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: September 12, 2014

To whom it may concern:

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(Code No.: 2678, Tokyo Stock Exchange First Section)
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FY5/2015 1st Quarter Performance
(Consolidated financial summary for first quarter of fiscal year ending May 2015)

ASKUL Corporation (hereinafter referred to as the "Company") herewith attach the "FY5/2015 1st Quarter Performance" (Consolidated financial summary for first quarter of fiscal year ending May 2015) to provide supplementary information with respect to the "Summary of Consolidated Financial Results for First Quarter of Fiscal Year Ending May 2015."

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.

FY5/2015 1st Quarter Performance

First Quarter Sales and Profit Growth in Line with Forecast

B-to-B Business to Work on Further Enhancing Earning Power

LOHACO to Pursue Further Growth by Introducing New Products

September 12, 2014

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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.

I. First Quarter Results and FY5/2015 Outlook (Reminder)

II. Strengthening of Logistics Capability

— Pursuit of Efficiency and Expansion of Production Capacity —

III. Status of B-to-B Business

— B-to-B Business to Work on Further Enhancing Earning Power —

IV. Status of LOHACO Business

— LOHACO to Pursue Further Growth by Introducing New Products —

FY5/2015 1Q Consolidated Performance

	FY5/2014		FY5/2015		
	Amount (¥million)	% of net sales	Amount (¥million)	% of net sales	YoY change (%)
Net Sales	57,560	100.0	63,037	100.0	+9.5
Gross Profit	12,785	22.2	13,576	21.5	+6.2
Selling, General and Administrative Expenses	12,420	21.6	13,194	20.9	+6.2
Operating Income	364	0.6	381	0.6	+4.6
Ordinary Income	396	0.7	404	0.6	+2.1
Net Income	133	0.2	182	0.3	+37.3

- Net sales increased 9.5% YoY by overcoming the impact of the consumption tax increase
- Gross profit margin declined 0.7 p.p. reflecting the weaker yen and rising cost of raw materials
- Ratio of SG&A expenses to net sales improved by 0.7 p.p. due to improvement in logistics productivity
- Operating income increased 4.6% and net income rose 37.3%



ASKUL Catalog Autumn/Winter 2014
Released in August 2014

New Catalog Released

We revised prices in light of the weaker yen and higher raw materials costs

To maintain competitiveness and improve profitability

Comparison of Prices in New Catalog against Competing Products

Copier paper

ASKUL Multi Paper Super White

Size A4 1 box (5,000 sheets) Comparison with similar products



ASKUL ¥2,678 < Other company ¥2,798

L-shaped transparent folders

ASKUL Standard Clear Folder A4

1 packet (100 sheets) Comparison with similar products

Per pocket



ASKUL ¥6.98 < Other company ¥7.59

Flat files

ASKUL Flat File (Economy Type) A4

1 packet (10 files) Comparison with similar products

Per file



ASKUL ¥22.7 < Other company ¥24.8

Mineral water

Kirin Alkali Ion Water 2.0 L

1 set (12 bottles)

Per bottle



ASKUL ¥83.0 < Other company ¥118.2

Tissue

ASKUL Original Tissue 200 pulls per box

1 pack (5 boxes) Comparison with similar products



ASKUL ¥298 < Other company ¥366

*Prices of ASKUL products are those listed in the catalog after a limited sale period.

*The prices of products by other companies are based on a survey by ASKUL as of September 2014.

*The prices do not include consumption tax.

Introduce More Value Added Products to Improve Gross Profit



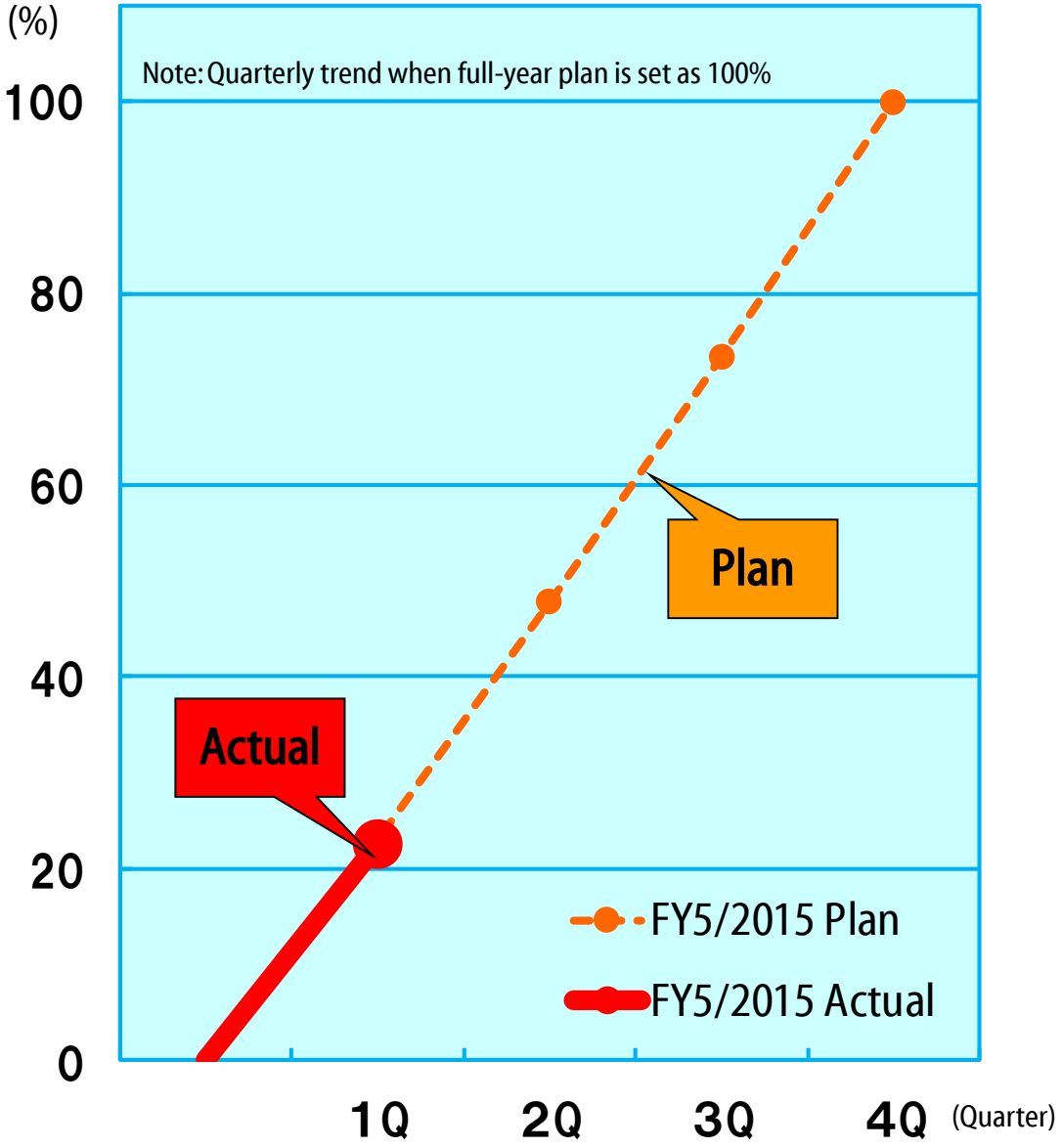
FY5/2015 1Q Consolidated Performance (By Business)

(¥billion)	FY5/2014 1Q Actual			FY5/2015 1Q Actual		
	LOHACO	B-to-B Business, etc.	Total	LOHACO	B-to-B Business, etc.	Total
Net Sales	1.8	55.7	57.5	4.0	59.0	63.0
Operating Income	-0.6	0.9	0.3	-0.9	1.2	0.3

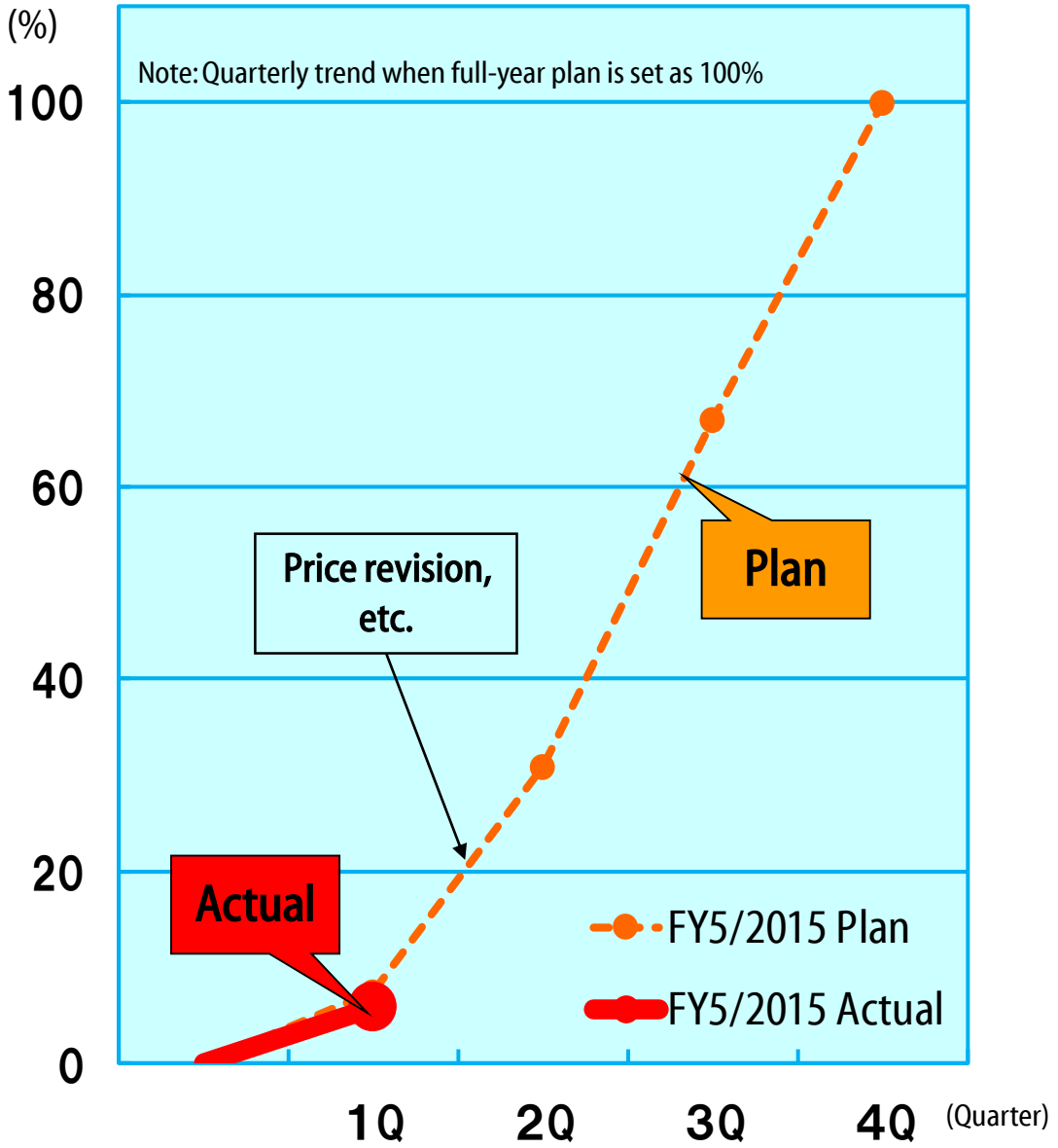
- B-to-B Business, etc.:
  Both net sales and operating income rose YoY
- LOHACO:
  Top line was 224% of the same period a year earlier
  Actively implementing measures to increase customers

