

Translation

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## Summary of Consolidated Financial Results for the 9 Months Ended November 30, 2016 (Based on Japanese GAAP)

January 12, 2017

Company name: IDOM Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 7599 URL <http://221616.com>  
 Representative: President Yusuke Hatori  
 Inquiries: General Manager, Finance IR Division Masayuki Matsumoto TEL 03-5208-5503  
 Scheduled date to file Quarterly Securities Report: January 13, 2017  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the 9 months ended November 30, 2016 (from March 1, 2016 to November 30, 2016)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
9 months ended November 30, 2016	191,033	25.6	4,022	(39.1)	3,913	(42.9)	2,190	(48.1)
9 months ended November 30, 2015	152,082	29.3	6,599	42.6	6,856	47.0	4,221	52.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
9 months ended November 30, 2016	21.60		–	
9 months ended November 30, 2015	41.63		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2016	109,314	39,331	35.0	377.71
As of February 29, 2016	94,211	38,245	39.4	365.98

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 29, 2016	–	7.50	–	5.00	12.50
Year ending February 28, 2017	–	6.00	–	–	–
Year ending February 28, 2017 (Forecast)	–	–	–	6.00	12.00

3. Forecast of consolidated financial results for the year ending February 28, 2017 (from March 1, 2016 to February 28, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	243,500	15.9	7,600	0.8	7,100	3.9	4,100	(0.3)	40.43

4. Notes

- (1) Changes in significant subsidiaries during the 9 months ended November 30, 2016  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2016	106,888,000 shares	As of February 29, 2016	106,888,000 shares
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Number of treasury shares at the end of the period

As of November 30, 2016	5,480,350 shares	As of February 29, 2016	5,480,300 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

9 months ended November 30, 2016	101,407,672 shares	9 months ended November 30, 2015	101,407,744 shares
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## **Qualitative information concerning quarterly accounting**

### **(1) Qualitative information on consolidated operating results.**

During the current cumulative consolidated 3rd quarter (March 1, 2016 to November 30 2016), retail sales from all directly managed stores totaled 70,255 cars, up 34.0% year on year. This was attributable to an increase in the number of display sale stores and the number of cars offered per site.

On the other hand, to address the sluggish market for new car sales, we increased our advertising and PR expenses with a focus on internet media to counter the continuing decline in storefront customer numbers. Thanks to this increase in advertising and PR expenses, purchases by all directly managed stores totaled 135,783 cars, up 2.3% year on year.

SG&A expenses increased due to the abovementioned increase in advertising and PR expenses, increased personnel expenses related to an increase in personnel hiring, an increase in store management expenses incidental to the increase in the number of display sale stores, and expenses related to the introduction of new services.

As a result of the above, earnings for the current cumulative consolidated 3rd quarter were net sales of 191,033 million yen (up 25.6% YoY), operating income of 4,022 million yen (down 39.1% YoY), ordinary income of 3,913 million yen (down 42.9% YoY), and net income attributable to parent company shareholders of 2,190 million yen (down 48.1% YoY).

Segment-specific earnings are as indicated below.

#### **I. Domestic business**

Domestic business resulted in net sales of 157,796 million yen (up 10.5% YoY) and segment income (operating income) of 4,342 million yen (down 32.8% YoY). While revenues increased thanks to an increase in cars sold, income declined as the increase in revenues was not enough to cover the increase in SG&A expenses due to the sluggish market for new car sales.

#### **II. Overseas business**

##### **Australia business**

The Australia business recorded net sales of 31,945 million yen and segment losses (operating losses) of 47 million yen. The new car market in Western Australia underperformed the same period of the previous year. Furthermore, the deemed acquisition date for subsidiaries operating our Australian business was September 30, 2015, which is after the actual date of acquisition. As we treat companies acquired on October 1, which fell during the previous cumulative consolidated 3rd quarter, as being within the scope of consolidation, a year-on-year comparison is not indicated for said subsidiaries.

### **(2) Financial status**

#### **Assets**

As of the end of the current cumulative consolidated 3rd quarter, total assets were 109,314 million yen (up 16.0% compared to end of FY2016).

Current assets were 60,776 million yen (up 23.8% compared to end of FY2016) on increased cash and deposits (up 8,261 million yen compared to end of FY2016) and increased inventory (up 3,547 million yen compared to end of FY2016).

Non-current assets were 48,538 million yen (up 7.5% compared to end of FY2016) on increased buildings and structures (up 1,860 million yen compared to end of FY2016) and increased software (up 1,124 million yen compared to end of FY2016)

#### **Liabilities**

As of the end of the current cumulative consolidated 3rd quarter, total liabilities were 69,983 million yen (up 25.0% compared to end of FY2016).

Current liabilities were 25,033 million yen (down 12.5% compared to end of FY2016) on decreased short-term loans (down 2,043 million yen compared to end of FY2016) and a decrease in unpaid corporate taxes, etc. (down 1,100 million yen compared to end of FY2016).

Non-current liabilities were 44,949 million yen (up 64.3% compared to end of FY2016) on increased long-term loans (up 17,937 million yen compared to end of FY2016).

#### **Net assets**

As of the end of the current cumulative consolidated 3rd quarter, total net assets were 39,331 million yen (up 2.8% compared to end of FY2016) due to an increase in retained earnings (up 893 million yen compared to end of FY2016), among other factors.

