

Q1 FY2023

1st Quarter Results for Fiscal Year Ending February 28, 2023

July 14th, 2022

TSE Prime **7599**

IDOM Inc.



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FY2023 Financials

1. 1st Quarter Results Summary FY2023

Gulliver



Q1 FY2023 Results Highlights



Financials

(Domestic Core Business)
Both net sales and
operating profit increased

Net sales

90.3 billion yen
+14.4% YoY

Operating profit

4.1 billion yen
+8.6% YoY

- Both consolidated net sales and consolidated operating profit hit record highs in Q1 FY2023.
- Retail unit sales at directly managed stores decreased due to a decline in the number of stores, but retail unit sales at large stores remained firm.
- Wholesale gross profit decreased due to a sharp rise in the auction price in the previous fiscal year.

Stores

Opened large stores and
maintenance shops highlighted
in the growth strategy

- The Company opened two large stores.
(Progress in line with annual plan)
- The Company also opened two maintenance shops.

M & A

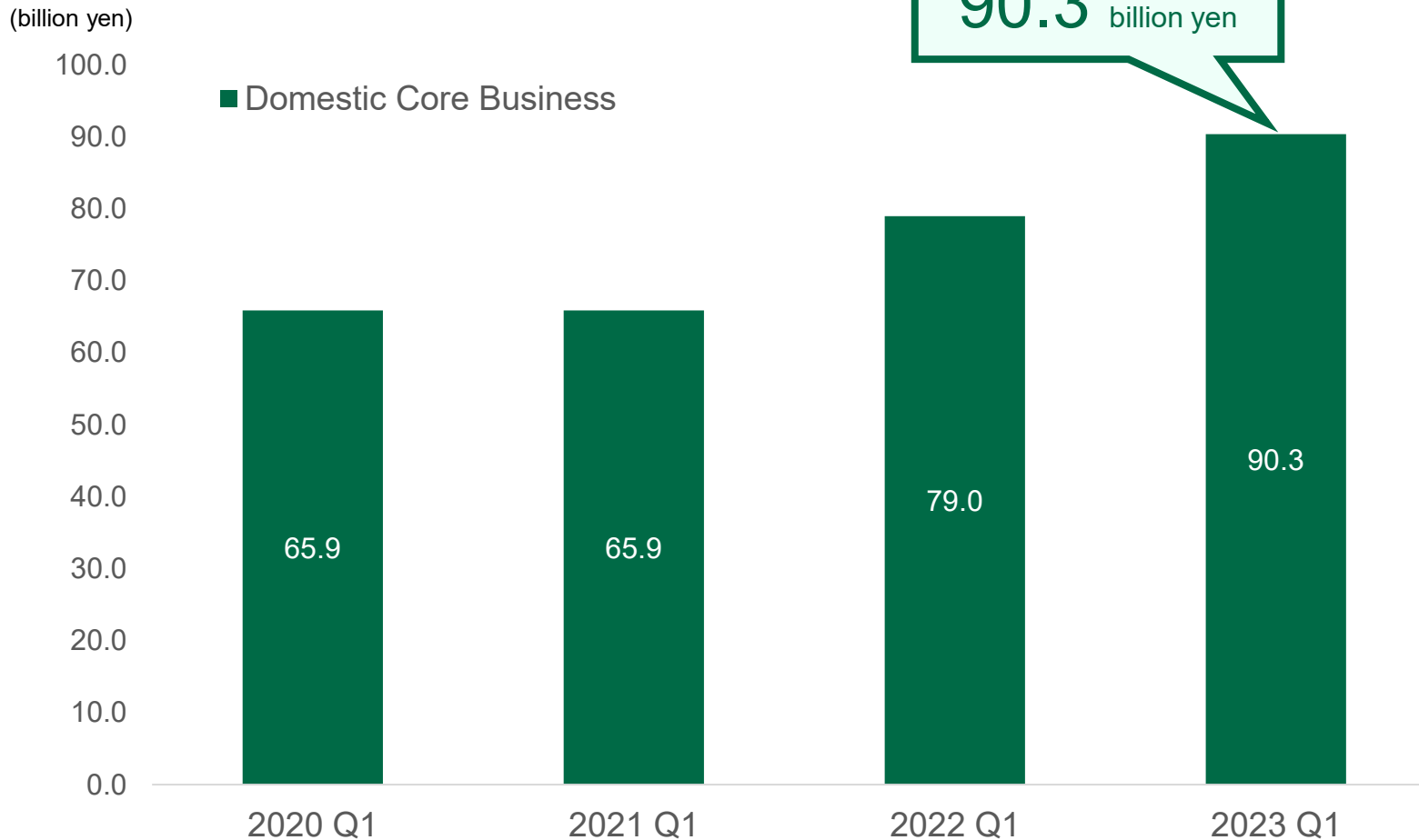
Completion of transfer of shares in
consolidated subsidiaries

- Please see the (Progress of Disclosure Matters) Notice Regarding Completion of Transfer of Shares in Consolidated Subsidiaries announced on July 7, 2022.

