

FY2024

Results for Fiscal Year Ended February 29, 2024

April 15th, 2024

TSE Prime 7599

IDOM Inc.



Hello, my name is Ryo Nishihata, CFO of IDOM Inc.

Disclaimer

Forward-looking statements contained in the materials that IDOM discloses, such as earnings forecasts, are based on the information available to the Company at the time of the disclosure of the materials and certain assumptions that the Company considers reasonable. They are not intended to represent the Company guaranteeing the achievement of any expectations. Please note that a variety of factors may change actual results, etc. Important factors that may influence actual results include the economic conditions surrounding IDOM's business areas, the fluctuation of exchange rates and market prices. The information contained in these materials is not intended for advertising or advisory purposes.

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I will review the results for the fiscal year ended February 29, 2024 and financial forecasts for the fiscal year ending February 28, 2025.

1. FY2024 Results Summary



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FY2024 Results Highlights



Caution Regarding Financial Result Briefing Materials

The results for FY2024 reflect a significant decrease in the differences between the consolidated results and non-consolidated results due to the sale of the Australian business in FY2023.

Since the performance of the standalone entity constitutes the majority of the consolidated figures, there are instances where standalone metrics are utilized for KPIs and other purposes.

Non-Consolidated

Record quarterly operating profit

Operating profit

5.8 billion yen
+31% YoY

- Non-consolidated operating profit hit a record high for the fourth quarter.

Non-Consolidated

Retail unit sales and gross profit per retail unit for FY2024

Gross profit per retail unit

410,000 yen/unit x
144,487 units

- Gross profit per retail unit: 410,000yen (In line with the assumptions for forecasts)
- Retail unit sales: 144,487 units (Record high, +7% YoY)

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* 2024 indicates the fiscal year ending February 29, 2024.

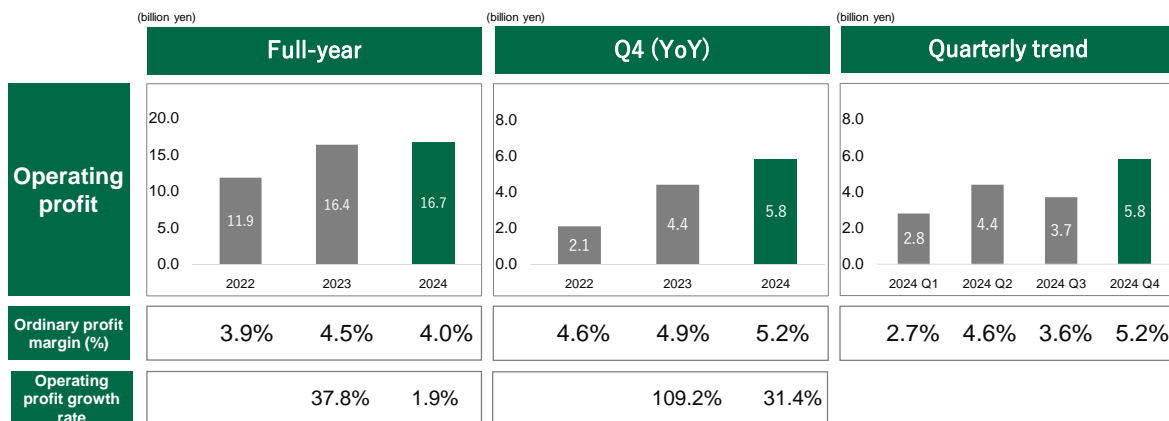
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First, please see the slide 5. This slide highlights the results for the fiscal year ended February 29, 2024.

The sale of the new car dealer business in Australia in the first quarter of FY2023 reduced the difference between the consolidated and non-consolidated results, and the non-consolidated results now account for the majority of the consolidated results. Accordingly, we may explain sales volume and other figures on a non-consolidated basis on the latter slides.

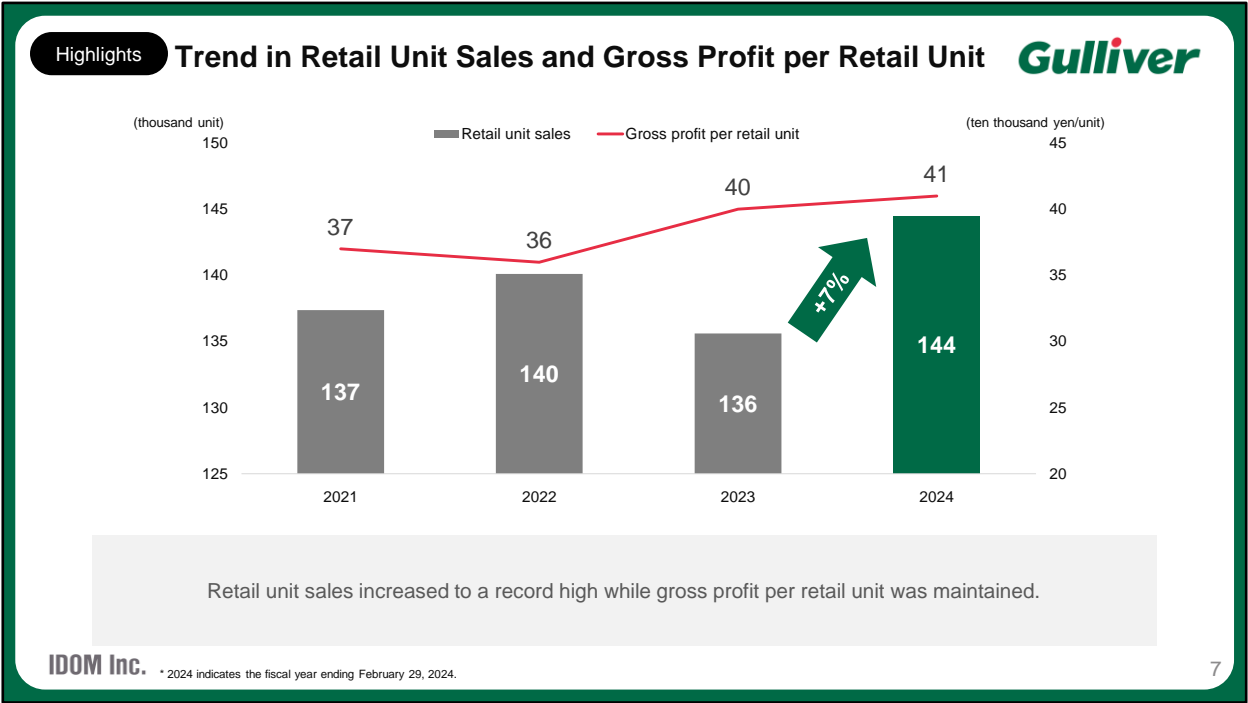
Firstly, I will explain the results for the fourth quarter. Non-consolidated operating profit was 5.8 billion yen, an increase of 31% year on year. This was the highest quarterly level ever, surpassing the 5.2 billion yen recorded in the third quarter of the fiscal year ended February 28, 2023.

Secondly, we increased sales volume for the full year while maintaining a high level of gross profit per retail unit. The full-year gross profit per retail unit was 410,000 yen, exceeding the forecast assumption. In addition, retail unit sales reached a record high of 144,487 units, up 7% from the previous year.



This slide summarizes recent trends in non-consolidated operating profit mentioned in the highlights, with comparisons to the full year, the same period of the previous year, and quarterly basis.

Operating margin for the fourth quarter was 5%.



This slide shows the annual trend in retail unit sales and gross profit per retail unit that I also mentioned in the highlights section.

Retail gross profit rose to the ¥400,000 level, and retail unit sales increased significantly.

