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## Consolidated Financial Results for the Nine Months Ended February 20, 2023 [Japanese GAAP]\*



March 15, 2023

Company name: ASKUL Corporation  
 Stock exchange listing: Tokyo  
 Code number: 2678  
 URL: <https://www.askul.co.jp/kaisya/english/ir/>  
 Representative: Akira Yoshioka Representative Director, President and CEO (chief executive officer)  
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 Scheduled date of filing quarterly securities report: March 24, 2023  
 Scheduled date of commencing dividend payments: -  
 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 Nine Months Ended February 20, 2023 (May 21, 2022 to February 20, 2023)

#### (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	%
Nine months ended February 20, 2023	334,224	5.1	10,361	(2.6)	10,269	(3.5)	7,093	(0.5)
February 20, 2022	317,994	1.6	10,637	3.4	10,646	4.0	7,131	15.9

(Note) Comprehensive income: Nine months ended February 20, 2023: ¥7,188 million [(0.1)%]  
 Nine months ended February 20, 2022: ¥7,198 million [17.3%]

	Basic earnings per share	Diluted earnings per share
Nine months ended February 20, 2023	Yen 72.79	Yen 72.74
February 20, 2022	69.72	69.65

(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 nine months ended February 20, 2022 indicates the amounts after the application of the said accounting standard, etc. When calculating the figures for the nine months ended February 20, 2021 in accordance with the same Accounting Standard, change ratio of net sales for the nine months ended February 20, 2022 would be 2.9% increase.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of February 20, 2023	Million yen 204,307	Million yen 63,034	30.0%
May 20, 2022	188,024	57,271	30.2

(Reference) Equity: As of February 20, 2023: ¥61,364 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

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

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):

February 20, 2023: 97,518,800 shares

May 20, 2022: 97,518,800 shares

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

February 20, 2023: 62,406 shares

May 20, 2022: 71,871 shares

3) Average number of shares during the period:

Nine months ended February 20, 2023: 97,452,284 shares

Nine months ended February 20, 2022: 102,288,436 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 3 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 third quarter of the fiscal year under review (from May 21, 2022 to February 20, 2023) 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, while restrictions on activities in response to COVID-19 are gradually relaxed and socioeconomic activities are returning to normal.

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 ended 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 third quarter of the fiscal year under review was net sales of 334,224 million yen, a 5.1% increase year-over-year, operating profit of 10,361 million yen, a 2.6% decrease year-over-year, ordinary profit of 10,269 million yen, down 3.5% year-over-year, and profit attributable to owners of parent of 7,093 million yen, a 0.5% decrease year-over-year.

Operating results by segment are outlined below.

#### <E-commerce business>

In the B-to-B business, the mainstay business of the Group, we offer a wide range of products to meet the needs of all customers working in the workplace, including living supplies related merchandise such as bottled beverages and daily consumables, products related to COVID-19 such as antigen test kits, and MRO(Note) products such as bags and packing materials. Although there was impact due to a reactionary fall in sales of infection-related products, which had experienced special demand as in the previous year, living supplies and MRO products, which have been strategically strengthened, showed double-digit growth, resulting in a significant increase in net sales for the third quarter of the fiscal year under review.

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 due to an upward trend in the order unit price owing to an increase in the sales ratio of strategic categories such as medical and MRO.

In addition to 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 19,320 million yen from a year earlier to 277,607 million yen, a 7.5% increase year-over-year.

In the B-to-C business, the Group aims to turn LOHACO to profitability in the current fiscal year. Although net sales decreased due to an impact of campaign method changes and other factors, gross profit margin improved due to an increase in sales per box resulting from the effect of revised sales promotion methods and the free-delivery charge revision, etc. The profit structure, including a decrease in the variable cost ratio, has been improving significantly, and we have achieved profitability in the third quarter of the fiscal year under review (three months).

By further promoting integration with the B-to-B business, we will aim to improve the profit structure including reduced fixed costs, and steadily make LOHACO profitable in the current fiscal year.

As a result, LOHACO sales decreased 3,827 million yen from a year earlier to 36,423 million yen, down 9.5% year-over-year. Consequently, net sales of the B-to-C business in total also decreased 3,186 million yen from a year earlier to 49,465 million yen, a 6.1% decrease year-over-year.

Accordingly, net sales of the E-commerce business, combining the two businesses above, stood at 327,073 million yen, a 5.2% increase year-over-year. Although gross profit stood at 79,963 million yen, a 4.0% increase year-over-year,

due to an increase in net sales, the gross profit margin declined 0.3 points due to the soaring cost of goods.

ASKUL Tokyo DC began operation on November 21, 2022. Selling, general and administrative expenses were 69,426 million yen, a 4.8% increase year-over-year, and operating profit was 10,536 million yen, a 1.2% decrease year-over-year, mainly due to rent and launch costs incurred during the preparation period of ASKUL Tokyo DC, as well as one-time costs related to capital expenditures for the construction of new ASKUL website and other factors during the third quarter of the fiscal year under review.

