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A member of the Financial Accounting Standards Foundation

Summary of Consolidated Financial Results for Fiscal Year Ended May 2017 (Japanese GAAP)

July 4, 2017

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):		August 3, 2017	
Dividend payable date (as planned):		August 4, 2017	
Annual securities report filing date (as planned):		July 28, 2017	
Supplemental material of quarterly results:		Yes	
Convening briefing of quarterly 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 2017 (May 21, 2016 through May 20, 2017)

(1) Consolidated Quarterly Operating Results

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

		Fiscal Year Ended May 2017		Fiscal Year Ended May 2016	
Net sales	million yen	335,914	(6.6%)	315,024	(13.8%)
Operating income	million yen	8,865	(4.1%)	8,517	(24.4%)
Ordinary income	million yen	8,866	(3.4%)	8,574	(23.2%)
Profit attributable to owners of parent	million yen	1,014	(-80.7%)	5,255	(30.3%)
Profit per share	yen	19.75		100.50	
Diluted profit per share	yen	19.71		100.46	
Profit to shareholders' equity ratio	%	2.1		9.4	
Ordinary income to total assets ratio	%	6.0		6.3	
Operating income to net sales ratio	%	2.6		2.7	

(Note) Comprehensive income
Fiscal year ended May 2017:1,076 million yen (-77.9%) Fiscal year ended May 2016: 4,876 million yen (18.4%)

(Reference) Investment profit (loss) on equity method
Fiscal year ended May 2017: ---- million yen Fiscal year ended May 2016: ---- million yen

(2) Consolidated Financial Positions

		Fiscal Year Ended May 2017	Fiscal Year Ended May 2016
Total assets	million yen	155,678	139,552
Net assets	million yen	46,231	51,242
Capital adequacy ratio	%	29.6	36.6
Net assets per share	yen	905.01	984.64

(Reference) Owner's equity
Fiscal year ended May 2017: 46,060 million yen Fiscal year ended May 2016: 51,097 million yen

(3) Consolidated Cash Flows

	Fiscal Year Ended May 2017	Fiscal Year Ended May 2016
Cash flows from operating activities	16,227	13,831
Cash flows from investing activities	-5,217	-11,663
Cash flows from financing activities	7,241	-10,606
Cash and cash equivalents at end of period	47,059	28,826

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2. Dividends

			Fiscal Year Ended May 2016	Fiscal Year Ended May 2017	Fiscal Year Ending May 2018 (forecast)
Dividend per share	First quarter	yen	—	—	—
	Second quarter	yen	15.00	18.00	18.00
	Third quarter	yen	—	—	—
	Fiscal year end	yen	18.00	18.00	18.00
	Total	yen	33.00	36.00	36.00
Total dividend paid		million yen	1,713	1,841	
Payout ratio (consolidated)		%	32.8	182.3	122.1
Ratio of total amount of dividends to net assets (consolidated)		%	3.2	3.8	

3. Consolidated Forecasts for Fiscal Year Ending May 2018 (May 21, 2017 through May 20, 2018)

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

		Fiscal Year Ending May 2018	
Net sales	million yen	365,000	(8.7%)
Operating income	million yen	3,500	(-60.5%)
Ordinary income	million yen	3,000	(-66.2%)
Profit attributable to owners of parent	million yen	1,500	(47.8%)
Profit per share	yen	29.47	

* 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: No
2) Changes in accounting policies other than 1): No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(3) Number of issued and outstanding shares (common stock)
1) Number of issued and outstanding shares at the period end (including treasury stock)
Fiscal year ended May 2017: 55,259,400 shares
Fiscal year ended May 2016: 55,259,400 shares

2) Number of treasury stock at the period end
Fiscal year ended May 2017: 4,364,559 shares
Fiscal year ended May 2016: 3,364,559 shares

3) Average number of shares
Fiscal year ended May 2017: 51,380,982 shares
Fiscal year ended May 2016: 52,293,894 shares

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(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for Fiscal Year Ended May 2017 (May 21, 2016 through May 20, 2017)

(1) Non-Consolidated Operating Results

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

		Fiscal Year Ended May 2017		Fiscal Year Ended May 2016	
Net sales	million yen	306,099	(6.1%)	288,365	(13.1%)
Operating income	million yen	8,582	(8.1%)	7,940	(21.6%)
Ordinary income	million yen	8,954	(10.5%)	8,101	(22.4%)
Profit	million yen	1,990	(-63.3%)	5,423	(27.4%)
Profit per share	yen	38.74		103.72	
Diluted profit per share	yen	38.66		103.67	

(2) Non-Consolidated Financial Positions

		Fiscal Year Ended May 2017	Fiscal Year Ended May 2016
Total assets	million yen	148,043	132,058
Net assets	million yen	48,078	52,161
Capital adequacy ratio	%	32.4	39.5
Net assets per share	yen	944.37	1,004.67

(Reference) Owner's equity

Fiscal year ended May 2017: 48,063 million yen Fiscal year ended May 2016: 52,136 million yen

* The summary of consolidated financial results is excluded from the scope of an audit.

* 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 "Overview of Business Results, etc. (4) Future Outlook" on page 8 of Attached Materials.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for Fiscal Year Under Review

The ASKUL Group (hereinafter the "Group") caused considerable inconvenience and concern to many people including neighboring residents, customers, and business partners, due to the fire occurred at its logistics center, ASKUL Logi PARK Tokyo Metropolitan in Miyoshimachi, Iruma-gun, Saitama Prefecture on February 16, 2017. Again, we deeply apologize for this from the bottom of our heart.

To ensure that neighboring residents and all other relevant parties feel reassured, the Group has checked fire-prevention facilities of other logistics centers and established the Recurrence Prevention Committee with committee members including an external specialist, as well as an organization to be dedicated to ensuring safety. The Group will keep on following advice from the Recurrence Prevention Committee, etc., and work on the formation and operation of logistics centers equipped with even stronger safety and security systems.

