IDOM Inc.

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

IDOM Inc. | January 14, 2022

Hello, my name is Ryo Nishihata, the CFO of IDOM Inc.
I will provide an explanation with respect to results for the third quarter of the fiscal year ending February 28, 2022.

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*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 will talk about results in comparison to those for the same period in the previous year and the forecasts, and then provide an update on full-year forecasts.

I. 3rd Quarter Results Summary FY2022

* Figures in the graphs and tables are rounded to the nearest whole unit. Percentages are calculated in units of one million yen and subsequently rounded to the nearest percent.

1 Year-on-Year Comparison

2 Comparison with Forecasts

First, I will describe year-on-year changes in the results.

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.

Net sales increased 22% from 282.1 billion yen in the same period of the previous year to 344.6 billion yen. We achieved a record high in terms of the cumulative total for the first nine months.

Gross profit grew 19% year on year to 64.4 billion yen.

The growth rate was below that of sales, and gross profit margin decreased. With the ratio of non-consolidated wholesale sales rising , coupled with a significant increase in sales from the Australian business, we recorded an increase in the amount of gross profit, although the rate of growth declined.

As in the first half, SG&A expenses increased, reflecting the absence of subsidies that we received in the previous year and depreciation of the yen. Even so, if these factors are not taken into account, steady progress was made in improving the efficiency of SG&A expenses.

Posting a record profit

(unit: billion yen)

Consolidated	FY2021 Mar - Nov	FY2022 Mar - Nov		
	Results	Results	Change	Y/Y
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.

As a result, operating profit increased 6.1 billion yen, or 71%, to 14.8 billion yen from 8.6 billion yen.
We achieved a record high in terms of the cumulative total for the first nine months.

In addition, ordinary profit and profit attributable to owners of parent reached a record high.

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	↑	• 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	→	• Remain flat compared with the previous fiscal year.
3	Non-consolidated SG&A expenses	→	• Remain flat compared with the previous fiscal year.
4	Australian subsidiary	↑	• 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	↑	• 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.

We will now look at each factor of year-on-year changes in consolidated operating profit.

Retail unit sales at directly managed stores increased 3% to 108,000 units, despite a decrease in the number of directly managed stores from 460 at the end of the previous fiscal year to 453. We achieved a record high in terms of a cumulative total in the first nine months.

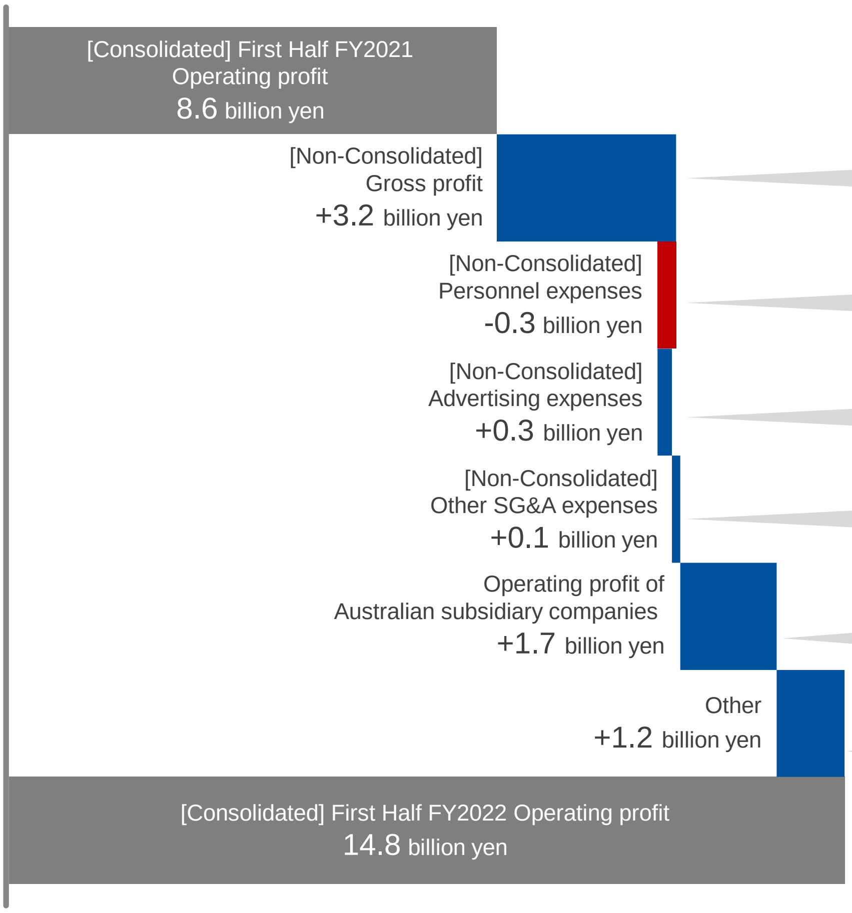
Gross profit per unit generally remained the same.

