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scroll



FY2023
Financial Results

(From April 1, 2023 to March 31, 2024)

Scroll Corporation
(TSE Prime Market : 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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FY2023 Financial Results

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Highlights (consolidated)

- Decreased in sales and profit YoY.

  We were unable to cover the sharp decline in E-commerce Business segment performance, and additionally, we recorded expenses for business restructuring and reorganization.

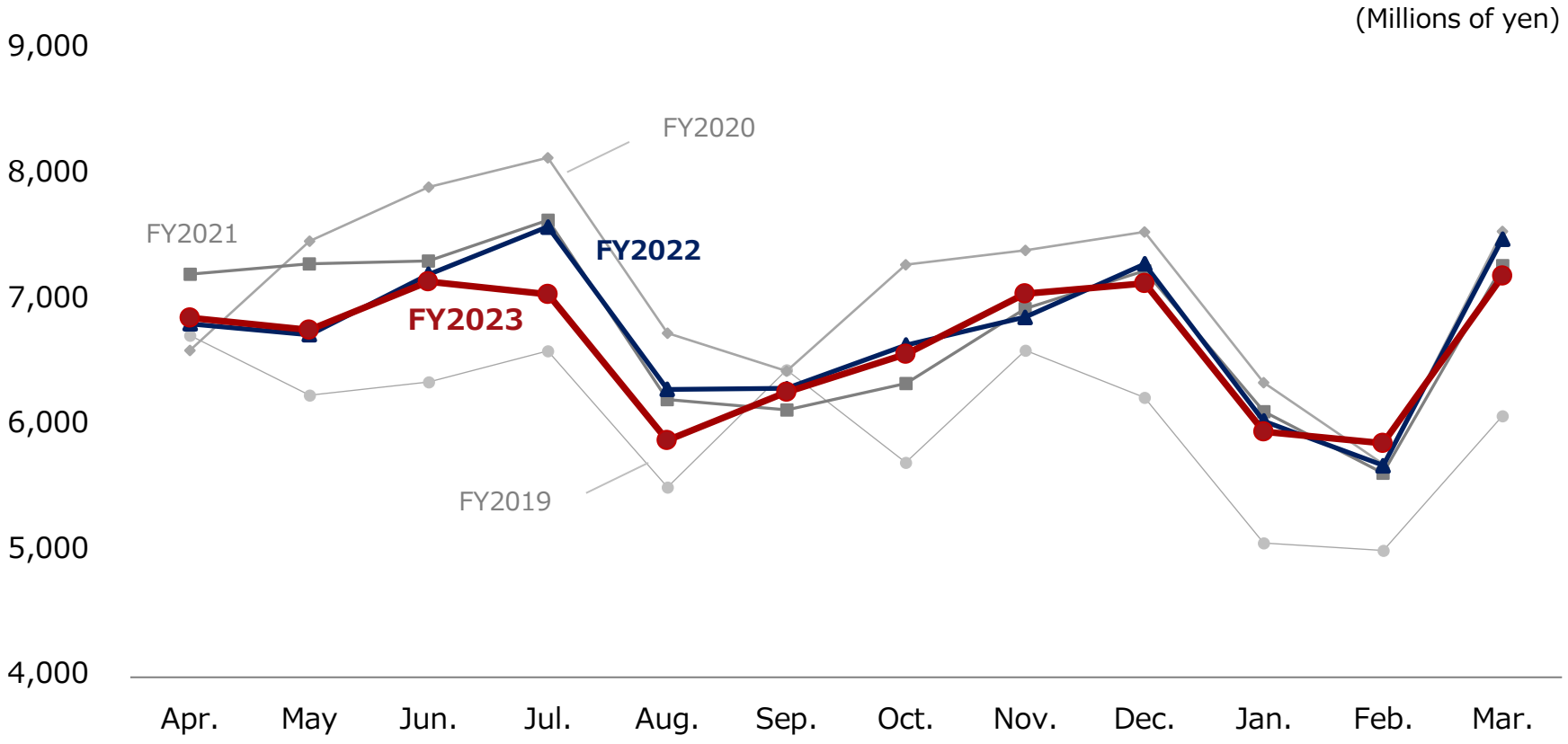
(Millions of yen)	FY2021 Actual	FY2022 Actual	FY2023 Actual	YoY changes Amount	YoY changes Rate
Net sales	81,391	81,018	79,826	-1,192	-1.5%
Operating profit (Operating profit / net sales)	7,000 (8.6%)	6,121 (7.6%)	5,313 (6.7%)	-808	-13.2%
Ordinary profit (Ordinary profit / net sales)	7,096 (8.7%)	6,191 (7.6%)	5,512 (6.9%)	-678	-11.0%
Profit attributable to owners of parent	5,585	4,170	3,649	-520	-12.5%
Earnings per share	¥160.20	¥119.39	¥105.05	-¥14.34	–
Return on Equity	19.7%	13.4%	11.2%	-2.2 P	–

* Yen(¥) denotes Japanese yen. The same notation is used on all pages below.

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Monthly sales trend (consolidated)

- Despite monthly sales were almost the same level as the previous year, in July and August, Mail-order Business struggled in the summer sales season.



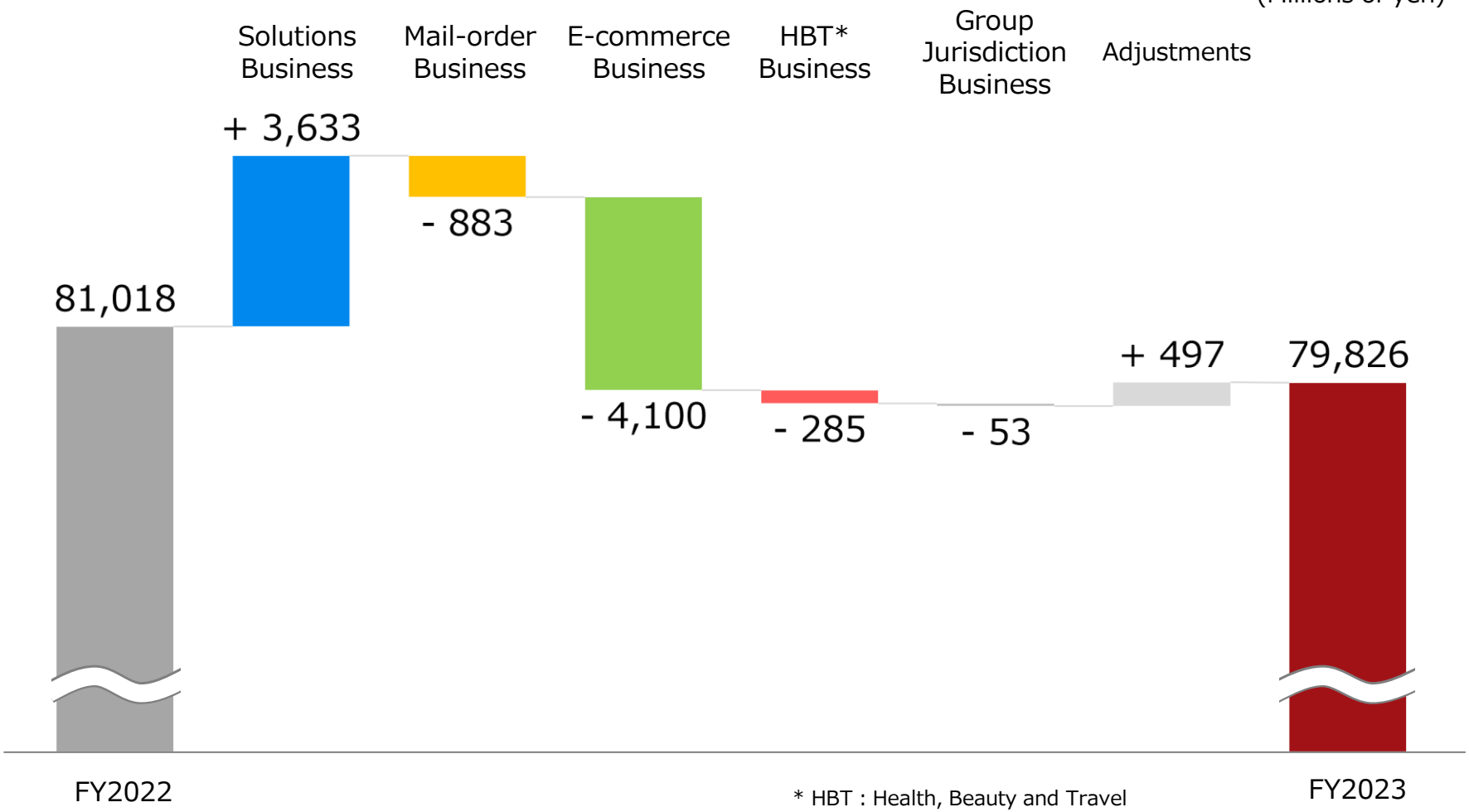
* Figures for FY2019 and FY2020 on this page are figures before the application of the Accounting Standard for Revenue Recognition, etc. It is displayed for reference.

