January 8, 2016

Consolidated Financial Results for the Fiscal Year Ended November 30, 2015

(Japanese Accounting Standards)

Name of listed company:	**NEXTAGE Co., Ltd.**
Stock Exchange Listings:	Tokyo, Nagoya
Stock code:	3186
URL:	http://www.nextage.jp/
Representative:	Seiji Hirota, President and CEO
Contact person:	Hiroshi Ando, Director, CFO and General Manager of Administration Tel: +81-52-228-6914

Scheduled date of General Shareholders' Meeting:	February 24, 2016
Scheduled date to file Securities Report:	February 24, 2016
Scheduled date to commence dividend payments:	February 25, 2016
Supplementary explanatory materials prepared:	Yes
Explanatory meeting:	Yes (For securities analysts and institutional investors)

(Millions of yen with fractional amounts discarded, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended November 30, 2015 (From December 1, 2014 to November 30, 2015)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2015	63,113	25.1	1,269	67.6	1,340	126.5	841	157.7
November 30, 2014	50,447	26.9	757	(26.3)	591	(44.2)	326	(44.2)

Reference: Comprehensive income
For the year ended November 30, 2015: ¥848 million, 159.6%
For the year ended November 30, 2014: ¥326 million, (44.2)%

	Net income per share	Diluted net income per share	Return on equity (ROE)	Ordinary income/ Total assets	Operating margin
Fiscal year ended	Yen	Yen	%	%	%
November 30, 2015	83.90	79.66	20.6	7.9	2.0
November 30, 2014	32.60	31.69	9.1	4.1	1.5

Reference: Equity in earnings (losses) of affiliates
For the year ended November 30, 2015: ¥(0) million
For the year ended November 30, 2014: ¥ — million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
November 30, 2015	17,859	4,477	25.0	442.22
November 30, 2014	15,967	3,723	23.3	367.28

Reference: NEXTAGE shareholders' equity
As of November 30, 2015: ¥4,471 million
As of November 30, 2014: ¥3,718 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash used in investing activities	Net cash provided by financing activities	Cash and cash equivalents at end of the fiscal year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
November 30, 2015	975	(1,899)	340	1,785
November 30, 2014	(953)	(1,013)	1,874	2,369

2. Cash Dividends

	Annual dividends per share					Total amount of dividends (annual)	Payout ratio (consolidated)	Dividends on net assets (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended November 30, 2014	—	0.00	—	6.00	6.00	60	19.6	1.7
Fiscal year ended November 30, 2015	—	0.00	—	6.00	6.00	60	7.2	1.5
Fiscal year ending November 30, 2016 (forecasts)	—	0.00	—	6.00	6.00		7.1	

3. Consolidated Financial Forecasts for the Fiscal Year Ending November 30, 2016 (From December 1, 2015 to November 30, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending May 31, 2016	38,115	22.6	800	2.2	686	(19.1)	384	(21.7)	38.02
Fiscal year ending November 30, 2016	77,000	22.0	1,654	30.3	1,500	11.9	862	2.4	85.24

Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

New: None

Excluded: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

a. Changes in accounting policies due to revisions to accounting standards and other guidelines: Yes

b. Changes in accounting policies due to reasons other than a. above: None

c. Changes in accounting estimates: None

d. Restatement of revisions: None

(3) Number of common shares issued

a. Total number of issued shares at the end of the period (including treasury stock)

As of November 30, 2015 10,263,900 shares

As of November 30, 2014 10,123,200 shares

b. Number of shares of treasury stock at the end of the period

As of November 30, 2015 151,500 shares

As of November 30, 2014 — shares

c. Average number of shares

For the year ended November 30, 2015 10,033,775 shares

For the year ended November 30, 2014 10,018,113 shares

(Reference) Summary of Non-Consolidated Operating Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended November 30, 2015 (From December 1, 2014 to November 30, 2015)