Consolidated Net Sales and Operating Income Progressing in Line with Forecasts

Progress of Net Sales



Progress of Operating Income



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

FY5/2015 Company-wide Policy

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

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

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

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One Who Controls Logistics
Controls e-commerce
Logistics Capability
That Supports the growth of
LOHACO

Initiatives for Improving Logistics Efficiency in FY5/2015

(1) Center operation (local operation perspective): 1Q

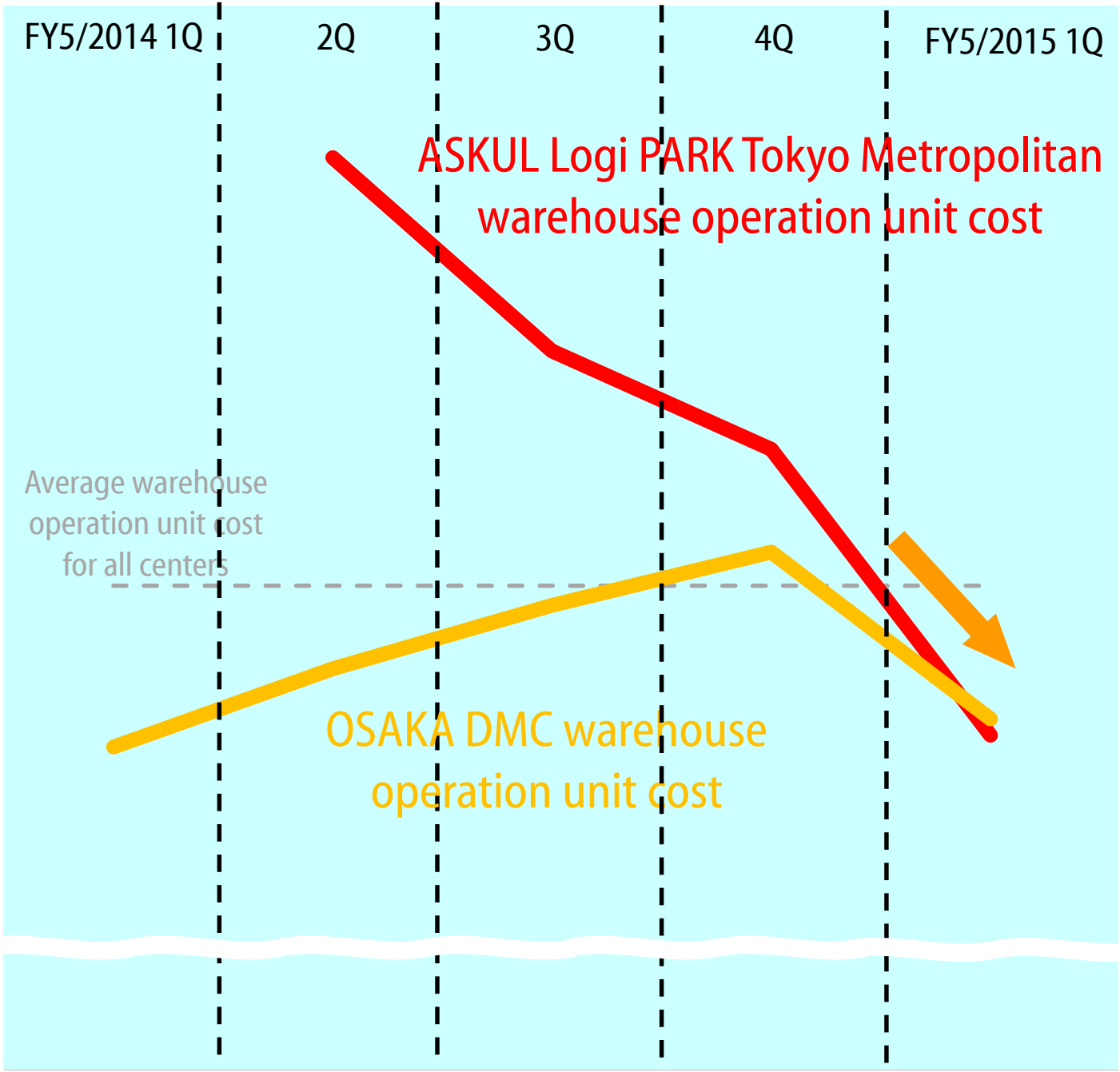
- Improve location, picking, packing, and replenishment
- Review inefficient operations and efficiently utilize human resources

(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.



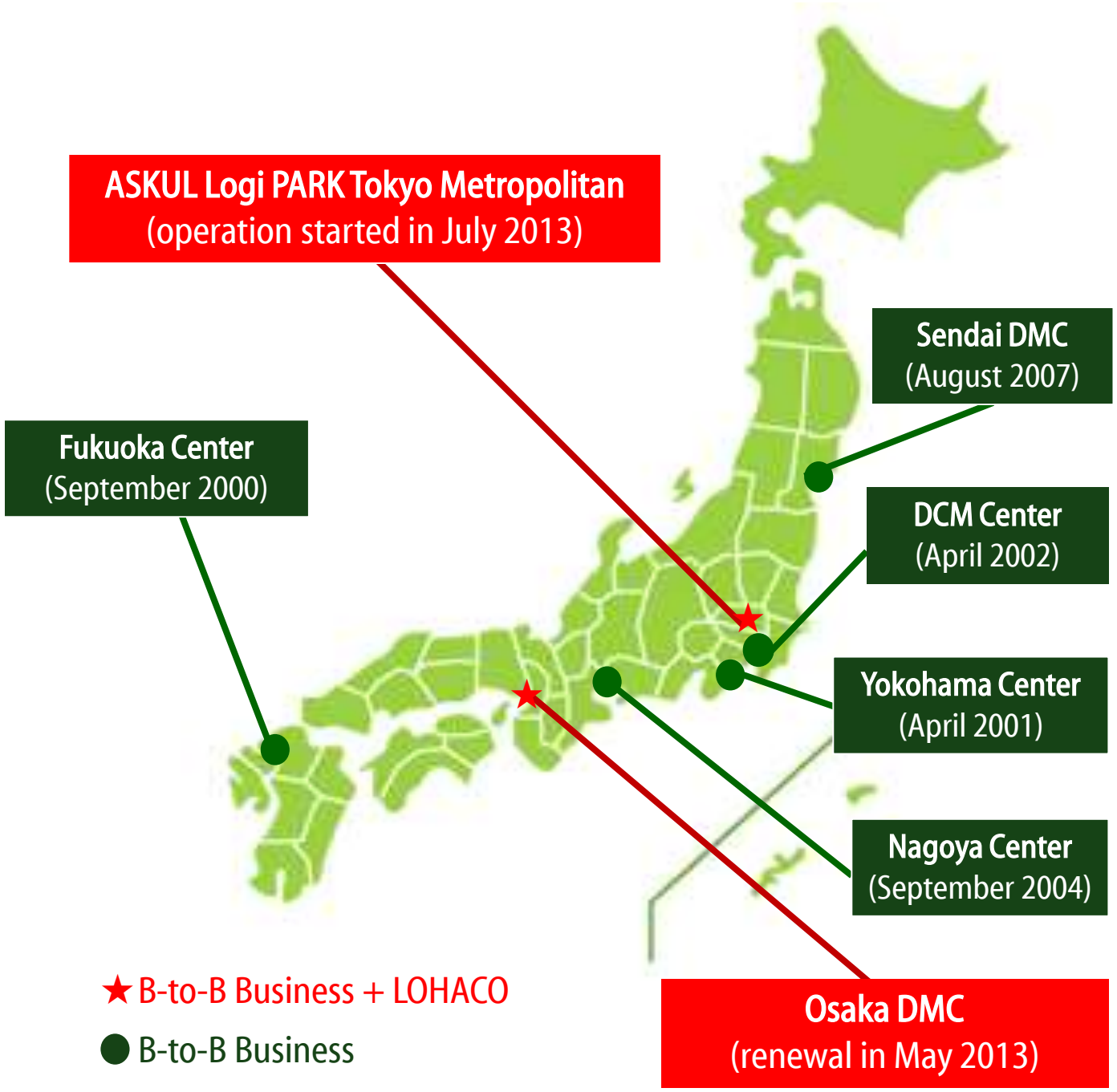
Logistics productivity has improved significantly

(1) Improvement from the local operation perspective: 1Q

- Optimized distribution of inventory products
- Leveling of packing and replenishment operation
- Optimization of man-hour management



Further improvement of logistics productivity through further capital investment



(2) Improvement from the engineer's perspective: 2Q

- Expansion and review of conveyer lines (for all centers)
- Introduction of picking and sorting/packing facility (for B-to-B Business centers)

Total investment about ¥500 million



(Current status of construction work)

ASKUL Logi PARK Fukuoka

(scheduled to start operations in January 2016 after relocation)



Constructing a next-generation logistics center based on thorough man-power saving

