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## Summary of Consolidated Financial Results for the Three Months Ended August 20, 2021 [Japanese GAAP]\*

September 16, 2021

Company name: ASKUL Corporation

Stock exchange listing: Tokyo

Code number: 2678

URL: <https://www.askul.co.jp/kaisya/ir/>

Representative: Akira Yoshioka President and chief executive officer

Contact: Tsuguhiko Tamai Director and chief financial officer

Phone: 03-4330-5130

Scheduled date of filing quarterly securities report: September 28, 2021

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Three Months Ended August 20, 2021 (May 21, 2021 to August 20, 2021)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended August 20, 2021	102,442	2.3	3,272	9.4	3,240	8.5	2,153	43.3
August 20, 2020	100,180	2.3	2,989	102.1	2,986	105.1	1,502	65.0

(Note) Comprehensive income: Three months ended August 20, 2021: ¥2,174 million [50.7%]  
Three months ended August 20, 2020: ¥1,442 million [52.6%]

	Basic earnings per share	Diluted earnings per share
Three months ended August 20, 2021	Yen 21.01	Yen 20.99
August 20, 2020	14.72	14.65

(Notes) 1 The Group has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., effective the beginning of the current period. Accordingly, the above figures for the three months ended August 20, 2021 indicates the amounts after the application of the said accounting standard, etc.

When calculating the figures for the three months ended August 20, 2020 in accordance with the same Accounting Standard, change ratio of net sales would be 3.4%.

2 A provisional accounting treatment regarding the business combination was finalized in the second quarter of the fiscal year ended May 2021, and the figures for the three months ended August 20, 2020 have been based on the finalized provisional accounting treatment.

3 ASKUL Corporation conducted a 2-for-1 stock split of common stock on May 21, 2021. "Basic earnings per share" and "Diluted earnings per share" are calculated on the assumption that the said stock split was implemented at the beginning of the preceding fiscal year.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of August 20, 2021	Million yen 180,242	Million yen 59,828	% 33.0
May 20, 2021	190,107	59,203	30.9

(Reference) Equity: As of August 20, 2021: ¥59,396 million  
As of May 20, 2021: ¥58,777 million

(Note) The Group has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., effective the beginning of the current period. Accordingly, the above figures as of August 20, 2021 indicates the amounts after the application of the said accounting standard, etc.

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2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 20, 2021	-	19.00	-	30.00	49.00
Fiscal year ending May 20, 2022	-				
Fiscal year ending May 20, 2022 (Forecast)		15.00	-	15.00	30.00

(Notes) 1 Revision to the forecast for dividends announced most recently: No

2 ASKUL Corporation conducted a 2-for-1 stock split of common stock on May 21, 2021. The actual amounts of dividends before the said stock split are described for the fiscal year ended May 2021.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 20, 2022 (May 21, 2021 to May 20, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	430,000	1.9	14,000	0.5	13,900	0.4	9,000	16.0	87.82

(Note) Revision to the financial results forecast announced most recently: No

\* Notes:

(1) Changes in significant subsidiaries during the period under review

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

August 20, 2021: 102,518,800 shares

May 20, 2021: 102,518,800 shares

2) Total number of treasury shares at the end of the period:

August 20, 2021: 42,028 shares

May 20, 2021: 41,874 shares

3) Average number of shares during the period:

Three months ended August 20, 2021: 102,476,782 shares

Three months ended August 20, 2020: 102,103,813 shares

(Note) ASKUL Corporation conducted a 2-for-1 stock split of common stock on May 21, 2021. "Total number of issued shares," "Total number of treasury shares," and "Average number of shares during the period" are calculated on the assumption that the said stock split was implemented at the beginning of the preceding fiscal year.

\* This Summary of Consolidated Financial Results is not subject to quarterly review.

\* Notes for using forecasted information and others

Earnings forecasts and other forward-looking statements contained in this document are based on the information ASKUL has obtained to date and on certain assumptions it considers reasonable. As such, these forecasts and statements are not intended as a commitment by the Company to achieve them. Note also that actual results and other future events may differ materially from these forecasts and statements due to a variety of factors. For the assumptions on which earnings forecasts are based and notes and information on the use of earnings forecasts, see "1. Qualitative Information on Financial Results" on Page 2 and (3) Explanation of Consolidated Forecasts and Other Forward-Looking Information" on Page 4 of Attached Materials.

