

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2022
(Based on Japanese GAAP)**

May 10, 2022

Company name: Scroll Corporation
 Stock exchange listing: Tokyo
 Stock code: 8005 URL <https://www.scroll.jp/>
 Representative: President Tomohisa Tsurumi
 Director, General Manager of Corporate Management Dept. Yasunori Sugimoto TEL +81-53-464-1114 (from overseas)
 Scheduled date of ordinary general meeting of shareholders: May 31, 2022
 Scheduled date to file Securities Report: May 31, 2022
 Scheduled date to commence dividend payments: June 1, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	81,391	-	7,000	-	7,096	-	5,585	-
Year ended March 31, 2021	85,195	17.3	7,385	244.3	7,519	227.4	5,183	636.6

	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, 2022	160.20	-	19.7	14.2	8.6
Year ended March 31, 2021	149.65	-	21.6	16.1	8.7

(Note) We have applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. effective from the beginning of the current fiscal year, and the figures for the year ended March 31, 2022 are after the application of the said accounting standard, etc. The percentage change from the same period of the previous fiscal year is not stated.

(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, 2022	49,711	30,037	60.4	861.53
As of March 31, 2021	49,903	26,648	53.4	764.30

(Note) We have applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. effective from the beginning of the current fiscal year, and the figures as of March 31, 2022 are after the application of the said accounting standard, etc.

(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, 2022	3,711	(1,208)	(3,473)	7,142
Year ended March 31, 2021	3,956	(3,312)	2,608	8,084

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, 2021	-	7.50	-	52.50	60.00	2,089	40.1	8.7
Year ended March 31, 2022	-	10.00	-	54.50	64.50	2,248	40.3	7.9
Year ending March 31, 2023 (Forecast)	-	10.00	-	10.00	20.00		17.4	

(Note) The cash dividends forecast for the fiscal year ending March 31, 2023, we have disclosed the minimum annual dividend of 20 yen (interim dividend of 10 yen and year-end dividend of 10 yen) as forecast figures.
For the dividend policy, please refer to " Basic policy on profit sharing and dividends for the current and next fiscal years ".

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes									
Full year	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
	84,000	3.2	5,700	(18.6)	5,800	(18.3)	4,000	(28.4)	114.73

4. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2022
(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: | Yes |
| 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, 2022	34,873,050 shares	As of March 31, 2021	34,873,050 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	7,381 shares	As of March 31, 2021	6,845 shares
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Average number of shares during the period

Year ended March 31, 2022	34,865,884 shares	Year ended March 31, 2021	34,639,241 shares
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■ Basic policy on profit sharing and dividends for the current and next fiscal years

1. Basic policy on profit sharing

Our basic policy is to pay twice a year, an interim dividend and a year-end dividend. In addition, the board of directors is the decision-making body for dividends of these surpluses.

Retained earnings will be appropriately utilized for investment based on future-oriented business strategies in order to maintain and strengthen competitiveness between companies.

2. Dividend of surplus for the current fiscal year (fiscal year ended March 31, 2022)

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 of 20 yen per share as the lower limit.

The cash dividend for the fiscal year ended March 31, 2022, the price will be 54.50 yen per share based on the basic dividend policy. As a result, the annual dividend will be 64.50 yen, including the interim dividend of 10 yen.

3. Dividend of surplus for the next fiscal year (fiscal year ending March 31, 2023)

The basic policy regarding dividends for the next fiscal year (fiscal year ending March 31, 2023) is to implement a consolidated payout ratio of 40% with a dividend of 20 yen per share as the lower limit.

In the fiscal year in which net income fluctuates significantly due to the sale of real estate and securities that are not directly related to business activities and other special factors, the dividend amount will be determined after excluding these impacts.

