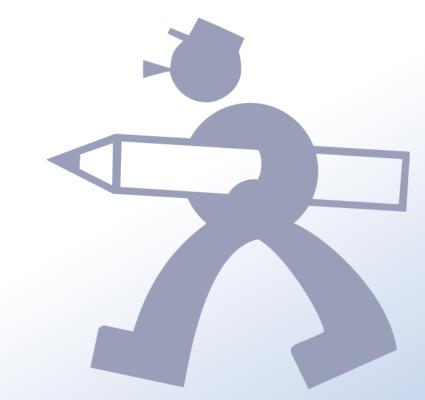
# Summary of Financial Results for the Third Quarter Ending May 2023

March 15, 2023 ASKUL Corporation



#### Note / Disclaimer:

This material contains the ASKUL Group's earnings forecasts and other forward-looking statements. These forecasts and other forward-looking statements are based on the information ASKUL has obtained to date and on certain assumptions it considers reasonable. As such, these forecasts and statements are not intended as a commitment by the Company to achieve them. Note also that actual results and other future events may differ materially from these forecasts and statements due to a variety of factors.

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 three segments: 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.

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

This material is an English translation of the original Japanese version and provided solely for reference purpose. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

#### **Executive Summary**



# 3Q consolidated net sales posted record high and operating profit was almost in line with the plan

#### B-to-B

- Net sales exceeded the plan despite the impact of a reactionary decline in sales of infection prevention products.
- Profit was also higher than the plan due to reduction of distribution cost ratio and other factors although profit
  declined because of soaring cost of goods, start of depreciation cost of ASKUL Tokyo DC, and sales promotion
  expenses, etc.

#### LOHACO

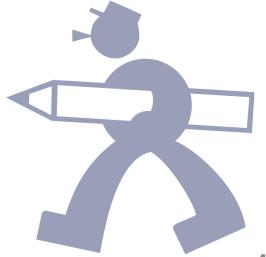
- Achieved profitability in 3Q, and continue to aim for full-year profitability
- Going forward, aiming to achieve sound growth by maximizing synergies with B-to-B Business to enhance service quality

## Full-year profit plan is within reach

- Expect to improve gross profit margin by continuing cost reduction activities in addition to selling price revisions of core products, which has already implemented
- Continue to reduce distribution cost ratio by improving unit sales price per box, and other measures.
- Implement cost controls, including unused expenses for the new ASKUL website, etc.

# I. Consolidated Performance for 3Q FY5/2023

- II. B-to-B
- III. B-to-C
- IV. ESG Topics
- V. Appendix



#### **3Q FY5/2023 Consolidated Performance**



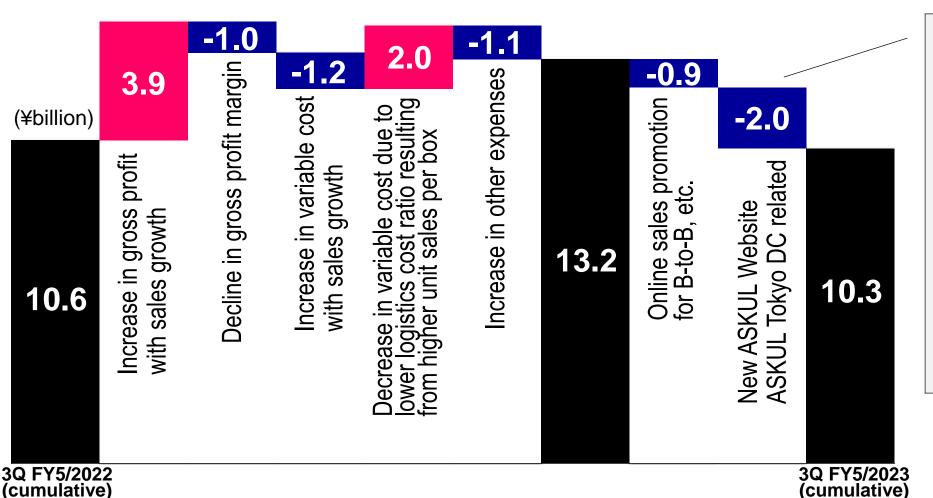
	Cumulative re 3Q FY5/2		Cumulative results for 3Q FY5/2023						
(¥million)	Actual	% of net sales	Actual	% of net sales	YoY change %				
Net Sales	317,994	100.0	334,224	100.0	+5.1				
Gross Profit	77,451	24.4	80,327	24.0	+3.7				
Selling, General and Administrative Expenses	66,813	21.0	69,965	20.9	+4.7				
Operating Profit	10,637	3.3	10,361	3.1	-2.6				
Ordinary Profit	10,646	3.3	10,269	3.1	-3.5				
Profit Attributable to Owners of Parent	7,131	2.2	7,093	2.1	-0.5				

