daiwabo

# DAIWABO HOLDINGS INTEGRATED REPORT 2026

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## Offerings that respond to what our stakeholders need

We hope this integrated report lets you see the value creation story the Daiwabo Holdings Group is drawing with a long-term view, and that it gives our stakeholders confidence in the future and helps inform their decisions.

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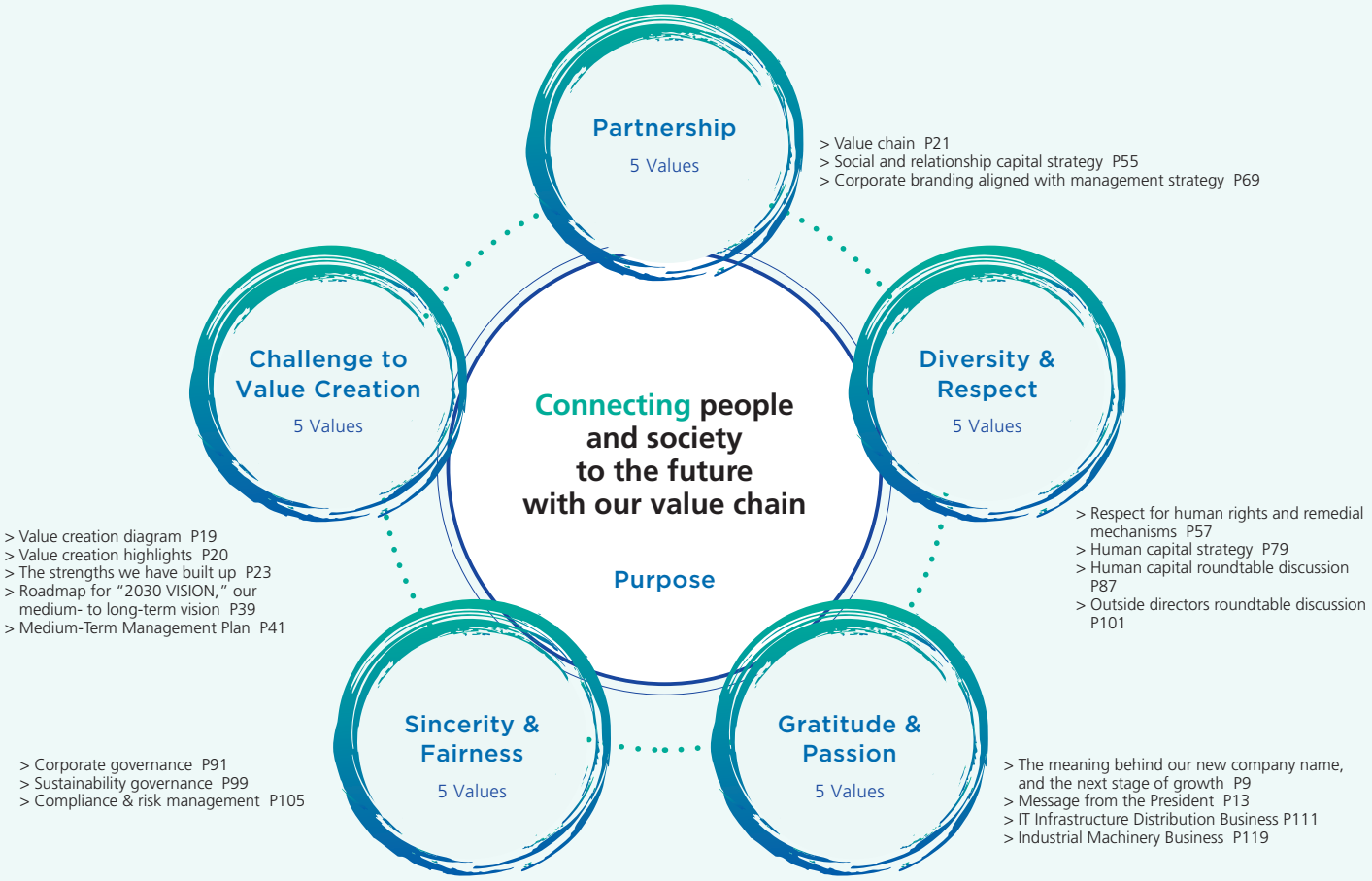

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### Information disclosure bodies






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.

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

## Editorial policy

The Daiwabo Holdings Group has published an annual Integrated Report since 2023 as a communications tool for conveying the Group's values, business model, and value creation story to our stakeholders. For the 2026 edition, our fourth, our editorial policy is to set out our thinking and our initiatives for raising corporate value over the medium- to long-term as clearly as we can, linking financial and non-financial information. By presenting how the Group creates value and delivers sustained growth as a single story, we aim to produce a report that deepens your understanding of us.

## Scope of this report

In principle, this report covers the Group as a whole. Some of its content and data, however, cover only the Company and its Group companies in Japan.

## Guidelines and other reference information

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

## Reporting period

Fiscal 2025 (April 1, 2025 to March 31, 2026)
Some activities outside the report period are also included.

## Issued

September 2026

## 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 the time this report was prepared (August 2026), 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

Why we have the power to connect ①

# Cultivating our corporate culture, “My Purpose” Part 3

Our employees reflect on where the meaning they find in their work meets our Purpose, and share My Purpose they draw on each day.

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

**The human capital roundtable discussion can be found here (P87-90).**

Being sincere. Being of use to someone, and helping people do their best work. Being happy myself, and seeing the people around me happy too. Those are the three things I hold onto. In my secretarial and general affairs work, I try to answer thoughtfully from the other person’s side of things, share what I know, and stay a step ahead. I find real pleasure in assisting the communication that connects people.



**Yumi Saeki**
Personnel Affairs Group, Personnel & General Affairs Dept.
Daiwabo Holdings Co., Ltd.

My purpose is to keep doing work that lets me feel like I’m helping someone. By making sure to communicate carefully and thoughtfully with people inside and outside the company, I hope to come up with better proposals, keep the work running smoothly, and be of use to the people I deal with as well as to society.



**Kaede Watanabe**
Nagoya #1 Branch Chubu Sales Dept.
DAIWABO INFORMATION SYSTEM CO., LTD.

What matters to me is taking responsibility for the work I am given and seeing it through. I install machinery and handle maintenance for railway customers, always looking to provide a win-win solution for both our customers and the company, and working to ensure that the trains run safely and ride smoothly.



**Ryuki Matsuoka**
Section No.2, Sales Department
O-M Ltd.

Security is a field where the procedures and the rollout tend to get complicated. I see my job as the oil in the gears between manufacturers, our sales teams, and our sales partners, setting things up so the entire value chain works together smoothly. IT security is backstage work, and the meaning of my work lies in protecting and delivering the ordinary: the days when nothing happens at all.



**Yukinari Kinoshita**
Security Group IT Infrastructure Sales Promotion Dept.
DAIWABO INFORMATION SYSTEM CO., LTD.

Part 2: Adoption and practice (make it personal, turn it into action)

Part 1: Formulation and construction (build the framework, set the foundation)

Values

Partnership

Diversity & Respect

Gratitude & Passion

Sincerity & Fairness

Challenge to Value Creation

Purpose

**Connecting people and society to the future with our value chain**

Sales may be the department tied most directly to revenue, but I try not to chase the numbers alone. What comes first is what sits behind it: solving the customer’s problems. Dealing honestly with customers is what builds trust, and trust, built up over time, is what turns into value for them and results for me.



**Hibiki Nakamura**
Minato #3 Branch Minato Sales Dept.
DAIWABO INFORMATION SYSTEM CO., LTD.

# Part 3: Embedding and outreach (root it in our culture, carry it outward)

My purpose is to keep getting better at what I do, with regard to both the technical side and the knowledge behind it. I design the electrical circuits, the wiring, and the software that turn our customers' specifications into a working machine. The machines get built to my drawings, so I take care to make those drawings and documents clear enough that the people in the Manufacturing Department never have to stop and wonder what they mean.



**Minori Ueda**
Electrical Design Section, Design Department
O-M Ltd.

What matters to me is being useful to someone, knowing that because I was involved, things moved a little in the right direction. My mission, as I see it, is to get to the real problem our sales partners and users are facing, and to earn their trust for the long term by making proposals that actually work in terms of the technology, the cost, and how the thing runs day to day.



**Kai Iwatani**
Nagano Branch Kanto Hokushinetsu Sales Dept.
DAIWABO INFORMATION SYSTEM CO., LTD.

What I value is growing into who I want to be through my work, moving forward together with the people around me, and contributing to society. Through my work in corporate planning, as I play a part in supporting decisions across the Group, the feeling that I am creating value for the organization and for society is what keeps me wanting to grow.



**Kazuki Yamada**
Corporate Planning Group, Corporate Planning Dept.
Daiwabo Holdings Co., Ltd.

My purpose is to connect people through trust and to keep creating the best value I can. Our business as an IT distributor creates value by connecting a great many people and companies. That is exactly why I spend every day reading where each person stands and what they care about, and keeping the conversation flowing.



**Chinatsu Nakai**
Minato #1 Branch Minato Sales Dept.
DAIWABO INFORMATION SYSTEM CO., LTD.

My purpose is to use digital technology to open up what people and society are capable of, and to build a society where everyone can look forward to the future. The cloud services I look after have a particular strength: you can start small, and you can start right away. By spreading them, we are overcoming the digital divide created by differences in company size and staffing, and working with local partners to transform society.



**Yusuke Shino**
Cloud Service Promotion Group Cloud Application Sales Promotion Dept.
DAIWABO INFORMATION SYSTEM CO., LTD.

"Everything that happens turns into experience, which becomes a valuable asset for the future." That is how I see it, so the more I slip up, the faster I report it, pass it on, and ask for advice. I handle procurement for the several thousand parts that go into our automatic packaging machines, and I work knowing that savings in my section feed straight into what those machines cost to build and into how the company performs.



**Rika Notomi**
Procurement Section, Manufacturing Department
O-M MACHINERY Ltd.

I try to never lose my sense of gratitude, and to keep giving value back to the communities and the environment that helped the Group grow. Working shoulder to shoulder with manufacturers and sales partners, I want to use IT to help solve social issues like the falling birthrate, the aging population, and the shrinking working population.



**Tsubasa Ueno**
Central-Osaka #4 Branch Central-Osaka Sales Dept.
DAIWABO INFORMATION SYSTEM CO., LTD.

My purpose is to get the basics right in everything I do, and to do what is right with sincerity. As leader of the inspection team, I run the visual inspection on the castings we ship to all kinds of manufacturers and confirm that our fixes have done the job, aiming always to do work that goes beyond what our customers expect.



**Yuma Sato**
Inspection Team, Quality Assurance Technical Unit
OMK Ltd.

Why we have the power to connect ②

# At a Glance (FY2025)

~ Daiwabo Holdings in Figures ~

## Corporate profile

- Established

in 1941

- Number of Group employees

3,072

- Rating from Japan Credit Rating Agency (JCR)

A+

- Proportion of outside directors

62.5%

## Results

- Net sales

¥1.3508 trillion

- Operating income

¥44.1 billion

- ROE

19.9%

- Total payout ratio

53.8%

# Purpose in practice: the power to connect that drives value creation

## Connecting people

Individuals who deepen their expertise maximize value through strong partnerships

- **Annual training time per employee**

**22.8 hours**

* Employee figures are calculated in accordance with the Company's ESG data aggregation standards.

- **Improvement in engagement survey score**

**+3.6%**

- **Number of sales partners**

**approx. 19,000 companies**

* IT Infrastructure Distribution Business

## Connecting society

A solid network and market share let us go on supporting the infrastructure society cannot do without

- **Nationwide sales network**

**112 bases**

* DIS non-consolidated

- **Share of the domestic corporate PC market**

**46.8%**

* DIS non-consolidated

- **Net sales composition ratio for social infrastructure (aerospace, railroad, and energy)**

**36.5%**

* Industrial Machinery Business

## Connecting to the future

Investment in the next generation's educational foundations and in the environment builds a bridge to a more prosperous future

- **Capital investment and R&D**

**¥11.0 billion**

(FY2024 – FY2026)

- **Sales coverage rate for boards of education (past five years)**

**98%**

(FY2026 target)

- **Carbon neutrality declaration**

**to be achieved by FY 2050**

Why we have the power to connect ③

# Our growth trajectory

1949



Industrial Machinery Business

1982



1941

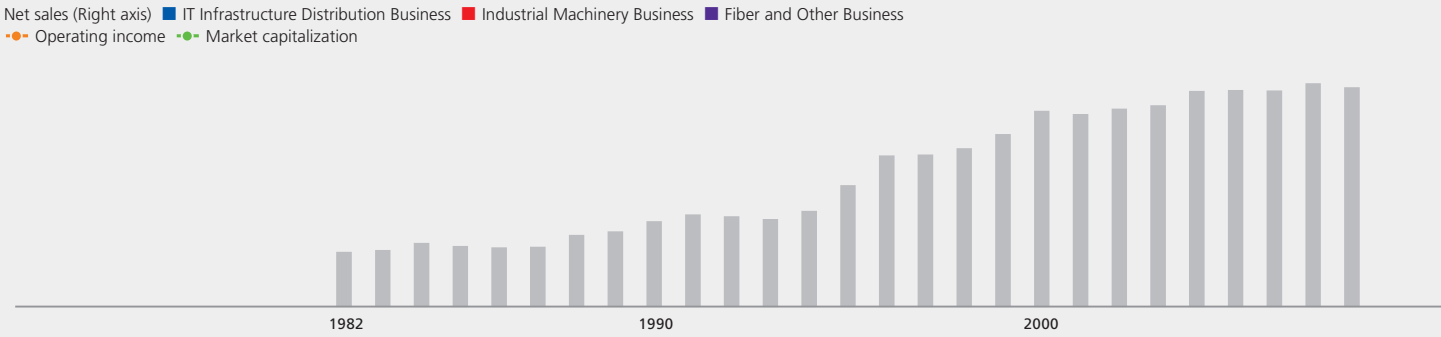


IT Infrastructure Distribution Business

Fiber Business

## Transforming our portfolio in response to social issues, and achieving sustained growth through four layers of value creation

We began with the merger of four spinning companies and, as the times demanded, widened our business into IT infrastructure distribution and industrial machinery. In March 2024, as a strategic option aimed at maximizing corporate value across the Group, the Fiber Business was separated from the Group, and we now operate under a two-business structure consisting of our core IT Infrastructure Distribution Business and the Industrial Machinery Business. With the refining of the four value creation layers shown below as the core of our engine, we will concentrate our management resources, sharpen capital efficiency and added value, and accelerate both the solving of social issues and further growth in corporate value.




### Refining four value creation layers that underpin sustained growth

Since its earliest days, the Group has built a business model of its own by refining four layers of value creation. The synergies among them are the engine behind our sustained growth and high capital efficiency.

**Building the digital foundation (digital platforms)**

**1998**
Introduced the DIS-NET sales management system, sharpening profit and loss management by making transaction data visible and leading standardization in the IT wholesale industry

**2000**
Introduced iDATEN, an electronic commerce (BtoB) system, using electronic commerce to make things more convenient for dealers and establishing a competitive advantage in the IT distribution market

**Strengthening the physical foundation (community-based presence and an advanced logistics network)**

**1982**
Built a solid customer base behind our high domestic share by rolling out community-based IT distribution

**1997**
Developed a nationwide logistics network, lowering the SG&A to sales ratio through improved logistics efficiency and achieving a high capital turnover ratio. Also launched DIS World, a comprehensive IT exhibition, leading the way in digitalization (IT adoption) across every region

**2001**
Established sales bases across Japan, completing our capacity to serve a society free from regional disparities through IT

**2009**
Daiwabo Co., Ltd. changes its trade name to Daiwabo Holdings Co., Ltd. and transitions to a holding company structure

**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. (Dsas)

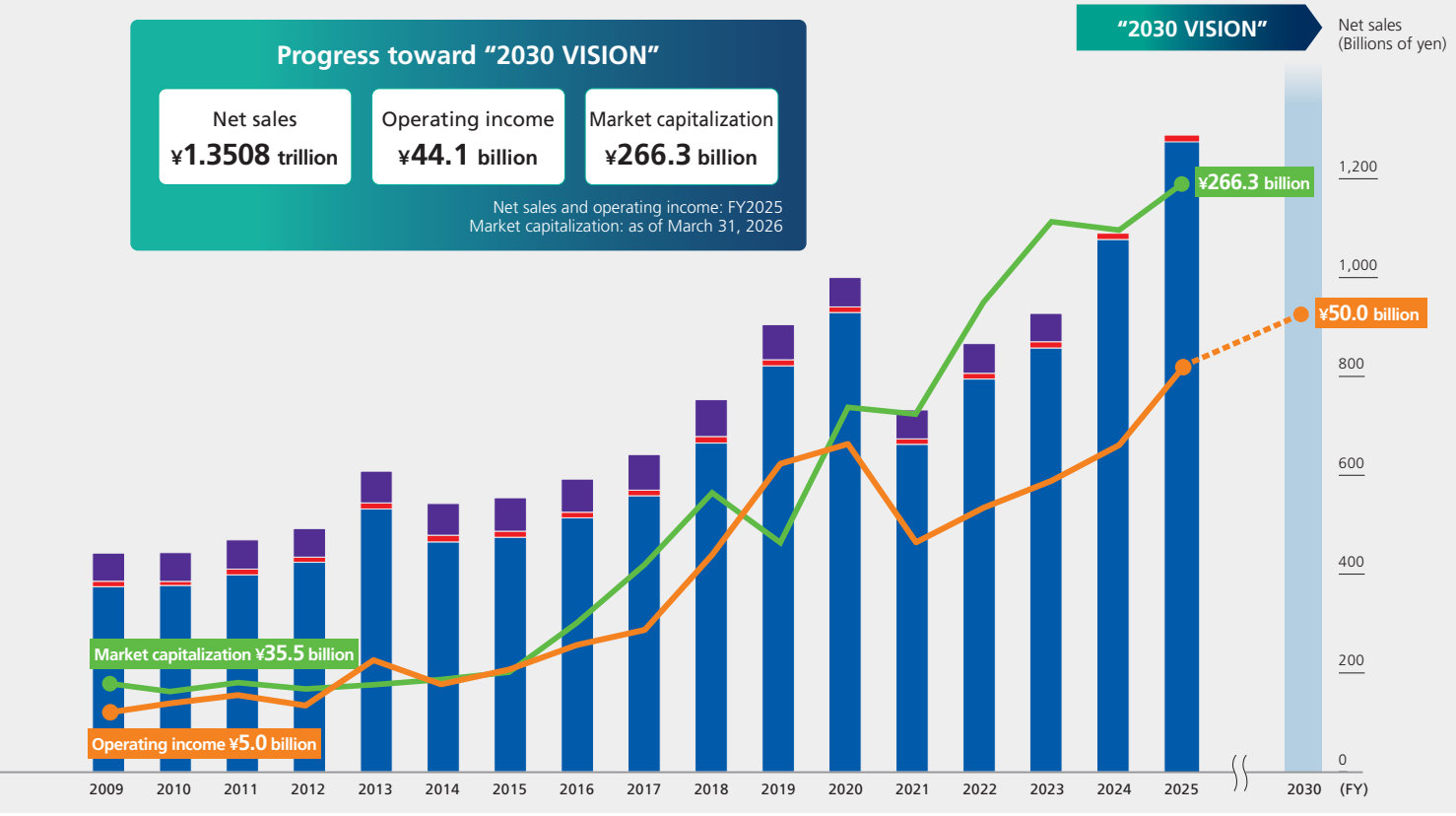
**2023**
DIS acquires all shares of Alphatec Solutions Co., Ltd. (ATS)

**2024**
85% of shares of consolidated subsidiary Daiwabo Co., Ltd. transferred, spinning the Fiber Business off from the Group as an independent entity. Transitions to the current two-business structure

## Progress toward "2030 VISION"

| Net sales | Operating income | Market capitalization |
|---|---|---|
| ¥1.3508 trillion | ¥44.1 billion | ¥266.3 billion |

Net sales and operating income: FY2025
Market capitalization: as of March 31, 2026




**Widening the value chain in IT**

**2023**
Strengthened systems integration and consulting capabilities by making ATS a wholly owned subsidiary

**2025**
Built up know-how in IT sales outsourcing through an investment in BCC and a capital and business alliance

**Building the foundations of the education business (developing ICT environments and supporting their use)**

**2012**
Launched the DIS School Innovation Project, verification research on ICT use, establishing our brand by building trust with the Ministry of Education, Culture, Sports, Science and Technology and with local governments

**2020**
Met demand in Phase 1 of the GIGA School program and developed the learning environment for the students who will carry the future

**2025**
Met demand in Phase 2 of the GIGA School program and widened the solutions available to students

**2016**
Launched the iKAZUCHI subscription management portal, making earnings more stable by expanding recurring revenue

**2020**
Converted our eastern and western logistics bases into mega-centers, improving our ability to handle large-scale projects and securing resilience that holds up even in a disaster

Our Brand Story

# The meaning behind our new company name, and the next stage of growth

## Connecting to Support Systems.
## Tying Together to Strengthen Bonds.
## Becoming an Indispensable Corporate Group.

### On April 1, 2027, Daiwabo Holdings becomes MUSUBITE Inc.
### “A new brand story for the future we envision.”

The name MUSUBITE reflects our determination to serve as the connector across society’s diverse value chains and remain a corporate group that continues to create new value.
We connect the people, companies, local communities, and other participants that make up these value chains, bringing together the value each contributes to create something greater and extend that value throughout society.
No matter how society changes, people are always at the heart of that change. We connect people with technology, people with value, and people with one another. As the business environment and people’s values continue to change, we will respond with flexibility and strength as MUSUBITE—the connector—and contribute to realizing a more prosperous future society.

| | |
|---|---|
| Current trade name | Daiwabo Holdings Co., Ltd. |
| New trade name | MUSUBITE Inc. |
| Scheduled date of change | April 1, 2027 |

MUSUBITE

## The Meaning Behind

### Purpose

**"Connecting people and society to the future with our value chain"**

By becoming a connector that is both flexible and strong, we raise value higher while connecting people, society, and the future.

### Next Stage

An expression of our evolution toward the next stage of growth: not merely connecting, but tying the knot all the way and forging a new future.

## The thinking behind our brand symbol

The design is built on the M that begins MUSUBITE, with the knot that binds the value chain firmly together as its motif.

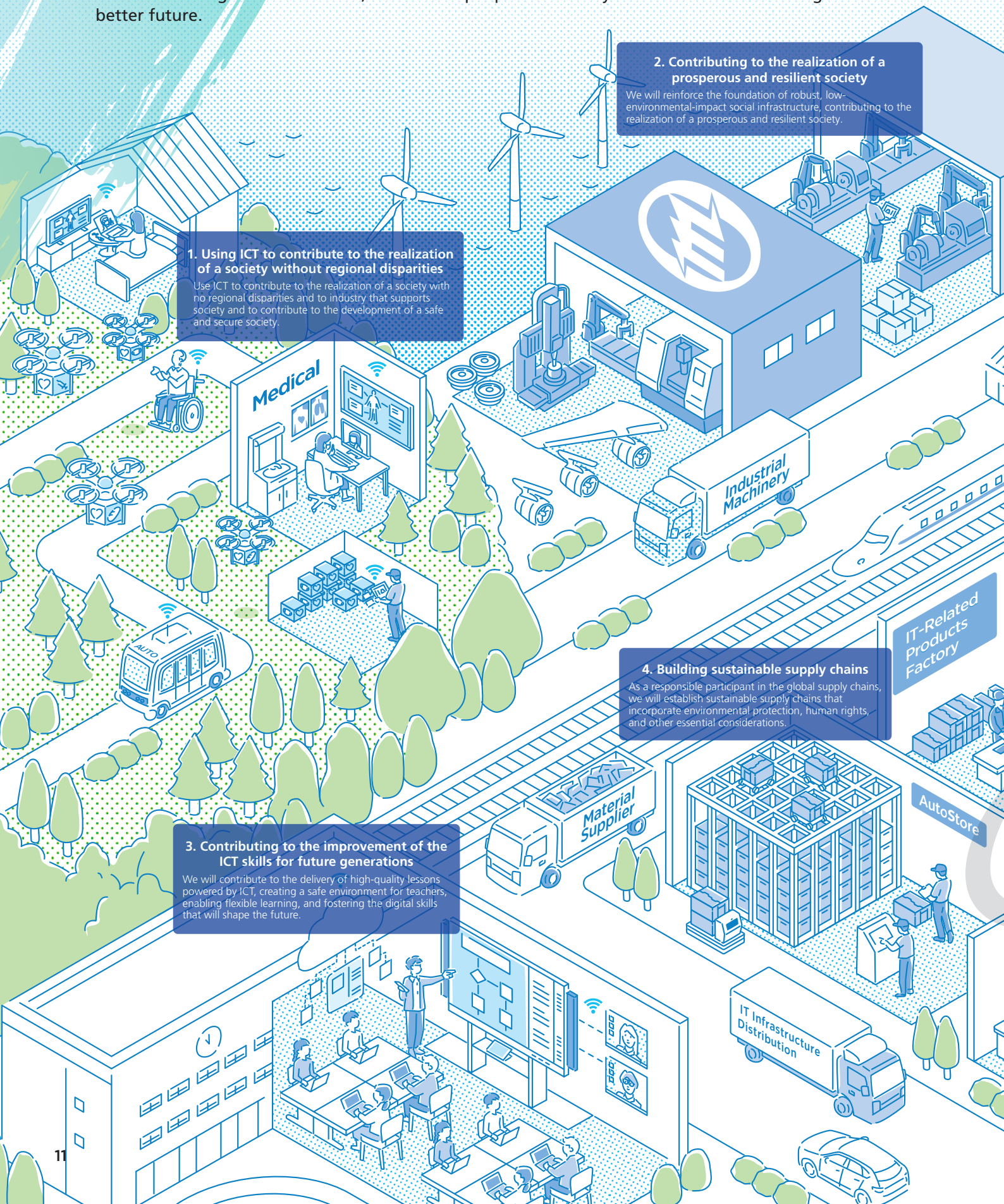
The symbol embodies our strong determination to be a corporate group that keeps creating new value. The knot also carries the shape of a handshake, of two people connecting with each other.

It reminds us never to lose our gratitude, sincerity, and respect for every stakeholder within the value chain.

It is a symbol that holds both the unshakeable strength of a company that goes on filling this important role as the connector, and the warmth of one that cares about people.

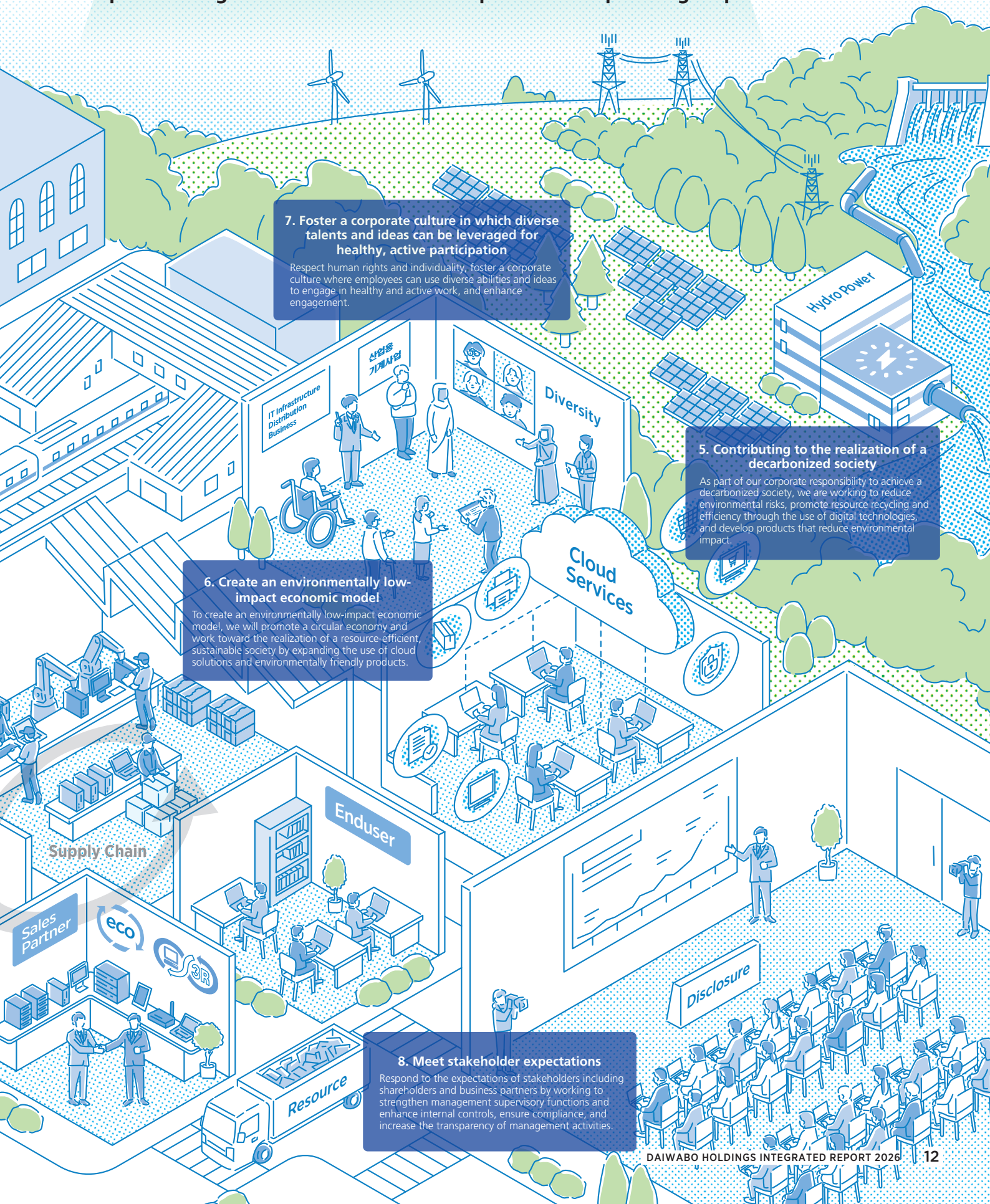
# Our aspirations for 2030: “2030 VISION”

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.



## Our aspirations for 2030

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




### 7. 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.

### 5. 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.

### 6. 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.

### 8. Meet stakeholder expectations

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

# Message from the President



**Yukihiro Nishimura**

Representative Director,
President and Chief Executive Officer

# Building on the trust and track record we have cultivated to date, we aim to become an infrastructure company that "connects" society to the future. Looking beyond our best-ever results to the sustained growth ahead, we will continue striving toward our ideal vision of what the Company Should Be.

## 01 Where my approach to management began

## My management philosophy is rooted in the expansion of value created by connecting people on the ground

However much the times change, there is one belief I hold dear as a leader: get ahead of change myself, devote myself to honest dialogue, and keep taking on new challenges without fearing change.

When I joined Daiwabo Information System Co., Ltd. (DIS) in the mid-1980s, PCs had yet to spread widely among general companies. A handful of enthusiasts owned one at home as a hobby, and that was about the extent of it.I worked on opening and expanding branches in Kyushu, loading PCs into a car myself and driving out to customers day after day. I would visit small offices, set the machines up, explain how to operate them, gradually gaining experience through direct contact with customers in the field. I still remember vividly the day I demonstrated spreadsheet software: a few keystrokes and the job was done, and I can still picture how delighted the customer was. IT could sweep away the drudgery of the old way of working and transform the working environment itself. I became certain that IT would transform not just companies but the age we lived in, and at the same time I could feel that the work DIS did was making a real difference. I felt a sense of mission in it: solving customers' problems and serving them by making their operations more efficient.

Simply procuring and supplying products was never going to meet customers' real needs. That was a problem we all recognized as salespeople working directly with customers. So DIS, as it was then, set about building what we called an immediate-delivery system, and that effort became one of the turning points in our Company's growth. In those days, one to two months from placing an order with a manufacturer to delivery was simply how things worked. By holding a certain level of stock, we built a system that put an order received in the morning into the customer's hands by the next morning. This meant carrying inventory risk. But demand for IT-driven efficiency was beginning to emerge, and we felt strongly that we wanted to meet that need.

We then listed on the stock market, and the capital we raised allowed us to build a logistics center. We began sourcing a wider range of products from more manufacturers and established operations that delivered faster while keeping inventory management rigorous. With DIS acting as the hub, we took the diverse products we sourced from manufacturers and put the right item in the customer's hands at the right moment, and in doing so we connected the whole IT supply chain. This was not merely selling goods. DIS found its value by overcoming the lead times and trade customs that stood in the way at the time, and by matching supply to demand properly through close, attentive service. That was how customers came to feel that they could rely on DIS. I believe that this steady commitment to serving customers with sincerity and continuing to take on challenges without fear of change forms the foundation of my values as a manager.

This is the future the whole Daiwabo Holdings Group is aiming for: going beyond the distribution business of DIS to create value by moving into new businesses and using the Group's strength to help shape a more sustainable and prosperous society. And it is this conviction that lies at the root of "connect," our Purpose.

Today the Group brings together people from a wide range of backgrounds across Daiwabo Holdings, the IT

## Message from the President

Infrastructure Distribution Business, and the Industrial Machinery Business. Every one of them carries a sense of mission: that the work they do, day after day, can help address Japan's social issues. We are aiming to be a corporate group in which everyone faces the future, respects one another, and grows. The five values set out in the Group philosophy system are the guidelines that get us there. A culture where each person's abilities are drawn out to the fullest and where people cheer one another on for taking chances: that is the organization the Group wants to be.

Social issues that no one can solve alone can be addressed when the Group connects the many stakeholders who make up society—our employees, our customers, our business partners—and links that value into a single chain. By living out the Purpose the Daiwabo Holdings Group has set, "Connecting people and society to the future with our value chain," we will make life and industry more comfortable, safer, and more secure in every region of Japan, and we will keep working toward the happiness of people and society.



### How we see the business environment

## Striving for sustained growth and for solutions to social issues

In fiscal 2025 (fiscal year ended March 31, 2026), the Group posted consolidated net sales of ¥1.3508 trillion and consolidated operating income of ¥44.1 billion, setting new record highs. Our share of the domestic corporate PC market continued to grow as well, giving us a strong presence. But rather than resting on that ¥1 trillion figure, we see it as one benchmark and a step toward further growth.

Labor shortages are one of the serious problems Japanese society now faces. They are especially urgent for regional economies, and the key to this structural problem lies in using digitalization across industries and companies to improve operational efficiency and productivity. This is an area where the Group's community-based collaborative structure can play an important role, and we believe it is a social responsibility we must fulfill.

Looking across the business environment for fiscal 2026 (fiscal year ending March 31, 2027), the wave of PC replacement driven by the end of Windows 10 support and Phase 2 of the GIGA School program will pass its peak. A temporary flattening of results is unavoidable, but what matters is showing what further growth looks like beyond it. The real threat is not the decline in special demand, but misreading the fundamental shift in the market that lies beyond it.

Corporate investment in digital transformation (DX) is expected to hold firm, and the shoots of new demand, such as the move to AI PCs as technology advances, are growing steadily. Developing resilient markets that are not swayed by one-off events is exactly the responsibility the Group has to shoulder, and our greatest opportunity as well.



### Corporate strategy and policy

## Evolving into an All-in-One Solution Company, and the bold decisions that will create new pillars

The Group spun off its Fiber Business, reorganized itself around IT, and set out its medium- to long-term vision, "2030 VISION." Under "2030 VISION" we aim to become an All-in-One Solution Company centered on IT. It is the goal that marks our first step toward truly sustainable growth.

We place IT at the core of our business portfolio because the spread of value that comes from "connecting," built up through DIS's IT Infrastructure Distribution Business, is the Group's strength today and the source of its competitive advantage. We act as comprehensive infrastructure that stands between manufacturers and sales partners across the country, listens to both sides, and can recommend the best

combination without taking sides. That is what lets us move beyond our existing boundaries and become a platform provider of new value, spanning the whole range from upstream IT products to downstream IT solutions and services.

In the Industrial Machinery Business, recovering demand in the energy and shipbuilding industries, alongside our mainstay aircraft industry, gives us a tailwind, and we will raise the value we deliver by supplying higher-performing products through research and development. Beyond manufacturing, we will strengthen our workforce of highly skilled personnel and put real weight behind service businesses like overhaul and maintenance, where demand is expected to keep rising, so that we support social infrastructure across the board.

To reach our ambitious target of ¥50.0 billion in consolidated operating income for fiscal 2030, we need to build new pillars in new business domains on the firm foundation of organic growth in our existing businesses. With capital efficiency in mind, we will take an active and decisive approach to strategic alliances. This is not a matter of filling in missing pieces. On top of the rock-solid IT distribution network we have built over many years, we will add new value and new expertise in areas such as IT products, IT solutions, and IT services, create synergies with our existing businesses, and transform the entire Group to take it to the next stage. This is a deliberate investment aimed at achieving that transformation.

Alongside our move into new business domains, we will prioritize investments in areas such as human capital and systems development, while maintaining investment discipline, so as to strengthen the earnings base of our existing businesses and grow them further. The profits those investments generate will be allocated to our shareholders in an optimal and sustainable manner. By maintaining an optimal capital structure, raising capital efficiency, and continuing to generate value, we will maintain a sound balance between offense and defense and go on meeting our stakeholders' expectations in good faith.

## 04 Growth logic

## Creating new value with the power to connect, and striving for the next stage of growth

Our distinctive competitive advantage in the IT Infrastructure Distribution Business rests on two things working in tandem: a locally rooted sales network spanning 112 bases nationwide, and outstanding procurement and logistics capabilities. When I was young, I built relationships of trust with many sales partners, but I also learned the hard way how difficult credit management can be, and it taught me first-hand how important it is to



## Message from the President

carefully assess a business partner.

Years of experience in the field have convinced me that what underpins a business is not rules and systems alone. It is trust built on the ground, and relationships built by working closely with others. Trust built on the ground, and a willingness to see things from the customer's point of view and stay with them all the way, are what make a business of this scale possible.

The Group's growth logic is to take that long-standing foundation and build on it with the drivers that develop our value chain: refining our business portfolio, M&A, creating new businesses, investment for future growth, and strengthening existing businesses. Rather than pursuing these in isolation, we will tie them organically to the functions and customer base our existing businesses already have, and work to solve social issues and raise corporate value at the same time. In particular, as the IT market shifts from a hardware focus to a solutions focus, we intend to move beyond simply selling goods and become a company that supports the entire IT lifecycle: providing ideas that are well-suited to the environment where the products will be installed, then supporting their operation, replacing them, and finally collecting and recycling them.

And what makes this growth logic achievable is the Group's management capital.

People with diverse ideas and abilities; values that lead us to respect those differences in one another; the organizational strength to adapt as the environment changes; curiosity about new knowledge and the willingness to take on new challenges; close cooperation through strong partnerships. These are what comprise our capital. With them, and with the Group's power to connect, I am confident we can meet a fast-changing market and go on generating value for the long term. Trust built on the ground, and a habit of facing change head-on: because we have built these up, the Group can keep moving forward and taking on the new even amid great change. As the All-in-One Solution Company set out in "2030 VISION," we will become an indispensable corporate group. To get there, the Group will keep honing its strengths, widening the range of its businesses, and steadily building up the value that society needs.

05 Sustainability management

## People, the source of our value creation, will help build a sustainable society

The source of the Group's value creation is its people.

Both the IT Infrastructure Distribution Business and the Industrial Machinery Business create value in a fast-changing environment while working with a wide variety of customers and partners. What determines competitiveness is not rules and systems alone. It is the strength of people who think, act, and build trust on the ground, and the strength of highly skilled personnel whose craftsmanship has been passed down over many years.



The Group treats developing its people, and giving them more room to excel, as a key management issue for sustained growth. When people with different personalities, abilities, knowledge, and experience each bring their own strengths and pull together, new ideas emerge and the business grows in new directions. In that sense too, the expansion and reinforcement of human capital and improvement of well-being are not merely personnel measures; they are management itself, aimed at raising corporate value in the years to come.

With that in mind, the Group advances its human capital initiatives as a single, integrated effort: creating workplaces where people can work comfortably, health and productivity management, and diversity, equity &

inclusion. We place particular weight on building an environment where every employee can realize their full potential, strengthening training and reskilling while also backing career development and flexible working.

The Group has also made well-being-oriented management a central theme. When employees are healthy in body and mind, work with peace of mind, and can feel themselves growing, engagement rises, leading to higher productivity and creativity and sustained growth in corporate value. Encouraging people to take their annual paid leave utilization rate, supporting those balancing work with childcare or nursing care, improving each person's health, making the workplace better: building up these day-to-day efforts to raise well-being is, in the end, what makes an organization strong.

We are also building an organization where diverse people can excel.

Recruiting and developing people from diverse backgrounds, and creating an environment in which all kinds of people respect one another and can demonstrate their abilities, is a corporate responsibility and, at the same time, essential to building an organization that can weather change. Where diverse perspectives meet, better decisions and new value become possible.

Investment in human capital, well-being-oriented management, and the initiatives that support the success of diverse people all form the core of the Group's sustainability management. The Group sees investment in human capital not as a short-term cost but as an investment in future growth. We value people, draw out their strength, and turn that strength into higher corporate value and a contribution to society. We will keep this thinking at the center of our management as we deliver sustained growth.

## 06 The promise in our new company name

## A second founding as MUSUBITE. Becoming the "connector" of the society to come

In April 2027, the Group will change its trade name to MUSUBITE Inc. and set out anew.

The new name MUSUBITE embodies the strong determination of the Group to go on being the "connector" in value creation and to keep generating new value for society.

In the new trade name MUSUBITE, the idea of connecting that lies at the heart of our Purpose is raised to a higher form. We aspire to be a connector that not only aggregates the value created through our business activities but also links those values together, elevating them to greater heights and creating a powerful synergy. That is the intent we put into this name.

The Group has delivered the value society needs by connecting our business partners and the customers beyond them. In the era ahead, our role will matter more than ever: not simply connecting goods and services, but reading accurately the issues each region and each industry faces, tying them to IT, and raising them into new value.

MUSUBITE is the word that expresses the Group in that role. Connecting people to people. Connecting companies to companies. Connecting society to the future. We want to stand at the center of that and generate a chain of value.

The name MUSUBITE also carries the sense of opening the way to our future growth while cherishing the history and the trust the Group has built.

However the business environment changes, we will not change: we will go on creating new value together with our stakeholders, sincerely, steadily, and flexibly.

The Group is now entering an important phase on the way to a further leap forward.

The greatest mission of the MUSUBITE Group is to bring together the strength of every individual, to generate value powerfully in any turbulent era, and to give that value back to society. We will be a corporate group that continues to serve people into the future.

To get there, we must never rest on past successes; we have to keep pushing to become a corporate group that continues to earn the support of local communities and society for years to come. As the head of the Company, I will lead from the front, continuing to take on challenges without fear of change, and I take it as my responsibility to build an organization where every employee can work with pride and demonstrate their abilities, and to raise corporate value on a sustained basis.

I hope you look forward to what lies ahead for the Group as it embarks on this new journey.

# Value creation diagram

## Connecting people and society to the future with our value chain

"2030 VISION"

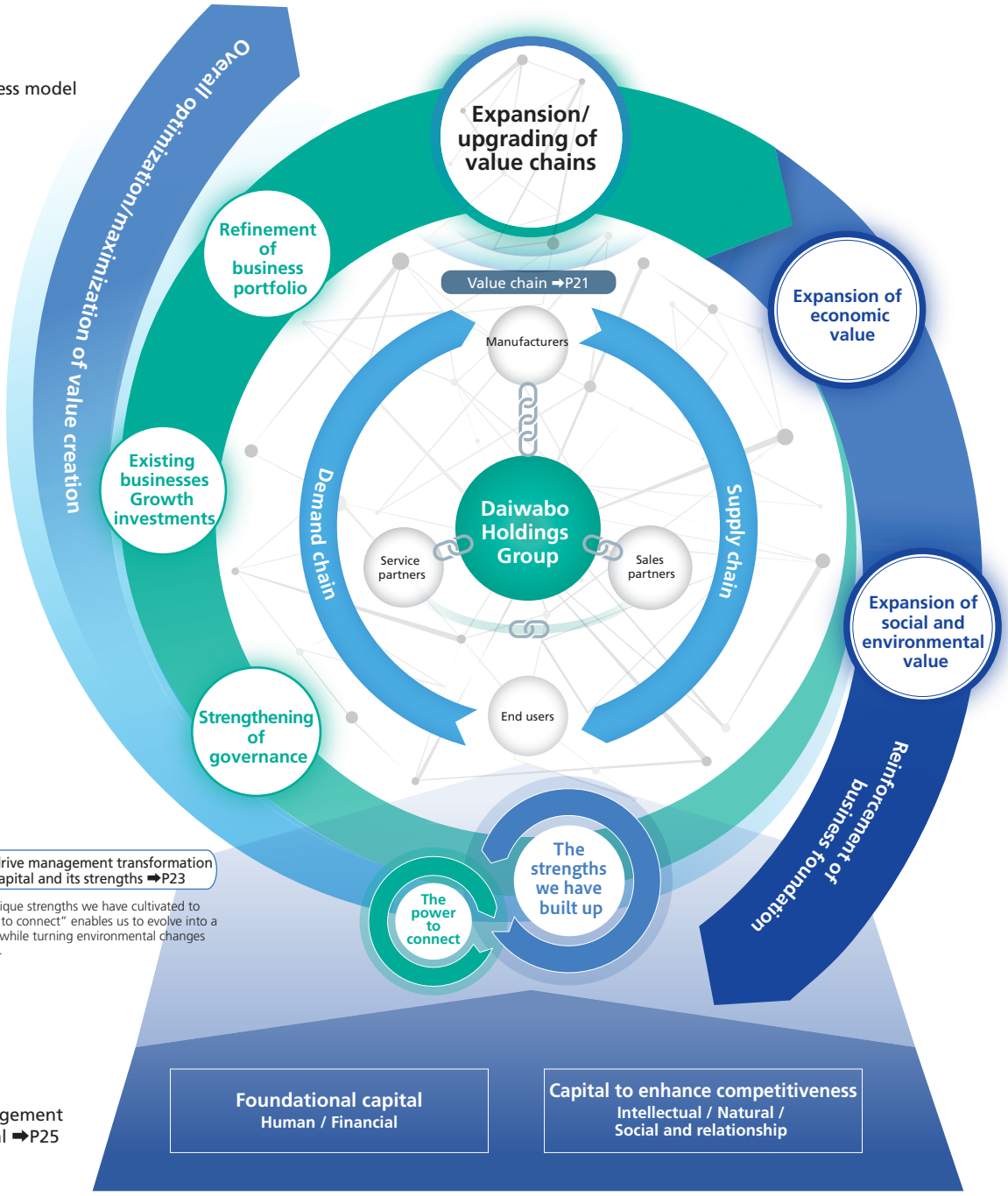
As an All-in-One Solution Company, we will achieve eight qualitative goals and become an indispensable corporate group.

Materiality

Four areas to address social issues and materialities

Social/Industry | Environment | People | Governance

Business model




The ability to drive management transformation through capital and its strengths ➡P23

Leveraging the unique strengths we have cultivated to date, this "power to connect" enables us to evolve into a stronger business while turning environmental changes into opportunities.

Management capital ➡P25

**Foundational capital**
Human / Financial

**Capital to enhance competitiveness**
Intellectual / Natural / Social and relationship

# Value creation highlights

Leveraging our business foundation, which is centered on the IT Infrastructure Distribution Business, and our network of diverse partners, the Group aims to both address social issues and achieve corporate growth. The value generated through our value creation process is returned to society in the form of environmental, social, and economic value, contributing to the realization of a sustainable society and the enhancement of corporate value. On this page, we highlight the key forms of value generated through our business activities.

## Creation of environmental value

Contribution to the transition to a decarbonized society and the promotion of resource conservation through ICT

### Realization of a decarbonized society

- Total Scope 1 and 2 emissions: 26% reduction compared to FY2013, toward the FY2030 target

### Initiatives to reduce Scope 3 emissions

- Scope 3 Category 1: +8.0% compared to FY2023 (28% reduction per unit compared to FY2023)

### Creation of an environmentally low-impact model

- Growth rate of iKAZUCHI transaction volume: +91.2% compared to FY2023

## Creation of social value

A business foundation that underpins social infrastructure and delivers value to people and local communities

### Advancement of the digital society

- Rapidly providing the latest IT products and services to contribute to improved operational efficiency and the expansion of digitalization across society as a whole
- Providing solutions utilizing AI and cloud technologies to support improved productivity

### Development of social infrastructure

- Contributing to the realization of safe and highly reliable social infrastructure through security proposals, operational support, and security services for corporate clients

### Realization of a society free from regional disparities

- Creating an environment where high-quality education is accessible through the development of educational ICT infrastructure
- Providing solutions for local issues via a nationwide network of offices to contribute to the promotion of digital transformation and AI adoption among regional businesses

## Creation of economic value

ROE: 14% or more; ROIC: 12% or more
Operating income: ¥50.0 billion in FY2030
Sustainable growth and enhancement of corporate value through a robust business foundation

### Enhancement of business growth potential

- Subscription ratio: 10.0%; Cloud (SaaS) sales growth rate: +56.6%
- Net sales per sales partner: ¥70 million

### Improvement of return on invested capital

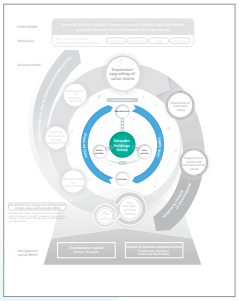
- Inventory turnover: 0.6 months
- Cash conversion cycle (CCC): 31.6 days

### Strengthening of shareholder returns

- Dividend ratio: 30% or more
- Total payout ratio: 60% or more

# 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.





## Value Co-Creation and Delivery, Both Generated by the Value Chain

## Alignment with ESG

### 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.

Reducing greenhouse gas (GHG) emissions through logistics optimization (Environment)
- We reduce GHG emissions by optimizing delivery routes and frequencies based on demand forecasts and inventory visibility, and by improving load efficiency, which reduces the number of transport journeys and the distance traveled.

Strengthening the supply chain (Society)
- We contribute to minimizing the impact on customers and local communities by establishing a system for immediate delivery in response to supply and demand fluctuations, and by maintaining a stable supply even in the event of sudden supply disruptions.

### 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.

Supporting the introduction of ICT for local community contribution (Society)
- We contribute to the maintenance and improvement of local services by supporting the introduction of integrated solutions aimed at resolving local issues (such as online education and disaster prevention monitoring) for local governments and educational institutions.

### 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.

Supporting supply chain decarbonization through information on environmentally friendly products (Environment)
- We contribute to our client companies' efforts to decarbonize their supply chains and implement responsible procurement policies by compiling and providing information on environmentally friendly products that comply with environmental standards.

Supporting the introduction of solutions that support local communities (Society)
- We share information on products with high social value (such as remote working infrastructure, IT solutions compliant with universal design, and platforms for education and skills development) and the benefits of their introduction, promoting their adoption in regional areas and by small- and medium-sized enterprises.

### 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.

Supporting digital transformation in education (Society)
- For large-scale implementation projects such as the GIGA School, we work with service partners to provide a comprehensive package—covering equipment procurement, kitting, delivery, on-site installation, training for teaching staff, and maintenance. In doing so, we support reforms to teachers' working styles and the adoption of digital transformation in learning.

IT operations management support (Society)
- We help reduce the workload of IT operations managers by providing managed services that comprehensively support post-implementation monitoring, operation, and maintenance of networks and cloud systems.

### 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 serves 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.

IT / SaaS support for small- and medium-sized companies (Society)
- We provide joint IT and SaaS implementation support for small- and medium-sized companies by combining subscription management portals such as iKAZUCHI with the strengths of local partners (customer understanding and implementation support capabilities). In doing so, we contribute to improved operational efficiency and business continuity for these companies, the revitalization of the local economy, and the bridging of the digital divide.

### 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.

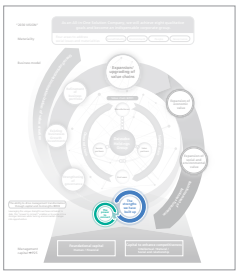
Supporting the digitalization of local communities (Society)
- Through local exhibitions and events, we connect our partners with local businesses, NPOs, and educational institutions to help solve social issues, including digital education, support for remote work, and the digitalization of local healthcare.

