

Q2 FY2025

First Half Results for Fiscal Year Ending February 28, 2025

October 16th, 2024

TSE Prime 7599

IDOM Inc.



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

Disclaimer

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I will now explain the financial results for the first half of the fiscal year ending February 2025.

1. First Half Results Summary FY2025



First Half FY2025 Results Highlights



Consolidated

Record operating profit

Operating profit

10.1 billion yen

+42% YoY

- Operating profit increased 3.0 billion yen year on year, in line with plan following Q1.
- A record high of 10.1 billion yen was achieved in the first half on a consolidated basis.

Retail sales

Gross profit per retail unit

Gross profit per retail unit

440,000 yen/unit x

- Gross profit per retail unit exceeded the initial forecast (400,000 yen to 430,000 yen) by 10,000 yen (2%).

Retail sales

Record unit Sales

Retail Unit Sales

75,917 units

+3% YoY

- Record high while maintaining gross profit per unit.

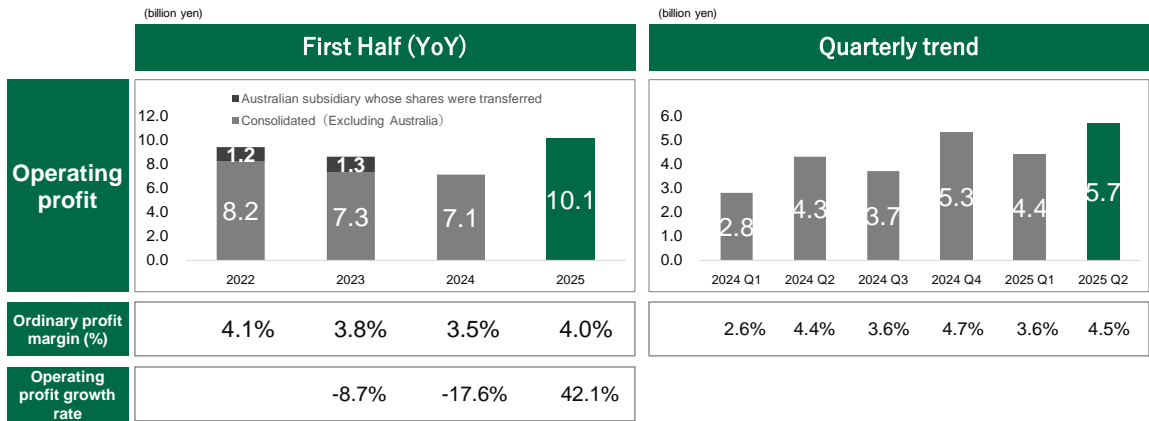
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* 2025 indicates the fiscal year ending February 28, 2025.

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This slide shows consolidated operating income.

- Operating income was 10.1 billion yen, a record high.
- The retail gross profit for the first half was 440,000 yen. This was 10,000 yen above the 430,000-400,000 yen range that was forecasted at the beginning of the year.
- Retail sales volume reached a record high of 75,917 units. We were able to increase retail unit sales by 3% over the previous year while maintaining a high level of gross profit.



On the left side of this slide, we show the change in operating income for the first half of the year.

This first half is the highest ever, including the period when the Australian business was sold in 2022.

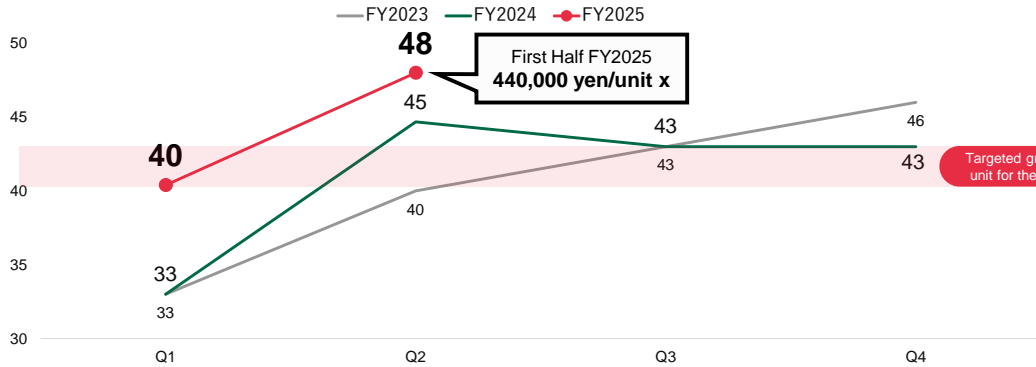
The operating profit margin was 4%. On the right side are the quarterly changes. Following 4.4 billion yen in the first quarter, operating income was in line with expectations at 5.7 billion yen in the second quarter.

Highlights

Trend in Gross Profit per Retail Unit



(ten thousand yen)



Gross profit per retail unit in the first half was 440,000 yen, nearly meeting the target for this fiscal year.

The following is a quarterly trend of gross profit from retail units. The red range represents the “400,000-430,000 yen range,” which was the assumption of the initial earnings forecast. In the first quarter, it was at the low end of this range, but in the second quarter, it reached 480,000 yen, so that the first half year-to-date gross profit was 440,000 yen, exceeding the forecast range.



Developing merchandising

We analyze distribution inventory for each trade area and supply optimal inventory.



Fair pricing

The head office sets price ranges based on market analysis.



Service leveling

We will ensure that we display total prices and reduce discounts.

We enhance our product team, focus on market analysis and demand forecasting, and ensure the provision of standardized services.

We have continued to strengthen our merchandise team and analyze the distribution inventory in each trade area to ensure that we have the optimal inventory.

Furthermore, based on market analysis and demand forecasts, the headquarters sets an appropriate range of retail prices. Stores then set appropriate prices within the set range.

With regard to the “Displaying Total Payments” that started last year, we have been thoroughly restraining discounting so that we can provide the same service to all customers.

For the above reasons and others, we consider that we have been successful in securing retail unit gross profit this fiscal year without focusing on the number of units, as the market is on the rise.

		2023 First Half	2024 First Half	2025 First Half	Changes
Number of stores	Store opening of large stores (stores)	4	0	1	+1
	Number of retail unit sales (thousand units)	70	74	76	+2
Number of units	Number of wholesales unit (thousand units)	55	62	77	+15
	Gross profit per retail unit (ten thousand yen)	35	38	44	+6
Gross profit per unit	Gross profit per wholesale unit (ten thousand yen)	10	10	12	+3

All KPIs are progressing well.

This is about PL.

First are the key KPIs.

One store opened in the first quarter.

As shown in the highlights for retail, we were able to increase volume by 3% while maintaining unit gross profit.

As for wholesale, both volume and gross profit per unit were significantly higher than the previous year due in part to the strong used car market, contributing to profit growth.

The importance of retailing remains unchanged, with the retail segment accounting for about 75% of gross profit.

Consolidated **FY2025 First Half Results**



(billion yen)	2024	2025	Ratio to net sales	YoY changes	Percent change
Net sales	203.7	249.7	100.0%	+46.0	+22.6%
Gross profit	34.9	44.3	17.7%	+9.4	+26.9%
Selling, general and administrative expenses	27.8	34.2	13.7%	+6.4	+23.0%
Operating profit	7.1	10.1	4.0%	+3.0	+42.3%
Ordinary profit	6.9	9.6	3.8%	+2.7	+39.1%
Profit attributable to owners of parent	4.8	6.5	2.6%	+1.7	+35.4%

IDOM Inc. * 2025 indicates the fiscal year ending February 28, 2025.

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Consolidated P/L results for the first half.

Operating income was 10.1 billion yen, more than 40% higher than the same period last year and in line with our earnings forecast.

Net income was 6.5 billion yen.

