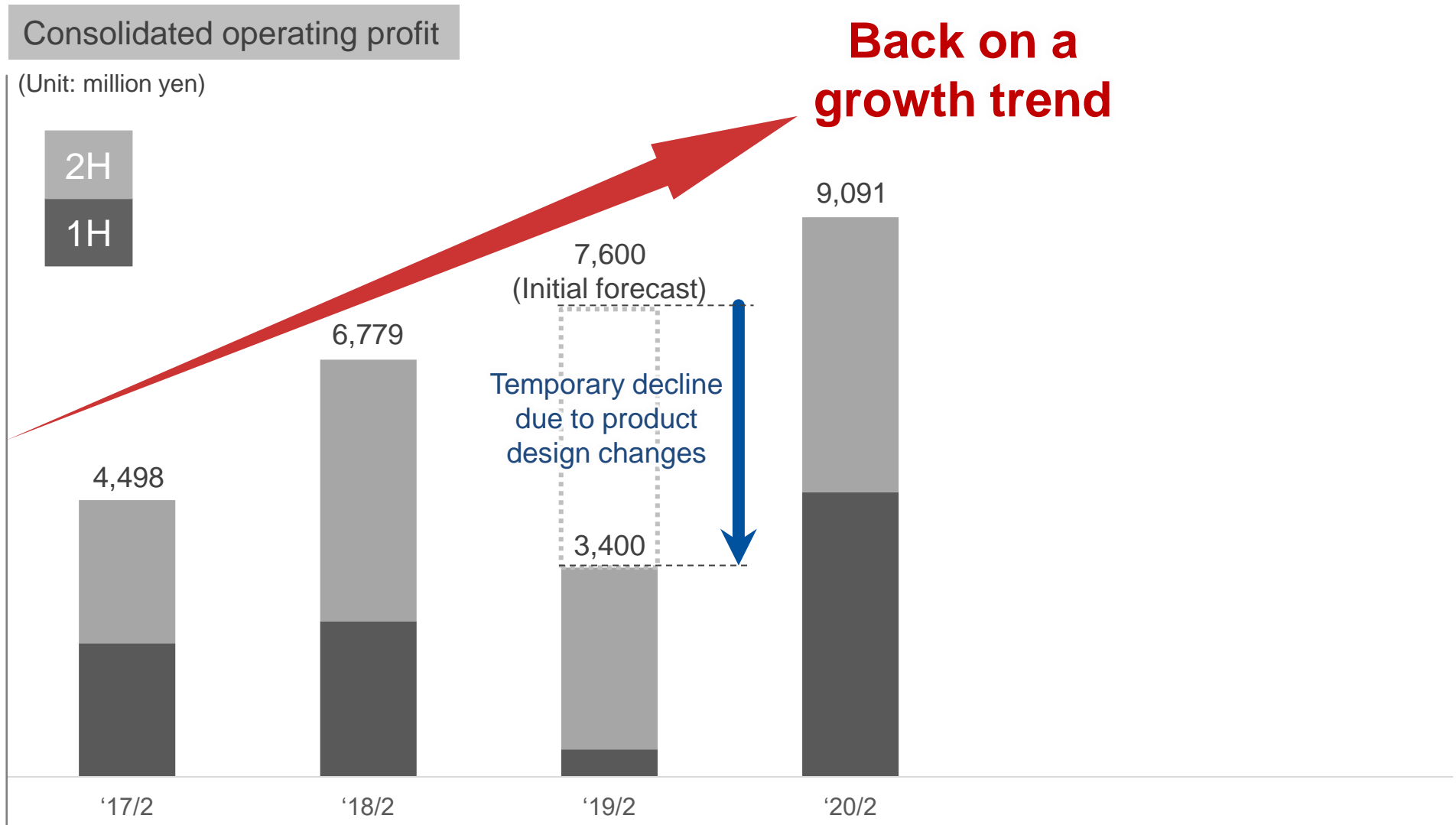
