

Consolidated Financial Results for the Year Ended May 20, 2024 [Japanese GAAP]*



July 3, 2024

Company name: ASKUL Corporation
 Stock exchange listing: Tokyo
 Code number: 2678
 URL: <https://www.askul.co.jp/corp/english/investor>
 Representative: Akira Yoshioka Representative Director, President and CEO (chief executive officer)
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 Scheduled date of Annual General Meeting of Shareholders: August 8, 2024
 Scheduled date of commencing dividend payments: August 9, 2024
 Scheduled date of filing annual securities report: July 30, 2024
 Preparation of supplementary materials for annual financial results: Yes
 Schedule of annual financial results briefing session: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended May 20, 2024 (May 21, 2023 to May 20, 2024)

(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, 2024	471,682	5.6	16,953	16.0	16,677	15.4	19,139	95.6
May 20, 2023	446,713	4.2	14,620	2.2	14,448	1.3	9,787	6.3

(Note) Comprehensive income: Fiscal year ended May 20, 2024: ¥19,598 million [94.9%]
 Fiscal year ended May 20, 2023: ¥10,056 million [8.7%]

	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, 2024	196.47	196.36	26.9	7.1	3.6
May 20, 2023	100.43	100.36	16.2	7.0	3.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended May 20, 2024: ¥- million
 Fiscal year ended May 20, 2023: ¥- 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, 2024	243,062	81,336	32.2	808.88
May 20, 2023	227,506	66,876	28.2	658.20

(Reference) Equity: As of May 20, 2024: ¥78,262 million
 As of May 20, 2023: ¥64,145 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, 2024	16,887	(11,537)	(9,828)	61,744
May 20, 2023	20,131	(22,929)	10,232	66,223

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, 2023	-	16.00	-	18.00	34.00	3,313	33.9	5.5
May 20, 2024	-	18.00	-	18.00	36.00	3,497	18.3	4.9
Fiscal year ending May 20, 2025 (Forecast)	-	19.00	-	19.00	38.00		32.8	

(Note) Breakdown of year-end dividends for the fiscal year ended May 2023

Ordinary dividend 16 yen

Commemorating the 30th anniversary 2 yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 20, 2025 (May 21, 2024 to May 20, 2025)

(% 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	500,000	6.0	18,000	6.2	17,700	6.1	11,200	(41.5)	115.76

* Notes:

(1) Changes in significant subsidiaries during the period under review

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

(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: No

4) Retrospective restatement: No

(3) Number of outstanding shares (common stocks)

1) Number of outstanding shares at the end of the period (including treasury stock):

May 20, 2024: 97,564,700 shares

May 20, 2023: 97,518,800 shares

2) Number of treasury stock at the end of the period:

May 20, 2024: 810,475 shares

May 20, 2023: 62,406 shares

3) Average number of shares during the period:

Fiscal Year ended May 20, 2024: 97,417,717 shares

Fiscal Year ended May 20, 2023: 97,453,286 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended May 20, 2024 (May 21, 2023 to May 20, 2024)

(1) Non-consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended May 20, 2024	389,626	1.7	14,996	15.1	15,422	12.4	19,069	95.1
May 20, 2023	383,096	3.1	13,026	11.4	13,724	13.9	9,774	18.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended May 20, 2024	195.75	-
May 20, 2023	100.30	-

(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, 2024	213,298	76,576	35.9	791.45
May 20, 2023	200,660	62,634	31.2	642.69

(Reference) Equity: As of May 20, 2024: ¥76,576 million

As of May 20, 2023: ¥62,634 million

* This Consolidated Financial Results is not subject to audit by a certified public accountant or auditing firm.

* 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. Overview of Business Results, Etc.

(4) Future Outlook" on Page 6 of Attached Materials.

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1. Overview of Business Results, Etc.

(1) Overview of Business Results for the Fiscal Year under Review

During the fiscal year under review (from May 21, 2023 to May 20, 2024), the Japanese economy is expected to continue its gradual recovery, as the normalization of economic activity has led to an upturn in business activity and consumer consumption behaviors, and the employment and income environment at major companies has improved ahead of others. On the other hand, rising prices of raw materials and energy due to Russia's invasion of Ukraine and other factors, as well as rising import prices due to the depreciation of the yen, has led to an increase in domestic prices, affecting household and corporate activities.

Under these circumstances, the Group has positioned the fiscal year ended May 20, 2024 as the year in which it would accomplish its most important mission of "changing the trajectory of profit growth curve" while continuing to "change the trajectory of sales growth curve" achieved in the previous fiscal year. In order to achieve the performance targets set forth in the Medium-term Management Plan (from the fiscal year ended May 20, 2022 to the fiscal year ending May 20, 2025), the Group has taken aggressive measures that will lead to the growth of the Group, in addition to expanding the number of products handled, including aggressive investment in advertising and sales promotion in the B-to-B business and transitioning customers to the new ASKUL website, which began full-scale operation.

In addition, as the Company aims to realize ethical e-commerce, we changed the threshold for free delivery^(Note1) for orders placed after 6:00 p.m. on October 31, 2023 for ASKUL and SOLOEL ARENA, our B-to-B business, in order to contribute to solving the so-called Logistics 2024 issue^(Note2). By encouraging customers to purchase in bulk whenever possible, we have promoted efforts to realize a sustainable society through the reduction of environmental and labor burdens throughout the supply chain.

