

2nd Quarter Results for Fiscal Year Ending February 29, 2020

October 15, 2019

IDOM Inc.

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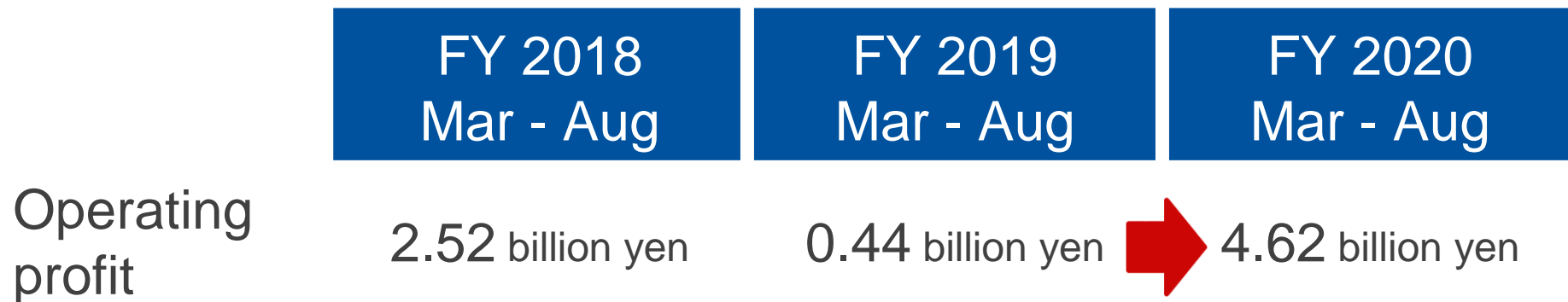
Consolidated earnings forecasts stated herein have been prepared based on the information available to the Company at the time that this report was prepared and contains certain risks and uncertainties.

Depending on market trends, economic conditions and other factors, actual performance may vary from the projected performance.

I. Summary of 2nd quarter (6 months ended) results for FY 2020

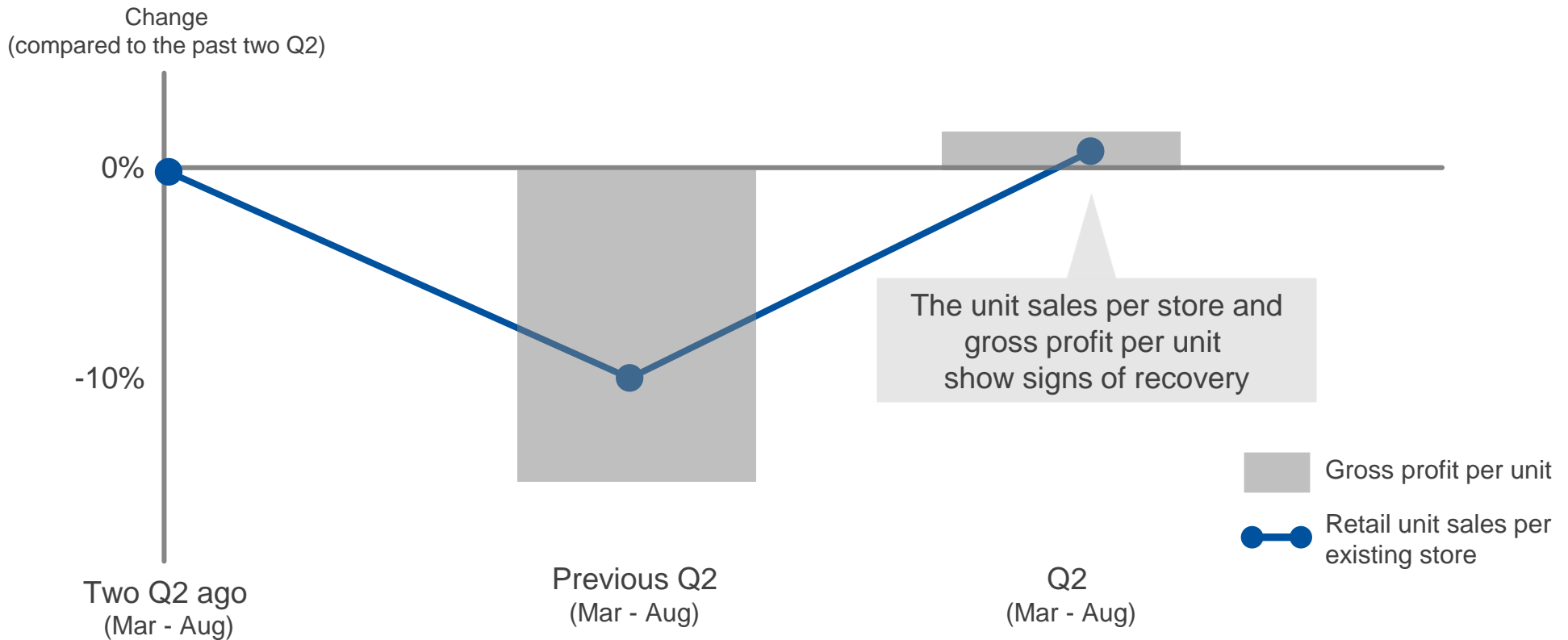
(Cumulative) 2Q Summary

	FY 2018 Mar - Aug	FY 2019 Mar - Aug	FY 2020 Mar - Aug
Non-consolidated			
Gross profit	26.84 billion yen	24.63 billion yen	29.70 billion yen
SG&A expenses	24.13 billion yen	24.33 billion yen	25.42 billion yen
Operating profit	2.70 billion yen	0.29 billion yen	4.28 billion yen
.....			
Consolidated			
Operating profit	2.52 billion yen	0.44 billion yen	4.62 billion yen



