Consolidated	FY2020	FY2021		
	Results	Results	Change	Y/Y
Operating income	9.0billion yen	10.5billion yen	1.5billion yen	16.3%
Ordinary income	6.8billion yen	9.6billion yen	2.8billion yen	40.4%
Profit attributable to owners of parent	3.5billion yen	1.4billion yen	-2.0billion yen	-58.1%

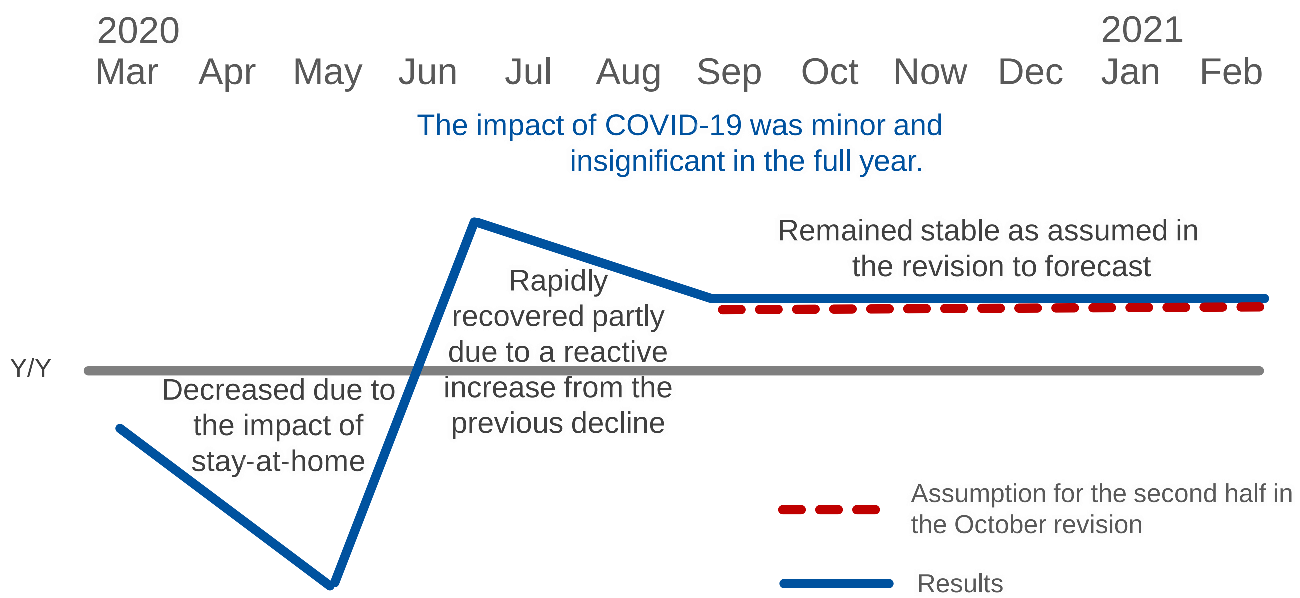
In the fiscal year ended February 28, 2021, consolidated operating income stood at 10.5 billion yen, an increase of 1.5 billion yen (16%) from the previous fiscal year.

Ordinary income came to 9.6 billion yen, reflecting a decrease in the cost of interest because of a fall in borrowings and a weaker yen. A goodwill impairment loss was recorded in relation to the acquisition of a subsidiary in Australia, and net income was 1.4 billion yen.

Overall, we can say that the Company achieved favorable results despite the impact of COVID-19.

Results of the Number of Visitors to Stores

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



In Q1, the number of visitors to stores fell significantly due to people being requested to stay home in response to the COVID-19 pandemic. After the lifting of the state of emergency, however, the number of visitors recovered sharply, partly due to an increase in reaction to the fall. In the second half, the number of visitors consistently rose year on year. Overall, the impact of COVID-19 was minor and insignificant in the full year.

This slide shows trends in the number of visitors to stores in the fiscal year ended February 28, 2021 in comparison with the previous fiscal year.

From March to May 2020, the number of visitors to stores fell significantly due to requests that people stay home in reaction to the COVID-19 pandemic.

After the state of emergency ended in second quarter, the number of visitors recovered sharply, partly due to an increase in reaction to the fall.

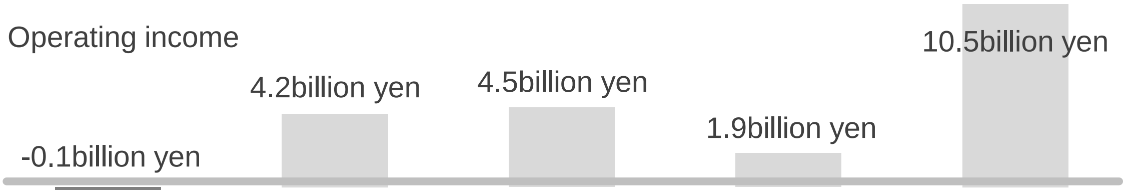
In the second half, the number constantly exceeded the level of the previous year. For the entire fiscal year, we can say the effect of COVID-19 on the number of visitors was minor and insignificant.

Quarterly Changes in Operating Income and Main Items

	Q1 March – May	Q2 June - August	Q3 September - November	Q4 December-February	Full Year

Consolidated

Operating income



Nonconsolidated

Year-on-year comparisons of main items

		Q1	Q2	Q3	Q4	Full Year
1	Retail unit sales	↑	↑	↑	↑	↑
2	Retail gross profit	↓	→	→	↑	→
3	Number of units purchased	↓	↓	→	↓	↓
4	Wholesale gross profit	↓	→	→	→	↓

Consolidated operating income was negative in Q1. However, in Q2 and Q3, consolidated operating income hit a record high. In Q4, both retail unit sales and retail gross profit rose year on year.

This page shows quarterly trends in consolidated operating income and major factors for non-consolidated results. Non-consolidated sales account for about 80% of consolidated sales.

Consolidated operating income, which is shown in the upper part, was in negative territory in the first quarter, but hit a record high in the second and third quarters. In the fourth quarter, consolidated operating income stood at 1.95 billion yen, up 43% year on year.

The lower part shows trends in each factor for non-consolidated results. The arrows show year-on-year comparisons.

Throughout the year, retail unit sales exceeded the previous year.

Retail gross profit fell short of the previous year in the first quarter. From the second quarter, retail gross profit was on a par with the previous year. In the fourth quarter, it exceeded the previous year.

The number of units purchased was low, partly due to a fall in new car sales. From the second quarter, wholesale gross profit was on a par with the previous year.

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	1,431
Extraordinary losses	Infectious disease-related losses	COVID-19 related	Japan	Personnel expenses, etc.	389
			Australia	Personnel expenses, etc.	1,431
	Loss on retirement of non-current assets/Loss on store closings	Directly managed stores	Japan	Tightening of store closing standards	359
	Impairment loss	Directly managed stores	Japan	Reestablishment of a store network with high capital efficiency	535
		Australia business	Australia	Goodwill from acquisition of Australian subsidiary	3,951

Subsidy income related to COVID-19 in Japan and overseas was posted in extraordinary income. Impairment losses at directly managed stores and a goodwill impairment loss related to the acquisition of a subsidiary in Australia were posted in extraordinary losses.

This page describes extraordinary income and losses in the fiscal year ended February 28, 2021. We received subsidies related to COVID-19 in both Japan and Australia and transferred personnel expenses corresponding to the subsidies from selling, general and administrative expenses to extraordinary losses.

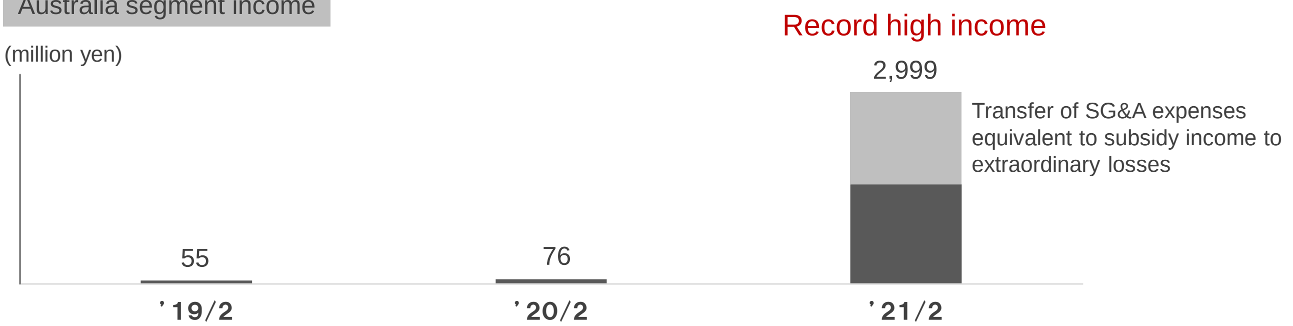
We posted extraordinary losses of about 0.8 billion yen related to stores, including a loss on retirement of non-current assets and an impairment loss.

Impairment Loss

(million yen)

Extraordinary losses	Impairment loss	Australia business	Australia	Goodwill from acquisition of Australian subsidiary	3,951