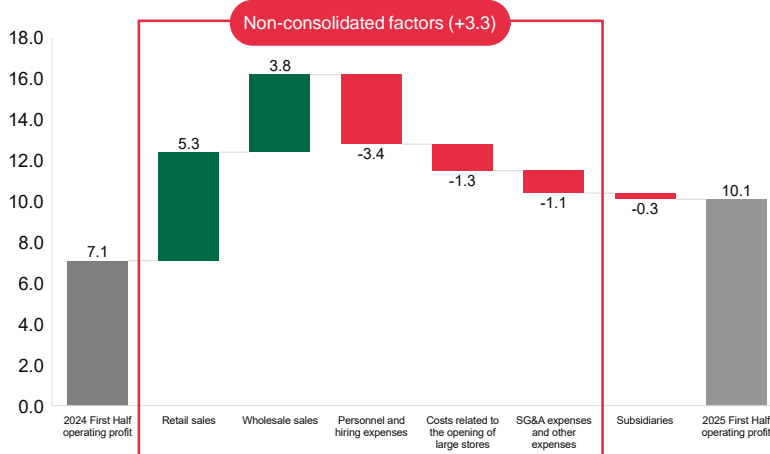
Factors behind the increase or decrease in operating income will be explained on the next slide.

Consolidated

FY2025 First Half Analysis of Factors in YoY Change in Operating Profit

Gulliver

(billion yen)



- Retail sales increased 5.3 billion yen due to higher gross profit per unit, while wholesale sales were up 3.8 billion yen, reflecting the impact of an increase in units.
- Personnel expenses and hiring expenses increased due to high volume hiring in preparation for the opening of large stores.
- With large stores scheduled to open in the second half of 2024, rent expenses on land and buildings and advertising expenses increased.
- The results of subsidiaries showed a decrease of 0.3 billion yen.

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* 2025 indicates the fiscal year ending February 28, 2025.

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The following chart shows an analysis of changes in consolidated operating income from the previous year.

The red squares indicate non-consolidated factors, i.e., IDOM itself.

The increase in non-consolidated operating income was 3.3 billion yen. The breakdown is 5.3 billion yen in the retail segment and 3.8 billion yen in the wholesale segment.

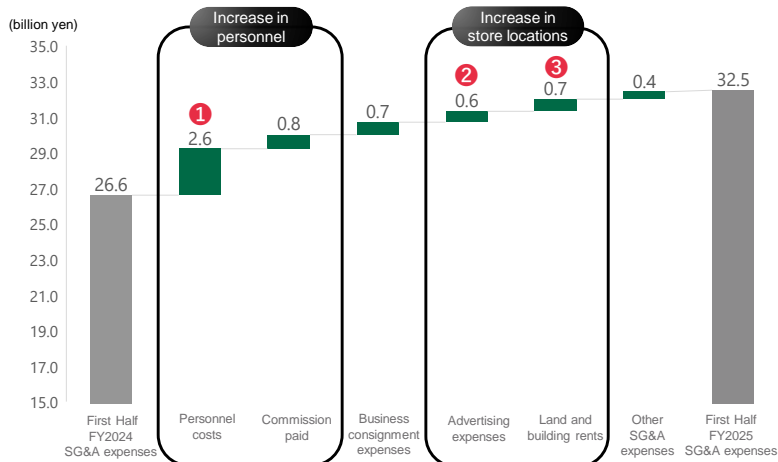
On the other hand, SG&A expenses increased by 5.8 billion yen due to an increase in personnel expenses, hiring expenses, and advertising expenses to accelerate the opening of large-scale stores.

As for factors other than non-consolidated factors, the segment posted a minus 0.3 billion yen.

As a result, consolidated operating income increased 3.0 billion yen to 10.1 billion yen.

Non-Consolidated

First Half FY2025 Analysis of Factors in YoY Change SG&A Expenses



SG&A expenses increased, reflecting up-front investment in **14 store openings planned in the second half.**

- 1 Personnel costs increased due to a 500-person increase and a 15,000 yen rise in costs per person.
- 2 Advertising expenses increased to promote sales volume.
- 3 Land and building rents increased due to head office relocation and an increase in the number of stores.

IDOM Inc. * 2025 indicates the fiscal year ending February 29, 2024.

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I will talk about non-consolidated SG&A expenses, which increased investment by 5.8 billion yen.

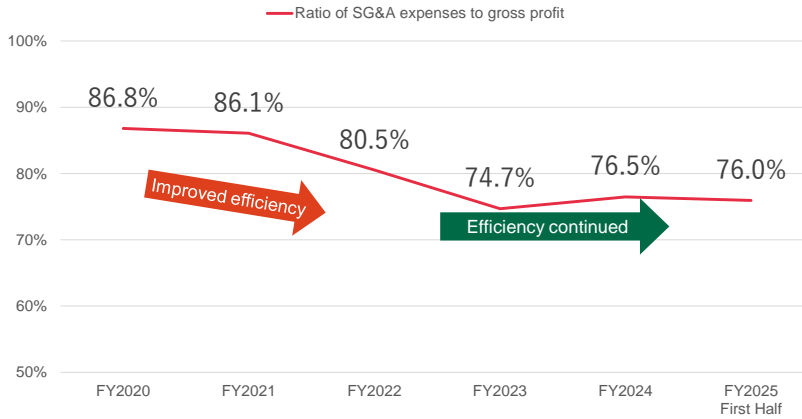
We are aggressively hiring people to open large stores. Recruitment is progressing smoothly, and salary levels are rising in line with favorable business performance. As a result, personnel expenses, including recruitment costs, have increased by 3.4 billion yen.

These human resources are strategically allocated mainly to large stores, increasing gross profit. In the short term, there will be a time lag between the opening of new stores and the contribution to profit.

Non-Consolidated

Trend in ratio of SG&A expenses to gross profit

Gulliver



The ratio of SG&A expenses to gross profit remained flat, reflecting improved SG&A expense efficiency.

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The trend is shown as a ratio of stand-alone SG&A expenses divided by gross profit. Since 2021, our growth driver has been focused as large stores. Initially, we shifted personnel to large stores while reducing the number of stores and curbing hiring while opening new stores. Since 2023, we have been accelerating store openings and increasing hiring while maintaining our SG&A to gross profit ratio on an annual and semi-annual basis.

Consolidated Summary of Consolidated Balance Sheet

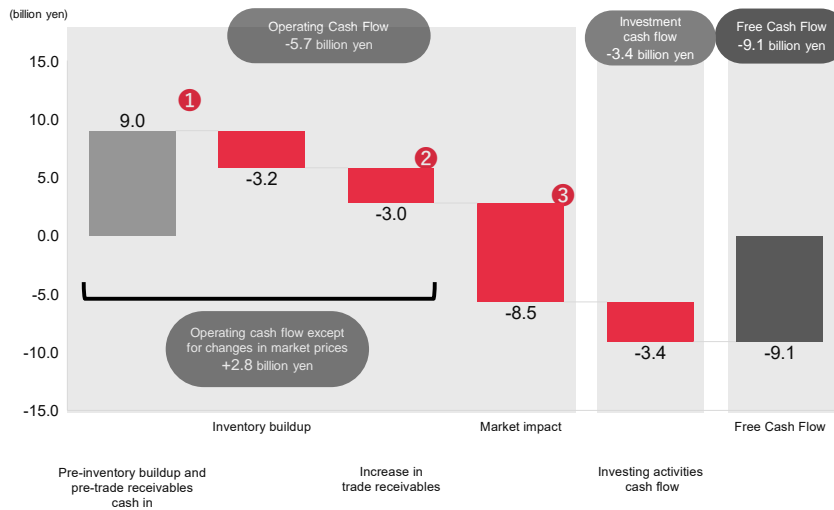


Consolidated Balance Sheet (As of February 28, 2024)		Consolidated Balance Sheet (As of August 31, 2024)	
Assets 184.0 billion yen	Liabilities 114.1 billion yen	Assets 192.9 billion yen	Liabilities 117.6 billion yen
Cash and deposits 30.5 billion yen	Interest-bearing debt 63.0 billion yen	Cash and deposits 20.6 billion yen	Interest-bearing debt 63.4 billion yen
Accounts receivable 12.6 billion yen	Other 51.1 billion yen	Accounts receivable 15.5 billion yen	Other 54.2 billion yen
Inventories 86.0 billion yen	Net assets 69.9 billion yen	Inventories 97.5 billion yen	Net assets 75.3 billion yen
Property, plant and equipment 33.8 billion yen	Other 69.9 billion yen (Equity ratio 38%)	Property, plant and equipment 35.5 billion yen	Other 75.3 billion yen (Equity ratio 39%)
Other 21.1 billion yen		Other 23.8 billion yen	

- Total assets were 192.9 billion yen. (+8.9 billion yen)
- Accounts receivable increased by 2.9 billion yen but remained flat from Q1 due to converted into cash.
- Inventories increased by 8.3 billion yen due to a higher unit price resulting from a rise in the market and by 3.2 billion yen due to an increase in the number of stock.
- Consolidated equity ratio rose to 39% from 38% as of the end of the previous fiscal year.

