

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2018
(Based on Japanese GAAP)**

May 14, 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: Group Chief Financial Officer Isaku Tanimura TEL 03-5733-8404
 Scheduled date of ordinary general meeting of shareholders: June 25, 2018
 Scheduled date to file Securities Report: June 26, 2018
 Scheduled date to commence dividend payments: June 26, 2018
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated operating results

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	%
Year ended March 31, 2018	100,425	1.7	1,433	(18.6)	1,283	(11.4)	2,874	169.8
Year ended March 31, 2017	98,703	(33.7)	1,760	(42.4)	1,448	(45.4)	1,065	(54.3)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2018	331.67	–	11.8	2.5	1.4
Year ended March 31, 2017	122.94	–	4.6	2.5	1.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	54,554	27,249	47.1	2,965.60
As of March 31, 2017	49,057	23,440	47.3	2,676.65

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2018	(7,398)	(463)	5,076	5,686
Year ended March 31, 2017	12,332	216	(19,077)	8,719

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2017	–	17.00	–	17.00	34.00	294	27.7	1.3
Year ended March 31, 2018	–	20.00	–	55.00	75.00	649	22.6	2.7
Year ending March 31, 2019 (Forecast)	–	18.00	–	18.00	36.00		30.6	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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
Six months ending September 30, 2018	35,000	(29.3)	390	(52.3)	310	(62.5)	250	(90.1)	28.85
Full year	110,000	9.5	1,500	4.6	1,250	(2.6)	1,020	(64.5)	117.70

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2018	∴	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 March 31, 2018	∴	420,540 shares	As of March 31, 2017	∴	420,467 shares
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Average number of shares during the period

Year ended March 31, 2018	∴	8,666,255 shares	Year ended March 31, 2017	∴	8,666,288 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	9,228	6,679
Notes and accounts receivable - trade	20,551	25,779
Electronically recorded monetary claims - operating	2,077	2,014
Merchandise and finished goods	8,345	9,398
Deferred tax assets	77	80
Other	420	342
Allowance for doubtful accounts	(1)	(1)
Total current assets	40,699	44,294
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,140	912
Accumulated depreciation	(734)	(499)
Buildings and structures, net	405	412
Land	1,514	833
Other	186	175
Accumulated depreciation	(142)	(136)
Other, net	43	38
Total property, plant and equipment	1,963	1,284
Intangible assets		
Other	21	34
Total intangible assets	21	34
Investments and other assets		
Investment securities	4,685	5,634
Claims provable in bankruptcy, claims provable in rehabilitation and other	14,448	14,015
Deferred tax assets	1,552	980
Other	155	152
Allowance for doubtful accounts	(14,469)	(11,842)
Total investments and other assets	6,372	8,940
Total non-current assets	8,358	10,259
Total assets	49,057	54,554

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,567	9,628
Short-term loans payable	9,820	13,821
Income taxes payable	180	266
Provision for bonuses	126	136
Provision for directors' bonuses	16	20
Other	3,349	2,035
Total current liabilities	24,061	25,909
Non-current liabilities		
Deferred tax liabilities	1,296	1,155
Net defined benefit liability	220	226
Asset retirement obligations	6	0
Other	31	11
Total non-current liabilities	1,555	1,394
Total liabilities	25,616	27,304
Net assets		
Shareholders' equity		
Capital stock	3,086	3,086
Capital surplus	3,120	3,120
Retained earnings	15,072	17,626
Treasury shares	(571)	(571)
Total shareholders' equity	20,707	23,261
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,452	2,687
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	32	(245)
Remeasurements of defined benefit plans	3	(2)
Total accumulated other comprehensive income	2,488	2,439
Non-controlling interests	244	1,548
Total net assets	23,440	27,249
Total liabilities and net assets	49,057	54,554

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	98,703	100,425
Cost of sales	93,228	94,864
Gross profit	5,475	5,561
Selling, general and administrative expenses	3,714	4,127
Operating profit	1,760	1,433
Non-operating income		
Interest income	85	15
Dividend income	82	93
Purchase discounts	34	33
Amortization of negative goodwill	62	–
Gain on adjustment of account payable	–	45
Other	38	11
Total non-operating income	302	200
Non-operating expenses		
Interest expenses	306	166
Sales discounts	2	2
Foreign exchange losses	273	123
Share of loss of entities accounted for using equity method	–	36
Other	32	20
Total non-operating expenses	614	349
Ordinary profit	1,448	1,283
Extraordinary income		
Gain on sales of non-current assets	–	73
Reversal of allowance for doubtful accounts	175	2,224
Gain on sales of investment securities	139	0
Gain on sales of shares of subsidiaries and associates	–	11
Total extraordinary income	314	2,311
Extraordinary losses		
Loss on retirement of non-current assets	0	–
Loss on sales of membership	6	–
Impairment loss	224	33
Total extraordinary losses	230	33
Profit before income taxes	1,532	3,561
Income taxes - current	359	396
Income taxes - deferred	106	273
Total income taxes	465	670
Profit	1,067	2,891
Profit attributable to non-controlling interests	1	17
Profit attributable to owners of parent	1,065	2,874

