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Consolidated Financial Results for the Year Ended February 29, 2024 [Japanese GAAP]

April 12, 2024

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 Annual General Meeting of Shareholders: May 29, 2024

Scheduled date of commencing dividend payments: -

Scheduled date of filing annual securities report: May 30, 2024

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: No

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

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

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended February 29, 2024	37,079	15.0	3,243	593.2	3,131	273.4	3,415	290.2
February 28, 2023	32,235	-	467	-	838	-	875	-

(Note) Comprehensive income: Fiscal year ended February 29, 2024: ¥ 3,477 million [239.7%]
Fiscal year ended February 28, 2023: ¥ 1,023 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
	Yen	Yen	%	%	%
Fiscal year ended February 29, 2024	177.59	-	46.6	9.0	8.7
February 28, 2023	37.30	-	17.4	2.4	1.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 29, 2024: ¥ (70) million
Fiscal year ended February 28, 2023: ¥ - million

(Note) Diluted earnings per share for the year ended February 28, 2023 and for the year ended February 29, 2024 is not shown in the above table, as there are no residual shares having possibilities of diluting stock value.

(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 29, 2024	34,292	9,738	26.5	214.30
February 28, 2023	35,248	6,336	15.8	20.10

(Reference) Equity: As of February 29, 2024: ¥ 9,079 million
As of February 28, 2023: ¥ 5,563 million

(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 29, 2024	3,396	(981)	(4,118)	10,600
February 28, 2023	4,498	(505)	(204)	12,322

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, 2023	-	0.00	-	0.00	0.00	-	-	-
February 29, 2024	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending February 28, 2025 (Forecast)	-	0.00	-	0.00	0.00		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended February 29, 2024 :

Commemorative dividend - yen

Special dividend - yen

(Note) As we have yet to determine the specific expected dividend amount, forecasts for the fiscal year-end and full year are indicated with a dash.

As for the status of dividend for class shares (unlisted) with different rights from those of the company's common stock, please see "(Reference)Dividend Payments for class A shares" on page 4.

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

(% 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, 2024	18,890	3.7	1,540	(7.9)	1,500	(4.8)	1,440	1.3	74.02
Full year	38,470	3.8	3,500	7.9	3,370	7.6	2,480	(27.4)	125.94

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New - (Company name:)

Exclusion: 2 (Company name: Diamond Dining Singapore Pte.Ltd.)
Diamond Dining Macau Limited)

(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 29, 2024: 18,442,720 shares

February 28, 2023: 18,442,720 shares

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

February 29, 2024: 338,784 shares

February 28, 2023: 338,751 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended February 29, 2024: 18,103,949 shares

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

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 29, 2024	1,836	14.3	316	48.8	279	14.8	143	(61.3)
February 28, 2023	1,606	-	212	-	243	-	369	-

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
February 29, 2024	(3.14)	-
February 28, 2023	9.36	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
February 29, 2024	23,519	8,316	35.4	172.15
February 28, 2023	26,581	8,203	30.9	165.90

(Reference) Equity: As of February 29, 2024: ¥ 8,316 million
As of February 28, 2023: ¥ 8,203 million

Dividend Payments for class share

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended February 29, 2024	Yen -	Yen -	Yen -	Yen 4,000.00	Yen 4,000.00
Fiscal year ending February 28, 2025 (Forecast)	-	-	-	4,000.00	4,000.00

