

# 3rd Quarter Results for Fiscal Year Ending February 29, 2021

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January 14, 2021

IDOM Inc.

- I. 3rd Quarter Results for FY2021 and Revised Forecasts for Full-Year Results
- II. Supplementary Information on Results and Financial Matters

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. 3rd Quarter Results for FY2021 and Revised Forecasts for Full-Year results

**1** 3rd Quarter Results for FY2021

2 Revised Forecasts for Full-Year Results

3 Store Development

## 3rd Quarter Results for FY2021

| Consolidated                                     | 9 months ended<br>November<br>30,2019 | 9 months ended November 30,2020 |                   |       |
|--|---------------------------------------|---------------------------------|-------------------|-------|
|  | Results                               | Results                         | Change            | Y/Y   |
| Operating<br>income                              | 7,728 million yen                     | 8,616 million yen               | 887 million yen   | 11.5% |
| Ordinary<br>income                               | 6,432 million yen                     | 7,849 million yen               | 1,417 million yen | 22.0% |
| Profit<br>attributable<br>to owners of<br>parent | 3,597 million yen                     | 5,226 million yen               | 1,628 million yen | 45.3% |

### **Affected by the COVID-19 Coronavirus**

Business remained basically as usual in 3Q after negative effects were eliminated in 2Q largely because the number of customers who visited stores recovered around late May, offsetting the negative impact of the stay-at-home measures implemented in April 2020 on the financial results of 1Q.

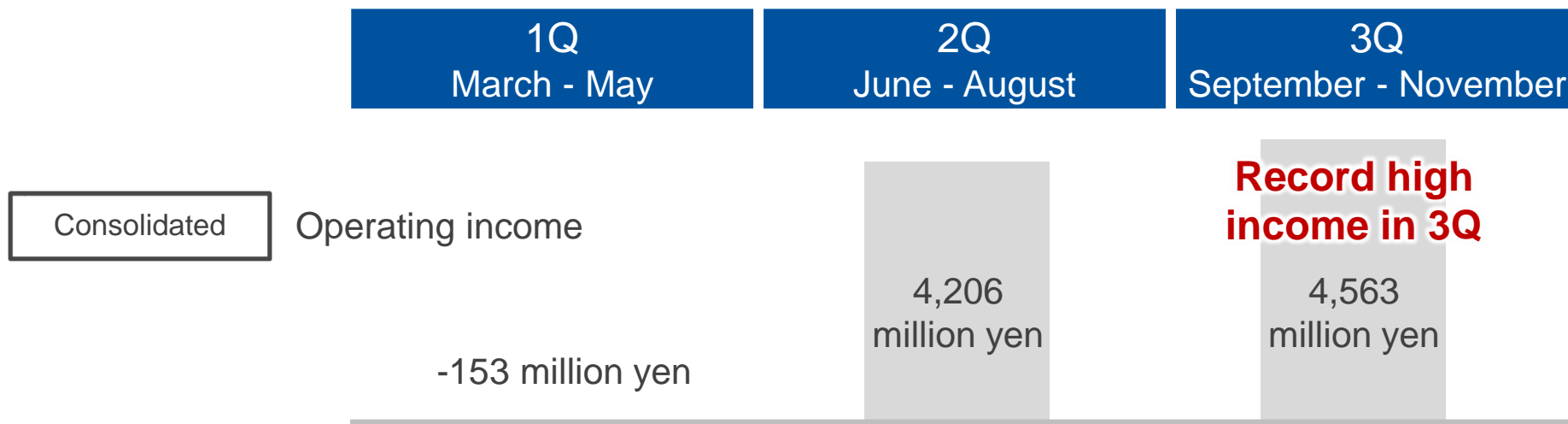
### **Reestablished retail business with an emphasis on capital efficiency**

Opened stores selectively with an eye to achieving high capital efficiency (3 stores) while at the same time moving up the closing of some of the stores whose closing had been considered, taking the impact of COVID-19 into consideration (21 stores).

### **Status of Australian subsidiary**

Both sales and profit increased in 3Q partly due to the government subsidy (Jobkeeper Payment), despite the negative impact of COVID-19.

