

# **Consolidated Financial Results** **for the Nine Months Ended August 31, 2020** (Japanese Accounting Standards)

Name of listed company: **NEXTAGE Co., Ltd.**  
Stock Exchange Listings: Tokyo, Nagoya  
Stock code: 3186  
URL: <https://www.nextage.jp/>  
Representative: Seiji Hirota, President and CEO  
Contact person: Masashi Nomura  
Executive Officer, General Manager of Administration Division  
Tel: +81-52-228-6914

Scheduled date to file Quarterly Securities Report: October 2, 2020  
Scheduled date to commence dividend payments: —  
Supplementary explanatory materials prepared: Yes  
Explanatory meeting: No

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

## **1. Consolidated Financial Results for the Nine Months Ended August 31, 2020** **(From December 1, 2019 to August 31, 2020)**

### **(1) Consolidated Operating Results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2020	178,716	10.9	3,712	(24.3)	3,493	(26.8)	2,513	(26.7)
August 31, 2019	161,118	36.7	4,901	57.6	4,772	65.0	3,430	72.7

Reference: Comprehensive income

For the nine months ended August 31, 2020: ¥2,508 million, [(26.8)%]

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

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
August 31, 2020	33.62	32.03
August 31, 2019	47.44	44.76

### **(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
August 31, 2020	101,602	28,546	28.1
November 30, 2019	86,355	27,858	32.3

Reference: NEXTAGE shareholders' equity

As of August 31, 2020: ¥28,540 million

As of November 30, 2019: ¥27,852 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, 2019	—	0.00	—	6.00	6.00
Fiscal year ending November 30, 2020	—	0.00	—		
Fiscal year ending November 30, 2020 (forecasts)				6.00	6.00

Note: Revision to the latest forecast of dividends: None

## 3. Consolidated Financial Forecasts for the Fiscal Year Ending November 30, 2020 (From December 1, 2019 to November 30, 2020)

(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, 2020	245,000	11.7	3,000	(50.7)	2,600	(55.8)	1,850	(56.6)	24.75

Note: Revision to the latest forecast of financial results: None

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, 2020 75,883,600 shares

As of November 30, 2019 75,428,200 shares

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

As of August 31, 2020 2,016,871 shares

As of November 30, 2019 271 shares

c. Average number of shares

For the nine months ended August 31, 2020 74,762,307 shares

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

## Attachment Contents

1. Qualitative Information on Quarterly Financial Results.....	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position.....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information.....	3
2. Matters concerning the Summary Information (Notes).....	4
(1) Changes in Significant Subsidiary during the Consolidated Quarter.....	4
(2) Adoption of Specific Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements.....	4
(3) Changes in Accounting Policies, Accounting Estimates and Restatement of Revisions.....	4
3. Quarterly Consolidated Financial Statements and Primary Notes.....	5
(1) Quarterly Consolidated Balance Sheets.....	5
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income.....	7
(3) Notes to the Quarterly Consolidated Financial Statements.....	9
Uncertainties of entity's ability to continue as going concern.....	9
Notes in case of a significant change in shareholders' equity.....	9
Segment information, etc. ....	9
Significant events after reporting period.....	9

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

#### Status of Financial Results

During the nine months ended August 31, 2020, the Japanese economy faced an extremely severe situation but is expected to start to recover as a result of various government policies, amid a phased increase in the level of socio-economic activities while preventative measures are being taken to prevent the spread of the novel coronavirus infection (COVID-19). However, attention must be paid to trends in COVID-19 in Japan and overseas, as well as the impact of volatility in global financial and capital markets.

In this environment, in the Japanese used car sales industry, domestic used car registrations from December 2019 through August 2020 were 4,758,672 vehicles (down 3.7% year on year). By vehicle type, used car registrations were 2,466,700 vehicles (down 3.5% year on year) for ordinary passenger cars and 2,291,972 vehicles (down 4.0% 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, based on the management philosophy of “Be loved by Customers,” the NEXTAGE Group has operated stores with “Lifetime value” and “Active users” in mind.

In dealership openings, the Group opened Sapporo Utsukushigaoka Store in Hokkaido and Takaoka Store in Toyama Prefecture in August 2020 as general stores. In addition, the Group opened 3 vehicle purchasing specialist stores as storefront additions to existing dealerships.

