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Consolidated Financial Results for the Six Months Ended November 20, 2024 [Japanese GAAP]*



December 13, 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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 Phone: +81-3-4330-5130
 Scheduled date of filing semi-annual securities report: December 27, 2024
 Scheduled date of commencing dividend payments: January 20, 2025
 Preparation of supplementary materials for financial results: Yes
 Schedule of 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 Six Months Ended November 20, 2024 (May 21, 2024 to November 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	%
Six months ended November 20, 2024	237,932	2.9	6,028	(16.8)	5,920	(16.7)	3,739	(19.4)
November 20, 2023	231,288	5.0	7,242	7.4	7,104	5.9	4,637	3.5

(Note) Comprehensive income: Six months ended November 20, 2024: ¥3,895 million [(18.5%)]
 Six months ended November 20, 2023: ¥4,778 million [5.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 20, 2024	39.10	39.05
November 20, 2023	47.58	47.52

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of November 20, 2024	226,825	79,638	33.7
May 20, 2024	243,062	81,336	32.2

(Reference) Equity: As of November 20, 2024: ¥76,371 million
 As of May 20, 2024: ¥78,262 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 20, 2024	-	18.00	-	18.00	36.00
Fiscal year ending May 20, 2025	-	19.00			
Fiscal year ending May 20, 2025 (Forecast)			-	19.00	38.00

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

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)	117.10

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

* Notes:

(1) Significant changes in the scope of consolidation during the period under review: No

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

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Number of outstanding shares (common stocks)

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

November 20, 2024: 95,671,300 shares

May 20, 2024: 97,564,700 shares

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

November 20, 2024: 766,900 shares

May 20, 2024: 810,475 shares

3) Average number of shares during the period:

Six months ended November 20, 2024: 95,645,518 shares

Six months ended November 20, 2023: 97,471,883 shares

* This Consolidated Financial Results is not subject to review 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. Qualitative Information on Financial Results (3) Explanation of Consolidated Forecasts and Other Forward-Looking Information" on Page 4 of Attached Materials.

○ Table of Contents for Attached Materials

1. Qualitative Information on Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecasts and Other Forward-Looking Information.....	4
2. Semi-annual Consolidated Financial Statements and Notes	5
(1) Semi-annual Consolidated Balance Sheets	5
(2) Semi-annual Consolidated Statements of Income and Comprehensive Income	7
(3) Semi-annual Consolidated Statements of Cash Flows	9
(4) Notes to Semi-annual Consolidated Financial Statements	10
(Notes to Going Concern Assumption)	10
(Notes to Significant Changes in Shareholders' Equity)	10
(Changes in Accounting Policies)	10
(Segment Information, etc.)	11
3. Other	13
Details of Selling, General and Administrative Expenses (Consolidated)	13

1. Qualitative Information on Financial Results

(1) Explanation of Operating Results

During the six months ended November 20, 2024 (from May 21, 2024 to November 20, 2024), the Japanese economy is expected to continue its gradual recovery, with improving employment and income conditions, partly due to increased inbound demand, although some areas remained at a standstill. On the other hand, the outlook remains uncertain due to rising prices of raw materials and energy amid the unstable international situation, drastic foreign exchange rate fluctuations, concerns about the impact of global monetary tightening on the economy and other factors.

Under such circumstances, in the fiscal year under review, the final year of the Medium-term Management Plan (from the fiscal year ended May 20, 2022 to the fiscal year ending May 20, 2025), the Group plans net sales of 500.0 billion yen, a 6.0% increase year-on-year, and operating profit of 18.0 billion yen, a 6.2% increase year-on-year, by increasing net sales and improving the gross profit margin and variable cost ratio to absorb increasing fixed costs. The Group is also aiming to achieve new record highs in both net sales and operating profit.

The financial performance of the Group for the six months ended November 20, 2024 was net sales of 237,932 million yen, a 2.9% increase year-on-year, operating profit of 6,028 million yen, a 16.8% decrease year-on-year, ordinary profit of 5,920 million yen, down 16.7% year-on-year, and profit attributable to owners of parent of 3,739 million yen, a 19.4% decrease year-on-year.

Operating results by segment are outlined below.

