

Mid-term Strategy 2023 - 2027

Medium-Term Business Plan 2023 - 2027

April 15th, 2022

TSE Prime

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IDOM Inc.



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IDOM Group Profile

1. About IDOM (Corporate Philosophy, Businesses, and Business Portfolio)

Gulliver



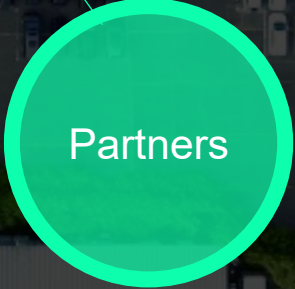
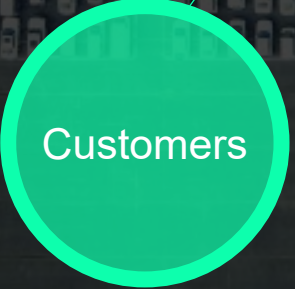
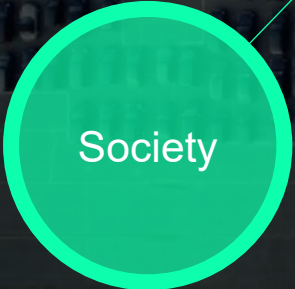
IDOM's Corporate Philosophy That Has Remained Unchanged Since Its Foundation

IDOM Corporate Philosophy

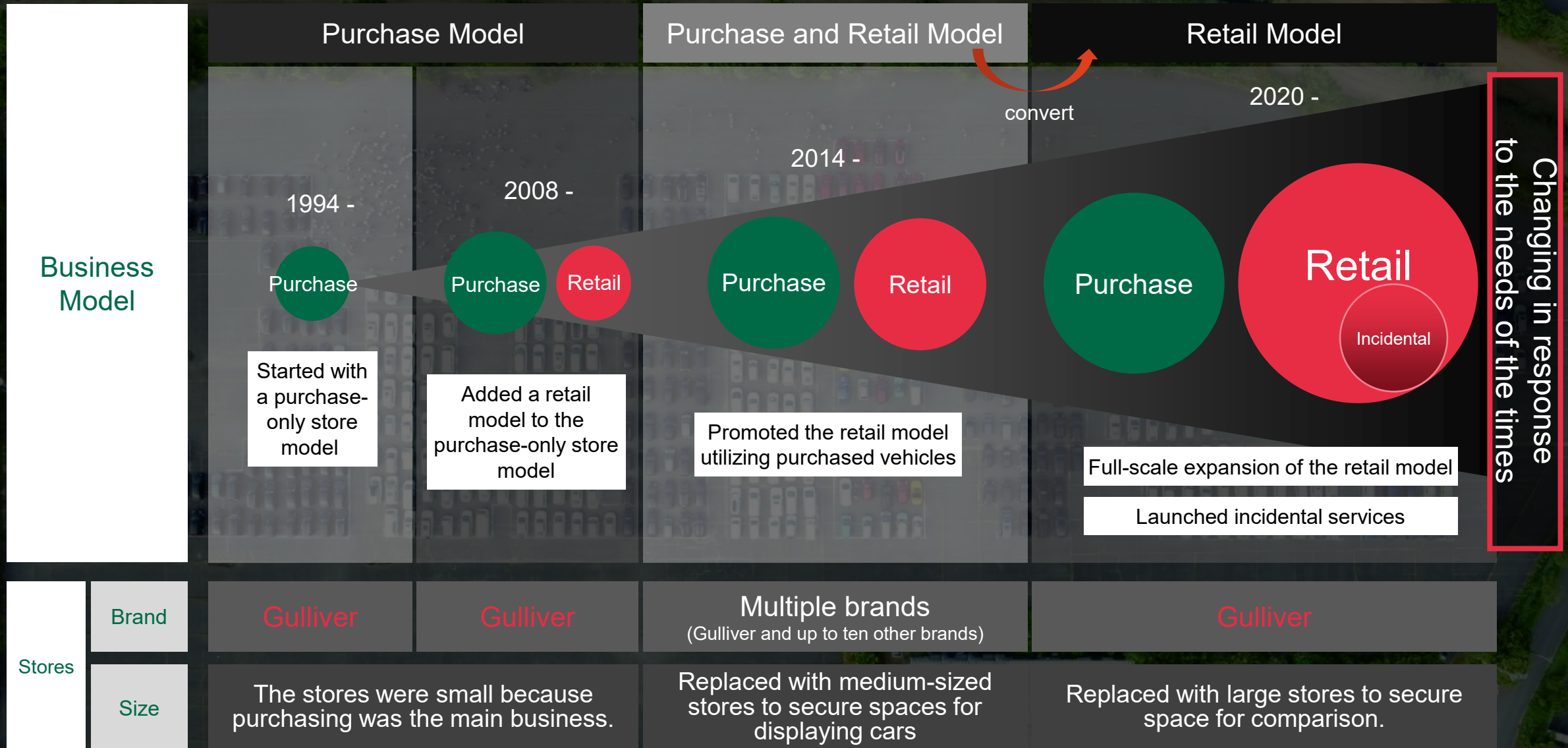
Growing Together

We aim to continue to grow together with our five key stakeholder groups to achieve a prosperous future through the embodiment of IDOM-ism.

Five Stakeholders





Changes in IDOM's Business Models and Store Operations



Changing in response to the needs of the times

Two Store Formats

<p>Store format</p>	<p>Stores for purchasing</p> 	<p>Stores</p>  <p>Medium-sized stores</p> <ul style="list-style-type: none"> Medium-sized store type Store specializing in foreign cars Store specializing in custom cars <p>Large stores</p> <ul style="list-style-type: none"> Large store type Store with maintenance shop Store with maintenance shop and sheet-metal workshop
<p>Number of stores</p>	<p>218</p>	<p>227</p>
<p>Features</p>	<p>Purchase-only store</p>	<ul style="list-style-type: none"> Stores specialized to suit customer needs Existing stores in candidate areas for opening large stores Far greater number of products than other stores in each area Presence on the roadside Customer services and after-sales services beyond the level of those provided by dealers
<p>Store opening strategy</p>	<p>Pursue efficiency Shift to home-visit purchases</p>	<ul style="list-style-type: none"> Opening of large stores Opening stores proactively in blank areas Increasing shares by replacing existing stores with large ones Opening specialized stores that create new customer needs

Earnings Structure of Core Businesses

Gross profit from core businesses

① Used car purchase business

Purchasing used cars at Gulliver stores (mainly stores for purchasing)

Wholesale unit sales



Wholesale Gross profit per car

② Used car retail business

Retail sales of used cars at Gulliver stores (mainly medium-sized and large stores)

Retail unit sales



Retail Gross profit per car

③ Incidental business

Sales of products incidental to retail sales of used cars, including auto loan, auto insurance, warranties, safety inspection, and maintenance

Unit sales by product



Gross profit by product

Distribution Flow of the Domestic Core Businesses

① Used car purchase business

Purchasing used cars at Gulliver stores (mainly at stores for purchasing)



② Used car retail business

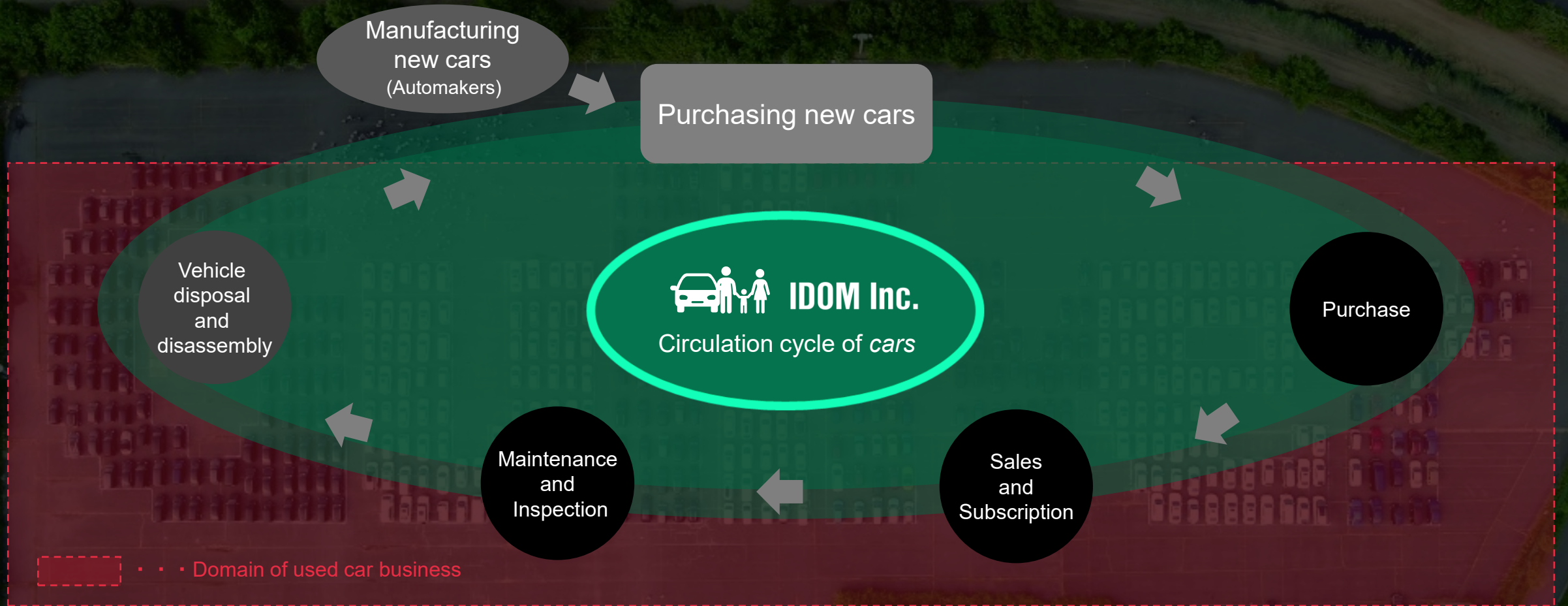
Retail sales of used cars at Gulliver stores (mainly large and medium-sized stores)



