

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

October 30, 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: November 14, 2018  
 Scheduled date to commence dividend payments: December 4, 2018  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

#### (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	%
Six months ended September 30, 2018	28,722	(42.0)	51	(93.7)	56	(93.2)	56	(97.8)
Six months ended September 30, 2017	49,530	4.5	818	(10.2)	827	24.8	2,537	295.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	6.53	—
Six months ended September 30, 2017	292.85	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2018	47,608	27,090	53.8	2,954.11
As of March 31, 2018	54,479	27,249	47.2	2,965.60

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	—	20.00	—	55.00	75.00
Year ending March 31, 2019	—	10.00	—	—	—
Year ending March 31, 2019 (Forecast)	—	—	—	10.00	20.00

### 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
Full year	73,000	(27.3)	450	(68.6)	300	(76.6)	450	(84.3)	51.93

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018  
(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: No
- 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 September 30, 2018	9,086,755 shares	As of March 31, 2018	9,086,755 shares
--------------------------	------------------	----------------------	------------------

Number of treasury shares at the end of the period

As of September 30, 2018	420,630 shares	As of March 31, 2018	420,540 shares
--------------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2018	8,666,158 shares	Six months ended September 30, 2017	8,666,288 shares
-------------------------------------	------------------	-------------------------------------	------------------

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	6,679	7,474
Notes and accounts receivable - trade	25,779	16,445
Electronically recorded monetary claims - operating	2,014	1,700
Merchandise and finished goods	9,398	10,716
Other	342	621
Allowance for doubtful accounts	(1)	(1)
Total current assets	44,213	36,956
Non-current assets		
Property, plant and equipment	1,284	1,259
Intangible assets	34	59
Investments and other assets		
Investment securities	5,634	6,065
Claims provable in bankruptcy, claims provable in rehabilitation and other	14,015	13,710
Other	1,138	1,142
Allowance for doubtful accounts	(11,842)	(11,585)
Total investments and other assets	8,946	9,332
Total non-current assets	10,265	10,651
Total assets	54,479	47,608
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,628	6,546
Short-term loans payable	13,821	10,554
Income taxes payable	266	56
Provision for bonuses	136	120
Provision for directors' bonuses	20	–
Other	2,035	1,933
Total current liabilities	25,909	19,212
Non-current liabilities		
Net defined benefit liability	226	227
Asset retirement obligations	0	0
Other	1,092	1,077
Total non-current liabilities	1,320	1,306
Total liabilities	27,230	20,518

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	3,086	3,086
Capital surplus	3,120	3,120
Retained earnings	17,626	17,206
Treasury shares	(571)	(571)
Total shareholders' equity	23,261	22,841
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,687	2,634
Foreign currency translation adjustment	(245)	125
Remeasurements of defined benefit plans	(2)	(1)
Total accumulated other comprehensive income	2,439	2,759
Non-controlling interests	1,548	1,489
Total net assets	27,249	27,090
Total liabilities and net assets	54,479	47,608

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	49,530	28,722
Cost of sales	46,747	26,697
Gross profit	2,782	2,024
Selling, general and administrative expenses	1,964	1,973
Operating profit	818	51
Non-operating income		
Interest income	11	14
Dividend income	44	64
Foreign exchange gains	–	22
Gain on adjustment of account payable	45	–
Other	30	30
Total non-operating income	132	131
Non-operating expenses		
Interest expenses	71	125
Foreign exchange losses	5	–
Share of loss of entities accounted for using equity method	28	–
Other	17	2
Total non-operating expenses	122	127
Ordinary profit	827	56
Extraordinary income		
Reversal of allowance for doubtful accounts	2,228	–
Total extraordinary income	2,228	–
Profit before income taxes	3,056	56
Income taxes - current	142	41
Income taxes - deferred	376	(15)
Total income taxes	519	25
Profit	2,537	30
Loss attributable to non-controlling interests	(0)	(26)
Profit attributable to owners of parent	2,537	56

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	2,537	30
Other comprehensive income		
Valuation difference on available-for-sale securities	298	(52)
Deferred gains or losses on hedges	(0)	–
Foreign currency translation adjustment	68	338
Remeasurements of defined benefit plans, net of tax	0	1
Share of other comprehensive income of entities accounted for using equity method	3	–
Total other comprehensive income	371	287
Comprehensive income	2,908	317
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,885	377
Comprehensive income attributable to non-controlling interests	23	(59)