



**Both net sales and operating income for FY5/2019 increased YoY, although they fell below plan. The goal for FY5/2020 is to achieve sharp income growth through structural reform of LOHACO**

**Focus on achieving even lower cost operation through automation of logistics centers and higher density of in-house delivery areas.**

**For LOHACO, achieve steady profit improvement through selection and concentration toward driving accelerated growth from FY5/2021 onward.**

**In the BtoB business, achieve further growth through expansion of the number of customers and long-tail products by implementing E-commerce strategies.**

**July 3, 2019  
ASKUL Corporation**

## Note:

This material contains the ASKUL Group's current plans and performance outlook. These plans, forecasts, and other forward-looking statements represent ASKUL's plans and forecasts based on information that is currently available. Actual performance may differ from these plans and forecasts due to a variety of conditions and factors that could occur in the future. This material does not represent promises or Guarantees regarding the achievement of these plans.

This material has not been audited by certified public accountants or auditing firms.

For the purposes of this material, LOHACO refers to the online mail-order business for General consumers, launched in October 2012 in alliance with Yahoo Japan Corporation.

B-to-B refers to business-to-business transactions. B-to-C refers to business-to-consumer transactions.

MRO refers to Maintenance, Repair and Operation, and in this material primarily refers to indirect materials consumed at work sites by companies.

Since the presentation of the overview of consolidated financial statements for the fiscal year ended May 31, 2016, ASKUL has been reporting its operating performances by dividing its organization into the segments of the E-commerce business, Logistics business, and Other. The E-commerce business deals with sales of OA and PC supplies, stationery, office living supplies, office furniture, foods, alcoholic beverages, pharmaceuticals, cosmetics, etc. The logistics business refers to logistics and package transport services that target corporations.

As abbreviations of ASKUL Logi Park, ASKUL Value Center and Open Platform by ASKUL, the words "ALP," "AVC," "OPA" are used, respectively, in this material.

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# Introduction: Overview

I Consolidated Performance for FY5/2019

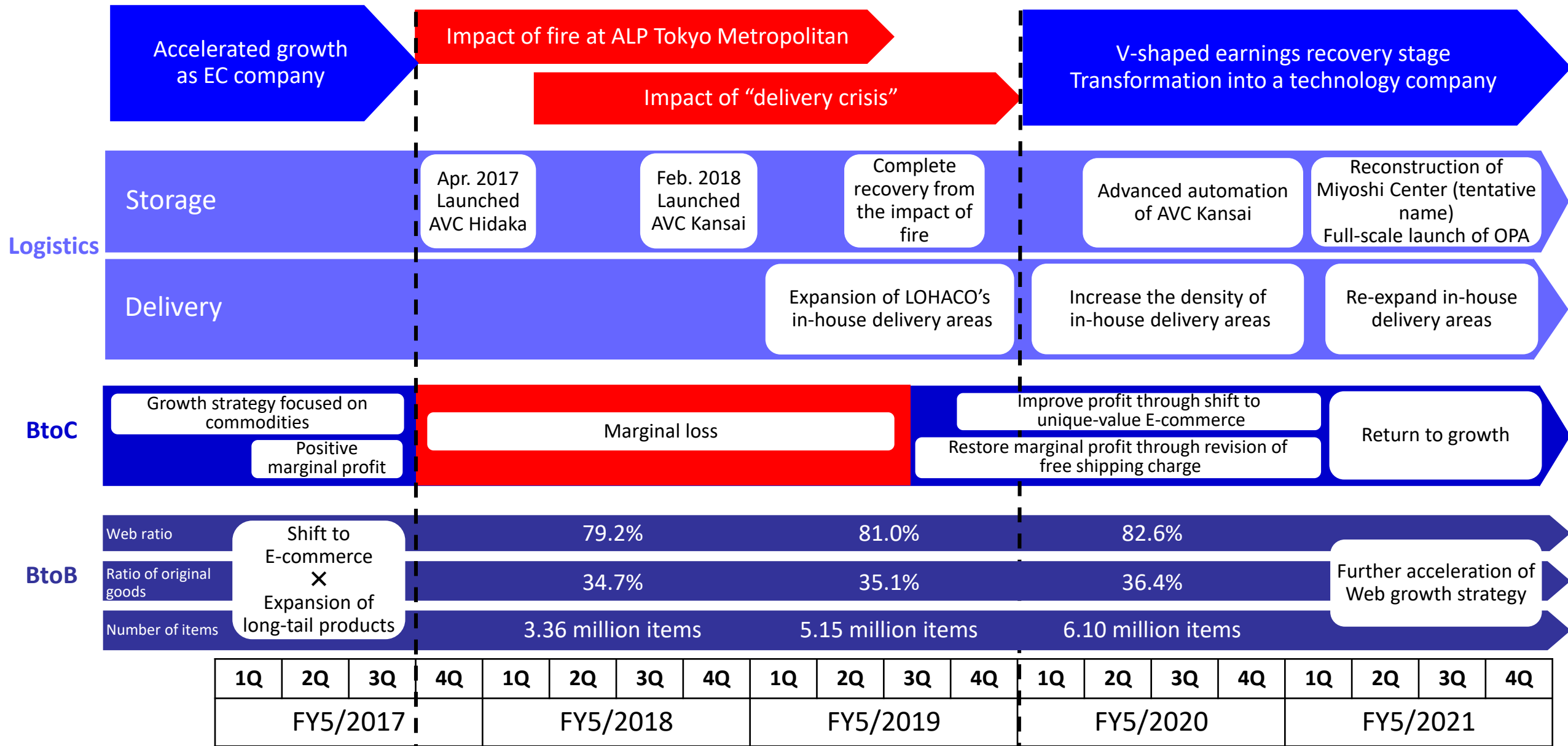
II FY5/2020 Consolidated Financial Forecasts

III Logistics

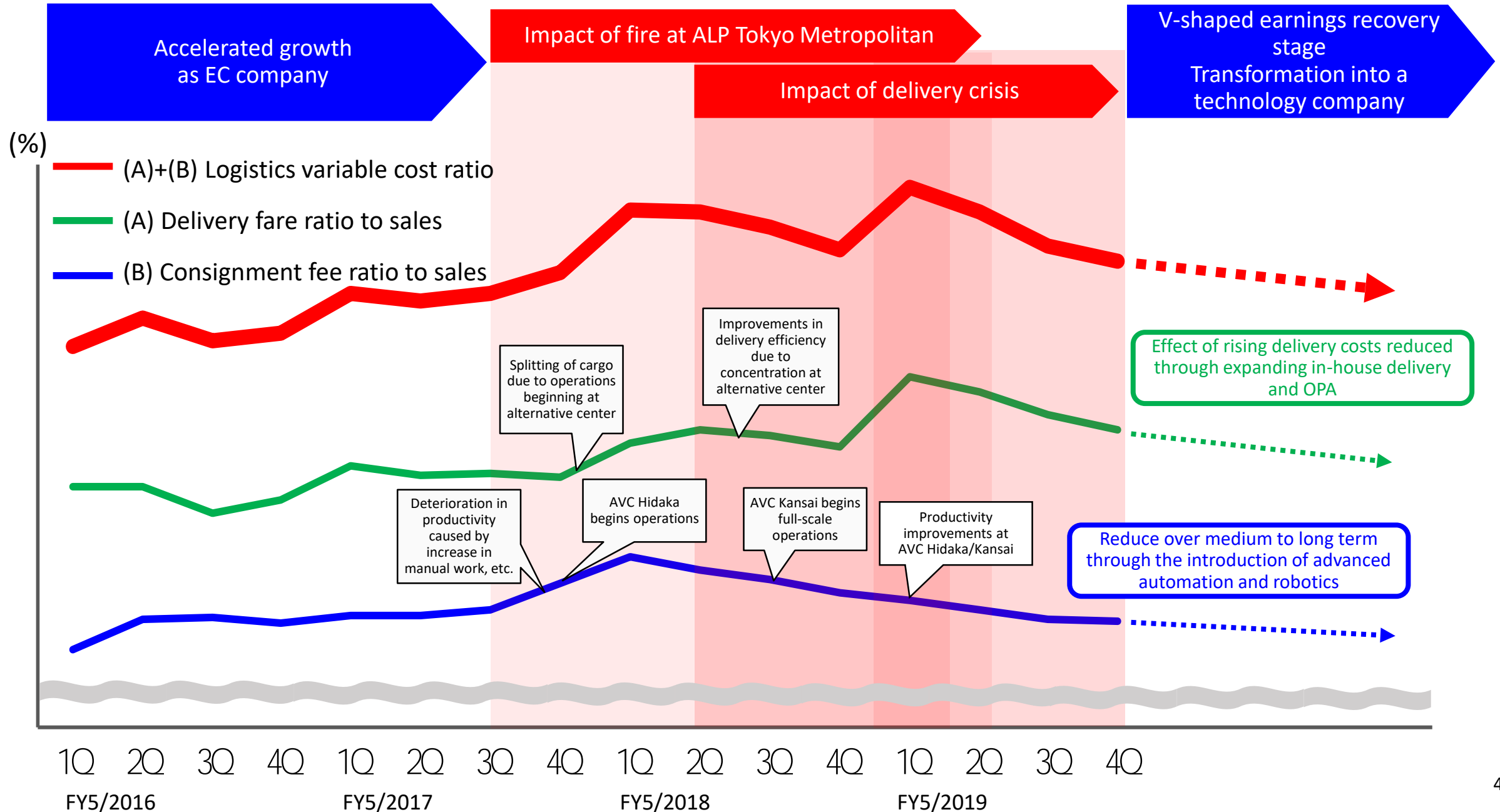
IV BtoC

V BtoB

# Reconstruction and progress of business achieved after overcoming a fire at our logistics center and a “delivery crisis”

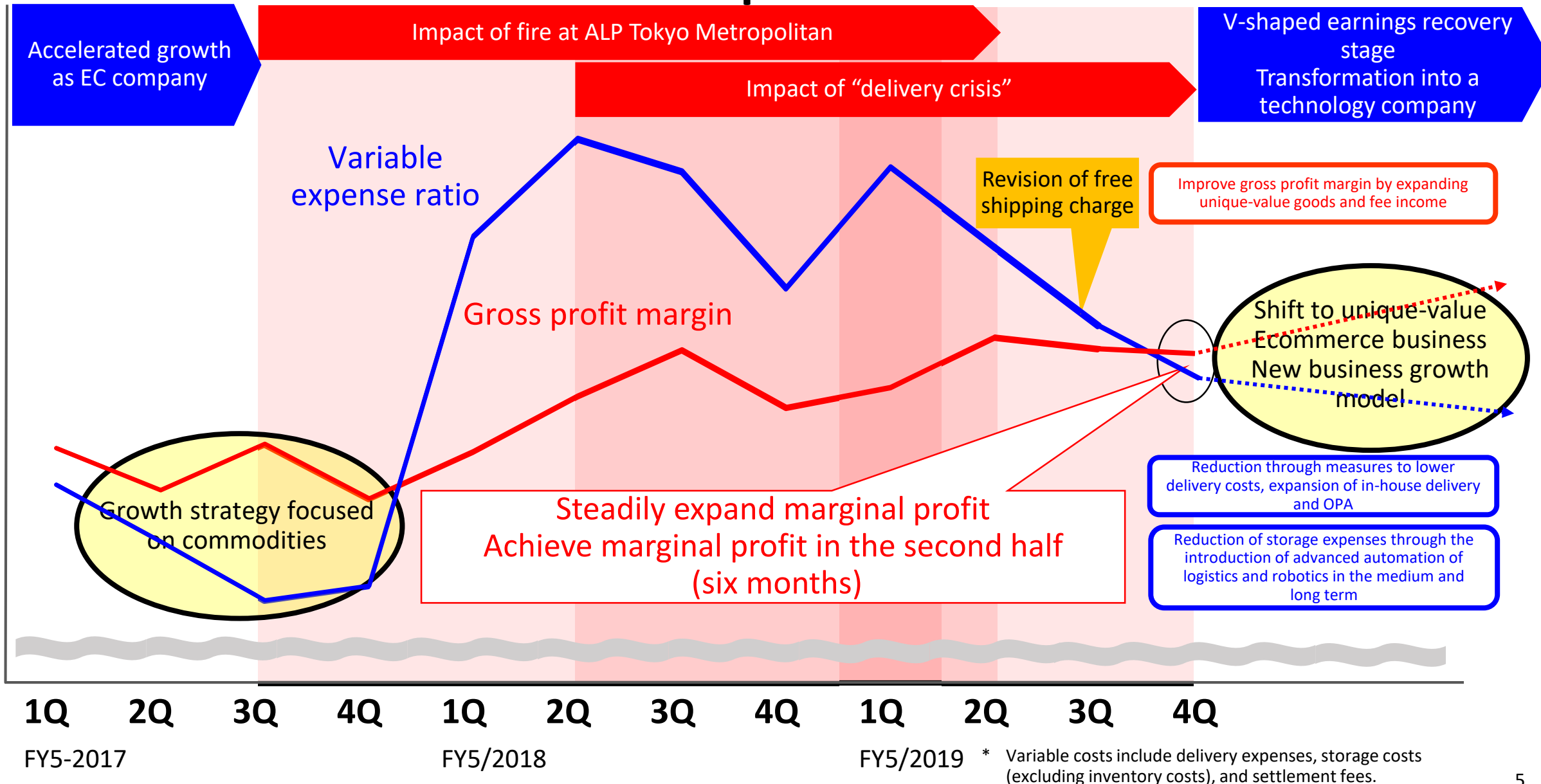


# Steady Improvement in Logistics Costs Reduction

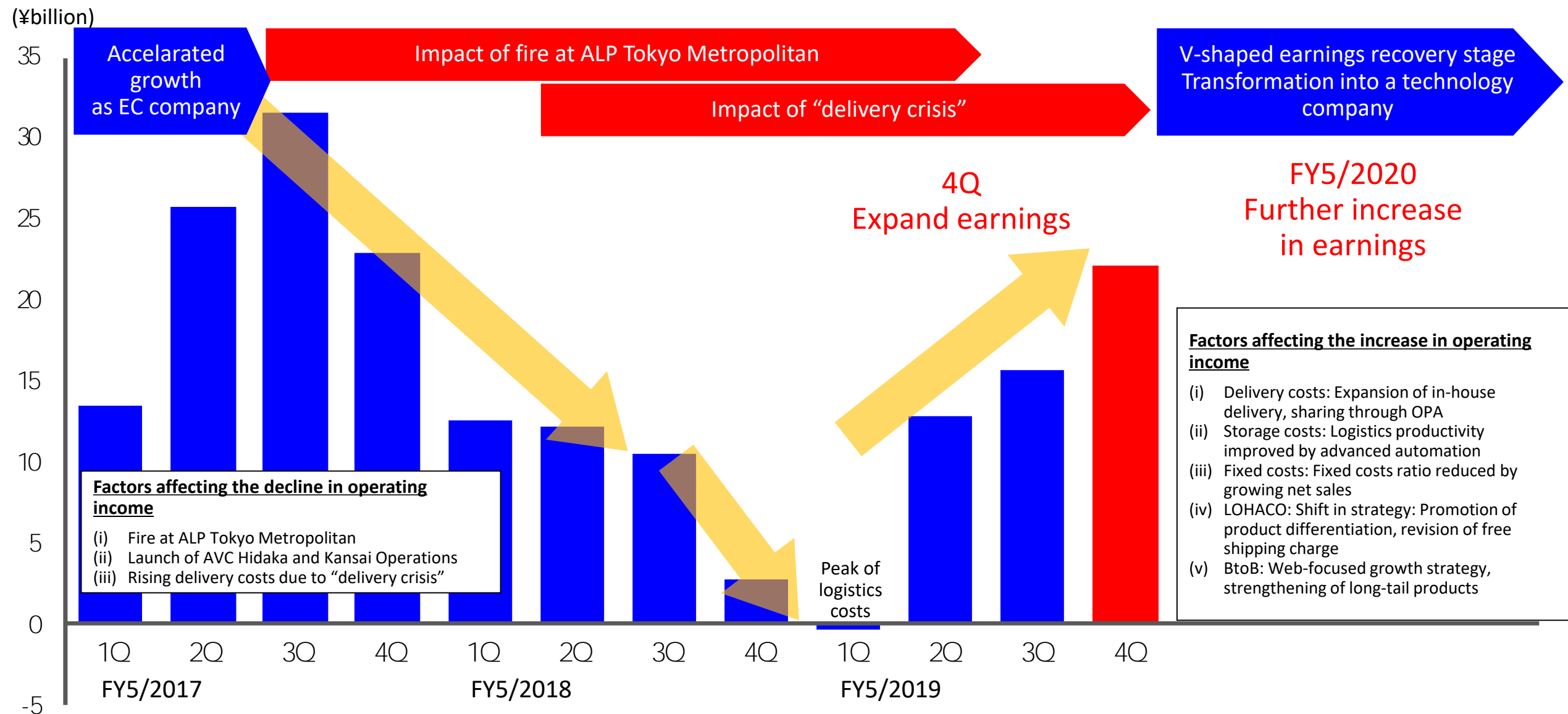


# LOHACO Restored its Marginal Profit and is Moving to the Stage of Profit Improvement

(%)



# E-Commerce Business Operating Income by Quarter



# Aiming to get on a significant profit improvement stage in FY5/2020

## ✓ Further strengthen logistics platform

Further reduce delivery costs through higher delivery density in in-house delivery areas by strengthening OPA.