Consolidated BS. Total assets were 192.9 billion yen. Total assets increased 8.9 billion yen from the end of the previous period. Accounts receivable increased 2.9 billion yen from the end of the previous period to 15.5 billion yen due to the increase in the used car market from the end of the previous period and the expansion of the installment sales business. In installment sales, 4.3 billion yen of accounts receivable was converted to cash in the second quarter. As a result, the balance of accounts receivable declined slightly from the first quarter. Inventory increased by 11.5 billion yen. As with accounts receivable, the rising market price of used cars was a factor in the 8.3 billion yen increase. The remaining 3.5 billion yen is due to an increase in the number of vehicles. Fixed assets increased by 1.7 billion yen due to an increase in stores and plants. Total liabilities increased 3.5 billion yen to 117.6 billion yen, including contract liabilities under the new revenue standard. Of this amount, interest-bearing debt increased 0.4 billion to 63.4 billion, remaining mostly unchanged, and was reclassified from short-term to long-term. As a result, net assets increased 5.4 billion yen to 75.3 billion yen, and the equity ratio increased to 39% from 38% at the end of the previous period.

Analysis of factors in YoY change in cash flow



- 1 The pre-inventory buildup and pre-trade receivables cash in was at the planned level of 9.0 billion yen.
- 2 Trade receivables increased due to sales by installments. (-3.0 billion yen)
- 3 Changes in market prices caused inventory prices to rise, resulting in a decrease of 8.5 billion yen in cash provided by operating activities. Cash flow from operating activities would have been 2.8 billion yen except for changes in market prices.

As a result, free cash flow stood at -9.1 billion yen.

Here is the status of consolidated cash flow.

Operating cash flow generated 9.2 billion yen in “pre-inventory buildup and pre-trade receivables cash in” due to strong business performance. Cash outflows of 11.5 billion yen from investments in inventory and 3.2 billion yen from an increase in accounts receivable resulted in a negative operating cash flow of 5.7 billion yen. However, we estimate that there was about 8.5 billion yen in inventory and accounts receivable due to the impact of rising market prices. Excluding the impact of market prices, we estimate that operating cash flow was positive 2.8 billion yen.

If market prices remain stable, the impact on accounts receivable and inventory will disappear. In the medium to long term, we expect that profits on the PL will be reflected in cash flow.

We invested 3.4 billion yen in the acquisition of tangible and intangible fixed assets such as large stores and maintenance shops.

As a result, free cash flow (FCF) was negative 9.1 billion yen.

Consolidated

Comparison of Result in Frist Half of FY2025 with Plans



(billion yen)	2025 Forecast	2025	Ratio to net sales	YoY changes	Percent change
Net sales	223.2	249.7	100.0%	+26.5	+11.9%
Gross profit	40.8	44.3	17.7%	+3.5	+8.6%
Selling, general and administrative expenses	30.7	34.2	13.7%	+3.5	+11.4%
Operating profit	10.1	10.1	4.0%	0	0.0%
Ordinary profit	9.9	9.6	3.8%	-3.0	-3.0%
Profit attributable to owners of parent	6.7	6.5	2.6%	-2.0	-3.0%

IDOM Inc. * 2025 indicates the fiscal year ending February 28, 2025.

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This is the last slide of my presentation. This is a comparison with the forecast at the beginning of this year. We were able to generate operating income as projected in both the first and second quarters.

The growth drivers that we have been working on, such as securing retail unit gross profit and increasing retail sales volume through the development of large stores, are highly assured.

We must continue to monitor changes in the business environment closely, but we intend to continue to put the company on a solid growth trajectory as we have in the past.

Thank you very much.

2. Market Environment Perception and Initiatives for Businesses



My name is Takao Hatori, President.

I would like to explain about our efforts in philosophy-based management and our initiatives for the first half of the fiscal year.



We aim to continue to grow together with our five key stakeholder groups to achieve a prosperous future through the embodiment of IDOM-ism.

Since its establishment, IDOM has been expanding its business by sharing the spirit of coexistence and co-prosperity with all employees under the corporate philosophy "Growing Together".

IDOM is Japan's first group of brands dedicated to making the used car experience transparent, based on market prices and needs. We are now striving to become "Neighborhood Car Stand".

In the 1990s, people in Japan had to sell their cars to various independent shops, each with different valuation standards. As Japan's first largest national chain specializing in car buying, IDOM introduced fair car buying based on nationwide market prices and needs, and established the practice of considering car sellers as "customers" in Japan.

To support a broader range of customers, we expanded into retail and maintenance to resolve the issues of information asymmetry and adverse selection, which are challenges for the entire used car market. We were the first in Japan to introduce comprehensive online vehicle information disclosure and a 10-year warranty. However, we understand the custom of long-term used car ownership still has a way to go, both in Japan and globally. Even 30 years after our founding, our challenge continues.

Going forward, we will continue communicating that cars are not just tools but irreplaceable experiences that enhance life's happiness. To ensure our customers can enjoy their cars for many years to come, IDOM strives to become a close partner to car owners in any country or region, driving user-centric innovation.



This fiscal year marks our 30th anniversary. We have established a mission to contribute to our stakeholders.

For our 30th anniversary this year, we have newly established our mission as "Neighborhood Car Stand".

We have made our philosophy management more concrete and shared it with all employees as our raison significance and mission.

We are committed to making further contributions to our stakeholders by actively conducting training to deepen the concept of our philosophy and mission for all employees.



Opening of large stores



Human capital



Forecasts



First half initiatives



Opening of large stores



Human capital



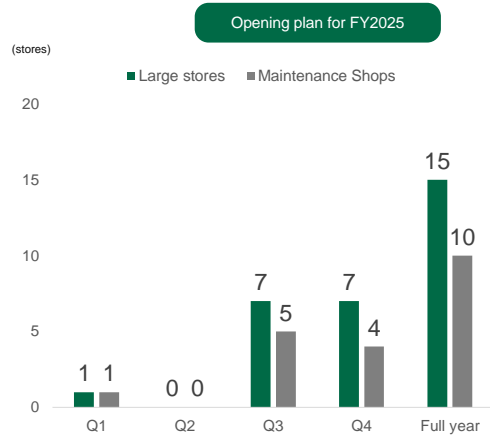
Forecasts



First, regarding the opening of large stores

Large stores

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



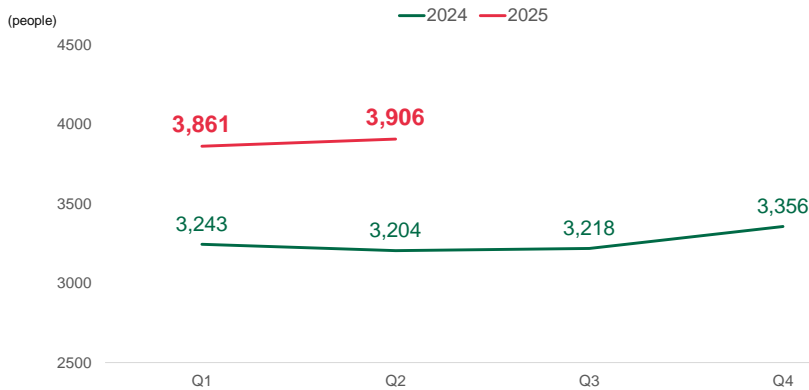
After revising upward the Medium-Term Management Plan in April 2024, we are speeding up our store openings to reach 100 large stores. All new store openings planned for this fiscal year are progressing as planned. There is a possibility of additional store openings using existing buildings.

IDOM Inc. * 2025 indicates the fiscal year ending February 28, 2025.

In April 2024, we revised upward our medium-term management plan. We will expand store openings with the goal of reaching a cumulative total of 100 large stores by 2027. As for the progress of the 15 stores planned for this fiscal year, all have been contracted and construction has started, and are progressing smoothly as planned.