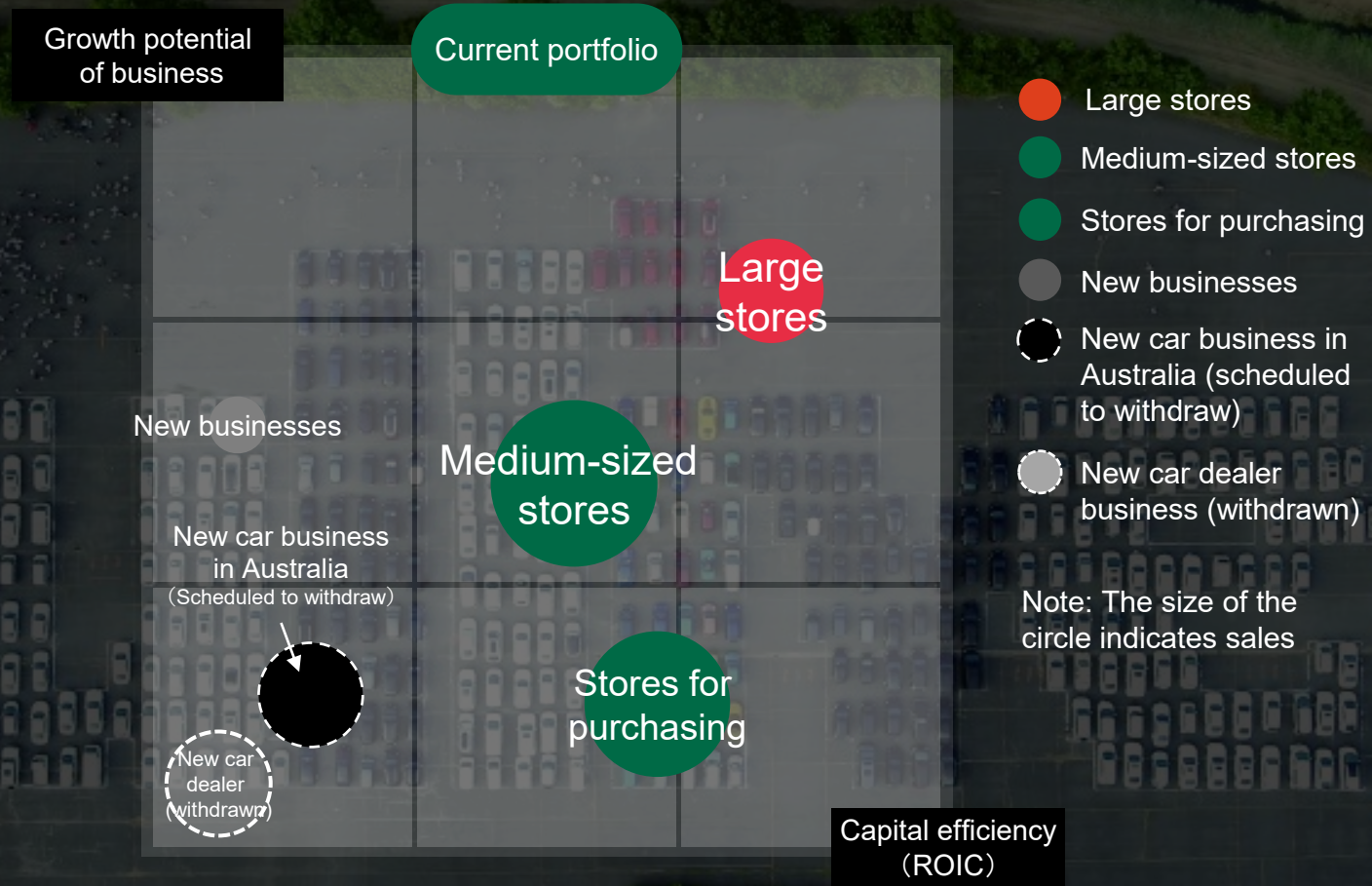
③ Incidental business

Sales of products incidental to retail sales of used cars, including auto loan, auto insurance, warranties, safety inspection, and maintenance

Circulation Cycle of Used Car Business



The used car distribution business makes maximum use of cars as resources. IDOM will play a role in the circular economy by circulating used cars and maintaining their value as assets.



Based on the Business Portfolio, we will focus on businesses with high growth potential and capital efficiency to redistribute management resources.

Five Competitive Edges of IDOM's Businesses

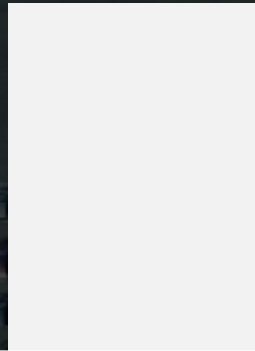


1	Brand power	Ability to attract customers using the well-known Gulliver brand	<ul style="list-style-type: none">Brand recognition surveys (IDOMs own survey and surveys by research companies) Recognition rate of the "Gulliver" brand: 94.9%
2	Number of customers	Number of customers based on the huge number of cars that IDOM has traded since its foundation	(Cumulative total) Number of cars purchased + Number of cars sold: 4.6 million cars
3	Sales capabilities	Development and improvement of long-term human resource development plan focused on recruitment of new graduates	<ul style="list-style-type: none">Cumulative total retail unit sales: More than 1.2 million carsEnhanced services incidental to retailing
4	IT utilization capabilities	Promotion of DX and shift to AI	Concentrated human resources on the retail business by automating the operation of the purchase business and inventory management
5	Ability to respond to the environment	From purchasing to retailing	Shifted from purchase-oriented business to retail business by responding flexibly to changes in the business environment

Current Status of IDOM at a Glance

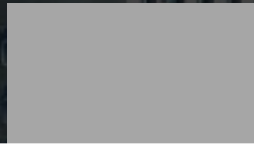
FY2022 Financials

459.5 billion yen



Net sales

18.5 billion yen



Operating profit

10%

ROIC (*1)

Number of employees
(consolidated)

4,347

Number of stores

445 (*2)

Retail sales and sales of used cars

230 thousand units



Number of used cars sold*4

140 thousand units



Retail unit sales of used cars*3

Share in the used car retail market (*5)



Approx. **5%**

*1: Calculated based on figures in the consolidated financial statements in FY2022
 $\text{Operating profit} \times (1 - \text{Effective tax rate}) / (\text{Inventory} + \text{Fixed assets, weighted average of beginning and ending balance})$

*2: Number of directly managed stores excluding member stores

*3: Retail unit sales at IDOM's directly managed stores

*4: Sum of retail unit sales and wholesale unit sales

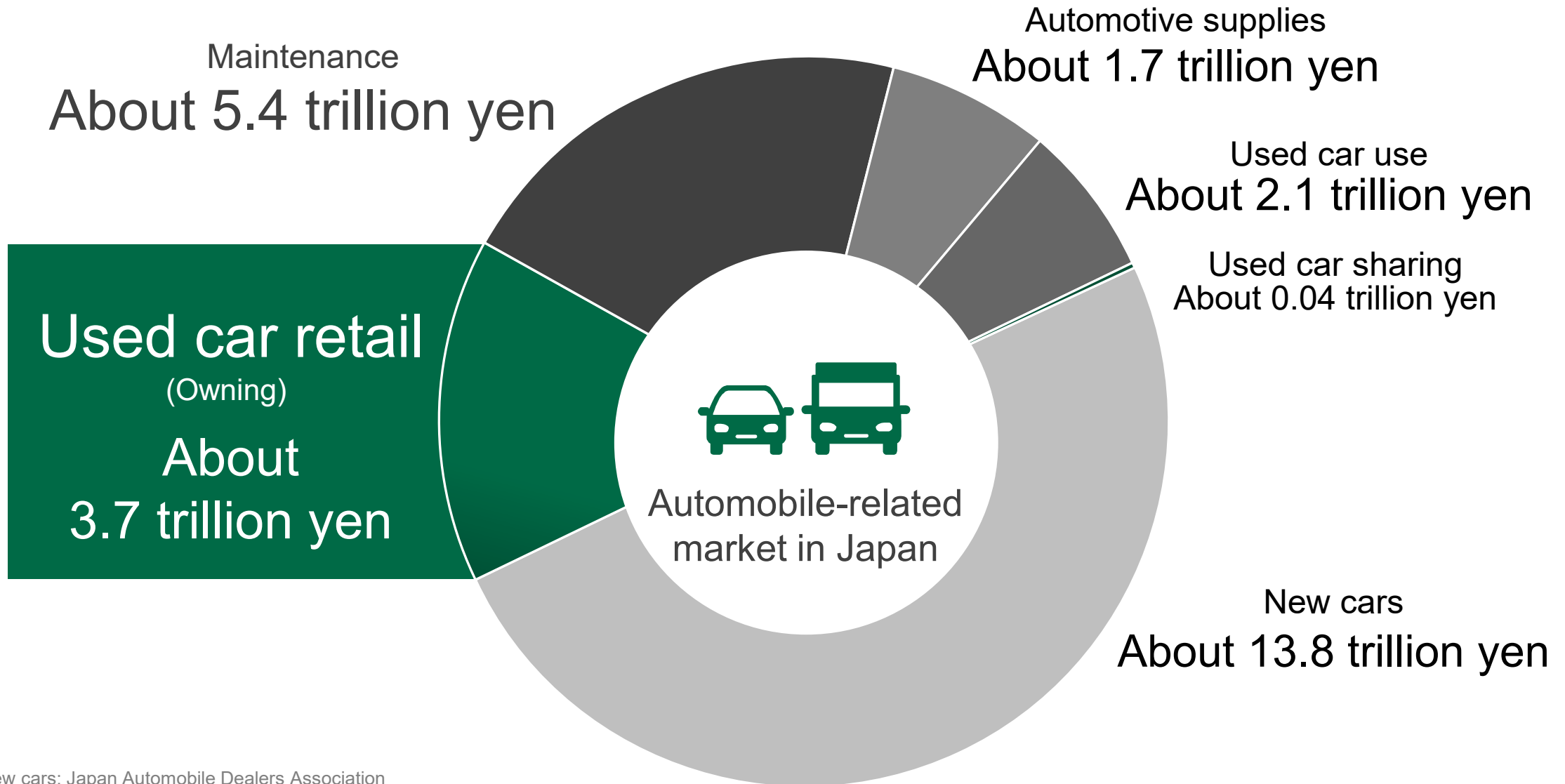
*5: $(\text{Total retail unit sales at IDOM in FY2022}) / (\text{Retail unit sales of used cars in 2019 estimated by Yano Research Institute, which is 2.62 million cars})$