Enhance advanced automation and continue improving logistics productivity.

## ✓ LOHACO Focus on shifting to unique-value E-commerce to return to a growth path

Aim to improve profit significantly through acceleration of growth in growing business areas and expansion of original products.

Get on a stage of building a firm foundation to drive accelerated growth from FY5/2021 onward.

## ✓ BtoB Continue delivering higher sales and profits consistently

Steadily increase the number of customers and expand long-tail products through the implementation of E-commerce strategies toward achieving further growth.

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# Summary of Consolidated Performance for FY5/2019

	FY5/2018		FY5/2019				
	Actual ¥million	% of net sales	Period-start forecast ¥million	Actual ¥million	% of net sales %	net % of revised forecast	YoY change %
Net Sales	360,445	100.0	390,000	387,470	100.0	99.4	+7.5
Gross Profit	85,515	23.7	92,700	91,606	23.6	98.8	+7.1
Selling, General and Administrative Expenses	81,323	22.6	86,700	87,085	22.5	100.4	+7.1
Operating Income	4,192	1.2	6,000	4,520	1.2	75.3	+7.8
[Reference] Of the above, E- commerce business	3,797	1.1	—	5,025	1.3	—	+32.3
Ordinary Income	3,940	1.1	5,800	4,415	1.1	76.1	+12.0
Extraordinary Income	11,497	3.2	—	36	0.0	—	-99.7
Extraordinary Loss	7,028	1.9	—	3,279	0.8	—	—
Net Income Attributable to Owners of the Parent	4,693	1.3	3,500	433	0.1	12.4	-90.8

➤ Net sales **+7.5%**

➤ Gross profit margin

**Down 0.1 points YoY**

On a full-year basis, secured a gross profit margin roughly the same level as the previous year.

➤ SG&A expenses ratio

**Down 0.1 points YoY**

Despite an increase in expenses, with logistics cost peaking in the first half, SG&A expenses steadily improved in the second half.

(First half: Up 0.7pt, 2<sup>nd</sup> half: Down 0.8pt )

➤ **Achieved increase in**  
**Operating/ordinary income**

➤ **Extraordinary Loss** **¥3.2 billion**

Impairment loss on AVC Hidaka ¥3.0 billion

➤ **Net Income** **¥0.4 billion**

# Comparison of Consolidated Performance in 1Q, 2Q, 3Q and 4Q FY5/2019

	4Q FY5/2018		1Q FY5/2019		2Q FY5/2019		3Q FY5/2019		4Q FY5/2019		
	¥billion	% of net sales %	¥billion	% of net sales %	¥billion	% of net sales %	¥billion	% of net sales %	¥billion	% of net sales %	Change from 4Q %
Net Sales	96.4	100.0	93.9	100.0	97.4	100.0	97.0	99.6	98.9	100.0	+2.6
Gross Profit	22.3	23.2	21.8	23.3	23.3	24.0	22.8	23.5	23.4	23.7	+5.0
Selling, General and Administrative Expenses	22.1	22.9	22.0	23.4	22.2	22.8	21.4	22.1	21.3	21.6	-3.3
Operating Income	0.2	0.3	(0.1)	—	1.1	1.2	1.4	1.4	2.0	2.1	+717.9
[Reference] Of the above, E-commerce business	0.2	0.2	0.0	—	1.2	1.3	1.5	1.6	2.2	2.2	+880.6
Ordinary Income	0.2	0.2	(0.1)	—	1.1	1.1	1.3	1.4	2.0	2.1	+827.6
Net Income Attributable to Owners of the Parent	0.0	0.0	(0.2)	—	0.5	0.6	0.7	0.8	(0.6)	—	—

SG&A expenses ratio  
steadily improved due to  
reduction in logistics cost.

For comparison of 4Q:

Gross profit

Up 0.5 points YoY

SG&A expenses ratio

Down 1.3 points YoY

# FY5/2019 Consolidated Performance (By Business)

		FY5/2018	FY5/2019	
		Actual ¥billion	Actual ¥billion	YoYchange %
B-to-Bbusiness		302.6	315.8	+4.4
	LOHACO	41.7	51.3	+23.1
B-to-Cbusiness(including Charm)		50.7	65.2	+28.7
E-commerce business		353.3	381.0	+7.9
Logisticsbusinessand other		7.1	6.3	-10.5
Consolidated total		360.4	387.4	+7.5
B-to-Bbusiness(excluding below)		13.6	14.7	+7.8
	Strategic cost	(0.1)	(0.4)	—
B-to-Bbusiness		13.5	14.2	+5.3
	LOHACO(excluding below)	(8.9)	(8.5)	—
	Strategic cost	(0.3)	(0.7)	—
	LOHACO	(9.3)	(9.2)	—
B-to-Cbusiness(including Charm)		(9.2)	(9.2)	—
Intermediate total		4.2	5.0	+17.7
Year-end bonus		(0.4)	—	—
E-commerce business		3.7	5.0	+32.3
Logisticsbusinessand other		0.3	(0.5)	—
Consolidated total		4.1	4.5	+7.8

## Net sales

BtoB business growth accelerates, up 4.4%

BtoC business also benefits from consolidation of Charm, with growth of 28.7%

## Operating income

BtoB Business Up 7.8%

LOHACO achieved profit improvement

Fixed costs of AVC Kansai and Hidaka Operations, etc.  
(BtoB up ¥0.8 billion, BtoC up ¥0.7 billion)

Deterioration in delivery costs

(Mainly rising delivery costs — positive effects from countermeasures)  
(BtoB up ¥0.9 billion, BtoC up ¥0.5 billion)

Logistics reform costs, etc., down ¥1.2 billion  
(BtoB up ¥0.4 billion, BtoC up ¥0.7 billion)

- ✓ Expanded use of in-house delivery/advanced logistics automation
- ✓ Strengthen sales promotions (both BtoB, BtoC)
- ✓ Strengthen system platform for E-commerce

\* The AVC Hidaka/Kansai fixed costs that were categorized by business in the FY5/2018 income statement and the temporary deterioration in logistics productivity, have been allocated to operating income for the BtoB business and LOHACO respectively.

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# FY5/2020 Consolidated Financial Forecasts

	FY5/2019		FY5/2020		
	Actual ¥billion	% of net sales %	Plan ¥billion	% of net sales %	YoY change %
Net Sales	387.4	100.0	404.0	100.0	+4.3
Gross Profit	91.6	23.6	97.6	24.2	+6.5
Selling, General and Administrative Expenses	87.0	22.5	88.8	22.0	+2.0
Operating Income	4.5	1.2	8.8	2.2	+94.7
Ordinary Income	4.4	1.1	8.6	2.1	+94.6
Net Income Attributable to Owners of the Parent	0.4	0.1	5.4	1.3	+1,243.1

- **Net sales** Growth continued **Up 4.3%**  
Considering that actual earnings underachieved based on the published figures for FY5/2019, the FY5/2020 plan was drawn up taking into account risk factors.
- **Gross profit margin** **Up 0.6 points YoY**  
**SG&A expenses ratio to sales** **Down 0.5 points YoY**
- **Operating income, ordinary income and profit**  
**A significant profit growth is expected.**
  - ✓ Strengthen logistics platform
  - ✓ LOHACO profit to improve significantly
  - ✓ BtoB business both sales and profits to increase stably

# FY5/2020 Consolidated Financial Forecasts [by Business]

		FY5/2019	FY5/2020	
		Actual ¥billion	Actual ¥billion	YoYchange %
Net Sales	B-to-Bbusiness	315.8	329.1	+4.2
	LOHACO	51.3	53.5	+4.1
	B-to-Cbusiness(including Charm)	65.2	68.4	+4.8
	E-commerce business	381.0	397.5	+4.3
	Logisticsbusinessand other	6.3	6.5	+1.9
	Consolidated total	387.4	404.0	+4.3
Operating income	B-to-Bbusiness	14.2	15.1	+6.6
	LOHACO	(9.2)	(6.4)	—
	B-to-Cbusiness(including Charm)	(9.2)	(6.3)	—
	E-commerce business	5.0	8.8	+75.1
	Logisticsbusinessand other	(0.5)	0.0	—
	Consolidated total	4.5	8.8	+94.7

## ➤ Net sales forecast

BtoB business to grow **+4.2% YoY**, taking into account economic slowdown risk, etc., including the impact of a consumption tax hike.

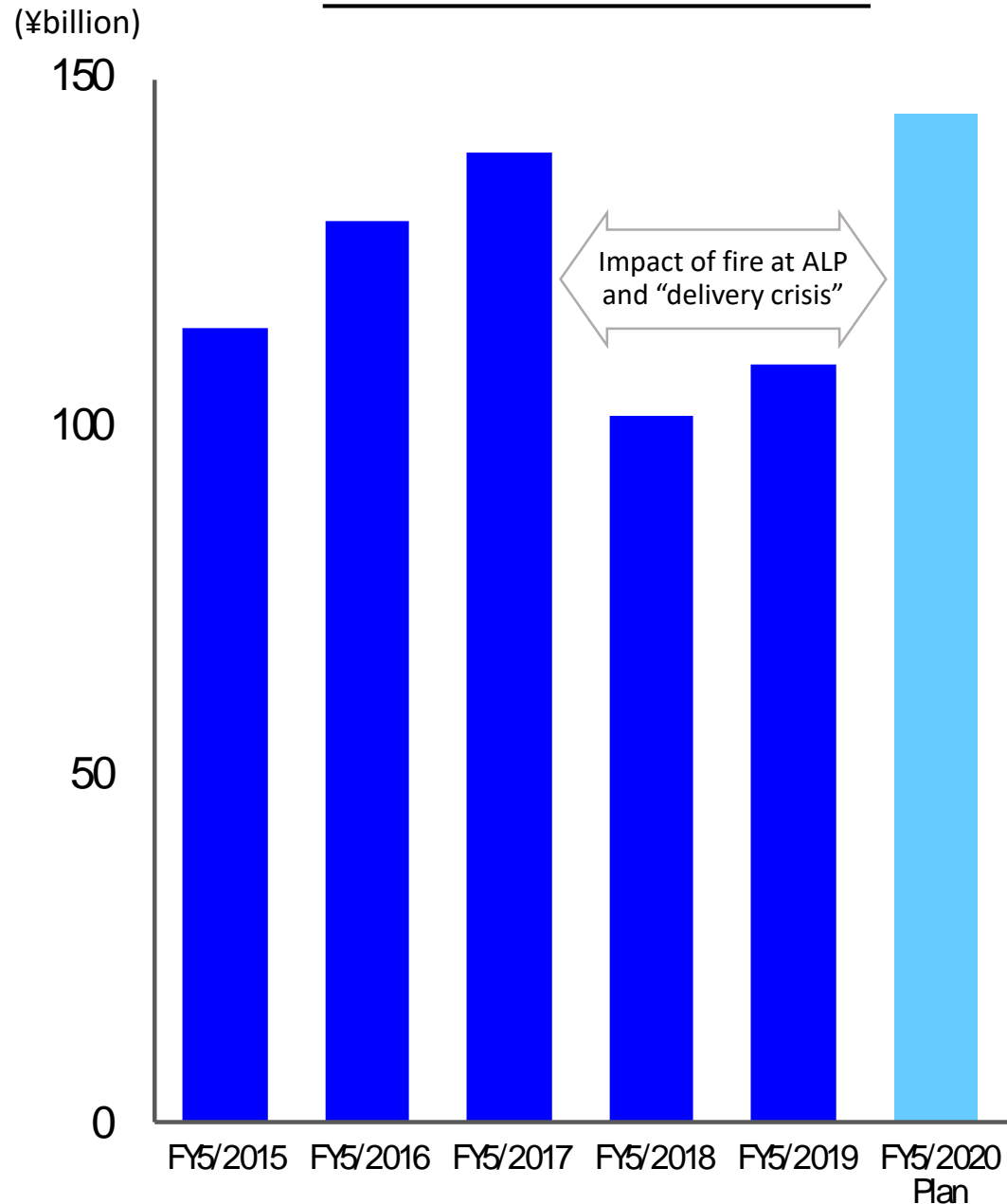
LOHACO to focus on shifting to unique-value E-commerce and **grow 4.1% YoY**

