



January 9, 2024

# Consolidated Financial Results for the Fiscal Year Ended November 30, 2023

(Japanese Accounting Standards)

Name of listed company:	<b>NEXTAGE Co., Ltd.</b>
Stock Exchange Listings:	Tokyo, Nagoya
Stock code:	3186
URL:	<a href="https://www.nextage.jp/">https://www.nextage.jp/</a>
Representative:	Seiji Hirota, Representative Director, Chairman and President
Contact person:	Masashi Nomura, Director and Executive Officer
	Tel: +81-52-228-6914
Scheduled date of General Shareholders' Meeting:	February 22, 2024
Scheduled date to file Securities Report:	February 22, 2024
Scheduled date to commence dividend payments:	February 26, 2024
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, 2023 (From December 1, 2022 to November 30, 2023)

### (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, 2023	463,464	10.8	16,084	(17.3)	15,773	(17.3)	11,556	(16.8)
November 30, 2022	418,117	43.6	19,448	42.6	19,080	42.5	13,886	43.7

Reference: Comprehensive income

For the year ended November 30, 2023: ¥11,524 million, [(16.7)%]

For the year ended November 30, 2022: ¥13,826 million, [43.0%]

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, 2023	144.97	-	18.8	9.3	3.5
November 30, 2022	176.30	175.74	28.4	14.0	4.7

Notes: Diluted earnings per share for the fiscal year ended November 30, 2023 is not stated because dilutive shares do not exist.

### (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, 2023	177,497	66,504	37.5	832.24
November 30, 2022	161,259	56,301	34.9	707.91

Reference: NEXTAGE shareholders' equity

As of November 30, 2023: ¥66,504 million

As of November 30, 2022: ¥56,301 million

### (3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash used in investing activities	Net cash provided by (used in) 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, 2023	33,689	(23,677)	(227)	29,630
November 30, 2022	(17,853)	(13,831)	28,812	19,845

### 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, 2022	—	0.00	—	24.00	24.00	1,933	13.6	3.8
Fiscal year ended November 30, 2023	—	0.00	—	32.00	32.00	2,578	22.1	4.2
Fiscal year ending November 30, 2024 (forecasts)	—	0.00	—	33.00	33.00		—	

### 3. Consolidated Financial Forecasts for the Fiscal Year Ending November 30, 2024 (From December 1, 2023 to November 30, 2024)

(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, 2024	262,000	14.0	8,000	0.4	7,900	1.4	5,600	(1.4)	70.08
Fiscal year ending November 30, 2024	545,000	17.6	20,000	24.3	19,700	24.9	14,000	21.1	175.20

#### 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: 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

(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, 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 November 30, 2023 855,736 shares

As of November 30, 2022 1,202,522 shares

c. Average number of shares

For the year ended November 30, 2023 79,719,645 shares

For the year ended November 30, 2022 78,763,814 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, 2023 670,200 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, 2023 860,315 shares

## (Reference) Summary of Non-Consolidated Operating Results

### 1. Non-Consolidated Financial Results for the Fiscal Year Ended November 30, 2023 (From December 1, 2022 to November 30, 2023)

#### (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, 2023	452,550	10.4	15,447	(17.2)	15,161	(17.2)	11,132	(16.3)
November 30, 2022	409,784	45.4	18,650	41.5	18,307	41.3	13,303	41.6

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
November 30, 2023	139.64	-
November 30, 2022	168.91	168.36

Notes: Diluted earnings per share for the fiscal year ended November 30, 2023 is not stated because dilutive shares do not exist.

