

**IDOM Inc.**

1st Quarter Results for  
Fiscal Year Ending  
February 28, 2022

IDOM Inc. | July 14, 2021

- I. 1st Quarter Results Summary FY2022
- II. Revision of Earnings Forecast
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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. 1st Quarter Results Summary FY2022

**1** Year-on-Year Comparison





2 Comparison with Initial Forecasts

## Posting a record profit

Consolidated	FY 2021 Mar - May	FY 2022 Mar – May		
	Results	Results	Change	Y/Y
Operating income	-0.15billion yen	5.08billion yen	5.23billion yen	-
Ordinary income	-0.55billion yen	4.91billion yen	5.46billion yen	-
Profit attributable to owners of parent	-0.91billion yen	2.75billion yen	3.66billion yen	-

The Company recorded losses in the previous fiscal year due to a significant fall in the number of visitors to stores because of the COVID-19 pandemic. In the current fiscal year, profits increased significantly with a rise in retail unit sales at directly managed stores in Japan and an increase in new car sales at the Australian subsidiary, since the impact of COVID-19 there was minor. The Company posted a record profit for the first quarter.

# Factors for an Increase in Consolidated Operating Income for FY2022 Q1

		Result for Q1 (vs. previous fiscal year)	Factors for an Increase
1	Retail unit sales of directly managed stores		<ul style="list-style-type: none"> <li>• Recovery of the used car market in Japan</li> <li>• Contribution by large stores that newly opened in the previous fiscal year</li> <li>• Effective placement of ongoing advertisements</li> </ul>
2	Gross profit per unit		<ul style="list-style-type: none"> <li>• Recovery of gross margins per unit, which had declined due to the COVID-19 pandemic in the previous fiscal year</li> </ul>
3	Australian subsidiary		<ul style="list-style-type: none"> <li>• Increase in the number of new cars sold, reflecting favorable business conditions in the Western Australian new car market.</li> <li>• Strong sales of used car reflecting ongoing measures to boost sales</li> </ul>
4	Exchange rate		<ul style="list-style-type: none"> <li>• The Australia segment profit rose approximately 0.2 billion yen based on the previous fiscal year's exchange rates, reflecting a weakening of the yen in the foreign exchange market.</li> </ul>

Non-consolidates results reflected strong performances of existing stores, including large stores.

Operating income: Loss of 0.45 billion yen in Q1 of the previous fiscal year → Profit of 3.27 billion yen for Q1 of the fiscal year under review.

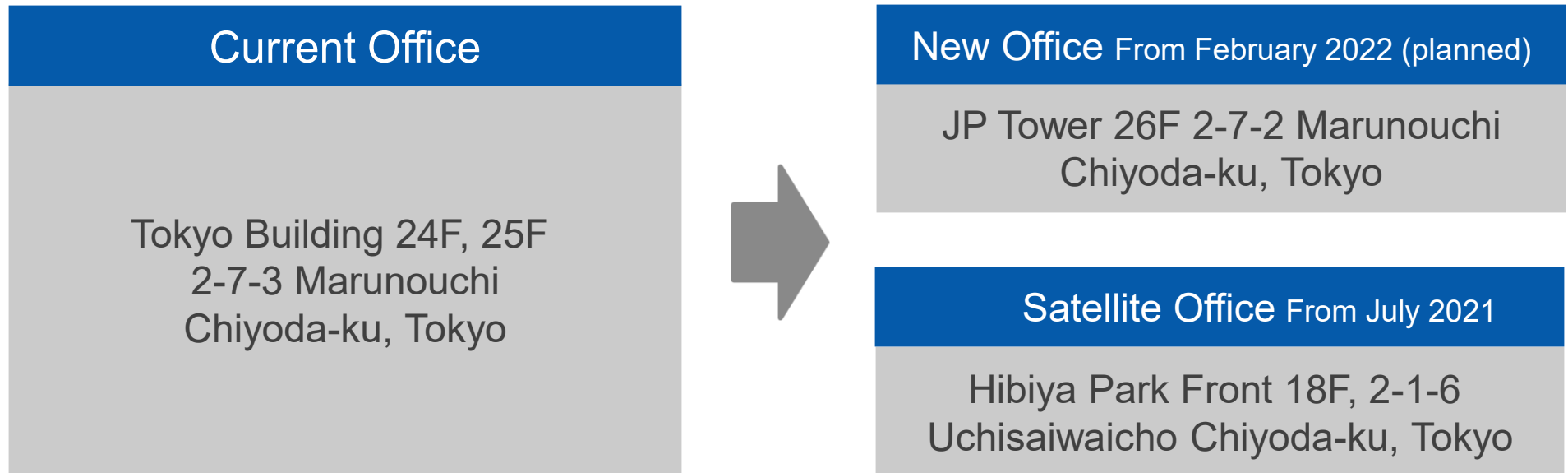
The Austria segment results reflected the growth of new car sales, as well as continued strong sales of used cars.

Operating income: Profit of 0.17 billion yen in Q1 of the previous fiscal year → Profit of 1.16 billion yen for Q1 of the fiscal year under review (an increase in profit even without the impact of exchange rates)

# Posting of Extraordinary Losses

A total of 0.85 billion yen including the expensed undepreciated balance of non-current assets at the current head office and restoration costs was posted as head office relocation expenses in extraordinary losses.

A resolution on the head office relocation was passed at the Board of Directors meeting on July 14.