# Quarterly Changes in Operating Income and Main Items



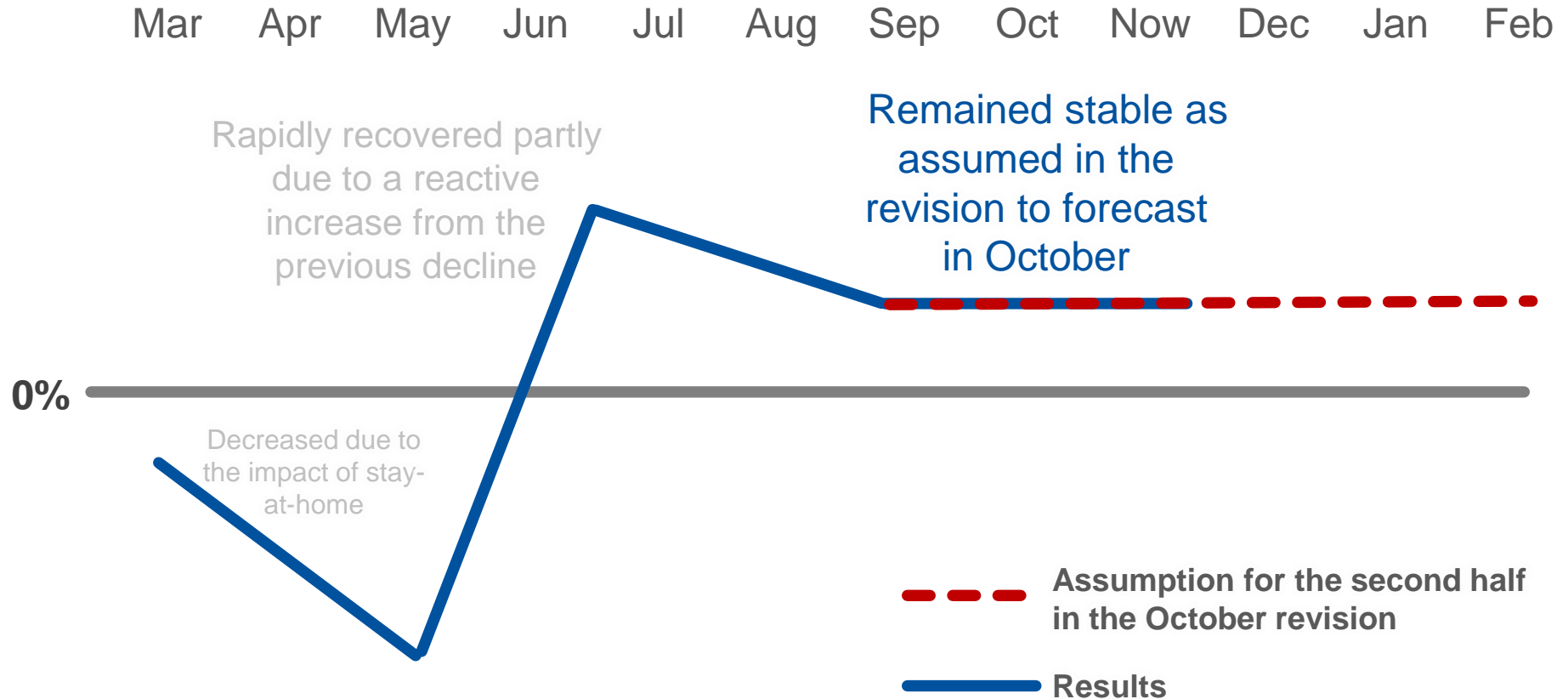
## Nonconsolidated Year-on-year comparisons of main items

|   |                           |   |   |   |
|---|---------------------------|---|---|---|
| 1 | Retail unit sales         | ↑ | ↑ | ↑ |
| 2 | Retail gross profit       | ↓ | → | → |
| 3 | Number of units purchased | ↓ | ↓ | → |
| 4 | Wholesale gross profit    | ↓ | → | → |

Retail gross profit, the number of units purchased and wholesale gross profit decreased year on year in 1Q due to restraint on outings in April. However, retail gross profit and wholesale gross profit recovered to the year-ago level in 2Q, followed by the recovery of the number of units purchased to the year-ago level, reflecting the recovery of market for new automobiles.

# Results of the Number of Visitors to Stores

Comparison of the monthly number of visitors to stores with those a year ago



The number of customers who visited stores remained unaffected by COVID-19 as assumed in the October revised forecast. In addition, in 3Q (three months), the number of units purchased recovered to the year-ago level, reflecting the recovery of market for new automobiles.



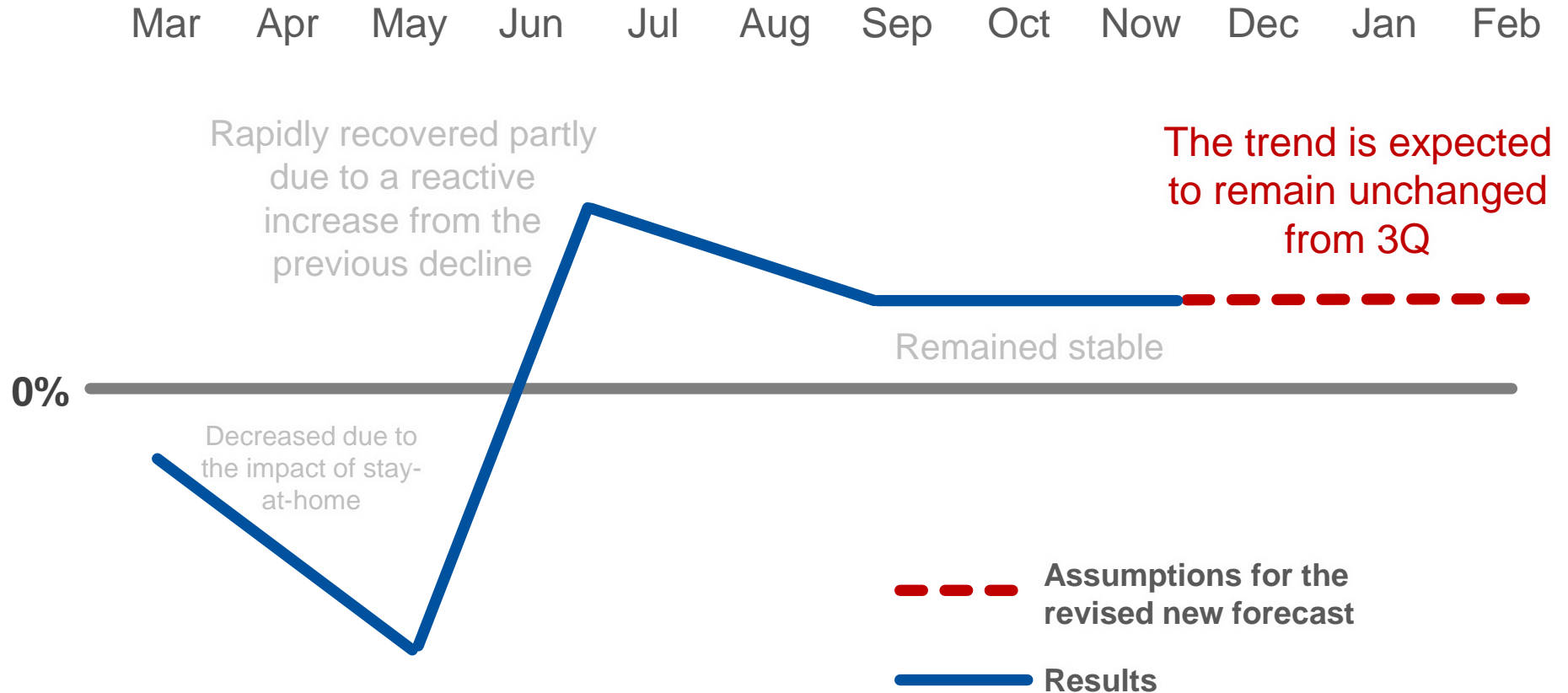
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# Assumptions for the Number of Visitors to Stores in 4Q