#### (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, 2023	171,902	65,224	37.9	816.21
November 30, 2022	156,305	55,410	35.4	696.70

Reference: NEXTAGE shareholders' equity

As of November 30, 2023: ¥65,224 million

As of November 30, 2022: ¥55,410 million

### 2. Non-Consolidated Financial Forecasts for the Fiscal Year Ending November 30, 2024 (From December 1, 2023 to November 30, 2024)

(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, 2024	255,000	13.8	7,500	1.1	5,300	(2.4)	66.32
Fiscal year ending November 30, 2024	530,000	17.1	18,800	24.0	13,400	20.4	167.69

\* 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 2023, the year ended November 30, 2023, 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, the Middle East situation, fluctuations in financial and capital markets, and other factors.

In this environment, in the Japanese used car sales industry, domestic used car registrations from December 2022 through November 2023 were 5,942,135 vehicles (up 1.2% year on year). By vehicle type, used car registrations were 3,080,800 vehicles (up 0.7% year on year) for ordinary passenger cars and 2,861,335 vehicles (up 1.7% 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.)

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.

In this business environment, the NEXTAGE Group has changed the management philosophy to “The Car Dealer Loved by Everyone,” to enhance our corporate value by enhanced business management with the perspective of our stakeholders. We recognize our identity is to be a car-life partner enriching people’s life value.

In dealership openings, the Group opened Fukushima-Date Store and Higashi-Shizuoka Store in December 2022, Himeji Store in January 2023, Yonago Store which is the first in Tottori Prefecture in February, Toyokawa Store in March, Nasu-Shiobara Store in April, Osaki Store and Obihiro Store in May, Fukui-Maruoka Store in June, Yonezawa Store in July, Tsukuba Store, Fukuyama-Kannabe Store, Sapporo-Naebo Store, and Sendai-Rifu Store in August, Gifu-Higashi Bypass Store and Susono-Nagaizumi Store in September, Hayashima Interchange Store, Marugame Store which is the first in Kagawa prefecture, and Yamaguchi Store in October, Sapporo-Atsubetsu Store in November, all as general stores.

The Group also opened Fukushima-Kamata Store and Minoh Sedan-Sports Car Specialist Store in December 2022. In addition, the Group opened 18 vehicle purchasing specialist stores as storefront additions to new stores, as well as Kyoto-Fushimi Store, Kurashiki Store, Saga-Hokubu Bypass Store which is the first in Saga Prefecture, Hamamatsu Automobile Street Store, Isahaya Store, Toyota-Higashi Store, Kushiro Store, Fujiidera Store, Ageo Store, Kitami Store, Ishinomaki Store, Miyakojima Store, Odawara Store, all 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 car dealer, BYD Auto Ikebukuro Store as an authorized BYD Auto dealer, and Land Rover Okazaki Store as an authorized Land Rover car dealer.

#### Used car dealership business

In the used car dealership business, the store count as of November 30, 2023 was 170 dealership bases (comprising 269 storefronts). New store openings consisted of 9 dealership bases (11 storefronts) in the Hokkaido-Tohoku region, 4 dealership bases (4 storefronts) in the Kanto-Koshinetsu region, 6 dealership bases (7 storefronts) in the Tokai-Hokuriku region, 4 dealership bases (4 storefronts) in the Kansai region, 6 dealership bases (6 storefronts) in the Chugoku-Shikoku region, and 3 dealership bases (3 storefronts) in the Kyushu-Okinawa region. In addition, the Group opened 18 vehicle purchasing specialist stores as storefront additions.

#### New car dealership business

In the new car dealership business, the store count as of November 30, 2023 was 23 dealership bases (comprising 26 storefronts). New store openings consisted of 1 dealership base (2 storefronts) in Kanto-Koshinetsu region and 1 dealership base (1 storefront) in Tokai-Hokuriku region.

As a result, the store count as of November 30, 2023 was 193 dealership bases (comprising 295 storefronts).

As a result of the above, for fiscal 2023, the Group posted net sales of ¥463,464 million (up 10.8% year on year), operating profit of ¥16,084 million (down 17.3% year on year), ordinary profit of ¥15,773 million (down 17.3% year on year), and profit attributable to owners of parent of ¥11,556 million (down 16.8% year on year).