Consolidated/
Non-consolidated

Key KPIs for FY2024

Gulliver

		FY2022	FY2023	2024	Changes
Number of stores	Store opening of large stores (stores)	5	8	11	+3
Number of units	Number of unit sales (ten thousand units)	23.7	24.7	26.9	+2.2
	Number of retail unit sales (ten thousand units)	14.0	13.5	14.4	+0.9
	Number of wholesales unit (ten thousand units)	9.7	11.2	12.4	+1.2
Gross profit per unit	Gross profit per retail unit (ten thousand yen)	36	40	41	+1
	Gross profit per wholesale unit (ten thousand yen)	10	10	10	-

Results for FY2024 exceeded those for FY2023 in all major KPIs.

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* 2024 indicates the fiscal year ending February 29, 2024.

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From here, I will explain about the results of FY2024.

First, let's look at the KPIs.

We opened 11 stores, one store added to the initial plan at the beginning of the year and +3 stores over the previous year.

Retail unit sales were 144,487 units, up approx. 9,000 units from the previous year.

Gross profit per retail unit was 410,000 yen.

We increased the gross profit by 10,000 yen compared to the plan and the previous year.

We were able to expand our business steadily.

Consolidated FY2024 Results

(billion yen)	2023	2024	Ratio to net sales	YoY changes	Percent change
Net sales	416.5	419.9	100.0%	+3.4	+0.8%
Gross profit	74.5	73.3	17.5%	-1.2	-1.6%
Selling, general and administrative expenses	55.9	57.2	13.6%	+1.3	+2.4%
Operating profit	18.7	16.1	3.8%	-2.6	-13.7%
Ordinary profit	18.4	15.8	3.8%	-2.6	-12.8%
Profit attributable to owners of parent	14.2	11.4	2.7%	-2.8	-19.5%

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This slide shows the results on a consolidated basis.

Operating profit was 16.1 billion yen and net profit was 11.4 billion yen.

I will explain the factors behind the increase or decrease in operating profit on the next slide.

Consolidated

FY2024 Analysis of Factors in YoY Change in Operating Profit

Gulliver



- Gross profit increased 4.5 billion yen in total, with retail sales increasing 3.3 billion yen and wholesale sales increasing 1.2 billion yen.
- SG&A expenses increased 5.6 billion yen, mainly due to an increase in personnel costs and the cost of hiring to accelerate the opening of large stores.
- Operating profit decreased by 1.5 billion yen due to the sale of business and subsidiary losses.

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* 2024 indicates the fiscal year ending February 29, 2024.

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This slide shows an analysis of the YoY change in consolidated operating profit. The non-consolidated factors are in the red square.

The non-consolidated factors impacted -1.1 billion yen.

The main factors were a 3.3 billion yen increase in retail sales and a 1.2 billion yen increase in wholesale sales.

On the other hand, SG&A expenses increased by 5.6 billion yen due to increased personnel and recruiting expenses, as well as advertising expenses, to accelerate the opening of large stores.

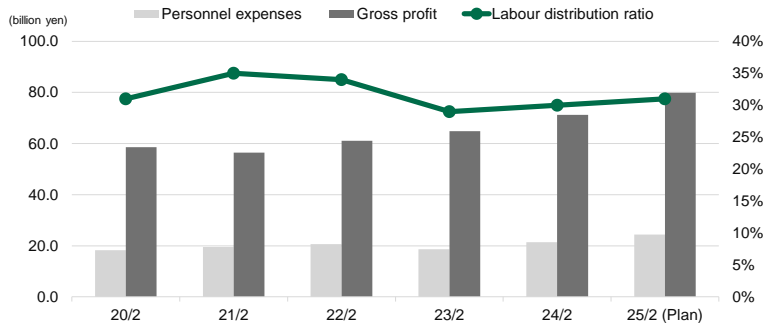
In addition, operating profit decreased by 1.2 billion yen due to the sale of the Australian business on a consolidated basis.

As a result, consolidated operating profit decreased by 2.6 billion yen to 16.1 billion yen.

Non-
consolidated

Management of Personnel Expenses

Gulliver



Personnel expenses increased, reflecting an increase in the number of staff due to the opening of large stores and the increase in wages linked to strong operating results.

Maintaining the labor distribution ratio through strategic allocation of personnel, particularly focusing on large stores. It will continue to offer appropriate returns to employees while simultaneously facilitating corporate growth.

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I will explain the increase in personnel expenses.

The Company is aggressively hiring in conjunction with the opening of large stores.

In addition, personnel and recruiting expenses, etc., increased due to higher payroll levels in line with favorable business performance.

As a result of these factors, personnel expenses, including recruitment costs, increased by 3.9 billion yen on a non-consolidated basis.

However, we have increased gross profit by ensuring strategic personnel allocation, especially at large stores.

As a result, we were able to expand profits while maintaining the labor ratio.

We will continue to realize both appropriate returns to employees and company growth.

Consolidated FY2024 Quarterly Results

(billion yen)	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2024 Q4 YoY changes
Net sales	105.3	98.4	104.0	112.1	+8.1
Gross profit	17.1	17.8	18.5	19.9	+1.4
Selling, general and administrative expenses	14.3	13.5	14.8	14.6	-0.2
Operating profit	2.8	4.3	3.7	5.3	+1.6
Ordinary profit	2.7	4.2	3.7	5.2	+1.5
Profit attributable to owners of parent	1.9	3.0	2.4	4.2	+1.8

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* 2024 indicates the fiscal year ending February 29, 2024.

Next, I will explain the status of consolidated operating profit for the fourth quarter (December to February).

In the Highlights section, I mentioned that the non-consolidated operating profit was 5.8 billion yen.

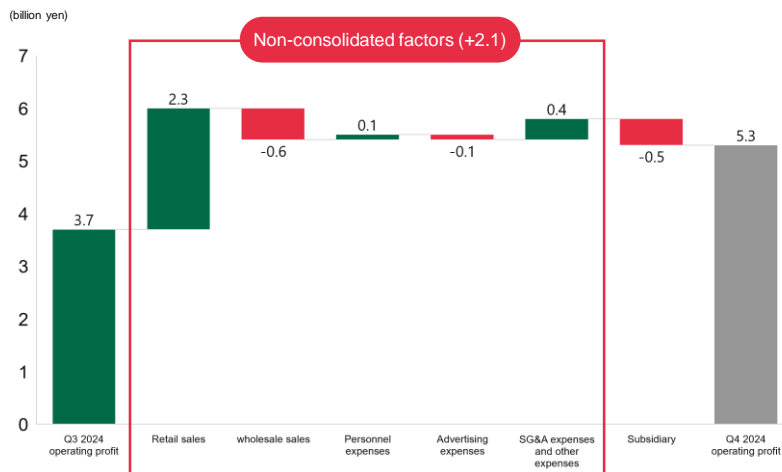
Consolidated operating profit was 5.3 billion yen, almost the same profit level as the record high in the third quarter of FY2023.

This is an increase of 18% over the same period last year and an increase of 1.6 billion yen over the third quarter of the previous fiscal year.

Consolidated

FY2024 Q4 Operating profit change factors compared to the previous quarter

Gulliver



- Operating profit increased by 2.3 billion yen due to an increase in retail unit sales compared to the previous quarter and decreased by 0.6 billion yen due to a decrease in wholesale unit sales.
- Regarding SG&A expenses, ground rent increased due to store openings, but other SG&A expenses were successfully suppressed.
- Subsidiary results decreased 0.5 billion yen.

