



October 4, 2019

## Consolidated Financial Results for the Nine Months Ended August 31, 2019

(Japanese Accounting Standards)

Name of listed company: **NEXTAGE Co., Ltd.**  
 Stock Exchange Listings: Tokyo, Nagoya  
 Stock code: 3186  
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Scheduled date to file Quarterly Securities Report: October 4, 2019

Scheduled date to commence dividend payments: —

Supplementary explanatory materials prepared: No

Explanatory meeting: No

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

### 1. Consolidated Financial Results for the Nine Months Ended August 31, 2019 (From December 1, 2018 to August 31, 2019)

#### (1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended August 31, 2019	161,118	36.7	4,901	57.6	4,772	65.0	3,430	72.7
August 31, 2018	117,836	34.0	3,110	19.7	2,891	13.7	1,986	15.3

Reference: Comprehensive income

For the nine months ended August 31, 2019: ¥3,428 million, [72.8%]

For the nine months ended August 31, 2018: ¥1,983 million, [15.3%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
August 31, 2019	47.44	44.76
August 31, 2018	28.94	27.02

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
August 31, 2019	74,800	27,029	36.1
November 30, 2018	63,679	17,987	28.2

Reference: NEXTAGE shareholders' equity

As of August 31, 2019: ¥27,024 million

As of November 30, 2018: ¥17,984 million

## 2. Cash Dividends

	Annual dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended November 30, 2018	—	0.00	—	4.00	4.00
Fiscal year ending November 30, 2019	—	0.00	—		
Fiscal year ending November 30, 2019 (forecasts)				4.00	4.00

Note: Revision to the latest forecast of dividends: None

## 3. Consolidated Financial Forecasts for the Fiscal Year Ending November 30, 2019 (From December 1, 2018 to November 30, 2019)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending November 30, 2019	215,000	31.8	6,200	41.4	5,900	40.9	4,100	40.9	56.69

Note: Revision to the latest forecast of financial results: Yes

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) Adoption of accounting method specific to preparation of quarterly consolidated financial statements: None

(3) 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: None

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

c. Changes in accounting estimates: None

d. Restatement of revisions: None

(4) Number of common shares issued

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

As of August 31, 2019 75,302,800 shares

As of November 30, 2018 69,628,200 shares

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

As of August 31, 2019 271 shares

As of November 30, 2018 222 shares

c. Average number of shares

For the nine months ended August 31, 2019 72,320,981 shares

For the nine months ended August 31, 2018 68,645,778 shares

\* This report is not subject to quarterly review by certified public accountants or audit firms.

This report is not subject to quarterly review procedures under the Financial Instruments and Exchange Act, and at the time of disclosure of the report, review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act have not been completed.

\* 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 "Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 3 of the attached documentation.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the nine months ended August 31, 2019, the Japanese economy continued on a moderate recovery trend as a result of various government policies, and saw a moderate recovery in personal consumption and consumer sentiment, amid ongoing improvement in employment and personal income. Although the global economy is expected to continue a moderate recovery, attention must be paid to mounting tension surrounding trade issues, the outlook for the Chinese economy, impact of uncertainty about overseas economic trends and government policies, as well as impact of volatility in the financial and capital markets.

In this environment, in the Japanese used car sales industry, domestic used car registrations from December 2018 through August 2019 were 4,943,559 vehicles (up 0.5% year on year). By vehicle type, used car registrations were 2,555,716 vehicles (up 0.4% year on year) for ordinary passenger cars and 2,387,843 vehicles (up 0.6% year on year) 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 has increased opportunities to provide services by improving inventory turnover, investing capital in facilities for vehicle safety inspection and maintenance work as well as vehicle purchasing operations, and promoting lifelong dealings and dealings within the same household, while working to maximize profitability in the used car business cycle. In dealership openings, the Group opened “UNIVERSE SAKAI” in Sakai City, Osaka Prefecture, in July 2019 as a specialty store dedicated to large-size imported cars. In the same month, the Group moved and upscaled all existing retail stores in Okazaki City, Aichi Prefecture, and in Fuji City, Shizuoka Prefecture, to form the upgraded Okazaki Miai Store and Fuji Store as the largest general stores in those regions. The Group also opened Matsusaka Store as its second general store in Mie Prefecture in August 2019. In addition, the Group opened 4 vehicle purchasing specialist stores as storefront additions to existing dealerships, as well as Kasukabe Store in July 2019 and Konandai Store in August 2019 as vehicle purchasing stores in a standalone format.

As a result, for the nine months to August 31, 2019, the Group posted net sales of ¥161,118 million (up 36.7% year on year), operating profit of ¥4,901 million (up 57.6%), ordinary profit of ¥4,772 million (up 65.0%), and profit attributable to owners of parent of ¥3,430 million (up 72.7%).