As a result, the financial performance of the Group for the fiscal year under review reached record highs in both net sales and profits, with net sales of 471,682 million yen, a 5.6% increase year-on-year, operating profit of 16,953 million yen, a 16.0% increase year-on-year, ordinary profit of 16,677 million yen, up 15.4% year-on-year, and due to the recording of an extraordinary income of 11,862 million yen as compensation for damages received from the finalization of a lawsuit claiming damages related to ALP Metropolitan fire, profit attributable to owners of parent of 19,139 million yen, a 95.6% increase year-on-year, resulting in an increase in both sales and profits.

Operating results by segment are outlined below.

<E-commerce Business>

In the B-to-B business, the mainstay business of the Group, we offer a wide range of products to meet the needs of all customers working in the workplace, including living supplies related merchandise such as bottled beverages and daily consumables, products related to COVID-19 such as antigen test kits, and MRO^(Note3) products such as bags and packing materials. Although sales of COVID-19-related products such as antigen test kits and disinfectants declined due to the completion of measures against infectious disease with a decrease in the number of cases of infections, sales of Living Supplies category products such as PET bottled beverages and daily consumables increased steadily partly due to the recovery in daily life activities.

Despite the impact of a decline in special demand for products related to COVID-19 and the failure to achieve the planned number of orders, the increase due to higher unit prices resulting from price revisions for some of the mainstay products and other factors contributed to the increase in net sales for both of our services: ASKUL, a service for small and medium-sized enterprises, and SOLOEL ARENA, a service for mid-tier and large companies.

In addition, the performance of subsidiaries contributed to significant sales growth as the business results of FEED

Corporation, a business subsidiary of AP67 Co., Ltd., that became a consolidated subsidiary at the end of the previous fiscal year, contributed throughout the fiscal year under review and AlphaPurchase Co., Ltd., a consolidated subsidiary, continued to perform well.

As a result, net sales in the B-to-B business grew by 35,275 million yen from a year earlier to 409,143 million yen, a 9.4% increase year-on-year.

Furthermore, the Company is expanding sales of long-tail products to achieve the Medium-term Management Plan. As a measure to achieve this, in the fiscal year under review, we introduced automated transfer robots to our large distribution center in the Kansai area (AVC Kansai) and have promoted the improvement of facilities to increase storage and shipping efficiency in the Kansai area. For the next fiscal year and beyond, we will improve the utilization rate of long-tail products by

enhancing our procurement and merchandising capabilities for long-tail products in demand by customers to lead into the expansion of net sales.

As for the other mission, migration of customers of SOLOEL ARENA to the new ASKUL website, the migration plan for the new ASKUL website has been revised to prioritize customer support after the transition, and plan to complete the migration during the fiscal year ending May 20, 2025.

In the B-to-C business, net sales decreased as planned at the beginning of the period due to a campaign method change resulting from cost optimization in the commerce business of LY Corporation (formerly Z Holdings Corporation). In the fiscal year under review, by integrating the B-to-B and B-to-C businesses, we have promoted sales of large-volume products, etc. with high-cost performance handled in the B-to-B business via LOHACO and lowered costs of operations through organizational and functional integration. We have also enhanced our profitability to continuously generate operating profit, such as improving customer convenience through the merger of LOHACO by ASKUL (LOHACO Main Store) and LOHACO Yahoo! Store.

As a result, LOHACO sales decreased 10,016 million yen from a year earlier to 36,160 million yen, down 21.7% year-on-year. Consequently, net sales of the B-to-C business in total also decreased 10,022 million yen from a year earlier to 53,230 million yen, a 15.8% decrease year-on-year.

Accordingly, net sales of the E-commerce business, combining the two businesses above, stood at 462,374 million yen, a 5.8% increase year-on-year. Gross profit-net increased substantially to 116,944 million yen, up 9.7% year-on-year, as the gross profit margin improved due to an increase in sales of Living Supplies category and price revisions for some products.

Regarding selling, general and administrative expenses, the unit sales price per box increased and the ratio of shipment expenses to net sales decreased, due to the impact of price revisions for some main products and the revision of the free shipping threshold, which encouraged customers to purchase in bulk. On the other hand, the ratio of selling, general and administrative expenses to net sales increased by 0.6 points year-on-year due to an increase in amortization of software, depreciation and amortization of goodwill resulting from operating the new ASKUL website and ASKUL Tokyo DC respectively and making FEED Corporation and other companies subsidiaries, as well as the implementation of TV commercials aimed at improving the awareness of the service name and handling of strategic products in the B-to-B business, and an increase in internet advertising in conjunction with such TV commercials, one of the key measures for the fiscal year under review. As a result, selling, general and administrative expenses were 99,846 million yen, and operating profit was 17,097 million yen, a 14.4% increase year-on-year.

<Logistics Business>

Net sales of the contracted business of logistics that ASKUL LOGIST Corporation received from outside the Group progressed generally on par with the level of the previous year. Despite operating loss due to soaring personnel expenses and other expenses, profitability improved year-on-year due to price revisions and other factors, and the Company will work to further improve productivity.

As a result, net sales in the fiscal year under review were 8,558 million yen, a 1.6% decrease year-on-year, and operating loss was 146 million yen, as opposed to an operating loss of 324 million yen a year earlier.

