Consolidated Financial Results for the Six Months Ended November 20, 2023 [Japanese GAAP]*

December 15, 2023

Company name: ASKUL Corporation
Stock exchange listing: Tokyo
Code number: 2678
URL: https://www.askul.co.jp/corp/english/investor
Representative: Akira Yoshioka Representative Director, President and CEO (chief executive officer)
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Scheduled date of filing quarterly securities report: December 28, 2023
Scheduled date of commencing dividend payments: January 22, 2024
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, 2023 (May 21, 2023 to November 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	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
November 20, 2023	231,288	5.0	7,242	7.4	7,104	5.9	4,637	3.5
November 20, 2022	220,251	5.4	6,745	0.7	6,709	(0.1)	4,481	(1.4)

(Note) Comprehensive income: Six months ended November 20, 2023: ¥4,778 million [5.3%]
Six months ended November 20, 2022: ¥4,538 million [(1.3)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
November 20, 2023	47.58	47.52
November 20, 2022	45.99	45.93

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
November 20, 2023	221,508	70,070	30.3
May 20, 2023	227,506	66,876	28.2

(Reference) Equity: As of November 20, 2023: ¥67,150 million
As of May 20, 2023: ¥64,145 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 20, 2023	-	16.00	-	18.00	34.00
Fiscal year ending May 20, 2024	-	18.00			
Fiscal year ending May 20, 2024(Forecast)			-	18.00	36.00

(Notes) 1. Revision to the forecast for dividends announced most recently: No
2. Breakdown of year-end dividends for the fiscal year ended May 2023 Ordinary dividend 16 yen
Commemorating the 30th anniversary 2 yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 20, 2024 (May 21, 2023 to May 20, 2024)

(% 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	482,000	7.9	16,500	12.9	16,200	12.1	10,300	5.2	105.69

(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: No
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
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, 2023: 97,564,700 shares
May 20, 2023: 97,518,800 shares

2) Number of treasury stocks at the end of the period:
November 20, 2023: 39,406 shares
May 20, 2023: 62,406 shares

3) Average number of shares during the period:
Six months ended November 20, 2023: 97,471,883 shares
Six months ended November 20, 2022: 97,450,223 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” on Page 2 and (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

During the second quarter of the fiscal year under review (from May 21, 2023 to November 20, 2023), the Japanese economy saw an upturn in corporate and consumer consumption behaviors as restriction on activities in response to COVID-19 are gradually relaxed and the economic activity are normalized. On the other hand, rising prices of raw materials and energy due to Russia's invasion of Ukraine and other factors, as well as rising import prices due to the depreciation of the yen, have increased domestic prices, affecting the activities of households and corporate activities.

Under such circumstances, the Group has positioned the fiscal year ending May 20, 2024 as the year in which it would accomplish its most important mission of “changing the trajectory of profit growth” while continuing “changing the trajectory of sales growth,” which was achieved in the previous fiscal year. 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 has taken aggressive measures that will lead to the growth of the Group, including aggressive advertising and sales promotion investment in B-to-B business and transitioning customers to the new ASKUL website, which began full-scale operation.

In addition, as the Company aim to realize ethical e-commerce, we have changed the threshold for free delivery(Note1) for orders placed after 6pm on October 31, 2023 for ASKUL and SOLOEL ARENA, our B-to-B business, in order to contribute to solving so-called the Logistics 2024 issue(Note2). By encouraging customers to buy in bulk where possible, we are promoting efforts to reduce environmental and labor burdens throughout the supply chain to realize a sustainable society.

As a result, the financial performance of the Group for the second quarter of the fiscal year under review was net sales of 231,288 million yen, a 5.0% increase year-over-year, operating profit of 7,242 million yen, a 7.4% increase year-over-year, ordinary profit of 7,104 million yen, up 5.9% year-over-year, and profit attributable to owners of parent of 4,637 million yen, a 3.5% increase year-over-year, all of which marked record-highs for consolidated financial results of the period for the six months.

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(Note3) products such as bags and packing materials. Although product sales related to COVID-19 such as antigen test kits and disinfectants declined due to the stabilization of measures against COVID-19, net sales increased due to higher unit prices resulting from price revisions for some of the mainstay products and other factors, in addition to steady sales of living supplies such as bottled beverages and daily necessities.

