# Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016 [Japanese GAAP]

May 2, 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 of annual general meeting of shareholders: June 23, 2016
Scheduled date for filing of annual securities report: June 23, 2016
Scheduled date of commencement of dividend payment: June 23, 2016
Availability of supplementary briefing material on annual results: Available
Schedule of briefing session on annual results: Scheduled

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

## 1. Financial Results for the Fiscal Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

### (1) Non-consolidated Operating Results (Cumulative)

(% are shown as year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Profit | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | million yen | % | million yen | % | million yen | % | million yen | % |
| March 31, 2016 | 281,307 | (0.6) | 9,203 | 7.1 | 9,294 | 7.0 | 6,149 | 22.6 |
| March 31, 2015 | 282,961 | (3.2) | 8,592 | 23.3 | 8,682 | 23.1 | 5,013 | 25.3 |

| | Earnings per share | Diluted earnings per share | ROE | ROA | Operating income to net sales ratio |
|---|---|---|---|---|---|
| Fiscal year ended | yen | yen | % | % | % |
| March 31, 2016 | 137.45 | — | 22.1 | 9.3 | 3 3 |
| March 31, 2015 | 112.07 | — | 21.3 | 8.7 | 3.0 |

(Reference) Equity in earnings of affiliates: March 31, 2016: －million yen March 31, 2015: － million yen

### (2) Non-consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| As of | million yen | million yen | % | yen |
| March 31, 2016 | 96,912 | 29,850 | 30.8 | 667.23 |
| March 31, 2015 | 102,404 | 25,731 | 25.1 | 575.17 |

(Reference) Equity: March 31, 2016: 29,850 million yen March 31, 2015: 25,731 million yen

### (3)Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at the end of the year |
|---|---|---|---|---|
| Fiscal year ended | million yen | million yen | million yen | million yen |
| March 31, 2016 | 8,392 | (1,811) | (7,490) | 3,088 |
| March 31, 2015 | 7,266 | (1,911) | (5,509) | 3,997 |

## 2. Dividends

| | Annual dividends | | | | | Total amount of dividends | Payout ratio | Dividend on equity |
|---|---|---|---|---|---|---|---|---|
| | 1Q end | 2Q end | 3Q end | Year end | Total | | | |
| | yen | yen | yen | yen | yen | million yen | % | % |
| Year ended March 31,2015 | — | 18.00 | — | 22.00 | 40.00 | 1,789 | 35.7 | 7.6 |
| Year ended March 31,2016 | — | 22.50 | — | 25.50 | 48.00 | 2,147 | 34.9 | 7.7 |
| Year ending March 31,2017(Forecast) | — | 26.00 | — | 26.00 | 52.00 | | 40.8 | |

## 3. Financial Forecast for Fiscal Year Ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(% are shown as year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Profit | | Earnings per share |
|---|---|---|---|---|---|---|---|---|---|
| | million yen | % | million yen | % | million yen | % | million yen | % | yen |
| Full year | 270,000 | (4.0) | 9,210 | 0.1 | 9,300 | 0.1 | 5,700 | (7.3) | 127.41 |

Note: Consolidated forecasts for the First-half year have not been disclosed.

**Notes**

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

| | | |
|---|---|---|
| (i) | Changes in accounting policies due to revision of accounting standards, etc.: | Yes |
| (ii) | Changes in accounting policies other than (i) above: | None |
| (iii) | Changes in accounting estimates: | None |
| (iv) | Restatements: | None |

(2) Number of shares issued (common stock)

| | | | | |
|---|---|---|---|---|
| (i) Number of shares issued as of the end of period (including treasury stock) | FY2015 | 55,923,000 shares | FY2014 | 55,923,000 shares |
| (ii) Number of shares of treasury stock as of the end of period | FY2015 | 11,185,062 shares | FY2014 | 11,184,932 shares |
| (iii) Average number of shares during the period (cumulative) | FY2015 | 44,737,991 shares | FY2014 | 44,738,097 shares |

*** Indication of implementation status of securities review procedures**

- This summary financial report is exempt from the audit procedure based on the Financial Instruments and Exchange Act and as of the date of disclosure of this summary financial report, the financial statements audit procedure based on the Financial Instruments and Exchange Act has not been completed.

