



2Q and 1H Earning Results Exceeded Plan with Growth in Both Sales and Profits in 2Q

**LOHACO Business: Shift in growth curve with focus on expanding
product lineups and increasing the number of customers**

B-to-B Business: Continued stable growth with steady increase in sales

**December 14, 2016
ASKUL Corporation**

Notes:

This material contains 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 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.

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 reported its operating performances by dividing into the segments of 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 targeted at corporations.

Reproduction or reprinting in any form of all or part of this material (including trademarks and images) without the permission of ASKUL is prohibited.

I Financial Results for 2Q FY5/2017

II Status of Logistics & Distribution

III Status of B-to-B Business

IV Status of LOHACO Business

Key Points of Financial Results for 2Q FY5/2017

1. Net sales fell below Plan by ¥0.9 billion

→ LOHACO lagged slightly behind Plan.

2. Operating income exceeded Plan by ¥0.4 billion

→ Proactive spending for business growth, while pursuing cost effectiveness

3. Both sales and income grew during 2Q

→ YoY Change:	Net sales:	Up 9.6%,
	Operating income:	Up 57.8%

**With focus on top product lines,
move forward and achieve growth in sales
and profits in full-year results**

2Q FY5/2017 Summary of Consolidated Performance

	2Q FY5/2016		Cumulative results for 2Q FY5/2017					
	Actual	% of net sales	Plan	% of net sales	Actual	% of net sales	Compared to Plan	YoY change
	¥million	%	¥million	%	¥million	%	%	%
Net Sales	149,944	100.0	166,000	100.0	165,090	100.0	99.5	+10.1
Gross Profit	34,049	22.7	37,610	22.7	37,181	22.5	98.9	+9.2
Selling, General and Administrative Expenses	29,595	19.7	34,410	20.7	33,539	20.3	97.5	+13.3
Operating Income	4,453	3.0	3,200	1.9	3,641	2.2	113.8	-18.2
Ordinary Income	4,432	3.0	3,200	1.9	3,585	2.2	112.0	-19.1
Net Income Attributable to Owners of the Parent	2,775	1.9	1,800	1.1	2,105	1.3	117.0	-24.1

➤ Net sales

Posted double-digit growth and record highs

Achieved largely as planned

➤ Gross profit margin

Marked slightly below Plan

Down 0.1 p.p. from Plan

➤ Ratio of SGA expenses to sales

Pursued cost effectiveness

Down 0.4 p.p. from Plan

➤ Profits outperformed Plan

Operating income:

Up ¥400 million from Plan

Net income:

Up ¥300 million from Plan

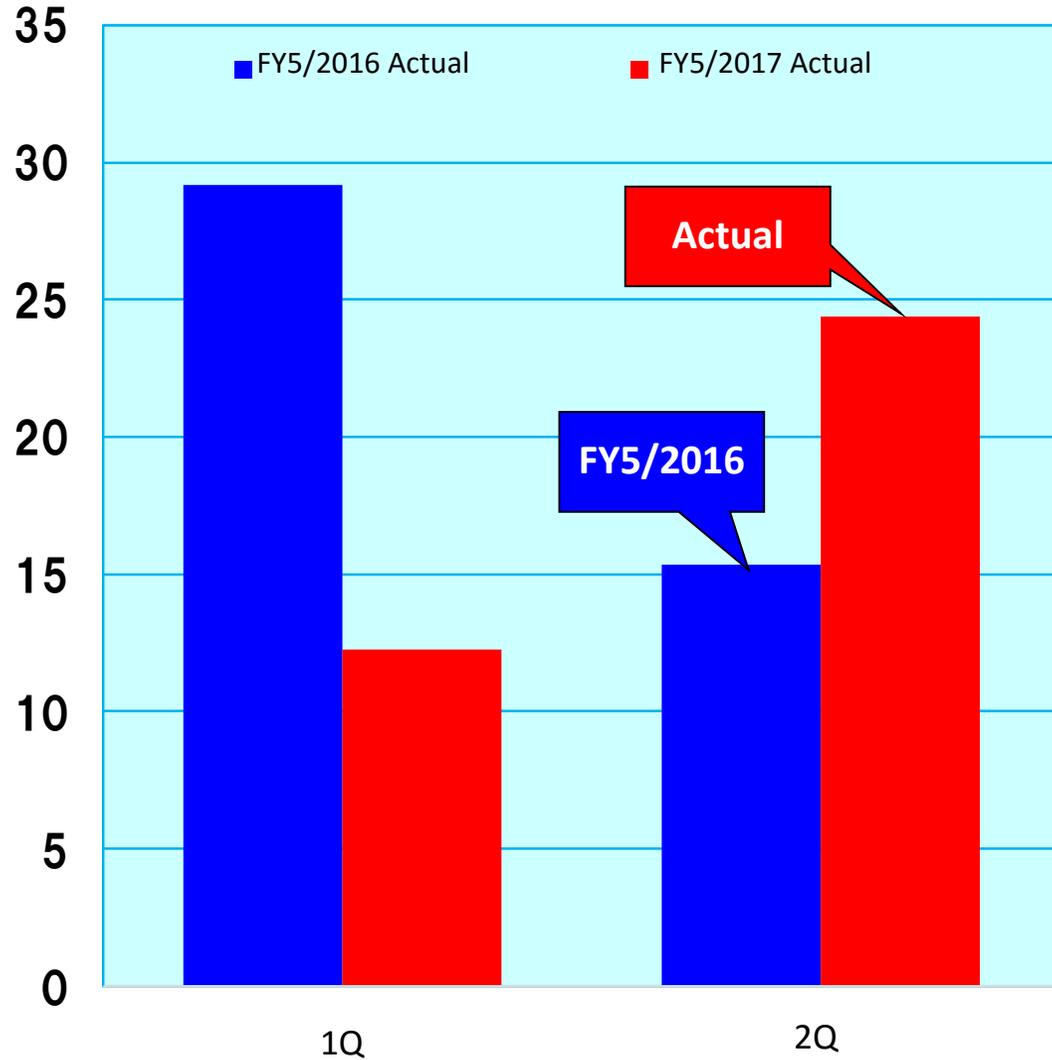
2Q FY5/2017 Summary of Consolidated Performance

	2Q FY5/2016		2Q FY5/2017		
	Actual	% of net sales	Actual	% of net sales	YoY change
	¥million	%	¥million	%	%
Net Sales	77,149	100.0	84,529	100.0	+9.6
Gross Profit	17,465	22.6	19,237	22.8	+10.1
Selling, General and Administrative Expenses	15,928	20.6	16,812	19.9	+5.5
Operating Income	1,536	2.0	2,424	2.9	+57.8
Ordinary Income	1,523	2.0	2,408	2.8	+58.1
Net Income Attributable to Owners of the Parent	921	1.2	1,460	1.7	+58.5

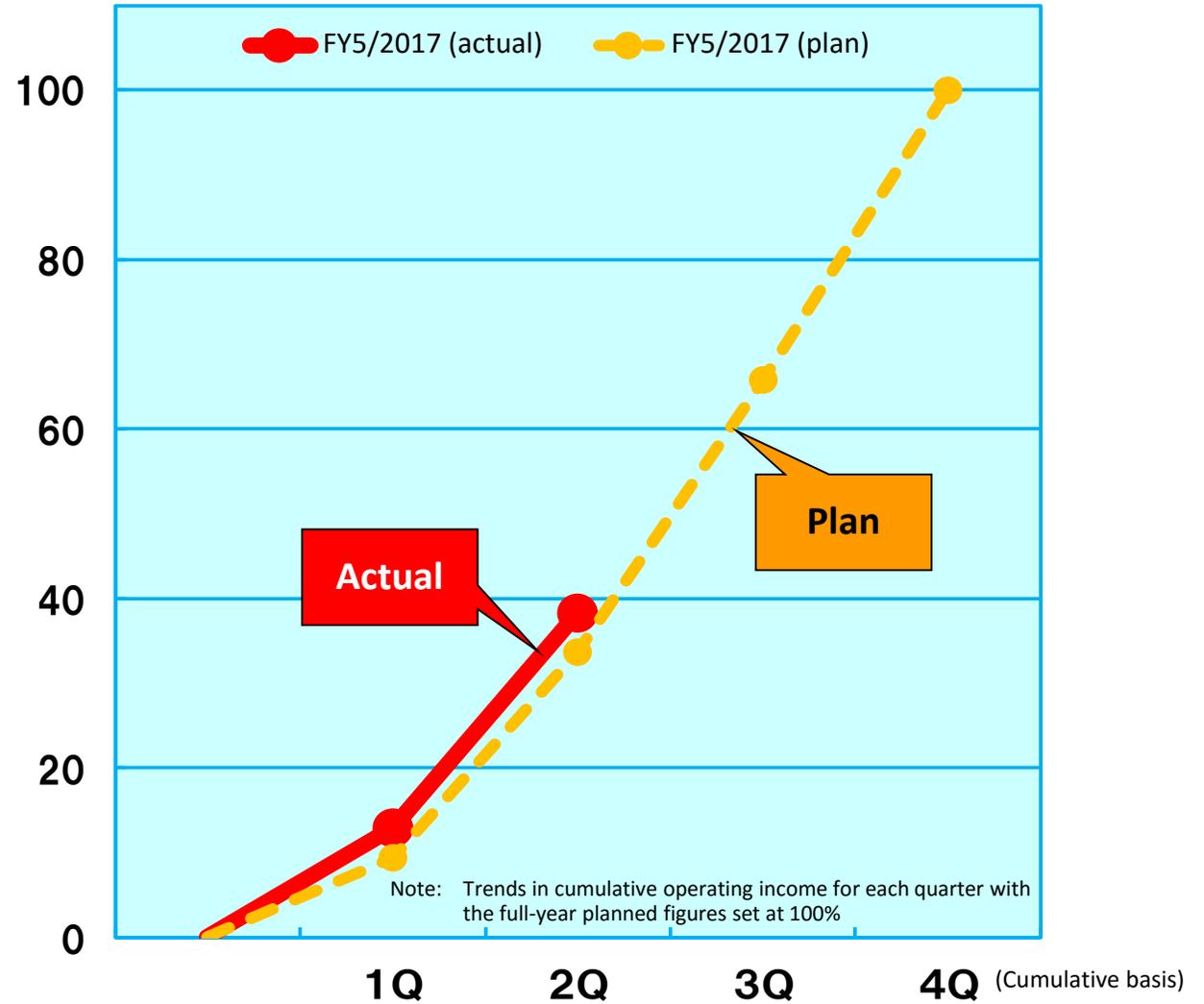
- **Net sales**
Up 9.6% YoY
- **Gross profit margin**
Up 0.1 p.p. YoY
- **Ratio of SGA expenses to sales**
Down 0.8 p.p. YoY
- **Operating income**
Up 57.8% YoY

FY5/2017 Consolidated Operating Income

(¥ hundred million)



