

IDOM Inc.

3rd Quarter Results for
Fiscal Year Ending
February 28, 2022

IDOM Inc. | January 14, 2022

- I. 3rd Quarter Results Summary FY2022*
- II. Revision of Earnings Forecast
- III. Supplementary Information on Results and Financial Matters

*FY2022 means the Fiscal Year 2022, beginning March 1, 2021 and ending February 28, 2022

FY2021 means the Fiscal Year 2021, beginning March 1, 2020 and ended February 28, 2021

FY2020 means the Fiscal Year 2020, beginning March 1, 2019 and ended February 29, 2020

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 Summary FY2022

- 1** Year-on-Year Comparison
- 2 Comparison with Forecasts

Q3 FY2022 Consolidated Results Summary (Year-on-Year)

(unit: billion yen)

Consolidated	FY2021 Mar - Nov	FY2022 Mar - Nov		
	Results	Results	Change	Y/Y
Net sales	282.1	344.6	+62.5	+22%
Gross profit	54.1	64.4	+10.3	+19%
SG&A expenses	45.5	49.6	+4.1	+9%
Operating profit	8.6	14.8	+6.1	+71%

Sales rose due to an increase in retail unit sales at directly managed stores in Japan. The number of new cars sold at the Australian subsidiaries also increased. Non-consolidated SG&A expenses remained unchanged. Foreign exchange gains increased at Australian subsidiaries due to the depreciation of the yen. As a result, operating profit rose significantly.






Posting a record profit

(unit: billion yen)

Consolidated	FY2021	FY2022		
	Mar - Nov	Mar - Nov	Change	Y/Y
	Results	Results		
Operating profit	8.6	14.8	+6.1	+71%
Ordinary profit	7.8	14.0	+6.2	+79%
Profit attributable to owners of parent	5.2	8.7	+3.5	+67%

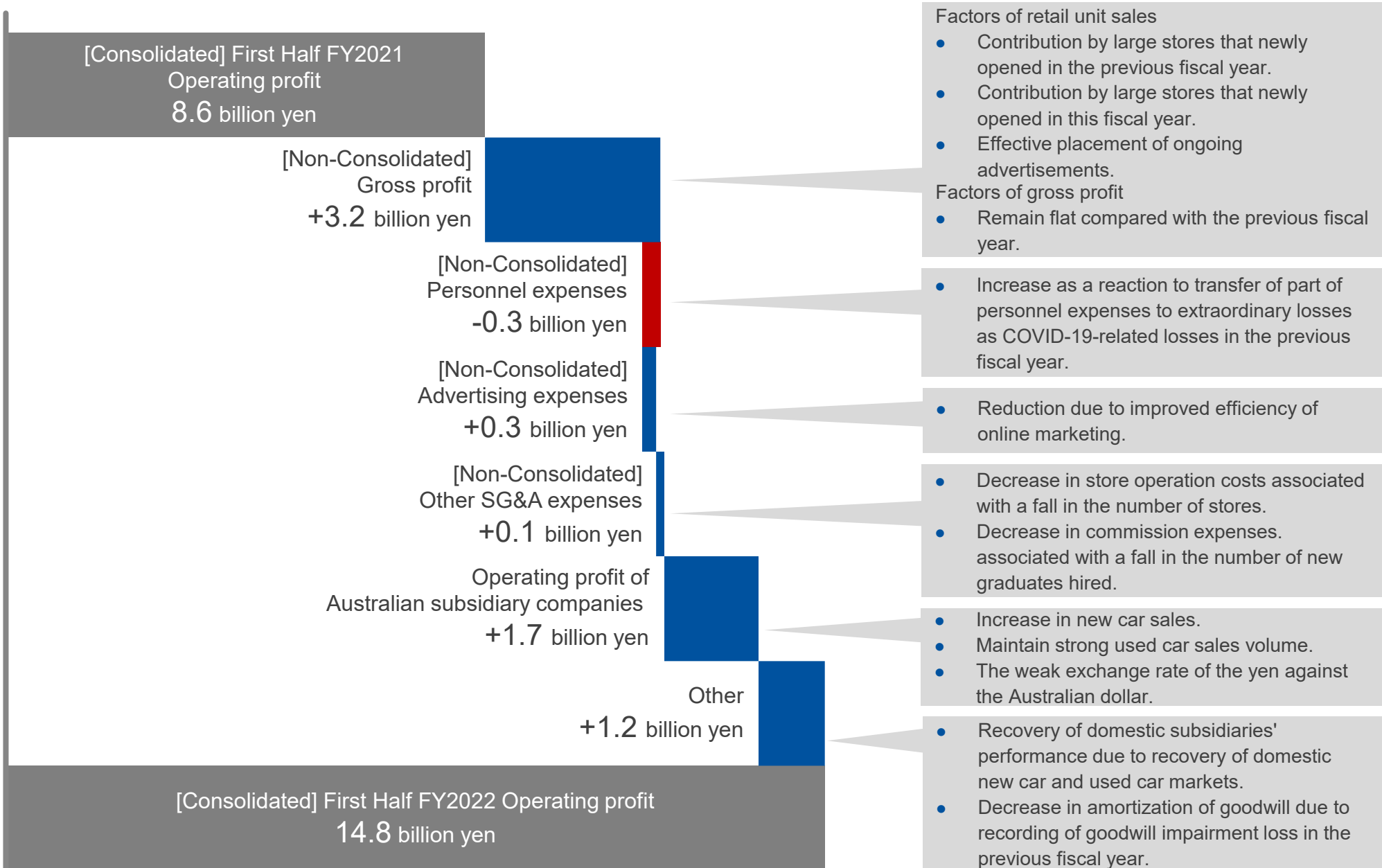
Profit at all levels reached a record high for the third quarter of the fiscal year.