*** 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. Non-consolidated Financial Statements

### (1) Non-consolidated Balance Sheets

(Million yen)

| | Previous fiscal year (March 31, 2015) | Current fiscal year (March 31, 2016) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,849 | 2,958 |
| Accounts receivable - trade | 48,573 | 46,020 |
| Merchandise and finished goods | 8,301 | 7,985 |
| Raw materials and supplies | 86 | 96 |
| Prepaid expenses | 649 | 712 |
| Deferred tax assets | 3,147 | 2,319 |
| Accounts receivable - other | 15,301 | 14,809 |
| Deposits paid | 148 | 130 |
| Allowance for doubtful accounts | (16) | (13) |
| Total current assets | 80,041 | 75,018 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 3,932 | 4,285 |
| Accumulated depreciation | (1,788) | (2,017) |
| Buildings, net | 2,143 | 2,267 |
| Structures | 192 | 247 |
| Accumulated depreciation | (87) | (89) |
| Structures, net | 104 | 158 |
| Machinery and equipment | 9 | 9 |
| Accumulated depreciation | (1) | (1) |
| Machinery and equipment, net | 8 | 7 |
| Tools, furniture and fixtures | 3,701 | 3,944 |
| Accumulated depreciation | (2,028) | (2,286) |
| Tools, furniture and fixtures, net | 1,673 | 1,658 |
| Land | 64 | 64 |
| Construction in progress | — | 29 |
| Total property, plant and equipment | 3,995 | 4,186 |
| Intangible assets | | |
| Goodwill | 1,923 | 1,830 |
| Software | 475 | 491 |
| Software in progress | 76 | — |
| The right of carrier shop management | 11,800 | 11,102 |
| Other | 14 | 12 |
| Total intangible assets | 14,290 | 13,436 |
| Investments and other assets | | |
| Investment securities | 333 | 258 |
| Shares of subsidiaries and associates | 50 | 30 |
| Long-term prepaid expenses | 214 | 289 |
| Lease and guarantee deposits | 3,410 | 3,611 |
| Other | 154 | 163 |
| Allowance for doubtful accounts | (86) | (82) |
| Total investments and other assets | 4,077 | 4,270 |
| Total non-current assets | 22,362 | 21,894 |
| Total assets | 102,404 | 96,912 |

(Million yen)

| | Previous fiscal year (March 31, 2015) | Current fiscal year (March 31, 2016) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 26,244 | 24,808 |
| Accrued agency commission | 7,826 | 10,579 |
| Short-term loans payable | 5,000 | 2,500 |
| Current portion of long-term loans payable | 3,000 | — |
| Accounts payable - other | 15,014 | 13,402 |
| Accrued expenses | 2,837 | 2,707 |
| Income taxes payable | 2,255 | 521 |
| Accrued consumption taxes | 1,619 | 507 |
| Advances received | 14 | 77 |
| Deposits received | 1,292 | 1,192 |
| Provision for bonuses | 5,162 | 3,637 |
| Provision for directors' bonuses | 52 | 34 |
| Other | 19 | 21 |
| Total current liabilities | 70,339 | 59,990 |
| Non-current liabilities | | |
| Provision for retirement benefits | 3,735 | 4,109 |
| Deferred tax liabilities | 1,747 | 2,080 |
| Asset retirement obligations | 402 | 425 |
| Other | 446 | 457 |
| Total non-current liabilities | 6,332 | 7,072 |
| Total liabilities | 76,672 | 67,062 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,778 | 2,778 |
| Capital surplus | | |
| Legal capital surplus | 3,180 | 3,180 |
| Other capital surplus | 6,598 | 6,598 |
| Total capital surpluses | 9,779 | 9,779 |
| Retained earnings | | |
| Legal retained earnings | 5 | 5 |
| Other retained earnings | | |
| General reserve | 2,469 | 2,469 |
| Retained earnings brought forward | 19,739 | 23,898 |
| Total retained earnings | 22,214 | 26,373 |
| Treasury shares | (9,193) | (9,194) |
| Total shareholders' equity | 25,579 | 29,737 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 152 | 113 |
| Total valuation and translation adjustments | 152 | 113 |
| Total net assets | 25,731 | 29,850 |
| Total liabilities and net assets | 102,404 | 96,912 |

