

	FY 2020 Mar - May	FY 2021 Mar - May
<span style="border: 1px solid black; padding: 2px;">Non-consolidated</span> 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	-459 million yen
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<span style="border: 1px solid black; padding: 2px;">Consolidated</span> Operating income	1,510 million yen	-153 million yen

My name is Nishihata, CFO of IDOM Inc.

I will describe the details of the results for the first quarter of the fiscal year ending February 28, 2021, which are available in the presentation material.

Among the non-consolidated results, gross profit was 11.52 billion yen, which was a decrease of approximately 2.8 billion yen from the same period of the previous year. SG&A expenses were 11.98 billion yen after we achieved a reduction of approximately 800 million yen.

As a result, we suffered an operating loss of 450 million yen, which was a fall in profit of approximately 190 million yen from the same period of the previous year.

As for the consolidated results, we incurred an operating loss of 150 million yen, which was less than the non-consolidated operating loss. Profit decreased approximately 170 million year on year.

Next, I will explain the factors of changes in operating profit in the non-consolidated results.

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

		FY 2020 Mar - May	FY 2021 Mar - May
Non-consolidated Operating income		1,488 million yen	-459 million yen
1	<b>Retail unit sales</b>	Remained at the level of the previous year despite a decrease in the number of visitors to the stores.	
2	<b>Retail gross profit</b>	Decreased due to a temporary reduction of retail prices amid a fall in the number of visitors to the stores.	
3	<b>Number of units purchased</b>	The number of units purchased decreased and purchasing cost for retail increased due to a sluggish market for new automobiles.	
4	<b>Wholesale gross profit</b>	Decreased due to a rapid fall in auction prices in April and May.	
Gross profit		<b>Impact of the novel coronavirus (COVID-19)</b>	-2,744 million yen
SG&A expenses		<b>Reduced by controlling advertising expenses</b>	+796 million yen

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There are four key factors of changes in the non-consolidated operating results for the first quarter.

First is retail unit sales. We managed to maintain retail unit sales at the level of the previous year despite a decrease in the number of visitors to stores between March and mid-May.

Meanwhile, retail gross profit decreased due to a temporary reduction in retail prices amid a fall in the number of visitors to stores.

Demand for car replacement decreased due to a sluggish new automobile market, and the number of cars purchased also declined. Wholesale gross profit dropped as a result of a rapid fall in the auction market prices in April and May.

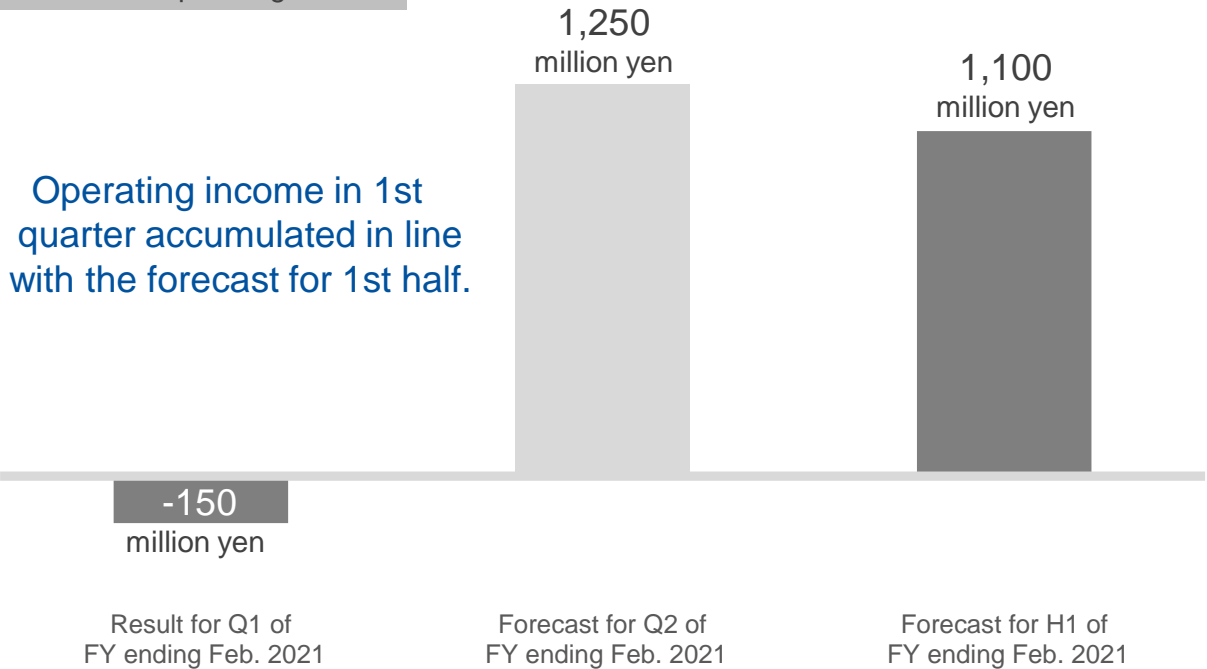
Consequently, total gross profit decreased by 2,740 million yen.

