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Excerpt from Summary of Consolidated Financial Results for the Year Ended May 20, 2020 [Japanese GAAP] *

July 10, 2020

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 Annual General Meeting of Shareholders: August 13, 2020

Scheduled date of commencing dividend payments: August 14, 2020

Scheduled date of filing annual securities report: August 07, 2020

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, 2020 (May 21, 2019 to May 20, 2020)

(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, 2020	400,376	3.3	8,821	95.1	8,656	95.9	5,652	-
May 20, 2019	387,470	7.5	4,520	7.8	4,418	12.1	434	(90.7)

(Note) Comprehensive income: Fiscal year ended May 20, 2020: ¥ 5,720 million [-%]
Fiscal year ended May 20, 2019: ¥ 477 million [(89.9) %]

	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, 2020	110.78	110.29	11.2	5.0	2.2
May 20, 2019	8.52	8.51	0.9	2.6	1.2

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended May 20, 2020: ¥ - million
Fiscal year ended May 20, 2019: ¥ - 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, 2020	174,114	52,825	30.1	1,027.37
May 20, 2019	169,112	48,631	28.6	948.44

(Reference) Equity: As of May 20, 2020: ¥ 52,434 million
As of May 20, 2019: ¥ 48,392 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, 2020	16,609	(6,055)	(4,761)	63,260
May 20, 2019	6,215	(5,962)	(4,950)	57,469

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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, 2019	-	18.00	-	18.00	36.00	1,836	422.7	3.8
May 20, 2020	-	19.00	-	19.00	38.00	1,939	34.3	3.8
Fiscal year ending May 20, 2021 (Forecast)	-	19.00	-	19.00	38.00		43.1	

(Note) Breakdown of the year-end dividend for the fiscal year ended May 20, 2020 :

Commemorative dividend - yen
Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 20, 2021 (May 21, 2020 to May 20, 2021)

(% 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	403,000	0.7	7,200	(18.4)	7,000	(19.1)	4,500	(20.4)	88.17

* 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: No

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, 2020: 55,259,400 shares

May 20, 2019: 55,259,400 shares

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

May 20, 2020: 4,221,622 shares

May 20, 2019: 4,235,634 shares

3) Average number of shares during the period:

Fiscal Year ended May 20, 2020: 51,029,445 shares

Fiscal Year ended May 20, 2019: 51,009,431 shares

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(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended May 20, 2020 (May 21, 2019 to May 20, 2020)

(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, 2020	349,105	2.5	7,181	70.9	7,480	59.3	4,919	901.8
May 20, 2019	340,615	6.6	4,202	42.0	4,696	48.4	491	(86.9)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
May 20, 2020	96.40	96.36
May 20, 2019	9.63	9.62

(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, 2020	158,479	52,101	32.9	1,020.55
May 20, 2019	154,506	49,026	31.7	960.53

(Reference) Equity: As of May 20, 2020: ¥ 52,086 million
As of May 20, 2019: ¥ 49,009 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 20,2019	As of May 20,2020
Assets		
Current assets		
Cash and deposits	57,469	63,260
Notes and accounts receivable - trade	42,189	38,701
Merchandise and finished goods	15,766	16,582
Raw materials and supplies	342	257
Costs on construction contracts in progress	72	63
Accounts receivable - other	8,733	10,340
Other	1,230	1,277
Allowance for doubtful accounts	(12)	(24)
Total current assets	125,792	130,458
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,778	8,329
Accumulated depreciation	(2,719)	(3,162)
Buildings and structures, net	5,058	5,166
Machinery, equipment and vehicles	5,720	6,277
Accumulated depreciation	(3,587)	(4,021)
Machinery, equipment and vehicles, net	2,133	2,255
Land	136	137
Leased assets	18,714	19,408
Accumulated depreciation	(4,591)	(6,405)
Leased assets, net	14,122	13,003
Other	3,728	3,788
Accumulated depreciation	(2,805)	(2,939)
Other, net	922	848
Construction in progress	50	461
Total property, plant and equipment	22,424	21,873
Intangible assets		
Software	6,722	7,285
Software in progress	1,221	1,116
Goodwill	1,889	2,165
Other	13	6
Total intangible assets	9,847	10,574
Investments and other assets		
Investment securities	606	808
Long-term prepaid expenses	195	156
Guarantee deposits	6,257	6,344
Deferred tax assets	3,967	3,873
Other	111	147
Allowance for doubtful accounts	(91)	(121)
Total investments and other assets	11,047	11,208
Total non-current assets	43,319	43,655
Total assets	169,112	174,114

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(Million yen)