Personnel for Opening Large Stores

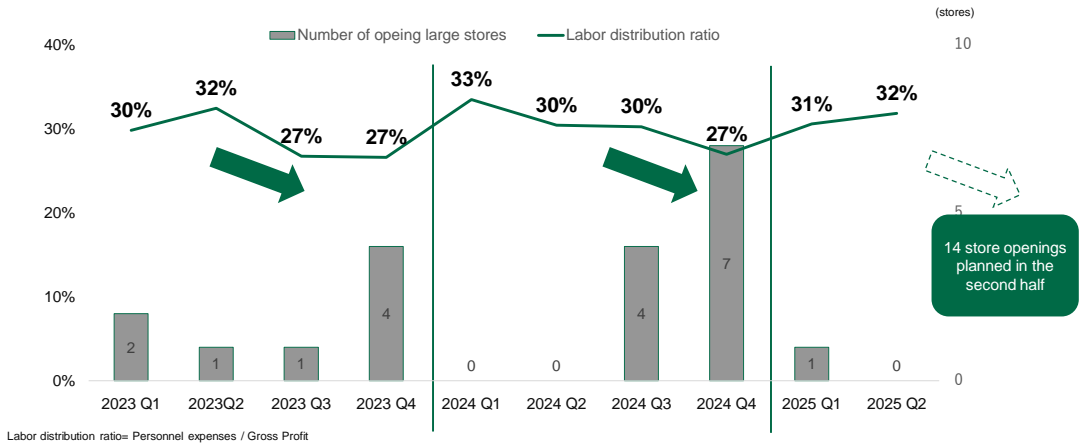
Trend in number of non-consolidated employees



We are hiring 30 people per store in preparation for opening large stores faster than planned. In the first half of this fiscal year, we have secured 450 new employees necessary for new store openings this fiscal year. We are making steady progress in hiring around 400 new graduates in preparation for new store openings next fiscal year.

This is regarding staffing for the opening of large stores. For large stores require approximately 30 employees per store. In the first half of this fiscal year, we have secured and trained enough new graduates to open new stores in the second half of the year. We are also making steady progress in hiring the 400 new graduates needed to open new stores in the next fiscal year.

Labor distribution ratio



We define personnel expenses related to gross profit as variable costs in our business strategy. We have successfully curbed an increase in the labor distribution ratio while training personnel for new stores.

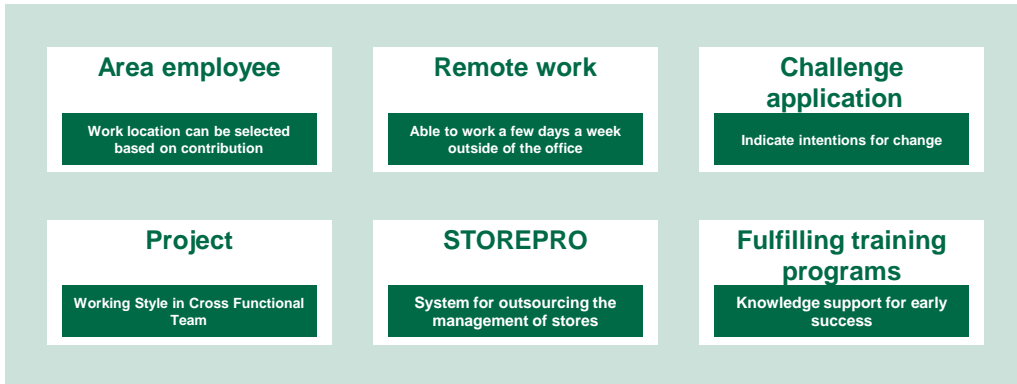
In the first half of this year, the labor distribution ratio temporarily increased from FY2024 due to hiring in anticipation of store openings. Since there is always an upfront investment in opening large stores, we believe that gross profit from new store openings in the second half of the year will push down the labor distribution ratio. We will control the labor distribution ratio over the medium term by steadily opening new large stores while securing the human resources needed to open new large-scale stores and taking care not to overstock them.



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Regarding human capital

Examples of systems



We will introduce diverse working styles and focus on maximizing human capital.

IDOM has always thought that its human resources are its greatest driving force, and has put in place systems to promote diverse work styles with the aim of improving productivity.

In particular, we provide a suitable environment for those who have a desire to grow. While valuing an attitude of challenge, we provide support in a supportive manner for those who wish to further develop their abilities by preparing systems according to their needs.

Initiatives to Be Recognized as a Company Implementing Outstanding Health & Productivity Management Practices



Optimization of working hours and holidays



Initiatives for work-life balance



Promoting mental and physical health

We are launching systems to be recognized as a company implementing outstanding health & productivity management practices. We aim to improve employee productivity.

I would like to explain our health management initiatives.

Starting this fiscal year, we will take on the challenge of becoming an “Health and productivity”.

We believe that by ensuring that all employees lead healthy and fulfilling lives, we can both enrich their lives and improve their productivity.

Changes in sales style

Sales at
real storesTelephone sales,
traveling sales

Online sales



E-commerce

We are expanding online sales to improve productivity.
We are creating an environment that is not bound by time or place.

We would like to introduce our DX initiatives.

IDOM has been working on car image search and other services since early on, and we are expanding online sales from this fiscal year.

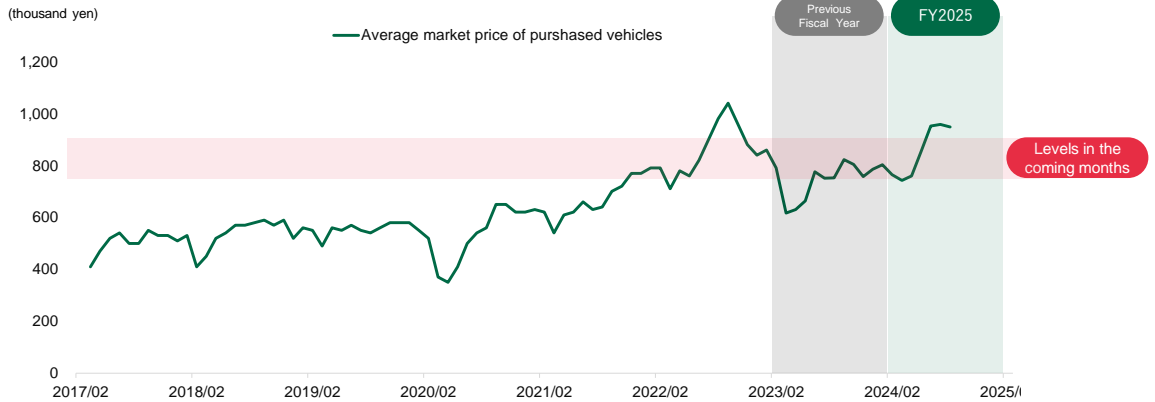
We believe that this will bring about a change from the traditional style of going to a store to check out the actual car and have a business meeting.

We are developing a business meeting style using telephone and video calls that is not tied to the customer's "time and place".



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Regarding market conditions and earnings forecasts



Market prices remained high and stable from June to August.
We expect that they will be at the level predicted at the beginning of the fiscal year.

This is the trend of the average price of our purchased vehicles.
In the second quarter, the rising market prices remained high and the trend was stable.

We expect prices to settle down to the expected level in the future.

Consolidated **FY2025 Revised Forecasts**



(billion yen)	2025 Forecast	2025 Revised Forecast	Ratio to net sales	YoY changes	Percent change
Net sales	456.5	500.0	100.0%	+43.5	+9.5%
Gross profit	83.3	90.2	18.0%	+6.9	+8.3%
Selling, general and administrative expenses	63.0	69.9	14.0%	+6.9	+11.1%
Operating profit	20.3	20.3	4.0%	0	0.0%
Ordinary profit	19.8	19.8	3.8%	0	0.0%
Profit attributable to owners of parent	13.6	13.6	2.6%	0	0.0%

IDOM Inc. * 2025 indicates the fiscal year ending February 28, 2025.

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This is regarding the revision of the earnings forecast.

Net sales increased in line with higher-than-expected market prices, and gross profit increased due to higher unit gross profit.

In the second half of the fiscal year, we expect net sales to increase in line with rising market prices and gross profit to remain strong.

