

1st Quarter Results for Fiscal Year Ending February 28, 2021

July 14, 2020

IDOM Inc.

- I. 1st quarter results summary FY2021
- II. Consolidated operating income: Prospect of achieving forecast for 1st half of FY2021
- III. Response to the novel coronavirus (COVID-19)
- IV. Supplementary material

I. 1st quarter results summary FY2021

	FY 2020 Mar - May	FY 2021 Mar - May
Non-consolidated		
Gross profit	14,273 million yen	11,529 million yen
SG&A expenses	12,784 million yen	11,988 million yen
Operating income	1,488 million yen	-4,59 million yen
.....		
Consolidated		
Operating income	1,510 million yen	-1,53 million yen

Key Factors of Increase/Decrease in Profit (Year-on-Year Comparison)

FY 2020 Mar - May	FY 2021 Mar - May
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Non-consolidated

Operating income

1,488million yen



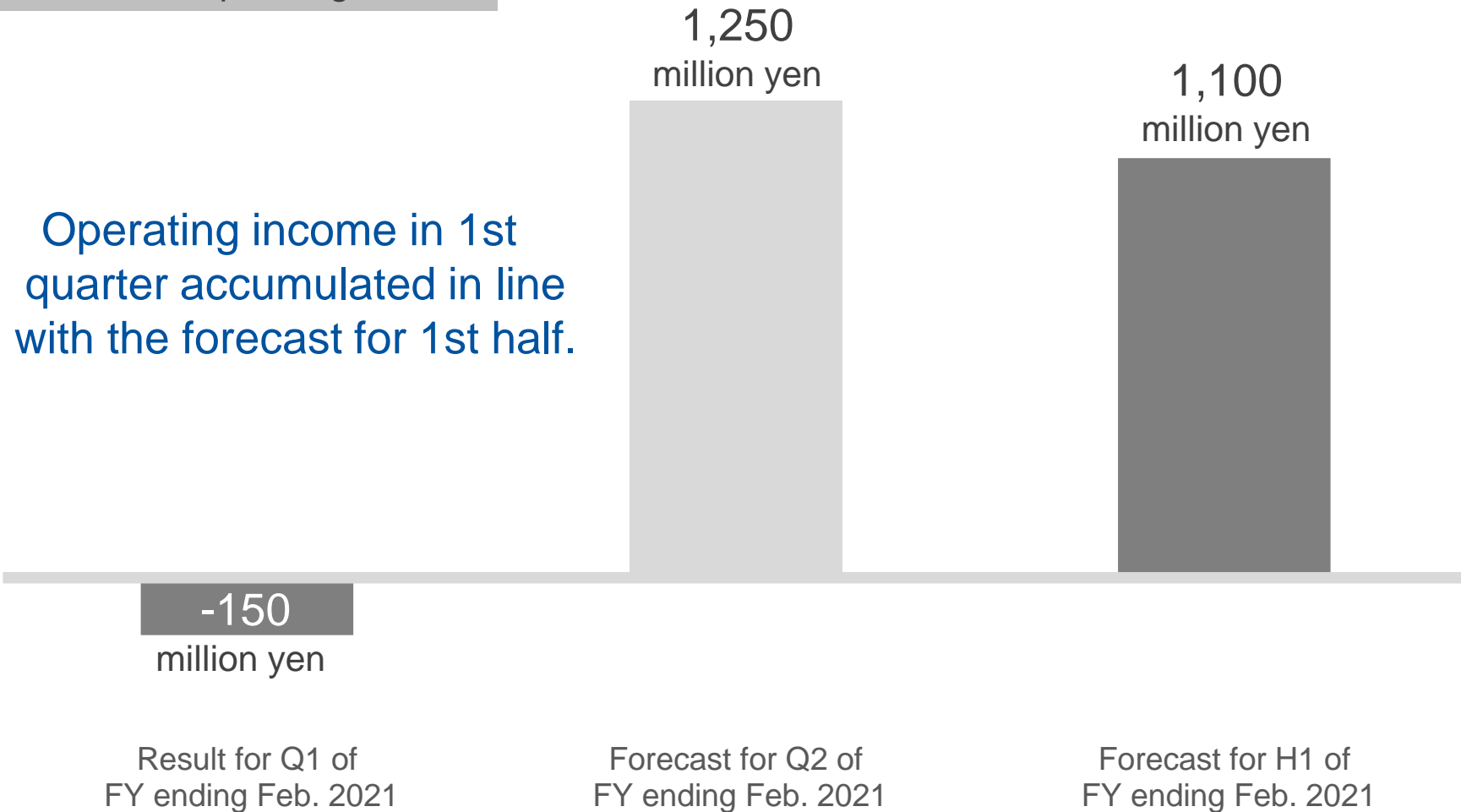
-4,59million yen

1	Retail unit sales	Remained at the level of the previous year despite a decrease in the number of visitors to the stores.		
2	Retail gross profit	Decreased due to a temporary reduction of retail prices amid a fall in the number of visitors to the stores.		
3	Number of units purchased	The number of units purchased decreased and purchasing cost for retail increased due to a sluggish market for new automobiles.		
4	Wholesale gross profit	Decreased due to a rapid fall in auction prices in April and May.		
Gross profit		<table border="1" style="width: 100%;"> <tr> <td style="background-color: #0056b3; color: white;">Impact of the novel coronavirus (COVID-19)</td> <td style="text-align: right;">-2.74 million yen</td> </tr> </table>	Impact of the novel coronavirus (COVID-19)	-2.74 million yen
Impact of the novel coronavirus (COVID-19)	-2.74 million yen			
SG&A expenses		<table border="1" style="width: 100%;"> <tr> <td style="background-color: #0056b3; color: white;">Reduced by controlling advertising expenses</td> <td style="text-align: right;">+7.9 million yen</td> </tr> </table>	Reduced by controlling advertising expenses	+7.9 million yen
Reduced by controlling advertising expenses	+7.9 million yen			

II. Consolidated Operating Income: Prospect of Achieving Forecast for 1st Half of FY2021

Consolidated Operating Income: Prospect of Achieving Forecast for 1st Half of FY2021

