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Consolidated Financial Results for the Nine Months Ended February 20, 2022 [Japanese GAAP]*

March 15, 2022

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: Tsuguhiro Tamai Executive officer and chief financial officer
Phone: 03-4330-5130
Scheduled date of filing quarterly securities report: March 25, 2022
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 Nine Months Ended February 20, 2022 (May 21, 2021 to February 20, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
February 20, 2022	317,994	1.6	10,637	3.4	10,646	4.0	7,131	15.9
February 20, 2021	313,003	4.5	10,286	62.3	10,236	63.8	6,150	49.4

(Note) Comprehensive income: Nine months ended February 20, 2022: ¥7,198 million [17.3%]
Nine months ended February 20, 2021: ¥6,135 million [48.9%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
February 20, 2022	69.72	69.65
February 20, 2021	60.16	60.03

(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 nine months ended February 20, 2022 indicates the amounts after the application of the said accounting standard, etc. When calculating the figures for the nine months ended February 20, 2021 in accordance with the same Accounting Standard, change ratio of net sales would be 2.9%.
2 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	Million yen	Million yen	%
February 20, 2022	195,547	58,808	29.8
May 20, 2021	190,107	59,203	30.9

(Reference) Equity: As of February 20, 2022: ¥58,317 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 February 20, 2022 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	-	15.00	-		
Fiscal year ending May 20, 2022(Forecast)				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 nine months ended February 20, 2022
(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):
February 20, 2022: 102,518,800 shares
May 20, 2021: 102,518,800 shares

2) Total number of treasury shares at the end of the period:
February 20, 2022: 2,874,339 shares
May 20, 2021: 41,874 shares

3) Average number of shares during the period:
Nine months ended February 20, 2022: 102,288,436 shares
Nine months ended February 20, 2021: 102,246,974 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 (3) Explanation of Consolidated Forecasts and Other Forward-Looking Information” on Page 4 of Attached Materials.

○ Table of Contents for Attached Materials

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1. Qualitative Information on Financial Results

(1) Explanation of Operating Results

During the first nine months of the fiscal year under review (from May 21, 2021 to February 20, 2022), Japan saw signs of economic recovery in some fields as states of emergency and other measures, taken intermittently in the face of COVID-19, were completely lifted at the end of September 2021. However, the outlook for the Japanese economy remains uncertain partly due to the rapid spread of a new variant from the beginning of the new year.

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 has actively made capital investments while securing operating profit. The B-to-B business in the mainstay e-commerce business has pushed forward with measures such as the expansion of the number of products handled and the establishment of a new website. Regarding the new website that will be a driver of high growth in the Medium-term Management Plan, the Group has decided to make an additional investment of 4,500 million yen (Note 1) due to an increase in man-hours resulting from an addition of developmental volume and other factors which was not anticipated initially, and the considerable reinforcement of a development structure that ensures the reliable release. 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 nine months of the fiscal year under review, the B-to-B business saw a net sales increase due to growth in sales of living supplies and MRO (Note 2), which are growth fields, despite a decline in special demand for infection-prevention products. On the other hand, the B-to-B business suffered a profit decrease due to a drop in the gross profit margin resulting from the fall in special demand and the incurring of rents prior to the operational start of ASKUL Tokyo DC, although the result was in line with the initial plan set at the start of the fiscal year. In the B-to-C business, net sales increased due to strengthened promotional collaboration mainly with the Z Holdings Group, and the effort to improve earnings has made steady progress thanks to a reduction in fixed costs accompanying the renewal of LOHACO Main Store in addition to an improvement in the variable cost ratio (real value excluding the effects of adopting “Accounting Standard for Revenue Recognition” etc.).

In the Logistics business, earnings improved significantly in part due to the expansion of the contract business of logistics, and achieved a shift from an operating loss to an operating profit in the third quarter of the fiscal year under review (for three months).

