

Summary of Financial Results for the First Quarter Ending May 2023

September 15, 2022
ASKUL Corporation



Note / Disclaimer:

This material contains the ASKUL Group's current plans and performance outlook. These plans, forecasts, and other forward-looking statements represent the Company'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 purpose of this material, LOHACO refers to the online mail-order business for general consumers launched in October 2012 in alliance with Yahoo Japan Corporation.

A "new ASKUL website" refers to constructing a new website that integrates the site for small and medium-sized businesses and the one for middle-level and large enterprises.

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

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

DX refers to digital transformation.

Since the presentation of the overview of consolidated financial statements for the fiscal year ended May 20, 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.

This material occasionally uses abbreviations to express ASKUL's distribution centers;

ASKUL Logi PARK as ALP, ASKUL Value Center as AVC, Demand Management Center as DMC, and ASKUL Tokyo Distribution Center as ASKUL Tokyo DC.

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1Q consolidated net sales and operating profit both in line with plan

- BtoB
 - Realized the biggest mission of this fiscal year, "Changing the Growth Trajectory"
 - Pre-released some functions of new ASKUL website, and external inflows (direct visit from external search engine) by the opening of SOLOEL ARENA site to the public contributed to sales growth
 - Profits exceeded plan despite lower earnings due to investment of growth costs as planned
- LOHACO
 - Achieved double-digit growth through effects of large-scale sales promotion in collaboration with Z Holdings
 - Profit improvement has paused, but the issues are clear, and will increase the speed of improvement from 2Q onward

Refining strategies to achieve the Medium-Term Management Plan

- New ASKUL Web site is undergoing reassessment of development plan to achieve the Medium-Term Management Plan
- LOHACO will change its delivery service level while steadily implementing the existing profit structure reforms
- ASKUL Tokyo DC, the flagship center for East Japan, is on track to begin operations in November.

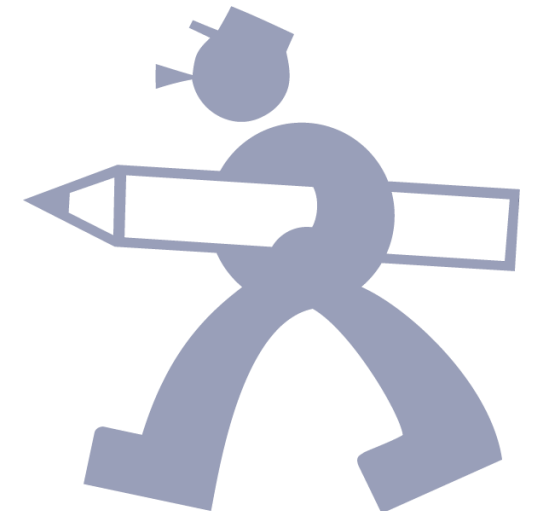
I. Consolidated Performance for 1Q FY5/2023

II. B-to-B

III. B-to-C

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1Q FY5/2023 Consolidated Performance

Consolidated



	1Q FY5/2022		1Q FY5/2023		
	Actual	% of net sales %	Actual	% of net sales %	YoY change %
(¥million)					
Net Sales	102,442	100.0	110,087	100.0	+7.5
Gross Profit	24,994	24.4	26,661	24.2	+6.7
Selling, General and Administrative Expenses	21,721	21.2	23,705	21.5	+9.1
Operating Profit	3,272	3.2	2,956	2.7	-9.6
Ordinary Profit	3,240	3.2	2,947	2.7	-9.1
Profit Attributable to Owners of Parent	2,153	2.1	1,891	1.7	-12.1

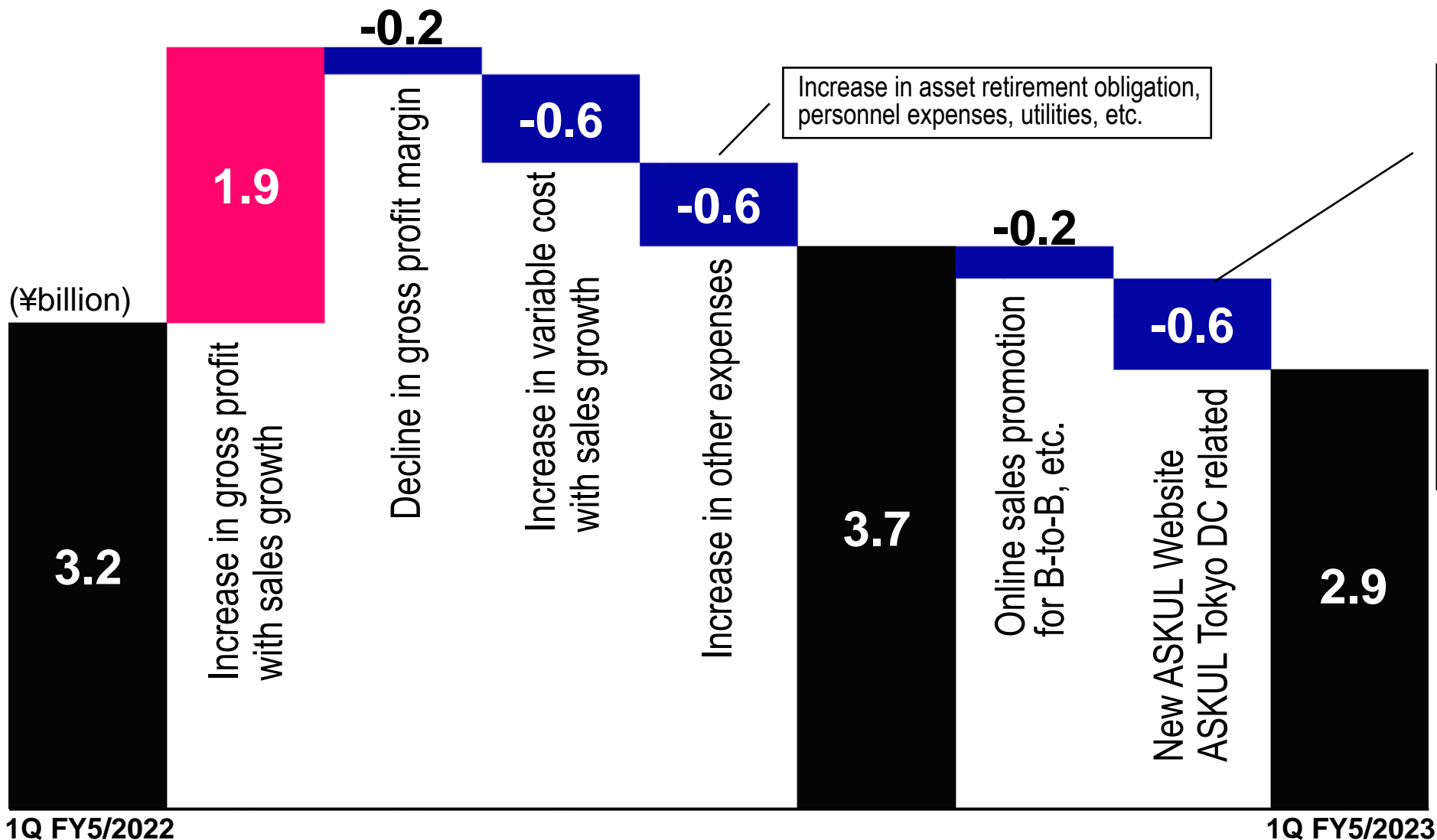
- Net sales
107.5% YoY
Renewed the previous record,
Growth rate accelerated
- Gross profit margin
Down 0.2 points YoY
- Operating profit, ordinary profit
and profit
Progress in line with plan
despite decrease in profit due
to growth cost

1Q FY5/2023 Operating Profit Breakdown

Consolidated



Bases are steadily building up, growth costs invested as planned



Increase in asset retirement obligation, personnel expenses, utilities, etc.

Progress of Increased Fixed Cost	
● New ASKUL Website	
Amortization	-0.4 billion
Server expansion*	-1.3 billion
● ASKUL Tokyo DC	
Depreciation	-0.1 billion
Rent	-3.1 billion
Cleaning/Security, etc.	-0.3 billion
Startup cost*	-0.8 billion
	*one-time cost

Comparison of Consolidated Performance in 1Q FY5/2023 (By Business)

Consolidated



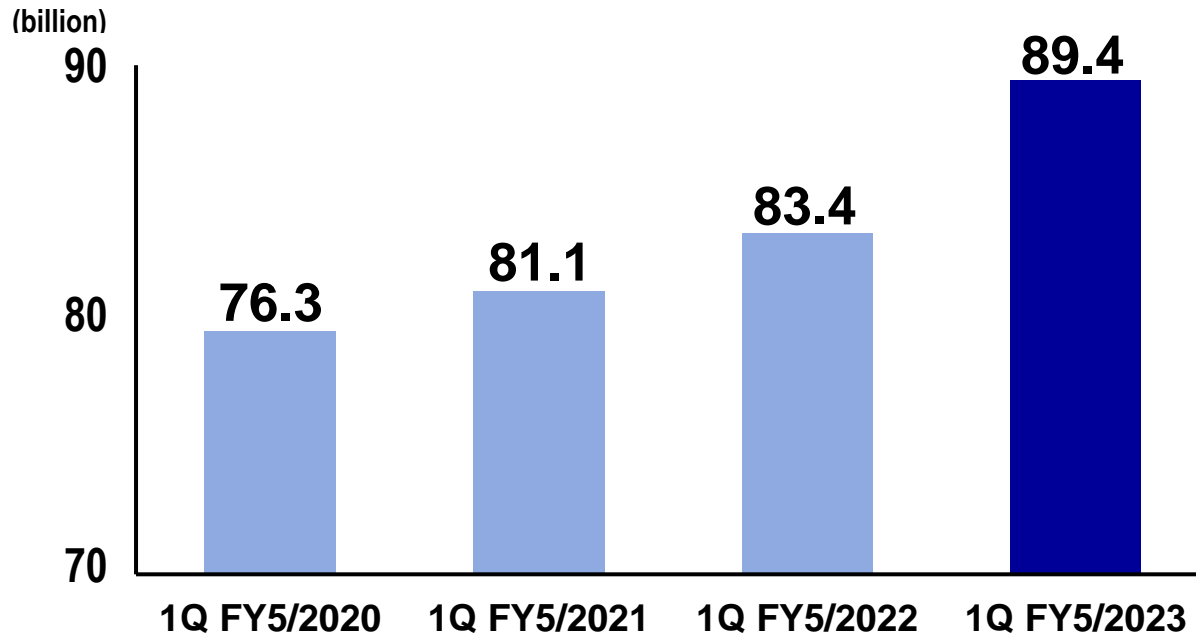
(¥billion)		FY5/2022				FY5/2023		
		1Q	2Q	3Q	4Q	1Q	YoY change	YoY change %
Net Sales	B-to-B Business	83.4	86.1	88.6	89.7	89.4	6.0	+7.2
	LOHACO	12.6	13.9	13.6	14.0	13.9	1.3	+10.6
	B-to-C business (including Charm)	16.7	18.0	17.8	18.0	18.2	1.5	+9.1
	E-commerce Business	100.1	104.2	106.5	107.7	107.6	7.5	+7.5
	Logistics Business and Other	2.3	2.3	2.4	2.7	2.3	0	+4.2
	Consolidated Total	102.4	106.5	108.9	110.5	110.0	7.6	+7.5
Operating Profit	B-to-B Business	4.2	4.1	4.3	4.3	3.5	(0.6)	-15.5
	LOHACO	(0.9)	(0.8)	(0.5)	(0.5)	(0.6)	0.3	-
	B-to-C business (including Charm)	(0.8)	(0.6)	(0.4)	(0.4)	(0.5)	0.3	-
	Performance-linked Bonuses (including provision), etc.	(0)	0	(0)	(0.1)	(0)	0	-
	E-commerce Business	3.3	3.4	3.9	3.6	3.0	(0.3)	-9.1
	Logistics Business and Other	(0)	(0)	0	(0)	(0)	(0)	-
	Consolidated Total	3.2	3.4	3.9	3.6	2.9	(0.3)	-9.6



Net Sales

107.2% YoY

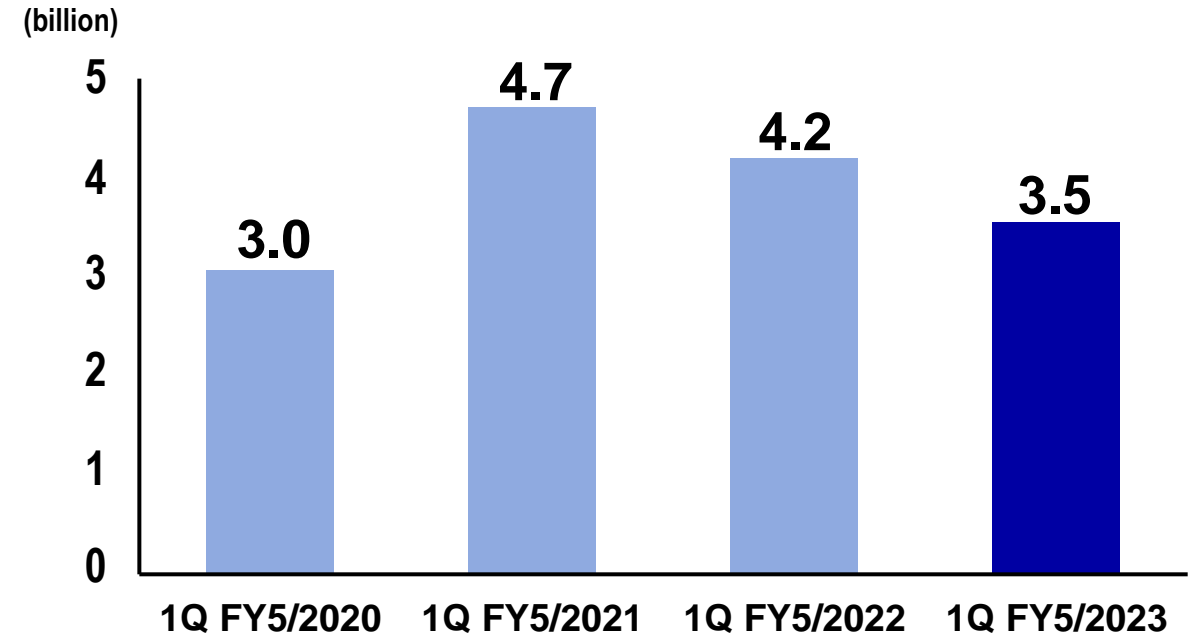
Realizing the biggest mission of this fiscal year, "Changing the Growth Trajectory"



Operating Profit

84.5% YoY

Progress exceeding plan despite decrease in profit due to increase in fixed costs