SG&A expenses continued to be efficient, remaining at the same level as the previous year on a non-consolidated basis, despite an increase in retail unit sales.

With respect to the Australian business, new car sales were solid partly due to the strong economy of Western Australia. Used car sales, on which we continued to focus after the acquisition, also remained firm.

The ongoing trend of a weak yen was also a contributing factor to an increase of approximately 0.5 billion yen.

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



Factors of retail unit sales

- 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.

Factors of gross profit

- Remain flat compared with the previous fiscal year.

- 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.

I will now elaborate on the impact of factors that contributed to higher operating profit.
Non-consolidated gross profit increased 3.2 billion yen due to a rise in retail unit sales, among other factors.
Personnel expenses increased by 0.3 billion yen due to the absence in the current year of subsidies that we received in the previous year.
Despite that, thanks to the effective use of advertising expenses, SG&A expenses decreased, contributing to an increase in operating profit.
The Australian subsidiaries contributed to an increase of 1.7 billion yen in operating profit, also taking into account an increase of 0.5 billion yen due to the positive impact of exchange rates.
An increase of 1.2 billion yen in other was attributable to a decrease of slightly less than 0.2 billion yen in goodwill amortization and a rise in profitability recorded at subsidiaries in Japan and the United States.

Q3 FY2022 Consolidated Results Summary (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.

This is the non-consolidated statement of income.

As I explained on the slide 7 for a factor analysis, retail unit sales at directly managed stores in Japan hit a record high, and due to the continued control of SG&A expenses, profit at each level reached a record high.

Newly Opened Large Stores

Oyama (September 2021 Opened)
Oyama, Tochigi

LIBERALA Chiba (September 2021 Opened)
Chiba, Chiba

Moriokaminami (October 2021 Opened)
Morioka, Iwate

Himeji (December 2021 Opened)
Himeji, Hyogo

So far, we have opened four of five large stores that we plan to open in the current year.

The fifth store is scheduled to open in February.

These large stores will fully contribute to an improvement in profitability in the next fiscal year.

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

Also, we began operating seven of eight maintenance shops that we plan to operate in the current year.

The eighth shop is scheduled to commence operation in February as well.

Newly Opened Maintenance Shop

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

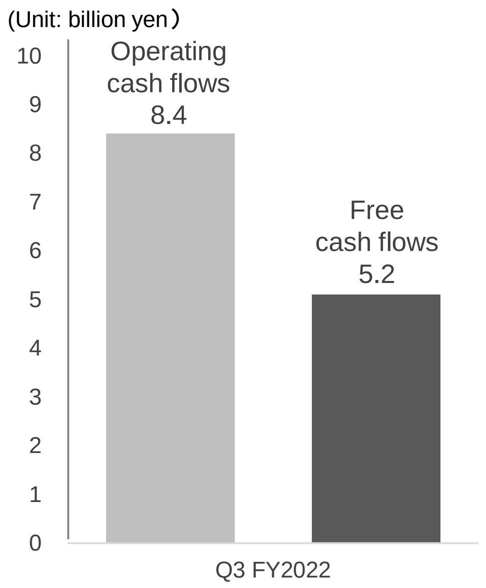
Wakayama Bypass car maintenance shop
(October 2021 Opened)
Wakayama, Wakayama