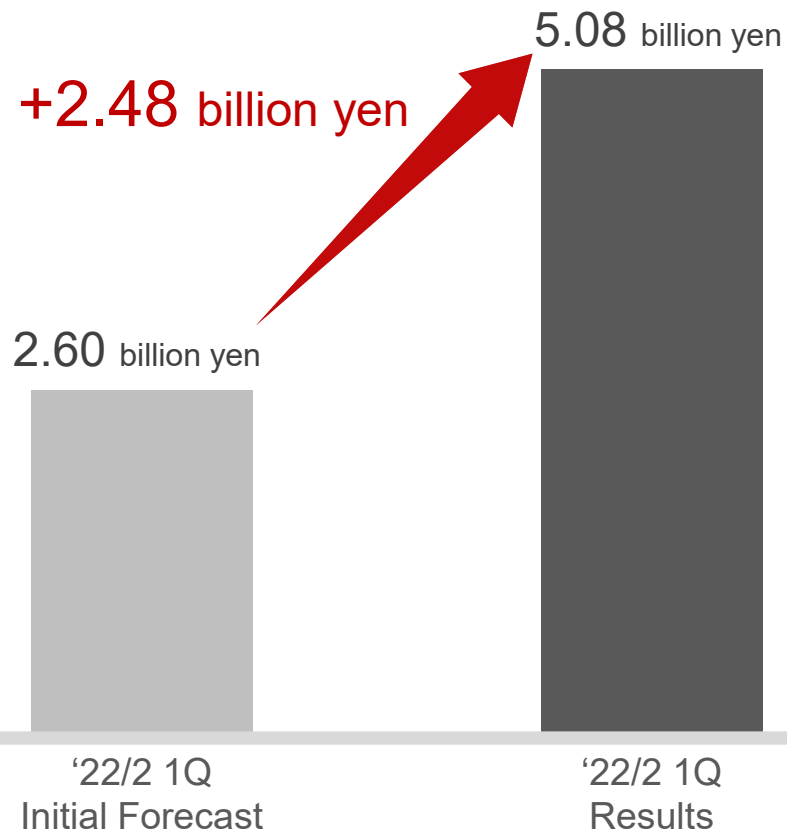
1 Year-on-Year Comparison

2 Comparison with Initial Forecasts



# Initial Forecast and Results of Consolidated Operating Income for FY2022 Q1

## Consolidated operating income






## Difference factors between initial forecast and results

(i)	Non-consolidated	Increase in retail unit sales
(ii)	Australian subsidiary	-Increase in new car sales -Yen depreciation progresses

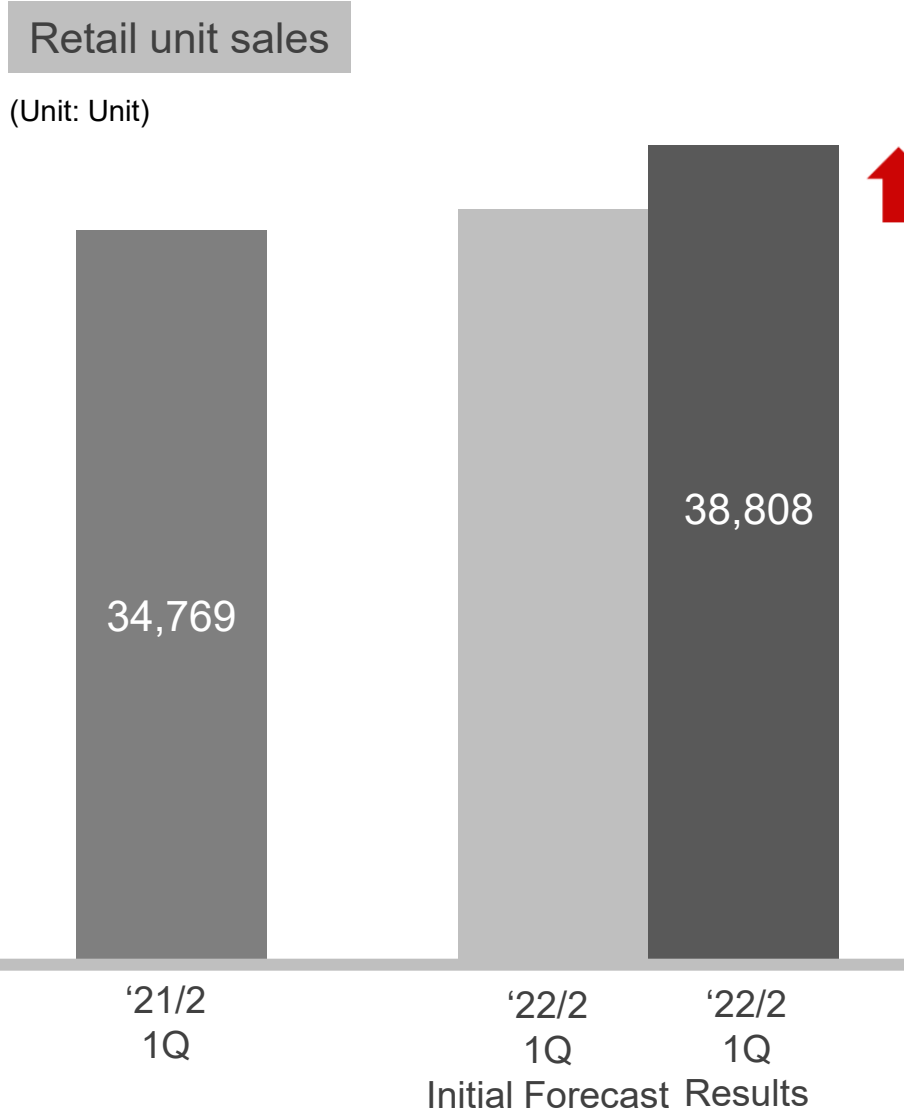
# Difference Factors of Consolidated Operating Income for FY2022 Q1

## (i) Non-consolidated

		Result for Q1 (vs. Forecast)	Factors different from the initial forecast
1	Retail unit sales		Increased with a stronger-than-expected revitalization of the used car market and a higher-than-expected increase in the number of visitors to existing stores, including large stores
2	Retail gross profit		The result was as expected
3	SG&A expenses		The result was as expected (Advertising expenses decreased due to more efficient online marketing)

Although retail unit sales had also been expected to increase year on year in the initial forecast, they increased more than expected due to an unexpectedly robust increase in the number of visitors to large stores mainly, including existing stores in addition to a stronger-than-expected revitalization of the used car market. The effect of advertising also contributed to an increase in the number of customers visiting large stores.