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Analysis of sales increase/decrease (consolidated)

- While Solutions Business experienced growth, E-commerce Business saw a significant decrease in sales, resulting in an overall decrease in sales.

(Millions of yen)



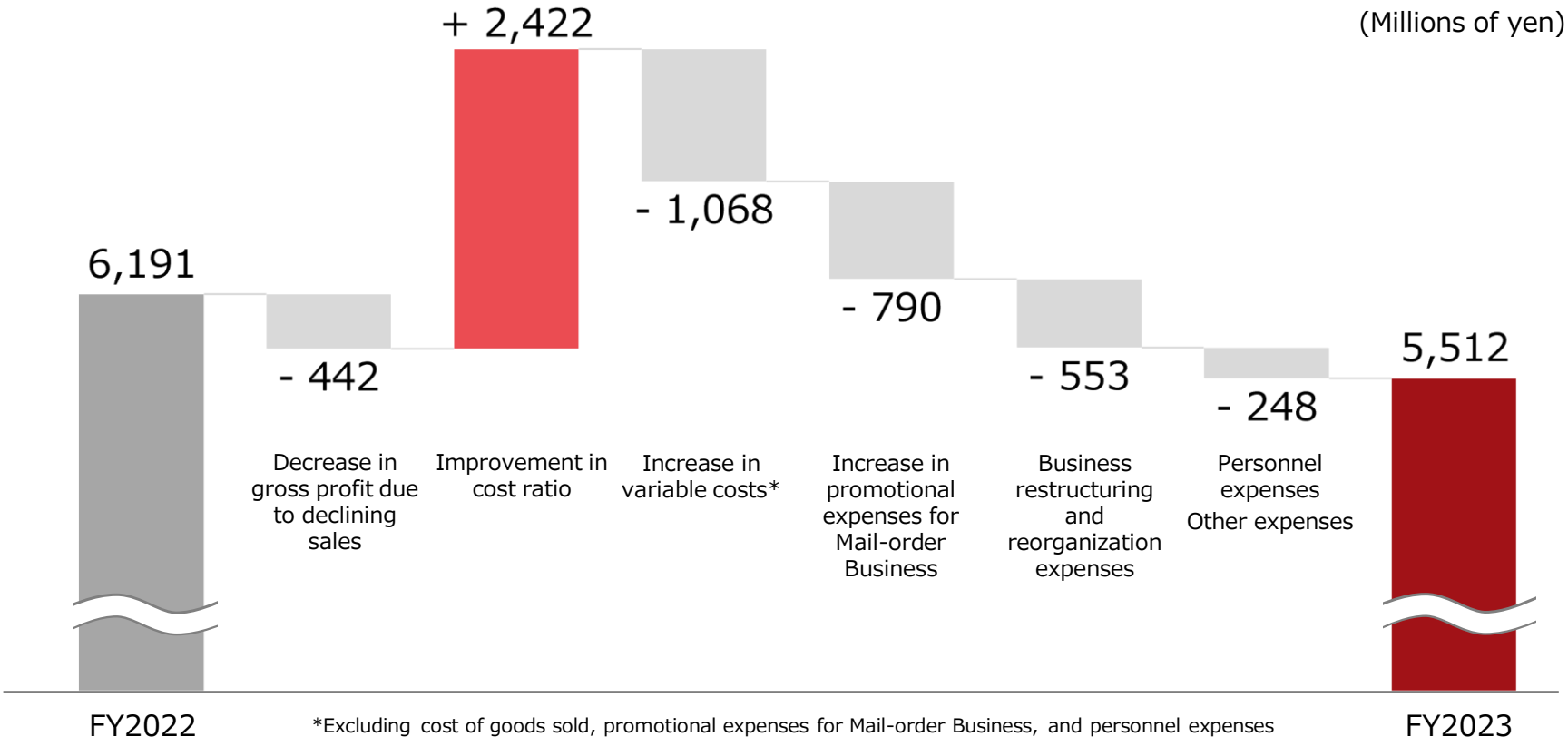
* HBT : Health, Beauty and Travel

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Analysis of ordinary profit increase/decrease (consolidated)

- Decreased in gross profit due to decreasing consolidated sales.
- Improvement in cost ratio due to changes in sales composition ratio, efficiency improvement at the logistics center, and control of selling prices.
- Increased in promotional expenses for Mail-order Business due to rising costs related to catalogs.
- We recorded business restructuring and reorganization expenses for both E-commerce Business and HBT Business.

(Millions of yen)



*Excluding cost of goods sold, promotional expenses for Mail-order Business, and personnel expenses

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Segment Performance

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	Net sales	Segment profit	(Millions of yen)
Solutions Business	24,992 (+17.0%)	1,214 (+67.4%)	**Increased in sales and profit** Played a role as a growth driver
Mail-order Business	39,165 (-2.2%)	5,367 (+0.0%)	**Decreased in sales but increased in profit** While various costs were rising, cost containment measures proved effective
E-commerce Business	15,942 (-20.5%)	-1,129 (31 in FY2022)	**Decreased in sales and profit** As the revenue decline couldn't be stopped, business restructuring costs were recorded
HBT Business	1,565 (-15.4%)	-54 (-98 in FY2022)	**Decreased in sales** Reduced deficit

* Figures in ( ) are year-on-year changes rate.
* Sales for each segment include internal sales or transfers between segments.