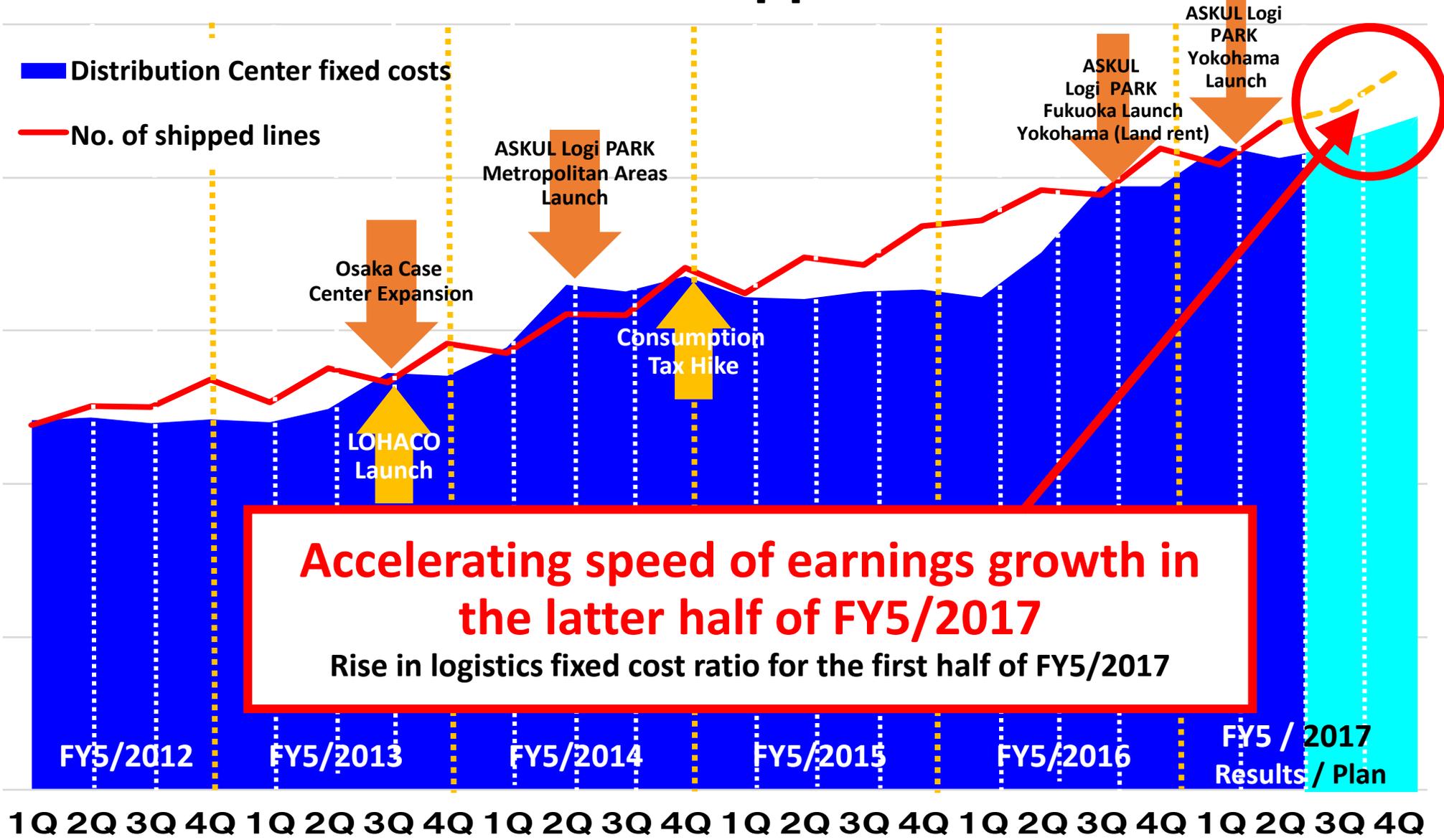
(%)



Profits in 2Q outperformed Plan with growth in both sales and income.

Trends of Distribution Center Fixed Costs & Number of Shipped Lines

(Presented in the supplementary materials for Financial Results for FY05/2016)



Distribution Center fixed costs = land rent, cleaning and security expenses (common service fee, utility expense, security expense, etc.) + depreciation

2Q FY5/2017 Consolidated Performance

[By Business]

		First-Half of FY5/2016 Actual	First-Half of FY5/2017 Actual	
		(¥billion)	(¥billion)	YoY change %
Net Sales	B-to-B business	133.8	141.9	+6.0
	LOHACO	15.1	20.7	+37.2
	e-Commerce business	149.0	162.6	+9.2
	Logistics business/Others	0.9	2.4	+155.4
	Consolidated total	149.9	165.0	+10.1
Operating Income	B-to-B business	6.6	7.1	+7.0
	LOHACO (excluding the items below)	(1.5)	(1.5)	—
	Further active sales promotion	(0.6)	(0.7)	—
	Delivery service evolution	—	(0.2)	—
	LOHACO	(2.2)	(2.5)	—
	e-Commerce business	4.4	4.6	+3.5
	Logistics business/Others	—	(0.2)	—
	Intermediate Total	4.4	4.3	—
	Increase in fixed cost of distribution centers	—	(0.7)	—
	Consolidated total	4.4	3.6	-18.2

➤ Net sales

B-to-B business: **Up 6.0% YoY**

LOHACO: **¥20.7 billion, Up 37.2% YoY**

➤ Operating income

B-to-B business: **¥7.1 billion, Up 7.0% YoY**

LOHACO: **Net sales grew with loss/income kept at the same level.**

Implemented further proactive sales and promotion activities:

**TVCM, T point additional promotion etc.:
-¥0.7 billion**

LOHACO new delivery notice service:

Upfront disbursement of -¥0.2 billion

Increase in fixed cost of distribution centers:
-¥0.7 billion, as planned

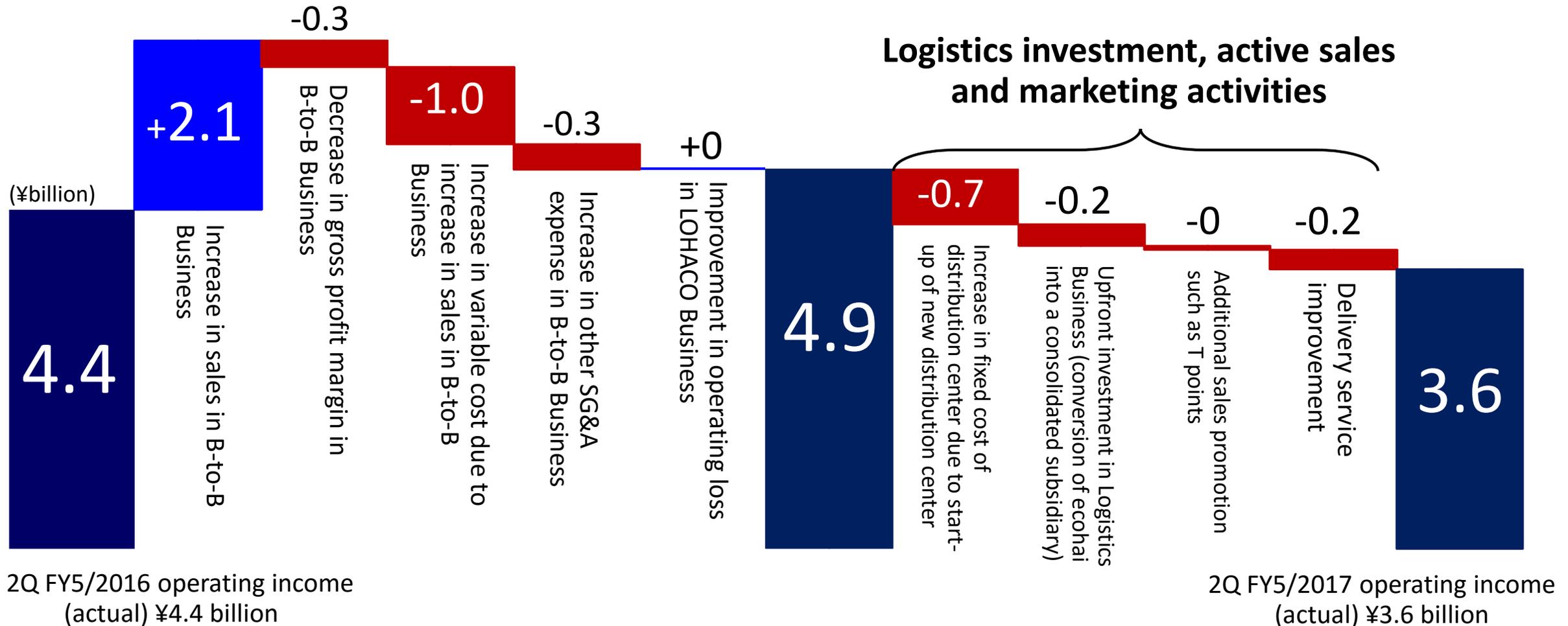
Factors Affecting 2Q FY5/2017 Consolidated Operating Income

2Q FY5/2016 (actual)

Net sales growth YoY	13.6%
Gross profit margin	22.7%
SG&A expense ratio to sales	19.7%

2Q FY5/2017 (actual)

Net sales growth YoY	10.1%
Gross profit margin	22.5%
SG&A expense ratio to sales	20.3%



Forecasts for FY5/2017 Consolidated Financial Results

	FY5/ 2016		FY5/ 2017		
	Actual (¥billion)	% of net sales %	Plan (¥billion)	% of net sales %	YoY change %
Net Sales	315.0	100.0	348.0	100.0	+10.5
Gross Profit	70.3	22.3	78.9	22.7	+12.3
Selling, General and Administrative Expenses	61.8	19.6	69.4	20.0	+12.4
Operating Income	8.5	2.7	9.5	2.7	+11.5
Ordinary Income	8.5	2.7	9.5	2.7	+10.8
Profit Attributable to Owners of the Parent	5.2	1.7	5.5	1.6	+4.6

The full-year forecast remains unchanged.

FY5/2017 Corporate Goals

**Develop services and have efficient logistics by leveraging innovation
(New Delivery Service and introduction of a robot)**

**In B-to-B business, establish unrivaled No.1 position in all
operation sites with the use of EC technology and the
expansion of lineups of commercial products.**

**In LOHACO business, get No.1 position in Second Generation E-
commerce through joint development with makers and
improvement in visibility**

I Second Quarter Results

II Status of Logistics & Distribution

III Status of B-to-B Business

IV Status of LOHACO Business

2Q FY5/2017 Logistics Expenses

✓ Fixed costs at distribution centers: **As planned**

YoY change:

Up ¥0.7 billion (Land rent: Up ¥0.2 billion, Depreciation etc.: Up ¥0.4 billion)

✓ Improved operational efficiency at new centers: **Outperformed Plan**

(Trends in unit labor cost per order line)

ASKUL Logi PARK Yokohama: Outperformed Plan.

Up 12% (compared to the level in the former distribution center)

ASKUL Logi PARK Fukuoka: Outperformed Plan.

Up 16% (compared to the level in the former distribution center)

✓ Happy On Time: **Reduction in upfront investment compared to plan:**

Posted costs of ¥0.2 billion in first two quarters; steady service expansion with cost well controlled

Both Fukuoka and Yokohama centers with the highest efficiency have been operating steadily.