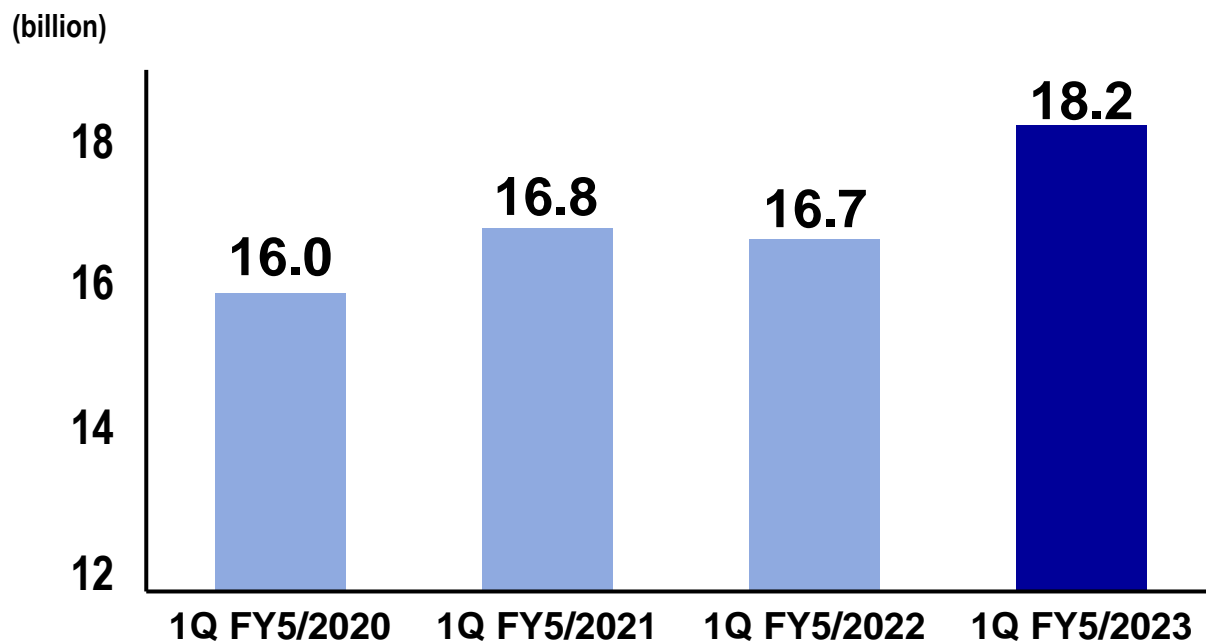




Net Sales

109.1% YoY

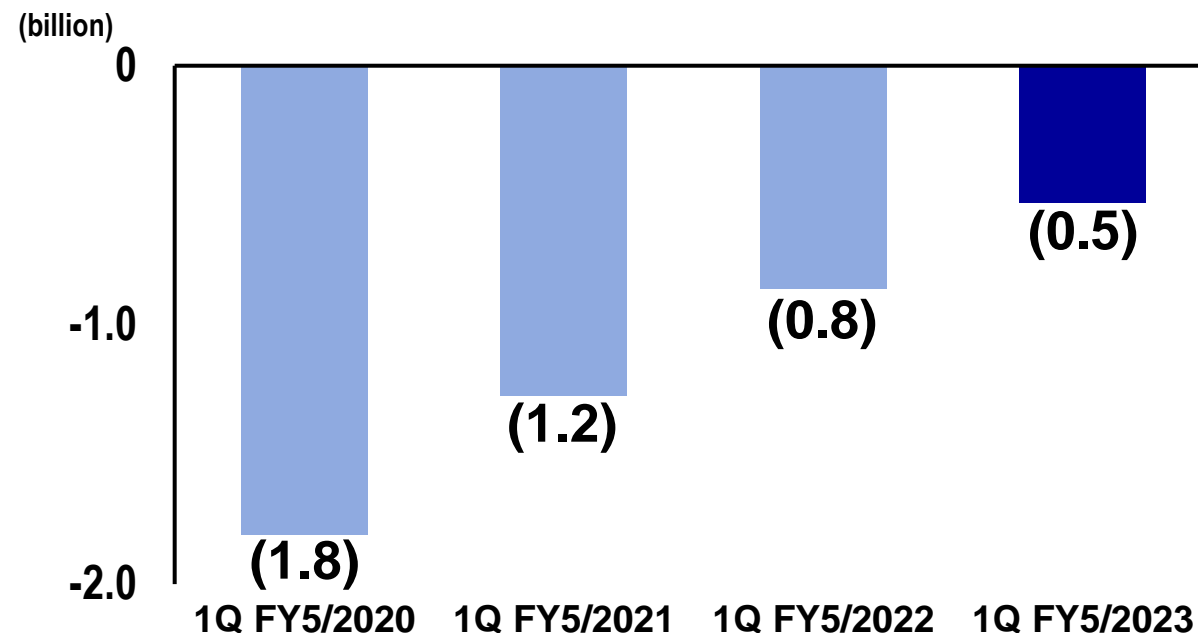
Steady growth with the collaboration with Z Holdings



Operating Profit

Up ¥0.3 billion YoY

Improved compared to 1Q FY5/2022 but leveled off compared to 4Q FY5/2022
Issues are clear, speeding up improvement

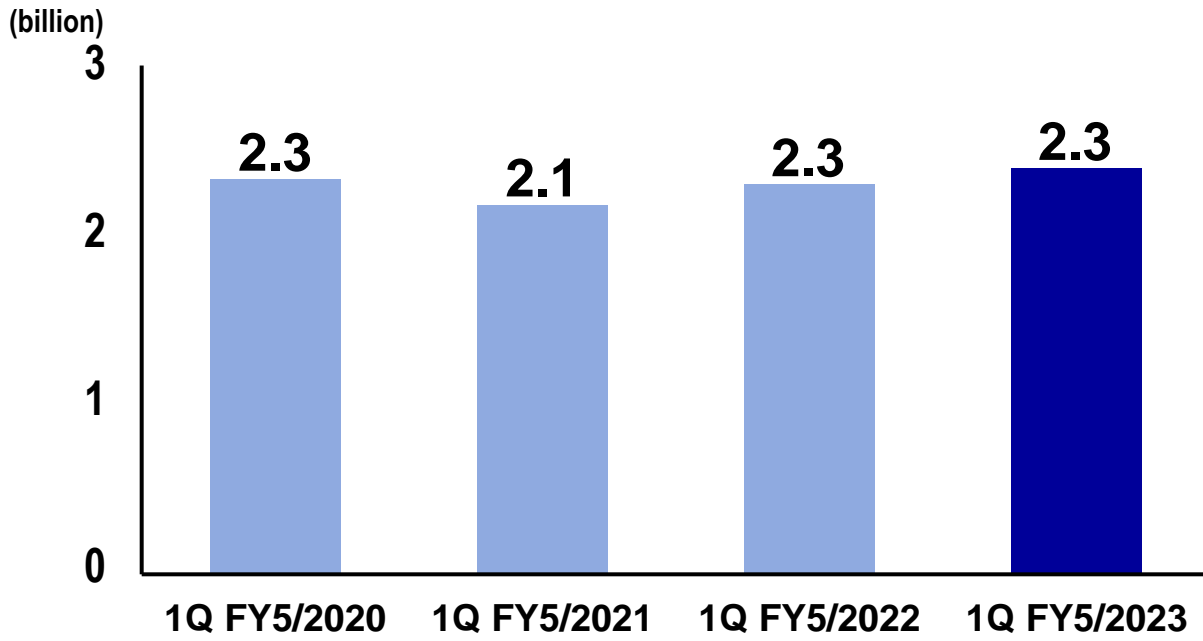




Net Sales

104.2% YoY

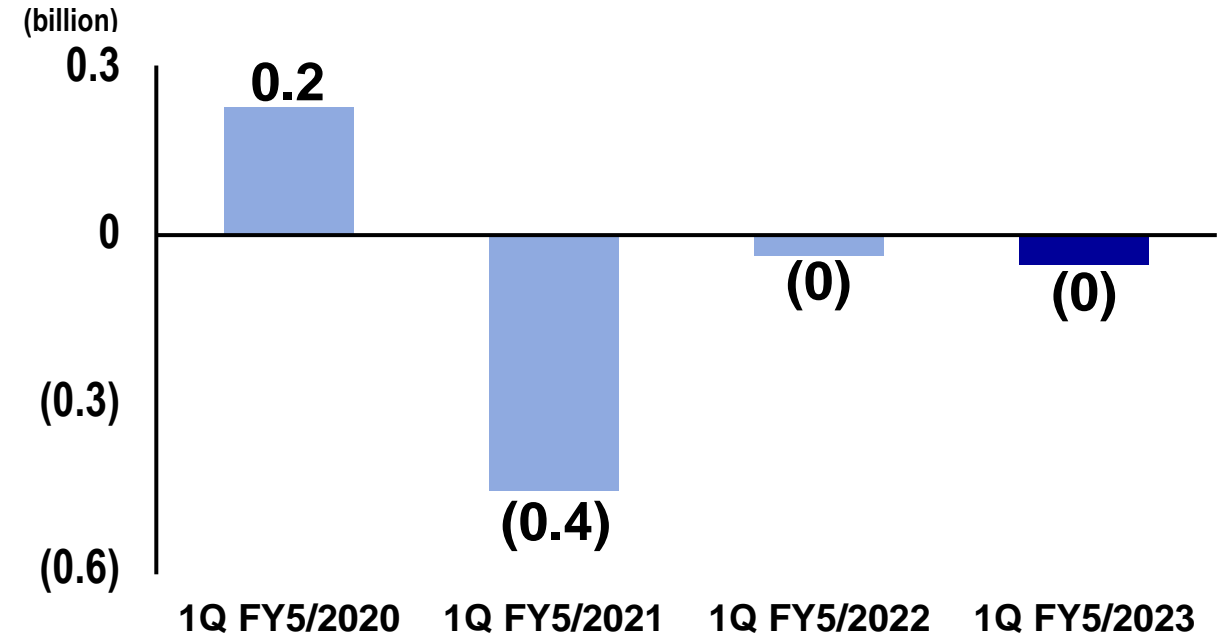
Progress almost in line with the plan



Operating Profit

Down ¥0 billion YoY

Temporary impact of lower productivity
Expect to profitability for the full year



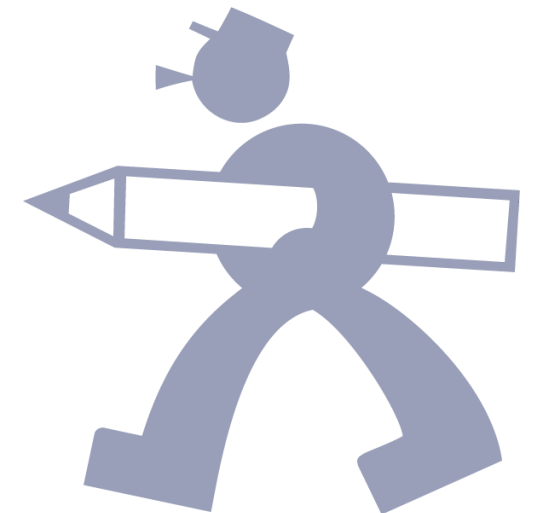
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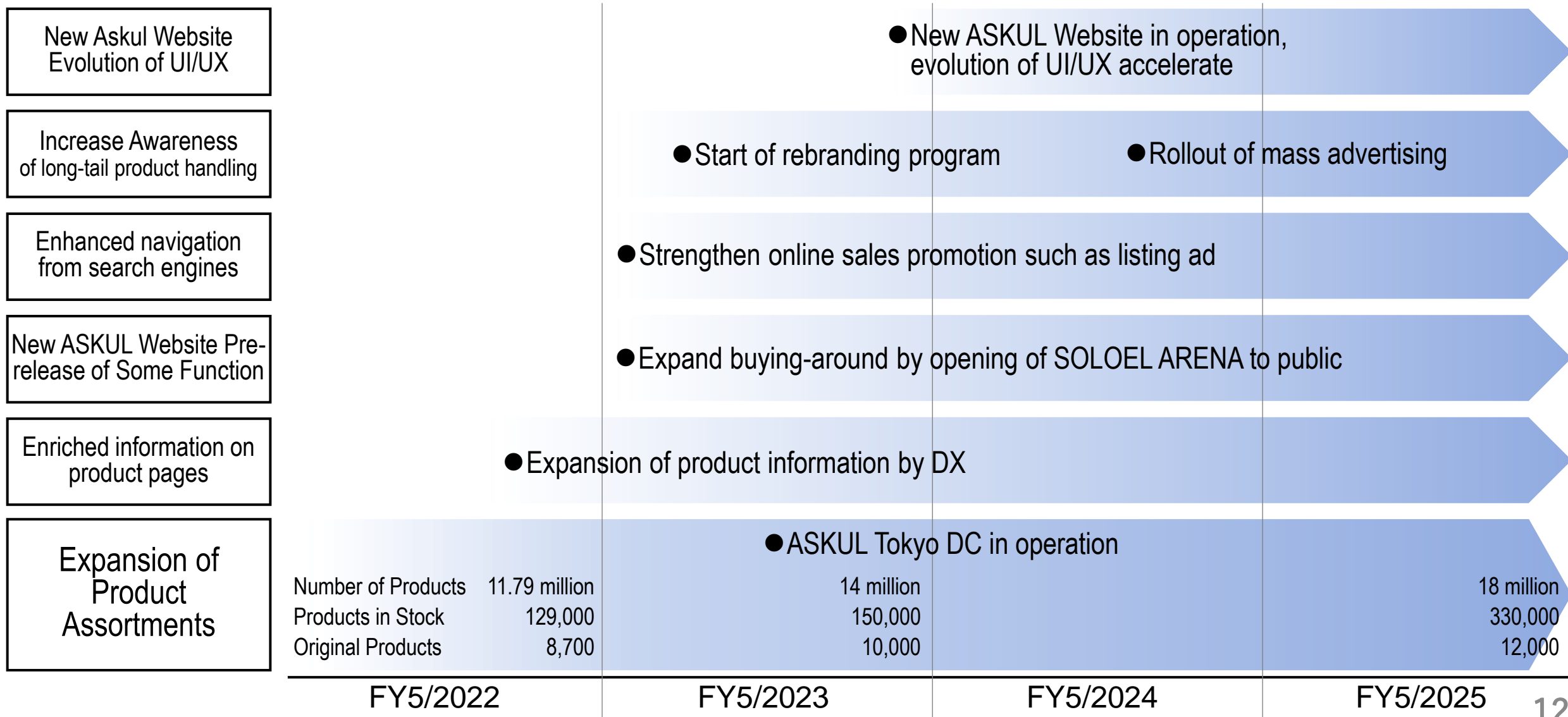
B-to-B Growth Strategies of Medium-Term Management Plan

Non-Consolidated



From [Summary of Financial Results for FY5/2022] presentation material

Achieve double-digit growth in the final year through synergistic effects of measures

