

Q3 FY2023

3rd Quarter Results for Fiscal Year Ending February 28, 2023

Financials

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Business

TSE Prime **7599**

IDOM Inc.

January 13th, 2023

Financials

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Q3 FY2023 Results Highlights

Financials

(Domestic Core Business) *1
Both net sales and operating profit increased



- Net sales and operating profit in the Domestic Core Business increased for the 3rd quarter of FY2023, overcoming a decline in profit attributable to the new revenue recognition standard.

Net sales 277.0 billion yen

YoY +20.5%

Operating profit 13.1 billion yen

YoY +18.9%

Stores

Opened a large store and a maintenance shop highlighted in the growth strategy



- The Company opened one large store.
- The Company also opened one maintenance shop.

Initial plan + 1

Progress in line with annual plan

Earning forecast

Consolidated profits are forecast to increase for the full year



- Consolidated profits are forecast to increase for the full year, overcoming a decline in profit attributable to the sale of Australian business.

FY2023 Q3 Financials

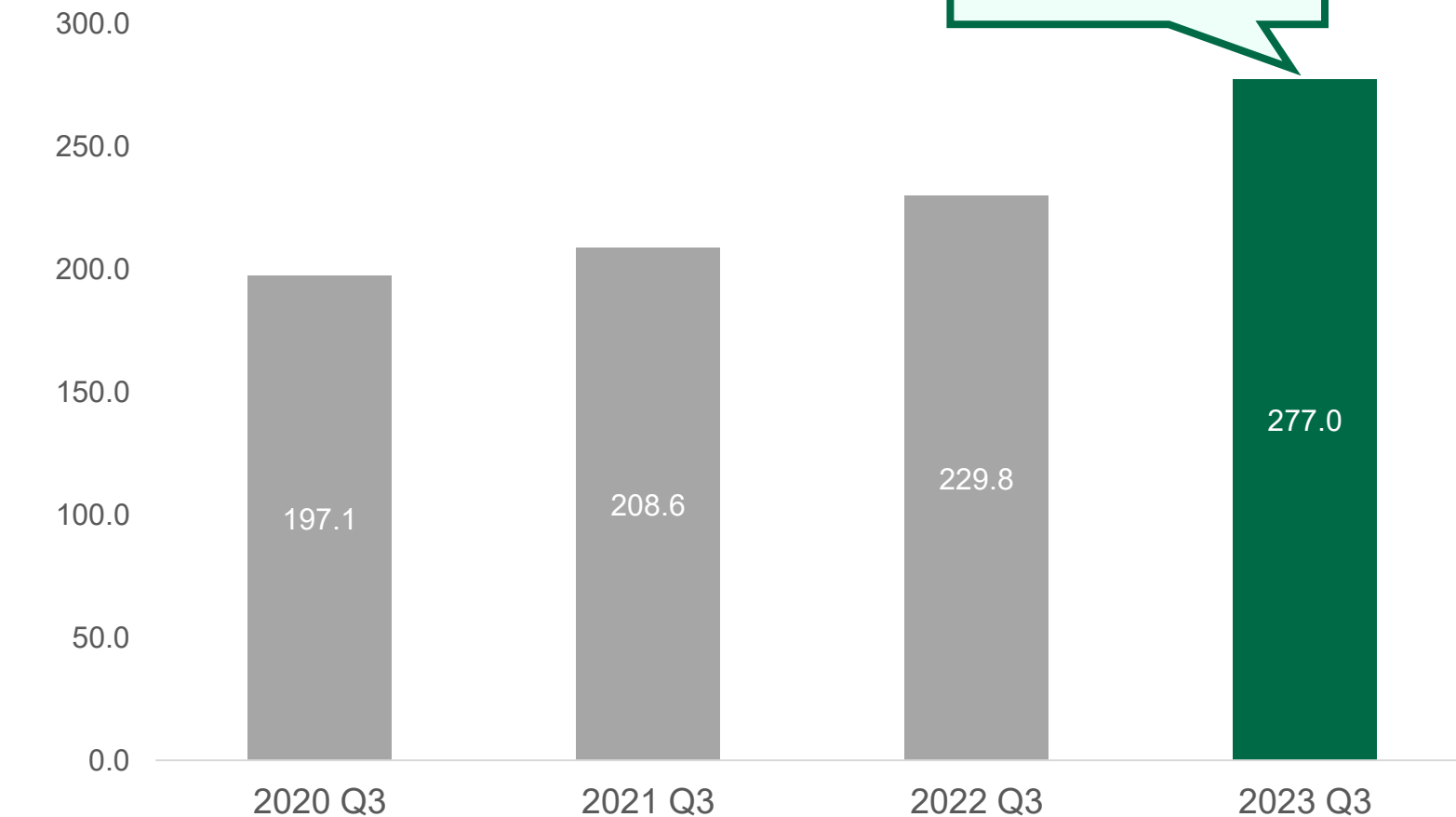
1. 3rd Quarter Results Summary FY2023

Gulliver



Trend in net sales

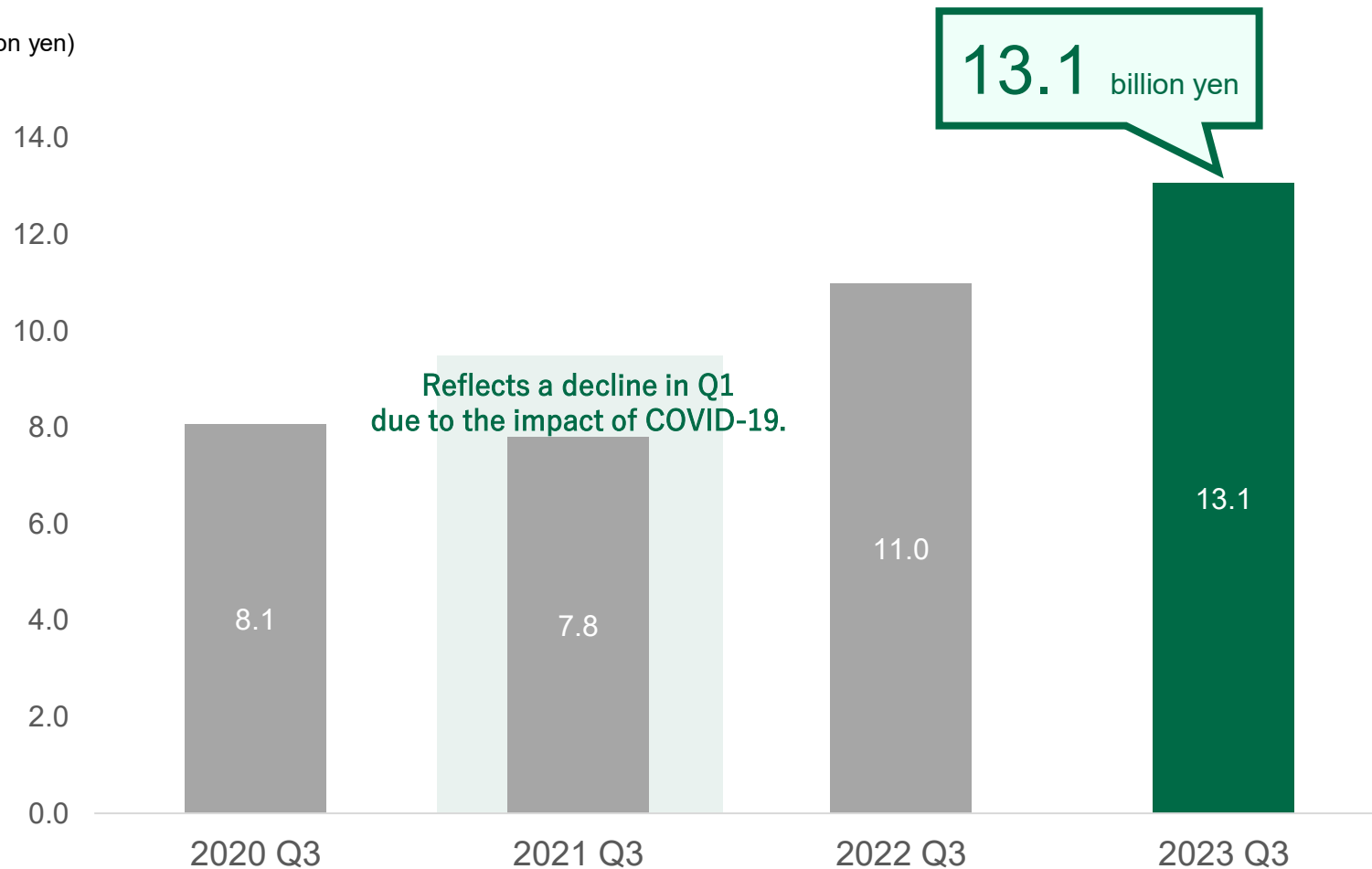
(billion yen)