The cash dividends forecast for the fiscal year ending March 31, 2023, we will implement the dividend forecast in accordance with the basic dividend policy. Due to the uncertain future of the business environment, we have disclosed the minimum annual dividend of 20 yen (interim dividend of 10 yen and year-end dividend of 10 yen) as forecast figures. However, when we reach the stage where we can clearly see the full-year results, we will disclose the dividend forecast again.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	8,084	7,142
Accounts receivable - trade	11,214	11,403
Merchandise	7,149	7,119
Supplies	507	287
Accounts receivable - other	3,742	4,635
Other	1,909	2,059
Allowance for doubtful accounts	(365)	(415)
Total current assets	32,241	32,233
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,769	15,810
Accumulated depreciation	(8,472)	(8,944)
Buildings and structures, net	7,297	6,866
Machinery, equipment and vehicles	1,961	2,295
Accumulated depreciation	(1,217)	(1,376)
Machinery, equipment and vehicles, net	743	919
Land	5,520	5,520
Construction in progress	–	3
Other	1,130	1,184
Accumulated depreciation	(963)	(957)
Other, net	166	227
Total property, plant and equipment	13,728	13,537
Intangible assets		
Goodwill	128	85
Software	597	652
Software in progress	180	148
Other	6	5
Total intangible assets	913	892
Investments and other assets		
Investment securities	1,310	1,355
Deferred tax assets	1,212	1,160
Other	904	921
Allowance for doubtful accounts	(406)	(388)
Total investments and other assets	3,020	3,048
Total non-current assets	17,661	17,477
Total assets	49,903	49,711

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	2,850	2,963
Short-term borrowings	4,300	75
Accounts payable - other	7,283	7,241
Income taxes payable	2,278	228
Provision for bonuses	621	477
Provision for point card certificates	37	–
Provision for loss on interest repayment	4	3
Other	1,276	1,061
Total current liabilities	18,651	12,051
Non-current liabilities		
Long-term borrowings	3,075	6,000
Deferred tax liabilities	–	1
Provision for retirement benefits for directors (and other officers)	54	51
Provision for loss on interest repayment	7	4
Provision for environmental measures	1	1
Retirement benefit liability	1,310	1,403
Other	154	159
Total non-current liabilities	4,603	7,621
Total liabilities	23,255	19,673
Net assets		
Shareholders' equity		
Share capital	6,018	6,018
Capital surplus	6,644	6,644
Retained earnings	13,414	16,726
Treasury shares	(3)	(4)
Total shareholders' equity	26,074	29,385
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	434	464
Deferred gains or losses on hedges	132	150
Foreign currency translation adjustment	7	37
Total accumulated other comprehensive income	574	652
Total net assets	26,648	30,037
Total liabilities and net assets	49,903	49,711

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	85,195	81,391
Cost of sales	53,356	51,026
Gross profit	31,838	30,365
Selling, general and administrative expenses	24,452	23,364
Operating profit	7,385	7,000
Non-operating income		
Interest income	23	19
Dividend income	34	43
Foreign exchange gains	41	–
Gain on adjustment of account payable	23	49
Other	47	53
Total non-operating income	170	166
Non-operating expenses		
Interest expenses	29	27
Foreign exchange losses	–	36
Other	7	7
Total non-operating expenses	37	70
Ordinary profit	7,519	7,096
Extraordinary income		
Gain on sale of investment securities	0	0
Gain on sale of shares of subsidiaries and associates	–	73
Total extraordinary income	0	74
Extraordinary losses		
Loss on retirement of non-current assets	6	1
Impairment losses	105	20
Other	0	0
Total extraordinary losses	113	22
Profit before income taxes	7,406	7,148
Income taxes - current	2,539	1,520
Income taxes - deferred	(316)	42
Total income taxes	2,222	1,562
Profit	5,183	5,585
Profit attributable to owners of parent	5,183	5,585

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	5,183	5,585
Other comprehensive income		
Valuation difference on available-for-sale securities	214	30
Deferred gains or losses on hedges	70	18
Foreign currency translation adjustment	2	29
Total other comprehensive income	288	78
Comprehensive income	5,472	5,663
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,472	5,663
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(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	8,662	(169)	21,155
Cumulative effects of changes in accounting policies					–
Restated balance	6,005	6,657	8,662	(169)	21,155
Changes during period					
Issuance of new shares	13	13			26
Dividends of surplus			(431)		(431)
Profit attributable to owners of parent			5,183		5,183
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(25)		166	140
Net changes in items other than shareholders' equity					
Total changes during period	13	(12)	4,752	166	4,918
Balance at end of period	6,018	6,644	13,414	(3)	26,074