# The strengths we have built up

## The essence of the power to connect

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 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

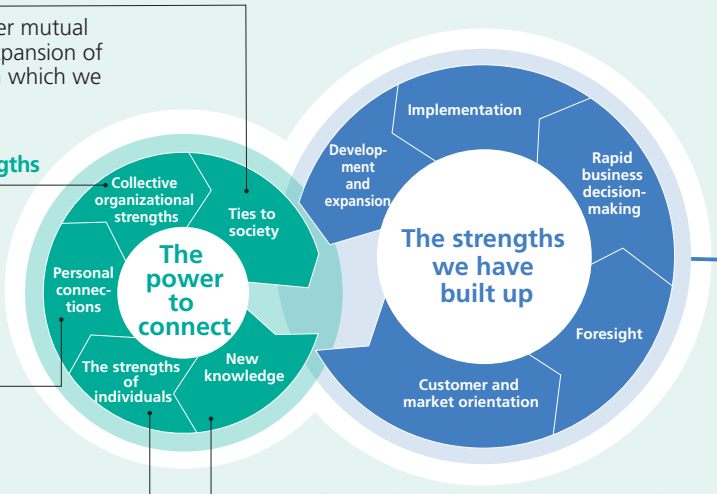
We avoid siloing, instead promoting the creation of organization-spanning projects for individual issues to address them, achieve our business plans, and increase our corporate value.

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

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.

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

Driven by a corporate culture that empowers frontline decision-making and encourages proactive challenge, our employees possess a commitment to continuous learning and a strong sense of autonomy, enabling them to seize opportunities and execute tasks to completion.




### 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.

**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.

**Deepening relationships with sales partners**
**Nationwide sales bases: 112 bases**
* DIS non-consolidated

**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.

**Inventory operations supporting product supply capabilities**
**Average inventory: ¥71.5 billion**
**(Months of inventory: 0.7 months)**
* Calculated on a cost basis for product inventory within the IT Infrastructure Distribution Business

**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 entered the electronics field and 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.

**Agile response to shifting demand**
**Share of the domestic corporate PC market: 46.8%**
**Educational ICT project: Launched in 2012**
**iKAZUCHI: Launched in 2016**
* DIS non-consolidated

**Implementation**

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

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

**A platform supporting sales partners' cloud businesses**
**・Service contracts: Over 160,000**
**・iKAZUCHI transaction volume: ¥54.5 billion**
**(up 34.6% from the previous fiscal year)**
* DIS non-consolidated

**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 creation for sustained growth**
**・FY2030 operating income target: ¥50.0 billion**
**・Human capital investment (current Medium-Term Management Plan period): ¥15.5 billion or more**

### Source of competitive advantage 1: A robust community-based network

➡ Co-creation with local communities P59

We recognize localized sales capabilities and field-based expertise as vital management resources. To this end, we have expanded our community-based sales and support network to 112 locations across Japan, establishing a system that accurately captures customer needs. By sharing information regarding large-scale and wide-area projects with our sales partners, we have built partnerships with approximately 19,000 companies through trust earned in the field and customer-centric relationships. 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. By staying rooted in local communities while optimizing the supply chain, including the enhancement of customer satisfaction, we are able to achieve steady and sustained profit growth.

### Source of competitive advantage 2: Strategic inventory and rapid delivery

➡ A hard-to-imitate supply chain P49

We have built an advanced logistics network tailored to customer needs and execute strategic inventory management. By transforming our eastern and western logistics hubs into mega-centers, we prioritize the ability to provide immediate delivery of the products customers need, when they need them, over reducing inventory in a single-minded pursuit of efficiency. This approach has allowed us to reliably monetize sudden surges in demand, such as OS updates and the GIGA School initiative. Furthermore, as an independent multi-vendor distributor carrying a vast array of manufacturer products, we have established a system that maintains a stable supply even during localized supply chain constraints, while enabling us to secure merchandise based on demand forecasting analysis. This combination of strategic inventory and rapid delivery allows us to swiftly capture market opportunities even in a changing market environment and underpins our stable earnings base.

### Source of competitive advantage 3: Highly efficient human capital and productivity

➡ Human capital strategy overview P79

We view our people as our most vital management resource and consider investment in them a strategic driver of our earning power. During the three years of our current Medium-Term Management Plan, we committed at least ¥15.5 billion to human capital, focusing on base pay increases, enhanced benefits, and the development of training environments. As a result, we are fostering a corporate culture that maximizes the diverse abilities of each individual, enabling a highly skilled, streamlined workforce to create significant value. Our high labor productivity, achieving ¥340 million in consolidated net sales per employee in fiscal 2025, is driven by the synergy between our unique distribution infrastructure and the autonomous "power to connect" demonstrated by every employee. Moving forward, we will continue to refine our value creation logic to link human capital investment directly to ROIC improvements and profit growth, striving to achieve our "2030 VISION" and sustained improvement in corporate value.

### Evolution of strengths 1: Expanding the value chain and moving toward an "All-in-One" model

➡ Value chain strengthening measures P117

Using our long-standing foundation in IT distribution as our axis, we have established a cloud platform an electronic commerce (BtoB) systems, iDATEN, and have expanded our SaaS market share by facilitating the shift to cloud-based security and other services through our subscription management portal, iKAZUCHI. Looking ahead, we aim to transform the entire Group to the next stage by combining new added value and expertise across IT products, solutions, and services to create synergies with our existing businesses. We are evolving into an "All-in-One Solution Company" that provides comprehensive support for increasingly complex, next-generation IT infrastructures.

### Evolution of strengths 2: Renewal into the next-generation DIS-NET V platform and DX

➡ Intellectual capital strategy P53

Our core system, DIS-NET, integrates and automates every stage of the business process, from order processing to logistics and inventory management. For 30 years, it has spearheaded standardization in the IT wholesale industry and advanced profit-and-loss management through transaction data visualization. DIS-NET has evolved beyond a traditional core system; by incorporating our iDATEN and iKAZUCHI services for sales partners, it has become an enormous system connecting approximately 19,000 sales partners and approximately 1,500 manufacturers. With the launch of DIS-NET V in January 2026, we will utilize this platform to further solidify our connections with sales partners and vendors, constructing a robust value chain.

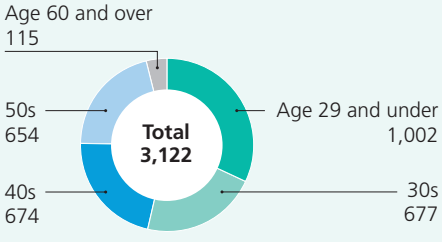
### Evolution of strengths 3: Shifting value provision toward a circular economy model

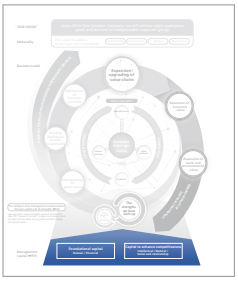
➡ Contributing to the reduction of environmental impact P65

As an IT distributor, we have contributed to reducing the environmental impact of society as a whole by collaborating with manufacturers and sales partners to promote cloud and subscription services powered by environmentally conscious data centers designed for resource recycling. Moving forward, we will further drive the customer shift from ownership to usage by expanding the use of subscriptions that include IT infrastructure. This will allow us to generate environmental value through resource optimization and waste reduction, while simultaneously achieving economic value through recurring revenue, supporting the transition to a circular economy model that achieves both environmental and economic value.

# Management capital

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)**<br>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)**<br>The Group's financial capital is characterized by exceptional financial soundness (maintaining a long-term rating of A or above) and a consistent ability to generate cash. This robust foundation enables the flexible deployment of capital toward next-generation infrastructure (technological systems and human resources) and facilitates discontinuous growth through M&A and other means (transforming the business portfolio). Simultaneously, we drive sustained improvement in corporate value (Price book-value ratio (PBR)) by maintaining capital discipline through ROIC-based management. |
| **Key challenges in business promotion** | • Retention and development of talent with flexible creativity and advanced skills to address diversifying needs<br>• Building a sustainable organizational structure through a human capital strategy aligned with the Group management strategy centered on Purpose | • An insufficient track record of executing risk-taking investments for discontinuous growth, such as M&A, within the optimal allocation of growth funds (capital allocation) relative to the Group's ample financial base |
| **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<br>• Enhancing employee engagement by promoting well-being-oriented management and DE&I | • Establishing and flexibly executing an M&A investment framework that leverages ample operating cash flow and appropriate external borrowing (leverage) to generate synergies within existing sectors and acquire new IT service areas<br>• Setting ROIC-based KPIs (hurdle rates) and developing concrete action plans to further improve the cash conversion cycle (CCC) |
| **FY2025 results** | **Labor productivity through Group-wide collaboration**<br>(Net sales per employee) **¥340 million**<br>**Employee composition by age group**<br>(Domestic consolidated full-time employees)<br><br><br>**Annual training time per employee**<br>**22.8 hours**<br>Employee figures are calculated according to the Company's ESG data compilation standards. | **Capital efficiency**<br>**ROE 19.9%**<br>**ROIC 16.9%**<br>**Financial soundness**<br>**Maintaining a long-term rating of A* or above**<br>* 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)

The core of our intellectual capital lies in our systems: DIS-NET, with approximately 30 years of history; iDATEN, electronic commerce (BtoB) systems; and iKAZUCHI, a subscription management portal. Our competitive edge is further bolstered by the expertise and systems for efficient distribution operations developed at our logistics centers. By further upgrading these assets, we aim to serve as a hub that optimizes complex IT environments for our 19,000 nationwide partners and their end users in the era of AI and cloud computing, establishing our competitive advantage as an All-in-One Solution Company.

- Additional investment in systems for digital transformation (DX), including the use of AI to upgrade existing systems, to respond more quickly to customer needs and improve operational efficiency
- Insufficient logistics center capacity and aging facilities relative to the expanding business scale and service lineup

- Assessing the applicability of AI agents to each system and considering investments toward practical implementation
- Addressing the need to expand logistics center floor space and modernize aging facilities

**No. of valid iDATEN IDs**

Approx. **168,000** IDs

**No. of iKAZUCHI service contracts**

Approx. **162,000** contracts

### Environmentally conscious management (Natural capital)

Building sustainable supply chains and achieving a decarbonized society under our "2030 VISION", we are conserving resources and reducing operational burdens by promoting subscription services, an important initiative that also helps reduce GHG emissions across the entire supply chain. Furthermore, by offering environmentally friendly products that meet environmental standards, such as the Green Purchasing Law and the International ENERGY STAR Program, we help preserve natural capital and support the realization of a sustainable society.

- Reduction of GHG emissions (Scope 1, 2, and 3) in line with SBTi standards
- Addressing climate change and transition to a circular economy
- Initiatives to expand demand for environmentally friendly products

- Expansion of initiatives to procure low-$CO_2$ power and reduce greenhouse gas emissions from business activities
- Contribution to reduced GHG emissions across the supply chain and improved operational efficiency through the further spread of subscription services
- Contribution to GHG reduction through the promotion of Green IT via environmentally friendly products

**Contributing to the realization of a decarbonized society**

Progress in reducing Group $CO_2$ emissions Scope 1 + 2
Based on FY2013 levels against the domestic reduction target of 31%: **26%** reduction achieved

**Avoided emissions from distributing environmentally friendly products**

**1,341** $tCO_2e$ (compared to FY2022)

*Product groups among PCs (laptop and desktop) and LCD monitors that meet the Company's own environmental requirements
*Avoided emissions are an indicator separate from Scope 1, 2, and 3, and are not deducted from emissions

### Strong partnerships with customers and with other companies in the industry (Social and Relationship capital)

We operate businesses that contribute to society through the promotion of educational ICT, contributions to the infrastructure industry via the provision of IT environments and industrial machinery, and the advancement of supply chain management. The robust partnerships we have cultivated with a diverse range of stakeholders (including sales partners, manufacturers, educational institutions, and logistics and suppliers) constitute our social capital and form the essential foundation for realizing our "2030 VISION" as an All-in-One Solution Company.

- Establishing operational support and collaboration models that cater to diverse learning styles
- Flexible responses to changes in the market environment, such as tariffs, supply chain disruptions, and significant foreign exchange movements

- Contributing to the reduction of regional disparities through ICT and the development of next-generation ICT talent by supplying IT products and providing operational support in collaboration with sales partners, alongside the rollout of STEAM education and teacher training
- Maintaining and strengthening a decision-making structure capable of responding flexibly to demand fluctuations and procurement risks through close information sharing with sales partners, service partners, and manufacturers

**Strong relationships with sales partners**

IT Infrastructure Distribution Business sales partners

Approx. **19,000** companies

**One of Japan's largest IT distributors**

**Share of the domestic corporate PC market**

**46.8%**

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

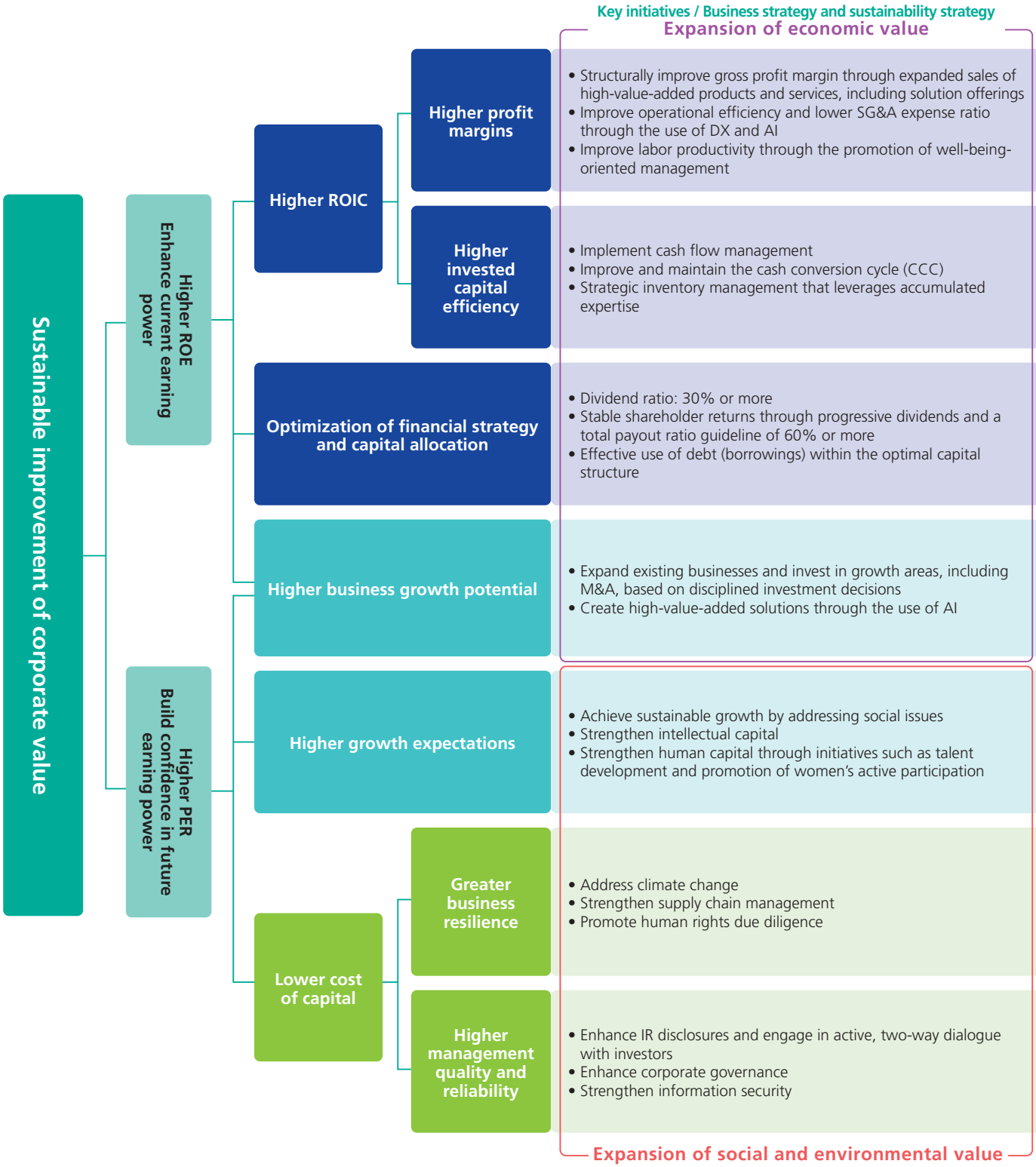
**Knowledge and technologies based on long track record**

**Industrial Machinery Business**

**No. 1 domestic market share for medium and large-sized vertical lathes**

# Sustainable improvement of corporate value

The Group views the value created through its business activities in terms of both “economic value” and “social and environmental value,” and links the expansion of these values to sustainable improvement in corporate value. This page presents that path as a logic tree. Expansion of economic value is reflected primarily in higher ROE (current earning power) through realized earnings. Meanwhile, expansion of social and environmental value leads to higher PER (confidence in future earning power) through trust from the capital markets and expectations for growth. The product of ROE and PER corresponds to PBR, an indicator of market valuation. In this tree, ROE is driven by the value drivers of “profitability,” “capital efficiency,”



and "financial strategy and capital allocation," while PER is driven by "growth expectations," "business resilience," "management quality and reliability," and "cost of capital." The tree provides an at-a-glance view of the links from the top-level objective to each key initiative, while also directing readers to related content that explains each initiative in detail. These initiatives are positioned as strengthening the current business foundation while also serving as sources of future financial value. For an overall picture of value creation, including non-financial capital, please refer to the value creation diagram (P19).

**Related content**

**P30** Message from the director in charge of corporate strategy (Accelerating organic growth and increasing added value: expanding recurring revenue and iKAZUCHI) / **P43** Medium-Term Management Plan/Basic policy 02 (Standardizing operations and shortening lead times through DIS-NET V, focusing the Industrial Machinery Business on highly profitable orders) / **P49** Discussion with a securities analyst (Improving profit margins: "value that only we can create," including managed services) / **P54** Intellectual capital strategy (model-numbering and modularizing services, improving operational efficiency through the use of AI) / **P79** Human capital strategy (Target of a 5.7% average increase in labor productivity over three years through well-being-oriented management) / **P117** Measures to strengthen the value chain / **P119** Industrial Machinery Business (Expansion of the service business and revenues)

**P20** Value creation highlights (Inventory turnover period of 0.6 months, CCC of 31.6 days) / **P24** The strengths we have built (Source of competitive advantage 2: Strategic inventory and rapid delivery: inventory turnover period of 0.7 months) / **P73** Message from the director in charge of business administration (Achievement of ROE of 19.9% and ROIC of 16.9%, frontline adoption of business-segment-specific ROIC KPIs) / **P77** Sustained expansion of the ROIC spread (ROIC tree, use of hurdle rates, improvement and maintenance of CCC) / Cash flow management

**P46** Next Medium-Term Management Plan and key issues for consideration (Capital allocation policy: use of leverage backed by an "A" credit rating, flexible acquisition of treasury shares) / **P74** Message from the director in charge of business administration (Maintaining progressive dividends, increasing the dividend to ¥110, total payout ratio of at least 60%) / **P75** Financial capital strategy (Capital allocation, shareholder return policy, dividend trends and TSR) / **P78** Optimal capital structure (Maintenance of net cash and a credit rating of "A" or higher, Group tax policy)

**P9** The meaning behind our new company name, and the next stage of growth / **P31** Message from the director in charge of corporate strategy (Growth-oriented investment and disciplined inorganic growth: requirement for returns exceeding WACC, PMI) / **P33** PEST analysis (Evolution into an IT infrastructure platform for the AI era) / **P40** Roadmap (Equity story and the Three Ss)/ **P42** Capital and business alliance with BCC Co., Ltd. / **P50** Discussion with a securities analyst (AI and iKAZUCHI, vision of becoming a platform provider in ten years) / **P115** IT Infrastructure Distribution Business (Outline of the next Medium-Term Management Plan)

**P31** Message from the director in charge of corporate strategy (Making sustainability a source of competitive advantage: logic for converting non-financial value into financial value) / **P36** Materiality (Direction for creating impact that balances social and economic value,strengthening intangible assets) / **P53** Intellectual capital strategy (Transition to DIS-NET V, sustainable growth through the intellectual capital of "people and systems") / **P59** Social and relationship capital strategy (Regional Co-creation and educational ICT) / **P79** Human capital strategy (Well-being-oriented management, 3.6% increase in the engagement score) / **P85** Promotion of DE&I and fulfillment of the human resources portfolio (Target of at least 3% women in managerial positions by FY2030) / **P87** Human capital roundtable discussion

**P33** PEST analysis (Building a resilient supply chain with low environmental impact) / **P55** Supply Chain Management (CSR procurement surveys, improving the ratings of 12 Group C suppliers through hands-on individualized support) / **P57** Respect for human rights and remedial mechanisms (Four priority issues in human rights DD, assessment of supply-chain human rights risks using the GCNJ SAQ) / **P63** Natural capital strategy (Declaration of carbon neutrality, targets for reducing Scope 1, 2, and 3 emissions) / **P66** Climate change strategy (1.5°C and 4°C scenario analysis, PDCA cycle for risk management) / **P107** Risk management framework (Crisis management system, risk reduction activities) / **P109** List of risks relating to business operations (BCP, redundancy of core systems, measures against disasters and system failures)

**P44** Medium-Term Management Plan/Basic policy 03 (196 SR/IR meetings, quarterly reports to the Board of Directors reflecting market perspectives)/ **P45** Next Medium-Term Management Plan and key issues for consideration (Upgrading IR materials to alleviate volatility concerns, strengthening governance) / **P69** Building a corporate brand (Inclusion in five ESG indices, external evaluations and certifications) / **P94** Corporate governance (Reduction of cross-shareholdings, Evaluating the effectiveness of the Board of Directors, Process for deciding company officers' remuneration) / **P99** Sustainability governance / **P101** Engagement feature: Outside directors roundtable discussion / **P105** Compliance & risk management (Anti-corruption, internal whistleblowing system) / **P109** Defenses against cyberattacks/Information-security basic policy

# Message from the director in charge of corporate strategy



## Implementing sustainability management and reforming our businesses: the path to becoming an "indispensable corporate group"

**Tsukasa Igari**
Senior Managing Director

## 1. What we have achieved through business portfolio transformation, and our confidence in structural, sustained growth

The business environment in which the Group operates is changing at an unprecedented pace, driven by rapid advances in technology and shifts in the structure of society. Against that backdrop, in the fiscal year ended March 31, 2026 we set new records for both net sales and operating income. We were also able to achieve ROE and ROIC levels well above our targets. Following the spin-off of the Fiber Business, we moved to a two-business structure with the current Medium-Term Management Plan, and this was a landmark year for it: we delivered on one of its core policies, the challenge to break the "highest in the past." Our structural reforms have borne fruit, and we continue to build a leaner, stronger organization.

Of course, this year's growth benefited from favorable market conditions: a large wave of IT infrastructure replacement demand. But to have grown past ¥1 trillion in net sales while holding and even improving capital efficiency at this level leads me to believe that our strengths are working as a genuine competitive advantage. Sharing detailed demand data with manufacturers has earned us their trust, and working face to face with sales partners in every region built a way of collaborating that let us keep products flowing reliably and win a great many deals as nationwide demand surged around the Windows 10 end of support and the GIGA School replacement cycle. Behind that lie improved efficiency at our logistics centers, strategic inventory management, and the support of DIS-NET, our core system, which handles the fundamentals of the business: purchasing and inventory, sales, and credit management. With this solid setup working well on both the systems side and the operational side, we keep the supply chain steady while the business keeps turning over fast, even as demand rises and falls. I believe it is that combination of stability and speed that gives us a competitive advantage and helps earn our customers' trust. In the Industrial Machinery Business, products such as our vertical lathes and automatic packaging machines, which hold leading domestic market shares, have enabled us to respond effectively to factory-floor demand for automation and labor saving, and that, together with the lift across the Group, delivered record net sales and operating income and strong capital efficiency.

We are not about to grow complacent about these results. We see them as a waypoint on the road to our medium- to long-term vision, "2030 VISION." Making the most of our solid business foundation and turning it into structural, sustainable growth that does not depend on one-off demand is my most important responsibility as the director in charge of corporate strategy.

## 2. Rebuilding our corporate brand, and enhancing management through dialogue with the market

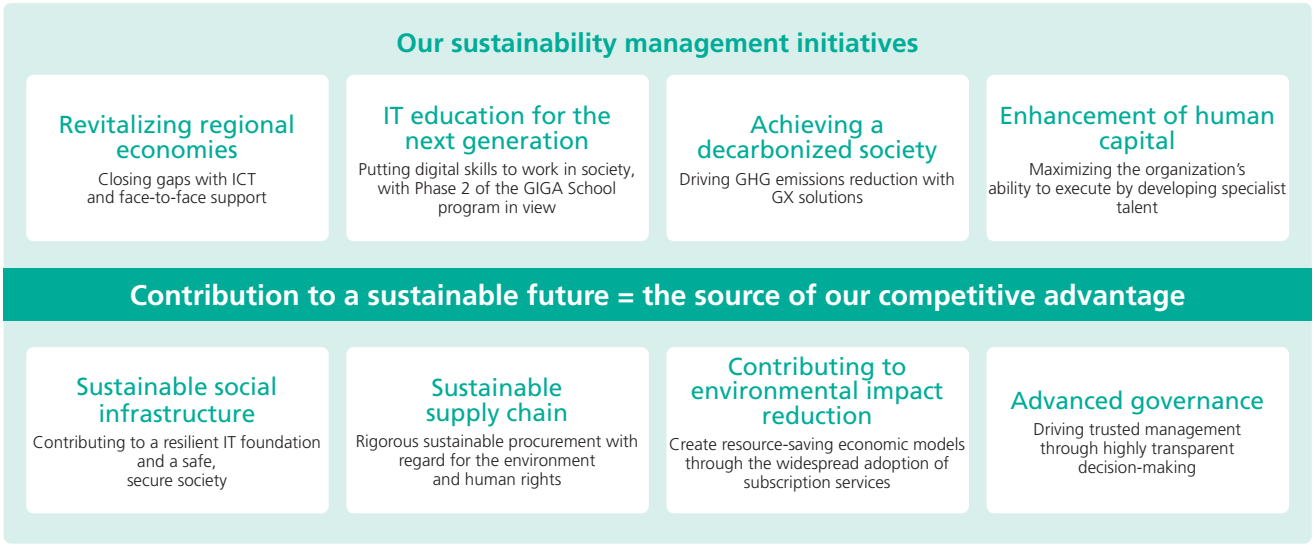
In April 2027, as part of rebuilding our corporate brand, Daiwabo Holdings Co., Ltd. will change its trade name to MUSUBITE Inc., and DAIWABO INFORMATION SYSTEM CO., LTD. will become DIS CO., LTD. The intent behind our Purpose, "Connecting people and society to the future with our value chain," carries through into the Group vision that the new names express. My role, with responsibility for the Group's corporate strategy, is to make that vision real at the operating level through concrete tactics, to become the connector in the value chain, and through that to deliver on "our Purpose of connecting."

Two duties in particular are directly linked to my own "purpose": deepening how we communicate with stakeholders

through IR, and forging new ties between companies through M&A in pursuit of inorganic growth.

In July 2025 the Company reorganized, separating corporate planning from investor relations and making each an independent function. That gives the Corporate Planning Dept. room to take on more ambitious strategy, lets the Investor Relations Dept. build real expertise in talking with the market, and sends the market's views back to Corporate Planning, so that the quality of our strategy and the quality of our dialogue advance in tandem. The suggestions we take from our conversations with investors, such as managing with capital efficiency in mind and building sustainable social infrastructure through sustainability management, tell us what our investors expect of the Group, and they are a valuable compass for our next stage of growth. We are now running a PDCA cycle that turns that input into specific measures and KPIs and carries them through into execution, quickly and with discipline.

Strengthening our disclosure of non-financial as well as financial information has also made our internal governance and decision-making more transparent. When people can see the value our business creates for society, a healthy tension and a sense of ownership spread throughout the organization, and that in turn pushes us to run the business better.




## 3. Accelerating organic growth and higher added value, powered by the DNA of the front line

To reach the ¥50.0 billion in operating income target set out in "2030 VISION," we will take our existing IT distribution business model further and draw out its potential for organic growth.

There is still plenty of ground to open up around what our IT Infrastructure Distribution Business already does. The spread of AI PCs in particular could transform how efficiently people work and lift productivity across Japanese business as a whole. And there are many new business opportunities that answer social needs directly, among them IT asset disposition (ITAD), which helps reduce environmental impact, and security assessment, which protects the foundations of how a company runs.

We are also putting weight behind expanding our recurring business, which goes beyond supplying hardware. Transaction volume on "iKAZUCHI," our subscription management portal, has grown steadily, and we expect it to grow further. What matters is that hardware sales, including record PC shipments, and software and service contracts through iKAZUCHI are growing in step with each other. We will make the most of that synergy, widening the value we deliver to customers while accelerating the shift to a recurring, higher-value-added earnings structure.

In drawing up this growth scenario, my own experience across sales, purchasing, planning, and logistics has counted for a great deal. As the director in charge of corporate strategy, I will put everything into building strategy that works in practice rather than on paper. My job is to accurately identify the latest needs and challenges, connect them to our businesses, and tie the result back into a shared benefit for the Group: in other words, to be the hub where those threads come together. That is how I will get the most out of the Group's combined strength.

## Message from the director in charge of corporate strategy

## 4. Investing on the offensive for the next leap forward, and pursuing inorganic growth with discipline

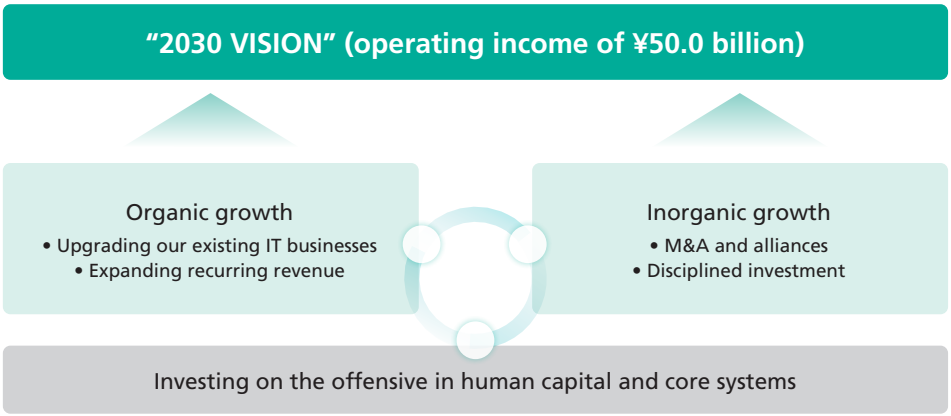
For the coming fiscal year (ending March 31, 2027) we forecast lower sales and lower profit, as the extraordinary demand of the past two years falls away. But we do not for a moment see this as a time to play defense. On the contrary: precisely because our underlying growth is solid, this is the moment to invest boldly and on the front foot for the greater leap ahead.

We have investments planned in two areas: human capital, through base pay increases and other improvements to wage levels and through hiring specialist talent, and infrastructure, to renew and upgrade our core systems. These are not costs that merely depress short-term operating income; they are the groundwork we have to lay for the results that come next and for competitive advantage over the medium and long term. While assessing the return on investment (ROI) from these investments, we will build an earnings base solid enough not to depend on one-off demand.

Alongside investment in organic growth, clearing the "2030 VISION" targets requires us to take on inorganic growth, including M&A and alliances. Concrete action to create new earnings pillars is already under way, including our capital and business alliance with BCC Co., Ltd. We will identify our priority target areas in the ongoing discussions for the next Medium-Term Management Plan, and translate them into specific investments made with strategic intent.

In pursuing inorganic growth we emphasize investment discipline. We decide by asking whether the return will exceed our cost of capital (WACC), whether the synergies between businesses are clear, and whether we can bring proper governance to bear. And closing an acquisition is not the finish line; it is the starting line. We will respect the culture of the company we acquire while our corporate strategy division, which is responsible for maximizing synergies between businesses, works closely with our business administration division, which handles governance and the integration of systems, to drive post-merger integration (PMI). Building a partnership worth having for both sides, we combine the resources of both companies to establish a framework for collaboration, aiming to deliver even greater value.

**The two axes of our growth strategy for achieving "2030 VISION"**




## 5. Making sustainability a source of competitive advantage and driving the value creation process

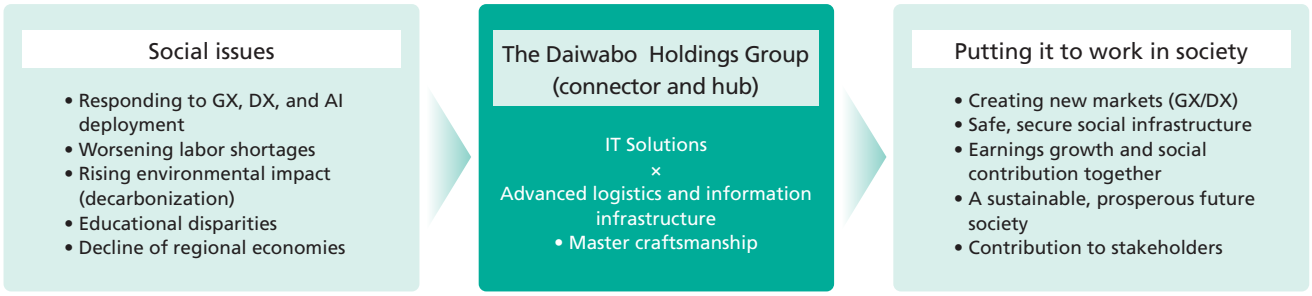
The Group does not treat sustainability management as a cost, as merely a matter of corporate social responsibility or compliance and nothing more. It is a platform for going on the offensive, one that optimizes the whole supply chain and drives business growth, and it is an important source of competitive advantage.

Take our response to social issues where the need keeps rising: GX, DX, and the deployment of AI. This is no passing trend. It means the creation of a new market for IT solutions that support energy saving and decarbonization, ease labor shortages, raise productivity, and improve the quality of education. We serve as a "connector" that helps unlock the full power and potential of IT, and by expanding the IT value chain, connect society to a sustainable and prosperous future. This is what we mean by putting IT to work in society, and it is a business model that delivers social contribution and earnings growth together. In the Industrial Machinery Business too, our manufacturing contributes directly to building sustainable social infrastructure: railway wheel lathes that keep rail infrastructure safe, and machine tools that cut environmental impact by saving labor and raising efficiency. In a business environment that keeps globalizing, two things are now essential prerequisites for doing business: insisting on responsible procurement across the whole supply chain—procurement that

respects human rights and reduces environmental impact—and contributing to sustainable social infrastructure. This work does more than reduce business risk. It gives customers and society a reason to keep choosing us with confidence, and it builds real trust in the Group. I am convinced that this accumulated trust is what makes future cash flow more stable, and that it feeds directly into corporate value over the medium- to long-term, which is to say into how the market values us.

How does non-financial value (our contribution to society and the strength of our human capital) convert into financial value, that is, into future cash flow? The answer lies in our Purpose of connecting. When stakeholders such as our employees and our business partners deeply identify with that Purpose, the bonds with them grow stronger, and the organization's ability to execute rises with them. The accumulation of these invisible intangible assets ultimately leads to the realization of our Purpose, through our medium- to long-term target of ¥50.0 billion in operating income and "2030 VISION." Proving that this chain of cause and effect holds is the value creation story we are writing.

**Driving value creation with sustainability as the source**




## 6. The path to an "indispensable corporate group"

The "2030 VISION" we have in our sights is not merely a financial goal of ¥50.0 billion in operating income. What we are after is an unshakeable position as an indispensable corporate group, one society needs and one that goes on being chosen because it is genuinely trusted. "2030 VISION" is a staging post on the way to the Group becoming a platform provider that uses IT to resolve issues for people and for society and to create new prosperity.

With the move to our new trade name, MUSUBITE, we step into the most dynamic and far-reaching transformation in our long history since the Company was founded. In a tumultuous business environment, change is the greatest opportunity for growth, and the finest field on which to test ourselves.

To our younger and mid-career employees who will shape the future: I hope you will make the most of your individuality and abilities, without being bound by conventional wisdom or past successes, align your own aspirations with the Group philosophy and values, and join us in pursuing the goal of becoming an indispensable corporate group, without fear of failure. When the passion and actions of each person come together to form a powerful current, our Purpose will become real.

This is a turbulent era, and a rewarding one to work in. We will keep running at full speed, tying value together with our stakeholders and channeling it into the next generation, and in doing so build a better future.

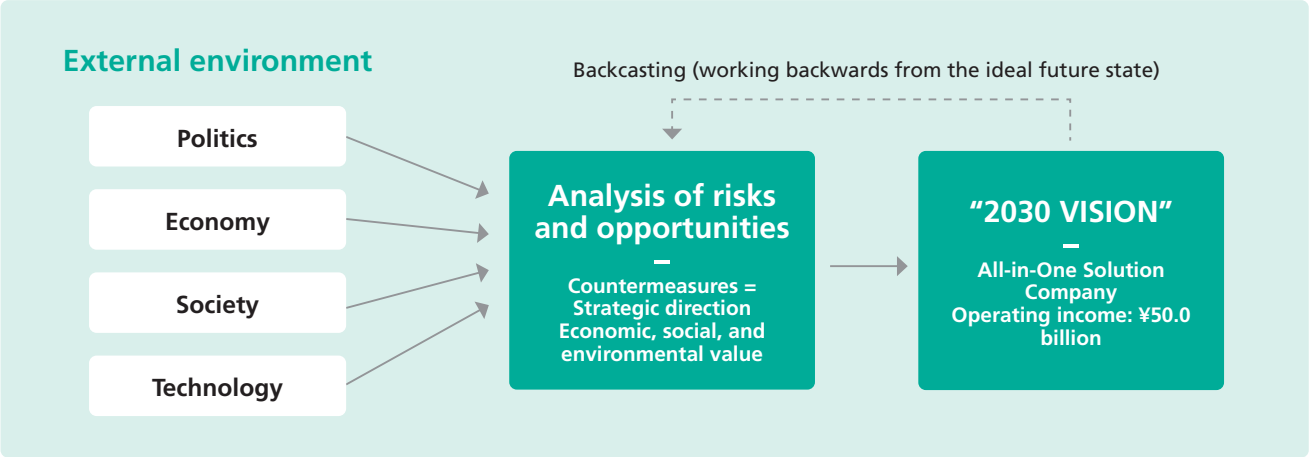
# External environment analysis: PEST × risk and opportunity matrix

Toward achieving our medium- to long-term vision, "2030 VISION," and enhancing corporate value, we have analyzed changes in the external environment surrounding the Group. These changes are not merely risk factors; they also represent business opportunities and strategic challenges that underpin the medium- to long-term growth. This analysis sets out how each element of the PEST method affects our business foundation, competitive advantage, and corporate value, while also outlining the direction the Group should take.

## Strategic direction based on an assessment of the external environment

- We will overcome the pullback resulting from the peaking of major special demand, such as the end of support (EOS) for Windows 10 and Phase 2 of the GIGA school program. We will also accelerate the creation of economic value by upgrading our business model to focus on providing high-value-added solutions centered on the utilization of AI and the shift to the cloud.
- Amid ongoing geopolitical risks and soaring parts prices, we will leverage the Group's strengths to deliver the necessary technology to society in a timely and appropriate manner. These strengths include our ability to connect the entire value chain and our robust procurement and logistics infrastructure. In this way, we will contribute to the construction of a sustainable social infrastructure (creation of social and environmental value).

| PEST analysis | | Risks |
|---|---|---|
| Politics | • Global fragmentation and supply chain instability caused by geopolitical risks<br>• Tighter cybersecurity regulations and data protection measures in various countries<br>• Acceleration of environmental regulations and the promotion of green transformation toward a decarbonized society | Supply delays due to disruptions to the procurement network; business interruptions due to cyberattacks (impairment of economic value) |
| Economy | • Macroeconomic uncertainty caused by rising inflation, exchange rate volatility, and rising interest rates<br>• Soaring prices of IT products and parts due to shortages of semiconductors (e.g. memory chips)<br>• Polarization between corporate investment in AI and digital transformation (gap between large companies and small- and medium-sized companies) | Increased procurement costs due to soaring parts prices and inflation; decline in profit margins resulting from customers curbing their IT investments |
| Society | • Structural demographic challenges, including a declining birth rate and aging population, coupled with a sharp decline in the working-age population (chronic labor shortages)<br>• Widening regional disparities (digital divide) due to depopulation in rural areas<br>• Widespread adoption of human capital management and the establishment of diverse work styles (e.g. hybrid work)<br>• Established utilization of ICT in education settings and growing demands for its further advancement | Stagnation in IT investments due to a shortage of IT and digital transformation talent among client companies (particularly regional small- and medium-sized companies, educational institutions, and public sector organizations); recruitment difficulties faced by the Group and reduced staff retention (human capital risks) |
| Technology | • Rise of generative AI and AI agents, along with resulting concerns about the obsolescence of traditional SaaS (seat-based pricing) models (the so-called "death of SaaS")<br>• Accelerating migration from aging in-house systems to cloud and hybrid environments<br>• Progress in data-driven manufacturing through the convergence of operational technology (OT) and IT<br>• Increasing sophistication of cyberattacks and the growing necessity of a zero-trust approach | Decline in demand for traditional software and SaaS due to delays in adapting to new technologies and the replacement of tasks by AI (obsolescence of existing business models); and a shortage of talent capable of leveraging AI, along with concerns over its safety |




| Opportunities | Measures |
|---|---|
| Growing demand for environmentally friendly products and advanced security solutions; increased trust in our stable supply capabilities (creation of social and environmental value) | **Building a resilient supply chain with low environmental impact**<br>Going beyond mere supply stability, we diversify procurement risks through a multi-vendor system that utilizes our network of domestic and international partners. In addition, by promoting SaaS security solutions such as iKAZUCHI and expanding sales of products bearing environmental certification marks, we are driving the environmental impact reductions and the enhancement of resilience across society as a whole. P24, 65 |
| Shift toward high-unit-price and high-value-added products such as AI PCs; fundamental improvement in our revenue structure through solution proposals that allow for passing of higher costs | **Shift in business model from price competition to value co-creation**<br>We are moving away from selling equipment on a stand-alone basis and instead offering packaged AI solutions and value-added services (e.g. support, kitting) that enable customers to experience a clear return on investment, even amid rising prices. Furthermore, we will support productivity improvements in regional areas and among small- and medium-sized companies, achieving both an improvement in the Group's capital efficiency (ROE/ROIC) and the revitalization of local economies. P50, 59 |
| Explosive increase in demand for labor-saving and automation solutions (AI, robotics, and cloud) to address labor shortages and for infrastructure that supports a better working environment; ICT support contributing to improved educational quality (creation of social value) | **Supporting people and enhancing the sustainability of local communities and society**<br>In response to the major social issue of labor shortages, we go beyond simply providing IT products to offering community-based digital transformation support (hands-on support) utilizing our nationwide sales network of 112 bases. At the same time, we are promoting the adoption of AI and business automation solutions among small- and medium-sized companies in each region, bridging the digital divide between regions.<br>In addition, in the field of education, we are shifting the focus of our support from the mere introduction of devices to proficient use (promoting information ethics and STEAM education), contributing to the development of future talent (social value). At the same time, we are vigorously advancing investment in human capital (promoting DE&I and improving engagement) to solidify the foundation for medium- to long-term value creation. P59, 61, 79 |
| Widespread adoption of AI PCs; sharp rise in new IT infrastructure investments aimed at building company-specific AI environments (data integration and enhanced security); expansion of investments in labor-saving measures across industrial sectors; and differentiation through advanced proposal capabilities leveraging reskilling | **Advancing our business toward AI implementation, and strengthening competitiveness through reskilling**<br>Anticipating the rise of AI agents, we are advancing our business from traditional SaaS to supporting the construction of AI-ready security and hybrid environments. Through the widespread adoption of AI PCs and the automation of manufacturing sites, we embody an "All-in-One Solution Company" that comprehensively supports next-generation IT infrastructure.<br>Furthermore, we will thoroughly promote in-house reskilling and safe practical use of AI, building a system that turns technological advancement from a threat into a source of competitive strength for the Group. P50, 53 |

# Materiality

## Social/Industry

### Supporting creation and innovation in both society and industry

Through ICT and distribution infrastructure, we aim to revitalize local communities and industries, foster IT skills among the next generation, and improve labor and environmental standards through collaboration with our suppliers.

**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**

- Using ICT to contribute to the realization of a society without regional disparities
- Contributing to the realization of a prosperous and resilient society
- Contributing to the improvement of the ICT skills for future generations
- Building a sustainable supply chain that embraces environmental considerations, respect for human rights, and other factors

## Environment

### Supporting harmonious coexistence with the environment

With a view to achieving carbon neutrality by fiscal 2050, we will promote the reduction of GHG emissions associated with our business activities, while also working to minimize environmental impact at each stage of product procurement, sales, and use. Through the creation of a resource-conserving economic model—such as the widespread adoption of subscription services—we will contribute to the realization of a decarbonized society and the preservation of a sustainable global environment.

**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 resource-saving economic models through the widespread adoption of subscription services

## 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 that the issues identified and the plans drawn up are appropriate.




### 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.

## People

### Valuing people

We place great importance on the health and well-being of each and every employee, and we are committed to fostering an organization in which people with diverse abilities and values can fulfill their potential while respecting one another.

By enhancing the working environment and employees' job satisfaction, expanding opportunities for learning and taking on new challenges, and supporting the development of the next generation of talent, we aim to create a virtuous cycle of personal growth and the organization's sustainable growth.

**Materialities**

7. Expansion and reinforcement of human capital and improvement of well-being
8. Active participation of diverse talent

**Qualitative goals for achieving our vision**

- Fostering a corporate 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

We will establish a transparent and effective corporate governance framework, with the aim of enhancing the soundness of our management and the quality of our decision-making. We will accurately identify and manage business risks, including ESG risks, while strengthening relationships of trust with our stakeholders, including shareholders and business partners, through appropriate information disclosure and dialogue, contributing to the sustainable enhancement of corporate value.

**Materialities**

9. Corporate governance

**Qualitative goals for achieving our vision**

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

## Direction for creating impact that balances social and economic value

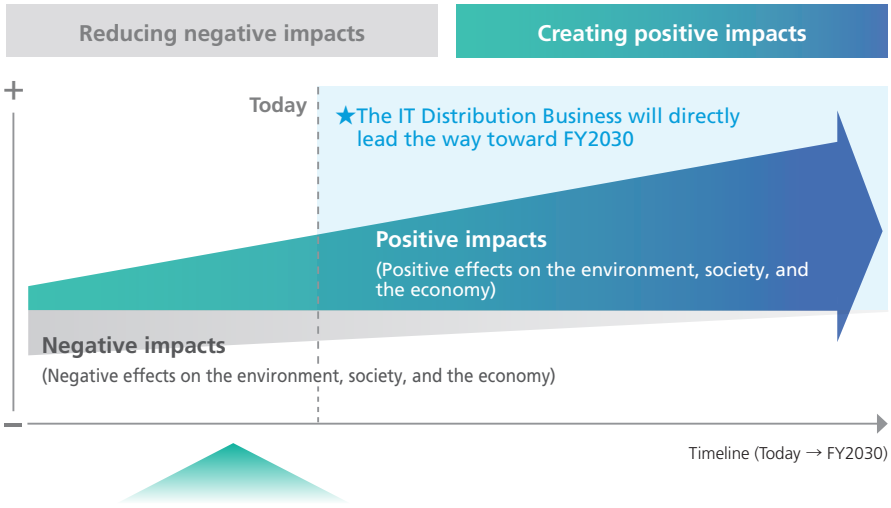
**Four materialities addressed by the Group**

**Social/Industry**
- Contributing to improved local productivity through ICT implementation support and digital transformation of business operations

**Environment**
- Protecting natural capital through decarbonization and resource recycling

**People**
- Enhancing people's value through human resource development and well-being

**Governance**
- Ensuring trust through transparency and risk management




## Strengthening intangible assets

**Relationship capital**
- Strong relationships with leading vendors both in Japan and overseas
- A customer relationship base built through close ties with local communities
- A supply chain that respects human rights and the environment

**Intellectual capital**
- A core system infrastructure for consolidating data from customer touchpoints
- Reusable service assets created by standardizing and modularizing services
- Expertise in technology implementation gained through our channel-based business

**Human capital**
- An organizational framework that enables employees to thrive
- An organizational culture that enhances engagement
- A development framework that encourages individual autonomy

## Materiality

| 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 | We will reinforce the foundation of robust, low-environmental-impact social infrastructure, contributing to the realization of a prosperous and resilient society. | • Increase contributions to industry in the Industrial Machinery Business in order to reduce environmental impact and promote development of social infrastructure.<br>• 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 | 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. | • 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 chains, we will establish sustainable supply chains that incorporate 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 and make necessary requests. |
| Environment | 5 Contributing to the realization of a decarbonized society | Reduce our GHG emissions to support the goal of carbon neutrality by FY2050 | ○ Reduce GHG emissions by converting 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 improving engagement as part of the Group's growth strategy. |
| | 8 Active participation of diverse talent | | ○ 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. OM O-M Ltd.

| KPI | FY2025 KPI results and effects of actions |
|---|---|
| IT : Area sales growth rate excluding Tokyo, Nagoya, and Osaka (excluding the education field)<br>FY2026 target: +16.7% compared to FY2023 | IT : Increased by 34.8% compared to FY2023<br>Improve access to IT solutions outside the Tokyo-Nagoya-Osaka corridor by expanding regional hubs and collaborating with local partners. This supports the resolution of local issues and boosts productivity, which in turn helps to narrow the digital divide between regions, foster the sustainable development of local industries, and reinforce a safe and secure social infrastructure. |
| OM : Energy, aerospace, and railroad industries<br>Net sales composition ratio of at least 50% in FY2026 (compared to 43% in FY2023)<br>IT : Three-year PC shipment total of at least 11 million units (an increase of 24.3%)<br>(FY2024 – FY2026)<br>Note: Total PC shipments from FY2021 to FY2023 were 8.85 million units | OM : Net sales composition ratio in the energy, aerospace, and railroad industries: 36.5%<br>Order intake remains robust in the energy, aerospace, and railroad industries, with sales being expected to grow in the future.<br>Help reduce environmental impact and advance social infrastructure by establishing a stable product supply system and enhancing our technical capabilities.<br>IT : PC shipments: 10.43 million units (FY2024–FY2025)<br>The increase in PC shipments is due to efforts to strengthen the digital infrastructure of companies and organizations that underpin social infrastructure through the introduction of advanced products, operational support, and the development of environments for utilizing AI. Furthermore, the high year-on-year growth rate (+32.6% compared to the previous fiscal year) for cloud platforms (IaaS/PaaS) indicates that the development of the underlying infrastructure has progressed steadily. This has led to greater resilience and efficiency in social infrastructure, contributing to a reduction in environmental impact and the realization of a resilient society. |
| IT : Coverage rate of five-year cumulative sales for school boards via partners: 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: 98.7%<br>Continuously support the development of educational ICT environments by maintaining sales coverage rates to boards of education, and provide a foundation that supports work-style reforms for teaching staff, thereby helping to improve children's digital skills and narrow educational opportunity disparities. |
| Company-wide : Percentage of suppliers who have submitted completed CSR procurement surveys (including human rights due diligence)<br>Percentage of Group C suppliers who have implemented corrective, preventative, or mitigation measures<br>Percentage of suppliers assessed as Group B or better<br>2030 target: 100% in each case | Company-wide : Percentage of suppliers who have submitted completed CSR procurement surveys (including human rights due diligence): 91.4% or more<br>Percentage of Group C suppliers who have implemented corrective, preventative, or mitigation measures: 100% (38 companies)<br>Percentage of suppliers assessed as Group B or better: 94%<br>A survey of key suppliers confirmed that management systems compliant with international standards are at a relatively high level across the three areas of "information security," "quality and safety," and "labor." This is expected to help mitigate the risk of serious incidents and supply disruptions, contributing to the stability of business continuity throughout the supply chain. |
| Company-wide : Total Scope 1 and 2 emissions<br>Short-term target (FY2030): 31% reduction compared to FY2013 (domestic)<br>Medium-term target (FY2035): 55% reduction compared to FY2022 (domestic and overseas)<br>Long-term target (FY2050): Carbon neutrality (domestic and overseas)<br>IT : GHG emissions from the purchase of products and services from suppliers that promote decarbonization (Scope 3 Category 1)<br>FY2030 target: 17.5% reduction compared to FY2023 | Company-wide : Total Scope 1 and 2 emissions<br>FY2030 target: 26% reduction compared to FY2013<br>FY2035 target: 17% reduction compared to FY2022<br>Aim to reduce GHG emissions and contribute to the realization of a sustainable society through the reduction of environmental impact by introducing electricity generated from renewable energy sources at the Nagaoka Factory and steadily reviewing our energy usage.<br>IT : Scope 3 Category 1: +8.0% compared to FY2023 (28% reduction per unit compared to FY2023)<br>Reduce GHG emissions across the Company and the entire supply chain by promoting energy efficiency in our in-house facilities and introducing renewable energy, thereby contributing to the strengthening of a sustainable business foundation aimed at achieving carbon neutrality. |
| IT : iKAZUCHI transaction volume growth rate target for FY2026: 120% increase compared to FY2023 | IT : iKAZUCHI transaction volume growth rate: Increased by 91.2% compared to FY2023<br>Promote resource circulation, reduce environmental impact, and strengthen our sustainable business foundation by expanding our range of cloud solutions and environmentally friendly products that contribute to the circular economy. |
| Company-wide : Consolidated Group three-year average labor productivity (net sales per employee):<br>Increase of at least 5.7%<br>(At least ¥251 million; FY2024 – FY2026)<br>Improve engagement scores for "empathy with management policies" and "corporate culture"<br>FY2030 target:<br>Continue to achieve annual increases | Company-wide : Consolidated Group labor productivity (net sales per employee): ¥340 million<br>Expand opportunities for hiring diverse and talented personnel by strengthening recruitment activities in collaboration with operating companies.<br>Improve individuals' ability to perform and achieve further growth by expanding learning opportunities, contributing to increased labor productivity.<br>Improve engagement by raising awareness of the Group's policy, which prioritizes human capital and well-being. |
| Company-wide : Percentage of women in managerial positions of at least 3% by FY2030<br>Percentage of women with job titles* of at least 5% by FY2030<br>(*Includes managers, section chiefs, and supervisors.)<br>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: 3.8%; Annual paid leave utilization rate (domestic consolidated): 80.9%<br>Deepen understanding of DE&I and help foster an organizational culture that harnesses diverse personalities and ideas by promoting women's participation through various initiatives.<br>Promote greater awareness of work-life balance by encouraging the taking of annual paid leave utilization rate. |
| HD : The percentage of independent outside directors appointed (maintaining a majority)<br>Company-wide : Number of serious legal violations, number of serious incidents: Zero<br>Seek sustainable improvement of corporate value and zero serious compliance violations | HD : Percentage of independent outside directors appointed: 62.5%<br>Enhance supervisory functions and transparency, thereby contributing to increased corporate value and greater trust from the market. g-wide: Zero material compliance violations<br>Company-wide : Achieved zero serious legal violations and incidents, thus protecting our corporate credibility and brand value<br>Zero violations of the Code of Conduct (corruption/bribery, discrimination/harassment, customer privacy and data, conflicts of interest, and money laundering/insider trading) |

# Roadmap for “2030 VISION,” our medium- to long-term vision

In May 2024, we formulated “2030 VISION,” the Group’s medium- to long-term guideline, and outlined our equity story as one path to realizing the Way the Company Should Be. 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 connects the entire IT market, employing IT distribution as our unshakable 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.