Australia segment income



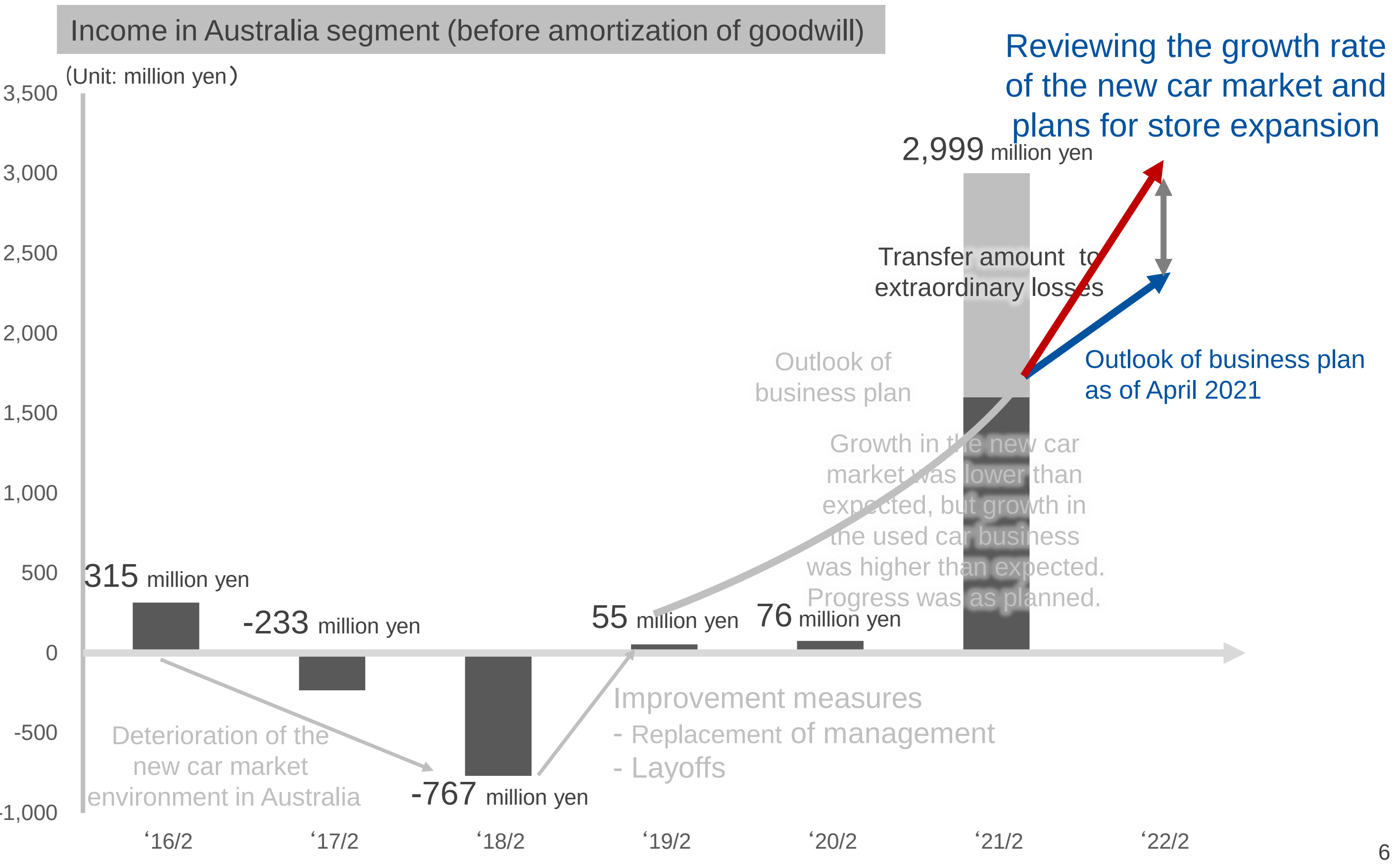
Results in 3 years	The growth rate in the new car market was lower than expected, but growth in the used car business was higher than expected. Progress was as planned.
Reason for impairment loss	Reviewing the growth rate of the new car market and plans for store expansion.

In the Australia business in the fiscal year ended February 28, 2021, as I have just mentioned, we received a 1.4 billion yen subsidy, and the used car business was strong.

We made acquisitions in 2015 and 2018, and in FY2021, posted a record operating income of 3.0 billion yen before amortization of goodwill.

We posted an impairment loss of about 4 billion yen for the goodwill associated with acquisitions of present subsidiaries in Australia.

Reason for Impairment Loss for Goodwill in Australia Business



Let me shortly describe the reasons for the impairment loss for subsidiaries in Australia.

Due to the deterioration of the new car market environment in Australia, the Australia business declined, but since the fiscal year ended February 28, 2019, results at the subsidiaries in Australia have been firm due to improvement initiatives.

We have, however, changed two assumptions for our business plan from the fiscal year ending February 28, 2022.

First, we have revised downward the expected growth rate of the new car market in Australia in light of the most recent trend.
Second, we have changed our plan to increase the number of stores in Australia.

Due to these changes, future cash flows are expected to be lower than the existing assumption. Thus, we have posted an impairment loss for the goodwill associated with the acquisitions of the present subsidiaries in Australia.

Dividend Payout

Dividend policy	Earnings performance-linked dividends
Method	In principle, the dividends are calculated based on consolidated net income of previous fiscal year x 30% (changed from FY2017 dividends)

Dividends per share

(Unit: yen)

	FY2020	FY2021	FY2022(plan)
Interim dividend	0.60	5.30	2.30
Year-end dividend	0.60	5.30	2.30
Annual dividend	1.20	10.60	4.60

Based on consolidated net income of FY2021

*"Net income" is "net income attributable to owners of the parent" on financial statements (change was made due to the "Changes in Accounting Standards for Business Combinations") .

Our basic policy on dividends is to pay performance-based dividends. Dividends will be 30% of consolidated net income in the previous fiscal year.

Accordingly, we will pay a dividend of 5.3 yen to shareholders as of the end of February 2021. The annual dividend per share, including dividends per share at the end of the first half, will be 10.6 yen.

In the fiscal year ending February 28, 2022, we plan to pay an annual dividend of 4.6 yen, 2.3 yen at the end of the first half and 2.3 yen at the end of the fiscal year.

The forecast is based on the assumption that even if people are requested to stay home to prevent COVID-19 infections, the impact of this on the number of visitors to stores will be minor and insignificant in the full year.

	Main Items	Year on year comparisons	Assumption
1	Retail unit sales	↑	Will rise due to new stores and a continued improvement in opened store efficiency.
2	Retail gross profit	→	Assumed to remain at the year ago level
3	Number of units purchased	→	Assumed to remain at the year ago level
4	Wholesale gross profit	↑	Will recover from the decrease in Q1 of the previous fiscal year.

This page describes the major assumptions for the consolidated operating income forecast for the fiscal year ending February 28, 2022.

We assume that even if COVID-19 affects operating income for a short period, the impact of COVID-19 in the full year will be minor and insignificant.

Retail unit sales will rise year on year due to new store openings and the continued improvement of store efficiency. Retail gross profit and the number of units purchased will remain at the level of the previous year.

Wholesale gross profit is expected to recover from the decrease in the first quarter of the previous fiscal year.

Consolidated	FY2021	FY2022		
	Results	(Forecast)	Change	Y/Y
Operating income	10.5billion yen	12.5billion yen	2.0billion yen	18.2%
Ordinary income	9.6billion yen	11.4billion yen	1.8billion yen	18.2%
Profit attributable to owners of parent	1.4billion yen	5.8billion yen	4.3billion yen	290.6%

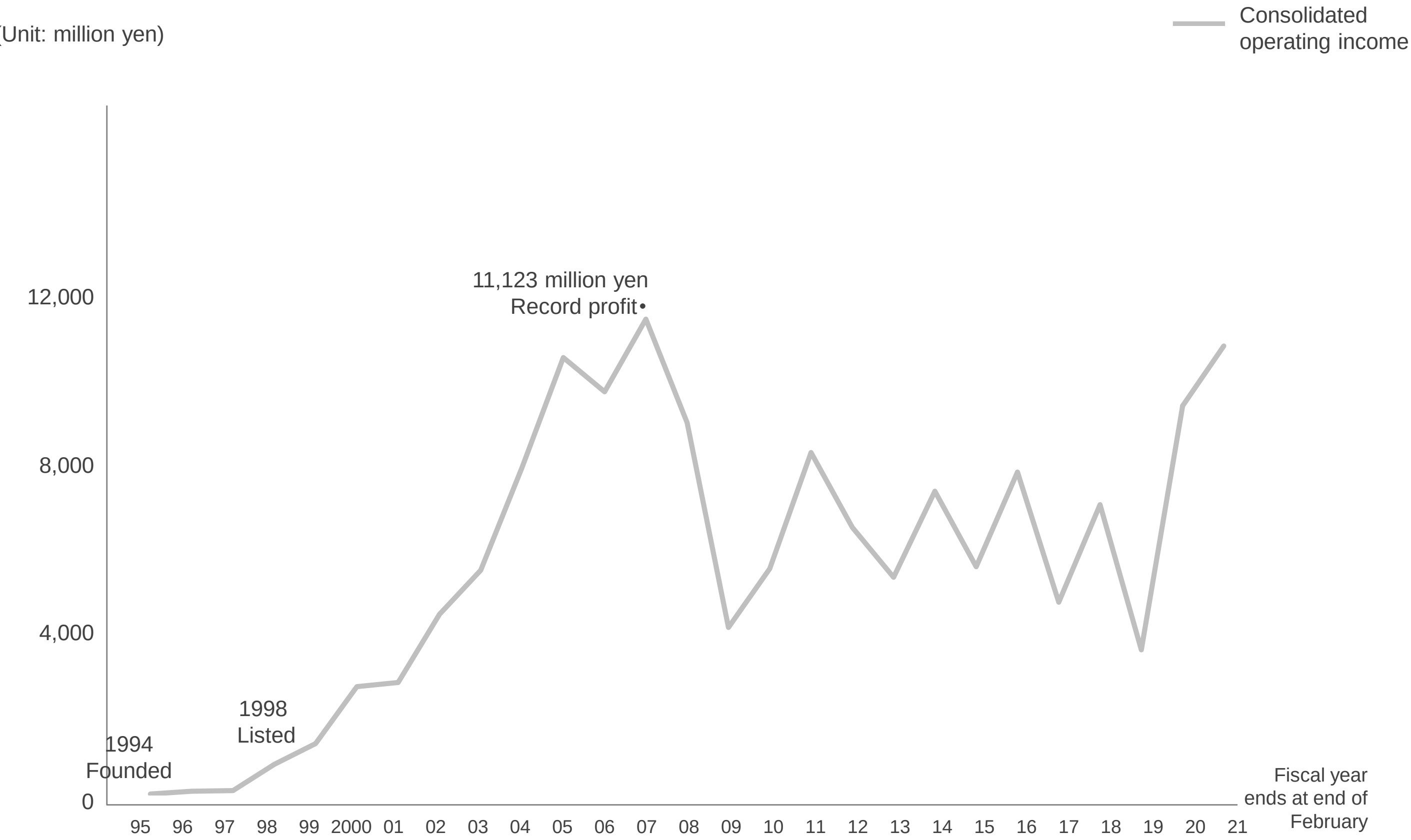
Record high operating income and ordinary income are expected.

Based on these assumptions, we forecast that consolidated operating income will rise 18% year on year, to 12.5 billion yen. Ordinary income is forecast to be 11.4 billion yen.

We expect that net income will be 5.8 billion yen, a significant recovery from 1.4 billion yen in the previous year, when an impairment loss was posted for goodwill associated with acquisitions of present subsidiaries in Australia.

Record high operating income and ordinary income are expected.