## ➤ Operating income forecast

BtoB business to grow **+6.6% YoY to ¥15.1 billion**

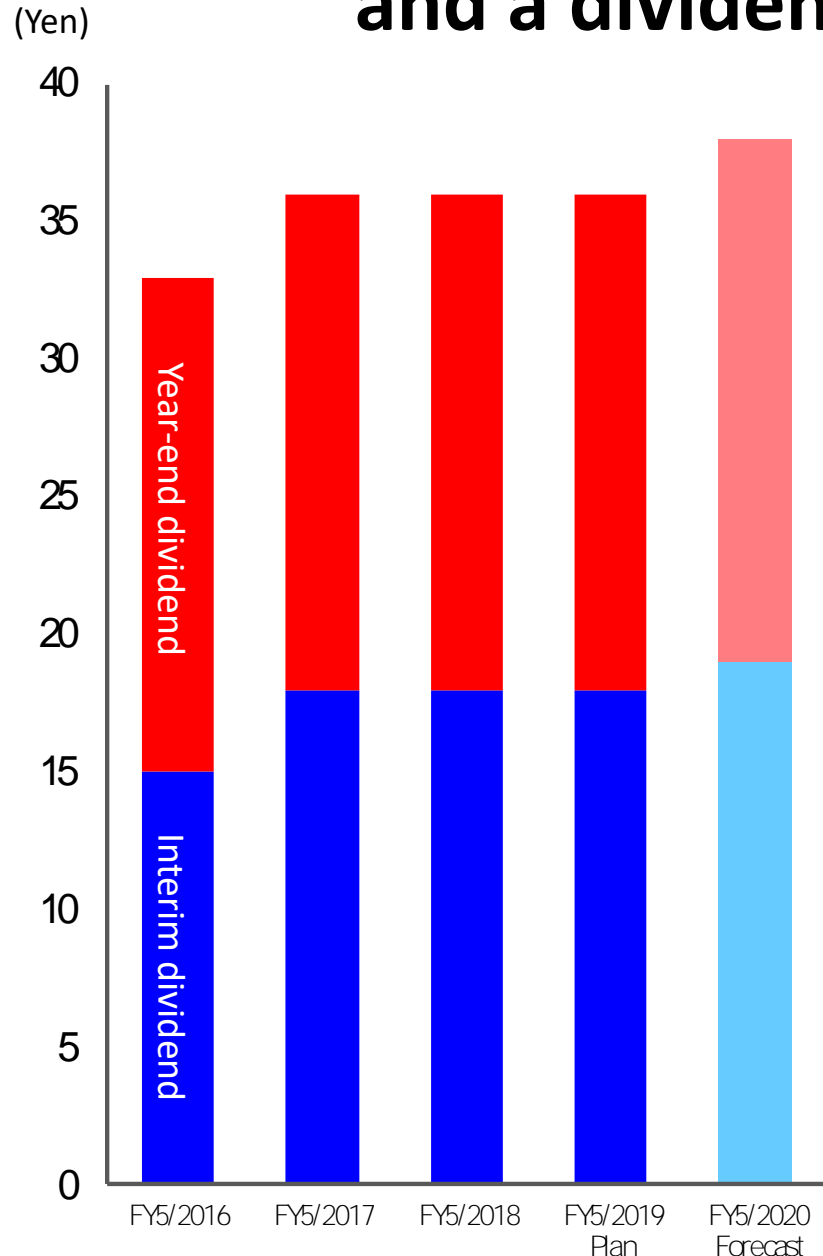
LOHACO **profit to improve significantly**

## Trend of EBITDA



**FY5/2020  
EBITDA  
Expected to  
reach all-time  
high**

# Significant profit improvement is expected, and a dividend increase is planned for FY5/2020



## FY5/2019 dividend (plan)

⇒ Annual dividend per share: ¥36  
(Interim dividend: ¥18. Year-end dividend: ¥18)

## FY5/2020 dividend (forecast)

⇒ Annual dividend per share: ¥38  
(interim dividend: ¥19. Year-end dividend: ¥19)

**Dividend increase of ¥2 compared to  
FY5/2019**

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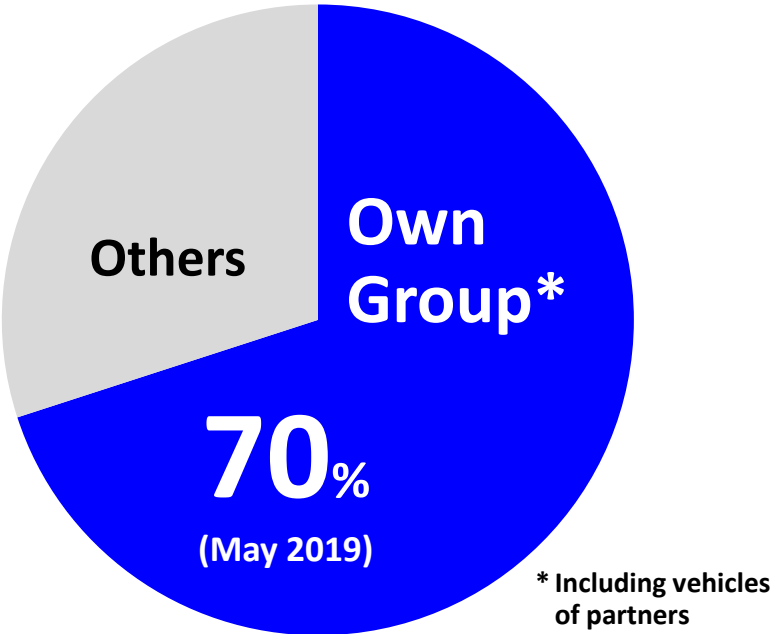
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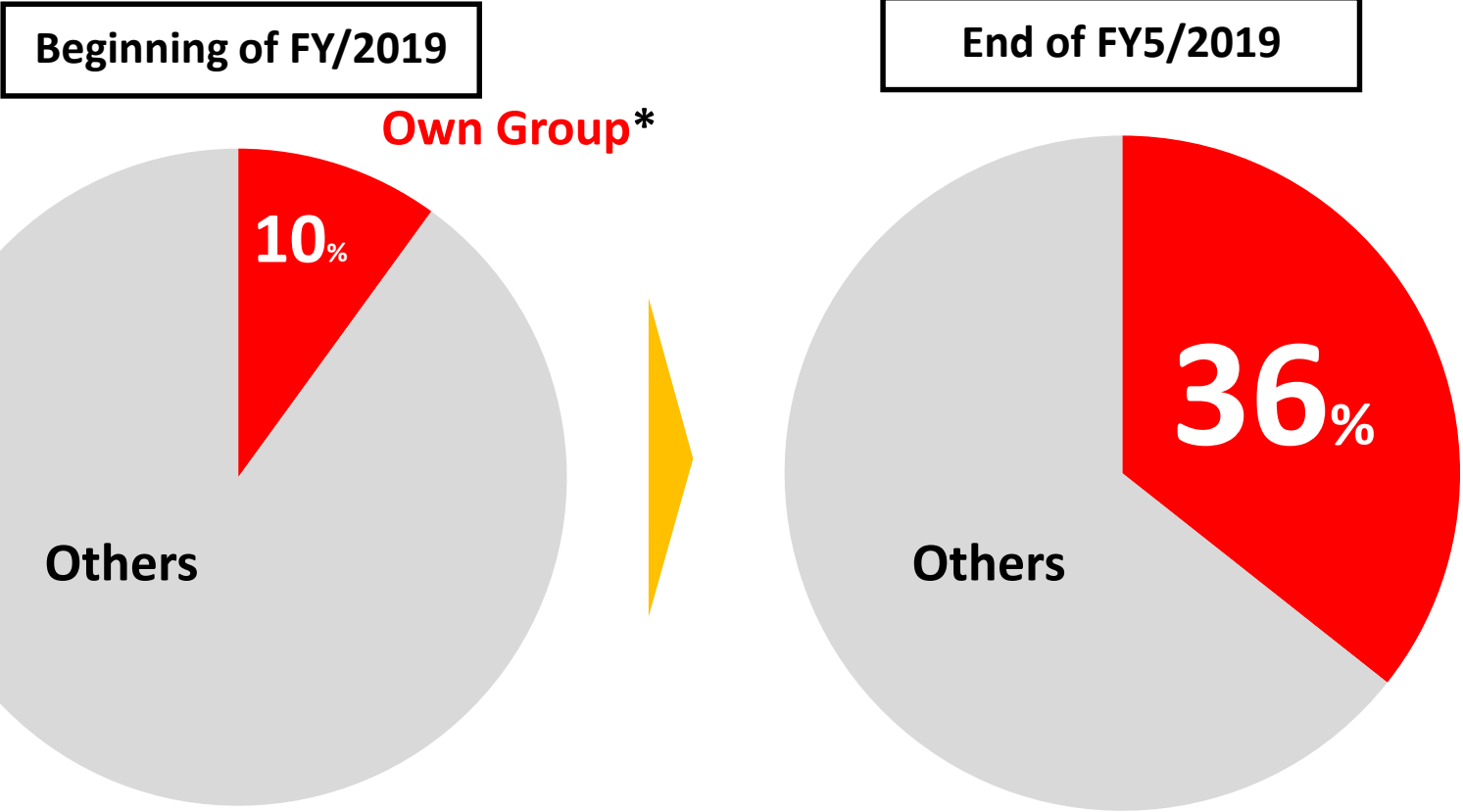
# FY5/2019 Results of Expansion of In-House Delivery

## Share of BtoB business delivery



Nationwide in-house delivery networks completed

## Share of LOHACO delivery



Goal of 35% for FY5/2019 achieved and delivery cost reduction realized

# BtoC FY5/2020 Increased Delivery Density of In-House Delivery Areas

## Merchandising policy

### LOHACO

#### Improvement in marketing

Change sales method for beverages to selling by the box and promotion of bulk purchases

\* See page 37 for the details of measures

Increase sales price  
per unit/per box

## Delivery

### Measures for increasing delivery density

Promote acquisition of external sellers and **increase the total delivery volume**

Strengthen operational structure by utilizing ASKUL's business relationships

- Launch a joint sales team between ASKUL and ASKUL LOGIST
- Propose solutions that utilize ASKUL's know-how in E-commerce logistics

**Reduce delivery costs by increasing delivery density of in-house delivery areas**

Re-expand in-house delivery areas from FY5/2021 onward in step with LOHACO's return to growth FY5/2021

# AVC Kansai Improved Logistics Productivity through Advanced Automation

## Receiving

Introduce robots for transporting pallets\*

\* AGV (acronym for Automated Guided Vehicle)

Reduce use of labor in receiving delivery work



## Shipping

Introduce picking robots

Reduce use of labor in picking work



In September 2019, plan to install two robotic systems at AVC Kansai

# Logistics Center Strategy from FY5/2020 Onward

## Transformation of logistics centers into profit centers and optimization in the Kanto Region

### Miyoshi Center (tentative name)

OPA Location in Kanto (planned)

Location: Miyoshi-machi, Iruma-gun, Saitama Prefecture  
Scheduled completion date: January 2020  
Scheduled operation start date: September 2020  
Total floor area (planned): Approx. 72,000 m<sup>2</sup>



### Shin Tokyo Center (tentative name)

BtoB center (planned)

Location: Rinkai-cho, Edogawa-ku, Tokyo  
Scheduled completion date: August 2021  
Scheduled operation start date: February 2022  
Total floor area (planned): Approx. 58,000 m<sup>2</sup>



For reference

AVC Kansai Leased area: Approx. 146,400m<sup>2</sup> Initial investment in machinery and equipment: ¥11.6 billion  
AVC Hidaka Leased area: Approx. 46,200m<sup>2</sup> Initial investment in machinery and equipment: ¥2.6 billion



Focus on Achieving  
Further Low-Cost Logistics Operations  
by Shifting to Advanced Automation of Logistics Centers  
and Increasing Delivery Density of  
In-House Delivery Areas

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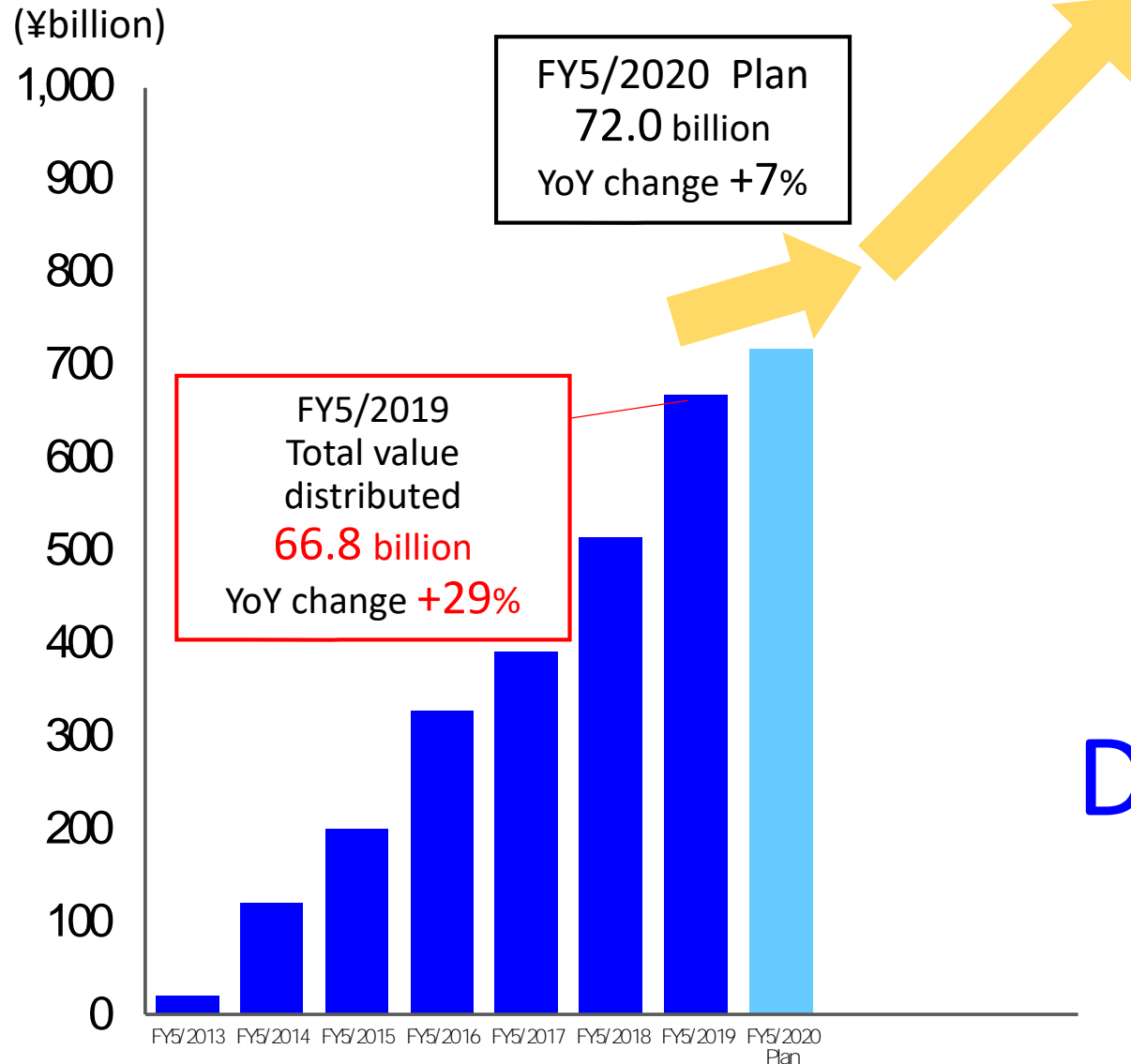
V BtoB

# B-to-C

# Targeting consumers



## BtoC total value distributed\*



**FY5/2020**  
**Focus on Shifting to**  
**Unique-Value**  
**E-Commerce**

**Drive Accelerated Growth**  
**from FY5/2021 Onward**

\* Total logistics amount in BtoC business is the sum of LOHACO net sales, sales of products via the LOHACO marketplace, and sales at Charm.