(Domestic Core Business) Q1 Trend in Net Sales



Trend in net sales

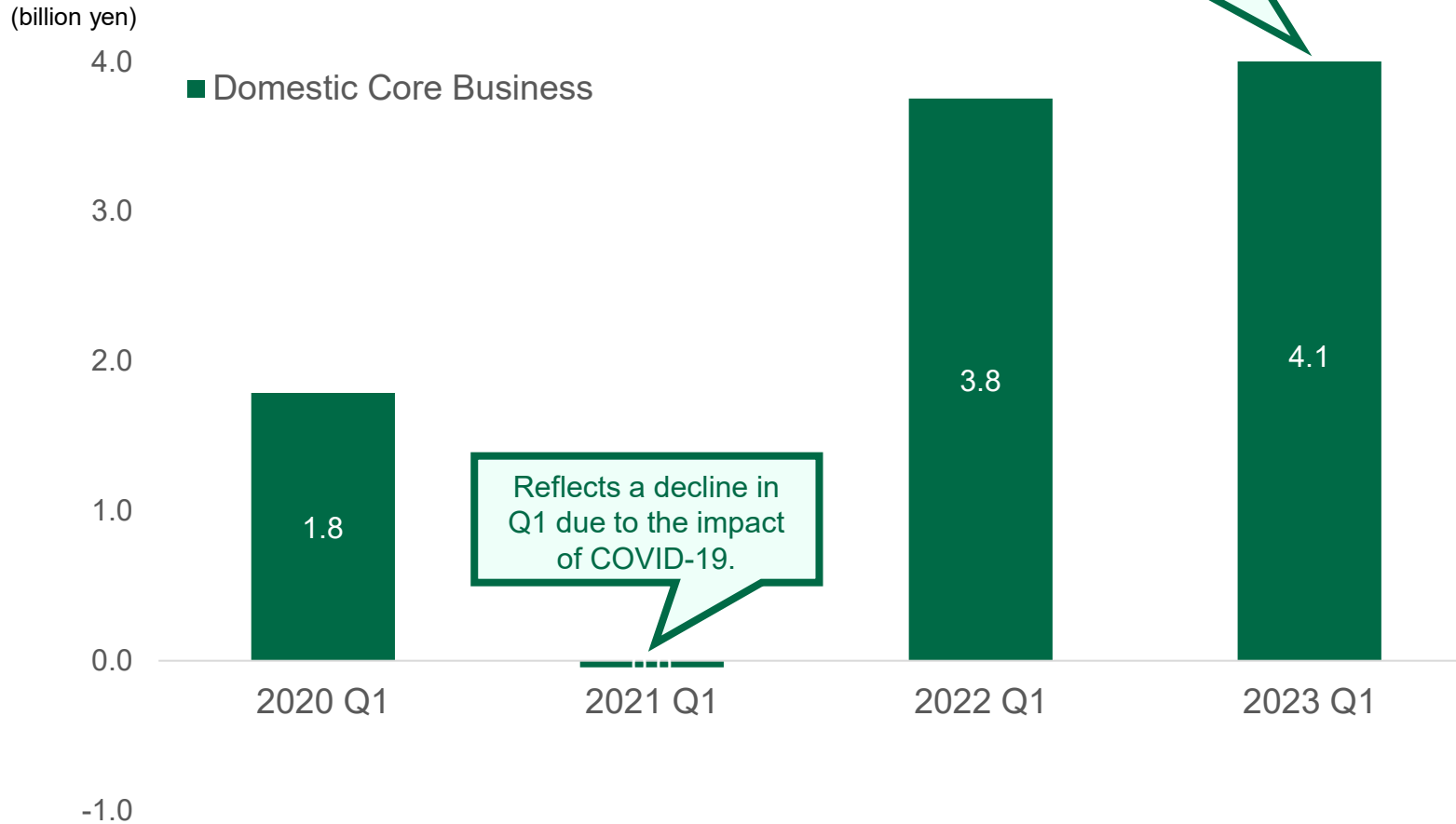


- Domestic Core Business net sales rose 14.4% year on year, to 90.3 billion yen.
- Retail unit sales at directly managed large stores were steady. The number of stores declined, but retail unit sales per store increased.
- Unit prices for vehicles increased due to a sharp rise in the auction price.

(Domestic Core Business) Q1 Trend in operating profit



Trend in operating profit



- Consolidated operating profit grew 8.6% year on year, to 4.1 billion yen (operating profit margin of 4.5%).

(Domestic Core Business) Q1 FY2023 Results (Year-on-Year)



	Previous fiscal year FY2022 Q1	Fiscal year under review FY2023 Q1	YoY changes
(billion yen)			
Net sales	79.0	90.3	+11.4 +14.4%
Operating profit	3.8	4.1	+0.3
Operating profit margin (%)	4.8%	4.5%	+8.6%
Ordinary profit	3.7	4.0	+0.3
Ordinary profit margin (%)	4.7%	4.5%	+8.8%
Profit attributable to owners of parent	1.8	4.9	+3.1
Profit margin (%)	2.2%	5.4%	+117.2%

1 Retail unit sales at directly managed stores increased, but wholesale gross profit decreased due to the impact of a sharp rise in the auction price in the previous fiscal year. In SG&A expenses, personnel and rent expenses declined.