ASKUL Logi PARK Fukuoka

Operations launched in December 2015



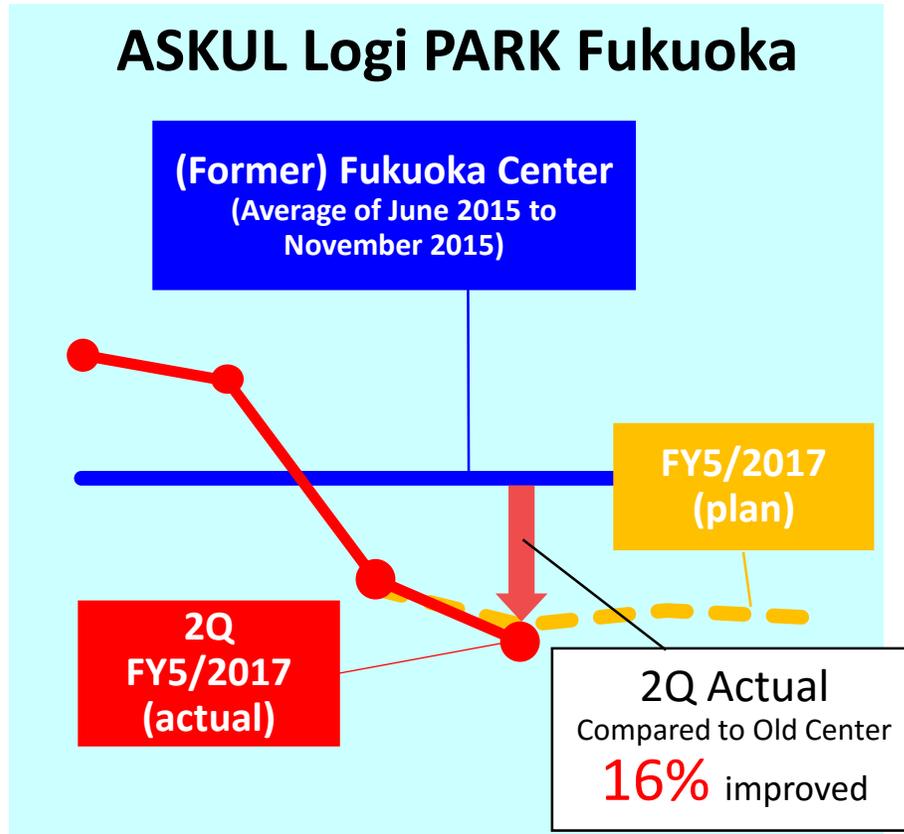
ASKUL Logi PARK Yokohama

Operations launched in May 2016

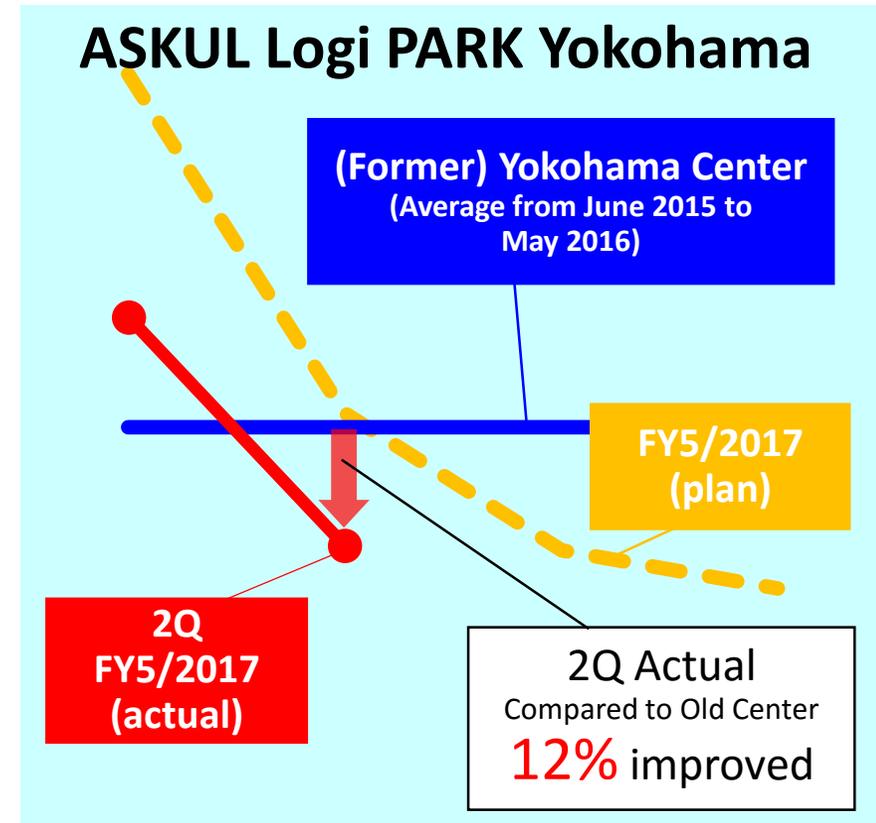


Operational efficiency at new distribution centers has improved better than Plan

Trends in Unit Labor Cost per Order Line



3Q 4Q 1Q 2Q 3Q 4Q
FY5/2016 FY5/2017



1Q 2Q 3Q 4Q
FY5/2017

Operational efficiency has improved due to stabilized retention of excellent personnel in charge of distribution

- Free lunch provided at ASKUL Logi PARK Fukuoka and Yokohama
- Change employment conditions from part-time contract to regular permanent position eligible for monthly pay (about 1,000 employees)

Providing a workplace where employment is secured



Implementation of revolutionary service of appointed delivery time in a short-interval time zone through its own delivery

Happy On Time


Happy On Time

Launch on
August 31, 2016



Hourly-based
appointment



Delivery schedule
with a 30-minute
range



Notice 10 minutes
just before delivery

Assuring three engagements on delivery time without charge on hourly-based appointment for purchases of ¥3,000 or more



Tokyo: Chiyoda-ku, Chuo-ku,
Minato-ku, Koto-ku,
Setagaya-ku

Osaka: Kita-ku, Fukushima-ku,
Konohana-ku

**Service launched on
August 31**

Setagaya Depot launched operation on October 16.

Meeting customer needs while being conscious of the environment



Delivery using a simple and eco-friendly bag instead of a cardboard box



Adoption of an electric vehicle (EV)

Objectives of LOHACO New Pick-Up Delivery Service



- (i) Boost customer satisfaction with advanced delivery service and increase LOHACO sales**

- (ii) Optimize delivery service by leveraging big data and artificial intelligence (AI)**
(Securing drivers by improving production efficiency and stabilizing earnings)
+ Generate cost effectiveness by using consolidated transport with B-to-B business

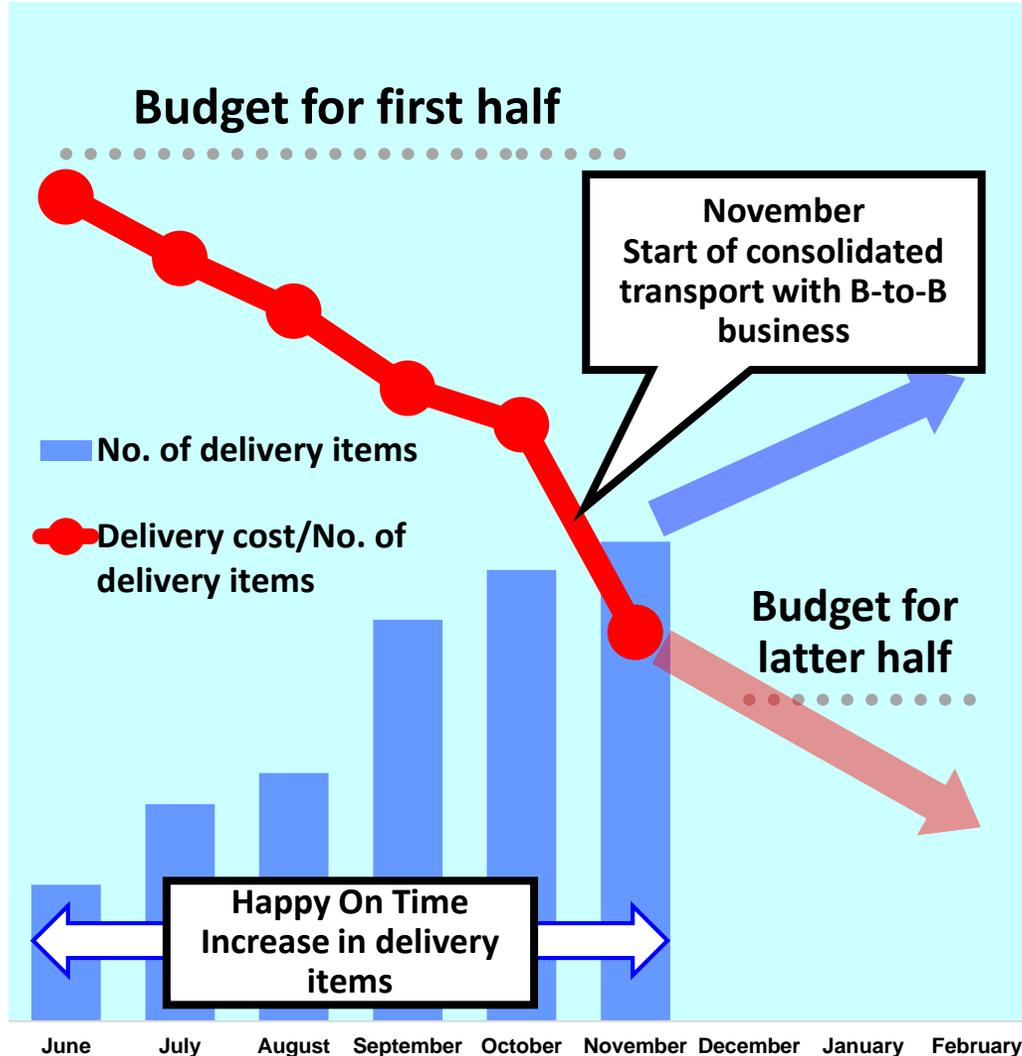
Boost sales by gaining high customer satisfaction

[Examples of customers' opinions]

- ✓ The service of hourly-based appointment and delivery notices enables customers to accommodate their schedules for housework and childcare.
- ✓ Providing services until late is helpful for those who work during the day.
- ✓ The delivery drivers' attitude to customers is very polite.
- ✓ Simple eco-friendly bags are convenient and don't require time to clean up.

Happy On Time -- Tokyo Area Trends of delivery cost per delivery item

(Unit: Item, ¥ per item)



- (i) Increase in delivery items
- (ii) Accomplishment of optimal delivery service by using artificial intelligence (AI)
- (iii) Consolidated transport with B-to-B business



Steady reduction in delivery costs

Reducing the frequency of re-delivery contributed to a decline in re-delivery expenses

“On-Line Shopping Business Obligated to Save Energy”
posted in the morning
edition of the *Nihon Keizai Shinbun* on Sept. 21, 2016

Absence ratio at delivery service, Happy On Time*1

About **2.7%**

Absence ratio at general delivery service*2

About **20%**

*1 Based on results from operating services (Taking the case of delivery with hourly-based appointment. Coverage period from October 21, 2016 to November 20, 2016)

*2 Sources: Based on the following two pieces of data extracted from the material, “Preliminary calculation of social losses caused by re-delivery of home delivery service” published by the Ministry of Land, Infrastructure, Transport and Tourism dated Aug. 25, 2015

- Absence ratio of 23.5% (No. of items subject to re-delivery due to absence ÷ No. of items delivered per day) surveyed by the “2014 Intensive support model business for creating low-carbon society” issued by the Ministry of Environment.
- Absence ratio of 19.1% (No. of absence at delivery ÷ No. of delivery times) surveyed by the Ministry of Land, Infrastructure, Transport and Tourism dated December 2014.