[Non-consolidated]		Impacts on operating profit (compared to the previous fiscal year)
(1) Impacted by changes in the revenue structure in the previous fiscal year	Gross profit per unit recovered Retail unit sales per store recovered	↑
(2) Rush demand due to higher consumption tax	Retail car sales increased	↑
(3) Newly opening stores (previous 2H, 18 stores + current 1H, 11 stores)		↑
[Consolidated]		
(4) Australian subsidiary Essendon newly consolidated		↑

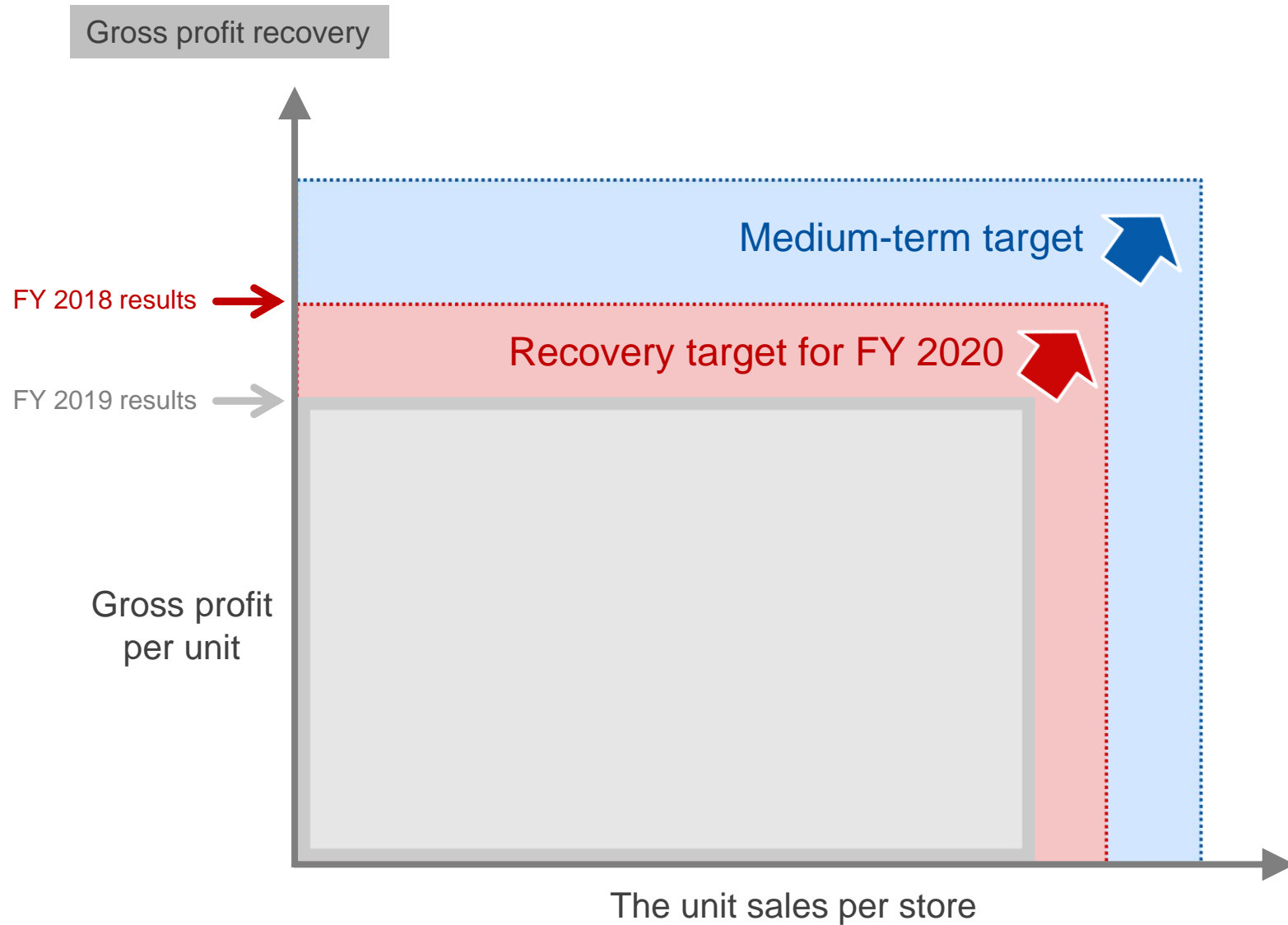
(1) Impact of Changes in the Revenue Structure in the Previous Fiscal Year



