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Non-consolidated Financial Results for the Year Ended March 31, 2022 [Japanese GAAP]



April 27, 2022

| | |
|--|--|
| Company name: CONEXIO Corporation | Stock exchange listing: Tokyo |
| Code number: 9422 | URL: https://www.conexio.co.jp |
| Representative: Hiroshi Suguta | President |
| Contact: Shinya Nakada | General Manager, Corporate Planning Department |
| Phone: 03-5408-3105 | |
| Scheduled date of Annual General Meeting of Shareholders: | June 22, 2022 |
| Scheduled date of commencing dividend payments: | June 23, 2022 |
| Scheduled date of filing annual securities report: | June 22, 2022 |
| 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, 2022 (April 01, 2021 to March 31, 2022)

(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 | % |
| Fiscal year ended March 31, 2022 | 193,247 | 2.4 | 8,072 | (24.4) | 8,202 | (25.9) | 5,618 | (25.4) |
| March 31, 2021 | 188,795 | (9.7) | 10,676 | 3.3 | 11,075 | 5.3 | 7,536 | 7.6 |

| | 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 |
|----------------------------------|--------------------------|----------------------------|--------------------------|---------------------------------------|-------------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended March 31, 2022 | 125.58 | - | 10.7 | 8.0 | 4.2 |
| March 31, 2021 | 168.45 | - | 15.5 | 11.0 | 5.7 |

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ - million
Fiscal year ended March 31, 2021: ¥ - million

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio | Net assets per share |
|----------------------|--------------|-------------|------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2022 | 100,965 | 53,625 | 53.1 | 1,198.66 |
| March 31, 2021 | 105,315 | 51,140 | 48.6 | 1,143.13 |

(Reference) Equity: As of March 31, 2022: ¥ 53,625 million
As of March 31, 2021: ¥ 51,140 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 |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Million yen | Million yen | Million yen | Million yen |
| Fiscal year ended March 31, 2022 | 5,086 | (2,078) | (3,132) | 21,542 |
| March 31, 2021 | 5,329 | (1,473) | (2,687) | 21,665 |

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, 2021 | - | 30.00 | - | 35.00 | 65.00 | 2,907 | 38.6 | 6.0 |
| March 31, 2022 | - | 35.00 | - | 35.00 | 70.00 | 3,131 | 55.7 | 6.0 |
| Fiscal year ending March 31, 2023 (Forecast) | - | 35.00 | - | 35.00 | 70.00 | | 54.9 | |

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Net income | | Basic earnings per share |
|-----------|-------------|-----|------------------|-----|-----------------|-----|-------------|-----|--------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 200,000 | 3.5 | 8,600 | 6.5 | 8,700 | 6.1 | 5,700 | 1.5 | 127.41 |

* 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: | Yes |
| 2) Changes in accounting policies other than 1) above: | No |
| 3) Changes in accounting estimates: | Yes |
| 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, 2022: | 44,737,938 shares |
| March 31, 2021: | 44,737,938 shares |

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

| | |
|-----------------|------------|
| March 31, 2022: | 194 shares |
| March 31, 2021: | 153 shares |

3) Average number of shares during the period:

| | |
|-----------------------------------|-------------------|
| Fiscal Year ended March 31, 2022: | 44,737,766 shares |
| Fiscal Year ended March 31, 2021: | 44,737,788 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 31,2021 | As of March 31,2022 |
|---------------------------------------|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 21,550 | 21,425 |
| Accounts receivable - trade | 29,038 | 27,996 |
| Merchandise and finished goods | 6,295 | 6,437 |
| Raw materials and supplies | 62 | 52 |
| Prepaid expenses | 1,056 | 927 |
| Accounts receivable - other | 27,788 | 26,065 |
| Deposits paid | 114 | 117 |
| Other | 12 | 12 |
| Allowance for doubtful accounts | (5) | (6) |
| Total current assets | 85,914 | 83,028 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 5,769 | 5,987 |
| Accumulated depreciation | (3,359) | (3,614) |
| Buildings, net | 2,410 | 2,373 |
| Structures | 374 | 375 |
| Accumulated depreciation | (152) | (174) |
| Structures, net | 221 | 201 |
| Machinery and equipment | 9 | 9 |
| Accumulated depreciation | (4) | (5) |
| Machinery and equipment, net | 4 | 4 |
| Tools, furniture and fixtures | 4,708 | 4,850 |
| Accumulated depreciation | (3,454) | (3,509) |
| Tools, furniture and fixtures, net | 1,253 | 1,341 |
| Land | 52 | 52 |
| Leased assets | 3 | 8 |
| Accumulated depreciation | (0) | (1) |
| Leased assets, net | 2 | 7 |
| Construction in progress | 69 | 0 |
| Total property, plant and equipment | 4,014 | 3,979 |
| Intangible assets | | |
| Goodwill | 1,306 | 1,183 |
| Software | 426 | 518 |
| Software in progress | 15 | 23 |
| The right of career shop management | 7,654 | 6,949 |
| Other | 8 | 8 |
| Total intangible assets | 9,410 | 8,683 |
| Investments and other assets | | |
| Investment securities | 217 | 213 |
| Shares of subsidiaries and associates | 13 | 13 |
| Long-term prepaid expenses | 178 | 118 |
| Deferred tax assets | 1,805 | 850 |
| Leasehold and guarantee deposits | 3,637 | 4,032 |
| Other | 162 | 81 |
| Allowance for doubtful accounts | (39) | (35) |

