



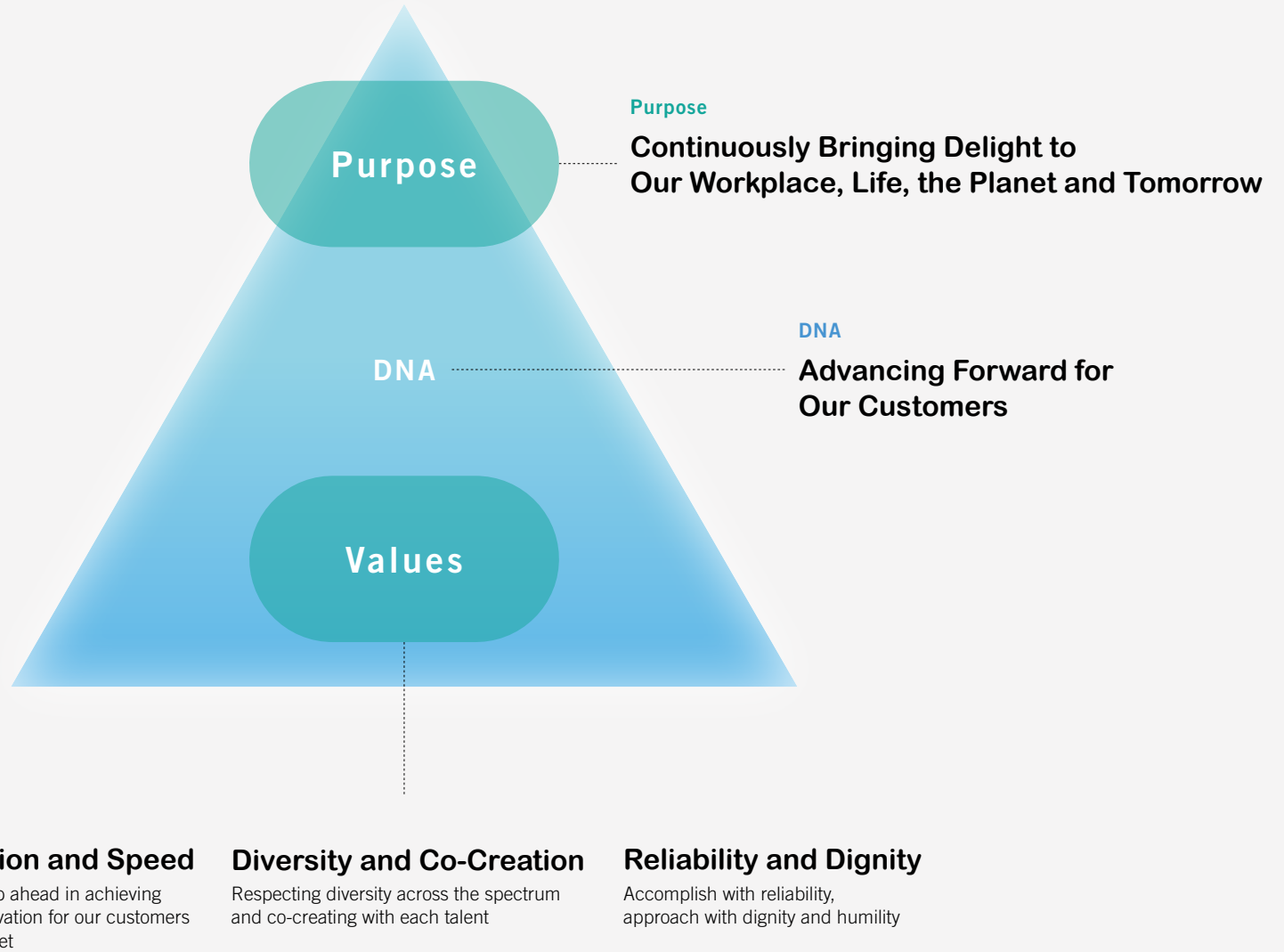
ASKUL Report 2022

ASKUL WAY

Under the ASKUL WAY, which we updated in December 2020, we have newly positioned our corporate philosophy of “Advancing forward for our customers”—an ideal we have valued since our founding—as our unchanging DNA that we will pass from generation to generation, no matter how much we change as a company.