Regional breakdowns of net sales were as follows.

Region	Fiscal 2022 (From December 1, 2021 to November 30, 2022)			Fiscal 2023 (From December 1, 2022 to November 30, 2023)			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	44,930	22 (34)	32,372	63,078	31 (50)	52,242	140.4	9 (16)	161.4
Kanto-Koshinetsu	113,643	42 (65)	70,351	123,552	47 (74)	88,844	108.7	5 (9)	126.3
Tokai-Hokuriku	126,367	44 (63)	77,054	131,432	51 (74)	89,127	104.0	7 (11)	115.7
Kansai	63,482	24 (34)	39,048	67,073	28 (40)	48,164	105.7	4 (6)	123.3
Chugoku-Shikoku	14,634	8 (12)	11,946	22,492	14 (23)	22,787	153.7	6 (11)	190.8
Kyushu-Okinawa	55,058	19 (31)	38,645	55,835	22 (34)	45,071	101.4	3 (3)	116.6
Total	418,117	159 (239)	269,416	463,464	193 (295)	346,235	110.8	34 (56)	128.5

- 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, Kagawa 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 fiscal 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 by department.

## Outlook for Fiscal 2024

The Group is forecasting ¥545,000 million in net sales (up 17.6% year on year), ¥20,000 million in operating profit (up 24.3% year on year), ¥19,700 million in ordinary profit (up 24.9% year on year), and ¥14,000 million in profit attributable to owners of parent (up 21.1% year on year), all above the anticipated figures for fiscal 2024.

Also, fiscal 2024 will be the final year of the three-year medium-term management plan ending. While the medium-term management plan anticipated net sales of ¥500,000 million, operating profit of ¥30,000 million, ordinary profit of ¥29,700 million, and profit attributable to owners of parent of ¥20,800 million.

The deviation from the plan and forecast is due to a decline in the operating profit margin caused by lower profit per unit. We will make improvements by increasing the volume of activities through the introduction of a team system and a process-centered evaluation system.

## (2) Analysis of Financial Position

### 1) Assets, Liabilities, and Net Assets

Total assets as of November 30, 2023, the fiscal year-end, were ¥177,497 million, an increase of ¥16,237 million from the previous fiscal year-end.

Total current assets decreased by ¥2,567 million from the previous fiscal year-end to ¥108,589 million. The main contributing factors were decreases of ¥1,354 million in accounts receivable - trade and ¥13,976 million in merchandise,

partly offset by an increase of ¥9,784 million in cash and deposits.

Total non-current assets increased by ¥18,805 million from the previous fiscal year-end to ¥68,907 million. The main contributing factor was an increase of ¥11,043 million in buildings and structures, primarily in connection with the opening of new stores.

Total current liabilities increased by ¥5,832 million from the previous fiscal year-end to ¥58,556 million. The main contributing factors was an increase of ¥1,206 million in short-term borrowings.

Total non-current liabilities increased by ¥201 million from the previous fiscal year-end to ¥52,435 million.

Total net assets increased by ¥10,203 million from the previous fiscal year-end to ¥66,504 million. The main contributing factor was an increase of ¥9,623 million in retained earnings.

## 2) Cash Flows

Cash and cash equivalents (“cash”) on November 30, 2023 was ¥29,630 million, an increase of ¥9,784 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 in operating activities was ¥33,689 million, compared with ¥17,853 million used in the previous fiscal year. The main components were a decrease in inventories of ¥13,842 million and profit before income taxes of ¥15,533 million.

### Cash Flows from Investing Activities

Net cash used in investing activities was ¥23,677 million, compared with ¥13,831 million used in the previous fiscal year. The main components were purchase of property, plant and equipment of ¥20,401 million accompanying new store openings and payments of guarantee deposits of ¥2,203 million.

