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February 2, 2023

To whom it may concern:

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(Code No.: 2678, Tokyo Stock Exchange Prime Market)
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Announcement of Financial Results by Other Affiliated Company

ASKUL Corporation (the "Company") hereby announces that there are some descriptions about the Company in the financial results briefing presentation materials for the third quarter of fiscal year 2022 announced today by Z Holdings Corporation (headquarters: 1-3 Kioicho, Chiyoda-ku, Tokyo; representative: Kentaro Kawabe, President and Representative Director, Co-CEO, hereinafter referred to as "Z Holdings"), a company defined as "other affiliated company" of the Company. Please refer to the appendix for the applicable page of the presentation materials.

In the attached material, there are descriptions of the ASKUL Group's revenue and cost of sales. Please note that the consolidated accounting periods of Z Holdings Corporation and the Company differ as shown in the table below, and therefore the figures described in the material do not match the financial results to be announced by the Company.

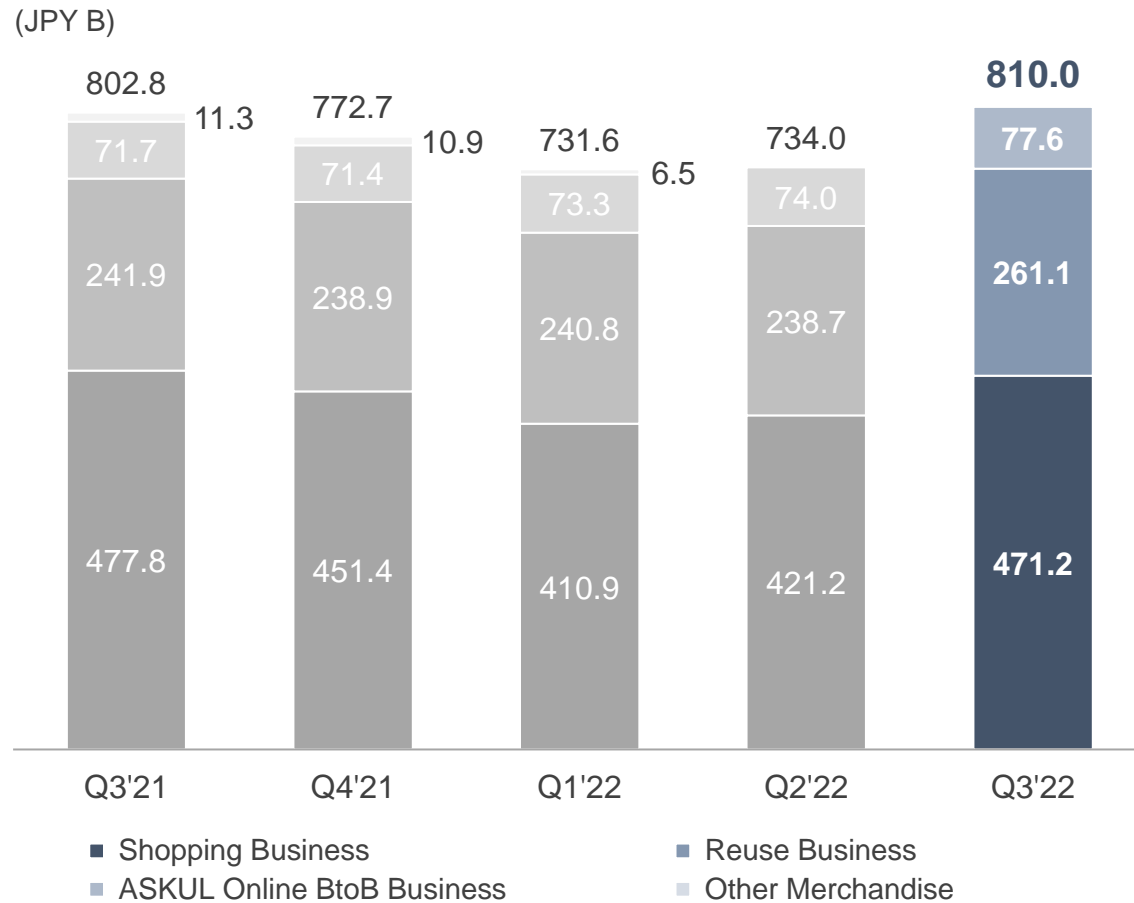
Consolidated accounting period	Z Holdings Corporation	Company
Third quarter	From October 1, 2022 to December 31, 2022 • Page 1 and 5 B-to-B net sales placed via the internet in every quarter • Page 3 In the attached material, ASKUL Group's revenue and cost of sales are described as factors of increase and decrease of Z Holdings financial results.	From November 21, 2022 to February 20, 2023

