

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2023
(Based on Japanese GAAP)**

October 27, 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 to file Quarterly Securities Report: November 7, 2023
 Scheduled date to commence dividend payments: November 30, 2023
 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, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	40,016	(2.3)	3,374	(3.5)	3,438	1.9	2,346	0.6
Six months ended September 30, 2022	40,965	(2.1)	3,496	(25.3)	3,373	(28.4)	2,333	(27.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	67.15		-	
Six months ended September 30, 2022	66.88		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	51,286	33,258	64.8
As of March 31, 2023	53,200	31,997	60.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	-	10.00	-	38.00	48.00
Year ending March 31, 2024	-	24.00	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	18.00	42.00

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	80,000	(1.3)	5,300	(13.4)	5,400	(12.8)	3,600	(13.7)	103.40

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(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, 2023	35,098,550 shares	As of March 31, 2023	34,981,050 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	411,298 shares	As of March 31, 2023	9,181 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, 2023	34,943,441 shares	Six months ended September 30, 2022	34,888,594 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	10,267	5,105
Accounts receivable - trade	11,377	12,362
Inventories	8,754	9,739
Accounts receivable - other	4,870	6,176
Other	1,367	1,497
Allowance for doubtful accounts	(487)	(519)
Total current assets	36,149	34,362
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,499	6,303
Land	5,489	5,489
Other, net	940	902
Total property, plant and equipment	12,928	12,694
Intangible assets		
Goodwill	42	21
Other	728	751
Total intangible assets	770	772
Investments and other assets		
Other	3,733	3,931
Allowance for doubtful accounts	(381)	(474)
Total investments and other assets	3,352	3,457
Total non-current assets	17,051	16,923
Total assets	53,200	51,286
Liabilities		
Current liabilities		
Accounts payable - trade	2,707	2,708
Short-term borrowings	3,000	3,000
Accounts payable - other	7,516	7,853
Income taxes payable	1,453	1,247
Provisions	515	430
Other	1,337	1,085
Total current liabilities	16,529	16,323
Non-current liabilities		
Long-term borrowings	3,000	–
Provisions	54	53
Retirement benefit liability	1,456	1,487
Other	162	163
Total non-current liabilities	4,673	1,704
Total liabilities	21,203	18,027

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	6,064	6,116
Capital surplus	6,993	7,045
Retained earnings	18,344	19,358
Treasury shares	(4)	(391)
Total shareholders' equity	31,396	32,128
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	566	832
Deferred gains or losses on hedges	(13)	243
Foreign currency translation adjustment	47	54
Total accumulated other comprehensive income	600	1,130
Total net assets	31,997	33,258
Total liabilities and net assets	53,200	51,286

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, 2022	Six months ended September 30, 2023
Net sales	40,965	40,016
Cost of sales	25,750	23,675
Gross profit	15,214	16,341
Selling, general and administrative expenses	11,718	12,967
Operating profit	3,496	3,374
Non-operating income		
Interest income	9	7
Dividend income	25	28
Gain on adjustment of accounts payable	2	29
Other	26	50
Total non-operating income	63	115
Non-operating expenses		
Interest expenses	10	9
Foreign exchange losses	174	35
Other	2	5
Total non-operating expenses	187	50
Ordinary profit	3,373	3,438
Extraordinary income		
Gain on sale of investment securities	10	15
Gain on sale of businesses	–	100
Total extraordinary income	10	115
Extraordinary losses		
Loss on retirement of non-current assets	6	12
Loss on sale of investment securities	2	–
Total extraordinary losses	9	12
Profit before income taxes	3,374	3,541
Income taxes - current	1,189	1,165
Income taxes - deferred	(147)	29
Total income taxes	1,041	1,194
Profit	2,333	2,346
Profit attributable to owners of parent	2,333	2,346

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	2,333	2,346
Other comprehensive income		
Valuation difference on available-for-sale securities	(8)	265
Deferred gains or losses on hedges	52	256
Foreign currency translation adjustment	25	7
Total other comprehensive income	68	529
Comprehensive income	2,402	2,876
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,402	2,876
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	3,374	3,541
Depreciation	478	481
Amortization of goodwill	21	21
Share-based payment expenses	24	50
Increase (decrease) in allowance for doubtful accounts	44	123
Increase (decrease) in other provisions	19	(86)
Increase (decrease) in retirement benefit liability	39	30
Interest and dividend income	(35)	(36)
Interest expenses	10	9
Loss (gain) on sale of investment securities	(8)	(15)
Loss (gain) on sale and retirement of non-current assets	6	12
Loss (gain) on sale of businesses	–	(100)
Decrease (increase) in trade receivables	(415)	(996)
Decrease (increase) in inventories	(1,504)	(985)
Decrease (increase) in other current assets	401	(1,250)
Increase (decrease) in trade payables	(126)	9
Increase (decrease) in accrued liabilities	(1,067)	205
Increase (decrease) in other current liabilities	40	(154)
Other, net	0	1
Subtotal	1,304	863
Interest and dividends received	35	36
Interest paid	(10)	(11)
Income taxes paid	(195)	(1,381)
Income taxes refund	72	67
Net cash provided by (used in) operating activities	1,205	(425)
Cash flows from investing activities		
Purchase of property, plant and equipment	(58)	(47)
Purchase of intangible assets	(142)	(95)
Proceeds from sale of investment securities	28	30
Proceeds from sale of businesses	–	100
Payments of guarantee deposits	(51)	(0)
Proceeds from refund of guarantee deposits	8	3
Other, net	(18)	(12)
Net cash provided by (used in) investing activities	(232)	(21)
Cash flows from financing activities		
Proceeds from short-term borrowings	–	2,000
Repayments of short-term borrowings	–	(2,000)
Repayments of long-term borrowings	(50)	(3,000)
Purchase of treasury shares	(0)	(387)
Dividends paid	(1,893)	(1,325)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(1,944)	(4,713)
Effect of exchange rate change on cash and cash equivalents	19	8
Net increase (decrease) in cash and cash equivalents	(952)	(5,151)
Cash and cash equivalents at beginning of period	7,142	10,267
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(9)
Cash and cash equivalents at end of period	6,189	5,105