**(2) Non-consolidated Statements of Income**

(Million yen)

| | Previous fiscal year (From April 1, 2014 to March 31, 2015) | Current fiscal year (From April 1, 2015 to March 31, 2016) |
|---|---|---|
| Net sales | | |
| Net sales of goods | 206,570 | 207,773 |
| Commission income | 76,390 | 73,534 |
| Total net sales | 282,961 | 281,307 |
| Cost of sales | | |
| Beginning goods | 8,488 | 8,301 |
| Cost of purchased goods | 207,544 | 206,275 |
| Total | 216,032 | 214,576 |
| Ending goods | 8,363 | 8,048 |
| Valuation loss on goods | 61 | 63 |
| Cost of goods sold | 207,730 | 206,591 |
| Agent fee | 28,252 | 28,501 |
| Total cost of sales | 235,982 | 235,093 |
| Gross profit | 46,978 | 46,214 |
| Selling, general and administrative expenses | | |
| Directors' compensations | 164 | 157 |
| Salaries and allowances | 9,698 | 10,237 |
| Bonuses | 1,151 | 1,248 |
| Provision for bonuses | 5,162 | 3,637 |
| Provision for directors' bonuses | 52 | 34 |
| Retirement benefit expenses | 575 | 644 |
| Legal welfare expenses | 3,531 | 3,356 |
| Temporary staffing expense | 1,937 | 1,523 |
| Packing and delivery expenses | 291 | 282 |
| Promotion expenses | 1,907 | 2,307 |
| Communication expenses | 622 | 583 |
| Rents | 4,031 | 4,040 |
| Repair and maintenance | 924 | 874 |
| Business consignment expenses | 1,086 | 1,205 |
| Rent expenses | 145 | 143 |
| Depreciation | 2,000 | 1,992 |
| Amortization of goodwill | 111 | 113 |
| Other | 4,993 | 4,628 |
| Total selling, general and administrative expenses | 38,386 | 37,011 |
| Operating income | 8,592 | 9,203 |

(Million yen)

| | Previous fiscal year (From April 1, 2014 to March 31, 2015) | Current fiscal year (From April 1, 2015 to March 31, 2016) |
|---|---|---|
| Non-operating income | | |
| Interest income | 0 | 0 |
| Interest on securities | 0 | — |
| Dividend income | 3 | 3 |
| Support money of store move etc income | 86 | 102 |
| Other | 83 | 67 |
| Total non-operating income | 173 | 173 |
| Non-operating expenses | | |
| Interest expenses | 41 | 30 |
| Loss on sales and retirement of non-current assets | 16 | 28 |
| Rent expenses on real estates | 5 | 11 |
| Provision of allowance for doubtful accounts | 15 | — |
| Other | 5 | 11 |
| Total non-operating expenses | 82 | 82 |
| Ordinary income | 8,682 | 9,294 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 1 | 1 |
| Gain on sales of investment securities | — | 11 |
| Gain on transfer of business | — | 297 |
| Total extraordinary income | 1 | 309 |
| Extraordinary losses | | |
| Head office transfer cost | 42 | — |
| Loss on closing of stores | 44 | 34 |
| Loss on sales and retirement of non-current assets | 18 | 13 |
| Impairment loss | 326 | 165 |
| Other | 7 | — |
| Total extraordinary losses | 439 | 213 |
| Profit before income taxes | 8,244 | 9,390 |
| Income taxes - current | 3,569 | 2,048 |
| Income taxes - deferred | (338) | 1,193 |
| Total income taxes | 3,230 | 3,241 |
| Profit | 5,013 | 6,149 |