**A turning point anticipating development into the future**

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

**Breakthrough period through business portfolio transformation**

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

| 01 | 02 | 03 |
|---|---|---|
| Growth under the holding company structure | Challenge to break the “highest in the past” | Enhancement of stakeholder engagement |

**Development period to “connect” to growth after 2030**

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

**Four areas and nine materialities to address social issues**

## Four areas

Social/Industry | Environment | People | Governance

We have reviewed our relevant materialities with a focus on four areas: Social/Industry, 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 2025, but we have also recognized the emergence of several challenges.

## Materialities

| | | |
|---|---|---|
| ❶ Contributing to the sustainable development of local economies through IT | ❷ Contributing to sustainable social infrastructure | ❸ Contributing to the improvement of the IT skills of future generations |
| ❹ Building sustainable supply chains | ❺ Contributing to the realization of a decarbonized society | ❻ Contributing to the reduction of environmental impact |
| ❼ Expansion and reinforcement of human capital and improvement of well-being | ❽ Active participation of diverse talent | ❾ Corporate governance |

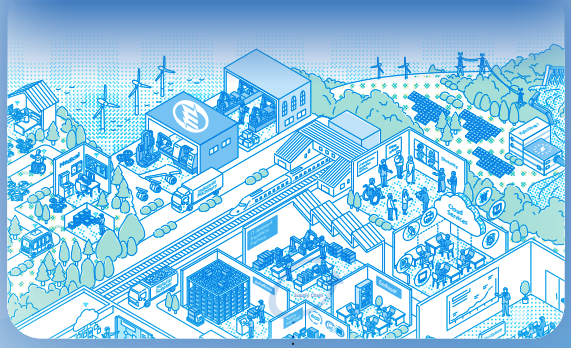
Purpose

# Connecting people and society to the future with our value chain

**Our aspirations for 2030**

**By addressing materialities (forecasting), "2030 VISION" - As an All-in-One Solution Company, we will achieve eight qualitative goals and become an indispensable corporate group.**

## "2030 VISION"



Backcasting

Forecasting

2030 is only a milestone
—Value creation continues into the next stage—

Promoting sustainability management

### 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

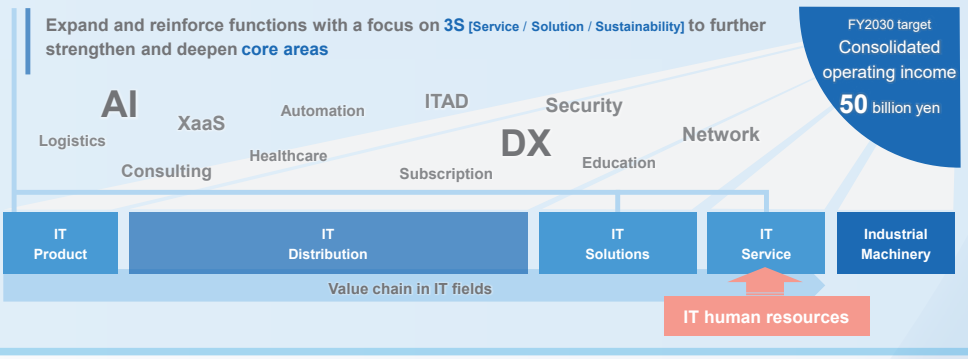
**The path to an "indispensable corporate group"**

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**

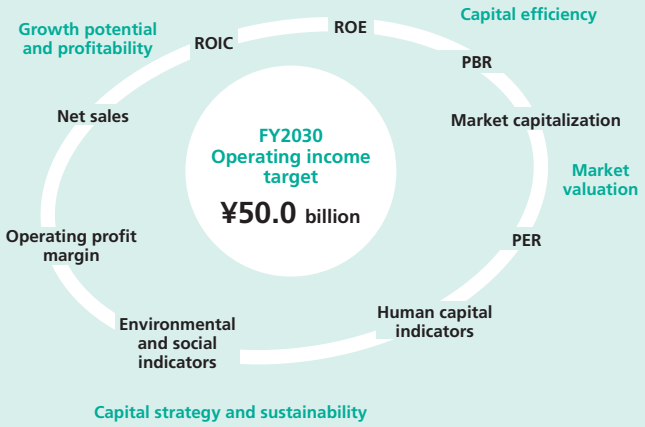


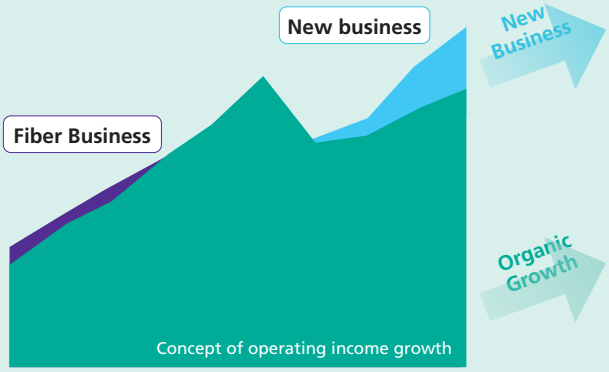
# Medium-Term Management Plan (FY2024 to FY2026)

## "2030 VISION," our medium- to long-term vision, and the positioning of the current Medium-Term Management Plan

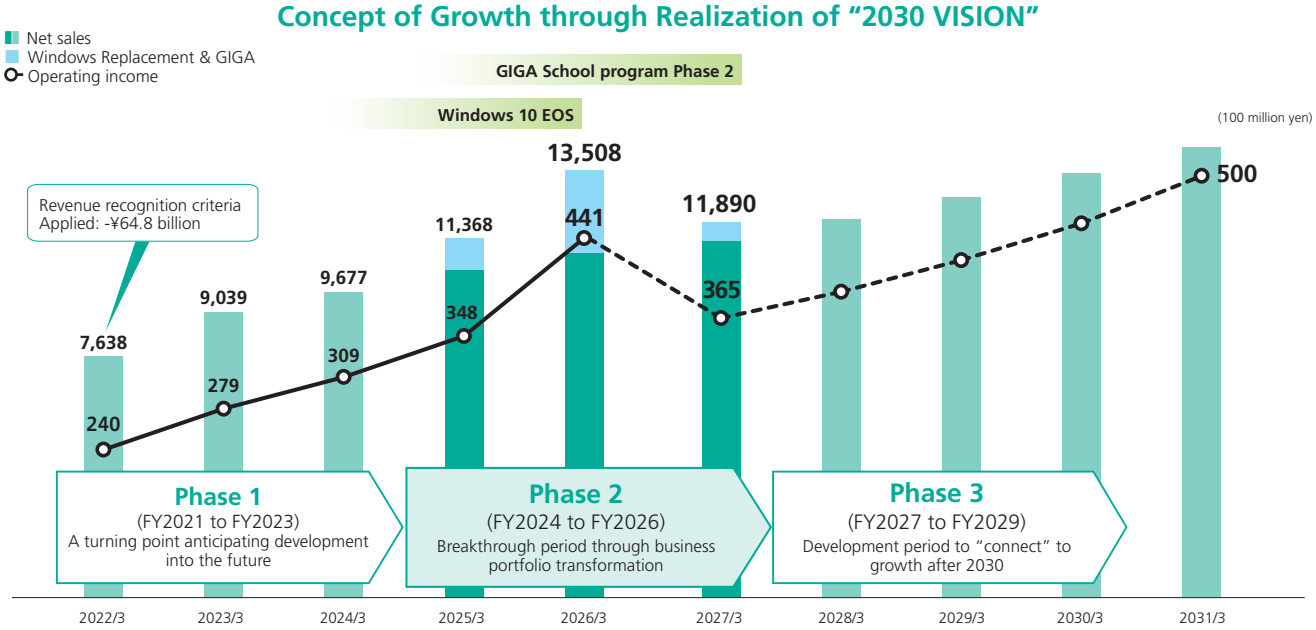
To achieve sustainable growth and enhance corporate value, the Group has formulated its medium- to long-term vision, "2030 VISION." As a roadmap for achieving this vision, we have set three strategic periods and are advancing our management strategy in stages. Among these, the current Medium-Term Management Plan (fiscal years ended March 31, 2024 to 2026) is positioned as Phase 2, the "breakthrough period through business portfolio transformation."

| "2030 VISION" | | |
|---|---|---|
| | 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 |
| | Our vision for the Group | Become an indispensable corporate group<br>All-in-One Solution Company |




### Concept of Growth through Realization of "2030 VISION"



## Progress of the current Medium-Term Management Plan (FY2024 to FY2026)

In the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026), we achieved one of our basic policy goals, the challenge to break the "highest in the past." We are on track to achieve "2030 VISION" while strengthening our management foundation. For the fiscal year ending March 31, 2027, while we anticipate a pullback from the previous year's special demand, we will continue our efforts to drive organic growth and improve earnings in our existing businesses.

### Initiatives by segment

In the IT Infrastructure Distribution Business, we are focusing on growth areas such as cloud, security, and AI, while expanding our subscription business, led by iKAZUCHI. We are also strengthening support functions, including corporate branding that enhances the value of Daiwabo Information System Co., Ltd. (DIS) and efforts to improve partner productivity by promoting digital transformation (DX).

In the Industrial Machinery Business, we are continuing the development and commercialization of high-precision vertical lathes, strengthening proposal-based sales tailored to customer needs, mainly in the food, confectionery, and pharmaceutical industries, and exploring growth opportunities, including in overseas markets.

(100 million yen)

| | FY2024 (Results) | | FY2025 (Results) | | FY2026* (Forecast) | |
|---|---|---|---|---|---|---|
| | Amount | Margin | Amount | Margin | Amount | Margin |
| **Net sales** | **11,368** | | **13,508** | | **11,890** | |
| IT Infrastructure Distribution | 11,239 | | 13,364 | | 11,745 | |
| Industrial Machinery | 128 | | 144 | | 145 | |
| **Operating income** | **348** | **3.1%** | **441** | **3.3%** | **365** | **3.1%** |
| IT Infrastructure Distribution | 340 | 3.0% | 430 | 3.2% | 350 | 3.0% |
| Industrial Machinery | 8 | 6.6% | 11 | 7.8% | 15 | 10.3% |

*Forecasts for the fiscal year ending March 31, 2027 were revised upward in May.

# Progress of basic policy

### Basic policy 01: Growth under the holding company structure

Under the current Medium-Term Management Plan, we are driving growth through our holding company structure. In the fiscal year ended March 31, 2026, as a first step toward expanding our business scope, we entered into a capital and business alliance agreement with BCC Co., Ltd. (BCC), a provider of IT staffing and outsourcing services. Through this alliance, we aim to test the launch of new businesses in the IT human resources field, deepen the mutual sharing of expertise in the solutions field, and establish a flexible personnel supply system to meet the needs of Group companies.

Furthermore, as part of our rebranding, Daiwabo Holdings and DIS plan to change their trade names effective April 1, 2027. We will conduct sustained branding activities tailored to our target audiences to raise public awareness following the change.

## Capital and business alliance with BCC Co., Ltd.

In November 2025, the Company invested in BCC, a company seeing steady growth in the IT human resources and solutions field, through a subscription to third-party allotment of new shares and signed a capital and business alliance agreement. Through this collaboration, we will help solve social issues and contribute to sustainable economic and social development in the IT industry and beyond.

## Aims of the capital and business alliance

BCC's core business is IT sales outsourcing; it leverages its unique talent development expertise to support the sales operations of major IT firms by supplying personnel.

Under its own Medium-Term Management Plan (the fiscal years ending September 30, 2026 to September 30, 2030), BCC aims to accelerate growth through synergies between its existing and new businesses. Labor shortages in the IT industry have grown more acute in recent years, and demand for human resource services is expected to rise further. By deepening the mutual sharing of IT expertise and the exchange of personnel between the two companies, this alliance aims to meet that rising demand and provide solutions that resolve customer challenges, thereby creating new business opportunities for both companies and maximizing corporate value.

## Medium-Term Management Plan (FY2024 to FY2026)

### Details of the capital and business alliance

**1. Broadening knowledge of human capital in the IT industry by establishing a joint promotion council**

By creating more opportunities for communication and strengthening collaboration, we aim to deepen our understanding of each other's businesses, operating environments, and challenges, with the goal of co-creating new businesses related to talent in the IT industry.

**2. Joint evaluation and management of new business ventures and investment projects in the IT human resources field**

When considering new investment projects, while exchanging information regarding the experience and industry knowledge BCC has cultivated in the field of IT human resources, we will cooperate on both investment appraisal and post-investment management.

**3. Delivering human resources supply, development, and solutions tailored to the needs of each Group company**

We will address the Group's human resources supply needs and development challenges by sharing BCC's management resources and information.




Left: Kazuhiko Ito, President & CEO, BCC Co., Ltd.
Right: Yukihiro Nishimura, Representative Director, President and Chief Executive Officer, Daiwabo Holdings Co., Ltd.

**Basic policy 02: Challenge to break the "highest in the past"**

In the fiscal year ended March 31, 2026, the IT Infrastructure Distribution Business maintained its strong momentum from the previous year, leading to record-high net sales for the second consecutive year. Operating income also reached a record high, its first in five years, and we met the challenge to break the "highest in the past" set out in our basic policies, at a level well above plan.

In the fiscal year ending March 31, 2027, we will further deepen our core areas in the IT Infrastructure Distribution Business and expand our market share in the cloud domain, a growth area. In the Industrial Machinery Business, we will strengthen the inventory sales strategy in the machine tools division and expand service operations across the business. These measures are designed to limit the pullback from the previous year's special demand and further strengthen earning power across the Group.

**IT Infrastructure Distribution Business**

In the fiscal year ended March 31, 2026, we captured PC replacement demand, primarily from corporate customers, driven by the end of support (EOS) for Windows 10, as well as replacement demand from Phase 2 of the GIGA School program, resulting in record-high PC shipments. By leveraging this momentum to promote combined proposals, we also steadily expanded earnings bases such as the cloud business, which did much to drive the Group to a record profit.

In the fiscal year ending March 31, 2027, we aim to solidify our position as an industry leader by boosting promotional activities to invigorate the AI PC market and accelerating managed service proposals in next-generation infrastructure. We will also use our DIS-NET V core system to standardize operations and reduce lead times, while expanding subscription products offered through iKAZUCHI. These initiatives will move us away from reliance on special demand and toward a recurring business that generates continuing revenue, giving us a more stable earnings structure.

**Industrial Machinery Business**

In the fiscal year ended March 31, 2026, the machine tools division increased production of stock machines to meet demand for shorter lead times, and expanded its workforce to strengthen its response to the maintenance and overhaul demand that came with the recovery of the aircraft, energy, and railway industries. Recording large projects, higher service revenue, and the capture of labor-saving demand in the automatic machinery division lifted both sales and profit.

In the fiscal year ending March 31, 2027, to improve consolidated financial results, we will move beyond simple sales growth to focus on high-margin orders, more precise process management, expanded service revenue, and improved capital efficiency. Specifically, we will build earnings through maintenance, modifications, and consumable sales following machine installation, while bolstering our project delivery capacity through recruitment and training to improve capital efficiency and lay the foundations for sustained growth.

## Basic policy 03: Enhancement of stakeholder engagement

In the fiscal year ended March 31, 2026, we reorganized to establish a standalone Investor Relations Dept. to enhance our expertise and expand our IR programs. We held 196 shareholder relations (SR) and Investor Relations (IR) meetings , striving for constructive dialogue with institutional investors and shareholders. Alongside encouraging an appropriate understanding of the Company's business conditions, we set up an arrangement whereby the market perspectives gathered through these dialogues are reported to the Board of Directors once a quarter.

We also established a new Well-being Promotion Dept. to drive our human capital strategy across the entire Group as part of well-being-oriented management.

In the fiscal year ending March 31, 2027, we will strive to ensure our corporate value is more fairly assessed by enhancing our IR disclosures and strengthening engagement with investors to foster deeper mutual understanding. In advancing well-being-oriented management, we will design and monitor key performance indicators (KPIs) as we work to build an attractive company where employees can work safely and with vitality.

| Shareholders | Relationships with Stakeholders/ Objectives | Dialogue methods | Results (FY2025) | Progress and results of dialogue and future direction |
|---|---|---|---|---|
| Employees | The Group strives 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<br>• Group Financial results briefing<br>• Employee engagement survey<br>• Employee training<br>• Goal management programs and personnel evaluation interviews<br>• In-house intranet, Group newsletters, company newsletters<br>• Helpline (internal whistleblowing hotline) | • Employee engagement survey response rates: 95.3%<br>• Number of contacts made to internal whistleblowing hotline: 29 | • Analysis of Group-wide organizational culture and identification of issues to be addressed in each business<br>• Respect for the human rights of employees<br>• Instilling a Group-wide sense of unity |
| Sales partners | The Group cannot provide products and services 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<br>• Sales activities, various webinars and hands-on training<br>• Websites<br>• Exhibitions | • Number of events held including webinars, hands-on training, and exhibitions: 311<br>• DIS World and DIS ICT EXPO held | • Promoting social responsibility in the value chain<br>• Partnerships based on fair transactions and trust |
| Customers (Users) | The Group leverages its collective strengths 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)<br>• Product and technology briefings<br>• Exhibition of products at trade shows<br>• Support center | • Information posted on websites<br>• Hosted and participated in exhibitions relating to the IT Infrastructure Distribution Business and Industrial Machinery Business | • Provision of optimal solutions<br>• Provision of high-quality products and services<br>• Provision of appropriate product and service information |
| Suppliers | The Group 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<br>• Supplier briefings<br>• Information exchanges with suppliers and outside experts | • Supply chain surveys<br>· FY2025 survey results: 144 companies<br>· Coverage of transaction value since FY2022: 90% or more<br>· Cumulative response rate for CSR procurement survey questionnaires since FY2022: 88% | • 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<br>• Financial results briefing<br>• Meetings with investors<br>• Information site for investors<br>• Participation in events for individual investors | • Discussions for shareholders and investors held: 196<br>• Financial results briefings held: 2<br>• IR meetings held: 2<br>• Fairs and seminars for individual investors held: 3 | • Enhancing corporate value and stable returns driven by sustainable growth<br>• Timely and appropriate information disclosures and communication |
| Local communities | The Group seeks 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<br>• Participation in local events<br>• Dialogue through industry organizations | • Concluded a collaboration agreement between the Toda City Board of Education (Saitama Prefecture) and Intel K.K., and launched a demonstration project for a STEAM education environment at Toda City's Toda Junior High School<br>• Number of DIS donations: 2 (Japan Heart and UNICEF) | • Fulfilling social responsibilities<br>• Gaining the trust of local communities<br>• Collaboration with NGOs and NPOs |

## Medium-Term Management Plan (FY2024 to FY2026)

# Policy for formulating the next Medium-Term Management Plan (FY2027 to FY2029) and the status of our deliberations

The next Medium-Term Management Plan is positioned as Phase 3, the last of the three strategic periods aimed at achieving "2030 VISION," defined as the development period to "connect" to growth after 2030. Making the most of the solid management foundation and the results of business portfolio transformation achieved in Phases 1 and 2, and steadily carrying out the plan, we have made growth strategy (including M&A), capital allocation policy, and cost of capital reduction our key considerations, and we are working to define "2030 VISION" in concrete terms and to establish specific financial and non-financial targets to realize it. In addition to organic growth within our existing businesses, we plan to formulate a fresh discontinuous growth story.

**Factoring in elements that will affect our future initiatives**

**Pullback due to special demand**
**Soaring memory prices**
**Advances in AI**
**Unstable global situation**

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

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

**Solid management foundation and business portfolio transformation**

### Recognition of current issues

**Based on dialogue with capital markets and rapid changes in the business environment, the following are recognized as the most important issues for the next leap forward**

- Presenting a "discontinuous growth story" that dispels concerns about dependence on special demand

Following the capital and business alliance with BCC, which operates an IT human resources business, as a first step, executing inorganic growth (M&A) in the IT value chain

- Formulating an aggressive capital allocation policy (including priorities) consistent with the equity story and management targets
- Building a sustainable and resilient earnings base (recurring revenue) that exceeds cost of capital over the medium- to long-term

**Building on our efforts to date**

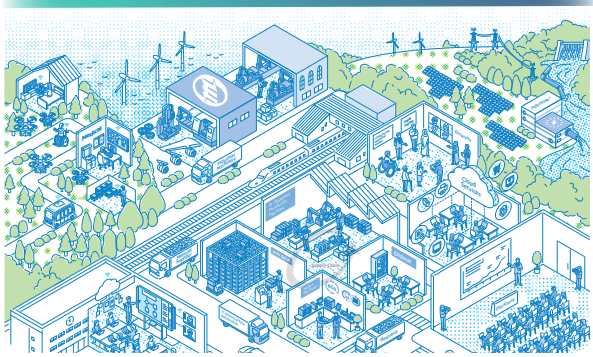
**Growth Strategy (including M&A)**

**Capital Allocation Policy**

**Cost of Capital Reduction**

## "2030 VISION"

**As an All-in-One Solution Company, we will become an indispensable corporate group**



**Sustainable growth from 2030 onward**

## Development period to "connect" to growth after 2030

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

### Key Considerations for the Next Medium-Term Management Plan

#### Strategic direction

**Aiming to become an All-in-One Solution Company in the IT field, expanding existing businesses and extending into new business areas through M&A**

- Formulating a business portfolio strategy to evolve into a "platformer" that comprehensively supports the entire IT value chain, with awareness of the entire IT lifecycle including operation, renewal, and end-of-life (collection/recycling), to build more sustainable relationships with sales partners and users

#### KPIs to be achieved through growth strategy

**Profit levels to achieve ROE of 20% at an early stage, and enhancement of corporate value (market capitalization) through realization of the equity story**

#### Capital allocation

**Pursuing "optimal capital structure" that maximizes capital efficiency while prioritizing investment for future growth**

- For strategic investment for future growth (M&A), actively utilizing external debt (leverage) backed by an "A" credit rating in addition to internal funds
- Using the current equity ratio of around 35% as a guideline for financial discipline while restraining excessive accumulation of equity capital
- Regarding shareholder returns, in addition to continuing progressive dividends, we are considering flexible acquisition of treasury shares according to funding requirements for M&A and other purposes

#### Examining measures to raise market expectations and reduce cost of capital

- Dispelling concerns about earnings volatility through enhanced IR materials
- Enhancing governance to improve management transparency

# Discussion with a securities analyst



Director, General Manager of Management Strategy Div. DAIWABO INFORMATION SYSTEM CO., LTD.
**Shoji Takebuchi**

Representative Director, President and Chief Executive Officer Daiwabo Holdings Co., Ltd.
**Yukihiro Nishimura**

Senior Analyst Asset Management One Co., Ltd.
**Shinji Itou**

Senior Managing Director Daiwabo Holdings Co., Ltd.
**Tsukasa Igari**

IR Promotion Group Moderator:
**Rune Matsushita**

## Connecting IT value chains to become an indispensable corporate group

A roundtable discussion on the topic of "Expanding IT value chains and evolving into a platformer" was held to develop a shared perspective, foster trust, and create value together with stakeholders.
Mr. Shinji Itou, a senior analyst at Asset Management One, was invited to join the discussion with Representative Director, President and Chief Executive Officer Yukihiro Nishimura, Senior Managing Director Tsukasa Igari, and Daiwabo Information System (DIS) Director Shoji Takebuchi.

## 1. Strong fiscal 2025 results and the first transformational step toward the next Medium-Term Management Plan

■ **Matsushita:** Please provide an overview of the Group performance and an evaluation of its business results for fiscal 2025.



■ **Nishimura:** In fiscal 2025, we posted record-high net sales and operating income for the second year in a row, guided by the current Medium-Term Management Plan's basic policy "Challenge to break the 'highest in the past'." We achieved this by capturing PC replacement demand surges driven by two factors: the end of Windows 10 support for businesses and Phase 2 of the GIGA School program for educational institutions.

That said, not everything went as we expected. Demand associated with the end of Windows 10 support developed as we expected, but memory prices surged toward the end of the fiscal year. This created last-minute demand for consumer PCs, resulting in higher-than-expected net sales, but we slightly undershot the operating income target as we could not pass on the cost increases in some corporate PC and server projects. Meanwhile, we met the GIGA School demand well throughout the year. We did this without having product shortages or other problems, as we leveraged our nationwide network of bases and overwhelming

procurement capabilities—the Group's greatest strengths—as well as robust supply chain management with manufacturers.

The Industrial Machinery Business (O-M Ltd.) had some concerns, such as temporary, complete unavailability of internal systems caused by a ransomware attack. But orders steadily recovered, supported by DIS and by the Group's fundamental strength and solid trust relationships with customers. As a result, the business posted increases in sales and profit.

On the other hand, I am keenly aware of rapidly evolving changes in the IT industry. The emergence of various AI products and services led Japanese companies to rapidly adopt AI in business operations, causing a qualitative shift in demand. Against this backdrop, we changed our business portfolio by spinning off the Fiber Business and announced the renaming of Daiwabo Holdings Co., Ltd. and DAIWABO INFORMATION SYSTEM CO., LTD. They will be reborn, respectively, as MUSUBITE Inc. and DIS CO., LTD. on April 1, 2027. We had a very fruitful year, repeatedly discussing how we want the Group to be in society going forward, rather than just changing the names.

■ **Matsushita:** What is your assessment of the Company's business performance last fiscal year and current initiatives from an investor perspective?

■ **Itou:** As an investor, I foresaw the coming of peak demand for corporate PCs and the GIGA School, and I strongly hoped that you, a company that supports Japan's IT infrastructure, would steadily fulfill your supplier responsibilities and drive the adoption of IT technologies across Japan. You met, or even exceeded, that expectation with truly impressive numbers. You also maintained relatively high profit margins, which are often a concern for wholesalers, and I have great respect for your corporate efforts there.

I had also hoped that you would use a year of strong performance like this one to advance your medium- to long-term initiatives. Last fiscal year confirmed that you have done just that: alongside the capital and business alliance, the announcement of your new company names marked the starting line of a long-term transformation. Over these past three years you have also put together a clear policy on shareholder returns and capital policy, which gives me, as an investor, real peace of mind. I feel great expectations for the next three years as well.

■ **Matsushita:** What is your view of the last fiscal year in terms of progress in the Medium-Term Management Plan, from a management strategy perspective?

■ **Igari:** Our achievement of the highest-ever net sales and profits in the second year, in line with the plan's basic policy "Challenge to break the 'highest in the past'," proves that the business strategies the Group had pushed forward worked as intended. We had special replacement demand related to Windows and GIGA. Still, the fact that we secured robust profits, in addition to sales, points to our strength.

From a management strategy perspective, we have focused not only on strengthening our existing businesses but also on creating a foothold to expand into new growth areas for the Group to further leap forward. It is about how we can change our profit structure over the medium- to long-term, in addition to pursuing short-term numbers. We also need to clearly show our direction in realizing our Purpose, supporting society broadly, and becoming an "indispensable corporate group."

As a first step, we entered into a capital and business alliance with BCC Co., Ltd., which has strengths in developing and dispatching IT personnel. We are now verifying specifics to generate synergies between the two companies through regular discussion meetings. At the same time, we continue examining M&A opportunities in the IT solutions and service sectors as our next move.

■ **Itou:** As an investor, I see it as a very positive sign that your direction of medium- to long-term transformation is taking shape little by little. This includes strategic expansion, outlining steps to take over the next three years, with the IT market peak in sight. It is a big plus that you have quickly established footholds in new domains, such as entering an alliance with BCC as a next growth pillar, without becoming complacent about best-ever financial results. You have made strategic moves as a company to reach the next level. I have high expectations of your company, seeing that the Medium-Term Management Plan is functioning as an actionable plan toward sustainably growing corporate value, rather than merely a set of numerical targets.



### Profile of Shinji Itou

Mr. Itou is a Senior Analyst at Asset Management One Co., Ltd. He has been researching and analyzing the IT services and software sectors for many years.

His analysis is grounded in a medium- to long-term perspective, drawing on industry knowledge gained through meticulous interviews with surrounding companies, and people on the logistics frontline, and others.

## Discussion with a securities analyst

## 2. An ability to connect, handed down since the foundation, and supply chains that are difficult to emulate

■ **Matsushita:** DIS maintains a large market share in Japan's IT industry and continues to be chosen by sales partners and manufacturers. What is behind this? What do you think Japan's IT industry would look like if DIS did not exist?

■ **Takebuchi:** Behind our significant market presence is stable procurement, achieved by forecasting demand trends in close coordination with PC manufacturers and sales partners. When asking partners about their demand trends, our 112 sales offices, covering all prefectures in Japan, performed well. When a demand wave like the one we saw last fiscal year comes, a key role we play is to smooth it out, in close coordination with manufacturers and sales partners, to ensure stable procurement.By doing so, we have earned the trust of manufacturers and our sales partners and achieved smooth supplies.



This is relevant to Daiwabo Holdings' Purpose. DIS's role is not only to connect commercial flows between manufacturers and sales partners but also to add new value to that. In addition, we identify customers' issues, which vary by region and industry. We do this through daily communication with sales partners across Japan. We have been proposing solutions to those issues, covering not only hardware but also IT products and services.

I believe we are a preferred choice because of our frontline response capabilities and the trust we have built continuously.

Without DIS, there is a concern that advanced technologies and products may take longer to reach every corner of Japan, widening the digital divide among regions. You cannot solve regional issues overnight. We are proud that we maintained our local bases for decades, communicated daily, and spread IT business in Japan.

■ **Itou:** I had the opportunity to tour your logistics warehouse in the past, and this convinced me that your capabilities in the IT-related warehouse business are by far the best in Japan, in both quality and quantity. I see your company's value most keenly in two moments: when demand surges, and when supply runs short. In both cases, the peace of mind that comes from knowing DIS has secured the IT products and services the country needs is immense.

Unlike competitors operating mainly in urban areas, I feel all the more that your company is an extremely important part of the infrastructure that delivers IT throughout Japan. I imagine a variety of AI products will emerge going forward, and I hope you will roll every one of them out nationwide through your network.

■ **Igari:** "Ease of mind brought by DIS" is exactly what we set out to build. We will continue to fulfill our infrastructure responsibilities so manufacturers and sales partners will feel the same way.

■ **Matsushita:** What is DIS's identity underlying those strengths?

■ **Nishimura:** DIS initially started its operations as part of the non-fiber business, opening four offices in two years, in order of Osaka, Saga, Izumo, and Kanazawa. Surprisingly, we turned a profit in that short time. This year, we achieved our long-sought dream of covering all of Japan's prefectures by establishing our base in Nara.

The key to our success was providing our sales partners with thorough behind-the-scenes support to ensure their success. At a time when it usually took two to three months from PC order to delivery, we built inventory for an immediate-delivery system, thinking outside the box to meet orders placed by 5:00 p.m. and deliver them before noon the next day. We earned the deep trust of sales partners by sticking to wholesale without engaging in direct sales.

DIS's identity lies in its ability to connect. In the spirit of Osaka's merchant tradition, we always listen to people on the ground and respond flexibly and quickly to customers' troubles. At times, we devote ourselves to our partners in the spirit of "give-and-give." Sometimes we make money from this, and sometimes we do not, but we all help each other in times of hardship. This hands-on, down-to-earth approach developed strong partnerships, underpinning our continued growth in the ever-changing IT market.

■ **Takebuchi:** To add to what President Nishimura said, DIS has a corporate motto of enjoying change. Operating conditions in the IT industry are constantly changing. Our motto is to view them positively and find new value to add while enjoying the process. This proactive attitude has taken root as part of the identity of DIS employees.

■ **Itou:** I interview companies surrounding your company on a daily basis. I often hear them say that they can count on DIS to respond to their requests. Moreover, one of them said that DIS has lately been prioritizing other products when making proposals. This shows that your

company filters products to find more suitable options for customers by capturing their true needs. I understand that these small efforts to add value compound, creating high barriers to entry that other companies struggle to emulate.

## 3. Outlook for Japan's IT market opened up by AI technological advancements, and iKAZUCHI

■ **Matsushita:** Please provide an outlook for Japan's IT market and progress in iKAZUCHI, a future growth engine.
■ **Takebuchi:** The PC market is expected to experience a temporary lull from this year through next year after last fiscal year's special demand. But given the shortening of renewal cycles and the shift to more value-added products, I expect the market to remain strong over a four- to five-year span. Meanwhile, I think corporate IT investments will continue. So, demand for digital investments (cloud, software, IT services) to boost productivity and competitiveness will remain robust.

What is particularly noteworthy is AI data center trends. Massive investments by foreign hyperscalers are unlikely to bring direct business to us, but we can surely expect sovereign AI demand (demand for Japan-made AI servers for data centers in the country). Moreover, given power shortages and delayed GPU deliveries, I predict a departure from cloud-only, with edge inference on local devices increasing. This will create demand for high-value-added edge devices, a big business opportunity for us.

Regarding iKAZUCHI, we aim to grow its transaction volume from ¥54.5 billion in fiscal 2025 to around ¥100 billion within three years. Some people murmur that SaaS has already peaked, but it is unlikely that SaaS itself will disappear, even if some of its services do not survive. A world with numerous AI agents will come. We have been conducting our study to evolve iKAZUCHI into a distribution platform that goes beyond SaaS and provides these AI agents safely and securely under an appropriate pricing structure.
■ **Itou:** Now that the infrastructure update has been completed, the next phase is leveraging the high processing power on the operational side (applications). The center of it is AI. Usability and manageability are important for customers in both SaaS and AI. Providing that usability remains the role of iKAZUCHI.

As an investor, what I'd like to see is bundling the latest AI solutions faster than anyone else and delivering them to small- and medium-sized companies through sales partners. For example, you can bundle multiple generative AI services into packages in iKAZUCHI and let customers choose the best fit for themselves. If you can provide a sense of ease that they can resolve most AI issues by working with you, that is huge value for small- and medium-sized companies.
■ **Takebuchi:** As you pointed out, we have in fact already incorporated such AI packages from start-up companies in the lineup of iKAZUCHI.
■ **Itou:** I feel relieved to hear that. Your strength lies in your ability to propose optimal combinations of multiple AI services. If you use these services internally and serve as an incubator for them, your market presence will increase further.



## Discussion with a securities analyst

## 4. Capital policy for higher profit margins and discontinuous growth



■ **Matsushita:** As an analyst, what do you think of Daiwabo's strengths, future challenges, and weaknesses?

■ **Itou:** I first became interested in your company in the early 2010s. Your stock price and market recognition were low at that time. But my research found that you were a very interesting company with an overwhelming and growing share in the corporate PC market. The extent of your product lineup surprises me every time I interview your company. Such is your potential to tap yet-to-be-known demand.

A challenge, as you might expect, is to increase profit margins. Being a distributor, you hold inventories and handle large quantities of hardware. This tends to make your profit margins look low. As an investor, I expect you to boost profitability by improving your product mix. The attention is on how you will roll out new, high-margin products after the PC replacement cycle runs its course.

In addition, given the ongoing, dynamic realignment in the semiconductor distribution industry and the presence, in the U.S. market, of highly influential sales players in the small office/home office (SOHO) segment, wholesalers may also experience a seismic shift. It is essential to have strategies for responding to change, as well as enjoying it.

Moreover, I have high hopes for the expansion of your Group companies, such as Alphatec Solutions Co., Ltd., the Group's IT infrastructure arm. With the device and infrastructure sides consistently connected, the value offered will significantly increase. The process of installing racks and servers and connecting them to corporate systems, after completion of wiring and electrical work at data centers, is the very area of your strength. I would like you to win more such orders.

■ **Takebuchi:** Raising profit margins is one of our top priorities. That said, we are a distributor that covers the entire supply chain. From the perspective of maintaining and developing a healthy supply chain, it is not necessarily desirable to profit by forcibly hiking prices.

We will increase profit margins by adding value that only we can create, such as managed services and proprietary technical support, while maintaining proper delivery times and prices. We are now in the very process of shifting in that direction.

■ **Nishimura:** Balancing profit margins and sales volumes has long been an important management challenge for us. In some sense, we have prioritized scale until now. In the next Medium-Term Management Plan, we will establish stricter profitability KPIs. We send our employees directly to the US to find superior software products to introduce to the Japanese market, thereby focusing on identifying unique products that we can handle on a preferential basis.

■ **Igari:** Our management team recognizes mainly three issues toward the next Medium-Term Management Plan. First, present a story of discontinuous growth—one that does not simply extend our current trajectory—by developing new fields, including M&A. Second, formulate offensive capital allocation that aligns with the equity story. Third, build a foundation for generating profits that exceed capital costs.

Aiming to become a platformer that supports the entire IT value chain, we are examining portfolio strategies that cover operations, upgrades, collection, and recycling throughout the IT lifecycle. We will swiftly move forward with alliances and M&A involving companies with which we expect to generate synergies. We are committed to striking an optimal balance between investment in future growth and shareholder returns, while flexibly using external borrowing in addition to our own funds.



## 5. Indispensable platformer in 10 years

■ **Matsushita:** Lastly, what would you ideally expect DIS and the Group to look like in 10 years?

■ **Itou:** Large Japanese companies are all in the phase of legacy system upgrades, having recently faced the so-called 2025 cliff and now facing the 2027 wall. On top of that, the AI boom has arrived. I expect investments in upgrading legacy systems and responding to AI to remain active until around 2030. small- and medium-sized

companies will follow the moves of large companies. In addition, the next round of the GIGA School program coincides with the Ministry of Education, Culture, Sports, Science and Technology's revision of educational guidelines. Therefore, I expect significant educational reforms, such as the incorporation of AI into education.

Amid these structural shifts over the next five years, what would be your next move? To expand the business infrastructure needed in Japan while meeting investor expectations, "DIS's customer zero" approach is crucial. Your teams, made of younger employees, first use new overseas products and AI solutions thoroughly, and openly comment on the results on social media and other platforms. An organization's adaptability to change will dramatically improve once such an agile culture takes root.

Looking further ahead, over the next 10 years, I hope you will go far beyond the PC wholesaler realm to become a total platformer in the IT domain, equipped with cutting-edge technology incubation and specialized AI trading firm functions. Semiconductor distributors have undergone significant transformation. Likewise, I believe your company will have evolved significantly over the next 10 years. I hope the change to new company names, MUSUBITE and DIS, will nicely trigger that transformation.

■ **Igari:** I am committed to meeting investors' expectations. The biggest challenge going forward is to present a breakthrough, discontinuous growth story alongside our steady past growth. We will discern how market preconditions will change, and we will evolve into a true platformer that comprehensively supports the entire IT value chain, without being bound by past success.

■ **Itou:** The point that market preconditions will change is important. The evolution of AI may drastically change how offices operate. I recently visited an unlisted company located in a maze-like place in Tokyo's Shibuya Ward. Its president, in his late 20s, has automated most of the administrative work with AI agents like Claude and runs the business of building sales support systems himself, without hiring any employees. If this one-person-plus-AI model becomes common, the traditional market precondition of allocating PCs and copy machines based on the number of employees will collapse. In facing the risk of such structural office shrinkage, how can you tap into needs for new solutions and business models for edge (frontline) operations? You also need to be shrewd and incorporate new business models by actively contacting such pioneering entrepreneurs.

■ **Takebuchi:** Your points are very thought-provoking. The customer zero approach is still in the prototype stage,



but we have begun internal demonstration tests. We will enhance the process of internally experimenting with products and then customizing them for the Japanese market. In addition, we have begun serious discussions on how to reach the SOHO segment and other very small home-based businesses with IT offerings, leveraging our distribution channels through our existing partners. Mr. Itou has mentioned the change in offices as a future prediction. We, too, see this as an important theme.

■ **Nishimura:** Going forward, how quickly we can identify developments arising from AI and transform them into business value will be the make-or-break factor. The world is accelerating faster than we imagine, as seen in AI-driven improvements in operational efficiency and image generation. A future without physical devices may arrive, but demand for support and integration will surely remain. We will anticipate such changes ahead of others, leveraging our enduring strengths—the power to connect and frontline capabilities.

You have presented us with both high investor expectations and the challenges we face in meeting them. The Group will remain committed to growing sustainably and increasing corporate value so that we will continue to be an indispensable company that serves as social infrastructure. Thank you for joining us today.

# Intellectual capital strategy



## Intellectual capital: empowering customers and accelerating the implementation of technology

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## Intellectual capital: empowering customers and accelerating the implementation of technology

At Daiwabo Information System (DIS), IT distribution is the core of our business, and it is our intellectual capital that serves as the fundamental driver of our sustained growth. Our greatest asset is the extensive, long-standing network of relationships we have cultivated: approximately 19,000 sales partners across Japan and approximately 1,500 suppliers, including overseas vendors. Our business transcends simple procurement and resale; our true essence lies in leveraging this nationwide channel to add value to a diverse range of technologies and implementing them optimally to meet our customers' needs.

Furthermore, we play a vital role when bringing advanced technologies from overseas into the Japanese market. We bridge gaps in language, culture, and quality standards, providing the necessary service development and hands-on support to ensure these technologies meet the exacting standards required by Japanese customers.

Our ability to implement diverse technological solutions to meet customers' needs is powered by two essential pillars: a robust systems foundation and the human capital that delivers optimal solutions on the front lines. Navigating the complexities of BtoB channel businesses, where many stakeholders are involved, requires advanced skills and experience gained through practical application to handle the unique challenges of every project. By transforming the individual expertise and judgment of our employees into organizational know-how, we strengthen our competitive advantage.

The efficiency of our operations is particularly noteworthy. Over the past 20-odd years, we have achieved dramatic growth (increasing net sales five- to sixfold and ordinary income approximately 20-fold) while keeping headcount growth to less than double. This high-level efficiency is made possible by the evolution of our structural capital, most notably our core systems. By integrating our core system with specialized platforms such as iDATEN for sales partners and the iKAZUCHI subscription management portal, we aggregate diverse data points from every customer touchpoint. This synergy between people and systems, which elevates the capability of the entire channel to implement technology in society, is the very essence of DIS's intellectual capital.

## Turning change into strength: our development framework and the safe implementation of AI in society

In the rapidly evolving IT industry, we follow a strict policy of retaining in-house leadership over system planning. This ensures that we do not merely keep pace with change, but actively drive it.

In our system development, we employ an ambidextrous approach that balances the defensive and the offensive. For our core business-critical systems, we utilize a waterfall model to ensure reliable, steady updates. A prime example is our latest core system, DIS-NET V, released this January; its significantly enhanced processing speed has already contributed to a reduction in working hours across the Company. Conversely, in technological frontiers such as AI, we have established an agile, in-house development environment. Through small-scale, rapid trials led by the front lines and repeated iteration, we create the speed necessary to spearhead change. Once a concept is proven, we collaborate with partner companies to co-create full-scale business systems.

Regarding AI technology, which is our current primary focus, we have formed a dedicated department consisting of engineers who have tested it independently in their respective fields. As a team of professionals, they are taking validation and development to a higher level. We are already seeing tangible results, such as increased operational efficiency through

the use of code-generation AI and the development of a framework for using AI within our human resources department.

At the same time, we recognize that the societal implementation of AI requires rigorous risk management. As AI advances and data along with analytical know-how become concentrated within digital systems, a single cyber breach could seriously affect our business foundation, including through the leakage of business know-how. This requires more sophisticated risk management than ever before. We believe it is our responsibility to lead the way in creating a safe environment for AI by proactively implementing "Security for AI" against external threats and fostering digital literacy to prevent information leaks.

## Maximizing technology implementation through the standardization of individual expertise

The continued growth of DIS is inextricably linked to our sales partners' ability to solve end users' challenges and create their own added value. We recognize that partner needs fall into two categories: those seeking to reduce installation and operational workloads to boost sales productivity, and those looking to invest to independently generate their own unique value. To satisfy both, we provide support for everything from ready-to-deploy packaged services to skill transfers, including sales capabilities.

In the latter skill-transfer initiative, we focus on practical, hands-on training. Rather than relying on theoretical knowledge, our engineers collaborate with sales partners on actual projects, from the proposal stage through to implementation. This ensures that sales partners acquire the practical know-how required to respond flexibly in the field, ultimately helping them integrate these capabilities into their own core business models.

To maximize the scale of technology implementation, we also drive the standardization of services by assigning them specific model numbers and moving toward microservices-based modularization. Historically, while IT products (hardware/software) have had clear model numbers and pricing, services (labor/implementation) have lacked such structure, leading to opaque and time-consuming estimation and proposal processes. To resolve this, we have developed a framework of base services that can be combined as modular components. By standardizing skills that were previously dependent on individuals, we ensure consistent service quality, enable rapid troubleshooting through faster root-cause identification, and empower sales partners to provide transparent, high-speed quotations, thereby streamlining the entire business process.

Furthermore, when introducing new technologies, we act as "Customer Zero." We serve as a showcase by conducting early-stage verification and quality improvements. By sharing the successes and insights gained from these practical applications as reusable assets, we cultivate both a market and an environment that allows sales partners to handle new products with absolute confidence. This is the true essence of working in concert.

## Transformation and sustainable growth through investment in people and systems

Our future competitive advantage rests on two pillars: our people and our systems. To propel our business into a new dimension, we must invest heavily and simultaneously in both.

Our investment in systems will focus on speeding up non-creative transactional processes and pursuing comprehensive automation through a shift toward AI and robotic process automation (RPA) to reduce the total cost of ownership (TCO). This will allow us to redirect the time freed up toward high-value, creative tasks and meaningful customer engagement.

Regarding our investment in people, we are forging an organization that fosters mutual respect between the seasoned business acumen and situational judgment of our industry veterans and the advanced digital proficiency of the digital-native generation.

In addition, we will leverage systems and AI for the aspects of the experiential knowledge and judgment we have accumulated over many years that can be structured. For those that cannot be structured, such as uniquely human intuition and communication skills, we will focus on honing those qualities. This approach will allow us to develop professionals who can integrate deeply into local communities, uncover individual challenges, and proactively address customer needs.

Japan currently faces significant societal challenges, including the digitalization lag among small- and medium-sized companies and a shrinking working population. As the shortage of IT personnel persists, it is essential that we elevate the implementation capabilities of our entire channel to small- and medium-sized companies ensure the benefits of technology reach companies of every size and in every region. By fully leveraging our intellectual capital in both people and systems, we will support DX across all industries throughout Japan, pave the way for the future of local communities, and contribute to their sustainable development. This is the essential form of growth envisioned by DIS and our unwavering path toward sustainably enhancing corporate value.

# Social and relationship capital strategy

## Supply Chain Management

### Basic stance on supply chain management

Guided by our Purpose, "Connecting people and society to the future with our value chain," the Group is dedicated to simultaneously addressing social issues and enhancing corporate value. As an integral part of global supply chains, we confront human rights and environmental challenges not only within the Group but throughout our entire supply chain, striving to identify and remedy any negative impacts. Through our business activities, we aim to ensure the stable supply of sustainable products and raw materials, helping to build a responsible future.

Supply chain management

### Achieving a sustainable supply chain

#### Disseminating the guidelines

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.

### Implementation of CSR procurement surveys

#### Targets and results

The Daiwabo Holdings Group has set the following KPIs through these activities to deepen mutual understanding and strengthen cooperative relationships, as well as to maintain supply chain quality and enhance the effectiveness of our initiatives.

| KPI | Target | Results | | | | |
|---|---|---|---|---|---|---|
| | | FY2022 | FY2023 | FY2024 | FY2025 | Total |
| CSR procurement questionnaire response rate | 90% or more | 100% | 96% | 89% | 78% | 88% |
| Group C supplier support rate | 100% | 100% | 100% | 100% | 100% | 100% |

#### Engagement with new suppliers

We have established management protocols for the commencement of new business relationships to ensure the development of healthy partnerships with new suppliers.

Prior to entering into a business relationship, we conduct CSR surveys. In cases of trial or emergency procurement, we require immediate compliance with the Group's CSR Procurement Guidelines and conduct a formal CSR procurement survey within the first few months of the relationship to identify any human rights or environmental risks. Should an item fail to meet our standards or if potential risks are detected, we promptly implement our hands-on support system (described below) to work collaboratively with the supplier toward improvement.

By systematizing these processes, we prevent risks from entering our supply chain, thereby ensuring long-term supply stability and sustainability.

#### Responding to environmental and human rights issues

The most recent survey results indicated no need for on-site investigations or audits of suppliers regarding environmental or human rights issues. Furthermore, there were zero reported cases of environmental or human rights violations.

#### Challenges identified in the CSR procurement survey results

Surveys conducted under the CSR Procurement Guidelines have revealed structural and resource-based challenges in two primary areas.

As the number of small- and medium-sized companies among our surveyed suppliers increases, it has become evident that interpreting specialized sustainability questions and responding to them with limited resources places a significant practical burden on them. In response, the Industrial Machinery Business provides smaller suppliers with support tailored to their specific needs, including individual, in-person support. Recognizing the gravity of this situation, we are working to build a hands-on support system, including group and individual online seminars, to ease the burden on suppliers and foster a deeper understanding of these requirements.

### ① Supply chain (multi-tier management and implementation)

In our multi-tier supply chain, we see a shortage of specialists capable of assessing human rights and environmental risks arising among small and medium-sized suppliers and providing appropriate remedies when adverse impacts occur. We recognize that this stems partly from the limited resources available to small- and medium-sized companies and partly from training programs that focus heavily on harassment prevention.

Moving forward, we will move beyond simply managing suppliers and develop relationships based on working alongside them. By offering individual consultations and improvement guidebooks and using interactive platforms, we aim to reduce the burden on suppliers and work with them to address risks across multiple tiers of the supply chain.