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ASKUL

ASKUL INTERNET SHOP

SOLOEL ARENA

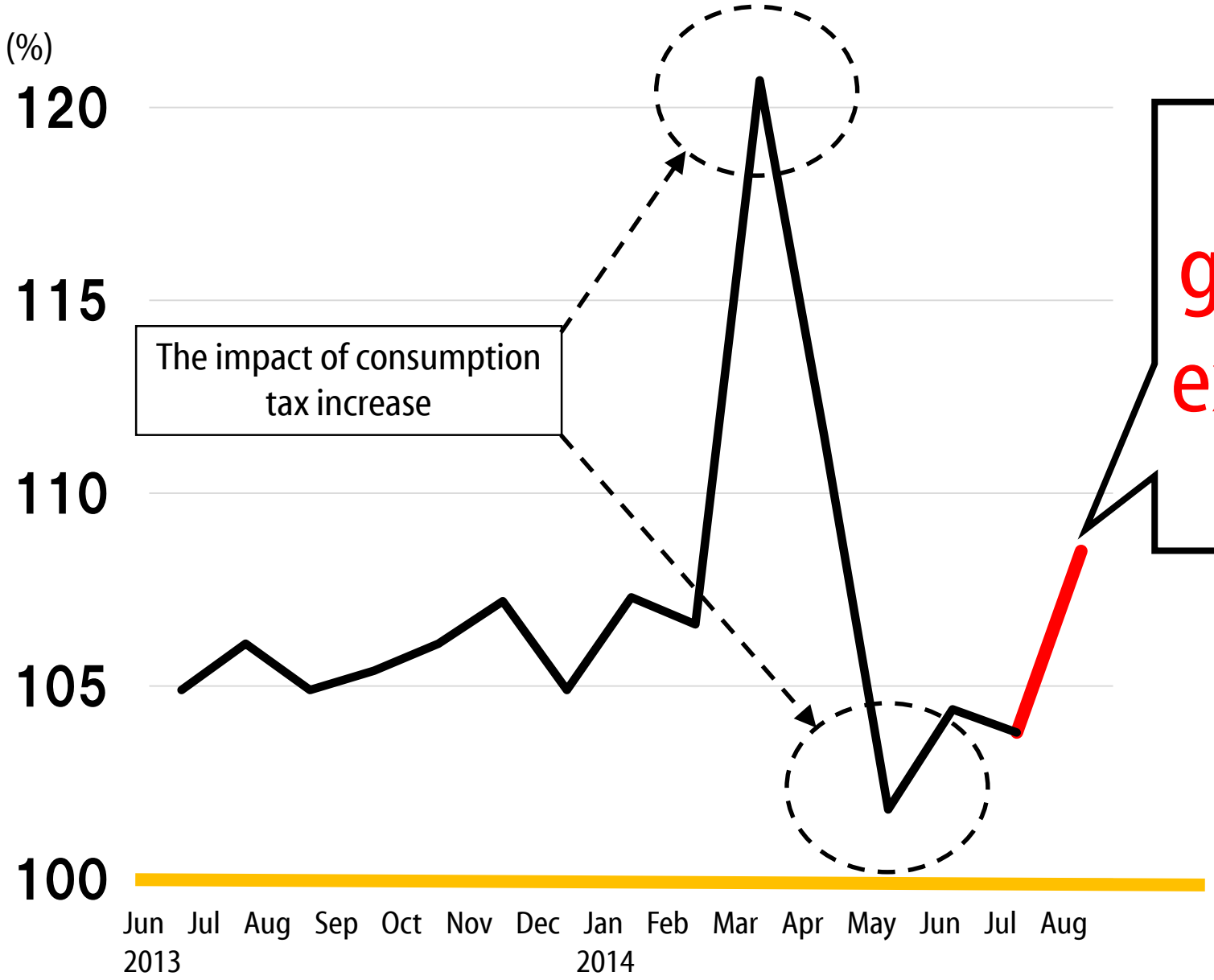
Powered by ASKUL

Targeting B-to-B Business

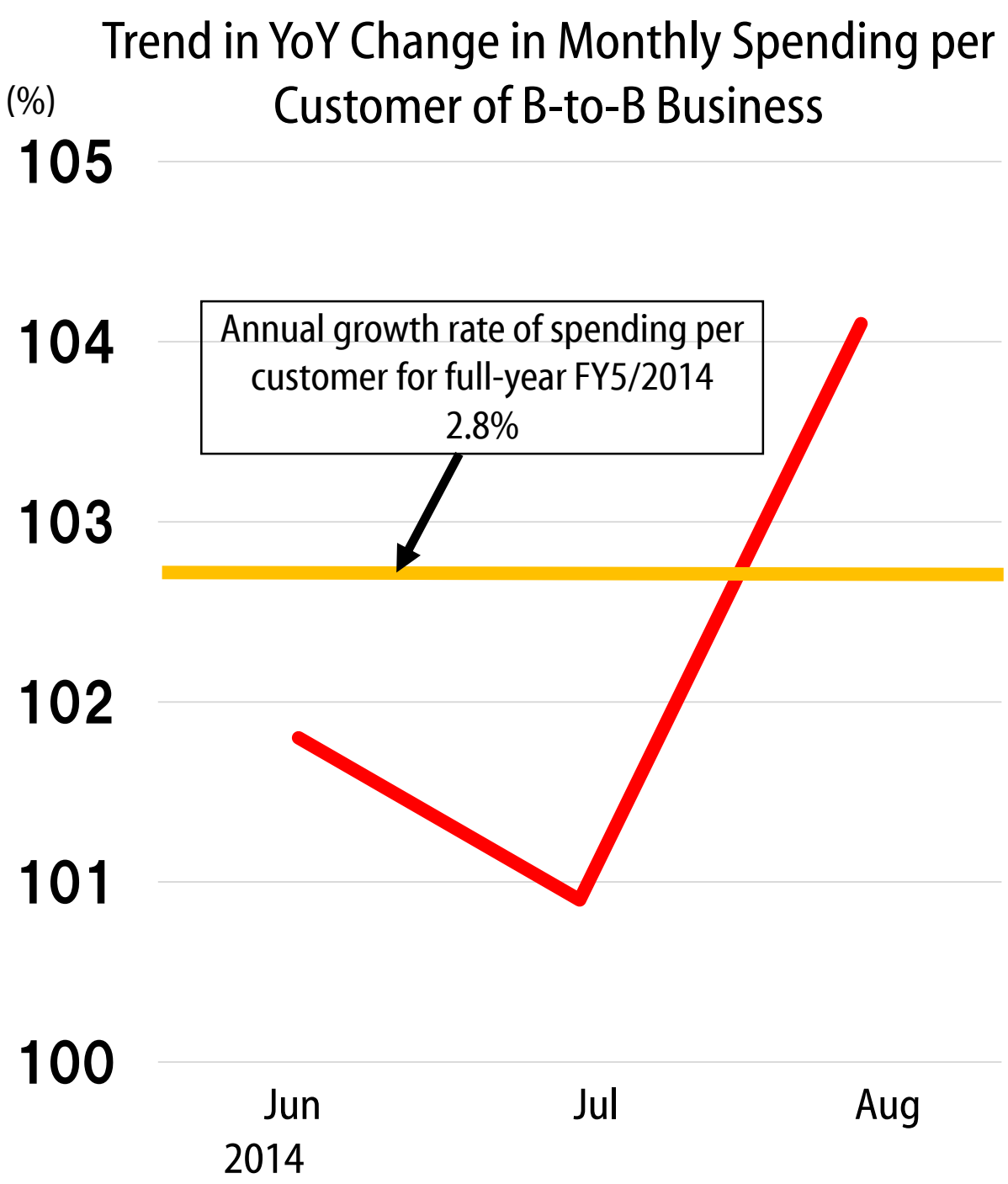
ASKUL + MEDeTOMO

SOLOEL

Trend in YoY Change in Sales of B-to-B Business after Adjusting for Differences in Number of Business Days



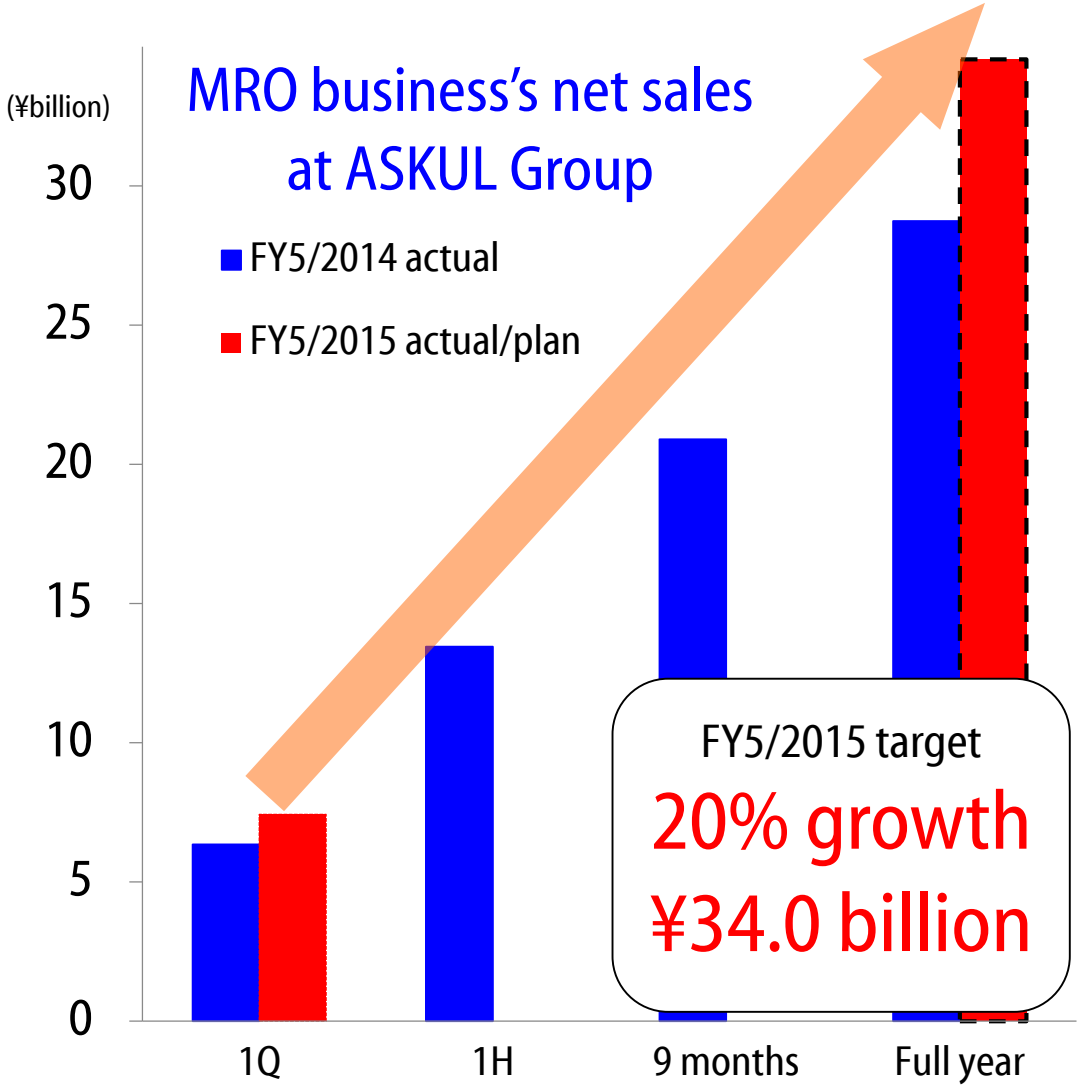
B-to-B Business is growing at a rate which exceeds the level before the tax increase



