daiwabo

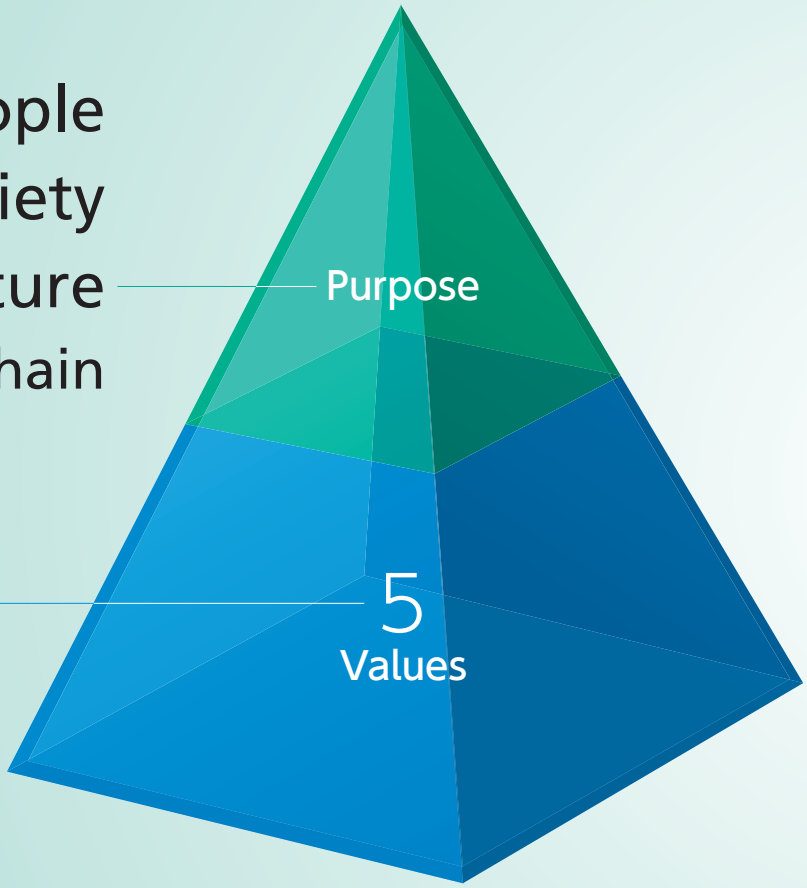
DAIWABO HOLDINGS
INTEGRATED REPORT 2025



Impactful value chain

Purpose & Values

Connecting people and society to the future with our value chain



01 Partnership
02 Diversity & Respect
03 Gratitude & Passion
04 Sincerity & Fairness
05 Challenge to Value Creation

We, the Daiwabo Holdings Group,* believe that the purpose of our existence lies in connecting and linking people in business, companies, and local communities within the value chain that consists of various social activities.

At the heart of this is our focus on partnership. We harness our collective strength to drive value creation through organic collaboration and cooperation with stakeholders across the value chain, especially in addressing social issues that are difficult to resolve by the group alone. Also, the message "Connecting to the future" reflects our commitment to channel the advances of technology back into society through the dissemination of IT products and services, and research and development, thereby making people's lives and industries more comfortable, more secure and safer.

As a company supporting the foundations of social infrastructure, we will not only fulfill our responsibilities, but also adapt flexibly to the ever-changing business environment and values. Looking to the future, we will continue contributing to the realization of a more sustainable and prosperous society.

Editorial policy

The Daiwabo Holdings Group has published an Integrated Report since fiscal 2023 as a communications tool for gaining the understanding of stakeholders regarding our value creation story, by which we seek to continuously improve corporate value, including the group's values and business models. Now in its third edition, the Integrated Report 2025 places particular emphasis on expressing the value chain, the chain of value derived from our vision of what the group aspires to be. We will continue to enhance the content of the report to help our stakeholders gain a deeper understanding of how the group creates value and envisions the future, as well as of the group's appeals, growth potential, and initiatives aimed at enhancing corporate value over time.

* "The Daiwabo Holdings Group" refers collectively to Daiwabo Holdings Co., Ltd. and its consolidated subsidiaries.

Scope of this report

In principle, this report and related data cover the group, but some content covers only business in Japan.

Guidelines and other reference information

- IFRS Foundation, International <IR> Framework
- Ministry of Economy, Trade and Industry, Value Co-Creation Guidance 2.0
- Global Reporting Initiative (GRI) standards

Reporting period

Fiscal 2024 (April 1, 2024 to March 31, 2025)
Some activities outside the report period are also included.

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Issued September 2025

Forward-looking statement disclaimer

The forward-looking statements in this report, including business forecasts, represent our current judgment based on information available to us as of August 2025 or during the preparation of this report, and are subject to risks, uncertainties, and other factors. They are also subject to external factors such as economic conditions, market trends and exchange rates. Please note that actual results may differ due to changes in various factors.

Contact

Daiwabo Holdings Co., Ltd.

Contact us

Information disclosure bodies



My purpose *Part 2*

For each individual to reflect on their own life purpose and the meaning of work, and to articulate it in their own words as "My purpose;" this becomes the starting point for envisioning a self-directed career and opening the way to a more fulfilling life. When each employee's "My purpose" resonates and aligns with the group's purpose, "Connecting people and society to the future with our value chain," our work gains greater strength and becomes more valuable to society. As individual aspirations connect and resonate with one another, they become the driving force that propels us toward the future.

"The Intent Behind Formulating the Purpose," by Senior Managing Director Tsukasa Igari, who led the formulation project, can be found here (Group recruitment site).

Part 1: 2024
"My purpose" among executives

→

Part 2: 2025
"My purpose" among management-level employees

→

Part 3: 2026
"My purpose" among general employees



My purpose

The happiness of those I work with leads to the happiness of those dearest to me

Hiroyuki Ikeura
Deputy General Manager
Central-Osaka Sales Department
DAIWABO INFORMATION SYSTEM CO., LTD.

While providing a wide range of products and services through our sales partners, I focus on direct communication as a visible distributor and strive to act with a conscious effort to connect manufacturers and sales partners. As a trading company, not a manufacturer, we do not deal directly with end users, which is why I believe that "people" are our most important asset. For me, the meaning of work lies in contributing to the success and happiness of those I am involved with, and I believe that, in turn, this brings happiness to myself, my family, and those most important to me.

My purpose

Building the foundation for the group to continue creating value is directly tied to connecting people with people, and departments with departments. Through my role in general affairs, I help create an environment that supports the future of those who work here. For me, the meaning of my work lies in creating a workplace where everyone can work with confidence, in their own way, and with a positive mindset. I want to be someone who can maintain harmony and provide support even in times of change. By listening to the opinions of each employee and fostering trust, I hope to play a part in the organization's future growth.

Creating an environment where employee opinions are valued and their future is supported

Mayumi Tamura
Section Manager, Tokyo General Affairs Section, General Affairs Department
DAIWABO INFORMATION SYSTEM CO., LTD.





My purpose

The three elements of My purpose: Contributing to society, being prepared at all times, and imagination

Yu Sasaki
Manager, IR Promotion Group
Investor Relations Dept.
Daiwabo Holdings Co., Ltd.

The three elements that form My purpose are contributing to society, being prepared at all times, and imagination. I value imagination as a means of building a society that brings happiness to more people, and of preparing for future risks and opportunities. This is not only the meaning I find in my work, but also a guiding principle in my life. IR activities begin with building relationships of trust with shareholders, and are about connecting the company with society and linking the present to the future. By putting my purpose into practice, I believe I can also contribute, through IR activities, to achieving the company's purpose.



My purpose

Meeting needs, improving customer productivity, and connecting to the future

Kentaro Koike

General Manager, Manufacturing Department, Nagaoka Factory
O-M Ltd.

I have long been engaged in operating machine tools and providing technical guidance. The role of the Manufacturing Department is to deliver products and services that fit customer needs exactly, and I find fulfillment in using my experience to help improve our customers' productivity through our products. By meeting needs through connections between our employees and customers, contributing to society by enhancing productivity, and continuing these connections, I believe we can link to an even better future for both our customers and the company.

My purpose

To address labor shortages in manufacturing, we propose automation of our customers' packaging lines. By actually delivering and putting these packaging lines into operation, we contribute to improving our customers' productivity, quality, and cost efficiency. Furthermore, when our customers' products are distributed to the market and purchased by consumers, we help support daily life and contribute to society. Personally, I find great motivation in meeting customer needs, and this serves as my daily drive.

Contributing to solving manufacturing challenges through process automation and labor savings

Kosuke Wakisaka

Manager, West Japan Sales Section, Sales Department
O-M MACHINERY Ltd.





My purpose

Growing and challenging ourselves together with family and colleagues to create a better society

Kazuyoshi Yamamoto

Manager, Service Operations Group
Service Operations Department
DIS Service & Solution Co., Ltd.

Our mission is to contribute to our customers' digital transformation (DX) efforts through technical support services such as DIS original services. In these activities, I find the meaning of my work in growing and succeeding together with my subordinates and colleagues, and in feeling joy when everyone is appreciated and recognized. One of the values expressed in the company's purpose, "Challenge to Value Creation," is an element that, as a Technical Support Center, we intend to focus on even more in the future, and one that I deeply identify with.

My purpose

Our department supports embedding short-term IT investments as long-lasting value, which is, in essence, connecting society through the value chain. Starting from system implementation, we link departments and users, and carry these connections forward into future improvements. You could call it "work that connects." After my child-rearing responsibilities settled down, I found more space to enjoy my work, and this led to the opportunity to take on a managerial role. I feel the greatest sense of fulfillment when I can see that, through connecting, I am truly helping someone.

Valuing the concept of "work that connects" and building step by step

Kuniko Morita

Manager, 1st Service Group
IT Services Department
Alphatec Solutions Co., Ltd.



2030 VISION

Our aspirations for 2030: “2030 VISION”

Taking the IT field as our core, we are taking up the challenge of entering new business domains. Through the value chain, we connect people and society and contribute to building a better future.

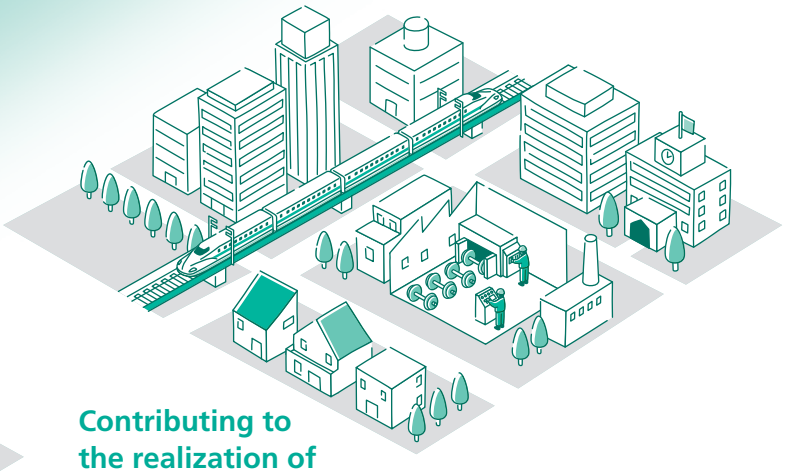
The company has set out our medium- to long-term vision “2030 VISION” as the image we aim to achieve by 2030. To realize this, we have clearly outlined in our equity story the path toward that ideal vision of ourselves: “Inject management resources to new business areas centered on the IT field, thereby building a group system that leads to the further development of the value chain.” Furthermore, to evolve into an “All-in-One Solution Company” that is indispensable to society, we are working toward achieving eight qualitative goals.

Connecting people and society to the future—guided by this purpose, we will develop our value chain to achieve both sustainable growth and the solving of social issues.

Contributing to the realization of a society without regional ICT disparities

Use ICT to contribute to the realization of a society with no regional disparities and to industry that supports society and to contribute to the development of a safe and secure society.



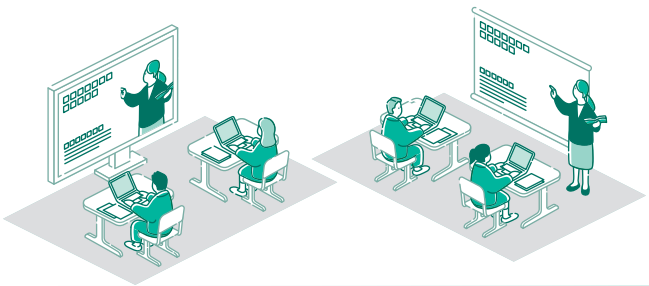


Contributing to the realization of a prosperous and resilient society

We will reinforce the foundation of robust, low-environmental-impact social infrastructure, contributing to the realization of a prosperous and resilient society.

Contributing to the improvement of the ICT skills for future generations

We will contribute to the delivery of high-quality lessons powered by ICT, creating a safe environment for teachers, enabling flexible learning, and fostering the digital skills that will shape the future.



Contributing to the realization of a decarbonized society

As part of our corporate responsibility to achieve a decarbonized society, we are working to reduce environmental risks, promote resource recycling and efficiency through the use of digital technologies, and develop products that reduce environmental impact, thereby helping to bring about decarbonization.



All-in-One

IT Products IT Distribution

Our aspirations for 2030

As an All-in-One Solution Company, we will achieve eight qualitative goals and become an indispensable corporate group.

Eight qualitative goals

1. **Contributing to the realization of a society without regional ICT disparities**
2. **Contributing to the realization of a prosperous and resilient society**
3. **Contributing to the improvement of the ICT skills for future generations**
4. **Building sustainable supply chains**
5. **Contributing to the realization of a decarbonized society**
6. **Create an environmentally low-impact economic model**
7. **Foster a corporate culture in which diverse talents and ideas can be leveraged for healthy, active participation**
8. **Meet stakeholder expectations**



Building sustainable supply chains

As a responsible participant in the global supply chains, we will establish sustainable supply chains that incorporate environmental protection, human rights, and other essential considerations.

Create an environmentally low-impact economic model

To create an environmentally low-impact economic model, we will promote a circular economy and work toward the realization of a resource-efficient, sustainable society by expanding the use of cloud solutions and environmentally friendly products.



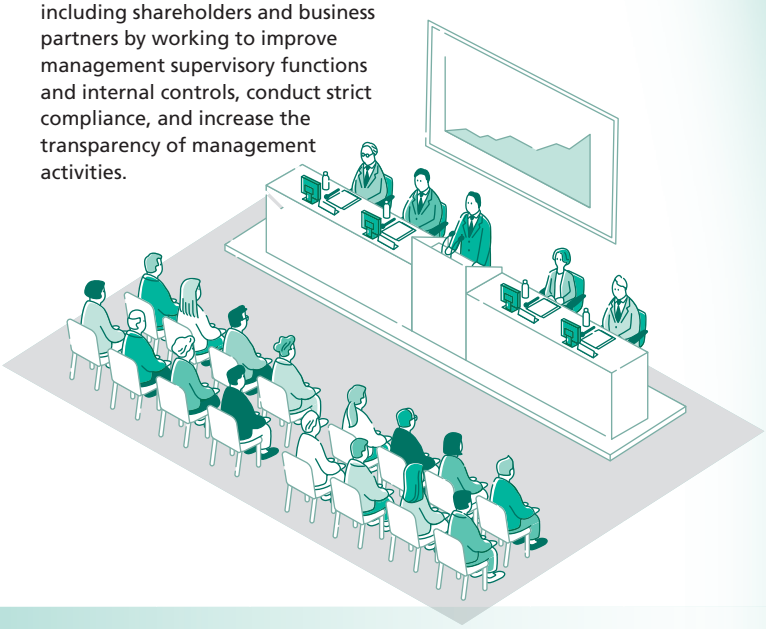


Foster a corporate culture in which diverse talents and ideas can be leveraged for healthy, active participation

Respect human rights and individuality, foster a corporate culture where employees can use diverse abilities and ideas to engage in healthy and active work, and enhance engagement.

Meet stakeholder expectations

Respond to the expectations of stakeholders including shareholders and business partners by working to improve management supervisory functions and internal controls, conduct strict compliance, and increase the transparency of management activities.



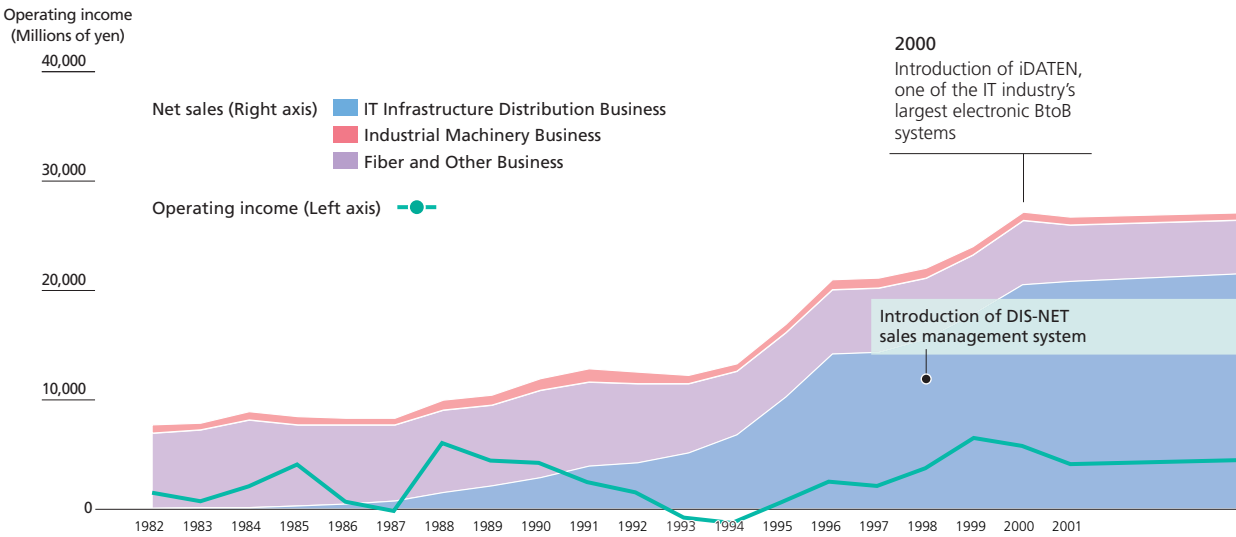
Solution Company

IT Solutions **IT Services**

Our growth trajectory

Transforming our business portfolio in response to social needs and challenges while driving growth, development, and competitiveness

Daiwabo Holdings Co., Ltd. was established through the merger of four spinning companies to form Daiwabo Co., Ltd., beginning with its Fiber Business. Over time, it developed and expanded three businesses in response to social needs: the Fiber Business, the Industrial Machinery Business, and the IT Infrastructure Distribution Business. However, in March 2024, as a strategic option aimed at maximizing corporate value across the group, the Fiber Business was separated from the group. The company now operates under a two-business structure consisting of its core IT Infrastructure Distribution Business and the Industrial Machinery Business. We will continue to respond flexibly to evolving needs over time while contributing to the resolution of social issues.



Transition of business structure

Creation phase → **Growth phase**

1941
- Daiwabo Co., Ltd. is established, with its head office in Osaka, through the merger of four companies: Kinka Boseki, Hinode Boshoku, Izumo Seishoku, and Wakayama Boshoku.

1949
- Daiwabo Co., Ltd. is listed on the Tokyo Stock Exchange.
- Daiwabo Co., Ltd. spins off its Shinji Factory to establish Daiwa Machinery Industry Co., Ltd. (currently O-M Ltd.).
- In 1960, Daiwa Machinery Industry Co., Ltd. merges with Osaka Kikai Seisakusho Co., Ltd.—a manufacturer of machine tools and spinning machines—to form O-M Ltd.

1982
- As part of new business development, Daiwabo Co., Ltd. establishes Daiwabo Information System Co., Ltd. to advance into an information-related business.

1992
- DIS establishes DIS Logistics Co., Ltd. (currently DIS Service & Solution Co., Ltd.) to expand into the logistics industry.

2004
- DIS reorganizes its subsidiaries to strengthen its solutions business and establishes DIS Solution Co., Ltd. (currently DIS Service & Solution Co., Ltd.).



1949
Industrial Machinery Business

In 1960, Daiwa Machinery Industry Co., Ltd. (currently O-M Ltd.) merged with Osaka Kikai Seisakusho Co., Ltd., both of which had been manufacturing machine tools and spinning machinery, to form O-M Ltd. The company grew into an elite group of master craftsmen with advanced techniques, driving innovation in manufacturing machinery across industries.



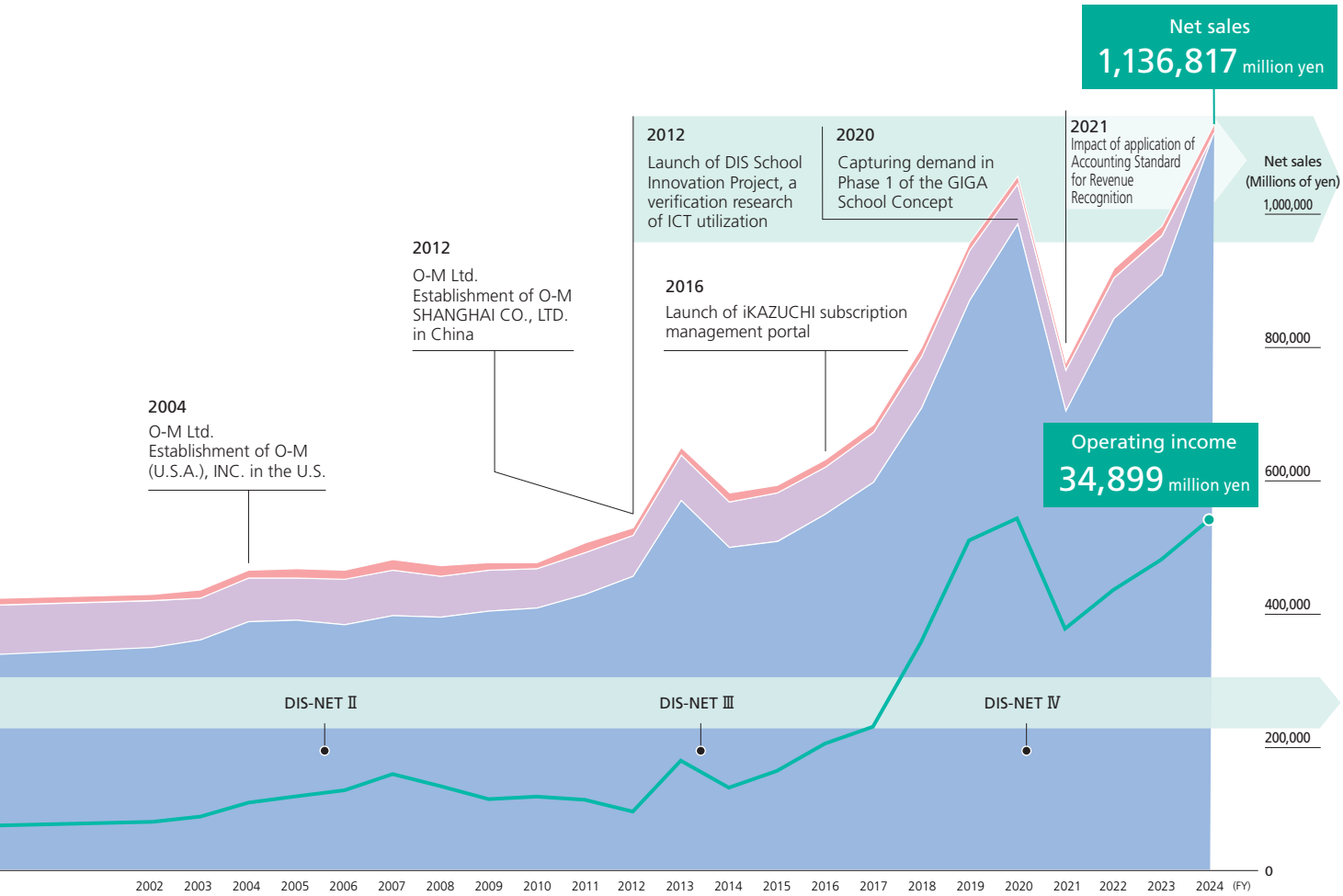
1982
IT Infrastructure Distribution Business

As part of a new business expansion, Daiwabo Information System Co., Ltd. was established to enter the information-related business, growing into one of Japan's largest distributors providing total IT environment support.

1941
Fiber Business

Four companies merged to form Daiwabo Co., Ltd., a textile manufacturer pursuing high added value in products ranging from apparel and daily goods to industrial materials.





Transformation phase → Advancement phase

2009
- Daiwabo Co., Ltd. and DIS integrate their management structures.
- Daiwabo Co., Ltd. changes its trade name to Daiwabo Holdings Co., Ltd.
- Daiwabo Co., Ltd., an intermediary holding company, is established to oversee 12 consolidated subsidiaries engaged primarily in the Fiber Business.

2011
- Daiwabo Holdings Co., Ltd. and O-M Ltd. integrate their management structures

2021
- DIS group companies DIS SERVICE & SUPPORT CO., LTD., and DIS Solution Co., ltd. merge to start business as DIS Service & Solution Co., Ltd.

2023
- DIS acquires all shares of Alphatec Solutions Co., Ltd.

2024
- 85% of shares of consolidated subsidiary Daiwabo Co., Ltd. transferred, spinning the Fiber Business off from the group as an independent entity.

2009 Transitions to a holding company structure

2011 Transitions to a three-business structure

2024 Transitions to the current two-business structure

2009 Daiwabo Holdings

Integrated into the group, we are responsible for formulating the overall growth strategy of the group, allocating management resources to drive its execution, and building a management framework to carry out sustainable development going into the future.

Phase 1 **Medium-Term Management Plan** (FY2021 to FY2023)

Phase 2 **Medium-Term Management Plan** (FY2024 to FY2026)

Phase 3 **Medium-Term Management Plan** (FY2027 to FY2029)

At a glance

The group consists of the holding company that oversees overall management strategy and two business domains—IT infrastructure distribution and industrial machinery—where we demonstrate our unique strengths. By adapting and developing unconstrained by conventional structures and approaches, we continue to evolve and grow in step with the times.

Daiwabo Holdings Co., Ltd.

As the group's holding company, we formulate growth strategies for the entire group, allocate management resources to drive these strategies, and have built a management structure capable of sustainable development into the future.

Established	in 1941
Number of group employees	2,928
Net sales	¥1,136,817 million
Operating income	¥34,899 million
Capital	¥21,696,744,900
Basic earnings per share (EPS)	271.37 yen
R&D expenses	¥151 million
CO_2 emissions (Scope 1 + 2) Market-based	7,551 tCO_2e
Energy consumption (Scope 1 + 2)	135 TJ
Annual training investment per employee	51,600 yen
Percentage of female employees	34.1%
Proportion of outside directors	62.5%

IT Infrastructure Distribution Business

As one of Japan's largest IT distributors that handles IT-related products, the IT Infrastructure Distribution Business provides products obtained from manufacturers and suppliers to end users through sales partners.

- One of Japan's largest trading companies specializing in IT
- Expanding cloud service performance as a result of reinforced iKAZUCHI proposals
- Steady orders for medium- and large-scale IT investment projects from business and government agencies

Main customers

Information equipment sales companies, IT trading companies, system integrators, mass retailers, and e-commerce operators, etc.

Business and services

- iDATEN, which accelerates the business of partners
- Various events that invigorate communication with local communities
- Self-propelled robots that perform picking from inventory that is maintained at 30,000 items at all times

DIS DAIWABO INFORMATION SYSTEM CO., LTD.

- DIS Service & Solution Co., Ltd.
- Alphatec Solutions Co., Ltd.

Industrial Machinery Business

The Industrial Machinery Business manufactures and sells vertical lathes that serve as "mother machines" for all industries including the aerospace industry, as well as wheel lathes that support railway safety and automatic packing machines used in the food and pharmaceutical industries.

- Has a high market share for vertical lathes, a type of machine tool used primarily in heavy industries such as aerospace and railroad, contributing indirectly to various infrastructure.
- Manufactures and sells automated packaging machinery for a wide range of industries

Main customers

Heavy industry manufacturers, railroad companies, food manufacturers, pharmaceutical manufacturers, etc.

Business and services

- Manufacture and sale of machine tools

O-M ltd.

- O-M MACHINERY Ltd.
- OMK Ltd.
- OMTEC Ltd.
- O-M (U.S.A.), INC.
- O-M SHANGHAI CO., LTD.

By building relationships with approximately 1,500 manufacturers in Japan and abroad and about 19,000 sales partners nationwide, and by serving as a sophisticated bridge between them, we deliver value to diverse sectors including business, education, and government.

Share of the domestic corporate PC market*
36.5%
We focus relentlessly on the devices that connect people with IT, driving business forward. Today, DIS is involved in supplying over one out of every three PCs distributed to corporate clients in Japan.

Number of PCs and tablets kitted
262,000 units
Pre-delivery service for PCs and tablets, including initial setup, software installation, and assembly of optional parts.

Number of valid IDs registered on iDATEN
Approx. 147,000 IDs
A BtoB sales support website for sales partners on the largest scale in the IT industry. In addition to search and order functions from a product database of 2.9 million items, it provides promotions and informational support content.

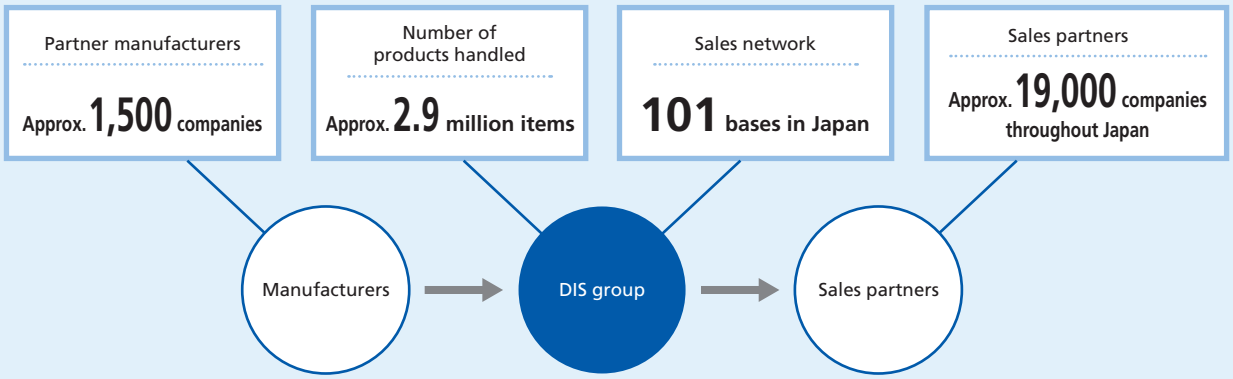
Number of iKAZUCHI service contracts
Approx. 139,000 contracts
We operate and provide a service that enables centralized management of recurring stock business contracts. This platform also offers features such as application form import functionality, supporting sales partners in expanding their subscription businesses.

* DIS's share of corporate PC market in Japan, calculated based on the results of a survey by MM Research Institute

Extensive products of manufacturers around the world

30,000 items stock at all times

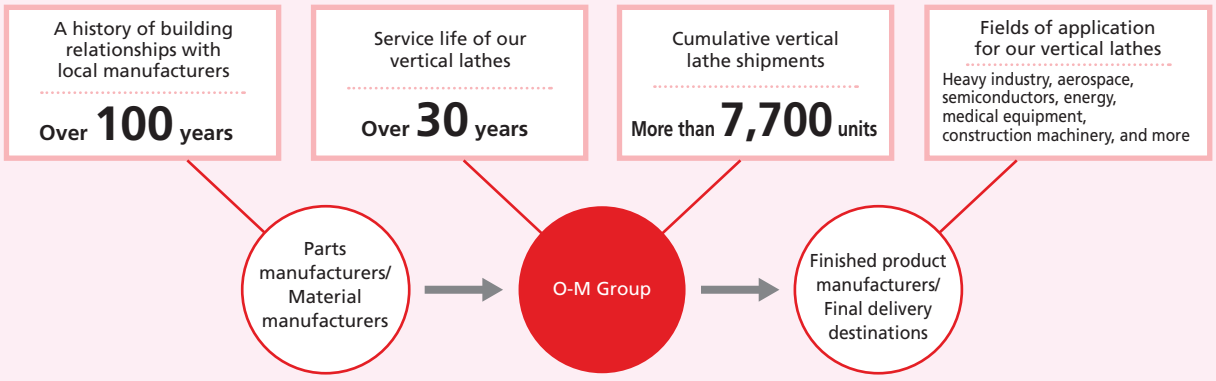
Sales systems with close community ties



By working in collaboration with component and material manufacturers with whom we have built long-standing relationships of trust, we manufacture high-quality industrial machinery such as vertical lathes and supply them to a wide range of industries, including the energy and aerospace sectors, thereby supporting Japanese industry.

Share of the domestic market for vertical lathes (medium and large-size)
No. 1
With high rigidity, high precision, and excellent operability, they play an active role in the machining of large components, primarily in fields such as aircraft engines, rockets, power generation equipment, and construction machinery.

Share of the domestic market for railway underfloor wheel lathes
No. 1
Railway wheel lathes are indispensable for the maintenance of railway vehicles, contributing to improved safety and comfort of Shinkansen and trains operating nationwide.



Message from the President



In this year of accelerated growth, all employees are united in creating new value and driving forward toward what the Company Should Be.

Yukihiro Nishimura

Representative Director,
President and Chief Executive Officer

01 Looking back on fiscal 2024 and the outlook for this year

A crucial period to propel us toward our medium- to long-term vision

In fiscal 2024 (fiscal year ended March 31, 2025), demand for Windows 10 upgrades in the IT Infrastructure Distribution Business emerged earlier than expected, fueling strong performance. We posted record-high net sales, operating income in the IT Infrastructure Distribution Business reached its highest level ever, and on a consolidated basis operating income was the second highest in our history. Both sales and profits significantly exceeded our initial plan. Profitability indicators also improved markedly, with ROE at 16.8% and ROIC at 14.3%. Regarding the previous fiscal year, given that we set a record for net sales, to be honest, I had wanted us to surpass the all-time record for operating income (¥35.0 billion) as well. That target, however, is firmly within reach for fiscal 2025 (fiscal year ending March 31, 2026). In the previous year, we also found ourselves revising forecasts upward each quarter. During periods of extraordinary demand, when forecasting is extremely difficult, we have placed priority on promptly disclosing our outlook to the market. However, we believe it is necessary to further improve the accuracy of those forecasts going forward.

Looking to this fiscal year, we anticipate another record-breaking performance. Demand generated by the end of Windows 10 support, coupled with the peak of Phase 2 of the GIGA School Concept, will serve as major drivers. To capture this opportunity without fail, collaboration with our suppliers and sales partners will be more critical than ever. As we approach the final year of our current Medium-Term Management Plan (fiscal 2026), we expect a temporary downturn in both sales and profit due to recoil from these extraordinary factors. Beyond simply aiming for an early recovery, we must also ensure that the company continues to evolve and grow in any circumstances regardless of market conditions. That requires transforming our business portfolio. We have positioned the next Medium-Term Management Plan (from fiscal year ending March 31, 2028 to fiscal year ending March 31, 2030) as a development phase that connects us to growth beyond 2030; a pivotal stage for laying the foundation for long-term, sustained growth.

The strong results we achieved last year and the favorable outlook for this year have reinforced my conviction that the group has a broad field in which to contribute to the industry at a time of rising demand in the IT market. It has also been a period in which we re-acknowledged both the significance of our presence in this industry and the weight of the responsibility we bear. At the same time, I am confident that we now have a solid foundation for pursuing our vision of what the Company Should Be as set forth in our Purpose. By transforming our business portfolio to expand our domains, tackling the challenge of improved profitability, and ensuring that these strong results are not a temporary peak but the launchpad for our "2030 VISION," we renew our determination to move forward with unwavering resolve.

Message from the President

02 Group philosophy structure

Toward realizing our Purpose: “Connect” across the value chain

In 2023, the group established its Purpose: “Connecting people and society to the future with our value chain.” This Purpose serves as the compass guiding our path to sustainable growth and expresses the very reason for our group’s existence; a value that we must realize together as one. Anchored in this Purpose, we have also defined five values in the group philosophy structure to be shared by all employees: Partnership, Diversity & Respect, Gratitude & Passion, Sincerity & Fairness, and Challenge to Value Creation. Further, our medium- to long-term vision “2030 VISION”, announced in May 2024, lays out our equity story in more concrete terms, describing specific business plans and growth strategies: “We will inject management resources to new business areas centered on the IT field, thereby building a group system that leads to the further development of the value chain.” This equity story represents the concrete phase of medium- to long-term business growth toward realizing our Purpose and serves as the action guideline to make it a reality. Moreover, the keyword “connect” in our Purpose embodies a profound meaning and sentiment: it reflects the very essence of the group’s business activities; continuously taking on challenges from its origins in textiles through industrial machinery and IT infrastructure distribution, sincerely responding to new needs while “connecting” society, and seizing changes in the times as opportunities for its own evolution and growth. Moreover, the trajectory of value creation forged by our businesses up to now continues forward, embodying the new aspiration of “connecting to the future” as we contribute to a sustainable and prosperous society for the next generation.

Our unwavering core is IT distribution, and we aim to become an All-in-One Solution Company that “connects” the entire IT market. The group seeks to link the entire IT value chain, spanning from upstream IT products to downstream IT solutions and services. The future we envision is one where the widespread adoption of diverse, advanced IT products and services contributes to everyday life and to many industries. At the same time, it is our mission to continue our unrelenting pursuit of research and development and to continuously explore new technologies. By engaging with the evolution of technology and returning its value and appeal to the value chain, we will continue to strive for the realization of comfort, safety and security, and happiness for people and society in the future. By recognizing changes in the business environment and in social values, we will expand our contributions across a broader range of business fields to help shape a more comfortable future society.

03 Toward the achievement of “2030 VISION”

Building on our existing businesses as a strong foundation and aiming for further growth



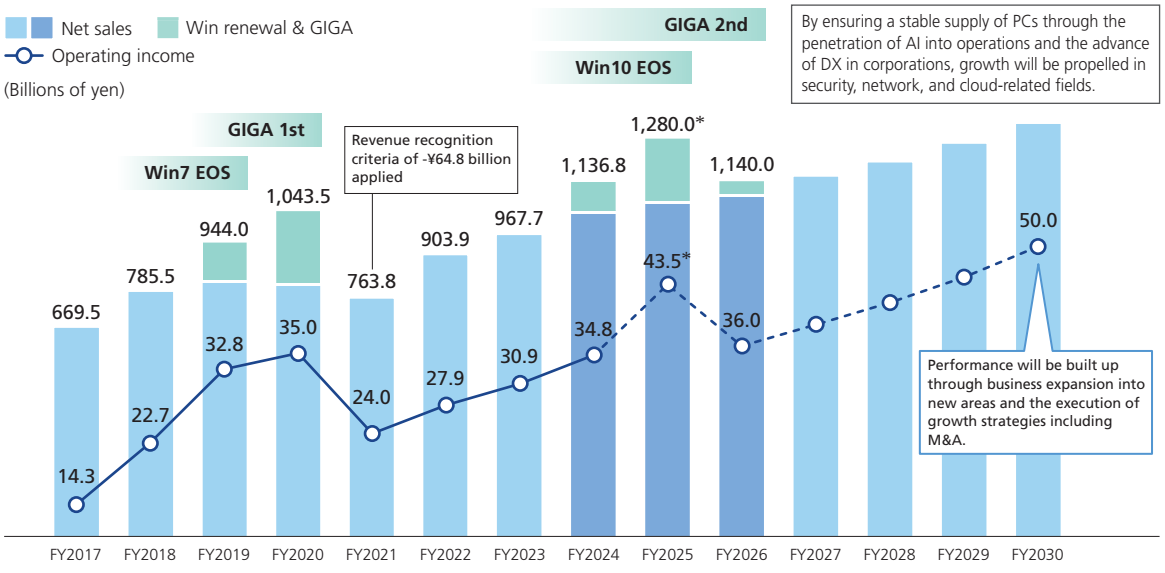
The equity story in “2030 VISION” is underpinned by four growth strategies toward the achievement of our medium- to long-term vision: (1) allocating management resources to new business domains, (2) developing the value chain through expansion of operations driven by organic growth, (3) building a stronger group system, and (4) reinforcing IT distribution. Through these initiatives, we aim to generate greater corporate value and achieve our numerical targets. As a quantitative goal under “2030 VISION,” we have set a consolidated operating income target of ¥50.0 billion for fiscal 2030 (fiscal year ending March 31, 2031). Compared with the fiscal year ended March 31, 2010, when the group adopted a holding company structure, this represents a tenfold increase. To achieve this goal, we must sustain annual average growth of around 12%.

In the previous fiscal year, not only was demand for PC

renewals particularly prominent, but we also felt the strength of potential IT demand across corporations, government agencies, and educational institutions, driven by the promotion of DX and the advancement of AI technologies. While entering new business areas is the most critical challenge for ensuring sustainable growth beyond 2030, there remains ample potential for growth within our existing IT Infrastructure Distribution Business. Looking ahead, we expect base demand to continue growing steadily, supported by the expansion of IT investment driven by labor shortages. In addition, opportunities exist in higher unit prices and broader applications associated with AI PCs. Furthermore, by deepening our involvement in the cloud-related field, currently the area with the highest growth rate, through our iKAZUCHI platform and by expanding related services, we aim to drive further growth. The capital generated from the solid management base of these existing businesses will be directed toward new business areas. Accordingly, under "2030 VISION" we will not only pursue organic growth centered on IT Infrastructure Distribution Business but also, through added value brought about by additional expansion into new areas including M&A, work toward achieving an operating income of ¥50.0 billion. In fact, as the first year of the Medium-Term Management Plan saw results far above our original plan, we revised our earnings forecast upward in May. For the fiscal year ending March 31, 2027, we now project net sales of ¥1.14 trillion, up from ¥1 trillion, and operating income of ¥36.0 billion, up from ¥33.0 billion. While these are ambitious projections, they reflect our firm determination to minimize the recoil decline. By ensuring the achievement of these targets, we will create momentum for the growth strategies of the next Medium-Term Management Plan and for reaching our consolidated operating income target of ¥50.0 billion in fiscal 2030.

In the near term, domestic market trends indicate that IT-related investment will continue to grow, driven by increased IT adoption and DX initiatives in response to a declining labor force, as well as the expanding use of AI technologies. For the group, we aim to secure a solid performance over the next decade by actively investing in our people while leveraging the steady growth of the market. At the same time, looking further ahead to the next phase of growth, we intend to implement business portfolio and structural reforms during the current Medium-Term Management Plan period, using the results as a powerful driver to further accelerate the group's growth.

Image of net sales and operating income growth



＊The earnings forecast for the fiscal year ending March 31, 2026 reflects the upward revision disclosed on August 5.

04 Sustainability management

Addressing social issues with defense and offense: a path to sustainable growth

The group achieves sustainable growth by accurately identifying the social issues and needs that evolve with the times and building a track record through flexible responses. This growth is realized through value creation across the entire value chain, connecting manufacturers, sales partners, service partners, end users, society, and the environment.

Message from the President

We carefully identify the risks that various social issues, such as labor shortages and the growing severity of climate change, present to our business. At the same time, alongside defensive measures, we also pursue an offensive approach that transforms the resolution of social issues into opportunities for value creation and business growth. Together, these dual strategies of defense and offense serve as the driving force that carries us into the future.

Our vision of sustainability management consists of continuously (1) being indispensable to the market, (2) maintaining a supply structure that ensures the sustainability of entire supply chains, and (3) earning the trust of all of society. By upholding these three pillars, the group seeks to achieve sustainable growth and contribute to the realization of a sustainable society. While targeting ¥50.0 billion in consolidated operating income, we are also striving to become an indispensable corporate group by realizing eight qualitative goals.

To achieve our "2030 VISION," it is essential to address materialities directly linked to the resolution of social challenges (nine items across four areas: social & industry, the environment, people, and governance). In particular, initiatives in the social & industry area, including contributing to the sustainable development of regional economies through IT, contributing to a sustainable social infrastructure, improving the IT skills of future generations, and building a sustainable supply chain, are directly tied to both social issue resolution and business growth, and will therefore be a priority. Specifically, by positioning our IT Infrastructure Distribution Business as the core, the group leverages a robust network to address material issues in the social & industry area, such as closing regional digital divides through ICT and contributing to sustainable social infrastructure, which in turn promotes the revitalization of regional economies.

On the environmental front, we are expanding sales of cloud solutions that promote logistics efficiency, resource circulation, and energy savings. To address labor shortages, we propose solutions such as supporting productivity improvements through digitalization and promoting business model transformation through DX. In this way, social issue resolution itself becomes a driver of new service development and growth opportunities.

Since the group's founding, our unwavering belief has been to view "people" as our most important capital, to foster connections among people, and to cherish a culture in which human potential becomes the driving force of value creation. This culture of being a "people-centered company" is the foundation of sustainable growth and the key to realizing our Purpose.

This fiscal year, we will accelerate strategic investment in human capital, committing more than ¥14.0 billion over three years to improving labor productivity and employee engagement. This includes initiatives such as base wage increases, enhanced benefits, and improved training environments. These measures are fostering a culture of employee well-being and respect for diversity, while also creating an environment that drives innovation.

We are deeply embedding an educational philosophy that maximizes the potential and growth of every employee, upholding "diversity and respect" as core values, and prioritizing two-way communication in the workplace so that issues and proposals are reflected in management. At the same time, we continue to enhance the physical workplace environment to raise productivity across the group.

Diverse human resources are the wellspring of innovation. By accelerating DE&I initiatives across the company and enhancing engagement, we aim to unlock the full potential of our "people." This will solidify the achievement of our "2030 VISION" to become an "indispensable corporate group" as an All-in-One Solution Company.

05 Stakeholder engagement

Building a corporate brand to strengthen trust

The group strives to enhance corporate value by promoting timely and appropriate information disclosure and constructive dialogue with shareholders and investors. Through this process, we seek to foster a proper understanding of the group's management status and to feed back the content of these dialogues into management decision-making. In the previous fiscal year, we held 221 SR/IR meetings, during which we received a wide range of questions and valuable opinions from our shareholders and investors. The contents of these meetings are shared quarterly with the Board of Directors and are earnestly considered as important management decision-making materials, including through discussions of future areas for improvement.

Furthermore, under our new business structure, the group is aiming for further enhancement of corporate value. We believe that achieving what the Company Should Be is essential to refresh our corporate image and raise the value of our corporate brand. To this end, we have begun considering a change of company name, with the intention of submitting a proposal as early as next year's General Meeting of Shareholders. Such a change would not only attract the attention of various stakeholders, including employees, customers, investors, and local communities, but also reaffirm and share our corporate philosophy, business activities, and

vision for growth. In doing so, we aim to strengthen stakeholder relationships and make this initiative a powerful driving force for enhancing corporate value. We sincerely ask for your continued understanding and support as the group pursues sustainable growth into the future.

06 Closing message

Continuing to pursue the realization of what the Company Should Be, guided by our Purpose

In the previous fiscal year, under its new system, the group achieved record-high net sales. This strong performance was driven primarily by the IT Infrastructure Distribution Business, centered on DIS, with sales surpassing ¥1 trillion for the first time. Leveraging the favorable market environment of the Windows 10 update, this result has provided a powerful springboard for the next stage of growth, while also serving as evidence of the group's deep and broad roots within the industry. Once again, we are reminded of the great expectations and responsibilities placed upon us, and we face them with renewed determination.

DIS was founded in 1982 with just ten employees, drawing on the expertise developed in creating a monitoring system to manage the factories of its predecessor, Daiwabo Co., Ltd. Entering a new field was a formidable challenge, with the company struggling with monthly deficits in its first year. However, with the appointment of a new president in its second year, Total Quality Control (TQC) was introduced, the corporate motto and principles still upheld at DIS today were established, and a bold vision was established: "to become a ¥10 billion company in the 1980s." The start of transactions with NEC, and the opportunity to distribute the hugely popular PC-9800 series, became the turning point.

