

# Consolidated Results for the End of the Fiscal Year to September 2018

## (Japanese Accounting Standards)



Nov 14, 2018

**Company Name Nexyz.Group Corporation**

Securities Code: 4346

(English Translation of “Kessan Tanshin”)

Exchanges Listed: TSE1

Location of Company Headquarters: Tokyo

(URL <https://www.nexyzgroup.jp/english/>)

Position of Representative: President and Representative Director

Name: Takami Kondo

Contact : Executive Managing Director, Administrative Division Manager

Name: Yasuhiro Matsui Tel.+81-3-5459-7444

Scheduled date of the Annual General Meeting of shareholders: December 18, 2018

Scheduled filing date of the annual securities report: December 18, 2018

( Amounts truncated to the nearest million yen.)

### 1. Consolidated results for the end of the fiscal year to September 2018

(from Oct. 1, 2017 to Sep. 30, 2018)

#### (1) Consolidated Results of Operations

(Amounts in percentages show a comparison with the previous same period results.)

	Net Sales		Operating Income		Ordinary Income	
	Yen Mln	%	Yen Mln	%	Yen Mln	%
September 2018	16,873	5.1	1,924	△6.4	1,941	△14.4
September 2017	16,048	14.1	2,054	19.7	2,269	32.1
(Note) Comprehensive income	September 2018	1,760 million yen	△12.4	September 2017	2,008 million yen	(34.5%)

	Net income attributable to owners of the parent		Earnings per Share		Fully Diluted Earnings per Share	
	Yen Mln	%	Yen		Yen	
September 2018	1,913	8.3	151.45		144.90	
September 2017	1,767	45.4	142.77		133.72	
(Note) Equity in earnings(losses) of affiliates	September 2018	-	million yen	September 2017	10	million yen

#### (2) Consolidated Financial Position

(Amounts truncated to the nearest million yen.)

	Total Assets	Net Assets Value	Capital Ratio	Net Assets per Share
	Yen Mln	Yen Mln	%	Yen
September 2018	14,422	8,570	48.8	556.37
September 2017	14,087	8,046	38.6	435.00
(Note) Shareholders' equity:	September 2018	7,045 million yen	September 2017	5,442 million yen

#### (3) Consolidated Cash Flows

(Amounts truncated to the nearest million yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	End-of-Period Cash and Cash Equivalents
	Yen Mln	Yen Mln	Yen Mln	Yen Mln
September 2018	1,592	1,164	△1339	6,221
September 2017	1,786	88	△629	4,877

### 2. Consolidated annual dividend

Annual Dividend Per Share

	End of first quarter (Yen)	End of second quarter (Yen)	End of third quarter (Yen)	End of Year (Yen)	Total (Yen)
September 2017	—	10.00	—	15.00	25.00
September 2018	—	15.00	—	15.00	30.00
September 2019 (Forecast)	—	20.00	—	20.00	40.00

### 3. Consolidated Forecast for the fiscal year ending September 2019 (October 1, 2018~September 30, 2019)

(Percentages indicate changes from the previous term)

	Net Sales		Operating Income		Ordinary Income	
	Yen Mln	%	Yen Mln	%	Yen Mln	%
Full Fiscal Year	18,500	9.6	2,000	3.9	2,000	3.0

	Net income attributable to owners of the parent		Earnings per Share
	Yen Mln	%	Yen
Full Fiscal Year	1,500	△21.6	118.46

(Thousands of yen)

As of September 30, 2017 As of September 30, 2018

Assets		
Current assets		
Cash and deposits	4,677,575	6,221,775
Notes and accounts receivable - trade	3,436,610	2,965,505
Lease receivables	1,233,789	1,633,434
Securities	200,000	—
Merchandise	222,746	190,414
Accounts receivable - other	276,506	344,314
Prepaid expenses	120,070	142,974
Deferred tax assets	385,752	391,370
Other	363,703	178,870
Allowance for doubtful accounts	△160,638	△319,244
Total current assets	10,756,117	11,749,416
Non-current assets		
Property, plant and equipment		
Buildings	412,495	823,253
Accumulated depreciation	△295,801	△218,093
Buildings, net	116,694	605,159
Tools, furniture and fixtures	1,075,265	902,129
Accumulated depreciation	△968,729	△820,744
Tools, furniture and fixtures, net	106,535	81,384
Other	203,696	88,305
Accumulated depreciation	△42,845	△35,957
Other, net	160,850	52,347
Total property, plant and equipment	384,080	738,891
Intangible assets		
Goodwill	117,826	24,860
Software	92,002	92,458
Other	18,621	—
Total intangible assets	228,450	117,318
Investments and other assets		
Investment securities	1,239,625	688,793
Lease and guarantee deposits	470,310	331,858
Deferred tax assets	455,047	285,332
Other	646,897	549,014
Allowance for doubtful accounts	△93,227	△37,983
Total investments and other assets	2,718,653	1,817,015
Total non-current assets	3,331,184	2,673,225
Total assets	14,087,302	14,422,641

