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Consolidated Financial Results for the Year Ended February 28, 2023 [Japanese GAAP]

April 14, 2023

Company name: DD Holdings Co.,Ltd.
Stock exchange listing: Tokyo
Code number: 3073
URL: https://www.dd-holdings.com/
Representative: Atsuhisa Matsumura President and Representative Director
Contact: Motoaki Saito Managing Director, General Manager of Group's Corporate Management Division
Phone: +81-3-6858-6080

Scheduled date of Annual General Meeting of Shareholders: May 26, 2023
Scheduled date of commencing dividend payments: -
Scheduled date of filing annual securities report: May 29, 2023
Availability of supplementary briefing material on annual financial results: Yes
Schedule of annual financial results briefing session: No

(Amounts of less than one millions of yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2023	32,235	-	467	-	838	-	875	-
February 28, 2022	19,353	(17.6)	(7,332)	-	(97)	-	(354)	-

(Note) Comprehensive income: Fiscal year ended February 28, 2023: ¥ 1,023 million [-%]
Fiscal year ended February 28, 2022: ¥ (453) million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
February 28, 2023	37.30	-	17.4	2.4	1.5
February 28, 2022	(20.21)	-	(5.0)	(0.1)	(37.9)

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 28, 2023: ¥ - million
Fiscal year ended February 28, 2022: ¥ 61 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2023	35,248	6,336	15.8	20.10
February 28, 2022	35,736	5,240	12.7	(26.41)

(Reference) Equity: As of February 28, 2023: ¥ 5,563 million
As of February 28, 2022: ¥ 4,522 million

(Notes) 1. Diluted earnings per share for the Year Ended February 28, 2023, are not given since there are no dilutive shares.
2. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29,revised on March 31,2020) ,etc. from the beginning of the year.Therefore, the percentage change from the previous corresponding period is not stated.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2023	4,498	(505)	(204)	12,322
February 28, 2022	(1,982)	1,296	4,680	8,531

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
February 28, 2022	-	0.00	-	0.00	0.00	-	-	-
February 28, 2023	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending February 29, 2024 (Forecast)	-	-	-	-	-		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended February 28, 2023 :

Commemorative dividend - yen

Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 29, 2024 (March 1, 2023 to February 29, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2023	16,964	13.7	665	-	680	-	560	50.0	25.43
Full year	34,092	5.8	1,524	225.9	1,495	78.3	1,126	28.7	51.16

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

February 28, 2023: 18,442,720 shares

February 28, 2022: 18,442,720 shares

2) Number of treasury shares at the end of the period:

February 28, 2023: 338,751 shares

February 28, 2022: 338,751 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended February 28, 2023: 18,103,969 shares

Fiscal Year ended February 28, 2022: 17,578,121 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2023	1,606	-	212	-	243	-	369	-
February 28, 2022	959	(10.4)	(609)	-	(532)	-	(934)	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
February 28, 2023	9.36	-
February 28, 2022	(53.22)	-

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" （ASBJ Statement No.29,revised on March 31,2020） ,etc. from the beginning of the year.Therefore, the percentage change from the previous corresponding period is not stated.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2023	26,581	8,203	30.9	165.90
February 28, 2022	28,412	7,771	27.3	152.91

(Reference) Equity: As of February 28, 2023: ¥ 8,203 million
As of February 28, 2022: ¥ 7,768 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	8,353	12,039
Deposits held in trust	103	94
Accounts receivable - trade	483	965
Deposits paid	157	271
Real estate for sale	572	516
Merchandise	20	28
Raw materials and supplies	189	214
Prepaid expenses	589	623
Short-term loans receivable	-	79
Accounts receivable - other	4,378	178
Other	72	47
Allowance for doubtful accounts	(11)	(12)
Total current assets	14,909	15,047
Non-current assets		
Property, plant and equipment		
Buildings	14,153	14,058
Accumulated depreciation	(8,047)	(8,211)
Accumulated impairment	(2,384)	(2,440)
Buildings, net	3,721	3,406
Vehicles	21	29
Accumulated depreciation	(13)	(20)
Vehicles, net	7	8
Tools, furniture and fixtures	4,105	4,110
Accumulated depreciation	(3,477)	(3,496)
Accumulated impairment	(381)	(380)
Tools, furniture and fixtures, net	246	233
Land	531	531
Buildings in trust	3,666	3,667
Accumulated depreciation	(230)	(348)
Buildings in trust, net	3,436	3,318
Land in trust	1,948	1,948
Leased assets	652	389
Accumulated depreciation	(483)	(228)
Accumulated impairment	(85)	(66)
Leased assets, net	82	93
Construction in progress	319	430
Total property, plant and equipment	10,294	9,970
Intangible assets		
Goodwill	2,942	2,761
Trademark right	2	0
Software	47	40
Other	6	14
Total intangible assets	2,998	2,816