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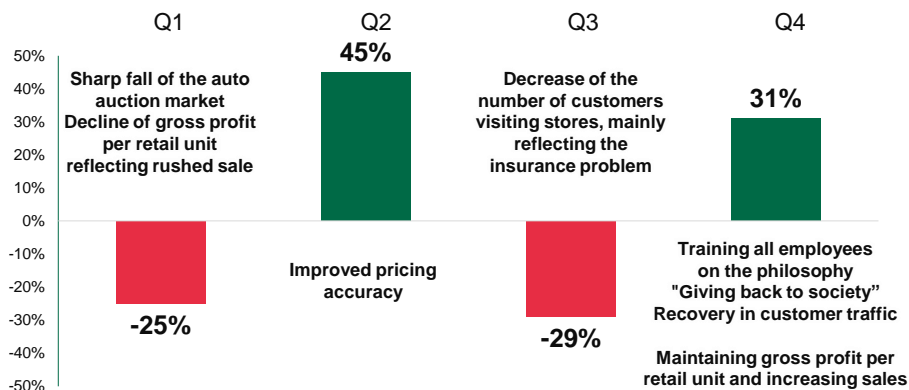
* 2024 indicates the fiscal year ending February 29, 2024.

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This slide compares operating profit of 5.3 billion yen to the third quarter.

Similar to the analysis of full-year changes, the robust performance of the retail business contributed to a profit increase of 2.3 billion yen. This represents a 1.6 billion yen rise in operating profit compared to the third quarter, despite investments in selling, general, and administrative expenses, primarily personnel expenses.

YoY change in operating profit



Let's look back at this year, which had various events in each quarter.

In the first quarter, operating profit decreased from the same period of the previous year due to a sharp decline in the AA market and lower gross profit margins on retail units resulting from hasty sales.

In the second quarter, operating profit increased due to improved retail gross profit.

The third quarter was affected by a decline in customer traffic caused by issues with insurance claims and other factors.

In the fourth quarter, we worked to address the negative impact of the third quarter by setting high goals and once again reaffirmed IDOM's philosophy through a workshop attended by all employees, in which we asked what we do our jobs for.

Combined with a recovery in customer traffic, we were able to both maintain gross profit per retail unit and increase retail unit sales.

Although it was a volatile year on a quarterly basis, we believe it was a year in which we were able to adapt to the changing environment.

Consolidated Summary of Consolidated Balance Sheet



Consolidated Balance Sheet (As of February 28, 2023)		Consolidated Balance Sheet (As of February 29, 2024)	
Assets 177.3 billion yen	Liabilities 110.6 billion yen	Assets 184.0 billion yen	Liabilities 114.1 billion yen
Cash and deposits 37.5 billion yen	Interest-bearing debt 67.1 billion yen	Cash and deposits 30.5 billion yen	Interest-bearing debt 63.0 billion yen
Inventories 84.4 billion yen	Other 43.4 billion yen	Inventories 86.0 billion yen	Other 51.1 billion yen
Property, plant and equipment 26.4 billion yen	Net assets 62.7 billion yen	Property, plant and equipment 33.8 billion yen	Net assets 66.9 billion yen
Other 24.9 billion yen	62.7 billion yen (Equity ratio 36%)	Other 33.7 billion yen	69.9 billion yen (Equity ratio 38%)

- Total assets were 184.0 billion yen.
- Inventories remained at the same level as at the end of the previous year in preparation for the opening of large stores.
- Interest-bearing debt decreased 4.1 billion yen.
- Consolidated equity ratio increased from 36% at the previous year to 38%.

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Total assets amounted to 184.0 billion yen, an increase of 10.7 billion yen from the end of the previous period.

Current assets increased by 2.8 billion yen due to business expansion.

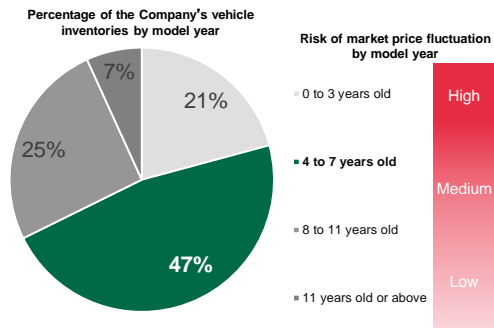
Non-current assets increased by 7.9 billion yen due to an increase in stores and workshops.

Liabilities increased by 3.5 billion yen, including income taxes payable, to 114.1 billion yen.

Interest-bearing debt was reduced by 4.1 billion yen to 63.0 billion yen.

As a result, net assets increased by 7.2 billion yen to 69.9 billion yen, and the equity ratio increased to 38% from 36% in the previous year.

Inventories and the risk of market price fluctuations



Risk characteristics of vehicle inventories

Vehicles for wholesale sales

- Relatively susceptible to market prices because vehicles are sold to the auction market.
- It takes basically two weeks to register sales on the auction market after purchases.
- The current status was maintained because no enhancements were made to stores for purchasing.

Vehicles for retail sales

- Relatively resilient to market price fluctuations because vehicles are sold to users.
- The disposal of inventory is considered only for long-term inventory, specifically, vehicles kept in stock for over 120 days.
- The percentage of vehicles for retail sales increased in line with the expansion of large stores.

- The risk of keeping inventory for a long time is high due to the constant effect of market prices.
- The rise of the ratio of wholesale sales tends to result in reduced inventory turnover days.

- The risk of keeping inventory for a long time is not high because gross profit per unit is secured due to incidental gross profit.
- The rise of the ratio of retail sales tends to result in increased inventory turnover days.

The inventories of large stores mainly consist of 4- to 7-year-old vehicles that are relatively resilient to changes in market prices. The Company will implement proper inventory control based on the understanding that inventory turnover days cannot be easily reduced if the number of vehicles for retail sales increases.

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Please see the left side of the slide.

About 20% of the vehicles in our inventory are relatively new vehicles (0-3 years old), 50% are middle-aged vehicles (4-7 years old), and the remaining 30% are vehicles older than 8 years.

Used car prices fall sharply in the first year after a vehicle is new, and the rate of decline begins to slow from the second year onward. Our inventory has a smaller risk of price decline.

I will discuss the wholesale and retail risk characteristics of our inventory vehicles on the right side of the slide.

Wholesale is susceptible to market price fluctuations because of sales to auctions, and as a rule, we manage our inventory over a two-week period from the time we purchase a vehicle to the time we sell it at auction.

Retail, on the other hand, sets prices that meet the needs of customers. Therefore, it tends to be relatively insensitive to market price fluctuations, and although we will consider implementing inventory disposal only for long-term inventory exceeding 120 days, in principle we prioritize opportunities to sell to customers.

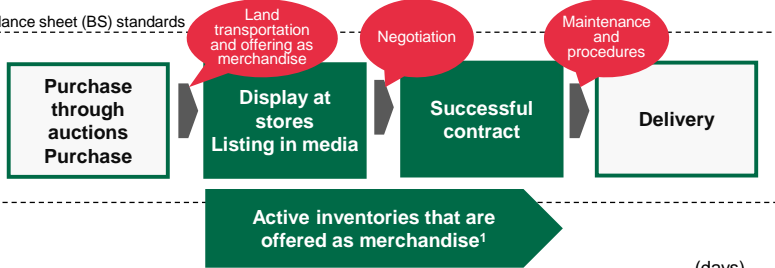
Based on these characteristics, we implement appropriate inventory management.

BS

Changes in Inventory Turnover

Gulliver

Balance sheet (BS) standards



	(days)		
Inventory turnover	2022	2023	2024
Active inventories	39.3	41.1	42.1
BS standards (including temporary replacement vehicles)	83.0	85.5	86.8

- Inventory turnover is on the rise due to an increase in the number of retail unit sales.
- The active inventory period has been hovering around 40 days.
- The Company has been controlling inventories efficiently to maximize retail sales while simultaneously working to balance the enhancement of displayed vehicles and market price-related risks.

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1. Average period from the day when a purchased vehicle is listed in the Company's media until the day when they are delisted from the media.
 * 2024 indicates the fiscal year ended February 29, 2024.

