Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on Japanese GAAP)

January 31, 2020

Company name: Scroll Corporation
Stock exchange listing: Tokyo
Stock code: 8005 URL https://www.scroll.jp/
Representative: Chairman, CEO&COO Mamoru Horita
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Scheduled date to file Quarterly Securities Report: February 12, 2020
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, 2019 (from April 1, 2019 to December 31, 2019)

(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, 2019	56,464	2.4	2,541	17.5	2,656	21.9	1,034	(28.5)
Nine months ended December 31, 2018	55,127	18.2	2,162	11.0	2,179	6.0	1,447	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2019	30.11	–
Nine months ended December 31, 2018	42.38	42.28

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	43,605	21,938	50.3
As of March 31, 2019	42,368	21,156	49.9

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, 2019	–	5.00	–	5.00	10.00
Year ending March 31, 2020	–	5.00	–		
Year ending March 31, 2020 (Forecast)				5.00	10.00

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
Full year	75,000	5.4	1,900	11.9	2,000	41.3	500	(20.8)	14.50

4. Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2019 (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, 2019	34,818,050 shares	As of March 31, 2019	34,818,050 shares

Number of treasury shares at the end of the period

As of December 31, 2019	339,736 shares	As of March 31, 2019	545,280 shares

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

Nine months ended December 31, 2019	34,359,105 shares	Nine months ended December 31, 2018	34,159,645 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	5,473	2,201
Accounts receivable - trade	10,259	12,627
Inventories	8,372	9,549
Other	3,464	4,416
Allowance for doubtful accounts	(241)	(271)
Total current assets	27,328	28,522
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,148	3,939
Land	5,520	5,520
Other, net	849	2,063
Total property, plant and equipment	10,518	11,524
Intangible assets		
Goodwill	938	182
Other	921	778
Total intangible assets	1,859	960
Investments and other assets		
Other	2,870	2,819
Allowance for doubtful accounts	(209)	(220)
Total investments and other assets	2,661	2,598
Total non-current assets	15,040	15,083
Total assets	42,368	43,605
Liabilities		
Current liabilities		
Accounts payable - trade	3,069	2,857
Short-term borrowings	100	127
Accounts payable - other	10,271	11,407
Income taxes payable	554	349
Provisions	269	159
Other	1,057	977
Total current liabilities	15,323	15,879
Non-current liabilities		
Long-term borrowings	4,544	4,400
Provisions	117	105
Retirement benefit liability	1,122	1,183
Other	103	98
Total non-current liabilities	5,888	5,787
Total liabilities	21,211	21,666

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Net assets		
Shareholders' equity		
Share capital	6,005	6,005
Capital surplus	6,657	6,657
Retained earnings	8,304	8,993
Treasury shares	(263)	(184)
Total shareholders' equity	20,702	21,471
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	404	403
Deferred gains or losses on hedges	27	44
Foreign currency translation adjustment	9	(0)
Total accumulated other comprehensive income	440	447
Share acquisition rights	13	19
Total net assets	21,156	21,938
Total liabilities and net assets	42,368	43,605

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, 2018	Nine months ended December 31, 2019
Net sales	55,127	56,464
Cost of sales	35,089	35,842
Gross profit	20,038	20,622
Selling, general and administrative expenses	17,876	18,080
Operating profit	2,162	2,541
Non-operating income		
Interest income	10	12
Dividend income	40	40
Foreign exchange gains	–	31
Other	66	62
Total non-operating income	117	147
Non-operating expenses		
Interest expenses	13	16
Share of loss of entities accounted for using equity method	66	7
Other	20	7
Total non-operating expenses	100	32
Ordinary profit	2,179	2,656
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 retirement of non-current assets	22	7
Impairment loss	–	778
Other	0	–
Total extraordinary losses	22	785
Profit before income taxes	2,280	1,870
Income taxes - current	774	799
Income taxes - deferred	57	35
Total income taxes	832	835
Profit	1,447	1,034
Profit attributable to owners of parent	1,447	1,034

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	1,447	1,034
Other comprehensive income		
Valuation difference on available-for-sale securities	(296)	(0)
Deferred gains or losses on hedges	49	17
Foreign currency translation adjustment	(3)	(9)
Total other comprehensive income	(250)	6
Comprehensive income	1,197	1,041
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,197	1,041
Comprehensive income attributable to non-controlling interests	–	–