January 7, 2020

Consolidated Financial Results for the Fiscal Year Ended November 30, 2019

(Japanese Accounting Standards)

Name of listed company: **NEXTAGE Co., Ltd.**
Stock Exchange Listings: Tokyo, Nagoya
Stock code: 3186
URL: https://www.nextage.jp/
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Scheduled date of General Shareholders' Meeting: February 21, 2020
Scheduled date to file Securities Report: February 21, 2020
Scheduled date to commence dividend payments: February 25, 2020
Supplementary explanatory materials prepared: Yes
Explanatory meeting: Yes (For securities analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended November 30, 2019 (From December 1, 2018 to November 30, 2019)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2019	219,263	34.4	6,085	38.8	5,888	40.7	4,258	46.3
November 30, 2018	163,174	37.2	4,384	26.2	4,186	26.7	2,910	28.7

Reference: Comprehensive income
For the year ended November 30, 2019: ¥4,245 million, [47.0%]
For the year ended November 30, 2018: ¥2,888 million, [28.2%]

	Basic earnings per share	Diluted earnings per share	Return on equity (ROE)	Ordinary profit/ Total assets	Operating margin
Fiscal year ended	Yen	Yen	%	%	%
November 30, 2019	58.27	55.40	18.6	7.9	2.8
November 30, 2018	42.28	39.59	17.6	8.4	2.7

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
November 30, 2019	86,355	27,858	32.3	369.26
November 30, 2018	63,679	17,987	28.2	258.29

Reference: NEXTAGE shareholders' equity
As of November 30, 2019: ¥27,852 million
As of November 30, 2018: ¥17,984 million

(3) Consolidated Cash Flows

	Net cash used in operating activities	Net cash used in investing activities	Net cash provided by financing activities	Cash and cash equivalents at end of the fiscal year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
November 30, 2019	(9,213)	(10,822)	14,572	11,030
November 30, 2018	(2,083)	(7,422)	19,359	16,493

2. Cash Dividends

	Annual dividends per share					Total amount of dividends (annual)	Payout ratio (consolidated)	Dividends on net assets (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended November 30, 2018	—	0.00	—	4.00	4.00	278	9.5	1.7
Fiscal year ended November 30, 2019	—	0.00	—	6.00	6.00	452	10.3	1.9
Fiscal year ending November 30, 2020 (forecasts)	—	0.00	—	6.00	6.00		—	

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
Six months ending May 31, 2020	130,000	24.0	3,500	6.5	3,350	4.9	2,400	4.6	31.82
Fiscal year ending November 30, 2020	270,000	23.1	7,800	28.2	7,500	27.4	5,300	24.5	70.27

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) 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

(3) Number of common shares issued
a. Total number of issued shares at the end of the period (including treasury stock)
As of November 30, 2019 75,428,200 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 November 30, 2019 271 shares
As of November 30, 2018 222 shares

c. Average number of shares
For the year ended November 30, 2019 73,089,143 shares
For the year ended November 30, 2018 68,841,553 shares

(Reference) Summary of Non-Consolidated Operating Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended November 30, 2019 (From December 1, 2018 to November 30, 2019)

(1) Non-Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2019	210,822	32.6	5,702	35.4	5,711	33.6	4,136	36.3
November 30, 2018	158,988	33.7	4,212	26.0	4,275	30.5	3,036	37.9

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
November 30, 2019	56.60	53.82
November 30, 2018	44.10	41.30

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
November 30, 2019	81,348	27,769	34.1	368.09
November 30, 2018	60,710	18,008	29.7	258.59

Reference: NEXTAGE shareholders' equity
As of November 30, 2019: ¥27,764 million
As of November 30, 2018: ¥18,005 million

2. Non-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		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending May 31, 2020	125,000	23.8	3,200	2.4	2,300	2.0	30.49
Fiscal year ending November 30, 2020	260,000	23.3	7,200	26.1	5,100	23.3	67.61

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

* 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 "Analysis of Operating Results" beginning on page 2 of the attached documentation.

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1. Overview of Operating Results, etc.