In respect of services, in a bid to eliminate inconvenience to customers as early as possible, the entire Group is firmly committed to dedicating its efforts to restore ordinary services by the end of September 2017.

During the period under review (May 21, 2016 through May 20, 2017), the Japanese economy was at a standstill on the road to economic recovery with uncertainty regarding stock prices and exchange rates due to a volatile international situation as well as stagnant consumer spending, while the employment environment, etc. somewhat recovered.

Although the fire accident had severe impacts on net sales of the fourth quarter of the fiscal year under review, full-year net sales marked solid growth overall with a 6.6% increase year-on-year. In the e-commerce business, the Group's mainstay, the B-to-B business logged a steady 4.8% increase year-on-year in net sales, albeit with some impacts from the fire last March which occurred during the peak season. The LOHACO B-to-C business, which had continued to see a strong performance since its launch, was severely impacted by the fire incident, having to work on shipments from a temporary logistics center without sufficient latest facilities. However, all employees' strenuous efforts for shipments resulted in an 18.8% increase in net sales.

With the steady upward trend of earnings in the main business, the Group logged an increase of 6,427 million yen in total net sales, attributed to sales growth centered on the B-to-B business, and improvement in gross profit margins on each product category, due to favorable foreign exchange rates and the expansion of highly profitable private brand products, etc. This strong sales performance absorbed the entire incremental costs which arose from logistics expenses that had increased due to the fire incident, rent expense for a logistics center replacing ASKUL Logi PARK Tokyo Metropolitan, and up-front investment aimed at expanding sales of the LOHACO service, resulting in a rise in operating income.

As a result, the ASKUL Group posted 335,914 million yen, a 6.6% increase year-on-year, in net sales; 8,865 million yen, up 4.1% year-on-year, in operating income; and 8,866 million yen, a 3.4% increase year-on-year, in ordinary income for the period under review. The Group logged 1,014 million yen in net income attributable to owners of the parent, an 80.7% decline year-on-year, avoiding a final deficit because of fire insurance proceeds of 4,929 million yen on the fire incident, notwithstanding the posting of fire loss of 11,250 million yen as an extraordinary loss.

Operating results by segment were as outlined below.

[E-commerce business]

The Group had set the policies of revolutionizing services and ensuring logistical efficiency through innovation (implementing the new delivery service Happy On Time and adopting robots), acquiring the dominant No. 1 position in all workplaces through e-commerce technologies and a greater range of products in the B-to-B business, and becoming the leader of the second generation of e-commerce by

collaborating with manufacturers and improving visibility of LOHACO of the B-to-C business. Under these policies, the Group established leading-edge and highly productive logistics bases, launched the Group's unique new delivery service at an early stage, and expanded original products with excellent design through collaboration with manufacturers. In addition, the Group has carried out long-term strategic investments in a systematic manner, believing that proactive sales promotion initiatives to improve customers' recognition of the LOHACO service would significantly help realize the growth strategy of the Group.

The B-to-B business marked sales growth, attributed to the increased number of purchased items by each customer resulting from a broader range of products released and sales promotion effects. In terms of product category, sales of living supplies, such as daily consumable goods and disposable paper frequently used in stores, etc., and beverages consumed in offices, drove overall growth. Sales of merchandise for maintenance, repair and operations (MRO) (see note below) tailored for strategic fields which are factories, construction sites, and laboratories showed strong performance with a double-digit growth rate. Sales of goods used for medical and nursing care facilities also marked a double-digit growth rate, backed by the enhancement of customers' convenience through the integration of the medical site and the ASKUL website. Stationery and other long-sellers also recorded firm growth. In consequence, net sales in the B-to-B business grew strongly by 13,384 million yen or 4.8% from the preceding fiscal year to 291,937 million yen.

The LOHACO operation had marked steady sales growth by gaining new users through broadcasting of TV commercials and proactive sales and marketing activities, as well as promoting customers' regular usage by releasing highly demanded goods, and raising purchase points. However, the fire incident limited the daily delivery volume of the LOHACO service, resulting in net sales of 39,016 million yen, an increase of 6,170 million yen, or an 18.8% increase from the preceding year.

The most crucial impending task for the Group is to launch the earliest and full-fledged operation of a new logistics center, a replacement for ASKUL Logi PARK Tokyo Metropolitan, which had accounted for 62% of the total LOHACO transaction volume as of the fire incident. The Group has been working on this task with all-out efforts so that customers can again enjoy convenient shopping as previously provided. As a consequence, total net sales of the e-commerce business stood at 330,954 million yen, a 6.3% increase year-on-year. Gross profit marked 76,464 million yen, an 8.9% increase year-on-year, thanks to sales growth in living items consumed in offices and MRO supplies, as well as an improvement in gross profit margin.

Sales, general and administrative expenses were adversely affected by incremental costs incurred after the fire, in addition to increased logistics expenses normally accompanied by sales expansion. Land and housing rents and logistics expenses rose, mainly due to maintaining the quality of normal delivery services in the B-to-B business during the peak season, placing the highest priority on accomplishing the prolonged task of shortening the delivery lead time and eliminating customers' inconvenience in the LOHACO service, establishing a new logistics center replacing ASKUL Login PARK Tokyo Metropolitan, and shipment work with irregular costs due to night operations at the logistics centers. In addition, amid regulations controlling domestic logistics operators with regards to total transaction volume, the Group implemented the in-house delivery system with the aim of promptly expanding Happy On Time, its unique differentiation strategy, and the strategic measure for boosting customers' recognition of LOHACO through advertisement. As a consequence, sales, general and administrative expenses stood at 67,079 million yen, a 9.6% increase year-on-year.

