

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 |
|--------------------|--------------------|-------------------------|--------------------|

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 |
|--------------------|------------------|-------------------------|------------------|

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 |
|---------------------------------|--------------------|---------------------------------|--------------------|

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 |
|---|-------------------------|--------------------|
| Liabilities | | |
| Current liabilities | | |
| 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 |
| Total current liabilities | 29,483 | 26,981 |
| Non-current liabilities | | |
| 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 |
| Total non-current liabilities | 44,983 | 56,792 |
| Total liabilities | 74,466 | 83,773 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 4,157 | 4,157 |
| Capital surplus | 4,032 | 4,032 |
| Retained earnings | 33,821 | 33,670 |
| Treasury shares | (3,947) | (3,947) |
| Total shareholders' equity | 38,063 | 37,912 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | 578 | 318 |
| Total accumulated other comprehensive income | 578 | 318 |
| Subscription rights to shares | 5 | 5 |
| Non-controlling interests | 934 | 860 |
| Total net assets | 39,581 | 39,097 |
| Total liabilities and net assets | 114,047 | 122,871 |