Comparison of the monthly number of visitors to stores with those a year ago



The number of visitors remained unaffected by COVID-19 in 3Q and remained stable at the level which was better than the year ago. The same trend as in 3Q is expected for 4Q on the assumption that the impact of the issuance of a state of emergency in January is insignificant.

# Reason of the Revised Forecast of Consolidated Operating Profit for FY2021

Revised full-year  
forecast in October

New revised full-year  
forecast









Consolidated

Operating income

8,700 million yen  10,100 million yen

Nonconsolidated

Main items

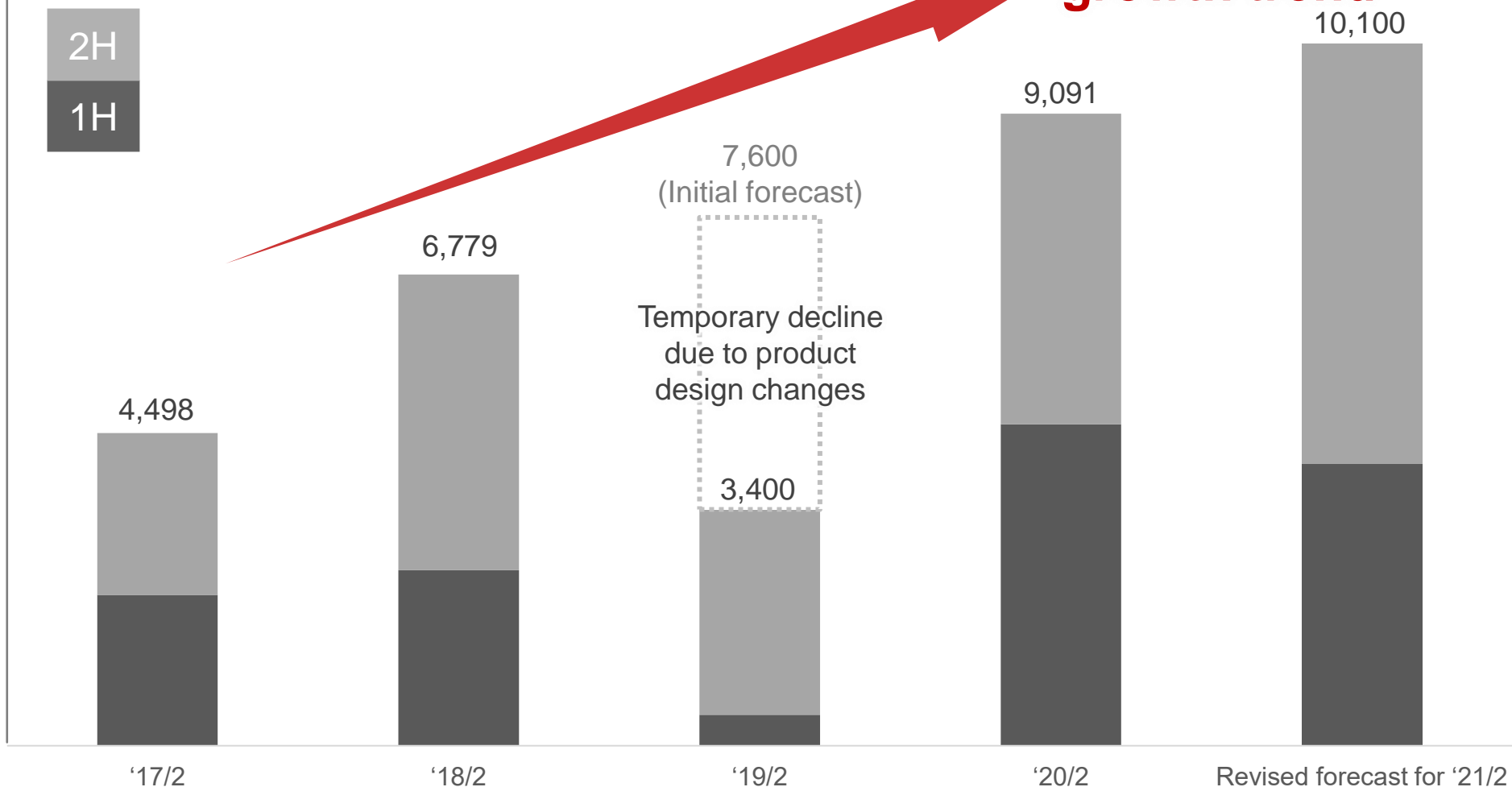
|   |                                 | Year-on-year<br>comparison  | Comparison with the<br>October revised<br>forecast                                   | Assumptions for new revised forecast  |
|---|---------------------------------|---|--|---|
| 1 | Retail unit<br>sales            |    |    | Assumed to increase year on year (no change).   |
| 2 | Retail gross<br>profit          |    |    | Assumed to remain at the year-ago level (no change).  |
| 3 | Number of<br>units<br>purchased |  |   | Assumed to decline year on year due to the decrease in the first half (increased from the October revised forecast, reflecting the recovery of market for new automobiles). |
| 4 | Wholesale<br>gross profit       |  |  | Assumed to decline year on year due to the impact of the decrease in 1Q (no change).  |