As stated above, the sales increase and improved gross profit margin covered incremental costs in sales, general and administrative expenses. In addition, aiming to secure a basis for growth, the entire Group implemented the cost reduction measure through further business rationalization and bolstering of management strength. Consequently, the e-commerce business posted operating income of 9,367 million yen, a 4.0% increase year-on-year, for the fiscal year under review.

[Logistics Business]

The logistics business saw sales growth, which was attributed to favorable performance by ecohai Co., Ltd. The Group had converted ecohai into its subsidiary in the prior fiscal year with the intention of

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reinforcing its logistics platform from environmental aspects. Although operating losses continued due to increased costs mainly arising from an improvement in the labor environment, the subsidiary will make its utmost efforts to boost sales through the acquisition of new customers and other measures.

As a consequence, the logistics business logged 4,401 million yen in net sales, a 36.8% increase year-on-year, and 469 million yen in operating loss for the period under review (operating loss of 445 million yen in the preceding fiscal year).

[Others]

Tsumagoimeisui Corporation, which was converted into a subsidiary of the ASKUL Group in the preceding fiscal year, contributed to a boost in sales. With the newly added production lines constructed during the period under review, the subsidiary is showing steady sales growth. The company will focus on expanding sales distribution networks and improving factory utilization to record a surplus at an early stage.

As a result, the subsidiary posted 774 million yen in net sales, a 63.0% increase year-on-year, and 43 million yen in operating loss for the period under review (operating loss of 47 million yen in the preceding fiscal year).

Note: 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) Overview of Financial Condition for Fiscal Year Under Review

Major impacts on the financial position by the fire incident at ASKUL Logi PARK Tokyo Metropolitan are as follows.

In assets, merchandise and finished goods declined by 2,516 million yen (see note below) due to destruction, and deferred tax assets increased by 2,439 million yen due to expected future effects of tax reduction on the determined amount of the fire loss. In liabilities, the estimated amount of 7,960 million yen for restoring assets to their original condition was posted to the provision for the fire loss (current and fixed).

Note: The figure represents impacts on the book value of the ASKUL Logi Park Tokyo Metropolitan as of the occurrence of the fire.

(Assets)

Total assets stood at 155,678 million yen at the end of the fiscal year under review, an increase of 16,126 million yen from the end of the preceding fiscal year. The main factors for the increase were an increment by 18,233 million yen in cash and deposits mainly due to proceeds from the sale in the sales and leaseback transaction, insurance proceeds from the fire at ASKUL Logi PARK Tokyo Metropolitan, and the drawdown of borrowing, an increase of 2,469 million yen in notes and accounts receivable, attributable to sales growth, and an increase of 2,121 million yen in deferred tax assets (fixed) mainly due to the recording of the fire loss. The major factors for the decrease were a decline of 843 million yen in merchandise and finished goods, as well as a fall of 1,879 million yen in lease assets, mainly due to the impacts of the fire, and a decrease of 3,103 million yen in accounts receivable-other, due to the collection of credit associated with the sales and leaseback transaction.

(Liabilities)

Total liabilities stood at 109,446 million yen at the end of the period under review, an increase of 21,137 million yen from the end of the preceding fiscal year. The major factors for the increase were an increment of 5,529 million yen in electronically recorded obligations – operating due to the impacts of mainly holidays of financial institutions falling at the end of the period under review, an

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increase of 11,212 million yen in the current portion of long-term loans payable and long-term loans due to the drawdown of borrowing, and an increase of 7,960 million yen, due to the provision for losses (current and fixed) arising from the fire. The major factors for the decrease were a fall of 432 million yen in income taxes payable, and a decrease of 1,903 million yen in lease obligations (non-current).

(Net assets)

Net assets stood at 46,231 million yen at the end of the period under review, a decrease of 5,011 million yen from the end of the preceding fiscal year. The major factors for the decrease were a decline of 844 million yen in retained earnings which arose from net losses attributable to owners of parent of 1,014 million yen and the payment of dividends of 1,859 million yen, and an increase of 4,220 million yen in treasury shares through the acquisition.

Consequently, the capital adequacy ratio came to 29.6%, compared with 36.6% at the end of the preceding fiscal year.

(3) Overview of Cash Flows for Fiscal Year Under Review

Consolidated cash and cash equivalents (hereinafter "Funds") at the end of the period under review were 47,059 million yen, an increase of 18,233 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.

(Cash flows from operating activities)
Net Funds provided by operating activities were 16,227 million yen, an increase of 2,395 million yen from the preceding fiscal year. The main factors contributing to an increase in Funds were income before income taxes of 2,169 million yen; a 11,250 million yen increase in loss on fire, depreciation and amortization of noncurrent assets, depreciation of software, and amortization of goodwill totaling 5,062 million yen; and a 3,714 million yen increase in "notes and accounts payable—trade." a 1,334 million yen increase in accrued consumption taxes. Meanwhile, the factors leading to a decrease in Funds included a 2,228 million yen increase in "notes and accounts receivable—trade,", and income taxes paid amounting to 3,654 million yen.

(Cash flows from investing activities)
Net Funds used in investing activities were 5,217 million yen, a decrease of 6,445 million yen from the preceding fiscal year. The main items were 1,957 million yen paid for the purchase of property, plant and equipment and 2,747 million yen paid for the purchase of software.

(Cash flows from financing activities)

Net Funds obtained in financing activities were 7,241 million yen (10,606 million yen was used in the same period last year). The items leading to an increase in Funds were proceeds from long-term loans payable of 12,900 million yen and proceeds from sales and leasebacks of 3,287 million yen. On the other hand, the items resulting in a decrease in Funds included a 2,102 million yen repayment of loans payable, 4,220 million yen paid for the purchase of treasury stock, and cash dividends paid of 1,859 million yen.

