



July 3, 2023

Consolidated Financial Results for the Six Months Ended May 31, 2023

(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: July 3, 2023
 Scheduled date to commence dividend payments: —
 Supplementary explanatory materials prepared: Yes
 Explanatory meeting: Yes (For institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended May 31, 2023 (From December 1, 2022 to May 31, 2023)

(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	%
Six months ended								
May 31, 2023	229,828	26.0	7,965	(13.0)	7,791	(12.7)	5,680	(8.8)
May 31, 2022	182,332	31.0	9,151	44.2	8,929	44.0	6,229	42.7

Note: Comprehensive income

For the six months ended May 31, 2023: ¥5,708 million, [(8.5)%]

For the six months ended May 31, 2022: ¥6,235 million, [42.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
May 31, 2023	71.34	—
May 31, 2022	79.73	79.42

Note: Diluted earnings per share for the six months ended May 31, 2023 is not stated because dilutive shares do not exist.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
May 31, 2023	162,325	60,417	37.2
November 30, 2022	161,259	56,301	34.9

Reference: NEXTAGE shareholders' equity

As of May 31, 2023: ¥60,417 million

As of November 30, 2022: ¥56,301 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, 2022	—	0.00	—	24.00	24.00
Fiscal year ending November 30, 2023	—	0.00			
Fiscal year ending November 30, 2023 (forecasts)			—	32.00	32.00

Note: Revision to the latest forecast of dividends: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending November 30, 2023 (From December 1, 2022 to November 30, 2023)

(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, 2023	500,000	19.6	25,000	28.5	24,500	28.4	17,200	23.9	216.04

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: 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 May 31, 2023 80,766,200 shares
As of November 30, 2022 80,735,200 shares
b. Number of shares of treasury stock at the end of the period
As of May 31, 2023 1,037,664 shares
As of November 30, 2022 1,202,522 shares
c. Average number of shares
For the six months ended May 31, 2023 79,626,179 shares
For the six months ended May 31, 2022 78,136,137 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 May 31, 2023 861,300 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 six months ended May 31, 2023 947,743 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 six months ended May 31, 2023, the Japanese economy has been gradually recovering due to the effects of various government policies such as improvement in the employment and income environment. However, it is necessary to mind commodity prices rise, fluctuations in financial and capital markets, and other factors.

Under these circumstances, in the Japanese used car sales industry, domestic used car registrations from December 2022 through May 2023 were 3,049,770 vehicles (down 0.8% year on year). By vehicle type, used car registrations were 1,543,314 vehicles (down 2.2% year on year) for ordinary passenger cars and 1,506,456 vehicles (up 0.7% 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 Toyokawa Store in March 2023, Nasushiobara Store in April 2023, and Osaki Store and Obihiro Store in May 2023, all as general stores. And the Group also opened 3 vehicle purchasing specialist stores as storefront additions to new stores, as well as Saga North By-pass Store, which is the first in Saga Prefecture, Hamamatsu Automobile Street Store, Isahaya Store, Toyota-higashi Store, and Kushiro Store as vehicle purchasing stores in a standalone format. In the imported car dealership business, the Group opened Audi Approved Automobile Shonan Store, as an authorized Audi dealer.

As a result, for the six months ended May 31, 2023, the Group posted net sales of ¥229,828 million (up 26.0% year on year), operating profit of ¥7,965 million (down 13.0% year on year), ordinary profit of ¥7,791 million (down 12.7% year on year), and profit attributable to owners of parent of ¥5,680 million (down 8.8% year on year).

Used car dealership business

In the used car dealership business, the store count as of May 31, 2023 was 152 dealership bases (comprising 240 storefronts). New store openings consisted of 2 dealership bases (3 storefronts) in the Hokkaido-Tohoku region, 1 dealership base (1 storefront) in the Kanto-Koshinetsu region, 3 dealership bases (3 storefronts) in the Tokai-Hokuriku region, and 2 dealership bases (2 storefronts) in the Kyushu-Okinawa region. In addition, the Group opened 3 vehicle purchasing specialist stores as storefront additions to new stores.

New car dealership business

In the new car dealership business, the store count as of May 31, 2023 was 22 dealership bases (comprising 24 storefronts). New store openings consisted of 1 dealership base (1 storefront) in Kanto-Koshinetsu region.

As a result, the store count as of May 31, 2023 was 174 dealership bases (comprising 264 storefronts).

Regional breakdowns of net sales were as follows.