This DNA will underpin Our Purpose, which conveys the reason why we exist and what our responsibilities are to society, and Our Values, which represent the ideals we must maintain in order to realize Our Purpose.

The ASKUL WAY serves as the cornerstone for transforming ourselves as a company in accordance with change, and the actions that employees carry out in accordance with the ASKUL WAY will provide the driving force toward creating a new ASKUL.



CEO Message

Akira Yoshioka

Representative Director,
President and CEO,
ASKUL Corporation

Continuously Bringing Delight to Our Workplace, Life,
the Planet and Tomorrow

The Publication of ASKUL's First-Ever Integrated Report

I would like to extend a warm greeting to all our stakeholders as we publish our first-ever integrated report. “Guaranteeing the next-day delivery of even just one pencil”—this was our philosophy at the time of our founding. Guided by this philosophy, we have taken on the challenge of launching unique businesses previously thought to be impossible and have constantly moved forward together with our customers and other stakeholders. Based on this history, I am confident that ASKUL has tremendous potential going forward. In this report, we provide explanations on the current state of ASKUL as well as its future prospects.

The Beliefs Encapsulated in Our Purpose

In 2020, we established Our Purpose as “continuously bringing delight to our workplace, life, the planet and tomorrow.” In this era of rapid change, it is crucial that all ASKUL employees unite themselves under one banner,

making decisions and acting in a timely and autonomous manner. The approach of “advancing forward for our customers” is engraved in ASKUL’s DNA, which has remained unchanged and embodied in the way in which we have conducted our business since our founding. However, by defining Our Purpose as the social responsibilities we aim to fulfill beyond the aforementioned approach, I aimed to establish a foundation based on which employees can make decisions and act independently. To explain the main concepts behind the wording of Our Purpose, “Continuously bringing delight to our workplace, life, the planet and tomorrow,” the beginning part was chosen as we exist to support people’s work and daily lives, while the end part was adopted to convey not only a sense of speed but also our desire to contribute to an even better future for the planet in earnest.

By embodying Our Values, which we established in unison with Our Purpose, I hope and expect all ASKUL employees to both foster a spirit of taking on challenges and valuing teamwork and thoroughly adopt an approach of being proactive, constructive, and action-oriented. In these unpredictable times, I want all employees to understand that they are the ones who can create their own futures. The first value of “Innovation and Speed” defines how we ourselves must change if we are to advance forward with our customers. The second value of “Diversity and Co-Creation” emphasizes the importance of co-creating as a team while incorporating and respecting a diverse array of opinions. The third value of “Reliability and Dignity” represents the attributes that we must maintain as we pursue these endeavors going forward.

Ethical E-Commerce

Our Mission to Realize a “Trade On” That Strikes a Balance between Social Value and Economic Value

The social environment has changed significantly due to the impacts of the COVID-19 pandemic, which in turn has led to major changes in the lifestyles of our customers, including the entrenchment of teleworking. The notion that work is to be done in an office has also changed. In our mainstay B-to-B business, sales of office supplies were down due to the popularization of teleworking and paperless offices. Meanwhile, we saw expanded sales of hygiene and household products to customers in essential industries such as healthcare, nursing care, manufacturing, and logistics, an accomplishment that demonstrates the strengths of our extensive customer base in various industries and our broad range of product lineups. In our B-to-C business, new demand has emerged, such as the response to stay-at-home consumption and the increased burden of housework, which has fueled a dramatic shift toward the use of e-commerce (EC) for purchasing of daily necessities. The shift toward EC is accelerating in both our B-to-B and B-to-C businesses, and competition in our EC business is intensifying.

