

Consolidated Results for the End of the Fiscal Year to September 2019

(Japanese Accounting Standards)



Nov 14, 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/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 17,2019

Scheduled filing date of the annual securities report: December 17,2019

(Amounts truncated to the nearest million yen.)

1. Consolidated results for the end of the fiscal year to September 2019

(from Oct. 1, 2018 to Sep. 30, 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	%
September 2019	18,412	9.1	2,064	7.3	2,168	11.7
September 2018	16,873	5.1	1,924	△6.4	1,941	△14.4
(Note) Comprehensive income	September 2019	1,889 million yen	(7.3%)	September 2018	1,760 million yen	(△12.4%)

	Net income attributable to owners of the parent		Earnings per Share		Fully Diluted Earnings per Share	
	Yen Mln	%	Yen	Yen	Yen	Yen
September 2019	1,516	△20.8	117.86		113.23	
September 2018	1,913	8.3	151.45		144.90	
(Note) Equity in earnings(losses) of affiliates	September 2019	-	million yen	September 2018	-	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 2019	14,875	8,185	40.8	470.81
September 2018	14,422	8,570	48.8	556.37
(Note) Shareholders' equity:	September 2019	6,069 million yen	September 2018	7,045 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 2019	896	△1,218	△1,159	4,738
September 2018	1,592	1,164	△1,339	6,221

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
September 2019	—	20.00	—	20.00	40.00
September 2020 (Forecast)	—	20.00	—	20.00	40.00

3. Consolidated Forecast for the fiscal year ending September 2020 (October 1, 2019~September 30, 2020)

(Percentages indicate changes from the previous term)

	Net Sales		Operating Income		Ordinary Income	
	Yen Mln	%	Yen Mln	%	Yen Mln	%
Full Fiscal Year	20,000	8.6	2,200	6.6	2,200	1.5

	Net income attributable to owners of the parent		Earnings per Share
	Yen Mln	%	Yen
Full Fiscal Year	1,200	△ 20.9	93.09

(Millions of yen)

As of September 30, 2018 As of September 30, 2019

Assets		
Current assets		
Cash and deposits	6,221	4,738
Notes and accounts receivable - trade	2,965	3,119
Lease receivables	1,633	1,926
Merchandise	190	249
Accounts receivable - other	344	100
Prepaid expenses	142	168
Other	178	680
Allowance for doubtful accounts	△319	△309
Total current assets	11,358	10,674
Non-current assets		
Property, plant and equipment		
Buildings	823	844
Accumulated depreciation	△218	△227
Buildings, net	605	617
Tools, furniture and fixtures	902	816
Accumulated depreciation	△820	△736
Tools, furniture and fixtures, net	81	79
Construction in progress	10	442
Other	78	78
Accumulated depreciation	△35	△51
Other, net	42	26
Total property, plant and equipment	738	1,165
Intangible assets		
Goodwill	24	223
Software	92	80
Total intangible assets	117	303
Investments and other assets		
Investment securities	688	591
Leasehold and guarantee deposits	331	503
Deferred tax assets	676	1,017
Other	549	710
Allowance for doubtful accounts	△37	△92
Total investments and other assets	2,208	2,731
Total non-current assets	3,064	4,200
Total assets	14,422	14,875

(Millions of yen)

	As of September 30, 2018	As of September 30, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	1,238	1,543
Short-term loans payable	730	730
Current portion of long-term loans payable	362	622
Accounts payable - other	439	444
Income taxes payable	544	104
Contract cancellation adjustment reserve	127	291
Provision for profit-related bonuses	311	328
Other	477	401
Total current liabilities	4,231	4,466
Non-current liabilities		
Long-term loans payable	1,410	2,042
Lease obligations	144	95
Other	65	84
Total non-current liabilities	1,619	2,223
Total liabilities	5,851	6,689
Net assets		
Shareholders' equity		
Capital stock	1,189	1,189
Capital surplus	330	—
Retained earnings	6,140	5,902
Treasury shares	△710	△1,021
Total shareholders' equity	6,949	6,070
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	△1
Share acquisition rights	9	6
Non-controlling interests	1,516	2,109
Total net assets	8,570	8,185
Total liabilities and net assets	14,422	14,875

(Millions of yen)

	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019
Net sales	16,873	18,412
Cost of sales	8,391	9,134
Gross profit	8,482	9,277
Selling, general and administrative expenses	6,558	7,213
Operating profit	1,924	2,064
Non-operating income		
Interest income	1	3
Gain on sales of investment securities	119	168
Gain on investments in partnership	50	—
Other	4	9
Total non-operating income	175	181
Non-operating expenses		
Interest expenses	8	11
Loss on valuation of investment securities	132	0
Provision of allowance for doubtful accounts	12	35
Loss on insurance cancellation	—	4
Commission expenses	1	25
Other	4	0
Total non-operating expenses	157	78
Ordinary profit	1,941	2,168
Extraordinary income		
Gain on sales of investment securities	26	—
Gain on sales of shares of subsidiaries and associates	685	—
Total extraordinary income	711	—
Extraordinary losses		
Loss on retirement of non-current assets	—	19
Loss on sales of investment securities	—	9
Loss on valuation of investment securities	—	17
Loss on valuation of shares of subsidiaries and associates	32	17
Loss on liquidation of business	127	—
cancellation fee of consent	—	40
Loss on liquidation of contracts	—	96
Other	—	9
Total extraordinary losses	160	211
Profit before income taxes	2,493	1,957
Income taxes - current	661	268
Income taxes - deferred	127	△298
Total income taxes	788	△29
Profit	1,704	1,986
Profit (loss) attributable to non-controlling interests	△208	470
Profit attributable to owners of parent	1,913	1,516

