



## **FY2022**

# **Financial Results**

(From April 1, 2022 to March 31, 2023)

Scroll Corporation  
(TSE Prime Section : 8005)

**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.

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Medium-term Management Plan  
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**/ Business Segments Introduction**

# FY2022 Financial Results

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## Highlights (consolidated)

### Decrease in sales and profit

- Amid the deterioration of the cost environment, a certain level of management efficiency was secured despite the negative impact of the main business.

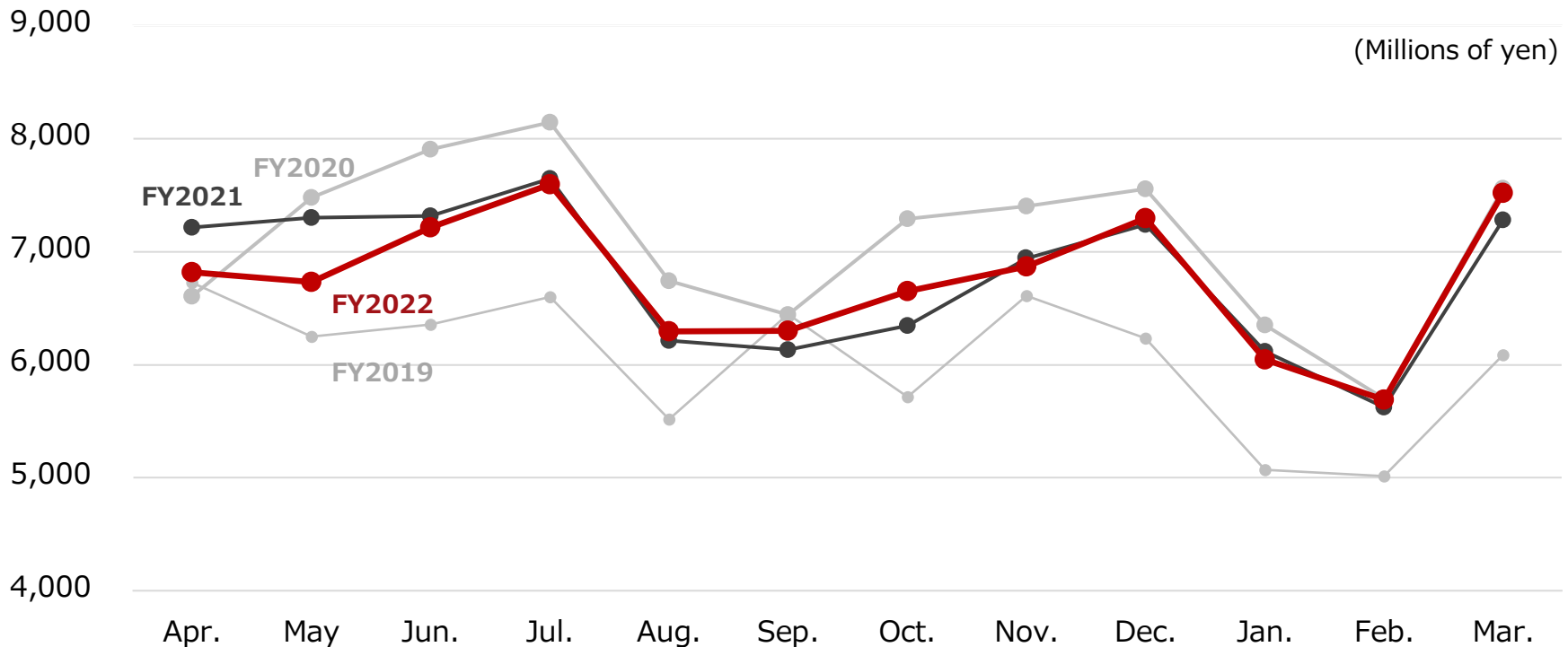
(Millions of yen)

	FY2020 Actual	FY2021 Actual	FY2022 Actual	Y o Y	
				Change	% Change
Net sales	85,195	81,391	81,018	- 372	- 0.5%
Operating profit (Operating profit / net sales)	7,385 (8.7%)	7,000 (8.6%)	6,121 (7.6%)	- 878	- 12.6%
Ordinary profit (Ordinary profit / net sales)	7,519 (8.8%)	7,096 (8.7%)	6,191 (7.6%)	- 905	- 12.8%
Profit attributable to owners of parent	5,183	5,585	4,170	- 1,415	- 25.3%
Earnings per share	¥ 149.65	¥ 160.20	¥ 119.39	- ¥ 40.81	—
Return on Equity (ROE)	21.6%	19.7%	13.4%	- 6.3 P	—

\*We have applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. effective from the beginning of the FY2021.

# Changes in monthly net sales (consolidated)

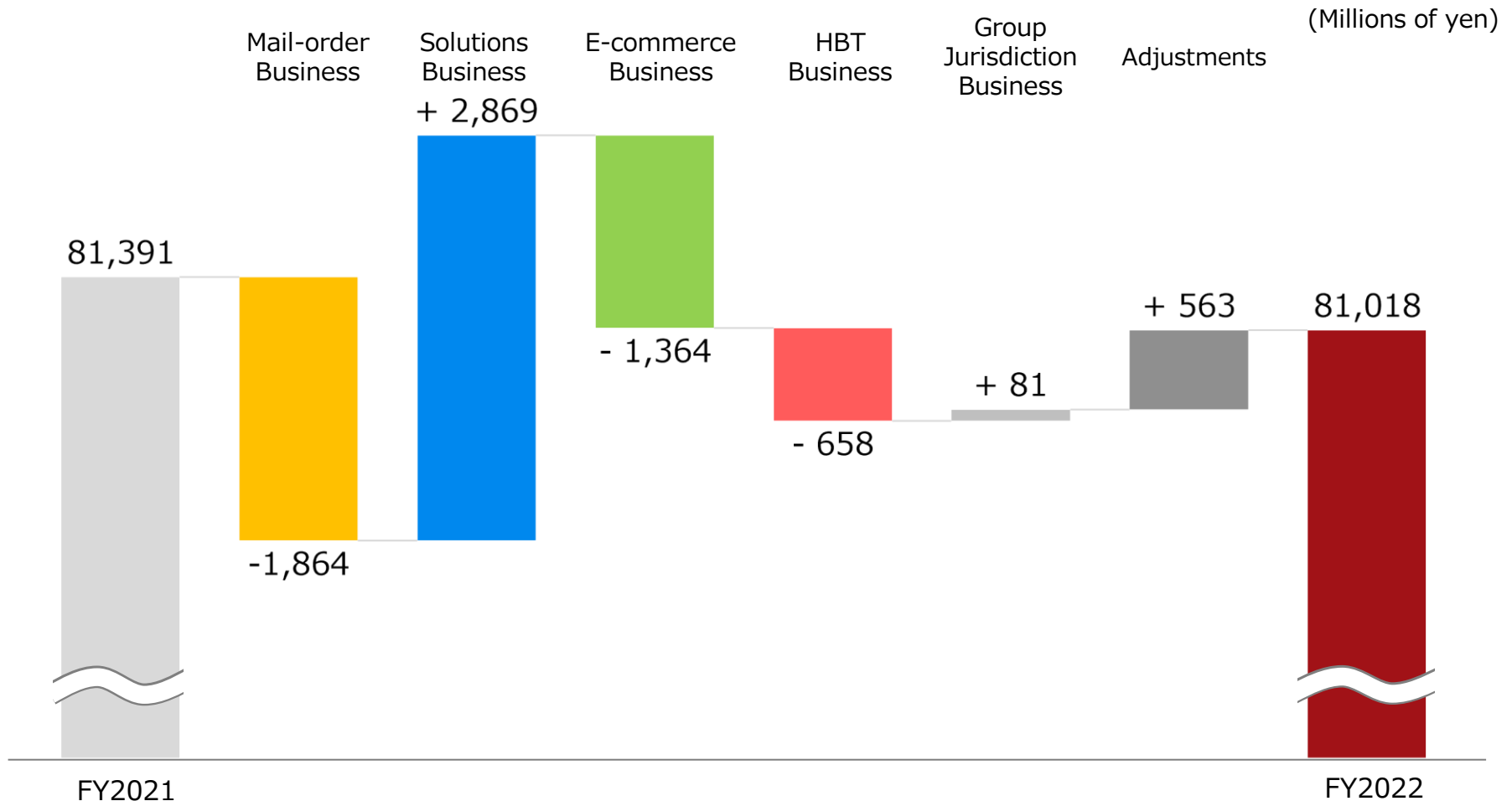
- The Mail-order Business was sluggish at the beginning of the term (April-May). However, after June, the Mail-order Business recovered and the Solutions Business also grew. The sales remained at the same level as the previous term due those results.



