



July 1, 2024

Consolidated Financial Results for the Six Months Ended May 31, 2024

(Japanese Accounting Standards)

Name of listed company: **NEXTAGE Co., Ltd.**
Stock Exchange Listings: Tokyo, Nagoya
Stock code: 3186
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Scheduled date to file Quarterly Securities Report: July 1, 2024
Scheduled date to commence dividend payments: —
Supplementary explanatory materials prepared: Yes
Explanatory meeting: Yes (For institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended May 31, 2024 (From December 1, 2023 to May 31, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

Six months 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	%
May 31, 2024	264,983	15.3	7,761	(2.6)	7,495	(3.8)	5,398	(5.0)
May 31, 2023	229,828	26.0	7,965	(13.0)	7,791	(12.7)	5,680	(8.8)

Note: Comprehensive income

For the six months ended May 31, 2024: ¥5,428 million, [(4.9)%]

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

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
May 31, 2024	67.46	—
May 31, 2023	71.34	—

Note: Diluted earnings per share is not stated because dilutive shares do not exist.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
May 31, 2024	216,471	69,727	32.2
November 30, 2023	177,497	66,504	37.5

Reference: NEXTAGE shareholders' equity

As of May 31, 2024: ¥69,727 million

As of November 30, 2023: ¥66,504 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, 2023	—	0.00	—	32.00	32.00
Fiscal year ending November 30, 2024	—	0.00			
Fiscal year ending November 30, 2024 (forecasts)			—	33.00	33.00

Note: Revision to the latest forecast of dividends: None

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
Fiscal year ending November 30, 2024	545,000	17.6	20,000	24.3	19,700	24.9	14,000	21.1	174.94

Note: Revision to the latest forecast of financial results: None

Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None
New: None
Excluded: None
- (2) Adoption of accounting method specific to preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
a. Changes in accounting policies due to revisions to accounting standards and other guidelines: 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
- (4) Number of common shares issued
a. Total number of issued shares at the end of the period (including treasury stock)
As of May 31, 2024 80,809,800 shares
As of November 30, 2023 80,766,200 shares
b. Number of shares of treasury stock at the end of the period
As of May 31, 2024 667,441 shares
As of November 30, 2023 855,736 shares
c. Average number of shares
For the six months ended May 31, 2024 80,026,933 shares
For the six months ended May 31, 2023 79,626,179 shares

(Note) The Company introduced a trust-type employee stock ownership incentive plan (E-Ship) in October 2020. The number of shares of treasury stock at the end of the period includes the following number of shares of the Company held by the NEXTAGE Employee Stock Ownership Trust Account, a dedicated account for E-Ship set up with a trust bank.

As of May 31, 2024 479,600 shares

In calculation of the average number of shares, the number of shares of treasury stock deducted from the number of common shares issued includes the following number of shares of the Company owned by the above-mentioned account.

For the six months ended May 31, 2024 572,142 shares

* This report is not subject to quarterly review by certified public accountants or audit firms.

This report is not subject to quarterly review procedures under the Financial Instruments and Exchange Act, and at the time of disclosure of the report, review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act have not been completed.

* Proper use of financial forecasts, and other special matters

Financial forecasts and other statements about the future that are included in this material are based on information currently in the possession of the Company and certain conditions judged reasonable by the Company. Actual results may differ significantly due to various factors. For notes on the conditions for financial forecasts and the use of financial forecasts, please refer to "Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 4 of the attached documentation.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the six months ended May 31, 2024, the Japanese economy has been gradually recovering thanks to the effects of various government policies such as improvement in employment and the income environment. However, there is a potential risk with downward overseas economy dragging the Japanese economy also negatively. Yet, it is still necessary to mind commodity prices rise, fluctuations in financial and capital markets, and other factors.

Besides above, in the Japanese used car sales industry, domestic used car registrations from December 2023 through May 2024 were 3,142,028 vehicles (up 3.0% year on year). By vehicle type, used car registrations were 1,640,492 vehicles (up 6.3% year on year) for ordinary passenger cars and 1,501,536 vehicles (down 0.3% 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.)

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.

In dealership openings in terms of the six months ended May 31, 2024, the Group opened Konan Store in April 2024 and Sendai-Miyagino store in May 2024, both as a general store. The Group also opened SUV LAND Minoh store in March 2024. 2 vehicle purchasing specialist stores were opened with opening of new large stores. In the imported car dealership business, the Group opened Volvo Car Sagamihara Store as an authorized Volvo dealer and Maserati Koto store as an authorized Maserati dealer, both in April 2024.

