

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 (Based on Japanese GAAP)

January 31, 2017

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 Hajime Kawabata
 Inquiries: Group Chief Financial Officer TEL 03-5733-8404
 Scheduled date to file Quarterly Securities Report: February 13, 2017
 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, 2016 (from April 1, 2016 to December 31, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2016	71,890	(39.6)	1,335	(52.2)	1,019	(60.3)	880	(62.2)
Nine months ended December 31, 2015	118,986	(31.6)	2,792	(13.4)	2,566	(22.8)	2,330	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2016	101.59	–
Nine months ended December 31, 2015	268.96	–

(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, 2016	52,762	22,240	41.9	2,552.82
As of March 31, 2016	67,192	22,915	33.9	2,628.34

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, 2016	–	17.00	–	17.00	34.00
Year ending March 31, 2017	–	17.00	–		
Year ending March 31, 2017 (Forecast)				17.00	34.00

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	100,500	(32.5)	1,880	(38.4)	1,580	(40.4)	1,400	(39.9)	161.55

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2016
(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: Yes
- 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 December 31, 2016	9,086,755 shares	As of March 31, 2016	9,086,755 shares
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Number of treasury shares at the end of the period

As of December 31, 2016	420,467 shares	As of March 31, 2016	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, 2016	8,666,288 shares	Nine months ended December 31, 2015	8,666,292 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	16,829	12,512
Notes and accounts receivable - trade	25,449	21,270
Merchandise and finished goods	15,889	9,762
Other	738	651
Allowance for doubtful accounts	(12)	(10)
Total current assets	58,895	44,185
Non-current assets		
Property, plant and equipment	2,189	2,185
Intangible assets	15	9
Investments and other assets		
Claims provable in bankruptcy, claims provable in rehabilitation and other	15,149	12,538
Other	6,125	6,413
Allowance for doubtful accounts	(15,180)	(12,570)
Total investments and other assets	6,093	6,381
Total non-current assets	8,297	8,576
Total assets	67,192	52,762
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,769	11,395
Short-term loans payable	19,737	15,012
Current portion of long-term loans payable	2,884	—
Income taxes payable	155	104
Provision for bonuses	131	88
Provision for directors' bonuses	41	12
Early retirement expense allowance	25	—
Other	773	2,313
Total current liabilities	34,520	28,926
Non-current liabilities		
Long-term loans payable	8,248	—
Net defined benefit liability	219	205
Asset retirement obligations	6	6
Negative goodwill	62	15
Other	1,220	1,367
Total non-current liabilities	9,756	1,595
Total liabilities	44,276	30,522

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Net assets		
Shareholders' equity		
Capital stock	3,086	3,086
Capital surplus	3,126	3,126
Retained earnings	14,302	14,887
Treasury shares	(571)	(571)
Total shareholders' equity	19,944	20,529
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,017	2,455
Deferred gains or losses on hedges	(0)	(21)
Foreign currency translation adjustment	802	(855)
Remeasurements of defined benefit plans	14	14
Total accumulated other comprehensive income	2,833	1,593
Non-controlling interests	137	117
Total net assets	22,915	22,240
Total liabilities and net assets	67,192	52,762

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, 2015	Nine months ended December 31, 2016
Net sales	118,986	71,890
Cost of sales	112,840	67,777
Gross profit	6,146	4,113
Selling, general and administrative expenses	3,354	2,778
Operating income	2,792	1,335
Non-operating income		
Interest income	15	60
Dividend income	54	64
Amortization of negative goodwill	46	46
Other	28	62
Total non-operating income	143	234
Non-operating expenses		
Interest expenses	289	261
Foreign exchange losses	67	269
Other	12	19
Total non-operating expenses	369	549
Ordinary income	2,566	1,019
Extraordinary income		
Reversal of allowance for doubtful accounts	495	174
Gain on sales of investment securities	0	—
Total extraordinary income	495	174
Extraordinary losses		
Loss on retirement of non-current assets	0	—
Loss on valuation of membership	—	6
Total extraordinary losses	0	6
Profit before income taxes	3,062	1,188
Income taxes - current	348	223
Income taxes - deferred	293	82
Total income taxes	642	305
Profit	2,419	882
Profit attributable to non-controlling interests	88	2
Profit attributable to owners of parent	2,330	880

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Profit	2,419	882
Other comprehensive income		
Valuation difference on available-for-sale securities	(195)	438
Deferred gains or losses on hedges	3	(21)
Foreign currency translation adjustment	(204)	(1,680)
Remeasurements of defined benefit plans, net of tax	(1)	0
Total other comprehensive income	(397)	(1,262)
Comprehensive income	2,022	(380)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,934	(359)
Comprehensive income attributable to non-controlling interests	87	(20)