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A member of the Financial Accounting Standards Foundation

Summary of Consolidated Financial Results for Fiscal Year Ended May 2015 (Japanese GAAP)

July 2, 2015

Company name:	ASKUL Corporation		Stock exchange listings: Tokyo
Securities code:	2678	URL: http://www.askul.co.jp/kaisya/ir/	
Representative:	Name: Shoichiro Iwata	Title: President and chief executive officer	
Inquiries:	Name: Tsuguhiro Tamai	Title: Executive officer, Corporate Planning Unit	Tel: (03) 4330-5130
Date of general shareholders' meeting (as planned):		August 5, 2015	
Dividend payable date (as planned):		August 6, 2015	
Annual securities report filing date (as planned):		July 31, 2015	
Supplemental material of annual results:		Yes	
Convening briefing of annual results:		Yes (for institutional investors and analysts)	

(Amounts less than 1 million yen are rounded down.)

1. Consolidated Financial Results for Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)

(1) Consolidated Operating Results

(Percentage figures in parentheses indicate year-on-year changes.)

		Fiscal Year Ended May 2015		Fiscal Year Ended May 2014	
Net sales	million yen	276,759	(9.2%)	253,408	(11.8%)
Operating income	million yen	6,849	(60.2%)	4,276	(-37.8%)
Ordinary income	million yen	6,959	(56.4%)	4,449	(-38.6%)
Net income	million yen	4,032	(86.3%)	2,165	(-62.8%)
Net income per share	yen	73.29		39.75	
Diluted net income per share	yen	73.15		39.54	
Net income to shareholders' equity ratio	%	6.8		3.8	
Ordinary income to total assets ratio	%	5.5		3.9	
Operating income to net sales ratio	%	2.5		1.7	

(Note) Comprehensive income
Fiscal year ended May 2015: 4,117 million yen (185.5%) Fiscal year ended May 2014: 1,442 million yen (-78.9%)

(Reference) Investment profit (loss) on equity method
Fiscal year ended May 2015: — million yen Fiscal year ended May 2014: — million yen

(2) Consolidated Financial Positions

		Fiscal Year Ended May 2015	Fiscal Year Ended May 2014
Total assets	million yen	132,667	119,976
Net assets	million yen	60,945	58,073
Capital adequacy ratio	%	45.8	48.0
Net assets per share	yen	1,101.12	1,049.66

(Reference) Owner's equity
Fiscal year ended May 2015: 60,749 million yen
Fiscal year ended May 2014: 57,626 million yen

(3) Consolidated Cash Flows

(Unit: million yen)

	Fiscal Year Ended May 2015	Fiscal Year Ended May 2014
Cash flows from operating activities	12,227	11,534
Cash flows from investing activities	(8,293)	(20,785)
Cash flows from financing activities	(2,001)	(1,453)
Cash and cash equivalents at end of period	37,246	35,316

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2. Dividends

			Fiscal Year Ended May 2014	Fiscal Year Ended May 2015	Fiscal Year Ending May 2016 (forecast)
Dividend per share	First quarter	yen	—	—	—
	Second quarter	yen	15.00	15.00	15.00
	Third quarter	yen	—	—	—
	Fiscal year end	yen	15.00	15.00	15.00
	Total	yen	30.00	30.00	30.00
Total dividend paid		million yen	1,626	1,648	
Payout ratio (consolidated)		%	75.5	40.9	35.6
Ratio of total amount of dividends to net assets (consolidated)		%	2.9	2.8	

3. Consolidated Forecasts for Fiscal Year Ending May 2016 (May 21, 2015 through May 20, 2016)

(Percentage figures in parentheses indicate year-on-year changes.)

		First Half of Fiscal Year Ending May 2016		Fiscal Year Ending May 2016	
Net sales	million yen	145,300	(10.1%)	304,500	(10.0%)
Operating income	million yen	3,600	(119.8%)	8,000	(16.8%)
Ordinary income	million yen	3,600	(111.0%)	8,000	(15.0%)
Net income attributable to owners of the parent	million yen	2,000	(125.7%)	4,400	(9.1%)
Net income per share	yen	37.95		84.22	

(Note) The Company resolved the acquisition of treasury stock at the board of directors' meeting held on May 19, 2015. The impact of this treasury stock acquisition is factored into "net income per share" of the consolidated forecasts above. Regarding said treasury stock acquisition, see "4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Significant Subsequent Events)" on page 37 of Attached Materials.

* Others

(1) Material changes in subsidiaries during this period (Changes in scope of consolidations resulting from changes in subsidiaries): No

Number of subsidiaries newly consolidated: — companies
(Name of subsidiaries newly consolidated:)
Number of subsidiaries excluded from consolidation: — companies
(Name of subsidiaries excluded from consolidation:)

(2) Changes in accounting policies and accounting estimates, retrospective restatement

1) Changes in accounting policies based on revisions of accounting standard: Yes
2) Changes in accounting policies other than 1): No
3) Changes in accounting estimates: Yes
4) Retrospective restatement: No

Note: For further details, see "4. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements (Changes in Accounting Estimates)" on page 27 of Attached Materials.

(3) Number of issued and outstanding shares (common stock)

1) Number of issued and outstanding shares at the end of fiscal year (including treasury stock)
Fiscal year ended May 2015: 55,199,900 shares
Fiscal year ended May 2014: 54,929,700 shares

2) Number of treasury stock at the end of fiscal year
Fiscal year ended May 2015: 29,459 shares
Fiscal year ended May 2014: 29,459 shares

3) Average number of shares
Fiscal year ended May 2015: 55,018,828 shares
Fiscal year ended May 2014: 54,464,069 shares

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(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results for Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)

(1) Non-Consolidated Operating Results

(Percentage figures in parentheses indicate year-on-year changes.)

		Fiscal Year Ended May 2015		Fiscal Year Ended May 2014	
Net sales	million yen	254,905	(8.4%)	235,257	(11.8%)
Operating income	million yen	6,528	(57.7%)	4,139	(-39.9%)
Ordinary income	million yen	6,620	(53.9%)	4,300	(-41.0%)
Net income	million yen	4,255	(63.3%)	2,605	(-53.2%)
Net income per share	yen	77.36		47.85	
Diluted net income per share	yen	77.20		47.59	

(2) Non-Consolidated Financial Positions

		Fiscal Year Ended May 2015	Fiscal Year Ended May 2014
Total assets	million yen	126,942	115,575
Net assets	million yen	61,686	58,575
Capital adequacy ratio	%	48.5	50.4
Net assets per share	yen	1,116.23	1,060.71

(Reference) Owner's equity
Fiscal year ended May 2015: 61,583 million yen
Fiscal year ended May 2014: 58,233 million yen

* Expression of implementation status of audit procedures

This Summary of Consolidated Financial Results is not subject to audit procedures pursuant to the Financial Instruments and Exchange Act. The audit procedures of consolidated financial statements pursuant to the Financial Instruments and Exchange Act had not been completed at the time of the release of this Summary of Consolidated Financial Results.

* 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 the notes and information on the use of earnings forecasts, see "1. Analysis of Operating Results and Financial Position (1) Analysis of Operating Results" on page 2 of Attached Materials.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

1) Overview of performance in fiscal year ended May 2015

During the period under review (May 21, 2014 through May 20, 2015), the Japanese economy continued its moderate recovery trend. Companies, especially large enterprises, reported better earnings and results, while the job market showed momentum. In addition, there were early signs of the bottoming out of consumer spending, which had been weak since the consumption tax hike.

In this environment, the ASKUL Group achieved a 9.2% year-on-year increase in consolidated net sales for the period under review. The core B-to-B business grew at a solid pace, and the LOHACO B-to-C business on which the Group focused recorded significant growth of 64.7%. The Group's profitability also rose substantially thanks to the higher gross profit margin of the B-to-B business and the lower fixed costs to net sales ratio attained through company-wide cost-cutting measures. As higher profitability offset such expenses as those incurred for sales promotion measures aimed at expanding LOHACO's net sales, the Group increased net income by 86.3%, achieving growth in both net sales and profits.

Details of each business were as described below.

In the B-to-B business, ASKUL endeavored to create a stronger foundation for and generate greater revenue from the business. To that end, emphasis was placed on increasing the number of customers, and their usage, in the strategic segments primarily consisting of factories, construction sites, laboratories, and health and nursing care facilities. The Company broadened the range of new high-functionality products needed at those workplaces, upgraded the Company's Internet shopping site to make it even more user-friendly than ever, and instituted measures targeting particular customer segments as exemplified by the publication of a catalog specializing in products for manufacturing factories. These efforts resulted in double-digit growth in net sales of MRO supplies(Note 1) for use in factories, construction sites, laboratories, and other workplaces and of detergents, cleaning supplies, and the like that are especially frequently used in health and nursing care facilities and stores. Products such as furniture and stationery also recorded firm growth. In consequence, net sales in the B-to-B business grew solidly by 6.4%, or 15,518 million yen, year-on-year to 256,815 million yen.

To improve the gross profit margin, ASKUL launched negotiations to lower procurement costs, armed with its increased procurement volume driven by net sales growth. Additionally, amid a weaker yen and other difficult market conditions that persisted, the Company progressively revised the prices of its main products, such as copier paper and plastic folders, that it had hitherto struggled to maintain by resorting to cost cutting and other measures, starting with the ASKUL Catalog Autumn/Winter 2014 published in August 2014. These measures led to a steady improvement in the gross profit margin of the business. Furthermore, even after the price revisions, the Company retained its price competitiveness and the number of orders grew at a robust pace.

The LOHACO B-to-C business saw a consistent increase in the number and value of orders, despite consumer spending trending downward after the consumption tax hike. With the aim of acquiring one million loyal customers as envisaged in the medium-term management strategy, a company-wide effort was made to broaden the product offerings and improve the quality of delivery and other services. As a result, the number of "loyal customers," whom the Company defines as repeat customers satisfying certain criteria, reached approximately 230,000 by the end of the period under review, demonstrating the continued expansion of the clientele that forms the foundation of the business.

With regard to merchandise, LOHACO started selling type 1 over-the-counter drugs in June 2014, and began retailing beer from Japan's four major breweries and other alcoholic beverages in August 2014. In April 2015, the Company opened LOHACO BEAUTY, an online store specializing in cosmetics. LOHACO BEAUTY started with offering products from 60 brands of 42 cosmetics makers, which included multiple companies that had never before sold their products at any

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online store other than their own. At the same time, the Company undertook to increase the number of items offered in the main product segments, such as household items, beverages, and food, by reinforcing the ties with suppliers forged through the B-to-B business.