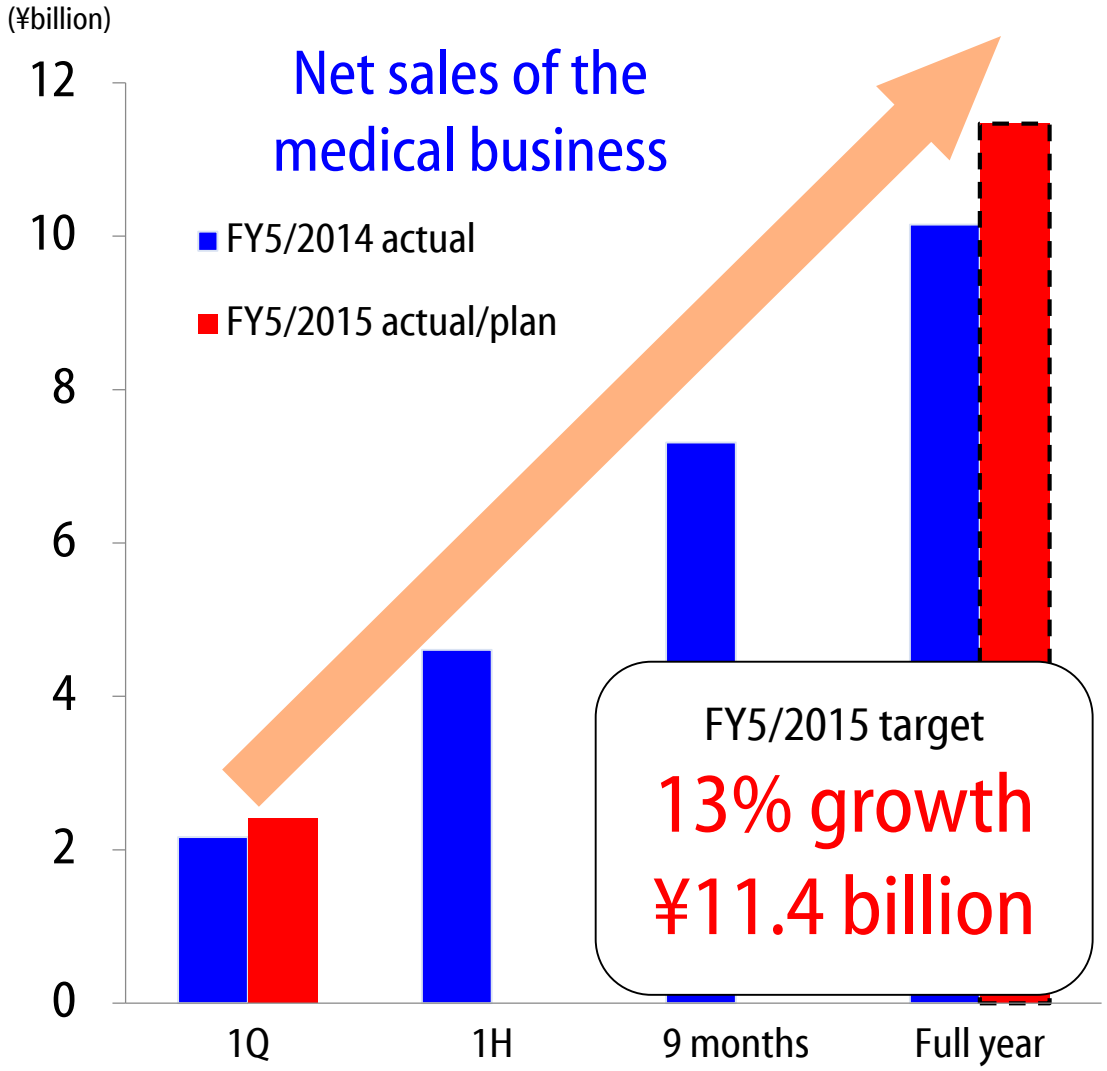
The increase in spending per customer drove the growth

Resulting expansion in net sales per box improved delivery efficiency

Net Sales in Growth Areas Continue to Expand



*Including sales through LOHACO



*Including products sold through LOHACO (LOHACO DRUG pharmaceuticals, etc.)

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

Introduce new high-demand products (MRO, medical)

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

Evolve e-commerce purchasing website to boost
active customer rate

Introduce New High-demand Products (MRO)

Expand lineup of
industry-category-specific
specialty goods

Industry-category-specific
general-purpose products

New high-demand product

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

High-demand products



Introduce New High-demand Products (MRO)

Expand lineup of
industry-category-specific



Added 500 items for customers in the manufacturing field

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



Introduce New High-demand Products (Medical)





Introduce New High-demand Products (Medical)





Added 1,240 items for customers in medical and nursing care facilities





Increase the Number of Customers (Primarily in Manufacturing and Medical/Nursing Care)

1 New customer development → 2 Initial operation → 3 Operation promotion



Flyers for developing new customers in strategic industries



Pamphlets sent along with catalogs

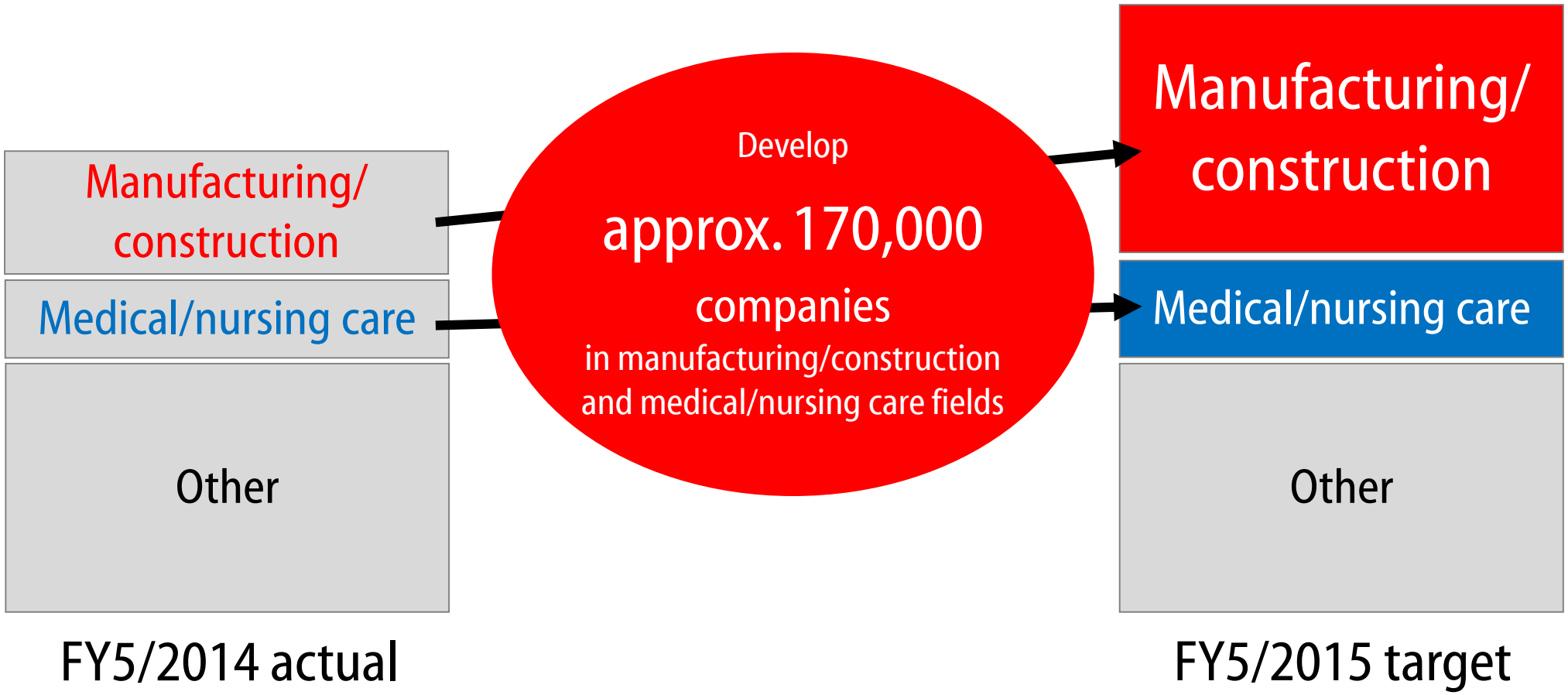


Operation promotion tools, samples



Strengthen new customer development with new high-demand products and 1,400 agents

Increase the Number of Customers (Primarily in Manufacturing and Medical/Nursing Care)



Evolve e-commerce Purchasing Website to Boost Active Customer Rate



Re-launch of SOLOEL ARENA scheduled for October


B-to-B business advancing towards development of new markets and further bolstering of profits