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

	Fiscal Year Ended May 2013	Fiscal Year Ended May 2014	Fiscal Year Ended May 2015	Fiscal Year Ended May 2016	Fiscal Year Ended May 2017
Capital adequacy ratio (%)	51.0	48.0	45.8	36.6	29.6
Capital adequacy ratio at market value (%)	87.7	104.7	134.3	152.8	110.2
Cash flow to interest-bearing liabilities ratio (years)	1.0	0.6	0.6	1.1	1.4
Interest coverage ratio (times)	99.7	128.2	136.7	139.6	145.4

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.

(4) Future Outlook

For FY2018, logistics expenses will likely remain at a high level due to impacts from the fire at ASKUL Logi PARK Tokyo Metropolitan during the first six months. In the meantime, the Group will focus on the following four themes in a bid to achieve a V-shaped recovery for the fiscal year ending May 2019.

(i) Launch of ASKUL Value Center Hidaka (hereinafter, "AVC Hidaka")

Net sales in the LOHACO service have dropped by half compared with the level before the fire due to the severe impacts from the fire. AVC Hidaka will serve as a new logistics center to replace ASKUL Logi PARK Tokyo Metropolitan and is scheduled to commence full-fledged operations at the end of September 2017. With a recovery in delivery capacity and broadening of a range of goods, the Group is committed to restoring the monthly sales amount of LOHACO to the level before the fire by the end of the third quarter, and attaining a record high by the end of the fourth quarter of FY2018. The Group also forecasts a reduction in costs incurred for night work, with expectations that increasing the LOHACO shipment volume through the launch of AVC Hidaka will eliminate some of the night work which has been handled in other logistics centers following the fire.

(ii) Launch of cutting-edge ASKUL Value Center Kansai (hereinafter, AVC Kansai)

AVC Kansai, which will commence operations in February 2018, is a giant logistics center compared with the conventional facilities, and a one-time charge will likely be incurred at its launch. AVC Kansai will serve as a key logistics center to drive operations covering the west Japan area where sales continue to grow. While aiming to establish stable operations at an early stage, the Center will intensively focus on raising labor productivity with the application of new technologies like robotics to establish a structure with optimized logistics expenses for the west of Japan and improve profitability in the coming years after the fiscal year ending May 2018.

(iii) Creation of new profitability at ASKUL Value Center

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Aiming to create new profitability, ASKUL Value Center will enhance realistic advertisement and sales promotion activities by employing big data (i.e. packaging of flyers and suppliers' samples tailored for the data segment) and undertake entrusted fulfillment services from external contractors, and thus boost sales and earnings, moving toward a transformation from a cost center to a profit center.

(iv) Expansion of the Group's in-house delivery service

In conjunction with a complete restoration and growth of LOHACO, the Group will expand its own delivery service, Happy On Time.

ASKUL strongly believes that these measures will meet customer needs and help differentiate ASKUL's services from other e-commerce retailers and contribute to boosting sales in LOHACO services. In addition, under the regulations controlling domestic logistics operators with regards to total transaction volume, etc., the Group will work on expanding its delivery networks by increasing the number of delivery drivers and using the Group companies.

With the application of artificial intelligence (AI), state-of-the-art technology, and big data, the Group will obtain the most appropriate delivery routes and support efficient delivery for delivery drivers, realizing cost control and strengthening the Group's unique and sustainable in-house delivery system.

As stated above, for fiscal 2018, the Group expects to incur up-front expenses due to a continued high level of logistics expenses because of the lingering impacts from the fire during the first six-month period, the establishment of a new logistics center and the reinforcement of a delivery system aimed at boosting net sales and achieving a V-shaped recovery in the fiscal year ending May 2019. Accordingly, present forecasts for operating performance for the fiscal year ending May 2018 are net sales of 365.0 billion yen, an 8.7% increase year-on-year; operating income of 3.5 billion yen, a 60.5% decline year-on-year; ordinary income of 3.0 billion yen, a 66.2% decline year-on-year; and net income attributable to owners of the parent of 1.5 billion yen, a 47.8% increase year-on-year.

Forecasts for fiscal 2018 by business segment are as follows.

<E-commerce business>

The B-to-B business forecasts net sales of 305.0 billion yen, a 4.5% increase year-on-year, with the prospect that the business will continue to see solid growth by boosting customers' purchase points through broader product lineups and sales promotion effects, and expanding the number of goods targeting strategic fields, which are factories, construction sites, laboratories, medical and nursing care facilities.

The B-to-C business forecasts net sales of 54.5 billion yen, a 39.7% increase year-on-year with expectations that LOHACO will completely restore its operations by the end of September 2017, while the business will release differentiated products through cooperation with Yahoo Japan Corporation, having an excellent ability for drawing customers, and collaborative work with suppliers participating in the LOHACO E-commerce Marketing Lab., while expanding services in Happy On Time.

As a result, the e-commerce business forecasts net sales of 359.5 billion yen, an 8.6% increase year-on-year, and operating income of 3.8 billion yen, a 59.4% decline year-on-year.

<Logistics business, other, adjustments, etc.>

For the fiscal year ending May 2018, these are projected to record net sales of 5.5 billion yen, a 10.9% increase year-on-year, and operating loss of 300 million yen, compared with an operating loss of 502 million yen in the preceding fiscal year.

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2. Basic Thinking on Selection of Accounting Standards

The ASKUL Group has adopted the Generally Accepted Accounting Principles for Japan (JGAAP) as accounting standards to secure comparability with domestic competitors in the same industry.