Sales via search engines continue to increase owning to the effect of 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. The migration of customers to the new ASKUL WEB website, which went into full operation in July 2023, have completed approximately 30 percent to total number of customers, and we will continue to proceed with the transition as planned, thereby enhancing the effectiveness of the investment.

In addition, the performance of subsidiaries contributed to the sales growth as the business results of FEED Corporation, a business subsidiary of AP67 Co., Ltd., which became a consolidated subsidiary at the end of the previous fiscal year, contributed throughout the second quarter of the fiscal year under review and AlphaPurchase Co., Ltd., a consolidated subsidiary, continued to perform well.

As a result, net sales in the B-to-B business grew by 19,200 million yen from a year earlier to 200,617 million yen, a 10.6% increase year-over-year.

In B-to-C business, net sales in the second quarter of the fiscal year under review generally progressed as planned, although net sales decreased due to a campaign method change resulting from cost optimization in the commerce business of LY Corporation (formerly Z Holdings Corporation). In October 2023, LOHACO Main Store and LOHACO

Yahoo! Store were merged and reopened in Yahoo! Shopping as LOHACO by ASKUL, combining the strong features of both stores. The Group is promoting the sales regrowth of LOHACO through the marketing-driven promotional measures, the expansion of product lineup, and other measures.

As a result, LOHACO sales decreased 7,914 million yen from a year earlier to 17,486 million yen, down 31.2% year-over-year. Consequently, net sales of the B-to-C business in total also decreased 8,038 million yen from a year earlier to 26,055 million yen, a 23.6% decrease year-over-year.

Accordingly, net sales of the E-commerce business, combining the two businesses above, stood at 226,673 million yen, a 5.2% increase year-over-year. Gross profit-net increased substantially to 57,365 million yen, up 7.6% year-over-year, as the gross profit margin improved due to an increase in sales of living supplies and price revisions for some products.

Regarding selling, general and administrative expenses, the ratio of shipment expenses to net sales decreased as the unit sales price per box increased, partly due to the impact of price revisions for some main products. On the other hand, the ratio of selling, general and administrative expenses to net sales increased by 0.5 points year-over-year due to an increase in amortization of software and depreciation resulting from the operation of the new ASKUL website and ASKUL Tokyo DC respectively, as well as the implementation of TV commercials aimed at improving the awareness of the service name and handling of strategic products in the B-to-B business, and an increase in internet advertising in conjunction with such TV commercials, one of the key measures for the fiscal year under review. As a result, selling, general and administrative expenses were 50,025 million yen and operating profit was 7,339 million yen, a 7.6% increase year-over-year

<Logistics business>

Although net sales of the contracted business of logistics that ASKUL LOGIST Corporation received from outside the Group progressed generally on par with the level of the same period of the previous year, the deterioration of profitability due to soaring costs and other factors resulted in a decrease in net sales and profits. During the second quarter of the fiscal year under review, profitability improved due to price revisions and other factors, and the Group will continue to strive to improve profitability.

As a result, net sales in the second quarter of the fiscal year under review were 4,180 million yen, a 1.1% decrease year-over-year, and operating loss was 122 million yen, as opposed to an operating loss of 97 million yen a year earlier.

<Other>

Operating profit increased due to improved productivity although net sales of bottled water at TSUMAGOI MEISUI Corporation progressed steady on par with the level of the same period of the previous year.

As a result, net sales for the second quarter of the fiscal year under review were 1,017 million yen, a 2.7% decrease year-over-year, and operating profit was 65 million yen, up 50.9% year-over-year.

Note 1: The standard amount per order for which the Company bear the basic delivery fee

Note 2: The possibility of not being able to transport goods due to insufficient transportation capacity caused by the enforcement of the 960-hour overtime cap for truck drivers and other regulations starting in April 2024, which will result in shorter working hours.

Note 3: 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 221,508 million yen at the end of the second quarter of the fiscal year under review, a decrease of 5,998 million yen from the end of the preceding fiscal year. This was mainly due to decreases of 7,362 million yen in cash and deposits mainly resulting from the inclusion of 8,444 million yen in electronically recorded obligations-operating, for which the settlement date is the last day of the consolidated fiscal year, in the balance at the end of the preceding fiscal year, since the last day of the preceding fiscal year was a holiday for financial institutions, 1,504 million yen in leased assets (net), while trade receivables and contract assets increased 2,580 million yen.

