

Translation

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**Summary of Consolidated Financial Results
for the Nine Months Ended November 30, 2022
(Based on Japanese GAAP)**

January 13, 2023

Company name: IDOM Inc.
 Stock exchange listing: Tokyo
 Stock code: 7599 URL <https://221616.com>
 Representative: President Yusuke Hatori
 Inquiries: CFO Ryo Nishihata TEL 03-5208-5503
 Scheduled date to file Quarterly Securities Report: January 16, 2023
 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 nine months ended November 30, 2022 (from March 1, 2022 to November 30, 2022)

(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	%
Nine months ended November 30, 2022	324,248	(5.9)	14,115	(4.4)	13,698	(2.5)	11,219	28.4
Nine months ended November 30, 2021	344,620	22.2	14,760	71.3	14,046	78.9	8,738	67.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2022	111.74	–
Nine months ended November 30, 2021	87.03	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2022	175,421	59,626	33.7	589.00
As of February 28, 2022	189,766	55,709	28.5	537.97

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2022	–	2.30	–	2.30	4.60
Year ending February 28, 2023	–	16.20	–	–	–
Year ending February 28, 2023 (Forecast)	–	–	–	16.20	32.40

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

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
Full year	410,000	(10.8)	18,500	0.1	17,900	1.9	13,950	29.2	138.93

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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: Yes
- 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 November 30, 2022	106,888,000 shares	As of February 28, 2022	106,888,000 shares
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Number of treasury shares at the end of the period

As of November 30, 2022	6,480,651 shares	As of February 28, 2022	6,480,641 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2022	100,407,350 shares	Nine months ended November 30, 2021	100,407,387 shares
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1. Qualitative Information on Quarterly Financial Results

(1) Analysis of operating results

In the third quarter of the fiscal year under review (March 1 to November 30, 2022), retail unit sales at directly managed stores in Japan were 102,955, (down 4.3% year on year). Retail unit sales decreased due to a decline in the number of directly managed domestic stores, but retail unit sales at large stores increased year on year.

The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. has been applied since the beginning of the first three months of the consolidated fiscal year under review. Due to the adoption of the Revenue Recognition Accounting Standard and other standards, operating profit decreased 867 million yen for the first half.

Transfer of shares in the Australian subsidiaries completed in July 2022. The consolidation period for the Australian subsidiary were from March to May 2022, and the Australia segment recorded a decline in profit of 2,281 million yen year on year for the third quarter of this fiscal year.

Selling, general and administrative expenses decreased in spite of increase in advertising expenses, due to the head office relocation which resulted in lower rent expenses. There was also a decline in personnel expenses, attributable to a decrease in the number of employees because of restrained new graduate hiring.

As a result of the transfer of the shares of the Australian subsidiary, the Company posted a gain on sales of shares of subsidiaries of 795 million yen for the consolidated results and 2,871 million yen for the nonconsolidated results as extraordinary income. Furthermore, goodwill impairment loss posted for 2021 deducted from taxable income after the transfer of shares of the Australian subsidiaries reduced corporation tax, resident tax, and business taxes.

As a result of the above, the consolidated business results for the first nine months under review were net sales of 324,248 million yen (down 5.9% year on year), operating profit of 14,115 million yen (down 4.4%), ordinary profit of 13,698 million yen (down 2.5%), and profit attributable to owners of parent of 11,219 million yen (up 28.4%).

Regional segment-specific earnings are as indicated below:

I. Japan

The results of the Japan segment were net sales of 277,761 million yen (up 15.8% year on year) and segment profit (operating profit) of 12,838 million yen (up 13.5% year on year). The Japan segment recorded an increase in both sales and profit, chiefly reflecting a rise in the vehicle unit price and a decrease in selling, general & administrative expenses.

II. Australia

The results of the Australia segment were net sales of 44,607 million yen (down 56.7% year on year) and segment profit (operating profit) of 1,284 million yen (down 64.0% year on year). Results of the Australian subsidiary underperformed the year-ago level because the consolidation period has become three months due to the share transfer.

