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Summary of Consolidated Financial Results for First Nine Months of Fiscal Year Ending May 2016 (Japanese GAAP)

March 16, 2016

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
Quarterly statement filing date (as planned): March 25, 2016
Dividend payable date (as planned): —
Supplemental material of quarterly results: Yes
Convening briefing of quarterly results: No

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

1. Consolidated Financial Results for First Nine Months of Fiscal Year Ending May 2016 (May 21, 2015 through February 20, 2016)

(1) Consolidated Quarterly Operating Results

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

		First Nine Months of Fiscal Year Ending May 2016		First Nine Months of Fiscal Year Ended May 2015	
Net sales	million yen	229,620	(13.7%)	201,898	(10.7%)
Operating income	million yen	6,834	(74.1%)	3,926	(56.8%)
Ordinary income	million yen	6,802	(70.0%)	4,002	(56.6%)
Net income attributable to owners of the parent	million yen	4,400	(91.7%)	2,295	(112.2%)
Net income per share	yen	83.95		41.74	
Diluted net income per share	yen	83.90		41.65	

(Note) Comprehensive income
First nine months of fiscal year ending May 2016: 4,087 million yen (70.9%)
First nine months of fiscal year ended May 2015: 2,391 million yen (285.5%)

(2) Consolidated Financial Positions

		First Nine Months of Fiscal Year Ending May 2016	Fiscal Year Ended May 2015
Total assets	million yen	138,715	132,667
Net assets	million yen	50,453	60,945
Capital adequacy ratio	%	36.2	45.8

(Reference) Owner's equity
First nine months of fiscal year ending May 2016: 50,281 million yen
Fiscal year ended May 2015: 60,749 million yen

2. Dividends

			Fiscal Year Ended May 2015	Fiscal Year Ending May 2016	Fiscal Year Ending May 2016 (forecast)
Dividend per share	First quarter	yen	—	—	
	Second quarter	yen	15.00	15.00	
	Third quarter	yen	—	—	
	Fiscal year end	yen	15.00		15.00
	Total	yen	30.00		30.00

(Note) Correction of dividend forecast from the most recent dividend forecast: No

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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.)

		Fiscal Year Ending May 2016	
Net sales	million yen	312,000	(12.7%)
Operating income	million yen	8,500	(24.1%)
Ordinary income	million yen	8,500	(22.1%)
Net income attributable to owners of the parent	million yen	5,000	(24.0%)
Net income per share	yen	95.38	

(Note) Correction of financial forecast from the most recent financial forecast: Yes

* Others

(1) Material changes in subsidiaries during this accumulated quarter (Changes in scope of consolidations resulting from changes in subsidiaries): Yes
Number of subsidiaries newly consolidated: One company
(Name of subsidiary newly consolidated: ecohai Co., Ltd.)
Number of subsidiaries excluded from consolidation: ---- companies
(Name of subsidiaries excluded from consolidation:)

Note: For further details, see "2. Matters regarding Summary Information (Others)" on page 4 of Attached Materials.

(2) Applying of specific accounting of the consolidated quarterly financial statements: No

(3) 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 "2. Matters regarding Summary Information (Others)" on page 4 of Attached Materials.

(4) Number of issued and outstanding shares (common stock)
1) Number of issued and outstanding shares at the period end (including treasury stock)
First nine months of fiscal year ending May 2016: 55,259,400 shares
Fiscal year ended May 2015: 55,199,900 shares

2) Number of treasury stock at the period end
First nine months of fiscal year ending May 2016: 3,364,759 shares
Fiscal year ended May 2015: 29,459 shares

3) Average number of shares (quarterly period—YTD)
First nine months of fiscal year ending May 2016: 52,424,063 shares
First nine months of fiscal year ended May 2015: 54,984,809 shares

* Expression of implementation status of quarterly review procedures

This Summary of Consolidated Financial Results is not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act. Review procedures for consolidated quarterly 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. Qualitative Information on Financial Results (3) Explanation of Consolidated Forecasts and Other Forward-Looking Information" on page 4 of Attached Materials.

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1. Qualitative Information on Financial Results

(1) Explanation of Operating Results

During the period under review (May 21, 2015 through February 20, 2016), Japan's corporate earnings remained solid, especially at large enterprises, and the job market continued improving. Nonetheless, the country's economic recovery stalled as seen in sluggish corporate investment and flagging consumer spending.

In this environment, the ASKUL Group strived to provide greater convenience to customers and enhance the corporate value. To that end, the Group set two priority objectives: in the B-to-B business, to achieve increasing returns to scale and become the overwhelming leader in the entire workplace market; and, in the LOHACO B-to-C business, to embark on more active promotional activities and the reform of its earnings structure.