<E-commerce business>

(Million yen)

	For the six months ended November 20, 2023	For the six months ended November 20, 2024	Change (amount)	Change (percentage)
Net sales	226,673	233,569	+6,895	+3.0%
ASKUL business	174,340	178,294	+3,953	+2.3%
LOHACO business	17,486	18,108	+621	+3.6%
Group companies and elimination of intra-group transactions	34,846	37,166	+2,320	+6.7%
Operating profit	7,339	6,064	(1,274)	(17.4)%

(Note) Net sales in the E-commerce business were previously disclosed under the classification of the “B-to-B business” and “B-to-C business,” but the classification has been changed to the “ASKUL business,” “LOHACO business,” and “Group companies and elimination of intra-group transactions,” effective from the six months ended November 20, 2024 for the purpose of disclosure that is more in line with the actual business conditions. The “ASKUL business” refers to the B-to-B business, the “LOHACO business” refers to the B-to-C business, and the “Group companies and elimination of intra-group transactions” refers to both the B-to-B business and B-to-C business.

In the E-commerce business during the six months ended November 20, 2024, all businesses grew steadily, resulting in net sales of 233,569 million yen, a 3.0% increase year-on-year. On the other hand, operating profit was 6,064 million yen, a 17.4% decrease year-on-year, due to increased fixed costs, etc., including rents related to the ASKUL Kanto DC, which is scheduled to start operations at the beginning of the fiscal year ending May 20, 2026, in addition to the decline in gross profit margin due to the impact of foreign exchange rates, etc., resulting in an increase in sales and a decrease in profits.

Net sales and operating profit are outlined below.

(1) Net sales

a. ASKUL business

- Net sales of products for Living Supplies and Medical categories remained strong, with a growth rate of 2.3%, despite sluggish demand for conventional office supplies (office furniture, ink and toner, stationery, etc.)
- Sales per customer increased year-on-year due to intermittent price increases on the back of surging purchase

prices and the revision of the free shipping threshold ^(Note). However, the number of customers decreased year-on-year.

- Net sales to large and medium-sized companies remained strong, despite sluggish purchase volumes by small and medium-sized enterprises due to delayed demand recovery

b. LOHACO business

- Net sales grew 3.6%, partly due to sales promotion measures in collaboration with LY Corporation

c. Group companies and elimination of intra-group transactions

- Net sales of AlphaPurchase Co., Ltd. and FEED Corporation remained strong, with a growth rate of 6.7%

(2) Operating profit

Operating profit decreased by 1,274 million yen year-on-year to 6,064 million yen. This was mainly due to a 0.9-point year-on-year decrease in gross profit margin, standing at 24.4%, and increased fixed costs, while the ratio of selling, general and administrative expenses improved 0.3 points year-on-year to 21.8%, as outlined below.

- The purchase price of imported products such as copy paper increased due to the impact of foreign exchange rates, resulting in a decline in the gross profit margin
- The unit sales price per box increased due to the revision of the free shipping threshold in the previous fiscal year, which continued to encourage customers to buy in bulk and worked to decrease the ratio of shipment expenses to net sales, leading to a gradual decrease of shipment expenses
- The commencement of leasing of the ASKUL Kanto DC incurred rents and preparation costs (718 million yen in total) for operation in the next fiscal year

<Logistics business>

Although net sales of the contracted business of logistics that ASKUL LOGIST Corporation received from outside the Group decreased, profitability increased mainly due to service price revisions and improved productivity, resulting in a decrease in sales and an increase in profits.

As a result, net sales in the six months ended November 20, 2024 were 3,993 million yen, a 4.5% decrease year-on-year, and operating loss was 82 million yen, as opposed to an operating loss of 122 million yen a year earlier.

<Other>

Sales of bottled water of TSUMAGOI MEISUI CORPORATION, including new products, remained steadily. Operating profit increased significantly due to further improvement in productivity.

As a result, net sales for the six months ended November 20, 2024 were 1,192 million yen, a 17.2% increase year-on-year, and operating profit was 145 million yen, up 120.7% year-on-year.

(Note) The standard amount per order for which the Company bear the basic delivery fee.

