

## IDOM Inc.

7599

Tokyo Stock Exchange Prime Market

24-Jun.-2026

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## Summary

### Record highs for net sales and operating profit

IDOM Inc. <7599> (hereafter, also “the Company”) is a domestic industry leader in purchasing and retailing used cars, operating under the Gulliver brand. Its business consists of three areas: retail, wholesale, and ancillary services. It operates 444 stores across all prefectures of Japan. In the retail business, it sells mid-range vehicles, focusing mainly on large stores, and enhances value by combining this with ancillary services such as warranties and loans. In the wholesale business, it distributes purchased vehicles via auctions, reducing price fluctuation risk through rapid turnover of inventory. In the ancillary business, higher purchase rates for various ancillary services contribute to improving gross profit per unit, while automobile installment sales also provide a stable revenue base. The domestic used automobile market is a non-oligopolistic growth market, and the Company is enhancing its results in light of the brand power and credibility it has developed over its history of more than 30 years.

#### 1. Overview of FY2/26 results

The FY2/26 results were net sales of ¥562,774mn (up 13.3% year on year [YoY]), operating profit of ¥20,209mn (up 1.6%), ordinary profit of ¥18,608mn (down 2.7%), and profit attributable to owners of parent of ¥11,914mn (down 11.4%). Net sales and operating profits achieved record highs. Net sales grew due to an increase in retail units sold and progress in opening large stores, as well as an increase in vehicle unit prices associated with a rise in auto auction market prices. In the wholesale business, profit decreased due to the impact of a slump in the used car market in 1H FY2/26, but in the retail business, an increase in retail units sold and higher gross profit per unit drove profit growth, leading to an overall increase in operating profit. Ordinary profit and profit attributable to owners of parent both declined as they were impacted by an increase in interest paid due to a rise in interest-bearing debt and a higher effective tax rate.

#### 2. FY2/27 forecasts

For the FY2/27 results, the Company forecasts increased sales and profits, with net sales of ¥629,000mn (up 11.8% YoY), operating profit of ¥24,000mn (up 18.8%), ordinary profit of ¥22,400mn (up 20.4%), and profit attributable to owners of parent of ¥14,200mn (up 19.2%). The effect of store openings prior to the previous fiscal year will contribute throughout the year, and 10 new large stores will be opened as well. As a result, units sold are expected to rise in both the retail and wholesale businesses, leading to increased sales. In terms of profit, assuming that the used car market is stable, gross profit per unit is expected to increase due to improved pricing accuracy and increased ancillary service sales, while the selling, general, and administrative (SG&A) expense ratio will decrease due to reducing the pace of store openings. Double-digit profit growth or more is therefore forecast for each profit line.

#### 3. Growth strategy

With the future mobility society in mind, the Company has specified three growth phases covering the period up to FY2/33. Phase 1, which is the period of the Medium-Term Business Plan 2023–2027 currently in progress, is positioned as the “growth acceleration phase,” during which it will establish a growth foundation by opening large stores and enhancing the value of gross profit per unit. In Phase 2 (the next medium-term business plan), it intends to strengthen its organizational foundation through enhancing productivity and maintaining ROIC. In Phase 3 (the subsequent medium-term business plan), it will expand its market share and accelerate growth by focusing on improving customer lifetime value (LTV), with the aim of establishing itself as number one in the industry.

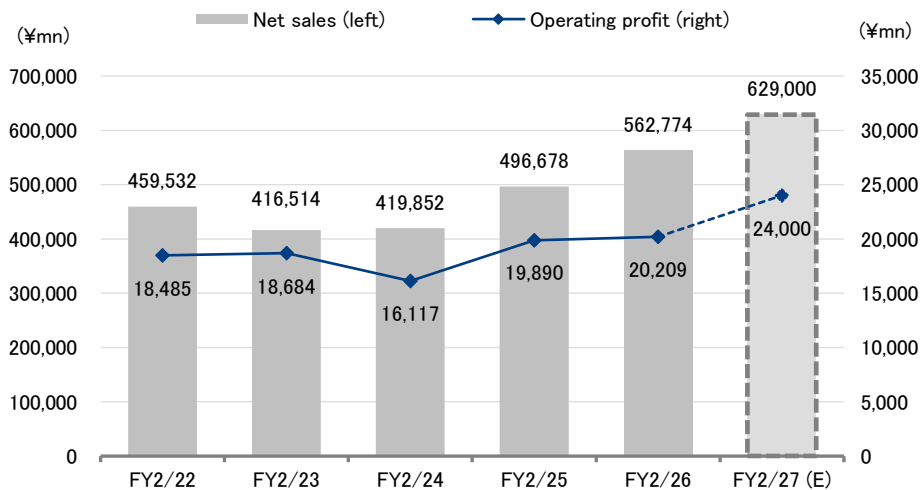
Summary

With regard to the current medium-term business plan, the Company is making steady progress on major KPIs such as improving retail units sold and gross profit per unit, but operating profit is expected to fall short of the forecast owing to rising costs associated with inflation. However, given that there is potential for profit growth based on improving the closing rate, the Company aims to achieve its target by increasing revenue through enhancing its sales capabilities. Meanwhile, indicators such as ROIC and free cash flow (FCF) are at achievable levels, and the Company is making steady progress in improving profitability and enhancing its business foundation.

Key Points

- Achieved new record highs for net sales and operating profit in FY2/26
- Double-digit growth expected for net sales and operating profit in FY2/27, with both increasing for the third consecutive fiscal year
- The Company has set three growth phases, with a market share of 10% in FY2/33 as its long-term target

Results trends



Source: Prepared by FISCO from the Company's financial results

## Company profile

### A domestic leader in the used car purchasing and retailing industry, operating stores nationwide under the Gulliver brand

#### 1. Company profile

The Company is a domestic leader in the used car purchasing and retailing industry. Its corporate philosophy is “Growing Together—we aim to grow together with our five key stakeholders (society, customers, employees, partners, and shareholders) to achieve a prosperous future through the embodiment of IDOM-ism.” In 2024, it formulated the following mission: “To continue enriching your life and striving to become a ‘neighborhood car stand’.” This announcement clarified the Company’s intent to offer community-based used car services. The IDOM Group includes 16 other companies, with IDOM Inc. as its core company.

