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Consolidated Financial Results for the Six Months Ended November 20, 2022 [Japanese GAAP]*

December 15, 2022

Company name: ASKUL Corporation
 Stock exchange listing: Tokyo
 Code number: 2678
 URL: <https://www.askul.co.jp/kaisya/english/ir/>
 Representative: Akira Yoshioka President and chief executive officer
 Contact: Tsuguhiro Tamai Director and chief financial officer
 Phone: +81-3-4330-5130
 Scheduled date of filing quarterly securities report: December 28, 2022
 Scheduled date of commencing dividend payments: January 23, 2023
 Preparation of supplementary materials for 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 Six Months Ended November 20, 2022 (May 21, 2022 to November 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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended November 20, 2022	220,251	5.4	6,745	0.7	6,709	(0.1)	4,481	(1.4)
November 20, 2021	209,038	1.3	6,696	13.0	6,716	13.7	4,546	31.6

(Note) Comprehensive income: Six months ended November 20, 2022: ¥4,538 million [(1.3)%]
 Six months ended November 20, 2021: ¥4,598 million [34.7%]

	Basic earnings per share	Diluted earnings per share
Six months ended November 20, 2022	Yen 45.99	Yen 45.93
November 20, 2021	44.37	44.31

(Note) The Group has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., effective the beginning of the first quarter of the previous fiscal year. Accordingly, the above figures for the six months ended November 20, 2021 indicates the amounts after the application of the said accounting standard, etc. When calculating the figures for the six months ended November 20, 2020 in accordance with the same Accounting Standard, change ratio of net sales for the six months ended November 20, 2021 would be 2.5% increase.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of November 20, 2022	Million yen 197,192	Million yen 60,278	% 30.3
May 20, 2022	188,024	57,271	30.2

(Reference) Equity: As of November 20, 2022: ¥59,714 million
 As of May 20, 2022: ¥56,755 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended May 20, 2022	Yen -	Yen 15.00	Yen -	Yen 16.00	Yen 31.00
Fiscal year ending May 20, 2023	-	16.00	-	-	-
Fiscal year ending May 20, 2023(Forecast)	-	-	-	16.00	32.00

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

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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

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

* Notes:

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

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

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

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

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

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

3) Changes in accounting estimates: Yes

4) Retrospective restatement: No

(4) Number of outstanding shares (common stocks)

1) Number of outstanding shares at the end of the period (including treasury stocks):

November 20, 2022: 97,518,800 shares

May 20, 2022: 97,518,800 shares

2) Number of treasury stocks at the end of the period:

November 20, 2022: 62,373 shares

May 20, 2022: 71,871 shares

3) Average number of shares during the period:

Six months ended November 20, 2022: 97,450,223 shares

Six months ended November 20, 2021: 102,463,511 shares

* This Consolidated Financial Results is not subject to quarterly review by a certified public accountant or auditing firm.

* 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.

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1. Qualitative Information on Financial Results

(1) Explanation of Operating Results

The outlook for the Japanese economy during the second quarter of the fiscal year under review (from May 21, 2022 to November 20, 2022) remains uncertain due to soaring raw material and energy prices, a rise in concerns over the trend of foreign exchange rates including the rapid depreciation of the yen and others, in addition to the resurgence of COVID-19 infections.

Under such circumstances, the Group positions the fiscal year ending May 20, 2023 as its most important mission to “change the growth trajectory of sales.” In order to achieve the performance targets set forth in the Medium-term Management Plan (from the fiscal year ending May 20, 2022 to the fiscal year ending May 20, 2025), in addition to expanding the number of products handled, the Group is making aggressive capital investments in important measures that will lead to the growth of the Group, including the construction of distribution facilities for the ASKUL Tokyo DC and the new ASKUL website.

As a result, the financial performance of the Group for the second quarter of the fiscal year under review was net sales of 220,251 million yen, a 5.4% increase year-over-year, operating profit of 6,745 million yen, a 0.7% increase year-over-year, ordinary profit of 6,709 million yen, down 0.1% year-over-year, and profit attributable to owners of parent of 4,481 million yen, a 1.4% decrease year-over-year. Both net sales and operating profit reached record highs for the second quarter of the fiscal year.

Operating results by segment are outlined below.

<E-commerce business>

While restrictions on activities in response to COVID-19 have been lifted and there has been an increase in the number of working hours in offices and a recovery in demand from food, restaurants, tourism, and other industries, the intermittent spread and contraction of COVID-19 has continued. In the B-to-B business, the mainstay business of the Group, net sales increased significantly in the second quarter of the fiscal year under review as a result of responding to customer needs by offering a lineup of products such as bottled beverages, living supplies related merchandise for tourism, restaurants, and other industries, and products related to COVID-19 such as antigen test kits. MRO(Note 1) products, which the Group is strategically strengthening, also increased, mainly in infection-related products.

