

Revised on May 8, 2017

# Results for Fiscal Year Ended February 28, 2017

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April 14, 2017

IDOM Inc.  
(7599)

- I . Summary of FY 2017 results and FY 2018 outlook
  - II . 5 factors influencing performance
  - III . Medium-term strategy
- 

## References

## IV . Dividends

## V . Topics

## VI . Supplementary information

### Supplementary information on accounting standards

The IDOM Group has examined the possibility of adopting IFRS for financial reporting from the year-end of the fiscal year ended February 28, 2017, for the purpose of improving comparability of financial information in international capital markets. However, with comprehensive considerations on various factors and impacts on the Group's earnings from estimated costs to occur in relation to adopting IFRS, the Group has concluded not to adopt IFRS at this time and continue to report financial statements based on Japanese GAAP for a time.

This presentation includes forward-looking statements based on current expectations of future events and are subject to risks and uncertainties. Actual results may differ materially from those expressed or implied by such statements due to economic conditions and other factors.

# I . Summary of FY 2017 results and FY 2018 outlook

	FY 2016		FY 2017
Number of cars purchased*	180,996 cars	➔	186,175 cars
Number of cars sold*			
Wholesale	118,966 cars	➔	104,029 cars
Retail	70,709 cars	➔	95,333 cars
SG&A expenses (Non-consolidated)	38,448 million yen	➔	46,632 million yen
Operating income (Non-consolidated)	6,841 million yen	➔	4,534 million yen

\* Number of cars handled at directly managed stores.

■ Factors increasing number of cars purchased volume

Increase in advertising expenses to attract customers to Gulliver stores.

■ Factors decreasing number of wholesale car sales

The number of wholesale car sales decreased in proportion to the increase in the number of retail car sales.

■ Factors increasing the number of retail car sales

- (1) Increase in display sales stores (net increase of 45 stores from FY2016).
- (2) Increase in number of retail car sales per store at display sales stores.

■ Factors increasing SG&A expenses

- (1) Increase in advertising expenses to attract customers to Gulliver stores.
- (2) Increase in the expenses related to store operations associated with the increase in the number of display sales stores.
- (3) Increase in expenses for new services (expenses for developing future markets)
- (4) Increase in personnel expenses associated with increase in recruit numbers.

\* "Gulliver store" is a store focused on purchasing used cars from customers.

# [Consolidated] Analysis of changes in operating income for FY 2017

FY 2016 [Consolidated] operating income  
7,542 million yen

FY 2017 [Consolidated] operating income  
4,498 million yen

Difference

Impacts on  
operating income

<b>1</b>	Increases in advertising costs at Gulliver stores	negative
<b>2</b>	Revisions to retail price strategy at Gulliver stores	—
<b>3</b>	Increases in new service costs	negative
<b>4</b>	Slump in Australian subsidiary	negative
<b>5</b>	Expansions in display sales stores	positive

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## ■ Supplementary information regarding Australian subsidiary

- (1) Australian subsidiary Buick Holdings (DVG) operates new car dealerships in Western Australia.
- (2) Made a consolidated subsidiary from FY2016 3Q.

## [Non-Consolidated] FY2018 outlook summary

	FY 2017		FY 2018 (Plan)
Number of cars purchased*	186,175 cars	➔	187,000 cars
Number of cars sold*			
Wholesale	104,029 cars	➔	88,000 cars
Retail	95,333 cars	➔	116,000 cars
SG&A expenses (Non-consolidated)	46,632 million yen	➔	50,500 million yen
Operating income (Non-consolidated)	4,534 million yen	➔	5,400 million yen

\* Number of cars handled at directly managed stores.

### ■ Assumption of number of cars purchased

Advertising expenses to attract customers to Gulliver stores to be same level as FY2016.

### ■ Factors decreasing the number of wholesale car sales

The number of wholesale car sales decreased in proportion to the increase in the number of retail car sales.

### ■ Assumption of the number of retail car sales

(1) Increase in display sales stores (net increase of 45 stores from FY2017).

(2) Number of retail cars sold per store is same level as FY2017.

### ■ Factors increasing SG&A expenses

Increase in the expenses related to store operations associated with the increase in the number of display sales stores.

# [Consolidated] Analysis of changes in operating income for FY 2018

FY 2017 [Consolidated] operating income  
4,498 million yen

FY 2018 [Consolidated] operating income  
5,500 million yen

Increases

Impacts on  
operating income

- |          |   |          |
|----------|---|----------|
| <b>1</b> | Advertising costs at Gulliver stores                  | flat     |
| <b>2</b> | Revisions to retail price strategy at Gulliver stores | negative |
| <b>3</b> | Decreases in new service costs                        | positive |
| <b>4</b> | Improvements in Australian subsidiary                 | positive |
| <b>5</b> | Expansions in display sales stores                    | positive |

## II . 5 factors influencing performance



**1** Advertising costs and purchase volume at Gulliver stores

2 Retail pricing at Gulliver stores

3 New service costs

4 Australian subsidiary

5 Display sales stores

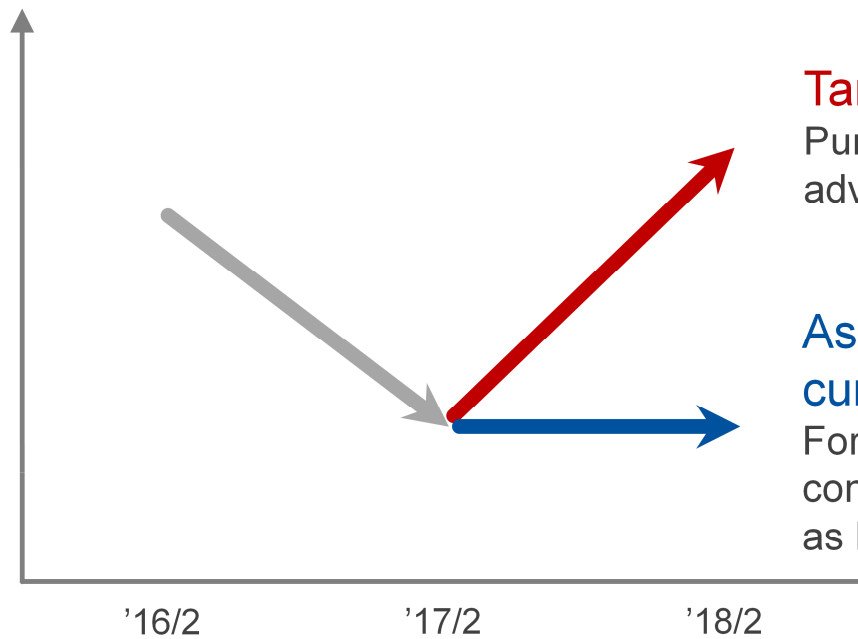


## Advertising costs and purchase volume at Gulliver stores

	FY2017 Results (YoY)	FY2018 Plan (YoY)
New car market	declined 	flat 
Customer traffic Customers who are selling their cars to switch to new cars	declined 	flat 
Advertising costs to attract customers to stores	increased 	flat 
No. of cars purchased	slightly increased 	flat 

## Efficiency of advertising expenses

Efficiency of advertising expenses per vehicle



### Target:

Pursue greater efficiency in advertising expenses

### Assumptions of current plan:

Formulated plan assuming conditions were the same as FY2016

### ■ Supplemental information on efficiency of advertising expenses

(1) Plan is formulated based on the same level as FY2017.

(2) Target is to improve the efficiency quarter by quarter.