#### 2. History

The Company was founded in October 1994 as Gulliver International Corporation Co., Ltd. After listing its shares with the Japan Securities Dealers Association in December 1998, it was listed on the Second Section of the Tokyo Stock Exchange (TSE) in December 2000, then its designation was changed to the TSE’s First Section in August 2003. In November 2004, it established Gulliver USA, Inc. in the United States, while in November 2013, it made Tokyo Mycar Sales Co., Ltd. a wholly owned subsidiary. In July 2016, it changed the company name to IDOM, and in August of the same year, it launched NOREL, a monthly flat-rate car subscription service. Furthermore, in August 2019, it launched GO2GO, a peer-to-peer car-sharing service, while in April 2020, it established the subsidiary IDOM CaaS Technology Co., Ltd. to specialize in handling these mobility services. In June 2020, it transferred the NOREL and GO2GO businesses to IDOM CaaS Technology. In April 2022, it transitioned to the Tokyo Stock Exchange Prime Market, then in July of the same year, it withdrew from the Australian market. In February 2023, it absorbed Gulliver Insurance Co., Ltd. via a merger, integrating insurance business into the parent company. In 2024, it established a dedicated subsidiary, IDOM Digital Drive Co., Ltd., to promote IT and DX.

#### History

Year	Event
October 1994	Established as Gulliver International Corporation Co., Ltd.
February 1998	Launched full-scale operation of Dolphinet, an image-based selling system
December 1998	Listed shares with the Japan Securities Dealers Association
December 2000	Listed on the Second Section of the Tokyo Stock Exchange
August 2003	Listing changed to First Section of the Tokyo Stock Exchange
November 2004	Established Gulliver USA, Inc.
November 2013	Made Tokyo Mycar Sales Co., Ltd. a wholly owned subsidiary
July 2016	Changed company name to IDOM Inc.
August 2016	Launched NOREL, a monthly flat-rate car subscription service
August 2019	Launched GO2GO, a peer-to-peer car-sharing service
April 2020	Established the subsidiary IDOM CaaS Technology Co., Ltd.
June 2020	Transferred the NOREL and GO2GO businesses to IDOM CaaS Technology
April 2022	Transitioned to Tokyo Stock Exchange Prime Market
July 2022	Sold all shares of its Australian subsidiary
February 2023	Absorbed Gulliver Insurance Co., Ltd. via a merger
May 2024	Established IDOM Digital Drive Co., Ltd.

Source: Prepared by FISCO from the Company’s securities reports

## Business overview

### Focuses mainly on domestic used car retailing while developing ancillary business and wholesale business

#### 1. Business description

The Company operates domestic used car retail and wholesale businesses and related ancillary services. The sales mix by segment in FY2/26 was 98.4% for Japanese sales and 1.6% for other sales (United States and other overseas locations). At present, the business model is therefore effectively focused on the domestic used car market.

The Company operates a total of 444 stores nationwide, which consist of 169 purchase stores, 54 installment sales (Jisharon) stores, 86 large stores, and 135 medium-sized stores.

Stores operated by the Company

	Purchase store	Jisharon store*2	Medium-sized store	Large store
Store format				
Number of stores*1	169 stores	54 stores	135 stores	86 stores
Features	Specializes in vehicle purchasing	Specializes in installment sales	Specialty stores tailored to customer needs	Offers the most extensive product lineup in each region

\* As of the end of February 2026  
 Source: The Company's results briefing materials

In recent years, the Company has been pursuing a shift from medium-sized stores to large stores. It opened 17 large stores in FY2/26 and plans to open 10 more in FY2/27, expanding the number of large stores to 96 by year-end. Furthermore, over a period of 3 years, it has expanded its Jisharon stores, which it began opening in FY2/23, to 54 stores.

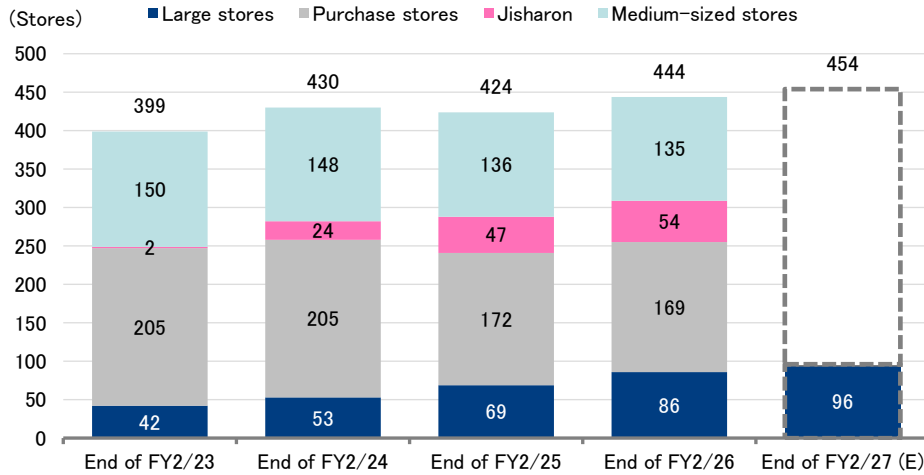
#### (1) Retail business

This business sells used cars to general consumers at stores directly managed by the Gulliver brand. It handles used cars procured via auto auctions or purchase stores. The stores consist of large stores and medium-sized stores. Large stores have a total floor area of 2,500 tsubo or more, and the number of vehicles on display (around 300) is among the largest in their region. With optimized pricing and selection for the area, they are designed to make it easy for customers to compare and evaluate options. The stores incorporate a sales consultation area to increase sales efficiency and also have a repair shop.

One of the Company's features is that it mainly handles mid-range vehicles. In contrast to the strategy of competitors, who handle economy vehicles that are mostly dealer trade-ins, the Company obtains comparatively high-priced vehicles via auctions, and its product mix facilitates combining vehicles with ancillary services such as warranties and loans.

Business overview

Changes in number of directly managed stores



Source: Prepared by FISCO from the Company's results briefing materials

**(2) Wholesale business**

This business purchases used cars from general consumers at directly managed purchase stores and trades them with vendors via auto auctions, etc. Purchased vehicles which are not suitable for retailing are distributed via auctions, but the inventory holding period is two weeks as a rule, which reduces used car market fluctuation risk.

