



January 6, 2022

Consolidated Financial Results for the Fiscal Year Ended November 30, 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 of General Shareholders' Meeting: February 22, 2022
 Scheduled date to file Securities Report: February 22, 2022
 Scheduled date to commence dividend payments: February 24, 2022
 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, 2021 (From December 1, 2020 to November 30, 2021)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2021	291,263	20.8	13,637	99.8	13,388	105.1	9,663	103.9
November 30, 2020	241,146	10.0	6,825	12.2	6,527	10.8	4,740	11.3

Reference: Comprehensive income

For the year ended November 30, 2021: ¥9,667 million, [106.7%]

For the year ended November 30, 2020: ¥4,677 million, [10.2%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity (ROE)	Ordinary profit/Total assets	Operating margin
	Yen	Yen	%	%	%
November 30, 2021	127.13	124.95	27.0	12.7	4.7
November 30, 2020	63.62	60.94	16.4	7.0	2.8

(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, 2021	111,032	41,617	37.5	541.91
November 30, 2020	99,633	30,017	30.1	406.96

Reference: NEXTAGE shareholders' equity

As of November 30, 2021: ¥41,617 million

As of November 30, 2020: ¥30,013 million

(3) Consolidated Cash Flows

	Net cash provided by 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, 2021	3,214	(8,256)	317	22,718
November 30, 2020	19,269	(8,529)	5,673	27,443

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, 2020	—	0.00	—	7.00	7.00	527	11.0	1.8
Fiscal year ended November 30, 2021	—	0.00	—	15.00	15.00	1,171	11.8	3.2
Fiscal year ending November 30, 2022 (forecasts)	—	0.00	—	21.00	21.00		—	

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	74.22
Fiscal year ending November 30, 2022	350,000	20.2	17,500	28.3	17,200	28.5	12,000	24.2	156.26

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, 2021 80,136,800 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 November 30, 2021 3,339,571 shares

As of November 30, 2020 3,608,571 shares

c. Average number of shares

For the year ended November 30, 2021 76,013,279 shares

For the year ended November 30, 2020 74,511,225 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 November 30, 2021 1,322,700 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 year ended November 30, 2021 1,448,892 shares

(Reference) Summary of Non-Consolidated Operating Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended November 30, 2021 (From December 1, 2020 to November 30, 2021)

(1) Non-Consolidated Operating Results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2021	281,863	21.0	13,182	101.9	12,956	100.5	9,396	101.7
November 30, 2020	232,876	10.5	6,530	14.5	6,461	13.1	4,659	12.6

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
November 30, 2021	123.62	121.50
November 30, 2020	62.54	59.90

(2) Non-Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
November 30, 2021	106,896	41,242	38.6	537.03
November 30, 2020	95,225	29,910	31.4	405.51

Reference: NEXTAGE shareholders' equity

As of November 30, 2021: ¥41,242 million

As of November 30, 2020: ¥29,906 million

2. Non-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.)

Period	Net sales		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending May 31, 2022	160,000	18.9	7,900	30.5	5,500	28.0	71.62
Fiscal year ending November 30, 2022	336,000	19.2	16,500	27.3	11,500	22.4	149.75

* 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 2021, the year ended November 30, 2021, the Japanese economy is expected to recover as a result of various government policies and improvements in the overseas economy, while socio-economic activities are starting to normalize. However, attention must be paid to trends in the novel coronavirus infection (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 November 2021 were 6,288,062 vehicles (down 1.0% year on year). By vehicle type, used car registrations were 3,269,473 vehicles (down 1.6% year on year) for ordinary passenger cars and 3,018,589 vehicles (down 0.4% 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 (“managed customers”), which means the number of users who have had a transaction with us within the past three years, in mind.

In dealership openings, the Group opened Miyazaki-Kita Store, which is the first in Miyazaki Prefecture, Nisshin-Ekimaec Store in Aichi Prefecture, and Kochi Store, which is the first in Kochi Prefecture, in April 2021, Makuhari Store in Chiba Prefecture in May 2021, Oita Store in Oita Prefecture and Morioka Store, which is the first in Iwate Prefecture, in July 2021, Ota Store in Gunma Prefecture and Niiza Store in Saitama Prefecture in September 2021, and Sapporo Teine Store in Hokkaido in November 2021, all as general stores.