# FY5/2020 LOHACO Strategy to Shift to Unique-Value E-Commerce

- (i) Expansion of unique-value goods
- (ii) Strengthen strategic categories
- (iii) Increase in fee income

Increase gross  
profit margin  
Up 1.5%

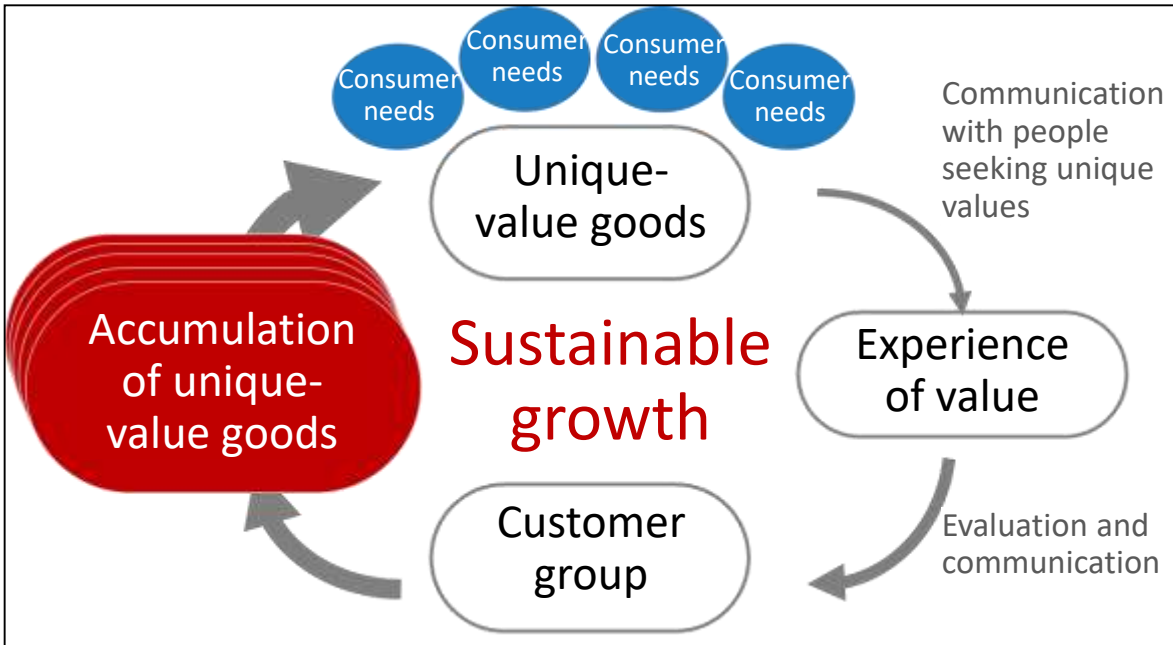
- (i) Increase sales price per unit/per box  
Revision of free shipping charge  
+ Change in sales method for beverages
- (ii) Reduce delivery costs  
Increase delivery density of  
in-house delivery areas

Reduce  
variable Costs  
ratio  
Down 3.5%

Improve Gross Profit Margin  
(i) Expansion of Unique-Value Goods

# Speed Up Development of Unique-Value Goods

Extract from the presentation material used  
at the LOHACO Digital Marketing Consortium 2018



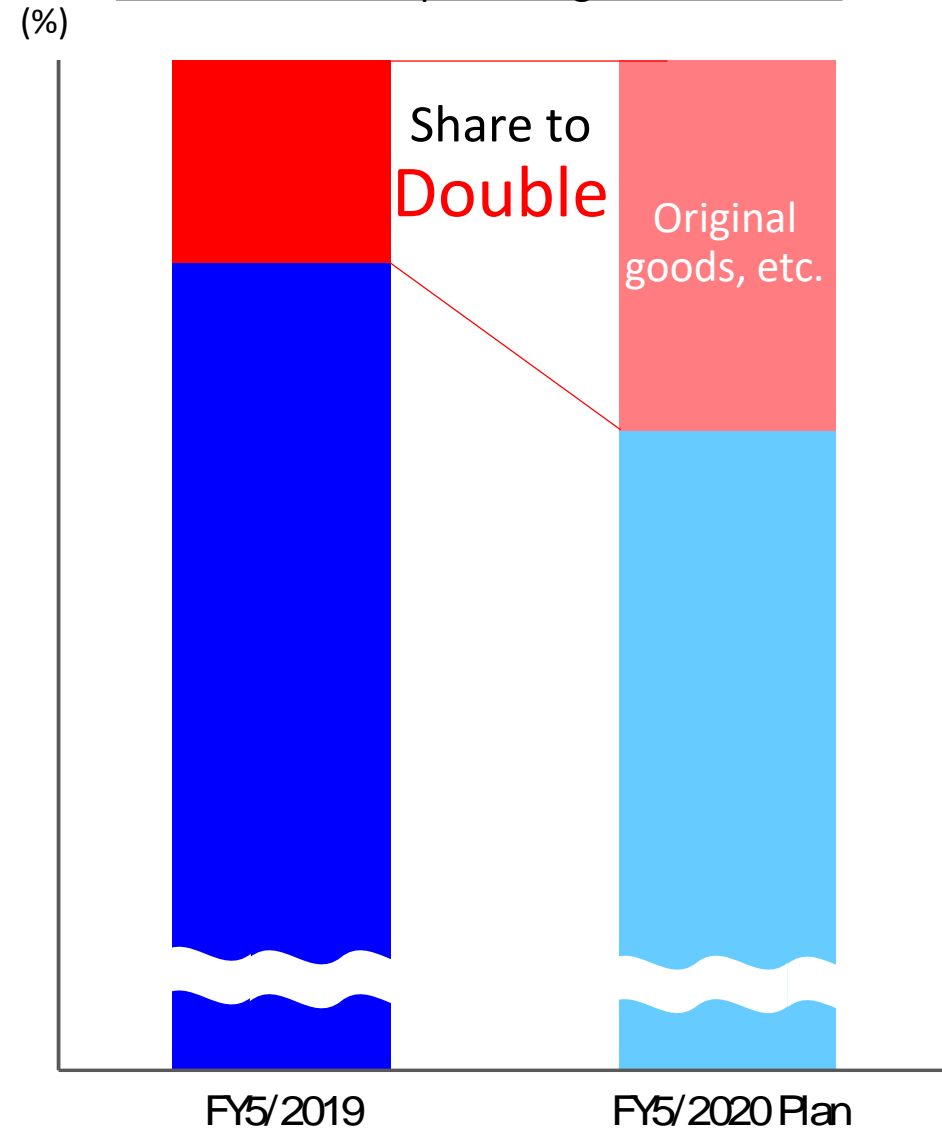
LOHACO EC Marketing Lab  
Launched the sixth stage in collaboration  
with a record-high 140 makers



**Further Expand  
Collaboration with  
Makers**

# Expansion of Unique-value goods

Total sales of LOHACO original products and original-design products exclusive to E-commerce as a percentage of net sales\*



Strengthen sales of BtoB original goods



Launch original-design products exclusive to E-commerce



Launch LOHACO original goods



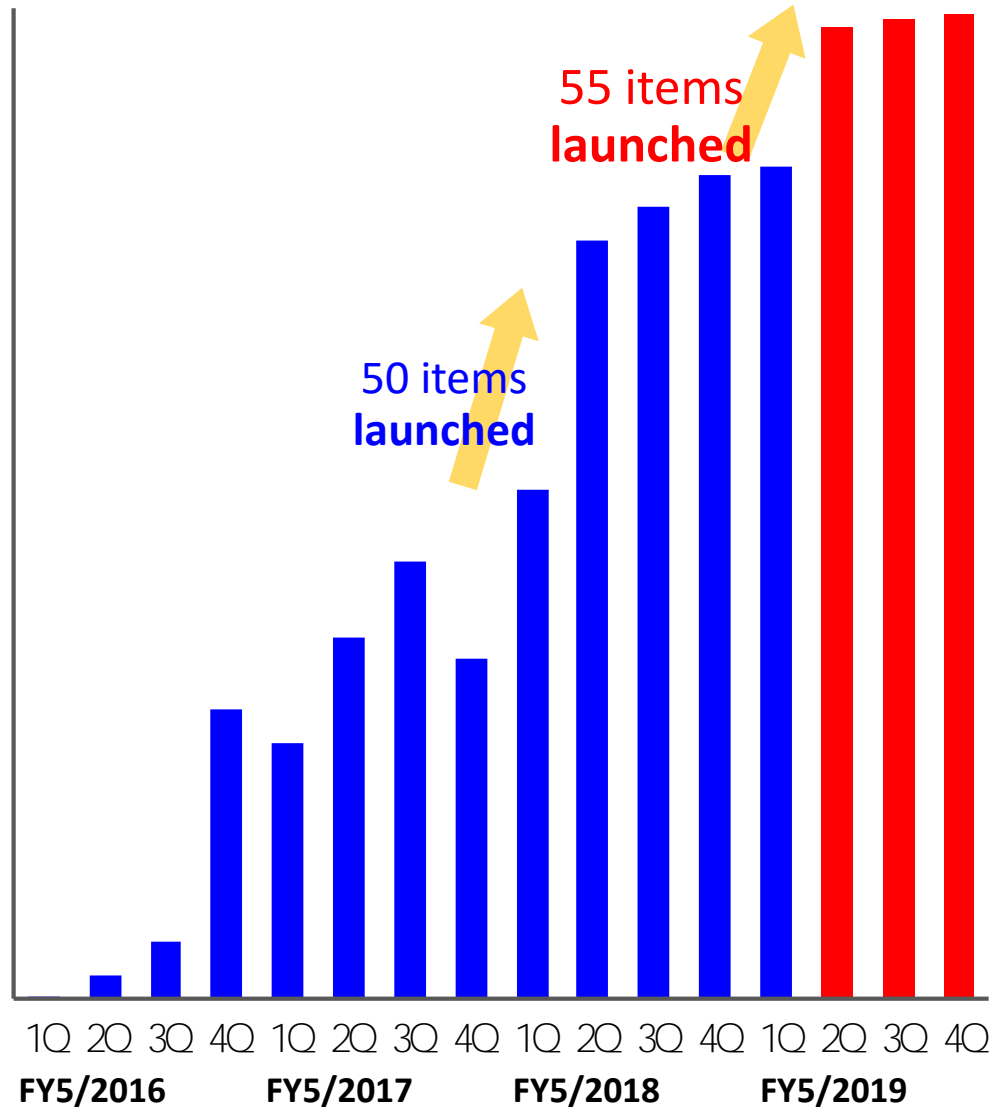
**Improvement in Gross Profit Margin**

\* Calculated taking LOHACO inventory goods sales as denominator.

# Step Up Unique-Value Product Lineup (Design products exclusive to e-commerce)

“Fitting Our Lifestyles” LOHACO Exhibition

(Yen) Trend of Sales Growth \* by Quarter



Fitting Our Lifestyles LOHACO 2019 Exhibition  
Scheduled to be held in October 2019



Snapshots of “Fitting Our Lifestyles LOHACO 2018 Exhibition”  
held at Daikanyama T-SITE GARDEN GALLERY

Further focus on sales expansion by  
reinforcing co-creation with makers

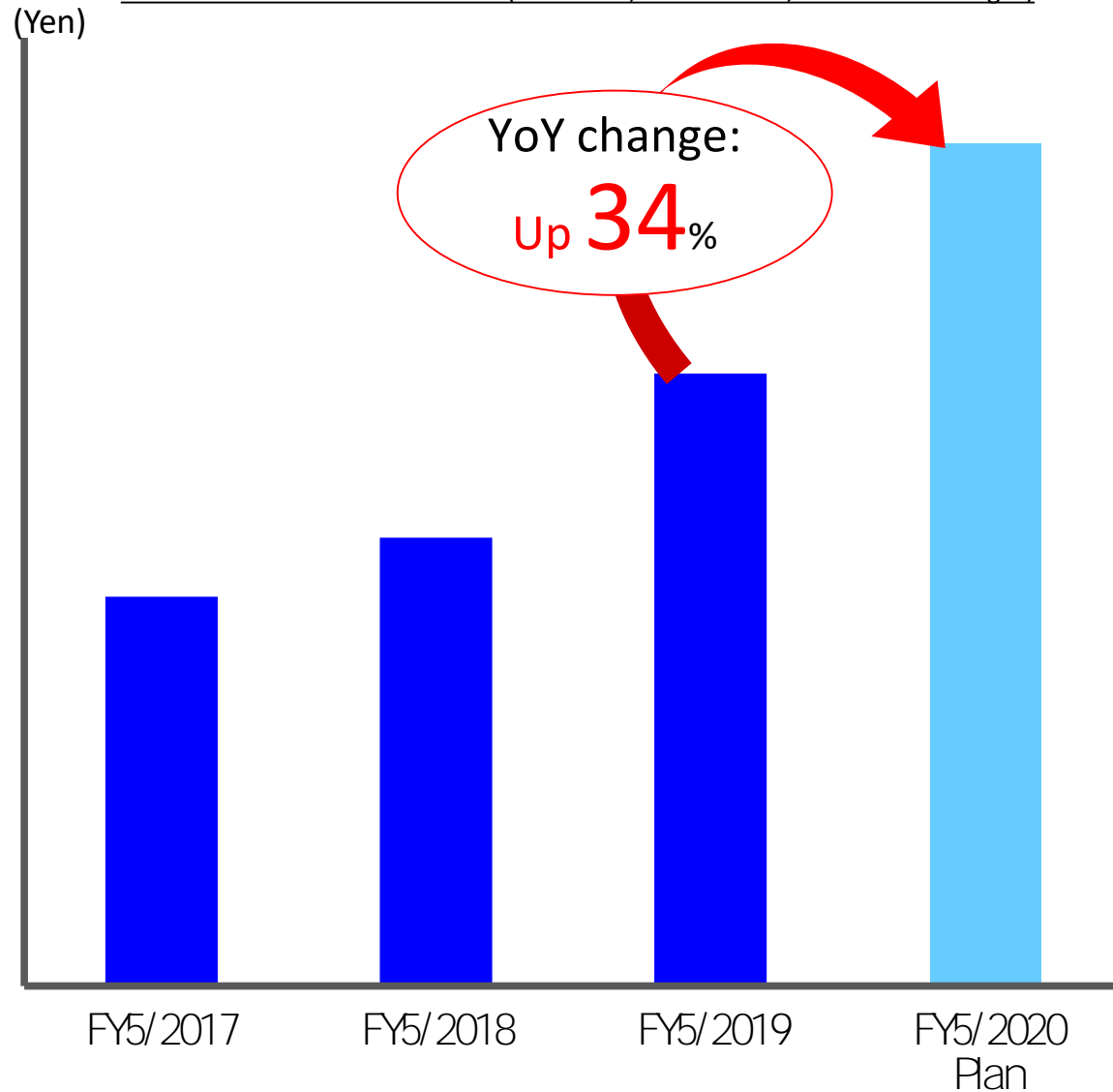
**Improvement in gross profit margin**

\* Net sales includes products for which the advance sales period at LOHACO has ended

Improve Gross Profit Margin  
(ii) Strengthen Strategic Categories

# Strengthen Strategic Categories (Cosmetics, Health Foods, Alcoholic Beverages)

LOHACO net sales (cosmetics, health foods, alcoholic beverages)



Expand net sales share of cosmetics, etc., by strengthening sales promotion

Launched “COSME DAYS” large-scale sales promotion campaign from April 4 to 8



Achieved doubling of net sales during the sales promotion period\*

\* Comparison of sales during campaign period and non-campaign period for the April period (from March 21 to April 20). Target: Sales at LOHACO Headquarters