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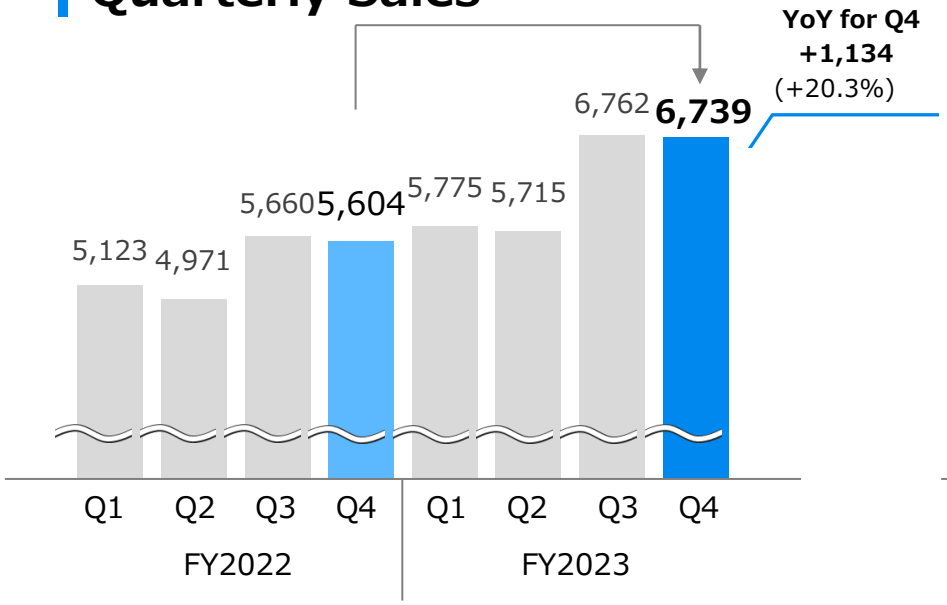
Solutions Business Segment

- The various services of mail-order solutions experienced growth, resulting in increased sales and profit.
  - ・Logistics outsourcing services increased in sales and profit due to the operation of new clients and business efficiency improvement at the logistics centers.
  - ・Payment agency services and marketing support business also experienced growth, progressing favorably.

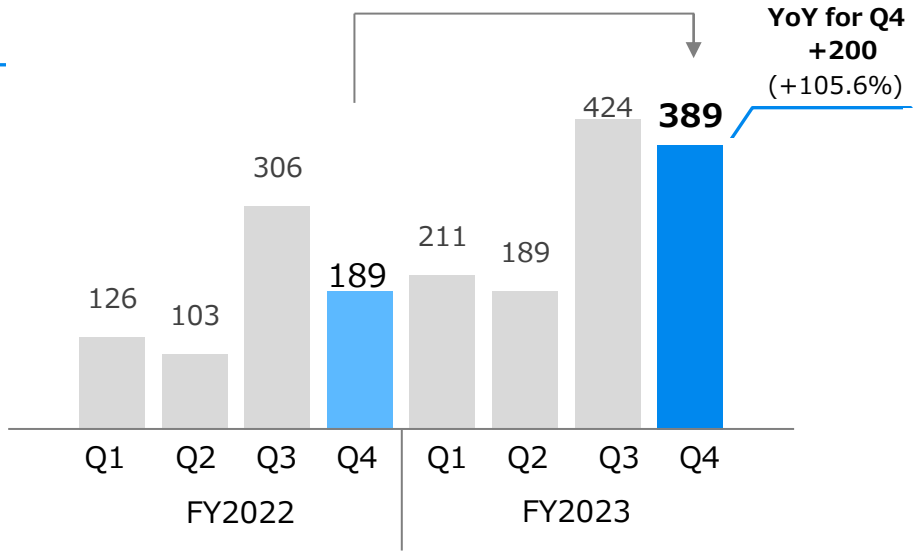
(Millions of yen)

FY2023	Net sales :	24,992	(YoY + 17.0%)
	Segment profit :	1,214	(YoY + 67.4%)

Quarterly Sales



Quarterly Segment Profit



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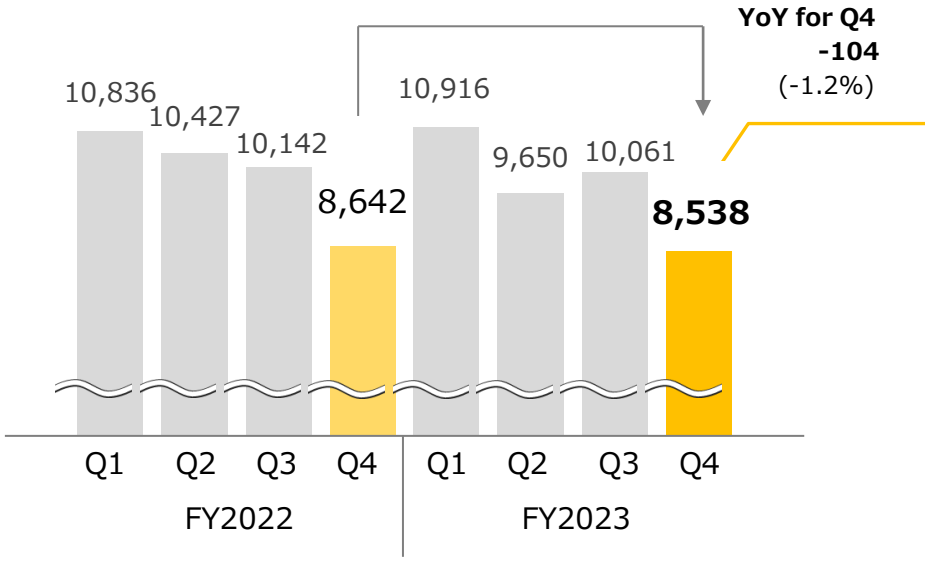
Mail-order Business Segment

- While various costs were rising, cost containment measures proved effective, securing profits on par with the previous period.
  - Through improvements in product supply rate and control of selling prices, despite a decreased in sales, the gross profit increased.
  - Amidst the soaring costs of catalog paper, this business managed to restrain the increase in promotional expenses through initiatives such as reducing paper usage.

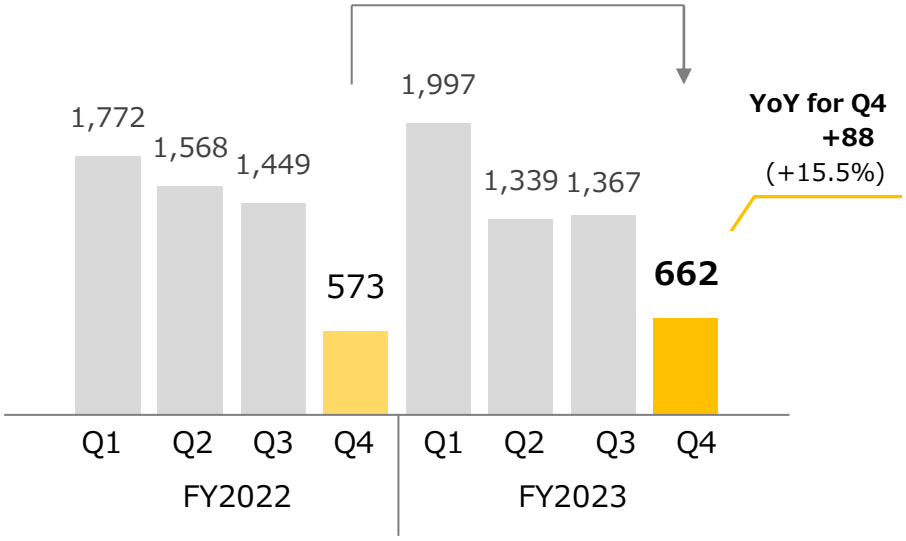
(Millions of yen)