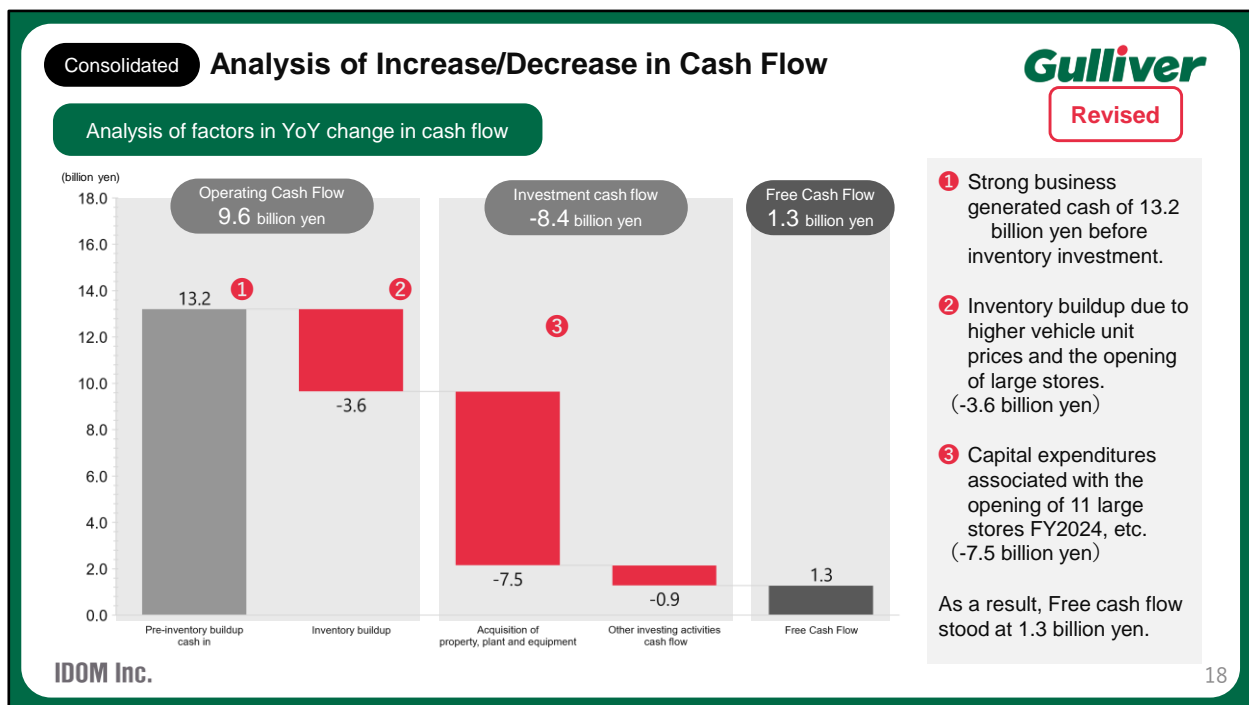
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We defined "active inventory" as the period of time between the display at the store or posting in the media and the signing of a contract.

Although the period has been lengthened due to the increase in the number of retail units, we are able to manage this period at approximately 40 days.

Inventory turnover days based on the balance sheet include the period of document preparation and maintenance after inventory and contract signing.

We are managing inventory with the aim of maximizing retail sales while balancing the enhancement of vehicles on display and market risk.



This slide shows the status of consolidated cash flow.

Operating cash flow generated 13.2 billion yen on a "before inventory change" basis due to strong business performance.

Operating cash flow was positive at 9.6 billion yen despite cash outflow from investment in inventory.

We invested 8.4 billion yen in the acquisition of tangible and intangible fixed assets such as large stores and maintenance shops.

Free cash flow (FCF) was positive 1.3 billion yen while continuing to invest in growth.

2. Financial Forecasts for FY2025



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From here, I will discuss our earnings forecast for the fiscal year ending February 28, 2025.

Consolidated Key KPIs for FY2025 Performance Forecast



		FY2023	FY2024	FY2025	Changes
Number of stores	Store opening of large stores (stores)	8	11	15	+4
	Number of unit sales (ten thousand units)	24.7	26.9	28.5	+1.6
Number of units	Number of retail unit sales (ten thousand units)	13.5	14.4	15~16	-
	Number of wholesales unit (ten thousand units)	11.2	12.4	13.0	+0.6
Gross profit per unit	Gross profit per retail unit (ten thousand yen)	40	40	43~40	-
	Gross profit per wholesale unit (ten thousand yen)	10	10	10	-

IDOM Inc. * 2024 indicates the fiscal year ending February 29, 2024.

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This slide shows the KPIs for the next fiscal year.

Our assumption for the next fiscal year is that the used car market will remain stable.

We will open 15 large stores.

This is an increase of 4 stores compared to FY2024.

We plan to increase sales volume by about 10,000 units from FY2024 to 150,000 to 160,000 units while maintaining the gross profit per retail unit in the low 400,000 yen range.

In this way, we will strive to expand the area of gross profit margin and the number of units sold.

Consolidated **FY2025 Forecasts**



(billion yen)	2024 Actual result	2025 Forecast	Ratio to net sales	YoY changes	Percent change
Net sales	419.9	456.5	100.0%	+36.6	+8.7%
Gross profit	73.3	83.3	18.2%	+10.0	+13.6%
Selling, general and administrative expenses	57.2	63.0	13.8%	+5.8	+10.1%
Operating profit	16.1	20.3	4.4%	+4.2	+26.1%
Ordinary profit	15.8	19.8	4.3%	+4.0	+25.3%
Profit attributable to owners of parent	11.4	13.6	3.0%	+2.2	+19.3%

IDOM Inc. * 2024 indicates the fiscal year ending February 29, 2024.

Next, I will explain the consolidated business forecast for the next fiscal year.

Gross profit increased by 10 billion yen to 83.3 billion yen.

SG&A expenses increased by 5.8 billion yen, mainly due to personnel expenses, to 63.0 billion yen.

We aim for an operating profit of 20.3 billion yen, an increase of 4.2 billion yen from the previous fiscal year.

The operating profit margin will be 4.4%.

We will strive to achieve record profits for the full year.

Net profit is expected to be 13.6 billion yen.

Our growth drivers are highly certain, including securing gross profit for retail sales through the ancillary proposals we have been working on so far and increasing retail unit sales through the development of large stores.

We will continue to pay close attention to changes in the business environment, but we hope to continue to put our company on a steady growth path, just as we have in the past.

Thank you very much.

3. Market Perception and Future Initiatives (Revision of Medium-Term Business Plan Targets)



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Hello, my name is Takao Hatori, President of IDOM Inc.