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## 1. Qualitative Information on Financial Results

### (1) Explanation of Operating Results

During the first quarter of the fiscal year under review (from May 21, 2021 to August 20, 2021), Japan saw another wave of COVID-19 due to the arrival of a more infectious new variant and other reasons. This led to multiple prefectures continuing with the state of emergency declaration or quasi-emergency measures. Consequently, the outlook for the Japanese economy remains uncertain.

The e-commerce market, in which the Group operates, keeps growing as it is strongly hoped that the market will play the role of allowing shopping activities where there is reduced contact among people with new lifestyles, which has been necessitated by the spread of COVID-19. On the other hand, competition in the industry for better service quality has continued. As a result, it has become a business management issue to realize sustainable growth in sales and profits while accommodating diverse customer demands.

Under such circumstances, the Group positions the fiscal year ending May 20, 2022 as the time to cement the foothold to fulfil the Medium-term Management Plan (from the fiscal year ending May 20, 2022 to the fiscal year ending May 20, 2025). To this end, the Group will strive to secure operating profit and simultaneously and proactively make investments. The B-to-B business in the mainstay E-commerce business, taking the expansion of the e-commerce market as an opportunity, is pushing forward with its operations steadily. For example, it is expanding the range of products handled and constructing a new website, toward the fulfilment of the Medium-term Management Plan. The B-to-C business has been engaged in improving its earnings to ensure that LOHACO starts generating operating profit in the fiscal year ending May 20, 2023 and subsequently, continues growth.

In the first quarter of the fiscal year under review, the B-to-B business posted higher sales due to a recovery from the plunge in demand for office supplies in the same period of the previous year. This was despite a recoil from special demand for COVID-19 infection-prevention products that took place in the same period of the previous year. In the B-to-C business, earnings continued to improve as planned due to a better gross profit margin and variable cost ratio (real value excluding the effects of adopting "Accounting Standard for Revenue Recognition," etc.) and reduced fixed costs. This was despite lower sales, caused by a temporary curb of sales promotional activities, accompanying the renewal of LOHACO Main Store.

As a result, the financial performance of the Group for the first quarter of the fiscal year under review was net sales of 102,442 million yen, a 2.3% increase year on year and a 3.4% increase year on year in real terms (Note 1), operating profit of 3,272 million yen, a 9.4% increase year on year, ordinary profit of 3,240 million yen, up 8.5% year on year, and profit attributable to owners of parent of 2,153 million yen, a 43.3% increase year on year. They each reached record highs for the first quarter of a fiscal year.

The Group has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; hereinafter referred to as the "Accounting Standard for Revenue Recognition"), etc. since the beginning of the first quarter of the fiscal year under review. Accordingly, net sales for the first quarter of the fiscal year under review decreased by 1,204 million yen.

Operating results by segment are outlined below.

<E-commerce business>

In the B-to-B business, the mainstay business of the Group, net sales remained solid. By product category, net sales in the first quarter of the fiscal year under review increased as sales grew in living supplies, such as beverages consumed in diverse workplaces; MRO (Note 2) products, such as packing materials, whose demand rose due to increasing demand for e-commerce; and long tail products whose number of items handled exceeded 8.91 million resulting from the effort to expand the product lineups. On the other hand, special demand for products to combat COVID-19, such as hand sanitizers and face masks, which took place in the same period of the previous year, settled down and this caused sales to shrink after the boom.

With the customer base expanding steadily, the Group strives to add specialized products required by each area of medical care and nursing care, and manufacturing, in particular, that the Group focuses strategically on to ensure that customers continue to use the Group's services.

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As a result, net sales in the B-to-B business grew by 2,284 million yen from a year earlier to 83,406 million yen, a 2.8% increase year on year and up 3.9% year on year in real terms.

