Summary of Non-consolidated Financial Results for the Nine Months Ended December 31, 2015 [Japanese GAAP]

January 29, 2016

Company name: CONEXIO Corporation
Stock exchange listing: Tokyo Stock Exchange
Stock code: 9422
URL: http://www.conexio.co.jp/index.html
Representative: (Title) President (Name) Hiroo Inoue
Contact: (Title) General Manager, Corporate Planning (Name) Noriaki Kanno Phone: +81-3-5331-3702
Scheduled date for filing of quarterly report: February 10, 2016
Scheduled date of commencement of dividend payment: —
Availability of supplementary briefing material on quarterly financial results: Available
Schedule of briefing session on quarterly financial results: Not scheduled

(Figures are rounded down to the nearest million yen.)

1. Financial Results for the Nine Months Ended December 31, 2015 (from April 1, 2015 to December 31, 2015)

(1) Non-consolidated Operating Results (Cumulative) (% indicates rate of change from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
3Q FY2015	202,974	(1.2)	6,240	(6.6)	6,313	(6.7)	3,927	(4.1)
3Q FY2014	205,529	(2.7)	6,682	48.5	6,766	47.6	4,093	67.3

	Net income per share	Diluted net income per share
	yen	yen
3Q FY2015	87.79	—
3Q FY2014	91.51	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
3Q FY2015	95,609	27,629	28.9
FY2014	102,404	25,731	25.1

(Reference) Equity: 3Q FY2015: 27,629million yen FY2014: 25,731 million yen

2. Dividends

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
	yen	yen	yen	yen	yen
FY2014	—	18.00	—	22.00	40.00
FY2015	—	22.50	—		
FY2015(Forecast)				22.50	45.00

(Note) Revision of recently-announced dividend forecast: None

3. Financial Forecast for Fiscal Year Ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(% indicates rate of change from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	285,000	0.7	8,150	(5.1)	8,250	(5.0)	5,030	0.3	112.43

(Note) Revision of recently-announced financial forecast: None

Notes

(1) Application of special accounting method for preparing quarterly non-consolidated financial statements: None

(2) Changes in accounting policies, changes in accounting estimates and restatements

(i) Changes in accounting policies due to revision of accounting standards, etc.: None

(ii) Changes in accounting policies other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(3) Number of shares issued (common stock)

(i) Number of shares issued as of the end of period (including treasury stock)

(ii) Number of shares of treasury stock as of the end of period

(iii) Average number of shares during the period (cumulative)

3Q FY2015	55,923,000 shares	FY2014	55,923,000 shares
3Q FY2015	11,185,016 shares	FY2014	11,184,932 shares
3Q FY2015	44,737,999 shares	3Q FY2014	44,738,107shares

*** Indication of implementation status of quarterly review procedures**

- These quarterly non-consolidated financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosing this report, quarterly review procedures are being conducted with respect to the quarterly non-consolidated financial statements.

*** Explanation of appropriate use of financial forecasts and other special notes**

- Financial forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as at the time of preparing this report. The Company does not guarantee that any forecasts would be met. Actual results may vary significantly from the forecasts due to a wide range of factors.

1. Quarterly Non-Consolidated Financial Statements

(1) Quarterly Non-Consolidated Balance Sheets

(Million yen)

	As of March 31,2015	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	3,849	1,868
Accounts receivable - trade	48,573	43,574
Merchandise and finished goods	8,301	12,222
Accounts receivable - other	15,301	11,807
Deposits paid	148	170
Other	3,883	4,070
Allowance for doubtful accounts	(16)	(12)
Total current assets	80,041	73,702
Non-current assets		
Property, plant and equipment	3,995	4,117
Intangible assets		
Goodwill	1,923	1,839
The right of carrier shop management	11,800	11,271
Other	566	505
Total intangible assets	14,290	13,615
Investments and other assets	4,077	4,173
Total non-current assets	22,362	21,907
Total assets	102,404	95,609
Liabilities		
Current liabilities		
Accounts payable - trade	26,244	22,945
Accrued agency commission	7,826	8,374
Short-term loans payable	5,000	10,600
Current portion of long-term loans payable	3,000	—
Accounts payable - other	15,014	11,901
Income taxes payable	2,255	123
Provision for bonuses	5,162	1,837
Provision for directors' bonuses	52	15
Other	5,783	4,862
Total current liabilities	70,339	60,661
Non-current liabilities		
Provision for retirement benefits	3,735	4,103
Asset retirement obligations	402	436
Other	2,194	2,778
Total non-current liabilities	6,332	7,319
Total liabilities	76,672	67,980

(Million yen)

	As of March 31,2015	As of December 31, 2015
Net assets		
Shareholders' equity		
Capital stock	2,778	2,778
Capital surplus	9,779	9,779
Retained earnings	22,214	24,151
Treasury shares	(9,193)	(9,194)
Total shareholders' equity	25,579	27,515
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	152	114
Total valuation and translation adjustments	152	114
Total net assets	25,731	27,629
Total liabilities and net assets	102,404	95,609

(2) Quarterly Non-Consolidated Statements of Income

Third quarter cumulative period

(Million yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net sales	205,529	202,974
Cost of sales	171,593	169,827
Gross profit	33,936	33,147
Selling, general and administrative expenses	27,254	26,906
Operating income	6,682	6,240
Non-operating income		
Interest income	0	0
Dividend income	3	3
Support money of store move etc income	36	75
Reversal of allowance for doubtful accounts	25	7
Other	56	37
Total non-operating income	121	123
Non-operating expenses		
Interest expenses	29	20
Loss on sales and retirement of non-current assets	0	14
Rent expenses on real estates	4	9
Other	2	6
Total non-operating expenses	36	50
Ordinary income	6,766	6,313
Extraordinary income		
Gain on sales of non-current assets	1	1
Gain on sales of investment securities	—	11
Total extraordinary income	1	12
Extraordinary losses		
Loss on sales and retirement of non-current assets	14	6
Impairment loss	59	132
Loss on closing of stores	15	32
Head office transfer cost	42	—
Other	6	—
Total extraordinary losses	137	172
Income before income taxes	6,630	6,153
Income taxes - current	1,975	1,689
Income taxes - deferred	561	537
Total income taxes	2,536	2,226
Profit	4,093	3,927

2. Supplementary Information

Status of Sales

(Unit: million yen, %)

		Nine months ended December 31, 2014	Nine months ended December 31, 2015	Rate of change
Consumer Business	Net sales	192,279	190,852	(0.7)
	Operating income	7,691	7,157	(6.9)
Corporate Business	Net sales	13,250	12,121	(8.5)
	Operating income	1,628	1,524	(6.4)
Adjustments	Company-wide expenses	2,638	2,442	(7.4)
Amount recorded in quarterly non-consolidated statement of income	Net sales	205,529	202,974	(1.2)
	Operating income	6,682	6,240	(6.6)