



April 5, 2019

Consolidated Financial Results for the Three Months Ended February 28, 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: April 5, 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 Three Months Ended February 28, 2019 (From December 1, 2018 to February 28, 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	%
Three months ended February 28, 2019	49,130	42.2	1,345	53.1	1,277	46.8	814	49.2
February 28, 2018	34,559	27.6	879	67.1	870	67.2	546	54.2

Reference: Comprehensive income

For the three months ended February 28, 2019: ¥813 million, [49.3%]

For the three months ended February 28, 2018: ¥545 million, [54.2%]

	Basic earnings per share	Diluted earnings per share
Three months ended February 28, 2019	Yen 11.68	Yen 11.03
February 28, 2018	8.02	7.43

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
February 28, 2019	65,617	18,939	28.7
November 30, 2018	63,679	17,987	28.2

Reference: NEXTAGE shareholders' equity

As of February 28, 2019: ¥18,861 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 ended November 30, 2019	—				
Fiscal year ending November 30, 2019 (forecasts)		0.00	—	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
Six months ending May 31, 2019	100,000	32.2	2,800	38.9	2,700	44.7	1,750	44.9	25.08
Fiscal year ending November 30, 2019	215,000	31.8	5,700	30.0	5,500	31.4	3,600	23.7	51.59

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, 2019 70,016,000 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 February 28, 2019 222 shares

As of November 30, 2018 222 shares

c. Average number of shares

For the three months ended February 28, 2019 69,715,411 shares

For the three months ended February 28, 2018 68,046,078 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
Additional information.....	9
Significant events after reporting period.....	9

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended February 28, 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 trade issues and the outlook for the Chinese economy, as well as impact of uncertainty about government policies, and 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 February 2019 were 1,510,437 vehicles (up 1.8% year on year). By vehicle type, used car registrations were 783,303 vehicles (up 1.6% year on year) for ordinary passenger cars and 727,134 vehicles (up 1.9% 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 acquired opportunities to provide services by investing capital in facilities for vehicle safety inspection and maintenance work as well as vehicle purchasing operations, while working to improve profitability. In dealership openings, the Group opened “UNIVERSE Nagoya” in January 2019 as a large-scale specialty store dedicated to imported cars, as well as 2 vehicle purchasing specialist stores as storefront additions to existing dealerships. With regard to authorized imported car dealerships, the Group opened “Volvo Cars Oita” and “Volvo Cars Ota Kawasaki” as authorized dealerships for Volvo Cars, and “JAGUAR LAND ROVER Yokohama Kohoku” as an authorized dealership for JAGUAR LAND ROVER.

As a result, for the three months to February 28, 2019, the Group posted net sales of ¥49,130 million (up 42.2% year on year), operating profit of ¥1,345 million (up 53.1%), ordinary profit of ¥1,277 million (up 46.8%), and profit attributable to owners of parent of ¥814 million (up 49.2%).

Used car dealership business

In the used car dealership business, the store count as of February 28, 2019 was 55 dealership bases (comprising 92 storefronts). New store openings consisted of 1 dealership base (1 storefront) in the Tokai-Hokuriku region, and 2 vehicle purchasing specialist stores as storefront additions in the Tokai-Hokuriku and Kyushu-Okinawa regions.

New car dealership business

In the new car dealership business, the store count as of February 28, 2019 was 16 dealership bases (comprising 18 storefronts). New store openings consisted of 2 dealership bases (2 storefronts) in the Kanto-Koshinetsu region, and 1 dealership base (1 storefront) in the Kyushu-Okinawa region.

As a result, the store count as of February 28, 2019 was 71 dealership bases (comprising 110 storefronts).

Regional breakdowns of net sales were as follows.

Region	Three months ended February 28, 2018 (From December 1, 2017 to February 28, 2018)			Three months ended February 28, 2019 (From December 1, 2018 to February 28, 2019)			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	3,284	6 (9)	2,007	4,219	6 (9)	2,382	128.5	— (—)	118.7
Kanto-Koshinetsu	8,347	10 (18)	4,929	12,098	16 (27)	6,583	144.9	6 (9)	133.6
Tokai-Hokuriku	14,117	24 (33)	9,679	19,354	30 (42)	12,902	137.1	6 (9)	133.3
Kansai	5,131	8 (13)	2,992	8,619	12 (20)	5,520	168.0	4 (7)	184.5
Kyushu-Okinawa	3,679	5 (8)	2,362	4,837	7 (12)	2,963	131.5	2 (4)	125.4
Total	34,559	53 (81)	21,969	49,130	71 (110)	30,350	142.2	18 (29)	138.1

- Notes: 1. Consumption and other sales taxes were not included in the amounts above.
2. The regions were composed of the following prefectures in which the Group has bases.
Hokkaido-Tohoku: Hokkaido, Miyagi Prefecture
Kanto-Koshinetsu: 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
3. 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, 2019 were ¥65,617 million, an increase of ¥1,938 million from the previous fiscal year-end.