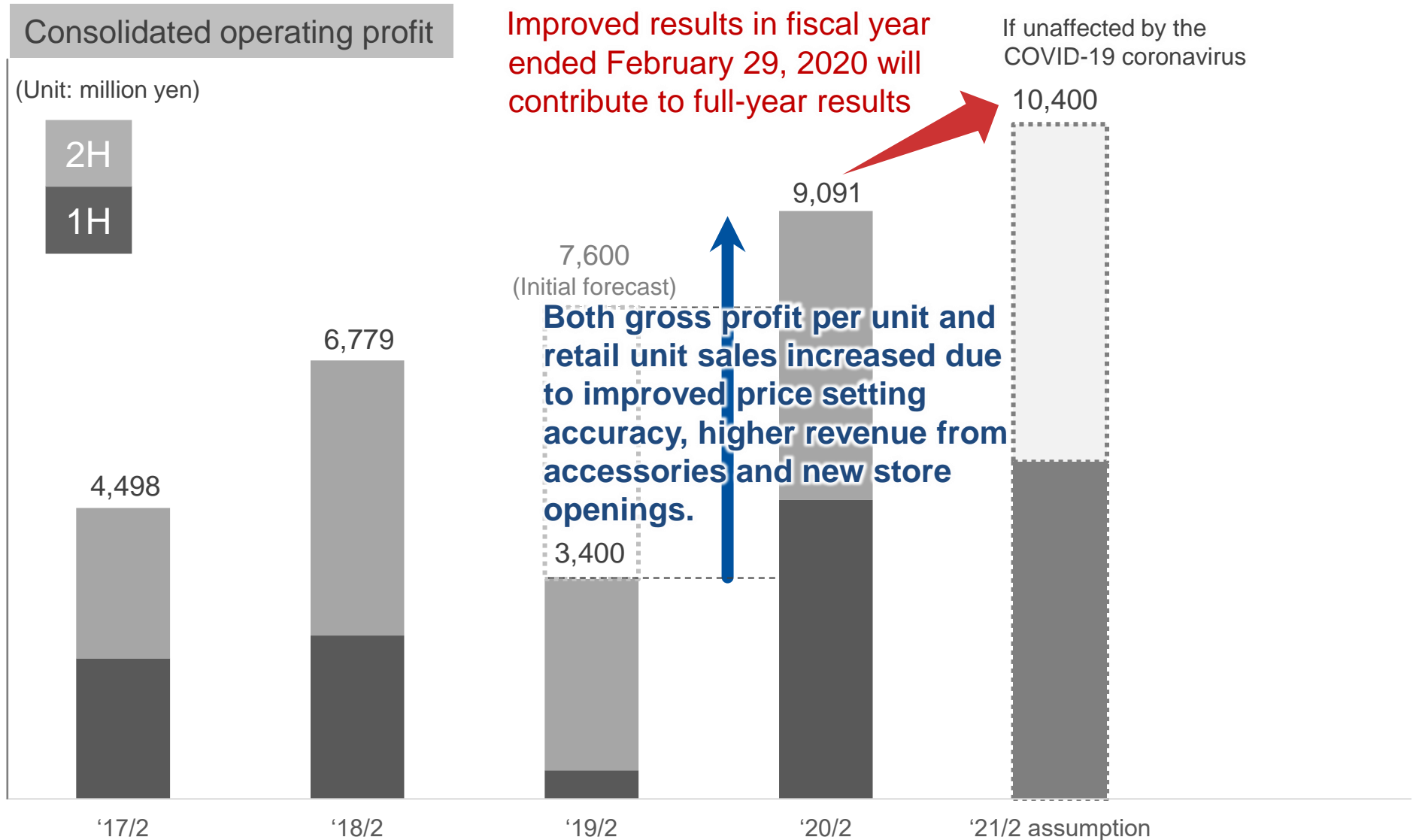