- Net sales 105.1% YoYRenewed the previous record
- Gross profit margin
   Down 0.4 points YoY
   Expect to improve in 4Q
   despite the impact of soaring cost of goods
- Operating profit Full-year plan within reach with cost control

### 3Q FY5/2023 Operating Profit Breakdown



Growth costs and a temporary decline in gross margin are offset by sales expansion as well as a reduction in the logistics cost ratio.



Progress of Increased	Fixed Costs
●New ASKUL Website	-710 million
<pre><bre>dreakdown&gt;</bre></pre>	
Amortization	-320 million
Transition expenses	-90 million
Server expansion*	-280 million
Others	-20 million
●ASKUL Tokyo DC  <	-1,290 million
Depreciation	-280 million
Rent	-380 million
Cleaning/Security, etc.	-70 million
Startup cost*	-520 million
Others	-40 million
	* C

\*one-time cost

#### Comparison of Consolidated Performance in 3Q FY5/2023 (By Business) Consolidated



				FY5/	2022		FY5/2023					
(¥billion)			1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY change	YoY change %	
B-to-B Business		83.4	86.1	88.6	89.7	89.4	91.9	96.1	7.4	+8.5		
		LOHACO	12.6	13.9	13.6	14.0	13.9	11.4	11.0	(2.6)	-19.4	
sales		B-to-C business (including charm)	16.7	18.0	17.8	18.0	18.2	15.8	15.3	(2.4)	-13.8	
B-to-C business (including charm)  E-commerce Business		100.1	104.2	106.5	107.7	107.6	107.8	111.5	5.0	+4.7		
Logistics Business and Other		2.3	2.3	2.4	2.7	2.3	2.3	2.4	(0)	-0.8		
Consolidated Total		102.4	106.5	108.9	110.5	110.0	110.1	113.9	5.0	+4.6		
B-to-B Business		4.2	4.1	4.3	4.3	3.5	3.9	3.2	(1.0)	-24.8		
	Profit	LOHACO	(0.9)	(8.0)	(0.5)	(0.5)	(0.6)	(0.2)	0.3	0.9	-	
		B-to-C business (including charm)	(8.0)	(0.6)	(0.4)	(0.4)	(0.5)	(0.1)	0.4	8.0	-	
		Performance-linked Bonuses (including provision), etc.	(0)	0	(0)	(0.1)	(0)	(0)	0	0	-	
Operating	E-commerce Business	3.3	3.4	3.9	3.6	3.0	3.8	3.7	(0.1)	-5.1		
Logistics Business and Other		(0)	(0)	0	(0)	(0)	(0)	(0)	(0.1)	_		
Consolidated Total		3.2	3.4	3.9	3.6	2.9	3.7	3.6	(0.3)	-8.2		

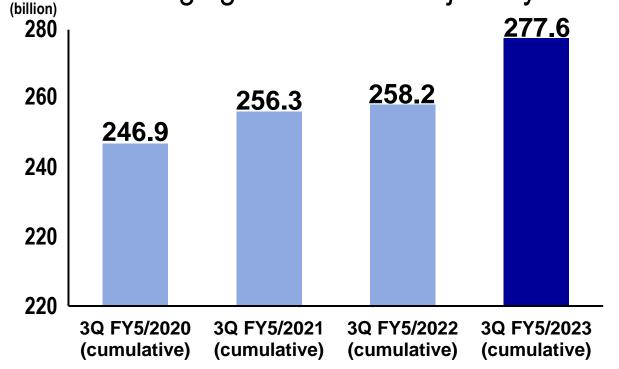
#### 3Q FY5/2023 Consolidated Performance (B-to-B Business)



## **Net Sales**

107.5% YoY

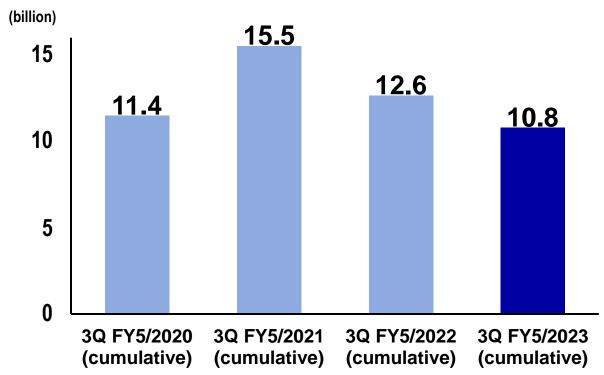
Continue to achieve the biggest mission for this fiscal year, "Changing the Growth Trajectory"



# **Operating Profit**

85.5% YoY

Progress exceeding plan despite decrease in profit due to an increase in fixed costs, etc.