Improve gross profit margin  
Increase sales price per unit/per box

Improve Gross Profit Margin  
(iii) Increase in Fee Income

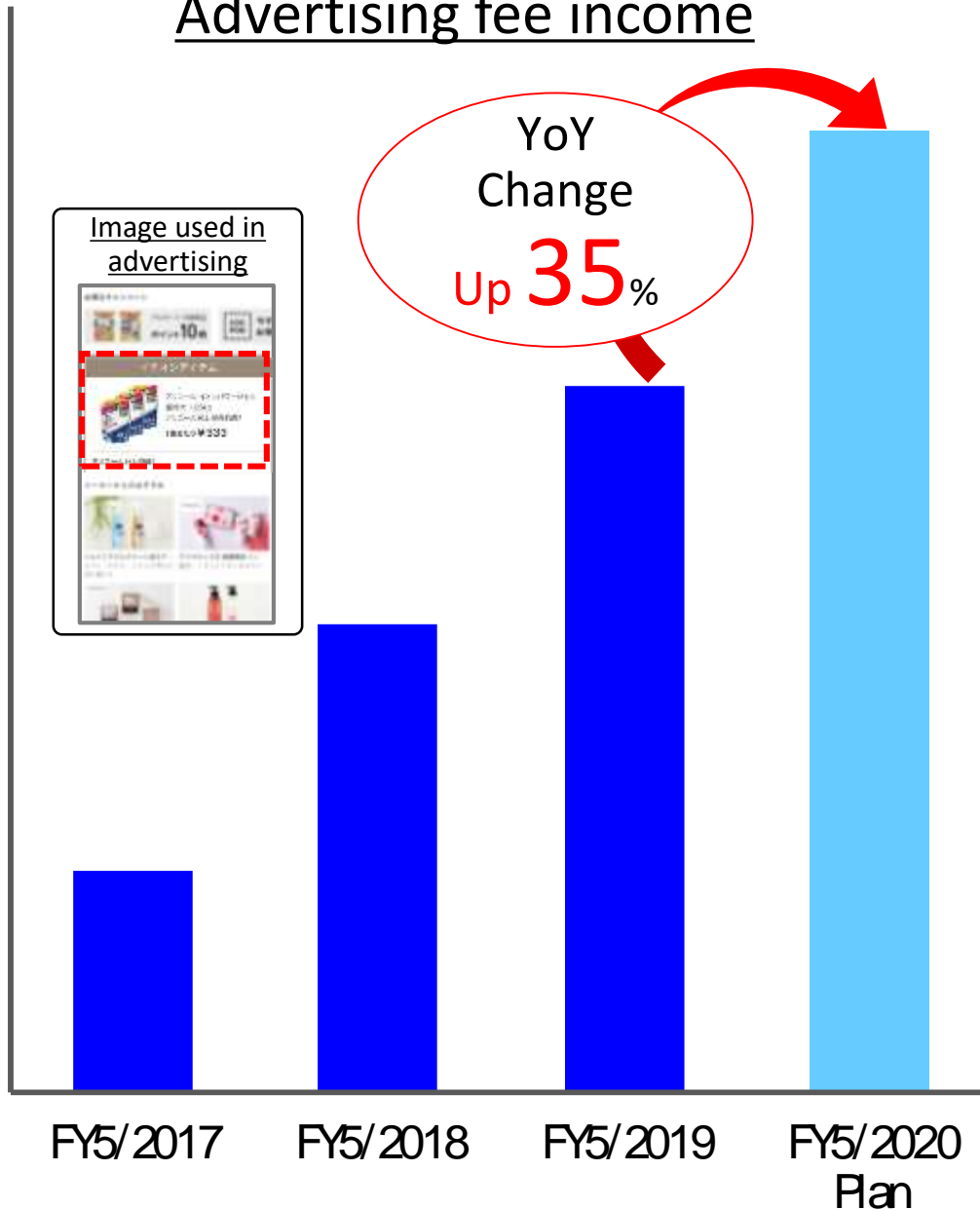
# Growth in Advertising fee income

(Yen)

Advertising fee income



YoY  
Change  
Up **35%**



Implementation of  
advertisement with strong  
sales effects by using big data



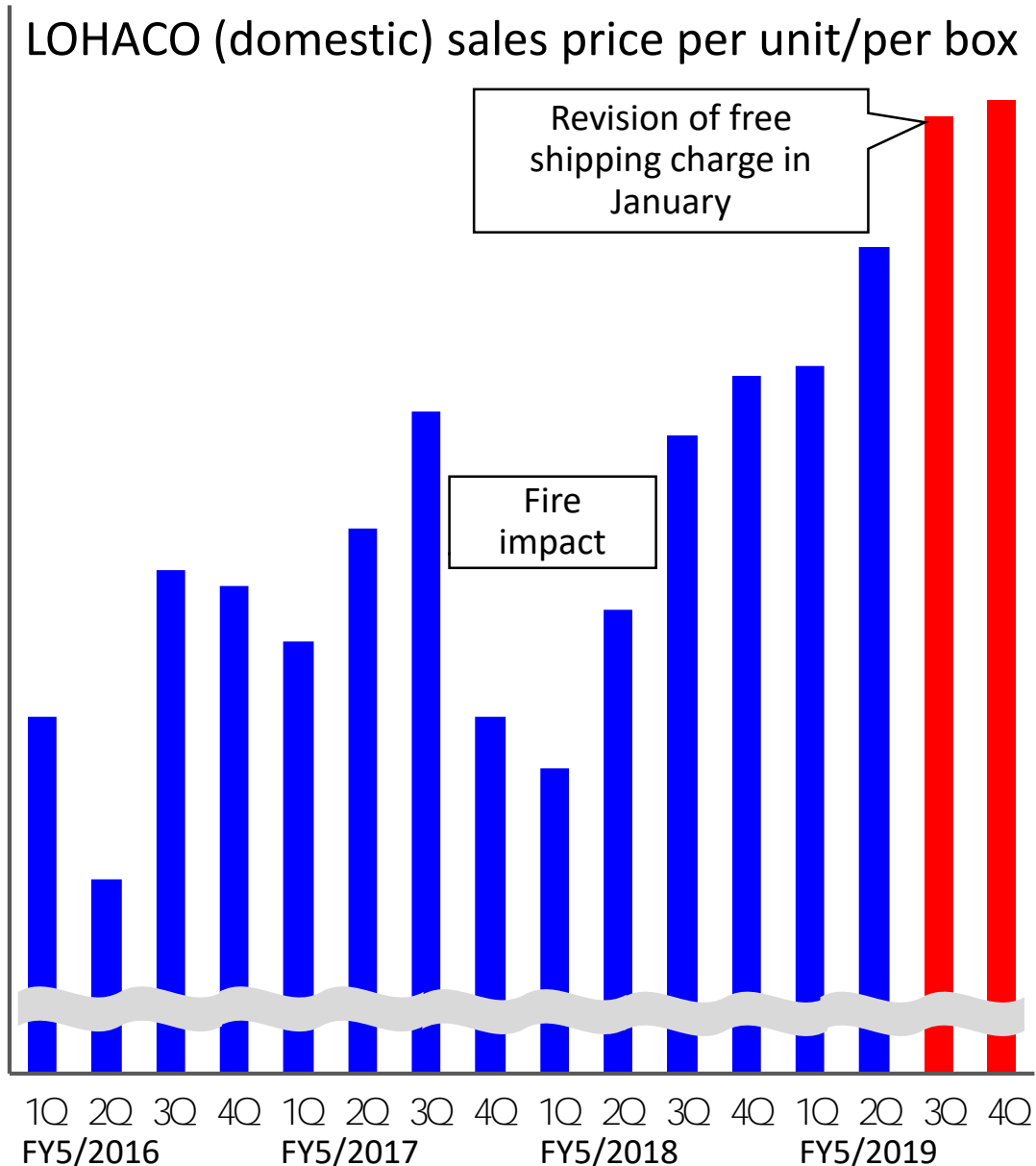
**Growth**  
in fee income

Reduce Variable Cost Ratio

(i) Increase Sales Price Per Unit/Per Box

# LOHACO (domestic) sales price per unit/per box

(Yen)



After revision of free shipping charge  
Sales price per unit/  
per box improved  
Rising price trend has continued

# Measures Aimed to Improve Sales Price Per Unit/Per Box (Change in Sales Method for Beverages)

Starting from July 2

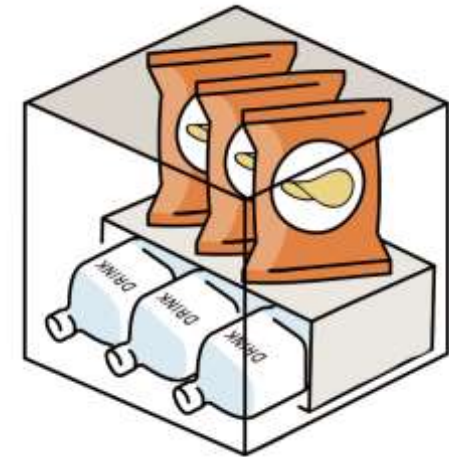
Service offering free shipping charge for orders of beverages  
up to a total of 18kg per box




- Prices of three-piece set beverages are set lower than when purchased by case unit.
- Unique packaging that prevents products from scattering in the box.

Customers  
Purchase  
beverages at lower  
prices

ASKUL  
Reduce delivery  
costs



Simultaneously achieving promotion of  
beverage sales and reduction of delivery costs



LOHACO will Steadily Improve Profits  
through Selection and Concentration,  
and Drive Accelerated Growth  
from FY5/2021 Onward

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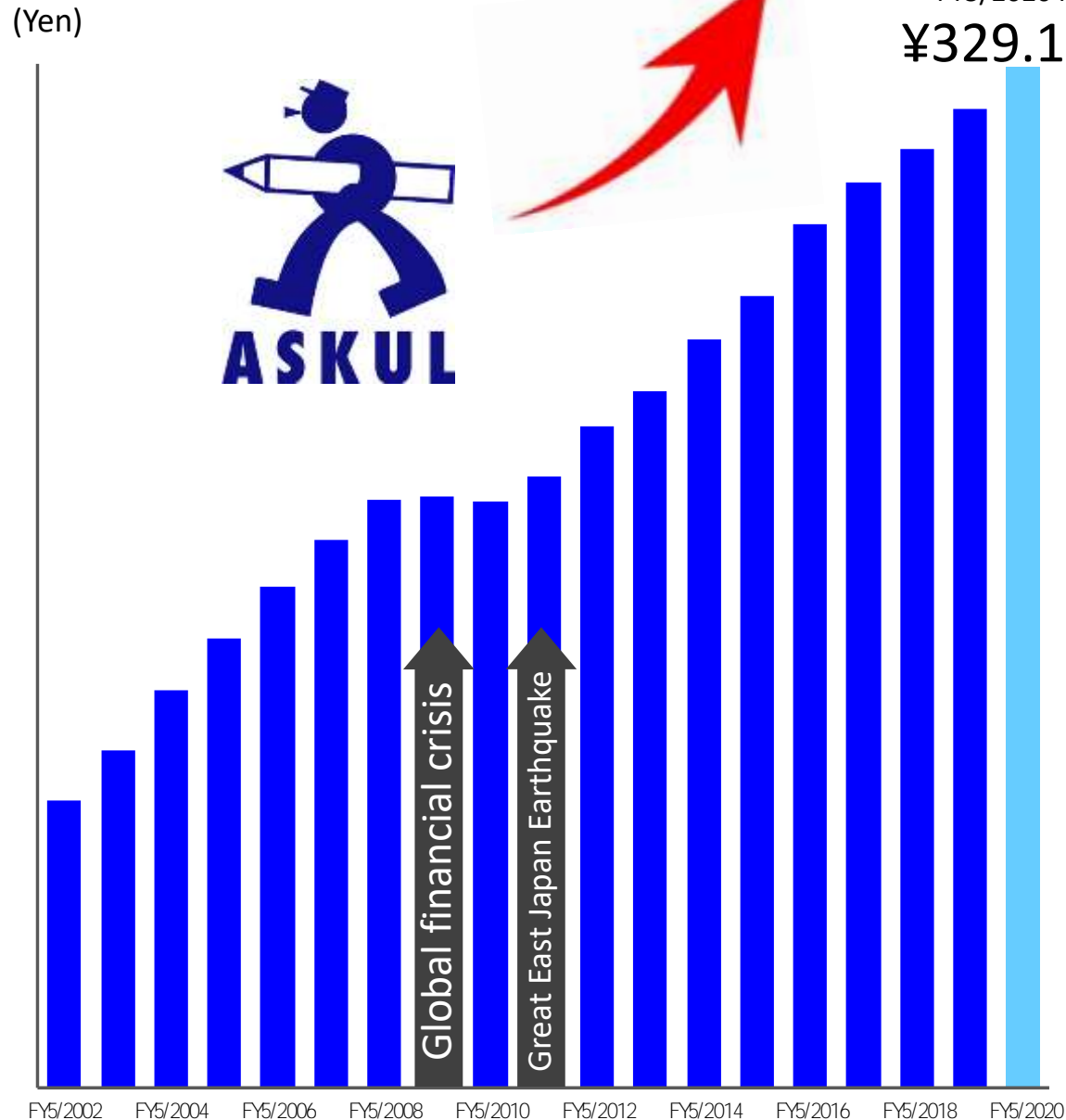
V BtoB

# For Offices Involved in BtoB Business



**ASKUL**

# Net sales in B-to-B



Steady Growth  
Continues

# Conceptual drawing of BtoB strategy



Maximize opportunities on both axes to win customers and ensure purchases

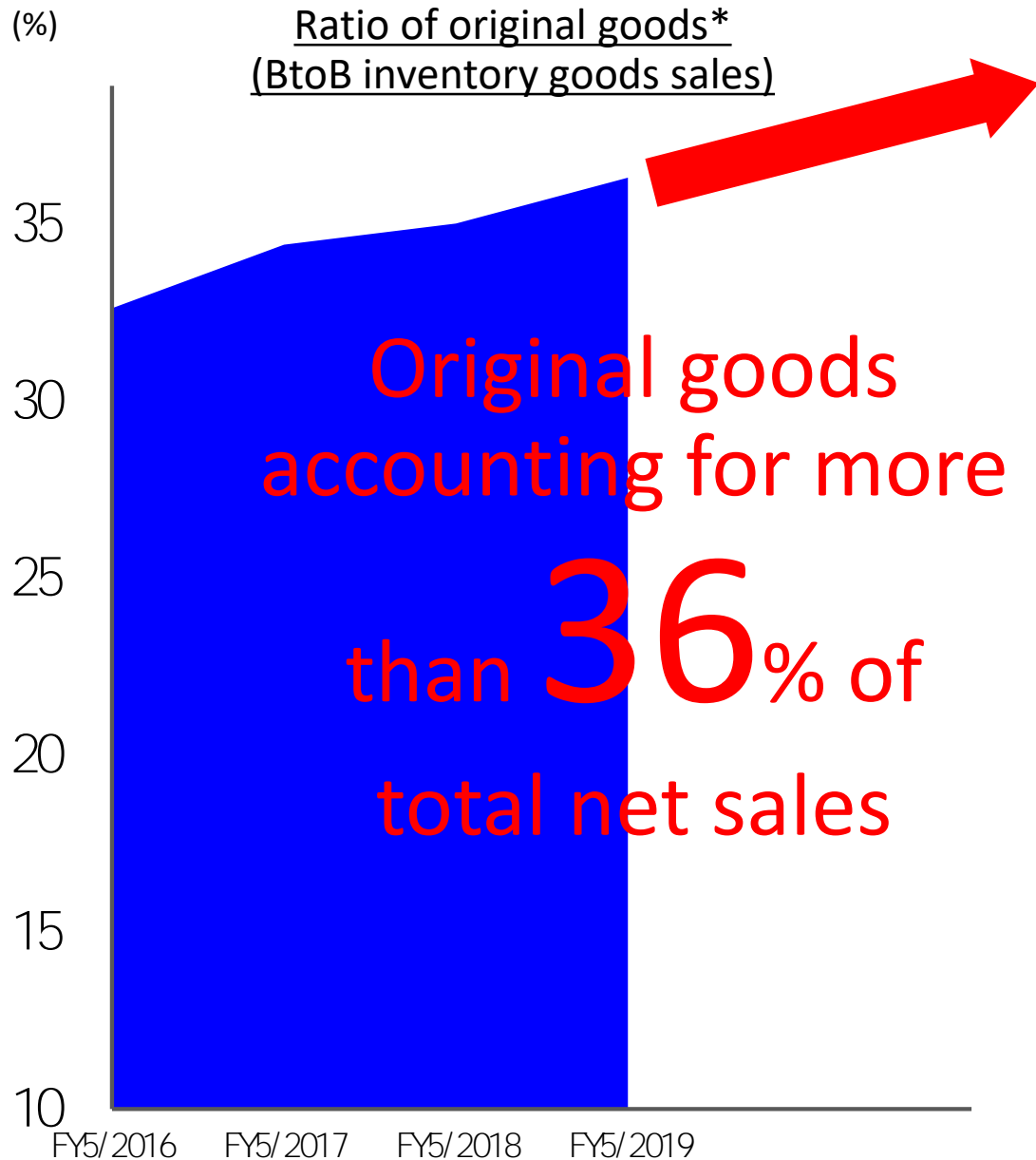
# **BtoB Business Stable Increases in Sales and Profits**