#### <Logistics business>

Although net sales of the contracted business of logistics that ASKUL LOGIST Corporation received from outside the Group progressed on par with the level of the same period of the previous year, the decline in productivity and other factors resulted in a decrease in profits.

As a result, net sales in the third quarter of the fiscal year under review were 6,410 million yen, a 1.0% decrease year-over-year, and operating loss was 195 million yen, as opposed to an operating loss of 43 million yen a year earlier.

#### <Other>

In addition to strong sales of bottled water at TSUMAGOI MEISUI Corporation, productivity of the new production line completed in November 2021 has improved, resulting in higher net sales and profits.

As a result, net sales for the third quarter of the fiscal year under review were 1,511 million yen, a 40.5% increase year-over-year, and operating profit was 44 million yen, up 33.1% year-over-year.

Note: 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.

## (2) Explanation of Financial Position

### (Assets)

Total assets stood at 204,307 million yen at the end of the third quarter of the fiscal year under review, an increase of 16,282 million yen from the end of the preceding fiscal year. This was mainly due to increases of 7,461 million yen in leased assets as a result of the operation of ASKUL Tokyo DC, etc., 5,002 million yen in notes and accounts receivable-trade and contract assets due to an increase in net sales, 2,708 million yen in merchandise and finished goods, and 2,323 million yen in software as a result of the partial operation of the new ASKUL website, while construction in progress decreased 4,815 million yen.

### (Liabilities)

Total liabilities stood at 141,273 million yen at the end of the third quarter of the fiscal year under review, an increase of 10,519 million yen from the end of the preceding fiscal year. This was primarily due to increases of 7,232 million yen in lease obligations and 6,951 million yen in notes and accounts payable-trade, while income taxes payable decreased 1,399 million yen, electronically recorded obligations-operating decreased 1,385 million yen, and long-term borrowings (including current portion) decreased 1,208 million yen.

### (Net assets)

Net assets stood at 63,034 million yen at the end of the third quarter of the fiscal year under review, an increase of 5,762 million yen from the end of the preceding fiscal year. The primary factors behind the rise were increases of 3,977 million yen in retained earnings due to recognition of profit attributable to owners of parent of 7,093 million yen as opposed to dividend payments of 3,118 million yen and 1,154 million yen in non-controlling interests mainly due to capital increase through a public offering related to the listing of AlphaPurchase Co., Ltd., a consolidated subsidiary.

Consequently, the capital adequacy ratio was 30.0% (30.2% at the end of the preceding fiscal year).

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

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

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of May 20,2022	As of February 20,2023
<b>Assets</b>		
Current assets		
Cash and deposits	58,789	59,270
Trade receivables and contract assets	46,160	51,162
Merchandise and finished goods	17,770	20,479
Raw materials and supplies	484	253
Costs on construction contracts in progress	82	94
Accounts receivable - other	11,938	12,827
Other	1,779	2,792
Allowance for doubtful accounts	(41)	(33)
<b>Total current assets</b>	<b>136,964</b>	<b>146,846</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,946	9,508
Accumulated depreciation	(4,126)	(4,323)
Buildings and structures, net	4,819	5,184
Land	119	119
Leased assets	21,176	30,260
Accumulated depreciation	(9,472)	(11,094)
Leased assets, net	11,704	19,166
Other	10,983	11,356
Accumulated depreciation	(8,316)	(8,406)
Other, net	2,666	2,949
Construction in progress	4,975	159
<b>Total property, plant and equipment</b>	<b>24,285</b>	<b>27,579</b>
Intangible assets		
Software	5,672	7,995
Software in progress	8,332	9,840
Goodwill	1,370	1,188
Other	79	71
<b>Total intangible assets</b>	<b>15,455</b>	<b>19,096</b>
Investments and other assets		
Investment securities	143	142
Deferred tax assets	4,049	4,005
Other	7,899	7,428
Allowance for doubtful accounts	(772)	(791)
<b>Total investments and other assets</b>	<b>11,319</b>	<b>10,785</b>
<b>Total non-current assets</b>	<b>51,059</b>	<b>57,461</b>
<b>Total assets</b>	<b>188,024</b>	<b>204,307</b>

(Million yen)

	As of May 20,2022	As of February 20,2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	52,700	59,652
Electronically recorded obligations - operating	24,475	23,089
Short-term borrowings	380	380
Current portion of long-term borrowings	2,124	2,462
Accounts payable - other	12,784	11,620
Income taxes payable	2,631	1,232
Accrued consumption taxes	589	354
Provisions	261	537
Other	4,739	5,523
Total current liabilities	100,686	104,852
Non-current liabilities		
Long-term borrowings	10,131	8,584
Lease liabilities	10,387	17,620
Retirement benefit liability	4,449	4,722
Asset retirement obligations	2,600	3,160
Other	2,498	2,333
Total non-current liabilities	30,066	36,420
Total liabilities	130,753	141,273
<b>Net assets</b>		
Shareholders' equity		
Share capital	21,189	21,189
Capital surplus	14,315	14,907
Retained earnings	21,452	25,429
Treasury shares	(118)	(92)
Total shareholders' equity	56,838	61,434
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(82)	(69)
Total accumulated other comprehensive income	(82)	(69)
Share acquisition rights	0	0
Non-controlling interests	514	1,668
Total net assets	57,271	63,034
Total liabilities and net assets	188,024	204,307