For the period under review, the ASKUL Group achieved double-digit net sales growth, recording a 13.7% increase year-on-year. The core B-to-B business and growing LOHACO business both posted stronger performance. The Group significantly raised its profitability as well. The B-to-B business realized increasing returns to scale, driven in particular by an ongoing effort to reduce procurement costs and by the price revisions that had been implemented in the preceding fiscal year in a manner keeping the Group's competitive advantage intact. The LOHACO business accomplished the higher gross profit margin, making steady progress in improving the earnings structure. Among the contributing factors was the synergy with the B-to-B business that manifested itself as LOHACO's net sales growth boosted the transaction volume of the two businesses put together. Company-wide initiatives carried on to lower fixed costs also generated tangible effects. All of these combined to culminate in record-high profit for the first nine months, with a 91.7% rise in net income attributable to owners of the parent.

Developments in each business were as outlined below.

The B-to-B business delivered year-on-year net sales growth, buoyed by the increased number of customers, as well as by the larger number of items purchased and greater spending per customer that benefited from effective marketing utilizing big data. In terms of strategies by product category, the focus was on expanding the range of products for the strategic segments that primarily consist of factories, construction sites, laboratories, and health and nursing care facilities, and on publishing special catalogues featuring PB products.(Note 1) These efforts brought about a double-digit increase in net sales of MRO supplies(Note 2) for use in factories, construction sites, and laboratories; of detergents frequently used especially at health and nursing care facilities and stores; and of beverages and other living supplies consumed at offices. In addition to these categories that propelled the B-to-B business growth, copier paper and other long sellers in categories such as OA&PC supplies and stationery posted solid performance. Consequently, net sales in the B-to-B business grew firmly by 9.7%, or 18,306 million yen, to 206,079 million yen.

In the LOHACO business, ASKUL deepened partnerships with the suppliers participating in the LOHACO E-commerce Marketing Lab,(Note 3) a standing institution established inside the Company. Under this framework, superbly designed products that blend into a living space have been developed and launched as limited editions. Furthermore, the Company undertook active promotional activities to acquire new customers and to have more clients use the service on a continual basis. Specifically, television commercials were aired to boost the brand's visibility exponentially; promotional measures linked with the commercials were carried out in collaboration with suppliers; and extra reward points were offered in partnership with Yahoo Japan Corporation, the business and capital alliance partner. These initiatives resulted in a strong increase in the number of new customers. Additionally, the LOHACO App for smartphones, which was enhanced and updated in August 2015 reflecting customer feedback, helped encourage customers to continually use the service. As a result, net sales in the LOHACO business rose by 66.7%, or 9,415 million yen, year-on-year to 23,541 million yen.

In November 2015, ASKUL opened a full-scale store on Tmall Global, an e-commerce site on which non-Chinese entities can directly serve Chinese consumers. The Company will continue to work steadily toward building an e-commerce platform that connects Japanese suppliers to customers in China, a country with the enormous retail e-commerce market.

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As a result of these developments, consolidated net sales rose by 13.7% year-on-year to 229,620 million yen. Gross profit grew by 17.0% to 51,487 million yen, spurred particularly by increased net sales of OA&PC supplies, living supplies, and high gross-margin MRO supplies.

Selling, general and administrative expenses were 44,652 million yen, up 11.5% year-on-year owing largely to increases in shipment expenses and other variable costs associated with higher net sales. The ratio of those expenses to net sales, nevertheless, improved markedly by 0.4 points to 19.4% thanks to the combined effects of increased net sales and reduced fixed costs. The ASKUL Group made proactive investment in anticipation of growth, most notably by building ASKUL Logi PARK Fukuoka and airing television commercials to raise the visibility of LOHACO. On the other hand, the Group consistently reduced fixed costs, principally by pursuing Company-wide kaizen activity projects to enhance the management structure, and by cutting back on infrastructure expenses through the completion of the amortization of the Company's main system software.

Consequently, for the period under review the ASKUL Group's operating income grew by 74.1% year-on-year to 6,834 million yen, ordinary income rose by 70.0% to 6,802 million yen, and net income attributable to owners of the parent increased by 91.7% to 4,400 million yen.

Notes:
1. PB stands for private brand. A private-brand product is an item that a retailer develops on its own and has a manufacturer produce to sell under the retailer's own brand name.
2. 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.
3. 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.