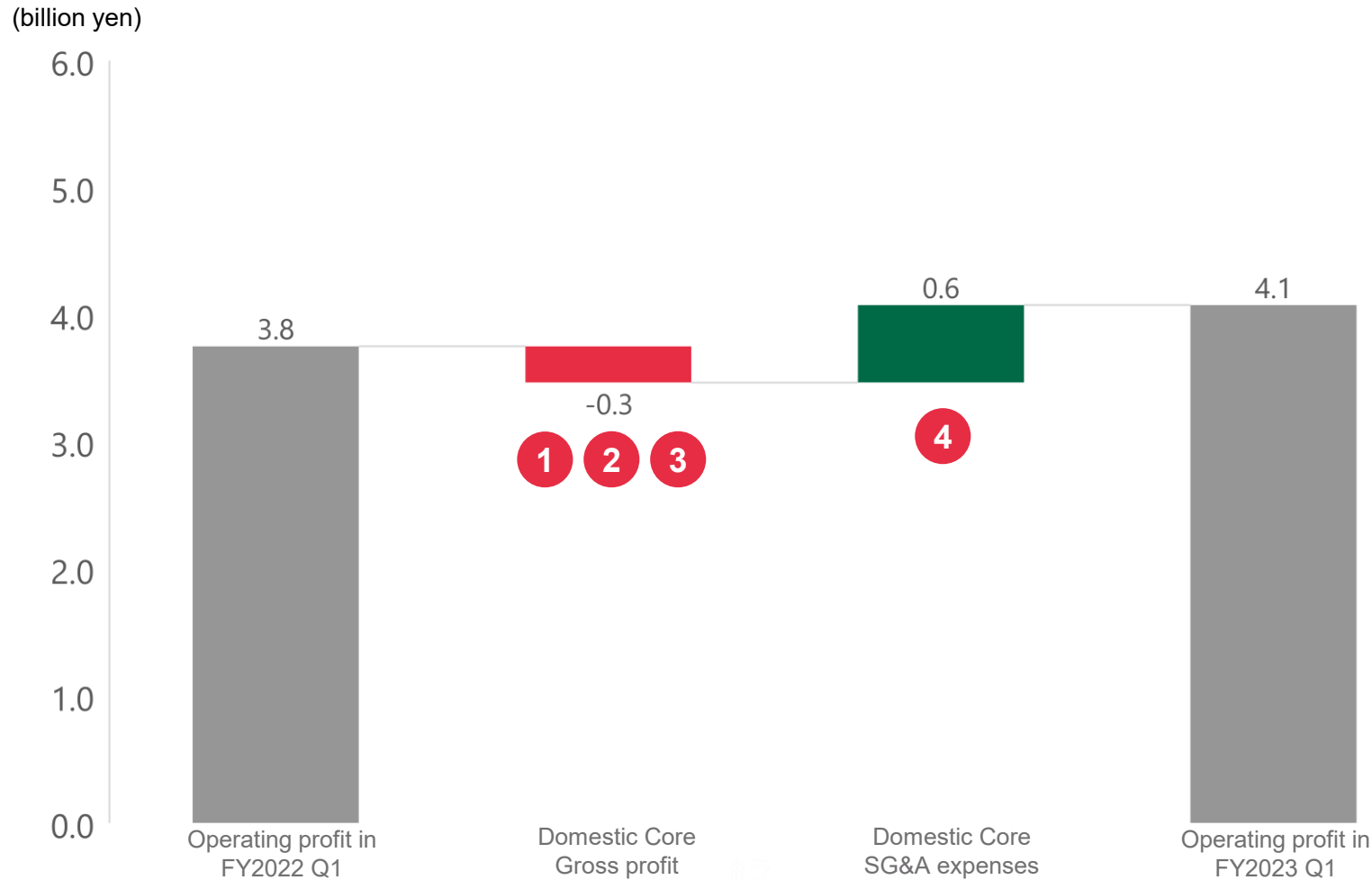
2 Profits at all levels increased.

3 0.85 billion yen was posted as head office relocation expenses in extraordinary losses in the previous fiscal year. Tax effects attributable to an impairment loss on goodwill posted in prior years associated with the acquisition of the Australian subsidiary were recognized on a non-consolidated basis.

(Domestic Core Business) Q1 Analysis of Factors in YoY Change in Operating Profit



Analysis of Factors in the YoY Change in Operating Profit



① Retail sales decreased due to a decline in the number of stores. Gross profit per unit remained at the previous year's level.

② Profit decreased approximately 0.6 billion yen in comparison with a decline in profit of 1.0 billion yen expected due to a sharp rise in the auction price in Q1 of the previous fiscal year.

③ Profit increased approximately 0.1 billion yen, reflecting the impact of prior year adjustments due to the adoption of the Accounting Standard for Revenue Recognition. However, the forecast of a decline of 0.9 billion yen for the full year remains unchanged.