- Domestic Core Business net sales rose 20.5% year on year, to 277.0 billion yen.

Trend in operating profit

(billion yen)



- Domestic Core Business operating profit grew 18.9% year on year, to 13.1 billion yen (operating profit margin of 4.7%).

(billion yen)	Previous Fiscal Year	Fiscal Year Under Review	YoY changes
	FY2022 Q3	FY2023 Q3	Percent change
Net sales	229.8	277.0 ¹	+47.2 +20.5%
Operating profit	11.0	13.1 ²	+2.1
Operating profit margin (%)	4.8%	4.7%	+18.9%
Ordinary profit	10.7	12.8 ³	+2.1
Ordinary profit margin (%)	4.7%	4.6%	+19.1%
Profit attributable to owners of parent	6.0	12.8 ³	+6.8
Profit margin (%)	2.6%	4.6%	+113.2%

1 Vehicle prices rose in line with auction market prices.

2 Profit at all levels reached a record high.

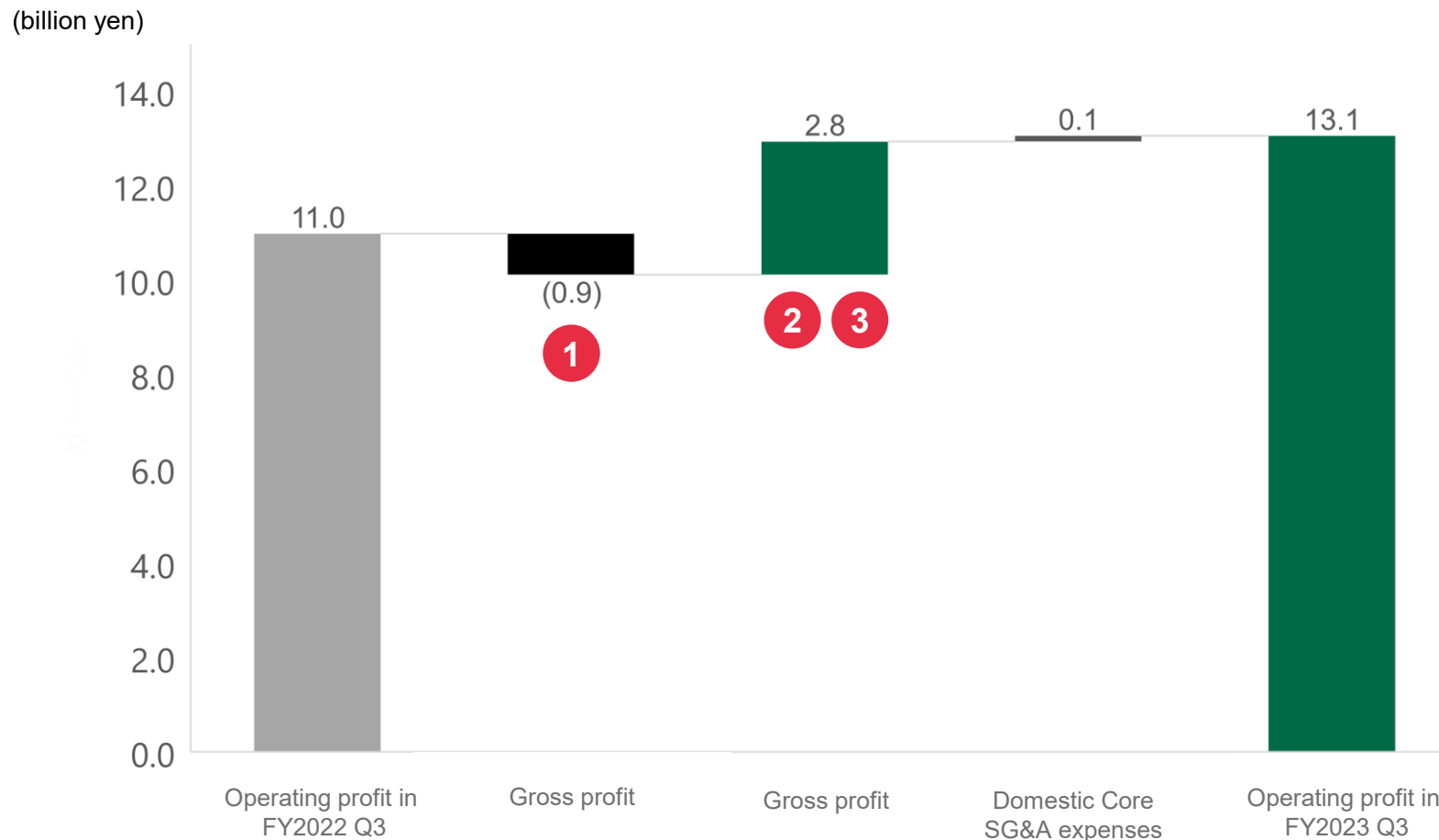
3 Temporary gains and losses were posted. (1) (2) (3)

(1) 0.85 billion yen was posted as head office relocation expenses in extraordinary losses in the previous fiscal year.

(2) The goodwill impairment loss posted for the previous fiscal year was deducted from taxable income after the transfer of shares of the Australian subsidiaries.

(3) The Company posted 2.9 billion yen for a gain on sales of shares as extraordinary profit due to the share transfer of Australian subsidiaries.