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Investments and other assets		
Investment securities	934	1,105
Long-term prepaid expenses	128	107
Guarantee deposits	4,555	4,335
Deferred tax assets	1,797	1,797
Other	94	95
Allowance for doubtful accounts	(24)	(27)
Total investments and other assets	7,485	7,413
Total non-current assets	20,778	20,201
Deferred assets		
Business commencement expenses	32	-
Other	16	-
Total deferred assets	48	-
Total assets	35,736	35,248
Liabilities		
Current liabilities		
Accounts payable - trade	385	811
Short-term borrowings	6,293	6,294
Current portion of long-term borrowings	357	10,025
Current portion of bonds payable	-	100
Accounts payable - other	3,109	498
Accrued expenses	970	1,058
Income taxes payable	197	165
Provision for shareholder benefit program	82	93
Asset retirement obligations	97	65
Other	513	1,295
Total current liabilities	12,006	20,409
Non-current liabilities		
Bonds payable	100	-
Long-term borrowings	16,098	6,284
Lease liabilities	106	97
Asset retirement obligations	1,303	1,265
Long-term unearned revenue	1	0
Deferred tax liabilities	826	807
Other	52	47
Total non-current liabilities	18,488	8,502
Total liabilities	30,495	28,911
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	7,733	7,733
Retained earnings	(3,238)	(2,292)
Treasury shares	(71)	(71)
Total shareholders' equity	4,522	5,469
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(16)	56
Foreign currency translation adjustment	16	38
Total accumulated other comprehensive income	(0)	94
Share acquisition rights	5	1
Non-controlling interests	713	772

Total net assets	5,240	6,336
Total liabilities and net assets	35,736	35,248

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Net sales	19,353	32,235
Cost of sales	4,382	7,033
Gross profit	14,970	25,201
Selling, general and administrative expenses	22,303	24,734
Operating profit (loss)	(7,332)	467
Non-operating income		
Interest income	13	0
Receipt support money	63	33
Dividend income	1	1
Rental income from land and buildings	103	87
Share of profit of entities accounted for using equity method	61	-
Subsidy income	7,170	459
Other	210	85
Total non-operating income	7,623	667
Non-operating expenses		
Interest expenses	173	145
Rental expenses	90	79
Commission expenses	64	21
Foreign exchange losses	-	10
Other	60	39
Total non-operating expenses	388	296
Ordinary profit (loss)	(97)	838
Extraordinary income		
Gain on change in equity	81	-
Gain on sale of non-current assets	109	0
Gain on sale of shares of subsidiaries and associates	263	-
Gain on sale of investment securities	283	-
Removal indemnity	-	590
Gain on forgiveness of debts	-	24
Total extraordinary income	739	614
Extraordinary losses		
Loss on retirement of non-current assets	10	24
Impairment losses	495	296
Loss on forgiveness of debt	91	-
Other	36	32
Total extraordinary losses	635	353
Profit before income taxes	6	1,099
Income taxes - current	210	228
Income taxes - deferred	116	(57)
Total income taxes	326	171
Profit (loss)	(320)	928
Profit attributable to non-controlling interests	34	53
Profit (loss) attributable to owners of parent	(354)	875

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Profit (loss)	(320)	928
Other comprehensive income		
Valuation difference on available-for-sale securities	(23)	72
Foreign currency translation adjustment	(115)	22
Share of other comprehensive income of entities accounted for using equity method	6	-
Total other comprehensive income	(133)	95
Comprehensive income	(453)	1,023
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(492)	964
Comprehensive income attributable to non-controlling interests	38	58

Consolidated Statements of Changes in Equity

For the fiscal year ended February 28, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	993	961	(3,001)	(71)	(1,118)
Changes during period					
Issuance of new shares	2,939	2,939			5,879
Capital reduction	(3,832)	3,832			-
Change in scope of consolidation			118		118
Loss attributable to owners of parent			(354)		(354)
Other			(1)		(1)
Net changes in items other than shareholders' equity					
Total changes during period	(893)	6,772	(237)	-	5,641
Balance at end of period	100	7,733	(3,238)	(71)	4,522