(1) Analysis of Operating Results

In fiscal 2019, the year ended November 30, 2019, the Japanese economy is expected to continue on a moderate recovery trend as a result of various government policies amid ongoing improvement in employment and personal income, save for concerns over the trends in consumer sentiment after the consumption tax hike. 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, the impact of uncertainty about overseas economic trends and government policies such as the future of Brexit, as well as the 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 November 2019 were 6,528,825 vehicles (on a par at 100.7% year on year). By vehicle type, used car registrations were 3,379,894 vehicles (up 0.5% year on year) for ordinary passenger cars and 3,148,931 vehicles (up 1.0% 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 Natori Store in April 2019 as a general store, which is our second store in Miyagi Prefecture. In July 2019, 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 these regions. The Group also opened Matsusaka Store as its second general store in Mie Prefecture in August 2019, and Niigata-Higashi Store in September 2019. Under the SUV LAND format, the Group opened "SUV LAND Kagoshima," which is the first in Kagoshima Prefecture, in September 2019. Under the UNIVERSE format, large-scale specialty stores dedicated to imported cars, the Group opened "UNIVERSE Nagoya" in January 2019, "UNIVERSE Sakai" in July 2019, and "UNIVERSE Kumamoto" and "UNIVERSE Sapporo" in September 2019. In the same month, the Group opened Matsumoto Store, a mid-size store offering a full range of services including inspection, maintenance and insurance, as the first store in Nagano Prefecture. In addition, the Group opened 11 vehicle purchasing specialist stores as storefront additions to existing dealerships, as well as those in a standalone format, i.e. Yokohama-Kouhoku-Inter Store, Kasukabe Store, Konandai Store, Sakai-Mihara Store, Yokohama-Totsuka Store, Okinawa-Uruma Store as the first in Okinawa Prefecture and Fukushima Store as the first in Fukushima Prefecture. With regard to authorized imported car dealerships, the Group opened "JAGUAR LAND ROVER Yokohama Kohoku," "JAGUAR LAND ROVER Nagoya Chuo" and "JAGUAR LAND ROVER Hamamatsu" as authorized dealerships for JAGUAR LAND ROVER. As authorized dealerships for Volvo Cars, the Group opened "Volvo Cars Oita" and "Volvo Cars Ota Kawasaki."

As a result, for fiscal 2019, the Group posted net sales of ¥219,263 million (up 34.4% year on year), operating profit of ¥6,085 million (up 38.8%), ordinary profit of ¥5,888 million (up 40.7%), and profit attributable to owners of parent of ¥4,258 million (up 46.3%).

Used car dealership business

In the used car dealership business, the store count as of November 30, 2019 was 69 dealership bases (comprising 111 storefronts). New store openings consisted of 2 dealership bases (2 storefronts) in the Hokkaido-Tohoku region, 2 dealership bases (2 storefronts) in the Kanto-Koshinetsu region, 4 dealership bases (4 storefronts) in the Tokai-Hokuriku region, 1 dealership base (1 storefront) in the Kansai region, and 2 dealership bases (2 storefronts) in the Kyushu-Okinawa region. On the other hand, the Group closed 5 storefronts in the Kanto-Koshinetsu, Tokai-Hokuriku, Kansai and Kyushu-Okinawa regions, and integrated 2 dealership bases (2 storefronts) in the Tokai-Hokuriku region in line with the relocation of stores. Furthermore, the Group opened 7 dealership bases (7 storefronts) as vehicle purchasing specialist stores in a standalone format in the Hokkaido-Tohoku, Kanto-Koshinetsu, Kansai and Kyushu-Okinawa regions, and opened 11 vehicle purchasing specialist stores as storefront additions in the Kanto-Koshinetsu, Tokai-Hokuriku, Kansai and Kyushu-Okinawa regions.

New car dealership business

In the new car dealership business, the store count as of November 30, 2019 was 18 dealership bases (comprising 19 storefronts). New store openings consisted of 2 dealership bases (2 storefronts) in the Kanto-Koshinetsu region, 2 dealership bases (2 storefronts) in the Tokai-Hokuriku region, and 1 dealership base (1 storefront) in the Kyushu-Okinawa region. On the other hand, the Group integrated 1 dealership base (1 storefront) in the Tokai-Hokuriku region.

As a result, the store count as of November 30, 2019 was 87 dealership bases (comprising 130 storefronts).

Regional breakdowns of net sales were as follows.

