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Summary of Consolidated Financial Results for the Six Months Ended November 20, 2019 [Japanese GAAP] *

December 17, 2019

Company name: ASKUL Corporation

Stock exchange listing: Tokyo

Code number: 2678

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

Representative: Akira Yoshioka

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 27, 2019

Scheduled date of commencing dividend payments: January 20, 2020

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, 2019 (May 21, 2019 to November 20, 2019)

(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, 2019	199,625	4.3	3,468	236.9	3,393	254.1	2,192	594.0
November 20, 2018	191,437	11.5	1,029	(55.4)	958	(54.5)	315	(90.7)

(Note) Comprehensive income: Six months ended November 20, 2019: ¥ 2,211 million [545.0%]
Six months ended November 20, 2018: ¥ 342 million [(89.9) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 20, 2019	42.97	42.72
November 20, 2018	6.20	6.19

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of November 20, 2019	171,141	50,195	29.1
May 20, 2019	169,112	48,631	28.6

(Reference) Equity: As of November 20, 2019: ¥ 49,868 million
As of May 20, 2019: ¥ 48,392 million

This release is the full text of the captioned release excerpt disclosed on December,17,2019.

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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, 2019	-	18.00	-	18.00	36.00
Fiscal year ending May 20, 2020	-	19.00			
Fiscal year ending May 20, 2020 (Forecast)			-	19.00	38.00

(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, 2020:

Commemorative dividend - yen
Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 20, 2020 (May 21, 2019 to May 20, 2020)

(% 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	%	
Full year	404,000	4.3	8,800	94.7	8,600	94.6	5,400	-	Yen 105.83

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended November 20, 2019

(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, 2019: 55,259,400 shares

May 20, 2019: 55,259,400 shares

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

November 20, 2019: 4,233,626 shares

May 20, 2019: 4,235,634 shares

3) Average number of shares during the period:

Six months ended November 20, 2019: 51,024,813 shares

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

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* This 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.

For the assumptions on which earnings forecasts are based and 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, 2019 through November 20, 2019), Japan's economy remained on a moderate recovery path, with continued improvement in the employment environment.

On the other hand, the outlook for the economy has continued to be clouded by uncertainty, with unpredictable movements in stock prices, currency exchange rates, and others, due to continued U.S.-China trade friction and unstable political circumstances overseas.

In the E-commerce market, in which the Group operates, delivery charges have remained at a high level due to a shortage of delivery drivers and other factors, which has had a considerable impact on the business of E-commerce companies.

Under these circumstances, consolidated net sales of the period under review increased 4.3% year-on-year. In the B-to-B business of the mainstay E-commerce business, sales grew steadily by 5.4% year-on-year. In the B-to-C business, sales declined 3.0% year-on-year. This is attributable to a decrease in the sales amount of beverages sold by the case, resulting from the change in the sales method for beverages, which have a high ratio of delivery charges to net sales, in the LOHACO business, for which the Group has assigned a top priority to improve profit.

Gross profit-net increased due to the growth in sales in the B-to-B business and improvement of gross profit margin in the B-to-C business.

Regarding selling, general and administrative expenses, the ratio of delivery charges to net sales decreased significantly due to the revision of the minimum order amounts to qualify for no basic delivery fees for purchases in the LOHACO marketplace (hereinafter "free shipping charge") in January 2019, which encouraged customers to shop around, and the launch of the one-box eco service (note 1), etc. in July 2019, causing the ratio of selling, general and administrative expenses to improve by 1.2 percentage points to 21.9%.

As a consequence, the ASKUL Group posted net sales of 199,625 million yen, a 4.3% increase year-on-year, operating profit of 3,468 million yen, a 236.9% increase year-on-year owing to the improvement of profit of the LOHACO business, and ordinary profit of 3,393 million yen, a 254.1% increase year-on-year. Profit attributable to owners of parent came to 2,192 million yen, a 594.0% increase year-on-year.

Operating results by segment are outlined below.

<E-commerce business>

In the B-to-B business, the mainstay business of the Group, E-commerce strategies toward further growth have been steadily implemented. Specifically, the Group implemented measures to have its website ranked high when customers with no purchase history with the Group search for products on search engines (search engine optimization, or SEO), and to strengthen web advertising, thereby succeeding in increasing the use of the Group's services by new customers. In addition, the Group took measures such as advancing its website's search function with the application of big data and artificial intelligence (AI) and adding an image search function to allow users to search for products they want even if they do not know the product name. As a result, both the number of items purchased by customers who have used the Group's services and the average purchase per customer increased.

