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Consolidated Financial Results for the Year Ended May 20, 2022 [Japanese GAAP]*

July 1, 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: +81-3-4330-5130
Scheduled date of Annual General Meeting of Shareholders: August 4, 2022
Scheduled date of commencing dividend payments: August 5, 2022
Scheduled date of filing annual securities report: July 29, 2022
Availability of supplementary briefing material on annual financial results: Yes
Schedule of annual 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 Fiscal Year Ended May 20, 2022 (May 21, 2021 to May 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	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 20, 2022	428,517	1.5	14,309	2.8	14,270	3.0	9,206	18.7
May 20, 2021	422,151	5.4	13,923	57.8	13,850	60.0	7,758	37.2

(Note) Comprehensive income: Fiscal year ended May 20, 2022: ¥9,255 million [19.6%]
Fiscal year ended May 20, 2021: ¥7,740 million [35.3%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
May 20, 2022	90.83	90.77	15.9	7.5	3.3
May 20, 2021	75.83	75.68	14.0	7.6	3.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended May 20, 2022: ¥- million
Fiscal year ended May 20, 2021: ¥- million

(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 fiscal year ended May 20, 2022 indicates the amounts after the application of the said accounting standard, etc.
When calculating the figures for the fiscal year ended May 20, 2021 in accordance with the same Accounting Standard, change ratio of net sales would be 2.7%.
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	Net assets per share
As of	Million yen	Million yen	%	Yen
May 20, 2022	188,024	57,271	30.2	582.43
May 20, 2021	190,107	59,203	30.9	573.57

(Reference) Equity: As of May 20, 2022: ¥56,755 million
As of May 20, 2021: ¥58,777 million

(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 fiscal year ended May 20, 2022 indicates the amounts after the application of the said accounting standard, etc.
2. ASKUL Corporation conducted a 2-for-1 stock split of common stock on May 21, 2021. "Net assets per share" is calculated on the assumption that the said stock split was implemented at the beginning of the preceding fiscal year.

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(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
May 20, 2022	17,952	(10,748)	(14,674)	58,789
May 20, 2021	15,998	(9,079)	(3,919)	66,259

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
May 20, 2021	-	19.00	-	30.00	49.00	2,508	32.3	4.5
May 20, 2022	-	15.00	-	16.00	31.00	3,095	34.1	5.4
Fiscal year ending May 20, 2023 (Forecast)	-	16.00	-	16.00	32.00		33.2	

(Notes) 1. 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 20, 2021.
2. The year-end dividend forecast for the fiscal year ended May 20, 2022, announced on July 2, 2021, has been revised. For details, please see “Notice Regarding Distribution of Surplus,” announced today.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 20, 2023 (May 21, 2022 to May 20, 2023)

(% 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	455,500	6.3	14,500	1.3	14,300	0.2	9,400	2.1	96.46

* Notes:

(1) Changes in significant subsidiaries during the period under review
(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) 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: Yes
4) Retrospective restatement: No

(3) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
May 20, 2022: 97,518,800 shares
May 20, 2021: 102,518,800 shares

2) Total number of treasury shares at the end of the period:
May 20, 2022: 71,871 shares
May 20, 2021: 41,874 shares

3) Average number of shares during the period:
Fiscal Year ended May 20, 2022: 101,358,926 shares
Fiscal Year ended May 20, 2021: 102,303,044 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.

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(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended May 20, 2022 (May 21, 2021 to May 20, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 20, 2022	371,659	0.9	11,696	(3.4)	12,047	(2.0)	8,281	1.9
May 20, 2021	368,188	5.5	12,108	68.6	12,299	64.4	8,125	65.2

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
May 20, 2022	81.70	-
May 20, 2021	79.43	79.31

(Note) 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) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
May 20, 2022	168,179	55,950	33.3	574.17
May 20, 2021	173,554	58,855	33.9	574.30

(Reference) Equity: As of May 20, 2022: ¥55,950 million
As of May 20, 2021: ¥58,852 million

(Note) ASKUL Corporation conducted a 2-for-1 stock split of common stock on May 21, 2021. "Net assets per share" is 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 audit.
* 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. Overview of Business Results, Etc. (4) Future Outlook” on Page 6 of Attached Materials.

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○Table of Contents for Attached Materials

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1. Overview of Business Results, Etc.

(1) Overview of Business Results for the Fiscal Year under Review

During the fiscal year under review (from May 21, 2021 to May 20, 2022), Japan's economy saw a surge in energy prices and a rise in concerns over the trend of foreign exchange rates including the rapid depreciation of the yen and others, coupled with the negative impact of the resurgence of COVID-19 infections on corporate and consumer behavior in Japan. Accordingly, the economic outlook 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 ended May 20, 2022 as the year to cement the foothold to fulfill the Medium-term Management Plan (from the fiscal year ended May 20, 2022 to the fiscal year ending May 20, 2025). To this end, the Group has actively made capital investments, including in the establishment of the distribution center of ASKUL Tokyo DC and the new ASKUL website (Note 1), both of which will become drivers to achieve the Medium-term Management Plan.

During 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) supplies, which are fields it focuses on, despite declines in special demand for infection-prevention products and in demand for office supplies, such as stationery, mainly due to changes in workstyles. 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 plan. In the B-to-C business, net sales increased due to a rise in demand for products for overseas use and strengthened promotional collaboration mainly with the Z Holdings Group. Also, the effort to improve earnings has delivered the result as planned thanks to a reduction in fixed costs accompanying the renewal of LOHACO Main Store and growth in the profit of Charm Co., Ltd., which is a consolidated subsidiary, 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 second half of the fiscal year under review.