In the B-to-C business, the Group relocated LOHACO Main Store to the system infrastructure that Yahoo Japan Corporation provided, and renewed and opened as a new main store in June 2021. By utilizing the Z Holdings Group's infrastructure, including the capacity to attract customers, website platforms, and payment systems, the Group will expand its customers and reduce costs. At the same time, it will further concentrate management resources on its strengths, which are original products, logistics and communication with customers, thereby boosting further growth. During the first quarter of the fiscal year under review, net sales decreased as sales promotional activities were curbed accompanying the renewal of LOHACO Main Store. However, net sales returned to another growth path in August, resulting from the restart of a large-scale sales promotion carried out in coordination with SoftBank Corporation and Yahoo Japan Corporation.

As a result, LOHACO sales decreased 311 million yen from a year earlier to 12,618 million yen, down 2.4% year on year and a 1.1% decrease year on year in real terms. Consequently, net sales of the B-to-C business in total also fell by 143 million yen from a year earlier to 16,736 million yen, a 0.9% decrease year on year and up 0.5% year on year in real terms.

As a result, net sales of the E-commerce business, combining the two businesses above, stood at 100,142 million yen, a 2.2% increase year on year and up 3.4% year on year in real terms. Gross profit-net stood at 24,841 million yen, down 0.0% year on year, as the gross profit margin fell 0.6 points year on year, a 0.6 point decrease year on year in real terms, caused by lower sales of products with high profit ratios, including infection-prevention products.

Operating profit fell to 3,308 million yen, a 3.9% decrease year on year. The ratio of selling, general and administrative expenses to net sales declined by 0.3 points year on year, a 0.3 point decrease year on year in real terms. This was mainly due to improvements in the logistics costs of the B-to-B business and LOHACO and a cut in fixed costs with the renewal of LOHACO Main Store, which reduced selling, general and administrative expenses to 21,533 million yen. Nonetheless, the reduction was not large enough to cover the fall in gross profit margin. In addition, as a result of the application of the Accounting Standard of Revenue Recognition, etc., net sales decreased by ¥1,204 million.

<Logistics business>

Net sales increased due to an expansion of the contracted business of logistics that ASKUL LOGIST Co., Ltd. received from outside the Group. In addition to the business expansion, ecohai Co., Ltd., which had been a consolidated subsidiary in the previous fiscal year, was excluded from the scope of consolidation, resulting in operating profit/loss improving considerably year on year.

As a result, net sales in the first quarter of the fiscal year under review were 2,088 million yen, a 4.8% increase year on year, and operating loss was 59 million yen, as opposed to an operating loss of 480 million yen a year earlier. There are no effects from the application of the Accounting Standard for Revenue Recognition, etc.

<Other>

Tsumagoimeisui Corporation increased net sales due to strong sales of its bottled water including LOHACO, but profits fell partly because of the cost for testing that occurred prior to the operation of a new production line.

As a result, net sales for the first quarter of the fiscal year under review were 394 million yen, a 10.5% increase year on year, and operating profit was 44 million yen, down 18.0% year on year. There are no effects from the application of the Accounting Standard for Revenue Recognition, etc.

- (Notes)
1. A year-on-year comparison assuming that Accounting Standard for Revenue Recognition, etc. has been applied since the fiscal year ended May 20, 2021.
  2. MRO is an acronym for Maintenance, Repair and Operations, and the term "MRO supplies" denotes indirect materials including consumables and repair supplies for use at factories, construction sites, warehouses and others.

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## (2) Explanation of Financial Position

### (Assets)

Total assets stood at 180,242 million yen at the end of the first quarter of the fiscal year under review, a decrease of 9,864 million yen from the end of the preceding fiscal year. The primary factors behind the decrease were a fall of 7,316 million yen in cash and deposits and a decrease of 2,485 million yen in notes and accounts receivable-trade.

### (Liabilities)

Total liabilities stood at 120,413 million yen at the end of the first quarter of the fiscal year under review, a decrease of 10,489 million yen from the end of the preceding fiscal year. The main factors behind the decrease were a fall of 3,110 million yen in electronically recorded obligations-operating, a decrease of 2,340 million yen in income taxes payable, and a drop of 2,136 million yen in notes and accounts payable-trade and a decrease of 2,126 million yen in long-term borrowings (including the current portion thereof).