In terms of product categories, living supplies, including daily consumable goods and disposable paper, which are used frequently in stores, etc., and beverages consumed in offices, were the major driving forces behind the sales growth, while sales of MRO supplies (note 2) that include long-tail products, a focus area, and products used in health and nursing care facilities also expanded steadily. In August 2019, we started regular delivery service of a set volume of five main items of health and nursing care products, such as adult diapers, to nursing care facilities. We will continue to work to enhance services that can contribute to labor savings in operations at busy workplaces through the use of new technologies.

As a consequence, net sales of the B-to-B business amounted to 164,040 million yen, an increase of 8,452 million yen, or up 5.4% year-on-year, due to factors including the last-minute surge in demand before the consumption tax increase.

In the B-to-C business, we steadily promoted the shift to E-commerce with unique values in the LOHACO business.

Regarding our efforts promote products with unique values, we started sales of LOHACO BREAD, created through a joint project with a bread manufacturer with carefully selected ingredients and bread making process, in September 2019. In addition, we held "Fitting Our Lifestyles LOHACO Exhibition 2019" in October 2019, featuring new products provided by 45 participant companies, centering on large makers, with unique designs exclusive to the LOHACO marketplace and with sustainability as a new theme, and the event was favorably received by visitors.

In October 2019, we opened a LOHACO store on the PayPay Mall, launched by Yahoo Japan Corporation, which has led to the acquisition of new customers.

Sales in the LOHACO business stood at 24,000 million yen, a decrease of 1,720 million yen, or down 6.7% year-on-year as a result of implementing measures with top priority placed on improving profit at this time. Net sales in the B-to-C business as a whole amounted to 31,658 million yen, a decrease of 978 million yen, or down 3.0% year-on-year. On the profit front, there was an increase in fee income, such as advertising fee income, and the effect of the revision of the free shipping charge in January 2019, which encouraged customers to shop around, and the structural reform, such as the one-box eco service launched in July 2019 started to show. As a result, the profit improvement is steadily proceeding with an increase in gross profit margin combined with a decline in the ratio of delivery charges to net sales.

As a result, net sales of the E-commerce business, combining the two businesses above, stood at 195,699 million yen, an increase of 4.0% year-on-year. The amount of gross profit-net came to 46,521 million yen, a 4.0% increase year-on-year, mainly due to a rise in sales of office amenities, MRO supplies, and others, as well as other factors including the expansion of the range of original products with high profitability and improvement in gross profit margin of the B-to-C business.

Selling, general and administrative expenses stood at 43,226 million yen, a decline of 0.6% year-on-year. The major factors behind the decline were a fall in the ratio of delivery charges to net sales, as mentioned, above and a decrease in depreciation as a result of recording an impairment loss on non-current assets of ASKUL Value Center Hidaka in the preceding fiscal year. As a consequence, operating profit amounted to 3,294 million yen, an increase of 165.5% year-on-year.

<Logistics Business>

Sales of the Asset Management Business for the logistics facilities of Eco Properties Corporation increased, which led to growth in operating profit.

As a result, the Logistics Business posted net sales of 3,501 million yen, an increase of 26.0% year-on-year, and operating profit of 154 million yen (operating loss of 241 million yen for the same period in the preceding fiscal year).

<Other>

Net sales of Tsumagoimeisui Corporation were roughly at the same level as the same period in the preceding fiscal year.

Consequently, net sales of the Other segment stood at 711 million yen, a 3.4% increase year-on-year, and operating profit amounted to 33 million yen, a 30.5% decrease year-on-year.

- Notes: 1. A service in which the number of items per purchase unit is reduced and lower prices are offered for applicable beverage products, such as bottled water and tea, with free shipping charges applicable to orders of beverages up to a total of 18 kg per box. The one-box eco service is designed to promote purchases that use up the weight limit per box to reduce the ratio of delivery charges to net sales while reducing the burden of delivering packages at the same time.
2. MRO is an acronym for Maintenance, Repair and Operations, and the term "MRO supplies" denotes indirect materials including consumables and repair supplies for use in factories, construction sites, and other workplaces.

(2) Explanation of Financial Position

(Assets)

Total assets stood at 171,141 million yen at the end of the period under review, an increase of 2,028 million yen from the end of the preceding fiscal year. The primary factors behind the increase were increases of 1,408 million yen in cash and deposits and 1,017 million yen in notes and accounts receivable-trade.