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

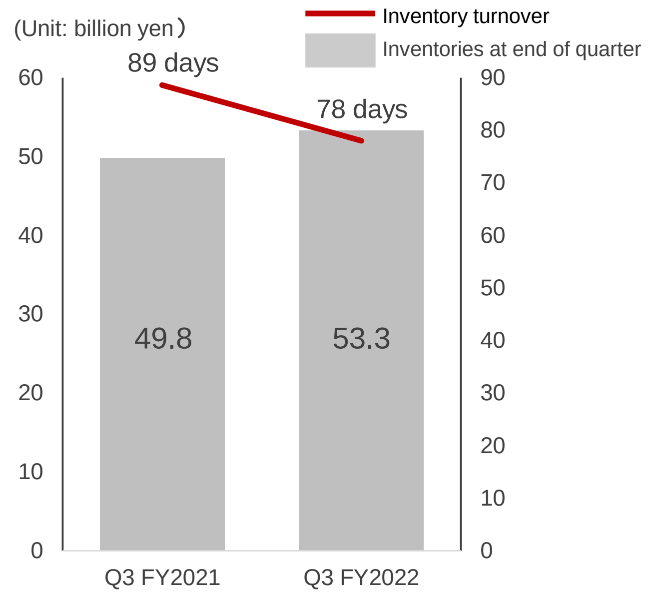
Cash Flow and Inventory Status

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

Q3 consolidated cash flow



Inventories at end of quarter and Inventory turnover



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.

This slide shows the results of consolidated cash flow and inventory turnover days as KPIs.

With respect to consolidated cash flows, net cash provided by operating activities was 8.4 billion yen. Cash of 3.2 billion yen was used for capital expenditure and other expenses, and free cash flow increased 5.2 billion yen. Free cash flow was positive despite an increase in investments in the third quarter due to the opening of large stores and maintenance shops.

Non-consolidated inventories came to 49.8 billion yen as of November 30, 2020 and 53.3 billion yen as of November 30, 2021, increasing in line with an increase in units sold. Still with the inventory turnover improving from 89 days to 78 days, we were able to control inventories efficiently.

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).

From the perspectives of management resource concentration and capital efficiency, we sold shares that we had in domestic subsidiaries that operated as new car dealers in the current year, posting a loss of 300 million yen on sale of shares.

Taking the impact of tax effects into account, the impact on profit attributable to owners of parent will be negligible.

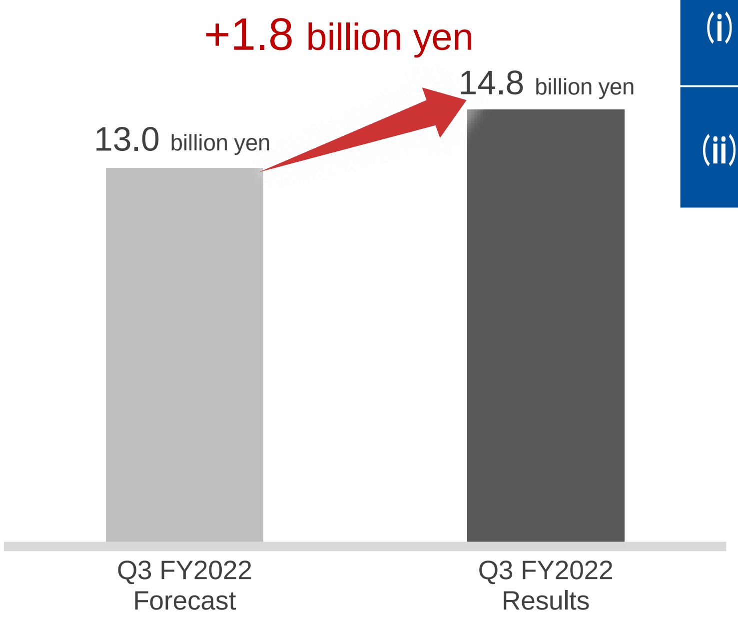
1 Year-on-Year Comparison

2 Comparison with Forecasts

Next, I will talk about the results in comparisons to the forecasts.