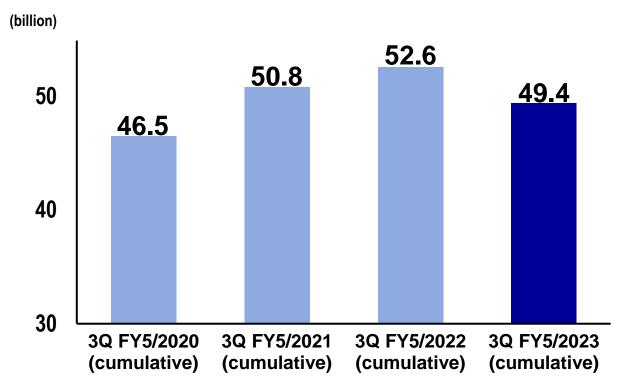
#### 3Q FY5/2023 Consolidated Performance (B-to-C Business)



## **Net Sales**

93.9% YoY

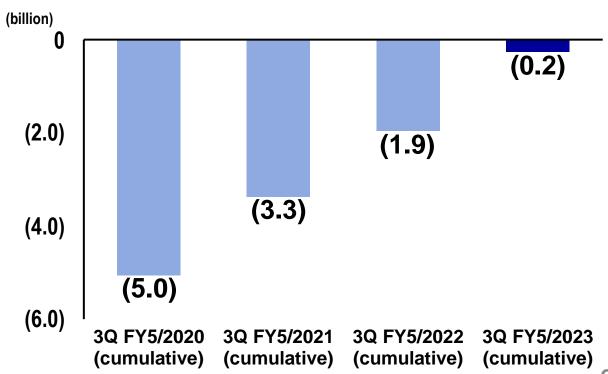
Decrease due to effects of campaign method changes, etc.



# **Operating Profit**

Up ¥1.6 billion YoY

Achieved profitability in 3Q period Continue to aim for full-year profitability

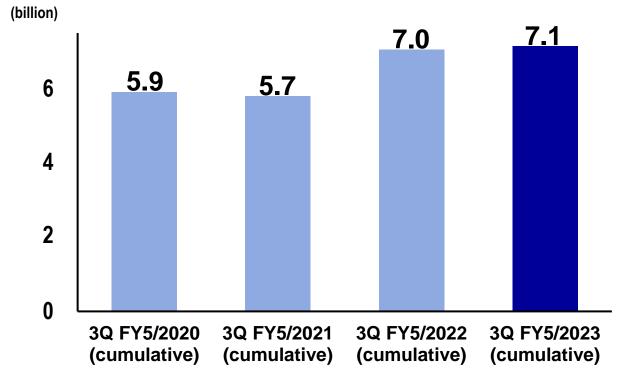




## **Net Sales**

101.4% YoY

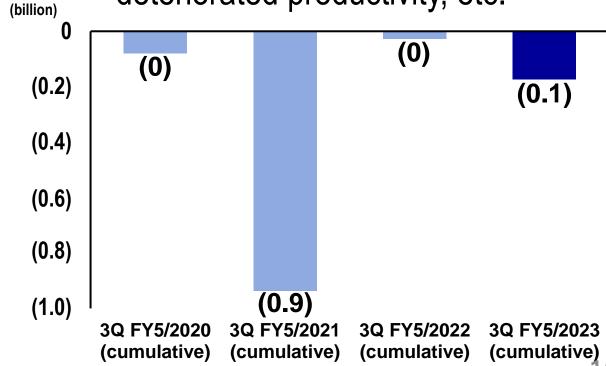
Achieved sales increase by new projects coming in operation



# **Operating Profit**

#### Down ¥0.1 billion YoY

Focus on improvement for the next fiscal year although there was the impact of deteriorated productivity, etc.