Trends in Consolidated Operating Profit and Changes in Business



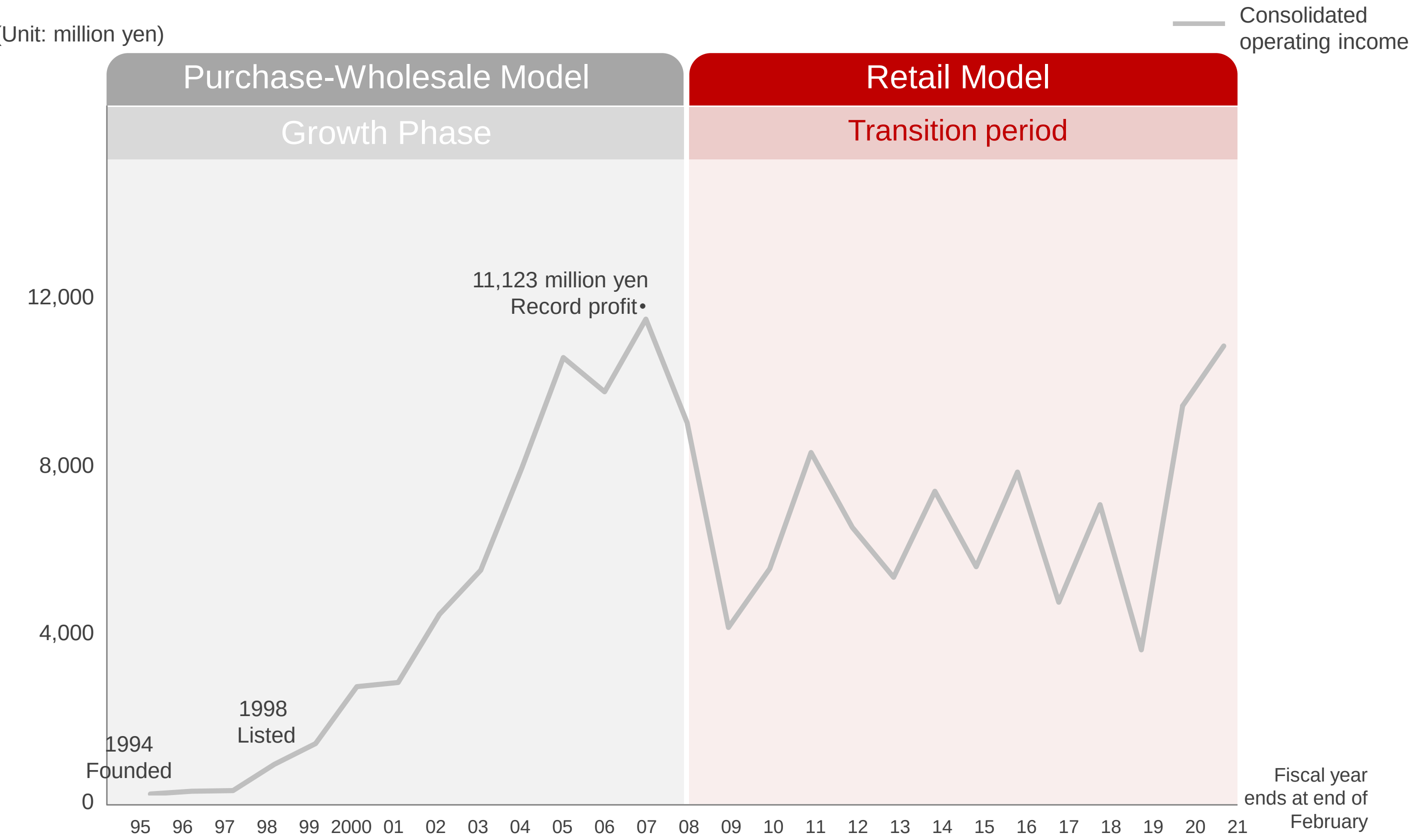
The domestic business is centered around directly managed stores. I will review the transition period from the purchase model to the retail model and describe our initiatives and results in the period. I will also talk about future growth strategies.

The graph shows trends in consolidated operating income.

We were established in 1994. We built the Gulliver brand and a business model where we specialized in purchasing cars. From 2000, our results grew.

In the fiscal year ended February 28, 2007, we posted a record consolidated operating income of 11.1 billion yen.

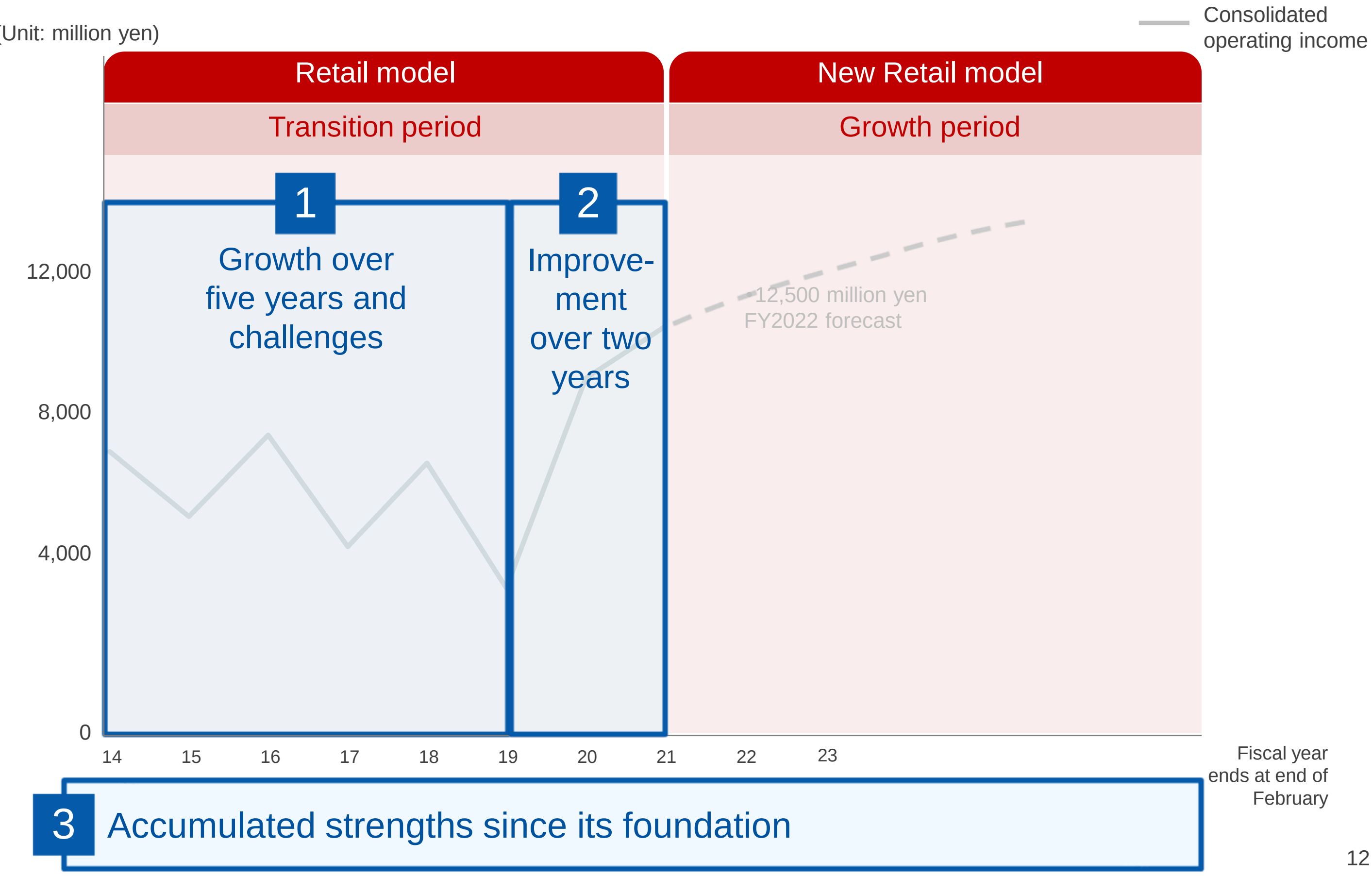
Trends in Consolidated Operating Profit and Changes in Business



Although the purchase business grew successfully, it became difficult to achieve further growth as price competition intensified and the business environment changed.

As the business environment changed, we gradually moved to the retail model, leveraging the business model for purchases, until around 2014. From 2015, we worked earnestly to shift to the retail model.

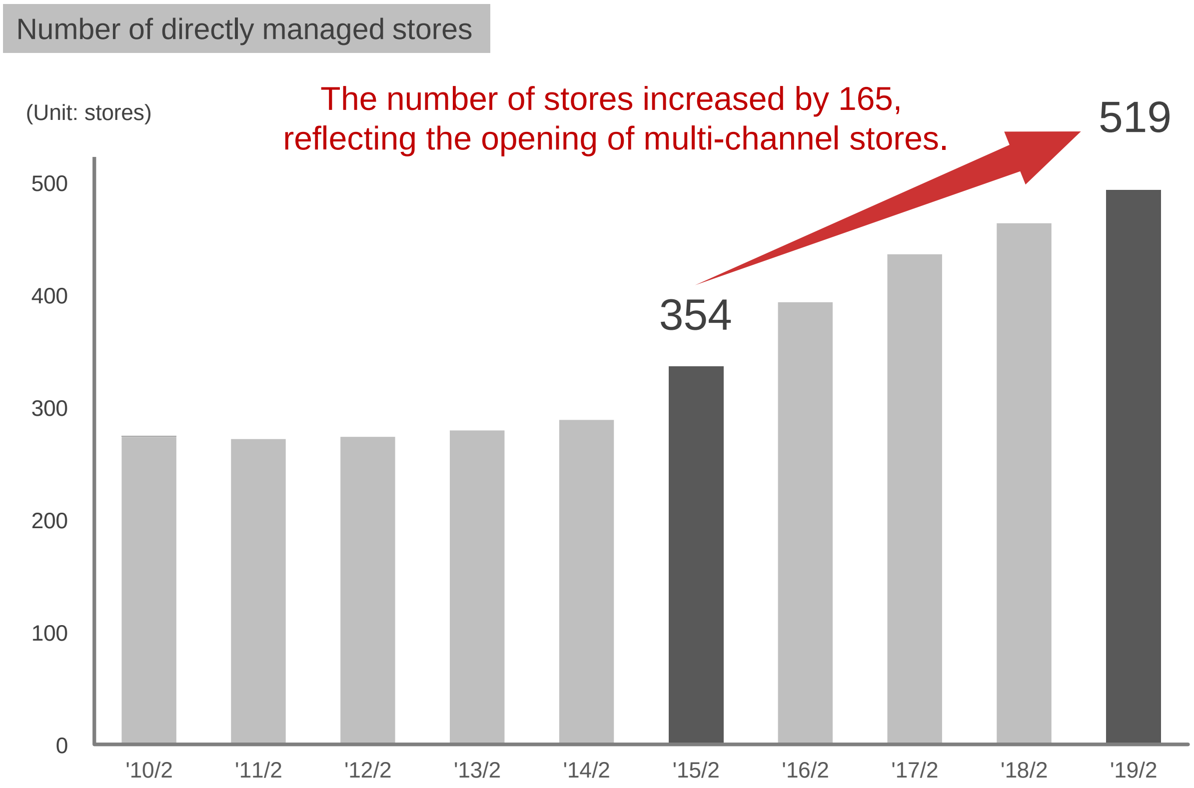
Period of Transition to Retail Model



In April 2014, we announced a medium-term management plan.

Now, I will talk about three topics. The first topic is growth over the five years from 2014 and the challenges that were faced. The second is the following two years, when we worked to address these challenges. The third is the strengths that IDOM has accumulated since its foundation.