As a result, the financial performance of the Group for the fiscal year under review was net sales of 428,517 million yen, a 1.5% increase year on year and a 2.7% increase year on year in real terms (Note 3), operating profit of 14,309 million yen, a 2.8% increase year on year, ordinary profit of 14,270 million yen, up 3.0% year on year, and profit attributable to owners of parent of 9,206 million yen, a 18.7% increase year on year. They each reached record highs for 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 fiscal year under review. Accordingly, net sales for fiscal year under review decreased 5,192 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 for the fiscal year under review increased as sales grew in living supplies, such as beverages consumed in diverse workplaces; MRO supplies, 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. This was despite declines

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in special demand for infection-prevention products, such as hand sanitizers and masks, and in demand for office supplies, such as stationery, mainly due to changes in workstyles.

In addition, the Group has focused on expanding its customer base through the utilization of online advertising and other means, as well as extending its lineup of specialty products that are required in each industry, particularly in the medical and nursing-care industry and the manufacturing industry, which the Group is strategically strengthening.

As a result, net sales in the B-to-B business grew by 2,832 million yen from a year earlier to 348,025 million yen, a 0.8% increase year on year and up 2.0% 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 a New Main Store in June 2021. To keep the New Main Store as an easy-to-use website after the renewal, the Group has improved its functions continuously, and simultaneously, carried out periodical large-scale sales promotions in coordination with SoftBank Corporation and Yahoo Japan Corporation.

As a result, LOHACO sales increased 1,471 million yen from a year earlier to 54,330 million yen, up 2.8% year on year and a 4.4% increase year on year in real terms. Consequently, net sales of the B-to-C business in total rose 2,085 million yen from a year earlier to 70,673 million yen, a 3.0% increase year on year and up 4.6% year on year in real terms.

As a result, net sales of the e-commerce business, combining the two businesses above, stood at 418,698 million yen, a 1.2% increase year on year and up 2.4% year on year in real terms. Gross profit-net was 104,333 million yen, a 0.2% increase year on year and up 1.1% year on year in real terms.

Operating profit was 14,346 million yen, a 4.3% decrease year on year, as the ratio of selling, general and administrative expenses to net sales declined by 0.1 points year on year, a decrease of 0.1 points year on year in real terms, resulting in selling, general and administrative expenses standing at 89,987 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 term-end performance-linked bonuses and others. As a result of applying the Accounting Standard of Revenue Recognition, etc., net sales decreased 5,192 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. During the fiscal year under review, the operating profit and loss situation improved significantly year on year because of higher sales of the contract business of logistics although expenses, such as rents for the distribution center during the preparatory period for the contract business of logistics, were incurred prior to the start of sales in the previous fiscal year. Consequently, the Logistics business achieved a shift from an operating loss to an operating profit in the second half of the fiscal year under review.

As a result, net sales in the fiscal year under review were 9,030 million yen, a 17.6% increase year on year, and operating loss was 34 million yen, as opposed to an operating loss of 1,100 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. A new production line with high production capacity was completed in November 2021 and is now in operation. However, mainly due to a delay in the construction period of the new production line resulting from the impact of COVID-19 infections, the productivity failed to reach the assumed values just after the operation start, which was one of reasons for a rise in production costs per unit. As a result, gross profit margin fell, ending with a sales increase and a profit decrease.

As a result, net sales for the fiscal year under review were 1,497 million yen, a 12.5% increase year on year, and operating profit was 0 million yen, a 98.7% decrease year on year. There are no effects from the application of the Accounting Standard for Revenue Recognition, etc.

(Notes) 1. A decision was made during the third quarter of the fiscal year under review to make an additional investment of 4,500 million yen. This was due to an increase in person-hours resulting from added development volumes, which was beyond the initial expectation, and a significant strengthening of the development system to make the release doubly certain. The total amount of investment, including the additional investment, is expected to be 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 in factories, construction sites, warehouses and others.
3. A year-on-year comparison assuming that the Accounting Standard for Revenue Recognition, etc. had been applied since the fiscal year ended May 20, 2021.

(2) Overview of Financial Condition for the Fiscal Year Under Review

(Assets)

Total assets stood at 188,024 million yen at the end of the fiscal year under review, a decrease of 2,082 million yen from the end of the previous fiscal year. The main reason for the decrease was a decrease of 7,470 million yen in cash and deposits primarily due to purchase of treasury shares of 8,143 million yen. The main reason for the increase was an increase of 4,982 million yen in software in progress.

(Liabilities)

Total liabilities stood at 130,753 million yen at the end of the fiscal year under review, a decrease of 149 million yen from the end of the previous fiscal year. The main reasons for the decrease were a decrease of 2,509 million in long-term borrowings (including the current portion) and a decrease of 823 million yen in lease liabilities (non-current). The primary factors behind the increase were increases of 1,226 million yen in notes and accounts payable-trade, 978 million yen in electronically recorded obligations-operating, and 414 million yen in accounts payable-other.

(Net assets)

Net assets stood at 57,271 million yen at the end of the fiscal year under review, a decrease of 1,932 million yen from the end of the previous fiscal year. The primary reason behind the fall was a decrease of 1,939 million yen in retained earnings, caused mainly by cancellation of treasury shares of 8,065 million yen after acquisition of such shares for the purpose of enhancing capital efficiency and returning profits to shareholders, and payments of dividends of 3,073 million yen, despite the recording of 9,206 million yen in profit attributable to owners of parent and others.