Region	Six months ended May 31, 2022 (From December 1, 2021 to May 31, 2022)			Six months ended May 31, 2023 (From December 1, 2022 to May 31, 2023)			Change YoY		
	Sales amount (Millions of yen)	Bases at second quarter-end	Sales volume (Vehicles)	Sales amount (Millions of yen)	Bases at second quarter-end	Sales volume (Vehicles)	Sales amount (%)	Bases at second quarter-end	Sales volume (%)
Hokkaido-Tohoku	18,594	17 (25)	13,344	30,506	25 (40)	24,334	164.1	8 (15)	182.4
Kanto-Koshinetsu	48,631	37 (57)	30,867	62,015	44 (69)	42,990	127.5	7 (12)	139.3
Tokai-Hokuriku	56,934	41 (58)	34,951	64,689	47 (68)	42,867	113.6	6 (10)	122.6
Kansai	28,662	21 (29)	17,811	33,889	27 (39)	23,206	118.2	6 (10)	130.3
Chugoku-Shikoku	5,417	5 (8)	4,830	10,063	10 (15)	10,017	185.7	5 (7)	207.4
Kyushu-Okinawa	24,092	18 (29)	17,015	28,665	21 (33)	22,199	119.0	3 (4)	130.5
Total	182,332	139 (206)	118,818	229,828	174 (264)	165,613	126.0	35 (58)	139.4

Notes: 1. The regions were composed of the following prefectures in which the Group has bases.

Hokkaido-Tohoku: Hokkaido, Aomori Prefecture, Akita Prefecture, Iwate Prefecture, Miyagi Prefecture, Yamagata 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: Okayama Prefecture, Hiroshima Prefecture, Tottori Prefecture, Shimane Prefecture, Yamaguchi Prefecture, Ehime Prefecture, Kochi Prefecture

Kyushu-Okinawa: Fukuoka Prefecture, Saga Prefecture, Nagasaki Prefecture, Kumamoto Prefecture, Oita Prefecture, Miyazaki Prefecture, Kagoshima Prefecture, Okinawa Prefecture

2. Figures in parentheses under bases at second 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 May 31, 2023 were ¥162,325 million, an increase of ¥1,065 million from the previous fiscal year-end.

Total current assets decreased by ¥7,863 million from the previous fiscal year-end to ¥103,293 million. The main contributing factor were an increase of ¥8,192 million in cash and deposits and a decrease of ¥18,476 million in merchandise.

Total non-current assets increased by ¥8,929 million from the previous fiscal year-end to ¥59,031 million. The main contributing factor was an increase of ¥6,932 million in property, plant and equipment, primarily in connection with the opening of new stores.

Total current liabilities decreased by ¥7,509 million from the previous fiscal year-end to ¥45,214 million. The main contributing factors was a decrease of ¥10,708 million in short-term borrowings.

Total non-current liabilities increased by ¥4,459 million from the previous fiscal year-end to ¥56,693 million. The main contributing factors was an increase of ¥3,389 million in long-term borrowings.

Total net assets increased by ¥4,116 million from the previous fiscal year-end to ¥60,417 million.

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

No changes have been made to the consolidated financial forecast for the fiscal year ending November 30, 2023 announced in “Consolidated Financial Results for the Fiscal Year Ended November 30, 2022” on January 5, 2023.

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)” under “(4) Notes to the Quarterly Consolidated Financial Statements” in “3. Quarterly Consolidated Financial Statements and Primary Notes.”

3. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2022 (As of November 30, 2022)	First six months of fiscal 2023 (As of May 31, 2023)
Assets		
Current assets		
Cash and deposits	19,845	28,038
Accounts receivable – trade	12,829	15,872
Merchandise	72,563	54,086
Work in process	160	174
Supplies	709	693
Other	5,057	4,436
Allowance for doubtful accounts	(8)	(8)
Total current assets	111,157	103,293
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,489	35,493
Other, net	9,336	12,264
Total property, plant and equipment	40,826	47,758
Intangible assets	668	649
Investments and other assets	8,607	10,623
Total non-current assets	50,102	59,031
Total assets	161,259	162,325
Liabilities		
Current liabilities		
Accounts payable – trade	7,300	7,490
Short-term borrowings	20,923	10,215
Current portion of long-term borrowings	7,438	6,872
Lease obligations	33	8
Income taxes payable	3,595	2,647
Provision for bonuses	—	1,527
Asset retirement obligations	73	73
Other	13,358	16,377
Total current liabilities	52,723	45,214
Non-current liabilities		
Long-term borrowings	48,015	51,405
Lease obligations	113	28
Asset retirement obligations	1,830	1,985
Other	2,274	3,273
Total non-current liabilities	52,234	56,693
Total liabilities	104,958	101,907

