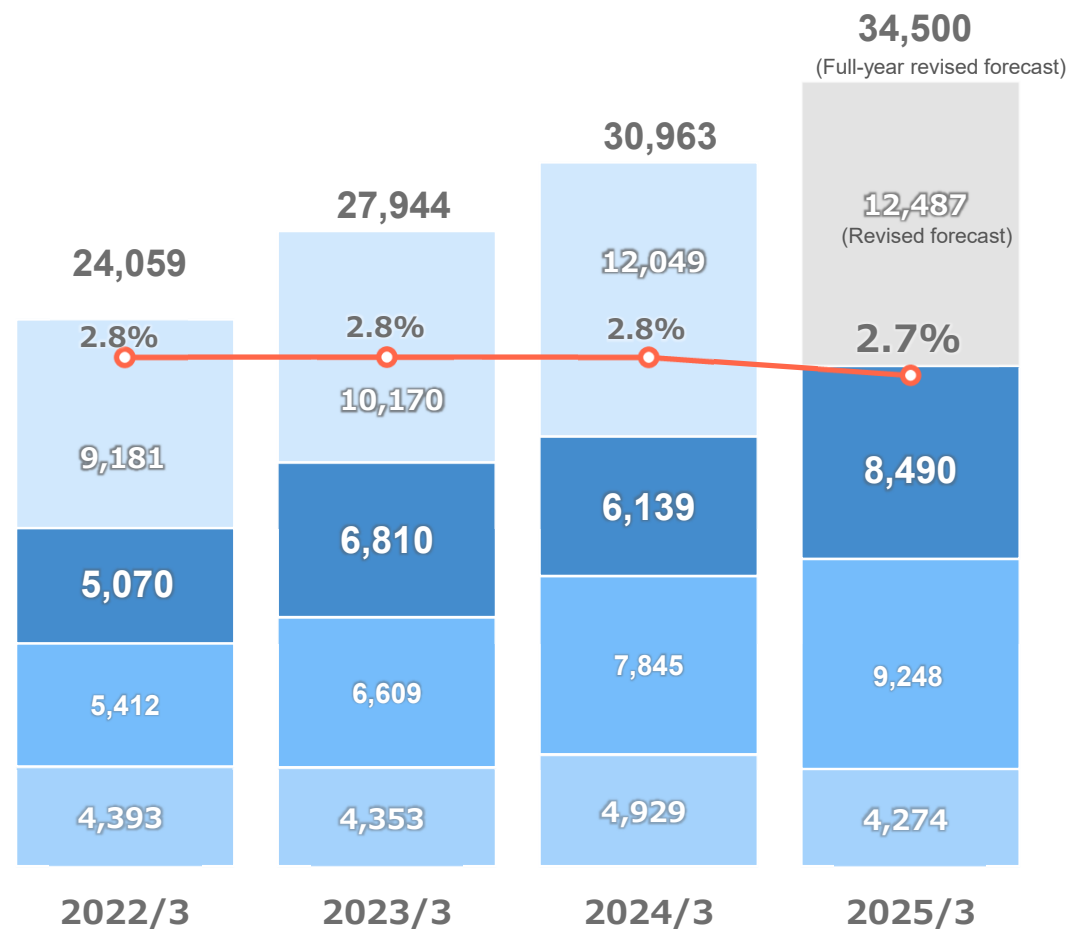
Record-high results for cumulative 3Q

(Million yen)

3rd quarter (cumulative) the fiscal year ending March 2025 Operating income (April - December 2024)



1Q 2Q 3Q 4Q Net Sales Operating income margin (3Q)



Operating income 22.012 billion yen

From the preceding year +16.4%

Operating income margin 2.7%

Progress rate 63.8%

(Million yen)

3rd quarter of the fiscal year ending March 2025 Consolidated Financial Results Overview



(Million yen)	2024/3 3Q	2025/3 3Q	Change	YoY change	Revised forecast (Disclosed on Feb. 7)	Progress rate
Net sales	675,271	808,801	+133,529	+19.8%	1,142,500	70.8%
Operating income	18,913	22,012	+3,098	+16.4%	34,500	63.8%
Ordinary income	19,147	22,430	+3,283	+17.1%	34,900	64.3%
Profit(loss) attributable to owners of parent	※ (4,198)	15,377	+19,575	-	23,900	64.3%
Quarterly earnings per share (yen)	(44.92)	167.74				

※Reflects an impairment loss of 16,695 million yen associated with the determination of share transfer of Daiwabo Co., Ltd.

(Million yen)	2024/3	2024/12	Change	Main reasons for change
Total assets	405,256	423,998	+18,741	Increased DIS inventories
Net assets	142,133	141,420	(713)	Acquisition of treasury shares
Equity capital ratio	35.0%	33.3%		

3rd quarter of the fiscal year ending March 2025 Results by Segment



(Million yen)		2024/3 3Q	2025/3 3Q	Change	YoY change
Net sales	IT Infrastructure Distribution Business	622,276	799,680	+177,404	+28.5%
	Industrial Machinery Business	8,699	9,121	+421	+4.8%
	Fiber Business	43,845	-	(43,845)	-
	Others	450	-	(450)	-
	Total	675,271	808,801	+133,529	+19.8%
Operating income	IT Infrastructure Distribution Business	17,459	21,477	+4,018	+23.0%
	Industrial Machinery Business	584	532	(51)	(8.8)%
	Fiber Business	797	-	(797)	-
	Others	32	-	(32)	-
	(Adjustments and eliminations)	40	2	(38)	(94.8)%
Total	18,913	22,012	+3,098	+16.4%	

3rd quarter of the fiscal year ending March 2025

Consolidated Balance Sheet (P3-4 in Brief of Consolidated Settlement of Account)



(Million yen)	2024/3	2024/12	Change		2024/3	2024/12	Change
Current assets	377,245	393,992	+16,747	Current liabilities	239,742	259,302	+19,560
Cash and deposits	69,372	60,424	(8,948)	Notes and accounts payable	206,212	229,156	+22,943
Notes and accounts receivable	236,306	244,781	+8,474	Short-term loans payable	8,400	7,304	(1,096)
Goods and products	33,413	47,941	+14,527	Non-current liabilities	23,380	23,275	(105)
Property, plant and equipment	10,238	11,164	+925	Long-term debt	12,500	13,266	+766
Intangible assets	3,691	4,075	+384	Total liabilities	263,123	282,578	+19,454
Investments and other assets	14,081	14,765	+684	Total net assets	142,133	141,420	(713)
				Treasury shares	(5,133)	(15,088)	(9,955)
Total assets	405,256	423,998	+18,741	Total liabilities and net assets	405,256	423,998	+18,741

Cash and deposits	69,372	→	60,424	(8,948)	Acquisition of treasury shares and capital investment of DIS
Goods and products	33,413	→	47,941	+14,527	Increased DIS inventories
Notes and accounts payable	206,212	→	229,156	+22,943	Increased DIS trade payables
Total loans	20,900	→	20,570	(330)	

3rd quarter of the fiscal year ending March 2025

Consolidated Statements of Operations (P5 in Brief of Consolidated Settlement of Account)

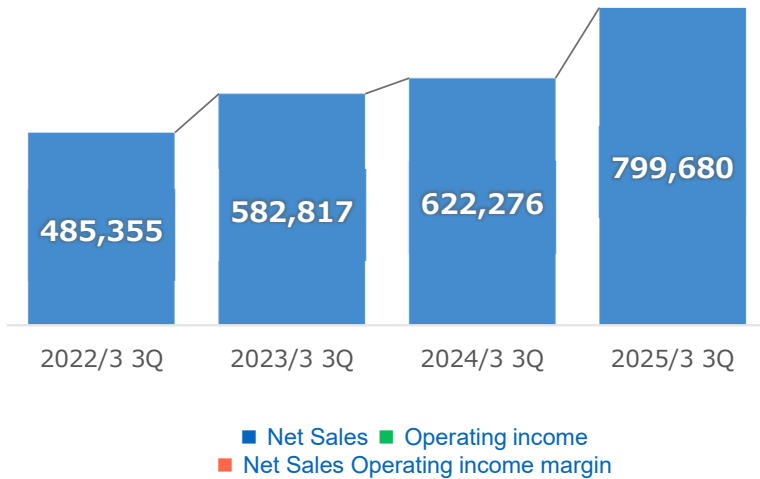


(Million yen)	2024/3 3Q		2025/3 3Q		Change	YoY change
	Actual	Rate	Actual	Rate		
Net sales	675,271		808,801		+133,529	+19.8%
Gross profit	54,050	8.0%	54,066	6.7%	+15	+0.0%
Selling, general and administrative expenses	35,136	5.2%	32,053	4.0%	(3,083)	(8.8)%
Operating income	18,913	2.8%	22,012	2.7%	+3,098	+16.4%
Ordinary income	19,147	2.8%	22,430	2.8%	+3,283	+17.1%
Extraordinary losses	※ 16,747		1		(16,746)	(100.0)%
Profit (loss) attributable to owners of parent	(4,198)	(0.6)%	15,377	1.9%	+19,575	-

※Reflects impairments associated with the determination of share transfer by Daiwa Co., Ltd.

IT Infrastructure Distribution Business 3Q (cumulative) Comparison

(Million yen)



Transaction volume

*Net sales under the old accounting standard **859.657 billion yen** (+28.4% YoY)

Net sales **799.68 billion yen** (+28.5% YoY)

Operating income **21.477 billion yen** (+23.0% YoY)

PC shipments **2697000 units** (+30.5% YoY)

Server shipments **46000 units** (+12.8% YoY)

iKAZUCHI transaction volume **28.335 billion yen** (+40.1% YoY)

Review of Operations

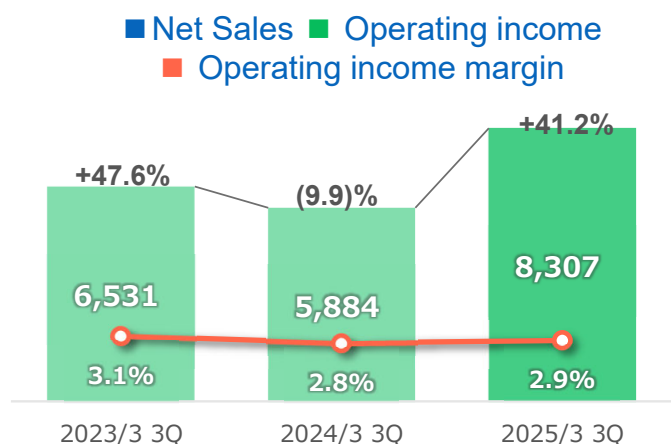
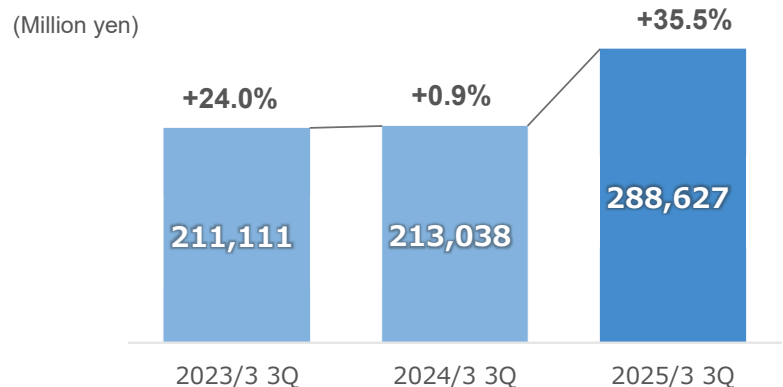
Corporate Market

- Acquired a large number of large-scale projects for PC and servers for companies and government agencies, driving sales
- Sales to the education sector exceeded the previous year's level mainly due to demand for upgrading school terminals. Limited demand for the GIGA School Phase 2 in the fiscal year under review
- Transaction volume increased through iKAZUCHI due to steady growth in end users subscribers.