No changes have been made to retail unit sales or retail sales gross profit, which will remain solid as expected in the October revised forecast. The number of units purchased is expected to recover due to the recovery of the market for new automobiles. In addition, SG&A expenses are expected to be reduced due to improvements in efficiency.

# Changes in Operating Income over the Past 5 Years

## Consolidated operating profit

(Unit: million yen)



The business has returned to a growth trend after recovering from the temporary decrease that occurred due to changes in product design in the fiscal year ended February 28, 2019 and the impact of COVID-19 in the fiscal year ending February 28, 2021.

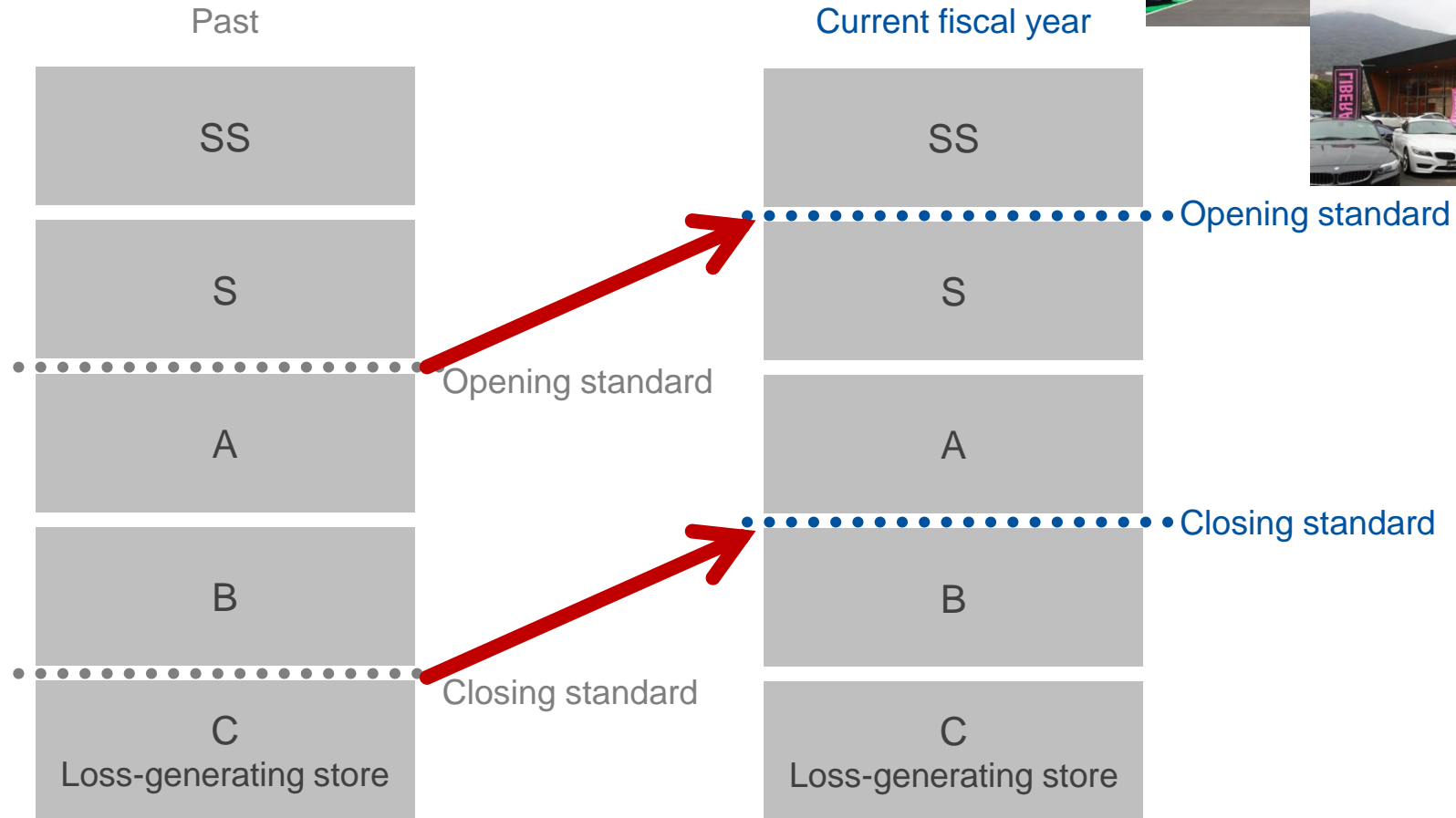
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# Review of Opening / Closing Standards

