January 10, 2017

Consolidated Financial Results for the Fiscal Year Ended November 30, 2016

(Japanese Accounting Standards)

Name of listed company:	**NEXTAGE Co., Ltd.**
Stock Exchange Listings:	Tokyo, Nagoya
Stock code:	3186
URL:	http://www.nextage.jp/
Representative:	Yasuharu 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 21, 2017
Scheduled date to file Securities Report:	February 21, 2017
Scheduled date to commence dividend payments:	February 22, 2017
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, 2016 (From December 1, 2015 to November 30, 2016)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2016	87,201	38.2	2,163	70.5	2,086	55.7	1,333	58.4
November 30, 2015	63,113	25.1	1,269	67.6	1,340	126.5	841	157.7

Reference: Comprehensive income
For the year ended November 30, 2016: ¥1,330 million, (56.8)%
For the year ended November 30, 2015: ¥848 million, (159.6)%

	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, 2016	134.40	127.75	26.9	10.1	2.5
November 30, 2015	83.90	79.66	20.6	7.9	2.0

Reference: Equity in earnings (losses) of affiliates
For the year ended November 30, 2016: ¥(32) million
For the year ended November 30, 2015: ¥(0) 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, 2016	23,465	5,451	23.2	559.03
November 30, 2015	17,859	4,477	25.0	442.22

Reference: NEXTAGE shareholders' equity
As of November 30, 2016: ¥5,446 million
As of November 30, 2015: ¥4,471 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, 2016	(90)	(2,137)	2,642	2,197
November 30, 2015	975	(1,899)	340	1,785

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, 2015	—	0.00	—	6.00	6.00	60	7.2	1.5
Fiscal year ended November 30, 2016	—	0.00	—	6.00	6.00	58	4.5	1.2
Fiscal year ending November 30, 2017 (forecasts)	—	0.00	—	6.00	6.00		3.9	

3. Consolidated Financial Forecasts for the Fiscal Year Ending November 30, 2017 (From December 1, 2016 to November 30, 2017)

(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, 2017	50,000	19.2	1,200	8.9	1,150	8.8	736	4.7	75.54
Fiscal year ending November 30, 2017	100,000	14.7	2,500	15.6	2,400	15.0	1,500	12.5	153.96

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, 2016 10,291,500 shares

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

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

As of November 30, 2016 548,537 shares

As of November 30, 2015 151,500 shares

c. Average number of shares

For the year ended November 30, 2016 9,924,187 shares

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

(Reference) Summary of Non-Consolidated Operating Results

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

(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, 2016	87,184	38.1	2,054	68.9	2,061	59.9	1,335	65.5
November 30, 2015	63,113	25.1	1,215	66.8	1,289	128.2	806	160.7

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
November 30, 2016	134.55	127.90
November 30, 2015	80.41	76.35

(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, 2016	23,370	5,375	23.0	551.17
November 30, 2015	17,760	4,395	24.7	434.13

Reference: NEXTAGE shareholders' equity
As of November 30, 2016: ¥5,370 million
As of November 30, 2015: ¥4,390 million

2. Non-Consolidated Financial Forecasts for the Fiscal Year Ending November 30, 2017 (From December 1, 2016 to November 30, 2017)

(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, 2017	49,990	19.2	1,100	6.6	704	1.5	72.26
Fiscal year ending November 30, 2017	99,980	14.7	2,300	11.6	1,430	7.1	146.77

* 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.

Attachment Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

1) Operating Performance and Results

In fiscal 2016, the year ended November 30, 2016, the Japanese economy saw employment and personal income recover as a trend against a backdrop of various government policies. Personal consumption appeared slower to improve, but has trended firmly overall. On the other hand, the financial and capital markets have undergone major fluctuations, driven by the impact of the falls in the Chinese stock markets and oil prices, among other factors.

