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Non-consolidated Financial Results for the Year Ended March 31, 2020[Japanese GAAP]

April 30, 2020

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: https://www.conexio.co.jp

Scheduled date of Annual General Meeting of Shareholders: June 23, 2020
Scheduled date of commencing dividend payments: June 24, 2020
Scheduled date of filing annual securities report: June 23, 2020
Availability of supplementary briefing material on annual financial results: Yes
Schedule of annual financial results briefing session: Yes

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

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

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	209,005	(20.8)	10,330	0.5	10,515	(0.2)	7,000	1.1
March 31, 2019	263,925	(0.4)	10,277	0.7	10,539	2.4	6,921	2.7

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2020	156.48	-	15.8	10.6	4.9
March 31, 2019	154.72	-	17.2	10.4	3.9

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2020: ¥ - million
Fiscal year ended March 31, 2019: ¥ - million

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2020	95,757	46,287	48.3	1,034.64
March 31, 2019	103,506	42,106	40.7	941.18

(Reference) Equity: As of March 31, 2020: ¥ 46,287 million
As of March 31, 2019: ¥ 42,106 million

(3) Non-consolidated 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 period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2020	13,118	(1,290)	(2,685)	20,499
March 31, 2019	8,558	(2,108)	(2,909)	11,360

2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2019	-	30.00	-	30.00	60.00	2,684	38.8	6.7
March 31, 2020	-	30.00	-	30.00	60.00	2,684	38.3	6.1
Fiscal year ending March 31, 2021(Forecast)	-	-	-	-	-		-	

The dividends for the fiscal year ending March 31, 2021 is undecided at the present stage, and the dividends forecast will be immediately disclosed when the financial results forecast can be disclosed.

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 01, 2020 to March 31, 2021)

The impact of the widespread outbreak of coronavirus disease 2019 (COVID-19) on our business results is unclear, and we will disclose the financial results forecast as soon as we can comprehend it to a certain degree, based on an assessment of the changing circumstances in the future.

* Notes:

(1) 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

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

1) Total number of issued shares at the end of the period (including treasury shares):	March 31, 2020:	44,737,938 shares	March 31, 2019:	44,737,938 shares
2) Total number of treasury shares at the end of the period:	March 31, 2020:	122 shares	March 31, 2019:	122 shares
3) Average number of shares during the period:	Fiscal Year ended March 31, 2020:	44,737,816 shares	Fiscal Year ended March 31, 2019:	44,737,817 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)

	As of March 31,2019	As of March 31,2020
Assets		
Current assets		
Cash and deposits	11,086	20,387
Notes and accounts receivable - trade	49,285	40,380
Merchandise and finished goods	8,221	4,922
Raw materials and supplies	29	36
Prepaid expenses	788	877
Accounts receivable - other	12,914	8,812
Deposits paid	273	111
Other	0	-
Allowance for doubtful accounts	(6)	(5)
Total current assets	82,594	75,524
Non-current assets		
Property, plant and equipment		
Buildings	5,519	5,705
Accumulated depreciation	(2,651)	(3,053)
Buildings, net	2,867	2,651
Structures	331	356
Accumulated depreciation	(120)	(134)
Structures, net	210	222
Machinery and equipment	9	9
Accumulated depreciation	(3)	(4)
Machinery and equipment, net	5	5
Tools, furniture and fixtures	4,618	4,581
Accumulated depreciation	(2,950)	(3,256)
Tools, furniture and fixtures, net	1,668	1,325
Land	52	52
Construction in progress	0	6
Total property, plant and equipment	4,804	4,262
Intangible assets		
Goodwill	1,499	1,390
Software	331	407
Software in progress	13	18
The right of career shop management	8,985	8,319
Other	9	9
Total intangible assets	10,839	10,146
Investments and other assets		
Investment securities	295	189
Shares of subsidiaries and associates	13	13
Long-term prepaid expenses	391	276
Deferred tax assets	597	1,410
Leasehold and guarantee deposits	3,856	3,827
Other	181	149
Allowance for doubtful accounts	(68)	(42)
Total investments and other assets	5,267	5,824
Total non-current assets	20,911	20,233
Total assets	103,506	95,757

