Summary of Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2018 [Japanese GAAP]

May 1, 2018

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 and Chief Operating Officer, Corporate Planning Division (Name) Noriaki Kanno
Phone: +81-3-5331-3702
Scheduled date of annual general meeting of shareholders: June 26, 2018
Scheduled date for filing of annual securities report: June 26, 2018
Scheduled date of commencement of dividend payment: June 27, 2018
Supplementary briefing material on annual results: Available
Briefing session of 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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	264,897	1.9	10,207	2.3	10,293	2.5	6,738	4.2
March 31, 2017	260,016	(7.6)	9,978	8.4	10,046	8.1	6,469	5.2

	Earnings per share	Diluted earnings per share	ROE	ROA	Operating profit to net sales ratio
Fiscal year ended	yen	yen	%	%	%
March 31, 2018	150.62	—	18.7	10.5	3.9
March 31, 2017	144.60	—	20.3	10.5	3.8

(Reference) Equity in earnings of affiliates: March 31, 2018: － million yen March 31, 2017: － 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, 2018	100,776	38,174	37.9	853.30
March 31, 2017	95,254	34,016	35.7	760.35

(Reference) Equity: March 31, 2018: 38,174 million yen March 31, 2017: 34,016 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, 2018	7,574	(2,079)	(2,685)	7,821
March 31, 2017	8,635	(1,904)	(4,805)	5,013

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, 2017	—	26.00	—	30.00	56.00	2,505	38.7	7.8
March 31, 2018	—	30.00	—	35.00	65.00	2,907	43.2	8.1
Fiscal Year ending March 31, 2019(Forecast)	—	30.00	—	30.00	60.00		39.8	

(Note) Breakdown of annual dividend for FY2017:
Ordinary dividend of 60 yen + Commemorative dividend of 5 yen (celebrating 20th company anniversary)

3. Financial Forecast for Fiscal Year Ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(% 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	270,000	1.9	10,210	0.0	10,295	0.0	6,740	0.0	150.66

Note: Financial Forecasts for the First-half year are not 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)	FY2017	44,737,938 Shares	FY2016	55,923,000 Shares
(ii) Number of shares of treasury stock as of the end of period	FY2017	86 shares	FY2016	11,185,062 Shares
(iii) Average number of shares during the period (cumulative)	FY2017	44,737,910 shares	FY2016	44,737,938 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, 2017)	Current fiscal year (March 31, 2018)
Assets		
Current assets		
Cash and deposits	4,879	7,606
Accounts receivable - trade	45,343	48,934
Merchandise and finished goods	8,301	8,900
Raw materials and supplies	87	74
Prepaid expenses	751	781
Deferred tax assets	1,463	1,545
Accounts receivable - other	13,325	12,188
Deposits paid	134	215
Other	0	―
Allowance for doubtful accounts	(11)	(6)
Total current assets	74,275	80,239
Non-current assets		
Property, plant and equipment		
Buildings	4,743	5,049
Accumulated depreciation	(2,341)	(2,500)
Buildings, net	2,402	2,548
Structures	289	306
Accumulated depreciation	(96)	(109)
Structures, net	192	196
Machinery and equipment	9	9
Accumulated depreciation	(2)	(3)
Machinery and equipment, net	7	6
Tools, furniture and fixtures	4,105	4,312
Accumulated depreciation	(2,600)	(2,748)
Tools, furniture and fixtures, net	1,505	1,563
Land	52	52
Construction in progress	11	0
Total property, plant and equipment	4,170	4,368
Intangible assets		
Goodwill	1,745	1,621
Software	388	338
Software in progress	1	5
The right of carrier shop management	10,326	9,650
Other	11	10
Total intangible assets	12,472	11,626
Investments and other assets		
Investment securities	261	413
Shares of subsidiaries and associates	30	30
Long-term prepaid expenses	335	368
Lease and guarantee deposits	3,607	3,627
Other	183	171
Allowance for doubtful accounts	(82)	(70)
Total investments and other assets	4,335	4,541
Total non-current assets	20,978	20,536
Total assets	95,254	100,776

(Million yen)

	Previous fiscal year (March 31, 2017)	Current fiscal year (March 31, 2018)
Liabilities		
Current liabilities		
Accounts payable - trade	24,280	22,441
Accrued agency commission	8,395	9,673
Accounts payable - other	11,558	12,100
Accrued expenses	2,914	3,669
Income taxes payable	2,122	2,599
Accrued consumption taxes	497	591
Advances received	16	13
Deposits received	1,134	1,049
Provision for bonuses	3,324	3,412
Provision for directors' bonuses	30	21
Other	47	66
Total current liabilities	54,322	55,640
Non-current liabilities		
Provision for retirement benefits	4,554	4,888
Deferred tax liabilities	1,635	1,368
Asset retirement obligations	416	485
Other	307	219
Total non-current liabilities	6,914	6,961
Total liabilities	61,237	62,601
Net assets		
Shareholders' equity		
Capital stock	2,778	2,778
Capital surplus		
Legal capital surplus	3,180	580
Other capital surplus	6,598	4
Total capital surpluses	9,779	585
Retained earnings		
Legal retained earnings	5	113
Other retained earnings		
General reserve	2,469	2,469
Retained earnings brought forward	28,063	32,008
Total retained earnings	30,538	34,592
Treasury shares	(9,194)	(0)
Total shareholders' equity	33,902	37,956
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	114	218
Total valuation and translation adjustments	114	218
Total net assets	34,016	38,174
Total liabilities and net assets	95,254	100,776

