

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2017 (Based on Japanese GAAP)

January 12, 2018

Company name: IDOM Inc.
 Stock exchange listing: Tokyo
 Stock code: 7599 URL: <https://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 12, 2018
 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 nine months ended November 30, 2017 (from March 1, 2017 to November 30, 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	%
Nine months ended November 30, 2017	204,338	7.0	5,204	29.4	4,481	14.5	2,749	25.5
Nine months ended November 30, 2016	191,033	25.6	4,022	(39.1)	3,913	(42.9)	2,190	(48.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended November 30, 2017	27.11		–	
Nine months ended November 30, 2016	21.60		–	

(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, 2017	126,412	40,976	31.9	397.21
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	–	3.50			
Year ending February 28, 2018 (Forecast)			–	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
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 nine months ended November 30, 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: Yes
- 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, 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 November 30, 2017	5,480,470 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)

Nine months ended November 30, 2017	101,407,608 shares	Nine months ended November 30, 2016	101,407,672 shares
-------------------------------------	--------------------	-------------------------------------	--------------------

Analysis of Operating Results and Financial Position for the Third Quarter

(1) Analysis of consolidated operating results

In the third quarter of the fiscal year under review (March 1, 2017 to November 31, 2017) retail car sales from all directly managed stores totaled 93,114 cars, up 32.5% from the same term last year. This was attributable to an increase in the number of display sales stores such as “Gulliver OUTLET” and foreign car specialized “LIBERALA”, as well as reinforcement in retail sales at the original Gulliver stores which were primarily focused on purchasing of used cars.

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.

Amid the stagnation in new car market in Western Australia, the segment performance for the Australia business recorded a decline in operating losses.

As a result of the above, consolidated business results for the third quarter were net sales of 204,338 million yen (up 7.0% from the same term last year.), operating income of 5,204 million yen (up 29.4%), ordinary income of 4,481 million yen (up 14.5%), and profit attributable to owners of parent of 2,749 million yen (up 25.5%).

Regional segment-specific earnings are as indicated below.

I. Japan

Japan segment resulted in net sales of 169,871 million yen (up 7.7% from the same term last year) and segment income (operating income) of 5,935 million yen (up 36.7%). An increase in retail car sales resulted in increases in both net sales and operating income.

II. Australia

Australia segment recorded net sales of 33,014 million yen (up 3.3% from the same term last year) and segment losses (operating losses) of 473 million yen (operating loss in the same term last year were 47 million yen) as the new car market in Western Australia underperformed the same term last year. Quaterly (3 months) net sales improved year on year in the second quarter and third quarter.

(2) Analysis of financial position

Assets

As of the end of third quarter ended November 30, 2017, total assets were 126,412 million yen (up 10.8% compared to the end of the previous fiscal year, February 28, 2017).

Current assets were 75,839 million yen (up 18.9% compared to the end of the previous fiscal year) on increased cash and deposits (up 10,505 million yen).

Non-current assets were 50,573 million yen (up 0.6 % compared to the end of the previous fiscal year) on increased buildings and structures (up 1,137million yen) offsetting decreased goodwill (down 526 million yen) and decreased construction in progress (down 402 million yen).

Liabilities

As of the end of third quarter ended November 30, 2017, total liabilities were 85,435 million yen (up 14.7% compared to the end of the previous fiscal year)

Current liabilities were 28,671 million yen (down 2.8% compared to the end of the previous fiscal year) on decreased short-term

loans (down 2,135 million yen).

Non-current liabilities were 56,764 million yen (up 26.2% compared to the end of the previous fiscal year) on increased long-term loans (up 11,905 million yen).

Net assets

As of the end of third quarter ended November 30, 2017, total net assets were 40,976 million yen (up 3.5% compared to the end of the previous fiscal year) due to an increase in retained earnings (up 1,786 million yen).

(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).