Appendix: Z Holdings Financial Briefing Presentation Materials for Q3 (excerpt)

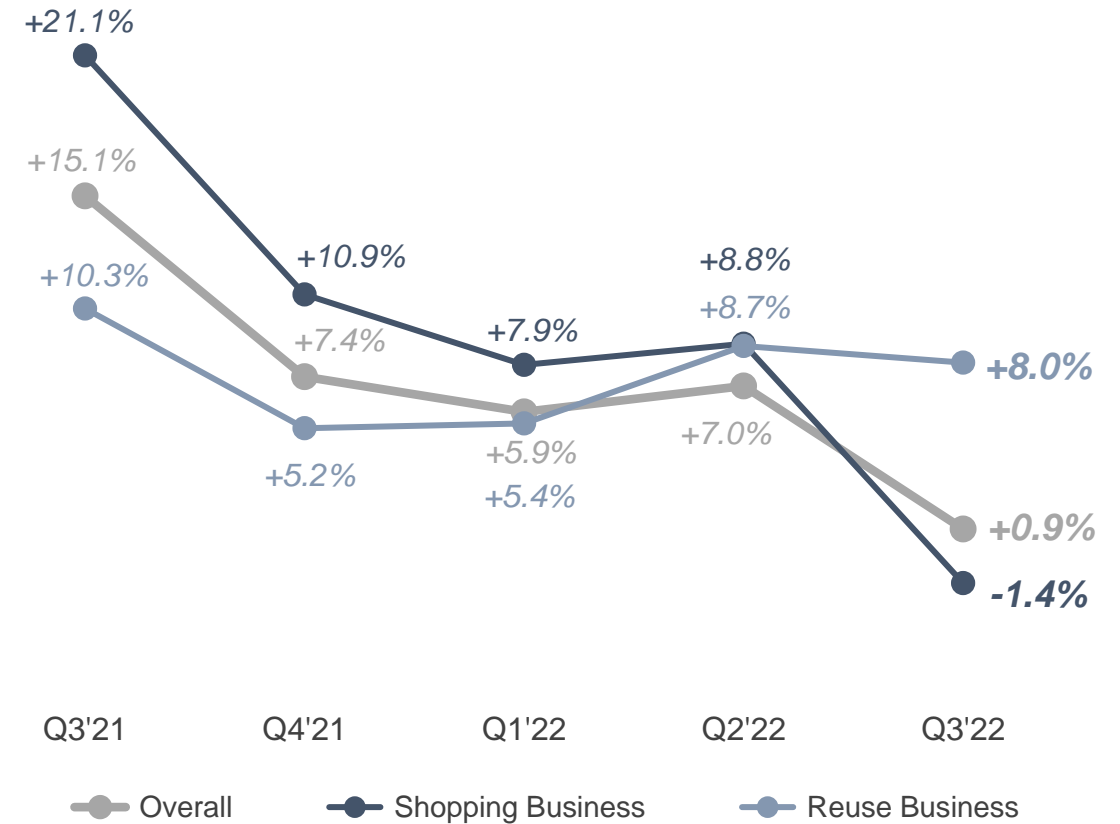
Note: Z Holdings holds 44.92% of the Company's outstanding shares as of November 20, 2022.

- Shopping business: **Cost optimized through changes in campaign programs, achieving JPY471.2 B (YoY -1.4%) as expected.**
- Reuse business: **Continues to grow steadily, mainly driven by PayPay Flea Market, expanding to JPY261.1 B (YoY +8.0%).**

Domestic Merchandise Transaction Value¹



Domestic Merchandise Transaction Value¹ – YoY Growth Rate



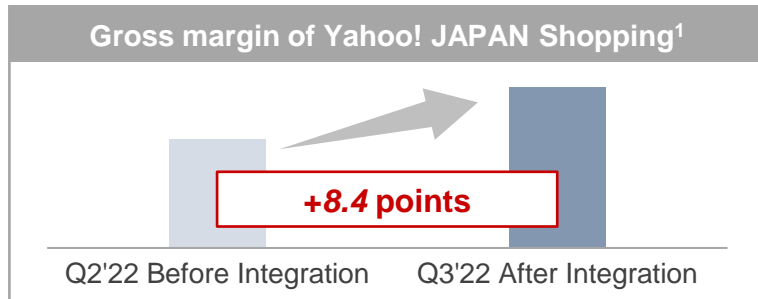
1. Please refer to P. 27 of the Appendix for definition of transaction value.