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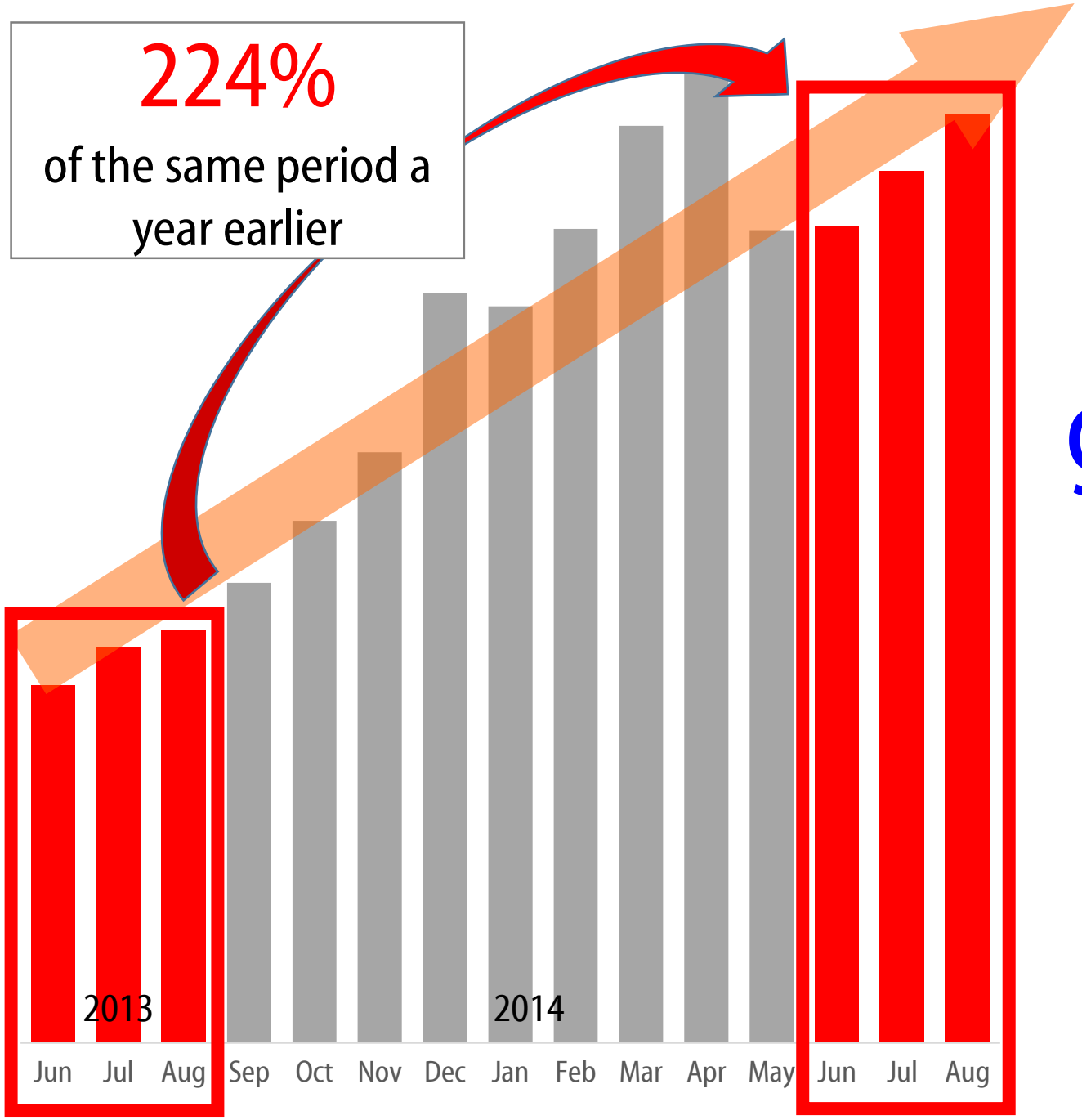
ASKUL × YAHOO! JAPAN

くらしをかるくする

LOHACO



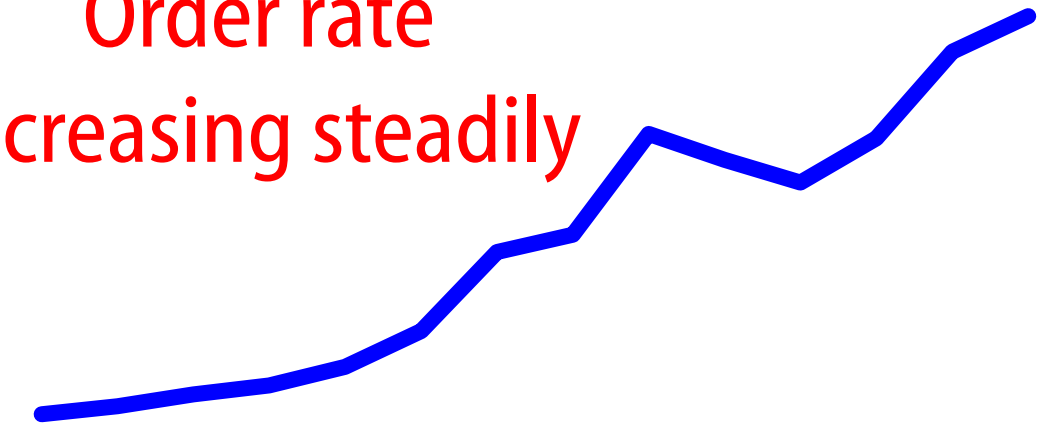
LOHACO net sales

grew, overcoming the impact of the rise in consumption tax

Second-generation e-commerce Steadily Spreading

Trend in order rate*

Order rate
increasing steadily



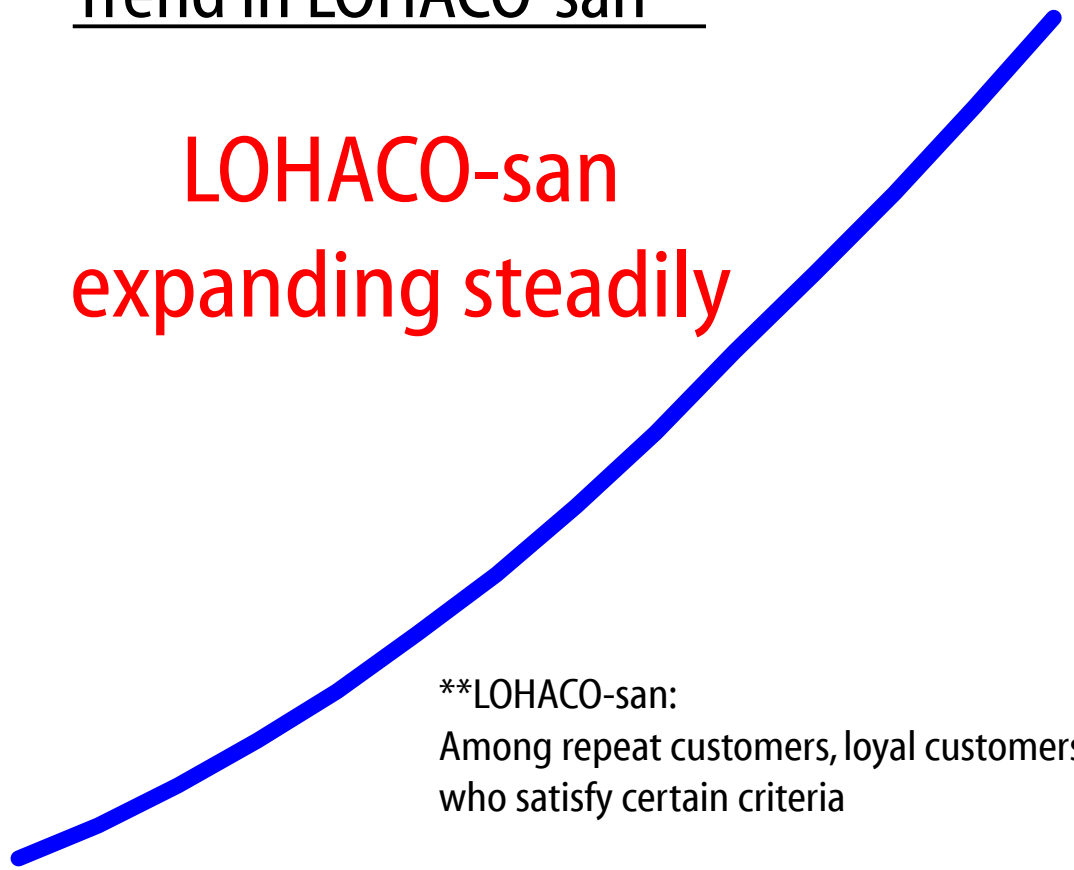
Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug
2013 2014

*Order rate:
Number of orders/number of visits × 100 (%)

Trend in LOHACO-san**

(Number of people)

LOHACO-san
expanding steadily



Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug
2013 2014

**LOHACO-san:
Among repeat customers, loyal customers who satisfy certain criteria

1-day Sample Program

to support manufacturers to nurture products



Inflow from Yahoo! JAPAN site's main banner

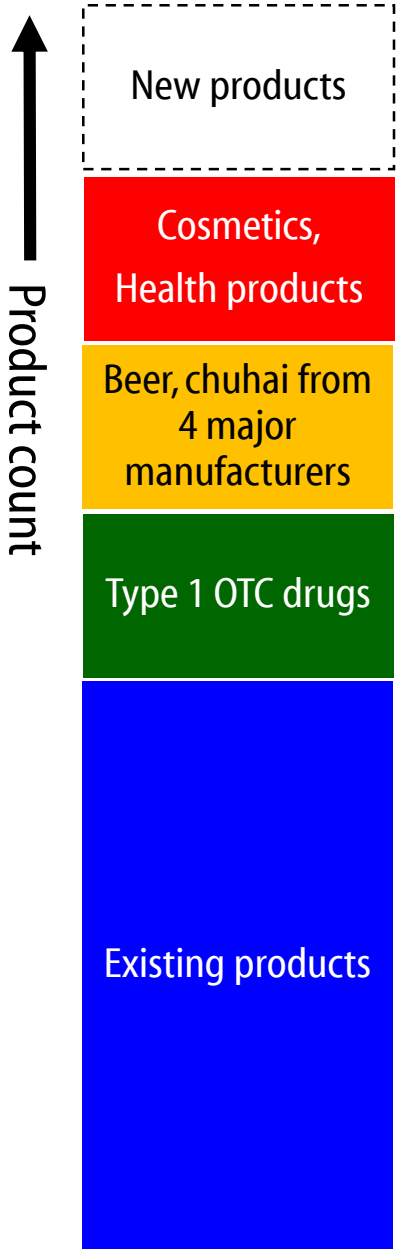


- ✓ Program effective for expanding customer base and nurturing products at manufacturers
- ✓ Confident of effectiveness based on demonstration test in 1Q (temporary impact on unit cost and gross profit)
- ✓ Program to be operated jointly with manufacturers in the future

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

Experience → Evaluation → Establishment → Expansion of population



+ More new products from November onwards, one after another

+ Scheduled to start offering from November

+ Started offering from August 20

+ Started offering from June 12

In addition to the existing attractive products

Enhance product lineup to meet the customer needs

Aim for increase in sales per order



Newly opened!