Results for each business segment are described below.

Starting with the first quarter under review, the domestic used car sales business and the new car sales business conducted in Australia including non-consolidated sales of subsidiaries Tokyo My Car and Gulliver Insurance are voluntarily disclosed as the domestic core business segment and the Australian business segment, respectively.

I. Domestic Core Business

The results of the domestic core business segment were net sales of 277,025 million yen (up 20.5% year on year) and segment profit (operating profit) of 13,068 million yen (up 18.2% year on year). Retail unit sales at directly managed domestic stores decreased due to a decline in the number of stores. However, steady retail unit sales at large stores, growth in incidental services, and a decline in selling, general and administrative expenses resulted in an increase in both sales and profit.

II. Australian Business

The results of the Australian business segment were net sales of 44,607 million yen (down 56.7% year on year) and segment profit (operating profit) of 1,284 million yen (down 66.6% year on year). Results of the Australian subsidiary underperformed the year-ago level because the consolidation period has become three months due to the share transfer.

Previous third quarter period (From March 1, 2021 to November 30, 2021)

	Domestic core	Australia	Other (Differences)	Amortization of goodwill	Consolidated
Net sales	229,837	103,123	11,658	-	344,620
Segment profit (Operating profit)	11,057	3,849	212	(358)	14,760

Third quarter under review (From March 1, 2022 to November 30, 2022)

	Domestic core	Australia	Other (Differences)	Amortization of goodwill	Consolidated
Net sales	277,025	44,607	2,615	-	324,248
Segment profit (Operating profit)	13,068	1,284	(128)	(108)	14,115

(2) Analysis of financial position

Assets

Total assets as of the end of the first nine months ended November 30, 2022 were 175,421 million yen (down 7.6% compared to the end of the previous fiscal year).

Current assets were 133,000 million yen (down 5.8% compared to the end of the previous fiscal year), mainly reflecting decreases in notes and accounts receivable - trade (down 2,712 million yen) and merchandise (down 7,296 million yen).

Non-current assets were 42,420 million yen (down 12.8% from the end of the previous fiscal year), due to a decrease in goodwill (down 5,906 million yen).

Liabilities

Total liabilities as of the end of the first nine months ended November 30, 2022 were 115,794 million yen (down 13.6% compared to the end of the previous fiscal year).

Current liabilities stood at 65,390 million yen (up 7.0% from the end of the previous fiscal year) due to an increase in contract liabilities (up 20,432 million yen from the end of the previous year), despite a decrease in accounts payable - trade (down 19,183 million yen).

Non-current liabilities were 50,403 million yen (down 30.9% compared to the end of the previous fiscal year) due to a fall in long-term borrowings (down 20,378 million yen), among other factors.

Net assets

Total net assets as of the end of the first nine months ended November 30, 2022 were 59,626 million yen (up 7.0% compared to the end of the previous fiscal year) due chiefly to an increase in retained earnings (up 4,073 million yen).

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

The number of retail unit sales is projected to remain unchanged from the previous fiscal year due to the decline in the number of stores, but gross profit per retail unit is forecast to improve because of increase in incidental services. In addition, the number of wholesale vehicles is projected to increase from the previous forecast.

In light of the above, we have revised our consolidated and non-consolidated performance forecasts.

For more details, please refer to “Notice on Revisions to the Full-Year Business Results Forecasts” announced today (January 13, 2023).