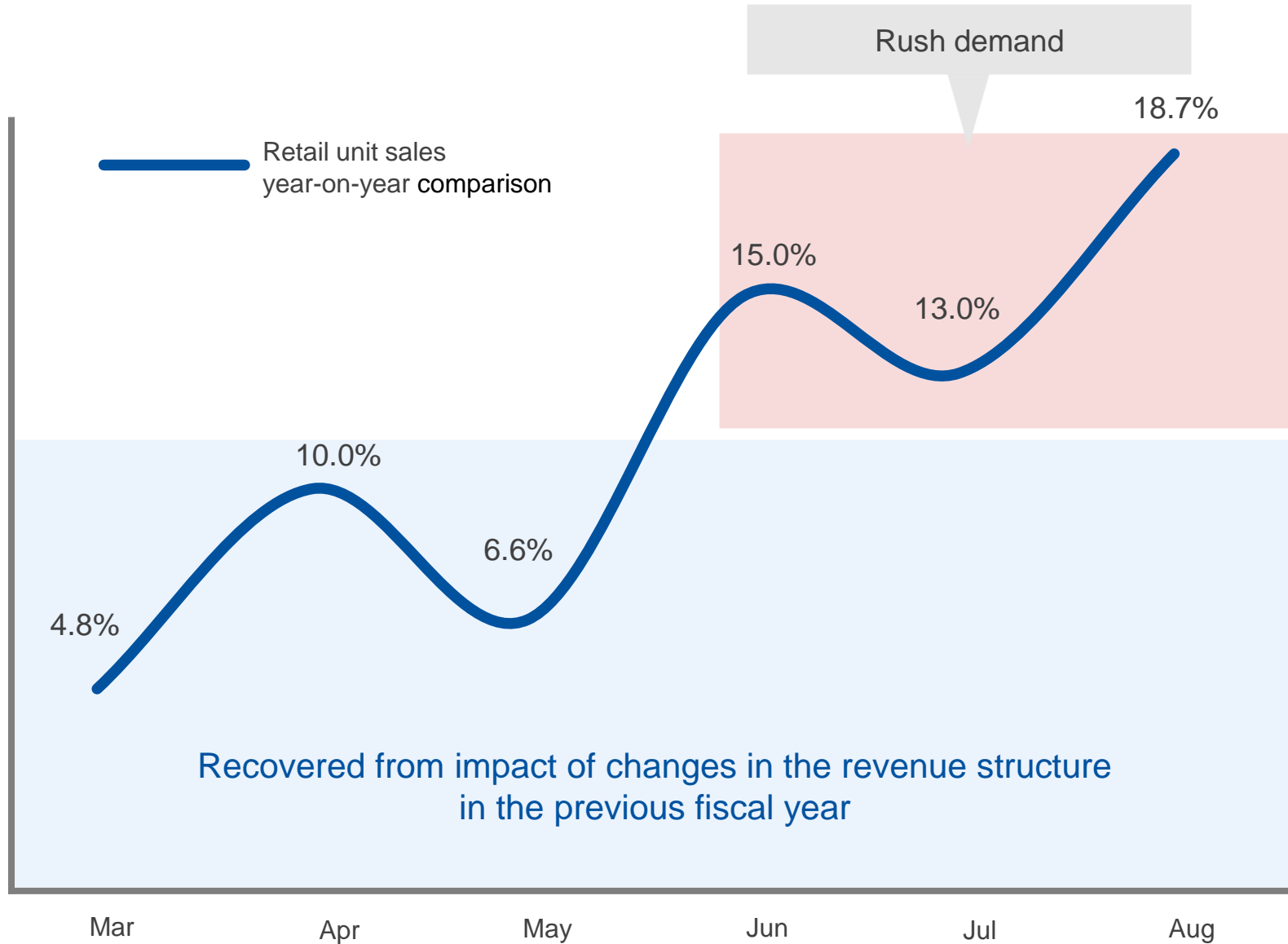
Initiatives succeeded and unit sales per store and gross profit per unit recovered from a decline due to the impacts of changes in the revenue structure in the previous fiscal year.
Initiatives:

- (1) Reinforce proposal capability by enhancing tools to help standardize sales process
- (2) Subdivision of revenue structure by area and vehicles
- (3) Enhance accessory lineup

(1) Impact of Changes in the Revenue Structure in the Previous Fiscal Year



(2) Rush Demand Due to Impact of Higher Consumption Tax



There might have been a 5 to 10% rush demand from June to the first half of September due to the higher consumption tax.

(3) Store openings (September 2018 – February 2019)



Matsue Tamayu
Matsue, Shimane



Ise
Ise, Mie



Masuda Yume-town
Masuda, Shimane



Mutsu
Mutsu, Aomori



Higashiyamasaki
Takamatsu, Kagawa



Sapporo Kiyota
Sapporo, Hokkaido



R-8 Echizen
Echizen, Fukui



Hitoyoshi
Kuma, Kumamoto



Maizuru
Maizuru, Kyoto



Kumamoto Yatsushiro
Yatsushiro, Kumamoto



Higashiosaka
Higashiosaka, Osaka



Yomitan AEON TOWN
Nakagami, Okinawa



(3) Store openings (September 2018 – February 2019)

LIBERALA
powered by Gulliver

LIBERALA Sendai
Sendai, Miyagi



LIBERALA Aomori
Aomori



Gulliver
OUTLET

OL Nonoichi
Nonoichi, Ishikawa



OL R-8 Hikone
Hikone, Shiga



OL Satsuma Kawauchi
Satsumakawauchi, Kagoshima



OL Yachiyo
Yachiyo, Chiba



(3) Store openings (March – August)