Highly automated distribution systems enhanced with the adoption of leading-edge technologies



Automated storage-type GTP

(GTP: Goods To Person)

Delivery of goods to those in charge of picking work

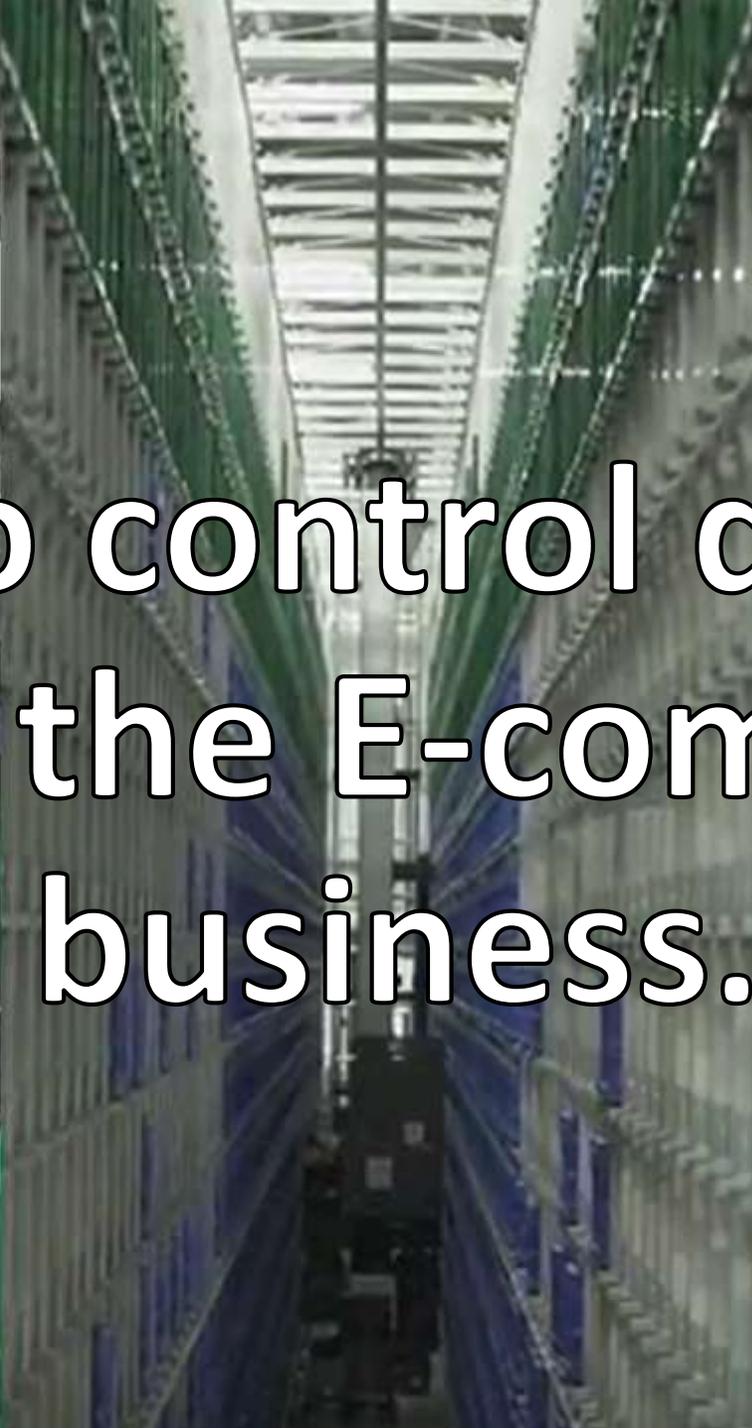
+

Picking robots

Launch of actual operation
at ASKUL Logi PARK Yokohama



Those who control distribution
win in the E-commerce
business.



Bid data

**Artificial
Intelligence (AI)**

Robots

**Distribution
and Joint development
with marketing
makers**

Accelerate growth speed

- I Second Quarter Results**
- II Status of Logistics & Distribution**
- III Status of B-to-B Business**
- IV Status of LOHACO Business**

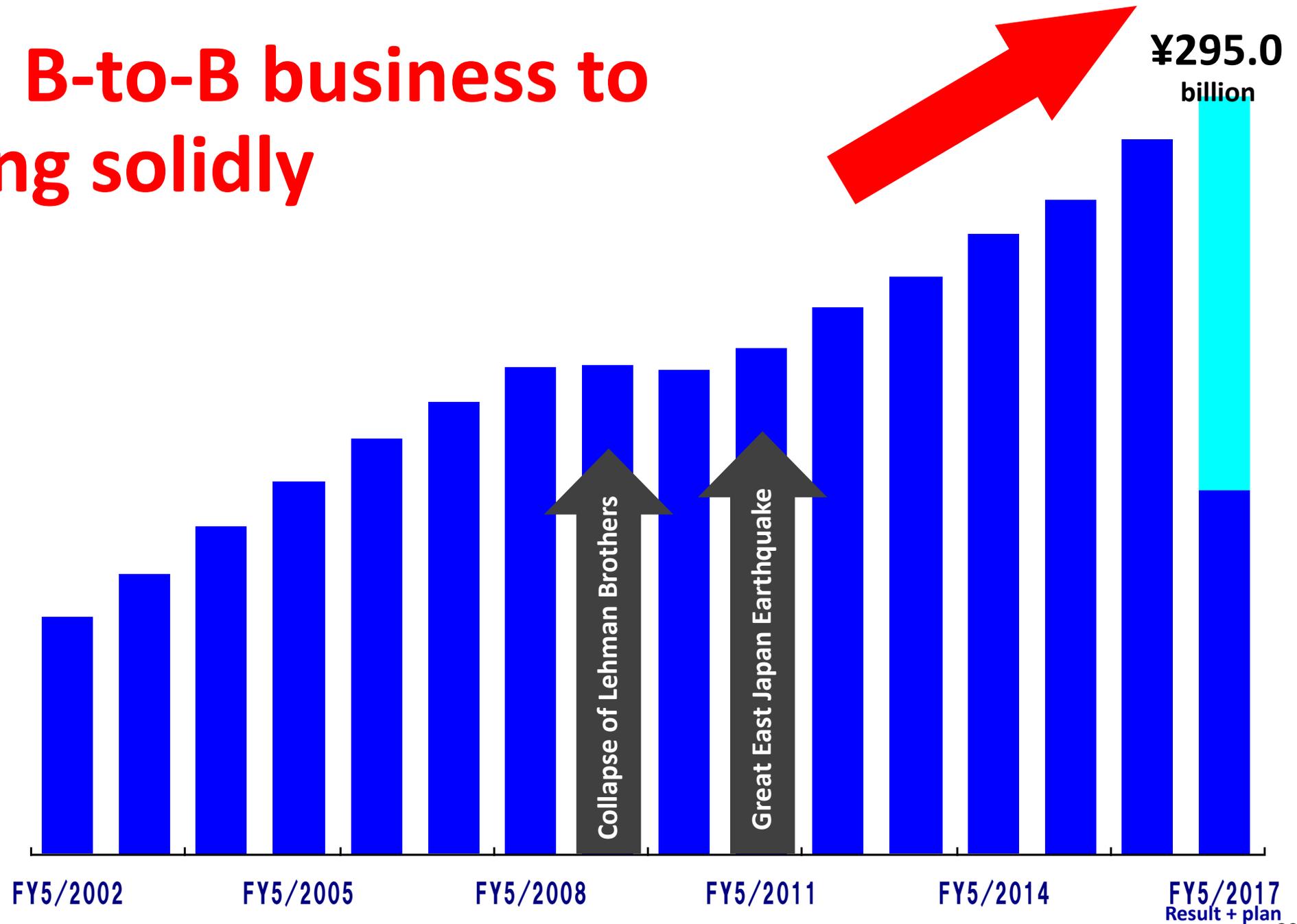
For Offices Operating B-to-B Business



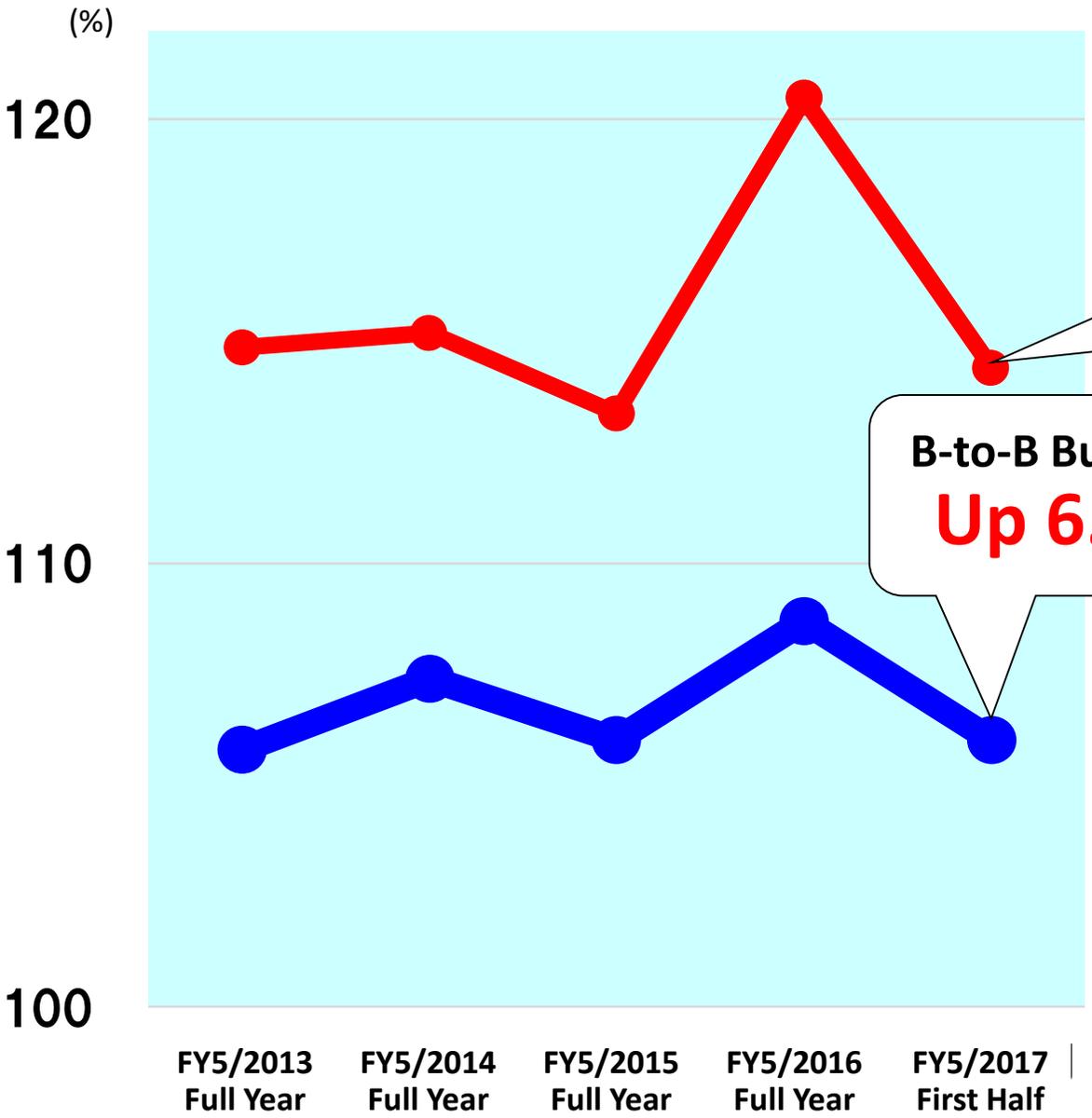
ASKUL



Net sales in B-to-B business to keep growing solidly



B-to-B Business: Trends in YoY Change in Net Sales by Category



MRO + Medical supplies
Up 14.4%
YoY change in operation days:
Weekdays: Down 2 days,
Saturdays: Up 1 day

B-to-B Business
Up 6.0%

Strategic categories will continue to drive the growth of B-to-B Business

Further evolution of one-stop shopping for office supplies and medical supplies

ASKUL Website



ASKUL MEDeTOMO
(Site exclusively for medical supplies)

