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Consolidated Financial Results for the Six Months Ended August 31, 2024 [Japanese GAAP]

October 15, 2024

Company name: DD GROUP Co.,Ltd.
Listing: Tokyo
Securities code: 3073
URL: https://www.dd-grp.com/
Representative: Atsuhisa Matsumura President and Representative Director
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Telephone: +81-3-6858-6080
Scheduled date to file semi-annual securities report: October 15, 2024
Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended August 31, 2024 (March 1, 2024 to August 31, 2024)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	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, 2024	19,202	5.4	1,787	6.9	1,802	14.4	1,204	(15.3)
August 31, 2023	18,218	22.2	1,671	-	1,575	-	1,421	280.6

(Note) Comprehensive income: Six months ended August 31, 2024: ¥ 1,250 million [(18.0)%]
Six months ended August 31, 2023: ¥ 1,525 million [226.8%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2024	60.93	-
August 31, 2023	72.97	-

(Note) Diluted earnings per share for the interim period is not shown in the above table, there are no residual shears 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, 2024	33,540	10,803	30.2
February 29, 2024	34,292	9,738	26.5

(Reference) Equity: As of August 31, 2024: ¥ 10,143 million
As of February 29, 2024: ¥ 9,079 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 29, 2024	-	0.00	-	0.00	0.00
Fiscal year ending February 28, 2025	-	0.00			
Fiscal year ending February 28, 2025 (Forecast)			-	-	-

(Note) Revision to the forecast for dividends announced most recently: None

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending February 28, 2025 :

Commemorative dividend - yen

Special dividend - yen

(Note) As for the status of dividend for class shares (unlisted) with different rights from those of the company's common stock, please see "Dividend Payments for class share" on page 3.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2025(March 1, 2024 to February 28, 2025)

(Percentages indicate year-on-year changes.)

	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	38,780	4.6	3,760	15.9	3,690	17.9	2,640	(22.7)	134.72

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)

Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: Yes

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

August 31, 2024: 18,455,019 shares

February 29, 2024: 18,442,720 shares

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

August 31, 2024: 338,833 shares

February 29, 2024: 338,784 shares

3) Average number of shares outstanding during the period:

Six months ended August 31, 2024: 18,107,067 shares

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

* Its interim earnings report for the fiscal year ending February 28, 2025 is exempt from the review procedure based on the Financial Instruments and Exchange Act.

* Proper use of earnings forecasts, and other special matters

The forecasts of financial result reported herein were prepared based on the information available as of the date on which this material was announced, and actual results may differ from the forecasts due to the future factors including economic situations.

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 29, 2024	－	－	－	4,000.00	4,000.00
Fiscal year ending February 28, 2025	－	－	－		
Fiscal year ending February 28, 2025 （Forecast）			－	4,000.00	4,000.00

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	10,301	8,809
Deposits in trust	99	141
Accounts receivable - trade	1,065	1,244
Deposits paid	284	355
Real estate for sale	490	578
Merchandise	33	43
Raw materials and supplies	216	231
Prepaid expenses	560	565
Short-term loans receivable	33	1
Accounts receivable - other	384	435
Other	63	101
Allowance for doubtful accounts	(33)	(1)
Total current assets	13,499	12,506
Non-current assets		
Property, plant and equipment		
Buildings	14,030	14,273
Accumulated depreciation	(8,279)	(8,258)
Accumulated impairment	(2,765)	(2,399)
Buildings, net	2,985	3,615
Vehicles	26	19
Accumulated depreciation	(21)	(17)
Vehicles, net	4	1
Tools, furniture and fixtures	3,922	4,032
Accumulated depreciation	(3,272)	(3,267)
Accumulated impairment	(391)	(363)
Tools, furniture and fixtures, net	258	401
Land	521	521
Buildings in trust	3,667	3,667
Accumulated depreciation	(466)	(525)
Buildings in trust, net	3,201	3,142
Land in trust	1,948	1,948
Leased assets	239	240
Accumulated depreciation	(101)	(113)
Accumulated impairment	(61)	(60)
Leased assets, net	75	66
Construction in progress	480	150
Total property, plant and equipment	9,475	9,847

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Intangible assets		
Goodwill	2,581	2,491
Trademark right	0	0
Software	43	37
Other	6	6
Total intangible assets	2,632	2,535
Investments and other assets		
Investment securities	1,542	1,611
Long-term prepaid expenses	108	125
Guarantee deposits	4,289	4,190
Deferred tax assets	2,646	2,620
Other	98	103
Total investments and other assets	8,685	8,650
Total non-current assets	20,793	21,034
Total assets	34,292	33,540

