Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2017 (Based on Japanese GAAP)

January 31, 2018

Company name: Scroll Corporation
Stock exchange listing: Tokyo
Stock code: 8005 URL http://www.scroll.jp/
Representative: Chairman, CEO&COO Mamoru Horita
Inquiries: Corporate Officer, General Manager of Corporate Management Dept. Yasunori Sugimoto TEL 053-464-1114

Scheduled date to file Quarterly Securities Report: February 13, 2018
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
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, 2017 (from April 1, 2017 to December 31, 2017)

(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	%
Nine months ended December 31, 2017	46,653	5.2	1,947	41.5	2,055	43.1	(478)	–
Nine months ended December 31, 2016	44,351	(8.1)	1,377	(35.5)	1,436	(36.9)	960	(52.8)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2017	(14.06)	–
Nine months ended December 31, 2016	28.32	28.29

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	40,416	22,002	54.2
As of March 31, 2017	37,962	22,495	59.1

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, 2017	–	5.00	–	5.00	10.00
Year ending March 31, 2018	–	5.00	–		
Year ending March 31, 2018 (Forecast)				5.00	10.00

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
Full year	60,000	1.9	1,300	4.6	1,400	3.6	(1,000)	–	(29.34)

4. Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2017 (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 December 31, 2017	34,818,050 shares	As of March 31, 2017	34,320,650 shares

Number of treasury shares at the end of the period

As of December 31, 2017	730,685 shares	As of March 31, 2017	295,293 shares

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

Nine months ended December 31, 2017	34,033,090 shares	Nine months ended December 31, 2016	33,906,324 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	4,833	4,742
Accounts receivable - trade	9,216	11,709
Inventories	6,472	6,946
Other	3,155	3,620
Allowance for doubtful accounts	(289)	(283)
Total current assets	23,388	26,735
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,638	4,425
Land	4,614	4,614
Other, net	1,117	989
Total property, plant and equipment	10,370	10,029
Intangible assets		
Goodwill	1,016	189
Other	916	815
Total intangible assets	1,932	1,004
Investments and other assets		
Other	2,476	2,877
Allowance for doubtful accounts	(206)	(231)
Total investments and other assets	2,270	2,646
Total non-current assets	14,574	13,681
Total assets	37,962	40,416
Liabilities		
Current liabilities		
Accounts payable - trade	2,052	2,521
Short-term loans payable	75	2,100
Accounts payable - other	8,847	10,162
Income taxes payable	190	558
Provision	216	126
Other	959	1,076
Total current liabilities	12,342	16,545
Non-current liabilities		
Long-term loans payable	2,000	589
Provision	114	78
Net defined benefit liability	933	1,015
Other	76	185
Total non-current liabilities	3,124	1,868
Total liabilities	15,467	18,413

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Net assets		
Shareholders' equity		
Capital stock	5,812	6,005
Capital surplus	6,742	6,742
Retained earnings	9,396	8,574
Treasury shares	(166)	(335)
Total shareholders' equity	21,783	20,986
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	562	889
Deferred gains or losses on hedges	73	24
Foreign currency translation adjustment	14	14
Total accumulated other comprehensive income	650	928
Subscription rights to shares	–	2
Non-controlling interests	61	84
Total net assets	22,495	22,002
Total liabilities and net assets	37,962	40,416

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, 2016	Nine months ended December 31, 2017
Net sales	44,351	46,653
Cost of sales	27,329	29,068
Gross profit	17,021	17,584
Selling, general and administrative expenses	15,644	15,636
Operating profit	1,377	1,947
Non-operating income		
Interest income	9	9
Dividend income	34	36
Reversal for loss on interest repayment	5	34
Other	43	55
Total non-operating income	93	135
Non-operating expenses		
Interest expenses	9	9
Foreign exchange losses	9	–
Other	14	18
Total non-operating expenses	33	27
Ordinary profit	1,436	2,055
Extraordinary losses		
Loss on retirement of non-current assets	142	37
Impairment loss	–	1,710
Other	0	5
Total extraordinary losses	142	1,752
Profit before income taxes	1,294	303
Income taxes - current	419	688
Income taxes - deferred	(105)	62
Total income taxes	313	751
Profit (loss)	981	(447)
Profit attributable to non-controlling interests	20	30
Profit (loss) attributable to owners of parent	960	(478)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit (loss)	981	(447)
Other comprehensive income		
Valuation difference on available-for-sale securities	192	326
Deferred gains or losses on hedges	319	(48)
Foreign currency translation adjustment	(5)	0
Total other comprehensive income	507	278
Comprehensive income	1,488	(169)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,467	(199)
Comprehensive income attributable to non-controlling interests	20	30