#### Acquisition of FEED, an E-commerce Company for Dental Industry



#### Promoting EC purchasing of consumables for customers in strategic industries

- 1 Background and Purpose
- Acquired a group of companies that owns FEED, a core company that operates FEED Dental mail-order service for dental materials and supplies (voting rights ratio: 85%)
- Future growth of the EC market for dental materials and supplies is expected
- Strength is its wide range of cost-effective specialty products, including overseas products.
- Pursue synergies with ASKUL, such as cross-selling and joint procurement

- 2 Financial Implications
- Balance Sheet: consolidated from the end of FY5/2023 (Subject company: total assets of 6.7 billion yen and net assets of 2.1 billion yen for the fiscal year ended March 31, 2022)
- Profit & Loss: consolidated from the end of FY5/2024 (Subject company: net sales of 12.5 billion yen, EBITDA of 1.0 billion yen for the fiscal year ended March 31, 2022)



https://dental.feed.jp/ (Japanese only)



#### **New Corporate Structure as of March 21, 2023**



COO Jurisdiction	
EC Business Unit	Newly established
Sales Unit	
Merchandising Unit	
Logistics Unit	
EC Product Unit	Newly established
Technology Unit	
Customer service Unit	
 O(- 11-')	
Corporate Unit	
Legal & Security Unit	
Human Relation & General Affa	irs Unit

#### **EC Business Unit newly established**

(integrate ASKUL Business Unit and LOHACO Business Unit)

- Optimize resource allocation for EC business
- Maximize synergies between B-to-B and LOHACO Businesses

#### **EC Product Unit newly established**

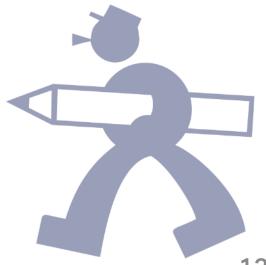
(Consolidate IT front-office functions of each business unit)

- Create a flexible project response system
- Strengthen development of IT human resources

12

# I. Consolidated Performance for 3Q FY5/2023

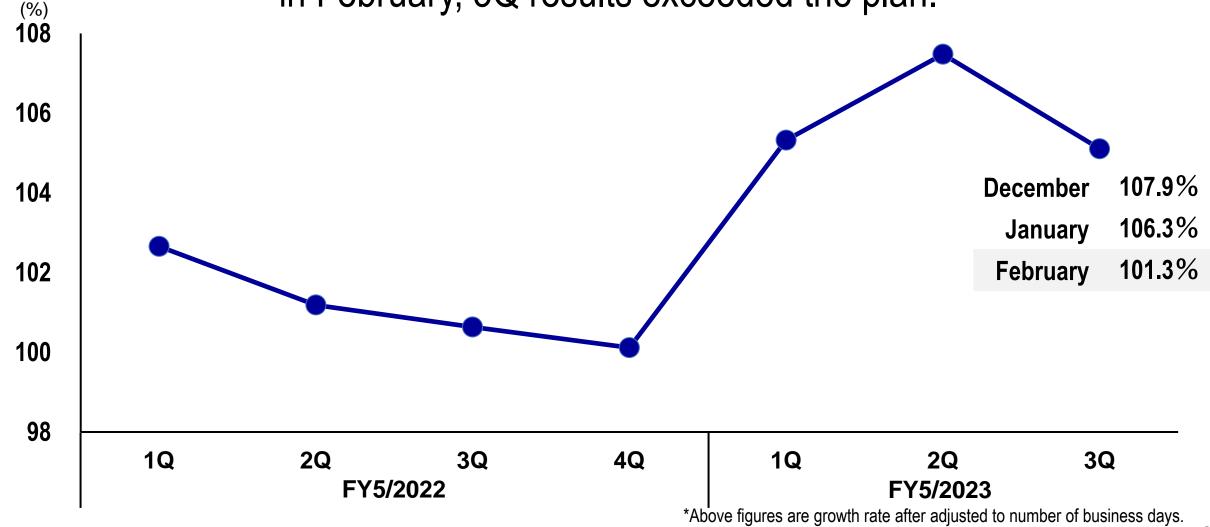
- II. B-to-B
- III. B-to-C
- IV. ESG Topics
- V. Appendix



### B-to-B Quarterly Trend of Growth Rate (Year-over-Year)



Despite the impact of a reactionary decline in infection prevention products in February, 3Q results exceeded the plan.