The prior release of some functions (opening of SOLOEL ARENA website, a website for medium and large corporations, to the public) related to the construction of the new ASKUL website in July 2022 enabled customers using SOLOEL ARENA to directly transit from search engine results to the SOLOEL ARENA website. As a result, customers' shopping convenience was improved and sales via search engines increased.

In addition, the expansion of the customer base through further strengthening of Internet advertising, etc., the enhancement of the product lineup of specialized products, particularly in the medical and nursing care industries and manufacturing industries, which are being strategically strengthened, and measures to increase awareness of said products through video advertising, have been synergistic effects and contributed to the growth in net sales.

As a result, net sales in the B-to-B business grew by 11,823 million yen from a year earlier to 181,417 million yen, a 7.0% increase year-over-year.

In the B-to-C business, the Group aims to turn LOHACO to profitability in the current fiscal year. Net sales decreased due to an impact of campaign method changes in addition to a decline in overseas demands and other factors. Gross profit margin improved because of sales price revisions and an increase in fee income related to advertising and data business, and the profit structure, including a decrease in the variable cost ratio, has been improving significantly. Marginal profit ratio for November period has reached the targeted double-digit and turning LOHACO profitable in the current fiscal year under review is making steady progress.

As a result, LOHACO sales decreased 1,170 million yen from a year earlier to 25,401 million yen, down 4.4% year-over-year. Consequently, net sales of the B-to-C business in total also decreased 725 million yen from a year earlier to 34,094 million yen, a 2.1 % decrease year-over-year.

Accordingly, net sales of the E-commerce business, combining the two businesses above, stood at 215,511 million yen, a 5.4% increase year-over-year.

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The ratio of selling, general and administrative expenses to net sales increased by 0.1 points year-over-year mainly due to one-time costs related to capital expenditures for the construction of new ASKUL website, in addition to rents during the preparation period of ASKUL Tokyo DC, which began operation on November 21, 2022, and other factors. Consequently, selling, general and administrative expenses were 46,471 million yen, and operating profit was 6,824 million yen, a 1.1% increase year-over-year.

Regarding the new ASKUL website for the B-to-B business, which will be a major growth driver in the Medium-Term Management Plan, the development phase is almost completed. However, we have decided to make an additional investment of up to 4.6 billion yen (Note 2) due to an increase in development working-hours and other costs.

<Logistics business>

Although net sales of the contracted business of logistics that ASKUL LOGIST Corporation received from outside the Group progressed steadily, productivity declined temporarily, resulted in an increase in net sales and a decrease in profits.

As a result, net sales in the second quarter of the fiscal year under review were 4,227 million yen, a 0.1% increase year-over-year, and operating loss was 97 million yen, as opposed to an operating loss of 78 million yen a year earlier.

<Other>

Net sales increased due to strong sales of bottled water at TSUMAGOI MEISUI Corporation. Productivity of the new production line completed in November 2021 is on an improving trend, resulting both net sales and profits increased.

As a result, net sales for the second quarter of the fiscal year under review were 1,046 million yen, a 42.2% increase year-over-year, and operating profit was 43 million yen, up 0.9% year-over-year.

Note 1: MRO is an acronym for Maintenance, Repair and Operations, and the term "MRO supplies" denotes indirect materials including consumables and repair supplies for use at factories, construction sites, warehouses, and others.

Note 2: Total planned investments, including additional investments, will be up to 15.1 billion yen. The additional investments will be absorbed as much as possible within the overall budget of the Medium-Term Management Plan.

(2) Explanation of Financial Position

(1) Status of assets

(Assets)

Total assets stood at 197,192 million yen at the end of the second quarter of the fiscal year under review, an increase of 9,167 million yen from the end of the preceding fiscal year. This was mainly due to an increase of 3,736 million yen in notes and accounts receivable-trade and contract assets, 3,266 million yen in construction in progress, 2,609 million yen in merchandise and finished goods, and 2,286 million yen in software, while cash and deposits decreased 1,502 million yen.

(Liabilities)

Total liabilities stood at 136,914 million yen at the end of the second quarter of the fiscal year under review, an increase of 6,160 million yen from the end of the preceding fiscal year. This was primarily due to an increase of 6,384 million yen in electronically recorded obligations-operating and 2,854 million yen in notes and accounts payable-trade, as 8,060 million yen in electronically recorded obligations-operating which settlement date was the last day of the second quarter of the fiscal year under review was included in the balance at the end of the quarterly consolidated fiscal year as the end of the second quarter of the fiscal year under review fell on a non-business day for financial institutions, while a decrease of 1,086 million yen in lease obligations.