With regard to purchasing, the Company does not set any specific targets for the number of vehicles to purchase, and while the number of purchase stores is trending gradually downward, the number of vehicles purchased is trending upward in light of the Company's credibility (up 1.5% YoY in FY2/26). The wholesale business efficiently raises cash from purchased vehicles, functioning as a business foundation that maintains management agility.

**(3) Ancillary business**

This is a group of services that are ancillary to used car sales which maintain after-sales relationships with customers, including car loans, automobile insurance, long-term performance warranties, inspections, and maintenance. The ancillary product purchase rate in FY2/26 was 50% for coatings (up 13 percentage points [pp] vs. FY2/22), 38% for maintenance packages (up 26pp), 43% for long-term performance guarantees (up 28pp), 29% for loans (down 4pp), and 16% for insurance (down 3pp). There have been significant increases for multiple categories. In FY2/23, the breakdown of gross profit per retail unit was around 50% for vehicles, 25% for ancillary products, and 25% for financial products such as insurance and loans. Improvement in the ancillary product purchase rate is therefore contributing to higher gross profit per unit.

Jisharon, which handles used car installment sales, is a unique service targeting customers who have difficulty passing a regular loan screening, with a balance of around ¥25,600mn. For receivables, it manages capital efficiency through liquidation (securitization), but for bank loans, it has adopted a model whereby it receives rebates from financial institutions, which contributes to the stabilization of ancillary revenue.

Business overview

Change in ancillary product purchase rate

	FY2/22 Result	FY2/25 Result	FY2/26	
			Result	vs. FY2/22
Coatings	37%	52%	50%	13pp
Maintenance packages	12%	33%	38%	26pp
Long-term performance warranties	15%	40%	43%	28pp
Loans	33%	30%	29%	-4pp
Insurance	19%	21%	16%	-3pp

Source: Prepared by FISCO from the Company's results briefing materials

2. Features and strengths

The Company's strength lies in the generation of stable revenue through a combination of three factors: brand power, responsiveness to the used car market, and an advanced inventory management system. These three factors complement one another and provide a platform for differentiating the Company from its competitors on an ongoing basis.

(1) Brand power

The Company's biggest strength is the trust in the Gulliver brand that has been developed over the 30 years since it was founded. The brand awareness rate is high at 94.9%\*, and it has established itself as the first brand that comes to mind for consumers who are considering selling a used car. The high awareness rate helps to increase the return on advertising spend and also reduce customer acquisition costs. A key point that differentiates the Company is that it sets transparent prices that do not assume there will be a discount. In the used car industry, it is customary to indicate prices with room for negotiating, but the Company has adopted a policy of indicating the assessment result as is, which eliminates distrust on the part of consumers while both decreasing barriers to visiting stores and improving the closing rate. This approach leads to repeat business and acquisition of new customers via word of mouth, creating a self-reinforcing cycle that enhances brand value.

\* According to the Company's own survey and a research company survey

The cumulative number of units purchased and retail units sold has surpassed 5.50mn. This enormous transaction history directly contributes to improving the accuracy of the Company's proprietary price database and market forecasting model. Trust in the brand attracts customers, attracting customers builds up transaction data, and the data enhances the Company's market responsiveness; this virtuous cycle creates a competitive advantage that other companies cannot easily replicate.

(2) Knowledge of and responsiveness to the used car market

The used car market fluctuates considerably based on the impact of factors such as the supply-demand balance, foreign exchange trends, and the production and delivery status of new cars. When the market is trending upward, the Company pursues more aggressive sales activity aimed at maximizing profits in light of increased unrealized gain on vehicles in inventory. Conversely, when the market is trending downward, it rebuilds its inventory at lower prices and saves its sales efforts for the next demand recovery period. Furthermore, during sudden market slumps, it minimizes the risk of inventory price reductions through rapid price adjustments and sales decisions. Based on this strategy of switching between offense and defense depending on market trends, the Company embodies a market-driven management approach. Decision-making is consolidated in the Merchandising (MD) Department, enabling flexible, company-wide actions without waiting for each store to make a decision, which leads to reduction of slow-moving inventory risk and stabilization of revenue. The Company views market fluctuations as business risks, and its operational capabilities—which transform them into revenue opportunities—underpin its revenue stability.

Business overview

**(3) Inventory management system**

The Company's inventory management is consolidated in the MD Department, with specialized personnel performing centralized management of trade area analysis, demand forecasting, and inventory strategy for multiple stores. Determining the optimal models, units, and price ranges based on data through this approach makes it possible to maintain an appropriate company-wide inventory level. As a result of this system, the Company has achieved a gross profit per retail unit index\* of 113, and profitability per unit is steadily improving.

\* Index taking FY2/23 as 100

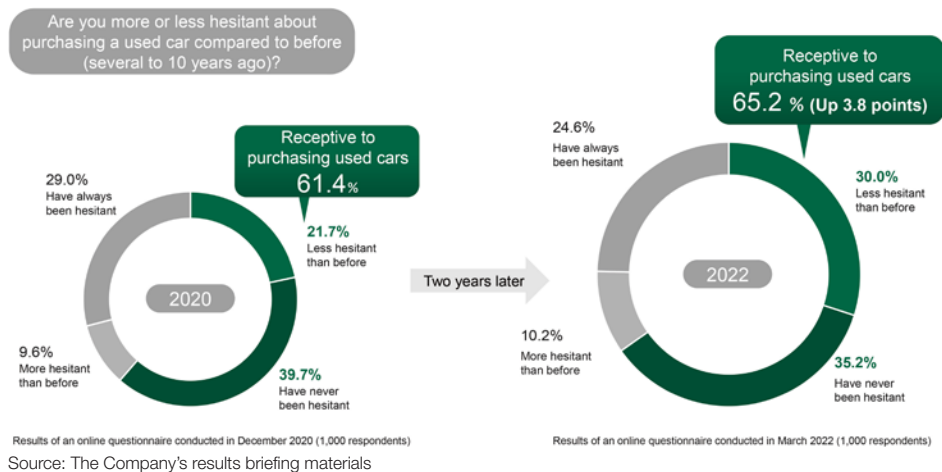
The purchasing mix is around 70% auto auctions and 30% purchased inventory, with a focus on advance purchases. In auto auctions, there is stable replacement demand for new vehicles, and the Company mainly purchases four- to seven-year-old vehicles, which are less sensitive to market fluctuations. This enables it to maintain a stable inventory supply while reducing purchasing risk. With the increase in large stores, the number of displayed vehicles is trending upward, but the Company is maintaining a balance between inventory turnover and profitability due to inventory control led by the MD Department.