(Million yen)

| | As of March 31,2021 | As of March 31,2022 |
|------------------------------------|---------------------|---------------------|
| Total investments and other assets | 5,976 | 5,274 |
| Total non-current assets | 19,401 | 17,936 |
| Total assets | 105,315 | 100,965 |

(Million yen)

| | As of March 31,2021 | As of March 31,2022 |
|--|---------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 14,756 | 15,391 |
| Accrued agency commission | 6,370 | 6,757 |
| Accounts payable - other | 14,505 | 13,154 |
| Accrued expenses | 3,267 | 3,103 |
| Income taxes payable | 2,022 | 275 |
| Accrued consumption taxes | 876 | 325 |
| Advances received | 49 | 27 |
| Deposits received | 804 | 825 |
| Provision for bonuses | 4,829 | 1,852 |
| Provision for bonuses for directors (and other officers) | 81 | 5 |
| Lease liabilities | 0 | 1 |
| Other | 18 | 126 |
| Total current liabilities | 47,583 | 41,848 |
| Non-current liabilities | | |
| Provision for retirement benefits | 5,894 | 3,178 |
| Asset retirement obligations | 595 | 624 |
| Lease liabilities | 1 | 5 |
| Other | 100 | 1,682 |
| Total non-current liabilities | 6,591 | 5,491 |
| Total liabilities | 54,174 | 47,339 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,778 | 2,778 |
| Capital surplus | | |
| Legal capital surplus | 580 | 580 |
| Other capital surplus | 4 | 4 |
| Total capital surplus | 585 | 585 |
| Retained earnings | | |
| Legal retained earnings | 113 | 113 |
| Other retained earnings | | |
| General reserve | 2,469 | 2,469 |
| Retained earnings brought forward | 45,190 | 47,677 |
| Total retained earnings | 47,774 | 50,260 |
| Treasury shares | (0) | (0) |
| Total shareholders' equity | 51,138 | 53,624 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 2 | 0 |
| Total valuation and translation adjustments | 2 | 0 |
| Total net assets | 51,140 | 53,625 |
| Total liabilities and net assets | 105,315 | 100,965 |

(2) Non-consolidated Statements of Income

(Million yen)

| | For the fiscal year ended March 31,2021 | For the fiscal year ended March 31,2022 |
|--|--|--|
| Net sales | | |
| Net sales of goods | 115,402 | 120,934 |
| Commission income | 73,393 | 72,312 |
| Total net sales | 188,795 | 193,247 |
| Cost of sales | | |
| Beginning merchandise inventory | 4,922 | 6,295 |
| Cost of purchased goods | 111,993 | 116,494 |
| Total | 116,916 | 122,789 |
| Ending merchandise inventory | 6,136 | 6,470 |
| Valuation loss on goods | (158) | 13 |
| Cost of goods sold | 110,621 | 116,333 |
| Agent fee | 25,166 | 25,396 |
| Total cost of sales | 135,788 | 141,729 |
| Gross profit | 53,007 | 51,518 |
| Selling, general and administrative expenses | | |
| Remuneration for directors (and other officers) | 189 | 206 |
| Salaries and allowances | 10,813 | 13,397 |
| Bonuses | 2,003 | 2,890 |
| Provision for bonuses | 4,829 | 1,852 |
| Provision for bonuses for directors (and other officers) | 81 | 5 |
| Retirement benefit expenses | 613 | 755 |
| Legal welfare expenses | 4,011 | 3,738 |
| Temporary staffing expense | 1,936 | 2,309 |
| Packing and delivery expenses | 389 | 393 |
| Promotion expenses | 2,447 | 2,872 |
| Communication expenses | 618 | 614 |
| Rent expenses on land and buildings | 4,543 | 4,716 |
| Repair and maintenance expenses | 1,620 | 1,789 |
| Outsourcing expenses | 1,178 | 1,085 |
| Rent expenses | 169 | 180 |
| Depreciation | 1,932 | 2,069 |
| Amortization of goodwill | 131 | 123 |
| Provision of allowance for doubtful accounts | 0 | 1 |
| Other | 4,821 | 4,439 |
| Total selling, general and administrative expenses | 42,331 | 43,445 |
| Operating profit | 10,676 | 8,072 |

