Disclaimer
This is an English translation of the captioned release. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the release for complete information

News Release dated: July 4, 2014

To whom it may concern:

Company Name: ASKUL Corporation
(Code No.: 2678, Tokyo Stock Exchange First Section)
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FY5/2014 Full-Year Performance
(Consolidated financial summary for fiscal year ended May 2014)

ASKUL Corporation (hereinafter referred to as the "Company") herewith attach the "FY5/2014 Full-Year Performance" (Consolidated financial summary for fiscal year ended May 2014) to provide supplementary information with respect to the "Summary of Consolidated Financial Results for Fiscal Year Ended May 2014 (Japanese GAAP)."

These supplementary materials include forward-looking statements concerning current plans and the outlook for operating results. These statements are based on plans and forecasts that use currently available information. Forward-looking statements are not promises or guarantees about the future because actual operating results may differ from the Company's outlook for a variety of reasons.

These supplementary materials are unaudited and have not been reviewed by certified public accountants or auditors.

FY5/2014 Full-Year Performance

Consolidated Net Sales Register Double-digit Growth in FY5/2014
Logistics Productivity, Which Has Been a Challenge, Improves Significantly

LOHACO Continues to Emphasize on Top Line
B-to-B Business Focuses on Growth Fields, Expects Stable Increase in Sales and Profits

July 4, 2014

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This is an English translation of the captioned presentation material. This translation is prepared and provided for the purpose of the convenience of non-Japanese-speaking people. All readers are recommended to refer to the original version in Japanese of the presentation material for complete information.

Notes:
This material contains ASKUL Group's current plans and performance outlook. These plans, forecasts, and other forward-looking statements represent ASKUL's plans and forecasts based on information currently available. Actual performance may differ from these plans and forecasts due to a variety of conditions and factors that could occur in the future. This material does not represent promises or guarantees regarding the achievement of these plans.
This material has not been audited by certified public accountants or auditing firms.

For the purposes of this material, LOHACO refers to the online mail-order business for general consumers, launched in October 2012 in alliance with Yahoo Japan Corporation.
B-to-B refers to business-to-business transactions.

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I. FY5/2014 Summary and FY5/2015 Outlook

II. Improving Logistics Efficiency and Company-wide Policy

III. LOHACO Business Strategy

IV. B-to-B Business Strategy

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FY5/2014 Consolidated Performance

	FY5/2013		FY5/2014				
	Actual ¥billion	% of net sales	Plan Announced on March 18 ¥billion	Actual ¥billion	% of net sales	YoY change %	Vs. plan %
Net Sales	226.6	100.0	250.0	253.4	100.0	+ 11.8	+ 1.4
Gross Profit	50.6	22.3	—	55.7	22.0	+ 10.1	—
Selling, General and Administrative Expenses	43.7	19.3	—	51.4	20.3	+ 17.6	—
Operating Income	6.8	3.0	4.0	4.2	1.7	- 37.8	+ 6.9
Ordinary Income	7.2	3.2	4.0	4.4	1.8	- 38.6	+ 11.2
Net Income	5.8	2.6	1.8	2.1	0.9	+ 62.8	+ 20.3

- Net sales registered double-digit growth for the first time in eight years
- Actual results outperformed the revised plan as logistics productivity improved

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FY5/2014 Consolidated Performance (By Business)

(¥billion)	LOHACO		B-to-B Business, etc.		Logistics Base Enhancement, etc.*				Total	
					Fixed expenses		Temporary expenses			
	Plan Announced on March 18	Actual	Plan Announced on March 18	Actual	Plan Announced on March 18	Actual	Plan Announced on March 18	Actual	Plan Announced on March 18	Actual
Net Sales	10.0	12.1	240.0	241.2	-	-	-	-	250.0	253.4
Operating Income	- 2.7	- 2.9	8.8	9.3	- 1.7	- 1.6	- 0.4	- 0.4	4.0	4.2

*Expenses related to logistics base enhancement, etc. are ultimately distributed to each business based on net sales, etc. in ASKUL's managerial accounting.

- Net sales of LOHACO, a target of priority measure, achieved an increase exceeding 20% compared with the plan
- B-to-B Business, etc. steadily added net sales and operating income to the planned figures

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FY5/2015 Consolidated Performance Outlook

	FY5/2014 actual		FY5/2015 full-year plan		
	Amount ¥billion	% of net sales	Amount ¥billion	% of net sales	YoY change %
Net Sales	253.4	100.0	277.0	100.0	+ 9.3
Gross Profit	55.7	22.0	61.5	22.2	+ 10.4
Selling, General and Administrative Expenses	51.4	20.3	55.0	19.9	+ 7.0
Operating Income	4.2	1.7	6.5	2.3	+ 52.0
Ordinary Income	4.4	1.8	6.4	2.3	+ 45.2
Net Income	2.1	0.9	3.4	1.2	+ 57.0

- Expects to add more than ¥23.0 billion to net sales
- Expects a V-shaped recovery by improving logistics productivity

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FY5/2015 Consolidated Performance Outlook (By Business)

(¥billion)	FY5/2014 actual			FY5/2015 full-year plan		
	LOHACO	B-to-B Business, etc.	Total	LOHACO	B-to-B Business, etc.	Total
Net Sales	12.1	241.3	253.4	22.0	255.0	277.0
Operating Income	-3.0	7.3	4.2	-3.0	9.5	6.5

*Expenses related to logistics base enhancement, etc. that are separately listed in p.4 have been distributed to each business in this table based on net sales, etc.

- Net sales of LOHACO are expected to increase more than 80% year-on-year with spending of sales promotion expenses
- B-to-B Business, etc. expects stable increase in sales and profits by focusing on growth fields

