Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018 (Based on Japanese GAAP)

July 31, 2018

Company name: Scroll Corporation
Stock exchange listing: Tokyo
Stock code: 8005 URL https://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: August 10, 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 three months ended June 30, 2018 (from April 1, 2018 to June 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	%
Three months ended June 30, 2018	19,140	23.2	1,138	68.8	1,141	58.8	751	70.7
Three months ended June 30, 2017	15,531	1.3	674	(22.4)	718	(19.7)	440	(37.9)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2018	22.03	22.01
Three months ended June 30, 2017	12.95	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	41,167	21,709	52.7
As of March 31, 2018	40,319	21,094	52.3

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	–	5.00	–	5.00	10.00
Year ending March 31, 2019	–				
Year ending March 31, 2019 (Forecast)		5.00	–	5.00	10.00

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
Six months ending September 30, 2018	35,000	16.9	1,200	(0.8)	1,250	(2.0)	850	9.6	24.88
Full year	70,000	12.5	2,400	84.1	2,500	71.5	1,700	–	49.76

4. Notes

(1) Changes in significant subsidiaries during the three months ended June 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 June 30, 2018	34,818,050 shares	As of March 31, 2018	34,818,050 shares

Number of treasury shares at the end of the period

As of June 30, 2018	657,415 shares	As of March 31, 2018	707,680 shares

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

Three months ended June 30, 2018	34,119,696 shares	Three months ended June 30, 2017	34,025,307 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	5,766	1,609
Accounts receivable - trade	10,271	13,049
Inventories	7,294	7,792
Other	3,144	3,051
Allowance for doubtful accounts	(250)	(238)
Total current assets	26,226	25,263
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,380	4,333
Land	4,614	5,520
Other, net	944	905
Total property, plant and equipment	9,938	10,759
Intangible assets		
Goodwill	318	1,043
Other	795	825
Total intangible assets	1,114	1,869
Investments and other assets		
Other	3,248	3,472
Allowance for doubtful accounts	(208)	(197)
Total investments and other assets	3,039	3,275
Total non-current assets	14,092	15,904
Total assets	40,319	41,167
Liabilities		
Current liabilities		
Accounts payable - trade	2,956	3,440
Short-term loans payable	2,100	2,100
Accounts payable - other	10,183	10,484
Income taxes payable	491	280
Provision	320	233
Other	1,392	1,153
Total current liabilities	17,443	17,692
Non-current liabilities		
Long-term loans payable	526	501
Provision	90	85
Net defined benefit liability	1,024	1,040
Other	139	138
Total non-current liabilities	1,780	1,766
Total liabilities	19,224	19,458

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	6,005	6,005
Capital surplus	6,657	6,657
Retained earnings	8,018	8,597
Treasury shares	(326)	(307)
Total shareholders' equity	20,353	20,952
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	749	717
Deferred gains or losses on hedges	(29)	18
Foreign currency translation adjustment	16	13
Total accumulated other comprehensive income	736	749
Share acquisition rights	4	6
Total net assets	21,094	21,709
Total liabilities and net assets	40,319	41,167

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	15,531	19,140
Cost of sales	9,651	11,885
Gross profit	5,879	7,255
Selling, general and administrative expenses	5,205	6,116
Operating profit	674	1,138
Non-operating income		
Interest income	2	3
Dividend income	20	23
Other	27	19
Total non-operating income	51	46
Non-operating expenses		
Interest expenses	3	4
Foreign exchange losses	–	16
Share of loss of entities accounted for using equity method	1	22
Other	3	1
Total non-operating expenses	7	43
Ordinary profit	718	1,141
Extraordinary income		
Gain on sales of non-current assets	–	0
Total extraordinary income	–	0
Extraordinary losses		
Loss on retirement of non-current assets	5	4
Other	5	–
Total extraordinary losses	10	4
Profit before income taxes	708	1,136
Income taxes - current	201	294
Income taxes - deferred	56	90
Total income taxes	258	384
Profit	449	751
Profit attributable to non-controlling interests	9	–
Profit attributable to owners of parent	440	751

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	449	751
Other comprehensive income		
Valuation difference on available-for-sale securities	113	(32)
Deferred gains or losses on hedges	(30)	48
Foreign currency translation adjustment	(0)	(2)
Total other comprehensive income	82	13
Comprehensive income	531	765
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	522	765
Comprehensive income attributable to non-controlling interests	9	–