Kumamoto
Kumamoto



Hiroshima-Yoshijima
Hiroshima



Kurume-Miyaki
Miyaki, Saga



Wakayama
Wakayama



Imabari
Imabari, Ehime



Shimabara
Shimabara, Nagasaki



Kurashiki-Mizushima
Kurashiki, Okayama



Okayama-Niwase
Okayama



Odawarahigashi
Odawara, Kanagawa



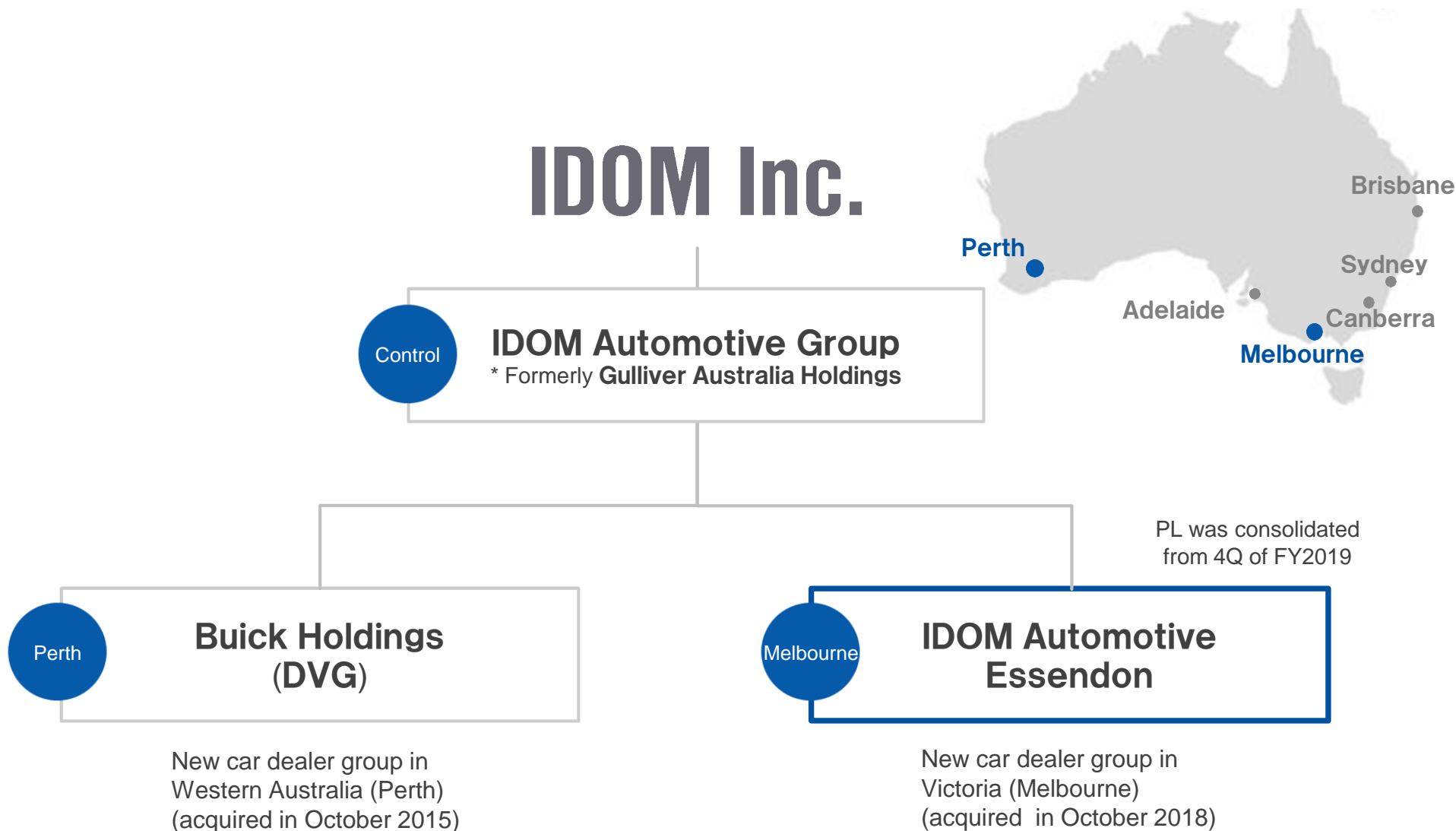
Ube
Ube, Yamaguchi



OL Nishinasuno
Nasushiobara, Tochigi