Growth over Five Years (Increase in Number of Stores)

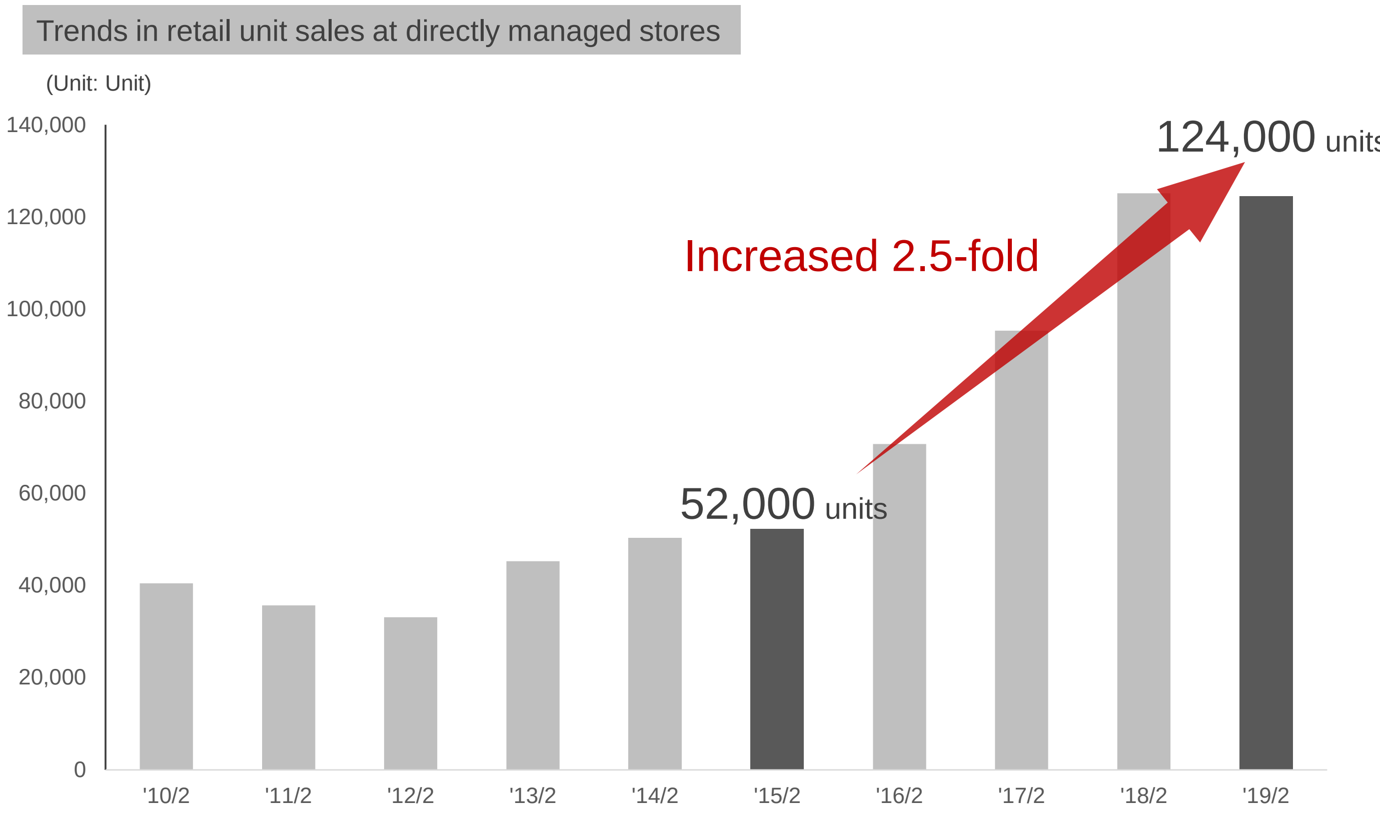


Now, I will talk about the first topic: Growth over the five years and the challenges that were faced.

During the five years, we opened stores nationwide.

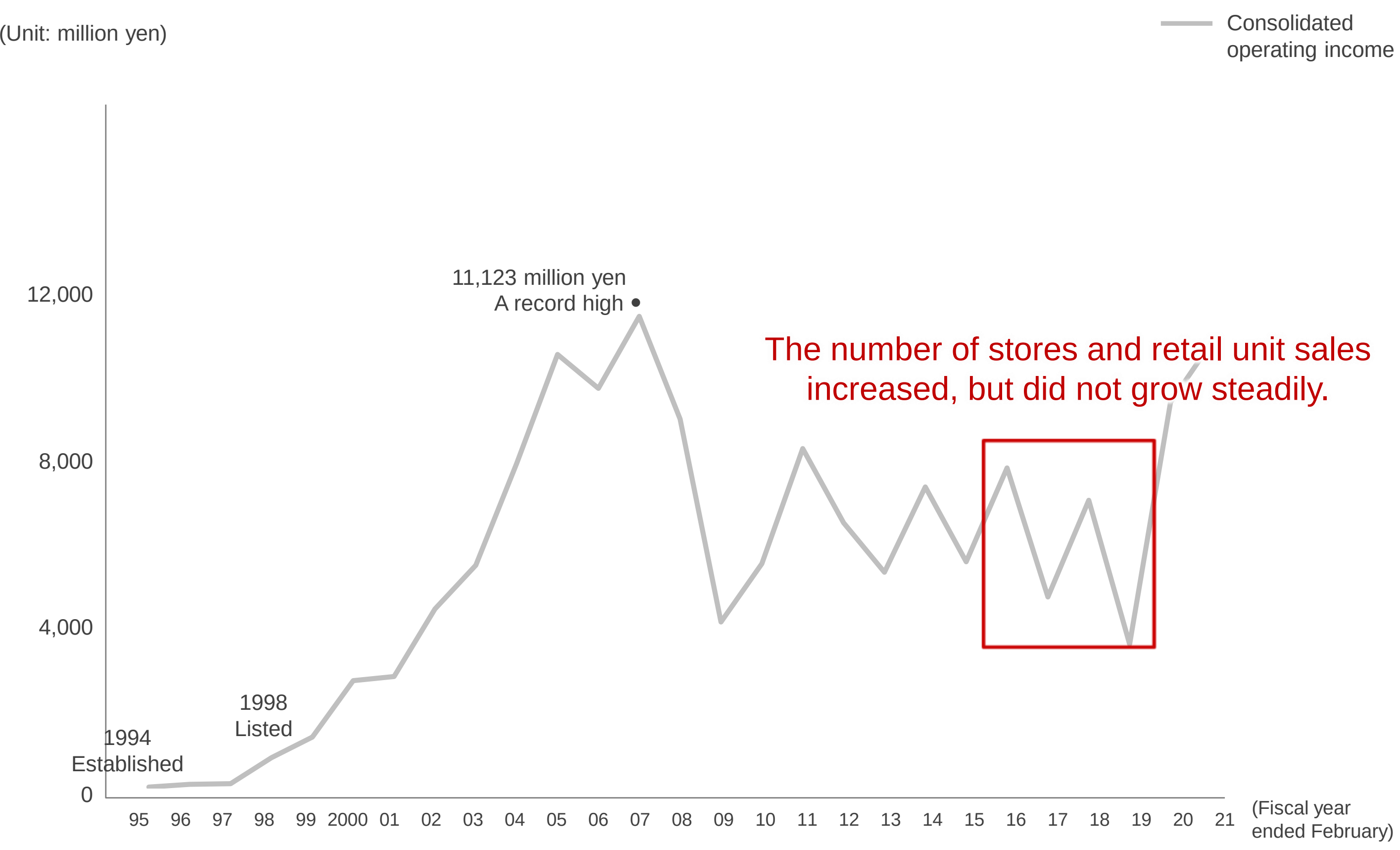
The number of stores increased steadily to 1.5-fold, or 519 stores, during this period.

Growth over Five Years (Increase in Retail Unit Sales)



As the number of stores increased, retail unit sales rose significantly, about 2.5-fold.

Trends in Consolidated Operating Income



As shown in the graph, the number of stores and retail unit sales increased, but operating income did not grow steadily.

Identifying Three Challenges

	Challenge	Description
(i)	Store area strategy	Internal competition in certain areas, reflecting the opening of multi-channel stores
(ii)	Attracting customers via the Internet	The number of visitors via the Internet who emphasize price when they choose stores did not increase. Costs for attracting customers is trending upward.
(iii)	Inventory control	As retail unit sales are increasing, inventory control is inadequate.

Although the number of stores and retail unit sales increased, income did not grow steadily. We have identified three challenges.

Why did income not grow steadily? I think there were three challenges.

The first was the store area strategy.
As we developed multi-channel stores, internal competition emerged in certain areas.

The second was attracting customers via the Internet.
We were not able to efficiently attract customers who emphasized price when choosing stores.

The third is inventory control.
Inventory control suitable for the retail business was inadequate. As a result, the period that displayed vehicles were in inventory became long.
The period from the closing of a deal to the delivery of the vehicle is between a month and one and a half months. So it is normal for the inventory period to become longer when retail unit sales increase. We can say, however, we were not able to optimally control inventory according to demand.

Improvement Measures of Three Challenges

	Challenge	Improvement Measure
(i)	Store area strategy	Reviewed the standards for the opening and closing of stores, emphasizing capital efficiency.
(ii)	Attracting customers via the Internet	Established merchandising sections, gathered information in each area and optimized vehicle pricing.
(iii)	Inventory control	Included Inventory turnover days in the management indicators and controlled the inventory in response to sales demand.

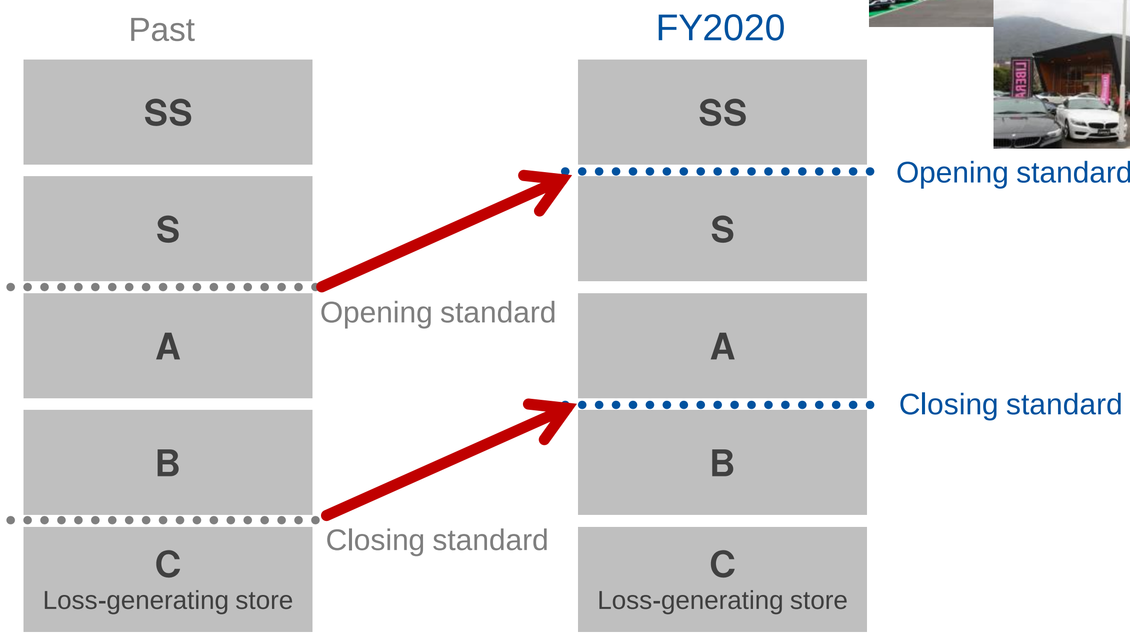
For two years from the fiscal year ended February 2020, the Company took steps to address the three identified challenges.