SG&A expenses were reduced by approximately 800 million yen by controlling advertising, traveling and other expenses.

As a result, the non-consolidated operating result was a loss of 450 million yen after a decrease of approximately 1,900 million yen from the same period of the previous year.

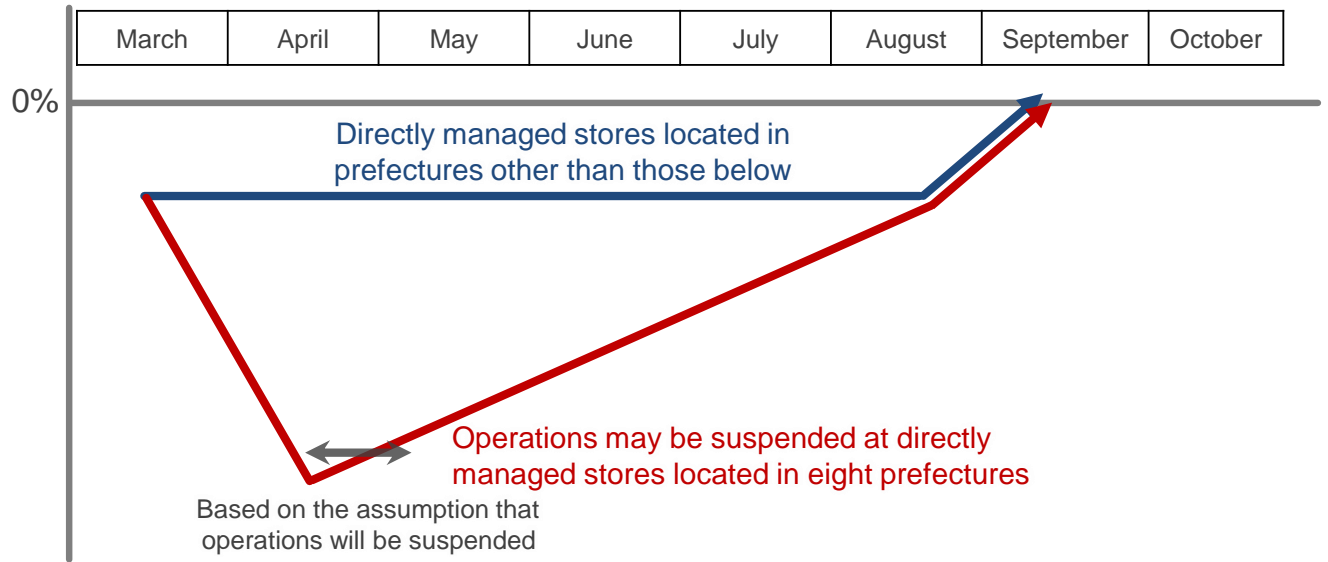
# Consolidated Operating Income: Prospect of Achieving Forecast for 1st Half of FY2021

## Consolidated operating income



The operating loss in first quarter was an expected result. Therefore, the progress in the second quarter is also in line with our forecast. We expect to reach our target for the first half of the fiscal year.