(Millions of yen)

	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019
Profit	1,704	1,986
Other comprehensive income		
Valuation difference on available-for-sale securities	56	△96
Foreign currency translation adjustment	△0	△1
Total other comprehensive income	55	△97
Comprehensive income	1,760	1,889
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,969	1,419
Comprehensive income attributable to non-controlling interests	△209	469

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,189	270	4,796	△852	5,402
Changes of items during period					
Dividends of surplus			△377		△377
Profit attributable to owners of parent			1,913		1,913
Purchase of treasury shares				△2	△2
Disposal of treasury shares			△94	144	49
Change of scope of consolidation			△85		△85
Change of scope of equity method			△11		△11
Change in ownership interest of parent due to transactions with non-controlling interests		59			59
Net changes of items other than shareholders' equity					
Total changes of items during period	—	59	1,344	141	1,546
Balance at end of current period	1,189	330	6,140	△710	6,949

	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	—	39	9	2,594	8,046
Changes of items during period						
Dividends of surplus						△377
Profit attributable to owners of parent						1,913
Purchase of treasury shares						△2
Disposal of treasury shares						49
Change of scope of consolidation						△85
Change of scope of equity method						△11
Change in ownership interest of parent due to transactions with non-controlling interests						59
Net changes of items other than shareholders' equity	56	△0	56	△0	△1,078	△1,022
Total changes of items during period	56	△0	56	△0	△1,078	523
Balance at end of current period	95	△0	95	9	1,516	8,570

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,189	330	6,140	△710	6,949
Changes of items during period					
Issuance of new shares	0	0			0
Dividends of surplus			△449		△449
Profit attributable to owners of parent			1,516		1,516
Retirement of treasury shares			△663	663	—
Purchase of treasury shares				△1,389	△1,389
Disposal of treasury shares			△211	415	204
Transfer to capital surplus from retained earnings		430	△430		—
Change in ownership interest of parent due to transactions with non-controlling interests		△134			△134
Decrease (increase) of capital surplus by change of share to consolidated subsidiary		△627			△627
Net changes of items other than shareholders' equity					
Total changes of items during period	0	△330	△238	△310	△879
Balance at end of current period	1,189	—	5,902	△1,021	6,070

	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	95	△0	95	9	1,516	8,570
Changes of items during period						
Issuance of new shares						0
Dividends of surplus						△449
Profit attributable to owners of parent						1,516
Retirement of treasury shares						—
Purchase of treasury shares						△1,389
Disposal of treasury shares						204
Transfer to capital surplus from retained earnings						—
Change in ownership interest of parent due to transactions with non-controlling interests						△134
Decrease (increase) of capital surplus by change of share to consolidated subsidiary						△627
Net changes of items other than shareholders' equity	△96	△0	△96	△2	593	494
Total changes of items during period	△96	△0	△96	△2	593	△385
Balance at end of current period	△0	△0	△1	6	2,109	8,185

(Millions of yen)

	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	2,493	1,957
Depreciation and amortization	108	116
Amortization of goodwill	7	44
Increase (decrease) in contract cancellation adjustment reserve	△277	164
Increase (decrease) in provision for profit-related bonuses	41	17
Increase (decrease) in allowance for doubtful accounts	179	44
Interest and dividend income	△1	△3
Interest expenses	8	11
Loss (gain) on investments in partnership	△50	—
Loss (gain) on sales of investment securities	△145	△158
Loss (gain) on valuation of investment securities	132	17
Loss (gain) on sales of shares of subsidiaries and associates	△685	—
Loss (gain) on valuation of shares of subsidiaries and associates	32	17
Loss on retirement of non-current assets	3	19
Loss on liquidation of business cancellation fee of consent	127	—
Loss on liquidation of contracts	—	40
Loss on liquidation of contracts	—	96
Decrease (increase) in notes and accounts receivable - trade	283	△139
Decrease (increase) in lease receivables	△399	△292
Decrease (increase) in inventories	△57	△59
Decrease (increase) in advances paid	△31	△128
Increase (decrease) in notes and accounts payable - trade	299	415
Increase (decrease) in accrued consumption taxes	123	△53
Increase (decrease) in deposits received	13	△115
Other, net	△7	△87
Subtotal	2,197	1,923
Interest and dividend income received	0	3
Interest expenses paid	△7	△11
Income taxes (paid) refund	△597	△979
cancellation fee of consent paid	—	△40
Net cash provided by (used in) operating activities	1,592	896
Cash flows from investing activities		
Purchase of investment securities	△266	△189
Proceeds from sales of investment securities	149	270
Proceeds from share of profits on investments in capital	925	—
Purchase of property, plant and equipment	△432	△513
Purchase of intangible assets	△53	△45
Payments for leasehold and guarantee deposits	△89	△207
Proceeds from collection of leasehold and	108	41

guarantee deposits

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	△41	△61
Net cash provided by (used in) investing activities	1,164	△1,218

(Millions of yen)

	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△293	—
Proceeds from long-term loans payable	300	1,300
Repayments of long-term loans payable	△362	△407
Proceeds from share issuance to non-controlling shareholders	147	40
Proceeds from sale and leaseback transactions	64	11
Cash dividends paid	△377	△449
Purchase of treasury shares	△3	△1,389
Proceeds from disposal of treasury shares	49	201
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	△820	△410
Other, net	△43	△56
Net cash provided by (used in) financing activities	△1,339	△1,159
Effect of exchange rate change on cash and cash equivalents	0	△1
Net increase (decrease) in cash and cash equivalents	1,417	△1,482
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	6,221	4,738