FY2023	Net sales :	39,165	(YoY - 2.2%)
	Segment profit :	5,367	(YoY + 0.0%)

Quarterly Sales



Quarterly Segment Profit



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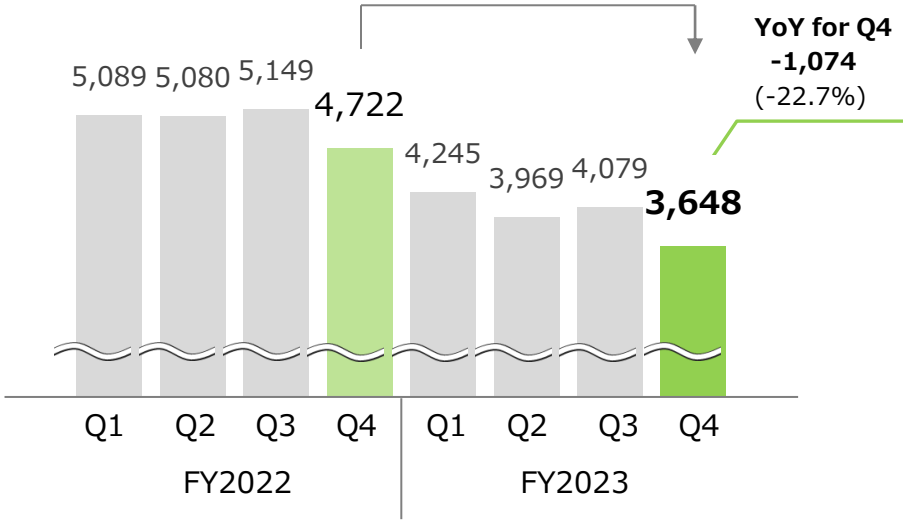
E-commerce Business Segment

- The market environment is extremely challenging, and the revenue decline couldn't be stopped, resulting in significant decreased sales and profit.
  - The outdoor camping equipment market is shrinking, affected by a deteriorating supply-demand balance.
  - In the branded goods sector, competition has intensified, including both physical and official stores, continuing to face struggles.
  - This business recorded inventory valuation losses due to business restructuring and reorganization.

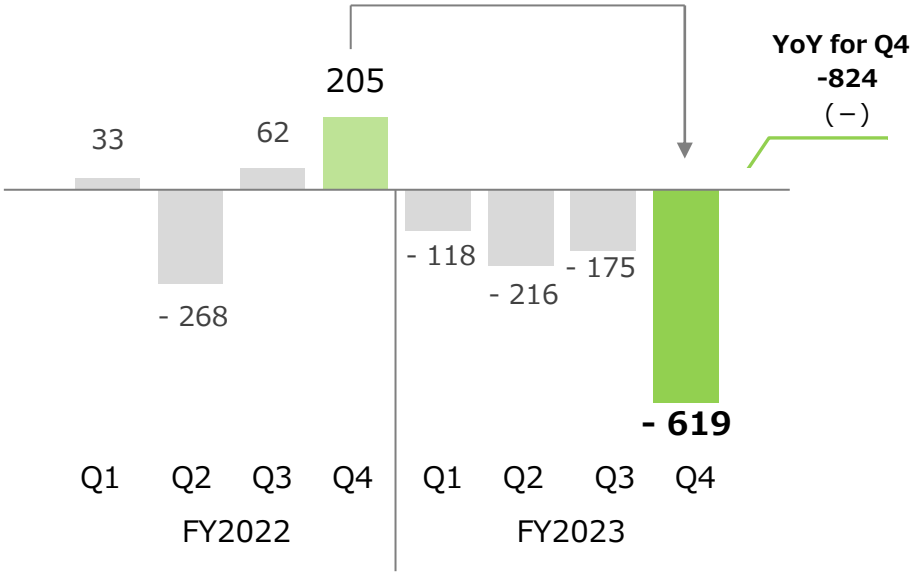
(Millions of yen)

FY2023	Net sales :	15,942	(YoY - 20.5%)
	Segment profit :	-1,129	(31 in FY2022)

Quarterly Sales



Quarterly Segment Profit



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Balance sheet statement (consolidated)

- Net assets amounted to ¥ 33,383 million(equity ratio 62.7%), due to the inclusion of net profit.

(Millions of yen)	March 31, 2023	March 31, 2024	Change amount
Current assets	36,149	36,212	+62
Non-current assets	17,051	17,046	-5
Total assets	53,200	53,258	+57
Current liabilities	16,529	18,195	+1,665
Non-current liabilities	4,673	1,679	-2,994
Total liabilities	21,203	19,874	-1,329
Total net assets	31,997	33,383	+1,386
Total liabilities and net assets	53,200	53,258	+57
Equity ratio	60.1%	62.7%	+2.5P

<Main factors of increase/decrease>

Current assets +62
- Cash and deposits -2,870
- Accounts receivable – other +2,973

Current liabilities +1,665
- Accounts payable - other +2,106
- Income taxes payable -330

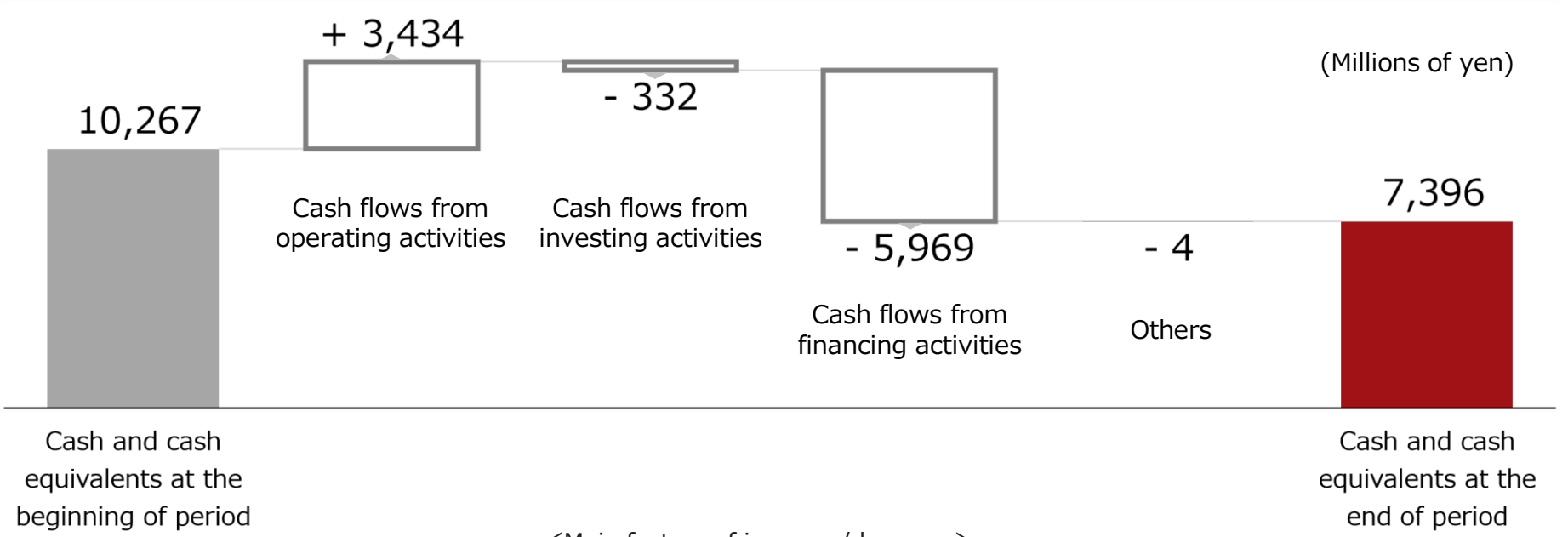
Non-current liabilities -2,994
- Long-term borrowings -3,000