(Liabilities)

Total liabilities stood at 151,437 million yen at the end of the second quarter of the fiscal year under review, a decrease of 9,192 million yen from the end of the preceding fiscal year. This was primarily due to a decrease of 10,468 million yen in electronically recorded obligations-operating, while notes and accounts payable – trade increased 3,557 million yen.

(Net assets)

Net assets stood at 70,070 million yen at the end of the second quarter of the fiscal year under review, an increase of 3,194 million yen from the end of the preceding fiscal year. The primary factor behind the rise was an increase of 2,883 million yen in retained earnings mainly due to recognition of profit attributable to owners of parent of 4,637 million yen as opposed to dividend payments of 1,754 million yen.

Consequently, the capital adequacy ratio was 30.3% (28.2% at the end of the preceding fiscal year).

(Cash Flows)

Cash and cash equivalents (hereinafter “funds”) stood at 58,860 million yen at the end of the second quarter of the fiscal year under review, a decrease of 7,362 million yen from the end of the preceding fiscal year. The status of each cash flows and factors behind changes in the second quarter of the fiscal year under review are as follows.

(Cash flows from operating activities)

Net funds provided by operating activities were 1,950 million yen, (compared to 9,928 million yen in the same period of the previous year). This was mainly due to a decrease of 6,911 million yen in trade payables, payment of income taxes of 2,707 million yen, and an increase of 2,573 million yen in trade receivables as opposed to profit before income taxes of 7,079 million yen and a total of 5,085 million yen for depreciation and amortization of software, goodwill, and customer-related intangible assets.

(Cash flows from investing activities)

Net funds used in investing activities were 4,492 million yen, (compared to 8,055 million yen in the same period of the previous year). This was mainly due to expenditures of 2,956 million yen for the purchase of software and 1,472 million yen for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Net funds used in financing activities were 4,820 million yen, (compared to 3,376 million yen in the same period of the previous year). This was due to cash dividends paid of 1,754 million, repayments of long-term borrowings of 1,691 million, and repayments of lease obligations of 1,412 million yen.

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

The forecast for the year ending May 20, 2024 (full year) announced on July 4, 2023, remains unchanged.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of May 20, 2023	As of November 20, 2023
Assets		
Current assets		
Cash and deposits	66,223	58,860
Trade receivables and contract asset	51,954	54,535
Merchandise and finished goods	22,017	22,951
Raw materials and supplies	306	303
Costs on construction contracts in progress	112	121
Accounts receivable - other	12,623	11,850
Other	2,757	2,249
Allowance for doubtful accounts	(36)	(43)
Total current assets	155,958	150,828
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,031	10,077
Accumulated depreciation	(4,648)	(4,928)
Buildings and structures, net	5,382	5,149
Land	247	247
Leased assets	30,268	30,214
Accumulated depreciation	(11,850)	(13,301)
Leased assets, net	18,417	16,912
Other	11,719	12,003
Accumulated depreciation	(8,729)	(9,009)
Other, net	2,989	2,993
Construction in progress	825	2,009
Total property, plant and equipment	27,862	27,312
Intangible assets		
Software	7,950	17,362
Software in progress	11,037	1,804
Goodwill	5,533	5,264
Customer-related intangible assets	8,064	7,803
Other	9	10
Total intangible assets	32,594	32,245
Investments and other assets		
Investment securities	159	159
Deferred tax assets	4,226	4,162
Other	7,545	7,654
Allowance for doubtful accounts	(840)	(855)
Total investments and other assets	11,091	11,121
Total non-current assets	71,547	70,679
Total assets	227,506	221,508

(Millions of yen)

	As of May 20, 2023	As of November 20, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	54,614	58,172
Electronically recorded obligations - operating	33,683	23,215
Short-term borrowings	380	380
Current portion of long-term borrowings	10,127	9,576
Accounts payable - other	12,356	11,684
Income taxes payable	2,677	2,382
Accrued consumption taxes	423	1,309
Provisions	373	1,155
Other	5,863	6,104
Total current liabilities	120,499	113,980
Non-current liabilities		
Long-term borrowings	10,337	9,195
Lease liabilities	16,850	15,293
Retirement benefit liability	4,764	4,905
Asset retirement obligations	3,190	3,195
Deferred tax liabilities	2,750	2,661
Other	2,236	2,204
Total non-current liabilities	40,130	37,456
Total liabilities	160,630	151,437
Net assets		
Shareholders' equity		
Share capital	21,189	21,233
Capital surplus	14,906	14,950
Retained earnings	28,120	31,004
Treasury shares	(92)	(58)
Total shareholders' equity	64,124	67,130
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	20	20
Total accumulated other comprehensive income	20	20
Share acquisition rights	0	0
Non-controlling interests	2,729	2,919
Total net assets	66,876	70,070
Total liabilities and net assets	227,506	221,508

