



October 4, 2021

Consolidated Financial Results for the Nine Months Ended August 31, 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: October 4, 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 Nine Months Ended August 31, 2021 (From December 1, 2020 to August 31, 2021)

(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, 2021	212,093	18.7	9,804	164.1	9,604	174.9	6,893	174.3
August 31, 2020	178,716	10.9	3,712	(24.3)	3,493	(26.8)	2,513	(26.7)

Reference: Comprehensive income

For the nine months ended August 31, 2021: ¥6,924 million, [176.0%]

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

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
August 31, 2021	90.96	89.19
August 31, 2020	33.62	32.03

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
August 31, 2021	108,243	38,781	35.8
November 30, 2020	99,633	30,017	30.1

Reference: NEXTAGE shareholders' equity

As of August 31, 2021: ¥38,780 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended November 30, 2020	—	0.00	—	7.00	7.00
Fiscal year ending November 30, 2021	—	0.00	—		
Fiscal year ending November 30, 2021 (forecasts)				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
Fiscal year ending November 30, 2021	285,000	18.2	13,300	94.9	13,000	99.2	9,200	94.1	121.40

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, 2021 80,038,400 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 August 31, 2021 3,397,771 shares
As of November 30, 2020 3,608,571 shares
c. Average number of shares
For the nine months ended August 31, 2021 75,781,585 shares
For the nine months ended August 31, 2020 74,762,307 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 August 31, 2021 1,380,900 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 nine months ended August 31, 2021 1,468,500 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

Status of Financial Results

During the nine months ended August 31, 2021, the Japanese economy is expected to continue to recover as a result of various government policies, while preventative measures are being taken to prevent the spread of the novel coronavirus infection (COVID-19), with vaccine rollout being promoted. 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 August 2021 were 4,813,614 vehicles (up 1.2% year on year). By vehicle type, used car registrations were 2,484,588 vehicles (up 0.7% year on year) for ordinary passenger cars and 2,329,026 vehicles (up 1.6% 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, 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 Oita Store in Oita Prefecture and Morioka Store, which is the first in Iwate Prefecture, in July 2021 as general stores. In addition, the Group opened 2 vehicle purchasing stores as storefront additions to new dealerships, as well as Katsushika Store in Tokyo and Hiroshima Misasa Store, which is the first in Hiroshima Prefecture, in July 2021 and Ikebukuro Store in Tokyo in August 2021, all as vehicle purchasing stores in a standalone format.

As a result, for the nine months to August 31, 2021, the Group posted net sales of ¥212,093 million (up 18.7% year on year), operating profit of ¥9,804 million (up 164.1% year on year), ordinary profit of ¥9,604 million (up 174.9% year on year), and profit attributable to owners of parent of ¥6,893 million (up 174.3% year on year).

Used car dealership business

In the used car dealership business, the store count as of August 31, 2021 was 93 dealership bases (comprising 145 storefronts). New store openings consisted of 1 dealership base (1 storefront) in the Hokkaido-Tohoku region, 2 dealership bases (2 storefronts) in the Kanto-Koshinetsu region, 1 dealership base (1 storefront) in the Chugoku-Shikoku region, and 1 dealership base (1 storefront) in the Kyushu-Okinawa region. In addition, the Group opened 2 vehicle purchasing specialist stores as storefront additions.

New car dealership business

In the new car dealership business, the store count as of August 31, 2021 was 21 dealership bases (comprising 23 storefronts).

As a result, the store count as of August 31, 2021 was 114 dealership bases (comprising 168 storefronts).

Regional breakdowns of net sales were as follows.

Region	Nine months ended August 31, 2020 (From December 1, 2019 to August 31, 2020)			Nine months ended August 31, 2021 (From December 1, 2020 to August 31, 2021)			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	17,990	10 (14)	11,304	20,076	12 (17)	13,452	111.6	2 (3)	119.0
Kanto-Koshinetsu	46,090	23 (36)	25,779	53,611	29 (44)	31,080	116.3	6 (8)	120.6
Tokai-Hokuriku	63,384	34 (48)	41,400	72,642	38 (53)	47,059	114.6	4 (5)	113.7
Kansai	28,084	15 (22)	17,315	35,724	17 (25)	21,886	127.2	2 (3)	126.4
Chugoku-Shikoku	2,468	1 (2)	1,984	3,371	3 (5)	2,732	136.6	2 (3)	137.7
Kyushu-Okinawa	20,697	12 (19)	13,489	26,666	15 (24)	18,024	128.8	3 (5)	133.6
Total	178,716	95 (141)	111,271	212,093	114 (168)	134,233	118.7	19 (27)	120.6

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, Iwate Prefecture, Miyagi Prefecture, Fukushima Prefecture

Kanto-Koshinetsu: Ibaraki Prefecture, Tochigi Prefecture, Gunma Prefecture, Saitama Prefecture, Chiba Prefecture, Metropolitan Tokyo, Kanagawa Prefecture, Yamanashi Prefecture, Nagano 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

Chugoku-Shikoku: Hiroshima Prefecture, Ehime Prefecture, Kochi Prefecture

Kyushu-Okinawa: Fukuoka Prefecture, Kumamoto Prefecture, Oita Prefecture, Miyazaki 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, 2021 were ¥108,243 million, an increase of ¥8,610 million from the previous fiscal year-end.

