

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 Nine Months Ended November 30, 2019
(Based on Japanese GAAP)**

January 14, 2020

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: January 14, 2020
 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, 2019 (from March 1, 2019 to November 30, 2019)

(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, 2019	272,574	26.1	7,728	172.6	6,432	192.3	3,597	249.5
Nine months ended November 30, 2018	216,134	5.8	2,835	(45.5)	2,200	(50.9)	1,029	(62.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2019	35.48		–	
Nine months ended November 30, 2018	10.15		–	

(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, 2019	180,575	42,737	23.4	417.10
As of February 28, 2019	173,807	40,312	22.9	391.70

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, 2019	–	5.50	–	5.50	11.00
Year ending February 29, 2020	–	0.60			
Year ending February 29, 2020 (Forecast)			–	0.60	1.20

3. Forecast of consolidated financial results for the year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

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	341,200	10.3	6,450	89.7	4,700	126.8	2,200	477.4	21.69

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 2019
(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, 2019	106,888,000 shares	As of February 28, 2019	106,888,000 shares
-------------------------	--------------------	-------------------------	--------------------

Number of treasury shares at the end of the period

As of November 30, 2019	5,480,571 shares	As of February 28, 2019	5,480,531 shares
-------------------------	------------------	-------------------------	------------------

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

Nine months ended November 30, 2019	101,407,434 shares	Nine months ended November 30, 2018	101,407,530 shares
-------------------------------------	--------------------	-------------------------------------	--------------------

Analysis of Operating Results and Financial Position for the Second Quarter

(1) Analysis of operating results

In the first nine months of the fiscal year under review (March 1, 2019 to November 30, 2019), retail car sales from all directly managed stores in Japan totaled 101,576 (up 8.2% from the same term last year). In the previous term, retail car sales per store and gross profit per unit fell due to changes in the price setting of used car sales and the store sales strategy. However, in the current term, a range of improvement measures enhanced accuracy in retail price setting and increased the sales and profit of accessories, resulting in the recovery of both retail car sales per store and gross profit per unit. In addition, a certain rush in demand due to the implementation of higher consumption tax contributed to the recovery of retail car sales per store.

SG&A expenses increased due to up-front store management expenses resulting from new store openings.

Associated with the syndicated loan agreement signed in the current term, an arrangement fee was paid to an arranger financial institution, and the expenses were recorded in non-operating expenses and interest expenses.

With stores with low profits and capital efficiency closed according to the tightened criteria for the opening and closing of directly managed stores, losses continued to increase pertaining to the disposal of non-current assets and store closings.

As a result of the above, the consolidated business results for the first nine months were net sales of 272,574 million yen (up 26.1% from the same term of the previous year), operating profit of 7,728 million yen (up 172.6%), ordinary profit of 6,432 million yen (up 192.3%), and profit attributable to owners of parent of 3,597 million yen (up 249.5%).

Regional segment-specific earnings are as indicated below.

(i) Japan

The Japan segment recorded net sales of 208,026 million yen (up 18.6% from the same term of the previous year) and segment income (operating profit) of 8,162 million yen (up 157.8%). Both retail car sales per directly managed store and gross profit per unit improved.

(ii) Australia

The Australia segment recorded net sales of 62,487 million yen (up 60.1% from the same term of the previous year) and segment loss (operating loss) of 97 million yen (the same term of the previous year recorded operating loss of 144 million yen). The new car dealer group acquired in October 2018 became our subsidiary in the previous consolidated fiscal year (its financial results were consolidated for the period from October 1, 2018 to February 28, 2019). As a result, it contributed to an increase in net sales in the first nine months under review. The business performance of the subsidiary in Western Australia improved due to an increase in retail car sales.

(2) Analysis of financial position

[Assets]

As of the end of the first nine months of the fiscal year under review (March 1, 2019 to November 30, 2019), total assets stood at 180,575 million yen (up 3.9% compared to the end of the previous fiscal year).

Current assets were 120,080 million yen (up 6.4% compared to the end of the previous fiscal year), mainly reflecting an increase in cash and deposits (up 9,429 million yen).

Non-current assets were 60,495 million yen (down 0.7 % compared to the end of the previous fiscal year) partly due to a decline in construction assistance fund receivable (down 393 million yen).

[Liabilities]

As of the end of the first nine months of the fiscal year under review (March 1, 2019 to November 30, 2019), total liabilities were 137,837 million yen (up 3.3% compared to the end of the previous fiscal year).

Current liabilities were 52,414 million yen (down 13.6% compared to the end of the previous fiscal year), mainly reflecting a decline in short-term loans payable (down 8,067 million yen).

Non-current liabilities were 85,423 million yen (up 17.3% compared to the end of the previous fiscal year) due to a rise in long-term loans payable (up 12,180 million yen), among other factors.