In terms of the macroeconomic environment, changes are occurring at an unprecedented speed, including the emergence of labor shortages due to Japan’s declining birth rate and aging population, the evolution of technologies, and the growing demand for the realization of a sustainable society. Under these circumstances, we will strive to embody our DNA of “advancing forward for our customers” in order to simultaneously realize sustainability and benefits for our customers. In other words, we will engage in “ethical e-commerce” so that we may offer products and



services that benefit our customers while meeting demand for contributing to society. Through ethical e-commerce, we aim to become a company that does not burden the environment and actively contributes to society. Moreover, as a player in the EC industry, our mission is to realize a “trade on” that strikes a balance between social value and economic value. To fulfill this mission, we will realize a genuine transformation of ASKUL’s services so that the use thereof offers not only the highest possible convenience but also optimal contributions to resolving social issues.

Transformation from an Office Supplies Mail-Order Company

Under our Medium-Term Management Plan, we adopted the target of transforming from an office supplies mail-order company to an infrastructure company that supports all workplaces and lifestyles. As part of this transformation,

in the fiscal year ending May 20, 2025, we aim to achieve consolidated net sales of ¥550.0 billion, over ¥100.0 billion more than the current level, an operating profit ratio of 5.0%, and return on equity of 20.0%. We have formulated three basic policies with the aim of reaching these targets: “realization of sustainable management,” “maximization of customer value,” and “change to a highly profitable business model.” Guided by these policies, we will move forward by integrating the resolution of social issues into our business operations.

In our B-to-B business, customers from a wide array of essential industries across Japan, primarily small and medium-sized enterprises (SMEs), make use of our services. Drawing on this leading-class domestic customer base, we will evolve our B-to-B business into a one-stop, easy-to-use EC site. To that end, in addition to conventional office supplies, we will expand our lineup of products used

in the workplace by customers of essential industries, such as healthcare, nursing care, and manufacturing, and increase our number of environment-friendly, original products. With LOHACO, an online mail-order service offered in our B-to-C business whose mission is to make life more comfortable and enjoyable, we will work together with manufacturers to realize the development of unique products that both benefit consumer lifestyles and contribute to sustainability. At the same time, we will promote collaboration with Z Holdings Group, in services such as Yahoo!, LINE, and PayPay, which has significant online capabilities in terms of attracting customers. In these ways, we will seek to regrow and expand our customer base.

Furthermore, we will actively pursue new business development by leveraging the strengths provided to us by our impressive customer base comprising mainly SMEs. By doing so, we will roll out a variety of services that go beyond simply the purchase of goods and help resolve the issues SMEs face.

I believe that the overall success of our Medium-Term Management Plan hinges on technology. We are therefore accumulating know-how pertaining to digital transformation (DX), including the utilization of big data and artificial intelligence, and collaborating with Z Holdings Group to strengthen efforts to nurture personnel well versed in DX.

Management Foundation

Corporate Governance

We are currently moving forward with preparations to align our corporate governance system so that it conforms with Japan’s revised Corporate Governance Code. Although there are various areas needing improvement, we believe

that our corporate governance system is functioning appropriately. At meetings of the Board of Directors, there are lively exchanges of opinions from diverse standpoints, with outside directors voicing their frank opinions, and sometimes harsh recommendations, based on perspectives from their individual areas of expertise. In these ways, I believe the Board is engaging in decision-making in consideration of a wide variety of opinions and perspectives. Since 2021, discussions at Board meetings have focused on the formulation and progress of the Medium-Term Management Plan as well as on the initiatives required to achieve the targets of the plan. For quite some time, outside officers have stated their opinions on the importance of discussions from a medium- to long-term perspective. Based on the need for discussions that focus on the next decade and beyond, we have been holding repeated discussions on how to expand the scale of our operations and promote structural reforms centered on “transformation from an office supplies mail-order company,” in order to become an infrastructure company that supports all workplaces and lifestyles.