### (Net assets)

Net assets stood at 59,828 million yen at the end of the first quarter of the fiscal year under review, an increase of 625 million yen from the end of the preceding fiscal year. The primary factor behind the rise was an increase of 616 million yen in retained earnings mainly due to recognition of profit attributable to owners of parent of 2,153 million yen as opposed to dividend payments of 1,537 million yen.

Consequently, the capital adequacy ratio was 33.0% (30.9% at the end of the preceding fiscal year).

## (3) Explanation of Consolidated Forecasts and Other Forward-Looking Information

The forecast for the year ending May 20, 2022 (full year) announced on July 2, 2021, remains unchanged.

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## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of May 20, 2021	As of August 20, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	66,259	58,943
Notes and accounts receivable - trade	45,582	43,096
Merchandise and finished goods	17,925	17,523
Raw materials and supplies	266	185
Costs on construction contracts in progress	35	41
Accounts receivable - other	12,013	11,269
Other	1,242	1,483
Allowance for doubtful accounts	(34)	(27)
<b>Total current assets</b>	<b>143,291</b>	<b>132,516</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,587	8,605
Accumulated depreciation	(3,599)	(3,749)
Buildings and structures, net	4,987	4,856
Land	132	119
Leased assets	19,787	19,794
Accumulated depreciation	(7,440)	(7,940)
Leased assets, net	12,346	11,854
Other	10,539	10,612
Accumulated depreciation	(7,430)	(7,641)
Other, net	3,108	2,970
Construction in progress	4,391	6,043
<b>Total property, plant and equipment</b>	<b>24,966</b>	<b>25,843</b>
Intangible assets		
Software	5,983	6,094
Software in progress	3,350	4,069
Goodwill	1,614	1,553
Other	88	86
<b>Total intangible assets</b>	<b>11,036</b>	<b>11,803</b>
Investments and other assets		
Investment securities	183	143
Deferred tax assets	4,043	3,347
Other	7,365	7,352
Allowance for doubtful accounts	(780)	(764)
<b>Total investments and other assets</b>	<b>10,812</b>	<b>10,078</b>
<b>Total non-current assets</b>	<b>46,815</b>	<b>47,725</b>
<b>Total assets</b>	<b>190,107</b>	<b>180,242</b>

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(Million yen)

	As of May 20, 2021	As of August 20, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	51,474	49,338
Electronically recorded obligations - operating	23,497	20,386
Short-term borrowings	380	380
Current portion of long-term borrowings	12,649	10,142
Accounts payable - other	12,369	12,141
Income taxes payable	2,793	453
Accrued consumption taxes	1,006	852
Provisions	926	307
Other	3,688	4,447
Total current liabilities	108,786	98,448
Non-current liabilities		
Long-term borrowings	2,115	2,496
Lease obligations	11,211	10,711
Retirement benefit liability	4,127	4,180
Asset retirement obligations	2,714	2,718
Other	1,948	1,857
Total non-current liabilities	22,117	21,964
Total liabilities	130,903	120,413
<b>Net assets</b>		
Shareholders' equity		
Share capital	21,189	21,189
Capital surplus	14,320	14,320
Retained earnings	23,391	24,007
Treasury shares	(81)	(81)
Total shareholders' equity	58,819	59,435
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(42)	(39)
Total accumulated other comprehensive income	(42)	(39)
Share acquisition rights	(5)	(17)
Non-controlling interests	431	449
Total net assets	59,203	59,828
Total liabilities and net assets	190,107	180,242



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(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Million yen)

