Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2018 (Based on Japanese GAAP)

January 31, 2019

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: February 12, 2019
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, 2018 (from April 1, 2018 to December 31, 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	%
Nine months ended December 31, 2018	55,127	18.2	2,165	11.2	2,182	6.2	1,447	–
Nine months ended December 31, 2017	46,653	5.2	1,947	41.5	2,055	43.1	(478)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2018	42.38	42.28
Nine months ended December 31, 2017	(14.06)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2018	44,330	22,004	49.6
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	–	5.00	–		
Year ending March 31, 2019 (Forecast)				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
Full year	70,000	12.5	1,800	38.1	1,800	23.5	1,200	–	35.04

4. Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2018	574,887 shares	As of March 31, 2018	707,680 shares

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

Nine months ended December 31, 2018	34,159,645 shares	Nine months ended December 31, 2017	34,033,090 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	5,766	4,588
Accounts receivable - trade	10,271	12,485
Inventories	7,294	8,632
Other	3,144	3,435
Allowance for doubtful accounts	(250)	(240)
Total current assets	26,226	28,902
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,380	4,220
Land	4,614	5,520
Other, net	944	837
Total property, plant and equipment	9,938	10,579
Intangible assets		
Goodwill	318	921
Other	795	858
Total intangible assets	1,114	1,780
Investments and other assets		
Other	3,248	3,274
Allowance for doubtful accounts	(208)	(206)
Total investments and other assets	3,039	3,068
Total non-current assets	14,092	15,428
Total assets	40,319	44,330
Liabilities		
Current liabilities		
Accounts payable - trade	2,956	3,234
Short-term loans payable	2,100	100
Accounts payable - other	10,183	11,362
Income taxes payable	491	397
Provision	320	198
Other	1,392	1,112
Total current liabilities	17,443	16,405
Non-current liabilities		
Long-term loans payable	526	4,610
Provision	90	72
Net defined benefit liability	1,024	1,087
Other	139	150
Total non-current liabilities	1,780	5,921
Total liabilities	19,224	22,326

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Net assets		
Shareholders' equity		
Capital stock	6,005	6,005
Capital surplus	6,657	6,657
Retained earnings	8,018	9,120
Treasury shares	(326)	(275)
Total shareholders' equity	20,353	21,507
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	749	452
Deferred gains or losses on hedges	(29)	20
Foreign currency translation adjustment	16	12
Total accumulated other comprehensive income	736	485
Share acquisition rights	4	11
Total net assets	21,094	22,004
Total liabilities and net assets	40,319	44,330

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, 2017	Nine months ended December 31, 2018
Net sales	46,653	55,127
Cost of sales	29,068	35,089
Gross profit	17,584	20,038
Selling, general and administrative expenses	15,636	17,873
Operating profit	1,947	2,165
Non-operating income		
Interest income	9	10
Dividend income	36	40
Other	89	66
Total non-operating income	135	117
Non-operating expenses		
Interest expenses	9	13
Foreign exchange losses	–	12
Share of loss of entities accounted for using equity method	5	66
Other	12	8
Total non-operating expenses	27	100
Ordinary profit	2,055	2,182
Extraordinary income		
Gain on sales of non-current assets	–	0
Gain on sales of investment securities	–	122
Total extraordinary income	–	122
Extraordinary losses		
Loss on sales of non-current assets	–	0
Loss on retirement of non-current assets	37	22
Impairment loss	1,710	–
Other	5	–
Total extraordinary losses	1,752	22
Profit before income taxes	303	2,283
Income taxes - current	688	774
Income taxes - deferred	62	61
Total income taxes	751	835
Profit (loss)	(447)	1,447
Profit attributable to non-controlling interests	30	–
Profit (loss) attributable to owners of parent	(478)	1,447

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit (loss)	(447)	1,447
Other comprehensive income		
Valuation difference on available-for-sale securities	326	(296)
Deferred gains or losses on hedges	(48)	49
Foreign currency translation adjustment	0	(3)
Total other comprehensive income	278	(250)
Comprehensive income	(169)	1,197
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(199)	1,197
Comprehensive income attributable to non-controlling interests	30	–