Now, let me describe the improvement over two years. I will talk about the improvement measures we took to address these three challenges.

(i)Store Area Strategy

Reviewed the standards for the opening and closing of stores, emphasizing capital efficiency.

Ranking by profit/capital efficiency



First, I will describe the steps that we took to address the store area strategy.

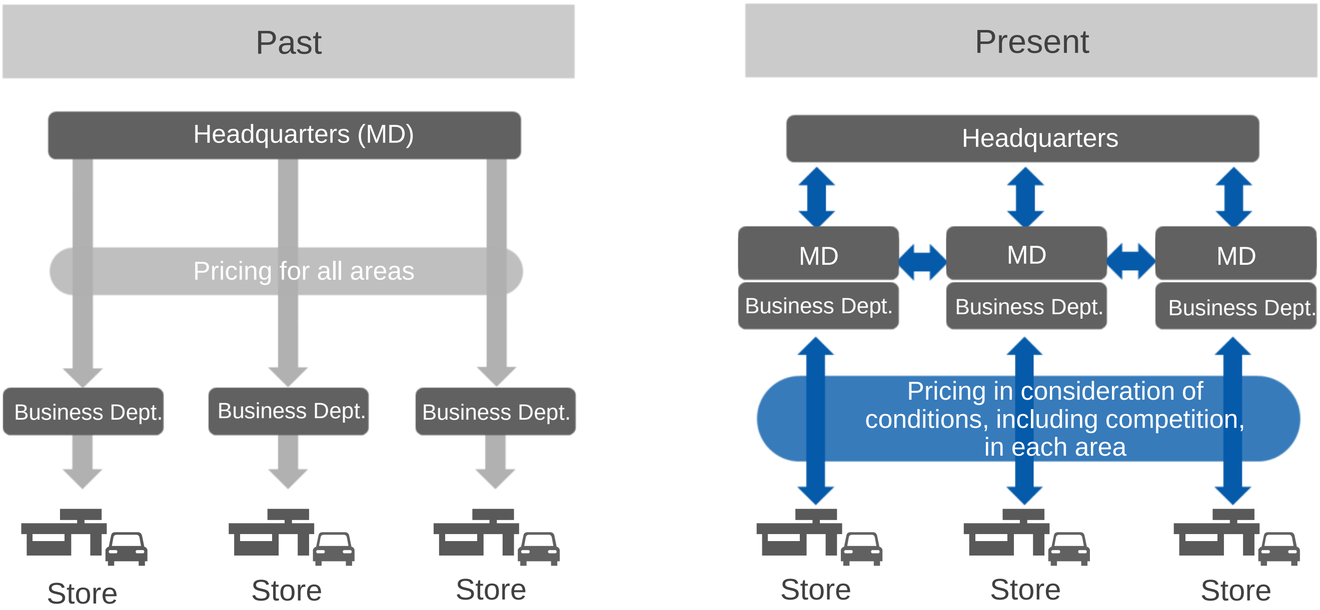
In the fiscal year ended February 29, 2020, we changed our store opening and closing standards as shown in the chart.

Beginning before this change, we had closed loss-making stores. We tightened standards and began closing stores that were not operated efficiently, even if they were in the black.

As for store opening, we began to carefully select areas and locations so that average store managers can produce results.

We have started to open large stores under this standard and established formulas for management and operations.

Established a merchandising (MD) section for each business department (organization) and gathers information in each area (quality).
Optimizing vehicle pricing and attracting more visitors via the Internet.



These charts explain the steps we have taken to address the second challenge: attracting customers via the Internet.

We were not able to increase customers via the Internet as desired, and the cost for attracting customers increased.

Customers visiting us via the Internet put a high priority on price, so the prices of vehicles need to be set optimally.

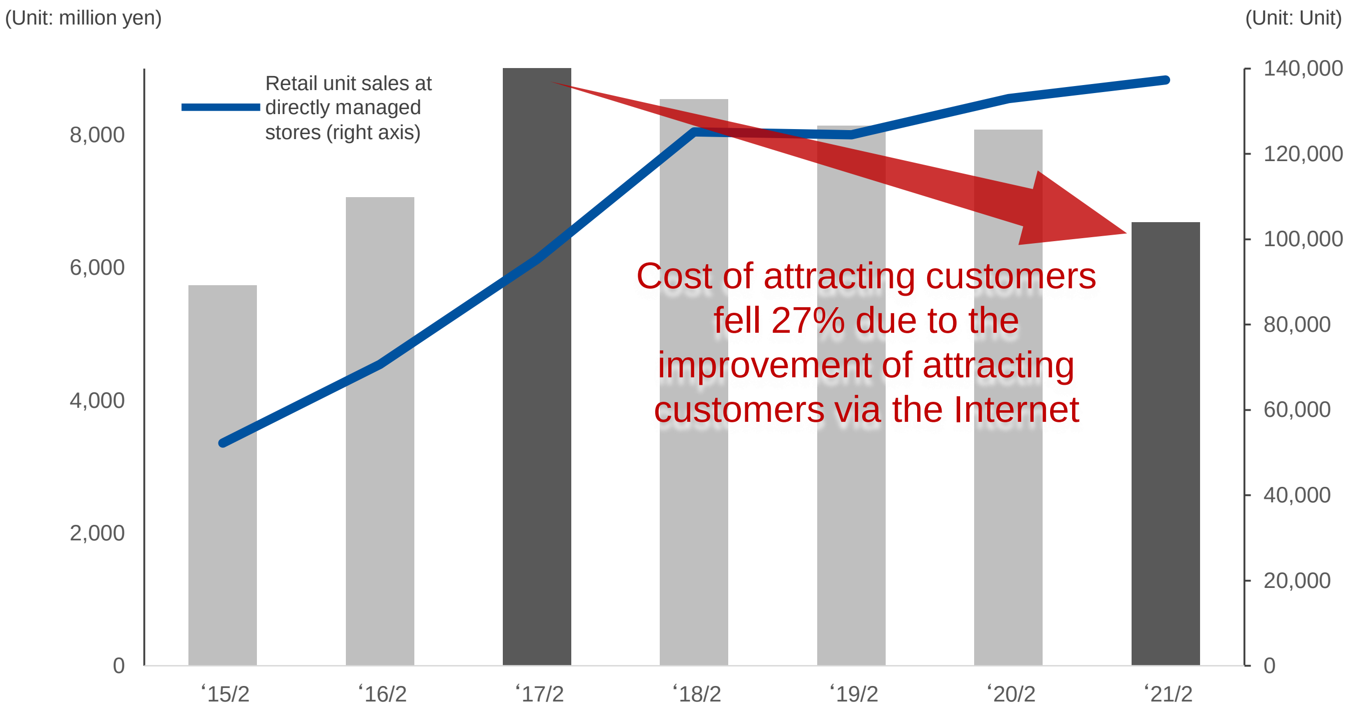
The headquarters set retail prices for all areas.

For pricing in consideration of the conditions in each area, including competition, we have established a merchandising section for each business department.

We have started to set buying prices systematically using AI. As a result, human resources that concentrate on retail pricing can set prices faster.

(ii)Attracting Customers via Internet

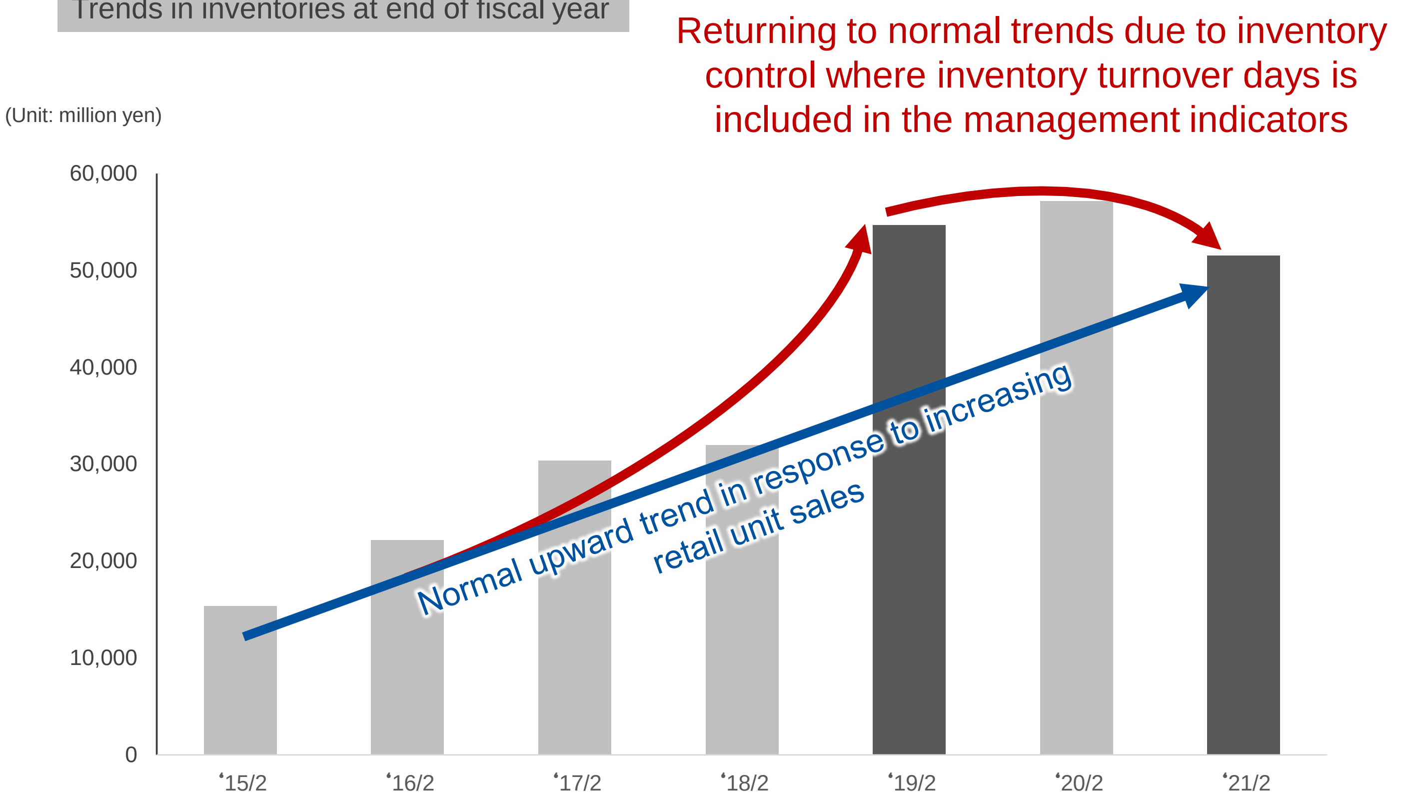
Trends in non-consolidated advertising expenses



Consequently, retail unit sales are continuing to rise, and we have reduced advertising expenses, particularly expenses for online advertising.