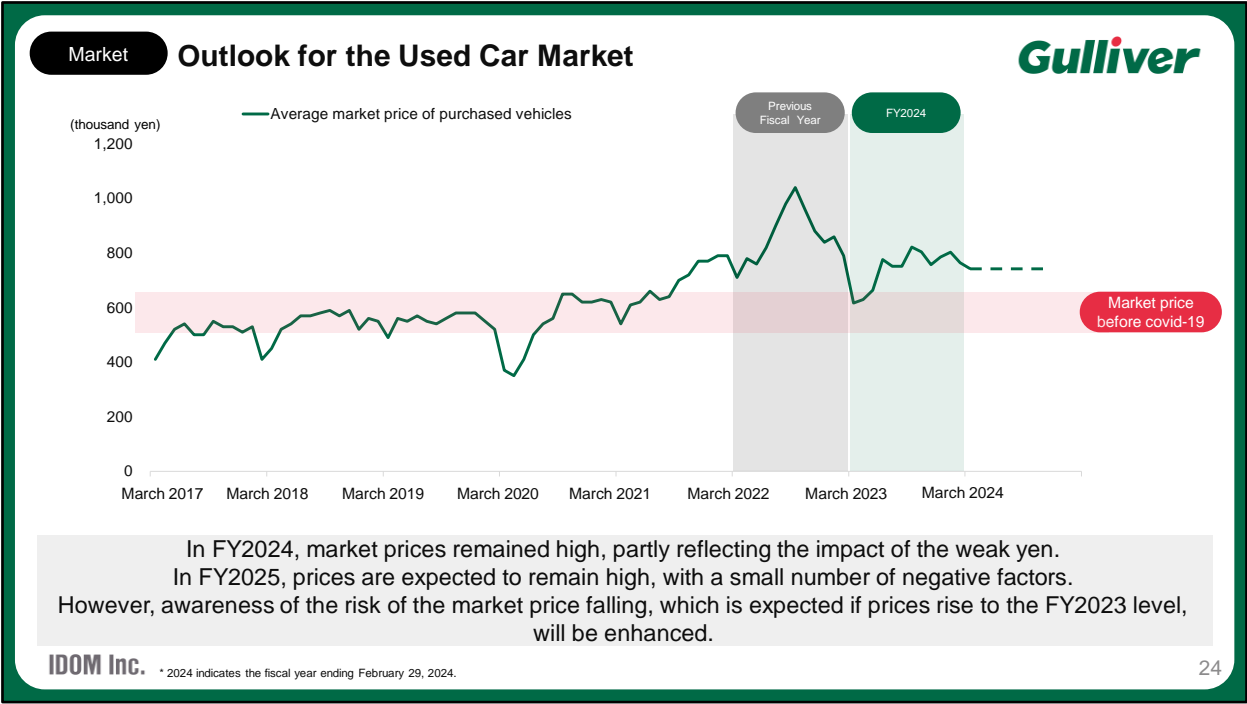
I will explain market perception, future initiatives, and upward revision of medium-term business plan targets.

3. 1 Market Environment



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First, I will begin with an explanation of the market environment.



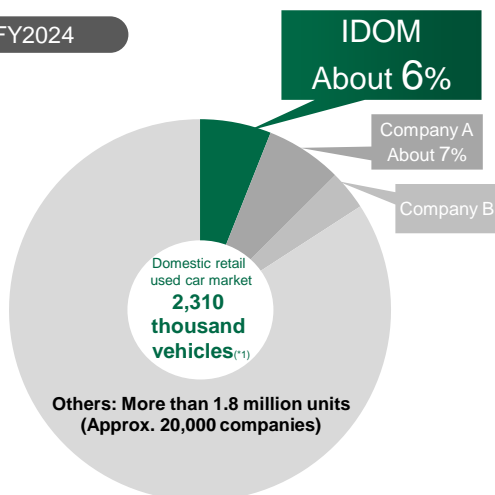
This graph shows trends in the market prices of used cars.

After the market decline in February 2023, we expected the market to decline gradually, but due to factors such as the weaker yen, the market remained at a high level in February 2024.

Considering that the supply of new cars is already stable, there are a few factors for a decline in the fiscal year ending February 2025, and the market price is expected to remain at a high level.

However, given that the market price is currently rising more than expected, we will continue to thoroughly manage inventory while being aware of the risk of a decline in the market price.

FY2024



Used Car Market in Japan

Japan's used car market is a non-oligopolistic market, with the three major companies combined being less than 20% of the market.

The company will open large stores to take market share away from other companies with sales of more than 1.8 million units.

*1: Market share for FY2024 was calculated based on the proportions of domestic retail unit sales of IDOM and those of Company A to the size of the used car retail market in 2022, which was 2.31 million units (data from Yano Research Institute).

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Next, I would like to explain the market size.

According to recent market research, 2.31 million used cars are retailed in Japan, and IDOM's market share is approximately 6%.

This is a non-oligopolized market where even the three major companies combined do not have a 20% share, and they are not at a stage where they are competing for market share.

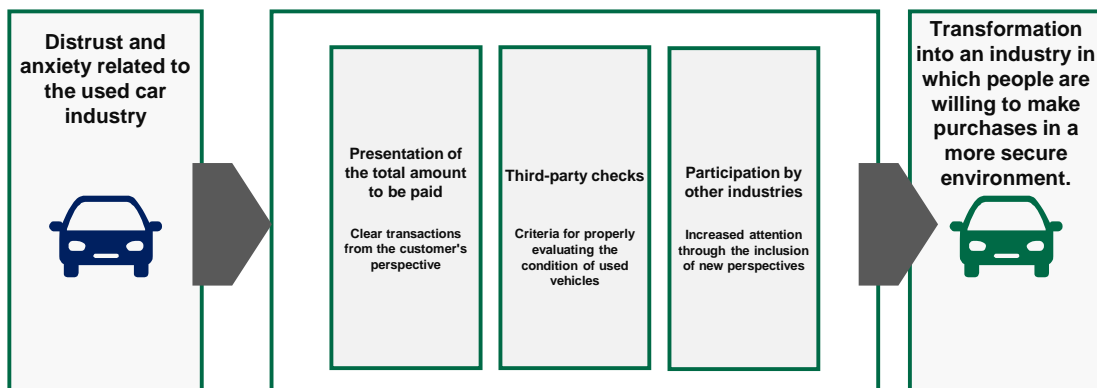
By expanding large stores, we aim to capture our shares from the market, which has more than 1.8 million customers.

3. 2 Initiatives for peace of mind.



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From here, I will explain initiatives for peace of mind.



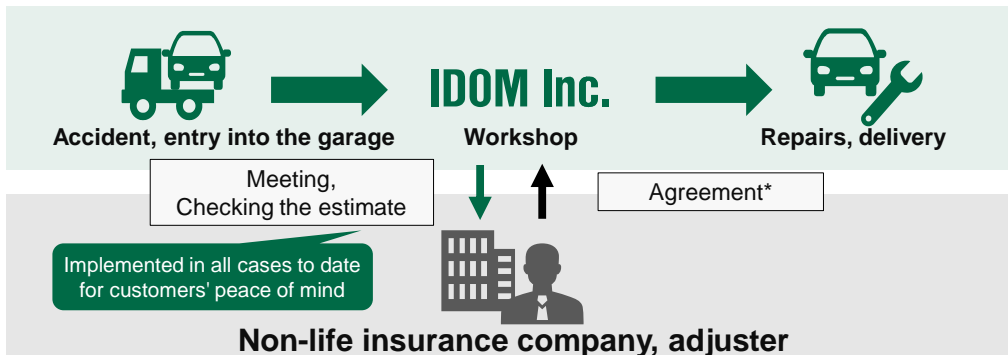
The used car industry suffered a decline in credibility in FY2024 due to the issue of fraudulent insurance claims, etc.
As a leading company in the used car industry, the Company will actively work to address issues that the industry shares with customers.

The fiscal year ending February 2024 was a year in which customers felt distrust and anxiety about the used car industry, including the issue of fraudulent insurance claims.

To deliver safe and secure used cars to customers, IDOM, as an industry leading company, has been proactively taking necessary steps such as ensuring transparent transactions by indicating the total cost to the purchaser and appropriate evaluation standards through the introduction of third-party checks.

We believe that the used car industry will attract more attention from customers in the fiscal year ending February 2025 due to participation from other industries, such as major trading companies.

We will transform the used car industry into one where transactions can be done with more peace of mind.



For all cases referred, agreements are reached with the insurance company's adjusters on repair estimates to establish reasonable repair costs.

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*Agreement: An agreement that an adjuster of a non-life insurance company shall specify what to repair, determine the parts to be used and cost, negotiate with the insurance company, and the car repair shop, and determine the cost of repairs.

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This slide shows how we handle insurance accidents at our sheet metal workshop.

IDOM started repairs covered by non-life insurance in 2022.

For all cases referred, agreements are reached with the insurance company's adjusters on repair estimates to establish reasonable repair costs.

We have also established a policy of implementing this agreement in all cases in the future and will provide our customers with even more secure accident response.

Peace of
mind

Ensuring Transparency at Workshops

Gulliver



*Video recordings of work



*Cameras installed in a workshop

Cameras have been installed in each workshop.
This enables customers to watch the work in real time, ensuring transparency.
This has made it possible for customers to have peace of mind and to have proof that appropriate work is being done by employees.