1 Advertising costs and purchase volume at Gulliver stores

**2** Retail pricing at Gulliver stores

3 New service costs

4 Australian subsidiary

5 Display sales stores





Gulliver stores



Retail business know-hows  
from OUTLET stores



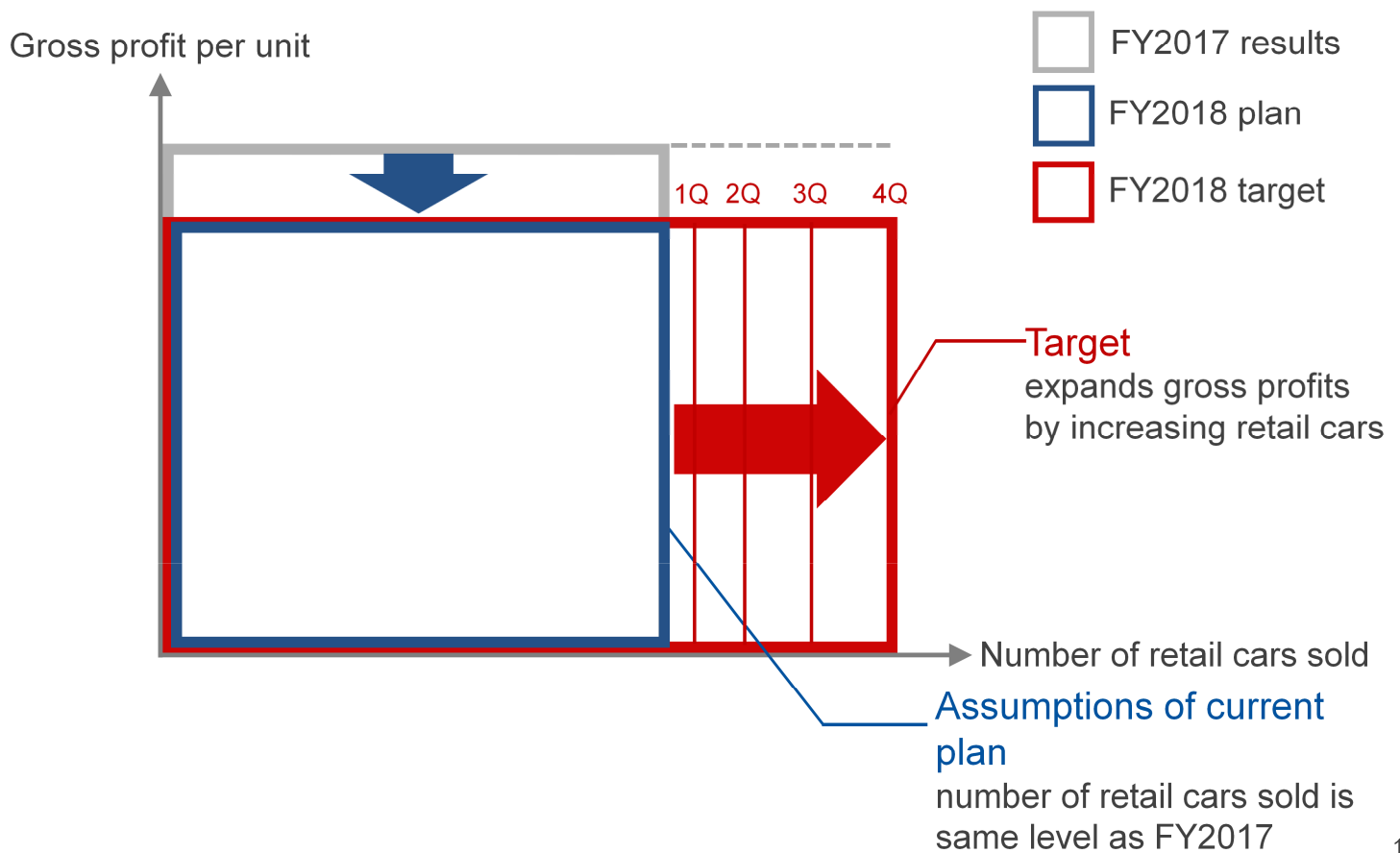
Starting “Gulliver display sales model”

Retail price is set lower in this model

### ■ Supplementary information about Gulliver display sales models

- (1) A new approach for Gulliver stores to display and sell cars.
- (2) Expand the number of stores implementing this model from April.
- (3) No new investments or increases in expenses are required.

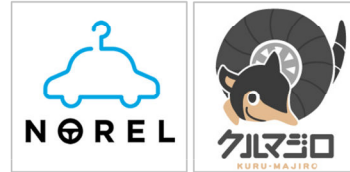
## Implementation of retail pricing strategy at Gulliver stores



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- Supplementary information on the number of retail car sales at Gulliver stores
- (1) Number of retail car sales in March increased significantly for stores initially applied Gulliver display models.
  - (2) The number of retail car sales is targeted to increase but a plan is drawn up for remaining level with FY2016.
  - (3) The target is to gradually increase the number of retail car sales quarterly by quarter.

- 1 Advertising costs and purchase volume at Gulliver stores
- 2 Retail pricing at Gulliver stores
- 3 New service costs**
- 4 Australian subsidiary
- 5 Display sales stores



Amid new car market slump, judged creation of new income opportunities to be urgent



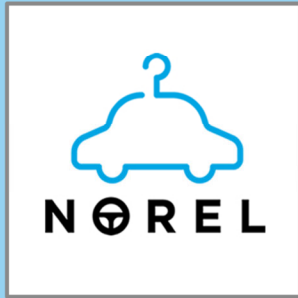
Set wide area business domain, considered several projects



Commercialization decisions based on **services with an advanced synergy effect with existing business**



## New services launched “NOREL” and “Kurumajiro”



Monthly flat-rate rental service using purchased used cars in stock



**NOREL gross profits**



C2C platform option for uncontracted customers



**Commissions  
or  
Higher conversion rates**

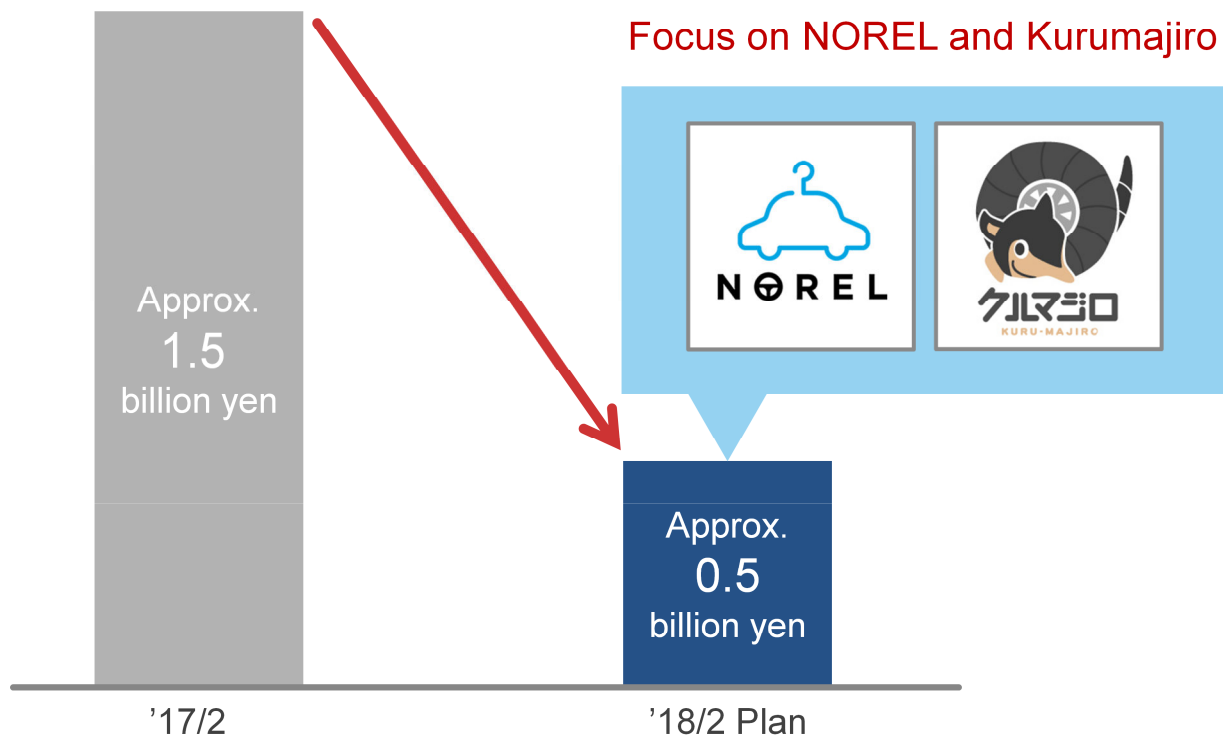
### ■ NOREL

- (1) Deployed in Tokyo and three other prefectures.
- (2) Currently about 200 members. Re-open new membership applications from April.
- (3) Changed payment plans to three monthly payment types of 39,800 yen, 59,800 yen and 79,800 yen.

### ■ Kurumajiro

- (1) Started promoting Kurumajiro registration at Gulliver stores and number of cars listed on Kurumajiro increased.
- (2) Low rate of contracts closed on Kurumajiro, but contributing to purchase closures at Gulliver stores.

## New service costs



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### ■ Supplementary information on new service expenses

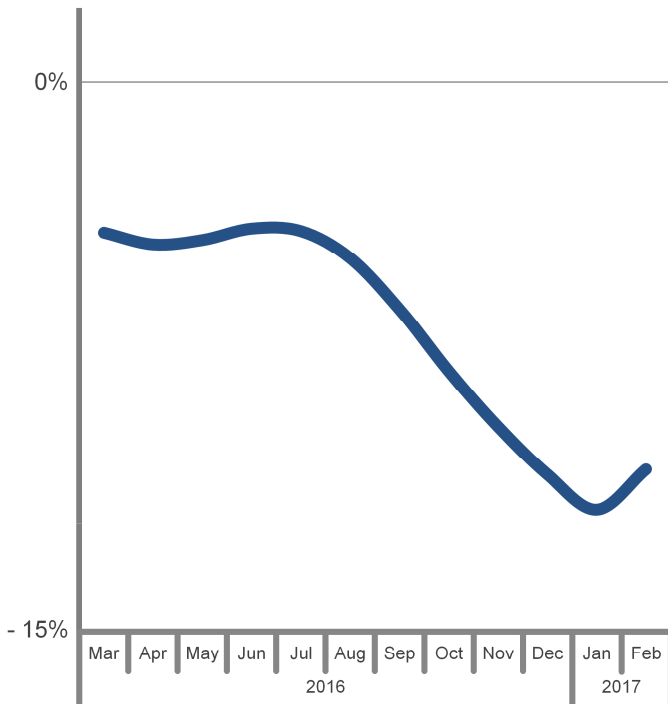
New service costs in FY2018 are operation expenses for NOREL and Kurumajiro.

(Mainly personnel expenses, software amortization, marketing expenses, etc.)