The management methods established at that time, including clear policies and targets, and an organizational structure centered on small-group activities, remain very much alive today. With the internal systems in place, a product lineup determined, and proactive recruitment underway, DIS rapidly expanded its footprint by opening new offices. By its sixth year, sales exceeded the ¥10 billion target, laying the foundation for the company as it is today. Personally, I joined in DIS's third year, at its first branch in Saga, and later took part in establishing other branches across Kyushu, a demanding yet deeply rewarding period.

Today, with over 100 locations nationwide, DIS has built a network that serves as a vital driving force for its current performance. Along the way, it has responded flexibly and swiftly to shifts in the market environment, including the rise of DOS/V machines, the spread of the internet, the Y2K challenge, the proliferation of mobile devices, and the transition to cloud environments, fueling continuous growth.

This year, the World Expo, now being held in Osaka for the first time in 55 years, runs until October. Cutting-edge technologies from around the globe are being showcased, with companies, nations, and regions each presenting their vision of an ideal future society. These new technologies and businesses, born from dreams and aimed at realizing ideals, have the power to enrich lives, inspire people, and bring happiness. Drawn to this immense force, countless people are gathering from across the world, filling the streets with vibrancy. That scene embodies, in every sense, a world where "connecting people to the future" comes to life: an ideal, prosperous society. With this vision in mind, we renew our resolve to take on social challenges and become a corporate group that contributes to realizing a future society filled with dreams and ideals, where diverse cultures and technologies come together.

Looking ahead, whenever we face difficult challenges, we will return to the group's purpose-driven philosophy, keeping a firm focus on what the Company Should Be and striving to "connect" our efforts to the group's further growth and development. Building on the culture we have inherited, we ask for your continued expectation and support for the group's growth and evolution.



Value creation diagram

Purpose

Connecting people and society to the future with our value chain

2030 VISION

As an All-in-One Solution Company, we will strive to achieve our eight qualitative targets and become an indispensable corporate group

Materiality

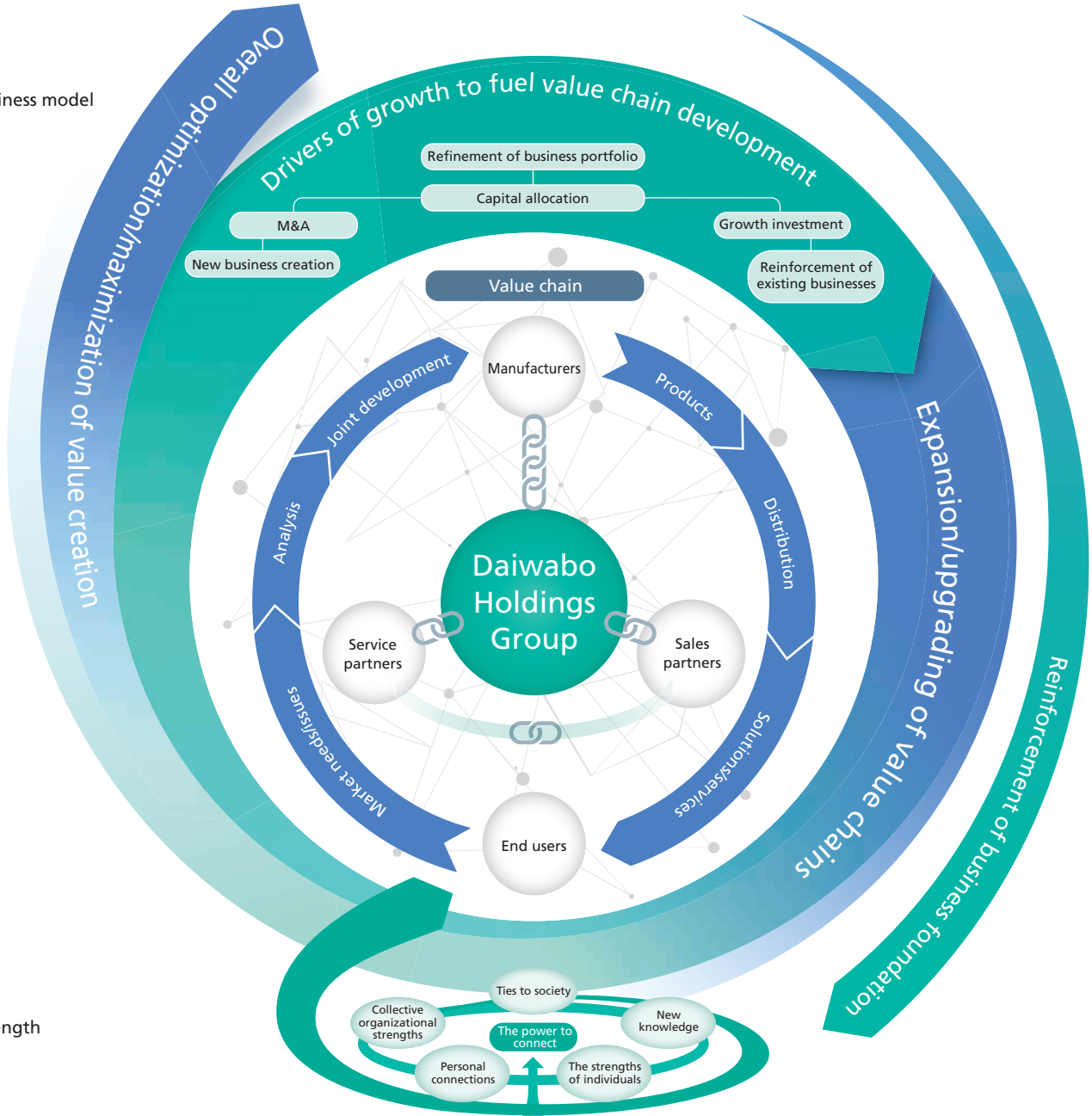
Four areas to address social issues and materialities

- Social/Industry
- Environment
- People
- Governance

Value provided

- **Environmental value**: Helping to make a carbon-free, recycling-oriented society
- **Social value**: Contributing to the development of social infrastructure and regional society by advancing digital society
- **Economic value**: Enhancing sustainable corporate value

Business model



Strength

Management capital

Foundational capital

- Personnel with diverse values and capabilities
- Strong, sound financial foundation

Capital to enhance competitiveness

- Well-developed distribution infrastructure
- Environmentally conscious management
- Strong partnerships with customers and with other companies in the industry

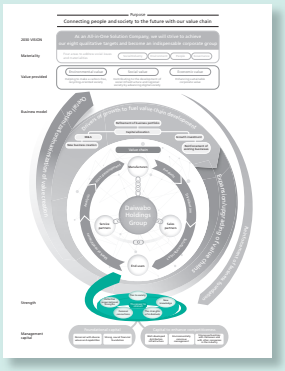
Summary of our value creation diagram

In order for the group to respond to society's ever-changing issues and needs, we are constructing a value chain that links people and society, founded on the management capital we have accrued thus far and with our original "power to connect" at its core.

Moreover, through our pursuit of a better business portfolio, we plan to expand and upgrade our entire value chain, and to maximize our creation of corporate value as a group.

The power to connect

Over its eight decades of history, the group has developed unique strengths. These strengths have been passed down since the group's foundation, leading the group's growth in the form of "the power to connect," which we have nurtured through our relationships with individuals, organizations, and partners. In the face of today's business environment, with its increasingly severe social issues and stronger social demands, we will continue to bolster these strengths, using them as the driving force of our business, creating value as only the company can.



The power to solve problems by coordinating with partners to meet the community's needs

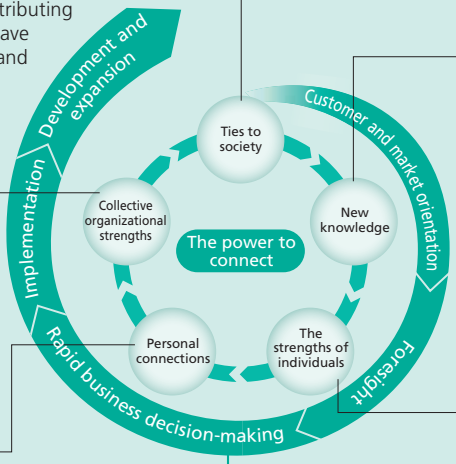
Our initiatives, closely tied to the community, foster greater mutual communication with sales partners, contributing to the expansion of our regional network. We have created an environment in which we can share and solve social issues.

Cross-functional, flexible collective organizational strengths

We avoid siloing, instead promoting the creation of organization-spanning projects for individual issues to address them, achieve our business plans, and increase our corporate value.

A spirit of collaboration that places importance on face-to-face dealings and builds relationships of trust through dialog

The keystone of our business consists of valuing connections and building trust in an environment that quickly provides experiences of success through interchange with others.



Accumulating knowledge through our deep connections with society creates a growth foundation for our employees

We use the track record and expertise we accrue as we solve social issues as new knowledge to reinforce the strengths of individuals while at the same time contributing to the company's significance and the personal motivation of our members.

Using communication and IT skills to produce the implementation strengths needed to take advantage of opportunities

The support of our corporate culture, which grants discretionary power to those in the field and permits them to take on new challenges, our employees' dedication to continued learning, and their strong sense of independence, carrying things through to the very end, are the sources of their individual strength.

Customer and market orientation

Implementing a community-based approach, closely aligned with sales partners, where customers are the highest priority

Our business does not end with the sale. Instead, it connects to new business by leveraging IT to help customers produce business results.

Foresight

Leading the world by creating an immediately responsive system that leverages our inventory capabilities

We demonstrate our unique strengths and lead the growth of the group by going against the mainstream approach of inventory compression and efficiency-focused management, instead using our large inventory capabilities to enable speedy product delivery and face-to-face sales through our nationwide network.

Rapid business decision-making

Decision-making that produces success by listening closely to those in the field

Since the early days of the computer, we have made business decisions that have kept us at the forefront, creating a system capable of immediate product delivery throughout Japan, being one of the first to launch educational ICT projects, and being an early supplier of subscription services.

Implementation

Working hand-in-hand with customers and partners to produce commercial success through our unswerving conviction

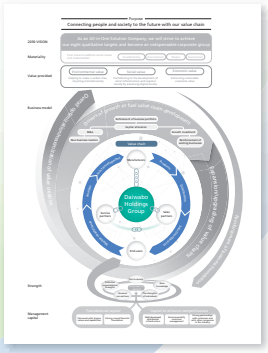
Our focus isn't on simply selling. Rather, we are strongly conscious of building relationships with customers and working with partners to realize business and commercial success.

Development and expansion

Creation of social and economic value through the refinement of our business portfolio

By expanding our business scope through our holding company system, we are contributing to the realization of a sustainable society.

Value chain



We are able to create value in collaboration with manufacturers, sales partners, service partners, and various other stakeholders, which we then provide to the end users and through them society and the environment. More than simply offering products and services, by fusing these with the knowledge and needs of stakeholders, we have developed an original value chain that can create sustainable growth and shared value. For this reason, it has become a great strength for us and will power our efforts to open up future paths.

Environment

Material suppliers
(Components, materials)

Manufacturers

Joint development

Flow of products, services, and information (Supply chain)

Products

Distribution

Solutions/Services

Analysis

(Demand chain) Feedback on market-related data

Market needs/issues

❶ Improving distribution efficiency

❷ Developing products & services

Expansion of Daiwabo Holdings Group's core areas

Support to address local issues
❹ Enhancing support services

Solutions proposals
❸ Supporting sales systems

Daiwabo Holdings Group

Service partners

Sales partners

❺ Supporting improved engagement between partners

❻ Eliminating regional differences

❻ Raising productivity

End users

Markets
(Communities, governments, companies, educational institutions)

Social & environment

Value co-creation and offerings the value chain produces

❶ Improving distribution efficiency (Value co-creation with manufacturers)

By working with manufacturers, we can see in real time demand forecasts and the status of inventory and logistics. Through analysis based on past records and external data, we are able to achieve procurement, deliveries, and stock management that is optimized for demand in each region. We have also satisfied, and gained the trust of, customers across the country by rigorously adhering to deadlines and through rapid responses. Moreover, we have decentralized suppliers and constructed a system that can swiftly respond to demand fluctuations and transportation risks. This has allowed us to develop a supply network that is resilient to disasters or sudden changes.

❷ Developing products & services (Value co-creation with manufacturers)

Information-sharing through the supply chain allows us to promote the joint development and sale of original products. Additionally, planning and building solutions packages that integrate multiple manufacturers' products (hardware, software, or services) aids customers in addressing the complex issues they face. As well as helping manufacturers to gain new market opportunities, we are able to use sales networks that stretch across Japan to also support overseas manufacturers looking to enter the Japanese market.

❸ Supporting sales systems (Value co-creation with sales partners)

By blending the strengths we possess in terms of data on market and technological trends and our strong partnerships with manufacturers with our sales partners' strengths in customer data and industry-specific knowledge, we are able to work together to create strategic proposals. This, in turn, enables us to develop more refined sales activities. We share information on large-scale orders or those for wider areas with sales partners so as to expand mutual business opportunities. At the same time, we are implementing the latest technical training and supporting workers to gain qualifications to raise our partners' technical capabilities.

❹ Enhancing support services (Value co-creation with service partners)

A fusion of our wide-ranging product knowledge and logistics networks with our service partners' technical specialisms and construction know-how results in our being able to jointly promote advanced systems integration proposals and win orders. Furthermore, using our nationwide chain of sites and the engineer networks of our service partners, we can offer quick, uniform maintenance and breakdown-recovery services in any region. Moreover, by jointly developing a standard package that caters to needs in the cloud and security fields, we are better able to support proposals. We continue to work on developing solutions specialized for specific regions and industries.

❺ Supporting improved engagement between partners

Through our own, original method, we connect partners and encourage synergistic value creation. For example, to address an issue faced by an end user, we make use of the individual strengths of our partners, while also building optimal cooperative relationships to deal with that issue through co-creation. Additionally, through exhibitions and other events in different regions, we deepen engagement between partners, which service to create new opportunities for cooperation. Going further, we try to aid sales partners in resolving the issues hampering their management or proposal activities, and we are in the process of constructing the foundations to build value through co-creation.

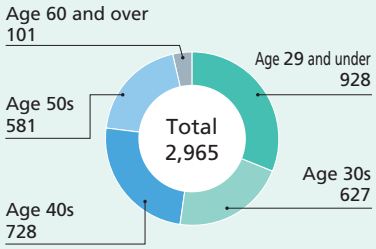
❻ Eliminating regional differences / Raising productivity (Offering value to end users)

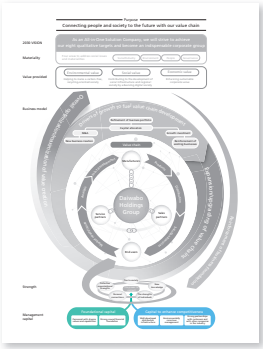
A sustainable, decentralized network of distribution bases means we can deliver products to the end user quickly. Providing a uniform service, regardless of the area, also helps to eliminate regional differences. Seminars and exhibitions throughout Japan, meanwhile, promote optimal solution proposals that respond to technological advancements and issues in different industries, such as medical, education, and manufacturing. By thoroughly collecting and analyzing on-site feedback, we are able to evolve end users' IT environments to best suit them, which strongly supports their efforts to raise task efficiency and productivity.

Management capital and its strength

By supplying products and services that match the changes and meet the needs of society, the group has helped solve the problems faced by society, thereby achieving major growth. In the process, we have built up various capital that has become the source of the group's strength today.

This capital has the power to make each of our businesses stand out, and by strategically utilizing and expanding this capital, we will carry out actions that create growth as we pursue greater value creation.

	Foundational capital	
	Personnel with diverse values and capabilities (Human capital) Recognizing that human capital is the wellspring of enhanced corporate value and our greatest asset, we seek to fully harness the "power to connect" cultivated through strong bonds with individuals, organizations, and business partners, thereby linking diverse skills and ideas to personal growth and value creation.	**Strong, sound financial foundation (Financial capital)** While ensuring a well-balanced allocation of resources toward business growth investments, shareholder returns, and other areas, we aim to increase equity capital through retained earnings. At the same time, by maintaining appropriate levels of liquidity on hand and interest-bearing debt, we are working to further enhance financial soundness.
Key challenges in business promotion	● Retention and development of talent with flexible creativity and advanced skills to address diversifying needs ● Building a sustainable organizational structure through a human capital strategy aligned with the group management strategy centered on Purpose	● Improving capital efficiency to ensure financial soundness and achieve sustainable growth
Strategies and initiatives to address challenges and build future competitive advantage	● Improvement of labor productivity through active human capital investment, including talent development and improvements to working environments ● Enhancing employee engagement by promoting well-being-oriented management and DE&I	● Promotion of human capital investment and system investment to support growth in existing businesses ● Execution of strategic M&A aligned with the medium- to long-term vision
FY2024 results	**Labor productivity through group-wide collaboration** (Net sales per employee) ¥380 million **Employee composition by age group (Domestic consolidated full-time employees)**  **Average annual training hours per employee** 20.3 hours	**Capital efficiency** ROE 16.8% ROIC 14.3% **Financial soundness** Maintain Rating A* in the long term * Acquisition of "A" Issuer Rating by Rating and Investment Information, Inc. (R&I) and "A" Long-Term Issuer Rating by Japan Credit Rating Agency, Ltd. (JCR)



Capital to enhance competitiveness

	Well-developed distribution infrastructure (Intellectual capital)	Environmentally conscious management (Natural capital)	Strong partnerships with customers and with other companies in the industry (Social capital)
	Centering on our core system DIS-NET, and leveraging iDATEN and iKAZUCHI, we have built an extensive sales network connecting approximately 19,000 sales partners with around 1,500 manufacturers.	By promoting subscriptions, we are advancing resource conservation and reducing operational burdens, contributing to reduced CO_2 emissions across the entire supply chain. Furthermore, through the sale of environmentally friendly products, we help preserve natural capital and support the realization of a sustainable society.	We are contributing to the infrastructure industry through promotion of educational ICT and the development of industrial machinery and systems, advancing supply chain management, and engaging in business activities that contribute to society.
Strategy	• To respond to market changes and increasingly diverse customer needs, it is necessary not only to review business workflows themselves but also to reconsider system structures • Continued enhancement of the two platforms, iDATEN and iKAZUCHI, from the perspective of intellectual capital utilization	• Addressing climate change and transition to a circular economy • Reduction of GHG emissions (Scope 1, 2, and 3) in line with SBTi standards • Initiatives to expand demand for environmentally friendly products	• The GIGA School Concept has dramatically transformed the educational environment, diversifying learning styles • Rapid responses to changes in the market environment, such as tariffs, supply chain disruptions, and significant foreign exchange fluctuations
Management method	• Proactive promotion of the Client Zero initiative, in which new technologies are first adopted internally and then provided to customers along with their demonstrated value • Initiatives developed not only from the perspective of introducing digital technologies, but also from the standpoint of how to build business schemes	• Contribution to CO_2 reduction through the promotion of Green IT via environmentally friendly IT products • Contribution to reduced CO_2 emissions across the supply chain and improved operational efficiency through the further spread of subscription services • Expansion of initiatives to procure low-CO_2 power and reduce greenhouse gas emissions from business activities	• Full-scale rollout of training programs for teachers nationwide, in collaboration with Intel, to promote the spread of STEAM education and accelerate ICT utilization in classrooms • Close information sharing with business partners to ensure strong, lasting relationships and agile responses to market changes
Key data	**No. of valid iDATEN IDs** Approx. 147,000 IDs **No. of iKAZUCHI service contracts** Approx. 139,000 contracts	**Reducing our environmental impact** • **Ratio of environmentally friendly products handled (IT Infrastructure Distribution Business)** 48.9% **Contributing to the realization of a decarbonized society** • **Progress on group CO_2 emission reduction** **Scope 1 + 2** **Based on FY2013 levels** **Against the domestic reduction target of 31%:** 20% reduction achieved	**Strong relationships with sales partners** **IT Infrastructure Distribution Business Sales partners** Approx. 19,000 companies **One of Japan's largest domestic IT distributors** **Share of the domestic corporate PC market** 36.5% (FY2024) * Calculated based on the results of a survey by MM Research Institute **Knowledge and technologies based on long track record** **Industrial Machinery Business** No. 1 domestic market share for medium and large-sized vertical lathes

Message from the director in charge of corporate strategy

Pioneering growth through strategic investment and sustainability management: the path to realizing "2030 VISION"



Tsukasa Igari
Senior Managing Director

Medium-Term Management Plan: turning changes in the business environment into the next stage of growth

The external environment surrounding the group is expected to undergo significant changes well into the future. We must prepare for impacts from many angles, including the trends of IT vendors, the influence of exchange rates and tariffs, the management policies and business succession issues of sales partners, and adaptation to advanced technologies. From a longer-term perspective, Japan's population is projected to fall below 100 million by 2050, with the aging rate reaching 40%, bringing about profound structural changes in society. On the other hand, there is also an outlook in which children raised in an educational environment equipped with one learning device per student through the GIGA School Concept will emerge as a generation with both high IT literacy and strong sensibilities. Against the backdrop of a declining working population, growing demand for labor-saving and efficiency-enhancing solutions will continue to drive investment in IT and the acquisition of DX talent.

To adapt to such environmental changes, the group has formulated a Medium-Term Management Plan based on a backcasting approach from what the Company Should Be as envisioned in our medium- to long-term vision "2030 VISION." Under the current Medium-Term Management Plan, the three years through the fiscal year ending March 31, 2027 are positioned as a "Breakthrough period through business portfolio transformation," during which we are working to strategically strengthen our business foundation.

Strategic investments for organic business expansion

In the fiscal year ended March 31, 2025, we undertook a variety of initiatives to further solidify the foundation of our IT Infrastructure Distribution Business. Daiwabo Information System, which operates this business, works with approximately 19,000 sales partners nationwide. Its core system, DIS-NET, reliably supports transactions equivalent to ¥1 trillion in annual sales. Looking ahead to further business expansion, the handling of new products and services, and business model transformations represented by subscriptions, strengthening this core system is essential. We are therefore making strategic investments in system enhancements.

The group's consolidated performance continues to grow steadily, driven by the IT Infrastructure Distribution Business with its high market share. Within this business, PC sales remain central, and models incorporating new technologies such as AI PCs are expected to gain traction in the market. Another key strength of the group lies in our ability to flexibly propose and provide added value through a wide range of solutions and services that complement the PCs and servers we supply. To reinforce our core business, we aim to further enhance profitability by maintaining a high market share while accelerating initiatives to reduce costs.

Particularly, with the scheduled end of support for Windows 10 in October 2025 and the renewal of devices under Phase 2 of the GIGA School Concept, demand for IT equipment is expected to remain strong. Demand related to the GIGA School Concept is projected to peak in the fiscal year ending March 31, 2026, with an estimated 10 million units up for renewal across the market, of which approximately 5.4 million units are expected to be concentrated in the current fiscal year. By closely tracking demand trends and strengthening collaboration with

manufacturers and regional sales partners, we will ensure stable supply and response, targeting sales of around ¥100.0 billion in this field.

In addition, the growing need for automation and workforce efficiency is accelerating the adoption of AI, which we view as a key driver of the group's growth. Alongside the wider use of AI, demand for security-related solutions is also expected to expand significantly. Leveraging strong partnerships with our sales partners, we will support DX advancement for SMEs across Japan, stimulate demand for AI-related products and services, and contribute to the upskilling of sales partners. Through these efforts, we will actively pursue opportunities in adjacent growth fields and advance into new business areas.

Promoting an M&A strategy to achieve growth beyond existing frameworks

In parallel with pursuing organic growth, we have begun concrete consideration of M&A opportunities as a means to achieve growth beyond our existing business areas and to transform our business portfolio. By clarifying a structure with IT distribution as the core business, we are carefully evaluating potential candidates from the perspective of strengthening the overall value chain within the IT market.

For example, acquiring manufacturer functions as part of the IT products business is seen as one possible option. We are also exploring a wide range of possibilities in new value creation areas, including establishing a highly profitable business model through the IT solutions business, developing after-sales businesses such as repair, recycling, reuse, and disposal, as well as IT staffing services and educational support businesses that address the shortage of DX talent. To realize these initiatives, it is essential to strengthen our strategy planning and execution framework for M&A. By hiring and developing specialized personnel and steadily building experience, we aim to establish a sustainable growth engine.

Deepening communication with stakeholders and visualizing the value creation process

Through dialogue with our shareholders and investors, we are keenly aware of the rising expectations for our new growth strategies. We believe it is essential to earn stakeholders' understanding and support for the initiatives that give shape to our equity story by providing more thorough and transparent information disclosure.

"Does this company have future growth potential? Is shareholder return sustainable? Will the outlook five or ten years from now be bright?" To respond to such candid questions from our shareholders, we are committed to highly transparent disclosure and deeper, constructive dialogue. While our core business area is in the IT market, on the Tokyo Stock Exchange Prime Market we are classified under Wholesale Trade. To date, we have steadily enhanced corporate value by sincerely addressing key issues such as expanding sales, improving profit margins, strengthening our financial base, and enhancing shareholder returns: all efforts that have been well recognized. At the same time, we are strongly aware of the need for a clear vision and careful explanation to convey the true value and future potential of the group as an IT company in contrast to the general perception of wholesale trade or the view that trading functions have low profitability.

To this end, we need to clearly demonstrate our value as an indispensable corporate group through the steady realization of the equity story set forth in the "2030 VISION." By earnestly tackling social challenges and achieving sustained growth as a company that delivers value to all stakeholders, we aim to gain stronger recognition from the market. Going forward, through our IR activities we will continue to communicate our distinctiveness and growth strategies clearly and strive to meet the expectations of all our stakeholders.

The importance of pursuing sustainability management

Since its founding, the group has continually transformed itself in response to changes in the economic environment. The capacity for transformation and adaptability developed over this long history now serves as the foundation of our sustainability management. Guided by our Purpose, "Connecting people and society to the future with our value chain," we recognize that contributing to the resolution of social issues through our business activities, rather than merely pursuing profit, is the source of sustained corporate growth.

Today, companies that turn their backs on environmental and social issues risk losing their place in society and even their very survival. For this reason, the group positions ESG perspectives as essential to both business continuity and growth, and promotes sustainability management that seeks to achieve a balance between solving social challenges and expanding our business.

Message from the director in charge of corporate strategy

This management approach means continuously creating value toward the realization of a sustainable society through co-creation with customers, business partners, employees, local communities, and our shareholders. Together with our stakeholders, we will fulfill our responsibility to build a better future.

Addressing management challenges across three key areas

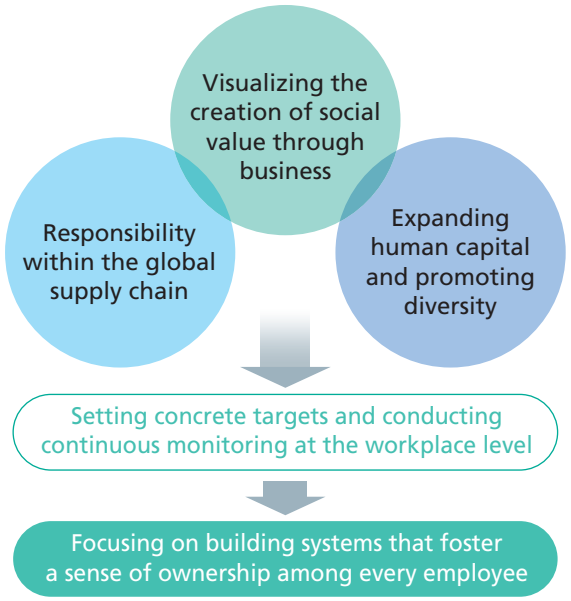
The sustainability management challenges the group faces can be broadly categorized into three areas. The first is visualizing the creation of social value through our business. The social impact of our business activities includes many qualitative elements that cannot be fully captured by financial indicators alone: contributions to revitalizing regional economies, bridging the digital divide, and making social infrastructure more resilient. How we properly assess and communicate this value to stakeholders is a critical challenge.

The second is responsibility within the global supply chain. The group conducts business through a network of suppliers around the world. Across this entire supply chain, we must promote responsible procurement practices in line with international standards, including respect for human rights, reducing environmental impact, and ensuring fair business practices. In particular, providing ESG support to small and medium-sized suppliers is indispensable to enhancing the sustainability of the entire value chain.

The third is expanding human capital and promoting diversity. Each time we see diverse talent thriving in the workplace, we are reminded that the seeds of innovation are born from diversity. Creating an environment in which individuals with different values and capabilities can contribute even more actively is therefore an urgent priority. In particular, increasing the percentage of women in managerial positions, advancing the employment of persons with disabilities, and promoting opportunities for older workers are essential. Achieving true DE&I will require medium- to long-term initiatives, including a transformation of organizational culture.

To address these challenges, it is essential to set concrete targets and conduct ongoing monitoring at the operational level. The management team is taking the lead, while we focus on building systems that ensure every employee feels a sense of ownership.

Challenges and responses across three areas



Steadily executing a sustainability management strategy that leverages the characteristics of our businesses

The sustainability management strategy that we will prioritize in the fiscal year ending March 31, 2026 represents an important turning point for presenting solutions to the structural issues facing our business environment and for realizing the group's sustainable growth.

First, revitalization of regional economies. By leveraging our nationwide network of offices, the group promotes the penetration of digital technologies among regional SMEs, thereby supporting improvements in labor productivity and the creation of new business opportunities. Particularly for companies facing pressure to raise wages, efficiency improvements through IT utilization are becoming essential for survival, and we are committed to fulfilling our role as a partner in realizing this transformation.

Next, making social infrastructure more resilient and transitioning to a decarbonized society are pressing issues. Ensuring the operation of Japan's economic lifelines, such as aerospace, railways, power supply, construction, and logistics through the development and maintenance of social infrastructure, is essential for realizing a sustainable supply chain. At the same time, natural disasters are becoming more severe due to climate change, while the threat of cyberattacks is also increasing. In the group's Industrial Machinery Business, we are directly contributing to the development of low-environmental-impact infrastructure through the manufacture of next-generation energy-related components. In addition, by setting group-wide GHG emission reduction targets and presenting a concrete roadmap toward achieving carbon neutrality by 2050, we aim to contribute to the realization of a sustainable society that achieves a virtuous cycle between the environment and the economy.

Contributing to the field of education is a forward-looking investment in shaping the future of Japan. Amid intensifying global competition, nurturing human resources equipped with digital skills has become a national imperative. Through the development of ICT infrastructure for education, we aim to create an environment where all children can access high-quality learning. At the same time, we are committed to addressing the issue of excessive workloads among teachers and staff, thereby strongly supporting qualitative improvements in education. In addition, by sponsoring STEAM education initiatives, we are actively involved in fostering the next generation of talent who will combine creativity with logical thinking skills.

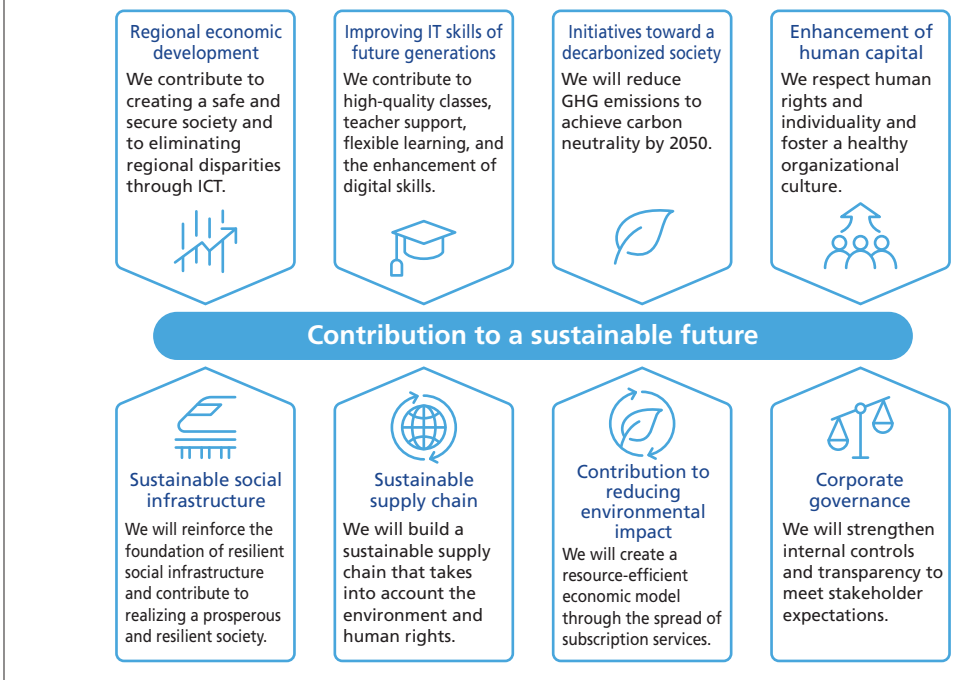
Securing sustainability throughout the supply chain is a responsibility we bear as a listed company. With growing global awareness of human rights and stricter environmental regulations, the importance of supply chain management has risen dramatically. We promote responsible business practices in collaboration with our business partners by enforcing our CSR Procurement Guidelines and conducting continuous monitoring. In particular, we will work to enhance the overall value chain by providing education programs and support for improvement measures to small and medium-sized suppliers that require expertise in ESG.

Finally, expanding human capital and enhancing well-being serve as the foundation for all strategies. With the working-age population declining due to a low birthrate and aging demographics, improving individual productivity and job fulfillment is essential to corporate survival. We are committed to creating an environment where employees can maximize their abilities by promoting health and productivity management, enabling flexible work styles, and advancing opportunities for diverse talent. Increasing the percentage of women in managerial positions is one of our symbolic goals, but we view the essence of diversity promotion as the creation of innovation born from diverse perspectives, and the establishment of an organizational culture where every employee has equal access to opportunities.

These strategies are interconnected and mutually reinforcing. Revitalizing regional economies encourages local retention of talent; resilient infrastructure enhances business continuity; high-quality education nurtures future talent; sustainable supply chains secure business stability; and improved employee well-being serves as the driving force behind all initiatives. We experience this dynamic cycle firsthand through our business activities and are committed to advancing it further.

Through these strategies, we will continue to directly address the challenges facing Japanese society and contribute to building a sustainable future. Sustainability management has already transcended the framework of corporate social responsibility and has become a core strategy for value creation. Together with all our employees, we are committed to overcoming this transformative era and passing on a better society to the next generation. This is the mission of the group.

Challenges and solutions in sustainability management



Roadmap for "2030 VISION," our medium- to long-term vision

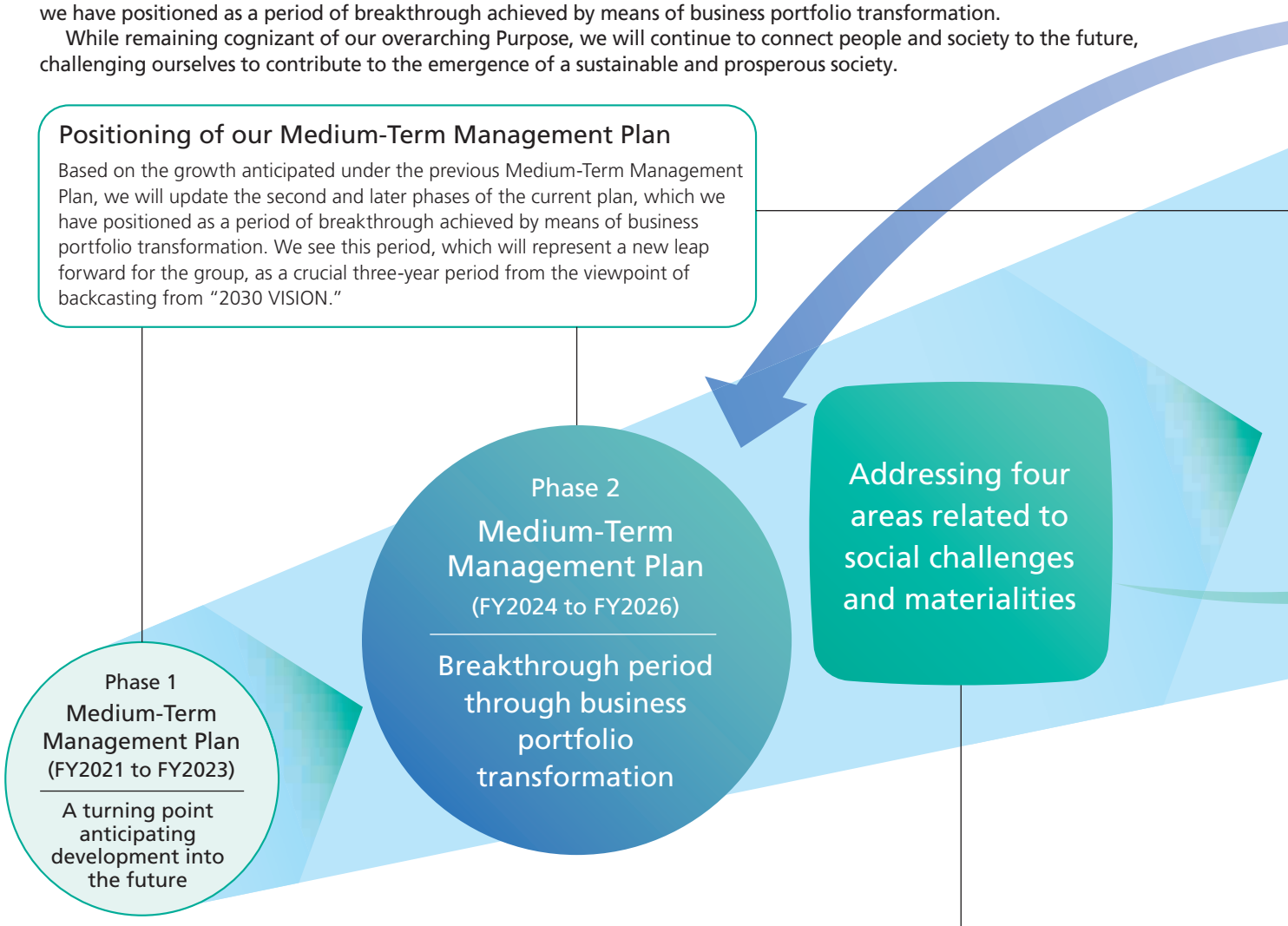
Continuing to implement our vision while remaining committed to our purpose

In May 2024, we formulated "2030 VISION," the group's medium- to long-term guideline, and outlined our equity story as one path to implementing our stated vision. We are determined to create a business model that meets the needs of society, aiming for consolidated operating income of ¥50.0 billion by fiscal 2030. We will achieve this by establishing a new model that interconnects the entire IT market, employing IT distribution as our unshakeable core. Achieving this vision requires a commitment to materiality identified across four areas that are directly linked to addressing societal challenges, which we have detailed in our Medium-Term Management Plan. We are currently engaged in Phase 2, which we have positioned as a period of breakthrough achieved by means of business portfolio transformation.

While remaining cognizant of our overarching Purpose, we will continue to connect people and society to the future, challenging ourselves to contribute to the emergence of a sustainable and prosperous society.

Positioning of our Medium-Term Management Plan

Based on the growth anticipated under the previous Medium-Term Management Plan, we will update the second and later phases of the current plan, which we have positioned as a period of breakthrough achieved by means of business portfolio transformation. We see this period, which will represent a new leap forward for the group, as a crucial three-year period from the viewpoint of backcasting from "2030 VISION."



Four areas

Social/Industry | Environment | People | Governance

The group has reviewed its relevant materialities with a focus on four areas: Society & industry, the environment, people, and governance. This initiative is intended to balance business growth with the need to address social issues. Referring to international guidelines, we have reduced the ten relevant materialities to nine and have clarified our medium- to long-term goals. We have also achieved some progress in achieving our key performance indicators (KPIs) for fiscal 2024, but we have also recognized the emergence of several challenges.

Materialities

1. Contributing to the sustainable development of local economies through IT
2. Contributing to sustainable social infrastructure
3. Contributing to the improvement of the IT skills of future generations
4. Building sustainable supply chains
5. Contributing to the realization of a decarbonized society
6. Contributing to the reduction of environmental impact
7. Expansion and reinforcement of human capital and improvement of well-being
8. Diversifying the workforce
9. Corporate governance

Purpose

Connecting people and society to the future with our value chain

"2030 VISION"

As an All-in-One Solution Company, we will achieve eight qualitative goals and become an indispensable corporate group.



Backcasting

Phase 3
Medium-Term Management Plan
(FY2027 to FY2029)

Development period to "connect" to growth after 2030

Equity story

Inject management resources to new business areas centered on the IT field, thereby building a group system that leads to the further development of the value chain

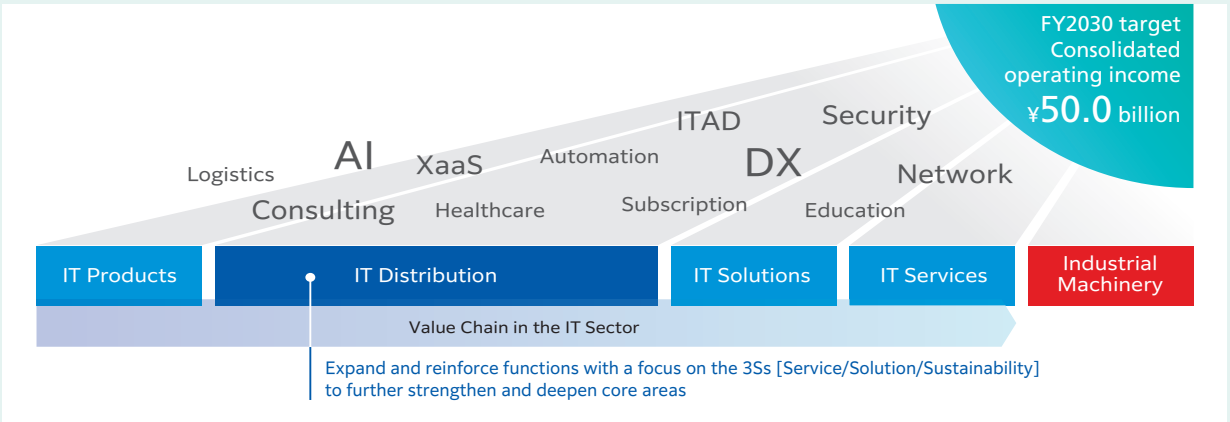
The path to an "indispensable corporate group"

Create a business model that society hopes for

All-in-One Solution Company

"Connect" the entire IT market with distribution as the unshakable core

FY2030 target Consolidated operating income **¥50.0 billion**



Addressing four areas related to social challenges and materialities

Social/Industry

Supporting creation and innovation in both society and industry

The group constantly explores new technologies through the spread of diverse and advanced IT products and services, and the pursuit of research and development that can contribute to daily life and many industries. By returning this to the value chain, we aim to realize comfort, security and safety, and happiness for people and society, as well as to increase corporate value over the medium- to long-term.

Materialities

① Contributing to the sustainable development of local economies through IT
② Contributing to sustainable social infrastructure
③ Contributing to the improvement of the IT skills of future generations
④ Building sustainable supply chains

Qualitative goals for achieving our vision

- Contributing to a society free from regional disparities through ICT
- Contributing to a prosperous and resilient society
- Improving digital skills for a better future
- Building a sustainable supply chain that embraces environmental considerations, respect for human rights, and other factors

Environment

Supporting harmonious coexistence with the environment

The impact on the global environment, such as climate change and increasing demand for resources against the backdrop of population growth and economic development, is reaching a critical point. As a corporate responsibility, the group will focus on reducing environmental risks. Furthermore, by taking a bird's-eye view of the entire supply chain, we view the contribution to decarbonization and the circular economy demanded by the times as business opportunities, and use the power of digital technology to contribute to the recycling and efficient use of energy and resources.

Materialities

⑤ Contributing to the realization of a decarbonized society
⑥ Contributing to the reduction of environmental impact

Qualitative goals for achieving our vision

- Achieving carbon neutrality by fiscal 2050
- Creating a resource-conserving economic model through the promotion of subscription services

Identifying materialities: A process of evolution

One of the most important themes adopted by the group is the need to address social issues. In fiscal 2020, we identified materialities by focusing on themes related to sustainability management. We conducted our first review in fiscal 2023, and in fiscal 2024 we began organizing materialities related to our Fiber Business following the spin-off of this segment.

FY2020

We identified several materialities as priorities requiring attention from the following perspectives:

- Balancing the pursuit of sustainable corporate growth and profitability with stakeholder considerations
- Balancing defensive ESG (reducing business risks) and offensive ESG (expanding business opportunities)
- Identifying business-related issues with reference to international guidelines, notably the SASB and GRI standards

FY2023

- Contributing to the solving of social issues through business activities with ESG perspectives
- Reviewing risks and opportunities from two perspectives: social and environmental issues to be addressed; and the group's business growth
- Establishing ten new materialities across the following four areas: Social & industry, the environment, people, and governance

FY2024

- Following the spin-off of the Fiber Business from the group, reviewing the materialities related to that business (reducing the number of materialities from ten to nine)
- For each of these nine materialities, clarifying our medium- to long-term qualitative goals with 2030 identified as the target year
- Redefining our KPIs to address key issues

People

Valuing people

For the future of society, human resources are the most important management resource for promoting activities in line with our strategy to the creation of next generation growth drivers. The group will invest in human capital and promote a human resources strategy based on respect for human rights. In addition, we will instill diversity management tailored to each employee, and at the same time, we will focus on further improvement of the work environment as well as health and productivity management.

Materialities

⑦ Expansion and reinforcement of human capital and improvement of well-being
⑧ Diversifying the workforce

Qualitative goal for achieving our vision

- Fostering an organizational culture through which our employees can thrive in a healthy manner by utilizing their diverse abilities and ideas

Governance

Contributing to all stakeholders by strengthening governance

In order to enhance corporate value and contribute to all stakeholders as a group, the group recognizes that it is required to make swift decisions based on changes in the business environment under an appropriate governance system. To this end, we will maintain an independent and diverse Board of Directors system, and will continue to work strengthening the system and improving its effectiveness. In addition, we will recognize diversifying management risks and promote a system to manage them.

Materiality

⑨ Corporate governance

Qualitative goal for achieving our vision

- Meeting the expectations of shareholders, business partners, and other stakeholders

The process of identifying materialities

The materialities of the group are evaluated and reviewed annually through the ESG Promotion Meeting and the ESG Promotion Committee. These reviews ensure the appropriateness of our agenda-setting and planning processes.

Step 1
Recognize and review social issues

Step 2
Theme assumption: Re-analyze existing materiality and quantify the importance

Step 3
Organize the important items that have been quantified and identify them as our materiality

Step 4
Decide through the ESG Promotion Meeting, ESG Promotion Committee, and Board of Directors

Evaluate and review activities through the years
Conduct annual evaluations and reviews through ESG Promotion Meetings and ESG Promotion Committee.

Internal discussions

In April 2020, we established an internal project team to begin identifying materialities. Initially, due to our diverse business model, some issues could not be summarized by specific industry. However, we narrowed down the themes related to the materialities by considering the sustainability risks and opportunities in each business model and their effects on the group. We identified materialities in discussions with management, including outside directors, through meetings of the ESG Promotion Committee and other initiatives.

