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Excerpt from Summary of Consolidated Financial Results for the Year Ended May 20, 2018 [Japanese GAAP] *

July 04, 2018

Company name: ASKUL Corporation

Stock exchange listing: Tokyo

Code number: 2678

URL: <https://www.askul.co.jp/kaisya/ir/>

Representative: Shoichiro Iwata

President and chief executive officer

Contact: Tsuguhiro Tamai

Executive officer and chief financial officer

Phone: 03-4330-5130

Scheduled date of Annual General Meeting of Shareholders: August 02, 2018

Scheduled date of commencing dividend payments: August 03, 2018

Scheduled date of filing annual securities report: July 27, 2018

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended May 20, 2018 (May 21, 2017 to May 20, 2018)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended May 20, 2018	360,445	7.3	4,192	(52.7)	3,940	(55.6)	4,693	362.5
May 20, 2017	335,914	6.6	8,865	4.1	8,866	3.4	1,014	(80.7)

(Note) Comprehensive income: Fiscal year ended May 20, 2018: ¥ 4,735 million [339.9%]
Fiscal year ended May 20, 2017: ¥ 1,076 million [(77.9) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended May 20, 2018	92.15	92.03	9.9	2.4	1.2
May 20, 2017	19.75	19.71	2.1	6.0	2.6

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended May 20, 2018: ¥ - million
Fiscal year ended May 20, 2017: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of May 20, 2018	173,713	49,344	28.3	964.46
May 20, 2017	155,678	46,231	29.6	905.01

(Reference) Equity: As of May 20, 2018: ¥ 49,161 million
As of May 20, 2017: ¥ 46,060 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended May 20, 2018	10,150	(1,588)	6,553	62,177
May 20, 2017	16,227	(5,217)	7,241	47,059

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2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
May 20, 2017	-	18.00	-	18.00	36.00	1,841	182.3	3.8
May 20, 2018	-	18.00	-	18.00	36.00	1,834	39.1	3.9
Fiscal year ending May 20, 2019 (Forecast)	-	18.00	-	18.00	36.00		52.4	

(Note) Breakdown of the year-end dividend for the fiscal year ended May 20, 2018 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 20, 2019 (May 21, 2018 to May 20, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	390,000	8.2	6,000	43.1	5,800	47.2	3,500	(25.4)	68.66

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: Yes

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

May 20, 2018: 55,259,400 shares

May 20, 2017: 55,259,400 shares

2) Total number of treasury shares at the end of the period:

May 20, 2018: 4,286,859 shares

May 20, 2017: 4,364,559 shares

3) Average number of shares during the period:

Fiscal Year ended May 20, 2018: 50,930,335 shares

Fiscal Year ended May 20, 2017: 51,380,982 shares

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(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended May 20, 2018 (May 21, 2017 to May 20, 2018)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 20, 2018	319,414	4.3	2,959	(65.5)	3,165	(64.6)	3,756	88.7
May 20, 2017	306,099	6.1	8,582	8.1	8,954	10.5	1,990	(63.3)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
May 20, 2018	73.76	73.67
May 20, 2017	38.74	38.66

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
May 20, 2018	159,120	50,212	31.5	984.75
May 20, 2017	148,043	48,078	32.4	944.37

(Reference) Equity: As of May 20, 2018: ¥ 50,195 million
As of May 20, 2017: ¥ 48,063 million

* This excerpt from the Summary of Consolidated Financial Results is not subject to quarterly review.

* 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.

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Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of May 20,2017	As of May 20,2018
Assets		
Current assets		
Cash and deposits	47,059	62,187
Notes and accounts receivable - trade	39,173	41,309
Securities	-	336
Merchandise and finished goods	11,276	14,188
Raw materials and supplies	191	238
Costs on uncompleted construction contracts	96	24
Accounts receivable - other	5,365	8,032
Consumption taxes receivable	33	1,130
Deferred tax assets	1,055	964
Other	1,105	1,177
Allowance for doubtful accounts	(186)	(23)
Total current assets	105,172	129,566
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,039	7,417
Accumulated depreciation	(4,293)	(2,284)
Buildings and structures, net	15,745	5,133
Machinery, equipment and vehicles	5,182	8,048
Accumulated depreciation	(2,569)	(3,331)
Machinery, equipment and vehicles, net	2,613	4,716
Land	6,543	65
Leased assets	7,101	17,734
Accumulated depreciation	(2,038)	(2,915)
Leased assets, net	5,063	14,819
Other	3,443	4,123
Accumulated depreciation	(2,599)	(2,793)
Other, net	843	1,330
Construction in progress	747	67
Total property, plant and equipment	31,557	26,133
Intangible assets		
Software	4,430	5,080
Software in progress	901	1,834
Goodwill	2,812	2,699
Other	11	22
Total intangible assets	8,156	9,636
Investments and other assets		
Investment securities	2,499	214
Long-term prepaid expenses	173	120
Guarantee deposits	4,324	6,178
Deferred tax assets	3,790	1,850
Other	79	80
Allowance for doubtful accounts	(77)	(68)
Total investments and other assets	10,792	8,377
Total non-current assets	50,506	44,147
Total assets	155,678	173,713