(Thousands of yen)

	As of September 30, 2017	As of September 30, 2018
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	989,512	1,238,859
Short-term loans payable	800,000	730,000
Current portion of long-term loans payable	362,760	362,760
Accounts payable - other	505,040	439,425
Income taxes payable	543,860	544,627
Contract cancellation adjustment reserve	405,371	127,570
Provision for profit-related bonuses	270,398	311,473
Other	484,812	477,189
<b>Total current liabilities</b>	<b>4,361,756</b>	<b>4,231,906</b>
Non-current liabilities		
Long-term loans payable	1,473,100	1,410,340
Lease obligations	128,935	144,231
Other	76,546	65,220
<b>Total non-current liabilities</b>	<b>1,678,582</b>	<b>1,619,791</b>
<b>Total liabilities</b>	<b>6,040,339</b>	<b>5,851,698</b>
Net assets		
Shareholders' equity		
Capital stock	1,189,156	1,189,156
Capital surplus	270,302	330,265
Retained earnings	4,796,026	6,140,915
Treasury shares	△852,619	△710,892
<b>Total shareholders' equity</b>	<b>5,402,866</b>	<b>6,949,445</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39,759	95,816
Foreign currency translation adjustment	—	△47
<b>Total accumulated other comprehensive income</b>	<b>39,759</b>	<b>95,768</b>
Share acquisition rights	9,879	9,495
Non-controlling interests	2,594,458	1,516,233
<b>Total net assets</b>	<b>8,046,962</b>	<b>8,570,943</b>
<b>Total liabilities and net assets</b>	<b>14,087,302</b>	<b>14,422,641</b>

(Thousands of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
Net sales	16,048,525	16,873,717
Cost of sales	8,253,261	8,391,496
Gross profit	7,795,264	8,482,221
Selling, general and administrative expenses	5,740,413	6,558,192
Operating profit	2,054,851	1,924,029
Non-operating income		
Interest income	1,724	1,016
Gain on sales of investment securities	195,674	119,120
Gain on investments in partnership	18,815	50,339
Share of profit of entities accounted for using equity method	10,304	—
Other	6,923	4,733
Total non-operating income	233,442	175,209
Non-operating expenses		
Interest expenses	8,073	8,182
Loss on valuation of investment securities	139	132,117
Other	10,626	17,163
Total non-operating expenses	18,840	157,463
Ordinary profit	2,269,454	1,941,775
Extraordinary income		
Gain on sales of investment securities	—	26,286
Gain on sales of shares of subsidiaries and associates	—	685,488
Total extraordinary income	—	711,775
Extraordinary losses		
Loss on sales of shares of subsidiaries and associates	38,739	—
Loss on valuation of shares of subsidiaries and associates	—	32,998
Loss on liquidation of business	—	127,171
Total extraordinary losses	38,739	160,170
Profit before income taxes	2,230,714	2,493,380
Income taxes - current	696,710	661,285
Income taxes - deferred	△430,133	127,613
Total income taxes	266,577	788,899
Profit	1,964,137	1,704,480
Profit (loss) attributable to non- controlling interests	196,593	△208,965
Profit attributable to owners of parent	1,767,543	1,913,446

(Thousands of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
Profit	1,964,137	1,704,480
Other comprehensive income		
Valuation difference on available-for-sale securities	44,858	56,057
Foreign currency translation adjustment	—	△99
Total other comprehensive income	44,858	55,957
Comprehensive income	2,008,995	1,760,438
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,812,401	1,969,456
Comprehensive income attributable to non-controlling interests	196,593	△209,018

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,189,156	861,963	3,562,892	△721,890	4,892,121
Changes of items during period					
Dividends of surplus			△247,762		△247,762
Profit attributable to owners of parent			1,767,543		1,767,543
Purchase of treasury shares				△535,329	△535,329
Disposal of treasury shares			△286,646	404,600	117,953
Change in ownership interest of parent due to transactions with non-controlling interests		△474,630			△474,630
Decrease (increase) of capital surplus by change of share to consolidated subsidiary		△117,031			△117,031
Net changes of items other than shareholders' equity					
Total changes of items during period	—	△591,661	1,233,134	△130,728	510,744
Balance at end of current period	1,189,156	270,302	4,796,026	△852,619	5,402,866

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of current period	△5,099	△5,099	10,374	2,455,721	7,353,119
Changes of items during period					
Dividends of surplus					△247,762
Profit attributable to owners of parent					1,767,543
Purchase of treasury shares					△535,329
Disposal of treasury shares					117,953
Change in ownership interest of parent due to transactions with non-controlling interests					△474,630
Decrease (increase) of capital surplus by change of share to consolidated subsidiary					△117,031
Net changes of items other than shareholders' equity	44,858	44,858	△495	138,736	183,099
Total changes of items during period	44,858	44,858	△495	138,736	693,843
Balance at end of current period	39,759	39,759	9,879	2,594,458	8,046,962

