

Consolidated Financial Results **for the Three Months Ended February 28, 2021** (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: April 5, 2021
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 Three Months Ended February 28, 2021 **(From December 1, 2020 to February 28, 2021)**

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2021	63,129	2.3	2,802	815.9	2,734	—	1,959	—
February 29, 2020	61,694	25.6	305	(77.3)	207	(83.7)	71	(91.2)

Reference: Comprehensive income

For the three months ended February 28, 2021: ¥1,979 million, [—%]

For the three months ended February 29, 2020: ¥61 million, [(92.4)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
February 28, 2021	26.29	25.76
February 29, 2020	0.95	0.90

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
February 28, 2021	100,353	33,435	33.3
November 30, 2020	99,633	30,017	30.1

Reference: NEXTAGE shareholders' equity

As of February 28, 2021: ¥33,434 million

As of November 30, 2020: ¥30,013 million

2. Cash Dividends

	Annual dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
Fiscal year ended November 30, 2020	Yen —	Yen 0.00	Yen —	Yen 7.00	Yen 7.00
Fiscal year ending November 30, 2021	—				
Fiscal year ending November 30, 2021 (forecasts)		0.00	—	7.00	7.00

Note: Revision to the latest forecast of dividends: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending November 30, 2021 (From December 1, 2020 to November 30, 2021)

(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
Six months ending May 31, 2021	134,000	15.7	5,100	—	5,000	—	3,600	—	47.80
Fiscal year ending November 30, 2021	280,000	16.1	11,000	61.2	10,700	63.9	7,600	60.3	100.91

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 February 28, 2021 78,867,200 shares

As of November 30, 2020 77,360,000 shares

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

As of February 28, 2021 3,549,071 shares

As of November 30, 2020 3,608,571 shares

c. Average number of shares

For the three months ended February 28, 2021 74,543,179 shares

For the three months ended February 29, 2020 75,472,129 shares

(Note) The Company introduced a trust-type employee stock ownership incentive plan (E-Ship) in October 2020.

The number of shares of treasury stock at the end of the period includes the following number of shares of the Company held by the NEXTAGE Employee Stock Ownership Trust Account, a dedicated account for E-Ship set up with a trust bank.

As of February 28, 2021 1,532,200 shares

In calculation of the average number of shares, the number of shares of treasury stock deducted from the number of common shares issued includes the following number of shares of the Company owned by the above-mentioned account.

For the three months ended February 28, 2021 1,541,433 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 three months ended February 28, 2021, 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 2020 through February 2021 were 1,477,885 vehicles (up 1.4% year on year). By vehicle type, used car registrations were 770,419 vehicles (up 2.5% year on year) for ordinary passenger cars and 707,466 vehicles (up 0.3% 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 Iwaki Store in Fukushima Prefecture in February 2021 as an independent purchase store. With regard to authorized imported car dealerships, the Group opened Volkswagen Osaka Hirakata as an authorized dealership for Volkswagen.

As a result, for the three months to February 28, 2021, the Group posted net sales of ¥63,129 million (up 2.3% year on year), operating profit of ¥2,802 million (up 815.9%), ordinary profit of ¥2,734 million, compared with operating profit of ¥207 million in the same period of the previous fiscal year, and profit attributable to owners of parent of ¥1,959 million, compared with profit attributable to owners of parent of ¥71 million in the same period of the previous fiscal year.

Used car dealership business

In the used car dealership business, the store count as of February 28, 2021 was 78 dealership bases (comprising 123 storefronts). New store opening consisted of 1 dealership base (1 storefront) in the Hokkaido-Tohoku region.

New car dealership business

In the new car dealership business, the store count as of February 28, 2021 was 21 dealership bases (comprising 23 storefronts). New store opening consisted of 1 dealership base (1 storefront) in the Kansai region.

As a result, the store count as of February 28, 2021 was 99 dealership bases (comprising 146 storefronts).

Regional breakdowns of net sales for the three months ended February 28, 2021 were as follows.

Region	Three months ended February 29, 2020 (From December 1, 2019 to February 29, 2020)			Three months ended February 28, 2021 (From December 1, 2020 to February 28, 2021)			Change YoY		
	Sales amount (Millions of yen)	Bases at first quarter-end	Sales volume (Vehicles)	Sales amount (Millions of yen)	Bases at first quarter-end	Sales volume (Vehicles)	Sales amount (%)	Bases at first quarter-end	Sales volume (%)
Hokkaido-Tohoku	6,148	9 (12)	3,943	5,865	11 (15)	3,781	95.4	2 (3)	95.9
Kanto-Koshinetsu	15,510	23 (36)	7,740	15,877	23 (36)	8,898	102.4	— (—)	115.0
Tokai-Hokuriku	22,823	33 (46)	14,785	22,005	34 (48)	14,297	96.4	1 (2)	96.7
Kansai	9,144	14 (22)	5,667	10,884	17 (25)	6,713	119.0	3 (3)	118.5
Chugoku-Shikoku	967	1 (2)	768	728	1 (2)	571	75.3	— (—)	74.3
Kyushu-Okinawa	7,100	11 (18)	4,471	7,768	13 (20)	5,159	109.4	2 (2)	115.4
Total	61,694	91 (136)	37,374	63,129	99 (146)	39,419	102.3	8 (10)	105.5

- 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, 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
 - Figures in parentheses under bases at first 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 February 28, 2021 were ¥100,353 million, an increase of ¥719 million from the previous fiscal year-end.