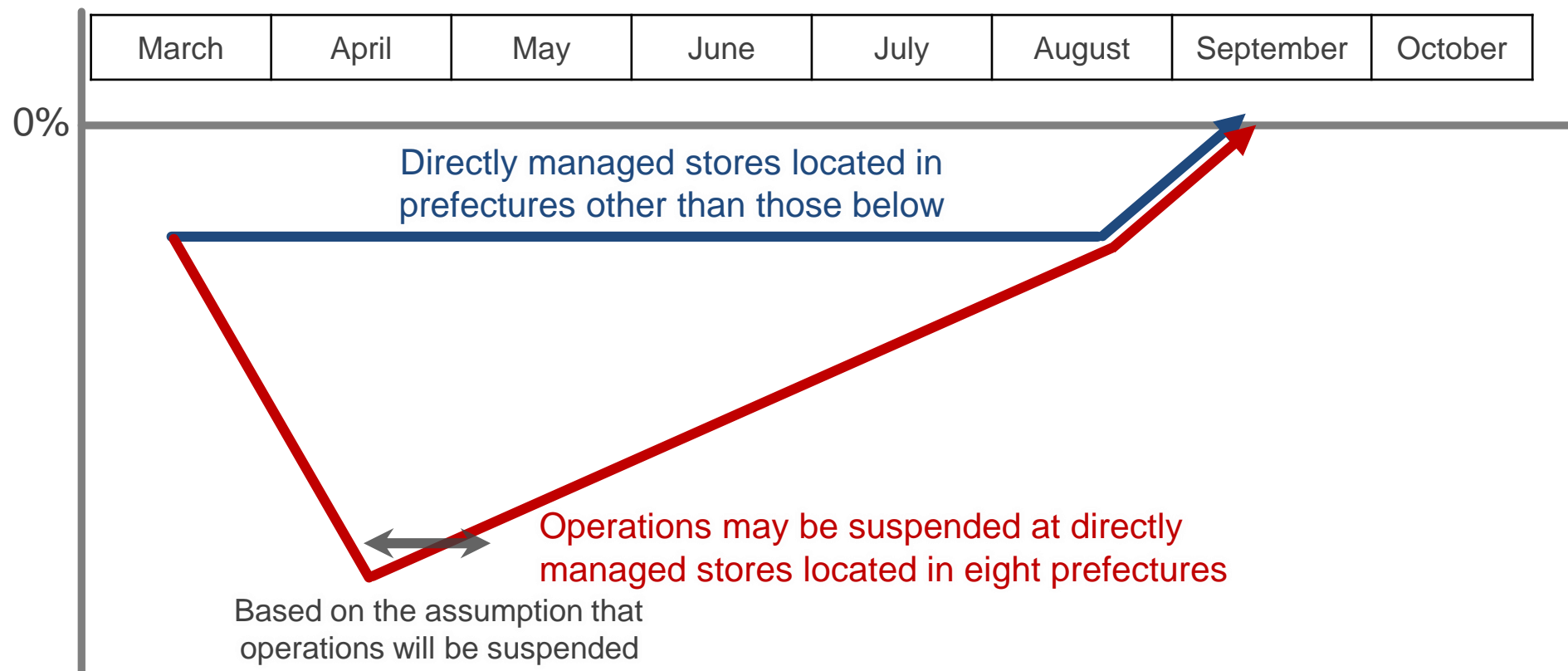
Consolidated operating income



Preconditions for Forecasts for the Fiscal Year Ending February 28, 2021

Assumptions on a decrease in the number of customers visiting stores due to the impact of the COVID-19 coronavirus infection

April 14, 2020, Results for Fiscal Year Ended February 29, 2020



- The Company assumes that sales operations will be suspended entirely at the directory managed stores located in eight prefectures (Tokyo, Kanagawa, Chiba, Saitama, Osaka, Hyogo, Fukuoka and Aichi) until early May and that the number of customers visiting these and other stores will recover gradually in the middle of May and beyond, making the situation normal by September.
- The Company's current policy is to continue operation mainly by reducing operating hours, and has made the above assumptions, taking future changes in the situation into account.
- The Company assumes that the number of customers who visit the directly managed stores located in prefectures other than the eight prefectures will continue to fall at a certain rate and be back to normal in September and beyond.
- If the number of customers who visit stores returns to normal in September, the Company assumes that retail sales (based on a delivery date or a record date for sales) will be normalized in October in general.

Note: The above expectations including those on dates are assumptions and results may differ depending on actual operating results, changes in the number of customers visiting stores and when the infection will end.

Consolidated Operating Income: Progress vs. Forecast for 1st Half of FY2021

**Forecast for 1st half
announced in April**

**Forecast for 1st half
as of July**

Consolidated

Operating income

11 million yen



11 million yen

		Result for Q1	Forecast for Q2 (vs. Q1)	Prospect of Q2
1	Retail unit sales			Level from the same period of the previous year will continue
2	Retail gross profit			Unit prices will be normalized from late May
3	Number of units purchased			New car market will remain sluggish
4	Wholesale gross profit			Auction market will start recovering in June

In April, the Company announced forecasts on the assumption of a decrease in retail unit sales caused by a fall in the number of visitors to the stores due to COVID-19.

Because operating income for Q1 is in progress as planned, the forecast for H1 remains unchanged.