The Group also opened Ichinomiya-Subaru Specialist Store in April 2021, UNIVERSE Chiba-Kita in May 2021, and Hiroshima Aki Store in November 2021 as specialist stores. In addition, the Group opened 10 vehicle purchasing specialist stores as storefront additions to existing dealerships, as well as Iwaki Store, Nagakute-Green Road Store, Hamamatsu Store, Akishima Store, Saitama-Chuo Store, Ishioka Store, Katsushika Store, Hiroshima Misasa Store, Ikebukuro Store, Kyoto Yawata Store, Nara Store, Kashihara Store, Hachioji Store, Setagaya Store, and Hirosaki Store, all as vehicle purchasing stores in a standalone format. With regard to authorized imported car dealerships, the Group opened Volkswagen Osaka Hirakata as an authorized dealership for Volkswagen.

As a result, for fiscal 2021, the Group posted net sales of ¥291,263 million (up 20.8% year on year), operating profit of ¥13,637 million (up 99.8% year on year), ordinary profit of ¥13,388 million (up 105.1% year on year), and profit attributable to owners of parent of ¥9,663 million (up 103.9% year on year).

Used car dealership business

In the used car dealership business, the store count as of November 30, 2021 was 103 dealership bases (comprising 159 storefronts). New store openings consisted of 4 dealership bases (4 storefronts) in the Hokkaido-Tohoku region, 10 dealership bases (11 storefronts) in the Kanto-Koshinetsu region, 4 dealership bases (4 storefronts) in the Tokai-Hokuriku region, 3 dealership bases (3 storefronts) in the Kansai region, 3 dealership bases (3 storefronts) in the Chugoku-Shikoku region, and 2 dealership bases (2 storefronts) in the Kyushu-Okinawa region. In addition, the Group opened 10 vehicle purchasing specialist stores as storefront additions.

New car dealership business

In the new car dealership business, the store count as of November 30, 2021 was 21 dealership bases (comprising 23 storefronts). New store opening consisted of 1 dealership base (1 storefront) in the Kansai region.

As a result, the store count as of November 30, 2021 was 124 dealership bases (comprising 182 storefronts).

Regional breakdowns of net sales were as follows.

Region	Fiscal 2020 (From December 1, 2019 to November 30, 2020)			Fiscal 2021 (From December 1, 2020 to November 30, 2021)			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	24,407	10 (14)	15,555	27,813	14 (20)	18,953	114.0	4 (6)	121.8
Kanto-Koshinetsu	62,665	23 (36)	35,401	74,396	33 (50)	43,818	118.7	10 (14)	123.8
Tokai-Hokuriku	84,869	34 (48)	55,773	98,555	38 (53)	63,521	116.1	4 (5)	113.9
Kansai	38,175	16 (24)	23,523	48,311	20 (28)	29,558	126.6	4 (4)	125.7
Chugoku-Shikoku	3,231	1 (2)	2,571	5,158	4 (7)	4,336	159.6	3 (5)	168.7
Kyushu-Okinawa	27,796	13 (20)	18,297	37,027	15 (24)	25,320	133.2	2 (4)	138.4
Total	241,146	97 (144)	151,120	291,263	124 (182)	185,506	120.8	27 (38)	122.8

- 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, 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 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 2022

To achieve to establish a system to enable lifelong dealings with customers, the Group continues to operate stores with “Lifetime value” and the number of “managed customers” in mind. And the Group will open the 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 the Group will try to promote continuous use of stores to customers.

Consequently, in fiscal 2022 the Group is forecasting ¥350,000 million in net sales (up 20.2% year on year), ¥17,500 million in operating profit (up 28.3%), ¥17,200 million in ordinary profit (up 28.5%), and ¥12,000 million in profit attributable to owners of parent (up 24.2%).

(2) Analysis of Financial Position

1) Assets, Liabilities, and Net Assets

Total assets as of November 30, 2021, the fiscal year-end, were ¥111,032 million, an increase of ¥11,398 million from the previous fiscal year-end.