④ Rent expenses declined due to head office relocation and personnel expenses decreased, reflecting restraints on the employment of new graduates.

The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. has been applied since the beginning of the first three months of the consolidated fiscal year under review.

(Consolidated) Q1 FY2023 Results (Year-on-Year)



	Previous fiscal year FY2022 Q1	Fiscal year under review FY2023 Q1	YoY changes
(billion yen)			
Net sales	117.0	135.6	+18.6 +15.9%
Operating profit	5.1	5.3 ¹	+0.2
Operating profit margin (%)	4.3%	3.9%	+3.4%
Ordinary profit	4.9	5.1 ²	+0.1
Ordinary profit margin (%)	4.2%	3.7%	+2.9%
Profit attributable to owners of parent	2.8	5.4 ³	+2.6
Profit margin (%)	2.4%	4.0%	+95.4%

¹ Japan segment: 4 billion yen (up 0.1 billion yen YoY), Australia segment: 1.3 billion yen (up 0.1 billion yen YoY)

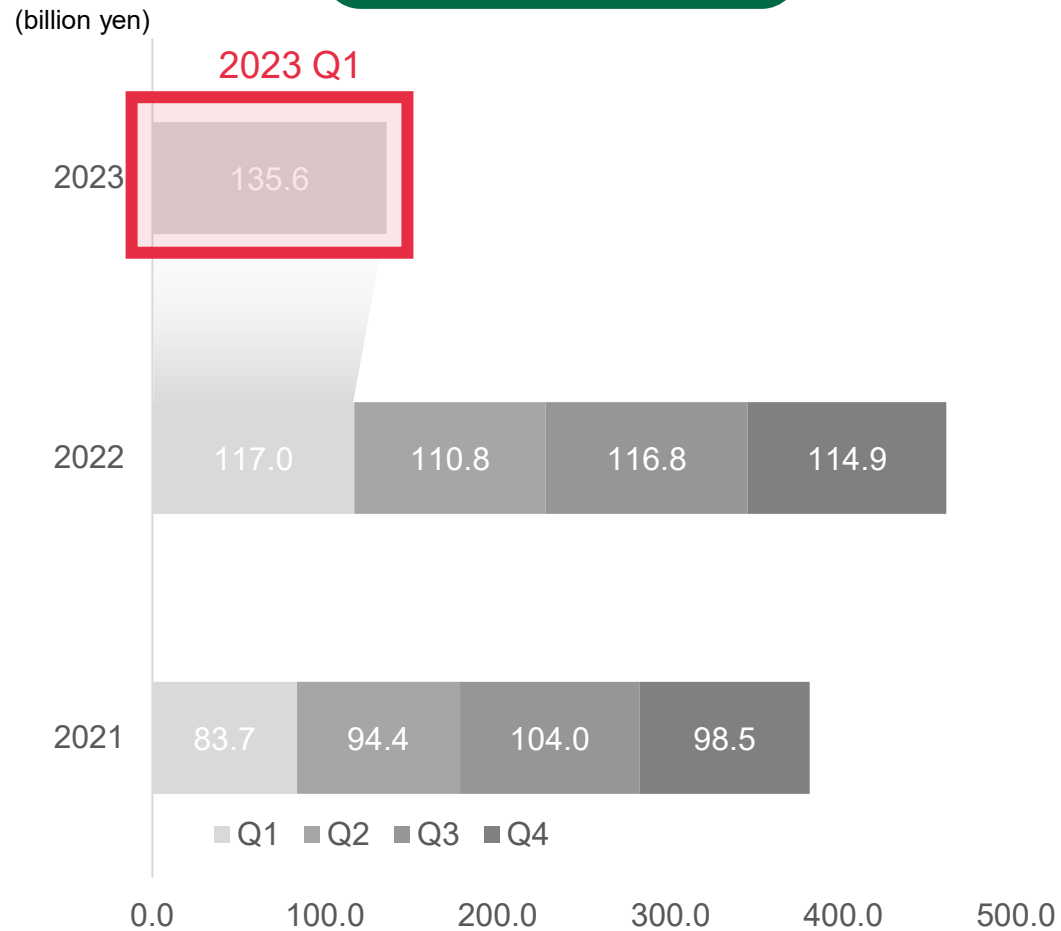
² Profits at all levels (operating profit, ordinary profit and profit attributable to owners of parent) reached record highs.

³ 0.85 billion yen was posted as head office relocation expenses in extraordinary losses in the previous fiscal year. Tax effects attributable to an impairment loss on goodwill posted in prior years associated with the acquisition of the Australian subsidiary were recognized.