The LOHACO E-commerce Marketing Lab,(Note 2) which was founded in January 2014, began its second-term activities with the participation of 50 suppliers. Its first-term activities culminated, among other things, in the development of innovative methods to promote direct marketing and CRM(Note 3) that connect manufacturers and retailers with customers. Utilizing these methods and other tools, the laboratory continues to facilitate the building of highly value-added e-commerce businesses that are tailored to society's needs.

In consequence, the LOHACO B-to-C business recorded net sales growth of 64.7%, or 7,832 million yen, year-on-year to 19,944 million yen.

As a result of these developments, consolidated net sales increased by 9.2% year-on-year to 276,759 million yen. "Gross profit—net" grew by 9.2% to 60,814 million yen, driven by the effects of the aforementioned procurement cost reductions and price revisions and by increased net sales of living supplies and high gross-margin MRO supplies, among other things.

Selling, general and administrative expenses rose by 4.9% year-on-year to 53,965 million yen, owing largely to increases in shipment expenses and other variable costs associated with higher net sales. The ratio of those expenses to net sales, however, improved by 0.8 percentage points helped by two positive developments: higher logistics productivity achieved by optimizing inventory placement and leveling off the packing and restocking workload to accommodate LOHACO's growth; and the lower fixed-cost ratio resulting from cost-cutting efforts to improve profitability and from increased net sales.

Consequently, for the period under review the ASKUL Group achieved year-on-year growth in both net sales and profits, with operating income growing by 60.2% to 6,849 million yen, ordinary income rising by 56.4% to 6,959 million yen, and net income soaring by 86.3% to 4,032 million yen.

Notes:

1. MRO is the acronym for maintenance, repair, and operations. The term "MRO supplies" denotes indirect materials in general, including consumables and repair supplies, for use in factories, construction sites, and other workplaces.
2. The LOHACO E-commerce Marketing Lab has been established to enrich people's lives through the realization of an efficient social system that will be accomplished by developing leading-edge marketing methods for the rapidly growing and advancing e-commerce market and thus facilitating the proliferation of e-commerce. Toward that end, the laboratory scientifically and logically analyzes big data, that is, a massive volume of data obtained from LOHACO and elsewhere in the market, and tests the results in the real environment of LOHACO.
3. CRM is the acronym for customer relationship management, which refers to a mechanism designed to improve customer satisfaction by recording customer attributes and purchase histories and serving each customer according to their individual needs.

2) Outlook for fiscal year ending May 2016

In the fiscal year ending May 2016, the B-to-B business is expected to operate in a positive economic environment, supported by ongoing improvement in corporate earnings. The business is likely to continue steady growth, increasing the number of customers in the strategic segments that primarily consist of factories, construction sites, laboratories, and health and nursing care facilities. Accordingly, ASKUL projects that the B-to-B business's net sales will grow by 6.9% year-on-year to 274.5 billion yen.

For the LOHACO B-to-C business, ASKUL will enhance the ability to attract visitors by combining its expertise and human resources with those of Yahoo Japan Corporation, the business and capital alliance partner. In addition to aiming for a highly value-added e-commerce business tailored to society's needs by leveraging marketing methods in collaboration with manufacturers, the Company will do its utmost to offer a broader range of products than other B-to-C companies. The Company expects these initiatives to result in a 50.4% net sales increase in the LOHACO B-to-C business to 30.0 billion yen for the fiscal year ending May 2016.

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In the fiscal year ending May 2016, onetime expenses of 1.0 billion yen are expected to be incurred for relocating and expanding the distribution centers in Fukuoka and Yokohama. The Company, however, will do everything it can to raise profitability: highly profitable categories will be bolstered in the LOHACO B-to-C business; procurement costs will be reduced by taking advantage of economies of scale from increased net sales; and the lower fixed-cost ratio will be attained through cost-cutting initiatives and net sales growth. Taking these positive effects into account, the Company forecasts at this stage that both net sales and profits will grow for the fiscal year ending May 2016, with consolidated net sales growing by 10.0% year-on-year to 304.5 billion yen, operating income rising by 16.8% to 8.0 billion yen, ordinary income increasing by 15.0% to 8.0 billion yen, and net income attributable to owners of the parent climbing by 9.1% to 4.4 billion yen.

(2) Analysis of Financial Position

1) Assets, liabilities, and net assets

(Assets)

Consolidated total assets stood at 132,667 million yen at the end of the period under review, an increase of 12,691 million yen from the end of the preceding fiscal year. The main contributing factors were a 1,929 million yen increase in cash and deposits due chiefly to the collection of accounts receivable, a 5,856 million yen increase in "notes and accounts receivable—trade" associated with net sales growth, a 2,150 million yen increase in construction in progress on account of the construction of ASKUL Logi PARK Fukuoka and other facilities, and a 3,139 million yen increase in investment securities owing largely to the July 2014 acquisition of the stock and bonds with subscription rights to shares of Star Festival Inc.(Note)

(Liabilities and net assets)

Consolidated liabilities amounted to 71,721 million yen, an increase of 9,818 million yen from the end of the preceding fiscal year. In the period under review, ASKUL changed its method of payment to all suppliers and business partners from factoring to one using electronically recorded obligations. The main factors behind the increase in liabilities were a 13,951 million yen increase in "electronically recorded obligations—operating," a 5,403 million yen increase in "notes and accounts payable—trade" due to the increased procurement volume associated with higher net sales, and a 2,321 million yen increase in income taxes payable. The main item that reduced liabilities was a 14,573 million yen decrease in factoring payable.

Net assets stood at 60,945 million yen, an increase of 2,872 million yen from the end of the preceding fiscal year. This was primarily because of a 320 million yen increase each in capital stock and in legal capital surplus comprising a part of capital surplus, as a result of the exercise of subscription rights to shares; and a 2,384 million yen increase in retained earnings resulting from net income of 4,032 million yen and the payment of dividends of 1,648 million yen.

Consequently, the capital adequacy ratio came to 45.8%, compared to 48.0% at the end of the preceding fiscal year.

Note: Star Festival Inc. operates Gochikuru, a comprehensive site offering a host of box meal delivery and catering services for home.

2) Cash flows

Consolidated cash and cash equivalents (hereinafter "Funds") at the end of the period under review were 37,246 million yen, an increase of 1,929 million yen from the end of the preceding fiscal year.

The cash flows from each of operating, investing, and financing activities for the period under review and the underlying factors were as explained below.

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(Cash flows from operating activities)

Net Funds provided by operating activities were 12,227 million yen, an increase of 692 million yen from the preceding fiscal year. The main factors contributing to an increase in Funds were income before income taxes of 6,897 million yen; depreciation and amortization of noncurrent assets, depreciation of software, and amortization of goodwill totaling 4,559 million yen; a 19,310 million yen increase in "notes and accounts payable—trade"; and a 2,000 million yen increase in accrued consumption taxes. Meanwhile, the factors leading to a decrease in Funds included a 5,899 million yen increase in "notes and accounts receivable—trade" and a 14,573 million yen decrease in factoring payable.

(Cash flows from investing activities)

Net Funds used in investing activities were 8,293 million yen, a decrease of 12,491 million yen from the preceding fiscal year. The main items were 2,806 million yen paid for the purchase of property, plant and equipment, 1,422 million yen paid for the purchase of software, and 3,001 million yen paid for the purchase of investment securities.

(Cash flows from financing activities)

Net Funds used in financing activities were 2,001 million yen, an increase of 547 million yen from the preceding fiscal year. The main item leading to an increase in Funds was proceeds from issuance of common stock amounting to 492 million yen. On the other hand, the items resulting in a decrease in Funds included repayments of loans payable adding up to 352 million yen on a net basis, repayments of lease obligations coming to 494 million yen, and cash dividends paid of 1,648 million yen.

The table below shows the trend of key cash flow indicators.

	Fiscal Year Ended May 2011	Fiscal Year Ended May 2012	Fiscal Year Ended May 2013	Fiscal Year Ended May 2014	Fiscal Year Ended May 2015
Capital adequacy ratio (%)	23.0	46.7	51.0	48.0	45.8
Capital adequacy ratio at market value (%)	48.4	46.2	87.7	104.7	134.3
Cash flow to interest-bearing liabilities ratio (years)	1.0	0.6	1.0	0.6	0.6
Interest coverage ratio (times)	110.3	169.6	99.7	128.2	136.7

Notes:

Capital adequacy ratio at market value = Market capitalization / Total assets

Cash flow to interest-bearing liabilities ratio = Interest-bearing liabilities / Cash flows

Interest coverage ratio = Cash flows / Interest payment

* The market capitalization is calculated by multiplying the closing share price at end of period by the number of issued and outstanding shares (net of treasury stock) at end of period.
* The amount of cash flows from operating activities is used as the amount of cash flows.
* "Interest-bearing liabilities" refers to all the liabilities bearing interest and reported on the consolidated balance sheet.
* The amount of interest payment used to compute the interest coverage ratio is the amount of interest expenses presented in the consolidated statement of income.

(3) Basic Policy on Allocation of Earnings and Dividends for Fiscal Years Ended May 2015 and Ending May 2016

ASKUL's policy is to allocate earnings based on the comprehensive assessment of various factors, striking a good balance between two goals—namely, "securing sufficient internal reserves for financing capital expenditures to increase the corporate value over a mid- to long-term period" and

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"pursuing a dividend policy as a means to deliver appropriate returns to meet the expectations of shareholders"—while ensuring strong cash flows and sound financial position.

At present, ASKUL strives to grow the LOHACO business into the leader in second-generation e-commerce in order to maximize future profitability, while continuing to distribute dividends to shareholders in a consistent manner.

Meanwhile, ASKUL has completed or is working on most of its large capital expenditure projects for the foreseeable future, such as the construction of a new distribution center and the renovation of an existing one. The Company therefore decided to acquire treasury stock and is carrying it out for the purpose of improving capital efficiency and providing a return for shareholders, as announced on May 19, 2015.

In view of these circumstances, as a dividend of surplus for the period under review, ASKUL intends to pay an annual dividend of 30 yen (an interim dividend of 15 yen and a fiscal year-end dividend of 15 yen) per share as planned at the beginning of the fiscal year.

In the fiscal year ending May 2016, ASKUL will relocate and expand two distribution centers, one in Fukuoka and one in Yokohama, to accommodate its business growth and achieve even higher logistics productivity. Although onetime expenses are likely to affect the financial results, the Company plans to continue distributing dividends to shareholders in a consistent manner by paying an annual dividend of 30 yen (an interim dividend of 15 yen and a fiscal year-end dividend of 15 yen) per share, the same amount as that for the period under review. This is expected to bring the payout ratio to 35.6%.

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(4) Business and Other Risks

Factors that may affect the ASKUL Group's operating results, financial positions, share price, and other matters include those described below.

1) Details of the business and capital alliance agreement with Yahoo Japan Corporation, stock dilution, etc.

