

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Year Ended March 31, 2023
(Based on Japanese GAAP)**

May 9, 2023

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, 2023
 Scheduled date to file Securities Report: May 31, 2023
 Scheduled date to commence dividend payments: June 1, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	81,018	(0.5)	6,121	(12.6)	6,191	(12.8)	4,170	(25.3)
Year ended March 31, 2022	81,391	-	7,000	-	7,096	-	5,585	-

	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, 2023	119.39	-	13.4	12.0	7.6
Year ended March 31, 2022	160.20	-	19.7	14.2	8.6

(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, 2023	53,200	31,997	60.1	914.94
As of March 31, 2022	49,711	30,037	60.4	861.53

(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, 2023	5,853	(414)	(2,322)	10,267
Year ended March 31, 2022	3,711	(1,208)	(3,473)	7,142

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, 2022	-	10.00	-	54.50	64.50	2,248	40.3	7.9
Year ended March 31, 2023	-	10.00	-	38.00	48.00	1,678	40.2	5.4
Year ending March 31, 2024 (Forecast)	-	24.00	-	24.00	48.00		40.0	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	83,000	2.4	6,100	(0.4)	6,200	0.1	4,200	0.7	120.10

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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, 2023	34,981,050 shares	As of March 31, 2022	34,873,050 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2023	9,181 shares	As of March 31, 2022	7,381 shares
----------------------	--------------	----------------------	--------------

Average number of shares during the period

Year ended March 31, 2023	34,930,165 shares	Year ended March 31, 2022	34,865,884 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	7,142	10,267
Accounts receivable - trade	11,403	11,377
Merchandise	7,119	7,628
Supplies	287	133
Accounts receivable - other	4,635	4,870
Other	2,059	2,359
Allowance for doubtful accounts	(415)	(487)
Total current assets	32,233	36,149
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,810	15,859
Accumulated depreciation	(8,944)	(9,359)
Buildings and structures, net	6,866	6,499
Machinery, equipment and vehicles	2,295	2,333
Accumulated depreciation	(1,376)	(1,574)
Machinery, equipment and vehicles, net	919	758
Land	5,520	5,489
Construction in progress	3	–
Other	1,184	1,204
Accumulated depreciation	(957)	(1,023)
Other, net	227	181
Total property, plant and equipment	13,537	12,928
Intangible assets		
Goodwill	85	42
Software	652	613
Software in progress	148	109
Other	5	5
Total intangible assets	892	770
Investments and other assets		
Investment securities	1,355	1,481
Deferred tax assets	1,160	1,254
Other	921	997
Allowance for doubtful accounts	(388)	(381)
Total investments and other assets	3,048	3,352
Total non-current assets	17,477	17,051
Total assets	49,711	53,200

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	2,963	2,707
Short-term borrowings	75	3,000
Accounts payable - other	7,241	7,516
Income taxes payable	228	1,453
Provision for bonuses	477	512
Provision for loss on interest repayment	3	2
Other	1,061	1,337
Total current liabilities	12,051	16,529
Non-current liabilities		
Long-term borrowings	6,000	3,000
Deferred tax liabilities	1	–
Provision for retirement benefits for directors (and other officers)	51	51
Provision for loss on interest repayment	4	1
Provision for environmental measures	1	1
Retirement benefit liability	1,403	1,456
Other	159	162
Total non-current liabilities	7,621	4,673
Total liabilities	19,673	21,203
Net assets		
Shareholders' equity		
Share capital	6,018	6,064
Capital surplus	6,644	6,993
Retained earnings	16,726	18,344
Treasury shares	(4)	(4)
Total shareholders' equity	29,385	31,396
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	464	566
Deferred gains or losses on hedges	150	(13)
Foreign currency translation adjustment	37	47
Total accumulated other comprehensive income	652	600
Total net assets	30,037	31,997
Total liabilities and net assets	49,711	53,200