<Other>

Net sales of bottled water of TSUMAGOI MEISUI Corporation progressed steadily. Both sales and profit increased, although they fell short of the plan at the beginning of the period due to a temporary decline in production and sales volumes caused by malfunctions in the production line in the second half of the fiscal year under review.

As a result, net sales for the fiscal year under review were 1,951 million yen, a 2.4% increase year-on-year, and operating profit was 29 million yen, up 124.7% year-on-year.

Note 1: The standard amount per order for which the Company bear the basic delivery fee.

Note 2: The possibility of not being able to transport goods due to insufficient transportation capacity caused by the enforcement of the 960-hour overtime cap for truck drivers and other regulations starting in April 2024, which will result in shorter working hours.

Note 3: MRO is an acronym for Maintenance, Repair and Operations, and the term "MRO supplies" denotes indirect materials including consumables and repair supplies for use at factories, construction sites, warehouses, and others.

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Total assets stood at 243,062 million yen at the end of the fiscal year under review, an increase of 15,556 million yen from the end of the preceding fiscal year. This was mainly due to decreases of 4,478 million yen in cash and deposits mainly resulting from the inclusion of 8,444 million yen in electronically recorded obligations-operating, for which the settlement date is the last day of the consolidated fiscal year, in the balance at the end of the preceding fiscal year, since the last day of the preceding fiscal year was a holiday for financial institutions, while accounts receivable-other increased 13,570 million yen as a result of the finalization of a judgment in a lawsuit claiming damages for the fire at the ALP Metropolitan, construction in progress increased 6,139 million yen due to capital investments related to ASKUL Kanto DC, and trade receivables and contract assets increased 1,924 million yen due to increased sales.

(Liabilities)

Total liabilities stood at 161,725 million yen at the end of the fiscal year under review, an increase of 1,095 million yen from the end of the preceding fiscal year. This was primarily due to increases of 4,742 million yen in income taxes payable due to increased profit, 4,463 million yen in notes and accounts payable - trade due to increased purchases, and 2,565 million yen in accounts payable - other, while electronically recorded obligations - operating decreased 7,675 million yen, and long-term borrowings (including current portion) decreased 3,122 million yen.

(Net assets)

Net assets stood at 81,336 million yen at the end of the fiscal year under review, an increase of 14,460 million yen from the end of the preceding fiscal year. The primary factors behind the rise were an increase of 15,629 million yen in retained earnings mainly due to recognition of profit attributable to owners of parent of 19,139 million yen as opposed to dividend payments of 3,509 million yen and an increase of 1,715 million yen in treasury shares (decrease in net assets) mainly due to the acquisition of treasury stock implemented from March 2024 as part of new shareholder return policy.

Consequently, the capital adequacy ratio was 32.2% (28.2% at the end of the preceding fiscal year).

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter "funds") stood at 61,744 million yen at the end of the fiscal year under review, a decrease of 4,478 million yen from the end of the preceding fiscal year. The status of each cash flow and the factors behind changes in the fiscal year under review are as follows.

(Cash flows from operating activities)

Net funds provided by operating activities were 16,887 million yen, (compared to 20,131 million yen in the previous fiscal year). This was mainly due to profit before income taxes of 28,431 million yen, and a total of 10,563 million yen for depreciation and amortization of software, goodwill, and customer-related intangible assets, as opposed to compensation for damage income of 11,862 million yen, a payment of income taxes of 4,886 million yen and a decrease of 3,212 million yen in trade payables.

(Cash flows from investing activities)

Net funds used in investing activities were 11,537 million yen, (compared to 22,929 million yen in the previous fiscal year). This was mainly due to expenditures of 6,172 million yen for the purchase of property, plant and equipment, and 5,266 million yen for the purchase of software.

(Cash flows from financing activities)

Net funds used in financing activities were 9,828 million yen, (proceeds of 10,232 million yen in the previous year). This was mainly due to repayments of long-term borrowings of 10,122 million yen, dividends paid of 3,509 million yen, repayments of lease liabilities of 2,915 million yen and purchase of treasury shares of 1,749 million yen, despite proceeds from long-term borrowings of 7,000 million yen and proceeds from sale and leaseback transactions of 1,480 million yen.

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

	Fiscal Year Ended May 2020	Fiscal Year Ended May 2021	Fiscal Year Ended May 2022	Fiscal Year Ended May 2023	Fiscal Year Ended May 2024
Capital adequacy ratio (%)	30.1	30.9	30.2	28.2	32.2
Capital adequacy ratio at market value (%)	97.0	96.1	75.1	81.3	90.1
Cash flow to interest-bearing liabilities ratio (years)	1.8	1.8	1.4	2.0	2.1
Interest coverage ratio (times)	66.6	69.4	79.4	67.5	43.0

(Note) 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 payments

- * Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of issued and outstanding shares (net of treasury stocks) at the end of the period.
- * The amount of cash flows from operating activities is used as the amount of cash flows.
- * Interest-bearing liabilities refer to all the liabilities bearing interest and reported on the consolidated balance sheets.
- * The amount of interest payments used to calculate the interest coverage ratio is the amount of interest expenses presented in the consolidated statements of income.

(4) Future Outlook

The Group formulated and announced the “From FY5/2022 to FY5/2025 Medium-Term Management Plan” on July 2, 2021.