### ② Coexistence with local communities (business integration and quantification)

We recognize that our social contribution activities remain limited to conventional volunteer activities and that we have not yet sufficiently pursued value co-creation through our core business or quantified the outcomes of these activities. Specifically, quantifying the causal link between social value creation and business performance is difficult, making it challenging to clearly demonstrate the impact of our activities. Moving forward, we will provide support tailored to the specific characteristics of each stakeholder and supplier, and we are exploring ways to evolve these efforts into value-creating initiatives that resolve social issues while driving business growth through our core operations.

Through these initiatives, we aim to improve supplier ratings and achieve a 100% implementation rate for our measures by 2030, thereby establishing the foundation for a sustainable supply network and a framework for achieving lasting growth together with local communities.

## The impact of hands-on, individualized support

Beyond the raw data, we have focused on providing hands-on, individualized support to each company. To date, we have provided individual, in-person support to Group C suppliers whose challenges were identified in previous surveys.

As a direct result of this dialogue, 12 suppliers have successfully reviewed and improved their management systems, resulting in their ratings being elevated to Group B or higher. We view this as concrete evidence that corrective measures driven by engagement are effective in prompting behavioral changes among suppliers.

For the remaining 38 suppliers we continue to support, we will advance risk management efforts through feedback and follow-up tailored to each company's specific challenges. We will also continue to strengthen our "improvement through dialogue" process, working with our suppliers on improvements to build a sustainable and resilient supply chain.

## Supplier assessment and management systems

We view every supplier as a vital partner in co-creating our future.

We are currently working across our entire supply chain to reduce environmental and social impacts. We aim to share identified challenges with our suppliers to encourage improvements, working step by step alongside them as they proactively report issues and take action to reduce their impacts.

In this process, we do not simply assess our suppliers. Instead, we remain closely engaged with Group C suppliers facing challenges and provide hands-on support as we work toward improvement together.

We are committed to building a robust support and development framework to ensure that every supplier can confidently achieve and maintain a Group B or higher.

## Human rights initiatives

We position respect for human rights and environmental preservation as essential pillars for maintaining stable and sustainable procurement. Our CSR Procurement Guidelines treat these as more than mere compliance requirements; they are shared objectives to be achieved alongside our partners, including respecting human rights, prohibiting discrimination, and providing fair wages.

We work to ensure our suppliers fully understand and implement these commitments, and when issues arise, we work with them through dialogue to make improvements. By recognizing and respecting our respective social responsibilities, we strive to build a sound, highly transparent supply chain where everyone can work with dignity.

## Social and relationship capital strategy

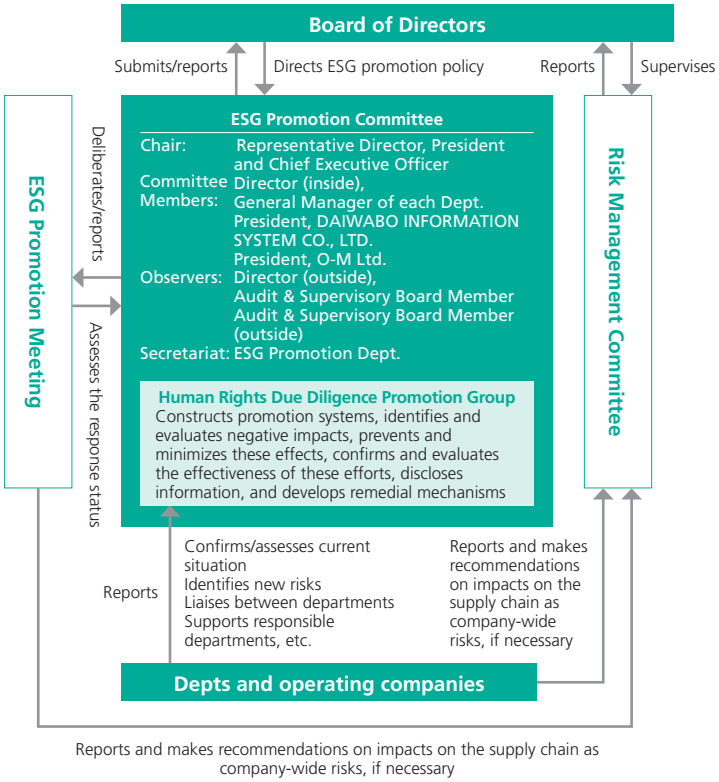
# Respect for human rights and remedial mechanisms

### 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 eliminate 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.




### Key initiatives in FY2025

In accordance with the UN Guiding Principles on Business and Human Rights, the Group conducts human rights due diligence (human rights DD) and is advancing efforts to respect the human rights of all individuals involved in its business activities.

#### Initiatives at the Company and the Group

We have implemented the following initiatives to address the four priority issues identified through human rights DD.

| No. | Human Rights Issue | Activity Overview |
|---|---|---|
| 1 | Power Harassment | We prioritize cultivating trusted leadership, recognizing that a healthy, harassment-free work environment is directly linked to higher employee engagement and productivity. To support this, we provide managers with the "Improving Workplace Environment" and the "Skills and Qualities of a Trusted Leader," helping them develop effective management skills while respecting the individuality of each team member. Furthermore, we share the findings of our human rights DD with senior management and the entire Company, raising human rights awareness throughout the organization and facilitating the early detection of potential risks. |
| 2 | Occupational Health and Safety | We promote a safety-first corporate culture. We have established Health Committees, and Safety and Health Committees at our production sites, with employee representatives in attendance, to discuss and confirm necessary improvements based on routine safety inspections, equipment upgrades, and improvements to the working environment. Critical matters discussed in these committees are communicated to all employees to strengthen workplace safety awareness. To further embed these practices, we provide ongoing safety education and training; detailed data such as the number of participants is disclosed in the ESG data on our sustainability website. Additionally, we provide mental health education to offer comprehensive support for our employees' physical and mental well-being. |
| 3 | Working Hours Management | We view employee health as the most important foundation supporting sustainable growth and are actively promoting health and productivity management. To ensure strict compliance with labor-related laws and regulations, we periodically disseminate our work rules so that all employees fully understand their own working conditions. Moving forward, we will continue to strive toward achieving work-life balance for our employees by driving operational efficiency and maintaining appropriate management of working hours. |
| 4 | Protection of Privacy | While the rapid advancement of AI and ICT technologies presents many business opportunities, we are acutely aware that they also create new risks, such as defamation and invasion of privacy. To fulfill our ethical responsibilities in the digital age, we have established a Group Information Security Policy and an Information Security Policy to promote the ethical use of technology. We comply with the Act on the Protection of Personal Information and other relevant laws, and provide continuous education to ensure every employee understands the importance of privacy protection and puts it into practice. |

### Supply chain initiatives

To objectively and transparently assess human rights risks throughout our supply chain, we conduct an annual CSR procurement survey utilizing the self-assessment questionnaire (SAQ) of Global Compact Network Japan (GCNJ), which is based on the principles of the UN Global Compact. The survey has not identified any risks of human rights violations or serious human rights issues that would require us to review our business relationships. However, when issues related to human rights or labor are identified, each operating company provides tailored support to address them based on the circumstances of each supplier.

## Explanations and information disclosure

We regard the Daiwabo Group Human Rights Policy as a vital commitment to fulfilling our social responsibilities.

In our efforts to respect human rights, we believe it is essential to identify and respond in good faith to the concerns and expectations of our stakeholders. The Group recognizes that timely and appropriate disclosure of our activities serves as the foundation for effective dialogue (engagement).

In accordance with this policy, we disclose the details of our human rights DD processes and its results through our website and integrated report. By increasing transparency and deepening mutual understanding with our stakeholders, we aim to drive co-creation toward a sustainable society where human rights are respected.

## Sustainability support center

### Remedial measures

We recognize that minimizing the negative impact of our business activities on human rights and addressing any issues that arise with integrity are critical management priorities.

To ensure the early detection of risks of human rights violations and to provide appropriate corrective action and remedy, we have established grievance mechanisms accessible to both internal and external stakeholders. For employees, we operate the Daiwabo Helpline, which integrates internal and external whistleblowing systems for reporting or seeking advice on legal violations and inappropriate conduct. For all stakeholders, including business partners, we maintain a permanent Sustainability and Human Rights Support Center on our website to ensure an open channel for feedback.

Should the Group's activities be found to have caused or contributed to a negative human rights impact, we will take decisive action through prompt and appropriate procedures to provide relief to those affected, implement corrective measures, and formulate plans to prevent recurrence. Protecting whistleblowers and those seeking advice is our highest priority; we ensure a safe environment by strictly protecting their confidentiality and anonymity.

We take all feedback received through these channels seriously and incorporate it into the continuous improvement of our management systems to enhance the effectiveness of our human rights management.

# Ensuring product safety and quality

## Operating company initiatives

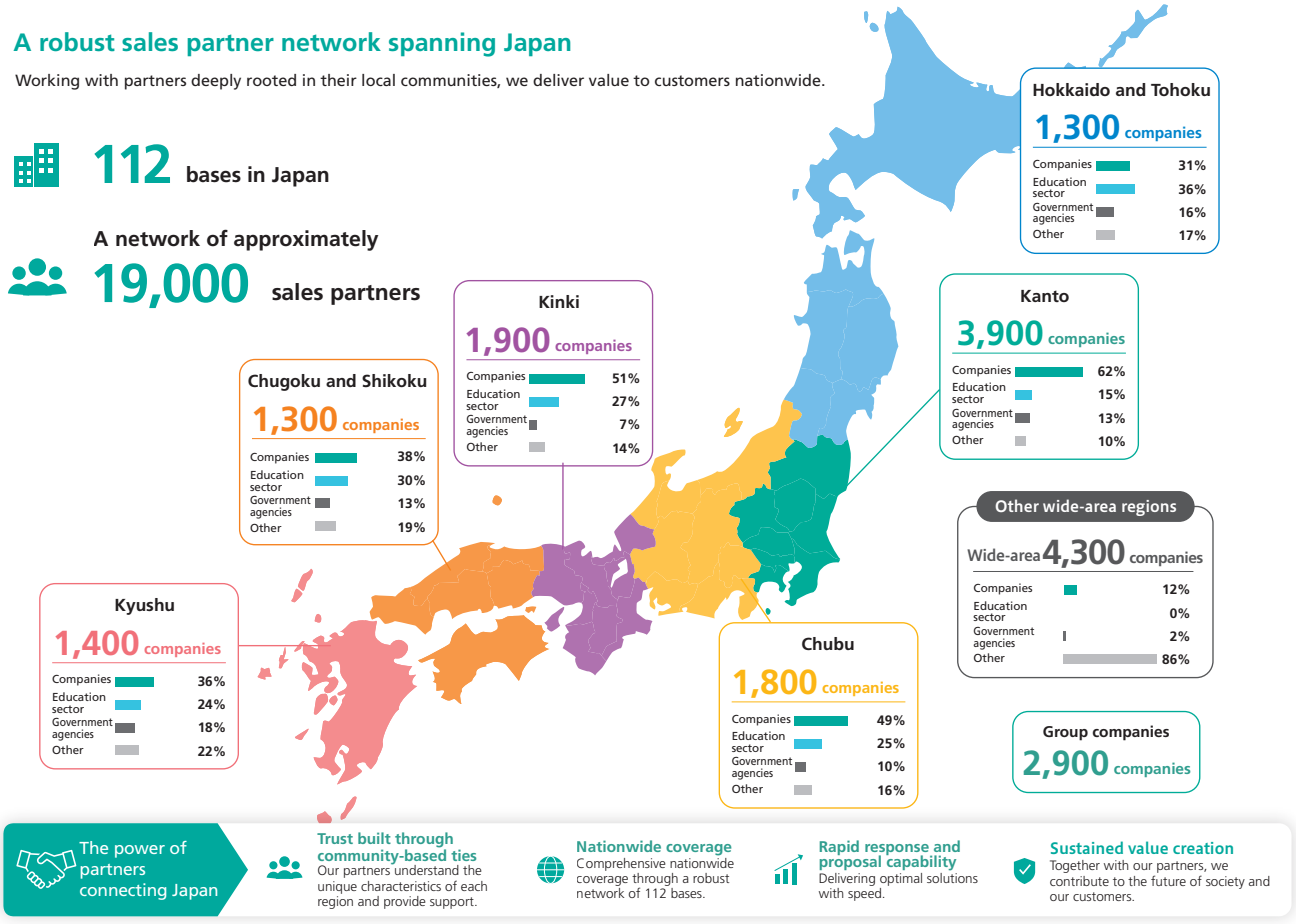
The Group recognizes that product safety is the minimum quality requirement for users, and on that basis is committed to ensuring product safety and rigorous quality assurance. In the Industrial Machinery Business, we ensure machine safety by conducting design reviews and validity checks during the design phase, complemented by strict shipping inspections to verify compliance with safety and quality standards. Furthermore, we optimize product specifications by integrating automatic controls and safety devices tailored to each customer's operating environment and application, enabling us to respond effectively to a wide range of needs and provide products that customers can use with complete peace of mind. We also maintain strict quality control throughout the manufacturing and parts procurement processes and strive to make continuous improvements and further raise reliability through post-delivery follow-ups.

## Social and relationship capital strategy

# Co-creation with local communities

### Social and relationship capital strategy through our business

For the DIS Group, social and relationship capital refers to the network of trust and collaboration built with diverse stakeholders, including but not limited to sales partners, suppliers (manufacturers and vendors), customers, and local communities and governments. The DIS Group has continuously strengthened this capital by leveraging our business foundation of 112 bases across Japan, a sales partner network of approximately 19,000 companies, and digital platforms such as iDATEN and iKAZUCHI. This capital serves as the foundation for value creation, enabling us to simultaneously resolve the issues faced by local communities and customers while driving the sustainable growth of the DIS Group.




### Social issues, risks, and opportunities addressed by DIS

In Japan, against a backdrop of a declining population, labor shortages, and cost-push inflation, improving companies' labor productivity and competitiveness has become an urgent social imperative. Particularly among the approximately 3.36 million small- and medium-sized companies nationwide, significant regional disparities in IT adoption and progress in digital transformation (DX) act as a bottleneck to overall domestic economic growth.

While this poses a risk of weakening the company's domestic business foundation, it simultaneously presents a significant opportunity to bolster the industrial base by supporting locally tailored IT adoption.

### Strategic approach and track record for addressing social issues

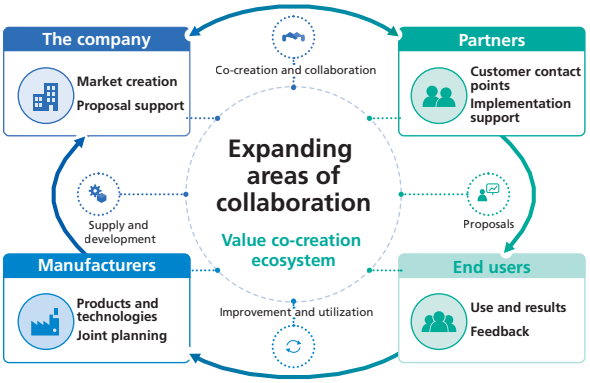
As an IT infrastructure distributor centered on a nationwide sales partner ecosystem, the company leverages the trust and collaborative relationships it has built with sales partners, manufacturers, and end users. This allows us to precisely identify the challenges faced by regional small- and medium-sized companies and local governments, and support their use of IT in ways tailored to their specific circumstances.

Our core focus is DX support that goes beyond improving operational efficiency to encompass the fundamental

transformation of business models and services. For instance, by collaborating with sales partners to implement business process redesign that integrates cloud-based platforms with AI and to provide managed services such as security operations management, we do more than provide implementation support. We ensure IT adoption becomes deeply integrated into end-user operations, driving continuous business transformation.

Furthermore, within the value chain the company plays a pivotal role in the demand chain. Working in close coordination with manufacturers, we design integrated schemes that combine the ideal products, services, and operational support tailored to specific industries and challenges. This framework simultaneously enables manufacturers to deliver more sophisticated, market-aligned value, allows sales partners to expand their range of proposals, and ensures end users achieve stable IT operations and value creation.

These initiatives increase business with each sales partner while enabling the development of a diversified and stable business foundation built on long-term trust with manufacturers, sales partners, and end users, thereby continuously deepening the DIS Group's social and relationship capital.



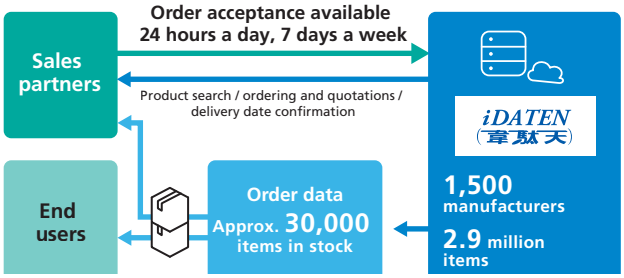

## Differentiation and reliability in IT infrastructure distribution

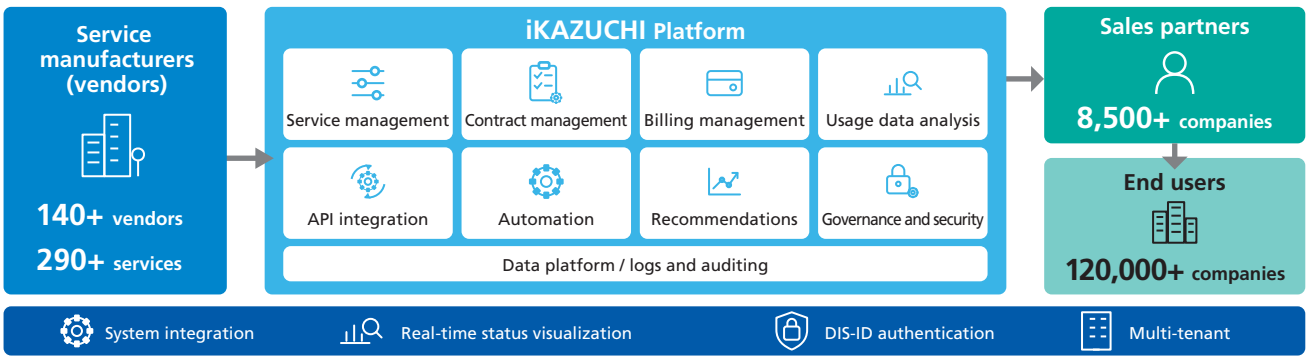
In areas essential to social infrastructure, including government agencies, education, healthcare, and core corporate operations, the reliability, continuity, and security of IT infrastructure are indispensable. Beyond hardware supply (PCs, servers, etc.), we have provided comprehensive proposals that integrate business continuity plan (BCP) support, security measures, and cloud migration assistance.

Recently, the proliferation of subscription management portals and the growing sophistication of cloud and security services have led to fragmented processes across ordering, contracting, billing, renewals, and operations management, thereby increasing operational burdens and business risks for both sales partners and end users.

To address these challenges, we have evolved iDATEN and iKAZUCHI from project-specific solutions into standardized IT distribution platforms for day-to-day transactions, contracting, and operations. We have built an environment that enables end-to-end visibility and management, from initial ordering and contracting to billing, renewals, and operational management.

This enables sales partners to manage multiple contracts across various manufacturers while minimizing human error and reliance on specific individuals, enabling them to confidently move into recurring-revenue businesses such as subscriptions and managed services. For end users, our platform is highly regarded for allowing them to establish standardized IT infrastructure designed for stable, long-term operation, including both post-deployment management and renewals.



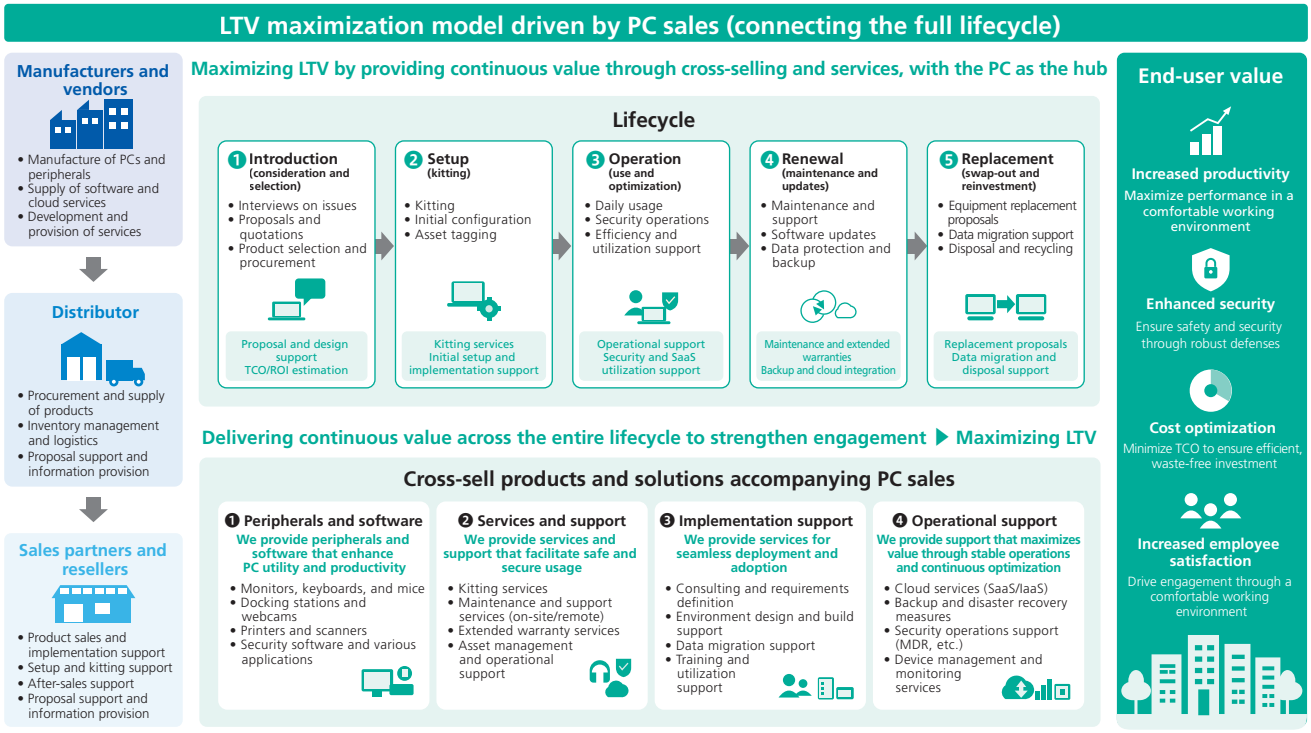



## Social and relationship capital strategy

### LTV maximization model driven by PC sales

With a strong presence in the Japanese corporate PC market, the company positions PC sales as the gateway to its business. We have established a framework that seamlessly connects the entire IT lifecycle, from initial setup and operational management to security, updates, and replacement, through standardized, continuous processes.

This approach allows us to maintain long-term customer engagement, expand the scope of our collaboration with sales partners, and achieve both the maximization of customer LTV (lifetime value) and the building of strong, stable partnerships (relationship capital).




## Strategic positioning of the educational ICT business

### Background and risk recognition

As the birthrate declines, the population ages, and labor shortages deepen, establishing educational environments that maximize the potential of every individual is essential for Japan to maintain and enhance its international competitiveness in the years to come.

Meanwhile, disparities in the implementation and utilization of educational ICT persist across different regions and municipalities, posing a growing risk of a fragmented talent base for the future.

The company views this situation as both a social risk and a pivotal opportunity to strengthen the talent base required for future industry and society; consequently, we have positioned the educational ICT business as a key strategic field.

### The educational ICT business as a strategy

We view the rollout of educational ICT, exemplified by the GIGA School program, as more than a mere deployment of devices and networks; rather, we see it as educational DX that transforms the very quality of learning.

By integrating digital technologies such as cloud computing, AI, and diverse learning content, we support the development of environments where ICT is used as naturally as stationery. This DX support model can also be extended beyond education to other industries where human talent and digital proficiency are essential for value creation; we regard the education sector as our longest-term application field for this model.

### Case study: developing a STEAM education model through industry-academia-government collaboration

As a practical example, in November 2025 we partnered with the Toda City Board of Education and Intel K.K. to launch a demonstration project for a STEAM education environment. This initiative aims to foster the information literacy that underpins inquiry-based learning, a key topic in discussions regarding the upcoming national curriculum guidelines.

By equipping science, art, and music rooms, among others, with digital tools tailored to each subject, such as high-performance PCs, 3D printers, and video production equipment, we have created an environment where students can bring their own questions and ideas to life through trial and error.

To ensure teachers utilize these facilities effectively, we also provide lesson design training based on an educational framework, supporting educational DX from both the learning environment and instructional capability perspectives.




PBL (Project Based Learning)

## Helping to create a model for developing talent

Through these initiatives, we are helping to create a talent development model that moves beyond mere IT implementation to foster both the skill sets required to master technology and the mindset to identify challenges and conceptualize solutions.

We believe that practical experience using ICT in the classroom will broaden the pool of future IT talent, thereby underpinning the capacity for innovation throughout Japanese society.

## Social contribution and the road ahead

By leveraging our 112 bases nationwide and our sales partner network to support the digitalization of education, from metropolitan centers to remote islands and mountainous regions, we are directly contributing to the social value of equal educational opportunity.

We remain committed to strengthening the talent base that will support future society through our ongoing work in the educational ICT business, striving to realize a sustainable society.

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

# Natural capital strategy

## Materialities and qualitative goals for 2030

### Rationale behind our materialities: "Contributing to the realization of a decarbonized society" and "Contributing to the reduction of environmental impact"

To contribute to the realization of a sustainable society while also enhancing the Group's medium- to long-term corporate value, the Group has identified two materialities: "Contributing to the realization of a decarbonized society" and "Contributing to the reduction of environmental impact."

We view these as critical priorities for addressing social issues, including the growing risk of natural disasters and rising energy costs associated with climate change, while also turning changes in the business environment into opportunities for growth.

While climate change poses potential risks to business continuity and profitability, it also presents business opportunities, such as increased sales of environmentally friendly products and growing demand for cloud services. By reducing our environmental impact and pursuing decarbonization across our entire value chain, we aim to mitigate future business risks. At the same time, we will strengthen our competitiveness and achieve sustainable growth by providing products and services that help address the challenges facing our customers and society.

## Contributing to the realization of a decarbonized society

### Declaration for carbon neutrality

The Group is committed to achieving carbon neutrality by fiscal 2050 for the greenhouse gas (GHG) emissions resulting from its business activities, specifically Scope 1 (direct emissions) and Scope 2 (indirect emissions from electricity and other sources). Through these efforts, we aim to contribute to a sustainable society built on a virtuous cycle between the environment and the economy.

### Long-term policy toward FY2050

Looking ahead to fiscal 2050, the Group will work to reduce GHG emissions across its entire value chain, in addition to its Scope 1 and Scope 2 emissions, striving to achieve both a sustainable society and enhanced medium- to long-term corporate value.

#### 1. Reducing emissions in Scope 1 and 2, as well as key Scope 3 categories

Through technological innovation and collaboration with partner companies, we will strive to reduce emissions in our key Scope 3 categories as much as possible, in addition to Scope 1 and Scope 2.

#### 2. Addressing residual emissions (emissions remaining after reduction efforts)

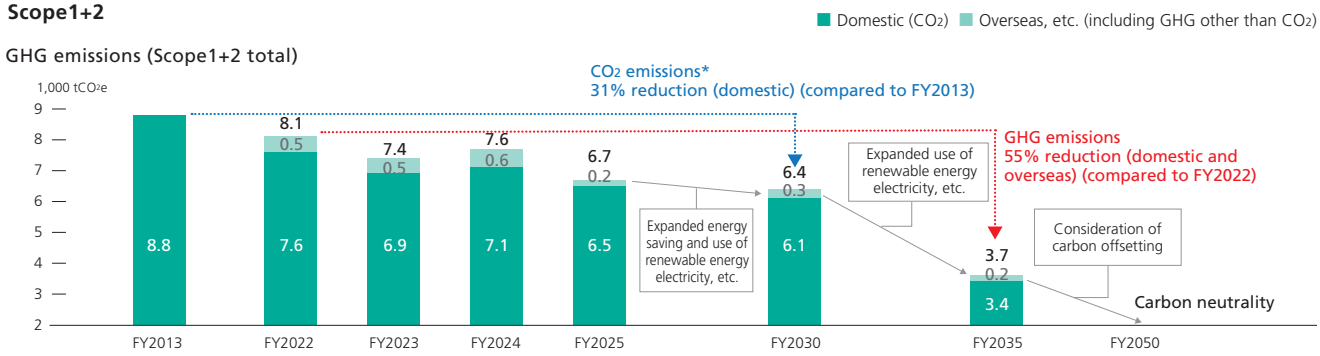
For emissions that remain even after our reduction efforts are implemented, we will consider the most appropriate response measures in accordance with internationally recognized frameworks, while remaining mindful of future technological advancements and regulatory trends.

Daiwabo Group's GHG Total Emissions Reduction Targets

| Scope | Short-term target (FY2030) | Medium-term target (FY2035) | Long-term target (FY2050) | Scope of coverage |
|---|---|---|---|---|
| Scope1+2 | 31% reduction compared to FY2013* | 55% reduction compared to FY2022 | Carbon neutrality | FY2030: Group (domestic)* FY2035 and FY2050: Group (domestic and overseas) |
| Scope3 | Category 1: 17.5% reduction in emissions compared to FY2023 | 40% reduction in total emissions compared to FY2024 | 70% reduction in total emissions compared to FY2024 | FY2030: IT Infrastructure Distribution Business FY2035 and FY2050: Group (domestic and overseas) |

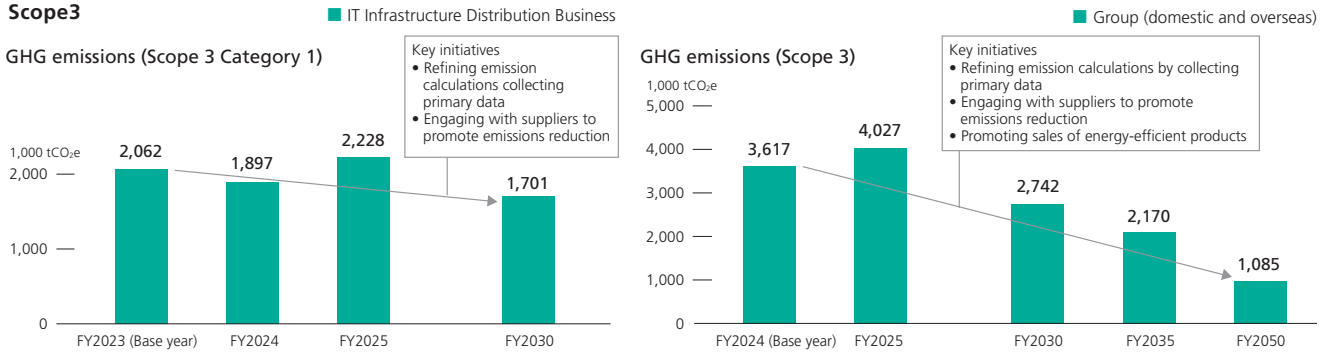
* Excludes certain sites and fuels

**Scope1+2**




* Excludes certain sites and fuels

**Scope3**




Categories 8, 9, 10, 11 (Industrial Machinery Business), 13, 14, and 15 are excluded.

# Key initiatives

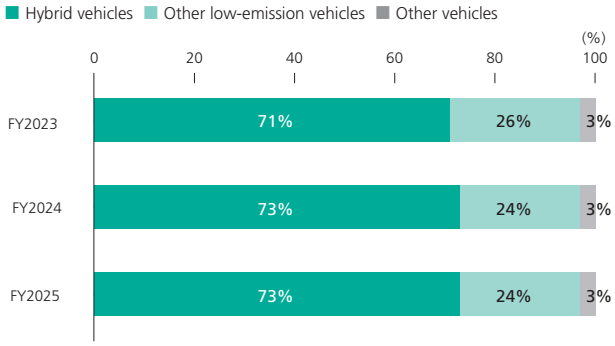
## [Scope 1]

### Adopting low-emission vehicles

To reduce the environmental impact of our business activities, we are transitioning our corporate fleet to low-emission vehicles, such as hybrids, when replacing existing vehicles. This initiative works to reduce GHG emissions during operation and curb the emission of air pollutants such as NOx and particulate matter (PM), thereby reducing our impact on local environments and natural capital.

In both fiscal 2024 and fiscal 2025, low-emission vehicles accounted for 97% of our corporate fleet, with hybrids accounting for 73%.

**Adoption of low-emission vehicles**




* Low-emission vehicles: vehicles categorized by the Group as low-emission, which contribute to the reduction of GHG or air pollutants compared to conventional vehicles. This includes EVs, PHEVs, hybrids, fuel cell vehicles, and vehicles certified as fuel-efficient and low-emission.

## [Scope 2]

### Expanding the use of renewable electricity

In fiscal 2025, the Nagaoka Factory within our Industrial Machinery Business switched to a renewable energy electricity plan, advancing our transition to renewable power.*

Moving forward, we will continue to work on reducing Scope 2 emissions by expanding the use of renewable electricity and other measures, while taking into account the specific characteristics and contract terms of each facility.

* The factory utilizes the "Yorisou-Saiene-denki" (renewable energy electricity) service provided by Tohoku Electric Power Co., Inc.



The Nagaoka Factory, which has adopted electricity sourced from renewable energy

## Natural capital strategy

### [Scope 3]

In fiscal 2025, to improve the accuracy of our calculations for Scope 3 Category 1, we primarily used primary data, such as GHG emissions disclosed by our major suppliers. This enabled us to transition to a calculation method that more appropriately reflects the actual emissions and reduction efforts of our suppliers.

#### 1. Key categories

Category 1 (purchased goods and services) and Category 11 (use of sold products) combined account for 96% of our total Scope 1, 2, and 3 emissions across the entire value chain.

The Group has designated these key categories and has established reduction targets for them; these targets cover at least 90% of our total Scope 3 emissions. We aim to drive reductions in Category 1 through close collaboration with our suppliers, and in Category 11 by working with our sales partners.

#### 2. Other categories

We continuously calculate and monitor emission trends for categories outside our priority categories.

In particular, while Category 4 accounts for less than 5% of our total Scope 3 emissions, we monitor it closely due to its relevance to the Group's distribution functions.

We will review the scope of our covered categories as necessary, taking into account shifting emission proportions and changes in the business environment.

### [External initiatives]

#### Participation in external initiatives to advance green transformation (GX)

To better understand policy and market trends related to the transition to a decarbonized society and to strengthen collaboration with external companies and organizations, the Company joined the GX Future Consortium in April 2026. Through this membership, we aim to accumulate GX expertise and leverage it to reduce GHG emissions across the entire supply chain while providing products and services that help our customers reduce their environmental impact.

## Contributing to the reduction of environmental impact

Within our IT Infrastructure Distribution Business, we aim to contribute to reducing the environmental impact of society as a whole by providing IT-related products and services in collaboration with suppliers and sales partners.

We are pursuing this through two approaches: supporting GHG emission reductions and improvements in operational efficiency via our subscription management portal, and creating avoided emissions by adopting environmentally friendly IT products.

### Supporting GHG emission reductions and operational efficiency

Our subscription management portal, iKAZUCHI, promotes the widespread use of cloud and subscription services, contributing to resource efficiency and reduced consumption. Our goal is to expand iKAZUCHI's transaction volume to 2.2 times the fiscal 2023 level in fiscal 2026, supporting the digital transformation (DX) of various users across Japan.

Growth rate of iKAZUCHI transaction volume

| | FY2023 | FY2024 | FY2025 | FY2026 (Target) |
|---|---|---|---|---|
| iKAZUCHI transaction volume | ¥28.5 bn | ¥40.5 bn | ¥54.5 bn | ¥62.5 bn |
| Growth rate of iKAZUCHI transaction volume (compared to FY2023) | | +42% | +91% | +120% |

### Avoided emissions

The Group defines "avoided emissions" as the quantified GHG emissions prevented during the use of products sold in a given fiscal year, using the average power consumption of products sold in fiscal 2022 as the baseline. It is important to note that this is a distinct metric from the Group's Scope 1, 2, and 3 emissions and does not represent a reduction in the Group's own emissions.

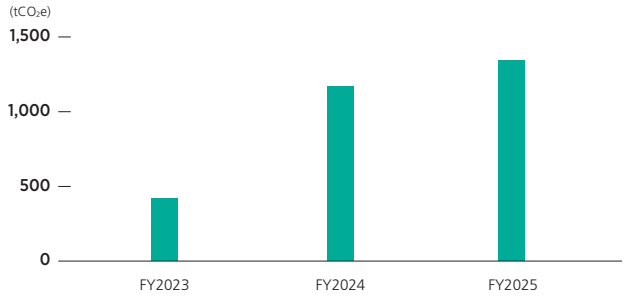
Our calculations refer to sources including the "Guidance on Avoided Emissions" issued by the WBCSD (World Business

Council for Sustainable Development) and the Ministry of Economy, Trade and Industry (METI) "Guidelines for Quantifying GHG emission reductions of goods or services through Global Value Chain." Currently, these calculations are limited to product groups where standard power consumption can be verified via iDATEN.

Over the three years from fiscal 2023 to fiscal 2025, avoided emissions increased due to improved energy-saving performance in products and rising sales volumes.

We will continue to deepen our partnerships with manufacturers, expand the scope of environmental data we collect, and refine our calculation methodologies. In our IT Infrastructure Distribution Business, we will expand the distribution of environmentally friendly products and thereby contribute to the realization of a sustainable society.

Avoided emissions (compared to FY2022)




Formula: (Average standard power consumption in fiscal 2022 – Average standard power consumption in each fiscal year) × Units sold in each fiscal year × Assumed annual operating hours × National average electricity emission factor for each fiscal year (as published by the Ministry of the Environment)
Product groups covered: PCs (laptop and desktop) and LCD monitors that meet the Group's own environmental standards for the respective fiscal year. We intend to expand this range of products in the future.
These figures represent the total aggregated avoided emissions resulting from all increases and decreases in power consumption across the specified product groups.

| Item assessed | Baseline | Avoided emissions ($tCO_2e$) | | |
|---|---|---|---|---|
| | | FY2023 | FY2024 | FY2025 |
| PCs (laptop, desktop), LCD monitors | Products sold, compared to FY2022 | 419 | 1,169 | 1,341 |

* DIS non-consolidated

## Climate change 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 are expected to 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. 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 assumptions

| | |
|---|---|
| Scenario | 1.5°C scenario, 4°C scenario |
| Businesses covered | IT Infrastructure Distribution Business, Industrial Machinery Business |
| Time frame | Short-term (by FY2030), medium-term (by FY2035), and long-term (by FY2050) impact |

Climate change scenarios

| | | Sustainable society with low environmental impact | Society with environmental degradation |
|---|---|---|---|
| Reference scenario | Transition scenario | NZE | STEPS |
| | Physical climate scenario | SSP1-1.9 | SSP2-4.5, SSP3-7.0, SSP5-8.5 |
| Temperature rise | | Less than 1.5°C | 4°C or more |
| Abnormal weather | | Curbing intensification | Long-term intensification |
| Change in economic activities and social structure | | Balancing decarbonization and economic growth | Economic growth not taking sustainability into account |
| Risks | Transition risk | High | Low |
| | Physical risk | Low | High |

## Natural capital strategy

Company-wide Daiwabo Holdings Co., Ltd. and its consolidated subsidiaries
IT DAIWABO INFORMATION SYSTEM CO., LTD. (consolidated)
OM O-M Ltd. (consolidated)

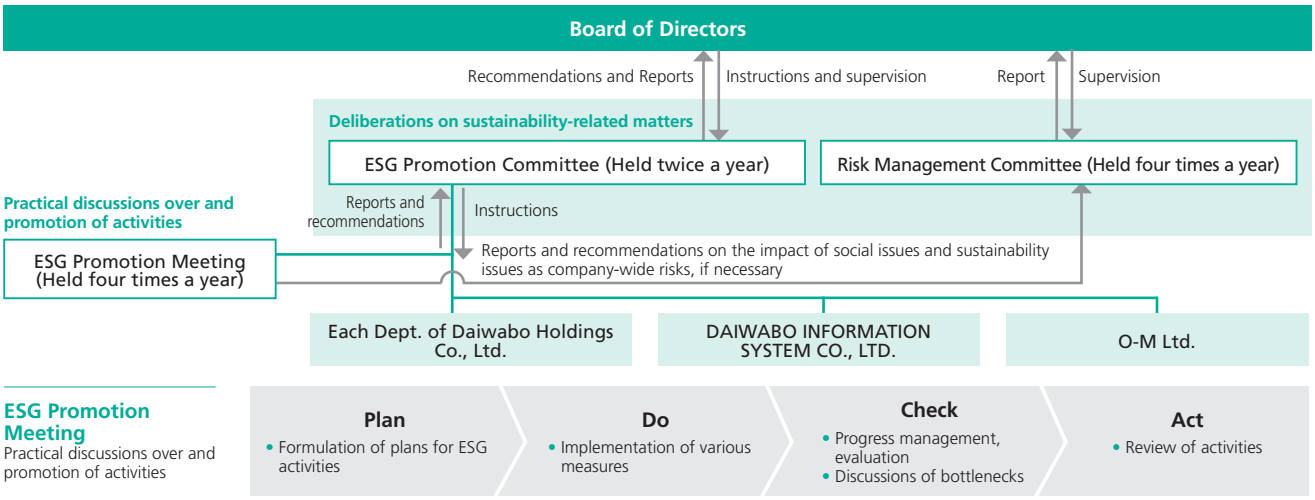
| | Risks and opportunities | Climate change factor | Impact on the Group | Time Frame | Financial Impact | Key initiatives |
|---|---|---|---|---|---|---|
| Risks | Transition risk | Risk of policies and laws and regulations | Increased costs of regulatory compliance, such as carbon prices | Medium- to long-term | Small | OM Thorough efficiency improvement and a transition to low-carbon energy |
| | | Technical risk | Increased investment and R&D costs for environmentally conscious technologies | Medium- to long-term | Small | OM 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 | Medium- to long-term | Small | IT Securing inventory by having large warehouses and proposing alternative products utilizing multi-vendor functions |
| | | | Rising raw material costs for products with low environmental impact | | | OM Review sales strategies as appropriate, including passing of higher costs on to product prices |
| | | Reputational risk | Loss of corporate brand due to delayed response | Short- to long-term | Minimal to extreme | Company-wide Thorough implementation of proactive environmental activities, active IR and SR activities, and timely disclosure of information via websites, etc. |
| | Physical risk | Acute risk | Stagnation of operations at business sites due to disasters | Medium- to long-term | Medium | IT Continuation of business through teleworking and correspondence to different locations through multi-base network, strengthening of BCP measures |
| | | | | | | OM 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 | | Small | IT Leveraging the strengths of multi-vendors to secure multiple purchasing routes, and securing inventory thanks to having large warehouses |
| | | | | | | OM Strengthening BCP measures at production bases |
| | | | Spread of infectious diseases | | Small | IT OM Timely use of teleworking, infection control, and expanded use of cloud systems |
| | | Chronic risk | Deterioration of the working environment due to rising temperatures | Medium- to long-term | Small | IT OM Development of a comfortable work environment at logistics centers and factories |
| | | | Unstable upstream supply chain | | Small | IT Leveraging the strengths of multi-vendors to secure multiple purchasing routes, and securing inventory thanks to having large warehouses |
| Opportunities | Opportunities | Resource efficiency | Reduction of energy costs by improving production and transportation efficiency | Long-term | Small | IT More efficiency in transportation and delivery by extending current conditions and utilizing nearest, bulk, and charter shipments |
| | | | | | | OM Reducing operating 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 | Long-term | Medium | IT Drawing up purchase plans in anticipation of future demand |
| | | | | | | OM 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.) | | | OM 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 | Short- to long-term | Minimal to extreme | Company-wide Thorough implementation of proactive environmental activities, active IR and SR activities, and timely disclosure of information via websites, etc. |

Time Frame: Short-term (by FY2030), medium-term (by FY2035), and long-term (by FY2050) impact
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)
Our climate change strategy focuses on the risks, opportunities, and key initiatives relating to the Group's Scope 1 and Scope 2 emissions. Recognizing the importance of emissions across the entire value chain, we are also continuously working to monitor and reduce Scope 3 emissions.

### 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 submitted as recommendations and 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.

Sustainability management system　Resolutions on sustainability-related matters

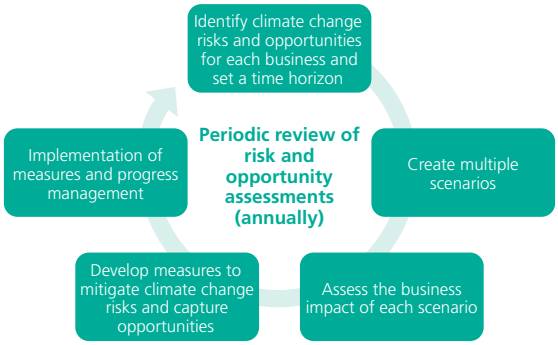



## Risk management

### 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 recommendations 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.

Risk management PDCA cycle




# Key initiatives for conserving biodiversity

## Appropriate management of chemical substances

Our environmental policy calls for the prevention of environmental pollution, and we strive to prevent and mitigate pollution caused by chemicals and oils, reduce air pollutant emissions, ensure the proper disposal of hazardous waste, and reduce and appropriately manage wastewater volumes. In the IT Infrastructure Distribution Business, we promote Green IT among our business partners by providing environmental information within our iDATEN product data, enabling them to verify the eco-friendliness of products while reducing the effort involved in checking each product one by one. For inquiries regarding the substances contained in DIS products, we provide information through iDATEN and contact manufacturers as necessary before responding. In the Industrial Machinery Business, some components of our raw materials are chemicals subject to the Pollutant Release and Transfer Register (PRTR) system. We comply with the system by appropriately managing these chemicals and submitting the required reports to the relevant authorities. Detailed policies and specific items regarding chemical management are disclosed on our sustainability website.

Scan here for the Daiwabo Group Environmental Policy

PRTR*: Releases and transfers of regulated substances (Industrial Machinery Business)

| FY | Emissions | Transfers | Total | Main substances | Main application |
|---|---|---|---|---|---|
| FY2023 | 6.7t | 0.9t | 7.6t | Toluene, Xylene | Painting process |
| FY2024 | 7.1t | 1.0t | 8.1t | Toluene, Xylene | Painting process |
| FY2025 | 6.5t | 0.8t | 7.4t | Toluene, Xylene | Painting process |

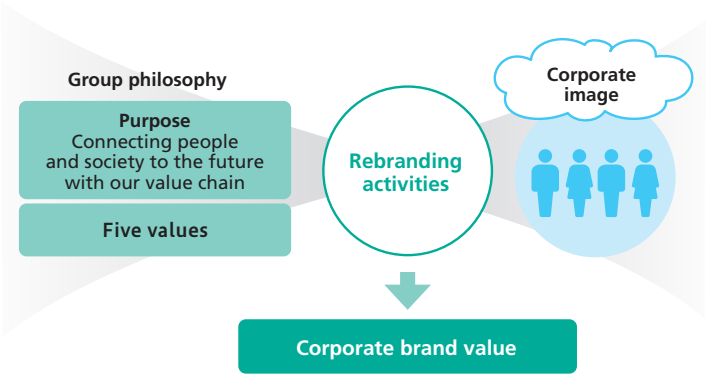
Note: "Emissions" refers to the amount of substances discharged into the air, public water bodies, soil, etc. "Transfers" refers to the amount of substances moved off-site, such as through waste disposal.
*PRTR: Pollutant Release and Transfer Register

# Building a corporate brand aligned with management strategy

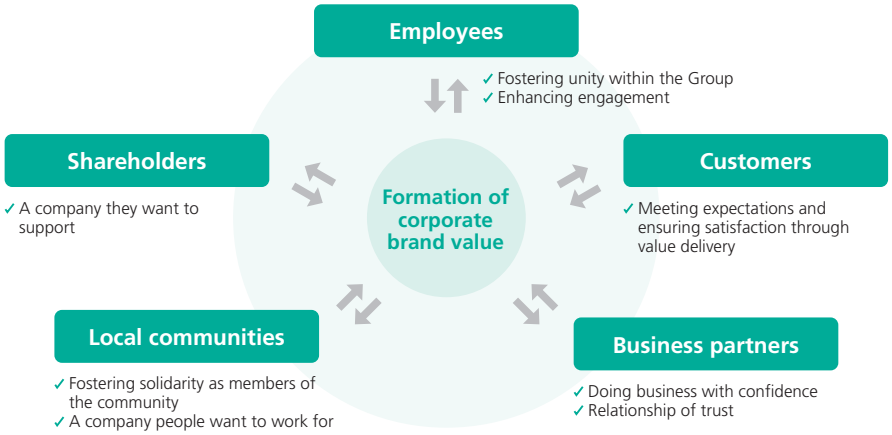
## Brand strategy

### Corporate brand management

The Group positions the rebranding activities triggered by the change of trade name as an important management initiative that is aligned with the Group vision and Medium-Term Management Plan. In corporate brand management, what we place the greatest emphasis on is bringing the image our stakeholders—employees, customers, shareholders and investors, local communities, and business partners—hold of the Group into alignment with the vision set out in the Group philosophy system. Alongside accumulating concrete practices toward realizing our Purpose, we will use our rebranding activities to bring perceptions inside and outside the Company into alignment, and drive the cultivation of corporate brand value.




Corporate brand value serves as an important foundation of our corporate value. For our employees, it transcends mere financial satisfaction, fostering pride in working for the Group and a sense of fulfillment in their work. As employee value grows, we are better equipped to provide consistent value to our customers, thereby enhancing customer value. Moreover, being a company that customers consistently choose increases our appeal to shareholders as a long-term investment, which in turn enhances shareholder value.




## External evaluations and awards

### External evaluations in the ESG and sustainability field

We recognize sustainability as a core management priority and are committed to enhancing our disclosure of ESG-related information. We view external evaluations as vital opportunities to objectively assess our progress, drive continuous improvement, and strengthen trust with our stakeholders.

The Company is included in five ESG indices for Japanese equities adopted by the Government Pension Investment Fund (GPIF). Furthermore, the Group companies consistently obtain external certifications related to the SDGs initiatives, work styles, and health and productivity management. We are committed to ensuring that these external evaluations are not one-off results, deepening our initiatives across the governance, environment, and social domains while maintaining highly transparent disclosure.

Scan here for external evaluations

## Principal ESG evaluations and index inclusions

Selected for the following five indices for Japanese equities adopted by the Government Pension Investment Fund (GPIF) (as of August 2026):

- FTSE JPX Blossom Japan Index (First selected: December 2025)
- FTSE JPX Blossom Japan Sector Relative Index
- MSCI Japan Empowering Women Index (WIN)
- S&P/JPX Carbon Efficient Index
- Morningstar Japan ex-REIT Gender Diversity Tilt Index

We will continue to advance our ESG initiatives and enhance our information disclosure based on the results of these external evaluations. By deepening our dialogue with stakeholders, we strive for transparent management to achieve sustained growth and enhance medium- to long-term corporate value.

**FTSE JPX Blossom Japan Index**

FTSE Russell confirms that Daiwabo Holdings Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE JPX Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE JPX Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE JPX Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

**FTSE JPX Blossom Japan Sector Relative Index**

FTSE Russell confirms that Daiwabo Holdings Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE JPX Blossom Japan Sector Relative Index. The FTSE JPX Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

**2026 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)**

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**MSCI ESG RATINGS**

BBB

CCC | B | BB | BBB | A | AA | AAA

As of Mar 2026

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## Awards and certifications

**Daiwabo Holdings Co., Ltd.**

The SDG Management edition of the Nikkei Sustainable Comprehensive Survey (2025): Awarded three stars (recognized for the second consecutive year).

**Group company**

**DAIWABO INFORMATION SYSTEM CO., LTD.**

Kurumin Certification (fiscal 2025 criteria): Received October 2025.

Certified as a KENKO Investment for Health Outstanding Organization 2026 (Large Enterprise Category): Certified for the second consecutive year following 2025.