	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	219	61	4	285	21	21,462
Cumulative effects of changes in accounting policies						–
Restated balance	219	61	4	285	21	21,462
Changes during period						
Issuance of new shares						26
Dividends of surplus						(431)
Profit attributable to owners of parent						5,183
Purchase of treasury shares						(0)
Disposal of treasury shares						140
Net changes in items other than shareholders' equity	214	70	2	288	(21)	266
Total changes during period	214	70	2	288	(21)	5,185
Balance at end of period	434	132	7	574	–	26,648

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,018	6,644	13,414	(3)	26,074
Cumulative effects of changes in accounting policies			(94)		(94)
Restated balance	6,018	6,644	13,320	(3)	25,979
Changes during period					
Issuance of new shares					–
Dividends of surplus			(2,179)		(2,179)
Profit attributable to owners of parent			5,585		5,585
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,406	(0)	3,405
Balance at end of period	6,018	6,644	16,726	(4)	29,385

	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	434	132	7	574	–	26,648
Cumulative effects of changes in accounting policies						(94)
Restated balance	434	132	7	574	–	26,553
Changes during period						
Issuance of new shares						–
Dividends of surplus						(2,179)
Profit attributable to owners of parent						5,585
Purchase of treasury shares						(0)
Disposal of treasury shares						–
Net changes in items other than shareholders' equity	30	18	29	78	–	78
Total changes during period	30	18	29	78	–	3,483
Balance at end of period	464	150	37	652	–	30,037

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	7,406	7,148
Depreciation	1,056	1,034
Impairment losses	105	20
Amortization of goodwill	42	242
Increase (decrease) in allowance for doubtful accounts	231	31
Increase (decrease) in provision for bonuses	337	(142)
Increase (decrease) in provision for point card certificates	3	–
Increase (decrease) in provision for loss on interest repayment	(2)	(3)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(16)	(2)
Increase (decrease) in retirement benefit liability	130	92
Interest and dividend income	(58)	(63)
interest expenses	29	27
Loss (gain) on sale of investment securities	(0)	(0)
Loss (gain) on sale of shares of subsidiaries and associates	–	(73)
Loss (gain) on sale and retirement of non-current assets	6	1
Decrease (increase) in trade receivables	(1,637)	(264)
Decrease (increase) in inventories	(96)	201
Decrease (increase) in other current assets	(459)	(815)
Increase (decrease) in trade payables	284	118
Increase (decrease) in accrued liabilities	(3,122)	11
Increase (decrease) in other current liabilities	314	(400)
Other, net	5	6
Subtotal	4,562	7,170
Interest and dividends received	58	63
Interest paid	(27)	(27)
Income taxes paid	(702)	(3,495)
Income taxes refund	65	–
Net cash provided by (used in) operating activities	3,956	3,711
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,978)	(602)
Purchase of intangible assets	(431)	(269)
Purchase of investment securities	(1)	(1)
Proceeds from sale of investment securities	3	1
Payments of guarantee deposits	(5)	(44)
Proceeds from refund of guarantee deposits	113	10
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	(96)
Payments for acquisition of businesses	–	(200)
Other, net	(12)	(4)
Net cash provided by (used in) investing activities	(3,312)	(1,208)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Proceeds from long-term borrowings	3,000	3,000
Repayments of long-term borrowings	(100)	(4,300)
Proceeds from issuance of shares	22	–
Proceeds from sale of treasury shares	119	–
Dividends paid	(429)	(2,172)
Other, net	(3)	(1)
Net cash provided by (used in) financing activities	2,608	(3,473)
Effect of exchange rate change on cash and cash equivalents	1	28
Net increase (decrease) in cash and cash equivalents	3,253	(941)
Cash and cash equivalents at beginning of period	4,828	8,084
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	1	–
Cash and cash equivalents at end of period	8,084	7,142