#### Used car dealership business

In the used car dealership business, the store count as of August 31, 2019 was 60 dealership bases (comprising 102 storefronts). New store openings consisted of 3 dealership bases (3 storefronts) in the Tokai-Hokuriku region, and 1 dealership base (1 storefront) in the Kansai region, as well as 3 vehicle purchasing specialist stores as storefront additions to those dealership bases, and 2 dealership bases (2 storefronts) as vehicle purchasing specialist stores in a standalone format in the Kanto-Koshinetsu region. In addition, the Group integrated 2 dealership bases (4 storefronts) in the Kanto-Koshinetsu, Tokai-Hokuriku, and Kansai regions in line with the relocation of stores. Furthermore, the Group opened 1 vehicle purchasing specialist store in the Kyushu-Okinawa region as a storefront addition.

#### New car dealership business

In the new car dealership business, the store count as of August 31, 2019 was 19 dealership bases (comprising 20 storefronts).

As a result, the store count as of August 31, 2019 was 79 dealership bases (comprising 122 storefronts).

Regarding an overview by business segment for the nine months to August 31, 2019, as the Group essentially operates in a single segment, which consists almost entirely of automobile sales and associated services, an overview by region is as follows.

Region	Nine months ended August 31, 2018 (From December 1, 2017 to August 31, 2018)			Nine months ended August 31, 2019 (From December 1, 2018 to August 31, 2019)			Change YoY		
	Sales amount (Millions of yen)	Bases at third quarter-end	Sales volume (Vehicles)	Sales amount (Millions of yen)	Bases at third quarter-end	Sales volume (Vehicles)	Sales amount (%)	Bases at third quarter-end	Sales volume (%)
Hokkaido-Tohoku	10,961	6 (9)	6,648	15,053	7 (10)	9,007	137.3	1 (1)	135.5
Kanto-Koshinetsu	29,295	14 (22)	17,209	40,353	19 (31)	21,674	137.7	5 (9)	125.9
Tokai-Hokuriku	45,671	27 (35)	31,253	62,363	33 (47)	41,502	136.5	6 (12)	132.8
Kansai	19,601	11 (17)	11,993	27,576	13 (21)	17,735	140.7	2 (4)	147.9
Kyushu-Okinawa	12,306	6 (10)	7,757	15,771	7 (13)	10,068	128.2	1 (3)	129.8
Total	117,836	64 (93)	74,860	161,118	79 (122)	99,986	136.7	15 (29)	133.6

- Notes:
- Consumption and other sales taxes were not included in the amounts above.
  - The regions were composed of the following prefectures in which the Group has bases.
    - Hokkaido-Tohoku: Hokkaido, Miyagi Prefecture
    - Kanto-Koshinetsu: Tochigi Prefecture, Gunma Prefecture, Saitama Prefecture, Chiba Prefecture, Metropolitan Tokyo, Kanagawa Prefecture, Yamanashi Prefecture, Niigata Prefecture
    - Tokai-Hokuriku: Gifu Prefecture, Aichi Prefecture, Mie Prefecture, Shizuoka Prefecture, Toyama Prefecture, Ishikawa Prefecture, Fukui Prefecture
    - Kansai: Shiga Prefecture, Osaka Prefecture, Hyogo Prefecture, Wakayama Prefecture
    - Kyushu-Okinawa: Fukuoka Prefecture, Kumamoto Prefecture, Oita Prefecture
  - Figures in parentheses under bases at second quarter-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) Explanation of Financial Position

Total assets as of August 31, 2019 were ¥74,800 million, an increase of ¥11,120 million from the previous fiscal year-end.

Total current assets increased by ¥5,352 million from the previous fiscal year-end to ¥52,788 million. The main contributing factors were a decrease of ¥5,068 million in cash and deposits, and increases of ¥1,769 million in accounts receivable – trade and ¥8,478 million in merchandise.

Total non-current assets increased by ¥5,768 million from the previous fiscal year-end to ¥22,011 million. The main contributing factor was an increase of ¥3,241 million in buildings and structures, primarily in connection with the opening of new stores.

Total current liabilities increased by ¥2,312 million from the previous fiscal year-end to ¥23,057 million. The main contributing factor was an increase of ¥1,892 million in accounts payable – trade.

Total non-current liabilities decreased by ¥233 million from the previous fiscal year-end to ¥24,713 million. The main contributing factor was a decrease of ¥406 million in long-term loans payable.