Notes to Changes in Accounting Estimates

The Company estimates and records provision for future losses due to repairs occurred in relation to warranties offered for cars retailed. The Company changed the rule in estimating provision due to increased accuracy based on actual repairment history and other factors. As a result of this change, the cost of sales declined by 350 million yen, and operating income, ordinary income and profit attributable to owners of parent increased by the same amount.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2017	As of November 30, 2017
Assets		
Current assets		
Cash and deposits	14,337	24,842
Notes and accounts receivable - trade	4,655	4,863
Merchandise	41,333	41,702
Deferred tax assets	785	1,061
Other	2,717	3,416
Allowance for doubtful accounts	(64)	(47)
Total current assets	63,765	75,839
Non-current assets		
Property, plant and equipment		
Buildings and structures	29,766	32,017
Accumulated depreciation	(10,134)	(11,248)
Buildings and structures, net	19,632	20,768
Vehicles	312	123
Accumulated depreciation	(100)	(67)
Vehicles, net	212	56
Tools, furniture and fixtures	4,097	4,313
Accumulated depreciation	(3,088)	(3,337)
Tools, furniture and fixtures, net	1,009	975
Land	218	218
Construction in progress	961	559
Total property, plant and equipment	22,033	22,578
Intangible assets		
Software	3,201	3,152
Goodwill	9,687	9,161
Other	4,024	3,798
Total intangible assets	16,914	16,112
Investments and other assets		
Investment securities	40	37
Shares of subsidiaries and associates	247	250
Long-term loans receivable	229	223
Lease and guarantee deposits	5,033	5,283
Construction assistance fund receivables	5,214	5,377
Deferred tax assets	361	396
Other	533	713
Allowance for doubtful accounts	(325)	(402)
Total investments and other assets	11,334	11,881
Total non-current assets	50,281	50,573
Total assets	114,047	126,412

(Millions of yen)

As of February 28, 2017 As of November 30, 2017

	As of February 28, 2017	As of November 30, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	12,317	12,551
Short-term loans payable	3,408	1,273
Current portion of long-term loans payable	–	19
Accounts payable - other	3,885	3,080
Income taxes payable	679	1,524
Advances received	4,228	3,951
Deposits received	383	222
Provision for bonuses	651	179
Provision for merchandise warranties	1,149	928
Other provision	175	238
Other	2,602	4,701
Total current liabilities	29,483	28,671
Non-current liabilities		
Long-term loans payable	40,774	52,680
Long-term guarantee deposited	529	489
Provision for directors' retirement benefits	188	–
Asset retirement obligations	1,866	1,965
Deferred tax liabilities	1,127	1,043
Other provision	425	394
Other	70	191
Total non-current liabilities	44,983	56,764
Total liabilities	74,466	85,435
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	33,821	35,606
Treasury shares	(3,947)	(3,947)
Total shareholders' equity	38,063	39,848
Accumulated other comprehensive income		
Foreign currency translation adjustment	578	431
Total accumulated other comprehensive income	578	431
Subscription rights to shares	5	7
Non-controlling interests	934	689
Total net assets	39,581	40,976
Total liabilities and net assets	114,047	126,412

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

Consolidated statements of income (cumulative)

	(Millions of yen)	
	Nine months ended November 30, 2016	Nine months ended November 30, 2017
Net sales	191,033	204,338
Cost of sales	145,223	155,485
Gross profit	45,810	48,852
Selling, general and administrative expenses	41,787	43,648
Operating income	4,022	5,204
Non-operating income		
Interest income	38	38
Reversal of allowance for doubtful accounts	0	-
income of compensation for damage	36	7
Foreign exchange gains	168	-
Other	76	23
Total non-operating income	319	70
Non-operating expenses		
Interest expenses	350	570
Foreign exchange losses	-	76
Share of loss of entities accounted for using equity method	-	91
Other	78	55
Total non-operating expenses	429	793
Ordinary income	3,913	4,481
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	203	87
Provision of allowance for doubtful accounts	56	76
Directors' retirement benefits	110	-
Special retirement expenses	-	41
Other	0	33
Total extraordinary losses	370	239
Profit before income taxes	3,554	4,242
Income taxes - current	1,823	2,100
Income taxes - deferred	(316)	(376)
Total income taxes	1,506	1,724
Profit	2,047	2,517
Loss attributable to non-controlling interests	(142)	(231)
Profit attributable to owners of parent	2,190	2,749

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2016	Nine months ended November 30, 2017
Profit	2,047	2,517
Other comprehensive income		
Foreign currency translation adjustment	329	(177)
Share of other comprehensive income of entities accounted for using equity method	–	16
Total other comprehensive income	329	(161)
Comprehensive income	2,376	2,356
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,485	2,601
Comprehensive income attributable to non-controlling interests	(108)	(244)