

Consolidated Results for the Second Quarter of the Fiscal Year to September 2020

(Japanese Accounting Standards)



May 15, 2020

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 March 2020

(from Oct. 1, 2019 to Mar. 31, 2020)

(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 2020	7,928	△ 4.6	92	△ 90.6	90	△ 92.0
March 2019	8,315	3.9	986	10.2	1,122	19.0
(Note) Comprehensive income	March 2020	△ 91 million yen	(—%)	March 2019	983 million yen	(△20.4%)

	Net income attributable to owners of the parent		Earnings per Share		Fully Diluted Earnings per Share	
	Yen Mln	%	Yen		Yen	
March 2020	△ 177	—	△ 13.75		—	
March 2019	715	△ 46.9	55.64		53.21	

(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 2020	15,932	7,753	35.4	435.35
September 2019	14,875	8,185	40.8	470.81
(Note) Shareholders' equity:	March 2020	5,634 million yen	September 2019	6,069 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 2019	—	20.00	—	20.00	40.00
September 2020	—	25.00			
September 2020 (Forecast)			—	20.00	45.00

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	—	—	—	—	—	—

	Net income attributable to owners of the parent		Earnings per Share	
	Yen Mln	%	Yen	
Full Fiscal Year	—	—	—	

The consolidated financial results forecast for the fiscal year ending September 30, 2020 is difficult to predict the financial results reasonably at this stage due to the novel coronavirus. The financial results forecast will be announced promptly when it becomes possible to do so.

(Millions of yen)

	As of September 30, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	4,738	5,728
Notes and accounts receivable - trade	3,119	4,082
Lease receivables	1,926	910
Merchandise	249	386
Accounts receivable - other	100	127
Other	849	844
Allowance for doubtful accounts	△309	△336
Total current assets	10,674	11,744
Non-current assets		
Property, plant and equipment		
Buildings, net	617	606
Tools, furniture and fixtures, net	79	86
Construction in progress	442	442
Other, net	26	20
Total property, plant and equipment	1,165	1,155
Intangible assets		
Goodwill	223	195
Software	80	71
Other	—	9
Total intangible assets	303	276
Investments and other assets		
Investment securities	591	678
Leasehold and guarantee deposits	503	564
Deferred tax assets	1,017	979
Other	710	758
Allowance for doubtful accounts	△92	△225
Total investments and other assets	2,731	2,756
Total non-current assets	4,200	4,187
Total assets	14,875	15,932

(Millions of yen)

	As of September 30, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	1,543	1,195
Short-term borrowings	730	1,250
Current portion of long-term borrowings	622	817
Accounts payable - other	444	802
Income taxes payable	104	99
Contract cancellation adjustment reserve	291	505
Provision for profit-related bonuses	328	155
Other	401	426
Total current liabilities	4,466	5,252
Non-current liabilities		
Long-term borrowings	2,042	2,766
Other	180	160
Total non-current liabilities	2,223	2,926
Total liabilities	6,689	8,179
Net assets		
Shareholders' equity		
Share capital	1,189	1,189
Retained earnings	5,902	5,363
Treasury shares	△1,021	△918
Total shareholders' equity	6,070	5,634
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△0	△0
Foreign currency translation adjustment	△0	0
Total accumulated other comprehensive income	△1	0
Share acquisition rights	6	6
Non-controlling interests	2,109	2,111
Total net assets	8,185	7,753
Total liabilities and net assets	14,875	15,932

(Millions of yen)

	Six months ended March 31, 2019	Six months ended March 31, 2020
Net sales	8,315	7,928
Cost of sales	4,069	3,766
Gross profit	4,245	4,162
Selling, general and administrative expenses	3,258	4,070
Operating profit	986	92
Non-operating income		
Interest income	0	6
Gain on sales of investment securities	168	3
Interest on tax refund	—	4
Other	6	3
Total non-operating income	175	17
Non-operating expenses		
Interest expenses	4	8
Commission expenses	11	3
Loss on cancellation of insurance policies	4	—
Provision of allowance for doubtful accounts	18	7
Other	0	0
Total non-operating expenses	39	19
Ordinary profit	1,122	90
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	—	15
cancellation fee of consent	40	—
Loss on liquidation of contracts	96	—
Other	8	—
Total extraordinary losses	172	15
Profit before income taxes	950	74
Income taxes - current	261	129
Income taxes - deferred	△392	37
Total income taxes	△130	166
Profit (loss)	1,080	△92
Profit attributable to non-controlling interests	364	85
Profit (loss) attributable to owners of parent	715	△177

(Millions of yen)

	Six months ended March 31, 2019	Six months ended March 31, 2020
Profit (loss)	1,080	△92
Other comprehensive income		
Valuation difference on available-for-sale securities	△96	△0
Foreign currency translation adjustment	△0	0
Total other comprehensive income	△96	0
Comprehensive income	983	△91
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	619	△176
Comprehensive income attributable to non-controlling interests	364	84

(Millions of yen)

	Six months ended March 31, 2019	Six months ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	950	74
Depreciation and amortization	59	49
Amortization of goodwill	15	28
Increase (decrease) in contract cancellation adjustment reserve	△9	213
Increase (decrease) in provision for profit-related bonuses	△140	△173
Increase (decrease) in allowance for doubtful accounts	172	159
Interest and dividend income	△0	△6
Interest expenses	4	8
Loss (gain) on sales of investment securities	△158	△3
Loss (gain) on valuation of shares of subsidiaries and associates	—	15
Loss on retirement of non-current assets	17	—
cancellation fee of consent	40	—
Loss on liquidation of contracts	96	—
Decrease (increase) in trade receivables	△149	△963
Decrease (increase) in lease receivables	525	1,015
Decrease (increase) in inventories	△100	△136
Decrease (increase) in advances paid	△72	84
Increase (decrease) in trade payables	△3	△347
Increase (decrease) in accounts payable - other	△29	344
Increase (decrease) in accrued consumption taxes	△88	72
Increase (decrease) in deposits received	△100	43
Other, net	141	△9
Subtotal	1,170	469
Interest and dividends received	0	8
Interest paid	△4	△8
cancellation fee of consent paid	△40	—
Income taxes (paid) refund	△528	△308
Net cash provided by (used in) operating activities	597	160
Cash flows from investing activities		
Purchase of investment securities	△189	△215
Proceeds from sales of investment securities	270	102
Purchase of property, plant and equipment	△250	△18
Purchase of intangible assets	△44	△32
Payments of leasehold and guarantee deposits	△61	△66
Proceeds from refund of leasehold and guarantee deposits	30	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△511	—
Other, net	△45	△8
Net cash provided by (used in) investing activities	△802	△238

(Millions of yen)

	Six months ended March 31, 2019	Six months ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	500	520
Proceeds from long-term borrowings	—	1,300
Repayments of long-term borrowings	△181	△381
Proceeds from share issuance to non-controlling shareholders	33	61
Proceeds from sale and leaseback transactions	11	—
Dividends paid	△189	△257
Purchase of treasury shares	△973	△0
Proceeds from disposal of treasury shares	120	40
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	△75	△185
Other, net	△27	△29
Net cash provided by (used in) financing activities	△781	1,066
Effect of exchange rate change on cash and cash equivalents	△0	0
Net increase (decrease) in cash and cash equivalents	△986	989
Cash and cash equivalents at beginning of period	6,221	4,738
Cash and cash equivalents at end of period	5,234	5,728