\*Figures for FY2019 and FY2020 on this page are figures before the application of the Accounting Standard for Revenue Recognition, etc. It is displayed for reference.

# Analysis of Sales Increase/Decrease (consolidated)

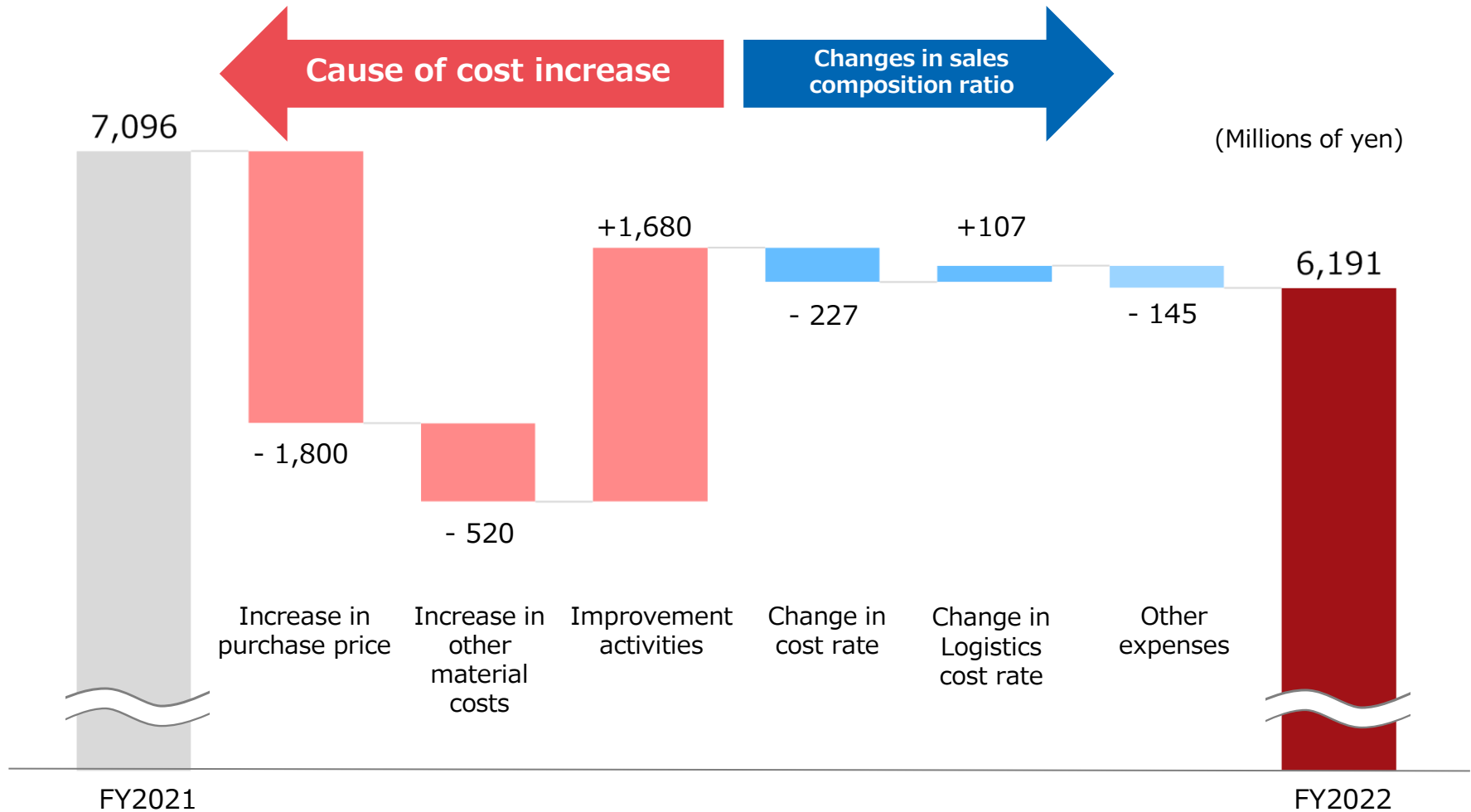
- The Solutions Business increased due to the contribution of new distribution centers and the growth of various services.
- The three businesses including the Mail-order Business, the E-commerce Business, and the HBT Business were lower sales.



\* Effective from the beginning of the FY2022, the Company has changed its reportable segments.

# Analysis of Changes in Ordinary profit (consolidated)

- Absorb cost increases such as purchase prices and paper costs by reviewing selling prices.
- Change in cost structure due change in sales composition of business genre.



## Selling, general and administrative expenses (consolidated)

- The SG&A expenses ratio increased by 0.8P due to cost increases in advertising expenses and other expenses.

