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Consolidated Financial Results for the Six Months Ended August 31, 2023 [Japanese GAAP]

October 13, 2023

Company name: DD GROUP Co.,Ltd.
Stock exchange listing: Tokyo
Code number: 3073
URL: https://www.dd-grp.com/
Representative: Atsuhisa Matsumura President and Representative Director
Contact: Motoaki Saito Senior Managing Director, General Manager of Group's Corporate Management Division
Phone: +81-3-6858-6080
Scheduled date of filing quarterly securities report: October 13, 2023
Scheduled date of commencing dividend payments: -
Availability of supplementary briefing material on quarterly financial results: Yes
Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Six Months Ended August 31, 2023 (March 1, 2023 to August 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2023	18,218	22.2	1,671	-	1,575	-	1,421	280.6
August 31, 2022	14,914	-	(505)	-	(89)	-	373	-

(Note) Comprehensive income: Six months ended August 31, 2023: ¥ 1,525 million [226.8%]
Six months ended August 31, 2022: ¥ 466 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2023	72.97	-
August 31, 2022	15.06	-

(Note) Diluted earnings per share for the second quarter period ended August 31 , 2022 and for the second quarter period ended August 31, 2023 is not shown in the abovet able , as there are no residual shares having possibilities of diluting stock value.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
August 31, 2023	32,551	7,754	21.4
February 28, 2023	35,248	6,336	15.8

(Reference) Equity: As of August 31, 2023: ¥ 6,961 million
As of February 28, 2023: ¥ 5,563 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2023	-	0.00	-	0.00	0.00
Fiscal year ending February 29, 2024	-	0.00			
Fiscal year ending February 29, 2024 (Forecast)			-	-	-

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending February 29, 2024 :

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
Full year	36,400	12.9	2,950	530.5	2,780	231.5	2,350	168.5	118.76

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the six months ended August 31, 2023 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) 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

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

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

August 31, 2023: 18,442,720 shares

February 28, 2023: 18,442,720 shares

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

August 31, 2023: 338,784 shares

February 28, 2023: 338,751 shares

3) Average number of shares outstanding during the period:

Six months ended August 31, 2023: 18,103,962 shares

Six months ended August 31, 2022: 18,103,969 shares

Dividend Payments for class share

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2023	-	-	-	4,000.00	4,000.00
Fiscal year ending February 29, 2024	-				
Fiscal year ending February 29, 2024 (Forecast)		-	-	4,000.00	4,000.00

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	12,039	9,175
Deposits in trust	94	133
Accounts receivable - trade	965	1,029
Deposits paid	271	344
Real estate for sale	516	781
Merchandise	28	36
Raw materials and supplies	214	214
Prepaid expenses	623	583
Short-term loans receivable	79	39
Accounts receivable - other	178	216
Other	47	72
Allowance for doubtful accounts	(12)	(13)
Total current assets	15,047	12,613
Non-current assets		
Property, plant and equipment		
Buildings	14,058	14,186
Accumulated depreciation	(8,211)	(8,336)
Accumulated impairment	(2,440)	(2,486)
Buildings, net	3,406	3,363
Vehicles	29	26
Accumulated depreciation	(20)	(20)
Vehicles, net	8	6
Tools, furniture and fixtures	4,110	4,182
Accumulated depreciation	(3,496)	(3,515)
Accumulated impairment	(380)	(378)
Tools, furniture and fixtures, net	233	288
Land	531	531
Buildings in trust	3,667	3,667
Accumulated depreciation	(348)	(407)
Buildings in trust, net	3,318	3,260
Land in trust	1,948	1,948
Leased assets	389	279
Accumulated depreciation	(228)	(127)
Accumulated impairment	(66)	(66)
Leased assets, net	93	84
Construction in progress	430	168
Total property, plant and equipment	9,970	9,652

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Intangible assets		
Goodwill	2,761	2,671
Trademark right	0	0
Software	40	44
Other	14	6
Total intangible assets	2,816	2,723
Investments and other assets		
Investment securities	1,105	1,234
Long-term prepaid expenses	107	135
Guarantee deposits	4,335	4,332
Deferred tax assets	1,797	1,789
Other	95	100
Allowance for doubtful accounts	(27)	(29)
Total investments and other assets	7,413	7,562
Total non-current assets	20,201	19,938
Total assets	35,248	32,551