As the basic policies of the Medium-Term Management Plan, the Group holds up the following three principles: “Sustainable management,” “Maximization of customer value,” and “Transformation to a high-profit model.” The Group will realize the three principles through integrating solutions to environmental issues with business operations as the Group implements the service “Ethical e-commerce,” which is intended to preserve the environment and solve social issues. Under this policy, the Group has worked on the transformation from an office supplies mail-order company into an infrastructure company that supports all workplaces and lifestyles, while leveraging its advantages, such as the Group’s diverse customer base and big data, highly automated and unique logistics bases that enable same-day and next-day deliveries across Japan, and development capabilities of original products accumulated over many years, as well as mobilizing the collective strength of the Group.

The Group has aimed to post consolidated net sales of 550.0 billion yen, a consolidated operating profit ratio of 5%, and a consolidated return on equity (ROE) of 20% in the fiscal year ending May 2025, the final year of the Medium-term Management Plan. The Group has also planned to invest more than 30.0 billion yen for the four years from the fiscal year ended May 2022 to the fiscal year ending May 2025 (including 7.7 billion yen for the ASKUL Tokyo DC (facilities), 8.5 billion yen for the new ASKUL website (systems), and 4.0 billion yen for investment in digital transformation).

On the other hand, the planned figures of the Medium-Term Management Plan have not been achieved due to an increase in amortization from increased investment in the new ASKUL website (system) and not achieving the planned opening effects, low utilization rates of newly-introduced products due to a disproportionate emphasis on product expansion (number of items), not achieving the sales plan for LOHACO due to the prioritization of profitability, and increased fixed costs due to the launch of ASKUL Kanto DC. However, growth has accelerated as a result of setting high targets in the plan, and both sales and operating profit have reached record highs.

The Group plans to formulate and announce a new Medium-term Management Plan during the fiscal year ending May 20, 2025. The Group will continue to pursue its mission of “transformation from an office supplies mail-order company” and promote entry into areas other than product sales with the aim of becoming an infrastructure company that supports all workplaces and lifestyles, by focusing on the following three themes.

1) Increase the growth rate by improving the accuracy of each measure through data-driven approaches

In the ASKUL business, the Group will promote digital transformation in merchandising to accelerate the speed of product adoption, pricing and other operations through data-driven decision making, and enhance product lineups by launching a marketing lab and utilizing data in collaboration with suppliers.

The Group will also review customer acquisition methods and measures to improve retention rates by strengthening customer acquisition methods targeting potential blue-chip customers through the use of data and by implementing retention measures after registration, and improve sales promotion accuracy through recommendation engine optimization, etc., while developing the website through search algorithm optimization and functional improvement based on customer feedback to enhance user interface and user experience.

2) Transitioning to a base strategy that enables same-day delivery for products ordered with high-frequency (LDC) and next-day delivery for long-tail products (WDC)

Aiming to improve delivery efficiency by consolidating inventories of long-tail products, the Group plans to start operation of the ASKUL Kanto DC at the beginning of the fiscal year ending May 2026. As a large-scale distribution center in eastern Japan, it will consolidate inventories of long-tail products in order to deliver a variety of products in a single box, thereby increasing unit sales price per box and decreasing the ratio of shipment expenses to net sales. In addition, by switching the shipping point for long-tail products from AVC Kansai to this center, the Group aims to shorten the delivery distance to customers in eastern Japan to realize “come tomorrow” service (next-day delivery) for long-tail products as well.

Furthermore, by centralizing deliveries to distribution centers into the ASKUL Kanto DC, the Group will shorten physical transportation distances, leading to reducing the environmental burden of our suppliers and delivery partners.

3) Shift in financial strategies toward discontinuous growth

The Group will continue to maintain and improve our sound financial structure to support further growth investments (including discontinuous growth investments such as M&As), while at the same time enhancing shareholder returns and improving capital efficiency. The Group will establish a capital allocation policy to implement aggressive M&As and set a growth investment limit of 100.0 billion yen to achieve discontinuous growth.

For the fiscal year ending May 2025, the Group aims to achieve record-high net sales and operating profit by absorbing the increase in fixed costs for platform construction including ASKUL Kanto DC and core system replacement. The ASKUL business will increase the growth rate by improving the accuracy of each measure through data-driven approaches and achieve high growth rates in both sales and operating profit. The LOHACO business will maintain profitability and achieve regrowth through enhancement of product lineups, improvement and evolution of user interface and user experience, and collaboration in sales promotion with LY Corporation.

The present forecasts for operating performance for the fiscal year ending May 2025 are net sales of 500.0 billion yen, a 6.0% increase year-on-year, operating profit of 18.0 billion yen, a 6.2% increase year-on-year, ordinary profit of 17.7 billion yen, a 6.1% increase year-on-year, and profit attributable to owners of parent of 11.2 billion yen, a 41.5% decrease year-on-year.

Forecasts for the next fiscal year by business segment are as follows.

<E-commerce Business>

The E-commerce business forecasts net sales of 490.4 billion yen, a 6.1% increase year-on-year, and operating profit of 17.8 billion yen, a 4.3% increase year-on-year.

<Logistics Business, Other, Adjustments, Etc.>

The Logistics business, Other, adjustments, etc., are projected to record net sales of 9.5 billion yen, a 2.7% increase year-on-year, and operating profit of 0.1 billion yen (an operating loss of 0.144 billion yen in the previous fiscal year).

