Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017 [Japanese GAAP]

April 28, 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
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Scheduled date of annual general meeting of shareholders: June 27, 2017
Scheduled date for filing of annual securities report: June 27, 2017
Scheduled date of commencement of dividend payment: June 28, 2017
Supplementary briefing material on annual results: Available
Briefing session on annual results: Scheduled (for institutional investors and analysts)

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

1. Financial Results for the Fiscal Year Ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Non-consolidated Operating Results (Cumulative)

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

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	million yen	%	million yen	%	million yen	%	million yen	%
March 31, 2017	260,016	(7.6)	9,978	8.4	10,046	8.1	6,469	5.2
March 31, 2016	281,307	(0.6)	9,203	7.1	9,294	7.0	6,149	22.6

	Earnings per share	Diluted earnings per share	ROE	ROA	Operating profit to net sales ratio
Fiscal year ended	yen	yen	%	%	%
March 31, 2017	144.60	—	20.3	10.5	3.8
March 31, 2016	137.45	—	22.1	9.3	3.3

(Reference) Equity in earnings of affiliates: March 31, 2017: －million yen March 31, 2016: － 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, 2017	95,254	34,016	35.7	760.35
March 31, 2016	96,912	29,850	30.8	667.23

(Reference) Equity: March 31, 2017: 34,016 million yen March 31, 2016: 29,850 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, 2017	8,635	(1,904)	(4,805)	5,013
March 31, 2016	8,392	(1,811)	(7,490)	3,088

2. Dividends

	Annual dividends					Total amount of dividends	Payout ratio	Dividend on equity
	1Q end	2Q end	3Q end	Year end	Total			
Fiscal year ended	yen	yen	yen	yen	yen	million yen	%	%
March 31, 2016	—	22.50	—	25.50	48.00	2,147	34.9	7.7
March 31, 2017	—	26.00	—	30.00	56.00	2,505	38.7	7.8
Fiscal Year ending March 31, 2018(Forecast)	—	30.00	—	35.00	65.00		44.7	

3. Financial Forecast for Fiscal Year Ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

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

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	252,500	(2.9)	10,000	0.2	10,100	0.5	6,500	0.5	145.29

Note: Financial 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.:	None
(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)	FY2016	55,923,000 shares	FY2015	55,923,000 shares
(ii) Number of shares of treasury stock as of the end of period	FY2016	11,185,062 shares	FY2015	11,185,062 shares
(iii) Average number of shares during the period (cumulative)	FY2016	44,737,938 shares	FY2015	44,737,991 shares

*** This Financial Results is not subject to audit procedures.**

*** 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, 2016)	Current fiscal year (March 31, 2017)
Assets		
Current assets		
Cash and deposits	2,958	4,879
Accounts receivable - trade	46,020	45,343
Merchandise and finished goods	7,985	8,301
Raw materials and supplies	96	87
Prepaid expenses	712	751
Deferred tax assets	2,319	1,463
Accounts receivable - other	14,809	13,325
Deposits paid	130	134
Other	—	0
Allowance for doubtful accounts	(13)	(11)
Total current assets	75,018	74,275
Non-current assets		
Property, plant and equipment		
Buildings	4,285	4,743
Accumulated depreciation	(2,017)	(2,341)
Buildings, net	2,267	2,402
Structures	247	289
Accumulated depreciation	(89)	(96)
Structures, net	158	192
Machinery and equipment	9	9
Accumulated depreciation	(1)	(2)
Machinery and equipment, net	7	7
Tools, furniture and fixtures	3,944	4,105
Accumulated depreciation	(2,286)	(2,600)
Tools, furniture and fixtures, net	1,658	1,505
Land	64	52
Construction in progress	29	11
Total property, plant and equipment	4,186	4,170
Intangible assets		
Goodwill	1,830	1,745
Software	491	388
Software in progress	—	1
The right of carrier shop management	11,102	10,326
Other	12	11
Total intangible assets	13,436	12,472
Investments and other assets		
Investment securities	258	261
Shares of subsidiaries and associates	30	30
Long-term prepaid expenses	289	335
Lease and guarantee deposits	3,611	3,607
Other	163	183
Allowance for doubtful accounts	(82)	(82)
Total investments and other assets	4,270	4,335
Total non-current assets	21,894	20,978
Total assets	96,912	95,254

(Million yen)

	Previous fiscal year (March 31, 2016)	Current fiscal year (March 31, 2017)
Liabilities		
Current liabilities		
Accounts payable - trade	24,808	24,280
Accrued agency commission	10,579	8,395
Short-term loans payable	2,500	—
Accounts payable - other	13,402	11,558
Accrued expenses	2,707	2,914
Income taxes payable	521	2,122
Accrued consumption taxes	507	497
Advances received	77	16
Deposits received	1,192	1,134
Provision for bonuses	3,637	3,324
Provision for directors' bonuses	34	30
Other	21	47
Total current liabilities	59,990	54,322
Non-current liabilities		
Provision for retirement benefits	4,109	4,554
Deferred tax liabilities	2,080	1,635
Asset retirement obligations	425	416
Other	457	307
Total non-current liabilities	7,072	6,914
Total liabilities	67,062	61,237
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	23,898	28,063
Total retained earnings	26,373	30,538
Treasury shares	(9,194)	(9,194)
Total shareholders' equity	29,737	33,902
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	113	114
Total valuation and translation adjustments	113	114
Total net assets	29,850	34,016
Total liabilities and net assets	96,912	95,254