In addition, we have factored in an increase in SG&A expenses, as we have completed the hiring of personnel to prepare for the opening of large new stores.

Although the range of changes did not reach the disclosure threshold, we are disclosing this forecast as a revised forecast because we were able to confirm these changes early.

Consolidated

Progress in First Half toward Results Forecast for FY2025 **Gulliver**

		Forecast First Half	Result	Progress	Forecast Second Half	Revised Forecast FY2025
Number of stores	Store opening of large stores (stores)	1	1	As expected	14	15
	Number of units					
Number of units	Number of retail unit sales (ten thousand units)	77	76	As expected	74 – 84	150 – 160
	Number of wholesales unit (ten thousand units)	63	77	Greater than expected	80	157 (+27)
Gross profit per unit	Gross profit per retail unit (ten thousand yen)	43 – 40	44	Greater than expected	44 – 41	44 – 41 (+1)
	Gross profit per wholesale unit (ten thousand yen)	10	12	Greater than expected	11	12 (+1)
PL	Gross profit(billion yen)	40.8	44.3	Greater than expected	45.9	90.2 (+6.9)
	Selling, general and administrative expenses (billion yen)	30.7	34.2	Greater than expected	35.7	69.9 (+6.9)
	Operating profit (billion yen)	10.1	10.1	As expected	10.2	20.3

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* 2025 indicates the fiscal year ending February 28, 2025.

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The following chart shows the “KPIs of the annual forecast,” the “first half results,” and the difference between the two, the “second half forecast.

Since retail and wholesale sales in the first half were strong and all items were positive, and operating income in the first half was almost in line with expectations, we will continue to take actions in the second half to realize the full-year plan.

Plans for This Fiscal Year and Financial Targets in Medium-Term Business Plan

		2025 Forecast	2027 Forecast	Progress	Progress as of FY2025
				2022 2023 2024 2025 2026 2027	
P/L	Operating profit	20.3 billion yen	30.0 billion yen		<input type="radio"/>
Business	The no. of retail units in directly managed stores	150~160 thousand vehicles	170~190 thousand vehicles		<input type="radio"/>
	Gross profit per retail unit	440,000~410,000 yen	440,000~410,000 yen		<input checked="" type="radio"/>
Investment efficiency	ROIC	10 % or higher	10 % or higher		<input type="radio"/>
Cash flows	Free cash flow	-	Positive for three consecutive fiscal years		<input type="radio"/>

Gross profit per retail unit will reach the target in the Medium-Term Business Plan early. We believe that this has increased the likelihood of achieving our targets.

The medium-term management plan was revised upward in April 2024. The new target aims to achieve operating income of 30 billion yen in the fiscal year ending February 2027. We now expect to achieve the KPI of retail unit gross profit at an early stage. We will continue to steadily pursue our current management policy, which has increased the certainty of achieving the target.

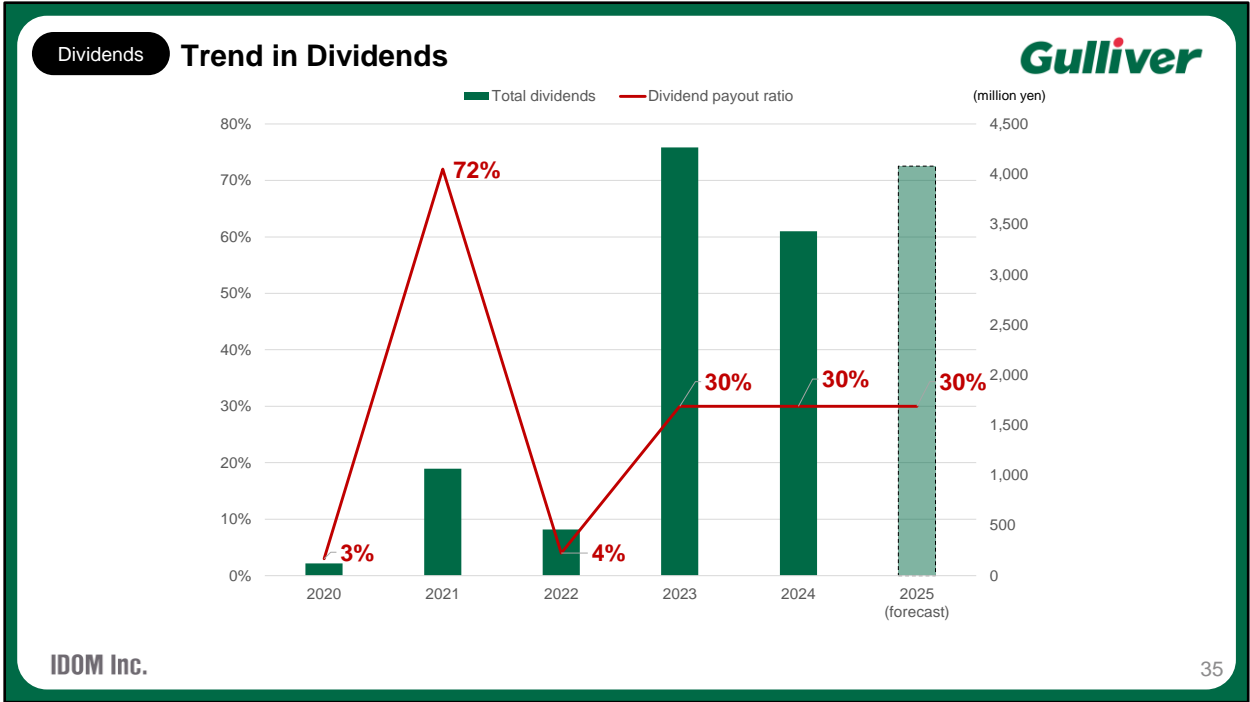
Dividend per Share Overview

Recording date	Dividend per share		
	End of first half	End of fiscal year	Total
Previous forecasts	20.02 yen	20.61 yen	40.63 yen
Revised forecasts	—	21.25 yen	40.63 yen
Dividends paid for the current fiscal year	19.38 yen	—	—
Previous fiscal year (Ended February 2024)	14.41 yen	19.78 yen	34.19 yen

The Company's policy on dividends is to pay performance-based dividends under which the Company will decide on dividends based on consolidated results. Based on this policy, the Company will pay an interim dividend of 19.38 yen per share. The year-end dividend forecast was revised upward to 21.25 yen.

The Company's policy on dividends is to pay performance-based dividends under which the Company will decide on dividends based on consolidated results.

Based on this policy, the Company will pay an interim dividend of 19.38 yen per share. The year-end dividend forecast was revised upward to 21.25 yen.



This is the change in dividends since 2020.

You can see that the dividend amount has increased over the past three years, including this year.

We intend to continue to invest in growth and return profits to shareholders by maintaining a dividend payout ratio of 30%.

The environment surrounding the used car industry has been difficult over the past several years, with COVID-19, the stagnant supply of new cars, and scandals in the industry.

During that time, we have steadily resolved these issues through initiatives such as training in our philosophy, investment in large stores, and increased hiring.

As a result of these efforts, we were able to generate profits as initially projected.

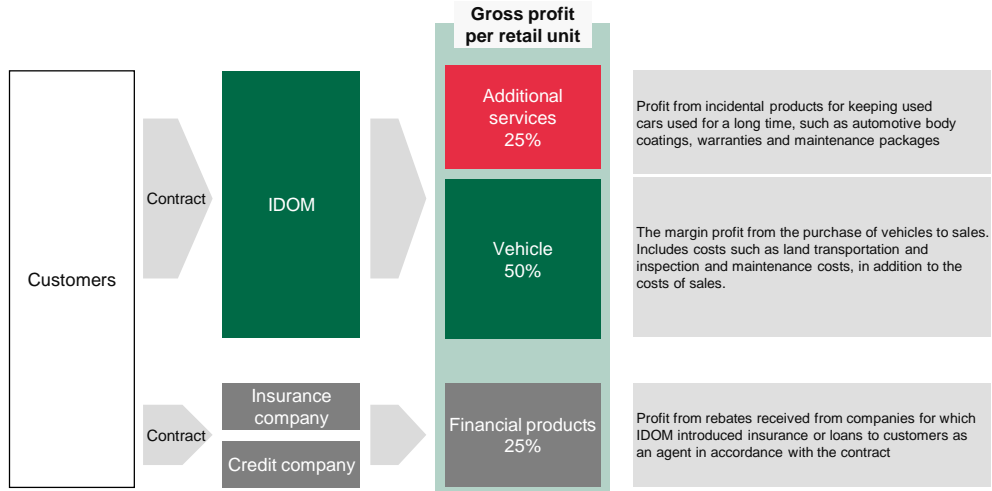
We will continue to work diligently to solve issues and improve our corporate value.