Review of the Operating Results for the Fiscal Year Ended February 29, 2020



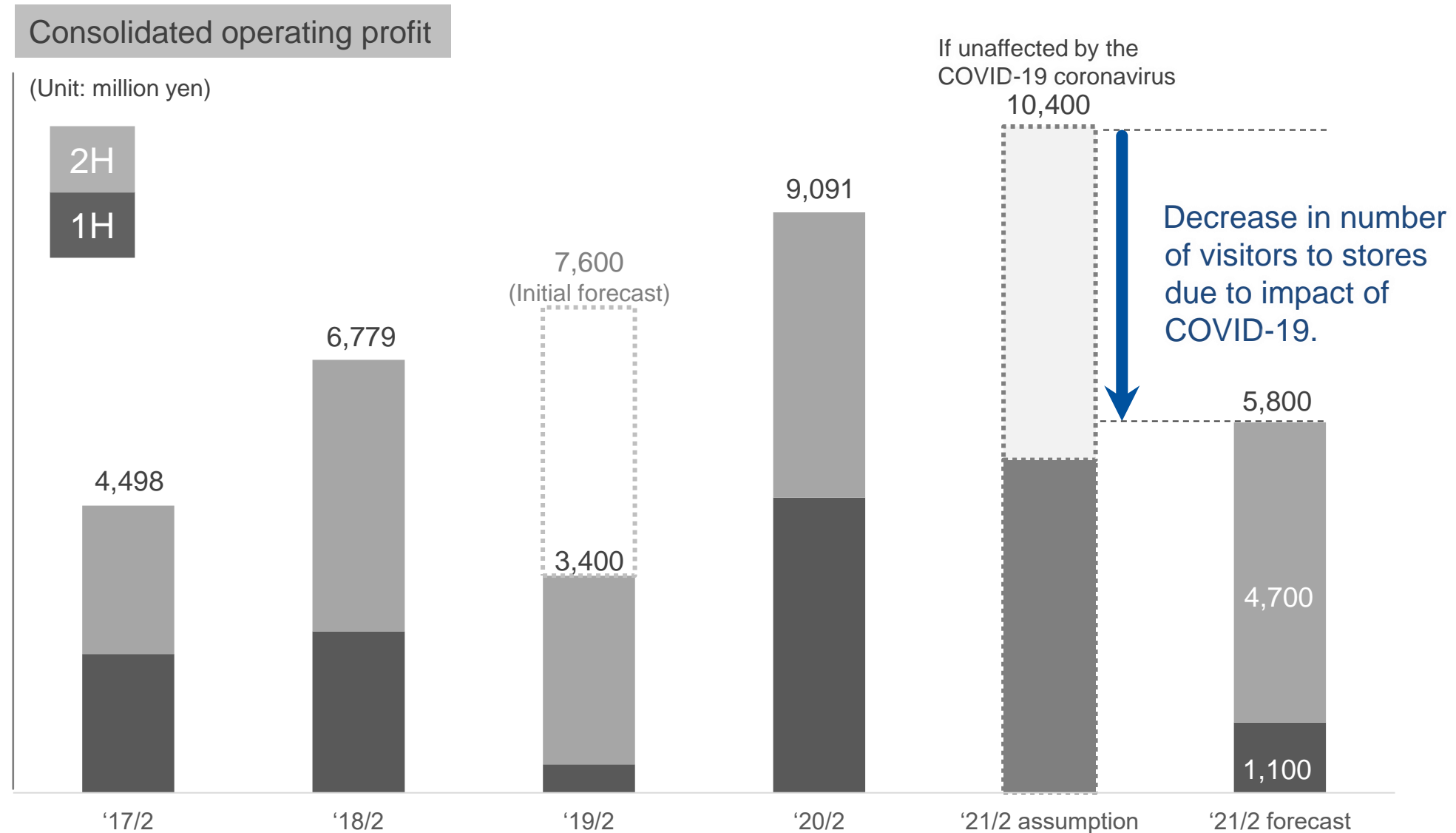
A range of improvement measures contributed to recovery from the temporary decrease that occurred due to changes in product design in the fiscal year ended February 28, 2019. As a result, the business is back on a growth trend.

Forecasts for the Fiscal Year Ending February 28, 2021 Based on the Assumption that They are Unaffected by the COVID-19 Coronavirus



Because the Company anticipated that it would continue to benefit from the effects of a range of improvement measures that it had taken in the fiscal year ended February 29, 2020, it forecast that consolidated operating profit would increase for two consecutive fiscal years in the fiscal year ending February 28, 2021, if there were no impact from the COVID-19 pandemic.

Initial Forecast of Consolidated Operating Profit for FY2021



Based on the assumption that retail unit sales decreased in the first half, reflecting a fall in the number of visitors to directly managed stores that occurred extraordinarily in the first half due to the impact of COVID-19 and these sales will increase in the second half and beyond to the extent that there is no impact from COVID-19.