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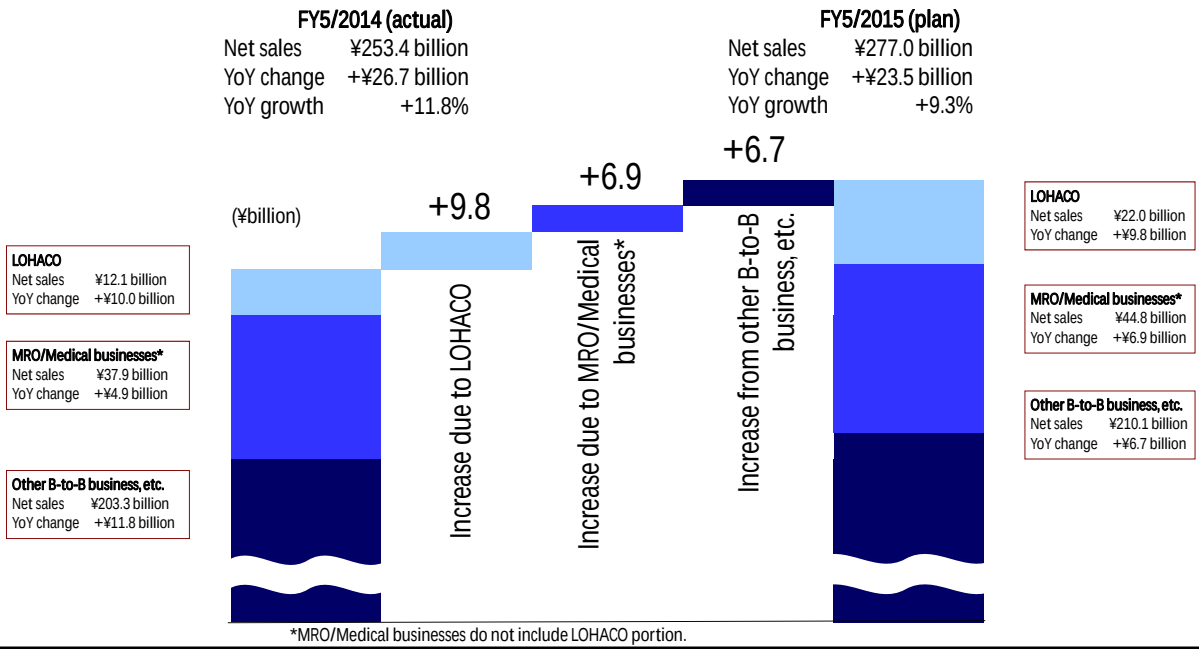
Main Factors Affecting FY5/2015 Consolidated Net Sales (Plan)



*MRO/Medical businesses do not include LOHACO portion.

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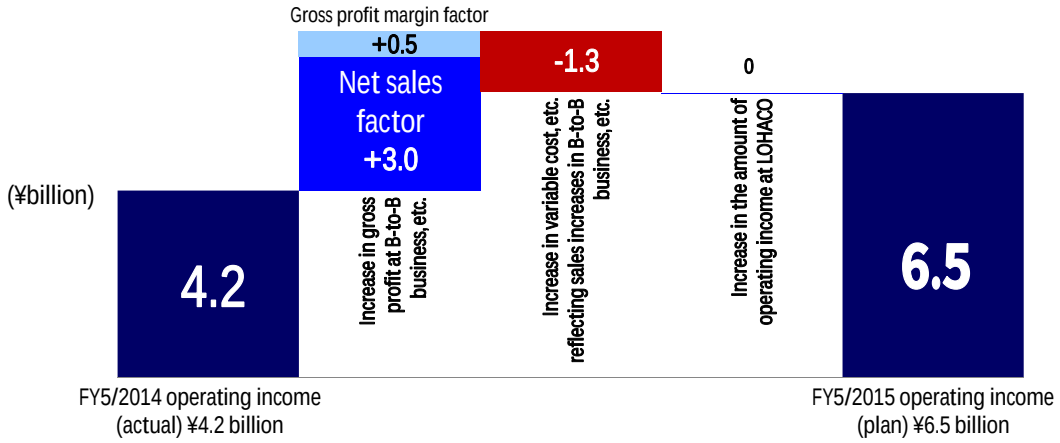
Main Factors Affecting FY5/2015 Consolidated Operating Income (Plan)

FY5/2014 (actual)

Net sales growth YoY	+11.8%
Gross profit margin	22.0%
SG&A expense ratio	20.3%

FY5/2015 (plan)

Net sales growth YoY	+9.3%
Gross profit margin	22.2%
SG&A expense ratio	19.9%



FY5/2014 operating income (actual) ¥4.2 billion

FY5/2015 operating income (plan) ¥6.5 billion

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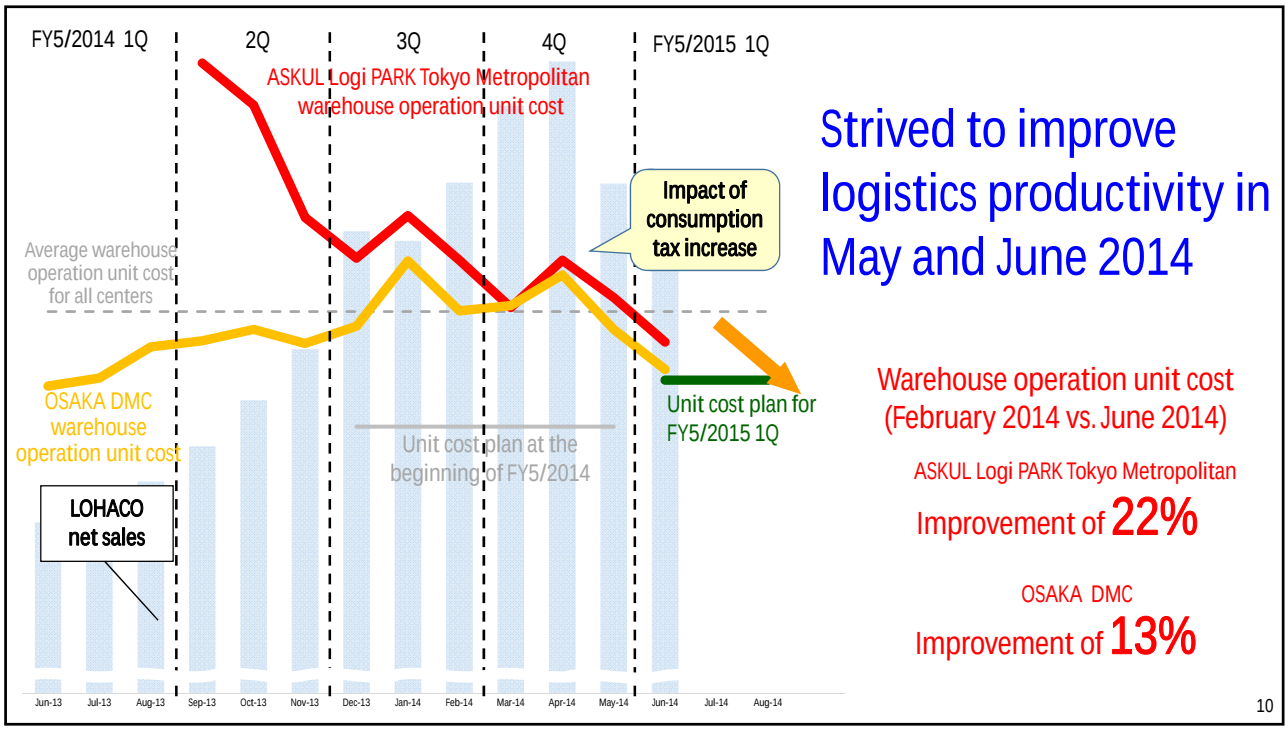

Strived to improve logistics productivity in May and June 2014

Warehouse operation unit cost (February 2014 vs. June 2014)