Analysis of Factors in the YoY Change in Operating Profit

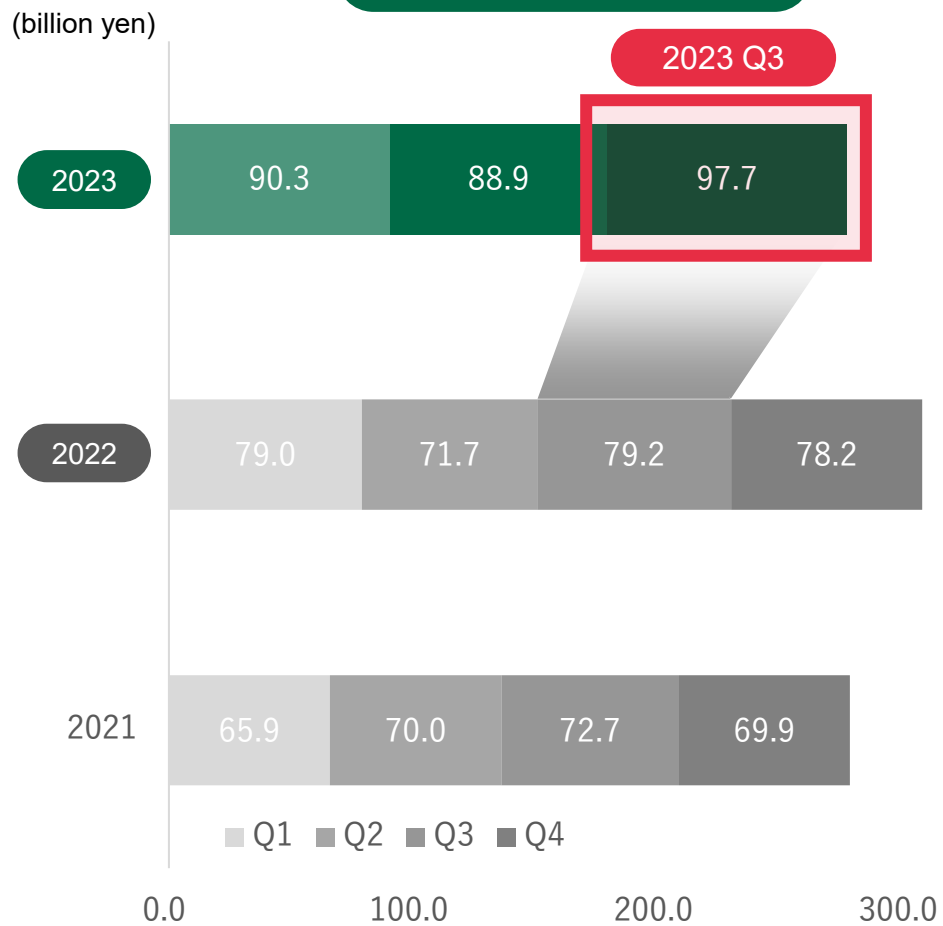


- ① Gross profit declined by 0.9 billion yen following the application of the new revenue recognition standard.
- ② Retail unit sales decreased due to a decline in the number of stores, but retail unit sales at large stores increased year on year. Gross profit per unit increased.
- ③ In wholesale, gross profit per unit remained flat. The number of wholesale vehicles increased.

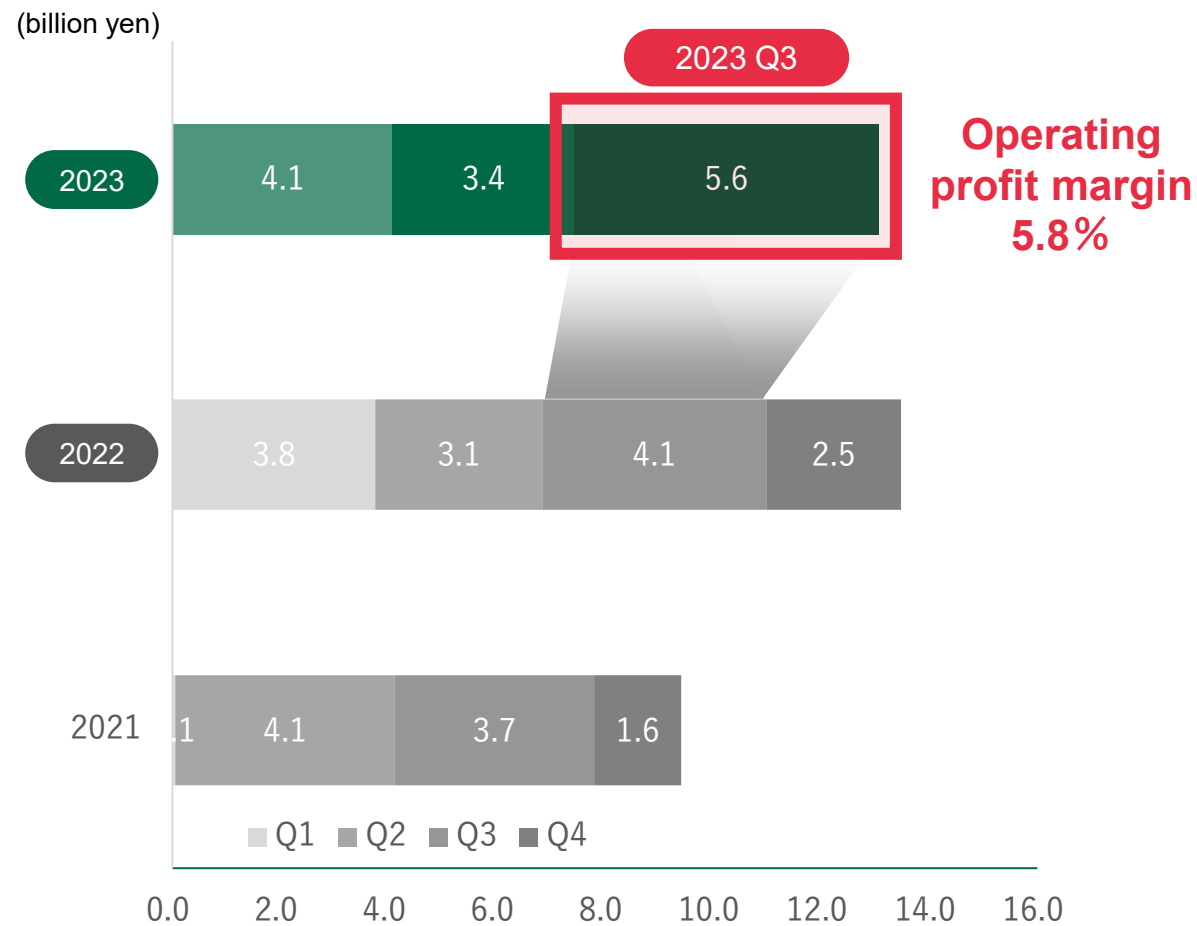
Quarterly Trend in Results (Results over the recent three periods)



Trend in net sales



Trend in operating profit



	Previous Fiscal Year	Fiscal Year Under Review	YoY changes
	(billion yen) FY2022 Q3	FY2023 Q3	Percent change
Net sales	344.6	324.2	△ 20.4 △ 5.9%
Operating profit	14.8	14.1	△ 0.6
Operating profit margin (%)	4.3%	4.4%	△ 4.4%
Ordinary profit	14.0	13.7	△ 0.3
Ordinary profit margin (%)	4.1%	4.2%	△ 2.5%
Profit attributable to owners of parent	8.7	11.2	+ 2.5
Profit margin (%)	2.5%	3.5%	+ 28.4%
Consolidation Period of Australian Subsidiaries	9 months	3 months	