Total net assets increased by ¥9,042 million from the previous fiscal year-end to ¥27,029 million.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

As for consolidated financial forecast for the fiscal year ending November 30, 2019 have been revised from the projections announced in “Consolidated Financial Results for the Fiscal Year Ended November 30, 2018” on January 8, 2019. For details, please refer to "Notice Regarding Revision of Financial Forecast" announced today (October 4, 2019).

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2018 (As of November 30, 2018)	First nine months of fiscal 2019 (As of August 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	16,523	11,455
Accounts receivable - trade	4,290	6,059
Merchandise	23,347	31,825
Work in process	95	126
Supplies	290	477
Other	2,891	2,854
Allowance for doubtful accounts	(3)	(10)
Total current assets	47,435	52,788
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,580	11,822
Other, net	3,755	5,738
Total property, plant and equipment	12,336	17,561
Intangible assets	906	864
Investments and other assets	3,000	3,585
Total non-current assets	16,243	22,011
Total assets	63,679	74,800
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	4,603	6,495
Short-term loans payable	8,138	6,556
Current portion of long-term loans payable	2,728	3,022
Lease obligations	262	68
Income taxes payable	796	876
Provision for bonuses	—	348
Asset retirement obligations	4	5
Other	4,212	5,684
Total current liabilities	20,744	23,057
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term loans payable	22,998	22,591
Lease obligations	253	309
Asset retirement obligations	641	780
Other	53	32
Total non-current liabilities	24,946	24,713
Total liabilities	45,691	47,770

(Millions of yen)

	Fiscal 2018 (As of November 30, 2018)	First nine months of fiscal 2019 (As of August 31, 2019)
Net assets		
Shareholders' equity		
Capital stock	3,144	6,089
Capital surplus	5,551	8,496
Retained earnings	9,310	12,463
Treasury shares	(0)	(0)
Total shareholders' equity	18,007	27,049
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Remeasurements of defined benefit plans	(23)	(25)
Total accumulated other comprehensive income	(23)	(25)
Share acquisition rights	3	5
Total net assets	17,987	27,029
Total liabilities and net assets	63,679	74,800

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

**Quarterly Consolidated Statements of Income**  
**First Nine Months**

(Millions of yen)

	First nine months of fiscal 2018 (From December 1, 2017 to August 31, 2018)	First nine months of fiscal 2019 (From December 1, 2018 to August 31, 2019)
Net sales	117,836	161,118
Cost of sales	98,382	133,160
Gross profit	19,453	27,958
Selling, general and administrative expenses	16,343	23,057
Operating profit	3,110	4,901
Non-operating income		
House rent income	15	13
Subsidy income	45	22
Other	94	120
Total non-operating income	154	156
Non-operating expenses		
Interest expenses	70	136
Rent cost	14	12
Commission fee	240	124
Other	48	11
Total non-operating expenses	373	285
Ordinary profit	2,891	4,772
Extraordinary income		
Gain on sales of non-current assets	0	—
Gain on reversal of share acquisition rights	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on disaster	—	8
Loss on sales of non-current assets	0	—
Impairment loss	18	35
Total extraordinary losses	18	44
Profit before income taxes	2,873	4,728
Income taxes - current	823	1,370
Income taxes - deferred	63	(72)
Total income taxes	886	1,297
Profit	1,986	3,430
Profit attributable to owners of parent	1,986	3,430

## Quarterly Consolidated Statements of Comprehensive Income

### First Nine Months

(Millions of yen)

	First nine months of fiscal 2018 (From December 1, 2017 to August 31, 2018)	First nine months of fiscal 2019 (From December 1, 2018 to August 31, 2019)
Profit	1,986	3,430
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(0)
Remeasurements of defined benefit plans, net of tax	(3)	(1)
Total other comprehensive income	(3)	(2)
Comprehensive income	1,983	3,428
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,983	3,428
Comprehensive income attributable to non-controlling interests	—	—

**(3) Notes to the Quarterly Consolidated Financial Statements**  
**(Uncertainties of entity's ability to continue as going concern)**

None

**(Notes in case of a significant change in shareholders' equity)**

The Company received the payment for the third-party allotment of new shares from Nomura Securities Co., Ltd. during the nine months ended August 31, 2019. As a result, capital stock increased by ¥2,937 million and legal capital surplus increased by ¥2,937 million during the nine months ended August 31, 2019. Capital stock stood at ¥6,089 million and capital surplus stood at ¥8,496 million as of August 31, 2019.

**(Segment information, etc.)**

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

**(Additional information)**

(Adoption of the Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.)

The Company has adopted the Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) effective from the beginning of the first quarter of the consolidated fiscal year under review. Deferred tax assets are classified under the category of investments and other assets, while deferred tax liabilities are classified under the category of non-current liabilities.

**(Significant events after reporting period)**

None