ASKUL Logi PARK Tokyo Metropolitan

Improvement of **22%**

OSAKA DMC

Improvement of **13%**

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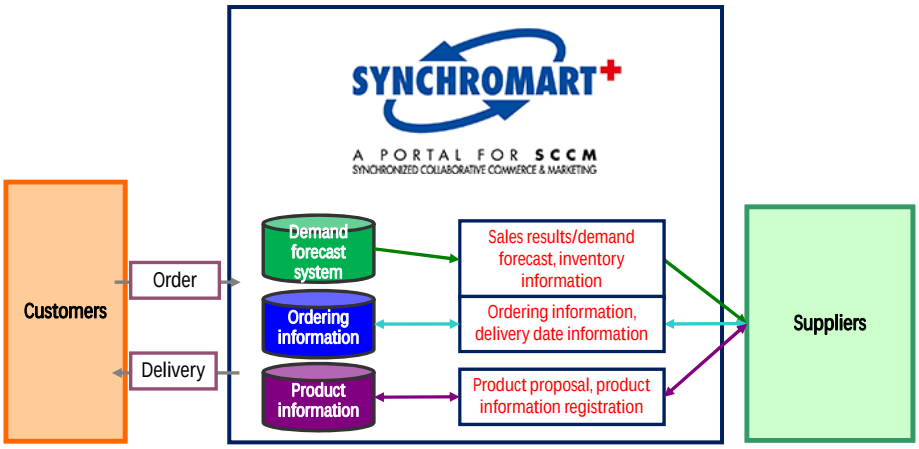
Measure 1: System linkage with all suppliers

Strengthen System Linkage with All Suppliers

Completed the preparation for linking system with all suppliers in June
Thoroughly improve efficiency of the supply chain process



http://synchromart-plus.askul.co.jp/

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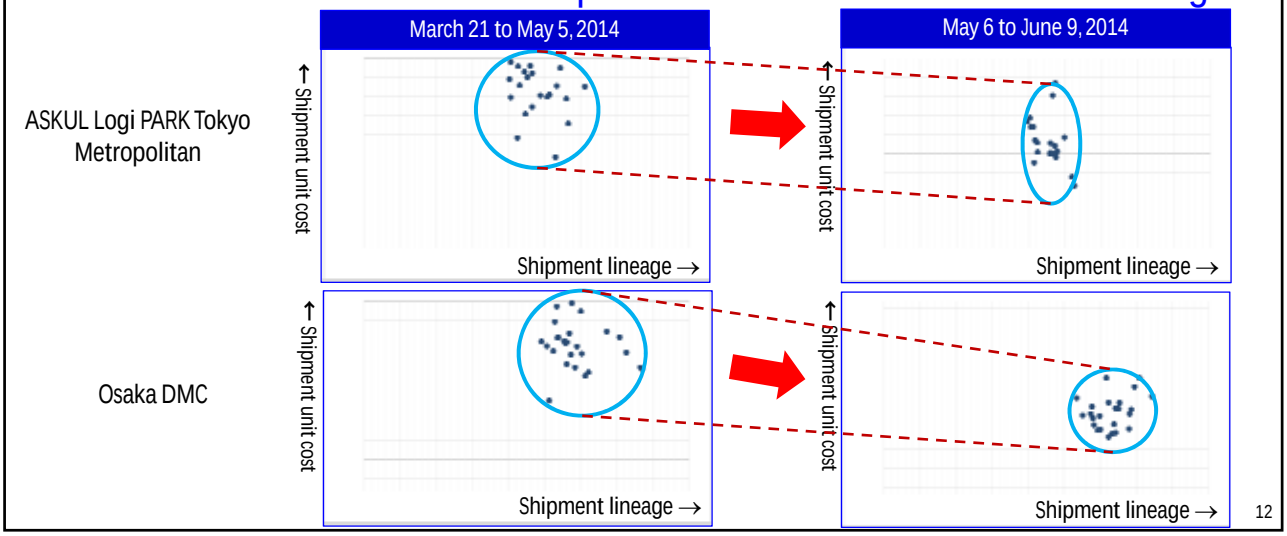
Measure 2: Stock distribution optimization/ Standardization of work process

Changes in Shipment Lineage and Shipment Unit Cost

Efficiency in operations and utilization of human resources led to decline in shipment unit cost and control of scattering



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Initiatives for Further Improving Logistics Efficiency in FY5/2015

(1) Center operation (local operation perspective) : 1Q
- Improve location, picking, packing, and replenishment
- Review inefficient operations and efficiently utilize human resources

(2) Material handling equipment and system (engineer's perspective) : 2Q
- Enhance capacity of existing facilities
- Further improve productivity by introducing new equipment

(3) Business process, model (business perspective) : 2Q, 3Q
- Reform of inventory arrangement, inter-warehouse transfer, arrival system, etc.

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FY5/2015 Company-wide Policy

Further improve logistics efficiency to become No. 1 in e-commerce
Evolve logistics service through innovation

Continue to focus on top line in LOHACO business
Growth engine is e-commerce marketing that starts from customers

Solid B-to-B business focuses on growth fields
Steadily generate sales and profits

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Further Strengthen B-to-B Business through Alliances with Other Companies

Business/Capital Alliance with STAR FESTIVAL INC.

ごちクル × ASKUL



Offer Gochikuru Service* to ASKUL customers to generate synergies in the alliance





*Gochikuru service: comprehensive home delivery service of lunch boxes and food from catering services operated by STAR FESTIVAL INC.

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LOHACO's Business Design

(1) Offer consumers "rich lifestyle with more time to spare"

(2) "Ultimate marketing platform" for manufacturers and suppliers



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LOHACO Marketing Platform

Groundwork for a new earnings model



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Shortest Value Chain That Connects Consumers and Manufacturers without Loss



