

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2021 (Based on Japanese GAAP)

July 14, 2021

Company name: IDOM Inc.
 Stock exchange listing: Tokyo
 Stock code: 7599 URL <https://221616.com>
 Representative: President Yusuke Hatori
 Inquiries: General Manager, Finance & IR Division Masayuki Matsumoto TEL 03-5208-5503
 Scheduled date to file Quarterly Securities Report: July 15, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 31, 2021 (from March 1, 2021 to May 31, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	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, 2021	117,013	39.8	5,084	–	4,911	–	2,752	–
Three months ended May 31, 2020	83,724	(7.2)	(153)	–	(552)	–	(914)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2021	27.41		–	
Three months ended May 31, 2020	(9.06)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2021	178,435	47,465	25.9	460.72
As of February 28, 2021	177,222	45,015	24.8	438.18

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 28, 2021	–	5.30	–	5.30	10.60
Year ending February 28, 2022	–	–	–	–	–
Year ending February 28, 2022 (Forecast)	–	2.30	–	2.30	4.60

3. Forecast of consolidated financial results for the year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2021	198,700	11.6	8,400	107.2	7,850	149.4	3,900	183.5	38.84
Full year	405,400	6.5	15,000	41.9	13,900	44.2	7,100	378.2	70.71

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2021
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of May 31, 2021	106,888,000 shares	As of February 28, 2021	106,888,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2021	6,480,601 shares	As of February 28, 2021	6,480,601 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2021	100,407,399 shares	Three months ended May 31, 2020	100,896,559 shares
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1. Qualitative Information on Quarterly Financial Results

(1) Analysis of operating results

In the first quarter of the fiscal year under review (March 1 to May 31, 2021), retail unit sales at directly managed stores in Japan were 38,808 (up 11.6% year on year), a record high for first quarter sales. This result was primarily attributable to the following factors:

- (i) The number of visitors to stores increased due to a significant recovery in the used car market compared to the level of the previous fiscal year in which the Company suffered the effects of the COVID-19 pandemic.
- (ii) Large stores that opened in the previous fiscal year commenced operation.
- (iii) Efforts were made to boost the number of visitors to existing stores, including large stores, through the effective placement of advertisements.

In addition, with an increase in the number of visitors to stores due to the recovery of the new car market, the number of purchases at directly managed stores in Japan increased year on year.

At a subsidiary in Australia, the number of new car sales rose, reflecting favorable business conditions in the Western Australian market attributable to a rise in the price of iron ore. In Western Australia, sales of used cars remained strong, reflecting the effect of ongoing measures to boost sales. In addition, with the yen continuing to weaken from the year-ago level against the Australian dollar, the Australian subsidiary recorded an increase in sales and profit.

Selling, general and administrative expenses increased on a consolidated basis due to a reaction to the transfer of part of selling, general and administrative expenses to an extraordinary loss posted as a loss on COVID-19 in the previous fiscal year, coupled with the impact of a weakened yen. In contrast, even in a situation where retail unit sales hit a record high, advertising expenses decreased, reflecting an improvement in the efficiency of internet-based customer attraction efforts.

Given the relocation of the head office, the Company recorded expenses for moving out as head office relocation expenses in the extraordinary loss category. The relocation expenses, which amounted to 856 million yen in total, expensing of unamortized balances of the non-current assets of the current head office and the cost of restoration to the original condition, among other expenses.

As a result of the above, the consolidated business results for the first quarter under review were net sales of 117,013 million yen (up 39.8% year on year), operating profit of 5,084 million yen (as compared to an operating loss of 153 million yen in the same period of the previous year), ordinary profit of 4,911 million yen (as compared to an ordinary loss of 552 million yen in the same period of the previous year) and profit attributable to owners of parent of 2,752 million yen (as compared to a loss attributable to owners of parent of 914 million yen in the same period of the previous year), achieving record highs in terms of results for the first quarter.

Regional segment-specific earnings are as indicated below:

I. Japan

The Japan segment recorded net sales of 82,459 million yen (up 21.2% year on year) and segment profit (operating profit) of 3,936 million yen (as compared to a segment loss (operating loss) of 136 million yen in the same period of the previous fiscal year). The retail unit sales increased mainly due to a rise in the number of visitors to stores reflecting the recovery of the used car market, the operation of large stores that opened in the previous fiscal year, and an increase in the number of visitors to existing stores. In addition, the number of purchases at directly managed stores climbed, reflecting a rise in the number of visitors to stores due to the recovery of the new car market.

II. Australia

The Australia segment resulted in net sales of 34,028 million yen (up 123.6% year on year) and segment profit (operating profit) of 1,169 million yen (up 577.3% year on year). The number of new car sales rose against the backdrop of favorable business conditions in the Western Australian market attributable to a rise in the price of iron ore. Sales of used cars also remained strong, reflecting the effect of ongoing measures to boost sales. Moreover, with the yen continuing to weaken from the year-ago level against the Australian dollar, the segment recorded an increase in sales and profit.

(2) Analysis of financial position

Assets

Total assets as of the end of the first quarter ended May 31, 2021 were 178,435 million yen (up 0.7% compared to the end of the previous fiscal year).

Current assets were 128,091 million yen (up 1.2% compared to the end of the previous fiscal year), mainly reflecting an increase in cash and deposits (up 4,114 million yen), partly offset by decreases in notes and accounts receivable - trade (down 1,811 million yen) and merchandise (down 1,367 million yen).

Non-current assets decreased 0.5% from the end of the previous fiscal year to 50,343 million yen mainly due to a decrease of 440 million yen in buildings and structures.