Consolidated Operating Income The First Half Year Results

Initial forecast for 2H

2H result

Consolidated

Operating income

1,100million yen



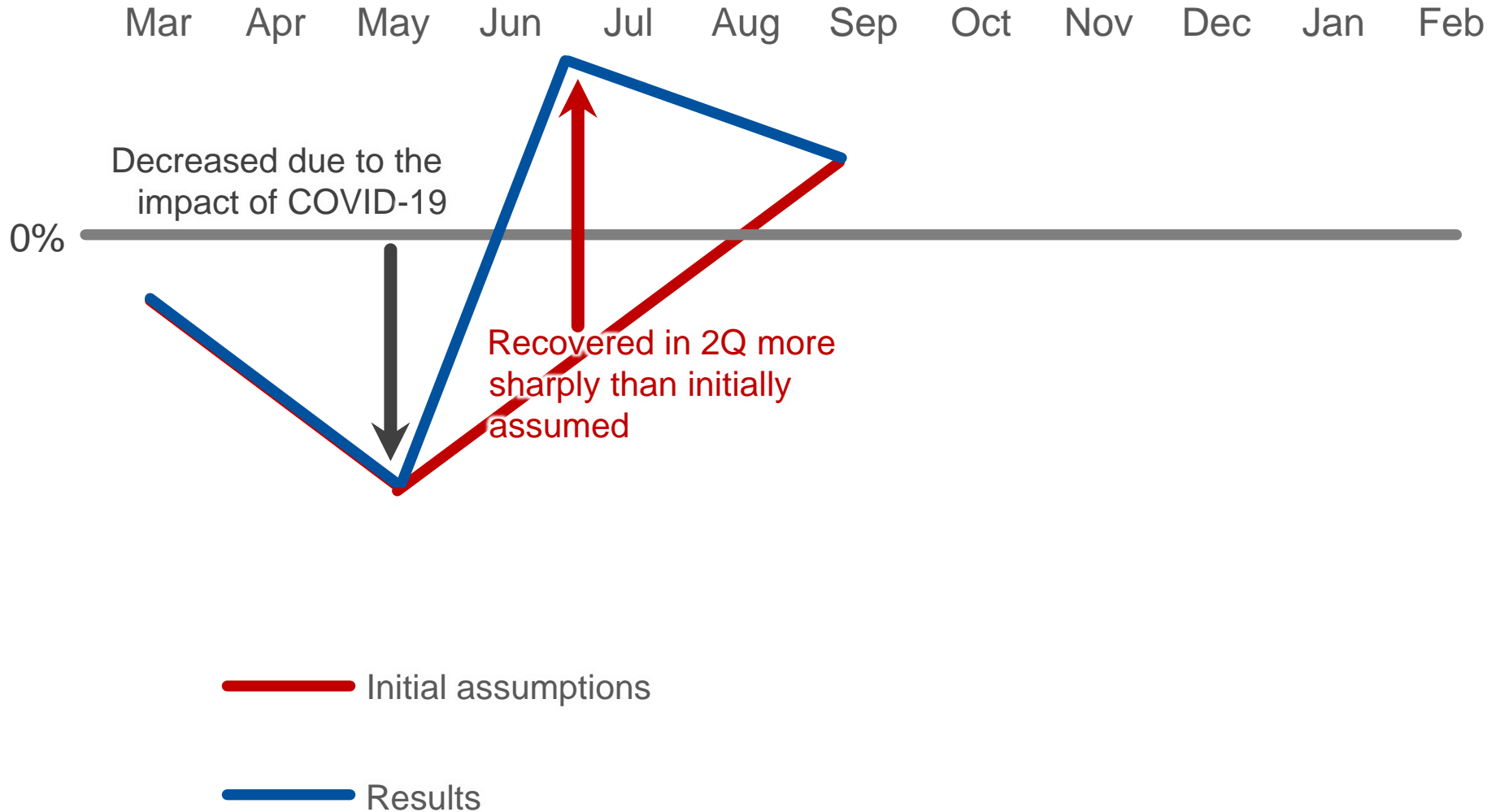
4,053million yen

		Assumptions for initial forecast (vs. FY2020/1H)	1H results (vs. Forecasts)	Key Factors
1	Retail unit sales			Increased from the initial forecast due to a recovery in the number of visitors to stores.
2	Retail gross profit			In line with the initial forecast.
3	Number of units purchased			Declined due to a sluggish new automobile market.
4	Wholesale gross profit			Decreased due to a rapid fall in auction prices that occurred in 1Q.

Given the situation in which the number of visitors to stores decreased due to impact of COVID-19, the number of units purchased and gross profit in wholesale decreased. Despite that, operating profit surpassed the initial forecast because retail unit sales were significantly higher than the initial expectation.