(Millions of yen)

	FY2021 Actual	FY2022 Actual	Change	Increase/Decrease Factors
Freightage related expenses	1,668	1,609	- 59	
Advertising expenses	9,826	10,164	+337	[+] sales promotion expenses +460 (Increase in catalog production costs) [-] sales promotion expenses - 93 (Efficient distribution of weekly catalogs) [+] sales promotion expenses +144 (Increased circulation of booklet catalogs)
Personnel expenses	5,117	4,893	- 223	[-] Salary related - 231
Others	6,751	7,228	+476	[+] Commission fee +422 (Account item change: Transfer from Cost) [+] Provision for allowance for doubtful accounts +14 (Payment agency business)
SG&A expenses (SG&A expenses ratio)	23,364 (28.7%)	23,896 (29.5%)	+531 (+0.8P)	[+] Cause of cost increase +520



# Performance by Segment

## Mail-order Business

### Decrease in sales and profit

Segment profit achieved initial financial plan despite declining sales and profits

Net sales :	¥ 40,049 million	( -4.4%)
Segment profit :	¥ 5,364 million	( -16.7%)

## Solutions Business

### Increase in sales and profit

Record-high sales due to growth in various services

Net sales :	¥ 21,359 million	( + 15.5%)
Segment profit :	¥ 725 million	( +308.7%)

## E-commerce Business

### Decrease in sales and profit

Significant decrease in profit due to difficult market environment

Net sales :	¥ 20,042 million	( -6.4%)
Segment profit :	¥ 31 million	( -92.2%)

## HBT Business

### Decrease in sales and profit

Sales and profit decreased due to business restructuring, but returned to profitability in 4Q

Net sales :	¥ 1,851 million	( -26.2%)
Segment profit :	- ¥ 98 million	(- ¥ 1 million in FY2021)

## Group Jurisdiction Business

### Increase in sales and decrease in profit

Increased burden due to rising utility costs in the real estate business

Net sales :	¥ 3,369 million	( +2.5%)
Segment profit :	¥ 108 million	( -2.5%)

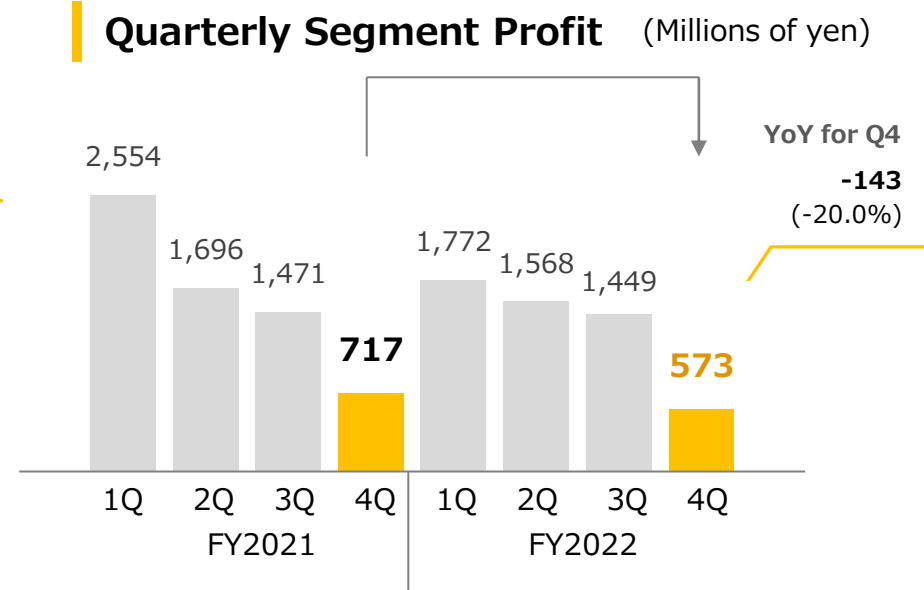
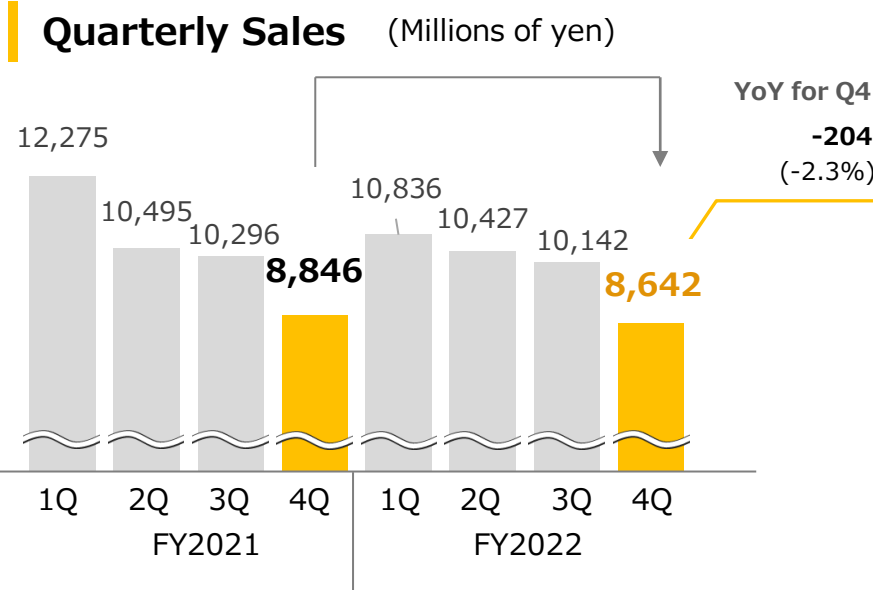
\* ( ) Figures in parentheses are year-on-year changes \* Effective from the beginning of the FY2022, the Company has changed its reportable segments.

\* Sales for each segment include internal sales or transfers between segments.

# Mail-order Business Segment

- Contribute to Group profits by curbing cost rate rises and maximizing business efficiency.
  - Sales price was revised from the 3rd quarter due to the increase in purchase price
  - Amid rising costs for catalog paper, etc., we curbed increases in sales promotion costs through efficient catalog distribution.