Ranking by profit/capital efficiency

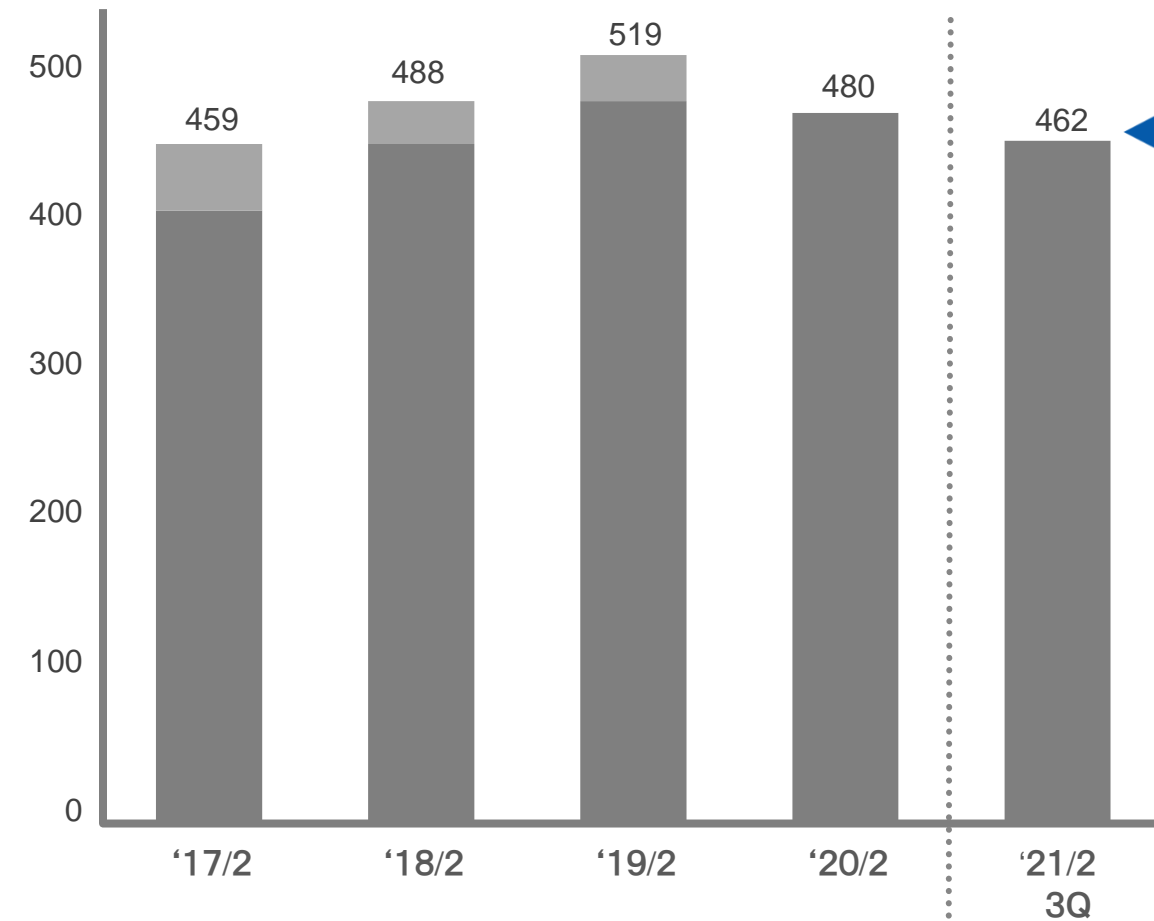


In the current fiscal year, opening and closing standards have become stricter. We will open stores with high profit/capital efficiency and close low profit/capital efficiency stores even if they are in the black, which will enhance the quality of return on investments and working capital (inventory).

# Status of Directly Managed Store Openings / Closings

## Number of directly managed stores

(Unit: stores)



|              |
|--------------|
| Newly opened |
| 3            |
| Closed       |
| 21           |

Net decrease by 18 stores

The Company moved up store closings in consideration of the impact of COVID-19 while simultaneously improving store efficiency.