Forecast and Results of Consolidated Operating Profit for Q3 FY2022

Consolidated operating profit



Difference factors between forecast and results

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

Consolidated operating profit for the first nine months was forecasted to be 13.0 billion yen. The result was 14.8 billion yen, exceeding the forecast by about 1.8 billion yen.

There are two reasons for the difference.
One, which was attributable to non-consolidated results, had an impact of approximately 0.4 billion yen, and the other, which reflected greater-than-expected growth in the Australian business, had an impact of slightly less than 1.5 billion yen including the effects of exchange rates.

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.

I will explain factors contributing to differences from the forecasts in the non-consolidated results.

Progress was made as expected in retail unit sales at directly managed stores, gross profit per car and SG&A expenses, while growth in the number of cars handled in the wholesale business surpassed the initially expected level.

Australian Subsidiary

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

I will describe our Australian business, or the other reason for the difference.

Our Australian business is operated by two subsidiaries, one in Western Australia and the other in Victoria, an eastern state, which we acquired in 2015 and 2018, respectively.

In terms of the number of cars sold, the western area surpasses the eastern area by the ratio of 70% to 30%, and approximately 50% of sales in the eastern area are accounted for by used cars.

Since we have not taken measures to expand used car sales in the eastern area, we consider that there is room for growth, going forward.

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.

This slide shows item-by-item differences between forecasts and results in the Australian business.

New car sales were up approximately 30% in Western Australia, partly reflecting the impact of a rise in the price of iron ore.

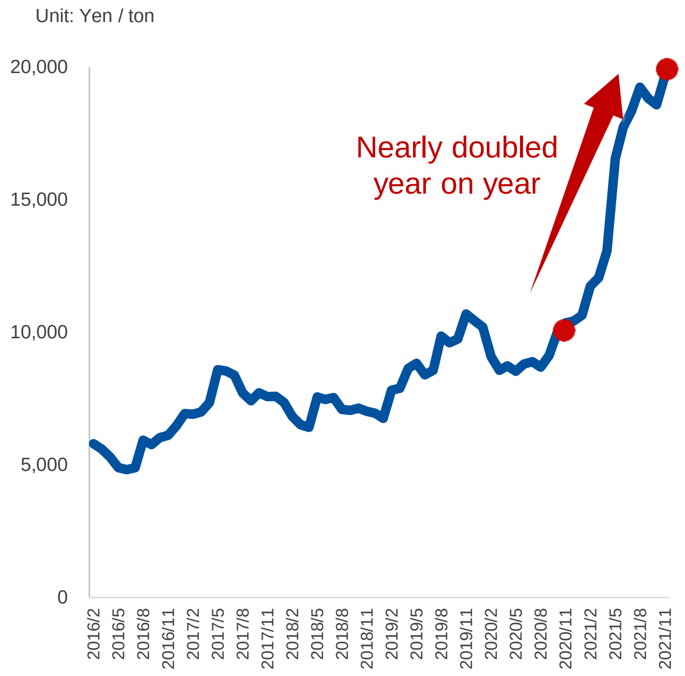
Used car sales, which increased 20% year on year, continued to show strong results as forecasted.

We also ensure solid control of SG&A expenses in Australian dollars.

The impact of exchange rates contributed to a rise in operating profit from the forecast by 0.5 billion yen.

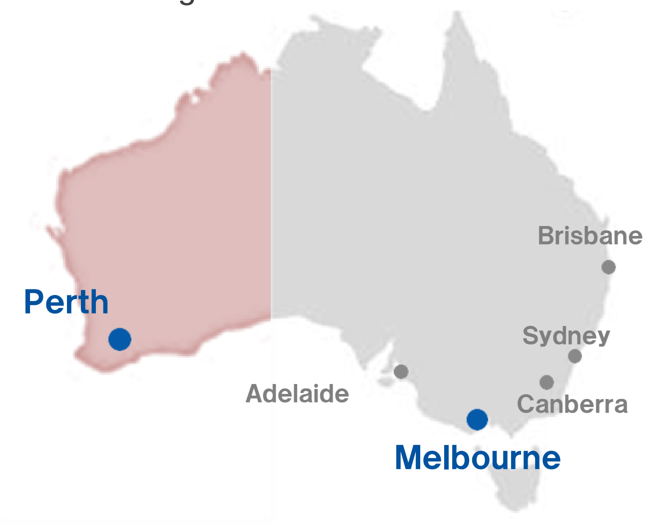
Difference Factors between Forecast and Results of Australian Subsidiary (New Car Sales)