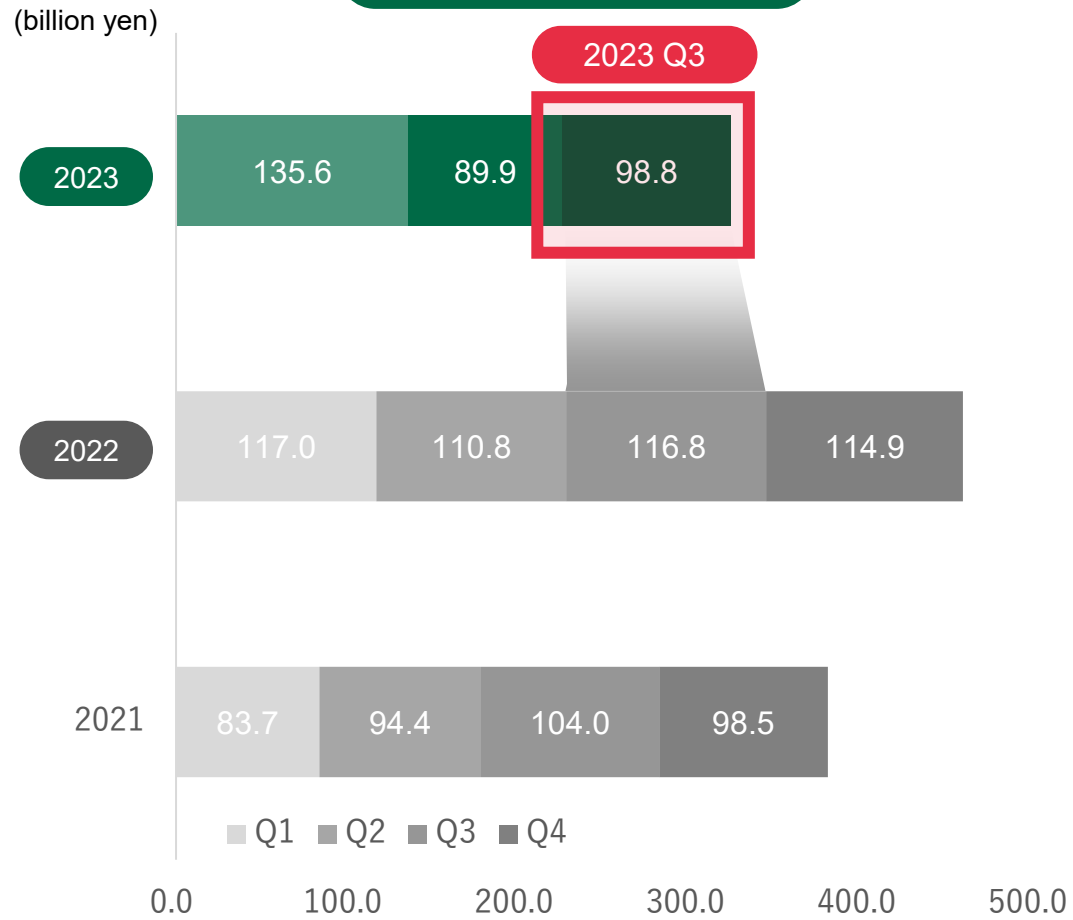
① Net sales, operating profit and ordinary profit declined due to the sale of Australian business.

② The Company posted a gain on sales of shares of subsidiaries of 0.8 billion yen as extraordinary income.

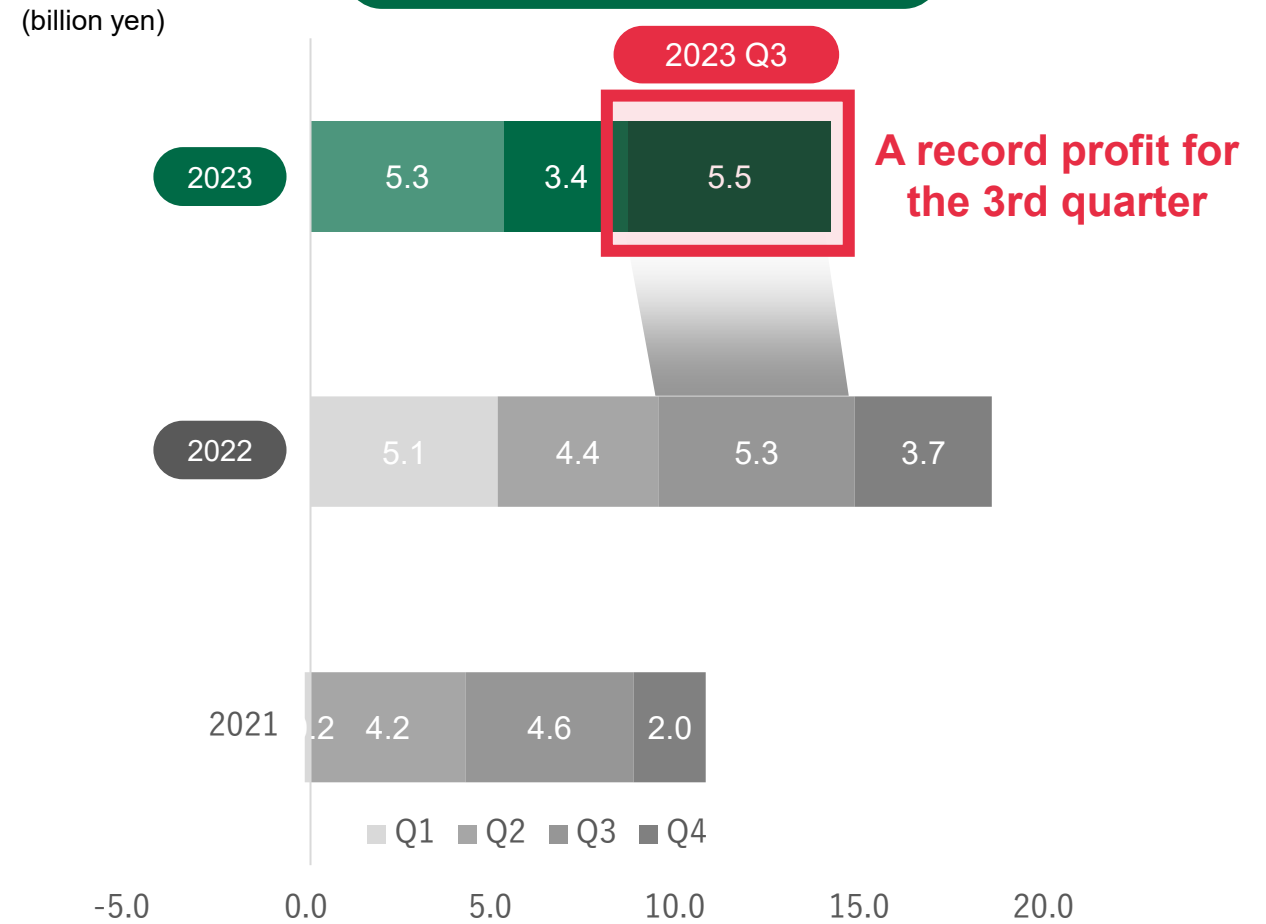
Quarterly Trend in Results (Results over the recent three periods)