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The company installed cameras in all workshops.

This enables customers to watch the work in real-time, ensuring transparency.

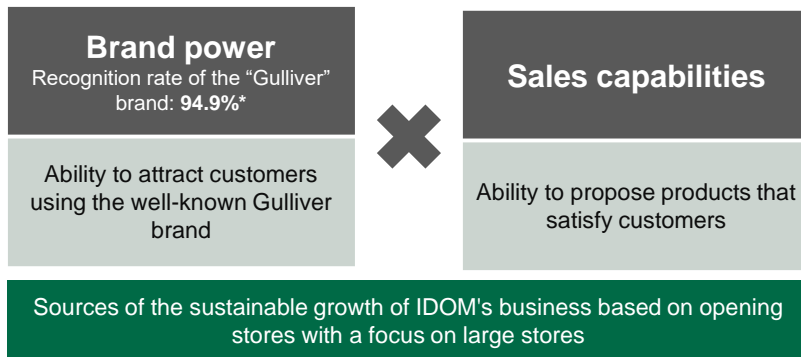
This has made it possible for customers to have peace of mind and to have proof that appropriate work is being done by employees.

3.3 Business Initiatives



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Next, I will explain business initiatives.



I will explain IDOM's strengths.

One of the first strengths is Gulliver's brand power.

In Japan, "Used Car Gulliver" has a brand recognition rate of 94.9% and is highly able to attract customers.

Next, it is sales ability.

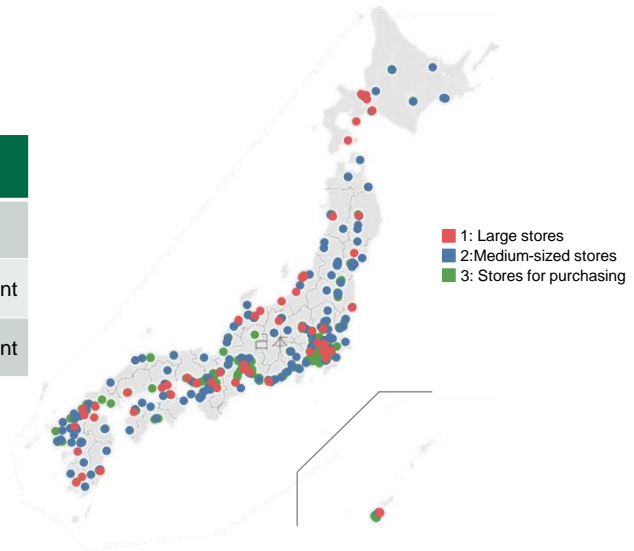
We started as a used car purchasing business to eliminate the inconvenience of our customers, and now our mainstay retail business also has the ability to propose products tailored to customers' lifestyles and needs.

We will achieve sustainable business growth by combining these strengths with our store development, centered on large stores.

Operating 406 nationwide






Store format	Number of stores*	Future Policies
Large stores	53	Aggressive expansion
Medium-sized stores	148	Making efficient
Stores for purchasing	205	Making efficient

* As of February 29, 2024



Gulliver currently has 406 stores nationwide.

By opening large stores in all trade areas in 47 prefectures, we will build a foundation from which we can gain market share.

Store format	Stores for purchasing	Medium-sized stores		Large stores
		  		
		Medium-sized store type	Store specializing in foreign cars Store specializing in custom cars	Large store type Store with maintenance shop Store with maintenance shop and sheet-metal workshop
Number of stores*	205	148		53
Features	Purchase-only store	Specialty stores tailored to customer needs		Far greater number of products than other stores in each area

The Gulliver purchasing brand, which has been close to customers for 30 years, has become a customer attraction force, and the retail business will grow and expand into medium—and large stores.

I will explain about the Gulliver brand.

Gulliver, which started as a used car purchasing shop 30 years ago, has an overwhelming brand recognition of 94.9% and has successfully attracted customers to large stores, which have been expanding in recent years.

Sales Capabilities

Ongoing Employee Satisfaction Initiatives

Gulliver



Z-CAMP

Conducted workshops for all employees on the theme of goal setting

Best Motivation Company 2023



BEST MOTIVATION COMPANY AWARD
大手企業部門
(2,000名以上)

Received the award for the second consecutive year

Motivation Cloud Rating



Rating improved from BBB to A

We place importance on creating a workplace where employees can grow and conduct quantitative observation using engagement scores. By confirming employee expectations and satisfaction levels, we can improve individual management and personnel systems and provide learning opportunities to develop abilities and enhance skills.

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Now I will explain our efforts towards employee satisfaction.

At IDOM, we believe that the growth of our employees is the key to business growth.

During FY2024, from November to December 2023, we conducted "Z-camp" for all employees with the theme of goal setting. We gathered members from across departments and held workshops to invest in human capital, such as how to approach work and share values across generations.

As we have quantified employee engagement and carried out improvement activities, our rating has increased to A in the motivation survey that started in 2021. Additionally, we received the Best Motivation Company Award from an external organization for two consecutive years.

Application of a proper incentive system

Offering incentives in proportion to customer satisfaction

Fair performance-based evaluation without establishing quotas

Clarification of sales targets using detailed tables

Designing of a proper incentive system

Bonuses and incentives are set at approximately 30% of the average annual income, thereby avoiding the creation of an excessive incentive system.



The incentive system is designed to foster the growth of employees without quotas, with customer satisfaction as the premise. We aim to create an environment where employees can focus on serving customers, thus ensuring sustainable livelihoods.

Next, I will explain the incentive system.

IDOM has introduced an incentive system as an initiative for employee growth.

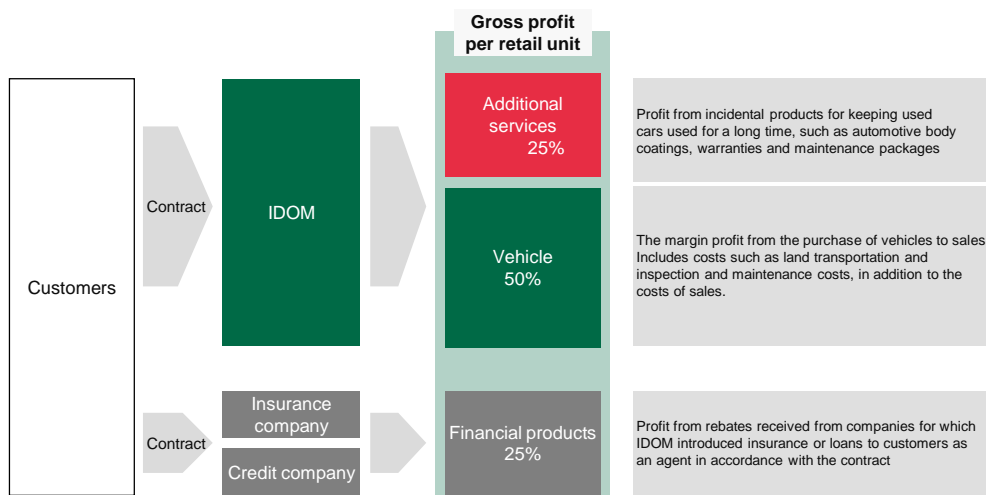
By not setting quotas, we emphasize the importance of employees focusing on customer service, and we have designed the system to avoid excessive incentive systems.

