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Non-consolidated Financial Results for the Six Months Ended September 30, 2019[Japanese GAAP]

October 29, 2019

Company name: CONEXIO Corporation
Code number: 9422
Representative: Hiroo Inoue, President
Contact: Shinya Nakada, General Manager, Corporate Planning Department
Phone: 03-5331-3702
Stock exchange listing: Tokyo
URL: http://www.conexio.co.jp
Scheduled date of filing quarterly securities report: November 12, 2019
Scheduled date of commencing dividend payments: December 06, 2019
Availability of supplementary briefing material on quarterly financial results: Yes
Schedule of quarterly financial results briefing session: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down)

1. Non-consolidated Financial Results for the Six Months Ended September 30, 2019 (April 01, 2019 to September 30, 2019)

(1) Non-consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2019	105,980	(14.6)	5,323	26.0	5,466	24.6	3,752	30.9
September 30, 2018	124,083	6.7	4,226	(4.7)	4,388	(2.1)	2,866	(2.7)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2019	83.88	-
September 30, 2018	64.08	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2019	89,671	44,381	49.5
March 31, 2019	103,506	42,106	40.7

(Reference) Equity: As of September 30, 2019: ¥ 44,381 million
As of March 31, 2019: ¥ 42,106 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	-	30.00	-	30.00	60.00
Fiscal year ending March 31, 2020	-	30.00			
Fiscal year ending March 31, 2020 (Forecast)			-	30.00	60.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020(April 01, 2019 to March 31, 2020)

The impact of the future business environment on our business results is unclear, and will be promptly disclosed as soon as they are reasonably calculated.

* Notes:

(1) Accounting policies adopted specially for the preparation of quarterly Non-consolidated financial statements: No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):	September 30, 2019:	44,737,938 shares	March 31, 2019:	44,737,938 shares
2) Total number of treasury shares at the end of the period:	September 30, 2019:	122 shares	March 31, 2019:	122 shares
3) Average number of shares during the period:	Six months ended September 30, 2019:	44,737,816 shares	Six months ended September 30, 2018:	44,737,819 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.

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Million yen)

	As of March 31,2019	As of September 30,2019
Assets		
Current assets		
Cash and deposits	11,086	17,235
Notes and accounts receivable - trade	49,285	37,992
Merchandise and finished goods	8,221	3,883
Accounts receivable - other	12,914	8,955
Deposits paid	273	170
Other	818	945
Allowance for doubtful accounts	(6)	(5)
Total current assets	82,594	69,177
Non-current assets		
Property, plant and equipment	4,804	4,733
Intangible assets		
Goodwill	1,499	1,453
The right of carrier shop management	8,985	8,652
Other	355	358
Total intangible assets	10,839	10,464
Investments and other assets	5,267	5,296
Total non-current assets	20,911	20,494
Total assets	103,506	89,671
Liabilities		
Current liabilities		
Accounts payable - trade	20,275	13,055
Accrued agency commission	11,607	9,049
Accounts payable - other	12,387	6,988
Income taxes payable	2,095	2,170
Provision for bonuses	3,800	3,582
Provision for directors' bonuses	23	10
Other	5,074	4,063
Total current liabilities	55,264	38,920
Non-current liabilities		
Provision for bonuses	24	37
Provision for directors' bonuses	11	17
Provision for retirement benefits	5,252	5,488
Asset retirement obligations	669	676
Other	176	149
Total non-current liabilities	6,135	6,369
Total liabilities	61,400	45,290

(Million yen)

	As of March 31,2019	As of September 30,2019
Net assets		
Shareholders' equity		
Capital stock	2,778	2,778
Capital surplus	585	585
Retained earnings	38,606	41,016
Treasury shares	(0)	(0)
Total shareholders' equity	41,970	44,380
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	136	0
Total valuation and translation adjustments	136	0
Total net assets	42,106	44,381
Total liabilities and net assets	103,506	89,671

(2) Non-consolidated Statements of Income

(Million yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Net sales	124,083	105,980
Cost of sales	99,450	80,350
Gross profit	24,633	25,630
Selling, general and administrative expenses	20,407	20,306
Operating profit	4,226	5,323
Non-operating income		
Interest income	0	0
Dividend income	1	2
Support money of store move etc income	65	98
Reversal of allowance for doubtful accounts	0	1
Gain on sales of goods	116	-
Other	17	45
Total non-operating income	200	148
Non-operating expenses		
Interest expenses	0	0
Loss on sales and retirement of non-current assets	27	4
Rental expenses on real estate	2	-
Other	7	1
Total non-operating expenses	38	5
Ordinary profit	4,388	5,466
Extraordinary income		
Gain on sales of non-current assets	0	-
Gain on sales of investment securities	0	174
Total extraordinary income	0	174
Extraordinary losses		
Loss on sales and retirement of non-current assets	24	4
Impairment loss	24	37
Loss on store closings	45	25
Other	2	-
Total extraordinary losses	96	68
Profit before income taxes	4,291	5,573
Income taxes - current	1,562	1,915
Income taxes - deferred	(137)	(95)
Total income taxes	1,424	1,820
Profit	2,866	3,752

(3) Quarterly Non-consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2018	For the six months ended September 30,2019
Cash flows from operating activities		
Profit before income taxes	4,291	5,573
Depreciation	1,041	1,021
Amortization of goodwill	62	62
Impairment loss	24	37
Increase (decrease) in allowance for doubtful accounts	0	(1)
Increase (decrease) in provision for bonuses	(386)	(204)
Increase (decrease) in provision for directors' bonuses	(12)	(6)
Increase (decrease) in provision for retirement benefits	239	235
Interest and dividend income	(1)	(2)
Interest expenses	0	0
Foreign exchange losses (gains)	(0)	0
Loss (gain) on sales of investment securities	(0)	(174)
Decrease (increase) in trade receivables	6,075	11,296
Decrease (increase) in accounts receivable - other	1,869	3,959
Decrease (increase) in inventories	1,471	4,343
Increase (decrease) in trade payables	(5,766)	(9,778)
Increase (decrease) in accounts payable - other	(2,373)	(5,340)
Increase (decrease) in accrued consumption taxes	66	(60)
Other, net	(904)	(1,086)
Subtotal	5,696	9,873
Interest and dividend income received	1	2
Interest paid	(0)	(0)
Income taxes (paid) refund	(2,365)	(1,836)
Other, net	23	120
Net cash provided by (used in) operating activities	3,355	8,160
Cash flows from investing activities		
Purchase of property, plant and equipment	(600)	(559)
Purchase of intangible assets	(30)	(127)
Proceeds from sales of property, plant and equipment	0	242
Purchase of investment securities	(0)	(157)
Payments of leasehold and guarantee deposits	(238)	(113)
Proceeds from refund of leasehold and guarantee deposits	114	32
Purchase of long-term prepaid expenses	(90)	(53)
Payments for acquisition of businesses	-	(29)
Other, net	75	(7)
Net cash provided by (used in) investing activities	(770)	(772)
Cash flows from financing activities		
Purchase of treasury shares	(0)	-
Dividends paid	(1,565)	(1,342)
Other, net	(0)	-
Net cash provided by (used in) financing activities	(1,566)	(1,342)
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	1,020	6,045
Cash and cash equivalents at beginning of period	7,821	11,360
Cash and cash equivalents at end of period	8,841	17,405