Since the conclusion of the business and capital alliance agreement of April 27, 2012, ASKUL and Yahoo Japan Corporation have respected one another's independence in business operations and shared each other's resources in a spirit of equal partnership. Such resources include their abilities to attract visitors, customer bases, suppliers, settlement systems, Internet service systems, Internet service design technology, logistics and delivery facilities, and capabilities to manage logistics and delivery operations, along with the associated know-how and personnel. To achieve the ambitious goal of providing the best e-commerce experience to customers, the two companies have launched and grown LOHACO, the B-to-C business ASKUL operates, at a pace never before seen in the e-commerce industry.

On May 19, 2015, the two companies renewed the business and capital alliance agreement. This was based on their belief that the best way for LOHACO to make a leap forward and raise profitability is to take their relationship of trust nurtured over the past three years to the next level and thereby enhance the partnership.

Under the renewed agreement, the two companies work together to grow LOHACO into the overwhelming leader in the e-commerce industry.

In the event that ASKUL intends to take an action diluting voting rights of shares in the Company(Note 1) on and after the date of the renewed agreement, the Company shall notify in writing Yahoo Japan Corporation of its intention to take such an action and the terms and conditions thereof, and shall carry out, in a proper and timely manner, all the measures necessary to maintain the ratio of voting rights of the shares in the Company held by Yahoo Japan Corporation immediately prior to the action diluting voting rights taken. Moreover, in the event that, as a result of the Company's exercise of subscription rights to shares or of other potential common shares, or conversion of them into shares (hereinafter "the Exercise of Subscription Rights to Shares, Etc."), the ratio of voting rights of the shares in the Company held by Yahoo Japan Corporation at the time immediately after the Exercise of Subscription Rights to Shares, Etc. (if, during the period from the time of completing the acquisition of treasury stock [hereinafter "the Treasury Stock Acquisition"](Note 2) until March 31, 2016, the Company carries out a separate treasury stock acquisition(s), this shall be deemed to be replaced with "at the time of completing the treasury stock acquisition last implemented during the period"; the same shall apply hereinafter), (i) has decreased by one-hundredth or more from the ratio of voting rights of the shares in the Company held by Yahoo Japan Corporation and its subsidiaries at the time of completing the Treasury Stock Acquisition, and (ii) has decreased by one-hundredth or more from the ratio of voting rights of the shares in the Company held by Yahoo Japan Corporation and its subsidiaries at the time of the aforementioned measures last carried out, the Company shall notify in writing Yahoo Japan Corporation of such situations and shall take all the steps necessary to restore such ratio to, or maintain, the ratio of voting rights of the shares in the Company held by Yahoo Japan Corporation and its subsidiaries at the time of completing the Treasury Stock Acquisition. Therefore, if such measures or steps are taken, voting rights of shares in the Company may be diluted.

In the event that, on and after the date of the renewed agreement, Yahoo Japan Corporation wishes to acquire or have a third party acquire additional shares in the Company (including an acquisition conducted in a way that will enable Yahoo Japan Corporation or said third party to indirectly own shares in the Company by acquiring shares or equities in another third party who holds shares in the Company [provided that such another third party shall be limited to an entity whose shareholding in the Company is reasonably recognizable through a list of the principal shareholders contained in an annual securities report or a quarterly statement]), Yahoo Japan Corporation shall give advance written notice to the Company and implement said acquisition in accordance with a written agreement between Yahoo Japan Corporation and the Company.

Furthermore, in the event that the ratio of voting rights of the shares in the Company held by Yahoo Japan Corporation and companies becoming its subsidiaries after the agreement renewal (hereinafter "the Yahoo Japan Group") has increased by one-hundredth or more from the aggregate ratio of voting rights of the shares in the Company held by the Yahoo Japan Group at the time of completing the Treasury Stock Acquisition (if, during the period from the time of completing the Treasury Stock Acquisition until March 31, 2016, the Company carries out a separate treasury stock acquisition(s), this shall be deemed to be replaced with "at the time of completing the treasury stock acquisition last implemented during the period"; hereinafter the same shall apply in this paragraph), Yahoo Japan Corporation shall promptly sell or have a third party sell its shares in the Company through market transactions and other means, or shall take other steps necessary to restore the aggregate ratio of voting rights of the shares in the Company held by the Yahoo Japan Group to the aggregate ratio of voting rights of the shares in the Company held by Yahoo Japan Corporation at the time of completing the Treasury Stock Acquisition. However, the provisions of the foregoing sentence shall not apply where the aggregate ratio of voting rights of the shares in the Company held by the Yahoo Japan Group has increased as a result of a transaction conducted in accordance with the written agreement between Yahoo Japan Corporation and the Company stipulated above, of the Company's acquisition of treasury stock, or of factors other than actions taken by the Yahoo Japan Group. The developments described above, among other things, may affect the share price and other indicators.

Notes:

1. An "action diluting voting rights" shall refer to any acts that may dilute voting rights of shares in the Company. (Such acts shall include the issuance of shares for subscription, the disposal of treasury stock, reorganization accompanied by the issuance of shares, and other actions that actually dilute voting rights, as well as actions that may dilute voting rights in the future, such as the issuance of subscription rights to shares, of class shares convertible to shares with voting rights, and of other potential common shares; provided, however, that the following shall be excluded: the issuance of shares in the Company and the resultant delivery of treasury stock upon exercise of the subscription rights to shares already issued, or the Company's sale of treasury stock it owns to a shareholder who holds shares in the Company in a number less than one unit and submits a demand for the sale of shares less than one unit in accordance with paragraph1, Article 194 of the Companies Act and Article 10 of the Company's Articles of Incorporation.)
2. The Company aims to enhance its corporate value as well as its value to shareholders by means of improving capital efficiency, including return on equity (ROE), and of boosting shareholder returns in such forms as earnings per share (EPS). As part of this effort, the Company decided to acquire treasury stock for the purpose of improving capital efficiency and providing a return for existing shareholders. A maximum of 3,400,000 shares of common stock of the Company will be acquired over the period from May 21, 2015 to September 30, 2015.

2) B-to-B mail-order business model

a. Concept underpinning the business model

The ASKUL Group's primary business is supported by a number of partner companies, such as suppliers; agents that play a unique role in acquiring customers, collecting bills, and managing receivables, all virtually on behalf of the Group; delivery companies; and firms that develop, maintain, and operate information systems. The Group's fundamental policy is based on the concept of a value chain in which participants fulfill their functions, share roles, complement each other, collaborate strategically as partners, eliminate duplicate operations and functions, and minimize wasted time and money so that maximum value is delivered to customers. The Group makes every effort to maintain good relationships with the partner companies that support its business model. However, if it becomes impossible to continue outsourcing operations to a partner company due to changes in its business conditions and other circumstances, the Group's financial results may be affected.

b. Agent's roles in the business model

A main feature of the ASKUL Group's primary business model is the adoption of an agent system, under which individual agents assume the risk of collecting bills from customers while the Group takes the risk of collecting accounts receivable from an approximate total of 1,400 agents. The Group offers incentive plans and schemes to encourage agents' growth and boost their activities, and takes various other measures to strengthen their business foundations. If an agent's bankruptcy and similar events occur due to deteriorating economic conditions and other reasons, the agent's customers will be promptly taken over by the Group, and eventually by a successor

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agent. Such events, therefore, are expected to have a limited impact on the Group's operating results. Nonetheless, there is the potential possibility that an agent's bankruptcy and similar events may generate collection risk, which may affect the Group's financial results.

The ASKUL Group has no intention of indefinitely increasing the number of agents for the sake of prioritizing customer acquisition. The Group has established certain criteria and procedures for selecting, and concluding a contract with, a new agent to ensure that each agent has sufficient financial and other resources to engage in ASKUL's business and understands the Group's business concept.

c. Linkage between advertisements and agents

While agents work to acquire new customers, the ASKUL Group conducts advertising and other publicity campaigns on a nationwide basis using newspaper and Internet ads and other media. As a result of these campaigns, the Group has received numerous sign-up applications directly from potential customers. Upon receiving such an application, an agent in charge is assigned in accordance with the internal rules to engage in collecting bills and managing receivables. Agents so assigned pay the Group an advertisement cooperation fee, which is determined based on the number of customers each agent has acquired, to cover a part of the Group's advertising expenses. If the Group's advertising and other publicity campaigns become less effective, the direct application rate may decline. In that case, the amount of advertisement cooperation fee paid by agents may also decline and/or the Group's advertising expenses may rise due to increased advertising and other costs. Such events may affect the Group's financial results.

d. Risk involved in catalog publication

While the use of ASKUL services via the Internet has been growing, many customers still select the items they need from the Group's catalogs. When choosing the items to sell and creating catalogs, the Group takes the utmost care, establishing a unit dedicated to controlling the quality of product descriptions. Nevertheless, if there is a critical defect in a catalog product description, the catalog may have to be recalled. In that event, the Group's financial results may be affected.

3) Risk involved in the procurement and inventory of products

The ASKUL Group has requested its suppliers to build a stable product supply system that meets the Group's selling power. Still, if the Group is unable to procure products in a consistent manner for some reasons, its financial results may be affected. Such reasons include sharp changes in exchange rates, as well as limited production or increased cost of production due to the rising prices of, or the difficulty in procuring, raw materials caused by changing socioeconomic conditions. The Group endeavors to procure a product sold in large quantities from more than one supplier. Despite that, if a particular supplier stops supply due to disaster and other emergency situations and swiftly replacing that supplier with another proves to be difficult, the Group's sales activities may be hampered. As part of its product strategy, the Group analyzes customers' purchasing behavior using its Demand Forecast System, and shares inventory and demand forecast information with suppliers through the SYNCHROMART system. These systems are designed to help suppliers maintain inventory levels based on production capacity and demand, thereby enabling the Group to reduce missed sales opportunities caused by out-of-stock situations and to minimize drops in customer satisfaction levels. Some products, however, may become out of stock if supply temporarily fails to meet demand. Products that involve such risk include an item the Group newly offers, summer beverages and other seasonal products, sanitary products used for protection against infectious diseases, and items needed at the time of disaster. In addition, offering an extensive range of products is imperative in the LOHACO B-to-C business to meet the diverse and fast-changing needs of general consumers. In the light of these factors, the Group continues its efforts to improve the accuracy of demand forecasts, maintain effective collaboration with suppliers, and manage the demand chain efficiently so that it can keep proper inventory levels, eliminating the risk of being out of stock or of having an overly large inventory of some products. Yet, there is the possibility that inaccurate forecasts, system troubles, and other problems may cause inadequate or excessive inventory levels. In that event, the Group's financial results may be affected.