**(3)Statement of Changes in Net Assets**

Previous fiscal year (From April 1, 2014 to March 31, 2015)

(Million yen)

| | Shareholders' equity | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Capital surplus | | | Retained earnings | | | |
| | | | | | | Other retained earnings | | |
| | Capital stock | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | General reserve | Retained earnings brought forward | Total retained earnings |
| Balance at beginning of current period | 2,778 | 3,180 | 6,598 | 9,779 | 5 | 2,469 | 15,549 | 18,024 |
| Cumulative effects of changes in accounting policies | | | | | | | 685 | 685 |
| Restated balance | 2,778 | 3,180 | 6,598 | 9,779 | 5 | 2,469 | 16,235 | 18,710 |
| Changes of items during period | | | | | | | | |
| Dividends of surplus | | | | | | | (1,509) | (1,509) |
| Net income | | | | | | | 5,013 | 5,013 |
| Purchase of treasury shares | | | | | | | | |
| Net changes of items other than shareholders' equity | | | | | | | | |
| Total changes of items during period | — | — | — | — | — | — | 3,503 | 3,503 |
| Balance at end of current period | 2,778 | 3,180 | 6,598 | 9,779 | 5 | 2,469 | 19,739 | 22,214 |

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|---|---|---|---|---|---|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at beginning of current period | (9,193) | 21,389 | 54 | 54 | 21,443 |
| Cumulative effects of changes in accounting policies | | 685 | | | 685 |
| Restated balance | (9,193) | 22,075 | 54 | 54 | 22,129 |
| Changes of items during period | | | | | |
| Dividends of surplus | | (1,509) | | | (1,509) |
| Net income | | 5,013 | | | 5,013 |
| Purchase of treasury shares | (0) | (0) | | | (0) |
| Net changes of items other than shareholders' equity | | | 98 | 98 | 98 |
| Total changes of items during period | (0) | 3,503 | 98 | 98 | 3,602 |
| Balance at end of current period | (9,193) | 25,579 | 152 | 152 | 25,731 |

Current fiscal year (From April 1, 2015 to March 31, 2016)

(Million yen)

| | Shareholders' equity | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Capital surplus | | | Retained earnings | | | |
| | | | | | | Other retained earnings | | |
| | Capital stock | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | General reserve | Retained earnings brought forward | Total retained earnings |
| Balance at beginning of current period | 2,778 | 3,180 | 6,598 | 9,779 | 5 | 2,469 | 19,739 | 22,214 |
| Cumulative effects of changes in accounting policies | | | | | | | | |
| Restated balance | 2,778 | 3,180 | 6,598 | 9,779 | 5 | 2,469 | 19,739 | 22,214 |
| Changes of items during period | | | | | | | | |
| Dividends of surplus | | | | | | | (1,990) | (1,990) |
| Net income | | | | | | | 6,149 | 6,149 |
| Purchase of treasury shares | | | | | | | | |
| Net changes of items other than shareholders' equity | | | | | | | | |
| Total changes of items during period | — | — | — | — | — | — | 4,158 | 4,158 |
| Balance at end of current period | 2,778 | 3,180 | 6,598 | 9,779 | 5 | 2,469 | 23,898 | 26,373 |

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|---|---|---|---|---|---|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at beginning of current period | (9,193) | 25,579 | 152 | 152 | 25,731 |
| Cumulative effects of changes in accounting policies | | | | | |
| Restated balance | (9,193) | 25,579 | 152 | 152 | 25,731 |
| Changes of items during period | | | | | |
| Dividends of surplus | | (1,990) | | | (1,990) |
| Net income | | 6,149 | | | 6,149 |
| Purchase of treasury shares | (0) | (0) | | | (0) |
| Net changes of items other than shareholders' equity | | | (39) | (39) | (39) |
| Total changes of items during period | (0) | 4,158 | (39) | (39) | 4,118 |
| Balance at end of current period | (9,194) | 29,737 | 113 | 113 | 29,850 |