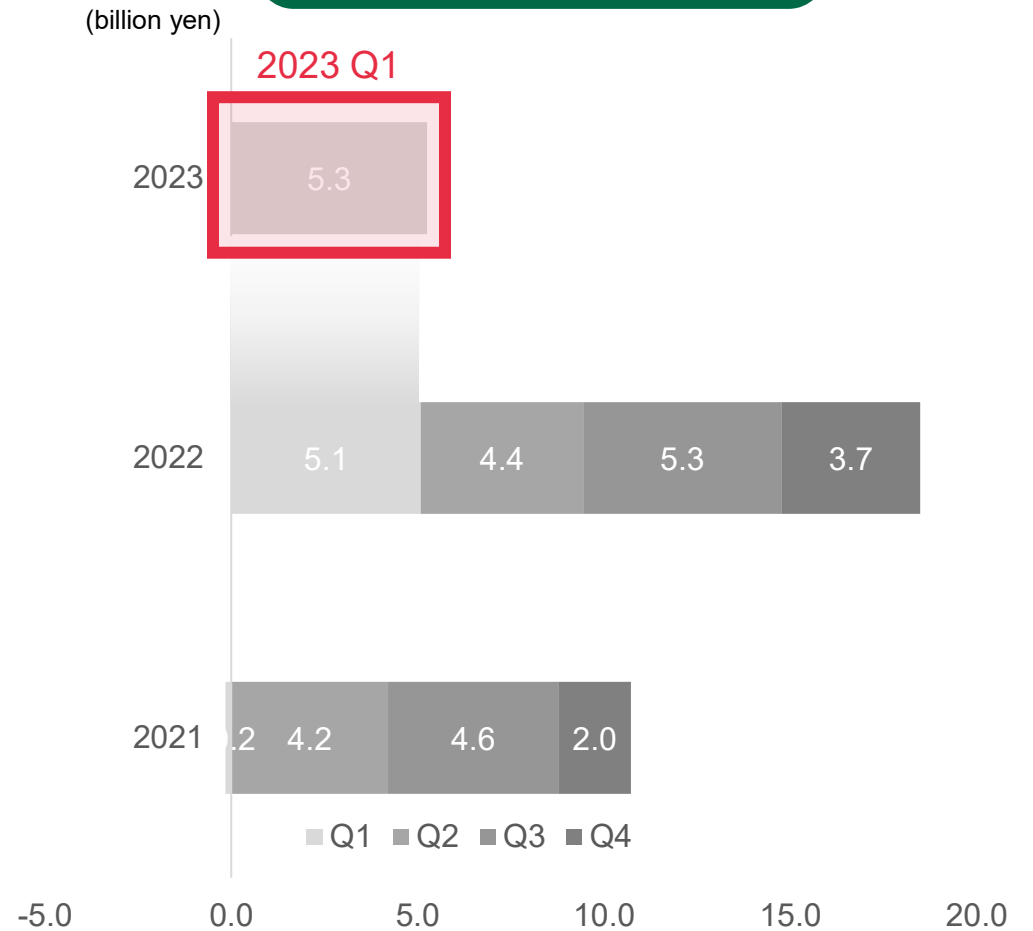
Quarterly Trend in Results (Consolidated results over the recent three periods)



Trend in net sales



Trend in operating profit



Summary of Consolidated Balance Sheet



Consolidated Balance Sheet (As of May 31, 2022)

Assets 207.1 billion yen	Cash and deposits 51.5 billion yen	Liabilities 148.9 billion yen	Interest-bearing debt 78.6 billion yen	
	Inventories 89.0 billion yen		Other 70.3 billion yen	
	Property, plant and equipment 25.6 billion yen	Net assets 58.2 billion yen	Net assets 58.2 billion yen (Equity ratio 27%)	
	Other 41.1 billion yen			

- Total assets were 207.1 billion yen.
- The Company accumulated cash due to the upcoming date for repaying interest-bearing liabilities.
- Net interest-bearing debt decreased 5.8 billion yen from the end of February.
- The equity ratio fell approximately 2% from the level at the end of February, reflecting an increase in other liabilities due to the adoption of the Revenue Recognition Accounting Standard.

The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc. has been applied since the beginning of the first three months of the consolidated fiscal year under review.

