

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2023 (Based on Japanese GAAP)

July 14, 2023

Company name: IDOM Inc.
 Stock exchange listing: Tokyo
 Stock code: 7599 URL <https://221616.com>
 Representative: President Yusuke Hatori
 Inquiries: Director CFO Ryo Nishihata TEL 03-5208-5503
 Scheduled date to file Quarterly Securities Report: July 18, 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 three months ended May 31, 2023 (from March 1, 2023 to May 31, 2023)

(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, 2023	105,258	(22.4)	2,771	(47.3)	2,696	(46.6)	1,868	(65.2)
Three months ended May 31, 2022	135,601	15.9	5,256	3.4	5,053	2.9	5,377	95.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2023	18.61		–	
Three months ended May 31, 2022	53.55		–	

(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, 2023	158,166	61,980	38.8	610.48
As of February 28, 2023	173,293	62,702	35.8	618.34

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, 2023	–	16.20	–	26.30	42.50
Year ending February 29, 2024	–	–	–	–	–
Year ending February 29, 2024 (Forecast)	–	14.00	–	21.80	35.80

3. Forecast of consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

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, 2023	190,000	(15.7)	7,500	(13.0)	7,250	(12.5)	4,700	(37.5)	46.81
Full year	400,000	(4.0)	19,000	1.7	18,500	1.9	12,000	(15.5)	119.51

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2023
(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, 2023	106,888,000 shares	As of February 28, 2023	106,888,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2023	6,480,651 shares	As of February 28, 2023	6,480,651 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, 2023	100,407,349 shares	Three months ended May 31, 2022	100,407,352 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, 2023), retail unit sales at directly managed stores in Japan were 39,266 (up 4.6% year on year), a record high for first quarter sales. This mainly owed to the commencement of operation of large stores opened in the previous fiscal year and robust retail unit sales at existing large stores. Gross profit per unit on a retail basis was on a par with the level a year ago.

Looking at consolidated operating profit, three months from March to May 2022 were included in the consolidation period of the Australian subsidiary, with respect to which an equity share transfer was completed in July 2022, and this resulted in a decline of 1,278 million yen in operating profit in the quarter under review.

Selling, general and administrative (SG&A) expenses decreased year on year. The decrease was primarily due to the transfer of equity in the Australian subsidiary. On the other hand, SG&A expenses on a non-consolidated basis increased. The increase mainly reflected rises in personnel cost and payment of commission, due to higher incentives and increases in the number of limited-term employees in preparation for the opening of large stores in the latter half of the fiscal year. The SG&A expenses-to-sales ratio remained level with past trends, at 13.6%.

As a result of the above, the consolidated business results for the first quarter under review were net sales of 105,258 million yen (down 22.4% year on year), operating profit of 2,771 million yen (down 47.3%), ordinary profit of 2,696 million yen (down 46.6%), and profit attributable to owners of parent of 1,868 million yen (down 65.2%).

Regional segment-specific earnings are as indicated below:

I. Japan

The results of the Japan segment were net sales of 104,701 million yen (up 15.6% year on year) and segment profit (operating profit) of 2,732 million yen (down 32.3% year on year). The Japan segment recorded higher revenue and lower profits, primarily due to increases in retail unit sales and SG&A expenses.

II. Others

The results were net sales of 556 million yen (up 34.9% year on year) and segment profit (operating profit) of 0 million yen (in the previous fiscal year, there was a loss of 3 million yen in the corresponding period).

The Australia segment has been excluded from the scope of consolidation, because all equity shares in the Australian subsidiary were sold in the previous consolidated fiscal year.

(2) Analysis of financial position

Assets

Total assets as of the end of the first quarter ended May 31, 2023 were 158,166 million yen (down 8.7% compared to the end of the previous fiscal year).

Current assets were 115,159 million yen (down 12.4% compared to the end of the previous fiscal year), mainly reflecting a decrease in cash and deposits (down 3,503 million yen) and a decrease in merchandise (down 12,114 million yen).

Non-current assets were 43,006 million yen (up 2.8% from the end of the previous fiscal year) due primarily to a decrease in buildings and structures (down 331 million yen) and an increase in construction in progress (up 728 million yen).

Liabilities

Total liabilities as of the end of the first quarter under review were 96,186 million yen (down 13.0% compared to the end of the previous fiscal year).

Current liabilities totaled 55,827 million yen (down 13.0% from the end of the previous fiscal year) chiefly as a result of a decrease in the current portion of long-term borrowings (down 8,700 million yen) and a fall in the provision for bonuses (down 810 million yen).