Total net assets +1,386
- Share capital / Capital surplus +105
- Treasury shares -810
- Dividends payment -2,161
- Net profit +3,649

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Cash flows statement (consolidated)

- Cash and cash equivalents at the end of period is ¥ 7,396 million(¥ 2,870 million decreased compared to the end of the previous consolidated fiscal year).



<Main factors of increase/decrease>

Cash flows from operating activities

Profit before income taxes	+5,574
Increase in accounts receivable - other	-3,127

Cash flows from investing activities

Proceeds from transfer of business	+100
Purchase of property, plant, equipment and intangible assets	-453

Cash flows from financing activities

Repayments of long-term loans payable	-3,000
Cash dividends paid	-2,156
Purchase of treasury shares	-810

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About shareholder return

■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.

●Acquisition of treasury shares

・August 22, 2023　Common share of the company, 400,000 shares

*Ratio to the total number of issued shares (excluding treasury shares): 1.1

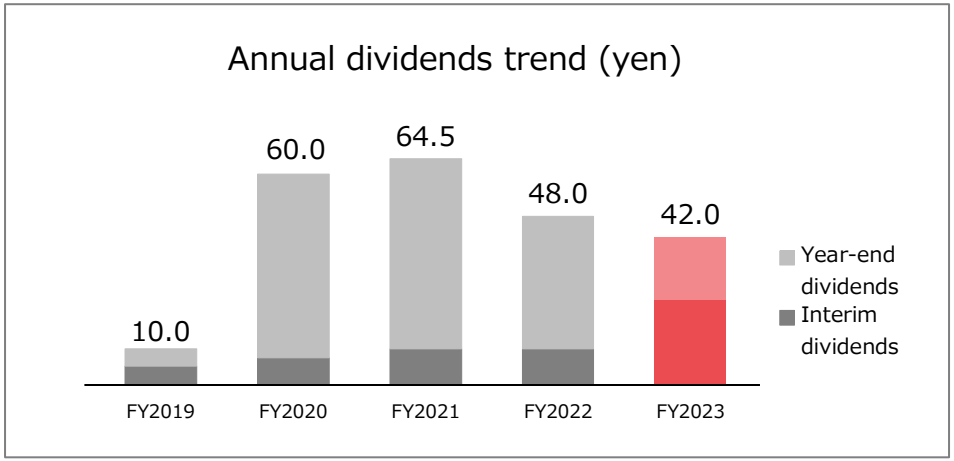
・February 2, 2024　Common share of the company, 433,500 shares

*Ratio to the total number of issued shares (excluding treasury shares): 1.2

■FY2023　Dividends per share

・Dividends for FY2023 is as follows:

Interim dividends	￥24.0
Year-end dividends	￥18.0
Annual dividends	￥42.0



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FY2024－FY2026
Medium-term Management Plan
Marketing Solution 2026
～From “ＤＭＳＣ” To “ＭＳＣ”～

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Marketing Solution 2026
～From “ＤＭＳＣ” To “ＭＳＣ”～

Two major policies for FY2024

Return to Growth Trajectory
～Revision of Business Portfolio～

Promotion of Effective Responsibility Management

Quantitative Targets

(Millions of yen)	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Target	FY2025 Target	FY2026 Target
Net sales	81,391	81,018	79,826	**80,000**	**85,000**	**90,000**
YoY growth rate	-4.5%	-0.5%	-1.5%	+0.2%	+6.3%	+5.9%
Ordinary profit	7,096	6,191	5,512	**6,200**	**7,000**	**8,000**
(Ordinary profit / net sales)	8.7%	7.6%	6.9%	7.8%	8.2%	8.9%
Profit attributable to owners of parent	5,585	4,170	3,649	**4,200**	**4,800**	**5,400**
Return on Equity	19.7%	13.4%	11.2%	12.1%	12.7%	13.2%

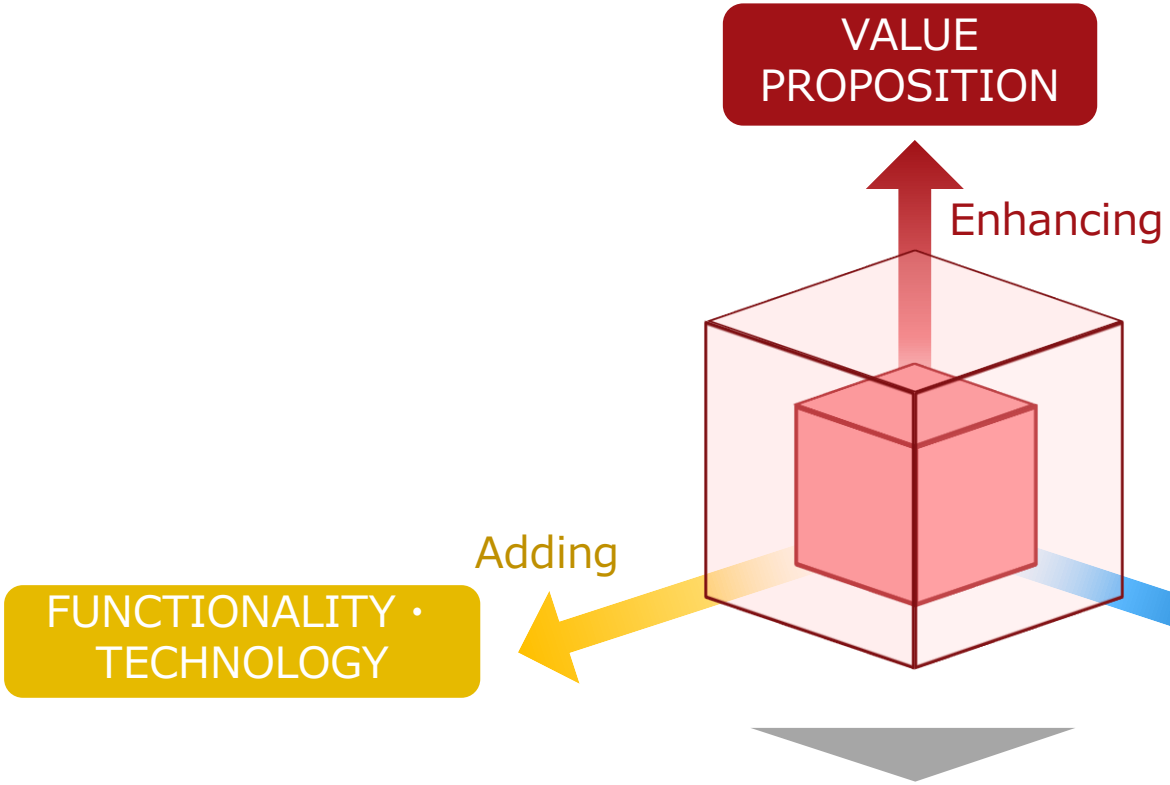
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Expansion of business domains ～ From “DMSC” To “MSC”～

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Evolution from Direct Marketing Solution Company（DMSC） to

Marketing Solution Company（MSC）



Value proposition to customers

Direct Marketing Solution（DMS）

To meet the needs of our customer, making full use of all the insights and expertise our group possesses in direct marketing.