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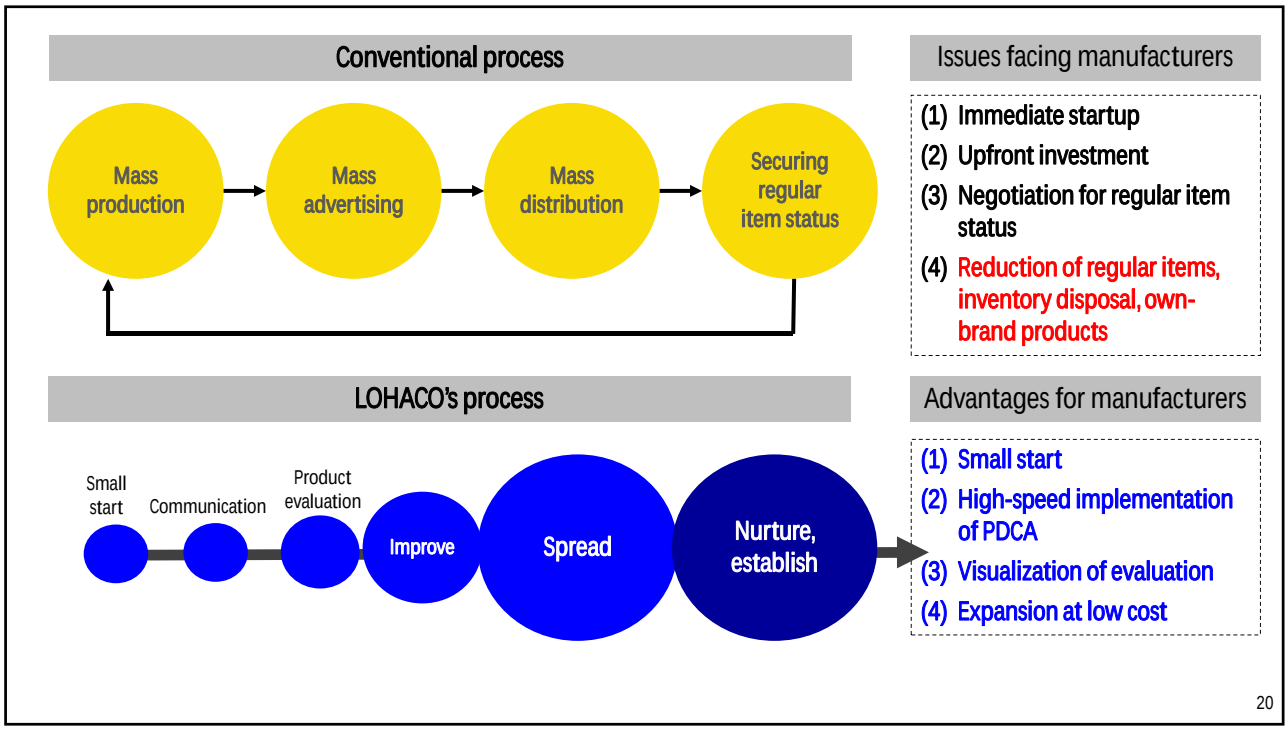



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Web Marketing Consortium

Presentation of successful cases



June 26, 2014 at Toyosu Cubic Hall

168 officials from 76 companies participated

(Previous event: 123 officials from 64 companies)

More and more pharmaceuticals, cosmetics, and alcoholic beverage manufacturers have been participating

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Participants' Satisfaction Level Regarding Consortium



Manufacturers have been creating internal e-commerce teams one after another

Web Marketing Consortium Survey on June 26; N = 133

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Implementation of new service from the E-commerce Marketing Lab to start in August!

Coffee Please. AGF
日清食品
Unilever
Calbee
Nestlé
AJINOMOTO
3M
P&G
エリエール
大王製紙株式会社
LION
kao
Coca-Cola

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Aim to become ultimate marketing platform for consumers and manufacturers





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Taking e-commerce to the blue ocean together with manufacturers

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ASKUL × YAHOO! JAPAN

くらしをかるくする

LOHACO

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Total number of LOHACO users exceeded 1 million people (April 2014)

*1 million unique users

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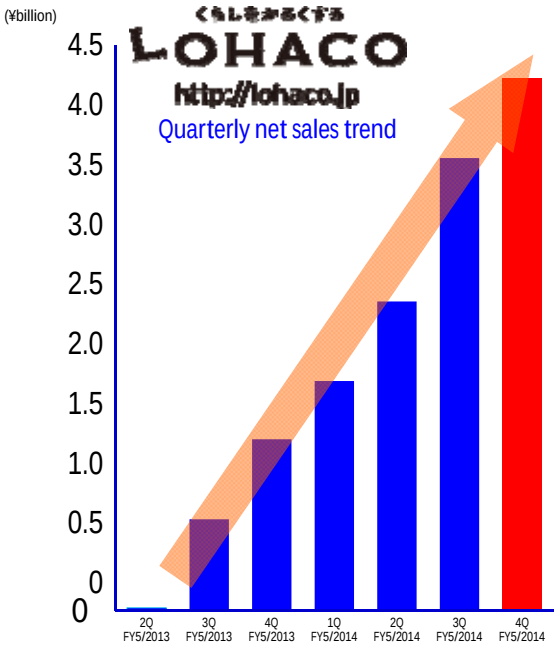

Achieved full-year net sales target: ¥12.1 billion

5.8 times the previous year

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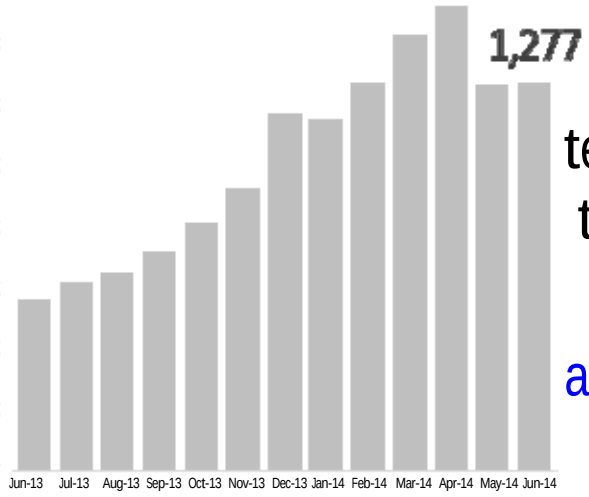
Recent Net Sales at LOHACO



Spending per order temporarily declined following the consumption tax increase

Both number of customers and number of items per order have been firm

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Boost Spending per Order by Creating New Sales Website



Sales started in June 2014

Type 1 OTC drugs

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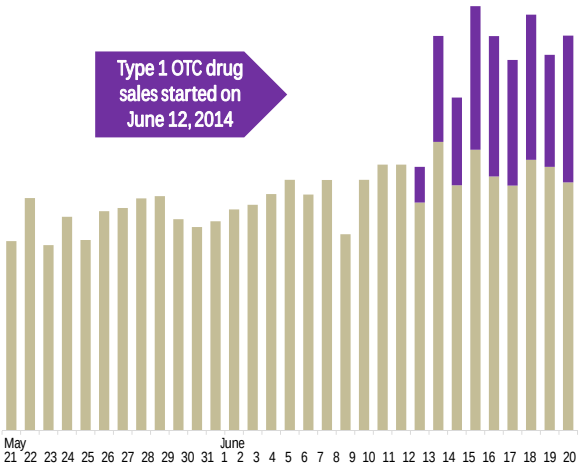
Daily Sales after Start of Sales



Significant addition to pharmaceuticals sales

Period: June 12 to 28, 2014

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無印良品 MUJI Product Lineup Expands, Exceeding 2,300 Items



Energizing LOHACO Mall

To establish own online store in response to the brand's expectations

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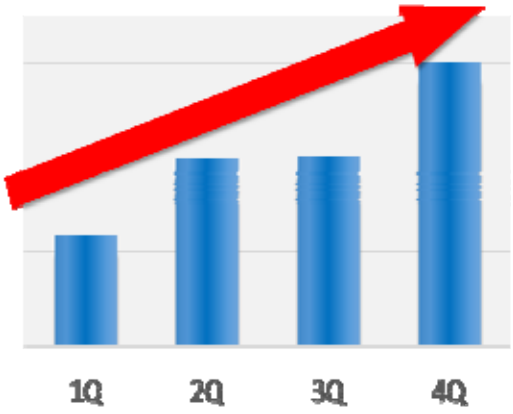
Expanding Outlet Items