Opening of popular new stores one after another

Pursue profitability through added value

8 stores at the time of opening (August 2013)

27 stores (As of September 12, 2014)

LOHACO Mall Joint Meeting on September 2, 2014





Further revitalization also of existing stores

Participants: 62 officials from 32 companies





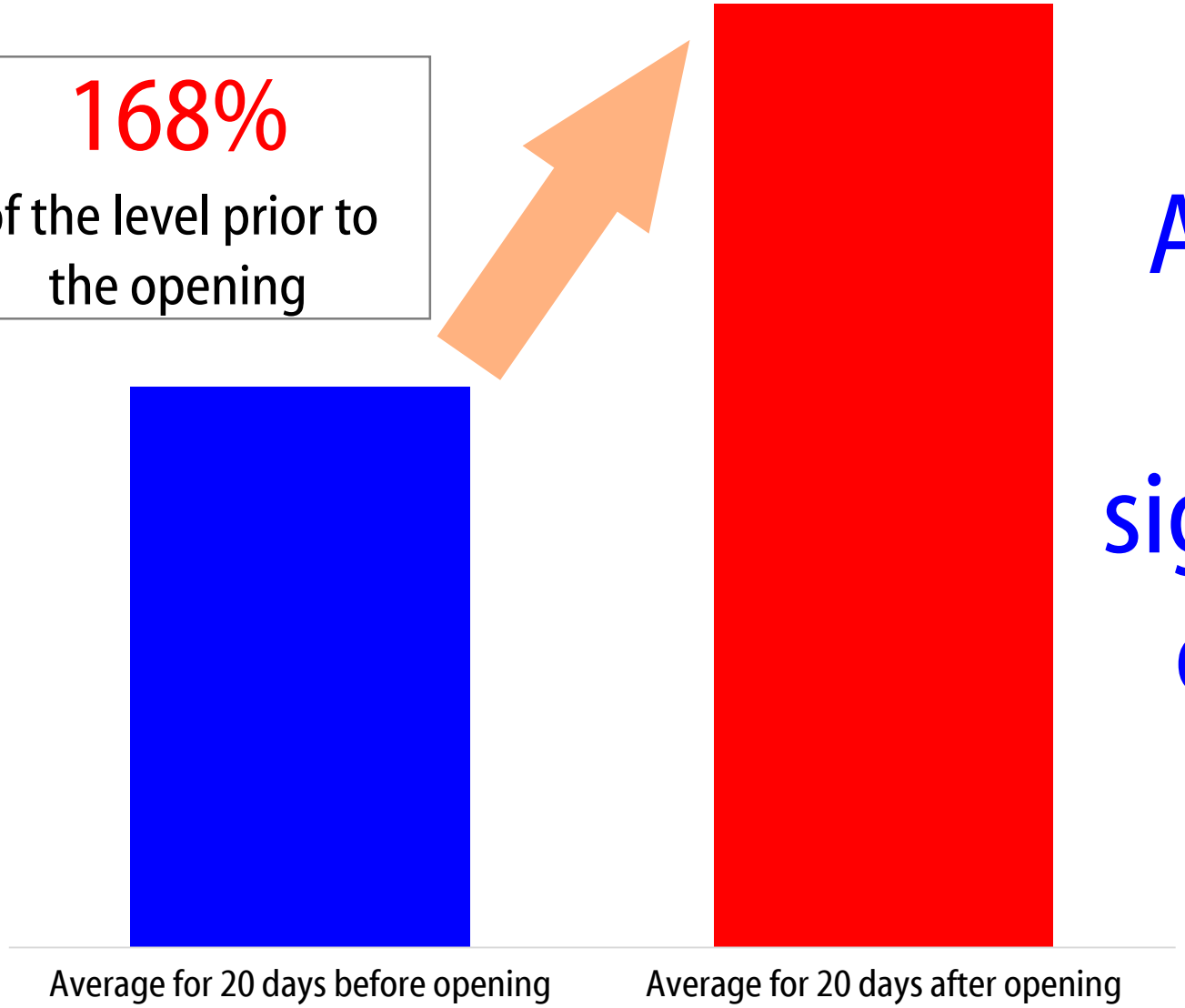
BEER SHOP Launched in August

Currently operated as a separate site due to licensing issues

Plan to open a large-scale liquor web shop in October after integrating into LOHACO

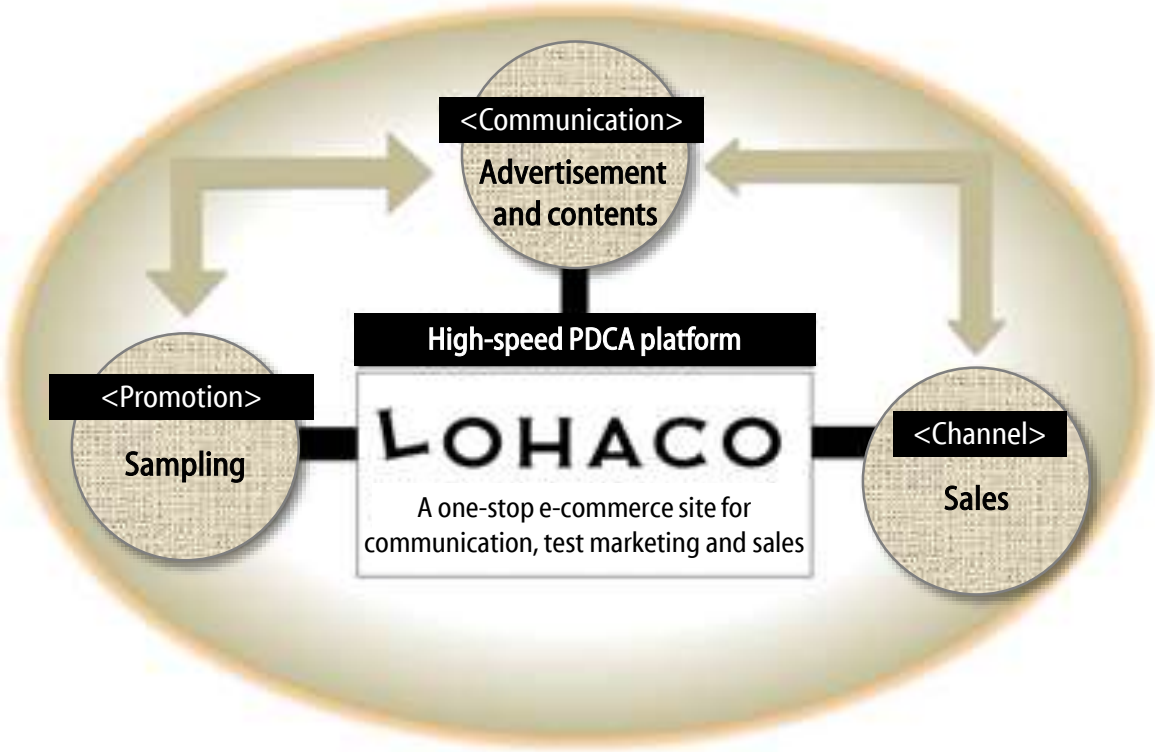
Comparison of Average Daily Sales of Alcoholic Beverages (LOHACO Liquor + BEER SHOP) for 20-day Period before and after the Opening of BEER SHOP

168%
of the level prior to the opening



Alcoholic beverages net sales expanded significantly following the opening of BEER SHOP

New Marketing Route from Manufacturers Promising as a Marketing Method



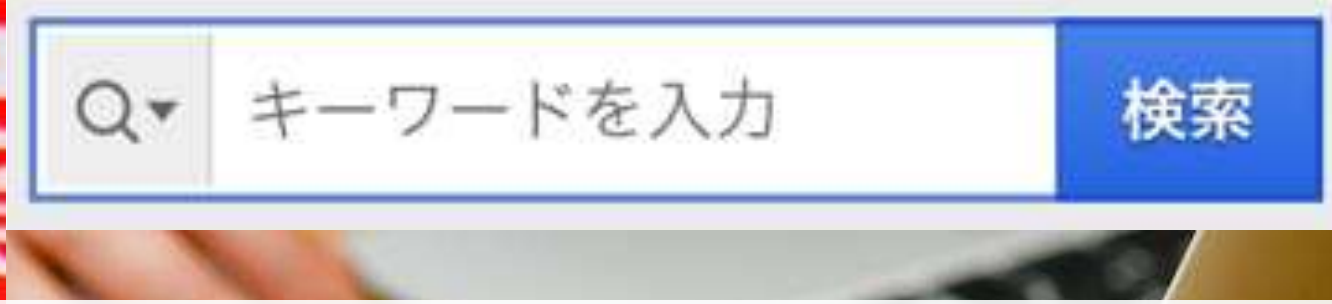
Translation by ASKUL of extract from press release by Kirin Brewery Company, Limited on August 21, 2014

Brand nurturing using big data and web marketing expertise

Advance sales through LOHACO of Kirin Off White







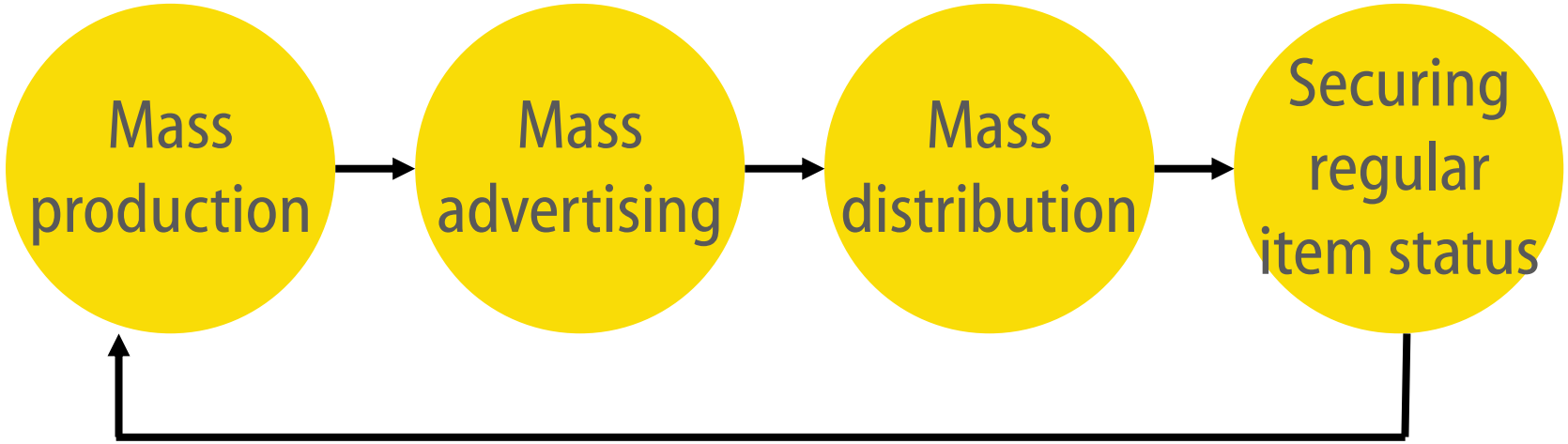
For manufacturers:

Shift from mass-communication and mass sale to new e-commerce marketing





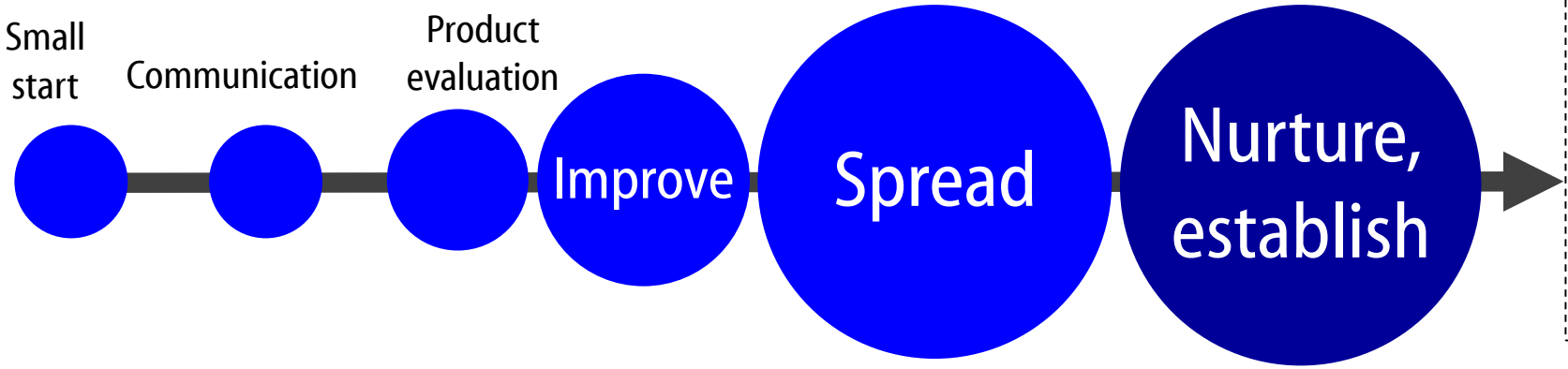
Conventional process



Issues facing manufacturers

(1) Immediate startup
(2) Upfront investment
(3) Negotiation for regular item status
(4) Reduction of regular items, inventory disposal, own-brand products

LOHACO's process



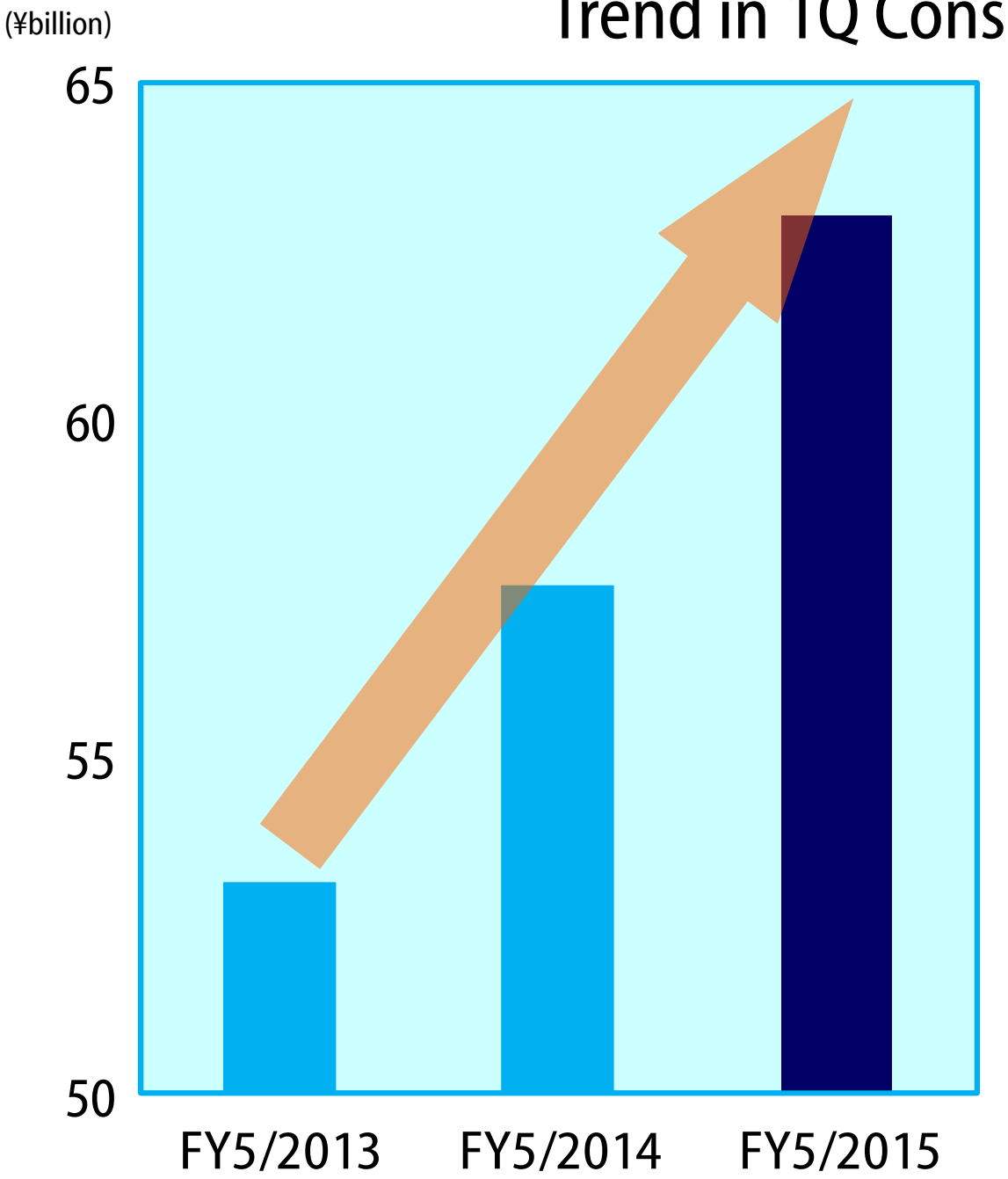
Advantages for manufacturers

(1) Small start
(2) High-speed implementation of PDCA
(3) Visualization of evaluation
(4) Expansion at low cost


Expand customer support
by creating a new distribution process
that is integrated with manufacturers