Materiality and KPIs

Areas	Materiality	Qualitative targets for 2030	Main initiatives	
Social/ Industry	1 Contributing to the sustainable development of local economies through IT	Use ICT to contribute to the realization of a society with no regional disparities and to industry that supports society and to contribute to the development of a safe and secure society.	● Expand our bases nationwide, addressing the region-specific issues faced by local sales partners and end users while promoting solutions to these challenges from the perspective of the IT distribution business.	
	2 Contributing to sustainable social infrastructure	Contribute to the emergence of a prosperous and resilient society by laying the foundations for robust, environment-friendly social infrastructure	● Increase contributions to industry in the Industrial Machinery Business in order to reduce environmental impact and promote development of social infrastructure. ● In the IT Infrastructure Distribution Business, promote pioneering of cutting-edge overseas products, development of operational support, and creation of environments for the use of AI by emphasizing the number of PCs shipped and broadly monitoring market conditions in order to reinforce domestic social infrastructure and promote sustainability.	
	3 Contributing to the improvement of the IT skills of future generations	Improve the digital skills that will build the future, provide high-quality education that will pave the road to a future with ICT, and support teacher confidence and flexible learning	● Maintain sales coverage rate to domestic boards of education and promote the adoption of information technology to improve the educational environment for the children who will lead the future; provide a foundation for promoting work-style reforms among teachers and educational staff.	
	4 Building sustainable supply chains	As a responsible participant in the global supply chain, we will establish a sustainable supply chain that incorporates environmental protection, human rights, and other essential considerations.	○ Work with suppliers to promote procurement that takes into account compliance requirements, reduced environmental impacts, and respect for human rights, labor rights, and health and safety. Implement a CSR procurement questionnaire survey for suppliers (including human rights due diligence), require adherence to the Daiwabo Holdings Group CSR Procurement Guidelines, and continually monitor the status of their CSR initiatives.	
Environment	5 Contributing to the realization of a decarbonized society	Reduce our GHG emissions to support the goal of carbon neutrality by 2050	○ Reduce total CO_2 emissions by promoting conversion to energy with low CO_2 emissions coefficients and switching to renewable energy, contributing to the creation of a decarbonized society. Also, actively make proposals for and sell the products of suppliers that promote decarbonization in order to make indirect contributions.	
	6 Contributing to the reduction of environmental impact	Create resource-saving economic models through the widespread adoption of subscription services.	● Expand our line of environment-friendly products and cloud solutions that contribute to the emergence of a circular economy.	
People	7 Expansion and reinforcement of human capital and improvement of well-being	Respect human rights and individuality, foster a corporate culture where employees can use diverse abilities and ideas to engage in healthy and active work, and enhance engagement.	○ Concurrently undertake active investment to expand human capital, increase efficiency through internal adoption of the digital transformation, and create environments in which all employees can fully demonstrate their capabilities and grow in order to expand and enhance an optimal human resource portfolio. Prioritize employee health as a prerequisite for well-being. In addition to ensuring occupational health and safety, take action to increase labor productivity by promoting health and productivity management and improved engagement as part of the group's growth strategy.	
	8 Diversifying the workforce		○ Implement human resource management and develop environments to diversify the workforce with the understanding that creating organizations that embrace people with diverse skills and values is crucial for the group's sustainable growth.	
Governance	9 Corporate governance	Respond to the expectations of stakeholders including shareholders and business partners by working to improve management supervisory functions and internal controls, conduct strict compliance, and increase the transparency of management activities.	● Maintain a majority of independent outside directors, going beyond the requirement of at least one-third independent outside directors specified in the Corporate Governance Code. Also, implement group-wide risk management measures by identifying risk events, undertake measures during non-emergency times, and share risk event information throughout the group.	

Company-wide Daiwabo Holdings Co., Ltd. and its consolidated subsidiaries

HD Daiwabo Holdings Co., Ltd. IT DAIWABO INFORMATION SYSTEM CO., LTD. Industrial Machinery O-M Ltd.

	KPI	FY2024 KPI results and effects of actions
	IT : Sales growth in all territories excluding Tokyo, Nagoya, and Osaka (excluding education) FY2026 target: 16.7% compared to FY2023 level	IT : Increased by 18.5% compared to FY2023 level A total of 316 participatory events were held nationwide. Improving the skills of sales partners led to improved suggestion capabilities and a deeper understanding of products and services. This contributed to advancement of the digital transformation in all territories.
	Industrial Machinery : Energy, aerospace, and railroad industries Net sales composition ratio of at least 50% in FY2026 (compared to 43% in FY2023) IT : Three-year PC shipment total of at least 11 million units (an increase of 24.3%) (FY2024 – FY2026) Note: Total PC shipments from FY2021 to FY2023 were 8.85 million units	Industrial Machinery : Net sales composition ratio in the energy, aerospace, and railroad industries: 47% We enjoy an advantage over our competitors in the social infrastructure development industry. Our ability to capture demand for aircraft engines and for parts for the railroad industry (wheel lathes) contributed to the development of transportation infrastructure. IT : PC shipments: 3.89 million units AI, cloud computing, and other advanced technologies are typically accessed through computing devices. This initiative is establishing the foundation for the widespread adoption and use of these technologies, creating a resilient work environment capable of responding to uncertainties such as disasters, and contributing to the increased digitization of society as a whole.
	IT : Maintain cumulative sales coverage rate to boards of education through sales partners in the most recent five years of at least 98% (Promote the adoption of ICT in education through contributions for STEAM education)	IT : Cumulative sales coverage rate for boards of education via sales partners in the past five years: 98% We helped to improve ICT literacy by expanding the solutions available to students and other learners. We also nurtured digital talent by raising the level of IT education through IT utilization seminars for educators.
	Company-wide : Percentage of suppliers who have submitted completed CSR procurement surveys (including human rights due diligence) Percentage of Group C suppliers who have implemented corrective, preventative, or mitigation measures Percentage of suppliers assessed as Group B or better 2030 target: 100% in each case	Company-wide : Percentage of suppliers who have submitted completed CSR procurement surveys (including human rights due diligence): 86% Percentage of Group C suppliers who have implemented corrective, preventative, or mitigation measures: 100% Percentage of suppliers assessed as Group B or better: 79% Through communication with our suppliers, we contributed to the evolution of efforts to establish a responsible supply chain that protects the environment and respects human rights.
	Company-wide : Total Scope 1 and 2 emissions (Japan) FY2030 target: 31% reduction compared to FY2013 FY2035 target: 55% reduction compared to FY2022 Carbon neutrality by FY2050 IT : CO_2 emissions from the purchase of products and services from suppliers that promote decarbonization (Scope 3 Category 1) FY2030 target: 17.5% reduction compared to FY2023	Company-wide : Total Scope 1 and 2 emissions (Japan): Down 20% compared to FY2013 Increased activity due to factory expansion and increased employee numbers resulted in a 2.9% increase compared to the previous fiscal year; however, we are formulating a plan to achieve further reductions, which are expected to contribute to CO_2 emissions reductions. IT : Scope 3 Category 1: Down 8.0% compared to FY2023 levels We contributed to a reduced environmental impact through the proactive sale of products obtained from suppliers with low CO_2 emissions (Scope 1 and 2).
	IT : iKAZUCHI handling volume growth rate target for FY2026: 120% compared to FY2023 level	IT : iKAZUCHI handling volume growth rate: Increased by 42.1% compared to FY2023 level Implementing a subscription distribution model that is user-friendly for our sales partners and other users contributed significantly to reduced environmental impact compared to on-premises uses.
	Company-wide : Consolidated group three-year average labor productivity (net sales per employee): Increase of at least 5.7% (At least ¥251 million; FY2024 – FY2026) Improve engagement scores for "identification with management policies" and "corporate culture" FY2030 target: Continue to achieve annual increases	Company-wide : Consolidated group labor productivity (net sales per employee): ¥380 million We contributed to increased labor productivity by creating an environment that encourages further growth and demonstrates abilities through expanded learning opportunities for individuals. Moreover, by strengthening recruitment activities in collaboration with operating companies, we are expanding the opportunities for hiring diverse and talented personnel.
	Company-wide : Increase in percentage of women in managerial positions of at least 3% by FY2030 Increase in percentage of women with job titles* of at least 5% by FY2030 (*Includes managers, section chiefs, and supervisors.) Maintain annual paid leave utilization rate of at least 70%	Company-wide : Percentage of women in managerial positions: 2.2%; percentage of women with job titles: 3.2% Following diversity management training, we implemented human capital and diversity training for managers and those in specialist positions. We also expanded efforts related to DEI initiatives and enhanced our child care and elder care assistance systems beyond the minimum required by law in order to promote a better workplace environment. Annual paid leave utilization rate: 70.6% (domestic consolidated)
	HD : The percentage of independent outside directors appointed (maintaining a majority) Company-wide : Number of serious legal violations, number of serious accidents: Zero Seek sustainable improvement of corporate value and zero serious compliance violations	HD : Percentage of independent outside directors appointed: 62.5% We maintained our sound management and strong governance practices. Company-wide : Zero compliance violations We registered zero serious legal violations and incidents, thus protecting our corporate credibility and brand value.

Medium-Term Management Plan (FY2024 to FY2026)

Target values

With respect to profit and loss, IT demand is expected to peak in the second year of the plan, the fiscal year ending March 31, 2026. Therefore, we aim to improve our performance to its highest ever level, and have revised our targets to net sales of ¥1.28 trillion and operating income of ¥43.5 billion. In the final fiscal year of the plan, the fiscal year ending March 31, 2027, we predict a rebound from the previous year's special demand, but we will aim to achieve net sales of ¥1.14 trillion and operating income of ¥36.0 billion.

In terms of management indicators, we will continue to use the indicators of ROE and ROIC, aiming for an ROE of 14% or greater and an ROIC of 12% over the entire three-year course of the plan.

(Billions of yen)	FY2024 (Results)	FY2025*2 (Forecast)	FY2026*1 (Forecast)	
Net sales	**1,136.8**	**1,280.0**	**1,140.0**	● Special demand and recoils from booms are assumed ● Roll out measures with an emphasis on base earnings, as well
Operating income	**34.8**	**43.5**	**36.0**	● Effects of new businesses and M&A in the future are not included
Operating income margin	**3.1%**	**3.4%**	**3.2%**	● Implement the effort to improve cost efficiency, reinforcement of the management foundation and investment for future growth with a sharp distinction between measures

*1 Forecasts from the second year of the Medium-Term Management Plan onward were updated in May.
*2 Forecasts for the fiscal year ending March 31, 2026 were revised upward in August.

ROE <Return on equity>	ROIC <Return on Invested Capital>
14% or more	**12% or more**

We aim at maintaining both ROE and ROIC at or above the set values throughout the period from FY2024 to FY2026.

Positioning of Medium-Term Management Plan

Based on the growth anticipated under the previous Medium-Term Management Plan, we will update the second and later phases of the current plan, which we have positioned as a period of breakthrough through business portfolio transformation. We see this period, which will represent a new leap forward for the group, as a crucial three-year period from the viewpoint of backcasting from "2030 VISION."

Phase 1
(FY2021 to FY2023)
A turning point anticipating development into the future

Phase 2
(FY2024 to FY2026)
Breakthrough period through business portfolio transformation

Phase 3
(FY2027 to FY2029)
Development period to "connect" to growth after 2030

The group's business environment and the issues we will face in the future

The group's market environment

Increasingly complex social issues
- Rising geopolitical risk, soaring resource prices, labor shortages, increasingly severe effects of climate change, etc.

Evolution of digital technologies
- Innovation driven by DX and generative AI
- Growing security risks

Diversification of values and workstyles
- Fiercer competition for human resources, growing importance of human capital engagement

Issues we will face in the future

The shape of our holding company structure
- Deliberation regarding entering new business fields to achieve further growth by expanding our business portfolio

Appropriate capital allocation
- Growth investment and shareholder return optimization through effective utilization of business cash flow

Reaction to external evaluations of changes in business performance
- Dealing with rebound decline in IT Infrastructure Distribution Business and organic growth that is not dependent on special demand

Progress of basic policy

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

Initiatives in FY2024

- In the field of IT, we have been considering a wide range of possibilities that include M&A, in order not only to improve profitability but also to achieve the group's Purpose of "Connection to the future."
- In order to strengthen the DIS group's competitiveness in logistics, we are building a management system for logistics functions from a company-wide perspective, and we have newly established the Logistics Planning Management Department in the Management Strategy Division.
- In order to integrate and expand the technology departments of DIS Service & Solution Co., Ltd., which is a subsidiary of DIS, and enhance the structure for further business expansion, control of its Core Technology Department and Cloud Technology Department was transferred to the Strategic Technology Division of DIS.

Direction in FY2025

- We will explore the generation of synergy with the existing IT Infrastructure Distribution Business and areas in which market expansion is anticipated. With the inclusion of business tie-ups and M&A, we will also broaden the scope of consideration for cultivating a new business pillar.
- Replacement (upgrading) of core systems in the IT Infrastructure Distribution Business is currently progressing and scheduled to go into operation in January 2026.
- We will continue to pursue efficiency at our operating companies.

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

Initiatives in FY2024

- We steadily captured the demand for replacing PCs due to the end of support for Windows 10, and net sales reached new record highs.
- In corporate-focused business, there was strong demand for replacing PCs due to the end of support for Windows 10, particularly from large companies. By strengthening our sales system for IT infrastructure projects, we extended our track record with servers and networks, for example, at data centers.
- We acquired multiple, large-scale IT establishment projects from government agencies.
- We acquired advanced procurement projects from educational institutions for school PCs and Phase 2 of the GIGA School Concept. We are currently gathering information from various perspectives about the status of full-fledged procurement.

Direction in FY2025

- In the current fiscal year, net sales and operating income are both forecast to reach new record highs.
- We aim to continue capturing demand for replacing PCs due to the end of support for Windows 10, and this demand is expected to continue until October.
- Demand during Phase 2 of the GIGA School Concept is approaching its highest level, and our goal is to achieve net sales of approximately ¥100.0 billion.

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

Initiatives in FY2024

- Discussions for shareholders and investors held: 221 (previous fiscal year: 177)
- Exhibited at IR events and participated in briefings aimed at individual investors (five in total)
- Improved employee engagement
- Recognized as one of the 2025 Outstanding Organizations of KENKO Investment for Health

Direction in FY2025

- Through ongoing dialogues with shareholders and investors, we aim to enhance corporate value by having them form an appropriate understanding of the company's business conditions and providing feedback to management regarding the content of such dialogues.
- We are raising base wages significantly (including by revising starting salaries).
- We are actively investing in enhancements to education and employee benefits.

Discussion with a securities analyst



Tsukasa Igari	Yukihiro Nishimura	Misawa Kishinami	Yusuke Hori	Yu Sasaki
Senior Managing Director	Representative Director, President and Chief Executive Officer	Director (outside)	Senior Analyst Mizuho Securities Co., Ltd.	Manager Investor Relations Dept. (Moderator)

Creating value together for the future through dialogue with stakeholders

A roundtable discussion on the topic of "Current expectations of the company" was held to develop a shared perspective, foster trust, and create value together with stakeholders. Mr. Yusuke Hori, a senior analyst at Mizuho Securities, was invited to join the discussion with President Nishimura, accompanied by Senior Managing Director in Charge of Corporate Strategy Tsukasa Igari, and Outside Director Misawa Kishinami.

A good start for the Medium-Term Management Plan's first year; now shifting toward further growth

Sasaki: Looking back on the last fiscal year's performance, what gives you confidence?

Nishimura: The year was one of fresh starts, with the divestment of the Fiber Business and adoption of a new business structure. We announced our new Medium-Term Management Plan in May 2024 and formulated our medium- to long-term vision "2030 VISION," so it was a significant year in that regard. In terms of performance, our IT Infrastructure Distribution Business performed well. In particular, the demand for PC upgrades driven by the end of Windows 10 support materialized earlier than expected, contributing to favorable results. Our ability to capture this demand, I believe, reflects the steady track record we have built through our efforts in Japan's IT infrastructure market over the years. In the end, we set a record for net sales and had the second-highest operating income in our history. Reflecting this performance, we have announced a higher dividend. In the first year of our Medium-Term Management Plan we achieved very good results, and we expect even better results in the current and next fiscal years. So, overall it has been a very positive year, and we have high expectations for further growth.



Sasaki: Despite the strong performance, the stock price showed some volatility.

Igari: It is true that there was some share price movement that contradicted our strong performance. Share price is an indicator of shareholders' expectations. It is a good reminder that shareholders and investors are not only looking at current

performance but have high expectations for future growth. In the last fiscal year, we emphasized shareholder returns and carefully reviewed and disclosed our policies, yet the share price did not keep pace with our performance. That is an issue. In IR meetings, we explain that the company has a strong and stable business foundation and is achieving sustainable growth. However, investors continue to express concerns about a potential downturn once the temporary boost from the PC upgrade demand subsides. I think they also want a clearer and stronger message about our expectations for growth over the medium to long term. The Tokyo Stock Exchange has also issued guidelines promoting management that takes capital cost and share price into consideration. These are things we pay close attention to in managing the holding company—capital cost and capital efficiency—and we are keenly aware of the need to set out concrete strategies for achieving our goals so that everyone can easily understand them. It is not enough to present to investors our current performance and the three-year forecast in our Medium-Term Management Plan. We need to clearly explain our growth strategy with an eye toward the future, so that investors will be convinced to invest. A new phase has arrived that calls for an improved IR approach.

Sasaki: From an analyst's viewpoint, how do you feel about the market's assessment and expectations?

Hori: An analyst's work involves following a company for close to 10 years before any real insights can be expected to gleaned. I have been following your company for less than 10 years, so I'm not your ultimate third-party expert at this point, but what I have observed is that your company's success is based only on PCs. Having said that, PCs are not an insubstantial market. The company commands a high market share in corporate sales, and you have built a robust logistics and sales network with a well-established position between manufacturers and sales partners. Your greatest strength is a dominant presence in helping enterprises introduce computers, with the ability to manage the entire supply chain nationwide. In addition, Daiwabo Information System (DIS) has further increased in value amidst a changing landscape among PC manufacturers in Japan. Even a well-capitalized foreign company entering the market couldn't achieve the scale of your sales and distribution network in 5 to 10 years.



Profile of Yusuke Hori

Mr. Yusuke Hori joined Mizuho Securities in 2005 and has since served as an IT services analyst, drawing on industry experience gained at ITOCHU Techno-Solutions from 2001 to 2005.

Telling a sustainable growth story and sharing the future with stakeholders

Sasaki: What do you see as the key challenge the group must tackle?

Hori: I think the challenge will be to explain the IT industry and the company's value in simple terms. The IT industry is changing rapidly, and within the industry, as functions and usages evolve, the value of PCs and users' requirements will also change. For this reason, it is difficult to understand where the added value lies. In the past, the added value was in centralized management facilitated by IT. Then there was a trend toward decentralization, and now we are returning again to centralized management through cloud computing, with the industry optimizing around a hybrid form of centralized and decentralized management. Within that process, people tend to think that the PC offers little added value, but I would say the PC offers considerable added value as an endpoint device. The question is how to leverage your high share in enterprise PCs to drive growth to the next level; how can you utilize that high share to add value to the PC itself and expand into peripheral areas? How to establish that narrative and thereby build excitement among investors is what you need to figure out. Simply talking about a "7% gross margin on PC procurement and sales" will not generate excitement about future growth or convey that you are adding value. I view your next challenge as presenting the narrative of how you will leverage your dominant sales network to reinforce your core position in the value chain.

Sasaki: What needs to be done to build a good long-term relationship with investors?

Hori: There are many types of investors. There will be one type that engages with the company for two or three years, working with you to create value, while another will take a short-term speculative approach. Such investors may have taken an interest because of the "Windows update" angle and are looking to dump the company's stock quickly after it reaches its peak. You can also frame this as a chance to acquire new, quality investors, using the timing of the share price dropping after a rise to your advantage. It is vital to create the narrative, tell the story, of how you can grow together in the medium to long term.

When I first started covering your company, my

Discussion with a securities analyst

understanding was necessarily superficial. I saw that your gross profit margin was 7% with SG&A expenses basically fixed. I knew that profits rise with sales, but that 7% gross margin just wasn't doing enough to trigger my enthusiasm. People normally are looking for explosive business opportunities. But it's quite remarkable to see how the company was able to reach that level of market share, even with a low gross margin, while keeping the entire value chain in view. That's not something you can accomplish overnight. It takes the steady accumulation of know-how and is a tremendous asset. I am still impressed when I think about it!

Nishimura: We have long pursued low-cost operations and taken the necessary steps in our day-to-day business. From the time we began IR activities, and as the rules for information disclosure required of listed companies became more complex, including disclosure of capital efficiency figures, I took the stance that if we didn't have the data at hand, we would produce it. If we hadn't released information before, we would turn around and do it. We introduced ROE as a key management indicator at a relatively early stage as well. Our policy is to continue being proactive in addressing shortcomings and taking active measures to redress a lack of implementation. As a listed company, it is our obligation to engage in activities to improve capital efficiency and disclose all types of data that will show our corporate value.

Leveraging strengths in the process of creating new value

Sasaki: Ms. Kishinami, you have been a director for an entire year now. What were your initial impressions, and what issues have emerged over the past year?

Kishinami: I see that internal and external directors on the Board share a broad vision and direction for the future. The executives genuinely pay heed to our opinions and are willing to work together to improve the company. As outside directors, we have a purpose to fulfill, and that creates a healthy tension that sets the tone for working together constructively.

Within our purview, an issue I've come to see more clearly over the past year is the need for a narrative of growth to present to investors. Some investors engage in speculative trading, buying and selling in immediate response to earnings reports. Our stance needs to remain unswayed by short-term fluctuations caused by such speculation.

Sasaki: What do you think has to be done to create a narrative of medium- to long-term growth?

Kishinami: I see three keys: improving profit margins, investing in growth, and restructuring the business portfolio. The core business of DIS stands on a mature business model. It is not easy to improve profit margins or expand business within the framework of an existing business model that is already so well-established. What is called for are growth strategies and investments that move decisively beyond the existing business into new domains. However, we must be careful not to get impatient and allow investment itself to become the objective, losing sight of the Medium-Term Management Plan and "2030 VISION." DIS is a ¥1 trillion company. It is vital to acquire high-quality businesses and invest in projects that can contribute to the bottom line with a profit margin commensurate with the size of the company. To accomplish that will require making good use of investment banks and proactively seeking opportunities—pushing the process forward instead of waiting for projects to land at our doorstep. And third, about reshaping the business portfolio, we need to ask if we are the best owner of a given business. Basically, businesses that cannot generate a return that exceeds their cost of capital must be replaced as soon as possible. So, the question is, how do we meet investors' expectations and increase corporate value? The answer, I believe, comes down to the three keys I just explained.



Sasaki: As senior managing director, what do you think of the group's issues as framed by Mr. Hori and Ms. Kishinami?

Igari: In a way, you can say that we have been focusing on sales volume rather than operating income margin until now. In the first quarter of the last fiscal year, our rate of return declined due to several large projects with low profitability; however, we were able to offset this decline by expanding sales and increasing profits. The key is to determine whether this decline in profit margin is a continuing trend or a temporary one. We must be prepared to drive a wedge in here and focus on improving profit margins, or else risk a permanent decline in those margins. But first comes the mental preparedness. Without that, it will be impossible to take action. I also believe that a shift in consciousness is occurring, manifesting in tangible results step by step. Along with developing new businesses, a key pillar of our growth strategy is to improve the profit margin of existing businesses. While maintaining our core business as a distributor, we are considering opportunities to expand into systems integration, PC reuse and recycling, as well as maintenance and repair—new business areas that offer synergies with our existing operations. AI and DX-related businesses are also promising growth markets, but, as Director Kishinami mentioned earlier,

we are not eager to rush into it. We are moving forward while continuing Board discussions, taking into consideration many factors, including ensuring that acquisitions align with the company's size.

The company's Purpose, "Connecting people and society to the future with our value chain," is our north star pointing the way ahead. We will take it as guidance and carefully consider the path forward.

Kishinami: The company has tremendous sales capabilities and corporate competence, and it needs to leverage these strengths. I believe that an ecosystem can be built around PCs as a hub in which various products, services, and companies can complement each other for mutual growth. That is why it will be important to make a variety of growth investments and support the businesses.

Nishimura: DIS has been in business for 43 years, and our management stance has remained firm since our founding, which is to cover low profit margins by expanding sales. While we are very good at sales, as was just mentioned, we have had some minor issues on the management side of things. To adapt to a changing business environment and achieve growth, we must leverage our strengths, address challenges, and strengthen areas of weakness. We have gone through many transitions, including our IPO, management integration, the shift to a holding company structure, and the spinoff of our Fiber Business. Amidst these challenges, we brought in outside directors to help us strengthen our governance. They come from diverse backgrounds, and many have worked in large companies, allowing them to fill in the gaps where we have needed help. Having third-party perspectives and experience drawn from other industries and companies will be indispensable for our future growth. In M&A as well, we need people capable of evaluating factors such as a business's scale and future potential. We are also considering recruiting mid-career talent as a way to bring in people with the knowledge and experience we will need to create new businesses going forward.

Kishinami: Of all new business initiatives, M&A involves perhaps the most important decision-making, and the more brainpower you can bring to the table, the better. I'm not concerned about the company's finances, since we generate a solid operating cash flow every fiscal year and have stable earnings in our core business. I would be happy to assist and bring my experience to bear, including in evaluating and applying different approaches as circumstances require.



Igari: Major investment decisions are going to be involved in implementing a strategy, and will include borrowing and other types of financing beyond the use of our own funds, so I would very much like to take up your offer, Director Kishinami.

Hori: Investors will respond positively to an investment strategy that seeks higher returns through the use of leverage. Of course, finding the right target comes first. But once you commit, it is best to pursue it boldly—even through borrowing, if need be. Show that you will do whatever it takes. That will send a clear signal to investors that they can expect growth.

Capital policy supported by a strong management foundation

Sasaki: What is the company's capital policy?

Hori: Providing investors with timely indications of your capital policy direction can be effective. While you cannot disclose anything that might amount to insider information, sharing hints such as "we are exploring this kind of direction" can be a useful way of engaging with them. If investors have some information in advance, when the news of an M&A is released, it can be a pleasant surprise, one that fosters a sense of shared understanding that you will grow in unison. On the other hand, if they are given no advance information whatsoever, a gap in perception can arise, and in many cases, the M&A announcement is perceived as an unpleasant surprise, an unreasonable decision.

Kishinami: On that point, I think that the company is doing a decent job of communicating the direction of our capital policy and growth strategies. But for some reason, the share price has not kept up. Maybe what's needed are more convincing explanations to dispel the doubts about whether we will really deliver.

Hori: I agree that your company is being clear in expressing its business direction and the areas it wants to pursue. However, the IT industry is uniquely complex and difficult to understand, and many investors are unfamiliar with the industry or struggle to comprehend the value of its diverse range of products, services, and business processes. The challenge is to unpack the IT industry and present each business, product, and service in a way that allows stakeholders to understand and relate to their value. That isn't just an issue for your company—it's a challenge for all IT companies.

Kishinami: Branding is another way to communicate business value in a clear and understandable way. Since the company still carries the name of its founding business, a rebranding that includes a name change may be worth considering.

Although our business model is easy to picture and

Discussion with a securities analyst

understand in terms of offering a full range of office-related IT products and services, the company name Daiwabo is not well known at all. I find that to be such a missed opportunity!

Hori: I totally agree. It's nothing short of amazing to have achieved a nearly 40% share of the corporate market. That could only have been done with steady work over decades. With that solid management foundation, you have a strong platform for developing all kinds of businesses. I'm only an analyst, but I see so many potential avenues. For example, in and around the services you provide related to computers, some could be evolved, while others would stay the same. You might be able to incorporate management of the entire lifecycle of PCs into a value-added, subscription-based business covering purchasing, deployment, support, and end-of-life disposal. Or create a system for dedicated year-round support within an office, or some similar idea. Even if you don't hit on a winner right away, if you continue to come up with ideas for new businesses and services, one day it will lead to a solid business of one kind or another. But it still may be difficult to get investors to comprehend that value exists there.

Nishimura: Speaking of what generates value, one thing we possess of high value is our delivery data. Take the example of large orders of PCs. Because volume discounts reduce the per-unit price in bulk orders, over the years we have worked with our sales partners to figure out ways to add value to make the manufacturer's product more compelling to customers. We now have 101 sites throughout Japan, which have accumulated a vast amount of data on our delivery records. I see plenty of potential to develop new businesses that harness such data.

Hori: In the past, information stayed in the heads of the people working on the ground, but in today's world, all of that information can be collected and stored in a database. When that data is presented for use by the people in your organization with the business smarts, huge value can be generated. That value stems from having a dominant market share and a vast nationwide sales network; I believe new businesses can certainly be created that leverage that capital—data together with sales capabilities. These days, you see people everywhere using smartphones and computers, in trains, around the city. Office workers often have a company-issued computer for in-office use and a mobile device for use outside the office. The usage scenarios are wide-ranging, and the potential for such a market is limitless. As a company with touchpoints across diverse user situations, I'm sure you can generate new value of different kinds with the right ideas, depending on how you leverage that capital.

Nishimura: Even as the world of data and the web continues to evolve, we still value in-person interaction and direct physical contact with things. Because when you talk to people face-to-face, you can get a better sense of a customer's real needs or issues. I think it is necessary to continue creating products and services that can be easily introduced into business discussions and integrated into sales channels, while also pursuing opportunities to create new value.

The future that people can expect from the Daiwabo Holdings Group



Sasaki: What are your expectations for the company, and how would you like to see company evolve?

Hori: The image investors today have of the company is that of a PC sales company. I would ideally like to see the word "PC" disappear. The discussion today made me realize that we can expect to see many ideas come to fruition and create new value as the company expands its range, as "no longer a PC sales company." In the future, everything will become an information device, and the existence of the personal computer in society will change dramatically. Of course, PCs can remain the core business, but I think it would be beneficial for you to diversify away from a total reliance on the PC business.

Nishimura: I think that's really what it comes down to. As the PC evolves and its presence in society undergoes change, so will its positioning at the company. In the age of the PC, peripheral devices provided added value. Now, much of that functionality has been consolidated into computer technology. Also, the category of software has morphed into subscription services, so the question becomes: how do we add value there? I think it's important to identify the building blocks for answering that question. As Mr. Hori mentioned, the nature of the information device is changing rapidly and continuing to evolve. We're in the ICT industry, which is itself a rapidly evolving sector. Additionally, as we handle a wide range of products and services, the issues and needs of our customers are becoming increasingly diverse and complex. But the need to systemize and streamline business operations will never go away. No matter how the times change or the industry evolves, we want to continue being the type of company that our customers can always rely on when they have a problem or a matter to consult about. I am convinced that through dialogue and building trust, a path forward will surely emerge, leading to the creation of new value.

Analyzing changes to the external environment (PEST analysis)

Initiatives for new business opportunities affect medium- to long-term growth

- Due to the spread of the concept of DX and the development of new technologies such as generative AI, IT has evolved from something that is simply used or applied to being a source of competitive advantage
- At the same time, there is a serious shortage of IT personnel, particularly at regional small and medium enterprises
- Being a company that connects not just devices and software but also solutions and personnel will lead to the growth of ongoing added value

Stable procurement and logistics infrastructure will become more socially important

- Due to supply chain disruptions caused by greater geopolitical risks and to logistics problems, it will become increasingly important that the goods that are needed arrive when they are needed
- Leveraging our nationwide network and overwhelming procurement capabilities will generate greater trust in the company and more comprehensive strength in our value chain than ever before

PEST analysis		Measures	Details
Politics	・Unstable procurement network due to increased geopolitical risks ・Stricter data protection and privacy regulations ・Promotion of digital transformation for administrative procedures and easing of regulations ・Green growth strategy and decarbonization regulations ・Stricter environmental regulations	・Maintaining stable supplies ・Defending against cyberattacks ・Improved cloud services ・Environmentally-conscious initiatives	Pages 20, 49, 77–81, 100
Economy	・Stagnation of the domestic economy and intensified price competition ・Risks from fluctuating exchange rates ・Increased investment in IT and promotion of corporate DX ・Increased regional investment in DX ・Increased ESG investment	・Procurement and inventory management that leverage our expertise ・Promotion of efficiency and labor-saving through IT ・Area coverage through multi-site operations	Pages 45–48, 55–56
Society	・Declining birthrate, aging population, and resulting labor shortages ・Remote and hybrid work taking root ・Initiatives for eliminating the digital divide ・Increased environmental awareness and changing consumer behavior ・Evolution of educational ICT (from GIGA to next-generation education)	・Promotion of efficiency and labor-saving through IT ・Maintaining stable supplies ・Support for STEAM education activities	Pages 45–47, 53–54
Technology	・Accelerated utilization of generative AI and machine learning ・Evolution of cloud technologies ・Fusion of big data and the IoT ・Evolution of cyber security technologies ・Stronger integration of the IoT and AI in industrial segments	・DX support platforms ・Proposing solutions that utilize the latest technologies through nationwide events	Pages 47–48

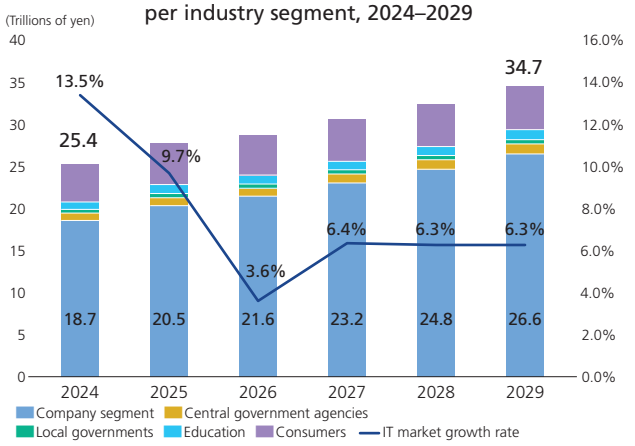
Close-up

Domestic IT market forecasts per industrial segment

The CAGR*1 in domestic IT services expenditure amounts from 2024 to 2029 is forecast by IDC Japan*2 to be 6.4%. Despite concerns about a slowdown in demand due to labor shortages, the declining birthrate, and the aging population in Japan, through ongoing initiatives at domestic companies to promote digital transformation and digital business with a view to improving productivity and building new business models, expenditure on IT is predicted to grow steadily from 2026.

In the context of this business environment, although the impact of the United States' recent tariff policies is unclear, domestic companies are undertaking initiatives in various industrial segments to increase the potential for growth, and together with around 19,000 sales partners, the company is promoting the introduction of IT to solve end user issues in areas with high levels of specialization, and we are aiming for continued growth through comprehensive involvement.

Forecast expenditure amounts in the domestic IT market per industry segment, 2024–2029



*1 Compound Annual Growth Rate

*2 Compiled by Daiwabo Holdings based on "Japan IT Spending Forecast by Vertical Segment, Company Employee Size, and Company Revenue, 2025–2029" (JPJ52157925), IDC Japan, May 2025

IT Infrastructure Distribution Business



Business description

Daiwabo Information System (DIS), which conducts the IT Infrastructure Distribution Business, is one of Japan's largest IT distributors that handles IT-related products. With "customer first, strong community ties" as its underlying policy, DIS supplies IT-related products procured from approximately 1,500 domestic and overseas manufacturers and suppliers to end users within Japan through approximately 19,000 domestic sales partners.

Hiroyuki Matsumoto
Representative Director
President
DAIWABO INFORMATION
SYSTEM CO., LTD.

Active investment in strengthening proposal-making capabilities and developing systems, both centered on people

In fiscal 2024, net sales for the IT Infrastructure Distribution Business were ¥1.1239 trillion and operating income was ¥34 billion, both significant increases on the previous year. This is the first time net sales have exceeded ¥1 trillion, and is a record for DIS. This result serves as the driving force behind achieving the sales and income targets of the Daiwabo Holdings Group's Medium-Term Management Plan for fiscal 2027 ahead of schedule, and as DIS too, it has given us a confidence boost.

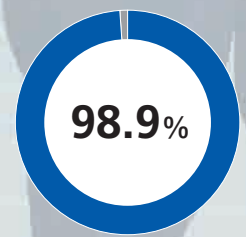
The source of this growth is nothing other than people. Our analysis shows that it was synergies between people-focused efforts to strengthen our ability to make proposals and operational efficiency improvements that led to this result.

DIS has 101 sales bases across Japan, and all have DIS employees in place. As a face-to-face IT distributor, maintaining close contact with regional sales partners makes it possible to come up with proposals closely suited to end users' needs. For example, one of our strengths is cooperation rooted in site operations, as seen in cases such as technical training for engineers at sales partners or through accompanying support for sales activities by sales partners. Through this kind of customer base and sales activities, in the IT distribution field—where sales tend to disproportionately come from the Tokyo metropolitan area—we have also constructed a sound revenue base in other, less urban areas.

To cater to diverse regional and customer needs, an extensive product line is required. DIS handles around 2.9 million items from approximately 1,500 companies. However, just having such a large lineup does not, on its own, lead to suitable proposals. We have put in place a system that can swiftly respond to customers' complex wishes by clearly setting representatives with advanced specialisms for each product, and having them work with sales representatives and share end user needs and issues at an early stage.

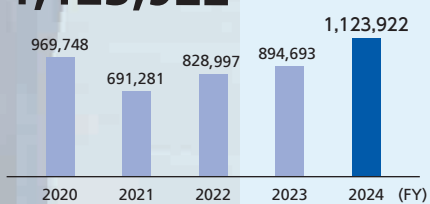
When our net sales were in the region of ¥400 billion a year, we had around 2,000 employees. Yet, now, with net sales of more than a trillion, we are operating with fewer than 3,000. The improvement in labor productivity that has made this possible has come from proactive investment in our systems, such as by automating invoicing and introducing product search tools. In particular, our core DIS-NET system, has received

Net sales composition ratio (FY2024)



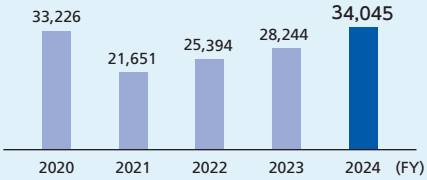
Net sales (Millions of yen)

1,123,922



Operating income (Millions of yen)

34,045



Company features and strengths

- Independent multi-vendor making the most of our neutrality among manufacturers
- Able to make proposals suited to customers' wishes by dealing with diverse manufacturers and services
- Support for around 19,000 sales partners through a sales network that boasts 101 bases nationwide
- We support sales partners' operations through iDATEN, which offers product searches for around 2.9 million items, via its order functions and information-sharing
- Subscription management portal (iKAZUCHI) makes subscription contract management more efficient

Business strategies to hit the IT Infrastructure Distribution Business's medium-term targets

- Deepen core areas as an industry-leading company
- DIS's position and value enhancements in growth fields
- Partner relationships by driving DX
- DIS's corporate branding that leads to improved value
- Strategic investments

continuous investment of at least ¥1 billion a year over the last 30 years or so, and is now in its fourth iteration. The most recent fiscal year saw our biggest investments ever, and we are working to introduce the fifth iteration (DIS-NET V). This is a result of our focus less on short-term profits and more on long-term growth and development of mechanisms. Moreover, the effective use by employees of operational resources freed up by the efficiency improvements made by our systems, has enhanced the quality of our approaches.

Thanks to this kind of system development, we have gained the trust of various vendors, manufacturers, and sales partners, and this in turn has created a positive cycle whereby customers choose to outsource their products and services to us.

Three-pronged structure comprising the three companies of the DIS group will raise corporate value

At the DIS group, we are forging ahead with efforts to strengthen our three-pronged corporate structure, centered on distribution. DIS handles the distribution of goods, while DIS Service & Solution is responsible for logistics and support, and Alphatec Solutions works to deepen system integration (SI). By enhancing the corporate value of each company, the value of the three-pronged structure will also increase. Developing SI-proficient personnel, and strengthening our consulting capabilities, meanwhile, will enable us to maximize the value we can offer customers to meet their needs and the value of the three-pronged structure.

The indispensable part of this structure, that allows the three companies to work as a team and raise value, is the subscription management portal iKAZUCHI. This service has grown to around ¥50 billion in yearly sales, and we are thinking of making this one of the DIS group's core businesses in the future. Furthermore, we are not just working on our own growth; we also endeavor to raise the efficiency and value of the entire industry. Under our holding-company structure, each company reviews its respective roles and by deepening cooperation, we aim to develop a business model that can function as a form of shared infrastructure for the industry.

As a way to accelerate the pace of growth, we are also enacting forward-looking efforts toward M&As. For our M&As, we believe that it is important to clarify our reasoning—i.e., why we should join with a certain company—and ensure that it aligns with the group's overall direction. Even if we acquire a company with funds, that money doesn't go so far as to buy trust or sympathy. The key, therefore, is whether we can build trust and share our vision for the future. In particular, we are looking closely at cloud computing and subscription models, so we hope to work with companies that have services that are essentially ready to go, to combine these with existing services and provide greater value.

Aiming for relationships where everyone can feel happiness

At DIS, we do not solely concern ourselves with what products will best raise profits; we earnestly ask how we can resolve the concerns and problems facing our customers. Our sincere approach of tackling such issues helps us to build relationships of trust with vendors and sales partners, driving the co-creation of value. DIS's role is to accurately grasp end users' needs, and—based on these—to collaborate with manufacturers to provide new products and services. By doing so, we can provide the market with new value. In addition, by assisting sales partners and enhancing support systems, we are also focusing our energies on developing environments that allow end users to make use of products with peace of mind.

Moreover, deepening ties with partner companies allows us to promote information-sharing and joint projects, and to build relationships that are mutually supportive of growth. We also cherish our contribution to local communities, and through collaboration with regional companies and participation in local events, we aim to deliver value throughout society.

Lastly, let's turn to people. We at DIS are working, day in day out, to take on the challenge of building relationships where employees and all other stakeholders can feel happiness.

IT Infrastructure Distribution Business



DIS Service & Solution

Company features and strengths

- Logistics and kitting services that complement the distribution business
- Business development focused on forward-looking marketing for DIS's original services

Tatsuya Takagi
Representative Director, President
DIS Service & Solution Co., Ltd.

Combining various assets to support overall DIS group logistics

DIS Service & Solution is responsible for overall logistics—storing, managing, taking in and shipping, and delivering—for DIS group products. In addition to this, it handles two other areas: service and support business, and direct sales for solutions service to end-user companies. These three areas form the pillars of our business. It is DIS Service & Solution that brings these together and constructs the systems that enable maximum synergy within the DIS group. So far, we have integrated assets held by various companies within the group, and have acted as a platform to provide swift, higher-quality services.

Basis in swift, accurate logistics systems

In particular, DIS Service and Solution has developed its logistics capabilities as a strength. As an IT distributor, of course we are expected to deliver products to customers quickly, reliably, and accurately. More than this, though, we have built logistics systems that provide added-value such as kitting and extended warranties. By achieving low-cost, high-turnover operations, we support the growth of the group. In our logistics operations, we maintain a thorough awareness of costs and carry out improvements, such as pursuing greater efficiency for packaging tasks, on a daily basis.

However, the environment surrounding the logistics industry is certainly not one that warrants much optimism. Soaring transport and personnel costs, driver shortages, and aging workers are just some of the myriad issues facing logistics sites. Even in such circumstances, we at DIS Service & Solution are working to build sustainable logistics systems by ensuring close communication with transportation companies, minimizing the time spent waiting for products, considering ease of working for drivers as part of base operations, and other painstaking efforts. In response to worker shortages, meanwhile, we are moving forward with harmonizing tasks and making operational flow reforms to avoid task individualization.

Sales channels with direct contact points with end users

Another important pillar of DIS Service & Solution's business is direct sales, which involve sales and proposal activities and feature direct contact points with end users. Of those, companies with hundreds of employees are our main demographic. While ICT solutions are implemented with the aim of making improvements, for customers with insufficient IT literacy, we provide accurate solutions to aid them in their operations. At present, the type of service we are particularly focused on is security. In this field, in which needs are diversifying, we are ready to proactively develop our proposal activities to address customers' issues.

Developing new synergies in the DIS group

In this way, our infrastructure—in this case logistics—is supporting the entire DIS group, while we are also responsible for the direct sales channel and function as a driver of the entire group's forward-looking marketing. We believe that another part of our mission is to propose cutting-edge solutions for end users, and to share successful examples and expertise with DIS.

In the future, by fusing DIS's strong sales networks and systems creation capabilities with DIS Service & Solution's detailed proposal-making ability and strengths in logistics and services, we aim to carve out a position as a group that as many customers as possible choose to turn to. Deepening cooperation with sales partners, trialing our own security and other products, and enhancing proposals based on actual experiences—through these and other initiatives, we hope to pursue new levels of synergy between sales capabilities and logistics functions.

Lastly, we also believe that it is important to be a company where people can grow. Repeated efforts to this end tie in to employee happiness. Developing as a company where every employee can feel this is, we believe, linked to sustainable growth for the company. Going forward, we hope to grow with our employees, while continuing to be a company that provides value to society as part of the DIS group.

Alphatec Solutions

Company features and strengths

- Accumulated industry-specific expertise from advancing business in the four markets of healthcare, finance, local government/education, and manufacturing/distribution/services
- SI services centered on specific technical fields
- PC life cycle management (PCLCM) services that contribute to a circular economy



Noriaki Nishiyama
Representative Director, President
Alphatec Solutions Co., Ltd.

Systems integrator with strengths in infrastructure fields

Alphatec Solutions is a systems integrator (SIer) with a particular focus on IT infrastructure fields. We provide various services that range from system creation to operation, depending on customer needs and applications. The structure we have in place allows us to offer one-stop solutions covering everything from defining criteria to design, construction, and operation.

In the last fiscal year, our net sales were around ¥20 billion, meaning we have maintained our positive progress in increased revenue and profits. Our customers are likewise exceptionally wide-ranging, stretching from general companies to healthcare-market customers like hospitals, and schools.

In recent years, the growth of the healthcare market has been remarkable, and the number of cases is growing where cybersecurity is being strengthened, such as in ransomware countermeasures, particularly for digital patient charts.

Continued growth by expanding areas we cover

One of our strengths is our ability to provide hybrid-system solutions that incorporate cloud services, based on our expertise in constructing and operating solutions in on-premises environments.*1 An additional strength is that we can provide a competitively priced bundle that includes hardware, software, and cloud services.

We also have a strategic technology division, which considers which technical fields are likely to have growing needs in the future, and proactively acquires technical capabilities in these areas. This mechanism helps us to expand the technical fields we cover and also grow our business. For example, zero-trust security*2 is a field that garnering attention in recent years, and we have been implementing full-fledged efforts in this area for five years now, with an expanding track record of introducing the technology in various industries.

*1 Where servers or information systems, such as software, are installed and operated within a facility managed by the user
*2 Security solution where every access request to important company information assets or systems is questioned and required to present authorization.

Collaboration that utilizes DIS group assets and customer bases

As one of its members, we strive to enhance cooperation within the DIS group. For example, the majority of our hardware and software can be stably secured because it is brought in from DIS. This fiscal year, as a business in conjunction with DIS's sales partners, we launched a PC life cycle management service. This is a unique, highly economical, and cutting-edge service.

Further growth for the SI business and supporting the DIS group's business expansion

To achieve further growth, we have started full-fledged initiatives in the field of data utilization and linking. At present, how companies and local governments integrate the data that is scattered throughout their organizations, and how they make effective use of it, are major issues. Alongside using conventional infrastructure technologies, we believe that getting a deeper understanding of operational conditions allows us to deliver fundamentally better value. Firstly, we are building up expertise by utilizing our own data, and in about a year's time we will release a service for this issue.

By adding data utilization and linking to existing strengths in cloud services and security, we can combine elements from these three pillars of our business to create a vision for further growth.

IT Infrastructure Distribution Business

Social/Industry

Materialities

① Contributing to the sustainable development of local economies through IT
② Contributing to sustainable social infrastructure
③ Contributing to the improvement of the IT skills of future generations

Responsibilities as an independent distributor



DIS handles the products of a diverse range of manufacturers without being dependent on capital relationships with certain manufacturers. As a result, our sales partners are able to offer extensive options to end users and make one-stop proposals for products optimally tailored to their specific needs. We perform a wide range of tasks, such as sales support, delivery date management, and credit management, on behalf of IT hardware manufacturers, which are our suppliers, enabling the manufacturers to centralize their buyers and dedicate their efforts to their core business, which is manufacturing and development.

Our sales teams continuously monitor the latest market trends and make optimal proposals so that each manufacturer can efficiently distribute its products to markets. In this way, we fulfill our sales responsibilities to suppliers, which are the manufacturers, and appropriately provide feedback concerning user needs in an effort to optimize entire supply chains by procuring high-quality IT products and supplying them along with additional services. We also strive to enhance and continuously improve after-sales services and establish a position as a trusted partner with the aim of increasing customer satisfaction. Through these efforts, we strive to provide more beneficial business environments to both manufacturers and customers and to build long-term relationships while contributing to the development of the IT industry and local communities, such as by raising efficiency throughout the IT industry.