- 1 Advertising costs and purchase volume at Gulliver stores
- 2 Retail pricing at Gulliver stores
- 3 New service costs
- 4 Australian subsidiary**
- 5 Display sales stores

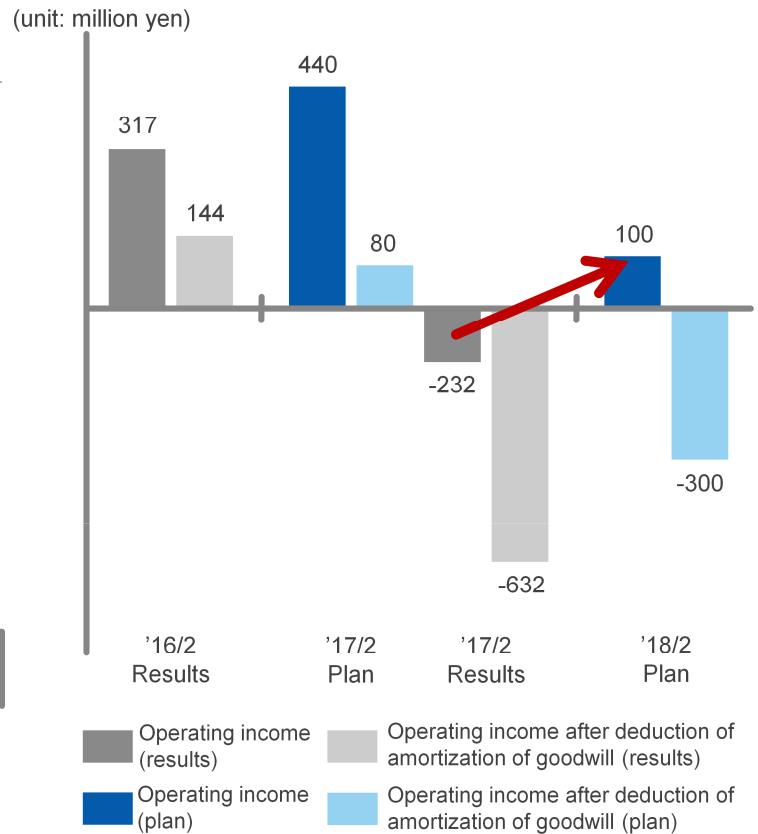


New vehicle market in Western Australia  
(% change YoY)



Source: Sales of New Vehicle, Australian Bureau of Statistics

Operating income and operating income after deduction of amortization of goodwill



## ■ Western Australian new car market

- (1) Down each month compared to the same month FY2016.
- (2) Significant decrease of 11% in 4Q.

## ■ Initiatives to improve results

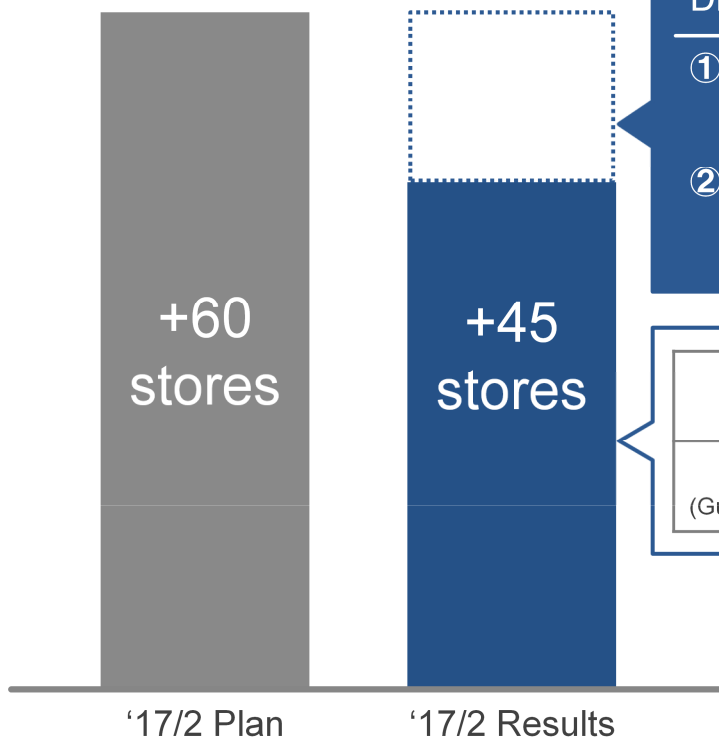
- (1) Changed management structure in FY2017 3Q.
- (2) Initiatives leveraging IDOM expertise (Digital marketing, after-sales service, inventory control, etc.)
- (3) Foster enterprise demand.

- 1 Advertising costs and purchase volume at Gulliver stores
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# Opening of directly managed stores in FY 2017

## Net increases of directly managed stores



### Differences

- ① Adjustment period has extended for responding to request for increased construction costs
- ② Planned opening in February shifted to April opening (in consideration of impact of personnel transfers on busy season)

Newly opened	51
Closed (Gulliver stores and test channel stores)	-6

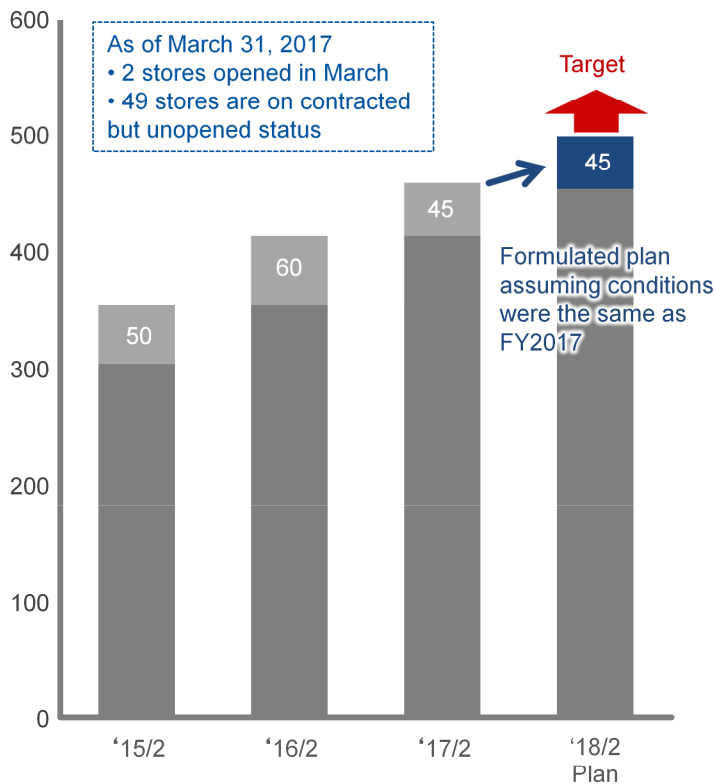
### ■ New store opening and the channels

- (1) Accelerate new store openings, centering on OUTLET stores.
- (2) Continue openings for MINICLE (light cars), LIBERALA (foreign cars) and HUNT (shopping malls).

# Net increase in directly managed stores and status of display sales stores

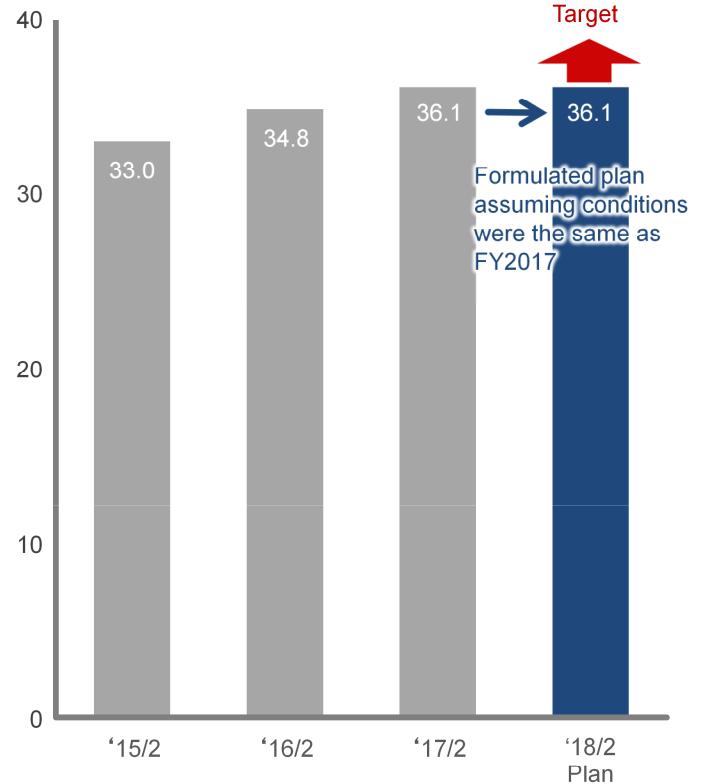
## Net increases in directly managed stores

(unit: stores)



## Retail car sales at display sales stores (Monthly average at existing stores\*)

(unit: cars)



\*Monthly average number of retail car sales among stores opened by the end of previous fiscal year

### ■ Supplementary information about the number of retail car sales at display sales stores

- (1) The number of retail car sales at display sales stores (existing stores) averages 36.1 cars per month, exceeding 34.8 cars in FY2016.
- (2) Outlet store sales are particularly brisk.
- (3) Outlet stores are performing strongly in regional areas. Openings will continue for the foreseeable future as many available spaces remain.
- (4) The number of retail car sales forecast to increase in FY2018, but plan formulated to be level with FY2017.

