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April 26, 2019

Non-consolidated Financial Results for the Year Ended March 31, 2019 [Japanese GAAP]

Company name: CONEXIO Corporation

Code number: 9422

Representative: Hiroo Inoue

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Stock exchange listing: Tokyo

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

President

General Manager, Corporate Planning Department

Scheduled date of Annual General Meeting of Shareholders: June 25, 2019

Scheduled date of commencing dividend payments: June 26, 2019

Scheduled date of filing annual securities report: June 25, 2019

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual 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 Fiscal Year Ended March 31, 2019 (April 01, 2018 to March 31, 2019)

(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, 2019	263,925	(0.4)	10,277	0.7	10,539	2.4	6,921	2.7
March 31, 2018	264,897	1.9	10,207	2.3	10,293	2.5	6,738	4.2

	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, 2019	154.72	-	17.2	10.4	3.9
March 31, 2018	150.62	-	18.7	10.7	3.9

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2019: ¥ - million
Fiscal year ended March 31, 2018: ¥ - 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, 2019	103,506	42,106	40.7	941.18
March 31, 2018	99,407	38,174	38.4	853.30

(Reference) Equity: As of March 31, 2019: ¥ 42,106 million
As of March 31, 2018: ¥ 38,174 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, 2019	8,558	(2,108)	(2,909)	11,360
March 31, 2018	7,574	(2,079)	(2,685)	7,821

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, 2018	-	30.00	-	35.00	65.00	2,907	43.2	8.1
March 31, 2019	-	30.00	-	30.00	60.00	2,684	38.8	6.7
Fiscal year ending March 31, 2020 (Forecast)	-	30.00	-	30.00	60.00		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2018 :

Ordinary dividend 60.00 yen

Commemorative dividend 5.00 yen (celebrating 20th company anniversary)

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) Changes in accounting policies, changes in accounting estimates and retrospective restatements

- 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 restatements: No

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

- 1) Total number of issued shares at the end of the period (including treasury shares):
- 2) Total number of treasury shares at the end of the period:
- 3) Average number of shares during the period:

March 31, 2019:	44,737,938 shares	March 31, 2018:	44,737,938 shares
March 31, 2019:	122 shares	March 31, 2018:	86 shares
Fiscal Year ended March 31, 2019:	44,737,817 shares	Fiscal Year ended March 31, 2018:	44,737,910 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, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	7,606	11,086
Notes and accounts receivable - trade	48,934	49,285
Merchandise and finished goods	8,900	8,221
Raw materials and supplies	74	29
Prepaid expenses	781	788
Accounts receivable - other	12,188	12,914
Deposits paid	215	273
Other	-	0
Allowance for doubtful accounts	(6)	(6)
Total current assets	78,694	82,594
Non-current assets		
Property, plant and equipment		
Buildings	5,049	5,519
Accumulated depreciation	(2,500)	(2,651)
Buildings, net	2,548	2,867
Structures	306	331
Accumulated depreciation	(109)	(120)
Structures, net	196	210
Machinery and equipment	9	9
Accumulated depreciation	(3)	(3)
Machinery and equipment, net	6	5
Tools, furniture and fixtures	4,312	4,618
Accumulated depreciation	(2,748)	(2,950)
Tools, furniture and fixtures, net	1,563	1,668
Land	52	52
Construction in progress	0	0
Property, plant and equipment	4,368	4,804
Intangible assets		
Goodwill	1,621	1,499
Software	338	331
Software in progress	5	13
The right of carrier shop management	9,650	8,985
Other	10	9
Total intangible assets	11,626	10,839
Investments and other assets		
Investment securities	413	295
Shares of subsidiaries and associates	30	13
Long-term prepaid expenses	368	391
Deferred tax assets	176	597
Leasehold and guarantee deposits	3,627	3,856
Other	171	181
Allowance for doubtful accounts	(70)	(68)
Total investments and other assets	4,717	5,267
Total non-current assets	20,713	20,911
Total assets	99,407	103,506

(Million yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	22,441	20,275
Accrued agency commission	9,673	11,607
Accounts payable - other	12,100	12,387
Accrued expenses	3,669	3,291
Income taxes payable	2,599	2,095
Accrued consumption taxes	591	767
Advances received	13	13
Deposits received	1,049	969
Provision for bonuses	3,412	3,800
Provision for directors' bonuses	21	23
Other	66	33
Total current liabilities	55,640	55,264
Non-current liabilities		
Provision for bonuses	-	24
Provision for directors' bonuses	-	11
Provision for retirement benefits	4,888	5,252
Asset retirement obligations	485	669
Other	219	176
Total non-current liabilities	5,592	6,135
Total liabilities	61,233	61,400
Net assets		
Shareholders' equity		
Capital stock	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	32,008	36,022
Total retained earnings	34,592	38,606
Treasury shares	(0)	(0)
Total shareholders' equity	37,956	41,970
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	218	136
Total valuation and translation adjustments	218	136
Total net assets	38,174	42,106
Total liabilities and net assets	99,407	103,506

