

# Consolidated Results for the End of the Fiscal Year to September 2020

## (Japanese Accounting Standards)



November 13, 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

Scheduled date of the Annual General Meeting of shareholders: December 16,2020

Scheduled filing date of the annual securities report: December 16,2020

( Amounts truncated to the nearest million yen.)

### 1. Consolidated results for the End of the Fiscal Year to September 2020

(from Oct. 1, 2019 to Sep. 30, 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	%
September 2020	15,728	△ 14.6	△ 1,627	—	△ 1,782	—
September 2019	18,412	9.1	2,064	7.3	2,168	11.7
(Note) Comprehensive income	September 2020	△ 1904 million yen	(—%)	September 2019	1,889 million yen	(7.3%)

	Net income attributable to owners of the parent		Earnings per Share		Fully Diluted Earnings per Share	
	Yen Mln	%	Yen		Yen	
September 2020	△ 2,136	—	△ 165.29		—	
September 2019	1,516	△ 20.8	117.86		113.23	

(Reference) Equity in earnings(losses) of affilia September 2020 △ 142 million yen September 2019 — million yen

(Note) Diluted net income per share has not been disclosed for the fiscal year ended September 30, 2020 because of diluted net loss per share for this fiscal year.

#### (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 2020	16,064	5,524	21.5	266.65
September 2019	14,875	8,185	40.8	470.81

(Reference) Shareholders' equity: September 2020 3,453 million yen September 2019 6,069 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 2020	△ 3,491	△ 404	2,987	3,841
September 2019	896	△ 1,218	△ 1,159	4,738

### 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
September 2020	—	25.00	—	20.00	45.00
September 2021 (Forecast)	—	20.00	—	20.00	40.00

### 3. Consolidated Forecast for the fiscal year ending September 2021 (October 1, 2020~September 30, 2021)

(Percentages indicate changes from the previous term.)

	Net Sales		Operating Income		Ordinary Income	
	Yen Mln	%	Yen Mln	%	Yen Mln	%
Full Fiscal Year	16,500	4.9	500	—	500	—

	Net income attributable to owners of the parent		Earnings per Share	
	Yen Mln	%	Yen	
Full Fiscal Year	250	—	19.30	

(Millions of yen)

As of September 30, 2019 As of September 30, 2020

Assets		
Current assets		
Cash and deposits	4,738	3,841
Notes and accounts receivable - trade	3,119	3,567
Lease receivables	1,926	3,152
Merchandise	249	468
Accounts receivable - other	100	135
Prepaid expenses	168	222
Other	680	1,021
Allowance for doubtful accounts	△309	△414
Total current assets	10,674	11,996
Non-current assets		
Property, plant and equipment		
Buildings	844	1,312
Accumulated depreciation	△227	△250
Buildings, net	617	1,061
Tools, furniture and fixtures	816	862
Accumulated depreciation	△736	△731
Tools, furniture and fixtures, net	79	131
Construction in progress	442	—
Other	78	52
Accumulated depreciation	△51	△32
Other, net	26	20
Total property, plant and equipment	1,165	1,213
Intangible assets		
Goodwill	223	9
Software	80	70
Total intangible assets	303	79
Investments and other assets		
Investment securities	591	869
Leasehold and guarantee deposits	503	514
Distressed receivables	102	820
Deferred tax assets	1,017	873
Other	607	520
Allowance for doubtful accounts	△92	△824
Total investments and other assets	2,731	2,774
Total non-current assets	4,200	4,067
Total assets	14,875	16,064

(Millions of yen)