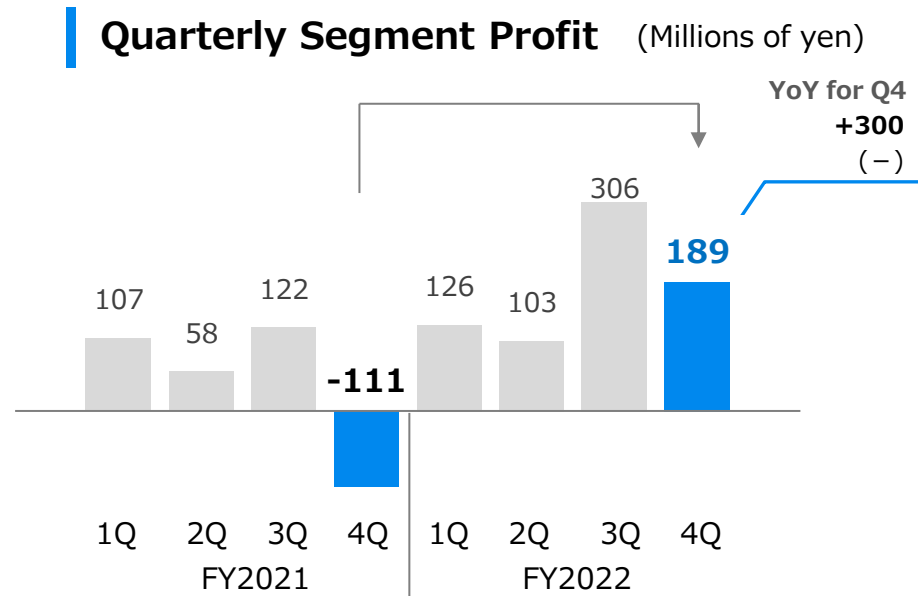
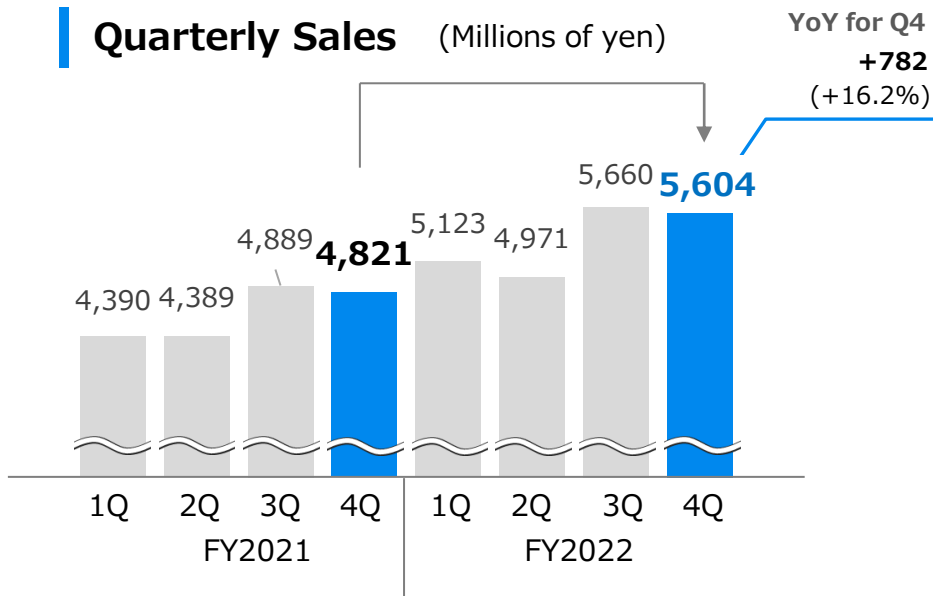
<b>FY2022</b>	Net sales :	¥ 40,049 million	(YoY - 4.4%)
	Segment profit :	¥ 5,364 million	(YoY - 16.7%)



# Solutions Business Segment

- Sales and profit increased due to the growth of various mail-order solution services, including logistics agency services.
  - Achieved record sales in the segment.
  - Logistics agency and payment agency services grow in profits-wise.

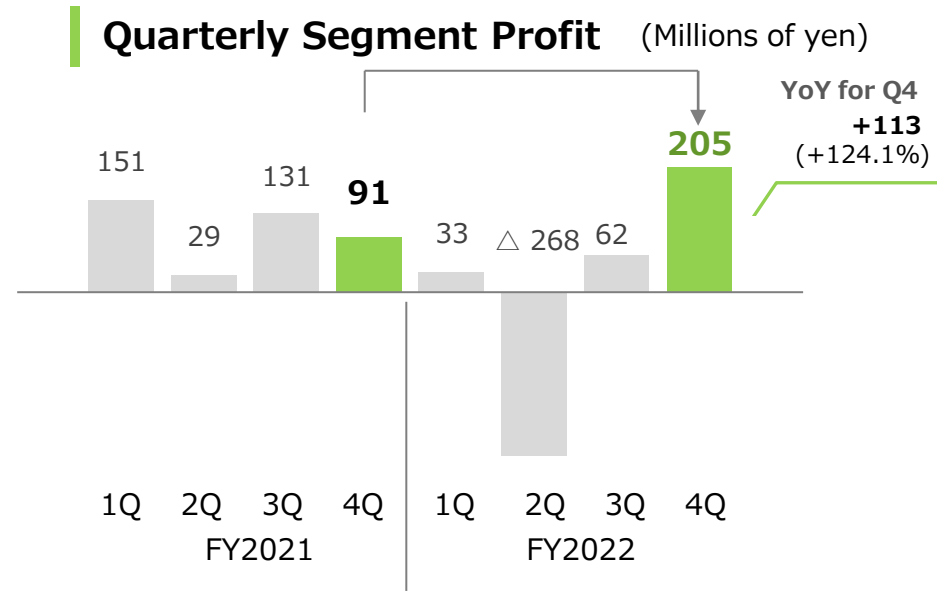
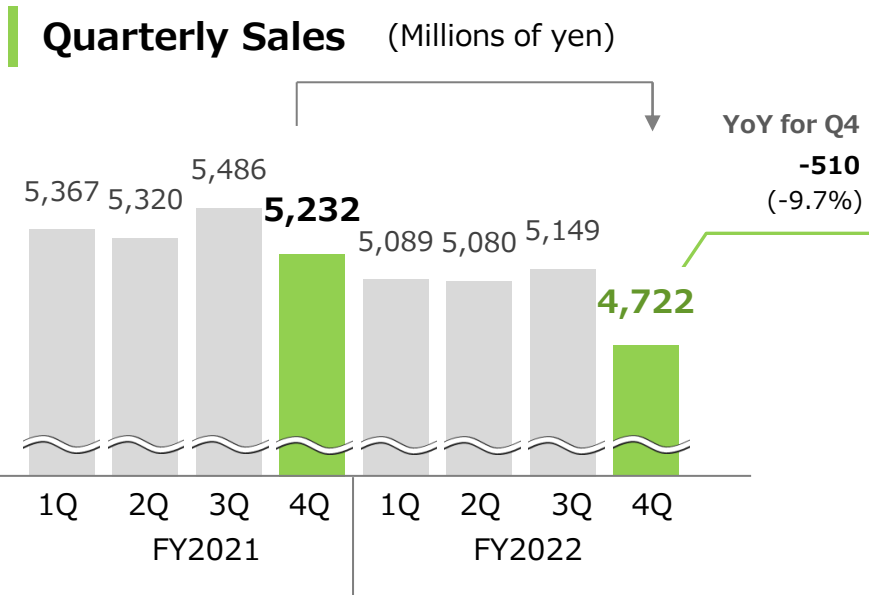
<b>FY2022</b>	Net sales :	¥ 21,359 million	(YoY + 15.5%)
	Segment profit :	¥ 725 million	(YoY + 308.7%)



# E-commerce Business Segment

- Due to the severe market environment, profits were greatly affected.
  - Profitability deteriorated due to intensifying price competition and rising purchase prices.
  - In particular, the inventory turnover rate for outdoor and camping equipment deteriorated.

