

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2023 (Based on Japanese GAAP)

January 12, 2024

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 050-1749-8962
 Scheduled date to file Quarterly Securities Report: January 15, 2024
 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, 2023 (from March 1, 2023 to November 30, 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	%
Nine months ended November 30, 2023	307,710	(5.1)	10,829	(23.3)	10,597	(22.6)	7,237	(35.5)
Nine months ended November 30, 2022	324,248	(5.9)	14,115	(4.4)	13,698	(2.5)	11,219	28.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2023	72.08		–	
Nine months ended November 30, 2022	111.74		–	

(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, 2023	164,490	66,074	39.7	651.15
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	–	14.41	–		
Year ending February 29, 2024 (Forecast)				18.75	33.16

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
Full year	422,000	1.3	17,000	(9.0)	16,600	(8.5)	11,100	(21.9)	110.55

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 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 November 30, 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 November 30, 2023	6,480,691 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)

Nine months ended November 30, 2023	100,407,348 shares	Nine months ended November 30, 2022	100,407,350 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, 2023), retail unit sales at directly managed stores in Japan were 106,483, (up 3.4% year on year). 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 increased approximately 10,000 yen from a year ago, to 400,000 yen, attributable to the curbing of discounts on vehicle prices.

Consolidated selling, general and administrative expenses increased year on year. Selling, general and administrative expenses at the parent company increased from a year ago. This was mainly because of increases in personnel expenses and recruitment fees associated with a rise in the number of limited-term employees in preparation for the opening of large stores in the latter half of the fiscal year under review and the next fiscal year, advertisement expenses for sales promotion and rent expenses on land and buildings due to an increase in the number of large stores.

Consolidated operating profit fell 3,286 million yen compared to a year ago, reflecting changes in gross profit and selling, general and administrative expenses. Although the Company worked to increase gross profit despite the increase in selling, general and administrative expenses for future growth, retail unit sales were not sufficiently higher than the plan.

As a result of the above, the consolidated business results for the first nine months under review were net sales of 307,710 million yen (down 5.1% year on year), operating profit of 10,829 million yen (down 23.3%), ordinary profit of 10,597 million yen (down 22.6%), and profit attributable to owners of parent of 7,237 million yen (up 35.5%).

Regional segment-specific earnings are as indicated below:

I. Japan

The results of the Japan segment were net sales of 305,460 million yen (up 10.0% year on year) and segment profit (operating profit) of 10,742 million yen (up 16.3% 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 of the Other (Differences) segment were net sales of 2,249 million yen (up 19.7% year on year) and segment profit (operating profit) of 82 million yen (up 1.3% year on year).

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 nine months ended November 30, 2023 were 164,490 million yen (down 5.1% compared to the end of the previous fiscal year).

Current assets were 118,960 million yen (down 9.5% compared to the end of the previous fiscal year), due primarily to an increase in notes and accounts receivable - trade (up 5,288 million yen), despite a decrease in cash and deposits (down 16,367 million yen).

Non-current assets were 45,530 million yen (down 8.9% from the end of the previous fiscal year), mainly reflecting increases in construction in progress (up 2,400 million yen) and long-term loans receivable (up 1,361 million yen).

Liabilities

Total liabilities as of the end of the first nine months ended November 30, 2023 were 98,415 million yen (down 11.0% compared to the end of the previous fiscal year).

Current liabilities stood at 62,905 million yen (down 2.0% from the end of the previous fiscal year) due to a fall in contract liabilities (down 2,205 million yen) and the current portion of long-term borrowings (down 3,700 million yen from the end of the previous fiscal year).

Non-current liabilities were 35,510 million yen (down 23.5% compared to the end of the previous fiscal year) due to a fall in long-term borrowings (down 11,300 million yen), among other factors.

Net assets

Total net assets as of the end of the first nine months ended November 30, 2023 were 66,074 million yen (up 5.4% compared to the end of the previous fiscal year) due chiefly to an increase in retained earnings (up 3,149 million yen).

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

Personnel expenses under selling, general and administrative expenses are expected to continue to rise, as the number of new openings of large stores is likely to increase in the latter half of the fiscal year under review and the next fiscal year compared to the previous forecast.

