Translation

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IDOM Inc.

Notice of Differences between Actual Results and Forecasts and Posting of Extraordinary Loss (Impairment Loss)

Tokyo, April 14, 2021—IDOM Inc. (“the Company”) announces differences between its actual financial results and the forecasts announced on January 14, 2021 in its Notice on Revisions to the Full-Year Business Results Forecasts, and the posting of an extraordinary loss (impairment loss, consolidated) and a loss on valuation of shares of subsidiaries and associates (non-consolidated), regarding the consolidated financial results for the fiscal year ended February 28, 2021. Details are as follows.

1. Differences between forecasts and actual results

Differences between the financial forecasts and the actual results with respect to the full-year consolidated financial results for the fiscal year ended February 28, 2021 (March 1, 2020 – February 28, 2021)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	361,700	10,100	8,900	5,500	54.73
Results (B)	380,564	10,571	9,642	1,484	14.77
Increases/Decreases (B - A)	18,864	471	742	-4,016	—
Increases/Decrease in percentage (%)	5.2%	4.7%	8.3%	-73.0%	—
(Reference) Results for the previous year (Fiscal year ended February 29, 2020)	361,684	9,091	6,867	3,545	34.97

Differences between non-consolidated financial forecasts for the fiscal year ended February 2021 and the actual results (March 1, 2020 – February 28, 2021)

	Net sales	Ordinary profit	Profit	Earnings per share
	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	265,000	6,700	4,250	42.29
Results (B)	275,710	7,642	-2,081	-20.70
Increases/Decreases (B - A)	10,710	942	-6,331	—
Increases/Decrease in percentage (%)	4.0%	14.1%	—	—
(Reference) Results for the previous year (Fiscal year ended February 29, 2020)	258,008	6,964	3,500	34.51

2. Reason for Differences

The impact of the COVID-19 pandemic on the number of visitors to the stores was minor as assumed in previously announced results forecasts. Net sales and ordinary profit exceeded the forecasts on an non-consolidated basis, reflecting steady progress in initiatives improving store efficiency and reducing selling, general and administrative expenses. With non-consolidated financial results surpassing the forecasts, net sales, operating profit and ordinary profit were higher than the forecasts on a consolidated basis.

Meanwhile, the Company posted a loss on valuation resulting from an impairment loss on the shares of the Australian subsidiary as a loss on valuation of shares of subsidiaries and associates in the non-consolidated extraordinary loss section. In addition, as the result of this treatment, it posted goodwill accompanied by the acquisition as an impairment loss in the consolidated extraordinary loss section.

As a result, non-consolidated profit and consolidated profit attributable to owners of parent fell below the forecasts.

3. Posting of an impairment loss

The Company has reviewed its forecast growth rate for the Australian new car market, which is the basis of the Australian subsidiary business plan and the outlook of our footprint growth. Reflecting this review, the Company recorded a valuation loss of 6,710 million yen as loss on valuation of stocks of subsidiaries and affiliates in the non-consolidated extraordinary loss due to impairment of stocks of the Australian subsidiary. In addition, as the result of this treatment, it posted goodwill accompanied by the acquisition, as an impairment loss of 3,951 million yen in the consolidated extraordinary loss section.