

PART  
**3**

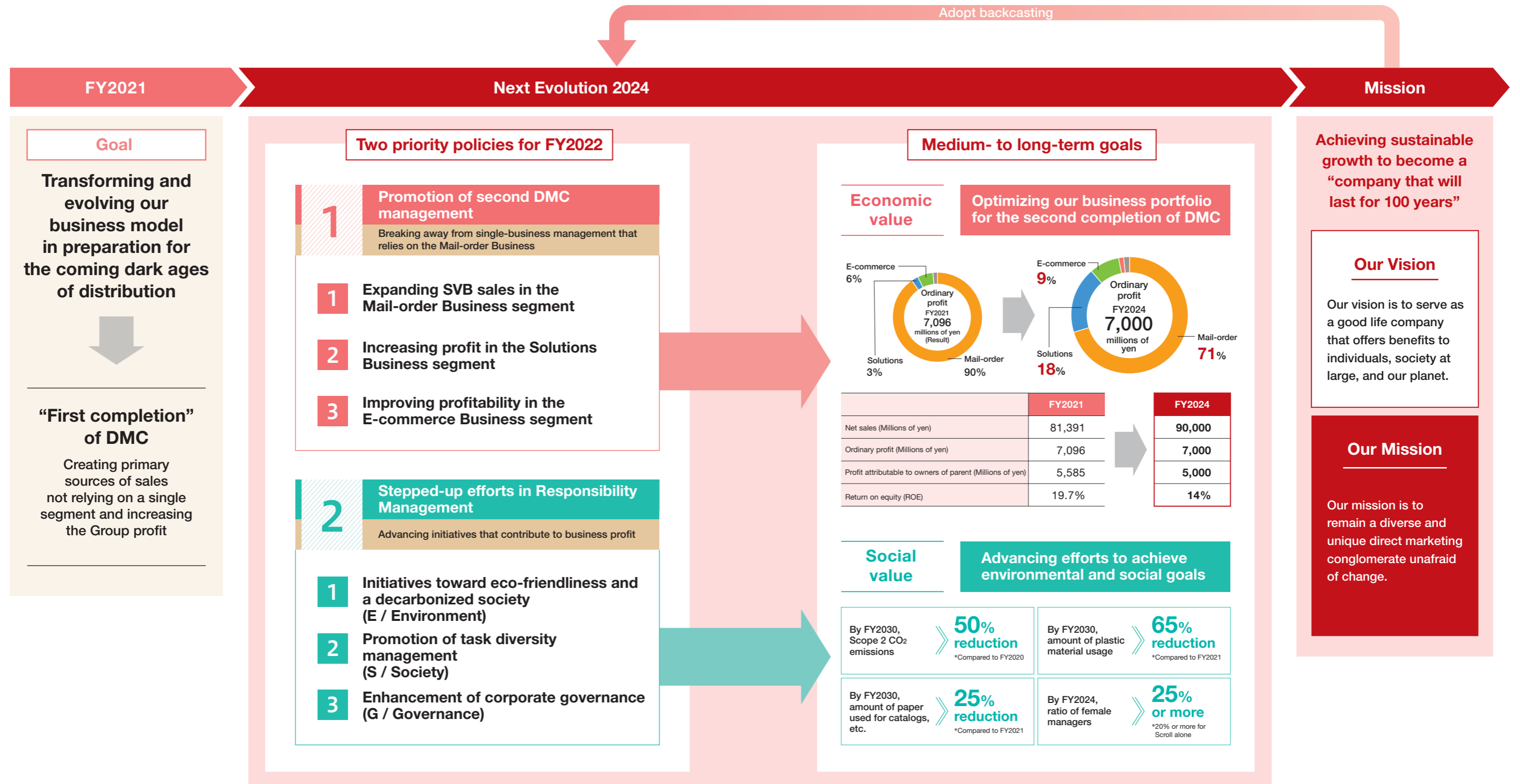
## Overview of Our Medium-term Management Plan: Next Evolution 2024

– For fiscal years from 2022 to 2024 –

In order to achieve sustainable growth while meeting social demands toward becoming a “company that will last for 100 years,” the SCROLL Group has identified materiality (key issues) that the Group should solve, and based on these, formulated the medium-term management plan Next Evolution 2024.

In fiscal 2021, on the sales front, we built a sales structure that does not rely on a single segment through innovations carried out to date, and our sense of stability as a group has increased. On the other hand, in terms of profit, tasks still remain for the further growth of DMC, such as breaking away from single-business management that relies on the Mail-order Business.

With the accomplishment of these tasks positioned as the “second completion” of DMC, and in terms of profit, we will build stable primary sources of revenue other than the Mail-order Business through multiple businesses to optimize our business portfolio. At the same time, aiming to become a more sustainable company by responding to social demands, we have set up two priority policies of “promoting second DMC management” and “stepped-up efforts in Responsibility Management” in our medium-term management plan for fiscal 2022.