As a result, for the nine months to August 31, 2020, the Group posted net sales of ¥178,716 million (up 10.9% year on year), operating profit of ¥3,712 million (down 24.3%), ordinary profit of ¥3,493 million (down 26.8%), and profit attributable to owners of parent of ¥2,513 million (down 26.7%).

#### Used car dealership business

In the used car dealership business, the store count as of August 31, 2020 was 75 dealership bases (comprising 120 storefronts). New store openings consisted of 1 dealership base (1 storefront) in the Hokkaido-Tohoku region and 1 dealership base (1 storefront) in the Tokai-Hokuriku region, as well as 3 vehicle purchasing specialist stores as storefront additions to existing dealerships.

#### New car dealership business

In the new car dealership business, the store count as of August 31, 2020 was 20 dealership bases (comprising 21 storefronts).

As a result, the store count as of August 31, 2020 was 95 dealership bases (comprising 141 storefronts).

Regional breakdowns of net sales were as follows.

Region	Nine months ended August 31, 2019 (From December 1, 2018 to August 31, 2019)			Nine months ended August 31, 2020 (From December 1, 2019 to August 31, 2020)			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	15,053	7 (10)	9,007	17,990	10 (14)	11,304	119.5	3 (4)	125.5
Kanto-Koshinetsu	40,353	19 (31)	21,674	46,090	23 (36)	25,779	114.2	4 (5)	118.9
Tokai-Hokuriku	62,363	33 (47)	41,502	63,384	34 (48)	41,400	101.6	1 (1)	99.8
Kansai	27,576	13 (21)	17,735	28,084	15 (22)	17,315	101.8	2 (1)	97.6
Chugoku-Shikoku	—	— (—)	—	2,468	1 (2)	1,984	—	1 (2)	—
Kyushu-Okinawa	15,771	7 (13)	10,068	20,697	12 (19)	13,489	131.2	5 (6)	134.0
Total	161,118	79 (122)	99,986	178,716	95 (141)	111,271	110.9	16 (19)	111.3

- 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, Fukushima Prefecture
- Kanto-Koshinetsu: Tochigi Prefecture, Gunma Prefecture, Saitama Prefecture, Chiba Prefecture, Metropolitan Tokyo, Kanagawa Prefecture, Yamanashi Prefecture, Niigata Prefecture, Nagano 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
- Chugoku-Shikoku: Ehime Prefecture
- Kyushu-Okinawa: Fukuoka Prefecture, Kumamoto Prefecture, Oita Prefecture, Kagoshima Prefecture, Okinawa Prefecture
3. Figures in parentheses under bases at third 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, 2020 were ¥101,602 million, an increase of ¥15,247 million from the previous fiscal year-end.

Total current assets increased by ¥11,314 million from the previous fiscal year-end to ¥72,826 million. The main contributing factor was an increase of ¥22,881 million in cash and deposits, partly offset by a decrease of ¥9,137 million in merchandise.

Total non-current assets increased by ¥3,932 million from the previous fiscal year-end to ¥28,776 million. The main contributing factor was an increase of ¥3,393 million in buildings and structures, primarily in connection with the opening of new stores.

Total current liabilities increased by ¥5,192 million from the previous fiscal year-end to ¥33,539 million. The main contributing factors were increases of ¥1,733 million in short-term borrowings and ¥1,972 million in current portion of long-term borrowings.

Total non-current liabilities increased by ¥9,366 million from the previous fiscal year-end to ¥39,517 million. The main contributing factor was an increase of ¥10,057 million in long-term borrowings.

Total net assets increased by ¥688 million from the previous fiscal year-end to ¥28,546 million.

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

For details of the consolidated financial forecast, please refer to “Notice Regarding Revision of Financial Forecast” announced on April 3, 2020.

The consolidated financial forecast for the fiscal year ending November 30, 2020 has not been revised from the projections announced on April 3, 2020. For the nine months ended August 31, 2020, operating profit, ordinary profit, and profit attributable to owners of parent exceeded the latest financial results forecast. However, the Group has not revised the forecast in consideration of the COVID-19 situation and uncertainty resulting from changes in economic climate. In a case where the forecast requires revisions in the future, the Group will promptly disclose them.

