

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2017
(Based on Japanese GAAP)**

May 15, 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 of ordinary general meeting of shareholders: June 23, 2017
 Scheduled date to file Securities Report: June 26, 2017
 Scheduled date to commence dividend payments: June 26, 2017
 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, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2017	98,703	(33.7)	1,760	(42.4)	1,448	(45.4)	1,065	(54.3)
Year ended March 31, 2016	148,945	(36.7)	3,054	(32.9)	2,651	(43.0)	2,330	-

	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, 2017	122.94	-	4.6	2.5	1.8
Year ended March 31, 2016	268.87	-	10.7	3.0	2.1

(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, 2017	49,057	23,440	47.3	2,676.65
As of March 31, 2016	67,192	22,915	33.9	2,628.34

(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, 2017	12,332	216	(19,077)	8,719
Year ended March 31, 2016	31,977	(60)	(28,177)	16,284

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, 2016	-	17.00	-	17.00	34.00	294	12.6	1.4
Year ended March 31, 2017	-	17.00	-	17.00	34.00	294	27.7	1.3
Year ending March 31, 2018 (Forecast)	-	20.00	-	25.00	45.00		30.0	

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
Six months ending September 30, 2017	53,000	11.8	720	(21.0)	680	2.6	550	(14.3)	63.46
Full year	110,000	11.4	1,800	2.2	1,600	10.5	1,300	22.0	150.01

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(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: Yes

Changes in accounting policies due to other reasons: No

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, 2017	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 March 31, 2017	420,467 shares	As of March 31, 2016	420,467 shares
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Average number of shares during the period

Year ended March 31, 2017	8,666,288 shares	Year ended March 31, 2016	8,666,291 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	16,829	9,228
Notes and accounts receivable - trade	24,399	20,551
Electronically recorded monetary claims - operating	1,050	2,077
Merchandise and finished goods	15,889	8,345
Deferred tax assets	73	77
Other	664	420
Allowance for doubtful accounts	(12)	(1)
Total current assets	58,895	40,699
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,185	1,140
Accumulated depreciation	(706)	(734)
Buildings and structures, net	479	405
Land	1,677	1,514
Other	171	186
Accumulated depreciation	(139)	(142)
Other, net	32	43
Total property, plant and equipment	2,189	1,963
Intangible assets		
Other	15	21
Total intangible assets	15	21
Investments and other assets		
Investment securities	4,161	4,685
Claims provable in bankruptcy, claims provable in rehabilitation and other	15,149	14,448
Deferred tax assets	1,801	1,552
Other	162	155
Allowance for doubtful accounts	(15,180)	(14,469)
Total investments and other assets	6,093	6,372
Total non-current assets	8,297	8,358
Total assets	67,192	49,057

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,769	10,567
Short-term loans payable	19,737	9,820
Current portion of long-term loans payable	2,884	–
Income taxes payable	155	180
Provision for bonuses	131	126
Provision for directors' bonuses	41	16
Early retirement expense allowance	25	–
Other	773	3,349
Total current liabilities	34,520	24,061
Non-current liabilities		
Long-term loans payable	8,248	–
Deferred tax liabilities	1,186	1,296
Net defined benefit liability	219	220
Asset retirement obligations	6	6
Negative goodwill	62	–
Other	33	31
Total non-current liabilities	9,756	1,555
Total liabilities	44,276	25,616
Net assets		
Shareholders' equity		
Capital stock	3,086	3,086
Capital surplus	3,126	3,120
Retained earnings	14,302	15,072
Treasury shares	(571)	(571)
Total shareholders' equity	19,944	20,707
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,017	2,452
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	802	32
Remeasurements of defined benefit plans	14	3
Total accumulated other comprehensive income	2,833	2,488
Non-controlling interests	137	244
Total net assets	22,915	23,440
Total liabilities and net assets	67,192	49,057