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

(Million yen)

	For the nine months ended February 20,2022	For the nine months ended February 20,2023
Net sales	317,994	334,224
Cost of sales	240,543	253,896
Gross profit	77,451	80,327
Selling, general and administrative expenses	66,813	69,965
Operating profit	10,637	10,361
Non-operating income		
Interest income	31	29
Rental income	74	3
Subsidy income	134	51
Other	28	79
Total non-operating income	269	163
Non-operating expenses		
Interest expenses	168	197
Rental expenses	61	2
Other	30	55
Total non-operating expenses	260	256
Ordinary profit	10,646	10,269
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	-	22
Insurance claim income	226	163
Gain on reversal of share acquisition rights	3	-
Other	-	5
Total extraordinary income	230	191
Extraordinary losses		
Loss on sale of non-current assets	6	-
Loss on retirement of non-current assets	130	54
Loss on valuation of investment securities	40	-
Loss on retirement of treasury subscription rights to shares	21	0
Other	6	1
Total extraordinary losses	204	56
Profit before income taxes	10,672	10,404
Income taxes - current	3,060	3,191
Income taxes - deferred	421	36
Total income taxes	3,482	3,228
Profit	7,189	7,175
Profit attributable to non-controlling interests	58	81
Profit attributable to owners of parent	7,131	7,093



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

(Million yen)

	For the nine months ended February 20,2022	For the nine months ended February 20,2023
Profit	7,189	7,175
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	9	12
Total other comprehensive income	9	12
Comprehensive income	7,198	7,188
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,140	7,106
Comprehensive income attributable to non-controlling interests	58	81

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

(Notes to Going Concern Assumption)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Not applicable.

(Change in Accounting Policies)

(Application of 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 third quarter of the fiscal year under review decreased 164 million yen respectively.

(Segment Information, etc.)

[Segment Information]

I. First Nine Months of the Previous Fiscal Year (From May 21, 2021 to February 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	258,287	—	258,287	—	258,287	—	258,287
B-to-C business	52,652	—	52,652	—	52,652	—	52,652
Logistics business	—	6,473	6,473	—	6,473	—	6,473
Others	—	—	—	581	581	—	581
Revenue from contracts with customers	310,939	6,473	317,413	581	317,994	—	317,994
Sales to external customers	310,939	6,473	317,413	581	317,994	—	317,994
Intra-segment sales or transfer	—	—	—	494	494	(494)	—
Total	310,939	6,473	317,413	1,075	318,489	(494)	317,994
Segment profit (loss)	10,664	(43)	10,621	33	10,654	(16)	10,637

(Notes) 1. "Others" represent business segments that do not fall under the Reporting Segment and include the manufacturing business.

2. The adjustment of minus 16 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 Nine Months of the Current Fiscal Year (From May 21, 2022 to February 20, 2023)

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	277,607	—	277,607	—	277,607	—	277,607
B-to-C business	49,465	—	49,465	—	49,465	—	49,465
Logistics business	—	6,410	6,410	—	6,410	—	6,410
Others	—	—	—	740	740	—	740
Revenue from contracts with customers	327,073	6,410	333,483	740	334,224	—	334,224
Sales to external customers	327,073	6,410	333,483	740	334,224	—	334,224
Intra-segment sales or transfer	—	—	—	770	770	(770)	—
Total	327,073	6,410	333,483	1,511	334,995	(770)	334,224
Segment profit (loss)	10,536	(195)	10,341	44	10,385	(23)	10,361

(Notes) 1. "Others" represent business segments that do not fall under the Reporting Segment and include the manufacturing business.

2. The adjustment of minus 23 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.

### 3. Other

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

Item	First Nine Months of the Previous Fiscal Year (From May 21, 2021 to February 20, 2022)		First Nine Months of the Fiscal Year Under Review (From May 21, 2022 to February 20, 2023)			(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	15,812	5.0	16,875	5.0	106.7	21,586	5.0
Shipment expenses	18,028	5.7	17,021	5.1	94.4	24,224	5.7
Subcontract expenses *1	2,974	0.9	3,555	1.1	119.5	4,091	1.0
Business consignment expenses	8,790	2.8	8,954	2.7	101.9	11,975	2.8
Rents	8,120	2.6	8,140	2.4	100.2	10,949	2.6
Provision of allowance for doubtful accounts	32	0.0	12	0.0	38.9	37	0.0
Depreciation	2,409	0.8	2,492	0.7	103.5	3,292	0.8
Amortization of software	1,902	0.6	2,050	0.6	107.8	2,538	0.6
Other expenses *2	8,742	2.6	10,862	3.3	124.3	12,067	2.7
Total	66,813	21.0	69,965	20.9	104.7	90,763	21.2

\*1. Compared with the same period of the previous fiscal year, subcontract expenses for the third 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 third quarter of the fiscal year under review increased. This was mainly due to the strengthening Internet advertising for the B-to-B business.