Total current assets increased by ¥5,976 million from the previous fiscal year-end to ¥74,865 million. The main contributing factors were increases of ¥870 million in accounts receivable - trade and ¥8,400 million in merchandise, partly offset by a decrease of ¥4,694 million in cash and deposits.

Total non-current assets increased by ¥5,422 million from the previous fiscal year-end to ¥36,166 million. The main contributing factor was an increase of ¥4,678 million in buildings and structures, primarily in connection with the opening of new stores.

Total current liabilities were ¥28,012 million. Accounts payable – trade decreased by ¥996 million and current portion of bonds payable decreased by ¥1,000 million, partly offset by an increase of ¥1,716 million in income taxes payable.

Total non-current liabilities decreased by ¥201 million from the previous fiscal year-end to ¥41,401 million. The main contributing factor was a decrease of ¥679 million in long-term borrowings.

Total net assets increased by ¥11,600 million from the previous fiscal year-end to ¥41,617 million. The main contributing factors were increases of ¥1,036 million in share capital and ¥1,036 million in capital surplus, owing to a capital increase due to issuance of common shares, and an increase of ¥9,136 million in retained earnings.

2) Cash Flows

Cash and cash equivalents (“cash”) on November 30, 2021 was ¥22,718 million, a decrease of ¥4,724 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 provided by operating activities was ¥3,214 million, compared with ¥19,269 million provided in the previous fiscal year. The main components were profit before income taxes of ¥13,301 million and depreciation of ¥3,933 million, partly offset by an increase in inventories of ¥8,569 million and income taxes paid of ¥2,151 million.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥8,256 million, compared with ¥8,529 million used in the previous fiscal year. The main components were purchase of property, plant and equipment of ¥7,349 million accompanying new store openings and payments of guarantee deposits of ¥682 million.

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥317 million, compared with ¥5,673 million provided in the previous fiscal year. The main components were repayments of long-term borrowings of ¥6,130 million, partly offset by proceeds from long-term borrowings of ¥5,500 million and proceeds from issuance of shares of ¥1,995 million.

(Reference) Trends in Cash Flow Indicators

	Fiscal 2020	Fiscal 2021
Equity ratio (%)	30.1	37.5
Market-value equity ratio (%)	102.7	158.4
Interest-bearing debt to cash flow ratio (Years)	2.7	15.8
Interest coverage ratio (Times)	77.5	13.1

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.

(3) Basic Policy on Distribution of Profits and Dividends for Fiscal 2021 and Fiscal 2022

The Company considers it a top priority to secure returns for shareholders from its operations, and has a basic policy of consistently paying stable dividends to shareholders, while considering the need to strengthen the business foundation and maintain a healthy financial structure. 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. 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.

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.

Based on the policy above, for fiscal 2021, in order to further increase returns for shareholders from its operations and contribute to the medium- to long-term enhancement of corporate value, the Company plans to pay an annual dividend of ¥15 per share.

In addition, based on the above policy, the Company is planning to pay an annual dividend of ¥21 per share for fiscal 2022, which will be an increase from fiscal 2021.

2. Management Policies

(1) Basic Management Policies of the Company

Based on the management philosophy of “Be loved by Customers,” the NEXTAGE Group is expanding lifelong dealings with customers. The Group will increase the number of customers under management (“managed customers”) which means the users who have had a transaction with us within the past three years, and increase profitability by staying closely attuned to customers’ lifelong needs around cars and offering the most appropriate services to each and every customer, which include not only sales of cars but also maintenance, vehicle inspections, sheet metal, tire sales, insurance contracts, vehicle purchasing and suggestions for the next car. To realize sustained growth and enhancement of corporate value that will help achieve our vision for 2030, the Group will increase the number of “managed customers” by expanding nationwide new store development and improving customer convenience.

(2) Key Performance Indicators

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. This can be achieved by acquiring a 5% market share of the approximately 62 million passenger cars owned in Japan and acquiring around 3 million “managed customers”. The Group believes that expanding the number of “managed customers” is an important element for realizing sustained growth in the sluggish automobile market.

