

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 8, 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 of ordinary general meeting of shareholders: May 29, 2020
 Scheduled date to file Securities Report: May 29, 2020
 Scheduled date to commence dividend payments: June 1, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Consolidated operating results

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	%
Year ended March 31, 2020	72,634	2.1	2,145	26.4	2,296	62.3	703	11.5
Year ended March 31, 2019	71,153	14.4	1,697	30.2	1,415	(2.9)	631	—

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	20.46	—	3.3	5.4	3.0
Year ended March 31, 2019	18.47	18.44	3.0	3.4	2.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	43,270	21,462	49.6	621.20
As of March 31, 2019	42,368	21,156	49.9	616.92

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2020	1,573	(1,780)	(433)	4,828
Year ended March 31, 2019	467	(2,370)	1,617	5,473

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2019	—	5.00	—	5.00	10.00	345	54.7	1.6
Year ended March 31, 2020	—	5.00	—	5.00	10.00	345	49.1	1.6
Year ending March 31, 2021 (Forecast)	—	7.50	—	7.50	15.00		37.0	

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	75,000	3.3	1,900	(11.4)	2,000	(12.9)	1,400	99.0	40.56

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2020	34,818,050 shares	As of March 31, 2019	34,818,050 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	303,072 shares	As of March 31, 2019	545,280 shares
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Average number of shares during the period

Year ended March 31, 2020	34,391,914 shares	Year ended March 31, 2019	34,182,785 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	5,473	4,828
Accounts receivable - trade	10,259	9,577
Merchandise	7,157	6,921
Supplies	428	779
Accounts receivable - other	2,538	3,282
Other	1,712	1,891
Allowance for doubtful accounts	(241)	(305)
Total current assets	27,328	26,976
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,895	11,890
Accumulated depreciation	(7,746)	(7,995)
Buildings and structures, net	4,148	3,895
Machinery, equipment and vehicles	1,685	1,734
Accumulated depreciation	(1,049)	(1,162)
Machinery, equipment and vehicles, net	635	571
Land	5,520	5,520
Construction in progress	83	2,610
Other	1,105	1,086
Accumulated depreciation	(974)	(986)
Other, net	130	100
Total property, plant and equipment	10,518	12,698
Intangible assets		
Goodwill	938	171
Software	705	613
Software in progress	138	168
Other	76	6
Total intangible assets	1,859	959
Investments and other assets		
Investment securities	1,280	1,010
Deferred tax assets	885	1,020
Other	705	841
Allowance for doubtful accounts	(209)	(235)
Total investments and other assets	2,661	2,636
Total non-current assets	15,040	16,294
Total assets	42,368	43,270

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	3,069	2,561
Short-term borrowings	100	100
Accounts payable - other	10,271	11,691
Income taxes payable	554	395
Provision for bonuses	222	282
Provision for point card certificates	38	34
Provision for loss on interest repayment	8	4
Other	1,057	1,007
Total current liabilities	15,323	16,077
Non-current liabilities		
Long-term borrowings	4,544	4,375
Deferred tax liabilities	8	2
Provision for retirement benefits for directors (and other officers)	70	70
Provision for loss on interest repayment	24	9
Provision for environmental measures	22	1
Retirement benefit liability	1,122	1,180
Other	95	91
Total non-current liabilities	5,888	5,731
Total liabilities	21,211	21,808
Net assets		
Shareholders' equity		
Share capital	6,005	6,005
Capital surplus	6,657	6,657
Retained earnings	8,304	8,662
Treasury shares	(263)	(169)
Total shareholders' equity	20,702	21,155
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	404	219
Deferred gains or losses on hedges	27	61
Foreign currency translation adjustment	9	4
Total accumulated other comprehensive income	440	285
Share acquisition rights	13	21
Total net assets	21,156	21,462
Total liabilities and net assets	42,368	43,270

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	71,153	72,634
Cost of sales	45,918	46,789
Gross profit	25,235	25,845
Selling, general and administrative expenses	23,538	23,699
Operating profit	1,697	2,145
Non-operating income		
Interest income	14	19
Dividend income	41	40
Foreign exchange gains	6	34
Gain on adjustment of account payable	34	35
Other	85	68
Total non-operating income	182	198
Non-operating expenses		
Interest expenses	18	22
Share of loss of entities accounted for using equity method	416	9
Other	28	14
Total non-operating expenses	464	47
Ordinary profit	1,415	2,296
Extraordinary income		
Gain on sales of investment securities	152	—
Other	0	—
Total extraordinary income	152	—
Extraordinary losses		
Loss on retirement of non-current assets	41	61
Impairment loss	90	778
Other	0	2
Total extraordinary losses	131	842
Profit before income taxes	1,436	1,454
Income taxes - current	822	826
Income taxes - deferred	(17)	(75)
Total income taxes	805	750
Profit	631	703
Profit attributable to owners of parent	631	703