Consumer Market

- In PC and monitor sales, sales to mass retailers were strong, and overall sales in the Consumer Division increased year on year.

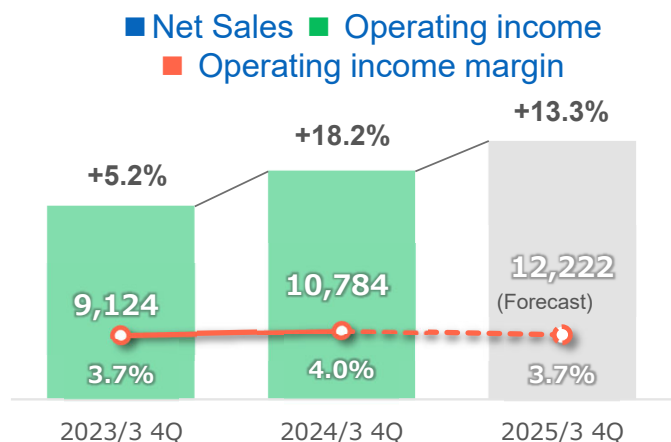
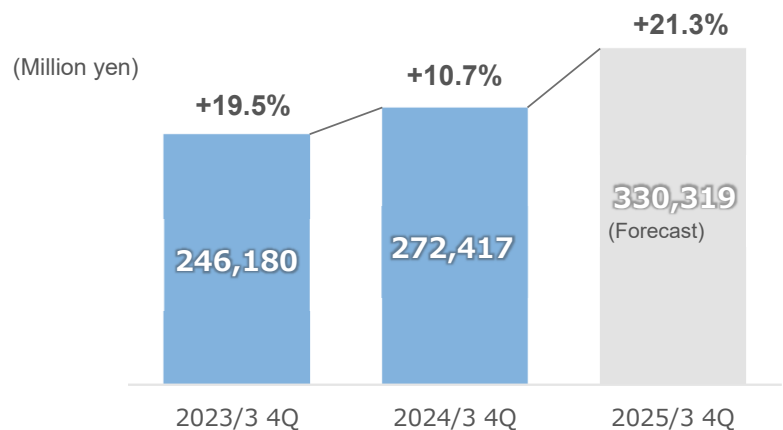
IT Infrastructure Distribution Business 3Q (Three months from October to December) Comparison



Variance from 3Q of the previous fiscal year Three months comparison (October to December)

- PC shipments + 41.3%
Windows upgrades increased significantly, mainly due to the large-scale introduction for corporates.
- iKAZUCHI transactions volume +43.2%
Progress of 28.33 billion yen toward the full-year target of 40 billion yen. (70.8% progress rate)
Steady growth in the number of end-user contracts.
- By industry sector via sales partners, the service, information/communications, and manufacturing industries increased substantially reflecting strong performance.
- Even fierce competition under the stable product-supply conditions, operating income margin improved slightly and operating income significantly exceeded the previous year's level.

IT Infrastructure Distribution Business 4Q (Three months from January to March 2025) Forecast



Outlook for 4Q (January - March)

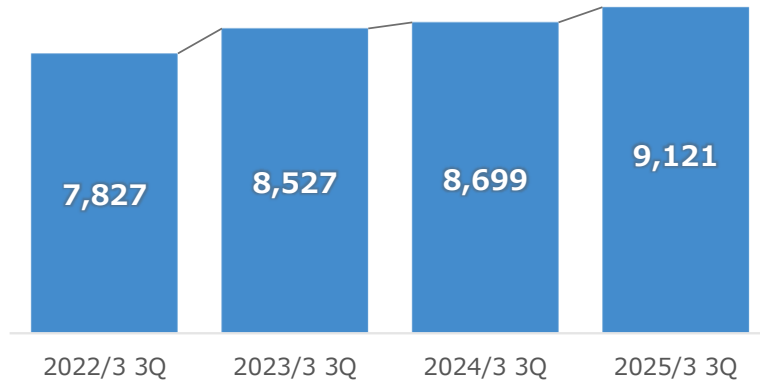
- Demand for Windows10 EOS**
 Forecast 4Q sales volume to be 1,180,000 units (+24% YoY)
 Demand at SMEs expected to gain speed and continue until the first half of the next fiscal year
- The GIGA School Phase 2**
 Limited upgrades for this fiscal year by mainly upfront procurement projects
 Publication of tenders by joint procurement in each prefecture will begin in earnest after 4Q and delivery anticipated from next fiscal year onward.
- Operating income margin** is forecast to be around the same level as the previous year due to the rise in product prices stemming from the depreciation of the yen and continued competition in several large-scale projects, but also due to the full-scale launch of small-scale demand and sales growth.

Seasonality of IT Infrastructure Distribution Business

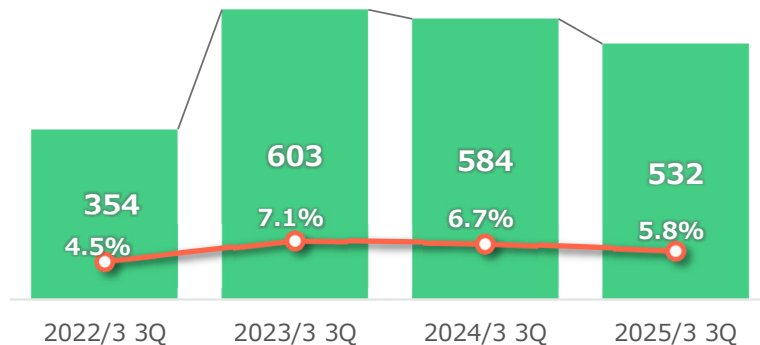
Demand tends to be concentrated in March and September when many domestic companies close their books.

Industrial Machinery Business 3Q (cumulative) Comparison

(Million yen)



■ Net Sales ■ Operating income
■ Operating income margin



Net sales

9.121 billion yen (+4.8% YoY)

Operating income

532 million yen (down 8.8% YoY)

Review of Operations

Machine tools division	<ul style="list-style-type: none"> ■ Against a backdrop of a 2.8% year-on-year increase in the total amount of orders received April - December by the Japan Machine Tool Manufacturers Association, Company orders increased 1.9% year-on-year ■ Orders for domestic shipbuilding and energy-related industries have been strong, but orders for the mainstay aircraft industry have been slow to recover, resulting in a year-on-year decline in orders. ■ Orders increased year-on-year in the overseas market, due in part to a recovery in orders mainly from aircraft industry in the U.S. and strong yen-denominated transactions in the Chinese market due to the impact of yen depreciation.
Automatic Machinery Division	<ul style="list-style-type: none"> ■ Despite demand for labor-saving measures, orders received decreased 22.9% year on year. ■ Strengthen the service system by proposing functional improvements and electrical equipment renovations, mainly for overhaul projects

Shareholder return



The fiscal year ending March 2025 (Forecast)

Interim	Term end	Annual
45 yen	45 yen	90 yen

Approx. 10 billion yen
(Acquisition completed from May 10, 2024 to December 23, 2024)

34.5%

75.7%

Dividend per share

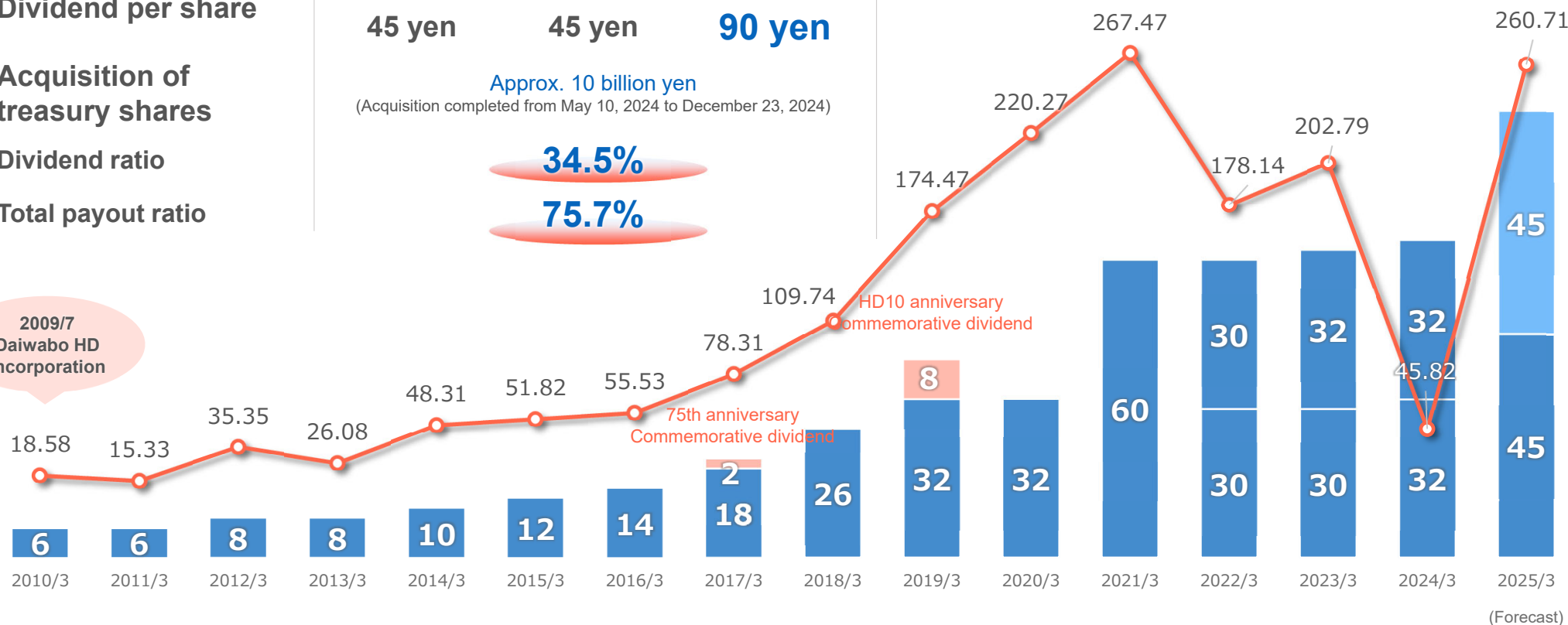
Acquisition of treasury shares

Dividend ratio

Total payout ratio

■ Dividend per share (yen)
○ Earnings per share (yen)

2009/7 Daiwabo HD Incorporation



※a reverse stock split (2017/10/1) and stock split (2021/4/1) are retrospectively presented

Reference Materials

- ▶ Summary of Medium-Term Management Plan (March 2025 to March 2027)
- ▶ "Transaction Volume" of IT Infrastructure Distribution Business
- ▶ Corporate Profile
- ▶ Charts for Performance Trend

01

Growth under the holding company structure

- Seek entry into new business areas as a holding company
- Operating companies will engage in strengthening and reorganization within their segment

02

Challenge to break the “highest in the past”

- Renew the past highest records in net sales and profits
- The company, organizations, businesses and individuals will aim at their best performance in their respective field