In this environment, in the Japanese used car sales industry, domestic used car registrations from December 2015 through November 2016 were 6,285,262 vehicles (down 0.6% year on year). By vehicle type, used car registrations were 3,288,927 vehicles (up 0.6%) for ordinary passenger cars and 2,996,335 vehicles (down 1.9%) for kei-cars 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 maximize the used car business cycle by working to improve opportunity loss and investing management resources in vehicle purchasing operations and acquiring vehicle safety inspection work. In dealership openings, the Group opened “Volvo Car Korien,” which is its first authorized imported car dealership, the Utsunomiya Store, which is the first in Tochigi Prefecture, and SUV LAND Kanazawa, which is a specialty store based on specialty vehicle types, and Higashiura Store, which is a large-scale dealership that also aims to acquire vehicle safety inspection and maintenance work. The Group also expanded its vehicle purchasing operations, opening nine vehicle purchasing specialist stores as storefront additions to existing dealerships and the first store specialized in vehicle purchases in a standalone format, Toyohahi Vehicle Purchasing Specialist Store.

As a result, for fiscal 2016, the Group posted net sales of ¥87,201 million (up 38.2% year on year), operating profit of ¥2,163 million (up 70.5%), ordinary profit of ¥2,086 million (up 55.7%), and profit attributable to owners of parent of ¥1,333 million (up 58.4%).

Used car dealership business

In the used car dealership business, the store count as of November 30, 2016 was 47 dealership bases (comprising 63 storefronts). New store openings consisted of 1 dealership base (3 storefronts) in the Kanto-Koshinetsu region, 3 dealership bases (3 storefronts) in the Tokai-Hokuriku region, and 1 dealership base (1 storefront) in the Kansai region. On the other hand, the Group integrated its storefront additions in the Kanto-Koshinetsu and Kansai regions (7 storefronts) and opened 7 vehicle purchasing specialist stores as storefront additions to existing dealerships in the Tokai-Hokuriku region. Together, the used car dealership business posted net sales of ¥86,848 million (up 38.6% year on year).

Other businesses

The used car export business posted net sales of ¥352 million (down 20.9% year on year). The decline was mainly attributable to the end of sales activities as of the end of fiscal 2016, with the intention of investing management resources into sales, vehicle purchasing, and maintenance operations in Japan.

Regional breakdowns of net sales were as follows.

	Fiscal 2015 (From December 1, 2014 to November 30, 2015)			Fiscal 2016 (From December 1, 2015 to November 30, 2016)			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	6,365,720	5 (7)	4,591	10,161,832	5 (7)	6,963	159.6	— (—)	151.7
Kanto-Koshinetsu	16,940,092	9 (16)	10,902	24,598,307	10 (12)	14,652	145.2	1 (-4)	134.4
Tokai-Hokuriku	25,049,941	19 (20)	20,723	34,060,077	22 (32)	25,876	136.0	3 (12)	124.9
Kansai	6,721,676	4 (6)	4,125	7,757,878	5 (5)	4,182	115.4	1 (-1)	101.4
Chugoku-Shikoku	749,334	— (—)	629	—	— (—)	—	—	— (—)	—
Kyushu-Okinawa	6,840,999	5 (7)	5,152	10,270,167	5 (7)	6,628	150.1	— (—)	128.6
Overseas (Used car export)	446,150	— (—)	1,153	352,947	— (—)	983	79.1	— (—)	85.3
Total	63,113,915	42 (56)	47,275	87,201,209	47 (63)	59,284	138.2	5 (7)	125.4

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 Group closed its dealership in Okayama Prefecture (1 dealership base) in September 2015, and ended sales activities for the overseas export business in November 2016.
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 as well as vehicle purchasing stores.

2) Outlook for Fiscal 2017

The Company will proactively open more large-scale dealerships targeting lifelong customers to boost earnings from maintenance operations, and continue opening vehicle purchasing specialist stores to realize a stable supply of used cars. In this way, the Company will maximize the profits from the used car business cycle and proactively expand its business.

In initiatives for existing dealership bases, the Company’s policy is to continue efforts to optimize work flows to increase productivity, and to enhance the quality of customer reception and other services to raise customer satisfaction and acquire lifelong customers.