Attractive Used Car Market

2. Attractive Used Car Market



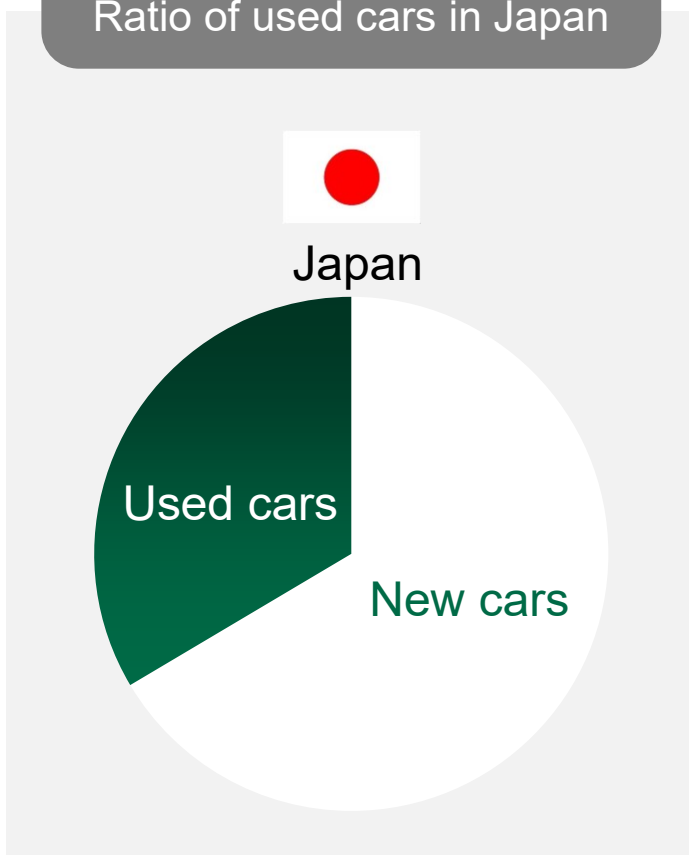
Huge Used Car Retail Market Exceeding 3.7 Trillion Yen



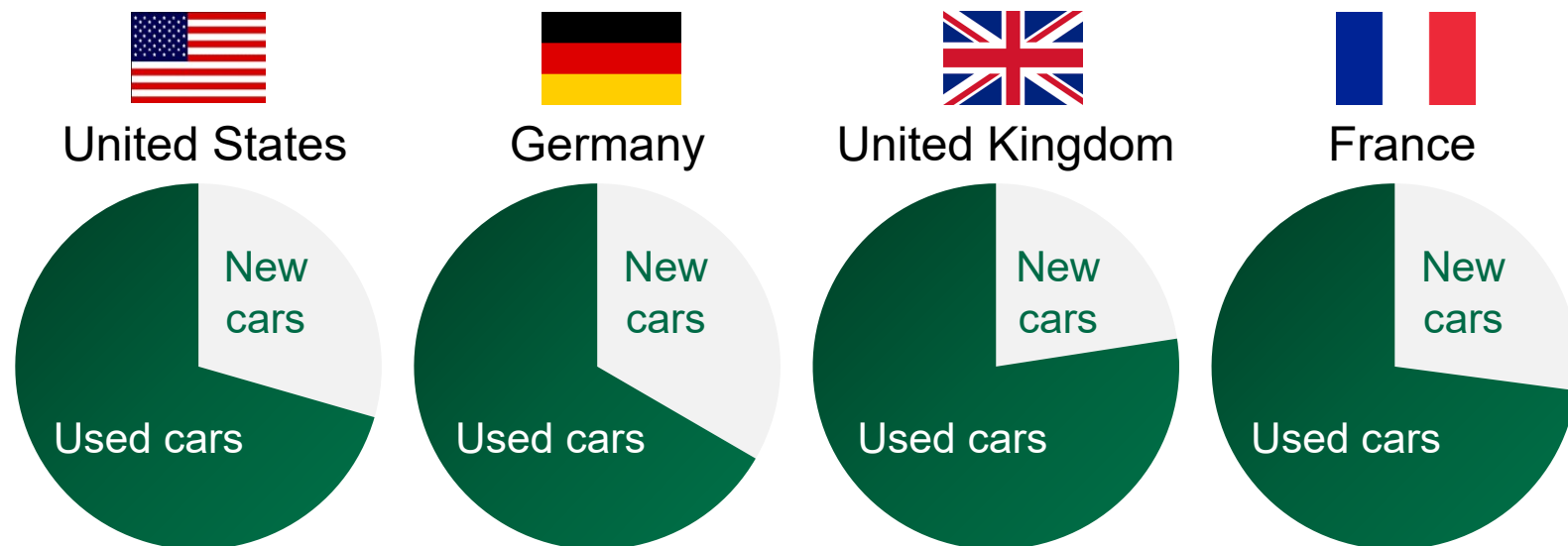
New cars: Japan Automobile Dealers Association
Vehicles other than new cars: 2018 overview of automobile aftermarket by Yano Research Institute

Japan's Used Car Market with Much Lower Ratio than Those in Europe and the United States

Ratio of used cars in Japan



Ratio of used cars in Europe and the United States

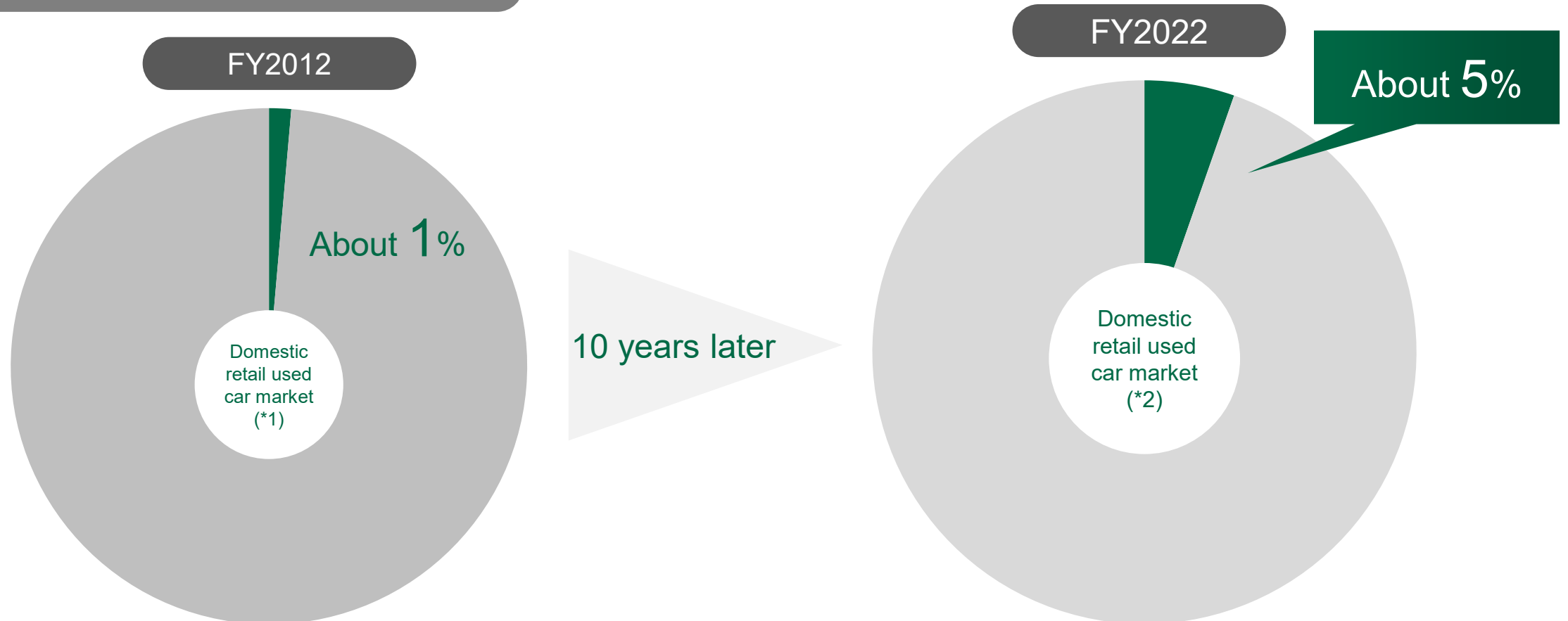


*1: New cars: 2019 data from Japan Automobile Dealers Association
Used cars: 2020 overview of used car distribution by Yano Research Institute
*2: New cars: 2019 MarkLines Automotive Industry Portal
Used cars: edmunds 2019 Used Vehicle Report

*3: 2019 Statistics of Vehicles from Kraftfahrt-Bundesamt (KBA)
*4: 2019 vehicle data from the Society of Motor Manufacturers and Traders (SMMT)
*5: 2017 data on automotive industry in France from Comité des Constructeurs Français d'Automobiles (CCFA)

Used Car Retail Market with a Large Room for Growth of Market Share

Growing domestic market share of IDOM

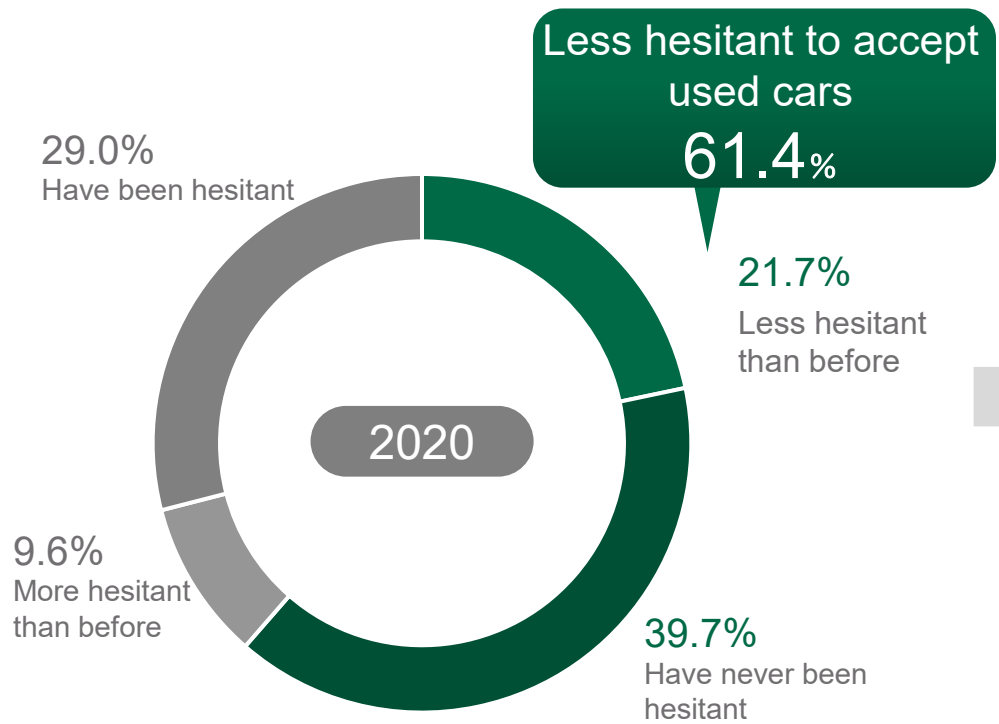


*1: Market share for FY2012 was calculated based on the proportion of IDOM's domestic retail unit sales to the size of the used car retail market in 2008, which was 2.40 million cars (data from Yano Research Institute).

