

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (Based on Japanese GAAP)

May 15, 2019

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 of ordinary general meeting of shareholders: June 26, 2019
 Scheduled date to file Securities Report: June 27, 2019
 Scheduled date to commence dividend payments: June 27, 2019
 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, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	67,499	(32.8)	369	(74.2)	252	(80.3)	569	(80.2)
Year ended March 31, 2018	100,425	1.7	1,433	(18.6)	1,283	(11.4)	2,874	169.8

	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, 2019	65.72	—	2.3	0.5	0.5
Year ended March 31, 2018	331.67	—	11.8	2.5	1.4

(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, 2019	43,739	24,611	56.3	2,839.99
As of March 31, 2018	54,479	27,249	47.2	2,965.60

(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, 2019	5,027	1,201	(5,856)	6,291
Year ended March 31, 2018	(7,398)	(463)	5,076	5,686

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, 2018	—	20.00	—	55.00	75.00	649	22.6	2.7
Year ended March 31, 2019	—	10.00	—	16.00	26.00	225	39.6	0.9
Year ending March 31, 2020 (Forecast)	—	18.00	—	38.00	56.00		39.5	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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, 2019	27,000	(6.0)	(50)	—	(100)	—	400	606.4	46.16
Full year	70,000	3.7	620	67.6	450	78.3	1,230	116.0	141.93

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(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: 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, 2019	9,086,755 shares	As of March 31, 2018	9,086,755 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	420,631 shares	As of March 31, 2018	420,540 shares
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Average number of shares during the period

Year ended March 31, 2019	8,666,141 shares	Year ended March 31, 2018	8,666,255 shares
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Consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	6,679	7,009
Notes and accounts receivable - trade	25,779	15,641
Electronically recorded monetary claims - operating	2,014	1,206
Merchandise and finished goods	9,398	10,465
Other	342	898
Allowance for doubtful accounts	(1)	(0)
Total current assets	44,213	35,221
Non-current assets		
Property, plant and equipment		
Buildings and structures	912	914
Accumulated depreciation	(499)	(535)
Buildings and structures, net	412	378
Land	833	784
Other	175	161
Accumulated depreciation	(136)	(127)
Other, net	38	33
Total property, plant and equipment	1,284	1,196
Intangible assets		
Other	34	57
Total intangible assets	34	57
Investments and other assets		
Investment securities	5,634	3,981
Claims provable in bankruptcy, claims provable in rehabilitation and other	14,015	13,767
Deferred tax assets	985	955
Other	152	164
Allowance for doubtful accounts	(11,842)	(11,604)
Total investments and other assets	8,946	7,263
Total non-current assets	10,265	8,518
Total assets	54,479	43,739

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,628	6,025
Short-term loans payable	13,821	10,231
Income taxes payable	266	18
Provision for bonuses	136	122
Provision for bonuses for directors (and other officers)	20	—
Allowance for early retirement program	—	12
Other	2,035	1,671
Total current liabilities	25,909	18,083
Non-current liabilities		
Deferred tax liabilities	1,081	724
Retirement benefit liability	226	234
Asset retirement obligations	0	0
Other	11	84
Total non-current liabilities	1,320	1,044
Total liabilities	27,230	19,127
Net assets		
Shareholders' equity		
Capital stock	3,086	3,086
Capital surplus	3,120	2,650
Retained earnings	17,626	17,632
Treasury shares	(571)	(571)
Total shareholders' equity	23,261	22,798
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,687	1,815
Foreign currency translation adjustment	(245)	6
Remeasurements of defined benefit plans	(2)	(8)
Total accumulated other comprehensive income	2,439	1,813
Non-controlling interests	1,548	—
Total net assets	27,249	24,611
Total liabilities and net assets	54,479	43,739