# Display sales stores opened in FY 2017



OL R12-Iwamizawa  
Iwamizawa, Hokkaido



OL Sagakanjodori  
Saga, Saga



OL Sendaiminato  
Sendai, Miyagi



OL Fujinomiya  
Fujinomiya, Shizuoka



OL R13-Yokote  
Yokote, Akita



OL Fujieda  
Fujieda, Shizuoka



OL Nagasakitogitsu  
Nishisonogi, Nagasaki



OL Kusatsu  
Kusatsu, Shiga



OL Tsuchiura-Arakawaoki  
Tsuchiura, Ibaraki



OL Komatsu  
Komatsu, Ishikawa



OL Mobara  
Mobara, Chiba



OL Hitachinaka  
Hitachinaka, Ibaraki



OL R4-Hanamaki  
Hanamaki, Iwate



OL R7-Sakata  
Sakata, Yamagata



OL R10-Nobeoka  
Nobeoka, Miyazaki



# Display sales stores opened in FY 2017

OL Iwaki-Onahama  
Iwaki, Fukushima



OL Fuji-Aobadori  
Fuji, Shizuoka



OL R-3 Shingu  
Kasuya, Fukuoka



OL Tsuruoka  
Tsuruoka, Yamagata



OL R-41 Takayama  
Takayama, Gifu



OL R-21 Kakamigahara  
Kakamigahara, Gifu



OL R-1 Numazu  
Numazu, Shizuoka



OL Aizu-Wakamatsu  
Aizu-wakamatsu, Fukushima



OL R-27 Tsuruga  
Tsuruga, Fukui



OL Asahikawa-Nagayama  
Asahikawa, Hokkaido



OL Hachinohe-Ruike  
Hachinohe, Aomori



OL R-8 Joetsu  
Joetsu, Niigata



OL Izumisano  
Sano, Osaka



Kofu-BP  
Kofu, Yamanashi



Miyazakikita-BP  
Miyazaki, Miyazaki





## Display sales stores opened in FY 2017

R-36 Tomakomai  
Tomakomai, Hokkaido



Yokote  
Yokote, Akita



Asahikawa-Nagayama  
Asahikawa, Hokkaido



Nagasaki-Togitsu  
Nishisonogi, Nagasaki



R-38 Kushiro  
Kushiro, Hokkaido



Sendai BP Wakabayashi  
Sendai, Miyagi



Utsunomiya  
Utsunomiya, Tochigi



Akita-Barajima  
Akita, Akita



R-1 Toyohashi  
Toyohashi, Aichi



Gifu  
Gifu, Gifu



Kumamoto  
Kumamoto, Kumamoto



Obihiro  
Obihiro, Hokkaido



Toyama  
Toyama, Toyama



Koriyama  
Koriyama, Fukushima



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## Display sales stores opened in FY 2017



HUNT Morera Gifu  
Motosu, Gifu



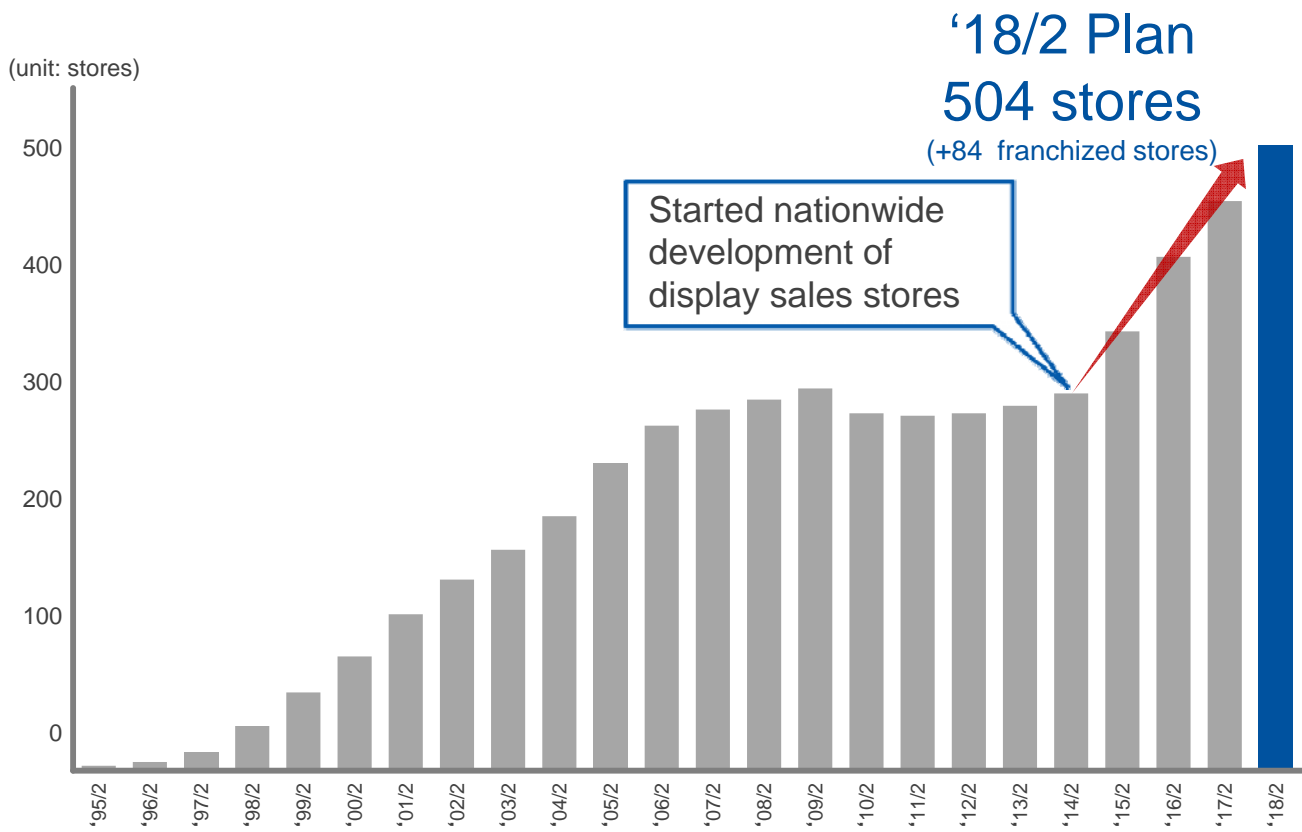
HUNT AEON MALL Imabari-Shintoshi  
Imabari, Ehime



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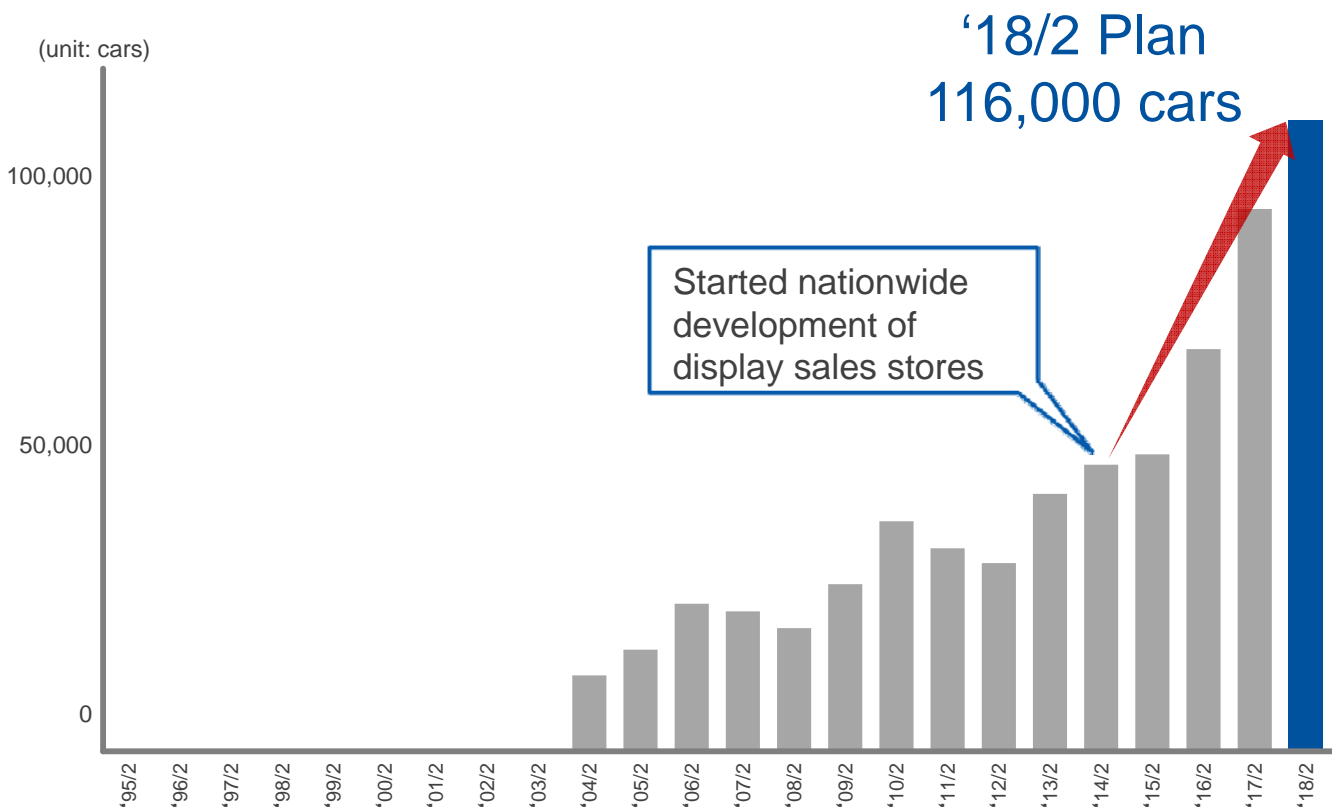
## III. Medium-term strategy