**3. Business environment**

**(1) Domestic used car market**

According to the Company, the domestic used car retail market is large: the market size is around ¥3.6tn and the annual number of vehicles in circulation is around 2.31mn. The Company is one of the leading players in the industry, but its market share is only around 6%, as the market remains fragmented and non-oligopolistic. Therefore, one feature of the Company is that there is significant scope to expand its share. Furthermore, the proportion of used cars in Japan is around 30%, which is a low level compared to various Western countries where the figure exceeds 60%, so the used car market itself may be viewed as having considerable scope for expansion over the medium to long term. Additionally, in recent years, hesitance about used goods has been decreasing with the expansion of the pre-owned market in general, which is providing a tailwind for the Company.

**Survey on consumer hesitance about used cars**



**(2) Economic resilience**

The used car sales business possesses a certain resistance to economic fluctuations. This is because when the economy is booming, demand increases due to recovery in consumer appetite, and when times are tough, a shift in demand from new cars to used cars occurs. The Company uses an inventory mix and sales strategy that adapt to these changes in demand in response to current economic trends, thereby ensuring stable sales opportunities.

## Results trends

### Achieved new record highs for net sales and operating profit in FY2/26

#### 1. Overview of FY2/26 results

In the FY2/26 results, net sales increased 13.3% YoY to ¥562,774mn, operating profit rose 1.6% to ¥20,209mn, ordinary profit decreased 2.7% to ¥18,608mn, and profit attributable to owners of parent fell 11.4% to ¥11,914mn, with both net sales and operating profits achieving record highs. On the other hand, ordinary profit and profit attributable to owners of parent declined.

A key factor behind the increase in net sales was setting a new record high for retail units sold at 163,931 (up 10.0% YoY). During the fiscal year, the Company opened 17 large stores, expanding the number of large stores to 86 by year-end, which contributed to the increase in units sold. Furthermore, vehicle unit prices increased in both the retail and wholesale businesses due to a rise in auto auction market prices, which was another factor leading to higher net sales. In the retail business, profit increased owing to an increase in units sold and higher gross profit per unit, but in the wholesale business, profits declined for the full year due to the impact of a slump in the used car market in 1H FY2/26. The gross profit per retail unit index stood at 113 (2pp higher than the target level). Factors contributing to this were centralized inventory management by the MD Department and an improved ancillary product purchase rate for long-term performance warranties, maintenance packages, etc. SG&A expenses increased mainly due to land rent, personnel and hiring expenses, and investment in CRM system development, but this was offset by the effect of higher sales, resulting in an operating profit. Ordinary profit declined due to an increase in interest-bearing debt and higher interest payments associated with rising interest rates. The decrease in profit attributable to owners of parent was caused by a rise in the effective tax rate.

#### FY2/26 results

	(¥mn)					
	FY2/25		FY2/26		YoY	
	Result	% of sales	Result	% of sales	Change	Change (%)
Net sales	496,678	-	562,774	-	66,096	13.3%
Cost of sales	408,002	82.1%	466,438	82.9%	58,436	14.3%
Gross profit	88,675	17.9%	96,336	17.1%	7,661	8.6%
SG&A expenses	68,785	13.8%	76,127	13.5%	7,342	10.7%
Operating profit	19,890	4.0%	20,209	3.6%	319	1.6%
Ordinary profit	19,115	3.8%	18,608	3.3%	-507	-2.7%
Profit attributable to owners of parent	13,447	2.7%	11,914	2.1%	-1,533	-11.4%

Source: Prepared by FISCO from the Company's financial results and results briefing materials

Results trends

## Retail units sold increased 10.0% YoY, setting a new record high, with 86 large stores contributing

### 2. Status of major KPIs

In FY2/26, the major KPIs mostly performed strongly. The Company opened 17 large stores during the fiscal year, bringing the total to 86 by year-end. Retail units sold was 163,931 (up 10.0% YoY), setting a new record high, and the gross profit per unit index remained high at 113. Wholesale units sold increased to 151,985 (up 5.4%), exceeding the initial forecast. On the other hand, the gross profit per wholesale unit index fell to 109 (down 11pp), as a slump in the used car market in 1H FY2/26 squeezed profitability. The total number of car purchases was 186,628 units (up 1.5%).

Status of major KPIs in FY2/26

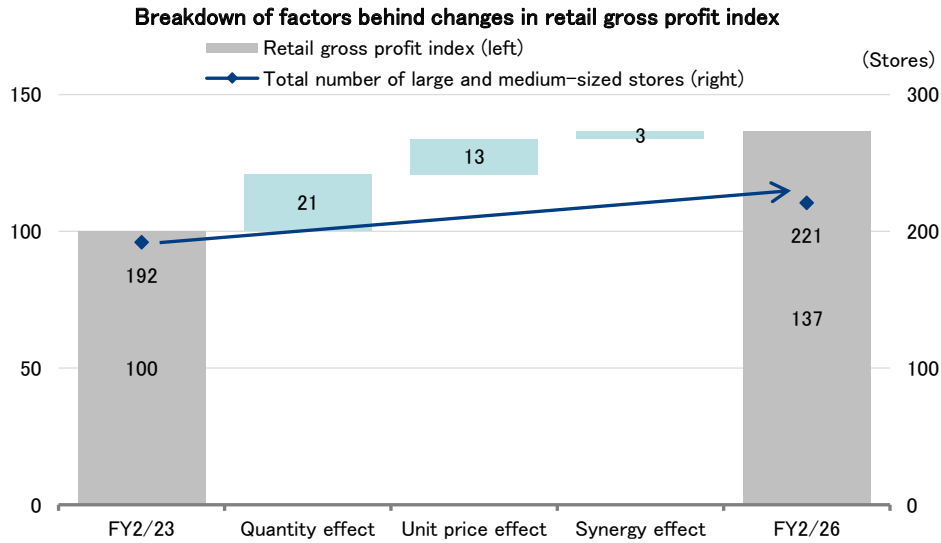
	FY2/25 Result	FY2/26		YoY		
		Initial forecast	Result	Change	Change (%)	
Stores	Large store openings (stores)	16	15	17	1	6.3%
	Total large stores at year-end (stores)	69	84	86	17	24.6%
Retail	Retail units sold (units)	149,003	167,300	163,931	14,928	10.0%
	Gross profit per retail unit index	113	111	113	-	-
Wholesale	Wholesale units sold (units)	144,160	145,000	151,985	7,825	5.4%
	Gross profit per wholesale unit index	120	108	109	-11	-
Purchases	Number of car purchases (units)	183,781	-	186,628	2,847	1.5%