Trend in net sales



Trend in operating profit



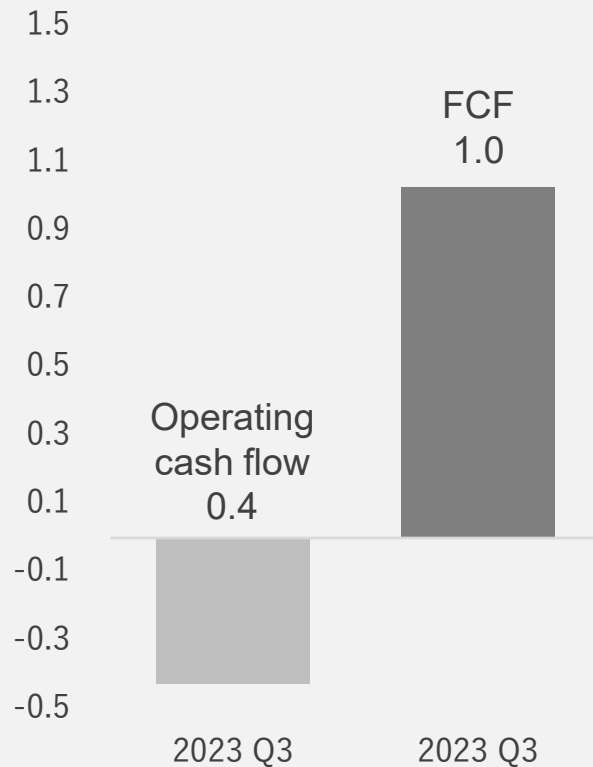
Consolidated Balance Sheet (As of November 30, 2022)

Assets 175.4 billion yen	Cash and deposits 46.5 billion yen	Liabilities 115.8 billion yen	Interest-bearing debt 77.1 billion yen	
	Inventories 78.1 billion yen		Other 38.6 billion yen	
	Property, plant and equipment 25.7 billion yen	Net assets 59.6 billion yen	59.6 billion yen	
	Other 25.2 billion yen		Equity ratio 34%	

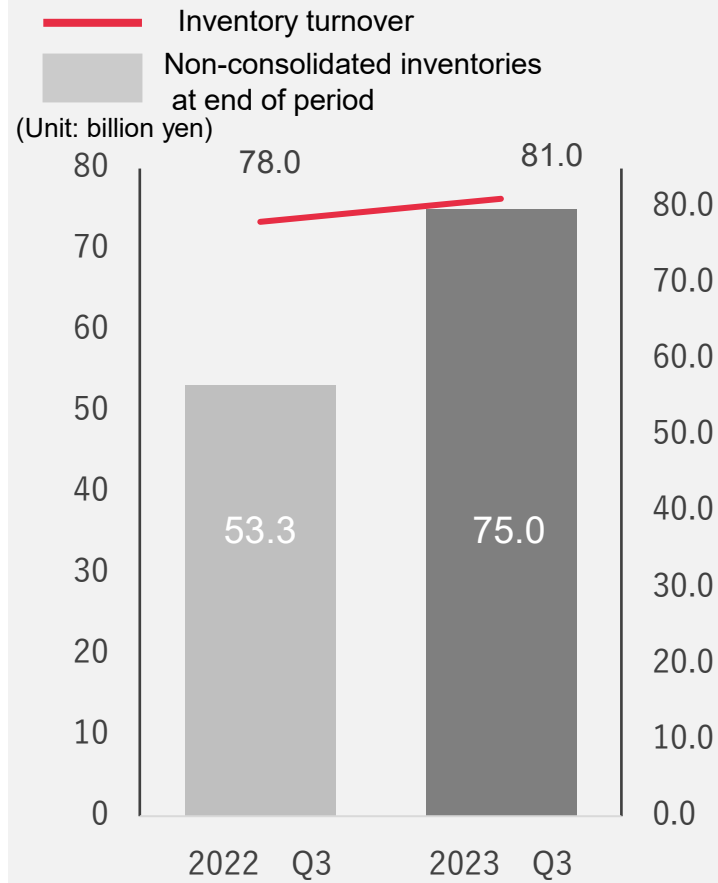
- Total assets were 175.4 billion yen. They fell 14.3 billion yen from the end of the previous fiscal year due to the sale of the Australian business.
- Inventories increased by 11.6 billion yen from the end of August due to high auction prices, preparation for the large store openings, and the new year's first sale, but they decreased by 7.3 billion yen from the end of February.
- Cash and deposits rose 0.8 billion yen from the end of February.
- Net interest-bearing debt decreased 2.3 billion yen.
- The equity ratio rose nearly 5% from 29% at the end of February to 34%.

Q3 consolidated cash flows

(Unit: billion yen)



Non-consolidated inventories at end of period and inventory turnover



Inventory turnover = Merchandise (Weighted average of inventories at beginning and end of period)/Cost of sales

- Strong business generated cash of 17.5 billion yen before inventory buildup. Operating cash flow was negative 0.4 billion yen as a result of inventory buildup for preparations of large store openings and the new year's first sale.
- An investment of 4.8 billion yen was made for large store openings and maintenance shop openings. Due to the sale of Australian business, free cash flow stood at positive 1.0 billion yen.
- Inventories rose 40.8% year on year to 75.0 billion yen due to higher prices in the auction market.
- Continuing inventory control in response to sales demand.

Large Store Opened in FY2023



LIBERALA Odaiba (Opened in November 2022)

Koto City, Tokyo

Recent launch of new store

Opening of large store

- LIBERALA Odaiba (November 2022)

1 store in total

The initial plan 7 stores → 8 stores.
(The initial annual plan was revised upward to 8)

*The expansion of the exhibition area made LIBERALA Odaiba into a large store.

Number of
Large Stores

33

(as of November 30, 2022)

Maintenance Shop Opened in FY2023



Recent launch of
new maintenance shop

Opening of new maintenance shop
• Takamatsu Higashiyamazaki (September 2022)

1 shop in total

Takamatsu Higashiyamazaki car maintenance shop (Opened in September 2022)

Takamatsu-shi,
Kagawa Prefecture

Number of
Maintenance
Shops

12

Seven of them are designated
maintenance shops

FY2023 Q3 Financials

2. Revision of Earnings Forecast

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Full-Year Revised Forecast FY2023 (Compared with the Previous Forecast)

(billion yen)	Previous Forecast	Revised Forecast	Comparisons with the Previous Forecast
	Full Year 2022	Full Year 2023	Percent change
Net sales	410.0	410.0	-
Operating profit	17.0	18.5 ¹	+1.5
Operating profit margin (%)	4.1%	4.5%	+8.8%
Ordinary profit	16.4	17.9	+1.5
Ordinary profit margin (%)	4.0%	4.4%	+9.1%
Profit attributable to owners of parent	12.9	14.0	+1.1
Profit margin (%)	3.1%	3.4%	+8.6%

¹ Operating profit will increase due to an expansion of gross profit per unit contributable to the trials for incidental services and strong sales in wholesale.

	(billion yen)		YoY changes Percent change
	Results Full Year 2022	Revised Forecast Full Year 2023	
Net sales	459.5	410.0	△49.5 △10.8%
Operating profit	18.5	18.5	+0
Operating profit margin (%)	4.0%	4.5%	+0.1%
Ordinary profit	17.6	17.9	+3
Ordinary profit margin (%)	3.8%	4.4%	+1.9%
Profit attributable to owners of parent	10.8	14.0	+3.2
Profit margin (%)	2.3%	3.4%	+29.2%

① Consolidated profits will increase for the full year, overcoming a decline in profit attributable to the sale of Australian business.