We hope that you will continue to pay attention to our efforts.

Thank you very much for your attention.

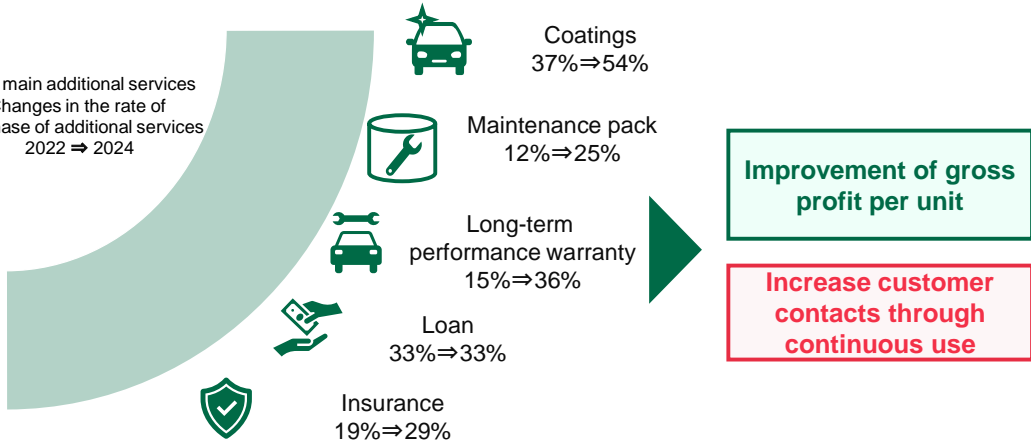
3. APPENDIX





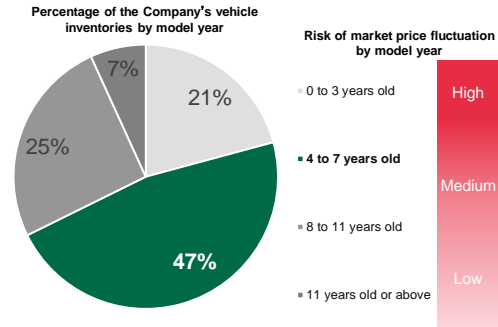
Development of Additional Services

Five main additional services
Changes in the rate of purchase of additional services
2022 ⇒ 2024



The company will increase opportunities for customers to use the service through after-sales service, In addition to improving gross profit per unit.

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.

Changes in Inventory Turnover

Balance sheet (BS) standards



Inventory turnover	2022	2023	2024	2025 First Half
Active inventories	39.3	41.1	42.1	31.9
BS standards (including temporary replacement vehicles)	83.0	85.5	86.8	78.8

(days)

- 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.

Application of a proper incentive system

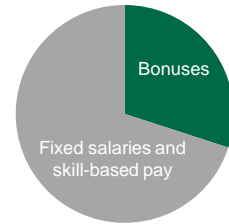
Offering incentives in proportion to customer satisfaction

Fair performance-based evaluation without establishing quotas

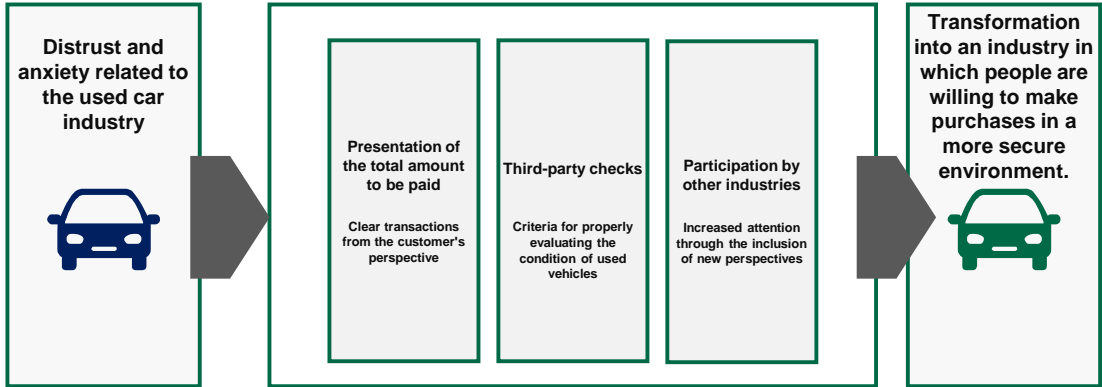
Clarification of sales targets using detailed tables

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.

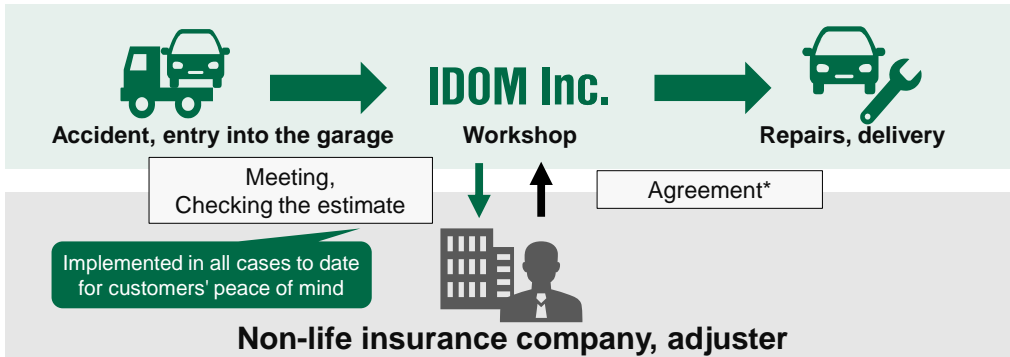


The incentive system is designed to foster the growth of employees without quotas, with customer satisfaction as the premise. We aim to create an environment where employees can focus on serving customers, thus ensuring sustainable livelihoods.



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.

Initiatives to Enhance Governance at Workshops: Handling of Accidents



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

IDOM Inc.

*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.

Peace of mind

Ensuring Transparency at Workshops

Gulliver



*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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Maintenance shops



Sheet-metal workshops



Scope of work

Mainly cover internal areas of vehicles such as engines, brakes and electric systems, in addition to bodywork.

Specialized in the repair of external areas such as bodies and frames.

Purposes of use

- Regular statutory inspections and vehicle inspections
- When a vehicle has broken down

- When the body of a vehicle has been damaged due to an accident, etc.
- When paint has peeled off a vehicle or the body of a vehicle has rusted
- To customize the body of a vehicle and for other purposes
- Referral from an insurance company

Required qualifications

Auto mechanics must be nationally qualified. (First class, second class, third class and special mechanic)




Note: Acquiring second-class qualification expands the scope of maintenance.

Although qualifications are not essential, technical skills and experience are required.

Brand Power

Gulliver Brand



Store format	Stores for purchasing	Medium-sized stores	Large stores
		 <ul style="list-style-type: none"> Medium-sized store type Store specializing in foreign cars Store specializing in custom cars 	 <ul style="list-style-type: none"> Large store type Store with maintenance shop Store with maintenance shop and sheet-metal workshop
Number of stores*	204	148	54
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.

Growing domestic market share

FY2012

FY2024

IDOM
About 6%

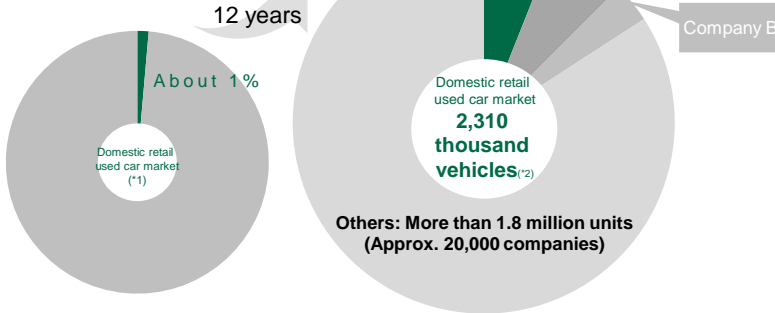
Company A
About 7%

Company B

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.