### Cash Flows from Financing Activities

Net cash used by financing activities was ¥227 million, compared with ¥28,812 million provided in the previous fiscal year. The main components were repayments of long-term borrowings of ¥9,177 million, partly offset by an increase in long-term borrowings of ¥9,000 million.

### (Reference) Trends in Cash Flow Indicators

	Fiscal 2022	Fiscal 2023
Equity ratio (%)	34.9	37.5
Market-value equity ratio (%)	152.1	103.1
Interest-bearing debt to cash flow ratio (Years)	—	2.3
Interest coverage ratio (Times)	—	123.3

Equity ratio: NEXTAGE shareholders' equity / total assets

Market-value equity ratio: market capitalization / total assets

Interest-bearing debt to cash flow ratio: interest bearing debt / operating cash flow

Interest coverage ratio: operating cash flow / interest payments

- Notes:
1. All of the aforementioned indicators are calculated from consolidated financial figures.
  2. Market capitalization is calculated based on the number of issued shares excluding treasury stock.
  3. The figures used for cash flow are cash flows from operating activities.
  4. Interest-bearing debt represents all liabilities recorded on the consolidated balance sheets for which interest is paid.
  5. The interest-bearing debt to cash flow ratio and the interest coverage ratio for fiscal 2022 are not shown because cash flows from operating activities were negative.

## (3) Basic Policy on Distribution of Profits and Dividends for Fiscal 2023 and Fiscal 2024

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 2023, 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 ¥32 per share.

In addition, based on the above policy, the Company is planning to pay an annual dividend of ¥33 per share for fiscal 2024.

## 2. Management Policies

### (1) Basic Management Policies of the Company

The NEXTAGE Group has refurbished its management philosophy to "The Car Dealer loved by Everyone," from December 2023.

This "Everyone" includes all stakeholders who the Group would encounter through our business such as customers, business partners, shareholders, investors, and employees and their families. We will always remember to be grateful for the fact that it is thanks to these people for us to sustain the business. We will do our best for the customers in front of us, and will be a car dealership that is loved by the community and stakeholders and that they want to use for a long time to come. The new management philosophy embodies these ideas and ideologies.

Based on the management philosophy of "The Car Dealer loved by Everyone," the NEXTAGE Group is expanding lifelong dealings with customers. The Group will stay closely attuned to customers' lifelong needs around cars and offer the most appropriate services to each and every customer, which include not only sales of cars but also maintenance, vehicle inspections, Body Paint & Repair, tire sales, insurance contracts, vehicle purchasing and suggestions for the next car.

To realize sustained growth and enhancement of corporate value, the Group will increase the number of customers under management ("managed customers") by expanding nationwide new store development and improving customer convenience.

### (2) Key Performance Indicators

The next fiscal year is the last fiscal year of the three-year period of the medium-term management plan ending in fiscal 2024. 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 large-scale stores.

Financial targets (consolidated basis)

(Millions of yen)

	Fiscal 2022 results	Fiscal 2023 results	Fiscal 2024 forecast
Net sales	418,117	463,464	545,000
Operating profit	19,448	16,084	20,000
Operating margin	4.7%	3.5%	3.7%
Ordinary profit	19,080	15,773	19,700
Profit attributable to owners of parent	13,886	11,556	14,000

### (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.

#### ① Nationwide Store Expansion

The Group will continue to establish the stores mainly in local cities to attract new customers. 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 standalone vehicle purchasing 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.

#### 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 works to implement customer management in which the Group makes proposals considering customers’ situation and appropriate timing so as not only to acquire new users but also to build a mechanism that leads customers to continuous transactions with us. In addition, we will implement efforts to increase the number of “managed customers” by promoting transactions with existing users’ households with whom the Group has no business transactions. (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, 2023, the number of used car product turnover days is approximately 40 days.

#### **(4) Key Priorities Ahead**

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

##### **① Store 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.

##### **② Securing Human Resources**

In order for the Group to maintain growth 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 provide a good working environment for all staff 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.