Appendix

Trend in 1Q Consolidated Net Sales



Marked a record high

Achieved net sales exceeding ¥60.0 billion

1Q Net Sales by Product Category

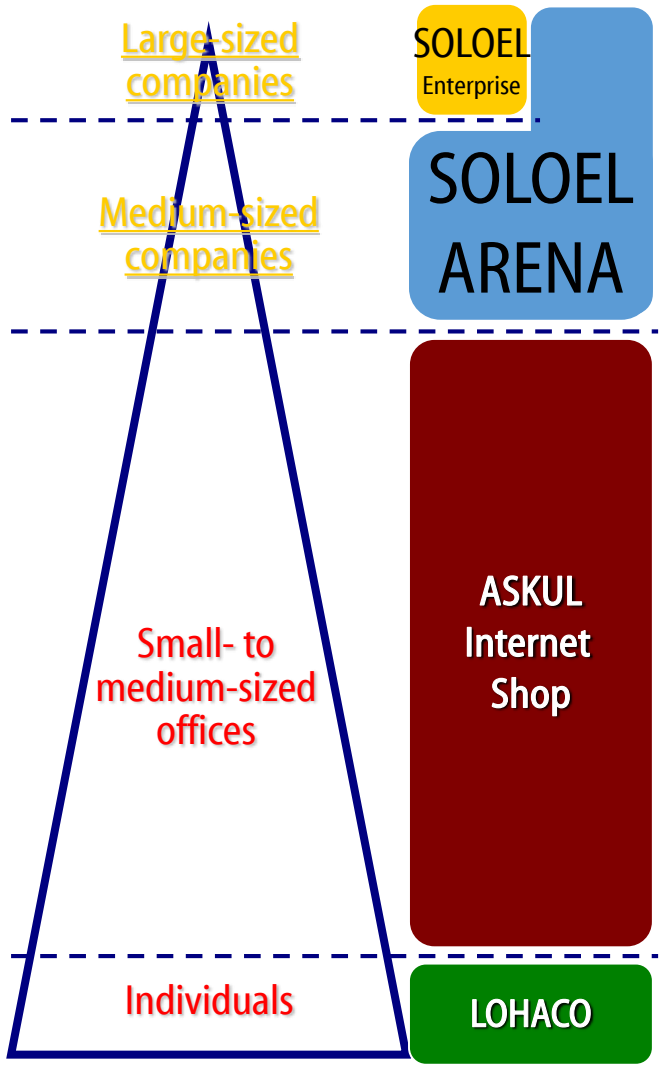
Non-consolidated

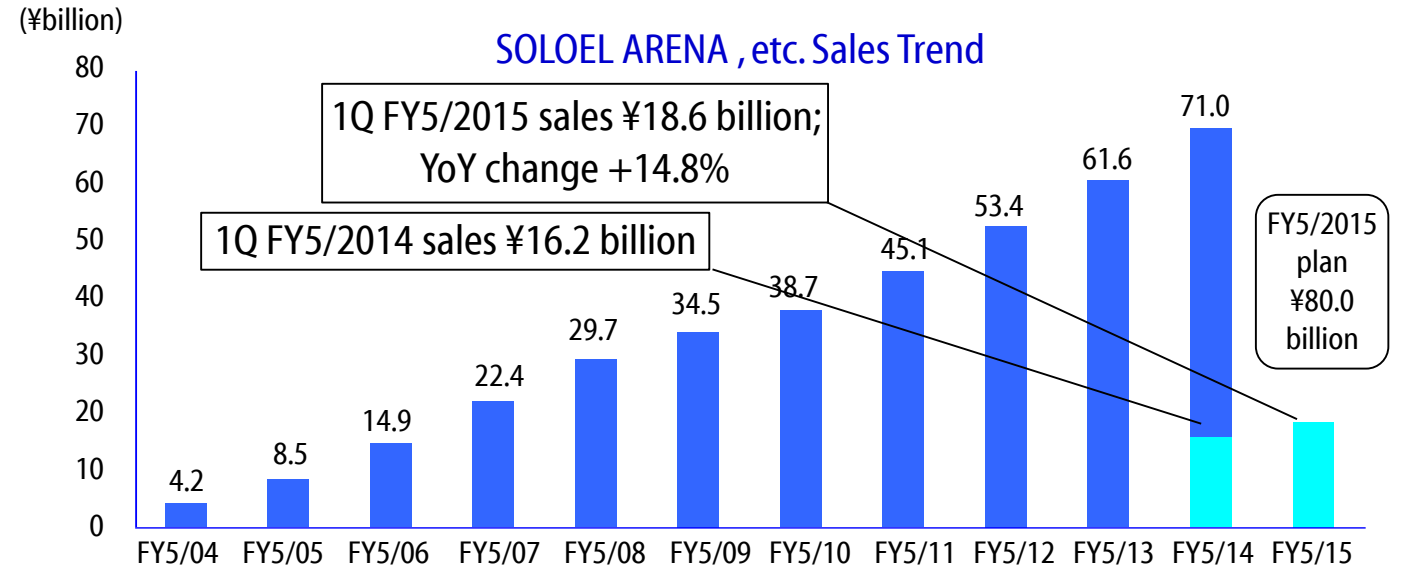
	1Q FY5/2014		1Q FY5/2015	
	Amount (¥billion)	YoY change (%)	Amount (¥billion)	YoY change (%)
OA&PC	19.9	+3.6	20.6	+3.5
Stationery	12.0	+7.1	12.9	+7.6
Living Supplies	13.4	+20.0	16.1	+19.7
Furniture	4.2	+3.4	4.6	+9.0
Others	3.7	+14.3	4.2	+12.1
Total	53.4	+8.9	58.5	+9.5

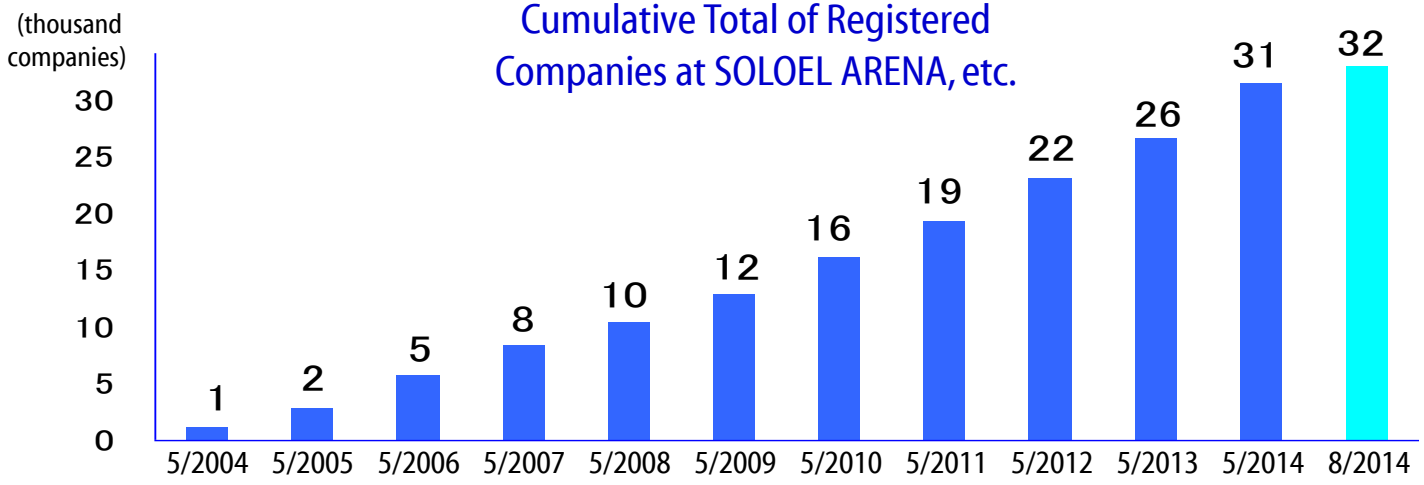
Non-consolidated net sales were also a record

Positive growth in all categories

SOLOEL ARENA Expanding Steadily

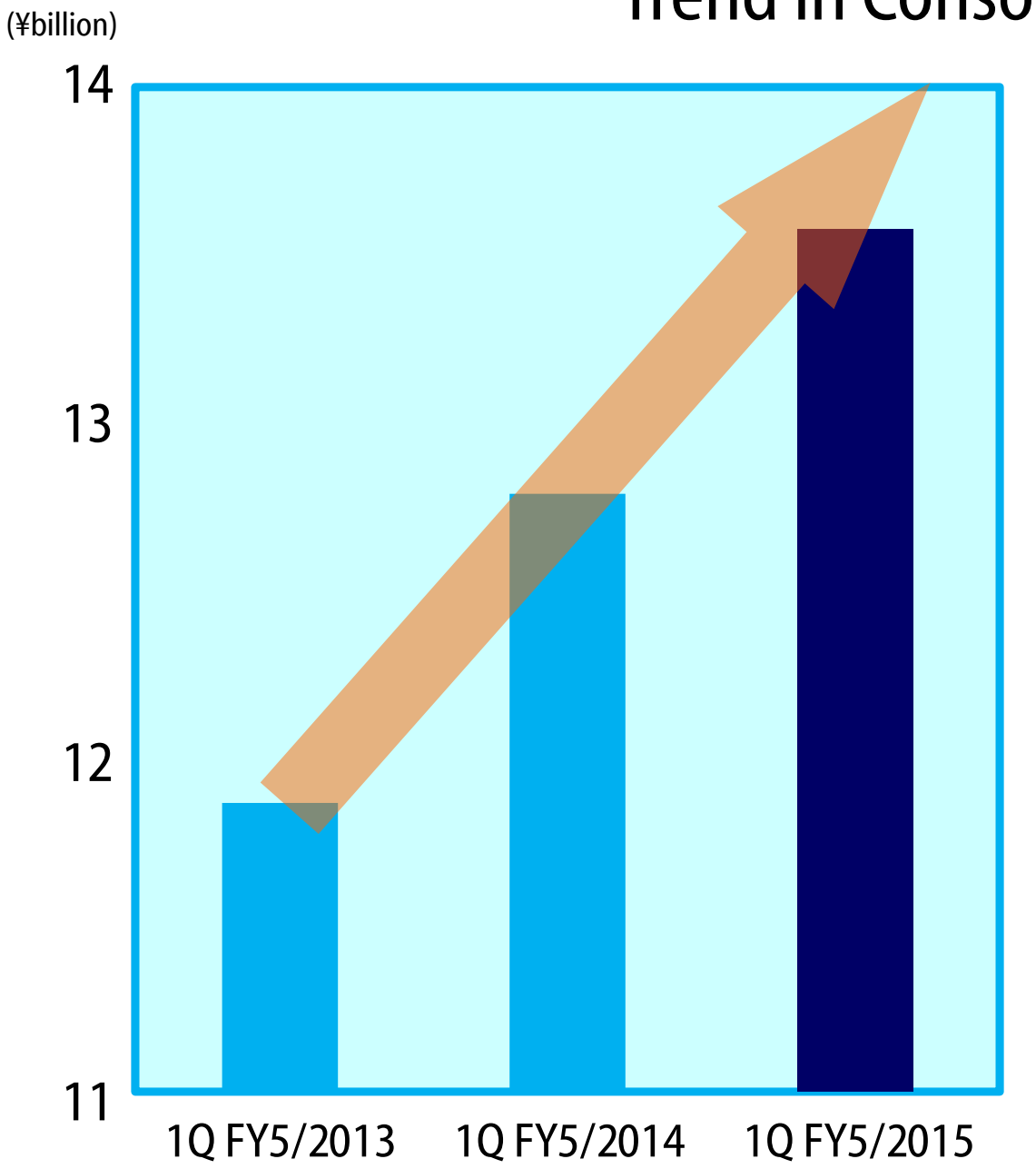






Quarterly sales increased 14.8%, exceeding full-year plan of 12.7%

Trend in Consolidated Gross Profit



Marked a record high

Steadily accumulating profit reflecting sales increase

Key Points of 1Q FY5/2015 Consolidated Performance

Gross profit: ¥13.5 billion

YoY change: +¥0.7 billion

Gross profit margin: 21.5%

YoY change: -0.7 p.p.

SG&A expenses: ¥13.1billion

YoY change: +¥0.7 billion

Ratio of SG&A expenses to net sales: 20.9%

YoY change: -0.7 p.p.

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

- Variable cost increase due to sales expansion	+¥0.4 billion
- Variable cost decrease due to improvement in variable cost ratio	-¥0.2 billion
- Personnel expenses	+¥0.3 billion
- Depreciation and amortization of software	+¥0.2 billion
- Advertising and sales promotion expenses	+¥0.1 billion

Capital expenditures: ¥0.9 billion (Annual plan: ¥6.3 billion)

ASKUL Logi PARK Fukuoka logistics base enhancement	¥0.6 billion
(Ref.) Depreciation and amortization of software:	¥1.0 billion
	(Annual plan: ¥4.1 billion)

Key Points of 1Q FY5/2015 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

	1Q FY5/2015	YoY change	1Q FY5/2014
Orders via the Internet	76.0%	+3.1 p.p.	72.9%
Other	24.0%	-3.1 p.p.	27.1%

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

ASKUL original products

(items)

	August 2014 (single month)	YoY change	August 2013 (single month)
Number of original products	5,774	+1,394	4,380
Share in net sales	17.0%	+1.1 p.p.	15.9%

Notes:

1. The figures above are the results for the month of August 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.

Key Points of 1Q FY5/2015 Consolidated Performance

Capital Expenditures (Details)

(¥million)

Item	1Q FY5/2015		1Q FY5/2014
	Amount	YoY change	Amount
[Capital expenditures] Note 2	964	-95.2%	20,036
Property, plant and equipment Note 2	707	-96.3%	19,231
Intangible assets	257	-68.0%	805
Construction in progress Note 3	696	+12,953.7%	5
Software in progress	257	+157.5%	99

Notes:

1. Capital expenditures are stated on an accrual basis and do not reflect reductions.
2. Expenditures for FY5/2014 are high due to recording of expenses of ASKUL Logi PARK Tokyo Metropolitan.
3. Expenditures for FY5/2015 are high due to recording of expenses of ASKUL Logi PARK Fukuoka.
   Construction in progress and software in progress partially include consumption and other taxes.