Consequently, in fiscal 2017 the Company is forecasting ¥100,000 million in net sales (up 14.7% year on year, ¥2,500 million in operating profit (up 15.6%), ¥2,400 million in ordinary profit (up 15.0%), and ¥1,500 million in profit attributable to owners of parent (up 12.5%).

(2) Analysis of Financial Position

1) Assets, Liabilities, and Net Assets

Total assets as of November 30, 2016, the fiscal year-end, were ¥23,465 million, an increase of ¥5,606 million from the previous fiscal year-end.

Total current assets had increased ¥4,113 million from the previous fiscal year-end to ¥16,958 million. The main contributing factor was a ¥2,471 million increase in merchandise, partly offset by decreases of ¥581 million in accounts receivable – trade and ¥412 million in cash and deposits.

Total non-current assets had increased ¥1,493 million from the previous fiscal year-end to ¥6,507 million. The main contributing factors were increases of ¥750 million in buildings and structures and ¥159 million in machinery, equipment and vehicles, as well as increases of ¥103 million in long-term loans receivable and ¥157 million in payments for guarantee deposits, primarily in connection with the opening of new stores.

Total current liabilities had increased by ¥1,346 million from the previous fiscal year-end to ¥8,686 million. The main contributing factors were increases of ¥496 million in accounts payable – trade, ¥333 million in advances received within other, and ¥180 million in current portion of bonds.

Total non-current liabilities had increased ¥3,285 million from the previous fiscal year-end to ¥9,327 million. The main contributing factors were increases of ¥2,614 million in long-term loans payable and ¥610 million in bonds payable.

Total net assets had increased ¥974 million from the previous fiscal year-end to ¥5,451 million.

2) Cash Flows

Cash and cash equivalents ("cash") at November 30, 2016 was ¥2,197 million, an increase of ¥412 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 used in operating activities was ¥90 million, compared with net cash provided by operating activities of ¥975 million in the previous fiscal year. The main components were profit before income taxes of ¥1,970 million, depreciation of ¥714 million, and increase in notes and accounts payable – trade of ¥496 million partly offset by increase in inventories of ¥2,478 million, increase in notes and accounts receivable – trade of ¥581 million, and income taxes paid of ¥614 million.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥2,137 million, compared with ¥1,899 million in the previous fiscal year. The main components were purchase of property, plant and equipment of ¥1,504 million accompanying new store openings, purchase of intangible assets of ¥258 million and payments for guarantee deposits of ¥173 million.

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥2,642 million, compared with ¥340 million in the previous fiscal year. The main components were proceeds from long-term loans payable of ¥3,850 million and proceeds from issuance of bonds of ¥989 million, partly offset by a net decrease in short-term loans payable of ¥417 million, repayments of long-term loans payable of ¥1,207 million, redemption of bonds of ¥210 million, and purchase of treasury shares of ¥300 million.

(Reference) Trends in Cash Flow Indicators

	Fiscal 2015	Fiscal 2016
Equity ratio (%)	25.0	23.2
Market-value equity ratio (%)	45.5	45.5
Interest-bearing debt to cash flow ratio (Years)	10.1	—
Interest coverage ratio (Times)	19.7	—

Equity ratio: 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.
5. The interest-bearing-debt to cash-flow ratio and interest coverage ratio for fiscal 2016 are omitted due to negative operating cash flow.

(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 continuing to develop 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 kei-cars, and the other offering customers an a la carte selection of automobiles. The Group will seek to maximize profits from the used car business by proactively investing management resources in vehicle purchasing operations and maintenance operations.

(2) Key Performance Indicators

The Group’s basic policy is to follow its medium-term management plan, investing proactively while placing maximum emphasis on the efficiency of invested capital in management. With this approach, the Group is aiming to achieve consolidated net sales of ¥200,000 million and consolidated ordinary profit of ¥100,000 million in fiscal 2020.

