Summary of Non-consolidated Financial Results for the Six Months Ended September 30, 2017 [Japanese GAAP]

October 27, 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) Executive Officer, Deputy of Chief Operating Officer (Name) Noriaki Kanno
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Scheduled date for filing of quarterly report: November 9, 2017
Scheduled date of commencement of dividend payment: December 6, 2017
Supplementary briefing material on quarterly financial results: Available
Briefing session of quarterly financial results: Scheduled (for institutional investors and analysts)

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

1. Financial Results for the Six Months Ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
2Q FY2017	116,302	(3.3)	4,434	17.9	4,480	17.7	2,945	18.6
2Q FY2016	120,235	(6.5)	3,762	(6.7)	3,808	(6.5)	2,483	(1.6)

	Earnings per share	Diluted earnings per share
	yen	yen
2Q FY2017	65.85	—
2Q FY2016	55.50	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
2Q FY2017	85,513	35,658	41.7
FY2016	95,254	34,016	35.7

(Reference) Equity: 2Q FY2017: 35,658 million yen FY2016: 34,016 million yen

2. Dividends

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
	yen	yen	yen	yen	yen
FY2016	—	26.00	—	30.00	56.00
FY2017	—	30.00			
FY2017(Forecast)			—	35.00	65.00

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

Breakdown of annual dividend for FY2017:

Ordinary dividend of 60 yen + Commemorative dividend of 5 yen (celebrating 20th company anniversary)

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

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

	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) 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)

2Q FY2017	44,737,938 shares	FY2016	55,923,000 shares
2Q FY2017	0 shares	FY2016	11,185,062 shares
2Q FY2017	44,737,938 shares	2Q FY2016	44,737,938 shares

*** This Quarterly Financial Results is not subject to quarterly review.**

*** 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 31,2017	As of September 30,2017
Assets		
Current assets		
Cash and deposits	4,879	6,036
Notes and accounts receivable - trade	45,343	38,655
Merchandise and finished goods	8,301	6,638
Accounts receivable - other	13,325	10,729
Deposits paid	134	204
Other	2,302	2,424
Allowance for doubtful accounts	(11)	(9)
Total current assets	74,275	64,678
Non-current assets		
Property, plant and equipment	4,170	4,300
Intangible assets		
Goodwill	1,745	1,684
The right of carrier shop management	10,326	9,993
Other	400	399
Total intangible assets	12,472	12,077
Investments and other assets	4,335	4,456
Total non-current assets	20,978	20,834
Total assets	95,254	85,513
Liabilities		
Current liabilities		
Accounts payable - trade	24,280	15,164
Accrued agency commission	8,395	8,788
Accounts payable - other	11,558	9,281
Income taxes payable	2,122	1,832
Provision for bonuses	3,324	3,017
Provision for directors' bonuses	30	9
Other	4,611	4,715
Total current liabilities	54,322	42,810
Non-current liabilities		
Provision for retirement benefits	4,554	4,777
Asset retirement obligations	416	480
Other	1,943	1,787
Total non-current liabilities	6,914	7,044
Total liabilities	61,237	49,855

(Million yen)

	As of March 31,2017	As of September 30,2017
Net assets		
Shareholders' equity		
Capital stock	2,778	2,778
Capital surplus	9,779	585
Retained earnings	30,538	32,141
Treasury shares	(9,194)	―
Total shareholders' equity	33,902	35,505
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	114	152
Total valuation and translation adjustments	114	152
Total net assets	34,016	35,658
Total liabilities and net assets	95,254	85,513

(2) Quarterly Non-Consolidated Statements of Income

Second quarter cumulative period

(Million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	120,235	116,302
Cost of sales	97,950	92,335
Gross profit	22,285	23,966
Selling, general and administrative expenses	18,522	19,532
Operating profit	3,762	4,434
Non-operating income		
Interest income	0	0
Dividend income	9	1
Support money of store move etc income	30	51
Reversal of allowance for doubtful accounts	10	2
Other	18	20
Total non-operating income	68	75
Non-operating expenses		
Interest expenses	5	3
Loss on sales and retirement of non-current assets	8	20
Rent expenses on real estates	4	3
Other	3	1
Total non-operating expenses	22	29
Ordinary profit	3,808	4,480
Extraordinary income		
Gain on sales of non-current assets	0	1
Total extraordinary income	0	1
Extraordinary losses		
Loss on sales and retirement of non-current assets	15	14
Impairment loss	9	20
Loss on closing of stores	15	21
Total extraordinary losses	40	56
Profit before income taxes	3,767	4,425
Income taxes - current	961	1,580
Income taxes - deferred	323	(100)
Total income taxes	1,284	1,479
Profit	2,483	2,945

(3) Quarterly Non-Consolidated Cash Flows

(Million yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	3,767	4,425
Depreciation	987	1,002
Amortization of goodwill	62	62
Impairment loss	9	20
Increase (decrease) in allowance for doubtful accounts	(10)	(2)
Increase (decrease) in provision for bonuses	(566)	(306)
Increase (decrease) in provision for directors' bonuses	(23)	(20)
Increase (decrease) in provision for retirement benefits	248	222
Interest and dividend income	(9)	(1)
Interest expenses	5	3
Decrease (increase) in notes and accounts receivable - trade	9,576	6,689
Decrease (increase) in accounts receivable - other	3,965	2,597
Decrease (increase) in inventories	(281)	1,680
Increase (decrease) in notes and accounts payable - trade	(7,796)	(8,723)
Increase (decrease) in accounts payable - other	(4,133)	(2,261)
Increase (decrease) in accrued consumption taxes	(126)	125
Other, net	(485)	(151)
Subtotal	5,191	5,360
Interest and dividend income received	9	1
Interest expenses paid	(5)	(3)
Income taxes (paid) refund	(384)	(1,777)
Other, net	15	18
Net cash provided by (used in) operating activities	4,825	3,598
Cash flows from investing activities		
Purchase of property, plant and equipment	(542)	(667)
Purchase of intangible assets	(121)	(92)
Payments for lease and guarantee deposits	(134)	(163)
Proceeds from collection of lease and guarantee deposits	85	73
Purchase of long-term prepaid expenses	(63)	(113)
Payment for transfer of business	(90)	-
Payments for transfer of business	(83)	(7)
Other, net	(46)	(58)
Net cash provided by (used in) investing activities	(997)	(1,028)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,500)	-
Cash dividends paid	(1,140)	(1,342)
Net cash provided by (used in) financing activities	(3,640)	(1,342)
Net increase (decrease) in cash and cash equivalents	187	1,227
Cash and cash equivalents at beginning of period	3,088	5,013
Cash and cash equivalents at end of period	3,276	6,241