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3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Unit: million yen)

	Fiscal Year Ended May 2016 (May 20, 2016)	Fiscal Year Ended May 2017 (May 20, 2017)
Assets		
Current assets		
Cash and deposits	28,826	47,059
Notes and accounts receivable - trade	36,704	39,173
Securities	1,260	—
Merchandise and finished goods	12,119	11,276
Raw materials and supplies	120	191
Costs on uncompleted construction contracts	93	96
Accounts receivable - other	8,469	5,365
Consumption taxes receivable	604	33
Deferred tax assets	1,207	1,055
Other	948	1,105
Allowance for doubtful accounts	(185)	(186)
Total current assets	90,169	105,172
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,885	20,039
Accumulated depreciation	(3,484)	(4,293)
Buildings and structures, net	16,400	15,745
Machinery, equipment and vehicles	5,186	5,182
Accumulated depreciation	(2,126)	(2,569)
Machinery, equipment and vehicles, net	3,059	2,613
Land	6,543	6,543
Leased assets	8,922	7,101
Accumulated depreciation	(1,980)	(2,038)
Leased assets, net	6,942	5,063
Other	3,382	3,443
Accumulated depreciation	(2,435)	(2,599)
Other, net	947	843
Construction in progress	215	747
Total property, plant and equipment	34,110	31,557
Intangible assets		
Software	3,976	4,430
Software in progress	562	901
Goodwill	3,519	2,812
Other	10	11
Total intangible assets	8,068	8,156
Investments and other assets		
Investment securities	1,639	2,499
Long-term prepaid expenses	184	173
Guarantee deposits	3,706	4,324
Deferred tax assets	1,668	3,790
Other	123	79

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Allowance for doubtful accounts	(120)	(77)
Total investments and other assets	7,203	10,792
Total non-current assets	49,382	50,506
Total assets	139,552	155,678

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(Unit: million yen)

	Fiscal Year Ended May 2016 (May 20, 2016)	Fiscal Year Ending May 2017 (May 20, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	42,202	40,330
Electronically recorded obligations - operating	15,616	21,146
Short-term loans payable	615	200
Current portion of long-term loans payable	1,680	1,762
Accounts payable – other	6,971	7,193
Income taxes payable	2,142	1,709
Accrued consumption taxes	192	956
Provision for bonuses	302	145
Provision for sales promotion expenses	444	484
Provision for sales returns	29	28
Provision for loss on fire	—	797
Asset retirement obligations	59	46
Other	2,106	1,695
Total current liabilities	72,362	76,497
Non-current liabilities		
Long-term loans payable	5,070	16,201
Net defined benefit liability	2,304	2,832
Lease obligations	6,495	4,591
Provision for bonuses	107	—
Provision for directors' bonuses	90	—
Provision for loss on fire	—	7,162
Asset retirement obligations	1,237	1,470
Other	639	690
Total non-current liabilities	15,946	32,949
Total liabilities	88,309	109,446
Net assets		
Shareholders' equity		
Capital stock	21,189	21,189
Capital surplus	23,669	23,669
Retained earnings	19,399	18,555
Treasury shares	(13,079)	(17,299)
Total shareholders' equity	51,179	46,114
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	-
Deferred gains or losses on hedges	(19)	(2)
Foreign currency translation adjustment	27	22
Remeasurements of defined benefit plans	(89)	(74)
Total accumulated other comprehensive income	(81)	(54)
Subscription rights to shares	25	17
Non-controlling interests	119	154
Total net assets	51,242	46,231
Total liabilities and net assets	139,552	155,678

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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 2016 (May 21, 2015 through February 20, 2016)	Fiscal Year Ended May 2017 (May 21, 2016 through May 20, 2017)
Net sales	315,024	335,914
Cost of sales	244,690	259,160
Gross profit	70,333	76,754
Reversal of provision for sales returns	24	29
Provision for sales returns	29	28
Gross profit - net	70,328	76,755
Selling, general and administrative expenses	61,810	67,890
Operating profit	8,517	8,865
Non-operating income		
Interest income	54	28
Electricity sales income	31	47
Gain on disposal of inventories	7	10
Subsidy income	22	13
Subsidy income	97	50
Other	22	34
Total non-operating income	237	186
Non-operating expenses		
Interest expenses	99	111
Loss on transfer of receivables	18	13
Electrical sales expense	19	25
Commission fee	20	9
Other	21	24
Total non-operating expenses	180	184
Ordinary profit	8,574	8,866
Extraordinary income		
Insurance income	—	4,929
Subsidy income	1,474	—
Gain on sales of investment securities	292	—
Gain on forgiveness of debts	66	—
Gain on reversal of subscription rights to shares	21	11
Other	—	5
Total extraordinary income	1,855	4,946
Extraordinary losses		
Impairment loss	56	—
Loss on fire	—	11,250
Loss on reduction of non-current assets	1,474	—
Loss on retirement of non-current assets	167	55
Loss on cancellation penalty	26	—
Loss on step acquisitions	72	—
Loss on valuation of investment securities	43	10
Other	18	326
Total extraordinary losses	1,859	11,643
Profit (loss) before income taxes	8,569	2,169
Income taxes - current	3,334	3,060
Income taxes - deferred	54	(1,940)
Total income taxes	3,388	1,120
Profit	5,181	1,049
Profit (loss) attributable to non-controlling interests	(74)	34
Profit (loss) attributable to owners of parent	5,255	1,014

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(Consolidated Statements of Comprehensive Income)

(Unit: million yen)

	Fiscal Year Ended May 2016 (May 21, 2015 through May 20, 2016)	Fiscal Year Ended May 2017 (May 21, 2016 through May 20, 2017)
Profit (loss)	5,181	1,049
Other comprehensive income		
Valuation difference on available-for-sale securities	(250)	0
Deferred gains or losses on hedges	(16)	16
Foreign currency translation adjustment	(10)	(5)
Remeasurements of defined benefit plans, net of tax	(26)	14
Total other comprehensive income	(304)	26
Comprehensive income	4,876	1,076
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,952	1,042
Comprehensive income attributable to non-controlling interests	(76)	34