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

As a medium- to long-term management strategy, the Group has an investment policy for developing multiple storefronts to increase both market share and profits. Specifically, the Group is planning to continue opening large-scale dealerships with enhanced maintenance facilities, aimed at generating a consistent stream of vehicle maintenance revenues and to bolster the vehicle purchasing operation in order to increase revenues. To expand operations going forward, the Group will strengthen its sales capabilities through training and education incorporating best practices from its top salespeople based on a firm conviction that people are its greatest asset. The Group will also focus on equipping its people with execution capabilities that will enable them to overcome difficulties along with a well-developed sense of ethics.

(4) Key Priorities Ahead

The Japanese used car sales market continues to decline year by year. Faced with this situation, the Group continues to promote growth strategies and to increase its revenues and profits by growing its sales share in the domestic market. However, to make profits in a market gripped by intensifying competition, the Group can no longer rely solely on vehicle auctions for its purchasing, and must develop new purchasing channels.

For this reason, in its future dealership-opening activities, the Group will continue to invest capital proactively in the vehicle purchasing operation as it has in fiscal 2016, thereby preparing for the expected further oligopolization of the market.

The used car market is expected to continue presenting an adverse business environment, and further reorganization and elimination of industry players is expected to occur. In such times, it is important to increase customer satisfaction and create customers stores of choice. Therefore, the Group has positioned employee education and training as its most important issue to address.

The Company aims for corporate management that enables anyone to offer “provided value” that exceeds the price – one of the corporate principles, by sharing internal best practices among all of the Company’s sales staff and implementing them. To this end, the Company’s policy will continue to emphasize human resource education and training.

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.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	Fiscal 2015 (As of November 30, 2015)	Fiscal 2016 (As of November 30, 2016)
Assets		
Current assets		
Cash and deposits	1,816,261	2,228,407
Accounts receivable - trade	447,598	1,029,212
Merchandise	10,051,429	12,522,498
Work in process	3,762	8,452
Supplies	82,502	85,438
Deferred tax assets	116,305	153,444
Other	329,749	933,368
Allowance for doubtful accounts	(2,197)	(2,373)
Total current assets	12,845,410	16,958,448
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,541,756	5,759,770
Accumulated depreciation	(1,594,219)	(2,061,571)
Buildings and structures, net	2,947,537	3,698,198
Machinery, equipment and vehicles	294,391	488,178
Accumulated depreciation	(134,261)	(168,997)
Machinery, equipment and vehicles, net	160,130	319,180
Construction in progress	358,907	271,021
Other	374,235	567,695
Accumulated depreciation	(243,865)	(336,622)
Other, net	130,369	231,072
Total property, plant and equipment	3,596,944	4,519,473
Intangible assets	275,369	470,026
Investments and other assets		
Investment securities	48,730	116,326
Long-term loans receivable	21,832	125,783
Net defined benefit asset	231,077	247,940
Deferred tax assets	—	28,988
Guarantee deposits	695,495	853,082
Real estate for investment	113,404	113,404
Accumulated depreciation	(63,204)	(65,568)
Real estate for investment, net	50,200	47,836
Other	94,597	97,902
Total investments and other assets	1,141,934	1,517,860
Total non-current asset	5,014,248	6,507,361
Total assets	17,859,659	23,465,809

(Thousands of yen)

	Fiscal 2015 (As of November 30, 2015)	Fiscal 2016 (As of November 30, 2016)
Liabilities		
Current liabilities		
Accounts payable - trade	1,243,122	1,739,709
Short-term loans payable	2,900,000	2,483,000
Current portion of bonds	210,000	390,000
Current portion of long-term loans payable	1,099,654	1,128,361
Income taxes payable	387,430	522,057
Asset retirement obligations	5,000	—
Other	1,494,791	2,422,953
Total current liabilities	7,339,997	8,686,081
Non-current liabilities		
Bonds payable	390,000	1,000,000
Long-term loans payable	5,294,153	7,908,392
Asset retirement obligations	293,784	375,078
Deferred tax liabilities	21,685	—
Other	42,589	44,303
Total non-current liabilities	6,042,213	9,327,774
Total liabilities	13,382,211	18,013,856
Net Assets		
Shareholders' equity		
Capital stock	706,463	708,236
Capital surplus	792,463	794,236
Retained earnings	3,059,069	4,332,171
Treasury shares	(99,220)	(397,405)
Total shareholders' equity	4,458,776	5,437,239
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	13,093	9,364
Total accumulated other comprehensive income	13,093	9,364
Subscription rights to shares	5,577	5,350
Total net assets	4,477,447	5,451,953
Total liabilities and net assets	17,859,659	23,465,809