<b>FY2022</b>	Net sales :	¥ 20,042 million	(YoY - 6.4%)
	Segment profit :	¥ 31 million	(YoY - 92.2%)



# Balance sheet (consolidated)

- Net assets reached 31,977 million yen due to net profit and capital increase.

(Millions of yen)

	March 31, 2022	March 31, 2023	Change	
				< Main increase/decrease items >
Current assets	32,233	36,149	+3,915	Cash and deposits +3,124
Non-current assets	17,477	17,051	-426	
Total assets	49,711	53,200	+3,489	
Current liabilities	12,051	16,529	+4,478	Short-term borrowing +2,925
Non-current liabilities	7,621	4,673	-2,947	Long-term borrowing -3,000 Income taxes payable +1,225
Total liabilities	19,673	21,203	+1,530	
Total net assets	30,037	31,997	+1,959	Share capital / Capital surplus +90 Dividend payment -2,249 net profit +4,170
Total liabilities and net assets	49,711	53,200	+3,489	
Equity ratio	60.4%	60.1%	-0.3P	

# Cash flows (consolidated)

(Millions of yen)

	FY2021 Actual	FY2022 Actual	Change
Net cash provided by (used in) operating activities	3,711	5,853	+2,142
Net cash provided by (used in) investing activities	-1,208	-414	+794
Net cash provided by (used in) financing activities	-3,473	-2,322	+1,150
Effect of exchange rate change on cash and cash equivalents	28	7	-20
Net increase (decrease) in cash and cash equivalents	-941	3,124	+4,066
Cash and cash equivalents at beginning of period	8,084	7,142	-941
Cash and cash equivalents at end of period	7,142	10,267	+3,124

- Main components of net cash provided by (used in) operating activities
  - Profit before income taxes + ¥ 6,158 million
  - income tax paid - ¥ 919 million
- Main components of net cash provided by (used in) investing activities
  - Purchase of property, plant and equipment - ¥ 147 million
  - Purchase of intangible assets - ¥ 203 million
- Main components of net cash provided by (used in) financing activities
  - Dividends paid - ¥ 2,245 million

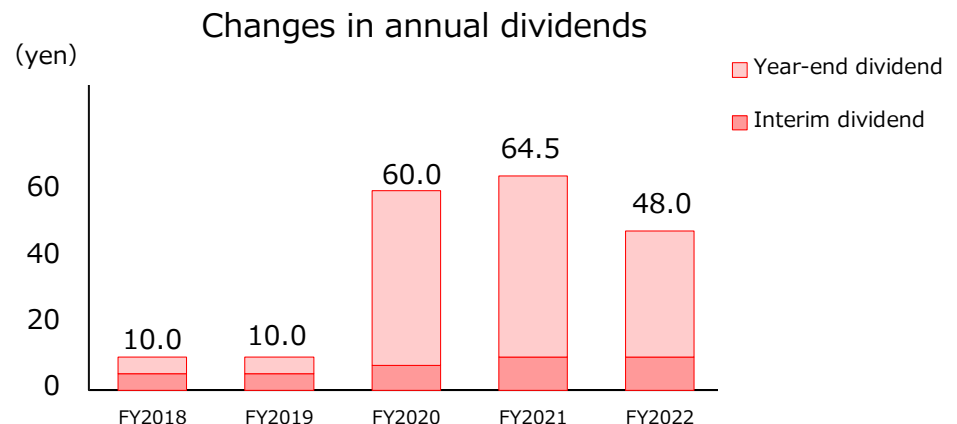
# About shareholder return (FY2022)

## ■ Basic Policy on Shareholder Return

- We regards the return of profit to its shareholders as one of the most important management policy.
- Our basic policy regarding dividends is to "implement an annual dividend of 20 yen as the minimum and a consolidated dividend payout ratio of 40% in principle".  
 For fiscal years in which net income for the current term fluctuates significantly due to sales of real estate or securities not directly related to business activities and other special factors, the amount of dividends will be determined after excluding the impact of such sales.
- We use internal reserves primarily for appropriate investments to strive to maintain and strengthen inter-corporate competitiveness.

## ■ FY2022 Dividend per share

Interim dividend	¥ 10.0
<u>Year-end dividend</u>	<u>¥ 38.0</u>
Annual dividend	¥ 48.0



**FY2023-FY2025**  
**Medium-term Management Plan**  
**~Direct Marketing Solution 2025~**

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# Direct Marketing Solution 2025

## Conversion to Direct Marketing Solution Company

FY2023

Promote growth strategy by optimizing our business portfolio

- Accelerate growth of Solutions Business
- Further deepening and evolution of Mail-order Business
- E-commerce Business shifts from operational superiority to customer creation

▶ **Strengthen foundation for growth**

Promotion of Effective Responsibility Management

- Initiatives toward eco-friendliness and a decarbonized society
- Promotion of task diversity management (Maximize human capital)
- Response to Corporate Governance Code

▶ **"Act" before speaking "Words"**

FY2024  
-FY2025

### **Promotion of DMC management by strengthening DMS**

Solutions Business	Become a core business of DMS both in name and reality through sustainable growth
Mail-order Business	Establish a solid earnings base and expand earnings through SVB*
E-commerce Business	Improving profitability by conversion of business models

\*Solution Vendor Business

### **Direct Marketing Solution (DMS)**

**Respond to customer needs by making full use of all the knowledge and know-how related to direct marketing that the Group possesses**

We define the value we provide to customers (VALUE PROPOSITION) as " Direct Marketing Solution (DMS) ".



The Group will promote the transformation from an " EC / mail-order company "  
to

**Direct Marketing Solution Company (DMSC)**

# Summary of Medium-term Management Plan, FY2023 - FY2025

## (quantitative targets)

- Although the business environment will continue to be difficult in FY2023, we will secure the same level of profit as the previous term by promoting the growth strategy, and aim for further growth toward FY2025.

(Millions of yen)

	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Target	FY2024 Target	FY2025 Target
Net sales (Growth rate)	85,195 (+17.3%)	81,391 (-)	81,018 (- 0.5%)	83,000 (+2.4%)	90,000 (+8.4%)	95,000 (+5.6%)
Operating profit (Operating profit / net sales)	7,385 (8.7%)	7,000 (8.6%)	6,121 (7.6%)	6,100 (7.3%)	6,900 (7.7%)	7,900 (8.3%)
Ordinary profit (Ordinary profit / net sales)	7,519 (8.8%)	7,096 (8.7%)	6,191 (7.6%)	6,200 (7.5%)	7,000 (7.8%)	8,000 (8.4%)
Profit attributable to owners of parent	5,183	5,585	4,170	4,200	4,700	5,400
Return on Equity (ROE)	21.6%	19.7%	13.4%	12.7%	13.2%	13.9%

\* FY2020 results are shown as reference figures before the application of the "Accounting Standard for Revenue Recognition," etc.

\* FY2021 results are the first year of application of the "Accounting Standard for Revenue Recognition," etc., so year-on-year changes are not stated.