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	631	703
Other comprehensive income		
Valuation difference on available-for-sale securities	(344)	(185)
Deferred gains or losses on hedges	56	34
Foreign currency translation adjustment	(6)	(4)
Total other comprehensive income	(295)	(155)
Comprehensive income	335	548
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	335	548
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,005	6,657	8,018	(326)	20,353
Changes during period					
Dividends of surplus			(345)		(345)
Profit attributable to owners of parent			631		631
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				63	63
Net changes in items other than shareholders' equity					
Total changes during period	–	–	286	62	348
Balance at end of period	6,005	6,657	8,304	(263)	20,702

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	749	(29)	16	736	4	21,094
Changes during period						
Dividends of surplus						(345)
Profit attributable to owners of parent						631
Purchase of treasury shares						(0)
Disposal of treasury shares						63
Net changes in items other than shareholders' equity	(344)	56	(6)	(295)	8	(287)
Total changes during period	(344)	56	(6)	(295)	8	61
Balance at end of period	404	27	9	440	13	21,156

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,005	6,657	8,304	(263)	20,702
Changes during period					
Dividends of surplus			(345)		(345)
Profit attributable to owners of parent			703		703
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				94	94
Net changes in items other than shareholders' equity					
Total changes during period	–	–	358	93	452
Balance at end of period	6,005	6,657	8,662	(169)	21,155

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	404	27	9	440	13	21,156
Changes during period						
Dividends of surplus						(345)
Profit attributable to owners of parent						703
Purchase of treasury shares						(0)
Disposal of treasury shares						94
Net changes in items other than shareholders' equity	(185)	34	(4)	(155)	8	(146)
Total changes during period	(185)	34	(4)	(155)	8	305
Balance at end of period	219	61	4	285	21	21,462

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,436	1,454
Depreciation	823	784
Impairment loss	90	778
Amortization of goodwill	208	134
Increase (decrease) in allowance for doubtful accounts	(11)	90
Increase (decrease) in provision for bonuses	12	60
Increase (decrease) in provision for point card certificates	(58)	(4)
Increase (decrease) in provision for loss on interest repayment	(24)	(18)
Increase (decrease) in other provisions	(2)	(21)
Increase (decrease) in retirement benefit liability	98	57
Interest and dividend income	(55)	(60)
interest expenses	18	22
Share of loss (profit) of entities accounted for using equity method	416	9
Loss (gain) on sales and valuation of investment securities	(152)	–
Loss (gain) on sales and retirement of non-current assets	41	61
Decrease (increase) in trade receivables	484	647
Decrease (increase) in inventories	(1,032)	(20)
Decrease (increase) in other current assets	(298)	(769)
Increase (decrease) in trade payables	(303)	(484)
Increase (decrease) in accrued liabilities	(85)	(143)
Increase (decrease) in other current liabilities	(406)	(17)
Other, net	93	11
Subtotal	1,293	2,573
Interest and dividends received	55	60
Interest paid	(18)	(22)
Income taxes paid	(877)	(1,049)
Income taxes refund	14	12
Net cash provided by (used in) operating activities	467	1,573
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,026)	(1,442)
Purchase of intangible assets	(230)	(327)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(917)	–
Purchase of investment securities	(396)	(4)
Proceeds from sales of investment securities	233	–
Payments of guarantee deposits	(97)	(44)
Proceeds from refund of guarantee deposits	62	43
Other, net	3	(5)
Net cash provided by (used in) investing activities	(2,370)	(1,780)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Proceeds from long-term borrowings	4,200	—
Repayments of long-term borrowings	(2,313)	(169)
Proceeds from sales of treasury shares	78	84
Dividends paid	(344)	(344)
Other, net	(3)	(3)
Net cash provided by (used in) financing activities	1,617	(433)
Effect of exchange rate change on cash and cash equivalents	(8)	(4)
Net increase (decrease) in cash and cash equivalents	(293)	(644)
Cash and cash equivalents at beginning of period	5,766	5,473
Cash and cash equivalents at end of period	5,473	4,828