Assumptions for the Number of Visitors to Stores in 2H

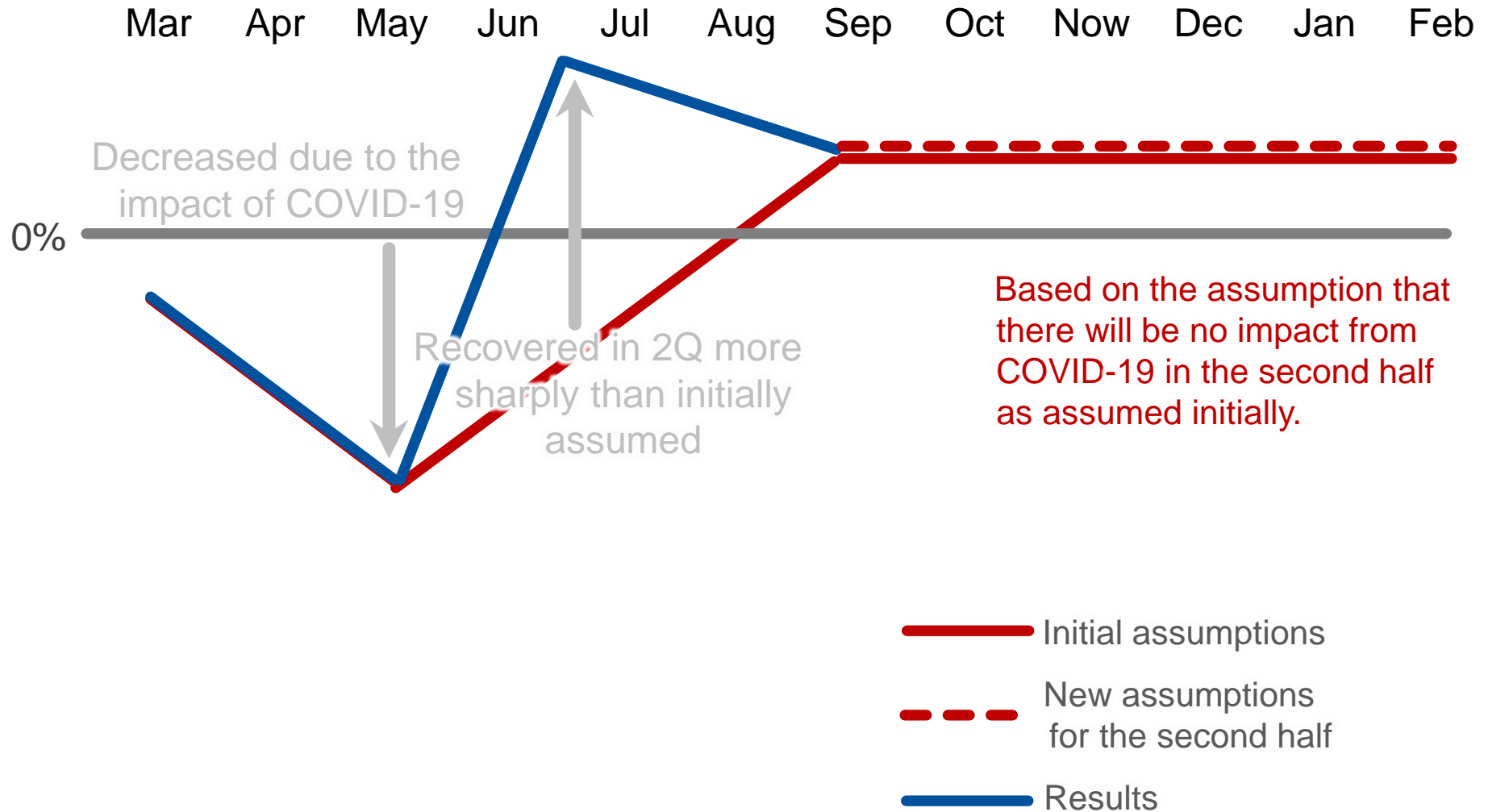
Comparison of the monthly number of visitors to stores with those a year ago



Based on the assumption as of October 14 that the number of visitors to stores will not be affected by COVID-19 in the second half judging from the number of customers who visited stores in the first half or most recently.

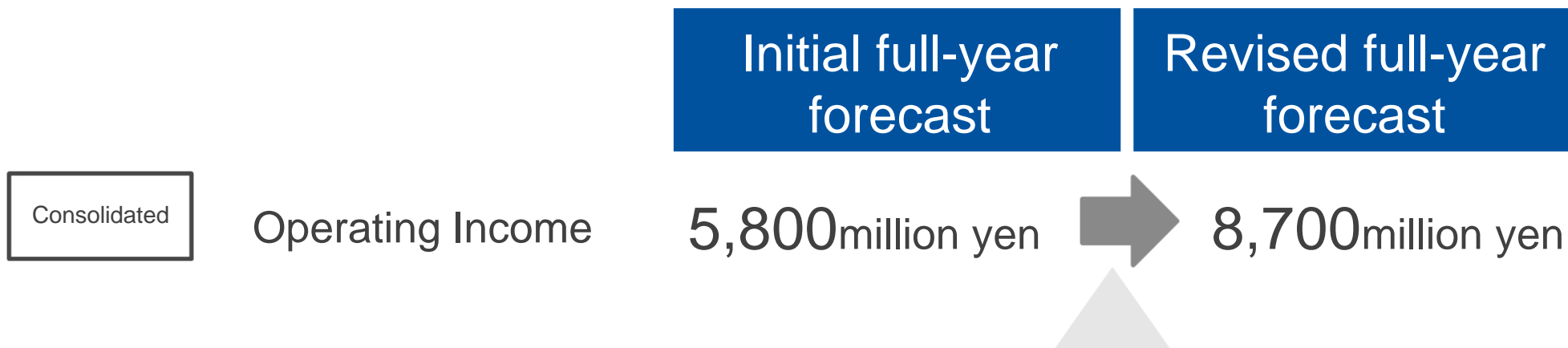
Assumptions for the Number of Visitors to Stores in 2H

Comparison of the monthly number of visitors to stores with those a year ago



Based on the assumption as of October 14 that the number of visitors to stores will not be affected by COVID-19 in the second half judging from the number of customers who visited stores in the first half or most recently.