(2) Explanation of Financial Position

(Assets)

Total assets stood at 226,825 million yen at the end of the six months ended November 20, 2024, a decrease of 16,236 million yen from the end of the preceding fiscal year. This was mainly due to decreases of 12,364 million yen in accounts receivable - other mainly resulting from the receipt of damages for the fire at the ALP Metropolitan, 5,390 million yen in cash and deposits mainly due to the payment related to income taxes and the acquisition of treasury stock, despite the receipt of damages, and 1,107 million yen in software, while software in progress increased 1,576 million yen, and notes and accounts receivable - trade, and contract assets increased 1,232 million yen.

(Liabilities)

Total liabilities stood at 147,186 million yen at the end of the six months ended November 20, 2024, a decrease of 14,538 million yen from the end of the preceding fiscal year. This was primarily due to decreases of 5,372 million yen in income taxes payable, 2,974 million yen in electronically recorded obligations - operating, 2,736 million yen in accounts

payable - other, 1,748 million yen in accrued consumption taxes, and 1,399 million yen in long-term borrowings (including current portion).

(Net assets)

Net assets stood at 79,638 million yen at the end of the six months ended November 20, 2024, a decrease of 1,697 million yen from the end of the preceding fiscal year. The primary factors behind the decline were a decrease of 2,099 million yen in retained earnings mainly due to recognition of profit attributable to owners of parent of 3,739 million yen as opposed to the cancellation of treasury stock of 4,096 million yen and dividend payments of 1,741 million yen.

Consequently, the capital adequacy ratio was 33.7% (32.2% at the end of the preceding fiscal year).

(Cash Flows)

Cash and cash equivalents (hereinafter "funds") stood at 56,354 million yen at the end of the six months ended November 20, 2024, a decrease of 5,390 million yen from the end of the preceding fiscal year. The status of each cash flow and the factors behind changes in the six months ended November 20, 2024 are as follows.

(Cash flows from operating activities)

Net funds provided by operating activities were 11,148 million yen (compared to 1,950 million yen in the same period of the previous year). This was mainly due to compensation for damage income received of 11,881 million yen, profit before income taxes of 5,864 million yen, and a total of 5,443 million yen for depreciation and amortization of software, goodwill, and customer-related intangible assets, as opposed to a payment of income taxes of 7,503 million yen, a decrease of 3,180 million yen in trade payables, and a decrease of 1,748 million yen in accrued consumption taxes.

(Cash flows from investing activities)

Net funds used in investing activities were 8,712 million yen (compared to 4,492 million yen in the same period of the previous year). This was mainly due to expenditures of 5,180 million yen for the purchase of property, plant and equipment, and 2,943 million yen for the purchase of software.

(Cash flows from financing activities)

Net funds used in financing activities were 7,826 million yen (4,820 million yen in the same period of the previous year). This was mainly due to the purchase of treasury shares of 4,017 million yen, dividends paid of 1,741 million yen, and repayments of lease liabilities of 1,575 million yen.

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

The forecast for the year ending May 20, 2025 (full year) announced on July 3, 2024, remains unchanged.

2. Semi-annual Consolidated Financial Statements and Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of May 20, 2024	As of November 20, 2024
Assets		
Current assets		
Cash and deposits	61,744	56,354
Trade receivables and contract asset	53,878	55,110
Merchandise and finished goods	23,021	23,239
Raw materials and supplies	334	366
Costs on construction contracts in progress	62	44
Accounts receivable - other	26,194	13,830
Other	2,790	2,659
Allowance for doubtful accounts	(32)	(44)
Total current assets	167,994	151,561
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,363	10,405
Accumulated depreciation	(5,211)	(5,497)
Buildings and structures, net	5,152	4,908
Land	257	257
Leased assets	31,325	32,218
Accumulated depreciation	(14,490)	(16,136)
Leased assets, net	16,834	16,081
Construction in progress	6,965	7,841
Other	12,628	12,805
Accumulated depreciation	(9,345)	(9,573)
Other, net	3,283	3,231
Total property, plant and equipment	32,493	32,319
Intangible assets		
Software	16,475	15,367
Software in progress	2,340	3,916
Goodwill	4,996	4,727
Customer-related intangible assets	7,542	7,281
Other	11	10
Total intangible assets	31,365	31,304
Investments and other assets		
Investment securities	159	108
Deferred tax assets	4,353	4,242
Other	7,497	8,089
Allowance for doubtful accounts	(800)	(800)
Total investments and other assets	11,208	11,640
Total non-current assets	75,068	75,264
Total assets	243,062	226,825