Consequently, the capital adequacy ratio was 30.2% (30.9% at the end of the previous fiscal year).

(3) Overview of Cash Flows for the Fiscal Year under Review

Consolidated cash and cash equivalents (hereinafter “Funds”) at the end of the fiscal year under review were 58,789 million yen, a decrease of 7,470 million yen from the end of the previous fiscal year. The status of cash flows from operating, investing, and financing activities for the fiscal year under review and the underlying factors are explained below.

(Cash flows from operating activities)

Net Funds provided by operating activities were 17,952 million yen, compared with 15,998 million yen provided in the previous fiscal year. The main factors contributing to the increase in the Funds were profit before income taxes of 13,871 million yen, a total of 6,559 million yen for depreciation and amortization of software and goodwill and an increase of 2,204 million in trade receivables, as opposed to a payment of income taxes of 4,730 million yen.

(Cash flows from investing activities)

Net Funds used in investing activities were 10,748 million yen, compared with 9,079 million yen used in the previous fiscal year. The main factors causing the decrease in Funds were 7,190 million yen spent to purchase software and 2,894 million yen paid for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net Funds used in financing activities were 14,674 million yen, compared with 3,919 million yen used in the previous fiscal year. The main items leading to the decrease were repayments of long-term borrowings of 12,688 million yen, purchase of treasury shares of 8,143 million yen, and cash dividends paid of 3,073 million yen, despite proceeds from long-term borrowings of 10,179 million yen.

The table below shows the trends of key cash flow indicators.

	Fiscal Year Ended May 2018	Fiscal Year Ended May 2019	Fiscal Year Ended May 2020	Fiscal Year Ended May 2021	Fiscal Year Ended May 2022
Capital adequacy ratio (%)	28.3	28.6	30.1	30.9	30.2
Capital adequacy ratio at market value (%)	93.0	89.1	97.0	96.1	75.1
Cash flow to interest-bearing debt ratio (years)	3.4	5.2	1.8	1.8	1.4
Interest coverage ratio (times)	64.4	23.9	66.6	69.4	79.4

(Note) Capital adequacy ratio at market value: Market capitalization/Total assets
Cash flow to interest-bearing liabilities ratio: Interest-bearing liabilities/Cash flows
Interest coverage ratio: Cash flows/Interest payments

* Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of issued and outstanding shares (net of treasury stock) at the end of the period.
* The amount of cash flows from operating activities is used as the amount of cash flows.
* Interest-bearing liabilities refer to all the liabilities bearing interest and reported on the consolidated balance sheet.
* The amount of interest payments used to calculate the interest coverage ratio is the amount of interest expenses presented in the consolidated statement of income.

(4) Future Outlook

With the aim of surviving the drastically changing competitive landscape, the Group announced the Medium-term Management Plan, which represents the management policy for the four years from the fiscal year ended May 2022 to the fiscal year ending May 2025.

As the basic policies of the Medium-Term Management Plan, the Group holds up the following three principles: "Sustainable management" "Maximization of customer value" and "Transformation to a high-profit model." The Group plans to realize the three principles through integrating solutions to environmental issues with business operations as the Group implements the service “Ethical e-commerce,” which is intended to preserve the environment and solve social issues. Under this policy, the Group aims to post consolidated net sales of 550,000 million yen, a consolidated operating profit ratio of 5%, and a consolidated return on equity (ROE) of 20% in the fiscal year ending May 2025, the final year of the Medium-term Management Plan.

The Group is focused on five main themes. Progress as of the fiscal year ended May 2022 and plans for the fiscal year ending May 2023 are as follows.

1) Strategic industries and expansion of product assortments

The B-to-B business aims for a high growth rate by expanding the number of products handled with the renewal of the website as the growth engine. Positioning the medical and nursing-care industry and the manufacturing industry as the two biggest strategic lines of business, the Group plans to expand the number of products handled to 18 million items centering on goods for the strategic industries. It also works to have the number of “come tomorrow” items (in-stock products that users buy constantly and that are “delivered tomorrow”) reach 330,000 and the number of original products that excel in price and quality and are eco-friendly goods go up to 12,000 items by the fiscal year ending May 2025. The numbers of products handled, in-stock products and original products were 11,790,000 items, 129,000 items and 8,700 items respectively as of the end of the fiscal term ended May 2022. The Group will work to increase the numbers of products handled, in-stock products and original products to 14,000,000 items, 150,000 items and 10,000 items respectively as of the end of May 2023.

2) Establishment of the most powerful B-to-B e-commerce site

The Group plans to renovate its website. The new ASKUL website will combine and reinforce current purchasing management functions, volume discounts, the fastest purchasing from search, and personalized recommendations, and add new telework-related functions. In this way, it will boost the frequency of customers’ purchasing, raise the purchase amount per customer and enhance the retention rate by consolidating purchases. Based on these, the Group plans to post a cumulative net sales increase of over 50,000 million yen up to the fiscal year ending May 2025. The Group was developing the new ASKUL website during the fiscal year ended May 2022. However, it was revealed that the said website was expected to grow into a development scale that could not be assumed at the stage of the initial assumption. Additionally, the development system will be reinforced to make the release of the website doubly certain. Accordingly, the Group has decided to increase the investment amount. With part of the functions scheduled to finish seeing a prior release in July 2022, the Group will continue with development to release all functions.