ASKUL Website

Integration on July 1

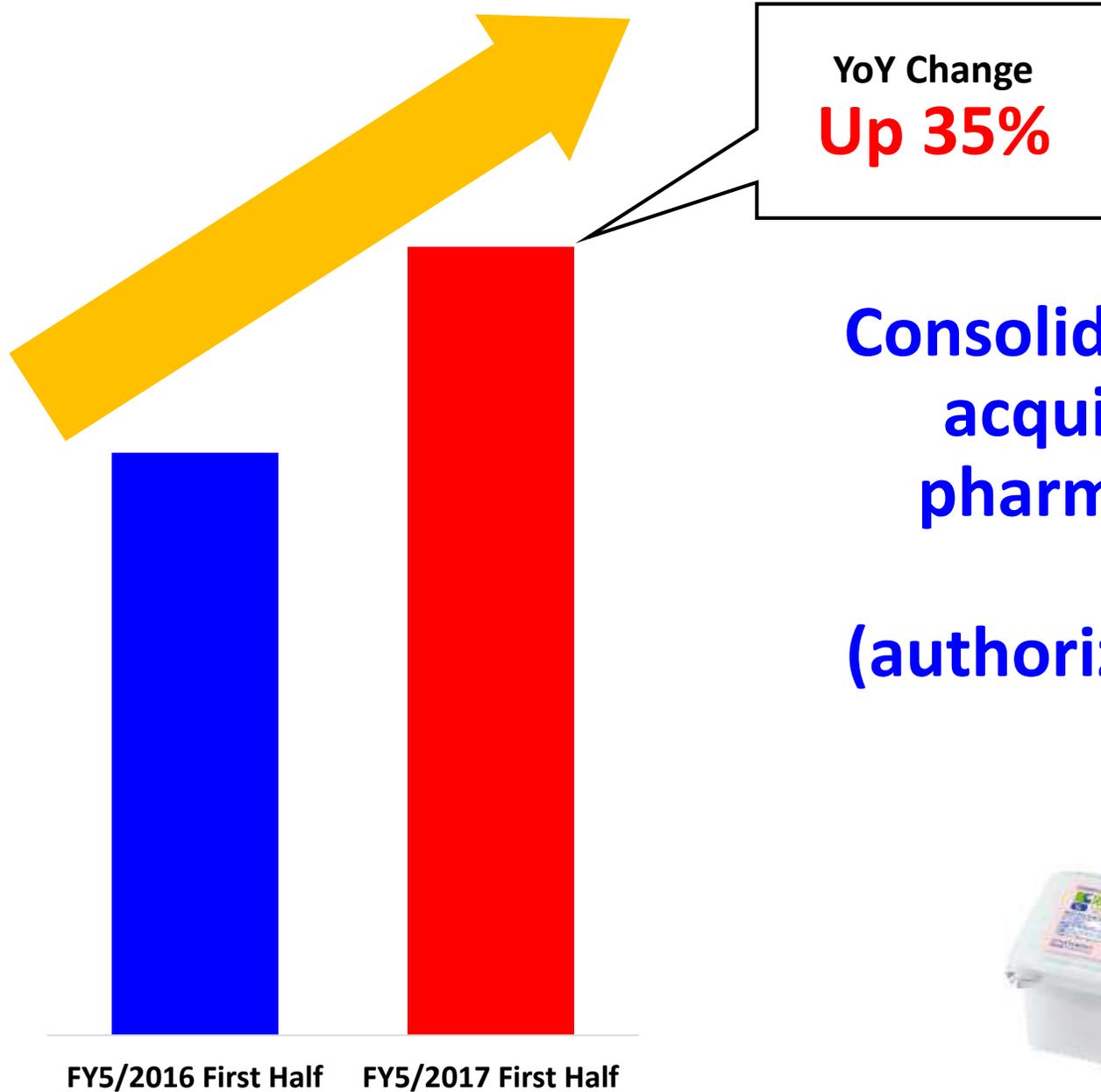
Integration on December 1

SOLOEL ARENA



In conjunction with the Site integration, the merchandise catalog has been revised to suit medical sectors.
Delivery service labels were also unified as “ASKUL Service.”

No. of customers for medical items (authorized commercial items)

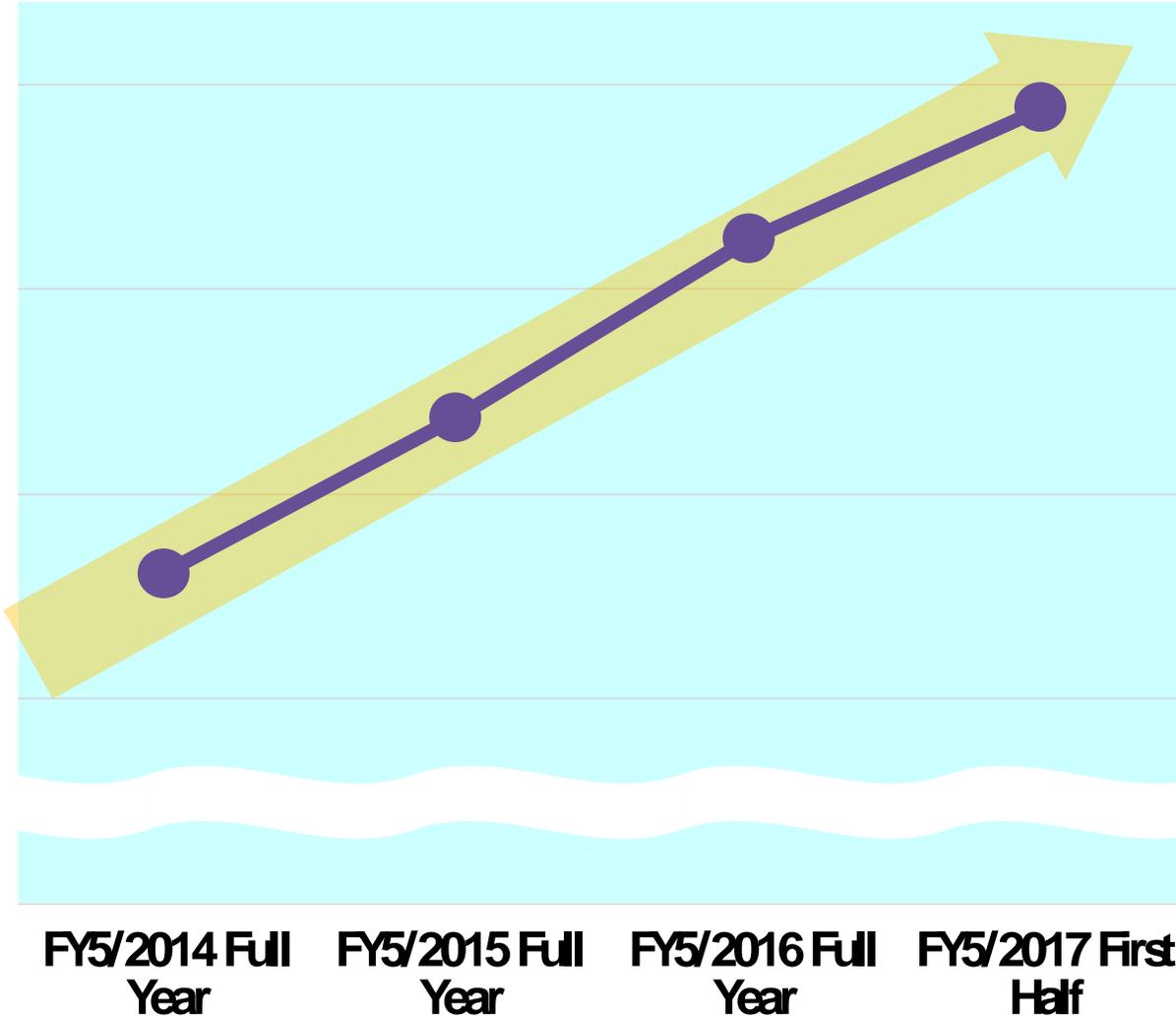


Consolidation effects helped us to acquire more customers for pharmaceutical products and medical devices (authorized commercial products)



B-to-B Business Trends in Gross Profit Margin

Non-consolidated basis



**Continued focus
on recovery**

A close-up photograph of a hand with the index finger pointing upwards, set against a bright blue sky with scattered white clouds. The hand is positioned in the center-right of the frame, and the lighting is bright, suggesting a sunny day.

**B-to-B Business to maintain Stable Growth toward
Steady Earnings Increase**

- I Second Quarter Results**
- II Status of Logistics & Distribution**
- III Status of B-to-B Business**
- IV Status of LOHACO Business**



今日も、
ロハコで
買ってます。

「あ、買わなくちゃ」も、「これ、欲しいんだよね」も、通勤時間にすませています。

ロハコ 検索 <http://lohaco.jp>



First Generation

Long tail of EC by purchasing luxury items piece by piece



Second Generation

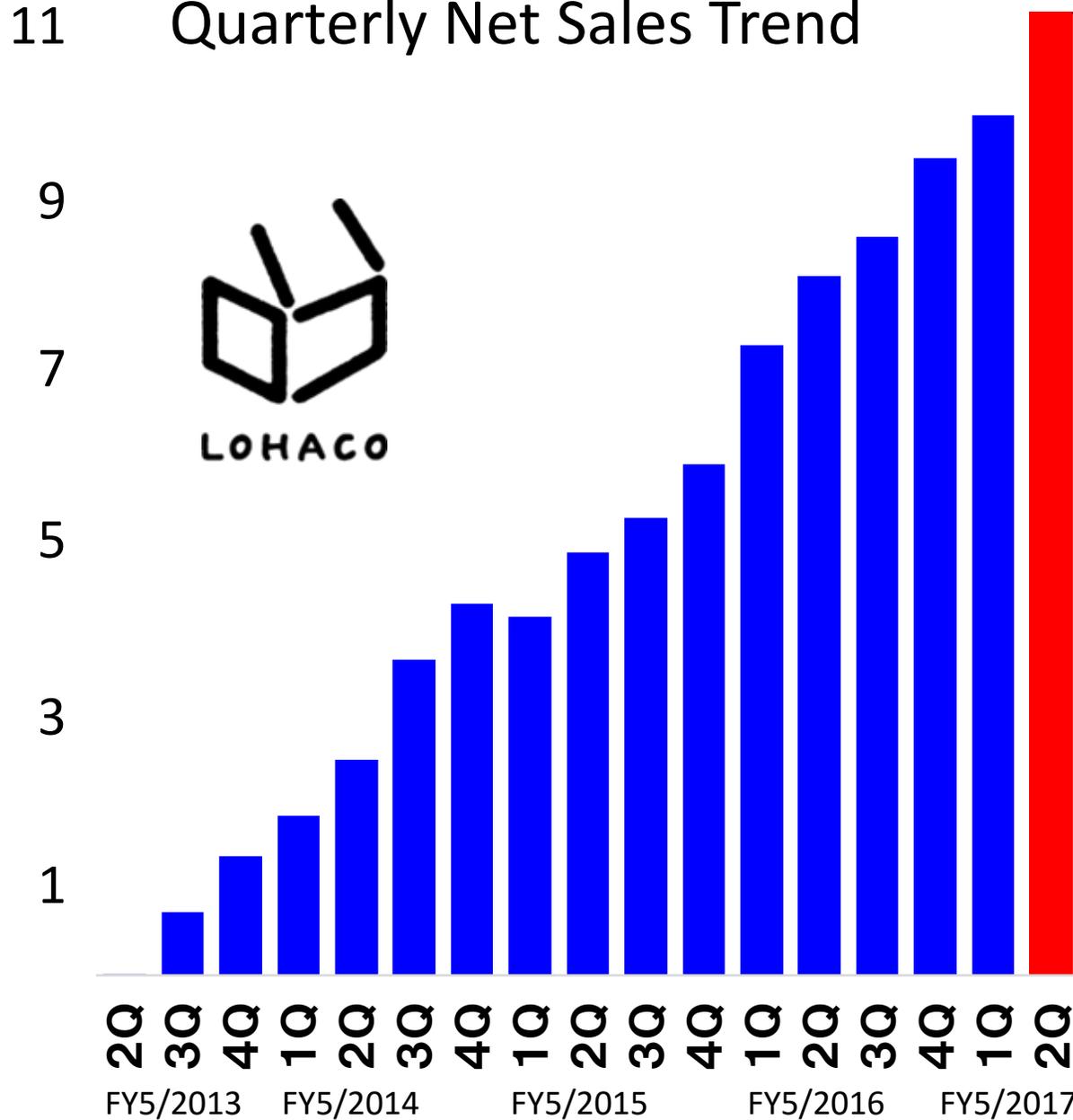
EC for daily necessities
Whenever, wherever



