



April 4, 2022

## Consolidated Financial Results for the Three Months Ended February 28, 2022

(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 4, 2022  
 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, 2022 (From December 1, 2021 to February 28, 2022)

#### (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, 2022	81,507	29.1	4,382	56.4	4,325	58.2	3,029	54.6
February 28, 2021	63,129	2.3	2,802	815.9	2,734	—	1,959	—

Reference: Comprehensive income

For the three months ended February 28, 2022: ¥3,027 million, [52.9%]

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

	Basic earnings per share	Diluted earnings per share
Three months ended February 28, 2022	Yen 39.24	Yen 39.04
February 28, 2021	26.29	25.76

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of February 28, 2022	Millions of yen 117,372	Millions of yen 44,779	% 38.2
November 30, 2021	111,032	41,617	37.5

Reference: NEXTAGE shareholders' equity

As of February 28, 2022: ¥44,779 million

As of November 30, 2021: ¥41,617 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, 2021	—	0.00	—	15.00	15.00
Fiscal year ending November 30, 2022	—				
Fiscal year ending November 30, 2022 (forecasts)		0.00	—	21.00	21.00

Note: Revision to the latest forecast of dividends: None

## 3. Consolidated Financial Forecasts for the Fiscal Year Ending November 30, 2022 (From December 1, 2021 to November 30, 2022)

(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, 2022	166,000	19.2	8,400	32.4	8,200	32.2	5,700	30.5	72.33
Fiscal year ending November 30, 2022	350,000	20.2	17,500	28.3	17,200	28.5	12,000	24.2	152.27

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: Yes  
b. Changes in accounting policies due to reasons other than a. above: Yes  
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, 2022 80,360,600 shares  
As of November 30, 2021 80,136,800 shares  
b. Number of shares of treasury stock at the end of the period  
As of February 28, 2022 1,552,571 shares  
As of November 30, 2021 3,339,571 shares  
c. Average number of shares  
For the three months ended February 28, 2022 77,201,929 shares  
For the three months ended February 28, 2021 74,543,179 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, 2022 1,287,700 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, 2022 1,300,625 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 4 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, 2022, the Japanese economy is expected to recover as a result of various government policies, as socio-economic activities continue with thorough infectious disease control measures in place. However, uncertainty about the future remains due to factors such as supply shortages of parts and materials, especially semiconductors, disruption of supply chains, and surging prices of natural resources driven by escalating tensions between Russia and Ukraine.

In this environment, in the Japanese used car sales industry, domestic used car registrations from December 2021 through February 2022 were 1,368,320 vehicles (down 7.4% year on year). By vehicle type, used car registrations were 714,700 vehicles (down 7.2% year on year) for ordinary passenger cars and 653,620 vehicles (down 7.6% 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 the number of customers under management in mind.

In dealership openings, the Group opened Tomishiro SUV Specialist Store, Tempaku Sedan Sports Car Specialist Store as specialist stores and Tomishiro Store as a general store in January 2022. And the Group also opened Fukuyama Store as a vehicle purchasing store in a standalone format in February 2022.

As a result, for the three months ended February 28, 2022, the Group posted net sales of ¥81,507 million (up 29.1% year on year), operating profit of ¥4,382 million (up 56.4% year on year), ordinary profit of ¥4,325 million (up 58.2% year on year), and profit attributable to owners of parent of ¥3,029 million (up 54.6% year on year).

#### Used car dealership business

In the used car dealership business, the store count as of February 28, 2022 was 106 dealership bases (comprising 163 storefronts). New store openings consisted of 1 dealership base (1 storefront) in the Tokai-Hokuriku region, 1 dealership base (1 storefront) in the Chugoku-Shikoku region, and 1 dealership base (2 storefronts) in the Kyushu-Okinawa region.

#### New car dealership business

In the new car dealership business, the store count as of February 28, 2022 was 21 dealership bases (comprising 23 storefronts).

As a result, the store count as of February 28, 2022 was 127 dealership bases (comprising 186 storefronts).

Regional breakdowns of net sales were as follows.