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(3) Consolidated Statements of Changes in Net Assets

Fiscal Year Ended May 2016 (May 21, 2015 through May 20, 2016)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	21,121	23,633	15,822	(49)	60,528
Changes of items during period					
Issuance of new shares	67	67			135
Dividends from surplus			(1,605)		(1,605)
Profit attributable to owners of parent			5,255		5,255
Purchase of treasury shares				(13,281)	(13,281)
Disposal of treasury shares		(32)	(72)	252	147
Net changes of items other than shareholders' equity					
Total changes of items during period	67	35	3,577	(13,029)	(9,348)
Balance at end of current period	21,189	23,669	19,399	(13,079)	51,179

	Accumulated other comprehensive income				
	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 current period	250	(3)	36	(63)	220
Changes of items during period					
Issuance of new shares					
Dividends from surplus					
Profit attributable to owners of parent					
Purchase of treasury shares					
Disposal of treasury shares					
Net changes of items other than shareholders' equity	(250)	(16)	(9)	(26)	(302)
Total changes of items during period	(250)	(16)	(9)	(26)	(302)
Balance at end of current period	(0)	(19)	27	(89)	(81)

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of current period	104	92	60,945
Changes of items during period			
Issuance of new shares			135
Dividends from surplus			(1,605)
Profit attributable to owners of parent			5,255
Purchase of treasury shares			(13,281)
Disposal of treasury shares			147
Net changes of items other than shareholders' equity	(79)	27	(354)
Total changes of items during period	(79)	27	(9,702)
Balance at end of current period	25	119	51,242

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Fiscal Year Ended May 2017 (May 21, 2016 through May 20, 2017)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	21,189	23,669	19,399	(13,079)	51,179
Changes of items during period					
Dividends from surplus			(1,859)		(1,859)
Profit attributable to owners of parent			1,014		1,014
Purchase of treasury shares				(4,220)	(4,220)
Net changes of items other than shareholders' equity					
Total changes of items during period			(844)	(4,220)	(5,064)
Balance at end of current period	21,189	23,669	18,555	(17,299)	46,114

	Accumulated other comprehensive income				
	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 current period	(0)	(19)	27	(89)	(81)
Changes of items during period					
Dividends from surplus					
Profit attributable to owners of parent					
Purchase of treasury shares					
Net changes of items other than shareholders' equity	0	16	(5)	14	27
Total changes of items during period	0	16	(5)	14	27
Balance at end of current period	-	(2)	22	(74)	(54)

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of current period	25	119	51,242
Changes of items during period			
Dividends from surplus			(1,859)
Profit attributable to owners of parent			1,014
Purchase of treasury shares			(4,220)
Net changes of items other than shareholders' equity	(7)	34	53
Total changes of items during period	(7)	34	(5,011)
Balance at end of current period	17	154	46,231

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(4) Consolidated Statements of Cash Flows

	Fiscal Year Ended May 2016 (May 21, 2015 through May 20, 2016)	Fiscal Year Ended May 2017 (May 21, 2016 through May 20, 2017)
Cash flows from operating activities		
Profit before income taxes	8,569	2,169
Loss (gain) on step acquisitions	72	—
Gain on forgiveness of debt	(66)	—
Insurance income	—	(4,929)
Loss on fire	—	11,250
Depreciation	2,228	2,587
Amortization of software	1,525	1,708
Amortization of long-term prepaid expenses	92	107
Amortization of goodwill	682	766
Gain on reversal of subscription rights to shares	(21)	(11)
Increase (decrease) in allowance for doubtful accounts	(21)	(41)
Increase (decrease) in provision for sales promotion expenses	19	40
Increase (decrease) in provision for sales returns	5	(1)
Increase (decrease) in provision for bonuses	248	(264)
Increase (decrease) in provision for directors' bonuses	39	(90)
Increase (decrease) in net defined benefit liability	184	549
Loss (gain) on valuation of investment securities	43	10
Loss (gain) on sales of investment securities	(291)	—
Interest income	(54)	(28)
Impairment loss	56	—
Loss on reduction of non-current assets	1,474	—
Loss on retirement of non-current assets	163	60
Subsidy income	(1,572)	—
Interest expenses	99	111
Decrease (increase) in notes and accounts receivable - trade	(1,785)	(2,228)
Decrease (increase) in inventories	(1,573)	(1,747)
Decrease (increase) in accounts receivable - other	(1,322)	259
Increase (decrease) in notes and accounts payable - trade	6,387	3,714
Increase (decrease) in accounts payable - other	2,012	327
Increase (decrease) in accrued consumption taxes	(1,839)	1,334
Other, net	797	(359)
Subtotal	16,154	15,294
Proceeds from subsidy income	1,572	—
Interest and dividend income received	54	28
Interest expenses paid	(98)	(111)
Proceeds from insurance income	—	4,929
Payment for fire accident	—	(260)
Income taxes paid	(3,851)	(3,654)
Net cash provided by (used in) operating activities	13,831	16,227