## Financial Strategy

### Basic policy of financial strategy



In preparation for medium to long-term investments and risks, the SCROLL Group promotes management focused on capital productivity while maintaining financial soundness. We have introduced return on invested capital (ROIC) as an important internal management index to maintain a return on equity (ROE) level of 15% and strive for autonomous maximization of corporate value and sustainable growth.

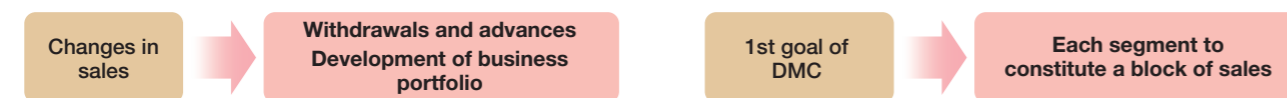
The Group's overall working capital, growth investments, and other fund requirements are financed primarily from operating cash flow, but we also use interest-bearing debt effectively as needed to improve capital efficiency.

We have also introduced a cash management system to strengthen group governance and improve capital efficiency, and are implementing group-wide fund procurement and fund management. We have established a solid revenue base in our core Mail-order Business, and its muscular business structure has now reached the point of completion. Meanwhile, for the continued growth of the Group, we will evolve our Solutions Business, providing know-how and functions developed through direct marketing, to other mail-order companies to make it the next pillar of revenue to break away from single-business management.



**Masahiko Yamashita**  
Group Officer CFO

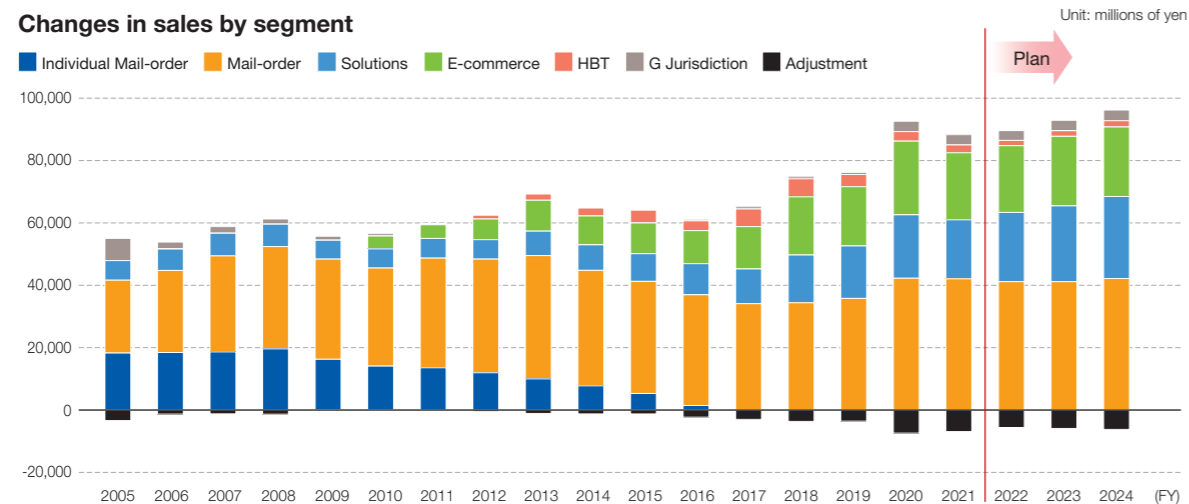
### Financial developments — past, present, and future



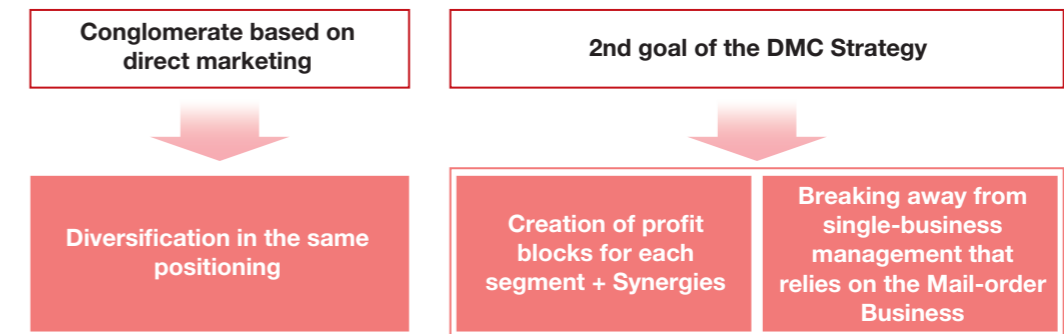
Looking back over the past 20 years, the Group initially generated sales in four business segments: the Individual Mail-order Business, the Co-op Business (present Mail-order Business), the Solutions Business, and Other Business.