(Net assets)

Net assets stood at 60,278 million yen at the end of the second quarter of the fiscal year under review, an increase of 3,007 million yen from the end of the preceding fiscal year. The primary factor behind the rise was an increase of 2,924 million yen in retained earnings mainly due to recognition of profit attributable to owners of parent of 4,481 million yen as opposed to dividend payments of 1,559 million yen.

Consequently, the capital adequacy ratio was 30.3% (30.2% at the end of the preceding fiscal year).

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(2) Status of cash flows

Cash and cash equivalents (hereinafter “funds”) stood at 57,286 million yen at the end of the second quarter of the fiscal year under review, a decrease of 1,502 million yen from the end of the preceding fiscal year. The status of each cash flows and factors behind changes in the second quarter under review are as follows.

(Cash flows from operating activities)

Net funds provided by operating activities were 9,928 million yen, (compared to 10,045 million yen in the same period of the previous year). This was mainly due to an increase of 9,238 million yen in notes and accounts payable-trade, profit before income taxes of 6,851 million yen, and depreciation and amortization of software of 3,255 million yen in total, while there were an increase of 3,751 million yen in notes and accounts receivable-trade, an increase of 2,819 million yen in inventories, and payment of 2,672 million yen in income taxes.

(Cash flows from investing activities)

Net funds used in investing activities were 8,055 million yen, (compared to 6,322 million yen in the same period of the previous year). This was mainly due to expenditures of 4,500 million yen for the purchase of software and 3,713 million yen for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net funds used in financing activities were 3,376 million yen, (compared to 4,751 million yen in the same period of the previous year). This was due to cash dividends paid of 1,559 million, repayments of lease obligations of 993 million, and repayments of long-term borrowings of 823 million yen.

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

The forecast for the year ending May 20, 2023 (full year) announced on July 1, 2022, remains unchanged.

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2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of May 20,2022	As of November 20,2022
Assets		
Current assets		
Cash and deposits	58,789	57,286
Trade receivables and contract asset	46,160	49,897
Merchandise and finished goods	17,770	20,380
Raw materials and supplies	484	695
Costs on construction contracts in progress	82	81
Accounts receivable - other	11,938	11,421
Other	1,779	1,764
Allowance for doubtful accounts	(41)	(43)
Total current assets	136,964	141,483
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,946	8,878
Accumulated depreciation	(4,126)	(4,186)
Buildings and structures, net	4,819	4,692
Land	119	119
Leased assets	21,176	21,107
Accumulated depreciation	(9,472)	(10,338)
Leased assets, net	11,704	10,768
Other	10,983	10,856
Accumulated depreciation	(8,316)	(8,212)
Other, net	2,666	2,643
Construction in progress	4,975	8,241
Total property, plant and equipment	24,285	26,466
Intangible assets		
Software	5,672	7,959
Software in progress	8,332	9,015
Goodwill	1,370	1,249
Other	79	74
Total intangible assets	15,455	18,298
Investments and other assets		
Investment securities	143	142
Deferred tax assets	4,049	3,936
Other	7,899	7,651
Allowance for doubtful accounts	(772)	(785)
Total investments and other assets	11,319	10,944
Total non-current assets	51,059	55,708
Total assets	188,024	197,192

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(Million yen)

	As of May 20,2022	As of November 20,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	52,700	55,555
Electronically recorded obligations - operating	24,475	30,859
Short-term borrowings	380	380
Current portion of long-term borrowings	2,124	1,994
Accounts payable - other	12,784	11,922
Income taxes payable	2,631	2,190
Accrued consumption taxes	589	300
Provisions	261	513
Other	4,739	4,439
Total current liabilities	100,686	108,156
Non-current liabilities		
Long-term borrowings	10,131	9,437
Lease liabilities	10,387	9,301
Retirement benefit liability	4,449	4,614
Asset retirement obligations	2,600	2,972
Other	2,498	2,432
Total non-current liabilities	30,066	28,757
Total liabilities	130,753	136,914
Net assets		
Shareholders' equity		
Share capital	21,189	21,189
Capital surplus	14,315	14,315
Retained earnings	21,452	24,376
Treasury shares	(118)	(92)
Total shareholders' equity	56,838	59,788
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(82)	(74)
Total accumulated other comprehensive income	(82)	(74)
Share acquisition rights	0	0
Non-controlling interests	514	562
Total net assets	57,271	60,278
Total liabilities and net assets	188,024	197,192