As a result, the financial performance of the Group for the first nine months of the fiscal year under review was net sales of 317,994 million yen, a 1.6% increase year on year and a 2.9% increase year on year in real terms (Note 3), operating profit of 10,637 million yen, a 3.4% increase year on year, ordinary profit of 10,646 million yen, up 4.0% year on year, and profit attributable to owners of parent of 7,131 million yen, a 15.9% increase year on year. They each reached record highs for the first nine months 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 current fiscal year. Accordingly, net sales for the first nine months of the fiscal year under review decreased 4,144 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. Net sales in the first nine months of the fiscal year under review increased as sales grew in living supplies, such as beverages consumed in diverse workplaces; MRO products, such as packing materials, whose demand rose due to increasing demand for e-commerce; and long tail products whose lineups are reinforced as a key effort although special demand for products to combat COVID-19, such as hand sanitizers and face masks, declined.

With the customer base too on an expanding trend, 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 on strategically, thereby ensuring that customers continue to use the Group’s services.

As a result, net sales in the B-to-B business grew by 1,968 million yen from a year earlier to 258,287 million yen, a

0.8% increase year on year and up 2.0% year on year in real terms.

The B-to-C business relocated LOHACO Main Store to the system infrastructure that Yahoo Japan Corporation provided and renewed and opened a New Main Store in June 2021. By utilizing the Z Holdings Group's infrastructure, including the capacity to attract customers, site 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 nine months of the fiscal year under review, the functions of the renewed LOHACO Main Store were improved continuously, and simultaneously, large-scale sales promotions were carried out in coordination with SoftBank Corporation and Yahoo Japan Corporation.

As a result, LOHACO sales increased 1,415 million yen from a year earlier to 40,250 million yen, up 3.6% year on year and a 5.3% increase year on year in real terms. Consequently, net sales of the B-to-C business in total rose 1,762 million yen from a year earlier to 52,652 million yen, a 3.5% increase year on year and up 5.0% year on year in real terms.

As a result, net sales of the e-commerce business, combining the two businesses above, stood at 310,939 million yen, a 1.2% increase year on year and up 2.5% year on year in real terms. Gross profit-net stood at 76,913 million yen, down 0.8% year on year and a 0.2% increase year on year in real terms, as the gross profit margin fell 0.5 points year on year (a decrease of 0.6 points year on year in real terms), caused by lower sales of products with high profit ratios, including infection-prevention products.

Operating profit was 10,664 million yen, a 5.0% decrease year on year, as the ratio of selling, general and administrative expenses to net sales declined by 0.3 points year on year, a decrease of 0.3 points year on year in real terms, resulting in selling, general and administrative expenses standing at 66,248 million yen. The decrease in the expenses was mainly due to reduced fixed costs accompanying the renewal of LOHACO Main Store, and improvements in the logistics costs of LOHACO and Charm, a consolidated subsidiary, and a decrease in provision for term-end performance-linked bonuses and others. As a result of the application of the Accounting Standard of Revenue Recognition, etc., net sales decreased 4,144 million yen.

<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 the first nine months of the fiscal year under review, the operating profit and loss situation improved significantly year on year because of the reduced burden of expenses, such as rent for a distribution center in connection with the preparation period for the contracted business of logistics. Consequently, the Logistic business achieved a shift from an operating loss to an operating profit in the third quarter of the fiscal year under review (for three months).

As a result, net sales in the first nine months of the fiscal year under review were 6,473 million yen, a 23.0% increase year on year, and operating loss was 43 million yen as opposed to an operating loss of 974 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.

The new production line, which had been under construction, was completed in November 2021 and commenced operation. With this, the Corporation intends to accelerate future sales growth. On the other hand, while net sales grew, profit declined for the first nine months of the fiscal year under review mainly due to a decline in gross profit margin as the production volume of the plant as a whole failed to reached the planned number in the third quarter of the fiscal year under review (for three months), partly because the new production line had just started operation.

