

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 7, 2021

Company name: Scroll Corporation
 Stock exchange listing: Tokyo
 Stock code: 8005 URL <https://www.scroll.jp/>
 Representative: President Tomohisa Tsurumi
 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 28, 2021
 Scheduled date to file Securities Report: May 28, 2021
 Scheduled date to commence dividend payments: May 31, 2021
 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, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	85,195	17.3	7,385	244.3	7,519	227.4	5,183	636.6
Year ended March 31, 2020	72,634	2.1	2,145	26.4	2,296	62.3	703	11.5

	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, 2021	149.65	—	21.6	16.1	8.7
Year ended March 31, 2020	20.46	—	3.3	5.4	3.0

(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, 2021	49,903	26,648	53.4	764.30
As of March 31, 2020	43,270	21,462	49.6	621.20

(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, 2021	3,956	(3,312)	2,608	8,084
Year ended March 31, 2020	1,573	(1,780)	(433)	4,828

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, 2020	—	5.00	—	5.00	10.00	345	49.1	1.6
Year ended March 31, 2021	—	7.50	—	52.50	60.00	2,089	40.1	8.7
Year ending March 31, 2022 (Forecast)	—	10.00	—	10.00	20.00		24.9	

(Note) The cash dividends forecast for the fiscal year ending March 31, 2022, 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, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes									
	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	80,000	—	3,900	—	4,000	—	2,800	—	80.31

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(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, 2021	34,873,050 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 March 31, 2021	6,845 shares	As of March 31, 2020	303,072 shares
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Average number of shares during the period

Year ended March 31, 2021	34,639,241 shares	Year ended March 31, 2020	34,391,914 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 an interim dividend and a year-end dividend twice a year. 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 ending March 31, 2021)

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 15 yen per share as the lower limit.

The cash dividend for the fiscal year ending March 31, 2021 will be 52.50 yen per share based on the basic dividend policy. As a result, the annual dividend will be 60 yen, including the interim dividend of 7.50 yen.

3. Dividend of surplus for the next fiscal year (fiscal year ending March 31, 2022)

We will raise the lower limit of the annual dividend amount in the basic policy regarding dividends for the next fiscal year (fiscal year ending March 31, 2022) in order to further enhance the return of profits to shareholders, the basic dividend policy to that we will implement a consolidated payout ratio of 40% with a dividend of 20 yen per share as the lower limit.

The cash dividends forecast for the fiscal year ending March 31, 2022, 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. The reason is that the future is uncertain regarding the economic impact of the spread of the COVID-19 pandemic, such as the arrival of the fourth wave of the COVID-19 pandemic and the issuance of a state of emergency, and the future convergence. However, when we reach the stage where we can clearly see the full-year results, we will disclose the dividend forecast again and implement it in accordance with the basic policy of consolidated dividend payout ratio of 40%.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	4,828	8,084
Accounts receivable - trade	9,577	11,214
Merchandise	6,921	7,149
Supplies	779	507
Accounts receivable - other	3,282	3,742
Other	1,891	1,909
Allowance for doubtful accounts	(305)	(365)
Total current assets	26,976	32,241
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,890	15,769
Accumulated depreciation	(7,995)	(8,472)
Buildings and structures, net	3,895	7,297
Machinery, equipment and vehicles	1,734	1,961
Accumulated depreciation	(1,162)	(1,217)
Machinery, equipment and vehicles, net	571	743
Land	5,520	5,520
Construction in progress	2,610	—
Other	1,086	1,130
Accumulated depreciation	(986)	(963)
Other, net	100	166
Total property, plant and equipment	12,698	13,728
Intangible assets		
Goodwill	171	128
Software	613	597
Software in progress	168	180
Other	6	6
Total intangible assets	959	913
Investments and other assets		
Investment securities	1,010	1,310
Deferred tax assets	1,020	1,212
Other	841	904
Allowance for doubtful accounts	(235)	(406)
Total investments and other assets	2,636	3,020
Total non-current assets	16,294	17,661
Total assets	43,270	49,903