(4) Australian Subsidiary Essendon Newly Consolidated



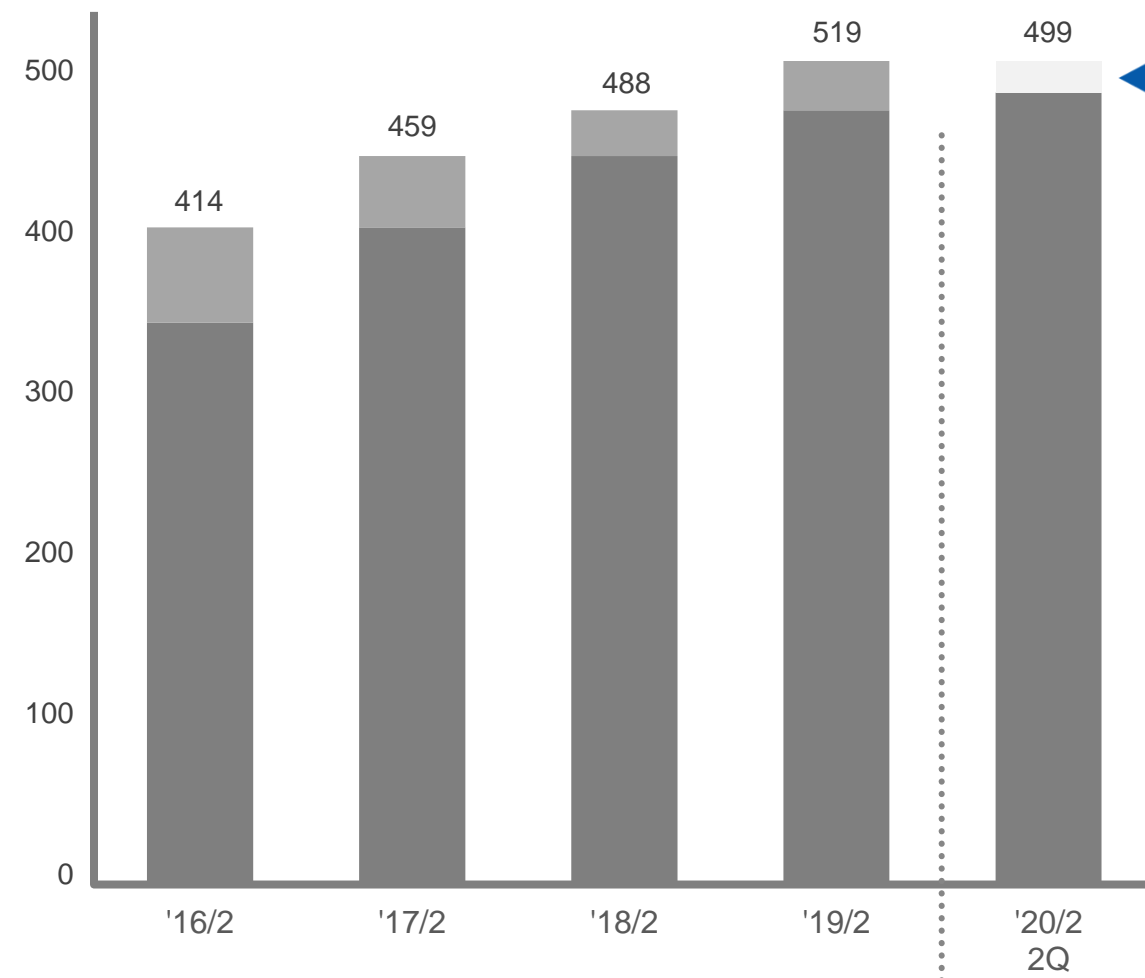
In 4Q of FY2019, PL for the period from October 1, 2018 to February 28, 2019 (five months) was consolidated, which contributed to higher sales and profit.

II. Future Store Development Policy

Status of Directly Managed Store Openings / Closings

Number of directly managed stores

(Unit: stores)