Region	Fiscal 2018 (From December 1, 2017 to November 30, 2018)			Fiscal 2019 (From December 1, 2018 to November 30, 2019)			Change YoY		
	Sales amount (Millions of yen)	Bases at year-end	Sales volume (Vehicles)	Sales amount (Millions of yen)	Bases at year-end	Sales volume (Vehicles)	Sales amount (%)	Bases at year-end	Sales volume (%)
Hokkaido-Tohoku	14,928	6 (9)	9,042	20,939	9 (12)	13,142	140.3	3 (3)	145.3
Kanto-Koshinetsu	40,587	14 (25)	24,071	55,707	22 (35)	29,414	137.3	8 (10)	122.2
Tokai-Hokuriku	62,948	29 (40)	43,301	83,742	32 (45)	56,511	133.0	3 (5)	130.5
Kansai	27,808	12 (20)	17,483	36,934	14 (22)	23,743	132.8	2 (2)	135.8
Kyushu-Okinawa	16,902	6 (10)	10,673	21,939	10 (16)	13,973	129.8	4 (6)	130.9
Total	163,174	67 (104)	104,570	219,263	87 (130)	136,783	134.4	20 (26)	130.8

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
   Kyushu-Okinawa: Fukuoka Prefecture, Kumamoto Prefecture, Oita Prefecture, Kagoshima Prefecture, Okinawa Prefecture
3. Figures in parentheses under bases at year-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.

Outlook for Fiscal 2020

To get customers with high “Lifetime value”, the Group will have an investment policy for opening stores that offering a complete range of services in the used car business including sales of car supplies, insurance contracts, vehicle safety inspection, vehicle repairs after accident and vehicle purchasing on top of vehicle sales. And to get “Active users”, the Group will manage promoting continuous use of stores to customers and make a proposal for their household.

Consequently, in fiscal 2020 the Group is forecasting ¥270,000 million in net sales (up 23.1% year on year), ¥7,800 million in operating profit (up 28.2%), ¥7,500 million in ordinary profit (up 27.4%), and ¥5,300 million in profit attributable to owners of parent (up 24.5%).

(2) Analysis of Financial Position

1) Assets, Liabilities, and Net Assets

Total assets as of November 30, 2019, the fiscal year-end, were ¥86,355 million, an increase of ¥22,676 million from the previous fiscal year-end.

Total current assets increased by ¥13,837 million from the previous fiscal year-end to ¥61,511 million. The main contributing factors were increases of ¥15,328 million in merchandise and ¥943 million in accounts receivable – trade, partly offset by a decrease of ¥5,463 million in cash and deposits.

Total non-current assets increased by ¥8,838 million from the previous fiscal year-end to ¥24,844 million. The main contributing factors were increases of ¥4,955 million in buildings and structures, ¥1,840 million in machinery, equipment and vehicles and ¥529 million in payments for guarantee deposits, primarily in connection with the opening of new stores.

Total current liabilities increased by ¥7,602 million from the previous fiscal year-end to ¥28,347 million. The main contributing factors were increases of ¥2,566 million in accounts payable – trade, ¥3,804 million in short-term loans payable and ¥267 million in current portion of long-term loans payable.

Total non-current liabilities increased by ¥5,203 million from the previous fiscal year-end to ¥30,150 million. The main contributing factor was an increase of ¥4,968 million in long-term loans payable.

Total net assets increased by ¥9,870 million from the previous fiscal year-end to ¥27,858 million. The contributing factors were increases of ¥2,950 million in capital stock, ¥2,950 million in capital surplus and ¥3,980 million in retained earnings, mainly owing to a capital increase due to issuance of common shares.

2) Cash Flows

Cash and cash equivalents (“cash”) at November 30, 2019 was ¥11,030 million, a decrease of ¥5,463 million from the previous fiscal year-end. Cash flows during the fiscal year under review and analysis of the main components were as follows:

Cash Flows from Operating Activities

Net cash used in operating activities was ¥9,213 million, compared with ¥2,083 million used in the previous fiscal year. The main components were profit before income taxes of ¥5,772 million, depreciation of ¥2,742 million, and an increase in notes and accounts payable – trade of ¥2,566 million, partly offset by an increase in inventories of ¥15,567 million, an increase in notes and accounts receivable – trade of ¥943 million, and income taxes paid of ¥1,255 million.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥10,822 million, compared with ¥7,422 million used in the previous fiscal year. The main components were purchase of property, plant and equipment of ¥10,119 million accompanying new store openings and payments for guarantee deposits of ¥539 million.

