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Excerpt from Summary of Consolidated Financial Results for the Six Months Ended November 20, 2018 [Japanese GAAP]

December 14, 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 filing quarterly securities report: December 28, 2018

Scheduled date of commencing dividend payments: January 21, 2019

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the Six Months Ended November 20, 2018 (May 21, 2018 to November 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	%
Six months ended November 20, 2018	191,437	11.5	1,029	(55.4)	958	(54.5)	315	(90.7)
November 20, 2017	171,693	4.0	2,309	(36.6)	2,104	(41.3)	3,393	61.2

(Note) Comprehensive income: Six months ended November 20, 2018: ¥ 342 million [(89.9)%]
Six months ended November 20, 2017: ¥ 3,395 million [56.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 20, 2018	6.20	6.19
November 20, 2017	66.66	66.58

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of November 20, 2018	171,394	49,428	28.7
May 20, 2018	173,713	49,344	28.3

(Reference) Equity: As of November 20, 2018: ¥ 49,226 million
As of May 20, 2018: ¥ 49,161 million

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2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 20, 2018	-	18.00	-	18.00	36.00
Fiscal year ending May 20, 2019	-	18.00			
Fiscal year ending May 20, 2019 (Forecast)			-	18.00	36.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending May 20, 2019 :

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

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended November 20, 2018

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)
Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

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

1) Changes in accounting policies due to the revision of accounting standards: No

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

November 20, 2018: 55,259,400 shares

May 20, 2018: 55,259,400 shares

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

November 20, 2018: 4,235,632 shares

May 20, 2018: 4,286,859 shares

3) Average number of shares during the period:

Six months ended November 20, 2018: 50,995,331 shares

Six months ended November 20, 2017: 50,912,130 shares

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* 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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Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Million yen)

	As of May 20,2018	As of November 20,2018
Assets		
Current assets		
Cash and deposits	62,187	56,320
Notes and accounts receivable - trade	41,309	44,858
Merchandise and finished goods	14,188	15,501
Raw materials and supplies	238	311
Costs on uncompleted construction contracts	24	34
Accounts receivable - other	8,032	7,866
Other	2,644	1,170
Allowance for doubtful accounts	(23)	(24)
Total current assets	128,601	126,039
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,417	7,745
Accumulated depreciation	(2,284)	(2,464)
Buildings and structures, net	5,133	5,280
Land	65	95
Leased assets	17,734	17,782
Accumulated depreciation	(2,915)	(3,692)
Leased assets, net	14,819	14,090
Other	12,171	11,504
Accumulated depreciation	(6,125)	(5,796)
Other, net	6,046	5,708
Construction in progress	67	854
Total property, plant and equipment	26,133	26,029
Intangible assets		
Software	5,080	5,226
Software in progress	1,834	2,440
Goodwill	2,699	2,275
Other	22	18
Total intangible assets	9,636	9,960
Investments and other assets		
Investment securities	214	264
Deferred tax assets	2,815	2,733
Other	6,380	6,453
Allowance for doubtful accounts	(68)	(85)
Total investments and other assets	9,342	9,366
Total non-current assets	45,111	45,355
Total assets	173,713	171,394

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(Million yen)

	As of May 20,2018	As of November 20,2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	44,066	48,944
Electronically recorded obligations - operating	24,402	18,308
Short-term loans payable	1,080	1,080
Current portion of long-term loans payable	1,786	1,663
Accounts payable - other	10,555	10,043
Income taxes payable	387	705
Accrued consumption taxes	331	525
Provision	816	777
Other	3,511	3,334
Total current liabilities	86,938	85,383
Non-current liabilities		
Long-term loans payable	16,340	15,551
Lease obligations	13,736	13,018
Net defined benefit liability	3,085	3,249
Asset retirement obligations	2,219	2,326
Other	2,049	2,435
Total non-current liabilities	37,430	36,582
Total liabilities	124,369	121,965
Net assets		
Shareholders' equity		
Capital stock	21,189	21,189
Capital surplus	23,605	24,061
Retained earnings	21,380	20,778
Treasury shares	(16,991)	(16,788)
Total shareholders' equity	49,183	49,241
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(1)	(1)
Foreign currency translation adjustment	25	23
Remeasurements of defined benefit plans	(46)	(37)
Total accumulated other comprehensive income	(22)	(14)
Share acquisition rights	19	19
Non-controlling interests	163	183
Total net assets	49,344	49,428
Total liabilities and net assets	173,713	171,394