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(Million yen)

	As of May 20,2017	As of May 20,2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	40,330	44,066
Electronically recorded obligations - operating	21,146	24,402
Short-term loans payable	200	1,080
Current portion of long-term loans payable	1,762	1,786
Lease obligations	671	1,759
Accounts payable - other	7,193	10,555
Income taxes payable	1,709	387
Accrued consumption taxes	956	331
Provision for bonuses	145	207
Provision for sales promotion expenses	484	570
Provision for sales returns	28	39
Provision for loss on fire	797	-
Asset retirement obligations	46	-
Other	1,024	1,751
Total current liabilities	76,497	86,938
Non-current liabilities		
Long-term loans payable	16,201	16,340
Lease obligations	4,591	13,736
Provision for loss on fire	7,162	-
Net defined benefit liability	2,832	3,085
Asset retirement obligations	1,470	2,219
Other	690	2,049
Total non-current liabilities	32,949	37,430
Total liabilities	109,446	124,369
Net assets		
Shareholders' equity		
Capital stock	21,189	21,189
Capital surplus	23,669	23,605
Retained earnings	18,555	21,380
Treasury shares	(17,299)	(16,991)
Total shareholders' equity	46,114	49,183
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(2)	(1)
Foreign currency translation adjustment	22	25
Remeasurements of defined benefit plans	(74)	(46)
Total accumulated other comprehensive income	(54)	(22)
Share acquisition rights	17	19
Non-controlling interests	154	163
Total net assets	46,231	49,344
Total liabilities and net assets	155,678	173,713

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Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended May 20,2017	For the fiscal year ended May 20,2018
Net sales	335,914	360,445
Cost of sales	259,160	274,918
Gross profit	76,754	85,526
Reversal of provision for sales returns	29	28
Provision for sales returns	28	39
Gross profit - net	76,755	85,515
Selling, general and administrative expenses	67,890	81,323
Operating profit	8,865	4,192
Non-operating income		
Interest income	28	26
Rental income	-	29
Electricity sales income	47	19
Gain on disposal of inventories	10	22
Subsidy income	13	14
Subsidy income	50	0
Other	34	72
Total non-operating income	186	184
Non-operating expenses		
Interest expenses	111	157
Depreciation of inactive non-current assets	-	236
Loss on transfer of receivables	13	14
Electrical sales expense	25	5
Commission fee	9	3
Other	24	17
Total non-operating expenses	184	436
Ordinary profit	8,866	3,940
Extraordinary income		
Insurance income	4,929	43
Gain on sales of non-current assets	-	4,555
Gain on reversal of provision for loss on fire	-	6,846
Gain on reversal of share acquisition rights	11	-
Other	5	52
Total extraordinary income	4,946	11,497
Extraordinary losses		
Impairment loss	-	1,196
Loss on fire	11,250	-
Loss on sales of non-current assets	-	3,682
Loss on retirement of non-current assets	55	253
Loss on valuation of investment securities	10	1,526
Other	326	369
Total extraordinary losses	11,643	7,028
Profit before income taxes	2,169	8,409
Income taxes - current	3,060	1,698
Income taxes - deferred	(1,940)	2,009
Total income taxes	1,120	3,707
Profit	1,049	4,702
Profit attributable to non-controlling interests	34	8
Profit attributable to owners of parent	1,014	4,693

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Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended May 20,2017	For the fiscal year ended May 20,2018
Profit	1,049	4,702
Other comprehensive income		
Valuation difference on available-for-sale securities	0	-
Deferred gains or losses on hedges	16	1
Foreign currency translation adjustment	(5)	3
Remeasurements of defined benefit plans, net of tax	14	27
Total other comprehensive income	26	32
Comprehensive income	1,076	4,735
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,042	4,725
Comprehensive income attributable to non-controlling interests	34	9

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Consolidated Statements of Changes in Net Assets

For the fiscal year ended May 20,2017

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	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 of 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 of 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)