# Summary of Medium-term Management Plan, FY2023 - FY2025

(quantitative targets by Segment)

- The Solutions Business will become the growth driver and drive the growth of the entire group.

(Millions of yen)

Business	FY2021		FY2022		FY2023		FY2024		FY2025		
	Actual	% change (*2)	Actual	% change (*2)	Target	% change (*2)	Target	% change (*2)	Target	% change (*2)	
Net sales	Solutions	18,490	—	21,359	+15.5%	26,000	+21.7%	31,000	+19.2%	36,000	+16.1%
	Mail-order	41,914	—	40,049	- 4.4%	39,000	- 2.6%	40,000	+2.6%	40,000	+0.0%
	E-commerce	21,406	—	20,042	- 6.4%	19,000	- 5.2%	20,000	+5.3%	20,000	+0.0%
	H B T	2,510	—	1,851	- 26.2%	1,000	- 46.0%	1,000	+0.0%	1,000	+0.0%
	Group Jurisdiction	3,287	—	3,369	+2.5%	3,200	- 5.0%	3,200	+0.0%	3,300	+3.1%
	Adjustments	- 6,217	—	- 5,653	—	- 5,200	—	- 5,200	—	- 5,300	—
	Total	81,391	—	81,018	- 0.5%	83,000	+2.4%	90,000	+8.4%	95,000	+5.6%
Ordinary profit	Solutions	177	(1.0%)	725	(3.4%)	1,400	(5.4%)	2,000	(6.5%)	2,800	(7.8%)
	Mail-order	6,439	(15.4%)	5,364	(13.4%)	4,500	(11.5%)	4,500	(11.3%)	4,500	(11.3%)
	E-commerce	404	(1.9%)	31	(0.2%)	200	(1.1%)	400	(2.0%)	500	(2.5%)
	H B T	- 1	—	- 98	—	0	(0.0%)	0	(0.0%)	100	(10.0%)
	Group Jurisdiction	111	(3.4%)	108	(3.2%)	100	(3.1%)	100	(3.1%)	100	(3.0%)
	Adjustments	- 35	—	58	—	0	—	0	—	0	—
	Total (Ordinary profit)	7,096	(8.7%)	6,191	(7.6%)	6,200	(7.5%)	7,000	(7.8%)	8,000	(8.4%)

\*1 As the FY2021 is the first year of application of the "Accounting Standard for Revenue Recognition" and other standards, % change from the previous fiscal year is not shown.

\*2 (Ordinary profit / net sales)

# Net sales and Operating profit by Segment

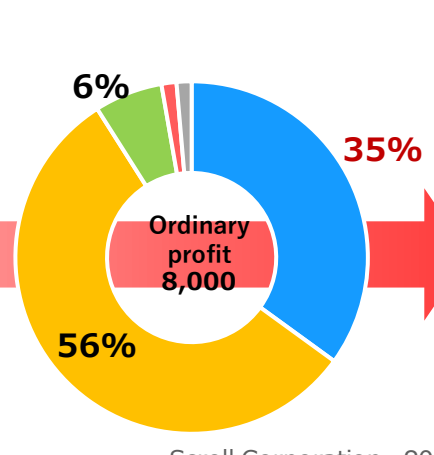
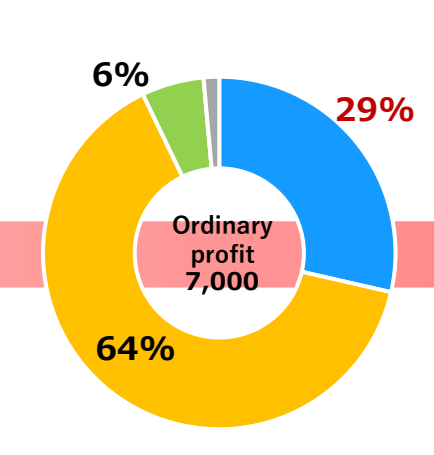
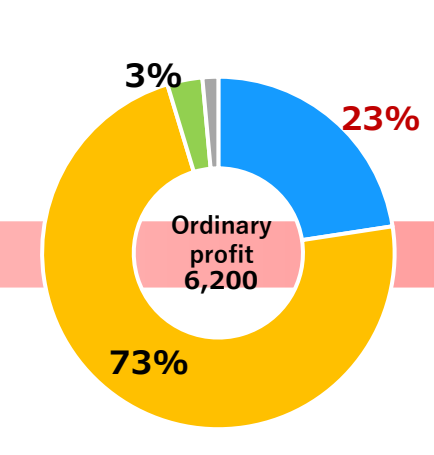
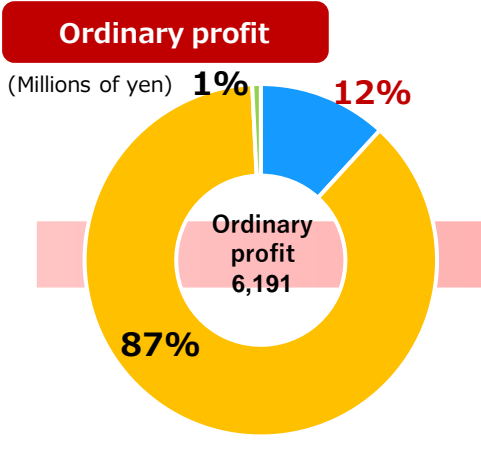
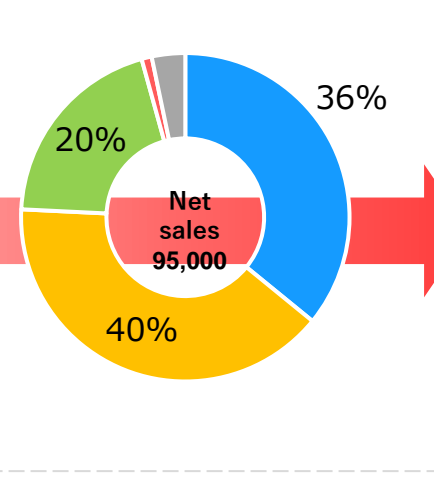
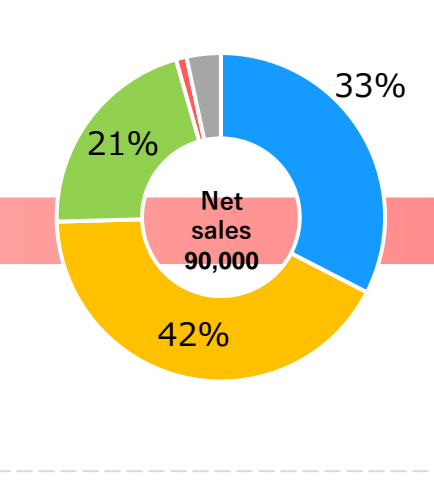
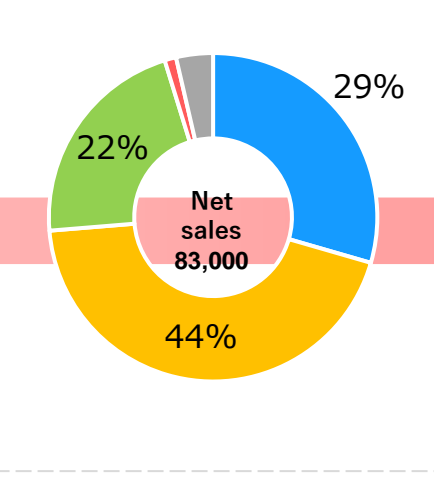
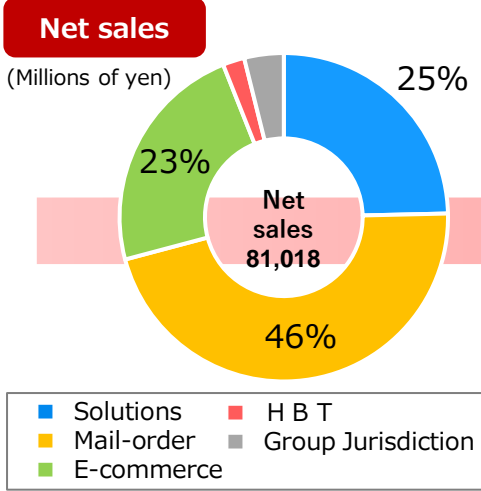
- Concentrate management resources on the Solutions Business and grow the composition ratio of the Solutions Business to about of Ordinary profit 35% in FY2025.