**O-M Ltd.**

Received Ni-ful Gold Certification under Niigata Prefecture's Certification Program for Companies Practicing Diverse and Flexible Workstyles and Promoting Women's Advancement: December 2025

NIKKEI SDGs Management Survey 2025 ★★★

2025年認定（2025年度基準） くるみん 子育てサポートしています

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

Niigata ニーフル Ni-ful ゴールド認定

# Message from the director in charge of business administration



**Through offensive governance that unites site operations and management, coupled with strict capital discipline, we aim to achieve discontinuous growth and sustainable corporate value improvements.**

**Takao Yamashita**
Managing Director

## 1. Review of the fiscal year ended March 31, 2026, during which we transformed special demand into a solid foundation for growth, and the restructuring of our business foundation

For the fiscal year ended March 31, 2026, consolidated net sales stood at ¥1.3508 trillion (up 18.8% from the previous fiscal year) and operating income at ¥44.1 billion (up 26.6% from the previous fiscal year), enabling us to meet the challenge to break the "highest in the past" in our Medium-Term Management Plan for the second consecutive fiscal year. Within our core IT Infrastructure Distribution Business, we were able to capture the strong demand for upgrades following the end of support (EOS) for Windows 10 and Phase 2 of the GIGA School program, with PC shipments reaching a record high of 6.54 million units.

While it is true that we benefited from the powerful tailwind of special demand in the market, as head of Business Administration, I do not view this strong performance as merely the result of favorable external conditions. Since joining Daiwabo Information System Co., Ltd. (DIS), I have spent more than 30 years working on the front line of sales, dealing directly with our customers. Based on that experience, I can say that sales are generated on site, and they are underpinned by the strong relationships of trust that our Group has cultivated over many years with approximately 1,500 manufacturers and approximately 19,000 sales partners. We have shifted at the operational level toward "solution-based selling"—working alongside customers to solve their issues, rather than simply supplying hardware; and it is precisely because of this shift that we were able to reliably capitalize on the temporary surge in demand and achieve our highest-ever profit levels.

At the same time, we are tackling head-on the challenges that have come to light as our business expands rapidly. For example, we took the ransomware attack that occurred in our Industrial Machinery Business very seriously, mobilizing the Group's IT capabilities to respond swiftly and proceeding to rebuild a Group-wide, unified information security framework that goes beyond mere post-incident response. Security serves not only as a defense for management but also as a key pillar of corporate value, ensuring business continuity and safeguarding customer trust. I recognize that my foremost mission is to reinvest the cash and customer base acquired during the period of special demand into our next areas of growth, building a sustainable high earnings base in which each business operates independently and generates returns that exceed the cost of capital.

Performance trends and forecasts during the Medium-Term Management Plan period

| | FY2024 | FY2025 | FY2026 (plan) |
|---|---|---|---|
| Net sales | ¥1,136.8 bn | ¥1,350.8 bn | ¥1,189.0 bn |
| Operating income | ¥34.8 bn | ¥44.1 bn | ¥36.5 bn |
| Operating profit margin | 3.1% | 3.3% | 3.1% |
| Profit attributable to owners of parent | ¥24.7 bn | ¥32.0 bn | ¥25.3 bn |
| Earnings per share (EPS) | 271.37 yen | 362.07 yen | 291.09 yen |

## 2. Investing in People—The Source of Corporate Value—and Enhancing Group-Wide Engagement

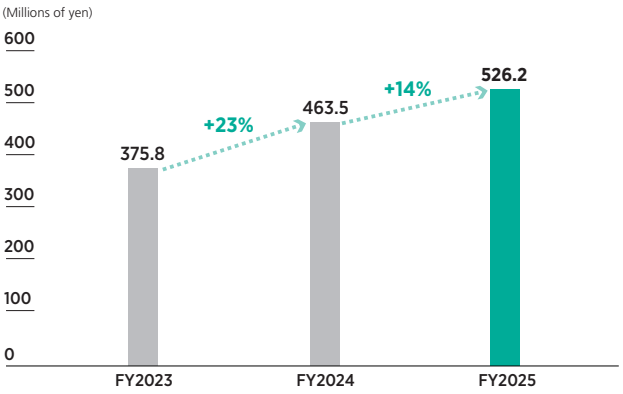
In our medium- to long-term vision, "2030 VISION," we have set the ambitious target of achieving an operating income of ¥50.0 billion for fiscal 2030. The key driving force behind overcoming this challenge lies in "our people." At a time when technologies such as AI are evolving rapidly, investment in human capital, which underpins corporate growth, is directly linked to medium- to long-term value creation.

Based on this philosophy, we have decided to revise upwards our three-year investment in human capital under the current Medium-Term Management Plan from the initial ¥14.0 billion to ¥15.5 billion or more. Since 2023, taking into account rising consumer prices, we have implemented substantial pay rises and revisions to starting salaries across Group companies; however, this does not merely constitute an increase in costs, but rather a proactive investment in the growth of our employees, who are the source of our Group's competitiveness. We will channel investment into developing specialist talent capable of working in high-value-added areas such as cloud computing and security, as well as into improving operational efficiency through digital transformation. In doing so, we will steadily drive improvement in labor productivity, aiming to achieve an average three-year increase in net sales per employee of at least 5.7%.

Furthermore, to maximize the returns on our investment, we must not only establish systems but also ensure that their true spirit permeates the workplace and evolves into measures that each individual can truly feel the effects of. With the Well-being Promotion Dept.—established within Daiwabo Holdings in January 2026—acting as our command center, we are striving to achieve a balance between a comfortable working environment and a sense of fulfillment in our work.

Moreover, we conduct company-wide engagement surveys, incorporating employee feedback into our various initiatives. We take very seriously the reality that our proportion of female managers is not yet sufficient, and, along with the establishment of health management, we are steadily working to foster an environment of diversity and inclusion where everyone can thrive and have goals and visions.

Net sales per employee and growth rate (IT Infrastructure Distribution Business)



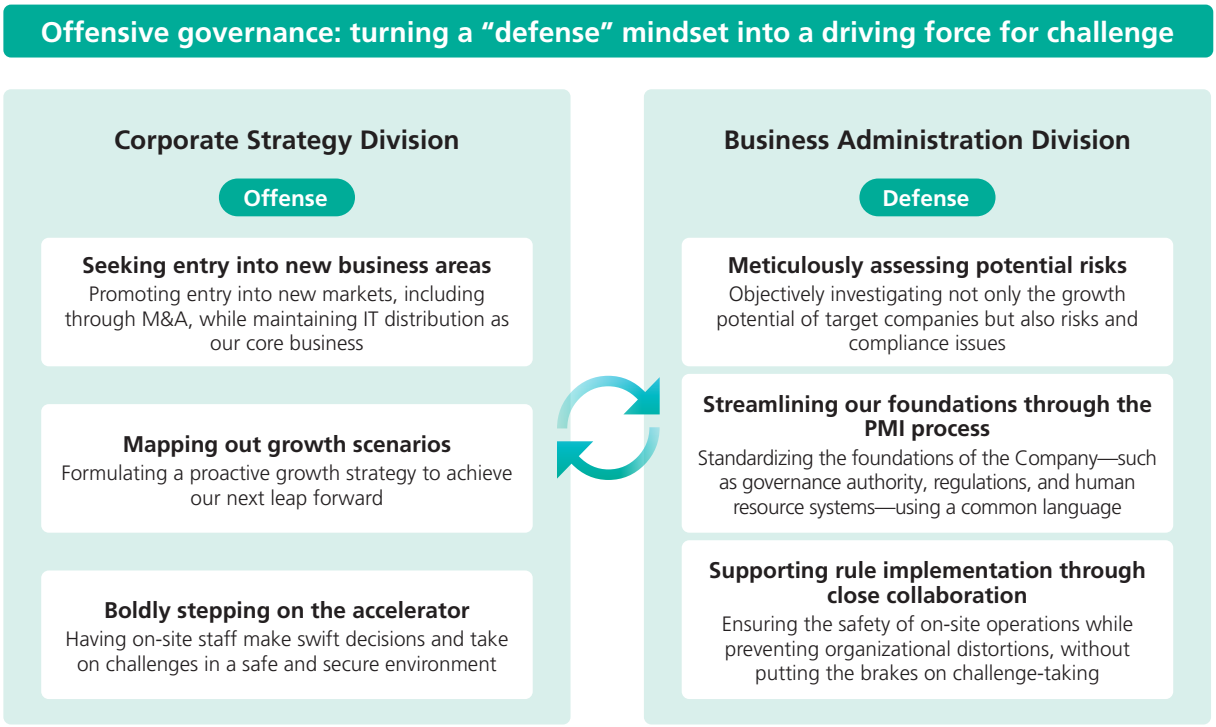

## 3. Offensive governance that transforms "defense" into a driving force for challenge, and the PMI process underpinning M&A

At this juncture in the transformation of our business portfolio, while the Corporate Strategy Division serves as the "offense" unit driving us toward a new leap forward, the Business Administration Division, which I oversee, acts as the "defense" unit that protects the Company against legal risks and compliance concerns. However, I would like to emphasize that "defense" measures such as compliance and governance should never act as a brake on new challenges. It is only when defensive roles are functioning correctly that those on the front lines can safely and boldly step on the accelerator.

While maintaining the IT distribution sector as our solid core business, we are actively exploring entry into new business areas, including through M&A, with the aim of achieving further discontinuous growth. It is precisely during this phase of growth investment that the true value of business administration is put to the test. In response to the growth scenarios outlined by the Corporate Strategy Division, the Business Administration Division conducts detailed assessments and investigations into the growth potential and potential risks of the target companies.

Of particular importance is the Post-Merger Integration (PMI) process following a merger. As the Group expands, it is essential to standardize the foundations of the Company—such as governance authority and decision-making, regulations and rules, internal controls, and human resource systems—using a common language, while taking the utmost care to ensure that no organizational distortions arise during the merging process. By ensuring close collaboration between the Business Administration Division and each operating company, and by providing hands-on support to ensure rules are applied in line with actual conditions on site, we will work to establish an "offensive governance" framework that underpins swift decision-making and bold challenges.

## Message from the director in charge of business administration




### 4. Achieving an ROE of 19.9% and an ROIC of 16.9%, and building an optimal capital structure to support growth investments

From a financial perspective, in the Medium-Term Management Plan, we set key performance indicators of maintaining return on equity (ROE) of at least 14% and return on invested capital (ROIC) of at least 12%. We were able to significantly exceed both targets for the fiscal year ended March 31, 2026, achieving an ROE of 19.9% and an ROIC of 16.9%. Although this was partly driven by a surge in special demand, the fact that we were able to achieve such exceptionally high capital efficiency is an indication that our Group's earning power is steadily strengthening.

With regard to ROIC, we have established specific and actionable KPIs for each operating company and division, tailored to their respective business activities. In doing so, we promote each employee's implementation of concrete action targets and plans, and we are working to improve capital efficiency and enhance corporate value for the entire Group.

In our future capital allocation, we will seek to strike an optimal balance between financial soundness and growth investments. Taking into account the current monthly sales volume of our IT Infrastructure Distribution Business, we will keep cash and deposits of approximately ¥50.0 billion as working capital during normal times, securing liquidity on hand in preparation for emergency. Furthermore, to maintain capital efficiency at an appropriate level from the next fiscal year onwards, once the surge in special demand has settled, we will actively utilize external debt (leverage) commensurate with the returns on each transaction—within the scope necessary to maintain our current long-term issuer rating of "A"—when shifting our focus to inorganic growth, such as through strategic M&A. We aim to create corporate value through an optimal capital structure, while curbing the excessive accumulation of equity capital.

### 5. Investment in systems and logistics in preparation for the next Medium-Term Management Plan following the period of special demand, and the deepening of Group collaboration

The next fiscal year (fiscal year ending March 31, 2027) will be the final year of our current Medium-Term Management Plan. While we anticipate a decline in revenue and profit due to a pullback following the special demand for PC upgrades (a reduction of approximately 900,000 units), our Group does not view this situation pessimistically. Rather, we are proceeding with the optimal allocation of management resources, treating this as a crucial run-up period to move away from reliance on special demand and to strengthen the foundation for organic growth in core earnings.

Turnover for the fiscal year ended March 31, 2026 on iKAZUCHI, our Group's proprietary subscription management

portal, increased by 34.6% compared with the previous fiscal year. Moving forward, we will continue to make strategic investments in iKAZUCHI as a growth driver within our IT Infrastructure Distribution Business, with the aim of expanding the subscription business market and strengthening our recurring revenue base.

Furthermore, as part of our growth investment in existing areas, we have allocated at least ¥8.0 billion to system investment. Within our Group's supply chain, which supports net sales of over ¥1 trillion, continuous investment in core systems and logistics infrastructure is essential. Centered on our mega logistics centers in the east and west, which have introduced robotic storage systems, we are optimizing our next-generation logistics strategy. This will enable us to reduce logistics costs, improve stock turnover rates, and avoid lost sales opportunities, leading directly to an improvement in marginal profit ratio.

In order to move these reforms into the implementation phase, it is essential to foster a tripartite collaboration that leverages the strengths of Daiwabo Holdings' company structure. The Corporate Strategy Division outlines an "offensive" scenario; the Business Administration Division ensures its feasibility through financial backing and governance; and the operating companies carry out the work on the front lines. I consider it my duty to bridge the gap between the front lines and management, and to drive the Group's overall optimization at a rapid pace without falling into the trap of individual optimization.

## 6. Shareholder returns underpinned by confidence in our ability to generate cash, and the realization of our Purpose

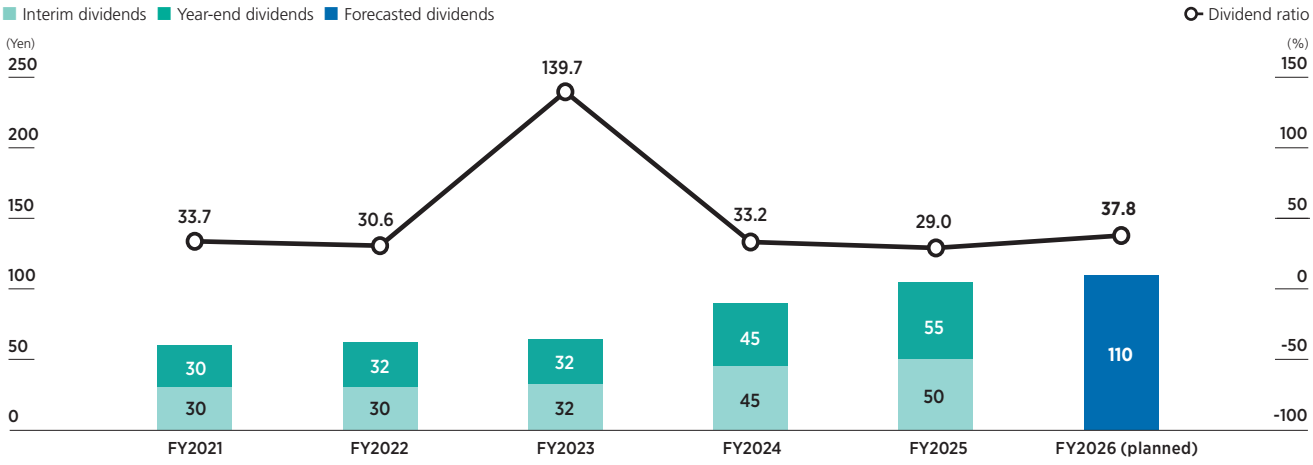
The Group positions dividends as a priority management issue. Although we are forecasting a decline in profits for the next fiscal year due to a pullback, we have announced an increase in dividends from 105 yen to 110 yen per share per annum. This reflects our commitment to the policy to gradually raise dividends—introduced under our current Medium-Term Management Plan—which aims to maintain or increase dividends rather than reduce them. We are also delivering a high level of shareholder returns, with a dividend ratio of 30% or more and a total payout ratio, including acquisition of treasury shares, of 60% or more.

This solid shareholder return reflects our confidence that the Group's business model has evolved into a structure capable of generating stable and robust operating cash flow, unaffected by fluctuations in special demand. Drawing on this effective capacity for cash generation, we are striving to strike the optimal balance that allows us to keep the cycle of value creation running smoothly without interruption. This cycle involves investing in our employees through human capital, investing in systems to foster co-creation with our sales partners, and returning profits to our shareholders.

In April 2027, we plan to change our company name to MUSUBITE Inc. This new company name embodies our Group's Purpose: Connecting people and society to the future. Our Group's greatest strength is connecting manufacturers, sales partners, and end users, and the fact that we have transformed this power to connect into an IT platform forms the very foundation of our business model, which maximizes our capital efficiency.

Moving forward, I will not lose sight of the real-world perspective I gained at the frontline sites on what customers and society want, and will continue to strive to improve total corporate value, incorporating financial results and non-financial value at the highest level. I hope you will continue to look forward to the continued growth and evolution of the Daiwabo Holdings Group over the long term.

Trends in dividends



# Financial capital strategy

## Policy on financial strategy

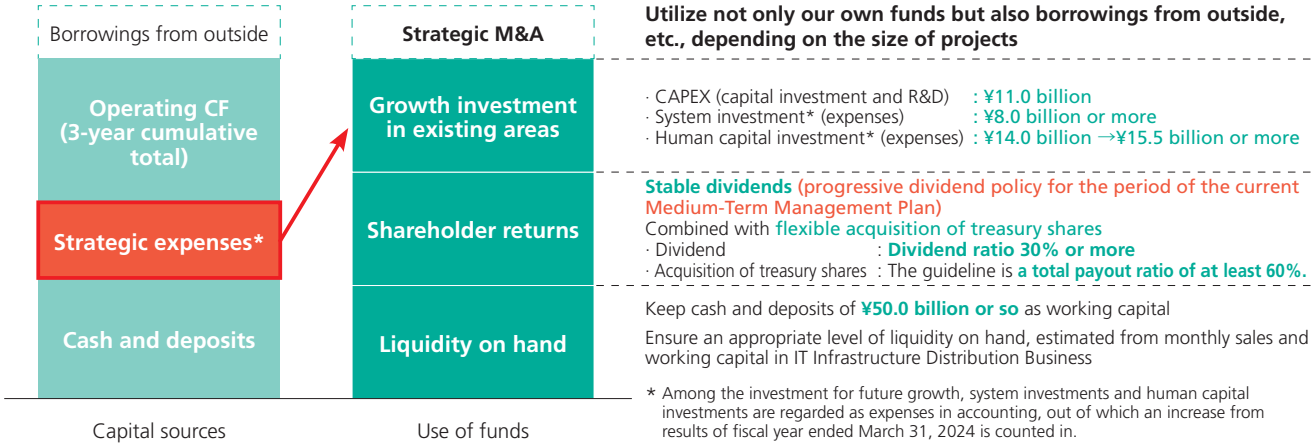
The primary source of the Group's capital is the operating cash flow of each business, but we also strive to stably secure capital by effectively using capital procured from financial institutions. Earned profits are used to reinforce financial foundations while also being allocated in a balanced manner between growth investments in business to increase profitability further and 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.

## 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 expect human capital investment to increase from the initial plan to at least ¥15.5 billion. We are investing in systems that will lead to even higher productivity in the IT Infrastructure Distribution Business.

We position our investments in human capital and systems not merely as increased costs, but as "strategic expenses (growth investments)" that will lead to greater competitiveness for the Group going forward. Regarding shareholder returns, we will implement them flexibly, targeting a dividend ratio of 30% or more and a total payout ratio, including the acquisition of treasury shares, of 60% or more. For strategic M&A, our policy is to act flexibly, drawing not only on our own funds but also on external borrowing where appropriate. In terms of liquidity on hand, we maintain and secure a level of approximately ¥50.0 billion to prepare for unforeseen circumstances.

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




## Shareholder returns policy

As the 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 (fiscal years ended March 31, 2024 to 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. Furthermore, we will, as a general rule, cancel the treasury shares we acquire.

For the fiscal year ended March 31, 2026, the dividend was set at 50 yen per share for the interim dividend and 55 yen per share for the year-end dividend, totaling 105 yen per share. In addition, we acquired treasury shares worth approximately ¥8.0 billion and cancelled 7.87 million shares, including treasury shares we acquired in the past.

| | | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 (Expected) |
|---|---|---|---|---|---|---|---|
| Annual dividends (yen) | 1Q | - | - | - | - | - | - |
| | 2Q | 30.00 | 30.00 | 32.00 | 45.00 | 50.00 | 55.00 |
| | 3Q | - | - | - | - | - | - |
| | FY-End | 30.00 | 32.00 | 32.00 | 45.00 | 55.00 | 55.00 |
| | Total | 60.00 | 62.00 | 64.00 | 90.00 | 105.00 | 110.00 |
| Amount of dividends (Millions of yen) | | 5,706 | 5,801 | 5,989 | 8,135 | 9,240 | - |
| Dividend ratio (%) | | 33.7 | 30.6 | 139.7 | 33.2 | 29.0 | 37.8 |
| Ratio of Total amount of dividends to net assets (%) | | 4.4 | 4.2 | 4.2 | 5.6 | 5.8 | - |

| 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 |
| July 1, 2025 to February 27, 2026 | 2,718,400 | ¥7,999 million |

The Group's total shareholder returns (TSR), which take into account both dividends and fluctuations in share prices, 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 | |
|---|---|---|---|---|---|---|---|
| | Annualized | Cumulative | Annualized | Cumulative | Annualized | Cumulative | Annualized |
| Total shareholder returns (TSR) | 25.4% | 52.3% | 15.0% | 104.9% | 15.4% | 762.9% | 24.0% |
| TOPIX incl. dividends | 34.6% | 87.4% | 23.3% | 102.2% | 15.1% | 228.2% | 12.6% |

*As of March 31, 2026.

## KPIs in the Medium-Term Management Plan

The Group incorporates financial key performance indicators (KPIs) to evaluate the progress of management goals objectively 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.

| | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
|---|---|---|---|---|---|
| ROE | 12.9% | 13.7% | 3.0% | 16.8% | 19.9% |
| ROIC | 10.3% | 11.5% | 12.8% | 14.3% | 16.9% |
| Cost of shareholders' equity | | | | | 7.23%–7.64% |
| WACC | | | | | 6.7%–7.1% |

## Financial capital strategy

Our PBR remains at a level above 1. Building on our consistently high return on equity (ROE), we aim to further enhance our corporate value by raising market expectations (PER) through the implementation of our discontinuous growth strategy.

| | FY2022 | FY2023 | FY2024 | FY2025 |
|---|---|---|---|---|
| PBR (times) | 1.43 | 1.69 | 1.49 | 1.57 |

**Creating corporate value = Improving PBR**

| | | |
|---|---|---|
| ROE (Profitability) | Profit margin | • Structurally improving profit margin through expanding the sales of high-yield products, such as solutions<br>• Improving operational efficiency through the utilization of digital transformation and AI |
| | Capital efficiency | • Optimizing CCC and maximizing free cash flow<br>• Implementing strategic inventory management based on accumulated expertise |
| × | Financial leverage | • Pursuing a disciplined, optimal capital structure, targeting a capital adequacy ratio of approximately 35%<br>• Considering the utilization of external debt in growth investments (M&A, etc.), provided that a credit rating of A is maintained |
| PER (Growth potential) | Profit growth | • Expanding existing businesses and creating new businesses, including through M&A<br>• Achieving sustainable EPS growth |
| | Raising market expectations | • Enhancing brand awareness through rebranding activities<br>• Expanding disclosed information and cultivating constructive dialogue with investors |

We place emphasis on ROIC as an indicator of corporate value enhancement driven by the earning power of our core businesses and the efficient utilization of capital. We aim to increase corporate value by expanding the spread of ROIC. To avoid shrinkage equilibrium caused by overly focusing on achieving the immediate target ROIC, we place the utmost importance on the process itself. We set KPIs 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.

**Creating corporate value = Sustainably expanding the spread of ROIC**

| | | |
|---|---|---|
| ROIC (Capital profitability) | Cash flow | • Improving contribution margin ratio through a reduction in the SG&A expense ratio<br>• Improving working capital turnover through the improvement and maintenance of CCC<br>• Expanding business scope in the IT sector (growth market)<br>• Establishing a revenue model in new areas such as AI<br>• Developing overseas markets and advancing research and development in the Industrial Machinery Business |
| | Growth rate | |
| ∨ | | |
| WACC (Cost of Capital) | Fair market evaluation | • Facilitating proactive, two-way dialogue with investors<br>• Conducting multifaceted analysis of the Company, including comparisons with the industry and other companies<br>• Communicating a clear equity story |
| | Stakeholder engagement | • Promoting well-being-oriented management<br>• Embedding our Purpose following the change of trade name |

## 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 working 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 working capital is insufficient so we will study borrowing from external sources and securitizing receivables.

(Millions of yen)

| | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
|---|---|---|---|---|---|
| Operating CF | 28,165 | 16,958 | 24,544 | 5,909 | 14,569 |
| Free CF | 25,239 | 15,330 | 19,597 | 3,321 | 8,391 |
| Operating CF to interest-bearing liability ratio | 1.0 times | 1.6 times | 0.9 times | 3.6 times | 1.3 times |

## 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, considering necessary working 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 or higher 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.

## Investment strategies

As part of our investment strategies, during the period covered by the Medium-Term Management Plan (fiscal years ending March 31, 2025 to fiscal year ending March 31, 2027), 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 ¥15.5 billion.

## Group Tax Policy

We are systematically implementing measures to improve tax compliance. As part of this effort, we published the Group Tax Policy in August 2025, setting out the Group's approach and policies regarding taxation.

**Group Tax Policy**

In order to achieve its management philosophy, the Group complies with domestic and foreign laws and regulations, social norms, and ensures fair business practices. We also comply with domestic and foreign tax laws and regulations as well as the spirit of the law, and do our utmost to file tax returns and pay taxes in a legitimate and appropriate manner. Further, we will implement highly transparent tax accounting and use tax planning and tax breaks appropriately, thereby contributing to the development of local communities and the improvement of corporate value.

1. **Tax Compliance**
   In accordance with the spirit of the law, the Group will comply with the tax laws of each country or region in which it engages in business operations as well as international taxation rules, and work within the guidelines of the Organization for Economic Cooperation and Development (OECD) and others in order to file tax returns and pay taxes in an appropriate manner.
2. **Tax Governance**
   The Group will respond in a timely manner to the taxation systems and administrative operations of each country, endeavor to develop an appropriate system and environment that enable early detection of and response to taxation risks and address them, and implement risk management for improved corporate value. We will also provide ongoing education for those in charge of tax matters at each company to improve their tax knowledge.
3. **Tax Planning**
   The Group will not engage in profit-transfer acts, such as tax avoidance using tax-free or low-tax countries or regions (so-called tax havens), or transactions or tax planning without business purpose or substance. If any anti-tax haven taxation is applicable in light of the tax systems of each country or region, we will file tax returns and pay taxes appropriately.
4. **Tax Risk Management**
   The Group aims to minimize tax risks by correctly understanding the tax systems of each country and region. In the event that a transaction occurs where the interpretation of tax matters is unclear, we will carefully examine the validity of the relevant tax accounting and seek advice from outside experts as necessary to reduce uncertainty.
5. **Transfer Pricing**
   In compliance with international rules such as the OECD Transfer Pricing Guidelines, the Group will strive to allocate profits appropriately in accordance with their functions and contributions of the respective countries/companies, while being mindful of arm's length pricing with respect to transactions with foreign related parties. We also endeavor to maintain appropriate transfer pricing documentation in line with the transfer pricing taxation of each country.
6. **Relationship with the Tax Authorities**
   The Group will endeavor to build and maintain good relationships with tax authorities by fully cooperating with them. Should a disagreement with the tax authorities arise, we will endeavor to resolve it through constructive communication.
7. **Transparency**
   The Group will endeavor to ensure transparency in tax matters by disclosing tax-related information in a timely and appropriate manner in accordance with the laws and regulations.

# Human capital strategy

## Overview of human capital strategy

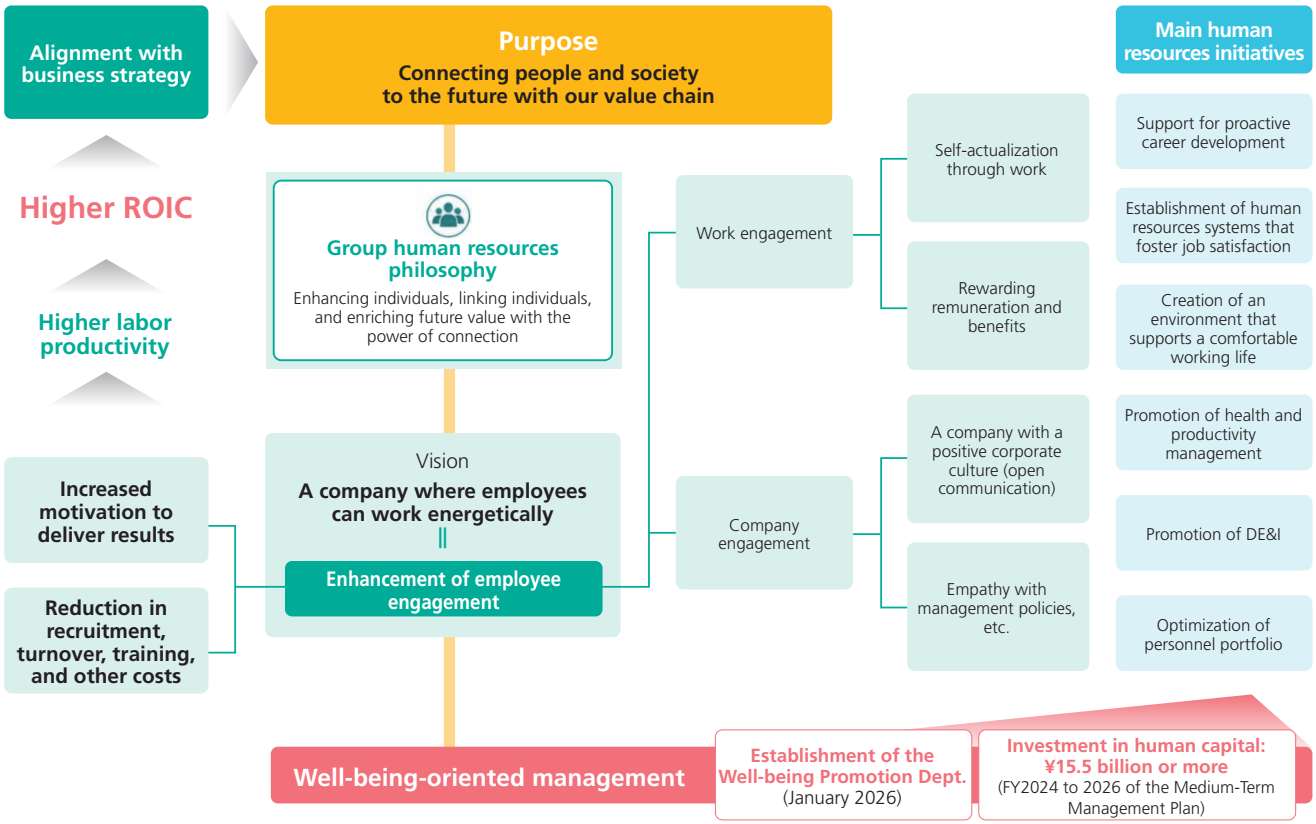
### Daiwabo Well-being-Oriented Management

The Group has adopted the human resource philosophy of "Enhancing individuals, linking individuals, and enriching future value with the power of connection." We are implementing a human capital strategy with the aim of creating a company where each employee can work energetically. At the heart of this human capital strategy lies the concept of "Daiwabo Well-being-Oriented Management."

Well-being-oriented management is an approach that makes enhancing the physical and mental health, job satisfaction, and quality of life of each employee a key pillar of human resources strategy, with the aim of improving employee motivation and trust in the company (i.e. employee engagement). It is generally well known that in organizations with high employee engagement, not only is there a greater focus on achieving results, but this also helps to reduce the costs associated with recruitment and training following staff turnover, thereby contributing to improved labor productivity within the company.

During the period of the Medium-Term Management Plan (through the fiscal year ending March 31, 2027), we have set a target of a 5.7% increase in labor productivity as a consolidated Group (measured as productivity per employee, based on the three-year average for fiscal 2024 to 2026 compared with the average for the preceding three fiscal years). Daiwabo Well-being-Oriented Management is a key initiative for achieving this management target.

Under the Daiwabo Well-being-Oriented Management approach, we are implementing various human resources initiatives, including supporting proactive career development (talent development), establishing human resources systems that foster job satisfaction, creating an environment that supports a comfortable working life, promoting health and productivity management, promoting DE&I, and optimizing the personnel portfolio (recruitment). In addition, we have established a new Well-being Promotion Dept. within Daiwabo Holdings to drive this strategy company-wide, and we anticipate investing a total of ¥15.5 billion or more in human resources during the period of the Medium-Term Management Plan.



## Higher engagement of employees: Aiming to realize a company where employees can work energetically

The outcome (vision) that the Group has set for its human capital strategy is to realize a company where employees can work energetically. To gauge this situation, the Group has established employee engagement as a key indicator. Through the various human resources initiatives implemented under the Daiwabo Well-being-Oriented Management approach, we are working to improve areas such as self-actualization through work, rewarding remuneration and benefits, a company with a positive corporate culture (open communication), and empathy with management policies. We are continuously assessing whether these efforts are leading to an improvement in employee engagement.

The Group views employee engagement from two perspectives. The first is work engagement, which refers to the vitality, enthusiasm, and immersion in the work itself; this is fostered through self-actualization through work and rewarding remuneration and benefits. The second is company engagement, which reflects trust in and loyalty to the company; this is fostered by an open corporate culture and empathy with management policies. We believe that realizing a company where employees can work energetically in good physical and mental health requires both of these elements to work together.

To enhance the effectiveness of such assessments, each operating company conducts an employee engagement survey once a year. In fiscal 2025, the response rate was 95.3%, and the year-on-year improvement in the engagement score was 3.6%. During the period of the Medium-Term Management Plan, we are focusing our improvement efforts on enhancing company engagement. The score for corporate culture, one of its constituent elements, improved by 1.1% year-on-year, while the score for empathy with management policies, etc. improved by 3.5% year-on-year. We believe this reflects the effectiveness of our measures to disseminate our Purpose and management policies to date, as well as of our improvement of corporate culture, including the strengthening of management capabilities.

Our aim is to continue making improvements in these areas on an annual basis. Going forward, through the rollout and strengthening of various initiatives under Daiwabo Well-being-Oriented Management, we will further enhance both work engagement and company engagement. This will enable us to realize our vision of being a company where employees can work energetically, and lead to improved labor productivity and the sustainable enhancement of corporate value.

Overview of the Group's employee engagement survey results

| | FY2024 | FY2025 |
|---|---|---|
| Total number of respondents across the Group (persons) | 2,642 | **2,899** |
| Response rate | 93.0% | **95.3%** |
| Improvement rate in overall score (compared with the previous year) | +2.6% | **+3.6%** |
| Improvement rate for items related to "empathy with management policies, etc." (compared with the previous year) | +5.4% | **+3.5%** |
| Improvement rate for items related to "corporate culture" (compared with the previous year) | +2.1% | **+1.1%** |

## Human capital strategy

# Daiwabo Well-being-Oriented Management initiatives

## Support for proactive career development (personnel development)

### Career development approach

Guided by our well-being-oriented management approach, the Group supports employees in proactively shaping their own careers through a development framework that is aligned with the management strategies of each business unit.

The IT Infrastructure Distribution Business supports medium- to long-term career development by taking into account each employee's values and stage of life, conducting annual career discussions, and using career plan sheets. These discussions go beyond simply asking about transfers or relocations; the supervisors carefully consider employees' wishes and circumstances from a range of perspectives. It also offers career training, life planning training, and training programs in digital transformation and other areas tailored to employees' age groups, providing opportunities for them to gain perspectives that enrich not only their work but also their lives as a whole.

In addition to one-on-one coaching under our mentor system, the Industrial Machinery Business is working to strengthen our capacity for talent development through mentor training. This will enable us to train technical professionals and pass on skills, further enhancing our proprietary technologies.

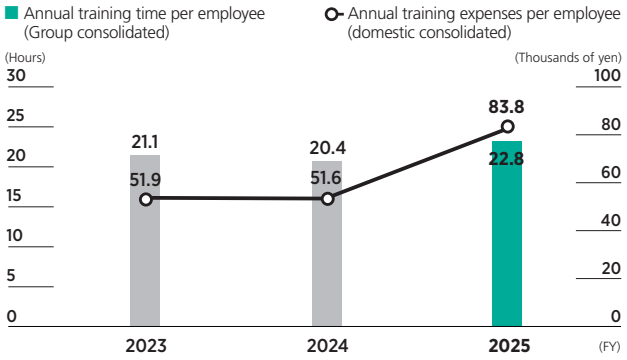
In fiscal 2025, Daiwabo Holdings introduced a selective training program tailored to individual employees' careers and aptitudes. Under a medium- to long-term training plan, it is advancing development initiatives to enhance the specialist knowledge and skills required of employees of a listed holding company.

### Education programs adapted to change

As part of our personnel development efforts, in addition to conducting on-the-job training, we have created an environment for off-the-job training, such as group training and e-learning, and are running education programs designed to support employees' acquisition of qualifications and self-development. Furthermore, we regularly review these education programs, updating their content to ensure it remains aligned with our business strategy so that employees can acquire the necessary skills and knowledge and enhance their motivation.

For example, in addition to incorporating areas that the Group is focusing on—such as digital transformation, AI, human capital management, and M&A—into our education programs, we have identified a key theme across the entire Group: the creation of a workplace that harnesses diversity and fosters mutual support. In fiscal 2025, we conducted human capital and diversity training for employees of Daiwabo Holdings and the human resources departments of our operating companies. We believe that this training not only helped to foster an awareness of the challenges involved in promoting DE&I and achieving a healthy work-life balance, but also provided an opportunity to deepen understanding across the Group.

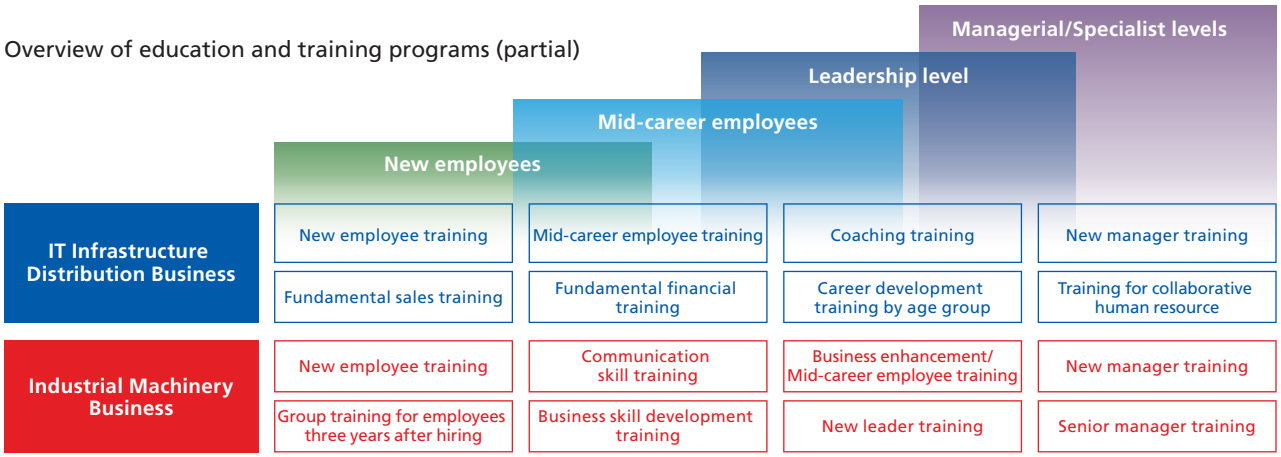
Annual training time and expenses per employee




| FY | 2024 | 2025 |
|---|---|---|
| Number of participants in education and training (persons) | 1,575 | 1,771 |
| Number of managers participating in education and training (persons) | 263 | 377 |
| Number of new employees participating in education and training (persons) | 243 | 285 |
| Annual education and training time (hours) | 61,335 | 71,809 |
| Annual education and training time for managers (hours) | 4,128 | 6,845 |
| Annual education and training time for new employees (hours) | 41,091 | 54,657 |

* The number of employees is calculated in accordance with the Company's ESG data compilation standards.

Overview of education and training programs (partial)



### Self-directed learning and reskilling support

To respond to changes in the business environment and the progress of digital transformation, the Group is also advancing initiatives that support self-directed learning and reskilling. In the IT Infrastructure Distribution Business, we have established a system whereby employees who wish to do so can undertake training in design thinking and digital transformation, in addition to open-enrollment courses.

At Daiwabo Holdings, we revised the qualification support scheme in fiscal 2024. In addition to distance learning and elective training programs, we have created an e-learning environment that enables employees to learn voluntarily outside of selective training programs, thus strengthening our support system so that employees can choose the knowledge and skills they need and acquire them on an ongoing basis.

Such support goes beyond simply enhancing skills directly related to current roles; it also encourages learning that broadens employees' future prospects. We believe that when employees adapt flexibly to change, develop their strengths, and use them to take on new challenges, this contributes to both their personal well-being and the organization's sustainable growth.

## A human resources system that fosters job satisfaction

### Fair evaluations based on target management

In practicing well-being-oriented management, we believe that employee growth and self-actualization are of paramount importance, and we therefore operate an evaluation system based on target management. This system involves managers and their subordinates setting key targets together, with managers providing regular feedback and support to help achieve these targets. The system also serves to foster communication within the organization. By enabling each employee to feel that they are contributing to the organization's success and encouraging them to acquire skills that support their career development, we can increase motivation and build greater trust in the organization.

Furthermore, to establish a fair and transparent evaluation system, we place great importance on documenting the evaluation criteria and ensuring all employees are fully aware of them. We also provide detailed feedback on evaluation results through one-on-one meetings.

### A competitive remuneration structure

We believe that strategic investment in human capital and continuous improvements to remuneration form the foundation of well-being-oriented management by underpinning employees' financial stability and job satisfaction. In response to the acceleration of inflation in recent years, we have implemented large-scale pay rises that go beyond conventional frameworks, while also carefully considering our employees' sense of fulfillment by, for example, adjusting bonus levels based on the extent to which performance targets were achieved. In addition, we are taking proactive measures to expand and enhance our severance pay and housing support programs. Furthermore, amid an increasingly competitive labor market, we are striving to improve employee engagement by regularly reviewing our systems to ensure a competitive remuneration structure, comparing starting salaries and remuneration levels by position with industry standards.

### Support for wealth accumulation through company schemes

The Group has introduced an employee stock ownership plan for all employees at the Group companies in Japan as a means of supporting long-term wealth accumulation. Employees can make monthly contributions starting in ¥1,000 yen increments, and the Company provides a 20% matching grant on the amount contributed. By holding shares in the Company, employees can readily appreciate the growth of our Group, which in turn fosters greater interest in management and the Group's performance, as well as a stronger sense of loyalty to the workplace.

In addition, some Group companies have established severance pay and benefit programs utilizing defined contribution (DC) pension schemes, thus supporting employees' wealth accumulation in later life and helping to alleviate their concerns about the future.

We believe that fostering this mindset forms the foundation for motivated work and is a key measure in our well-being-oriented management approach.

## Creating an environment that supports a comfortable working life

### Work style reforms

Under our well-being-oriented management approach, we are promoting the creation of an environment that supports our employees' health and diverse working styles.

Through the active utilization of online meetings and the review of work processes, we are reducing travel time and inefficient tasks, fostering a workplace culture where time is utilized effectively.

To address the issue of long working hours, we have implemented measures such as restricting the use of internal systems and

## Human capital strategy

utilizing our attendance management system to identify discrepancies between the time spent on-site and actual working hours. We have established a system that enables managers and supervisors to identify situations at an early stage and take appropriate action.

Furthermore, we encourage flexible dress codes (office casual) appropriate to the time, place, and occasion throughout the year, creating a comfortable and pleasant workplace while taking into account the global environment.

### Enhancing work-life balance

Another key pillar of well-being-oriented management is supporting employees' lives outside work through enhanced childcare support and employee benefits.

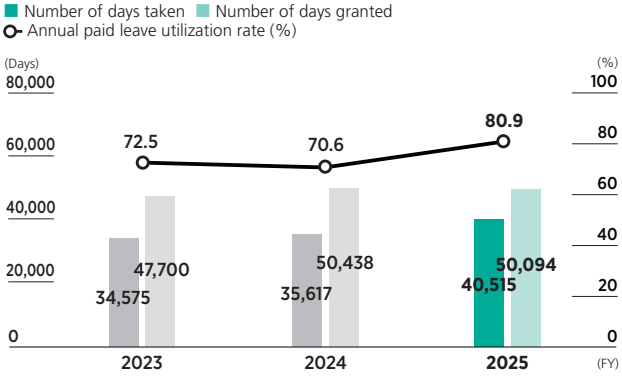
Across the Group, in order to support employees in balancing work and childcare until their children finish primary school, we have established flexible schemes that go beyond legal standards, such as reduced working hours and restrictions on overtime. The utilization rate of childcare leave by male employees has increased, contributing to an environment where employees taking on childcare responsibilities can more easily continue their careers.

In addition, we are working to make taking leave a regular practice by setting and monitoring targets for the annual paid leave utilization rate, fostering a culture in which it is easy to take time off. We are also improving special leave schemes such as refreshment leave.

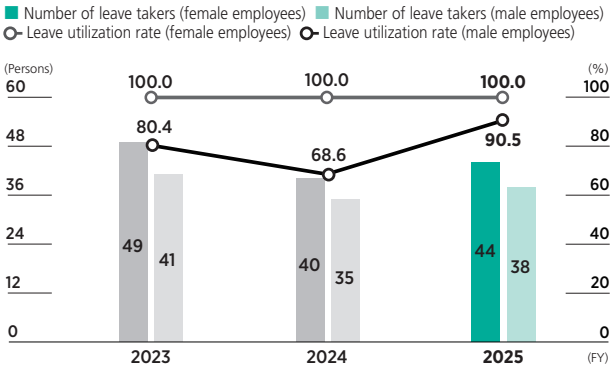
Furthermore, DIS has introduced a system of paid leave taken in hourly units and a remote working scheme that allows employees to apply for and work from home on a set number of days. The hourly paid leave system makes it easier to take short periods of time off to attend to family matters or visit the doctor, while the remote working scheme helps to reduce the burden of commuting and supports the realization of diverse working styles.

By utilizing these schemes, we are creating an environment where employees can continue to work flexibly in line with their individual lifestyles and circumstances, leading to improved productivity, a reduction in staff turnover, and better health.

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

### Basic approach

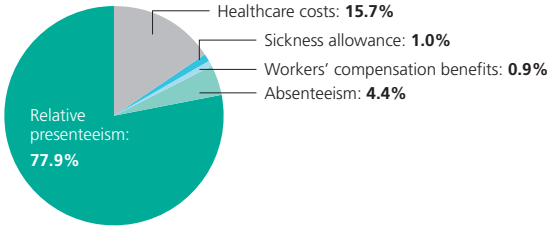
Health and productivity management refers to a management approach in which a company regards the physical and mental health of its employees as a management issue and takes a strategic approach to promoting health.

While the Group is committed to well-being-oriented management, which aims to enhance the physical and mental health, job satisfaction, and quality of life of every employee, the promotion of health and productivity management forms the foundation of this approach. At Daiwabo Holdings and DIS (see diagram next page), we have formulated a Health & Productivity Management Strategy Map to serve as a compass for our promotion of health and productivity management, and we are actively implementing these initiatives.

The key indicators that the Group aims to improve through the promotion of health and productivity management are "absenteeism" and "presenteeism." Absenteeism refers to taking time off work due to illness, while presenteeism refers to being present at work while feeling unwell, resulting in reduced productivity. The causes of feeling unwell may include lower back pain, hay fever, mental health issues, and lifestyle-related diseases.

According to numerous studies, primarily in Europe, presenteeism results in invisible labor losses for companies (economic losses due to reduced labor productivity), and the cost of these is far greater than the costs associated with medical treatment or sick leave (see Figure 1). Figure 2 shows the Group's results for absenteeism and presenteeism; through the promotion of health and productivity management, we will strive to improve these figures and achieve better outcomes.

### Total health-related costs in the workplace (Figure 1)




Source: Ministry of Economy, Trade and Industry "Health and Productivity Management" Guidebook (Revised 1st Edition)

### The Group's health and productivity management indicators (Figure 2)

| Item | Daiwabo Holdings Group |
|---|---|
| Presenteeism*1 | 80.5 (out of 100) |
| Absenteeism*2 | 1.6 days |

*1 Weighted average of the results for FY2025 for Daiwabo Holdings, DIS, and Dsas
*2 Calculated as the weighted average of the results for FY2025 for Daiwabo Holdings and FY2024 for DIS

### Health & Productivity Management Strategy Map (DIS)

**Health investment**

Health investments that will bring various benefits

**Physical health**
<Health checkups>
・Promoting attendance at detailed examinations (follow-up examinations)
・Promoting specific health guidance implementation
<Health events>
・Organizing walking events
<Health training>
・Exercise habits
・Diet
・Alcohol consumption habits
・Smoking, etc.

**Mental health**
<Consultation desk>
・DIS health consultation services
<Health training>
・Women-specific health issues
・Mental health support
・Sleep quality, etc.

**Work-life balance**
<Time and attendance management>
・Thorough management of overtime work
・Promoting annual paid leave utilization rate
<Health training>
・Balancing work with childcare and nursing

**Health investment effectiveness**

Indicators for the status of health investment measures

- Detailed examination (reexamination) attendance rate
- Specific health guidance implementation rate
- Health event participation rate
- Attendance rates at health seminars
  ・seminars for all employees
  ・seminars for managers
- Number of DIS health consultation services used
- Monthly overtime work
- Annual paid leave utilization rate

Indicators for changes in employee awareness and behavior

- Lifestyle improvement
  ・Exercise rate (consistent exercise for at least 30 minutes at least two days a week)
  ・Breakfast rate (eating breakfast at least five times a week)
  ・Dinner before bedtime rate (eating supper within two hours of going to bed less than three times a week)
  ・Proper drinking rate (daily alcohol consumption of less than 360mL)
  ・Smoking rate (percentage of those who smoke regularly)
- Rate of securing time for adequate rest and sleep
- Number of employees with mental health problems

Final health-related goal indicators

- Lifestyle-related diseases improvement of rate of employees with findings
  ・ those at risk of visceral obesity
  ・ those at risk of abnormal liver function
- Reduction of presenteeism
  Improvement in self-assessed work performance
- Enhancement of work engagement
  Self-assessed scores for energy・enthusiasm ・engagement

**Management issues to be solved through "KENKO Investment for Health"**

**What DIS aspires to be**

Realizing a work environment where each employee can work vigorously in good mental and physical health to achieve sustainable growth

## Establishment of Health Insurance Association and an in-house clinic

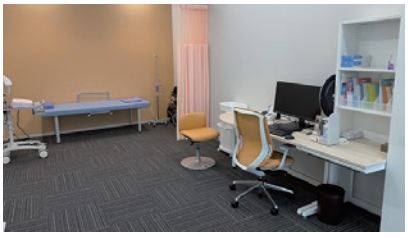
To further promote health and productivity management, the Daiwabo Holdings Health Insurance Association was established in June 2026 with the approval of the Minister of Health, Labour and Welfare. Members include employees from the three companies—Daiwabo Holdings, DIS, and DIS Service & Solution Co., Ltd. (Dsas).

The Health Insurance Association sets its own health insurance rates, thus keeping premiums low for both the participating companies and their employees. It also facilitates the provision of health guidance and preventive programs (such as health checkups, measures to combat lifestyle-related diseases, and mental health support) tailored to employees' specific health needs.

In addition, since June 2026, we have established an in-house clinic where doctors and nurses provide prompt medical care and follow-up support to employees with health concerns.

Through the new Health Insurance Association and in-house clinic, the Group will continue to further promote health and productivity management.



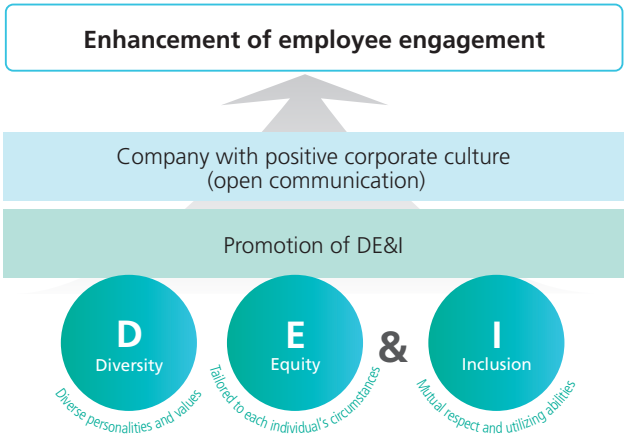


# Human capital strategy

## Promotion of DE&I

### Basic approach

As we pursue a well-being-oriented management approach, it is essential to foster an open and transparent corporate culture. When employees feel confident in sharing their opinions, new ideas emerge, leading to improved productivity and job satisfaction. To realize this kind of corporate culture, the Group regards the promotion of Diversity, Equity & Inclusion (DE&I) as our foremost priority. Regardless of employment status, age, gender, or other factors, we are working to create an environment where everyone's differences are respected and each individual can thrive on an equal footing.