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	1,067	2,891
Other comprehensive income		
Valuation difference on available-for-sale securities	435	234
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	(774)	(241)
Remeasurements of defined benefit plans, net of tax	(11)	(5)
Total other comprehensive income	(349)	(12)
Comprehensive income	717	2,879
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	720	2,824
Comprehensive income attributable to non-controlling interests	(2)	54

Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,086	3,126	14,302	(571)	19,944
Changes of items during period					
Dividends of surplus			(294)		(294)
Profit attributable to owners of parent			1,065		1,065
Change in ownership interest of parent due to transactions with non-controlling interests		(6)			(6)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(6)	770	–	763
Balance at end of current period	3,086	3,120	15,072	(571)	20,707

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,017	(0)	802	14	2,833	137	22,915
Changes of items during period							
Dividends of surplus							(294)
Profit attributable to owners of parent							1,065
Change in ownership interest of parent due to transactions with non-controlling interests							(6)
Net changes of items other than shareholders' equity	435	0	(769)	(11)	(345)	106	(238)
Total changes of items during period	435	0	(769)	(11)	(345)	106	525
Balance at end of current period	2,452	0	32	3	2,488	244	23,440

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,086	3,120	15,072	(571)	20,707
Changes of items during period					
Dividends of surplus			(320)		(320)
Profit attributable to owners of parent			2,874		2,874
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	2,553	(0)	2,553
Balance at end of current period	3,086	3,120	17,626	(571)	23,261

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,452	0	32	3	2,488	244	23,440
Changes of items during period							
Dividends of surplus							(320)
Profit attributable to owners of parent							2,874
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	234	(0)	(278)	(5)	(49)	1,304	1,254
Total changes of items during period	234	(0)	(278)	(5)	(49)	1,304	3,808
Balance at end of current period	2,687	–	(245)	(2)	2,439	1,548	27,249

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Income before income taxes and minority interests	1,532	3,561
Depreciation	50	65
Impairment loss	224	33
Amortization of negative goodwill	(62)	–
Increase (decrease) in allowance for doubtful accounts	(180)	(2,177)
Increase (decrease) in provision for bonuses	(4)	10
Increase (decrease) in provision for directors' bonuses	(25)	4
Increase (decrease) in net defined benefit liability	(10)	0
Interest and dividend income	(167)	(109)
Interest expenses	306	166
Foreign exchange losses (gains)	(320)	133
Loss (gain) on sales and retirement of non-current assets	0	(73)
Loss (gain) on sales of investment securities	(139)	(0)
Loss (gain) on sales of shares of subsidiaries and associates	–	(11)
Decrease (increase) in notes and accounts receivable - trade	2,691	(5,868)
Decrease (increase) in inventories	6,563	(1,195)
Decrease (increase) in accounts receivable - other	(177)	(24)
Increase (decrease) in notes and accounts payable - trade	92	(955)
Increase (decrease) in accounts payable - other	60	14
Increase (decrease) in deposits received	1,203	7
Other, net	1,300	(665)
Subtotal	12,937	(7,084)
Interest and dividend income received	164	116
Interest expenses paid	(329)	(166)
Payments for early retirement expenses	(25)	–
Income taxes paid	(414)	(264)
Net cash provided by (used in) operating activities	12,332	(7,398)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from investing activities		
Payments into time deposits	(284)	(1,271)
Proceeds from withdrawal of time deposits	313	814
Purchase of property, plant and equipment	(35)	(59)
Proceeds from sales of property, plant and equipment	–	716
Purchase of intangible assets	(14)	(19)
Purchase of investment securities	(13)	(647)
Proceeds from sales of investment securities	278	0
Purchase of shares of subsidiaries and associates	(33)	–
Proceeds from sales of shares of subsidiaries and associates	–	8
Purchase of insurance funds	(13)	(16)
Other, net	17	11
Net cash provided by (used in) investing activities	216	(463)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(8,503)	4,156
Repayments of long-term loans payable	(10,528)	–
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	250	–
Proceeds from share issuance to non-controlling shareholders	–	1,241
Cash dividends paid	(295)	(320)
Other, net	–	(0)
Net cash provided by (used in) financing activities	(19,077)	5,076
Effect of exchange rate change on cash and cash equivalents	(1,036)	(248)
Net increase (decrease) in cash and cash equivalents	(7,565)	(3,033)
Cash and cash equivalents at beginning of period	16,284	8,719
Cash and cash equivalents at end of period	8,719	5,686