(2) Explanation of Financial Position

Consolidated total assets stood at 138,715 million yen at the end of the period under review, an increase of 6,048 million yen from the end of the preceding fiscal year. This was primarily attributable to a 6,083 million yen increase in property, plant and equipment due partly to the construction of ASKUL Logi PARK Fukuoka; a 1,239 million yen increase in goodwill resulting from the acquisition of shares in ecohai Co., Ltd.(Note) and other developments; and a 2,337 million yen increase in "notes and accounts receivable—trade" and a 2,083 million yen increase in merchandise and finished goods, owing to greater net sales. Meanwhile, the main factor that decreased assets was a 5,495 million yen decrease in cash and deposits, chiefly on account of acquiring treasury stock and investing in distribution centers.

Liabilities came to 88,261 million yen, an increase of 16,540 million yen from the end of the preceding fiscal year. The principal reasons were a total of 5,409 million yen increase in current portion of long-term loans payable and long-term loans payable; and an 8,370 million yen increase in "notes and accounts payable—trade" and a 4,947 million yen increase in "electronically recorded obligations—operating" as procurement value increased in tandem with net sales growth. On the other hand, items leading to a decline in liabilities included a 1,380 million yen decrease in income taxes payable due to the payment of those taxes and an 1,180 million yen decrease in accrued consumption taxes.

Net assets stood at 50,453 million yen, a decrease of 10,492 million yen from the end of the preceding fiscal year. This was mainly caused by a 13,030 million yen increase in treasury stock. In the meantime, the primary factor contributing to a rise in net assets was a 2,723 million yen increase in retained earnings, which largely resulted from net income attributable to owners of the parent of 4,400 million yen and the payment of dividends of 1,605 million yen.

Consequently, the capital adequacy ratio came to 36.2%, compared with 45.8% at the end of the preceding fiscal year.

Note: On September 29, 2015, ecohai Co., Ltd., an entity engaging in the light motor truck transportation and consigned freight forwarding businesses, became ASKUL's consolidated subsidiary following the Company's subscription for capital increase through private placement.

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

At the board of directors' meeting held on March 16, 2016, ASKUL decided to make the following revisions to its consolidated forecasts for the fiscal year ending May 2016 (May 21, 2015 through May 20, 2016) announced on July 2, 2015:

Net sales are now expected to reach a record high of 312,000 million yen, up 7,500 million yen from the previous forecast, as the Company has reviewed its plan to reflect the increasing number of customers and other trends.

Operating income and ordinary income are anticipated to amount to 8,500 million yen, 500 million yen more than the previous forecast, respectively, driven by the expected increase in net sales mentioned above.

As a result, net income attributable to owners of the parent is projected to be 5,000 million yen, 600 million yen higher than the previous forecast.

Revisions to Consolidated Forecasts for Fiscal Year Ending May 2016 (May 21, 2015–May 20, 2016)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	(million yen) 304,500	(million yen) 8,000	(million yen) 8,000	(million yen) 4,400	(yen) 84.22
Revised forecast (B)	312,000	8,500	8,500	5,000	95.38
Amount of change (B – A)	7,500	500	500	600	—
Rate of change (%)	2.5	6.3	6.3	13.6	—
(Reference) Results for fiscal year ended May 2015	276,759	6,849	6,959	4,032	73.29

2. Matters regarding Summary Information (Others)

(1) Material Changes in Subsidiaries during This Accumulated Quarter

In the second quarter of the current fiscal year, ASKUL acquired shares in ecohai Co., Ltd., which became the Company's subsidiary and was added to the scope of consolidation.

(2) Applying of Specific Accounting of the Consolidated Quarterly Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting Estimates, Retrospective Restatement

(Changes in Accounting Policies and Other Matters)

(Application of accounting standard for business combinations and other rules)

In the first quarter of the current fiscal year, ASKUL adopted the Accounting Standard for Business Combinations (ASBJ Statement No. 21: September 13, 2013; hereinafter "Business Combination Accounting Standard"), the Accounting Standard for Consolidated Financial Statements (ASBJ

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Statement No. 22: September 13, 2013; hereinafter "Consolidated Accounting Standard"), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7: September 13, 2013; hereinafter "Business Divestiture Accounting Standard"), and other rules. Accordingly, the Company switched to a method whereby a differential arising from a change in the Company's shareholding in a subsidiary under its ongoing control is recognized as capital surplus, and acquisition-related costs are accounted for as expenses in the fiscal year in which the costs are incurred.