- (i) Further increase in the ratio of original goods**
- (ii) Expansion of share backed by strong growth of long-tail items**
- (iii) Increase in net sales backed by continued progress on website**

(i) Further Increase in the Ratio of Original Goods

## Expansion in original products

Ratio of original goods\*  
(BtoB inventory goods sales)



## Number of original goods

More than **9,100** items  
(as of May 20)

Number of original goods launched  
in FY5/2019

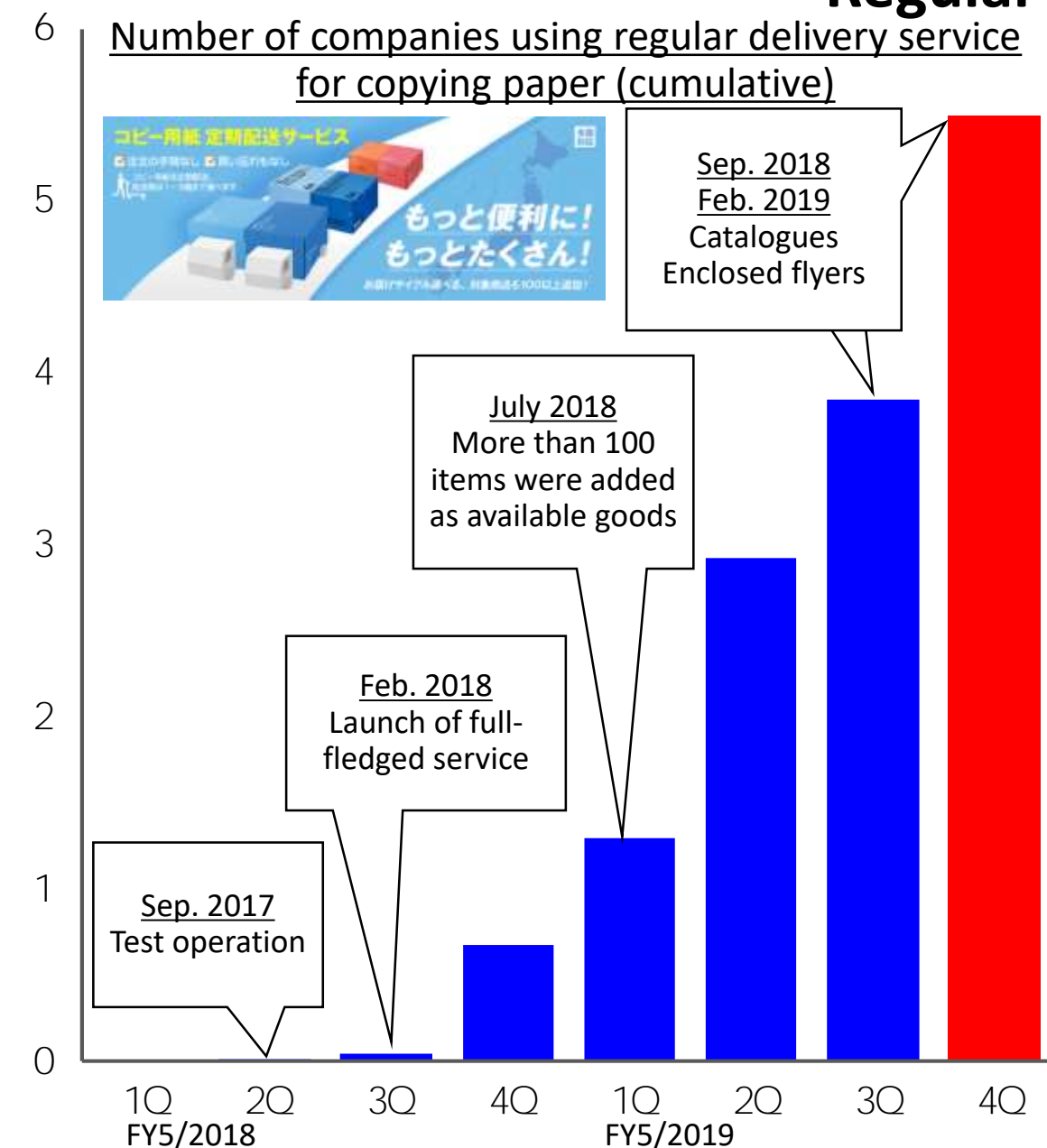
More than **600** items

Achieving both  
product differentiation and  
profitability improvement

\* Original products includes products exclusive to Askul

# Strengthen Customer Base through Expansion of Goods Available with Regular Delivery Service

(Thousand companies)



Nursing care industry  
faced with labor shortages  
**Reducing the workload  
of ordering supplies**

Starting **regular delivery\***  
**of original nursing care products**  
from August 21.

Paper diapers and wipes etc.



\* SOLOEL ARENA is not available for regular delivery service.

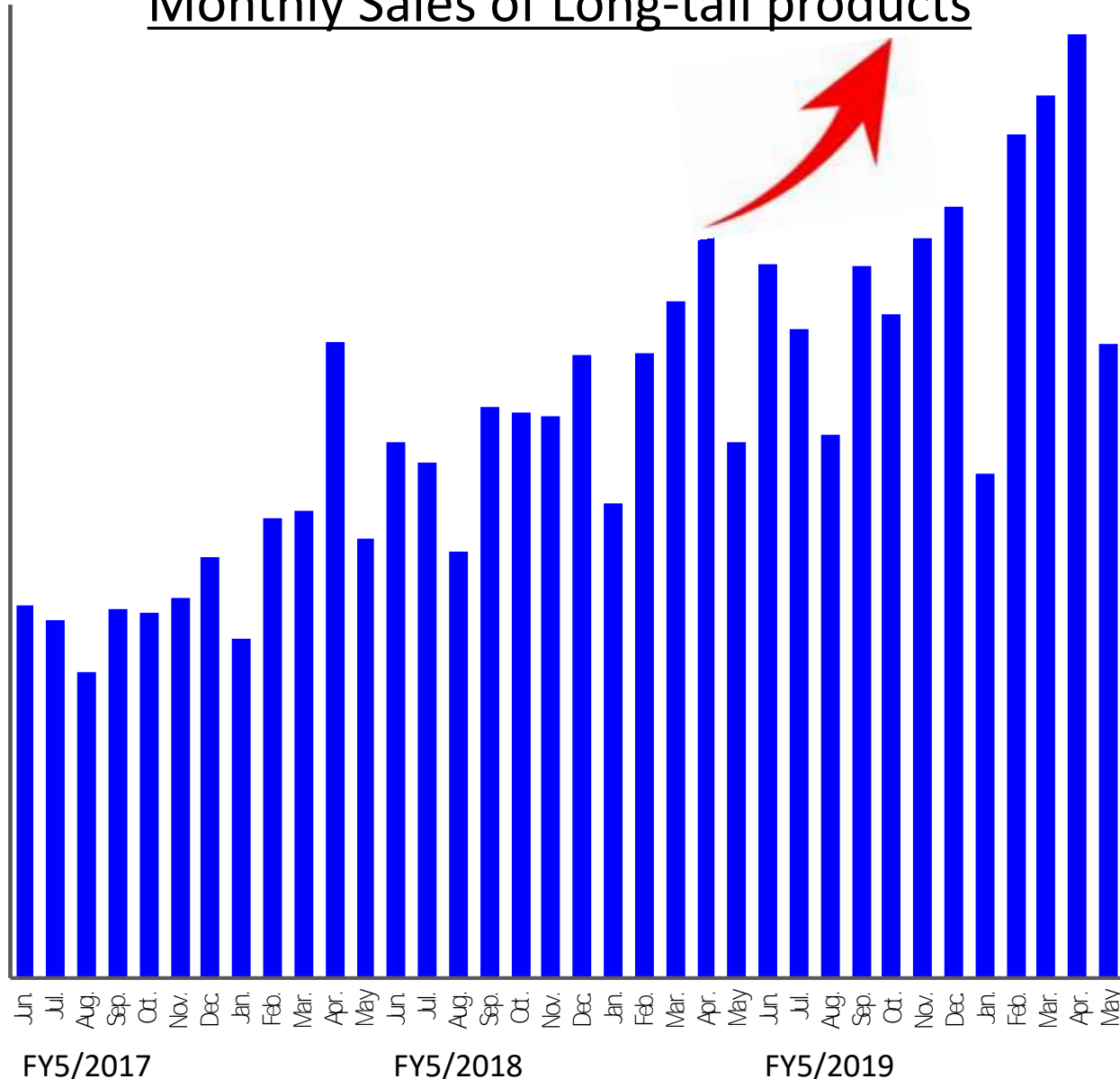
(ii) Expansion of share backed by significant growth of long-tail products



# Long-tail Products Will Contribute to Sales Growth

Non-consolidated

(Yen)  
Monthly Sales of Long-tail products



## Long-tail products

Sales plan for FY5/2020 (YoY change)

Up **24%**

BtoB business sales  
as a percentage of net sales  
FY5/2019 FY5/2020

**6.1%**

(Actual)



**7.3%**

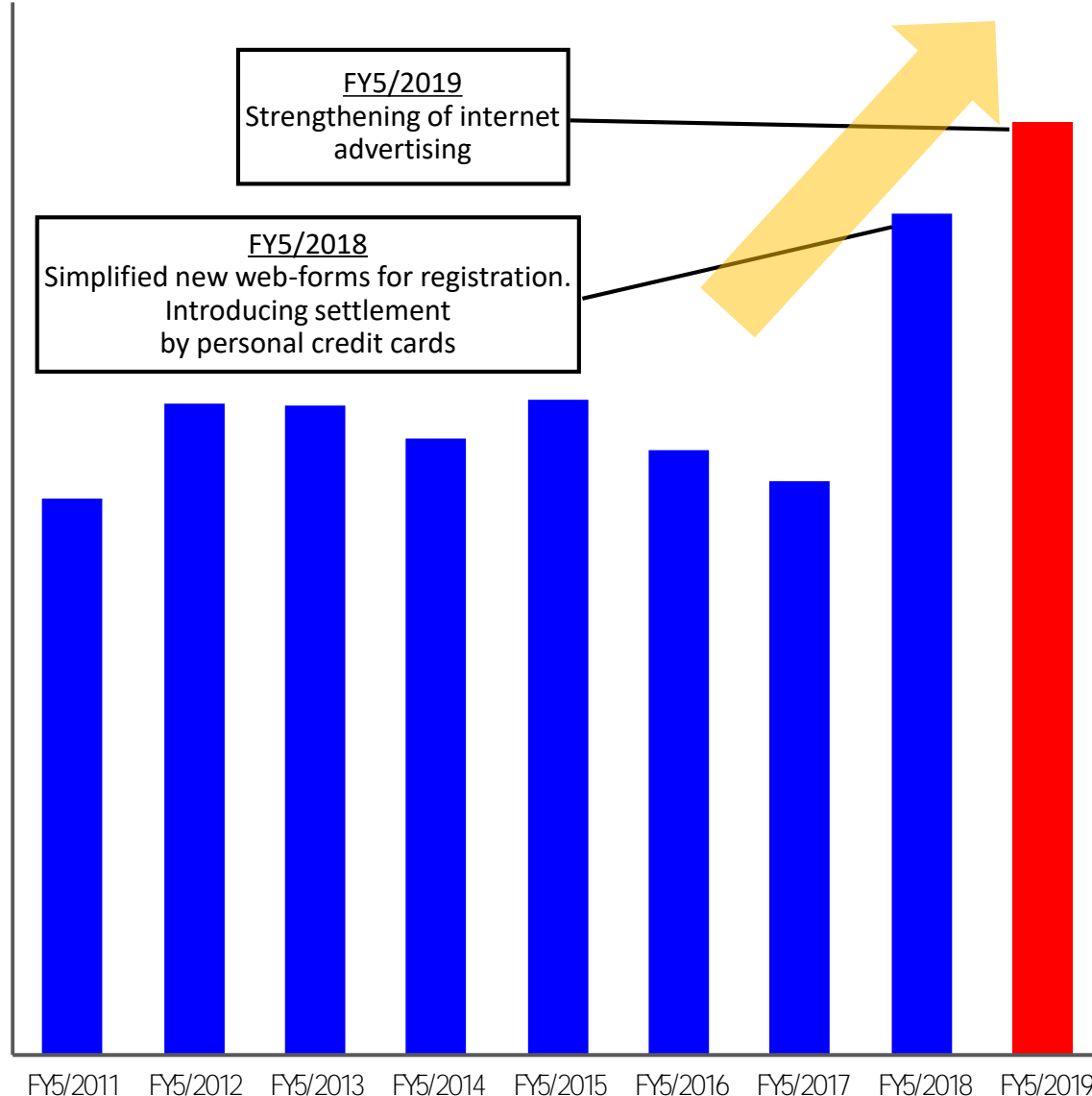
(Plan)

(iii) Increase in net sales backed by continued progress on website

# Expansion of New Customers by Strengthening SEO/SEM

Number of new customers registered  
on ASKUL website

(Cases)