## Number of directly managed stores



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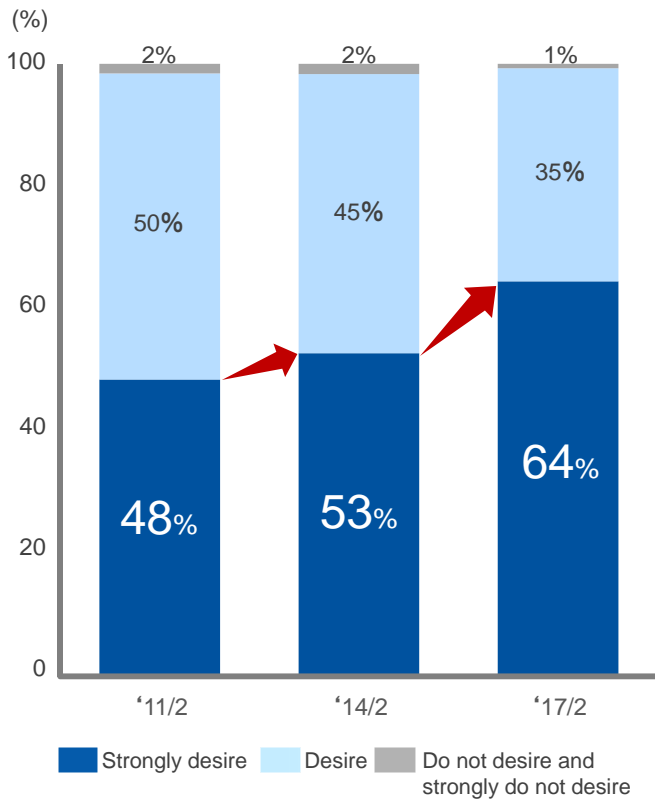
## Retail car sales volume



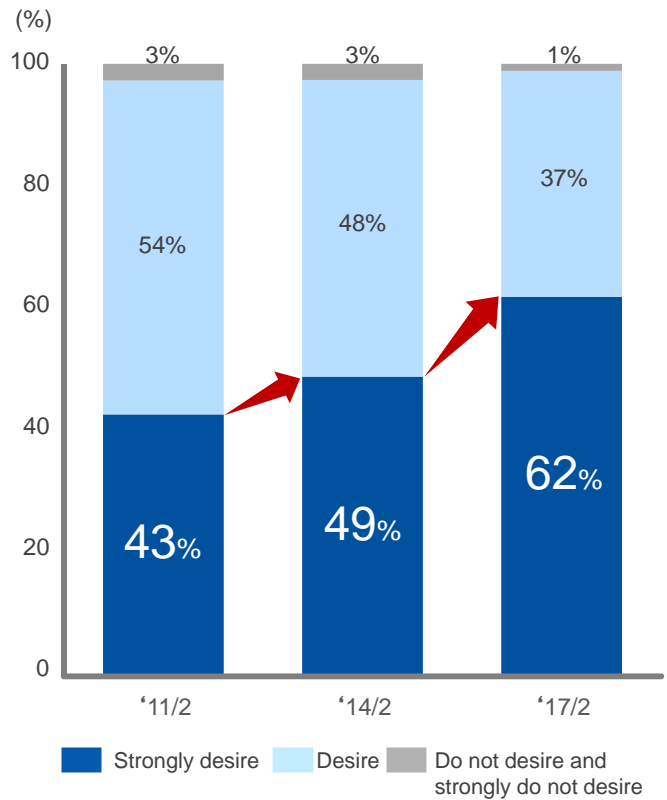
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# Evaluation by customers who visited stores

## Desire to repeat store visits



## Desire to introduce friends and family to stores

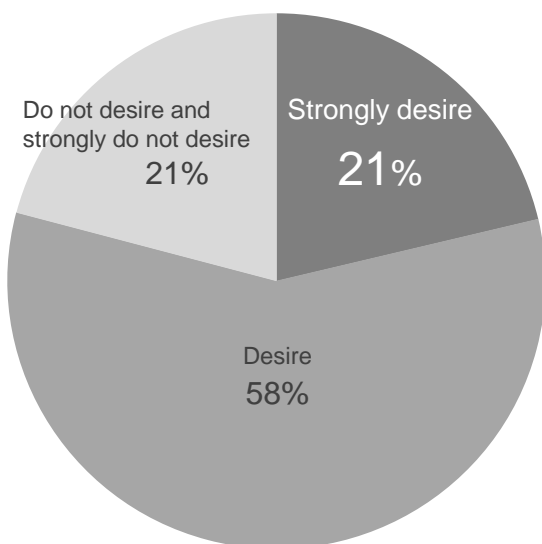


\* Collation of customer satisfaction questionnaire postcards from customers who visited display sales stores and Gulliver stores

# Comparison of visitors' intent to repeat

Other company store visitors  
(All used vehicle purchasers, April 2017 survey)

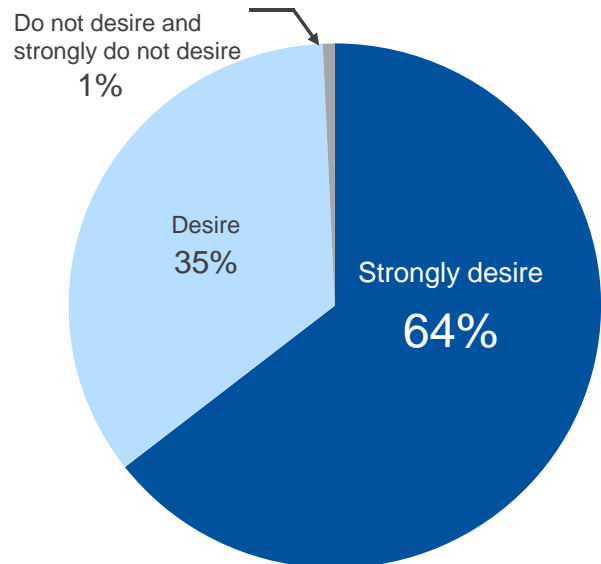
**Q: If buying a new car, do you want to buy from the same store where you bought the previous vehicle?**  
(Desire to repeat store visits)



•Result from an internet survey conducted in April 2017 (target: 1000 used vehicle owners)

IDOM's store visitors  
(March 2016 to February 2017)

**Q: Do you want to use Gulliver and other IDOM's channels again?**  
(Desire to repeat store visits)



•Collation of customer satisfaction questionnaire postcards from customers who visited display sales stores and Gulliver stores (IDOM Inc. customers; No. of valid responses: 44,441 persons)

## Growth strategy

Continue opening display sales stores, expand retail car sales

As of 28 February, 2017

Plan to FY2021



174 stores

Continue to open  
45 to 60 stores  
every year



285 stores

Maintain the current  
store numbers

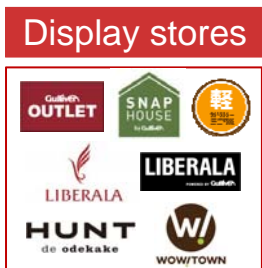
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## Growth strategy

Continue opening display sales stores, expand retail car sales

As of 28 February, 2017

Mid-term target



174 stores

Continue to open  
45 to 60 stores  
every year  
Retail sales

Retail sales

95,333 cars

160,000 cars

market share: 3.5%\*

market share: 5.9%\*



285 stores

Maintain the current  
store numbers

\* The total market volume for retail used cars in Japan: 2.7 million. (The used car distribution report 2015, Yano Research Institute Ltd.)

