Summary of Non-consolidated Financial Results for the Three Months Ended June 30, 2016 [Japanese GAAP]

July 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: August 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 Three Months Ended June 30, 2016 (from April 1, 2016 to June 30, 2016)

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

	Net sales		Operating income		Ordinary income		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
1Q FY2016	54,749	(11.0)	1,266	(25.9)	1,305	(24.4)	823	(24.2)
1Q FY2015	61,532	2.0	1,709	28.0	1,726	25.5	1,086	37.6

	Earnings per share	Diluted earnings per share
	yen	yen
1Q FY2016	18.41	—
1Q FY2015	24.29	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
1Q FY2016	73,983	29,520	39.9
FY2015	96,912	29,850	30.8

(Reference) Equity: 1Q FY2016: 29,520 million yen FY2015: 29,850 million yen

2. Dividends

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
	yen	yen	yen	yen	yen
FY2015	—	22.50	—	25.50	48.00
FY2016	—				
FY2016(Forecast)		26.00	—	26.00	52.00

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

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

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

	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) 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)

1Q FY2016	55,923,000 shares	FY2015	55,923,000 shares
1Q FY2016	11,185,062shares	FY2015	11,185,062 shares
1Q FY2016	44,737,938shares	1Q FY2015	44,738,029shares

*** 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 31,2016	As of June 30,2016
Assets		
Current assets		
Cash and deposits	2,958	3,014
Accounts receivable - trade	46,020	29,995
Merchandise and finished goods	7,985	7,116
Accounts receivable - other	14,809	8,883
Deposits paid	130	149
Other	3,128	3,099
Allowance for doubtful accounts	(13)	(3)
Total current assets	75,018	52,255
Non-current assets		
Property, plant and equipment	4,186	4,176
Intangible assets		
Goodwill	1,830	1,839
The right of carrier shop management	11,102	10,934
Other	504	512
Total intangible assets	13,436	13,285
Investments and other assets	4,270	4,266
Total non-current assets	21,894	21,728
Total assets	96,912	73,983
Liabilities		
Current liabilities		
Accounts payable - trade	24,808	14,520
Accrued agency commission	10,579	6,310
Short-term loans payable	2,500	1,500
Accounts payable - other	13,402	7,349
Income taxes payable	521	400
Provision for bonuses	3,637	2,117
Provision for directors' bonuses	34	5
Other	4,507	5,118
Total current liabilities	59,990	37,321
Non-current liabilities		
Provision for retirement benefits	4,109	4,261
Asset retirement obligations	425	421
Other	2,537	2,458
Total non-current liabilities	7,072	7,141
Total liabilities	67,062	44,463

(Million yen)

	As of March 31,2016	As of June 30,2016
Net assets		
Shareholders' equity		
Capital stock	2,778	2,778
Capital surplus	9,779	9,779
Retained earnings	26,373	26,055
Treasury shares	(9,194)	(9,194)
Total shareholders' equity	29,737	29,420
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	113	100
Total valuation and translation adjustments	113	100
Total net assets	29,850	29,520
Total liabilities and net assets	96,912	73,983

(2) Quarterly Non-Consolidated Statements of Income

First quarter cumulative period

(Million yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	61,532	54,749
Cost of sales	50,869	44,072
Gross profit	10,662	10,677
Selling, general and administrative expenses	8,953	9,410
Operating income	1,709	1,266
Non-operating income		
Interest income	0	0
Dividend income	1	9
Support money of store move etc income	9	16
Reversal of allowance for doubtful accounts	7	10
Other	10	12
Total non-operating income	29	49
Non-operating expenses		
Interest expenses	5	3
Loss on sales and retirement of non-current assets	1	2
Rent expenses on real estates	1	2
Other	3	2
Total non-operating expenses	12	10
Ordinary income	1,726	1,305
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	11	—
Total extraordinary income	11	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	1	11
Impairment loss	8	2
Loss on closing of stores	14	14
Total extraordinary losses	24	28
Profit before income taxes	1,713	1,276
Income taxes - current	442	295
Income taxes - deferred	184	157
Total income taxes	627	453
Profit	1,086	823

2 Supplementary Information

Status of Sales

(Unit: million yen, %)

		Three months ended June 30, 2015	Three months ended June 30, 2016	Rate of change
Consumer Business	Net sales	57,669	50,892	(11.8)
	Operating income	2,013	1,791	(11.0)
Corporate Business	Net sales	3,863	3,857	(0.2)
	Operating income	436	398	(8.6)
Adjustments	Company-wide expenses	740	923	24.7
Amount recorded in quarterly non-consolidated statement of income	Net sales	61,532	54,749	(11.0)
	Operating income	1,709	1,266	(25.9)