	For the three months ended August 20, 2020	For the three months ended August 20, 2021
Net sales	100,180	102,442
Cost of sales	75,323	77,448
Gross profit	24,856	24,994
Reversal of provision for sales returns	26	-
Provision for sales returns	31	-
Gross profit - net	24,851	24,994
Selling, general and administrative expenses	21,861	21,721
Operating profit	2,989	3,272
Non-operating income		
Interest income	8	10
Rental income	47	26
Subsidy income	37	11
Other	13	7
Total non-operating income	106	56
Non-operating expenses		
Interest expenses	58	56
Rental expenses	44	22
Other	8	8
Total non-operating expenses	110	87
Ordinary profit	2,986	3,240
Extraordinary income		
Gain on sales of non-current assets	1	-
Total extraordinary income	1	-
Extraordinary losses		
Loss on sales of non-current assets	0	6
Loss on valuation of investment securities	48	40
Loss on sales of shares of subsidiaries	24	-
Provision of allowance for doubtful accounts	1,000	-
Other	0	0
Total extraordinary losses	1,074	47
Profit before income taxes	1,913	3,193
Income taxes - current	145	327
Income taxes - deferred	329	694
Total income taxes	474	1,021
Profit	1,439	2,171
Profit (loss) attributable to non-controlling interests	(63)	18
Profit attributable to owners of parent	1,502	2,153

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Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Million yen)

	For the three months ended August 20, 2020	For the three months ended August 20, 2021
Profit	1,439	2,171
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	3	3
Total other comprehensive income	3	3
Comprehensive income	1,442	2,174
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,506	2,156
Comprehensive income attributable to non-controlling interests	(63)	18

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### (3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Not applicable.

(Change in Accounting Policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Group applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as "Accounting Standard for Revenue Recognition"), etc. at the beginning of the first quarter of the fiscal year under review. Accordingly, the Group recognizes revenue in the amount expected to be received in exchange for promised goods or services at points where control over such goods or services is transferred to customers.

Applying the alternative handling prescribed in paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, the Group recognizes revenue from the domestic sale of merchandise or finished goods at the point of their shipment in cases where control over the concerned merchandise or finished goods moves to customers in a normal period after their shipment.

Main changes in the application of the Accounting Standard for Revenue Recognition, etc. are as follows.

(1) Transaction as agent

In transactions where the role of the Group in providing goods or services to customers falls under the category of agents, the Group recognized revenue in the gross amount received for goods or services from customers. However, the Group has switched to the method of recognizing revenue in the net amount after deducting the amount paid to the suppliers of the goods or services from the gross amount of the consideration.

(2) Points of other companies

The Group recorded points of other companies, granted to customers at the time of a sale, in selling, general and administrative expenses. However, the Group has switched to the method of recognizing revenue in the net amount after deducting the amount paid to suppliers from the amount received from customers.

The application of the Accounting Standard of Revenue Recognition, etc. follows the provisional treatment stipulated in the proviso of paragraph 84 of the Accounting Standard of Revenue Recognition. The cumulative impact of the retroactive application of the new accounting policy prior to the beginning of the first quarter of the fiscal year under review is added to or deducted from retained earnings at the beginning of the first quarter of the fiscal year under review, and the new accounting policy is applied to this initial balance.

As a result, net sales, cost of sales, and selling, general and administrative expenses for the first quarter of the fiscal year under review decreased by 1,204 million yen, 958 million yen and 250 million yen respectively. However, there is no impact on operating profit, ordinary profit or profit before income taxes. There is no impact on the initial balance of retained earnings for the fiscal year under review.

In accordance with the application of the Accounting Standard for Revenue Recognition, etc., returned assets and refund liabilities, which were presented at "Provision for sales returns" in "Current liabilities" of the consolidated balance sheet of the previous fiscal year, are presented by including them in "Other" in "Current assets," and in "Other" in "Current Liabilities" from the first quarter of the fiscal year under review. Contract liabilities, which were presented in "Provision for sales promotion expenses" in "Current liabilities" of the consolidated balance sheet of the previous fiscal year, are presented by including them in "Other" in "Current liabilities" from the first quarter of the fiscal year under review. In accordance with the transitional treatment prescribed in paragraph 89-2 of the Accounting Standard for Revenue Recognition, the Group did not implement reclassifications that reflected the new method of presentation for the results of the previous consolidated fiscal year.

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(Segment Information, etc.)