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	Fiscal 2015 (From December 1, 2014 to November 30, 2015)	Fiscal 2016 (From December 1, 2015 to November 30, 2016)
Net sales	63,113,915	87,201,209
Cost of sales	53,820,387	74,279,340
Gross profit	9,293,527	12,921,869
Selling, general and administrative expenses	8,024,270	10,758,355
Operating profit	1,269,257	2,163,513
Non-operating income		
Interest and dividend income	3,643	2,025
House rent income	22,164	21,170
Waste recycling income	11,574	12,355
Consulting fee income	—	15,516
Subsidy income	—	24,216
Other	125,276	75,993
Total non-operating income	162,659	151,278
Non-operating expenses		
Interest expenses	52,263	72,894
Rent cost	19,420	18,989
Commission fee	7,828	80,727
Amortization of bond issuance cost	—	10,768
Share of loss of entities accounted for using equity method	269	32,151
Other	11,787	12,845
Total non-operating expenses	91,569	228,376
Ordinary profit	1,340,347	2,086,415
Extraordinary income		
Gain on reversal of subscription rights to shares	237	227
Total extraordinary income	237	227
Extraordinary losses		
Loss on sales of non-current assets	—	291
Impairment loss	30,810	115,775
Total extraordinary losses	30,810	116,067
Profit before income taxes	1,309,774	1,970,576
Income taxes – current	487,267	722,546
Income taxes – deferred	(19,292)	(85,746)
Total income taxes	467,975	636,799
Profit	841,799	1,333,776
Profit attributable to owners of parent	841,799	1,333,776

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal 2015 (From December 1, 2014 to November 30, 2015)	Fiscal 2016 (From December 1, 2015 to November 30, 2016)
Profit	841,799	1,333,776
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	6,247	(3,729)
Total other comprehensive income	6,247	(3,729)
Comprehensive income	848,046	1,330,046
Comprehensive income attributable to:		
Owners of parent	848,046	1,330,046
Non-controlling interests	—	—

(3) Consolidated Statements of Changes in Equity

Fiscal 2015 (From December 1, 2014 to November 30, 2015)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	699,168	785,168	2,226,823	－	3,711,160
Cumulative effects of changes in accounting policies			51,185		51,185
Restated balance	699,168	785,168	2,278,009	－	3,762,346
Changes of items during period					
Issuance of new shares	7,295	7,295			14,590
Dividends of surplus			(60,739)		(60,739)
Profit attributable to owners of parent			841,799		841,799
Purchase of treasury shares				(99,220)	(99,220)
Net changes of items other than shareholders' equity					
Total changes of items during period	7,295	7,295	781,060	(99,220)	696,430
Balance at end of current period	706,463	792,463	3,059,069	(99,220)	4,458,776

(Thousands of yen)

	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	6,846	6,846	5,815	3,723,821
Cumulative effects of changes in accounting policies				51,185
Restated balance	6,846	6,846	5,815	3,775,007
Changes of items during period				
Issuance of new shares				14,590
Dividends of surplus				(60,739)
Profit attributable to owners of parent				841,799
Purchase of treasury shares				(99,220)
Net changes of items other than shareholders' equity	6,247	6,247	(237)	6,009
Total changes of items during period	6,247	6,247	(237)	702,440
Balance at end of current period	13,093	13,093	5,577	4,477,447

Fiscal 2016 (From December 1, 2015 to November 30, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	706,463	792,463	3,059,069	(99,220)	4,458,776
Cumulative effects of changes in accounting policies					—
Restated balance	706,463	792,463	3,059,069	(99,220)	4,458,776
Changes of items during period					
Issuance of new shares	1,773	1,773			3,546
Dividends of surplus			(60,674)		(60,674)
Profit attributable to owners of parent			1,333,776		1,333,776
Purchase of treasury shares				(298,185)	(298,185)
Net changes of items other than shareholders' equity					
Total changes of items during period	1,773	1,773	1,273,101	(298,185)	978,462
Balance at end of current period	708,236	794,236	4,332,171	(397,405)	5,437,239