4) Capital expenditures

The ASKUL Group's core competencies are underpinned by information technology (IT) to a considerable degree. To respond to rapid advances in IT and Internet technology ahead of others, the Group continues to invest in software and other resources. However, if the faster-than-expected development of IT results in shorter useful lives of software and other investments than originally projected, the Group may need to depreciate the remaining book value of such assets at one time, which may affect its financial results. Furthermore, in the case of follow-on investment in software, which is implemented on an ongoing basis, and of system redesign that involves major upgrade, the development schedule may delay due to software bugs and other problems, or software quality issues may arise after it is put into operation. These may also affect the Group's financial results. In addition to investment in software, the Group continues to invest in the construction of a new distribution center and in the extension and renovation of the existing ones to accommodate its business growth. The Group is also making large investment in new logistics infrastructure and information systems to expand its B-to-C online mail-order business. Before making any capital expenditures, the Group thoroughly examines the return on investment. However, if an investment does not generate sufficient returns, or takes longer than expected to generate them, the Group's financial results may be affected.

5) Internet mail order

a. Internet failures, etc.

In addition to taking orders via fax based on catalogs, the ASKUL Group accepts orders via the Internet through its websites, such as ASKUL Internet Shop, SOLOEL ARENA, SOLOEL Enterprise, and LOHACO, a site dedicated to individual customers.

With the use of the Internet growing exponentially, the share of orders placed on the Internet is increasing at the Group. In such circumstances, the Group's exposure to social or technological risk inherent in the Internet is likely to increase. In view of this, the Group ensures its Internet servers are decentralized and up to date, augments network capacity, duplicates the main system and builds the real-time backup system in preparation for system failures and other troubles, and reinforces network security to protect against unauthorized access and computer viruses. In January 2006, the Group was authorized to use a PrivacyMark by the Japan Information Processing Development Corporation (JIPDEC) after being examined for compliance with the requirements of the JIS Q 15001 standard relating to personal information protection management systems. The Group has built the management system in accordance with the requirements, and developed the management framework needed to protect customer and personal information as well. The Group will continue to enhance its network security and information management. However, as it is difficult to completely prevent or avoid the main system's failure, network troubles, virus infection, and other problems, there is the possibility that the Group's business operation may be materially interrupted, or that customer information leak and similar incidents may lower the Group's credibility in society and/or lead to a claim for damages. Such events may affect the Group's financial results.

b. Laws and regulations applicable to Internet mail order

The ASKUL Group is engaged in the mail-order business. In addition, the websites it operates, such as ASKUL Internet Shop, SOLOEL ARENA, and LOHACO, a site dedicated to individual customers, all fall in the category of electronic commerce via the Internet. Accordingly, the Group is subject to the relevant laws and regulations, including the Act on Specified Commercial Transactions, the Act against Unjustifiable Premiums and Misleading Representations, and the Act on Regulation of Transmission of Specified Electronic Mail. The Group's business operations also comply with the industry's voluntary regulations that include the Japan Direct Marketing Association's Guidelines for Electronic Commerce in the Mail Order Industry. If these laws and regulations are amended or new laws and regulations are adopted in the future, the Group's financial results may be affected.

6) Logistics service

a. Quality of logistics service

Bizex Corporation, ASKUL's wholly owned subsidiary, makes every effort to provide high-quality services. Nonetheless, if significant damage to packages, lost packages, and other troubles occur, or if customer information contained in shipping labels and elsewhere leaks to third parties due to insufficient information management, the Group may lose credibility in society and/or be demanded to pay damages. In that event, the Group's financial results may be affected.

b. Serious traffic accidents

Bizex Corporation, ASKUL's wholly owned subsidiary, uses vehicles in the delivery business. Its employees have been educated to abide by traffic laws and regulations, and safety measures have been taken. Nevertheless, if a serious traffic accident or a material violation of laws and regulations occurs, the Group may lose credibility in society and/or receive an administrative disposition. Such events may affect the Group's financial results.

c. Market prices of fuels and other resources

The ASKUL Group is committed to delivering products in an efficient manner, promoting a variety of activities to conserve the environment and eliminate inefficiencies. However, if vehicle fuel prices soar or the fuel supply chain is disrupted by disaster and other unforeseen events, the Group's financial results may be affected.

7) Regulatory control under the Pharmaceutical Affairs Act and other applicable laws and regulations

The ASKUL Group offers a diverse range of products, including supplies for health and nursing care facilities; specialized items for medical institutions; and pharmaceuticals, health foods, and alcoholic beverages for general consumers. The sale and management of some of these products are governed by the Pharmaceutical Affairs Act and other applicable laws and regulations. The Group has completed the required procedures, such as obtaining licenses and permits and making registrations and notifications.

The Group has also obtained licenses and permits and made registrations and notifications as required by laws in other fields. These include license for ordinary construction business, license for specific construction business, registration for first class consigned freight forwarding business, license for general motor truck transportation business, notification for light motor truck transportation business, and registration for warehousing business.

If the relevant laws and regulations are amended, new laws and regulations are adopted, or the Group fails to comply with them, its operations may be restricted and financial results may be affected.

8) Product procurement

Sharp fluctuations in raw material prices or exchange rates worldwide may cause increases in procurement prices and other negative effects. Even in such a case, however, an increase in procurement prices may not be able to be fully passed on to customers. Although the ASKUL Group makes a unified effort to reduce costs, this effort alone may not be sufficient to absorb the increase in procurement prices. In addition, there may be a case where the Group is unable to sufficiently supply a particular product because the supply and demand balance of the product deteriorates due to temporary popularity, disaster, and other causes. In that case, the Group's financial results may be affected. The Group has established a unit in charge of product quality management to ensure that its products and suppliers are selected and managed in the most appropriate manner possible. Nonetheless, if product recalls and other negative events occur due to quality problems, the Group's financial results may be affected.

9) Country risk

The ASKUL Group handles imported products and otherwise engages in overseas transactions, including merchandise sales in China and elsewhere through its consolidated subsidiary. As such, the Group is exposed to country risk, which arises from government's regulatory control and law amendments, political and economic instability, underdeveloped credit markets, restrictions on capital movement, and other elements in foreign countries. Though the Group endeavors to control country risk by taking risk avoidance measures in individual projects, eliminating country risk completely is not possible. If this risk materializes, the Group's financial results may be affected.

10) Natural disaster risk

The ASKUL Group, especially its previous head office and Sendai distribution center, suffered enormous damage from the Great East Japan Earthquake that occurred on March 11, 2011. Prior to the earthquake, the Group had developed a business continuity plan, assuming fire and an outbreak of a new strain of influenza, avian flu, and other infectious diseases; and its order centers, contact centers, and distribution centers had been built in multiple locations in an attempt to disperse risk. Following the earthquake, in light of the damage sustained, the Group reviews its business continuity plan on an ongoing basis. However, given that the probability of earthquakes, typhoons, and other natural disasters occurring remains high, there is the risk that the Group's offices and facilities may be damaged by a larger-than-expected earthquake or other natural disaster. In that event, the Group's financial results may be affected.

11) Risk of impairment of investment securities and other assets

ASKUL has invested in companies synergistic with its businesses to ensure sustained growth and development, and in start-ups with superior technologies and outstanding engineers to create next-generation innovations. Prior to investment, a thorough examination is made of a potential investee's financial positions, management status, business plans, and other conditions; and after investment, the Company endeavors to constantly monitor the investee's financial performance. It is, however, conceivable that an investee will suffer deteriorating profitability and other negative consequences owing to its failure to grow the business as planned. If that occurs, an impairment loss may be recognized on the securities whose value has been impaired, and/or the amounts invested, lent, or otherwise contributed to the investee may become unrecoverable. In that event, the Group's financial results may be affected.

Notes regarding forecasts

Descriptions of the full-year results and forward-looking statements set forth in this document contain forecasts based on plans, projections, and management strategy and policies of ASKUL Corporation and the ASKUL Group as of the release date of this document. Although these descriptions and statements were made on the basis of information available to ASKUL Corporation and the ASKUL Group as of the release date, they include risk and uncertainties. Please be aware that actual results and other future events may differ materially from the forecasts set forth herein due to a variety of factors, such as economic conditions and market trends surrounding ASKUL Corporation's and the ASKUL Group's businesses.

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2. Management Policy

(1) Basic Management Policy and Medium- to Long-Term Management Strategy

The ASKUL Group, true to its corporate philosophy of "evolving for our customers," has pioneered in developing the total office support service that delivers products and services needed in offices in a swift and reliable manner. Since the inception of the business in 1993, the Group has been continually advancing its products, services, and systems, listening to the voices of customers. By catering to the diverse needs of customers, ranging from globally competing corporations to small and medium offices supporting them, the Group has established itself as the overwhelming leader in the field. Recently, demand for e-commerce (business of commerce conducted via the Internet and other electronic means) is rapidly growing even among consumers, as information technology advances, birthrate declines, the proportion of the elderly increases, more women participate in the workforce, and other changes occur in social structures and lifestyles. Seeing this trend as an excellent opportunity for growth, the Group launched the LOHACO service, an Internet mail-order site for general consumers, on November 20, 2012. Under the mission of "realizing innovative living infrastructure that delivers what you want, when you want it, anytime, anywhere, to anybody in the most eco-friendly manner," the Group aspires to transform itself from the leader in the office product mail-order business into the leading company in second-generation e-commerce.

In the B-to-B business, the Group focuses on three objectives to create a stronger foundation for and generate greater revenue from the business: increasing the number of customers in the strategic segments that primarily consist of factories, construction sites, laboratories, and health and nursing care facilities; broadening the range of new high-functionality products that are needed at those workplaces; and upgrading the Group's Internet shopping site to make it even more user-friendly than ever. The Group aims to achieve higher net sales by providing all kinds of products to any and every workplace in Japan at affordable prices, delivering them the next day, and thus invigorating those workplaces.

In the LOHACO B-to-C business, the Group works to support the everyday lives of working women, help advance diversity, and assist those women in coping with the aging of their parents' generation. To acquire one million loyal customers—that is, repeat customers satisfying certain criteria—as envisaged in the medium-term management strategy, the Group seeks to enhance the ability to attract visitors by combining its expertise and human resources with those of Yahoo Japan Corporation, the business and capital alliance partner. In addition to aiming for a highly value-added e-commerce business tailored to society's needs by leveraging marketing methods in collaboration with manufacturers, the Group dedicates itself to offering a broader range of products and providing higher-quality services, especially in delivery, than other B-to-C companies. Through these endeavors, the Group will build the e-commerce business that is superior to the competition in every way.

At the same time, the Group undertakes to lower procurement costs by taking advantage of economies of scale from increased net sales in the B-to-B and LOHACO businesses, and to develop new high-value products and services jointly with the suppliers, with a view to significantly raising profitability.

