Summary of Non-consolidated Financial Results for the Nine Months Ended December 31, 2016 [Japanese GAAP]

January 30, 2017

Company name: CONEXIO Corporation
Stock exchange listing: Tokyo Stock Exchange, First Section
Stock code: 9422
URL: https://www.conexio.co.jp
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, 2017
Scheduled date of commencement of dividend payment: —
Supplementary briefing material on quarterly financial results: Available
Briefing session of quarterly financial results: Not scheduled

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

1. Financial Results for the Nine Months Ended December 31, 2016 (from April 1, 2016 to December 31, 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	%
3Q FY2016	191,215	(5.8)	6,823	9.4	6,886	9.1	4,520	15.1
3Q FY2015	202,974	(1.2)	6,240	(6.6)	6,313	(6.7)	3,927	(4.1)

	Earnings per share	Diluted earnings per share
	yen	yen
3Q FY2016	101.05	—
3Q FY2015	87.79	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
3Q FY2016	92,168	32,075	34.8
FY2015	96,912	29,850	30.8

(Reference) Equity: 3Q FY2016: 32,075 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	—	26.00	—		
FY2016(Forecast)				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)

3Q FY2016	55,923,000 shares	FY2015	55,923,000 shares
3Q FY2016	11,185,062 shares	FY2015	11,185,062 shares
3Q FY2016	44,737,938 shares	3Q FY2015	44,737,999 shares

*** 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 December 31, 2016
Assets		
Current assets		
Cash and deposits	2,958	3,374
Accounts receivable - trade	46,020	42,709
Merchandise and finished goods	7,985	10,620
Accounts receivable - other	14,809	11,261
Deposits paid	130	177
Other	3,128	2,607
Allowance for doubtful accounts	(13)	(5)
Total current assets	75,018	70,744
Non-current assets		
Property, plant and equipment	4,186	4,203
Intangible assets		
Goodwill	1,830	1,776
The right of carrier shop management	11,102	10,597
Other	504	471
Total intangible assets	13,436	12,846
Investments and other assets	4,270	4,373
Total non-current assets	21,894	21,423
Total assets	96,912	92,168
Liabilities		
Current liabilities		
Accounts payable - trade	24,808	21,538
Accrued agency commission	10,579	10,162
Short-term loans payable	2,500	3,500
Accounts payable - other	13,402	10,107
Income taxes payable	521	972
Provision for bonuses	3,637	1,717
Provision for directors' bonuses	34	16
Other	4,507	4,966
Total current liabilities	59,990	52,979
Non-current liabilities		
Provision for retirement benefits	4,109	4,442
Asset retirement obligations	425	416
Other	2,537	2,254
Total non-current liabilities	7,072	7,113
Total liabilities	67,062	60,093

(Million yen)

	As of March 31,2016	As of December 31, 2016
Net assets		
Shareholders' equity		
Capital stock	2,778	2,778
Capital surplus	9,779	9,779
Retained earnings	26,373	28,589
Treasury shares	(9,194)	(9,194)
Total shareholders' equity	29,737	31,953
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	113	121
Total valuation and translation adjustments	113	121
Total net assets	29,850	32,075
Total liabilities and net assets	96,912	92,168

(2) Quarterly Non-Consolidated Statements of Income

Third quarter cumulative period

(Million yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	202,974	191,215
Cost of sales	169,827	156,593
Gross profit	33,147	34,621
Selling, general and administrative expenses	26,906	27,797
Operating income	6,240	6,823
Non-operating income		
Interest income	0	0
Dividend income	3	10
Support money of store move etc income	75	47
Reversal of allowance for doubtful accounts	7	7
Other	37	36
Total non-operating income	123	102
Non-operating expenses		
Interest expenses	20	7
Loss on sales and retirement of non-current assets	14	18
Rent expenses on real estates	9	6
Other	6	7
Total non-operating expenses	50	40
Ordinary income	6,313	6,886
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on sales of investment securities	11	―
Total extraordinary income	12	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	6	17
Impairment loss	132	13
Loss on closing of stores	32	47
Total extraordinary losses	172	78
Profit before income taxes	6,153	6,807
Income taxes - current	1,689	1,798
Income taxes - deferred	537	489
Total income taxes	2,226	2,287
Profit	3,927	4,520

2. Supplementary Information

Status of Sales

(Unit: million yen, %)

		Nine months ended December 31, 2015	Nine months ended December 31, 2016	Rate of change
Consumer Business	Net sales	190,852	179,248	(6.1)
	Operating income	7,157	8,131	13.6
Corporate Business	Net sales	12,121	11,967	(1.3)
	Operating income	1,524	1,448	(5.0)
Adjustments	Company-wide expenses	2,442	2,756	12.9
Amount recorded in quarterly non-consolidated statement of income	Net sales	202,974	191,215	(5.8)
	Operating income	6,240	6,823	9.4