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## Strict policy for opening stores

### Withdrawal flexibility

Avoids owning land  
Each channel's location has same conditions and buildings at same standards

### Investment profitability

Investment recovery possible in 36 months

### Sales quality

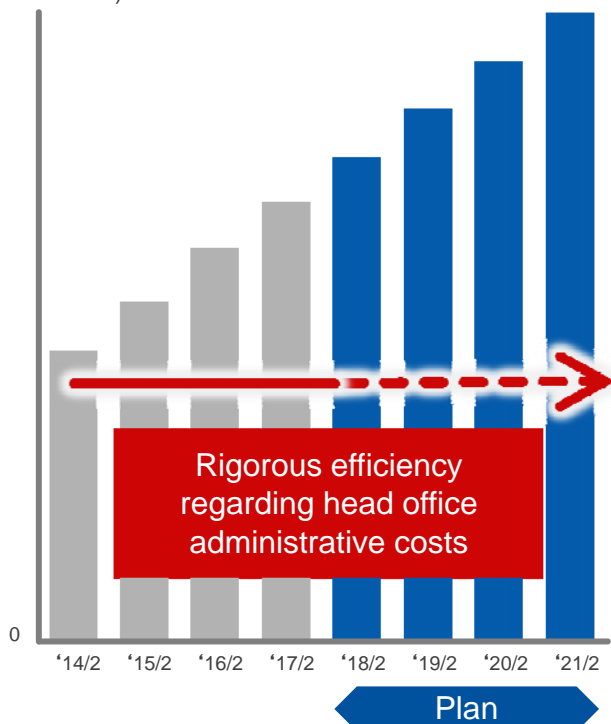
Decide on store openings depending on store manager training and recruitment of sales personnel

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## Measure to expand stores while simultaneously raising productivity

Number of directly managed stores and Head office administrative costs (image)

(units: stores)



### Deep-rooted improvement activities culture and IT use

#### Examples

- Consolidate store operations at Operation Center
- Introduce document management system
- Head office bulk assessment system renewal (assessment using digital devices, automated price calculation program, etc.)
- Digitalization of purchase contracts
- Call center system renewal
- Abolish physical servers and move to the cloud

etc.

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1 Largest store network  
in Japan

2 High-quality  
salesforce

The two strengths help to complete  
Japan's largest **“car sales infrastructure”**

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Three items most unlikely to be sold online

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**Real estate** (housing)

**Insurance** (life and general insurance)

**Car** (used car)

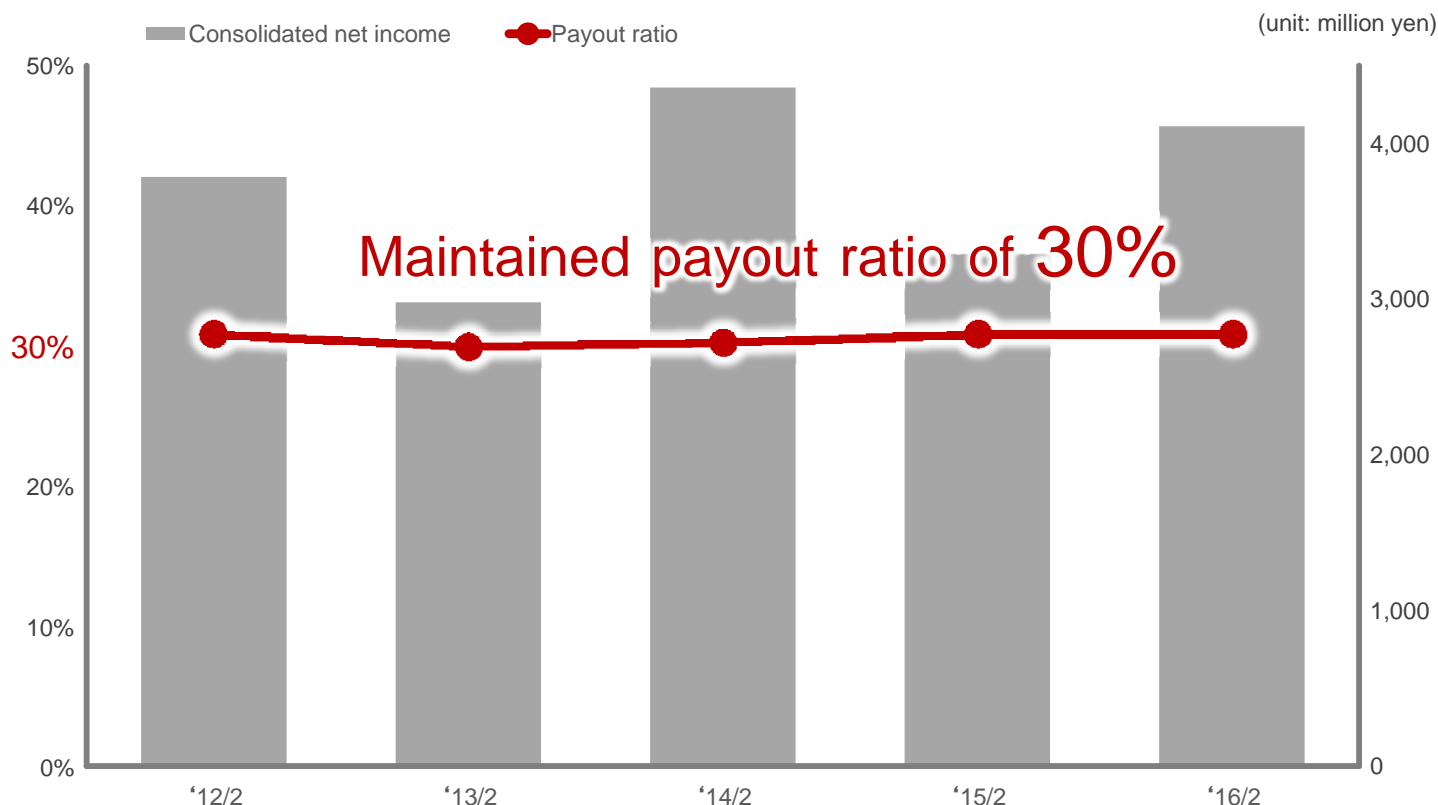
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For all car users,  
**we revolutionize the car distribution system**



# IV. Dividends

## Dividend payout ratio (historical)



\* The payout ratio for FY 2015 is calculated based on the amounts excluding anniversary dividends.

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## Revision of method for deciding dividends

	Previous	From FY2017 dividends
<p><b>No change</b></p> <p>Basic policy on shareholder returns</p>	Earnings performance-based	Earnings performance-based
<p><b>Partial revision</b></p> <p>Method to decide dividend amounts</p>	<p>Consolidated net income of <b>Currently ended fiscal year</b> x 30%</p> <p>(Currently ended fiscal year's EPS x 30%)</p>	<p>Consolidated net income of <b>Previous fiscal year</b> x 30%</p> <p>(Previous fiscal year's EPS x 30%)</p>
<p><b>No change</b></p> <p>Dividend payouts</p>	Interim and year-end	Interim and year-end

Effective from February 28, 2017, the Company adopted "Accounting Standards for Business Combinations." Due to this change, "net income" is reported as "net income attributable to owners of the parent" on financial statements.

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# Dividend plan for FY 2018

**Dividend policy** Earnings performance-linked dividends

**Method**

In principle, the dividends are calculated based on consolidated net income of previous fiscal year x 30%

**Dividends per share**

(Unit: yen)

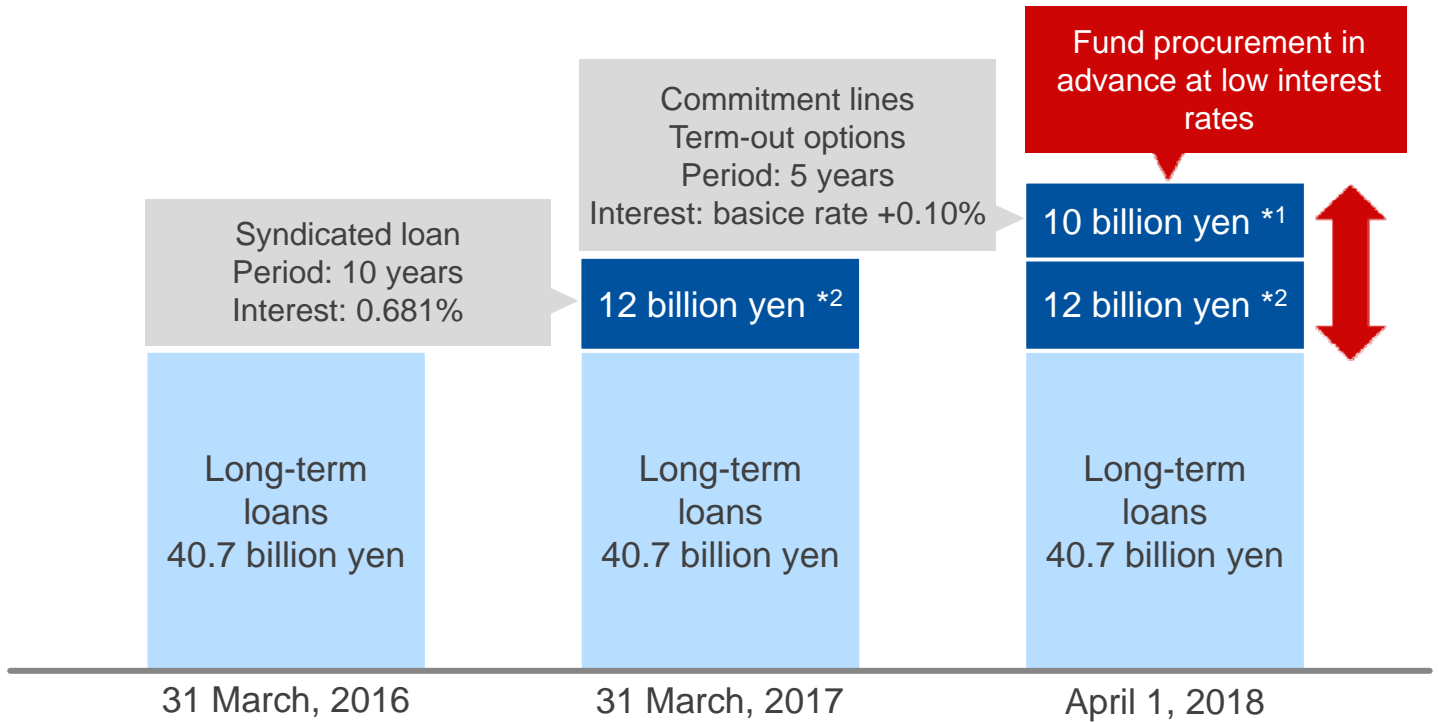
	FY 2016	FY 2017	FY 2018 (plan)
Interim dividend	7.50	6.00	3.50
Year-end dividend	5.00	6.00	3.50
Annual dividend	12.50	12.00	7.00

Based on  
consolidated net  
income of FY2016

Based on  
consolidated net  
income of FY2017

Effective from February 28, 2017, the Company adopted "Accounting Standards for Business Combinations." Due to this change, "net income" is reported as "net income attributable to owners of the parent" on financial statements.