Liabilities

Total liabilities as of the end of the first quarter ended May 31, 2021 were 130,970 million yen (down 0.9% compared to the end of the previous fiscal year).

Current liabilities were 46,728 million yen (down 1.7% compared to the end of the previous fiscal year) due to a fall in the provision for bonuses (down 1,030 million yen), among other factors.

Non-current liabilities were 84,241 million yen (down 0.5% compared to the end of the previous fiscal year) due to a fall in long-term borrowings (down 324 million yen), among other factors.

Net assets

Total net assets as of the end of the first quarter ended May 31, 2021 were 47,465 million yen (up 5.4% compared to the end of the previous fiscal year) due chiefly to an increase in retained earnings (up 2,195 million yen).

(3) Consolidated earnings forecast and other forward-looking statements

Looking at consolidated earnings forecasts for the fiscal year ending February 28, 2022, with the consolidated results for the first quarter under review surpassing assumptions, the Company has revised the figures presented in the "Summary of Consolidated Financial Results for the Year Ended February 28, 2021 (Based on Japanese GAAP)" announced on April 14, 2021.

For more details, please refer to "Notice on Revisions to Results Forecasts" announced today.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2021	As of May 31, 2021
Assets		
Current assets		
Cash and deposits	43,179	47,294
Notes and accounts receivable - trade	6,875	5,064
Merchandise	72,913	71,546
Other	3,966	4,510
Allowance for doubtful accounts	(328)	(323)
Total current assets	126,605	128,091
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,918	37,302
Accumulated depreciation	(16,411)	(17,236)
Buildings and structures, net	20,507	20,066
Vehicles	153	124
Accumulated depreciation	(32)	(34)
Vehicles, net	121	89
Tools, furniture and fixtures	4,335	4,342
Accumulated depreciation	(3,606)	(3,655)
Tools, furniture and fixtures, net	729	687
Land	218	218
Construction in progress	121	183
Total property, plant and equipment	21,697	21,245
Intangible assets		
Software	1,717	1,645
Goodwill	7,698	7,673
Other	4,996	4,653
Total intangible assets	14,412	13,972
Investments and other assets		
Investment securities	139	146
Shares of subsidiaries and associates	131	205
Long-term loans receivable	30	45
Leasehold and guarantee deposits	5,835	5,826
Construction assistance fund receivables	4,614	4,504
Deferred tax assets	3,253	3,914
Other	544	525
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	14,506	15,125
Total non-current assets	50,616	50,343
Total assets	177,222	178,435

(Millions of yen)

	As of February 28, 2021	As of May 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	20,940	21,038
Short-term borrowings	1,117	1,136
Current portion of long-term borrowings	342	347
Accounts payable - other	4,586	4,014
Income taxes payable	2,052	2,006
Advances received	9,010	8,166
Deposits received	205	331
Provision for bonuses	1,167	136
Provision for merchandise warranties	737	793
Other provisions	715	896
Other	6,658	7,860
Total current liabilities	47,534	46,728
Non-current liabilities		
Long-term borrowings	79,169	78,845
Long-term guarantee deposits	506	571
Asset retirement obligations	2,546	2,247
Deferred tax liabilities	1,616	1,621
Other provisions	584	658
Other	249	296
Total non-current liabilities	84,672	84,241
Total liabilities	132,206	130,970
Net assets		
Shareholders' equity		
Share capital	4,157	4,157
Capital surplus	4,384	4,384
Retained earnings	39,665	41,861
Treasury shares	(4,344)	(4,344)
Total shareholders' equity	43,862	46,058
Accumulated other comprehensive income		
Foreign currency translation adjustment	134	201
Total accumulated other comprehensive income	134	201
Non-controlling interests	1,018	1,205
Total net assets	45,015	47,465
Total liabilities and net assets	177,222	178,435

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

	(Millions of yen)	
	Three months ended May 31, 2020	Three months ended May 31, 2021
Net sales	83,724	117,013
Cost of sales	69,002	95,264
Gross profit	14,722	21,748
Selling, general and administrative expenses	14,875	16,663
Operating profit (loss)	(153)	5,084
Non-operating income		
Interest income	11	17
Foreign exchange gains	–	11
Other	17	33
Total non-operating income	29	62
Non-operating expenses		
Interest expenses	247	232
Foreign exchange losses	110	–
Share of loss of entities accounted for using equity method	53	0
Other	16	2
Total non-operating expenses	428	235
Ordinary profit (loss)	(552)	4,911
Extraordinary income		
Compensation income	–	25
Subsidy income	386	3
Other	0	1
Total extraordinary income	386	31
Extraordinary losses		
Loss on retirement of non-current assets	154	0
Loss on store closings	72	–
Loss on COVIT19	678	1
Head office relocation expenses	–	856
Other	–	14
Total extraordinary losses	905	874
Profit (loss) before income taxes	(1,071)	4,069
Income taxes - current	178	1,843
Income taxes - deferred	(356)	(693)
Total income taxes	(177)	1,149
Profit (loss)	(893)	2,919
Profit attributable to non-controlling interests	20	167
Profit (loss) attributable to owners of parent	(914)	2,752

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Profit (loss)	(893)	2,919
Other comprehensive income		
Foreign currency translation adjustment	(89)	100
Share of other comprehensive income of entities accounted for using equity method	(18)	(13)
Total other comprehensive income	(107)	86
Comprehensive income	(1,001)	3,006
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,015)	2,819
Comprehensive income attributable to non- controlling interests	13	186