(¥billion)

LOHACO

Quarterly Net Sales Trend

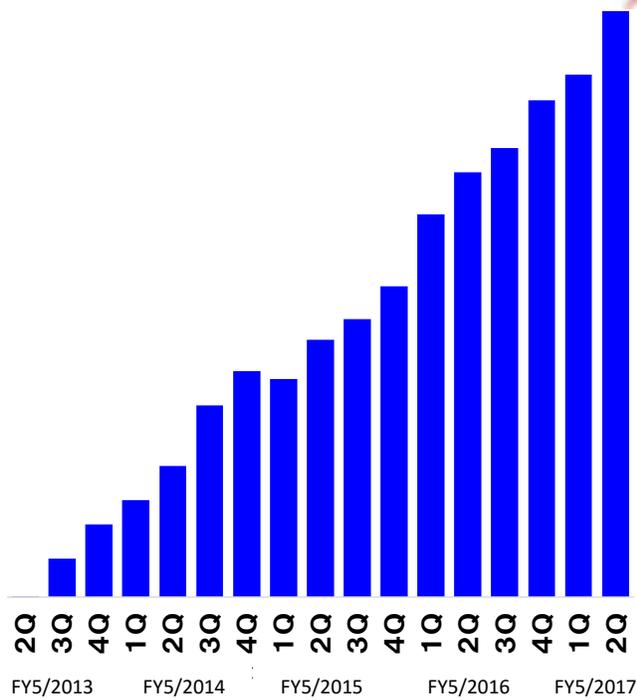


YoY change
Up 37.8%

To become No.1 in
Second-Generation
e-commerce

**Steady growth
in net sales**

LOHACO
Quarterly Net Sales



Strengthen tie-ups with makers



Enhance lineups of products

Acquire more customers

Change Growth Curve

Further speed-up marketing activities by leveraging artificial intelligence (AI) and big data through cooperation with friendship partners

List of companies participating in LOHACO E-Commerce Marketing Lab

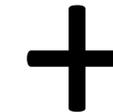
102 companies

*As of October 20, 2016

Friendship Partners

List of participating companies

Asahi Soft Drinks Co., Ltd., Asahi Kasei Home Products Corporation, Asahi Health Care Business Division of Asahi Group Foods, Ltd., Wakodo Business Division of Asahi Group Foods, Ltd., Asahi Breweries, Ltd., Ajinomoto Co., Inc., AJINOMOTO GENERAL FOODS, INC., Anheuser-Busch InBev Japan Co., Ltd., S. Ishimitsu & Co., Ltd., ITOCHU-SHOKUHIN Co., Ltd., ITO EN, LTD., Ujinotsuyu-Seicha Co., Ltd., Ezaki Glico Co., Ltd., SSK Sales Co., Ltd., SSP Co., Ltd., ST Trading Corporation, S&B Foods, Inc., NS FaFa Japan Co., Ltd., Oji Nepia Co., Ltd., Otsuka Pharmaceutical Co., Ltd., ORBIS Inc., Kao Customer Marketing Co., Ltd., KAGOME CO., LTD., KATAOKA & CO., LTD., KAMEDA SEIKA CO., LTD., CALBEE, Inc., KEY COFFEE INC., Kikkoman Beverage Company, Kikkoman Food Products Company, Kewpie Corporation, Kirin Brewery Co., Ltd., Kirin Beverage Co., Ltd., KING JIM Co., Ltd., Gekkeikan Sake Co., Ltd., Koikeya Co., Ltd., Coca-Cola Customer Marketing Company, Limited, KOKUYO Co., Ltd., Kobayashi Pharmaceutical Co., Ltd., THERMOS K.K., Sapporo Breweries Ltd., Sunstar Group Oral Care Company, Suntory Liquors Limited, Suntory Foods Limited, J-OIL MILLS, Inc., Shiseido Company, Limited, Shachihata Inc., SC Johnson Company Limited, Johnson & Johnson Consumer Company, 3M Japan Limited, Zebra Co., Ltd., Daiichi Sankyo Healthcare Company, Limited, Daio Paper Corporation, Taisho Pharmaceutical Co., Ltd., Dainihon Jochugiku Co., Ltd., Taiho Pharmaceutical Co., Ltd., TOKIWA Pharmaceutical Co., Ltd., Tombow Pencil Co., Ltd., Nagatanien Co., Ltd., Nichiban Co., Ltd., Nissin Cisco Co., Ltd., Nissin Food Products Co., Ltd., Kellogg Company, Nippon Paper Crexia Co., Ltd., Hill's-Colgate (JAPAN) Ltd., NIHON L'ORÉAL K.K., Nature's Way Co., Ltd., Nestle Japan Limited, NatureLab. Co., Ltd., HABA Laboratories, Inc., House Wellness Foods Co., Ltd., House Foods Corporation, Harada Seicha Co., Ltd., Hikari Miso Co., Ltd., FANCL CORPORATION, Fujifilm Corporation, PLUS Corporation, The Procter & Gamble Company of Japan Limited, Pentel Co., Ltd., Bausch & Lomb Incorporated., POKKA SAPPORO Food & Beverage Ltd., Mars Japan Limited, Marukome Co., Ltd., Maruha Nichiro Corporation, Mizkan Co., Ltd., Isetan Mitsukoshi Holdings Ltd., Mitsubishi Pencil Tokyo Sales Co., Ltd., Meiji Co., Ltd., Melodian Co., Ltd., Morinaga & Co., Ltd., THE YAMAZAKI CORPORATION, UCC Ueshima Coffee Co., Ltd., Unicharm Corporation, Universal Paper Co., Ltd., Unilever Japan Customer Marketing K.K., Lion Corporation, Lion Trading Co., Ltd., Ryohin Keikaku Co., Ltd., Reckitt Benckiser Japan Ltd., LEC Inc., ROHTO Pharmaceutical Co., Ltd., LOTTE Co., Ltd., Wacoal Holdings Corp.



Google Japan Inc.

Facebook Japan Inc.

Hitachi, Ltd.

Yahoo Japan Corporation

**“ASKUL Corporation to Use Artificial Intelligence
(AI) to Provide 100 Makers with E-Commerce
Sales Support”**

**posted in the morning edition of the *Nihon Keizai
Shinbun* on October 21, 2016**



LOHACO Web Marketing Consortium held on October 21
and 481 people from 204 makers participated



Fitting our lifestyles LOHACO Exhibit



TOKYO MIDTOWN DESIGN TOUCH 2016
Friday, October 28, 2016 – Sunday, November 6, 2016

Participating makers **36** companies

Ajinomoto Co., Inc., AJINOMOTO GENERAL FOODS, INC.,
ITO EN, LTD., UCC Ueshima Coffee Co., Ltd., S.T. Corporation, Ezaki Glico Co.,
Ltd., Oji Nepia Co., Ltd., Otsuka Pharmaceutical Co., Ltd., ORBIS Inc.,
Kao Corporation, KAGOME CO., LTD., KAMEDA SEIKA CO., LTD.,
CALBEE, Inc., KEY COFFEE INC., Kirin Brewery Co., Ltd., Kirin Beverage Co., Ltd.,
Coca-Cola Customer Marketing Company, Limited, Sapporo Breweries Ltd.,
Suntory Liquors Limited, Shiseido Company, Limited, Daio Paper Corporation,
Nissin Food Products Co., Ltd., Nippon Paper Crecia Co., Ltd.,
Nestle Japan Limited, HABA Laboratories, Inc., Hikari Miso Co., Ltd.,
PLUS Corporation, Marukome Co., Ltd., Maruha Nichiro Corporation,
Mizkan Co., Ltd., Melodian Co., Ltd., Unicharm Corporation,
Unilever Japan Customer Marketing K.K., Ltd., Rengo Co., Ltd., LOTTE Co., Ltd.,
ROHTO Pharmaceutical Co., Ltd.

**Broadening the range of differentiated
products through tie-ups with makers**

**34 items out of 48
have been commercialized.**

(As of December 13, 2016)



Increased awareness of LOHACO through visibility in the media and diffusion by SNS





ロハコ
の
定期便

いつもの買い物が、さらに楽に。

ご指定の商品をご指定の日時、場所に
毎月お届けします。

活用しよう！ロハコの定期便

Nestlé
Good Food, Good Life

定期便でお得！

Tポイント
10倍以上

便利でおトク！定番商品が定期便で割引きに

<p>P&G パンパース おむつ 定期便で 10%割引</p>	<p>ユニ・チャーム マミーポコ おむつ 定期便で 5%割引</p>	<p>ユニ・チャーム ムーニー おむつ 定期便で 5%割引</p>	<p>AGF コーヒー各種 定期便で 5%割引</p>	<p>ネスレ コーヒー・ペット用品 定期便で ポイント最大15倍</p>

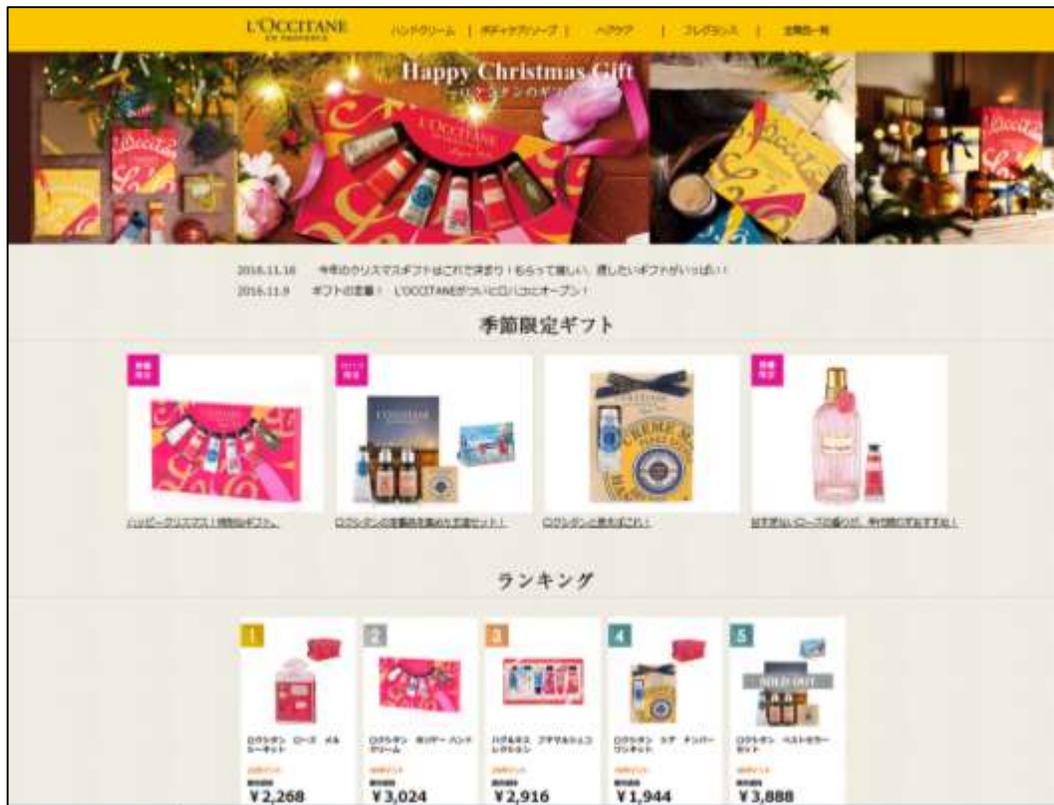
Expansion of lineups of Regular Delivery Items

by bolstering tie-ups with makers

* Above are products displayed as of December 13, 2016.