Along with the trend at the time, brought about by the rise of the Internet, sales of the Individual Mail-order Business, a general mail-order business of paper catalogs, saw notable shrinkage. In

fiscal 2016, we withdrew from the Individual Mail-order Business, but through organic growth and business portfolio reform achieved through M&A, we succeeded in developing the E-commerce Business and establishing a foundation for the Solutions Business, thereby completing the current blocks of segment sales, the first complete form of the direct marketing conglomerate (DMC) strategy. This also resulted in a growth in overall sales.



### Future financial strategy



The DMC strategy advocated by the SCROLL Group is a system in which a conglomerate of companies, formed with direct marketing as its core competence, organically links its businesses through its knowledge and know-how to create synergies and enhance corporate value.

Under this strategy, the SCROLL Group is entering a phase of creation of group synergy and of profit structure reform to achieve profit growth in each business as the next step of the DMC strategy. We will clearly define priority business areas and invest funds in priority investment areas accordingly. We also plan to invest more actively in DX and IoT in the future, regardless of business areas.

In the Mail-order Business, we will evolve the value we provide into experience consumption based on in-depth exploration of needs using the infrastructure in the co-op market, while maximizing profits from existing models.

In the Solutions Business, we already offer a 360-degree one-stop service providing all the functions needed for mail-order business, from logistics service to payment service to marketing,

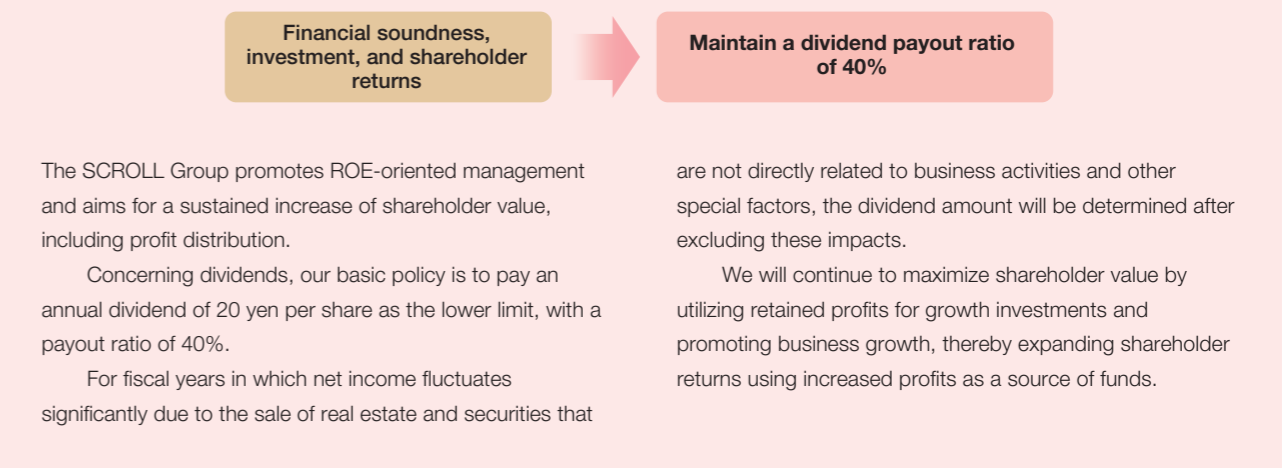
but we will further enhance our services to create a stock-type business model of multiplication rather than adding and increase the presence of the Solutions Business in the Group.

In the E-commerce Business, we are already a group of business corporations that operate top-class stores in various e-commerce sites, so we will establish new business models and maximize profits from existing businesses, leveraging the know-how and innovation of the top stores.

Regarding other businesses, we will nurture them to support future group segments essential for the sustainable growth of the Group.

For discerning businesses and evaluating investments, we are promoting business and investment evaluation using ROIC as a KPI. However, as mentioned earlier, it is difficult to evaluate businesses by the absolute level of ROIC due to the diverse businesses and stages. Therefore, we will discern businesses first by making a relative evaluation of the improvement rate based on changes in ROIC.

### Basic policy on returns to shareholders



The SCROLL Group promotes ROE-oriented management and aims for a sustained increase of shareholder value, including profit distribution.

Concerning dividends, our basic policy is to pay an annual dividend of 20 yen per share as the lower limit, with a payout ratio of 40%.

For fiscal years in which net income fluctuates significantly due to the sale of real estate and securities that

are not directly related to business activities and other special factors, the dividend amount will be determined after excluding these impacts.

We will continue to maximize shareholder value by utilizing retained profits for growth investments and promoting business growth, thereby expanding shareholder returns using increased profits as a source of funds.