One-stop services



Functioning as a regional IT hub through multi-site operations

DIS currently conducts business with approximately 19,000 sales partners. Raising productivity by streamlining bases and consolidating sales routes is one corporate strategy for responding to decline in the productive population and other factors, but we are committed to putting customers first in building strong community ties, and rather than reducing the number of sales partners and sales routes, we listen to the issues of each industry, sales partner, and end user while gaining a thorough understanding of the unique circumstances in each region. By doing this, we contribute to solving problems by providing IT solutions through our sales partners and conduct sales activities that lead to regional revitalization. We also engage in thorough communications with sales partners while striving to provide services that directly reflect opinions from the field so that we can respond flexibly to demand in each region.

We define our corporate mission as follows: "By offering reliable products and services through a nationwide network, we are committed to contributing to the development of a modern, information-oriented society in harmony with the rest of the world." Based on a renewed awareness of the significance of this mission, we will establish sales offices in every prefecture of Japan and reinforce support systems for sales partners while listening to their opinions so that we can expand transactions with sales partners in each region, thereby contributing to regional economic growth through the use of IT. In the future, we will continue providing IT tailored to the characteristics of each region and strive to build sustainable business models.

Delivery functions

We have received high evaluations from markets and achieved substantial growth through our PC inventory operations, but it is essential that we maintain stable supply functions through our inventory operations and provide sustainable value into the future.

However, recent logistics issues are having substantial

impacts on the company as an IT distributor. As a result, we are in the middle of efforts to rebuild our logistics functions so that we can maintain delivery functions as in the past. I hope to work with DIS Service & Solution Co., Ltd., which supports our logistics operations, to actively implement necessary measures including highly productive distribution operations and the use of DX in distribution. We will implement these measures independently, but I would also like to examine sharing warehouses with suppliers in consideration of our supply chains.



Masanori Aoi
Managing Director, General Manager of West-Japan Sales Div.
DAIWABO INFORMATION SYSTEM CO., LTD.

Main products and key focus products, and their sales composition

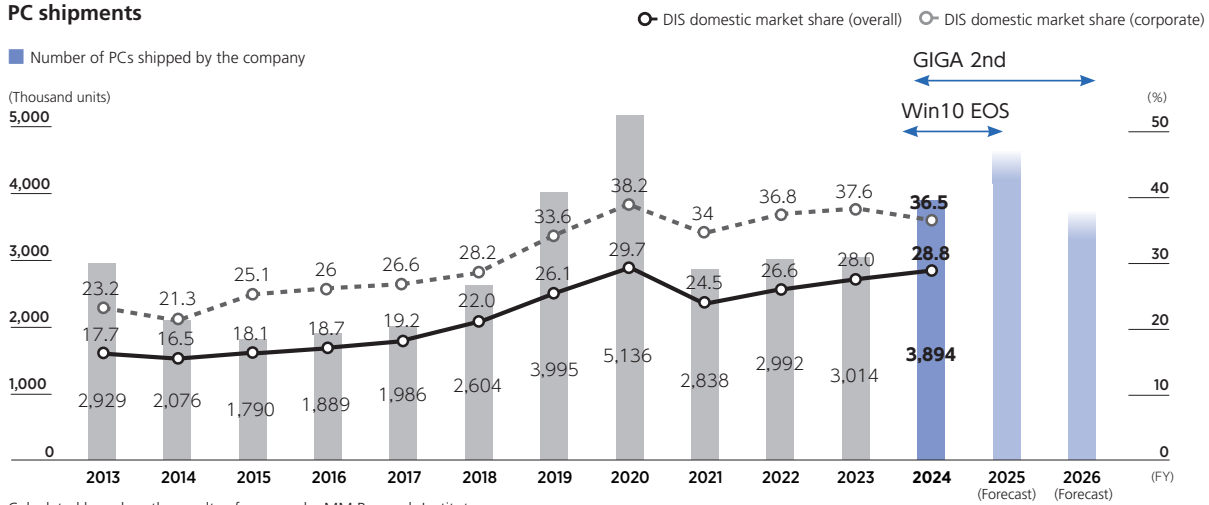
Our main products are hardware, particularly PCs, and this makes up around 40% of our total net sales. Our share of the PC market for corporations, meanwhile, is 36.5%, making us a leader in the industry. This is our core field, so going forward we will continue to demonstrate our strengths in this area and to maintain our high market share. In the future, we will also focus our efforts on expanding transaction volumes for cloud subscription services, particularly for iKAZUCHI, and building up recurring revenue. In addition to our existing hardware-based cash flows, we aim to secure stable revenue sources through continuous billing in this way, and to standardize financing and improve profit margins. By moving data on the cloud, we can capture IT demand among SMEs, and by optimizing product mixes our goal is to switch our revenue structure.

PC sales

Today, we handle the PCs of numerous manufacturers from both Japan and overseas, and the number has increased to account for one in three PCs in the domestic corporate market. I believe that in the background to the driving force of this growth are the establishment of numerous business sites in Japan as well as high evaluations from the market of our IT distributor functions for detecting PCs that will sell well and managing inventories.

The reason why we have maintained measures with an emphasis on the number of PCs is that as various software and solutions are developed and the number of units continues to increase in line with diversifying needs, methods of use continuously advance and evolve with the times, such as the recent emergence of AIPCs, and PCs as endpoint devices exist as a foundation for the use of IT. Even today, PCs are a core tool for enhancing productivity in various applications. I believe that focusing on endpoint devices and continuing to propose beneficial applications including solutions will help us contribute to Japan's IT society. The outlook through fiscal 2026 may be bright thanks to the replacement of Windows operating system and Phase 2 of the GIGA School Concept, but we need to start taking action now with a view to even further in the future. For example, in fiscal 2025 we will launch the services we developed that take into account PC lifecycle management, and create a scheme to quickly and reliably obtain information on PC replacement cycles.

PC shipments



Calculated based on the results of a survey by MM Research Institute

IT Infrastructure Distribution Business

Bringing advanced productivity-raising IT from Japan and overseas to domestic markets as early as possible



Katsumi Yotsugi
Director, General Manager of Metropolitan Sales Div.
DAIWABO INFORMATION SYSTEM CO., LTD.

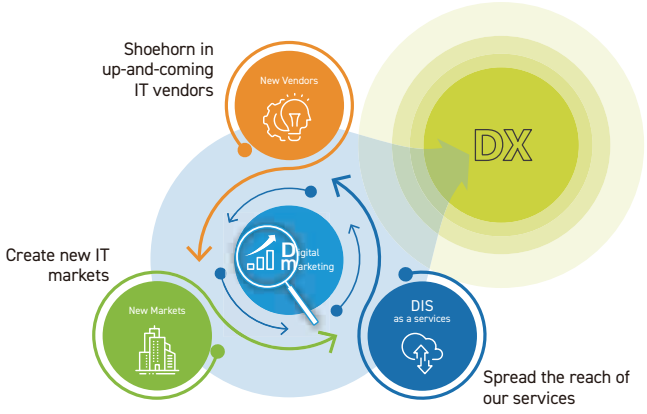
One major issue that Japan is currently facing is the impact of chronic labor shortages on productivity. There are high expectations that DX will be the key to solving this problem. This does not mean, however, that we can simply adopt IT products and services one after another. The term "DX" came into widespread use with the release of the "DX Report" by the Ministry of Economy, Trade and Industry in 2018, but DX does not mean just switching from analog to digital, but entails reviewing existing operational flows, thoroughly identifying and understanding issues, appropriately employing IT, and changing business models themselves. It is these transformations that constitute DX. In order to do this, it is essential not only to have an accurate understanding of DX, but also to secure human resources with the mindset, proper understanding of IT, and skills necessary to create new business models. It is also necessary, however, to respond to changes in the environment, such as the labor shortage that I mentioned earlier, and use the transformation achieved through DX to raise Japan's industrial competitiveness to previously unseen levels.

As an IT distributor, we of course provide IT products and services, but we also provide general-purpose services for saving labor in system creation and operation and take action to increase productivity and efficiency in the IT business. In conjunction with this, we provide DX human resource development services to companies and organizations, and the effective use of in-house human resources through reskilling makes it possible to focus management resources on achieving DX. We will accelerate DX promotion by adding unique managed services that support system creation and operation as well as DX education services for strengthening human resource development to our IT business, thereby contributing to bolstering Japan's industrial competitiveness.

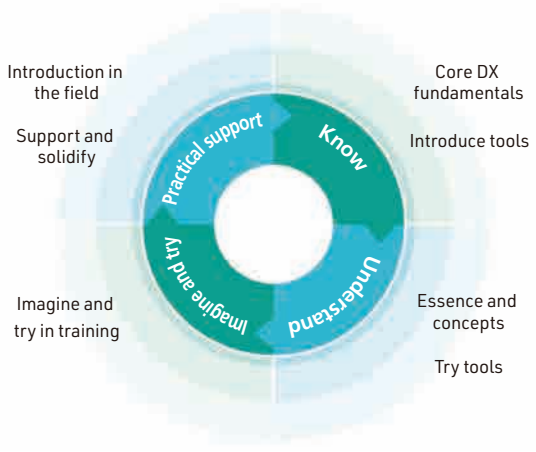
To support these efforts to address labor shortages, and to make the productivity improvements that they necessitate, we need to clarify where each company is lacking. By adding to our main IT business with managed services for original configuration support and to assist with operations, as well as with DX education services to strengthen the development of DX personnel, we will boost DX and contribute to greater industrial competitiveness in Japan. In addition to providing IT products and services swiftly, we aim to develop and expand support services for issues needing to be resolved, and to deliver cutting-edge IT matched to our customers throughout Japan to help them achieve DX. By doing so, we aim to play our part in making society more sustainable.

Moving forward, I hope that we can grow with our sales partners and end users, and continue to be a company that gives back to society.

DX business expansion model



DX support platforms

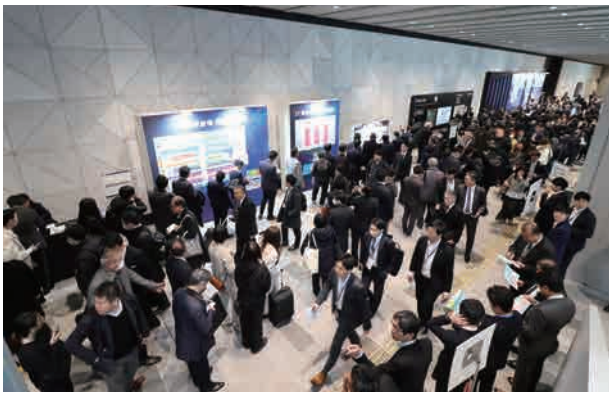


Events

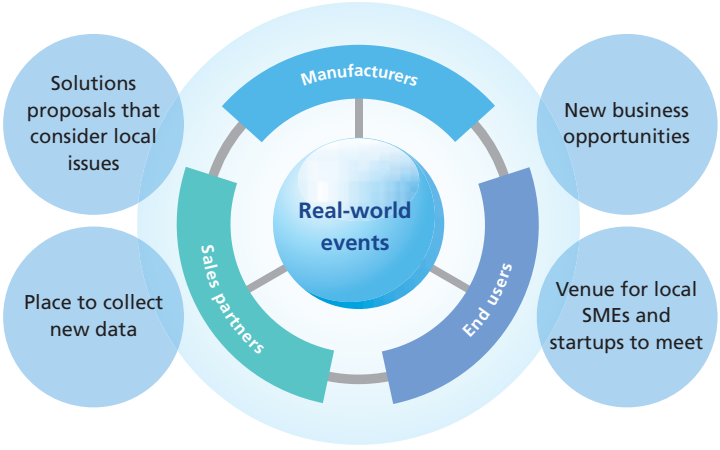
We hold real-world events such as DIS World and the DIS ICT Expo to promote new ideas for widespread IT utilization in various regions, and to expand IT markets. With the objective of providing information throughout Japan, we hold events in various regions around the country, not just Tokyo and other major cities, and our unique measures to build strong community ties have gained praise from many sales partners. The reason for our commitment to holding real-world events in local areas is that we envision the creation of an environment where each manufacturer can propose optimal solutions based on an understanding of the issues in each region. Sales partners of course participate in these events, but by having end users also attend, it is possible for all four parties, including manufacturers with which there are few opportunities to interact under normal circumstances, to engage in IT business talks in order to address specific issues. As a result, these events are not just forums for gathering the latest information, but are also significant as opportunities for conducting business talks. They also serve as forums for individual manufacturers to understand local issues and gather information that can be useful when developing products. In this way, the events that we hold also serve to create new business opportunities and have become important forums for local small and medium businesses and startup ventures to exchange valuable information.

We undertake a variety of initiatives to provide information nationwide in an effort to support the sale of continuously evolving and increasingly complex and diverse IT. Specifically, we hold webinars and sales promotion seminars, conduct practical hands-on training, and hold other events on a nearly weekly basis to make original proposals that will lead to new business for sales partners and to provide information on technologies and products implemented in collaboration with certain manufacturers. As a result, sales partners can quickly catch up on the latest technologies and trends and we have created an environment that facilitates communication with our business sites and can arrange proposals to end users.

Through these events, we provide information and skill enhancement support to sales partners that are committed to establishing strong community ties extends to every corner of Japan. In addition, through these measures, individual events effectively function as means of providing both sales support to sales partners and contributing to local IT communities, and we will continue to hold events as a business-creation functions unique to DIS while adapting to the changes in the times. We will plan new events and seminars in the future in order to contribute to the spread and development of IT in ways that respond to local needs.



Visitor reception at DIS World in Nagasaki





Scan here for more details on DIS World

IT Infrastructure Distribution Business

iKAZUCHI



With 137 vendors and 258 services offered and a focus on SaaS, iKAZUCHI is one of Japan's largest subscription management portals. iKAZUCHI is particular about the number of services listed so that it can respond to diverse needs and, continuously releases not only the products and services of the individual vendors, but also managed services provided by DIS, such as operation and maintenance services, enabling end users to use optimal services selected from a wide range of options.

By using iKAZUCHI, DIS and sales partners can centrally manage licenses and contract status, which makes it possible to provide optimal services according to individual conditions. As a result, the cost efficiency of end users is quickly increased and the business efficiency of sales partners can be optimized. In addition, by utilizing the core system (AXLGEAR for iKAZUCHI) with added functions for linking to iKAZUCHI, sales partners can efficiently manage users including their own solutions. iKAZUCHI, which first began providing services in 2016, has continuously enhanced services and functions, and as of March 2025, provides services to approximately 100,000 users located throughout Japan and manages more than 139,000 contracts. It has expanded to become a distribution model for the nationwide subscription business.

By automating business processes and providing centralized information management functions in this way, we are expanding partners' business and working to standardize subscription businesses in distribution.

In the future, iKAZUCHI will provide essential value in the use of cloud services, which will continue to grow even more.

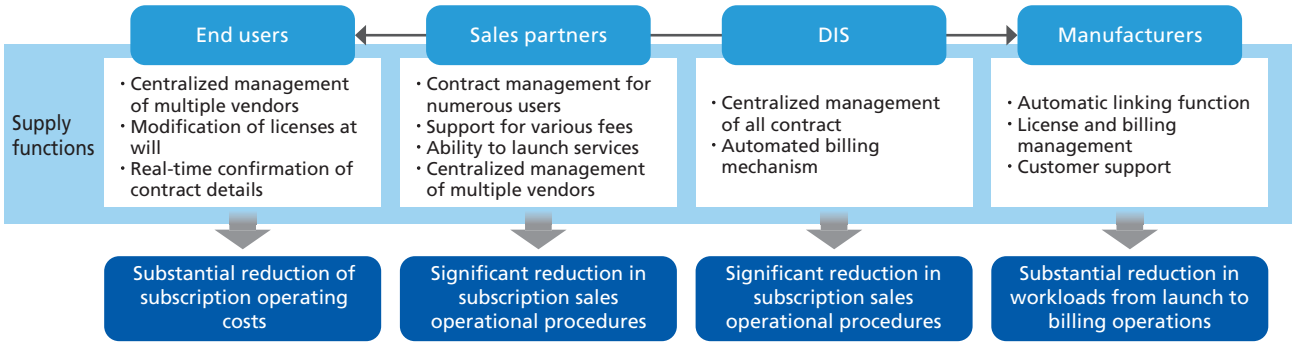
Benefits throughout the supply chain of introduction

As change in the world accelerates, including the diversification of society, advancing adoption of information technology, and technological innovation, the environmental conditions of working individuals and companies are undergoing major changes including labor shortages, an aging working population, and improvement of working hours. As examples of the various problems arising in conjunction with these changes, and ones that also affect the IT industry, chronic labor shortages and increasingly complex operations are trends that are rapidly growing more severe.

Also, recurring revenue subscription services are becoming increasingly complex in terms of contract methods and operations management. To address this, we have developed iKAZUCHI as a tool for customers to reduce the amount of work involved in managing these increasingly complex tasks.

I hope that we can provide services in the form of simple IT business that supports Japan's unique business practices, working to make daily improvements so that even better IT from throughout the world can be used optimally by everyone in Japan.

Benefits throughout the supply chain of introducing iKAZUCHI





Basic Data

- 137 manufacturers and 258 services listed
- Original operational services developed by DIS provided
- Services provided to approximately 100,000 users
- More than 139,000 contracts managed
- More efficient order transactions through API collaboration with vendors
- Centralized management for expired fixed-term contract services
- Budget management alerts for pay-as-you-go services



Scan here for more details on iKAZUCHI

iDATEN

We launched the iDATEN EC site in 2000 for the purpose of connecting manufacturers with sales partners. By reinforcing functions through the use of cutting-edge technology according to the times and expanding both manufacturers and products featured on the site, iDATEN has grown into an EC service that is indispensable for IT distribution markets.

iDATEN provides search and ordering functions from a product database that encompasses around 2.9 million items and also makes use of DIS's comprehensive capabilities to function as an IT portal site that can accelerate the pace of business for sales partners. For example, iDATEN provides valuable information and resources based on the extensive knowledge and knowledge that DIS has developed, enabling sales partners to respond promptly to market changes and enhance their competitiveness. Environmentally friendly products and services are indicated with an eco-mark, and by proposing ecologically-friendly products to end users, we can contribute to reduced electric power consumption, lower electricity costs, and decreased CO_2 emissions. Some 20 years after the launch of the site, iDATEN boasts more than 147,000 issued IDs and more than 100.0 million page views annually (an average of 9.0 million page views per month) as of March 2025 and continues to expand as a platform that is crucial to IT businesses throughout Japan.

In the future, we plan to implement BtoB marketing automation functions (MA tools) that will enable analysis of transaction data (trading histories and so on) with business partners in order to disseminate valuable information and make optimal product proposals.

Scan here for more details on iDATEN



Database of around 2.9 million items

- Provision of valuable business proposal tools
- More than 147,000 IDs issued
- Evolution to MA tool planned
- Diverse searches such as for environmentally friendly products
- More than 100.0 million page views annually



iDATEN also provides users with a search function to find information on various products that meet environmental standards, helping them to choose environmentally friendly products.

IT Infrastructure Distribution Business

Intellectual capital

DX to strengthen value chain “connections”



Shigeki Tanimizu
Director, General Manager of Strategic Technology Div. and General Manager of Information Strategy Dept.
DAIWABO INFORMATION SYSTEM CO., LTD.

At DIS, the core of our business undoubtedly lies in IT distribution, and our original value chain is founded on connections between our myriad strengths in areas such as schemes that utilize the knowledge and logistics we have built up and our robust customer base. Into the future, too, we will not stray from our vision for growth that is centered on IT distribution.

If we truly wish to utilize our intellectual capital based on these strengths and achieve further growth, though, we cannot ignore DX. We understand that DX means more than simply making operational efficiency gains through core systems; digital technologies are tools that we can use to further raise the value of the IT distribution operations we have all nurtured over many years, and to solidify our value chain. This is the true significance of DX for us at DIS.

The foundation supporting this is a core system that we consider to be an important part of our intellectual capital, DIS-NET. This system was initially developed in 1998 as a logistics management system. It achieved something groundbreaking for the time, the ability to dispatch products from the warehouse to the customer with a single click. As the system has driven growth, the scale of the business has also expanded.

Subsequently, the system was upgraded with major functions to manage aspects such as purchasing/inventory, sales, and credit, and has now evolved into DIS-NET IV, its fourth iteration. DIS-NET is no longer a simple core system, though, with the incorporation of the iDATEN and iKAZUCHI services for sales partners, so that this enormous system now connects around 19,000 sales partners and 1,500 manufacturers.

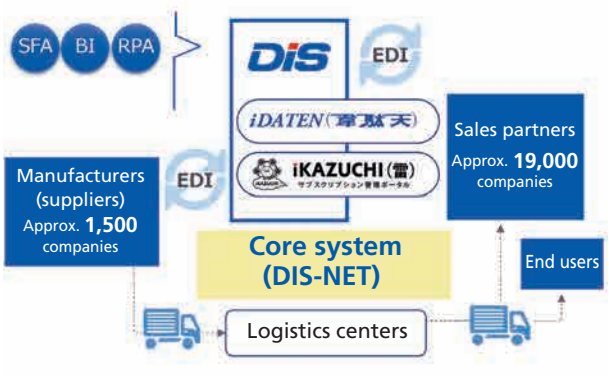
The “DIS-NET V” project, which is scheduled for 2026, initially aimed to significantly enhance functionality, but is now focusing on upgrades centered around solving practical issues such as addressing aging hardware and strengthening security. The main areas of improvement include hardware updates and strengthened security measures. Particularly in terms of security, we are considering requirements related to data protection and other measures, taking into account various threats, including those posed by AI.

Eyeing fundamental future changes to DIS-NET

We still have an eye on the future of the system, though. As I explained above, we are beginning to break away from a mindset of continuing to simply add functions in response to contemporary business needs, and return to a more pared-down approach of asking ourselves what form our business and sales activities should take. We will therefore reposition DIS-NET as the optimal vehicle to achieve this form, and start work on strategic modernization of the entire system to get to the true meaning of DX. More than 20 years have passed since DIS-NET was created, and customers’ needs are changing and diversifying. To adapt to such changes, we need to review task flows and reconsider what shape the system should take. Rather than be bound by its current form, the starting point must be where the business should be going. In line with this, we are entering the stage where we have to ascertain what kind of tasks and system structures are optimal. We are also preparing to simultaneously investigate different developmental approaches—such as whether to continue with the idea of developing the system from scratch or to switch to a build based on the existing package and the cloud—and deepen discussions around these. For example, if we develop from scratch, adding a minor function could result in studies into how they would affect system stability that would take considerable time and effort. If we want a flexible system that can quickly adapt to changing needs, we can also investigate other developmental approaches. With this awareness of such issues, we are carrying out interviews that take an overarching look at sales sites (not just at DIS), and working to identify customers’ needs.

DIS-NET is the beating heart driving transactions

Integrated linking of master information from products/business partners with different functions



Making iDATEN and iKAZUCHI the platforms users truly turn to

Elsewhere, we will also upgrade our two platforms, iDATEN and iKAZUCHI, from the perspective of fully utilizing our intellectual capital. iDATEN is a BtoB electronics products transaction platform, and offers a one-stop solution covering everything from product searches to invoice creation, order receipts, and shipping confirmation. iKAZUCHI, meanwhile, offers a one-stop solution to manage cloud service contracts, billing, and provision, and is a DIS-developed SaaS subscription management platform that we value highly for creating strong contact points with customers.

Since iDATEN is equipped with systems that make it easy for sales partners to create invoices and receive and ship orders, and various jobs that would once have been allocated to DIS sales employees—such as invoicing and stock checks—can now be done swiftly using the platform. The advantage of this is that it helps to reduce the time and effort sales partners need to spend in dealing with end users. iKAZUCHI's merit, meanwhile, is that it brings down users' time and expenses costs by reducing the complexity associated with management.

While we are immensely proud that our platforms are extremely useful for users, we have added additional features bit by bit, as with DIS-NET, from the viewpoint of how we can reduce the burden on users. Yet we believe that a time is soon coming in which we have to make significant improvements to ensure that they are the platforms users truly want.

For example, iDATEN was originally created to eliminate the complexity of receiving and shipping orders and as such the design is slightly lacking in terms of providing information on individual products and services. However, we are now an IT distributor that handles around 2.9 million items, so we need to further improve the accuracy and depth of information about these—a discussion that is intensifying.

From this perspective, I believe that we should work out what kind of relationships we want to build with customers going forward, and by following that we can see what the ideal form for our platforms should be. Then, through the completed platforms, we can solidify our connections with sales partners and vendors, and construct a robust value chain. This is, I believe, how we can effectively use our intellectual capital.

Driving improvement through the client zero approach

In our current stage of determining concrete improvements, we are using various approaches to enhance efficiency. We have also started running a more data-driven management approach that firmly links management indicators to sales site operations and ensures a thorough awareness of numerical data provided by systems. Another initiative we are actively promoting is the "client zero" approach. This involves being our own first customer—being the first to use new technologies so that we can get a real understanding for their effects and value before offering them to customers. Specifically, this means placing greater emphasis not just on the advantages IT products and services have themselves, but on processes—i.e., ways of utilizing them—like how effective they are when applied to operations and in what sort of cases they perform best.

Our goals for utilizing intellectual capital do not end with simply introducing digital technologies. The starting point for our thinking is considering how we can create business schemes, from which we develop various initiatives. This approach, which is supported by engineers, requires us to foster mindsets as well as technologies and to raise skill levels. To do so, we are working proactively within the company to share knowledge and spread awareness of these values, and we are also strengthening our personnel training in this area.

There are many issues that need to be addressed, but beyond them lies the realization of our ideal value chain. To this end, what is essential is the power to connect sales partners, vendors, employees, and everybody else linked to DIS. Intellectual capital plays an extremely important role in these connections, and so we will continue to advance continuous, strategic efforts.

IT Infrastructure Distribution Business

Initiatives in the education field



Our involvement in the education field began with the launch in 2012 of the DIS School Innovation Project, part of trial research into using ICT in ordinary classrooms held as a collaboration between industry, academia, and government. Today, we actively make proposals for the adoption of ICT in education while building partnerships with vendors, universities, experts, and others to support STEAM educational environments. One obstacle to applying ICT to the education field is coming up with specific use case that suit current education operations. We don't simply sell educational materials by providing products; we share issues that local governments, boards of education, and school corporations face at a variety of educational settings, including teaching and school affairs, so that we can propose optimal solutions.

Through this highly varied implementation of measures, we are contributing to educational ICT in Japan while strengthening pipelines for exchanges of information with various parties.

School Innovation Project (FY2013–2014 trial)
21 local governments,
32 elementary and junior high schools



ICT use in a classroom

Encouraging the spread of ICT-powered education and learning

The future of education has the potential to change significantly through the power of ICT. In the society of the future, which the Japanese government has dubbed "Society 5.0," education will evolve from just being learning knowledge to be a way of training human resources who can help resolve social issues.

Some call this the VUCA (volatility, uncertainty, complexity, and ambiguity) age because those factors are increasingly prevalent. A time is coming, therefore, where education will have to change dramatically. In the new society, ICT use will be essential, and by introducing cutting-edge technologies to educational institutions, we believe it is possible to create an education system that develops students with the ability to resolve issues and think flexibly.

To play our part in these reforms, we have been listening to feedback from educational institutions, and continued to provide support closely tailored to their needs. We are approaching the start of Phase 2 of the GIGA School Concept, but we go beyond just updating devices; we support those creating learning environments where children can feel peace of mind in using ICT.

We have collaborated with Intel and are early adopters in Japan of the Intel® Skills for Innovation (SFI) educational framework that is being rolled out worldwide. We have developed this original teacher training program to optimize it for Japanese educational institutions. This SFI program does not stop at simple ICT utilization, it aims to build up lesson design capabilities to carry out STEAM education and deeper learning.

As the first company in Japan to adopt this SFI program, we have been rolling it out in earnest around the country since April 2025. Through our sales activities with close community ties, we will make proposals suited to the specific issues faced by local governments and educational institutions in their respective regions. Doing so, we will promote field-driven ICT applications for education.

We are also focusing our energies on STEAM education, which is the key to developing the workers who will create the future. Our initiatives to rebuild existing PC classrooms as STEAM Labs that inculcate creativity and a spirit of inquiry involve more than merely updating equipment; we are also taking on the challenge of transforming the learning environment itself. Through collaboration with Hyogo University of Teacher Education and cooperation with other partner institutions and manufacturers, we roll out practical support.

Furthermore, at the Nikkei STEAM Symposium, we are working to promote STEAM education through hosting DIS STEAM Seminars and offering special hands-on booth.

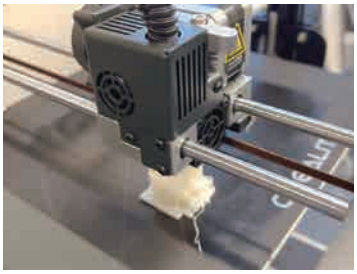
The application of ICT to education and educational DX do not end with the introduction of devices. It is something we will achieve over the long term, hand in hand with various partners and end users. We will work day in day out to unlock children's potential, improve teachers' ways of working, and enhance education in the different regions. Our desire is for all children to realize their own potential through ICT and open up their futures.

To that end, DIS will continue to work alongside educational institutions.

STEAM Lab activities

DIS Steam Lab initiatives are activities to utilize the latest technologies at educational institutions, and offer educational support with the aim of developing creative personnel. DIS has helped support the introduction of the Intel-developed STEAM Lab platform at trial research schools, and is making progress in developing environments in collaboration with educational institutions across Japan.

STEAM Lab (FY2022–2024 trial)
Rolled out to 23 elementary, junior high, and high schools



Students are actually creating the objects they come up with on PCs using 3D printers.

Further promoting the GIGA School Concept: education in the ICT age for future learning

Thanks to the GIGA School Concept has changed the environment surrounding educational institutions. With the provision of one device per student and high-speed networks, children can now access information related to various studies at an unprecedented speed, and learning styles are also diversifying.

We believe that these kinds of changes present opportunities, not only to simply introduce ICT devices but to give lesson design greater flexibility. This turning point requires us to ask new questions of digitalization, but also of ICT application in general. Through the utilization of ICT, we will reconsider what and how children learn, and we hope to help develop learning environments that draw out the maximum potential of each and every child.

Information ethics and digital citizenship are also increasing in importance. In contemporary society, where data amounts are exploding upwards day by day, learning how to correctly utilize data and how to communicate with others appropriately are, alongside academic strengths, important talents to have. Going forward, educational institutions are required to move past teaching children how to use ICT as a tool, and also provide them with the ability to independently select data and tie it into responsible actions.

In the future, we will continue to collaborate with everyone at educational institutions to leverage ICT in education, and support children in developing the ability to open up their own futures.



Practical studies are being rolled out as a data science curriculum co-developed with Adobe.



This e-sports club with students from two schools is somewhere they can shine.

Scan here for more details on DIS's initiatives in the education field

Industrial Machinery Business



Business description

The O-M Group's central line of business is the manufacture and sale of machine tools. Such is the praise for the quality and capabilities of our vertical lathes that we have become famed for them, and alongside these we also manufacture and sell automatic packaging machines, particularly box packers. We are active in a wide range of industries, from aerospace and energy to food and pharmaceuticals. In this way, we are supporting people's safe and comfortable lives.

Yuji Sawaki
Representative Director, President
O-M Ltd.

With products that meet needs such as demand for short deadlines and personnel- and labor-savings, we have launched ourselves into global markets

Through our manufacture and sale of machine tools and automatic packaging machines, we at the O-M Group are helping to create society's infrastructure, aiding with everything from the running of planes and trains, to power supplies, construction, and logistics. This support for social infrastructure is our role and a strength.

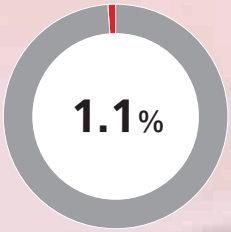
Recently, the problem of labor shortages has become more severe, and there is a need for equipment machinery with advanced functions that can make personnel- and labor-savings. Additionally, new technical needs, such as using AI, are becoming apparent. For us, utilizing the track record and experience that we have accrued, to make the machines that can meet these needs a reality, is how we will address our customers' technical issues. Another strength is our ability to ship products to tight deadlines that suit the customer. Our expansion of our M5 factory, the latest building at our Nagaoka Factory, aims to raise productivity, strengthen our ability to tackle orders with short deadlines, and expand inventory sales.

In terms of our automatic packaging machines, with an eye on technical risks for each order, we are strengthening our management systems. In our casting business, we are working to ensure thorough management of cost prices to advance negotiations aimed at price rises to reflect appropriately the increase in cost prices in sales prices, in order to improve profitability.

In the Japanese market, it looks like expectations for equipment that can help with personnel- and labor-savings will continue to grow. Overseas markets, meanwhile, infrastructure equipment tied to urban development is supporting demand for vertical lathes, and we foresee steady growth in this area. However, the new US administration's tariff and other policies mean that there is a need for continued vigilance on changes in the international situation.

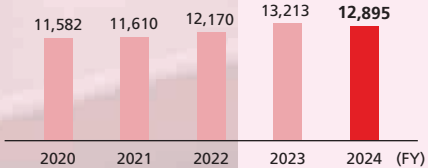
Additionally, following the COVID-19 pandemic, demand for aircraft is recovering and the aerospace field is one in which we expect to see future growth. With these trends in mind, we will promote proposals for systems that combine process integration, production visualization, and chip disposal solutions. In this way, we will contribute to improved productivity. Likewise, in the railroad field, we will continue to emphasize the importance of preventive safety measures, and make proposals for maintenance solutions that help to prevent trouble before it can occur.

Net sales composition ratio (FY2024)



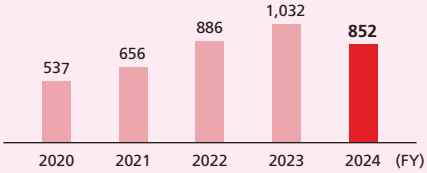
Net sales (Millions of yen)

12,895



Operating income (Millions of yen)

852



Strengths of the Industrial Machinery Business

- As "O-M, the vertical lathe expert," we manufacture machine tools that are highly rigid and precise, and with excellent operability
- No. 1 market share in Japan for medium- and large-sized vertical lathes
- No. 1 market share in Japan for railway wheel lathes indispensable for railway vehicle maintenance
- Diverse lineup of automatic packaging machines
- Custom design capabilities to cater to customers' wishes
- Bases in the US and China for a global sales network

Business strategies for the Industrial Machinery Business to achieve the Medium-Term Management Plan

- Stronger proposals with models that enable personnel- and labor-savings
- Focused sales activities in the rapidly growing aerospace industry
- Further opening up of overseas markets
- Improved profitability through enhanced services
- Capturing demand for packaging machine automation

Social/Industry

Materiality ② Contributing to a sustainable social infrastructure

Expansion of our M5 factory (at Nagaoka Factory) and exhibiting at JIMTOF2024

Expansion work at our mainstay Nagaoka Factory increased the length of the building from 100 m to 177 m, and looking at it from a unit assembly basis, capacity at the M5 factory alone has increased by 80%, and Nagaoka Factory overall by 20%. The new area will be used to assemble the largest sizes of our flagship VTLex series models. With the expansion, we have now been able to organize our product manufacturing system for the growing needs of the aerospace industry.

In the existing buildings, the Neo and RT series are being assembled to be held as stock and the storage space we have gained will improve our ability to take orders with short deadlines.

On the other hand, to raise awareness of our products and to expand sales, we are proactively attending exhibitions. Over the six days from November 5 to 10, 2024, we exhibited at JIMTOF2024, Japan's biggest machine tool fair, which was held at Tokyo Big Sight. As one of Japan's leading trade shows, it brings visitors from all around the world, and over the six days a total of 130,000 people attended.

At the event, we exhibited a model of the CNC turning center VTLex1100M to which we have newly added a grinding function, and worked hard to expand sales. The product is a machine tool that can cut various metal components with a high degree of precision, and as the pallet table is fitted with an automatic tool changer (ATC), vibrations after switching tools is kept down to 0.01 mm or less. This incredible precision is a strong point.

Furthermore, the optional 60-piece ATC means that the user can select tools during operation and have them changed automatically. This significantly reduces the time and effort needed to switch tools and contributes to improved productivity.



M5 factory (Nagaoka Factory)



JIMTOF venue

Stakeholder engagement

The group has relationships with diverse stakeholders, and we place particular importance on communication through our value chains. Based on this, each division engages in dialogue on a daily basis, and we publicly disclose information on our websites and by other means to deepen understanding of the group. By gaining an accurate understanding through dialogue of the requests and expectations of all stakeholders who support us, reflecting those requests and expectations in our business activities, building on collaboration and actively working together to solve social issues, we will contribute to the advancement of society.

Enhancement of stakeholder engagement in the group's basic policy under the Medium-Term Management Plan

The Medium-Term Management Plan, which covers the period from the fiscal year ended March 31, 2025 to the fiscal year ending March 31, 2027, positions enhancement of stakeholder engagement as one of the group's basic policy objectives. We are working to create social and business value with a focus on the three items set forth below.

1. Enhance trusting relationships and cooperate based on mutual understanding with shareholders, business partners, employees, local communities, and others
2. Further reinforce management foundations including human capital, systems, and governance aspects
3. Conduct well-being-oriented management

External evaluation of ESG

Appropriate disclosures of ESG-related information has come to be a necessity in recent years. Receiving higher ratings from ESG rating agencies for publicly disclosed information such as the results of initiatives and policies leads to the acquisition of trust from investors and business partners and expanded business opportunities. For this reason, improving ESG ratings has become an important initiative that leads to increased corporate value. Furthermore, initiatives toward ESG issues reinforces corporate growth and competitiveness and leads to the discovery of new business opportunities.

The company is included in four of the six ESG indices (for Japanese equities) adopted by the Government Pension Investment Fund (GPIF) (as of August 2025).

- FTSE Blossom Japan Sector Relative Index
- S&P/JPX Carbon Efficient Index
- MSCI Empowering Women Index (WIN)
- Morningstar Japan ex-REIT Gender Diversity Tilt Index

The group will continue to conduct sustainability management in the future and focus efforts on information disclosure and our response to ESG evaluations in order to maintain growth as a company trusted by stakeholders.



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Scan here for other external evaluations

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Stakeholders	Relationships with Stakeholders/ Objectives	Dialogue methods	Results (FY2024)	Progress and results of dialogue and future direction
Employees	We strive to create workplaces where employees can work with enthusiasm and a sense of purpose. We will create supportive work environments that are fair and impartial, give due consideration to human rights, protect privacy and safety, and support skill development.	• Meetings to Present Management Policy • Employee engagement survey • Employee training • Goal management programs and personnel evaluation interviews • In-house intranet, group newsletters, company newsletters • Help lines (internal whistleblowing hotlines)	• Employee engagement survey response rates: 93.0% • Number of contacts made to internal whistleblowing hotline: 9	• Analysis of group-wide organizational culture and identification of issues to be addressed in each business • Respect for the human rights of employees • Instilling a group-wide sense of unity
Sales partners	We cannot provide products and serves without the cooperation of sales partners. We will build trusting relationships with sales partners so that we can comply with laws, regulations, and company rules and give due consideration to safety, security, human rights, and the environment, thereby fulfilling our social responsibilities.	• Customer support center • Sales activities, various webinars and hands-on training • Websites • Exhibitions	• Number of events held including webinars, hands-on training, and exhibitions: 316 • DIS World and DIS ICT Expo held	• Promoting social responsibility in the value chain • Partnerships based on fair transactions and trust
Customers (Users)	By leveraging the group's collective strengths, we strive to provide technologies, products, and services that are optimal solutions for customers. In addition, we will live up to customers' trust through quality management of products and services.	• Websites (updated from time to time) • Product and technology briefings • Exhibition of products at trade shows • Support center	• Information posted on websites • Hosted and participated in exhibitions relating to the IT Infrastructure Distribution Business and Industrial Machinery Business	• Provision of optimal solutions • Provision of high-quality product and services • Provision of appropriate product and service information
Suppliers	We will build partnerships based on mutual trust and conduct appropriate business activities through fair and impartial transactions.	• CSR procurement survey and interviews based on survey results • Supplier briefings • Information exchanges with suppliers and outside experts	• Supply chain surveys ・Surveyed 160 companies accounting for approximately 90% of group transactions by value ・CSR procurement survey response rate: 97% The above are cumulative totals	• Promotion of sustainable procurement throughout the supply chain
Shareholders and investors	Through timely and appropriate information disclosure and constructive dialogue with shareholders and investors, we strive to enhance corporate value by forming an appropriate understanding of the company's business conditions and providing feedback regarding the details of such dialogue to management.	• General Meeting of Shareholders • Financial results briefings • Meetings with investors • Information site for investors • Participation in events for individual investors	• Discussions for shareholders and investors held: 221 • Financial briefings held: 2 • Fairs and seminars for individual investors held: 5	• Enhance corporate value and stable returns achieved through sustainable growth • Timely and appropriate information disclosures and communication
Local communities	We seek to be an essential presence for local communities. We will provide products and services suited to local communities while promoting activities that contribute to local development, such as encouraging local production for local consumption and building harmonious relationships with communities.	• Regional comprehensive cooperation agreements with local governments • Participation in local events • Dialogue through industry organizations	• Signing of an agreement with the municipal board of education in Iizuka, Fukuoka Prefecture, and the start of STEAM Education trial research at the Iizuka city's Chinzei Elementary School (an integrated elementary and junior high school) • Number of DIS donations: 3 (Japan Heart, UNICEF, and as support after the Noto Peninsula earthquake)	• Fulfilling social responsibilities • Gain the trust of local communities • Collaboration with NGOs and NPOs

Concrete examples

The region's largest-scale comprehensive IT event, bringing together domestic and international IT vendors, is held in various regions—DIS World in Nagasaki

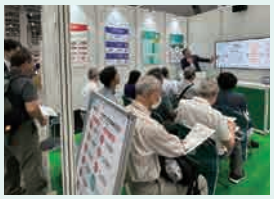


DIS World, which is held each year in a different region, takes as its central themes the latest IT trends and solutions that address regional issues. It introduces IT products and solutions suited to the region, and fuses solutions exhibitions and similar by global IT vendors and sales partners with deep regional expertise. By doing so, it uses IT to encourage regional revitalization and contributions to the area. The events serve to advance both links between participating companies and new business solutions that straddle regions. In fiscal 2025, the event is scheduled to be held in Yamagata Prefecture.

Aiming to improve stakeholder engagement through dialogue with individual shareholders and investors

In addition to the financial results briefings and discussions we hold for institutional investors, we also take part in IR events for individual shareholders and investors held in major cities. At our exhibition booths, we use this opportunity for direct dialogue to explain our business lines, strengths, performance, and shareholder returns, but also our medium- to long-term vision. In the future, we will continue to implement activities designed to inform more people about the Daiwabo Holdings Group. Furthermore, the details of our dialogue is passed on to the Board of Directors, so that it can be reflected in future management decisions, as we strive to achieve sustainable growth and improved corporate value. We plan to participate in more events, and an archive of past company briefing seminars can be found on our website.

Scan here for more details on IR and other investor information



A mini briefing in our booth at Nikkei IR & Individual Investor Fair 2024

Message from the director in charge of business administration

(Finance, personnel affairs, and legal compliance)

Taking a realistic approach that unites site operations and management for total corporate value improvements



Takao Yamashita
Managing Director

Positive FY2024 financial results came against a backdrop of renewed demand

We have announced "2030 VISION" to outline where we want to be in the medium to long term, and to achieve the target of operating income of ¥50.0 billion, we will continue to ensure that our existing IT Infrastructure Distribution Business is at the core of our operations, while also seeking new fields and investigating how to optimize our portfolio. Backcasting from "2030 VISION," we have identified the three years covered by our current Medium-Term Management Plan as a particularly vital period. As such, we are working diligently to increase corporate value under three fundamental policies: growth under the holding company structure, the challenge to break the "highest in the past," and enhancement of stakeholder engagement.

In the fiscal year ended March 31, 2025—the first year of the plan—consolidated net sales rose 17.5% over the previous fiscal year to reach ¥1.1368 trillion, a record for us. Operating income likewise rose, by 12.7%, to ¥34.8 billion. This was also one of our highest results in this area. In the current Medium-Term Management Plan, we have also set ROE and ROIC, and we are carefully managing profitability and invested capital. ROE for the fiscal year ended March 31, 2025 was 16.8%, while ROIC was 14.3%—both achieving the targets we set for the first year of the plan—which we feel marks a very positive start.

During the fiscal year, there was fierce, renewed demand for Windows in particular, and as companies (especially larger ones) replaced their PCs, we worked to strengthen our sales networks in the IT Infrastructure Distribution Business and accurately captured this demand, which was a significant factor in our positive results. We were able to recognize the overall favorable conditions of the business environment for the group, as seen in the strides we made in sales to government agencies and educational institutions. However, if we cast our eyes forward to future market conditions, we foresee a decline in this extraordinary demand in the fiscal year ending March 31, 2027, the final year of the plan. With this forecast in mind, we will carry out community-based sales activities to bolster our revenue base, encourage organic growth by expanding our market share, and at the same time implement growth investments in existing fields and new investments in new fields. By doing so, we will achieve the targets of the final fiscal year of the plan.

Shareholder returns under our Medium-Term Management Plan policy of gradually increasing dividends

As a group, we believe sharing our profits through dividends to be a priority management issue. While we take our financial situation and revenue trends into account, our fundamental policy is to raise shareholder returns continuously, and stably. During the fiscal year ended March 31, 2025, we continued work on building a robust revenue base, and performance improved. As such, annual dividends amounted to 90 yen per share. We aim to maintain a dividend ratio of at least 30%, and in the current Medium-Term Management Plan, which includes our first announcement of our policy to gradually raise dividends, we have made it clear that we will not allow dividends to fall below those of the previous fiscal year. This is a promise from the group to all shareholders for reliable returns. For the fiscal year ending March 31, 2026, we predict a further growth in revenue, and plan to pay out an annual dividend of 100 yen per share.

Our shareholder return policy is mostly concerned with dividend amounts, but it is also our policy to flexibly acquire

treasury shares to increase the total payout ratio to at least 60%. We will, however, pay close attention to any drop in capital adequacy ratio or shortage of cash on hand that could come from acquiring treasury shares, and plan only to acquire these to an appropriate level. Fundamentally, our policy is not to dispose of the treasury shares we acquire, but in the future—where necessary—we will look into cancelling these in line with certain policies.

Capital allocation to support revenue growth

For continued growth, investment in growth fields and the revenue base is essential. During the period of the Medium-Term Management Plan, our policy is to invest the following amounts as growth investments in existing fields: ¥11.0 billion toward capital investment and R&D, at least ¥8.0 billion in systems investment, and at least ¥14.0 billion in human capital investment. We believe that steadily implementing these is also important for enhancing sales efficiency and boosting low-cost operations, as well as achieving the targets of the plan and accelerating the pace of later growth.

The shareholder returns that I spoke of earlier, and the ¥50.0 billion of liquid assets on hand that we have added, are the basis of the capital allocation total for the three years of the Medium-Term Management Plan. The ¥50.0 billion of liquid assets has been set at a level that takes into account approximately ¥13.0 billion of contracted line of credit based on the monthly sales scale of the IT Infrastructure Distribution Business. At present, an intra-group cash-pooling system allows us to gather capital, and we hope to further enhance capital efficiency through efforts to improve the cash conversion cycle (CCC).

To achieve further growth, our plan is to actively promote strategic M&As. This will not be a rash attempt to simply increase the size of the group, though. Instead, with strict due diligence, we will identify proposals in business areas we regard as important, and that exceed the investment's hurdle rate, and carry out M&As following conscious, disciplined investment judgments. When carrying out M&As, depending on the scale of the investment, we expect that there will be cases where we borrow money from external sources as well as using our own funds.

Business administration based on figures, but also people and site operations

When we think of business administration, there is a strong tendency to focus on the more technical side of setting various management indicators as targets, working out ways to achieve these, and then monitoring the results. For me, though, I like to focus on the people and site operations behind this process. For example, sales figures come from the frontline of sales activities, and are ultimately only supported by the individual men and women that work for the group. For precisely this reason, I think we should consider the starting point of business administration to be people and site operations. As such, allocating management resources optimally to these areas is our fundamental business administration approach.