(Liabilities)

Total liabilities stood at 120,945 million yen at the end of the period under review, an increase of 464 million yen from the end of the preceding fiscal year. The primary factors behind the increase were increases of 1,207 million yen in notes and accounts payable-trade and 1,205 million yen in accounts payable-other. The primary factors behind the decline were decreases of 891 million yen in lease obligations (non-current liabilities) and 856 million yen in long-term borrowings (including current portion of long-term borrowings).

(Net assets)

Net assets stood at 50,195 million yen at the end of the period under review, an increase of 1,563 million yen from the end of the preceding fiscal year. The primary factors behind the increase were an increase of 1,274 million yen in retained earnings due to profit attributable to owners of parent of 2,192 million yen despite dividend payments of 918 million yen, as well as increases of 179 million yen in capital surplus and 124 million yen in non-controlling interests in association with third-party allocation of shares at ecohai Co., Ltd.

Consequently, the capital adequacy ratio stood at 29.1% (28.6% at the end of the preceding fiscal year).

(Status of cash flows)

Consolidated cash and cash equivalents (hereinafter "Funds") at the end of the period under review were 58,877 million yen, an increase of 1,408 million yen from the end of the preceding fiscal year. The status of cash flows from operating, investing, and financing activities for the period under review and the underlying factors are explained below.

(Cash flows from operating activities)

Net Funds provided by operating activities were 6,169 million yen (compared to 423 million yen used in the same period of the preceding fiscal year). The main factors contributing to the increase in Funds were profit before income taxes of 3,342 million yen, depreciation of non-current assets, amortization of software and amortization of goodwill totaling 2,859 million yen, an increase of 1,473 million yen in trade payables, and an increase of 936 million yen in accounts payable-other, offset by factors causing a decrease in Funds that were an increase of 1,117 million yen in trade receivables and the payment of income taxes of 1,047 million yen.

(Cash flows from investing activities)

Net Funds used in investing activities were 2,416 million yen, a decrease of 27.3% year-on-year. The main factors causing a decrease in Funds were 1,426 million yen paid for the purchase of property, plant and equipment, and 785 million yen allocated for the purchase of software.

(Cash flows from financing activities)

Net Funds used in financing activities were 2,344 million yen, an increase of 11.1% year-on-year. The items leading to a decrease in Funds included cash dividends paid of 918 million yen, repayments of borrowings of 856 million yen, and repayments of lease obligations of 840 million yen.

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

No revision has been made to the consolidated forecasts announced on July 3, 2019.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of May 20,2019	As of November 20,2019
Assets		
Current assets		
Cash and deposits	57,469	58,877
Notes and accounts receivable - trade	42,189	43,207
Merchandise and finished goods	15,766	15,843
Raw materials and supplies	342	336
Costs on construction contracts in progress	72	59
Accounts receivable - other	8,733	8,449
Other	1,230	1,429
Allowance for doubtful accounts	(12)	(24)
Total current assets	125,792	128,178
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,778	8,041
Accumulated depreciation	(2,719)	(2,916)
Buildings and structures, net	5,058	5,124
Land	136	136
Leased assets	18,714	18,734
Accumulated depreciation	(4,591)	(5,486)
Leased assets, net	14,122	13,247
Other	9,448	9,930
Accumulated depreciation	(6,392)	(6,686)
Other, net	3,056	3,243
Construction in progress	50	191
Total property, plant and equipment	22,424	21,942
Intangible assets		
Software	6,722	7,485
Software in progress	1,221	773
Goodwill	1,889	1,706
Other	13	10
Total intangible assets	9,847	9,975
Investments and other assets		
Investment securities	606	688
Deferred tax assets	3,967	3,814
Other	6,564	6,628
Allowance for doubtful accounts	(91)	(87)
Total investments and other assets	11,047	11,043
Total non-current assets	43,319	42,962
Total assets	169,112	171,141

(Million yen)