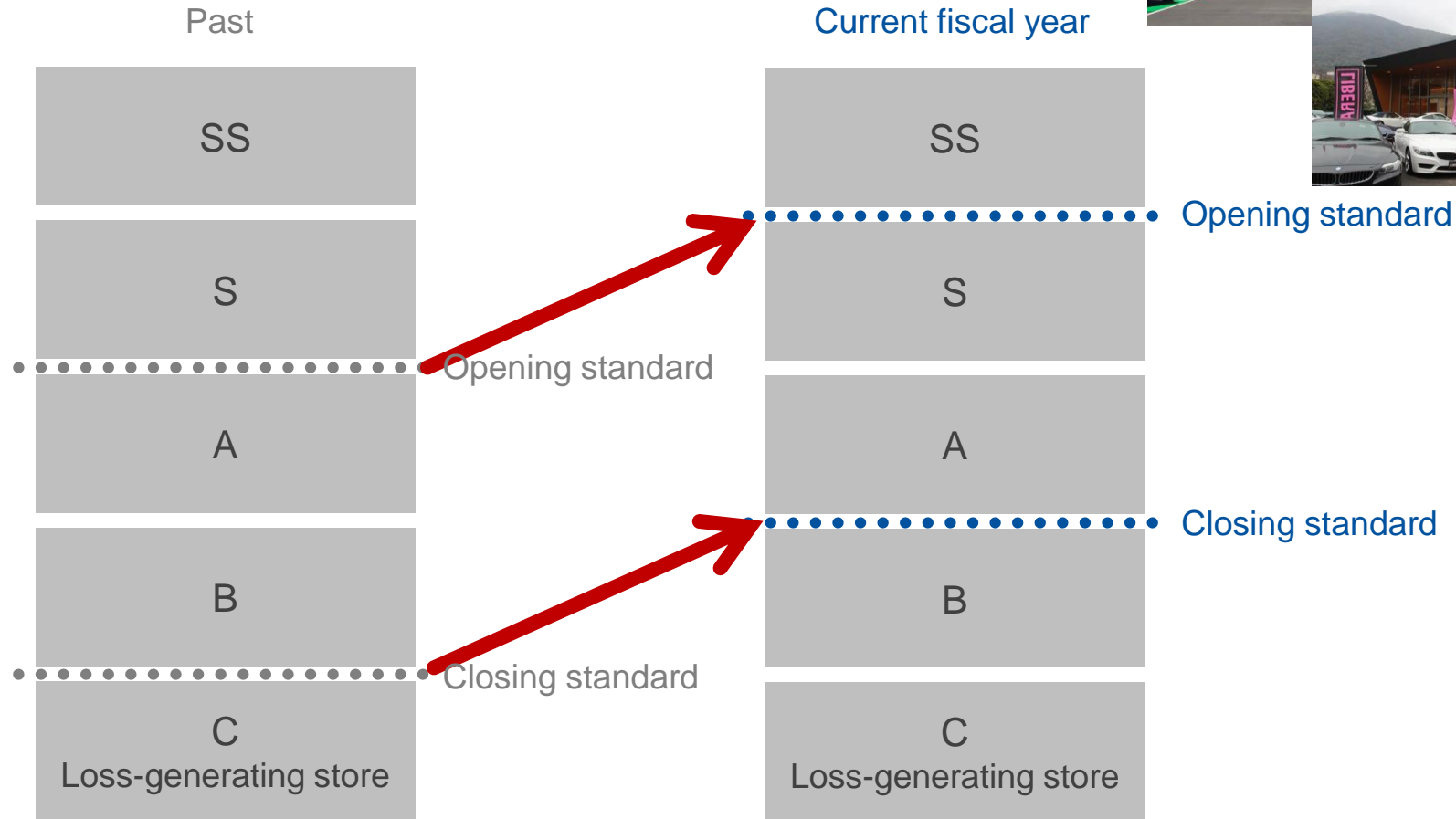
Results	
[Newly opened]	11
[Closed]	31

Net decrease by 20 stores

A new closing standard was used and store closings proceeded. As a result, the number of stores suffered a net decrease.

Review of Opening / Closing Standards

Ranking by profit/capital efficiency



In the current fiscal year, opening and closing standards have become stricter. We will open stores with high profit/capital efficiency and close low profit/capital efficiency stores even if they are in the black, which will enhance the quality of return on investments and working capital (inventory).

Estimate of Increase / Decrease in Directly Managed Stores for FY2020

	Initial Plan	Revised Plan
Newly opened	20	20
Closed	-20	-50
Net Increase/Decrease	0	-30

The number of newly opened stores lived up to the initial plan.

Since we decided to actively close stores with low profit and capital efficiency, the estimated number of closed stores has been revised to the net decrease.

III. Revision of Earnings Forecast

Revision of Earnings Forecast for FY2020

	1H	2H	Full-Year
Operating profit			
Initial Plan	1.85 billion yen	1.85 billion yen	3.70 billion yen
Revised Plan	—	1.85 billion yen	6.45 billion yen

2H Plan Unchanged

[Non-consolidated]

(1) Impacted by changes in the revenue structure in the previous fiscal year

Continued recovery



(2) Rush demand due to higher consumption tax

Reactionary decline



(3) Newly opening stores

As initially planned



[Consolidated]

(4) Consolidated subsidiary

As initially planned



Impact on operating profit (compared to the initial plan)

[Consolidated / Non-consolidated] Income statement (revised forecasts)

Consolidated	FY ended Feb 29, 2016		FY ended Feb 28, 2017		FY ended Feb 28, 2018		FY ending Feb 28, 2019			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Outlook (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	251,516	100.0	276,157	100.0	309,410	100.0	341,200	100.0	31,790	10.3
Cost of sales	190,383	75.7	210,298	76.2	244,707	79.1	269,800	79.1	25,093	10.3
Gross profit	61,133	24.3	65,859	23.8	64,702	20.9	71,400	20.9	6,698	10.4
SG&A expenses	56,634	22.5	59,080	21.4	61,301	19.8	64,950	19.0	3,649	6.0
Operating profit	4,498	1.8	6,779	2.5	3,400	1.1	6,450	1.9	3,050	89.7
Ordinary profit	4,160	1.7	5,797	2.1	2,072	0.7	4,700	1.4	2,628	126.8
Income before income taxes and minority interests	3,692	1.5	5,221	1.9	1,478	0.5	3,800	1.1	2,322	157.1
Profit attributable to owners of parent	2,247	0.9	3,578	1.3	381	0.1	2,200	0.6	1,819	477.4

Non-Consolidated	FY ended Feb 29, 2016		FY ended Feb 28, 2017		FY ended Feb 28, 2018		FY ending Feb 28, 2019			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Outlook (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	198,434	100.0	215,777	100.0	234,618	100.0	247,100	100.0	12,482	5.3
Cost of sales	147,268	74.2	160,057	74.2	181,847	77.5	190,400	77.1	8,553	4.7
Gross profit	51,166	25.8	55,720	25.8	52,770	22.5	56,700	22.9	3,930	7.4
SG&A expenses	46,632	23.5	48,797	22.6	50,018	21.3	51,100	20.7	1,082	2.2
Operating profit	4,534	2.3	6,922	3.2	2,751	1.2	5,600	2.3	2,849	103.6
Ordinary profit	4,649	2.3	6,851	3.2	2,673	1.1	5,350	2.2	2,677	100.2
Income before income taxes	3,858	2.0	6,158	2.9	1,707	0.7	4,450	1.8	2,743	160.7
Net income	2,558	1.3	4,324	2.0	933	0.4	3,000	1.2	2,067	221.5

* In the forecast for FY2020, since the closing of directly managed stores has proceeded, a forecast of extraordinary loss of loss on disposal of fixed assets, etc. has been revised from 600 million yen to 900 million yen.