3) Synergies with Z Holdings Group

The B-to-C business aims to turn LOHACO into a profitable business. The B-to-C business plans to make profits in the fiscal year ending May 2023 by improving service quality and reducing costs as a result of leveraging Yahoo Japan Corporation’s system infrastructure, etc. After making profits, the B-to-C business will put its net sales on a regrowth path and expand its earnings. By maximizing the synergy effect of the new LOHACO Main Store, which opened in June 2021, and LOHACO PayPay Mall Store, the B-to-C business plans to post a cumulative net sales increase of over 20,000 million yen up to the fiscal year ending May 2025. As for LOHACO during the fiscal year ended May 2022, the plan for turning it into a profitable business was implemented steadily by utilizing the system infrastructure, etc., owned by Yahoo Japan Corporation, and this led to a significant reduction in fixed costs. In the fiscal year ending May 2023, the Group aims to turn the business profitable during the said fiscal year as planned through efforts such as growing net sales and improving the gross profit margin.

4) Reform of the platform

The Group aims to realize “Come tomorrow” (next-day delivery) for long-tail products by advancing high-speed and high-efficiency logistics, which are ASKUL’s overwhelming strength. To achieve this, the Group will reform the structure of its distribution centers and promote the integration of B-to-B and B-to-C logistics. Specifically, the Group will build a warehouse network for product replenishment behind distribution centers in order to expand the number of products handled and shipped by distribution centers, thereby maximizing the shipping capacity, which is the original function of distribution centers.

The Group aims to have digital transformation of the value chain by introducing cutting-edge technologies, such as AI and robots, so that the Group will not only enhance its productivity but also raise customer value.

During the fiscal year ended May 2022, the Group worked on constructing logistics facilities and others to bring ASKUL Tokyo DC, which will be the flagship center of East Japan, into operation. ASKUL Tokyo DC is scheduled to start operation in November 2022.

5) New services of the B-to-B business

In the fiscal year ending May 2023, the Group plans to launch the advertising business for manufacturers in the B-to-B business as the first of a series of new services aimed at transforming from the mail-order business of office goods. The Group will expand business by taking full advantage of the knowledge of the advertising business acquired through LOHACO and traditional strong relationships with manufacturers as well as the scale of the B-to-B business. Additionally, the Group has started exploring the possibility of new services for small and medium-sized business sites in cooperation with group companies of SoftBank Corporation.

By pushing forward with the above five themes, the B-to-B business positions the fiscal year ending March 2023 as the fiscal year in which the growth trajectory in net sales will change. Using the advance release of some functions of the new ASKUL website, which is scheduled to be completed in July 2022, as a growth engine, the B-to-B business aims for a high growth rate in net sales by not only expanding the numbers of products handled, mainly for the strategic industries, and of long-tail products, but also boosting sales promotions such as online advertising. On the other hand, profit is expected to decrease due to the costs for migrating to the new ASKUL website and one-off expenses to be incurred just after the start of operation of ASKUL Tokyo DC.

The B-to-C business, by contrast, will increase net sales and turn profitable through evolving the functions of the website in cooperation with the Z Holdings Group, improving the gross profit margin and reforming the logistics structure as well as pushing forward with reduction of fixed costs more aggressively.

The present forecasts for operating performance for the fiscal year ending May 2023 are net sales of 455,500 million yen, a 6.3% increase year on year, operating profit of 14,500 million yen, a 1.3% increase year on year, ordinary profit of 14,300 million yen, a 0.2% increase year on year, and profit attributable to owners of parent of 9,400 million yen, a 2.1% increase year on year.

Forecasts for the next fiscal year by business segment are as follows.

<E-commerce business>

The B-to-B business forecasts net sales of 367,800 million yen, a 5.7% increase year on year.

The B-to-C business forecasts net sales of 77,600 million yen, a 9.9% increase year on year.

As a result, the e-commerce business forecasts net sales of 445,500 million yen, a 6.4% increase year on year, and operating profit of 14,400 million yen, a 0.4% increase year on year. This will be achieved by shifting the B-to-C business to profitability and offsetting the profit decrease of the B-to-B business.

<Logistics business, Other, adjustments, etc.>

The Logistics business, Other, adjustments, etc., are projected to record net sales of 10,000 million yen, a 1.8% increase year on year, and operating profit of 100 million yen (an operating loss of 36 million yen in the previous fiscal year).

2. Basic Thinking on the Selection of Accounting Standards

The ASKUL Group has adopted the Generally Accepted Accounting Principles for Japan (Japanese GAAP) as accounting standards to secure comparability with domestic competitors in the industry.