Total current assets increased by ¥590 million from the previous fiscal year-end to ¥48,026 million. The main contributing factors were increases of ¥306 million in accounts receivable – trade and ¥1,024 million in merchandise.

Total non-current assets increased by ¥1,347 million from the previous fiscal year-end to ¥17,591 million. The main contributing factor was an increase of ¥907 million in buildings and structures, primarily in connection with the opening of new stores.

Total current liabilities decreased by ¥189 million from the previous fiscal year-end to ¥20,555 million. The main contributing factor was a decrease of ¥455 million in short-term loans payable.

Total non-current liabilities increased by ¥1,176 million from the previous fiscal year-end to ¥26,122 million. The main contributing factor was an increase of ¥1,152 million in long-term loans payable.

Total net assets increased by ¥951 million from the previous fiscal year-end to ¥18,939 million.

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

No revisions have been made to the consolidated financial forecast for the fiscal year ending November 30, 2019 announced in “Consolidated Financial Results for the Fiscal Year Ended November 30, 2018” on January 8, 2019.

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 2018 (As of November 30, 2018)	First three months of fiscal 2019 (As of February 28, 2019)
Assets		
Current assets		
Cash and deposits	16,523	16,373
Accounts receivable - trade	4,290	4,596
Merchandise	23,347	24,371
Work in process	95	103
Supplies	290	360
Other	2,891	2,227
Allowance for doubtful accounts	(3)	(7)
Total current assets	47,435	48,026
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,580	9,488
Other, net	3,755	4,145
Total property, plant and equipment	12,336	13,633
Intangible assets	906	905
Investments and other assets	3,000	3,051
Total non-current assets	16,243	17,591
Total assets	63,679	65,617
Liabilities		
Current liabilities		
Accounts payable - trade	4,603	5,132
Short-term loans payable	8,138	7,683
Current portion of long-term loans payable	2,728	2,768
Lease obligations	262	108
Income taxes payable	796	433
Provision for bonuses	—	272
Asset retirement obligations	4	—
Other	4,212	4,157
Total current liabilities	20,744	20,555
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term loans payable	22,998	24,150
Lease obligations	253	223
Asset retirement obligations	641	695
Other	53	52
Total non-current liabilities	24,946	26,122
Total liabilities	45,691	46,678

(Millions of yen)

	Fiscal 2018 (As of November 30, 2018)	First three months of fiscal 2019 (As of February 28, 2019)
Net assets		
Shareholders' equity		
Capital stock	3,144	3,315
Capital surplus	5,551	5,722
Retained earnings	9,310	9,846
Treasury shares	(0)	(0)
Total shareholders' equity	18,007	18,884
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Remeasurements of defined benefit plans	(23)	(24)
Total accumulated other comprehensive income	(23)	(23)
Share acquisition rights	3	78
Total net assets	17,987	18,939
Total liabilities and net assets	63,679	65,617

(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 2018 (From December 1, 2017 to February 28, 2018)	First three months of fiscal 2019 (From December 1, 2018 to February 28, 2019)
Net sales	34,559	49,130
Cost of sales	28,952	40,763
Gross profit	5,607	8,367
Selling, general and administrative expenses	4,727	7,021
Operating profit	879	1,345
Non-operating income		
House rent income	5	6
Subsidy income	45	19
Other	22	32
Total non-operating income	72	58
Non-operating expenses		
Interest expenses	18	43
Rent cost	4	6
Commission fee	56	73
Other	2	4
Total non-operating expenses	82	127
Ordinary profit	870	1,277
Extraordinary income		
Extraordinary losses		
Loss on disaster	—	6
Total extraordinary losses	—	6
Profit before income taxes	870	1,270
Income taxes - current	211	373
Income taxes - deferred	112	82
Total income taxes	324	455
Profit	546	814
Profit attributable to owners of parent	546	814

Quarterly Consolidated Statements of Comprehensive Income

First Three Months

(Millions of yen)

	First three months of fiscal 2018 (From December 1, 2017 to February 28, 2018)	First three months of fiscal 2019 (From December 1, 2018 to February 28, 2019)
Profit	546	814
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(0)
Remeasurements of defined benefit plans, net of tax	(1)	(0)
Total other comprehensive income	(1)	(0)
Comprehensive income	545	813
Comprehensive income attributable to:		
Owners of parent	545	813
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)

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.

(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)

Not applicable.