As a result, net sales for the first nine months of the fiscal year under review were 1,075 million yen, a 7.3% increase year on year, and operating profit was 33 million yen, down 54.4% year on year. There are no effects from the application of the Accounting Standard for Revenue Recognition, etc.

(Notes)
1. The estimated total amount of investment including additional investment is 10,500 million yen. The additional investments will be absorbed as much as possible in the overall budget of the Medium-term Management Plan.
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, and warehouses and others.
3. A year-on-year comparison assuming that the Accounting Standard for Revenue Recognition, etc. have been applied since the fiscal year ended May 20, 2021.

(2) Explanation of Financial Position

(Assets)

Total assets stood at 195,547 million yen at the end of the third quarter of the fiscal year under review, an increase of 5,440 million yen from the end of the preceding fiscal year. The primary factors behind the increase were an increase of 4,352 million yen in notes and accounts receivable-trade, and an increase of 3,086 million yen in software in progress while there was a decrease of 1,765 million yen in cash and deposits.

(Liabilities)

Total liabilities stood at 136,738 million yen at the end of the period under review, an increase of 5,835 million yen from the end of the previous fiscal year. This was mainly due to an increase of 5,651 million yen in electronically recorded obligations-operating (the main reason is that 7,910 million yen of electronically recorded obligations-operating, whose settlement date was at the final day of the period under review, was included in the balance of the accounts at the end of the period under review as the final day of the period under review was a holiday for financial institutions) and an increase of 4,512 million yen in notes and accounts receivable-trade as opposed to deceases of 2,251 million yen in long-term borrowings (including the current portion) and 1,348 million yen in income taxes payable.

(Net assets)

Net assets stood at 58,808 million yen at the end of the third quarter of the fiscal year under review, a decrease of 395 million yen from the end of the preceding fiscal year. The primary factor behind the decrease was a decrease of 4,520 million yen due to an increase in treasury stock as progress was made in the acquisition of treasury shares for improving capital efficiency and returning profits to shareholders. On the other hand, against the recognition of profit attributable to owners of parent of 7,131 million yen, 3,073 million yen was paid out in dividends, causing retained earnings to increase by 4,051 million yen.

Consequently, the capital adequacy ratio was 29.8% (30.9% at the end of the previous 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 February 20,2022
Assets		
Current assets		
Cash and deposits	66,259	64,493
Notes and accounts receivable - trade	45,582	49,934
Merchandise and finished goods	17,925	17,910
Raw materials and supplies	266	309
Costs on construction contracts in progress	35	39
Accounts receivable - other	12,013	11,605
Other	1,242	1,604
Allowance for doubtful accounts	(34)	(39)
Total current assets	143,291	145,857
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,587	9,089
Accumulated depreciation	(3,599)	(4,045)
Buildings and structures, net	4,987	5,044
Land	132	119
Leased assets	19,787	21,173
Accumulated depreciation	(7,440)	(8,942)
Leased assets, net	12,346	12,230
Other	10,539	10,883
Accumulated depreciation	(7,430)	(8,090)
Other, net	3,108	2,792
Construction in progress	4,391	4,622
Total property, plant and equipment	24,966	24,808
Intangible assets		
Software	5,983	6,021
Software in progress	3,350	6,436
Goodwill	1,614	1,431
Other	88	81
Total intangible assets	11,036	13,971
Investments and other assets		
Investment securities	183	143
Deferred tax assets	4,043	3,617
Other	7,365	7,946
Allowance for doubtful accounts	(780)	(798)
Total investments and other assets	10,812	10,909
Total non-current assets	46,815	49,689
Total assets	190,107	195,547

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(Million yen)