(2) Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Net sales		
Net sales of goods	190,835	186,382
Commission income	74,061	77,542
Total net sales	264,897	263,925
Cost of sales		
Beginning goods	8,301	8,900
Cost of purchased goods	187,227	180,385
Total	195,529	189,285
Ending goods	8,898	8,264
Valuation loss on goods	(2)	43
Cost of goods sold	186,628	181,064
Agent fee	27,921	30,980
Total cost of sales	214,549	212,044
Gross profit	50,347	51,880
Selling, general and administrative expenses		
Directors' compensations	142	144
Salaries and allowances	11,082	11,430
Bonuses	1,196	1,174
Provision for bonuses	3,412	3,824
Provision for directors' bonuses	21	34
Retirement benefit expenses	575	579
Legal welfare expenses	3,442	3,627
Temporary staffing expense	2,393	2,403
Packing and delivery expenses	405	539
Promotion expenses	2,919	2,821
Communication expenses	585	544
Rents	4,214	4,293
Repair and maintenance	980	943
Business consignment expenses	1,268	1,444
Rent expenses	119	124
Depreciation	2,033	2,086
Amortization of goodwill	124	124
Provision of allowance for doubtful accounts	-	0
Other	5,222	5,459
Total selling, general and administrative expenses	40,139	41,602
Operating profit	10,207	10,277

(Million yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Non-operating income		
Interest income	0	0
Dividend income	2	4
Support money of store move etc income	108	154
Gain on sales of goods	-	116
Other	45	57
Total non-operating income	156	332
Non-operating expenses		
Interest expenses	8	2
Loss on sales and retirement of non-current assets	45	49
Rent expenses on real estates	6	3
Other	10	16
Total non-operating expenses	70	70
Ordinary profit	10,293	10,539
Extraordinary income		
Gain on sales of non-current assets	1	6
Gain on sales of investment securities	0	0
Other	-	0
Total extraordinary income	1	6
Extraordinary losses		
Loss on closing of stores	54	60
Loss on sales and retirement of non-current assets	19	80
Impairment loss	135	83
Loss on valuation of shares of subsidiaries and associates	-	16
Other	9	4
Total extraordinary losses	218	244
Profit before income taxes	10,076	10,302
Income taxes - current	3,732	3,764
Income taxes - deferred	(394)	(384)
Total income taxes	3,338	3,380
Profit	6,738	6,921

(3) Statement of Changes in Shareholders' equity

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

(Million yen)

	Shareholders' equity							
	Capital stock	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 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

Current fiscal year (From April 1, 2018 to March 31, 2019)

(Million yen)

	Shareholders' equity							
	Capital stock	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 current period	2,778	580	4	585	113	2,469	32,008	34,592
Changes of items during period								
Dividends of surplus							(2,907)	(2,907)
Profit							6,921	6,921
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	-	-	-	-	-	-	4,013	4,013
Balance at end of current 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 current period	(0)	37,956	218	218	38,174
Changes of items during period					
Dividends of surplus		(2,907)			(2,907)
Profit		6,921			6,921
Purchase of treasury shares	(0)	(0)			(0)
Transfer to other capital surplus from legal capital surplus		-			-
Retirement of treasury shares		-			-
Net changes of items other than shareholders' equity			(82)	(82)	(82)
Total changes of items during period	(0)	4,013	(82)	(82)	3,931
Balance at end of current period	(0)	41,970	136	136	42,106

(4) Non-consolidated Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2018	For the fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	10,076	10,302
Depreciation	2,033	2,086
Amortization of goodwill	124	124
Impairment loss	135	83
Increase (decrease) in allowance for doubtful accounts	(18)	(1)
Increase (decrease) in provision for bonuses	88	412
Increase (decrease) in provision for directors' bonuses	(9)	12
Increase (decrease) in provision for retirement benefits	333	364
Interest and dividend income	(2)	(4)
Interest expenses	8	2
Foreign exchange losses (gains)	1	1
Loss (gain) on sales of investment securities	(0)	(0)
Decrease (increase) in notes and accounts receivable - trade	(3,593)	(351)
Decrease (increase) in accounts receivable - other	1,132	(725)
Decrease (increase) in inventories	(584)	739
Increase (decrease) in notes and accounts payable - trade	(560)	(231)
Increase (decrease) in accounts payable - other	578	136
Increase (decrease) in accrued consumption taxes	93	175
Other, net	832	(428)
Subtotal	10,670	12,696
Interest and dividend income received	2	4
Interest expenses paid	(8)	(2)
Income taxes (paid) refund	(3,183)	(4,253)
Other, net	92	112
Net cash provided by (used in) operating activities	7,574	8,558
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,448)	(1,462)
Purchase of intangible assets	(141)	(105)
Proceeds from sales of investment securities	0	0
Payments for leasehold and guarantee deposits	(303)	(574)
Proceeds from collection of leasehold and guarantee deposits	138	222
Purchase of long-term prepaid expenses	(220)	(225)
Payments for transfer of business	(11)	(16)
Other, net	(92)	53
Net cash provided by (used in) investing activities	(2,079)	(2,108)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(2,684)	(2,909)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(2,685)	(2,909)
Effect of exchange rate change on cash and cash equivalents	(1)	(1)
Net increase (decrease) in cash and cash equivalents	2,807	3,538
Cash and cash equivalents at beginning of period	5,013	7,821
Cash and cash equivalents at end of period	7,821	11,360