With the aim of boosting its advantages, the Group has newly built ASKUL Logi PARK Tokyo Metropolitan and expanded Osaka DMC—the core distribution centers in eastern and western Japan. Moreover, the projects are under way to relocate and expand the distribution centers in Fukuoka and Yokohama with an eye toward more efficient logistics and delivery operations. These facilities are scheduled to be reborn as ASKUL Logi PARK Fukuoka in January 2016 and as ASKUL Logi PARK Yokohama in May 2016, respectively.

The Group continues working to reduce costs through greater efficiency in logistics operations while providing even better customer services. Toward that end, higher logistics productivity is pursued by optimizing inventory placement, leveling off the packing and restocking workload, and introducing state-of-the-art equipment that reduces man-hours.

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(2) Target Performance Indicators

Prioritizing the inherent profitability of a business, the ASKUL Group aims to raise the operating income to net sales ratio by improving gross profit margins through higher market shares and a broader lineup of original products and high-value items, as well as by lowering operating costs through ongoing cost restructuring initiatives. Furthermore, from the perspective of shareholder-oriented management, the Group makes all-out efforts to boost its ROE over the medium to long term to increase the corporate value.

For the period under review, the Group achieved solid net sales growth and improved both the gross profit margin and logistics productivity. These led to an increase in the operating income to net sales ratio to 2.5%, from 1.7% for the preceding fiscal year. The Group's ROE also rose to 6.8%, from 3.8% for the preceding fiscal year.

For the fiscal year ending May 2016, the Group is seeking to achieve an operating income to net sales ratio of 2.6% and an ROE of 8%. To accomplish these goals, the utmost effort will be made to continue raising the gross profit margin and logistics productivity as well as lowering the fixed-cost ratio through cost-cutting initiatives and net sales growth. Over the medium to long term, the Group aspires to achieve even higher goals.

(3) Challenges Ahead

The ASKUL Group has earned the trust of customers by consistently delivering products by next day, fulfilling the pledge to customers. The Group is keenly aware that it has a responsibility to serve as a social infrastructure by delivering the products customers need, always on the promised date. To function and fulfill its responsibility as such a social infrastructure, the Group believes that its organization, mechanisms, and infrastructure must be built in a way that allows the Group to continue its operations and satisfy customer demand not only in normal times but also in times of emergencies. It thus enhances the entire supply chain that constitutes a foundation for customer services, through such measures as procuring products in a more continuous and consistent manner, decentralizing the logistics network, installing seismic reinforcement in distribution bases, and dispersing offices and facilities that include order and contact centers.

The ASKUL Group has pursued the four goals listed below to establish itself as the overwhelming leader in the field of total office support service. Each and every one of these goals is likely to contribute to expanding LOHACO, along with the existing B-to-B business, and to offering better customer services. These four goals will therefore continue to be pursued.

- Broadening customer base (actively broadening the clientele through four channels targeting very large corporations, medium to large enterprises, small and medium offices, and individuals, respectively, while aiming to acquire more than one million loyal customers in the individuals segment)
- Extending product range (besides B-to-B items that the Group has long been offering, strategically expanding the range of medical supplies, such as health and nursing care products, and of MRO supplies used in factories, construction sites, laboratories, and other places of business so as to quickly become the leading player in these categories as well; and accelerating the growth of LOHACO by increasing the range of living supplies, over-the-counter drugs, alcoholic beverages, cosmetics, and other B-to-C items)
- Enhancing business platform (building a market platform on which customers, suppliers, and ASKUL will be able to share the benefits by achieving even greater logistics efficiency through the construction of distribution centers with state-of-the-art equipment, by offering high-quality delivery services drawing on the logistics know-how of Bizex Corporation of the Group, by differentiating ASKUL from other B-to-C companies through the realization of innovative delivery services, and by capitalizing on big data)
- Expanding into the Asian market (laying the foundation for global business over the medium term, targeting the Asian market)

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(4) Green Activities

Staying true to the corporate philosophy of "evolving for our customers," ASKUL strives to streamline conventional distribution structures to increase efficiency throughout society. The Company was founded based on the concept of a "business model optimized for society," which is aimed at achieving both greater business efficiency and lower environmental impacts. In March 2004, all of the Company's major offices received ISO 14001 certification, an international standard for environmental management systems (hereinafter "EMS"). EMS has since been implemented throughout the Company as the basis of its environmental management.

During the period under review, the Company continued to work on improvement initiatives designed to achieve its long-term environmental goals by fiscal 2020 that were set in terms of CO_2 emissions and resource consumption.

An example of the efforts made at ASKUL's distribution centers and offices is the installation of around 3,700 solar panels on the southern side of the roof of ASKUL Logi PARK Tokyo Metropolitan. On March 27, 2014, the Company started selling the electricity generated by those panels, which produced about 730,000 kWh of electricity in the one-year period from May 1, 2014 to April 30, 2015.

Other distribution centers have been progressively installing LED indoor lighting to reduce power consumption. During the period under review, Sendai DMC completed the switch to LED lighting.

Recognizing its responsibility as a company using forest resources, ASKUL has run a project named "1 box for 2 trees"(Note 1) since August 2010 to ensure the sustainability of a raw material for its copier paper made in Indonesia. The project confirmed that, by May 2015, at least 54 million trees had been properly planted in a manner that enables them to serve as a raw material for the production of copier paper in the future. In April 2015, those trees started to be cut down for use as a raw material for copier paper, whereupon the trees confirmed to have been planted under the 1 box for 2 trees project began being used as a raw material by the manufacturers to which the Company outsources the production of its paper products.

The Company has also engaged in an initiative entitled "20 ha project" in Indonesia. The goal of this project is to contribute to the development of local communities and conserve biodiversity by helping reforestation in one of the nation's biosphere reserves. By September 2012, the project had planted about 8,000 trees indigenous to Indonesia. These trees spreading over 20 ha of land have since been maintained and cared for together with the local people.

The progress of the 1 box for 2 trees and 20 ha projects, along with the Company's initiatives on copier paper, is disclosed on the dedicated website: http://1for2.askul.co.jp (in Japanese only).

Since September 2013, ASKUL has been participating in the REDD+(Note 2) demonstration activity in the Socialist Republic of Vietnam with two other private-sector companies. Conducted in Dien Bien Province of northwestern Vietnam, the project is designed to support comprehensive efforts involving local communities and demonstrate their effectiveness as climate change mitigation measures over the period to March 2016.

In an attempt to promote environmental management, ASKUL joins and interacts with a variety of external organizations and projects, one of which is the Japan Climate Leaders' Partnership (Japan-CLP).(Note 3) As a member of this network that aspires to build a sustainable low-carbon society, the Company has been working on measures to combat climate change, creating opportunities for discussions among the member companies, policy makers, the business community, citizens, and other interested parties.

ASKUL believes that its social responsibility lies in delivering, in the most efficient way possible, the products its customers can use with peace of mind. With this awareness in mind, the Company will continue to build and advance a distribution platform that is more environmentally friendly, constantly listening to the voices of customers and other stakeholders.

Notes:

1. The 1 box for 2 trees project refers to an initiative in which, at every purchase of one box of ASKUL original copier paper made in Indonesia, a portion of the price paid by the customer is spent to plant at least two trees for the purpose of securing a raw material, and confirmation is made that trees will be able to serve as a sustainable raw material.
2. REDD+ (REDD-plus) is an international undertaking to build a society that thrives in harmony with forests. REDD+ is working to curb CO_2 emissions and increase carbon absorption and fixation by preventing deforestation and conserving forests in developing countries.
3. Japan-CLP is a network of enterprises that view a pioneering effort to shift to a sustainable low-carbon society as an opportunity to expand the business and take the company to the next level.

(5) Corporate Social Responsibility Activities

During the period under review, ASKUL continued to assist, together with its customers, the networks of support developed in the wake of the Great East Japan Earthquake. To sustain these networks and prevent them from being forgotten, the Company carried on its support initiatives through merchandise sales. The ASKUL Kodomo Art Project is one of such initiatives, launched in the fiscal year ended May 2011 to support children in the affected areas. The other is the Products with Donations scheme, under which a part of the sales of certain products originally designed by the Company are used to help reconstruct the disaster-stricken areas.

The ASKUL Kodomo Art Project has the following framework: first, using as motifs the paintings drawn by children in the affected areas, the Company develops original products, including paper cups, notepads, and cube box tissues; then, 3% of the sales of these products are used, as an art usage fee and through a nongovernmental organization (NGO), to hold art workshops for children.

Besides these support initiatives through merchandise sales, ASKUL is involved in diverse community activities. For example, the Company supports and participates in the annual Tour de Tohoku cycling event that is held to help reconstruction from the Great East Japan Earthquake. Also, the employees continue to volunteer in the affected areas, assisting art workshops and other activities.

The Company endeavors to provide the employees with opportunities to participate in outreach activities as well. Such activities include making notebooks by hand out of usable returned products and donating them to children in developing countries via an international NGO; participating in inspections and packing of donated stationery at an international NGO; and soliciting donations that can be made through the purchase of boxed meals.

The Company will continue to engage in a variety of community and outreach activities, always keeping in mind how it can contribute to society through business.

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3. Basic Thinking on Selection of Accounting Standards

The ASKUL Group is in the process of closely monitoring how the adoption of International Financial Reporting Standards (IFRS) expands in Japan, including the timing when companies start applying IFRS. The Group has not yet decided whether to adopt the standards in the future.