For a business combination carried out at and after the beginning of the first quarter of the current fiscal year, the Company switched to a method whereby the revised purchase price allocation resulting from the finalization of provisional accounting treatment is reflected in the consolidated financial statements for the quarter to which the date of the business combination belongs.

Additionally, the Company changed the presentation of net income and other items, and replaced the term "minority interests" with "noncontrolling interests." To reflect these changes to presentation, reclassifications were made to the consolidated financial statements for the first nine months of the preceding fiscal year and to those for the preceding fiscal year.

The aforementioned accounting standards and rules have been applied prospectively from the beginning of the first quarter of the current fiscal year, in accordance with the transitional treatment stipulated in paragraph 58-2(4) of the Business Combination Accounting Standard, paragraph 44-5(4) of the Consolidated Accounting Standard, and paragraph 57-4(4) of the Business Divestiture Accounting Standard.

These changes had an insignificant impact on the consolidated financial statements for the period under review.

(Changes in Accounting Estimates)

(Change of useful life)

In the third quarter of the current fiscal year, ASKUL revised the period of use of some of its purchasing sites. Accordingly, the Company 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.

This change resulted in a 1 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 in estimates of asset retirement obligations)

ASKUL changed the estimates of the asset retirement obligations that represent contractual commitments to return its distribution centers to original condition upon lease termination. The change was made based on the new information the Company obtained about the restitution costs to be required at the time of vacating. As a result of this change in the estimates, a 65 million yen increase was added to the balance of asset retirement obligations that had been recognized prior to the change.

This change in the estimates resulted in a 3 million yen decrease in operating income, ordinary income, and income before income taxes, respectively, for the period under review.

3. Material Events regarding Going Concern Assumption

Not applicable.

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4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	Fiscal Year Ended May 2015 (May 20, 2015)	First Nine Months of Fiscal Year Ending May 2016 (February 20, 2016)
Assets		
Current assets		
Cash and deposits	37,246	31,750
Notes and accounts receivable—trade	34,906	37,243
Securities	500	1,260
Merchandise and finished goods	10,432	12,516
Raw materials and supplies	115	135
Costs on uncompleted construction contracts	145	94
Other	6,540	6,907
Allowance for doubtful accounts	(195)	(180)
Total current assets	89,690	89,725
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	13,685	19,644
Accumulated depreciation	(2,539)	(3,281)
Buildings and structures, net	11,146	16,363
Land	7,245	7,267
Construction in progress	2,212	1,889
Other	12,348	14,412
Accumulated depreciation	(5,394)	(6,292)
Other, net	6,953	8,119
Total property, plant and equipment	27,557	33,640
Intangible assets		
Software	3,555	3,812
Software in progress	491	532
Goodwill	2,470	3,709
Other	8	8
Total intangible assets	6,526	8,063
Investments and other assets		
Investment securities	3,573	1,707
Deferred tax assets	1,746	1,664
Other	3,691	4,032
Allowance for doubtful accounts	(118)	(118)
Total investments and other assets	8,893	7,285
Total noncurrent assets	42,976	48,989
Total assets	132,667	138,715

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(Unit: million yen)

	Fiscal Year Ended May 2015 (May 20, 2015)	First Nine Months of Fiscal Year Ending May 2016 (February 20, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	36,872	45,243
Electronically recorded obligations—operating	14,329	19,276
Short-term loans payable	570	11
Current portion of long-term loans payable	730	1,667
Accounts payable—other	4,498	4,752
Income taxes payable	2,604	1,224
Accrued consumption taxes	1,423	243
Provisions	525	631
Other	1,254	1,949
Total current liabilities	62,809	74,998
Noncurrent liabilities		
Long-term loans payable	962	5,434
Net defined benefit liability	2,084	2,219
Lease obligations	4,260	3,865
Provisions	134	75
Asset retirement obligations	1,042	1,052
Other	428	615
Total noncurrent liabilities	8,912	13,262
Total liabilities	71,721	88,261
Net assets		
Shareholders' equity		
Capital stock	21,121	21,189
Capital surplus	23,633	23,669
Retained earnings	15,822	18,545
Treasury stock	(49)	(13,079)
Total shareholders' equity	60,528	50,324
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	250	7
Deferred gains or losses on hedges	(3)	(28)
Foreign currency translation adjustment	36	28
Remeasurements of defined benefit plans	(63)	(50)
Total accumulated other comprehensive income	220	(42)
Subscription rights to shares	104	25
Noncontrolling interests	92	146
Total net assets	60,945	50,453
Total liabilities and net assets	132,667	138,715

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

(Consolidated Statements of Income)

(Unit: million yen)