Region	Three months ended February 28, 2021 (From December 1, 2020 to February 28, 2021)			Three months ended February 28, 2022 (From December 1, 2021 to February 28, 2022)			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	5,865	11 (15)	3,781	7,803	14 (20)	5,564	133.0	3 (5)	147.2
Kanto-Koshinetsu	15,877	23 (36)	8,898	21,037	33 (50)	13,521	132.5	10 (14)	152.0
Tokai-Hokuriku	22,005	34 (48)	14,297	26,516	39 (54)	15,923	120.5	5 (6)	111.4
Kansai	10,884	17 (25)	6,713	12,883	20 (28)	8,017	118.4	3 (3)	119.4
Chugoku-Shikoku	728	1 (2)	571	2,337	5 (8)	1,750	320.9	4 (6)	306.5
Kyushu-Okinawa	7,768	13 (20)	5,159	10,928	16 (26)	7,623	140.7	3 (6)	147.8
Total	63,129	99 (146)	39,419	81,507	127 (186)	52,398	129.1	28 (40)	132.9

- 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, Aomori Prefecture, 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, Kyoto Prefecture, Osaka Prefecture, Hyogo Prefecture, Nara Prefecture, Wakayama Prefecture
- Chugoku-Shikoku: Hiroshima Prefecture, Kochi Prefecture, Ehime Prefecture
- Kyushu-Okinawa: Fukuoka Prefecture, Kumamoto Prefecture, Oita Prefecture, Miyazaki Prefecture, Kagoshima Prefecture, Okinawa 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 by department.

## (2) Explanation of Financial Position

Total assets as of February 28, 2022 were ¥117,372 million, an increase of ¥6,340 million from the previous fiscal year-end.

Total current assets increased by ¥4,665 million from the previous fiscal year-end to ¥79,530 million. The main contributing factor was an increase of ¥5,889 million in merchandise, partly offset by a decrease of ¥1,985 million in cash and deposits.

Total non-current assets increased by ¥1,675 million from the previous fiscal year-end to ¥37,841 million. The main contributing factor was an increase of ¥744 million in property, plant and equipment, primarily in connection with the opening of new stores.

Total current liabilities increased by ¥3,034 million from the previous fiscal year-end to ¥31,047 million. The main contributing factors were increases of ¥1,682 million in accounts payable – trade and ¥1,510 million in short-term borrowings.

Total non-current liabilities increased by ¥144 million from the previous fiscal year-end to ¥41,545 million.

Total net assets increased by ¥3,161 million from the previous fiscal year-end to ¥44,779 million. The main contributing factors were an increase of ¥2,897 million in capital surplus and a decrease of ¥1,224 million in treasury shares due to disposal of treasury shares.

**(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, 2022 announced in “Consolidated Financial Results for the Fiscal Year Ended November 30, 2021” on January 6, 2022.

**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**

For changes in accounting policies, please refer to “(Changes in accounting policies, etc.)” under “(3) Notes to the Quarterly Consolidated Financial Statements” in “3. Quarterly Consolidated Financial Statements and Primary Notes.” There are no matters concerning changes in accounting estimates or restatement of revisions.

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

#### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2021 (As of November 30, 2021)	First three months of fiscal 2022 (As of February 28, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	22,748	20,763
Accounts receivable – trade	7,286	8,063
Merchandise	41,352	47,242
Work in process	128	145
Supplies	568	578
Other	2,784	2,744
Allowance for doubtful accounts	(3)	(6)
Total current assets	74,865	79,530
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,563	23,543
Other, net	6,100	6,863
Total property, plant and equipment	29,663	30,407
Intangible assets	722	680
Investments and other assets	5,780	6,753
Total non-current assets	36,166	37,841
Total assets	111,032	117,372
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	5,407	7,090
Short-term borrowings	6,455	7,965
Current portion of long-term borrowings	5,250	5,349
Lease obligations	136	122
Income taxes payable	3,147	834
Provision for bonuses	—	544
Other	7,615	9,141
Total current liabilities	28,012	31,047
Non-current liabilities		
Long-term borrowings	39,066	37,590
Lease obligations	579	444
Asset retirement obligations	1,493	1,504
Other	261	2,005
Total non-current liabilities	41,401	41,545
Total liabilities	69,414	72,593

(Millions of yen)

	Fiscal 2021 (As of November 30, 2021)	First three months of fiscal 2022 (As of February 28, 2022)
Net assets		
Shareholders' equity		
Share capital	7,961	7,970
Capital surplus	10,369	13,274
Retained earnings	26,714	25,688
Treasury shares	(3,333)	(2,057)
Total shareholders' equity	41,712	44,876
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	3
Remeasurements of defined benefit plans	(96)	(100)
Total accumulated other comprehensive income	(94)	(97)
Share acquisition rights	0	0
Total net assets	41,617	44,779
Total liabilities and net assets	111,032	117,372