(iii)Inventory Control

Trends in inventories at end of fiscal year



This page describes improvements in the third challenge: inventory control.

Like the change in the merchandising system that I have just described, we have advanced systematization and the use of AI and have allocated human resources accordingly. In this way, we have shared the inventory control indicators throughout the company.

Consequently, we have returned to normal upward trends in inventory in response to increasing retail unit sales and can optimally control inventories in response to demand.

Attract customers using the brand power of Gulliver.

Annual number of customers visiting stores other than those visiting stores via advertising media

Approx. 420,000 (result in 2020)

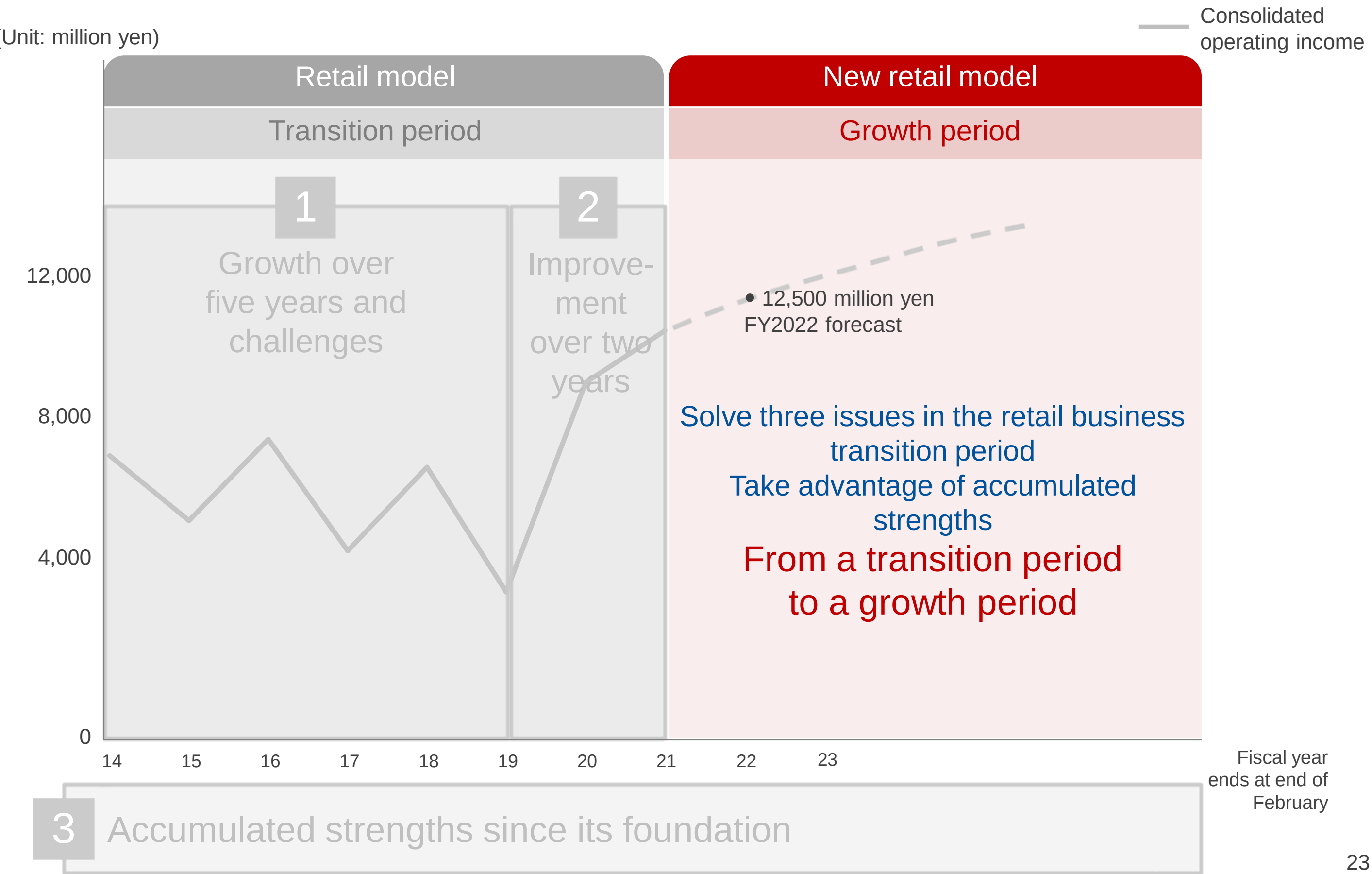
I will now move on to the third topic: the strengths that we have accumulated.

We have many strengths and our greatest strength is brand power.

We have the brand power of Gulliver, and thanks to this, we are able to attract about 420,000 customers annually without spending money.

This brand power is a strength that we have accumulated over more than a quarter century and it will be a powerful weapon in our business.

From Retail Model Transition Period to the Growth Period of a New Retail Model



Let me summarize what we've talked about already.

Unfortunately, we were not able to achieve the steady growth of income as we shifted to the retail model over five years.

In the past two years, we have worked out improvement measures to address the challenges that arose in those five years and have focused on consolidating our foundation.

As a result, both sales and income increased in those two consecutive fiscal years.

While income was unstable, our strengths derived from the Gulliver brand have been steadily improved.

The period of transition to the retail model has ended, and we are entering a full-scale growth period this fiscal year, taking advantage of our accumulated strengths.

Growth Strategies

Open large stores, emphasizing capital efficiency

Accelerate the pace of large store openings in stages, while assessing capital efficiency

×

Start a maintenance business

- Compulsory inspections
- Warranties
- Tires
- Parts

Continue to address the three challenges

(i) Store Area Strategy (ii) Attracting Customers via Internet (iii) Inventory Control

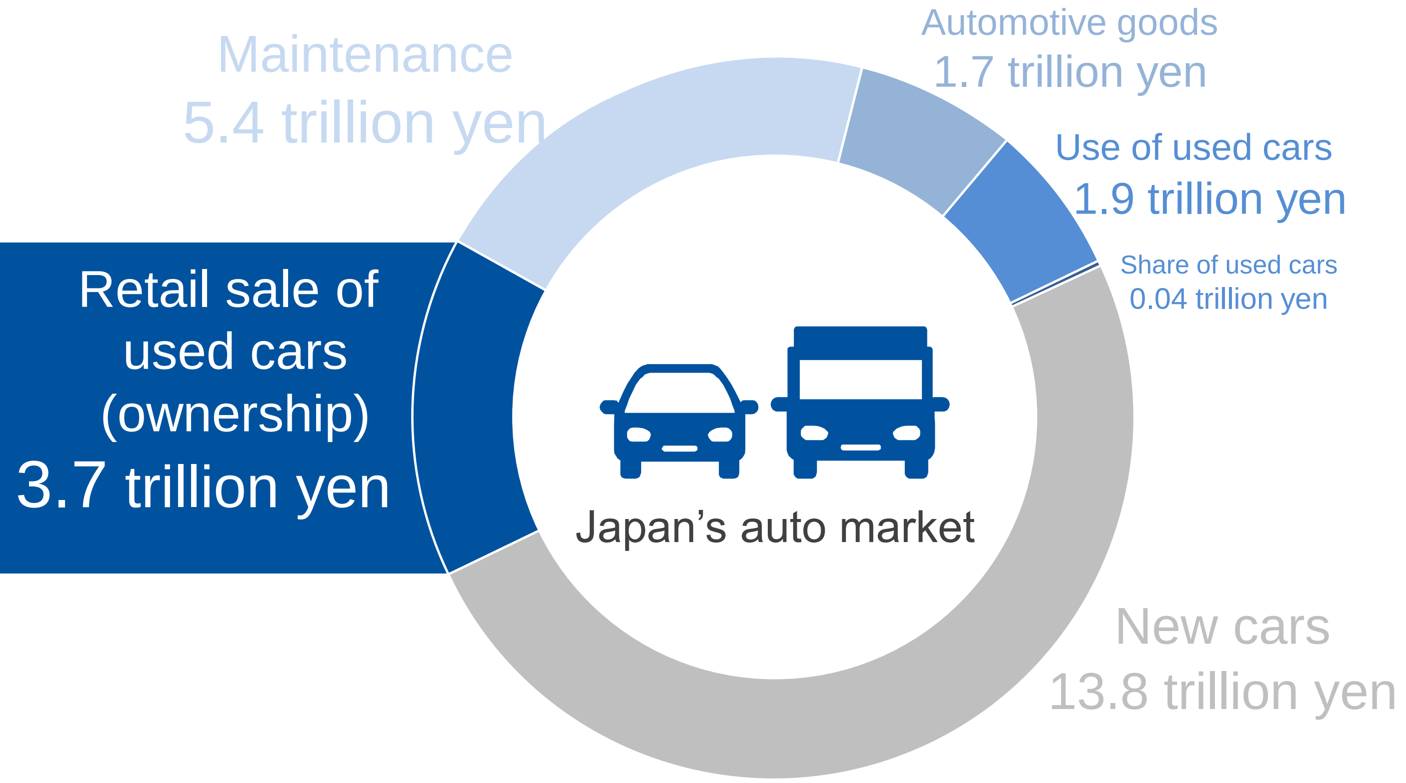
Now, I will discuss growth strategies from this fiscal year.

There are two growth strategies.

Open large stores emphasizing capital efficiency, and start a maintenance business.

At the same time, we will continue to improve our efforts to address the three challenges that I described. I believe there is room for further improvement.

Size of Japan’s Used Car Retail Market



New cars: Japan Automobile Dealers Association
Vehicles other than new cars: 2018 Overview of the Automobile Aftermarket of Yano Research Institute

Now let me discuss the opening of large stores.

I will briefly explain the market environment, an assumption about growth strategies.

The retail used car market is a 3.7 trillion yen market, a very large market.

Please see data in VII. Reference materials.

Retail sale of used cars (ownership)
3.7 trillion yen

There is room for market expansion

The percentage of the total market that is the used car market is low compared with Europe and the US.
Japanese resistance to used cars has declined.
Attitudes towards cars have changed during the COVID-19 pandemic.

There is room for IDOM to expand its market share

The circulation number of used cars is estimated to be approximately 2.62 million units.
IDOM has a share of about 5% in retail sales (number of units).