By challenging market expansion, adding functionality and technology, and enhancing the value proposition, we aim to break through existing barriers and evolve into a new corporate entity.

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Summary of Medium-term Management Plan (Qualitative Goals), FY2024 - FY2026

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Return to Growth Trajectory ～Revision of Business Portfolio～

- Promoting growth through the expansion of Solutions Business domain
  - Challenging new business domains (B to B) and new markets (food e-commerce) in the logistics outsourcing business
  - Expansion of BPO (Business Process Outsourcing) business through M&A
  - Expansion and stabilization of payment agency business (balancing merchandise and services)
  - Proactive expansion of marketing solution business
- Improvement of profitability through advanced management of Mail-order Business (Enhancing business value, product value, and operational value)
  - Maximizing profits of existing business and launching an apparel solution business
- Downsizing and revitalizing E-commerce Business
  - Prioritizing deficit recovery, exploring the direction of business transformation

※ HBT Business was integrated into E-commerce Business

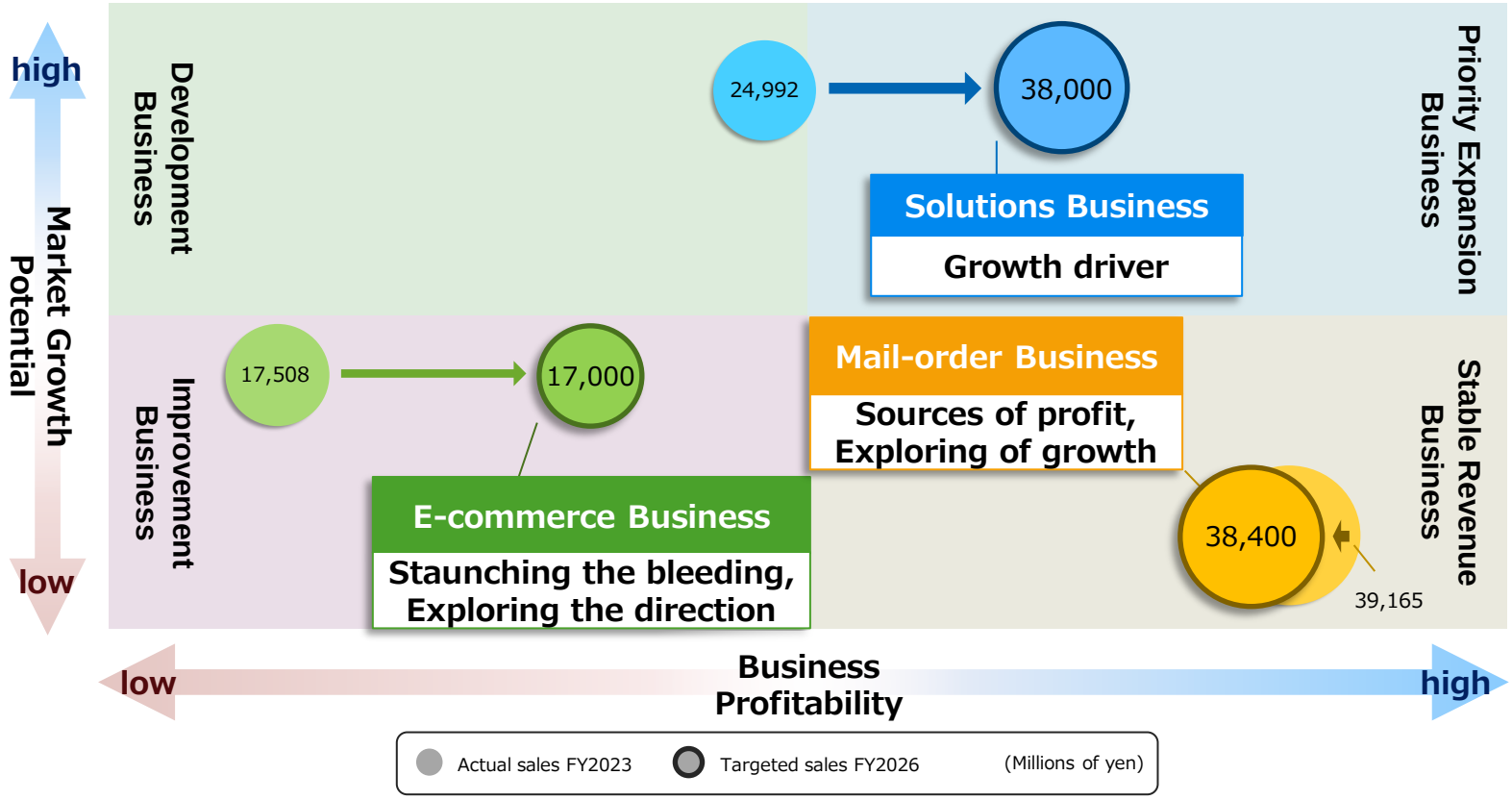
Promotion of Effective Responsibility Management

- Initiatives for enhancing corporate value
- Continuous efforts towards environmental conservation and a decarbonized society
- Promotion of task diversity management

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Revision of Business Portfolio

- The growth driver continues to be Solutions Business
- Mail-order Business is not just about “earning”, but also about exploring growth opportunities
- For E-commerce Business, prioritizing staunching the bleeding is paramount initially, while exploring the direction to move forward



*FY2023 actual figures for E-commerce Business include the figures from the former HBT Business.

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Summary of Medium-term Management Plan (Quantitative Targets), Segment-wise

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- We aim to expand our market focus on Solutions Business and return to a growth trajectory.