Launch of sales of popular brand items strongly demanded by customers

L'OCCITANE Gift Shop Opened on Nov. 9



Hair Care **BOTANIST** Launched on Nov. 17



* Displayed prices, etc. are as of December 13, 2016.

Many shops started opening stores in the online marketplace



As of December

Topped
430,000 items

Will continue to grow further



LOHACO for SoftBank ^{*1}

Special benefits available in a long-term contract with SoftBank ^{*2}

Launched on December 1



長期継続特典



ソフトバンクを長くご利用いただいているお客様へ
感謝をこめて

ポイント付与タイミング

特典2でTポイント(※)を選択・2年契約の場合

ご加入より 2年 更新期間(1回目) 1ヵ月目~

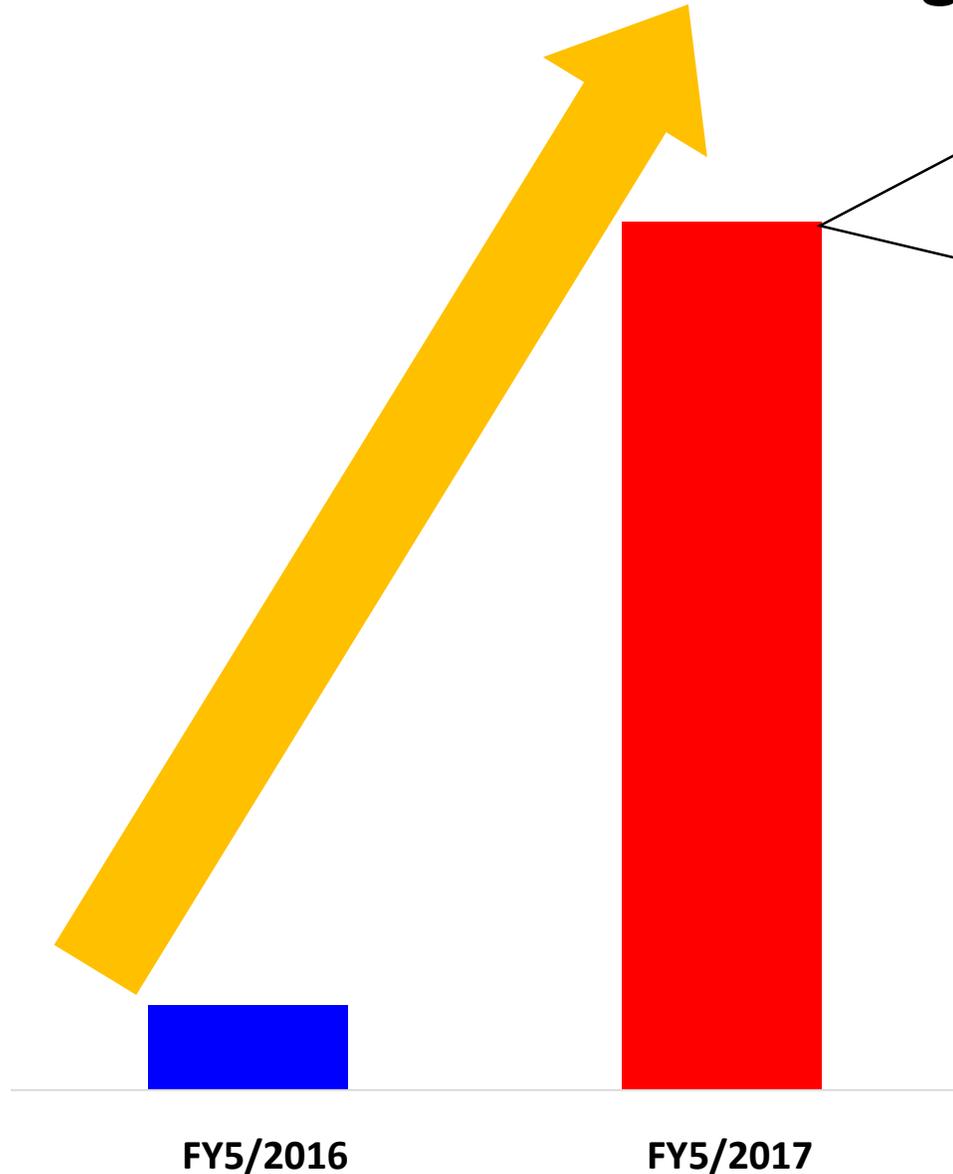
お手続き	特典付与	翌請求月	翌々請求月
★	※1 T 3,000ポイント	T 500ポイント	T 500ポイント

※1 お手続きから10日前後

*1 LOHACO for SoftBank is an e-commerce site provided by ASKUL Corporation.

*2 Special benefits for a long-term contract are services that SoftBank provides to its customers.

Tmall Global Site: Sales growth has been accelerated through tie-up with makers



Orders received* for Singles Day events
Grown to **10** times the level of the
previous fiscal year
(Ranked 7th among Japanese companies)

*The sales amount was posted in December.

Orders received* for Black Friday
Ranked **1st** in Japanese companies
(Ranked 4th on a global basis)

* Fourth Friday of November when retail stores hold large-scale discount sales.



LOHACO Business has focused on expanding lineups of products and expanding the customer base, bringing about a change in its growth curve.

Appendix

Buyback of Treasury Shares

- Class of shares subject to buyback: Common stock of ASKUL
- Aggregate number of shares for buyback: 1 million shares (at maximum)
- Aggregate amount of shares for buyback: ¥5.0 billion (at maximum)
- Buyback period: October 6, 2016–March 31, 2017
- Buyback method: Discretionary investment through open-market purchase
- Current status of the buyback as of November 30, 2016: 657,000 shares (¥2.83 billion)

2Q FY5/2017 Net Sales by Product Category

	2Q FY5/2016		2Q FY5/2017	
	¥billion	YoY change %	¥billion	YoY change %
OA & PC	45.2	+5.6	46.1	+2.0
Stationery	19.8	+7.4	20.5	+3.5
Living Supplies	42.7	+28.6	50.0	+17.0
Furniture	10.1	+6.5	10.1	+0.2
MRO	12.1	+17.0	13.8	+13.5
Others (Medical, etc.)	8.9	+15.6	9.8	+10.2
Total	139.1	+13.8	150.5	+8.2

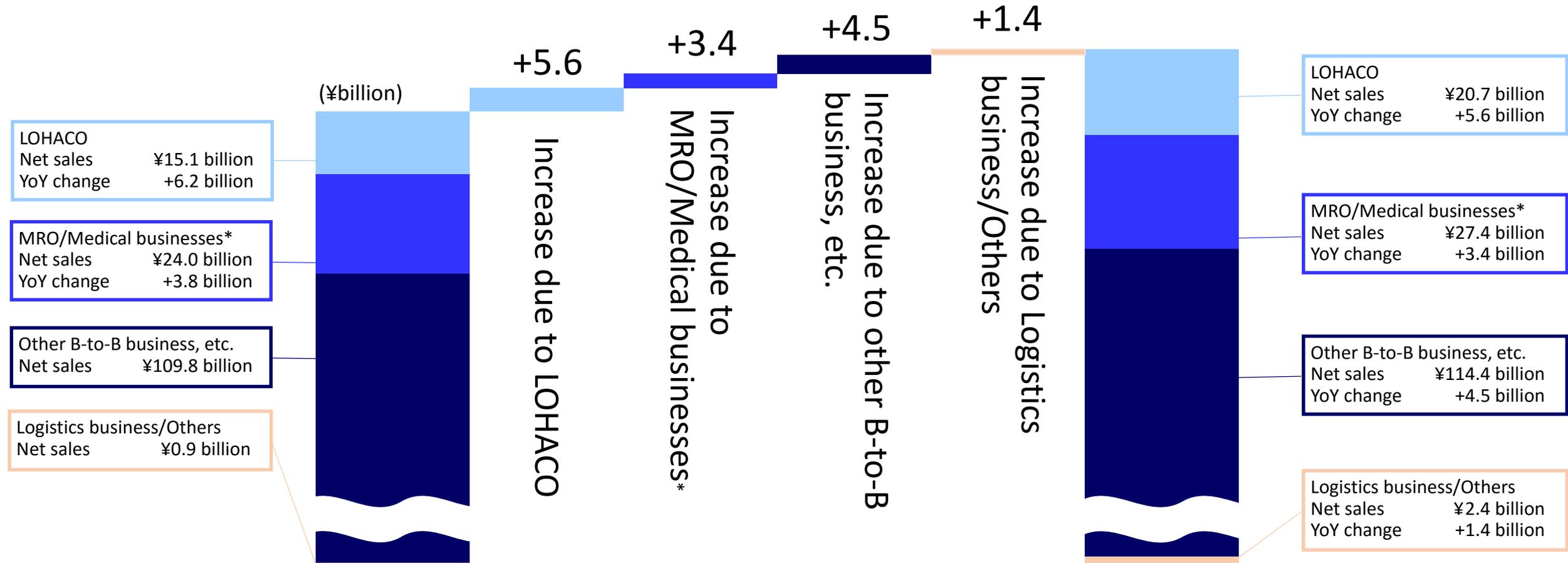
**Posted record highs Also in
non-consolidated
net sales**