	As of September 30, 2019	As of September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,543	1,042
Short-term borrowings	730	450
Current portion of long-term borrowings	622	1,936
Accounts payable - other	444	370
Income taxes payable	104	66
Contract cancellation adjustment reserve	291	1,028
Provision for profit-related bonuses	328	301
Other	401	390
<b>Total current liabilities</b>	<b>4,466</b>	<b>5,587</b>
Non-current liabilities		
Long-term borrowings	2,042	4,707
Lease obligations	95	45
Other	84	199
<b>Total non-current liabilities</b>	<b>2,223</b>	<b>4,951</b>
<b>Total liabilities</b>	<b>6,689</b>	<b>10,539</b>
Net assets		
Shareholders' equity		
Share capital	1,189	1,189
Capital surplus	—	—
Retained earnings	5,902	2,977
Treasury shares	△1,021	△904
<b>Total shareholders' equity</b>	<b>6,070</b>	<b>3,262</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△0	190
Foreign currency translation adjustment	△0	△0
<b>Total accumulated other comprehensive income</b>	<b>△1</b>	<b>190</b>
Share acquisition rights	6	6
Non-controlling interests	2,109	2,065
<b>Total net assets</b>	<b>8,185</b>	<b>5,524</b>
<b>Total liabilities and net assets</b>	<b>14,875</b>	<b>16,064</b>

(Millions of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Net sales	18,412	15,728
Cost of sales	9,134	8,147
Gross profit	9,277	7,580
Selling, general and administrative expenses	7,213	9,208
Operating profit (loss)	2,064	△1,627
Non-operating income		
Interest income	3	9
Gain on sales of investment securities	168	3
Interest on tax refund	—	4
Receipt benefit	—	4
Subsidies for employment adjustment	—	9
Other	9	8
Total non-operating income	181	38
Non-operating expenses		
Interest expenses	11	22
Loss on valuation of investment securities	0	12
Share of loss of entities accounted for using equity method	—	142
Provision of allowance for doubtful accounts	35	11
Loss on cancellation of insurance policies	4	—
Commission expenses	25	3
Other	0	0
Total non-operating expenses	78	193
Ordinary profit (loss)	2,168	△1,782
Extraordinary income		
Gain on sales of investment securities	—	100
Total extraordinary income	—	100
Extraordinary losses		
Loss on retirement of non-current assets	19	—
Impairment loss	—	172
Loss on sales of investment securities	9	—
Loss on valuation of investment securities	17	41
Loss on valuation of shares of subsidiaries and associates	17	15
cancellation fee of consent	40	—
Loss on liquidation of contracts	96	—
Other	9	11
Total extraordinary losses	211	242
Profit (loss) before income taxes	1,957	△1,924
Income taxes - current	268	112
Income taxes - deferred	△298	59
Total income taxes	△29	172
Profit (loss)	1,986	△2,096
Profit attributable to non-controlling interests	470	39
Profit (loss) attributable to owners of parent	1,516	△2,136

(Millions of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Profit (loss)	1,986	△2,096
Other comprehensive income		
Valuation difference on available-for-sale securities	△96	191
Foreign currency translation adjustment	△1	0
Total other comprehensive income	△97	192
Comprehensive income	1,889	△1,904
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,419	△1,944
Comprehensive income attributable to non-controlling interests	469	40

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,189	330	6,140	△710	6,949
Changes during period					
Issuance of new shares	0	0			0
Dividends of surplus			△449		△449
Profit attributable to owners of parent			1,516		1,516
Cancellation of treasury shares			△663	663	—
Purchase of treasury shares				△1,389	△1,389
Disposal of treasury shares			△211	415	204
Transfer from retained earnings to capital surplus		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 in items other than shareholders' equity					
Total changes during period	0	△330	△238	△310	△879
Balance at end of 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 period	95	△0	95	9	1,516	8,570
Changes during period						
Issuance of new shares						0
Dividends of surplus						△449
Profit attributable to owners of parent						1,516
Cancellation of treasury shares						—
Purchase of treasury shares						△1,389
Disposal of treasury shares						204
Transfer from retained earnings to capital surplus						—
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 in items other than shareholders' equity	△96	△0	△96	△2	593	494
Total changes during period	△96	△0	△96	△2	593	△385
Balance at end of period	△0	△0	△1	6	2,109	8,185