# Factors for Increasing Retail Unit Sales







Number of customers visiting stores, including existing stores, increased more than expected, mainly at large stores.

- Stronger-than-expected revitalization of the used car market
- Effective advertising has been successful.

Although the used car market had been expected to remain flat compared with the trend in the previous second half, it was more robust than expected. Refined and effective use of advertising was successful. The number of customers visiting our stores, especially large stores, increased more than expected.

# Difference Factors of Consolidated Operating Income for FY2022 Q1

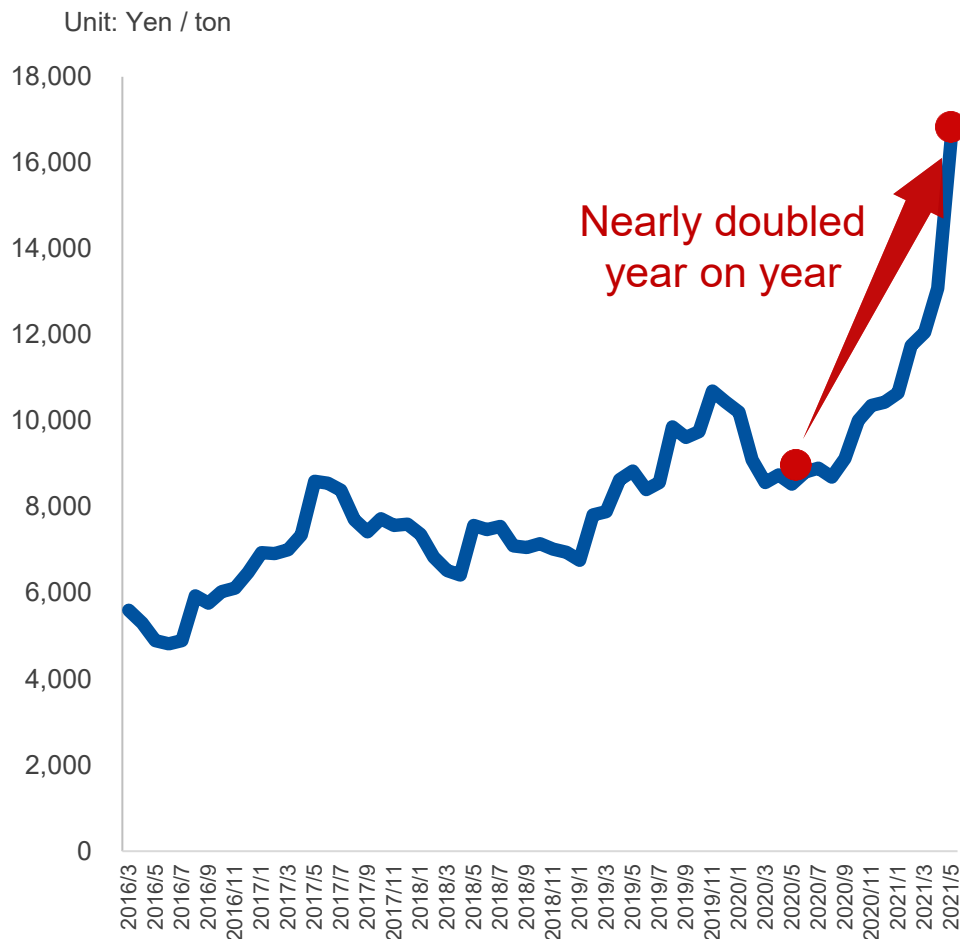
## (ii) Australian subsidiary

		Result for Q1 (vs. Forecast)	Factors different from the initial forecast
1	Sales of new cars		Increased more than expected on the back of the strong new car market in Western Australia attributable to a rise in iron ore prices
2	Sales of used cars		The result was as expected. (The robust performance was maintained due to stronger sales of used cars.)
3	SG&A expenses		The result was as expected (Australian dollar basis)
4	Exchange rate		Operating income exceeded the forecast by about 0.2 billion yen as the yen was weaker against the Australian dollar that originally expected.

The new car market in Western Australia was more robust than initially expected due to a rise in iron ore prices, and as a result, new car sales increased more significantly than expected. The weak exchange rate of the yen against the Australian dollar was also a factor to increase profits at the Australian subsidiary.