##### **③ Increasing the Number of "Managed Customers"**

In order for the Group to maintain growth in the future, it is necessary to increase the number of "managed customers." And in order to increase the number of "managed customers," we consider it important to further encourage customers to use our various services, including not only sales of cars but also daily maintenance, car inspection, and insurance. As we aim to expand dealings of various services and increase profitability, we will build departments and personnel structures to promote lifelong dealings, and will enhance systems and tools to manage customers.

##### **④ Securing Products**

The Group relies on purchasing from auto auction sites for approximately 30% of its retail vehicles. In order to procure demanded products at the right timing while dealing with market change, we analyze the demand situation and utilize purchasing analysis systems to create a product mix that meets demand.

### **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 2022 (As of November 30, 2022)	Fiscal 2023 (As of November 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	19,845	29,630
Accounts receivable - trade	12,829	11,475
Merchandise	72,563	58,586
Work in process	160	281
Supplies	709	722
Other	5,057	7,902
Allowance for doubtful accounts	(8)	(9)
Total current assets	111,157	108,589
Non-current assets		
Property, plant and equipment		
Buildings and structures	40,496	53,717
Accumulated depreciation	(9,007)	(11,184)
Buildings and structures, net	31,489	42,532
Machinery, equipment and vehicles	7,493	10,011
Accumulated depreciation	(1,964)	(2,613)
Machinery, equipment and vehicles, net	5,529	7,397
Construction in progress	1,542	2,769
Other	4,408	6,585
Accumulated depreciation	(2,144)	(2,541)
Other, net	2,264	4,044
Total property, plant and equipment	40,826	56,744
Intangible assets	668	646
Investments and other assets		
Investment securities	84	74
Long-term loans receivable	679	695
Retirement benefit asset	376	487
Deferred tax assets	2,731	3,468
Guarantee deposits	4,388	6,556
Investment property	35	35
Accumulated depreciation	(2)	(3)
Investment property, net	32	31
Other	314	203
Total investments and other assets	8,607	11,516
Total non-current assets	50,102	68,907
Total assets	161,259	177,497

(Millions of yen)

	Fiscal 2022 (As of November 30, 2022)	Fiscal 2023 (As of November 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	7,300	6,848
Short-term borrowings	20,923	22,129
Current portion of long-term borrowings	7,438	8,010
Lease liabilities	33	4
Income taxes payable	3,595	2,487
Asset retirement obligations	73	73
Other	13,358	19,002
Total current liabilities	52,723	58,556
Non-current liabilities		
Long-term borrowings	48,015	47,266
Lease liabilities	113	11
Deferred tax liabilities	13	13
Asset retirement obligations	1,830	2,182
Other	2,260	2,962
Total non-current liabilities	52,234	52,435
Total liabilities	104,958	110,992
<b>Net assets</b>		
Shareholders' equity		
Share capital	8,036	8,084
Capital surplus	13,494	13,542
Retained earnings	36,544	46,168
Treasury shares	(1,619)	(1,102)
Total shareholders' equity	56,456	66,691
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	10
Remeasurements of defined benefit plans	(162)	(197)
Total accumulated other comprehensive income	(154)	(186)
Total net assets	56,301	66,504
Total liabilities and net assets	161,259	177,497

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

(Millions of yen)

	Fiscal 2022 (From December 1, 2021 to November 30, 2022)	Fiscal 2023 (From December 1, 2022 to November 30, 2023)
Net sales	418,117	463,464
Cost of sales	344,088	376,636
Gross profit	74,028	86,827
Selling, general and administrative expenses	54,580	70,743
Operating profit	19,448	16,084
Non-operating income		
Insurance claim income	79	22
Gain on sales of scraps	22	35
Subsidy income	37	73
Other	135	181
Total non-operating income	275	312
Non-operating expenses		
Interest expenses	245	273
Rent cost	5	2
Commission expenses	236	163
Other	154	183
Total non-operating expenses	642	622
Ordinary profit	19,080	15,773
Extraordinary losses		
Impairment losses	314	240
Total extraordinary losses	314	240
Profit before income taxes	18,765	15,533
Income taxes - current	5,159	4,697
Income taxes - deferred	(280)	(721)
Total income taxes	4,879	3,976
Profit	13,886	11,556
Profit attributable to owners of parent	13,886	11,556