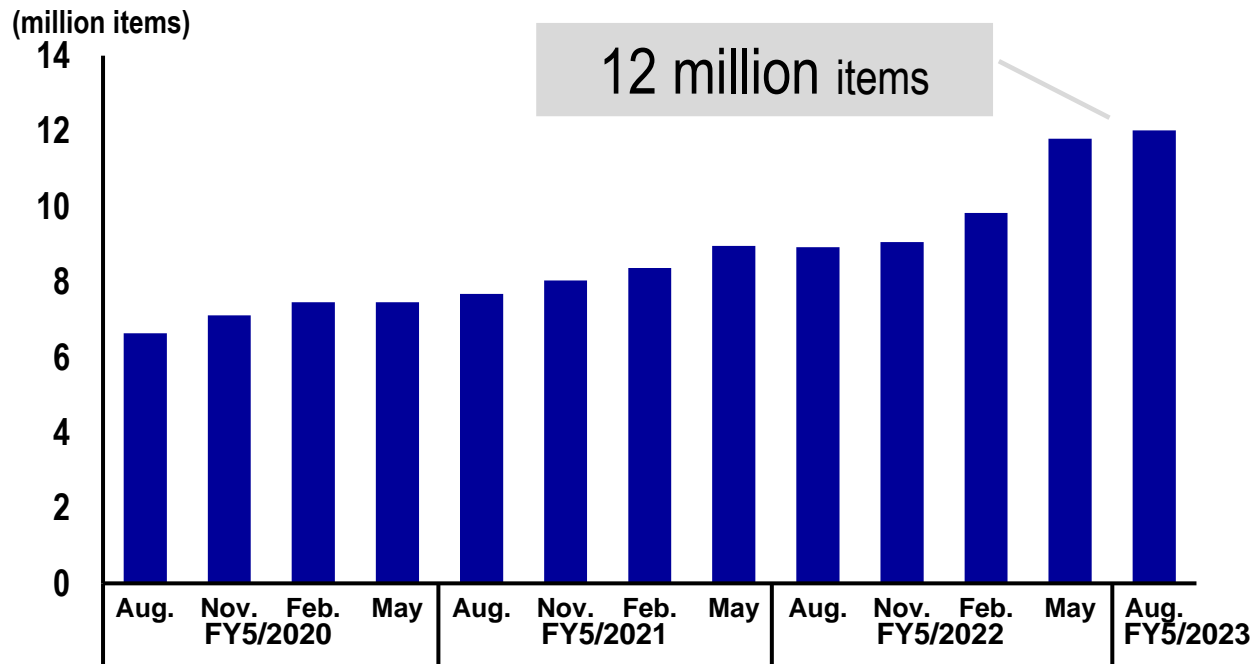


B-to-B Expansion of Product Assortments (Number of Products, Products in-Stock)

Products Handled
(Medium-term target at 18 million items)

- ✓ 1Q period : added more than 222 thousand items
New product handled exceeded 738 thousand items

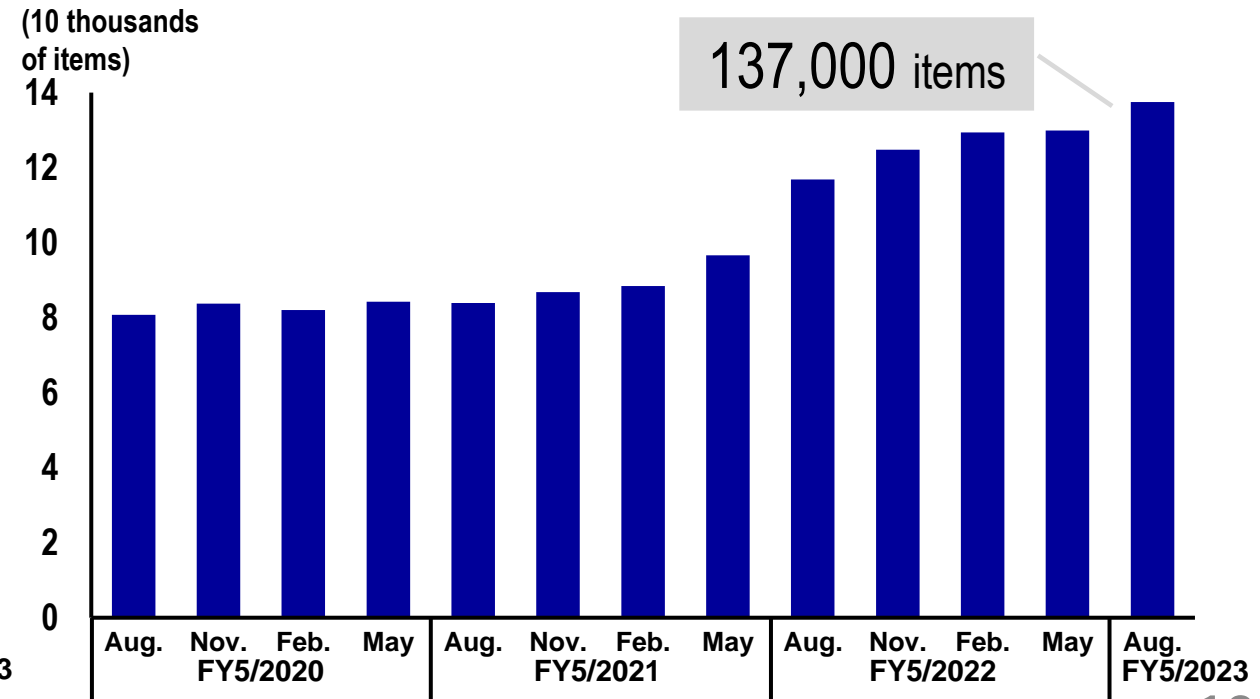
Accelerate introduction of products from 2Q onward to reach the full-year target of 14 million items



In-Stock Products
(Medium-term target at 330,000 items)

- ✓ 1Q period : added more than 7,500 items
Increased in Medical and MRO category

Steady start toward the full-year target of more than 150,000 items

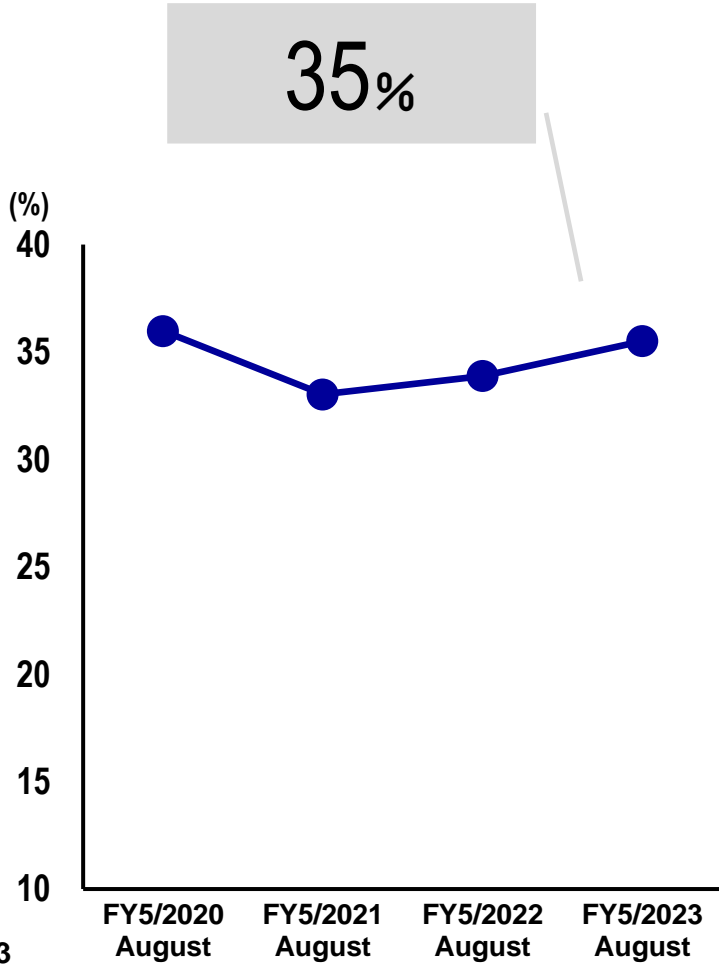
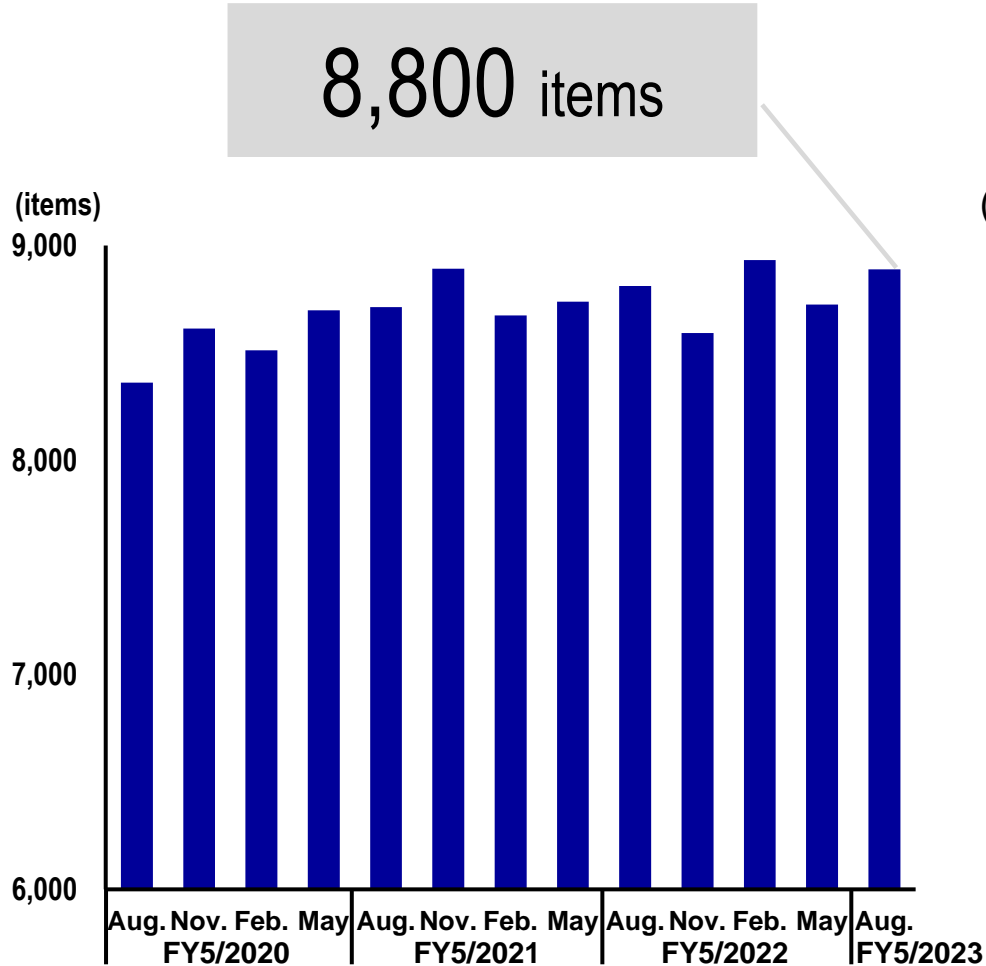


B-to-B Expansion of Product Assortments (ASKUL Original Products*1)

Number of Items
(Medium-term targets at 12,000 items)

Share in Net Sales
(Sales of B-to-B in-stock products)

Reinforce development of original products for strategic 2 major industries*2



To 10,000 items in full-year

*1 Original products includes products exclusive to ASKUL Excluding original products exclusive to LOHACO
*2 Industries are Medical and nursing care, Manufacturing

B-to-B Opening of SOLOEL ARENA site to public

Non-Consolidated

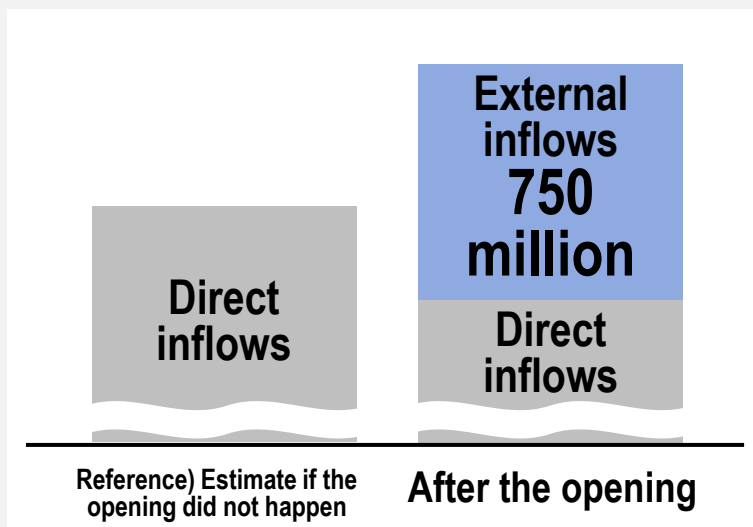


Confirming sales increase and higher order unit prices by shopping-around for strategic category products

Effect 1

External inflows Sales
750 million / month

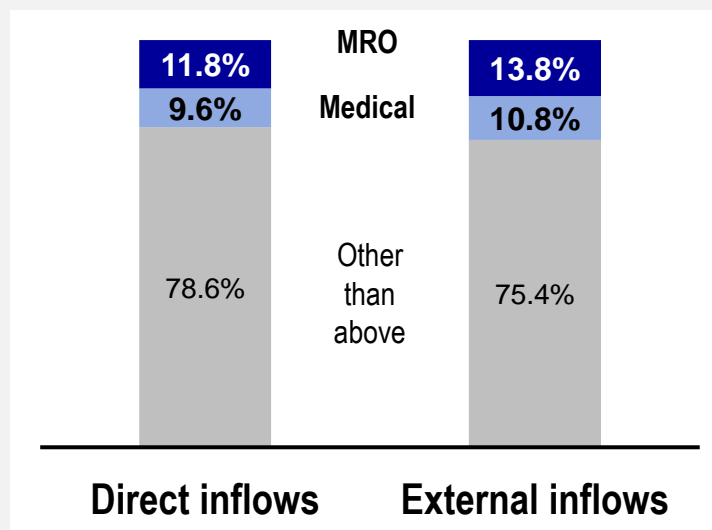
Sales results by the opening



Effect 2

Increase in strategic category product composition

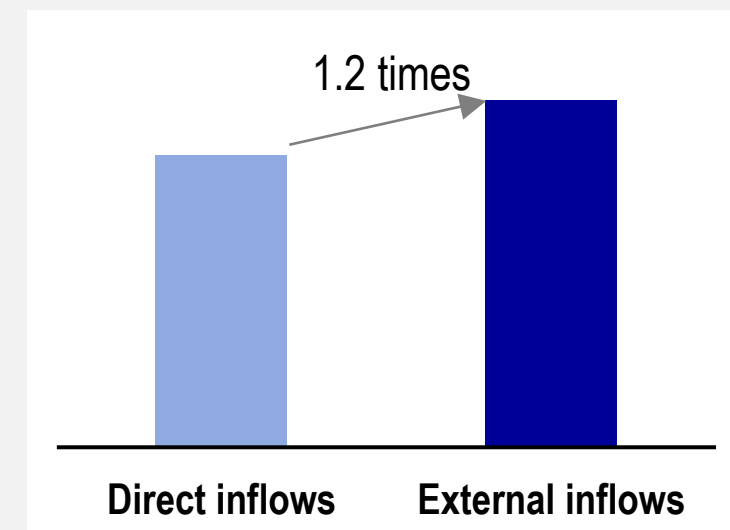
Sales ratio by product category



Effect 3

Order unit price increased
1.2 times

Order unit price



- Subject of aggregation: SOLOEL ARENA site from July 27, 2022, to August 26, 2022
- External inflow": transition from external sources such as search engines "Direct inflow": direct visit from bookmarks, etc
- The "External inflows of 750 million yen" in "After the opening" in Effect 1 includes sales expected to shift from direct inflows to external inflows due to the opening



- ✓ The opening of SOLOEL ARENA website to the public, which is expected maximum effect, has realized
 - > Pursue maximization of effects by expanding product lineups and strengthening web sales promotion
- ✓ On the other hand, due to delays in the opening, the overall schedule will be postponed
 - > Functional evolution planned after the integration of the two sites* will also be postponed
- ✓ Undergoing reassessment the development plan to achieve the Medium-Term Management Plan
 - > Considering a plan to prioritize the functional evolution of the current site and postpone the integration

* Two e-commerce sites, ASKUL for small- and medium-sized enterprises and SOLOEL ARENA for large- and medium-sized corporations



Steady progress in other strategies toward double-digit growth in the final year

Enriched information on product pages

- ✓ AI scores product information fields and narrowed-down search criteria that are important for purchasing decisions
- ✓ Promoting expansion of product information based on scores

Enhanced navigation from search engines

- ✓ Actively invest in advertising in strategic category products
- ✓ Sales via Online advertising
1Q YoY change almost **Up 1.3times***

Increase Awareness of long-tail product handling

- ✓ Promotion of consumable goods for strategic industries via the Web, SNS, etc.