**FY2022 Actual**

**FY2023 Target**

**FY2024 Target**

**FY2025 Target**



# Conversion to DMSC (Solutions Business Strategy)

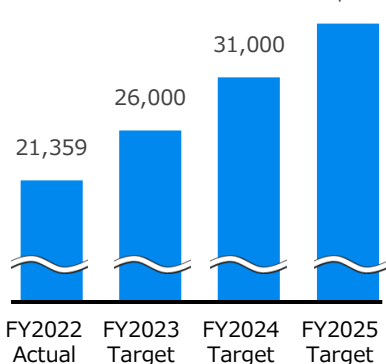
As a growth driver for the Group, we will work to strengthen the profitability of our core logistics agency business and accelerate the growth of various services.

## Accelerate growth of Solutions Business

- Strengthen profitability of logistics agency**
  - Improving marginal profit per unit of area
  - Increase the number of new customer acquisitions by building highly reproducible sales methods
- Strengthening the settlement agency business**
  - Strengthen service and sales capabilities
  - \*Expansion of supported payment types (Payment by Credit card, smartphone, carrier payment system)
  - Strengthen profitability
- Strengthening affiliate services in the marketing support business**
  - Expand business scale by strengthening multiple strategic genres

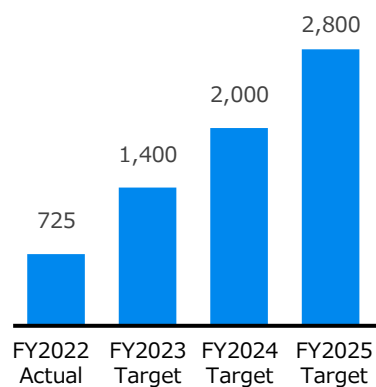
### Segment Net sales

(Millions of yen)



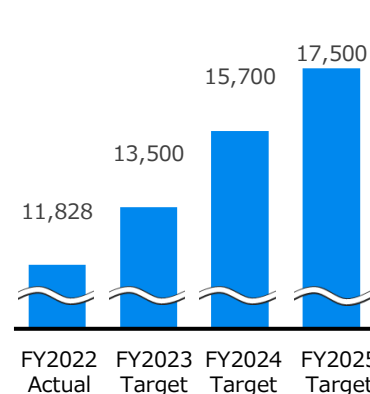
### Segment profit

(Millions of yen)

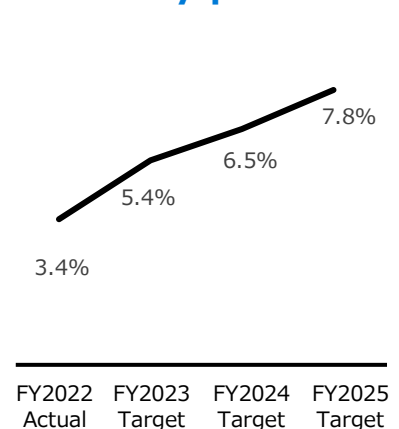


### Logistics agency sales

(Millions of yen)



### Ordinary profit ratio



We will strive to establish and monetize new businesses while further strengthening the earnings base that supports the entire group.

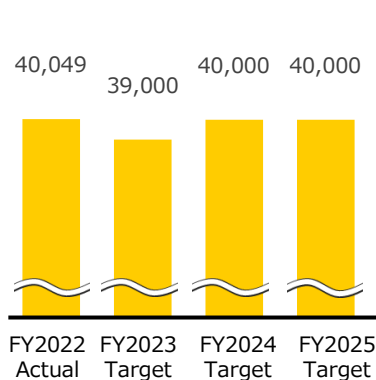


## Further deepening and evolution of Mail-order Business

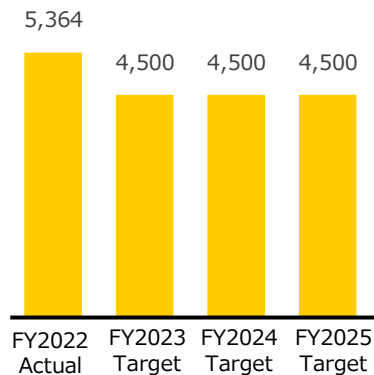
- Strengthen the earnings base of existing businesses
  - Streamlining existing businesses through data marketing
  - Maximize order efficiency by strengthening data merchandising
  - Setting production and procurement routes with an awareness of the final cost rate (total cost)
- Establishment of new business by SVB\* and achieving profitability
  - Generate profits by providing new value (goods, things, services) to existing customers
  - Development of new business schemes utilizing external resources

\*Solution Vendor Business

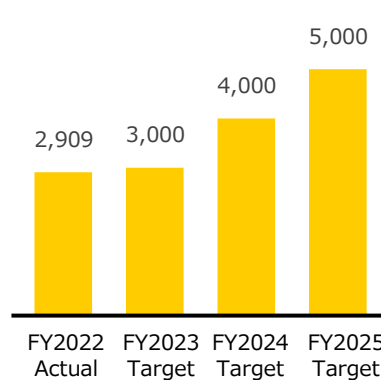
**Segment Net sales**  
(Millions of yen)



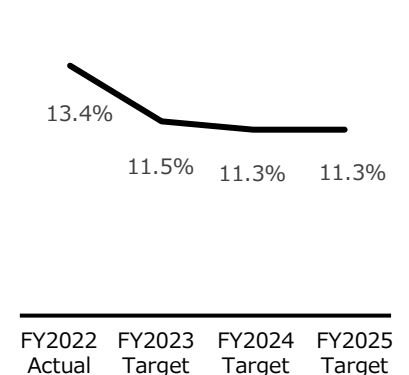
**Segment profit**  
(Millions of yen)



**SVB Sales**  
(Millions of yen)



**Ordinary profit ratio**



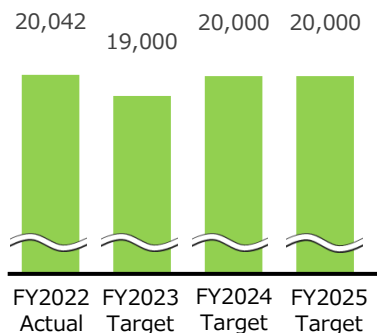
Aim to improve profitability by changing the profit structure.