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(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended November 20,2021	For the six months ended November 20,2022
Net sales	209,038	220,251
Cost of sales	158,114	166,679
Gross profit	50,924	53,572
Selling, general and administrative expenses	44,228	46,827
Operating profit	6,696	6,745
Non-operating income		
Interest income	21	20
Rental income	53	2
Subsidy income	106	48
Other	13	61
Total non-operating income	194	132
Non-operating expenses		
Interest expenses	110	116
Rental expenses	45	1
Other	18	50
Total non-operating expenses	174	168
Ordinary profit	6,716	6,709
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	-	22
Insurance claim income	219	163
Other	-	0
Total extraordinary income	219	186
Extraordinary losses		
Loss on sale of non-current assets	6	-
Loss on retirement of non-current assets	25	41
Loss on valuation of investment securities	40	-
Other	3	2
Total extraordinary losses	75	43
Profit before income taxes	6,860	6,851
Income taxes - current	1,705	2,213
Income taxes - deferred	562	108
Total income taxes	2,268	2,321
Profit	4,592	4,529
Profit attributable to non-controlling interests	45	48
Profit attributable to owners of parent	4,546	4,481

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Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended November 20,2021	For the six months ended November 20,2022
Profit	4,592	4,529
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	6	8
Total other comprehensive income	6	8
Comprehensive income	4,598	4,538
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,552	4,489
Comprehensive income attributable to non-controlling interests	45	48

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(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended November 20,2021	For the six months ended November 20,2022
Cash flows from operating activities		
Profit before income taxes	6,860	6,851
Depreciation	1,763	1,825
Amortization of software	1,263	1,429
Amortization of long-term prepaid expenses	79	40
Amortization of goodwill	121	121
Increase (decrease) in allowance for doubtful accounts	(22)	15
Increase (decrease) in provisions	(510)	251
Increase (decrease) in retirement benefit liability	116	178
Interest and dividend income	(21)	(20)
Interest expenses	110	116
Loss (gain) on sale of investment securities	-	(22)
Insurance claim income	(219)	(163)
Loss (gain) on valuation of investment securities	40	-
Loss on retirement of non-current assets	25	41
Loss (gain) on sale of non-current assets	6	(0)
Decrease (increase) in trade receivables	(2,006)	(3,751)
Decrease (increase) in inventories	459	(2,819)
Decrease (increase) in accounts receivable - other	64	517
Increase (decrease) in trade payables	5,216	9,238
Increase (decrease) in accounts payable - other	(761)	(732)
Increase (decrease) in accrued consumption taxes	(420)	(288)
Other, net	355	(330)
Subtotal	12,519	12,501
Interest and dividends received	21	20
Interest paid	(110)	(116)
Proceeds from insurance income	219	163
Income taxes paid	(2,604)	(2,672)
Income taxes refund	-	32
Net cash provided by (used in) operating activities	10,045	9,928
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,167)	(3,713)
Purchase of software	(3,410)	(4,500)
Purchase of long-term prepaid expenses	(69)	(20)
Payments of guarantee deposits	(678)	(18)
Proceeds from refund of guarantee deposits	4	291
Loan advances	(0)	(5)
Proceeds from collection of loans receivable	1	3
Proceeds from sale of investment securities	-	22
Payments for asset retirement obligations	-	(111)
Other, net	(1)	(3)
Net cash provided by (used in) investing activities	(6,322)	(8,055)

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(Million yen)

	For the six months ended November 20,2021	For the six months ended November 20,2022
Cash flows from financing activities		
Proceeds from long-term borrowings	499	-
Repayments of long-term borrowings	(2,751)	(823)
Repayments of lease liabilities	(950)	(993)
Payments for purchase of treasury subscription right to shares	(11)	(0)
Dividends paid	(1,537)	(1,559)
Net cash provided by (used in) financing activities	(4,751)	(3,376)
Net increase (decrease) in cash and cash equivalents	(1,028)	(1,502)
Cash and cash equivalents at beginning of period	66,259	58,789
Cash and cash equivalents at end of period	65,231	57,286

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(4) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Not applicable.

(Change in Accounting Policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Group applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (the revised ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Implementation Guidance on Accounting Standards for Fair Value Measurement") at the beginning of the first quarter of the fiscal year under review. Accordingly, the Group will apply the new accounting policies stipulated by Implementation Guidance on Accounting Standards for Fair Measurement prospectively in accordance with the transitional treatment stipulated in Section 27-2 of Implementation Guidance on Accounting Standards for Fair Measurement. There is no impact on the quarterly consolidated financial statements.