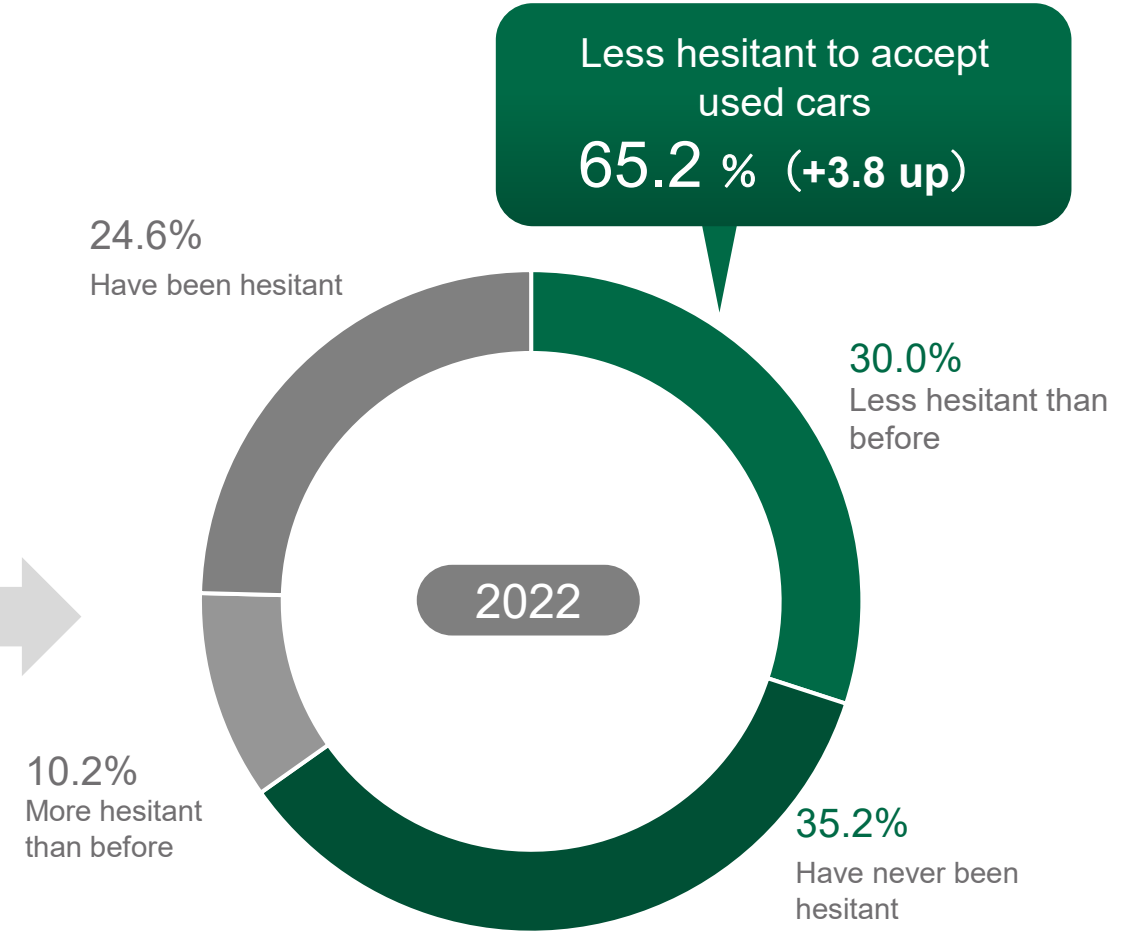
*2: Market share for FY2022 was calculated based on the proportion of IDOM's domestic retail unit sales to the size of the used car retail market in 2019, which was 2.62 million cars (data from Yano Research Institute).

Change in Young People's View of Used Cars

Are you hesitant to accept used cars compared to before (several years ago - up to ten years ago)?



2 years later

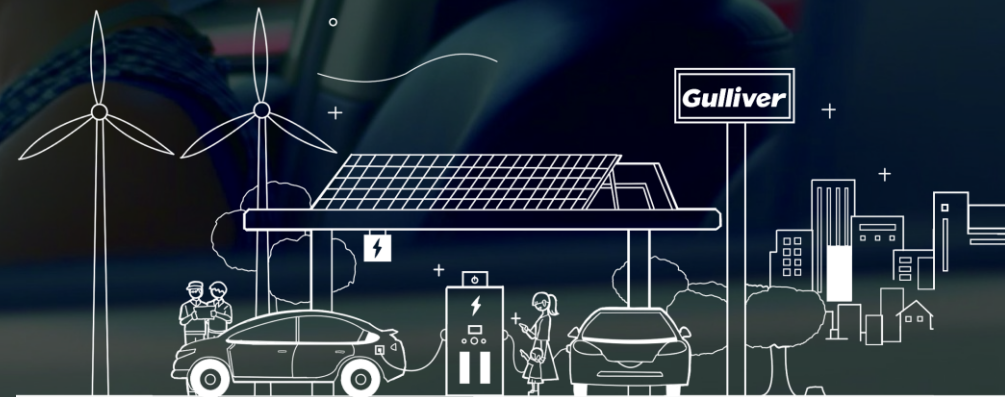


Result of an online questionnaire conducted in December 2020 (1,000 respondents)

Result of an online questionnaire conducted in March 2022 (1,000 respondents)

Toward the Future Mobility Society

3. Toward the Future Mobility Society



Expected Future Changes in the Environment Surrounding the Used Car Industry

Changes in products (cars) resulting from technological evolution

Popularization of electric vehicles (EVs)

Evolution into connected cars

Automated driving technologies

Changes in the method of selling used cars associated with changes in the consumer mindset

Subscription and leasing: Limited-time use / Early switching

C to C: Trades between individuals are possible for cars as well

E-commerce: Seeing the car at the store --> Doing negotiations and placing the order online

IDOM's response①

The business model of used car sales will remain unchanged even though products change



Improving brand power and sales capabilities

IDOM's response②

Store infrastructure as a place for displaying used cars and doing maintenance work is necessary



Building a nation-wide network of stores

IDOM's response③

Upfront investments in new businesses



(NOREL, Gulliver FleMa, and EC Trial)

Status of New Businesses (Domestic and Overseas)

Gulliver

Operating CtoC business (Gulliver FleMa), platform business (INN), fleet management business (FMG), and other businesses, with a focus on subscription business (NOREL)

Japan

Overseas

Subscription
business

IDOM
CaaS
Technology

Operated with a focus on NOREL, a service of leasing used cars for fixed monthly fees

Platform business
(Australia)

IDOM
INNOVATIONS

A business of pursuing platforms for solving car dealers' issues by helping improve the transparency of used car trades with new technologies and innovations

CtoC business

IDOM Inc.

Operating Gulliver FleMa, a service to broker trading of used cars between individuals via an app

Fleet management
business
(Africa)

FMG

Building a new used car distribution system by lending used cars from Japan to Uber drivers in Tanzania

NEXT GENERATION MOBILITY CHALLENGE

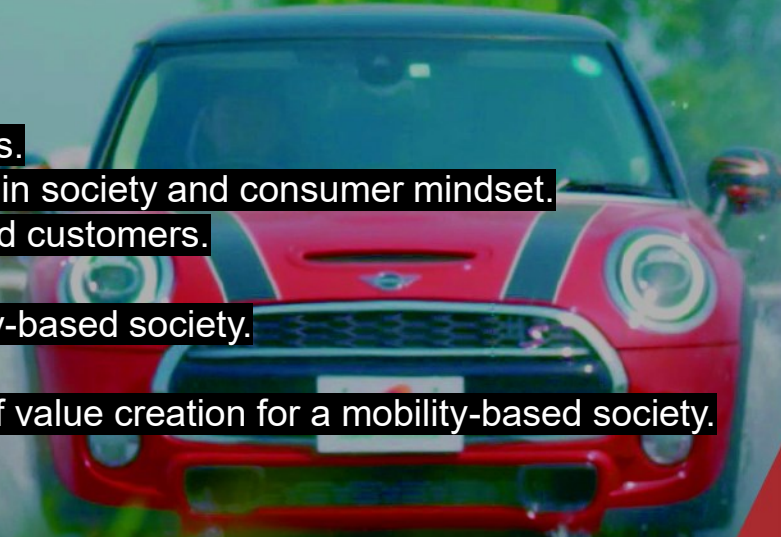
The start of new challenges

IDOM has been pursuing a circulation-based used car distribution business. This means that the company has constantly been responding to changes in society and consumer mindset. IDOM has continued to pursue and provide the value sought by society and customers.

These initiatives and approach will remain unchanged in the future mobility-based society.