Full-Year Revised Forecast FY2023 (Compared with the Previous Forecast)



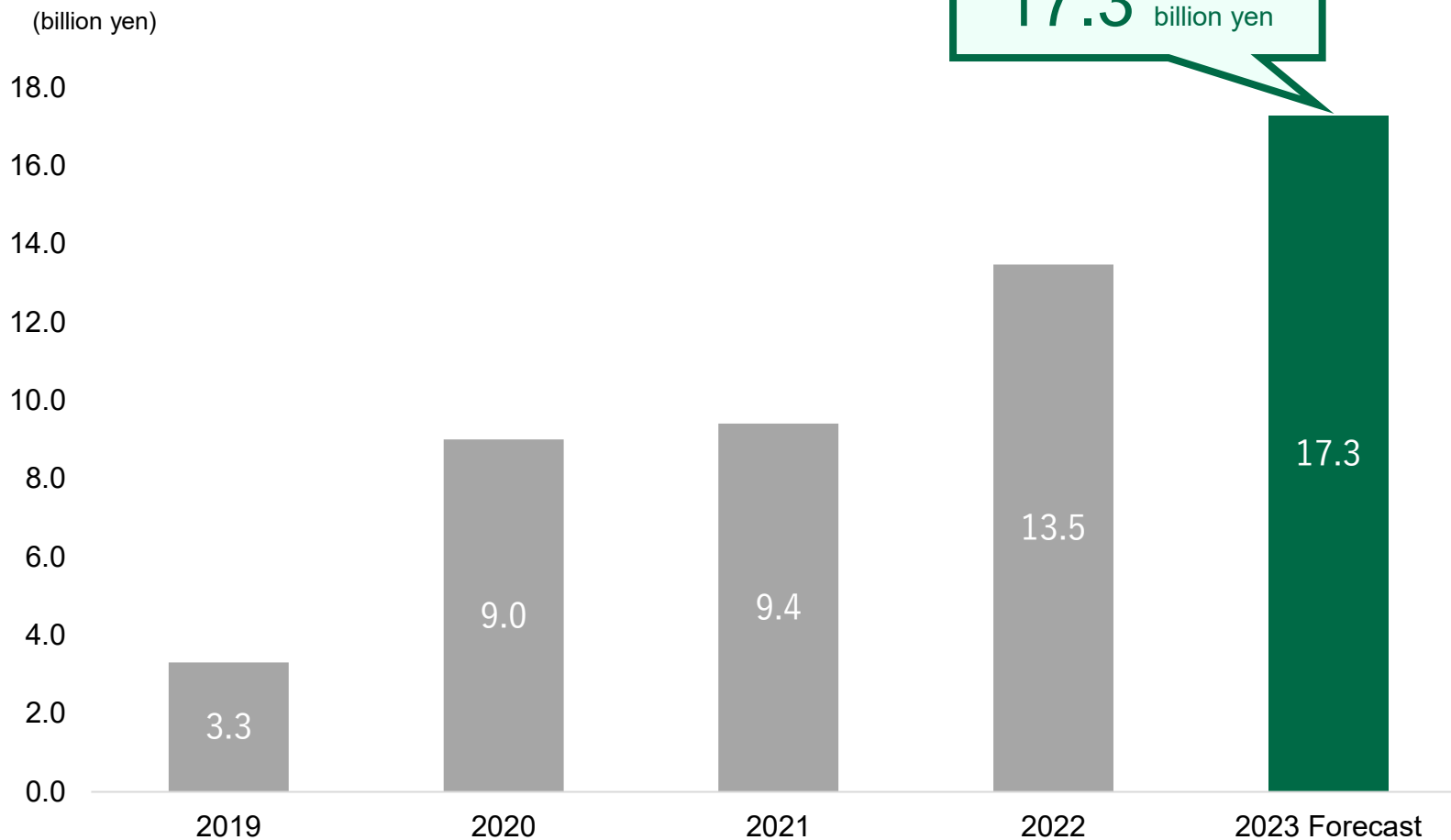
(billion yen)	Previous Forecast	Revised Forecast	Comparisons with the Previous Forecast
	Full Year 2023	Full Year 2023	Percent change
Net sales	358.0	358.0	-
Operating profit	15.8	17.3 ¹	+1.5
Operating profit margin (%)	4.4%	4.8%	+9.5%

¹ The number of retail vehicles will decrease compared to the previous forecast. However, operating profit is forecast to increase due to an expansion of gross profit per unit contributable to the trials for incidental services and strong sales in wholesale.

	Results		Compared with Initial Forecast
	Full Year 2022	Revised Forecast Full Year 2023	
(billion yen)			Percent change
Net sales	308.0	358.0	+50.0 +16.2%
Operating profit	13.5	17.3 ¹	+3.8
Operating profit margin (%)	4.4%	4.8%	+28.4%

¹ In the Domestic Core Business, operating profit is forecast to grow 3.8 billion yen or 28.4% year on year.

Trend in operating profit



- The number of wholesale vehicles and gross profit per vehicle in retail will continue to increase in the 4th quarter as well, driven by large stores and maintenance shops.
- The Company will aim to achieve consolidated profit growth for a fourth consecutive year.

3. Topics

FY2023 Q3 Financials

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Gulliver's Car Support



Free installation of safety devices
(The buzzers to prevent leaving children in
the car) on preschool buses
throughout Japan.

**The number of reservations
received**

100 /100 unites
(as of December 31, 2022)

Earthquake Reconstruction
Support



Special sponsorship of
"The third tasuki marathon
of Tohoku's hope in
Fukushima"
Employees participated as
runners.

Regional Contribution



"WOW X'mas Party 2022" was held
in collaboration with the Narashino
High School Symphonic Band and
local businesses.

IDOM Inc.