Value of outlet product sales at LOHACO in FY5/2013



Manufacturers' need for offering outlet products has been steadily growing

On top of it, profitability is high

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Shortest Value Chain That Connects Consumers and Manufacturers without Loss



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New Marketing Process That Was Not Possible with Conventional Distribution



1 DAY SAMPLE



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Features of LOHACO's e-commerce Marketing

1. Small start at low cost
2. Nurturing in a short term
   = High-speed implementation of PDCA
3. Efficient customer increase



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1-day Sample Program

To support manufacturers to nurture products



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Product nurturing on a small start with low cost in a short period of time

1-day Sample Program is a program that enables the high-speed implementation of



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Case Study of New Product Nurturing

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Revolutionary hair-care brand

CLEAR

The launch of a new blockbuster product for the first time in 13 years by Unilever Japan!

"Want to expand share in the value-added market"



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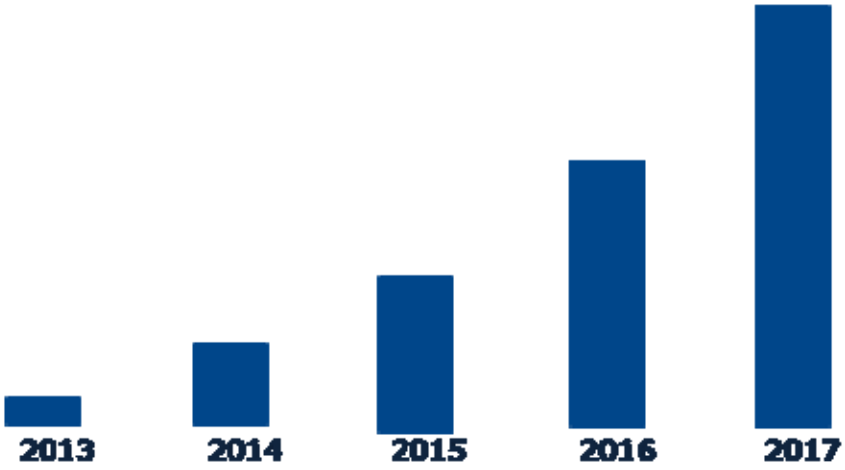
Commitment in a 5-year sales plan made

at a top-level meeting of Unilever and ASKUL



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TV commercial

Internet advertisement



Manufacturer brand website



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Two weeks before launch

STEP 1

Advance sales of 400 trial sets available only through LOHACO

Sold out in 5 hours!!

Received large number of highly rated reviews



Rich contents released on LOHACO on the same day as the release on TV and brand website

STEP 2

Free 18,000 sample sachets distributed, exclusively by LOHACO

Distribution completed with 16 days!!



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Development of website that maintains the brand image

A sales floor that meticulously conveys the value of the product

Landing page produced by LOHACO







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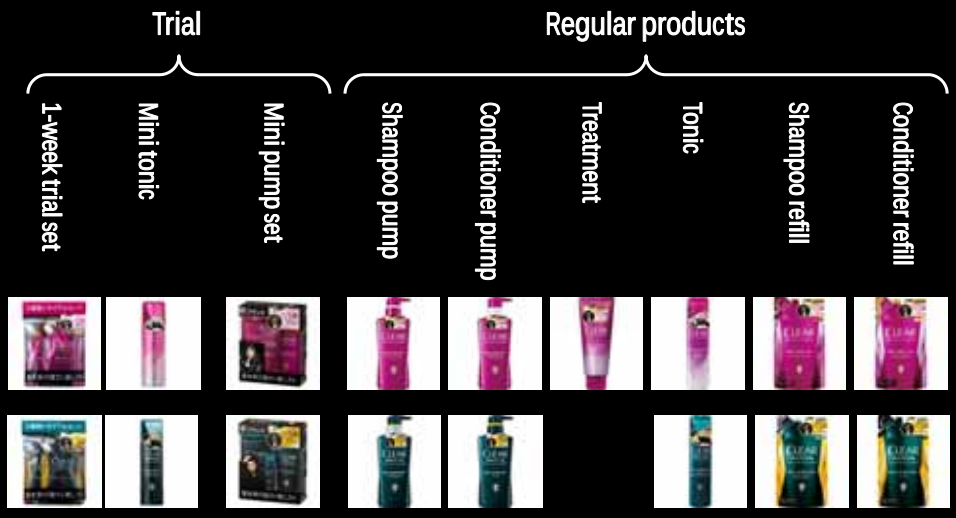
STEP 3

Establish every product of the brand as the regular item without failure



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LOHACO

New products from P&G
Ariel & Bold Gel Balls
Story Behind the Spectacular Success

Birth of a third detergent
that is neither powder nor liquid



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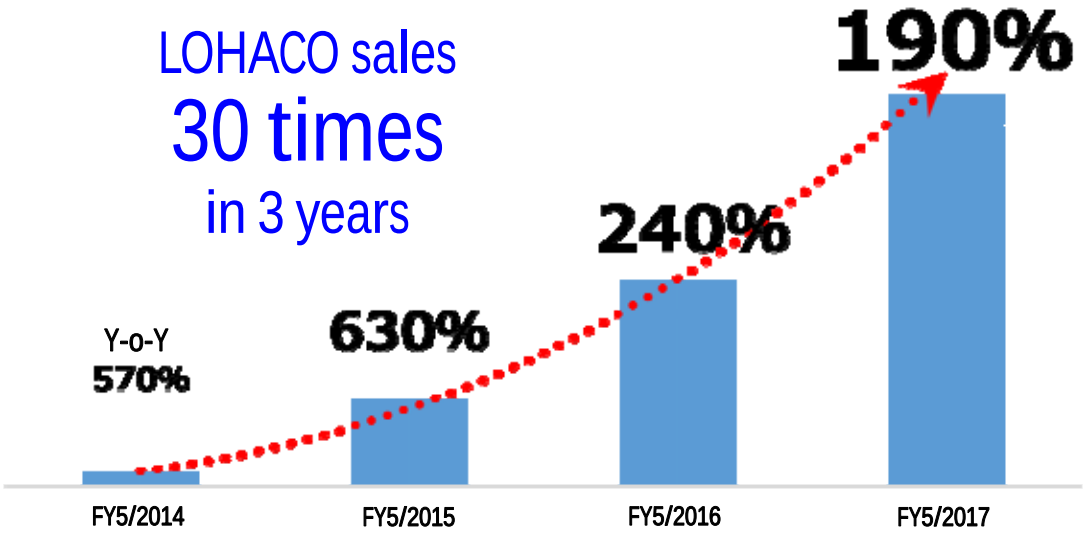
Commitment in the 3-year sales plan made at a top-level meeting of P&G and ASKUL