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended November 20, 2022	For the six months ended November 20, 2023
Net sales	220,251	231,288
Cost of sales	166,679	173,657
Gross profit	53,572	57,631
Selling, general and administrative expenses	46,827	50,388
Operating profit	6,745	7,242
Non-operating income		
Interest income	20	19
Subsidy income	48	38
Other	63	30
Total non-operating income	132	89
Non-operating expenses		
Interest expenses	116	201
Other	51	25
Total non-operating expenses	168	227
Ordinary profit	6,709	7,104
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	22	-
Insurance claim income	163	-
Other	0	-
Total extraordinary income	186	0
Extraordinary losses		
Loss on retirement of non-current assets	41	25
Other	2	0
Total extraordinary losses	43	25
Profit before income taxes	6,851	7,079
Income taxes - current	2,213	2,326
Income taxes - deferred	108	(25)
Total income taxes	2,321	2,300
Profit	4,529	4,778
Profit attributable to non-controlling interests	48	141
Profit attributable to owners of parent	4,481	4,637

Quarterly Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended November 20, 2022	For the six months ended November 20, 2023
Profit	4,529	4,778
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	8	(0)
Total other comprehensive income	8	(0)
Comprehensive income	4,538	4,778
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,489	4,637
Comprehensive income attributable to non-controlling interests	48	141

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended November 20, 2022	For the six months ended November 20, 2023
Cash flows from operating activities		
Profit before income taxes	6,851	7,079
Depreciation	1,825	2,186
Amortization of software	1,429	2,369
Amortization of long-term prepaid expenses	40	38
Amortization of goodwill	121	268
Amortization of customer relationship	4	261
Increase (decrease) in allowance for doubtful accounts	15	22
Increase (decrease) in provisions	251	782
Increase (decrease) in retirement benefit liability	178	141
Interest and dividend income	(20)	(22)
Interest expenses	116	201
Loss (gain) on sale of investment securities	(22)	-
Insurance claim income	(163)	-
Loss on retirement of non-current assets	41	25
Loss (gain) on sale of non-current assets	(0)	(0)
Decrease (increase) in trade receivables	(3,751)	(2,573)
Decrease (increase) in inventories	(2,819)	(940)
Decrease (increase) in accounts receivable - other	517	772
Increase (decrease) in trade payables	9,238	(6,911)
Increase (decrease) in accounts payable - other	(732)	(450)
Increase (decrease) in accrued consumption taxes	(288)	885
Other, net	(334)	697
Subtotal	12,501	4,832
Interest and dividends received	20	22
Interest paid	(116)	(202)
Proceeds from insurance income	163	-
Income taxes paid	(2,672)	(2,707)
Income taxes refund	32	4
Net cash provided by (used in) operating activities	9,928	1,950
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,713)	(1,472)
Purchase of software	(4,500)	(2,956)
Purchase of long-term prepaid expenses	(20)	(49)
Payments of guarantee deposits	(18)	(64)
Proceeds from refund of guarantee deposits	291	44
Loan advances	(5)	(1)
Proceeds from collection of loans receivable	3	18
Proceeds from sale of investment securities	22	-
Payments for asset retirement obligations	(111)	(9)
Other, net	(3)	(1)
Net cash provided by (used in) investing activities	(8,055)	(4,492)

(Millions of yen)

	For the six months ended November 20, 2022	For the six months ended November 20, 2023
Cash flows from financing activities		
Repayments of long-term borrowings	(823)	(1,691)
Repayments of lease liabilities	(993)	(1,412)
Payments for purchase of treasury subscription right to shares	(0)	-
Proceeds from share issuance to non-controlling shareholders	-	37
Dividends paid	(1,559)	(1,754)
Net cash provided by (used in) financing activities	(3,376)	(4,820)
Net increase (decrease) in cash and cash equivalents	(1,502)	(7,362)
Cash and cash equivalents at beginning of period	58,789	66,223
Cash and cash equivalents at end of period	57,286	58,860