III. Response to the Novel Coronavirus (COVID-19)

Response to the Novel Coronavirus (COVID-19)

Social contribution

Launching “Gulliver Car Support,” a project to lend the automobiles owned by the Company free of charge for up to three months to health care providers and other people who need transportation, amounting to 10,000 nationwide, using the network of approximately 500 stores across Japan. (#SaveMoving)

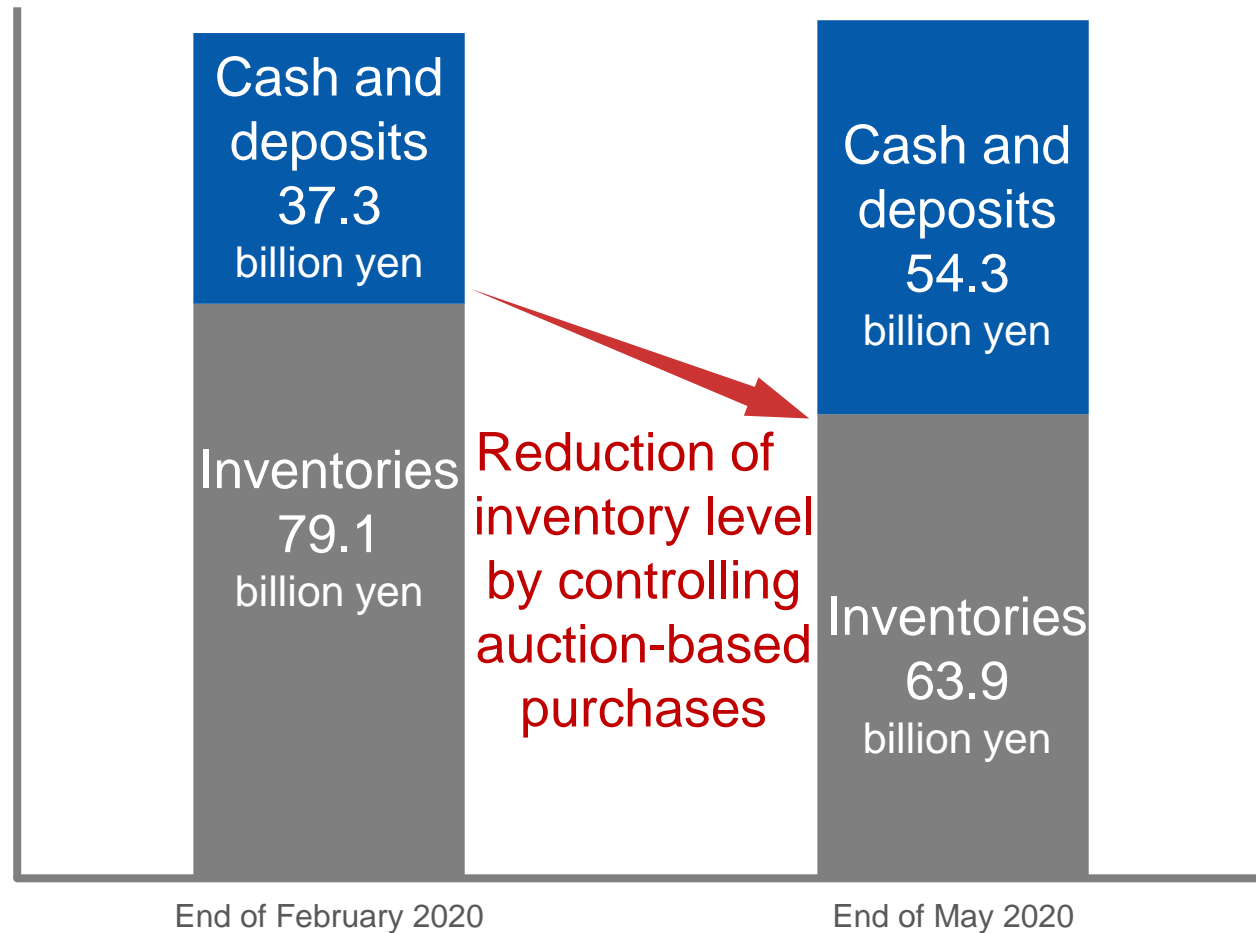
Reduction of inventory

With the number of customers visiting stores expected to decline due to the impact of COVID-19, the Company took pre-emptive action in March to reduce the inventory level by controlling auction-based purchases.