(Thousands of yen)

	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	13,093	13,093	5,577	4,477,447
Cumulative effects of changes in accounting policies				—
Restated balance	13,093	13,093	5,577	4,477,447
Changes of items during period				
Issuance of new shares				3,546
Dividends of surplus				(60,674)
Profit attributable to owners of parent				1,333,776
Purchase of treasury shares				(298,185)
Net changes of items other than shareholders' equity	(3,729)	(3,729)	(227)	(3,956)
Total changes of items during period	(3,729)	(3,729)	(227)	974,505
Balance at end of current period	9,364	9,364	5,350	5,451,953

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal 2015 (From December 1, 2014 to November 30, 2015)	Fiscal 2016 (From December 1, 2015 to November 30, 2016)
Cash flows from operating activities		
Profit before income taxes	1,309,774	1,970,576
Depreciation	554,226	714,752
Impairment loss	30,810	115,775
Increase (decrease) in allowance for doubtful accounts	(11,242)	175
Increase in net defined benefit asset	(59,376)	(16,862)
Interest and dividend income	(3,643)	(2,025)
Interest expenses	52,263	72,894
Commission fee	7,572	6,184
Bond issuance cost	—	10,768
Foreign exchange (gains) losses	(305)	2,292
Share of loss of entities accounted for using equity method	269	32,151
Gain on reversal of subscription rights to shares	(237)	(227)
Loss on sales of property, plant and equipment	—	291
(Increase) decrease in notes and accounts receivable - trade	821,991	(581,605)
Increase in inventories	(1,802,544)	(2,478,694)
Increase (decrease) in notes and accounts payable – trade	(5,095)	496,587
Increase in advances received	50,611	333,317
Other	194,136	(82,391)
Subtotal	1,139,210	593,960
Interest and dividend income received	3,643	1,775
Interest expenses paid	(49,606)	(71,246)
Income taxes paid	(117,806)	(614,797)
Net cash (used in) provided by operating activities	975,440	(90,307)
Cash flows from investing activities		
Payments into time deposits	(61,600)	(73,300)
Proceeds from withdrawal of time deposits	61,600	73,600
Purchase of property, plant and equipment	(1,514,883)	(1,504,527)
Proceeds from sales of property, plant and equipment	—	383
Purchase of intangible assets	(184,079)	(258,617)
Purchase of investment securities	—	(100,000)
Payments of loans receivable	(1,000)	(114,140)
Purchase of shares of subsidiaries and associates	(49,000)	—
Payments for guarantee deposits	(172,666)	(173,567)
Proceeds from collection of guarantee deposits	36,336	15,981
Other	(14,498)	(3,740)
Net cash used in investing activities	(1,899,791)	(2,137,928)

(Thousands of yen)

	Fiscal 2015 (From December 1, 2014 to November 30, 2015)	Fiscal 2016 (From December 1, 2015 to November 30, 2016)
Cash flows from financing activities		
Net decrease in short-term loans payable	(2,834,000)	(417,000)
Proceeds from long-term loans payable	4,250,000	3,850,000
Repayments of long-term loans payable	(684,443)	(1,207,054)
Proceeds from issuance of bonds	—	989,231
Redemption of bonds	(240,000)	(210,000)
Proceeds from issuance of common shares	14,590	3,546
Purchase of treasury shares	(99,885)	(300,384)
Cash dividends paid	(60,593)	(60,514)
Commissions paid for syndicate loan	(5,558)	(4,850)
Net cash provided by financing activities	340,111	2,642,974
Effect of exchange rate change on cash and cash equivalents	305	(2,292)
Net increase (decrease) in cash and cash equivalents	(583,934)	412,446
Cash and cash equivalents at beginning of period	2,369,295	1,785,361
Cash and cash equivalents at end of period	1,785,361	2,197,807

(5) Notes to the Consolidated Financial Statements

(Uncertainties of entity's ability to continue as going concern)

None

(Significant accounting policies for preparation of consolidated financial statements)

1. Disclosure of scope of consolidation

(1) Number of consolidated subsidiaries: 1

Name of consolidated subsidiaries: ASAP Co., Ltd.