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	25	119	51,242
Changes of items during period			
Dividends of 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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For the fiscal year ended May 20,2018

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	21,189	23,669	18,555	(17,299)	46,114
Changes of items during period					
Dividends of surplus			(1,832)		(1,832)
Profit attributable to owners of parent			4,693		4,693
Disposal of treasury shares		(63)	(36)	308	208
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(63)	2,824	308	3,068
Balance at end of current period	21,189	23,605	21,380	(16,991)	49,183

	Accumulated other comprehensive income			
	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	(2)	22	(74)	(54)
Changes of items during period				
Dividends of surplus				
Profit attributable to owners of parent				
Disposal of treasury shares				
Net changes of items other than shareholders' equity	0	3	27	32
Total changes of items during period	0	3	27	32
Balance at end of current period	(1)	25	(46)	(22)

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	17	154	46,231
Changes of items during period			
Dividends of surplus			(1,832)
Profit attributable to owners of parent			4,693
Disposal of treasury shares			208
Net changes of items other than shareholders' equity	2	9	43
Total changes of items during period	2	9	3,112
Balance at end of current period	19	163	49,344

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Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended May 20,2017	For the fiscal year ended May 20,2018
Cash flows from operating activities		
Profit before income taxes	2,169	8,409
Depreciation	2,587	3,301
Amortization of software	1,708	1,810
Amortization of long-term prepaid expenses	107	166
Impairment loss	-	1,196
Amortization of goodwill	766	840
Loss on fire	11,250	-
Gain on reversal of provision for loss on fire	-	(6,846)
Gain on reversal of share acquisition rights	(11)	-
Increase (decrease) in allowance for doubtful accounts	(41)	(174)
Increase (decrease) in provision for bonuses	(264)	52
Increase (decrease) in provision for directors' bonuses	(90)	-
Increase (decrease) in provision for sales promotion expenses	40	24
Increase (decrease) in provision for sales returns	(1)	11
Increase (decrease) in net defined benefit liability	549	291
Interest income	(28)	(26)
Interest expenses	111	157
Insurance income	(4,929)	(43)
Loss (gain) on valuation of investment securities	10	1,526
Loss on retirement of non-current assets	60	249
Loss (gain) on sales of non-current assets	-	(872)
Decrease (increase) in notes and accounts receivable - trade	(2,228)	(848)
Decrease (increase) in inventories	(1,747)	(1,725)
Decrease (increase) in accounts receivable - other	259	(2,593)
Increase (decrease) in notes and accounts payable - trade	3,714	6,196
Increase (decrease) in accounts payable - other	327	2,564
Increase (decrease) in accrued consumption taxes	1,334	(1,731)
Other, net	(359)	2,505
Subtotal	15,294	14,441
Interest and dividend income received	28	26
Interest expenses paid	(111)	(157)
Proceeds from insurance income	4,929	43
Payment for fire accident	(260)	(1,113)
Income taxes paid	(3,654)	(3,090)
Net cash provided by (used in) operating activities	16,227	10,150

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	For the fiscal year ended May 20,2017	For the fiscal year ended May 20,2018
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,957)	(16,989)
Proceeds from sales of property, plant and equipment	-	20,606
Purchase of software	(2,747)	(2,849)
Purchase of long-term prepaid expenses	(148)	(111)
Payments for guarantee deposits	(679)	(2,122)
Proceeds from collection of guarantee deposits	112	327
Payments of loans receivable	(15)	(42)
Collection of loans receivable	51	5
Proceeds from redemption of securities	420	504
Proceeds from sales of investment securities	-	129
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(545)
Purchase of investment securities	(50)	(91)
Payments for asset retirement obligations	(108)	(63)
Payments for transfer of business	(94)	-
Purchase of goodwill	-	(370)
Other, net	0	25
Net cash provided by (used in) investing activities	(5,217)	(1,588)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(415)	(467)
Proceeds from long-term loans payable	12,900	1,700
Repayments of long-term loans payable	(1,687)	(2,783)
Repayments of lease obligations	(766)	(966)
Proceeds from sales and leasebacks	3,287	10,692
Proceeds from issuance of share acquisition rights	3	3
Proceeds from disposal of treasury shares	-	209
Purchase of treasury shares	(4,220)	-
Cash dividends paid	(1,859)	(1,832)
Net cash provided by (used in) financing activities	7,241	6,553
Effect of exchange rate change on cash and cash equivalents	(18)	1
Net increase (decrease) in cash and cash equivalents	18,233	15,117
Cash and cash equivalents at beginning of period	28,826	47,059
Cash and cash equivalents at end of period	47,059	62,177