Difference Factors of Consolidated Operating Profit for Q3 FY2022 (Year-on-Year)

		Result (vs. previous fiscal year)	Factors different from the previous fiscal year
1	Retail unit sales of directly managed stores		<ul style="list-style-type: none"> • Contribution by large stores that newly opened in the previous fiscal year. • Contribution by large stores that newly opened in this fiscal year • Effective placement of ongoing advertisements.
2	Gross profit per unit		<ul style="list-style-type: none"> • Remain flat compared with the previous fiscal year.
3	Non- consolidated SG&A expenses		<ul style="list-style-type: none"> • Remain flat compared with the previous fiscal year.
4	Australian subsidiary		<ul style="list-style-type: none"> • Increase in the number of new cars sold, reflecting favorable business conditions in the Western Australian new car market. • Strong used car sales reflecting ongoing measures to boost sales.
5	Exchange rate		<ul style="list-style-type: none"> • The Australia segment profit rose approximately 0.5 billion yen based on the previous fiscal year's exchange rates, reflecting a weakening of the yen in the foreign exchange market.

Retail unit sales at directly managed stores was 107,636 (up 3% year on year), reaching a record high for the third quarter of the fiscal year. Profit increased at Australian subsidiaries thanks to a rise in new car sales owing to market growth and the further depreciation of the yen in the foreign exchange market, in addition to continued strength in used car sales.

Difference Factors of Consolidated Operating Profit for Q3 FY2022 (Year-on-Year)



Posting a record profit

(unit: billion yen)

Non-Consolidated	FY2021 Mar - Nov	FY2022 Mar - Nov		
	Results	Results	Change	Y/Y
Operating profit	6.6	9.8	+3.2	+50%
Ordinary profit	6.3	9.6	+3.2	+51%
Profit	4.2	5.2	+1.0	+24%

Retail unit sales reached a record high as a result of the operation of large stores that had opened in the previous fiscal year and this fiscal year and growth in the number of visitors to existing stores, including large outlets, reflecting an increase in advertising efficiency. As a result, profit reached a record high for the first half of a fiscal year.

Newly Opened Large Stores



Oyama (September 2021 Opened)
Oyama, Tochigi



Moriokaminami (October 2021 Opened)
Morioka, Iwate



LIBERALA Chiba (September 2021 Opened)
Chiba, Chiba



Himeji (December 2021 Opened)
Himeji, Hyogo



Newly Opened Maintenance Shop



Ube car maintenance shop
(August 2021 Opened)
Ube, Yamaguchi



Oyama car maintenance shop
(September 2021 Opened)
Oyama, Tochigi



Sapporo Kiyota car maintenance shop
(September 2021 Opened)
Sapporo, Hokkaido



Nakatsu car maintenance shop
(September 2021 Opened)
Nakatsu, Oita



Newly Opened Maintenance Shop



Morioka Minami car maintenance shop
(October 2021 Opened)
Morioka, Iwate



Wakayama Bypass car maintenance shop
(October 2021 Opened)
Wakayama, Wakayama



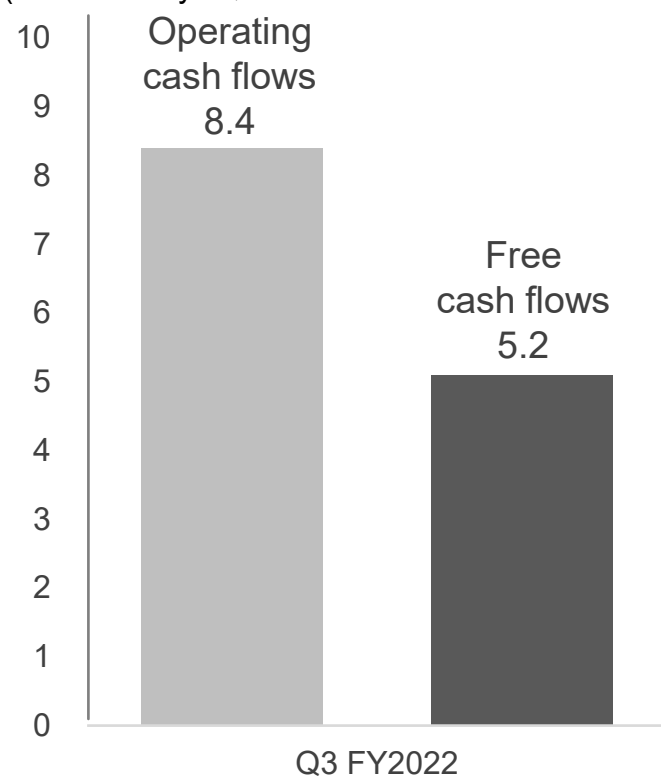
Himeji car maintenance shop
(December 2021 Opened)
Himeji, Hyogo



Growth in operating profit and inventory control resulted in increased FCF.

