

Sells and installs security and surveillance cameras nationwide and operates SoftBank shops in Ishikawa and Toyama Prefectures

This report is an English translation of part of the report issued on December 27, 2022.
For inquiries concerning the report, please contact info@stock-r.org

[7116 DAIWA TSUSHIN Sector : Wholesale Trade]

Fiscal Year	Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit	YoY	EPS	BPS	DPS
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(yen)	(yen)	(yen)
Mar.2021	6,740	-	2,110	-	2,114	-	1,403	-	518.5	661.3	0.0
Mar.2022	4,790	-28.9	611	-71.0	610	-71.1	394	-71.9	145.7	807.0	0.0
Mar.2023	f 4,727	-1.3	480	-21.4	472	-22.6	308	-21.8	113.9	-	0.0

Note: Consolidated basis. Figures for the fiscal year ending March 2023 are the company's forecasts.

It conducted 1-to-1,000 stock split on December 31, 2021. Per share indices are adjusted retroactively.

Sells and Installs Security and Surveillance Cameras and Operates Mobile Phone Shops in Hokuriku

DAIWA TSUSHIN group conducts the security business that sells, installs and maintains security/surveillance camera systems, etc. as well as wholesales security/surveillance cameras, etc. and the mobile business that operates SoftBank shops in Ishikawa and Toyama prefectures as SoftBank's primary distributor.

In fiscal year ended March 2022, the security business accounted for 56.3% of net sales, the mobile business 43.4% and others such as real estate rental income 0.3%.

Security Business

The company's security business sells its products through two routes: via major companies operating nationwide and via certified partners such as building contractors. The former sales route accounts for approximately 60%, and the latter accounts for approximately 40%.

As for the former route, the company has sales tie-ups with major companies operating business nationwide such as Ricoh and SOHGO SECURITY SERVICES, and through these companies sells, installs and maintains security and surveillance camera systems, etc., including peripheral equipment such as recorders and monitor displays. Subsidiary ACT Tsushin is in charge of installation.

The second certified partner route is wholesale of equipment to certified partner companies, mainly building contractors that conduct installment and such of security and surveillance cameras. As of the end of June 2022, there are 196 certified partner companies.

Equipment such as security and surveillance cameras is procured by D'S SECURITY, a subsidiary of the company, and sold to the company and certified partner companies.

Mobile Business

In the mobile business, the company operates eight and two SoftBank shops in Ishikawa Prefecture and Toyama Prefecture, respectively, as SoftBank's primary distributor. All the company's SoftBank shops also handle the Y!mobile brand.

DAIWA TSUSHIN (7116 TSE Standard) - - - - - December 30, 2022**Financial Statements**

Statement of income	Fiscal Year	Mar.2021		Mar.2022		Six months to Sep. 2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		6,740	100.0	4,790	100.0	2,126	100.0
Cost of sales		3,368	50.0	3,042	63.5	1,362	64.1
Gross profit		3,372	50.0	1,748	36.5	764	35.9
Selling, general and administrative expenses		1,262	18.7	1,136	23.7	577	27.1
Operating profit		2,110	31.3	611	12.8	186	8.7
Non-operating income		17	-	7	-	3	-
Non-operating expenses		12	-	9	-	4	-
Ordinary profit		2,114	31.4	610	12.7	184	8.7
Profit before income taxes		2,113	31.4	608	12.7	186	8.7
Profit attributable to owners of parent		1,403	20.8	394	8.2	122	5.7

Balance sheet	Fiscal Year	Mar.2021		Mar.2022		Sep. 2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		2,752	70.6	2,058	61.5	2,188	61.1
Cash and deposits		1,087	27.9	399	11.9	958	26.8
Accounts receivable-trade		1,029	26.4	471	14.1	440	12.3
Prepaid expenses		620	15.9	805	24.1	757	21.2
Non-current assets		1,144	29.4	1,286	38.5	1,391	38.9
Property, plant and equipment		934	24.0	1,128	33.7	1,206	33.7
Intangible assets		11	0.3	7	0.2	6	0.2
Investments and other assets		197	5.1	149	4.5	179	5.0
Total assets		3,896	100.0	3,344	100.0	3,579	100.0
Current liabilities		1,356	34.8	500	15.0	622	17.4
Accounts payable - trade		183	4.7	76	2.3	183	5.1
Short-term borrowings		-	-	205	6.1	105	2.9
Current portion of long-term borrowings		84	2.2	79	2.4	74	2.1
Non-current liabilities		750	19.3	659	19.7	650	18.2
Long-term borrowings		706	18.1	626	18.7	631	17.6
Net assets		1,790	45.9	2,184	65.3	2,306	64.4
Owners' equity		1,790	45.9	2,184	65.3	2,306	64.4

Statement of cash flows	Fiscal Year	Mar.2021	Mar.2022	Six months to Sep. 2022
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		1,235	-498	756
Depreciation		64	64	28
Amortization of goodwill		2	2	1
Cash flows from investing activities		14	-288	-89
Cash flows from financing activities		-891	102	-108
Dividends paid		-	-	-
Net increase in cash and cash equivalents		358	-684	559
Cash and cash equivalents		1,081	396	955

Note: Consolidated

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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