# V. Topics

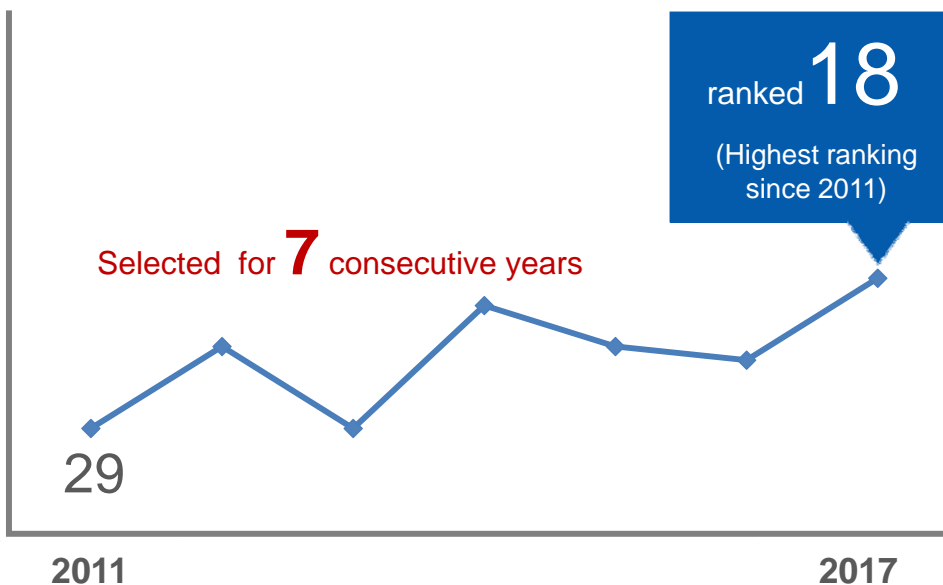


\*1 For details, please refer to "Gulliver Announces It Concluded Loan and Commitment Line Agreements" announced on March 29, 2016.  
 \*2 For details, please refer to "Conclusion of Syndicated Loan Agreement" announced on March 15, 2017.

## Awarded "Best Workplaces" for 7 consecutive years



Category: Over 1,000 employees



1	Works Applications
2	American Express
3	Plan•Do•See
4	Disco
5	Prudential Life Insurance
6	Morgan Stanley
7	DHL Japan
8	Japan Eli Lilly
9	ABeam Consulting
10	Ryohin Keikaku
11	Johnson & Johnson Japan
12	Tokyo Marine and Nichido Systems
13	Intelligence
14	Sanko Group
15	Mitsubishi UFJ Information Technology
16	Accenture
17	Renaissance
<b>18</b>	<b>IDOM</b>
19	Adidas Japan
20	3M Japan Group

Conducted by Great Place to Work® Institute Japan  
 Based on surveys regarding organizations' activities, outcomes, employee motivations, etc.  
 Number of participating companies has increased over the years (379 companies in 2017)

## VI. Supplementary information

## [Consolidated / Non-consolidated] Income statement

Consolidated	FY ended Feb 28, 2015		FY ended Feb 29, 2016		FY ended Feb 28, 2017		FY ending Feb 28, 2018			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Forecast (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	155,681	100.0	210,085	100.0	251,516	100.0	259,500	100.0	7,984	3.2
Cost of sales	116,605	74.9	158,474	75.4	190,383	75.7	193,300	74.5	2,917	1.5
Gross profit	39,075	25.1	51,610	24.6	61,133	24.3	66,200	25.5	5,067	8.3
SG&A Expenses	33,750	21.7	44,067	21.0	56,634	22.5	60,700	23.4	4,066	7.2
Operating income	5,325	3.4	7,542	3.6	4,498	1.8	5,500	2.1	1,002	22.3
Ordinary income	5,345	3.4	6,835	3.3	4,160	1.7	4,900	1.9	740	17.8
Income before income taxes and minority interests	5,157	3.3	6,610	3.1	3,692	1.5	4,500	1.7	808	21.9
Profit attributable to owners of parent	3,286	2.1	4,111	2.0	2,247	0.9	2,800	1.1	553	24.6

Non-Consolidated	FY ended Feb 28, 2015		FY ended Feb 29, 2016		FY ended Feb 28, 2017		FY ending Feb 28, 2018			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Forecast (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	153,171	100.0	179,367	100.0	198,434	100.0	206,000	100.0	7,566	3.8
Cost of sales	114,992	75.1	134,077	74.8	147,268	74.2	150,100	72.9	2,832	1.9
Gross profit	38,178	24.9	45,289	25.2	51,166	25.8	55,900	27.1	4,734	9.3
SG&A Expenses	33,137	21.6	38,447	21.4	46,632	23.5	50,500	24.5	3,868	8.3
Operating income	5,041	3.3	6,841	3.8	4,534	2.3	5,400	2.6	866	19.1
Ordinary income	6,024	3.9	6,384	3.6	4,649	2.3	5,100	2.5	451	9.7
Income before income taxes	5,837	3.8	6,155	3.4	3,858	2.0	4,700	2.3	842	20.8
Net income	4,091	2.7	3,949	2.2	2,558	1.3	3,000	1.5	442	17.3

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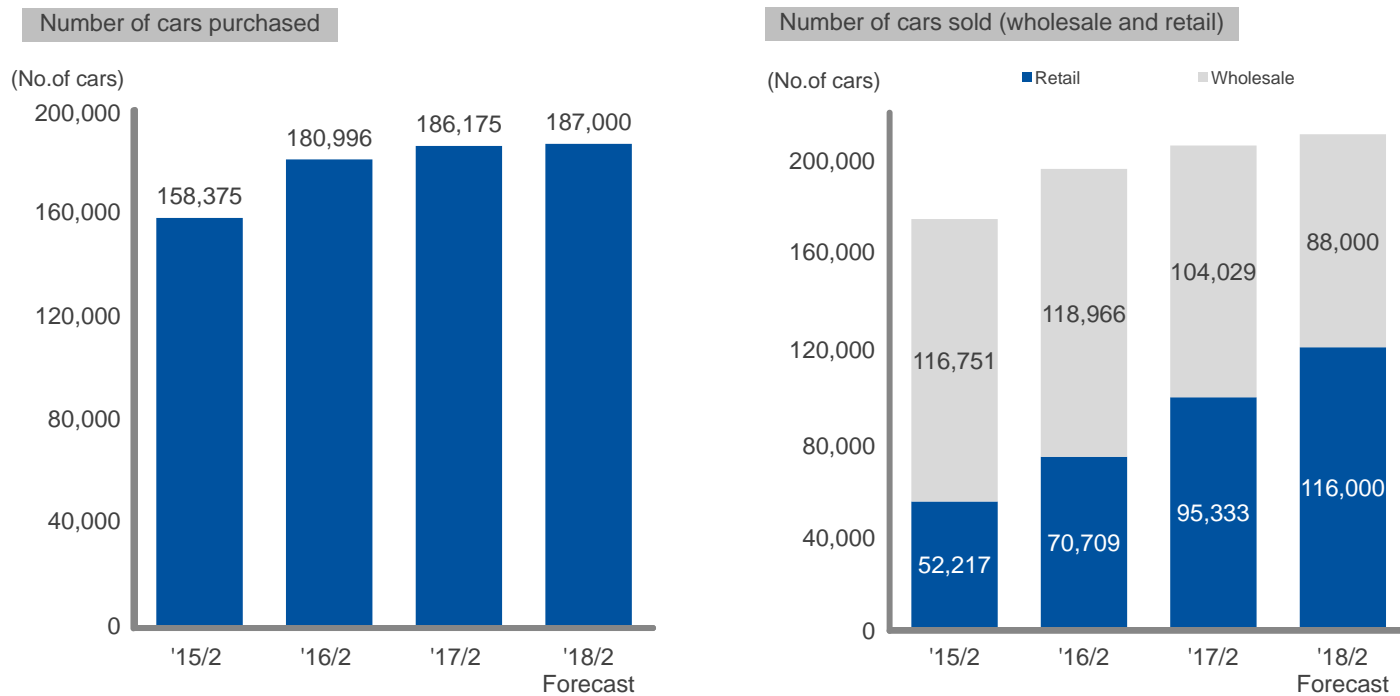
## [Consolidated / Non-consolidated] Income statement (half year)