Example of Video Advertising



URL for video ads “There is in ASKUL!” (only in Japanese)

15 seconds: <https://youtu.be/HwTDDXTFUAY>

6 seconds: <https://youtu.be/Q2xzWnMDZys>

*Please refer to Slide #36 “DX Topics” in financial result presentation material for the Third Quarter of the Fiscal Year ended May 2022
<https://pdf.irpocket.com/C2678/bKSc/wddy/g0yl.pdf>

* Result in small- and medium-sized enterprises



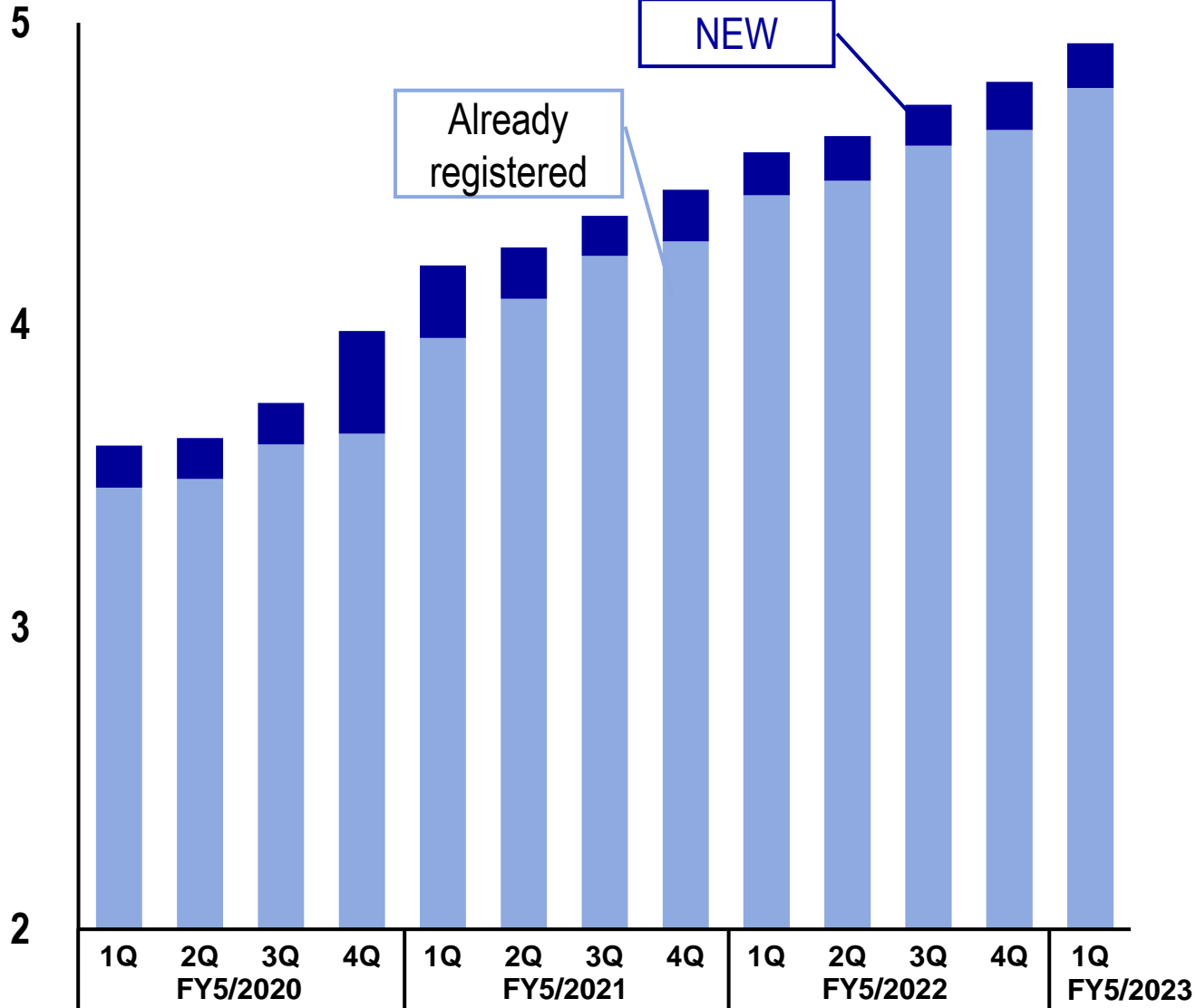
ASKUL Tokyo DC on track to begin operations in late November



Products are scheduled
to start arriving
in late September

B-to-B Number of Registered Customers*

(Millions)

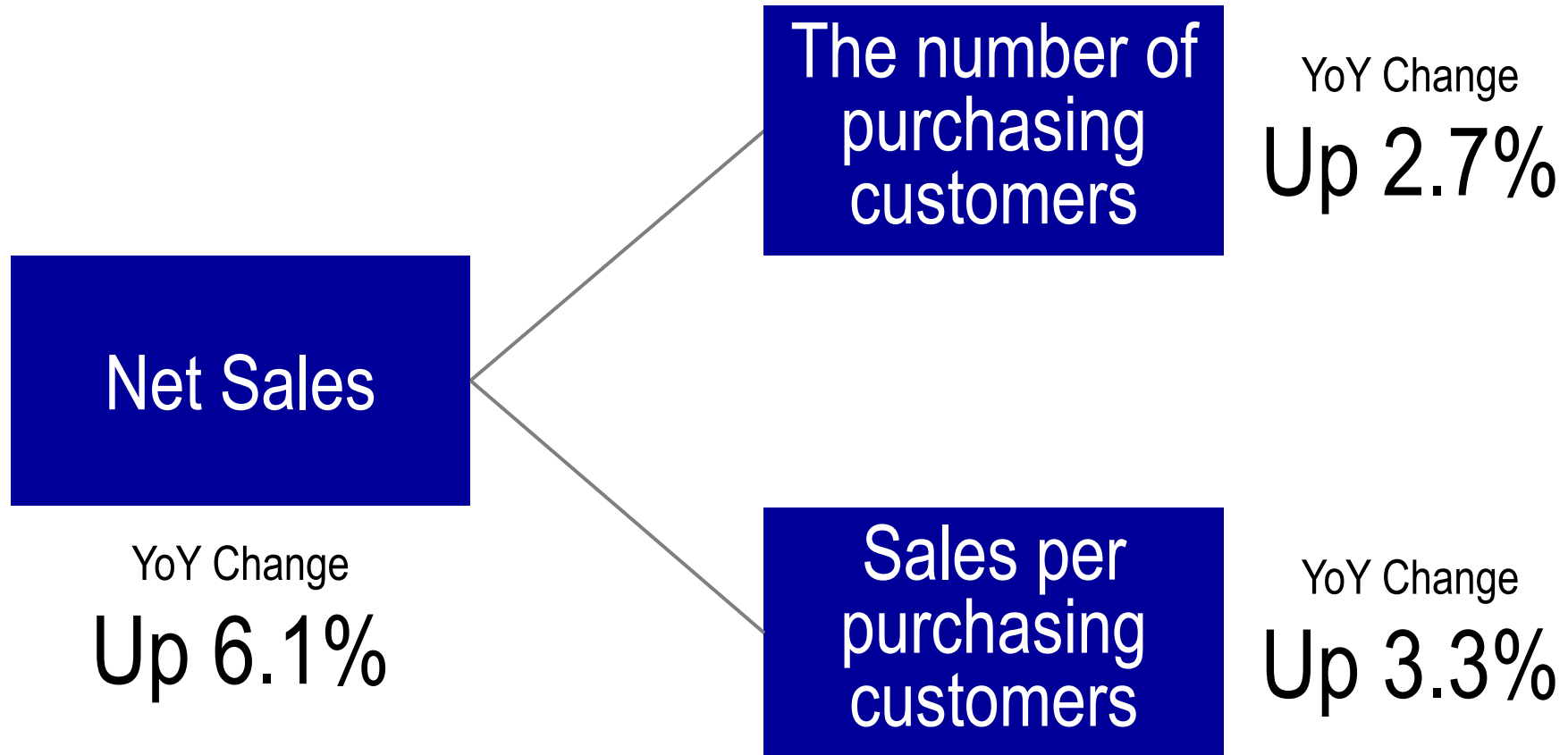


Customer Base Keeps Expanding

* New means the number of customers who registered in each quarter. Already registered is the number of customers calculated by excluding new customers from the total number of customers from whom ASKUL, SOLOEL ARENA, etc., can receive orders as of the end of each quarter.



Both the number of purchasing customers and sales per purchasing customers grew.



B-to-B Quarterly Net Sales by Item

Non-Consolidated



Growth and focus categories drove sales

(¥billion)	FY5/2020		FY5/2021		FY5/2022								FY5/2023			
	1Q		1Q		1Q		2Q		3Q		4Q		1Q			
		Composition ratio %		Composition ratio %		Composition ratio %		Composition ratio %		Composition ratio %		Composition ratio %		Composition ratio %	YoY change	YoY change %
OA & PC	23.3	31.9	21.9	29.4	22.2	29.1	23.4	29.7	24.1	30.3	24.1	29.5	22.8	28.1	0.5	+2.5
Stationery	10.3	14.1	9.5	12.8	9.5	12.5	9.9	12.6	10.0	12.6	11.2	13.7	9.5	11.7	(0)	-0.2
Living Supplies	20.6	28.2	20.3	27.3	22.1	28.9	21.7	27.5	21.0	26.4	21.7	26.6	25.2	31.1	3.0	+13.9
Furniture	5.0	6.9	4.5	6.1	5.0	6.6	5.1	6.5	5.0	6.4	6.4	7.9	4.5	5.6	(0.4)	-9.7
MRO	8.1	11.2	8.3	11.2	8.8	11.6	9.4	11.9	9.4	11.9	9.6	11.8	9.7	12.0	0.8	+10.1
Medical	4.0	5.5	8.2	11.1	7.1	9.3	7.4	9.4	8.0	10.1	6.9	8.5	7.8	9.6	0.6	+9.8
Others	1.6	2.3	1.5	2.1	1.5	2.0	1.9	2.5	1.8	2.3	1.7	2.1	1.4	1.8	(0)	-3.2
Total	73.2	100.0	74.5	100.0	76.5	100.0	79.0	100.0	79.7	100.0	81.8	100.0	81.1	100.0	4.6	+6.1

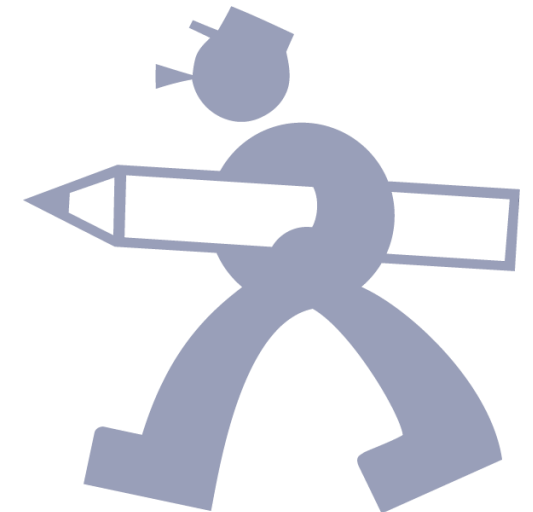
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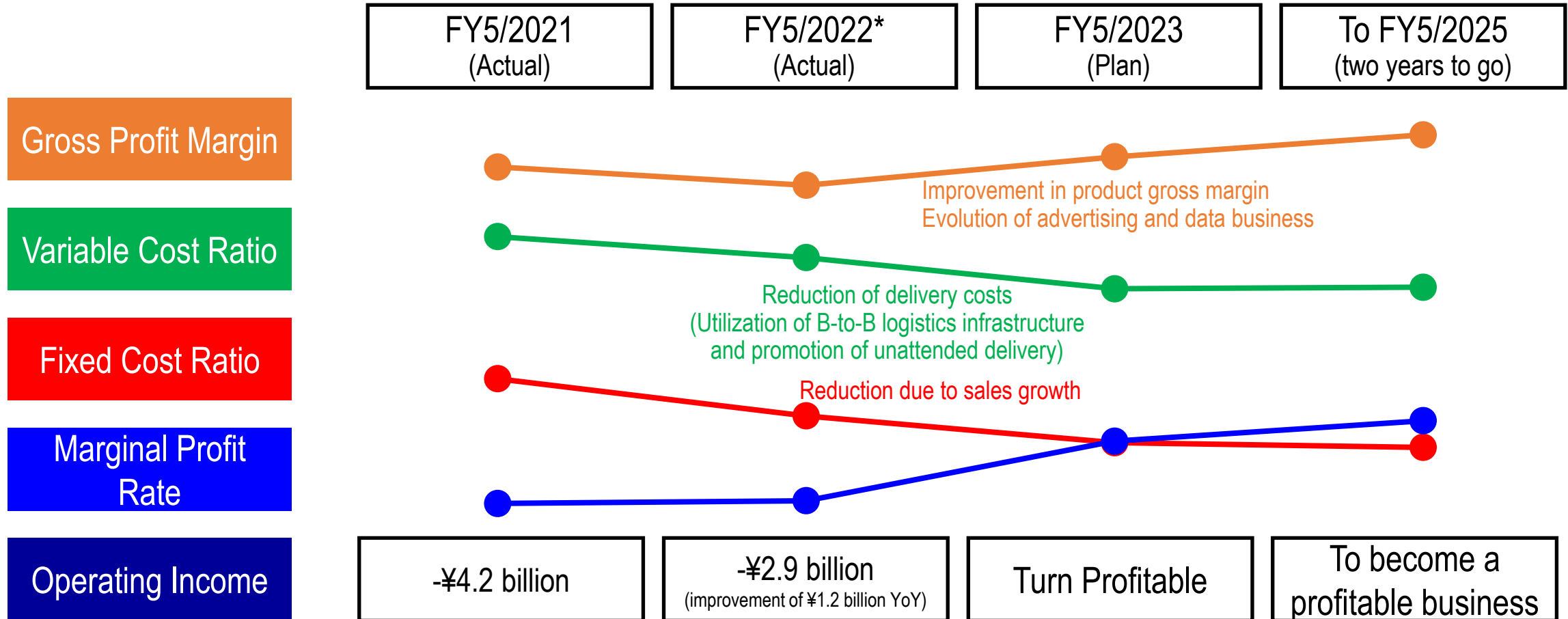
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LOHACO Roadmap for Profitability