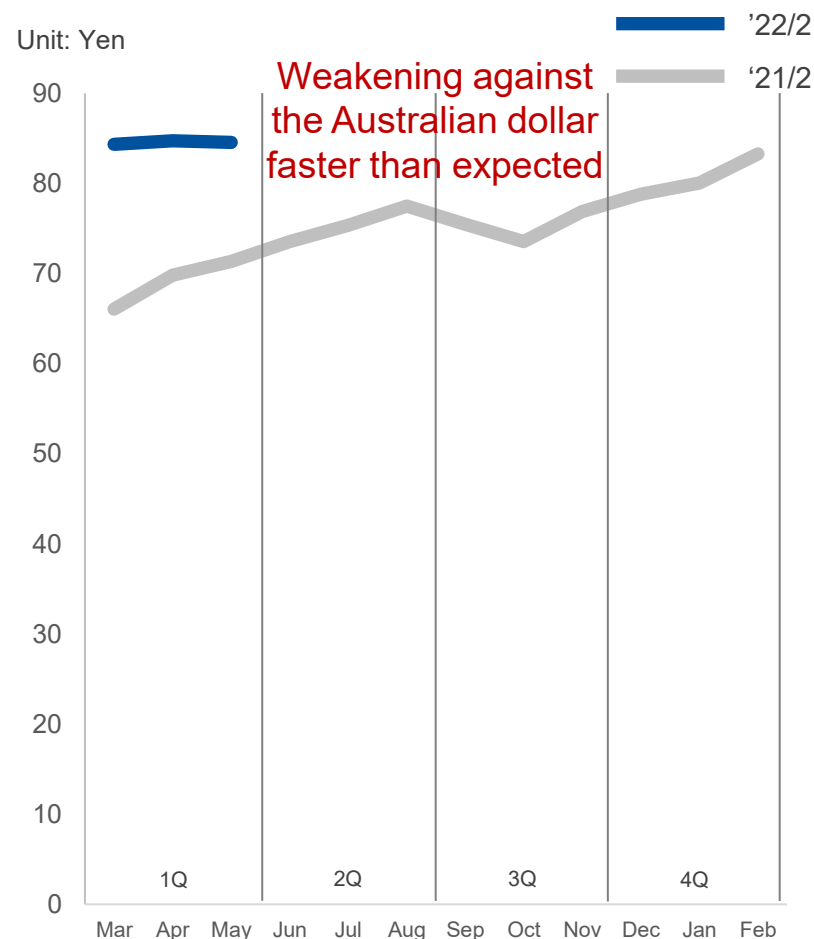
# Iron ore prices and yen depreciation

Changes in iron ore prices



Prepared by the Company based on the Trade Statistics of Japan of the Ministry of Finance

Monthly changes in the yen against the Australian dollar (month-end TTM)

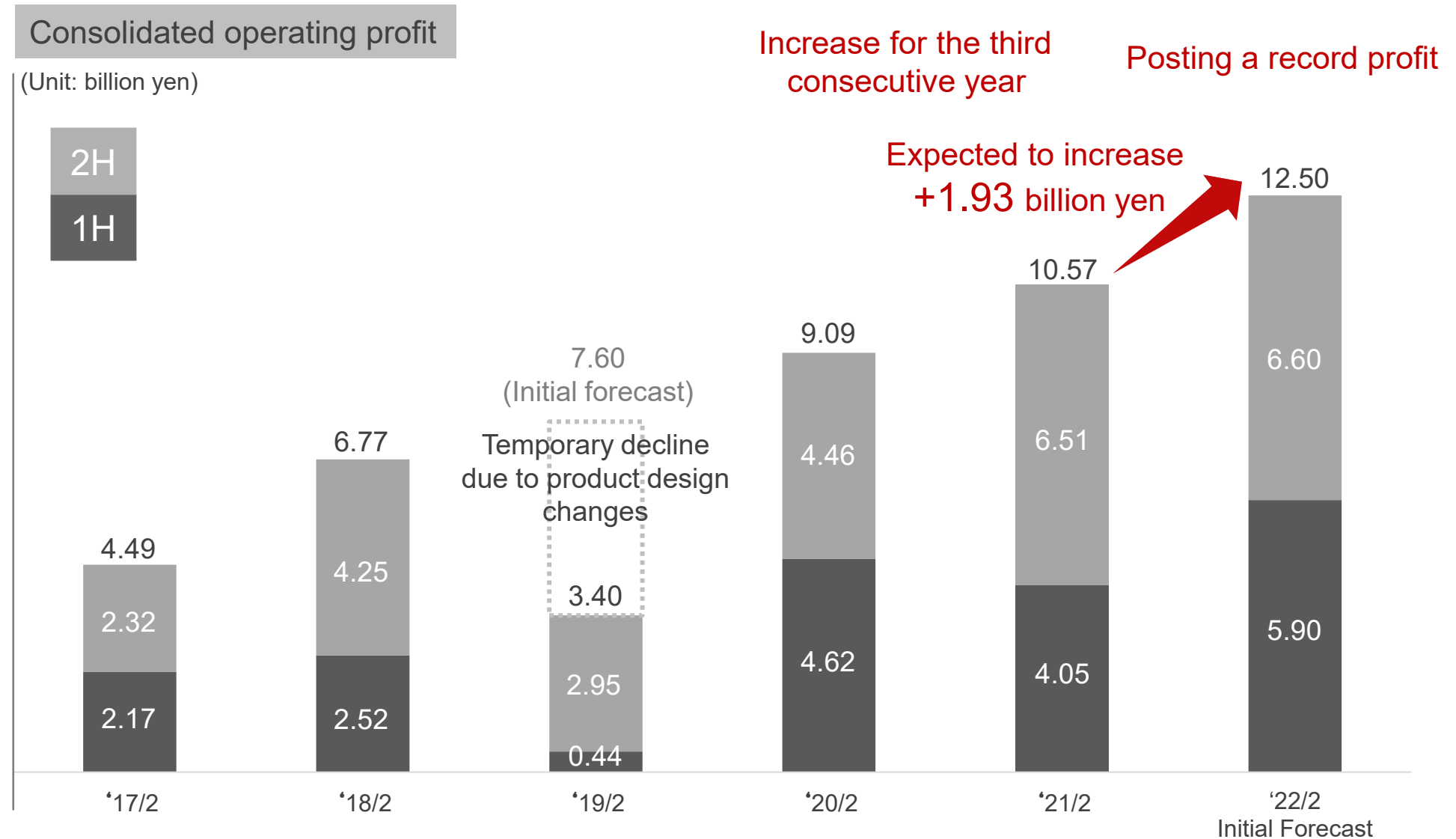


Prepared by the Company based on Today's Exchange Rates of MUFG Bank

The new car market in Western Australia, which the Company had expected would remain flat from the previous second half, was more brisk than expected. The exchange rate of the yen, which the Company had expected to be around the average for the period, was weaker than expected against the Australian dollar.