(Millions of yen)

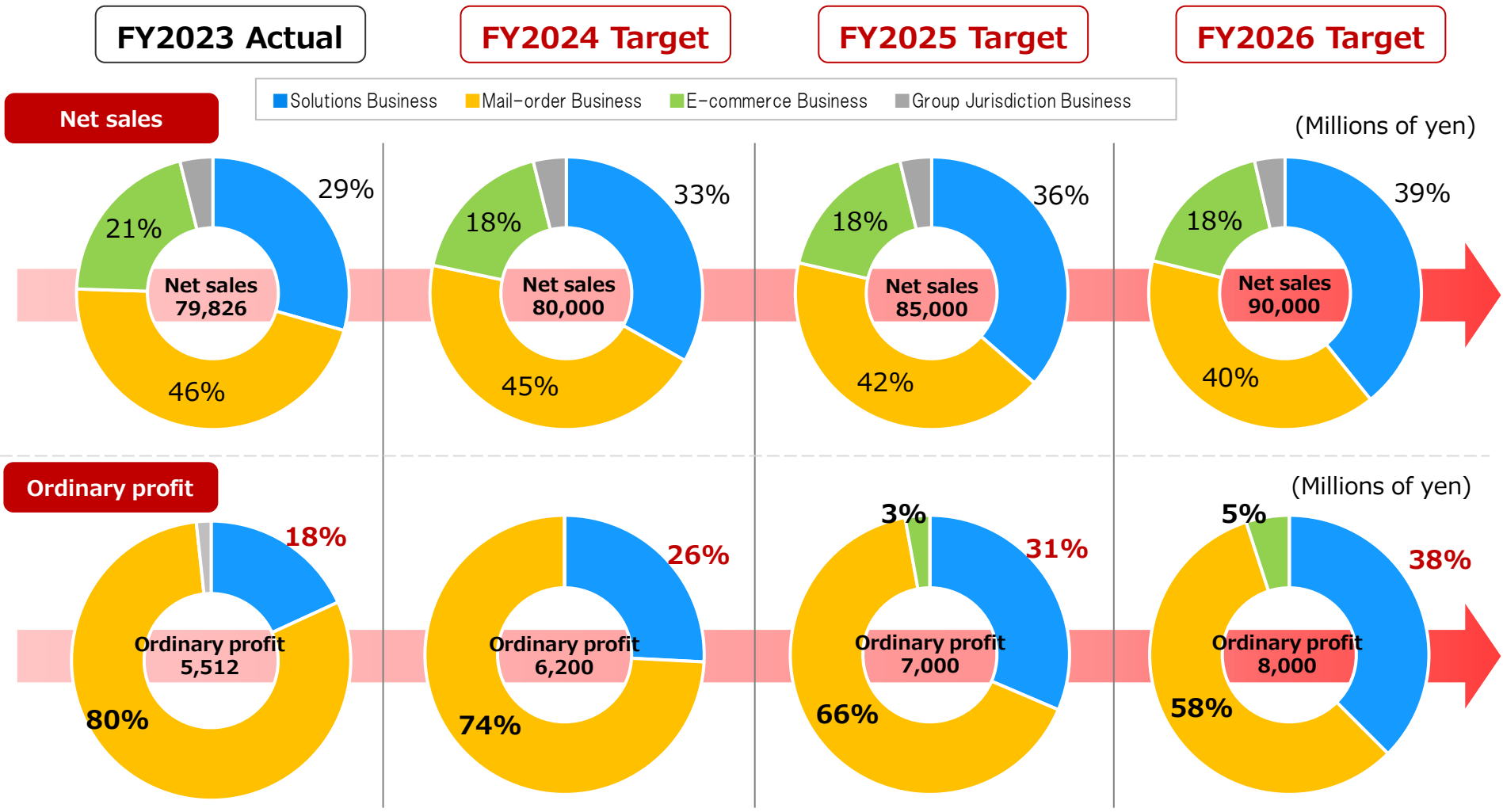
		FY2022 Actual		FY2023 Actual		FY2024 Target		FY2025 Target		FY2026 Target	
	Business	Amount	Rate*1 (Rate*2)	Amount	Rate*1 (Rate*2)	Amount	Rate*1 (Rate*2)	Amount	Rate*1 (Rate*2)	Amount	Rate*1 (Rate*2)
Net sales	Solutions	21,359	+15.5%	24,992	+17.0%	28,000	+12.0%	33,000	+17.9%	38,000	+15.2%
	Mail-order	40,049	-4.4%	39,165	-2.2%	38,000	-3.0%	38,200	+0.5%	38,400	+0.5%
	E-commerce	21,894	-8.5%	17,508	-20.0%	15,000	-14.3%	16,000	+6.7%	17,000	+6.3%
	Group Jurisdiction	3,369	+2.5%	3,315	-1.6%	3,300	-0.5%	3,400	+3.0%	3,500	+2.9%
	Adjustments	-5,653	–	-5,156	–	-4,300	–	-5,600	–	-6,900	–
	Total	81,018	-0.5%	79,826	-1.5%	80,000	+0.2%	85,000	+6.3%	90,000	+5.9%
Segment profit	Solutions	725	(3.4%)	1,214	(4.9%)	1,600	(5.7%)	2,200	(6.7%)	3,000	(7.9%)
	Mail-order	5,364	(13.4%)	5,367	(13.7%)	4,600	(12.1%)	4,600	(12.0%)	4,600	(12.0%)
	E-commerce	-66	–	-1,184	–	0	–	200	(1.3%)	400	(2.4%)
	Group Jurisdiction	108	(3.2%)	114	(3.5%)	0	–	0	–	0	–
	Adjustments	58	–	0	–	0	–	0	–	0	–
	Total (Ordinary profit)	6,191	(7.6%)	5,512	(6.9%)	6,200	(7.8%)	7,000	(8.2%)	8,000	(8.9%)

*1 YoY changes rate
*2 (Ordinary profit / net sales)
** FY2022 and FY2023 actual figures for E-commerce Business include the figures from the former HBT Business.

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Net sales/Ordinary profit, Segment composition ratio

- We aim to increase the composition ratio of Solutions Business in ordinary profit to around 40%, FY2026.



*FY2023 actual figures for E-commerce Business include the figures from the former HBT Business.

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Promotion of Effective Responsibility Management

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

Initiatives for enhancing corporate value	■ **Implementing management with awareness of capital costs and stock prices** ■ **Enhancement of corporate governance** ■ **Execution of corporate responsibilities towards societal demands**
Continuous efforts towards environmental conservation and a decarbonized society	■ **Product development and procurement considering environmental and social issues** －By FY2025, **50%** of SDGs-related products (Apparel items) ■ **Reduction of plastic materials in packaging materials** －By FY2030, **65%** reduction (Compared to FY2021) ■ **Reduction in paper usage** －By FY2030, **25%** reduction (Compared to FY2021) ■ **Efforts towards CO_2 reduction** －By FY2030, over **50%** reduction (Scope2:Office and logistics facilities)
Promotion of task diversity management	■ **Promotion of women's participation and advancement** －By FY2025, over **30%** female managerial ratio both for the entire group and individually ■ **Establishment of systems for task diversity management** ■ **Support for proactive and autonomous career development** ■ **Development and operation of new graduate recruitment and training programs**

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About shareholder return (Dividends forecast, FY2024)

■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.