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	45,670	46,499
Notes and accounts receivable - trade	5,620	2,907
Merchandise	85,363	78,066
Other	4,907	5,977
Allowance for doubtful accounts	(416)	(450)
Total current assets	141,146	133,000
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,102	38,852
Accumulated depreciation	(16,061)	(16,399)
Buildings and structures, net	21,040	22,452
Vehicles	298	236
Accumulated depreciation	(60)	(126)
Vehicles, net	238	110
Tools, furniture and fixtures	4,279	4,749
Accumulated depreciation	(3,114)	(3,310)
Tools, furniture and fixtures, net	1,164	1,438
Land	136	136
Construction in progress	1,083	1,540
Total property, plant and equipment	23,663	25,678
Intangible assets		
Software	1,465	1,338
Goodwill	5,995	88
Other	4,314	2
Total intangible assets	11,775	1,429
Investments and other assets		
Investment securities	20	0
Shares of subsidiaries and associates	129	29
Long-term loans receivable	228	64
Leasehold and guarantee deposits	4,405	4,823
Construction assistance fund receivables	4,289	4,073
Deferred tax assets	3,677	5,907
Other	438	421
Allowance for doubtful accounts	(8)	(6)
Total investments and other assets	13,181	15,312
Total non-current assets	48,620	42,420
Total assets	189,766	175,421

(Millions of yen)

	As of February 28, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	23,618	4,435
Short-term borrowings	1,101	—
Current portion of long-term borrowings	10,000	30,000
Accounts payable - other	4,713	2,860
Income taxes payable	3,960	1,008
Advances received	9,548	—
Contract liabilities	—	20,432
Deposits received	215	343
Provision for bonuses	1,965	371
Provision for merchandise warranties	884	—
Other provisions	1,327	408
Other	3,750	5,530
Total current liabilities	61,085	65,390
Non-current liabilities		
Long-term borrowings	67,523	47,145
Long-term guarantee deposits	587	601
Asset retirement obligations	2,236	2,474
Deferred tax liabilities	1,535	—
Other provisions	680	—
Other	407	183
Total non-current liabilities	72,972	50,403
Total liabilities	134,057	115,794
Net assets		
Shareholders' equity		
Share capital	4,157	4,157
Capital surplus	4,361	5,250
Retained earnings	49,673	53,746
Treasury shares	(4,344)	(4,344)
Total shareholders' equity	53,847	58,809
Accumulated other comprehensive income		
Foreign currency translation adjustment	168	330
Total accumulated other comprehensive income	168	330
Share acquisition rights	—	3
Non-controlling interests	1,693	483
Total net assets	55,709	59,626
Total liabilities and net assets	189,766	175,421

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Net sales	344,620	324,248
Cost of sales	280,249	267,921
Gross profit	64,371	56,326
Selling, general and administrative expenses	49,610	42,211
Operating profit	14,760	14,115
Non-operating income		
Interest income	24	72
Subsidy income	46	26
Other	72	52
Total non-operating income	143	151
Non-operating expenses		
Interest expenses	677	476
Foreign exchange losses	74	37
Share of loss of entities accounted for using equity method	94	–
Other	10	53
Total non-operating expenses	857	567
Ordinary profit	14,046	13,698
Extraordinary income		
Gain on sale of non-current assets	17	54
Gain on sale of shares of subsidiaries and associates	–	795
Gain on liquidation of subsidiaries	–	19
Compensation income	25	–
Subsidy income	45	91
Other	5	16
Total extraordinary income	94	976
Extraordinary losses		
Loss on retirement of non-current assets	227	92
Loss on sale of shares of subsidiaries and associates	303	–
Loss on store closings	62	–
Loss on COVIT19	3	–
Head office relocation expenses	870	–
Other	51	32
Total extraordinary losses	1,518	124
Profit before income taxes	12,621	14,550
Income taxes - current	3,861	3,099
Income taxes - deferred	(421)	149
Total income taxes	3,439	3,248
Profit	9,182	11,301
Profit attributable to non-controlling interests	443	81
Profit attributable to owners of parent	8,738	11,219

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Profit	9,182	11,301
Other comprehensive income		
Foreign currency translation adjustment	(159)	349
Share of other comprehensive income of entities accounted for using equity method	2	—
Total other comprehensive income	(156)	349
Comprehensive income	9,025	11,650
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,596	11,381
Comprehensive income attributable to non- controlling interests	428	269