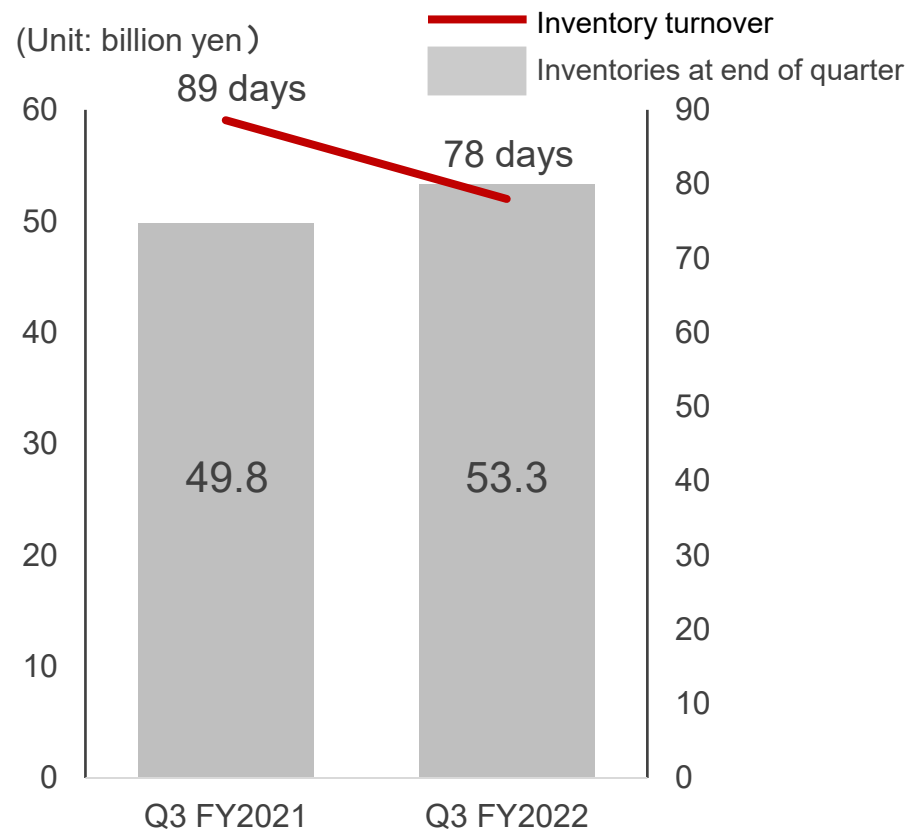
Q3 consolidated cash flow

(Unit: billion yen)



Inventories at end of quarter and Inventory turnover

(Unit: billion yen)



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

Operating profit increased. Continuous inventory control corresponding to sales demand resulted in a decrease in inventory turnover, despite an increase in inventory value. Consequently, free cash flow increased.

Major Factor for the Posting of an Extraordinary Loss

The Company withdrew from the dealership business in Japan to further concentrate management resources.

(Unit: million yen)

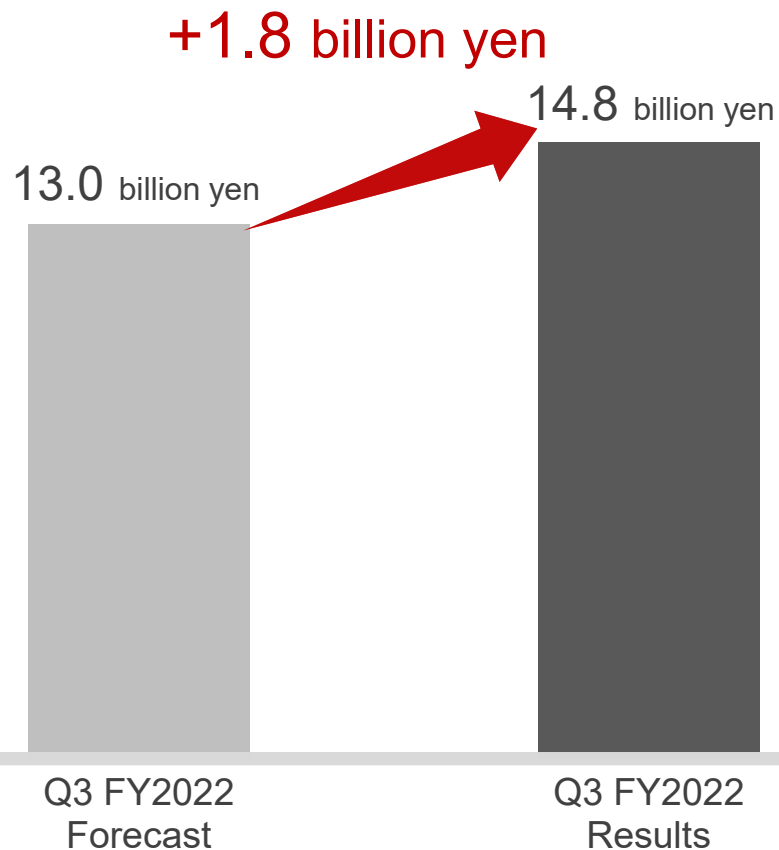
Item	Details	Amount
Loss on sales of shares of subsidiaries and associates	Loss on sales of shares in subsidiaries that operate as new car dealers.	303

Taking into account corporate tax reductions and other factors, the impact on profit of parent and non-consolidate profit will be negligible.
The Company also expects an improvement in capital efficiency (indicators such as ROIC).