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,189,156	270,302	4,796,026	△852,619	5,402,866
Changes of items during period					
Dividends of surplus			△377,399		△377,399
Profit attributable to owners of parent			1,913,446		1,913,446
Purchase of treasury shares				△2,443	△2,443
Disposal of treasury shares			△94,474	144,170	49,695
Change of scope of consolidation			△85,207		△85,207
Change of scope of equity method			△11,476		△11,476
Change in ownership interest of parent due to transactions with non-controlling interests		59,963			59,963
Net changes of items other than shareholders' equity					
Total changes of items during period	—	59,963	1,344,889	141,726	1,546,579
Balance at end of current period	1,189,156	330,265	6,140,915	△710,892	6,949,445

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	39,759	—	39,759	9,879	2,594,458	8,046,962
Changes of items during period						
Dividends of surplus						△377,399
Profit attributable to owners of parent						1,913,446
Purchase of treasury shares						△2,443
Disposal of treasury shares						49,695
Change of scope of consolidation						△85,207
Change of scope of equity method						△11,476
Change in ownership interest of parent due to transactions with non-controlling interests						59,963
Net changes of items other than shareholders' equity	56,057	△47	56,009	△383	△1,078,224	△1,022,598
Total changes of items during period	56,057	△47	56,009	△383	△1,078,224	523,980
Balance at end of current period	95,816	△47	95,768	9,495	1,516,233	8,570,943

(Thousands of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,230,714	2,493,380
Depreciation and amortization	116,556	108,333
Amortization of goodwill	15,016	7,649
Increase (decrease) in contract cancellation adjustment reserve	5,340	△277,801
Increase (decrease) in provision for profit-related bonuses	70,398	41,074
Increase (decrease) in allowance for doubtful accounts	55,975	179,028
Interest and dividend income	△1,724	△1,246
Interest expenses	8,073	8,182
Share of loss (profit) of entities accounted for using equity method	△10,304	—
Loss (gain) on investments in partnership	△18,815	△50,339
Loss (gain) on sales of investment securities	△195,674	△145,407
Loss (gain) on valuation of investment securities	139	132,117
Loss (gain) on sales of shares of subsidiaries and associates	38,739	△685,488
Loss (gain) on valuation of shares of subsidiaries and associates	—	32,998
Loss on liquidation of business	—	127,171
Decrease (increase) in notes and accounts receivable - trade	1,066,318	283,251
Decrease (increase) in lease receivables	△1,188,990	△399,644
Decrease (increase) in inventories	△144,930	△57,118
Increase (decrease) in notes and accounts payable - trade	248,329	299,306
Increase (decrease) in accrued consumption taxes	△158,395	123,173
Other, net	206,017	△21,547
<b>Subtotal</b>	<b>2,342,785</b>	<b>2,197,075</b>
Interest and dividend income received	4,819	757
Interest expenses paid	△8,211	△7,966
Income taxes (paid) refund	△552,499	△597,535
<b>Net cash provided by (used in) operating activities</b>	<b>1,786,893</b>	<b>1,592,330</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities	△101,337	△266,541
Proceeds from sales and redemption of investment securities	276,980	149,323
Proceeds from share of profits on investments in capital	199,310	925,735
Purchase of property, plant and equipment	△178,308	△432,374
Purchase of intangible assets	△38,045	△53,662
Payments for lease and guarantee deposits	△31,346	△89,983
Proceeds from collection of lease and guarantee deposits	295	108,500
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	865,115
<b>Other, net</b>	<b>△38,638</b>	<b>△41,709</b>
<b>Net cash provided by (used in) investing activities</b>	<b>88,908</b>	<b>1,164,402</b>



(Thousands of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	300,000	△293,407
Proceeds from long-term loans payable	600,000	300,000
Repayments of long-term loans payable	△342,760	△362,760
Proceeds from share issuance to non-controlling shareholders	42,690	147,030
Proceeds from sales and leasebacks	149,818	64,226
Cash dividends paid	△247,762	△377,399
Purchase of treasury shares	△535,329	△3,077
Proceeds from disposal of treasury shares	117,459	49,924
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	△692,209	△820,828
Other, net	△21,756	△43,410
Net cash provided by (used in) financing activities	△629,848	△1,339,702
Effect of exchange rate change on cash and cash equivalents	—	196
Net increase (decrease) in cash and cash equivalents	1,245,953	1,417,228
Cash and cash equivalents at beginning of period	3,631,622	4,877,575
Increase in cash and cash equivalents from newly consolidated subsidiary	—	30,914
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	△103,942
Cash and cash equivalents at end of period	4,877,575	6,221,775