	As of May 20,2021	As of February 20,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	51,474	55,986
Electronically recorded obligations - operating	23,497	29,148
Short-term borrowings	380	380
Current portion of long-term borrowings	12,649	10,647
Accounts payable - other	12,369	11,515
Income taxes payable	2,793	1,445
Accrued consumption taxes	1,006	607
Provisions	926	526
Other	3,688	4,502
Total current liabilities	108,786	114,759
Non-current liabilities		
Long-term borrowings	2,115	1,866
Lease obligations	11,211	10,931
Retirement benefit liability	4,127	4,274
Asset retirement obligations	2,714	2,684
Other	1,948	2,222
Total non-current liabilities	22,117	21,979
Total liabilities	130,903	136,738
Net assets		
Shareholders' equity		
Share capital	21,189	21,189
Capital surplus	14,320	14,320
Retained earnings	23,391	27,442
Treasury shares	(81)	(4,601)
Total shareholders' equity	58,819	58,350
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(42)	(33)
Total accumulated other comprehensive income	(42)	(33)
Share acquisition rights	(5)	0
Non-controlling interests	431	489
Total net assets	59,203	58,808
Total liabilities and net assets	190,107	195,547

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(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Million yen)

	For the nine months ended February 20,2021	For the nine months ended February 20,2022
Net sales	313,003	317,994
Cost of sales	235,432	240,543
Gross profit	77,570	77,451
Reversal of provision for sales returns	26	-
Provision for sales returns	31	-
Gross profit - net	77,565	77,451
Selling, general and administrative expenses	67,279	66,813
Operating profit	10,286	10,637
Non-operating income		
Interest income	30	31
Rental income	141	74
Subsidy income	67	134
Other	38	28
Total non-operating income	278	269
Non-operating expenses		
Interest expenses	174	168
Rental expenses	132	61
Other	20	30
Total non-operating expenses	327	260
Ordinary profit	10,236	10,646
Extraordinary income		
Gain on sale of non-current assets	1	0
Insurance claim income	-	226
Gain on reversal of share acquisition rights	1	3
Total extraordinary income	3	230
Extraordinary losses		
Loss on sale of non-current assets	0	6
Loss on retirement of non-current assets	7	130
Loss on valuation of investment securities	48	40
Loss on sale of shares of subsidiaries	24	-
Loss on retirement of treasury subscription rights to shares	-	21
Provision of allowance for doubtful accounts	1,000	-
Loss on disaster	248	-
Other	6	6
Total extraordinary losses	1,336	204
Profit before income taxes	8,903	10,672
Income taxes - current	2,652	3,060
Income taxes - deferred	126	421
Total income taxes	2,779	3,482
Profit	6,124	7,189
Profit (loss) attributable to non-controlling interests	(26)	58
Profit attributable to owners of parent	6,150	7,131

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

(Million yen)

	For the nine months ended February 20,2021	For the nine months ended February 20,2022
Profit	6,124	7,189
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	10	9
Total other comprehensive income	10	9
Comprehensive income	6,135	7,198
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,161	7,140
Comprehensive income attributable to non-controlling interests	(26)	58

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

The Company repurchased 2,802,500 shares of treasury stock in accordance with a resolution of the Board of Directors meeting held on February 2, 2022. As a result, treasury stock increased 4,561 million yen for the first nine months of the fiscal year under review, resulting in treasury stock of 4,601 million yen at the end of the third quarter of the fiscal year under review.

(Change in Accounting Policies)

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

The Group applied “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 current fiscal year. 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 current fiscal year is added to or deducted from retained earnings at the beginning of the first quarter of the current fiscal year, 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 nine months of the fiscal year under review decreased 4,144 million yen, 3,404 million yen and 743 million yen respectively. However, there was 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 in “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 current fiscal year. 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 current fiscal year. 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.

(Segment Information, etc.)