Control of SG&A expenses

Reduced SG&A expenses by controlling expenses such as advertising and travel expenses.

Changes in inventories and cash and deposits (consolidated)

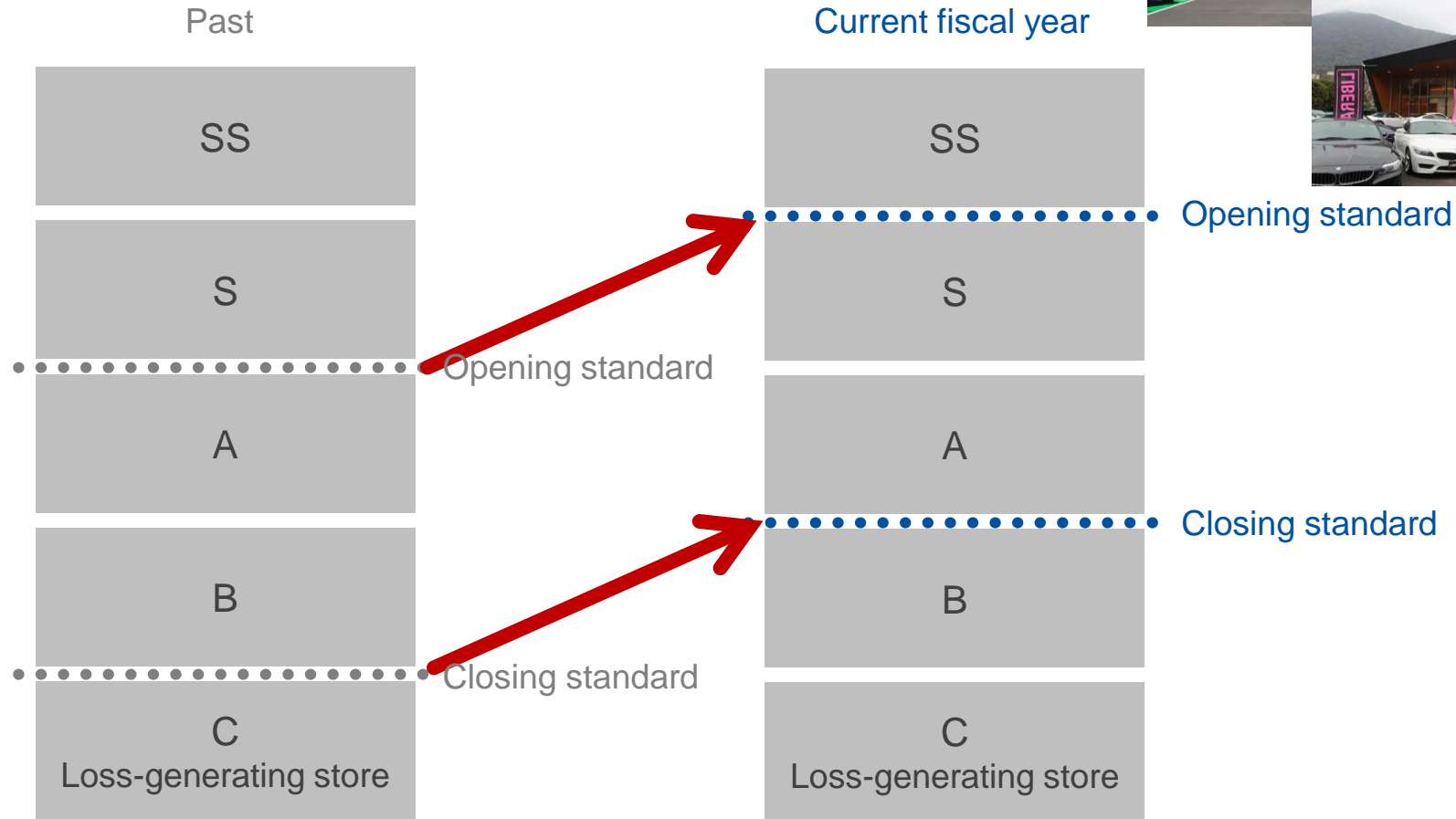


With the number of customers visiting stores expected to decline due to the impact of COVID-19, the Company took pre-emptive action in March to reduce the inventory level by controlling auction-based purchases. As a result, cash and deposit increased.