(Millions of yen)

	Fiscal 2022 (As of November 30, 2022)	First six months of fiscal 2023 (As of May 31, 2023)
Net assets		
Shareholders' equity		
Share capital	8,036	8,084
Capital surplus	13,494	13,542
Retained earnings	36,544	40,291
Treasury shares	(1,619)	(1,374)
Total shareholders' equity	56,456	60,543
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	7
Remeasurements of defined benefit plans	(162)	(133)
Total accumulated other comprehensive income	(154)	(125)
Total net assets	56,301	60,417
Total liabilities and net assets	161,259	162,325

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
Quarterly Consolidated Statements of Income
First Six Months

(Millions of yen)

	First six months of fiscal 2022 (From December 1, 2021 to May 31, 2022)	First six months of fiscal 2023 (From December 1, 2022 to May 31, 2023)
Net sales	182,332	229,828
Cost of sales	148,852	188,177
Gross profit	33,480	41,651
Selling, general and administrative expenses	24,328	33,685
Operating profit	9,151	7,965
Non-operating income		
Insurance claim income	8	12
Subsidy income	14	30
Gain on sales of scraps	11	13
Other	66	80
Total non-operating income	100	137
Non-operating expenses		
Interest expenses	116	136
Rent cost	4	1
Commission expenses	132	110
Other	70	62
Total non-operating expenses	323	311
Ordinary profit	8,929	7,791
Profit before income taxes	8,929	7,791
Income taxes – current	2,494	2,297
Income taxes – deferred	204	(186)
Total income taxes	2,699	2,111
Profit	6,229	5,680
Profit attributable to owners of parent	6,229	5,680

Quarterly Consolidated Statements of Comprehensive Income

First Six Months

(Millions of yen)

	First six months of fiscal 2022 (From December 1, 2021 to May 31, 2022)	First six months of fiscal 2023 (From December 1, 2022 to May 31, 2023)
Profit	6,229	5,680
Other comprehensive income		
Valuation difference on available-for-sale securities	4	(0)
Remeasurements of defined benefit plans, net of tax	1	29
Total other comprehensive income	6	28
Comprehensive income	6,235	5,708
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,235	5,708
Comprehensive income attributable to non-controlling interests	—	—

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First six months of fiscal 2022 (From December 1, 2021 to May 31, 2022)	First six months of fiscal 2023 (From December 1, 2022 to May 31, 2023)
Cash flows from operating activities		
Profit before income taxes	8,929	7,791
Depreciation	1,355	1,927
Increase (decrease) in allowance for doubtful accounts	3	0
Increase (decrease) in provision for bonuses	1,103	1,527
Decrease (increase) in retirement benefit asset	(47)	(130)
Interest expenses	116	136
Decrease (increase) in trade receivables	(4,631)	(3,043)
Decrease (increase) in inventories	(8,167)	18,477
Increase (decrease) in trade payables	1,332	189
Other, net	632	4,737
Subtotal	626	31,614
Interest and dividends received	3	3
Interest paid	(115)	(136)
Income taxes paid	(2,846)	(3,245)
Net cash provided by (used in) operating activities	(2,331)	28,236
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	30	—
Purchase of property, plant and equipment	(4,453)	(8,707)
Purchase of intangible assets	(62)	(92)
Payments of guarantee deposits	(494)	(1,775)
Proceeds from refund of guarantee deposits	17	—
Other, net	(103)	15
Net cash provided by (used in) investing activities	(5,066)	(10,559)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,543	(10,708)
Proceeds from long-term borrowings	6,000	8,000
Repayments of long-term borrowings	(2,956)	(5,176)
Proceeds from issuance of shares	15	—
Dividends paid	(1,171)	(1,933)
Proceeds from disposal of treasury shares	4,664	442
Other, net	(118)	(108)
Net cash provided by (used in) financing activities	9,976	(9,484)
Net increase (decrease) in cash and cash equivalents	2,577	8,192
Cash and cash equivalents at beginning of period	22,718	19,845
Cash and cash equivalents at end of period	25,296	28,038

**(4) 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

(Changes in accounting policies)

Application of the Accounting Standard for Fair Value Measurement

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Guidance No.31; June 17, 2021; hereinafter, the "Fair Value Accounting Standards") since the beginning of the first quarter of this fiscal year. In accordance with the transitional treatment set forth in paragraph 27-2 of the Fair Value Accounting Standards, the Company has applied the new accounting policies set forth by the Fair Value Accounting Standard prospectively. There is no effect on the quarterly consolidated financial statements by applying the standard.

(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