As the Group quickly adapted to drastic changes in the business environment, such as the consumption tax hike in October 2019 and the impact of the novel coronavirus infection (COVID-19), and firmly established a robust business foundation, the Group has formulated a three-year medium-term management plan ending in fiscal 2024, positioning this next three years as a critical period for achieving our vision for 2030.

Financial targets (consolidated basis)

(Millions of yen)

	Fiscal 2021 results	Fiscal 2022 forecast	Fiscal 2023 plan	Fiscal 2024 plan
Net sales	291,263	350,000	430,000	500,000
Operating profit	13,637	17,500	23,700	30,000
Operating margin	4.7%	5.0%	5.5%	6.0%
Ordinary profit	13,388	17,200	23,400	29,700
Profit attributable to owners of parent	9,663	12,000	16,300	20,800

Continuing store development to expand lifelong dealings with customers and expanding the number of “managed customers” are essential in achieving the medium-term management plan. The Group will expand its market share by systematically developing new stores on an ongoing basis and promote expansion of dealings with customers through store developments with a focus on general stores in areas where we do not have stores yet.

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

Based on the management policies mentioned before, in order to continue store development and expand lifelong dealings with customers, four mechanisms are particularly important: (1) nationwide store expansion, (2) standardization of store operations, (3) expansion of “managed customers”, and (4) product management.

①Nationwide Store Expansion

Approximately 62 million passenger cars were owned in Japan as of September 30, 2021. Seeing that number as its target, the Group will approach owners of those cars and expand lifelong dealings with customers; therefore we will achieve 3 million “managed customers” which is about 5% share of total number of owned car in Japan. As of November 2021, the number of the Group’s “managed customers” was approximately 500,000 and the number of dealership bases was 124. The Group assumes, therefore, that there is still ample room to open more stores nationwide.

The Group will establish “No. 1 store in the region” which means the store with the largest number of “managed customers” in the area where the store is located mainly in local cities to attract customers from competing stores. On top of that, the Group expect that the Group will be able to expand our stores, including those in urban areas, if the Group strengthen our management base by expanding sales. In areas where it is difficult to open large-scale stores, the Group will promote the opening of independent purchase stores to meet the population and the number of vehicles owned by each area. The Group will build a foundation for increasing the number of lifelong dealings with customers by developing stores nationwide with an integrated service environment covering sales, insurance, vehicle inspections, maintenance, and purchasing. (Source: the number of cars owned nationwide provided by the Automobile Inspection & Registration Information Association.)

②Standardization of Store Operations

To accelerate the expansion of store openings, it is necessary to acquire human resources by hiring new graduates and mid-career employees. In order to operate stores efficiently by unexperienced staff, it is necessary to standardize and implement operations. The Group will establish a system to maintain uniform store management by conducting customer service operations based on the store manual common to the Group. In addition, by capturing KPIs (Key Performance Indicators) common to all stores, the Group will establish a system to manage the appropriate store management situation based on store manuals.

③Expansion of “Managed Customers”

A car’s business cycle averages nine years from purchase to let go. During that time, various transactions occur such as daily maintenance, car inspection, insurance, and purchasing. The Group regards the number of “managed customers” as an important index, and it is appropriate to make proposals considering customers’ situation and timing so as not only to acquire new users but also to build a mechanism that prevent customers who have made transactions once from leaving. In addition, we will implement efforts to increase the number of “managed customers” by promoting transactions with existing users' households.(Source: “Consumers’ Behavior Survey”, Cabinet Office)

④Product Management

It is important to manage products for the Group because we handle many products and a wide range of vehicles at the store. Therefore, we regard the product turnover days as an important index and carry out management with an awareness of lead time. We believe that controlling the lead time by grasping the lead time from warehousing to commercialization, commercialization to contract, and contract to delivery leads to appropriate pricing that reflects the market price that changes daily. As of November 30, 2021, the number of used car product turnover days is 43 days.

(4) Key Priorities Ahead

The Group's key business priorities in implementing its management policies, management strategies and 2030 vision, are as follows.