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4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	Fiscal Year Ended May 2014 (As of May 20, 2014)	Fiscal Year Ended May 2015 (As of May 20, 2015)
Assets		
Current assets		
Cash and deposits	35,316	37,246
Notes and accounts receivable—trade	29,049	34,906
Securities	—	500
Merchandise and finished goods	9,663	10,432
Raw materials and supplies	87	115
Costs on uncompleted construction contracts	94	145
Deferred tax assets	724	1,049
Other	5,267	5,491
Allowance for doubtful accounts	(31)	(195)
Total current assets	80,172	89,690
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	13,284	13,685
Accumulated depreciation	(1,704)	(2,539)
Buildings and structures, net	11,579	11,146
Machinery, equipment and vehicles	3,323	3,389
Accumulated depreciation	(1,467)	(1,702)
Machinery, equipment and vehicles, net	1,855	1,687
Land	7,232	7,245
Lease assets	5,608	5,926
Accumulated depreciation	(947)	(1,466)
Lease assets, net	4,660	4,459
Other	2,887	3,031
Accumulated depreciation	(2,037)	(2,225)
Other, net	849	806
Construction in progress	61	2,212
Total property, plant and equipment	26,240	27,557
Intangible assets		
Software	4,401	3,555
Software in progress	159	491
Goodwill	2,927	2,470
Other	13	8
Total intangible assets	7,501	6,526
Investments and other assets		
Investment securities	433	3,573
Long-term prepaid expenses	207	205
Guarantee deposits	3,324	3,363
Deferred tax assets	2,092	1,746
Other	47	122
Allowance for doubtful accounts	(43)	(118)
Total investments and other assets	6,061	8,893
Total noncurrent assets	39,803	42,976
Total assets	119,976	132,667

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(Unit: million yen)

	Fiscal Year Ended May 2014 (As of May 20, 2014)	Fiscal Year Ended May 2015 (As of May 20, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	31,469	36,872
Electronically recorded obligations—operating	378	14,329
Short-term loans payable	550	570
Current portion of long-term loans payable	1,112	730
Accounts payable—other	3,465	4,498
Factoring payable	14,573	—
Income taxes payable	282	2,604
Accrued consumption taxes	157	1,423
Provision for bonuses	60	77
Provision for sales promotion expenses	419	424
Provision for sales returns	28	24
Asset retirement obligations	—	56
Other	927	1,197
Total current liabilities	53,424	62,809
Noncurrent liabilities		
Long-term loans payable	758	962
Net defined benefit liability	1,822	2,084
Lease obligations	4,475	4,260
Provision for bonuses	100	82
Provision for directors' bonuses	60	51
Asset retirement obligations	981	1,042
Other	280	428
Total noncurrent liabilities	8,477	8,912
Total liabilities	61,902	71,721
Net assets		
Shareholders' equity		
Capital stock	20,801	21,121
Capital surplus	23,313	23,633
Retained earnings	13,438	15,822
Treasury stock	(49)	(49)
Total shareholders' equity	57,502	60,528
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	148	250
Deferred gains or losses on hedges	—	(3)
Foreign currency translation adjustment	26	36
Remeasurements of defined benefit plans	(51)	(63)
Total accumulated other comprehensive income	123	220
Subscription rights to shares	342	104
Minority interests	104	92
Total net assets	58,073	60,945
Total liabilities and net assets	119,976	132,667

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(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Unit: million yen)

	Fiscal Year Ended May 2014 (May 21, 2013 through May 20, 2014)	Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)
Net sales	253,408	276,759
Cost of sales	197,704	215,948
Gross profit	55,703	60,810
Reversal of provision for sales returns	26	28
Provision for sales returns	28	24
Gross profit—net	55,701	60,814
Selling, general and administrative expenses	*1 51,425	*1 53,965
Operating income	4,276	6,849
Non-operating income		
Interest income	63	61
Electricity sales income	3	29
Gain on disposal of inventories	8	7
Foreign exchange gains	37	25
Subsidy income	32	49
Grant income	106	13
Other	44	67
Total non-operating income	296	254
Non-operating expenses		
Interest expenses	89	89
Loss on transfer of receivables	15	14
Electricity sales expenses	2	15
Other	15	24
Total non-operating expenses	123	144
Ordinary income	4,449	6,959
Extraordinary income		
Gain on sales of noncurrent assets	—	3
Gain on reversal of subscription rights to shares	9	90
Other	—	5
Total extraordinary income	9	99
Extraordinary loss		
Impairment loss	*3 221	*3 9
Loss on retirement of noncurrent assets	*2 40	*2 106
Loss on liquidation of subsidiaries and affiliates	187	—
Cancellation penalty	—	39
Other	2	5
Total extraordinary loss	451	161
Income before income taxes	4,008	6,897
Income taxes—current	668	2,886
Income taxes—deferred	1,154	(9)
Total income taxes	1,822	2,877
Income before minority interests	2,185	4,019
Minority interests in income (loss)	20	(12)
Net income	2,165	4,032

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(Consolidated Statements of Comprehensive Income)

(Unit: million yen)

	Fiscal Year Ended May 2014 (May 21, 2013 through May 20, 2014)	Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)
Income before minority interests	2,185	4,019
Other comprehensive income		
Valuation difference on available-for-sale securities	(970)	101
Deferred gains or losses on hedges	—	(3)
Foreign currency translation adjustment	226	12
Remeasurements of defined benefit plans, net of tax	—	(11)
Total other comprehensive income	* (743)	* 97
Comprehensive income	1,442	4,117
Comprehensive income attributable to:		
Owners of the parent	1,419	4,129
Minority interests	22	(11)

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(3) Consolidated Statements of Changes in Net Assets

Fiscal Year Ended May 2014 (May 21, 2013 through May 20, 2014)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	20,035	22,517	12,900	(241)	55,211
Changes of items during period					
Issuance of new shares	765	765			1,530
Dividends from surplus			(1,626)		(1,626)
Net income			2,165		2,165
Disposal of treasury stock		30		191	221
Net changes of items other than shareholders' equity					
Total changes of items during period	765	795	538	191	2,290
Balance at end of period	20,801	23,313	13,438	(49)	57,502

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,119	—	(198)	—	920	709	93	56,935
Changes of items during period								
Issuance of new shares								1,530
Dividends from surplus								(1,626)
Net income								2,165
Disposal of treasury stock								221
Net changes of items other than shareholders' equity	(970)	—	224	(51)	(796)	(367)	10	(1,153)
Total changes of items during period	(970)	—	224	(51)	(796)	(367)	10	1,137
Balance at end of period	148	—	26	(51)	123	342	104	58,073

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Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	20,801	23,313	13,438	(49)	57,502
Changes of items during period					
Issuance of new shares	320	320			641
Dividends from surplus			(1,648)		(1,648)
Net income			4,032		4,032
Disposal of treasury stock					—
Net changes of items other than shareholders' equity					
Total changes of items during period	320	320	2,384	—	3,025
Balance at end of period	21,121	23,633	15,822	(49)	60,528

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	148	—	26	(51)	123	342	104	58,073
Changes of items during period								
Issuance of new shares								641
Dividends from surplus								(1,648)
Net income								4,032
Disposal of treasury stock								—
Net changes of items other than shareholders' equity	101	(3)	10	(11)	96	(237)	(11)	(152)
Total changes of items during period	101	(3)	10	(11)	96	(237)	(11)	2,872
Balance at end of period	250	(3)	36	(63)	220	104	92	60,945

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(4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Fiscal Year Ended May 2014 (May 21, 2013 through May 20, 2014)	Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)
Cash flows from operating activities		
Income before income taxes	4,008	6,897
Depreciation and amortization	1,739	1,916
Depreciation of software	2,229	1,997
Amortization of long-term prepaid expenses	262	188
Amortization of goodwill	612	644
Share-based compensation expenses	1	—
Gain on reversal of subscription rights to shares	(9)	(90)
Increase (decrease) in allowance for doubtful accounts	(74)	192
Increase (decrease) in provision for sales promotion expenses	(76)	5
Increase (decrease) in provision for sales returns	2	(4)
Increase (decrease) in provision for bonuses	89	(0)
Increase (decrease) in provision for directors' bonuses	48	(8)
Increase (decrease) in provision for retirement benefits	(1,549)	—
Increase (decrease) in net defined benefit liability	1,742	246
Increase (decrease) in provision for loss on disaster	(36)	—
Increase (decrease) in provision for loss on liquidation of subsidiaries and affiliates	(95)	—
Increase (decrease) in provision for loss on store closing	—	(32)
Interest income	(63)	(61)
Impairment loss	221	9
Loss on retirement of noncurrent assets	37	68
Loss (gain) on sales of noncurrent assets	—	(3)
Interest expenses	89	89
Decrease (increase) in notes and accounts receivable—trade	(1,915)	(5,899)
Decrease (increase) in inventories	(1,235)	(835)
Decrease (increase) in accounts receivable—other	(359)	(520)
Increase (decrease) in notes and accounts payable—trade	3,237	19,310
Increase (decrease) in accounts payable—other	51	930
Increase (decrease) in factoring payable	2,165	(14,573)
Increase (decrease) in accrued consumption taxes	(759)	2,000
Other, net	1,241	837
Subtotal	11,607	13,306
Interest and dividends income received	63	61
Interest expenses paid	(90)	(89)
Income taxes refund and interest on refund	484	—
Income taxes paid	(529)	(1,050)
Cash flows from operating activities	11,534	12,227

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(Unit: million yen)

	Fiscal Year Ended May 2014 (May 21, 2013 through May 20, 2014)	Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,477)	(2,806)
Purchase of software	(1,810)	(1,422)
Purchase of long-term prepaid expenses	(44)	(86)
Payments for guarantee deposits	(221)	(55)
Proceeds from collection of guarantee deposits	161	35
Payments of short-term loans receivable	—	(500)
Purchase of securities	—	(500)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	35
Purchase of investment securities	(0)	(3,001)
Purchase of investments in subsidiaries	(22)	—
Payments for asset retirement obligations	(379)	—
Other, net	7	7
Cash flows from investing activities	(20,785)	(8,293)
Cash flows from financing activities		
Increase in short-term loans payable	300	20
Proceeds from long-term loans payable	300	1,050
Repayment of long-term loans payable	(1,419)	(1,422)
Repayments of lease obligations	(400)	(494)
Proceeds from issuance of common stock	1,199	492
Proceeds from issuance of subscription rights to shares	17	1
Proceeds from disposal of treasury stock	175	—
Cash dividends paid	(1,626)	(1,648)
Cash flows from financing activities	(1,453)	(2,001)
Effect of exchange rate change on cash and cash equivalents	(49)	(2)
Net increase (decrease) in cash and cash equivalents	(10,753)	1,929
Cash and cash equivalents at beginning of period	46,070	35,316
Cash and cash equivalents at end of period	*1 35,316	*1 37,246

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(5) Notes to Consolidated Financial Statements

(Notes regarding the Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

(Application of accounting standard and guidance for retirement benefits)

In the period under review, ASKUL adopted the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26: May 17, 2012; hereinafter "the Standard") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25: March 26, 2015; hereinafter "the Guidance") with regard to the provisions in the main clause of paragraph 35 of the Standard and the main clause of paragraph 67 of the Guidance. Accordingly, the Company reviewed its method of determining retirement benefit obligations and service costs, with the result of changing the method of attributing expected retirement benefits to periods from the straight-line basis to the benefit formula basis, and changing the method of determining the discount rate from one based on the average remaining service period to one using a single weighted-average discount rate based on the duration approach.

These changes had no impact on retained earnings at the beginning of the period under review, nor on income and loss.

(Changes to Presentation)

(Consolidated balance sheets)

Costs on uncompleted construction contracts, previously included in merchandise and finished goods of the current assets section, is presented as a separate item from the period under review due to its increased importance in terms of value. To reflect this change to presentation, certain reclassifications were made to the consolidated financial statements for the preceding fiscal year.

As a result, the 9,758 million yen presented in merchandise and finished goods of the current assets section on the consolidated balance sheet for the preceding fiscal year was reclassified into 9,663 million yen in merchandise and finished goods and 94 million yen in costs on uncompleted construction contracts.