#### B-to-B Quarterly Net Sales by Item

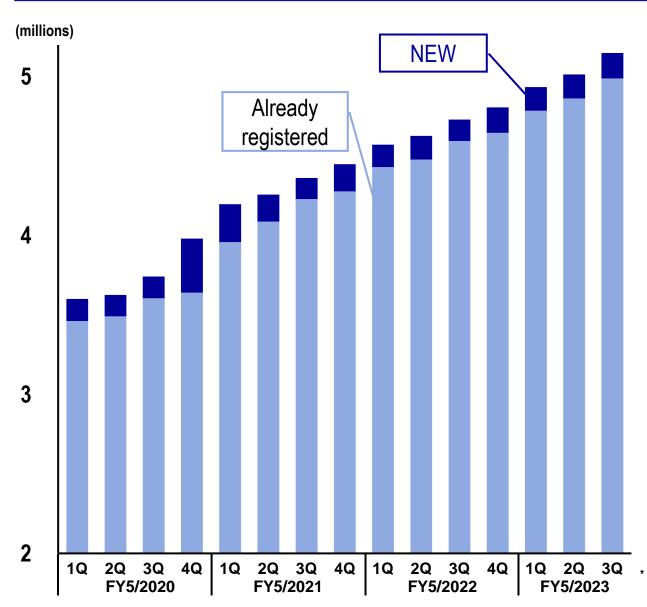


# In addition to growth in Living Supplies category, the opening of the SOLOEL ARENA and the revision of selling prices drove growth.

	FY5/2	020	FY5/2	021	FY5/2022				FY5/2023							
	3C	)	30	)	30	Q	4Q		1Q		2Q				3Q	
(¥billion)		Composition ratio %		Composition ratio %		Composition ratio %		Composition ratio %		Composition ratio %		Composition ratio %		Composition ratio %	YoY change	YoY change %
OA & PC	24.2	32.3	24.0	30.3	24.1	30.3	24.1	29.5	22.8	28.1	24.2	29.2	25.5	29.8	1.4	+6.0
Stationery	10.6	14.2	10.1	12.8	10.0	12.6	11.2	13.7	9.5	11.7	10.1	12.2	10.6	12.4	0.5	+5.3
Living Supplies	19.4	25.9	19.4	24.6	21.0	26.4	21.7	26.6	25.2	31.1	24.5	29.5	24.9	29.1	3.9	+18.5
Furniture	4.8	6.5	5.4	6.9	5.0	6.4	6.4	7.9	4.5	5.6	4.5	5.5	4.7	5.5	(0.3)	-7.1
MRO	8.5	11.3	9.0	11.5	9.4	11.9	9.6	11.8	9.7	12.0	10.4	12.5	10.7	12.5	1.2	+12.8
Medical	5.3	7.1	9.0	11.5	8.0	10.1	6.9	8.5	7.8	9.6	7.3	8.8	7.3	8.6	(0.6)	-8.5
Others	1.9	2.6	1.9	2.5	1.8	2.3	1.7	2.1	1.4	1.8	1.9	2.3	1.8	2.2	0	+2.2
Total	75.1	100.0	79.2	100.0	79.7	100.0	81.8	100.0	81.1	100.0	83.1	100.0	85.8	100.0	6.0	+7.6