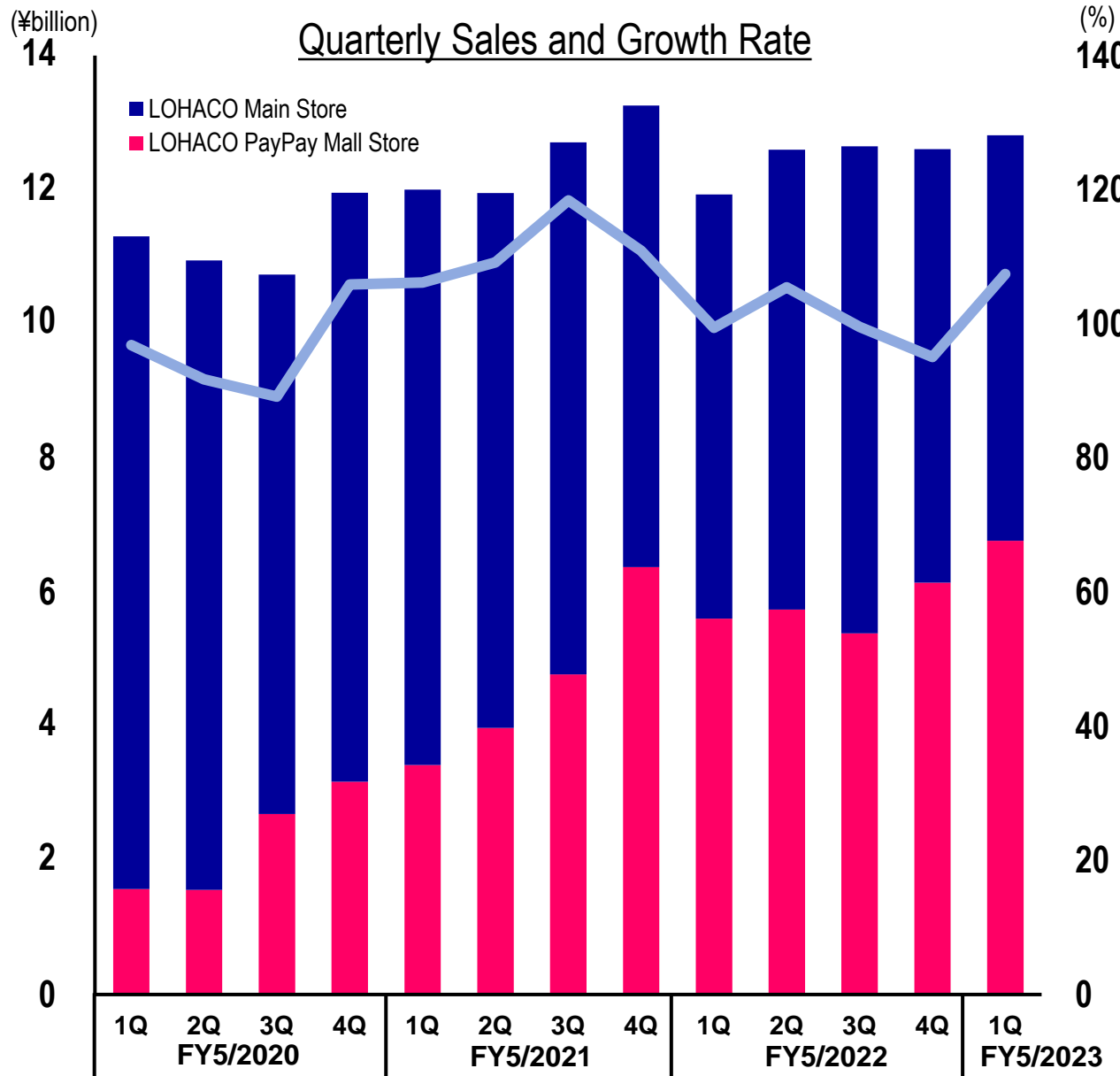
From [Summary of Financial Results for FY5/2022] presentation material

Achieve profitability through further improvement of each indicator and regrowth



LOHACO Domestic Net Sales

Non-Consolidated



Aim at further growth through group synergies and co-creation with manufacturer



Summer PayPay Festival (July 1 – 18)

All LOHACO products are subject to Bonus equivalent to a maximum of **24.5%**

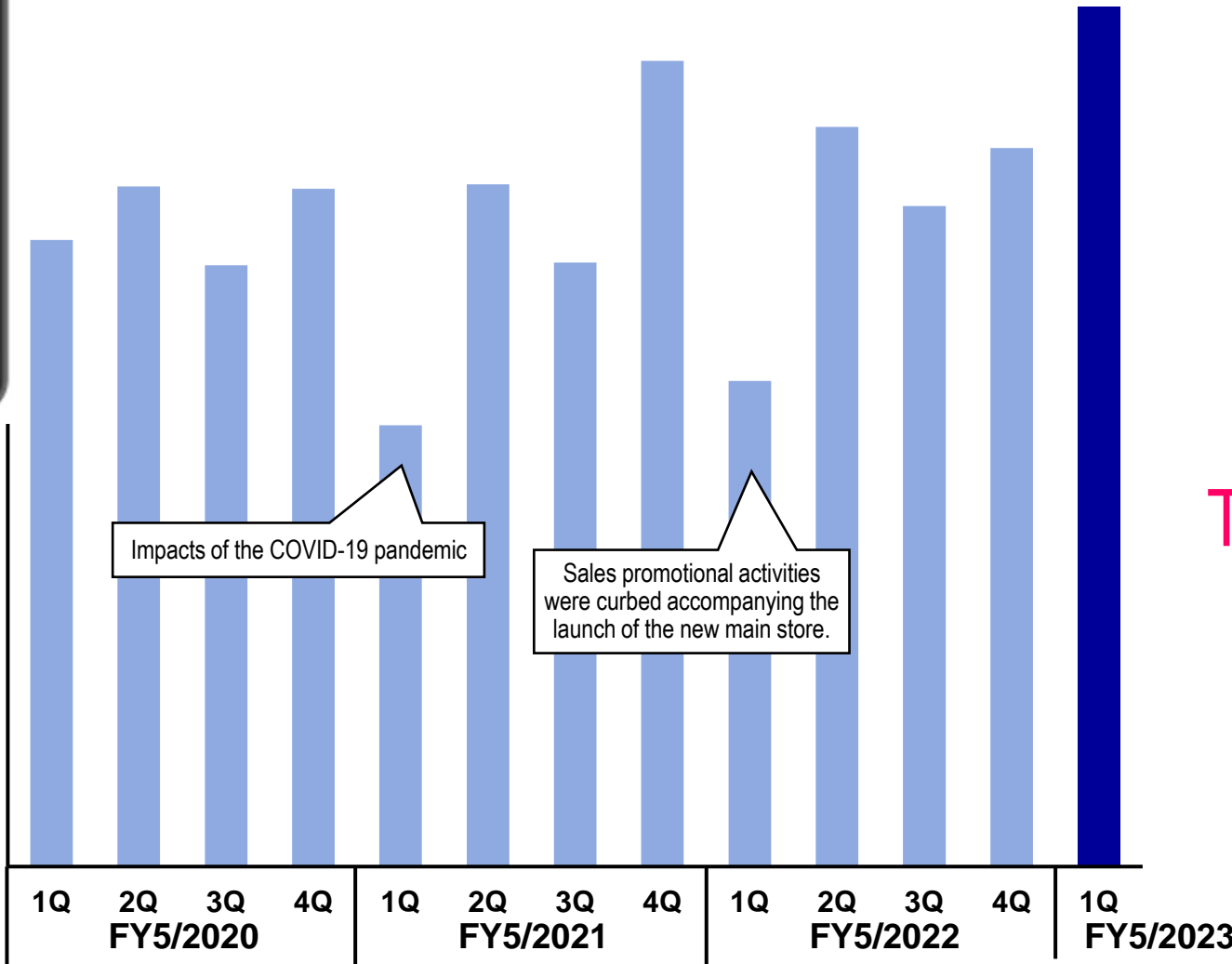


LOHACO SUPER COUPON (May 24 – July 17)

LOHACO Advertising Fee Income

(Yen) |

Advertising image



FY5/2023 1Q results
YoY change: Up 76.9%



To further evolution by putting data solution business in addition to sales promotion-linked advertising on track

LOHACO Initiatives to Turn Profitability in FY5/2023

Non-Consolidated



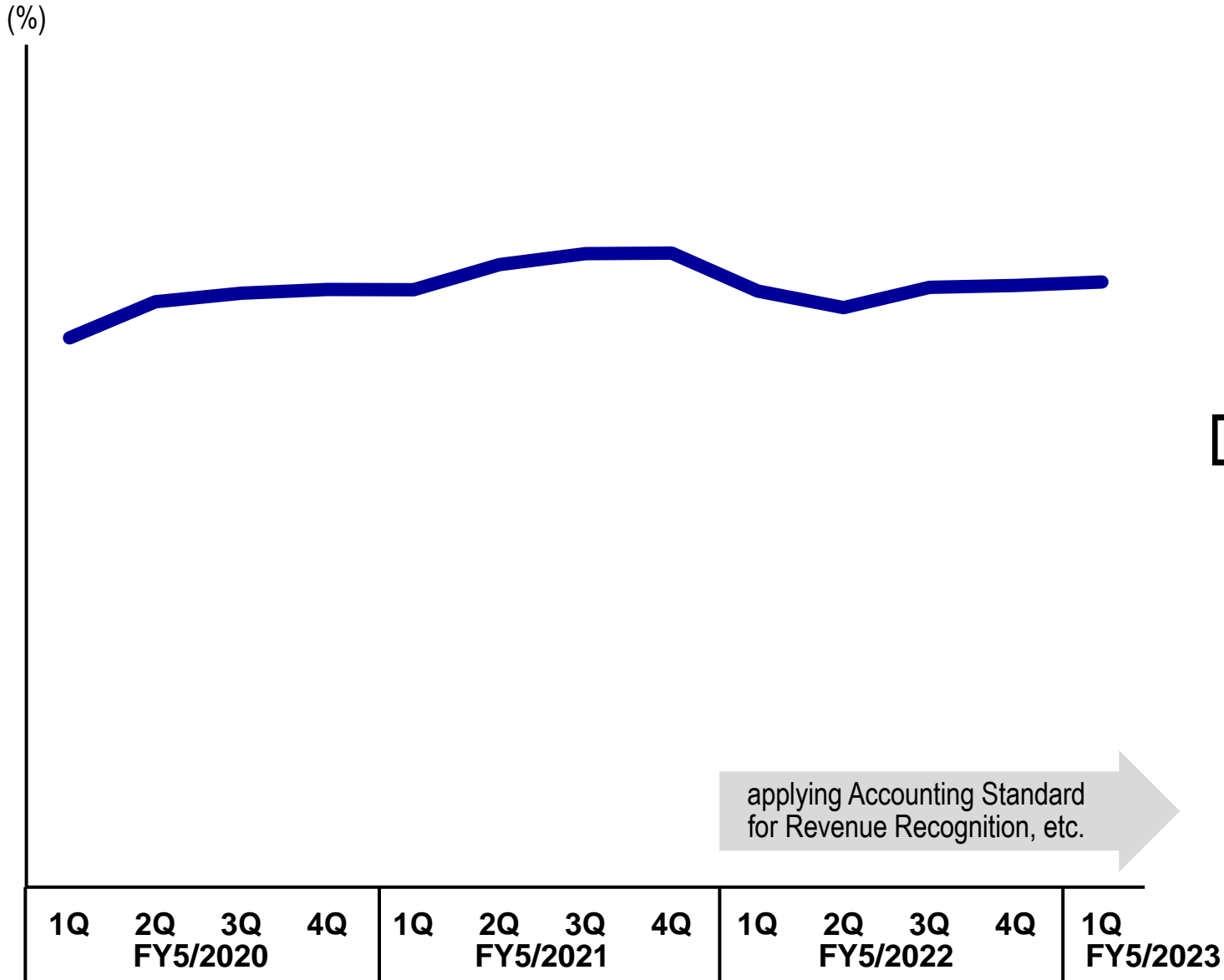
Double-digit growth due to large-scale sales promotions, but profit improvement was paused, to the planned line with additional measures

	Challenge	Counter-measures
Gross profit margin	<ul style="list-style-type: none"> ✓ Category mix Increase in sales composition of low-profit products 	<ul style="list-style-type: none"> ✓ Already implemented Gross profit margin for August exceeded the plan
Variable cost ratio	<ul style="list-style-type: none"> ✓ Delivery cost decrease in sales per box 	<ul style="list-style-type: none"> ✓ Improvement of UI/UX ✓ Increasing ratio of unattended delivery ✓ Revision of free-shipping charge*1
	<ul style="list-style-type: none"> ✓ Warehouse operating cost Increase in night shift due to concentration of shipments on specific days 	<ul style="list-style-type: none"> ✓ Shipment peak dispersion by "Otoku (good value) Designated Delivery Service"*2

*1 Review of free-shipping charge and delivery-related fees at LOHACO Main Store and PayPay Mall Store to be implemented in fall 2022. More details on page 29

*2 Demonstration experiment conducted together with Yahoo! Japan to give more PayPay points (amount equivalent to JPY) to customers if customer specify a delivery date later than a standard date.