### Active participation of diverse talent

As we promote DE&I, 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.

Firstly, in addition to recruiting new graduates, the Group is actively expanding its recruitment of mid-career hires. By welcoming people with diverse backgrounds and skills, we introduce fresh perspectives into the organization, which in turn fosters new challenges and growth opportunities. Furthermore, we expect these individuals not only to make an immediate contribution but also to play a key role in developing younger staff and driving organizational reform.

Next, regarding the employment of persons with disabilities, the Group considers it the social responsibility of companies not only to provide job opportunities, but also to create environments where everyone can demonstrate their maximum abilities and work according to their specific aptitudes. We are committed to supporting the independence and social participation of people with disabilities, while also contributing to the realization of a more diverse society. In the future, we plan to collaborate with public institutions such as Hello Work and to actively support recruitment, staff retention, and workplace adaptation at each site.

In addition, regarding older employees, in light of the declining birth rate and aging population, as well as the emergence of a society in which people are living longer, healthier lives, the Group provides an environment where each employee can work energetically, while offering flexible job placements that take into account personal preferences and aptitudes.

Ratio of mid-career hires to the total number of new hires (domestic consolidated) (%)

| FY2024 | FY2025 |
|---|---|
| 15.0 | 18.5 |

Number of foreign employees (domestic consolidated) (individuals)

| FY2024 | FY2025 |
|---|---|
| 10 | 20 |

### Promotion of women's active participation

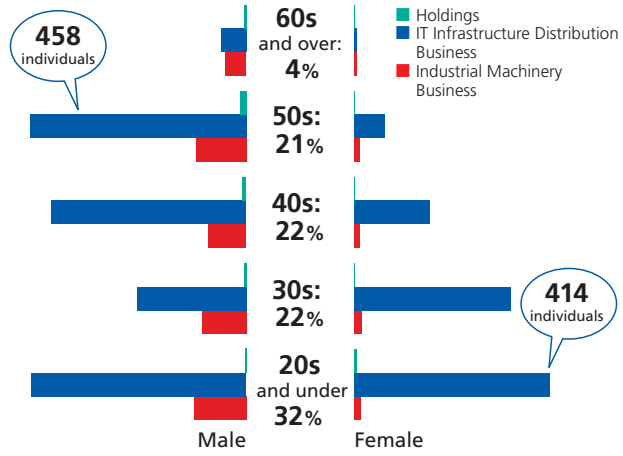
Promoting women's active participation in the workforce is one of our key initiatives for fostering diversity and driving the future business expansion of the Group.

While Japan's working-age population continues to decline, it is said that women's employment and active participation will play a significant role in mitigating this impact. Currently, women account for approximately 30% of the Group's workforce, and they make up approximately 35% of new recruits. Consequently, the proportion of women in our workforce is expected to increase steadily in the future. The Group has consistently promoted women's active participation by introducing schemes such as parental leave and reduced working hours that go beyond legal standards, and we are currently working to further strengthen these measures.

The percentage of female officers within Daiwabo Holdings stands at 36.4% (as of June 26, 2026), exceeding the government's target of achieving "30% or higher by 2030" set for companies listed on the Tokyo Stock Exchange Prime Market. Furthermore, the percentage of female directors is 37.5%. The Company has been consistently selected for the MSCI Japan Empowering Women Index (WIN), which comprises companies demonstrating excellence in gender diversity. However, partly due to a high proportion of younger female employees, the percentage of women in managerial positions (manager or higher positions) currently stands at just 2.2%. Recognizing this situation as an issue, the Group has set a concrete target of raising the percentage of women in managerial positions (manager or higher positions) to 3% or higher by 2030 and initiated a Group-wide systematic approach.

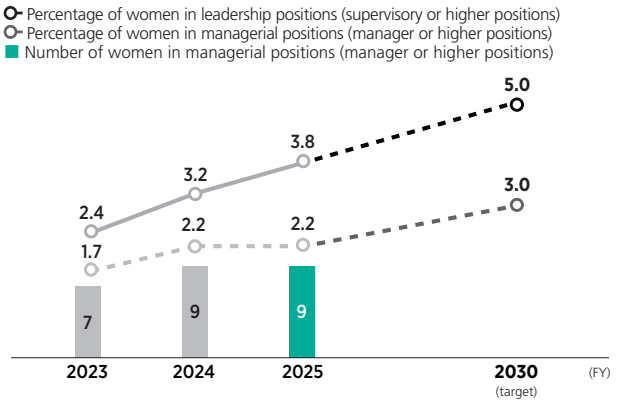
For example, at DIS, by encouraging women to transition from general roles to career-track positions, we are supporting individual career development and paving the way for motivated women to thrive. Furthermore, we have launched a Women's Leadership Program this fiscal year to strengthen development and career support. We will continue to strive to be a vibrant company where female employees can work energetically.

Age and gender composition of full-time employees




* Percentages are rounded to the nearest whole number.

Percentage of women in leadership positions (supervisory or higher positions) / Percentage of women in managerial positions (manager or higher positions) (Group consolidated)




## Optimizing the personnel portfolio (recruitment)

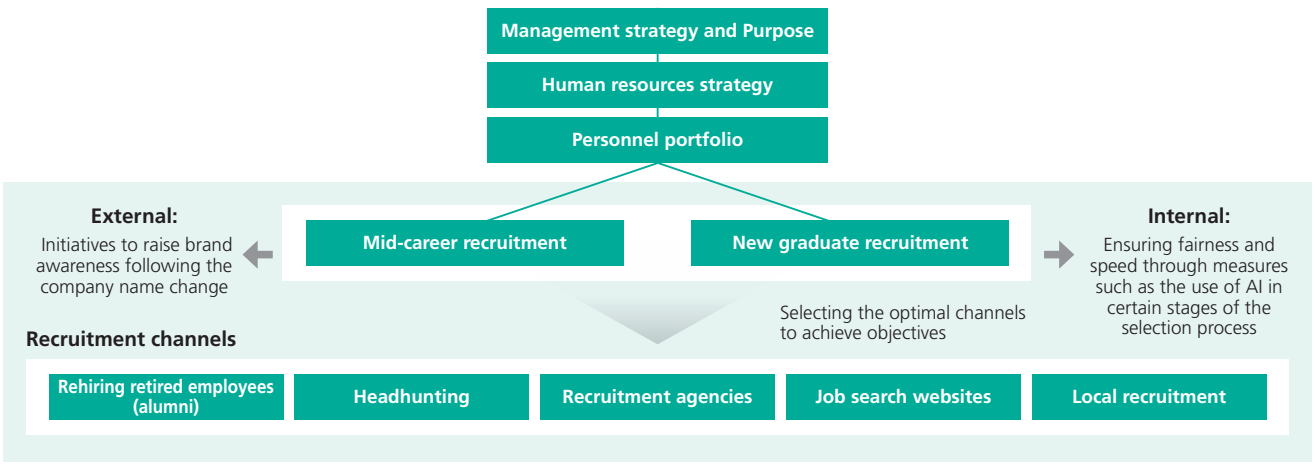
### Optimizing personnel portfolio

As part of our human resources strategy, which is aimed at realizing our management strategy and Purpose, we have defined the optimal personnel portfolio in line with the business strategies of each Group company and regard optimizing this portfolio as a key priority. To achieve this, we are shifting our recruitment approach toward a flexible, all-encompassing strategy that is not bound by conventional frameworks.

For example, in mid-career recruitment, we actively utilize recruitment agencies and direct recruitment (headhunting) to secure candidates who can contribute immediately or possess advanced specialist skills. Furthermore, by diversifying our recruitment channels, including the re-employment of former employees who have previously left the Group (alumni) and local recruitment at each site, we are flexibly welcoming talent with diverse experiences and expertise.

In addition, in our recruitment of new graduates, our aim is to attract the next generation of talent who share our Purpose. To achieve this, we are implementing our own initiatives to raise awareness of the Group, in addition to utilizing job search websites. For Group-wide recruitment led by Daiwabo Holdings, we updated our recruitment website and reinforced its content by featuring priority business areas and employee roundtable discussions. In parallel, we are collaborating with Group companies to participate in joint recruitment fairs and disseminate information through various media channels, thus raising the Group's profile and expanding recruitment opportunities. This enables us to widely communicate the business characteristics and desired talent of each company to students, contributing to recruitment across the entire Group. Furthermore, as part of each company's individual recruitment activities, DIS, which operates the IT Infrastructure Distribution Business, has launched magazine advertising campaigns in collaboration with its corporate branding department. Meanwhile, O-M Ltd., which operates the Industrial Machinery Business, has implemented a joint initiative with the J.League football club Albirex Niigata. We are appealing to students through a diverse range of approaches that capitalize on each company's unique characteristics.

In addition, by introducing AI into certain stages of the selection process, we are working to ensure fairer assessments based on objective data and to speed up the selection process, thus building a higher-quality recruitment framework.



Human capital

# roundtable discussion



Representative Director, President and Chief Executive Officer
**Yukihiro Nishimura**

## Well-being-oriented management to enable employees to thrive

Central-Osaka #6 Branch DAIWABO INFORMATION SYSTEM CO., LTD.
**Mizuki Kure**
Leads a sales branch as Deputy Branch Manager Has a track record of achieving top sales in Japan

Well-being Promotion Dept. Daiwabo Holdings Co., Ltd.
**Shiho Matsumoto**
Manages employee health, provides mental health consultation, and holds health seminars as a public health nurse

West Japan Sales Section O-M MACHINERY Ltd.
**Masaya Imasaka**
Responsible for corporate sales of automated machines Serves as a bridge between customers and the company's factories, with a focus on developing new customers

## 1. The appeal and rewards of working at the Daiwabo Holdings Group

**Nishimura:** The Group has positioned well-being-oriented management, which enables diverse talent to fully demonstrate their abilities, as a pillar of its human capital strategy under the Medium-Term Management Plan. A recent employee engagement survey suggested that there is still a small gap between the Company's aspirations and employees' current sense of self-efficacy, meaning the sense of achievement and growth they gain through their work. Today, I would like to hear what you find appealing and rewarding about working at the Daiwabo Holdings Group, and hopefully gain some insights into the future direction of our well-being-oriented management. To begin, please tell me about what you value in your day-to-day work and what makes your work at the Group rewarding.

**Yamamoto:** One thing I always keep in mind is never to respond to customers in a mechanical or impersonal way. Even when proposing IT products, I try not simply to respond to the requests I receive. I also make a point of anticipating each customer's needs and offering additional suggestions, such as case studies or product information that I think would be useful to them. When I joined DIS, I knew so little that I sometimes got scolded by customers. But as I continued to sincerely engage with each customer, I gained valuable experience. One day, a customer said to me, "I want to leave it all to Ms. Yamamoto." This made me very happy and proud, as I felt that I had finally become a full-fledged professional. In addition, I delivered tens of thousands of devices to the board of education as part of the GIGA School project in fiscal 2025. Imagining children actually using them, I felt a broader sense of achievement and realized that my work contributes to society.

**Matsumoto:** I deeply identify with the way Ms. Yamamoto puts herself in the customer's shoes and anticipates their needs. In my work as a public health nurse, I explain things like health check results to employees. I try not to use too much medical jargon and to choose the most easily understandable words according to the level of understanding of the person I am speaking to. I also make a point of continuing to study and attend academic conferences so that I can always share the latest, accurate knowledge. I feel that my job is rewarding when I hear words like "I feel better now" or "This made me rethink my lifestyle" directly from employees during interviews or mental health consultation sessions. After a mental health seminar I held recently, I received a lot of positive feedback, with participants saying they wanted to put what they had learned into practice.I feel a sense of satisfaction in playing a part in the Group's well-being-oriented management when I see that my support for individuals' health eventually contributes to higher corporate productivity.

**Imasaka:** I also strongly relate to the sincere way both of you put yourselves in others' shoes. As a sales representative for BtoB automated machines, I am often given tasks or issues to address by customers. If I have 10 days until the response deadline, I always make sure to give them an interim report after five to six days, rather




than providing a perfect answer just before the deadline. This allows us to make course corrections early and, above all, reassures customers that I am giving their requests serious consideration. I find my work particularly rewarding when repeated visits to a prospective customer eventually lead to a new order. One of my customers once told me, "You kept coming to see us even when there was no immediate business opportunity, so I wanted to reward your dedication by placing an order with you." Hearing that made me feel that all the hard work I had done had been rewarded. What drives me to continue working at the company is the sense of fulfillment that comes from having built a bridge between customers and the company, paving the way for a new chapter of lasting business relationships.

**Kure:** As Mr. Imasaka says, providing a sense of ease and building day-to-day communication are essential. E-mail is my primary communication tool for my job, but I always make a phone call to supplement it because I value communication that conveys a human touch. Beyond this, what matters most to me is enjoying my work. I want to be a supervisor who visibly enjoys his work. I once achieved the highest sales among our sales staff across Japan. This brought me a great sense of achievement. It was also a great source of satisfaction when, after I secured a particularly difficult order, the customer went out of their way to hold a gathering to thank us and told me, "I'll come to you again for the next project." Now that I have subordinates, it is important to me to nurture them so they, too, can experience the same sense of achievement as I did.

**Nishimura:** I see that you all put customers and employees first and continued to make small improvements and steady efforts despite the various challenges you faced. I've understood that these efforts have led to unshakable relationships of trust with customers and your outstanding results. The spirit of caring for others is the foundation of the Group's growth and, I believe, an irreplaceable value created by our employees and a vital part of the human capital we cherish. I also want us to pass on the sense of accomplishment and growth you gained through work to our next generation.

## 2. The Group's teamwork for overcoming hardships

**Yamashita:** I believe the biggest strength of the Group lies in its frontline capabilities. Fully leveraging those capabilities requires listening directly to customers on site and responding earnestly. I am sure that, in doing our job, each of us faces difficult challenges at times that seem impossible to solve on our own. When you have faced such difficulties or pressure, how have the people around you supported you?

**Imasaka:** As an automated machinery sales representative, I often find myself in situations that are too difficult to handle on my own, such as when handling complaints. In such critical moments in business negotiations, I always consult my supervisor. Everyone, including my supervisor, comes together as one team to support me. For example, I sometimes get caught between the demands of the factory and those of the customers. I coordinate with the factory with the help of the supervisor. In this way, the entire company comes together as one team to serve the customer. When I was first assigned the task of presenting our in-house-developed products at a trade fair where our company ran a booth, I got very nervous. But I had tremendous support from my co-workers and people in other departments, from script preparation to rehearsals. Thanks to them, I was able to complete my task. Hearing the people around me say,



## Human capital roundtable discussion

"Good job," gave me a tremendous sense of growth and confidence that I could never have gained on my own.

■ **Kure:** Mr. Imasaka's willingness to rely on his supervisor is really important in crisis management. I used to think I had to manage on my own. But when I faced a serious problem with the delivery time on a project secured through competitive bidding, I realized that what I could do alone had its limits. I knew that continuing to handle the problem alone would cause trouble for the customer, so I brought in the manufacturer and our sales promotion division and conducted negotiations on a company-wide basis. In the end, we were able to avoid the worst-case scenario. This is one of the experiences that made me keenly aware of the importance of consulting the people around me early, without hesitation, and involving every division in times of real trouble. Luckily, the Group has a culture of valuing teamwork and naturally helping others in times of trouble. I feel that I can address problems in coordination with others rather than trying to do it alone.

■ **Matsumoto:** I also make a point of consulting my supervisor or group members immediately instead of struggling alone when I am not sure about how to proceed with my work or what decisions to make. I am a specialist, so I am prone to having rigid assumptions within my field of expertise. I believe that letting go of those ideas and seeking diverse perspectives from the people around me helps me do my job more smoothly.

■ **Yamamoto:** I completely agree. When I was a junior employee, I faced a challenge I could not solve on my own. I needed to propose advanced, specialized products, such as network and security products, but I did not have sufficient knowledge to meet the customer's requirements. So, I consulted our sales support division, and a member of the division accompanied me on a visit to the customer. This helped me find a way to address the customer's needs. Having the technical support of people around me leads not only to successful business deals but also to my medium- to long-term growth by strengthening my knowledge and ability to make proposals.

■ **Yamashita:** I see that being able to consult others right away and receive strong support from the people around you is crucial when you run into trouble. On a day-to-day basis, it is important to build relationships that make collaboration easy so that we can turn individual strengths into team strengths. When a Group company suffered a ransomware attack, we were able to overcome the crisis by dividing roles within the Group to respond. Above all, I believe it is important that we continue to deepen coordination across divisions and Group companies in our day-to-day work and strengthen teamwork.



### 3. Communication and practices for thriving at work

■ **Yamashita:** I believe that, to realize well-being-oriented management, we need to go beyond enhancing HR and welfare systems. It is important to create an environment where employees with diverse personalities and values can support one another daily and demonstrate their abilities with a sense of security. It is therefore essential to ensure so-called psychological safety, or an environment where people can talk freely. In what sorts of situations in your work do you feel most energized and engaged? And what do you do to communicate with others to energize your team?

■ **Matsumoto:** It is important to me that I enjoy work every day. I feel most energized at work when I communicate well with others and can work with peace of mind in an open environment. If I enjoy going to work, my private life also becomes more fulfilling, which helps prevent mental health problems. To make this happen, I try to actively reach out to others in my daily work to foster an atmosphere where everyone feels comfortable asking for advice.

■ **Yamamoto:** Like Ms. Matsumoto, I find it important to have an open corporate culture in order to feel fulfilled at work. I feel energized when I can articulate my opinions at meetings and other settings and flexibly incorporate others' views regardless of seniority. When I joined our company, it had few women in the sales division. To be honest, I sometimes felt lonely because I could not join conversations on topics that tended to be more common among the men, such as baseball and soccer. So, now that I am in a higher position, I try to reach out to junior female employees and create opportunities to talk with them. I also try not to leave anyone behind by working through things together with them when they are struggling.

■ **Imasaka:** In my case, I feel most energized when my work experience adds to what I can do, and that in turn builds my confidence and enables me to do everything with a positive attitude. Opportunities to interact outside work hours have decreased lately. So, I cherish small talk between tasks all the more. I try to show genuine interest in the person I'm talking to by paying attention to their hobbies and interests. By doing so, I build trusting relationships while maintaining healthy boundaries.

■ **Kure:** To me, seeing my actions lead to visible results, such as sales, is when I feel most energized at work. So, I try

not to get overly excited or discouraged by individual results and instead view failures positively as experiences that will help me next time. In this sense, even before I assumed a managerial position, people often asked me why I seemed to enjoy work so much. Looking back, this positive impression I gave those around me was a sign that I was being myself at work. In my current managerial position, I still value this attitude and try to create a bright atmosphere where younger employees feel comfortable communicating.

**Yamashita:** In this era of diverse values, the right answers are often difficult to see. So, it is wonderful that you are building positive relationships in your workplace through trial and error. The Company is also working to create an environment that enables employees to work safely and maintain good health. A recently launched in-house clinic is part of this effort. I want to create an organization where people can express their views with ease of mind, incorporating ideas from people on the ground.

## 4. Future development and expectations to promote well-being-oriented management

**Nishimura:** Lastly, as the Group works to further deepen the well-being-oriented management and maximize the value of human capital, could you please share your expectations for the Group and offer constructive suggestions from a frontline perspective?

**Kure:** I feel it's important to review work styles and come up with better workflows so that on-site managers can demonstrate their strengths. When I was younger, I wondered about work styles after seeing how busy my supervisor was. So, we must create a positive image of managers who play active roles in our company and whom the next generation of employees will aspire to emulate. As a manager myself, I want to become someone they can look up to in that way.

**Matsumoto:** I would like to see an environment where people feel comfortable seeking advice become even more widespread. Having an open culture that enables people to speak up safely, both within and outside their divisions, is most important in the workplace. That's why I'd like to create opportunities through health events and walking competitions for people to interact with colleagues in other divisions whom they do not normally work with.

**Yamamoto:** Having a clear distinction between work and private life is very important. As long as we follow the dress code appropriate to the time, place, and occasion, an environment that allows us to enjoy hairstyles and clothing that make us feel like ourselves would help us keep working with even greater energy. I am an expectant mother. An in-house nursery and other supportive infrastructure would help. They would make it easier for female employees to choose their work style according to their life stages.



Likewise, support systems for those who want to continue building their careers while working full-time would help as well. These in turn would lower the turnover rate and boost motivation among younger employees.

**Imasaka:** I don't think we can be energized at work without a fulfilling life outside work. So, a corporate culture that provides solid support for employees' private lives and health can make a big difference. Moreover, a culture that accepts mistakes and gives people room to grow, together with an atmosphere where people naturally congratulate those who achieve good results, would be conducive to a positive, comfortable work environment. A warm workplace with a human touch like this would create a strong, appealing organization.

**Nishimura:** It was really heartening to see in this roundtable discussion that you have a strong sense of self-efficacy through your work at the Group and are growing steadily. At the same time, it was good to hear your honest views about various challenges, such as creating a more supportive work environment and an environment where employees can continue to develop their careers. I feel there is still much room for improvement to bridge the gap between our ideal state and the actual state on the ground. I strongly feel that management needs to take these views seriously and work toward improvement.

I would like to further improve the work environment by increasing operational efficiency through digital transformation, reducing the burden on managers through the delegation of authority, and creating systems that accommodate diverse lifestyles.

The Group plans to adopt "MUSUBITE" as its new name. The name reflects our strong desire to serve as a "connector" that brings together people with people, companies with companies, and society with the future, and other forms of value, linking them into stronger chains that create even greater value. This idea of "connecting" lies at the heart of our Purpose.

I feel that the connections with customers, internal teamwork, and efforts to address social issues that you spoke about today truly embody that aspiration.

We, the management team, will continue to create an environment where everyone can thrive, while valuing dialogue with employees on the front lines.

# Corporate governance

## Corporate governance system

### Message from the Chairman of the Board of Directors

As a basic policy of management, the Group believes that corporate governance is one of the most important issues. In addition, under our basic policy for promoting well-being-oriented management, we are making strategic investments in the active promotion of certain human resources and in educational and training programs. We are also striving to utilize human resources through cooperation across the Group and to create working environments that will allow our employees to work vigorously.

For the Group to achieve further growth, it is essential to revitalize Board discussions—that is, to conduct high-quality discussions based on sound relationships among the directors.

We believe that by fostering an environment in which directors with diverse expertise can proactively express their views from their respective perspectives, and by encouraging lively and constructive discussions, we can generate multifaceted perspectives that will lead to the substantive discussions necessary for the Company's sustainable growth.

In line with this philosophy, the Board of Directors is composed of individuals with in-depth knowledge of the business and expertise in management, while ensuring a balance between diversity (including gender diversity) and an appropriate size. Female directors account for 30% or more of the Board, and outside directors constitute a majority. Furthermore, day-to-day management is delegated to the respective executive directors and Group companies. By narrowing the agenda to key matters that align with the Group's overall strategy, we ensure sufficient time for discussion. We receive high-quality opinions and advice incorporating diverse perspectives from the directors; with the aim of creating an environment that supports appropriate risk-taking by management and ensuring effective oversight of management, we strive to make improvements daily.

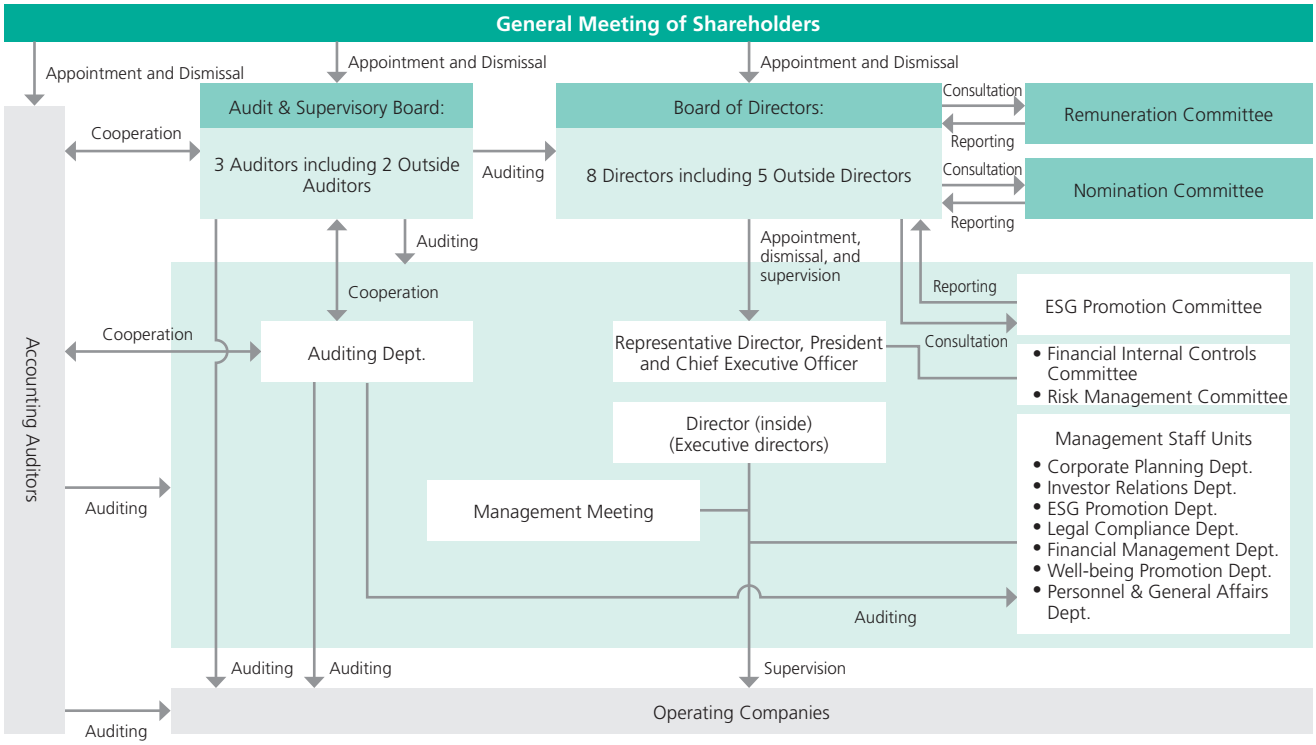
Going forward, we intend to continue revitalizing the Board of Directors and strengthening its oversight functions. By further solidifying the relationship of trust between management and our stakeholders, we intend to meet their expectations and achieve both sustainable growth and the creation of social value.

We would be grateful for your continued understanding and support.

### 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 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, customers, employees, the local community, and other stakeholders.

Corporate Governance System (as of June 29, 2026)



Composition of the Board of Directors/Audit & Supervisory Board (as of June 26, 2026)
Average tenure of directors: 3.875 years













## 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. Our Board of Directors establishes business strategies, business plans, and other business policies, creates an environment where appropriate risk-taking by management is supported, and carries out effective oversight of management. The Board of Directors leaves daily management tasks that are not subject to the Board's resolution to the executive directors, and in response to reports received from them on the status of their respective tasks and on business issues, the directors provide feedback and opinions, while outside directors provide advice, etc. from their independent stance.

**Key matters discussed (agenda items)**

- Progress review of business plans and discussion/determination on the business plan for the next fiscal year
- Discussions and determination regarding investment and M&A strategies for entering new business areas
- Discussions on shareholder return policies and the examination and determination regarding the acquisition of treasury shares and retirement of treasury shares
- Discussions and determination regarding revisions to the basic policies and procedures concerning the appointment and removal of directors
- Examination and determination of the content of performance-linked monetary remuneration and share-based remuneration for directors
- Discussions and determination regarding the formulation of the Group Tax Policy and Group Information Security Policy Regulations and the revision of the Group Management Regulations
- Discussion and determination regarding the change of company name
- Examination, discussion, and determination regarding ESG-related policy content and ESG disclosure content
- Discussion on Board effectiveness evaluation and discussion/determination on effectiveness improvement measures
- Examination, discussion, and determination regarding amendments to corporate governance, as well as the content of the Integrated Report

## Audit & Supervisory Board

The Audit & Supervisory Board comprises one full-time Audit & Supervisory Board Member and two Audit & Supervisory Board Members (outside), one of whom is an attorney and the other a certified public accountant. As the shareholders' supervisory body, it audits whether the directors' execution of their duties complies with laws, regulations, and the articles of incorporation, and is conducted fairly. Through attendance at the Board of Directors meetings and other important meetings, collaboration with the accounting auditor and the internal audit department, the monitoring of risk management, internal controls, and instances of fraud or compliance breaches, as well as the formulation of recommendations for corrective action, the Audit & Supervisory Board supports transparent and prompt decision-making with multifaceted oversight and advice.

## Nomination Committee

The Nomination Committee is composed of three members: the representative director and president and two outside directors (with the chair being an independent outside director). 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 line with the content of these reports.

**Key matters discussed (agenda items)**

- Examination of areas for improvement identified in the assessment of the effectiveness of the Board of Directors, and deliberations regarding the approach to the terms of office of outside directors based on the criteria for the exercise of voting rights
- Deliberation regarding the revision of the requirements (appointment criteria) for the representative director and president and the succession planning scheme, set out in the "Basic Policy and Procedures for the Appointment and Removal of Directors," as well as whether a review of the disclosure content of said scheme is necessary
- Deliberation on policy regarding executive appointments, appointment procedures and terms of office for outside directors, and the submission of a reappointment proposal for an alternate auditor at the 2026 Regular General Meeting of Shareholders

## Corporate governance

### Remuneration Committee

The Remuneration Committee is composed of three members: the representative director and president and two outside directors (with the chair being an independent outside director). The committee submits reports and recommendations to the Board of Directors regarding decisions on the amount of remuneration for individual directors to be awarded. The Board of Directors makes its decisions in line with the content of these reports.

**Key matters discussed (agenda items)**

- Deliberation regarding the content of performance-based monetary remuneration and performance-based stock remuneration for directors, and deliberation on the content to be reported to the Board of Directors
- Deliberation on the composition and levels of remuneration for directors

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

Under a pure holding company structure, the Board of Directors—whose independence is ensured by a majority of independent outside directors—determines and oversees the formulation of Group strategy and the optimal allocation of Group management resources, while also deliberating and deciding on important matters relating to the business execution of Group companies for the purpose of their oversight. As the holding company, our Board of Directors delegates authority to Group companies by narrowing the agenda items relating to business execution to matters of high quantitative or qualitative importance. Directors of Group companies then take on the role and responsibility of executing operations based on Group strategy, thereby accelerating decision-making and building an efficient, agile management structure. In addition to the Board of Directors, which meets monthly, and the Audit & Supervisory Board and Management Meeting, which meet regularly, the regular convening of committees such as the Risk Management Committee and the ESG Promotion Committee, supported by the management staff units, promotes fair corporate activities with a high degree of transparency regarding issues common to Group companies. We also work to ensure that management policies are thoroughly communicated across the entire Group through an annual "Meeting to Present Management Policy" attended by executives from Group companies.

### Providing information and support to outside directors

To enhance the effectiveness of the Board of Directors, we conduct individual meetings with outside directors and on-site visits to improve opportunities for information sharing. To foster an understanding of our business, we create opportunities to gain deeper insights into industry trends, business activities, and the specific characteristics of our business through events such as DIS's comprehensive ICT event "DIS World," tours of logistics centers, and briefing sessions on the specialized areas of each business unit. 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.

Key achievements of external directors (FY2025)

| Activity | meeting(s) |
|---|---|
| Attendance at Board of Directors meetings | 15 |
| Attendance at Nomination Committee meetings | 7 |
| Attendance at Remuneration Committee meetings | 2 |
| Attendance at ESG Promotion Committee meetings | 2 |
| Attendance at Risk Management Committee meetings | 4 |
| Visits to operating companies | 2 |
| Meetings with presidents of operating companies | 2 |
| Meetings with the Company's officers and employees | 1 |

| Committee | Role | FY2025 activity results | Proportion of outside directors |
|---|---|---|---|
| Nomination Committee | Matters related to the appointment and removal of directors and Audit & Supervisory Board Members; Consideration of succession plans; Deliberation on other personnel matters relating to officers | Meetings held: 7; Attendance rate: 100% | 66% (2 directors) |
| Remuneration Committee | The design and operation of the directors' remuneration system; Deliberation on other governance-related agenda items | Meetings held: 2; Attendance rate: 100% | 66% (2 directors) |
| ESG Promotion Committee | Oversight of basic ESG-related policies, the identification of material issues and targets, and proposed initiatives | Meetings held: 2; Attendance rate: 100% | 62% (5 directors) |
| Risk Management Committee | Oversight of the maintenance and management of the Group's compliance framework | Meetings held: 4; Attendance rate: 100% | 62% (5 directors) |

### 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 directors, the Company makes decisions on candidates through Board of Directors

deliberations. These deliberations incorporate reports and recommendations from the Nomination Committee, which are based on ongoing evaluations of candidates' past performance, expertise, and qualifications. With regard to auditor candidates, in addition to the same consideration given to director candidates, the Board of Directors makes a decision following deliberation by the Nomination Committee and with the consent of the Audit & Supervisory Board.

## Criteria for the appointment of the representative director and president

The Company has defined the profile of an ideal successor to the representative director and president 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 four key criteria for appointment are as follows:

(1) To possess the character, insight, and ethical standards befitting a president; be able to set the direction for the Company on a sound basis while implementing Group-wide management and resolving issues
(2) To be able to face reality head-on with objective insight and sound judgment, without falling into self-righteousness or idealism; make accurate decisions from a substantive and broad perspective; be able to devise medium- to long-term strategies
(3) To strive to build a strategic organization and allocate personnel effectively; share a common vision with a diverse workforce and drive the enhancement of the Group's overall capabilities through leadership and communication skills
(4) To personally embody the corporate philosophy centered on our Purpose and communicate it appropriately both internally and externally; in doing so, actively build relationships with stakeholders and fulfill our social mission while creating sustainable value

**Succession development plan for the representative director**

**The selection process for successor candidates will consider both internal candidates from within the Group and external candidates. When selecting internal candidates, following deliberation by the Nomination Committee, we will identify candidates for the development plan from among the directors and senior management of our Company and its subsidiaries, and implement the following development process.**

(1) By participating in meetings concerning the Group's business strategy, Eligible Persons shall deepen their understanding of the operational policies and management strategies aimed at enhancing corporate value over the medium- to long-term; the Nomination Committee, taking into account the current situation of Eligible Persons, will hold assessments and interviews and propose challenging assignments, among other measures
(2) Through exchanging views at regular meetings with the Company's outside officers, Eligible Persons shall absorb professional insights and perspectives backed by extensive experience, while outside directors who are members of the Nomination Committee shall gain an understanding of the Eligible Persons' character and way of thinking
(3) The Nomination Committee shall verify the knowledge and experience of the Eligible Persons in multiple fields specified in the skills matrix (general corporate management, legal affairs, compliance and governance, finance, accounting, financing, etc.). Where necessary, internal and external training sessions led by external experts shall be conducted, after which outside directors receive reports from the Eligible Persons
(4) In principle, the representative director and president 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
(5) For subsidiary directors identified as successor candidates, the Company shall provide practical development opportunities through granting business execution experience as directors of the parent company, encompassing overall Group management

## Cross-shareholdings

Our holding of any shares for purposes other than investment is subject to our Board of Directors' determination that the shareholding will contribute to the maintenance and improvement of our Group's corporate value over the medium- to long-term, after the Board's deliberation. This is done by taking comprehensively into consideration: the qualitative side of the purposes of the shareholding, such as securing, enhancing, or expanding a business relationship, or facilitating financing; and the quantitative side of purposes such as related income, a comparison between return on investment and capital cost, investment risk, and the relevant company's growth potential. 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 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**

¥9,925 million

5.84% of net assets (¥169,829 million)

As of March 31, 2026

## 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. In addition, in order to explore issues in greater depth, we conducted individual interviews with each officer. Furthermore, to ensure objectivity and elicit candid feedback from each officer, the tabulation and analysis of the questionnaire responses, as well as the individual interviews, have been outsourced to a third-party organization. The evaluation conducted in fiscal 2025 confirmed that quantitative evaluation scores had improved across all five evaluation categories compared with the previous fiscal year.

With regard to qualitative aspects and medium- to long-term challenges, we started implementing improvement measures, such as reviewing 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. 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; clarification of the role of the board of directors in human resources strategy; 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 (FY2025)

| 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 | 15 out of 15 meetings (100%) |
| Yukiko Yoshimaru | Director (outside) | 15 out of 15 meetings (100%) |
| Takako Fujiki | Director (outside) | 15 out of 15 meetings (100%) |
| Tetsuro Hori | Director (outside) | 15 out of 15 meetings (100%) |
| Misawa Kishinami | Director (outside) | 15 out of 15 meetings (100%) |
| Shigeru Dohno | Director (outside) | 11 out of 11 meetings (100%) |

### Measures to be taken in fiscal 2025 in response to the issues identified in the fiscal 2024 evaluation

| | | |
|---|---|---|
| Identified issues | Performance monitoring and senior management evaluation and remuneration | Formulation of human resources strategies and development of management talent |
| Progress and evaluation for FY2025 | • We have established company-wide KPIs, and key indicators that take the cost of capital into account have also been set for operating companies. Progress is visualized on a monthly basis and reviewed as appropriate through regular meetings.<br>• While reviewing the balance of performance indicators, we are discussing the relative importance of non-financial information and business characteristics and advancing initiatives to enhance transparency within the performance-linked evaluation system. | • To enhance the level of specialist knowledge among external directors, we have introduced a training program for directors led by external experts, thus improving their understanding of governance and the quality of strategic discussions.<br>• We have shifted to a training system that specializes in giving employees specialist knowledge and skills to develop the management talent required to support the holding company structure.<br>• We are currently discussing human resources strategies with operating companies to develop successors and expand the pool of management talent. |
| Future challenges | • Provision of information necessary for the deliberation of strategies<br>• Balancing financial and non-financial performance indicators<br>• Strengthening the roles and functions of voluntary advisory committees | • Clarification of the role played by the Board of Directors in the formulation and execution of human resources strategies<br>• Further refinement of human resource strategies for successor development and expansion of the management talent pool |

# The 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. The remuneration for executive directors is comprised of the base remuneration (fixed remuneration), performance-linked monetary remuneration, and performance-based stock remuneration, and shall be set at approximately 50:35:15 in the case where the performance-based remuneration ratios are each their respective maximum amounts. In light of the role of outside directors in supervising and advising on management from an objective and independent standpoint, and in light of the role of Audit & Supervisory Board members, the remuneration for both consists only of base (fixed) remuneration. Performance-based remuneration is calculated based on performance in the previous fiscal year, using indicators like the degree of achievement of target values, such as consolidated operating income. Of this, performance-based stock remuneration is paid in the form of shares upon retirement, as remuneration linked to the achievement of performance targets and the enhancement of corporate value over the medium- to long-term (performance-based portion accounts for up to 70% of the total share-based remuneration). The Remuneration Committee is composed of at least three members, including the representative director and outside directors. When determining remuneration, the committee annually reviews remuneration levels and the composition of remuneration packages, taking into account economic and social conditions, the Company's business environment, performance, and objective remuneration survey data from external specialist organizations. The committee submits reports and recommendations to the Board of Directors following deliberation on individual remuneration amounts, and the Board of Directors then makes decisions in accordance with these recommendations. Remuneration for auditors is determined by the Audit & Supervisory Board through discussion by the auditors. Please refer to the Securities Report for details regarding individual calculation methods.

Breakdown of performance-based stock remuneration




Remuneration breakdown by type for executive directors




## Policy on determining the amount of basic remuneration for each individual

Base (fixed) remuneration shall be in amounts appropriate for directors' respective positions and responsibilities and shall be paid on a monthly basis in the form of fixed amounts of money. With regard to remuneration levels, based on economic and social conditions, as well as the Company's business environment and results, and after verification by the Remuneration Committee each year that the remuneration level for each person is in accordance with the basic policy above with reference to objective remuneration survey data from external specialized organizations, etc., the committee submits a report and recommendations to the Board of Directors and the Board of Directors makes the final decision.

## Policy on determining how to calculate the details and amount or number of performance-based monetary remuneration and performance-based stock remuneration

Performance-based monetary remuneration is paid at a fixed time every year. The degree of achievement of target values such as consolidated operating profit, etc. are set as indicators, and the amount of such remuneration is calculated based on the previous fiscal year's performance. Performance-based stock 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 performance-unlinked portion and a performance-linked portion. The performance-unlinked portion will be set to approximately 30% of the total share-based remuneration. The maximum amount of the performance-linked portion will be set to approximately 70% of the total share-based remuneration. The degree of achievement of target values such as consolidated operating profit, etc. are set as indicators, and the amount of such remuneration is calculated within a range of 100% to 0% of the base amount based on the previous fiscal year's performance. To determine the performance-based monetary remuneration and the amount of performance-based stock 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.

## Policy on determining the ratios of the amounts of base remuneration (fixed remuneration), performance-linked monetary remuneration, performance-based stock remuneration, etc. for individual Directors

The respective remuneration ratios for (i) basic remuneration (fixed remuneration), (ii) performance-based monetary remuneration, and (iii) performance-based stock remuneration for each type of Executive Director will be set to roughly 50 to 35 to 15, assuming maximum performance-based monetary remuneration and performance-based stock remuneration, with the final determination made by the Board of Directors with reference to the objective remuneration survey data of external specialized institutions, etc.

## Matters concerning the determination of the details of the remuneration, etc. of individual Directors

Having been consulted by the Board of Directors with regard to the individual remuneration amounts for Directors, the Remuneration Committee deliberates on the individual amounts of base (fixed) remuneration, the individual evaluations of executive directors for performance-based monetary remuneration and performance-based stock remuneration, and their amounts, and submits a report and recommendations to the Board of Directors. The Board of Directors then determines the individual remuneration amounts in accordance with the details of said 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.
Senior Adviser, Financial Management Dept. and General Manager of the IR/PR Dept. 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.

### 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, Managing Director of Google Japan G.K.

### ⑥ Tetsuro Hori
Director (outside)

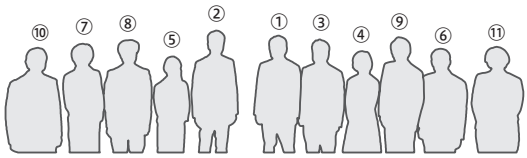
June 2023 Appointed Outside Director of the Company
**[Career highlights]**
Director and General Manager of Legal/Intellectual Property; Representative Director, CFO, and Executive Vice President of Tokyo Electron Ltd.; etc.
**[Significant concurrent positions outside the Company]**
Representative Director, CEO, President, Legal Affairs, Intellectual Property of JSR Corporation and Director and President of JSR North America Holdings, Inc.
Head of Operations, Legal/IP Advisor, 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.
**[Significant concurrent positions outside the Company]**
Outside Director of NIDEC CORPORATION, Outside Director of PENTA-OCEAN CONSTRUCTION CO., LTD., External Director of Sanken Electric Co., Ltd.

### ⑧ Shigeru Dohno
Director (outside)

June 2025 Appointed Outside Director of the Company
**[Career highlights]**
Vice President, Appliances Company of Panasonic Corporation; Executive Vice President of Panasonic Corporation and CEO of China & Northeast Asia Company; Director, Executive Vice President of Panasonic Corporation and President of Living Appliances and Solutions Company; 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 the formulation of appropriate management strategies, such as 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.; etc.

### 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 served as the Company's Director in charge of corporate strategy since June 2022, as Managing Director in charge of corporate strategy since 2024, and as Senior Managing Director in charge of corporate strategy since 2025. He has thereby acquired expertise in overall management and corporate strategy. In light of the above, he has been appointed as a Director. |
| Takao Yamashita | Mr. Yamashita has extensive work experience encompassing DIS's operations, gained through many years in its Sales and Procurement & Sales Promotion divisions in the IT Infrastructure Distribution Business. He has served as a Director of DIS since 2016 and as the Company's Managing Director in charge of business administration since 2024, and has acquired expertise in overall management 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 will make 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. 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 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 and insight 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. |

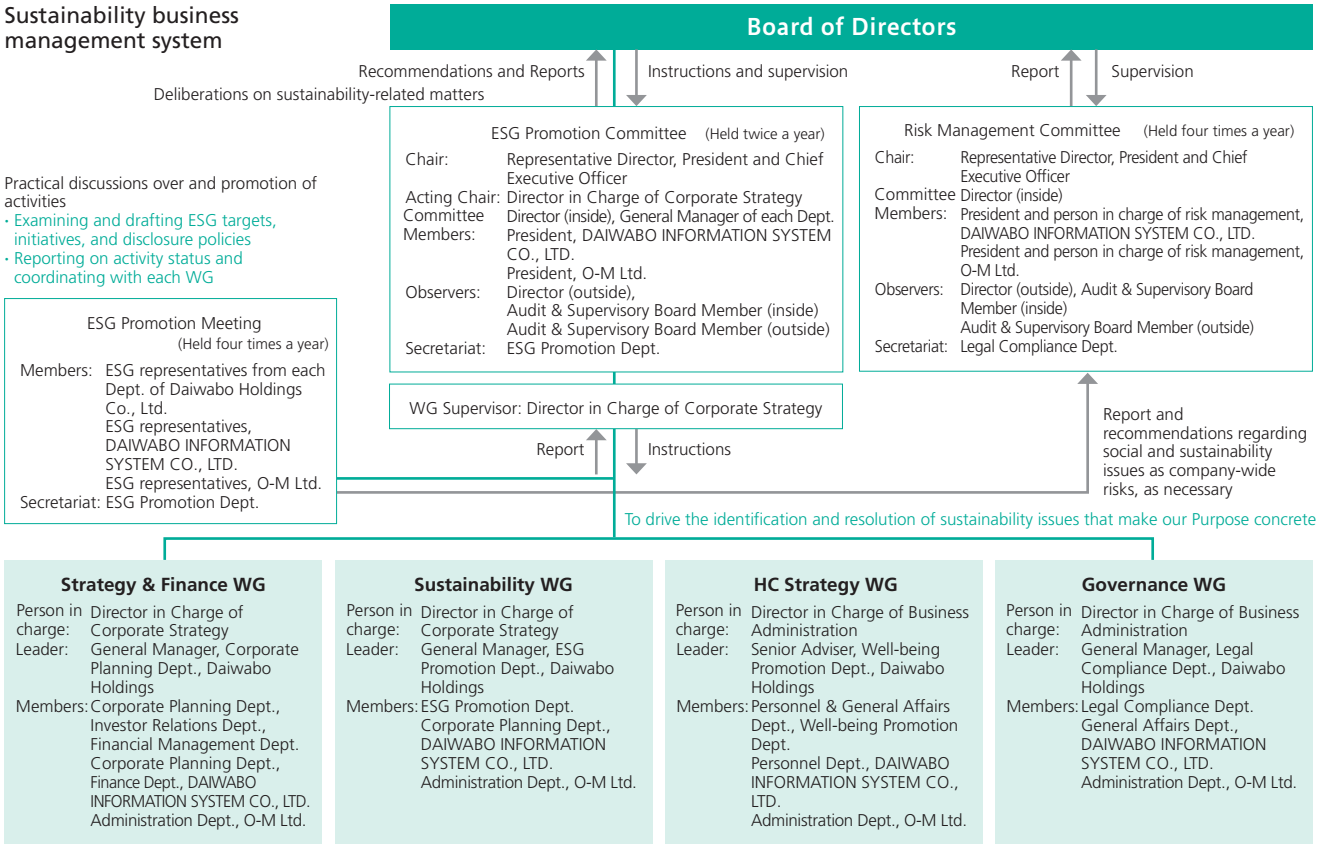
# Sustainability governance

## Basic sustainability policy

### Governance in sustainability management

In April 2020, to deliberate on environmental (E), social (S), and governance (G) matters, the Group established the ESG Promotion Committee as an advisory body to the Board of Directors. Chaired by the Representative Director and President, the Committee is supported at the practical level by the ESG Promotion Meeting, a subordinate organization that handles discussions and the promotion of activities. Based on reports and recommendations from that meeting, the Committee deliberates on fundamental policies, material issues, targets, and various initiatives, and submits reports and recommendations to the Board of Directors. The Board passes resolutions, issues instructions, and exercises supervision, and makes reports and recommendations to the Risk Management Committee as necessary. In July 2024, the Group formulated its Sustainability Promotion Policy and defined its sustainability promotion framework. Alongside the ESG Promotion Committee and the ESG Promotion Meeting, four working groups (WGs) have been established: Strategy & Finance, Sustainability, HC Strategy, and Governance. Each WG clarifies the management structure and responsibilities in its field and handles planning, KPI setting, and the development of action plans. The findings of these WGs are deliberated and consolidated by the ESG Promotion Committee to align business strategy with ESG and to drive cross-functional priority areas, including climate change response, supply chain sustainability, human capital development and diversity, and information security and compliance.

Sustainability business management system




| | | |
|---|---|---|
| Strategy & Finance WG | <Role> | Transform sustainability value into business value through business strategy and capital policy, and achieve sustainable growth by integrating ESG into financial and investment decision-making. |
| | <Issues> | · Optimizing the business portfolio (establishing M&A criteria and clarifying decision-making standards)<br>· Creating value across the value chain (aligning our Purpose with business value, identifying growth opportunities via PEST analysis, and giving concrete shape to our intellectual capital strategy) |
| Sustainability WG | <Role> | Develop and implement environmental and social initiatives (climate change, the transition to a circular economy, and social issues in the supply chain), while providing actionable KPIs and execution plans to contribute to social value through our business. |
| | <Issues> | · Initiatives to reduce GHG emissions toward the FY2050 carbon neutrality target<br>· Assessing risks and opportunities and updating material issues |
| HC Strategy WG | <Role> | Design and implement, through our human resource strategy, the organizational and human resource portfolio required for sustainability management, securing the human capital necessary for sustained competitive advantage and the achievement of ESG targets. |
| | <Issues> | · Establishing and working toward quantitative targets for women's active participation and diversity (recruitment, promotion, and development)<br>· Designing a human resource portfolio aligned with business strategy<br>· Embedding employee health initiatives and engagement surveys, and establishing an improvement cycle |
| Governance WG | <Role> | Bolster Board oversight and reinforce information security, cybersecurity, and the risk management structure to maintain the trust of shareholders, business partners, and other stakeholders. |
| | <Issues> | · Establishing a structure to oversee the Daiwabo Group Charter of Corporate Behavior<br>· Clarifying the role of the information security officer and introducing oversight indicators |

Main themes discussed and reported by the ESG Promotion Committee

| | Sustainability (General) | E (Environment) | S (Social) | G (Governance) |
|---|---|---|---|---|
| FY2023 | ・Convening of the ESG Promotion Committee (two times) and the ESG Promotion Meeting (four times)<br>・Review of materiality<br>・Formulation and progress monitoring of Daiwabo Sustainable Action 2023<br>・Initiatives to expand disclosure of non-financial information<br>・Reporting on ESG rating evaluation results | ・Information disclosure in line with TCFD recommendations (Updated) | ・Establishment of the Daiwabo Holdings Group CSR Procurement Guidelines<br>・Implementation of CSR procurement surveys | |
| FY2024 | ・Convening of the ESG Promotion Committee (two times) and the ESG Promotion Meeting (four times)<br>・Review of materiality<br>・Formulation and progress monitoring of Daiwabo Sustainable Action 2024<br>・Initiatives to expand disclosure of non-financial information<br>・Reporting on ESG rating evaluation results<br>・Building a sustainability management structure | ・Revision of the Daiwabo Holdings Group Environmental Policy (Updated)<br>・Information disclosure in line with TCFD recommendations (Updated) | ・Establishment of the Daiwabo Holdings Group Human Rights Policy<br>・Revision of the Daiwabo Holdings Group CSR Procurement Guidelines<br>・Implementation of CSR procurement surveys | ・Establishment of the Daiwabo Holdings Group Anti-Corruption Policy |
| FY2025 | ・Convening of the ESG Promotion Committee (two times) and the ESG Promotion Meeting (four times)<br>・Review of materiality<br>・Formulation and progress monitoring of Daiwabo Sustainable Action 2025<br>・Initiatives to advance sustainability management<br>・Promotion of supply chain management<br>・Initiatives to expand disclosure of non-financial information<br>・Reporting on ESG rating evaluation results | ・Information disclosure in line with TCFD recommendations (Updated)<br>・Disclosure of the Group's GHG reduction targets (FY2030 and FY2035 targets)<br>・Declaration of carbon neutrality and disclosure of the FY2050 target | ・Implementation of CSR procurement surveys<br>・Implementation of human rights DD for suppliers and within the Group<br>・Initiatives to promote DE&I | |

## Risk management 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.

Materiality (material issues)





# Special feature on engagement: Outside directors roundtable discussion

## Outside directors' determination to lead the transformation toward corporate value maximization and the future envisioned by MUSUBITE

Directors (outside):
■ Yukiko Yoshimaru / ■ Takako Fujiki / ■ Tetsuro Hori / ■ Misawa Kishinami / ■ Shigeru Dohno

### Shift from free-spirited management trajectory to discontinuous growth: The true role of Daiwabo Holdings' Board of Directors

■ **Yoshimaru:** The Company's corporate governance structure has improved over the five years since I became an outside director, led by the efforts of directors responsible for execution, shifting from the phase of building forms to that of effective operation. However, we are still at a halfway point in terms of effectiveness. We have now entered the phase of raising governance effectiveness to the next level while taking the next leap forward to maximize corporate value. Having passed the significant turning point by spinning off the Fiber Business, our founding business, now is the perfect moment to accelerate growth investments and establish a robust revenue base for the future. The Company has an unusual structure, with Daiwabo Information System (DIS), a large operating company, at its core. This is precisely why Daiwabo Holdings' Board of Directors should look beyond extensions of the existing business and deepen forward-looking discussions on how to drive the next generation of growth.