2. Basic Thinking on the Selection of Accounting Standards

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

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of May 20, 2023	As of May 20, 2024
Assets		
Current assets		
Cash and deposits	66,223	61,744
Trade receivables and contract assets	51,954	53,878
Merchandise and finished goods	22,017	23,021
Raw materials and supplies	306	334
Costs on construction contracts in progress	112	62
Accounts receivable - other	12,623	26,194
Other	2,757	2,790
Allowance for doubtful accounts	(36)	(32)
Total current assets	155,958	167,994
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,031	10,363
Accumulated depreciation	(4,648)	(5,211)
Buildings and structures, net	5,382	5,152
Machinery, equipment and vehicles	7,080	7,747
Accumulated depreciation	(5,270)	(5,658)
Machinery, equipment and vehicles, net	1,810	2,088
Land	247	257
Leased assets	30,268	31,325
Accumulated depreciation	(11,850)	(14,490)
Leased assets, net	18,417	16,834
Construction in progress	825	6,965
Other	4,638	4,881
Accumulated depreciation	(3,459)	(3,686)
Other, net	1,178	1,194
Total property, plant and equipment	27,862	32,493
Intangible assets		
Software	7,950	16,475
Software in progress	11,037	2,340
Goodwill	5,533	4,996
Customer-related intangible assets	8,064	7,542
Other	9	11
Total intangible assets	32,594	31,365
Investments and other assets		
Investment securities	159	159
Long-term prepaid expenses	166	190
Guarantee deposits	6,518	6,484
Deferred tax assets	4,226	4,353
Other	860	822
Allowance for doubtful accounts	(840)	(800)
Total investments and other assets	11,091	11,208
Total non-current assets	71,547	75,068
Total assets	227,506	243,062

(Millions of yen)

	As of May 20, 2023	As of May 20, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	54,614	59,078
Electronically recorded obligations - operating	33,683	26,007
Short-term borrowings	380	380
Current portion of long-term borrowings	10,127	4,103
Lease liabilities	3,100	3,362
Accounts payable - other	12,356	14,921
Income taxes payable	2,677	7,420
Accrued consumption taxes	423	2,226
Provision for bonuses	373	419
Other	2,762	2,973
Total current liabilities	120,499	120,893
Non-current liabilities		
Long-term borrowings	10,337	13,237
Lease liabilities	16,850	15,058
Retirement benefit liability	4,764	4,853
Asset retirement obligations	3,190	3,199
Deferred tax liabilities	2,750	2,573
Other	2,236	1,909
Total non-current liabilities	40,130	40,832
Total liabilities	160,630	161,725
Net assets		
Shareholders' equity		
Share capital	21,189	21,233
Capital surplus	14,906	14,940
Retained earnings	28,120	43,750
Treasury shares	(92)	(1,807)
Total shareholders' equity	64,124	78,116
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	20	145
Total accumulated other comprehensive income	20	145
Share acquisition rights	0	0
Non-controlling interests	2,729	3,073
Total net assets	66,876	81,336
Total liabilities and net assets	227,506	243,062

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended May 20, 2023	For the fiscal year ended May 20, 2024
Net sales	446,713	471,682
Cost of sales	339,672	354,180
Gross profit	107,040	117,502
Selling, general and administrative expenses	92,420	100,549
Operating profit	14,620	16,953
Non-operating income		
Interest income	44	40
Subsidy income	69	54
Other	85	68
Total non-operating income	200	163
Non-operating expenses		
Interest expenses	298	392
Other	73	45
Total non-operating expenses	371	438
Ordinary profit	14,448	16,677
Extraordinary income		
Gain on sale of non-current assets	0	4
Gain on sale of investment securities	22	0
Insurance claim income	173	-
Compensation for damage income	-	11,862
Other	5	5
Total extraordinary income	200	11,872
Extraordinary losses		
Impairment losses	36	13
Loss on sale of non-current assets	-	0
Loss on retirement of non-current assets	55	44
Settlement on contract	60	48
Cost of corrective measures for product defects	20	-
Other	9	11
Total extraordinary losses	182	119
Profit before income taxes	14,467	28,431
Income taxes - current	4,613	9,322
Income taxes - deferred	(99)	(365)
Total income taxes	4,513	8,957
Profit	9,953	19,473
Profit attributable to non-controlling interests	166	334
Profit attributable to owners of parent	9,787	19,139

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended May 20, 2023	For the fiscal year ended May 20, 2024
Profit	9,953	19,473
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	103	124
Total other comprehensive income	103	124
Comprehensive income	10,056	19,598
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,890	19,264
Comprehensive income attributable to non-controlling interests	166	334

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended May 20, 2023 (From May 21, 2022 through May 20, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stocks	Total shareholders' equity
Balance at beginning of period	21,189	14,315	21,452	(118)	56,838
Changes during period					
Dividends of surplus			(3,118)		(3,118)
Profit attributable to owners of parent			9,787		9,787
Purchase of treasury stocks				(0)	(0)
Disposal of treasury stocks		1		26	28
Change in ownership interest of parent due to transactions with non-controlling interests		589			589
Net changes in items other than shareholders' equity					
Total changes during period	-	591	6,668	26	7,286
Balance at end of period	21,189	14,906	28,120	(92)	64,124

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Accumulated other comprehensive income			
Balance at beginning of period	(82)	(82)	0	514	57,271
Changes during period					
Dividends of surplus					(3,118)
Profit attributable to owners of parent					9,787
Purchase of treasury stocks					(0)
Disposal of treasury stocks					28
Change in ownership interest of parent due to transactions with non-controlling interests					589
Net changes in items other than shareholders' equity	103	103	(0)	2,215	2,319
Total changes during period	103	103	(0)	2,215	9,605
Balance at end of period	20	20	0	2,729	66,876

