

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2017 (Based on Japanese GAAP)

January 31, 2018

Company name: EXCEL CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 7591 URL <http://www.excelweb.co.jp>
 Representative: President and CEO Nobuaki Ohtaki
 Director and Senior Executive Officer
 Inquiries: Isaku Tanimura TEL 03-5733-8404
 Group Chief Financial Officer
 Scheduled date to file Quarterly Securities Report: February 13, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2017	78,607	9.3	1,085	(18.7)	1,110	8.9	2,799	218.0
Nine months ended December 31, 2016	71,890	(39.6)	1,335	(52.2)	1,019	(60.3)	880	(62.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2017	323.03		–	
Nine months ended December 31, 2016	101.59		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2017	61,688	28,170	43.2	3,073.16
As of March 31, 2017	49,057	23,440	47.3	2,676.65

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2017	–	17.00	–	17.00	34.00
Year ending March 31, 2018	–	20.00	–	–	–
Year ending March 31, 2018 (Forecast)	–	–	–	55.00	75.00

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	110,000	11.4	1,800	2.2	1,600	10.5	3,180	198.5	366.94

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2017
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: Yes
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2017	9,086,755 shares	As of March 31, 2017	9,086,755 shares
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Number of treasury shares at the end of the period

As of December 31, 2017	420,540 shares	As of March 31, 2017	420,467 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2017	8,666,268 shares	Nine months ended December 31, 2016	8,666,288 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	9,228	3,886
Notes and accounts receivable - trade	20,551	35,568
Electronically recorded monetary claims - operating	2,077	1,859
Merchandise and finished goods	8,345	8,707
Other	497	422
Allowance for doubtful accounts	(1)	(2)
Total current assets	40,699	50,442
Non-current assets		
Property, plant and equipment	1,963	1,329
Intangible assets	21	21
Investments and other assets		
Investment securities	4,685	6,542
Claims provable in bankruptcy, claims provable in rehabilitation and other	14,448	13,982
Other	1,708	1,136
Allowance for doubtful accounts	(14,469)	(11,766)
Total investments and other assets	6,372	9,894
Total non-current assets	8,358	11,246
Total assets	49,057	61,688
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,567	13,177
Short-term loans payable	9,820	16,345
Income taxes payable	180	169
Provision for bonuses	126	105
Provision for directors' bonuses	16	17
Other	3,349	2,035
Total current liabilities	24,061	31,850
Non-current liabilities		
Net defined benefit liability	220	216
Asset retirement obligations	6	0
Other	1,328	1,449
Total non-current liabilities	1,555	1,666
Total liabilities	25,616	33,517

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Net assets		
Shareholders' equity		
Capital stock	3,086	3,086
Capital surplus	3,120	3,120
Retained earnings	15,072	17,551
Treasury shares	(571)	(571)
Total shareholders' equity	20,707	23,186
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,452	3,319
Deferred gains or losses on hedges	0	–
Foreign currency translation adjustment	32	122
Remeasurements of defined benefit plans	3	4
Total accumulated other comprehensive income	2,488	3,446
Non-controlling interests	244	1,538
Total net assets	23,440	28,170
Total liabilities and net assets	49,057	61,688

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	71,890	78,607
Cost of sales	67,777	74,450
Gross profit	4,113	4,157
Selling, general and administrative expenses	2,778	3,072
Operating profit	1,335	1,085
Non-operating income		
Interest income	60	1
Dividend income	64	69
Foreign exchange gains	–	17
Amortization of negative goodwill	46	–
Gain on adjustment of account payable	–	45
Other	62	48
Total non-operating income	234	182
Non-operating expenses		
Interest expenses	261	109
Foreign exchange losses	269	–
Share of loss of entities accounted for using equity method	–	28
Other	19	19
Total non-operating expenses	549	157
Ordinary profit	1,019	1,110
Extraordinary income		
Reversal of allowance for doubtful accounts	174	2,219
Other	–	77
Total extraordinary income	174	2,297
Extraordinary losses		
Loss on valuation of membership	6	–
Total extraordinary losses	6	–
Profit before income taxes	1,188	3,408
Income taxes - current	223	317
Income taxes - deferred	82	281
Total income taxes	305	598
Profit	882	2,809
Profit attributable to non-controlling interests	2	10
Profit attributable to owners of parent	880	2,799

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	882	2,809
Other comprehensive income		
Valuation difference on available-for-sale securities	438	866
Deferred gains or losses on hedges	(21)	(0)
Foreign currency translation adjustment	(1,680)	123
Remeasurements of defined benefit plans, net of tax	0	1
Total other comprehensive income	(1,262)	991
Comprehensive income	(380)	3,800
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(359)	3,756
Comprehensive income attributable to non-controlling interests	(20)	43