FY2023 Q3 Financials

4. Supplementary Information

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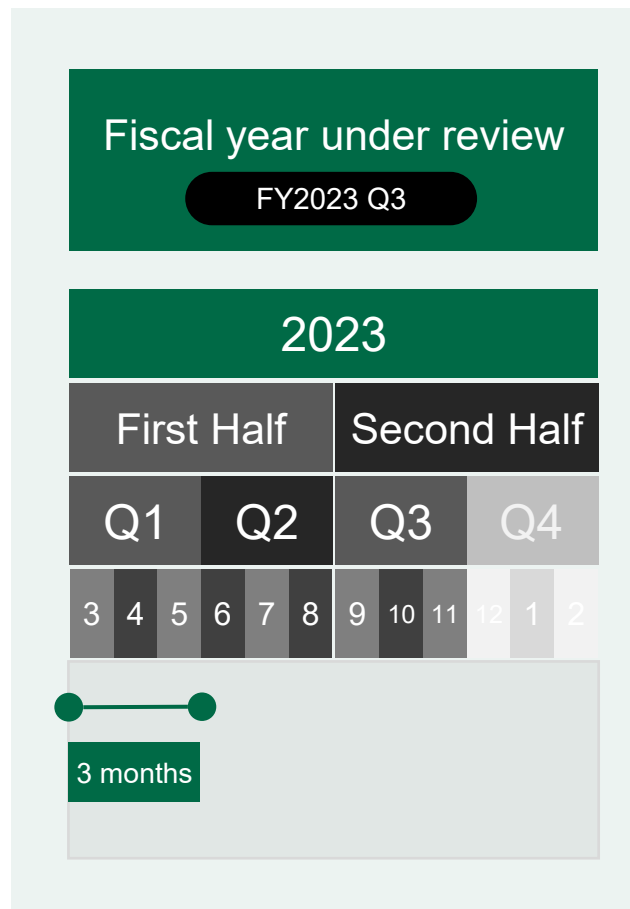
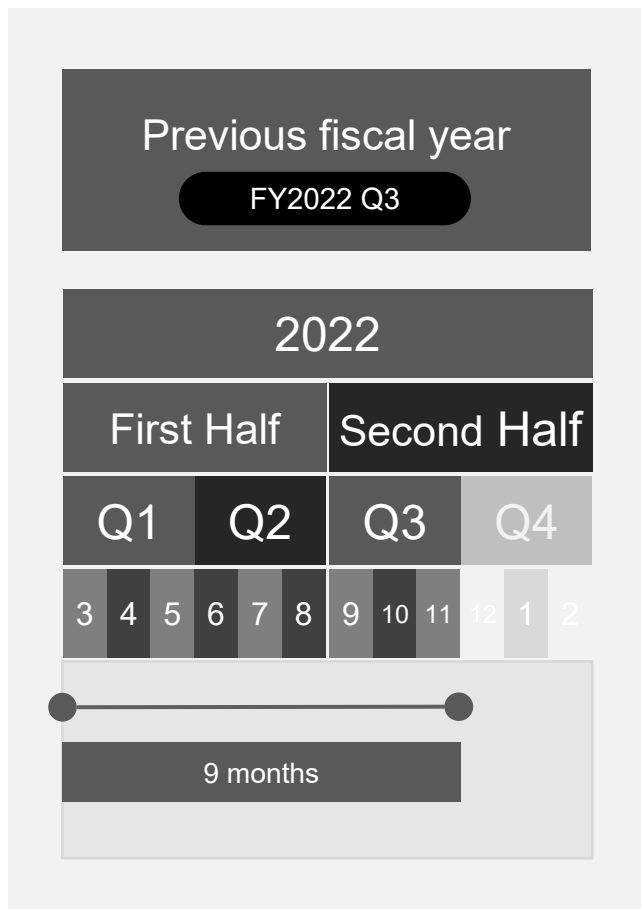


Consolidation Period after Transfer of Shares of Australian Subsidiaries



Consolidation period for the previous and current fiscal years

Consolidation period of Australian subsidiaries

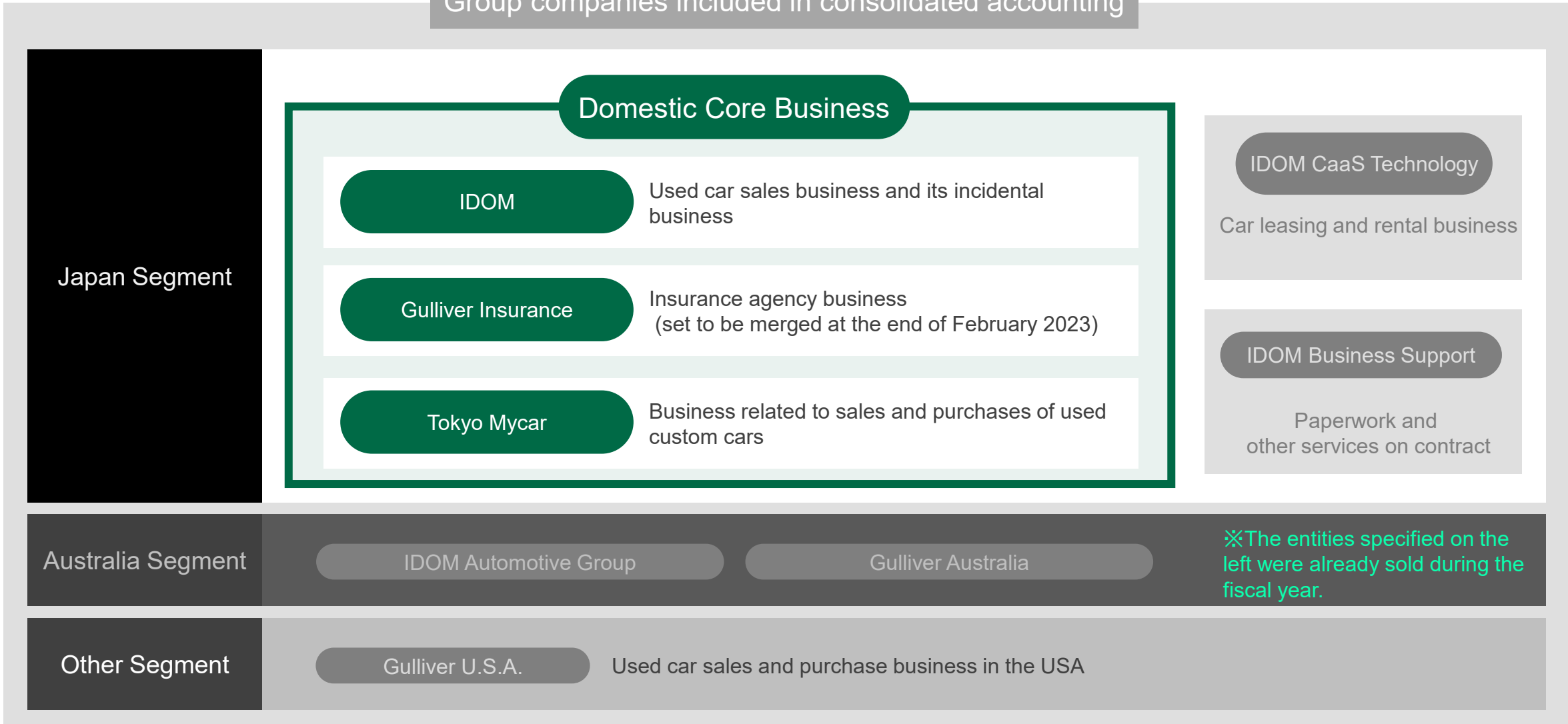


- The Company completed the share transfer of Australian subsidiaries.
- For the previous fiscal year, the Australian business was consolidated for nine months. For the current fiscal year, it is consolidated for three months.