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3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of May 20, 2021	As of May 20, 2022
Assets		
Current assets		
Cash and deposits	66,259	58,789
Notes and accounts receivable - trade	45,582	-
Notes and accounts receivable - trade, and contract assets	-	46,160
Merchandise and finished goods	17,925	17,770
Raw materials and supplies	266	484
Costs on construction contracts in progress	35	82
Accounts receivable - other	12,013	11,938
Other	1,242	1,779
Allowance for doubtful accounts	(34)	(41)
Total current assets	143,291	136,964
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,587	8,946
Accumulated depreciation	(3,599)	(4,126)
Buildings and structures, net	4,987	4,819
Machinery, equipment and vehicles	6,698	6,808
Accumulated depreciation	(4,476)	(5,026)
Machinery, equipment and vehicles, net	2,222	1,781
Land	132	119
Leased assets	19,787	21,176
Accumulated depreciation	(7,440)	(9,472)
Leased assets, net	12,346	11,704
Other	3,840	4,175
Accumulated depreciation	(2,954)	(3,290)
Other, net	886	885
Construction in progress	4,391	4,975
Total property, plant and equipment	24,966	24,285
Intangible assets		
Software	5,983	5,672
Software in progress	3,350	8,332
Goodwill	1,614	1,370
Other	88	79
Total intangible assets	11,036	15,455
Investments and other assets		
Investment securities	183	143
Long-term prepaid expenses	119	136
Guarantee deposits	6,335	6,850
Deferred tax assets	4,043	4,049
Other	911	912
Allowance for doubtful accounts	(780)	(772)
Total investments and other assets	10,812	11,319
Total non-current assets	46,815	51,059
Total assets	190,107	188,024

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(Million yen)

	As of May 20, 2021	As of May 20, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	51,474	52,700
Electronically recorded obligations - operating	23,497	24,475
Short-term borrowings	380	380
Current portion of long-term borrowings	12,649	2,124
Lease liabilities	2,050	2,178
Accounts payable - other	12,369	12,784
Income taxes payable	2,793	2,631
Accrued consumption taxes	1,006	589
Provision for bonuses	353	261
Provision for sales promotion expenses	543	-
Provision for sales returns	29	-
Other	1,637	2,561
Total current liabilities	108,786	100,686
Non-current liabilities		
Long-term borrowings	2,115	10,131
Lease liabilities	11,211	10,387
Retirement benefit liability	4,127	4,449
Asset retirement obligations	2,714	2,600
Other	1,948	2,498
Total non-current liabilities	22,117	30,066
Total liabilities	130,903	130,753
Net assets		
Shareholders' equity		
Share capital	21,189	21,189
Capital surplus	14,320	14,315
Retained earnings	23,391	21,452
Treasury shares	(81)	(118)
Total shareholders' equity	58,819	56,838
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(42)	(82)
Total accumulated other comprehensive income	(42)	(82)
Share acquisition rights	(5)	0
Non-controlling interests	431	514
Total net assets	59,203	57,271
Total liabilities and net assets	190,107	188,024

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(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended May 20, 2021	For the fiscal year ended May 20, 2022
Net sales	422,151	428,517
Cost of sales	317,769	323,444
Gross profit	104,381	105,072
Reversal of provision for sales returns	26	-
Provision for sales returns	29	-
Gross profit - net	104,378	105,072
Selling, general and administrative expenses	90,455	90,763
Operating profit	13,923	14,309
Non-operating income		
Interest income	42	43
Rental income	178	75
Subsidy income	73	161
Other	54	39
Total non-operating income	348	319
Non-operating expenses		
Interest expenses	230	226
Rental expenses	165	60
Other	25	72
Total non-operating expenses	421	359
Ordinary profit	13,850	14,270
Extraordinary income		
Insurance claim income	-	226
Gain on sale of non-current assets	1	0
Gain on reversal of share acquisition rights	7	3
Total extraordinary income	8	230
Extraordinary losses		
Impairment losses	4	32
Loss on sale of non-current assets	5	6
Loss on retirement of non-current assets	845	144
Loss on valuation of investment securities	299	40
Loss on sale of shares of subsidiaries	24	-
Loss on valuation of shares of subsidiaries	5	-
Provision of allowance for doubtful accounts	700	-
Loss on disaster	688	319
Other	9	86
Total extraordinary losses	2,582	629
Profit before income taxes	11,277	13,871
Income taxes - current	3,720	4,559
Income taxes - deferred	(199)	16
Total income taxes	3,520	4,575
Profit	7,756	9,295
Profit (loss) attributable to non-controlling interests	(1)	89
Profit attributable to owners of parent	7,758	9,206

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Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended May 20, 2021	For the fiscal year ended May 20, 2022
Profit	7,756	9,295
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(15)	(40)
Total other comprehensive income	(15)	(40)
Comprehensive income	7,740	9,255
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,742	9,166
Comprehensive income attributable to non-controlling interests	(1)	89

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(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended May 20, 2021 (From May 21, 2020 through May 20, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,189	24,220	23,769	(16,718)	52,461
Changes during period					
Dividends of surplus			(1,941)		(1,941)
Profit attributable to owners of parent			7,758		7,758
Disposal of treasury shares		(247)		829	581
Cancellation of treasury shares		(9,619)	(6,188)	15,808	-
Change in scope of consolidation			(5)		(5)
Change in ownership interest of parent due to transactions with non-controlling interests		(33)			(33)
Net changes in items other than shareholders' equity					
Total changes during period	-	(9,900)	(377)	16,637	6,358
Balance at end of period	21,189	14,320	23,391	(81)	58,819

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Accumulated other comprehensive income			
Balance at beginning of period	(26)	(26)	7	382	52,825
Changes during period					
Dividends of surplus					(1,941)
Profit attributable to owners of parent					7,758
Disposal of treasury shares					581
Cancellation of treasury shares					-
Change in scope of consolidation					(5)
Change in ownership interest of parent due to transactions with non-controlling interests					(33)
Net changes in items other than shareholders' equity	(15)	(15)	(13)	48	19
Total changes during period	(15)	(15)	(13)	48	6,378
Balance at end of period	(42)	(42)	(5)	431	59,203