For the fiscal year ended May 20, 2024 (From May 21, 2023 through May 20, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury stocks	Total shareholders' equity
Balance at beginning of period	21,189	14,906	28,120	(92)	64,124
Changes during period					
Issuance of new shares	43	43			87
Dividends of surplus			(3,509)		(3,509)
Profit attributable to owners of parent			19,139		19,139
Purchase of treasury stocks				(1,749)	(1,749)
Disposal of treasury stocks		10		33	44
Change in ownership interest of parent due to transactions with non-controlling interests		(19)			(19)
Net changes in items other than shareholders' equity					
Total changes during period	43	34	15,629	(1,715)	13,992
Balance at end of period	21,233	14,940	43,750	(1,807)	78,116

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Accumulated other comprehensive income			
Balance at beginning of period	20	20	0	2,729	66,876
Changes during period					
Issuance of new shares					87
Dividends of surplus					(3,509)
Profit attributable to owners of parent					19,139
Purchase of treasury stocks					(1,749)
Disposal of treasury stocks					44
Change in ownership interest of parent due to transactions with non-controlling interests					(19)
Net changes in items other than shareholders' equity	124	124	(0)	343	468
Total changes during period	124	124	(0)	343	14,460
Balance at end of period	145	145	0	3,073	81,336

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended May 20, 2023	For the fiscal year ended May 20, 2024
Cash flows from operating activities		
Profit before income taxes	14,467	28,431
Depreciation	4,022	4,515
Amortization of software	2,839	4,988
Amortization of long-term prepaid expenses	77	87
Impairment losses	36	13
Amortization of goodwill	243	536
Amortization of customer-related assets	9	522
Increase (decrease) in allowance for doubtful accounts	52	(43)
Increase (decrease) in provision for bonuses	48	46
Increase (decrease) in retirement benefit liability	351	274
Interest income	(44)	(43)
Interest expenses	298	392
Insurance claim income	(173)	-
Compensation for damage income	-	(11,862)
Loss on retirement of non-current assets	55	44
Loss (gain) on sale of non-current assets	(0)	(4)
Loss (gain) on sale of investment securities	(22)	(0)
Decrease (increase) in trade receivables	(4,509)	(1,851)
Decrease (increase) in inventories	(2,098)	(982)
Decrease (increase) in accounts receivable - other	(616)	(1,708)
Increase (decrease) in trade payables	10,400	(3,212)
Increase (decrease) in accounts payable - other	(263)	(59)
Increase (decrease) in accrued consumption taxes	(172)	1,802
Other, net	(137)	228
Subtotal	24,864	22,115
Interest and dividends received	44	43
Interest paid	(295)	(390)
Proceeds from insurance income	173	-
Income taxes paid	(4,689)	(4,886)
Income taxes refund	32	4
Net cash provided by (used in) operating activities	20,131	16,887

(Millions of yen)

	For the fiscal year ended May 20, 2023	For the fiscal year ended May 20, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,693)	(6,172)
Purchase of software	(7,787)	(5,266)
Purchase of long-term prepaid expenses	(51)	(162)
Payments of guarantee deposits	(63)	(75)
Proceeds from refund of guarantee deposits	442	109
Loan advances	(5)	(2)
Proceeds from collection of loans receivable	125	19
Proceeds from sale of investment securities	22	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(8,785)	-
Payments for asset retirement obligations	(111)	-
Other, net	(20)	12
Net cash provided by (used in) investing activities	(22,929)	(11,537)
Cash flows from financing activities		
Proceeds from long-term borrowings	10,500	7,000
Repayments of long-term borrowings	(5,391)	(10,122)
Repayments of lease liabilities	(2,328)	(2,915)
Proceeds from sale and leaseback transactions	8,954	1,480
Proceeds from share issuance to non-controlling shareholders	943	67
Purchase of treasury shares	-	(1,749)
Dividends paid	(3,118)	(3,509)
Dividends paid to non-controlling interests	(50)	(78)
Payments for purchase of treasury subscription right to shares	(0)	-
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	723	-
Net cash provided by (used in) financing activities	10,232	(9,828)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	7,433	(4,478)
Cash and cash equivalents at beginning of period	58,789	66,223
Cash and cash equivalents at end of period	66,223	61,744

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Significant Accounting Estimates)

(Valuation of Goodwill and Customer-related Intangible Assets)

(1) Amount recorded in the consolidated financial statements for the fiscal year under review

The amount of goodwill and customer-related intangible assets recorded in the consolidated balance sheets at the end of the fiscal year under review due to the acquisition of shares of AP67 Co., Ltd is as below.

(Million yen)

	Fiscal Year Ended May 20, 2023	Fiscal Year Ended May 20, 2024
Goodwill	4,405	4,111
Customer-related intangible assets	7,998	7,485

(2) Information about the details of significant accounting estimates for the items identified

The excess return power of the acquisition of shares of AP67 Co., Ltd is recognized as goodwill and the present value of excess return expected to be generated by the ongoing business relationship with existing customers is recognized as customer-related intangible assets. Both of them are amortized regularly using the straight-line method over the period in which they are effective, and unamortized balances are subject to impairment.