Subjects of Consolidated Accounting, Domestic Core Business and Regional Segments



Group companies included in consolidated accounting



Fact Book

Appendix. Supplementary Information on Results and Financial Matters

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[Consolidated / Non-consolidated] Income Statement



Consolidated	FY ended Feb 29, 2020		FY ended Feb 28, 2021		FY ended Feb 28, 2022		FY ending Feb 28, 2023			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Outlook (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	361,684	100.0	380,564	100.0	459,532	100.0	410,000	100.0	△49,533	△10.8
Cost of sales	287,724	79.6	307,754	80.9	373,519	81.3	335,000	81.7	△38,519	△10.3
Gross profit	73,959	20.4	72,810	19.1	86,013	18.7	74,900	18.3	△11,114	△12.9
SG&A Expenses	64,868	17.9	62,239	16.4	67,528	14.7	56,400	13.8	△11,129	△16.5
Operating profit	9,091	2.5	10,571	2.8	18,485	4.0	18,500	4.5	15	0.1
Ordinary profit	6,867	1.9	9,642	2.5	17,561	3.8	17,900	4.4	339	1.9
Profit before income taxes and minority interests	3,917	1.1	4,524	1.2	15,750	3.4	18,000	4.4	2,249	14.3
Profit attributable to owners of parent	3,545	1.0	1,484	0.4	10,794	2.3	13,950	3.4	3,155	29.2

Non-Consolidated	FY ended Feb 29, 2020		FY ended Feb 28, 2021		FY ended Feb 28, 2022		FY ending Feb 28, 2023			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Outlook (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	258,008	100.0	275,710	100.0	306,733	100.0	357,000	100.0	50,266	16.4
Cost of sales	199,406	77.3	219,258	79.5	245,661	80.1	291,200	81.6	45,538	18.5
Gross profit	58,602	22.7	56,451	20.5	61,071	19.9	65,800	18.4	4,728	7.7
SG&A Expenses	50,867	19.7	48,593	17.6	49,164	16.0	50,000	14.0	836	1.7
Operating profit	7,735	3.0	7,858	2.9	11,907	3.9	15,800	4.4	3,892	32.7
Ordinary profit	6,964	2.7	7,642	2.8	11,573	3.8	15,300	4.3	3,726	32.2
Profit before income taxes	3,457	1.3	△458	-	9,450	3.1	22,500	6.3	13,049	138.1
Profit	3,500	1.4	△2,081	-	6,553	2.1	19,300	5.4	12,746	195.5

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



Consolidated	9 months ended Nov 30, 2019		9 months ended Nov 30, 2020		9 months ended Nov 30, 2021		9 months ended Nov 30, 2022			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	272,574	100.0	282,082	100.0	344,620	100.0	324,248	100.0	△20,372	△5.9
Cost of sales	216,480	79.4	227,986	80.8	280,249	81.3	267,921	82.6	△12,328	△4.4
Gross profit	56,093	20.6	54,096	19.2	64,371	18.7	56,326	17.4	△8,045	△12.5
SG&A Expenses	48,364	17.7	45,480	16.1	49,610	14.4	42,211	13.0	△7,399	△14.9
Operating profit	7,728	2.8	8,616	3.1	14,760	4.3	14,115	4.4	△645	△4.4
Ordinary profit	6,432	2.4	7,849	2.8	14,046	4.1	13,698	4.2	△348	△2.5
Profit before income taxes and minority interests	5,708	2.1	7,372	2.6	12,621	3.7	14,550	4.5	1,929	15.3
Profit attributable to owners of parent	3,597	1.3	5,226	1.9	8,738	2.5	11,219	3.5	2,481	28.4

Non-Consolidated	9 months ended Nov 30, 2019		9 months ended Nov 30, 2020		9 months ended Nov 30, 2021		9 months ended Nov 30, 2022			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	194,985	100.0	207,449	100.0	229,492	100.0	275,877	100.0	46,385	20.2
Cost of sales	149,849	76.9	165,140	79.6	184,012	80.2	228,318	82.8	44,306	24.1
Gross profit	45,135	23.1	42,308	20.4	45,479	19.8	47,559	17.2	2,080	4.6
SG&A Expenses	38,033	19.5	35,754	17.2	35,680	15.5	35,559	12.9	△121	△0.3
Operating profit	7,101	3.6	6,554	3.2	9,798	4.3	12,000	4.4	2,202	22.5
Ordinary profit	6,461	3.3	6,336	3.1	9,556	4.2	11,713	4.2	2,157	22.6
Profit before income taxes	5,707	2.9	5,566	2.7	7,640	3.3	14,641	5.3	7,001	91.6
Profit	3,792	1.9	4,175	2.0	5,191	2.3	12,102	4.4	6,911	133.1

[Consolidated] Balance Sheets



(Unit: million yen)

	As of February 28, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	45,670	46,499
Notes and accounts receivable - trade	5,620	2,907
Merchandise	85,363	78,066
Other	4,907	5,977
Allowance for doubtful accounts	△416	△450
Total current assets	141,146	133,000
Non-current assets		
Property, plant and equipment		
Buildings and structures	37,102	38,852
Accumulated depreciation	△16,061	△16,399
Buildings and structures, net	21,040	22,452
Vehicles	298	236
Accumulated depreciation	△60	△126
Vehicles, net	238	110
Tools, furniture and fixtures	4,279	4,749
Accumulated depreciation	△3,114	△3,310
Tools, furniture and fixtures, net	1,164	1,438
Land	136	136
Construction in progress	1,083	1,540
Total property, plant and equipment	23,663	25,678
Intangible assets		
Software	1,465	1,338
Goodwill	5,995	88
Other	4,314	2
Total intangible assets	11,775	1,429
Investments and other assets		
Investment securities	20	0
Shares of subsidiaries and associates	129	29
Long-term loans receivable	228	64
Lease and guarantee deposits	4,405	4,823
Construction assistance fund receivables	4,289	4,073
Deferred tax assets	3,677	5,907
Other	438	421
Allowance for doubtful accounts	△8	△6
Total investments and other assets	13,181	15,312
Total non-current assets	48,620	42,420
Total assets	189,766	175,421

	As of February 28, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	23,618	4,435
Short-term loans payable	1,101	-
Current portion of long-term loans payables	10,000	30,000
Accounts payable - other	4,713	2,860
Income taxes payable	3,960	1,008
Advances received	9,548	-
Contract liability	-	20,432
Deposits received	215	343
Provision for bonuses	1,965	371
Provision for merchandise warranties	884	-
Other provision	1,327	408
Other	3,750	5,530
Total current liabilities	61,085	65,390
Non-current liabilities		
Long-term loans payable	67,523	47,145
Long-term guarantee deposited	587	601
Asset retirement obligations	2,236	2,474
Deferred tax liabilities	1,535	-
Other provision	680	-
Other	407	183
Total non-current liabilities	72,972	50,403
Total liabilities	134,057	115,794
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,361	5,250
Retained earnings	49,673	53,746
Treasury shares	△4,344	△4,344
Total shareholders' equity	53,847	58,809
Accumulated other comprehensive income		
Foreign currency translation adjustment	168	330
Total accumulated other comprehensive income	168	330
Stock acquisition rights	-	3
Minority owner shares worth	1,693	483
Total net assets	55,709	59,626
Total liabilities and net assets	189,766	175,421

[Consolidated] Statements of Cash Flows



(Unit: million yen)

	9 months ended November 30, 2021	9 months ended November 30, 2022
Profit before income taxes	12,621	14,550
Depreciation	2,090	1,933
Amortization of goodwill	358	108
Net increase (decrease) in working capital	△2,474	△15,142
Income taxes paid	△2,984	△4,686
Other, net	△1,168	2,808
Cash flows from operating activities	8,444	△426
Cash flows from investing activities	△3,275	1,454
Free cash flow	5,169	1,027
Cash flows from financing activities	△1,428	△548
Net increase (decrease) resulting from exchange rate change and new consolidation	△18	350
Net increase (decrease) in cash and cash equivalents	3,705	829
Cash and cash equivalents at the beginning of period	43,179	45,670
Cash and cash equivalents at the end of period	46,901	46,499