Moreover, although the Company used advertisement expenses to seek to increase retail unit sales, the resulting increase was not sufficiently high.

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 and Year-End Dividend Forecast” announced today (January 12, 2024).

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2023	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	37,473	21,106
Notes and accounts receivable - trade	3,927	9,216
Merchandise	84,432	83,978
Other	6,173	5,400
Allowance for doubtful accounts	(528)	(741)
Total current assets	131,478	118,960
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,306	42,819
Accumulated depreciation	(16,873)	(18,098)
Buildings and structures, net	24,433	24,720
Vehicles	236	214
Accumulated depreciation	(148)	(161)
Vehicles, net	88	52
Tools, furniture and fixtures	5,077	5,410
Accumulated depreciation	(3,362)	(3,631)
Tools, furniture and fixtures, net	1,715	1,779
Land	136	136
Construction in progress	67	2,467
Other	–	259
Total property, plant and equipment	26,441	29,416
Intangible assets		
Software	1,300	1,248
Goodwill	86	80
Other	2	2
Total intangible assets	1,389	1,330
Investments and other assets		
Investment securities	0	0
Shares of subsidiaries and associates	29	29
Long-term loans receivable	76	1,437
Leasehold and guarantee deposits	5,045	5,408
Construction assistance fund receivables	3,955	3,643
Deferred tax assets	4,435	3,834
Other	449	438
Allowance for doubtful accounts	(6)	(9)
Total investments and other assets	13,984	14,782
Total non-current assets	41,815	45,530
Total assets	173,293	164,490

(Millions of yen)

	As of February 28, 2023	As of November 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	4,822	4,500
Current portion of long-term borrowings	24,145	20,445
Accounts payable - other	3,812	4,484
Income taxes payable	864	1,837
Contract liabilities	25,336	23,131
Deposits received	309	356
Provision for bonuses	897	324
Other provisions	342	66
Other	3,635	7,760
Total current liabilities	64,165	62,905
Non-current liabilities		
Long-term borrowings	43,000	31,700
Long-term guarantee deposits	599	668
Asset retirement obligations	2,643	2,796
Other	183	345
Total non-current liabilities	46,426	35,510
Total liabilities	110,591	98,415
Net assets		
Shareholders' equity		
Share capital	4,157	4,157
Capital surplus	5,250	5,250
Retained earnings	56,738	59,887
Treasury shares	(4,344)	(4,344)
Total shareholders' equity	61,801	64,951
Accumulated other comprehensive income		
Foreign currency translation adjustment	284	429
Total accumulated other comprehensive income	284	429
Share acquisition rights	147	255
Non-controlling interests	468	438
Total net assets	62,702	66,074
Total liabilities and net assets	173,293	164,490

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, 2022	Nine months ended November 30, 2023
Net sales	324,248	307,710
Cost of sales	267,921	254,310
Gross profit	56,326	53,399
Selling, general and administrative expenses	42,211	42,570
Operating profit	14,115	10,829
Non-operating income		
Interest income	72	149
Subsidy income	26	–
Other	52	34
Total non-operating income	151	183
Non-operating expenses		
Interest expenses	476	253
Foreign exchange losses	37	101
Other	53	59
Total non-operating expenses	567	415
Ordinary profit	13,698	10,597
Extraordinary income		
Gain on sale of non-current assets	54	14
Gain on sale of shares of subsidiaries and associates	795	–
Gain on liquidation of subsidiaries	19	–
Subsidy income	91	83
Other	16	6
Total extraordinary income	976	103
Extraordinary losses		
Loss on retirement of non-current assets	92	22
Information security expenses	–	131
Other	32	4
Total extraordinary losses	124	159
Profit before income taxes	14,550	10,542
Income taxes - current	3,099	2,733
Income taxes - deferred	149	600
Total income taxes	3,248	3,334
Profit	11,301	7,207
Profit (loss) attributable to non-controlling interests	81	(29)
Profit attributable to owners of parent	11,219	7,237

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2022	Nine months ended November 30, 2023
Profit	11,301	7,207
Other comprehensive income		
Foreign currency translation adjustment	349	144
Total other comprehensive income	349	144
Comprehensive income	11,650	7,352
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,381	7,382
Comprehensive income attributable to non-controlling interests	269	(29)