Business Strategies  
**Mail-order Business**



Since its founding, our Mail-order Business has always taken on the challenge of staying one step ahead of the times and now it is the core business of the SCROLL Group. The Mail-order Business will continue to contribute to consumers' cooperative (co-op) members by recognizing their needs and problems and offering value-added products and services to add color to their lifestyles.

**Keizo Katsuta**  
Group Officer, and PRS of Mail-order Business



**Business details**

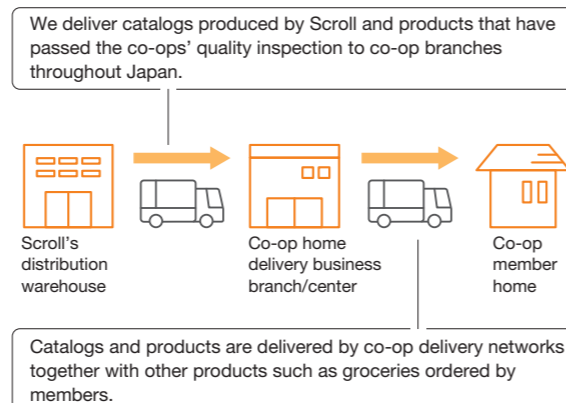
This business is operated by Scroll Corporation and mainly sells by mail order (catalogs and partially via the Internet) to members of co-op home delivery businesses. The total number of co-op members nationwide that are the target of sales is approximately 8 million households, which forms the base of this business.

The main products of this business are clothing and fashion accessories. In this service, we distribute product catalogs to co-op members across the country every week, 52 weeks a year, and deliver the products they order.

The products are mainly produced via direct production at overseas factories in cooperation with the Group's overseas bases, thoroughly managed to guarantee safety and security. We have also promoted SCM reform, including the use of an order forecast system and in-house production control, evolving our business model to minimize clothing disposal loss by producing the optimum amount of clothing. Products ordered by members are

delivered by co-op delivery networks with other co-op products over the "last one mile," a model that eliminates greenhouse gas emissions generated by individual deliveries.

**Flow of catalogs and products**

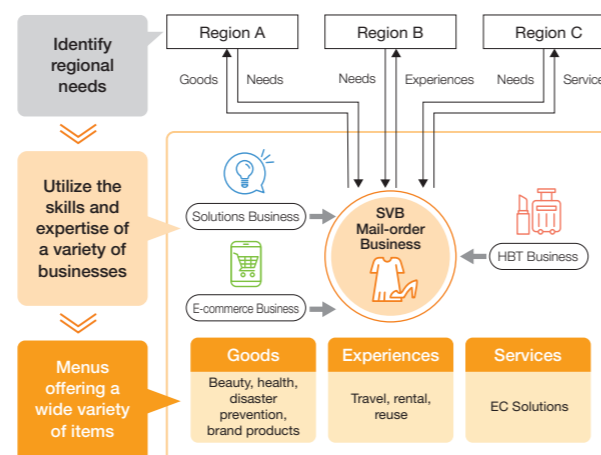


**SVB strategy**

Since fiscal 2019, we have been promoting our solution vendor business (SVB), which is different from the uniform nationwide distribution-type business in that we plan and propose unique products, services, etc. to meet the needs of co-ops in individual regions based on understanding of their needs.

We offer a solution menu of goods such as clothing, fashion accessories, and pharmaceuticals, experiences such as travel and subscriptions, services, and the business functions that the SCROLL Group has accumulated over many years of business development to co-ops nationwide, thereby actively promoting initiatives to create new values that are different from those of the uniform nationwide distribution-type catalog business.

**Solution vendor business to offer products and services that match the needs of each region**



**Strengths of the business**

- Weekly contact with about 8 million member households nationwide
- Push-type business model based on catalog distribution
- Stable business base with our unique network featuring co-ops nationwide
- Supply chain management (SCM) linked with co-op sales schemes to minimize product loss
- Expertise and organizational capability regarding in-house product planning, catalog production and editing, and production management

**Business environment**

<b>Risks</b>	<ul style="list-style-type: none"> <li>• Cost increases in the supply chain (raw materials, transportation, foreign exchange, paper)</li> <li>• Reduction in the size of the clothing market due to population decline</li> </ul>	<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Growing health care needs</li> <li>• Increased awareness about sustainability</li> <li>• Evolution of technology</li> </ul>
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**Management status in fiscal 2021**

In the existing business, sales remained firm while stay-at-home consumption calmed down, thanks to the successful planning of new media and expansion of the product lineups as well as improvement of the product supply ratio using SCM control. We also worked for the maximization of business efficiency by reviewing our product procurement methods to reduce the cost ratio and through effective distribution of catalogs to reduce sales promotion costs. SVB, a new pillar of revenue of the Mail-order

Business that we are developing, is increasing its sales due to the strengthening of its proposal capabilities. As a result of these trends, net sales in the fiscal year ended March 2022 totaled 41,914 million yen (42,144 million yen in the previous year), with segment income of 6,439 million yen (6,205 million yen in the previous year). Due to the application of the Accounting Standard for Revenue Recognition, net sales decreased by 37 million yen and segment income increased by 1 million yen.