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	Fiscal Year Ended May 2016 (May 21, 2015 through May 20, 2016)	Fiscal Year Ended May 2017 (May 21, 2016 through May 20, 2017)
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,577)	(1,957)
Purchase of software	(1,997)	(2,747)
Purchase of long-term prepaid expenses	(84)	(148)
Payments for guarantee deposits	(364)	(679)
Proceeds from collection of guarantee deposits	12	112
Payments of short-term loans receivable	(44)	(15)
Collection of loans receivable	508	51
Proceeds from redemption of securities	500	420
Proceeds from sales of investment securities	497	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,074)	—
Purchase of investment securities	(0)	(50)
Payments for asset retirement obligations	(37)	(108)
Payments for transfer of business	—	(94)
Other, net	(0)	0
Net cash provided by (used in) investing activities	(11,663)	5,217
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	45	(415)
Proceeds from long-term loans payable	6,900	12,900
Repayments of long-term loans payable	(2,342)	(1,687)
Repayments of lease obligations	(547)	(766)
Proceeds from sales and leasebacks	—	3,287
Proceeds from issuance of common shares	105	—
Proceeds from issuance of subscription rights to shares	5	3
Proceeds from disposal of treasury shares	114	—
Purchase of treasury shares	(13,281)	(4,220)
Cash dividends paid	(1,605)	(1,859)
Net cash provided by (used in) financing activities	(10,606)	7,241
Effect of exchange rate change on cash and cash equivalents	18	(18)
Net increase (decrease) in cash and cash equivalents	(8,420)	18,233
Cash and cash equivalents at beginning of period	37,246	28,826
Cash and cash equivalents at end of period	28,826	47,059

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(5) Notes to Consolidated Financial Statements

(Notes regarding the Going Concern Assumption)
Not applicable.

(Additional information)

Adoption of the Implementation Guidance regarding Recoverability of Deferred Tax Assets
From the fiscal year under review, the ASKUL Group adopted accounting rules prescribed in the Implementation Guidance on Recoverability of Deferred Tax Assets (the Accounting Standards Board of Japan Implementation Guidance No. 26 issued on March 28, 2016).

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(Segment information, etc.)
[Segment information]

1. Overview of reportable segments

ASKUL's reportable segments are defined as components of the Group 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 Group formulates comprehensive strategies for domestic and overseas markets to carry out its business operations.

The e-commerce 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 logistics business provides logistics and 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 generally the same as those adopted to prepare consolidated financial statements. Intersegment revenue and transfers are based on prevailing market prices.

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

Fiscal Year Ended May 2016 (May 21, 2015 through May 20, 2016)

(Unit: million yen)

	Reporting Segment			Other (Note 1)	Total	Adjustments (Note 2)	Amount reported on the consolidated statements of income (Note 3)
	E-commerce business	Logistics business	Subtotal				
Net sales							
Sales to external customers	311,398	3,218	314,617	406	315,024	—	315,024
Intra-segment sales or transfers	—	—	—	68	68	(68)	—
Total	311,398	3,218	314,617	475	315,092	(68)	315,024
Segment income (loss)	9,007	(445)	8,561	(47)	8,514	2	8,517
Segment assets	136,419	2,236	138,656	895	139,552	—	139,552
Other items							
Depreciation	3,703	36	3,739	17	3,756	(2)	3,753
Amortization of goodwill	596	64	660	21	682	—	682
Increase in property, plant and equipment and intangible assets	10,753	1,308	12,062	452	12,514	—	12,514

Notes:
1. The above category, Other, represents a business segment including the manufacturing business, and is separate from businesses of the Reporting Segment.
2. The adjustment of 2 million yen in the segment profit is the amount offset due to the inter-segment transaction.
3. Segment income is adjusted with operating income reported on the consolidated statements of income.

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Fiscal Year Ended May 2017 (May 21, 2016 through May 20, 2017)

(Unit: million yen)

	Reporting Segment			Other (Note 1)	Total	Adjustments (Note 2)	Amount reported on the consolidated statements of income (Note 3)
	E-commerce business	Logistics business	Subtotal				
Net sales							
Sales to external customers	330,954	4,401	335,356	558	335,914	—	335,914
Intra-segment sales or transfers	—	—	—	215	215	(215)	—
Total	330,954	4,401	335,356	774	336,130	(215)	335,914
Segment income (loss)	9,367	(469)	8,897	(43)	8,854	11	8,865
Segment assets	152,153	2,434	154,588	1,090	155,678	—	155,678
Other items							
Depreciation	4,225	41	4,266	48	4,314	(18)	4,296
Amortization of goodwill	633	128	762	3	766	—	766
Increase in property, plant and equipment and intangible assets	4,622	15	4,637	308	4,946	—	4,946

Notes:
1. The above category, Other, represents a business segment including the manufacturing business, and is separate from businesses of the Reporting Segment.
2. The adjustment of 11 million yen in the segment profit is the amount offset due to the inter-segment transaction.
3. Segment income is adjusted with operating income reported on the consolidated statements of income.

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Related information

Fiscal year ended May 2016 (May 21, 2015 through May 20, 2016)

1. Information by product or service

This information is not presented as similar data is disclosed in the segment information section above.

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.

Fiscal year ended May 2017 (May 21, 2016 through May 20, 2017)

1. Information by product or service

This information is not presented as similar data is disclosed in the segment information section above.

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 2016 (May 21, 2015 through May 20, 2016)

(Unit: million yen)

	Reportable segment			Other(Note)	Total
	E-commerce business	Logistics business	Subtotal		
Impairment loss	42	-	42	13	56

Note: The amount stated in "Other" pertains to the production business.

Fiscal year ended May 2017 (May 21, 2016 through May 20, 2017)

Not applicable.

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Amortized amount and unamortized balance of goodwill by reportable segment

Fiscal year ended May 2016 (May 21, 2015 through May 20, 2016)

(Unit: million yen)

	Reportable segment			Other(Note)	Total
	E-commerce business	Logistics business	Subtotal		
Amount amortized during the fiscal year	596	64	660	21	682
Unamortized balance at the end of the fiscal year	2,033	1,220	3,253	266	3,519

Note: The amount stated in "Other" pertains to the production business.

Fiscal year ended May 2017 (May 21, 2016 through May 20, 2017)

(Unit: million yen)

	Reportable segment			Other(Note)	Total
	E-commerce business	Logistics business	Subtotal		
Amount amortized during the fiscal year	633	128	762	3	766
Unamortized balance at the end of the fiscal year	1,483	1,091	2,575	237	2,812

Note: The amount stated in "Other" pertains to the production business.