(Million yen)

| | For the fiscal year ended March 31,2021 | For the fiscal year ended March 31,2022 |
|---|--|--|
| Non-operating income | | |
| Interest income | 0 | 0 |
| Dividend income | 0 | 0 |
| Support money of store move etc income | 146 | 58 |
| Subsidies for employment adjustment | 259 | - |
| Surrender value of insurance policies | - | 31 |
| Other | 48 | 47 |
| Total non-operating income | 455 | 137 |
| Non-operating expenses | | |
| Interest expenses | 0 | 0 |
| Loss on sale and retirement of non-current assets | 11 | - |
| Loss on cancellation of contracts | 35 | 0 |
| Loss on investments in investment partnerships | - | 1 |
| Other | 8 | 5 |
| Total non-operating expenses | 56 | 7 |
| Ordinary profit | 11,075 | 8,202 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 24 | - |
| Gain on sale of investment securities | - | 46 |
| Compensation for forced relocation | - | 430 |
| Gain on revision of retirement benefit plan | - | 280 |
| Other | 0 | 13 |
| Total extraordinary income | 25 | 769 |
| Extraordinary losses | | |
| Head office relocation expenses | - | 167 |
| Loss on store closings | 36 | 139 |
| Loss on sale and retirement of non-current assets | 43 | 35 |
| Impairment losses | 181 | 257 |
| Other | 5 | - |
| Total extraordinary losses | 268 | 599 |
| Profit before income taxes | 10,832 | 8,373 |
| Income taxes - current | 3,672 | 1,794 |
| Income taxes - deferred | (375) | 960 |
| Total income taxes | 3,296 | 2,755 |
| Profit | 7,536 | 5,618 |

(3) Non-consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2021

(Million yen)

| | Shareholders' equity | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------|-----------------------------------|-------------------------|
| | Share capital | Capital surplus | | | Legal retained earnings | Retained earnings | | Total retained earnings |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | | General reserve | Retained earnings brought forward | |
| Balance at beginning of period | 2,778 | 580 | 4 | 585 | 113 | 2,469 | 40,339 | 42,922 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | | | (2,684) | (2,684) |
| Profit | | | | | | | 7,536 | 7,536 |
| Purchase of treasury shares | | | | | | | | |
| Net changes in items other than shareholders' equity | | | | | | | | |
| Total changes during period | - | - | - | - | - | - | 4,851 | 4,851 |
| Balance at end of period | 2,778 | 580 | 4 | 585 | 113 | 2,469 | 45,190 | 47,774 |

| | 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) | 46,286 | 0 | 0 | 46,287 |
| Changes during period | | | | | |
| Dividends of surplus | | (2,684) | | | (2,684) |
| Profit | | 7,536 | | | 7,536 |
| Purchase of treasury shares | (0) | (0) | | | (0) |
| Net changes in items other than shareholders' equity | | | 1 | 1 | 1 |
| Total changes during period | (0) | 4,851 | 1 | 1 | 4,853 |
| Balance at end of period | (0) | 51,138 | 2 | 2 | 51,140 |