Changes in iron ore prices



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

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

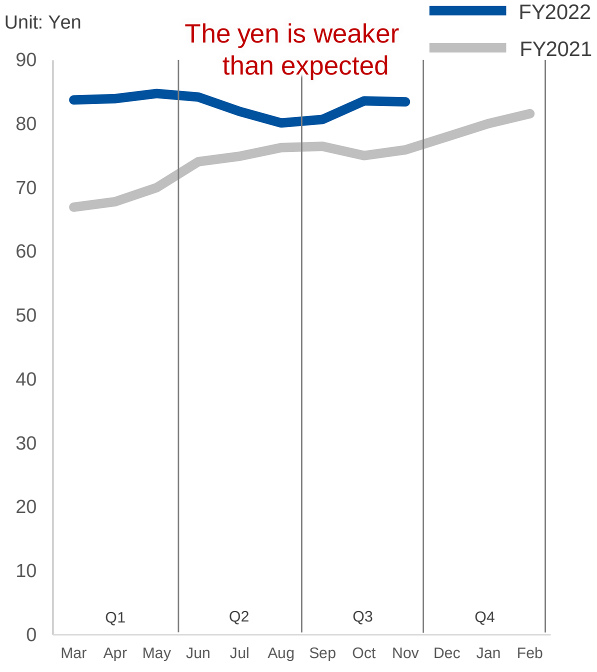


Western Australia's new car market, which was expected to be unchanged from the second half of the previous year, was brisker than expected mainly due to a rise in the iron core price. Consequently, new car sales at Buick Holdings based in Western Australia were strong.

This slide shows trends in the price of iron ore, which supports the economy of Western Australia.

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

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



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

The exchange rate is weakening against the yen.

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.

This slide shows changes in the yen exchange rate against the Australian dollar.

II. Revision of Earnings Forecast

* Figures in the graphs and tables are rounded to the nearest whole unit. Percentages are calculated in units of one million yen and subsequently rounded to the nearest percent.

In light of the results for the first nine months, I will now move on to the final part to explain upward revisions to the full-year 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.

This slide shows comparisons with results forecasts.
We expect that we will continue to record strong results in the fourth quarter as well.

We will increase operating profit from 15.0 billion yen to 17.0 billion yen, reflecting an upward revision by 2.0 billion yen, or 13%.

Similarly, we will revise ordinary profit and profit attributable to owners of parent.

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.

This slide is presented to compare the financial forecasts for the current year with the previous year's full-year results.

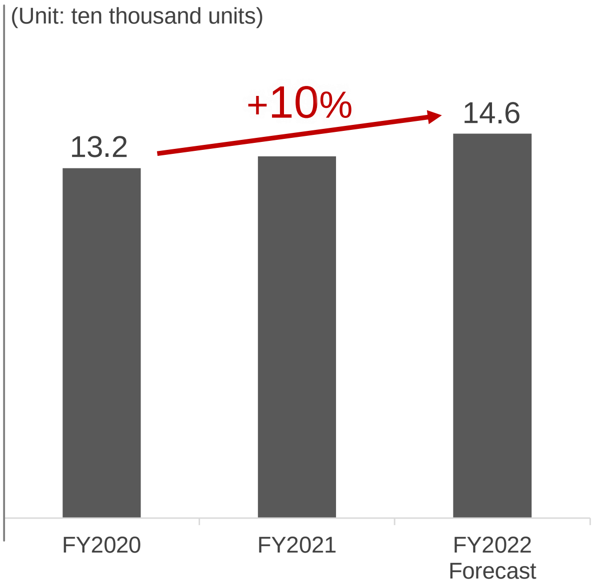
Operating profit will come to 17.0 billion yen, or up 61% compared to 10.6 billion yen for the previous year.