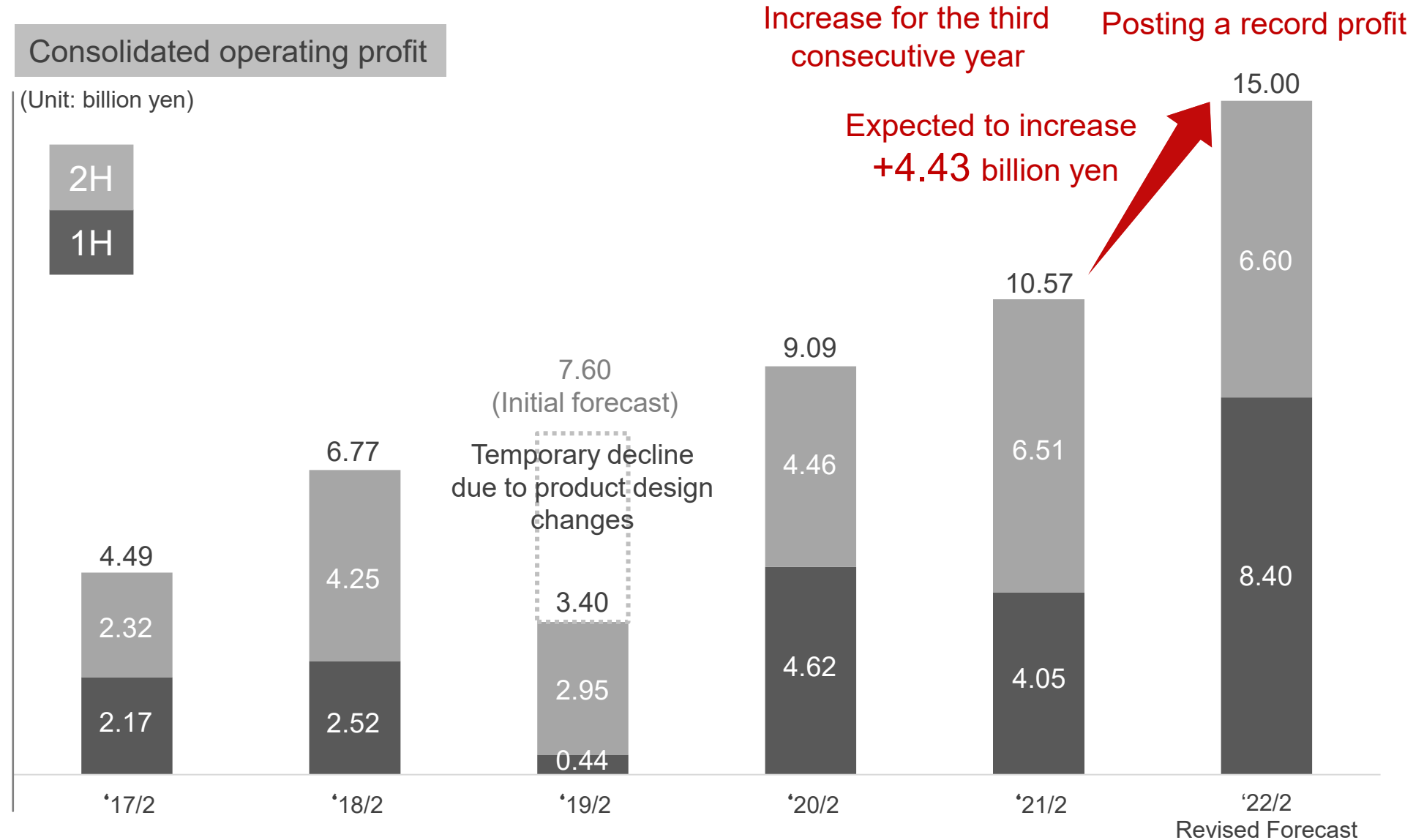
## II. Revision of Earnings Forecast

# Initial Forecasts for Full-Year Results(Public announcement on April 14, 2021)



Consolidated operating profit is expected to rise to a new record of 11.1 billion yen, rising 1.9 billion yen year on year for the third straight year of increase.

# Revised Forecasts for Full-Year Results(Public announcement on July 14, 2021)



The forecast for consolidated operating profit has been revised upward from 12.5 billion yen to 15.0 billion yen in light of results for Q1. A new record of 11.1 billion yen is expected, with an increase 4.4 billion yen year on year.



## Revised Forecasts for Full-Year Results

Consolidated	Initial Forecast	Revised Forecast	Difference from Initial Forecast	Ratio with Initial Forecast
Operating Income	12.5billion yen	15.0billion yen	2.5billion yen	20.0%
Ordinary Income	11.4billion yen	13.9billion yen	2.5billion yen	21.9%
Profit attributable to owners of parent	5.8billion yen	7.1billion yen	1.3billion yen	22.4%

The forecast for consolidated operating income has been revised upward from 12.5 billion yen to 15.0 billion yen in light of results for Q1. In terms of the situation of the domestic used car market and the Australian new car market, assumptions for the initial forecast are unchanged. With respect to the exchange rate, because the Company expects that the impact of weak yen against the Australian dollar compared with the previous fiscal year will diminish going forward, initial assumptions remain unchanged. The forecast for consolidated operating income after Q2 is left unchanged. The forecast for extraordinary losses has been revised from 1.0 billion yen in the initial forecast to 1.5 billion yen in light of the posting of extraordinary losses in Q1.

## Revised Forecasts for Half-Year Results

Consolidated	Initial Forecast	Revised Forecast	Difference from Initial Forecast	Ratio with Initial Forecast
Operating Income	5.9billion yen	8.4billion yen	2.5billion yen	42.4%
Ordinary Income	5.3billion yen	7.8billion yen	2.5billion yen	46.7%
Profit attributable to owners of parent	2.7billion yen	3.9billion yen	1.2billion yen	44.4%

The forecast for consolidated operating income in H1 has been revised upward from 5.9 billion yen to 8.4 billion yen in light of results for Q1. The revised forecast for extraordinary losses for H1 from 0.5 billion yen to 1.0 billion yen has been incorporated.