[Segment Information]

I. First Three Months of the Previous Fiscal Year (From May 21, 2020 to August 20, 2020)

Information on net sales and profit (loss) by reporting segment

(Million yen)

	Reporting Segment			Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded in quarterly consolidated statements of income (Note 3)
	E-commerce business	Logistics business	Total				
Net sales							
Sales to external customers	98,002	1,991	99,993	186	100,180	—	100,180
Intra-segment sales or transfers	—	—	—	170	170	(170)	—
Total	98,002	1,991	99,993	357	100,350	(170)	100,180
Segment profit (loss)	3,442	(480)	2,961	54	3,016	(26)	2,989

- (Notes)
1. "Other" represents business segments that do not fall under the Reporting Segment and includes the manufacturing business.
  2. The adjustment of minus 26 million yen to segment profit (loss) represents the elimination of inter-segment transactions of minus 26 million yen.
  3. Segment profit (loss) is adjusted with operating profit reported in the quarterly consolidated statements of income.
  4. In the second quarter of the previous fiscal year, the Group finalized the provisional accounting treatment pertaining to a business combination, and the segment information for the first quarter of the previous fiscal year reflects details of the finalization of the provisional accounting treatment.

II. First Three Months of the Current Fiscal Year (From May 21, 2021 to August 20, 2021)

Information on net sales and profit (loss) by reporting segment

(Million yen)

	Reporting Segment			Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded in quarterly consolidated statements of income (Note 3)
	E-commerce business	Logistics business	Total				
Net sales							
Sales to external customers	100,142	2,088	102,230	212	102,442	—	102,442
Intra-segment sales or transfers	—	—	—	181	181	(181)	—
Total	100,142	2,088	102,230	394	102,624	(181)	102,442
Segment profit (loss)	3,308	(59)	3,248	44	3,293	(21)	3,272

- (Notes)
1. "Other" represents business segments that do not fall under the Reporting Segment and includes the manufacturing business.
  2. The adjustment of minus 21 million yen to segment profit (loss) represents the elimination of inter-segment transactions of minus 21 million yen.
  3. Segment profit (loss) is adjusted with operating profit reported in the quarterly consolidated statements of income.

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### 3. Other

#### Details of Selling, General and Administrative Expenses (Consolidated)

Item	First Three Months of the Previous Fiscal Year (From May 21, 2020 to August 20, 2020)		First Three Months of the Fiscal Year Under Review (From May 21, 2021 to August 20, 2021)			(Reference) Fiscal Year Ended May 2021 (From May 21, 2020 to May 20, 2021)	
	Amount (Million yen)	Ratio to Sales (%)	Amount (Million yen)	Ratio to Sales (%)	Year-on-Year Change (%)	Amount (Million yen)	Ratio to Sales (%)
Personnel expenses	5,291	5.3	5,260	5.1	99.4	21,953	5.2
Shipment expenses *1	6,038	6.0	5,976	5.8	99.0	24,182	5.7
Provision for sales promotion expenses *2	150	0.2	—	0.0	—	519	0.1
Subcontract expenses *3	841	0.8	962	0.9	114.4	3,486	0.8
Business consignment expenses	2,790	2.8	2,934	2.9	105.2	11,570	2.7
Rents	2,421	2.4	2,490	2.4	102.9	10,067	2.4
Provision of allowance for doubtful accounts	26	0.0	(21)	(0.0)	—	33	0.0
Depreciation	771	0.8	782	0.8	101.5	3,160	0.7
Amortization of software	638	0.6	610	0.6	95.6	2,755	0.7
Other expenses	2,891	2.9	2,724	2.7	94.2	12,727	3.1
Total	21,861	21.8	21,721	21.2	99.4	90,455	21.4

- \*1. Compared with the same period of the previous fiscal year, shipment expenses for the first quarter of the fiscal year under review decreased. This was mainly due to an increase in sales per box.
- \*2. Compared with the same period of the previous fiscal year, provision for sales promotion expenses for the first quarter of the fiscal year under review decreased. This was due to the application of the Accounting Standard for Revenue Recognition, etc.
- \*3. Compared with the same period of the previous fiscal year, subcontract expenses for the first quarter of the fiscal year under review increased. This was mainly due to the construction of the new website for the B-to-B business.
- \*4. In the second quarter of the previous fiscal year, the Group finalized the provisional accounting treatment pertaining to a business combination, and the contents of selling, general and administrative expenses for the first quarter of the previous fiscal year reflect details of the finalization of the provisional accounting treatment.