Source: Prepared by FISCO from the Company's results briefing materials

Analyzing the Company's gross profit per retail unit by indexing it with FY2/23 as 100, the index had risen 37% to 137 in FY2/26. In contrast to this, the increase in the number of stores (large + medium-sized stores) was only 15.1% (from 192 to 221) over the same period, so growth in retail gross profit is 22pp higher than the pace of store expansion. Breaking down the factors behind this, an increase in retail units sold per store (quantity effect) accounts for a 21pp increase, improvement in gross profit per retail unit (unit price effect) accounts for a 13pp increase, and the synergy effect between the two accounts for a 3pp increase. Increases in units sold due to expanded display space in light of the rise in the proportion of large stores\* (from 21.9% to 38.9%) and improvements in gross profit per unit due to the increased ancillary product purchase rate are progressing in tandem. Since there is a time lag of several years after large stores are opened until they contribute to revenues, the stores opened in FY2/25 and FY2/26 are expected to contribute to profits in FY2/27 and beyond.

\* Number of large stores / (number of large stores + number of medium-sized stores)

Results trends



Source: Prepared by FISCO from the Company's results briefing materials

## Maintained financial soundness despite increased total assets and liabilities due to opening large stores

### 3. Financial position and management indicators

Looking at the Company's financial position at the end of FY2/26, total assets increased ¥43,528mn YoY to ¥263,569mn. This is mainly attributable to a ¥15,148mn increase in property, plant and equipment, ¥12,045mn increase in cash and deposits, ¥4,442mn increase in merchandise, and ¥3,682mn increase in notes and accounts receivable - trade.

Total liabilities increased ¥34,693mn YoY to ¥173,901mn. This was mainly attributable to a ¥16,074mn increase in interest-bearing debt and ¥3,899mn increase in accounts payable - trade.

Due to the opening of large stores, assets and liabilities increased. Furthermore, notes and accounts receivable - trade includes a balance of around ¥25,600mn in in-house loans (Jisharon). The Company's policy is to maintain the current level through liquidation (securitization) of receivables, and it will control assets and liabilities while diversifying its funding sources.

Total net assets stood at ¥89,668mn, up ¥8,836mn YoY.

In terms of profitability indicators, ROE was 14.2% (down 3.9pp YoY), while ROA was 7.7% (down 1.8pp). The Company's finances remain at a sound level, even though the equity-to-asset ratio was 33.4% (down 2.7pp) and the D/E ratio was 1.08 times (up 0.08). The current ratio is 233.4%, a level which does not raise concerns about financing.

## Results trends

## Consolidated balance sheet and key management indicators

	End of FY2/22	End of FY2/23	End of FY2/24	End of FY2/25	End of FY2/26	Change
(¥mn)						
<b>Current assets</b>	141,146	131,478	134,281	164,358	191,621	27,263
Cash and deposits	45,670	37,473	30,548	15,416	27,462	12,045
Notes and accounts receivable - trade	5,620	3,927	12,631	26,989	30,671	3,682
Merchandise	85,363	84,432	85,994	114,588	119,031	4,442
<b>Non-current assets</b>	48,620	41,815	49,749	55,682	71,947	16,265
Property, plant and equipment	23,663	26,441	33,829	39,149	54,297	15,148
Intangible assets	11,775	1,389	1,330	1,267	1,875	608
Investments and other assets	13,181	13,984	14,589	15,265	15,775	510
<b>Total assets</b>	189,766	173,293	184,031	220,041	263,569	43,528
<b>Current liabilities</b>	61,085	64,165	63,327	70,389	82,112	11,723
Accounts payable - trade	23,618	4,822	5,783	6,379	10,279	3,899
Short-term borrowings and current portion of long-term borrowings	11,101	24,145	16,300	16,127	18,351	2,224
Contract liabilities	-	25,336	26,809	34,786	34,060	-726
<b>Non-current liabilities</b>	72,972	46,426	50,773	68,818	91,788	22,970
Bonds payable and long-term borrowings	67,523	43,000	46,700	63,150	77,000	13,850
<b>Total liabilities</b>	134,057	110,591	114,101	139,208	173,901	34,693
Interest-bearing debt	78,624	67,145	63,000	79,277	95,351	16,074
<b>Total net assets</b>	55,709	62,702	69,930	80,832	89,668	8,836
<b>Profitability</b>						
ROA	9.6%	10.0%	8.9%	9.5%	7.7%	-1.8pp
ROE	22.0%	24.5%	17.5%	18.1%	14.2%	-3.9pp
Operating profit margin	4.0%	4.5%	3.8%	4.0%	3.6%	-0.4pp
<b>Soundness</b>						
Equity ratio	28.5%	35.8%	37.5%	36.1%	33.4%	-2.7pp
D/E ratio (times)	1.46	1.08	0.91	1.00	1.08	0.08
Current ratio	231.1%	204.9%	212.0%	233.5%	233.4%	-0.1pp

Source: Prepared by FISCO from the Company's financial results

## Cash flows from operating activities turned into significant inflow

### 4. Status of cash flows

In FY2/26, cash flows from operating activities generated an inflow of ¥11,059mn, which was a significant improvement from the outflow of ¥20,036mn in the previous fiscal year. The main factor behind this was inventories: in the previous fiscal year, they increased ¥28,561mn, but this shrank to an increase of ¥4,790mn in FY2/26.

Cash flows from investing activities generated an outflow of ¥11,513mn, which was mainly due to purchase of property, plant and equipment.

Cash flows from financing activities generated an inflow of ¥12,495mn. This was mainly attributable to a net increase of ¥16,074mn in interest-bearing debt, although there was ¥3,637mn in payments of dividends.

As a result, cash and cash equivalents at end of period increased ¥12,045mn YoY to ¥27,462mn. Overall, cash flows from financing activities offset cash flows from investing activities, and cash flows from operating activities led to an increase in cash and cash equivalents.