IV. Supplementary material

Review of Opening / Closing Standards

Ranking by profit/capital efficiency

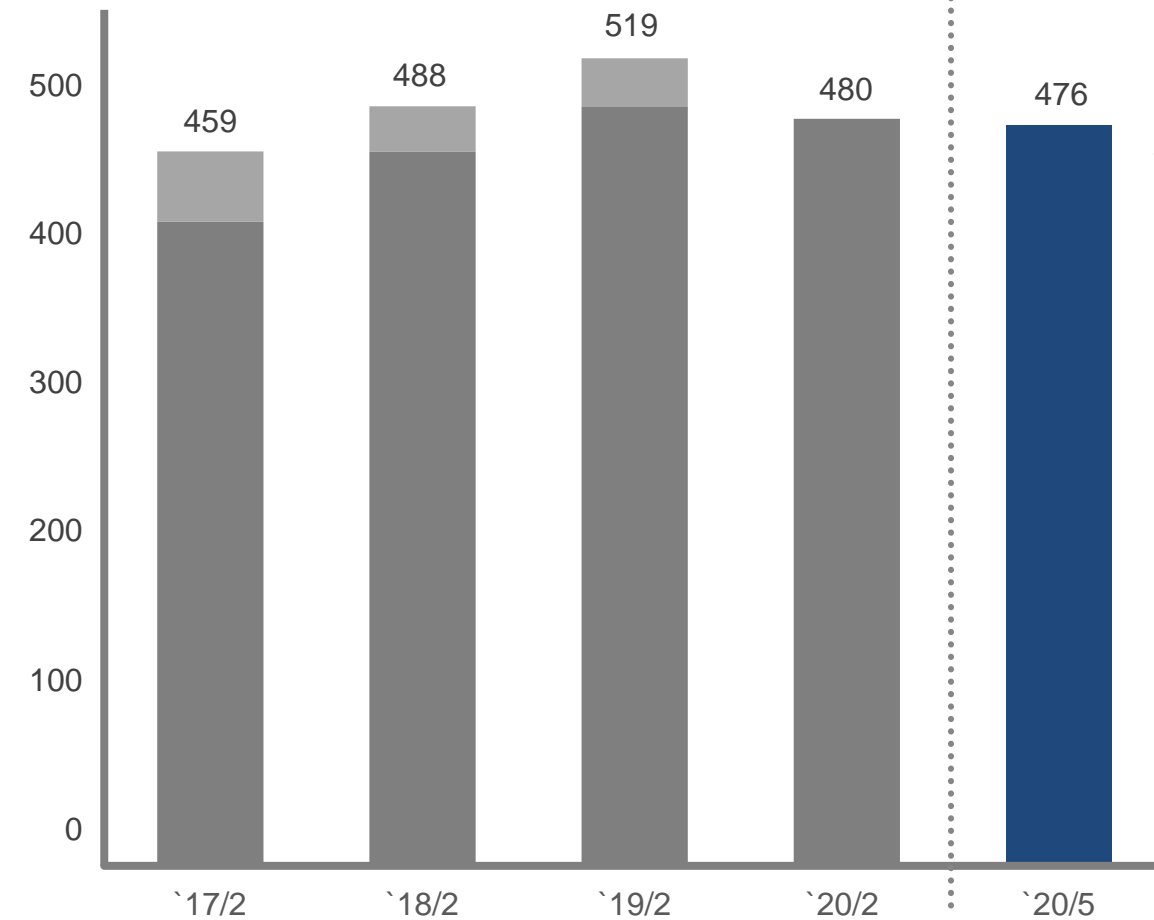


In the current fiscal year, opening and closing standards have become stricter. We will open stores with high profit/capital efficiency and close low profit/capital efficiency stores even if they are in the black, which will enhance the quality of return on investments and working capital (inventory).