I personally have spoken directly with customers at sales sites, listened to their feedback, and endeavored to address their issues. From this experience, I understand how the gap between the sense of what is actually happening at a frontline site and the decision-making going on at the management level is often a significant problem. For this reason, I believe that connecting site operations and management, to close that gap, is an important role of business administration.

Specifically, I am working hard to put in place mechanisms to appropriately reflect issues and ideas from frontline sites in management strategies, as well as striving to convey management's aims and policies to those at frontline sites in an easy-to-understand manner, in a way that can be applied to practical implementation. Closing the gap between site operations and management, and improving the sense of unity throughout the entire organization, through this kind of two-way communication is how I think business administration should be.

Human capital's primary place in the Medium-Term Management Plan

Sustainability is not a one-off effort, but an area that companies must work on from a long-term standpoint. In fact, incorporating ESG perspectives into business management is now a requirement.

In the group, too, we have positioned helping to address social issues through ESG-oriented business activities as one of our most important topics and we have set clear materialities toward this effort. In addition to initiatives on the financial front, we believe that non-financial efforts too support management, and we value both equally.

Message from the director in charge of business administration

If we think of our financial initiatives as efforts to raise our earning ability as a company, non-financial initiatives based on materiality aim to develop our ability to keep earning. By tackling these together, we are aiming to improve our corporate value sustainably. To achieve long-term improvements to corporate value, initiatives to address materiality are essential.

Take, for instance, "Diversifying the workforce," one of our materialities. This calls on us to recognize the importance of the three perspectives of diversity, equity, and inclusion (DE&I), and to establish conditions that allow individuals with diverse characteristics and values to work together equally, and utilize their distinct strengths.

A result of promoting DE&I is that it encourages innovation, which improves productivity and task efficiency, while also enabling a response to diversifying needs. Additionally, it can also lead to higher employee motivation, improved workplace environments, an enhanced reputation among stakeholders, and increased competitiveness in recruiting personnel.

Accordingly, in our Medium-Term Management Plan, we have detailed our promotion of well-being-oriented management as a human capital strategy and we are placing great importance on enabling each employee to unlock their maximum potential to help instill a real desire to work. As I mentioned earlier, we have decided to invest at least ¥14.0 billion in human capital over the three years of the plan.

In concrete terms, we have looked back at how consumer prices have risen, and since 2023 we have conducted major reviews of wage systems and salary levels at group companies. In addition, we have put in place internal systems related to parenting and caregiving support and ways of working. Our wide-ranging initiatives also include the proactive utilization of mid-career hires.

In fact, various programs are already running, and we are making progress in improving the employee development environment. As an example, since 2024 we have been using an external financial leadership program as part of our training for executives. I, too, have personally taken part in this, and it left a real impression on me. At Daiwabo Holdings, we have shifted from conventional, level-based training to a training system that specializes in giving employees specialist knowledge and skills to take advantage of smaller teams and employees' diverse career paths. By moving forward with a training environment that matches this kind of organization or specific duties, we will encourage each and every employee to grow.

Alongside these efforts, we are also working hard to promote diversity by aiming to empower women and actively appoint older employees. At the same time, we are strengthening our recruitment of mid-career hires, for instance individuals with skills in fields that require specialist knowledge, like M&As. We will enact these and other effective measures.

The group's biggest strength is its people. Enhancing our human capital is intrinsically linked to improving our business performance in the medium to long term, and is an indispensable part of our efforts toward sustainable development. By continuing to make human capital investments like these, we will further raise our competitiveness and productivity, and by properly sharing with group executives the fact that ROIC and other management indicators are ultimately tied to these investments, I hope that we can move forward together.

A goal of total corporate value improvements that consider both financial and non-financial value

I have gained extensive experience of sales sites, and now I find myself responsible for business administration. At sales sites, I could always get direct feedback from customers, and I was required to respond swiftly to those needs. Through this experience, I learned the importance, from a frontline site perspective, of being able to address issues and of building relationships of trust with customers. From a business administration standpoint, I am called upon to understand the group's overall capabilities and build such relationships with a diverse range of stakeholders, and to tie this in to corporate value improvements. I see that the role expected of me is to demonstrate what I learned at frontline sites, and the viewpoints and practical skills I gained, in my position in business administration.

The group's strengths are, as I have said, not limited to numbers, target setting, or progress management; I believe that their essence also lies in the site operation capabilities and management flexibility that support these. I will not forget this point. Instead, I will maintain a realistic sense of what it is that customers and society want—which I gained at frontline sites—and do my very best to improve total corporate value, incorporating financial results, but also non-financial value.

Financial capital strategy

Policy on financial strategy

The primary source of the group's capital is the operating cash flow of each business, but we also strive to stably secure capital by effectively using capital procured from financial institutions. Earned profits are used to reinforce financial foundations while also allocating funds with a balance between making growth investments in business to increase profitability further and providing returns to shareholders. Daiwabo Holdings performs centralized procurement of capital from financial institutions and other outside parties and improves capital efficiency by allocating necessary funds to each group company and centrally managing surplus funds using a cash pooling system.

KPIs in the Medium-Term Management Plan

The group incorporates financial key performance indicators (KPIs) to evaluate the progress of management goals subjectively while striving to maximize shareholders' equity and profitability. In the Medium-Term Management Plan, we set group management targets of maintaining return on equity (ROE) of at least 14% and return on invested capital (ROIC) of at least 12% over the three years from the fiscal year ended March 31, 2025 to the fiscal year ending March 31, 2027. By prioritizing capital efficiency, we will consistently enhance corporate value.

	FY2020	FY2021	FY2022	FY2023	FY2024
ROE	22.2%	12.9%	13.7%	3.0%	16.8%
ROIC	16.5%	10.3%	11.5%	12.8%	14.3%
Cost of shareholders' equity	6.2%–7.5%				
WACC	5.8%–7.0%				

Cash flow management

In terms of our cash flow management, we will create stable operating cash flows (CF) through top-line growth from implementing our Medium-Term Management Plan, and enact optimal growth investments and shareholder returns. In order to optimize operating capital, we are also endeavoring to optimize our stock of inventory assets, but strategic product purchases linked to special demand, such as that associated with the end of support for Windows 10, may mean that operating capital is insufficient so we will study borrowing from external sources and securitizing receivables.

(Millions of yen)

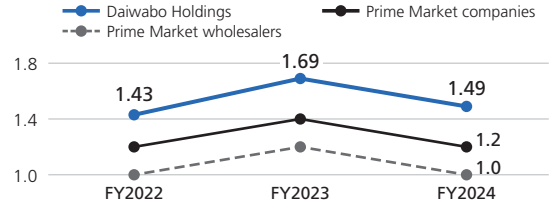
	FY2020	FY2021	FY2022	FY2023	FY2024
Operating CF	9,428	28,165	16,958	24,544	5,909
Free CF	8,070	25,239	15,330	19,598	3,321
Operating CF to current liabilities ratio	4.1%	14.7%	7.3%	10.2%	2.2%

Use of ROIC in business valuation

We place the utmost importance on the process itself when striving to achieve the target ROIC since it is crucial not to lose balance as we pursue the goal. We set KPI for individual measures for each business operating company, monitor the progress of improvements based on concrete action plans, and provide appropriate support. Each business division undertakes operational improvements with an awareness of hurdle rates (capital costs), leading to the creation of corporate value for the group as a whole.

Price book-value ratio (PBR)

Our PBR remains at a level above 1. We will continue to prioritize capital efficiency in our management to improve ROE. At the same time, we will pursue investments and initiatives that will enhance our future growth prospects to increase PER, thereby striving to earn a fair market valuation.



Created with reference to Japan Exchange Group statistics. The Prime category was launched in April 2022, so the trends from FY2022 onwards are shown.

Financial capital strategy

Optimal capital structure

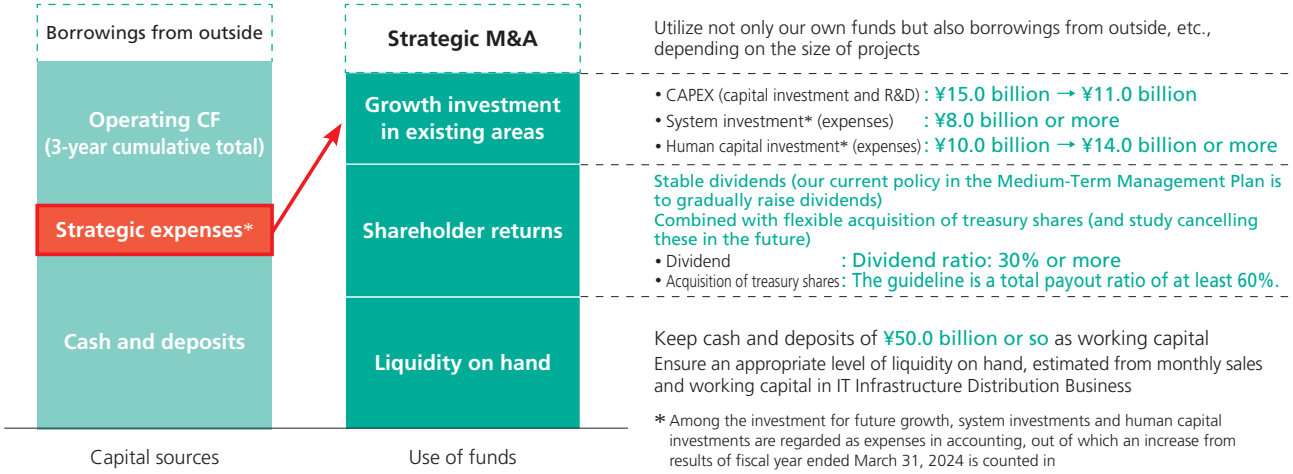
Turning to our financial situation, on the funding front interest-bearing liabilities continue to decrease and we have been able to maintain positive net cash levels for the group overall. In terms of liquidity on hand, and considering necessary operating capital and other factors, we are retaining around ¥50.0 billion in cash and deposits. Through the Medium-Term Management Plan, we have also detailed our policy of proactively working on growth investments and shareholder returns, but we will also maintain our current financial position by improving our ability to create cash flows through top-line growth and increasing equity with accumulated profits. Ratings agencies have awarded our group an A for our credit rating. In the future, as well as for our stable business operations, maintaining our current credit rating is vital for producing capital. As such, we will maintain appropriate levels of equity and interest-bearing liabilities, and strive to raise our financial soundness.

Capital allocation policy

Under the Medium-Term Management Plan, we strive to make appropriate investments in growth, provide shareholder returns, and continuously improve corporate value. As sources of capital, in addition to funds on hand, we appropriately allocate operating cash flows obtained through implementation of the Medium-Term Management Plan. Growth investment in existing business areas includes human capital investments, which have been significantly increased; we predict that they will exceed initial targets by at least ¥4.0 billion. We are investing in systems that will lead to even higher productivity in the IT Infrastructure Distribution Business.

Human capital investment and system investment are recognized as strategic expenses and are positioned not simply as increased expenses, but as growth investments that will lead to the enhancement of group competitiveness. We provide dynamic shareholder returns with targets of a dividend ratio of at least 30%, and regarding acquisition of treasury shares, a total payout ratio of at least 60%. We will take necessary measures concerning strategic M&A to achieve our medium- to long-term vision, and depending on the specific scale of a project, we will not only use internal capital, but will also consider using borrowings from external sources. We ensure appropriate liquidity on hand by maintaining approximately ¥50.0 billion in working capital.

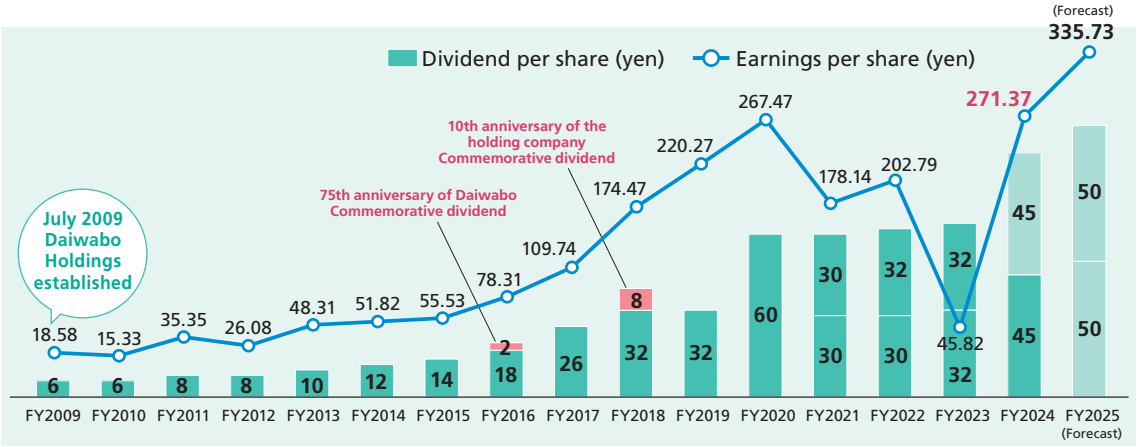
Graphical representation of capital allocation over a three-year cumulative period



Dividend policy

As a group, we position dividends as a priority management issue and have established a basic policy of paying out continuous and stable dividends while taking into consideration our financial situation and earnings trends. During the period covered by the current Medium-Term Management Plan (FY2024–2026), we will gradually increase dividend payouts. In addition, distributing dividends from capital surplus twice a year in the form of interim and year-end dividend is a core policy. Furthermore, we believe the acquisition of treasury shares to be one of the measures for returning profits to shareholders, so that we will consider the flexible implementation of such measures in accordance with the market environment.

Acquisition period	Acquired shares	Acquired value
May 14 to August 31, 2021	1,038,100	¥1,999 million
May 13 to October 31, 2022	1,639,000	¥2,999 million
May 10, 2024 to January 31, 2025	3,669,700	¥9,999 million



The group's total shareholder returns (TSR), which also take into account both dividends and fluctuations in share values, are detailed below. We will continue to work toward continuous, stable returns of profits to shareholders and improved corporate value.

	Past year	Past three years		Past five years		Past ten years	
	YoY	Cumulative	YoY	Cumulative	YoY	Cumulative	YoY
Total shareholder returns (TSR)	+2.0%	+66.4%	+18.7%	+176.0%	+23.3%	+676.3%	+24.5%
Incl. TOPIX dividends	(1.5%)	+47.2%	+13.8%	+113.4%	+16.4%	+117.4%	+8.1%

* Compared to March 31, 2025.

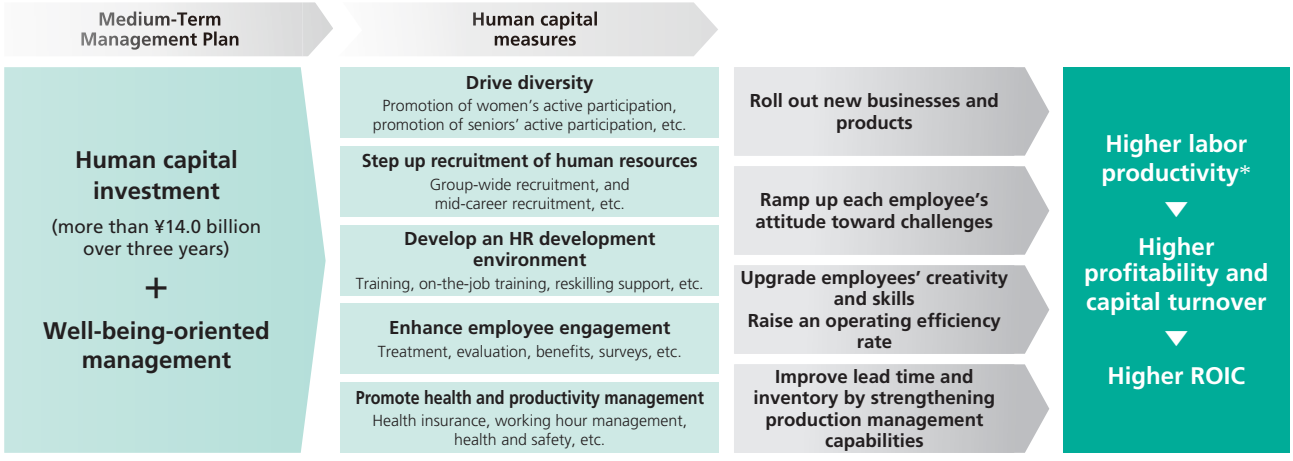
Investment strategies

As part of our investment strategies, we plan to invest ¥11.0 billion in capital investments and R&D in existing businesses, and ¥8.0 billion as operational costs for DIS's cloud services. Human capital investments include proactive efforts such as those to strengthen personnel recruitment and development, and we are also implementing significant increases in base salaries. In the three years of the Medium-Term Management Plan, we initially planned to invest at least ¥10.0 billion, but this is forecast to rise to at least ¥14.0 billion.

Human capital investment

The group emphasizes the maintenance of human capital measures in the implementation of well-being-oriented management and included more than ¥14.0 billion of investment during the Medium-Term Management Plan period.

We are implementing group-wide initiatives through appropriate collaboration with business operating companies with respect to five specific measures: driving diversity, stepping up recruitment of human resources, developing HR development environments, enhancing employee engagement, and promoting health and productivity management. Contributing to customers and society through environments where each employee is able to draw out their potential to the fullest will lead to consistent enhancement of corporate value.



* Group consolidated labor productivity target: a 5.7% or higher increase in the three-year average for net sales per person (At least ¥251 million; FY2024–2026)

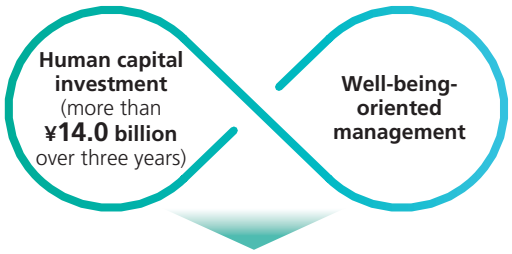
People

Materialities
⑦ Expansion and reinforcement of human capital and improvement of well-being
⑧ Diversifying the workforce

Basic approach to human capital

Recognizing that human capital is a growth driver and our most valuable asset, the Daiwabo Holdings Group considers it essential to acquire and develop talent from diverse backgrounds with various abilities, knowledge, and experience, as well as to enhance engagement with employees for the group's sustainable growth. In the group philosophy structure, we positioned "Diversity and Respect" as shared values highly regarded by the group, and we strive to respect one another's human rights and individuality and to link diverse abilities and ideas to both individual growth and increased corporate value.

In addition, the group's Medium-Term Management Plan, which covers the period until the fiscal year ending March 31, 2027, sets human capital investment of at least ¥14.0 billion over three years and the practice of well-being-oriented management as targets, and by implementing five human capital measures—driving diversity, stepping up recruitment of human resources, developing an HR development environment, enhancing employee engagement, and promoting health and productivity management—we will strive to create an environment where each employee can maximize their own potential, to raise profit margins and capital turnover by improving labor productivity, and to improve ROIC, thereby sustainably increasing corporate value.



Create an environment where each employee can maximize their potential

Recruitment policy and strategies

We also started exploring more flexible hiring and recruitment processes without being bound by conventional ideas. Traditionally, we used to rely on mass recruitment of new graduates. However, due to the declining birthrate, we have expanded our focus toward mid-career recruitment and local hiring. This approach allows us to align our personnel needs with our business needs and enables us to secure talent with diverse backgrounds. Furthermore, we pursue versatile recruitment strategies such as rehiring retired employees. Daiwabo Holdings is focusing its efforts on reinforcing structures through mid-career recruitment and working to secure human resources with specialized skills. Regarding the recruitment of new graduates, each of our operating companies has their own hiring process, in addition to a group-wide recruitment conducted by Daiwabo Holdings. For group-wide recruitment, we updated our recruiting website in conjunction with the formulation of the group purpose and the reorganization of our business portfolio. We are now focusing on reinforcing recruitment content by presenting information on priority business and sales department projects, posting crosstalk among group employees, and taking other action. One measure for recruiting recent graduates by operating companies is enhancement by DIS, which operates the IT Infrastructure Distribution Business, of recruitment outreach measures in collaboration with a specialized corporate branding department, such as the extensive placement of article-type advertisements in magazines. O-M Ltd., which operates the Industrial Machinery Business, is undertaking various recruiting measures targeting students, including a collaborative project with the Albirex Niigata J1 football club, with which it signed an official club partnership agreement.

Encouraging personnel development

Development policies and strategies

Sustainable growth and development require development programs based on human resource strategies linked to the management strategies of each business. In the IT Infrastructure Distribution Business, the formation of a rich sales workforce that supports the branch network connected with a large number of partners is the strength of the company. Going forward, we will need human resources with flexible conceptualization and advanced IT skills in order to enable DX implementation so that we can diversify customer contact points, and accordingly, we are taking action to develop human resources with diverse abilities and knowledge. In our Industrial Machinery Business, driven by our proprietary technologies, we have strategically cultivated a well-balanced workforce with technical capabilities in R&D and production, as well as those with marketing skills. We will continue to train technical professionals and pass on skills through one-on-one coaching under our mentor system, and further enhance our proprietary technologies.

Taking advantage of its small group of employees with diverse career backgrounds, Daiwabo Holdings has shifted from a conventional hierarchical education system to an education system focused on acquiring knowledge and skills in each area of expertise.

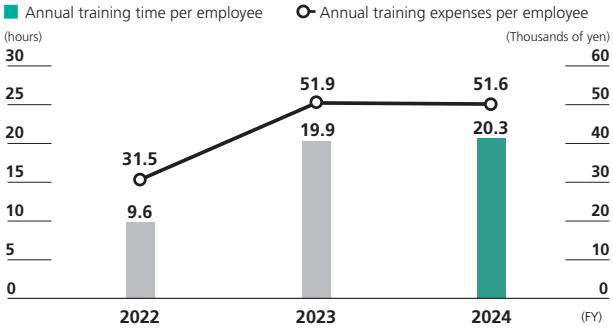
Employee education, training, and career development

As part of our talent development efforts, in addition to conducting group training and on-the-job training for employees, we are creating an environment that supports the acquisition of qualifications and self-education through the use of e-learning and other methods.

We conduct training programs in each business specific to each rank and job type and periodically review education and training systems so that employees can acquire the necessary skills and knowledge and to enhance employee motivation.

Skilled IT professionals are essential for us to implement DX and combat cyberattacks. Thus we offer training and reskilling programs for IT professionals through an outside organization. Daiwabo Holdings has organized the knowledge and skills that employees at the publicly listed holding company should be equipped with, creating a lineup of educational categories for "areas of expertise" such as financial accounting and management strategy, and "common skills" such as problem solving and management. Starting in fiscal 2025, the company has been providing elective training tailored to the careers and aptitudes of individual employees according to its revised educational system that suits its organizational structure. In addition, we foster employee motivation by implementing goal management programs to support their professional growth and success.

Annual training time and expenses per employee



FY		2023	2024
Number of participants in training	(persons)	1,467	1,568
Number of managers participating in training	(persons)	315	263
Number of new employees participating in training	(persons)	154	213
Annual training time	(hours)	58,633	60,835
Annual training time for managers	(hours)	3,586	4,128
Annual training time for new employees	(hours)	42,058	40,891

Overview of education and training program (partial)

Each business unit has developed its own training framework, offering programs tailored to career levels and job functions. Since 2023, new training programs have been introduced, and existing ones have undergone enhanced review. Daiwabo Holdings has shifted from training for respective career levels to elective training in fiscal 2025.



Reskilling programs

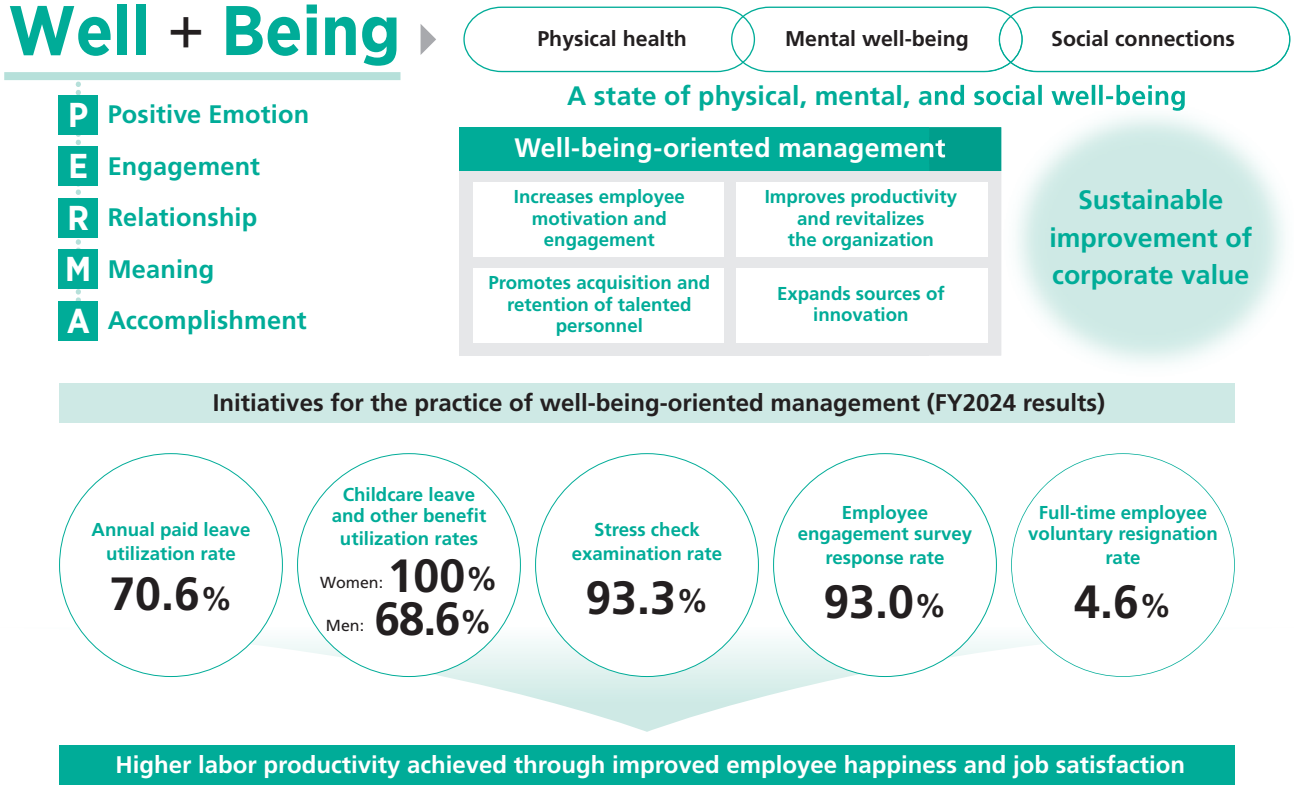
Each of our business units values employees' personal development throughout their career path, encouraging their voluntary learning of diverse subjects from the basics. These efforts contribute to optimal personnel placement and skill enhancement for our employees.

Daiwabo Holdings created a reskilling framework within its education and training system and implements programs that support employee measures to reinforce their strengths and overcome their weaknesses according to their own career paths. In fiscal 2023, Daiwabo Holdings selected DX initiatives for all its employees as a core topic and conducted online elective training. In fiscal 2024, we took further action to support reskilling by revising the qualification acquisition bonus program and establishing distance-learning elective programs and the like to encourage employees to acquire the qualifications necessary for various businesses.

People

Expansion and reinforcement of human capital and improvement of well-being

The group has positioned the practice of well-being-oriented management, which pursues enhanced happiness and job satisfaction of employees, as a priority measure under the Medium-Term Management Plan, covering the period through the fiscal year ending March 31, 2027. We are taking measures to encourage employees to make use of vacation and leave programs and to practice health and productivity management, and conducting employee engagement surveys. By understanding actual conditions and taking action to make concrete improvements, we are enhancing labor productivity.



Compliance with laws and regulations on working environment and labor-management consultations

The group develops and operates employment rules based on the Labor Standards Act, pays fair wages, and sets appropriate working hours. When paying wages, we show each employee an earnings statement, which clearly indicates details regarding deductions and premium wages for overtime and holiday work. To prevent forced labor and related violations, each group company has set up a touchpoint for whistleblowing possible violations. Our recruitment is always based on the applicant's willingness to apply. For mid-career hires, in particular, we present working hours, wages, and other conditions in writing before hiring an applicant based on their agreement. In addition, managers and supervisors in the workplace and the human resources department monitor the status of long working hours and the use of annual paid leave, thereby promoting compliance with working hours stipulated in the 36 agreements and the reliable use of statutory paid leave.

The Industrial Machinery Business has a labor union, and labor-management consultations have been conducted with a healthy relationship for many years. In the IT Infrastructure Distribution Business and Daiwabo Holdings, although there are no labor unions, important changes in work rules such as working conditions are explained to and implemented with the consent of all employees. In reviewing personnel systems, employee representatives are elected at each office as necessary, and revisions are made through a legal labor-management consultation process.

Promotion of occupational health and safety

The group has set a numerical safety target of "zero accidents resulting in lost work time," and in production facilities owned by each business unit, we recognize that safety is the most important issue. The O-M Nagaoka Factory formulates annual health and safety plans, and it creates monthly plans and initiatives with the goals of having zero work-related accidents or traffic accidents and promoting mental health. Risk management such as safety inspections, facility improvement, and work environment improvement is routinely conducted, and we discuss and confirm necessary improvements at Factory Safety and Health Committee meetings while also providing safety education for employees.

Furthermore, health and safety are important issues not only in production facilities, and we are working on occupational safety at large eastern and western mega-centers in the IT Infrastructure Distribution Business.

Enhancement of employee engagement

We are aware that enhancing employee engagement is essential for maintaining the group's sustainable growth and achieving employee self-actualization. A prerequisite for achieving this is sharing information on company policies and direction through enhanced communication between the company and employees and building relationships based on trust, and it is necessary that the results achieved by the company are returned to employees in an appropriate manner. We believe that it is important to visibly demonstrate the company's stance, such as by actively implementing measures to improve workplace environments and other measures to raise employee motivation.

Each operating company implements an employee engagement survey once each year and uses the results to enhance engagement by implementing changes and making improvements. The survey results are reflected in efforts to enhance "happiness at work," mainly through wage revisions, review of personnel systems, support for career planning, and improvement of work comfort. The response rate for the survey conducted within the group in fiscal 2024 reached 93.0%, improving the overall engagement score by 2.6%. We also place emphasis on items related to "empathy with management policies, etc." and "corporate culture," with the goal of continuous improvement. We believe that "empathy with management policies, etc." is indispensable to promote the widespread understanding of our Purpose and management policies and to foster a sense of unity within the group. Meanwhile, "corporate culture" is a necessary element; when harmonizing with the values of each employee, it encourages the retention and growth of human resources and directly contributes to the development of an environment where each individual's abilities and potential are maximized.

Summary of FY2024 engagement survey results

Weighted average score improvement rate	+2.6%
Employee engagement survey response rate	93.0%

Improvement rate for items related to "empathy with management policies, etc."	+5.4%
Improvement rate for items related to "corporate culture"	+2.1%

* The FY2024 survey was conducted from September 2024 to February 2025 in DAIWABO INFORMATION SYSTEM CO., LTD., DIS Service & Solution Co., Ltd., Alphatec Solutions Co., Ltd., and the O-M Group.

Career plan support

DIS works to correspond to the values of each employee at every stage of life and is driving initiatives to support career development over the medium to long term. As part of this initiative, once a year, supervisors engage in discussions with their subordinates about their careers looking ahead to the future and fill out a "career plan sheet." These interviews are not based on the assumption of transfers or relocations; the supervisors carefully listen to what the employees want and what circumstances they are in from diverse perspectives.

DIS also offers career training and life planning training tailored to the age group of our employees as opportunities to acquire the basic knowledge necessary to raise the level of both job satisfaction and life satisfaction. Through continuous support in career planning, it is creating a workplace environment where its employees can continue to work for a long time.

Revision of personnel systems including raising base wages

Since 2023, amid rampant consumer price inflation, the group's core companies have continued to raise base wages on a large scale, going beyond conventional framework. In addition, we are taking proactive measures to expand and enhance our severance pay and housing support programs. The group is strategically investing in human capital and revising programs with the aim of raising employee motivation.

Employee stock ownership plan

The group has introduced an employee stock ownership plan at the group companies in Japan as one aspect of our benefit programs for employees. Employees of the group companies can make monthly contributions starting in ¥1,000 increments, and the company provides a 20% matching grant on the amount contributed. Employees holding shares of the company contributes to long-term asset formation and economic well-being and also to increased awareness of participation in management by employees.

People

Creating a supportive work environment

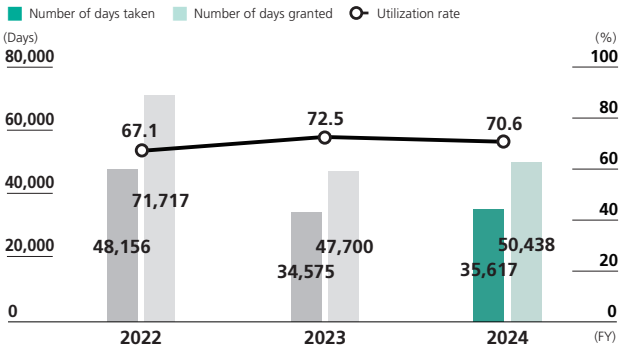
The group respects diversity in accordance with the Group Corporate Code of Conduct and takes action to create supportive work environments that take into consideration health and safety including promoting flexible and balanced work styles. Methods for the efficient use of time, such as utilizing web conferencing and other such tools for internal and external meetings, have spread throughout the group, and the promotion of appropriate working hour management and heightened awareness regarding utilization of annual paid leave have become established as part of our corporate culture.

To reduce excessive working hours, we hold no-overtime days and set limits on the times when internal information systems and the like can be used. Monitoring using the attendance management system enables managers and supervisors to identify discrepancies between time at the office and time worked, and we are implementing measures for appropriate working hour management. We actively encourage employees to take vacation time, set KPI concerning the statutory paid leave utilization rate, and are expanding special paid leave programs such as refreshment leave.

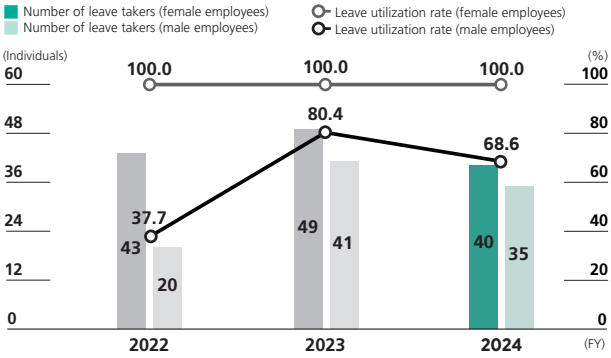
We are also putting particular efforts into expanding and improving childcare support programs and providing employee benefit facilities. In particular, with regard to childcare support programs, we have made it easier beyond the statutory requirements for employees in the group's core companies to take advantage of programs by allowing them to choose reduced working hours and restrictions on overtime work until their children graduate from elementary school. The utilization rate of childcare leave by male employees has increased, leading to a better work-life balance as well as career development and advancement.

In addition, the use of "Thanks Cards," in which employees write messages expressing gratitude or praise felt during their day-to-day work to give to other employees, is expanding, instilling a corporate culture of mutual recognition, improved psychological safety, and increased job satisfaction.

Utilization rates of annual paid leave (domestic consolidated)



Utilization rates of childcare leave* and other benefits (domestic consolidated)



* Including parenting leave

Promoting health and productivity management

The group prioritizes health management and encourages employees to undergo regular health check-ups and stress assessments, and has occupational health physicians on standby as an effort to promote employee's wellness. Furthermore, we identified their well-being as one of our materialities and established a policy to enrich the happiness and job satisfaction of our employees. This includes health management practices, such as mental health assessments and counseling sessions conducted by our occupational health physicians. With the goal of attaining a 100% participation rate in health check-ups, we offer comprehensive health examinations as optional benefits across the group companies. These efforts are dedicated to promoting the well-being of our most valuable asset—our personnel.

As set out in its health declaration, DIS practices "KENKO Investment for Health," which promotes the well-being of employees through enhanced internal systems and work environments. In recognition of this, DIS obtained certification as a 2025 Outstanding Organization of KENKO Investment for Health (Large Enterprise Category).

FY	2022	2023	2024
Stress check examination rate	89.8%	93.6%	93.3%
Periodic health checkup attendance rate	99.2%	100.0%	99.9%

DIS health declaration

● Objective of "KENKO Investment for Health"

Long-term medical treatment for illness or degraded work performance due to poor health conditions not only severely impairs the company's productivity, but also significantly affects the feasibility of achieving the well-being of employees and their families. The objective is to build a foundation for the company's sustainable growth by ensuring that each employee maintains good physical and mental health and makes the most of their abilities.

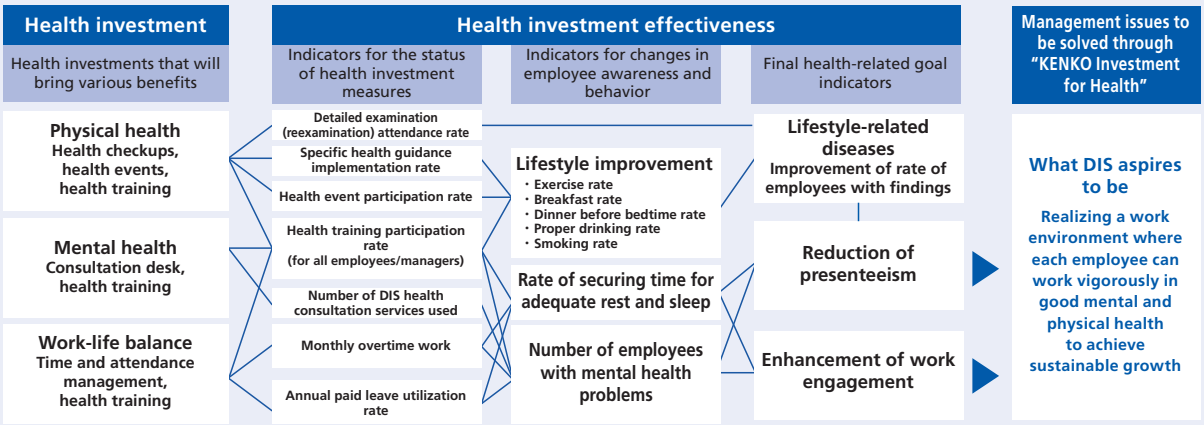
● DIS basic policy

- DIS will establish an organization to promote "KENKO Investment for Health," and will actively work together with management to realize the health and well-being of employees.
- DIS will increase the health literacy (health awareness) of employees and implement health measures with an emphasis on prevention.
- DIS will support the improvement of the work environment for its employees and customers through the use and provision of information equipment.
- DIS will promote lifestyle-related disease prevention and mental health measures in cooperation with the Japan Health Insurance Association, industrial physicians, public health nurses, and the Factory Safety and Health Committee.

● Priority action items

- Promote health checkups with the goal of achieving a 100% attendance rate
- Advance mental health measures by utilizing stress check results
- Reduce overtime work for employees and encourage them to take annual paid leave
- Facilitate training sessions and workshops to raise employees' health awareness

● Strategy map



● "KENKO Investment for Health" indicators

Major category	Indicator	2021	2022	2023	2024	FY2026 target
Health checkup/ Mental health	Periodic health checkup attendance rate	100.0%	100.0%	100.0%	99.9%	100.0%
	Detailed examination (reexamination) attendance rate	51.8%	45.1%	49.1%	Being measured	50.0% or more
	Specific health guidance implementation rate*	0.5%	0.5%	22.6%		30.0% or more
	Stress check examination rate	89.1%	88.4%	92.2%	91.1%	95.0% or more
Lifestyle/ Health literacy	Smoking rate*	25.7%	23.4%	22.8%	Being measured	22.0% or less
	Obesity rate*	50.8%	50.5%	48.8%		48.0% or less
	Health event participation rate	Start of measurement in FY2024 and thereafter			48.1%	50.0% or more
	Health training participation rate				45.1%	50.0% or more
Work-related indicators	Absenteeism	1.1 days	0.7 days	1.6 days	Being measured	1.5 days or less
	Presenteeism	Start of measurement in FY2024 and thereafter			1st time: 75.3%	77.0% or more
					2nd time: 80.6%	82.0% or more
	Work engagement				1st time: 3.06	3.15 or more
					2nd time: 3.28	3.30 or more
	Number of accidents resulting in lost work time	0	0	0	0	0
Attendance-related indicators	Monthly overtime work	9.5 hours	9.4 hours	8.4 hours	Being measured	10.0 hours or less
	Annual paid leave utilization rate	65.5%	67.0%	73.1%		70.0% or more
	Average years of service	12.5 years	13.4 years	13.5 years		13.5 years or more

* Data based on health checkup results (specific health guidance implementation rate, smoking rate, and obesity rate) represent data from one year earlier (data based on health checkups conducted in 2022 are shown in the 2023 column, and data based on health checkups conducted in 2021 are in the 2022 column).

Scan here for more details on DIS "KENKO Investment for Health"

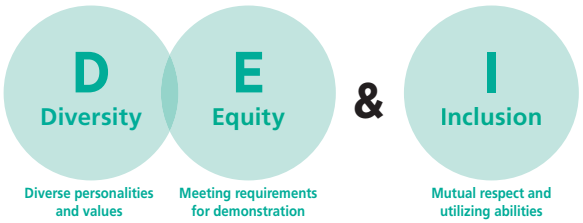
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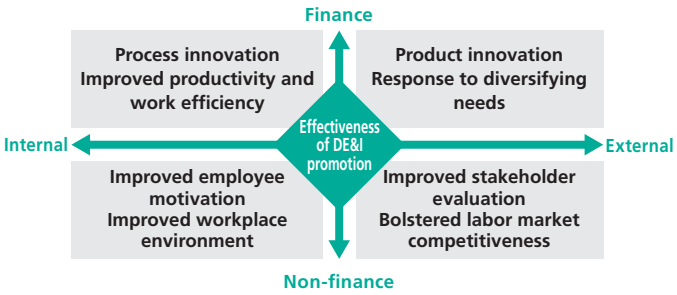
Promoting diversity, equity & inclusion

The group firmly believes that diverse talent is indispensable for our sustainable growth. In line with this belief, our personnel management is dedicated to creating an environment where diverse individuals can thrive. As a part of promoting active participation by diverse human resources, we provide employee career development and skill-building programs in accordance with the Group Corporate Code of Conduct. We create supportive work environments that respect individuality and diversity and prioritize the health and safety of our employees. The group respects and accepts diversity within and outside the workplace, aiming to become an organization that builds a truly valuable future together with society.

It is important to steadily implement initiatives that utilize each employee's abilities while satisfying requirements that enable fair demonstration of their diverse personalities and values, with an awareness of the three perspectives of "diversity," "equity," and "inclusion." Promoting DE&I encourages innovation, thereby improving productivity and work efficiency, as well as meeting diversifying needs. It also increases employee motivation, improves work environment, raises stakeholder evaluation, and increases competitiveness in recruitment.

Promotion of DE&I requires the creation of a workplace where each employee's personalities and values are respected. To this end, we are working to deepen understanding of unconscious biases and promote awareness of our policies through diversity management, human capital, and diversity training programs.





Diversifying the workforce

The group seeks to create an environment where diverse human resources can demonstrate their individual abilities and actively participate, regardless of gender, age, nationality, disability, and other such attributes.

Regarding the employment of persons with disabilities, in addition to providing employment and job opportunities that will enable such individuals to lead independent lives and participate in society, it is also the social responsibility of companies to create environments where everyone can demonstrate their maximum abilities and work according to their specific aptitudes so that we can achieve a diverse society. In the future, we plan to collaborate with public institutions such as Hello Work, an employment service center operated by Japanese government, and actively hire individuals with disabilities at each site.

The employment of retirement-age personnel needs to go beyond the current system of rehiring employees after they reach the retirement age of 60 years, and it is necessary that we develop job duties and human resource allocation methods that take into consideration the rising age of employees throughout society. In particular, we are seeking optimal assignment of older employees on a group-wide level to make use of their extensive experience and specialized skills with an emphasis on the development of successors and transfer of their technical knowledge and expertise. For instance, O-M Ltd. adopted an optional retirement age extension system in April 2025. In consideration of the increasing need for seniors' contribution in the future, we are taking active measures to employ retirement-age personnel from the perspective of securing human resources in a super-aging society, including investigation of changes to the current system of job assignments after employees are transferred to a different position upon reaching a certain age.

People with diverse career backgrounds and foreign nationals are employed on a case-by-case basis as needed, with a focus on mid-career recruitment from the perspective of proactively recruiting and securing core human resources, especially in specific areas of expertise.

Mid-careers in total new hires (domestic consolidated) (%)

FY2023	FY2024
19.5%	15.0%

Number of foreign national employees (domestic consolidated) (individuals)

FY2023	FY2024
4	9

Promotion of women's active participation

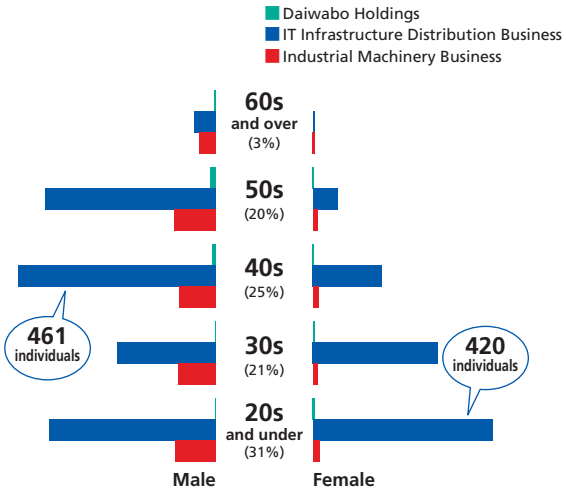
Promotion of women's active participation and flexible workstyles

Along with the effort to increase the percentage of female employees, the group continues to systematically expand its workforce in the interest of retaining and encouraging future candidates for female managers. Currently, among employees in their 40s, women account for only about 1/4 of that of men, whereas among employees in their 20s, women make up the majority, with 420 full-time employees in their 20s alone. Going forward, due to this change in age composition, the percentage of women is expected to increase in managerial positions.

In addition, to support employee balance of work and childrearing, we have expanded our childcare assistance programs beyond legal standards. Our support programs are being enhanced to enable employees to choose various workstyles according to their life stages by encouraging them to take childcare leave and flexibly using a reduced working hour system.

We will continue to improve our DE&I efforts to realize a corporate culture in which everyone can work, grow, and thrive with peace of mind, regardless of gender, age, or lifestyle.

Age and gender composition of full-time employees



Promotion of women for managerial positions

The percentage of our female officers is 36.4% (as of June 27, 2025), already achieving the Japanese government's numerical target of 30% or higher by 2030, and our achievement continues to be recognized in the MSCI Japan Empowering Women Index (WIN).

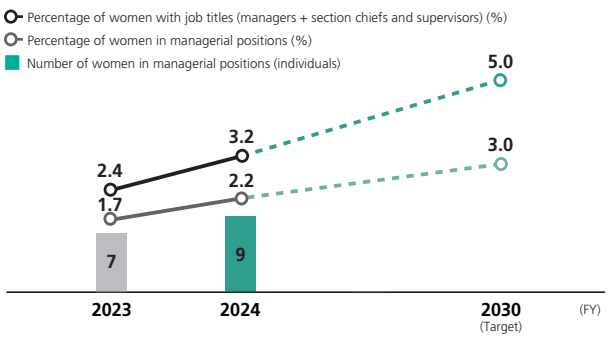
However, our top management personnel portfolio, which has supported business expansion, is predominantly male. To build a truly diversified organization in line with our future business strategies, from a medium- to long-term viewpoint, we have set a concrete target of raising the percentage of women in managerial positions to 3% or higher by 2030 and initiated a group-wide systematic approach.