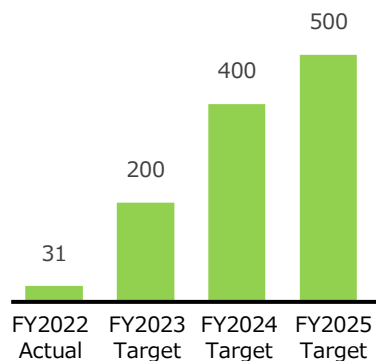
## E-commerce Business shifts from operational superiority to customer creation

- Reduce the cost rate by developing original products and expansion of direct trade production and rebuild merchandising**
  - Strengthen development of original products (Hilander, H&B, kitchen goods, disaster prevention supplies)
  - Cost reduction through expansion of direct trade production, etc. (Seikatsuzakka, Romantic Princess)
- Improve efficiency of existing businesses and transform earnings structure through new businesses**
  - Acquire more clients and add new functions to expand the BPO business
  - Improve profitability of national brand products in the outdoor genre

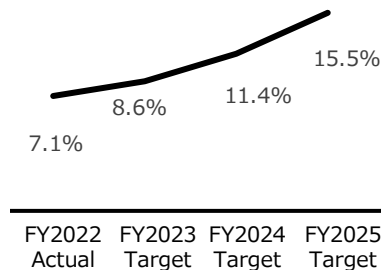
**Segment Net sales**  
(Millions of yen)



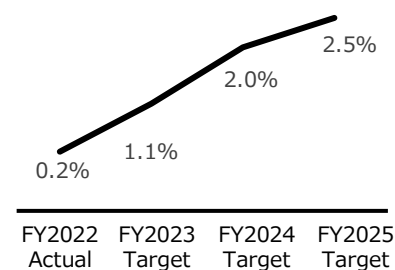
**Segment profit**  
(Millions of yen)



**Original product sales ratio**  
(Millions of yen)



**Ordinary profit ratio**





- As a company listed on the Tokyo Stock Exchange Prime Market, we will promote effective initiatives.

<p>Promoting environmental consideration and decarbonization initiatives through corporate activities</p>	<ul style="list-style-type: none"> <li>• Product development and procurement that considers environmental and social issues             <ul style="list-style-type: none"> <li>– Achieve SDGs-related product composition ratio of <b>50%</b> (apparel products) by FY2025</li> </ul> </li> <li>• Reducing the amount of plastic materials used in packaging materials             <ul style="list-style-type: none"> <li>– <b>65%</b> reduction by FY2030 (compared to FY2021)</li> </ul> </li> <li>• Various efforts to reduce CO<sub>2</sub> <ul style="list-style-type: none"> <li>– Reduction of paper consumption, reduction of electricity consumption, etc.</li> </ul> </li> </ul>
<p>Promotion of task diversity management to achieve sustainable growth</p>	<ul style="list-style-type: none"> <li>• Promoting the active participation of women and promoting them to managerial positions             <ul style="list-style-type: none"> <li>– Raise the percentage of female managers in the entire Group to <b>30%</b> or more by FY2025</li> </ul> </li> <li>• Diversity system, implementation of recruitment and training programs centered on new graduates</li> </ul>
<p>Medium to long term enhancement of corporate value by enhancing corporate governance</p>	<ul style="list-style-type: none"> <li>• Introduction of a performance-linked compensation system for directors centered on the Nomination and Compensation Committee</li> <li>• Considering further expansion of English disclosure</li> <li>• Measures to disclose management plans that take capital cost and stock price into account</li> </ul>

## About shareholder return (Effective from the FY2023)

### ■ Basic Policy on Shareholder Return

- We promote ROE-oriented management, aiming to maximize direct profit returns and shareholder value over the medium to long term.
- Our basic target for dividends is a consolidated dividend payout ratio of 40%, with a minimum dividend on equity (DOE) ratio of 4%.
- Retained earnings will be returned to shareholders by investing in growth and stable profit distribution with the aim of maximizing corporate value, and by flexibly purchasing treasury stock and other means with respect to surplus funds reserved for the long term.

### ■ FY2023 Dividend per share (Forecast)

- Dividends for the next fiscal year (FY2023) are as follows.

Interim dividend	¥ 24.0
<u>Year-end dividend</u>	<u>¥ 24.0</u>
Annual dividend	¥ 48.0

# Company Profile / Business Segments Introduction

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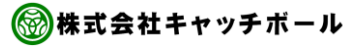
## Scroll Corporation

- Headquarters : 2-24-1 Sato, Naka-ku, Hamamatsu-shi, Shizuoka
- Representative : Tomohisa Tsurumi
- Established : October 1, 1943
- Capital : ¥ 6,064 million (as of March 31, 2023)
- Employees (consolidated) : 893 (as of March 31, 2023)
- Description of business : Solutions Business for e-commerce and mail-order business vendors, as well as Mail-order Business of apparel, general merchandise, cosmetics and health food products, travel, etc.
- Business structure : Direct Marketing Conglomerate made up of 19 consolidated companies

# Business Segments and Business Overview

## Solutions Business

We provide "one-stop solution services" that provide 360-degree support for EC and mail-order businesses.



## Mail-order Business

We are developing mail-order sales (catalog and partially internet) for members of the co-op home delivery business.



詩克樂商貿（上海）有限公司

## E-commerce Business

We sell specialized product categories over the Internet, primarily through our own website and online shopping malls.



## HBT Business

We sell cosmetics and health foods over the Internet, focusing on natural and organic products to help our customers stay healthy in mind and body. We also sell domestic travel planning.



Anthropologie  
北海道アンソロロジー株式会社

木 草  
果 花



## Group Jurisdiction Business

We operate logistics centers and make effective use of real estate at our domestic locations. In addition, overseas subsidiaries manage the production of products.



SCROLL VIETNAM CO.,LTD.

## Contact



Corporate Planning Department, Corporate Management Division

Telephone : +81-53-464-1114 (direct line: from overseas)

E-mail : ir@mb.scroll.jp

Website address: <https://www.scroll.jp/en/>

### ★Caution regarding forward-looking statements

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ from the forecast figures due to various factors going forward.