**(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 2021 (From December 1, 2020 to February 28, 2021)	First three months of fiscal 2022 (From December 1, 2021 to February 28, 2022)
Net sales	63,129	81,507
Cost of sales	50,879	65,813
Gross profit	12,250	15,694
Selling, general and administrative expenses	9,447	11,312
Operating profit	2,802	4,382
Non-operating income		
Insurance claim income	8	5
Subsidy income	—	14
Gain on sales of scraps	3	5
Other	37	32
Total non-operating income	49	57
Non-operating expenses		
Interest expenses	62	57
Rent cost	1	2
Commission expenses	20	10
Other	33	44
Total non-operating expenses	117	114
Ordinary profit	2,734	4,325
Extraordinary income		
Gain on reversal of share acquisition rights	1	—
Total extraordinary income	1	—
Profit before income taxes	2,736	4,325
Income taxes – current	570	669
Income taxes – deferred	205	626
Total income taxes	776	1,296
Profit	1,959	3,029
Profit attributable to owners of parent	1,959	3,029

## Quarterly Consolidated Statements of Comprehensive Income

### First Three Months

(Millions of yen)

	First three months of fiscal 2021 (From December 1, 2020 to February 28, 2021)	First three months of fiscal 2022 (From December 1, 2021 to February 28, 2022)
Profit	1,959	3,029
Other comprehensive income		
Valuation difference on available-for-sale securities	1	2
Remeasurements of defined benefit plans, net of tax	18	(4)
Total other comprehensive income	19	(2)
Comprehensive income	1,979	3,027
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,979	3,027
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

#### **(Changes in accounting policies, etc.)**

##### **Application of the Accounting Standard for Revenue Recognition, etc.**

The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan [ASBJ] Statement No. 29, March 31, 2020), etc. ("Revenue Recognition Accounting Standard, etc.") have been applied since the beginning of the three months ended February 28, 2022, and revenues are recognized when the control of the promised goods or services is transferred to customers, in an amount that the Group expects to receive in exchange for those goods or services.

Major changes resulting from this are as follows.

- (1) While revenues from vehicle sales were previously recognized when vehicles were registered, they are now recognized when purchased vehicles are delivered to customers. However, for vehicles that meet the requirements for the transfer of control in bill-and-hold arrangements, revenues are recognized when those requirements are met.
- (2) Previously, installment fees for vehicles sold in installments were recognized as revenues and posted as net sales in full amount when vehicles were sold. After an analysis of the performance obligations included in installment sales, the Group has changed this procedure and decided that when vehicles are sold, their cash sales prices should be posted as net sales, and the interest portion of the installment fees should be distributed in profit or loss in every fiscal year over the period through the settlement date by using the amortized cost method (interest method) because the installment interest has been determined to be an important financial element of the accounts receivable - trade.

The application of the Revenue Recognition Accounting Standard, etc. complies with the transitional treatment stipulated in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The aggregate amount of the impact from retroactive application of the new accounting policy before the beginning of the three months ended February 28, 2022 is added to or subtracted from the retained earnings at the beginning of the three months ended February 28, 2022, and the new accounting policy is applied from the balance at the beginning of the same period.

As a result, for the three months ended February 28, 2022, net sales decreased by ¥833 million, and operating profit, ordinary profit, and profit before income taxes each decreased by ¥222 million. In addition, the balance of retained earnings at the beginning of the period decreased by ¥2,884 million. In accordance with the transitional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenues generated from contracts with customers for the three months ended February 28, 2021 is not shown.

#### **(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)**

##### **Change in depreciation method for property, plant and equipment**

Property, plant and equipment (excluding lease assets) were previously depreciated by the declining-balance method except for the Company's buildings. Effective from the three months ended February 28, 2022, the method has been changed to the straight-line method.

Under the 2030 Long-term Plan, the Group is aiming to achieve net sales of ¥1 trillion, an operating margin of 9%, and an operating profit of ¥90 billion. To achieve the 2030 Long-term Vision, the Group has set the target of 223 large-scale stores by 2030 by opening some 20 of them every year. With Japan's imported new car market expected to grow to approximately ¥1.5 trillion, the Group will seek a continued expansion of the authorized imported car dealership business as part of its automobile sales business. In view of such increases in the number of store openings in the automobile sales business, the Group reviewed the usage of its property, plant and equipment and found that vehicles for display, which are important for new car dealerships, had low mileage relative to their number of years since acquisition, and that the number of customers visiting the stores, which is related to the consumption pattern of store assets, was also stable. These findings have led to the decision that it is appropriate to evenly distribute the associated expenses over their useful lives, and the Group has changed the depreciation method to the straight-line method.

As a result, for the three months ended February 28, 2022, operating profit, ordinary profit, and profit before income taxes each increased by ¥306 million, compared with those based on the previous method.

**(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