LOHACO Gross Profit Margin

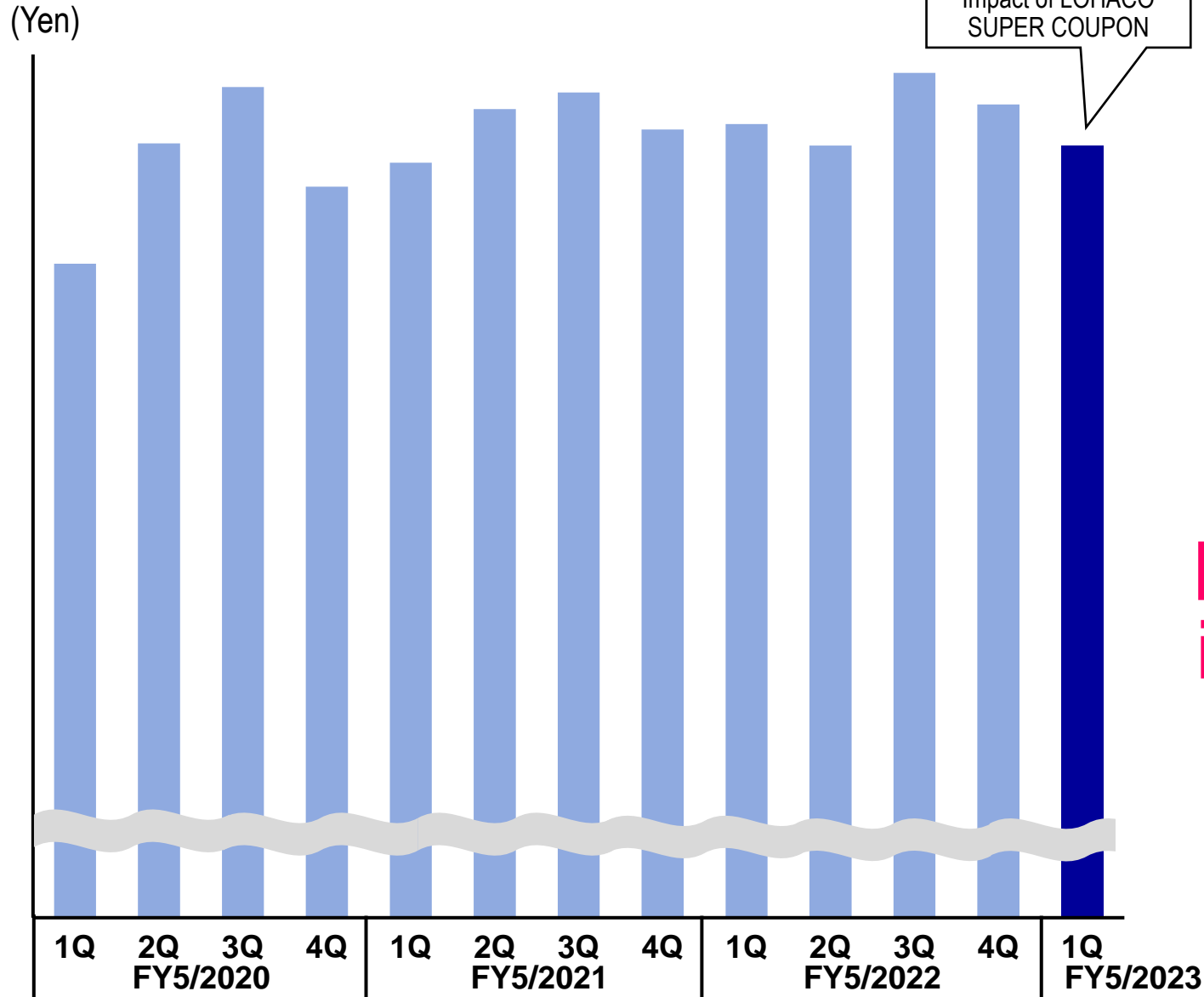


FY5/2023 1Q results
 YoY change: Up 0.4 points
 Domestic: Up 1.1 points
 Domestic August Up 1.9 points



Gross profit margin for August exceeded the plan due to measures taken

LOHACO Sales per Box (domestic)



FY5/2023 1Q results
YoY change: Down 1.7%



Revising free-shipping charge
in addition to UI/UX and other
enhancements

Aiming to increase unit price
per box

LOHACO Revision of Free-Shipping Charge

Non-Consolidated



	Main Store		PayPay Mall Store	
	Now	From November 1, 6pm~ (Plan)	Now	From October 3, 6pm~ (plan)
1. Free-shipping charge	3,300 yen	3,780 yen	3,850 yen	3,980 yen
2. Basic delivery charge	220 yen	550 yen	550 yen (No change)	
3. Special delivery charge	Set by product (No change)		None	From December~(plan) Set by product

* Shipping charges above include tax



Leveling off distribution fluctuations on specific days

Screen shot of App

Delivery method

Designated shipping company: free-of-charge

Specified date of delivery available:
After Monday September 12, 2022

Preferred Delivery Date

No preferred delivery date

Monday September 12, 2022

Tuesday September 13, 2022

Wednesday September 14, 2022 Earn ¥10 equivalent

Thursday September 15, 2022 Earn ¥20 equivalent

Friday September 16, 2022 Earn ¥20 equivalent

Sunday September 18, 2022 Earn ¥20 equivalent

[Select other dates](#) ▾

変更が終わりましたら「ご注文内容の確認」ボタンを押してください。

Order Confirmation

PayPay points are awarded if delivery date is set later than standard

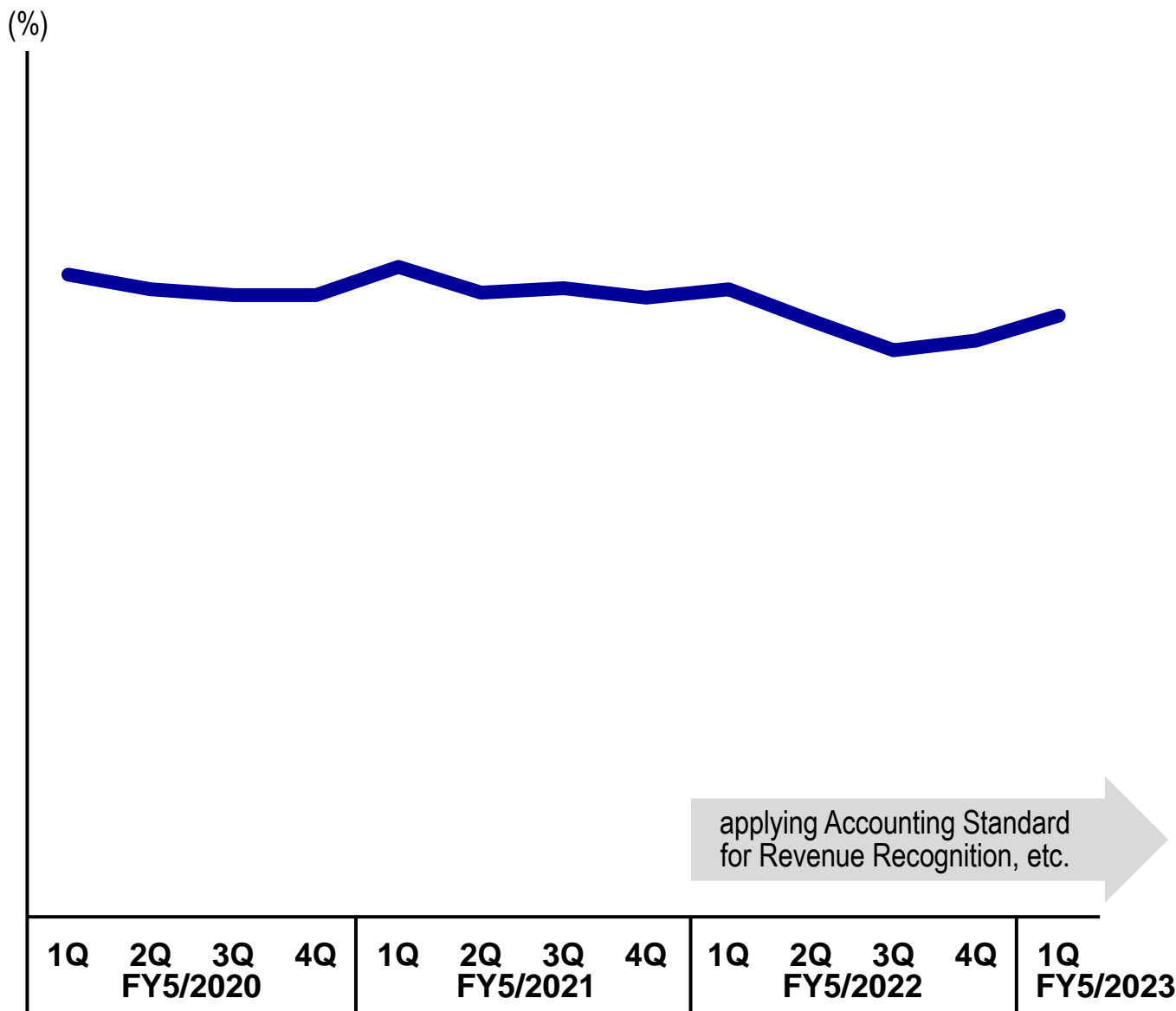
Simultaneously pursuit of maintaining service level and reducing warehouse operating cost ratio

Approximately 50%*2 of customers selected "Otoku Designated Delivery Service"

*1 Demonstration experiment conducted together with Yahoo! Japan to give more PayPay points (amount equivalent to JPY) to customers if customer specify a delivery date later than a standard date.

*2 "Otoku Designated Delivery Service" conducted at LOHACO Main Store and PayPay Mall Store on August 28, 2022 is eligible. Percentage is calculated by dividing the number of Otoku Designated Delivery orders by the total number of orders at each LOHACO Main Store and PayPay Mall Store

LOHACO Variable Cost Ratio



FY5/2023 1Q results
YoY change: Down 0.9 points



Accelerate implementation of multiple measures
Further improvement from 2Q onward

Accelerate growth through sales promotion collaboration with group companies

Main Store

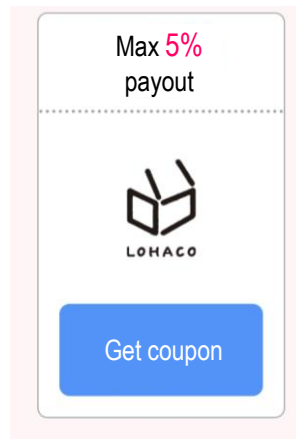
Advantages for LOHACO

- ✓ Strengthen customer acquisition and increase order unit price

Advantages for PayPay

- ✓ Expand opportunities to use PayPay payments

PayPay Coupon



PayPay Weekend



PayPay Mall Store

Advantages for LOHACO

- ✓ Strengthen acquisition of new customers leading to repeat business

Advantages for Yahoo!

- ✓ Promoting the use of EC for daily necessities on Yahoo! Shopping

Special Bundle Set for new customers



Living supplies bundle



はじめてのお客様限定! LOHACO (ロハコ) おすすめの日用品・雑貨の人気商品が1箱に詰まった数量限定のお得なセットです。

5,375 yen (before applying coupon)
-> 3,225 yen (after applying coupon)

Food/Drink Bundle



はじめてのお客様限定! LOHACO (ロハコ) おすすめの飲料・食品の人気商品が1箱に詰まった数量限定のお得なセットです。

4,907 yen (before applying coupon)
-> 2,945 yen (after applying coupon)

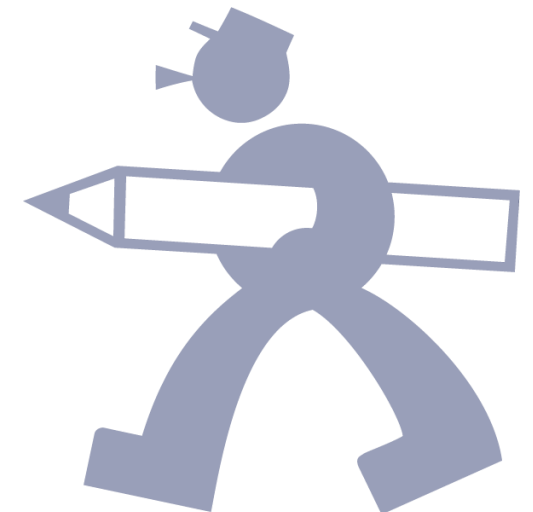
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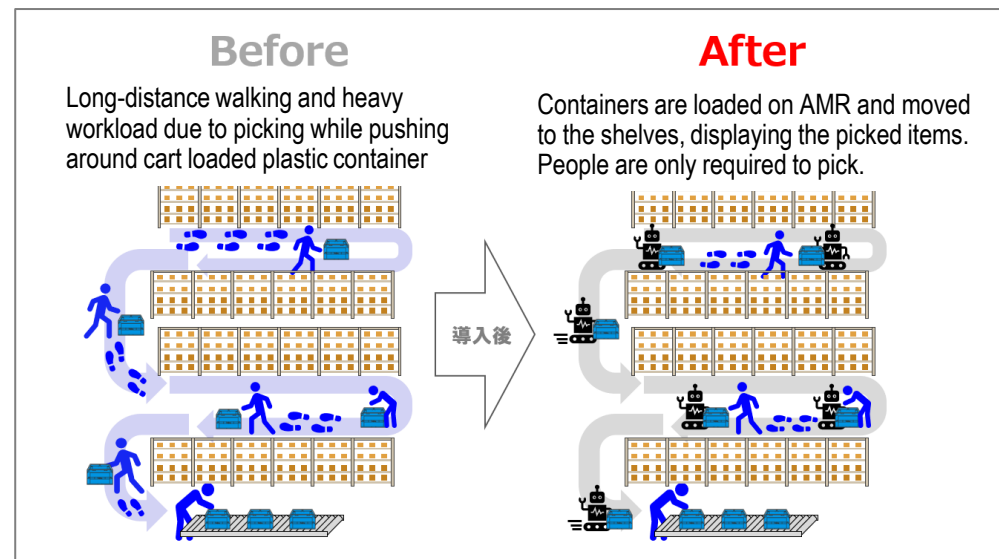
June 2022

34 AMR*¹ units, the largest in the EC industry*², installed at AVC Hidaka

- ✓ In addition to improving productivity, the new system significantly reduces the workload of long-distance walking in picking operations, further promoting DX in the way of working at logistics sites
- ✓ Achieved productivity about 1.8 times higher than conventional way

*1 AMR (Autonomous Mobile Robot) is a robot that takes the place of humans for much of the walking process in the picking operation, making decisions on its own, moving while avoiding people and obstacles, and cooperating with humans in the picking operation.