The rate of an increase in profit attributable to owners of parent was significant because we posted an impairment loss of 4.0 billion yen on the Australian business-related goodwill in the previous fiscal year.

Summary of Full-Year Non-Consolidated Results

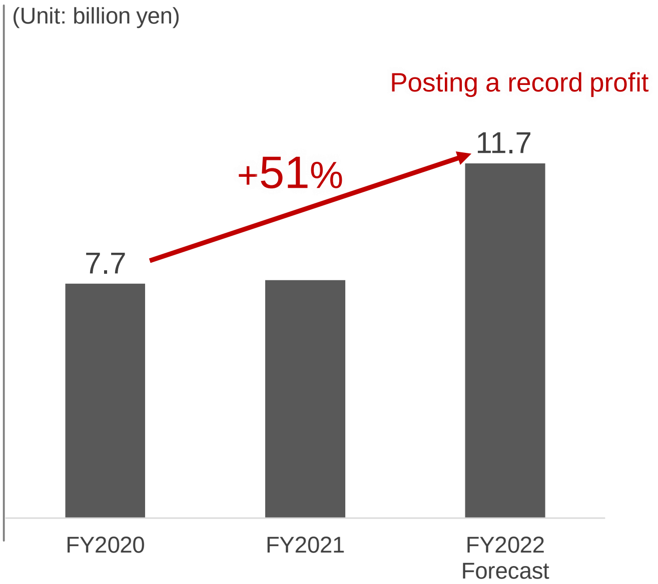
Profit will be raised efficiently through the opening and operation of large stores.

Retail unit sales at directly managed stores



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

Non-consolidated operating profit



Operating profit rose as retail unit sales grew.

Retail unit sales at directly managed stores have increased approximately 10% in Japan for the past three years.

We have been steadily moving forward with the opening of large stores while simultaneously conducting careful assessments. Meanwhile, existing stores have been increasing retail unit sales.

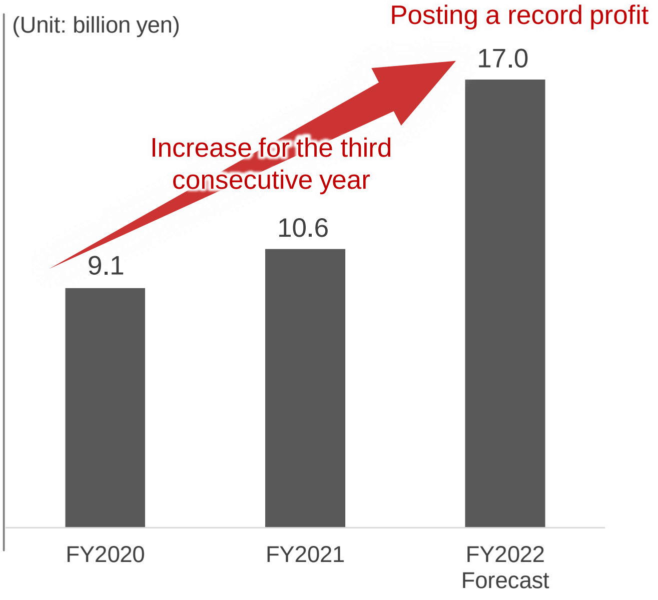
In addition to efforts for increasing retail unit sales, we will continue to manage gross profit and improve the efficiency of SG&A expenses, and in so doing, we expect that non-consolidated operating profit will rise more than 50%.

Summary of Full-Year Consolidated Results

The Company will achieve an increase in operating profit for three consecutive year 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



Besides the non-consolidated results forecasts that I talked about earlier, we expect that both new car and used car sales will continue to be strong in Australia and the continuing management of SG&A expenses on a local currency basis will contribute to profitability.

As a result, we expect that consolidated operating income will increase for three consecutive years and largely exceed the record high of 11.1 billion yen recorded in the fiscal year ended February 28, 2007.

We will continue to facilitate growth and improve efficiency in the fourth quarter, and seek to achieve the full-year results forecasts. We sincerely ask for your continued support.