

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended May 31, 2017 (Based on Japanese GAAP)

July 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: July 12, 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 three months ended May 31, 2017 (from March 1, 2017 to May 31, 2017)

(1) Consolidated operating 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	%
Three months ended May 31, 2017	71,130	7.5	1,243	(0.2)	903	(23.0)	457	(37.5)
Three months ended May 31, 2016	66,192	31.1	1,245	(38.9)	1,173	(41.9)	732	(41.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2017	4.51		4.51	
Three months ended May 31, 2016	7.22		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2017	122,871	39,097	31.1	377.00
As of February 28, 2017	114,047	39,581	33.9	381.05

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 28, 2017	–	6.00	–	6.00	12.00
Year ending February 28, 2018	–	–	–	–	–
Year ending February 28, 2018 (Forecast)	–	3.50	–	3.50	7.00

3. Forecast of consolidated financial results for the year ending February 28, 2018 (from March 1, 2017 to February 28, 2018)

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
Six months ending August 31, 2017	127,200	2.4	2,100	(3.3)	1,750	(13.4)	1,000	(9.3)	9.86
Full year	259,500	3.2	5,500	22.3	4,900	17.8	2,800	24.6	27.61

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2017  
 (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: No
- 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 May 31, 2017	106,888,000 shares	As of February 28, 2017	106,888,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2017	5,480,350 shares	As of February 28, 2017	5,480,350 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2017	101,407,650 shares	Three months ended May 31, 2016	101,407,700 shares
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## **Analysis of Operating Results and Financial Position for the First Quarter**

### **(1) Analysis of consolidated operating results**

In the first quarter of the fiscal year under review (March 1, 2017 to May 31, 2017) retail car sales from all directly managed stores totaled 32,947 cars, up 40.8% from the same term last year. This was attributable to an increase in the number of display sales stores, as well as the display sales model introduced to Gulliver stores. (The Gulliver display sales model is a new approach to increasing the number of retail cars sold at Gulliver stores while setting a lower per unit price and profit).

SG&A expenses increased with a rise in store management expenses incidental to the increase in the number of display sales stores.

In relation to the conclusion of a syndicated loan agreement (announced on March 15, 2017), arrangement fees were paid to the arranger institution, and this is recorded in non-operating expenses as interest expenses.

The new car market in Western Australia underperformed the previous year and the segment performance for the Australia business recorded a decline in net sales and an increase in operating losses.

As a result of the above, consolidated business results for the first quarter were net sales of 71,130 million yen (up 7.5% from the same term last year.), operating income of 1,243 million yen (down 0.2%), ordinary income of 903 million yen (down 23.0%), and profit attributable to owners of parent of 457 million yen (down 37.5%).

Segment-specific earnings are as indicated below.

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

Domestic business resulted in net sales of 60,562 million yen (up 11.4% from the same term last year) and segment income (operating income) of 1,569 million yen (up 16.4%). An increase in retail car sales resulted in increases in both net sales and operating income.

#### **II. Australia business**

The Australia business recorded net sales of 10,184 million yen (down 10.8% from the same term last year) and segment losses (operating losses) of 232 million yen (operating losses in the same term last year were 5 million yen) as the new car market in Western Australia underperformed the same term last year.

### **(2) Analysis of financial position**

#### **Assets**

As of the end of first quarter ended May 31, 2017, total assets were 122,871 million yen (up 7.7% compared to the end of the previous fiscal year, February 28, 2017).

Current assets were 72,739 million yen (up 14.1% compared to the end of the previous fiscal year) on increased cash and deposits (up 13,279 million yen) while merchandise decreased (down 4,823 million yen).

Non-current assets were 50,131 million yen (down 0.3% compared to the end of the previous fiscal year) on increased buildings and structures (up 884 million yen), decreased buildings under construction (down 596 million yen), and decreased goodwill (down 444 million yen).

#### **Liabilities**

As of the end of first quarter ended May 31, 2017, total liabilities were 83,773 million yen (up 12.5% compared to the end of the previous fiscal year)

Current liabilities were 26,981 million yen (down 8.5% compared to the end of the previous fiscal year) on decreased short-term loans (down 2,066 million yen) and a decrease in accounts payable (down 1,108 million yen).

Non-current liabilities were 56,792 million yen (up 26.3% compared to the end of the previous fiscal year) on increased long-term loans (up 11,911 million yen).

### **Net assets**

As of the end of first quarter ended May 31, 2017, total net assets were 39,097 million yen (down 1.2% compared to the end of the previous fiscal year) due to a decrease in retained earnings (down 151 million yen), and a decrease in foreign currency adjustments (down 260 million yen) among other factors.