[Net assets]

As of the end of the first nine months of the fiscal year under review (March 1, 2019 to November 30, 2019), total net assets amounted to 42,737 million yen (up 6.0% compared to the end of the previous fiscal year) largely due to an increase in retained earnings (up 2,983 million yen).

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

The impact of reactionary decreases attributable to the consumption tax hike is subsiding. However, with respect to the consolidated earnings forecast for the fiscal year ending February 29, 2020, we should continue to watch and fully understand the effects of reactionary decreases on our business performance. Taking this into consideration, we will keep our earnings forecasts unchanged from the figures released on October 4, 2019, in the press release titled "Revision of Earnings Forecast."

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2019	As of November 30, 2019
Assets		
Current assets		
Cash and deposits	23,049	32,479
Notes and accounts receivable - trade	6,774	5,791
Merchandise	74,090	76,904
Other	9,043	5,065
Allowance for doubtful accounts	(93)	(160)
Total current assets	112,865	120,080
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,130	36,840
Accumulated depreciation	(13,141)	(13,479)
Buildings and structures, net	22,988	23,361
Vehicles	167	171
Accumulated depreciation	(29)	(20)
Vehicles, net	137	150
Tools, furniture and fixtures	4,333	4,178
Accumulated depreciation	(3,481)	(3,423)
Tools, furniture and fixtures, net	852	754
Land	218	218
Construction in progress	541	275
Total property, plant and equipment	24,738	24,760
Intangible assets		
Software	2,797	2,812
Goodwill	11,664	11,408
Other	5,348	5,113
Total intangible assets	19,811	19,334
Investments and other assets		
Investment securities	191	182
Shares of subsidiaries and associates	2,261	2,260
Long-term loans receivable	38	13
Lease and guarantee deposits	6,083	6,054
Construction assistance fund receivables	5,753	5,360
Deferred tax assets	1,438	1,940
Other	741	669
Allowance for doubtful accounts	(116)	(79)
Total investments and other assets	16,392	16,400
Total non-current assets	60,942	60,495
Total assets	173,807	180,575

(Millions of yen)

As of February 28, 2019 As of November 30, 2019

	As of February 28, 2019	As of November 30, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	20,026	18,390
Short-term loans payable	9,031	963
Current portion of long-term loans payable	12,000	11,110
Accounts payable - other	3,809	3,665
Income taxes payable	312	2,495
Advances received	11,177	7,918
Deposits received	249	210
Provision for bonuses	820	275
Provision for merchandise warranties	562	651
Other provision	507	520
Other	2,144	6,212
Total current liabilities	60,642	52,414
Non-current liabilities		
Long-term loans payable	68,023	80,204
Long-term guarantee deposited	432	454
Asset retirement obligations	2,279	2,674
Deferred tax liabilities	1,363	1,254
Other provision	561	643
Other	191	191
Total non-current liabilities	72,852	85,423
Total liabilities	133,494	137,837
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	35,842	38,825
Treasury shares	(3,947)	(3,947)
Total shareholders' equity	40,084	43,067
Accumulated other comprehensive income		
Foreign currency translation adjustment	(363)	(771)
Total accumulated other comprehensive income	(363)	(771)
Share acquisition rights	3	3
Non-controlling interests	588	437
Total net assets	40,312	42,737
Total liabilities and net assets	173,807	180,575

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, 2018	Nine months ended November 30, 2019
Net sales	216,134	272,574
Cost of sales	167,691	216,480
Gross profit	48,443	56,093
Selling, general and administrative expenses	45,608	48,364
Operating profit	2,835	7,728
Non-operating income		
Interest income	30	34
Interest on refund	–	18
Foreign exchange gains	15	–
Other	16	22
Total non-operating income	63	75
Non-operating expenses		
Interest expenses	507	1,024
Foreign exchange losses	–	249
Share of loss of entities accounted for using equity method	177	77
Other	12	21
Total non-operating expenses	697	1,372
Ordinary profit	2,200	6,432
Extraordinary income		
Gain on transfer of business	–	57
Subsidy income	22	22
Other	–	1
Total extraordinary income	22	81
Extraordinary losses		
Loss on retirement of non-current assets	197	526
Loss on closing of stores	24	109
Settlement package	–	140
Loss on disaster	101	–
Other	26	28
Total extraordinary losses	348	805
Profit before income taxes	1,873	5,708
Income taxes - current	1,064	2,726
Income taxes - deferred	(158)	(621)
Total income taxes	905	2,105
Profit	967	3,603
Profit (loss) attributable to non-controlling interests	(61)	5
Profit attributable to owners of parent	1,029	3,597

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2018	Nine months ended November 30, 2019
Profit	967	3,603
Other comprehensive income		
Foreign currency translation adjustment	(107)	(661)
Share of other comprehensive income of entities accounted for using equity method	(5)	53
Total other comprehensive income	(112)	(608)
Comprehensive income	855	2,994
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	921	3,069
Comprehensive income attributable to non-controlling interests	(66)	(75)