As a result, for the six months ended May 31, 2024, the Group posted net sales of ¥264,983 million (up 15.3% year on year), operating profit of ¥7,761 million (down 2.6% year on year), ordinary profit of ¥7,495 million (down 3.8% year on year), and profit attributable to owners of parent of ¥5,398 million (down 5.0% year on year).

Used car dealership business

In the used car dealership business, the store count as of May 31, 2024 was 175 dealership bases (comprising 278 storefronts). New store openings consisted of 1 dealership base (1 storefront) in the Hokkaido-Tohoku region, 1 dealership base (1 storefront) in the Tokai-Hokuriku region, and 1 dealership base (1 storefront) in the Kansai region. In addition to the Group opened 2 vehicle purchasing specialist stores were opened with opening of new large stores, 1 dealership base (1 storefront) were integrated into the existing neighboring store in the Hokkaido-Tohoku region.

New car dealership business

In terms of the new car dealership business, the store count as of May 31, 2024 was 48 dealership bases (comprising 51 storefronts). New store openings consist of 2 dealership bases (2 storefronts) in Kanto-Koshinetsu region.

As a result, the store count as of May 31, 2024 was 223 dealership bases (comprising 329 storefronts).

Regional breakdowns of net sales were as follows.

Region	Six months ended May 31, 2023 (From December 1, 2022 to May 31, 2023)			Six months ended May 31, 2024 (From December 1, 2023 to May 31, 2024)			Change YoY		
	Sales amount (Millions of yen)	Bases at second quarter-end	Sales volume (Vehicles)	Sales amount (Millions of yen)	Bases at second quarter-end	Sales volume (Vehicles)	Sales amount (%)	Bases at second quarter-end	Sales volume (%)
Hokkaido-Tohoku	30,506	25 (40)	24,334	34,956	31 (51)	29,530	114.6	6 (11)	121.4
Kanto-Koshinetsu	62,015	44 (69)	42,990	74,326	60 (89)	52,885	119.9	16 (20)	123.0
Tokai-Hokuriku	64,689	47 (68)	42,867	75,673	67 (91)	49,416	117.0	20 (23)	115.3
Kansai	33,889	27 (39)	23,206	35,269	30 (41)	26,276	104.1	3 (2)	113.2
Chugoku-Shikoku	10,063	10 (15)	10,017	17,192	14 (23)	17,520	170.9	4 (8)	174.9
Kyushu-Okinawa	28,665	21 (33)	22,199	27,565	21 (34)	24,297	96.2	- (1)	109.5
Total	229,828	174 (264)	165,613	264,983	223 (329)	199,924	115.3	49 (65)	120.7

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

(2) Explanation of Financial Position

Total assets as of May 31, 2024 were ¥216,471 million, an increase of ¥38,974 million from the previous fiscal year-end.

Total current assets increased by ¥21,056 million from the previous fiscal year-end to ¥129,646 million. The main contributing factors were increases of ¥11,518 million in cash and deposits and ¥4,475 million in merchandise.

Total non-current assets increased by ¥17,918 million from the previous fiscal year-end to ¥86,825 million. The main contributing factor was an increase of ¥12,363 million in property, plant and equipment, primarily in connection with new stores openings.

Total current liabilities increased by ¥14,938 million from the previous fiscal year-end to ¥73,495 million. The main contributing factors were increases of ¥4,977 million in accounts payable -trade and ¥5,568 million in short-term borrowings.

Total non-current liabilities increased by ¥20,813 million from the previous fiscal year-end to ¥73,249 million. The main contributing factor was an increase of ¥18,118 million in long-term borrowings.

Total net assets increased by ¥3,222 million from the previous fiscal year-end to ¥69,727 million.

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

No changes have been made to the consolidated financial forecast for the fiscal year ending November 30, 2024 announced in “Consolidated Financial Results for the Fiscal Year Ended November 30, 2023” on January 9, 2024.

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

None

3. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2023 (As of November 30, 2023)	First six months of fiscal 2024 (As of May 31, 2024)
Assets		
Current assets		
Cash and deposits	29,630	41,149
Accounts receivable -trade	11,475	17,301
Merchandise	58,586	63,062
Work in process	281	787
Supplies	722	1,217
Other	7,902	6,158
Allowance for doubtful accounts	(9)	(30)
Total current assets	108,589	129,646
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	42,532	49,367
Other, net	14,211	19,741
Total property, plant and equipment	56,744	69,108
Intangible assets		
Goodwill	4	3,593
Other	641	608
Total intangible assets	646	4,202
Investments and other assets	11,516	13,515
Total non-current assets	68,907	86,825
Total assets	177,497	216,471
Liabilities		
Current liabilities		
Accounts payable -trade	6,848	11,825
Short-term borrowings	22,129	27,697
Current portion of long-term borrowings	8,010	12,598
Lease obligations	4	87
Income taxes payable	2,487	2,806
Provision for bonuses	—	2,079
Asset retirement obligations	73	—
Other	19,002	16,400
Total current liabilities	58,556	73,495
Non-current liabilities		
Long-term borrowings	47,266	65,384
Lease obligations	11	230
Asset retirement obligations	2,182	2,926
Other	2,975	4,707
Total non-current liabilities	52,435	73,249
Total liabilities	110,992	146,744

