

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Consolidated Financial Results for the Three Months Ended May 31, 2024 [Japanese GAAP]

July 12, 2024

Company name: DD GROUP Co.,Ltd.

Stock exchange listing: Tokyo

Code number: 3073

URL: <https://www.dd-grp.com/>

Representative: Atsuhisa Matsumura

Contact: Motoaki Saito

Phone: +81-3-6858-6080

Scheduled date of filing quarterly securities report: July 12, 2024

Scheduled date of commencing dividend payments:

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: No

President and Representative Director

Senior Managing Director, General Manager of Group's
Corporate Management Division

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

1. Consolidated Financial Results for the Three Months Ended May 31, 2024 (March 1, 2024 to May 31, 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 | % |
| Three months ended May 31, 2024 | 9,732 | 4.9 | 1,041 | (5.7) | 1,081 | (0.2) | 757 | (25.0) |
| May 31, 2023 | 9,278 | 26.2 | 1,104 | - | 1,083 | 842.6 | 1,010 | 1,663.0 |

(Note) Comprehensive income: Three months ended May 31, 2024: ¥ 804 million [(22.4)%]
Three months ended May 31, 2023: ¥ 1,035 million [871.8%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Three months ended | Yen | Yen |
| May 31, 2024 | 39.06 | - |
| May 31, 2023 | 53.03 | - |

(Note) Diluted earnings per share for the first quarter period ended May 31, 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 |
|-------------------|-----------------|-----------------|------------------------|
| As of | Millions of yen | Millions of yen | % |
| May 31, 2024 | 35,309 | 10,342 | 27.4 |
| February 29, 2024 | 34,292 | 9,738 | 26.5 |

(Reference) Equity: As of May 31, 2024: ¥ 9,685 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 | - | | | | |
| Fiscal year ending February 28, 2025 (Forecast) | | - | - | - | - |

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

(Note) Breakdown of the 1st quarter dividend for the fiscal year ending February 28, 2025 :

| | |
|------------------------|-------|
| Commemorative dividend | - yen |
| Special dividend | - yen |

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 |

(Note) Revision to the financial results forecast announced most recently: No

(Note) 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 share" on page 4.

* Notes:

(1) Changes in significant subsidiaries during the three months ended May 31, 2024

(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: No

2) Changes in accounting policies other than 1) above: Yes

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):

May 31, 2024: 18,442,720 shares

February 29, 2024: 18,442,720 shares

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

May 31, 2024: 338,784 shares

February 29, 2024: 338,784 shares

3) Average number of shares outstanding during the period:

Three months ended May 31, 2024: 18,103,969 shares

Three months ended May 31, 2023: 18,103,969 shares

(Note) This quarterly earnings report is exempt from the quarterly review procedure based on the Financial Instruments and Exchange Act.

(Note) The forecasts of financial results 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 |

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

| | As of February 29, 2024 | As of May 31, 2024 |
|--|-------------------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 10,301 | 10,334 |
| Deposits held in trust | 99 | 115 |
| Accounts receivable - trade | 1,065 | 1,415 |
| Deposits paid | 284 | 316 |
| Real estate for sale | 490 | 500 |
| Merchandise | 33 | 37 |
| Raw materials and supplies | 216 | 223 |
| Prepaid expenses | 560 | 565 |
| Short-term loans receivable | 33 | 20 |
| Accounts receivable - other | 384 | 559 |
| Other | 63 | 138 |
| Allowance for doubtful accounts | (33) | (20) |
| Total current assets | 13,499 | 14,207 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 14,030 | 14,354 |
| Accumulated depreciation | (8,279) | (8,215) |
| Accumulated impairment | (2,765) | (2,531) |
| Buildings, net | 2,985 | 3,607 |
| Vehicles | 26 | 19 |
| Accumulated depreciation | (21) | (17) |
| Vehicles, net | 4 | 2 |
| Tools, furniture and fixtures | 3,922 | 4,008 |
| Accumulated depreciation | (3,272) | (3,249) |
| Accumulated impairment | (391) | (375) |
| Tools, furniture and fixtures, net | 258 | 383 |
| Land | 521 | 521 |
| Buildings in trust | 3,667 | 3,667 |
| Accumulated depreciation | (466) | (495) |
| Buildings in trust, net | 3,201 | 3,171 |
| Land in trust | 1,948 | 1,948 |
| Leased assets | 239 | 241 |
| Accumulated depreciation | (101) | (109) |
| Accumulated impairment | (61) | (60) |
| Leased assets, net | 75 | 71 |
| Construction in progress | 480 | 152 |
| Total property, plant and equipment | 9,475 | 9,857 |