Consolidated	6 months ended Feb 2015		6 months ended Feb 2016		6 months ended Feb 2017		6 months ending Feb 2018			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Forecast (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	74,631	100.0	95,024	100.0	124,244	100.0	127,200	100.0	2,956	2.4
Cost of sales	55,828	74.8	71,573	75.3	94,539	76.1	95,400	75.0	861	0.9
Gross profit	18,802	25.2	23,450	24.7	29,704	23.9	31,800	25.0	2,096	7.1
SG&A Expenses	16,075	21.5	19,371	20.4	27,532	22.2	29,700	23.3	2,168	7.9
Operating income	2,727	3.7	4,079	4.3	2,172	1.7	2,100	1.7	-72	-3.3
Ordinary income	2,758	3.7	4,043	4.3	2,020	1.6	1,750	1.4	-270	-13.4
Income before income taxes and minority interests	2,704	3.6	4,021	4.2	1,789	1.4	1,550	1.2	-239	-13.4
Profit attributable to owners of parent	1,645	2.2	2,563	2.7	1,102	0.9	1,000	0.8	-102	-9.3

Non-Consolidated	6 months ended Feb 2015		6 months ended Feb 2016		6 months ended Feb 2017		6 months ending Feb 2018			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Forecast (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	73,280	100.0	89,317	100.0	96,200	100.0	98,900	100.0	2,700	2.8
Cost of sales	54,925	75.0	67,268	75.3	71,544	74.4	72,300	73.1	756	1.1
Gross profit	18,354	25.0	22,048	24.7	24,655	25.6	26,600	26.9	1,945	7.9
SG&A Expenses	15,793	21.6	18,272	20.5	22,487	23.4	24,500	24.8	2,013	9.0
Operating income	2,561	3.5	3,776	4.2	2,167	2.3	2,100	2.1	-67	-3.1
Ordinary income	2,563	3.5	3,740	4.2	2,102	2.2	1,900	1.9	-202	-9.6
Income before income taxes	2,519	3.4	3,721	4.2	1,904	2.0	1,700	1.7	-204	-10.7
Net Income	1,527	2.1	2,343	2.6	1,343	1.4	1,100	1.1	-243	-18.1

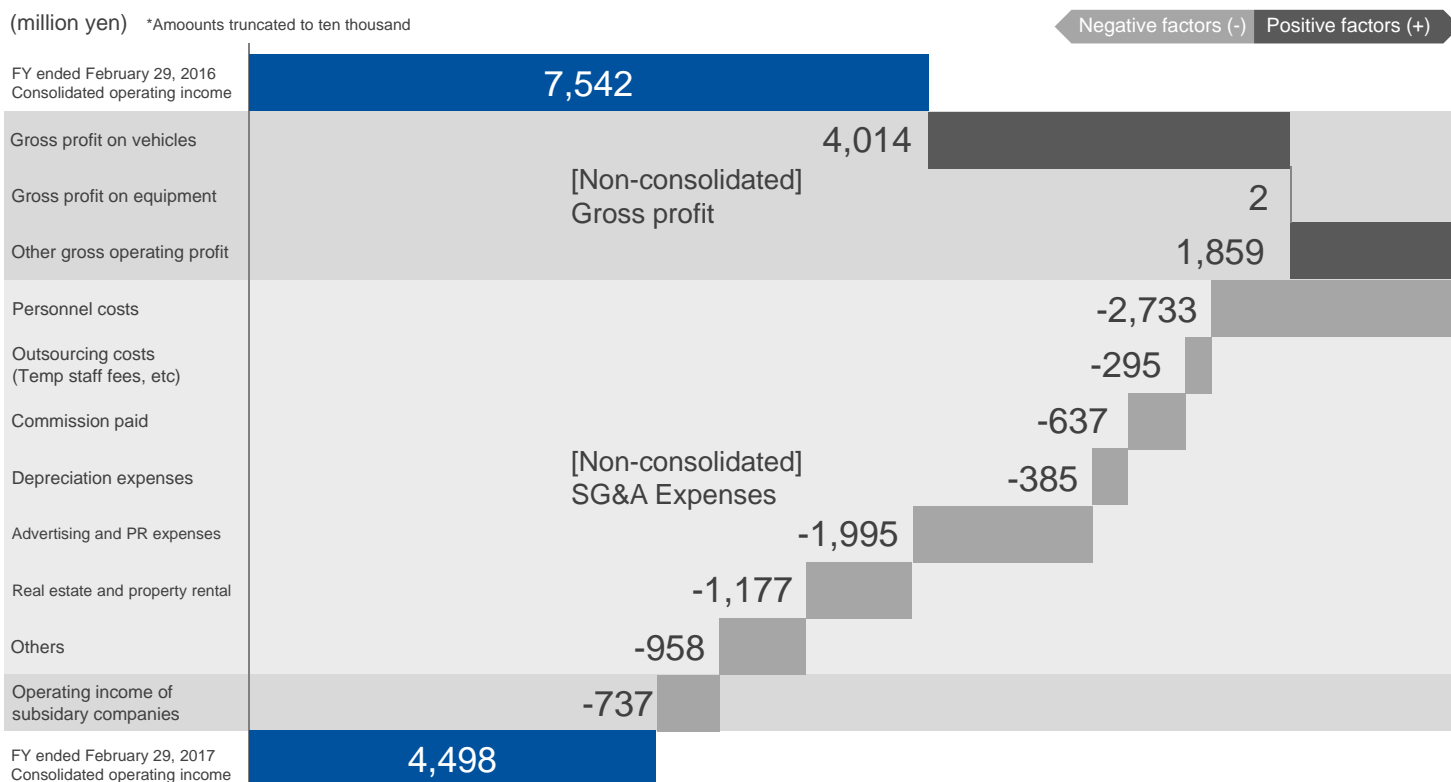
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## [Non-consolidated] Unit information at directly managed stores



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## [Consolidated] Analysis of change in consolidated operating income



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## [Consolidated] Balance sheets

(million yen)

	As of February 29, 2016	As of February 28, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,149	14,337
Notes and accounts receivable - trade	5,192	4,655
Merchandise	31,848	41,333
Deferred tax assets	778	785
Other	2,159	2,717
Allowance for doubtful accounts	-54	-64
Total current assets	49,074	63,765
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	26,000	29,766
Accumulated depreciation	-8,564	-10,134
Buildings and structures, net	17,435	19,632
Vehicles	435	312
Accumulated depreciation	-180	-100
Vehicles, net	255	212
Tools, furniture and fixtures	3,882	4,097
Accumulated depreciation	-2,874	-3,088
Tools, furniture and fixtures, net	1,007	1,009
Land	218	218
Construction in progress	826	961
Total property, plant and equipment	19,743	22,033
<b>Intangible assets</b>		
Software	1,941	3,201
Goodwill	9,597	9,687
Other	3,974	4,024
Total intangible assets	15,513	16,914
<b>Investments and other assets</b>		
Investment securities	13	40
Shares of subsidiaries and associates	45	247
Long-term loans receivable	395	229
Lease and guarantee deposits	4,565	5,033
Construction assistance fund receivables	4,304	5,214
Deferred tax assets	274	361
Other	489	533
Allowance for doubtful accounts	-209	-325
Total investments and other assets	9,879	11,334
Total non-current assets	45,136	50,281
<b>Total assets</b>	<b>94,211</b>	<b>114,047</b>

	As of February 29, 2016	As of February 28, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	14,102	12,317
Short-term loans payable	2,045	3,408
Current portion of long-term loans payable	79	-
Accounts payable - other	3,064	3,885
Income taxes payable	1,778	679
Advances received	3,026	4,228
Deposits received	475	383
Provision for bonuses	459	651
Provision for merchandise warranties	1,076	1,149
Other provision (Current)	113	175
Other	2,378	2,602
Total current liabilities	28,600	29,483
<b>Non-current liabilities</b>		
Long-term loans payable	22,851	40,774
Long-term guarantee deposited	651	529
Provision for directors' retirement benefits	540	188
Asset retirement obligations	1,653	1,866
Deferred tax liabilities (Fixed)	1,086	1,127
Other provision (Fixed)	388	425
Other	194	70
Total non-current liabilities	27,365	44,983
<b>Total liabilities</b>	<b>55,965</b>	<b>74,466</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	32,869	33,821
Treasury shares	-3,947	-3,947
Total shareholders' equity	37,111	38,063
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	1	578
Total accumulated other comprehensive income	1	578
Stock acquisition rights	-	5
Minority owner shares worth	1,131	934
Total net assets	38,245	39,581
<b>Total liabilities and net assets</b>	<b>94,211</b>	<b>114,047</b>

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## [Consolidated] Statements of Cash Flows

(unit: million yen)

	FY ended Feb 28, 2015	FY ended Feb 29, 2016	FY ended Feb 28, 2017
I . Cash flows from operating activities	56	4,121	-4,632
II . Cash flows from investing activities	-8,540	-17,686	-8,262
III . Cash flows from financing activities	-1,721	17,858	18,092
IV . Effect of exchange rate change on cash and cash equivalents	6	-34	18
V . Net increase (decrease) in cash and cash equivalents	-10,200	4,259	5,214
VI . Cash and cash equivalents at beginning of period	14,661	4,863	9,122
VII . Increase in cash and cash equivalents from newly consolidated subsidiary	402	-	-
VIII . Cash and cash equivalents at end of period	4,863	9,122	14,337

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