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For the fiscal year ended May 20, 2022 (From May 21, 2021 through May 20, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,189	14,320	23,391	(81)	58,819
Changes during period					
Dividends of surplus			(3,073)		(3,073)
Profit attributable to owners of parent			9,206		9,206
Purchase of treasury shares				(8,143)	(8,143)
Disposal of treasury shares			(6)	41	34
Cancellation of treasury shares			(8,065)	8,065	-
Change in ownership interest of parent due to transactions with non-controlling interests		(5)			(5)
Net changes in items other than shareholders' equity					
Total changes during period	-	(5)	(1,939)	(37)	(1,981)
Balance at end of period	21,189	14,315	21,452	(118)	56,838

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Accumulated other comprehensive income			
Balance at beginning of period	(42)	(42)	(5)	431	59,203
Changes during period					
Dividends of surplus					(3,073)
Profit attributable to owners of parent					9,206
Purchase of treasury shares					(8,143)
Disposal of treasury shares					34
Cancellation of treasury shares					-
Change in ownership interest of parent due to transactions with non-controlling interests					(5)
Net changes in items other than shareholders' equity	(40)	(40)	6	82	48
Total changes during period	(40)	(40)	6	82	(1,932)
Balance at end of period	(82)	(82)	0	514	57,271

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(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended May 20, 2021	For the fiscal year ended May 20, 2022
Cash flows from operating activities		
Profit before income taxes	11,277	13,871
Depreciation	3,384	3,705
Amortization of software	2,793	2,610
Amortization of long-term prepaid expenses	107	131
Impairment losses	4	32
Amortization of goodwill	316	243
Gain on reversal of share acquisition rights	(7)	(3)
Increase (decrease) in allowance for doubtful accounts	714	(1)
Increase (decrease) in provision for bonuses	148	(91)
Increase (decrease) in provision for sales promotion expenses	(5)	(543)
Increase (decrease) in provision for sales returns	3	(29)
Increase (decrease) in retirement benefit liability	389	259
Interest income	(42)	(43)
Interest expenses	230	226
Insurance claim income	-	(226)
Loss on retirement of non-current assets	845	144
Loss (gain) on sale of non-current assets	3	6
Loss (gain) on valuation of investment securities	299	40
Loss (gain) on sale of shares of subsidiaries	24	-
Loss on valuation of shares of subsidiaries	5	-
Decrease (increase) in trade receivables	(7,448)	(569)
Decrease (increase) in inventories	(1,336)	(110)
Decrease (increase) in accounts receivable - other	(1,674)	74
Increase (decrease) in trade payables	7,857	2,204
Increase (decrease) in accounts payable - other	1,584	212
Increase (decrease) in accrued consumption taxes	(55)	(315)
Other, net	(377)	808
Subtotal	19,041	22,637
Interest and dividends received	42	43
Interest paid	(230)	(224)
Proceeds from insurance income	-	226
Income taxes paid	(2,854)	(4,730)
Net cash provided by (used in) operating activities	15,998	17,952

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(Million yen)

	For the fiscal year ended May 20, 2021	For the fiscal year ended May 20, 2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,886)	(2,894)
Purchase of software	(4,005)	(7,190)
Purchase of long-term prepaid expenses	(53)	(137)
Payments of guarantee deposits	(73)	(684)
Proceeds from refund of guarantee deposits	28	168
Loan advances	(2)	(2)
Proceeds from collection of loans receivable	323	12
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(396)	-
Purchase of investment securities	(0)	-
Payments for asset retirement obligations	(19)	(9)
Other, net	6	(11)
Net cash provided by (used in) investing activities	(9,079)	(10,748)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(50)	-
Proceeds from long-term borrowings	1,100	10,179
Repayments of long-term borrowings	(1,782)	(12,688)
Repayments of lease liabilities	(1,865)	(1,950)
Proceeds from sale and leaseback transactions	-	1,026
Proceeds from disposal of treasury shares	577	-
Proceeds from share issuance to non-controlling shareholders	53	4
Purchase of treasury shares	-	(8,143)
Dividends paid	(1,941)	(3,073)
Dividends paid to non-controlling interests	(8)	(16)
Payments for purchase of treasury subscription right to shares	(2)	(11)
Net cash provided by (used in) financing activities	(3,919)	(14,674)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	2,999	(7,470)
Cash and cash equivalents at beginning of period	63,260	66,259
Cash and cash equivalents at end of period	66,259	58,789

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(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 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 fiscal year under review is added to or deducted from retained earnings at the beginning of the fiscal year under review, and the new accounting policy is applied to this initial balance.

“Notes and account receivable-trade,” which were presented in “Current assets” in the consolidated balance sheet of the previous fiscal year, are presented by including them in “Notes and accounts receivable-trade, and contract assets” from the fiscal year under review. Similarly, 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 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 fiscal year under review. However, 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 fiscal year.

As a result, net sales, cost of sales, and selling, general and administrative expenses in the consolidated statement of income and comprehensive income for the fiscal year under review decreased 5,192 million yen, 4,312 million yen and 885 million yen respectively, compared with those before the application of the

Accounting Standard for Revenue Recognition, etc. However, there was no impact on operating profit, ordinary profit, or profit before income taxes. There was no impact on the consolidated statements of cash flows, the balance of retained earnings at the beginning of period in the consolidated statements of changes in net assets or per share information for the fiscal year under review, either. In accordance with the transitional treatment prescribed in paragraph 89-3 of the Accounting Standard for Revenue Recognition, "Information on disaggregated revenue arising from contracts with customers" (Segment Information, etc.) for the previous fiscal year is not included.