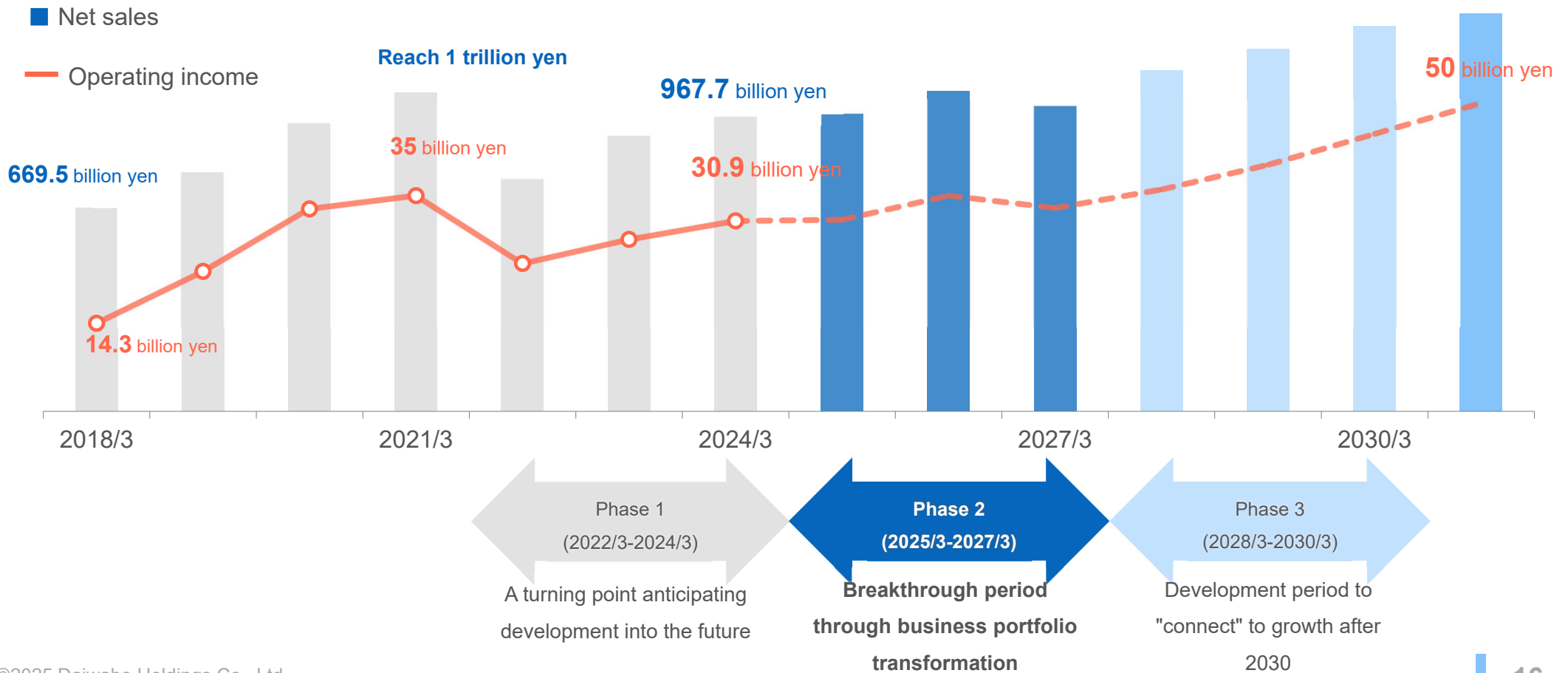
03

Enhancement of stakeholder engagement

- Enhance trusted relationships with and cooperate through mutual understanding with shareholders, business partners, employees, local communities, and others
- Further reinforce the management foundation required by the aspects including human capital, systems, and governance
- Drive well-being oriented management

Positioning of Medium-Term Management Plan

Three crucial years even from the viewpoint of working backward from "2030 VISION"

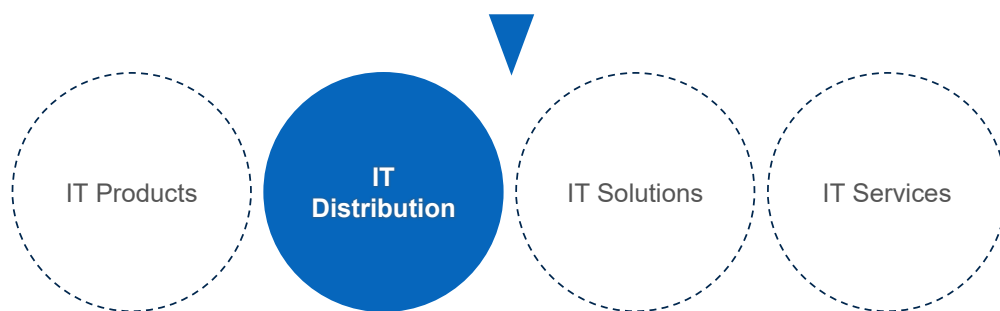


Plan to push forward with M&A for further growth
Carry out M&A through disciplined investment decisions with business areas and hurdle rates in mind

Business areas

Consider M&A mainly in the following business areas

- AI
- DX
- XaaS
- Subscription
- Network
- Logistics
- ITAD
- Consulting
- Security
- Automation
- Education
- Healthcare



Decision-making on investment and procurement

Make investment decisions on a quantitative basis

Will it exceed cost of capital?

Cost of shareholders' equity: 6.2% to 7.5% WACC: 5.8% to 7.0%

Will it contribute to improving EPS in the long term?

Compare with purchase of treasury shares

Financial soundness: Maintain Rating A* in the long term

Will it lower capital efficiency?

Fund procurement policy

Small projects will be funded by funds on hand, but funds will be procured through borrowings, if necessary

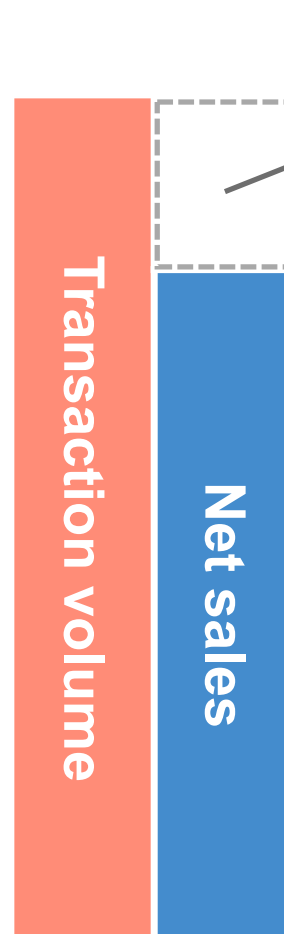
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"Transaction Volume" of IT Infrastructure Distribution Business

Transaction volume

- ❑ Calculated under the same standard as net sales up to the fiscal year ended March 2021
(= Net sales prior to the change in the accounting standards)
- ❑ Continuing to use as "transaction volume" to make an important index in presenting the scale of transaction
- ❑ Sales evaluations in management accounting



Impact due to application of the
"Accounting Standard for Revenue Recognition."
 (From the fiscal year ended March 31, 2022)

The company records as net sales the net amount of sales consideration for "agency transactions" under the accounting standards for some maintenance and warranty services, software sales due to iKAZUCHI, etc.

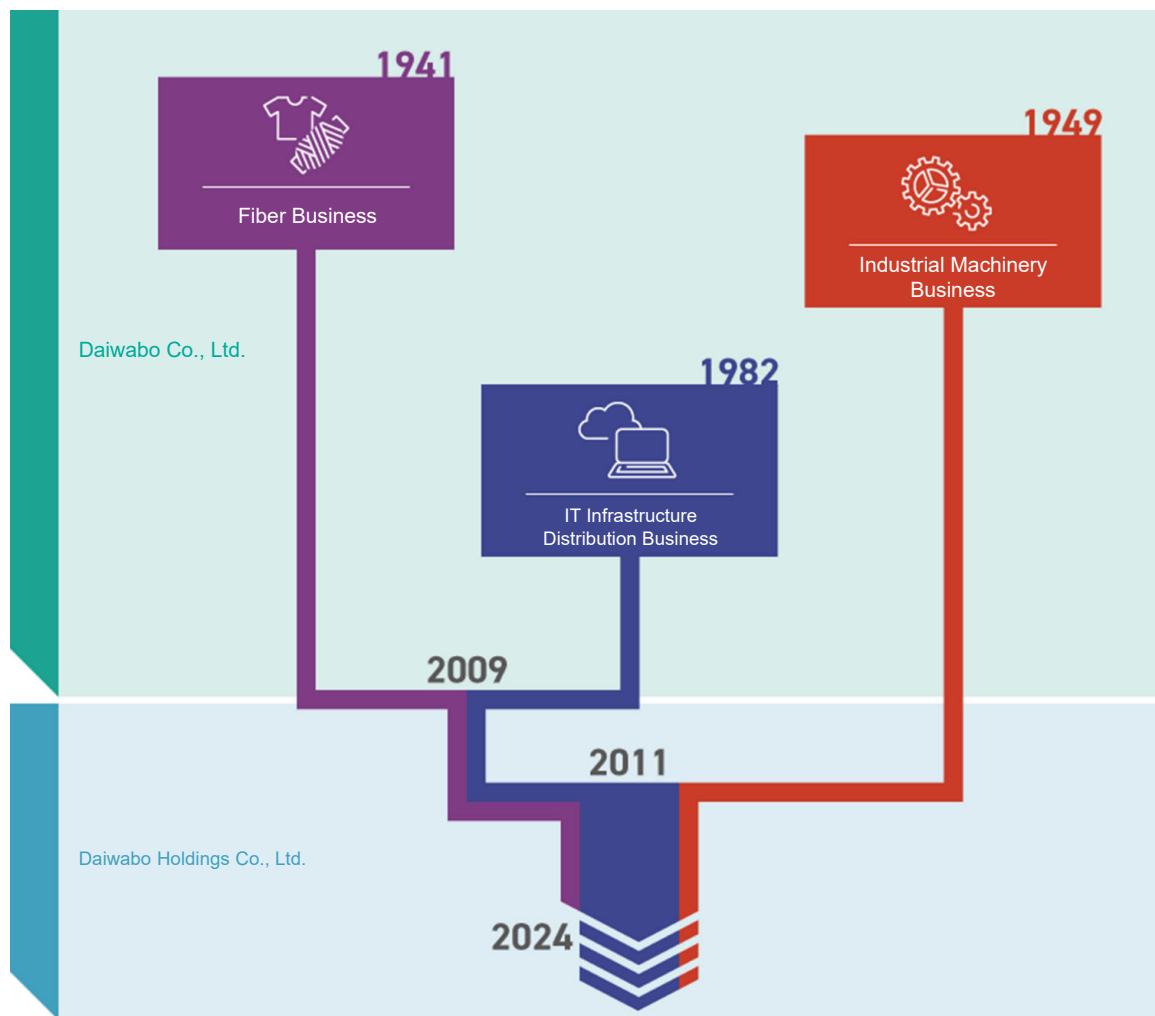
Net sales

- ❑ Net sales from the fiscal year ended March 2022
- ❑ Sales evaluations in financial accounting

Reference Materials

- ▶ Summary of Medium-Term Management Plan (March 2025 to March 2027)
- ▶ "Transaction Volume" of IT Infrastructure Distribution Business
- ▶ **Corporate Profile**
- ▶ Charts for Performance Trend