3. 4 Upward Revision of the Medium-Term Business Plan Targets



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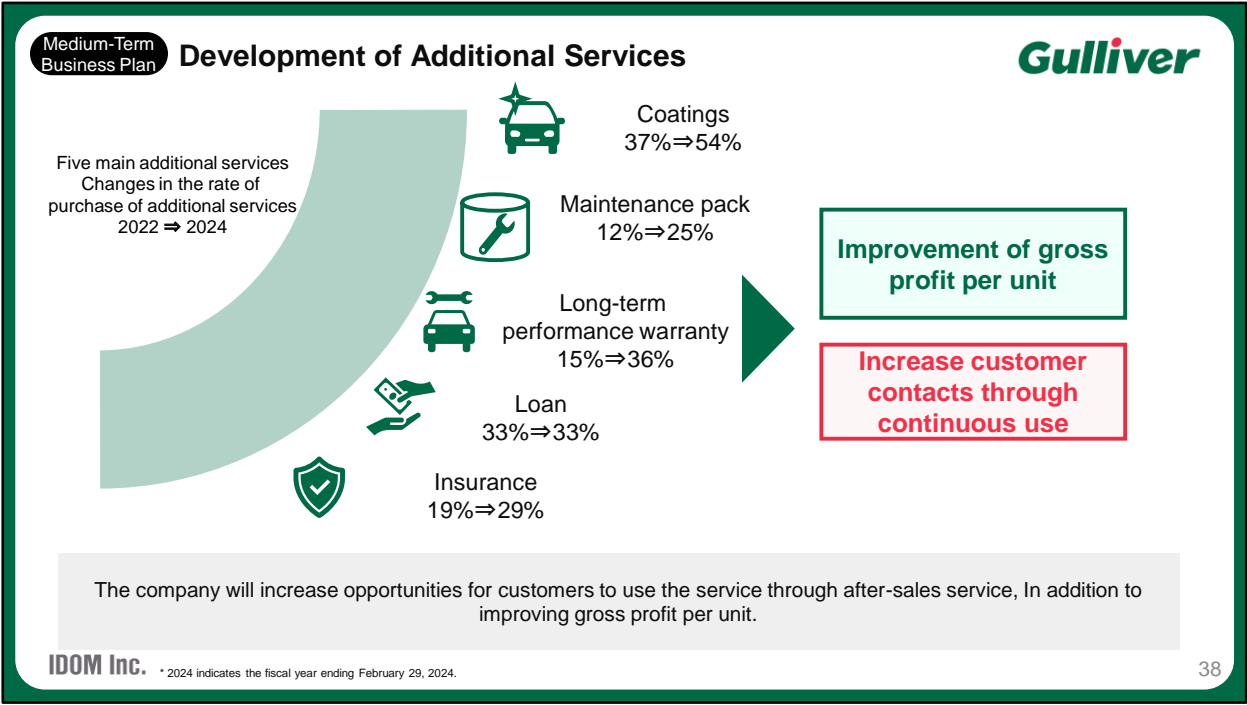
From here, I will explain the upward revision of the medium-term business plan.



As we make upward revisions to our medium-term business plan, I would like to first explain the gross profit per retail unit.

Our gross profit per retail unit includes the followings

- Gross profit from a vehicle, the margin profit from the purchase of vehicles to sales
- Gross profits from additional services such as coatings and compensation to make used cars more comfortable to drive
- Gross profit on financial products received indirectly from insurance companies and credit sales companies as an agent



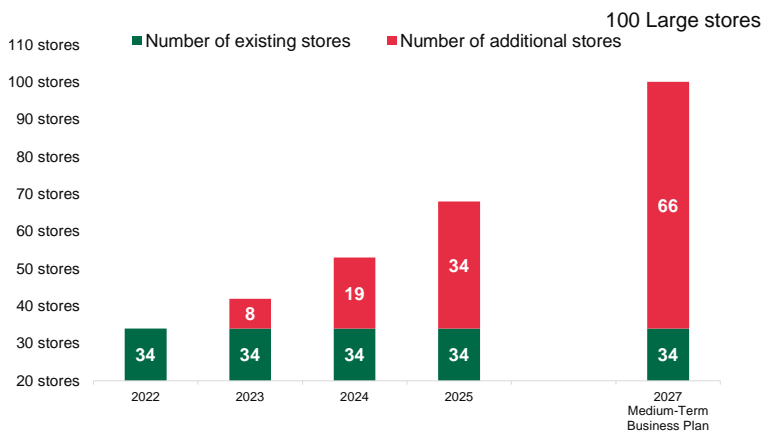
Next, I will explain the development of additional services.

In addition to selling vehicles, we are also developing additional services that allow customers to use used cars with peace of mind.

From 2022 onwards, the number of large stores with attached maintenance shops increased, and the attached rate of additional services has steadily grown.

By continuing to develop additional services, we aim to increase the number of points of contact with customers and maximize lifetime value.

Acceleration of Store Openings (Increasing the Number of Large Stores to a Total of 100)



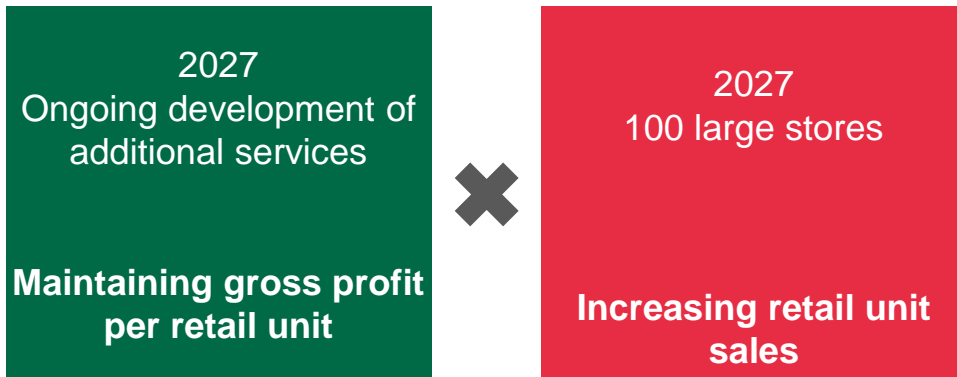
	Initial Plan	Revised Plan
opening of large stores	50 stores	66 stores
Capital expenditures	20.0 billion yen	28.0 billion yen

Assumptions and policies for capital expenditures

Format	Capital expenditures	Future Policies
Large stores	300 million yen	Aggressive expansion
Maintenance shops	200 million yen	Aggressive expansion

Based on the know-how we have accumulated to date, we will open 66 stores, 16 more than planned in our medium-term business plan and aim for 100 large stores nationwide.

Furthermore, by improving the profit efficiency of large stores, we will expand the possibility of opening more stores in the future..