(1) Non-Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2015	63,113	25.1	1,215	66.8	1,289	128.2	806	160.7
November 30, 2014	50,447	26.9	728	(27.9)	564	(45.7)	309	(46.1)

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
November 30, 2015	80.41	76.35
November 30, 2014	30.89	30.02

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
November 30, 2015	17,760	4,395	24.7	434.13
November 30, 2014	15,920	3,683	23.1	363.27

Reference: NEXTAGE shareholders' equity
As of November 30, 2015: ¥4,390 million
As of November 30, 2014: ¥3,677 million

2. Non-Consolidated Financial Forecasts for the Fiscal Year Ending November 30, 2016 (From December 1, 2015 to November 30, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending May 31, 2016	38,115	22.6	655	(20.2)	376	(20.3)	37.27
Fiscal year ending November 30, 2016	77,000	22.0	1,439	11.6	827	2.6	81.82

* Disclosure of status of audit procedures

This report is not subject to audit procedures stipulated by the Financial Instruments and Exchange Act of Japan. As of the time of disclosure of this report, the audits of the consolidated and non-consolidated financial statements stipulated by the Act had not been concluded.

* Proper use of financial forecasts, and other special matters

Financial forecasts and other statements about the future that are included in this material are based on information currently in the possession of the Company and certain conditions judged reasonable by the Company. Actual results may differ significantly due to various factors. For notes on the conditions for financial forecasts and the use of financial forecasts, please refer to "Analysis of Operating Results" beginning on page 2 of the attached documentation.

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

1) Operating Performance and Results

In fiscal 2015, the year ended November 30, 2015, the Japanese economy saw employment and personal income recover as a trend against a backdrop of the government's expansionary financial policies. There was a firm underpinning in personal consumption and gradual improvements were seen in the domestic economy. On the other hand, uncertainties remained in the global economy, which was affected by a slowing Chinese economy and falling oil prices.

Amid this environment, in the Japanese used car sales industry, domestic used car registrations from December 2014 through November 2015 were 6,323,378 vehicles (down 1.3% year on year). By vehicle type, used car registrations were 3,269,494 vehicles (down 0.9%) for ordinary passenger cars and 3,053,884 vehicles (down 1.6%) for light motor vehicles for the same period. (Source: statistical data from the Japan Automobile Dealers Association and Japan Light Motor Vehicle and Motorcycle Association.)

In this business environment, the NEXTAGE Group strived to improve return on assets (ROA) through continued efforts to realize low cost operations, raise per capita productivity, and improve the rate of inventory turnover. Along with focusing on opening small to medium-sized used car dealerships, the Group also launched new initiatives for opening stores. The SUV LAND the Group opened in Midori-ku, Nagoya in August 2015 is a new hands-on-experience dealership very popular among customers, providing them with virtual experiences simulating outdoor lifestyles. The Nagoya Chaya Store and Route 41 Komaki Store the Group opened in January and August 2015, respectively, are large-scale dealerships with enhanced vehicle maintenance facilities for providing lifetime customers with total support from sales and after-sale service to vehicle inspections and trade-ins.

As a result, the Group posted net sales of ¥63,113 million (up 25.1% year on year). As for earnings, operating income was ¥1,269 million (up 67.6%), ordinary income was ¥1,340 million (up 126.5%), and net income was ¥841 million (up 157.7%).

Used car dealership business

In the used car dealership business, the store count as of November 30, 2015 was 42 dealership bases (comprising 56 storefronts). New store openings consisted of 2 dealership bases (3 storefronts) in the Hokkaido-Tohoku region, 2 dealership bases (3 storefronts) in the Kanto-Koshinetsu region, 3 dealership bases (3 storefronts) in the Tokai-Hokuriku region, and 1 dealership base (2 storefronts) in the Kyushu-Okinawa region, along with 3 storefronts additions of which 2 were in the Kanto-Koshinetsu region and 1 was in Kansai region. This was partly offset by the closure of 1 dealership base (1 storefront) in the Tokai-Hokuriku region, and 1 dealership base (1 storefront) in the Chugoku-Shikoku region. Together, the used car dealership business posted net sales of ¥62,667 million (up 25.7% year on year).