# III. Topics

# Cash Flow and Inventory Status

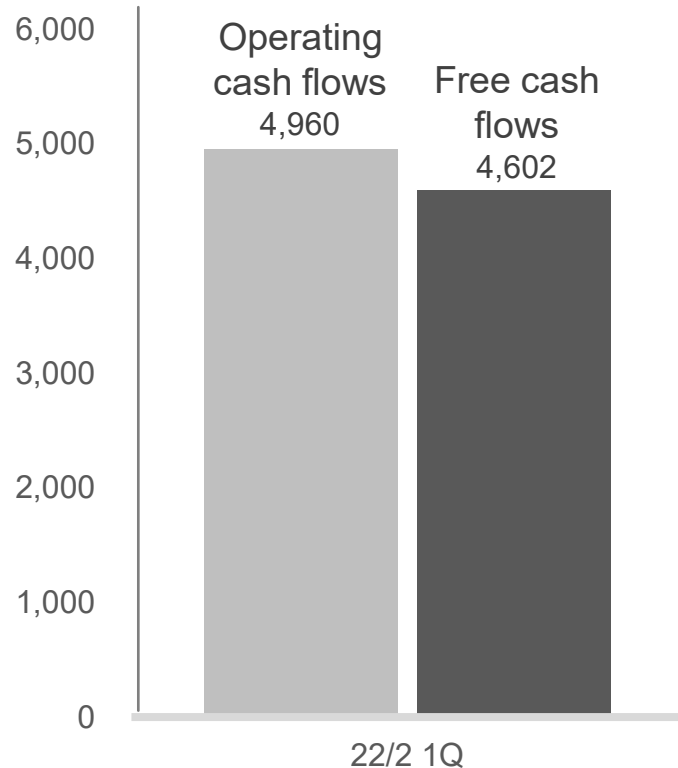
## Forecast of FCF in FY ending February 2022

- Consolidated operating income is expected to increase to 15.0 billion yen in the full year.
- Inventory control in response to sales demand will continue to be implemented.
- Opening of large stores and maintenance shops will be advanced after Q2.

Increase is expected

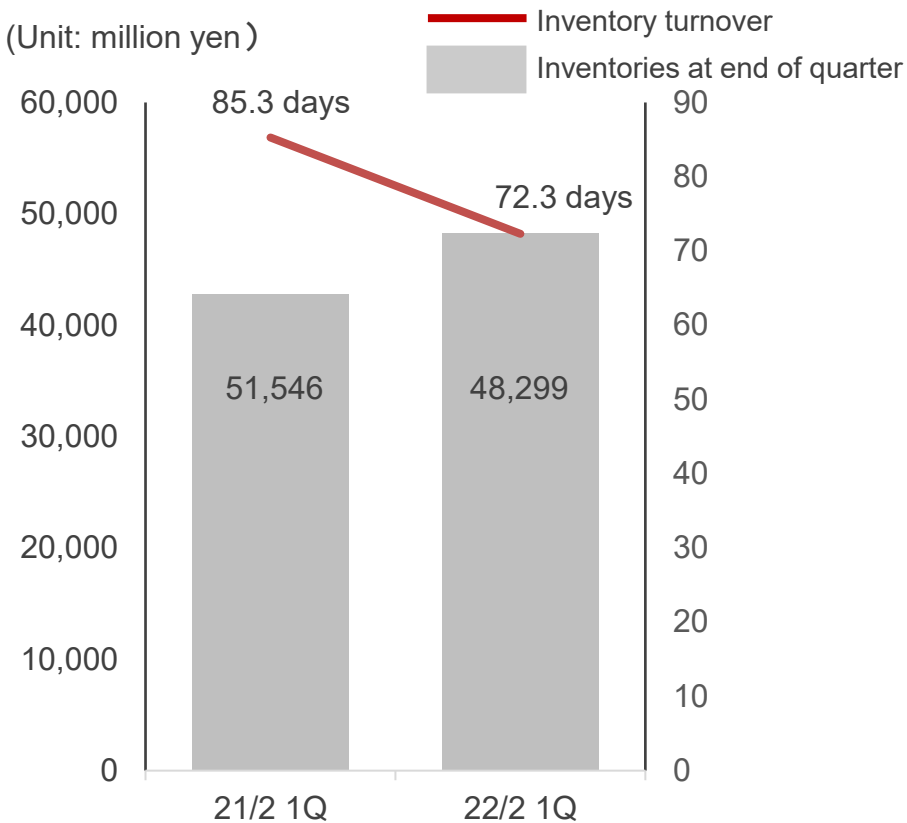
### 1Q consolidated cash flow\*

(Unit: million yen)



### Inventories at end of quarter and Inventory turnover

(Unit: million yen)



Inventory turnover = merchandise (weighted average at beginning and end of period) / cost of sales

\*The consolidated statement of cash flows was not disclosed in Q1 and Q3, but it will be disclosed voluntarily only in presentation materials from Q1 under review.

# Purpose of Head Office Relocation

Positioning the head office as a place for decision-making, shifting to a policy of using satellite offices and telework for daily communication and operations

As a result, rents and common service expenses are expected to decrease about 0.5 billion yen (the next fiscal year ending February 2023)

## Measures that had been promoted before Corona

- Promote online communication
- Actively introduce efficient work styles through IT investment

## The situation of Corona's disaster for about one year

- At the head office, mainly worked from home
- Utilization of IT tools and efficient work procedures have become established