①Store openings

The Group considers the opening of new stores to be an important issue to expand its market share in Japan. In order to open the stores in good locations along the main arterial road at reasonable prices, we have assigned store development personnel nationwide and acquired various information on leisure facilities, retail business including other industries, etc. We will continue to develop stores with the best conditions among the many candidate sites.

②Securing human resources

In order for the Group to maintain a high growth rate in the future, it is necessary to secure human resources. And in order to secure human resources, we consider the two aspects of acquire human resources and preventing employee turnover are important issues. Regarding the acquisition of human resources, we will promote efforts to increase the number of human resources acquired by shortening the lead time from interview to recruitment. In addition, efforts to prevent employee turnover, we will create a working environment where all staff can achieve uniform and high results by building a customer service system based on the store manual which is common to the group, and we will strive to reduce the turnover rates.

③Securing Products

The Group relies on purchasing from auto auction sites for approximately half of its retail vehicles. In order to secure High-quality products and deal with market change, we expand purchasing from individual users and between companies such as car rental companies to create a product mix that meets demand.

④Cost control

In order to build a management structure that is not easily affected by changes in the economic and market environments, the Group will reduce fixed costs through indirect cost reductions and operational efficiency improvements. Taking the ratio of SG & A expenses to sales as an important index, we will promote cost reduction by making each staff member aware of costs, and by streamlining operations through systemization.

⑤Initiatives against COVID-19

The Japanese economy in fiscal 2021 showed signs of recovery with measures taken to prevent the spread of the novel coronavirus infection (COVID-19), but the impact of the pandemic is still persisting.

The Group will continue to place the highest priority on the safety of customers, business partners, local communities, employees, and their families, as well as on the prevention of infection and the spread of infection in response to COVID-19.

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 2020 (As of November 30, 2020)	Fiscal 2021 (As of November 30, 2021)
Assets		
Current assets		
Cash and deposits	27,443	22,748
Accounts receivable - trade	6,416	7,286
Merchandise	32,951	41,352
Work in process	99	128
Supplies	429	568
Other	1,556	2,784
Allowance for doubtful accounts	(7)	(3)
Total current assets	68,889	74,865
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,602	31,119
Accumulated depreciation	(5,717)	(7,556)
Buildings and structures, net	18,884	23,563
Machinery, equipment and vehicles	4,843	5,878
Accumulated depreciation	(1,302)	(1,863)
Machinery, equipment and vehicles, net	3,540	4,014
Construction in progress	1,612	464
Other	2,618	3,646
Accumulated depreciation	(1,422)	(2,025)
Other, net	1,195	1,620
Total property, plant and equipment	25,232	29,663
Intangible assets		
	895	722
Investments and other assets		
Investment securities	78	82
Long-term loans receivable	313	520
Retirement benefit asset	267	343
Deferred tax assets	923	1,154
Guarantee deposits	2,707	3,346
Investment property	—	35
Accumulated depreciation	—	(0)
Investment property, net	—	34
Other	324	297
Total investments and other assets	4,615	5,780
Total non-current assets	30,743	36,166
Total assets	99,633	111,032

(Millions of yen)

	Fiscal 2020 (As of November 30, 2020)	Fiscal 2021 (As of November 30, 2021)
Liabilities		
Current liabilities		
Accounts payable – trade	6,403	5,407
Short-term borrowings	6,276	6,455
Current portion of bonds payable	1,000	–
Current portion of long-term borrowings	5,201	5,250
Lease obligations	73	136
Income taxes payable	1,430	3,147
Other	7,626	7,615
Total current liabilities	28,012	28,012
Non-current liabilities		
Long-term borrowings	39,746	39,066
Lease obligations	320	579
Deferred tax liabilities	15	17
Asset retirement obligations	1,191	1,493
Other	328	244
Total non-current liabilities	41,603	41,401
Total liabilities	69,615	69,414
Net assets		
Shareholders' equity		
Share capital	6,925	7,961
Capital surplus	9,332	10,369
Retained earnings	17,578	26,714
Treasury shares	(3,724)	(3,333)
Total shareholders' equity	30,112	41,712
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	1
Remeasurements of defined benefit plans	(98)	(96)
Total accumulated other comprehensive income	(99)	(94)
Share acquisition rights	3	0
Total net assets	30,017	41,617
Total liabilities and net assets	99,633	111,032