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	12,039	10,301
Deposits held in trust	94	99
Accounts receivable - trade	965	1,065
Deposits paid	271	284
Real estate for sale	516	490
Merchandise	28	33
Raw materials and supplies	214	216
Prepaid expenses	623	560
Short-term loans receivable	79	33
Accounts receivable - other	178	384
Other	47	63
Allowance for doubtful accounts	(12)	(33)
Total current assets	15,047	13,499
Non-current assets		
Property, plant and equipment		
Buildings	14,058	14,030
Accumulated depreciation	(8,211)	(8,279)
Accumulated impairment	(2,440)	(2,765)
Buildings, net	3,406	2,985
Vehicles	29	26
Accumulated depreciation	(20)	(21)
Vehicles, net	8	4
Tools, furniture and fixtures	4,110	3,922
Accumulated depreciation	(3,496)	(3,272)
Accumulated impairment	(380)	(391)
Tools, furniture and fixtures, net	233	258
Land	531	521
Buildings in trust	3,667	3,667
Accumulated depreciation	(348)	(466)
Buildings in trust, net	3,318	3,201
Land in trust	1,948	1,948
Leased assets	389	239
Accumulated depreciation	(228)	(101)
Accumulated impairment	(66)	(61)
Leased assets, net	93	75
Construction in progress	430	480
Total property, plant and equipment	9,970	9,475
Intangible assets		
Goodwill	2,761	2,581
Trademark right	0	0
Software	40	43
Other	14	6
Total intangible assets	2,816	2,632

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Investments and other assets		
Investment securities	1,105	1,392
Long-term prepaid expenses	107	108
Guarantee deposits	4,335	4,289
Deferred tax assets	1,797	2,646
Other	95	248
Allowance for doubtful accounts	(27)	-
Total investments and other assets	7,413	8,685
Total non-current assets	20,201	20,793
Total assets	35,248	34,292
Liabilities		
Current liabilities		
Accounts payable - trade	811	716
Short-term borrowings	6,294	3,227
Current portion of long-term borrowings	10,025	10,851
Current portion of bonds payable	100	-
Accounts payable - other	498	579
Accrued expenses	1,058	1,102
Income taxes payable	165	31
Provision for shareholder benefit program	93	96
Asset retirement obligations	65	231
Other	1,295	850
Total current liabilities	20,409	17,687
Non-current liabilities		
Bonds payable	-	100
Long-term borrowings	6,284	4,674
Lease liabilities	97	67
Asset retirement obligations	1,265	1,202
Long-term unearned revenue	0	0
Deferred tax liabilities	807	784
Other	47	37
Total non-current liabilities	8,502	6,866
Total liabilities	28,911	24,554
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	7,733	7,733
Retained earnings	(2,292)	1,083
Treasury shares	(71)	(72)
Total shareholders' equity	5,469	8,845
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	56	234
Foreign currency translation adjustment	38	-
Total accumulated other comprehensive income	94	234
Share acquisition rights	1	1
Non-controlling interests	772	658
Total net assets	6,336	9,738
Total liabilities and net assets	35,248	34,292

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Net sales	32,235	37,079
Cost of sales	7,033	7,992
Gross profit	25,201	29,086
Selling, general and administrative expenses	24,734	25,843
Operating profit	467	3,243
Non-operating income		
Interest income	0	1
Receipt support money	33	42
Dividend income	1	1
Rental income from land and buildings	87	72
Subsidy income	459	-
Other	85	77
Total non-operating income	667	195
Non-operating expenses		
Interest expenses	145	136
Rental expenses	79	64
Commission expenses	21	21
Share of loss of entities accounted for using equity method	-	70
Foreign exchange losses	10	1
Other	39	12
Total non-operating expenses	296	306
Ordinary profit	838	3,131
Extraordinary income		
Gain on sale of non-current assets	0	8
Removal indemnity	590	-
Gain on forgiveness of debts	24	-
Total extraordinary income	614	8
Extraordinary losses		
Loss on sale of non-current assets	-	1
Loss on retirement of non-current assets	24	1
Impairment losses	296	625
Other	32	35
Total extraordinary losses	353	663
Profit before income taxes	1,099	2,475
Income taxes - current	228	78
Income taxes - deferred	(57)	(941)
Total income taxes	171	(862)
Profit	928	3,337
Profit (loss) attributable to non-controlling interests	53	(77)
Profit attributable to owners of parent	875	3,415

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Profit	928	3,337
Other comprehensive income		
Valuation difference on available-for-sale securities	72	177
Foreign currency translation adjustment	22	(38)
Total other comprehensive income	95	139
Comprehensive income	1,023	3,477
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	964	3,551
Comprehensive income attributable to non-controlling interests	58	(74)