Promote new work styles



## New Office From February 2022 (planned)

JP Tower 26F 2-7-2 Marunouchi  
Chiyoda-ku, Tokyo

## Satellite office From July 2021

Wework Hibiya Park Front 18F, 2-1-6  
Uchisaiwaicho Chiyoda-ku, Tokyo

## Working from home, etc.

Remote work

# IV. Supplementary Information on Results and Financial Matters

# [Consolidated] Factors increasing and decreasing 1Q operating income

[Consolidated] FY2021 1Q  
Operating income  
-0.15billion yen

[Non-Consolidated] Gross profit  
+4.02billion yen

[Non-Consolidated]  
Personnel expenses  
-0.53billion yen

[Non-Consolidated]  
Advertising expenses  
+0.04billion yen

[Non-Consolidated]  
Other SG&A expenses  
-0.18billion yen

Operating income of  
Australian subsidiary companies  
+0.99billion yen

Other  
+0.50billion yen

[Consolidated] FY2022 1Q Operating income  
5.08billion yen

## Factors of retail unit sales

- Increase due to increase in the number of customers visiting the store

## Factors of gross profit

- Increase in retail and wholesale gross profit per unit

- Increase as a reaction to transfer of part of personnel expenses to extraordinary losses as COVID-19-related losses in the previous fiscal year

- Reduction due to improved efficiency of online marketing

- Decrease in store operation costs associated with a fall in the number of stores
- Decrease in commission expenses associated with a fall in the number of new graduates hired

- Increase in new car sales
- Maintain strong used car sales volume
- The weak exchange rate of the yen against the Australian dollar

- Recovery of domestic subsidiaries' performance due to recovery of domestic new car and used car markets
- Decrease in amortization of goodwill due to recording of goodwill impairment loss in the previous fiscal year

# [Consolidated / Non-consolidated] Income Statement (1Q)

Consolidated	3 months ended May 31, 2019		3 months ended May 31, 2020		3 months ended May 31, 2021		3 months ended May 31, 2022			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	71,411	100.0	90,206	100.0	83,724	100.0	117,013	100.0	33,289	39.8
Cost of sales	56,104	78.6	72,521	80.4	69,002	82.4	95,264	81.4	26,262	38.1
Gross profit	15,306	21.4	17,685	19.6	14,722	17.6	21,748	18.6	7,026	47.7
SG&A expenses	14,927	20.9	16,174	17.9	14,875	17.8	16,663	14.2	1,788	12.0
Operating income	378	0.5	1,510	1.7	-153	-	5,084	4.3	5,237	-
Ordinary income	103	0.1	959	1.1	-552	-	4,911	4.2	5,463	-
Income before income taxes and minority interests	-59	-	736	0.8	-1,071	-	4,069	3.5	5,140	-
Profit attributable to owners of parent	-146	-	447	0.5	-914	-	2,752	2.4	3,666	-

Non-Consolidated	3 months ended May 31, 2019		3 months ended May 31, 2020		3 months ended May 31, 2021		3 months ended May 31, 2022			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	55,588	100.0	65,333	100.0	64,991	100.0	78,540	100.0	13,549	20.8
Cost of sales	43,353	78.0	51,060	78.2	53,462	82.3	62,983	80.2	9,521	17.8
Gross profit	12,234	22.0	14,273	21.8	11,529	17.7	15,557	19.8	4,028	34.9
SG&A expenses	12,038	21.7	12,784	19.6	11,988	18.4	12,283	15.6	295	2.5
Operating income	195	0.4	1,488	2.3	-459	-	3,273	4.2	3,732	-
Ordinary income	84	0.2	1,160	1.8	-636	-	3,220	4.1	3,856	-
Income before income taxes	-122	-	933	1.4	-1,519	-	2,094	2.7	3,613	-
Net income	-163	-	588	0.9	-668	-	1,424	1.8	2,092	-



# [Consolidated] Balance Sheets

(Unit: million yen)

	As of February 28, 2021	As of May 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	43,179	47,294
Notes and accounts receivable - trade	6,875	5,064
Merchandise	72,913	71,546
Other	3,966	4,510
Allowance for doubtful accounts	-328	-323
Total current assets	126,605	128,091
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,918	37,302
Accumulated depreciation	-16,411	-17,236
Buildings and structures, net	20,507	20,066
Vehicles	153	124
Accumulated depreciation	-32	-34
Vehicles, net	121	89
Tools, furniture and fixtures	4,335	4,342
Accumulated depreciation	-3,606	-3,655
Tools, furniture and fixtures, net	729	687
Land	218	218
Construction in progress	121	183
Total property, plant and equipment	21,697	21,245
Intangible assets		
Software	1,717	1,625
Goodwill	7,698	7,673
Other	4,996	4,653
Total intangible assets	14,412	13,972
Investments and other assets		
Investment securities	139	146
Shares of subsidiaries and associates	131	205
Long-term loans receivable	30	45
Lease and guarantee deposits	5,835	5,826
Construction assistance fund receivables	4,614	4,504
Deferred tax assets	3,253	3,914
Other	544	525
Allowance for doubtful accounts	-43	-43
Total investments and other assets	14,506	15,125
Total non-current assets	50,616	50,343
<b>Total assets</b>	<b>177,222</b>	<b>178,435</b>

	As of February 28, 2021	As of May 31, 2021
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	20,940	21,038
Short-term loans payable	1,117	1,136
Accounts payable - other	342	347
Current portion of long-term loans payables	4,586	4,014
Income taxes payable	2,052	2,006
Advances received	9,010	8,166
Deposits received	205	331
Provision for bonuses	1,167	136
Provision for merchandise warranties	737	793
Other provision	715	896
Other	6,658	7,860
Total current liabilities	47,534	46,728
Non-current liabilities		
Long-term loans payable	79,169	78,845
Long-term guarantee deposited	506	571
Asset retirement obligations	2,546	2,247
Deferred tax liabilities	1,616	1,621
Other provision	584	658
Other	249	296
Total non-current liabilities	84,672	84,241
<b>Total liabilities</b>	<b>132,206</b>	<b>130,970</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,384	4,384
Retained earnings	39,665	41,861
Treasury shares	-4,344	-4,344
Total shareholders' equity	43,862	46,058
Accumulated other comprehensive income		
Foreign currency translation adjustment	-134	201
Total accumulated other comprehensive income	-134	201
Minority owner shares worth	1,018	1,205
<b>Total net assets</b>	<b>45,015</b>	<b>47,465</b>
<b>Total liabilities and net assets</b>	<b>177,222</b>	<b>178,435</b>