- **Through cost optimization, cut costs (mainly fixed point-provision expense) and improved gross profit. Impact on transaction value from sales platform integration was within expectations.**
- **Will transform to sustainable growth while improving profitability** through rebuilding of basic reward and fundamental improvement of products.

Status After Integration of Sales Platforms

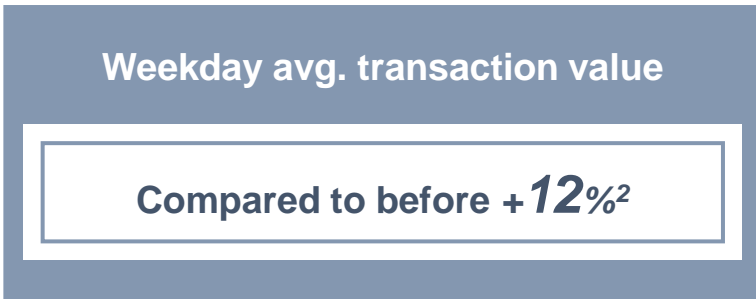
1 Impact of Cost Optimization on Profitability

- Impact on transaction value due to increased efficiency in sales promotion was within expectations
- Gross margin improved due to improved ad take rate and efficient sales promotions



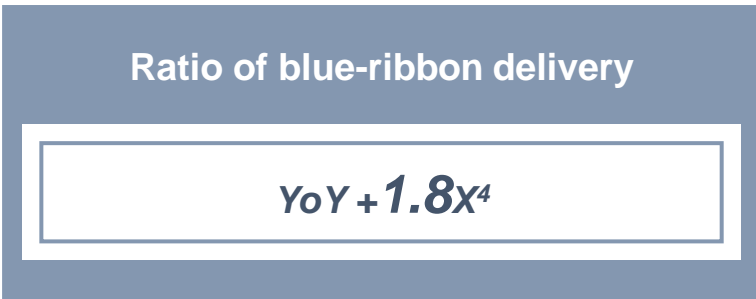
2 Rebuilding of Basic Reward

- Rebuilt into simple/easy-to-understand rewards for daily use to take root
- Weekday transaction value increased mainly in existing customers



3 Blue-Ribbon Delivery & Otoku Shitei Bin³

- Ratio of blue-ribbon delivery steadily increasing
- Otoku Shitei Bin is well received by both stores & users, improving logistics stability and delivery experience



1. Gross margin of Yahoo! JAPAN Shopping and PayPay Mall. Managerial accounting figure dedcuting variable expenses (point-provision expense, sales promotional expense, etc.) from revenue (ad revenue, payment commission, etc.). Yahoo! JAPAN Shopping and PayPay Mall integrated in October 2022, and renewed to a new Yahoo! JAPAN Shopping.
2. Compared the weekday average transaction values for October 2022, before and after the change in basic reward.
3. “Otoku Shitei Bin” is a delivery service that gives PayPay Points to users who specify a later-than-standard delivery date for shopping made in two stores: LOHACO Yahoo! JAPAN Store and LOHACO by ASKUL. (As of January 31, 2023)
4. Compared the ratio of blue-ribbon delivery to transaction values as of December 31, 2021, and December 31, 2022.

(JPY B)