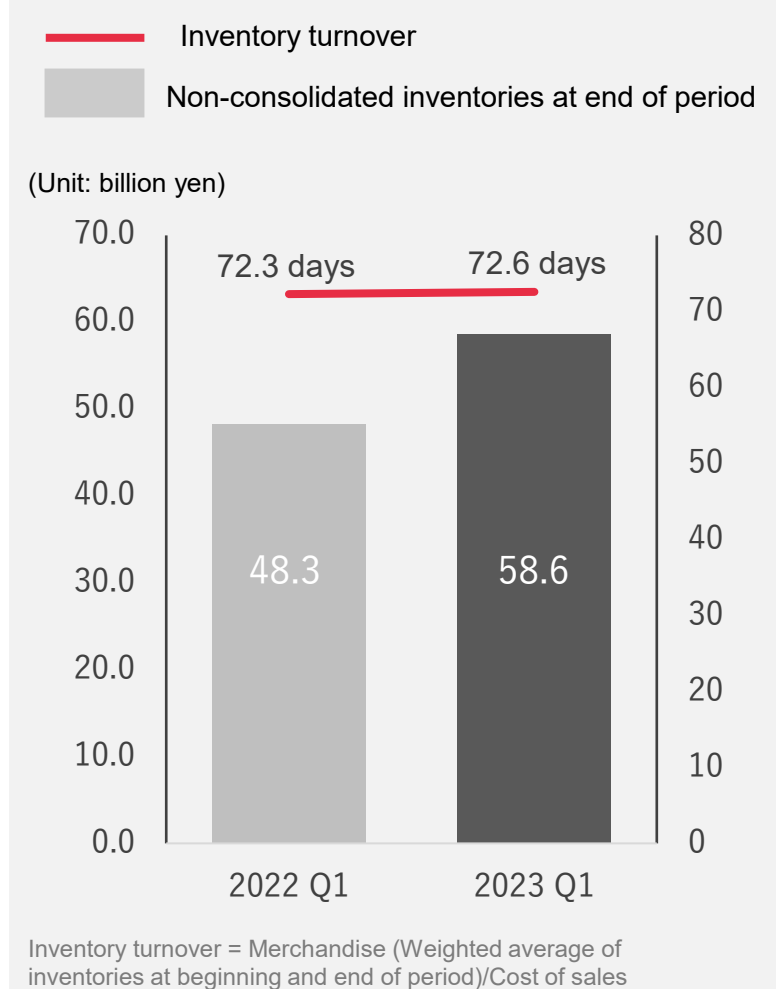
Cash Flow and Inventory Status



Full-year consolidated cash flows



Non-consolidated inventories at end of period and inventory turnover



- Operating profit increased. Free cash flow was positive.
- Inventory turnover days remained flat despite an increase in inventories as a result of continued inventory control in response to sales demand.

Large Stores Opened in FY2023



Nagano (Opened in April 2022)
Nagano-shi, Nagano Prefecture

Recent launch of new stores

Opening of large stores

- Nagano (April 2022)
including an attached maintenance shop
- R1 Chiryu (April 2022)
including an attached maintenance shop
- Kusatsuminami (June 2022)
including an attached maintenance shop

3 stores in total
(Plans to open 7 new stores this fiscal year)

Number of
Large Stores

32

(as of June 30, 2022)

Maintenance Shops Opened in FY2023



Kusatsuminami car maintenance shop (Opened in June 2022)

Kusatsu-shi, Shiga Prefecture

Recent launch of new maintenance shops

Opening of new maintenance shops

- Nagano (April 2022)
- R1 Chiryu (April 2022)
- Kusatsuminami (June 2022)

3 shops in total

Number of
Maintenance
Shops

11

Four of them are designated maintenance shops

Completion of Transfer of Shares in Australian Subsidiaries



<p>Reason for the transfer</p>	<ul style="list-style-type: none">• The Company has a policy of making management decisions on its investment priorities and the withdrawal from businesses using its business portfolio with a focus on returns on invested capital (ROIC) and growth potential.• It will concentrate its management resources on the retail business conducted by its large stores (including attached maintenance shops) in Japan on a medium- to long-term basis because the business has been achieving high returns on invested capital (ROIC) and offers a great deal of room for growth going forward.• Based on this policy, it already withdrew from the BMW and MINI new car dealership business in Japan in September 2021. <p>In addition, it has completed to withdraw from the new car dealership business in Australia.</p>
<p>Impact on earnings for the fiscal year ending February 28, 2023</p>	<ul style="list-style-type: none">• Figures in the forecasts presented in the Summary of Consolidated Financial Results for the Year Ended February 28, 2022 (Based on Japanese GAAP) disclosed on April 14, 2022 remain unchanged.• The Company expects to post a gain on sales of shares of subsidiaries and associates of approximately 0.8 billion yen on a consolidated basis and approximately 2.9 billion yen on a non-consolidated basis as extraordinary income for the second quarter.
<p>Development of the future Australian business</p>	<ul style="list-style-type: none">• The Company will leverage the expertise and network that it has accumulated through the management of new car dealers.• It will leverage new technologies and innovations to develop a platform business to support the operations of car dealers with a view toward pursuing the transparency and fairness of car trades.• It intends to invest in the business, which will be positioned as a new business, by setting upper limits for the investments and ensuring that they do not exceed certain levels.



2. Topics

FY2023 Financials

Gulliver

Certified as a DX Business Operator



Certified by the Ministry of Economy, Trade and Industry as a DX Business Operator



**Digital Transformation
Certification**

The Company was certified as a DX Business Operator on June 1, 2022 under the DX Certification System established by the Ministry of Economy, Trade and Industry.

Going forward, we will continue to facilitate DX by improving efficiency, attracting customers online, inventory strategy, and shifting to electronic commerce by leveraging IT at existing stores, large stores, and/or maintenance shops.

* The DX Certification System is a system that the government set up to certify companies that are prepared to promote DX through a range of initiatives such as the formulation of a management vision and establishment of strategies and systems in line with the basic items of the Digital Governance Code based on the Act on Facilitation of Information Processing.

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, we continued to disclose information regarding governance, risk management, strategies (analysis of risks and opportunities), and indices and goals on our website.