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

There are no changes to our consolidated earnings forecasts for FY2018 from the figures released on April 13, 2017 in our Summary of Consolidated Financial Results for the Year Ended February 28, 2017 (Based on Japanese GAAP).

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

(Millions of yen)

	As of February 28, 2017	As of May 31, 2017
Assets		
Current assets		
Cash and deposits	14,337	27,616
Notes and accounts receivable - trade	4,655	4,650
Merchandise	41,333	36,510
Deferred tax assets	785	1,026
Other	2,717	2,988
Allowance for doubtful accounts	(64)	(53)
Total current assets	63,765	72,739
Non-current assets		
Property, plant and equipment		
Buildings and structures	29,766	30,997
Accumulated depreciation	(10,134)	(10,481)
Buildings and structures, net	19,632	20,515
Vehicles	312	207
Accumulated depreciation	(100)	(117)
Vehicles, net	212	89
Tools, furniture and fixtures	4,097	4,153
Accumulated depreciation	(3,088)	(3,167)
Tools, furniture and fixtures, net	1,009	985
Land	218	218
Construction in progress	961	365
Total property, plant and equipment	22,033	22,175
Intangible assets		
Software	3,201	3,208
Goodwill	9,687	9,242
Other	4,024	3,812
Total intangible assets	16,914	16,263
Investments and other assets		
Investment securities	40	32
Shares of subsidiaries and associates	247	250
Long-term loans receivable	229	227
Lease and guarantee deposits	5,033	5,157
Construction assistance fund receivables	5,214	5,271
Deferred tax assets	361	379
Other	533	712
Allowance for doubtful accounts	(325)	(339)
Total investments and other assets	11,334	11,692
Total non-current assets	50,281	50,131
Total assets	114,047	122,871

(Millions of yen)

	As of February 28, 2017	As of May 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	12,317	11,210
Short-term loans payable	3,408	1,342
Current portion of long-term loans payable	–	55
Accounts payable - other	3,885	3,432
Income taxes payable	679	812
Advances received	4,228	3,633
Deposits received	383	400
Provision for bonuses	651	87
Provision for merchandise warranties	1,149	1,187
Other provision	175	189
Other	2,602	4,628
<b>Total current liabilities</b>	<b>29,483</b>	<b>26,981</b>
<b>Non-current liabilities</b>		
Long-term loans payable	40,774	52,686
Long-term guarantee deposited	529	510
Provision for directors' retirement benefits	188	–
Asset retirement obligations	1,866	1,914
Deferred tax liabilities	1,127	1,069
Other provision	425	419
Other	70	192
<b>Total non-current liabilities</b>	<b>44,983</b>	<b>56,792</b>
<b>Total liabilities</b>	<b>74,466</b>	<b>83,773</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	33,821	33,670
Treasury shares	(3,947)	(3,947)
<b>Total shareholders' equity</b>	<b>38,063</b>	<b>37,912</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	578	318
<b>Total accumulated other comprehensive income</b>	<b>578</b>	<b>318</b>
Subscription rights to shares	5	5
Non-controlling interests	934	860
<b>Total net assets</b>	<b>39,581</b>	<b>39,097</b>
<b>Total liabilities and net assets</b>	<b>114,047</b>	<b>122,871</b>

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Three months ended May 31, 2016	Three months ended May 31, 2017
Net sales	66,192	71,130
Cost of sales	51,184	55,041
Gross profit	15,007	16,088
Selling, general and administrative expenses	13,761	14,845
Operating income	1,245	1,243
Non-operating income		
Interest income	14	12
Income of compensation for damage	35	–
Insurance income	4	7
Other	53	12
Total non-operating income	107	32
Non-operating expenses		
Interest expenses	113	248
Foreign exchange losses	22	46
Share of loss of entities accounted for using equity method	–	69
Other	44	7
Total non-operating expenses	180	372
Ordinary income	1,173	903
Extraordinary income		
Gain on sales of non-current assets	11	0
Total extraordinary income	11	0
Extraordinary losses		
Loss on retirement of non-current assets	22	84
Directors' retirement benefits	110	–
Provision of allowance for doubtful accounts	–	14
Other	0	2
Total extraordinary losses	133	101
Profit before income taxes	1,050	802
Income taxes - current	614	711
Income taxes - deferred	(258)	(271)
Total income taxes	356	440
Profit	694	362
Loss attributable to non-controlling interests	(37)	(95)
Profit attributable to owners of parent	732	457

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

(Millions of yen)

	Three months ended May 31, 2016	Three months ended May 31, 2017
Profit	694	362
Other comprehensive income		
Foreign currency translation adjustment	(154)	(245)
Share of other comprehensive income of entities accounted for using equity method	–	7
Total other comprehensive income	(154)	(237)
Comprehensive income	539	124
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	598	197
Comprehensive income attributable to non-controlling interests	(58)	(73)