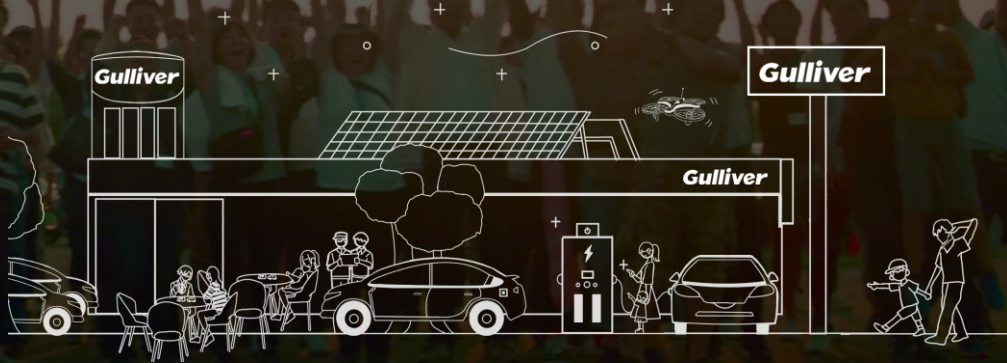
IDOM will continue to develop services and content in a constant pursuit of value creation for a mobility-based society.

IDOM begins to take on new challenges.

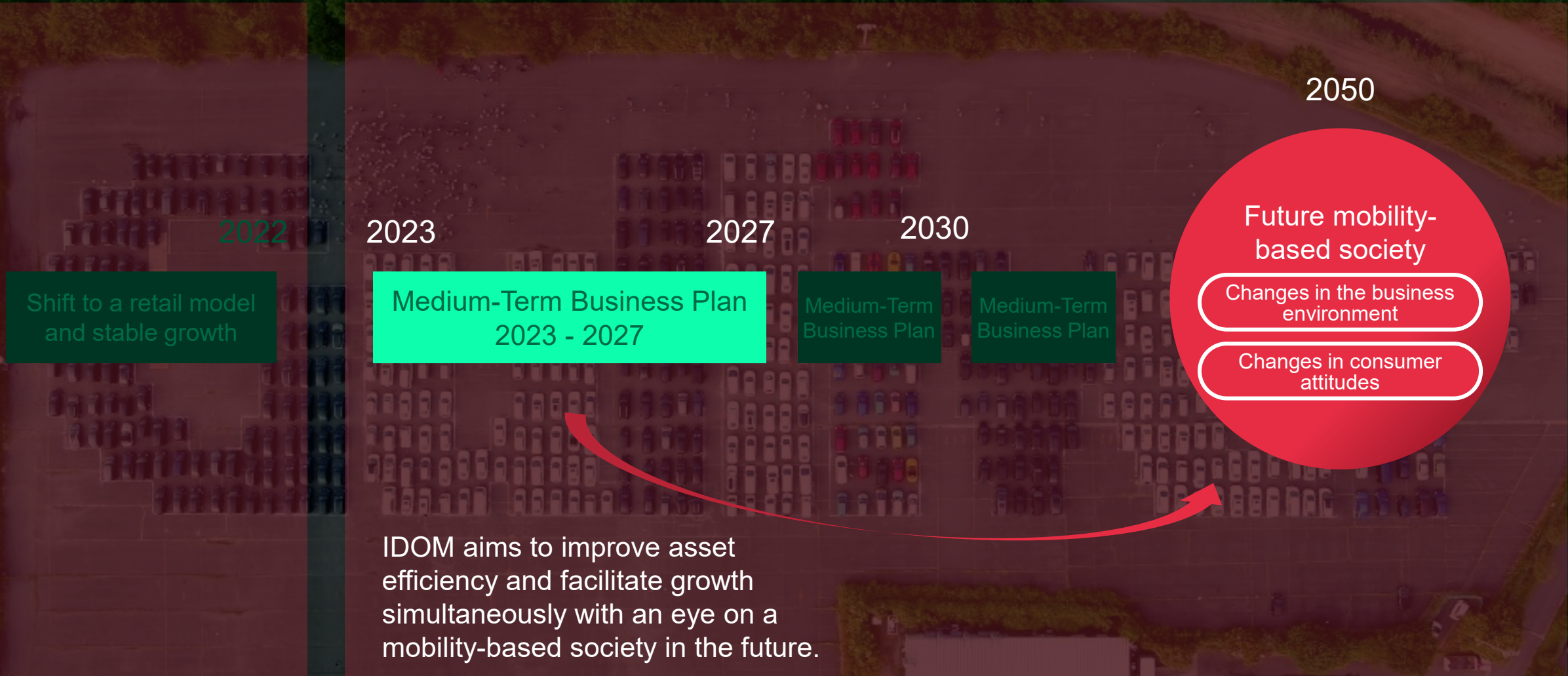


Mid-term Strategy

4. Medium-Term Business Plan 2023 - 2027



Position of Medium-Term Business Plan

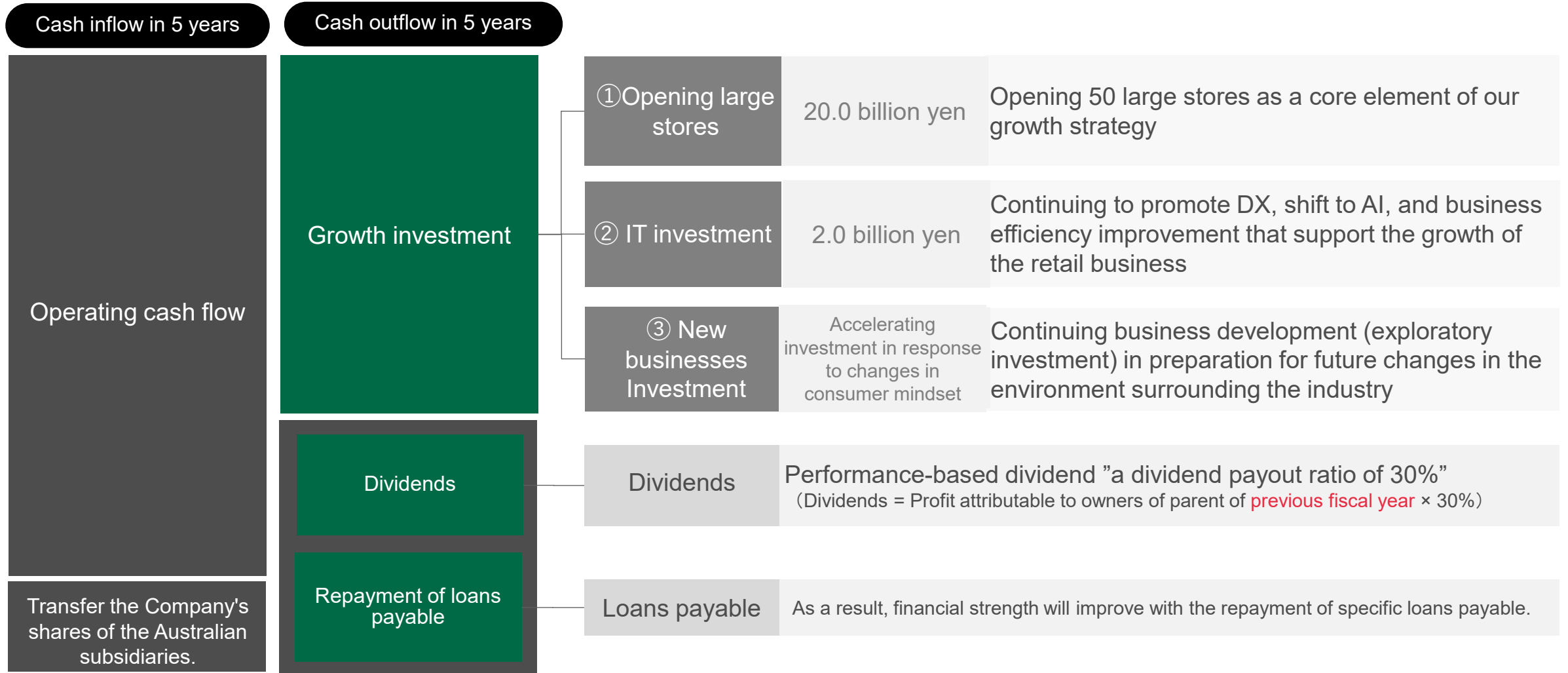


Key Management Indicators



		FY2027 Target	
1	Retail unit sales at directly managed stores	Increase sales mainly through the opening of large stores.	170 thousand vehicles
2	Operating profit	Steadily increase operating profit	21 billion yen
3	Operating profit margin	Increase margins through the opening of large stores and the improvement of efficiency.	5.0 % or higher
4	ROIC	Aim at 10% for the time being while paying attention to capital costs.	10 % or higher
5	Free cash flows (FCF)	Grow in the medium to long term while clearly recognizing the investment phase and recovery phase.	About 30 billion yen in 5 years