Other businesses

The used car export business posted net sales of ¥446 million (down 26.5% year on year). The decline was mainly attributable to a fall in purchasing demand among East African countries, the Group's main export destination, as a consequence of deteriorating economic conditions accompanied by depreciations in local currencies.

Regional breakdowns of net sales were as follows.

	Fiscal 2014 (From December 1, 2013 to November 30, 2014)			Fiscal 2015 (From December 1, 2014 to November 30, 2015)			Change YoY		
	Sales amount (¥ thousand)	Bases at year-end	Sales volume (vehicles)	Sales amount (¥ thousand)	Bases at year-end	Sales volume (vehicles)	Sales amount (%)	Bases at year-end	Sales volume (%)
Hokkaido-Tohoku	3,624,315	3 (4)	2,797	6,365,720	5 (7)	4,591	175.6	2 (3)	164.1
Kanto-Koshinetsu	13,512,318	7 (11)	9,083	16,940,092	9 (16)	10,902	125.4	2 (5)	120.0
Tokai-Hokuriku	18,432,197	17 (18)	16,061	25,049,941	19 (20)	20,723	135.9	2 (2)	129.0
Kansai	7,055,762	4 (5)	4,832	6,721,676	4 (6)	4,125	95.3	— (1)	85.4
Chugoku-Shikoku	907,580	1 (1)	870	749,334	— (—)	629	82.6	-1 (-1)	72.3
Kyushu-Okinawa	6,308,038	4 (5)	5,266	6,840,999	5 (7)	5,152	108.4	1 (2)	97.8
Overseas (Used car export)	607,384	— (—)	1,820	446,150	— (—)	1,153	73.5	— (—)	63.4
Total	50,447,597	36 (44)	40,729	63,113,915	42 (56)	47,275	125.1	6 (12)	116.1

Notes:
1. Consumption and other sales taxes were not included in the amounts above.
2. The regions were composed of the following prefectures in which the Group has bases.
   Hokkaido-Tohoku: Hokkaido, Miyagi Prefecture
   Kanto-Koshinetsu: Gunma Prefecture, Saitama Prefecture, Chiba Prefecture, Metropolitan Tokyo, Kanagawa Prefecture, Yamanashi Prefecture, Niigata Prefecture
   Tokai-Hokuriku: Gifu Prefecture, Aichi Prefecture, Mie Prefecture, Shizuoka Prefecture
   Kansai: Osaka Prefecture, Hyogo Prefecture
   Chugoku-Shikoku: Okayama Prefecture
   Kyushu-Okinawa: Fukuoka Prefecture, Kumamoto Prefecture
   Overseas: Kenya, Tanzania, Zambia
   The figures above reflect the closure of 1 dealership base in Kanagawa Prefecture in August 2014 and 1 dealership base in Okayama Prefecture in September 2015.
3. Figures in parentheses under bases at year-end represent the number of storefronts. The number of dealership bases varies from the number of storefronts because a dealership base may have multiple storefronts for various types of vehicles.

2) Outlook for Fiscal 2016

The Company will proactively open more stores to continue increasing its share of used car sales. At the same time, it plans to boost the opening of stores specialized in vehicle purchases to realize a stable supply of used cars. Profitability of existing dealership bases will be enhanced by strengthening purchasing of vehicles by the specialized stores upstream and then merchandizing them for sale as used cars through the existing dealership bases. Meanwhile the Company will concentrate on aggressively opening new used car dealerships with unique characteristics. These will include the SUV LAND hands-on-experience format simulating virtual outdoor lifestyles for customers and large-scale dealerships targeting lifetime customers with enhanced after-sale services, aimed at increasing the Group’s revenue from vehicle maintenance.

Initiatives for existing dealership bases will include the optimization of work flows to increase productivity, as well as enhancements in the quality of customer reception and other services to raise customer satisfaction.