Received a Medal with Dark Blue Ribbon (Certificate of Merit)



Receiving of a Certificate of Merit related to a Medal with Dark Blue Ribbon in recognition of initiatives for social contribution

Under the priority theme of social contribution that can be facilitated by IDOM through its business operations, we have been engaging in a number of initiatives, including the UNICEF Support Gift program that customers participate in when they buy or sell used cars, since 2011 with a view to creating a sustainable society.

In recognition of these initiatives, we have recently received a Certificate of Merit related to a Medal with Dark Blue Ribbon from the Japanese government.

Going forward, we will continue to engage in social contribution activities and help to build a sustainable society through our businesses.



IDOM Supports Unicef

* Dark Blue Ribbon (Certificate of Merit)
One of the medals of honor awarded by the Emperor of Japan to individuals or companies that donated private assets for the public interest and made remarkable achievements.

FY2023 Financials

3. Supplementary Information on Results and Financial Matters

Gulliver



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

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	90,206	100.0	83,724	100.0	117,013	100.0	135,601	100.0	18,588	15.9
Cost of sales	72,521	80.4	69,002	82.4	95,264	81.4	113,198	83.5	17,934	18.8
Gross profit	17,685	19.6	14,722	17.6	21,748	18.6	22,402	16.5	654	3.0
SG&A Expenses	16,174	17.9	14,875	17.8	16,663	14.2	17,145	12.6	482	2.9
Operating profit	1,510	1.7	-153	-	5,084	4.3	5,256	3.9	172	3.4
Ordinary profit	959	1.1	-552	-	4,911	4.2	5,053	3.7	142	2.9
Profit before income taxes and minority interests	736	0.8	-1,071	-	4,069	3.5	5,117	3.8	1,048	25.8
Profit attributable to owners of parent	447	0.5	-914	-	2,752	2.4	5,377	4.0	2,625	95.4

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	65,333	100.0	64,991	100.0	78,540	100.0	90,012	100	11,472	14.6
Cost of sales	51,060	78.2	53,462	82.3	62,983	80.2	74,637	82.9	11,654	18.5
Gross profit	14,273	21.8	11,529	17.7	15,557	19.8	15,375	17.1	-182	-
SG&A Expenses	12,784	19.6	11,988	18.4	12,283	15.6	11,678	13.0	-605	-
Operating profit	1,488	2.3	-459	-	3,273	4.2	3,696	4.1	423	12.9
Ordinary profit	1,160	1.8	-636	-	3,220	4.1	3,644	4.1	424	13.2
Profit before income taxes	933	1.4	-1,519	-	2,094	2.7	3,708	4.1	1,614	77.1
Profit	588	0.9	-668	-	1,424	1.8	4,629	5.1	3,205	225.1

[Consolidated] Balance Sheets



(Unit: million yen)

	As of February 28, 2022	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	45,670	51,496
Notes and accounts receivable - trade	5,620	4,714
Merchandise	85,363	88,962
Other	4,907	5,921
Allowance for doubtful accounts	-416	-454
Total current assets	141,146	150,640
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,102	39,283
Accumulated depreciation	-16,061	-16,640
Buildings and structures, net	21,040	22,643
Vehicles	298	292
Accumulated depreciation	-60	-82
Vehicles, net	238	210
Tools, furniture and fixtures	4,279	4,751
Accumulated depreciation	-3,114	-3,163
Tools, furniture and fixtures, net	1,164	1,588
Land	136	136
Construction in progress	1,083	973
Total property, plant and equipment	23,663	25,551
Intangible assets		
Software	1,465	1,456
Goodwill	5,995	6,528
Other	4,314	4,747
Total intangible assets	11,775	12,733
Investments and other assets		
Investment securities	20	23
Shares of subsidiaries and associates	129	129
Long-term loans receivable	228	68
Lease and guarantee deposits	4,405	4,768
Construction assistance fund receivables	4,289	4,272
Deferred tax assets	3,677	8,492
Other	438	436
Allowance for doubtful accounts	-8	-8
Total investments and other assets	13,181	18,182
Total non-current assets	48,620	56,467
Total assets	189,766	207,108

	As of February 28, 2022	As of May 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	23,618	25,189
Short-term loans payable	1,101	1,195
Current portion of long-term loans payables	10,000	30,000
Accounts payable - other	4,713	4,856
Income taxes payable	3,960	5,834
Advances received	9,548	-
Contract liability	-	19,189
Deposits received	215	200
Provision for bonuses	1,965	591
Provision for merchandise warranties	884	-
Other provision	1,327	408
Other	3,750	8,238
Total current liabilities	61,085	95,704
Non-current liabilities		
Long-term loans payable	67,523	47,423
Long-term guarantee deposited	587	610
Asset retirement obligations	2,236	2,210
Deferred tax liabilities	1,535	1,740
Other provision	680	786
Other	407	448
Total non-current liabilities	72,972	53,220
Total liabilities	134,057	148,924
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,361	5,227
Retained earnings	49,673	49,530
Treasury shares	-4,344	-4,344
Total shareholders' equity	53,847	54,570
Accumulated other comprehensive income		
Foreign currency translation adjustment	168	1,018
Total accumulated other comprehensive income	168	1,018
Minority owner shares worth	1,693	2,594
Total net assets	55,709	58,183
Total liabilities and net assets	189,766	207,108