Total current assets increased by ¥150 million from the previous fiscal year-end to ¥69,039 million. The main contributing factors were a decrease of ¥4,178 million in cash and deposits and an increase of ¥4,152 million in merchandise.

Total non-current assets increased by ¥569 million from the previous fiscal year-end to ¥31,313 million. The main contributing factor was an increase of ¥270 million in buildings and structures, primarily in connection with the opening of new stores.

Total current liabilities decreased by ¥1,528 million from the previous fiscal year-end to ¥26,484 million. The main contributing factor was a decrease of ¥327 million in accounts payable – trade and a decrease of ¥760 million in income taxes payable.

Total non-current liabilities decreased by ¥1,169 million from the previous fiscal year-end to ¥40,433 million. The main contributing factor was a decrease of ¥1,252 million in long-term borrowings.

Total net assets increased by ¥3,417 million from the previous fiscal year-end to ¥33,435 million.

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

No changes have been made to the consolidated financial forecast for the fiscal year ending November 30, 2021 announced in “Consolidated Financial Results for the Fiscal Year Ended November 30, 2020” on January 7, 2021.

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 2020 (As of November 30, 2020)	First three months of fiscal 2021 (As of February 28, 2021)
Assets		
Current assets		
Cash and deposits	27,443	23,264
Accounts receivable – trade	6,416	6,439
Merchandise	32,951	37,104
Work in process	99	105
Supplies	429	490
Other	1,556	1,641
Allowance for doubtful accounts	(7)	(4)
Total current assets	68,889	69,039
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,884	19,155
Other, net	6,348	6,813
Total property, plant and equipment	25,232	25,968
Intangible assets	895	829
Investments and other assets	4,615	4,514
Total non-current assets	30,743	31,313
Total assets	99,633	100,353
Liabilities		
Current liabilities		
Accounts payable – trade	6,403	6,076
Short-term borrowings	6,276	6,746
Current portion of bonds payable	1,000	1,000
Current portion of long-term borrowings	5,201	5,393
Lease obligations	73	90
Income taxes payable	1,430	670
Provision for bonuses	—	442
Other	7,626	6,065
Total current liabilities	28,012	26,484
Non-current liabilities		
Long-term borrowings	39,746	38,494
Lease obligations	320	403
Asset retirement obligations	1,191	1,210
Other	344	324
Total non-current liabilities	41,603	40,433
Total liabilities	69,615	66,917

(Millions of yen)

	Fiscal 2020 (As of November 30, 2020)	First three months of fiscal 2021 (As of February 28, 2021)
Net assets		
Shareholders' equity		
Share capital	6,925	7,866
Capital surplus	9,332	10,274
Retained earnings	17,578	19,011
Treasury shares	(3,724)	(3,637)
Total shareholders' equity	30,112	33,513
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Remeasurements of defined benefit plans	(98)	(80)
Total accumulated other comprehensive income	(99)	(79)
Share acquisition rights	3	0
Total net assets	30,017	33,435
Total liabilities and net assets	99,633	100,353

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

Quarterly Consolidated Statements of Income

First Three Months

(Millions of yen)

	First three months of fiscal 2020 (From December 1, 2019 to February 29, 2020)	First three months of fiscal 2021 (From December 1, 2020 to February 28, 2021)
Net sales	61,694	63,129
Cost of sales	51,882	50,879
Gross profit	9,812	12,250
Selling, general and administrative expenses	9,506	9,447
Operating profit	305	2,802
Non-operating income		
Insurance claim income	26	8
Gain on sales of scraps	3	3
Other	22	37
Total non-operating income	52	49
Non-operating expenses		
Interest expenses	56	62
Rent cost	2	1
Commission expenses	84	20
Other	7	33
Total non-operating expenses	150	117
Ordinary profit	207	2,734
Extraordinary income		
Gain on reversal of share acquisition rights	—	1
Total extraordinary income	—	1
Profit before income taxes	207	2,736
Income taxes – current	13	570
Income taxes – deferred	122	205
Total income taxes	136	776
Profit	71	1,959
Profit attributable to owners of parent	71	1,959

Quarterly Consolidated Statements of Comprehensive Income

First Three Months

(Millions of yen)

	First three months of fiscal 2020 (From December 1, 2019 to February 29, 2020)	First three months of fiscal 2021 (From December 1, 2020 to February 28, 2021)
Profit	71	1,959
Other comprehensive income		
Valuation difference on available-for-sale securities	0	1
Remeasurements of defined benefit plans, net of tax	(9)	18
Total other comprehensive income	(9)	19
Comprehensive income	61	1,979
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	61	1,979
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

(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