Consequently, in fiscal 2016 the Company is forecasting ¥77,000 million in net sales (up 22.0% year on year). The earnings projections are ¥1,654 million in operating income (up 30.3%), ¥1,500 million in ordinary income (up 11.9%), and ¥862 million in net income (up 2.4%).

(2) Analysis of Financial Position

1) Assets, Liabilities, and Net Assets

Total assets were ¥17,859 million as of November 30, 2015, an increase of ¥1,891 million from the previous fiscal year-end.

Total current assets had increased ¥419 million from a year ago to ¥12,845 million. The main contributing factor was a ¥1,943 million increase in merchandise, partly offset by decreases of ¥821 million in accounts receivable-trade and ¥583 million in cash and deposits.

Total noncurrent assets had increased ¥1,472 million from a year earlier to ¥5,014 million. The main contributing factors were increases of ¥721 million in buildings and structures, ¥225 million in construction in progress, and ¥125 million in payments for guarantee deposits primarily in connection with the opening of new stores.

Total current liabilities had decreased ¥1,793 million from a year ago to ¥7,339 million. The main contributing factor was a ¥2,834 million decrease in short-term loans payable, partly offset by a ¥529 million increase in the current portion of long-term loans payable.

Total noncurrent liabilities had increased ¥2,931 million from a year earlier to ¥6,042 million. The main contributing factor was a ¥3,036 million increase in long-term loans payable, partly offset by a ¥210 million decrease in bonds payable.

Total net assets had increased ¥753 million from a year earlier to ¥4,477 million.

2) Cash Flows

Cash and cash equivalents (“cash”) at November 30, 2015 were ¥1,785 million, a decrease of ¥583 million from the previous fiscal year-end.

Cash flows during the fiscal year under review and analysis of the main components were as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥975 million, compared with net cash used in operating activities of ¥953 million in the previous fiscal year. The main components were income before income taxes of ¥1,309 million, and a decrease in notes and accounts receivable-trade of ¥821 million and depreciation of ¥554 million, partly offset by a ¥1,802 million increase in inventories.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥1,899 million, compared with ¥1,013 million in the previous fiscal year. The main uses of cash were ¥1,514 million for purchase of property, plant and equipment accompanying new store openings, ¥184 million for purchase of intangible assets, and ¥172 million for payment of guarantee deposits.

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥340 million, compared with ¥1,874 million in the previous fiscal year. The main component was ¥4,250 million in proceeds from long-term loans payable, partly offset by a net decrease of ¥2,834 million in short-term loans payable, and payments of ¥684 million for the repayment of long-term loans and ¥240 million for the redemption of bonds.

(Reference) Trends in Cash Flow Indicators

	Fiscal 2014	Fiscal 2015
Equity ratio (%)	23.3	25.0
Market-value equity ratio (%)	33.4	45.5
Interest-bearing debt to cash flow ratio (Years)	—	10.1
Interest coverage ratio (Times)	—	19.7

Equity ratio: NEXTAGE shareholders' equity / total assets
Market-value equity ratio: market capitalization / total assets
Interest-bearing debt to cash flow ratio: interest bearing debt / operating cash flow
Interest coverage ratio: operating cash flow / interest payments

Notes:
1. All of the aforementioned indicators are calculated from consolidated financial figures.
2. Market capitalization is calculated based on the number of issued shares excluding treasury stock.
3. The figures used for cash flow represent net cash flow provided by operating activities.
4. Interest-bearing debt represents all liabilities recorded on the consolidated balance sheets for which interest is paid.

(3) Basic Policy on Distribution of Profits and Dividends for Fiscal 2015 and Fiscal 2016

The Company considers it a top priority to secure returns for shareholders from its operations, and has a policy of consistently distributing some of its retained earnings (profits) as stable dividends to shareholders. In principle the Company plans to pay a year-end dividend each fiscal year, with the General Meeting of Shareholders as the body approving the dividend.