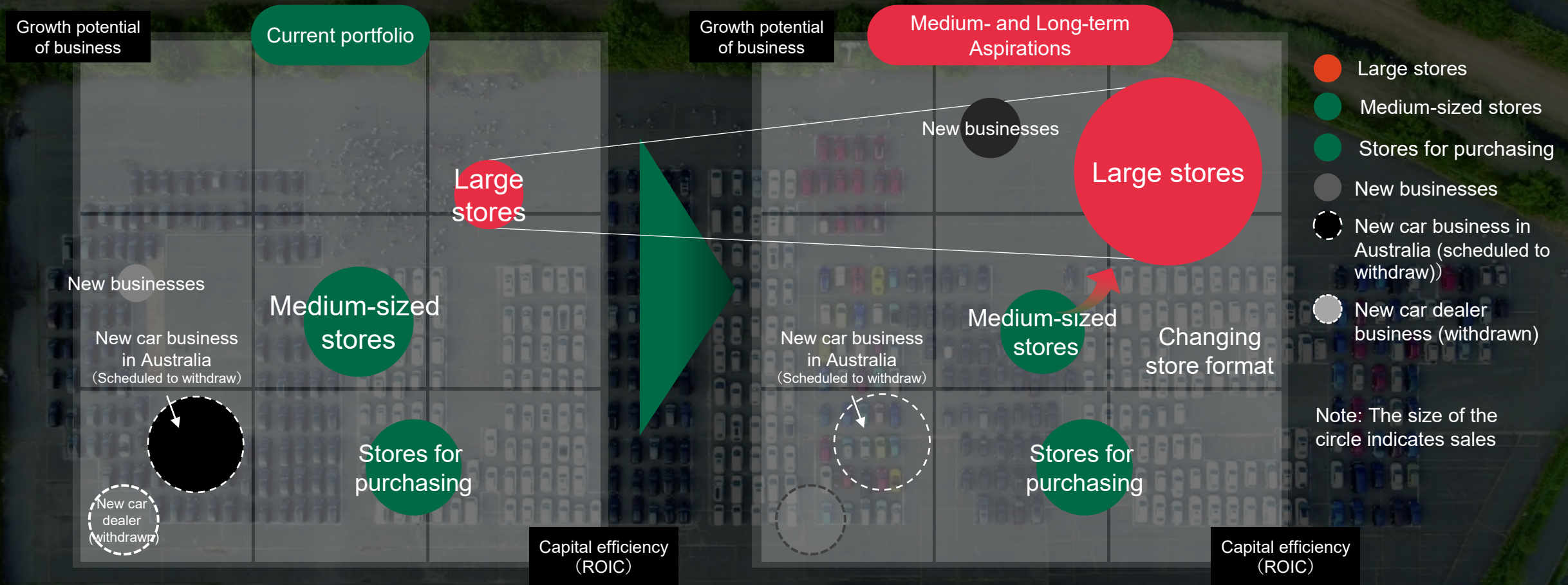
2023 – 2027 Cash Allocation



Free cash flows

• • • Expanding free cash flow while making aggressive investment in growth

Business Portfolio as a Medium- to Long-Term Goal

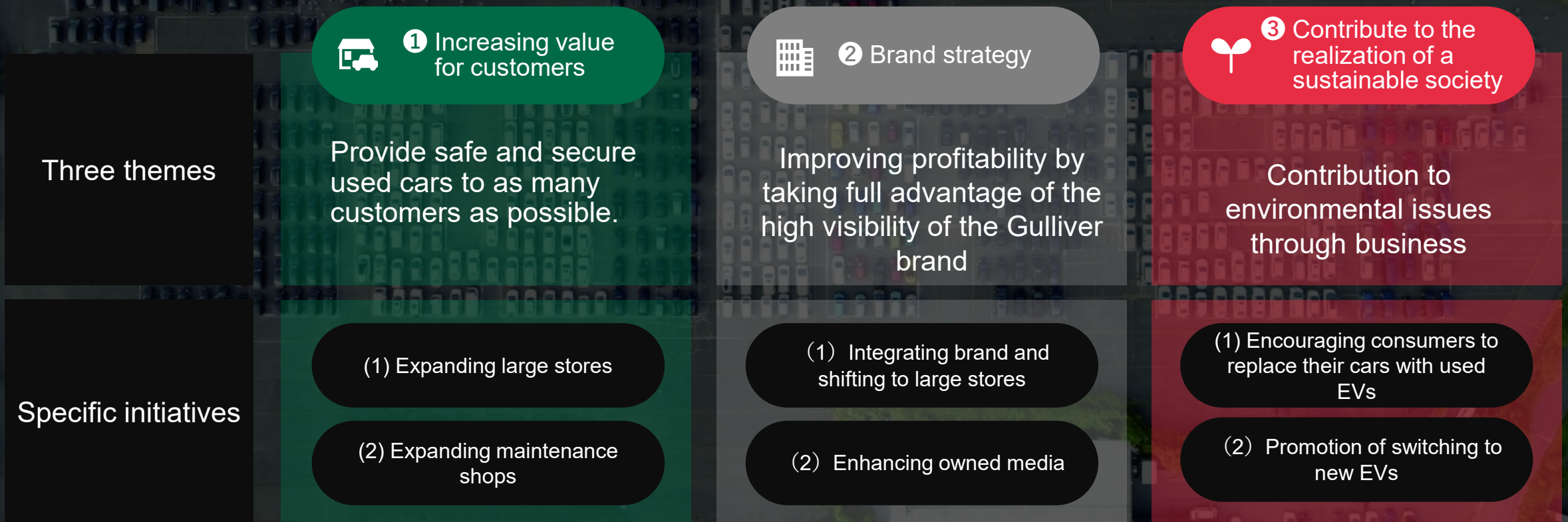


We will focus on businesses with high growth potential and capital efficiency to redistribute management resources. Moving forward, we will invest intensively in expanding large stores with high growth potential and capital efficiency.


Positioning of the Medium-Term Business Plan and Its Three Themes

Position of Medium-Term Business Plan

IDOM aims to **improve asset efficiency** and **facilitate growth** simultaneously with an eye on a mobility-based society in the future



Themes of the Medium-Term Business Plan ①

 Increasing value for customers

**Provide safe and secure used cars to as many customers as possible.
Provide a good selection of after-sales and incidental services.**

Specific actions

(1) Expanding large stores

Roll out large stores to offer an overwhelmingly large number of safe and secure used cars and a great selection of incidental services.

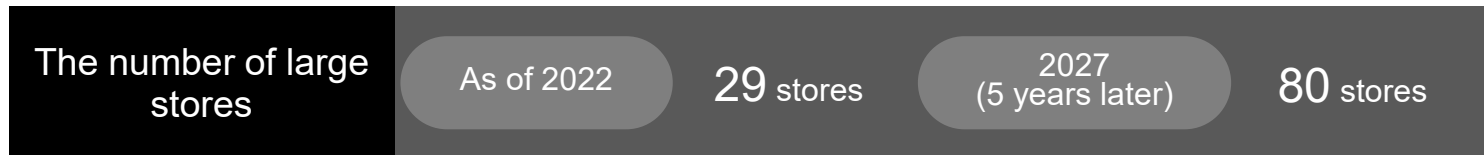
(2) Expanding maintenance shops

Enhance maintenance shops to provide a good selection of after-sales services



Target

Open 50 stores in five years and establish operations centered on 80 large stores



Features and Outline of Large Stores



Features

- ① Refined store design
- ② Number of displayed cars that is among the largest in each area
- ③ Prices and product lineup optimized for each area
- ④ Negotiation area for enjoying choosing a car

Outline

Site area	8,000 m ² or more
Number of exhibited vehicles	About 300

Capital expenditures	About 200 million yen
Payback period	About 3 years (cash flow after tax, recovery of capital investment)

Features and Outline of the Maintenance Shops



Features

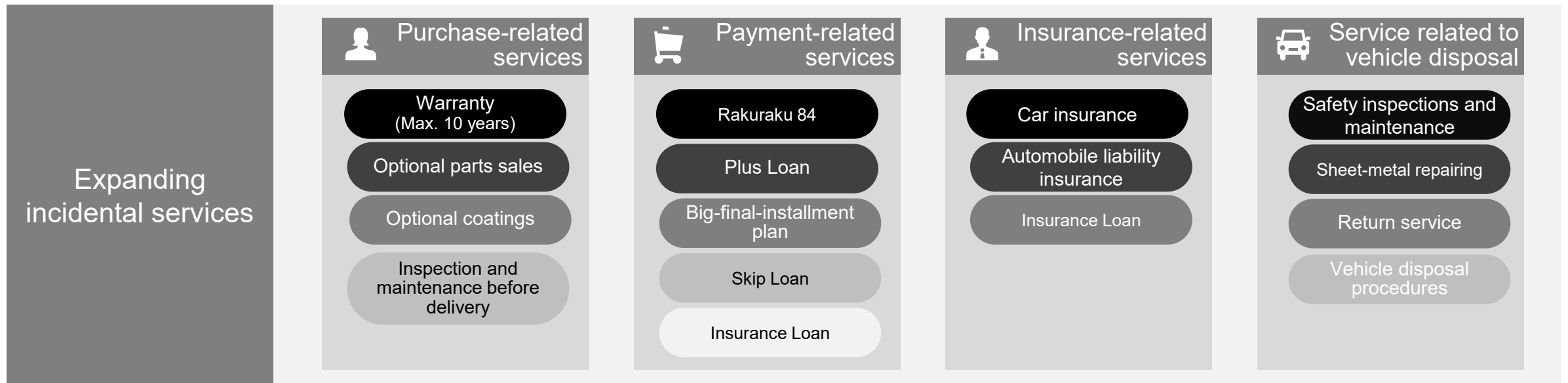
- ① Complete with latest equipment
- ② Attached to a Gulliver store
- ③ Refined exterior design
- ④ Generous waiting area for customers
- ⑤ Sheet-metal workshop also attached in some areas

Outline

Work items	Safety inspections and maintenance before delivery	Capital expenditures	About 200 million yen
Number of Maintenance Shops	8 Two of them are designated maintenance shops. (as of March 31, 2022)	Payback period	About 3 years (cash flow after tax, recovery of capital investment)

Service as the base

Used car retail



Possibility of bolstering revenue by enhancing services that are incidental to used car retail.

Themes of the Medium-Term Business Plan ②



Brand strategy

Improve profitability by maximizing the high visibility of the Gulliver brand

Specific actions

Integration into the Gulliver brand

Concentrating on the Gulliver brand to increase the number of customers without depending on advertising media

Enhancing owned media

Attracting more customers with owned sites

Target

Improved Profitability



Contribute to the realization of a sustainable society

Strengthening the business model that facilitates the cyclical flow of cars, thus contributing to solving environmental issues through business

Specific actions

(1) Promotion of switching to used EVs

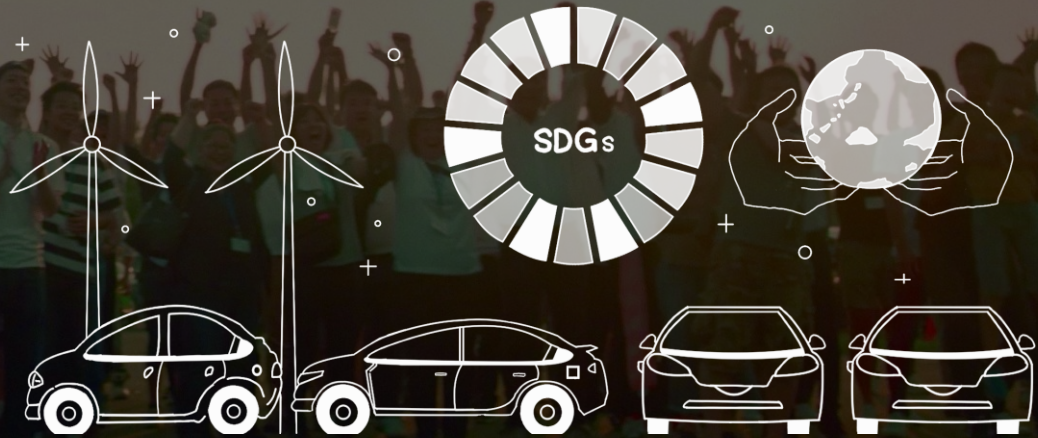
Retailing used EVs and HEVs by setting prices based on market rates

(2) Promotion of switching to new EVs

Revitalization of used car distribution by promoting the switch to new EVs and HEVs

Sustainability and SDGs Action

5. Sustainability / SDGs Action



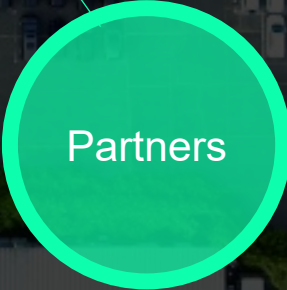
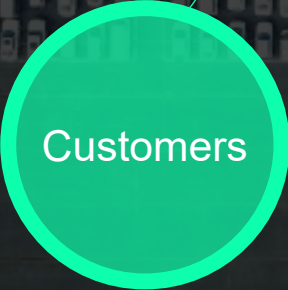
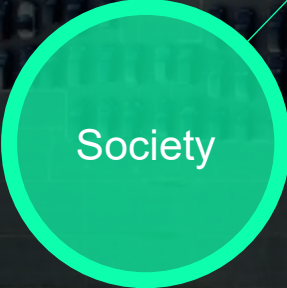
IDOM's Corporate Philosophy That Has Remained Unchanged Since Its Foundation

IDOM Corporate Philosophy

Growing Together

We aim to continue to grow together with our five key stakeholder groups to achieve a prosperous future through the embodiment of IDOM-ism.