Revised Forecast of Consolidated Operating Profit for FY2021

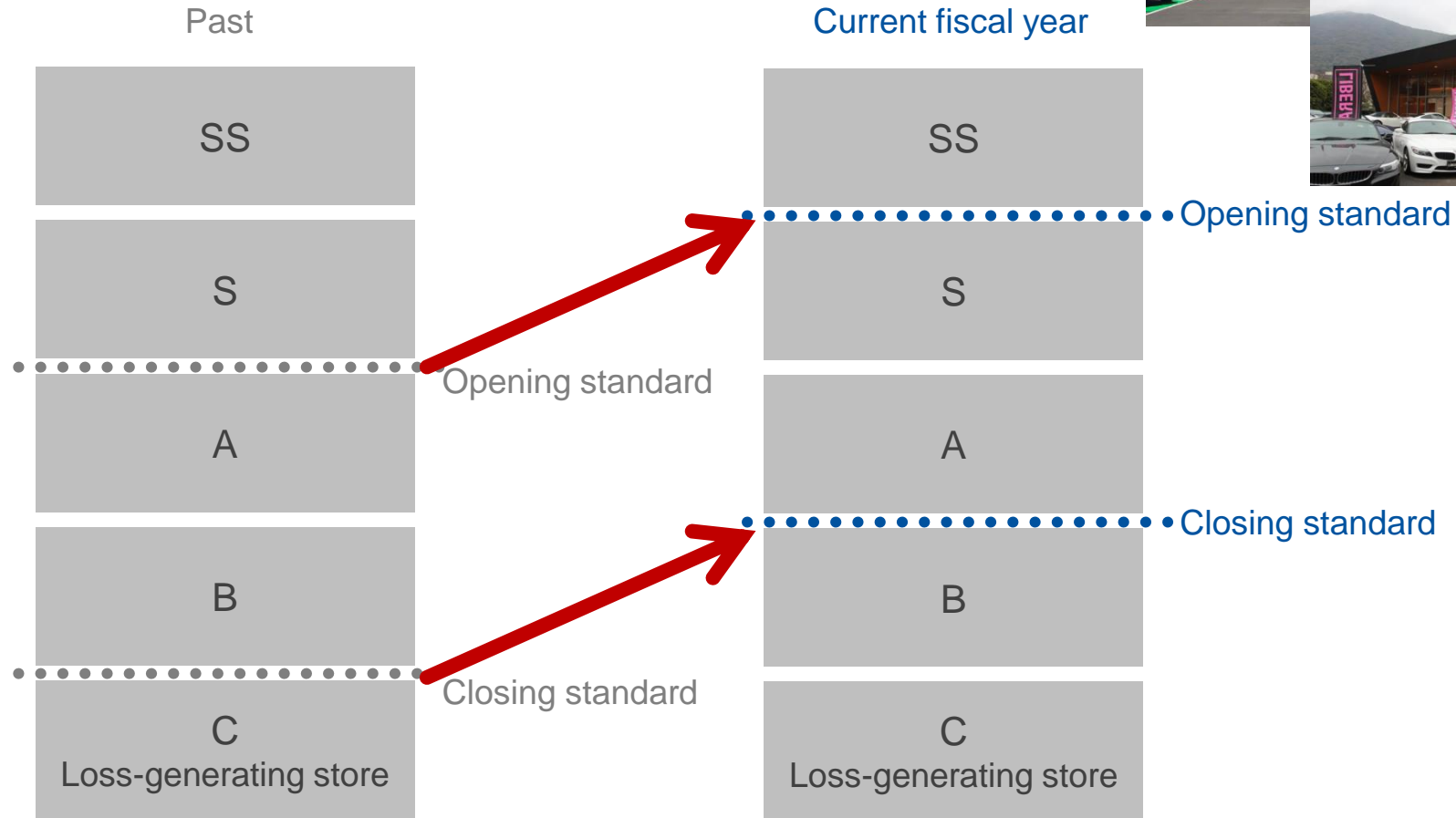


		1H results (vs. FY2020/1H)	2H forecasts (vs. FY2020/2H)	Assumptions for the second half
1	Retail unit sales	↑	↑	Retail unit sales are assumed to keep rising.
2	Retail gross profit	→	→	Retail gross profit is assumed to remain at the year-ago level.
3	Number of units purchased	↓	→	The number of units purchased is assumed to be unchanged from the year-ago level reflecting signs of recovery in a new automobile market.
4	Wholesale gross profit	↓	→	Wholesale gross profit is assumed to recover to the year-ago level.