- 1 Year-on-Year Comparison
- 2 Comparison with Forecasts**

Forecast and Results of Consolidated Operating Profit for Q3 FY2022

Consolidated operating profit







Difference factors between forecast and results

(i)	Non-consolidated	<ul style="list-style-type: none">Increase in wholesale unit sales.
(ii)	Australian subsidiary	<ul style="list-style-type: none">Increase in new car sales.Yen depreciation progresses.

Difference Factors of Consolidated Operating Profit for Q3 FY2022

(i) Non-consolidated

		Result for Q3 (vs. Forecast)	Factors different from the forecast
1	Retail unit sales of directly managed stores		The result was as expected.
2	Gross profit per unit		The result was as expected.
3	Wholesale unit sales of directly managed stores		Increased beyond the assumption that it would be about the same as the previous fiscal year.
4	SG&A expenses		The result was as expected.

The number of cars handled in the wholesaling business at directly managed stores increased, surpassing the initial conservative assumption of being on par with the year-ago level.

IDOM Inc.



Regional
Head-
quarters

IDOM Automotive Group
(Former name) Gulliver Australia Holdings

Perth

**Buick Holdings
(DVG)**

Western Australia (Perth)
New car dealer group
(Acquired in September 2015)

Used car sales stronger
Half of car sales are used cars

Melbourne





**IDOM Automotive
Essendon**

Victoria (Melbourne)
New car dealer group
(Acquired in October 2018)

Mainly new car sales

Difference Factors of Consolidated Operating Profit for Q3 FY2022

(ii) Australian subsidiary

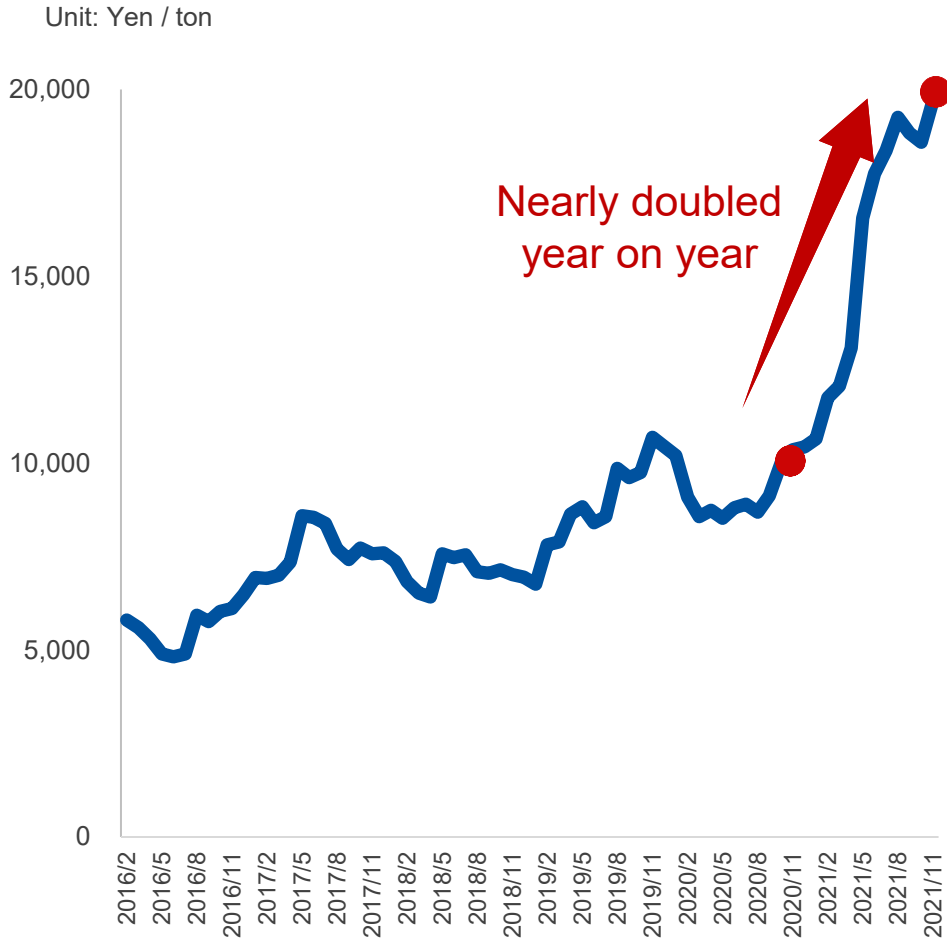
		Result for Q3 (vs. Forecast)	Factors different from the forecast
1	New car sales		Increased more than expected on the back of the strong new car market in Western Australia attributable to a rise in iron ore prices.
2	Used car sales		The result was as expected. (The robust performance was maintained due to stronger used car sales.)
3	SG&A expenses		The result was as expected. (Australian dollar basis)
4	Exchange rate		Operating profit exceeded the forecast by about 0.5 billion yen as the yen was weaker against the Australian dollar that originally expected.