**Future strategies**

The growth strategy for this business is focused on the following two points: first, to further strengthen the profit base through SCM reform in the existing business. As this is the absolute core business that supports the SCROLL Group's profitability, we will steadily promote profit generation through efficiency improvement even in an unstable external environment where various cost increases in the supply chain are expected. Specifically, we will develop an AI-based order forecast system to optimize product supply and inventory, and work to further reduce the product cost ratio by streamlining catalog distribution and expanding production bases in ASEAN.

The second point is the creation of new value to offer through SVB. As consumer needs are diversifying, there remains ample potential for expansion of SVB using product proposals to meet the needs of individual co-ops. We aim to expand our net business and healthcare business, establish an experiential consumption business to generate profits, and increase usage by younger co-op members.

We will also strengthen our initiatives for sustainability to reduce the environmental impact of our operations. We will reduce the amount of paper used, reduce the use of plastics in packaging materials, increase the number of SDG-related products offered, and promote in-house education activities to raise sustainability awareness, thereby increasing added value for co-op members.

In the midst of the COVID-19 pandemic, the importance of the co-op home-delivery businesses is increasing, and developing business for this important social infrastructure in cooperation with co-ops that support regional lifelines has social significance for us and is a motivation for our employees. It is our symbolic business that creates social and economic value for the SCROLL Group, and we will continue to work for the growth of this business.

**Medium-term management plan priority items**

- Expand sales by offering new value (SVB)
- Solidify the profit base (existing business)
- Promote initiatives for sustainability



By providing a one-stop solutions service for EC and mail-order businesses, we support the creation of affluent lifestyles for end-user customers together with our client corporations.

As a one-stop solutions service provider, we will establish a one and only absolute presence and continue to make progressive efforts for the development of EC and mail-order industries and the realization of a sustainable society through our business.

**Masayuki Yamazaki**  
Director, Group Officer CMO, and PRS of Solutions Business



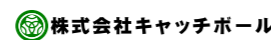
### Business details

In the EC and mail-order markets, which are expected to continue growing, we provide mail-order solutions for EC and mail-order business operators. Our menu of solutions includes BPO services such as logistics agencies, accepting orders, and a call center, as well as fulfillment services such as a “Buy Now, Pay Later” (BNPL) service, which has been the focus of much attention recently. We also offer digital marketing and mail-order system support services, which makes us the only one-stop, 360-degree support provider for EC and mail-order businesses.

This business is the growth driver in our direct marketing conglomerate (DMC) strategy and we will continue to take on the challenge of evolving it into a business with future promise, growth potential, and profitability.



**Scroll 360 Corporation**  
Established in 1986  
Fulfillment (logistics agency), payments, systems, EC-BPO (consignment of EC order receipt work, etc.), online marketing (customer attraction and sales promotion support services)



**CatchBall, Inc.**  
Established in 2007  
“ato-barai.com”  
post-payment service for B2C sales  
“kake-barai.com”  
post-payment service for B2B sales



**Moshimo Co., Ltd.**  
Established in 2004  
Affiliate services, marketing services



**Chengdu Yinhen Internet Service Co., Ltd. (Chengdu Yinhen)**  
Established in 2004  
Outsourcing business for Japanese EC (order processing, data creation, inventory management) and Chinese EC businesses (cross-border sales support, branding support, etc.)

### One-stop solutions

There are many functions and operations required for the operation of EC and mail-order businesses, such as accepting orders, shipping, and collection of payment. Our Solutions Business provides a one-stop service to perform these operations on behalf of the client. With the extensive knowledge and expertise of our group of mail-order professionals, we provide support in accordance with the stage of business growth of EC and mail-order businesses.

#### Advantages of one-stop solutions

- 1 Various combinations of services to suit the conditions of the EC and mail-order businesses
- 2 Maximum utilization of company resources  
\* By outsourcing burdensome operations, the client company can focus on important tasks such as product development.
- 3 One contact point for all the services needed. Simple management to improve operational efficiency

#### One-stop solutions offering 360-degree support for EC and mail-order businesses



### Strengths of the business

- We have a wide variety of services and can provide one-stop solutions
- Capable of providing high-quality services backed by the expertise we have accumulated as an EC and mail-order business operator

- High quality logistics service in terms of accuracy, speed, cost, capacity, and customer satisfaction
- Ability to meet client needs based on many years of experience
- Low cost and BCP capabilities, as we have distribution centers (totaling more than 60,000 tsubo, or about 200,000 m<sup>2</sup>) in key areas