Group History



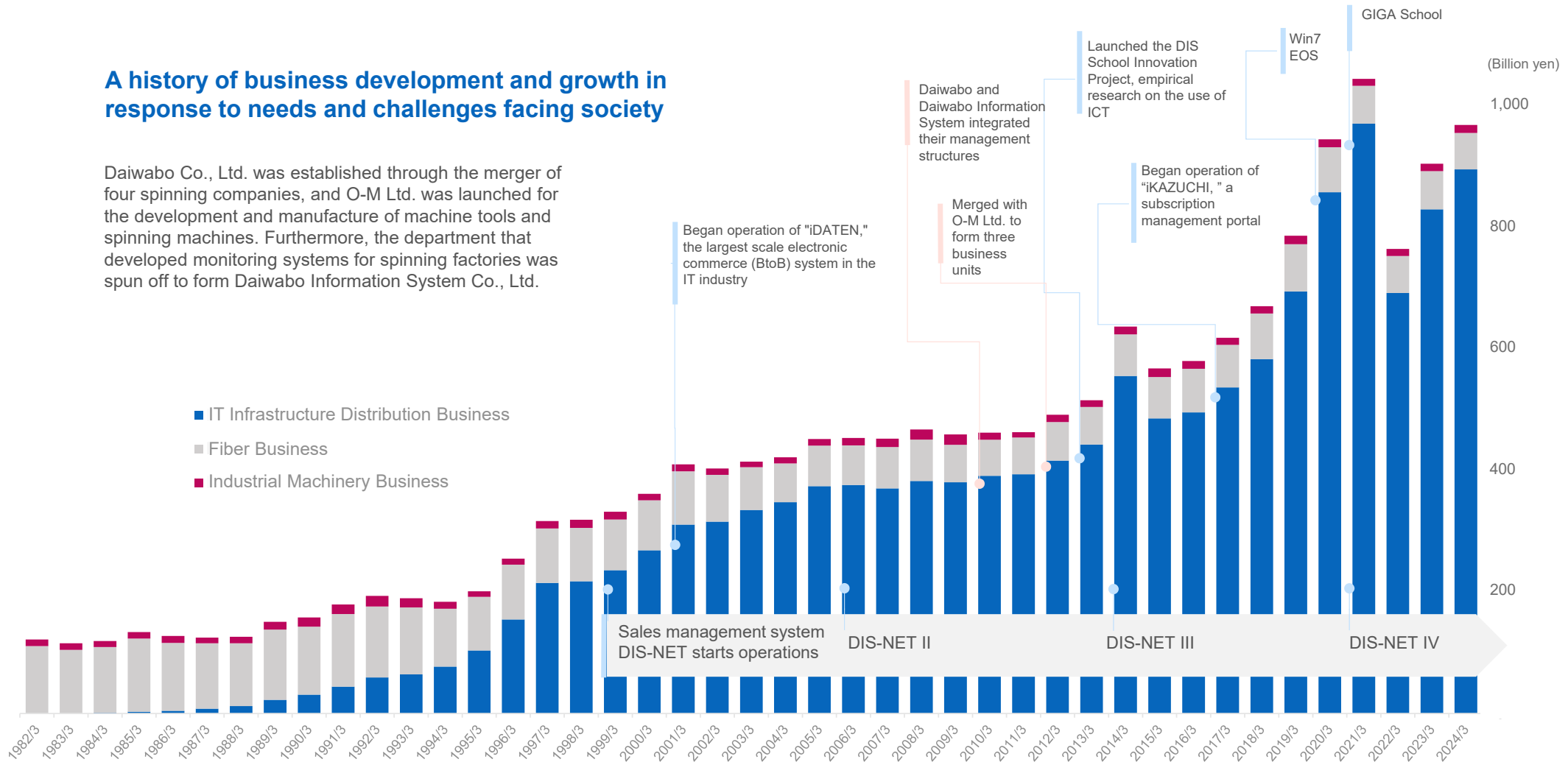
- 1941. 4** **Daiwabo** was established through the merger of four companies: Kinka Boseki, Hinode Boshoku, Izumo Seishoku, and Wakayama Boshoku
- 1949. 5** Daiwabo was listed on the First Section of the Tokyo Stock Exchange
- 1949. 7** Daiwabo spun off its Shinji Plant to establish Daiwa Machinery Co., Ltd. (currently **O-M Ltd.**)
-> In 1960, Daiwa Machinery Co., Ltd. was merged with Osaka Kikai Seisakusho, a manufacturer of machine tools and spinning machines, to form O-M Ltd.
- 1971.11** O-M Ltd. was listed on the First Section of the Tokyo Stock Exchange
- 1982. 4** As part of its new business development, Daiwabo established **Daiwabo Information System** to evolve into an information-related business
- 2000. 9** Daiwabo Information System was listed on the First Section of the Tokyo Stock Exchange
- 2009. 4** Daiwabo and Daiwabo Information System integrated their management structures
- 2009. 7** Daiwabo changed its trade name to **Daiwabo Holdings Co., Ltd.** and established **Daiwabo Co., Ltd.** as a new core company for its fiber business
- 2011. 7** Daiwabo Holdings Co., Ltd. and O-M Ltd. integrated their management structures => **To operate three businesses**
- 2023.11** A decision was made to make Daiwabo Co., Ltd. an independent company (via share transfer)
- 2024. 3** **Daiwabo Co., Ltd. became independent** through a share transfer

History of Value Creation



A history of business development and growth in response to needs and challenges facing society

Daiwabo Co., Ltd. was established through the merger of four spinning companies, and O-M Ltd. was launched for the development and manufacture of machine tools and spinning machines. Furthermore, the department that developed monitoring systems for spinning factories was spun off to form Daiwabo Information System Co., Ltd.



History of Daiwabo Information System (DIS)

1982 DIS founded

- Daiwabo used know-how from the internal development of monitoring systems for production sites based on the use of PCs to start DIS with just 10 members
- Shifted to sales of PCs and other information equipment rather than system development and sales

1983-1984 Multiple-store development

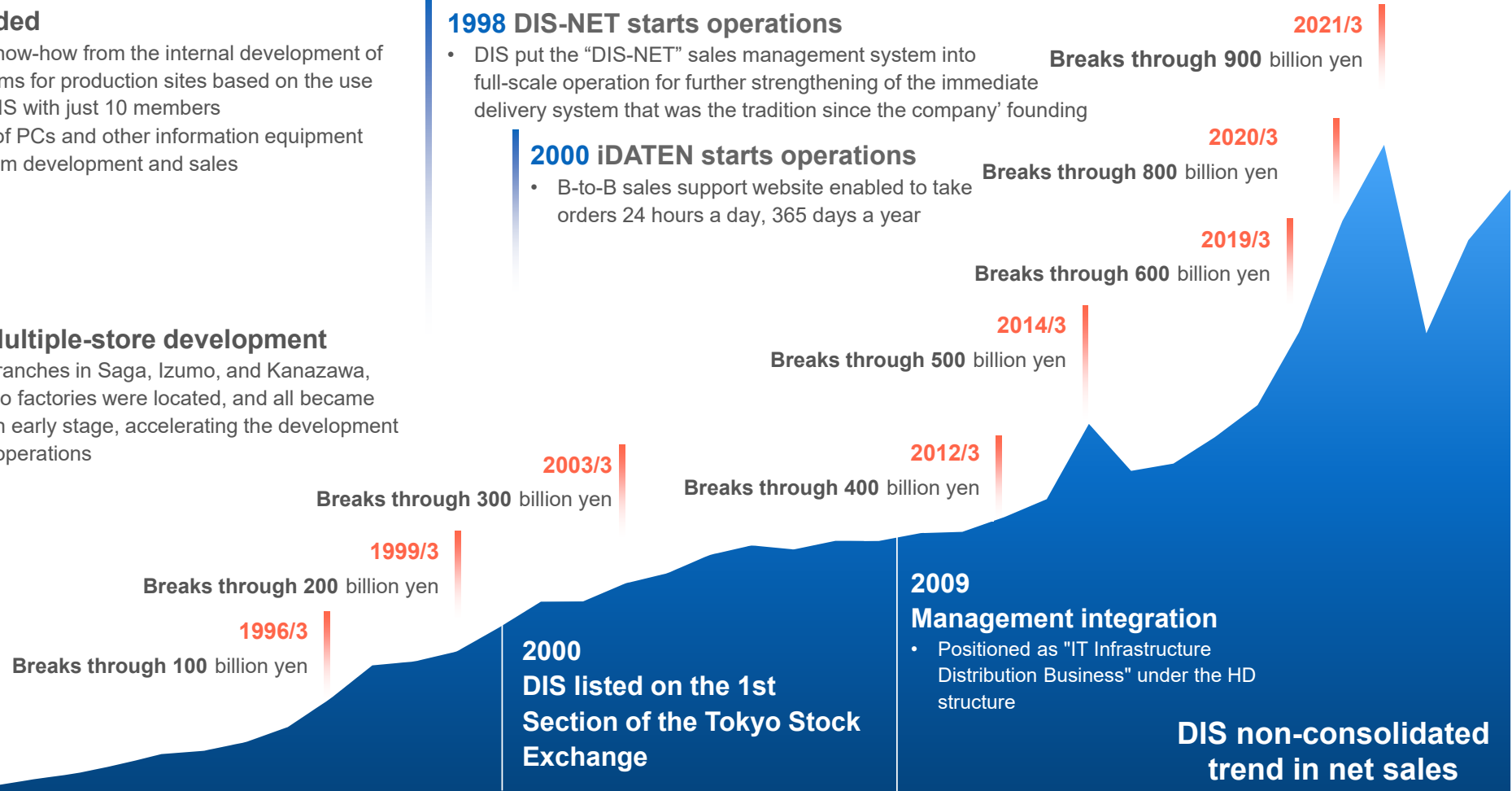
- DIS opened branches in Saga, Izumo, and Kanazawa, where Daiwabo factories were located, and all became profitable at an early stage, accelerating the development of multi-store operations