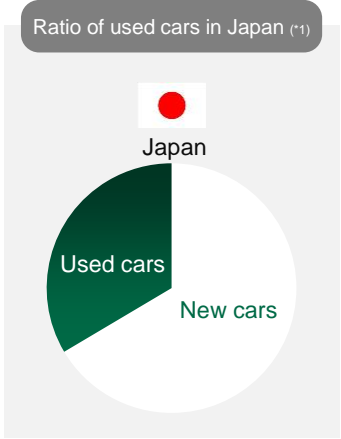
The company will open large stores to take market share away from other companies with sales of more than 1.8 million units.



*1: Market share for FY2012 was calculated based on the proportions of domestic retail unit sales of IDOM to the size of the used car retail market in 2008, which was 2.40 million units (data from Yano Research Institute).

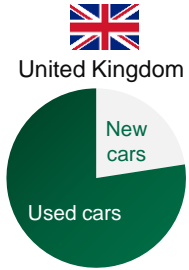
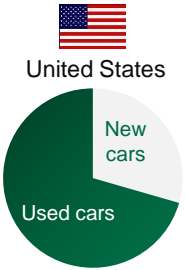
*2: Market share for FY2024 was calculated based on the proportions of domestic retail unit sales of IDOM and those of Company A to the size of the used car retail market in 2022, which was 2.31 million units (data from Yano Research Institute).

Japan's Used Car Market with Much Lower Ratio than Those in the United States and United Kingdom



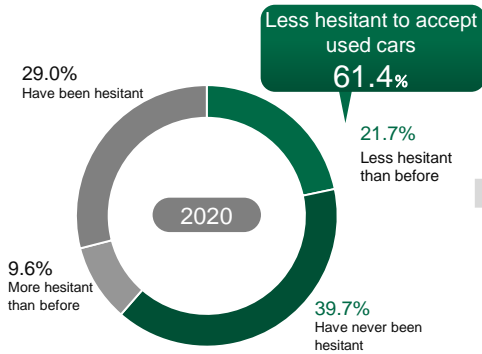
Potential to increase ratio of used cars

Ratio of used cars in the United States and United Kingdom (*2) (*3)

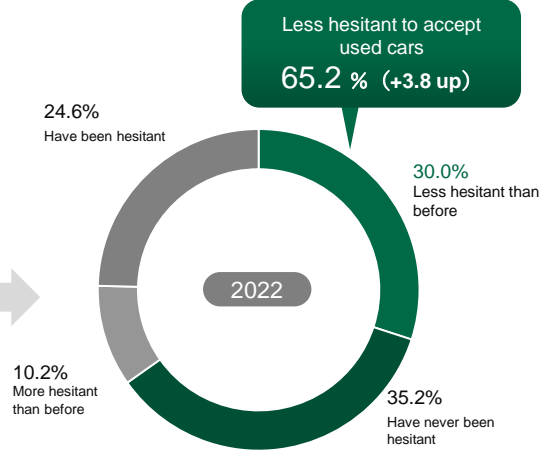


*1: New cars: 2019 data from Japan Automobile Dealers Association
Used cars: 2020 overview of used car distribution by Yano Research Institute
*2: New cars: 2019 MarkLines Automotive Industry Portal
Used cars: edmunds 2019 Used Vehicle Report
*3: 2019 vehicle data from the Society of Motor Manufacturers and Traders (SMMT)

Are you hesitant to accept used cars compared to before (several years ago - up to ten years ago)?



2 years later



Result of an online questionnaire conducted in December 2020 (1,000 respondents)

Result of an online questionnaire conducted in March 2022 (1,000 respondents)

History

History of IDOM



Trend in consolidated
Total Revenue (Billion Yen)

Founding—Purchasing and Wholesale Period

Experiencing rapid growth as a specialty store for used car purchases with a unique and unprecedented business model, we became the sole hyper-growth company in Japan at that time.

In the 1980s, when trade-ins were still the mainstream in the used car industry, IDOM rolled out the unique business model of the used car purchase specialty store. We continued to grow through pioneering initiatives, such as the introduction of an image-based sales system in 1998, which is now the mainstream approach, and in 2004 we became one of only a handful of hyper-growth companies in the world, and the only one in Japan at that time. (A hyper-growth company is one that achieves sales of one billion dollars—around 100 billion yen—within 10 years of its establishment).



The first store with only three employees at the time of foundation (Koriyama, Fukushima)

Listed on the First Section of the TSE in 2003

Opened 500 stores in 1999

Fastest IPO in history at the time in 1998

Founded in 1994

Transition to a Retail Model

As purchase-only stores increased, we shifted to a more profitable retail business model, implementing different retail initiatives including multi-channel operation.

From the 2000s onward, dealers backed by major manufacturers began to participate actively in the used car industry, leading to intensified competition among used vehicle purchasers. IDOM shifted to a more profitable retail business model. Our shift to a retail model can be divided into three phases: the early transition phase, in which we began to engage in retail sales together with wholesale at car purchasing stores, the intermediate transition phase, where we began opening dealerships rather than purchasing stores, and the final transition phase where we engaged in a range of trial retailing initiatives, such as opening dealerships with a multi-channel approach.



We operated a wide range of sales channels in the trial phase.

The Company's name changed to IDOM, Inc. from Gulliver International in 2016

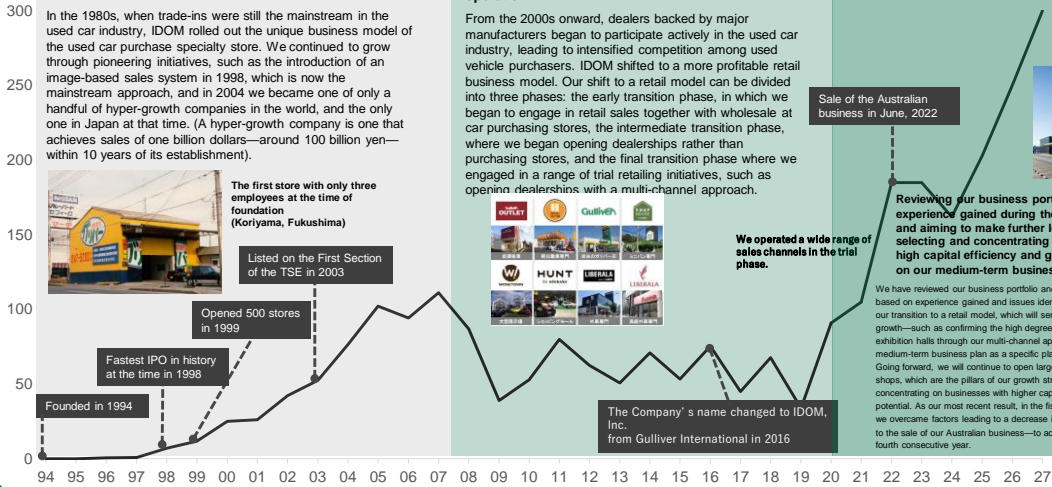
New Retail Model

Sale of the Australian business in June, 2022



Reviewing our business portfolio based on experience gained during the transition period, and aiming to make further leaps forward by selecting and concentrating on businesses with high capital efficiency and growth potential, based on our medium-term business plan.

We have reviewed our business portfolio and formulated a growth strategy based on experience gained and issues identified through various trials during our transition to a retail model, which will serve as a blueprint for future growth—such as confirming the high degree of capital efficiency of large-scale exhibition halls through our multi-channel approach. IDOM has announced its medium-term business plan as a specific plan for achieving further growth. Going forward, we will continue to open large-scale stores and maintenance shops, which are the pillars of our growth strategy, by selecting and concentrating on businesses with higher capital efficiency and growth potential. As our most recent result, in the fiscal year ended February 2023, we overcame factors leading to a decrease in profit—around 5 billion yen due to the sale of our Australian business—to achieve an increase in profits for the fourth consecutive year.