IV. Supplementary information

[Consolidated / Non-consolidated] 2Q income statement

Consolidated	6 months ended August 31, 2016		6 months ended August 31, 2017		6 months ended August 31, 2018		6 months ended August 31, 2019			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	124,244	100.0	135,468	100.0	143,937	100.0	179,276	100.0	35,339	24.6
Cost of sales	94,539	76.1	103,654	76.5	113,771	79.0	142,478	79.5	28,707	25.2
Gross profit	29,704	23.9	31,813	23.5	30,165	21.0	36,797	20.5	6,632	22.0
SG&A expenses	27,532	22.2	29,285	21.6	29,719	20.6	32,173	17.9	2,454	8.3
Operating profit	2,172	1.7	2,528	1.9	445	0.3	4,624	2.6	4,179	939.1
Ordinary profit	2,020	1.6	2,032	1.5	-106	—	3,634	2.0	3,740	-
Income before income taxes and minority interests	1,789	1.4	1,876	1.4	-281	—	3,292	1.8	3,573	-
Profit attributable to owners of parent	1,102	0.9	1,121	0.8	-598	—	2,142	1.2	2,722	-

Non-Consolidated	6 months ended August 31, 2016		6 months ended August 31, 2017		6 months ended August 31, 2018		6 months ended August 31, 2019			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	96,200	100.0	107,606	100.0	110,589	100.0	129,806	100.0	19,217	17.4
Cost of sales	71,544	74.4	80,764	75.1	85,959	77.7	100,099	77.1	14,140	16.5
Gross profit	24,655	25.6	26,841	24.9	24,630	22.3	29,706	22.9	5,076	20.6
SG&A expenses	22,487	23.4	24,132	22.4	24,337	22.0	25,424	19.6	1,087	4.5
Operating profit	2,167	2.3	2,709	2.5	293	0.3	4,282	3.3	3,989	1,361.4
Ordinary profit	2,102	2.2	2,489	2.3	95	0.1	3,721	2.9	3,626	3,816.8
Income before income taxes	1,904	2.0	2,367	2.2	-162	—	3,397	2.6	3,559	-
Net income	1,343	1.4	1,504	1.4	-391	—	2,253	1.7	2,644	-

[Consolidated] Balance sheets

	As of February 28, 2019	As of August 31, 2019
Assets		
Current assets		
Cash and deposits	23,049	30,648
Notes and accounts receivable - trade	6,774	6,531
Merchandise	74,090	72,836
Deferred tax assets	1,076	-
Other	9,043	4,425
Allowance for doubtful accounts	-93	-138
Total current assets	112,865	114,303
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,130	37,143
Accumulated depreciation	-13,141	-13,568
Buildings and structures, net	22,988	22,574
Vehicles	167	153
Accumulated depreciation	-29	-19
Vehicles, net	137	133
Tools, furniture and fixtures	4,333	4,242
Accumulated depreciation	-3,481	-3,456
Tools, furniture and fixtures, net	852	785
Land	218	218
Construction in progress	541	338
Total property, plant and equipment	24,738	25,050
Intangible assets		
Software	2,797	2,744
Goodwill	11,664	10,370
Other	5,348	4,873
Total intangible assets	19,811	17,988
Investments and other assets		
Investment securities	191	180
Shares of subsidiaries and associates	2,261	2,260
Long-term loans receivable	38	336
Lease and guarantee deposits	6,083	6,016
Construction assistance fund receivables	5,753	5,568
Deferred tax assets	1,438	1,727
Other	741	700
Allowance for doubtful accounts	-116	-116
Total investments and other assets	16,392	16,674
Total non-current assets	60,942	59,713
Total assets	173,807	174,017