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Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended November 20,2017	For the six months ended November 20,2018
Net sales	171,693	191,437
Cost of sales	130,955	146,174
Gross profit	40,738	45,262
Reversal of provision for sales returns	28	39
Provision for sales returns	28	34
Gross profit - net	40,738	45,267
Selling, general and administrative expenses	38,428	44,238
Operating profit	2,309	1,029
Non-operating income		
Interest income	13	13
Electricity sales income	18	-
Rental income	3	53
Other	60	55
Total non-operating income	95	122
Non-operating expenses		
Interest expenses	50	128
Depreciation of inactive non-current assets	228	-
Rent expenses	-	48
Other	21	16
Total non-operating expenses	300	193
Ordinary profit	2,104	958
Extraordinary income		
Gain on sales of non-current assets	4,554	-
Gain on reversal of provision for loss on fire	6,846	-
Gain on donation of non-current assets	-	30
Other	13	2
Total extraordinary income	11,414	33
Extraordinary losses		
Loss on valuation of investment securities	1,526	-
Impairment loss	1,187	-
Loss on sales of non-current assets	3,682	-
Loss on retirement of non-current assets	219	60
Other	311	1
Total extraordinary losses	6,926	61
Profit before income taxes	6,591	930
Income taxes - current	657	517
Income taxes - deferred	2,556	76
Total income taxes	3,214	594
Profit	3,376	335
Profit (loss) attributable to non-controlling interests	(16)	19
Profit attributable to owners of parent	3,393	315

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Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended November 20,2017	For the six months ended November 20,2018
Profit	3,376	335
Other comprehensive income		
Deferred gains or losses on hedges	2	0
Foreign currency translation adjustment	2	(2)
Remeasurements of defined benefit plans, net of tax	13	9
Total other comprehensive income	18	7
Comprehensive income	3,395	342
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,411	323
Comprehensive income attributable to non-controlling interests	(16)	19

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Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended November 20,2017	For the six months ended November 20,2018
Cash flows from operating activities		
Profit before income taxes	6,591	930
Depreciation	1,336	1,875
Amortization of software	900	916
Amortization of long-term prepaid expenses	84	69
Impairment loss	1,187	-
Amortization of goodwill	422	424
Increase (decrease) in allowance for doubtful accounts	140	18
Increase (decrease) in provision for loss on fire	(7,959)	-
Increase (decrease) in provision	107	(39)
Increase (decrease) in net defined benefit liability	131	177
Interest and dividend income	(13)	(13)
Interest expenses	50	128
Loss (gain) on valuation of investment securities	1,526	-
Loss on retirement of non-current assets	218	31
Gain on sales of noncurrent assets	(4,554)	-
Loss on sales of noncurrent assets	3,682	-
Decrease (increase) in notes and accounts receivable - trade	(1,120)	(3,768)
Decrease (increase) in inventories	(1,404)	(1,397)
Decrease (increase) in accounts receivable - other	(1,739)	165
Decrease (increase) in consumption taxes refund receivable	-	1,122
Increase (decrease) in notes and accounts payable - trade	(1,581)	(1,216)
Increase (decrease) in accounts payable - other	1,101	(129)
Increase (decrease) in accrued consumption taxes	(827)	193
Other, net	177	(29)
Subtotal	(1,539)	(538)
Interest and dividend income received	13	13
Interest expenses paid	(51)	(129)
Income taxes paid	(1,502)	(144)
Income taxes refund	-	374
Net cash provided by (used in) operating activities	(3,079)	(423)
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,861)	(1,200)
Proceeds from sales of property, plant and equipment	20,600	-
Purchase of software	(1,601)	(2,371)
Purchase of long-term prepaid expenses	(43)	(41)
Payments for guarantee deposits	(2,049)	(40)
Proceeds from collection of guarantee deposits	115	0
Payments of loans receivable	(36)	(1)
Collection of loans receivable	1	36
Proceeds from redemption of securities	-	336
Purchase of investment securities	-	(50)
Proceeds from sales of investment securities	13	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(545)	-
Other, net	(43)	10
Net cash provided by (used in) investing activities	6,549	(3,322)

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	(Million yen)	
	For the six months ended November 20,2017	For the six months ended November 20,2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(289)	-
Repayments of long-term loans payable	(1,195)	(911)
Repayments of lease obligations	(316)	(816)
Proceeds from issuance of share acquisition rights	0	-
Proceeds from disposal of treasury shares	84	34
Proceeds from share issuance to non-controlling shareholders	-	500
Cash dividends paid	(916)	(917)
Net cash provided by (used in) financing activities	(2,633)	(2,110)
Effect of exchange rate change on cash and cash equivalents	1	0
Net increase (decrease) in cash and cash equivalents	837	(5,856)
Cash and cash equivalents at beginning of period	47,059	62,177
Cash and cash equivalents at end of period	47,897	56,320