(2) Unconsolidated subsidiaries

None

2. Disclosure about application of equity method

(1) Number of unconsolidated subsidiaries and associates accounted for using equity method: 1

Name of company: Fortuna Co., Ltd.

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

The fiscal year-end of the consolidated subsidiary matches the consolidated fiscal year-end of the Company.

4. Disclosure of accounting policies

(1) Accounting policy for measuring significant assets

i. Marketable securities

Other marketable securities

Items without available fair values

Measured at cost using the moving average method.

Investments in investment partnerships and other such partnerships (those considered as marketable securities under the Article 2 Paragraph 2 of the Financial Instruments & Exchange Act) are measured by incorporating the net amount of the Company's equity based on the most recent financial report available as of the financial reporting date stipulated in the partnership agreement.

ii. Inventories

Merchandise and work in process

Measured at cost by the specific identification method (the balance sheet value is calculated by writing down the carrying amount based on the decrease in profitability)

Supplies

Measured at cost by the latest purchase price method (the balance sheet value is calculated by writing down the carrying amount based on the decrease in profitability)

(2) Accounting policy for depreciation of significant assets

i. Property, plant and equipment (excluding lease assets) and real estate investments

Buildings are measured by the straight-line method (excluding facilities attached to buildings) and other fixed assets are measured by the declining-balance method.

The main useful lives are measured as follows.

Buildings and structures	3 – 39 years
Machinery and vehicles	2 – 15 years
Real estate investments	10 – 20 years

ii. Intangible assets (excluding lease assets)

Measured by the straight-line method.

Software used by the Company is measured based on the estimated useful life within the Company (five years).

(3) Accounting policy for deferred assets

Corporate bond issuance costs

The entire amount of costs is recognized when incurred

(4) Accounting policy for significant provisions

Allowance for doubtful accounts

To provide for loss due to bad debts, the Company recognizes the amount of its ordinary receivables multiplied by the loan loss ratio, and the expected unrecoverable amounts for particular receivables such as doubtful accounts receivable after examining the individual potential for recovery in each case.

(5) Accounting policy for retirement benefits

i. Method of attributing expected benefit to periods

In calculating retirement benefit obligations, the expected retirement benefit amount to the service period up until the end of the consolidated fiscal year under review is attributed on the benefit formula basis.

ii. Method of accounting for actuarial gains and losses and past service costs

Past service costs are recognized in profit or loss by the straight-line method over a certain number of years not longer than the average remaining service period of the executives and employees (six years) when they arise.

Actuarial gains and losses are recognized in profit and loss in amounts distributed proportionately from the consolidated fiscal year in which they arise by the straight-line method over a certain number of years not longer than the average remaining service period of the executives and employees (six years) when they arise in each consolidated fiscal year.

(6) Standard for translating significant foreign currency assets and liabilities into Japanese yen

Foreign currency assets and liabilities are converted into yen at the spot market exchange rate on the consolidated closing date.

(7) Accounting policy for hedging

i. Accounting policy for hedging

Interest rate swaps are accounted for using “exceptional accounting” (tokurei shori) as they qualify for this.

ii. Hedging methods and hedged items

(Hedging methods)	(Hedged items)
Interest rate swaps	Interest on borrowings

iii. Hedging policy

The Company conducts interest-rate swap transactions to mitigate interest-rate fluctuation risk on its borrowings. Hedged items are recognized separately for each individual contract.

iv. Method for evaluating hedge efficacy

Interest rate swaps qualify for “exceptional accounting” (tokurei shori) and the evaluation of their efficacy on the consolidated closing date is therefore omitted.

(8) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term investment that are readily convertible into cash, have only a small risk of value fluctuation, and have maturity dates within three months from the date of acquisition.