(Millions of yen)

	As of May 20, 2024	As of November 20, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	59,078	58,872
Electronically recorded obligations - operating	26,007	23,033
Short-term borrowings	380	380
Current portion of long-term borrowings	4,103	4,042
Accounts payable - other	14,921	12,184
Income taxes payable	7,420	2,047
Accrued consumption taxes	2,226	478
Provisions	419	520
Other	6,335	6,269
Total current liabilities	120,893	107,827
Non-current liabilities		
Long-term borrowings	13,237	11,899
Lease liabilities	15,058	14,261
Retirement benefit liability	4,853	5,008
Asset retirement obligations	3,199	3,190
Deferred tax liabilities	2,573	2,484
Other	1,909	2,514
Total non-current liabilities	40,832	39,359
Total liabilities	161,725	147,186
Net assets		
Shareholders' equity		
Share capital	21,233	21,233
Capital surplus	14,940	14,929
Retained earnings	43,750	41,651
Treasury shares	(1,807)	(1,571)
Total shareholders' equity	78,116	76,242
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	145	129
Total accumulated other comprehensive income	145	129
Share acquisition rights	0	0
Non-controlling interests	3,073	3,267
Total net assets	81,336	79,638
Total liabilities and net assets	243,062	226,825

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income (For the six months)

(Millions of yen)

	For the six months ended November 20, 2023	For the six months ended November 20, 2024
Net sales	231,288	237,932
Cost of sales	173,657	180,750
Gross profit	57,631	57,182
Selling, general and administrative expenses	50,388	51,153
Operating profit	7,242	6,028
Non-operating income		
Interest income	19	49
Subsidy income	38	15
Other	30	45
Total non-operating income	89	110
Non-operating expenses		
Interest expenses	201	191
Other	25	27
Total non-operating expenses	227	219
Ordinary profit	7,104	5,920
Extraordinary income		
Gain on sale of non-current assets	0	3
Compensation for damage income	-	6
Other	-	6
Total extraordinary income	0	16
Extraordinary losses		
Loss on sale of non-current assets	-	0
Loss on retirement of non-current assets	25	18
Loss on valuation of investment securities	-	50
Other	0	3
Total extraordinary losses	25	72
Profit before income taxes	7,079	5,864
Income taxes - current	2,326	1,922
Income taxes - deferred	(25)	28
Total income taxes	2,300	1,951
Profit	4,778	3,912
Profit attributable to non-controlling interests	141	172
Profit attributable to owners of parent	4,637	3,739

Semi-annual Consolidated Statements of Comprehensive Income (For the six months)

(Millions of yen)

	For the six months ended November 20, 2023	For the six months ended November 20, 2024
Profit	4,778	3,912
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(0)	(16)
Total other comprehensive income	(0)	(16)
Comprehensive income	4,778	3,895
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,637	3,723
Comprehensive income attributable to non-controlling interests	141	172

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended November 20, 2023	For the six months ended November 20, 2024
Cash flows from operating activities		
Profit before income taxes	7,079	5,864
Depreciation	2,186	2,365
Amortization of software	2,369	2,548
Amortization of long-term prepaid expenses	38	66
Amortization of goodwill	268	268
Amortization of customer relationship	261	261
Increase (decrease) in allowance for doubtful accounts	22	12
Increase (decrease) in provisions	782	100
Increase (decrease) in retirement benefit liability	141	131
Interest and dividend income	(22)	(53)
Interest expenses	201	191
Compensation for damage income	-	(6)
Loss (gain) on valuation of investment securities	-	50
Loss on retirement of non-current assets	25	18
Loss (gain) on sale of non-current assets	(0)	(3)
Decrease (increase) in trade receivables	(2,573)	(1,233)
Decrease (increase) in inventories	(940)	(231)
Decrease (increase) in accounts receivable - other	772	488
Increase (decrease) in trade payables	(6,911)	(3,180)
Increase (decrease) in accounts payable - other	(450)	63
Increase (decrease) in accrued consumption taxes	885	(1,748)
Other, net	697	675
Subtotal	4,832	6,650
Interest and dividends received	22	53
Interest paid	(202)	(192)
Compensation for damages received	-	11,881
Income taxes paid	(2,707)	(7,503)
Income taxes refund	4	259
Net cash provided by (used in) operating activities	1,950	11,148
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,472)	(5,180)
Proceeds from sale of property, plant and equipment	0	8
Purchase of software	(2,956)	(2,943)
Purchase of long-term prepaid expenses	(49)	(6)
Payments of guarantee deposits	(64)	(723)
Proceeds from refund of guarantee deposits	44	152
Loan advances	(1)	(21)
Proceeds from collection of loans receivable	18	0
Payments for asset retirement obligations	(9)	-
Other, net	(1)	(0)
Net cash provided by (used in) investing activities	(4,492)	(8,712)