4. Supplementary Information
on Results and Financial Matters



[Consolidated / Non-consolidated] Income Statement (half year)



Consolidated	6 months ended August 31, 2021		6 months ended August 31, 2022		6 months ended August 31, 2023		6 months ended August 31, 2024			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	227,775	100.0	225,478	100.0	203,696	100.0	249,651	100.0	45,955	22.6
Cost of sales	185,308	81.4	187,209	83.0	168,792	82.9	205,350	82.3	36,558	21.7
Gross profit	42,466	18.6	38,269	17.0	34,903	17.1	44,300	17.7	9,397	26.9
SG&A Expenses	33,025	14.5	29,652	13.2	27,805	13.7	34,217	13.7	6,412	23.1
Operating profit	9,440	4.1	8,616	3.8	7,098	3.5	10,083	4.0	2,985	42.1
Ordinary profit	9,011	4.0	8,280	3.7	6,918	3.4	9,603	3.8	2,685	38.8
Profit before income taxes and minority interests	7,951	3.5	9,181	4.1	6,853	3.4	9,530	3.8	2,677	39.1
Profit attributable to owners of parent	5,311	2.3	7,516	3.3	4,823	2.4	6,485	2.6	1,662	34.5

Non-Consolidated	6 months ended August 31, 2021		6 months ended August 31, 2022		6 months ended August 31, 2023		6 months ended August 31, 2024			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	150,239	100.0	178,303	100.0	200,597	100.0	245,381	100.0	44,784	22.3
Cost of sales	120,147	80.0	147,944	83.0	166,737	83.1	202,402	82.5	35,665	21.4
Gross profit	30,092	20.0	30,359	17.0	33,859	16.9	42,978	17.5	9,119	26.9
SG&A Expenses	23,983	16.0	23,601	13.2	26,637	13.3	32,475	13.2	5,838	21.9
Operating profit	6,108	4.1	6,757	3.8	7,222	3.6	10,503	4.3	3,281	45.4
Ordinary profit	5,939	4.0	6,560	3.7	7,015	3.5	10,004	4.1	2,989	42.6
Profit before income taxes	4,655	3.1	9,537	5.3	6,951	3.5	10,046	4.1	3,095	44.5
Profit	3,170	2.1	8,575	4.8	4,871	2.4	6,873	2.8	2,002	41.1

IDOM Inc.

[Consolidated / Non-consolidated] Income Statement



Consolidated	FY ended Feb 28, 2022		FY ended Feb 28, 2023		FY ended Feb 29, 2024		FY ending Feb 28, 2025			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Outlook (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	459,532	100.0	416,514	100.0	419,852	100.0	500,000	100.0	36,648	19.1
Cost of sales	373,519	81.3	341,964	82.1	346,519	82.5	409,800	81.8	26,681	18.3
Gross profit	86,013	18.7	74,549	17.9	73,333	17.5	90,200	18.2	9,967	23.6
SG&A Expenses	67,528	14.7	55,865	13.4	57,216	13.6	69,900	13.8	5,784	22.2
Operating profit	18,485	4.0	18,684	4.5	16,117	3.8	20,300	4.4	4,183	26.0
Ordinary profit	17,561	3.8	18,146	4.4	15,826	3.8	19,800	4.3	3,973	25.1
Profit before income taxes and minority interests	15,750	3.4	18,752	4.5	15,664	3.7	19,300	4.2	3,636	23.2
Profit attributable to owners of parent	10,794	2.3	14,205	3.4	11,442	2.7	13,600	3.0	2,157	18.9

Non-Consolidated	FY ended Feb 28, 2022		FY ended Feb 28, 2023		FY ended Feb 29, 2024		FY ending Feb 28, 2025			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Outlook (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	306,733	100.0	366,069	100.0	413,206	100.0	491,100	100.0	77,793	18.8
Cost of sales	245,661	80.1	301,226	82.3	342,143	82.8	403,800	82.2	61,656	18.0
Gross profit	61,071	19.9	64,842	17.7	71,062	17.2	87,200	17.8	16,137	22.7
SG&A Expenses	49,164	16.0	48,430	13.2	54,333	13.1	66,700	13.6	12,366	22.8
Operating profit	11,907	3.9	16,412	4.5	16,729	4.0	20,500	4.2	3,770	22.5
Ordinary profit	11,573	3.8	15,998	4.4	16,404	4.0	19,800	4.0	3,396	20.7
Profit before income taxes	9,450	3.1	23,709	6.5	16,239	3.9	19,300	3.9	3,060	18.8
Profit	6,553	2.1	20,020	5.5	11,864	2.9	13,600	2.8	1,735	14.6

IDOM Inc.

[Consolidated] Balance Sheets

(Unit: million yen) **Gulliver**

Assets	As of February 29, 2024	As of August 31, 2024
Current assets		
Cash and deposits	30,548	20,612
Notes and accounts receivable - trade	12,631	15,525
Merchandise	85,994	97,491
Other operating assets	-	1,891
Other	5,606	6,049
Allowance for doubtful accounts	-498	-581
Total current assets	134,281	140,990
Non-current assets		
Property, plant and equipment		
Buildings and structures	47,376	47,845
Accumulated depreciation	-18,611	-19,029
Buildings and structures, net	28,764	28,816
Vehicles	2,214	1,870
Accumulated depreciation	-186	-263
Vehicles, net	2,027	1,606
Tools, furniture and fixtures	5,735	6,207
Accumulated depreciation	-3,734	-3,934
Tools, furniture and fixtures, net	2,000	2,273
Land	136	136
Construction in progress	683	2,419
Other	217	247
Total property, plant and equipment	33,829	35,499
Intangible assets		
Software	1,249	1,216
Goodwill	78	74
Other	2	2
Total intangible assets	1,330	1,293
Investments and other assets		
Investment securities	0	0
Shares of subsidiaries and associates	29	29
Long-term loans receivable	1,574	1,826
Lease and guarantee deposits	5,514	5,812
Construction assistance fund receivables	3,537	3,646
Deferred tax assets	3,471	3,371
Other	464	445
Allowance for doubtful accounts	-2	-2
Total investments and other assets	14,589	15,128
Total non-current assets	49,749	51,921
Total assets	184,031	192,911

Liabilities	As of February 29, 2024	As of August 31, 2024
Current liabilities		
Accounts payable - trade	5,783	7,304
Short-term borrowings	-	8,674
Current portion of long-term borrowings	16,300	-
Accounts payable - other	4,151	3,914
Income taxes payable	2,556	3,473
Contract liabilities	26,809	28,698
Deposits received	247	184
Provision for bonuses	1,046	1,408
Other provision	48	48
Other	6,364	4,929
Total current liabilities	63,327	58,635
Non-current liabilities		
Bonds	-	3,000
Long-term borrowings	46,700	51,700
Long-term guarantee deposits	679	729
Asset retirement obligations	3,085	3,253
Other	308	325
Total non-current liabilities	50,773	59,007
Total liabilities	114,101	117,643
Net assets		
Shareholders' equity		
Share capital	4,157	4,157
Capital surplus	4,726	5,240
Retained earnings	64,093	68,593
Treasury shares	-4,344	-4,344
Total shareholders' equity	68,633	73,646
Accumulated other comprehensive income		
Foreign currency translation adjustment	381	530
Total accumulated other comprehensive income	381	530
Share acquisition rights	10	12
Non-controlling interests	906	1,078
Total net assets	69,930	75,268
Total liabilities and net assets	184,031	192,911

IDOM Inc.

[Consolidated] Statements of Cash Flows



(Unit: million yen)

	6 months ended August 31, 2023	6 months ended August 31, 2024
Profit before income taxes	6,853	9,530
Depreciation	1,269	2,409
Amortization of goodwill	3	3
Net increase (decrease) in working capital	3,702	-13,133
Income taxes paid	-593	-1,761
Other, net	2,455	-2,780
Cash flows from operating activities	13,564	-5,731
Cash flows from investing activities	-2,671	-3,438
Free cash flow	10,892	-9,169
Cash flows from financing activities	-17,638	-803
Net increase (decrease) resulting from exchange rate change and new consolidation	-63	37
Net increase (decrease) in cash and cash equivalents	-6,809	-9,935
Cash and cash equivalents at the beginning of period	37,473	30,548
Cash and cash equivalents at the end of period	30,664	20,612