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2022 (From December 1, 2021 to November 30, 2022)	Fiscal 2023 (From December 1, 2022 to November 30, 2023)
Profit	13,886	11,556
Other comprehensive income		
Valuation difference on available-for-sale securities	6	2
Remeasurements of defined benefit plans, net of tax	(66)	(35)
Total other comprehensive income	(59)	(32)
Comprehensive income	13,826	11,524
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,826	11,524
Comprehensive income attributable to non-controlling interests	–	–

### (3) Consolidated Statements of Changes in Equity

Fiscal 2022 (From December 1, 2021 to November 30, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,961	10,369	26,714	(3,333)	41,712
Cumulative effects of changes in accounting policies			(2,884)		(2,884)
Restated Balance	7,961	10,369	23,830	(3,333)	38,828
Changes during period					
Issuance of new shares	74	74			148
Dividends of surplus			(1,171)		(1,171)
Profit attributable to owners of parent			13,886		13,886
Purchase of treasury shares					–
Disposal of treasury shares		3,051		1,714	4,765
Net changes in items other than shareholders' equity					
Total changes during period	74	3,125	12,714	1,714	17,628
Balance at end of period	8,036	13,494	36,544	(1,619)	56,456

(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	1	(96)	(94)	0	41,617
Cumulative effects of changes in accounting policies					(2,884)
Restated Balance	1	(96)	(94)	0	38,733
Changes during period					
Issuance of new shares				(0)	147
Dividends of surplus					(1,171)
Profit attributable to owners of parent					13,886
Purchase of treasury shares					–
Disposal of treasury shares					4,765
Net changes in items other than shareholders' equity	6	(66)	(59)	–	(59)
Total changes during period	6	(66)	(59)	(0)	17,568
Balance at end of period	8	(162)	(154)	–	56,301

Fiscal 2023 (From December 1, 2022 to November 30, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,036	13,494	36,544	(1,619)	56,456
Changes during period					
Issuance of new shares	48	48			96
Dividends of surplus			(1,933)		(1,933)
Profit attributable to owners of parent			11,556		11,556
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares				524	524
Net changes in items other than shareholders' equity					
Total changes during period	48	48	9,623	516	10,235
Balance at end of period	8,084	13,542	46,168	(1,102)	66,691

(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	8	(162)	(154)	–	56,301
Changes during period					
Issuance of new shares					96
Dividends of surplus					(1,933)
Profit attributable to owners of parent					11,556
Purchase of treasury shares					(7)
Disposal of treasury shares					524
Net changes in items other than shareholders' equity	2	(35)	(32)	–	(32)
Total changes during period	2	(35)	(32)	–	10,203
Balance at end of period	10	(197)	(186)	–	66,504