		FY2022 Q3	YoY Difference	YoY	Major Factors of Change ¹ (JPY B)	
Revenue		453.6	+44.5	+10.9%	<ul style="list-style-type: none"> • PayPay +33.3 • LINE +7.9 	<ul style="list-style-type: none"> • ZOZO +5.1 • ASKUL Group +4.8
Cost of sales		132.1	+5.7	+4.6%	<ul style="list-style-type: none"> • LINE +4.5 • ASKUL Group +4.3 	<ul style="list-style-type: none"> • eBOOK Initiative Japan -4.4
SG&A		282.4	+60.7	+27.4%	<ul style="list-style-type: none"> • PayPay +36.9 • LINE +12.6 	<ul style="list-style-type: none"> • Ikyu +3.8
(Major items)	Personnel expense	69.2	+12.5	+22.1%	<ul style="list-style-type: none"> • LINE +5.8 • Yahoo Japan +1.4 	
	Sales promotion cost	40.6	+7.4	+22.5%	<ul style="list-style-type: none"> • LINE -2.3 • Yahoo Japan -4.0 	
	Depreciation and amortization	37.6	+4.5	+13.6%	<ul style="list-style-type: none"> • Yahoo Japan +1.3 • LINE +1.1 	
	Business commissions	36.0	+8.3	+30.1%	<ul style="list-style-type: none"> • LINE +2.5 • PayPay Card +1.0 	
Other income & expenses		151.7	+151.7	N/A	Gain on remeasurement relating to business combinations due to consolidation of PayPay +147.3	
Operating income		190.7	+129.7	+212.5%		

1. Figures in "Major Factors of Change" are figures after consolidation adjustments.

- Rebranded to “Yahoo! JAPAN Mart by ASKUL” for full launch. Number of stores increased to 22.
- Planning to establish a system that can serve all 23 wards of Tokyo within FY2022.




Item	Status	Next Steps
Target area (delivery bases)	Expanded to 22 stores ¹	Speedily establish a system that can serve all 23 wards of Tokyo within FY2022
Users	Main customer segments: <ul style="list-style-type: none"> • Male customers in their mid 20s – early 40s • Female customers in their mid 20s – 30s 	Increase no. of users through local/digital measures to raise recognition and implementation of user incentives
No. of products handled	Approx. 3,300 types (Large-scale stores) <ul style="list-style-type: none"> • Started handling meat and fresh fish 	Expand brands and product lineup utilizing ASKUL’s product procurement capabilities. Increase unique products.



1. As of February 2, 2023

(JPY Million)	FY2021 Q3 ¹	FY2022 Q3 ¹	YoY
Revenue	213,706	222,659	+4.2%
Merchandise EC	174,266	180,748	+3.7%
Shopping business	87,380	87,683	+0.3%
Reuse business	15,130	15,427	+2.0%
ASKUL online BtoB business	71,755	77,638	+8.2%
Services EC	5,526	7,113	+28.7%
Other	33,913	34,797	+2.6%
Cost of sales	88,882	94,162	+5.9%
Selling, general and administrative expenses	98,403	103,934	+5.6%
Sales promotion cost + Advertising and promotional expenses	31,036	29,439	-5.1%
Other selling, general and administrative expenses	67,366	74,495	+10.6%
Other revenue and expenses	-	-	N/A
Adjusted EBITDA (Margin)	39,524 (18.5%)	42,351 (19.0%)	+7.2%

1. From FY2022 Q1, LINE Corporation's services that had been recorded in Adjustments have been transferred to each business segment. Figures have been retroactively revised from FY2021 Q1.

	Existing E-commerce			Quick Commerce	Social Commerce	
	 (Renewed in October 2022)	ZOZOTOWN	LOHACO		LINE GIFT	
Form/Type	Mall-type (Approx. 600 mil. items)	Direct sales (Approx. 900,000 items)	Direct sales (No. of items undisclosed)	Immediate delivery service (Approx. 3,300 items)	Mall-type (Approx. 170,000 items)	E-commerce store creation (No. of merchants undisclosed)
Feature/Differentiators	<ul style="list-style-type: none"> Organized simple design UI/UX that enables easy search of products by category High appeal on blue-ribbon stores and strengthened delivery 	<ul style="list-style-type: none"> Category killer Excellent UI 	<ul style="list-style-type: none"> Original products 	<ul style="list-style-type: none"> Utilizes Group assets 	<ul style="list-style-type: none"> Service based on LINE 	<ul style="list-style-type: none"> Service based on LINE NAVER's expertise from South Korean market
Focus Areas/Notes	<ul style="list-style-type: none"> Improve UI Enhance delivery quality Improve marketing efficiency 	<ul style="list-style-type: none"> Strengthen focus areas Strengthen cross-Group collaboration 	<ul style="list-style-type: none"> Strengthen cross-Group collaboration 	<ul style="list-style-type: none"> Expand number of stores 	<ul style="list-style-type: none"> Expand product lineup Expand users Create new gift-giving culture and new markets 	<ul style="list-style-type: none"> Expand merchants Improve visibility in owned EC market in Japan
Take Rate	<ul style="list-style-type: none"> Commission for sales promotion (3% of transaction value) Sales promotion activities within the shopping platform (e.g., ad placements) Fee for participating in user campaigns 	Approx. 30% (Consignment)	Undisclosed	Undisclosed	Undisclosed	Sales commission: 2.5% ¹ Payment fee: 3.5%
Market Size	JPY13.3 T ² (BtoC e-commerce market, merchandise)	JPY7.6 T ³ (Apparel retail market, 2021)	JPY13.3 T ² (BtoC e-commerce market, merchandise)	JPY2.6 T ⁴ (Food delivery market, FY2022 forecast)	JPY10.5 T ⁵ (Gift market, 2022 forecast)	JPY4 T ⁶ (Owned EC market)