### Business environment

<b>Risks</b>	<ul style="list-style-type: none"> <li>• Intensified competition due to competitors' entry into growth markets</li> <li>• Increased logistics costs due to regulations and environmental measures</li> <li>• Rapid changes in the market environment such as technological innovations</li> </ul>	<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Growth of the EC and mail-order markets</li> <li>• Creation of new value such as expansion of service areas backed by technological advancements</li> <li>• Growing needs for support for affiliate service and marketing backed by expansion of Internet media</li> <li>• Expansion of the cashless payment market</li> <li>• New solution opportunities on the increase due to rising sustainability awareness</li> </ul>
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### Management status in fiscal 2021

In the logistics agency service, as sales activities stagnated by the COVID-19 pandemic undergo recovery, we could win new clients and enhance our service for existing clients. While the positive effects of the pandemic were lost, we promoted our strategy for growth, including our steady payment agency service and marketing support business.

As a result of these efforts, net sales in the fiscal year ended March 2022 totaled 18,490 million yen (19,836 million yen in the previous year), with segment income of 177 million yen (826 million yen in the previous year).

Due to the application of the Accounting Standard for Revenue Recognition, net sales decreased by 1,717 million yen.

### Future strategies

In the EC and mail-order markets, the range of products handled and the volume of distribution are expected to expand due to the needs of the times, advances in marketing technologies, and the introduction of new technologies in logistics, delivery, and other areas. Companies that have entered the markets are facing a variety of challenges, such as shortages of EC human resources, back-office operations, BCP, and sustainability. The need for solutions for mail-order businesses is increasing at a higher rate than ever. In the EC and mail-order solutions markets, there are a variety of competitors in various service sectors, such as logistics agencies, payment agencies, and marketing support services, but very few companies can offer multiple functions essential for EC and mail-order service on a one-stop basis. We regard this as the greatest feature of the Solutions Business of Scroll.

There are three growth drivers in this business, the first of which is marketing. There is a huge market in this field and we will accelerate our growth by leveraging our past achievements and accumulated knowledge.

The second growth driver is payment and finance. These are the essential functions for business transactions and the markets are certain to grow. While leveraging our past achievements and expertise, we will develop new business models through aggressive

alliance development and pursue growth. At the same time, we can use big data as the basis to offer more value, such as consulting and digital marketing based on data analysis.

The last growth driver is logistics. Logistics will play a more important role than ever with the expansion of volume of distribution, handling a wider range of products as more products cross borders with the expansion of cross-border EC. In Japan, there is still a shortage of strong 3PL providers specializing in the B2C sector of EC. We also recognize the importance of building our business on the basis of sustainability and carbon neutrality for future growth, and will actively promote initiatives in collaboration with client companies and logistics partners.

As a sustainable solutions company, we aim to establish new service value and will contribute to the realization of a sustainable society through our support for clients' EC and mail-order business operations.

#### Medium-term management plan priority items

- Expand the business of our logistics agency service by promoting the nationwide 3PL strategy
- Expand our solution service menu and strengthen profitability



To survive in a fiercely competitive environment, we not only develop optimum product procurement channels but also aim to develop unique and original products and constantly experiment with advanced marketing techniques to deliver our products and services to customers.



**Hiroaki Sato**  
Executive Vice President, Group Officer CSO, and PRS of E-commerce Business

### Business details

This business consists of four companies: AXES Co., Ltd., SCROLL R&D Co., Ltd., Naturum Co., Ltd., and MIYOSHI corporation which handle merchandise such as foreign brand bags, brand cosmetics, interior and sundry goods, beauty care products, outdoor (fishing and camping) goods, and emergency supplies.

In the ever-expanding EC market, they sell their merchandise on the Internet through specialized shopping sites for individual product categories. In addition to their own websites, they are established in online shopping sites (Rakuten, Amazon, Yahoo!, etc.) and offer top-class services in each product category. Each store offers an extensive product lineup and services based on a high level of specialization and a thorough understanding of customer needs, promoting a strategy to become No. 1 in its category.

 <b>AXES Co., Ltd.</b> Established in 2012 Official sites: BRAND SHOP AXES, Cosme Land	 <b>Naturum Co., Ltd.</b> Established in 2000 Official site: Naturum
 <b>SCROLL R&amp;D Co., Ltd.</b> Established in 2013 Official sites: Kirei Mitsuketa, Romantic Princess, Seikatsu zacca	 <b>MIYOSHI corporation</b> Established in 1994 Planning and sales of disaster supplies, emergency long-life foods, and disaster prevention materials and equipment

### Strengths of the business

- EC site management capabilities at top-class stores in Japan (high level of specialization and product lineups)
- Capabilities to develop original products by taking advantage of our many years of EC expertise and customer contact points
- Stable product procurement capabilities
- Providing integrated services via the SCROLL Group, including sales, settlement, shipping, etc. (high rating in reviews and customer confidence)