**Continued
double-digit growth
in mainstay products**

Main Factors Affecting 2Q FY5/2017 Consolidated Net Sales

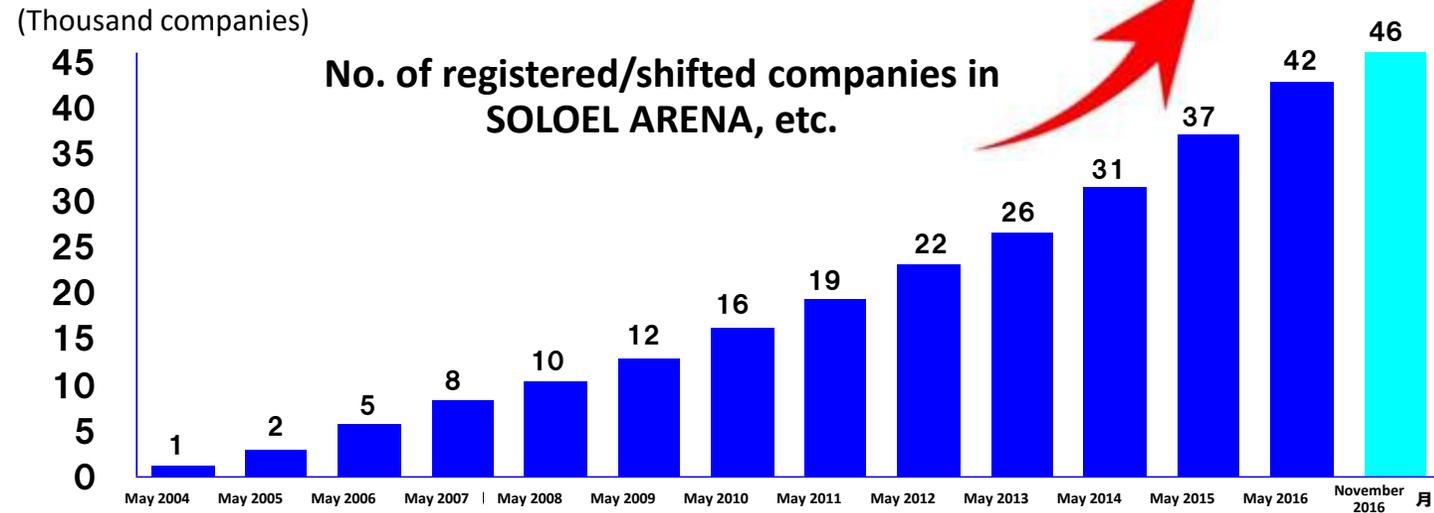
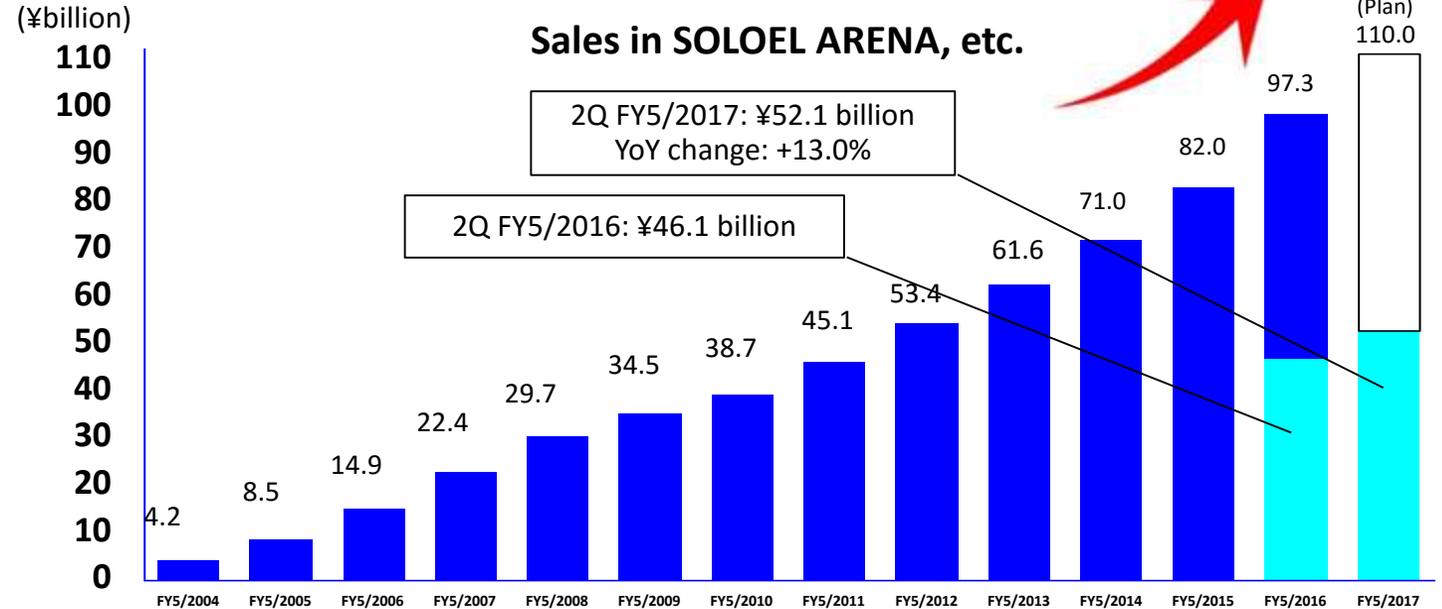
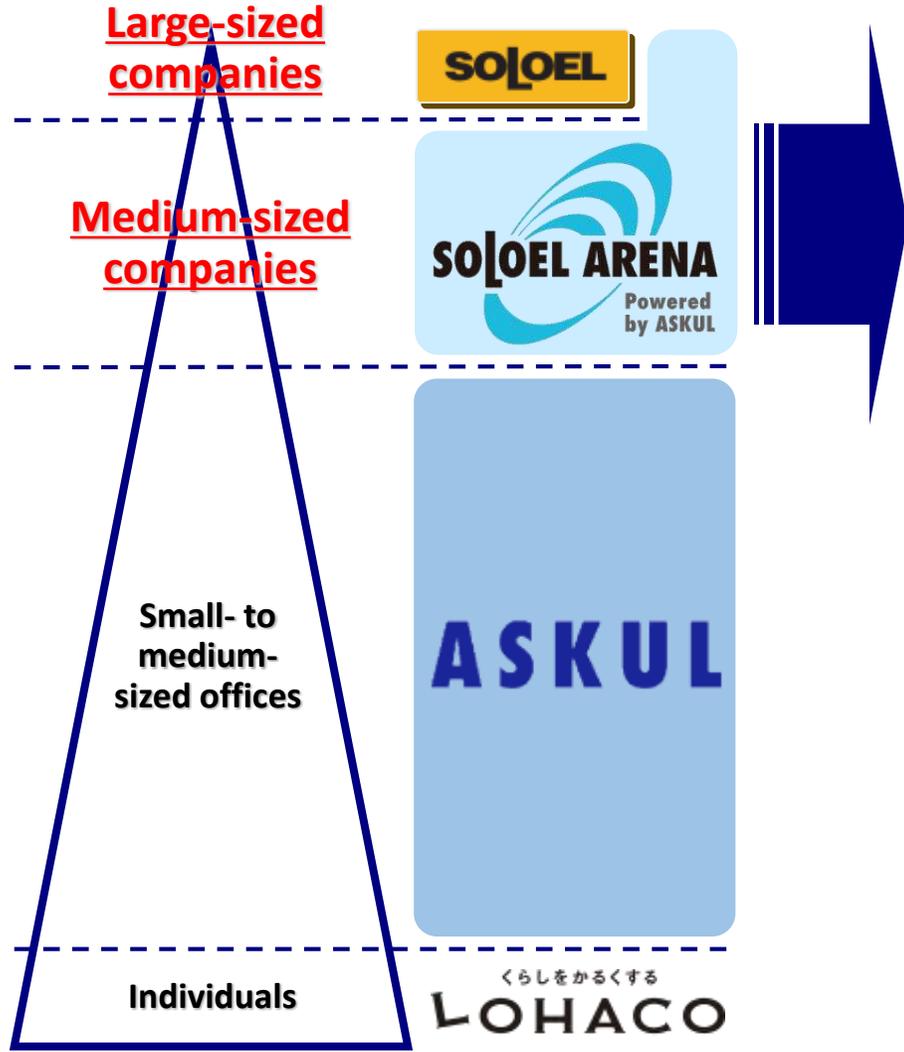
First Half of FY5/2016(actual)
 Net sales ¥ 149.9 billion
 YoY change +18.0 billion
 YoY growth Up 13.6%

First Half of FY5/2017(actual)
 Net sales ¥ 165.0 billion
 YoY change +15.1 billion
 YoY growth Up 10.1%



*MRO/Medical Businesses do not include LOHACO portion.

SOLOEL ARENA is Expanding Steadily



Up 13.0% YoY, as planned

Consolidated Gross Profit on Sales and SGA Expenses for First Half of FY5/2017

Gross profit on sales: ¥37.1 billion YoY change: Up ¥3.1 billion

Gross profit margin: 22.5% YoY change: Down 0.2 p.p., Compared to Plan: Down 0.1 p.p.

Trends of quarterly gross profit margin

1Q: 22.3% 2Q: 22.8%

➤ Negative impacts from exchange positions, etc. in 1Q, but steady recovery in 2Q

SG&A expenses: ¥33.5 billion YoY change: +¥3.9 billion

Ratio of SG&A expenses to net sales: 20.3% YoY change: +0.6 p.p., Compared to Plan: -0.4 p.p.

Trends of quarterly ratio of SG&A expenses to net sales

1Q: 20.8% 2Q: 19.9%

➤ Proactive marketing and sales activities through TV commercials, etc. caused a rise in the ratio in 1Q, but solid sales growth and steady operation at new distribution centers in 2Q led to improved cost management.

Successful Results Achieved Through Group-Wide Cost Reduction Initiative With Steady Efforts

The fixed-cost reduction initiative that started in the beginning of FY5/2007 was re-established as the KAIZEN Initiative Project in FY5/2016 in order to further strengthen the activity. All employees participated, proposed ideas, and engaged in activities.

Result for the first half of FY5/2017

Number of cases undertaken: **661**

Reduced cost: About **¥0.6 billion**

The cost-reduction initiative is to be continued for the second half of FY05/2017

2Q FY5/2017 Consolidated Capital Expenditures

Capital expenditures: ¥2.6 billion (Annual plan: ¥6.4 billion)

LOHACO site renovation	¥0.5 billion
Operational capacity increase at distribution centers	¥0.3 billion
Integration of medical sites	¥0.1 billion

(Ref.) Depreciation and amortization of software: ¥2.1 billion (Annual plan: ¥4.6 billion)

Investment details

(¥million)

Item	2Q FY5/2016	2Q FY5/2017	
	Amount	Amount	YoY change
Capital expenditures (Note 1)	6,607	2,616	-60.4%
Property, plant and equipment (Note 2)	5,841	1,376	-76.4%
Intangible assets	765	1,240	+62.0%
Construction in progress (Note 3)	2,193	270	-87.7%
Software in progress (Note 3)	539	703	+30.4%

Notes:

- 1) Capital expenditures are stated on an accrual basis and do not reflect reductions.
- 2) The large investment amount in FY5/2016 was due to the posting of investments in ASKUL Logi PARK Fukuoka and ASKUL Logi PARK Yokohama.
- 3) Construction in progress and software in progress partially include consumption and other taxes.

2Q FY5/2017 Share of Orders Placed on the Internet in Net Sales, ASKUL Original Products

Share of orders placed on the Internet in net sales

	1Q FY5/2016	1Q FY5/2017	YoY Change
Orders via the Internet	78.3%	80.0%	+1.7 p.p.
Others	21.7%	20.0%	-1.7 p.p.

(Note 1) The percentages above are based on orders placed.

ASKUL original products

(Unit: Item)

	Nov. 2016 (single month)	Nov. 2017 (single month)	YoY Change
Number of original products (Note 4)	6,925	7,665	+740 items
Share in non-consolidated net sales (Percentage of B-to-B business)	17.6% (19.5%)	17.7% (20.0%)	+0.1 p.p. (+0.5 p.p.)

(Note 1) The figures above are the results for the month of August each year.

(Note 2) Net sales of original products used as the numerators in calculating the shares in net sales do not include net sales of original copier paper.

(Note 3) Each figure includes the products listed in Medical & Care Catalogs and Medical Pro Catalogs

(Note 4) Starting from 2Q FY5/2017, the number of original products has included those which are displayed on our website as well as the catalogue, and have solid sales performance.