

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

October 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: October 15, 2021
 Scheduled date to commence dividend payments: November 5, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2021 (from March 1, 2021 to August 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	%
Six months ended August 31, 2021	227,775	27.9	9,440	132.9	9,011	186.3	5,311	286.1
Six months ended August 31, 2020	178,109	(0.7)	4,053	(12.3)	3,147	(13.4)	1,375	(35.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2021	52.90		-	
Six months ended August 31, 2020	13.67		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2021	176,910	49,905	27.5	483.80
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	-	2.30	-	-	-
Year ending February 28, 2022 (Forecast)	-	-	-	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
Full year	405,400	6.5	15,000	41.9	13,900	44.2	8,000	438.8	79.68

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 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 August 31, 2021	106,888,000 shares	As of February 28, 2021	106,888,000 shares
-----------------------	--------------------	-------------------------	--------------------

Number of treasury shares at the end of the period

As of August 31, 2021	6,480,631 shares	As of February 28, 2021	6,480,601 shares
-----------------------	------------------	-------------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2021	100,407,399 shares	Six months ended August 31, 2020	100,651,994 shares
----------------------------------	--------------------	----------------------------------	--------------------

1. Qualitative Information on Quarterly Financial Results

(1) Analysis of operating results

In the first six months of the fiscal year under review (March 1 to August 31, 2021), retail unit sales at directly managed stores in Japan were 72,694 (up 3.0% year on year), a record high for first six months sales. This result was primarily attributable to the following factors:

(i) Large stores that opened in the previous fiscal year commenced operation.

(ii) Efforts were made to boost the number of visitors to existing stores, including large stores, through the effective placement of advertisements. 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 increases in both 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.

The Company recorded expenses for moving out as head office relocation expenses in the extraordinary loss category. The relocation expenses totaled 870 million yen, including the balance of unamortized non-current assets at the current head office and the cost of office restoration to its original condition.

As a result of the above, the consolidated business results for the first six months under review were net sales of 227,775 million yen (up 27.9% year on year), operating profit of 9,440 million yen (up 132.9%), ordinary profit of 9,011 million yen (up 186.3%), and profit attributable to owners of parent of 5,311 million yen (up 286.1%), achieving record highs in terms of results for the first six months.

Regional segment-specific earnings are as indicated below:

I. Japan

The Japan segment recorded net sales of 157,192 million yen (up 13.1% year on year) and segment profit (operating profit) of 7,113 million yen (up 98.8% year on year). Retail unit sales increased mainly due to the operation of large stores that opened in the previous fiscal year, and an increase in the number of visitors to existing stores.

II. Australia

The results of the Australia segment were net sales of 69,499 million yen (81.5% year on year) and segment profit (operating profit) of 2,401 million yen (166.8% 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 six months ended August 31, 2021 were 176,910 million yen (down 0.2% compared to the end of the previous fiscal year).

Current assets were 126,745 million yen (up 0.1% compared to the end of the previous fiscal year), mainly reflecting an increase in cash and deposits (up 4,323 million yen), partly offset by decreases in notes and accounts receivable - trade (down 2,947 million yen) and merchandise (down 1,418 million yen).

Non-current assets decreased 0.9% from the end of the previous fiscal year to 50,164 million yen mainly due to a decrease of 680 million yen in buildings and structures and a decrease of 1,378 million yen in intangible assets, partly offset by an increase in construction in progress (up 1,316 million yen), among other factors.

Liabilities

Total liabilities as of the end of the first six months ended August 31, 2021 were 127,004 million yen (down 3.9% compared to the end of the previous fiscal year).

Current liabilities were 44,188 million yen (down 7.0% compared to the end of the previous fiscal year) due to a fall in the accounts payable - trade (down 2,335 million yen) and the advances received (down 459 million yen), among other factors.

Non-current liabilities were 82,815 million yen (down 2.2% compared to the end of the previous fiscal year) due to a fall in long-term borrowings (down 1,692 million yen), among other factors.

Net assets

Total net assets as of the end of the first six months ended August 31, 2021 were 49,905 million yen (up 10.9% compared to the end of the previous fiscal year) due chiefly to an increase in retained earnings (up 4,755 million yen).

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

The Company has revised its consolidated earnings forecasts for the fiscal year ending February 28, 2022, announced on July 14, 2021. For more details, please refer to "Notice of Differences between Results and the Forecast for the First Six Months and Revision of the Full-Year Forecast" announced today (October 14, 2021).

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2021	As of August 31, 2021
Assets		
Current assets		
Cash and deposits	43,179	47,502
Notes and accounts receivable - trade	6,875	3,927
Merchandise	72,913	71,494
Other	3,966	4,160
Allowance for doubtful accounts	(328)	(340)
Total current assets	126,605	126,745
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,918	36,053
Accumulated depreciation	(16,411)	(16,227)
Buildings and structures, net	20,507	19,826
Vehicles	153	114
Accumulated depreciation	(32)	(35)
Vehicles, net	121	78
Tools, furniture and fixtures	4,335	4,053
Accumulated depreciation	(3,606)	(3,295)
Tools, furniture and fixtures, net	729	757
Land	218	136
Construction in progress	121	1,438
Total property, plant and equipment	21,697	22,237
Intangible assets		
Software	1,717	1,508
Goodwill	7,698	7,228
Other	4,996	4,297
Total intangible assets	14,412	13,034
Investments and other assets		
Investment securities	139	130
Shares of subsidiaries and associates	131	129
Long-term loans receivable	30	59
Leasehold and guarantee deposits	5,835	5,838
Construction assistance fund receivables	4,614	4,567
Deferred tax assets	3,253	3,702
Other	544	507
Allowance for doubtful accounts	(43)	(43)
Total investments and other assets	14,506	14,892
Total non-current assets	50,616	50,164
Total assets	177,222	176,910