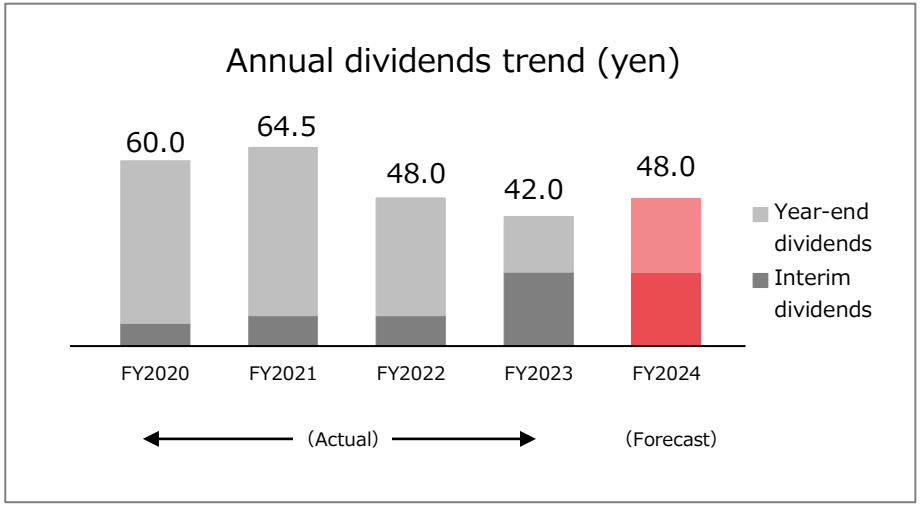
・Our basic target for dividends is a consolidated dividend payout ratio of 40%, with a minimum dividend on equity (DOE) ratio of 4%.

・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.

■FY2024　Dividends per share (forecast)

・Dividends forecast for the next term (FY2024) is as follows:

Interim dividends	￥24.0
Year-end dividends	￥24.0
Annual dividends	￥48.0



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Appendix

- Company Profile
- Business Segments Introduction

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Company Profile

Scroll Corporation

Headquarters	:	2-24-1 Sato, Chuo-ku, Hamamatsu-shi, Shizuoka
President and CEO	:	Tomohisa Tsurumi
Established	:	October 1, 1943
Capital	:	¥ 6,116 million (as of March 31, 2024)
Employees (consolidated)	:	886 (as of March 31, 2024)
Main business activities	:	Solutions Business for e-commerce and mail-order business vendors, as well as E-commerce and Mail-order Business of apparel, general merchandise, etc.
Business structure	:	Direct Marketing Conglomerate entity consisting of 17 consolidated companies (as of March 31, 2024)

■ **「All-inclusive mail-order Solution」 The magic mechanism that empowers e-commerce plus mail-order**

Released on January 31, 2024



Scroll Group, which has been engaged in Mail-order Business for about 70 years, operates Solutions Business that provide all-inclusive support to e-commerce and mail-order business vendors with its abundant know-how. This book clarifies what is needed to survive and thrive in its industry, where demand continues to rise.

https://x.gd/jSIFB



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Business Segments and Business Overview (as of April 1, 2024)

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Solutions Business

We offer a “One-Stop Solution Service" to support e-commerce and mail-order business vendors 360-degree.

scroll 360 / Catch Ball 株式会社キャッチボール / MOSHIMO / YINHENA CHENGDU.INTERNET SERVICE

Mail-order Business

We primarily offer mail-order sales (catalog and some online) targeting members of cooperative home delivery services.

scroll / scroll international / **詩克楽商貿（上海）有限公司** / **SCROLL BANGLADESH CO.,LTD.**

E-commerce Business

We mainly conduct internet sales of specialized products through our own website and online shopping malls.

AXES / Naturum / 株式会社ミヨシ / 木苺果花 / Travex TOURS

Group Jurisdiction Business

We manage logistics centers at various locations nationwide, utilize real estate effectively, and oversee product production management through overseas local subsidiaries.

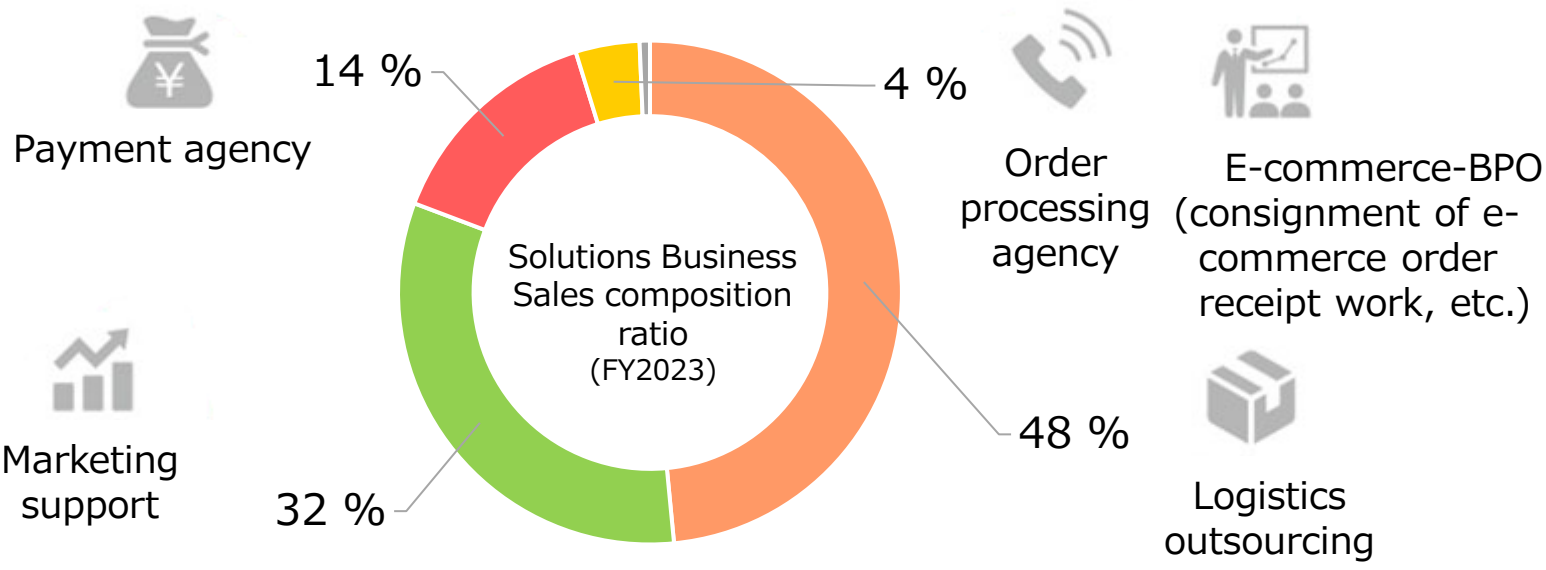
scroll logistics / **SCROLL VIETNAM CO.,LTD.**

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Business Overview About Solutions Business

The business flow of e-commerce and mail-order business vendors and our group's solution services

Marketing → Product registration → Order processing → Storage / Shipping → Payment collection



As the e-commerce market expands, we offer a one-stop solution service to e-commerce and mail-order business vendors, providing them mechanisms such as logistics infrastructure, marketing support, payment agency that support mail-order business, which we have developed through our experience in operating Mail-order Business.

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Business Overview Mail-order Business (New Service: Apparel Solutions)

Launched the apparel AI system “Lightchain“

Scroll International Corporation, a subsidiary of SCROLL, has initiated the provision of the AI system “Lightchain“, specializing in apparel product planning and development.

アパレル生成AIシステム Lightchain

Click the banner ↑
Please refer to the "Lightchain" website for more details.

This service is a specialized AI system for apparel product planning and development, where users upload product images (source data) and instruct the desired modifications, and the AI generates product planning proposals reflecting the requested changes.

Service images







Easily realize design changes and alterations in color or pattern with just a few clicks. Significant time savings can be expected in apparel planning tasks.

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Contact

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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.

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