

Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2018 (Based on Japanese GAAP)

July 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: July 13, 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 three months ended May 31, 2018 (from March 1, 2018 to May 31, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended May 31, 2018	71,411	0.4	378	(69.5)	103	(88.5)	(146)	–
Three months ended May 31, 2017	71,130	7.5	1,243	(0.2)	903	(23.0)	457	(37.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2018	(1.45)		–	
Three months ended May 31, 2017	4.51		4.51	

(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, 2018	136,187	40,801	29.6	397.12
As of February 28, 2018	130,181	41,494	31.4	403.71

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, 2018	–	3.50	–	3.50	7.00
Year ending February 28, 2019	–	–	–	–	–
Year ending February 28, 2019 (Forecast)	–	5.50	–	5.50	11.00

3. Forecast of consolidated financial results for the year ending February 28, 2019 (from March 1, 2018 to February 28, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		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, 2018	142,800	5.4	2,700	6.8	2,300	13.2	1,150	2.5	11.34
Full year	290,000	5.0	7,600	12.1	6,800	17.3	3,900	9.0	38.46

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2018
 (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, 2018	106,888,000 shares	As of February 28, 2018	106,888,000 shares
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Number of treasury shares at the end of the period

As of May 31, 2018	5,480,470 shares	As of February 28, 2018	5,480,470 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, 2018	101,407,530 shares	Three months ended May 31, 2017	101,407,650 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, 2018 to May 31, 2018) retail car sales from all directly managed stores totaled 31,925, down 3.1% from the same term last year. Sales per store fell due to a decrease in advertisement volume and changes in sales strategy.

For SG&A expenses, store management expenses increased incidental to the increase in the number of display sales stores.

The Australia business showed an improvement on the back of a growth in sales while the new car market in Western Australia remained sluggish.

As a result of the above, consolidated business results for the first quarter were net sales of 71,411 million yen (up 0.4% from the same term last year.), operating income of 378 million yen (down 69.5%), ordinary income of 103 million yen (down 88.5%), and loss attributable to owners of parent of 146 million yen (same term last year was income of 457 million yen).

Regional segment-specific earnings are as indicated below.

I. Japan

Japan segment resulted in net sales of 58,567 million yen (down 3.3% from the same term last year) and segment income (operating income) of 434 million yen (up 72.3%). A decrease in retail car sales resulted in declines in both net sales and operating income.

II. Australia

Australia segment recorded net sales of 12,460 million yen (up 22.4% from the same term last year) and segment income (operating income) of 62 million yen (the same term last year was operating losses of 232 million yen). This was attributable to the results of initiatives to improve performance while the new car market in Western Australia remained sluggish.

(2) Analysis of financial position

Assets

As of the end of first quarter ended May 31, 2018, total assets were 136,187 million yen (up 4.6% compared to the end of the previous fiscal year, February 28, 2018).

Current assets were 82,826 million yen (up 7.6% compared to the end of the previous fiscal year) on increased cash and deposits (up 2,372 million yen).

Non-current assets were 53,360 million yen (up 0.3 % compared to the end of the previous fiscal year) on increased buildings and structures (up 675 million yen) offsetting decreased goodwill (down 239 million yen) and decreased construction in progress (down 486 million yen).

Liabilities

As of the end of first quarter ended May 31, 2018, total liabilities were 95,385 million yen (up 7.6% compared to the end of the previous fiscal year).

Current liabilities were 28,409 million yen (down 10.9% compared to the end of the previous fiscal year) on decreased income taxes payable (down 1,658 million yen) and decreased provisions for bonuses (down 721 million yen).

Non-current liabilities were 66,975 million yen (up 17.9% compared to the end of the previous fiscal year) on increased long-term loans (10,000 million yen).

Net assets

As of the end of first quarter ended May 31, 2018, total net assets were 40,801 million yen (down 1.7% compared to the end of the previous fiscal year) due to a decrease in retained earnings (down 501 million yen).

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

There are no changes to our consolidated earnings forecasts for FY2019 from the figures released on April 12, 2018 in our “Summary of Consolidated Financial Results for the Year Ended February 28, 2018 (Based on Japanese GAAP).”