Consolidated Statements of Changes in Equity
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
Purchase of treasury shares					-
Increase and decrease earned surplus of earned surplus according to share change to consolidated subsidiary			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
Purchase of treasury shares						-
Increase and decrease earned surplus of earned surplus according to share change to consolidated subsidiary						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

For the fiscal year ended February 29, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	7,733	(2,292)	(71)	5,469
Changes during period					
Dividends of surplus			(200)		(200)
Profit attributable to owners of parent			3,415		3,415
Purchase of treasury shares				(0)	(0)
Increase and decrease earned surplus of earned surplus according to share change to consolidated subsidiary			162		162
Other			(1)		(1)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	3,376	(0)	3,376
Balance at end of period	100	7,733	1,083	(72)	8,845

	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	56	38	94	1	772	6,336
Changes during period						
Dividends of surplus						(200)
Profit attributable to owners of parent						3,415
Purchase of treasury shares						(0)
Increase and decrease earned surplus of earned surplus according to share change to consolidated subsidiary						162
Other						(1)
Net changes in items other than shareholders' equity	177	(38)	139		(114)	25
Total changes during period	177	(38)	139	-	(114)	3,401
Balance at end of period	234	-	234	1	658	9,738

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Cash flows from operating activities		
Profit before income taxes	1,099	2,475
Depreciation	665	662
Impairment losses	296	625
Amortization of goodwill	180	180
Increase (decrease) in allowance for doubtful accounts	-	33
Increase (decrease) in provision for shareholder benefit program	11	2
Loss (gain) on sale of property, plant and equipment	(0)	(6)
Loss on retirement of property, plant and equipment	24	1
Share of loss (profit) of entities accounted for using equity method	-	70
Interest and dividend income	(1)	(2)
Subsidy income	(459)	-
Gain on forgiveness of debts	(24)	-
Removal indemnity	(590)	-
Interest expenses	145	136
Commission expenses	21	21
Decrease (increase) in trade receivables	(481)	(85)
Decrease (increase) in accounts receivable - other	1	(299)
Increase (decrease) in unearned revenue	(5)	(2)
Decrease (increase) in inventories	22	267
Decrease (increase) in prepaid expenses	(38)	77
Increase (decrease) in accrued expenses	88	43
Increase (decrease) in trade payables	426	(105)
Increase (decrease) in accounts payable - other	(2,618)	60
Increase (decrease) in deferred assets	48	-
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	901	(388)
Other, net	(158)	25
Subtotal	(444)	3,793
Interest and dividends received	1	2
Removal indemnity receive	650	-
Subsidies received	4,658	-
Interest paid	(149)	(132)
Income taxes refund (paid)	(217)	(266)
Net cash provided by (used in) operating activities	4,498	3,396

(Millions of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(537)	(758)
Proceeds from sale of property, plant and equipment	0	5
Purchase of intangible assets	(22)	(19)
Payments of guarantee deposits	(36)	(60)
Proceeds from refund of guarantee deposits	318	60
Purchase of long-term prepaid expenses	(48)	(52)
Purchase of investment securities	(79)	(38)
Payments for asset retirement obligations	(44)	(115)
Other, net	(54)	(3)
Net cash provided by (used in) investing activities	(505)	(981)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1	(3,003)
Proceeds from long-term borrowings	3	-
Repayments of long-term borrowings	(147)	(852)
Repayments of lease liabilities	(36)	(24)
Expenditure by del credere commission (nonoperation)	(21)	(38)
Dividends paid	(0)	(200)
Purchase of treasury shares	-	(0)
Payments for retirement by purchase of share acquisition rights	(4)	-
Net cash provided by (used in) financing activities	(204)	(4,118)
Effect of exchange rate change on cash and cash equivalents	9	4
Net increase (decrease) in cash and cash equivalents	3,797	(1,698)
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	(7)	(22)
Cash and cash equivalents at end of period	12,322	10,600