## Results trends

## Status of cash flows

	(¥mn)				
	FY2/22	FY2/23	FY2/24	FY2/25	FY2/26
Cash flows from operating activities	8,276	2,275	9,648	-20,036	11,059
Profit before income taxes	15,750	18,752	15,664	18,576	17,513
Depreciation	2,797	2,581	2,890	3,248	4,214
Increase/decrease in trade receivables (negative value represents an increase)	3,083	4,660	-7,846	-10,044	-7,941
Increase/decrease in inventories (negative value represents an increase)	-13,978	-24,349	-3,559	-28,561	-4,790
Increase/decrease in trade payables (negative value represents a decrease)	2,995	1,847	959	591	3,888
Cash flows from investing activities	-4,500	-166	-8,367	-8,762	-11,513
Purchase of property, plant and equipment	-4,961	-5,441	-7,507	-7,891	-10,067
Cash flows from financing activities	-1,332	-10,634	-8,230	13,634	12,495
Increase/decrease in short-term borrowings and bonds	-565	-10,169	-4,145	16,277	16,074
Payments of dividends	-768	-1,856	-4,085	-3,929	-3,637
Net increase/decrease in cash and cash equivalents	2,474	-8,196	-6,925	-15,131	12,045
Cash and cash equivalents at beginning of period	43,179	45,670	37,473	30,548	15,416
Cash and cash equivalents at end of period	45,670	37,473	30,548	15,416	27,462

Source: Prepared by FISCO from the Company's financial results

## ■ Outlook

### Double-digit growth expected for net sales and operating profit in FY2/27, with both increasing for the third consecutive fiscal year

#### 1. FY2/27 forecasts

For the FY2/27 results, the Company forecasts increased sales and profits, with net sales to rise 11.8% YoY to ¥629,000mn, operating profit to go up 18.8% to ¥24,000mn, ordinary profit to increase 20.4% to ¥22,400mn, and profit attributable to owners of parent to increase 19.2% to ¥14,200mn.

In terms of the factors behind the increase in net sales, the effect of store openings prior to the previous fiscal year will contribute throughout the year, and 10 new large stores will be opened as well, increasing the total to 96 by year-end, as a result of which units sold are expected to rise in both the retail and wholesale businesses. In terms of profit, the used car market is expected to remain stable, assuming that the yen continues to be weak, and the gross profit per unit index is expected to improve for both the retail and wholesale businesses due to improved pricing accuracy and increased ancillary product revenue. Furthermore, with the pace of store openings dropping from 17 in the previous fiscal year to 10 along with a reduction in personnel expenses and store opening-related expenses, the SG&A expense ratio is forecast to improve to 13.2% (down 0.3pp YoY).

The medium-term business plan set an operating profit target of ¥30,000mn, but the Company expects to fall short of this due to higher labor costs and store-opening costs associated with inflation. On the other hand, the Company conducts around 800,000 retail sales consultations per year, and if the closing rate were to improve by 1%, it would be expected to increase profits by around ¥3,000mn. The Company aims to increase revenues by enhancing its sales capabilities, thereby achieving its target.

## Outlook

## FY2/27 forecasts

	FY2/26		FY2/27		YoY	
	Result	% of sales	Forecast	% of sales	Change	Change (%)
Net sales	562,774	-	629,000	-	66,225	11.8%
Cost of sales	466,438	82.9%	522,000	83.0%	55,561	11.9%
Gross profit	96,336	17.1%	107,000	17.0%	10,663	11.1%
SG&A expenses	76,127	13.5%	83,000	13.2%	6,872	9.0%
Operating profit	20,209	3.6%	24,000	3.8%	3,790	18.8%
Ordinary profit	18,608	3.3%	22,400	3.6%	3,791	20.4%
Profit attributable to owners of parent	11,914	2.1%	14,200	2.3%	2,285	19.2%

Source: Prepared by FISCO from the Company's financial results and results briefing materials

## Aims to boost profit by opening 10 new large stores and improving the closing rate

### 2. Major KPI forecasts

In the major KPI forecasts for FY2/27, improvement is expected for both retail units sold and profitability. The Company plans to open 10 large stores, with the total at year-end expected to be 96. It forecasts that retail units sold will be 177,000 (up 8.0% YoY), which is projected to exceed the minimum target of 170,000 units indicated in the medium-term business plan. The gross profit per retail unit index is expected to improve to 115 (up 2pp), due to enhancing ancillary business revenue and making progress on optimizing prices. In the wholesale business, the forecast is 175,000 (up 15.1%) for units sold and 110 (up 1pp) for the gross profit per wholesale unit index, with profit expected to recover after declining in the previous fiscal year.

The number of large stores is not expected to reach 100, which was the figure indicated in the medium-term business plan, but this is because the Company is strictly adhering to its store opening criteria (delivering return on investment in five years and securing regional market share) and limiting store openings to locations with high profitability. The Company has adopted a growth strategy that prioritizes profit instead of over-relying on quantitative targets.

#### Major KPI forecasts for FY2/27

	FY2/26 Result	FY2/27 Forecast	YoY		
			Change	Change (%)	
Stores	Large store openings (stores)	17	10	-7	-41.2%
	Total large stores at year-end (stores)	86	96	10	11.6%
Retail	Retail units sold (units)	163,931	177,000	13,069	8.0%
	Gross profit per retail unit index	113	115	2	-
Wholesale	Wholesale units sold (units)	151,985	175,000	23,015	15.1%
	Gross profit per wholesale unit index	109	110	1	-

Source: Prepared by FISCO from the Company's results briefing materials

## ■ Medium- to long-term growth strategy

### Aiming to establish itself as number one in the industry, with a market share of 10%, by FY2/33

#### 1. Long-term business strategy

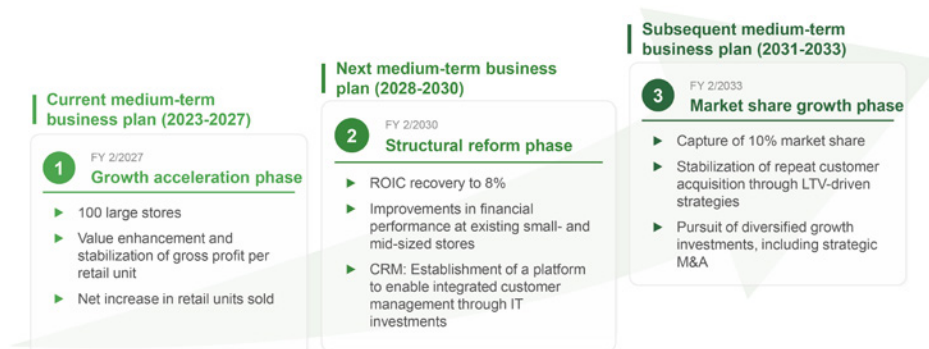
With the future mobility society in mind, the Company has specified three growth phases covering the period up to FY2/33. Phase 1 (FY2/23–FY2/27) is positioned as the “growth acceleration phase” during the current five-year medium-term business plan. Balancing growth with improving capital efficiency, the Company is working on establishing a network of 100 large stores, value enhancement and stabilization of gross profit per retail unit, and a net increase in retail units sold.