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥14,572 million, compared with ¥19,359 million provided in the previous fiscal year. The main components were a net increase in short-term loans payable of ¥3,804 million, proceeds from long-term loans payable of ¥8,000 million and proceeds from issuance of common shares of ¥5,903 million, partly offset by repayments of long-term loans payable of ¥2,763 million.

(Reference) Trends in Cash Flow Indicators

	Fiscal 2018	Fiscal 2019
Equity ratio (%)	28.2	32.3
Market-value equity ratio (%)	131.1	104.5
Interest-bearing debt to cash flow ratio (Years)	—	—
Interest coverage ratio (Times)	—	—

Equity ratio: NEXTAGE shareholders' equity / total assets
Market-value equity ratio: market capitalization / total assets
Interest-bearing debt to cash flow ratio: interest bearing debt / operating cash flow
Interest coverage ratio: operating cash flow / interest payments

Notes:
1. All of the aforementioned indicators are calculated from consolidated financial figures.
2. Market capitalization is calculated based on the number of issued shares excluding treasury stock.
3. The figures used for cash flow are cash flows from operating activities.
4. Interest-bearing debt represents all liabilities recorded on the consolidated balance sheets for which interest is paid.
5. The interest-bearing-debt to cash-flow ratio and interest coverage ratio for fiscal 2018 and fiscal 2019 are omitted due to negative operating cash flows.

(3) Basic Policy on Distribution of Profits and Dividends for Fiscal 2019 and Fiscal 2020

The Company considers it a top priority to secure returns for shareholders from its operations, and has a policy of consistently distributing some of its retained earnings (profits) as stable dividends to shareholders. In principle the Company plans to pay a year-end dividend each fiscal year, with the General Meeting of Shareholders as the body approving the dividend.

Based on this dividend policy, the Company plans to pay dividends after setting aside a portion of retained earnings as cash on hand for enhancing shareholders' equity and as reserves for investing effectively in the Group's growth, including in the development of stores in which growth can be expected.

The Company has established a provision in its Articles of Incorporation stipulating that the Company may issue an interim dividend pursuant to a resolution by the Board of Directors, with May 31 as the record date.

Based on the above, the Company planned to pay an annual dividend of ¥4 per share for fiscal 2019. However, in consideration of the importance of securing returns for shareholders from its operations, the Company plans to pay an annual dividend of ¥6 per share.

In addition, based on the above policy, the Company is also planning to pay the same annual dividend of ¥6 per share for fiscal 2020.

2. Management Policies

(1) Basic Management Policies of the Company

Based on the management philosophy of “Be loved by Customers,” the NEXTAGE Group has conducted business activities recognizing that it is most important to be loved by customers consistently. To this end, the Group has endeavored to execute fair and transparent used car transactions with sincerity in compliance with laws, regulations and social norms as it expands the scope of vehicles it handles from used Japanese cars to well-known European and American brands.

By offering a complete range of services in the used car business including sales of car supplies, vehicle safety inspection, insurance contracts, vehicle purchasing and vehicle repairs after accident on top of vehicle sales, the Group will establish a system to enable lifelong dealings (*) with customers that support the safe, reliable and comfortable driving experience of customers, in an effort to enhance profitability and expand businesses. In addition, the Group will continue developing storefronts centered on general stores, SUV LAND and UNIVERSE, while in the authorized imported car dealership business, it will expand business with a view to maximizing synergy effects with the used car dealership business.

* Lifelong dealings: refers to the Company’s business model that can provide comprehensive services including sales, maintenance work, after-sales care and used car purchases

(2) Key Performance Indicators

The Group will continue investing proactively and expand its operations to achieve high growth in sales and profit each fiscal year. New store development will focus on reasonable payback periods so as to raise return on equity. Under the 2030 Long-term Plan, the Group is aiming to achieve consolidated net sales of ¥1 trillion and expand its business performance with aggressive operations. And the Group will operate business, believe that it is our mission to provide the best customer experience through the car.