1998 DIS-NET starts operations

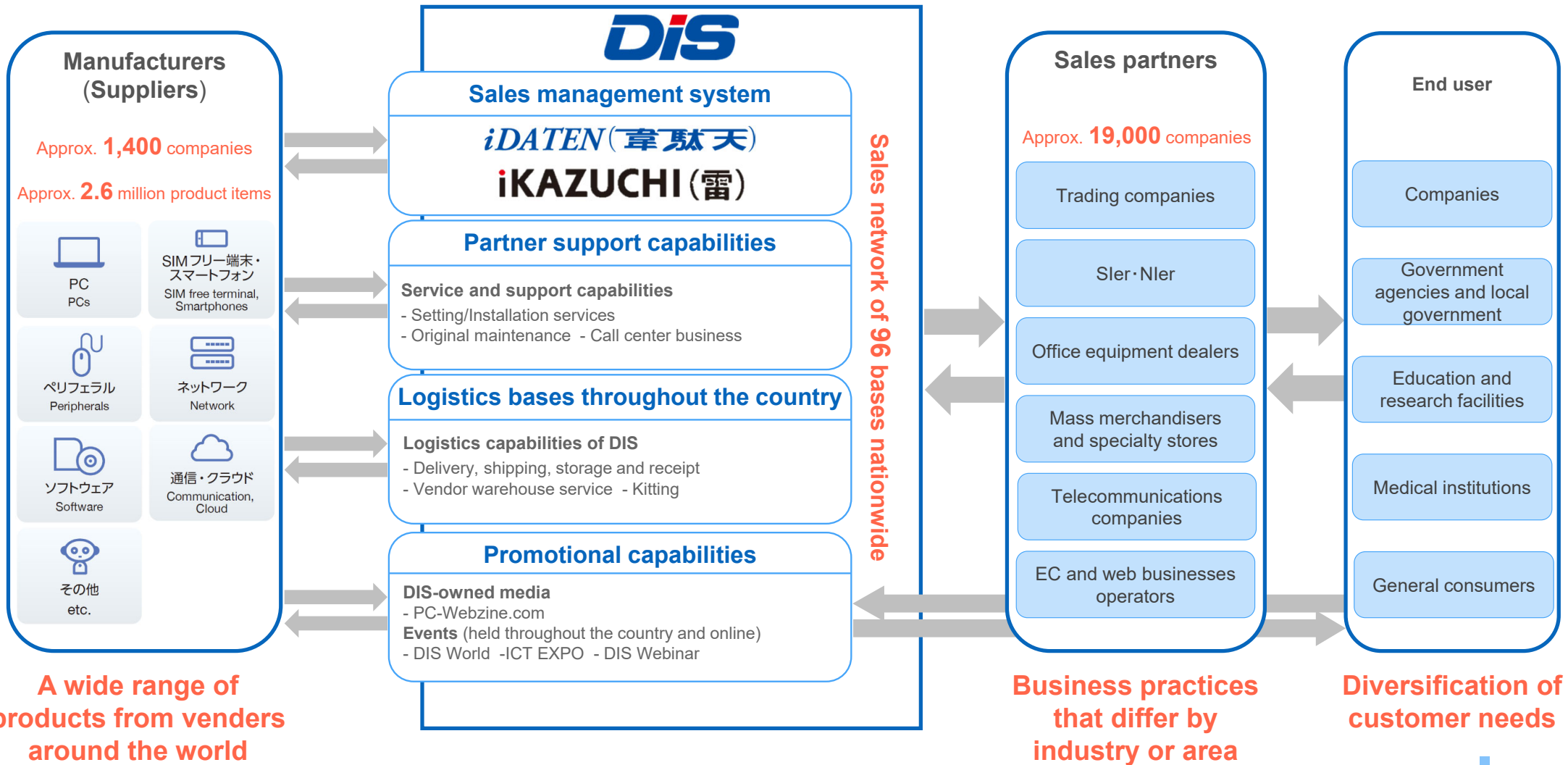
- DIS put the “DIS-NET” sales management system into full-scale operation for further strengthening of the immediate delivery system that was the tradition since the company’ founding

2000 iDATEN starts operations

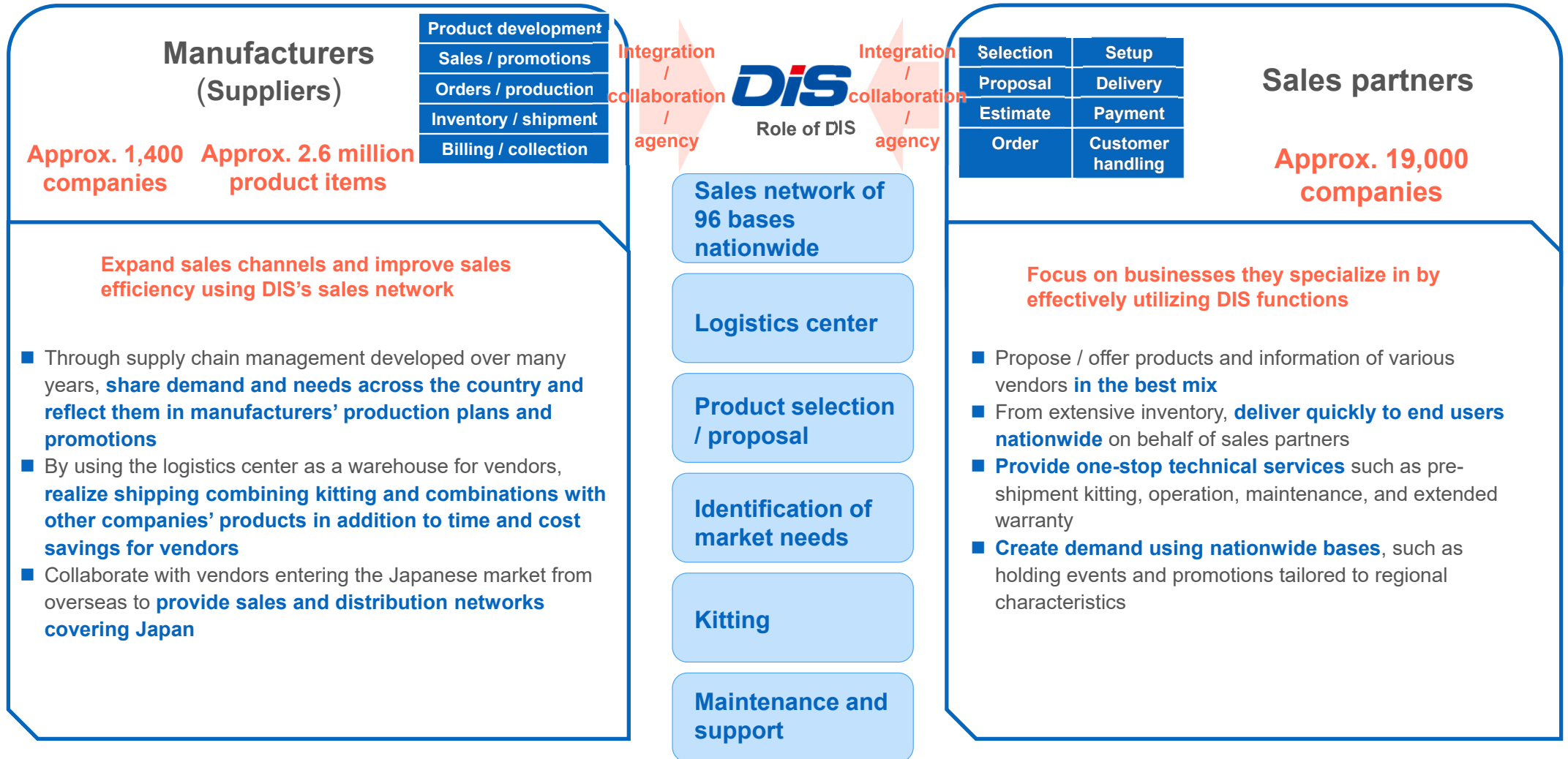
- B-to-B sales support website enabled to take orders 24 hours a day, 365 days a year



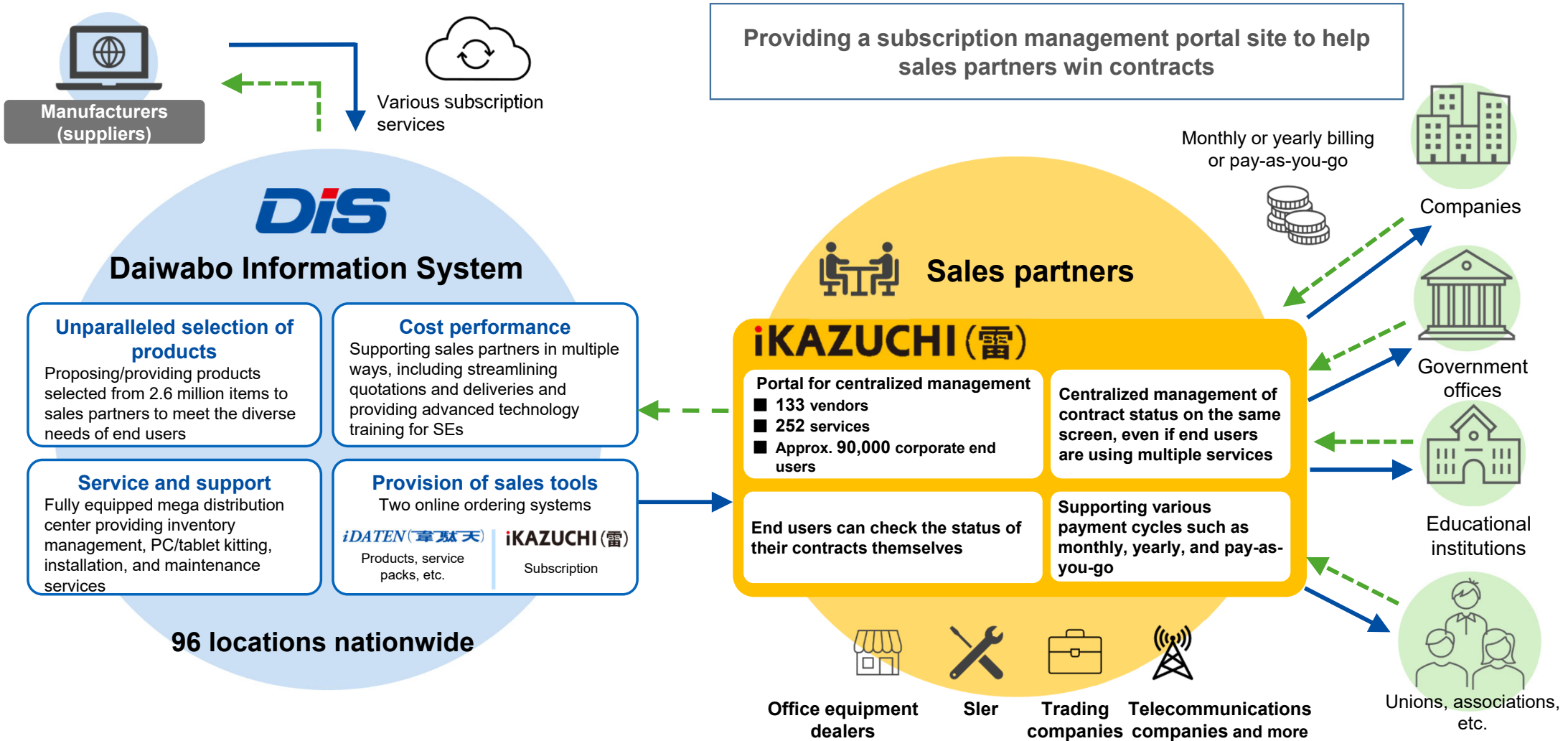
The Business Structure of IT Infrastructure Distribution Business



Role and Added Value of Distributors



iKAZUCHI Business Model

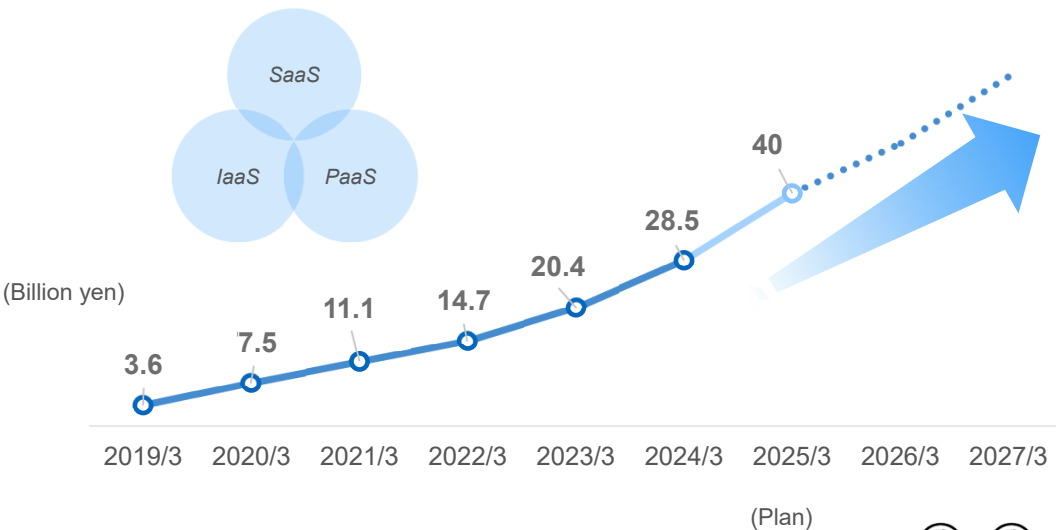


Subscriptions via iKAZUCHI

iKAZUCHI handling volume

Total sales to sales partners through the subscription management portal "iKAZUCHI"