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	716	800
Short-term borrowings	3,227	1,819
Current portion of long-term borrowings	10,851	10,943
Accounts payable - other	579	727
Accrued expenses	1,102	1,246
Income taxes payable	31	627
Provision for shareholder benefit program	96	84
Asset retirement obligations	231	45
Other	850	494
Total current liabilities	17,687	16,788
Non-current liabilities		
Bonds payable	100	100
Long-term borrowings	4,674	3,757
Lease liabilities	67	56
Asset retirement obligations	1,202	1,216
Long-term unearned revenue	0	-
Provision for share-based payments	-	3
Deferred tax liabilities	784	775
Other	37	37
Total non-current liabilities	6,866	5,947
Total liabilities	24,554	22,736
Net assets		
Shareholders' equity		
Share capital	100	107
Capital surplus	7,733	7,741
Retained earnings	1,083	2,087
Treasury shares	(72)	(72)
Total shareholders' equity	8,845	9,864
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	234	279
Total accumulated other comprehensive income	234	279
Share acquisition rights	1	1
Non-controlling interests	658	659
Total net assets	9,738	10,803
Total liabilities and net assets	34,292	33,540

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Net sales	18,218	19,202
Cost of sales	3,739	4,148
Gross profit	14,479	15,053
Selling, general and administrative expenses	12,807	13,266
Operating profit	1,671	1,787
Non-operating income		
Interest income	0	1
Dividend income	0	0
Receipt support money	20	33
Rental income from land and buildings	36	36
Support money	-	60
Other	25	36
Total non-operating income	83	169
Non-operating expenses		
Interest expenses	76	75
Rental expenses	32	32
Commission expenses	11	10
Share of loss of entities accounted for using equity method	39	31
Other	19	4
Total non-operating expenses	179	154
Ordinary profit	1,575	1,802
Extraordinary income		
Gain on sale of non-current assets	-	0
Reversal of allowance for doubtful accounts	-	31
Total extraordinary income	-	32
Extraordinary losses		
Loss on sale of non-current assets	0	-
Loss on retirement of non-current assets	1	0
Impairment losses	91	-
Cancellation penalty	-	7
Total extraordinary losses	92	7
Profit before income taxes	1,483	1,826
Income taxes	46	621
Profit	1,436	1,205
Profit attributable to non-controlling interests	15	1
Profit attributable to owners of parent	1,421	1,204

(Millions of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Profit	1,436	1,205
Other comprehensive income		
Valuation difference on available-for-sale securities	72	45
Foreign currency translation adjustment	15	-
Total other comprehensive income	88	45
Comprehensive income	1,525	1,250
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,505	1,249
Comprehensive income attributable to non-controlling interests	19	1

Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,483	1,826
Depreciation	321	331
Impairment losses	91	-
Amortization of goodwill	90	90
Share-based payment expenses	-	5
Increase (decrease) in allowance for doubtful accounts	-	(31)
Increase (decrease) in provision for shareholder benefit program	(37)	(12)
Loss (gain) on sale of property, plant and equipment	0	(0)
Loss on retirement of property, plant and equipment	1	0
Share of loss (profit) of entities accounted for using equity method	39	31
Interest and dividend income	(1)	(2)
Interest expenses	76	75
Loss on cancellation of rental contracts	-	7
Support money	-	(60)
Decrease (increase) in trade receivables	(49)	(179)
Decrease (increase) in accounts receivable - other	(57)	(210)
Increase (decrease) in unearned revenue	187	(30)
Decrease (increase) in prepaid expenses	10	4
Decrease (increase) in inventories	(27)	(112)
Increase (decrease) in trade payables	(52)	84
Increase (decrease) in accounts payable - other	17	160
Increase (decrease) in accrued expenses	102	143
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(577)	(240)
Other, net	(33)	(110)
Subtotal	1,583	1,771
Interest and dividends received	1	2
Interest paid	(72)	(75)
Suubsidy for production cost received	-	60
Income taxes refund (paid)	(149)	62
Net cash provided by (used in) operating activities	1,363	1,821
Cash flows from investing activities		
Purchase of property, plant and equipment	(235)	(717)
Purchase of intangible assets	(8)	(4)
Proceeds from sale of property, plant and equipment	-	2
Payments of guarantee deposits	(36)	(73)
Proceeds from refund of guarantee deposits	8	173
Expense by an increase in long-term prepayment cost	(22)	(40)
Purchase of investment securities	(38)	-
Payments for asset retirement obligations	(16)	(84)
Other, net	(4)	(4)
Net cash provided by (used in) investing activities	(353)	(748)

(Millions of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,003)	(1,407)
Repayments of long-term borrowings	(568)	(824)
Repayments of lease liabilities	(8)	(17)
Dividends paid	(200)	(200)
Other, net	(41)	0
Net cash provided by (used in) financing activities	(3,821)	(2,450)
Effect of exchange rate change on cash and cash equivalents	4	-
Net increase (decrease) in cash and cash equivalents	(2,807)	(1,378)
Cash and cash equivalents at beginning of period	12,322	10,600
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	54	-
Cash and cash equivalents at end of period	9,569	9,222