Indication of impairment of goodwill and customer-related intangible assets is determined by conducting a comparison at the time of share acquisition between the Medium-Term Management Plan and actual results, and by checking whether the amount allocated to goodwill and customer-related intangible assets in acquisition costs is relatively large. If there is any indication of impairment, the carrying amount is compared with the total amount of undiscounted future cash flows to determine the necessity of recognizing an impairment loss.

Future cash flows are estimated based on the Medium-Term Management Plan. Under the Plan, the major assumptions are: net sales growth in the Dental business by increasing the number of active customers, nurturing stock customers, and expanding the product base; expansion of the growth model in the Dental business to other areas; and cost reduction by standardization of operations through the introduction of systems.

As these major assumptions are subject to uncertainty, if a review of the assumptions results in a significant impact on estimates of future cash flows, an impairment loss on goodwill and customer-related intangible assets may be recognized in the consolidated financial statements in the next fiscal year.

(Supplementary Information)

(Recording of compensation for damage income)

In connection with the finalization of the judgment in the lawsuit claiming damages for the fire at the ALP Metropolitan, the Company recorded 11,862 million yen for compensation for damages and delay damages, and court costs as compensation for damage income in extraordinary income.

(Segment Information, etc.)

[Segment Information]

1. Overview of reportable segments

ASKUL's reportable segments are defined as components of the Group regarding 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, MRO supplies, pet goods and other products. The Logistics business provides logistics and small-cargo transportation services for companies.

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. Inter-segment revenue and transfers are based on prevailing market prices.

3. Information on the amounts of net sales, income or loss, assets, liabilities, and other items by reportable segment and information on disaggregation of revenue

Fiscal Year Ended May 2023 (From May 21, 2022 through May 20, 2023)

(Million yen)

	Reporting Segment			Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	E-commerce business	Logistics business	Total				
Net sales							
B-to-B business	373,868	—	373,868	—	373,868	—	373,868
B-to-C business	63,252	—	63,252	—	63,252	—	63,252
Logistics business	—	8,701	8,701	—	8,701	—	8,701
Others	—	—	—	890	890	—	890
Revenue from contracts with customers	437,120	8,701	445,822	890	446,713	—	446,713
Sales to external customers	437,120	8,701	445,822	890	446,713	—	446,713
Intra-segment sales or transfer	—	—	—	1,015	1,015	(1,015)	—
Total	437,120	8,701	445,822	1,905	447,728	(1,015)	446,713
Segment profit (loss)	14,940	(324)	14,615	12	14,628	(7)	14,620
Segment assets	218,262	6,496	224,759	2,747	227,506	—	227,506
Other items							
Depreciation	6,345	532	6,877	107	6,984	(123)	6,861
Amortization of goodwill	206	33	239	3	243	—	243
Increase in property, plant and equipment and intangible assets	14,272	905	15,177	83	15,261	—	15,261

- (Notes)
1. "Others" represent business segments that do not fall under the Reporting Segment and include the manufacturing business.
 2. The adjustment of minus 7 million yen to segment profit (loss) represents the elimination of inter-segment transactions of minus 7 million yen.
 3. Segment profit (loss) is adjusted with operating profit reported in the consolidated financial statements.

Fiscal Year Ended May 2024 (From May 21, 2023 through May 20, 2024)

(Million yen)

	Reporting Segment			Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	E-commerce business	Logistics business	Total				
Net sales							
B-to-B business	409,143	—	409,143	—	409,143	—	409,143
B-to-C business	53,230	—	53,230	—	53,230	—	53,230
Logistics business	—	8,558	8,558	—	8,558	—	8,558
Others	—	—	—	749	749	—	749
Revenue from contracts with customers	462,374	8,558	470,933	749	471,682	—	471,682
Sales to external customers	462,374	8,558	470,933	749	471,682	—	471,682
Intra-segment sales or transfer	—	—	—	1,201	1,201	(1,201)	—
Total	462,374	8,558	470,933	1,951	472,884	(1,201)	471,682
Segment profit (loss)	17,097	(146)	16,951	29	16,980	(27)	16,953
Segment assets	234,626	5,851	240,477	2,584	243,062	—	243,062
Other items							
Depreciation	9,584	490	10,075	97	10,172	(146)	10,026
Amortization of goodwill	499	33	533	3	536	—	536
Increase in property, plant and equipment and intangible assets	13,919	51	13,971	139	14,110	—	14,110

- (Notes)
1. "Others" represent business segments that do not fall under the Reporting Segment and include the manufacturing business.
 2. The adjustment of minus 27 million yen to segment profit (loss) represents the elimination of inter-segment transactions of minus 27 million yen.
 3. Segment profit (loss) is adjusted with operating profit reported in the consolidated financial statements.

[Related Information]

Fiscal Year Ended May 2023 (From May 21, 2022 through May 20, 2023)

1. Information by product or service

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

2. Information by geographical area

(1) Net sales

Net sales to external customers located in Japan accounted for more than 90% of the net sales reported on the consolidated statements of income. Accordingly, this information is not presented.

(2) Property, plant and equipment

Not applicable since there are no property, plant and equipment located outside Japan.

3. Information by primary customer

No external customer accounted for 10% or more of the net sales reported on the consolidated statements of income. Accordingly, this information is not presented.

Fiscal Year Ended May 2024 (From May 21, 2023 through May 20, 2024)

1. Information by product or service

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

2. Information by geographical area

(1) Net sales

Net sales to external customers located in Japan accounted for more than 90% of the net sales reported on the consolidated statements of income. Accordingly, this information is not presented.