# Store Openings (March–December)

Gulliver  
**OUTLET**

OL Furukawa Baipas (March 2020 Opened)  
Osaki, Miyagi



**LIBERALA**  
POWERED BY GULLIVER

LIBERALA (April 2020 Opened)  
Matsuyama, Ehime



Gulliver

Kitanagoya (September 2020 Opened)  
Nagoya, Ehime



Kirishima (December 2020 Opened)  
Kirishima, Kagoshima





# Change in the Store Development Policy

## Store development policy

Reestablish the store network and achieve high capital efficiency by the ability to attract customers with the Gulliver brand power, as well as its accumulated expertise

### Enhance efforts for the Gulliver brand



Price setting expertise that Gulliver has accumulated since its foundation

Original vehicle display styles and store layouts

Synchronized inventory control between the headquarters and stores

Marketing activities with a focus on efficiency

# Reestablishment of Retail Business with an Emphasis on Capital Efficiency

Emphasis on  
capital  
efficiency

Improve the quality of return by increasing operating income and improving the efficiency of stores (investment) and inventories (working capital)

Increasing

Operating  
income

Reestablish the store network by  
the Gulliver brand power, as well  
as its accumulated expertise

Store

Inventory

Implement flexible inventory  
control depending on demand  
and external environments

Improving efficiency

## II. Supplementary Information on Results and Financial Matters

# Key Factors for Posting of Extraordinary Income/Extraordinary Losses

(million yen)

|                      |   |                         |           |                                       |       |
|----------------------|---|-------------------------|-----------|---------------------------------------|-------|
| Extraordinary income | Subsidy income  | COVID-19 related        | Japan     | Employment adjustment subsidy         | 252   |
|                      |   |                         | Australia | JobKeeper Payment                     | 1,210 |
| Extraordinary losses | Infectious disease-related losses                                   | COVID-19 related        | Japan     | Personnel expenses, etc.              | 388   |
|                      |   |                         | Australia | Personnel expenses, etc.              | 1,210 |
|                      | Loss on retirement of non-current assets/<br>Loss on store closings | Directly managed stores | Japan     | Tightening of store closing standards | 331   |

The Company posted subsidies provided in Japan and overseas as COVID-19 related extraordinary income. Fixed expenses incurred by the Company while it was reducing business hours and temporarily closing its stores in Japan and overseas were recorded as infectious disease-related losses under extraordinary losses.

# [Consolidated / Non-consolidated] Income Statement (revised forecasts)

| Consolidated   | FY ended<br>Feb 28, 2018 |              | FY ended<br>Feb 28, 2019 |              | FY ended<br>Feb 29, 2020 |              | FY ending<br>Feb 28, 2021 |              |                         |            |
|--|--------------------------|--------------|--------------------------|--------------|--------------------------|--------------|---------------------------|--------------|-------------------------|------------|
|  | Results<br>(million yen) | Ratio<br>(%) | Results<br>(million yen) | Ratio<br>(%) | Results<br>(million yen) | Ratio<br>(%) | Outlook<br>(million yen)  | Ratio<br>(%) | Change<br>(million yen) | Y/Y<br>(%) |
| Sales  | 276,157                  | 100.0        | 309,410                  | 100.0        | 361,684                  | 100.0        | 361,700                   | 100.0        | 16                      | 0.0        |
| Cost of sales  | 210,298                  | 76.2         | 244,707                  | 79.1         | 287,724                  | 79.6         | 289,500                   | 80.0         | 1,776                   | 0.6        |
| Gross profit   | 65,859                   | 23.8         | 64,702                   | 20.9         | 73,959                   | 20.4         | 72,200                    | 20.0         | -1,759                  | -2.4       |
| SG&A expenses  | 59,080                   | 21.4         | 61,301                   | 19.8         | 64,868                   | 17.9         | 62,100                    | 17.2         | -2,768                  | -4.3       |
| Operating income                                     | 6,779                    | 2.5          | 3,400                    | 1.1          | 9,091                    | 2.5          | 10,100                    | 2.8          | 1,009                   | 11.1       |
| Ordinary income                                      | 5,797                    | 2.1          | 2,072                    | 0.7          | 6,867                    | 1.9          | 8,900                     | 2.5          | 2,033                   | 29.6       |
| Income before income taxes<br>and minority interests | 5,221                    | 1.9          | 1,478                    | 0.5          | 3,917                    | 1.1          | 7,900                     | 2.2          | 3,983                   | 101.7      |
| Profit attributable to owners of<br>parent           | 3,578                    | 1.3          | 381                      | 0.1          | 3,545                    | 1.0          | 5,500                     | 1.5          | 1,955                   | 55.1       |