Non-current liabilities were 40,358 million yen (down 13.1% compared to the end of the previous fiscal year) due to a fall in long-term borrowings (down 6,300 million yen), among other factors.

Net assets

Total net assets as of the end of the first quarter ended May 31, 2023 were 61,980 million yen (down 1.2% compared to the end of the previous fiscal year), due chiefly to a decrease in retained earnings (down 771 million yen) and an increase in share acquisition rights (up 107 million yen).

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

Looking at the consolidated earnings forecasts for the fiscal year ending February 29, 2024, there are no changes in the figures that were presented in the "Summary of Consolidated Financial Results for the Fiscal Year Ending February 28, 2023 (Japanese GAAP)" announced on April 14, 2023.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	37,473	33,970
Notes and accounts receivable - trade	3,927	3,961
Merchandise	84,432	72,317
Other	6,173	5,436
Allowance for doubtful accounts	(528)	(525)
Total current assets	131,478	115,159
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,306	41,330
Accumulated depreciation	(16,873)	(17,228)
Buildings and structures, net	24,433	24,102
Vehicles	236	236
Accumulated depreciation	(148)	(159)
Vehicles, net	88	76
Tools, furniture and fixtures	5,077	5,243
Accumulated depreciation	(3,362)	(3,452)
Tools, furniture and fixtures, net	1,715	1,790
Land	136	136
Construction in progress	67	796
Other	–	231
Total property, plant and equipment	26,441	27,133
Intangible assets		
Software	1,300	1,334
Goodwill	86	84
Other	2	2
Total intangible assets	1,389	1,421
Investments and other assets		
Investment securities	0	0
Shares of subsidiaries and associates	29	29
Long-term loans receivable	76	950
Leasehold and guarantee deposits	5,045	5,190
Construction assistance fund receivables	3,955	3,847
Deferred tax assets	4,435	3,999
Other	449	441
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	13,984	14,451
Total non-current assets	41,815	43,006
Total assets	173,293	158,166

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	4,822	4,004
Current portion of long-term borrowings	24,145	15,445
Accounts payable - other	3,812	3,083
Income taxes payable	864	567
Contract liabilities	25,336	23,440
Deposits received	309	459
Provision for bonuses	897	87
Other provisions	342	342
Other	3,635	8,398
Total current liabilities	64,165	55,827
Non-current liabilities		
Long-term borrowings	43,000	36,700
Long-term guarantee deposits	599	639
Asset retirement obligations	2,643	2,690
Other	183	328
Total non-current liabilities	46,426	40,358
Total liabilities	110,591	96,186
Net assets		
Shareholders' equity		
Share capital	4,157	4,157
Capital surplus	5,250	5,250
Retained earnings	56,738	55,966
Treasury shares	(4,344)	(4,344)
Total shareholders' equity	61,801	61,029
Accumulated other comprehensive income		
Foreign currency translation adjustment	284	266
Total accumulated other comprehensive income	284	266
Share acquisition rights	147	255
Non-controlling interests	468	428
Total net assets	62,702	61,980
Total liabilities and net assets	173,293	158,166

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, 2022	Three months ended May 31, 2023
Net sales	135,601	105,258
Cost of sales	113,198	88,142
Gross profit	22,402	17,116
Selling, general and administrative expenses	17,145	14,344
Operating profit	5,256	2,771
Non-operating income		
Interest income	9	37
Subsidy income	23	–
Foreign exchange gains	26	–
Other	24	17
Total non-operating income	83	55
Non-operating expenses		
Interest expenses	271	87
Foreign exchange losses	–	33
Other	15	9
Total non-operating expenses	286	130
Ordinary profit	5,053	2,696
Extraordinary income		
Gain on sale of non-current assets	54	–
Subsidy income	59	58
Other	10	2
Total extraordinary income	124	60
Extraordinary losses		
Loss on retirement of non-current assets	45	16
Other	15	1
Total extraordinary losses	60	18
Profit before income taxes	5,117	2,738
Income taxes - current	1,990	473
Income taxes - deferred	(2,443)	436
Total income taxes	(452)	909
Profit	5,569	1,828
Profit (loss) attributable to non-controlling interests	192	(40)
Profit attributable to owners of parent	5,377	1,868

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Profit	5,569	1,828
Other comprehensive income		
Foreign currency translation adjustment	1,036	(17)
Total other comprehensive income	1,036	(17)
Comprehensive income	6,606	1,810
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,226	1,851
Comprehensive income attributable to non-controlling interests	379	(40)