The period of the next medium-term business plan, which is Phase 2 (FY2/28–FY2/30), is positioned as the “productivity improvement phase.” The Company will work to achieve an ROIC of 8% or more, improve revenues at existing small and medium-sized stores, and enhance customer management through full-scale rollout of CRM. Through these measures, it aims to improve personnel retention and productivity per employee, thereby strengthening its organizational foundation.

The period of the subsequent medium-term business plan, which is Phase 3 (FY2/31–FY2/33), is positioned as the “market share growth phase,” during which the Company aims to capture a market share of 10% or higher. In addition to increasing the number of large store openings, it intends to improve LTV and the repeat rate by expanding its online channels through Online Merges with Offline (OMO) and enhancing CRM. During the current medium-term business plan, the Company has begun considering M&A, but it is prioritizing governance development for now, so it is assumed that full-scale execution of M&A and associated contributions to revenue will not happen until Phase 3 and later.

Through the gradual implementation of these measures, the Company aims to further accelerate growth and establish itself as the overwhelming number one in the industry in 2031 and beyond.

Long-term business strategy with future mobility society in mind



Source: The Company's results briefing materials

Medium- to long-term growth strategy

**2. Status of medium-term business plan**

The Medium-Term Business Plan 2023–2027 which is currently in progress was revised in April 2024 based on improvement in the gross profit per retail unit level and acceleration of store openings. The target operating profit was raised from ¥21,000mn to ¥30,000mn, but due to the impact of cost increases, it is now expected to end up at ¥24,000mn in FY2/27. However, other indicators are generally progressing steadily. Retail units sold is forecast to be 177,000 (vs. a target of 170,000 to 190,000) and the gross profit per retail unit index is forecast to be 115 (vs. a target of 111), so both are expected to achieve the planned level. ROIC and FCF are also at a level that will make it possible to achieve ROIC of 8% or more and a positive single-year FCF. While the profit amount is expected to fall short of the plan, the Company has made steady progress overall in improving profitability and strengthening its business foundation.

**Progress status of Medium-Term Business Plan 2023–2027**

	FY2/27 Initial forecast	FY2/27 Revised forecast	Expected result
Operating profit	¥21,000mn	¥30,000mn	¥24,000mn
Retail units sold	170,000 units	170,000 to 190,000 units	177,000 units
Gross profit per retail unit (same index taking FY2/23 as 100)	-	¥440k to ¥410k	-
ROIC	10% or more	8% or more	Expected to achieve target
FCF	Around ¥30,000mn total for five years	Positive in FY2/27	Expected to achieve target

Note: ROIC is calculated as follows: operating profit after tax / (inventory at beginning of year + non-current assets at beginning of year + accounts receivable - trade at beginning of year + inventory at end of year + non-current assets at end of year + accounts receivable - trade at end of year / 2)  
 Source: Prepared by FISCO from the Company's results briefing materials

**3. Growth strategy**

**(1) Large store openings and trade area strategy**

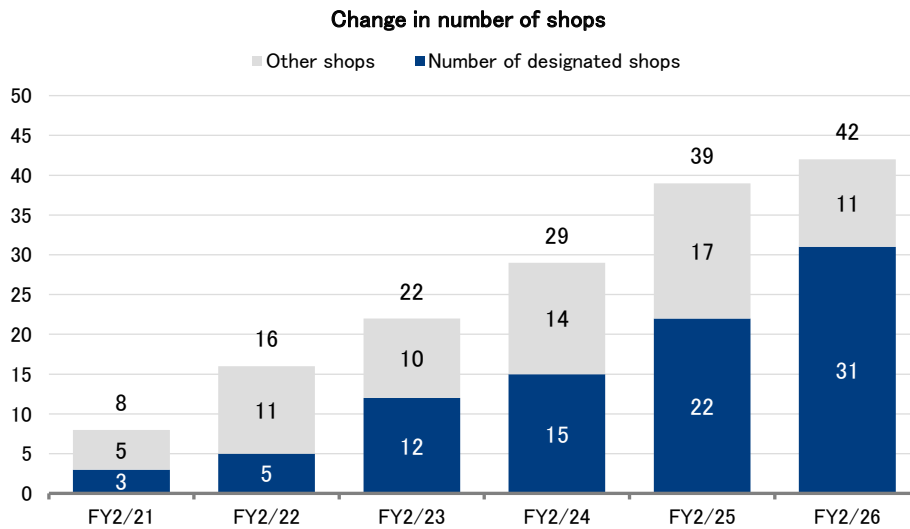
In FY2/27, the Company plans to open 10 large stores, bringing the total to 96 at year-end. It will subsequently reduce the pace of store openings to around five per year and transition to management with an emphasis on investment efficiency. The Company applies strict criteria for opening stores (return on investment within five years and securing market share in trade area), pursuing selective openings that prioritize profitability. Furthermore, it is also considering opening medium-sized stores to fill trade area gaps not covered by large stores. The Company is therefore refining its area strategy through more sophisticated trade area analysis.



Source: The Company's materials for new investors

Medium- to long-term growth strategy

The Company’s basic policy is to include a repair shop with large stores, but the implementation rate is limited due to location constraints. As of the end of FY2/26, it had 42 shops (including 31 designated shops), but recruiting and training maintenance personnel is a challenge. The Company is therefore expanding its hiring strategy, which previously focused mainly on mid-career hires, to include new graduates and enhancing management training.