| Non-Consolidated           | FY ended<br>Feb 28, 2018 |              | FY ended<br>Feb 28, 2019 |              | FY ended<br>Feb 29, 2020 |              | FY ending<br>Feb 28, 2021 |              |                         |            |
|----------------------------|--------------------------|--------------|--------------------------|--------------|--------------------------|--------------|---------------------------|--------------|-------------------------|------------|
|                            | Results<br>(million yen) | Ratio<br>(%) | Results<br>(million yen) | Ratio<br>(%) | Results<br>(million yen) | Ratio<br>(%) | Outlook<br>(million yen)  | Ratio<br>(%) | Change<br>(million yen) | Y/Y<br>(%) |
| Sales                      | 215,777                  | 100.0        | 234,618                  | 100.0        | 258,008                  | 100.0        | 265,000                   | 100.0        | 6,992                   | 2.7        |
| Cost of sales              | 160,057                  | 74.2         | 181,847                  | 77.5         | 199,406                  | 77.3         | 209,000                   | 78.9         | 9,594                   | 4.8        |
| Gross profit               | 55,720                   | 25.8         | 52,770                   | 22.5         | 58,602                   | 22.7         | 56,000                    | 21.1         | -2,602                  | -4.4       |
| SG&A expenses              | 48,797                   | 22.6         | 50,018                   | 21.3         | 50,867                   | 19.7         | 48,800                    | 18.4         | -2,067                  | -4.1       |
| Operating income           | 6,922                    | 3.2          | 2,751                    | 1.2          | 7,735                    | 3.0          | 7,200                     | 2.7          | -535                    | -6.9       |
| Ordinary income            | 6,851                    | 3.2          | 2,673                    | 1.1          | 6,964                    | 2.7          | 6,700                     | 2.5          | -264                    | -3.8       |
| Income before income taxes | 6,158                    | 2.9          | 1,707                    | 0.7          | 3,457                    | 1.3          | 5,700                     | 2.2          | 2,243                   | 64.9       |
| Net income                 | 4,324                    | 2.0          | 933                      | 0.4          | 3,500                    | 1.4          | 4,250                     | 1.6          | 750                     | 21.4       |

# [Consolidated / Non-consolidated] 3Q Income Statement

| Consolidated   | 9 months ended<br>Nov 30, 2017 |              | 9 months ended<br>Nov 30, 2018 |              | 9 months ended<br>Nov 30, 2019 |              | 9 months ended<br>Nov 30, 2020 |              |                         |            |
|--|--------------------------------|--------------|--------------------------------|--------------|--------------------------------|--------------|--------------------------------|--------------|-------------------------|------------|
|  | Results<br>(million yen)       | Ratio<br>(%) | Results<br>(million yen)       | Ratio<br>(%) | Results<br>(million yen)       | Ratio<br>(%) | Results<br>(million yen)       | Ratio<br>(%) | Change<br>(million yen) | Y/Y<br>(%) |
| Sales  | 204,338                        | 100.0        | 216,134                        | 100.0        | 272,574                        | 100.0        | 282,082                        | 100.0        | 9,508                   | 3.2        |
| Cost of sales  | 155,485                        | 76.1         | 167,691                        | 77.6         | 216,480                        | 79.4         | 227,986                        | 80.8         | 10,667                  | 4.9        |
| Gross profit   | 48,852                         | 23.9         | 48,443                         | 22.4         | 56,093                         | 20.6         | 54,096                         | 19.2         | -1,996                  | -3.5       |
| SG&A expenses  | 43,648                         | 21.4         | 45,608                         | 21.1         | 48,364                         | 17.7         | 45,480                         | 16.1         | -2,884                  | -5.9       |
| Operating income                                     | 5,204                          | 2.5          | 2,835                          | 1.3          | 7,728                          | 2.8          | 8,616                          | 3.1          | 887                     | 11.5       |
| Ordinary income                                      | 4,481                          | 2.2          | 2,200                          | 1.0          | 6,432                          | 2.4          | 7,849                          | 2.8          | 1,417                   | 22.0       |
| Income before income taxes<br>and minority interests | 4,242                          | 2.1          | 1,873                          | 0.9          | 5,708                          | 2.1          | 7,372                          | 2.6          | 1,664                   | 29.2       |
| Profit attributable to owners of<br>parent           | 2,749                          | 1.3          | 1,029                          | 0.5          | 3,597                          | 1.3          | 5,226                          | 1.9          | 1,628                   | 45.3       |

| Non-Consolidated           | 9 months ended<br>Nov 30, 2017 |              | 9 months ended<br>Nov 30, 2018 |              | 9 months ended<br>Nov 30, 2019 |              | 9 months ended<br>Nov 30, 2020 |              |                         |            |
|----------------------------|--------------------------------|--------------|--------------------------------|--------------|--------------------------------|--------------|--------------------------------|--------------|-------------------------|------------|
|                            | Results<br>(million yen)       | Ratio<br>(%) | Results<br>(million yen)       | Ratio<br>(%) | Results<br>(million yen)       | Ratio<br>(%) | Results<br>(million yen)       | Ratio<br>(%) | Change<br>(million yen) | Y/Y<br>(%) |
| Sales                      | 160,581                        | 100.0        | 174,910                        | 100.0        | 194,985                        | 100.0        | 207,449                        | 100.0        | 12,464                  | 6.4        |
| Cost of sales              | 119,348                        | 74.3         | 135,406                        | 77.4         | 149,849                        | 76.9         | 165,140                        | 79.6         | 15,291                  | 10.2       |
| Gross profit               | 41,233                         | 25.7         | 39,504                         | 22.6         | 45,135                         | 23.1         | 42,308                         | 20.4         | -2,827                  | -6.3       |
| SG&A expenses              | 36,015                         | 22.4         | 37,262                         | 21.3         | 38,033                         | 19.5         | 35,754                         | 17.2         | -2,279                  | -6.0       |
| Operating income           | 5,218                          | 3.2          | 2,241                          | 1.3          | 7,101                          | 3.6          | 6,554                          | 3.2          | -547                    | -7.9       |
| Ordinary income            | 4,891                          | 3.0          | 2,016                          | 1.2          | 6,461                          | 3.3          | 6,336                          | 3.1          | -125                    | -1.9       |
| Income before income taxes | 4,673                          | 2.9          | 1,498                          | 0.9          | 5,707                          | 2.9          | 5,566                          | 2.7          | -141                    | -2.5       |
| Net income                 | 3,035                          | 1.9          | 787                            | 0.5          | 3,792                          | 1.9          | 4,175                          | 2.0          | 383                     | 10.1       |