The number of new cars sold by Western Australia-based Buick Holdings increased more than expected, reflecting a boom in the new car market in Western Australia due to a rise in iron ore price.

The depreciation of yen in the foreign exchange market was also a contributing factor to an increase in profitability at the Australian subsidiaries.

Difference Factors between Forecast and Results of Australian Subsidiary (New Car Sales)

Changes in iron ore prices



Favorable economic conditions in Western Australia that has one of the largest mines in the world.

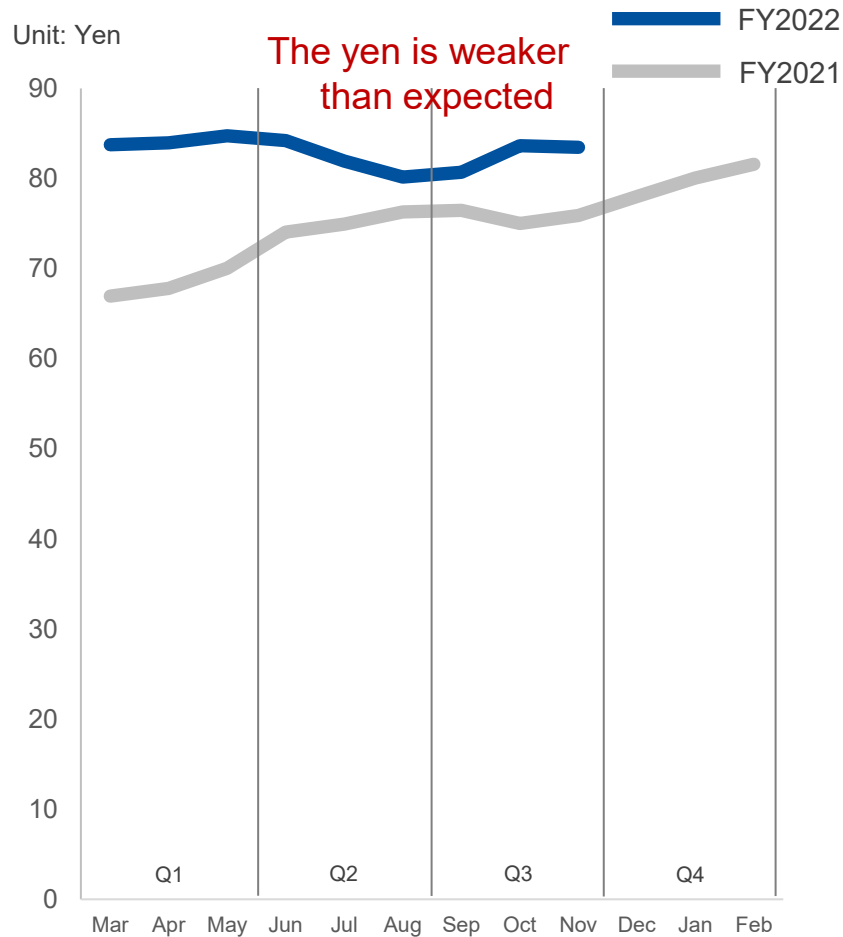


Prepared by the Company based on the Trade Statistics of Japan of the Ministry of Finance

Western Australia's new car market, which was expected to be unchanged from the second half of the previous year, was brisker than expected mainly due to a rise in the iron core price. Consequently, new car sales at Buick Holdings based in Western Australia were strong.

Difference Factors between Forecast and Results of Australian Subsidiary (Exchange Rate)

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



The exchange rate is weakening against the yen.



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

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

Forecasts for Full-Year Consolidated Results (Compared with Revised Forecast in October)

(unit: billion yen)

Consolidated	Revised Forecast in October	New Revised Forecast	Difference from Revised Forecast in October	Ratio with Revised Forecast in October
Operating profit	15.0	17.0	+2.0	+13%
Ordinary profit	13.9	15.9	+2.0	+14%
Profit attributable to owners of parent	8.0	9.2	+1.2	+15%

The Company has revised the full-year financial forecasts, based on projections that new car unit sales at Buick Holdings, exchange rates for the Australian dollar, and the number of cars handled in the wholesaling business at directly managed stores will continue to surpass the previous projections in the fourth quarter.