Number of customers acquired  
via the website

**New record set**

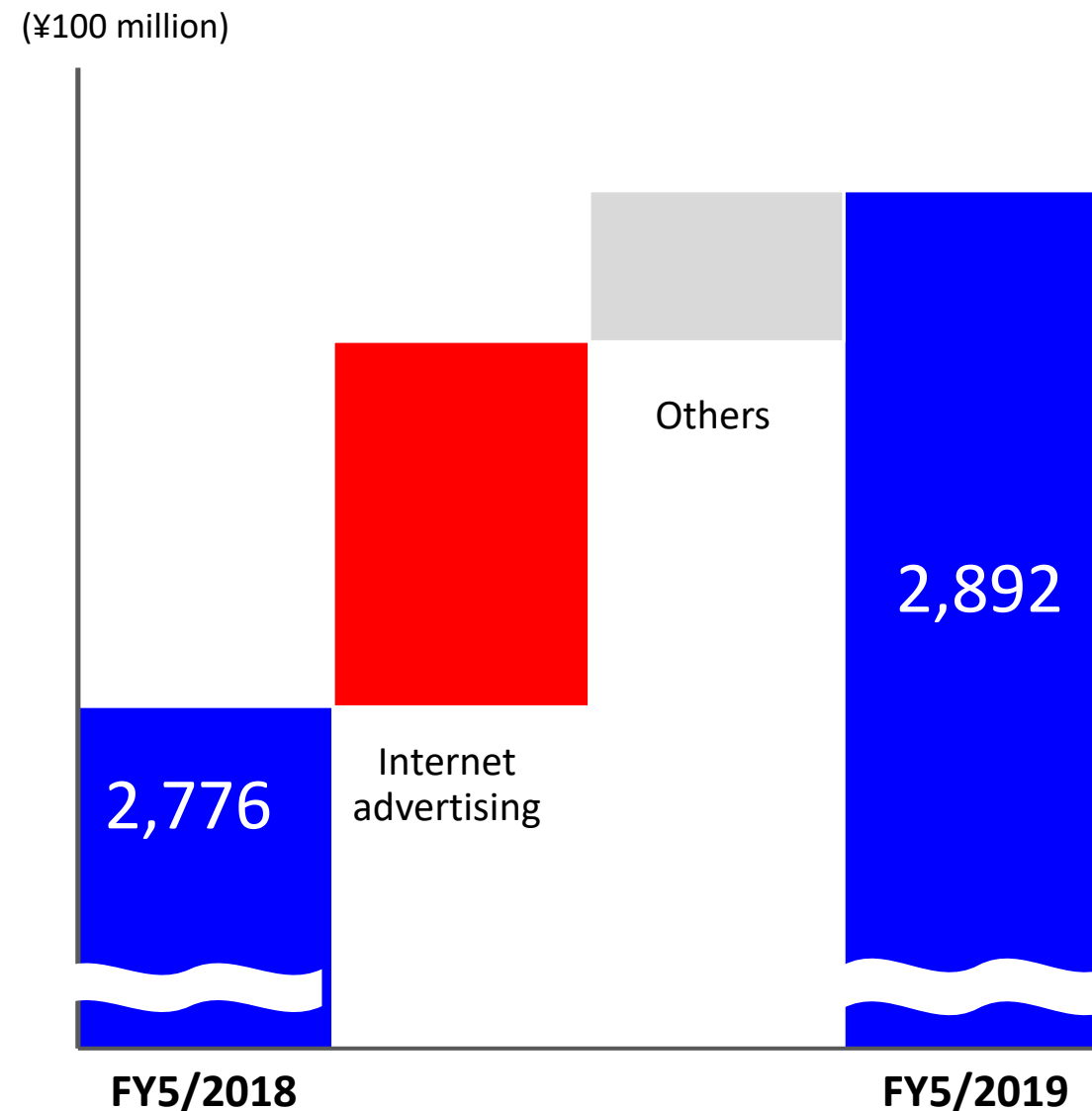
**Serving as a driving force  
for continuous growth**

SEO (Search Engine Optimization)  
SEM (Search Engine Marketing)

# Accelerate Growth through Internet Advertising

Non-consolidated

BtoB business (non-consolidated) factors  
for sales growth

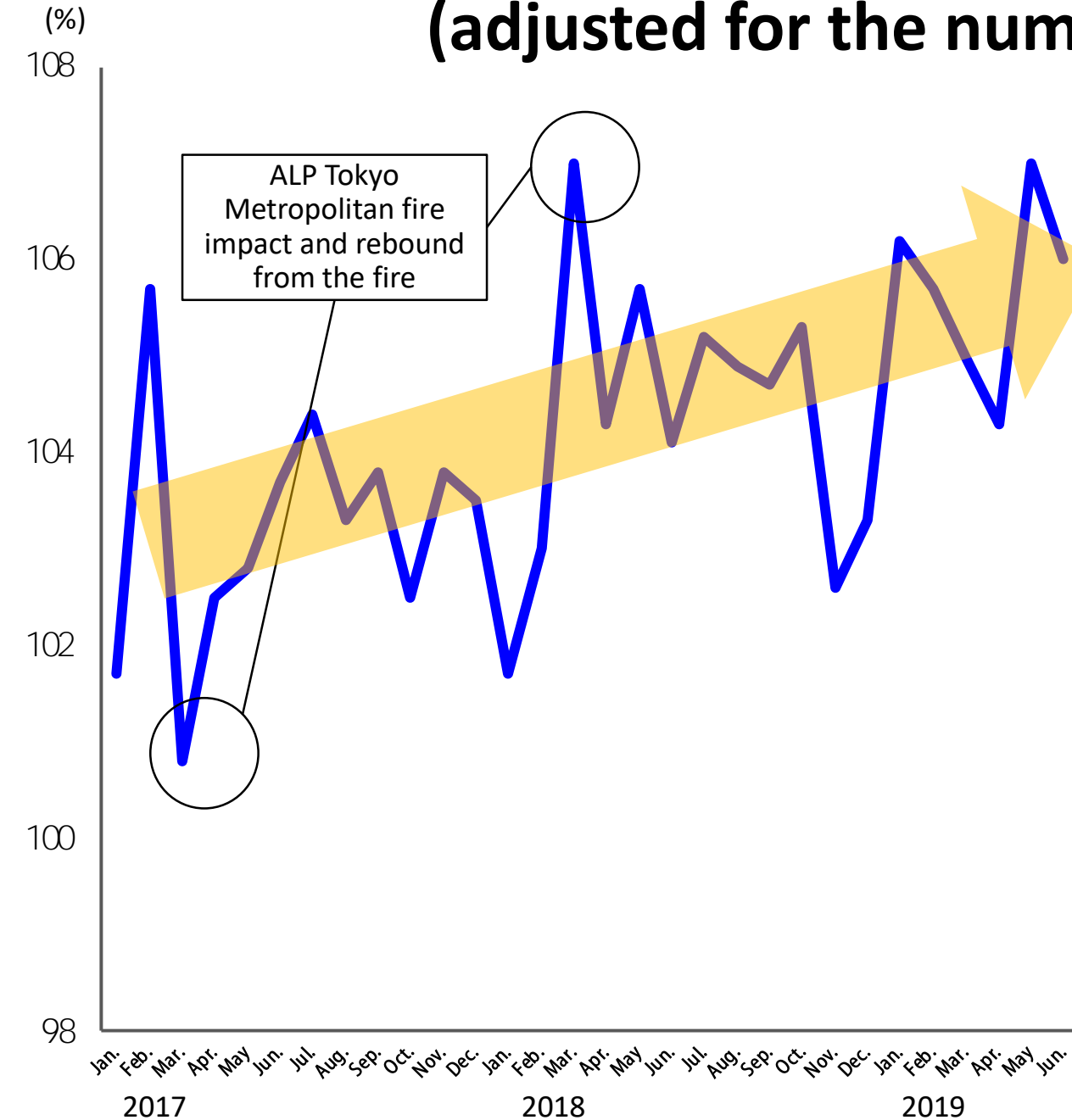


By strengthening  
Internet advertising  
Increase number of  
customers and expand  
purchase goods categories



Contribute to  
sales growth

# BtoB business only YoY Change in Monthly Net Sales (adjusted for the number of operation days)



Continued  
growth  
achieved in the  
last few months

A background image showing several hands of different skin tones reaching up and pointing their index fingers towards the top of the frame. The hands are clustered together, creating a sense of collective effort and upward movement. The background is a plain, light color.

**BtoB Business to Achieve Further Growth through  
Expansion of the Number of Customers  
and Long-tail products  
by Implementing E-Commerce Strategies**

# Appendix

# FY5/2019 net sales by item

Non-consolidated

	FY5/2018		FY5/2019	
	¥billion	YoYChange %	¥billion	YoYChange %
OA & PC	94.9	+1.1	96.8	+1.9
Stationery	44.2	+1.9	44.6	+0.8
Living supplies	104.6	+7.2	117.2	+12.0
Furniture	22.8	+2.4	22.8	+0.2
MRO	30.1	+6.8	32.6	+8.2
Others (Medical, etc.)	22.5	+9.8	26.4	+17.4
Total	319.4	+4.3	340.6	+6.6

Mainstay  
products  
driving growth

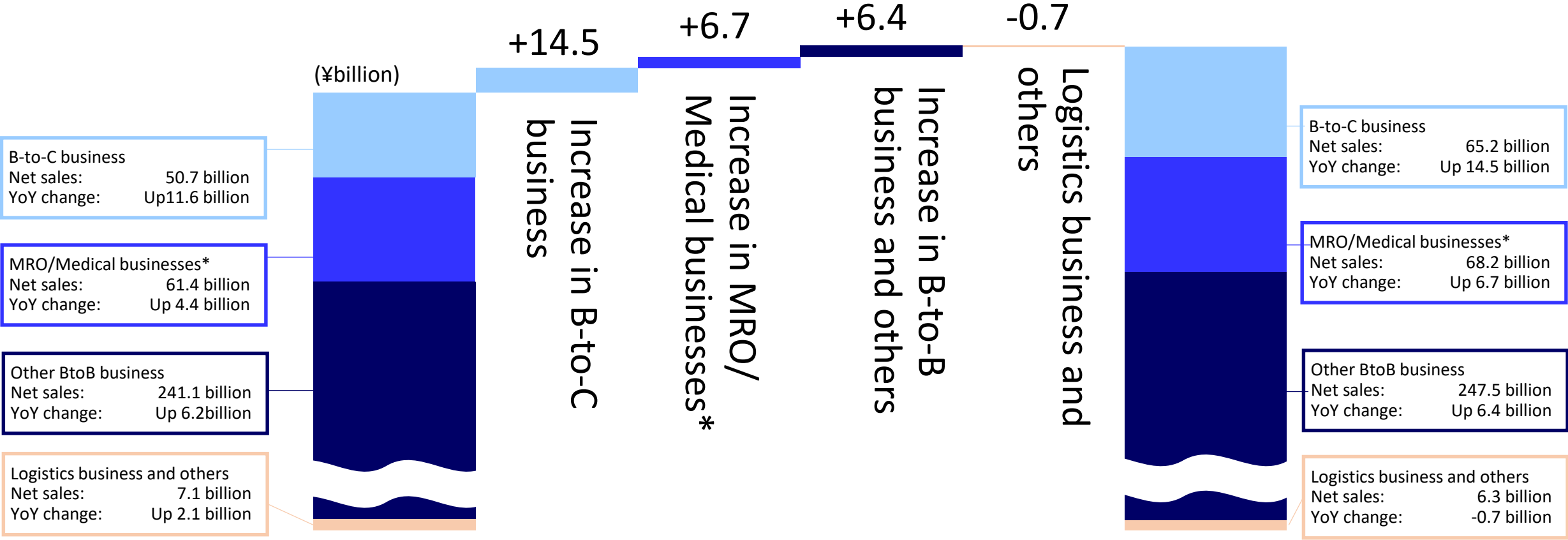
# Factors Affecting FY5/2019 Consolidated Net Sales

FY5/2018 (Actual)

Net sales:           ¥ 360.4 billion  
YoY change:       Up ¥ 24.5 billion  
YoY change::       Up 7.3%

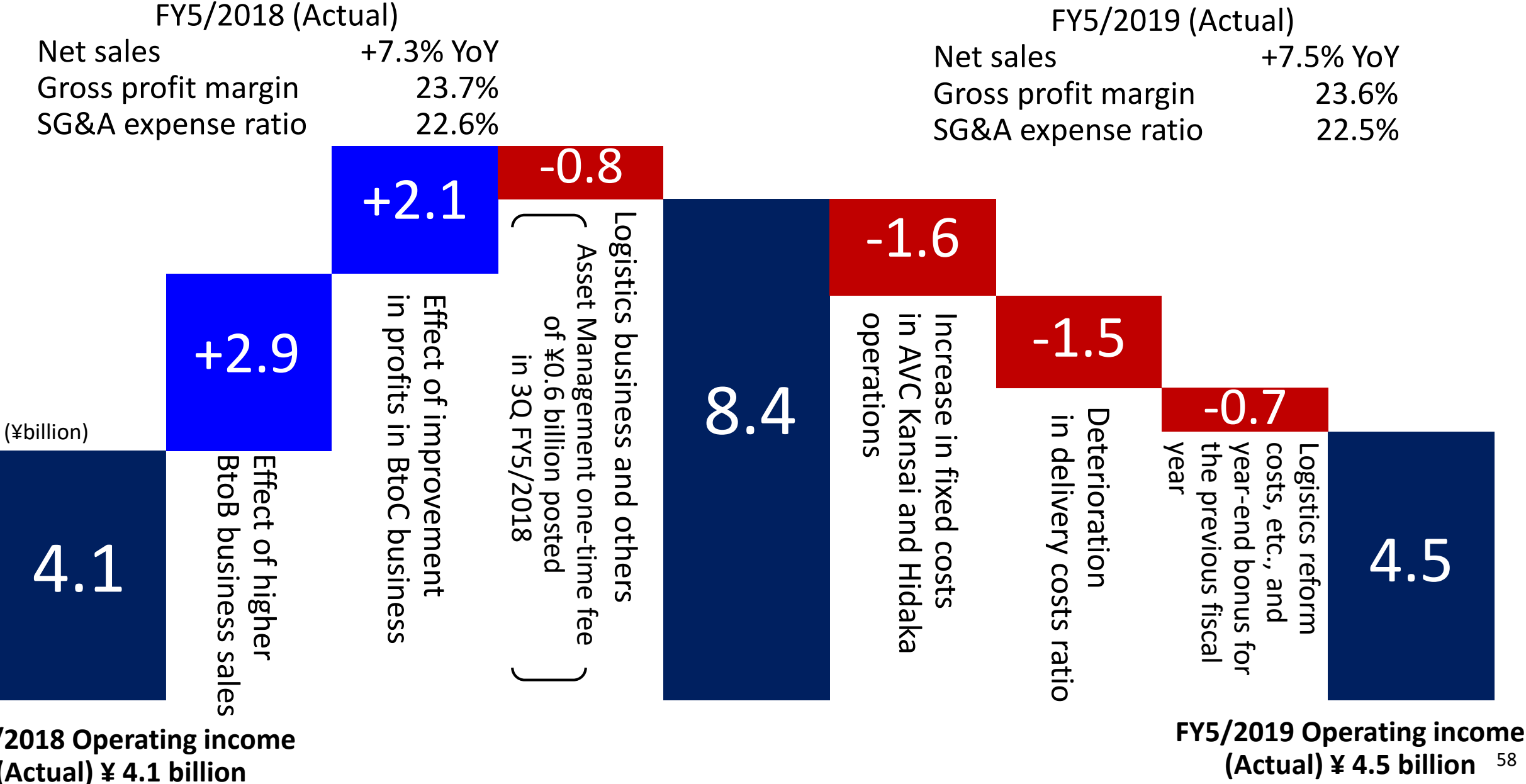
FY5/2019 (Actual)

Net sales:           ¥ 387.4 billion  
YoY change:       Up ¥ 27.0 billion  
YoY change:       Up 7.5%

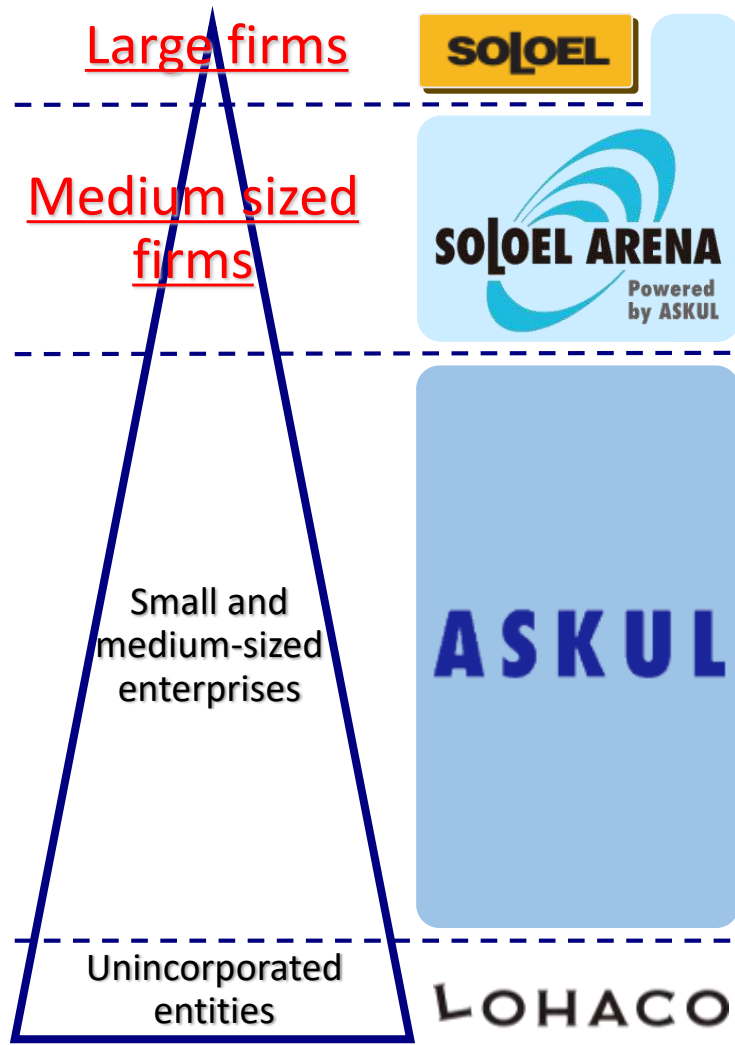


\* MRO/Medical businesses do not include LOHACO portion.