LOHACO sales
30 times
in 3 years



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2 Measures

1. 100-yen trial samples



2. Write a review and win points



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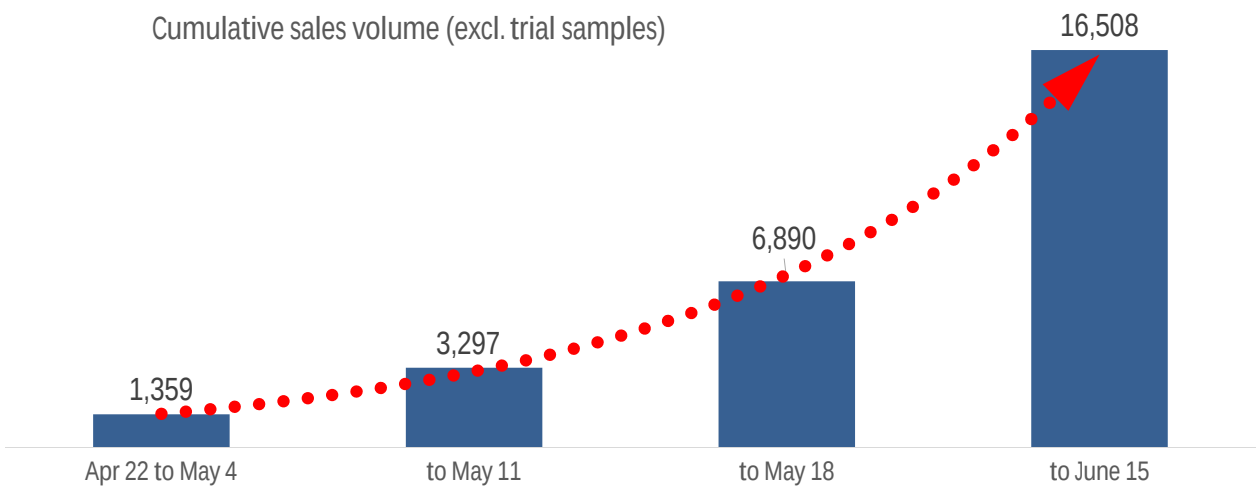
Sales at LOHACO Growing Robustly



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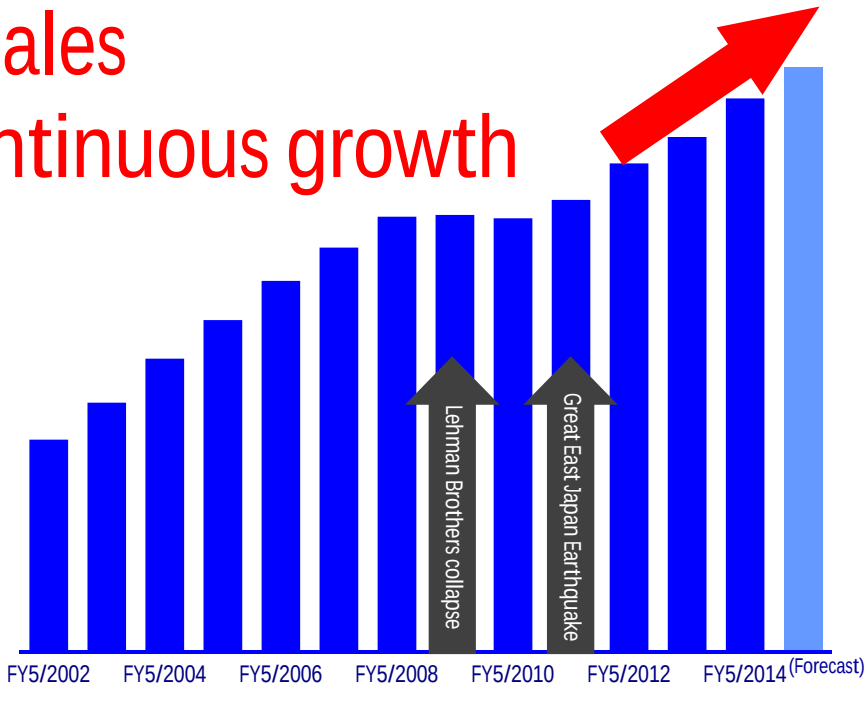
B-to-B net sales
Towards continuous growth



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We aim for No.1 in all work sites





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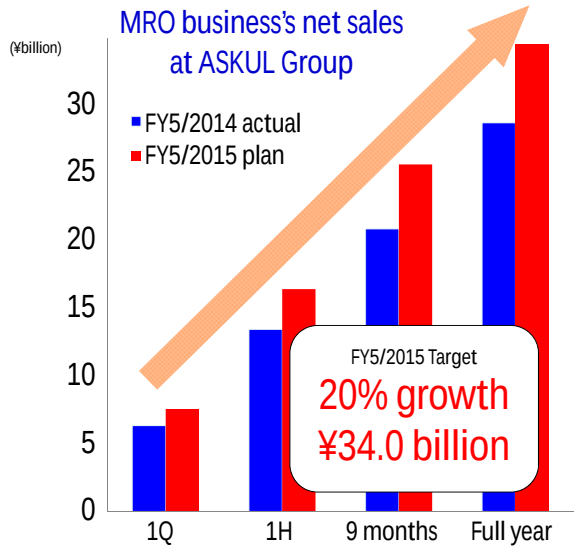
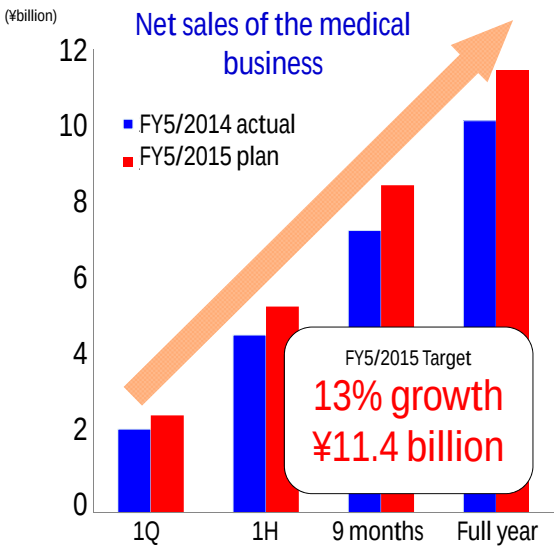
Net Sales Expansion by Focusing on Growth Areas



*including sales through LOHACO



*The net sales target includes products sold through LOHACO (LOHACO DRUG pharmaceuticals, etc.).