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,189	—	5,902	△1,021	6,070
Changes during period					
Dividends of surplus			△581		△581
Profit attributable to owners of parent			△2,136		△2,136
Purchase of treasury shares				△0	△0
Disposal of treasury shares			△70	117	46
Change in scope of equity method			△96		△96
Transfer from retained earnings to capital surplus		38	△38		—
Change in ownership interest of parent due to transactions with non-controlling interests		△38			△38
Net changes in items other than shareholders' equity					
Total changes during period	—	—	△2,924	116	△2,807
Balance at end of period	1,189	—	2,977	△904	3,262

	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 period	△0	△0	△1	6	2,109	8,185
Changes during period						
Dividends of surplus						△581
Profit attributable to owners of parent						△2,136
Purchase of treasury shares						△0
Disposal of treasury shares						46
Change in scope of equity method						△96
Transfer from retained earnings to capital surplus						—
Change in ownership interest of parent due to transactions with non-controlling interests						△38
Net changes in items other than shareholders' equity	191	0	191	△0	△44	146
Total changes during period	191	0	191	△0	△44	△2,660
Balance at end of period	190	△0	190	6	2,065	5,524

(Millions of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	1,957	△1,924
Depreciation and amortization	116	107
Impairment loss	—	172
Amortization of goodwill	44	44
Increase (decrease) in contract cancellation adjustment reserve	164	736
Increase (decrease) in provision for profit-related bonuses	17	△26
Increase (decrease) in allowance for doubtful accounts	44	837
Interest and dividend income	△3	△10
Interest expenses	11	22
Share of loss (profit) of entities accounted for using equity method	—	142
Loss (gain) on sales of investment securities	△158	△103
Loss (gain) on valuation of investment securities	17	53
Loss (gain) on valuation of shares of subsidiaries and associates	17	15
Loss on retirement of non-current assets	19	—
cancellation fee of consent	40	—
Loss on liquidation of contracts	96	—
Decrease (increase) in trade receivables	△139	△448
Decrease (increase) in lease receivables	△292	△1,226
Decrease (increase) in inventories	△59	△218
Decrease (increase) in advances paid	△128	104
Increase (decrease) in trade payables	415	△500
Increase (decrease) in accrued consumption taxes	△53	△266
Increase (decrease) in deposits received	△115	67
Other, net	△87	△659
Subtotal	1,923	△3,079
Interest and dividends received	3	11
Interest paid	△11	△22
Income taxes (paid) refund	△979	△401
cancellation fee of consent paid	△40	—
Net cash provided by (used in) operating activities	896	△3,491
Cash flows from investing activities		
Purchase of investment securities	△189	△315
Proceeds from sales of investment securities	270	123
Purchase of property, plant and equipment	△513	△154
Purchase of intangible assets	△45	△20
Payments of leasehold and guarantee deposits	△207	△124
Proceeds from refund of leasehold and guarantee deposits	41	103
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△511	—
Other, net	△61	△16
Net cash provided by (used in) investing activities	△1,218	△404



(Millions of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	△280
Proceeds from long-term borrowings	1,300	5,100
Repayments of long-term borrowings	△407	△1,121
Proceeds from share issuance to non-controlling shareholders	40	61
Proceeds from sale and leaseback transactions	11	—
Dividends paid	△449	△580
Purchase of treasury shares	△1,389	△0
Proceeds from disposal of treasury shares	201	45
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	△410	△185
Other, net	△56	△52
Net cash provided by (used in) financing activities	△1,159	2,987
Effect of exchange rate change on cash and cash equivalents	△1	0
Net increase (decrease) in cash and cash equivalents	△1,482	△907
Cash and cash equivalents at beginning of period	6,221	4,738
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	10
Cash and cash equivalents at end of period	4,738	3,841