(2) Property, plant and equipment

Not applicable since there are no property, plant and equipment located outside Japan.

3. Information by primary customer

No external customer accounted for 10% or more of the net sales reported on the consolidated statements of income. Accordingly, this information is not presented.

[Impairment loss on non-current assets by reportable segment]

Fiscal Year Ended May 2023 (From May 21, 2022 through May 20, 2023)

(Million yen)

	Reporting Segment			Other (Note)	Total
	E-commerce business	Logistics business	Total		
Impairment loss	36	—	36	—	36

(Note) The amount stated in "Other" pertains to the manufacturing business.

Fiscal Year Ended May 2024 (From May 21, 2023 through May 20, 2024)

(Million yen)

	Reporting Segment			Other (Note)	Total
	E-commerce business	Logistics business	Total		
Impairment loss	13	—	13	—	13

(Note) The amount stated in "Other" pertains to the manufacturing business.

[Amortized amount and unamortized balance of goodwill by reportable segment]

Fiscal Year Ended May 2023 (From May 21, 2022 through May 20, 2023)

(Million yen)

	Reporting Segment			Other (Note)	Total
	E-commerce business	Logistics business	Total		
Amount amortized during the fiscal year	206	33	239	3	243
Unamortized balance at the end of the fiscal year	5,297	226	5,524	8	5,533

(Note) The amount stated in "Other" pertains to the manufacturing business.

Fiscal Year Ended May 2024 (From May 21, 2023 through May 20, 2024)

(Million yen)

	Reporting Segment			Other (Note)	Total
	E-commerce business	Logistics business	Total		
Amount amortized during the fiscal year	499	33	533	3	536
Unamortized balance at the end of the fiscal year	4,797	194	4,991	4	4,996

(Note) The amount stated in "Other" pertains to the manufacturing business.

[Gain on bargain purchase by reportable segment]

Fiscal Year Ended May 2023 (From May 21, 2022 through May 20, 2023)

Not applicable.

Fiscal Year Ended May 2024 (From May 21, 2023 through May 20, 2024)

Not applicable.

(Per Share Information)

	Fiscal Year Ended May 20, 2023 (From May 21, 2022 through May 20, 2023)	Fiscal Year Ended May 20, 2024 (From May 21, 2023 through May 20, 2024)
Net assets per share	658.20 yen	808.88 yen
Basic earnings per share	100.43 yen	196.47 yen
Diluted earnings per share	100.36 yen	196.36 yen

(Note) Basic earnings per share and diluted earnings per share were calculated based on the figures below.

	Fiscal Year Ended May 20, 2023 (From May 21, 2022 through May 20, 2023)	Fiscal Year Ended May 20, 2024 (From May 21, 2023 through May 20, 2024)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	9,787	19,139
Profit not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent related to common stock (million yen)	9,787	19,139
Average number of shares (thousand shares)	97,453	97,417
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (million yen)	(6)	(10)
[Of which, adjustment for dilutive shares of consolidated subsidiaries (million yen)]	[(6)]	[(10)]
Increase in number of shares of common stock (thousand shares)	—	—
Outline of dilutive shares not included in calculation of diluted earnings per share due to absence of dilutive effects	—	—

4. Other

(1) Change in Officers

1) Change in representative director

Not applicable.

2) Change in other officers

- New director candidate

Director (Outside/Part-time) Rina Akimoto

- Retiring director

Director (Part-time) Tadahisa Imaizumi

3) Scheduled date of assumption of and retirement from office

August 8, 2024

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

Item	Fiscal Year Ended May 20, 2023 (From May 21, 2022 through May 20, 2023)		Fiscal Year Ended May 20, 2024 (From May 21, 2023 through May 20, 2024)		
	Amount (Million yen)	Ratio to Sales (%)	Amount (Million yen)	Ratio to Sales (%)	Year-on-Year Change (%)
Personnel expenses *1	22,712	5.1	25,381	5.4	111.7
Shipment expenses	21,843	4.9	21,611	4.6	98.9
Subcontract expenses	4,748	1.1	5,065	1.1	106.7
Business consignment expenses	11,696	2.6	11,223	2.4	96.0
Rents	10,835	2.4	11,132	2.4	102.7
Provision of allowance for doubtful accounts	16	0.0	(27)	(0.0)	—
Depreciation *2	3,451	0.8	3,960	0.8	114.8
Amortization of software *3	2,739	0.6	4,891	1.0	178.6
Other expenses *4	14,375	3.2	17,310	3.6	120.4
Total	92,420	20.7	100,549	21.3	108.8

- *1. Compared with the previous fiscal year, personnel expenses for the fiscal year under review increased. This was mainly due to an increase in the number of employees and the consolidation of AP67 Co., Ltd. and four other companies.
- *2. Compared with the previous fiscal year, depreciation for the fiscal year under review increased. This was mainly due to the operation of ASKUL Tokyo DC in November 2022.
- *3. Compared with the previous fiscal year, amortization of software for the fiscal year under review increased. This was mainly due to the full-scale operation of the new ASKUL website for the B-to-B business in July 2023.
- *4. Compared with the previous fiscal year, other expenses for the fiscal year under review increased. This was mainly due to the broadcasting of TV commercial and the boosting of online advertising for the B-to-B business.