

Providing consulting and financial support to medical institutions and elderly nursing care providers to improve their management.

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[189A D&M COMPANY Sector : Services]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
May 2022	930	-	234	-	234	-	145	-	95.0	611.4	5.0
May 2023	1,111	19.5	236	0.9	250	6.8	171	17.9	111.9	718.3	5.0
May 2024 f	1,177	5.9	275	16.5	270	8.0	177	3.5	115.6	-	5.0

Note: Consolidated basis. Figures for the fiscal year ending May 2024 is the company's forecasts.

It conducted 1:2,000 stock split on October 14, 2023. Per share indices are adjusted retroactively.

Providing Management Consulting and Financial Support to Medical Institutions and Others

The D&M Company group, which consists of the company and two subsidiaries, provides various services to elderly nursing care providers, hospitals and other medical institutions. These services include (1) financial support through the purchasing of medical and long-term care fee receivables, (2) consulting and M&A support to improve management, (3) leasing and sales of medical equipment, etc., and (4) management support services such as temporary staffing and business outsourcing.

The company's sales composition in fiscal year ended May 2023 were (1) finance and investment (F&I) 48.8%, (2) consultation and business renovation (C&Br) 28.2%, and (3) human resources and outsourcing (HR&OS) 23.0%. By customers, medical institutions accounted for about 70%, and elderly nursing care providers and others accounted for about 30%.

For F&I services, the company provides medical and long-term care fee receivables services, while its subsidiary D&M Partners provides medical equipment leasing services.

The purchase of medical and long-term care fee receivables involves the company entering into long-term agreements over a period of about five years with medical institutions, elderly nursing care facilities and others. These agreements transfer medical and long-term care fee receivables that the entities have from insurers such as national health insurance, social insurance and long-term care insurance. The company purchases both fixed receivables, which are for services that have already been provided and future receivables, which are expected to arise in the future due to ongoing business operations.

As of the end of February 2024, the number of entities from which the company purchased receivables was 64 and the balance of purchased receivables was 7,016 million yen. The company mainly procures funds through bank loans, with a balance of 6,955 million yen in borrowings, of which 6,054 million yen is in short-term borrowings.

For C&Br services, the company provides services such as management diagnosis, business improvement consulting, cost reduction consulting and M&A support. Its subsidiary, D&M Partners, handles medical equipment sales and other products.

The HR&OS services are handled by a subsidiary, D&M Carrier, which provides recruitment, temporary staffing, outsourcing and other services.

Financial Statements

Statement of income	Fiscal Year	May 2022		May 2023		Nine months to Feb.2024	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		930	100.0	1,111	100.0	899	100.0
Cost of sales		289	31.1	455	41.0	339	37.7
Gross profit		640	68.8	655	59.0	560	62.3
Selling, general and administrative expenses		406	43.7	419	37.7	333	37.0
Operating profit		234	25.2	236	21.2	227	25.3
Non-operating income		0	-	14	-	4	-
Non-operating expenses		0	-	0	-	5	-
Ordinary profit		234	25.2	250	22.5	226	25.1
Profit before income taxes		234	25.2	250	22.5	226	25.1
Net profit		145	15.6	171	15.4	148	16.5

Balance sheet	Fiscal Year	May 2022		May 2023		Feb.2024	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		5,482	97.2	8,007	98.9	8,299	98.4
Cash and deposits		693	12.3	756	9.3	558	6.6
Accounts receivable-trade		4,185	74.2	6,602	81.5	7,095	84.1
Inventories		-	-	-	-	-	-
Non-current assets		157	2.8	89	1.1	135	1.6
Property, plant and equipment		9	0.2	29	0.4	27	0.3
Intangible assets		2	0.0	2	0.0	1	0.0
Investments and other assets		145	2.6	57	0.7	106	1.3
Total assets		5,639	100.0	8,096	100.0	8,434	100.0
Current liabilities		4,040	71.6	6,228	76.9	6,581	78.0
Accounts payable - trade		2	0.0	6	0.1	4	0.0
Short-term borrowings		3,672	65.1	5,546	68.5	6,054	71.8
Current portion of long-term borrowings		176	3.1	400	4.9	344	4.1
Current portion of bonds payable		40	0.7	50	0.6	-	-
Non-current liabilities		661	11.7	766	9.5	610	7.2
Bonds payable		50	0.9	-	-	-	-
Long-term borrowings		561	9.9	699	8.6	557	6.6
Net assets		937	16.6	1,101	13.6	1,242	14.7
Owners' equity		937	16.6	1,101	13.6	1,242	14.7

Statement of cash flows	Fiscal Year	May 2022	May 2023
		(mn yen)	(mn yen)
Cash flows from operating activities		911	-2,187
Depreciation		4	5
Cash flows from investing activities		32	45
Cash flows from financing activities		-1,166	2,172
Dividends paid		-7	-7
Net increase in cash and cash equivalents		-223	30
Cash and cash equivalents		610	641

Note: Consolidated

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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