	First Nine Months of Fiscal Year Ended May 2015 (May 21, 2014 through February 20, 2015)	First Nine Months of Fiscal Year Ending May 2016 (May 21, 2015 through February 20, 2016)
Net sales	201,898	229,620
Cost of sales	157,910	178,133
Gross profit	43,987	51,487
Selling, general and administrative expenses	40,060	44,652
Operating income	3,926	6,834
Non-operating income		
Interest income	44	43
Foreign exchange gains	22	0
Electricity sales income	22	19
Subsidy income	38	12
Other	57	21
Total non-operating income	185	98
Non-operating expenses		
Interest expenses	66	72
Commission fee	3	20
Electricity sales expenses	11	11
Other	28	25
Total non-operating expenses	110	130
Ordinary income	4,002	6,802
Extraordinary income		
Gain on sales of noncurrent assets	3	—
Gain on sales of investment securities	—	280
Gain on forgiveness of debts	—	66
Gain on reversal of subscription rights to shares	6	21
Total extraordinary income	9	368
Extraordinary loss		
Loss on retirement of noncurrent assets	96	20
Loss on step acquisitions	—	72
Other	14	14
Total extraordinary loss	111	107
Income before income taxes	3,900	7,063
Income taxes—current	1,648	2,380
Income taxes—deferred	(22)	331
Total income taxes	1,625	2,711
Net income	2,274	4,352
Net loss attributable to noncontrolling interests	(20)	(48)
Net income attributable to owners of the parent	2,295	4,400

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(Consolidated Statements of Comprehensive Income)

(Unit: million yen)

	First Nine Months of Fiscal Year Ended May 2015 (May 21, 2014 through February 20, 2015)	First Nine Months of Fiscal Year Ending May 2016 (May 21, 2015 through February 20, 2016)
Net income	2,274	4,352
Other comprehensive income		
Valuation difference on available-for-sale securities	94	(242)
Deferred gains or losses on hedges	—	(25)
Foreign currency translation adjustment	11	(9)
Remeasurements of defined benefit plans, net of tax	10	12
Total other comprehensive income	116	(264)
Comprehensive income	2,391	4,087
Comprehensive income attributable to:		
Owners of the parent	2,410	4,137
Noncontrolling interests	(19)	(49)

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(3) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Pursuant to the resolution of the board of directors' meeting held on May 19, 2015, ASKUL acquired 3,400,000 shares of treasury stock, which led to a 13,281 million yen increase in such stock during the period under review. In the meantime, certain shares of treasury stock were disposed of upon exercise of subscription rights to shares, causing a 251 million yen decrease in such stock. As a result of these developments, treasury stock at the end of the period under review came to 13,079 million yen.

5. Supplementary Information

Details of Selling, General and Administrative Expenses (Consolidated)

Item	First Nine Months of Fiscal Year Ended May 2015 (May 21, 2014 through February 20, 2015)		First Nine Months of Fiscal Year Ending May 2016 (May 21, 2015 through February 20, 2016)			(Reference) 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 (%)	Amount (million yen)	Ratio to Sales (%)
Personal expenses	10,761	5.3	11,234	4.9	104.4	14,883	5.4
Shipment expenses*1	8,709	4.3	10,785	4.7	123.8	11,899	4.3
Provision for sales promotion expenses	393	0.2	367	0.2	93.5	424	0.2
Subcontract expenses	2,269	1.1	2,027	0.9	89.3	2,900	1.0
Business consignment expenses*1	4,581	2.3	5,890	2.6	128.6	6,253	2.3
Rents	3,814	1.9	4,142	1.8	108.6	5,087	1.8
Provision of allowance for doubtful accounts	225	0.1	(3)	(0.0)	—	216	0.1
Depreciation*2	1,395	0.7	1,557	0.7	111.6	1,892	0.7
Amortization of software*3	1,581	0.8	1,092	0.5	69.1	1,979	0.7
Other expenses*4	6,328	3.1	7,558	3.1	119.4	8,427	3.0
Total	40,060	19.8	44,652	19.4	111.5	53,965	19.5

Notes:

*1. 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.

*2. 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 Fukuoka.

*3. Amortization of software for the period under review decreased from a year earlier. This was mainly due to the impact of the completion of the amortization of the main system's software at the end of the second quarter of the preceding fiscal year.

*4. Other expenses for the period under review rose from a year earlier. This was mainly due to the impact of increased advertising expenses for airing television commercials for LOHACO and of onetime expenses including taxes and dues associated with the construction of ASKUL Logi PARK Fukuoka.