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	148,945	98,703
Cost of sales	141,446	93,228
Gross profit	7,498	5,475
Selling, general and administrative expenses	4,444	3,714
Operating profit	3,054	1,760
Non-operating income		
Interest income	21	85
Dividend income	74	82
Purchase discounts	14	34
Amortization of negative goodwill	62	62
Other	18	38
Total non-operating income	191	302
Non-operating expenses		
Interest expenses	384	306
Sales discounts	2	2
Foreign exchange losses	192	273
Other	15	32
Total non-operating expenses	594	614
Ordinary profit	2,651	1,448
Extraordinary income		
Reversal of allowance for doubtful accounts	496	175
Gain on sales of investment securities	0	139
Total extraordinary income	496	314
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Provision of Early retirement expense allowance	25	–
Loss on sales of membership	–	6
Impairment loss	–	224
Total extraordinary losses	25	230
Profit before income taxes	3,121	1,532
Income taxes - current	471	359
Income taxes - deferred	234	106
Total income taxes	706	465
Profit	2,415	1,067
Profit attributable to non-controlling interests	85	1
Profit attributable to owners of parent	2,330	1,065

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	2,415	1,067
Other comprehensive income		
Valuation difference on available-for-sale securities	(662)	435
Deferred gains or losses on hedges	4	0
Foreign currency translation adjustment	609	(774)
Remeasurements of defined benefit plans, net of tax	(22)	(11)
Total other comprehensive income	(70)	(349)
Comprehensive income	2,345	717
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,259	720
Comprehensive income attributable to non-controlling interests	85	(2)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(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	12,266	(571)	17,908
Changes of items during period					
Dividends of surplus			(294)		(294)
Profit attributable to owners of parent			2,330		2,330
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	2,035	(0)	2,035
Balance at end of current period	3,086	3,126	14,302	(571)	19,944

	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	2,679	(5)	192	36	2,904	52	20,864
Changes of items during period							
Dividends of surplus							(294)
Profit attributable to owners of parent							2,330
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	(662)	4	609	(22)	(70)	85	15
Total changes of items during period	(662)	4	609	(22)	(70)	85	2,050
Balance at end of current period	2,017	(0)	802	14	2,833	137	22,915

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
Purchase of treasury shares					–
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
Purchase of treasury shares							–
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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Income before income taxes and minority interests	3,121	1,532
Depreciation	80	50
Impairment loss	–	224
Amortization of negative goodwill	(62)	(62)
Increase (decrease) in allowance for doubtful accounts	(526)	(180)
Increase (decrease) in provision for bonuses	(6)	(4)
Increase (decrease) in provision for directors' bonuses	41	(25)
Increase (decrease) in provision for early retirement expenses	25	–
Increase (decrease) in net defined benefit liability	(18)	(10)
Interest and dividend income	(96)	(167)
Interest expenses	384	306
Foreign exchange losses (gains)	10	(320)
Loss (gain) on sales and retirement of non-current assets	0	0
Loss (gain) on sales of investment securities	(0)	(139)
Decrease (increase) in notes and accounts receivable - trade	21,057	2,691
Decrease (increase) in inventories	21,966	6,563
Decrease (increase) in accounts receivable - other	(39)	(177)
Increase (decrease) in notes and accounts payable - trade	(13,684)	92
Increase (decrease) in accounts payable - other	21	60
Increase (decrease) in deposits received	16	1,203
Other, net	514	1,300
Subtotal	32,807	12,937
Interest and dividend income received	93	164
Interest expenses paid	(358)	(329)
Payments for early retirement expenses	–	(25)
Income taxes paid	(565)	(414)
Net cash provided by (used in) operating activities	31,977	12,332

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from investing activities		
Payments into time deposits	(354)	(284)
Proceeds from withdrawal of time deposits	347	313
Purchase of property, plant and equipment	(32)	(35)
Purchase of intangible assets	(2)	(14)
Purchase of investment securities	(15)	(13)
Proceeds from sales of investment securities	0	278
Purchase of shares of subsidiaries and associates	–	(33)
Payments of loans receivable	(3)	–
Purchase of insurance funds	(7)	(13)
Other, net	8	17
Net cash provided by (used in) investing activities	(60)	216
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(24,365)	(8,503)
Repayments of long-term loans payable	(3,517)	(10,528)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	250
Cash dividends paid	(294)	(295)
Other, net	(0)	–
Net cash provided by (used in) financing activities	(28,177)	(19,077)
Effect of exchange rate change on cash and cash equivalents	(163)	(1,036)
Net increase (decrease) in cash and cash equivalents	3,575	(7,565)
Cash and cash equivalents at beginning of period	12,708	16,284
Cash and cash equivalents at end of period	16,284	8,719