Forecasts for Full-Year Consolidated Results (Year-on-Year)

(unit: billion yen)

Consolidated	FY2021	FY2022 Forecasts		
	Results	Forecasts	Change	Y/Y
Operating profit	10.6	17.0	+6.4	+61%
Ordinary profit	9.6	15.9	+6.3	+65%
Profit attributable to owners of parent	1.5	9.2	+7.7	+520%

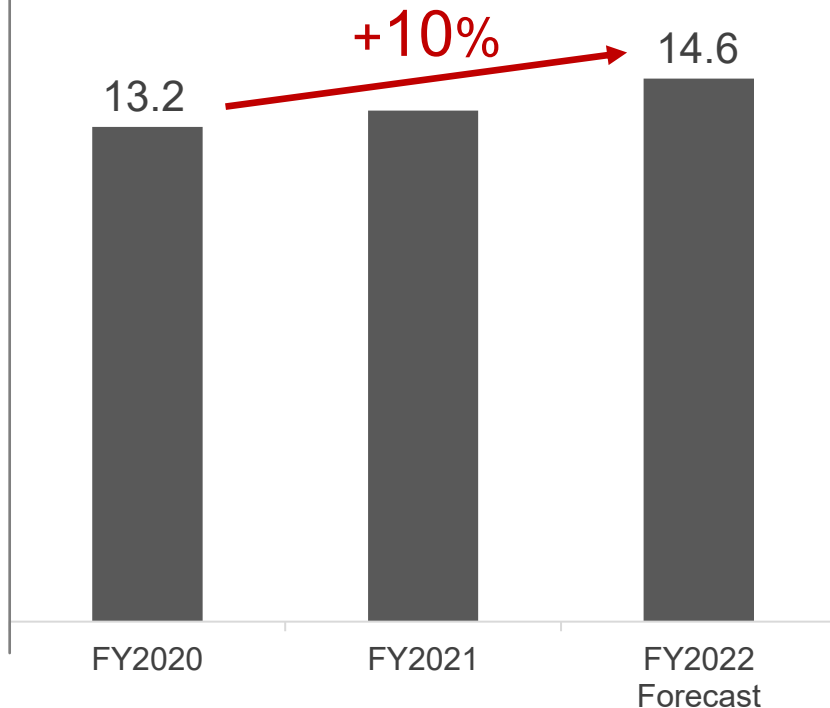
Consolidated operating profit is expected to rise to a new record for full-year results.

Summary of Full-Year Non-Consolidated Results

Profit will be raised efficiently through the opening and operation of large stores.

Retail unit sales at directly managed stores

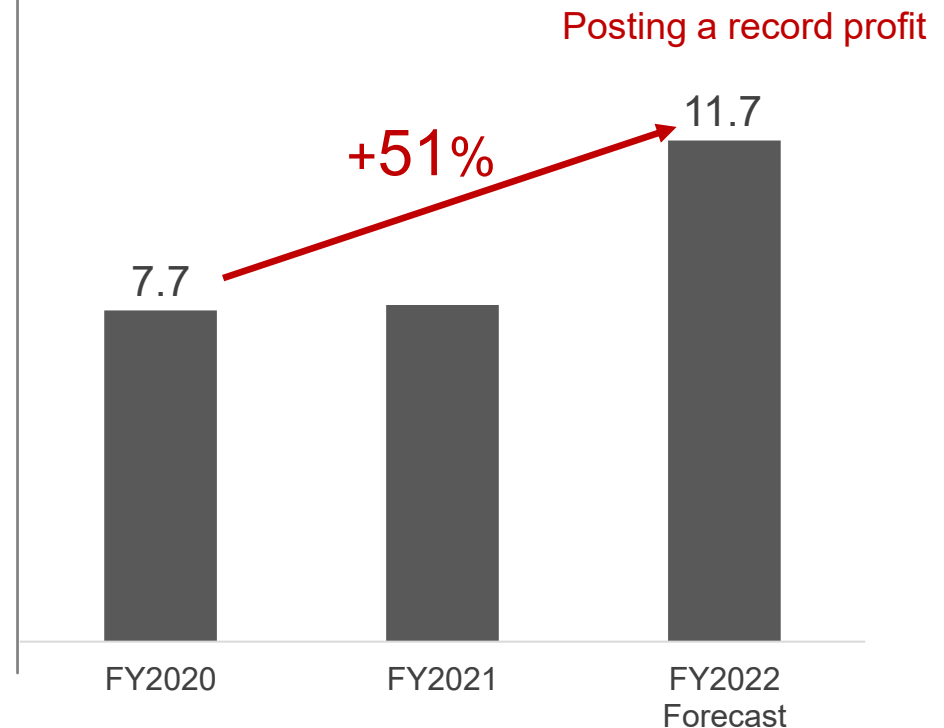
(Unit: ten thousand units)



The opening and operation of large stores accelerated an increase in retail unit sales.