## **2. Matters concerning the Summary Information (Notes)**

### **(1) Changes in Significant Subsidiary during the Consolidated Quarter**

None

### **(2) Adoption of Specific Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements**

None

### **(3) Changes in Accounting Policies, Accounting Estimates and Restatement of Revisions**

None

### 3. Quarterly Consolidated Financial Statements and Primary Notes

#### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2019 (As of November 30, 2019)	First nine months of fiscal 2020 (As of August 31, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	11,060	33,941
Accounts receivable - trade	5,233	6,996
Merchandise	38,675	29,538
Work in process	126	123
Supplies	497	427
Other	5,923	1,806
Allowance for doubtful accounts	(5)	(7)
Total current assets	61,511	72,826
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,535	16,928
Other, net	6,554	6,904
Total property, plant and equipment	20,090	23,833
Intangible assets	853	857
Investments and other assets	3,900	4,085
Total non-current assets	24,844	28,776
Total assets	86,355	101,602
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	7,169	5,463
Short-term borrowings	11,942	13,675
Current portion of bonds	—	1,000
Current portion of long-term borrowings	2,996	4,968
Lease obligations	65	77
Income taxes payable	1,297	239
Provision for bonuses	—	451
Asset retirement obligations	2	—
Other	4,874	7,663
Total current liabilities	28,347	33,539
Non-current liabilities		
Bonds payable	1,000	—
Long-term borrowings	27,966	38,024
Lease obligations	289	321
Asset retirement obligations	863	1,143
Other	31	28
Total non-current liabilities	30,150	39,517
Total liabilities	58,497	73,056



	(Millions of yen)	
	Fiscal 2019	First nine months of fiscal 2020
	(As of November 30, 2019)	(As of August 31, 2020)
Net assets		
Shareholders' equity		
Share capital	6,095	6,116
Capital surplus	8,502	8,523
Retained earnings	13,290	15,351
Treasury shares	(0)	(1,410)
Total shareholders' equity	27,888	28,582
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Remeasurements of defined benefit plans	(36)	(40)
Total accumulated other comprehensive income	(36)	(41)
Share acquisition rights	5	5
Total net assets	27,858	28,546
Total liabilities and net assets	86,355	101,602

## (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 2019 (From December 1, 2018 to August 31, 2019)	First nine months of fiscal 2020 (From December 1, 2019 to August 31, 2020)
Net sales	161,118	178,716
Cost of sales	133,160	147,271
Gross profit	27,958	31,445
Selling, general and administrative expenses	23,057	27,733
Operating profit	4,901	3,712
Non-operating income		
Penalty income	—	93
Insurance claim income	9	27
Gain on sales of scraps	9	10
Other	137	60
Total non-operating income	156	191
Non-operating expenses		
Interest expenses	136	184
Rent cost	12	4
Commission expenses	124	173
Other	11	47
Total non-operating expenses	285	409
Ordinary profit	4,772	3,493
Extraordinary income		
Subsidies income	—	156
Gain on reversal of share acquisition rights	0	—
Total extraordinary income	0	156
Extraordinary losses		
Loss on disaster	8	6
Infectious disease related loss	—	90
Impairment loss	35	105
Total extraordinary losses	44	202
Profit before income taxes	4,728	3,447
Income taxes - current	1,370	911
Income taxes - deferred	(72)	23
Total income taxes	1,297	934
Profit	3,430	2,513
Profit attributable to owners of parent	3,430	2,513

## Quarterly Consolidated Statements of Comprehensive Income

### First Nine Months

	(Millions of yen)	
	First nine months of fiscal 2019 (From December 1, 2018 to August 31, 2019)	First nine months of fiscal 2020 (From December 1, 2019 to August 31, 2020)
Profit	3,430	2,513
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Remeasurements of defined benefit plans, net of tax	(1)	(4)
Total other comprehensive income	(2)	(4)
Comprehensive income	3,428	2,508
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	3,428	2,508
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)**

Based on a resolution of the Board of Directors meeting held on April 3, 2020, the Company acquired 2,016,600 shares of treasury stock. As a result, treasury stock increased by ¥1,409 million during the nine months ended August 31, 2020 to a total of ¥1,410 million as of August 31, 2020.

**(Segment information, etc.)**

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

**(Significant events after reporting period)**

None