(3) Medium- to Long-Term Management Strategies of the Company

As a medium- to long-term management strategy, the Group think "Lifetime value × Active users" as the most important indicator. By preparing a service environment that offering a complete range of services in the used car business including sales of car supplies, insurance contracts, vehicle safety inspection, vehicle repairs after accident and vehicle purchasing on top of vehicle sales, the Group will get customers with high “Lifetime value”. And to get “Active users”, the Group will manage promoting continuous use of stores to customers and make a proposal for their household. To expand operations going forward, the Group will improve the level of employee education and training and create an environment where all staff can provide standardized services. To this end, we will introduce manuals that correspond to operating policies and an evaluation system focused on process management as the base for fostering human resources.

(4) Key Priorities Ahead

The Japanese used car sales market continues to be stagnant. Faced with this situation, the Group continues to promote growth strategies and to increase its revenues and profits by growing its sales share in the domestic market. To maintain a high growth rate in the future, the Group’s most important task is to secure and develop human resources. Even though lifetime employment is collapsing in Japan, the Group will pursue lifetime employment by offering working environments according to the career stage of each employee, including the used car dealership business, new car dealership business, vehicle purchasing operation, maintenance operation and educational supervisor, coupled with quality education and training opportunities commensurate with the level of each employee. We believe that having all staff engage in business activities with a high sense of loyalty to the Group will maximize customer satisfaction and ultimately allow the Group to become the customers’ favorite auto dealer.

3. Basic Stance on the Selection of Accounting Standards

The NEXTAGE Group applies Japanese generally accepted accounting principles (J-GAAP) as its accounting standard to ensure the comparability of its financial statements with other companies in its industry in Japan. The Group will review the adoption of International Financial Reporting Standards (IFRS) should the need arise, in view of changes in the shareholding ratio of its stock by foreign investors.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2018 (As of November 30, 2018)	Fiscal 2019 (As of November 30, 2019)
Assets		
Current assets		
Cash and deposits	16,523	11,060
Accounts receivable – trade	4,290	5,233
Merchandise	23,347	38,675
Work in process	95	126
Supplies	290	497
Deferred tax assets	238	—
Other	2,891	5,923
Allowance for doubtful accounts	(3)	(5)
Total current assets	47,673	61,511
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,076	17,771
Accumulated depreciation	(3,496)	(4,235)
Buildings and structures, net	8,580	13,535
Machinery, equipment and vehicles	2,755	5,092
Accumulated depreciation	(608)	(1,105)
Machinery, equipment and vehicles, net	2,146	3,987
Construction in progress	668	1,455
Other	1,733	2,168
Accumulated depreciation	(793)	(1,056)
Other, net	940	1,111
Total property, plant and equipment	12,336	20,090
Intangible assets	906	853
Investments and other assets		
Investment securities	92	89
Long-term loans receivable	126	283
Retirement benefit asset	240	282
Deferred tax assets	179	666
Guarantee deposits	2,036	2,565
Real estate for investment	79	79
Accumulated depreciation	(69)	(70)
Real estate for investment, net	9	8
Other	76	3
Total investments and other assets	2,762	3,900
Total non-current assets	16,005	24,844
Total assets	63,679	86,355

(Millions of yen)

	Fiscal 2018 (As of November 30, 2018)	Fiscal 2019 (As of November 30, 2019)
Liabilities		
Current liabilities		
Accounts payable – trade	4,603	7,169
Short-term loans payable	8,138	11,942
Current portion of long-term loans payable	2,728	2,996
Lease obligations	262	65
Income taxes payable	796	1,297
Asset retirement obligations	4	2
Other	4,212	4,874
Total current liabilities	20,744	28,347
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term loans payable	22,998	27,966
Lease obligations	253	289
Deferred tax liabilities	15	15
Asset retirement obligations	641	863
Other	37	15
Total non-current liabilities	24,946	30,150
Total liabilities	45,691	58,497
Net assets		
Shareholders' equity		
Capital stock	3,144	6,095
Capital surplus	5,551	8,502
Retained earnings	9,310	13,290
Treasury shares	(0)	(0)
Total shareholders' equity	18,007	27,888
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Remeasurements of defined benefit plans	(23)	(36)
Total accumulated other comprehensive income	(23)	(36)
Share acquisition rights	3	5
Total net assets	17,987	27,858
Total liabilities and net assets	63,679	86,355