Estimated circulation number of used cars: 2018 Overview of the Automobile Aftermarket of Yano Research Institute

I believe there is room to expand the market.
In the United States, the ratio of new cars and used cars is 3:7. In Japan, it is almost the opposite. The percentage of used cars is smaller.
Japanese resistance to used cars is gradually reducing. A tail wind is blowing for our business.
Although we have the largest share of the market, that share is about 5%. There is still substantial room for expanding our market share.

The used car market is a very appealing market. It is a large market. There is the potential for expansion. There is room to expand market share.
We will compete in the domestic retail used car market.
We will concentrate our management resources in this market.

Large stores achieved a lot during the transition period. We will open large stores to increase retail unit sales steadily and expand market share.

Future Store Openings

Multi-channel store openings

Gulliver OUTLET | 軽 | Gulliver | SNAP HOUSE | WOW!TOWN | HUNT de odekake | LIBERALA | LIBERALA

Economy cars	Specializing in light vehicles	Gulliver	Specializing in minivans	Large exhibition areas	In shopping malls	Specializing in foreign cars	Specializing in luxury foreign cars

Use Gulliver’s brand power

Making the most of the ability to attract customers derived from Gulliver’s brand power and expertise

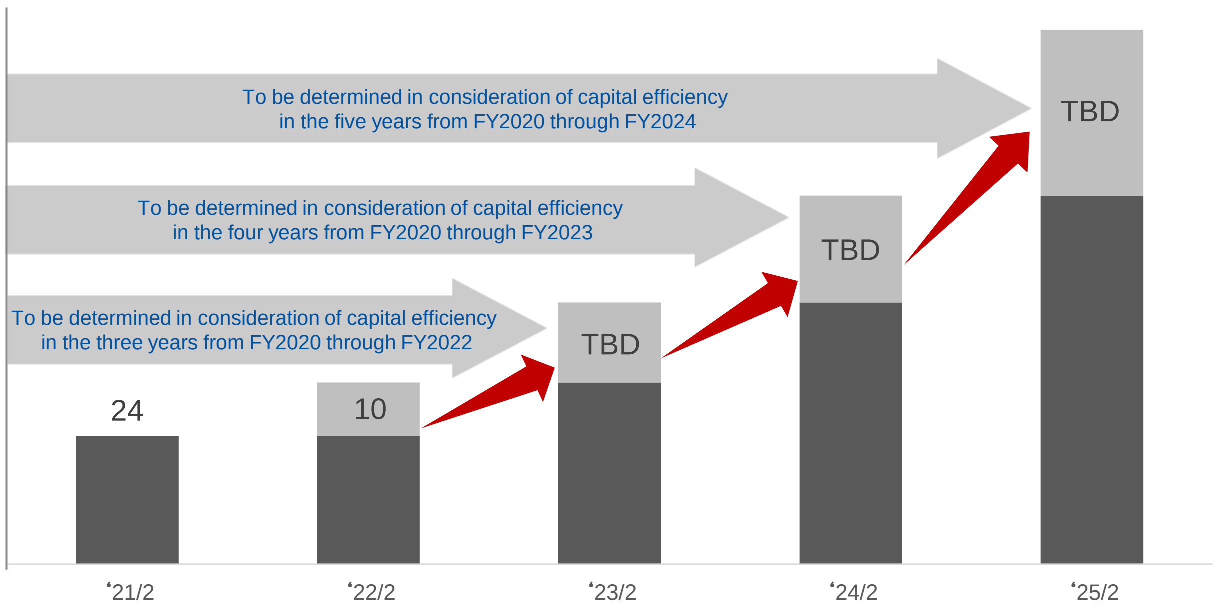
We have expanded stores through multiple channels for each vehicle category and target.

From now, we will focus on operations using Gulliver's brand power.

The Gulliver brand has obtained high recognition and established credibility. We will make the most of this.

Plan for Large Store Openings

Accelerate the pace of large store openings in stages, while assessing capital efficiency



We have not determined the number of stores. We will determine the pace of store openings, taking into consideration the capital efficiency of existing stores.

This fiscal year, we plan to open ten stores.

After that, we will accelerate store openings without focusing on the number of stores while assessing the capital efficiency of existing stores.

We are more confident about our large store format after having operated large stores over the past two years. We will make decisions about expansion while examining results.

Q Why will IDOM begin investing in maintenance shops now?

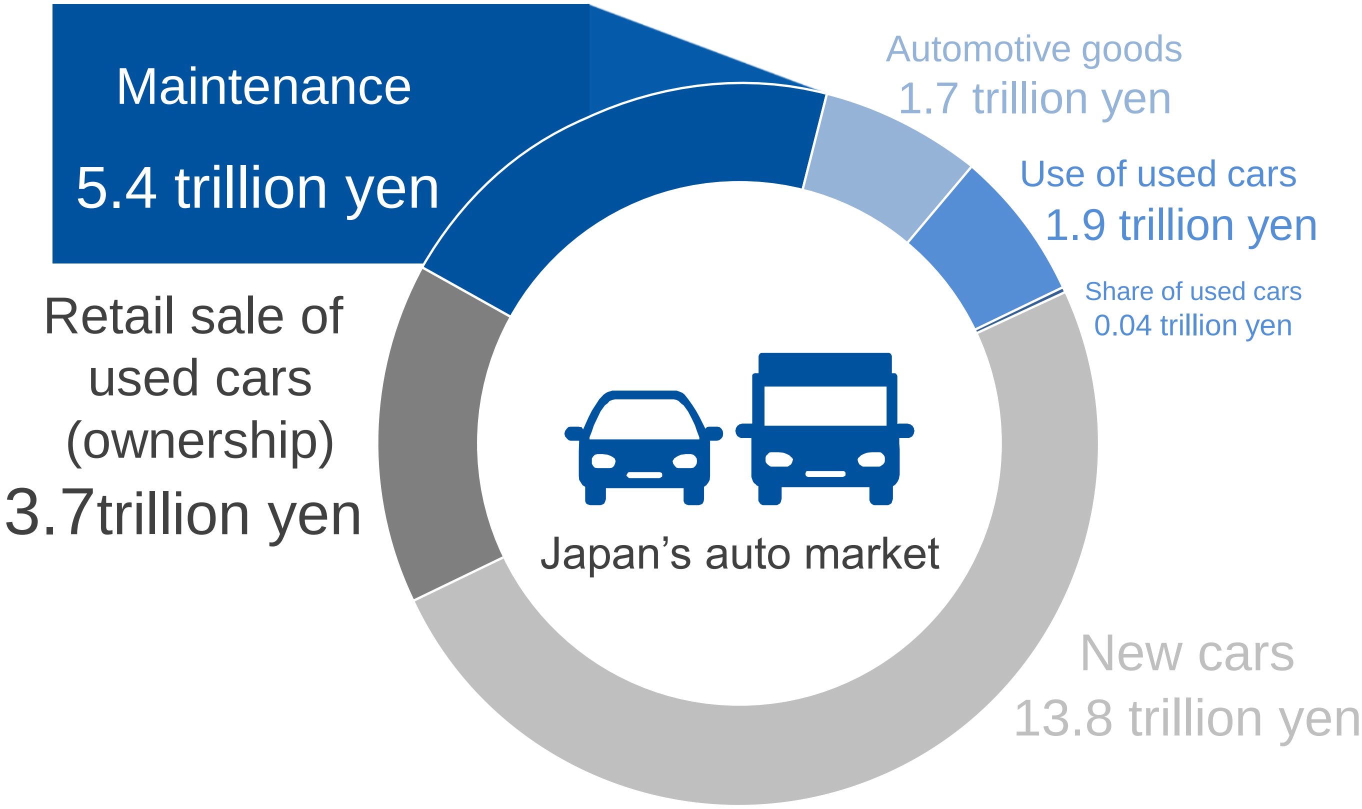
A There are four reasons.

Next, I will discuss the starting of the maintenance business.

Why are we developing maintenance shops? Let me explain.

There are four reasons.

1. Size of Japan's Used Car Retail Market

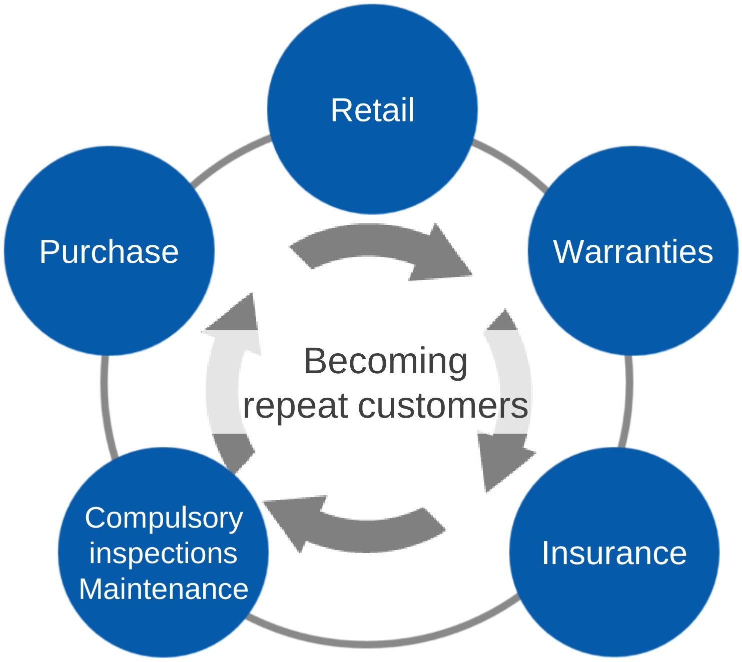


New cars: Japan Automobile Dealers Association
Vehicles other than new cars: 2018 Overview of the Automobile Aftermarket of Yano Research Institute

Firstly, the Japanese automobile maintenance market is a 5.4 trillion yen market.

Like the used car market, it is a huge market.

Expand the cycle of transactions to increase repeat customers and retain them as lifetime customers



Next, we can connect the maintenance business to the retail used car business in a cycle of transactions.

We believe that we will gain repeat customers by increasing the points of contact with customers and will be able to maximize lifetime value by making these people lifetime customers of IDOM.

Previously, we did not have maintenance shops attached to stores and have not been able to develop customers who were in need of compulsory inspections and maintenance.

We will gain these customers and retain them as lifetime customers.

The enhancement of efficiency through in-house operations will accelerate as retail unit sales expand.

Retail unit sales at directly managed stores ×
Outsourcing costs (maintenance before car delivery + compulsory inspections)

Third, we will significantly enhance cost efficiency simply by shifting outsourced operations to in-house operations.

Our annual retail unit sales are 140,000. We have sold more than a million units.

We have a network of partner maintenance shops nationwide and have outsourced maintenance to them.