Based on the assumption as of October 14 that the business will not be affected by COVID-19 in the second half although the number of units purchased and wholesale unit sales fell due to COVID-19 in the first half.

Review of Opening / Closing Standards

Ranking by profit/capital efficiency

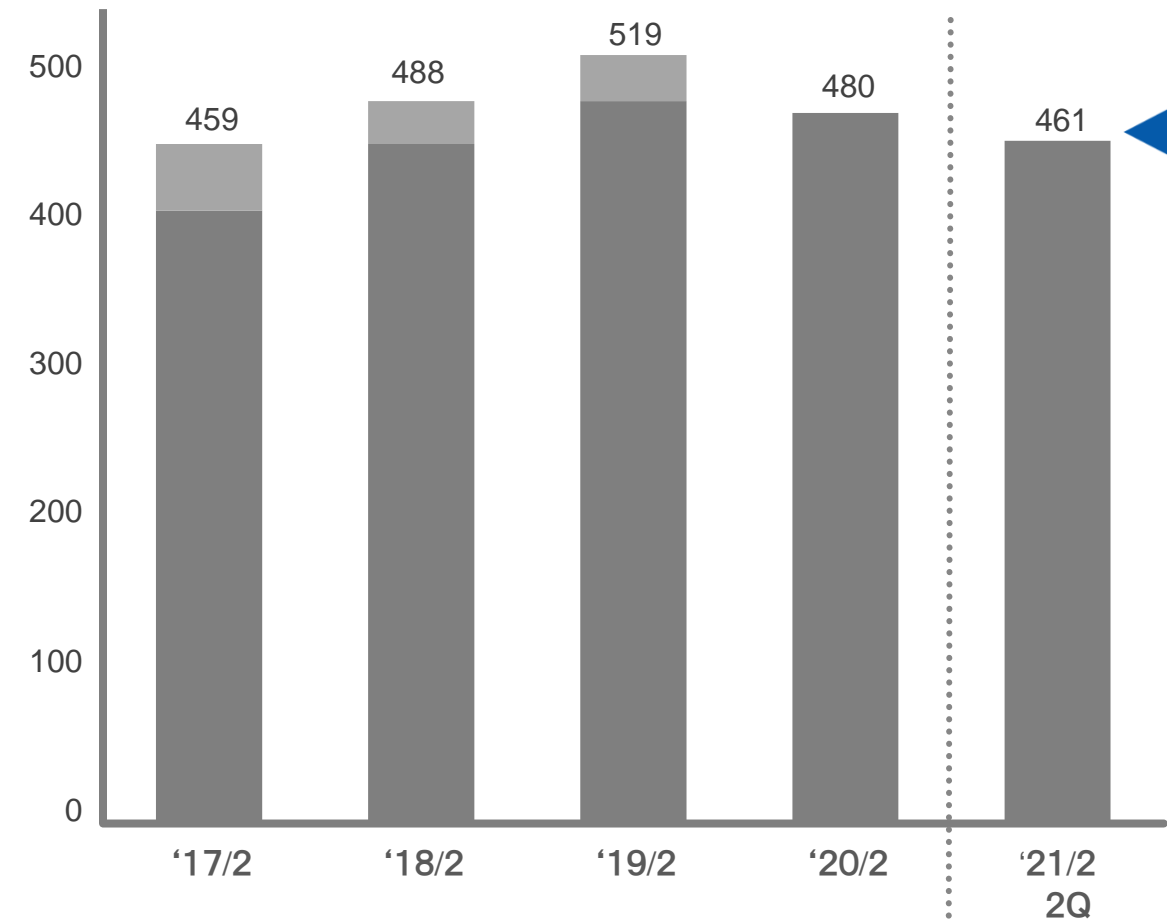


In the current fiscal year, opening and closing standards have become stricter. We will open stores with high profit/capital efficiency and close low profit/capital efficiency stores even if they are in the black, which will enhance the quality of return on investments and working capital (inventory).

Status of Directly Managed Store Openings / Closings

Number of directly managed stores

(Unit: stores)



Newly opened
2
Closed
21

Net decrease by 19 stores

The Company moved up store closings in consideration of the impact of COVID-19 while simultaneously improving store efficiency.

Inventory control

Controlled inventory levels in line with the outlook for sales demand.