Based on this dividend policy, the Company plans to pay dividends after setting aside a portion of retained earnings as cash on hand for enhancing shareholders' equity and as reserves for investing effectively in the Group's growth, including in the development of stores in which growth can be expected.

The Company has established a provision in its Articles of Incorporation stipulating that the Company may issue an interim dividend pursuant to a resolution by the Board of Directors, with May 31 as the record date.

Based on the above, the Company plans to pay an annual dividend of ¥6 per share for fiscal 2015.

In addition, based on the above, the Company is also planning to pay an annual dividend of ¥6 per share in fiscal 2016.

2. Management Policies

(1) Basic Management Policies of the Company

Based on a management philosophy of "Providing hope to everyone by tearing down conventions of the automotive retail industry," the NEXTAGE Group has conducted business activities positioning the retail of automobiles to customers as a core operation. To this end, the Group has endeavored to execute fair and transparent used car transactions with sincerity in compliance with laws, regulations and social norms as it expands the scope of vehicles it handles from used Japanese cars to well-known European and American brands.

The Group is developing the automobile brands it sells by applying a vehicle category strategy focused on SUVs, sedans, minivans, and imports, and a dealership segment strategy centered on two types of used car lots; one specializing in light motor vehicles, and the other offering customers an a la carte selection of automobiles. Each lot offers a characteristically different product line, and is operated under a unique sales strategy. The quality of the supply is maintained by operating centralized pre-delivery inspection (PDI) garages for improving the quality of used vehicles.

(2) Key Performance Indicators

Operating margin is the Group's primary key performance indicator. This is because the Group is aiming to expand sales while operating a business that is mindful of keeping an eye on the efficient use of total assets. In this way the Group's proactive investments in recent years have been aimed at economies of scale, but with an utmost emphasis on capital efficiency.

(3) Medium- to Long-Term Management Strategies of the Company

As a medium- to long-term management strategy, the NEXTAGE Group is planning to develop nationwide by continually branching out from dealerships in major cities to open used car outlets in regional retail markets with a population of around 100,000. At the same time, the Group is also striving to grow by launching a succession of new initiatives. This includes dealerships that offer used cars proposing new lifestyles to customers by dispelling their preconceptions of a used car lot, and large-scale dealerships with enhanced maintenance facilities, aimed at generating a consistent stream of vehicle maintenance revenues for the Group. In addition, the Group has an investment policy for bolstering the purchasing of vehicles by accelerating the opening of stores specialized in vehicle purchases, as well as for improving the profitability of existing dealerships to increase both market share and profits.

(4) Key Priorities Ahead

The NEXTAGE Group's prime objective is to promote growth strategies that overcome a used car sales market that is contracting because of Japan's aging and diminishing population by enabling the Group to continue to gain market share. But in order to generate profit in an increasingly competitive market, the Group must accelerate product turnover to maintain a fresh supply of used cars that appeal to customers. To avoid the inventory disposal cost of used cars that remain unsold for long periods of time, the Group must also upgrade its system for accurately analyzing and efficiently procuring the cars customers are seeking to buy in the market.

In regard to opening new stores, the Group must raise the precision of preliminary marketing surveys and develop highly reliable plans for opening new stores if it is to accelerate the capture of domestic market share. At the same time, the Group must operate the dealerships with services including customer reception, after-sale services and facilities geared toward raising customer satisfaction. In online sales, as well, the Group needs to differentiate itself from competitors by taking on the customers' perspective in improving the search function of its website, providing accurate and detailed information on used cars, and devising a variety of innovative functions. To realize all of these measures, the Group also needs to recruit many more talented individuals and strengthen the training they receive as employees.

3. Basic Stance on the Selection of Accounting Standards

The NEXTAGE Group applies Japanese generally accepted accounting principles (J-GAAP) as its accounting standard to ensure the comparability of its financial statements with other companies in its industry in Japan. The Group will review the adoption of International Financial Reporting Standards (IFRS) should the need arise, in view of changes in the shareholding ratio of its stock by foreign investors.