(Millions of yen)

	For the six months ended November 20, 2023	For the six months ended November 20, 2024
Cash flows from financing activities		
Repayments of long-term borrowings	(1,691)	(1,399)
Purchase of treasury shares	-	(4,017)
Repayments of lease liabilities	(1,412)	(1,575)
Proceeds from share issuance to non-controlling shareholders	37	21
Dividends paid	(1,754)	(1,741)
Proceeds from sale and leaseback transactions	-	886
Net cash provided by (used in) financing activities	(4,820)	(7,826)
Net increase (decrease) in cash and cash equivalents	(7,362)	(5,390)
Cash and cash equivalents at beginning of period	66,223	61,744
Cash and cash equivalents at end of period	58,860	56,354

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Notes to Significant Changes in Shareholders' Equity)

(Purchase of Treasury Stock)

The Company acquired 1,905,200 shares of treasury stock during the six months ended November 20, 2024 based on a resolution of the Board of Directors meeting held on March 15, 2024 and a resolution of the Board of Directors meeting held on September 13, 2024. As a result, treasury shares increased by 4,017 million yen.

(Cancellation of Treasury Stock)

The Company cancelled 1,893,400 shares of treasury stock during the six months ended November 20, 2024 based on a resolution of the Board of Directors meeting held on September 13, 2024. As a result, capital surplus decreased by 8 million yen, retained earnings decreased by 4,096 million yen, and treasury shares decreased by 4,104 million yen.

(Changes in Accounting Policies)

(Application of the "Accounting Standard for Current Income Taxes," etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, revised on October 28, 2022; the "Revised Accounting Standard of 2022"), etc. from the beginning of the six months ended November 20, 2024.

Revisions to categories for recording "Income taxes" (taxation on other comprehensive income) conform to the transitional treatment in the proviso of Paragraph 20-3 of the Revised Accounting Standard of 2022, and Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, revised on October 28, 2022; the "Revised Guidance of 2022"). These changes in accounting policies have no impact on the semi-annual consolidated financial statements.

As for the revision related to the review of the treatment in the consolidated financial statements in the case of the deferral for tax purposes of gain or loss on sale arising from the sale of shares of subsidiaries, etc. between consolidated companies, the Company has applied the Revised Guidance of 2022 from the beginning of the six months ended November 20, 2024. These changes in accounting policies are applied retrospectively, including the semi-annual consolidated financial statements and the consolidated financial statements of the previous fiscal year which have been adjusted retrospectively. These changes in accounting policies have no impact on the semi-annual consolidated financial statements and the consolidated financial statements of the previous fiscal year.

(Segment Information, etc.)

[Segment Information]

I. First Six Months of the Previous Fiscal Year (From May 21, 2023 to November 20, 2023)

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

(Million yen)

	Reporting Segment			Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded in semi-annual consolidated statements of income (Note 3)
	E-commerce business	Logistics business	Total				
Net sales							
ASKUL business	174,340	—	174,340	—	174,340	—	174,340
LOHACO business	17,486	—	17,486	—	17,486	—	17,486
Group companies and elimination of intra- group transactions	34,846	—	34,846	—	34,846	—	34,846
Logistics business	—	4,180	4,180	—	4,180	—	4,180
Others	—	—	—	434	434	—	434
Revenue from contracts with customers	226,673	4,180	230,854	434	231,288	—	231,288
Sales to external customers	226,673	4,180	230,854	434	231,288	—	231,288
Intra-segment sales or transfer	—	—	—	583	583	(583)	—
Total	226,673	4,180	230,854	1,017	231,871	(583)	231,288
Segment profit (loss)	7,339	(122)	7,216	65	7,282	(40)	7,242

- (Notes)
1. "Other" represents business segments that do not fall under the Reporting Segment and includes the manufacturing business.
 2. The adjustment of minus 40 million yen to segment profit (loss) represents the elimination of inter-segment transactions.
 3. Segment profit (loss) is adjusted with operating profit reported in the semi-annual consolidated statements of income.