Non-consolidated operating profit

(Unit: billion yen)



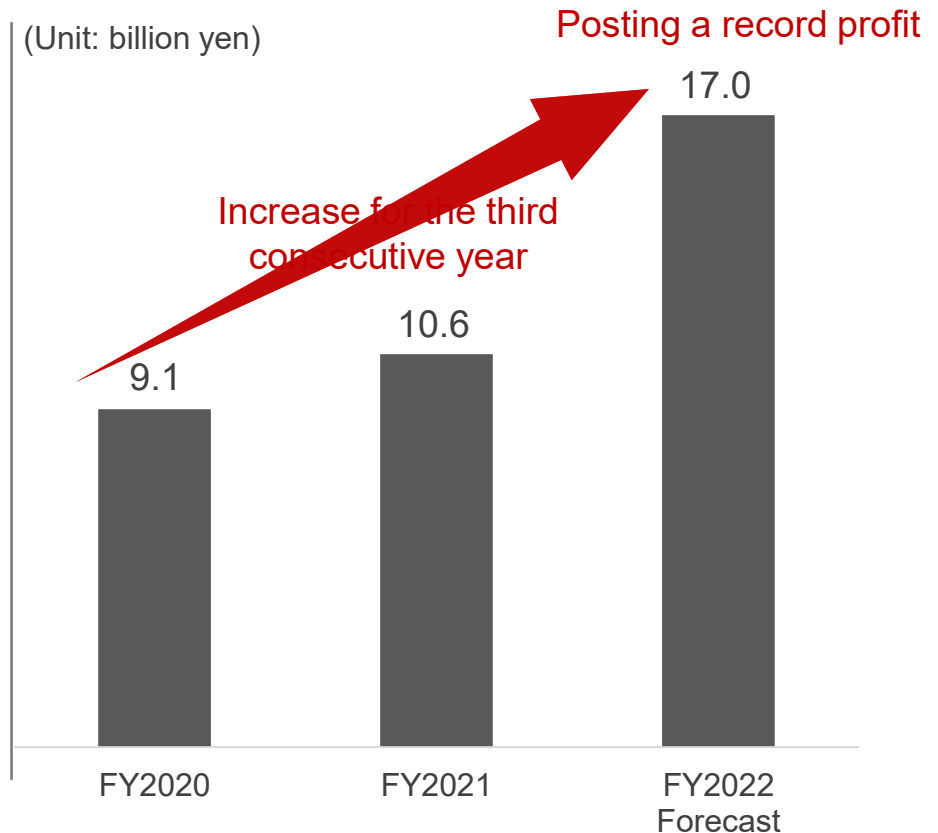
Operating profit rose as retail unit sales grew.

Summary of Full-Year Consolidated Results

The Company will achieve an increase in operating profit for three consecutive years through the expansion of large stores and improvements in the Australian business.

Japan	Profit will be raised efficiently through the opening and operation of large stores.
Australia	Profit will be raised by increasing new car unit sales and maintaining the favorable situation of used car sales.

Consolidated operating profit



III. Supplementary Information on Results and Financial Matters

[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 (%)	Forecast (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Net sales	309,410	100.0	361,684	100.0	380,564	100.0	450,000	100.0	69,436	18.2
Cost of sales	244,707	79.1	287,724	79.6	307,754	80.9	366,700	81.5	58,946	19.2
Gross profit	64,702	20.9	73,959	20.4	72,810	19.1	83,300	18.5	10,490	14.4
SG&A Expenses	61,301	19.8	64,868	17.9	62,239	16.4	66,300	14.7	4,061	6.5
Operating profit	3,400	1.1	9,091	2.5	10,571	2.8	17,000	3.8	6,429	60.8
Ordinary profit	2,072	0.7	6,867	1.9	9,642	2.5	15,900	3.5	6,258	64.9
Profit before income taxes and minority interests	1,478	0.5	3,917	1.1	4,524	1.2	14,100	3.1	9,576	211.7
Profit attributable to owners of parent	381	0.1	3,545	1.0	1,484	0.4	9,200	2.0	7,716	519.9

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 (%)	Forecast (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Net sales	234,618	100.0	258,008	100.0	275,710	100.0	300,000	100.0	24,290	8.8
Cost of sales	181,847	77.5	199,406	77.3	219,258	79.5	238,300	79.4	19,042	8.7
Gross profit	52,770	22.5	58,602	22.7	56,451	20.5	61,700	20.6	5,249	9.3
SG&A expenses	50,018	21.3	50,867	19.7	48,593	17.6	50,000	16.7	1,407	2.9
Operating profit	2,751	1.2	7,735	3.0	7,858	2.9	11,700	3.9	3,842	48.9
Ordinary profit	2,673	1.1	6,964	2.7	7,642	2.8	11,200	3.7	3,558	46.6
Profit before income taxes	1,707	0.7	3,457	1.3	-458	-	8,800	2.9	9,258	-
Profit	933	0.4	3,500	1.4	-2,081	-	6,000	2.0	8,081	-

[Consolidated / Non-consolidated] Income Statement (Q3)

Consolidated	9 months ended Nov 30, 2018		9 months ended Nov 30, 2019		9 months ended Nov 30, 2020		9 months ended Nov 30, 2021			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Net sales	216,134	100.0	272,574	100.0	282,082	100.0	344,620	100.0	62,538	22.2
Cost of sales	167,691	77.6	216,480	79.4	227,986	80.8	280,249	81.3	52,263	22.9
Gross profit	48,443	22.4	56,093	20.6	54,096	19.2	64,371	18.7	10,275	19.0
SG&A expenses	45,608	21.1	48,364	17.7	45,480	16.1	49,610	14.4	4,130	9.1
Operating profit	2,835	1.3	7,728	2.8	8,616	3.1	14,760	4.3	6,144	71.3
Ordinary profit	2,200	1.0	6,432	2.4	7,849	2.8	14,046	4.1	6,197	79.0
Profit before income taxes and minority interests	1,873	0.9	5,708	2.1	7,372	2.6	12,621	3.7	5,249	71.2
Profit attributable to owners of parent	1,029	0.5	3,597	1.3	5,226	1.9	8,738	2.5	3,512	67.2