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	2,561	2,850
Short-term borrowings	100	4,300
Accounts payable - other	11,691	7,283
Income taxes payable	395	2,278
Provision for bonuses	282	621
Provision for point card certificates	34	37
Provision for loss on interest repayment	4	4
Other	1,007	1,276
Total current liabilities	16,077	18,651
Non-current liabilities		
Long-term borrowings	4,375	3,075
Deferred tax liabilities	2	—
Provision for retirement benefits for directors (and other officers)	70	54
Provision for loss on interest repayment	9	7
Provision for environmental measures	1	1
Retirement benefit liability	1,180	1,310
Other	91	154
Total non-current liabilities	5,731	4,603
Total liabilities	21,808	23,255
Net assets		
Shareholders' equity		
Share capital	6,005	6,018
Capital surplus	6,657	6,644
Retained earnings	8,662	13,414
Treasury shares	(169)	(3)
Total shareholders' equity	21,155	26,074
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	219	434
Deferred gains or losses on hedges	61	132
Foreign currency translation adjustment	4	7
Total accumulated other comprehensive income	285	574
Share acquisition rights	21	—
Total net assets	21,462	26,648
Total liabilities and net assets	43,270	49,903

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	72,634	85,195
Cost of sales	46,789	53,356
Gross profit	25,845	31,838
Selling, general and administrative expenses	23,699	24,452
Operating profit	2,145	7,385
Non-operating income		
Interest income	19	23
Dividend income	40	34
Foreign exchange gains	34	41
Gain on adjustment of account payable	35	23
Other	68	47
Total non-operating income	198	170
Non-operating expenses		
Interest expenses	22	29
Other	24	7
Total non-operating expenses	47	37
Ordinary profit	2,296	7,519
Extraordinary income		
Gain on sale of investment securities	—	0
Total extraordinary income	—	0
Extraordinary losses		
Loss on retirement of non-current assets	61	6
Impairment losses	778	105
Other	2	0
Total extraordinary losses	842	113
Profit before income taxes	1,454	7,406
Income taxes - current	826	2,539
Income taxes - deferred	(75)	(316)
Total income taxes	750	2,222
Profit	703	5,183
Profit attributable to owners of parent	703	5,183

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	703	5,183
Other comprehensive income		
Valuation difference on available-for-sale securities	(185)	214
Deferred gains or losses on hedges	34	70
Foreign currency translation adjustment	(4)	2
Total other comprehensive income	(155)	288
Comprehensive income	548	5,472
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	548	5,472
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

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					
Issuance of new shares					—
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						
Issuance of new shares						—
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

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
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
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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	1,454	7,406
Depreciation	784	1,056
Impairment losses	778	105
Amortization of goodwill	134	42
Increase (decrease) in allowance for doubtful accounts	90	231
Increase (decrease) in provision for bonuses	60	337
Increase (decrease) in provision for point card certificates	(4)	3
Increase (decrease) in provision for loss on interest repayment	(18)	(2)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	—	(16)
Increase (decrease) in other provisions	(21)	—
Increase (decrease) in retirement benefit liability	57	130
Interest and dividend income	(60)	(58)
interest expenses	22	29
Loss (gain) on sale and valuation of investment securities	—	(0)
Loss (gain) on sale and retirement of non-current assets	61	6
Decrease (increase) in trade receivables	647	(1,637)
Decrease (increase) in inventories	(20)	(96)
Decrease (increase) in other current assets	(769)	(459)
Increase (decrease) in trade payables	(484)	284
Increase (decrease) in accrued liabilities	(143)	(3,122)
Increase (decrease) in other current liabilities	(17)	314
Other, net	21	5
Subtotal	2,573	4,562
Interest and dividends received	60	58
Interest paid	(22)	(27)
Income taxes paid	(1,049)	(702)
Income taxes refund	12	65
Net cash provided by (used in) operating activities	1,573	3,956
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,442)	(2,978)
Purchase of intangible assets	(327)	(431)
Purchase of investment securities	(4)	(1)
Proceeds from sale of investment securities	—	3
Payments of guarantee deposits	(44)	(5)
Proceeds from refund of guarantee deposits	43	113
Other, net	(5)	(12)
Net cash provided by (used in) investing activities	(1,780)	(3,312)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Proceeds from long-term borrowings	—	3,000
Repayments of long-term borrowings	(169)	(100)
Proceeds from issuance of shares	—	22
Proceeds from sale of treasury shares	84	119
Dividends paid	(344)	(429)
Other, net	(3)	(3)
Net cash provided by (used in) financing activities	(433)	2,608
Effect of exchange rate change on cash and cash equivalents	(4)	1
Net increase (decrease) in cash and cash equivalents	(644)	3,253
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	4,828	8,084