[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	5,117
Depreciation	724	716
Amortization of goodwill	121	104
Net increase (decrease) in working capital	2,411	1,103
Income taxes paid	-1,547	-97
Other, net	-818	194
Cash flows from operating activities	4,960	7,139
Cash flows from investing activities	-358	-2,574
Free cash flow	4,602	4,564
Cash flows from financing activities	-561	990
Net increase (decrease) resulting from exchange rate change and new consolidation	74	269
Net increase (decrease) in cash and cash equivalents	4,098	5,825
Cash and cash equivalents at the beginning of period	43,179	45,670
Cash and cash equivalents at the end of period	47,294	51,496

[Consolidated / Non-consolidated] Income Statement



Consolidated	FY ended Feb 29, 2020		FY ended Feb 28, 2021		FY ended Feb 28, 2022		FY ending Feb 28, 2023			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Outlook (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	361,684	100.0	380,564	100.0	459,532	100.0	366,800	100.0	-92,732	-20.2
Cost of sales	287,724	79.6	307,754	80.9	373,519	81.3	294,900	80.4	-78,619	-21.0
Gross profit	73,959	20.4	72,810	19.1	86,013	18.7	71,900	19.6	-14,113	-16.4
SG&A Expenses	64,868	17.9	62,239	16.4	67,528	14.7	56,400	15.4	-11,128	-16.4
Operating profit	9,091	2.5	10,571	2.8	18,485	4.0	15,500	4.2	-2,985	-20.2
Ordinary profit	6,867	1.9	9,642	2.5	17,561	3.8	14,800	4.0	-2,761	-15.7
Profit before income taxes and minority interests	3,917	1.1	4,524	1.2	15,750	3.4	14,900	4.1	-850	-5.4
Profit attributable to owners of parent	3,545	1.0	1,484	0.4	10,794	2.3	11,600	3.2	805	7.5

Non-Consolidated	FY ended Feb 29, 2020		FY ended Feb 28, 2021		FY ended Feb 28, 2022		FY ending Feb 28, 2023			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Outlook (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	258,008	100.0	275,710	100.0	306,733	100.0	309,000	100.0	2,266	0.7
Cost of sales	199,406	77.3	219,258	79.5	245,661	80.1	247,000	79.9	1,338	0.5
Gross profit	58,602	22.7	56,451	20.5	61,071	19.9	62,000	20.1	928	1.5
SG&A Expenses	50,867	19.7	48,593	17.6	49,164	16.0	50,000	16.2	835	1.7
Operating profit	7,735	3.0	7,858	2.9	11,907	3.9	12,000	3.9	92	0.8
Ordinary profit	6,964	2.7	7,642	2.8	11,573	3.8	11,500	3.7	-73	-0.6
Profit before income taxes	3,457	1.3	-458	-	9,450	3.1	13,700	4.4	4,249	45.0
Profit	3,500	1.4	-2,081	-	6,553	2.1	11,700	3.8	5,146	78.5

[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	179,276	100.0	178,109	100.0	227,775	100.0	206,800	100.0	-20,975	-9.2
Cost of sales	142,478	79.5	144,145	80.9	185,308	81.4	166,900	80.7	-18,408	-9.9
Gross profit	36,797	20.5	33,963	19.1	42,466	18.6	39,900	19.3	-2,566	-6.0
SG&A Expenses	32,173	17.9	29,910	16.8	33,025	14.5	31,300	15.1	-1,725	-5.2
Operating profit	4,624	2.6	4,053	2.3	9,440	4.1	8,600	4.2	-840	-8.9
Ordinary profit	3,634	2.0	3,147	1.8	9,011	4.0	8,150	3.9	-861	-9.6
Profit before income taxes and minority interests	3,292	1.8	2,717	1.5	7,951	3.5	8,600	4.2	648	8.2
Profit attributable to owners of parent	2,124	1.2	1,375	0.8	5,311	2.3	7,200	3.5	1,888	35.5

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	129,806	100.0	134,150	100.0	150,239	100.0	154,500	100.0	4,261	2.8
Cost of sales	100,099	77.1	107,145	79.9	120,147	80.0	123,500	79.9	3,353	2.8
Gross profit	29,706	22.9	27,004	20.1	30,092	20.0	31,000	20.1	908	3.0
SG&A Expenses	25,424	19.6	23,736	17.7	23,983	16.0	25,000	16.2	1,017	4.2
Operating profit	4,282	3.3	3,267	2.4	6,108	4.1	6,000	3.9	-108	-1.8
Ordinary profit	3,721	2.9	3,101	2.3	5,939	4.0	5,750	3.7	-189	-3.2
Profit before income taxes	3,397	2.6	2,383	1.8	4,655	3.1	8,300	5.4	3,645	78.3
Profit	2,253	1.7	2,005	1.5	3,170	2.1	7,800	5.0	4,630	146.1