(Changes in Accounting Estimates)

(Changes in useful lives)

Following the decision to terminate a lease contract for part of the Group's head office during the fiscal year under review, the Group has shortened the useful life of property, plant and equipment that is not expected to be employed after the termination of the lease contract and has changed the useful life into the future.

As a result of this change, operating profit, ordinary profit and profit before income taxes for the fiscal year under review decreased 73 million yen, respectively, compared with the preceding method.

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(Segment Information, etc.)

(Segment Information)

1. Overview of reportable segments

ASKUL's reportable segments are defined as components of the Group regarding which separate financial information is available that is evaluated regularly by the board of directors in deciding how to allocate management resources and in assessing performance.

The Group formulates comprehensive strategies for domestic and overseas markets to carry out its business operations.

The e-commerce business derives revenue from the sale of OA & PC supplies, office supplies, office amenities, office furniture, food, alcoholic beverages, medical supplies, cosmetics, MRO supplies, pet goods and other products. The Logistics business provides logistics and small-cargo delivery services for enterprises.

2. Basis of measurement of net sales, income or loss, assets, liabilities, and other items by reportable segment

Methods of accounting for reportable segments are generally the same as those adopted to prepare consolidated financial statements. Inter-segment revenue and transfers are based on prevailing market prices.

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 consolidated financial statements related to the fiscal year under review. 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 5,192 million yen in the fiscal year under review, compared with those processed in the previous method.

3. Information on the amounts of net sales, income or loss, assets, liabilities, and other items by reportable segment and information on disaggregation of revenue

Fiscal Year Ended May 2021 (From May 21, 2020 through May 20, 2021)

(Million yen)

	Reporting Segment			Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	E-commerce business	Logistics business	Total				
Net sales							
Sales to external customers	413,781	7,677	421,458	692	422,151	—	422,151
Inter-segment sales or transfer	—	—	—	638	638	(638)	—
Total	413,781	7,677	421,458	1,331	422,790	(638)	422,151
Segment profit (loss)	14,988	(1,100)	13,888	71	13,959	(35)	13,923
Segment assets	184,149	3,079	187,229	2,877	190,107	—	190,107
Other items							
Depreciation	5,922	251	6,174	53	6,228	(49)	6,178
Amortization of goodwill	236	75	312	3	316	—	316
Increase in property, plant and equipment and intangible assets	8,123	1,877	10,000	1,074	11,075	—	11,075

(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 in segment profit (loss) represents the elimination of inter-segment transactions of minus 35 million yen.
3. Segment profit (loss) is adjusted with operating profit reported on the consolidated statements of income.

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Fiscal Year Ended May 2022 (From May 21, 2021 through May 20, 2022)

(Million yen)

	Reporting Segment			Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	E-commerce business	Logistics business	Total				
Net sales							
B-to-B business	348,025	—	348,025	—	348,025	—	348,025
B-to-C business	70,673	—	70,673	—	70,673	—	70,673
Logistics business	—	9,030	9,030	—	9,030	—	9,030
Others	—	—	—	788	788	—	788
Revenue from contracts with customers	418,698	9,030	427,728	788	428,517	—	428,517
Sales to external customers	418,698	9,030	427,728	788	428,517	—	428,517
Inter-segment sales or transfer	—	—	—	709	709	(709)	—
Total	418,698	9,030	427,728	1,497	429,226	(709)	428,517
Segment profit (loss)	14,346	(34)	14,311	0	14,312	(2)	14,309
Segment assets	178,087	7,023	185,111	2,913	188,024	—	188,024
Other items							
Depreciation	5,972	334	6,307	87	6,394	(78)	6,316
Amortization of goodwill	206	32	239	3	243	—	243
Increase in property, plant and equipment and intangible assets	9,986	564	10,551	129	10,680	—	10,680

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

[Related Information]

Fiscal Year Ended May 2021 (From May 21, 2020 through May 20, 2021)

1. Information by product or service

This information is not presented because similar information is disclosed in the segment information section above.

2. Information by geographical area

(1) Net sales

Net sales to external customers located in Japan accounted for more than 90% of the net sales reported on the consolidated statement of income. Accordingly, this information is not presented.

(2) Property, plant and equipment

Not applicable since there are no property, plant and equipment located outside Japan

3. Information by primary customer

No external customer accounted for 10% or more of the net sales reported on the consolidated statement of income. Accordingly, this information is not presented.

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Fiscal Year Ended May 2022 (From May 21, 2021 through May 20, 2022)

1. Information by product or service

This information is not presented because similar information is disclosed in the segment information section above.

2. Information by geographical area

(1) Net sales

Net sales to external customers located in Japan accounted for more than 90% of the net sales reported on the consolidated statement of income. Accordingly, this information is not presented.

(2) Property, plant and equipment

Not applicable since there are no property, plant and equipment located outside Japan

3. Information by primary customer

No external customer accounted for 10% or more of the net sales reported on the consolidated statement of income. Accordingly, this information is not presented.

[Impairment loss on non-current assets by reportable segment]

Fiscal Year Ended May 2021 (From May 21, 2020 through May 20, 2021)

(Million yen)

	Reporting Segment			Other (Note)	Total
	E-commerce business	Logistics business	Total		
Impairment loss	4	―	4	―	4

(Note) The amount stated in “Other” pertains to the manufacturing business.