	As of May 20,2019	As of May 20,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	46,272	45,549
Electronically recorded obligations - operating	20,088	21,733
Short-term borrowings	380	430
Current portion of long-term borrowings	2,184	1,767
Lease obligations	1,829	1,946
Accounts payable - other	9,340	10,281
Income taxes payable	1,100	1,972
Accrued consumption taxes	1,074	1,140
Provision for bonuses	207	204
Provision for sales promotion expenses	546	549
Provision for sales returns	26	26
Other	1,538	1,771
Total current liabilities	84,590	87,374
Non-current liabilities		
Long-term borrowings	14,646	13,679
Lease obligations	13,060	11,879
Retirement benefit liability	3,477	3,716
Asset retirement obligations	2,346	2,438
Other	2,358	2,200
Total non-current liabilities	35,889	33,914
Total liabilities	120,480	121,289
Net assets		
Shareholders' equity		
Share capital	21,189	21,189
Capital surplus	24,061	24,220
Retained earnings	19,972	23,769
Treasury shares	(16,788)	(16,718)
Total shareholders' equity	48,435	52,461
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(1)	-
Foreign currency translation adjustment	28	-
Remeasurements of defined benefit plans	(69)	(26)
Total accumulated other comprehensive income	(42)	(26)
Share acquisition rights	18	7
Non-controlling interests	220	382
Total net assets	48,631	52,825
Total liabilities and net assets	169,112	174,114

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Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended May 20,2019	For the fiscal year ended May 20,2020
Net sales	387,470	400,376
Cost of sales	295,877	304,692
Gross profit	91,593	95,683
Reversal of provision for sales returns	39	26
Provision for sales returns	26	26
Gross profit - net	91,606	95,683
Selling, general and administrative expenses	87,085	86,862
Operating profit	4,520	8,821
Non-operating income		
Interest income	28	28
Rental income	183	260
Other	112	152
Total non-operating income	324	440
Non-operating expenses		
Interest expenses	260	249
Rental expenses	137	262
Loss on transfer of receivables	14	11
Commission expenses	2	3
Other	11	79
Total non-operating expenses	426	606
Ordinary profit	4,418	8,656
Extraordinary income		
Insurance claim income	6	-
Gain on sales of non-current assets	0	-
Gain on donation of non-current assets	30	-
Gain on reversal of share acquisition rights	-	2
Total extraordinary income	36	2
Extraordinary losses		
Impairment loss	3,123	44
Loss on retirement of non-current assets	82	122
Loss on retirement of treasury subscription rights to shares	55	29
Other	19	2
Total extraordinary losses	3,281	197
Profit before income taxes	1,173	8,460
Income taxes - current	1,820	2,676
Income taxes - deferred	(1,142)	74
Total income taxes	677	2,750
Profit	496	5,709
Profit attributable to non-controlling interests	62	56
Profit attributable to owners of parent	434	5,652

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Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended May 20,2019	For the fiscal year ended May 20,2020
Profit	496	5,709
Other comprehensive income		
Deferred gains or losses on hedges	0	1
Foreign currency translation adjustment	3	(33)
Remeasurements of defined benefit plans, net of tax	(23)	43
Total other comprehensive income	(19)	11
Comprehensive income	477	5,720
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	414	5,668
Comprehensive income attributable to non-controlling interests	62	52

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Consolidated Statements of Changes in Net Assets

For the fiscal year ended May 20,2019

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,189	23,605	21,380	(16,991)	49,183
Changes during period					
Dividends of surplus			(1,835)		(1,835)
Profit attributable to owners of parent			434		434
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(43)		203	159
Change in scope of consolidation			(6)		(6)
Change in ownership interest of parent due to transactions with non-controlling interests		500			500
Net changes in items other than shareholders' equity					
Total changes during period	-	456	(1,407)	203	(748)
Balance at end of period	21,189	24,061	19,972	(16,788)	48,435

	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 period	(1)	25	(46)	(22)
Changes during period				
Dividends of surplus				
Profit attributable to owners of parent				
Purchase of treasury shares				
Disposal of treasury shares				
Change in scope of consolidation				
Change in ownership interest of parent due to transactions with non-controlling interests				
Net changes in items other than shareholders' equity	0	2	(23)	(19)
Total changes during period	0	2	(23)	(19)
Balance at end of period	(1)	28	(69)	(42)

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	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	19	163	49,344
Changes during period			
Dividends of surplus			(1,835)
Profit attributable to owners of parent			434
Purchase of treasury shares			(0)
Disposal of treasury shares			159
Change in scope of consolidation			(6)
Change in ownership interest of parent due to transactions with non-controlling interests			500
Net changes in items other than shareholders' equity	(0)	56	36
Total changes during period	(0)	56	(712)
Balance at end of period	18	220	48,631