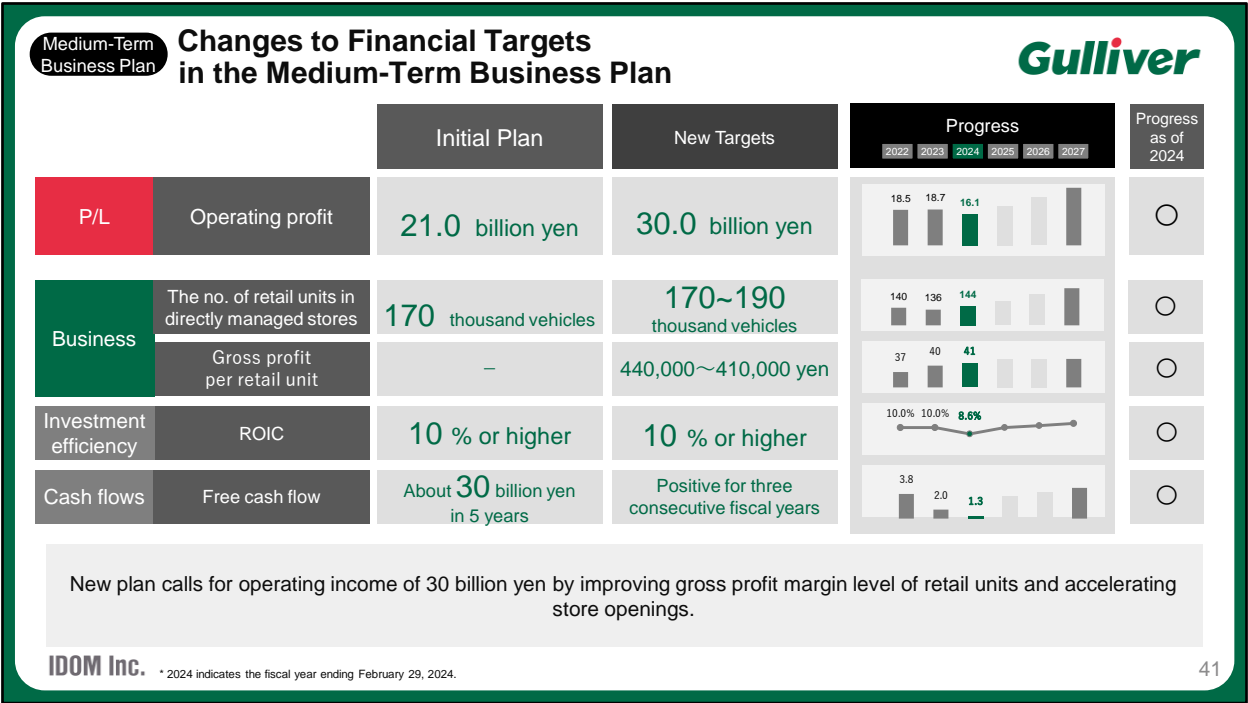


Achieving targets that exceed the initial plan by maintaining the level of gross profit per retail unit for the second half of FY2024 and increasing retail unit sales through the acceleration of new store openings.

-Maintain gross profit per retail unit by improving the acquisition rate through the development of additional services

-Increase in retail unit sales due to expansion of trade area with 100 large stores nationwide

We will make upward revisions to our medium-term business plan by placing these two points at the core of our strategy.



The new target for the medium-term business plan for the fiscal year ending February 2027 is to aim for an operating profit of 30 billion yen.

Along with this, various KPIs have also been changed.

The Free cash flow target level has been changed as the pace of store openings has exceeded the previous target.

However, we recognize that a positive FCF is important as a criterion for financial stability.

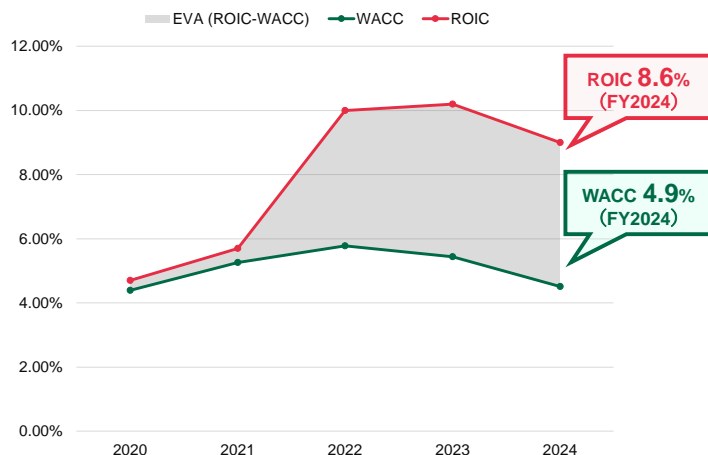
We have set a new standard for cumulative FCF to be positive for three consecutive fiscal years.

4. Capital Policy and Dividends



IDOM Inc.

Next, I will explain capital policy and dividends.



- We understand that the cost of capital has decreased to approximately 4% at present time due to a decline in β .
- Target ROIC: Maintaining a ROIC above 10%
- The company has already sold off the new car dealer business which had low capital efficiency.

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*WACC: Calculated based on the weighted average of the cost of shareholder's equity (risk-free rate + (β x market risk premium) + (current β x current risk premium)) and the cost of interest-bearing debt
 * 2024 indicates the fiscal year ending February 29, 2024.

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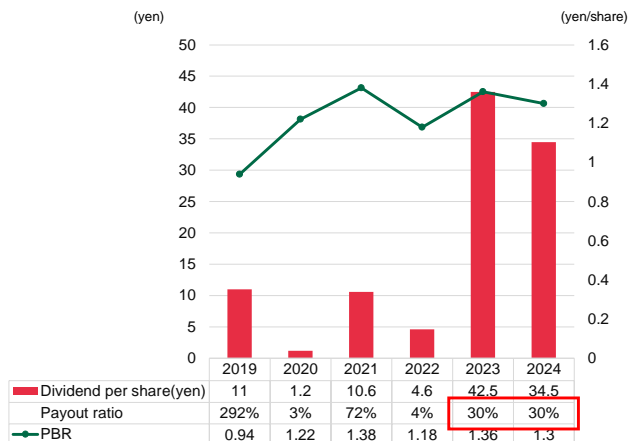
We recognize our cost of capital to be around 5%.

The calculation method is detailed in the Appendix for your reference.

This fiscal year, due to asset increases from new store openings and decreased profit, our ROIC decreased from 10% to 8.6%.

However, the EVA spread, which represents the difference between ROIC and cost of capital, remains consistently around 4%.

Moving forward, as we plan for our medium-term business strategy, we aim to maintain ROIC levels above 10%.



Share buyback
implemented
(April 2020)

- Continuing the current dividend policy of allocating 30% of consolidated net profit in the current fiscal year to dividends for the current fiscal year
- It is planned to consider a share buyback when the PBR is close to 1.0.
- The company will prioritize growth investment first and increase profit to enhance its corporate value.

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* 2024 indicates the fiscal year ending February 29, 2024.

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This slide shows the dividend trends.

We previously distributed 30% of the previous fiscal year's consolidated net income to our shareholders.

However, starting from the previous fiscal year (FY2023), we have changed to returning 30% of the consolidated net income for the current fiscal year to shareholders.

As a result, the dividend payout ratio has been fixed at 30% since last year.

We will consider acquiring treasury stock when PBR approaches 1x.

In April 2020, we acquired treasury stock.

Going forward, we will continue to prioritize growth investments, increase corporate value by increasing profits, and increase shareholder returns.

Dividends

Dividend Policy

Gulliver

Dividend policy	Performance-based dividend		
How to determine the amount of dividend	The dividends are calculated based on consolidated net profit attributable to owners of parent of current fiscal year x 30% (Changed from FY2023 dividends)		
Dividend per share			
	End of first half	End of fiscal year	Total
FY2024 (Forecast announced on Oct. 12)	14.41 yen	19.78 yen (18.75 yen)	34.19 yen (33.16 yen)
FY2025 (Forecast)	20.02 yen	20.61 yen	40.63 yen

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This slide shows dividends for FY2024 and FY2025.

The dividend amount for the current fiscal year will be 34.19 yen for the full year.

Since we paid 14.41 yen in the first half, the second half dividend will be 19.78 yen per share.

Based on our profit growth plan, we forecast a full-year dividend of 40.63 yen for FY2025.

Toward the Future Mobility Society

NEXT GENERATION MOBILITY CHALLENGE

The start of new challenges

Since its founding, IDOM has been pursuing initiatives to become a used car dealer that is trusted by customers.

We think that this year is an important year for the used car industry. The important thing is to take steps to earn the trust of customers, such as displaying total payments.

We will raise awareness as a leader in the used car industry and strive to achieve growth together with stakeholders as a company trusted by them.

We hope that you will continue to support IDOM's plans for growth.



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The used car industry underwent a significant transformation in the fiscal year ending February 2024, particularly regarding trust in used cars.

Even on a global scale, Japan, where the proportion of new car retail is high, still has ample room for expansion in its used car market by increasing trust in used cars.

With an awareness of being a leading company in the used car industry, we are committed to providing products and services that our customers trust. We are determined to challenge ourselves to grow together with our stakeholders.

We hope that you will continue to support IDOM's plans for growth.