In April 2024, DIS implemented comprehensive hiring and promotion practices regardless of gender: one example is the appointment of two new women in managerial positions. Furthermore, the group is working as one to consolidate and promote measures that are being implemented and studied by each business unit, such as the active promotion of women to positions with job titles, strengthening of recruitment, drastic changes in awareness through diversity training, and creation of a comfortable work environment that emphasizes work-life balance as exemplified by enhanced childcare assistance programs.

We anticipate, however, that it will take roughly 15 years to see a significant improvement in the percentage of female employees in managerial positions as most of the female employees in the group are relatively young. In addition to promoting the internal recruitment of female managers, we are also actively reforming our corporate culture and building an environment that will encourage female employees to focus on career development and advancement, as well as utilizing external talent, aiming to achieve the fiscal 2030 target early on.

Positioning our target for 2030 as only a milestone, discussions are underway to set new goals for 2040 from a longer-term perspective. By realizing a work environment in which all employees can perform at their full potential in their own way, we will increase corporate value while contributing to society. To truly put DE&I into practice, we will pursue sustainable change, with the promotion of women's active participation positioned as a driving force for corporate growth.

Percentage of women with job titles / Percentage of women in managerial positions



President and employees

Roundtable discussion

Creating a workplace where diverse talent can thrive

Promoting diversity—what makes your work rewarding



President Nishimura: Seeing women active in so many ways across society, it is clear that professionalism and dedication are not defined by gender. At the group, we are committed to equal-opportunity recruitment, and the representation of women in career-track positions is much higher now than in the past. We also see a new generation of young parents sharing housework and childcare duties quite naturally, which is how dual-income households are meant to work. And, it has become more common for people to return to work after taking childcare leave, regardless of gender. As a group, we need to do what is necessary to accommodate these newly adopted lifestyles. In today's discussion, I'd like to hear stories from you about people working for us to help me further clarify the ideal direction for our group. To begin, I would like to ask you each what you find rewarding about your work.

Yamoto: About three years ago, I started teaching in an internship program for technical staff. The students were given the task of creating simple programs using no-code development tools to get a feel for the kind of work we do. I was very happy later on, when a student came on board with the company and joined my team. I felt that the program was a success and that we were able to communicate the appeal of working here.

Shoyama: Similar to Ms. Yamoto's experience, I find it rewarding to see my junior colleagues grow. We welcome a fresh batch of new hires every year at our office, and senior staff take them under their wing. I am also one of those mentors. When a new employee I had been mentoring became an independent sales representative and met their first sales target or reported their first successful sale, I really felt the value of what I am doing. I particularly enjoyed watching a junior colleague who took over one of my clients. They had done a thorough analysis of this client in advance, selected a product to meet their needs, prepared materials on their own, and explained them to the client. That was inspiring!

Ishida: I'm in charge of purchasing at O-M Ltd. I arrange to get the parts needed for manufacturing machine tools such as vertical lathes. I find it very rewarding when, after repeated discussions with suppliers, I am able to work out an agreement on prices and delivery schedules that is acceptable to both sides. Our factory is located in the city of Nagaoka in Niigata Prefecture, and some of our nearby suppliers struggle with price adjustments, so I am mindful of striking a balance to preserve the sustainability of the local industry.

Iwamoto: I joined Daiwabo Holdings in 2024. I came in with



Miki Iwamoto
Personnel Affairs Group
Personnel & General Affairs Dept.
Daiwabo Holdings Co., Ltd.

Joined in 2024
Responsible for payroll, recruitment and training, and other HR functions

Yukihiro Nishimura
Representative Director, President and Chief Executive Officer

only two others from my graduating year. Also, the company itself is not that large. Even though I have little working experience, other people are always asking for my opinion, which makes me feel that what I have to say really has some impact within the company. Sitting here and listening to how proactive everyone is in their work, though, makes me realize I still have so much to learn.

President Nishimura: I feel reassured to hear how you are approaching your work with such a broad perspective and commitment. The Daiwabo Holdings Group has a goal to raise the percentage of women in managerial positions so that the change is clearly felt across the organization at the latest by 2040. I hope you will all advance in your careers, take on challenges, and pursue roles in management and board positions in the future.

What it takes to achieve well-being

President Nishimura: Our "well-being-oriented management" is about creating a work environment in which personnel with diverse values and capabilities can work and find satisfaction physically, mentally, and socially. The active participation of women is key to achieving this vision and will require building an organization that values transparency and encourages the free expression of diverse ideas. Please take this opportunity to tell me about your own well-being and what challenges or turning points you have faced.

Yamoto: What comes to mind is a time when I was leading a project to revise the documentation for an original service that the company offers. The volume was close to 200 pages with a tight deadline, and on top of that, we were understaffed, which put us at risk of not being able to complete the project in time. Faced with this challenge, I changed our approach. We set up an environment where team members could ask questions and seek advice at any time. I also reassigned responsibilities based on each team member's strengths. In the end, I was truly satisfied that we were able to complete the project in time.

Shoyama: Like Ms. Yamoto, I also faced some difficulties because of staff reductions. Since ours is a sales department, I had to take on additional clients. At one point, I felt overwhelmed and almost reached my breaking point. Early on, no matter how hard I worked, I could barely get through the tasks right in front of me. That forced me to rethink how I used my time. I became keenly aware of time management and made adjustments, such as trying to meet as many clients as possible when going out. So, while it is important to stay mindful of delivering results within a limited time frame, we should also make use of the company's support system. Having that awareness helped me, and I feel it will ultimately lead to everyone's well-being.

Ishida: My workplace is in manufacturing, with a focus on factory work. In the past, women mainly filled assistant posts, but I took on the leadership role I have now when my boss asked me if I wanted to give it a try. I have two children, and I took childcare leave two different times to give birth and raise them. Especially with my firstborn, I was



Karin Ishida
Materials Section, Manufacturing Department, Nagaoka Factory
O-M Ltd.

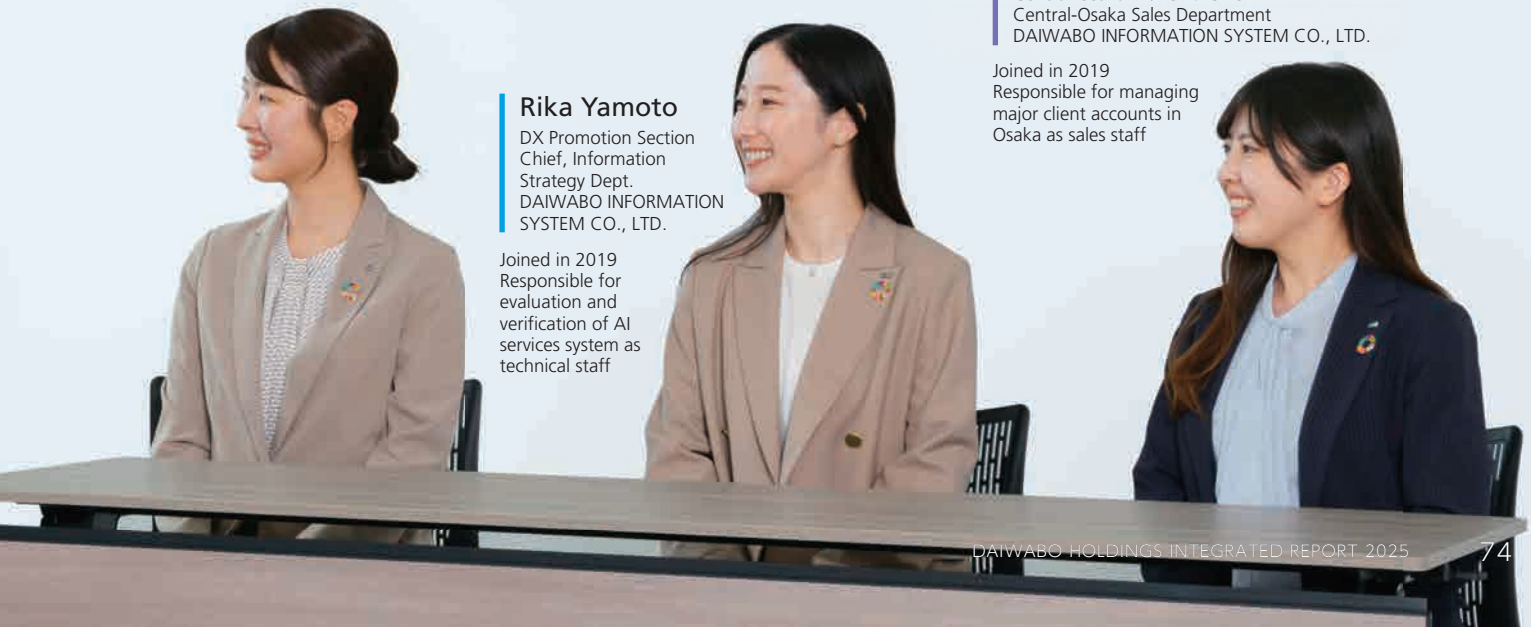
Joined in 2013
Responsible for procuring materials and parts for machine tool manufacturing; took childcare leave twice

Rika Yamoto
DX Promotion Section Chief, Information Strategy Dept.
DAIWABO INFORMATION SYSTEM CO., LTD.

Joined in 2019
Responsible for evaluation and verification of AI services system as technical staff

Misaki Shoyama
Central-Osaka Branch 5 Chief
Central-Osaka Sales Department
DAIWABO INFORMATION SYSTEM CO., LTD.

Joined in 2019
Responsible for managing major client accounts in Osaka as sales staff



President and employees　Roundtable discussion



unsure if I would be able to return to work smoothly after taking time off. Now I'm able to work shorter hours and utilize the company's system in other ways. And with the additional support of those around me, I feel that this environment will allow me to build my career.

Iwamoto: I've had the chance to interview and speak with other colleagues who have taken childcare leave. Like Ms. Ishida, they felt unsure, not knowing anyone who had gone back to work after taking time off. Hearing how hard it was for them to imagine a path forward made a big impression on me. But even facing that uncertainty, their attitude was really encouraging. One colleague told me she wanted to set an example and show how it's possible to come back and continue building a career. It's really valuable to have colleagues to consult with who have gone through that experience.

President Nishimura: It sounds to me like we need to provide thoughtful support to address the anxiety that comes with leaving the workplace for major life events such as childbirth and childcare. This connects to the broader social issue of Japan's declining birthrate. I'm reminded again that we need to get out ahead of this issue if we are to respond effectively to the challenge.

Practical measures for improving work-life balance

President Nishimura: The group is now working to expand support programs for improving employees' work-life balance. Please tell me which of the current systems or initiatives you find useful and what additional measures you would like to see introduced going forward.

Ishida: The shortened working hours system that the group offers is very helpful for childcare. I really appreciate that the system can be used up to a child's elementary school graduation. Children are not ready to be left on their own after nursery school or kindergarten. It is not until they finish elementary school that they have enough maturity to be left on their own. For that reason, I feel the program is very much in line with real needs.

Yamoto: I think the teleworking system is very important in terms of making effective use of time. Until recently, I was working in Tokyo, and I found it tough to commute in rush-hour jams on public transportation. By the time I reached the office, I would be exhausted. Since I work in a technical capacity, an increasing number of tasks can be performed without being at the office, so the work-from-home system is very effective for me. I don't need to waste my energy commuting and can actually spend more time on productive work. Another way to help employees avoid rush hours is a flextime system that staggers office working hours, but we don't have that option right now. A system like that, which takes into consideration an employee's commute, would be helpful. It would allow them to use their time more effectively and help to maintain a healthy state of mind and body for work. With the move to staggered shifts and shorter in-office hours, which accommodate childcare and caregiving needs, I feel that work flexibility is expanding, little by little.



Shoyama: First, we have things like base pay increases at one of the highest levels in our industry and an expansion of various allowances. These measures are a direct return to employees in terms of compensation, which clearly contributes to individual well-being. As for the use of time, as others have brought up, in sales, you have to consider the customer first, so we would need to look at whether shorter working hours or the use of a flextime system would impact our ability to serve customers. The push to get more employees to take advantage of paid leave is also an important topic. The company wants people to work fewer overtime hours and utilize their paid leave, and now there is a growing acceptance of these changes in the workplace. People seem more willing to take advantage of such benefits without hesitation. Still, because of concerns that customer service will be impacted, I feel it is important to strengthen coordination within departments and build systems to cover for colleagues who are out of the office. As for systems I would like to see in the future, it would be good to provide flexibility to employees so that they can more easily request a transfer to another branch when they choose to accompany their spouse to a new location upon getting married.

President Nishimura: When it comes to transfers, we sometimes have to prioritize the number of personnel required at the new location and other matters from a management standpoint. That said, we want to keep building an attractive work environment that promises long-term employment in the group. The key, I believe, is striking the right balance between enhancing employee well-being and maintaining fairness to all. For example, with respect to the telework system, it often

depends on the type of work being done whether or not it is more effective for employees to work from home or if they need to be at the office. Also, suppose we immediately allow newly hired graduates to work from home. In that case, there is a concern that they may not fully understand the company's mission and may struggle to communicate well. Likewise, as Ms. Shoyama mentioned, the introduction of a flextime system and paid leave utilization must also be considered carefully in light of urgent customer needs, and it seems that the system would be complex to apply uniformly. In the end, what matters most is that we use our systems as flexibly as possible to meet employee requests, looking at each situation individually.

The road ahead in promoting well-being

President Nishimura: What are your hopes for how the group promotes well-being going forward? I would like to hear your thoughts from the perspective of your workplace experience.

Iwamoto: This applies equally to everyone, not just women, but I hope the workplace environment will continue to improve so that people can pursue the career path they envision for themselves as they go through their life events. A conversation I referenced earlier with a more experienced coworker who is currently on childcare leave reinforced this sentiment. While it is important that employees take childcare leave, it is even more critical to have a support system for returning to the workplace to help reduce their anxiety. Since I work in human resources, I have provided colleagues on childcare leave with guidance on administrative procedures related to benefits and childcare assistance. But when I had the opportunity actually to talk with them at length, they told me that talking made a big difference—they felt connected to the company and it felt good to have that connection. From the company's side, there is a reluctance to contact the person on childcare leave, not wishing to interfere in their home life, but that leads to a lack of communication and a time-slip situation upon the person's return that makes them feel left behind. While it is necessary to keep the person's privacy in mind, I think it is also vital to check in with them regularly.

Shoyama: During the coronavirus pandemic, newly hired graduates started doing telework from the outset. They didn't get a chance to build camaraderie with their peers who had joined the company at the same time, and for a long time, they only saw their boss's face online. As a result of the lack of communication, we had people quit on us. That came as a big shock to everyone at our branch, and people voiced concerns that we might have somehow been able to prevent that. Also, when someone quits, those who remain have to cover for the person, which means more work, making it even more important to check in with each employee. Of course, supervisors would follow up as best they could, but it was never clear from our perspective how the company had analyzed and understood the underlying factors that led to the resignations or what countermeasures were being put in place. That uncertainty created an undercurrent of anxiety at our workplace, as we were concerned that the same thing could happen again. The pandemic subsided and the situation improved, but I believe that looking back at what happened and clarifying how to respond the next time a similar situation arises would help raise employee morale across the organization.



President Nishimura: It is essential that we provide as much support as possible when people have feelings or concerns that are hard to voice, whether it is someone on childcare leave who is feeling anxious or someone who is so unhappy at work that they decide to quit. The challenge is how to get people to share their feelings. We must continue to reach out proactively. With regard to promoting women's active participation in particular, we are committed to enhancing hiring and career advancement for women, raising awareness through various training programs, and taking practical steps to promote work-life balance. Today, we brought together women working in different roles and areas within the group. We also plan to reach out across the group to find solid initiatives being undertaken at individual operating companies and share the best practices to strengthen group-wide collaboration. Listening to all that you shared with me today has reminded me once more that people are the heart of the company, which is precisely why we must keep improving the work environment for employees. However, everything depends on earning profits. Let's carry out our business and earn the profits to reinvest in better conditions for every employee. We will keep working to maintain this positive cycle and improve communications with everyone working hard for us day in and day out. Our aim is to create a workplace environment where everyone in the Daiwabo Holdings Group can engage in work with positive feelings, build fulfilling relationships, achieve their personal goals, and find genuine satisfaction in their accomplishments.

Environment

Materialities
⑤ Contributing to the realization of a decarbonized society
⑥ Contributing to the reduction of environmental impact

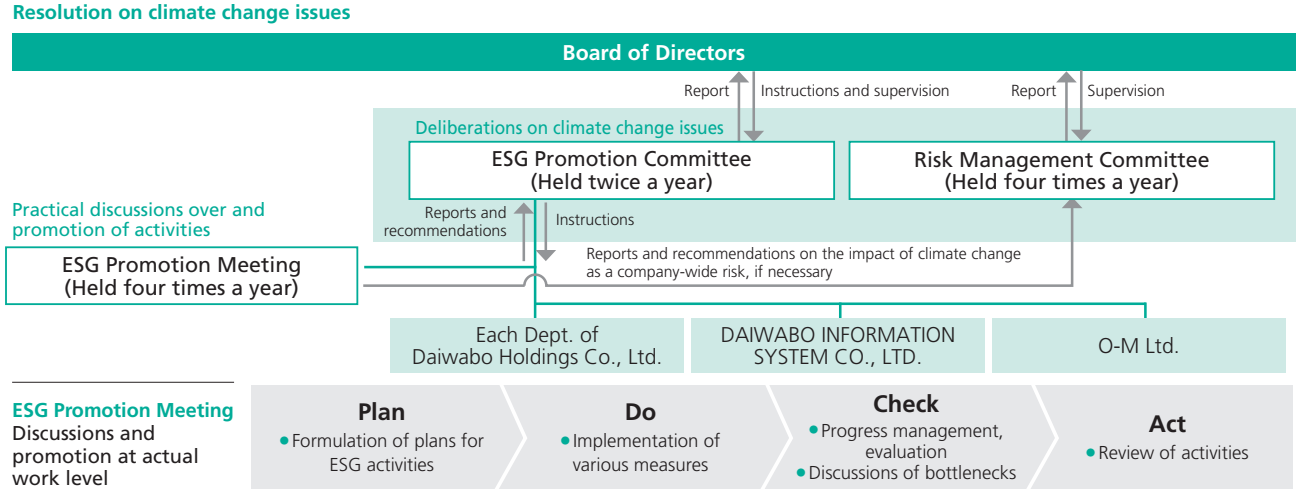
Making efforts toward achieving a decarbonized society

Recognizing the importance of climate-related financial disclosure, in April 2022, the group announced its endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We are committed to disclosing the risks and opportunities posed by climate change.

Governance

In April 2020, the ESG Promotion Committee was established as an advisory body to the Board of Directors to deliberate ESG-related matters. The committee is chaired by the Representative Director and President, who is in charge of environmental management, including climate change risk. The ESG Promotion Meeting has been established as a subordinate organization of the ESG Promotion Committee for practical discussions about and promotion of activities. Items discussed by the ESG Promotion Committee are reported to the Board of Directors, and the Board of Directors provides instructions and supervision to the ESG Promotion Committee after making resolutions on matters reported by the committee. We use the PDCA cycle to evaluate and improve our climate change initiatives and discuss our actual results annually.

Climate change risk management system



Strategy

The group recognizes climate change as a medium- to long-term challenge. Therefore, we make analysis using multiple future scenarios based on the 1.5°C and 4°C scenarios, to account for risks and opportunities under a variety of circumstances.

In a world of +1.5°C, regulations to reduce greenhouse gas emissions will be tightened, and the risk of transition will increase due to the progress of low and decarbonization.

On the other hand, in a world of +4°C, physical risks, such as abnormal weather, are expected to increase, although the impact of transition risks, such as regulations, are small.

The scenarios assume the period up to fiscal 2050 and are based on SSP1-1.9, SSP2-4.5, SSP3-7.0, and SSP5-8.5 of IPCC, and NZE and STEPS of IEA.

IPCC: Intergovernmental Panel on Climate Change, IEA: International Energy Agency

Changing the time frame

Addressing climate change is a global challenge, and as international society overall moves toward the ambitious long-term goal of carbon neutrality by 2050, we acknowledge the increasing importance of the role of a corporation in achieving a decarbonized society. The group's previous target for fiscal 2030 was a critical milestone in accelerating CO_2 emission reduction activities. Now, in order to realize a sustainable society and make a sustainable contribution to solving climate change, we need to establish continuous reduction targets and strategies from a longer-term perspective. For this reason, we have decided to expand and change the time frame to a new long-term target for sustainable reduction of greenhouse gas emissions, positioning the achievement of our fiscal 2030 targets as a process while already looking beyond fiscal 2031. As part of our corporate social responsibility, we will continue to tackle climate change issues to contribute to making a sustainable society a reality.

Scenario	1.5°C scenario, 4°C scenario
Target business	IT Infrastructure Distribution Business Industrial Machinery Business
Time frame	Short-term (less than 5 years), medium-term (less than 10 years), and long-term (over 10 years) impact

		Sustainable society with low environmental impact	Society with advanced environmental degradation
Reference scenario	Transition scenario	NZE	STEPS
	Physical climate scenario	SSP1-1.5	SSP2-4.5, SSP3-7.0, SSP5-8.5
Rising temperature		Less than 1.5°C	4°C or more
Abnormal weather		Reduced intensification	Long-term intensification
Economic activity and changes in social structure		Balance between decarbonization and economic growth	Economic growth ignoring sustainability
Risks	Regulation risk	High	Low
	Physical risk	Low	High

DIS: DAIWABO INFORMATION SYSTEM CO., LTD. (consolidated)
OM: O-M Ltd. (consolidated)

Transition risk (assumed to be most evident in the 1.5°C scenario)

Key Risks		Impact on the Company	Time Frame*1	Financial Impact*2	Significantly high-impact item		Key Expected Initiatives
					DIS	OM	
Risk of policies and laws and regulations	Increased costs of regulatory compliance, such as carbon prices	The entire group is working to reduce CO_2 emissions, but the introduction of carbon pricing is expected in the below 2°C scenario. If there is no progress in converting procured electricity to low-carbon energy, costs such as carbon pricing may increase.	Medium- to long-term	Small		○	Thorough efficiency improvement and transition to low-carbon energy to achieve FY2035 and FY2050 GHG emission targets
Technical risk	Increased investment and R&D costs for environmentally conscious technologies	In addition to increased R&D costs for environmentally friendly technologies, there is a possibility that the cost of introducing equipment that supports decarbonization and energy conservation will increase.	Medium- to long-term	Small		○	Development and early commercialization of energy-saving, hydraulic-free, and automated products
Market risk	Rising commodity prices due to tightening of supply-demand relations for renewable energy	If commodity prices and raw material costs rise, it is expected that the impact will be small as we will be able to pass on the higher costs or propose alternative products at the time of sale. That said, sales may decrease due to customers' reluctance to purchase as a result of increased prices.	Medium- to long-term	Small	○		Securing inventory by having large warehouses and proposing alternative products utilizing multi-vendor functions
	Rising raw material costs for products with low environmental impact					○	Review sales strategies as appropriate, including passing of higher costs on to product prices
Reputational risk	Loss of corporate brand due to delayed response	Insufficient compliance with environmental information disclosure practices may impact stock prices, cause a decline in evaluations from stakeholders, decrease sales, etc.	Short- to long-term	Minimal to extreme	○	○	Thorough implementation of proactive environmental activities, active IR and SR activities, and timely disclosure of information via websites, etc.

Physical risk (assumed to be most evident in the 4°C scenario, etc.)

Key Risks		Impact on the Company	Time Frame*1	Financial Impact*2	Significantly high-impact item		Key Expected Initiatives
					DIS	OM	
Acute risk	Stagnation of operations at business sites due to disasters	If natural disasters such as heavy rain and flooding increase due to climate change, there is a possibility that the operation of distribution bases will be suspended or the arrival of handled goods will be delayed. While continuing to implement BCP measures, we will also continue to minimize impacts through risk hedging with insurance, diversifying the location of our distribution bases, etc.	Medium- to long-term	Medium	○		Continuation of business through teleworking and correspondence to different locations through multi-base network, strengthening of BCP measures
						○	Strengthening of BCP measures at production sites against wind, flood, and other disasters
	Stagnation of supply chain operations due to the regions affected by disaster	In the event of supply chain operations stagnating, it is expected that the impact will be small as we will be able to propose alternative products.	Medium- to long-term	Small	○		Leveraging the strengths of multi-vendors to secure multiple purchasing routes, and securing inventory thanks to having large warehouses
						○	Strengthening BCP measures at production bases
	Spread of infectious disease	Business activities may be restricted due to the unexpected spread of infectious diseases (pandemics, etc.).	Medium- to long-term	Small	○	○	Timely use of teleworking, infection control, and expanded use of cloud systems
Chronic risk	Deterioration of the working environment due to rising temperatures	Rising average temperatures and an increase in the number of extremely hot days may increase the cost of working environment measures needed to be taken at factories and distribution bases.	Medium- to long-term	Small	○	○	Development of a comfortable work environment at logistics centers and factories
	Unstable upstream supply chain	If there is instability in the upstream supply chain, it is expected that the impact will be small as we will be able to propose alternative products.	Medium- to long-term	Small	○		Leveraging the strengths of multi-vendors to secure multiple purchasing routes, and securing inventory thanks to having large warehouses
	Increased air conditioning costs due to rising temperatures	According to the International Energy Agency (IEA), electricity prices are not expected to increase in the 4°C scenario, so we assume there is no risk to the company.	Medium- to long-term	–	○		Consideration of investment in automation of logistics centers and utilization of robots under adverse conditions

Opportunity

Key Risks		Impact on the Company	Time Frame*1	Financial Impact*2	Significantly high-impact item		Key Expected Initiatives
					DIS	OM	
Resource efficiency	Reduction of energy costs by improving production and transportation efficiency	Improving energy efficiency through bulk shipping and streamlining logistics may lead to reduced distribution costs, and a reduction in energy consumption associated with production may lead to reduced fuel costs.	Long-term	Small	○		More efficiency in transportation and delivery by utilizing nearest, bulk, and charter shipments as an extension of the current conditions
						○	Reducing operation costs by introducing energy-saving equipment
Products and services	Growth of earnings by providing products and services that contribute to climate change mitigation and adaptation	Demand for IT products (such as virtualization), cloud platforms, and socially and environmentally friendly products that enhance energy-saving performance is likely to grow as demand with regard to environmental impact and resource conservation increases.	Long-term	Medium	○		Drawing up purchase plans in anticipation of future demand
						○	Development of energy-saving, hydraulic-free, and automated products
	Increase in demand for materials, parts, and solutions required for environmentally conscious equipment (renewable energy, batteries, fuel cells, etc.)		Long-term			○	Expanding sales opportunities to industries that produce environmentally conscious equipment such as for wind power generation, gas turbines, and nuclear power generation
Market	Better corporate image by promoting disclosure of climate-related information	This may lead to increased stock prices and improved stakeholder evaluations, and have an impact on sales.	Short- to long-term	Minimal to extreme	○	○	Thorough implementation of proactive environmental activities, active IR and SR activities, and timely disclosure of information via websites, etc.

*1 Time Frame: Short term (less than 5 years), Medium term (less than 10 years), Long term (over 10 years)

*2 Financial Impact: As a consolidated group, Extreme (¥10 billion or more), Large (¥5 billion to less than ¥10 billion), Medium (¥1 billion to less than ¥5 billion), Small (¥100 million to less than ¥1 billion), Minimal (less than ¥100 million)

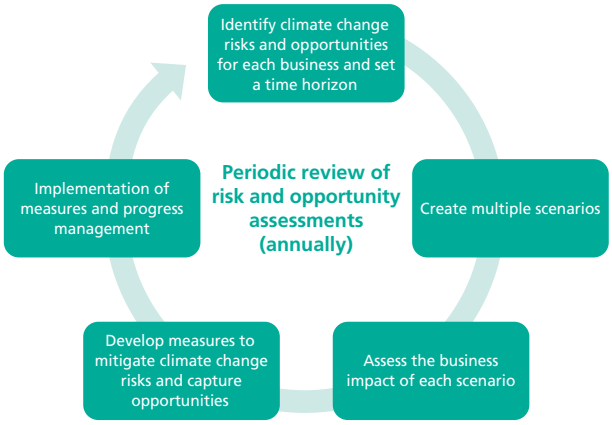
Environment

Risk management

Mechanism for assessing the risks and opportunities of climate change

The ESG Promotion Meeting which promotes issues related to climate change, assesses risks and opportunities related to the impact of climate change, in cooperation with Daiwabo Holdings and the group companies, and monitors the status. Risk assessment is conducted at least once a year and as necessary, and the ESG Promotion Meeting reports and makes recommendations to the ESG Promotion Committee. The ESG Promotion Committee deliberates on identified risk assessment, relevant proposed countermeasures, and related indicators and targets at least once a year, followed by reports to the Board of Directors. The Board of Directors resolves matters reported by the ESG Promotion Committee, and gives relevant instructions and supervision.

Risk management PDCA cycle



Promotion of global environmental protection

Daiwabo Holdings Group Environmental Policy

We view contributions to decarbonization and the circular economy, based on the Daiwabo Holdings Group Environmental Policy, which was revised in July 2024, as business opportunities. We are using the power of digital technology, such as through our IT solutions that reduce environmental impacts, to promote the recycling and efficient use of energy and resources. We engage in dialog with sales partners, suppliers, and other stakeholders, and we actively strive to disclose environmental information. Through efforts such as these, we are working to achieve carbon neutrality by fiscal 2050.

Scan here for the Daiwabo Holdings Group Environmental Policy

Daiwabo Holdings Group declaration for carbon neutrality

The group aims to achieve carbon neutrality by fiscal 2050 for greenhouse gas emissions resulting from its business activities—specifically Scope 1 (direct emissions) and Scope 2 (indirect emissions from electricity and other sources). Through this initiative, we aim to contribute to the creation of a sustainable society through a virtuous cycle between environmental responsibility and economic growth.

Indicators and targets

Materiality		Initiatives toward achieving a decarbonized society		
KPI		Short-term target	Medium-term target	Long-term target
		CO_2 emission reduction (Scope 1+2)	GHG emission reduction (Scope 1+2)	
Base year		FY2013	FY2022	
Target	Target year	FY2030	FY2035	FY2050
	Target value	-31%	-55%	Carbon neutral
Scope of coverage		Group (domestic)	Group (domestic and overseas)	
Progress as of the end of FY2024		20% reduction compared to FY2013	6% reduction compared to FY2022	Implementation and study of various specific measures to achieve carbon neutrality
	Self-assessment*	★★★★☆	★★★☆☆	★★★☆☆

* ★5: Target achieved ★4: Progressing beyond the plan ★3: Progressing as planned ★2: Some delays compared to the plan ★1: Overall delays compared to the plan

【Short-term target】

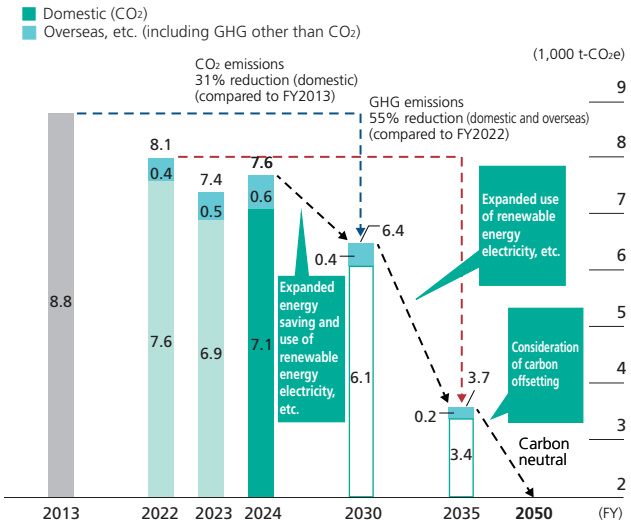
Scope IT Infrastructure Distribution Business: DAIWABO INFORMATION SYSTEM CO., LTD. (consolidated)
Industrial Machinery Business: O-M Ltd. (consolidated, domestic)
Daiwabo Holdings Co., Ltd. (non-consolidated)
Excluding Alphatec Solutions Co., Ltd. and some bases
CO_2 emissions Scope 1: Direct emissions from the company itself
Scope 2: Indirect emissions from the use of electricity supplied by other companies

【Medium- to long-term target】

Scope IT Infrastructure Distribution Business: DAIWABO INFORMATION SYSTEM CO., LTD. (consolidated)
Industrial Machinery Business: O-M Ltd. (consolidated, domestic and overseas)
Daiwabo Holdings Co., Ltd. (non-consolidated)
GHG emissions Scope 1: Direct emissions (including non-CO_2) from the company itself
Scope 2: Indirect emissions from the use of electricity, cold water, and hot water supplied by other companies

GHG: Greenhouse gases

GHG emissions (Scope 1 + 2 total)



In fiscal 2024, domestic emissions totaled 7.1 thousand tCO_2e, and the combined total of domestic and international emissions amounted to 7.6 thousand tCO_2e. This represents a 20% reduction against the fiscal 2030 target (31% reduction from fiscal 2013) and a 6% reduction against the fiscal 2035 target (55% reduction from fiscal 2022), on track to meet current targets. We will continue our day-to-day energy-saving activities and expanded use of renewable energy, while also considering further expansion of renewable energy use and use of carbon offsetting toward the achievement of the fiscal 2035 and fiscal 2050 targets.

Supply chain emissions (1,000 t-CO_2)

Scope and category		Major emission sources	FY2024	Comparison
Scope 1		Direct emissions from owned or controlled sources (fuel combustion, etc.)	1	0.0%
Scope 2 (market-based)		Indirect emissions from the use of electricity supplied by other companies	6	0.2%
Scope 3	Category 1	Purchased products and services	1,955	53%
	Category 2	Capital goods	15	0.4%
	Category 3	Energy-related activities	1	0.0%
	Category 4	Transportation and delivery (upstream)	22	0.6%
	Category 5	Waste from businesses	0.2	0.0%
	Category 6	Business trips	0.4	0.0%
	Category 7	Employee commuting	1	0.0%
	Category 8	Leased assets (upstream)*1	–	–
	Category 9	Transportation and delivery (downstream)*2	–	–
	Category 10	Processing of sold products*3	–	–
	Category 11	Use of sold products	1,675	45.4%
	Category 12	Disposal of sold products	10	0.3%
	Category 13	Leased assets (downstream)*4	–	–
	Category 14	Franchising*4	–	–
	Category 15	Investment*4	–	–
		Total	3,687	100%

Scope: DAIWABO INFORMATION SYSTEM CO., LTD. (consolidated)
O-M Ltd. (consolidated)
Daiwabo Holdings Co., Ltd. (non-consolidated)

*1 Not applicable. Energy consumed by the use of assets leased under lease agreements is included in Scopes 1 and 2.
*2 Not applicable. Emissions to shipping destinations are included in Category 4. Since it is difficult to make a reasonable calculation for transportation after shipping destinations, the emissions are excluded.
*3 Not applicable. The products handled by the company cover a wide variety of fields, and it is difficult to rationally calculate emissions related to the processing of the products we sell, so the emissions are excluded from calculation.
*4 Not applicable

Contributing to environmental impact reduction

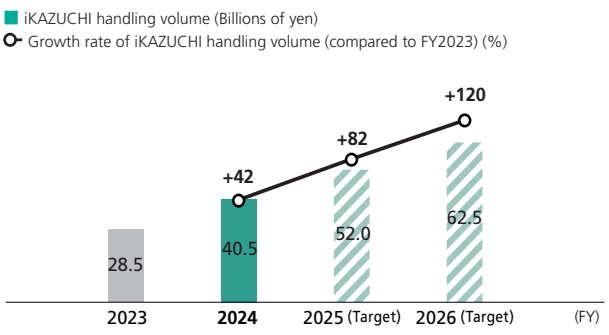
The group is making continuous efforts to reduce environmental impact through its business activities.

In the IT Infrastructure Distribution Business, we work with manufacturers and sales partners to encourage the widespread use of cloud services and subscription services, thereby reducing consumption and making more efficient use of resources. We believe that these efforts will also lead to the realization of a circular economy.

Regarding iKAZUCHI, our goal is to expand its handling volume by 2.2 times in fiscal 2026 compared to fiscal 2023.

We are also focusing on increasing our cloud solution offerings and environmentally friendly products.

Growth rate of iKAZUCHI handling volume



Growth rate of iKAZUCHI handling volume

	FY2023	FY2024	FY2025 (Target)	FY2026 (Target)
iKAZUCHI handling volume	¥28.5 bn	¥40.5 bn	¥52.0 bn	¥62.5 bn
Growth rate of iKAZUCHI handling volume (compared to FY2023)		+42%	+82%	+120%

Social/Industry

Materiality ④ Building sustainable supply chains

Supply chain management/respect for human rights/CSR procurement surveys

Basic stance on supply chain management

In the group philosophy structure, we have positioned "Connecting people and society to the future with our value chain" as our Purpose. By connecting and linking people in business, companies, and local communities, we are working to both solve social issues and create sustainable corporate value. As one of those responsible for maintaining global supply chains, we recognize that the need for not just the group, but everyone throughout the supply chains, to address problems related to human rights and the environment. Through our business activities, we will work to understand issues in the supply chains in which we are involved, and strive to offer a stable supply of sustainable products and materials.

Achieving a sustainable supply chain

With our strong, lasting partnerships, we aim to comply with international regulations governing subjects such as the environment, human rights, labor conditions, safety, and corruption, to achieve an ethical, sustainable supply chain. To that end, the Daiwabo Holdings Group CSR Procurement Guidelines have been formulated, and awareness spread among suppliers, who are asked to follow them.

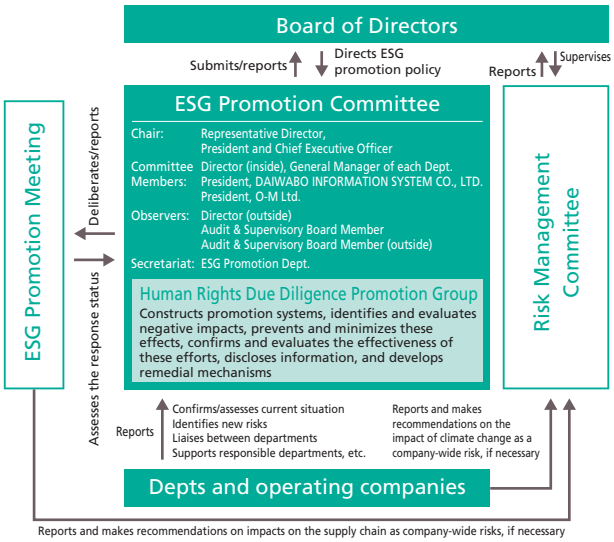
Scan here for the Group CSR Procurement Guidelines

Basic stance on human rights

In line with the Daiwabo Holdings Group Charter of Corporate Behavior, in July 2024 we established the Daiwabo Holdings Group Human Rights Policy. In it, we vow to respect the human rights of all people and to refute any kind of discrimination. Moreover, in solidarity with international behavioral charters such as the Universal Declaration of Human Rights, our actions will be governed by a high ethical standard as we try to bring about a more sustainable society.

Promotion system

We have established the ESG Promotion Committee, chaired by the Representative Director and President, and set respect for human rights as a group materiality. The committee deliberates, makes decisions on, and reviews issues related to human rights. Important issues are submitted and reported to the Board of Directors. In our human rights initiatives, we strive to coordinate with the human resources department, legal compliance department, and related departments of operating companies, with our ESG Promotion Dept. serving as the supervisory department, to determine current conditions, to deliberate on response measures, and to implement the actions we decide on.

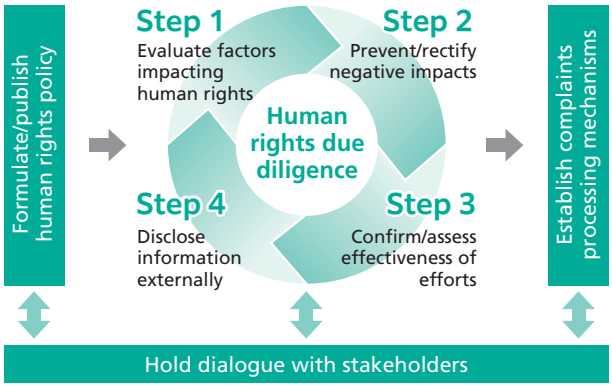


Human rights due diligence

With reference to the UN Guiding Principles on Business and Human Rights, and taking on board opinions from relevant departments and outside experts, we are advancing human rights due diligence. In line with our human rights policy and sustainability promotion policy, we endeavor to identify negative human rights impacts that the group's corporate activities have on society, and to either prevent or minimize them.

Our human rights due diligence is promoted through two main avenues: supply chain initiatives and group-employee-related initiatives.

Process



Supply chain initiatives

We ask our suppliers to complete a CSR questionnaire survey to ensure we are promoting procurement that consider topics

such as compliance, reducing environmental impact, human rights, labor conditions, and health and safety. This enables us to assess the status of CSR initiatives and to continuously call for improvements. In particular, we are working to strengthen the implementation of human rights due diligence within the supply chain, aiming to establish a responsible supply chain through measures such as preventing harassment and discrimination, ensuring appropriate working conditions, promoting DE&I, providing guidance to suppliers that may pose legal compliance risks, advancing corrective actions, and implementing grievance mechanisms.

Through this process, while we have not yet identified any serious issues that need to be immediately addressed, we will continue to work with suppliers to promote CSR procurement activities with stronger human rights efforts. Should a negative impact, including any infringement of human rights, occur or serious risk come to light, we will take appropriate remedial or corrective measures.

Scan here to see the survey results

Group-employee-related initiatives

Alongside the compliance education activities that we run each year, we carried out a risk self-assessment based on 26 human rights risks categorized by the Ministry of Justice to identify and evaluate the risk of a human rights infringement. The assessment did not identify any serious issues that require an immediate response, but we have identified two major human rights risks where we should take extra care: abuse of authority (so-called "power harassment") and working environment safety and health. We plan to create opportunities, including management conferences led by our management team where all managers come together under one roof, to actively report on and discuss these risks, and to implement actions such as sharing the results throughout the company and enhancing training aimed at respecting human rights.

Going forward, issues with negative impacts identified using this process will be addressed quickly and appropriately by the relevant department, under the leadership of our management team, and also reported to the Risk Management Committee. Doing so will allow us to steadily enact measures to correct each one, and to further strengthen engagement with employees.

Explanations and information disclosure

In our dialogue with the group's stakeholders, we place great importance on transparency and our responsibility to explain our human rights initiatives. As such, we actively disclose information on our human rights due diligence process and its results on our website and our annual integrated report.

Establishment and operation of remedial mechanisms

Sustainability support center

We have established a support center within the group to accept internal whistleblowing from anyone with specific concerns related to human rights, and we are working to raise awareness of its role through channels such as the intranet and training, among other measures for it to function effectively. We have also set up a supplier hotline, specifically for whistleblowing and queries from suppliers, that is accessible via our website. In this way, we have developed a system that allows us to quickly discover and address human rights risks in the supply chain. The privacy of those using either the internal or external system is protected, and anyone using them will not face any unfair treatment as a result of doing so. To do so, we have considered their convenience, including allowing them to remain anonymous. For any issues that are reported, where fact-finding activities deem them to be a problem, we will implement necessary measures to rectify them and prevent a recurrence.

Ensuring product safety and quality

Operating company initiatives

The group recognizes that product safety is the minimum quality requirement for users, and we are committed to ensuring product safety and quality assurance. In the Industrial Machinery Business, we conduct design reviews and validity checks for machine safety during the design phase, and confirm compliance with safety and quality standards through shipping inspections. We are also working with customers to customize product specifications using automatic control and safety devices.

Corporate governance

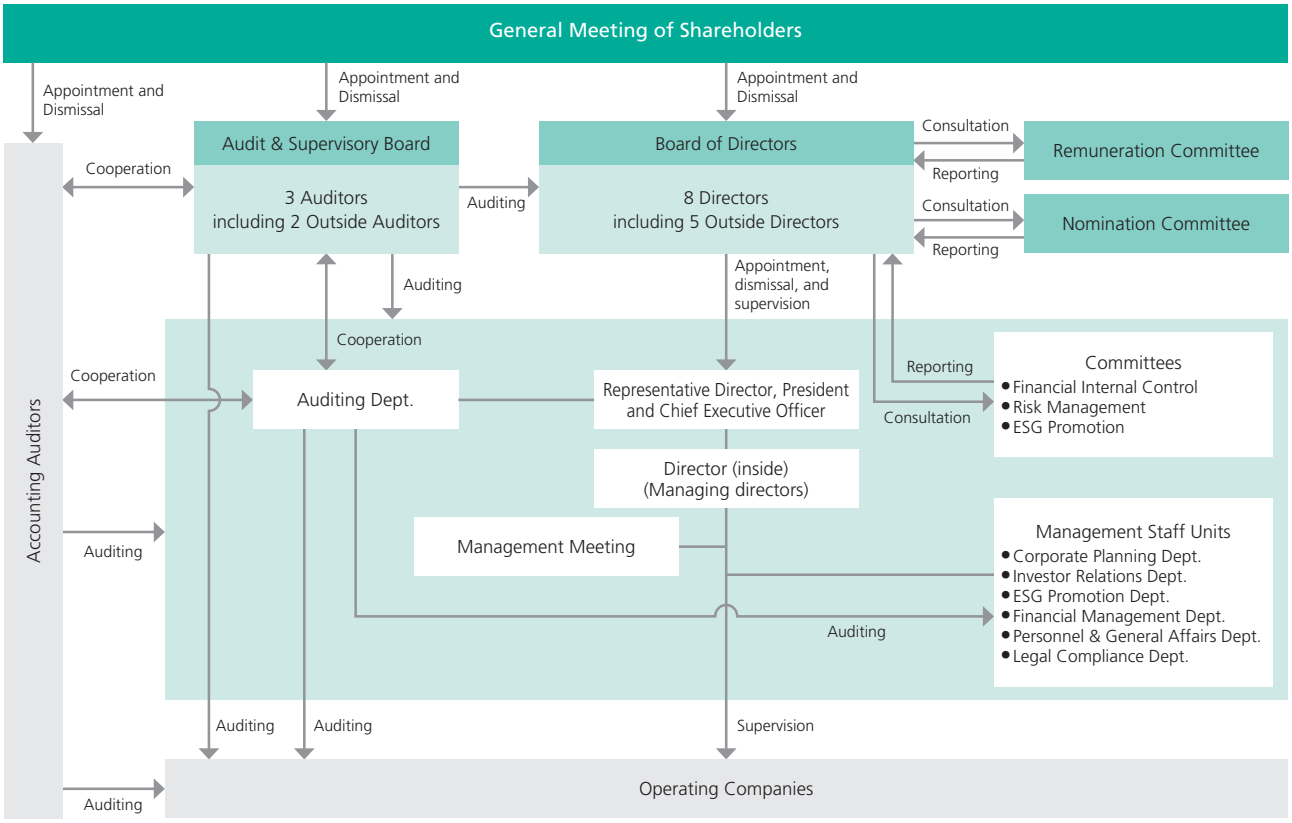
Materiality ⑨ Corporate governance

Corporate governance system

Basic approach to corporate governance

We believe that corporate governance is one of the most important aspects of management. As a basic principle of management, we strive to improve the management efficiency of the entire group and conduct thorough governance by enhancing the management of the group companies and by strengthening our auditing system. We also disclose adequate information at appropriate times in order to maintain the transparency and soundness of management. By conducting prompt and appropriate decision making, and through our internal governance function, we are fulfilling our social responsibility as a company, while building strong relationships of mutual trust with our shareholders, investors, business partners, employees, the local community, and other stakeholders.

Corporate Governance System (as of July 1, 2025)



Composition of the Board of Directors/Audit & Supervisory Board (as of June 27, 2025)
Average tenure of directors: 2.875 years

Male Female

Directors		Audit & Supervisory Board Members	
Directors (inside): 3	Directors (outside): 5	Auditor (inside): 1	Auditors (outside): 2

Percentage of female directors on the Board of Directors

37.5%



Percentage of outside directors on the Board of Directors

62.5%



Board of Directors

Our Board of Directors consists of persons who are well versed in the relevant businesses and have knowledge in management. The number of members on the Board must be no more than 10, with no less than one-third of the members appointed having to be outside directors. In nominating directors, the Board deliberates and decides on candidates based on reports and recommendations from the Nomination Committee regarding the selection of directors. Our Board of Directors establishes business strategies, business plans, and other business policies, creates an environment where appropriate risk-taking by the management is supported, and carries out effective oversight of the management. The Board of Directors leaves daily management tasks that are not subject to the Board's resolution to the executive directors, and receives reports from them on the status of their respective tasks and on business issues. The directors provide feedback and opinions on these reports, while outside directors provide advice, etc. from their independent stance.

