



October 2, 2023

Consolidated Financial Results for the Nine Months Ended August 31, 2023

(Japanese Accounting Standards)

Name of listed company: **NEXTAGE Co., Ltd.**
Stock Exchange Listings: Tokyo, Nagoya
Stock code: 3186
URL: <https://www.nextage.jp/>
Representative: Seiji Hirota, Representative Director, Chairman and President
Contact person: Masashi Nomura, Director and Executive Officer
Tel: +81-52-228-6914

Scheduled date to file Quarterly Securities Report: October 2, 2023

Scheduled date to commence dividend payments: —

Supplementary explanatory materials prepared: Yes

Explanatory meeting: No

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

1. Consolidated Financial Results for the Nine Months Ended August 31, 2023 (From December 1, 2022 to August 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	%
Nine months ended August 31, 2023	349,223	20.7	14,439	(2.1)	14,200	(2.4)	10,236	(0.9)
August 31, 2022	289,330	36.4	14,756	50.5	14,556	51.6	10,333	49.9

Note: Comprehensive income

For the Nine months ended August 31, 2023: ¥10,268 million, [(0.8)%]

For the Nine months ended August 31, 2022: ¥10,347 million, [49.4%]

	Basic earnings per share	Diluted earnings per share
Nine months ended August 31, 2023	Yen 128.49	Yen —
August 31, 2022	131.60	131.16

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of August 31, 2023	Millions of yen 165,413	Millions of yen 65,091	% 39.4
November 30, 2022	161,259	56,301	34.9

Reference: NEXTAGE shareholders' equity

As of August 31, 2023: ¥65,091 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	460,000	10.0	18,000	(7.4)	17,600	(7.8)	12,600	(9.3)	158.15

Note: Revision to the latest forecast of financial results: Yes

Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None
New: None
Excluded: None
- (2) Adoption of accounting method specific to preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
a. Changes in accounting policies due to revisions to accounting standards and other guidelines: 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 August 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 August 31, 2023 959,201 shares
As of November 30, 2022 1,202,522 shares
c. Average number of shares
For the nine months ended August 31, 2023 79,673,164 shares
For the nine months ended August 31, 2022 78,524,585 shares
- (Note) The Company introduced a trust-type employee stock ownership incentive plan (E-Ship) in October 2020.
The number of shares of treasury stock at the end of the period includes the following number of shares of the Company held by the NEXTAGE Employee Stock Ownership Trust Account, a dedicated account for E-Ship set up with a trust bank.
As of August 31, 2023 782,800 shares
In calculation of the average number of shares, the number of shares of treasury stock deducted from the number of common shares issued includes the following number of shares of the Company owned by the above-mentioned account.
For the nine months ended August 31, 2023 906,320 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 nine months ended August 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 August 2023 were 4,482,030 vehicles (up 0.1% year on year). By vehicle type, used car registrations were 2,308,278 vehicles (down 0.6% year on year) for ordinary passenger cars and 2,173,752 vehicles (up 0.9% 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.)

Recently, the used car industry has been pointed out by various news reports and other media for events that have been evaluated as inappropriate in the past. We have taken appropriate action in each case to prevent recurrence. However, to gain the trust of our customers and continue to grow, it is important to establish a management system that prevents inappropriate incidents fundamentally.

Considering recent social conditions in the used car industry, we are committed to conducting our business activities with an even greater awareness of compliance and strengthening our internal governance system by managing our business from the perspective of our stakeholders.

In dealership openings, the Group opened Fukui-Maruoka Store in June 2023, Yonezawa Store in July 2023, and Tsukuba Store, Fukuyama-Kannabe Store, Sapporo-Naebo Store and Sendai-Rifu Store in August 2023, all as general stores. And the Group also opened 5 vehicle purchasing specialist stores as storefront additions to new stores, as well as Fujiidera Store, Ageo Store, and Kitami Store as vehicle purchasing stores in a standalone format. In the imported car dealership business, the Group opened BYD Auto Ikebukuro Store, as an authorized BYD Auto dealer.

As a result, for the nine months ended August 31, 2023, the Group posted net sales of ¥349,223 million (up 20.7% year on year), operating profit of ¥14,439 million (down 2.1% year on year), ordinary profit of ¥14,200 million (down 2.4% year on year), and profit attributable to owners of parent of ¥10,236 million (down 0.9% year on year).

Used car dealership business

In the used car dealership business, the store count as of August 31, 2023 was 161 dealership bases (comprising 254 storefronts). New store openings consisted of 4 dealership bases (4 storefronts) in the Hokkaido-Tohoku region, 2 dealership bases (2 storefronts) in the Kanto-Koshinetsu region, 1 dealership base (1 storefront) in the Tokai-Hokuriku region, 1 dealership base (1 storefront) in the Kansai region, and 1 dealership base (1 storefront) in the Chugoku-Shikoku region. In addition, the Group opened 5 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 August 31, 2023 was 22 dealership bases (comprising 25 storefronts). New store openings consisted of 1 storefront in Kanto-Koshinetsu region.

As a result, the store count as of August 31, 2023 was 183 dealership bases (comprising 279 storefronts).

Regional breakdowns of net sales were as follows.