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3 Measures That Support Growth of B-to-B Business

Increase the number of customers
(primarily in manufacturing and medical/nursing care)

Introduce new high-demand products
(MRO, medical)

Evolve e-commerce purchasing website to boost active customer rate

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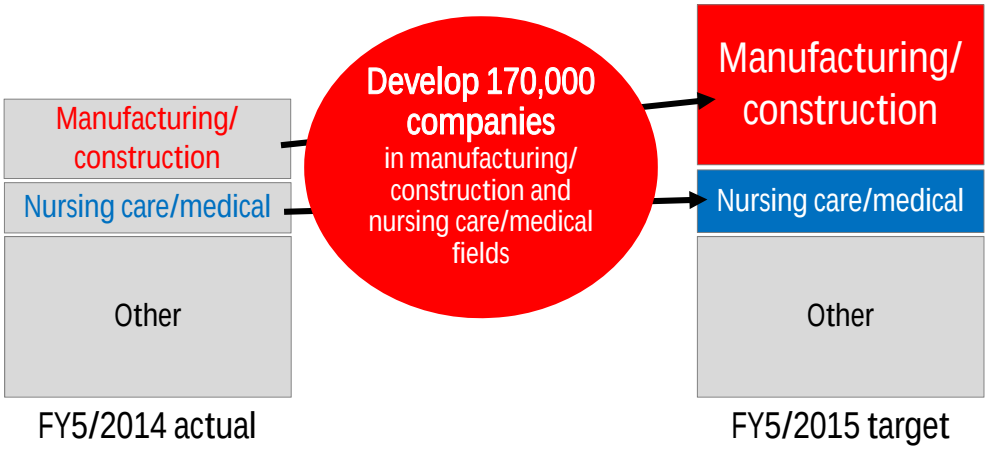
3 Measures That Support Growth of B-to-B Business (1)

Increase the number of customers (primarily in manufacturing and medical/nursing care)



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3 Measures That Support Growth of B-to-B Business (2)

Introduce new high-demand products (MRO)

Strengthen high-demand MRO products, to add 500 SKUs



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3 Measures That Support Growth of B-to-B Business (2)

Introduce new high-demand products (medical)

Strengthen high-demand nursing care products and price appeal

Expand lineup of industry-category-specific specialty goods

Industry-category-specific general-purpose products

New high-demand products

Ultra general-purpose products for any industry categories Listed on catalogs

High-demand products





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3 Measures That Support Growth of B-to-B Business (3)

Evolve e-commerce purchasing website to boost customer activity rate

▼Manufacturing customers of SOLOEL ARENA



To start offering a function that proposes cost reduction measures to each customer this autumn

Contribute to cost reduction at customers



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Evolving for our customers

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Appendix

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Dividend

FY5/2014 dividends (plan)

We are currently expanding the LOHACO business to become the No. 1 in second generation e-commerce. In FY5/2014, while we incurred initial expenses related to the enhancement of logistics facilities and the construction of ASKUL Logi PARK Tokyo Metropolitan to support the business, the capital increase implemented in May 2012 had ensured a strong financial base and provided us with immediate funds for medium- to long-term capital expenditures. Based on the above policy, we therefore intend to make stable payment of dividends from surplus to shareholders as stated below.

⇒ Annual dividend of ¥30 (an interim dividend of ¥15 and a fiscal year-end dividend of ¥15) per share

FY5/2015 dividends (forecast)

⇒ Annual dividend of ¥30 (an interim dividend of ¥15 and a fiscal year-end dividend of ¥15) per share

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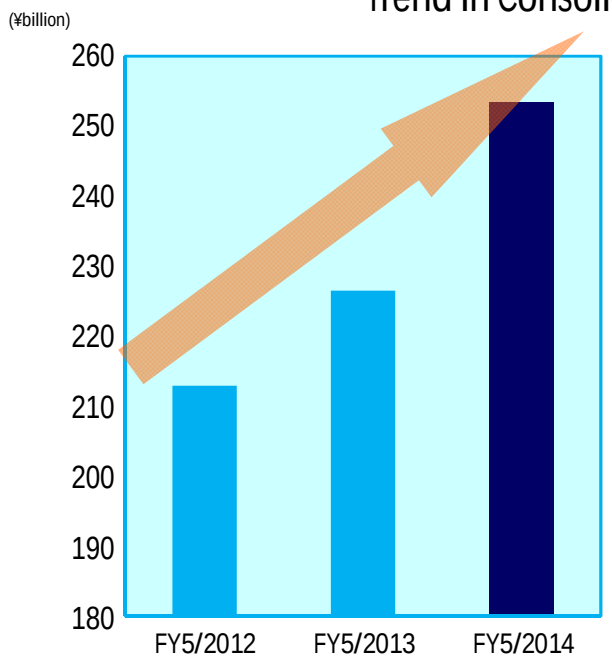
Trend in Consolidated Net Sales



Marked a record high

Achieved net sales exceeding ¥250.0 billion

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Net Sales by Product Category (Full Year)

Non-consolidated

	FY5/2013		FY5/2014		
	Amount ¥billion	YoY change %	Amount ¥billion	YoY change ¥billion	YoY change %
OA&PC	81.3	+2.4	87.3	6.0	+7.4
Stationery	49.7	+6.8	54.3	4.6	+9.4
Living Supplies	45.9	+12.2	56.7	10.7	+23.4
Furniture	18.2	+4.8	19.2	0.9	+5.4
Others (Medical, etc.)	15.0	+13.2	17.5	2.4	+16.3
Total	210.3	+6.4	235.2	24.8	+11.8

Non-consolidated sales were also a record.

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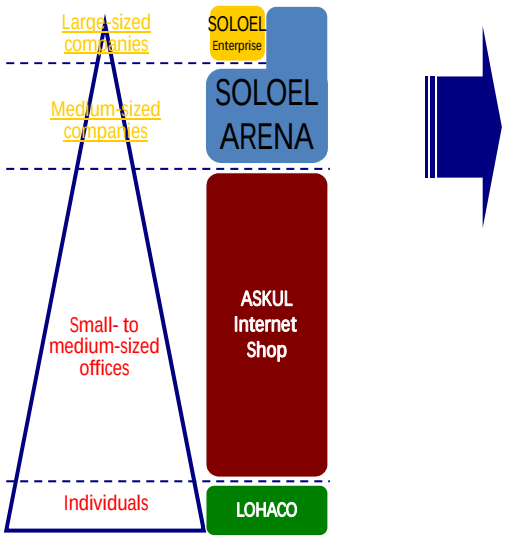
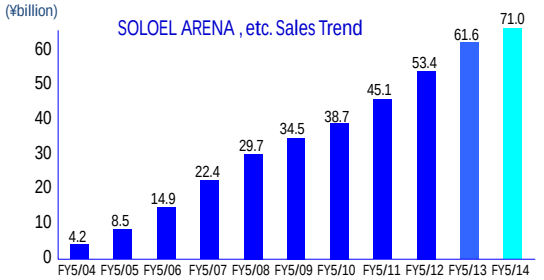
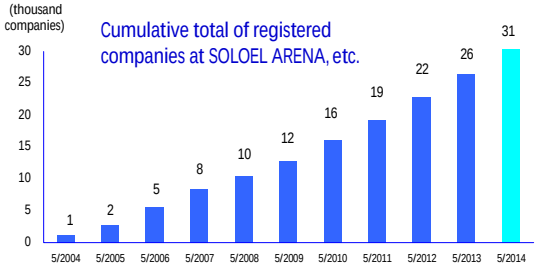
SOLOEL ARENA Expanding Steadily

FY5/2015 plan ¥80.0 billion







Sales increased 15.3% on year, exceeding full-year plan of 11.6%

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Key Points of FY5/2014 Consolidated Performance: Gross Profit

Gross profit: ¥55.7 billion

YoY change: +¥5.0 billion

Gross profit margin: 22.0%; YoY change: -0.3 p.p.