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	81,391	81,018
Cost of sales	51,026	51,000
Gross profit	30,365	30,018
Selling, general and administrative expenses	23,364	23,896
Operating profit	7,000	6,121
Non-operating income		
Interest income	19	19
Dividend income	43	47
Gain on adjustment of accounts payable	49	68
Other	53	74
Total non-operating income	166	210
Non-operating expenses		
Interest expenses	27	20
Foreign exchange losses	36	109
Other	7	10
Total non-operating expenses	70	141
Ordinary profit	7,096	6,191
Extraordinary income		
Gain on sale of investment securities	0	10
Gain on sale of shares of subsidiaries and associates	73	–
Total extraordinary income	74	10
Extraordinary losses		
Loss on sale of non-current assets	0	11
Loss on retirement of non-current assets	1	27
Impairment losses	20	–
Other	0	4
Total extraordinary losses	22	43
Profit before income taxes	7,148	6,158
Income taxes - current	1,520	2,056
Income taxes - deferred	42	(68)
Total income taxes	1,562	1,988
Profit	5,585	4,170
Profit attributable to owners of parent	5,585	4,170

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	5,585	4,170
Other comprehensive income		
Valuation difference on available-for-sale securities	30	102
Deferred gains or losses on hedges	18	(163)
Foreign currency translation adjustment	29	9
Total other comprehensive income	78	(51)
Comprehensive income	5,663	4,118
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,663	4,118
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

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)
Transfer of loss on 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				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)
Transfer of loss on 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

Fiscal year ended March 31, 2023

(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	16,726	(4)	29,385
Cumulative effects of changes in accounting policies					–
Restated balance	6,018	6,644	16,726	(4)	29,385
Changes during period					
Issuance of new shares	45	45			90
Dividends of surplus			(2,249)		(2,249)
Profit attributable to owners of parent			4,170		4,170
Purchase of treasury shares				(0)	(0)
Transfer of loss on disposal of treasury shares		302	(302)		–
Net changes in items other than shareholders' equity					
Total changes during period	45	348	1,617	(0)	2,010
Balance at end of period	6,064	6,993	18,344	(4)	31,396

	Accumulated other comprehensive income				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	464	150	37	652	30,037
Cumulative effects of changes in accounting policies					–
Restated balance	464	150	37	652	30,037
Changes during period					
Issuance of new shares					90
Dividends of surplus					(2,249)
Profit attributable to owners of parent					4,170
Purchase of treasury shares					(0)
Transfer of loss on disposal of treasury shares					–
Net changes in items other than shareholders' equity	102	(163)	9	(51)	(51)
Total changes during period	102	(163)	9	(51)	1,959
Balance at end of period	566	(13)	47	600	31,997

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	7,148	6,158
Depreciation	1,034	971
Impairment losses	20	–
Amortization of goodwill	242	42
Share-based payment expenses	–	87
Increase (decrease) in allowance for doubtful accounts	31	65
Increase (decrease) in provision for bonuses	(142)	34
Increase (decrease) in provision for loss on interest repayment	(3)	(4)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(2)	(0)
Increase (decrease) in retirement benefit liability	92	53
Interest and dividend income	(63)	(67)
Interest expenses	27	20
Loss (gain) on sale of investment securities	(0)	(8)
Loss (gain) on sale of shares of subsidiaries and associates	(73)	–
Loss (gain) on sale and retirement of non-current assets	1	39
Decrease (increase) in trade receivables	(264)	31
Decrease (increase) in inventories	201	(568)
Decrease (increase) in other current assets	(815)	(356)
Increase (decrease) in trade payables	118	(362)
Increase (decrease) in accrued liabilities	11	292
Increase (decrease) in other current liabilities	(400)	221
Other, net	6	4
Subtotal	7,170	6,655
Interest and dividends received	63	67
Interest paid	(27)	(20)
Income taxes paid	(3,495)	(919)
Income taxes refund	–	72
Net cash provided by (used in) operating activities	3,711	5,853
Cash flows from investing activities		
Purchase of property, plant and equipment	(602)	(147)
Proceeds from sale of property, plant and equipment	0	20
Purchase of intangible assets	(269)	(203)
Purchase of investment securities	(1)	(1)
Proceeds from sale of investment securities	1	28
Payments of guarantee deposits	(44)	(58)
Proceeds from refund of guarantee deposits	10	19
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(96)	–
Payments for acquisition of businesses	(200)	–
Other, net	(4)	(73)
Net cash provided by (used in) investing activities	(1,208)	(414)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Proceeds from long-term borrowings	3,000	–
Repayments of long-term borrowings	(4,300)	(75)
Dividends paid	(2,172)	(2,245)
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	(3,473)	(2,322)
Effect of exchange rate change on cash and cash equivalents	28	7
Net increase (decrease) in cash and cash equivalents	(941)	3,124
Cash and cash equivalents at beginning of period	8,084	7,142
Cash and cash equivalents at end of period	7,142	10,267