

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2020 (Based on Japanese GAAP)

July 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: July 15, 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 three months ended May 31, 2020 (from March 1, 2020 to May 31, 2020)

(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, 2020	83,724	(7.2)	(153)	–	(552)	–	(914)	–
Three months ended May 31, 2019	90,206	26.3	1,510	298.6	959	826.0	447	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2020	(9.06)		–	
Three months ended May 31, 2019	4.41		–	

(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, 2020	180,936	41,126	22.5	404.89
As of February 29, 2020	183,783	42,586	22.9	415.42

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 29, 2020	–	0.60	–	0.60	1.20
Year ending February 28, 2021	–	–	–	–	–
Year ending February 28, 2021 (Forecast)	–	5.30	–	5.30	10.60

3. Forecast of consolidated financial results for the year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

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, 2020	156,000	(13.0)	1,100	(76.2)	250	(93.1)	100	(95.3)	0.99
Full year	338,000	(6.5)	5,800	(36.2)	4,100	(40.3)	2,700	(23.9)	26.63

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2020
 (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, 2020	106,888,000 shares	As of February 29, 2020	106,888,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2020	6,480,571 shares	As of February 29, 2020	5,480,571 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, 2020	100,896,559 shares	Three months ended May 31, 2019	101,407,445 shares
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1. Analysis of Operating Results and Financial Position for the First Quarter

(1) Analysis of operating results

In the first quarter of the fiscal year under review (March 1 to May 31, 2020), retail car sales from all directly managed stores in Japan increased 1.9% year on year, to total 34,769, even when the stay-at-home requests issued by the central and local governments due to the novel coronavirus (COVID-19) were effective.

Meanwhile, gross profit per car from retail sales decreased due to a temporary reduction of retail prices from April to mid-May. Gross profit per car in wholesale also fell due to a rapid decline in the auction market prices in April and May. SG&A expenses decreased thanks to cost control such as a reduction in advertising expenses.

In response to the stay-at-home requests and the declaration of a state of emergency issued by the central and local governments due to the spread of COVID-19, the Company reduced its business hours and temporarily closed stores in Japan and Australia. The fixed cost and expenses incurred during the temporary suspension were posted as an extraordinary loss related to the infectious disease.

As social contribution activities related to COVID-19, the Company launched “Gulliver Car Support” (#SaveMoving), a project to lend the automobiles owned by the Company free of charge for up to three months to a total of 10,000 health care providers and others using the network of approximately 500 stores across Japan.

As a result, consolidated business results for the first quarter of the fiscal year under review were net sales of 83,724 million yen (down 7.2% year on year), operating loss of 153 million yen (as compared to operating income of 1,510 million yen in the same period of the previous fiscal year), ordinary loss of 552 million yen (as compared to ordinary income of 959 million yen in the same period of the previous fiscal year), and loss attributable to owners of parent of 914 million yen (as compared to profit attributable to owners of parent of 447 million yen in the same period of the previous fiscal year).

Regional segment-specific earnings are as indicated below:

I. Japan

The Japan segment resulted in net sales of 68,031 million yen (down 4.1% year on year) and segment loss (operating loss) of 136 million yen (as compared to segment income of 1,827 million yen). The decrease in sales and profit was caused by a fall in the number of visitors to stores due to the impact of COVID-19.

II. Australia

The Australia segment recorded net sales of 15,216 million yen (down 19.2% year on year) and segment income (operating income) of 172 million yen (as compared to segment loss of (operating loss) of 171 million yen in the same period of the previous fiscal year). While sales dropped due to a fall in the number of visitors to stores due to the impact of COVID-19, a decrease in SG&A expenses resulted in profit growth.

(2) Analysis of financial position

Assets

As of the end of first quarter ended May 31, 2020, total assets amounted to 180,936 million yen (down 1.5% from the end of the previous fiscal year).

Current assets totaled 126,183 million yen (down 1.5% from the end of the previous fiscal year) as a result of a decrease in merchandise (down 15,189 million yen from the end of the previous fiscal year) and a fall in notes and accounts receivable - trade (down 2,662 million yen from the end of the previous fiscal year) despite an increase in cash and deposits (up 16,958 million yen from the end of the previous fiscal year). As a result of the reduction of inventory purchases in preparation for a decline in the number of customers visiting stores due to the impact of COVID-19, merchandise decreased and cash and deposits increased.

Non-current assets decreased 1.6% from the end of the previous fiscal year to 54,752 million yen due to such factors as a decrease of 379 million yen in buildings and structures and a fall of 241 million yen in goodwill.

Liabilities

As of the end of first quarter ended May 31, 2020, total liabilities amounted to 139,809 million yen (down 1.0% from the end of the previous fiscal year).

Current liabilities totaled 54,752 million yen (down 2.7% from the end of the previous fiscal year) as a result of a decrease in accounts payable - trade (down 2,642 million yen from the end of the previous fiscal year) and a fall in advances received (down 2,917 million yen from the end of the previous fiscal year) despite an increase in other (up 4,275 million yen from the end of the previous fiscal year).