<Quarterly trend of gross profit margin>

1Q: 22.2%　2Q: 22.5%　3Q: 21.8%　4Q: 21.5%

- Incentives for agents (sales rebates) at ¥0.7 billion

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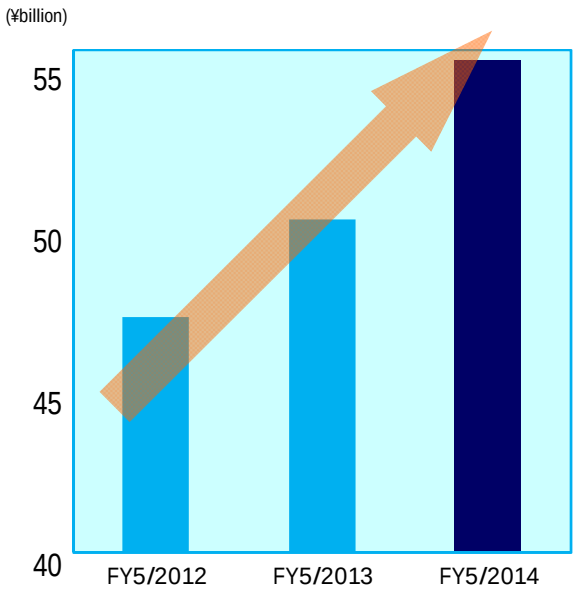
Trend in Consolidated Gross Profit



Marked a record high

Steadily accumulating profit reflecting sales increase

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Key Points of FY5/2014 Consolidated Performance: SG&A expenses, Operating Income

SG&A expenses: ¥51.4 billion YoY change: +¥7.6 billion

Ratio of SG&A expenses to net sales: 20.3% YoY change: +1.1 p.p.

<Quarterly trend of the ratio of SG&A expenses to net sales >

1Q: 21.6% 2Q: 20.7% 3Q: 20.2% 4Q: 19.0%

< Reasons behind SG&A expenses difference from a year earlier >

- Variable cost due to sales expansion: +¥2.2 billion
- Depreciation and amortization of software: +¥1.2 billion
- Advertising and sales promotion: +¥0.8 billion

Operating income: ¥4.2 billion YoY change: -¥2.6 billion

Difference from the plan: +¥0.2 billion

<Quarterly trend of the ratio of operating income to net sales>

1Q: 0.6% 2Q: 1.8% 3Q: 1.6% 4Q: 2.5%

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Key Points of FY5/2014 Consolidated Performance: Net Income, Capital Expenditures 1

Net income: ¥2.1 billion YoY change: -¥3.6 billion

Difference from the plan: +¥0.3 billion

Capital expenditures: ¥24.4 billion (Annual plan: ¥22.4 billion)

ASKUL Logi PARK Tokyo Metropolitan logistics base enhancement:	¥18.4 billion
ASKUL Logi PARK Fukuoka land acquisition:	¥2.5 billion
Osaka DMC logistics base enhancement:	¥1.6 billion
LOHACO website development:	¥0.3 billion

(Ref.) Depreciation and amortization of software: ¥3.9 billion

(Annual plan: ¥3.8 billion)

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Key Points of FY5/2014 Consolidated Performance: Capital Expenditures 2 (Details)

Capital expenditures

(¥million)

Item 1155	FY5/2014		FY5/2013
	Amount	YoY change	Amount
[Capital expenditures]	24,467	+575.8%	3,620
Property, plant and equipment	22,669	+1,155.9%	1,805
Intangible assets	1,797	-1.0%	1,815
Construction in progress Note2	61	-94.9%	1,199
Software in progress Note2	159	-9.6%	175

Notes:

1. Capital expenditures are stated on an accrual basis and do not reflect reductions.
2. Construction in progress and software in progress partially include consumption and other taxes.

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Key Points of FY5/2014 Consolidated Performance Share of orders placed on the Internet in net sales and ASKUL original products

Share of orders placed on the Internet in net sales

	FY5/2014	YoY change	FY5/2013
Orders via the Internet	73.8%	+3.4 p.p.	70.4%
Other	26.2%	-3.4 p.p.	29.6%

Note 1: The percentages above are based on orders placed.

ASKUL original products

(items)

	FY5/2014	YoY change	FY5/2013
Number of original products	5,774	+1.394	4,380
Share in net sales	16.8%	+1.1 p.p.	15.7%

Notes:

1. The figures above are the results for the month of May each year.
2. Net sales of original products used as the numerators in calculating the shares in net sales do not include net sales of original copier paper.
3. Each figure includes the products listed in Medical & Care Catalogs and Medical Pro Catalogs.

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FY5/2015 Consolidated Performance Outlook

Gross profit margin: 22.2% YoY change: +0.2 p.p. +¥5.7 billion

- Expecting gross profit margin to rise reflecting MRO business's share expansion, etc.

Ratio of SG&A expenses to net sales: 19.9%

YoY change: -0.4p.p. +¥3.5 billion

- Advertising and sales promotion: +¥0.5 billion
- Increase in variable cost due to net sales growth: +¥1.9 billion

Capital expenditures: ¥6.3 billion

<Breakdown>

- ASKUL Logi PARK Fukuoka logistics base enhancement: ¥2.0 billion
- Other logistics base enhancement: ¥1.0 billion
- B-to-B website development: ¥0.4 billion

(Ref.) Depreciation and amortization of software: ¥4.1 billion (YoY change: +¥0.2 billion)

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Consolidated Performance Outlook for 1H and 2H FY5/2015

	1H FY5/2015			2H FY5/2015		
	Amount ¥billion	% of net sales	YoY change %	Amount ¥billion	% of net sales	YoY change %
Net Sales	132.5	100.0	+ 11.1	144.5	100.0	+ 7.7
Gross Profit	29.1	22.0	+ 9.1	32.4	22.4	+ 11.6
Selling, General and Administrative Expenses	27.1	20.5	+ 7.5	27.9	19.3	+ 6.4
Operating Income	2.0	1.5	+ 36.3	4.5	3.1	+ 60.2
Ordinary Income	1.9	1.5	+ 30.0	4.4	3.1	+ 53.1
Net Income	1.0	0.8	+ 79.2	2.4	1.7	+ 49.4

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