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	7	125	132	9	674	(301)
Changes during period						
Issuance of new shares						5,879
Capital reduction						-
Change in scope of consolidation						118
Loss attributable to owners of parent						(354)
Other						(1)
Net changes in items other than shareholders' equity	(23)	(109)	(133)	(4)	38	(99)
Total changes during period	(23)	(109)	(133)	(4)	38	5,542
Balance at end of period	(16)	16	(0)	5	713	5,240

For the fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	7,733	(3,238)	(71)	4,522
Changes during period					
Dividends of surplus			(0)		(0)
Profit attributable to owners of parent			875		875
[illegible]			73		73
Other			(1)		(1)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	946	-	946
Balance at end of period	100	7,733	(2,292)	(71)	5,469

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	(16)	16	(0)	5	713	5,240
Changes during period						
Dividends of surplus						(0)
Profit attributable to owners of parent						875
[illegible]						73
Other						(1)
Net changes in items other than shareholders' equity	72	22	95	(4)	58	149
Total changes during period	72	22	95	(4)	58	1,096
Balance at end of period	56	38	94	1	772	6,336

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	6	1,099
Depreciation	768	665
Impairment losses	495	296
Amortization of goodwill	180	180
Increase (decrease) in allowance for doubtful accounts	(0)	-
Increase (decrease) in provision for bonuses	(6)	-
Increase (decrease) in provision for shareholder benefit program	18	11
Increase (decrease) in provision for point card certificates	(63)	-
Loss (gain) on sale of property, plant and equipment	(109)	(0)
Loss on retirement of property, plant and equipment	10	24
Share of loss (profit) of entities accounted for using equity method	(61)	-
Loss (gain) on sale of shares of subsidiaries and associates	(263)	-
Loss (gain) on sale of investment securities	(283)	-
Interest and dividend income	(14)	(1)
Loss on cancellation of rental contracts	36	-
Subsidy income	(7,170)	(459)
Gain on forgiveness of debt	-	(24)
Removal indemnity	-	(590)
Loss (gain) on change in equity	(81)	-
Interest expenses	173	145
Commission expenses	64	21
Decrease (increase) in trade receivables	(151)	(481)
Decrease (increase) in accounts receivable - other	77	1
Increase (decrease) in unearned revenue	(8)	(5)
Decrease (increase) in inventories	(77)	22
Decrease (increase) in prepaid expenses	163	(38)
Increase (decrease) in accrued expenses	(23)	88
Increase (decrease) in trade payables	15	426
Increase (decrease) in accounts payable - other	1,129	(2,618)
Increase (decrease) in deferred assets	65	48
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(632)	901
Other, net	(179)	(158)
Subtotal	(5,923)	(444)
Interest and dividends received	14	1
Removal indemnity receive	-	650
Subsidies received	3,841	4,658
Interest paid	(172)	(149)
Income taxes refund (paid)	257	(217)
Net cash provided by (used in) operating activities	(1,982)	4,498

(Millions of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(388)	(537)
Proceeds from sale of property, plant and equipment	155	0
Purchase of intangible assets	(0)	(22)
ProceedsFromSalesOfSharesOfSubsidiariesAndAssociatesInChangeInScopeOfConsolidation	(39)	-
Payments of guarantee deposits	(92)	(36)
Proceeds from refund of guarantee deposits	477	318
Purchase of long-term prepaid expenses	(40)	(48)
Purchase of investment securities	(50)	(79)
Proceeds from sale of investment securities	947	-
Payments for asset retirement obligations	(232)	(44)
Proceeds from collection of short-term loans receivable	600	-
Other, net	(40)	(54)
Net cash provided by (used in) investing activities	1,296	(505)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(59)	1
Proceeds from long-term borrowings	210	3
Repayments of long-term borrowings	(1,237)	(147)
Repayments of lease liabilities	(39)	(36)
Expenditure by del credere commission (nonoperation)	(42)	(21)
Dividends paid	-	0
ProceedsFromIssuanceOfStocks	4,975	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	874	-
PaymentsForRetirementByPurchaseOfShareAcquisitionRights	-	(4)
Net cash provided by (used in) financing activities	4,680	(204)
Effect of exchange rate change on cash and cash equivalents	11	9
Net increase (decrease) in cash and cash equivalents	4,005	3,797
Cash and cash equivalents at beginning of period	4,525	8,531
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	(7)
Cash and cash equivalents at end of period	8,531	12,322