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

Consolidated Statements of Income

(Millions of yen)

	Fiscal 2018 (From December 1, 2017 to November 30, 2018)	Fiscal 2019 (From December 1, 2018 to November 30, 2019)
Net sales	163,174	219,263
Cost of sales	136,037	181,413
Gross profit	27,136	37,850
Selling, general and administrative expenses	22,752	31,764
Operating profit	4,384	6,085
Non-operating income		
House rent income	21	15
Gain on sales of scraps	17	12
Subsidy income	52	23
Other	108	164
Total non-operating income	200	214
Non-operating expenses		
Interest expenses	108	187
Rent cost	18	15
Commission expenses	241	195
Other	30	12
Total non-operating expenses	398	411
Ordinary profit	4,186	5,888
Extraordinary income		
Gain on reversal of share acquisition rights	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on compensation	100	―
Loss on disaster	11	63
Impairment loss	18	52
Total extraordinary losses	129	116
Profit before income taxes	4,056	5,772
Income taxes – current	1,269	1,757
Income taxes – deferred	(123)	(243)
Total income taxes	1,145	1,514
Profit	2,910	4,258
Profit attributable to owners of parent	2,910	4,258

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2018 (From December 1, 2017 to November 30, 2018)	Fiscal 2019 (From December 1, 2018 to November 30, 2019)
Profit	2,910	4,258
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Remeasurements of defined benefit plans, net of tax	(22)	(12)
Total other comprehensive income	(22)	(13)
Comprehensive income	2,888	4,245
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,888	4,245
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Equity

Fiscal 2018 (From December 1, 2017 to November 30, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,069	5,476	6,536	(0)	15,081
Changes of items during period					
Issuance of new shares	75	75			151
Dividends of surplus			(135)		(135)
Profit attributable to owners of parent			2,910		2,910
Issuance of share acquisition rights					—
Purchase of treasury shares					—
Net changes of items other than shareholders' equity					
Total changes of items during period	75	75	2,774	—	2,926
Balance at end of current period	3,144	5,551	9,310	(0)	18,007

(Millions of yen)

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	0	(0)	(0)	4	15,085
Changes of items during period					
Issuance of new shares				(1)	150
Dividends of surplus					(135)
Profit attributable to owners of parent					2,910
Issuance of share acquisition rights					—
Purchase of treasury shares					—
Net changes of items other than shareholders' equity	0	(22)	(22)	—	(22)
Total changes of items during period	0	(22)	(22)	(1)	2,902
Balance at end of current period	0	(23)	(23)	3	17,987

Fiscal 2019 (From December 1, 2018 to November 30, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,144	5,551	9,310	(0)	18,007
Changes of items during period					
Issuance of new shares	2,950	2,950			5,901
Dividends of surplus			(278)		(278)
Profit attributable to owners of parent			4,258		4,258
Issuance of share acquisition rights					—
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	2,950	2,950	3,980	(0)	9,881
Balance at end of current period	6,095	8,502	13,290	(0)	27,888

(Millions of yen)

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	0	(23)	(23)	3	17,987
Changes of items during period					
Issuance of new shares				(77)	5,824
Dividends of surplus					(278)
Profit attributable to owners of parent					4,258
Issuance of share acquisition rights				79	79
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	(0)	(12)	(13)	(0)	(13)
Total changes of items during period	(0)	(12)	(13)	2	9,870
Balance at end of current period	(0)	(36)	(36)	5	27,858