Five Stakeholders



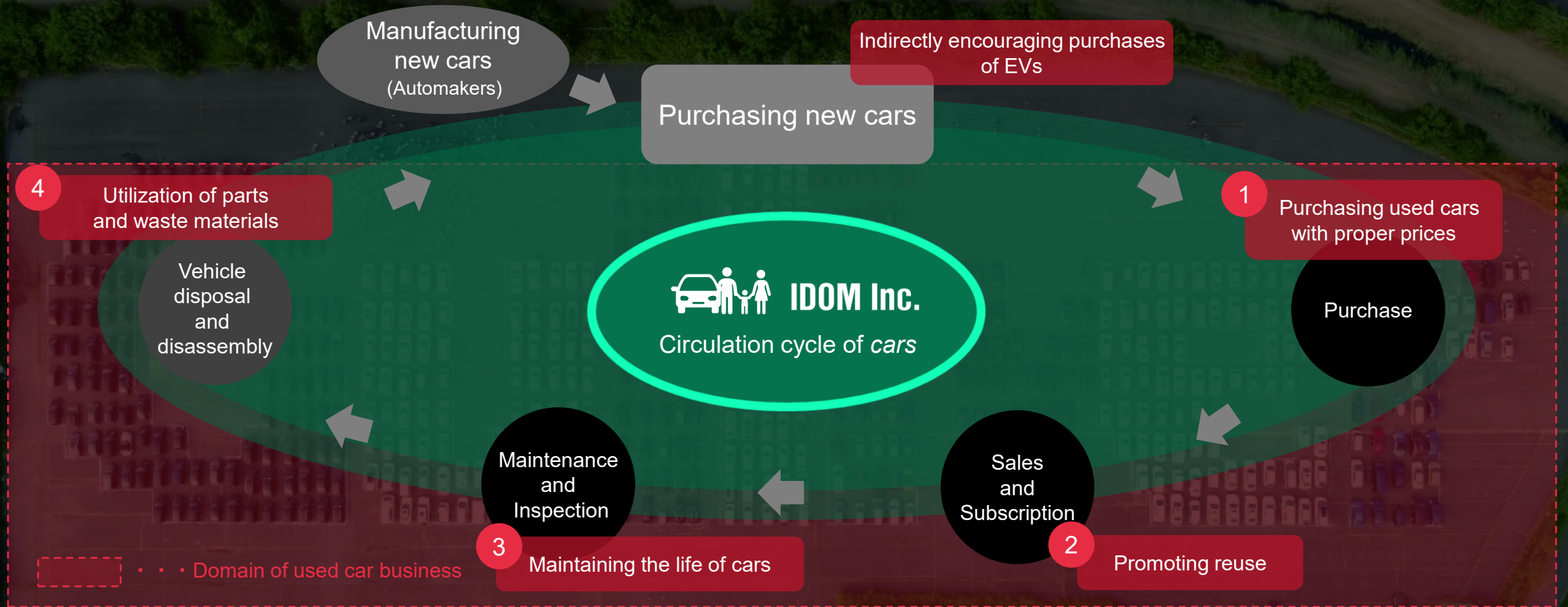
Sustainability Declaration

Since it was founded, IDOM has had a corporate philosophy of “Growing Together”, where we aim to grow together with our five key stakeholders: society, customers, employees, partners and shareholders.

Based on this corporate philosophy, we believe that our used car distribution business contributes to a sustainable society and defines the value of IDOM’s existence as a company.

Going forward, we will continue to boldly tackle the challenges of transforming the used car distribution market and continue to create long term value for all our stakeholders into the future.

Circulation Cycle of Used Car Business



IDOM circulates used cars to encourage consumers to replace their cars with EVs, thus helping society achieve carbon neutrality.

Disclosure in Line with TCFD Recommendations Related to Climate Change



Support for the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

IDOM has expressed its support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). IDOM considers the problem of climate change to be one of the key issues that affect its businesses.

Based on the TCFD recommendations, it will continue to disclose information regarding governance, risk management, strategies (analysis of risks and opportunities), indices and goals.

* Scheduled for disclosure in May 2022

Themes of SDGs and Themes IDOM will Address

Related SDGs



Environment (E)

- Contributing to the realization of a sustainable society through the used car distribution business (the value of IDOM's existence)
- Driving paperless operations (Digitization of sales agreements, reduction of paper resources by sharing meeting materials online, etc.)
- Switching to LED for light fixtures at directly operated store locations
- Promoting the spread of environmentally friendly cars, including hybrid vehicles and EVs, in response to consumer needs



Society (S)

- Ensuring diversity through consideration for employee health and healthy working environments based on the idea of diversity
- Social Contribution Initiatives Made Possible Through IDOM's Business
 - Free provision of used cars to healthcare professionals (2020)
 - Free provision of used cars to victims of the 2011 Tohoku earthquake and tsunami
 - UNICEF Support Gift project for sale and purchase of used cars (2011-present)

CS-related commendation system

IDOM will continue to implement a program to commend stores if they achieve a greater degree of customer satisfaction and lower complaints than the established criteria regarding customer satisfaction questionnaires.

Measures to improve customer satisfaction

Conducting customer questionnaires through LINE or other measures in conjunction with business negotiations, car deliveries and after-sales services.

The responsible store managers and salespeople are provided timely feedback based on results which is used in initiatives aimed for the improvement of customer satisfaction.



Approach to Diversity

IDOM has created an environment where employees can fully demonstrate their abilities and play an active role, regardless of characteristics such as gender, culture, race, religion, sexual orientation, age or disabilities.

We have also established various systems and training for employees to achieve personal growth and self-improvement.

We will continue to respect the human rights of our employees and work actively to create a system that allows employees to attempt various challenges.

We believe that diversity will be achieved by focusing our efforts on improving the environment and developing human resources. For this reason, we have not set numerical diversity targets at this time.

Initiatives to Improve the Environment and Develop Human Resources Based on “Approach to Diversity”

Childcare support

Encouraging employees to take childcare leave regardless of gender

Reduction of working hours

Reducing total working hours through efforts such as increasing the number of public holidays

Supporting women

Operating the Sakura Project to support active roles and empowerment for all female employees (since 2008)

Work style

Creating an environment where employees can make maximum use of their abilities, including telecommuting, by promoting work style reforms

Growth support

Challenge application system that allows employees to apply for transfers for themselves, with the aim of promoting further self-growth

Training system

Theme-specific human resources development training system, with training that varies according to job type, position, and experience

Ability development

Ability development support course, in which employees can participate for the purpose of developing their own abilities

Qualification system

Store manager qualification examination system, for appointment of store managers by qualitative and quantitative evaluation

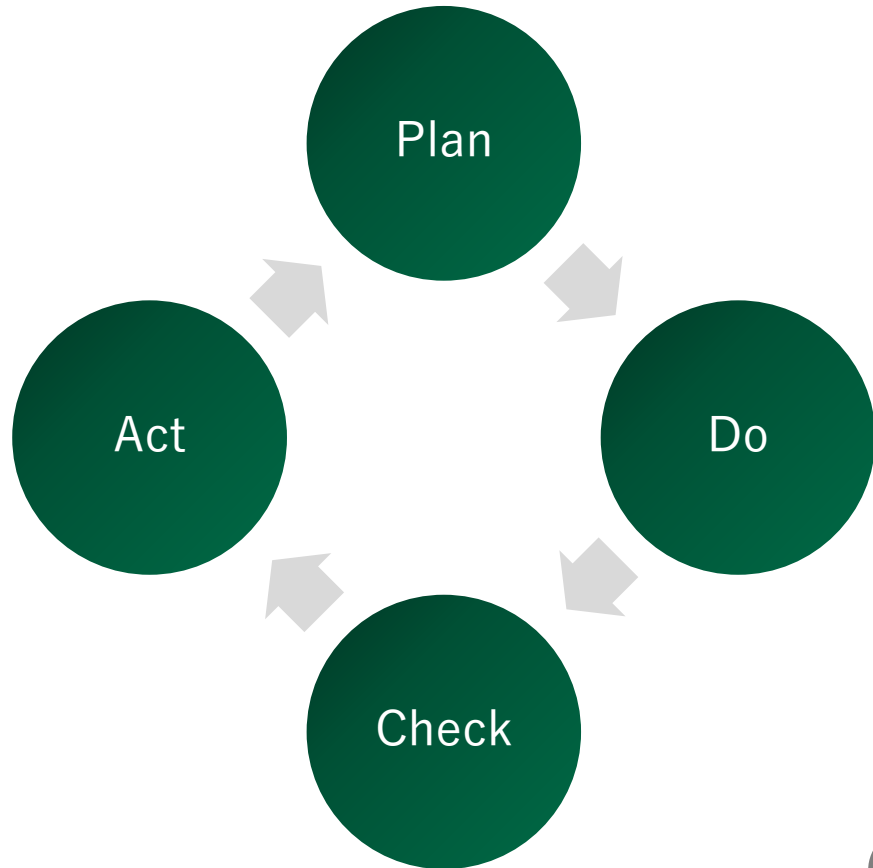
Management training

Store Pro system, a professional store manager system that challenges managers to engage in store management as business managers

System to Promote Initiatives Based on the Concept of Diversity



System design



Taking effective initiatives by setting quantitative targets based on a regular evaluation of the organizational climate, such as employee satisfaction and the penetration of measures, and by implementing a PDCA cycle

Improving initiatives to make them more effective

Adopting initiatives to improve the environment and develop human resources

Implementing a regular evaluation of the organizational climate, etc.