(2) Non-consolidated Statements of Income

(Million yen)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net sales		
Net sales of goods	187,390	190,835
Commission income	72,626	74,061
Total net sales	260,016	264,897
Cost of sales		
Beginning goods	7,985	8,301
Cost of purchased goods	185,268	187,227
Total	193,253	195,529
Ending goods	8,317	8,898
Valuation loss on goods	16	(2)
Cost of goods sold	184,952	186,628
Agent fee	26,803	27,921
Total cost of sales	211,756	214,549
Gross profit	48,260	50,347
Selling, general and administrative expenses		
Directors' compensations	155	142
Salaries and allowances	10,864	11,082
Bonuses	1,194	1,196
Provision for bonuses	3,324	3,412
Provision for directors' bonuses	30	21
Retirement benefit expenses	654	575
Legal welfare expenses	3,358	3,442
Temporary staffing expense	1,785	2,393
Packing and delivery expenses	358	405
Promotion expenses	2,521	2,919
Communication expenses	577	585
Rents	4,150	4,214
Repair and maintenance	896	980
Business consignment expenses	1,237	1,268
Rent expenses	135	119
Depreciation	1,992	2,033
Amortization of goodwill	124	124
Other	4,920	5,222
Total selling, general and administrative expenses	38,282	40,139
Operating profit	9,978	10,207

(Million yen)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Non-operating income		
Interest income	0	0
Dividend income	10	2
Support money of store move etc income	67	108
Other	49	45
Total non-operating income	127	156
Non-operating expenses		
Interest expenses	12	8
Loss on sales and retirement of non-current assets	27	45
Rent expenses on real estates	8	6
Other	10	10
Total non-operating expenses	58	70
Ordinary profit	10,046	10,293
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	—	0
Total extraordinary income	0	1
Extraordinary losses		
Loss on closing of stores	61	54
Loss on sales and retirement of non-current assets	34	19
Impairment loss	234	135
Other	—	9
Total extraordinary losses	330	218
Profit before income taxes	9,716	10,076
Income taxes - current	2,817	3,732
Income taxes - deferred	430	(394)
Total income taxes	3,247	3,338
Profit	6,469	6,738

(3) Statement of Changes in Shareholders' equity

Previous 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								
Transfer to other capital surplus from legal capital surplus								
Retirement 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		—			—
Transfer to other capital surplus from legal capital surplus		—			—
Retirement 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

Current fiscal year (From April 1, 2017 to March 31, 2018)

(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	28,063	30,538
Changes of items during period								
Dividends of surplus					108		(2,792)	(2,684)
Profit							6,738	6,738
Purchase of treasury shares								
Transfer to other capital surplus from legal capital surplus		(2,600)	2,600	—				
Retirement of treasury shares			(9,194)	(9,194)				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	(2,600)	(6,594)	(9,194)	108	—	3,945	4,054
Balance at end of current period	2,778	580	4	585	113	2,469	32,008	34,592

	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)	33,902	114	114	34,016
Changes of items during period					
Dividends of surplus		(2,684)			(2,684)
Profit		6,738			6,738
Purchase of treasury shares	(0)	(0)			(0)
Transfer to other capital surplus from legal capital surplus		—			—
Retirement of treasury shares	9,194	—			—
Net changes of items other than shareholders' equity			104	104	104
Total changes of items during period	9,193	4,054	104	104	4,158
Balance at end of current period	(0)	37,956	218	218	38,174

(4) Non-consolidated Cash Flows

(Million yen)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Cash flows from operating activities		
Profit before income taxes	9,716	10,076
Depreciation	1,992	2,033
Amortization of goodwill	124	124
Impairment loss	234	135
Increase (decrease) in allowance for doubtful accounts	(1)	(18)
Increase (decrease) in provision for bonuses	(313)	88
Increase (decrease) in provision for directors' bonuses	(3)	(9)
Increase (decrease) in provision for retirement benefits	445	333
Interest and dividend income	(10)	(2)
Interest expenses	12	8
Foreign exchange losses (gains)	-	1
Loss (gain) on sales of investment securities	-	(0)
Decrease (increase) in notes and accounts receivable - trade	616	(3,593)
Decrease (increase) in accounts receivable - other	1,483	1,132
Decrease (increase) in inventories	(289)	(584)
Increase (decrease) in notes and accounts payable - trade	(2,711)	(560)
Increase (decrease) in accounts payable - other	(1,837)	578
Increase (decrease) in accrued consumption taxes	(9)	93
Other, net	549	832
Subtotal	9,996	10,670
Interest and dividend income received	10	2
Interest expenses paid	(12)	(8)
Income taxes (paid) refund	(1,417)	(3,183)
Other, net	57	92
Net cash provided by (used in) operating activities	8,635	7,574
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,170)	(1,448)
Purchase of intangible assets	(153)	(141)
Proceeds from sales of investment securities	-	0
Payments for lease and guarantee deposits	(257)	(303)
Proceeds from collection of lease and guarantee deposits	120	138
Purchase of long-term prepaid expenses	(195)	(220)
Payment for transfer of business	(90)	-
Payments for transfer of business	(96)	(11)
Other, net	(59)	(92)
Net cash provided by (used in) investing activities	(1,904)	(2,079)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,500)	-
Purchase of treasury shares	-	(0)
Cash dividends paid	(2,305)	(2,684)
Other, net	-	(0)
Net cash provided by (used in) financing activities	(4,805)	(2,685)
Effect of exchange rate change on cash and cash equivalents	-	(1)
Net increase (decrease) in cash and cash equivalents	1,924	2,807
Cash and cash equivalents at beginning of period	3,088	5,013
Cash and cash equivalents at end of period	5,013	7,821