*2 Largest number of installations in the EC industry in Japan (based on actual installations by Rapyuta Robotics Private Limited as of June 2022)



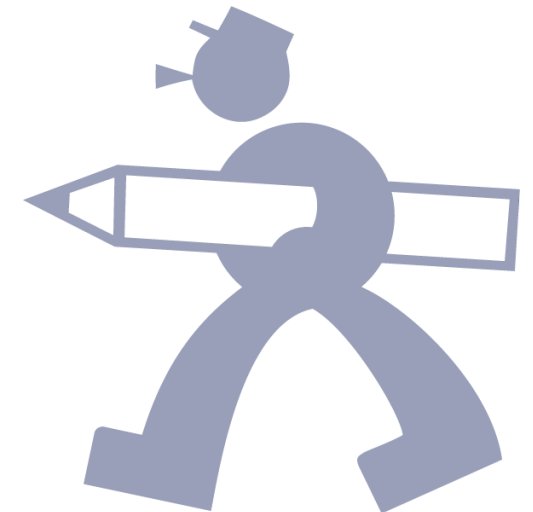
I. Consolidated Performance for 1Q FY5/2023

II. B-to-B

III. B-to-C

IV. DX

V. Appendix



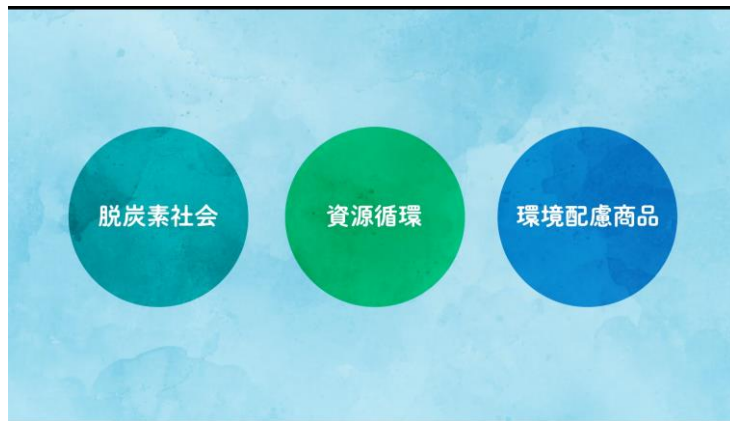
Initiatives for Environment



An animated video summarizing the environmental initiatives, which are being promoted as an integral part of our business to solve social issues, is now available.

Please see below for the full length of the video. (Japanese Only)

<https://eqm.page.link/LgV5>



FY5/2023 Net Sales by Item

Non-Consolidated

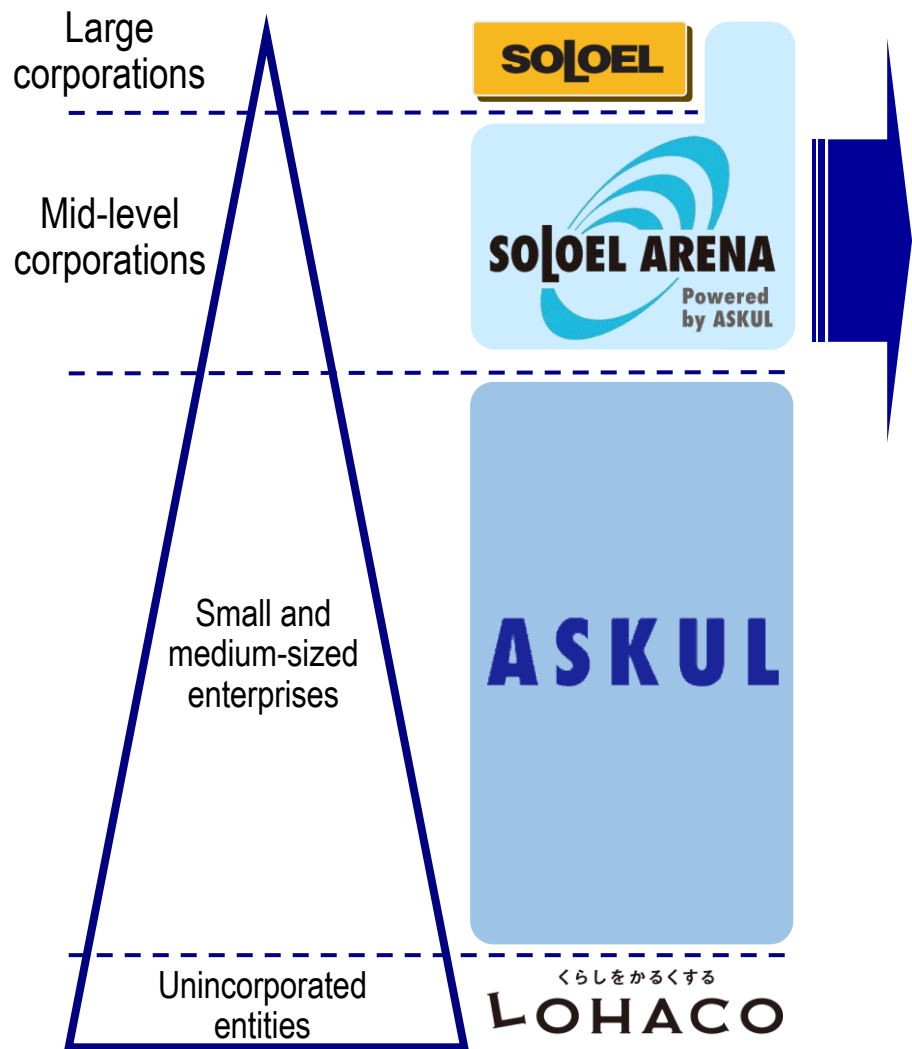


(¥billion)	FY5/2022 1Q			FY5/2023 1Q			
		Composition ratio %	YoY change %		Composition ratio %	YoY change	YoY change %
OA & PC	22.8	25.6	+1.3	23.1	24.4	0.3	+1.7
Stationery	9.7	11.0	-0.1	9.7	10.2	(0)	-0.6
Living Supplies	32.9	36.9	+6.3	37.4	39.3	4.4	+13.6
Furniture	5.1	5.8	+8.5	4.6	4.9	(0.5)	-9.9
MRO	9.1	10.2	+5.6	10.0	10.5	0.8	+9.6
Medical	8.0	9.0	-12.0	8.8	9.3	0.8	+10.2
Others	1.3	1.5	-21.2	1.3	1.4	0	+0.0
Total	89.1	100.0	+1.9	95.1	100.0	5.9	+6.7

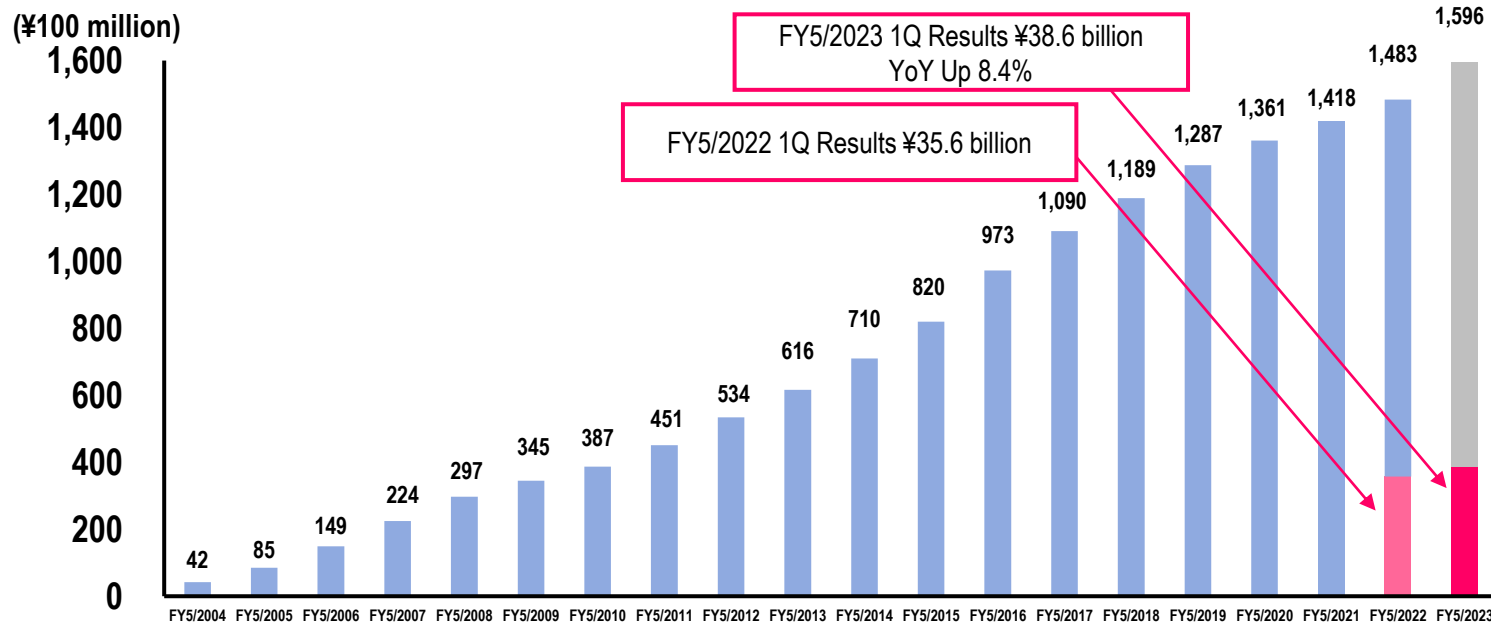
Growth in Living Supplies, MRO and Medical

B-to-B Results of SOLOEL ARENA and others

Non-Consolidated

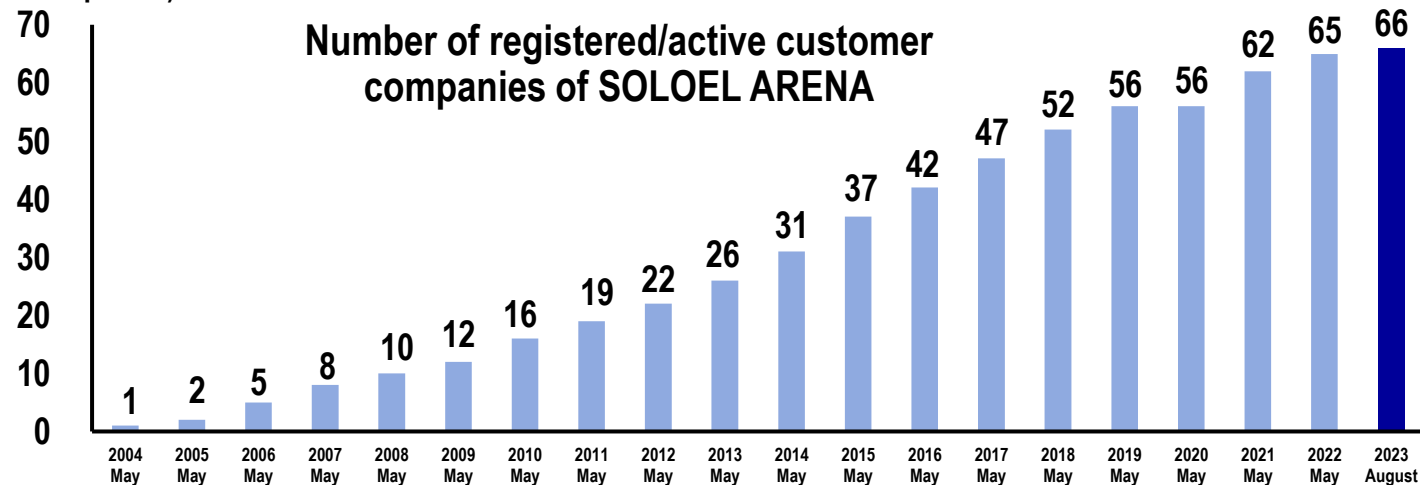


Net sales value for SOLOEL ARENA and others



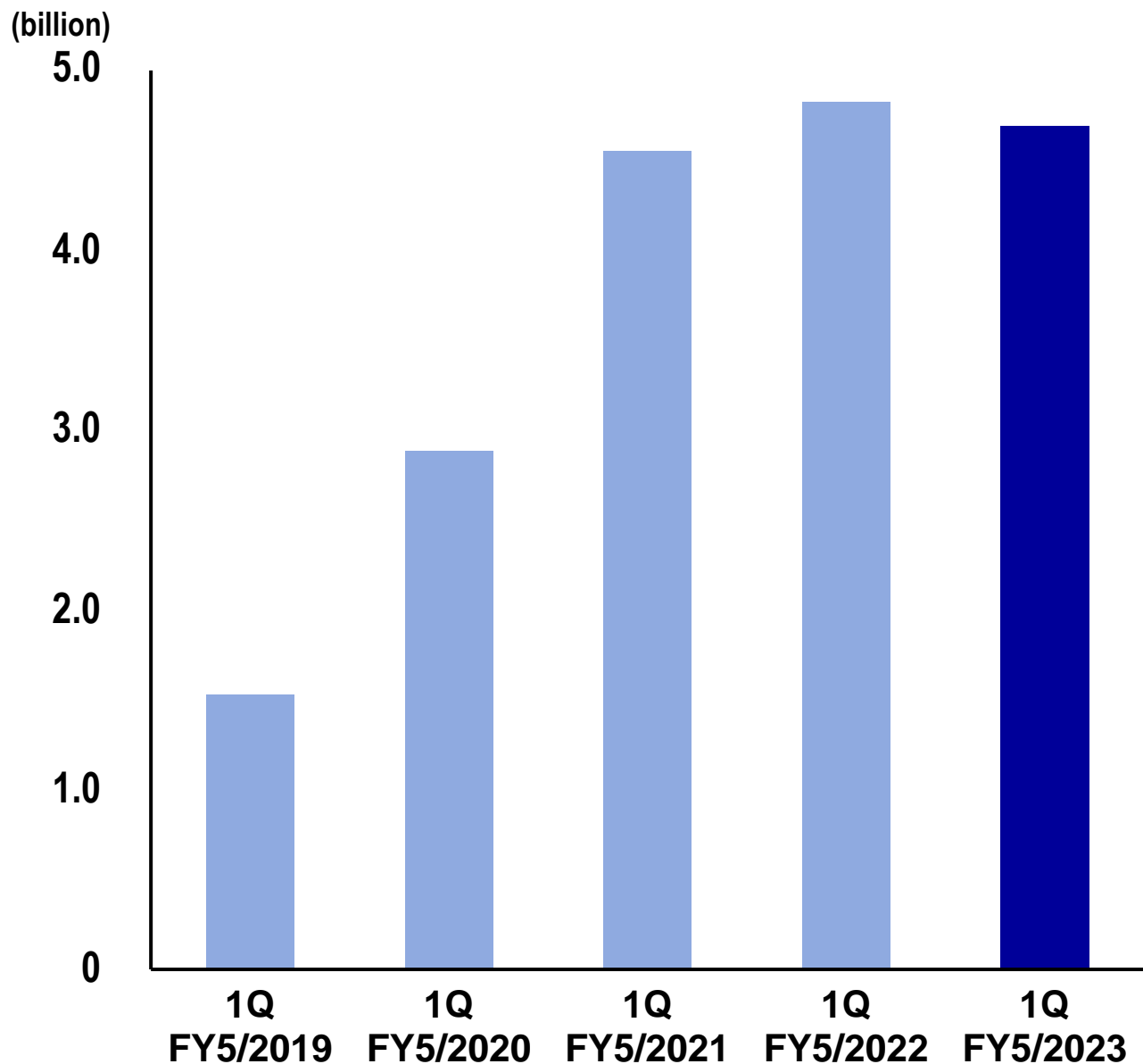
(1,000 companies)

Number of registered/active customer companies of SOLOEL ARENA



Trend of EBITDA

Consolidated



Re-expansion in the next fiscal year and onward



Gross profit: ¥26.6 billion YoY change: Up ¥1.6 billion

Gross profit margin: 24.2% YoY change: Down 0.2 points

✓ Due to increase in sales share of group companies

SG&A expenses: ¥23.7 billion YoY change: Up ¥1.9 billion

Ratio of SG&A expenses to net sales 21.5% YoY change: Up 0.3 points

<Breakdown of year-on-year difference>

- ✓ Shipment expenses +0.3 billion
- ✓ Rents +0.3 billion
- ✓ Personnel expenses +0.2 billion
- ✓ Subcontract expenses +0.2 billion



Capital expenditures ¥5.1 billion(Annual plan: ¥13.5 billion)

Related to ASKUL Tokyo DC ¥2.9 billion

Related to the new ASKUL website ¥1.6 billion

(Reference) Depreciation and amortization of software: ¥1.5 billion (Annual plan: ¥7.1 billion)

Investment details

(¥ million)

Item	1Q FY5/2022	1Q FY5/2023	
	Amount	Amount	YoY Change
[Capital expenditures]	3,062	5,195	+69.6%
Property, plant and equipment	1,605	3,049	+90.0%
Intangible assets	1,457	2,146	+47.3%
Construction in progress (Note 2)	6,043	7,970	+31.9%
Software in progress (Note 2)	4,069	7,304	+79.5%

(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 quarter under review, and partially include consumption and other taxes.