[Segment Information]

I. First Nine Months of the Previous Fiscal Year (From May 21, 2020 to February 20, 2021)

1. 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	307,208	5,264	312,473	529	313,003	-	313,003
Intra-segment sales or transfer	-	-	-	472	472	(472)	-
Total	307,208	5,264	312,473	1,002	313,476	(472)	313,003
Segment profit (loss)	11,222	(974)	10,248	73	10,321	(35)	10,286

(Notes) 1. "Other" represents business segments that do not fall under the Reporting Segment and includes the manufacturing business.
2. The adjustment of minus 35 million yen to segment profit (loss) represents an elimination in inter-segment transactions.
3. Segment profit (loss) is adjusted with operating profit reported in the quarterly consolidated statements of income.

II. First Nine Months of the Current Fiscal Year (From May 21, 2021 to February 20, 2022)

1. Information on net sales and profit (loss) and disaggregation of revenue 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							
B-to-B business	258,287	-	258,287	-	258,287	-	258,287
B-to-C business	52,652	-	52,652	-	52,652	-	52,652
Logistics business	-	6,473	6,473	-	6,473	-	6,473
Others	-	-	-	581	581	-	581
Revenue from contracts with customers	310,939	6,473	317,413	581	317,994	-	317,994
Sales to external customers	310,939	6,473	317,413	581	317,994	-	317,994
Intra-segment sales or transfer	-	-	-	494	494	(494)	-
Total	310,939	6,473	317,413	1,075	318,489	(494)	317,994
Segment profit (loss)	10,664	(43)	10,621	33	10,654	(16)	10,637

(Notes) 1. "Other" represents business segments that do not fall under the Reporting Segment and includes the manufacturing business.
2. The adjustment of minus 16 million yen to segment profit (loss) represents an elimination in inter-segment transactions.
3. Segment profit (loss) is adjusted with operating profit reported in the quarterly consolidated statements of income.

2. Matters concerning changes to reportable segments, etc.

As described in Change in Accounting Policies, the Company applied the Accounting Standard for Revenue Recognition, etc. and changed the accounting method for revenue recognition from the beginning of the first quarter of the current fiscal year. Accordingly, the Company changed the calculation methods for business segment profit (loss) in the same manner.

As a result of this change, net sales in the e-commerce business decreased by 4,144 million yen in the first nine months of the fiscal year under review, compared with those processed in the previous method.

Disclaimer
This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

3. Others

Details of Selling, General and Administrative Expenses (Consolidated)

Item	First Nine Months of the Previous Fiscal Year (From May 21, 2020 to February 20, 2021)		First Nine Months of the Fiscal Year Under Review (From May 21, 2021 to February 20, 2022)			(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 *1	16,544	5.3	15,812	5.0	95.6	21,953	5.2
Shipment expenses	17,991	5.7	18,028	5.7	100.2	24,182	5.7
Provision for sales promotion expenses *2	415	0.1	-	-	-	519	0.1
Subcontract expenses *3	2,583	0.8	2,974	0.9	115.1	3,486	0.8
Business consignment expenses	8,522	2.7	8,790	2.8	103.1	11,570	2.7
Rents *4	7,629	2.4	8,120	2.6	106.4	10,067	2.4
Provision of allowance for doubtful accounts	32	0.0	32	0.0	98.4	33	0.0
Depreciation	2,335	0.7	2,409	0.8	103.1	3,160	0.7
Amortization of software	2,072	0.7	1,902	0.6	91.8	2,755	0.7
Other expenses	9,150	3.1	8,742	2.6	95.5	12,727	3.1
Total	67,279	21.5	66,813	21.0	99.3	90,455	21.4

*1. Compared with the same period of the previous fiscal year, personnel expenses decreased for the first nine months of the fiscal year under review, and the main factor was the effect from a decrease in provision for term-end performance-linked bonuses and others.
2. Compared with the same period of the previous fiscal year, provision for sales promotion expenses for the first nine months 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 nine months of the fiscal year under review increased. This was due to the construction of the new website for the B-to-B business.
4. Compared with the same period of the previous fiscal year, rents for the first nine months of the fiscal year under review increased. This was mainly due to the commencement of the lease contract of ASKUL Tokyo DC.