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

(Millions of yen)

	Fiscal 2020 (From December 1, 2019 to November 30, 2020)	Fiscal 2021 (From December 1, 2020 to November 30, 2021)
Net sales	241,146	291,263
Cost of sales	197,216	234,532
Gross profit	43,930	56,731
Selling, general and administrative expenses	37,104	43,093
Operating profit	6,825	13,637
Non-operating income		
Penalty income	93	—
Insurance claim income	27	16
Gain on sales of scraps	14	16
Subsidy income	—	52
Other	82	128
Total non-operating income	218	214
Non-operating expenses		
Interest expenses	251	246
Rent cost	6	6
Commission expenses	182	99
Other	75	110
Total non-operating expenses	516	463
Ordinary profit	6,527	13,388
Extraordinary income		
Subsidies income	175	—
Gain on reversal of share acquisition rights	—	1
Total extraordinary income	175	1
Extraordinary losses		
Loss on disaster	8	—
Infectious disease related loss	90	—
Impairment losses	105	89
Total extraordinary losses	204	89
Profit before income taxes	6,498	13,301
Income taxes – current	1,987	3,867
Income taxes – deferred	(229)	(229)
Total income taxes	1,757	3,638
Profit	4,740	9,663
Profit attributable to owners of parent	4,740	9,663

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2020 (From December 1, 2019 to November 30, 2020)	Fiscal 2021 (From December 1, 2020 to November 30, 2021)
Profit	4,740	9,663
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	2
Remeasurements of defined benefit plans, net of tax	(62)	1
Total other comprehensive income	(62)	4
Comprehensive income	4,677	9,667
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,677	9,667
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Equity

Fiscal 2020 (From December 1, 2019 to November 30, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,095	8,502	13,290	(0)	27,888
Changes during period					
Issuance of new shares	830	830			1,660
Dividends of surplus			(452)		(452)
Profit attributable to owners of parent			4,740		4,740
Purchase of treasury shares				(3,724)	(3,724)
Disposal of treasury shares					—
Net changes in items other than shareholders' equity					
Total changes during period	830	830	4,287	(3,724)	2,223
Balance at end of period	6,925	9,332	17,578	(3,724)	30,112

(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 period	(0)	(36)	(36)	5	27,858
Changes during period					
Issuance of new shares				(1)	1,658
Dividends of surplus					(452)
Profit attributable to owners of parent					4,740
Purchase of treasury shares					(3,724)
Disposal of treasury shares					—
Net changes in items other than shareholders' equity	(0)	(62)	(62)	—	(62)
Total changes during period	(0)	(62)	(62)	(1)	2,159
Balance at end of period	(0)	(98)	(99)	3	30,017

Fiscal 2021 (From December 1, 2020 to November 30, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,925	9,332	17,578	(3,724)	30,112
Changes during period					
Issuance of new shares	1,036	1,036			2,072
Dividends of surplus			(527)		(527)
Profit attributable to owners of parent			9,663		9,663
Purchase of treasury shares					—
Disposal of treasury shares				391	391
Net changes in items other than shareholders' equity					
Total changes during period	1,036	1,036	9,136	391	11,599
Balance at end of period	7,961	10,369	26,714	(3,333)	41,712

(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 period	(0)	(98)	(99)	3	30,017
Changes during period					
Issuance of new shares				(3)	2,068
Dividends of surplus					(527)
Profit attributable to owners of parent					9,663
Purchase of treasury shares					—
Disposal of treasury shares					391
Net changes in items other than shareholders' equity	2	1	4	—	4
Total changes during period	2	1	4	(3)	11,600
Balance at end of period	1	(96)	(94)	0	41,617