■ **Fujiki:** Governance has steadily become more effective. Five years ago, we worked to enhance the management foundation drawing on external viewpoints. The system has evolved since then, and now, the execution side proactively finds issues and leads improvement efforts. I view this change as very heartening. That said, I, too, feel

alarmed by the current pace of growth. We need to make the path toward achieving operating income of ¥50.0 billion for 2030 more concrete. To achieve discontinuous growth, a focus on people, particularly diversity in human capital, is essential. DIS accounts for the majority of our business, and many of its employees have been with the Company since the start of their careers. This created a culture that makes it difficult to unlearn past success. We need to advance succession planning. At the same time, we need proactive measures to boldly bring into the executive team outside talent with diverse expertise and experience in entirely different industries, thereby sparking innovation that is difficult to generate in a group of people with similar backgrounds and perspectives and enabling us to create new markets ourselves.

■ **Dohno:** In the most recent fiscal year, we posted the highest-ever profit and an ROE of over 19%, which shows our capital efficiency was very high. This is a great achievement, though there have been times when our price-to-book ratio (PBR) and stock price struggled to grow. While we have recently seen signs of the stock price rising, we need to make sure this is not a passing trend, and take action to translate it into a lasting improvement in how the market values us. Now is the time to unlock potential and make the move for the future. The market may be concerned about a decline following the surge in special demand for IT infrastructure. Conversely, if we can clearly show a new growth driver, it can dramatically raise market expectations. Businesses, including iKAZUCHI, are steadily growing, an indication that seeds of the next generation are sprouting. We, outside directors, need to play the role of healthy activists at times, saying things the management team does not want to hear. This means nudging them to implement drastic balance-sheet transformations, optimal capital allocation, and large-scale investments for growth, thereby maximizing medium- to long-term corporate value.

■ **Kishinami:** The current Medium-Term Management Plan is positioned as "breakthrough period through business portfolio transformation." Yet, even as we reach the final year of the plan, I feel that the specific path of this transformation has not been made sufficiently clear to those outside the Company. This is an important issue, and I believe we need to communicate what we are actually doing in an appropriate way, so that it leads to a better understanding and evaluation from the market. DIS's business has already been established and has a unique competitive edge. But we will struggle to achieve discontinuous growth across the entire Group if we rely solely on DIS's organic growth. This is why the holding company must focus on building new growth pillars and taking risks, while its operating companies concentrate on day-to-day operations. The ability to do this is an advantage of the holding company structure. Providing firm oversight and, when necessary, leading discussions to steer the Company in the right direction are the roles we should play as members of the Board of Directors.

■ **Hori:** DIS's business model is highly refined, but the key challenge is how to scale the impact of new initiatives. To evolve further, top management must articulate the Company's future vision and tell its story. As the top leadership's vision for the future and commitment to transformation take root across the organization, I believe market expectations will rise further. The ability to lead everyone forward is listed as one of the qualities expected of the next representative director, and I believe it's important that, even amid our current strong results, we do not become complacent and keep moving toward the next stage. The top leadership must paint a clear picture of the next stage, and we must strongly support that vision from an objective perspective, further raising stakeholders' expectations. I believe that is the key challenge in achieving our next leap forward.

## Achieving "2030 VISION" and disciplined growth: M&A strategy and business structure shifts

■ **Dohno:** Steady profit generation in the existing business serves as a strong foundation for the next growth stage. Given this, in the next Medium-Term Management Plan, I expect the Company to take on the challenge of moving to the next stage, not merely posting new highs



## Special feature on engagement: Outside directors roundtable discussion

and year-on-year growth, but also increasing corporate value above the cost of capital. I believe that the Group has sufficient potential to significantly boost profitability by creating new value beyond the existing realm of wholesale business. To this end, we should ultimately be prepared to boldly declare "lower sales, higher profit" in the next Medium-Term Management Plan. We should clearly commit ourselves to moving away from low-margin, high-volume transactions and increasing the share of high-value-added business. We should boldly execute M&A aimed at swiftly acquiring the technologies, people, and networks we need to fulfill this commitment and lead the future market.

■ **Fujiki:** The Group has abundant seeds of discontinuous growth. It has enough potential to expand the business severalfold, such as by adding value in the support area through a capital alliance with BCC and by implementing an M&A strategy starting with Alphatec Solutions Co., Ltd. (ATS), a cybersecurity business operator. However, a leveraged buyout alone is not enough to realize growth. The most crucial key to success is people capable of completing post-merger integration (PMI) and envisioning a solid future. Developing talent to integrate corporate cultures and maximize synergies is an urgent task. Moreover, I expect our holding company and operating companies themselves to leverage AI, demonstrating so-called "customer zero," as a strategy to scale proven solutions to end users. I believe this will serve as a growth engine supporting the next-generation digital society.

■ **Hori:** On the financial front, given the cash cycle unique to the distribution business, undertaking a large-scale leveraged acquisition would be challenging. The key, therefore, is to have a clear purpose that explains how the Group will leap forward after acquiring a specific company. Instead of just pursuing size, the question is how best to achieve scale by choosing from among the various strategic options available, while squarely facing the debt repayment burden and financial hurdles associated with



M&A. This requires top management to keep telling a compelling growth story that resonates with employees and future investors alike.

■ **Kishinami:** Theoretically, it is possible to carry out a large-scale leveraged buyout, taking advantage of our healthy balance sheet and cash flows. Whether it is really



feasible for the Company as is, however, is a different story, and this is a question the capital markets are asking, too. At the same time, regardless of the size of any given investment, I believe it's important that we show an overall strategic path for how it will connect to growing our business to a scale beyond ¥1 trillion in sales. If we look at the numbers alone, progress toward achieving the Medium-Term Management Plan is very smooth, but I think a lack of clarity on that point has been one of the reasons behind the sluggish valuation of our stock price. If we aim to become a growth stock, we must secure the necessary resources, take risks, and work in earnest to establish new revenue-generating pillars. That said, we also have the option to pursue a value stock. We should deepen substantive discussions by meeting face-to-face more often to clarify the Company's direction and the work that must be done.

■ **Yoshimaru:** In aiming to grow through M&A, top management must have unwavering vision and determination to take risks, make decisions, and push through to the end. Then, existing divisions will be inspired by the new decision, demonstrating teamwork and the ability to act, leading PMI to success across the Company. Closing the deal is not the goal of M&A. The integration process that follows is where the real work begins. How will we position M&A in management strategy? As outside directors, we would like to strongly support their determination for the future through substantive, face-to-face discussions, including a discussion of the significance of the holding company structure.

## Implementing sustainability management and the future envisaged by the new trade name MUSUBITE

■ **Kishinami:** It is important to thoroughly analyze how the capital markets value the Company, close the gap between that assessment and management's own perception, and reflect this in management. The renamed Company, MUSUBITE, should not be a mere management company for DIS. Showing the meaning of the name change depends on whether it can take strategic actions only the holding company can take. The holding company itself must create new value and connect it with both society and DIS. I hope that by bringing this value-creation story to life and earning recognition from the capital markets, we can contribute to the happiness of all stakeholders.

■ **Hori:** Listening to reports on investor and shareholder relations (IR and SR) activities makes me think that I want the Company to face investors making stricter demands on profit margins more squarely. I myself experienced tough dialogue at another company, where we were repeatedly asked for specific measures to increase profit margins by 1%. This toughened up management. On the other hand, DIS's Japan-wide network of bases, which maintains IT networks covering regional sales partners, has extremely high sustainability value that concerns the survival of local communities. How to balance this social value and higher profitability sought by the capital markets is where management can show its skills. I want the Company to achieve a mindset shift, taking the opportunity of the change to the new trade name, so that employees will create new value for the future beyond the existing realm as a wholesaler.

■ **Fujiki:** IR and SR activities have steadily raised market recognition. The next step is to shift this recognition into expectations by linking it to greater corporate value. The change of the trade name to MUSUBITE is a positive declaration for new value creation. It is essential that our stakeholders clearly recognize what "new" specifically means and how synergies will be created in coordination with DIS's existing business. To this end, it is crucial to articulate the end state we are aiming for and our vision for the future, along with the MUSUBITE brand.

■ **Yoshimaru:** Addressing social issues like regional revitalization and shrinking working population is not likely to directly lead to profit generation quickly. But these are important medium- to long-term themes for Japan as a whole and are missions we must take on. Having zero-based business discussions at off-site meetings and other occasions, with focus topics, would be effective. We should also expand opportunities for SR activities, such as small meetings where outside directors engage in direct dialogue with institutional investors. Most of all, I would like top management to directly and passionately tell Group employees where the MUSUBITE Group is heading. Linking the day-to-day contributions made to local communities on the ground with the Group's vision will enhance employee job satisfaction and serve as a robust engine driving sustainability management going forward.

■ **Dohno:** The change of the trade name to MUSUBITE provides a rare perfect opportunity for declaring our shift from the existing business of selling things to a high-added-value business in which we remain connected with customers through continued services. As the weight of subscriptions and other businesses with continued connection increases, our engagement with customers will rise, fundamentally changing the quality of business plans. With top management themselves communicating this purpose as part of branding efforts, the direction employees should take becomes clear, enabling them to take on the challenge of creating new, lasting value as a united force. I am convinced that this will in turn lead to significantly higher stakeholder expectations and stock prices in the future.



# 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 social responsibility by respecting corporate ethics and social norms.

### Daiwabo Group Charter of Corporate Behavior

The Daiwabo Group Charter of Corporate Behavior embodies the Daiwabo 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.

To ensure that all Group officers and employees thoroughly comply with laws, uphold corporate ethics, and identify, prevent, and mitigate adverse economic, environmental, and social impacts as stipulated in the Charter, the Daiwabo Holdings Group works to ensure familiarity with relevant laws, compiles internal rules and manuals, and strives to implement effective employee education. The Board of Directors approved the formulation of the Charter, and its implementation is reported to and overseen by the Board as appropriate through the activities of the ESG Promotion Committee and the Risk Management Committee.

Positioning of the Charter of Corporate Behavior

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Purpose & Values** | **Connecting people and society to the future with our value chain** | | | | | | | |
| | Partnership | Diversity & Respect | Gratitude & Passion | Sincerity & Fairness | Challenge to Value Creation | | | |
| **Charter of Behavior** | **Charter of Corporate Behavior** | | | | | | | |
| | Sustainable economic growth and resolution of social issues | Fair business practices | Fair disclosure of information and constructive dialogue with stakeholders | Respect for human rights and diversity | Relationships of trust with customers | Commitment to environmental issues | Thorough crisis management | Role of senior management and full implementation of the charter |
| **Materiality and Group policy** | **Daiwabo Holdings Sustainable Action 2025<br>Group policies, such as the Anti-Corruption Policy, Tax Policy, and Basic Policy on Information Security** | | | | | | | |
| | Contributing to the sustainable development of local economies through IT | Contributing to sustainable social infrastructure | Contributing to the improvement of the IT skills of future generations | Building sustainable supply chains | Contributing to the realization of a decarbonized society | Contributing to the reduction of environmental impact | Expansion and reinforcement of human capital and improvement of well-being | Active participation of diverse talent | Measures to strengthen internal controls through the activities of the Risk Management Committee | IR policy<br>Charitable activities |

## Anti-corruption policy and promotion systems

In accordance with the Daiwabo Group Anti-Corruption Policy, we prohibit 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. Under this policy, we have established regulations concerning the prevention of corruption, as well as set up the necessary checking systems to prevent such conduct and ensure their thorough implementation. In accordance with these policies and regulations, the finance department, in particular, carries out prior checks regarding the provision of benefits or donations to business partners. Furthermore, in addition to audits conducted by the audit department, we have established a system comprising the internal whistleblowing hotline and consultation channels to enable the early detection and rectification of misconduct.

Moreover, we regularly report to the Board of Directors on the status of our anti-corruption activities and, under its supervision, are proceeding with the review and improvement of our systems. Should any violations be identified, we deal with them strictly in accordance with

Status of Anti-Corruption Activities (FY)

| | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| 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 | - | - | - | - |

our policies and regulations.

It should be noted that in fiscal 2025, there were no violations of laws and regulations relating to anti-corruption, nor were there any fines or surcharges imposed. Additionally, no directors or employees were disciplined or dismissed on these grounds.

### Identifying and addressing corruption risks

In accordance with our Risk Management Plan, we identify and assess risks on a departmental basis each fiscal year, and we regard corrupt conduct as one of the key risk areas.

The identified risk areas are assessed for their likelihood of occurrence and potential impact. Furthermore, based on the results of interviews with each department, we have established a checking system to prevent risks of bribery and corruption that may arise in the Group's business activities.

In addition, alongside our company-wide approach to corruption risk management, each department identifies the corruption risks it needs to address and formulates preventive measures, while the finance and audit departments monitor the progress of these measures.

### Education and awareness-raising to prevent corruption

We continuously promote education and awareness-raising to prevent corruption through the activities of the Risk Management Committee and training for all employees. In addition, we regularly assess the level of understanding through employee awareness surveys and human rights questionnaires.

Furthermore, by conducting questionnaires for our business partners and regularly reviewing the status of their anti-corruption initiatives, we collaborate with them to promote anti-corruption measures.

The Group will continue to ensure that its business operations are conducted in accordance with high ethical standards, while striving to further instill awareness of the prevention of corrupt conduct and to maintain and improve its effective management systems.

## 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 2025.

Number of material compliance violations (FY)

| 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|
| 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 2025 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 directors in charge 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.

## Compliance & risk management

# 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 2025, a total of 29 matters were reported to whistleblowing systems (19 to the internal system and 10 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)**

(FY)

| Consultations | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Internal consultations | 5 | 4 | 8 | 19 |
| External consultations | 5 | 3 | 1 | 10 |
| Total | 10 | 7 | 9 | 29 |

# Risk management system

## Risk management policy and system

The Group's basic policy is to identify various risks associated with its business activities and systematically classify and manage them according to their characteristics, with the aim of maintaining and enhancing financial soundness and corporate value. In particular, risks that could have a significant impact on the Group's financial position, social credibility, or other aspects of its business, such as compliance violations and information security issues, are identified and managed across the Group.

We have established risk management regulations to enable a comprehensive and efficient approach to risk management, taking a holistic view of the entire Group. These regulations categorize risks into three categories: management risks (including compliance violations); operational risks; and environmental, safety, and quality risks. They also define Group-wide risk items and risk assessment methods. In addition, to prepare for the event that a risk materializes, we have established Crisis Management Rules and are striving to minimize the impact of, and prevent the recurrence of, any significant loss.

If a particularly major risk emerges, or if there are indications that such a risk may emerge, we set up a response headquarters and activate our crisis management system based on these regulations. In addition, we implement preventive measures or crisis response measures as appropriate and monitor how the situation develops.

In order to oversee and promote these initiatives across the Group, the Company has established the Risk Management Committee chaired by the Representative Director and President.

Furthermore, committees equivalent to the Risk Management Committee have been established at the Company and at key Group companies. The matters discussed and activities undertaken by each company's committee are collated by the Risk Management Committee (Group Committee), which oversees risk management across the entire Group.

The risk management system's operational status and matters discussed by the Group Committee are periodically reported to the Board of Directors and are subject to their oversight.

## Risk mitigation activities

With regard to specific activities, for each risk category, the company's divisions and group companies identify risks related to their business operations, assess the impact at the time of occurrence and likelihood of occurrence, and then prepare risk management tables.

The Risk Management Committee secretariat and group companies coordinate risks identified and assessed using risk management tables from the perspectives of the

strengthening of internal controls groupwide and risks overall, taking into account the impact and likelihood of their occurrence.

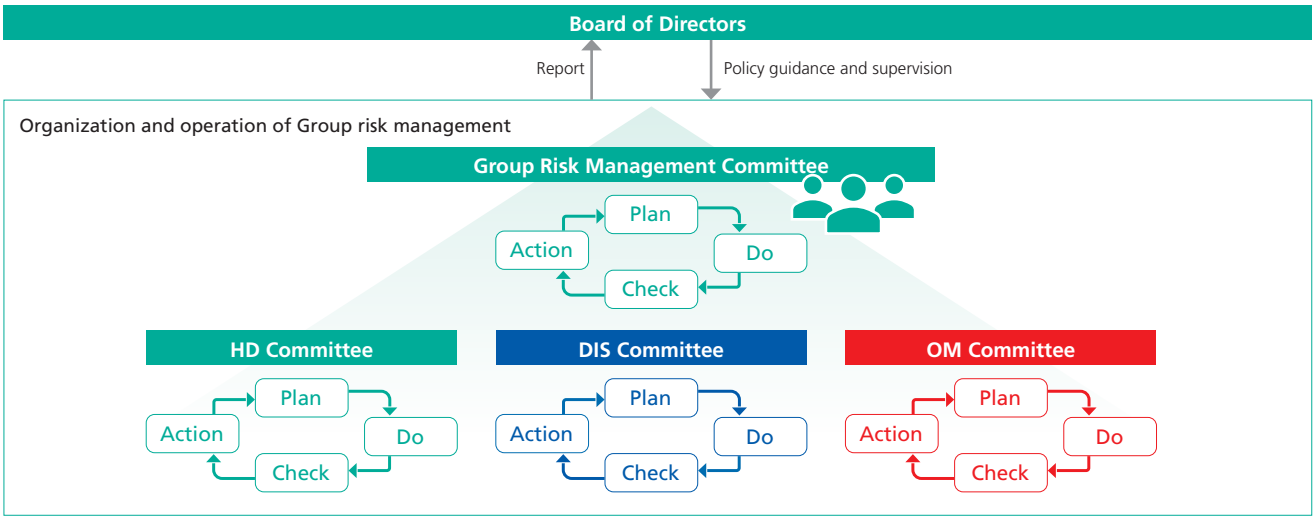
We consider and implement various initiatives aimed at risk mitigation and other countermeasures for significant risks determined through this process. Further, the secretariat and the committee monitor the effectiveness of those measures regularly and increase their effectiveness by implementing the PDCA cycle, selecting and implementing additional countermeasures as required for matters and issues that should be improved.

In addition, apart from matters recognized as significant issues through discussions on the committee, we have established a policy of selecting priority activities annually, such as increasing awareness and use of the groupwide internal reporting desk or the early detection and prevention of risk occurrence, and carry out risk mitigation activities intensively.

Moreover, group committees and committees at each company determine response policies promptly for new risks associated with changes in social conditions, and we are working actively on risk mitigation efforts to ensure the effectiveness of our risk management framework.

It is not only discussions on committees that are essential for risk management. Each and every employee must also understand the relationship between their work and risk and face up to it proactively. The Group shares information on risks and risk mitigation activities widely through regular education, and is working on the fostering of a sound risk culture. And we will also work aiming for the improvement of the sustainable growth of corporate value by balancing the equity story outlined in "2030 VISION," our medium to long-term vision, and risk management.

Operation of the Risk Management Committee




## Significant risks we recognize

The Group has a relatively low level of dependence on specific customers, products, technologies, legal regulations, or other factors, and its business performance is therefore comparatively stable. However, as the Group operates in industries characterized by rapid technological innovation and significant market fluctuations, its sales and profits may fluctuate due to changes in industry structure resulting from the introduction of new products and services, as well as changes in demand for existing products and services.

To address such changes, the Group has established a framework that enables it to respond promptly to customer needs by appropriately monitoring technological innovation and market trends through close information exchange with suppliers, procurement partners, and customers.

In recent years, the Group has recognized the following as particularly significant risks: business disruptions caused by ransomware attacks; reputational risk; information security risks, including the leakage of confidential and personal information; compliance violations arising from inadequate internal control systems, such as violations of insider trading regulations, misconduct, corruption, and bribery; and the risk of incidents related to human rights issues.

In response to these potentially significant risks, the Group considers and implements various risk mitigation measures across the organization. These include conducting response drills based on scenarios involving information security incidents, continuously providing and increasing the frequency of various training programs, including compliance training for all Group employees, and promoting greater awareness and use of the internal reporting system to facilitate the early detection and prevention of misconduct.

## Compliance & 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<br>• Reducing infection risks through telework, staggered working hours, and shorter working hours, etc. | High | Medium |
| | Risks relating to the external environment | • Market fluctuations in raw material and fuel prices<br>• 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<br>• Consideration of alternative materials and adjustment of selling prices<br>• 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<br>• 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<br>• Decrease in profit margins due to intensified competition<br>• Discounted sales due to inventory obsolescence<br>• Changes in distribution channels<br>• Decline in sales due to reduced supply, etc. | • Expansion of sales categories<br>• Increase in value-added sales<br>• Maintaining appropriate inventory levels and proper allocation<br>• Acting as a beneficial intermediary between suppliers and customers<br>• 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<br>• Delays or stoppages in parts supply, or suspension of manufacturing at production facilities<br>• Suspension of transportation services or supply to customers, etc. | • Crisis management response, implementation of action plans and drills based on anticipated risks<br>• 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 | • Risk of unclear or inappropriate transactions, etc. resulting from direct shipment transactions | • Establishment of internal control systems<br>• Strengthening control and checks through regular audits<br>• 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.<br>• Intensified competition with emerging growth countries due to globalization<br>• Changes in the business environment, such as deregulation or entry of companies from other industries<br>• Stagnation of demand if the global economy slows down, etc. | • Diversification of the business portfolio<br>• Formulation of business plans based on multiple economic scenarios<br>• Ensuring sufficient cash on hand and diversifying funding sources, etc. | High | Medium |
| | Risks relating to changes in laws and regulations | • Impact on business operations arising from the introduction or amendment of laws and regulations, or changes in their interpretation, etc. | • Gathering the latest information, liaising with external experts, establishing internal systems, reviewing regulations and operations, etc. | High | Medium |
| | Risk of compliance violations | • Administrative sanctions, fines, damage to reputation, suspension of business transactions, etc. arising from violations of laws, regulations, and internal rules | • Establishment of systems, policy dissemination, training programs, internal whistleblowing system, internal audits, monitoring, etc. | High | Medium |
| | Risks relating to corruption and bribery | • Violations of laws and regulations, damage to reputation, suspension of business transactions, etc. arising from bribery, inappropriate hospitality and gifts, granting of benefits, accounting irregularities, etc. | • Anti-corruption regulations, approval procedures, training programs, supplier vetting, internal whistleblowing system, internal audits, etc. | High | Medium |
| | Human rights risks | • Litigation, damage to reputation, etc. arising from human rights violations, discrimination, harassment, inappropriate labor practices, etc. | • Development of human rights policies, human rights due diligence, education and awareness-raising, consultation and reporting channels, management of suppliers, etc. | High | Medium |
| Environment/ disasters | Risks relating to climate change | • Decline in market competitiveness due to delayed response to the transition to a decarbonized society<br>• 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<br>• Implementing business continuity plans and drills to minimize impacts from natural disasters, etc. | Medium | High |
| | Risks relating to system failures | • Suspension of core systems and logistics management systems due to communication network failures, etc. resulting from unexpected events such as natural disasters or accidents | • Crisis management response and action plans based on anticipated risks<br>• Initial response in emergencies and establishment of response headquarters<br>• Conducting regular equipment inspections and disaster prevention drills<br>• Preparation of BCP (Business Continuity Plan)<br>• Redundancy of core and logistics management systems, etc. | High | Medium |

## Information security

### Defenses against cyberattacks

As part of its cybersecurity measures, the Group has established an "Information Security Policy" (Group Policy) as its basic policy. This policy consists of the "Basic Information Security Policy," "Information Security Policy Regulations," and "Information Security Measures Standards," and designates the Group Chief Information Security Officer and the Risk Management Committee as the organization responsible for overseeing information security across the Group.

This policy sets out the Group's approach to information security and summarizes the management measures necessary to protect information assets from intentional or accidental alteration, destruction, leakage, and other threats.

The policy has been approved by the Board of Directors, which oversees its implementation by receiving regular reports on its operational status and providing guidance as appropriate.

The Group has also appointed a Group Chief Information Security Officer. Working in coordination with Group companies and the division responsible for overseeing Group-wide information security operations, the Group Chief Information Security Officer oversees the planning, implementation, and evaluation of the Group-wide information security strategy. Specifically, the officer is responsible for overseeing the implementation status of the policy, conducting risk assessments and prioritizing countermeasures, directing responses to vulnerabilities, developing and promoting employee training, and directing and reporting on incident

responses. In the event of a serious security incident, the Group Chief Information Security Officer immediately reports the situation and the response policy to the Board of Directors. Based on such reports, the Board of Directors provides necessary instructions, reviews policies, and approves countermeasures.

Each Group company establishes its own "Information Security Policy" in alignment with the Group Policy and implements information security measures tailored to the nature of its business in accordance with that policy.

Daiwabo Information System Co., Ltd., which operates the IT Infrastructure Distribution Business and possesses expertise in information security, provides a range of information on relevant know-how and vulnerabilities. In addition, under the leadership of the Risk Management Committee, the Group reviews the policies of each Group company, the status of information security measures implemented based on those policies, and identified vulnerabilities, and directs improvements as necessary. By continuously implementing the PDCA cycle in this manner, the Group works to strengthen its measures and management framework.

Significant security risks are reported by the Group Chief Information Security Officer to the Board of Directors. In the event of a serious security incident, the matter is promptly reported to the Board of Directors, and appropriate measures are implemented in accordance with its instructions.

Specific cybersecurity measures include physical and technical measures, such as "entrance controls" designed to prevent unauthorized access from external sources and "exit controls" designed to prevent information leakage outside the organization, as well as human and organizational measures. These include simulated phishing email drills, the development of emergency response plans that set out response procedures and communication frameworks in the event of a suspected cyber incident, and information security training for all employees.

The Board of Directors receives reports from the Group Chief Information Security Officer on the effectiveness of these systems and measures and, when deemed necessary, provides instructions on additional measures and other actions.

**Personal information leakage incidents reported to the Personal Information Protection Commission (cases)**

(FY)

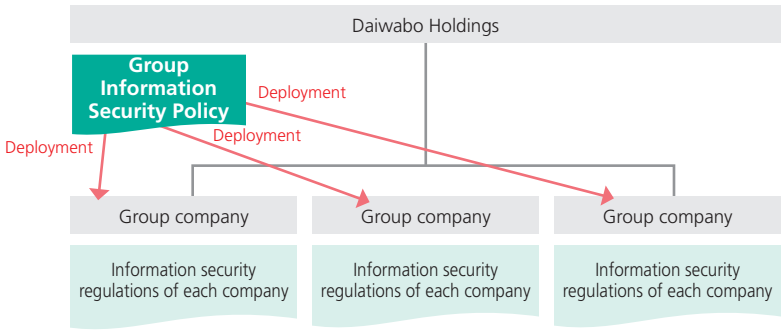
| Target | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Daiwabo Holdings Group | 0 | 0 | 1 | 0 |

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

(FY)

| Target | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Daiwabo Holdings Group | 0 | 0 | 0 | 0 |

**Group Information Security Policy**




**Role of Daiwabo Holdings**
- Determining the Group's information security response standards and establishing the Group Information Security Policy
- Deployment of the Group Policy
- Monitoring Group companies

**Role of the Group companies**
- Development of each company's information security regulations in accordance with the Group Policy
- Establishment and operation of business processes in accordance with each company's regulations
- Reporting of incidents and other matters to Daiwabo Holdings

## Daiwabo Group basic policy on information security

(1) Recognizing our responsibility to society as a business enterprise, Daiwabo Group will work to prevent data leaks, and strive to maintain the confidentiality of data 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 data assets, ensuring that only authorized persons can use them, so that the disappearance of 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 misconduct, gross negligence, or natural disaster etc., and we will work to ensure the maximum possible availability of system 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.

Users of the company group's information assets must recognize the importance of information security and comply with the group's "information security policy" (group policy), including this "information-security basic policy."

Any person who violates these rules may be subject to disciplinary action based on the company's employment rules, etc., depending on the details of the violation. In addition, if anybody discovers an incident that is suspected of being a cyber incident, such as unauthorized access or another type of cyberattacks, they must report it promptly in accordance with the communication framework established by group policy.

Moreover, if there is a suspicion of virus infection or unauthorized access on a PC, it must be reported immediately upon discovery after that PC is disconnected from the network. In particular, if fraudulent activity is discovered, the various relevant data must be secured to prevent the deletion or alteration of the various data that will serve as evidence of the fraudulent activity.

The information security manager who receives the report will issue instructions promptly to the department in charge of information systems, contact related departments, related companies, external vendors, etc., request their cooperation, and take prompt countermeasures.

We will inform all employees regularly and implement initiatives continuously for the improvement of awareness through training, etc., with regard to these initial responses to cyber incidents.

# IT Infrastructure Distribution Business



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

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

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

**¥1.3 trillion business foundation powering a new solution platform as a connector: Underpinning Japan's digital transformation through a three-pronged structure to solve social issues**

## Part 1: The view from a ¥1.3 trillion company, and an organization that has taken agility to the limit

**Moderator** For the fiscal year ended March 31, 2026, the DIS Group surpassed a major milestone, achieving net sales of ¥1.3364 trillion, marking the second consecutive year of record highs. With a 46.8% share of the domestic corporate PC market, the Group maintains an overwhelming presence. How do you view this expansion in scale, and what impact has it had on the organization?

**Matsumoto (DIS)** Posting figures this large is undeniably significant for the Group. However, our objective was never to chase profit records or market share. Our core mission is to ensure that supply chains function properly so that society's IT infrastructure remains uninterrupted. For each order we receive, we deliver the right products at the right price and on time, every single time. These results are the direct outcome of our unwavering commitment to those essentials. What allowed us to supply this volume of goods reliably across the country was a robust foundation: our long-term investment in the DIS-NET core system and our finely tuned logistics network.

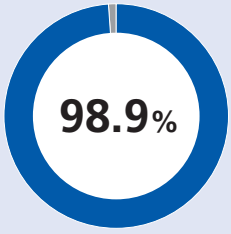
**Takagi (Dsas)** When Mr. Matsumoto speaks of these "essentials," those of us at DIS Service & Solution (Dsas), the company that handles logistics, have been right on the front lines protecting them. In the face of surging volumes, we resisted the urge to simply expand headcount or bases; instead, we drove efficiency through system utilization. Notably, even as volumes rose at an unprecedented pace, we maintained productivity, ensuring our teams could complete their tasks within regular hours without undue pressure. Navigating these waves of increased volume has strengthened our operational capabilities on the ground, and I feel we are now fully equipped to deliver reliably and without delay, precisely when our customers need us.

**Matsumoto** Our ability to sustain this scale is also a testament to our organizational agility, that is, our capacity to reshape ourselves flexibly and quickly in response to market shifts. For example, during the GIGA School program, we rapidly pivoted our organization to provide dedicated support to educators, ensuring customers could operate their new systems with ease. An organization that keeps doing the same thing for years on end simply cannot function. As the times and the technology evolve, we do not hesitate to reshape ourselves into whatever organization can maneuver most effectively. All of that adaptability exists for one purpose: to keep our customers' access to IT working without disruption.

**Moderator** Given the DIS Group's nationwide customer touchpoints and logistics infrastructure, this must hold significant value for Alphatec Solutions (ATS), the Group's systems integrator (SIer). Mr. Nishiyama, how do you view the present situation?

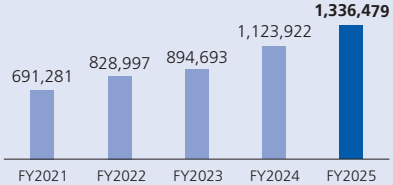
**Nishiyama (ATS)** The solid foundation described by Mr. Matsumoto and Mr. Takagi is also vital from the perspective

Net sales composition ratio (FY2025)



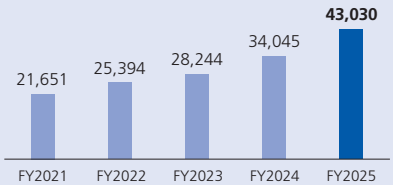

Net sales (Millions of yen)

**1,336,479**




Operating income (Millions of yen)

**43,030**



of ATS. As the Group's SIer, the sheer scale of DIS's customer reach and nationwide sales network is an immense asset. Traditionally, our Group's business centered on one-off projects built around each customer's individual requirements. However, by integrating the PC life cycle management (PCLCM) capabilities we provide with DIS's nationwide sales network, we have evolved beyond mere sales. We can now provide a system that supports customer operations long after the initial purchase. This represents a major evolution in our ability to keep the "essentials" of our customers' IT environments running from an operational standpoint.

**Matsumoto** For us, the ¥1.3 trillion figure is not a final destination. It is the accumulated result of ensuring customers across Japan have access to the IT they need, exactly when they need it. While this scale is a point of pride, it also underscores the weight of our responsibility to support the "essentials" of society. As we grow, our responsibility to uphold those "essentials" grows with us. To meet this responsibility, DIS, Dsas, and ATS will each hone their own function, evolving together as a three-pronged structure to support how our customers utilize IT. From there, we will move toward next-generation solutions driven by data, organizational transformation through investment in our people, and our new challenge as MUSUBITE, the connector. Today, we hope to share our commitment and the roadmap to achieve this.

## Part 2: The "three-pronged structure" and the overwhelming power to deliver that comes with it

**Moderator** Regarding the collaboration between the three companies you have just mentioned, the so-called "three-pronged structure," what vision have you developed over the past year in terms of the value delivered to customers?

**Matsumoto** In the past, the primary value of IT distribution was the rapid and accurate delivery of products. Today, that is no longer enough. As we evolve from one-off wholesaling into a platform that continuously supports the digitalization of society, there is more and more that DIS cannot do on its own. This is why DIS, Dsas, and ATS divide the roles between them: on large-scale projects, DIS establishes the commercial flow, Dsas manages logistics and support, and ATS supports the final system build and its operation. That kind of three-pronged teamwork is becoming the norm.

**Takagi** That said, seen from the front line, there is a different kind of difficulty here. Dsas, which represents the consolidation of DIS's subsidiaries from the past 30 years, is responsible for making our logistics operation as efficient as it can possibly be. At the same time, we are also exploring what the partner business of the future should look like. In the coming era, customers will require more than just hardware; they will need a system that lets them put an IT environment in place with confidence, including security and our own services. We are evolving beyond physical logistics to become a provider of new value, supporting what we call "the last responsibility for delivering to the customer's site."

**Nishiyama** We see exactly the same issue. ATS's role is to keep systems usable after implementation and to take responsibility for delivering value over the long term. While an SIer's core business is building systems to meet each customer's bespoke requirements, that alone would mean the relationship ends at installation. We aim to realize Mr. Matsumoto's vision of "creating value that goes beyond simply supplying products" through our expertise in technology and operations. By putting ATS's PCLCM service onto DIS's massive sales network, we can offer a service that supports the entire lifecycle, from initial implementation to operation and even eventual disposal. Our mission is to move beyond one-off system builds to create a system that stays by the customer's side for the long haul, from implementation through day-to-day operation, helping them master IT to drive business results.

**Moderator** In light of what the three companies are doing, what is the essence of the "three-pronged structure"?



**Matsumoto** Our goal is to take full responsibility for the entire customer journey: from the moment they begin using IT, through keeping it running, to the point where it drives their business success. DIS connects the market to the commercial flow, Dsas ensures reliable delivery to the implementation site, and ATS supports operation and utilization. This seamless, end-to-end capability is the true strength of our three-pronged structure. I must emphasize that we do not let the word "vision" lock us into doing something predetermined. While the three-pronged strategy remains at the core of our approach, we work with the agility to respond to change, allowing us to continually reshape ourselves, creating a new organization the moment we decide one is needed.

## Part 3: Pioneering next-generation solutions through iKAZUCHI and data

**Moderator** The software sector is also seeing remarkable growth, with the transaction volume through iKAZUCHI, our subscription management portal, expanding sharply by 34.6% from the previous fiscal year to ¥54.5 billion. This figure also implies a massive accumulation of data. How will this data transform your businesses and the value you provide to customers?

**Matsumoto** In the realm where we not only sell products but also provide services on an ongoing basis, our business model is undergoing a fundamental shift. The data accumulating in iKAZUCHI, which is growing rapidly, is far more than mere contract information. It reflects what IT our customers are using now and what challenges they are likely

to face next: early indicators, if you like, of a customer's next problem. Reading those early indicators will be our greatest strategic asset.

**Nishiyama** I agree completely. From an SIer's perspective, being able to detect these early indicators is critical. For example, if data reveals a shift in how a specific industry is adopting cloud services, we can predict which business process will need to be connected next. This allows us to present solutions proactively, before the customer even realizes they have a problem. Data enables us to move beyond selling hardware and instead build long-term, stable relationships by supporting our customers as their businesses evolve.



**Takagi** Building on Mr. Nishiyama's point about being "proactive," data utilization will also greatly change the value provided by logistics. If we can use iKAZUCHI usage data to predict when a customer will need to replace equipment, we can deliver pre-configured (kitted) products exactly when they are needed, without delay. Predicting demand and allocating resources optimally goes beyond logistics efficiency to become a service that never keeps customers waiting. Furthermore, taking a whole-system view, by sharing this data with manufacturers and transport partners we should be able to eliminate waste across the entire supply chain (by increasing truck load factors, for example) and thereby help solve the logistics crisis.

**Matsumoto** This is precisely our next phase. We intend to evolve iKAZUCHI from a proprietary management tool into "something we all build together" with our sales partners and manufacturers. We will share the data I mentioned with our partners as well and turn it into proposals that get ahead of what customers need. In doing so, we will go beyond improving sales efficiency to raising the standard of IT utilization across Japan. Rather than relying solely on overseas platform providers, we aim to lead the way in building robust, domestic systems that allow people in Japan to solve their own challenges.

## Part 4: Confronting social issues with resilient logistics and advanced technology

**Moderator** Regarding your contribution to social issues: the challenges that threaten social infrastructure, such as the "Japan's 2024 logistics problem" and increasingly sophisticated cyberattacks, are growing more complex. What role does each of you play, in your own field, to ensure that both customer businesses and society remain uninterrupted?

**Takagi** On the logistics front line, labor shortages are a serious problem that could genuinely halt operations. We have digitalized our operations thoroughly, implementing a truck reservation system and other measures that have cut the time drivers spend waiting to load. However, we know this is only part of the solution. To become the partner that carriers and drivers choose, we keep adding careful attention to the finer details, such as reusing packing materials and coordinating on loading. Protecting the "essential infrastructure" of delivering IT products reliably to the site is the duty of those of us entrusted with the front line.

**Nishiyama** Mr. Takagi spoke about defending physical infrastructure; for us, "not letting our customers' systems stop" is just as urgent. Particularly in the healthcare sector, where our Group has real strengths, system downtime caused by ransomware and similar attacks has become a serious social issue that puts lives at risk. In the demanding environment where every operation halts the moment electronic medical records go down, we draw on the DIS Group's nationwide network of bases to give medical institutions and companies in regional areas the same cutting-edge security technology as those in metropolitan areas, paired with a rapid recovery setup should the worst happen, and we are rolling this out across the country. Our mission is to protect lives and livelihoods from these threats and keep society running.

**Matsumoto** As both of my colleagues have noted, we must maintain resilience in both logistics on the ground and digital security. Yet, to continue supporting the operations of customers nationwide, the power of "people" remains indispensable. No matter how much AI advances, only people can stand directly alongside a community and support its decision-making on complex issues such as rural depopulation. We operate 112 bases across the country, with sales staff positioned on the front lines of these local communities. What we protect is not simply the flow of IT equipment. We are ensuring that electronic medical records function in hospitals, that local businesses can operate without interruption, and that the right IT reaches the right place. By supporting those "essentials," we help keep society running. We will meet this responsibility with the combined strength of the three companies.

## Part 5: Investing in people, and a culture of growth that runs right through the Group

**Moderator** You mentioned earlier that some challenges can only be solved by people. As you confront this range of social issues, how do you think about the "people" who support the front line, and about building the right corporate culture?

**Matsumoto** Our next Medium-Term Management Plan includes a significant commitment to "investing in people." This is not merely about increasing costs for systems or training; it is about creating a company where every employee can face change and embrace new challenges. We

are investing in our fifth-generation core system, DIS-NET V, and using AI to improve the efficiency of routine tasks specifically so our employees can gain the time needed to understand our customers' businesses deeply and create new value, and can focus on new kinds of work. We will spare no expense on the training it takes to build a workplace where people face change on their own initiative and feel able to speak up, so they can say things like "I'm good at this, so I want to take it on" or "I want to retrain in a new field."

**Nishiyama** Mr. Matsumoto used the word "challenge." Building the talent required for advanced technology is the most critical issue for ATS as well. In an industry defined by rapid technological shifts, people are required to keep learning on their own initiative and to face change head-on. We invest heavily in education, have fostered an corporate culture that tolerates failure, and actively entrust younger employees with real work early on. Ultimately, what produces a high-quality solution is not the size of the company but the combined ability of individual engineers. The vast field of the DIS Group allows our engineers to work on a wide variety of projects and to grow through trial and error.

**Takagi** The kind of corporate culture Mr. Nishiyama described, one that backs people who take on a challenge, is just as essential on the logistics and service floor. We want our staff to shift their thinking, moving beyond simply using systems to proposing improvements themselves, and we place equal weight on front-line leaders who constantly question the status quo and never simply repeat what was done before. Our ability to maintain logistics quality despite the dramatic changes in the products we handle over the last 20 years is due to our employees, who pick up the ideas generated on the floor and keep learning from them. Handing down to the next generation an open culture where people experience the "joy of growth" is directly linked to raising our corporate value.

**Matsumoto** Listening to what my two colleagues are doing on the ground reinforces my belief: human capital investment is not simply about increasing what we spend on training. It is an investment that lets every employee expand their own potential and deliver new value to our customers. In this era of rapid change, I want us to be a company that supports those who dare to challenge themselves, learn anew, and rise again after failure. When our employees take the leading role in their own growth, our Group grows as a result.

## Part 6: Becoming DIS CO., LTD., and the resolve to lead Japan with next-generation social infrastructure

**Moderator** Daiwabo Holdings will be reborn as MUSUBITE Inc., and DIS as DIS CO., LTD. Please share your resolve for this new Group identity and your message to your stakeholders.

**Matsumoto** When we were weighing the name change, we surveyed our employees, from younger employees to veterans, and approximately 70% said DIS CO., LTD. was the right choice. It was heartening to learn that people did not want to lose the name we have used all these years, and that everyone takes pride in the name DIS. Our work is to connect the hands of manufacturers, sales partners, and customers, bringing everyone together. Just as Daiwabo Holdings new name, MUSUBITE (the connector), suggests, we are making a fresh start with a determination to "join hands again" within the industry.



**Nishiyama** This connects with Mr. Matsumoto's words about "joining hands again." I believe the DIS Group, with a business scale of over ¥1 trillion, ought to be far more highly regarded by the wider world and to carry far greater influence, as a company that underpins social infrastructure. ATS wants to play its part in that. So that we grow further as a corporate group and become one with an unmistakable presence, we are resolved to contribute in earnest through the technical capability we have.

**Takagi** To turn this resolve into reality on the ground, the DIS Group has the strength to do so, with over 100 bases nationwide and a steadfast commitment to our customers. We also possess a unique culture, exceptionally open, with employees encouraging one another to grow to a degree rarely seen in Japan, the kind of place where all 2,000 of our employees might go on a trip together. I think the way our people hold together, and the strength that gives us, is quite something. To make this remarkable Group stronger still, I want us to develop our people and tell society far more about what we are good at.

**Moderator** Listening to you, I can see that the solid collaboration between these three companies will be a powerful driver for solving social issues and opening up Japan's future. Finally, Mr. Matsumoto, would you please provide the closing remarks?

**Matsumoto** We are also investing in developing the IT talent of the future, people who can compete globally, through such initiatives as support for STEAM (science, technology, engineering, arts, and mathematics) education for the children who will shape the future. We want to build a society in which the whole country can be prosperous and happy. The name MUSUBITE holds the very role we must play from here on: connecting customers with technology, partners with society, and the individual challenges of our employees with the future. We are evolving from a company that delivers IT into a company that reconnects the possibilities of society. As one of those supporting Japan's future, we will never stop challenging ourselves.

## IT Infrastructure Distribution Business

# Strategic themes of the next Medium-Term Management Plan on the way to "2030 VISION"



**Shoji Takebuchi**
Director
General Manager of Management Strategy Div.
DAIWABO INFORMATION SYSTEM CO., LTD.

Under our long-term vision, we at DIS aim to be a company that opens up the future of every region together with the people there and goes on contributing to their development. Achieving "2030 VISION" requires more than simply articulating a vision for the future; we must translate it into concrete criteria for business decisions and incorporate it into our day-to-day decision-making. As the business environment becomes increasingly volatile, the question is which areas we should concentrate our strengths in and how we turn that into growth. The next Medium-Term Management Plan will define the priority areas the whole company should be working on and give concrete shape to the route toward "2030 VISION."

Within this plan, we will position Regional Co-creation, Strengthening the Value Chain, and Strengthening Human Capital as our primary strategic themes. By defining clear roles for each and ensuring they complement one another, we will maximize our collective execution capability.

### Mapping strategic themes against required skill areas

**Strengthening the people and skills that will create value by 2030**

**Creating value by 2030 (maximizing lifetime value (LTV) and sustainable growth)**

| | | | |
|---|---|---|---|
| **Strategic Themes** | **Regional Co-creation**<br>Solving customers' issues and contributing to the development of local communities through co-creation with regional partners. | **Strengthening the Value Chain**<br>Utilizing platforms and digital technology to boost productivity across the entire value chain and create new value. | **Strengthening Human Capital**<br>Maximizing individual and organizational capability through the growth and improved engagement of diverse talent to build lasting competitive advantage. |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Common Foundational Skills (Required across all themes)** | **Data Utilization**<br>Making decisions and creating value based on data. | **DX (digital transformation) & Digital Utilization**<br>Reforming operations and business through digital technology. | **Communication**<br>The ability to convey ideas, build consensus, and establish relationships. | **Collaboration & Teamwork**<br>Respecting diversity and achieving results as a team. | **Problem Solving**<br>Identifying issues and executing effective solutions. | **Driving Change**<br>Creating new value by challenging the status quo. |

**By strengthening the talent and skills required to realize our strategy, we will achieve sustained value creation and increased corporate value.**

Regarding growth investment, we will prioritize the balance between profitability and capital efficiency. Leveraging our existing business base, we will allocate management resources to areas expected to contribute to future earnings and so evolve our business portfolio. Simultaneously, we will continuously monitor risks, including the business environment, technological shifts, talent acquisition, and supply chain volatility, and make the necessary revisions in step with the progress of each strategic theme. The next Medium-Term Management Plan will focus on steadily evolving our earnings structure and implementing necessary changes alongside our numerical targets. In April 2027, we will begin our next chapter under a new company name, DIS CO., LTD., evolving into a company that offers fresh insights and possibilities to those who use IT, while further advancing value co-creation with stakeholders.

Moving forward, we enter a critical phase: implementing the "2030 VISION" established by Daiwabo Holdings. We will steadily reflect our new corporate branding and the future we have envisioned through "backcasting." To achieve this, we will continue the investment and transformation that a long-term view calls for. While keeping an eye on the business environment, customer needs, and technological trends, we will put ourselves in a position to make any necessary revisions swiftly. We will embed the principle of "opening up the future of every region together with the people there and going on contributing to their development" as the axis of our management decisions, and by putting "2030 VISION" to work in concrete terms within the next Medium-Term Management Plan, we will steadily improve capital efficiency and corporate value.

# Regional Co-creation strategy: a multi-base network, use of advanced IT, and events

### Creating touchpoints that encompass everything from discovering regional issues to technology implementation and usage support

Japan is home to approximately 3.36 million small- and medium-sized that play an important role in supporting the regional economy. However, levels of IT adoption vary from region to region, and the digital divide remains a social issue that still needs to be solved. Since approximately half of our sales are generated outside major metropolitan areas, our Regional Co-creationstrategy captures unmet IT needs in regional areas and, together with our sales partners, deepens our contact with customers.

In recent years, manufacturers and product support providers have found it increasingly difficult to operate locations in regional cities, as they consolidate operations and pursue efficiency. Even companies operating nationwide have been narrowing the support areas and specialist fields they cover. As a result, the technical and specialist support the regions need is not reaching them adequately. Against this backdrop, our strengths have been a nationwide network of approximately 19,000 sales partners and a locally rooted sales base built on bases in many locations. This is a management asset unique to us, built up over many years with our regional customers and our sales partners. Today, information on IT and on all kinds of services is easily accessible online. Yet the more information there is, the harder it becomes for a company to judge what is actually effective for it and to move on to a concrete evaluation. That is precisely why it matters to organize information from a position close to the user and to support that evaluation alongside our sales partners.



**Hiroyuki Ohuchi**
Managing Director
General Manager of East-Japan Sales Div. & Nationwide Sales Div.
DAIWABO INFORMATION SYSTEM CO., LTD.

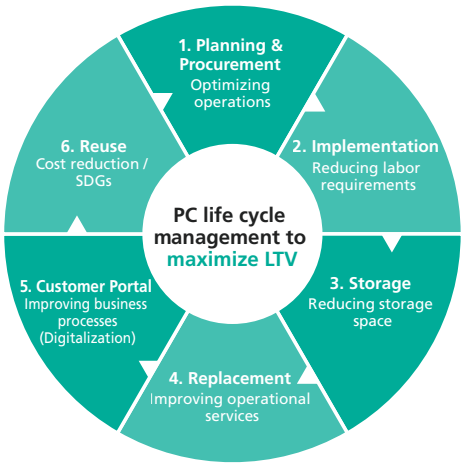
Through our regional sales partners, we will further strengthen the structure that delivers solid technical capability and solid support to every region. Through those sales partners, we provide customers with an integrated package: from sifting the information, through concrete support in evaluating the options, to operation and renewal. In our priority areas, we will focus on themes whose benefits are easy for regional customers to see and that lead to continued use. Rather than simply introducing new technology, what matters to us is getting it to a state where it can go on being used on the ground in each region.



**Masanori Aoi**
Managing Director
General Manager of Metropolitan Sales Div. #1 & Chubu Sales Div.
DAIWABO INFORMATION SYSTEM CO., LTD.

As the customer touchpoint where all of this starts, we also put real effort into information events shaped around the character of each region. Large-scale exhibitions held outside urban centers allow users to experience the potential of IT firsthand and serve as a vital entry point for generating local business. Precisely because so much information can be gathered online today, we work with our sales partners as the bridge between vendors and users, giving regional customers the chance to explore and evaluate new technology with confidence. We then share the needs that surface at these events with our sales partners, turning them into concrete sales opportunities and follow-up support. One of the things that sustains this continuing contact is our PCLCM service, which starts with the PC and stays involved throughout the entire lifecycle. At the same time, PCLCM matters just as much to our sales partners. Because we support the entire lifecycle, they can keep down the burden of complex operational and administrative work and engage more deeply with the issues facing customers in their own region. This helps them build a structure that moves away from dependence on one-off hardware sales and toward high-value areas including operation, maintenance, security, and usage proposals.