Region	Nine months ended August 31, 2022 (From December 1, 2021 to August 31, 2022)			Nine months ended August 31, 2023 (From December 1, 2022 to August 31, 2023)			Change YoY		
	Sales amount (Millions of yen)	Bases at third quarter-end	Sales volume (Vehicles)	Sales amount (Millions of yen)	Bases at third quarter-end	Sales volume (Vehicles)	Sales amount (%)	Bases at third quarter-end	Sales volume (%)
Hokkaido-Tohoku	30,275	18 (26)	21,556	47,210	29 (47)	38,040	155.9	11 (21)	176.5
Kanto-Koshinetsu	78,858	39 (60)	48,966	93,451	46 (73)	64,891	118.5	7 (13)	132.5
Tokai-Hokuriku	88,015	43 (61)	54,446	98,718	48 (69)	66,086	112.2	5 (8)	121.4
Kansai	44,929	21 (29)	27,659	51,069	28 (40)	35,489	113.7	7 (11)	128.3
Chugoku-Shikoku	9,079	6 (9)	7,518	15,639	11 (17)	15,624	172.3	5 (8)	207.8
Kyushu-Okinawa	38,172	19 (31)	27,041	43,132	21 (33)	33,835	113.0	2 (2)	125.1
Total	289,330	146 (216)	187,186	349,223	183 (279)	253,965	120.7	37 (63)	135.7

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 third quarter-end represent the number of storefronts. The number of dealership bases varies from the number of storefronts because a dealership base may have multiple storefronts by department.

(2) Explanation of Financial Position

Total assets as of August 31, 2023 were ¥165,413 million, an increase of ¥4,153 million from the previous fiscal year-end.

Total current assets decreased by ¥9,898 million from the previous fiscal year-end to ¥101,259 million. The main contributing factors were an increase of ¥2,583 million in cash and deposits and a decrease of ¥15,603 million in merchandise.

Total non-current assets increased by ¥14,052 million from the previous fiscal year-end to ¥64,154 million. The main contributing factor was an increase of ¥11,802 million in property, plant and equipment, primarily in connection with the opening of new stores.

Total current liabilities decreased by ¥7,879 million from the previous fiscal year-end to ¥44,844 million. The main contributing factor was a decrease of ¥11,512 million in short-term borrowings.

Total non-current liabilities increased by ¥3,243 million from the previous fiscal year-end to ¥55,477 million. The main contributing factor was an increase of ¥2,433 million in long-term borrowings.

Total net assets increased by ¥8,789 million from the previous fiscal year-end to ¥65,091 million.

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

Consolidated financial forecasts for the fiscal year ending November 30, 2023 have been revised from the projections announced in “Consolidated Financial Results for the Fiscal Year Ended November 30, 2022” on January 5, 2023. For details, please refer to “Notice Regarding Revision of Financial Forecast” announced today (October 2, 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 “(3) 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 nine months of fiscal 2023 (As of August 31, 2023)
Assets		
Current assets		
Cash and deposits	19,845	22,429
Accounts receivable – trade	12,829	16,005
Merchandise	72,563	56,959
Work in process	160	212
Supplies	709	710
Other	5,057	4,950
Allowance for doubtful accounts	(8)	(8)
Total current assets	111,157	101,259
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,489	39,398
Other, net	9,336	13,229
Total property, plant and equipment	40,826	52,628
Intangible assets	668	661
Investments and other assets	8,607	10,864
Total non-current assets	50,102	64,154
Total assets	161,259	165,413
Liabilities		
Current liabilities		
Accounts payable – trade	7,300	7,231
Short-term borrowings	20,923	9,411
Current portion of long-term borrowings	7,438	7,012
Lease obligations	33	6
Income taxes payable	3,595	1,793
Provision for bonuses	—	930
Asset retirement obligations	73	73
Other	13,358	18,385
Total current liabilities	52,723	44,844
Non-current liabilities		
Long-term borrowings	48,015	50,449
Lease obligations	113	17
Asset retirement obligations	1,830	2,063
Other	2,274	2,946
Total non-current liabilities	52,234	55,477
Total liabilities	104,958	100,322

(Millions of yen)

	Fiscal 2022 (As of November 30, 2022)	First nine months of fiscal 2023 (As of August 31, 2023)
Net assets		
Shareholders' equity		
Share capital	8,036	8,084
Capital surplus	13,494	13,542
Retained earnings	36,544	44,848
Treasury shares	(1,619)	(1,260)
Total shareholders' equity	56,456	65,214
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	10
Remeasurements of defined benefit plans	(162)	(133)
Total accumulated other comprehensive income	(154)	(122)
Total net assets	56,301	65,091
Total liabilities and net assets	161,259	165,413

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

(Millions of yen)

	First nine months of fiscal 2022 (From December 1, 2021 to August 31, 2022)	First nine months of fiscal 2023 (From December 1, 2022 to August 31, 2023)
Net sales	289,330	349,223
Cost of sales	235,510	282,568
Gross profit	53,819	66,654
Selling, general and administrative expenses	39,063	52,215
Operating profit	14,756	14,439
Non-operating income		
Insurance claim income	74	15
Subsidy income	32	62
Gain on sales of scraps	16	22
Other	103	126
Total non-operating income	227	227
Non-operating expenses		
Interest expenses	170	201
Rent cost	5	1
Commission expenses	135	149
Other	115	113
Total non-operating expenses	427	466
Ordinary profit	14,556	14,200
Profit before income taxes	14,556	14,200
Income taxes – current	4,114	4,088
Income taxes – deferred	108	(124)
Total income taxes	4,222	3,963
Profit	10,333	10,236
Profit attributable to owners of parent	10,333	10,236

Quarterly Consolidated Statements of Comprehensive Income

First Nine Months

(Millions of yen)

	First nine months of fiscal 2022 (From December 1, 2021 to August 31, 2022)	First nine months of fiscal 2023 (From December 1, 2022 to August 31, 2023)
Profit	10,333	10,236
Other comprehensive income		
Valuation difference on available-for-sale securities	6	2
Remeasurements of defined benefit plans, net of tax	8	29
Total other comprehensive income	14	31
Comprehensive income	10,347	10,268
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,347	10,268
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

(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