**(4) Non-consolidated Cash Flows**

(Million yen)

| | Previous fiscal year (From April 1, 2014 to March 31, 2015) | Current fiscal year (From April 1, 2015 to March 31, 2016) |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 8,244 | 9,390 |
| Depreciation | 2,000 | 1,992 |
| Amortization of goodwill | 111 | 113 |
| Impairment loss | 326 | 165 |
| Increase (decrease) in allowance for doubtful accounts | 10 | (7) |
| Increase (decrease) in provision for bonuses | 2,256 | (1,525) |
| Increase (decrease) in provision for directors' bonuses | 32 | (18) |
| Increase (decrease) in provision for retirement benefits | 433 | 373 |
| Interest and dividend income | (3) | (3) |
| Interest expenses | 41 | 30 |
| Loss (gain) on sales of investment securities | - | (11) |
| Gain on business transfer | - | (297) |
| Decrease (increase) in notes and accounts receivable - trade | (2,575) | 2,615 |
| Decrease (increase) in accounts receivable - other | (1,838) | 495 |
| Decrease (increase) in inventories | 231 | 307 |
| Increase (decrease) in notes and accounts payable - trade | (1,202) | 1,316 |
| Increase (decrease) in accounts payable - other | 1,253 | (1,451) |
| Increase (decrease) in accrued consumption taxes | 1,213 | (1,112) |
| Other, net | 863 | (217) |
| Subtotal | 11,399 | 12,158 |
| Interest and dividend income received | 3 | 3 |
| Interest expenses paid | (42) | (31) |
| Income taxes (paid) refund | (4,087) | (3,836) |
| Other, net | (5) | 98 |
| Net cash provided by (used in) operating activities | 7,266 | 8,392 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,450) | (1,459) |
| Purchase of intangible assets | (239) | (211) |
| Purchase of investment securities | (28) | (1) |
| Proceeds from sales of investment securities | - | 24 |
| Proceeds from liquidation of subsidiaries and associates | - | 24 |
| Payments for lease and guarantee deposits | (228) | (444) |
| Proceeds from collection of lease and guarantee deposits | 555 | 117 |
| Purchase of long-term prepaid expenses | (184) | (199) |
| Proceeds from transfer of business | - | 396 |
| Payments for transfer of business | (126) | (8) |
| Other, net | (209) | (49) |
| Net cash provided by (used in) investing activities | (1,911) | (1,811) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (4,000) | (2,500) |
| Repayments of long-term loans payable | - | (3,000) |
| Cash dividends paid | (1,509) | (1,990) |
| Other, net | (0) | (0) |
| Net cash provided by (used in) financing activities | (5,509) | (7,490) |
| Net increase (decrease) in cash and cash equivalents | (154) | (908) |
| Cash and cash equivalents at beginning of period | 4,151 | 3,997 |
| Cash and cash equivalents at end of period | 3,997 | 3,088 |

## 2. Other

### (1) Sales Information

When shown in each segment sales during the financial year are as follows.

(Million yen, %)

| | | Previous fiscal year (March 31, 2015) | Current fiscal year (March 31, 2016) | Rate of change |
|---|---|---|---|---|
| Consumer Business | Net sales | 263,994 | 263,834 | (0.1) |
| | Operating income | 10,131 | 10,598 | 4.6 |
| Corporate Business | Net sales | 18,967 | 17,472 | (7.9) |
| | Operating income | 2,223 | 2,154 | (3.1) |
| Adjustments | Company-wide expenses | 3,762 | 3,550 | (5.6) |
| Amount recorded in quarterly non-consolidated statement of income | Net sales | 282,961 | 281,307 | (0.6) |
| | Operating income | 8,592 | 9,203 | 7.1 |

### (2) Transfer of Officers

Please refer to the “Notice of Changes regarding Officers,” which was announced on May 2, 2016.