(Million yen)

	As of March 31,2019	As of March 31,2020
Liabilities		
Current liabilities		
Accounts payable - trade	20,275	13,394
Accrued agency commission	11,607	10,128
Accounts payable - other	12,387	6,874
Accrued expenses	3,291	2,980
Income taxes payable	2,095	2,547
Accrued consumption taxes	767	1,490
Advances received	13	10
Deposits received	969	959
Provision for bonuses	3,800	4,651
Provision for bonuses for directors (and other officers)	23	34
Other	33	27
Total current liabilities	55,264	43,099
Non-current liabilities		
Provision for bonuses	24	-
Provision for directors' bonuses	11	-
Provision for retirement benefits	5,252	5,580
Asset retirement obligations	669	668
Other	176	122
Total non-current liabilities	6,135	6,371
Total liabilities	61,400	49,470
Net assets		
Shareholders' equity		
Share capital	2,778	2,778
Capital surplus		
Legal capital surplus	580	580
Other capital surplus	4	4
Total capital surpluses	585	585
Retained earnings		
Legal retained earnings	113	113
Other retained earnings		
General reserve	2,469	2,469
Retained earnings brought forward	36,022	40,339
Total retained earnings	38,606	42,922
Treasury shares	(0)	(0)
Total shareholders' equity	41,970	46,286
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	46,287
Total liabilities and net assets	103,506	95,757

(2) Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Net sales		
Net sales of goods	186,382	137,409
Commission income	77,542	71,596
Total net sales	263,925	209,005
Cost of sales		
Beginning merchandise inventory	8,900	8,221
Cost of purchased goods	180,385	128,757
Total	189,285	136,979
Ending merchandise inventory	8,264	5,092
Valuation loss on goods	43	169
Cost of goods sold	181,064	132,056
Agent fee	30,980	24,703
Total cost of sales	212,044	156,760
Gross profit	51,880	52,245
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	144	179
Salaries and allowances	11,430	11,087
Bonuses	1,174	1,356
Provision for bonuses	3,824	4,651
Provision for bonuses for directors (and other officers)	34	34
Retirement benefit expenses	579	553
Legal welfare expenses	3,627	3,891
Temporary staffing expense	2,403	2,029
Packing and delivery expenses	539	382
Promotion expenses	2,821	2,439
Communication expenses	544	554
Rent expenses on land and buildings	4,293	4,518
Repair and maintenance expenses	943	1,364
Outsourcing expenses	1,444	1,086
Rent expenses	124	173
Depreciation	2,086	2,032
Amortization of goodwill	124	125
Provision of allowance for doubtful accounts	0	-
Other	5,459	5,452
Total selling, general and administrative expenses	41,602	41,914
Operating profit	10,277	10,330

(Million yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Non-operating income		
Interest income	0	0
Dividend income	4	4
Support money of store move etc income	154	148
Gain on sales of goods	116	-
Other	57	45
Total non-operating income	332	199
Non-operating expenses		
Interest expenses	2	0
Foreign exchange losses	0	2
Loss on sales and retirement of non-current assets	49	4
Rental expenses on real estate	3	2
Loss on cancellation of contracts	6	3
Other	8	2
Total non-operating expenses	70	14
Ordinary profit	10,539	10,515
Extraordinary income		
Gain on sales of non-current assets	6	-
Gain on sales of investment securities	0	174
Other	0	11
Total extraordinary income	6	186
Extraordinary losses		
Loss on store closings	60	48
Loss on sales and retirement of non-current assets	80	18
Impairment loss	83	244
Loss on valuation of shares of subsidiaries and associates	16	-
Other	4	2
Total extraordinary losses	244	314
Profit before income taxes	10,302	10,386
Income taxes - current	3,764	4,130
Income taxes - deferred	(384)	(744)
Total income taxes	3,380	3,386
Profit	6,921	7,000