(4) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

[Segment Information]

I. First Six Months of the Previous 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.

II. First Six Months of the Current Fiscal Year (From May 21, 2023 to November 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	200,617	—	200,617	—	200,617	—	200,617
B-to-C business	26,055	—	26,055	—	26,055	—	26,055
Logistics business	—	4,180	4,180	—	4,180	—	4,180
Others	—	—	—	434	434	—	434
Revenue from contracts with customers	226,673	4,180	230,854	434	231,288	—	231,288
Sales to external customers	226,673	4,180	230,854	434	231,288	—	231,288
Intra-segment sales or transfer	—	—	—	583	583	(583)	—
Total	226,673	4,180	230,854	1,017	231,871	(583)	231,288
Segment profit (loss)	7,339	(122)	7,216	65	7,282	(40)	7,242

(Notes)
1. “Other” represents business segments that do not fall under the Reporting Segment and includes the manufacturing business.
2. The adjustment of minus 40 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.

(Significant Subsequent Events)

(Significant Capital Expenditures)

The Company resolved, at the meeting of the Board of Directors held on December 6, 2023, to make a capital investment in a new distribution center.

1. Purpose of Capital Investment

The Company is establishing a new distribution center to realize future growth strategies, while reorganizing its logistics bases in the Kanto region and advancing the development of a structurally low-cost logistics platform.

2. Details of Capital Investment

I. Location:	Ageo City, Saitama Prefecture
II. Utilization:	Distribution center
III. Planned Investment Amount:	18,000 million yen (of which, 15,000 million yen for material handling, 2,000 million yen for building, and 1,000 million yen for warehouse system)

3. Schedule for Facility Installation

I. Scheduled Construction Start:	December 2023
II. Scheduled Operation Start:	June 2025

4. Significant Impact of the Capital Investment on Operating and Production Activities

The impact on consolidated results for the fiscal year ending May 20, 2024 is immaterial.

3. Other

Details of Selling, General and Administrative Expenses (Consolidated)

Item	First Six Months of the Previous Fiscal Year (From May 21, 2022 to November 20, 2022)		First Six Months of the Fiscal Year Under Review (From May 21, 2023 to November 20, 2023)			(Reference) Fiscal Year Ended May 2023 (From May 21, 2022 to May 20, 2023	
	Amount (Million yen)	Ratio to Sales (%)	Amount (Million yen)	Ratio to Sales (%)	Year-on-Year Change (%)	Amount (Million yen)	Ratio to Sales (%)
Personnel expenses *1	11,145	5.1	12,879	5.6	115.6	22,712	5.1
Shipment expenses	12,047	5.5	11,214	4.8	93.1	21,843	4.9
Subcontract expenses	2,313	1.1	2,450	1.1	105.9	4,748	1.1
Business consignment expenses	6,132	2.8	5,670	2.5	92.5	11,696	2.6
Rents	5,473	2.5	5,551	2.4	101.4	10,835	2.4
Provision of allowance for doubtful accounts	16	0	29	0.0	177.0	16	0.0
Depreciation *2	1,545	0.7	1,908	0.8	123.5	3,451	0.8
Amortization of software *3	1,374	0.6	2,322	1.0	168.9	2,739	0.6
Other expenses *4	6,777	3.0	8,362	3.6	123.4	14,375	3.2
Total	46,827	21.3	50,388	21.8	107.6	92,420	20.7

*1. Compared with the same period of the previous fiscal year, personnel expenses for the second quarter of the fiscal year under review increased. This was mainly due to an increase in the number of employees and the consolidation of AP67 Co., Ltd. and four other companies.

2. Compared with the same period of the previous fiscal year, depreciation for the second quarter of the fiscal year under review increased. This was mainly due to the operation of ASKUL Tokyo DC in November 2022.

3. Compared with the same period of the previous fiscal year, amortization of software for the second quarter of the fiscal year under review increased. This was mainly due to the full-scale operation of the new ASKUL website for the B-to-B business in July 2023.

4. 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 broadcasting of TV commercial and the boosting of online advertising for the B-to-B business.