(Millions of yen)

| | As of February 29, 2024 | As of May 31, 2024 |
|---|-------------------------|--------------------|
| Intangible assets | | |
| Goodwill | 2,581 | 2,536 |
| Trademark right | 0 | 0 |
| Software | 43 | 38 |
| Other | 6 | 6 |
| Total intangible assets | 2,632 | 2,581 |
| Investments and other assets | | |
| Investment securities | 1,542 | 1,617 |
| Long-term prepaid expenses | 108 | 105 |
| Guarantee deposits | 4,289 | 4,205 |
| Deferred tax assets | 2,646 | 2,631 |
| Other | 98 | 102 |
| Total investments and other assets | 8,685 | 8,663 |
| Total non-current assets | 20,793 | 21,102 |
| Total assets | 34,292 | 35,309 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 716 | 813 |
| Short-term borrowings | 3,227 | 3,227 |
| Current portion of long-term borrowings | 10,851 | 11,054 |
| Accounts payable - other | 579 | 840 |
| Accrued expenses | 1,102 | 1,202 |
| Income taxes payable | 31 | 359 |
| Provision for shareholder benefit program | 96 | 87 |
| Asset retirement obligations | 231 | 119 |
| Other | 850 | 635 |
| Total current liabilities | 17,687 | 18,339 |
| Non-current liabilities | | |
| Bonds payable | 100 | 100 |
| Long-term borrowings | 4,674 | 4,434 |
| Lease liabilities | 67 | 61 |
| Asset retirement obligations | 1,202 | 1,213 |
| Long-term unearned revenue | 0 | - |
| Deferred tax liabilities | 784 | 780 |
| Other | 37 | 37 |
| Total non-current liabilities | 6,866 | 6,627 |
| Total liabilities | 24,554 | 24,967 |

(Millions of yen)

| | As of February 29, 2024 | As of May 31, 2024 |
|---|-------------------------|--------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 100 | 100 |
| Capital surplus | 7,733 | 7,733 |
| Retained earnings | 1,083 | 1,640 |
| Treasury shares | (72) | (72) |
| Total shareholders' equity | 8,845 | 9,402 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 234 | 283 |
| Total accumulated other comprehensive income | 234 | 283 |
| Share acquisition rights | 1 | 1 |
| Non-controlling interests | 658 | 655 |
| Total net assets | 9,738 | 10,342 |
| Total liabilities and net assets | 34,292 | 35,309 |

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

| | For the three months ended May 31, 2023 | For the three months ended May 31, 2024 |
|---|--|--|
| Net sales | 9,278 | 9,732 |
| Cost of sales | 1,838 | 2,101 |
| Gross profit | 7,440 | 7,631 |
| Selling, general and administrative expenses | 6,335 | 6,589 |
| Operating profit | 1,104 | 1,041 |
| Non-operating income | | |
| Interest income | 0 | 0 |
| Receipt support money | 11 | 13 |
| Rental income from land and buildings | 18 | 18 |
| Foreign exchange gains | 11 | - |
| Support money | - | 60 |
| Other | 10 | 22 |
| Total non-operating income | 53 | 113 |
| Non-operating expenses | | |
| Interest expenses | 36 | 35 |
| Rental expenses | 16 | 16 |
| Commission expenses | 1 | 5 |
| Share of loss of entities accounted for using equity method | 13 | 12 |
| Other | 6 | 3 |
| Total non-operating expenses | 74 | 73 |
| Ordinary profit | 1,083 | 1,081 |
| Extraordinary income | | |
| Gain on sale of non-current assets | - | 0 |
| Gain on reversal of allowance for doubtful accounts | - | 12 |
| Total extraordinary income | - | 12 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | - | 0 |
| Total extraordinary losses | - | 0 |
| Profit before income taxes | 1,083 | 1,094 |
| Income taxes | 59 | 339 |
| Profit | 1,023 | 755 |
| Profit (loss) attributable to non-controlling interests | 13 | (2) |
| Profit attributable to owners of parent | 1,010 | 757 |

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

(Millions of yen)

| | For the three months ended May 31, 2023 | For the three months ended May 31, 2024 |
|--|--|--|
| Profit | 1,023 | 755 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 24 | 49 |
| Foreign currency translation adjustment | (12) | - |
| Total other comprehensive income | 12 | 49 |
| Comprehensive income | 1,035 | 804 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,022 | 806 |
| Comprehensive income attributable to non-controlling interests | 13 | (2) |