# [Consolidated] Balance Sheets

(million yen)

|  | As of February 28,<br>2020 | As of November 30,<br>2020 |
|--|----------------------------|----------------------------|
| <b>Assets</b>                            |                            |                            |
| Current assets                           |                            |                            |
| Cash and deposits                        | 37,295                     | 42,246                     |
| Notes and accounts receivable - trade    | 6,715                      | 4,408                      |
| Merchandise                              | 79,119                     | 69,335                     |
| Other                                    | 5,143                      | 4,583                      |
| Allowance for doubtful accounts          | -158                       | -256                       |
| Total current assets                     | 128,115                    | 120,319                    |
| Non-current assets                       |                            |                            |
| Property, plant and equipment            |                            |                            |
| Buildings and structures                 | 37,000                     | 36,499                     |
| Accumulated depreciation                 | -14,742                    | -15,411                    |
| Buildings and structures, net            | 22,257                     | 21,088                     |
| Vehicles                                 | 256                        | 190                        |
| Accumulated depreciation                 | -21                        | -28                        |
| Vehicles, net                            | 234                        | 161                        |
| Tools, furniture and fixtures            | 4,196                      | 4,244                      |
| Accumulated depreciation                 | -3,487                     | -3,554                     |
| Tools, furniture and fixtures, net       | 708                        | 689                        |
| Land                                     | 218                        | 218                        |
| Construction in progress                 | 97                         | 117                        |
| Total property, plant and equipment      | 23,517                     | 22,275                     |
| Intangible assets                        |                            |                            |
| Software                                 | 1,877                      | 1,782                      |
| Goodwill                                 | 10,911                     | 11,036                     |
| Other                                    | 4,604                      | 4,696                      |
| Total intangible assets                  | 17,393                     | 17,516                     |
| Investments and other assets             |                            |                            |
| Investment securities                    | 152                        | 141                        |
| Shares of subsidiaries and associates    | 119                        | 131                        |
| Long-term loans receivable               | 13                         | 13                         |
| Lease and guarantee deposits             | 5,938                      | 5,867                      |
| Construction assistance fund receivables | 5,142                      | 4,731                      |
| Deferred tax assets                      | 2,811                      | 3,337                      |
| Other                                    | 625                        | 556                        |
| Allowance for doubtful accounts          | -48                        | -44                        |
| Total investments and other assets       | 14,756                     | 14,735                     |
| Total non-current assets                 | 55,667                     | 54,527                     |
| Total assets                             | 183,783                    | 174,846                    |

|  | As of February 28,<br>2020 | As of November 30,<br>2020 |
|--|----------------------------|----------------------------|
| <b>Liabilities</b>                           |                            |                            |
| Current liabilities                          |                            |                            |
| Accounts payable - trade                     | 21,002                     | 16,692                     |
| Short-term loans payable                     | 935                        | 1,034                      |
| Current portion of long-term loans payables  | 11,079                     | 361                        |
| Accounts payable - other                     | 4,034                      | 3,713                      |
| Income taxes payable                         | 1,624                      | 1,700                      |
| Advances received                            | 9,773                      | 7,388                      |
| Deposits received                            | 274                        | 293                        |
| Provision for bonuses                        | 823                        | 276                        |
| Provision for merchandise warranties         | 662                        | 739                        |
| Other provision                              | 544                        | 726                        |
| Other  | 5,544                      | 8,761                      |
| Total current liabilities                    | 56,299                     | 41,689                     |
| Non-current liabilities                      |                            |                            |
| Long-term loans payable                      | 79,824                     | 79,720                     |
| Long-term guarantee deposited                | 432                        | 485                        |
| Asset retirement obligations                 | 2,633                      | 2,565                      |
| Deferred tax liabilities                     | 1,386                      | 1,477                      |
| Other provision                              | 426                        | 497                        |
| Other  | 193                        | 449                        |
| Total non-current liabilities                | 84,897                     | 85,197                     |
| Total liabilities                            | 141,196                    | 126,887                    |
| <b>Net assets</b>                            |                            |                            |
| Shareholders' equity                         |                            |                            |
| Capital stock                                | 4,157                      | 4,157                      |
| Capital surplus                              | 4,032                      | 4,384                      |
| Retained earnings                            | 38,773                     | 43,407                     |
| Treasury shares                              | -3,947                     | -4,344                     |
| Total shareholders' equity                   | 43,016                     | 47,604                     |
| Accumulated other comprehensive income       |                            |                            |
| Foreign currency translation adjustment      | -889                       | -484                       |
| Total accumulated other comprehensive income | -889                       | -484                       |
| Stock acquisition rights                     | 3                          | 3                          |
| Minority owner shares worth                  | 456                        | 836                        |
| Total net assets                             | 42,586                     | 47,959                     |
| Total liabilities and net assets             | 183,783                    | 174,846                    |