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Non-consolidated Financial Results for the Six Months Ended September 30, 2020 [Japanese GAAP]

October 29, 2020

Company name: CONEXIO Corporation

Stock exchange listing: Tokyo

Code number: 9422

URL: <https://www.conexio.co.jp>

Representative: Hiroo Inoue

President

Contact: Shinya Nakada

General Manager, Corporate Planning Department

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Scheduled date of filing quarterly securities report: November 12, 2020

Scheduled date of commencing dividend payments: December 07, 2020

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, 2020 (April 01, 2020 to September 30, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2020	78,072	(26.3)	4,686	(12.0)	5,004	(8.5)	3,366	(10.3)
September 30, 2019	105,980	(14.6)	5,323	26.0	5,466	24.6	3,752	30.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	75.25	-
September 30, 2019	83.88	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of September 30, 2020	88,611	48,312	54.5
March 31, 2020	95,757	46,287	48.3

(Reference) Equity: As of September 30, 2020: ¥ 48,312 Million

As of March 31, 2020: ¥ 46,287 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, 2020	-	30.00	-	30.00	60.00
Fiscal year ending March 31, 2021	-	30.00	-	-	-
Fiscal year ending March 31, 2021(Forecast)	-	-	-	30.00	60.00

(Note) Revision to the forecast for dividends announced most recently: Yes

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	170,000	(18.7)	9,600	(7.1)	9,900	(5.9)	6,500	(7.2)	145.29

(Note) Revision to the financial results forecast announced most recently: Yes

* 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, 2020: 44,737,938 shares

March 31, 2020: 44,737,938 shares

2) Total number of treasury shares at the end of the period:

September 30, 2020: 153 shares

March 31, 2020: 122 shares

3) Average number of shares during the period:

Six months ended September 30, 2020: 44,737,791 shares

Six months ended September 30, 2019: 44,737,816 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. Quarterly Non-consolidated Financial Statements

(1) Quarterly Non-consolidated Balance Sheets

(Million yen)

	As of March 31,2020	As of September 30,2020
Assets		
Current assets		
Cash and deposits	20,387	22,114
Notes and accounts receivable - trade	40,380	18,525
Merchandise and finished goods	4,922	4,440
Accounts receivable - other	8,812	22,708
Deposits paid	111	135
Other	914	1,047
Allowance for doubtful accounts	(5)	(4)
Total current assets	75,524	68,965
Non-current assets		
Property, plant and equipment	4,262	4,055
Intangible assets		
Goodwill	1,390	1,359
The right of career shop management	8,319	7,986
Other	436	441
Total intangible assets	10,146	9,787
Investments and other assets	5,824	5,802
Total non-current assets	20,233	19,646
Total assets	95,757	88,611
Liabilities		
Current liabilities		
Accounts payable - trade	13,394	9,194
Accrued agency commission	10,128	4,424
Accounts payable - other	6,874	10,550
Income taxes payable	2,547	1,996
Provision for bonuses	4,651	3,817
Provision for bonuses for directors (and other officers)	34	11
Other	5,467	3,780
Total current liabilities	43,099	33,775
Non-current liabilities		
Provision for retirement benefits	5,580	5,814
Asset retirement obligations	668	595
Other	122	113
Total non-current liabilities	6,371	6,523
Total liabilities	49,470	40,298

(Million yen)

	As of March 31,2020	As of September 30,2020
Net assets		
Shareholders' equity		
Share capital	2,778	2,778
Capital surplus	585	585
Retained earnings	42,922	44,947
Treasury shares	(0)	(0)
Total shareholders' equity	46,286	48,311
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	1
Total valuation and translation adjustments	0	1
Total net assets	46,287	48,312
Total liabilities and net assets	95,757	88,611

(2) Quarterly Non-consolidated Statements of Income

(Million yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Net sales	105,980	78,072
Cost of sales	80,350	54,459
Gross profit	25,630	23,613
Selling, general and administrative expenses	20,306	18,926
Operating profit	5,323	4,686
Non-operating income		
Interest income	0	0
Dividend income	2	0
Support money of store move etc income	98	36
Reversal of allowance for doubtful accounts	1	0
Subsidies for employment adjustment	-	259
Other	45	26
Total non-operating income	148	323
Non-operating expenses		
Interest expenses	0	0
Loss on sales and retirement of non-current assets	4	-
Loss on investments in investment partnerships	-	3
Other	1	2
Total non-operating expenses	5	5
Ordinary profit	5,466	5,004
Extraordinary income		
Gain on sales of non-current assets	-	24
Gain on sales of investment securities	174	-
Other	-	0
Total extraordinary income	174	25
Extraordinary losses		
Loss on sales and retirement of non-current assets	4	11
Impairment loss	37	1
Loss on store closings	25	5
Total extraordinary losses	68	19
Profit before income taxes	5,573	5,010
Income taxes - current	1,915	1,738
Income taxes - deferred	(95)	(95)
Total income taxes	1,820	1,643
Profit	3,752	3,366

(3) Quarterly Non-consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	5,573	5,010
Depreciation	1,021	963
Amortization of goodwill	62	65
Impairment loss	37	1
Increase (decrease) in allowance for doubtful accounts	(1)	(0)
Increase (decrease) in provision for bonuses	(204)	(833)
Increase (decrease) in provision for bonuses for directors (and other officers)	(6)	(23)
Increase (decrease) in provision for retirement benefits	235	233
Interest and dividend income	(2)	(0)
Interest expenses	0	0
Subsidies for employment adjustment	-	(259)
Foreign exchange losses (gains)	0	2
Loss (gain) on sales of investment securities	(174)	-
Decrease (increase) in trade receivables	11,296	21,863
Decrease (increase) in accounts receivable - other	3,959	(13,896)
Decrease (increase) in inventories	4,343	516
Increase (decrease) in trade payables	(9,778)	(9,904)
Increase (decrease) in accounts payable - other	(5,340)	3,752
Increase (decrease) in accrued consumption taxes	(60)	(751)
Other, net	(1,086)	(1,096)
Subtotal	9,873	5,644
Interest and dividends received	2	0
Interest paid	(0)	(0)
Subsidies for employment adjustment received	-	259
Income taxes (paid) refund	(1,836)	(2,271)
Other, net	120	50
Net cash provided by (used in) operating activities	8,160	3,682
Cash flows from investing activities		
Purchase of property, plant and equipment	(559)	(360)
Purchase of intangible assets	(127)	(152)
Proceeds from sales of investment securities	242	-
Purchase of investment securities	(157)	(20)
Payments of leasehold and guarantee deposits	(113)	(91)
Proceeds from refund of leasehold and guarantee deposits	32	195
Purchase of long-term prepaid expenses	(53)	(40)
Other, net	(37)	(116)
Net cash provided by (used in) investing activities	(772)	(585)
Cash flows from financing activities		
Purchase of treasury shares	-	(0)
Dividends paid	(1,342)	(1,342)
Other, net	-	(1)
Net cash provided by (used in) financing activities	(1,342)	(1,344)
Effect of exchange rate change on cash and cash equivalents	(0)	(2)
Net increase (decrease) in cash and cash equivalents	6,045	1,749
Cash and cash equivalents at beginning of period	11,360	20,499
Cash and cash equivalents at end of period	17,405	22,249