The Cycle of PC life cycle management (PCLCM)




Through these efforts, we will build up success stories region by region. What matters is not letting the contact created at an event end as a one-off, but developing it, in collaboration with our sales partners, into live deals and lasting relationships. By widening our contact with regional customers, we aim to generate deals region by region and expand repeat business.

We consider the Regional Co-creation Strategy to be a key initiative in our next Medium-Term Management Plan. Going forward, we will look at demand characteristics region by region, at how people respond after an event, and at how well we are working with each sales partner, and we will roll out successful initiatives to other regions. By carefully reading the differences between regions, we will increase the number of repeatable success patterns.

## Increasing the effectiveness of the Regional Co-creation Strategy

Moving forward, we will increase the effectiveness of our Regional Co-creation Strategy by monitoring the results of each measure more closely. Specifically, we will track how many event participants go on to sales discussions, the expansion of PCLCM usage, deal generation by region, and the status of ongoing transactions. We will reflect these results in our future planning and sales partner collaborations to continuously improve regional initiatives.

Through these efforts, we will deepen long-term relationships with regional customers and create an environment where sales partners can continue to deliver value locally. We will take what we learn from local events, hands-on support, and PCLCM out to every region, widening our customer contact and spreading successful examples across the business.

## IT Infrastructure Distribution Business

# Measures to strengthen the value chain

### Evolving the value of the value chain connecting vendors, sales partners, and users, starting from our platforms and our use of data

As IT becomes more sophisticated, the products we handle and the contract types they come under grow ever more diverse, and the volume of information surrounding vendors, sales partners, and users keeps rising with them. Our strategy for strengthening the value chain focuses not on the regional touchpoints themselves, but on the system that links the information obtained from those touchpoints with the commercial flow, inventory, contract renewals, and sales measures. We will combine our platform capabilities, data, and supply chain operating capability to create greater visibility across the entire transaction flow.



**Katsumi Yotsugi**
Managing Director
Tokyo Head Office Manager
General Manager of Procurement & Sales Promotion Div.
DAIWABO INFORMATION SYSTEM CO., LTD.

At the core of this effort are our proprietary digital platforms, iDATEN and iKAZUCHI. We are evolving these beyond mere tools for providing products and services into interfaces that link product information, inventory data, sales measures, contract renewals, usage patterns, and customer needs. By making information easy to manage centrally, we will create an environment where sales partners and vendors can more easily make decisions regarding their next actions.

For example, we will integrate vendor product information and sales measures, the day-to-day customer challenges faced by sales partners, and the implementation and utilization needs of users through iDATEN and iKAZUCHI. This will support a continuous flow of activities, going beyond simple price and inventory checks to include assessing demand, generating deals, cross-selling, upselling, contract renewals, subscription continuity, and lifecycle support. By connecting the information involved in these transactions, we will evolve the commercial flow into one with far greater continuity.

Our goal is not defensive platform management, but to create a system in which information, commercial flow, utilization, and renewals circulate. While the Regional Co-creation Strategy focuses on expanding customer touchpoints, Strengthening the Value Chain takes on the role of organizing the information generated at those touchpoints and linking it with product information, inventory, contract renewals, and sales measures. By doing so, we will create a state where necessary information flows easily among vendors, sales partners, and users, thereby increasing transaction continuity and market penetration.

Moving forward, we will carefully monitor the usage of our platforms, trends in contract renewals and continuous use, and the status of inventory and logistics. Based on these insights, we will improve platform usability, demand forecasting, inventory and logistics optimization, and the accuracy of sales measures, thereby increasing productivity and profitability across the entire value chain. By layering data utilization onto our existing commercial and logistics flows, we will make the way we run the business steadily more sophisticated, while carefully evaluating the effectiveness of additional investments.

### Working toward the advancement of digital platforms

Going forward, we will evolve iDATEN and iKAZUCHI from platforms focused primarily on stable operation alone into core functions that connect information with the commercial flow. So that sales partners and vendors can find the information they need in their daily work and carry it through to contract renewals, additional demand, inventory checks, and the use of sales measures, we will refine how information is presented, its searchability, the recommendation functions, and the paths users take through it. This will enhance the value of the platforms: as a sales channel that supports market penetration for vendors, and as a touchpoint leading to optimal IT utilization for users.

Ultimately, we will realize a value chain where vendors, sales partners, and users can utilize the information they need more quickly and accurately. In addition to stable supply capabilities, we will provide value that goes beyond the distribution function by advancing data-driven demand analysis, contract renewals, and inventory and logistics optimization. By increasing the accuracy of both the commercial flow and the flow of information, we will make our unique platform value clearer still.

# Achieving sustainable growth by strengthening human capital

### Enhancing corporate value by aligning corporate strategy and talent strategy to balance labor productivity and well-being

As change in the business environment accelerates, and as securing, developing, and enabling people to thrive becomes a vital management priority that dictates a company's sustainable growth, we position human capital as the source of our value creation. To drive our Regional Co-creation and Value Chain strategies on the front lines, it is essential to have people capable of understanding our strategy, expanding their own roles, and collaborating across departments.

Our focus for strengthening human capital is to turn the experience, expertise, and motivation of every employee into the collective capability to generate organizational results. While Regional Co-creation and value chain strengthening are efforts to establish touchpoints and systems, strengthening human capital is the effort to cultivate the people who drive those initiatives on the ground. We position human capital investment

as a management investment aimed at deepening expertise, fostering cross-departmental collaboration, and improving management quality.

Strengthening human capital cannot be achieved simply by accumulating individual HR measures. The starting point is to treat corporate strategy and talent strategy as one and to define clearly the talent requirements our strategy calls for. Going forward, we will organize the necessary skills for each area, including regional sales, technical support, digital platforms, data utilization, and management, and make our talent portfolio visible.



**Tomoyuki Komine**
Senior Managing Director
DAIWABO INFORMATION SYSTEM CO., LTD.

We view investment in human capital as a critical management investment to enhance the sustainability and productivity of our business. Going forward, we will continuously monitor how our employees are doing and where the organization faces issues, and by reviewing learning opportunities, personnel placement, and career development as an integrated whole, we will build an environment where employees can readily bring their expertise to bear.

Furthermore, a state in which employees can work with peace of mind, both physically and mentally, while honing their expertise and expanding their roles, is the foundation of well-being at our company. We believe that improving well-being goes beyond merely creating a comfortable working environment; it leads to improved work quality, strengthened organizational execution, higher engagement, reduced turnover, and increased labor productivity.

We therefore place equal weight on making work easy to do and on making it worth doing. When work is easy to do, employees can concentrate on it with peace of mind; when it is worth doing, they are motivated to apply their expertise and experience in broader roles. By enhancing both, we will improve work quality, team collaboration, and management capabilities, evolving into an organization that is resilient to change.

Going forward, in addition to improving talent retention and satisfaction, we will expand opportunities for employees to gain the experience each strategic area requires. By promoting training that deepens expertise, cross-departmental placements and project participation, and stronger management capabilities among those in managerial positions, we will connect employee growth opportunities to business results. Through this, we will build a deeper layer of talent capable of driving the next Medium-Term Management Plan on the front lines.

## Priority initiatives for strengthening human capital

As priority initiatives, we will expand opportunities for employees to learn proactively and think for themselves about their future careers, through open-enrollment training, career development training, level-based training, and similar programs. We will particularly focus on strengthening the skills required to execute our strategy, such as data utilization, platform operation, technical support, regional sales, and management, so as to widen the talent pipeline that supports the business.

Additionally, we will use talent data to improve the precision of development and placement. By visualizing skills, experience, career aspirations, and current assignments, we will identify where we fall short of the talent our strategy requires. These results will be reflected in training content, placement plans, and career interviews to support deeper expertise and the placement of the right people in the right roles.

Beyond establishing systems, we will raise the quality of everyday dialogue and of management, so as to create a workplace where employees can understand their role and feel that they are contributing to the organization. By strengthening dialogue between supervisors and their teams, career interviews, feedback, and psychological safety within teams, we will boost engagement, expand opportunities to take on challenges, and reduce turnover, thereby increasing our ability to achieve results as an organization.

Through these initiatives, we will maximize the value of our human capital and achieve a balance between labor productivity and well-being. Going forward, we will raise the effectiveness of each measure while tracking skill development, engagement, career development, and organizational vitality from a range of angles. By connecting each employee's expertise and experience to organizational capability, we will strengthen our organizational resilience and ability to adapt to change.

### New logo for DAIWABO INFORMATION SYSTEM Co., Ltd.

Daiwabo Information System is changing its name to "DIS" and transitioning to a new brand identity. The new name, which stands for "Delightful Ideas & Solutions," inherits the trust and track record we have built while expressing a more advanced and approachable corporate image. Through our refreshed logo, we aim to demonstrate our unity as a member of the MUSUBITE Group and clarify our commitment to creating new value alongside our customers.

DIS
Delightful Ideas & Solutions
MUSUBITE Group

# Industrial Machinery Business



**Hiroshi Mizuta**
Representative Director, President
O-M Ltd.

## Business overview and market environment

### Business description

The O-M Group's core business lies in the manufacture and sale of machine tools and automatic machinery, providing the essential foundations for industrial manufacturing. Our machine tools serve as "mother machines," enabling the production of the equipment and products required for social infrastructure and heavy industry. Meanwhile, our automatic packaging machines ensure the stable supply of consumer goods essential to daily life, such as food and pharmaceuticals. In these ways, both support a wide range of industries.

In the machine tools business, O-M Ltd. is responsible for the manufacture and sale of vertical lathes and railway wheel lathes. We provide products that enable the high-precision machining of the large components used in aircraft engines, rockets, power generation equipment, and construction machinery, thereby contributing to the maintenance and advancement of social infrastructure. Guided by our philosophy of "manufacturing that lasts 100 years," we have earned a high level of trust from our customers through the machining technologies we have cultivated over many years and our uncompromising commitment to quality. In particular, in the medium- and large-sized vertical lathe market, we have earned such a reputation that we are known simply as "O-M, the vertical lathe expert," boasting one of the strongest track records in Japan. We are also actively pursuing global expansion, with growing presence in markets such as China and the United States.

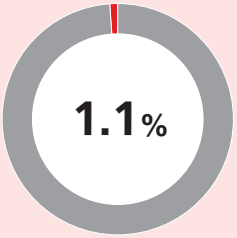
In the automatic machinery business, O-M MACHINERY manufactures and sells automatic packaging machines. Serving mainly the food and pharmaceutical industries, it supplies cartoners (cartoning machines) and cardboard case packers that make production sites more efficient. As consumer needs diversify and packaging formats become more sophisticated and complex, manufacturing sites face growing demand for solutions to labor shortages, labor-saving measures, and automation. By providing solutions that flexibly match each customer's issues and needs, we support higher productivity and stable supply, and so help Japanese industry develop.

Through both its machine tools and automatic machinery businesses, the O-M Group supports the development and sustained growth of a wide range of industries. Continuing to deliver value at the very root of manufacturing, built on the technology and quality we have cultivated over many years and on the trust we have with our customers, is what our "O-M brand" means.

### Market environment

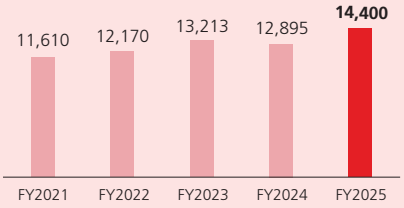
Demand for capital investment is rising both domestically and internationally. The global surge in AI demand has triggered a

Net sales composition ratio (FY2025)



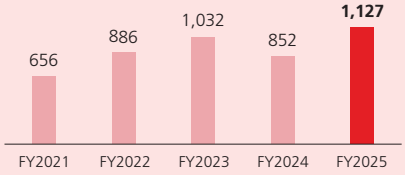

Net sales (Millions of yen)

**14,400**




Operating income (Millions of yen)

**1,127**



wave of new data center construction. The need to secure the power these require, coupled with the global shift toward decarbonization, is driving increased demand for renewable energy solutions, including offshore wind power and hydrogen hybrid power generation. This industrial movement toward a more prosperous and sustainable society encompasses everything from power and cooling equipment to the rapidly advancing aerospace, shipbuilding, and railway sectors. In Japan, the shrinking working-age population has made labor shortages an increasingly critical social issue, ensuring continued demand for automation and labor-saving solutions.

Concurrently, we also recognize risks that could affect production if they persist, such as the limits placed since the start of this year on incoming quantities of petroleum-related products, including paints, against a backdrop of instability in the Middle East. Furthermore, because production in the machine tools industry is governed by capital investment trends, which are themselves sensitive to economic conditions, economic downturns carry the risk of rising product inventories. We work to mitigate these risks by closely monitoring customer inquiries and planning production once we have determined appropriate inventory levels.

### Competitive strategy

We leverage our extensive domestic track record for deliveries in medium- and large-sized vertical lathes and railway wheel lathes to build long-term relationships with customers, many of whom consult us on equipment and product needs long after the initial sale. We treat these consultations as new customer needs and incorporate them into our product development efforts. In fiscal 2024, we expanded the M5 assembly factory at our primary machine tools plant, the Nagaoka Factory, to increase production of vertical lathes held in stock. By bolstering our inventory, we aim to capture business opportunities and expand sales in overseas markets, where demand for short lead times is particularly strong. For our railway wheel lathes, we have established rapid-response service structures to support railway safety and are actively addressing needs relating to workplace safety measures. In international markets, although we face competition from low-priced products, we focus our sales efforts on customers seeking high-performance premium machines. O-M's vertical lathes are characterized by high rigidity that helps prevent machining defects, and we aim to turn this into a competitive advantage in markets that prioritize quality and performance.

## Strengths of the Industrial Machinery Business

Our competitive edge is built upon years of accumulated design engineering expertise and a proven production record. Our flagship vertical lathes are highly regarded for their high rigidity, precision, and superior operability; notably, we hold the No. 1 market share in Japan for medium- and large-sized vertical lathes. We also hold the No. 1 market share in Japan for railway wheel lathes, which are indispensable for railway vehicle maintenance, and as products that underpin the safety of railway infrastructure they have been adopted by many customers. In the field of automatic packaging machines, our history includes manufacturing Japan's very first cartoners (cartoning machines). Beyond the food and pharmaceutical industries, we provide packaging and boxing solutions for e-commerce operators and the cosmetics sector. The deep technical knowledge gained through many years of production has improved our design engineering capabilities for meeting each customer's challenges and specifications. Another of our strengths is that our Machine Tools Division maintains a global sales network with bases in the United States and China. Building on the trust earned in Japan for our quality and performance, we continue to offer high-performance products to overseas customers. Finally, by giving younger engineers experience producing stock machines (general-purpose models), we support their skill development. By passing down technical expertise through hands-on manufacturing, we nurture the talent necessary to maintain product quality and continuously enhance the competitiveness of our Industrial Machinery Business.

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

### Deepening existing businesses

In the Industrial Machinery Business, to achieve our Medium-Term Management Plan, we are strengthening our business foundations by simultaneously deepening our existing operations and exploring new markets. In our existing businesses, we treat customer requests and consultations as important needs and reflect them in our development themes, increasing the added value of our products. Specifically, we are integrating customer demands for sustainable production and for reduced electricity use through more efficient production into our product development to help our customers solve their challenges.

Additionally, at the Shinji Factory, the base for O-M MACHINERY and OMK, we will focus on replacing aging equipment to increase machine tools production and improve the working environment. By integrating capacity expansion with the creation of a better workplace, we aim to improve quality and productivity while ensuring employee retention, thereby

## Industrial Machinery Business




building a foundation for sustained business growth.

### Opening up new markets

In opening up new markets, we are conducting market research targeting Asia and Oceania. Because we already have a history of shipping products to these regions and can rely on trading companies for service support, we view them as highly promising markets for sales growth. However, we recognize that exporting requires compliance with the quality standards of each country. We are currently investigating whether our existing product quality meets these requirements and are establishing the necessary frameworks to facilitate expanded sales.

### Priority measures

The O-M Group's priority measures focus on improving employee engagement, human resource development, recruitment, and addressing labor shortages. By securing and developing talent, we will strengthen the organizational foundation that underpins the competitiveness of each business.

In the machine tools sector, we will focus on strengthening inventory-based sales, enhancing our service structures, and expanding our overseas market presence. We aim to increase domestic and international sales opportunities by improving our ability to meet short-lead-time demands and providing a service structure that gives customers total confidence in their equipment.

In the automatic packaging machinery sector, we will work to reduce risks associated with customer-specified requirements, expand our service structures, and pursue strategic order acquisition. By meticulously verifying specifications and risks before accepting orders, we aim to ensure stable product supply, thereby improving profitability and customer satisfaction.

At OMK, we will focus on reducing defect rates, improving quality through ISO standards, expanding earnings through cost analysis, and replacing aging equipment. By advancing our business operations in terms of both quality and cost, we will contribute to strengthening the O-M Group's overall earnings base.

### ■ Australian Manufacturing Week 2026

(May 12–14, 2026, three days)
Venue: Brisbane, Australia
Featured machine: Neo series (Neo$\alpha$-20EX)

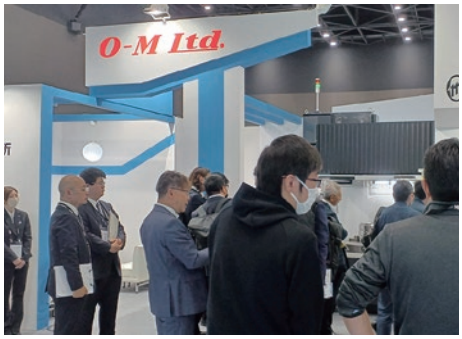


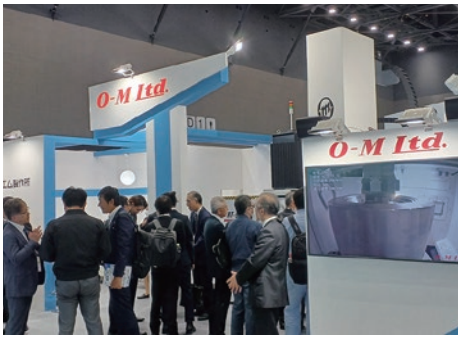




### ■ MECT (Mechatronics Technology Japan) 2025

(October 22–25, 2025, four days)
Venue: Minato Ward, Nagoya
Featured machine: RT series (RT-915M CNC turning center)



## Machine Tools Division initiatives

### Vertical lathes

Vertical lathes are machine tools that perform cutting operations by mounting various metal parts on a horizontally rotating table. O-M's vertical lathes, with cumulative shipments exceeding 7,800 units, are driving the development of labor-saving products to address the labor shortages facing the manufacturing industry. Where human intervention was once required for parts of machine operation, our machines now automatically detect and resolve issues, allowing them to continue operating unattended for long periods, reducing labor requirements while maintaining consistent quality in machined products. Furthermore, to increase precision following the turning process, we are integrating grinding processes into our own machines and are now working to offer multitasking machines that eliminate manual setup changes and consolidate processes.



VTLex series

### Railway wheel lathes

Railway wheel lathes are vital machine tools for ensuring the safe operation of trains. Since both railway wheels and rails are made of iron, daily use causes wear and damage, which manifests as vibration and noise within the car. Wheel lathes are used to re-profile these wheels to their correct shape. Among these, O-M's flagship underfloor wheel lathe is installed beneath the depot floor, allowing wheels to be machined without being removed from the vehicle, improving work efficiency. As a best-selling machine with one of the strongest track records in the Japanese railway industry, it helps make trains across the country more comfortable and safer.



LUF-106
The underfloor wheel lathe allows for machining without removing the wheels by positioning the railway vehicle over a pit.

## Automatic Machinery Division initiatives

### Automatic packaging machines

The Automatic Machinery Division manufactures automatic packaging machines that box, wrap, and pack goods produced by manufacturers, such as food, confectionery, pharmaceuticals, daily necessities, and cosmetics, for final sale. Because the products vary immensely in size, shape, and weight, we engineer our machines to incorporate specific wrapping and packing methods tailored to each product's unique characteristics. Consequently, most of our machines are custom-built to order.



VCRC Type Cartoner

In the food industry, where product life cycles are short and diversification is rapid, and in the pharmaceutical sector, where manufacturing standards are increasingly stringent, delivering products to consumers without compromising their shape is essential for maintaining quality and trust. O-M MACHINERY continues to protect the safety and reliability of products while pursuing labor-saving and unmanned operation, through automatic packaging machines matched to each customer's specifications and applications.

### New logo for O-M Ltd.

Building on the technical expertise and trust we have cultivated over many years, O-M Ltd. will work to create new value as a member of the MUSUBITE Group. Our new logo respects the unique identity of the business we have built while expressing the unity and future-oriented vision of the Group. We will further refine our specialized expertise as a manufacturer and, as a company that supports the growth of the entire Group, enter a new stage of growth.

O-M Ltd.
MUSUBITE Group

# 11-year key consolidated financial data

| Term | 105th Fiscal Term | 106th Fiscal Term | 107th Fiscal Term | 108th Fiscal Term | 109th Fiscal Term |
|---|---|---|---|---|---|
| Fiscal Year End | Mar. 2016 | Mar. 2017 | Mar. 2018 | Mar. 2019 | Mar. 2020 |
| Net sales | 578,506 | 617,811 | 669,596 | 785,554 | 944,053 |
| (Percentages are the rate of change from the previous fiscal year.) | +2.2% | +6.8% | +8.4% | +17.3% | +20.2% |
| IT Infrastructure Distribution Business | 494,939 | 536,073 | 582,700 | 693,957 | 857,008 |
| | +2.1% | +8.3% | +8.7% | +19.1% | +23.5% |
| Industrial Machinery Business | 12,788 | 11,708 | 11,972 | 13,900 | 12,988 |
| | (9.5%) | (8.5%) | +2.3% | +16.1% | (6.6%) |
| Fiber Business | 66,016 | 67,438 | 71,021 | 75,088 | 72,180 |
| | +6.5% | +2.2% | +5.3% | +5.7% | (3.9%) |
| Operating income | 9,912 | 12,626 | 14,305 | 22,709 | 32,841 |
| | +20.2% | +27.4% | +13.3% | +58.7% | +44.6% |
| IT Infrastructure Distribution Business | 6,127 | 8,976 | 9,927 | 17,420 | 28,161 |
| | +6.2% | +46.5% | +10.6% | +75.5% | +61.7% |
| Industrial Machinery Business | 820 | 747 | 931 | 1,066 | 753 |
| | (25.2%) | (9.0%) | +24.6% | +14.5% | (29.4%) |
| Fiber Business | 2,828 | 2,957 | 3,309 | 4,018 | 3,877 |
| | +110.4% | +4.5% | +11.9% | +21.4% | (3.5%) |
| Ordinary income | 9,679 | 12,572 | 14,291 | 22,840 | 33,195 |
| | +21.5% | +29.9% | +13.7% | +59.8% | +45.3% |
| Profit attributable to owners of parent | 5,266 | 7,469 | 10,531 | 16,775 | 21,178 |
| | +7.8% | +41.8% | +41.0% | +59.3% | +26.2% |
| Earnings per share (EPS) (yen) | 55.53 | 78.31 | 109.74 | 174.47 | 220.27 |
| Return on equity (ROE) | 9.5% | 12.5% | 15.5% | 21.1% | 22.3% |
| Return on assets (ROA) | 4.0% | 5.0% | 5.2% | 7.3% | 10.0% |
| Operating profit margin | 1.7% | 2.0% | 2.1% | 2.9% | 3.5% |
| IT Infrastructure Distribution Business | 1.2% | 1.7% | 1.7% | 2.5% | 3.3% |
| Industrial Machinery Business | 6.4% | 6.4% | 7.8% | 7.7% | 5.8% |
| Fiber Business | 4.3% | 4.4% | 4.7% | 5.4% | 5.4% |
| Total assets | 245,747 | 259,531 | 286,029 | 335,888 | 328,813 |
| Total asset turnover | 2.4 | 2.4 | 2.3 | 2.3 | 2.9 |
| Net assets | 57,031 | 63,903 | 73,148 | 87,191 | 104,741 |
| Capital adequacy ratio | 23.0% | 24.4% | 25.3% | 25.7% | 31.6% |
| Interest-bearing liabilities (including lease liabilities) | 43,534 | 39,678 | 37,484 | 35,267 | 32,475 |
| D/E ratio (times) | 0.77 | 0.63 | 0.52 | 0.41 | 0.31 |
| Net assets per share (BPS) (yen) | 593.61 | 661.75 | 752.87 | 898.51 | 1,080.11 |
| Cash flows from operating activities | 9,477 | 5,007 | 10,046 | 10,129 | 18,487 |
| Cash flows from investing activities | (2,645) | (1,838) | 713 | (1,218) | (4,343) |
| Free cash flow | 6,831 | 3,168 | 10,760 | 8,910 | 14,144 |
| Cash flows from financing activities | (4,920) | (5,201) | (4,013) | (5,433) | (6,733) |
| Year-end balance of cash and cash equivalents | 16,161 | 14,042 | 20,777 | 24,180 | 31,574 |
| Annual dividends per share (yen) | 14.00 | 20.00 | 26.00 | 40.00 | 32.00 |
| Amount of dividends | 1,331 | 1,911 | 2,499 | 3,845 | 3,076 |
| Divided ratio | 25.2% | 25.5% | 23.7% | 22.9% | 14.5% |
| Dividend on equity ratio (DOE) | 2.4% | 3.2% | 3.7% | 4.8% | 3.2% |
| Total payout ratio | 25.2% | 25.5% | 23.7% | 22.9% | 14.5% |
| Price earnings ratio (PER) (times) | 7.6 | 8.4 | 8.5 | 7.3 | 4.7 |
| Price book-value ratio (PBR) (times) | 0.71 | 0.99 | 1.24 | 1.42 | 0.96 |
| Capital investment | 2,809 | 2,816 | 4,001 | 4,361 | 3,898 |
| IT Infrastructure Distribution Business | 310 | 320 | 697 | 1,224 | 2,089 |
| Industrial Machinery Business | 268 | 288 | 619 | 492 | 559 |
| Fiber Business | 2,160 | 2,132 | 2,653 | 2,476 | 1,037 |
| Depreciation | 3,353 | 3,274 | 3,177 | 2,906 | 3,112 |
| IT Infrastructure Distribution Business | 1,196 | 1,202 | 1,141 | 604 | 755 |
| Industrial Machinery Business | 489 | 465 | 464 | 454 | 448 |
| Fiber Business | 1,436 | 1,403 | 1,388 | 1,672 | 1,707 |
| R&D expenses | 1,016 | 1,056 | 1,020 | 1,033 | 1,001 |
| Number of employees*1 | 6,294 | 5,617 | 5,650 | 5,794 | 5,654 |
| Key indicators (IT Infrastructure Distribution Business) | | | | | |
| PC shipments (thousand units) | 1,789 | 1,889 | 1,986 | 2,604 | 3,995 |
| Server shipments (thousand units) | 60 | 60 | 60 | 58 | 60 |

* 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.

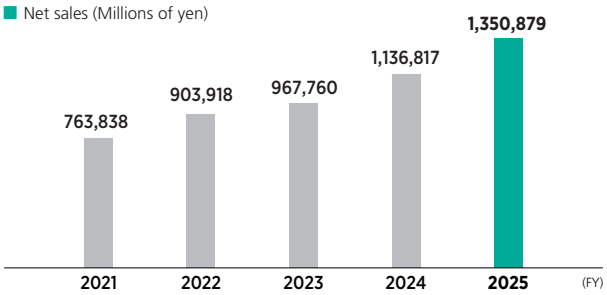
(Millions of yen)

| 110th Fiscal Term | 111th Fiscal Term | 112th Fiscal Term | 113th Fiscal Term | 114th Fiscal Term | 115th Fiscal Term |
|---|---|---|---|---|---|
| Mar. 2021 | Mar. 2022 | Mar. 2023 | Mar. 2024 | Mar. 2025 | Mar. 2026 |
| 1,043,534 | 763,838 | 903,918 | 967,760 | 1,136,817 | **1,350,879** |
| +10.5% | - | +18.3% | +7.1% | +17.5% | **+18.8%** |
| 969,748 | 691,281 | 828,997 | 894,693 | 1,123,922 | **1,336,479** |
| +13.2% | - | +19.9% | +7.9% | +25.6% | **+18.9%** |
| 11,582 | 11,610 | 12,170 | 13,213 | 12,895 | **14,400** |
| (10.8%) | +0.2% | +4.8% | +8.6% | (2.4%) | **+11.7%** |
| 61,033 | 58,289 | 61,980 | 59,210 | - | **-** |
| (15.4%) | (4.5%) | +6.3% | (4.5%) | - | **-** |
| 35,028 | 24,059 | 27,944 | 30,963 | 34,899 | **44,169** |
| +6.7% | (31.3%) | +16.1% | +10.8% | +12.7% | **+26.6%** |
| 33,226 | 21,651 | 25,394 | 28,244 | 34,045 | **43,030** |
| +18.0% | (34.8%) | +17.3% | +11.2% | +20.5% | **+26.4%** |
| 537 | 656 | 886 | 1,032 | 852 | **1,127** |
| (28.6%) | +22.0% | +35.2% | +16.4% | (17.4%) | **+32.3%** |
| 1,350 | 1,617 | 1,499 | 1,580 | - | **-** |
| (65.2%) | +19.7% | (7.3%) | +5.4% | - | **-** |
| 35,781 | 24,554 | 28,608 | 31,431 | 35,454 | **44,943** |
| +7.8% | (31.4%) | +16.5% | +9.9% | +12.8% | **+26.8%** |
| 25,715 | 16,988 | 19,059 | 4,283 | 24,751 | **32,030** |
| +21.4% | (33.9%) | +12.2% | (77.5%) | +477.9% | **+29.4%** |
| 267.47 | 178.14 | 202.79 | 45.82 | 271.37 | **362.07** |
| 22.2% | 12.9% | 13.7% | 3.0% | 16.8% | **19.9%** |
| 10.0% | 6.6% | 7.5% | 7.7% | 8.4% | **10.0%** |
| 3.4% | 3.1% | 3.1% | 3.2% | 3.1% | **3.3%** |
| 3.4% | 3.1% | 3.1% | 3.2% | 3.0% | **3.2%** |
| 4.6% | 5.7% | 7.3% | 7.8% | 6.6% | **7.8%** |
| 2.2% | 2.8% | 2.4% | 2.7% | - | **-** |
| 383,757 | 356,203 | 406,688 | 405,256 | 440,122 | **462,072** |
| 2.7 | 2.1 | 2.2 | 2.4 | 2.6 | **2.9** |
| 129,322 | 136,173 | 143,961 | 142,133 | 152,310 | **169,829** |
| 33.4% | 38.0% | 35.2% | 35.0% | 34.6% | **36.8%** |
| 28,782 | 28,733 | 27,224 | 21,873 | 21,528 | **19,074** |
| 0.22 | 0.21 | 0.19 | 0.15 | 0.14 | **0.11** |
| 1,334.35 | 1,422.20 | 1,529.95 | 1,518.56 | 1,693.24 | **1,954.00** |
| 9,428 | 28,165 | 16,958 | 24,544 | 5,909 | **14,569** |
| (1,357) | (2,926) | (1,628) | (4,946) | (2,588) | **(6,177)** |
| 8,070 | 25,239 | 15,330 | 19,597 | 3,321 | **8,391** |
| (7,586) | (10,724) | (10,335) | (2,856) | (17,402) | **(19,662)** |
| 32,033 | 46,728 | 51,923 | 69,172 | 55,221 | **43,852** |
| 60.00 | 60.00 | 62.00 | 64.00 | 90.00 | **105.00** |
| 5,768 | 5,706 | 5,801 | 5,989 | 8,135 | **9,240** |
| 22.4% | 33.7% | 30.6% | 139.7% | 33.2% | **29.0%** |
| 5.0% | 4.4% | 4.2% | 4.2% | 5.6% | **5.8%** |
| 22.4% | 45.4% | 46.2% | 139.7% | 73.3% | **53.8%** |
| 6.3 | 9.3 | 10.8 | 56.0 | 9.3 | **8.5** |
| 1.26 | 1.16 | 1.43 | 1.69 | 1.49 | **1.57** |
| 3,667 | 2,187 | 2,151 | 2,679 | 4,475 | **5,108** |
| 639 | 445 | 531 | 793 | 3,327 | **4,525** |
| 660 | 263 | 381 | 1,173 | 1,147 | **583** |
| 2,320 | 1,474 | 1,018 | 705 | - | **-** |
| 3,405 | 3,491 | 3,381 | 3,290 | 1,712 | **1,872** |
| 1,116 | 1,154 | 1,132 | 1,326 | 1,216 | **1,327** |
| 488 | 518 | 484 | 434 | 495 | **545** |
| 1,783 | 1,802 | 1,726 | 1,497 | - | **-** |
| 853 | 883 | 928 | 902 | 151 | **182** |
| 5,683 | 5,671 | 5,432 | 2,867 | 2,928 | **3,072** |
| | | | | | |
| 5,136 | 2,838 | 2,992 | 3,014 | 3,894 | **6,540** |
| 61 | 56 | 67 | 58 | 62 | **50** |

# Financial highlights

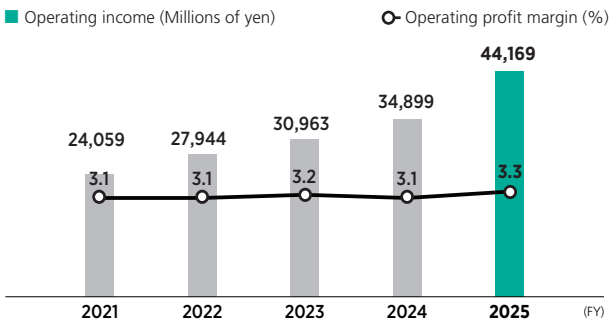
The Fiber Business was excluded from the scope of consolidation and is not included in the data for FY2024 and onward.

## Net sales

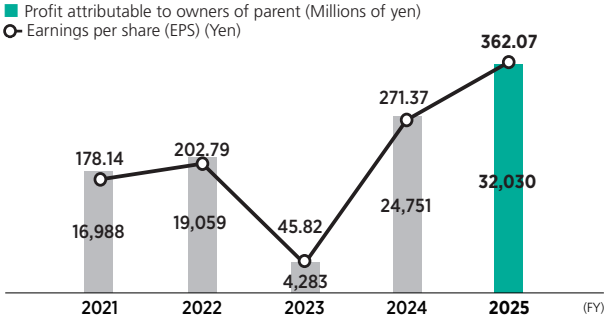



The Accounting Standard for Revenue Recognition has been applied since FY2021.

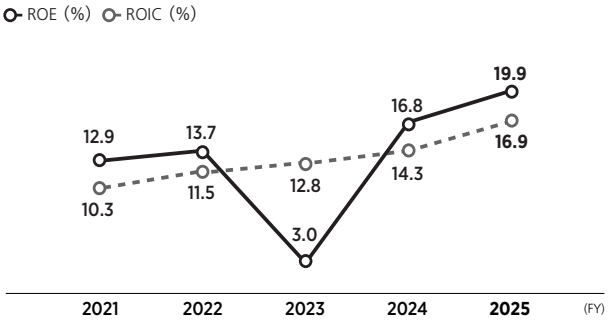
## Operating income/Operating profit margin



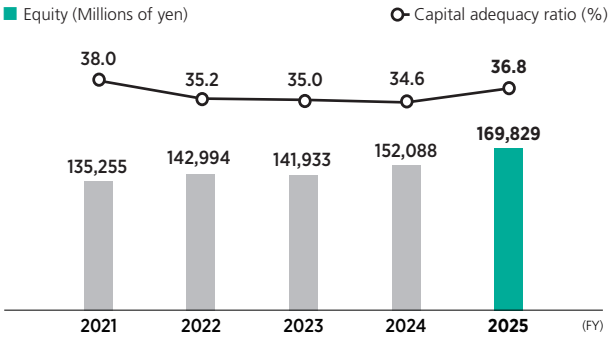

## Profit attributable to owners of parent/Earnings per share (EPS)



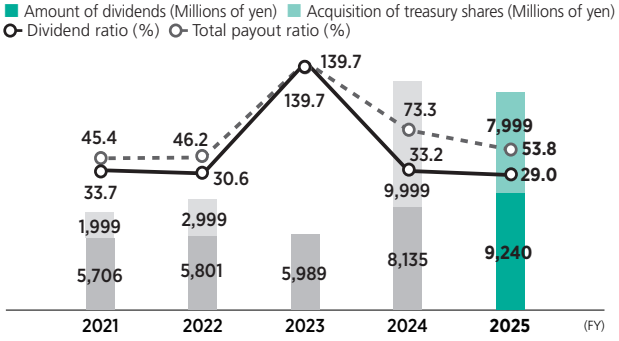

## ROE/ROIC



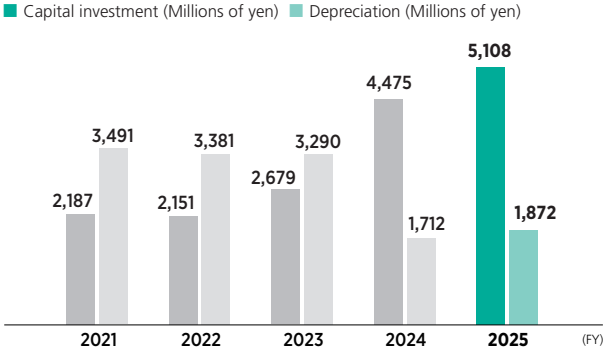

## Equity/Capital adequacy ratio



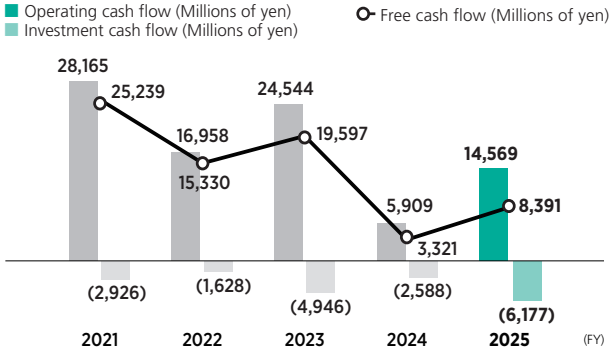

## Amount of dividends/Acquisition of treasury shares/ Dividend ratio/Total payout ratio




## Capital investment/Depreciation




## Operating cash flow/Investing cash flow/Free cash flow

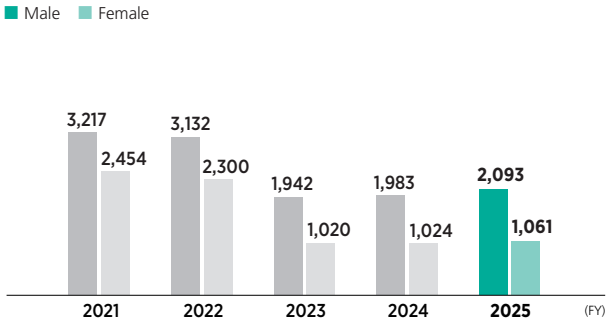


# Non-financial highlights

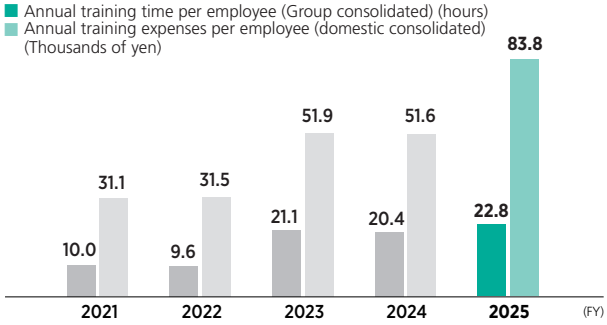
The Fiber Business is not included in the data for FY2023 and onward.
The data is calculated based on the Company's ESG data aggregation standards.

## Social data

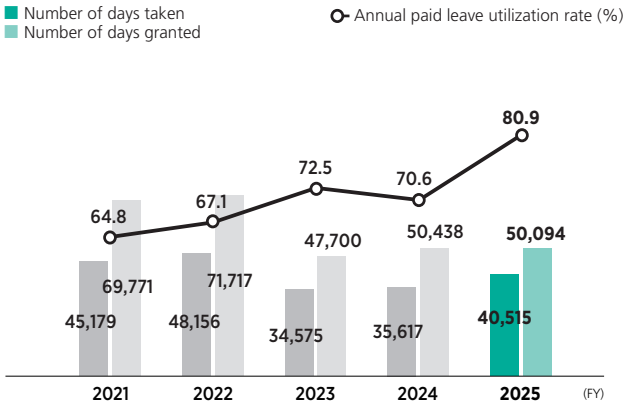
### Number of employees (male/female) (Group consolidated)



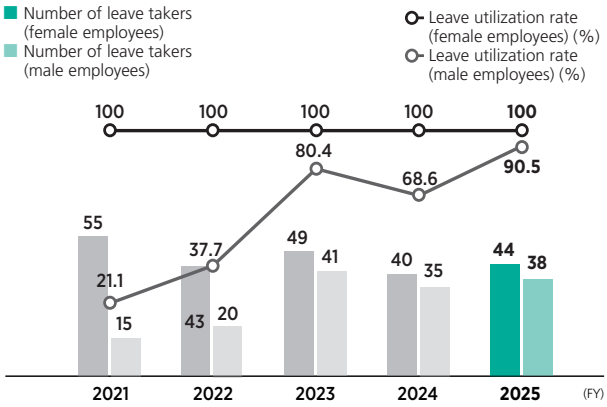

### Annual training time and expenses per employee



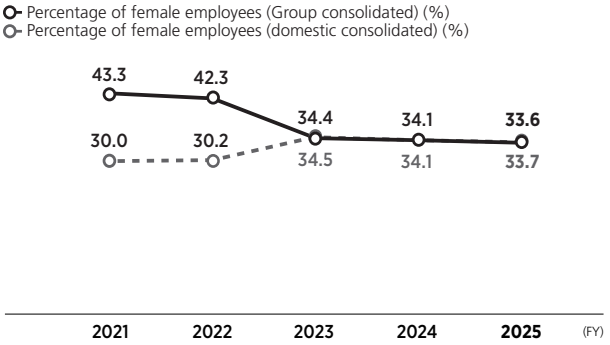

### Annual paid leave utilization rate (domestic consolidated)




### Trends in utilization of childcare leave and other benefits (domestic consolidated)*1



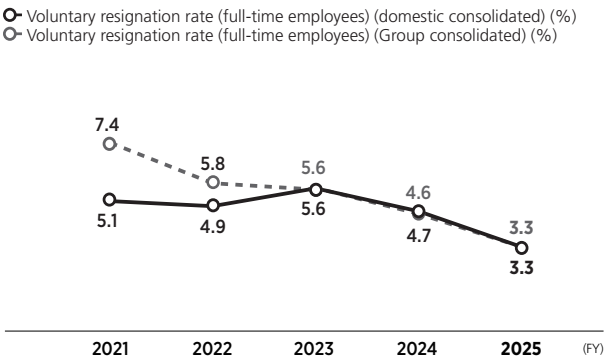

### Percentage of female employees



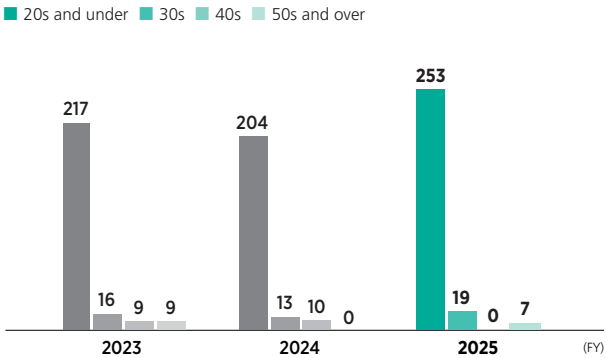

### Percentage of women in managerial positions




### Voluntary resignation rate




### Number of new hires (by age group) (Group consolidated)



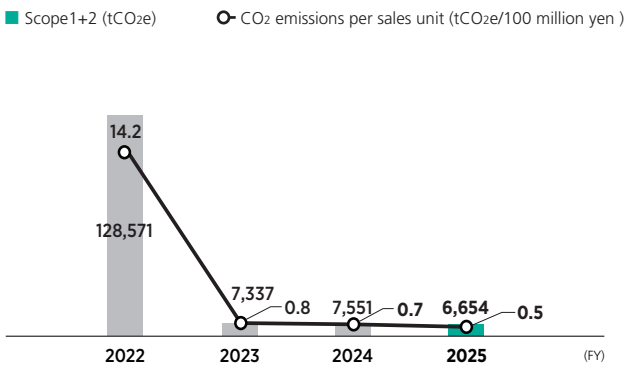

*1 Includes leave taken for childcare purposes

# Non-financial highlights

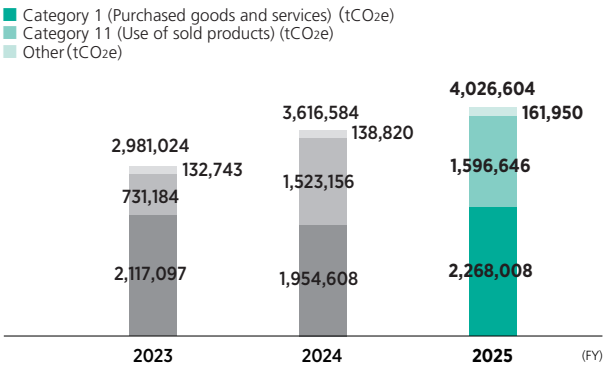
The Fiber Business is not included in the data for FY2023 and onward.

## Environmental data

### $CO_2$ emissions (Scope 1 + 2) and intensity

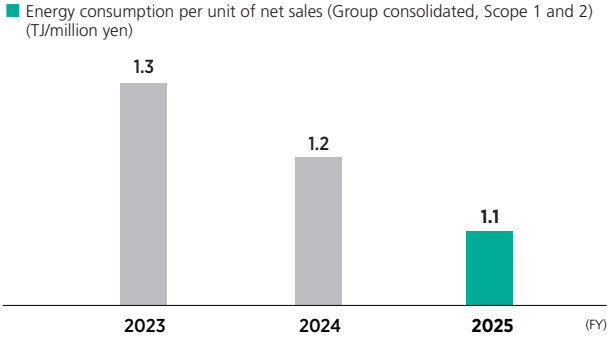



### $CO_2$ emissions (Scope 3)

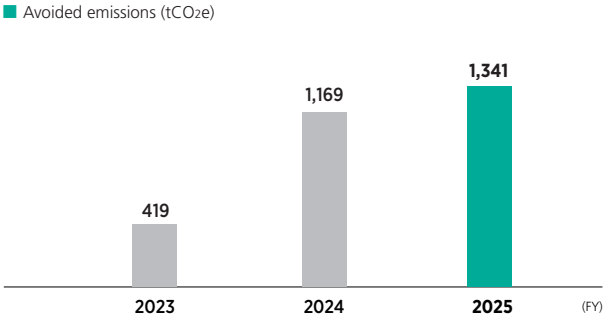



The Group has set a reduction target for Scope 3 emissions, in addition to the target of achieving carbon neutrality in Scope 1 and Scope 2 emissions. In FY2025, Scope 1 and Scope 2 emissions decreased. As for Scope 3, emissions increased by 35.1% compared to FY2023 as a result of an increase in sale volume associated with responding to PC replacement demand driven by the end of Windows 10 support and Phase 2 of the GIGA School program. Meanwhile, emissions efficiency improved with emissions per sales unit decreasing by 3.2% compared to FY2023. We will continue to enhance the accuracy of calculation by collecting primary data and advance reduction initiatives through supplier engagement, aiming to achieve the Scope 3 reduction targets.

### Energy consumption (per unit of net sales)



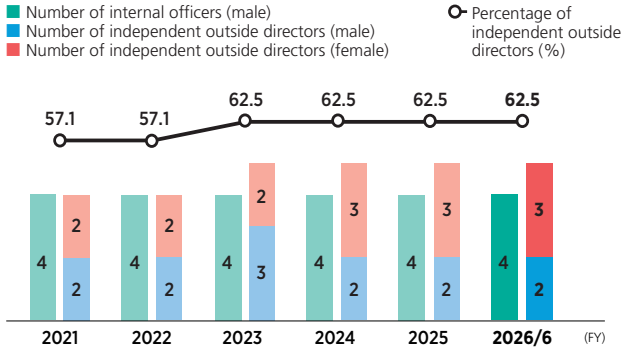

### Avoided emissions by distributing IT-related products with high energy-saving performance (compared to FY2022)



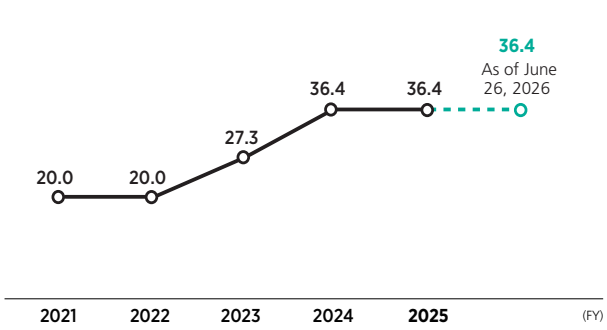

* PCs (laptops and desktops) and LCD monitors that are product groups meeting the environmental requirements set by the Company
* Reference values not deducted from Scope 1, Scope 2, and Scope 3 emissions
* DIS non-consolidated

## Governance data

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




### Percentage of female officers (Daiwabo Holdings) (%)



# Corporate profile

## Corporate outline

As of March 31, 2026

| | |
|---|---|
| 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) | 3,072 |

## Stock information

As of March 31, 2026

| | |
|---|---|
| Total number of shares authorized | 200,000,000 |
| Total number of shares issued | 88,479,028 |
| Number of shareholders | 11,020 |

## Major consolidated subsidiaries

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

## Major shareholders

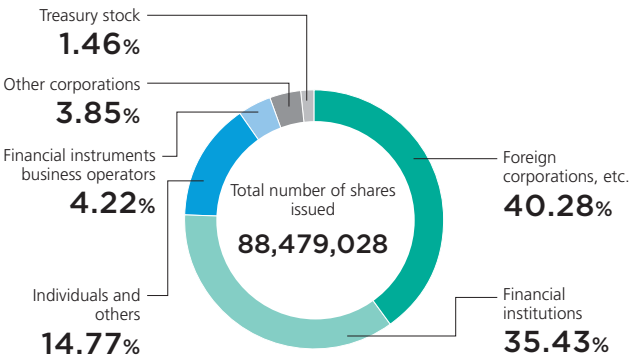
As of March 31, 2026

| Shareholder name | Number of shares held (Thousands) | Shareholding ratio (%) |
|---|---|---|
| The Master Trust Bank of Japan, Ltd. (trust account) | 12,444 | 14.27 |
| JP MORGAN CHASE BANK 380055 | 3,855 | 4.42 |
| Custody Bank of Japan, Ltd. (trust account) | 3,839 | 4.40 |
| MSIP CLIENT SECURITIES | 3,532 | 4.05 |
| STATE STREET BANK AND TRUST COMPANY 505001 | 3,342 | 3.83 |
| MUFG Bank, Ltd. | 3,080 | 3.53 |
| Daiwabo Employee Stock Ownership Plan | 2,894 | 3.32 |
| STATE STREET BANK AND TRUST COMPANY 505223 | 1,944 | 2.23 |
| STATE STREET BANK AND TRUST COMPANY 505103 | 1,647 | 1.89 |
| BBH FOR FIDELITY LOW-PRICED STOCK FUND | 1,286 | 1.48 |

* The Company holds 1,288,035 shares of treasury stock but is excluded from the above major shareholders. Also, shareholding ratios are calculated with the treasury stock (1,288,035 shares excluded).

## Stock distribution

As of March 31, 2026




## Stock index

As of March 31, 2026




* 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. 2020 | Mar. 2021 | Mar. 2022 | Mar. 2023 | Mar. 2024 | Mar. 2025 | Mar. 2026 |
|---|---|---|---|---|---|---|---|
| Total Shareholder Return (TSR): Last five years for each period | 303.1 | 442.9 | 284.6 | 261.2 | 223.4 | 276.0 | 204.9 |




**The Meaning Behind the Cover**

The two interlocking circles symbolize the connections with people, industries, and communities that our Group has cultivated over many years. These bonds now resonate with one another, creating a powerful momentum that rises toward new heights. This dynamic form embodies our unwavering determination to work together with society to shape the future.

Daiwabo Holdings Co., Ltd.

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

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