# [Consolidated] Statements of Cash Flows

(Unit: million yen)

	3 months ended May 31, 2021	3 months ended May 31, 2022
Profit before income taxes	—	4,069
Depreciation	—	724
Amortization of goodwill 668 684	—	121
Net increase (decrease) in working capital	—	2,411
Income taxes paid		-1,547
Other, net	—	-818
Cash flows from operating activities	—	4,960
Cash flows from investing activities	—	-358
Free cash flow	—	4,602
Cash flows from financing activities	—	-561
Net increase (decrease) resulting from exchange rate change and new consolidation	—	74
Net increase (decrease) in cash and cash equivalents	—	4,098
Cash and cash equivalents at the beginning of period	—	43,179
Cash and cash equivalents at the end of period	—	47,294

\*The consolidated statement of cash flows was not disclosed in Q1 and Q3, but it will be disclosed voluntarily only in presentation materials from Q1 under review.

# [Consolidated / Non-consolidated] Income Statement

Consolidated	FY ended Feb 28, 2019		FY ended Feb 29, 2020		FY ended Feb 28, 2021		FY ending Feb 28, 2022			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Outlook (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	309,410	100.0	361,684	100.0	380,564	100.0	405,400	100.0	24,836	6.5
Cost of sales	244,707	79.1	287,724	79.6	307,754	80.9	324,700	80.1	16,946	5.5
Gross profit	64,702	20.9	73,959	20.4	72,810	19.1	80,700	19.9	7,890	10.8
SG&A Expenses	61,301	19.8	64,868	17.9	62,239	16.4	65,700	16.2	3,461	5.6
Operating income	3,400	1.1	9,091	2.5	10,571	2.8	15,000	3.7	4,429	41.9
Ordinary income	2,072	0.7	6,867	1.9	9,642	2.5	13,900	3.4	4,258	44.2
Income before income taxes and minority interests	1,478	0.5	3,917	1.1	4,524	1.2	12,400	3.1	7,876	174.1
Profit attributable to owners of parent	381	0.1	3,545	1.0	1,484	0.4	7,100	1.8	5,616	378.4

Non-Consolidated	FY ended Feb 28, 2019		FY ended Feb 29, 2020		FY ended Feb 28, 2021		FY ending Feb 28, 2022			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Outlook (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	234,618	100.0	258,008	100.0	275,710	100.0	296,000	100.0	20,290	7.4
Cost of sales	181,847	77.5	199,406	77.3	219,258	79.5	234,900	79.4	15,642	7.1
Gross profit	52,770	22.5	58,602	22.7	56,451	20.5	61,100	20.6	4,649	8.2
SG&A Expenses	50,018	21.3	50,867	19.7	48,593	17.6	50,000	16.9	1,407	2.9
Operating income	2,751	1.2	7,735	3.0	7,858	2.9	11,100	3.8	3,242	41.3
Ordinary income	2,673	1.1	6,964	2.7	7,642	2.8	10,600	3.6	2,958	38.7
Income before income taxes	1,707	0.7	3,457	1.3	-458	-	9,100	3.1	9,558	-
Net income	933	0.4	3,500	1.4	-2,081	-	5,700	1.9	7,781	-

(Note) In light of the extraordinary loss recorded in the 1Q, the extraordinary loss assumption has been revised from the initial forecast of 1.0 billion yen to 1.5 billion yen.

# [Consolidated / Non-consolidated] Income Statement (half year)

Consolidated	6 months ended August 31, 2019		6 months ended August 31, 2020		6 months ended August 31, 2021		6 months ending August 31, 2022			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Outlook (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	143,937	100.0	179,276	100.0	178,109	100.0	198,700	100.0	20,591	11.6
Cost of sales	113,771	79.8	142,478	79.5	144,145	80.9	157,500	79.3	13,355	9.3
Gross profit	30,165	21.0	36,797	20.5	33,963	19.1	41,200	20.7	7,237	21.3
SG&A Expenses	29,719	20.6	32,173	17.9	29,910	16.8	32,800	16.5	2,890	9.7
Operating income	445	0.3	4,624	2.6	4,053	2.3	8,400	4.2	4,347	107.3
Ordinary income	-106	-	3,634	2.0	3,147	1.8	7,850	4.0	4,703	149.4
Income before income taxes and minority interests	-281	-	3,292	1.8	2,717	1.5	6,850	3.4	4,133	152.1
Profit attributable to owners of parent	-598	-	2,124	1.2	1,375	0.8	3,900	2.0	2,525	183.6

Non-Consolidated	6 months ended August 31, 2019		6 months ended August 31, 2020		6 months ended August 31, 2021		6 months ending August 31, 2022			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Outlook (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	110,589	100.0	129,806	100.0	134,150	100.0	150,000	100.0	15,850	11.8
Cost of sales	85,959	77.7	100,099	77.1	107,145	79.9	118,900	79.3	11,755	11.0
Gross profit	24,630	22.3	29,706	22.9	27,004	20.1	31,100	20.7	4,096	15.2
SG&A Expenses	24,337	22.0	25,424	19.6	23,736	17.7	25,000	16.7	1,264	5.3
Operating income	293	0.3	4,282	3.3	3,267	2.4	6,100	4.1	2,833	86.7
Ordinary income	95	0.1	3,721	2.9	3,101	2.3	5,850	3.9	2,749	88.6
Income before income taxes	-162	-	3,397	2.6	2,383	1.8	4,850	3.2	2,467	103.5
Net Income	-391	-	2,253	1.7	2,005	1.5	3,000	2.0	995	49.6

(Note) In light of the extraordinary loss recorded in the 1Q, the extraordinary loss assumption has been revised from the initial 1H forecast of 500 million yen to 1 billion yen.