(Millions of yen)

	Fiscal 2023 (As of November 30, 2023)	First six months of fiscal 2024 (As of May 31, 2024)
Net assets		
Shareholders' equity		
Share capital	8,084	8,133
Capital surplus	13,542	13,592
Retained earnings	46,168	48,988
Treasury shares	(1,102)	(829)
Total shareholders' equity	66,691	69,884
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10	18
Remeasurements of defined benefit plans	(197)	(175)
Total accumulated other comprehensive income	(186)	(157)
Total net assets	66,504	69,727
Total liabilities and net assets	177,497	216,471

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

(Millions of yen)

	First six months of fiscal 2023 (From December 1, 2022 to May 31, 2023)	First six months of fiscal 2024 (From December 1, 2023 to May 31, 2024)
Net sales	229,828	264,983
Cost of sales	188,177	216,655
Gross profit	41,651	48,328
Selling, general and administrative expenses	33,685	40,566
Operating profit	7,965	7,761
Non-operating income		
Insurance claim income	12	13
Subsidy income	30	6
Gain on sales of scraps	13	32
Other	80	145
Total non-operating income	137	197
Non-operating expenses		
Interest expenses	136	206
Rent cost	1	1
Commission expenses	110	91
Other	62	163
Total non-operating expenses	311	463
Ordinary profit	7,791	7,495
Extraordinary profit		
Insurance claim income	—	155
Total extraordinary profit	—	155
Extraordinary losses		
Impairment losses	—	40
Total extraordinary losses	—	40
Profit before income taxes	7,791	7,610
Income taxes -current	2,297	2,390
Income taxes -deferred	(186)	(179)
Total income taxes	2,111	2,211
Profit	5,680	5,398
Profit attributable to owners of parent	5,680	5,398

Quarterly Consolidated Statements of Comprehensive Income

First Six Months

(Millions of yen)

	First six months of fiscal 2023 (From December 1, 2022 to May 31, 2023)	First six months of fiscal 2024 (From December 1, 2023 to May 31, 2024)
Profit	5,680	5,398
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	7
Remeasurements of defined benefit plans, net of tax	29	21
Total other comprehensive income	28	29
Comprehensive income	5,708	5,428
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,708	5,428
Comprehensive income attributable to non-controlling interests	—	—

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First six months of fiscal 2023 (From December 1, 2022 to May 31, 2023)	First six months of fiscal 2024 (From December 1, 2023 to May 31, 2024)
Cash flows from operating activities		
Profit before income taxes	7,791	7,610
Depreciation	1,927	2,755
Increase (decrease) in allowance for doubtful accounts	0	(4)
Increase (decrease) in provision for bonuses	1,527	2,079
Decrease (increase) in retirement benefit asset	(130)	(66)
Interest expenses	136	206
Decrease (increase) in trade receivables	(3,043)	(5,573)
Decrease (increase) in inventories	18,477	527
Increase (decrease) in trade payables	189	1,634
Other, net	4,737	423
Subtotal	31,614	9,592
Interest and dividends received	3	3
Interest paid	(136)	(206)
Income taxes paid	(3,245)	(2,123)
Net cash provided by (used in) operating activities	28,236	7,265
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,707)	(7,606)
Purchase of intangible assets	(92)	(29)
Payments of guarantee deposits	(1,775)	(1,064)
Payments occurred through acquisition of subsidiaries	—	(4,342)
Other, net	15	(41)
Net cash provided by (used in) investing activities	(10,559)	(13,083)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(10,708)	2,487
Proceeds from long-term borrowings	8,000	21,199
Repayments of long-term borrowings	(5,176)	(4,349)
Dividends paid	(1,933)	(2,578)
Proceeds from disposal of treasury shares	442	489
Other, net	(108)	(55)
Net cash provided by (used in) financing activities	(9,484)	17,193
Net increase (decrease) in cash and cash equivalents	8,192	11,375
Cash and cash equivalents at beginning of period	19,845	29,630
Cash and cash equivalents at end of period	28,038	41,006

**(4) Notes to the Quarterly Consolidated Financial Statements
(Uncertainties of entity's ability to continue as going concern)**

None

(Notes in case of a significant change in shareholders' equity)

None

(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