(Millions of yen)

	As of February 28, 2021	As of August 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	20,940	18,604
Short-term borrowings	1,117	1,078
Current portion of long-term borrowings	342	—
Accounts payable - other	4,586	5,262
Income taxes payable	2,052	3,078
Advances received	9,010	8,551
Deposits received	205	260
Provision for bonuses	1,167	1,130
Provision for merchandise warranties	737	829
Other provisions	715	878
Other	6,658	4,514
Total current liabilities	47,534	44,188
Non-current liabilities		
Long-term borrowings	79,169	77,477
Long-term guarantee deposits	506	564
Asset retirement obligations	2,546	2,261
Deferred tax liabilities	1,616	1,522
Other provisions	584	669
Other	249	321
Total non-current liabilities	84,672	82,815
Total liabilities	132,206	127,004
Net assets		
Shareholders' equity		
Share capital	4,157	4,157
Capital surplus	4,384	4,361
Retained earnings	39,665	44,420
Treasury shares	(4,344)	(4,344)
Total shareholders' equity	43,862	48,594
Accumulated other comprehensive income		
Foreign currency translation adjustment	134	(17)
Total accumulated other comprehensive income	134	(17)
Non-controlling interests	1,018	1,328
Total net assets	45,015	49,905
Total liabilities and net assets	177,222	176,910

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Net sales	178,109	227,775
Cost of sales	144,145	185,308
Gross profit	33,963	42,466
Selling, general and administrative expenses	29,910	33,025
Operating profit	4,053	9,440
Non-operating income		
Interest income	22	15
Foreign exchange gains	5	–
Subsidy income	–	26
Other	15	52
Total non-operating income	42	93
Non-operating expenses		
Interest expenses	547	464
Foreign exchange losses	–	55
Share of loss of entities accounted for using equity method	366	0
Other	35	4
Total non-operating expenses	948	523
Ordinary profit	3,147	9,011
Extraordinary income		
Gain on sales of property, plant and equipment	–	15
Subsidy income	1,232	4
Compensation income	–	25
Other	7	2
Total extraordinary income	1,239	47
Extraordinary losses		
Loss on retirement of non-current assets	234	187
Loss on store closings	34	–
Loss on COVID19	1,333	2
Head office relocation expenses	–	870
Other	66	47
Total extraordinary losses	1,669	1,107
Profit before income taxes	2,717	7,951
Income taxes - current	968	2,801
Income taxes - deferred	251	(513)
Total income taxes	1,220	2,288
Profit	1,497	5,662
Profit attributable to non-controlling interests	121	351
Profit attributable to owners of parent	1,375	5,311

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Profit	1,497	5,662
Other comprehensive income		
Foreign currency translation adjustment	535	(233)
Share of other comprehensive income of entities accounted for using equity method	(62)	17
Total other comprehensive income	472	(216)
Comprehensive income	1,969	5,446
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,807	5,159
Comprehensive income attributable to non- controlling interests	161	286

Consolidated statements of cash flows

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,717	7,951
Depreciation	1,446	1,406
Amortization of goodwill	330	239
Increase (decrease) in allowance for doubtful accounts	52	14
Increase (decrease) in provision for bonuses	251	(36)
Increase in provision for merchandise warranties	59	92
Interest and dividend income	(22)	(15)
Share of loss (profit) of entities accounted for using equity method	366	0
Interest expenses	547	464
Foreign exchange losses (gains)	40	189
Subsidy income	(1,232)	(30)
Loss on retirement of non-current assets	234	187
Loss on COVID19	1,333	2
Headquarters relocation cost	–	870
Decrease (increase) in trade receivables	265	2,467
Decrease (increase) in inventories	15,638	588
Decrease (increase) in consumption taxes refund receivable	69	(20)
Decrease (increase) in accounts receivable - other	271	(228)
Increase (decrease) in accrued consumption taxes	759	(2,390)
Increase (decrease) in trade payables	(6,085)	(1,780)
Increase (decrease) in accounts payable - other	(389)	(138)
Increase (decrease) in deposits received	120	54
Increase (decrease) in accrued expenses	256	(408)
Other, net	627	862
Subtotal	17,661	10,341
Interest and dividends received	20	15
Interest paid	(544)	(461)
Income taxes paid	(1,586)	(1,815)
Subsidies received	1,232	4
Payments for loss on COVID-19	(1,333)	(2)
Net cash provided by (used in) operating activities	15,448	8,081
Cash flows from investing activities		
Purchase of property, plant and equipment	(443)	(1,079)
Proceeds from sales of property, plant and equipment	–	130
Purchase of intangible assets	(352)	(230)
Payments for asset retirement obligations	(91)	(18)
Loan advances	(63)	(41)
Purchase of shares of subsidiaries and associates	–	(8)
Payments of leasehold and guarantee deposits	(18)	(93)
Proceeds from refund of leasehold and guarantee deposits	154	91
Payments of construction assistance fund receivables	(31)	(171)
Collection of construction assistance fund receivables	305	218
Other, net	6	–
Net cash provided by (used in) investing activities	(533)	(1,204)

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	108	24
Proceeds from long-term borrowings	234	–
Repayments of long-term borrowings	(45)	(1,950)
Purchase of treasury shares	(397)	(0)
Dividends paid	(61)	(536)
Proceeds from share issuance to non-controlling shareholders	370	–
Net cash provided by (used in) financing activities	208	(2,462)
Effect of exchange rate change on cash and cash equivalents	116	(107)
Net increase (decrease) in cash and cash equivalents	15,240	4,306
Cash and cash equivalents at beginning of period	37,295	43,179
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	16
Cash and cash equivalents at end of period	52,536	47,502