Source: Prepared by FISCO from the Company’s results briefing materials

**(2) Pursuing CRM and DX**

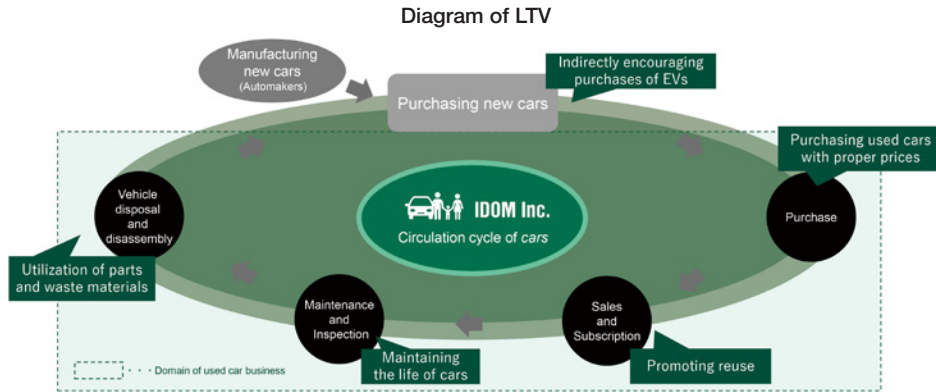
IT and DX are mainly pursued by IDOM Digital Drive. In FY2/26, the Company began developing a CRM system in which it is investing around ¥1,000mn and which it will introduce at all stores. By integrating and utilizing 30 years’ worth of customer data, it intends to automate approaching customers at the optimal time for trading in their car, thereby improving sales efficiency. The average used car trade-in interval is around seven years, which is long, so it is expected that it will take some time for the new system to fully contribute to revenues, but it is a key measure that will provide a source of competitive advantage in the medium to long term. Furthermore, as an OMO measure, the Company is pursuing the development of a sales model that combines digital sales consultations with in-person vehicle checks.

**(3) Pursuing LTV improvement and circular business model**

The Company aims to improve the customer repeat rate, increase LTV, and also address environmental issues by expanding its car transaction cycle to cover everything from purchasing new vehicles to scrapping cars. The LTV cycle envisioned by the Company will be established by contributing at each stage of a car’s lifecycle. In terms of purchasing new vehicles, it will help customers secure funds for their purchase by buying gas cars or other vehicles that they currently own at a fair price, thereby indirectly encouraging them to switch to electric vehicles (EVs). During the ownership phase, it will present the optimal timing for customers to sell or trade in their car using its proprietary AI- and big data-driven residual value forecasting technology. After a car is sold, the Company will promote reuse through used car retailing or subscription services, maintain the vehicle’s lifespan through maintenance and inspection services, and recycle parts and resources when the vehicle is scrapped or dismantled, thereby completing the cycle.

Medium- to long-term growth strategy

The proposed timing of actions throughout this cycle based on CRM is designed to both improve LTV and promote adoption of EVs.



Source: The Company's materials for new investors

**(4) Overseas strategy**

The Company is pursuing a selective, focused approach to overseas expansion. It withdrew from the Australian market in 2022, and it is also reducing its presence and withdrawing from the African market. On the other hand, in the United States, it is continuing to open pilot stores and achieved profitability in FY2/26. Furthermore, its Australian subsidiary IDOM Innovations Pty Ltd. is continuing to develop the AUTO-FLIP BtoB car sales platform, which the Company is considering rolling out in other regions such as Asia, depending on the results.

## Shareholder return policy

### Plans to maintain performance-linked dividend of 30% and raise dividend by ¥6.83 due to increased profits in FY2/27

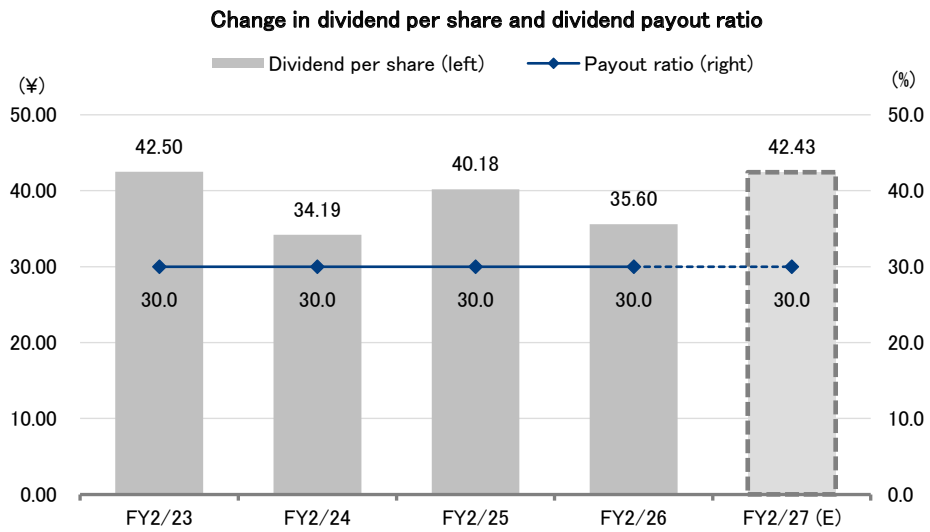
The Company pays dividends under its shareholder return policy. It has adopted performance-linked dividends based on a payout ratio of 30% as its dividend policy, which has been applied since the end of FY2/23. Under this system, dividends vary based on changes in profit attributable to owners of parent. In the past, it has paid an annual dividend per share of ¥42.50 (FY2/23), ¥34.19 (FY2/24), ¥40.18 (FY2/25), and ¥35.60 (FY2/26), with a consistent payout ratio of 30.0% in each case.

The annual dividend in FY2/26 was ¥35.60 (dividend payout ratio of 30.0%), a decrease of ¥4.58 YoY. This reflected the fact that profit attributable to owners of parent fell 11.4%, with the dividend changing systematically based on the dividend policy. In FY2/27, the annual dividend is expected to increase ¥6.83 to ¥42.43, reflecting the forecast profit growth. The shareholder return level for the Company's dividends is thus designed to improve automatically as results recover.

Shareholder return policy

Furthermore, the Company launched a shareholder benefit program in FY2/26. At the end of February and August, it gives a digital gift based on the number of shares owned to shareholders who have owned shares continuously for at least one year (at the end of February 2026 and August 2026, there was no limit on the continuous ownership period).

In terms of share buyback policy, the Company will consider it if the PBR drops close to 1 time, but given its current share price level, it is still far from meeting that criteria.



Source: Prepared by FISCO from the Company's financial results



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