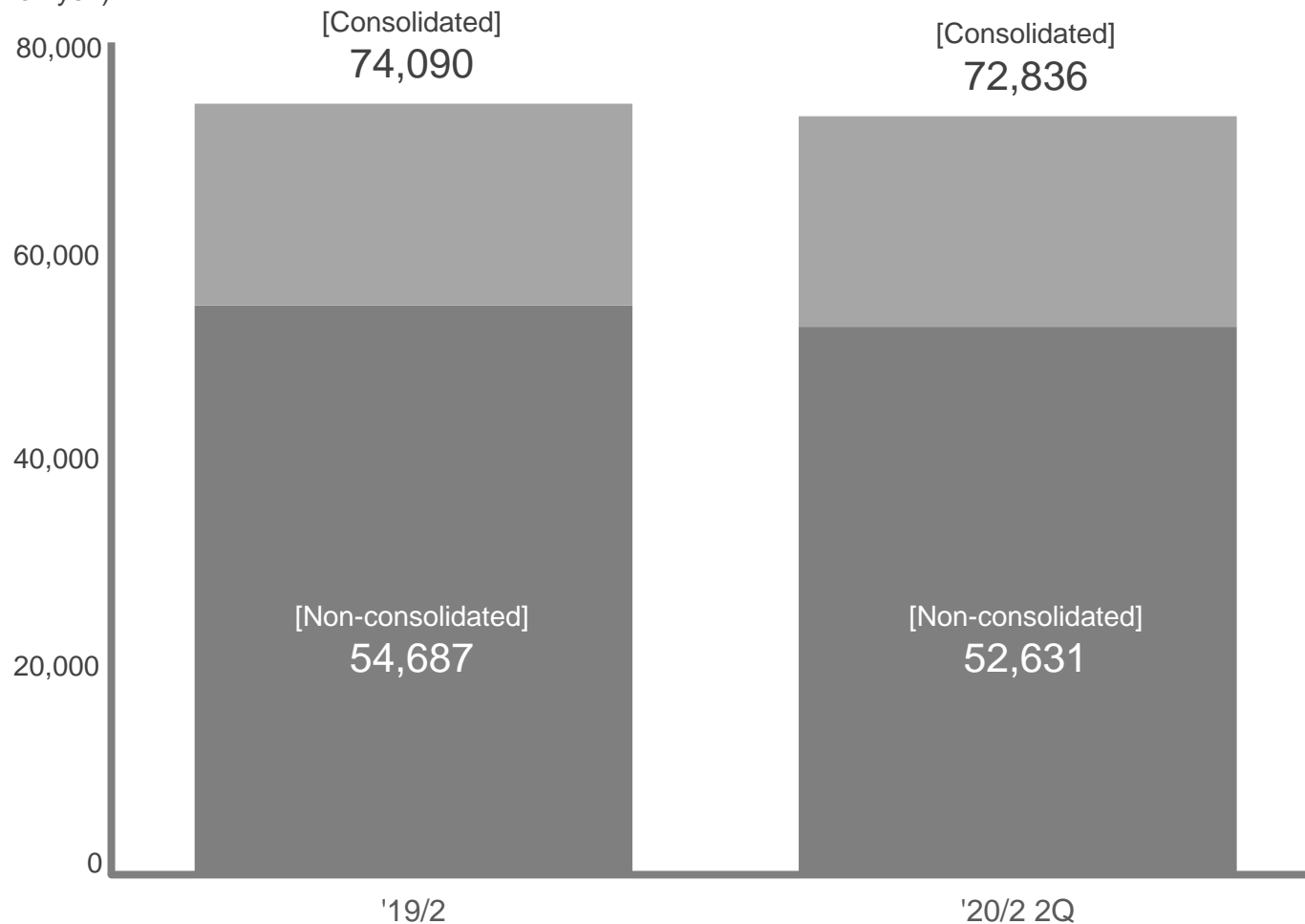
	As of February 28, 2019	As of August 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	20,026	18,821
Short-term loans payable	9,031	930
Current portion of long-term loans payables	3,809	-
Accounts payable - other	12,000	3,876
Income taxes payable	312	1,798
Advances received	11,177	11,063
Deposits received	249	220
Provision for bonuses	820	997
Provision for merchandise warranties	562	633
Other provision	507	532
Other	2,144	5,199
Total current liabilities	60,642	44,074
Non-current liabilities		
Long-term loans payable	68,023	83,986
Long-term guarantee deposited	432	508
Asset retirement obligations	2,279	2,451
Deferred tax liabilities	1,363	1,392
Other provision	561	387
Other	191	223
Total non-current liabilities	72,852	88,949
Total liabilities	133,494	133,024
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	35,842	37,409
Treasury shares	-3,947	-3,947
Total shareholders' equity	40,084	41,651
Accumulated other comprehensive income		
Foreign currency translation adjustment	-363	-1,129
Deferred losses on hedges	-	-
Total accumulated other comprehensive income	-363	-1,129
Stock acquisition rights	3	3
Minority owner shares worth	588	468
Total net assets	40,312	40,993
Total liabilities and net assets	173,807	174,017

(million yen)

Inventory as of End-Q2, FY 2020

Inventory

(Unit: million yen)



Due to initiatives to enhance the quality of returns on working capital (inventory), inventory has been decreasing since the end of the previous fiscal year.

[Consolidated] Statements of Cash Flows

(million yen)

	6 months ended August 31, 2017	6 months ended August 31, 2018	6 months ended August 31, 2019
I . Cash flows from operating activities	6,329	-15,707	14,731
II . Cash flows from investing activities	-2,565	-2,968	-2,129
III . Cash flows from financing activities	9,298	12,507	-4,722
IV . Effect of exchange rate change on cash and cash equivalents	13	-28	-201
V . Net increase in cash and cash equivalents	13,076	-6,197	7,677
VI . Cash and cash equivalents at the beginning of period	14,337	22,763	22,970
VII . Cash and cash equivalents at the end of period	27,413	16,566	30,648