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2018 (From December 1, 2017 to November 30, 2018)	Fiscal 2019 (From December 1, 2018 to November 30, 2019)
Cash flows from operating activities		
Profit before income taxes	4,056	5,772
Depreciation	1,604	2,742
Impairment loss	18	52
Increase (decrease) in allowance for doubtful accounts	(0)	2
Decrease (increase) in retirement benefit asset	10	(42)
Interest and dividend income	(0)	(1)
Interest expenses	108	187
Commission expenses	68	192
Gain on reversal of share acquisition rights	(0)	(0)
Decrease (increase) in notes and accounts receivable - trade	(975)	(943)
Decrease (increase) in inventories	(7,063)	(15,567)
Increase (decrease) in notes and accounts payable - trade	1,633	2,566
Increase (decrease) in advances received	70	(245)
Other, net	(175)	(2,490)
Subtotal	(645)	(7,774)
Interest and dividend income received	0	1
Interest expenses paid	(111)	(184)
Income taxes paid	(1,327)	(1,255)
Net cash provided by (used in) operating activities	(2,083)	(9,213)
Cash flows from investing activities		
Payments into time deposits	(63)	(61)
Proceeds from withdrawal of time deposits	63	61
Purchase of property, plant and equipment	(6,328)	(10,119)
Purchase of intangible assets	(361)	(170)
Payments of loans receivable	―	(361)
Collection of loans receivable	―	361
Payments for guarantee deposits	(869)	(539)
Proceeds from collection of guarantee deposits	10	10
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	132	―
Other, net	(6)	(2)
Net cash provided by (used in) investing activities	(7,422)	(10,822)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,802	3,804
Proceeds from long-term loans payable	18,485	8,000
Repayments of long-term loans payable	(1,776)	(2,763)
Proceeds from issuance of common shares	150	5,903
Repayments of lease obligations	(162)	(89)
Cash dividends paid	(136)	(278)
Commission for syndicate loan paid	(3)	(3)
Net cash provided by (used in) financing activities	19,359	14,572
Net increase (decrease) in cash and cash equivalents	9,853	(5,463)
Cash and cash equivalents at beginning of period	6,639	16,493
Cash and cash equivalents at end of period	16,493	11,030

(5) Notes to the Consolidated Financial Statements

(Uncertainties of entity's ability to continue as going concern)

None

(Significant accounting policies for preparation of consolidated financial statements)

1. Disclosure of scope of consolidation

(1) Number of consolidated subsidiaries: 3
Name of consolidated subsidiaries: ASAP Co., Ltd.
NEW Co., Ltd.
Ai Co., Ltd.

(2) Unconsolidated subsidiaries
None

2. Disclosure about application of equity method

There are no unconsolidated subsidiaries or associates accounted for using equity method.

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

The fiscal year-end of the consolidated subsidiaries matches the consolidated fiscal year-end of the Company.

4. Disclosure of accounting policies

(1) Accounting policy for measuring significant assets
i. Marketable securities
Other marketable securities
Items without available fair values
Measured at cost using the moving average method.
Investments in investment partnerships and other such partnerships (those considered as marketable securities under Article 2 Paragraph 2 of the Financial Instruments & Exchange Act) are measured by incorporating the net amount of the Company's equity based on the most recent financial report available as of the financial reporting date stipulated in the partnership agreement.

ii. Inventories
Merchandise and work in process
Measured at cost by the specific identification method (the balance sheet value is calculated by writing down the carrying amount based on the decrease in profitability)
Supplies
Measured at cost by the latest purchase price method (the balance sheet value is calculated by writing down the carrying amount based on the decrease in profitability)

(2) Accounting policy for depreciation of significant assets
i. Property, plant and equipment (excluding lease assets) and real estate for investment
Buildings are measured by the straight-line method (excluding the Company's facilities attached to buildings) and other non-current assets are measured by the declining-balance method.
The main useful lives are measured as follows.

Buildings and structures	3 – 39 years
Machinery, equipment and vehicles	2 – 15 years
Real estate for investment	10 – 20 years

ii. Intangible assets (excluding lease assets)

Measured by the straight-line method.

Software used by the Company is measured based on the estimated useful life within the Company (five years).

iii. Lease assets

Lease assets relating to finance lease transactions without transfer of ownership are depreciated by the straight-line method over the lease term.

(3) Accounting policy for significant provisions

Allowance for doubtful accounts

To provide for loss due to bad debts, the Company recognizes the amount of its ordinary receivables multiplied by the loan loss ratio, and the expected unrecoverable amounts for particular receivables such as doubtful accounts receivable after examining the individual potential for recovery in each case.

(4) Accounting policy for retirement benefits

i. Method of attributing expected benefit to periods

In calculating retirement benefit obligations, the expected retirement benefit amount to the service period up until the end of the consolidated fiscal year under review is attributed on the benefit formula basis.

ii. Method of accounting for actuarial gains and losses

Actuarial gains and losses are recognized in profit and loss in amounts distributed proportionately from the consolidated fiscal year in which they arise by the straight-line method over a certain number of years not longer than the average remaining service period of the executives and employees (five years) when they arise in each consolidated fiscal year.