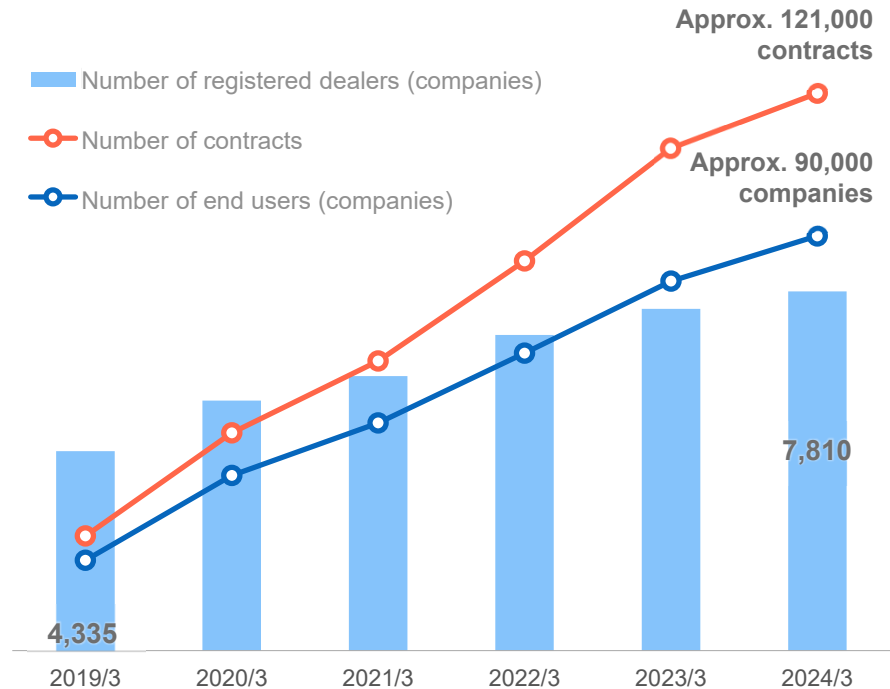
Aim at growth with **CAGR of 30% or more** from 2024/3 to 2027/3



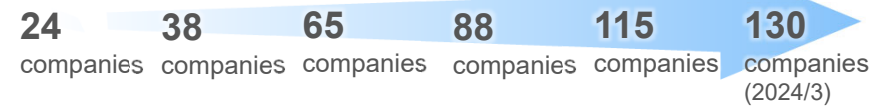
Strengthen the "foundation" for recurring revenue by expanding the subscription business market



Trend in the number of registered dealers



Number of supporting vendors



Greater Efficiency of Distribution Centers

Kansai Center (Kobe City)

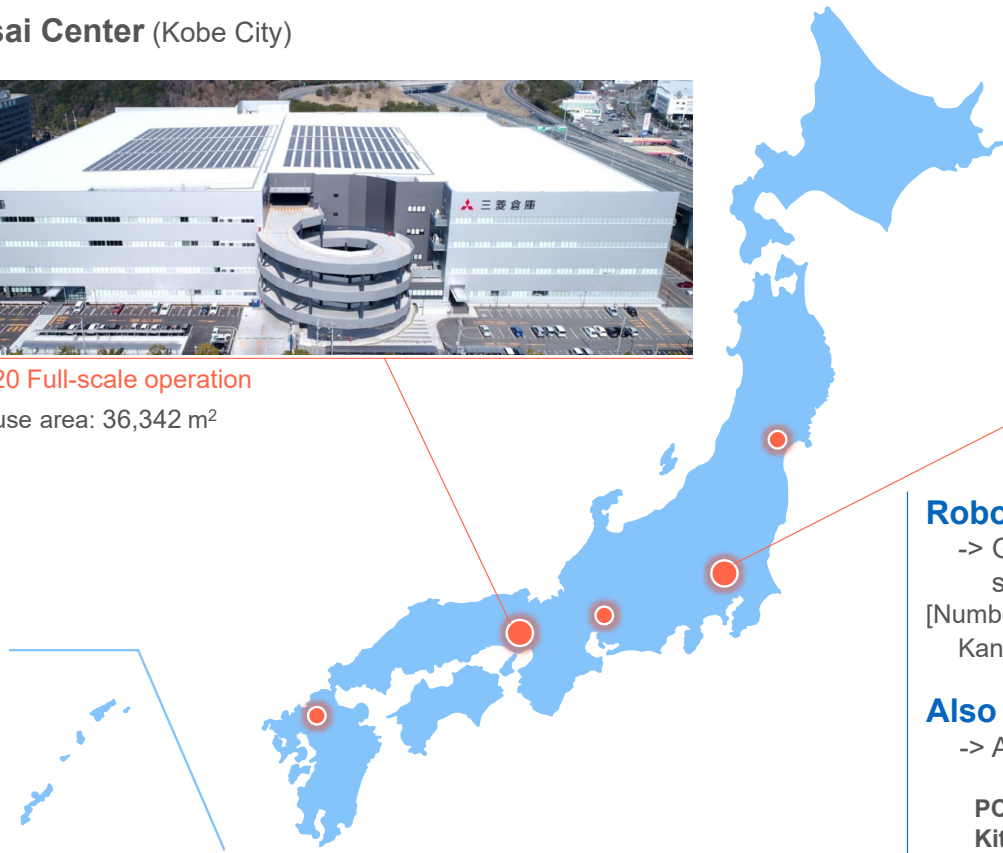


May 2020 Full-scale operation
Warehouse area: 36,342 m²

Kanto Central Center (Yoshimi Town, Saitama Prefecture)



June 2016 Full-scale operation
Warehouse area: 44,753 m²



Focus on greater efficiency and improvements in productivity centered on eastern and western mega-centers

Robot storage system

-> Greater work efficiency and optimization of space

[Number of robots operating]

Kanto Central: **45**, Kansai: **30**

Also equipped with kitting centers

-> Arrival > work > quick handling for shipment

PCs and tablets : **188,000** units a year
Kitting results (2024/3)

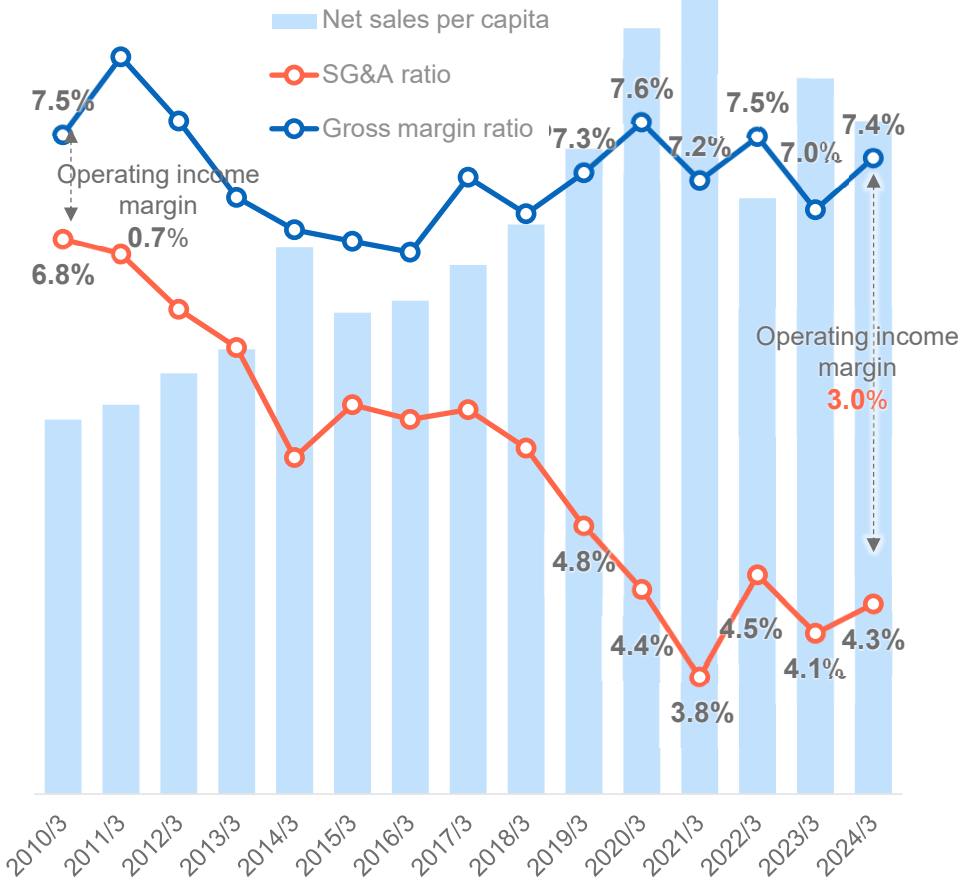
Truck booking acceptance system

→ Sharing of incoming and outgoing information and vehicle leveling



Sales Efficiency Improvement and Low-Cost Operation

IT Infrastructure Distribution Business Results

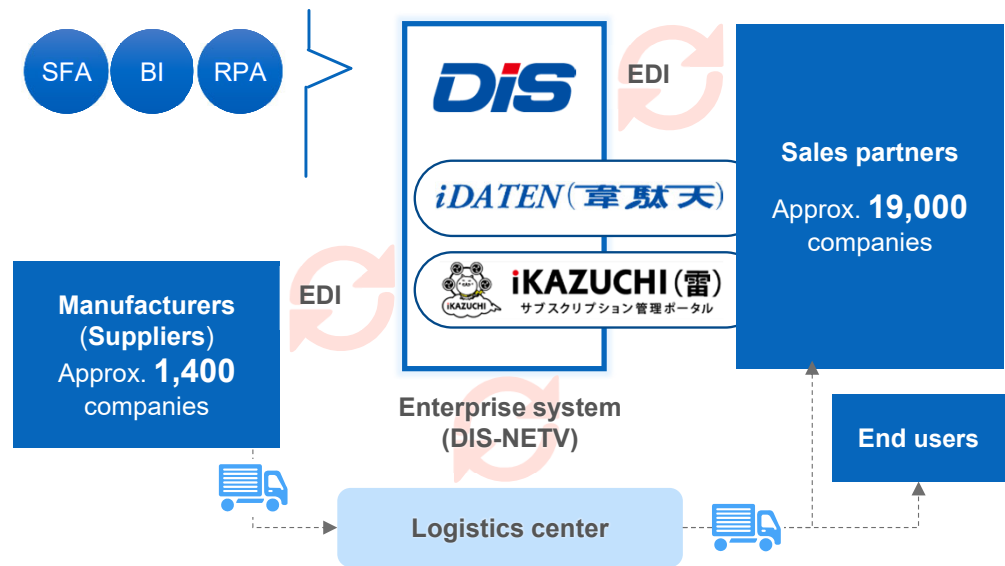


*The above results differ from segment results since consolidation adjustments are not reflected.

Strengthen the system infrastructure that supports net sales of over 1 trillion yen

Implement the following functional enhancement over the three-year period

- Add and reinforce equipment specifications to enhance performance and improve availability
- Migration including the migration of existing systems and modifications of incompatible programs
- Disaster, failure, and security countermeasures; improvement of operations management and enhancement of availability
- Strengthening of connection with internal systems and their automation
- Reinforcement of functions of iDATEN, iKAZUCHI, EDI, etc.