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For the fiscal year ended May 20,2020

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,189	24,061	19,972	(16,788)	48,435
Changes during period					
Dividends of surplus			(1,887)		(1,887)
Profit attributable to owners of parent			5,652		5,652
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(24)		70	45
Change in scope of consolidation			31		31
Change in ownership interest of parent due to transactions with non-controlling interests		184			184
Net changes in items other than shareholders' equity					
Total changes during period	-	159	3,796	70	4,025
Balance at end of period	21,189	24,220	23,769	(16,718)	52,461

	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 period	(1)	28	(69)	(42)
Changes during period				
Dividends of surplus				
Profit attributable to owners of parent				
Purchase of treasury shares				
Disposal of treasury shares				
Change in scope of consolidation				
Change in ownership interest of parent due to transactions with non-controlling interests				
Net changes in items other than shareholders' equity	1	(28)	43	15
Total changes during period	1	(28)	43	15
Balance at end of period	-	-	(26)	(26)

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	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	18	220	48,631
Changes during period			
Dividends of surplus			(1,887)
Profit attributable to owners of parent			5,652
Purchase of treasury shares			(0)
Disposal of treasury shares			45
Change in scope of consolidation			31
Change in ownership interest of parent due to transactions with non-controlling interests			184
Net changes in items other than shareholders' equity	(10)	162	167
Total changes during period	(10)	162	4,193
Balance at end of period	7	382	52,825

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Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended May 20,2019	For the fiscal year ended May 20,2020
Cash flows from operating activities		
Profit before income taxes	1,173	8,460
Depreciation	3,723	3,139
Amortization of software	1,899	2,401
Amortization of long-term prepaid expenses	300	118
Impairment loss	3,123	44
Amortization of goodwill	810	359
Loss on retirement of treasury subscription rights to shares	55	29
Gain on reversal of share acquisition rights	-	(2)
Increase (decrease) in allowance for doubtful accounts	12	41
Increase (decrease) in provision for bonuses	(0)	(2)
Increase (decrease) in provision for sales promotion expenses	(24)	3
Increase (decrease) in provision for sales returns	(13)	-
Increase (decrease) in retirement benefit liability	356	301
Interest income	(28)	(28)
Interest expenses	260	249
Insurance claim income	(6)	-
Loss on retirement of non-current assets	82	122
Loss (gain) on sales of non-current assets	(0)	-
Decrease (increase) in trade receivables	(1,128)	3,579
Decrease (increase) in inventories	(1,730)	(721)
Decrease (increase) in accounts receivable - other	(701)	(1,606)
Increase (decrease) in trade payables	(2,177)	812
Increase (decrease) in accounts payable - other	(702)	1,306
Increase (decrease) in accrued consumption taxes	743	52
Other, net	1,122	(92)
Subtotal	7,151	18,568
Interest and dividends received	28	28
Interest paid	(260)	(249)
Proceeds from insurance income	6	-
Income taxes paid	(1,084)	(1,737)
Income taxes refund	374	-
Net cash provided by (used in) operating activities	6,215	16,609

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(Million yen)

	For the fiscal year ended May 20,2019	For the fiscal year ended May 20,2020
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,689)	(1,827)
Proceeds from sales of property, plant and equipment	8	-
Purchase of software	(3,754)	(3,260)
Purchase of long-term prepaid expenses	(338)	(158)
Payments of guarantee deposits	(154)	(108)
Proceeds from refund of guarantee deposits	6	18
Loan advances	(3)	(32)
Collection of loans receivable	39	3
Proceeds from redemption of securities	336	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(538)
Purchase of investment securities	(391)	(215)
Payments for asset retirement obligations	(0)	(7)
Other, net	(18)	71
Net cash provided by (used in) investing activities	(5,962)	(6,055)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(700)	-
Proceeds from long-term borrowings	500	800
Repayments of long-term borrowings	(1,795)	(2,215)
Repayments of lease obligations	(1,647)	(1,704)
Proceeds from disposal of treasury shares	34	45
Proceeds from share issuance to non-controlling shareholders	500	300
Dividends paid	(1,835)	(1,887)
Dividends paid to non-controlling interests	(5)	(6)
Payments for purchase of treasury subscription right to shares	-	(92)
Net cash provided by (used in) financing activities	(4,950)	(4,761)
Effect of exchange rate change on cash and cash equivalents	(0)	(0)
Net increase (decrease) in cash and cash equivalents	(4,698)	5,792
Cash and cash equivalents at beginning of period	62,177	57,469
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(9)	(0)
Cash and cash equivalents at end of period	57,469	63,260