II. First Six Months of the Current Fiscal Year (From May 21, 2024 to November 20, 2024)

1. Information on net sales and profit (loss) by reporting segment

(Million yen)

	Reporting Segment			Others (Note 1)	Total	Adjustments (Note 2)	Amount recorded in semi-annual consolidated statements of income (Note 3)
	E-commerce business	Logistics business	Total				
Net sales							
ASKUL business	178,294	—	178,294	—	178,294	—	178,294
LOHACO business	18,108	—	18,108	—	18,108	—	18,108
Group companies and elimination of intra- group transactions	37,166	—	37,166	—	37,166	—	37,166
Logistics business	—	3,993	3,993	—	3,993	—	3,993
Others	—	—	—	369	369	—	369
Revenue from contracts with customers	233,569	3,993	237,563	369	237,932	—	237,932
Sales to external customers	233,569	3,993	237,563	369	237,932	—	237,932
Intra-segment sales or transfer	—	—	—	823	823	(823)	—
Total	233,569	3,993	237,563	1,192	238,756	(823)	237,932
Segment profit (loss)	6,064	(82)	5,982	145	6,127	(98)	6,028

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

2. The adjustment of minus 98 million yen to segment profit (loss) represents the elimination of inter-segment transactions.

3. Segment profit (loss) is adjusted with operating profit reported in the semi-annual consolidated statements of income.

2. Matters concerning changes to reportable segments, etc.

Revenue in the E-commerce business among reporting segments was previously classified into the "B-to-B business" and "B-to-C business," but the classification has been changed to the "ASKUL business," "LOHACO business," and "Group companies and elimination of intra-group transactions," effective from the six months ended November 20, 2024 for the purpose of disclosure that is more in line with the actual business conditions. This change refers to the classification of revenue within reporting segments and has no impact on segment information. The revenue for the six months ended November 20, 2023 is stated in the classification after the change.

3. Other

Details of Selling, General and Administrative Expenses (Consolidated)

Item	First Six Months of the Previous Fiscal Year (From May 21, 2023 to November 20, 2023)		First Six Months of the Fiscal Year Under Review (From May 21, 2024 to November 20, 2024)			(Reference) Fiscal Year Ended May 2024 (From May 21, 2023 to May 20, 2024)	
	Amount (Million yen)	Ratio to Sales (%)	Amount (Million yen)	Ratio to Sales (%)	Year-on-Year Change (%)	Amount (Million yen)	Ratio to Sales (%)
Personnel expenses	12,879	5.6	12,459	5.2	96.7	25,381	5.4
Shipment expenses	11,214	4.8	10,991	4.6	98.0	21,611	4.6
Subcontract expenses *1	2,450	1.1	3,040	1.3	124.1	5,065	1.1
Business consignment expenses	5,670	2.5	5,781	2.4	102.0	11,223	2.4
Rents *2	5,551	2.4	6,227	2.6	112.2	11,132	2.4
Provision of allowance for doubtful accounts	29	0.0	14	0.0	50.8	(27)	(0.0)
Depreciation *3	1,908	0.8	2,116	0.9	110.9	3,960	0.8
Amortization of software	2,322	1.0	2,503	1.1	107.8	4,891	1.0
Other expenses	8,362	3.6	8,016	3.4	95.9	17,310	3.6
Total	50,388	21.8	51,153	21.5	101.5	100,549	21.3

- *1. Compared with the same period of the previous fiscal year, subcontract expenses for the six months ended November 20, 2024 increased. This was mainly due to the full-scale operation of the new ASKUL website for the ASKUL business and incurred expenses for core system replacement.
- *2. Compared with the same period of the previous fiscal year, rents for the six months ended November 20, 2024 increased. This was mainly due to the commencement of leasing of ASKUL Kanto DC in June 2024.
- *3. Compared with the same period of the previous fiscal year, depreciation for the six months ended November 20, 2024 increased. This was mainly due to the introduction of automated transfer robot equipment at ASKUL Value Center Kansai.