In addition, we create opportunities for the exchange of opinions between major shareholders and independent officers on a regular basis in an effort to deepen communication from the perspective of how best to enhance ASKUL’s corporate value. We also actively promote dialogue between our independent officers and those of major shareholders. Through such efforts, we are striving to foster a mutual understanding by strengthening communication within the parent–subsidiary listing relationship.

Diversity

Companies and society at large comprise a diverse group of people in terms of gender, nationality, age, beliefs,



physical and mental capabilities, and other attributes. From the perspective of corporate management, ensuring diversity serves as a means to reduce risks, conceive new ideas, and realize appropriate and sound management.

Guided by this basic awareness, we have adopted the target of achieving a ratio of female managers of 30% by 2025 (goal hereinafter referred to as “2530”), which we aim to realize through the enhancement of our unconscious bias training as well as our appointment policies, development programs, and work environments. We fully understand that we are in a phase of needing to correct the male-dominated thinking regarding the active role of women caused by adherence to uniformity to date.

Diversity and Co-Creation is a Value that will last forever, and our 2530 target represents our first step to better respect diversity. It is simply a shared target that will be used to visualize our initiatives toward achieving diversity and to serve as a waypoint on our journey toward becoming a truly diverse organization. Thinking from a long-term perspective, it is my hope that we become a company where diversity naturally flourishes and where mutual respect is commonplace, even if the word “diversity” is not used consciously by the Company.

ASKUL's Strengths and Corporate Culture

Target of Becoming a Company Chosen for Its Ethical E-Commerce by Leveraging the Strength of Our Customer Base

One of our greatest strengths is the customer base we have in our B-to-B business. The large number of customers from various industries that make use of our services

provide us with a vital management resource. Through this management resource, we have been able to collect a wide range of data, which has helped us evolve our logistics operations, services, and product development. I believe that our robust customer base represents the fruit of our efforts to continuously evolve our business from the customer's perspective since our founding. I feel that the starting point of said evolution was when ASKUL was still a division of PLUS Corporation. At that time, we began handling the products of a major competing stationery manufacturer. It was an utterly unthinkable move for one single manufacturing division to begin selling the products of a competing manufacturer. Additionally, selling products that until then had been priced individually by each wholesaler at the same price, and sometimes at a cheaper price, in a catalog was believed to be irrational. However, this is now commonplace in the industry, and I feel that taking on the challenge of going against the norm reflects the nature of ASKUL itself and embodies Our DNA of “advancing forward for our customers.” This type of corporate culture has been steadily passed down in ASKUL to this day.

In the fiscal year ending May 20, 2023, we are promoting the structural transformation of ASKUL from an office supplies mail-order company to an infrastructure company that supports all workplaces and lifestyles. We are also working to build a foundation for transitioning to a business model that both contributes to sustainability and realizes profit growth so that we can become a company of choice for ethical e-commerce. It is my opinion that the next generation of employees will enhance and evolve ASKUL's operating system, which has continued for 30 years since the Company's founding. Further, the leaders who will oversee the next 30 years of the Company will embody the ASKUL WAY. What is truly important for these leaders is

that they possess the ambition and enthusiasm to exemplify Our Purpose. By successfully completing our structural transformation, I firmly believe that ASKUL will be even more essential to its customers, able to better contribute to the resolution of social issues, and have the capability to enrich its employees to a greater extent than ever before.

Going forward, the way that we invigorate SMEs will become a vital issue. To that end, we need to boost productivity, including through digitalization, and overcome labor shortages, which are considered to be issues that impact all of Japan. ASKUL has one of the largest customer bases of SMEs and their offices in Japan. The services that we provide to these customers have tremendous latent potential, and doing so is extremely rewarding work for us, including in the sense of contributing to society. We therefore remain committed to achieving Our Purpose of “continuously bringing delight to our workplace, life, the planet and tomorrow.”

I ask that you look forward to ASKUL's future as we pursue these endeavors going forward.