### Business environment

<b>Risks</b>	<ul style="list-style-type: none"> <li>• Increased product procurement and delivery costs</li> <li>• Intensified competition due to various companies' entry into the EC market, including D2C</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Further expansion of the EC and mail-order markets</li> <li>• Creation of new customer contact points through technological advancements</li> <li>• Increased need for a recycling-oriented society, such as the reuse market</li> </ul>

### Management status in fiscal 2021

Although the rate of consumers using EC is increasing, trends in terms of demand vary depending on product category due to the COVID-19 pandemic, and competition is intensifying across industries and business categories. While there was a reactionary decline in housing-related products such as furniture and interior goods, which had performed well in the previous year, camping, fishing, and other outdoor-related goods continued to perform well. In a different market environment affected by stay-at-home

consumption, we implemented various measures for business growth. As a result of these, net sales in the fiscal year ended March 2022 totaled 21,406 million yen (23,350 million yen in the previous year), with segment income of 404 million yen (1,026 million yen in the previous year).

Due to the application of the Accounting Standard for Revenue Recognition, net sales decreased by 748 million yen.

### Future strategies

The EC market is one of the few sectors in Japan promising continued growth, but due to the nature of the business, it is easy for competitors to compare business, study us, and imitate us. It is extremely difficult to maintain superiority in business. The situation is chaotic, with many players eliminated in the fiercely competitive environment.

For survival in such an environment, we must not only propose products that meet customer needs but also stay a step ahead of customers, continuing to propose new added value by discovering their latent needs. We will differentiate ourselves to gain the support of customers by launching unique and original products, among other measures.

To further increase the number of original products in our future E-commerce Business, we will work to expand the product range of Hilander, our original brand of camping outfits, as well as fishing gear, furniture, interior goods, and other products. We will also reduce costs and improve profitability by expanding overseas production and by other means.

In addition to the existing businesses, we will work to develop new businesses in peripheral areas by leveraging our accumulated assets and expertise. We will aggressively take on the challenge of strengthening segment profitability by building our own eco-cycle to realize a recycling-oriented society and offering our extensive EC knowledge to new EC entrants as part of our Solutions Business menu.

In this business, we have been actively promoting M&A to accelerate business growth. We will continue to add EC and mail-order companies in specialized fields that are strong in terms of product competitiveness and sales capability to our Group to expand segment profit.

#### Medium-term management plan priority items

- Pursue differentiation by strengthening original product development
- Build a foundation for establishing a new business model
- Expand business through M&A

## TOPICS

### Hilander, Naturum's original brand

Hilander is an outdoor equipment brand launched in 2008. It offers tents, sleeping bags, tables, chairs, lanterns, and other products with excellent design and cost performance that can be casually used by experienced campers as well as beginners.

The brand's Wood Roll Top Table 2 won the top position in the chair and table category of the Rakuten Ichiba daily rankings\* and has appeared in numerous magazines, as well as on websites, YouTube, and in other media. We will continue to differentiate ourselves from others while strengthening product development and promoting wider recognition through events and social media.

\* Ranked first in the Rakuten Ichiba outdoor (chairs, tables, ground sheets) daily rankings (as of January 19, 2021)



Business Strategies  
**HBT Business**



We support customers by promoting their beauty and health in mind and body and their active lifestyles through the sale of value-added cosmetics, health foods, and other products, as well as travel (experience) services that our customers and the times demand.

**Norikiyo Ikeda**  
Group Officer, and PRS of HBT Business



**Business details**

We are selling our own original cosmetics / health foods and travel plans mainly on the internet for the “beauty and health” and “experiential consumption” market, which is expected to continue to grow in terms of consumer needs as we enter an age where people live to be 100 or more. Regarding “beauty and health,” we have original cosmetic brands and health foods that are comfortable to use against the backdrop of nature, and with regard to “experiential consumption,” we mainly plan, sell and manage domestic travel.

In fiscal 2022, we integrated the health & beauty business and

the travel business into the HBT Business to improve management efficiency.



**KINARI inc.**  
Established in 2001 Main brand: sokamocka



**Hokkaido Anthropologie Corporation**  
Established in 1996 Main brands: Miracle Queen (Royal Jelly), Toyotomi Onsen (hot spring) skincare



**Travex Tours Inc.**  
Established in 2002 Planning and operation of tours such as day-trip sightseeing bus tours and ski tours

**Management status in fiscal 2021**

In the health & beauty business, we have been building a customer base mainly in e-commerce. In the travel business, we were significantly affected by the state of emergency declaration and the quasi-emergency measures implemented to control the spread of COVID-19.