1Q FY5/2023 Share of Orders Placed on the Internet of Net Sales and Original Products

Non-Consolidated



Share of orders placed on the Internet of net sales

	1Q FY5/2022	1Q FY5/2023	YoY Change
Orders via the Internet	87.7%	88.6%	+ 0.9pt
Other	12.3%	11.4%	-0.9pt

Note 1: Percentages are based on orders placed.

ASKUL Original Products

	Aug. of FY5/2022	Aug. of FY5/2023	YoY Change
Number of original products	10,270	11,749	+ 1,479
Share of non-consolidated net sales (of which, share of B-to-B business)	26.7% (33.9%)	28.7% (35.5%)	+ 2.0pt (+ 1.6pt)

Note 1: The number of original products 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 2: The calculation of original products as a percentage of net sales includes original copy paper.

Note 3: From 4Q FY5/2018 onward, the calculation of B-to-B original products as a percentage of net sales uses B-to-B business inventory sales as the denominator.

ASKUL Environmental Policy

We, the ASKUL Group, is committed to contributing to the global environment that will lead to the future generation through its business activities as a company that supports workplace, life, the planet and tomorrow.

Carbon neutral

- “2030 CO₂ Zero Challenge”
Reduce CO₂ that is emitted by business sites and distribution down to zero by 2030
- “RE100”
Raise a group-wide renewable energy utilization ratio to 100% by 2030
Realized **65%** as of May 2022
- “EV100”
Replace delivery vehicles owned and used by ASKUL LOGIST 100% with electric vehicles by 2030
In the 4Q of FY5/2021, seven new light EVs were introduced.



Resource recycling

- “1 box for 2 trees”
Confirm planting of two eucalyptus, double the amount of raw materials, by purchasing one box of original copy paper 
- Reduce disposal of returned products
Reduce returned products that lead to their disposal
Remake returned products into salable products
Sell returned products as “imperfect ones” at a discount
- A recycling value chain of used plastic products
Ministry of the Environment “FY2020 Demonstration Project for Constructing a Recycling System for Plastics and Other Resources to Support a Decarbonized Society” has completed.
After the demonstration project, “ASKUL Resource Recycling Platform” is established and put into operation. Create a value chain for recycling plastic resources and reduce CO₂ emissions

Development and procurement of environmentally-friendly products

- Environmental response by original products
Development of original products by paying attention not only to quality and design but also to the environment



- Recycled paper bags “Come bag”
An FSC® certified* product, comprised of 85% paper pulp and 15% recycled pulp from ASKUL catalogs
* The FSC® certification system certifies “responsible management of the world’s forests”
Using FSC® certified products leads to forest conservation.



- Lineup of biomass shopping bags





ASKUL Environmental Policy

We, the ASKUL Group, is committed to contributing to the global environment that will lead to the future generation through its business activities as a company that supports workplace, life, the planet and tomorrow.

2021 Selected as a “Climate Change A List” company by CDP

2020 Selected as a “Climate Change A List” company by CDP

2019 Announced support for “TCFD recommendations”
Selected as a “Climate Change A List” company by CDP

2018 Obtained “Eco-First company” and “SBT” Certification

2017 Joined RE100 and EV100

2016 Signed up for the “United Nations Global Compact”
Announced the “2030 CO₂ Zero Challenge”

2013 Formulated Medium-Term Environmental Targets

2003 Formulated ASKUL Environmental Policy



Companies included in “Climate Change A list” are ones selected as the highest rated by the international non-profit environmental organization Carbon Disclosure Project, CDP. If companies are taking excellent actions in response to climate change and disclosure of their information, they will be included in the list

“TCFD recommendations” are international propositions, compiled by the Task Force on Climate-related Financial Disclosures (“TCFD”), concerning how corporations should voluntarily disclose information for the purpose of identifying and disclosing the financial impacts of risks and opportunities caused by climate change

“SBT: Science Based Targets” are corporate targets to reduce global warming gas. The “Science Based Targets” organization, an international initiative, will approve them as targets that aim at scientifically based levels to achieve the “2°C target Efforts to keep the temperature well below 2°C and bring it below 1.5°C)” set out in the Paris Climate Accord

The “Eco-First Company” is a company chosen by the Minister of the Environment as a company that engages in “advanced, unique and industry-leading business activities” in environmental conservation activities, such as global warming countermeasures and waste and recycling measures

United Nations Global Compact (UNGC) is a voluntary initiative by which companies and organizations act as good members of society and participate in the creation of a global framework that realizes sustainable growth by demonstrating responsible and creative leadership

“RE100” is an international business initiative, participated by companies that publicly aim to operate their business with 100% renewable energy

“EV100” is an international business initiative, participated by companies that publicly aim to replace all of their business-purpose vehicles with electric vehicles



Together with colleagues

- Diversity-oriented management
ASKUL's Declaration of Diversity (2015)
 - Utilize diverse human resources
Promote female active participation and enhance the ratio of female managers
Declared a target of raising the ratio of female managers to 30% by 2025
Participated in 30% Club Japan
 - Promote diverse work styles
Systems for leave and shorter working hours for childcare
Systems for leave and shorter working hours for nursing care
Holding of nursing care seminars
Conducted Unconscious Bias Training
Telework system: Abolished the limit on the number of times per month for teleworking
Flextime system: Eliminated the core time
Office where employees can work with peace of mind (Thorough preventive measures against infection)



- ASKUL LOGIST: Provide free lunches
Promotion of health-oriented management by providing free lunches to employees working in logistics, delivery, and headquarters so that they can work in good physical and mental health



- ASKUL LOGIST Fukuoka Distribution Center's efforts to employ persons with disabilities in cooperation with local communities



Legal employment rate at **29.9%***
(Legal employment rate of private companies is 2.3%)

* Legal employment ratio calculated in units of business sites as of August 20, 2022)

Together with customers

- Improvement activities starting with customer voices
 - Share customer voices
Distribute internally opinions, requests, and suggestions received from customers by phone, e-mail, on the website, and on Twitter, etc to ensure that all employees grasp the situation.
 - Operation of "Customer Satisfaction Improvement Committee"
Based on feedback from customers, related divisions cooperate in implementing service evolution and quality improvement activities.
 - Quality KPI Improvement Activities
PDCA cycle is implemented for the purpose of "enhancing customer satisfaction by improving the quality of products and services." Customer feedback is reported to and shared with CEO, management, and related department heads, and discussions and improvements are made regarding the evolution of products and services.
 - Declared Conformity to ISO10002
Declared conformity to ISO 10002, the international standard for customer satisfaction management systems, as part of our commitment to customer feedback. Created and maintained relevant documents and regulations for customer service and established and operated a management system.

Initiatives with business partners

- Declaration of support and voluntary action for the "White Logistics" promotion campaign
A movement to resolve the shortage of truck drivers and work to realize a more employee friendly working environment in which productivity in truck transportation is improved, efficiency in logistics is raised, and some kinds of drivers, such as women and people over the age of 60, will find it easy to work
- Sustainable Procurement Policy
Formulated in April 2021. In order to help realize a sustainable society, fulfill our corporate social responsibilities in cooperation with our business partners with attention paid to the environment, safety and human rights among others
- Supply Chain CSR Survey / Audits
Based on Sustainable Procurement Policy, from July to October 2021, conducted survey the status of efforts of suppliers concerning the six areas: environment; worry-free and safe products; legal compliance and fair trade; human rights; the working environment; and response to risks and changes. In addition, CSR audits of factories for private brand manufacturer will begin in April 2022.

Social contribution activities

- Supporting East Japan Reconstruction through Impact Investment and Donations
The Group supports projects in three prefectures in the Tohoku region that are intended to solve social problems and revitalize local communities. It does so with the aim of offering cyclical support through donations and impact investing in cooperation with manufacturers. The second recipient of the support will be a shark fin processing food manufacturer in Kesenuma city, Miyagi Prefecture.
- Project for looking into air and water environments
In a joint project with S.T. Corporation, the ASKUL Group donates part of the sales of "S.T. Toilet Deodorant and Deodorant Spray," exclusively for sale by ASKUL, to associations that are engaged in improving air and water environments, thereby supporting their activities. The first case will be donated to approved specified NPO, Water Aid Japan.
- Concluded SDGs Collaboration Agreement with City of Tsushima
There are many points in common between Tsushima City's SDGs Future City Plan and ASKUL's approach to and direction of resource circulation. Therefore, the SDGs Collaboration Agreement was concluded in February 2021 to promote joint activities that make effective use of the resources and know-how of both sides to achieve the SDGs targets.



Medium-Term Growth Scenario

(From “From FY5/2022 to FY5/2025 Medium-Term Management Plan” announced in July 2021)

Establishment of the most powerful B-to-B EC website

Strategic industries and expansion of product assortments

Synergies with Z Holdings Group

Reform of the platform

FY5/2021

FY5/2022

FY5/2023

FY5/2024

FY5/2025

1. Establishment of the most powerful B-to-B EC website

The two EC websites, ASKUL for small and medium-size businesses and SOLOEL ARENA for mid-level and large corporations, are integrated into one. Aim to become the most powerful B-to-B EC website by not only combining the features of the two sites but also deploying the function to respond to the need from teleworking. In this way, increase the frequency of customers' purchasing and the purchase amount per customer and enhance the customer retention rate by consolidating purchases.

2. Strategic industries and expansion of product assortments

Expand product lineups centered on specialized products for customers in the two major industries of medical and nursing care, and manufacturing. The plan to double the number of items handled (18 million), quadruple in-stock products (330,000) and increase original products by 1.4 times (12,000), compared with those in May 2021. The two measures of the launch of the new ASKUL website and expansion of product assortments will drive double-digit B-to-B growth for FY5/2025.

3. Synergies with Z Holdings Group

The Group will further concentrate its resources on its strengths of products, logistics and CRM by fully utilizing the infrastructure of Z Holdings in terms of attracting customers, site platform and payment systems. Strengthen cooperation with the Z Holdings Group to achieve regrowth after turning profitable. “Yahoo! mart by ASKUL,” a joint fast delivery business with the Z Holdings Group, was launched in January 2022.

4. Reform of the platform

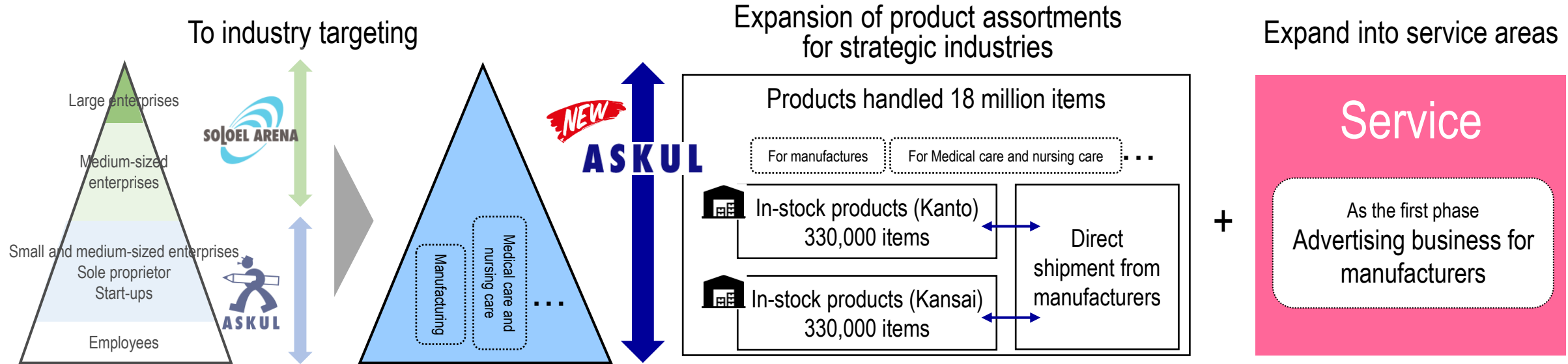
The plan to evolve the high-speed logistics, which is ASKUL's strength, then realize “Come tomorrow” for long-tail products through measures, such as structural reform of distribution centers, integration of B-to-B and B-to-C logistics, and application of DX to value chains. “ASKUL Tokyo DC,” the most advanced core center in eastern Japan, which will play an important role in bringing this project into being, is scheduled to start operating in 2022.

B-to-B Medium-to Long-Term Growth Vision

Achievement Medium-Term Management Plan is a milestone and further enhance corporate value

Transformation from Office Supplies Mail Order

Further Enhancement of Corporate Value



Growth scenario

- Strategic industries and expansion of product assortments
- Establishment of the most powerful B-to-B EC website
- Reform of the platform

Value to be realized

- Have all the products that all customers need
- Fastest and most convenient purchase experience
- Deliver products quickly and reliably

Specific Initiatives

- ✓ Expand product assortment to 18 million items
- ✓ Expansion of products for the 2 major strategic industries
- ✓ Path that can be bought smoothly from search
- ✓ 1-to-1 (personalized) marketing by utilizing Data x AI
- ✓ Significant expansion of in-stock products
- ✓ Improve delivery time accuracy for products shipped directly from manufacturers



Continuously bringing delight to our workplace, life, the planet and tomorrow.