(5) Accounting policy for hedging

i. Accounting policy for hedging

Interest rate swaps are accounted for using “exceptional accounting” (tokurei shori) as they qualify for this.

ii. Hedging methods and hedged items

(Hedging methods)	(Hedged items)
Interest rate swaps	Interest on borrowings

iii. Hedging policy

The Company conducts interest-rate swap transactions to mitigate interest-rate fluctuation risk on its borrowings. Hedged items are recognized separately for each individual contract.

iv. Method for evaluating hedge efficacy

Interest rate swaps qualify for “exceptional accounting” (tokurei shori) and the evaluation of their efficacy on the consolidated closing date is therefore omitted.

(6) Scope of cash and cash equivalents in consolidated statements of cash flows

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term investment that are readily convertible into cash, have only a small risk of value fluctuation, and have maturity dates within three months from the date of acquisition.

(7) Other important matters in preparation of the consolidated financial statements

Accounting policy for consumption taxes

Financial statements are prepared excluding consumption taxes.

(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.

(Segment information, etc.)

Segment information

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

Information associated with reportable segments

Fiscal 2018 (December 1, 2017 to November 30, 2018)

1. Information for each product or service

This information is omitted as sales to external customers for a single product or services category exceed 90% of the net sales reported in the consolidated statements of income.

2. Information for each region

(1) Revenues from external customers

This information is omitted because revenues from external customers in Japan exceed 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

There is no relevant information as the Company does not own any property, plant and equipment outside of Japan.

3. Information for each of main customers

This information is not recorded because there are no cases where revenues from an external customer account for 10% or more of net sales in the consolidated statements of income.

Fiscal 2019 (December 1, 2018 to November 30, 2019)

1. Information for each product or service

This information is omitted because revenues from external customers for a single product or service category exceed 90% of net sales in the consolidated statements of income.

2. Information for each region

(1) Revenues from external customers

This information is omitted because revenues from external customers in Japan exceed 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

There is no relevant information as the Company does not own any property, plant and equipment outside of Japan.

3. Information for each of main customers

This information is not recorded because there are no cases where revenues from an external customer account for 10% or more of net sales in the consolidated statements of income.

Disclosure of impairment loss on non-current assets for each reportable segment

Segment information is omitted as the Group has only a single segment.

Amortization and unamortized balance of goodwill for each reportable segment

Not applicable.

Information about gain on bargain purchase for each reportable segment

Not applicable.

(Per-share information)

	Previous fiscal year (December 1, 2017 to November 30, 2018)	Fiscal year under review (December 1, 2018 to November 30, 2019)
Net assets per share	¥258.29	¥369.26
Basic earnings per share	¥42.28	¥58.27
Diluted earnings per share	¥39.59	¥55.40

Note: 1. The basis for calculation of basic earnings per share and diluted earnings per share is as follows.

Item	Previous fiscal year (December 1, 2017 to November 30, 2018)	Fiscal year under review (December 1, 2018 to November 30, 2019)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	2,910	4,258
Amount not attributable to ordinary shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common shares (Millions of yen)	2,910	4,258
Average number of common shares during the period	68,841,553	73,089,143
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	—	—
Increase in number of common shares (Shares)	4,675,937	3,776,922
(Of which, share acquisition rights) (Shares)	(4,675,937)	(3,776,922)
Summary of convertible securities not included in diluted earnings per share due to having no dilutive effect	—	—

2. The basis for calculation of net assets per share is as follows.

Item	Fiscal 2018 (As of November 30, 2018)	Fiscal 2019 (As of November 30, 2019)
Total amount in net assets (Millions of yen)	17,987	27,858
Amount deducted from total amount in net assets (Millions of yen)	3	5
(Of which, share acquisition rights) (Millions of yen)	(3)	(5)
Net assets at the end of the period related to common shares (Millions of yen)	17,984	27,852
Number of common shares at the end of the period used for calculation of net assets per share (Shares)	69,627,978	75,427,929

(Significant events after reporting period)

Not applicable.