

Consolidated Results for the Second Quarter of the Fiscal Year to September 2019

(Japanese Accounting Standards)



May 9, 2019

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/>)

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

(Amounts truncated to the nearest million yen.)

1. Consolidated results for the Second Quarter of the Fiscal Year to September 2019

(from Oct. 1, 2018 to Mar. 31, 2019)

(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	%
March 2019	8,315	3.9	986	10.2	1,122	19.0
March 2018	8,002	4.0	895	△13.5	943	△25.1
(Note) Comprehensive income	March 2019	983 million yen	(△20.4%)	March 2018	1,235 million yen	(25.0%)

	Net income attributable to owners of the parent		Earnings per Share		Fully Diluted Earnings per Share
	Yen Mln	%	Yen	Yen	Yen
March 2019	715	△46.9	55.64		53.21
March 2018	1,347	60.6	106.85		102.05

(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
March 2019	13,831	8,335	48.8	520.59
September 2018	14,422	8,570	48.8	556.37
(Note) Shareholders' equity:	March 2019	6,751 million yen	September 2018	7,045 million yen

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 2018	—	15.00	—	15.00	30.00
September 2019	—	20.00			
September 2019 (Forecast)			—	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	115.66

(Millions of yen)

	As of September 30, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	6,221	4,707
Notes and accounts receivable - trade	2,965	3,129
Lease receivables	1,633	1,107
Merchandise	190	290
Accounts receivable - other	344	59
Other	321	974
Allowance for doubtful accounts	△319	△476
Total current assets	11,358	9,792
Non-current assets		
Property, plant and equipment		
Buildings, net	605	622
Tools, furniture and fixtures, net	81	77
Other, net	52	244
Total property, plant and equipment	738	945
Intangible assets		
Goodwill	24	251
Software	92	98
Total intangible assets	117	350
Investments and other assets		
Investment securities	688	627
Lease and guarantee deposits	331	374
Deferred tax assets	676	1,253
Other	549	542
Allowance for doubtful accounts	△37	△53
Total investments and other assets	2,208	2,744
Total non-current assets	3,064	4,039
Total assets	14,422	13,831

(Millions of yen)

	As of September 30, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	1,238	1,124
Short-term loans payable	730	1,230
Current portion of long-term loans payable	362	362
Accounts payable - other	439	404
Income taxes payable	544	288
Contract cancellation adjustment reserve	127	117
Provision for profit-related bonuses	311	171
Other	477	364
Total current liabilities	4,231	4,063
Non-current liabilities		
Long-term loans payable	1,410	1,228
Other	209	204
Total non-current liabilities	1,619	1,433
Total liabilities	5,851	5,496
Net assets		
Shareholders' equity		
Capital stock	1,189	1,189
Capital surplus	330	457
Retained earnings	6,140	5,901
Treasury shares	△710	△796
Total shareholders' equity	6,949	6,751
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	95	△0
Foreign currency translation adjustment	△0	△0
Total accumulated other comprehensive income	95	△0
Share acquisition rights	9	7
Non-controlling interests	1,516	1,575
Total net assets	8,570	8,335
Total liabilities and net assets	14,422	13,831

(Millions of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Net sales	8,002	8,315
Cost of sales	3,873	4,069
Gross profit	4,129	4,245
Selling, general and administrative expenses	3,234	3,258
Operating profit	895	986
Non-operating income		
Interest income	0	0
Gain on sales of investment securities	—	168
Gain on investments in partnership	50	—
Other	2	6
Total non-operating income	53	175
Non-operating expenses		
Interest expenses	3	4
Commission fee	1	11
Loss on insurance cancellation	—	4
Provision of allowance for doubtful accounts	—	18
Other	0	0
Total non-operating expenses	5	39
Ordinary profit	943	1,122
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	685	—
Total extraordinary income	685	—
Extraordinary losses		
Loss on retirement of non-current assets	—	17
Loss on sales of investment securities	—	9
Loss on valuation of shares of subsidiaries and associates	13	—
cancellation fee of consent	—	40
Loss on liquidation of contracts	—	96
Other	—	8
Total extraordinary losses	13	172
Profit before income taxes	1,615	950
Income taxes - current	324	261
Income taxes - deferred	86	△392
Total income taxes	410	△130
Profit	1,204	1,080
Profit (loss) attributable to non-controlling interests	△142	364
Profit attributable to owners of parent	1,347	715

(Millions of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Profit	1,204	1,080
Other comprehensive income		
Valuation difference on available-for-sale securities	31	△96
Foreign currency translation adjustment	△0	△0
Total other comprehensive income	31	△96
Comprehensive income	1,235	983
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,378	619
Comprehensive income attributable to non-controlling interests	△143	364

(Millions of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	1,615	950
Depreciation and amortization	52	59
Amortization of goodwill	3	15
Increase (decrease) in contract cancellation adjustment reserve	△72	△9
Increase (decrease) in provision for profit-related bonuses	△110	△140
Increase (decrease) in allowance for doubtful accounts	25	172
Interest and dividend income	△0	△0
Interest expenses	3	4
Loss (gain) on investments in partnership	△50	—
Loss (gain) on sales of investment securities	—	△158
Loss (gain) on sales of shares of subsidiaries and associates	△685	—
Loss on retirement of non-current assets	0	17
cancellation fee of consent	—	40
Loss on liquidation of contracts	—	96
Decrease (increase) in notes and accounts receivable - trade	△230	△149
Decrease (increase) in lease receivables	△451	525
Decrease (increase) in inventories	△41	△100
Increase (decrease) in notes and accounts payable - trade	76	△3
Increase (decrease) in accrued consumption taxes	35	△88
Increase (decrease) in deposits received	△108	△100
Other, net	132	39
Subtotal	193	1,170
Interest and dividend income received	0	0
Interest expenses paid	△4	△4
cancellation fee of consent paid	—	△40
Income taxes (paid) refund	△446	△528
Net cash provided by (used in) operating activities	△257	597
Cash flows from investing activities		
Purchase of investment securities	△228	△189
Proceeds from sales of investment securities	—	270
Proceeds from share of profits on investments in capital	925	—
Purchase of property, plant and equipment	△14	△250
Purchase of intangible assets	△48	△44
Payments for lease and guarantee deposits	△18	△61
Proceeds from collection of lease and guarantee deposits	60	30
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△511
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	865	—
Other, net	△5	△45
Net cash provided by (used in) investing activities	1,536	△802

(Millions of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	176	500
Repayments of long-term loans payable	△181	△181
Proceeds from share issuance to non-controlling shareholders	147	33
Proceeds from sales and leasebacks	46	11
Cash dividends paid	△187	△189
Purchase of treasury shares	△1	△973
Proceeds from disposal of treasury shares	40	120
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	△820	△75
Other, net	△20	△27
Net cash provided by (used in) financing activities	△800	△781
Effect of exchange rate change on cash and cash equivalents	△0	△0
Net increase (decrease) in cash and cash equivalents	477	△986
Cash and cash equivalents at beginning of period	4,877	6,221
Increase in cash and cash equivalents from newly consolidated subsidiary	30	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	△103	—
Cash and cash equivalents at end of period	5,282	5,234