1. Stores that opened before March 31, 2022, will be exempt from the sales commission for the period up to March 31, 2023.

2. Source: Ministry of Economy, Trade and Industry: "FY2021 E-Commerce Market Survey - Scale of the Domestic B-to-C EC Market"

3-5. Source: Yano Research Institute Ltd.: 3. Apparel Market in Japan 2022 (released on November 4, 2022); 4. Food Delivery Service Market in Japan 2021 (released on September 15, 2021). Calculated by totaling the eight major business categories of 1) Home meal delivery services, 2) Deli & food delivery services, 3) Pizza delivery services, 4) Sushi delivery services, 5) Meals from restaurant/fast food chains, 6) Milk delivery services, 7) Co-op delivery services, and 8) Online supermarkets; 5. Gift Market in Japan 2022 (released on January 20, 2023).

6. Source: Research by Z Holdings Corporation: Owned e-commerce market size in Japan in 2020

Item	Breakdown
Merchandise EC	-
Shopping business	Yahoo! JAPAN Shopping, ZOZOTOWN, LOHACO, Charm, LINE SHOPPING, LINE FRIENDS, LINE GIFT, MySmartStore, Yahoo! JAPAN Mart by ASKUL, LIVEBUY, Overseas EC ¹
Reuse business	YAHUOKU!, PayPay Flea Market, ZOZOUSED
ASKUL non-consolidated online BtoB business	ASKUL, SOLOEL ARENA, etc.
Services EC	Yahoo! JAPAN Travel, Ikyu Travel, LINE TRAVEL (Taiwan), etc.
Others	Premium membership, ASKUL non-online BtoB business, ValueCommerce, etc.

1. Please refer to page 27 of the Appendix for definition of overseas EC.

Item	Major Services/products
EC transaction value	-
Domestic merchandise	-
Shopping business	Yahoo! JAPAN Shopping, ZOZOTOWN, LOHACO, Charm, LINE SHOPPING, LINE GIFT, LINE FRIENDS, MySmartStore, Yahoo! JAPAN Mart by ASKUL, LIVEBUY
Reuse business	YAHUOKU!, PayPay Flea Market, ZOZOUSED
ASKUL non-consolidated online BtoB business	ASKUL, SOLOEL ARENA, etc.
Domestic services	Ikyu.com, Yahoo! JAPAN Travel, Yahoo! JAPAN Loco ¹ , Demae-can, LINE PLACE
Domestic digital content	ebookjapan, LINE Manga, LINE MUSIC, LINE Stickers, LINE GAME, LINE LIVE, LINE Fortune, LINE NFT ² , other paid digital content
Overseas EC	LINE SHOPPING (Taiwan, Thailand), GIFTSHOP, EZ STORE, QUICK EC, MyShop, LINE FRIENDS, LINE TRAVEL (Taiwan), LINE MAN, LINE Stickers ¹ , LINE GAME ¹ , DOSI ³