Progress of New Store Openings

Number of directly managed stores

(Unit: stores)



Newly opened
2
Closed
6

Net decrease
by 4 stores

[Consolidated / Non-consolidated] Income Statement

Consolidated	3 months ended May 31, 2017		3 months ended May 31, 2018		3 months ended May 31, 2019		3 months ended May 31, 2020			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	71,130	100.0	71,411	100.0	90,206	100.0	83,724	100.0	-6,482	-7.2
Cost of sales	55,041	77.4	56,104	78.6	72,521	80.4	69,002	82.4	-3,519	-4.9
Gross profit	16,088	22.6	15,306	21.4	17,685	19.6	14,722	17.6	-2,963	-16.8
SG&A expenses	14,845	20.9	14,927	20.9	16,174	17.9	14,875	17.8	-1,299	-8.0
Operating income	1,243	1.7	378	0.5	1,510	1.7	-153	-	-1,663	-
Ordinary income	903	1.3	103	0.1	959	1.1	-552	-	-1,511	-
Income before income taxes and minority interests	802	1.1	-59	-	736	0.8	-1,071	-	-1,807	-
Profit attributable to owners of parent	457	0.6	-146	-	447	0.5	-914	-	-1,361	-

Non-Consolidated	3 months ended May 31, 2017		3 months ended May 31, 2018		3 months ended May 31, 2019		3 months ended May 31, 2020			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	57,444	100.0	55,588	100.0	65,333	100.0	64,991	100.0	-342	-0.5
Cost of sales	43,770	76.2	43,353	78.0	51,060	78.2	53,462	82.3	2,402	4.7
Gross profit	13,673	23.8	12,234	22.0	14,273	21.8	11,529	17.7	-2,744	-19.2
SG&A expenses	12,269	21.4	12,038	21.7	12,784	19.6	11,988	18.4	-796	-6.2
Operating income	1,404	2.4	195	0.4	1,488	2.3	-459	-	-1,947	-
Ordinary income	1,242	2.2	84	0.2	1,160	1.8	-636	-	-1,796	-
Income before income taxes	1,150	2.0	-122	-	933	1.4	-1,519	-	-2,452	-
Net income	733	1.3	-163	-	588	0.9	-668	-	-1,256	-

[Consolidated] Balance sheets

(million yen)

	As of February 29, 2020	As of May 31, 2021
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
Lease 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

	As of February 29, 2020	As of May 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	21,002	18,359
Short-term loans payable	935	927
Current portion of long-term loans payables	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 provision	544	690
Other	5,544	9,820
Total current liabilities	56,299	54,752
Non-current liabilities		
Long-term loans payable	79,824	79,931
Long-term guarantee deposited	432	437
Asset retirement obligations	2,633	2,582
Deferred tax liabilities	1,386	1,375
Other provision	426	410
Other	193	319
Total non-current liabilities	84,897	85,056
Total liabilities	141,196	139,809
Net assets		
Shareholders' equity		
Capital stock	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
Stock acquisition rights	3	3
Minority owner shares worth	456	469
Total net assets	42,586	41,126
Total liabilities and net assets	183,783	180,936