	As of May 20,2019	As of November 20,2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	46,272	47,480
Electronically recorded obligations - operating	20,088	20,341
Short-term borrowings	380	380
Current portion of long-term borrowings	2,184	1,697
Accounts payable - other	9,340	10,545
Income taxes payable	1,100	1,033
Accrued consumption taxes	1,074	573
Provisions	779	760
Other	3,368	3,243
Total current liabilities	84,590	86,056
Non-current liabilities		
Long-term borrowings	14,646	14,277
Lease obligations	13,060	12,169
Retirement benefit liability	3,477	3,621
Asset retirement obligations	2,346	2,388
Other	2,358	2,432
Total non-current liabilities	35,889	34,888
Total liabilities	120,480	120,945
Net assets		
Shareholders' equity		
Share capital	21,189	21,189
Capital surplus	24,061	24,241
Retained earnings	19,972	21,246
Treasury shares	(16,788)	(16,777)
Total shareholders' equity	48,435	49,900
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(1)	(0)
Foreign currency translation adjustment	28	26
Remeasurements of defined benefit plans	(69)	(58)
Total accumulated other comprehensive income	(42)	(32)
Share acquisition rights	18	(18)
Non-controlling interests	220	345
Total net assets	48,631	50,195
Total liabilities and net assets	169,112	171,141

(2) 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 20,2018	For the six months ended November 20,2019
Net sales	191,437	199,625
Cost of sales	146,174	152,503
Gross profit	45,262	47,121
Reversal of provision for sales returns	39	26
Provision for sales returns	34	26
Gross profit - net	45,267	47,121
Selling, general and administrative expenses	44,238	43,653
Operating profit	1,029	3,468
Non-operating income		
Interest income	13	13
Rental income	53	165
Other	55	88
Total non-operating income	122	267
Non-operating expenses		
Interest expenses	128	127
Rental expenses	48	174
Other	16	40
Total non-operating expenses	193	342
Ordinary profit	958	3,393
Extraordinary income		
Gain on donation of non-current assets	30	-
Other	2	-
Total extraordinary income	33	-
Extraordinary losses		
Loss on retirement of non-current assets	60	50
Other	1	-
Total extraordinary losses	61	50
Profit before income taxes	930	3,342
Income taxes - current	517	979
Income taxes - deferred	76	161
Total income taxes	594	1,140
Profit	335	2,201
Profit attributable to non-controlling interests	19	9
Profit attributable to owners of parent	315	2,192

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

(Million yen)

	For the six months ended November 20,2018	For the six months ended November 20,2019
Profit	335	2,201
Other comprehensive income		
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(2)	(2)
Remeasurements of defined benefit plans, net of tax	9	11
Total other comprehensive income	7	10
Comprehensive income	342	2,211
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	323	2,202
Comprehensive income attributable to non-controlling interests	19	9

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended November 20,2018	For the six months ended November 20,2019
Cash flows from operating activities		
Profit before income taxes	930	3,342
Depreciation	1,875	1,520
Amortization of software	916	1,155
Amortization of long-term prepaid expenses	69	64
Amortization of goodwill	424	183
Increase (decrease) in allowance for doubtful accounts	18	7
Increase (decrease) in provision	(39)	(18)
Increase (decrease) in retirement benefit liability	177	161
Interest and dividend income	(13)	(13)
Interest expenses	128	127
Loss on retirement of non-current assets	31	49
Decrease (increase) in trade receivables	(3,768)	(1,117)
Decrease (increase) in inventories	(1,397)	(57)
Decrease (increase) in accounts receivable - other	165	284
Decrease (increase) in consumption taxes refund receivable	1,122	66
Increase (decrease) in trade payables	(1,216)	1,473
Increase (decrease) in accounts payable - other	(129)	936
Increase (decrease) in accrued consumption taxes	193	(501)
Other, net	(29)	(335)
Subtotal	(538)	7,330
Interest and dividends received	13	13
Interest paid	(129)	(127)
Income taxes paid	(144)	(1,047)
Income taxes refund	374	-
Net cash provided by (used in) operating activities	(423)	6,169
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,200)	(1,426)
Purchase of software	(2,371)	(785)
Purchase of long-term prepaid expenses	(41)	(102)
Payments of guarantee deposits	(40)	(76)
Proceeds from refund of guarantee deposits	0	5
Loan advances	(1)	(30)
Collection of loans receivable	36	1
Proceeds from redemption of securities	336	-
Purchase of investment securities	(50)	(94)
Payments for asset retirement obligations	-	(3)
Other, net	10	96
Net cash provided by (used in) investing activities	(3,322)	(2,416)

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(Million yen)