1. Revenue from this service is recorded in the Media Business segment.

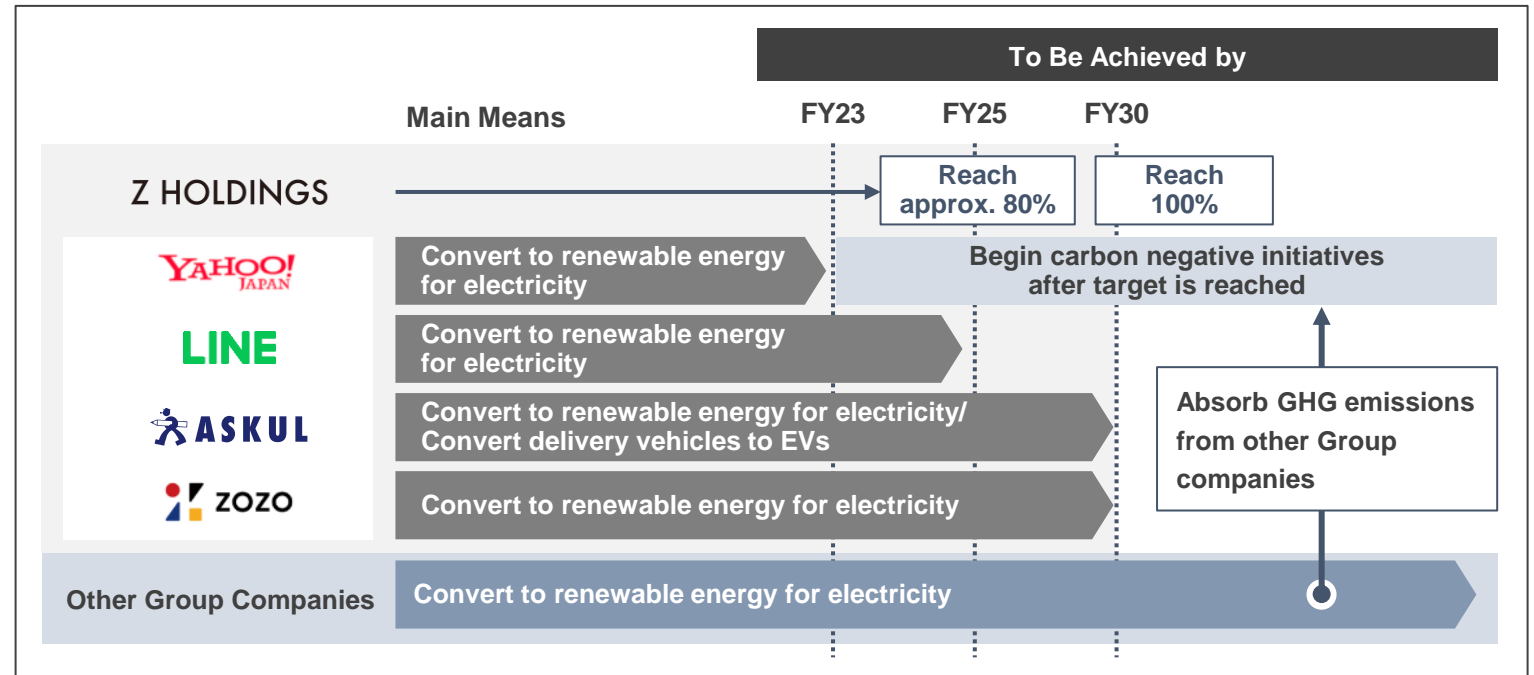
2. Revenue from this service is recorded in the Strategic Business segment.

3. Global NFT platform. Revenue from this service is recorded in the Strategic Business segment.

- ZHD Group as a whole, aims to achieve carbon neutrality where greenhouse gas (GHG) emissions are reduced to net-zero by 2030.
- Contribute to the realization of a sustainable society by encouraging carbon neutral initiatives both in and out of the ZHD Group.
- Joined RE100, a global initiative, and is moving steadily to achieve “2030 Carbon Neutrality Declaration.”

Initiatives for Achieving Carbon Neutrality by 2030

- 1** Yahoo Japan, ahead of the Group, begins carbon negative^{1,2} initiatives, to achieve a state in which GHG absorption is greater than emissions
- 2** By around FY2025, 80%+ electricity used by major Group companies to be converted to renewable energy sources
- 3** FY2025 - FY2030: Promote the conversion of remaining electricity use to 100% renewable energy



1. GHG emissions subject to the GHG Protocol Scopes 1 and 2
 Scope 1: Direct GHG emissions from company-owned and controlled resources. Scope 2: Indirect GHG emissions from the consumption of purchased electricity, heat, and steam

2. Initiatives to reduce emissions in Scope 3 are also planned.
 Scope 3: Indirect GHG emissions excluding Scopes 1 and 2 (emissions made by other companies related to the company's business)