# Factors Affecting FY5/2019 Consolidated Operating Income



# Steady Growth in SOLOEL ARENA



(¥100 million)

1,400

1,200

1,000

800

600

400

200

0

224

297

345

387

451

534

616

710

820

973

1,090

1,189

1,189

FY5/2007

FY5/2008

FY5/2009

FY5/2010

FY5/2011

FY5/2012

FY5/2013

FY5/2014

FY5/2015

FY5/2016

FY5/2017

FY5/2018

FY5/2019

FY5/2020

Net sales value for SOLOEL ARENA and others

FY5/2020 Forecast  
Actual ¥141.2 billion +9.6% YoY

FY5/2019 results  
Actual ¥128.7 billion +8.2% YoY

(1,000 companies)

50

40

30

20

10

0

1

2

5

8

10

12

16

19

22

26

31

37

42

47

52

2004 May

2005 May

2006 May

2007 May

2008 May

2009 May

2010 May

2011 May

2012 May

2013 May

2014 May

2015 May

2016 May

2017 May

2018 May

2019 May

Number of registered/active customer companies, including SOLOEL ARENA

In FY5/2020, aiming at 9.6% growth, driving growth of BtoB business

## Recording of Impairment Loss on AVC Hidaka

An impairment loss of 3,097 million yen was recorded on the fixed assets of AVC Hidaka, a logistics center exclusively for LOHACO.

AVC Hidaka was established after the fire at ASKUL Logi PARK Tokyo Metropolitan.

AVC Hidaka has been contributing significantly to the recovery of logistics productivity.

However, taking into account the subsequent “delivery crisis” and the resultant changes in the business environment such as a rise in delivery charges, as well as other risks, the Company reviewed the business plan of LOHACO and, after assessing the recoverability of the fixed assets of AVC Hidaka, recorded the impairment loss.

# FY5/2019 Consolidated Gross profit, SG&A expenses

Gross profit: ¥91.6 billion YoY change: +¥6.0 billion

Gross profit margin: 23.6%, YoY change: -0.1 p.p.

- Secured roughly the same level as the previous fiscal year, although a one-time fee in Asset Management Business was posted in the previous fiscal year.

SG&A expenses: ¥87.0 billion YoY Change: Up ¥5.7 billion

Ratio of SG&A expense to net sales: 22.5% YoY change: -0.1 p.p.

## SG&A expenses ratio by quarter

1Q: 23.4%, 2Q: 22.8%, 3Q: 22.1%, 4Q: 21.6%

- Logistics costs peaked in 1H but SG&A expenses ratio steadily improved in 2H.

## Breakdown of major YoY change factors in SG&A expenses

- |   |               |
|---|---------------|
| • Delivery costs (including the increase resulting from higher revenue)                                     | +¥3.6 billion |
| • Personnel costs (mainly due to AVC Kansai operation and conversion of Charm as a consolidated subsidiary) | +¥1.3 billion |
| • Depreciation and amortization of software (mainly due to AVC Kansai operation)                            | +¥0.7 billion |
| • Ground rent (mainly due to AVC Kansai operation)  | +¥0.4 billion |

# FY5/2019 Consolidated Capital Expenditures

Capital expenditure: ¥6.0 billion (Annual plan ¥11.2 billion)

AVC Kansai logistics equipment, etc. ¥1.1 billion

Data base for new products, etc. ¥0.7 billion

(Ref.) Depreciation and amortization of software: ¥5.4 billion  
(Annual plan: ¥6.1 billion)

## Investment details

(¥ million)

Item	FY5/2018	FY5/2019	
	Amount	Amount	YoY Change
[Capital expenditures]	20,478	6,042	-70.5%
Property, plant and equipment	16,995	2,759	-83.8%
Intangible assets	3,482	3,282	-5.7%
Construction in progress (Note 2)	67	50	-25.7%
Software in progress (Note 2)	1,834	1,221	-33.4%

(Note 1) Capital expenditure is stated on an accrual basis.

(Note 2) Construction in progress and software in progress above present balances at the end of the period under review, and partially include consumption and other taxes.

# FY5/2019 Share of Orders Placed on the Internet of Net Sales and Original Goods

Non-consolidated

Share of orders placed on the Internet of net sales

	FY5/2018	FY5/2019	YoY change
Orders via the Internet	81.2%	83.5%	+2.3 p.p.
Other	18.8%	16.5%	-2.3 p.p.

(Note 1) Percentages are based on orders placed.

ASKUL original products

(Items)

	FY5/2018	FY5/2019	YoY change
Number of original goods	8,534	9,157	+623
Share of non-consolidated net sales (of which, share of B-to-B business)	27.9% (35.1%)	29.2% (36.4%)	+1.3 p.p. (+1.3 p.p.)

Note 1: Each figure includes the products listed in Health & Nursing Care Catalogs and Medical Pro Catalogs.

Note 2: The number of original goods includes those with sales limited to Askul. Also, the calculation includes not only those items sold via catalogs but also items sold only via the Internet.

Note 3: The calculation of original goods as a percentage of net sales includes original copy paper.

Note 4: from 4Q FY5/2018 onward, the calculation of BtoB original goods as a percentage of net sales uses BtoB business inventory sales as the denominator.

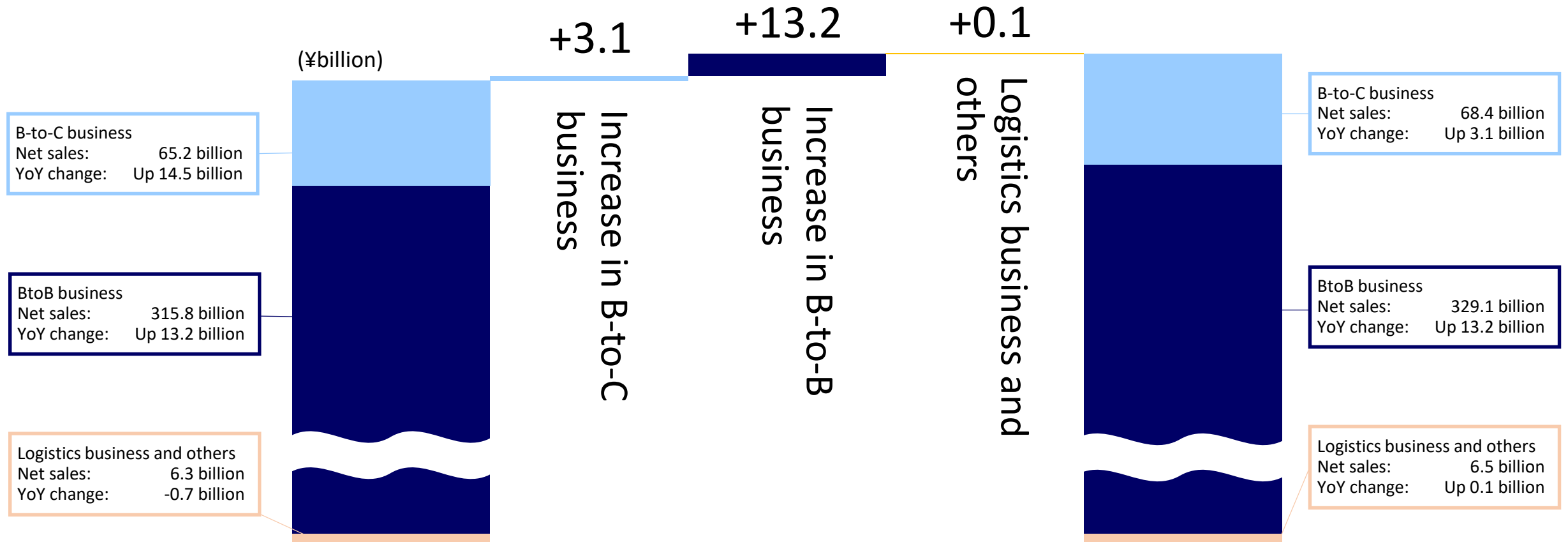
# Factors Increasing FY5/2020 Consolidated Net Sales (Forecast)

FY5/2019 (Actual)

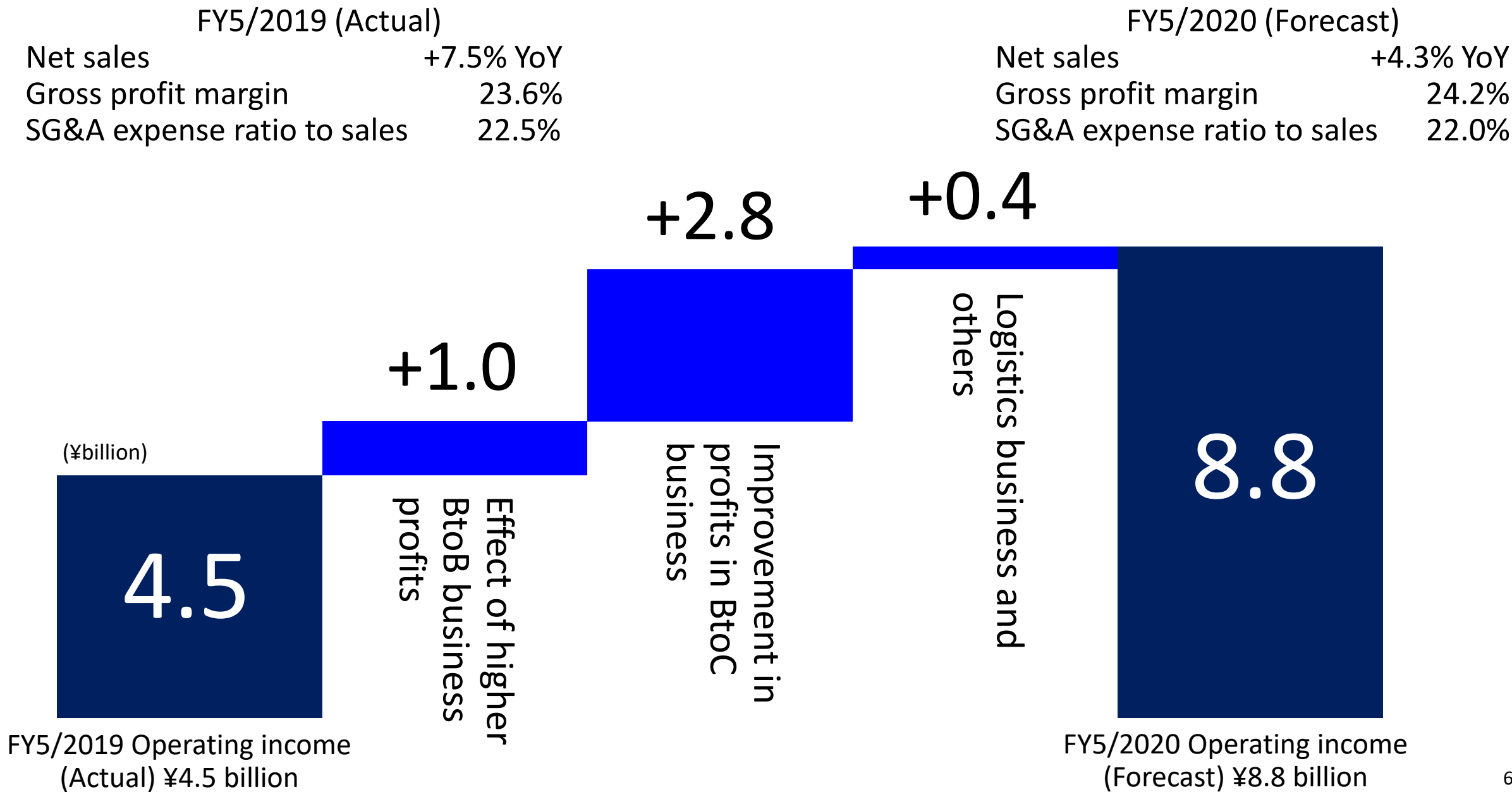
Net sales: ¥387.4 billion  
YoY change: Up ¥27.0 billion  
YoY change: Up 7.5%

FY5/2020 (Forecast)

Net sales: ¥404.0 billion  
YoY change: Up ¥16.5 billion  
YoY change: Up 4.3%



# Factors Increasing FY5/2020 Consolidated Operating Income (Forecast)



# Factors Affecting FY5/2020 Consolidated Capital Expenditure (Forecast)

Capital expenditure ¥ 7.4 billion

[Breakdown of main items]

- Facilities expansion related  
(AVC Kansai, ALP Yokohama, DCM) ¥ 1.2 billion
- OPA software investment related ¥ 0.5 billion

(Reference) Depreciation/software amortization ¥5.6 billion  
(up ¥0.1 billion YoY)

# ASKUL Logi PARK Fukuoka Entered into an “Agreement for the Supply of Goods in the Event of Disaster” with Fukuoka City (May 30, 2019)

- ✓ The third disaster goods supply agreement concluded following the agreements entered into by AVC Hidaka and AVC Kansai.
- ✓ Promptly provide living supplies and relief goods, such as office supplies, in the event of disaster to serve as a lifeline for local communities.



(On the left) Mr. Kawamura, Executive Officer of ASKUL's ECR Unit  
(On the right) Mr. Shimokawa, Chief Executive Director of Fukuoka City's  
Civic Affairs Bureau



ASKUL Logi PARK Fukuoka