

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

October 29, 2020

Company name: Scroll Corporation
 Stock exchange listing: Tokyo
 Stock code: 8005 URL <https://www.scroll.jp/>
 Representative: Chairman, CEO Mamoru Horita
 Director, Corporate Officer, General
 Inquiries: Yasunori Sugimoto TEL 053-464-1114
 Manager of Corporate Management Dept.
 Scheduled date to file Quarterly Securities Report: November 11, 2020
 Scheduled date to commence dividend payments: November 30, 2020
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

((Amounts less than one million yen are rounded down))

1. Consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(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	%
Six months ended September 30, 2020	43,328	14.3	4,073	149.6	4,157	141.5	2,974	566.4
Six months ended September 30, 2019	37,904	4.2	1,631	14.2	1,721	20.9	446	(49.8)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	86.17	85.96
Six months ended September 30, 2019	13.00	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	45,659	24,270	53.1
As of March 31, 2020	43,270	21,462	49.6

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, 2020	—	5.00	—	5.00	10.00
Year ending March 31, 2021	—	7.50			
Year ending March 31, 2021 (Forecast)			—	—	—

(Note) Revisions to cash dividends forecasts most recently announced: Yes

We regard the return of profit to its shareholders as a management policy of utmost importance. We have formulated the basic dividend policy that we will implement a consolidated payout ratio of 40% with a dividend payout ratio of 15 yen as the lower limit. The cash dividend forecast for the year-end dividend for the fiscal year ending March 31, 2021 has been left undetermined due to the difficulty of making accurate projections of the effects of COVID-19 and related factors. The Company will promptly disclose the cash dividend forecast amount, which will be based on full-year operating results, as soon as such disclosure becomes possible.

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	80,000	10.1	4,400	105.1	4,500	96.0	3,200	354.7	92.70

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(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 September 30, 2020	34,818,050 shares	As of March 31, 2020	34,818,050 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	296,583 shares	As of March 31, 2020	303,072 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	34,520,655 shares	Six months ended September 30, 2019	34,329,573 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	4,828	2,468
Accounts receivable - trade	9,577	12,166
Inventories	8,390	8,962
Other	4,485	4,462
Allowance for doubtful accounts	(305)	(355)
Total current assets	26,976	27,704
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,895	7,504
Land	5,520	5,520
Other, net	3,282	1,027
Total property, plant and equipment	12,698	14,052
Intangible assets		
Goodwill	171	149
Other	788	816
Total intangible assets	959	966
Investments and other assets		
Other	2,871	3,260
Allowance for doubtful accounts	(235)	(323)
Total investments and other assets	2,636	2,936
Total non-current assets	16,294	17,955
Total assets	43,270	45,659
Liabilities		
Current liabilities		
Accounts payable - trade	2,561	3,086
Short-term borrowings	100	4,300
Accounts payable - other	11,691	6,067
Income taxes payable	395	1,570
Provisions	321	334
Other	1,007	1,449
Total current liabilities	16,077	16,806
Non-current liabilities		
Long-term borrowings	4,375	3,125
Provisions	82	63
Retirement benefit liability	1,180	1,238
Other	94	154
Total non-current liabilities	5,731	4,581
Total liabilities	21,808	21,388

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	6,005	6,005
Capital surplus	6,657	6,657
Retained earnings	8,662	11,464
Treasury shares	(169)	(167)
Total shareholders' equity	21,155	23,959
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	219	283
Deferred gains or losses on hedges	61	3
Foreign currency translation adjustment	4	(0)
Total accumulated other comprehensive income	285	286
Share acquisition rights	21	24
Total net assets	21,462	24,270
Total liabilities and net assets	43,270	45,659

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	37,904	43,328
Cost of sales	24,278	27,463
Gross profit	13,626	15,864
Selling, general and administrative expenses	11,994	11,791
Operating profit	1,631	4,073
Non-operating income		
Interest income	7	11
Dividend income	21	18
Foreign exchange gains	33	51
Other	45	19
Total non-operating income	108	101
Non-operating expenses		
Interest expenses	11	12
Other	7	4
Total non-operating expenses	18	17
Ordinary profit	1,721	4,157
Extraordinary losses		
Loss on sales of non-current assets	—	0
Loss on retirement of non-current assets	7	0
Impairment loss	778	—
Total extraordinary losses	785	0
Profit before income taxes	936	4,157
Income taxes - current	572	1,494
Income taxes - deferred	(83)	(311)
Total income taxes	489	1,182
Profit	446	2,974
Profit attributable to owners of parent	446	2,974

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	446	2,974
Other comprehensive income		
Valuation difference on available-for-sale securities	(33)	64
Deferred gains or losses on hedges	(20)	(58)
Foreign currency translation adjustment	(4)	(5)
Total other comprehensive income	(57)	0
Comprehensive income	388	2,975
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	388	2,975
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	936	4,157
Depreciation	397	487
Impairment loss	778	—
Amortization of goodwill	112	21
Increase (decrease) in allowance for doubtful accounts	1	138
Increase (decrease) in other provisions	31	(5)
Increase (decrease) in retirement benefit liability	34	58
Interest and dividend income	(28)	(30)
Interest expenses	11	12
Loss (gain) on sales and retirement of non-current assets	7	0
Decrease (increase) in trade receivables	(235)	(2,587)
Decrease (increase) in inventories	(554)	(570)
Decrease (increase) in other current assets	(1,048)	(120)
Increase (decrease) in trade payables	(353)	457
Increase (decrease) in accrued liabilities	972	(4,311)
Increase (decrease) in other current liabilities	(216)	449
Other, net	8	4
Subtotal	854	(1,837)
Interest and dividends received	28	30
Interest paid	(11)	(10)
Income taxes paid	(563)	(354)
Income taxes refund	12	65
Net cash provided by (used in) operating activities	321	(2,106)
Cash flows from investing activities		
Purchase of property, plant and equipment	(97)	(2,936)
Purchase of intangible assets	(159)	(183)
Payments of guarantee deposits	(4)	(1)
Proceeds from refund of guarantee deposits	34	90
Other, net	(12)	2
Net cash provided by (used in) investing activities	(239)	(3,028)
Cash flows from financing activities		
Proceeds from long-term borrowings	—	3,000
Repayments of long-term borrowings	(92)	(50)
Proceeds from sales of treasury shares	42	2
Dividends paid	(172)	(172)
Other, net	(0)	(1)
Net cash provided by (used in) financing activities	(222)	2,778
Effect of exchange rate change on cash and cash equivalents	(4)	(5)
Net increase (decrease) in cash and cash equivalents	(146)	(2,362)
Cash and cash equivalents at beginning of period	5,473	4,828
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	1
Cash and cash equivalents at end of period	5,326	2,468