Total current assets increased by ¥4,815 million from the previous fiscal year-end to ¥73,704 million. The main contributing factors were increases of ¥1,274 million in accounts receivable - trade and ¥1,683 million in merchandise.

Total non-current assets increased by ¥3,795 million from the previous fiscal year-end to ¥34,539 million. The main contributing factor was an increase of ¥3,508 million in buildings and structures, primarily in connection with the opening of new stores.

Total current liabilities decreased by ¥1,280 million from the previous fiscal year-end to ¥26,732 million. The main contributing factor was a decrease of ¥836 million in accounts payable - trade.

Total non-current liabilities increased by ¥1,126 million from the previous fiscal year-end to ¥42,730 million. The main contributing factor was an increase of ¥806 million in long-term borrowings.

Total net assets increased by ¥8,763 million from the previous fiscal year-end to ¥38,781 million.

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

Consolidated financial forecasts for the fiscal year ending November 30, 2021 have been revised from the projections announced in "Consolidated Financial Results for the Fiscal Year Ended November 30, 2020" on January 7, 2021. For details, please refer to "Notice Regarding Revision of Financial Forecast" announced today (October 4, 2021).

2. Matters concerning the Summary Information (Notes)

(1) Changes in Significant Subsidiaries 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 nine months of fiscal 2021 (As of August 31, 2021)
Assets		
Current assets		
Cash and deposits	27,443	27,588
Accounts receivable - trade	6,416	7,690
Merchandise	32,951	34,635
Work in process	99	131
Supplies	429	536
Other	1,556	3,126
Allowance for doubtful accounts	(7)	(4)
Total current assets	68,889	73,704
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,884	22,393
Other, net	6,348	6,163
Total property, plant and equipment	25,232	28,556
Intangible assets	895	744
Investments and other assets	4,615	5,238
Total non-current assets	30,743	34,539
Total assets	99,633	108,243
Liabilities		
Current liabilities		
Accounts payable - trade	6,403	5,566
Short-term borrowings	6,276	7,029
Current portion of bonds payable	1,000	-
Current portion of long-term borrowings	5,201	5,270
Lease obligations	73	116
Income taxes payable	1,430	1,821
Provision for bonuses	-	503
Other	7,626	6,425
Total current liabilities	28,012	26,732
Non-current liabilities		
Long-term borrowings	39,746	40,552
Lease obligations	320	477
Asset retirement obligations	1,191	1,416
Other	344	282
Total non-current liabilities	41,603	42,730
Total liabilities	69,615	69,462

(Millions of yen)

	Fiscal 2020 (As of November 30, 2020)	First nine months of fiscal 2021 (As of August 31, 2021)
Net assets		
Shareholders' equity		
Share capital	6,925	7,957
Capital surplus	9,332	10,364
Retained earnings	17,578	23,944
Treasury shares	(3,724)	(3,417)
Total shareholders' equity	30,112	38,847
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	1
Remeasurements of defined benefit plans	(98)	(68)
Total accumulated other comprehensive income	(99)	(67)
Share acquisition rights	3	0
Total net assets	30,017	38,781
Total liabilities and net assets	99,633	108,243

(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 2020 (From December 1, 2019 to August 31, 2020)	First nine months of fiscal 2021 (From December 1, 2020 to August 31, 2021)
Net sales	178,716	212,093
Cost of sales	147,271	171,230
Gross profit	31,445	40,862
Selling, general and administrative expenses	27,733	31,058
Operating profit	3,712	9,804
Non-operating income		
Penalty income	93	–
Insurance claim income	27	9
Subsidy income	–	52
Gain on sales of scraps	10	12
Other	60	105
Total non-operating income	191	180
Non-operating expenses		
Interest expenses	184	191
Rent cost	4	4
Commission expenses	173	98
Other	47	86
Total non-operating expenses	409	380
Ordinary profit	3,493	9,604
Extraordinary income		
Subsidies income	156	–
Gain on reversal of share acquisition rights	–	1
Total extraordinary income	156	1
Extraordinary losses		
Loss on disaster	6	–
Infectious disease related loss	90	–
Impairment loss	105	–
Total extraordinary losses	202	–
Profit before income taxes	3,447	9,606
Income taxes - current	911	2,663
Income taxes - deferred	23	49
Total income taxes	934	2,713
Profit	2,513	6,893
Profit attributable to owners of parent	2,513	6,893

Quarterly Consolidated Statements of Comprehensive Income

First Nine Months

(Millions of yen)

	First nine months of fiscal 2020 (From December 1, 2019 to August 31, 2020)	First nine months of fiscal 2021 (From December 1, 2020 to August 31, 2021)
Profit	2,513	6,893
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	2
Remeasurements of defined benefit plans, net of tax	(4)	29
Total other comprehensive income	(4)	31
Comprehensive income	2,508	6,924
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,508	6,924
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