Key matters discussed (agenda items)

- Examination, discussion, and determination regarding the content of the New Medium-Term Management Plan
- Discussions on shareholder return policies and, as part of such measures, the examination and determination regarding treasury share acquisitions
- Examination and determination of the content of performance-linked monetary remuneration and share-based remuneration for directors
- Examination and determination of revisions to individual director remuneration policy
- Examination, discussion, and determination regarding the continuation of performance-linked share-based remuneration for directors, as well as whether to revise performance-linked monetary and share-based remuneration
- Examination and determination of the content of amendments to the share-based remuneration regulations
- Examination of ESG-related policy content, and examination, discussion and determination regarding ESG disclosure content
- Discussion on Board effectiveness evaluation and discussion/determination on effectiveness improvement measures
- Examination and determination of revision content to the Corporate Governance Code and Corporate Governance Guidelines
- Examination, discussion and determination of the content of Integrated Reports
- Progress review of business plans and discussion/determination on the business plan for the next fiscal year

Audit & Supervisory Board

More than half of the members of the Audit & Supervisory Board are outside auditors. Besides fulfilling their responsibilities as auditors from an independent standpoint, they also liaise closely with the company's outside directors, working to strengthen oversight of company management, and focusing on enhancing corporate governance.

Nomination Committee

The Nomination Committee is composed of at least three members, including the representative director and outside directors. The committee submits reports and recommendations to the Board of Directors regarding the appointment and removal of directors and auditors. The Board of Directors makes its decisions in consideration of the content of these reports. The committee is chaired by an independent outside director.

FY2024 activity results: Four meetings held (100% attendance by three attending directors)

Key matters discussed (agenda items)

- Deliberation on the submission of a reappointment proposal for an alternate auditor at the 2025 Regular General Meeting of Shareholders following the assessment of the necessity of reappointment
- Regarding the reporting process for the candidate selection proposal for new officers, the Nomination Committee, after considering legal opinions and the Board of Directors' views on corporate governance matters, conducts candidate selection and deliberates on the process for reporting the selected candidates to the Board
- Interviews with and qualification assessments of new outside director candidates, in connection with the retirement of one outside director; deliberation on alternate auditor candidates; and deliberation on reporting content to the Board of Directors regarding these matters

Remuneration Committee

The Remuneration Committee is composed of at least three members, including the representative director and outside directors. The committee submits reports and recommendations to the Board of Directors regarding decisions on the amount of performance-linked monetary remuneration and performance-linked share-based remuneration to be awarded. The Board of Directors makes its decisions in line with the content of these reports. The committee is chaired by an independent outside director.

FY2024 activity results: Five meetings held (100% attendance by three attending directors)

Key matters discussed (agenda items)

- Deliberation regarding the content of performance-linked monetary remuneration and share-based remuneration for directors, and deliberation on the content to be reported to the Board of Directors
- Examination and deliberation on the continuation of performance-linked share-based remuneration and on partial revisions to performance-linked monetary and share-based remuneration for directors, and deliberation on the content to be reported to the Board of Directors
- Deliberation regarding partial revisions to the share-based remuneration regulations
- Deliberation on additional trust arrangements and additional treasury share acquisitions in relation to the continuation and partial revision of performance-linked share-based remuneration for directors

Corporate governance

Directors' responsibilities (division of duties), and relationship with company officers of subsidiaries

We transitioned to a pure holding company system on January 1, 2006, under which the function of executing operations was transferred to the group companies, and conduct group management.

The Board of Directors of the holding company is engaged exclusively in the "development of group strategies," "optimal allocation of the group's management resources," and "supervision of execution of the group's operations." Meanwhile, directors of the group companies assume the role and responsibility of executing operations based on the group strategies. Through this system, we intend to speed up management decision-making and to strengthen supervisory functions, thereby working on the development of an efficient and agile management structure.

We also strive to keep track of the status of execution of operations and take prompt and necessary action by holding regular meetings of the Management Meeting, in addition to monthly meetings of the Board of Directors and regular meetings of the Audit & Supervisory Board. On top of that, in order to enhance the set of internal control functions, we hold meetings of the specialized committees where necessary and, with support from the Management Staff Unit, conduct fair corporate activities while securing high transparency with respect to issues common to the group companies. Furthermore, we strive to ensure that the management policies for the entire group are known to all members of the group, by holding the annual "Meeting to Present Management Policy" attended by executive members of the group companies.

Providing information and support to outside directors

To enhance the effectiveness of the Board of Directors, we conduct individual meetings and on-site visits to improve opportunities for information sharing. To deepen understanding of our businesses, we organize visits to business sites and exhibitions for each operating company. For example, through events such as DIS's comprehensive ICT event "DIS World" and tours of logistics centers, we create opportunities to gain deeper insights into industry trends and business activities. Additionally, we hold briefing sessions on specialized areas of each business, enabling a better understanding of their unique characteristics. In addition, we provide, as appropriate and on an ongoing basis, opportunities for outside directors to acquire knowledge necessary or useful for fulfilling their respective roles and responsibilities, and the company bears the costs of any related training or participation fees.

Internal controls

We have formulated the Basic Policy on the Establishment of the Internal Controls System, to ensure that the operations of Daiwabo Holdings and our subsidiaries are conducted appropriately in accordance with the Companies Act.

Appointment and dismissal of officers

When appointing and dismissing officers, the company makes decisions on candidates through Board of Directors deliberations. These deliberations incorporate reports and recommendations from the Nomination Committee (an advisory body to the Board comprised of the representative director and outside directors), which are based on ongoing evaluations of candidates' past performance, expertise, and qualifications.

Succession plan

With respect to the succession of the representative director, the company has defined the profile of an ideal successor as an individual who possesses: extensive experience in corporate management or business execution, broad and advanced knowledge of management decision-making acquired through such experience, and strong determination to lead the entire group toward achieving sustained growth and enhancing medium- to long-term corporate value. The selection process for successor candidates to the representative director position will consider both internal candidates from within the group and external candidates. For internal candidates selected as potential successors, the development plan will be implemented in line with the following.

Succession development plan for the representative director

(1) For internal selections, successor candidates shall be selected from among directors and senior management of the company and its subsidiaries (hereinafter referred to as "Eligible Persons").

(2) For Eligible Persons, the company shall provide development opportunities through regular and ad-hoc meetings on the group's management strategy. These sessions, involving presentations and discussions on management policies, business policies, business strategies, and Medium-Term Management Plans, shall deepen understanding of operational policies and management strategies for enhancing the group's medium- to long-term corporate value.

(3) Utilizing regular meetings with the company's outside officers, Eligible Persons shall have opportunities to exchange views with outside officers, absorbing professional insights and perspectives backed by extensive experience across various fields. Concurrently, these exchanges with outside officers serving on the Nomination Committee shall provide opportunities for the Committee to understand the Eligible Persons' character and thinking.

(4) Regarding social issues the company must address, including risk management, compliance, governance, ESG management, and diversity, the company will conduct internal and external training sessions by outside experts for Eligible Persons as needed, creating opportunities to cultivate broad knowledge.

(5) In principle, the company's representative director shall conduct annual interviews with Eligible Persons to confirm their understanding of the group's management policies, verify alignment with business operational policies, review business execution status, and provide guidance on future direction, thereby creating opportunities for further development.

(6) For subsidiary directors identified as successor candidates, the company shall provide practical development opportunities through business execution experience as directors of the parent company, encompassing overall group management.

Cross-shareholdings

With respect to shares held for purposes other than pure investment (cross-shareholdings), in addition to qualitative objectives such as stabilizing, strengthening, and expanding business relationships and facilitating stable financing, we also take into comprehensive consideration quantitative factors such as dividends, profits from related transactions, comparisons of investment returns and capital costs, investment risks, and the growth potential of the company in question. Based on deliberations by the Board of Directors, such shares are held only when it is determined that they contribute to maintaining and enhancing the corporate value of the group over the medium to long term. Each year, the Board of Directors reviews individual cross-shareholdings to verify their significance and economic rationality, and reassesses the necessity of continued holding as well as the number of shares held. Shares that are deemed, based on the above criteria, not to contribute to enhancing our corporate value over the medium to long term are reduced or otherwise disposed of after sufficient dialogue with the counterpart company. As for the exercise of voting rights, for proposals that require careful consideration from the perspective of enhancing the medium- to long-term corporate value of both Daiwabo Holdings and the investee company, we conduct thorough examination of the reasons and objectives, and also confirm from the standpoint of corporate governance and social responsibility before exercising such rights.

Information on specified investment shares

Unlisted shares	27 securities
Listed shares (other than unlisted shares)	36 securities
Total holdings	63 securities

Total amount recorded on balance sheet

¥9,313 million

6.11% of net assets (¥152,310 million)

As of March 31, 2025

Corporate governance

Evaluating the effectiveness of the Board of Directors

We conduct an annual survey of all directors and auditors to evaluate and analyze the effectiveness of the Board of Directors as a whole, and the tabulated results are discussed at Board meetings. The questionnaire broadly covers such categories as: the composition of the Board of Directors; management strategy and business strategy; corporate ethics and risk management; evaluation and remuneration of management; and dialogue with shareholders and other stakeholders. Each category contains individual questions to be answered. In addition, last fiscal year, in order to explore issues in greater depth, we conducted individual interviews with each officer. To elicit candid opinions and ensure objectivity, the aggregation of the questionnaire results, the interviews with officers, and their analysis were outsourced to an external organization. We started implementing improvement measures, such as reviewing the agenda items for Board of Directors meetings, in order to increase discussion time to achieve improvements in corporate value over the medium to long term, including business portfolio management, and conducting Board meetings so that priority issues can be discussed, and although the survey results indicate that there is still room for further consideration and improvement, they show that steady improvement is being achieved. On the other hand, the following were identified as issues: initiatives for developing management talent; succession planning for the representative director; and the roles and functions of the Nomination and Remuneration Committees. These matters have also been discussed by the Board, and efforts are being made to improve by securing sufficient time for discussion and enhancing the content of reports from the executive side. The number of members on the Board of Directors, the composition of the Board, the frequency at which the Board meets, the support system for the Board, etc. were positively evaluated overall. We understand that we have secured the effectiveness of our Board of Directors as a whole. In light of these results, the Board of Directors, composed of a majority of outside directors, conducts discussions and evaluations, reports and proposes key issues and future initiatives, and incorporates them into the themes of the following fiscal year's Board meetings. By reflecting these measures in Board operations, we will continue working to invigorate the Board of Directors and strengthen its oversight functions, thereby contributing to sustainable growth and the enhancement of corporate value over the medium to long term.

Effectiveness evaluation process

STEP 1	Questionnaire administered to all target subjects
STEP 2	Responses from subjects summarized by an external organization
STEP 3	Individual interviews conducted with subjects
STEP 4	Internal directors and the Secretariat examine the results while making reference to an analysis and evaluation by an external organization
STEP 5	The Board of Directors conducts analysis and evaluation

Attendance rates for Board of Directors meetings (FY2024)

Name	Position held	Attendance/Meetings held (attendance rate)
Yukihiro Nishimura	Representative Director, President and Chief Executive Officer	15 out of 15 meetings (100%)
Tsukasa Igari	Senior Managing Director	15 out of 15 meetings (100%)
Takao Yamashita	Managing Director	11 out of 11 meetings (100%)
Yukiko Yoshimaru	Director (outside)	15 out of 15 meetings (100%)
Takako Fujiki	Director (outside)	14 out of 15 meetings (93%)
Tetsuro Hori	Director (outside)	15 out of 15 meetings (100%)
Misawa Kishinami	Director (outside)	10 out of 11 meetings (91%)
Shigeru Dohno	Director (outside)	Newly appointed

Results of FY2024 Board of Directors evaluation

	Issue 1	Issue 2
Issues identified in FY2023	Ongoing discussion for reinforcing management foundations over the medium to long term	Ongoing communications for appropriate business evaluation
Issues identified in FY2024	In order to concentrate the allocation of time for discussions by limiting participants according to the type of meeting, changes were made to the meeting structure: ・Monthly progress meetings were limited to internal directors and the presidents of operating companies. ・Discussions on medium- to long-term strategies required the participation of outside officers to ensure an understanding of management conditions.	We extracted past Board of Directors materials and minutes, and by identifying and sharing regular agenda and reporting items, worked to strengthen communication for continuous improvement.
Future direction	To further enhance the quality of discussions, we are continuing to examine improvement measures such as reviewing the framework for "selection and concentration" and making greater use of committees that leverage specialized expertise.	To make discussions more productive, we regularly and continuously provide opportunities for information sharing and input outside of Board meetings, thereby deepening understanding.

Process for deciding company officers' remuneration

Basic policy

The basic policy for the company's remuneration scheme for its directors is as follows: to increase their incentives to improve the company's performance and increase the company's corporate value over the medium to long term; to maintain a level of remuneration that allows the company to acquire and maintain excellent human resources; and to ensure the transparency and objectivity of remuneration for directors. Specifically, remuneration for executive directors comprises base (fixed) remuneration, performance-linked monetary remuneration, and performance-linked share-based remuneration, with the last varying depending on the degree of achievement of single-year targets set by the company and other factors. Remuneration for outside directors consists only of base (fixed) remuneration. The combined total of the amounts paid to each director is kept within the overall limit for directors' remuneration decided on at the General Meeting of Shareholders. The amount of performance-linked monetary remuneration and performance-linked share-based remuneration is decided on by the Board of Directors after deliberation and reporting by the Remuneration Committee, which was established as an advisory body for the Board of Directors, with membership comprising the representative director and outside directors. Remuneration for auditors consists only of base (fixed) remuneration. The combined total of the amounts paid to each auditor is kept within the overall limit for auditor remuneration set by the General Meeting of Shareholders and is determined by the Audit & Supervisory Board through discussion by the auditors.

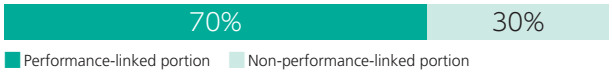
Policy on determination of individual amounts of base (fixed) remuneration

The amount of base remuneration (fixed remuneration) will be set according to the position and responsibilities of each Director and will be paid monthly as a fixed monetary remuneration. After verifying that the remuneration levels for each position are in accordance with the basic policy described above, the Board of Directors adopts a resolution leaving the determination to the discretion of the representative director, and remuneration levels for each position are set each year by the representative director taking into account economic and social conditions and the company's business environment and performance as well as objective remuneration survey data from specialized external organizations.

Policy on determining the details and amount or method of calculating performance-linked monetary remuneration and performance-linked share-based remuneration

Performance-linked monetary remuneration is paid at a fixed time every year. The degree of achievement of target values, such as consolidated operating income, shall be set as indicators, and the amount of remuneration shall be calculated based on performance in the previous fiscal year. Performance-linked share-based remuneration is paid at the time of retirement as a reward linked to the achievement of performance targets and the improvement of corporate value over the medium- to long-term. It consists of a non-performance-linked portion and a performance-linked portion. The non-performance-linked portion will be set at approximately 30% of total share-based remuneration, and the maximum amount of the performance-linked portion will be set to 70% of the total. The degree of achievement of target values such as consolidated operating income shall be set as indicators and the amount of remuneration shall be calculated within a range of 100% to 0% based on performance in the previous fiscal year. To determine the amounts of performance-linked monetary remuneration and performance-linked share-based remuneration, etc., the Remuneration Committee, after a review, will submit its report and recommendations to the Board of Directors, who will make the determination in accordance with the contents of the report.

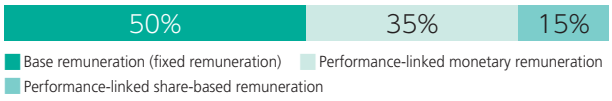
Breakdown of performance-linked share-based remuneration



Policy on determining the ratios of the amounts of base remuneration (fixed remuneration), performance-linked monetary remuneration, performance-linked share-based remuneration, etc. to the amount of remuneration of individual directors

The ratio of each type of remuneration for executive directors shall be set at approximately 50:35:15 for base remuneration (fixed remuneration), performance-linked monetary remuneration, and performance-linked share-based remuneration in the case where performance-linked monetary remuneration and performance-linked share-based remuneration are each their respective maximum amounts. The ratios shall be determined by the Board of Directors, which shall make reference to objective remuneration survey data from specialized external organizations and other factors.

Remuneration breakdown by type for executive directors



Matters concerning the determination of the details of the remuneration, etc. of individual directors

Based on the resolution of the Board of Directors, the representative director is entrusted with the authority to decide the specific details regarding the amount of remuneration for each individual. This authority consists of the authority to (i) determine the amount of basic remuneration (fixed remuneration) of each director, and (ii) to formulate a draft plan for the evaluation of executive directors in terms of performance-linked monetary remuneration and performance-linked share-based remuneration. In order to properly exercise this authority, the representative director who has been delegated above formulates a draft plan for the evaluation of executive directors in terms of performance-linked monetary remuneration and performance-linked share-based remuneration, the Board of Directors shall consult with the Remuneration Committee to obtain its report and recommendations and then determine the amount of performance-linked monetary remuneration and performance-linked share-based remuneration, etc. in accordance with the contents of the report and recommendations.



List of directors and Audit & Supervisory Board members/skill matrix

Directors

① Yukihiro Nishimura
Representative Director,
President and Chief Executive Officer

Apr. 1985 Joined DAIWABO INFORMATION SYSTEM CO., LTD.
[Career highlights]
Managing Director of DAIWABO INFORMATION SYSTEM CO., LTD.; Director, Senior Executive Managing Officer of the company; etc.
[Significant concurrent positions outside the company]
Audit & Supervisory Board Member of DAIWABO INFORMATION SYSTEM CO., LTD.
Audit & Supervisory Board Member of O-M Ltd.

② Tsukasa Igari
Senior Managing Director
(in charge of corporate strategy)

Nov. 1994 Joined DAIWABO INFORMATION SYSTEM CO., LTD.
[Career highlights]
General Manager of the East-Japan Sales Division and General Manager of the Procurement & Sales Promotion Division of DAIWABO INFORMATION SYSTEM, CO., LTD.
Chief Member of the Financial Management Dept. and General Manager of the IR/PR Dept. of the company
[Significant concurrent positions outside the company]
Audit & Supervisory Board Member of DAIWABO INFORMATION SYSTEM CO., LTD.
Audit & Supervisory Board Member of O-M Ltd.

③ Takao Yamashita
Managing Director
(in charge of business administration)

Mar. 1990 Joined DAIWABO INFORMATION SYSTEM CO., LTD.
[Career highlights]
Managing Director, General Manager of the Metropolitan Sales Division; Managing Director, Division General Manager of the Procurement & Sales Promotion Operations of DAIWABO INFORMATION SYSTEM CO., LTD.; etc.
[Significant concurrent positions outside the company]
Director of DAIWABO INFORMATION SYSTEM CO., LTD.
Director of O-M Ltd.

④ Yukiko Yoshimaru
Director (outside)

June 2021 Appointed Outside Director of the company
[Career highlights]
Director of Oki America Inc. and Head of the New York office of Oki Electric Industry Co., Ltd.; Managing Director of Nifco Inc.; Outside Director of Mitsui Chemicals, Inc.; etc.
[Significant concurrent positions outside the company]
Outside Director of Sekisui House, Ltd.
Outside Director of Nichirei Corporation

⑤ Takako Fujiki
Director (outside)

June 2021 Appointed Outside Director of the company
[Career highlights]
Executive Officer and General Manager of the Global Sales Division of Intel Japan K.K.; etc.
[Significant concurrent positions outside the company]
Senior Executive Officer, General Manager of the Sales Division of Google Japan G.K.

⑥ Tetsuro Hori
Director (outside)

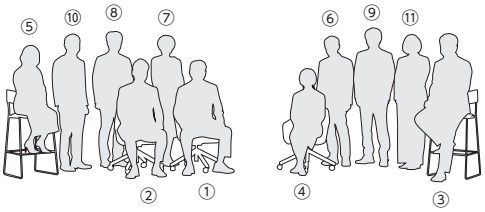
June 2023 Appointed Outside Director of the company
[Career highlights]
Director and General Manager of Legal/Intellectual Property; Representative Director, CFO, and Executive Vice President of Tokyo Electron Ltd.; etc.
[Significant concurrent positions outside the company]
Representative Director, CEO, and President of JSR Corporation
Head of Operations and Legal/IP Advisor of Value Quest Partners Co., Ltd.

⑦ Misawa Kishinami
Director (outside)

June 2024 Appointed Outside Director of the company
[Career highlights]
General Manager of the Loan Syndication Department, Capital Market Headquarters, Investment Banking Division of Goldman Sachs Japan Co., Ltd.; Executive Director of the Investment Banking Division of UBS Securities Japan Co., Ltd.; etc.

⑧ Shigeru Dohno
Director (outside)

June 2025 Appointed Outside Director of the company
[Career highlights]
Vice President of the Appliances Company; Vice President and China & Northeast Asia Company President; Director & Vice President; President of the Living Appliances and Solutions Company of Panasonic Corporation; etc.



Details and reasons for selection of each skill

Skill	Reasons for selection
Overall corporate management	Experience in corporate management enables candidates to make broader and higher-level decisions in the group's management and across the entire range of medium- to long-term management strategies
Corporate planning and corporate strategy	For the growth of the group as a whole, knowledge and experience relating to selection and concentration of business, business portfolio transformation, and business restructuring and M&A associated with such strategies are necessary
Legal affairs, compliance and governance	It is essential to strengthen the governance system and its implementation for the oversight of the group, and knowledge and experience associated with this is necessary
Finance and accounting	Not only are skills related to finance and accounting necessary in overseeing the group, but knowledge and experience in finance and capital markets and capital allocation are required to implement business restructuring, M&A and other activities
Personnel, labor affairs, human resources development and diversity	In addition to the utilization of human resources, the promotion of diversity is an important matter for the group's growth and the resolution of social issues, and knowledge and experience to achieve these ends is necessary
ICT and DX-related	For the group, in addition to the importance of promoting growth strategies in its IT Infrastructure Distribution Business, the shift to ICT is also necessary for greater management efficiency in all businesses. Therefore, DX promotion is an issue that the company should take the initiative in addressing for the expansion of its business, and knowledge and experience for this purpose is necessary
ESG and SDGs	Knowledge and experience related to these is necessary to take actions to resolve these social issues that the company must proactively tackle
Global business	Due to tie-ups with global companies as the suppliers of the IT Infrastructure Distribution Business, and since it has business sites and sales offices overseas in the Industrial Machinery Business, it is beneficial for the group to utilize global knowledge in building the group's medium-term management strategies



Audit & Supervisory Board Members

⑨ Masaya Ono
Audit & Supervisory Board Member

May 1990 Joined DAIWABO INFORMATION SYSTEM CO., LTD.
[Career highlights]
General Manager of the Internal Auditing Department of DAIWABO INFORMATION SYSTEM CO., LTD.

⑩ Masuji Ueda
Audit & Supervisory Board Member (outside)

June 2015 Appointed Outside Audit & Supervisory Board Member of the company
[Career highlights]
Established Ueda CPA Firm (now Meister CPA, A Professional Corp.); Representative Partner of Kasumigaseki Audit Corporation; etc.
[Significant concurrent positions outside the company]
Certified public accountant and certified public tax accountant
Statutory Auditor of Capital Asset Planning, Inc.

⑪ Saeko Kakuishi
Audit & Supervisory Board Member (outside)

June 2023 Appointed Outside Audit & Supervisory Board Member of the company
[Significant concurrent positions outside the company]
Attorney

Male Female

Name	Position held	Sex	Overall corporate management	Corporate planning and corporate strategy	Legal affairs, compliance, and governance	Finance and accounting	Personnel, labor affairs, human resources development, and diversity	ICT and DX-related	ESG and SDGs	Global business
Yukihiro Nishimura	Representative Director, President and Chief Executive Officer	♂	●	●	●	●	●	●		
Tsukasa Igari	Senior Managing Director	♂	●	●	●			●	●	
Takao Yamashita	Managing Director	♂	●	●	●	●	●	●	●	
Yukiko Yoshimaru	Director (outside)	♀	●	●	●		●		●	●
Takako Fujiki	Director (outside)	♀	●	●			●	●		●
Tetsuro Hori	Director (outside)	♂	●	●	●	●		●		●
Misawa Kishinami	Director (outside)	♀	●	●		●	●		●	●
Shigeru Dohno	Director (outside)	♂	●	●	●			●	●	●
Masaya Ono	Audit & Supervisory Board Member	♂			●	●				
Masuji Ueda	Audit & Supervisory Board Member (outside)	♂			●	●				
Saeko Kakuishi	Audit & Supervisory Board Member (outside)	♀			●					

Note: The above list is not an exhaustive list of all the skills possessed by each candidate, but only of those for which the candidates are expected to demonstrate expertise, knowledge, experience and abilities.

Name	Reasons for selection/expected roles
Yukihiro Nishimura	Mr. Nishimura has extensive work experience and insights through being involved mainly in the IT Infrastructure Distribution Business. He has knowledge of business in general, global business management, and in administration and operations work as he has served as the company's Director, Executive Managing Officer since 2017; Director, Senior Executive Managing Officer since 2018; and Representative Director, President and Chief Executive Officer since 2020. In light of the above, he has been appointed as a Director.
Tsukasa Igari	Mr. Igari has extensive work experience and insights gained over a period of many years in the IT Infrastructure Distribution Business. He worked in the Sales, Purchasing, Planning, and Logistics departments. He has knowledge of business in general and corporate strategy as he has served as the company's director in charge of corporate strategy since June 2022, and Managing Director in charge of corporate strategy since 2024. In light of the above, he has been appointed as a Director.
Takao Yamashita	Mr. Yamashita has extensive work experience and insights gained over a period of many years in the IT Infrastructure Distribution Business. He worked in the Sales and Procurement & Sales Promotion departments. He also has extensive experience encompassing all DIS's businesses. He has served as Director of DIS since 2016, and Managing Director of the company in charge of business administration since 2024, during which time he has gained knowledge of business in general and business administration. In light of the above, he has been appointed as a Director.
Yukiko Yoshimaru	Ms. Yoshimaru, in addition to having experience in and knowledge of the human capital management and diversity fields through her experience as a corporate officer for companies in and outside Japan, has also accumulated deep insights in the course of conducting efforts to strengthen governance as outside director of listed companies, etc. The company expects that she will contribute to the business and financial management of the company. In light of the above, she has been appointed as an Outside Director. Expectations for her role as Outside Director will be that she makes use of her knowledge to supervise and provide advice, particularly to the Board of Directors, etc., on strengthening governance, managing human capital, and promoting diversity, which are essential to sustained enhancement of the company's corporate value.
Takako Fujiki	Ms. Fujiki has extensive knowledge and experience in companies that occupy a major position globally in the ICT industry. The company expects that she will contribute to the business and financial management of the company. In light of the above, she has been appointed as an Outside Director. Expectations for her role as Outside Director will be that she makes use of her knowledge to supervise and provide advice, particularly to the Board of Directors, etc., regarding the group's growth strategy centering on the company's mainstay IT Infrastructure Distribution Business, as well as the shift to ICT in business administration for the group as a whole.
Tetsuro Hori	Mr. Hori has extensive knowledge and experience in corporate planning, legal affairs, intellectual property, finance, accounting, and financing as a manager of a listed international company. The company expects that he will contribute to the business and financial management of the company. In light of the above, he has been appointed as an Outside Director. Expectations for his role as Outside Director will be that he makes use of his knowledge to provide supervision and advice regarding formulation of and progress with management plans, selection and concentration of business, growth strategies, strengthening of governance, and ideal shareholder return policies with consideration to appropriate capital allocation.
Misawa Kishinami	Ms. Kishinami has extensive experience at a large financial institution in supporting companies in terms of corporate strategy, and therefore has broad insight and highly specialized skills, particularly in financing and capital markets. The Company expects that she will contribute to the business and financial management of the company. In light of the above, she has been appointed as an Outside Director. Expectations for her role as Outside Director will be that she makes use of her knowledge to supervise and provide advice, particularly regarding formulation of management plans, as well as on ideal growth strategies and shareholder returns with consideration to appropriate capital allocation.
Shigeru Dohno	Mr. Dohno has been at the heart of business management at a large electrical appliances manufacturer, and has extensive experience and knowledge in areas such as business reorganization, formulation of M&A and other growth strategies, and their specific implementation. The company expects that he will contribute to the business and financial management of the company. In light of the above, he has been appointed as an Outside Director. Expectations for his role as Outside Director will be that he makes use of his knowledge to supervise and provide advice, particularly regarding formulation of growth strategies and management plans, and ideal shareholder returns with consideration to appropriate capital allocation.
Masaya Ono	Mr. Ono has extensive work experience in a wide range of fields through his involvement mainly in the IT Infrastructure Distribution Business. He has served as the company's General Manager of the Auditing Dept. since 2019, and full-time Audit & Supervisory Board Member since 2020. He has acquired abundant work experience in auditing and is able to appropriately fulfill his duties from an objective and fair standpoint. In light of the above, he has been appointed as an Audit & Supervisory Board Member.
Masuji Ueda	Mr. Ueda has accumulated highly specialized experience as a certified public accountant and certified public tax accountant, and the company expects that he will reflect such experience and knowledge fairly and neutrally in the auditing of the group. In light of the above, he has been appointed as an Outside Audit & Supervisory Board Member. Although he has never been directly involved in the management of a company, the company judges that he will appropriately fulfill his duties.
Saeko Kakuishi	As an attorney, Ms. Kakuishi has advanced specialist knowledge of overall corporate legal affairs and has extensive professional experience in providing guidance and consultation to companies, and engages in a broad range of activities both in civil and criminal law. The company expects that she will be able to reflect her work experience and specialized knowledge of these areas in the auditing of the group. In light of the above, she has been appointed as an Outside Audit & Supervisory Board Member. Although she has never been directly involved in the management of a company, the company judges that she will appropriately fulfill her duties.

Sustainability governance

Basic sustainability policy

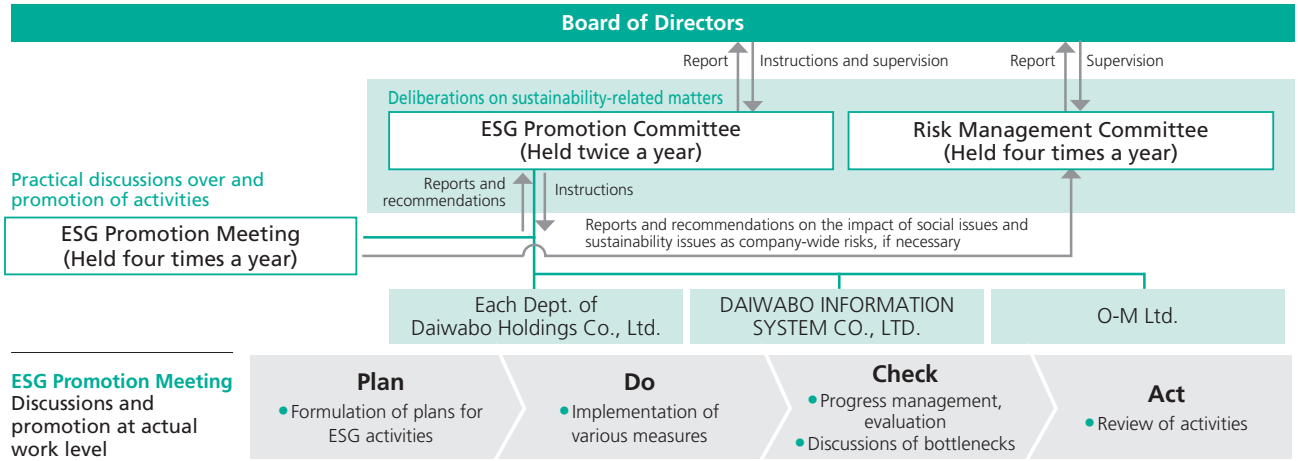
Governance in sustainability management

In April 2020, the group established the ESG Promotion Committee, chaired by the representative director, as an advisory body to the Board of Directors to deliberate on environmental, social, and governance issues. The ESG Promotion Meeting has been established as a subordinate organization of the ESG Promotion Committee for practical discussions about and promotion of activities.

The ESG Promotion Committee identifies and targets basic policies and material issues related to ESG promotion, discusses various measures reported or recommended by the ESG Promotion Meeting, and reports to the Board of Directors. The Board of Directors resolves matters reported by the ESG Promotion Committee, and gives relevant instructions and supervision. In addition, reports and recommendations are made to the Risk Management Committee as necessary. In July 2024, we formulated the group's Sustainability Promotion Policy and defined our sustainability promotion framework. We are working to solve social issues and sustainably increase our corporate value by contributing to society through our business activities, realizing sustainable supply chains, enhancing our governance, and training and raising awareness among our employees.

Both the ESG Promotion Committee and the ESG Promotion Meeting are held regularly: twice a year and four times a year, respectively. The group's material issues (materiality) are evaluated and reviewed annually, and in fiscal 2024, they were redefined into nine items with clarified medium- to long-term targets.

Sustainability business management system **Resolutions on sustainability-related matters**



Main themes discussed and reported by the ESG Promotion Committee

	Sustainability (General)	E (Environment)	S (Social)	G (Governance)
FY2022	・Convening of the ESG Promotion Committee (two times) and the ESG Promotion Meeting (four times) ・Review of materiality ・Formulation and progress monitoring of *Daiwabo Sustainable Action 2022* ・Initiatives to expand disclosure of non-financial information ・Reporting on ESG rating evaluation results	・Establishment of the Daiwabo Holdings Group Environmental Policy ・Information disclosure in line with TCFD recommendations ・Participation in the TCFD Consortium		
FY2023	・Convening of the ESG Promotion Committee (two times) and the ESG Promotion Meeting (four times) ・Review of materiality ・Formulation and progress monitoring of *Daiwabo Sustainable Action 2023* ・Initiatives to expand disclosure of non-financial information ・Reporting on ESG rating evaluation results	・Information disclosure in line with TCFD recommendations	・Establishment of the Daiwabo Holdings Group CSR Procurement Guidelines ・Implementation of CSR procurement surveys	
FY2024	・Convening of the ESG Promotion Committee (two times) and the ESG Promotion Meeting (four times) ・Review of materiality ・Formulation and progress monitoring of *Daiwabo Sustainable Action 2024* ・Initiatives to expand disclosure of non-financial information ・Reporting on ESG rating evaluation results	・Revision of the Daiwabo Holdings Group Environmental Policy ・Information disclosure in line with TCFD recommendations	・Establishment of the Daiwabo Holdings Group Human Rights Policy ・Revision of the Daiwabo Holdings Group CSR Procurement Guidelines ・Implementation of CSR procurement surveys	・Establishment of the Daiwabo Holdings Group Anti-Corruption Policy

Risk management and process

At ESG Promotion Meetings, the group evaluates business risks and opportunities with regard to social issues, such as climate change or human rights, and sustainability issues, in cooperation with each Daiwabo Holdings office and each operating company of the Daiwabo Holdings Group. After reporting and making recommendations to the ESG Promotion Committee, reviews and improvements are made on a regular basis. In addition, reports and recommendations are made to the Risk Management Committee as necessary. The group minimizes risks and pursues new opportunities through the risk management process of sustainability management. It contributes to the sustainable growth and value creation of the entire group by engaging in risk management both through ESG promotion and business management.



Recognition of risks and opportunities (from long-term and sustainability perspectives)

Recognizing risks and opportunities from a long-term sustainability perspective is essential for sustainable growth and social responsibility. In terms of risks, we recognize the importance of understanding the potential impact of climate change, human rights issues, and other issues on our business, formulating appropriate countermeasures, and steadily implementing risk management to address these risks. At the same time, in terms of opportunities, we believe that environmental issues such as climate change and resource depletion are not only risks but also create new business opportunities such as the opportunities presented by a circular economy. We, the group, will appropriately evaluate these risks and opportunities, and continue working on these initiatives in order to further enhance sustainability.

Regarding risks and opportunities in the field of sustainability, together with materiality identification, we took into account the location of sustainability risks and opportunities in the business model of each business and their impact on the group, and reflected them in our materiality. Materiality and major KPIs were determined by the Board of Directors after deliberation by the ESG Promotion Committee.



Areas	Materiality	Opportunities	Risks
Social/ Industry	1 Contributing to the sustainable development of local economies through IT	・Increasing demand for productivity improvement through ICT utilization	・Decline of regional economies due to population decrease ・Loss of market opportunities from delayed initiatives for regional development
	2 Contributing to sustainable social infrastructure	・Growing demand for BCP in an advanced industrial infrastructure and increasingly digital society (including the renewal of aging infrastructure)	・Cyberattack risks ・Risks related to climate change and natural disasters ・Risks in responding to various regulations ・Reduced resilience against climate change and natural disasters
	3 Contributing to the improvement of the IT skills of future generations	・Digitalization to compensate for labor shortages ・Digitalization to improve labor productivity ・Strengthening of IT infrastructure to support digital transformation (DX)	・Shortage of personnel for BPR, system introduction, and operations ・Further decline in labor productivity
	4 Building sustainable supply chains	・Enhancement of brand value ・Protection of stakeholders	・Difficulty in acquiring and retaining talent ・Reputational risk
Environment	5 Contributing to the realization of a decarbonized society	・Expanding demand for environmentally friendly products ・Expansion of sales opportunities for related products	・Increased costs associated with rising environmental value
	6 Contributing to the reduction of environmental impact	・Acquisition of new business opportunities ・Cost reduction through improved resource efficiency by reducing defective products and waste	・Loss of growth opportunities ・Increase in procurement costs
People	7 Expansion and reinforcement of human capital and improvement of well-being	・Enhancement of employee engagement ・Reduction of turnover rate ・Improvement of labor productivity	・Difficulty in acquiring and retaining talent ・Decline in employee motivation
	8 Diversifying the workforce	・Creation of new ideas and innovations through diverse talent	・Difficulty in acquiring and retaining talent ・Rigidity in internal communication
Governance	9 Corporate governance	・Strengthened competitiveness through flexible management that adapts to change	・Occurrence of misconduct ・Loss of trust from stakeholders ・Decline in corporate value evaluations by investors

Outside directors

Roundtable discussion





Outside directors reflect on our progress and challenges ahead toward realizing the “2030 VISION”

Strengths and challenges: assessing our current position from multiple perspectives

Yoshimaru: I have been an outside director now for four years. From the time I took on this role, I was involved in discussions to restructure the group’s business portfolio, and in March 2024 we succeeded in spinning off Daiwabo Co., Ltd. During that process, I was quite impressed by the earnest and thorough approach taken by the Board of Directors, and how they took the broad interests of stakeholders into account. The new Medium-Term Management Plan was launched one year ago, and various initiatives are underway at this point that should help steer the company toward the “2030 VISION.” In terms of implementation speed, I think efforts will begin to accelerate going forward. At the beginning of my tenure, I felt that governance was not well understood—particularly the division between execution and supervisory roles—and there were challenging moments. In recent years, however, I have seen steady progress being made in both structures and approach.



Fujiki: It has been four years since I was appointed as well, and in this time, I have seen some marked changes among the directors responsible for execution; they have shown increasing openness and a proactive attitude toward dialogue. Now, in the second year of the Medium-Term Management Plan, there seems to be a firm determination to establish the next pillar of growth, and a lot of constructive discussions now taking place on this key issue are going into greater depth.

Hori: When I was first appointed as an outside director of Daiwabo Holdings Co., Ltd., I sensed intuitively that this was a good company. The company had substantial sales volume and continued to grow. Although the company is not well known to the public, it has built IT distribution into a core business, which in my view has tremendous potential. I was also impressed with management’s willingness to listen to outside perspectives. The company’s lack of experience with M&A, however, remains a challenge for the future.

Kishinami: I became an outside director shortly after the major decision was made to let go of the group’s Fiber Business, its founding business. That convinced me the holding company was not merely taking the conventional path, but was genuinely committed to transformation. The Board of Directors holds constructive discussions focused on the long term, and as outside directors, we work with the executive side to strengthen governance and sustainability management. The unity of purpose has been very encouraging. While the core operating companies have strong sales capabilities, the challenge now is how quickly the company can move beyond the traditional scope of wholesaling to achieve higher profitability and advance in the direction defined in the “2030 VISION.”


Tetsuro Hori
Director (outside)


Misawa Kishinami
Director (outside)


Shigeru Dohno
Director (outside)

Dohno: I joined just this year, so my understanding of matters may not be as thorough as my fellow outside directors, but what struck me was how well the company communicates with the capital markets. That engagement is reflected in such indicators as the stock price and PBR. I was very impressed by the reflection of investors' expectations in the group's corporate value. As Director Kishinami also mentioned, the successful carve-out of the founding Fiber Business played an important role in that, not to mention the ongoing structural reforms that are positioning DIS as the new core of the group's revenue. Although its business is primarily domestic, the fact that DIS has achieved sales of over one trillion yen is noteworthy, and I see its sales network as a very solid base for operations and growth.

Fujiki: The process of deciding to spin off the founding business involved a considerable amount of time spent in discussions that included outside directors. It was also a constructive process that allowed us to provide meaningful input from the perspectives of the capital markets and stakeholders. The divestiture of a company's founding business is a major turning point, and the fact that the decision was made through careful deliberation is part of the reason why the corporate value of Daiwabo Holdings has risen, in my opinion. Most importantly, the experience gave the management team greater confidence, which has carried into the next stage of our growth strategy.

Steadily enhancing the governance system and its effectiveness

Yoshimaru: Great progress has been made in the holding company's corporate governance over the last few years. The directors on the executive side are listening seriously to outside opinions and have become attuned to the substantive question of what measures must be taken to enhance corporate governance and improve the group's long-term corporate value. Through dialogue involving the outside directors, we have carefully considered our organizational structures and governance frameworks and have been implementing improvements to enhance corporate governance effectiveness.

The progress has been especially remarkable over the past three to four years, with noticeable improvements being made at every level. A good example is the involvement of external experts in the Board effectiveness evaluation carried out last year. The survey design and interview content were updated and improved to include new perspectives that take into account the expectations of stakeholders and society. With that feedback, the quality of the discussions took huge steps forward. This joint effort between the executive side and outside directors has undeniably strengthened our governance.



Fujiki: I was in the room for those discussions, and I observed firsthand how Director Yoshimaru, drawing upon her extensive experience, gave her views thoughtfully and to the point, providing insights on matters such as organizational

Outside directors Roundtable discussion

structure and the nature of the Board evaluation. To enhance effectiveness, it is sometimes necessary to voice difficult truths in a straightforward way. At first there were moments when the atmosphere was tense, but as the dialogue continued, mutual understanding grew, and we were able to complete the effectiveness evaluation process. Through such cumulative efforts, I believe that the governance system is steadily improving.

Kishinami: As everyone has expressed, the executive side always listens to us with open ears, and they consider our input carefully, so an extremely good relationship has developed. Our communication is of high quality on a day-to-day basis, and we talk individually when necessary. At other times, the outside directors meet together on an as-needed basis to discuss certain topics. Such ongoing relationships are vital if we are to strengthen the effectiveness of governance.

Dohno: Corporate governance, strictly speaking, means having outside directors conduct oversight of executive decision-makers. Specifically, that involves monitoring business execution and ensuring that decisions are not made exclusively based on input from the executive side. Personally, I feel that real-world governance falls short if that is all it entails. Making a major decision, such as spinning off one's core business, as we did, can be very difficult to accomplish solely by executive members who have risen through the company's ranks. In such circumstances, having outside directors to give an extra push is essential, in a positive sense. We not only play a supervisory role; we also serve as "sound management activists" to boost the effectiveness of governance.

Developing a growth strategy for achieving the "2030 VISION"

Dohno: Revenue growth is vital to achieving the "2030 VISION," and I believe DIS will continue to play a central role. This highlights the importance of balancing DIS's business portfolio, particularly its shift from distribution to solutions. I appreciate the strategic orientation shown in initiatives such as the launch of the iKAZUCHI services and the acquisition of Alphatec Solutions. Going forward, it will be indispensable to strengthen the solutions business through M&A to expand beyond being merely a distributor. Given the strength of DIS's sales infrastructure, I believe these efforts can lead to tremendous growth with the proper management.

Kishinami: In terms of the business portfolio, I would like to see management decisions made swiftly to reshape the portfolio if businesses are failing to earn their cost of capital. Regarding DIS, as Director Dohno pointed out, the company is very well-established, with a strong sales network. The problem is that it will be practically impossible to reach 50 billion yen in operating income by 2030 relying on the existing business model alone. The capital markets are always interested in how a company will boost its profitability and achieve growth. When considering M&A, it is not sufficient to merely bring a company under the umbrella of the holding company. We need to discuss how an acquisition can be leveraged to create synergies that enhance the businesses of Alphatec Solutions and DIS Service & Solution guided by a shared vision of the future.



Hori: The Board of Directors is aware of the need to develop new businesses to realize the "2030 VISION," and they are discussing this matter. However, the revenue contribution from the new business will appear relatively small because DIS's IT distribution business is quite matured and generates over one trillion yen in revenue. While M&A could help acquire new businesses and expand income, it will inevitably take time for each business to grow and have an impact.

Fujiki: To add a slightly different perspective, I want to mention that in working to embody the group's purpose, if you are aiming to build a value chain, regardless of the values selected that serve as behavioral guidelines, those values must be shared throughout the organization. Specific tactics should be guided by that framework. While DIS has a solid sales foundation today, it would be misguided to assume that simply tacking on the solutions business will raise earnings. We need a clear growth strategy rooted in the principles at the heart of the value chains we are building and the value we provide as a company. And this must be discussed in depth.

Yoshimaru: When considering the company's sustainability, we recognize that human resources are the key to improving corporate value. After all, it is the company's personnel who will embody the company's vision and purpose. If people are the pipeline to the future, we need to be paying close attention to HR issues. It is one of the most critical issues our group must address. We need to pool our wisdom and address the questions of how many people we can retain to work toward the "2030 VISION," in what areas we fall short, and how we will cultivate such human resources. I plan to

push the Board of Directors on this matter and give them my support.

Hori: Corporate governance pretty much relies on persons. Management decisions are ultimately made by individuals. I currently serve as the chairman of both the Remuneration Committee and Nomination Committee. It is a major challenge this year to determine how to choose a successor of the president.

Yoshimaru: Yes, it is crucial to focus on the selection process when choosing the next generation of leaders and top management, but you also have to assess the extent to which the company has developed a succession pipeline that can produce qualified candidates. This requires a broad-based leadership development program that reaches down through the organization, which I see as essential for the group's future. If we are going to undertake portfolio transformation and value chain creation, we will certainly need diverse personnel, and this is an issue that must be addressed urgently.

Dohno: One example is the much-discussed visualization and sharing of workforce skills and experience. That is going to require a talent management framework to match people to the best roles for them.

Hori: When we have dialogues with management, I get the feeling that they are working out their ideas based on tacit knowledge. We are in the phase now where a shift is needed to explicit knowledge in such discussions.



The road ahead as outside directors

Dohno: Related to value chain creation as part of the group's purpose, it is necessary to discuss how to translate principles into specific strategies and tactics, and address any gaps we find. Some discussion has already taken place, but I would like to see greater clarity and will gladly support that process. A second priority that I want to pursue is hiring and developing the talent to support the value chain.



Kishinami: Looking ahead, realization of the "2030 VISION" will mean turning the roadmap into tangible action. On the subject of M&A, as mentioned earlier, at our current business scale, the key will be to leverage synergies with our existing companies and businesses to generate an impact greater than the sum of the parts. Otherwise, there will be no visible financial results. To achieve that and support value creation, people are the all-important factor. I would like to see the Board also strive to ensure that non-financial initiatives are closely aligned to financial outcomes.