Fiscal Year Ended May 2022 (From May 21, 2021 through May 20, 2022)

(Million yen)

	Reporting Segment			Other (Note)	Total
	E-commerce business	Logistics business	Total		
Impairment loss	32	―	32	―	32

(Note) The amount stated in “Other” pertains to the manufacturing business.

[Amortized amount and unamortized balance of goodwill by reportable segment]

Fiscal Year Ended May 2021 (From May 21, 2020 through May 20, 2021)

(Million yen)

	Reporting Segment			Other (Note)	Total
	E-commerce business	Logistics business	Total		
Amount amortized during the fiscal year	236	75	312	3	316
Unamortized balance at the end of the fiscal year	1,306	291	1,597	16	1,614

(Note) The amount stated in “Other” pertains to the manufacturing business.

Fiscal Year Ended May 2022 (From May 21, 2021 through May 20, 2022)

(Million yen)

	Reporting Segment			Other (Note)	Total
	E-commerce business	Logistics business	Total		
Amount amortized during the fiscal year	206	32	239	3	243
Unamortized balance at the end of the fiscal year	1,099	259	1,358	12	1,370

(Note) The amount stated in “Other” pertains to the manufacturing business.

[Gain on bargain purchase by reportable segment]

Fiscal Year Ended May 2021 (From May 21, 2020 through May 20, 2021)

Not applicable.

Fiscal Year Ended May 2022 (From May 21, 2021 through May 20, 2022)

Not applicable.

(Per Share Information)

	Fiscal Year Ended May 20, 2021 (From May 21, 2020 through May 20, 2021)	Fiscal Year Ended May 20, 2022 (From May 21, 2021 through May 20, 2022)
Net assets per share	573.57yen	582.43yen
Basic earnings per share	75.83yen	90.83yen
Diluted earnings per share	75.68yen	90.77yen

(Notes) 1. ASKUL Corporation conducted a 2-for-1 stock split of common stock on May 21, 2021. “Net assets per share,” “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 previous fiscal year.

2. Basic earnings per share and diluted earnings per share were calculated based on the figures below. “Outline of dilutive shares not included in calculation of diluted earnings per share due to absence of dilutive effects” describes the number of shares before the above stock split.

	Fiscal Year Ended May 20, 2021 (From May 21, 2020 through May 20, 2021)	Fiscal Year Ended May 20, 2022 (From May 21, 2021 through May 20, 2022)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	7,758	9,206
Profit not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent related to common stock (million yen)	7,758	9,206
Average number of shares (thousand shares)	102,303	101,358
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (million yen)	(10)	(5)
[Of which, adjustment for dilutive shares of consolidated subsidiaries (million yen)]	[(10)]	[(5)]
Increase in number of shares of common stock (thousand shares)	66	—
[Of which, share acquisition rights (thousand shares)]	[66]	[—]
Outline of dilutive shares not included in calculation of diluted earnings per share due to absence of dilutive effects	October 19, 2015 Share acquisition rights resolved by the Board of Directors Meeting Number of share acquisition rights: 3,060 (306,000 shares of common stock)	—

(Significant Subsequent Events)

Not applicable.

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.

4. Other

(1) Change in Officers

1) Change in representative director

Not applicable.

2) Change in other officers

- New director candidate

Director	Katsuhiro Kawamura (current COO, Executive Officer, Executive Officer of ASKUL Sales Unit)
Director	Shinichi Hokari
Director (Outside/Part-time)	Naomi Aoyama

- Retiring director

Director	Hitoshi Yoshida
Director	Hironori Koshimizu
Director	Miyoko Kimura
Director (Outside/Part-time)	Iwao Taka

- Candidate for new Audit & Supervisory Board Member

Audit & Supervisory Board Member (Outside/Part-time) Miyuki Nakagawa

- Retiring Audit & Supervisory board member

Audit & Supervisory Board Member (Outside/Part-time) Mikinao Kitada

3) Scheduled date of assumption of and retirement from office

August 4, 2022

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

Item	Fiscal Year Ended May 20, 2021 (From May 21, 2020 through May 20, 2021)		Fiscal Year Ended May 20, 2022 (From May 21, 2021 through May 20, 2022)		
	Amount (Million yen)	Ratio to Sales (%)	Amount (Million yen)	Ratio to Sales (%)	Year-on-Year Change (%)
Personnel expenses	21,953	5.2	21,586	5.0	98.3
Shipment expenses	24,182	5.7	24,224	5.7	100.2
Provision for sales promotion expenses *1	519	0.1	-	-	-
Subcontract expenses *2	3,486	0.8	4,091	1.0	117.4
Business consignment expenses	11,570	2.7	11,975	2.8	103.5
Rents *3	10,067	2.4	10,949	2.6	108.8
Provision of allowance for doubtful accounts	33	0.0	37	0.0	113.5
Depreciation	3,160	0.7	3,292	0.8	104.2
Amortization of software	2,755	0.7	2,538	0.6	92.1
Other expenses	12,727	3.1	12,067	2.7	94.8
Total	90,455	21.4	90,763	21.2	100.3

*1. Compared with the previous fiscal year, provision for sales promotion expenses for the fiscal year under review decreased. This was due to the application of the Accounting Standard for Revenue Recognition, etc.

2. Compared with the previous fiscal year, subcontract expenses for the fiscal year under review increased. This was due to the construction of the new ASKUL website for the B-to-B business.

3. Compared with the previous fiscal year, rents for the fiscal year under review increased. This was mainly due to the commencement of the lease contract of ASKUL Tokyo DC.