	For the six months ended November 20,2018	For the six months ended November 20,2019
Cash flows from financing activities		
Repayments of long-term borrowings	(911)	(856)
Repayments of lease obligations	(816)	(840)
Purchase of treasury share acquisition rights	-	(36)
Proceeds from disposal of treasury shares	34	7
Proceeds from share issuance to non-controlling shareholders	500	300
Dividends paid	(917)	(918)
Net cash provided by (used in) financing activities	(2,110)	(2,344)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(5,856)	1,408
Cash and cash equivalents at beginning of period	62,177	57,469
Cash and cash equivalents at end of period	56,320	58,877

(4) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

[Segment Information]

I First Six Months of Fiscal Year Ended May 2019 (May 21, 2018 through November 20, 2018)

Information on net sales and income (loss) by reporting segment

(Unit: Million yen)

	Reporting Segment			Other (Note 1)	Total	Adjustments (Note 2)	Amount reported in the consolidated statements of income (Note 3)
	E- commerce business	Logistics business	Subtotal				
Net sales							
Sales to external customers	188,225	2,778	191,003	433	191,437	-	191,437
Intra-segment sales or transfers	-	-	-	254	254	(254)	-
Total	188,225	2,778	191,003	687	191,691	(254)	191,437
Segment income (loss)	1,241	(241)	999	48	1,047	(18)	1,029

Notes: 1 "Other" represents business segments that do not fall under the Reporting Segment and includes the manufacturing business.

2 The adjustment of minus 18 million yen to segment income represents the elimination of inter-segment transactions.

3 Segment income is adjusted with the operating profit reported in the consolidated statements of income.

II First Six Months of Fiscal Year Ending May 2020 (May 21, 2019 through November 20, 2019)

Information on net sales and income (loss) by reporting segment

(Unit: Million yen)

	Reporting Segment			Other (Note 1)	Total	Adjustments (Note 2)	Amount reported in the consolidated statements of income (Note 3)
	E- commerce business	Logistics business	Subtotal				
Net sales							
Sales to external customers	195,699	3,501	199,200	425	199,625	-	199,625
Intra-segment sales or transfers	-	-	-	285	285	(285)	-
Total	195,699	3,501	199,200	711	199,911	(285)	199,625
Segment income	3,294	154	3,448	33	3,482	(14)	3,468

Notes: 1 "Other" represents business segments that do not fall under the Reporting Segment and includes the manufacturing business.

2 The adjustment of minus 14 million yen to segment income represents the elimination of inter-segment transactions.

3 Segment income is adjusted with the operating profit reported in the consolidated statements of income.

3. Supplementary Information

Details of Selling, General and Administrative Expenses (Consolidated)

Item	First Six Months of Fiscal Year Ended May 2019 (May 21, 2018 through November 20, 2018)		First Six Months of Fiscal Year Ending May 2020 (May 21, 2019 through November 20, 2019)			(Reference) Fiscal Year Ended May 2019 (May 21, 2018 through May 20, 2019)	
	Amount (million yen)	Ratio to Sales (%)	Amount (million yen)	Ratio to Sales (%)	Year-on-Year Change (%)	Amount (million yen)	Ratio to Sales (%)
Personnel expenses	9,987	5.2	10,288	5.2	103.0	20,242	5.2
Shipment expenses *1	12,414	6.5	11,627	5.8	93.7	23,912	6.2
Provision for sales promotion expenses	266	0.1	259	0.1	97.3	537	0.1
Subcontract expenses	1,801	0.9	1,837	0.9	102.0	3,548	0.9
Business consignment expenses	5,630	2.9	5,535	2.8	98.3	10,939	2.8
Rents	4,807	2.5	4,819	2.4	100.2	9,595	2.5
Provision of allowance for doubtful accounts	21	0.0	17	0.0	78.1	24	0.0
Depreciation *2	1,811	0.9	1,462	0.7	80.7	3,590	0.9
Amortization of software *3	910	0.5	1,142	0.6	125.4	1,882	0.5
Other expenses	6,586	3.6	6,664	3.4	101.2	12,812	3.4
Total	44,238	23.1	43,653	21.9	98.7	87,085	22.5

*1 Delivery expenses for the period under review decreased from the same period in the preceding fiscal year. This was mainly due to the decline in the ratio of delivery charges to net sales, resulting from the effects of customers shopping around following the revision of the free shipping charge and the launch of the one-box eco service.

*2 Depreciation for the period under review decreased from the same period in the preceding fiscal year. This was mainly due to the recording of impairment loss on non-current assets of ASKUL Value Center Hidaka at the end of the preceding fiscal year.

*3 Amortization of software for the period under review increased from the same period in the preceding fiscal year. This was mainly due to the launch of a new product database.