(3) Non-consolidated Statements of Changes in Eqity

For the fiscal year ended March 31,2019

(Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at beginning of period	2,778	580	4	585	113	2,469	32,008	34,592
Changes during period								
Dividends of surplus							(2,907)	(2,907)
Profit							6,921	6,921
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	-	-	-	-	-	-	4,013	4,013
Balance at end of period	2,778	580	4	585	113	2,469	36,022	38,606

	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 period	(0)	37,956	218	218	38,174
Changes during period					
Dividends of surplus		(2,907)			(2,907)
Profit		6,921			6,921
Purchase of treasury shares	(0)	(0)			(0)
Net changes in items other than shareholders' equity			(82)	(82)	(82)
Total changes during period	(0)	4,013	(82)	(82)	3,931
Balance at end of period	(0)	41,970	136	136	42,106

For the fiscal year ended March 31,2020

(Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at beginning of period	2,778	580	4	585	113	2,469	36,022	38,606
Changes during period								
Dividends of surplus							(2,684)	(2,684)
Profit							7,000	7,000
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	-	-	-	-	-	-	4,316	4,316
Balance at end of period	2,778	580	4	585	113	2,469	40,339	42,922

	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 period	(0)	41,970	136	136	42,106
Changes during period					
Dividends of surplus		(2,684)			(2,684)
Profit		7,000			7,000
Purchase of treasury shares		-			-
Net changes in items other than shareholders' equity			(135)	(135)	(135)
Total changes during period	-	4,316	(135)	(135)	4,181
Balance at end of period	(0)	46,286	0	0	46,287

(4) Non-consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Cash flows from operating activities		
Profit before income taxes	10,302	10,386
Depreciation	2,086	2,032
Amortization of goodwill	124	125
Impairment loss	83	244
Increase (decrease) in allowance for doubtful accounts	(1)	(2)
Increase (decrease) in provision for bonuses	412	826
Increase (decrease) in provision for bonuses for directors (and other officers)	12	0
Increase (decrease) in provision for retirement benefits	364	328
Interest and dividend income	(4)	(4)
Interest expenses	2	0
Foreign exchange losses (gains)	1	3
Loss (gain) on sales of investment securities	(0)	(174)
Decrease (increase) in trade receivables	(351)	8,901
Decrease (increase) in accounts receivable - other	(725)	4,102
Decrease (increase) in inventories	739	3,293
Increase (decrease) in trade payables	(231)	(8,360)
Increase (decrease) in accounts payable - other	136	(5,468)
Increase (decrease) in accrued consumption taxes	175	723
Other, net	(428)	(283)
Subtotal	12,696	16,673
Interest and dividends received	4	4
Interest paid	(2)	(0)
Income taxes (paid) refund	(4,253)	(3,700)
Other, net	112	140
Net cash provided by (used in) operating activities	8,558	13,118
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,462)	(902)
Purchase of intangible assets	(105)	(208)
Proceeds from sales of investment securities	0	242
Purchase of investment securities	(0)	(157)
Payments of leasehold and guarantee deposits	(574)	(192)
Proceeds from refund of leasehold and guarantee deposits	222	80
Purchase of long-term prepaid expenses	(225)	(82)
Other, net	37	(69)
Net cash provided by (used in) investing activities	(2,108)	(1,290)
Cash flows from financing activities		
Purchase of treasury shares	(0)	-
Dividends paid	(2,909)	(2,685)
Other, net	(0)	-
Net cash provided by (used in) financing activities	(2,909)	(2,685)
Effect of exchange rate change on cash and cash equivalents	(1)	(3)
Net increase (decrease) in cash and cash equivalents	3,538	9,139
Cash and cash equivalents at beginning of period	7,821	11,360
Cash and cash equivalents at end of period	11,360	20,499