(2) Non-consolidated Statements of Income

(Million yen)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Net sales		
Net sales of goods	207,773	187,390
Commission income	73,534	72,626
Total net sales	281,307	260,016
Cost of sales		
Beginning goods	8,301	7,985
Cost of purchased goods	206,275	185,268
Total	214,576	193,253
Ending goods	8,048	8,317
Valuation loss on goods	63	16
Cost of goods sold	206,591	184,952
Agent fee	28,501	26,803
Total cost of sales	235,093	211,756
Gross profit	46,214	48,260
Selling, general and administrative expenses		
Directors' compensations	157	155
Salaries and allowances	10,237	10,864
Bonuses	1,248	1,194
Provision for bonuses	3,637	3,324
Provision for directors' bonuses	34	30
Retirement benefit expenses	644	654
Legal welfare expenses	3,356	3,358
Temporary staffing expense	1,523	1,785
Packing and delivery expenses	282	358
Promotion expenses	2,307	2,521
Communication expenses	583	577
Rents	4,040	4,150
Repair and maintenance	874	896
Business consignment expenses	1,205	1,237
Rent expenses	143	135
Depreciation	1,992	1,992
Amortization of goodwill	113	124
Other	4,628	4,920
Total selling, general and administrative expenses	37,011	38,282
Operating profit	9,203	9,978

(Million yen)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Non-operating income		
Interest income	0	0
Dividend income	3	10
Support money of store move etc income	102	67
Other	67	49
Total non-operating income	173	127
Non-operating expenses		
Interest expenses	30	12
Loss on sales and retirement of non-current assets	28	27
Rent expenses on real estates	11	8
Other	11	10
Total non-operating expenses	82	58
Ordinary profit	9,294	10,046
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on sales of investment securities	11	—
Gain on transfer of business	297	—
Total extraordinary income	309	0
Extraordinary losses		
Loss on closing of stores	34	61
Loss on sales and retirement of non-current assets	13	34
Impairment loss	165	234
Total extraordinary losses	213	330
Profit before income taxes	9,390	9,716
Income taxes - current	2,048	2,817
Income taxes - deferred	1,193	430
Total income taxes	3,241	3,247
Profit	6,149	6,469

(3)Statement of Changes in Shareholders' equity
Previous 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
Changes of items during period								
Dividends of surplus							(1,990)	(1,990)
Profit							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
Changes of items during period					
Dividends of surplus		(1,990)			(1,990)
Profit		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

Current fiscal year (From April 1, 2016 to March 31, 2017)

(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	23,898	26,373
Changes of items during period								
Dividends of surplus							(2,304)	(2,304)
Profit							6,469	6,469
Purchase of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	—	—	4,164	4,164
Balance at end of current period	2,778	3,180	6,598	9,779	5	2,469	28,063	30,538

	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	(9,194)	29,737	113	113	29,850
Changes of items during period					
Dividends of surplus		(2,304)			(2,304)
Profit		6,469			6,469
Purchase of treasury shares		—			—
Net changes of items other than shareholders' equity			1	1	1
Total changes of items during period	—	4,164	1	1	4,166
Balance at end of current period	(9,194)	33,902	114	114	34,016

(4) Non-consolidated Cash Flows

(Million yen)

	Previous fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2016 to March 31, 2017)
Cash flows from operating activities		
Profit before income taxes	9,390	9,716
Depreciation	1,992	1,992
Amortization of goodwill	113	124
Impairment loss	165	234
Increase (decrease) in allowance for doubtful accounts	(7)	(1)
Increase (decrease) in provision for bonuses	(1,525)	(313)
Increase (decrease) in provision for directors' bonuses	(18)	(3)
Increase (decrease) in provision for retirement benefits	373	445
Interest and dividend income	(3)	(10)
Interest expenses	30	12
Loss (gain) on sales of investment securities	(11)	-
Gain on business transfer	(297)	-
Decrease (increase) in notes and accounts receivable - trade	2,615	616
Decrease (increase) in accounts receivable - other	495	1,483
Decrease (increase) in inventories	307	(289)
Increase (decrease) in notes and accounts payable - trade	1,316	(2,711)
Increase (decrease) in accounts payable - other	(1,451)	(1,837)
Increase (decrease) in accrued consumption taxes	(1,112)	(9)
Other, net	(217)	549
Subtotal	12,158	9,996
Interest and dividend income received	3	10
Interest expenses paid	(31)	(12)
Income taxes (paid) refund	(3,836)	(1,417)
Other, net	98	57
Net cash provided by (used in) operating activities	8,392	8,635
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,459)	(1,170)
Purchase of intangible assets	(211)	(153)
Proceeds from sales of investment securities	24	-
Proceeds from liquidation of subsidiaries and associates	24	-
Payments for lease and guarantee deposits	(444)	(257)
Proceeds from collection of lease and guarantee deposits	117	120
Purchase of long-term prepaid expenses	(199)	(195)
Proceeds from transfer of business	396	-
Payment for transfer of business	-	(90)
Payments for transfer of business	(8)	(96)
Other, net	(50)	(59)
Net cash provided by (used in) investing activities	(1,811)	(1,904)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,500)	(2,500)
Repayments of long-term loans payable	(3,000)	-
Cash dividends paid	(1,990)	(2,305)
Other, net	(0)	-
Net cash provided by (used in) financing activities	(7,490)	(4,805)
Net increase (decrease) in cash and cash equivalents	(908)	1,924
Cash and cash equivalents at beginning of period	3,997	3,088
Cash and cash equivalents at end of period	3,088	5,013