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2018	As of May 31, 2018
Assets		
Current assets		
Cash and deposits	22,763	26,881
Notes and accounts receivable - trade	5,709	4,862
Merchandise	44,479	46,852
Deferred tax assets	1,037	1,092
Other	3,203	3,212
Allowance for doubtful accounts	(239)	(76)
Total current assets	76,955	82,826
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,602	33,578
Accumulated depreciation	(11,445)	(11,746)
Buildings and structures, net	21,156	21,832
Vehicles	64	48
Accumulated depreciation	(15)	(15)
Vehicles, net	48	33
Tools, furniture and fixtures	4,332	4,395
Accumulated depreciation	(3,446)	(3,485)
Tools, furniture and fixtures, net	886	910
Land	218	218
Construction in progress	777	291
Total property, plant and equipment	23,088	23,286
Intangible assets		
Software	2,981	2,791
Goodwill	8,927	8,687
Other	3,688	3,579
Total intangible assets	15,597	15,059
Investments and other assets		
Investment securities	45	46
Shares of subsidiaries and associates	2,150	2,192
Long-term loans receivable	211	201
Lease and guarantee deposits	5,541	5,773
Construction assistance fund receivables	5,643	5,785
Deferred tax assets	504	589
Other	746	915
Allowance for doubtful accounts	(304)	(488)
Total investments and other assets	14,539	15,015
Total non-current assets	53,225	53,360
Total assets	130,181	136,187

(Millions of yen)

	As of February 28, 2018	As of May 31, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	14,327	13,890
Short-term loans payable	1,201	1,075
Accounts payable - other	3,845	3,665
Income taxes payable	2,029	371
Advances received	4,581	4,163
Deposits received	314	219
Provision for bonuses	815	94
Provision for merchandise warranties	871	539
Other provision	315	389
Other	3,597	4,000
Total current liabilities	31,901	28,409
Non-current liabilities		
Long-term loans payable	52,680	62,680
Long-term guarantee deposited	499	481
Asset retirement obligations	2,008	2,072
Deferred tax liabilities	1,008	979
Other provision	395	399
Other	191	363
Total non-current liabilities	56,784	66,975
Total liabilities	88,686	95,385
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	36,373	35,871
Treasury shares	(3,947)	(3,947)
Total shareholders' equity	40,615	40,113
Accumulated other comprehensive income		
Foreign currency translation adjustment	323	157
Total accumulated other comprehensive income	323	157
Subscription rights to shares	3	3
Non-controlling interests	551	526
Total net assets	41,494	40,801
Total liabilities and net assets	130,181	136,187

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, 2017	Three months ended May 31, 2018
Net sales	71,130	71,411
Cost of sales	55,041	56,104
Gross profit	16,088	15,306
Selling, general and administrative expenses	14,845	14,927
Operating profit	1,243	378
Non-operating income		
Interest income	12	13
Reimbursements on insurance	7	-
Other	12	19
Total non-operating income	32	32
Non-operating expenses		
Interest expenses	248	167
Foreign exchange losses	46	67
Share of loss of entities accounted for using equity method	69	64
Other	7	8
Total non-operating expenses	372	308
Ordinary profit	903	103
Extraordinary income		
Gain on sales of non-current assets	0	-
Other	-	1
Total extraordinary income	0	1
Extraordinary losses		
Loss on retirement of non-current assets	84	124
Provision of allowance for doubtful accounts	14	-
Other	2	40
Total extraordinary losses	101	164
Profit (loss) before income taxes	802	(59)
Income taxes - current	711	249
Income taxes - deferred	(271)	(146)
Total income taxes	440	103
Profit (loss)	362	(162)
Loss attributable to non-controlling interests	(95)	(15)
Profit (loss) attributable to owners of parent	457	(146)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended May 31, 2017	Three months ended May 31, 2018
Profit (loss)	362	(162)
Other comprehensive income		
Foreign currency translation adjustment	(245)	(185)
Share of other comprehensive income of entities accounted for using equity method	7	10
Total other comprehensive income	(237)	(175)
Comprehensive income	124	(337)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	197	(313)
Comprehensive income attributable to non-controlling interests	(73)	(24)