#### (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2022 (From December 1, 2021 to November 30, 2022)	Fiscal 2023 (From December 1, 2022 to November 30, 2023)
Cash flows from operating activities		
Profit before income taxes	18,765	15,533
Depreciation	2,951	4,267
Impairment losses	314	240
Increase (decrease) in allowance for doubtful accounts	4	0
Decrease (increase) in retirement benefit asset	(32)	(110)
Interest and dividend income	(5)	(5)
Interest expenses	245	273
Commission expenses	132	163
Decrease (increase) in trade receivables	(6,682)	1,354
Decrease (increase) in inventories	(31,383)	13,842
Increase (decrease) in trade payables	1,893	(452)
Increase (decrease) in advances received	1,058	(471)
Other, net	(163)	5,128
Subtotal	(12,900)	39,762
Interest and dividends received	5	5
Interest paid	(247)	(273)
Income taxes paid	(4,712)	(5,805)
Net cash provided by (used in) operating activities	(17,853)	33,689
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	30	–
Purchase of property, plant and equipment	(12,556)	(20,401)
Purchase of intangible assets	(96)	(89)
Payments of guarantee deposits	(1,058)	(2,203)
Proceeds from refund of guarantee deposits	17	34
Other, net	(167)	(1,017)
Net cash provided by (used in) investing activities	(13,831)	(23,677)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	14,468	1,206
Proceeds from long-term borrowings	17,500	9,000
Repayments of long-term borrowings	(6,362)	(9,177)
Proceeds from issuance of shares	24	–
Repayments of lease liabilities	(90)	(131)
Proceeds from disposal of treasury shares	4,664	937
Dividends paid	(1,171)	(1,933)
Other, net	(220)	(130)
Net cash provided by (used in) financing activities	28,812	(227)
Net increase (decrease) in cash and cash equivalents	(2,872)	9,784
Cash and cash equivalents at beginning of period	22,718	19,845
Cash and cash equivalents at end of period	19,845	29,630

## **(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

Measured by the straight-line 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) Accounting policy for significant revenues and expenses

The Group applies the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan [ASBJ] Statement No. 29, March 31, 2020), etc. (“Revenue Recognition Accounting Standard, etc.”), and recognizes revenues 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.

The details of the main performance obligations in the major businesses related to revenues generated from contracts with the Group's customers and the timing at which the Group typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

i. Vehicle sales

Revenues are 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.

ii. Vehicle sales in installments

Revenues are recognized in their cash sales prices when vehicles are sold, and the interest portion of the installment fees are 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.

(7) 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.

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

Accounting policy for consumption taxes

Financial statements are prepared excluding consumption taxes.

**(Changes in accounting policies)**

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

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 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 fiscal year consolidated financial statements by applying the standard.

**(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 2022 (December 1, 2021 to November 30, 2022)**

**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 2023 (December 1, 2022 to November 30, 2023)**

**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 losses 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, 2021 to November 30, 2022)	Fiscal year under review (December 1, 2022 to November 30, 2023)
Net assets per share	¥707.91	¥832.24
Basic earnings per share	¥176.30	¥144.97
Diluted earnings per share	¥175.74	–

Note: 1. Diluted earnings per share for the fiscal year ended November 30, 2023 is not stated because dilutive shares do not exist.

2. The basis for calculation of basic earnings per share and diluted earnings per share is as follows.

Item	Previous fiscal year (December 1, 2021 to November 30, 2022)	Fiscal year under review (December 1, 2022 to November 30, 2023)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	13,886	11,556
Amount not attributable to ordinary shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	13,886	11,556
Average number of common shares during the period (shares)	78,763,814	79,719,645
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	–	–
Increase in number of common shares (Shares)	254,596	–
(Of which, share acquisition rights (Shares))	(254,596)	(–)
Summary of convertible securities not included in diluted earnings per share due to having no dilutive effect	–	–

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

Item	Fiscal 2022 (As of November 30, 2022)	Fiscal 2023 (As of November 30, 2023)
Total amount in net assets (Millions of yen)	56,301	66,504
Amount deducted from total amount in net assets (Millions of yen)	–	–
(Of which, share acquisition rights (Millions of yen))	(–)	(–)
Net assets at the end of the period related to common shares (Millions of yen)	56,301	66,504
Number of common shares at the end of the period used for calculation of net assets per share (Shares)	79,532,678	79,910,464

Note: Shares of the Company held by the NEXTAGE Employee Stock Ownership Trust Account (1,182,277 shares for the year ended November 30, 2022 and 860,315 shares for the year ended November 30, 2023) 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 (1,030,600 shares as of November 30, 2022 and 670,200 shares as of November 30, 2023) 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.