Industrial Machinery Business - Product Examples -

Vertical lathes



- ❑ **No. 1 share in Japan** for both medium- and large-sized lathes (Cumulative shipments exceeded **7,700** units as of December 31, 2024)
- ❑ Highly evaluated as “OM for vertical lathes” in Japan and overseas
- ❑ A machine that is used to cut a workpiece by attaching it to a horizontally rotating table. The table diameter ranges from 800 mm to 6,000 mm, and it can be used in a wide variety of production modes. Highly rigid, highly accurate and easy to operate, it is used as a mother machine in all fields including aircraft and wind power parts
- ❑ The picture on the left shows the “RT-915,” a small general-purpose machine

Turning centers



- ❑ A machine tool specifically used to maintain rolling stock. It contributes to improved railway safety and riding comfort
- ❑ **No.1 share in Japan** for underfloor wheel lathes
- ❑ To start domestic production, we had a licensing agreement with Hegenscheidt, which manufactured the first wheel lathe in the world and has an excellent delivery record around the world. The design, parts and software are all original

Automatic machinery



- ❑ We manufacture a wide range of automatic machinery including cartoners (cartoning machine), intermediate packaging machines for stacking and packaging products in film and corrugated cardboard casers (The picture on the left is a horizontal continuous cartoner)
- ❑ The strengths include technologies and creativities that allow us to flexibly respond to the needs of packaging processes in rapidly changing industries such as foods with short life cycles and remarkable diversification and pharmaceuticals with increasingly strict manufacturing standards

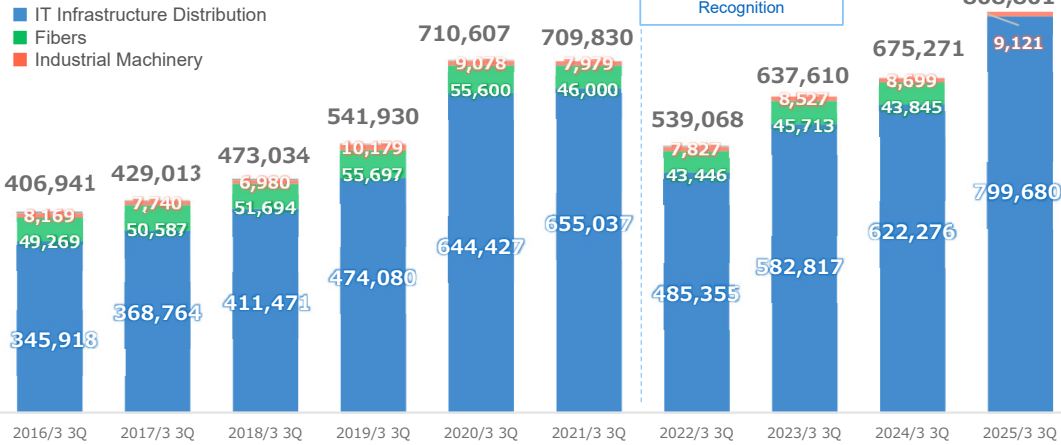
Reference Materials

- ▶ Summary of Medium-Term Management Plan (March 2025 to March 2027)
- ▶ "Transaction Volume" of IT Infrastructure Distribution Business
- ▶ Corporate Profile
- ▶ Charts for Performance Trend

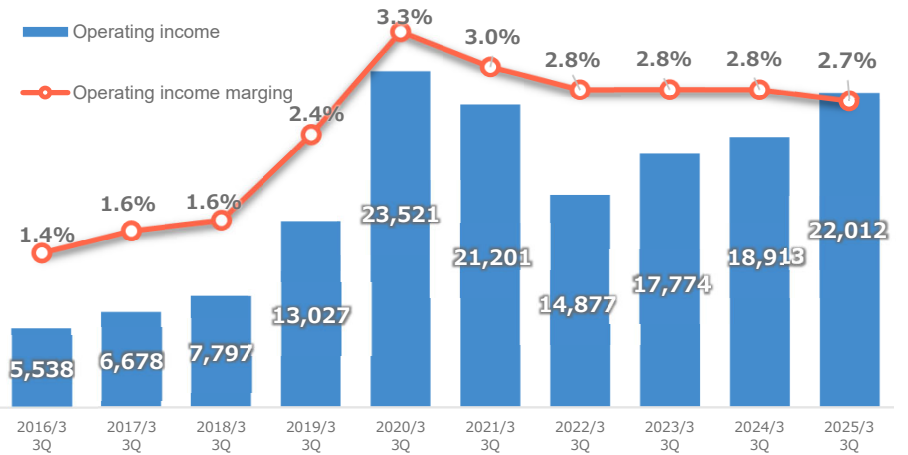
Consolidated Financial Results 3Q (Cumulative)



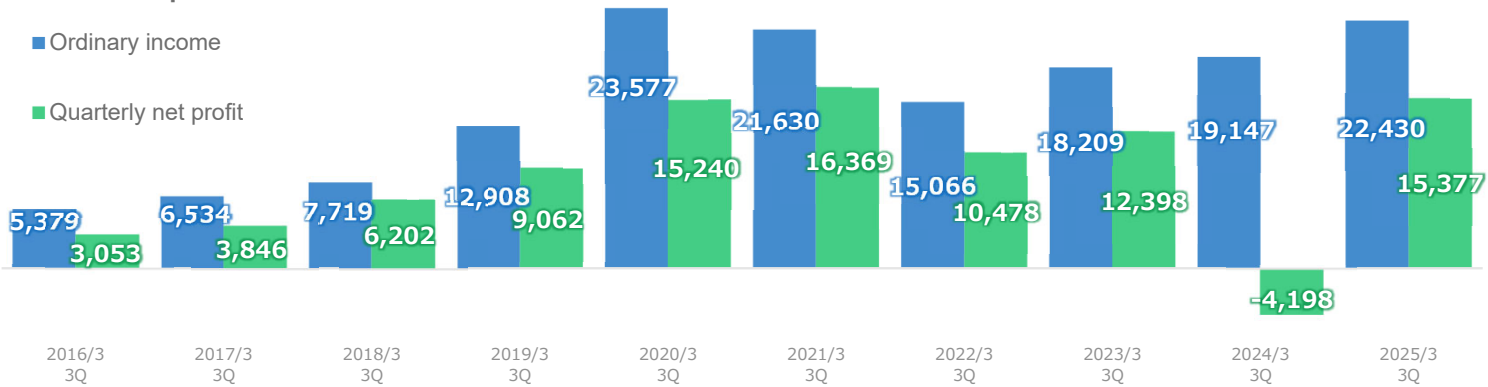
Consolidated Net sales



Consolidated Operating income



Consolidated Ordinary income and Net profit

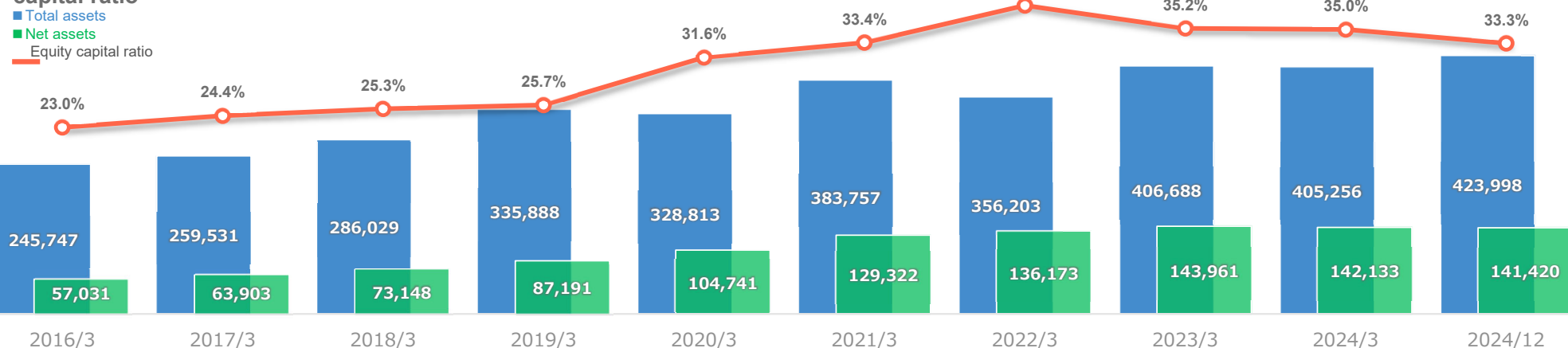


Consolidated Financial Results 3Q (Cumulative)

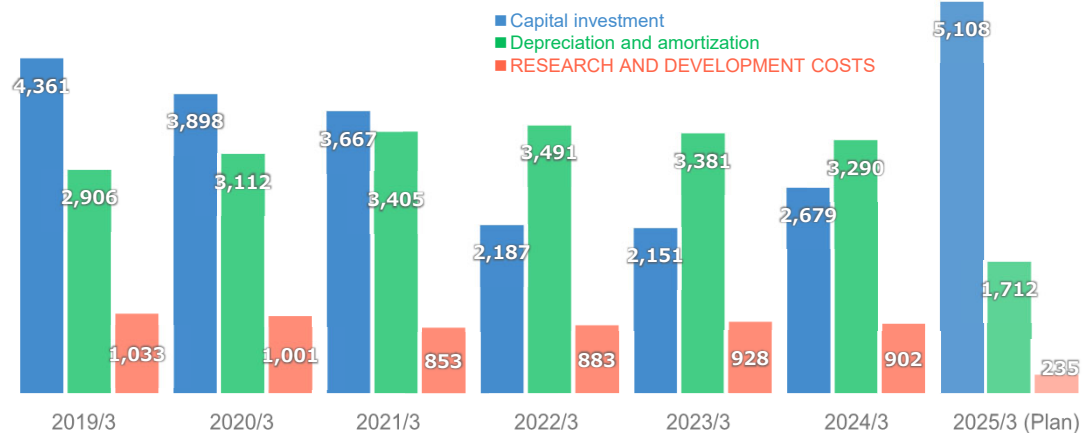


(Million yen)

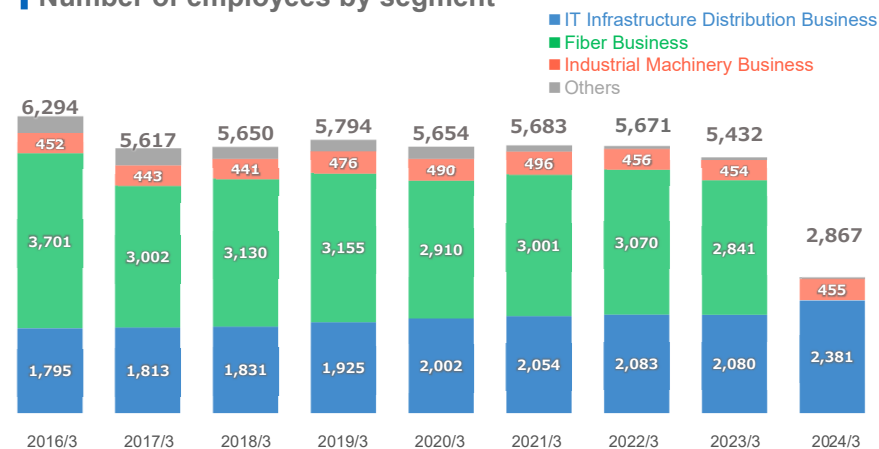
Consolidated Total assets, Net Assets and Equity capital ratio