Control of SG&A expenses

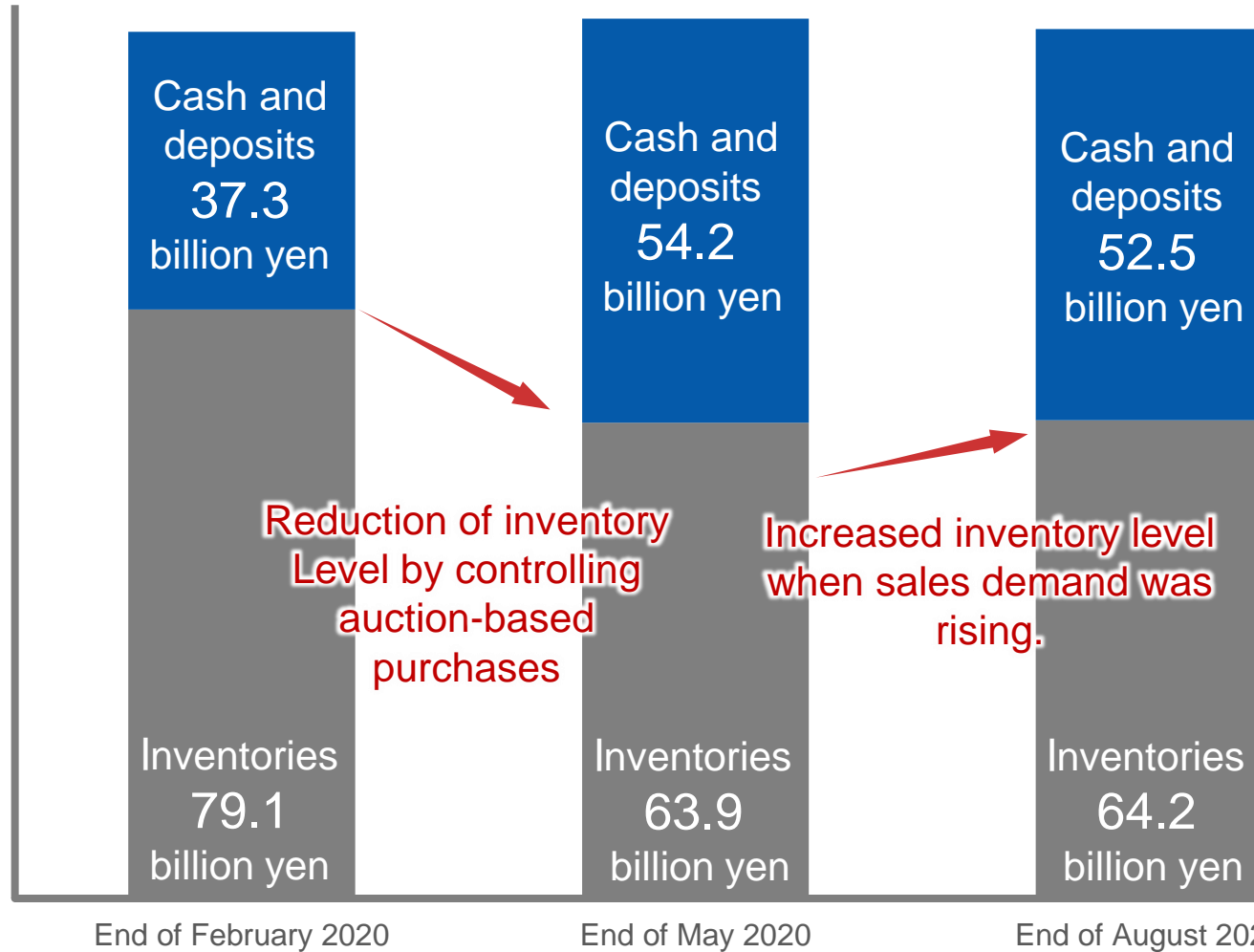
Controlled advertising expenses in response to the outlook for sales demand. In addition, controlled a range of costs including travel expenses.

Social contribution

Launching “Gulliver Car Support,” a project to lend the automobiles owned by the Company free of charge for up to three months to health care providers and other people who need transportation, amounting to 10,000 nationwide, using the network of approximately 500 stores across Japan. (#SaveMoving)

Implementation of Inventory Control in Line with Sales Demand

Changes in inventories and cash and deposits (consolidated)



Reduction of inventory Level by controlling auction-based purchases

Increased inventory level when sales demand was rising.

The Company will continue to control inventory levels by carefully assessing sales demand, going forward.

In the first quarter, with the number of customers visiting stores expected to decline due to the impact of COVID-19, the Company took pre-emptive action in March to reduce the inventory level by controlling auction-based purchases. It raised the inventory level in the second quarter with the expectation that the number of visitors to stores would continue to rise.