As a result of these, in the fiscal year ended March 2022, the health & beauty business posted net sales of 2,072 million yen (2,764

million yen in the previous year) and segment income of 23 million yen (segment loss of 530 million yen in the previous year). The travel business posted net sales of 437 million yen (289 million yen in the previous year), with a segment loss of 24 million yen (segment loss of 77 million yen in the previous year). Due to the application of the Accounting Standard for Revenue Recognition, net sales of the health & beauty business decreased by 12 million yen.

**Future strategies**

We will continue to invest in the HBT Business to establish a business to follow our core Mail-order Business and the growing Solutions and E-commerce Business for sustained growth of the SCROLL Group under the direct marketing conglomerate (DMC) strategy. In the cosmetics, health foods, and travel fields, continued growth of the market is expected as we enter an age where people live to 100 years of life and of an overall aging society, and new market needs are emerging under the COVID-19 pandemic. In these growth areas, we will aggressively take on challenges for growth based on the Group’s accumulated expertise in EC and mail-order businesses and the results we have achieved in the beauty & health and travel businesses.

In the cosmetics and health foods business, we will renew

existing products and develop new products, and continue to invest in building a customer base centered on EC. We will also seek to strengthen our business portfolio through M&A. In the travel business, we will enhance our domestic travel plan offerings and build a model for travel to Japan, as well as strengthen new travel proposals in the era of living with COVID-19 and in terms of building a sustainable society.

**Medium-term management plan priority items**

- Invest in cosmetics and other new products
- Promote M&A to strengthen our business portfolio
- Establish a stable business model in domestic travel
- Rebuild the business model of travel to Japan

Business Strategies  
**Group Jurisdiction Business**



As a foundation to support the direct marketing conglomerate (DMC) strategy, this business prepares the Group’s logistics, systems, and office infrastructure to execute key measures of each business, working to optimize and streamline assets. It also supports the creation of new value we offer through sustained growth and improvement of profitability of the Group by strengthening the Group’s general headquarters functions and reducing costs.

**Yasunori Sugimoto**  
Director, Group Officer CAO, and PRS of Group Jurisdiction Business



**Business details**

As the Group’s general headquarters functions, this business manages the logistics facilities, offices, and other important assets related to the entire Group for their effective utilization and is strengthening the Group’s administrative divisions, aiming for concentration, standardization, and streamlining of group business management.

This business also supports the growth of the Mail-order and Solutions Business by expanding logistics center operations by Scroll Logistics Co., Ltd., the basic foundation of our DMC strategy, to the Kanto and

Kansai areas, starting from Hamamatsu City, where our head office is located. Furthermore, SCROLL VIETNAM CO., LTD. our overseas subsidiary, is developing new businesses in supply chain management and Solutions Business for the Mail-order and E-commerce Business, with an eye on global business development.



**Scroll Logistics Co., Ltd.**  
Established in 2016  
Storage, management, packaging and shipping of mail-order products

● Overseas subsidiary **SCROLL VIETNAM CO., LTD.**  
Established in 2019

**Management status in fiscal 2021**

In the logistics function, we have worked to ensure stable operations by strengthening our ability to meet volume fluctuations and other changes. The overseas subsidiary strengthened its product supply support system in a difficult environment amid the COVID-19 pandemic. We are also making efforts to strengthen the Group’s general headquarters functions, including management of assets

and their effective utilization.

As a result of these measures, net sales in the fiscal year ended March 2022 totaled 3,287 million yen (3,323 million yen in the previous year), with segment income of 111 million yen (94 million yen in the previous year). There was no impact as a result of the application of the Accounting Standard for Revenue Recognition.

**Future strategies**

As the general headquarters of the Group, we will promote the reallocation and effective utilization of management resources and important assets within the Group based on ROIC and other management indexes. We also regard logistics as an important foundation to support our DMC strategy and the knowledge we have acquired in the operation of distribution centers and the human resources engaged in the operation are important and valuable assets for the Group. On these foundations, we will build the optimal logistics functions and environment demanded by the times, including future technological innovations, greenhouse gas reduction, and effective use of resources. While optimizing logistics costs by promoting highly accurate volume forecasts, appropriate personnel allocation systems, labor saving, and automation, we will also strengthen Group BCP and reduce business operation risks by establishing multiple distribution bases in the Tokai, Kanto, and Kansai areas.

The overseas subsidiary will increase its support in strengthening the SCM of the entire Group and realizing new growth strategies for the Group through the development of partner companies and other initiatives in the ASEAN market.

**Medium-term management plan priority items**

- Manage and appropriately utilize the Group’s important assets in a timely manner and promote environmental measures at each facility
- Strengthen management of distribution center operations and promote low-cost operations by increasing the number of distribution bases
- Support by the overseas subsidiary for SCM optimization, including production support and production management, and multicultural symbiosis through the acceptance of foreign human resources