Non-Consolidated	9 months ended Nov 30, 2018		9 months ended Nov 30, 2019		9 months ended Nov 30, 2020		9 months ended Nov 30, 2021			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Net sales	174,910	100.0	194,985	100.0	207,448	100.0	229,492	100.0	22,043	10.6
Cost of sales	135,406	77.4	149,849	76.9	165,149	79.6	184,012	80.2	18,872	11.4
Gross profit	39,504	22.6	45,135	23.1	42,298	20.4	45,479	19.8	3,171	7.5
SG&A expenses	37,262	21.3	38,033	19.5	35,759	17.2	35,680	15.5	-74	-0.2
Operating profit	2,241	1.3	7,101	3.6	6,539	3.2	9,798	4.3	3,244	49.5
Ordinary profit	2,016	1.2	6,461	3.3	6,331	3.1	9,556	4.2	3,220	50.8
Profit before income taxes	1,498	0.9	5,707	2.9	5,566	2.7	7,640	3.3	2,074	37.3
Profit	787	0.5	3,792	1.9	4,175	2.0	5,191	2.3	1,016	24.3

[Consolidated] Balance Sheets

(Unit: million yen)

	As of February 28, 2021	As of November 30, 2021
Assets		
Current assets		
Cash and deposits	43,179	46,901
Notes and accounts receivable - trade	6,875	4,065
Merchandise	72,913	75,603
Other	3,966	4,346
Allowance for doubtful accounts	-328	-369
Total current assets	126,605	130,546
Non-current assets		
Property, plant and equipment		
Buildings and structures	36,918	36,414
Accumulated depreciation	-16,411	-15,822
Buildings and structures, net	20,507	20,592
Vehicles	153	315
Accumulated depreciation	-32	-45
Vehicles, net	121	270
Tools, furniture and fixtures	4,335	4,138
Accumulated depreciation	-3,606	-3,126
Tools, furniture and fixtures, net	729	1,011
Land	218	136
Construction in progress	121	734
Total property, plant and equipment	21,697	22,744
Intangible assets		
Software	1,717	1,455
Goodwill	7,698	5,971
Other	4,996	4,290
Total intangible assets	14,412	11,718
Investments and other assets		
Investment securities	139	132
Shares of subsidiaries and associates	131	129
Long-term loans receivable	30	224
Lease and guarantee deposits	5,835	5,597
Construction assistance fund receivables	4,614	4,400
Deferred tax assets	3,253	3,519
Other	544	487
Allowance for doubtful accounts	-43	-42
Total investments and other assets	14,506	14,448
Total non-current assets	50,616	48,911
Total assets	177,222	179,458

	As of February 28, 2021	As of November 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	20,940	19,709
Short-term loans payable	1,117	1,082
Accounts payable - other	342	-
Current portion of long-term loans payables	4,586	3,831
Income taxes payable	2,052	2,839
Advances received	9,010	7,762
Deposits received	205	198
Provision for bonuses	1,167	215
Provision for merchandise warranties	737	869
Other provision	715	873
Other	6,658	6,180
Total current liabilities	47,534	43,563
Non-current liabilities		
Long-term loans payable	79,169	77,473
Long-term guarantee deposited	506	567
Asset retirement obligations	2,546	2,121
Deferred tax liabilities	1,616	1,419
Other provision	584	665
Other	249	393
Total non-current liabilities	84,672	82,641
Total liabilities	132,206	126,204
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,384	4,361
Retained earnings	39,665	47,616
Treasury shares	-4,344	-4,344
Total shareholders' equity	43,862	51,790
Accumulated other comprehensive income		
Foreign currency translation adjustment	134	-7
Total accumulated other comprehensive income	134	-7
Minority owner shares worth	1,018	1,470
Total net assets	45,015	53,253
Total liabilities and net assets	177,222	179,458

[Consolidated] Statements of Cash Flows

(Unit: million yen)

	9 months ended November 30, 2020	9 months ended November 30, 2021
Profit before income taxes	—	12,621
Depreciation	—	2,090
Amortization of goodwill	—	358
Net increase (decrease) in working capital	—	-2,474
Income taxes paid		-2,984
Other, net	—	-1,168
Cash flows from operating activities	—	8,444
Cash flows from investing activities	—	-3,275
Free cash flow	—	5,169
Cash flows from financing activities	—	-1,428
Net increase (decrease) resulting from exchange rate change and new consolidation	—	-18
Net increase (decrease) in cash and cash equivalents	—	3,705
Cash and cash equivalents at the beginning of period	—	43,179
Cash and cash equivalents at the end of period	—	46,901

*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.