Non-current liabilities stood at 85,056 million yen (up 0.2% from the end of the previous fiscal year) due primarily to a rise in long-term loans payable (up 106 million yen).

Net assets

As of the end of first quarter ended May 31, 2020, total net assets were 41,126 million yen (down 3.4% compared to the end of the previous fiscal year) due to a decrease in retained earnings (down 975 million yen).

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

There are no changes made to the consolidated earnings forecasts for the fiscal year ending February 28, 2021, announced on April 14, 2020, in “Summary of Consolidated Financial Results for the Year Ended February 29, 2020 (Based on Japanese GAAP)” in view of the consolidated results for the first quarter under review, which are in line with the forecasts.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 29, 2020	As of May 31, 2020
Assets		
Current assets		
Cash and deposits	37,295	54,254
Notes and accounts receivable - trade	6,715	4,052
Merchandise	79,119	63,930
Other	5,143	4,134
Allowance for doubtful accounts	(158)	(188)
Total current assets	128,115	126,183
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,000	36,720
Accumulated depreciation	(14,742)	(14,842)
Buildings and structures, net	22,257	21,877
Vehicles	256	148
Accumulated depreciation	(21)	(22)
Vehicles, net	234	126
Tools, furniture and fixtures	4,196	4,186
Accumulated depreciation	(3,487)	(3,495)
Tools, furniture and fixtures, net	708	691
Land	218	218
Construction in progress	97	39
Total property, plant and equipment	23,517	22,952
Intangible assets		
Software	1,877	1,844
Goodwill	10,911	10,670
Other	4,604	4,504
Total intangible assets	17,393	17,019
Investments and other assets		
Investment securities	152	151
Shares of subsidiaries and associates	119	119
Long-term loans receivable	13	13
Leasehold and guarantee deposits	5,938	5,843
Construction assistance fund receivables	5,142	4,967
Deferred tax assets	2,811	3,136
Other	625	595
Allowance for doubtful accounts	(48)	(47)
Total investments and other assets	14,756	14,779
Total non-current assets	55,667	54,752
Total assets	183,783	180,936

(Millions of yen)

	As of February 29, 2020	As of May 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	21,002	18,359
Short-term borrowings	935	927
Current portion of long-term borrowings	11,079	11,040
Accounts payable - other	4,034	4,228
Income taxes payable	1,624	1,810
Advances received	9,773	6,856
Deposits received	274	220
Provision for bonuses	823	122
Provision for merchandise warranties	662	675
Other provisions	544	690
Other	5,544	9,820
Total current liabilities	56,299	54,752
Non-current liabilities		
Long-term borrowings	79,824	79,931
Long-term guarantee deposits	432	437
Asset retirement obligations	2,633	2,582
Deferred tax liabilities	1,386	1,375
Other provisions	426	410
Other	193	319
Total non-current liabilities	84,897	85,056
Total liabilities	141,196	139,809
Net assets		
Shareholders' equity		
Share capital	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	38,773	37,798
Treasury shares	(3,947)	(4,344)
Total shareholders' equity	43,016	41,643
Accumulated other comprehensive income		
Foreign currency translation adjustment	(889)	(989)
Total accumulated other comprehensive income	(889)	(989)
Share acquisition rights	3	3
Non-controlling interests	456	469
Total net assets	42,586	41,126
Total liabilities and net assets	183,783	180,936

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, 2019	Three months ended May 31, 2020
Net sales	90,206	83,724
Cost of sales	72,521	69,002
Gross profit	17,685	14,722
Selling, general and administrative expenses	16,174	14,875
Operating profit (loss)	1,510	(153)
Non-operating income		
Interest income	10	11
Interest on tax refund	12	–
Other	19	17
Total non-operating income	43	29
Non-operating expenses		
Interest expenses	340	247
Foreign exchange losses	170	110
Share of loss of entities accounted for using equity method	83	53
Other	0	16
Total non-operating expenses	594	428
Ordinary profit (loss)	959	(552)
Extraordinary income		
Subsidy income	22	386
Other	–	0
Total extraordinary income	22	386
Extraordinary losses		
Loss on retirement of non-current assets	184	154
Loss on store closings	–	72
Settlement package	60	–
Loss on COVIT19	–	678
Total extraordinary losses	244	905
Profit (loss) before income taxes	736	(1,071)
Income taxes - current	774	178
Income taxes - deferred	(436)	(356)
Total income taxes	338	(177)
Profit (loss)	398	(893)
Profit (loss) attributable to non-controlling interests	(48)	20
Profit (loss) attributable to owners of parent	447	(914)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended May 31, 2019	Three months ended May 31, 2020
Profit (loss)	398	(893)
Other comprehensive income		
Foreign currency translation adjustment	(697)	(89)
Share of other comprehensive income of entities accounted for using equity method	45	(18)
Total other comprehensive income	(651)	(107)
Comprehensive income	(253)	(1,001)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(102)	(1,015)
Comprehensive income attributable to non-controlling interests	(150)	13