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2020 (From December 1, 2019 to November 30, 2020)	Fiscal 2021 (From December 1, 2020 to November 30, 2021)
Cash flows from operating activities		
Profit before income taxes	6,498	13,301
Depreciation	3,337	3,933
Impairment losses	105	89
Increase (decrease) in allowance for doubtful accounts	1	(3)
Decrease (increase) in retirement benefit asset	15	(76)
Interest and dividend income	(2)	(3)
Interest expenses	251	246
Commission expenses	182	99
Decrease (increase) in trade receivables	(1,182)	(870)
Decrease (increase) in inventories	5,819	(8,569)
Increase (decrease) in trade payables	(765)	(996)
Increase (decrease) in advances received	681	527
Other, net	6,427	(2,070)
Subtotal	21,368	5,607
Interest and dividends received	2	3
Interest paid	(248)	(245)
Income taxes paid	(1,854)	(2,151)
Net cash provided by (used in) operating activities	19,269	3,214
Cash flows from investing activities		
Payments into time deposits	(28)	(90)
Proceeds from withdrawal of time deposits	58	60
Purchase of property, plant and equipment	(8,039)	(7,349)
Purchase of intangible assets	(305)	(90)
Loan advances	(60)	(185)
Proceeds from collection of loans receivable	2	60
Payments of guarantee deposits	(289)	(682)
Proceeds from refund of guarantee deposits	147	43
Other, net	(14)	(21)
Net cash provided by (used in) investing activities	(8,529)	(8,256)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,666)	179
Proceeds from long-term borrowings	17,200	5,500
Repayments of long-term borrowings	(3,214)	(6,130)
Redemption of bonds	—	(1,000)
Proceeds from issuance of shares	1,658	1,995
Purchase of treasury shares	(3,724)	—
Repayments of lease obligations	(82)	(118)
Proceeds from disposal of treasury shares	—	494
Dividends paid	(452)	(527)
Commission for syndicate loan paid	(45)	(75)
Net cash provided by (used in) financing activities	5,673	317
Net increase (decrease) in cash and cash equivalents	16,413	(4,724)
Cash and cash equivalents at beginning of period	11,030	27,443
Cash and cash equivalents at end of period	27,443	22,718

(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: 4

Name of consolidated subsidiaries: ASAP Co., Ltd.
NEW Co., Ltd.
Ai Co., Ltd.
Universe Rent a Car 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.

(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 2020 (December 1, 2019 to November 30, 2020)

1. Information for each product or service

This information is omitted as sales to 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.

Fiscal 2021 (December 1, 2020 to November 30, 2021)

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, 2019 to November 30, 2020)	Fiscal year under review (December 1, 2020 to November 30, 2021)
Net assets per share	¥406.96	¥541.91
Basic earnings per share	¥63.62	¥127.13
Diluted earnings per share	¥60.94	¥124.95

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, 2019 to November 30, 2020)	Fiscal year under review (December 1, 2020 to November 30, 2021)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	4,740	9,663
Amount not attributable to ordinary shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common shares (Millions of yen)	4,740	9,663
Average number of common shares during the period	74,511,225	76,013,279
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	—	—
Increase in number of common shares (Shares)	3,279,314	1,326,582
(Of which, share acquisition rights (Shares))	(3,279,314)	(1,326,582)
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 2020 (As of November 30, 2020)	Fiscal 2021 (As of November 30, 2021)
Total amount in net assets (Millions of yen)	30,017	41,617
Amount deducted from total amount in net assets (Millions of yen)	3	0
(Of which, share acquisition rights (Millions of yen))	(3)	(0)
Net assets at the end of the period related to common shares (Millions of yen)	30,013	41,617
Number of common shares at the end of the period used for calculation of net assets per share (Shares)	73,751,429	76,797,229

Note: Shares of the Company held by the NEXTAGE Employee Stock Ownership Trust Account (267,658 shares for the year ended November 30, 2020 and 1,448,892 shares for the year ended November 30, 2021) have been included in the number of treasury shares that are deducted from the average number of shares for the purpose of calculating basic earnings per share. Shares of the Company held by the NEXTAGE Employee Stock Ownership Trust Account (1,591,700 shares as of November 30, 2020 and 1,322,700 shares as of November 30, 2021) have been included in the number of treasury shares that are deducted from the total number of issued shares at the end of the period for the purpose of calculating net assets per share.

(Significant events after reporting period)

Not applicable.