(Change in Accounting Estimates)

(Change in Estimates of Asset Retirement Obligations)

During the first quarter of the fiscal year under review, the Group changed its estimate of asset retirement obligations, which had been recorded as a restoration obligation under the lease agreement for a distribution center, in accordance with the availability of new information on restoration costs.

As a result of this change, the balance of asset retirement obligations increased by 359 million yen, and compared with the previous method, operating profit, ordinary profit, and profit before income taxes for the second quarter of the fiscal year under review decreased 153 million yen respectively.

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(Segment Information, etc.)

[Segment Information]

I. First Six Months of the Previous Fiscal Year (From May 21, 2021 to November 20, 2021)

Information on net sales and profit (loss) by reporting segment and decomposition of earnings.

(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	169,594	—	169,594	—	169,594	—	169,594
B-to-C business	34,819	—	34,819	—	34,819	—	34,819
Logistics business	—	4,224	4,224	—	4,224	—	4,224
Others	—	—	—	399	399	—	399
Revenue from contracts with customers	204,413	4,224	208,638	399	209,038	—	209,038
Sales to external customers	204,413	4,224	208,638	399	209,038	—	209,038
Intra-segment sales or transfer	—	—	—	355	355	(335)	—
Total	204,413	4,224	208,638	735	209,374	(335)	209,038
Segment profit (loss)	6,752	(78)	6,673	43	6,716	(20)	6,696

- (Notes)
1. "Other" represents business segments that do not fall under the Reporting Segment and includes the manufacturing business.
 2. The adjustment of minus 20 million yen to segment profit (loss) represents the elimination of inter-segment transactions.
 3. Segment profit (loss) is adjusted with operating profit reported in the quarterly consolidated statements of income.

II. First Six Months of the Current Fiscal Year (From May 21, 2022 to November 20, 2022)

Information on net sales and profit (loss) by reporting segment and decomposition of earnings.

(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	181,417	—	181,417	—	181,417	—	181,417
B-to-C business	34,094	—	34,094	—	34,094	—	34,094
Logistics business	—	4,227	4,227	—	4,227	—	4,227
Others	—	—	—	512	512	—	512
Revenue from contracts with customers	215,511	4,227	219,738	512	220,251	—	220,251
Sales to external customers	215,511	4,227	219,738	512	220,251	—	220,251
Intra-segment sales or transfer	—	—	—	533	533	(533)	—
Total	215,511	4,227	219,738	1,046	220,785	(533)	220,251
Segment profit (loss)	6,824	(97)	6,726	43	6,769	(24)	6,745

- (Notes)
1. "Other" represents business segments that do not fall under the Reporting Segment and includes the manufacturing business.
 2. The adjustment of minus 24 million yen to segment profit (loss) represents the elimination of inter-segment transactions.
 3. Segment profit (loss) is adjusted with operating profit reported in the quarterly consolidated statements of income.

Disclaimer

This document is a translation 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. Other

Details of Selling, General and Administrative Expenses (Consolidated)

Item	First Six Months of the Previous Fiscal Year (From May 21, 2021 to November 20, 2021)		First Six Months of the Fiscal Year Under Review (From May 21, 2022 to November 20, 2022)			(Reference) Fiscal Year Ended May 2022 (From May 21, 2021 to May 20, 2022)	
	Amount (Million yen)	Ratio to Sales (%)	Amount (Million yen)	Ratio to Sales (%)	Year-on-Year Change (%)	Amount (Million yen)	Ratio to Sales (%)
Personnel expenses	10,413	5.0	11,145	5.1	107.0	21,586	5.0
Shipment expenses	12,178	5.8	12,047	5.5	98.9	24,224	5.7
Subcontract expenses *1	1,961	0.9	2,313	1.1	117.9	4,091	1.0
Business consignment expenses	5,861	2.8	6,132	2.8	104.6	11,975	2.8
Rents	5,266	2.5	5,473	2.5	103.9	10,949	2.6
Provision of allowance for doubtful accounts	(14)	(0)	16	0	—	37	0
Depreciation	1,594	0.8	1,545	0.7	96.9	3,292	0.8
Amortization of software	1,230	0.6	1,374	0.6	111.7	2,538	0.6
Other expenses *2	5,735	2.8	6,777	3.0	118.2	12,067	2.7
Total	44,228	21.2	46,827	21.3	105.9	90,763	21.2

*1. Compared with the same period of the previous fiscal year, subcontract expenses for the second quarter of the fiscal year under review increased. This was mainly due to the construction of the new ASKUL website for the B-to-B business.

*2. Compared with the same period of the previous fiscal year, other expenses for the second quarter of the fiscal year under review increased. This was mainly due to the strengthening Internet advertising for the B-to-B business.