Capital investment, Depreciation and R&D Expenses



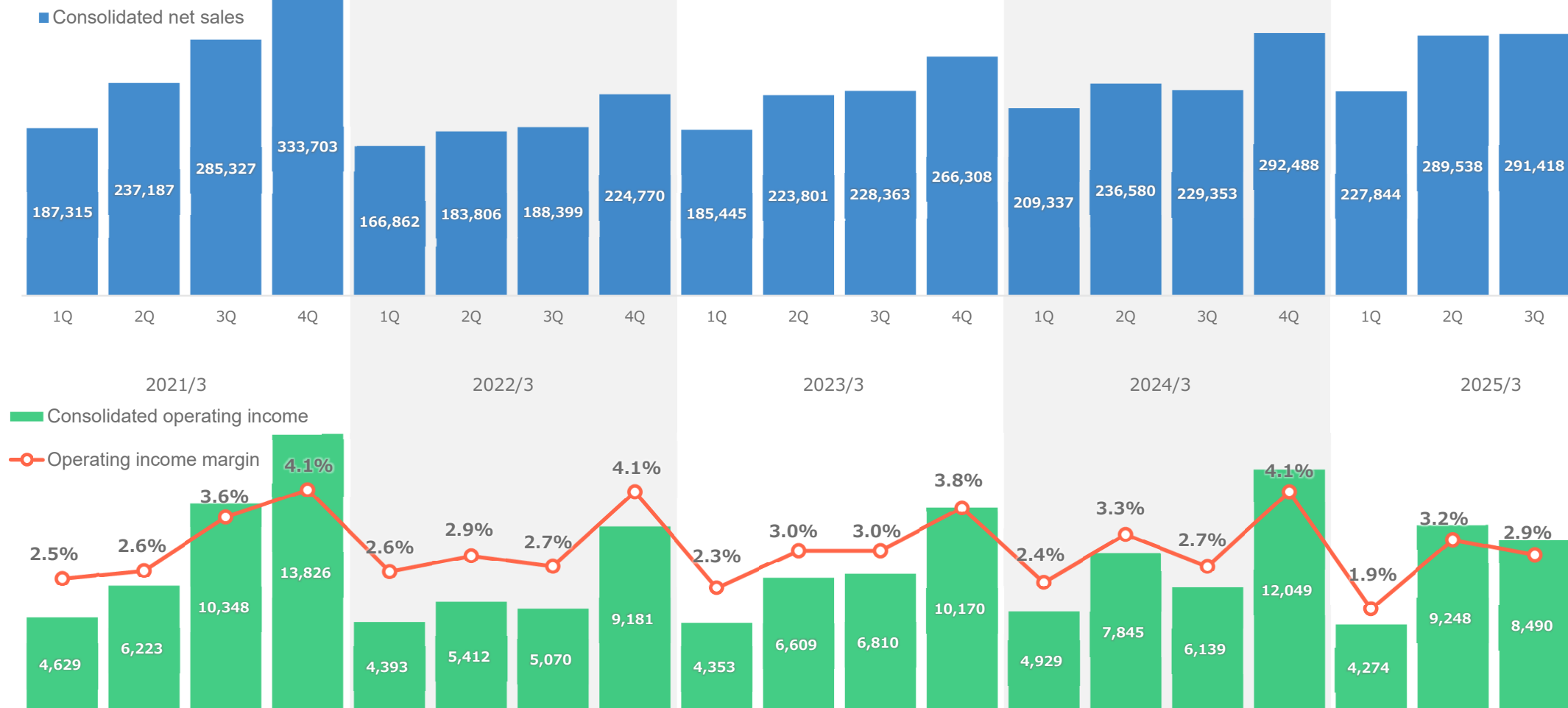
Number of employees by segment



Quarterly Results



(Million yen)



Stock Price Trends

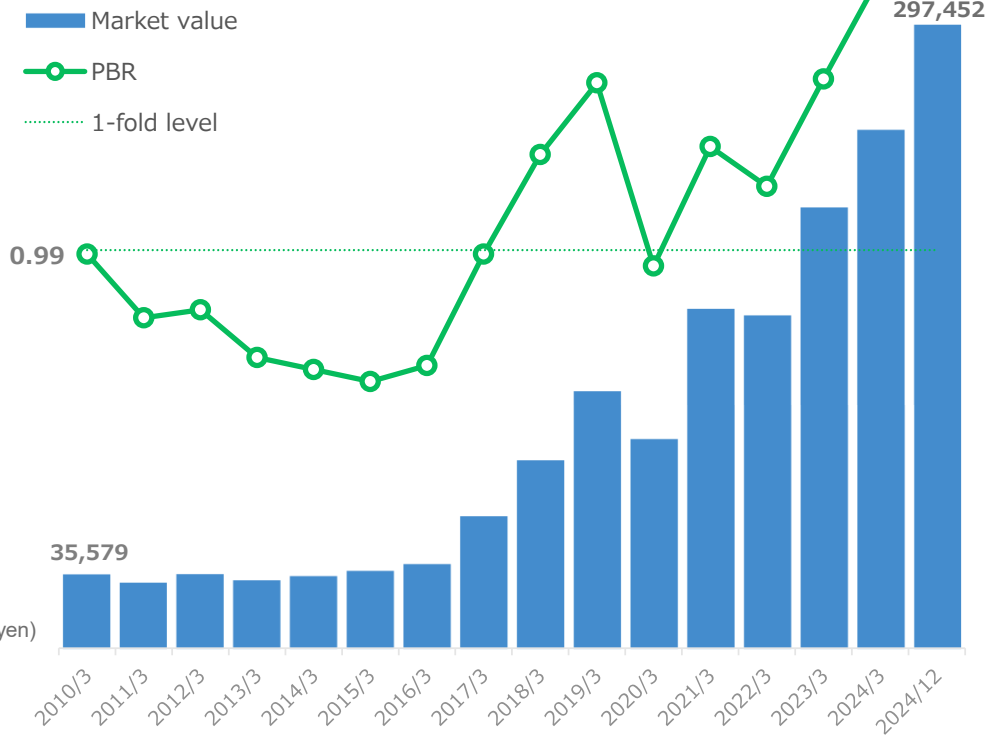
As of December 31, 2024

PBR

2.00 times

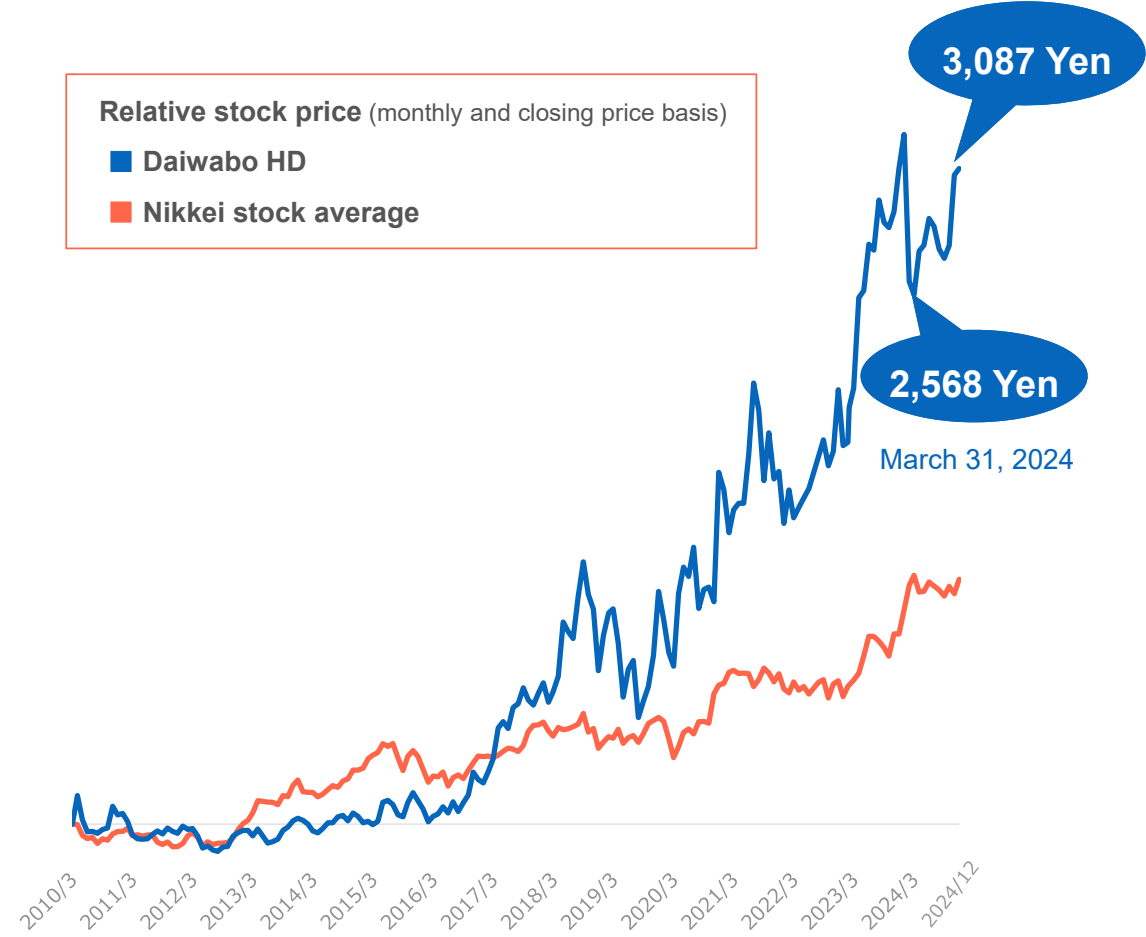
Market capitalization 297.452 billion yen

※Based on the closing price of December 2024



Relative stock price (monthly and closing price basis)



- Daiwabo HD
- Nikkei stock average



*Our stock prices are shown with a reverse stock split (October 1, 2017) and a stock split (April 1, 2021) applied retroactively to past years.

About Daiwabo Holdings Co., Ltd.



Head Office	Nakanoshima Festival Tower West, 3-2-4 Nakanoshima, Kita-ku, Osaka 530-0005		
Established	Founded as Daiwa Boseki establishment of Daiwabo Holdings Co., Ltd.	April 1, 1941 July 1, 2009	
Consolidated employees	2,867 (as of March 31, 2024)		
Capital	21,696,744,900 yen		
Stock exchange	Listed on the Prime Market of the Tokyo Stock Exchange Stock code 3107/ Industry: Wholesale <JPX Nikkei Index 400>		
Business profile	IT Infrastructure Distribution Business		Sales of computers, peripherals and software, and logistics services
	[Core company]	 Daiwabo Information System Co., Ltd.	Installation and maintenance of and repair services for computer equipment, etc.
	Industrial Machinery Business		Manufacture and sales of machine tools, automatic machinery and casting products
	[Core company]	 O.M. Ltd.	

*Daiwabo Co., Ltd. became independent on March 27, 2024.
(85% of outstanding shares were transferred to Aspirant Group.)

<https://www.daiwabo-holdings.com/>



Daiwabo Holdings Co., Ltd.

[Disclaimer]

The statements contained in this document regarding the future, such as business performance forecasts, have been prepared based on certain assumptions that the Company has judged to be reasonable at the present time using the information currently available, and the Company does not guarantee their accuracy. Please understand in advance that actual results may differ from the details of this document due to various factors from now on. Regardless of the reason, the Company shall bear no responsibility whatsoever with regard to any damage that occurs as a result of using this document.

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