(9) Other important matters in preparation of the consolidated financial statements

Accounting policy for consumption taxes

Financial statements are prepared excluding consumption taxes

(Change in accounting policies)

Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013), and Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013) and others have been applied from the fiscal year under review, with resulting changes in the presentation of profit. The consolidated financial statements for the previous fiscal year have been restated to reflect this change in presentation.

(Changes in presentation)

"Insurance income," which was stated separately under non-operating income in the previous fiscal year (¥4,969 thousand in the fiscal year under review) has been included under "Other" in the fiscal year under review because the amount has become 10% or less of non-operating income. The consolidated financial statements for the previous fiscal year have been restated to reflect this change in presentation.
As a result, ¥76,962 thousand recorded as "insurance income" under non-operating income in the consolidated statement of income for the previous fiscal year has been restated as "other."

(Segment information)

Segment information

Segment information is omitted as the Group has only a single segment, which is engaged in automobile sales and associated services.

Information associated with reportable segments

Fiscal 2015 (December 1, 2014 to November 30, 2015)

1. Information for each product or service

This information is omitted as sales to external customers for a single product or services category exceeded 90% of the net sales reported in the consolidated statement of income.

2. Information for each region

(1) Revenues from external customers

This information is omitted because revenues from external customers in Japan exceed 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

There is no relevant information as the Company does not own any property, plant and equipment outside of Japan.

3. Information for each of main customers

This information is not recorded because there are no customers for whom revenues from external customers account for 10% or more of net sales in the consolidated statement of income.

Fiscal 2016 (December 1, 2015 to November 30, 2016)

1. Information for each product or service

This information is omitted because revenues from external customers for a single product or service category exceed 90% of net sales in the consolidated statement of income.

2. Information for each region

(1) Revenues from external customers

This information is omitted because revenues from external customers in Japan exceed 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

Not applicable as the Company does not own any property, plant and equipment outside of Japan.

3. Information for each of main customers

This information is not recorded because there are no customers for whom revenues from external customers account for 10% or more of net sales in the consolidated statement of income.

Disclosure of impairment loss on non-current assets for each reportable segment

Segment information is omitted as the Group has only a single segment.

Amortization and unamortized balance of goodwill for each reportable segment

Not applicable.

Information about gain on bargain purchase for each reportable segment

Not applicable.

(Per-share information)

	Previous fiscal year (December 1, 2014 to November 30, 2015)	Fiscal year under review (December 1, 2015 to November 30, 2016)
Net assets per share	¥442.22	¥559.03
Basic earnings per share	¥83.90	¥134.40
Diluted earnings per share	¥79.66	¥127.75

Note: 1. The basis for calculation of basic earnings per share and diluted earnings per share is as follows.

Item	Previous fiscal year (December 1, 2014 to November 30, 2015)	Fiscal year under review (December 1, 2015 to November 30, 2016)
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	841,799	1,333,776
Amount not attributable to ordinary shareholders (Thousand yen)	—	—
Profit attributable to owners of parent related to common shares (Thousand yen)	841,799	1,333,776
Average number of common shares during the period	10,033,775	9,924,187
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Thousand yen)	—	—
Increase in number of common shares (Shares)	534,232	516,027
(Of which, subscription rights to shares) (Shares)	(534,232)	(516,027)
Summary of convertible securities not included in diluted earnings per share due to having no dilutive effect	—	—

2. The basis for calculation of net assets per share is as follows.

Item	Fiscal 2015 (As of November 30, 2015)	Fiscal 2016 (As of November 30, 2016)
Total amount in net assets (Thousand yen)	4,477,447	5,451,953
Amount deducted from total amount in net assets (Thousand yen)	5,577	5,350
(Of which, subscription rights to shares) (Thousand yen)	(5,577)	(5,350)
Net assets at the end of the period related to common shares (Thousand yen)	4,471,870	5,446,603
Number of common shares at the end of the period used for calculation of net assets per share (Shares)	10,112,400	9,742,963

(Significant events after reporting period)

Not applicable.