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

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	100,425	67,499
Cost of sales	94,864	63,207
Gross profit	5,561	4,292
Selling, general and administrative expenses	4,127	3,922
Operating profit	1,433	369
Non-operating income		
Interest income	15	24
Dividend income	93	123
Purchase discounts	33	31
Gain on adjustment of account payable	45	—
Commission income	8	24
Other	2	18
Total non-operating income	200	222
Non-operating expenses		
Interest expenses	166	278
Sales discounts	2	1
Foreign exchange losses	123	47
Share of loss of entities accounted for using equity method	36	—
Other	20	12
Total non-operating expenses	349	339
Ordinary profit	1,283	252
Extraordinary income		
Gain on sales of non-current assets	73	—
Reversal of allowance for doubtful accounts	2,224	—
Gain on sales of investment securities	0	630
Gain on sales of shares of subsidiaries and associates	11	—
Late charges income	—	66
Total extraordinary income	2,311	697
Extraordinary losses		
Early Provision for severance cost	—	140
Impairment loss	33	49
Total extraordinary losses	33	189
Profit before income taxes	3,561	760
Income taxes - current	396	194
Income taxes - deferred	273	37
Total income taxes	670	231
Profit	2,891	528
Profit (loss) attributable to non-controlling interests	17	(41)
Profit attributable to owners of parent	2,874	569

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	2,891	528
Other comprehensive income		
Valuation difference on available-for-sale securities	234	(871)
Deferred gains or losses on hedges	(0)	—
Foreign currency translation adjustment	(241)	225
Remeasurements of defined benefit plans, net of tax	(5)	(6)
Total other comprehensive income	(12)	(652)
Comprehensive income	2,879	(124)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,824	(55)
Comprehensive income attributable to non-controlling interests	54	(68)

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2019

(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	17,626	(571)	23,261
Changes of items during period					
Dividends of surplus			(563)		(563)
Profit attributable to owners of parent			569		569
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(469)			(469)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(469)	6	(0)	(463)
Balance at end of current period	3,086	2,650	17,632	(571)	22,798

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,687	(245)	(2)	2,439	1,548	27,249
Changes of items during period						
Dividends of surplus						(563)
Profit attributable to owners of parent						569
Purchase of treasury shares						(0)
Change in ownership interest of parent due to transactions with non-controlling interests						(469)
Net changes of items other than shareholders' equity	(871)	252	(6)	(625)	(1,548)	(2,174)
Total changes of items during period	(871)	252	(6)	(625)	(1,548)	(2,637)
Balance at end of current period	1,815	6	(8)	1,813	—	24,611

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	3,561	760
Depreciation	65	63
Impairment loss	33	49
Increase (decrease) in allowance for doubtful accounts	(2,177)	(29)
Increase (decrease) in provision for bonuses	10	(13)
Increase (decrease) in provision for bonuses for directors (and other officers)	4	(20)
Increase in provision for early retirement benefits	–	12
Increase (decrease) in retirement benefit liability	0	(2)
Interest and dividend income	(109)	(148)
Interest expenses	166	278
Foreign exchange losses (gains)	133	(19)
Loss (gain) on sales and retirement of non-current assets	(73)	–
Loss (gain) on sales of investment securities	(0)	(630)
Loss (gain) on sales of shares of subsidiaries and associates	(11)	–
Decrease (increase) in notes and accounts receivable - trade	(5,868)	10,669
Decrease (increase) in inventories	(1,195)	(1,121)
Increase (decrease) in notes and accounts payable - trade	(955)	(3,530)
Increase (decrease) in deposits received	7	2
Other, net	(675)	(580)
Subtotal	(7,084)	5,738
Interest and dividend income received	116	148
Interest expenses paid	(166)	(278)
Early extra retirement payments	–	(128)
Income taxes paid	(264)	(452)
Net cash provided by (used in) operating activities	(7,398)	5,027
Cash flows from investing activities		
Payments into time deposits	(1,271)	(1,023)
Proceeds from withdrawal of time deposits	814	1,263
Purchase of property, plant and equipment	(59)	(13)
Proceeds from sales of property, plant and equipment	716	–
Purchase of intangible assets	(19)	(43)
Purchase of investment securities	(647)	(561)
Proceeds from sales of investment securities	0	1,592
Proceeds from sales of shares of subsidiaries and associates	8	–
Purchase of insurance funds	(16)	(16)
Other, net	11	3
Net cash provided by (used in) investing activities	(463)	1,201
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,156	(3,343)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(1,950)
Proceeds from share issuance to non-controlling shareholders	1,241	–
Cash dividends paid	(320)	(563)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	5,076	(5,856)
Effect of exchange rate change on cash and cash equivalents	(248)	233
Net increase (decrease) in cash and cash equivalents	(3,033)	605
Cash and cash equivalents at beginning of period	8,719	5,686
Cash and cash equivalents at end of period	5,686	6,291