Hori: Again, I'm reminded that everything starts and ends with persons. In that sense, as outside directors we need to gain a deeper understanding of the people who work within DIS. Without that, we cannot have meaningful discussions about succession going forward. With these points in mind, I have renewed my commitment to contributing to more effective governance.

Yoshimaru: The company values a sincere and open stance toward stakeholders. To meet stakeholder expectations, we draw on our diverse backgrounds as independent outside directors to engage in constructive, multifaceted discussions, reviewing the direction of the management strategy from a medium- to long-term perspective and supervising execution. We will continue to uphold this stance and help advance better management.

Fujiki: Each outside director brings deep commitment and integrity to the roles we play. That is because we all firmly believe in the high growth potential of the company. How well that potential can be realized will depend not only on the business decisions of the executive side but also on how diligently we engage with them on governance as outside directors. We look forward to witnessing the company's growth and hope that our stakeholders will share our expectations.

Compliance & risk management

Corporate ethics and compliance policy

Basic policy

The Daiwabo Holdings Group's basic policy is for the entire organization, including every individual manager and every individual employee, to comply with all legal requirements, internal rules, and so on and fulfill the company's social responsibility by respecting corporate ethics and social norms.

Daiwabo Holdings Group Charter of Corporate Behavior

The Daiwabo Holdings Group Charter of Corporate Behavior embodies the group's commitment to respecting human rights and complying with all laws and international rules, both within and outside Japan, and its commitment to fulfilling its social responsibility with social decency and high ethical standards, to contribute toward the sustainable development of society. All officers and employees are required to abide by the charter.

So that we can thoroughly disseminate the respect for the law and corporate ethics stipulated by the charter among all group officers and employees, the Daiwabo Holdings Group works to ensure familiarity with relevant laws, compiles internal rules and manuals, and strives to implement effective employee education.

Anti-corruption initiatives

Daiwabo Holdings Group's Anti-Corruption Policy

The Daiwabo Holdings Group Anti-Corruption Policy formulated in April 2024 requires compliance with laws, regulations, and social ethics and prohibits all forms of corrupt conduct including bribery, conflicts of interest, embezzlement, fraud, coerced provision of benefits, improper bidding and the like, and abuse of one's own or a third party's work-related rights or status. We promote the understanding and cooperation of all employees with group measures based on this policy through regular in-house training, while also requesting the same efforts from business partners and others, thereby working to prevent corruption.

In fiscal 2024, there were no cases of violations of the Daiwabo Holdings Group Anti-Corruption Policy within the group.

Anti-Corruption

	2021	2022	2023	2024
Number of employee disciplinary actions and dismissals due to violations of the Anti-Corruption Policy	0	0	0	0
Costs related to fines, penalties, and settlements associated with corruption	0	0	0	0
Legal actions taken due to anti-competitive conduct, antitrust violations, and monopolistic practices	-	-	-	-

Compliance promotion system and compliance education

Compliance promotion system

We established the Risk Management Committee chaired by the President to promote and oversee compliance and corporate ethics measures throughout the group. Meetings of the Risk Management Committee are held on a quarterly basis, and the committee works to stimulate and spread compliance awareness by maintaining and managing the group's compliance system, and overseeing the provision of compliance training for all employees. There were no material compliance incidents in fiscal 2024.

Number of material compliance violations

2021	2022	2023	2024
0	0	0	0

Compliance education

We plan for all employees of each group company to undergo periodic compliance training so that information on any issues that arise in the public or compliance matters that occur within the group can be shared with all group companies, and also to address harassment and overall compliance, including the prevention of corruption such as bribery. By gradually making improvements, we are aiming to expand the content of our compliance education. The training participation rate in fiscal 2024 was 100%.

Response to compliance cases (violations)

In the event that violations of laws or internal regulations, including the prevention of corruption such as bribery, are discovered within the group, or if it is determined that there is a risk of such violations occurring, the compliance officer of the relevant organization will take the lead in addressing the case in accordance with prescribed standards and procedures. This includes conducting internal investigations, identifying root causes, and implementing measures to prevent recurrence. All related cases are reported to the responsible directors and auditors through the secretariat of the Risk Management Committee, from the time of discovery through to the completion of case resolution. For serious compliance cases that require consideration from a company-wide perspective, necessary investigations are carried out based on instructions from the responsible directors and requests from the secretariat of the Risk Management Committee. The facts are clarified, and appropriate disciplinary measures are taken in line with internal regulations. For officers and employees found to have been involved in legal violations, including corruption or bribery, the necessity of internal disciplinary action is reviewed in accordance with the internal regulations of each group company. Where necessary, consultation and discussions with internal and external experts are undertaken, and appropriate disciplinary action is taken in line with the standards and procedures established in internal regulations. The group also reviews whether responses, reporting, or public disclosure to external stakeholders are required, and takes appropriate action when necessary.

Internal whistleblowing and consultation system

To prevent in advance, discover at an early stage, and respond effectively to compliance violations in our business activities, we have established an internal whistleblowing system within the company and the group. If an employee wishes to consult on a matter of harassment or compliance in general (including the prevention of corruption such as bribery) or if conduct that is in violation or is suspected of being in violation of laws, regulations, ethics, and so on is discovered, individuals can make reports or consult using their real names or anonymously. In addition to the internal contact point for receiving reports and requests for consultation, there is also an external contact point, and reports and requests for consultation can be submitted by e-mail, telephone, or letter, making the system as user-friendly as possible. When a report or request for consultation is received, the secretariat of the Risk Management Committee plays a central role in liaising with other relevant departments, and works speedily to investigate and confirm, as far as possible, the facts of the case and the relevant laws and rules. Based on this, a determination is made as to whether a compliance violation has occurred, and where necessary measures are taken in response to remedy the situation and/or prevent recurrence. In such cases, besides safeguarding the anonymity and privacy of the reporting party, any retaliatory action is strictly prohibited, and measures are taken to ensure that the reporting party does not suffer any adverse treatment due to submitting the report. The reporting party receives feedback as appropriate regarding the subsequent confirmation and investigation of the case, and the final outcome.

In fiscal 2024, a total of nine matters were reported to whistleblowing systems (eight to the internal system and one to the external system). Investigations were conducted and corrective measures were implemented in relation to all of the reported matters, and as a result, there were no incidents constituting material human rights violations or violations of the anti-corruption policy.

Operational record of the internal whistleblowing and consultation system (cases)

Consultations	2021	2022	2023	2024
Internal consultations	2	5	4	8
External consultations	6	5	3	1
Total	8	10	7	9

Basic policy for risk management

Basic policy for risk management

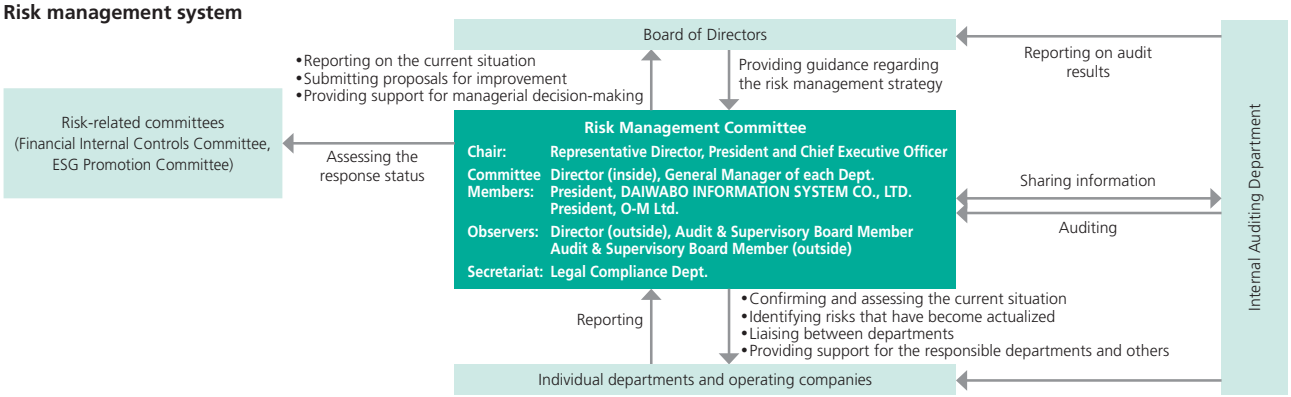
The Daiwabo Holdings Group has a low level of dependency on specific business partners, products, technologies, and regulations, and enjoys relatively stable operational performance. However, the industry that we belong to has been experiencing significant change in terms of technology, and thus there is a possibility that the emergence of new products or services may lead to structure change in the industry, which could cause change in demand for existing products and services and might also affect the group's net sales and profitability. To be ready to adapt to such change, we are constantly listening to customer feedback and monitoring new trends in technology development, putting in place the framework needed for the group as a whole to respond promptly to customers' needs. We have also established a system whereby we implement risk identification, assessment, and management. If a particularly major risk emerges, or if there are indications that such a risk may emerge, we set up a response headquarters, activate our crisis management system, implement preventive measures or crisis response measures as appropriate, and monitor how the situation develops.

Risk management system

We aim to implement appropriate risk management by adopting a wide-ranging perspective that covers the whole group, putting enterprise-wide risk management in place, and verifying and evaluating implementation status. We utilize high-precision methods to verify and assess risk management across the whole group, and make proposals for improvement where necessary. We have developed the Risk Management Rules and classify risks into three categories—management risk, operational risk, and environmental, safety & quality risk. In this way, we intend to enhance the management functions through the sharing of, understanding of, and methods for management of, common risks between units. In addition, by developing these rules in order to be ready if a risk becomes actualized, we will strive to minimize the impact of, and prevent the recurrence of, any significant loss.

To control and promote across the group these efforts for risk management within the group, we will establish a Risk Management Committee chaired by the President. By having the committee promptly determine policies for dealing with various risks that have newly arisen, we will implement risk reduction activities to ensure the effectiveness of our risk management systems.

Risk management system



Major risks

Each department identifies anticipated potential risks and implements risk evaluation. Risks are classified by system for the entire organization, and we work to strengthen management functions. We recognize the following categories of risk as being particularly important: the risk that the reputation of the group may be negatively impacted by failure to disclose management-related information in a timely and appropriate manner; the risk that misconduct may occur due to inadequate internal control systems; and information security risks such as unforeseen unauthorized external access or infection by a computer virus, leading to communication network outages and the leak of confidential information or personal information.

Risk management

List of risks relating to business operations

Risk category	Risk item	Risk event	Risk measure	Impact level	Likelihood of occurrence
Business environment	Risks relating to infectious diseases	・Disruptions to production activities and logistics functions due to large-scale outbreaks of infectious diseases, etc.	・Ensuring employee safety ・Reducing infection risks through telework, staggered working hours, and shorter working hours, etc.	High	High
	Risks relating to the external environment	・Market fluctuations in raw material and fuel prices ・Loss of sales opportunities, production delays, and extraordinary losses due to interest rate fluctuations, exchange rate fluctuations, etc.	・Crisis management response and action plans based on anticipated risks ・Consideration of alternative materials and adjustment of selling prices ・Hedge transactions such as foreign exchange forward contracts, etc.	Medium	Medium
	Risks relating to overseas businesses	・Impacts of changes in political, economic, legal, currency, and safety conditions at overseas locations, etc.	・Crisis management response and action plans based on anticipated risks ・Hedge transactions such as foreign exchange forward contracts, etc.	Medium	Medium
Business operations	Risks relating to products (IT Infrastructure Distribution Business)	・Decline in sales due to market saturation ・Decrease in profit margins due to intensified competition ・Discounted sales due to inventory obsolescence ・Changes in distribution channels ・Decline in sales due to reduced supply, etc.	・Expansion of sales categories ・Increase in value-added sales ・Maintaining appropriate inventory levels and proper allocation ・Acting as a beneficial intermediary between suppliers and customers ・Securing products through multi-vendor sourcing, etc.	High	Medium
	Risks relating to products (Industrial Machinery Business)	・Impacts from economic fluctuations, etc.	・Sales planning that takes into account economic conditions, etc.	High	Medium
	Risks relating to production activities and R&D	Resulting from unexpected events ・Delays or stoppages in parts supply, or suspension of manufacturing at production facilities ・Suspension of transportation services or supply to customers, etc.	・Crisis management response, implementation of action plans and drills based on anticipated risks ・Selection of multiple suppliers for critical components, etc.	Medium	Medium
	Risks relating to intellectual property rights	・Infringement of intellectual property rights or contractual disputes in collaborations or joint research and development with other companies, etc.	・Risk management measures, managing litigation and compensation risks through verification of past cases, etc.	High	Medium
	Risks relating to direct shipment transactions	Resulting from direct shipment transactions ・Risk of unclear or inappropriate transactions, etc.	・Establishment of internal control systems ・Strengthening control and checks through regular audits ・Alert notifications in system construction, etc.	High	Medium
	Risks relating to the macroeconomic environment and business models	・Changes in industrial structures due to technological innovation, etc. ・Intensified competition with emerging growth countries due to globalization ・Changes in the business environment, such as deregulation or entry of companies from other industries ・Stagnation of demand if the global economy slows down, etc.	・Diversification of the business portfolio ・Formulation of business plans based on multiple economic scenarios ・Ensuring sufficient cash on hand and diversifying funding sources, etc.	High	Medium
	Risks relating to changes in laws and regulations	・Unforeseen changes in various laws and regulations ・Changes in regulations related to export/import controls or approvals and permits for product sales and handling, etc.	・Collaborating with external specialized institutions to obtain the latest information, etc.	High	Low
Environment/ disasters	Risks relating to climate change	・Decline in market competitiveness due to delayed response to the transition to a decarbonized society ・Rising raw material costs or supply chain disruptions due to natural disasters such as heavy rain or flooding, etc.	・Setting ambitious environmental targets toward decarbonization ・Implementing business continuity plans and drills to minimize impacts from natural disasters, etc.	Medium	High
	Risks relating to system failures	Resulting from unexpected events such as natural disasters or accidents ・Suspension of core systems and logistics management systems due to communication network failures, etc.	・Crisis management response and action plans based on anticipated risks ・Initial response in emergencies and establishment of response headquarters ・Conducting regular equipment inspections and disaster prevention drills ・Preparation of BCP (Business Continuity Plan) ・Redundancy of core and logistics management systems, etc.	High	Medium

Information security

Defending against cyberattacks

The Information Security Promotion Organization plays a central role in cyber-security measures, working to collect and analyze data relating to potential vulnerabilities. Combining entrance controls that prevent unauthorized intrusions with exit controls to prevent data leaks, we are constantly working to strengthen our security measures and systems. More specifically, we have formulated an information security policy, and we are implementing various system-related measures, including firewalls.

In addition, in light of the unauthorized access that occurred at a group subsidiary in February 2025, we are taking further steps to strengthen our cyber-security.

Personal information leakage incidents reported to the Personal Information Protection Commission

Target	2021	2022	2023	2024
Daiwabo Holdings Group	0	0	0	1

Violations or complaints regarding customer privacy protection received from regulatory authorities, public institutions, consumer groups, etc.

Target	2021	2022	2023	2024
Daiwabo Holdings Group	0	0	0	0

Information-security basic policy

(1) Recognizing our responsibility to society as a business enterprise, we will work to prevent data leaks, and we will strive to maintain the confidentiality of information assets, protecting them from being altered by unauthorized persons, so that not only our own companies but also other enterprises will not be affected.

(2) We will strive to maintain the integrity of information assets, ensuring that only authorized persons can use them, so that the disappearance or falsification of data does not lead to mistaken decisions being made in enterprise management.

(3) We will implement strategies to prevent system outages, whether caused by willful misconduct, gross negligence, or natural disaster, etc., and we will work to ensure the maximum possible availability of information assets when required for the operation of the company.

(4) We will cultivate an internal culture and ethos that embodies a high level of awareness of information security.

The company has established an information security policy in order to implement information security management for the protection of information assets. The information security policy consists of the information-security basic policy and the information security measures regulations. It outlines the company's approach to information security and summarizes control measures to protect information assets from alteration, destruction, or leakage, whether intentional or accidental.

All persons who use the company's information assets must recognize the importance of information security and comply with this information security policy. Any person who violates the compliance requirements may, depending on the nature of the violation, be subject to disciplinary action in accordance with the company's work regulations and other rules.

Furthermore, if an incident suspected to be a cyberattack such as unauthorized access, or another type of security incident, is discovered, it must be reported immediately to the information security officer and the department responsible for information system. In cases where a PC is suspected of virus infection or unauthorized access, the relevant PC must be promptly disconnected from the network and then reported. In particular, if fraudulent activity is discovered, the relevant data must be preserved to prevent deletion or alteration of evidence. The information security administrator, upon receiving a report, must promptly instruct the department responsible for information system, contact relevant departments, affiliated companies, and external vendors, and request their cooperation in order to take swift response measures. With respect to the initial response to such cyber incidents, all employees must be regularly informed, and ongoing initiatives must be undertaken through training and other means to raise awareness.

11-year key consolidated financial data

Term	104th Fiscal Term	105th Fiscal Term	106th Fiscal Term	107th Fiscal Term	108th Fiscal Term
Fiscal Year End	Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019
Net sales	566,194	578,506	617,811	669,596	785,554
(Percentages are the rate of change from the previous fiscal.)	(10.8%)	+2.2%	+6.8%	+8.4%	+17.3%
IT Infrastructure Distribution Business	484,945	494,939	536,073	582,700	693,957
	(22.6%)	+2.1%	+8.3%	+8.7%	+19.1%
Fiber Business	61,993	66,016	67,438	71,021	75,088
	+1.0%	+6.5%	+2.2%	+5.3%	+5.7%
Industrial Machinery Business	14,136	12,788	11,708	11,972	13,900
	+10.2%	(9.5%)	(8.5%)	+2.3%	+16.1%
Operating income	8,246	9,912	12,626	14,305	22,709
	(24.8%)	+20.2%	+27.4%	+13.3%	+58.7%
IT Infrastructure Distribution Business	5,769	6,127	8,976	9,927	17,420
	(36.9%)	+6.2%	+46.5%	+10.6%	+75.5%
Fiber Business	1,344	2,828	2,957	3,309	4,018
	+60.0%	+110.4%	+4.5%	+11.9%	+21.4%
Industrial Machinery Business	1,096	820	747	931	1,066
	+25.0%	(25.2%)	(9.0%)	+24.6%	+14.5%
Ordinary income	7,968	9,679	12,572	14,291	22,840
	(24.6%)	+21.5%	+29.9%	+13.7%	+59.8%
Profit attributable to owners of parent	4,886	5,266	7,469	10,531	16,775
	+7.9%	+7.8%	+41.8%	+41.0%	+59.3%
Earnings per share (EPS) (yen)	51.82	55.53	78.31	109.74	174.47
Return on equity (ROE)	9.5%	9.5%	12.5%	15.5%	21.1%
Return on assets (ROA)	3.2%	4.0%	5.0%	5.2%	7.3%
Operating income margin	1.5%	1.7%	2.0%	2.1%	2.9%
IT Infrastructure Distribution Business	1.2%	1.2%	1.7%	1.7%	2.5%
Fiber Business	2.2%	4.3%	4.4%	4.7%	5.4%
Industrial Machinery Business	7.8%	6.4%	6.4%	7.8%	7.7%
Total assets	235,359	245,747	259,531	286,029	335,888
Total asset turnover	2.4	2.4	2.4	2.3	2.3
Net assets	54,834	57,031	63,903	73,148	87,191
Capital adequacy ratio	23.1%	23.0%	24.4%	25.3%	25.7%
Interest-bearing liabilities	47,517	43,378	39,452	37,198	34,384
D/E ratio (times)	0.87	0.76	0.62	0.51	0.39
Net assets per share (yen)	574.24	593.61	661.75	752.87	898.51
Operating cash flow	13,264	9,477	5,007	10,046	10,129
Investment cash flow	(647)	(2,645)	(1,838)	713	(1,218)
Free cash flow	12,617	6,831	3,168	10,760	8,910
Cash flows from financing activities	(7,459)	(4,920)	(5,201)	(4,013)	(5,433)
Year-end balance of cash and cash equivalents	14,423	16,161	14,042	20,777	24,180
Annual dividends per share (yen)	12.00	14.00	20.00	26.00	40.00
Dividend ratio	23.2%	25.2%	25.5%	23.7%	22.9%
Dividend on equity ratio (DOE)	2.2%	2.4%	3.2%	3.7%	4.8%
Total payout ratio	23.2%	25.2%	25.5%	23.7%	22.9%
Price earnings ratio (PER)	7.4	7.6	8.4	8.5	7.3
Price book-value ratio (PBR)	0.67	0.71	0.99	1.24	1.42
Capital investment	3,566	2,809	2,816	4,001	4,361
IT Infrastructure Distribution Business	449	310	320	697	1,224
Fiber Business	1,952	2,160	2,132	2,653	2,476
Industrial Machinery Business	1,016	268	288	619	492
Depreciation	3,518	3,353	3,274	3,177	2,906
IT Infrastructure Distribution Business	1,186	1,196	1,202	1,141	604
Fiber Business	1,588	1,436	1,403	1,388	1,672
Industrial Machinery Business	501	489	465	464	454
R&D expenses	998	1,016	1,056	1,020	1,033
Number of employees*1	6,284	6,294	5,617	5,650	5,794
Key indicators (IT Infrastructure Distribution Business)					
PC shipments (thousand units)	2,076	1,789	1,889	1,986	2,604
Server shipments (thousand units)	64	60	60	60	58

*A stock consolidation of common stock was implemented at the rate of 10 shares to one on October 1, 2017 and a stock split at a rate of five shares to one was implemented on April 1, 2021, and per-share figures are presented retroactively to previous fiscal years.
*The group has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28) since the beginning of the 108th term, and this accounting standard has been retroactively applied to the figures relating to the 107th term.
*The allocation method for headquarters expenses was changed in the 109th term in conjunction with an increase in the number of employees of the holding company, and segment profits starting with the 108th term are calculated in accordance with the modified calculation method.
*As a result of an absorption-type merger of the Fiber Business, management classification segments were partially modified in the 110th term, and segment information for the Fiber Business from the 109th term onwards was created in accordance with the modified classification method.
*The group has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 31, 2020) since the 111th term, and year-on-year increase or decrease rates are not stated because of effects on consolidated net sales and net sales in the IT Infrastructure Distribution Business.
*1 The Fiber Business is excluded from the scope of consolidation due to the share transfer implemented on March 27, 2024, and consequently, the number of employees as of the end of the 113th term and thereafter does not include the number of employees in the Fiber Business.

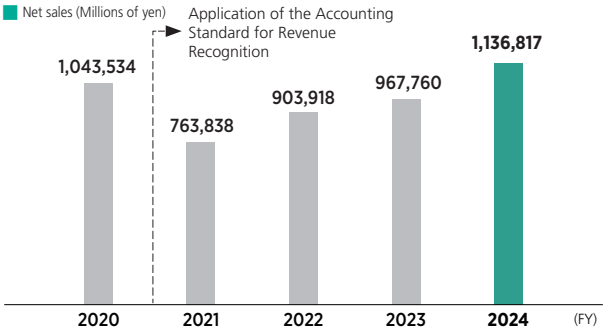
(Millions of yen)

109th Fiscal Term	110th Fiscal Term	111th Fiscal Term	112th Fiscal Term	113th Fiscal Term	114th Fiscal Term
Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024	Mar. 2025
944,053	1,043,534	763,838	903,918	967,760	**1,136,817**
+20.2%	+10.5%	-	+18.3%	+7.1%	**+17.5%**
857,008	969,748	691,281	828,997	894,693	**1,123,922**
+23.5%	+13.2%	-	+19.9%	+7.9%	**+25.6%**
72,180	61,033	58,289	61,980	59,210	**0**
(3.9%)	(15.4%)	(4.5%)	+6.3%	(4.5%)	**0%**
12,988	11,582	11,610	12,170	13,213	**12,895**
(6.6%)	(10.8%)	+0.2%	+4.8%	+8.6%	**(2.4%)**
32,841	35,028	24,059	27,944	30,963	**34,899**
+44.6%	+6.7%	(31.3%)	+16.1%	+10.8%	**+12.7%**
28,161	33,226	21,651	25,394	28,244	**34,045**
+61.7%	+18.0%	(34.8%)	+17.3%	+11.2%	**+20.5%**
3,877	1,350	1,617	1,499	1,580	**0**
(3.5%)	(65.2%)	+19.7%	(7.3%)	+5.4%	**0%**
753	537	656	886	1,032	**852**
(29.4%)	(28.6%)	+22.0%	+35.2%	+16.4%	**(17.4%)**
33,195	35,781	24,554	28,608	31,431	**35,454**
+45.3%	+7.8%	(31.4%)	+16.5%	+9.9%	**+12.8%**
21,178	25,715	16,988	19,059	4,283	**24,751**
+26.2%	+21.4%	(33.9%)	+12.2%	(77.5%)	**+477.9%**
220.27	267.47	178.14	202.79	45.82	**271.37**
22.3%	22.2%	12.9%	13.7%	3.0%	**16.8%**
10.0%	10.0%	6.6%	7.5%	7.7%	**8.4%**
3.5%	3.4%	3.1%	3.1%	3.2%	**3.1%**
3.3%	3.4%	3.1%	3.1%	3.2%	**3.0%**
5.2%	2.2%	2.8%	2.4%	2.7%	**0%**
5.8%	4.6%	5.7%	7.3%	7.8%	**6.6%**
328,813	383,757	356,203	406,688	405,256	**440,122**
2.9	2.7	2.1	2.2	2.4	**2.6**
104,741	129,322	136,173	143,961	142,133	**152,310**
31.6%	33.4%	38.0%	35.2%	35.0%	**34.6%**
31,635	27,321	27,484	26,099	20,900	**20,703**
0.30	0.21	0.20	0.18	0.15	**0.14**
1,080.11	1,334.35	1,422.20	1,529.95	1,518.56	**1,693.24**
18,487	9,428	28,165	16,958	24,544	**5,909**
(4,343)	(1,357)	(2,926)	(1,628)	(4,946)	**(2,588)**
14,144	8,070	25,239	15,330	19,598	**3,321**
(6,733)	(7,586)	(10,724)	(10,335)	(2,856)	**(17,402)**
31,574	32,033	46,728	51,923	69,172	**55,221**
32.00	60.00	60.00	62.00	64.00	**90.00**
14.5%	22.4%	33.7%	30.6%	139.7%	**33.2**
3.2%	5.0%	4.4%	4.2%	4.2%	**5.6%**
14.5%	22.4%	45.4%	46.2%	139.7%	**73.3%**
4.7	6.3	9.3	10.8	56.0	**9.3**
0.96	1.26	1.16	1.43	1.69	**1.49**
3,898	3,667	2,187	2,151	2,679	**4,475**
2,089	639	445	531	793	**3,327**
1,037	2,320	1,474	1,018	705	**0**
559	660	263	381	1,173	**1,147**
3,112	3,405	3,491	3,381	3,290	**1,712**
755	1,116	1,154	1,132	1,326	**1,216**
1,707	1,783	1,802	1,726	1,497	**0**
448	488	518	484	434	**495**
1,001	853	883	928	902	**151**
5,654	5,683	5,671	5,432	2,867	**2,928**
3,995	5,136	2,838	2,992	3,014	**3,894**
60	61	56	67	58	**62**

Financial highlights

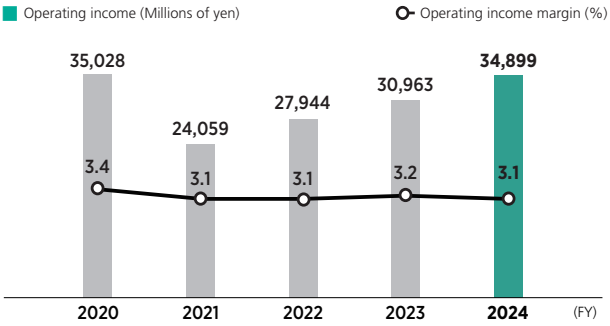
The Fiber Business was excluded from the scope of consolidation and is not included in the data for FY2024.

Net sales

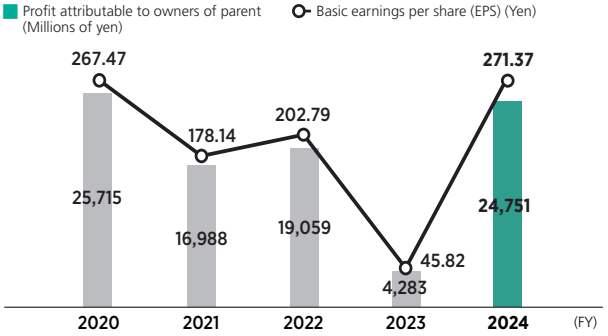


The Accounting Standard for Revenue Recognition has been applied since FY2021.

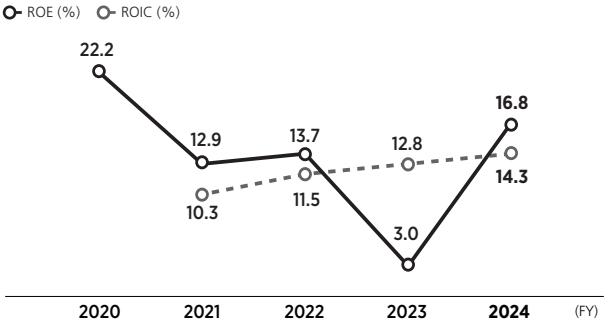
Operating income/Operating income margin



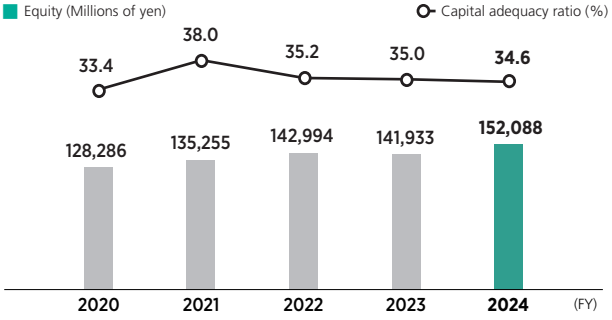
Profit attributable to owners of parent/Basic earnings per share (EPS)



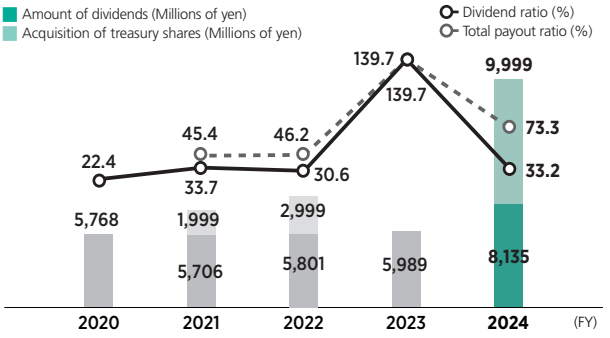
ROE/ROIC



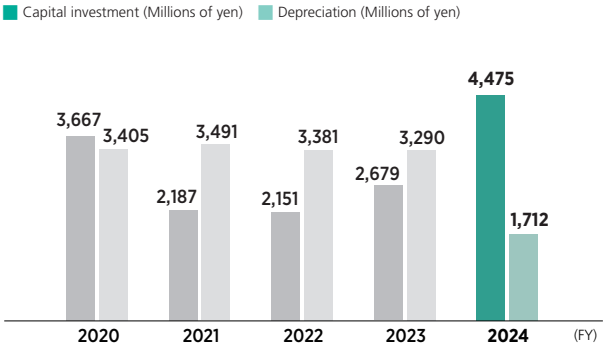
Equity/Capital adequacy ratio



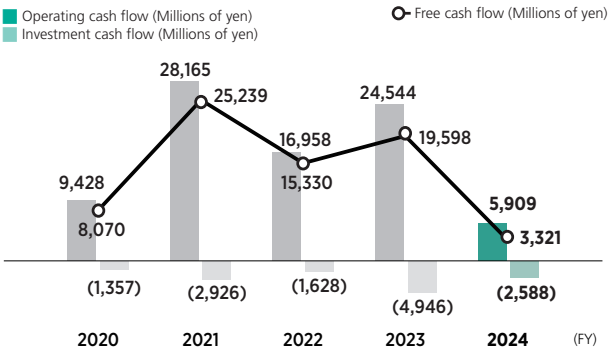
Amount of dividends/Acquisition of treasury shares/Dividend ratio/Total payout ratio



Capital investment/Depreciation



Operating cash flow/Investment cash flow/Free cash flow

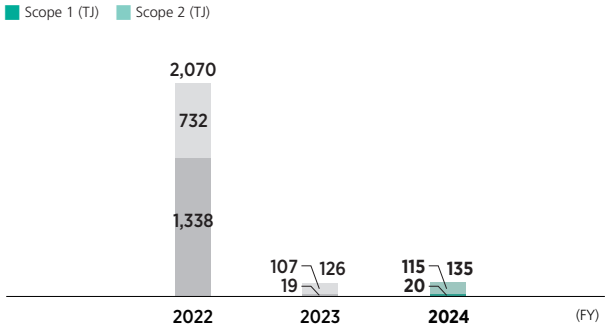


Non-financial highlights

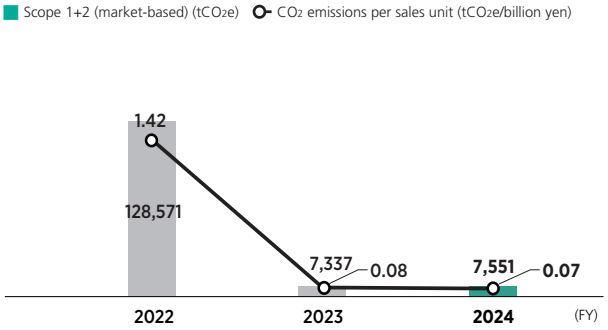
The Fiber Business is not included in the data for FY2023 and onward.

Environmental data

Energy consumption (group consolidated)

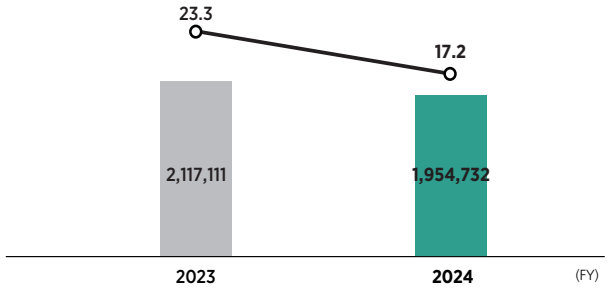


CO_2 emissions (Scope 1 + 2) and intensity

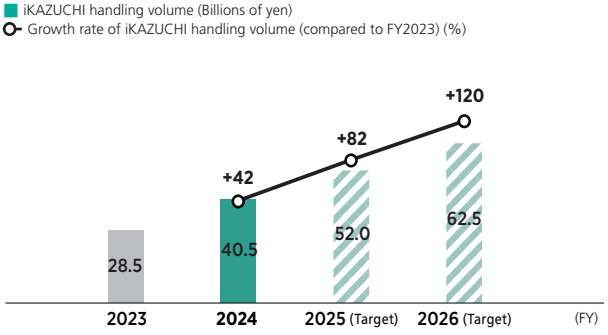


CO_2 emissions (Scope 3 Category 1) and intensity

(CO_2 emissions from purchased products and services)

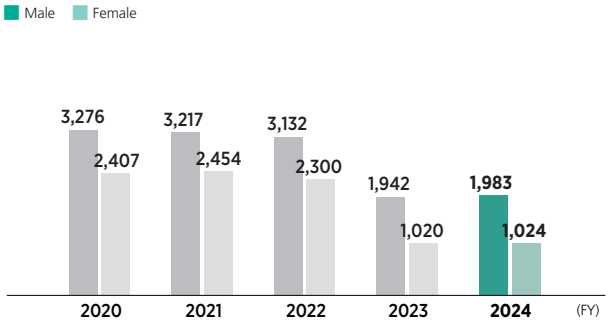


Growth rate of iKAZUCHI handling volume

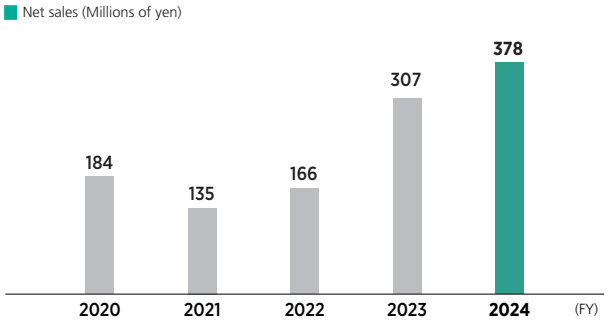


Social data

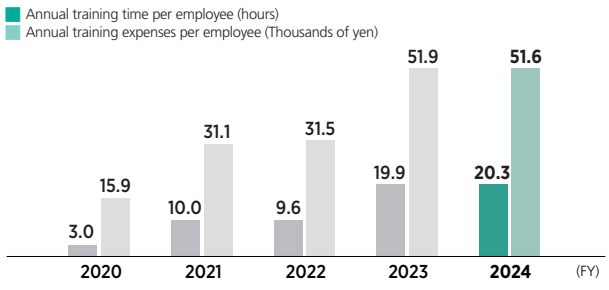
Number of employees (male/female)



Net sales per employee



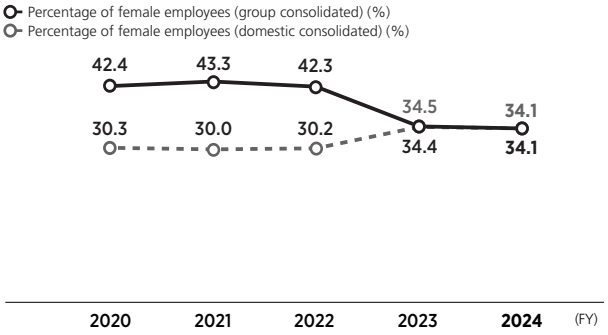
Annual training time and expenses per employee (domestic consolidated)



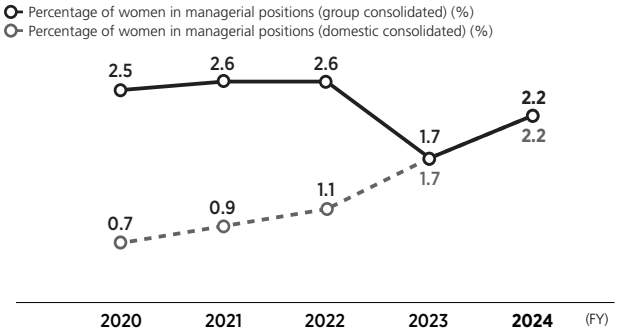
Non-financial highlights

The Fiber Business is not included in the data for FY2023 and onward.

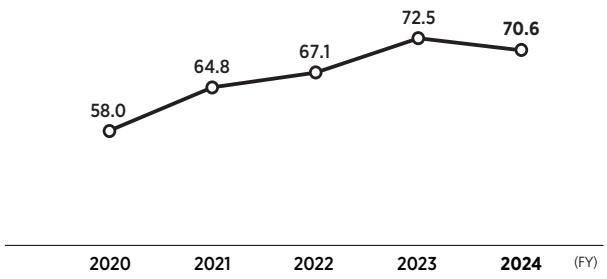
Percentage of female employees



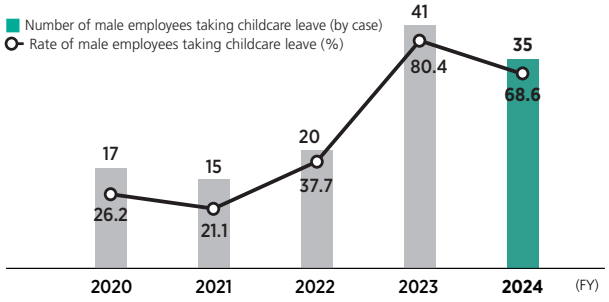
Percentage of women in managerial positions



Annual paid leave utilization rate (domestic consolidated) (%)

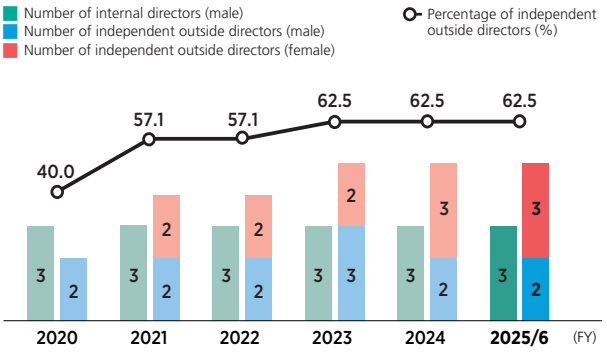


Trends in male employees taking childcare leave (domestic consolidated)

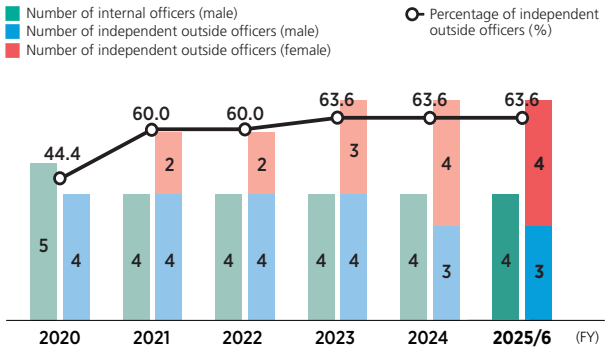


Governance data

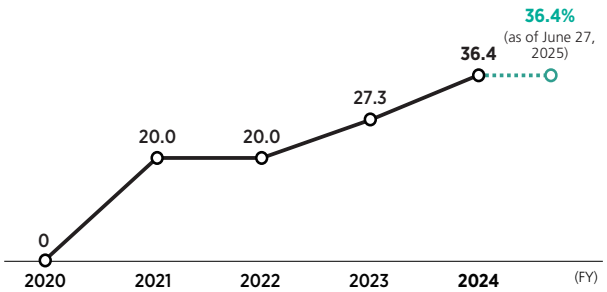
Number of directors/Percentage of independent outside directors (Daiwabo Holdings)



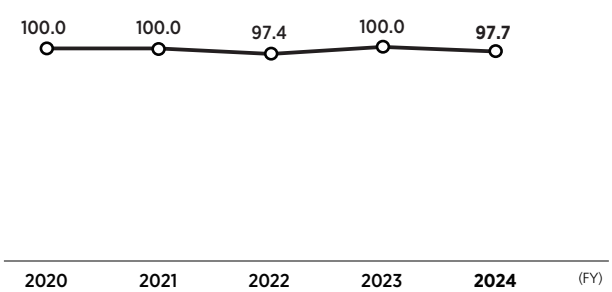
Number of officers/Percentage of independent outside officers (Daiwabo Holdings)



Percentage of female officers (Daiwabo Holdings) (%)



Attendance rate at board meetings (Daiwabo Holdings) (%)



Corporate profile

Corporate outline

As of March 31, 2025

Corporate name	Daiwabo Holdings Co., Ltd.
Head office	Nakanoshima Festival Tower West, 3-2-4, Nakanoshima, Kita-ku, Osaka, 530-0005, Japan
Date of establishment	April 1, 1941
Capital	JPY 21,696,744,900
Stocks	Tokyo Stock Exchange, Prime Market; Stock code 3107
Line of business	IT Infrastructure Distribution Business, Industrial Machinery Business
Number of employees (consolidated)	2,928

Stock information

As of March 31, 2025

Total number of shares authorized	200,000,000
Total number of shares issued	96,356,460
Number of shareholders	10,648

Major consolidated subsidiaries

DAIWABO INFORMATION SYSTEM CO., LTD.
O-M Ltd.

Major shareholders

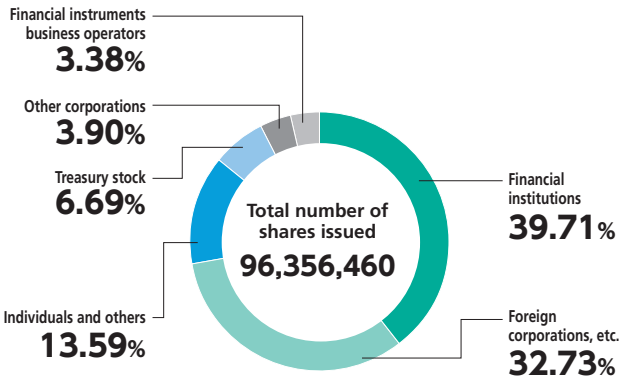
As of March 31, 2025

Shareholder name	Number of shares held (Thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	14,724	16.38%
Custody Bank of Japan, Ltd. (trust account)	7,211	8.02%
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement Sales Department, Mizuho Bank, Ltd.)	3,304	3.68%
MUFG Bank, Ltd.	3,080	3.43%
JP MORGAN CHASE BANK 380055 (Standing proxy: Settlement Sales Department, Mizuho Bank, Ltd.)	2,968	3.30%
Daiwabo Employee Stock Ownership Plan	2,697	3.00%
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO) (Standing proxy: MUFG Bank, Ltd.)	1,666	1.85%
The Nomura Trust and Banking Co., Ltd. (trust account)	1,613	1.79%
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Settlement Sales Department, Mizuho Bank, Ltd.)	1,422	1.58%
JP MORGAN CHASE BANK 385632 (Standing proxy: Settlement Sales Department, Mizuho Bank, Ltd.)	1,330	1.48%

* The company holds 6,446,797 shares of treasury stock but is excluded from the above major shareholders. Also, shareholding ratios are calculated with the treasury stock (6,446,797 shares excluded).

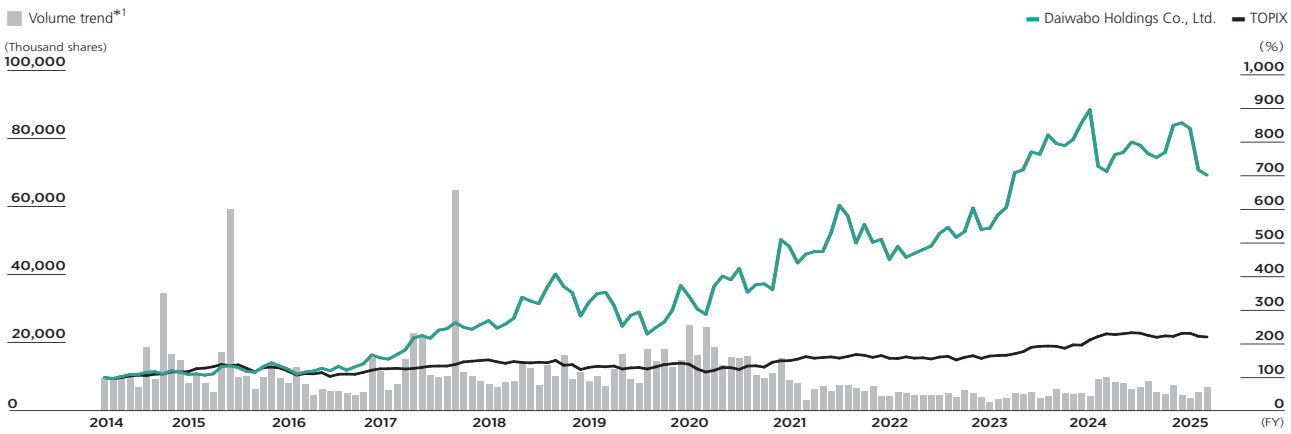
Stock distribution

As of March 31, 2025



Stock index

As of March 31, 2025



* The closing price at the end of FY2013 is indexed at 100.
*1 On October 1, 2017, the company consolidated its common stock at the rate of 10 shares to one. On April 1, 2021, the company implemented a stock split of five shares per ordinary share. The volume is adjusted to account for those factors.

Stock price performance comparison (TSR, %, including dividends)

	Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024	Mar. 2025
Total Shareholder Return (TSR): Last five years for each period	385.00	303.10	442.90	284.60	261.20	223.40	276.00



The Meaning Behind the “i” on the Cover

“Impactful value chain”
This represents our vision of becoming an indispensable presence for the future by creating a transformative Impact on society through a Value chain in which the power of Individuals, Information Technology, and Industry are seamlessly Integrated.

Daiwabo Holdings Co., Ltd.

Nakanoshima Festival Tower West, 3-2-4, Nakanoshima, Kita-ku, Osaka, 530-0005, Japan
https://www.daiwabo-holdings.com/en

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