Gain on bargain purchase by reportable segment

Fiscal year ended May 2016 (May 21, 2015 through May 20, 2016)

Not applicable.

Fiscal year ended May 2017 (May 21, 2016 through May 20, 2017)

Not applicable.

(Per Share Information)

	Fiscal Year Ended May 2016 (May 21, 2015 through May 20, 2016)	Fiscal Year Ended May 2017 (May 21, 2016 through May 20, 2017)
Net assets per share (yen)	984.64	905.01
Profit per share (yen)	100.50	19.75
Diluted profit per share (yen)	100.46	19.71

Note: Profit per share and diluted profit per share were computed based on the figures below.

	Fiscal Year Ended May 2016 (May 21, 2015 through May 20, 2016)	Fiscal Year Ended May 2017 (May 21, 2016 through May 20, 2017)
Profit per share		
Profit attributable to owners of parent (million yen)	5,255	1,014
Profit not attributable to common shareholders (million yen)	-	-
Profit attributable to owners of parent related to common stock (million yen)	5,255	1,014
Average number of shares (thousand shares)	52,293	51,380
Diluted profit per share		
Adjustments to profit attributable to owners of parent for dilution (million yen)	-	-
Increase in number of shares of common stock (thousand shares)	22	103
(Of which, subscription rights to shares [thousand shares])	(22)	(103)
Outline of potential common shares not included in calculation of diluted profit per share due to absence of dilutive effects	-	-

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(Significant Subsequent Events)

Acquisition of a company, etc. through purchase of shares

ASKUL concluded a share transfer agreement with Charm Co., Ltd. on May 23, 2017, making Charm Co., Ltd. a subsidiary of ASKUL through the acquisition of its entire shares as of July 3, 2017.

(1) Outline of the business combination

1) Name of company acquired and business line

Name of company acquired: Charm Co., Ltd.

Business line: E-commerce retailer of pet goods and living animals like fish, birds, etc.

2) Major reasons for the business combination

As an e-commerce retailer for pet goods and gardening items, Charm Co., Ltd. is close to LOHACO from the aspect of its customers' profile that about 60% of its customers are women, mainly in their 40s, and ASKUL expects that conversion to a subsidiary would bring synergy effects from the mutual customer basis of Charm and LOHACO. Accordingly, ASKUL converted Charm Co., Ltd. into its subsidiary by purchasing its shares.

3) Date of the business combination

July 3, 2017

4) Legal form of the business combination

Acquisition of shares in exchange for cash

5) Name of the company after the business combination

The company's name has not changed after the business combination.

6) Ratio of voting rights acquired

100%

7) Major basis for coming to the decision to acquire the company

ASKUL has acquired 100% of the voting rights through the purchase of shares in exchange for cash.

(2) Acquisition cost for the company acquired and the breakdown by type of consideration

Consideration for acquisition	Cash	1,094	million yen
Acquisition cost		1,094	

(3) Major expense items for the acquisition and amount

Advisory fee and commission: 21 million yen

(4) Amount, cause of generation, amortization method and period of goodwill that arose from the business combination

Not determined at present.

(5) Assets and liabilities transferred at the date of the business combination and major items

Not determined at present.

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4. Others

(1) Changes in Officers

1) Change in representative director
Not applicable

2) Changes in other officers

Candidates for new directors		
Director:	Miyoko Kimura	(Current CMO, Executive Officer, General Manager of B-to-C Company Life Creation Division, and General Manager of Value Creation Center
Director (outside and part-time)	Atsushi Saito	
Candidates to retire		
Director	Toshio Imamura	
Director (outside and part-time)	Yasuyuki Higuchi	
Candidate for new Audit & Supervisory Board Member		
Audit & Supervisory Board Member (full-time)	Toshio Imamura	(Current Director)
Audit & Supervisory Board Member to retire		
Audit & Supervisory Board Member (full-time)	Yoshiyuki Orimo	

3) Date of taking office and resigning (tentative)
August 3, 2017

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

Item	Fiscal Year Ended May 2016 (May 21, 2015 through May 20, 2016)		Fiscal Year Ended May 2017 (May 21, 2016 through May 20, 2017)		
	Amount (million yen)	Ratio to Sales (%)	Amount (million yen)	Ratio to Sales (%)	Year-on-Year Change (%)
Personal expenses	16,111	5.1	16,040	4.8	99.6
Shipment expenses*1	14,734	4.7	17,005	5.1	115.4
Provision for sales promotion expenses	444	0.1	484	0.1	109.1
Subcontract expenses	2,770	0.9	3,015	0.9	108.8
Business consignment expenses*1	8,168	2.6	9,821	2.9	120.2
Rents*2	5,665	1.8	6,258	1.9	110.5
Provision of allowance for doubtful accounts	10	0.0	15	0.0	154.2
Depreciation*3	2,168	0.7	2,469	0.7	113.9
Amortization of software*4	1,473	0.5	1,668	0.5	113.2
Other expenses	10,263	3.2	11,110	3.3	108.2
Total	61,810	19.6	67,890	20.2	109.8

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. Land and housing rents increased in the fiscal year under review, compared with those in the preceding fiscal year. The major factors for the increase were the establishment of a new logistics center due to the fire, and the relocation of Yokohama Center to ASKUL Logi PARK Yokohama.

*3. Depreciation for the period under review rose from a year earlier. The major factor for the increase was the launch of operations of ASKUL Logi PARK Fukuoka and ASKUL Logi PARK Yokohama.

*4. Depreciation of software for the fiscal year under review increased, compared with the amount in the preceding fiscal year. The major factors for the increase were attributed to market place services within LOHACO, and the commencement of Happy On Time.