Opportunities for differentiation will be created through the introduction of the latest equipment*

* The revised Road Vehicles Act came into force in April 2020. The enforcement of this act creates a need for maintenance shops able to perform the maintenance of electronic control devices and other maintenance, including the adjustment of sensors attached to advanced safety devices, as well as overhaul by removing engines and brakes, which had been performed. Maintenance shops where new investment is possible will be differentiated.

Fourth, following a revision of the relevant law, which came into force last April, the new investment in maintenance shops is more necessary than ever.

We believe that now is the time to invest in the latest equipment under the new law and start this new business.

1. Expansion of operating income
2. Expansion of free cash flow over the medium and long term
3. Maximization of ROIC

As we advance our growth strategies centered around the opening of large stores and the start of the maintenance business, we will emphasize three management indicators.

The first is operating income. We will increase operating income steadily.

The second is free cash flow. We will expand free cash flow in the medium to long term, considering whether we are in an investment phase or a payback phase.

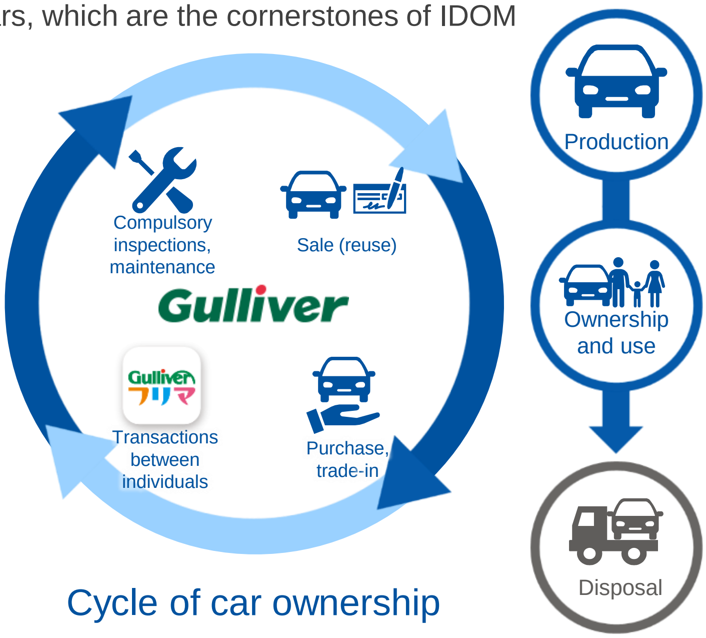
The third is ROIC. We will maximize ROIC, taking capital cost into consideration.

We will aim for a ROIC in the high single digits.

We do not disclose concrete numerical targets, however, we would like you to understand the things that we will emphasize as we make management decisions to expand our business.

IDOM promotes a cycle of ownership where vehicles are fully utilized as resources instead of simply being produced and disposed of.

"Clean" prices, the purchase and sale of used cars, which are the cornerstones of IDOM



Cycle of car ownership

Lastly, let me discuss the foundation of the used car distribution business.
This is about IDOM's purpose in society.

It is rare that a single person uses an automobile that has been produced and then disposes of it.

This is because automobiles are very expensive products and have asset value.
In addition, there is demand for low-price cars whose quality has been maintained.

Look at the left cycle.

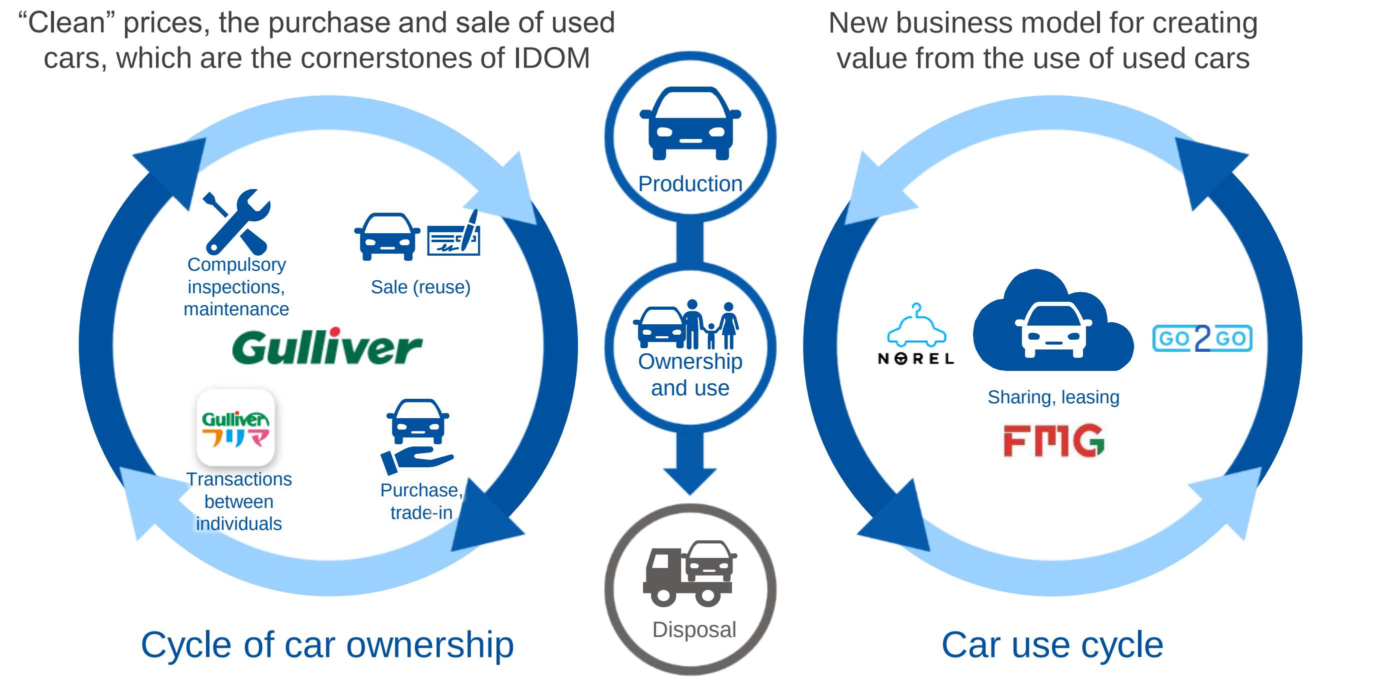
We fully utilize vehicles as resources and promote a cycle of ownership.

We believe that we play a role in the maintenance of a circular economy system in the auto industry.

Used Car Cycles Promoted by IDOM

IDOM promotes a cycle of ownership where vehicles are fully utilized as resources instead of simply being produced and disposed of.

IDOM promotes a use cycle for used cars by developing a new business model including sharing and subscription.



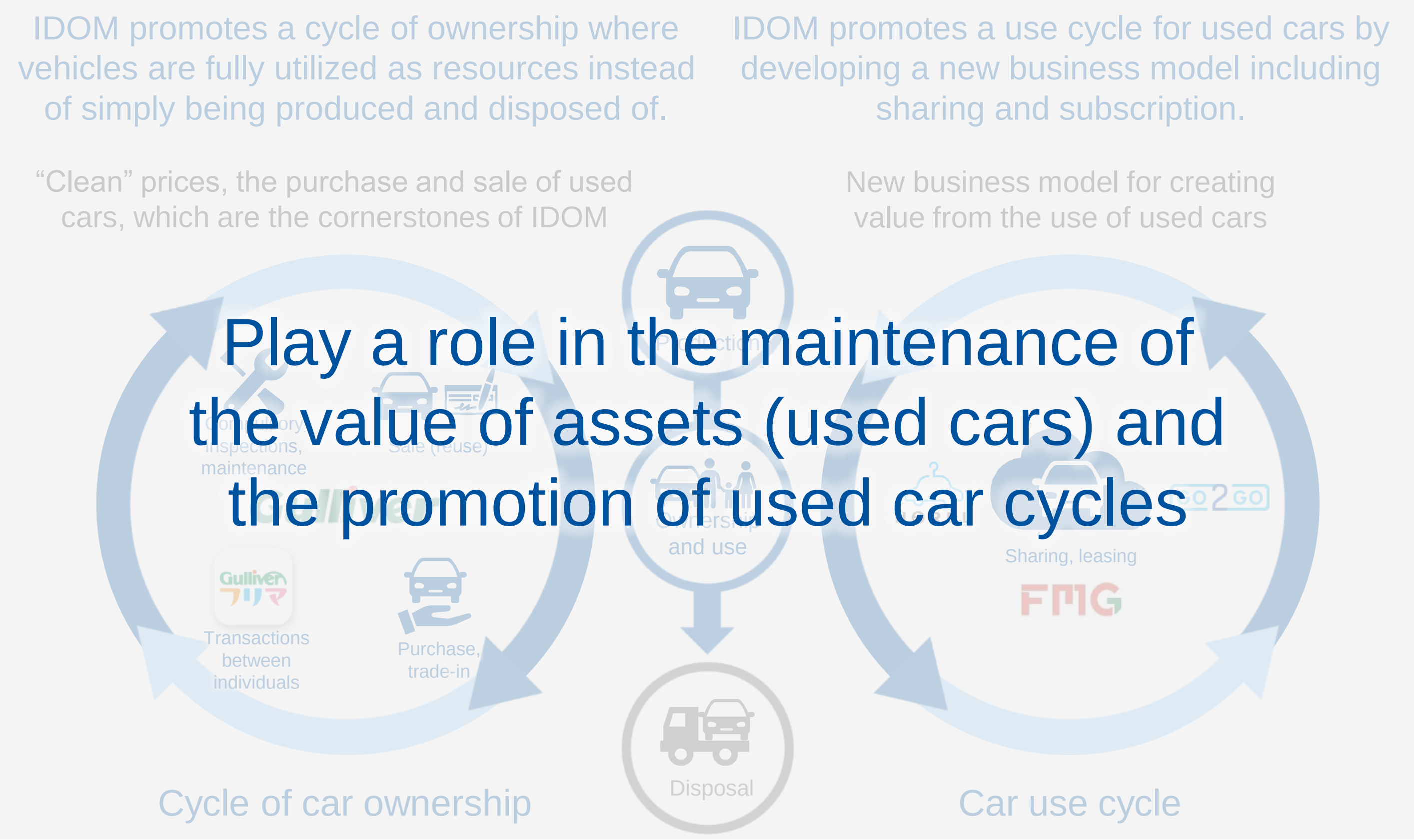
In recent years, another cycle is being added.

Look at the cycle on the right.

We have launched NOREL, a monthly flat-rate subscription service, and GO2GO, a service for individuals to share cars, using business models that create new value from the use of used cars.

This is a cycle based on use, not a conventional cycle based on ownership.

Value of the existence of IDOM



Play a role in the maintenance of the value of assets (used cars) and the promotion of used car cycles

We believe that IDOM's purpose is to continue to play a role maintaining these two cycles.

Looking back, the purpose of IDOM has not changed since its foundation in 1994.

Aware of this purpose in society and being driven by it, we have been striving to expand business.

We will continue to fulfill our responsibilities in society and steer management to maximize shareholder value.

We appreciate your continued support.