Discovering challenges

Employee satisfaction

NEXT GENERATION MOBILITY CHALLENGE

The start of new challenges

IDOM has been pursuing a circulation-based used car distribution business. This means that the company has constantly been responding to changes in society and consumer mindset. IDOM has continued to pursue and provide the value sought by society and customers.

These initiatives and approach will remain unchanged in the future mobility-based society.

IDOM will continue to develop services and content in a constant pursuit of value creation for a mobility-based society.

IDOM begins to take on new challenges.

Appendix

Appendix

Directors and Executive Officers

A company with an Audit & Supervisory Board consisting of five Directors (including two outside directors) and three auditors (including two outside auditors)

The Board of Directors, which has been streamlined through the adoption of an officer system, engages in in-depth discussions and quickly makes decisions.

Members of the Board of Directors

President
Yusuke Hatori

President
Takao Hatori

Director
Masaru Ohta

Director Outside
Jun Sugie Independent

Director Outside
Koichi Noda Independent

Members of the Audit & Supervisory Board

Auditor (Full-time)
Takenobu Sugama

Auditor Outside
Tadaaki Kimura Independent

Auditor Outside
Kaoru Ninomiya Independent

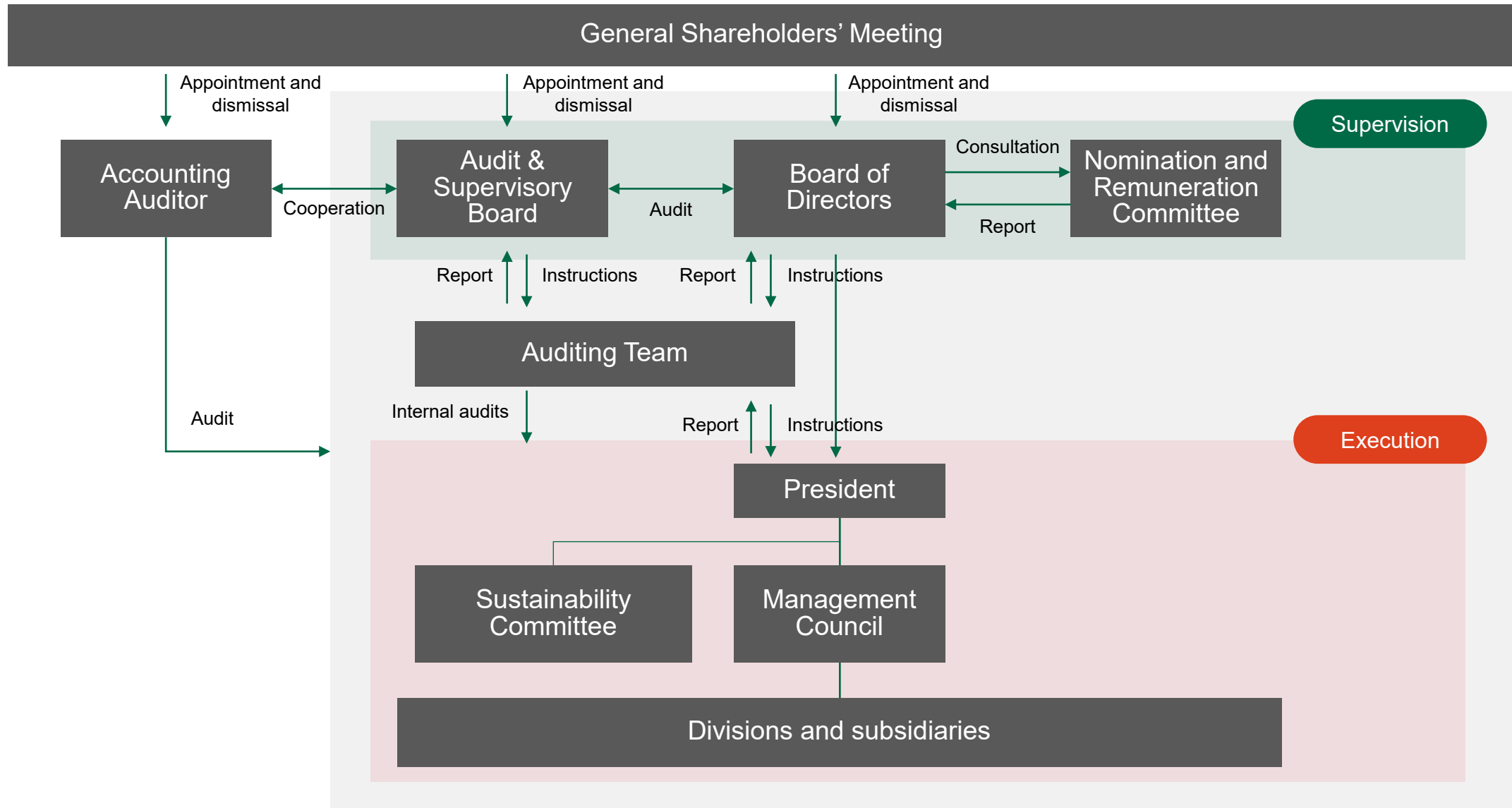
Reason for the two-president system

Enabling representatives to balance each other while also facilitating quick, sound decision-making processes



Important management decisions are made by two presidents through dialectical discussion instead of by a president alone, and by doing so, optimal solutions are achieved.
IDOM migrated to the current system in 2008 and will continue to operate under this system going forward.

Corporate Governance Diagram (as of April 14, 2022)



Directors' Skill Matrix



	Corporate management	Industry insight and marketing	Global experience	Finance and accounting	Sustainability
President Yusuke Hatori	○	○	○		○
President Takao Hatori	○	○		○	○
Director Masaru Ohta	○	○			○
Director Jun Sugie	○			○	○
Director Koichi Noda	○		○		○

Reason for the selection of skills

IDOM is engaged in automobile distribution operations both in Japan and overseas (in Australia and the United States, etc.)

The Board of Directors believes that it is necessary to gain insight and grasp the characteristics of the automobile distribution industry, and to discuss and supervise medium to long-term business management issues from a global perspective.

The Board also believes that it should discuss and provide supervision to enable the Group to achieve sustainable growth while forecasting future environmental changes and predicting risks and opportunities that may arise in the future.

IDOM places an emphasis on the Board of Directors performing such functions, and has selected the skills presented on the left to create a skill matrix for its directors.

Skill	Definition
Corporate management	Experience in corporate management and/or administrative management at listed companies, large-scale corporations or administrative (government) agencies, etc.
Industry insight and marketing	Insight relating to automobile distribution and intimate knowledge of the characteristics of marketing activities
Global experience	Experience leading overseas business operations, or highly international work experience
Finance and accounting	Expertise in finance and accounting
Sustainability	Insight relating to sustainable growth in environmental, social and governance (ESG) issues, etc.

History



1994年	▪ Gulliver International established
1998年	▪ Shares traded on the over-the-counter market (after the second shortest period from establishment) ▪ Operation of Dolphinet System started
1999年	▪ Number of Gulliver stores, mostly member stores, reaches 500
2000年	▪ Listed on Second Section of TSE (after the shortest period from establishment)
2002年	▪ Award for Advancement of Excellence in IR received (Japan Investor Relations Association)
2003年	▪ Listed on First Section of TSE
2004年	▪ Gulliver USA, Inc. established ▪ Japan's first hyper-growth company* *Term used in the U.S.A. for companies that record sales of 1 billion dollars within 10 years of establishment
2006年	▪ Porter Prize received
2008年	▪ Two presidential system started ▪ Second Japan 300 High-Service Award received (Service Productivity & Innovation for Growth)
2009年	▪ 10-year guarantee service started

History



2010年	<ul style="list-style-type: none">▪ Shares of G-one Credit Services, the financial service subsidiary, transferred to SBI Holdings
2011年	<ul style="list-style-type: none">▪ Pre-delivery maintenance service center launched▪ Ranked 29th in “Best Workplaces” (Great Place to Work® Institute Japan) Awarded for 7 consecutive years
2012年	<ul style="list-style-type: none">▪ Motoren Global established (BMW/MINI dealerships in Hokkaido started)▪ WOW! TOWN Makuhari, a large showroom, opened▪ Received IT Japan Award 2012 (Nikkei Computer)
2014年	<ul style="list-style-type: none">▪ First store in New Zealand opened▪ Display and sale store openings accelerated under the medium-term business policy
2015年	<ul style="list-style-type: none">▪ All shares acquired in Nakamitsu Motors, which operates BMW/MINI dealerships in Chiba; changed the company’s name to Motoren Glanz▪ Sixty-seven percent of shares acquired in Buick Holdings Pty Ltd., new car dealers in Western Australia▪ System for centralized appraisal of purchases at the head office renewed (mobile devices for appraisal at each store introduced)▪ Kurumajiro (presently Gulliver FleMa) service started
2016年	<ul style="list-style-type: none">▪ The Company’s name changed to IDOM, Inc.▪ NOREL service started
2017年	<ul style="list-style-type: none">▪ Selected as “2017 Competitive IT Strategy Company” (Ministry of Economy, Trade and Industry, Tokyo Stock Exchange)▪ Ranked 18th in “Best Workplaces,” the top ranking

History



2018年	・Acquired a new car dealer group in Melbourne, Australia
2019年	・C2C car sharing service, GO2GO, started
2020年	・NOREL and GO2GO new services acquired by IDOM CaaS Technology
2021年	・Transferred shares of Motoren Global and Motoren Glanz (Withdraw from domestic new car dealer business)
2022年	・Decided to transfer the company's shares of the Australian subsidiaries ・Received a Certificate of Merit related to a Medal with Dark Blue Ribbon from the Japanese government