For the fiscal year ended March 31, 2022

(Million yen)

| | Shareholders' equity | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-----------------------------------|-------------------------|
| | Share capital | Capital surplus | | | Legal retained earnings | Other retained earnings | | Total retained earnings |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | | General reserve | Retained earnings brought forward | |
| Balance at beginning of period | 2,778 | 580 | 4 | 585 | 113 | 2,469 | 45,190 | 47,774 |
| Changes during period | | | | | | | | |
| Dividends of surplus | | | | | | | (3,131) | (3,131) |
| Profit | | | | | | | 5,618 | 5,618 |
| Purchase of treasury shares | | | | | | | | |
| Net changes in items other than shareholders' equity | | | | | | | | |
| Total changes during period | - | - | - | - | - | - | 2,486 | 2,486 |
| Balance at end of period | 2,778 | 580 | 4 | 585 | 113 | 2,469 | 47,677 | 50,260 |

| | 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) | 51,138 | 2 | 2 | 51,140 |
| Changes during period | | | | | |
| Dividends of surplus | | (3,131) | | | (3,131) |
| Profit | | 5,618 | | | 5,618 |
| Purchase of treasury shares | (0) | (0) | | | (0) |
| Net changes in items other than shareholders' equity | | | (2) | (2) | (2) |
| Total changes during period | (0) | 2,486 | (2) | (2) | 2,484 |
| Balance at end of period | (0) | 53,624 | 0 | 0 | 53,625 |

(4) Non-consolidated Statements of Cash Flows

(Million yen)

| | For the fiscal year ended March 31,2021 | For the fiscal year ended March 31,2022 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 10,832 | 8,373 |
| Depreciation | 1,932 | 2,069 |
| Amortization of goodwill | 131 | 123 |
| Impairment losses | 181 | 257 |
| Increase (decrease) in allowance for doubtful accounts | (2) | (2) |
| Increase (decrease) in provision for bonuses | 178 | (2,976) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | 46 | (75) |
| Increase (decrease) in provision for retirement benefits | 313 | (2,435) |
| Gain on revision of retirement benefit plan | - | (280) |
| Interest and dividend income | (0) | (0) |
| Interest expenses | 0 | 0 |
| Subsidies for employment adjustment | (259) | - |
| Compensation for forced relocation | - | (430) |
| Head office relocation expenses | - | 167 |
| Foreign exchange losses (gains) | 2 | (1) |
| Loss (gain) on sale of investment securities | - | (46) |
| Decrease (increase) in trade receivables | 11,381 | 1,020 |
| Decrease (increase) in accounts receivable - other | (18,976) | 1,723 |
| Decrease (increase) in inventories | (1,345) | (109) |
| Increase (decrease) in trade payables | (2,395) | 1,022 |
| Increase (decrease) in accounts payable - other | 7,639 | (1,296) |
| Increase (decrease) in accrued consumption taxes | (613) | (551) |
| Increase (decrease) in accounts payable relating to introduction of defined-contribution pension plan | - | 1,915 |
| Other, net | 61 | (165) |
| Subtotal | 9,106 | 8,301 |
| Interest and dividends received | 0 | 0 |
| Interest paid | (0) | (0) |
| Subsidies for employment adjustment received | 259 | - |
| Proceeds from compensation for forced relocation | - | 430 |
| Income taxes refund (paid) | (4,160) | (3,524) |
| Other, net | 123 | (120) |
| Net cash provided by (used in) operating activities | 5,329 | 5,086 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (943) | (1,291) |
| Purchase of intangible assets | (268) | (239) |
| Proceeds from sale of investment securities | - | 71 |
| Purchase of investment securities | (30) | (30) |
| Payments of leasehold and guarantee deposits | (175) | (585) |
| Proceeds from refund of leasehold and guarantee deposits | 198 | 221 |
| Purchase of long-term prepaid expenses | (77) | (57) |
| Other, net | (177) | (165) |
| Net cash provided by (used in) investing activities | (1,473) | (2,078) |
| Cash flows from financing activities | | |
| Purchase of treasury shares | (0) | (0) |
| Dividends paid | (2,685) | (3,132) |
| Other, net | (1) | (0) |

(Million yen)

| | For the fiscal year ended March 31, 2021 | For the fiscal year ended March 31, 2022 |
|---|---|---|
| Net cash provided by (used in) financing activities | (2,687) | (3,132) |
| Effect of exchange rate change on cash and cash equivalents | (2) | 1 |
| Net increase (decrease) in cash and cash equivalents | 1,165 | (122) |
| Cash and cash equivalents at beginning of period | 20,499 | 21,665 |
| Cash and cash equivalents at end of period | 21,665 | 21,542 |