"Electronically recorded obligations—operating," previously included in "notes and accounts payable—trade" of the current liabilities section, is presented as a separate item from the period under review due to its increased importance in terms of value. To reflect this change to presentation, certain reclassifications were made to the consolidated financial statements for the preceding fiscal year.

As a result, the 31,848 million yen presented in "notes and accounts payable—trade" of the current liabilities section on the consolidated balance sheet for the preceding fiscal year was reclassified into 31,469 million yen in "notes and accounts payable—trade" and 378 million yen in "electronically recorded obligations—operating."

(Consolidated statements of income)

Commission fee in the non-operating income section, previously presented as a separate item, is included in other of that section from the period under review due to it having lost importance in terms of value (amounting to 3 million yen for the period under review). On the other hand, electricity sales income, previously included in other of said section, is presented as a separate item from the period under review due to its increased importance in terms of value. To reflect

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these changes to presentation, certain reclassifications were made to the consolidated financial statements for the preceding fiscal year.

As a result, of the amounts reported on the consolidated statement of income for the preceding fiscal year, the 3 million yen presented in commission fee of the non-operating income section was reclassified into other of that section, while the 44 million yen presented in other of said section was reclassified into 3 million yen in electricity sales income and 41 million yen in other.

Commission fee in the non-operating expenses section, previously presented as a separate item, is included in other of that section from the period under review due to it having lost importance in terms of value (amounting to 3 million yen for the period under review). On the other hand, electricity sales expenses, previously included in other of said section, is presented as a separate item from the period under review due to its increased importance in terms of value. To reflect these changes to presentation, certain reclassifications were made to the consolidated financial statements for the preceding fiscal year.

As a result, of the amounts reported on the consolidated statement of income for the preceding fiscal year, the 4 million yen presented in commission fee of the non-operating expenses section was reclassified into other of that section, while the 13 million yen presented in other of said section was reclassified into 2 million yen in electricity sales expenses and 11 million yen in other.

(Changes in Accounting Estimates)

(Change of useful life)

During the period under review, ASKUL finalized the plan to relocate certain distribution centers. Accordingly, the Company has reduced the useful life of the noncurrent assets that will become unusable after the relocation, and applied the change prospectively.

During the period under review, ASKUL also decided to redesign the product database. Accordingly, the Company has reduced the useful life of the noncurrent assets that will be used for a shorter period of time than initially anticipated, and applied the change prospectively.

These changes resulted in an 80 million yen decrease in operating income, ordinary income, and income before income taxes, respectively, for the period under review in comparison with the previous method.

(Change to the method of determining provision for bonuses)

ASKUL has a share-price-linked bonus program for employees. On account of bonuses payable being calculated based on share price, the sum expensed tended to vary significantly depending upon the share price on the reporting date. To address that, the Company changed the calculation method to a more elaborate one.

This change resulted in a 103 million yen increase in operating income, ordinary income, and income before income taxes, respectively, for the period under review in comparison with the previous method.

(Change to the method of determining provision for directors' bonuses)

ASKUL has a share-price-linked bonus program for directors. On account of directors' bonuses payable being calculated based on share price, the sum expensed tended to vary significantly depending upon the share price on the reporting date. To address that, the Company changed the calculation method to a more elaborate one.

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This change resulted in a 64 million yen increase in operating income, ordinary income, and income before income taxes, respectively, for the period under review in comparison with the previous method.

(Notes to Consolidated Statements of Income)

*1. Of selling, general and administrative expenses, principal items and their amounts were as shown below.

(Unit: million yen)

	Fiscal Year Ended May 2014 (May 21, 2013 through May 20, 2014)	Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)
Shipment expenses	10,481	11,899
Provision for sales promotion expenses	419	424
Salaries and allowances	10,607	10,993
Business consignment expenses	5,805	6,253
Subcontract expenses	3,333	2,900
Retirement benefit expenses	278	311
Provision of allowance for doubtful accounts	(30)	216
Rents	5,034	5,087

*2. The breakdown of loss on retirement of noncurrent assets was as shown below.

(Unit: million yen)

	Fiscal Year Ended May 2014 (May 21, 2013 through May 20, 2014)	Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)
Buildings and structures	2	13
Machinery, equipment and vehicles	1	1
Other of property, plant and equipment	15	11
Software	18	39
Dismantling and removal costs	3	40
Total	40	106

*3. Impairment loss

The ASKUL Group recognized impairment losses on the asset groups indicated below.

Fiscal year ended May 2014 (May 21, 2013 through May 20, 2014)

Location	Purpose of use	Category	Amount (million yen)
Shinagawa-ku, Tokyo	Eastern Japan Medical Center	Buildings and structures	28
		Machinery, equipment and vehicles	1
		Lease assets	76
		Other of property, plant and equipment	8
		Software	23
Koto-ku, Tokyo	SOLOEL Enterprise	Buildings and structures	14
		Other of property, plant and equipment	3
		Software	41
		Software in progress	11
Koto-ku, Tokyo	Telephone subscription rights	Other of intangible assets	11

The ASKUL Group categorizes its assets in the following manner: for the businesses in which merchandise is delivered from the Group's distribution centers, the assets are grouped by distribution center; for the businesses in which merchandise is not delivered from the Group's distribution centers, the assets are grouped by business; and head office facilities and other assets are classified as

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shared assets.

ASKUL judged it difficult to recover investments in the Eastern Japan Medical Center within the remaining amortization period due to changes in the method of use. Accordingly, the book value was reduced to the recoverable amount, and the amount of that reduction was recorded as an impairment loss (138 million yen) in the extraordinary loss section.

The Group also considered it difficult to recover investments in SOLOEL Enterprise within the remaining amortization period. Accordingly, the book value was reduced to the recoverable amount, and the amount of that reduction was recorded as an impairment loss (71 million yen) in the extraordinary loss section.

The telephone subscription rights were disused with no likelihood of being used in the future. Accordingly, the book value was reduced to the recoverable amount, and the amount of that reduction was recorded as an impairment loss (11 million yen) in the extraordinary loss section.

The recoverable amount, based on value in use calculations, was valued zero in each of the cases above.

Fiscal year ended May 2015 (May 21, 2014 through May 20, 2015)

Location	Purpose of use	Category	Amount (million yen)
Koto-ku, Tokyo	SOLOEL Enterprise	Other of property, plant and equipment	1
		Software	7
		Long-term prepaid expenses	1

The ASKUL Group categorizes its assets in the following manner: for the businesses in which merchandise is delivered from the Group's distribution centers, the assets are grouped by distribution center; for the businesses in which merchandise is not delivered from the Group's distribution centers, the assets are grouped by business; and head office facilities and other assets are classified as shared assets.

The Group judged it difficult to recover investments in SOLOEL Enterprise within the remaining amortization period. Accordingly, the book value was reduced to the recoverable amount, and the amount of that reduction was recorded as an impairment loss (9 million yen) in the extraordinary loss section.

The recoverable amount, based on value in use calculations, was valued zero in each of the assets above.

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(Notes to Consolidated Statements of Comprehensive Income)

* Reclassification adjustments and tax effects relating to other comprehensive income

(Unit: million yen)

	Fiscal Year Ended May 2014 (May 21, 2013 through May 20, 2014)	Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)
Valuation difference on available-for-sale securities		
Amount arising during period	(1,507)	138
Reclassification adjustment	—	—
Before tax effect	(1,507)	138
Tax effect	537	(36)
Valuation difference on available-for-sale securities	(970)	101
Deferred gains or losses on hedges		
Amount arising during period	—	(5)
Reclassification adjustment	—	—
Before tax effect	—	(5)
Tax effect	—	1
Deferred gains or losses on hedges	—	(3)
Foreign currency translation adjustment		
Amount arising during period	13	12
Reclassification adjustment	213	—
Before tax effect	226	12
Tax effect	—	—
Foreign currency translation adjustment	226	12
Remeasurements of defined benefit plans, net of tax		
Amount arising during period	—	(35)
Reclassification adjustment	—	21
Before tax effect	—	(13)
Tax effect	—	1
Remeasurements of defined benefit plans, net of tax	—	(11)
Total other comprehensive income	(743)	97

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(Notes to Consolidated Statements of Changes in Net Assets)

Fiscal year ended May 2014 (May 21, 2013 through May 20, 2014)

1. Matters concerning the class and number of issued and outstanding shares and of treasury stock

(Unit: share)

	Number of shares at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Number of shares at the end of the fiscal year
Issued and outstanding shares				
Common stock(Note 1)	54,218,000	711,700	—	54,929,700
Total	54,218,000	711,700	—	54,929,700
Treasury stock				
Common stock(Note 2)	142,659	—	113,200	29,459
Total	142,659	—	113,200	29,459

Notes:
1. The 711,700 share increase in issued and outstanding shares of common stock was due to the exercise of subscription rights to shares.
2. The 113,200 share decrease in treasury common stock was due to the disposal of those shares.

2. Matters concerning subscription rights to shares and treasury subscription rights to shares

Category	Details of subscription rights to shares	Class of shares underlying subscription rights to shares	Number of shares underlying subscription rights to shares (shares)				Balance at the end of the fiscal year (million yen)
			Beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	End of the fiscal year	
Reporting company (parent)	Subscription rights to shares as stock options	—	—	—	—	—	342
Total		—	—	—	—	—	342

3. Matters concerning dividends from surplus

(1) Dividends paid

Approved by	Class of shares	Total dividend paid (million yen)	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting of August 6, 2013	Common stock	811	15	May 20, 2013	August 7, 2013
Board of directors' meeting of December 13, 2013	Common stock	815	15	November 20, 2013	January 24, 2014

(2) Dividend whose record date belonging to the fiscal year and effective date belonging to the following fiscal year

Approved by	Class of shares	Total dividend paid (million yen)	Dividend resource	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting of August 6, 2014	Common stock	823	Retained earnings	15	May 20, 2014	August 7, 2014

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Fiscal year ended May 2015 (May 21, 2014 through May 20, 2015)

1. Matters concerning the class and number of issued and outstanding shares and of treasury stock

(Unit: share)

	Number of shares at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Number of shares at the end of the fiscal year
Issued and outstanding shares				
Common stock(Note)	54,929,700	270,200	—	55,199,900
Total	54,929,700	270,200	—	55,199,900
Treasury stock				
Common stock	29,459	—	—	29,459
Total	29,459	—	—	29,459

Note: The 270,200 share increase in issued and outstanding shares of common stock was due to the exercise of subscription rights to shares.