### **(3) Consolidated earnings forecast and other forward-looking information**

There are no changes to our consolidated earnings forecasts for FY2017 from the figures released on October 13, 2016 in our Summary of Consolidated Financial Results for the Six Months Ended November 30, 2016 (Based on Japanese GAAP).

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of February 29, 2016	As of November 30, 2016
Assets		
Current assets		
Cash and deposits	9,149	17,411
Notes and accounts receivable - trade	5,192	4,452
Merchandise	31,848	35,395
Deferred tax assets	778	1,010
Other	2,159	2,565
Allowance for doubtful accounts	(54)	(60)
Total current assets	49,074	60,776
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,000	28,948
Accumulated depreciation	(8,564)	(9,652)
Buildings and structures, net	17,435	19,295
Vehicles	435	325
Accumulated depreciation	(180)	(106)
Vehicles, net	255	219
Tools, furniture and fixtures	3,882	4,013
Accumulated depreciation	(2,874)	(2,966)
Tools, furniture and fixtures, net	1,007	1,047
Land	218	218
Construction in progress	826	379
Total property, plant and equipment	19,743	21,160
Intangible assets		
Software	1,941	3,066
Goodwill	9,597	9,516
Other	3,974	3,973
Total intangible assets	15,513	16,556
Investments and other assets		
Investment securities	13	37
Shares of subsidiaries and associates	45	15
Long-term loans receivable	395	224
Lease and guarantee deposits	4,565	4,983
Construction assistance fund receivables	4,304	4,984
Deferred tax assets	274	338
Other	489	503
Allowance for doubtful accounts	(209)	(266)
Total investments and other assets	9,879	10,820
Total non-current assets	45,136	48,538
Total assets	94,211	109,314

(Millions of yen)

	As of February 29, 2016	As of November 30, 2016
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	14,102	13,107
Short-term loans payable	2,045	1
Current portion of long-term loans payable	79	–
Accounts payable - other	3,064	2,496
Income taxes payable	1,778	677
Advances received	3,026	2,853
Deposits received	475	308
Provision for bonuses	459	113
Provision for merchandise warranties	1,076	1,135
Other provision	113	161
Other	2,378	4,177
<b>Total current liabilities</b>	<b>28,600</b>	<b>25,033</b>
<b>Non-current liabilities</b>		
Long-term loans payable	22,851	40,788
Long-term guarantee deposited	651	557
Provision for directors' retirement benefits	540	185
Asset retirement obligations	1,653	1,769
Deferred tax liabilities	1,086	1,110
Other provision	388	422
Other	194	116
<b>Total non-current liabilities</b>	<b>27,365</b>	<b>44,949</b>
<b>Total liabilities</b>	<b>55,965</b>	<b>69,983</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	32,869	33,763
Treasury shares	(3,947)	(3,947)
<b>Total shareholders' equity</b>	<b>37,111</b>	<b>38,005</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	1	296
<b>Total accumulated other comprehensive income</b>	<b>1</b>	<b>296</b>
<b>Stock acquisition rights</b>	<b>–</b>	<b>5</b>
<b>Minority owner shorts worth</b>	<b>1,131</b>	<b>1,022</b>
<b>Total net assets</b>	<b>38,245</b>	<b>39,331</b>
<b>Total liabilities and net assets</b>	<b>94,211</b>	<b>109,314</b>

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

	(Millions of yen)	
	9 months ended November 30, 2015	9 months ended November 30, 2016
Net sales	152,082	191,033
Cost of sales	114,756	145,223
Gross profit	37,325	45,810
Selling, general and administrative expenses	30,725	41,787
Operating income	6,599	4,022
Non-operating income		
Interest income	26	38
Insurance premiums refunded cancellation	11	-
Reversal of allowance for doubtful accounts	-	0
income of compensation for damage	-	36
Foreign exchange gains	314	168
Other	70	76
Total non-operating income	421	319
Non-operating expenses		
Interest expenses	119	350
Provision of allowance for doubtful accounts	0	-
www	15	-
Other	29	78
Total non-operating expenses	165	429
Ordinary income	6,856	3,913
Extraordinary income		
Gain on sales of non-current assets	-	11
Gain on liquidation of subsidiaries	3	-
Other	0	-
Total extraordinary income	3	11
Extraordinary losses		
Loss on retirement of non-current assets	55	203
Provision of allowance for doubtful accounts	-	56
Directors' retirement benefits	-	110
Other	0	0
Total extraordinary losses	55	370
Income before income taxes and minority interests	6,804	3,554
Income taxes - current	2,677	1,823
Income taxes - deferred	(120)	(316)
Total income taxes	2,556	1,506
Profit	4,247	2,047
Profit (loss) attributable to non-controlling interests	26	(142)
Profit attributable to owners of parent	4,221	2,190

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	9 months ended November 30, 2015	9 months ended November 30, 2016
Profit	4,247	2,047
Other comprehensive income		
Foreign currency translation adjustment	(3)	329
Total other comprehensive income	(3)	329
Comprehensive income	4,244	2,376
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,210	2,485
Comprehensive income attributable to non-controlling interests	33	(108)