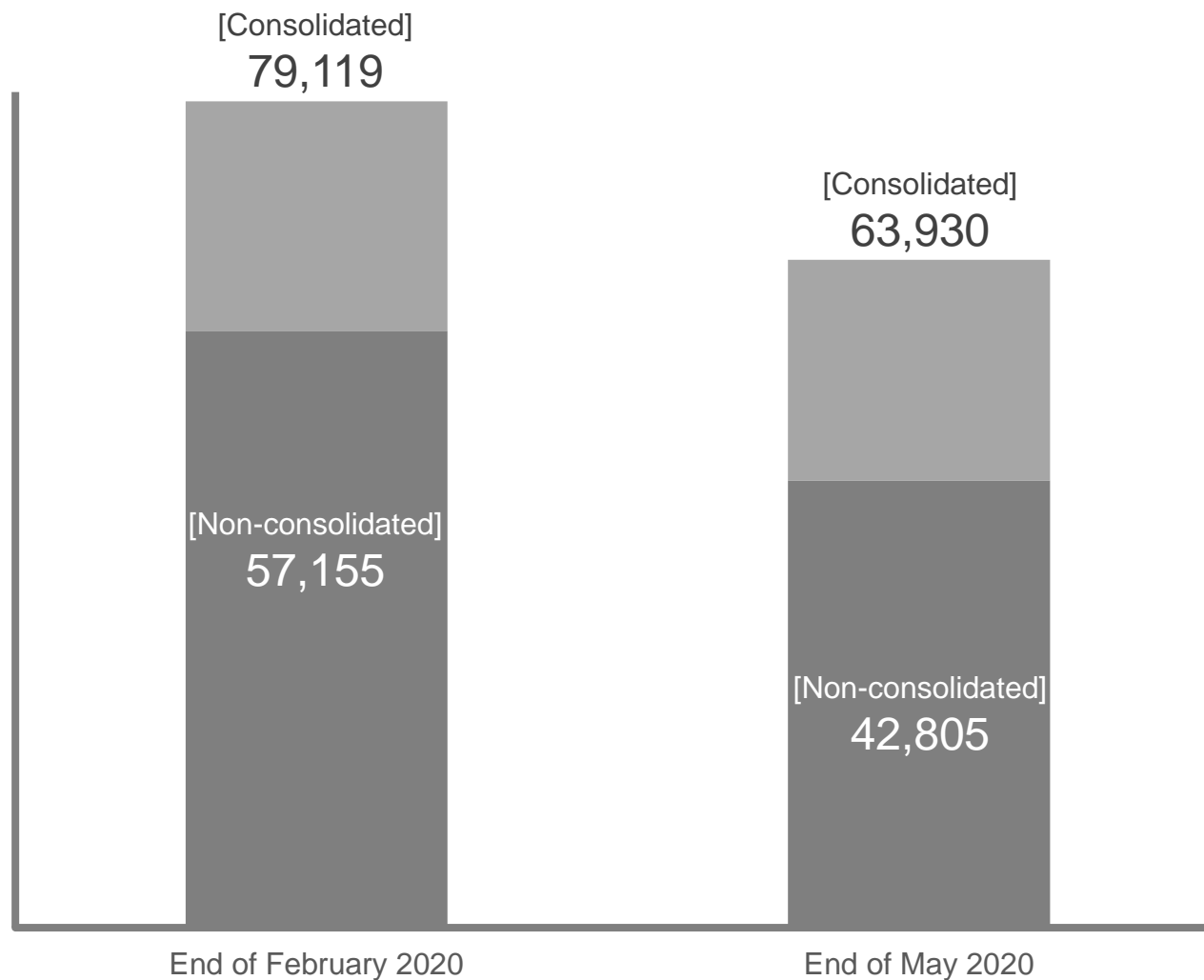
(Application of partial amendments to "Accounting standard on tax effect accounting")

Partial amendments to "Accounting standard on tax effect accounting" (Corporate Accounting Standards No. 28, February 16, 2018) were applied from the beginning of the first quarter of the fiscal year under review. Deferred tax assets are presented in Investments and other assets, and deferred tax liabilities are presented in Non-current liabilities.

Inventory Status as of End of Q1 of FY Ending February 2021

Merchandise (consolidated and non-consolidated)

(million yen)



Total number of shares acquired

Description of acquisition

(1) Type of shares to be acquired

Common stock of the Company

(2) Total number of shares acquired

1,000,000 shares

(3) Total acquisition price for shares

397,000,000 yen

(4) Acquisition period

April 15, 2020 – July 14, 2020

(5) Acquisition method

The Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)

(Reference) Ownership of treasury stock as of February 29, 2020

- Total number of shares issued (excluding treasury stock): 101,407,429 shares

- Number of treasury stock: 5,480,571 shares