2. Matters concerning subscription rights to shares and treasury subscription rights to shares

Category	Details of subscription rights to shares	Class of shares underlying subscription rights to shares	Number of shares underlying subscription rights to shares (shares)				Balance at the end of the fiscal year (million yen)
			Beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	End of the fiscal year	
Reporting company (parent)	Subscription rights to shares as stock options	—	—	—	—	—	103
Consolidated subsidiaries	Subscription rights to shares as stock options	—	—	—	—	—	0
Total		—	—	—	—	—	104

3. Matters concerning dividends from surplus

(1) Dividends paid

Approved by	Class of shares	Total dividend paid (million yen)	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting of August 6, 2014	Common stock	823	15	May 20, 2014	August 7, 2014
Board of directors' meeting of December 17, 2014	Common stock	825	15	November 20, 2014	January 23, 2015

(2) Dividend whose record date belonging to the fiscal year and effective date belonging to the following fiscal year

The Company plans to seek shareholders' approval of the proposal outlined below.

To be approved by	Class of shares	Total dividend to be paid (million yen)	Dividend resource	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting of August 5, 2015	Common stock	827	Retained earnings	15	May 20, 2015	August 6, 2015

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(Notes to Consolidated Statements of Cash Flows)

*1. Relationship between cash and cash equivalents at end of period and the amounts of items stated in the consolidated balance sheet

(Unit: million yen)

	Fiscal Year Ended May 2014 (May 21, 2013 through May 20, 2014)	Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)
Cash and deposits	35,316	37,246
Cash and cash equivalents	35,316	37,246

2 Details of material noncash transactions

(1) Transactions related to asset retirement obligations

(Unit: million yen)

	Fiscal Year Ended May 2014 (May 21, 2013 through May 20, 2014)	Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)
Asset retirement obligations	3	108

(2) Assets and liabilities related to finance lease transactions

(Unit: million yen)

	Fiscal Year Ended May 2014 (May 21, 2013 through May 20, 2014)	Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)
Assets and liabilities related to finance lease transactions	4,418	322

(Asset Retirement Obligations)

Asset retirement obligations recorded on the consolidated balance sheets

1. Outline of the asset retirement obligations

These asset retirement obligations are primarily associated with contractual commitments to return the Company's head office, distribution centers, and other leased properties to original condition upon lease termination.

2. Method of calculating the asset retirement obligations

The asset retirement obligations were calculated using the discount rates of 0.04% to 1.81% over the period of use estimated to be 3 to 20 years from lease commencement.

3. Changes in the total amount of the asset retirement obligations

(Unit: million yen)

	Fiscal Year Ended May 2014 (May 21, 2013 through May 20, 2014)	Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)
Balance at beginning of period	1,355	981
Increase resulting from purchase of property, plant and equipment	3	108
Adjustment for passage of time	8	9
Decrease due to payments for asset retirement obligations	(386)	—
Balance at end of period	981	1,098

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(Segment Information)

[Segment information]

1. Overview of reportable segments

ASKUL's reportable segments are defined as components of the Company about which separate financial information is available that is evaluated regularly by the board of directors in deciding how to allocate management resources and in assessing performance.

The Company has two reportable segments: office product sales business and delivery business. Based on these segments, comprehensive strategies for domestic and overseas markets are drawn up and business operations are carried out.

The office product sales business derives revenue from the sale of OA/PC supplies, office supplies, office amenities, office furniture, food, alcoholic beverages, medical supplies, cosmetics, and other products. The delivery business is engaged in providing small cargo delivery services for enterprises.

2. Basis of measurement of net sales, income or loss, assets, liabilities, and other items by reportable segment

Methods of accounting for reportable segments are as described in "Significant Accounting Policies Underlying Preparation of Consolidated Financial Statements."

3. Net sales, income or loss, assets, liabilities, and other items by reportable segment

Fiscal years ended May 2014 (May 21, 2013 through May 20, 2014) and 2015 (May 21, 2014 through May 20, 2015)

The net sales, operating income, and assets of the office product sales business accounted for more than 90% of the total net sales, operating income, and assets of all segments, respectively. Accordingly, information on segments other than the office product sales business is deemed immaterial and segment-based information is not presented.

[Related information]

Fiscal year ended May 2014 (May 21, 2013 through May 20, 2014)

1. Information by product or service

The net sales of a single product and service category to external customers accounted for more than 90% of the net sales reported on the consolidated statement of income. Accordingly, this information is not presented.

2. Information by geographical area

i. Net sales

Net sales to external customers located in Japan accounted for more than 90% of the net sales reported on the consolidated statement of income. Accordingly, this information is not presented.

ii. Property, plant and equipment

Property, plant and equipment located in Japan accounted for more than 90% of the property, plant and equipment reported on the consolidated balance sheet. Accordingly, this information is not presented.

3. Information by primary customer

No external customer accounted for 10% or more of the net sales reported on the consolidated statement of income. Accordingly, this information is not presented.

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Fiscal year ended May 2015 (May 21, 2014 through May 20, 2015)

1. Information by product or service

The net sales of a single product and service category to external customers accounted for more than 90% of the net sales reported on the consolidated statement of income. Accordingly, this information is not presented.

2. Information by geographical area

i. Net sales

Net sales to external customers located in Japan accounted for more than 90% of the net sales reported on the consolidated statement of income. Accordingly, this information is not presented.

ii. Property, plant and equipment

Property, plant and equipment located in Japan accounted for more than 90% of the property, plant and equipment reported on the consolidated balance sheet. Accordingly, this information is not presented.

3. Information by primary customer

No external customer accounted for 10% or more of the net sales reported on the consolidated statement of income. Accordingly, this information is not presented.

[Impairment loss on noncurrent assets by reportable segment]

Fiscal year ended May 2014 (May 21, 2013 through May 20, 2014)

(Unit: million yen)

	Office product sales business	Delivery business	Total
Impairment loss	221	—	221

Fiscal year ended May 2015 (May 21, 2014 through May 20, 2015)

(Unit: million yen)

	Office product sales business	Delivery business	Total
Impairment loss	9	—	9

[Amortized amount and unamortized balance of goodwill by reportable segment]

Fiscal year ended May 2014 (May 21, 2013 through May 20, 2014)

(Unit: million yen)

	Office product sales business	Delivery business	Total
Amount amortized during the fiscal year	612	—	612
Unamortized balance at the end of the fiscal year	2,927	—	2,927

Fiscal year ended May 2015 (May 21, 2014 through May 20, 2015)

(Unit: million yen)

	Office product sales business	Delivery business	Total
Amount amortized during the fiscal year	644	—	644
Unamortized balance at the end of the fiscal year	2,470	—	2,470

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[Gain on bargain purchase by reportable segment]

Fiscal year ended May 2014 (May 21, 2013 through May 20, 2014)

Not applicable.

Fiscal year ended May 2015 (May 21, 2014 through May 20, 2015)

Not applicable.

(Per Share Information)

	Fiscal Year Ended May 2014 (May 21, 2013 through May 20, 2014)	Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)
Net assets per share (yen)	1,049.66	1,101.12
Net income per share (yen)	39.75	73.29
Diluted net income per share (yen)	39.54	73.15

Note: Net income per share and diluted net income per share were computed based on the figures below.

	Fiscal Year Ended May 2014 (May 21, 2013 through May 20, 2014)	Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)
Net income per share		
Net income (million yen)	2,165	4,032
Net income not attributable to common shareholders (million yen)	—	—
Net income related to common stock (million yen)	2,165	4,032
Average number of shares (thousand shares)	54,464	55,018
Diluted net income per share		
Adjustments to net income for dilution (million yen)	—	—
Increase in number of shares of common stock (thousand shares)	290	107
(Of which, subscription rights to shares [thousand shares])	(290)	(107)
Outline of potential common shares not included in calculation of diluted net income per share due to absence of dilutive effects	—	—

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(Significant Subsequent Events)

(Acquisition of treasury stock)

ASKUL resolved matters concerning the acquisition of treasury stock at its board of directors' meeting held on May 19, 2015, in accordance with the provisions of Article 156 of the Companies Act that were applied by the reading of terms pursuant to the provisions of paragraph 3, Article 165 of said Act. This acquisition of treasury stock is being implemented as follows:

(1) Details of the resolution of the board of directors' meeting concerning the acquisition of treasury stock

(i) Purpose of acquisition
ASKUL aims to enhance its corporate value as well as its value to shareholders by means of improving capital efficiency, including ROE, and of boosting shareholder returns in such forms as EPS. As part of this effort, the Company decided to acquire treasury stock for the purpose of improving capital efficiency and providing a return for existing shareholders.

(ii) Class of shares to be acquired
Common stock of the Company

(iii) Total number of shares to be acquired
Maximum of 3,400,000 shares

(iv) Aggregate acquisition value
Maximum of 14,000 million yen

(v) Acquisition period
May 21, 2015 to September 30, 2015

(vi) Acquisition method
Purchase in the market through discretionary investment

(2) Other

The number of shares of treasury stock acquired over the period from May 21, 2015 to June 30, 2015 was 1,492,800 shares of common stock of the Company (acquisition value: 5,144 million yen).

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5. Others

(1) Changes in Officers

1) Change in representative director

Not applicable.

2) Changes in other officers

- Candidate for new director
  Director (outside and part-time): Yasuyuki Higuchi
- Director to retire
  Director (outside and part-time): Tadakatsu Saito
- Candidate for new auditor
  Auditor (outside and part-time): Rinji Watanabe
- Auditor to retire
  Auditor (outside and full-time): Hiroki Ogawa

3) Date of taking office (tentative)

August 5, 2015

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

Item	Fiscal Year Ended May 2014 (May 21, 2013 through May 20, 2014)		Fiscal Year Ended May 2015 (May 21, 2014 through May 20, 2015)		
	Amount (million yen)	Ratio to Sales (%)	Amount (million yen)	Ratio to Sales (%)	Year-on-year Change (%)
Personal expenses*1	13,895	5.5	14,883	5.4	107.1
Shipment expenses*2	10,481	4.1	11,899	4.3	113.5
Provision for sales promotion expenses	419	0.2	424	0.2	101.3
Subcontract expenses	3,333	1.3	2,900	1.0	87.0
Business consignment expenses*2	5,805	2.3	6,253	2.3	107.7
Rents	5,034	2.0	5,087	1.8	101.0
Provision of allowance for doubtful accounts	(30)	(0.0)	216	0.1	—
Depreciation*3	1,728	0.7	1,892	0.7	109.5
Amortization of software	2,211	0.9	1,979	0.7	89.5
Other expenses	8,546	3.3	8,427	3.0	98.6
Total	51,425	20.3	53,965	19.5	104.9

Notes:

*1. Personal expenses for the period under review rose from a year earlier. This was mainly due to the impact of a rise in the number of employees in fields including product planning and purchasing as a result of the increasing number of products offered.

*2. Shipment expenses and business consignment expenses for the period under review rose from a year earlier. This was mainly due to the impact of net sales growth.

*3. Depreciation for the period under review rose from a year earlier. This was mainly due to the impact of the operation of ASKUL Logi PARK Tokyo Metropolitan.