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	811	768
Short-term borrowings	6,294	3,226
Current portion of long-term borrowings	10,025	5,232
Current portion of bonds payable	100	-
Accounts payable - other	498	519
Accrued expenses	1,058	1,161
Income taxes payable	165	85
Provision for shareholder benefit program	93	56
Asset retirement obligations	65	102
Other	1,295	829
Total current liabilities	20,409	11,982
Non-current liabilities		
Bonds payable	-	100
Long-term borrowings	6,284	10,507
Lease liabilities	97	76
Asset retirement obligations	1,265	1,285
Long-term unearned revenue	0	0
Deferred tax liabilities	807	798
Other	47	46
Total non-current liabilities	8,502	12,814
Total liabilities	28,911	24,797
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	7,733	7,733
Retained earnings	(2,292)	(982)
Treasury shares	(71)	(72)
Total shareholders' equity	5,469	6,779
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	56	129
Foreign currency translation adjustment	38	53
Total accumulated other comprehensive income	94	182
Share acquisition rights	1	1
Non-controlling interests	772	791
Total net assets	6,336	7,754
Total liabilities and net assets	35,248	32,551

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended August 31, 2022	For the six months ended August 31, 2023
Net sales	14,914	18,218
Cost of sales	3,290	3,739
Gross profit	11,624	14,479
Selling, general and administrative expenses	12,129	12,807
Operating profit (loss)	(505)	1,671
Non-operating income		
Interest income	0	0
Dividend income	0	0
Receipt support money	15	20
Rental income from land and buildings	48	36
Subsidy income	468	-
Other	50	25
Total non-operating income	584	83
Non-operating expenses		
Interest expenses	76	76
Rental expenses	44	32
Commission expenses	10	11
Share of loss of entities accounted for using equity method	-	39
Other	36	19
Total non-operating expenses	167	179
Ordinary profit (loss)	(89)	1,575
Extraordinary income		
Gain on sale of non-current assets	0	-
Removal indemnity	590	-
Gain on forgiveness of debts	24	-
Total extraordinary income	614	-
Extraordinary losses		
Loss on sale of non-current assets	-	0
Loss on retirement of non-current assets	24	1
Impairment losses	15	91
Total extraordinary losses	40	92
Profit before income taxes	484	1,483
Income taxes	84	46
Profit	400	1,436
Profit attributable to non-controlling interests	27	15
Profit attributable to owners of parent	373	1,421

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended August 31, 2022	For the six months ended August 31, 2023
Profit	400	1,436
Other comprehensive income		
Valuation difference on available-for-sale securities	42	72
Foreign currency translation adjustment	23	15
Total other comprehensive income	65	88
Comprehensive income	466	1,525
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	432	1,505
Comprehensive income attributable to non-controlling interests	34	19

Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended August 31, 2022	For the six months ended August 31, 2023
Cash flows from operating activities		
Profit before income taxes	484	1,483
Depreciation	323	321
Impairment losses	15	91
Amortization of goodwill	90	90
Increase (decrease) in provision for shareholder benefit program	(29)	(37)
Loss (gain) on sale of property, plant and equipment	(0)	0
Loss on retirement of property, plant and equipment	24	1
Gain on forgiveness of debt	(24)	-
Share of loss (profit) of entities accounted for using equity method	-	39
Interest and dividend income	(0)	(1)
Subsidy income	(468)	-
Removal indemnity	(590)	-
Interest expenses	76	76
Decrease (increase) in trade receivables	(339)	(49)
Decrease (increase) in accounts receivable - other	(95)	(57)
Increase (decrease) in unearned revenue	175	187
Decrease (increase) in prepaid expenses	17	10
Decrease (increase) in inventories	123	(27)
Increase (decrease) in trade payables	282	(52)
Increase (decrease) in accounts payable - other	(2,574)	17
Increase (decrease) in accrued expenses	136	102
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	353	(577)
Other, net	33	(33)
Subtotal	(1,984)	1,583
Interest and dividends received	0	1
Interest paid	(81)	(72)
Subsidies received	4,601	-
Income taxes refund (paid)	(189)	(149)
Net cash provided by (used in) operating activities	2,346	1,363
Cash flows from investing activities		
Purchase of property, plant and equipment	(297)	(235)
Purchase of intangible assets	(0)	(8)
Proceeds from sale of property, plant and equipment	0	-
Payments of guarantee deposits	(9)	(36)
Proceeds from refund of guarantee deposits	144	8
Expense by an increase in long-term prepayment cost	(21)	(22)
Purchase of investment securities	(39)	(38)
Payments for asset retirement obligations	(32)	(16)
Other, net	(1)	(4)
Net cash provided by (used in) investing activities	(258)	(353)

(Millions of yen)

	For the six months ended August 31, 2022	For the six months ended August 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(20)	(3,003)
Proceeds from long-term borrowings	3	-
Repayments of long-term borrowings	(74)	(568)
Repayments of lease liabilities	(17)	(8)
Dividends paid	(0)	(200)
Payments for retirement by purchase of subscription rights to shares	(1)	-
Other, net	(10)	(41)
Net cash provided by (used in) financing activities	(121)	(3,821)
Effect of exchange rate change on cash and cash equivalents	11	4
Net increase (decrease) in cash and cash equivalents	1,978	(2,807)
Cash and cash equivalents at beginning of period	8,531	12,322
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	54
Cash and cash equivalents at end of period	10,509	9,569