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



- The Company assumes that sales operations will be suspended entirely at the directly 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.

This is taken from the presentation material used on April 14, 2020. In April, we assumed a decrease in the number of visitors to stores and the number of retail units sold due to the impact of COVID-19 as preconditions. Because we assumed that other factors such as gross profit per unit would remain at the level of the previous year, we expected that the amount of operating profit would change as shown here.



		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.

Now, I will explain our progress in view of our forecasts for the first half of the fiscal year. We expect to be able to maintain the retail unit sales in the second quarter at the level of the same period of the previous year. As for retail gross profit, the unit prices have been normalized since late May. The prices will remain at a normal level in the second quarter. The number of units purchased is expected to continue decreasing for a while due to the prolonged sluggish market of new automobiles. The wholesale gross profit will recover based on a rapid recovery already shown in the auction market prices. Based on the above, we have decided not to change our forecasts for the first half of the fiscal year, considering the three factors that have been recovering despite the factor of a decrease in the number of units purchased that is expected to remain.

### 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.

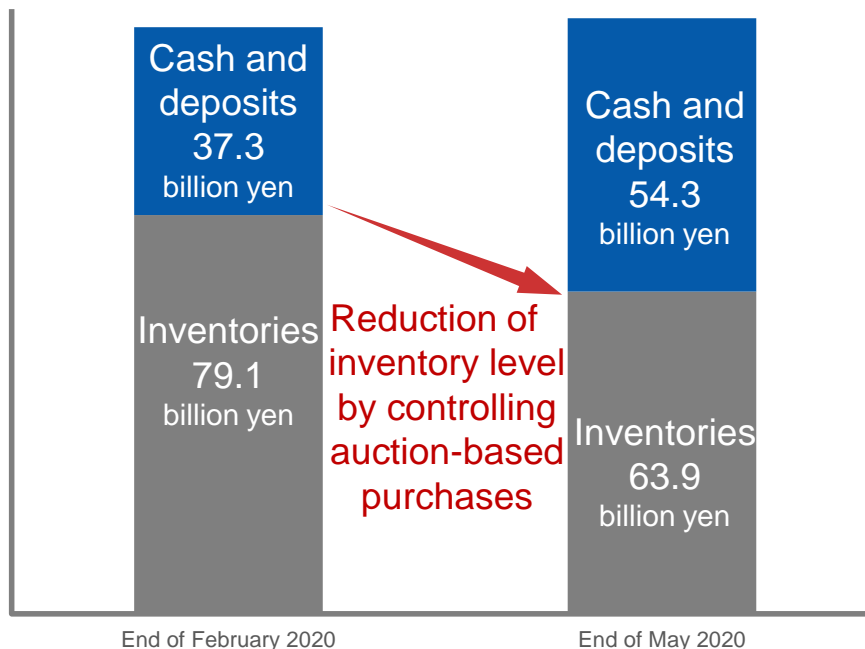
Now, I will describe our response to COVID-19.

We launched “Gulliver Car Support (#SaveMoving).” This is a project to lend our automobiles free of charge for up to three months to health care providers and others who need transportation, amounting to 10,000 nationwide, using our network of 500 stores across Japan.

We have also reduced the inventory level and secured funds in view of stabilizing our business management.

SG&A expenses have been reduced as mentioned earlier.

## 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.

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With the number of customers visiting stores expected to decline due to the impact of COVID-19, we took pre-emptive action in March to reduce the inventory level by controlling auction-based purchases and secured funds to prepare for the prolonged impact of the pandemic.

Although we were significantly affected by COVID-19 in the current fiscal year, measures that facilitated recovery in the previous year have been effective. We will steadily operate our business while monitoring changes in our business environment. We sincerely appreciate your continued support.