January 2022



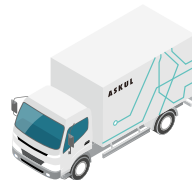
Akira Yoshioka
President and CEO, ASKUL Corporation

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Editorial Policy

ASKUL Report 2022 is a communication tool that integrates financial and non-financial information on the current status and future of ASKUL's medium- and long-term value creation efforts based on ASKUL's strategic mission of "transformation from an office supplies mail-order company." We will continue to make efforts to further enhance the contents of the report so that a wide range of readers, including shareholders and other investors, can deepen their understanding of the Company.

▶ **Reporting Period**

June 2021 to May 2022 (fiscal 2022), with some information added through October 2022

▶ **Referenced Guidelines**

- GRI Sustainability Reporting Standards
- International Integrated Reporting Framework, International Financial Reporting Standards
- Environmental Reporting Guidelines (2018), Ministry of the Environment
- Ministry of Economy, Trade and Industry's Value Co-Creation Guidance
- ISO 26000: 2010, Guidance on social responsibility

▶ **Date of Publication**

January 2023

▶ **Production Structure and Process**

The production process, management involvement, and approval procedures for this report are as follows.

Production Process

The Corporate Communications Division (IR, PR, and Sustainability divisions) served as the secretariat, while other divisions of the Corporate Unit and the production company served as project members. Under this structure, the planning and overall layout of the report was examined and formulated, and the production process was advanced with based on discussions by management and through the cooperation of executive officers and personnel in charge of each business unit.

Management Involvement and Approval Procedures

In examining production in general, and the value creation process in particular, we have held discussions through the following venues.

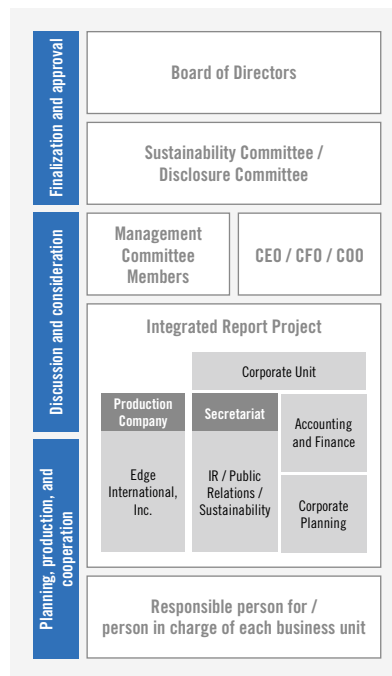
- Editorial meetings including the CFO (27 internal meetings, 19 including external meetings, and other meetings as needed)
- Discussions and review meetings on composition, policy, design, etc., including the CEO and CFO (10 times)
- Discussions at Management Meetings and review meetings attended by the same members (7 times in total)

In disclosing and issuing the report, we obtained the approval of the Board of Directors and the Disclosure Committee, based on the opinions of and confirmation by the Sustainability Committee.

Based on the above process, I, as the person responsible for issuing this report, hereby state that the process and contents of this report are appropriate.

Issuing Officer: Tsuguhiko Tamai, Director, CFO, Executive Officer of Corporate Unit

▶ **Structure**



Disclosure Framework



About the Cover Image

The image on the cover of this report conveys ASKUL's Purpose of "continuously bringing delight to our workplace, life, the planet and tomorrow."



Note Regarding Forward-Looking Statements

The current plans, forecasts, strategies, and other statements in this report include forward-looking statements based on our judgment in light of the information available to us at the time the materials were prepared. Please be aware that a number of factors could cause actual future results to differ materially from those projected. Among the risks and uncertainties that could affect our results of operations are economic conditions surrounding our business environment, market competition, exchange rates, taxes, or other factors.

Detailed Information on Financial Results

For detailed information on financial results and financial information, please refer to the Annual Securities Report (Japanese only) on the "IR Information" section of our corporate website. <https://www.askul.co.jp/kaisya/english/ir/>