

Revision of Earnings Forecast and Partial Revision of Method for Deciding Dividends

Tokyo, April 3, 2017—IDOM Inc. (“IDOM”) announces revisions to its forecasts for operating results announced on January 12, 2017, based on recent business trends. The details are as follows. In addition, IDOM has decided to revise part of its method for deciding dividends, as follows.

Results forecast revisions for the year ended February 28, 2017

Revisions to the consolidated results forecast (March 1, 2016 to February 28, 2017)

(unit: Millions of yen)

| | Net sales | Operating income | Ordinary income | Net income | Net income per share (yen) |
|---|-----------|------------------|-----------------|------------|----------------------------|
| Previously announced forecasts (A) | 243,500 | 7,600 | 7,100 | 4,100 | 40.43 |
| Revised forecasts (B) | 252,600 | 4,600 | 4,400 | 2,500 | 24.65 |
| Change (B – A) | 9,100 | (3,000) | (2,700) | (1,600) | |
| Percentage change (%) | 3.7 | (39.5) | (38.0) | (39.0) | |
| Reference: Results for the year ended February 29, 2016 | 210,085 | 7,542 | 6,835 | 4,111 | 40.55 |

Revisions to the non-consolidated full-year results forecast (March 1, 2016 to February 28, 2017)

(unit: Millions of yen)

| | Net sales | Ordinary income | Net income | Net income per share (yen) |
|---|-----------|-----------------|------------|----------------------------|
| Previously announced forecasts (A) | 185,300 | 6,800 | 4,100 | 40.43 |
| Revised forecasts (B) | 198,400 | 4,650 | 2,900 | 28.60 |
| Change (B – A) | 13,100 | (2,150) | (1,200) | |
| Percentage change (%) | 7.1 | (31.6) | (29.3) | |
| Reference: Results for the year ended February 29, 2016 | 179,367 | 6,384 | 3,949 | 38.95 |

Reasons for revisions

The number of retail car sales for the fiscal year ended February 28, 2017 was 95,333, achieving IDOM's initial target of 95,000. This was due to an increase in the number of sales handled by display sale stores.

On the other hand, advertising expenditure and other customer attraction costs increased even further, in efforts to curb the decrease in the number of cars purchased at Gulliver stores, amid a protracted slump in the new car market. As a result, the customer attraction cost effectiveness worsened, even though the number of cars purchased increased and exceeded the target.

Buick Holdings Pty Ltd., a consolidated subsidiary that is an operator of new car dealerships in Western Australia, experienced a decline in sales of new vehicles as a result of a slump in the region's new car market. During the year ended February 28, 2017, the new car market underwent a

negative year-on-year change each month, especially in the fourth quarter, when the negative range expanded.

As a result of the above, the full-year forecast for consolidated operating income is 4,600 million yen, a decrease of 3,000 million yen from the previous forecast. In line with the decline in operating income, ordinary income and profit attributable to owners of parent are forecast to decrease.

Dividends for the year ended February 28, 2017

Under its dividend policy, IDOM uses performance-linked dividends that determine the dividend amount in conjunction with consolidated performance. Going forward, there will be no change in this policy, but IDOM will revise part of its method for deciding dividends from the end of the fiscal year ended February 28, 2017, as follows.

Previously, in principle, IDOM decided the dividend per share for the fiscal year with the total dividend amount calculated as "consolidated net income for the fiscal year \times 30%." In contrast in the future (after the end of the fiscal year), in principle, IDOM will decide the dividend per share for the fiscal year with the total dividend amount calculated as "consolidated net income for the previous fiscal year \times 30%"

Using this new method to calculate the dividend amount and decide the dividend per share after the above-described revision, the annual dividend for the fiscal year is calculated as 12 yen per share. The consolidated profit for the fiscal year (profit attributable to owners of parent) is now expected to be less than the previously announced forecast, but the dividend forecast for the fiscal year has not been revised.

With the existing method for deciding dividends, there is always the possibility that IDOM may revise the dividend forecast initially announced in response to its business results for the fiscal year since dividends are determined in conjunction with consolidated net income for the fiscal year. In contrast, from now on, under the new method of deciding dividends, in principle IDOM will not revise the dividend forecast initially announced because dividends will be determined on the basis of business results confirmed for the previous fiscal year.