#### **B-to-B Number of Registered Customers**\*





# Customer base keeps expanding

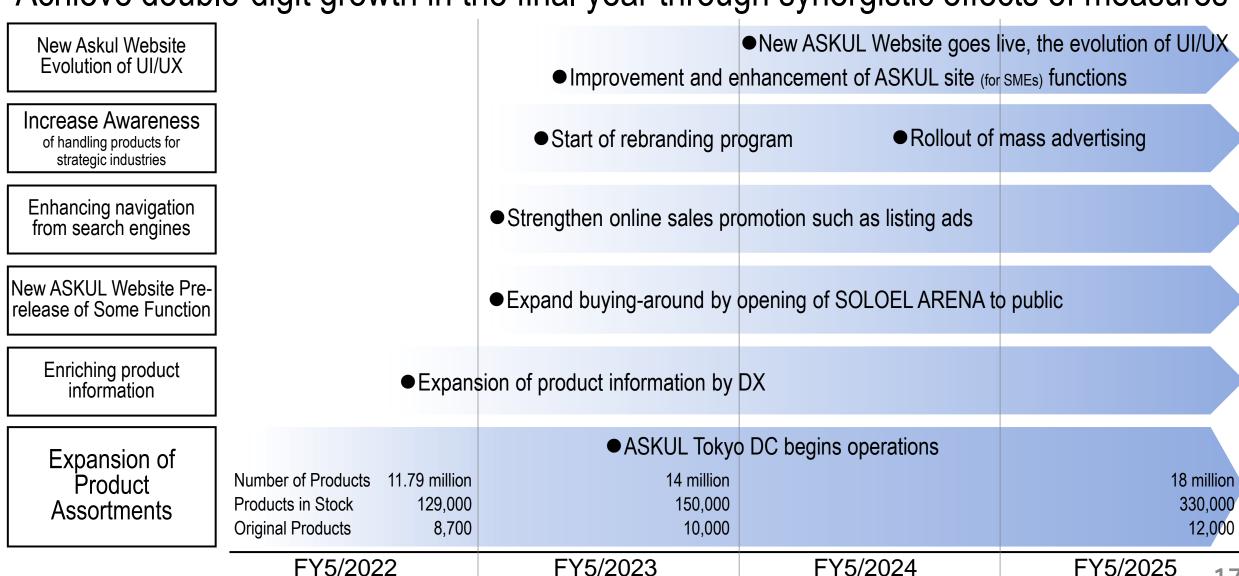
<sup>&</sup>quot;New" means the number of customers who registered in each quarter.

"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.

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



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



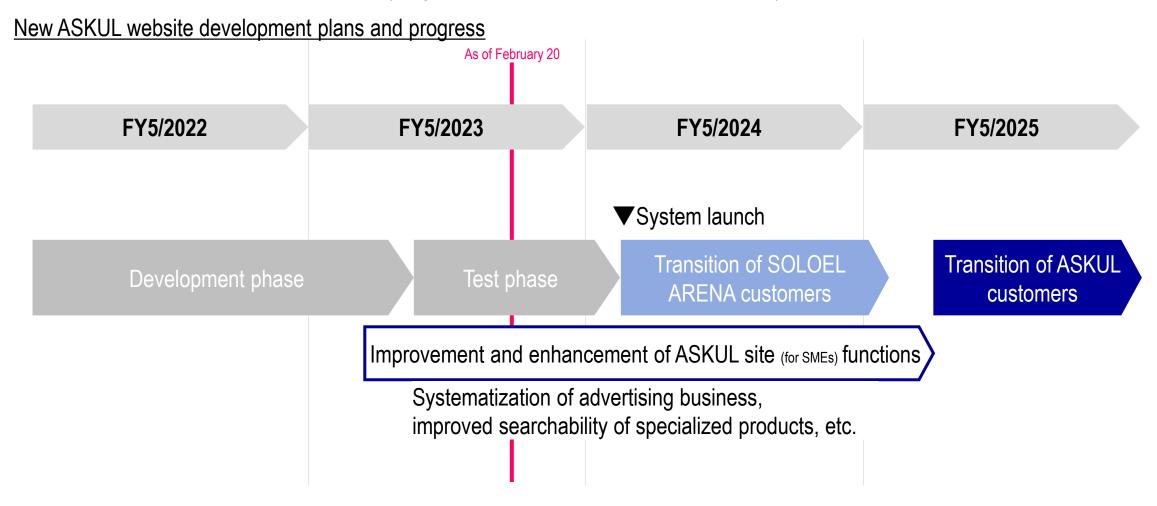
Copyright © ASKUL Corporation All Rights Reserved.

#### **B-to-B New ASKUL Website**



# Test phase is progressing well

(progressed about 80% of the entire process)



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

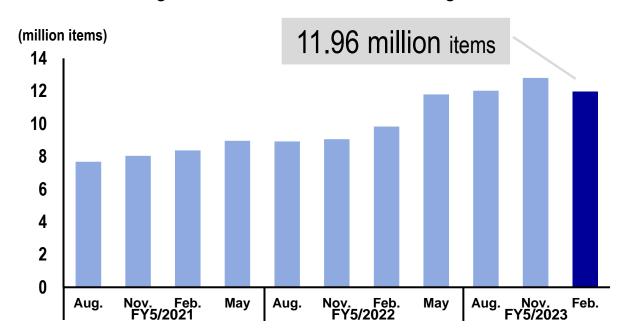


#### **Products Handled**

(Medium-term target at 18 million items)

✓ 3Q period: decreased 830,000 items Over 150,000 new items introduced About 1 million items suspended for sale due to shortage of semiconductors and other factors

Continue to strengthen product lineups with an emphasis on focused categories to achieve mid-term targets



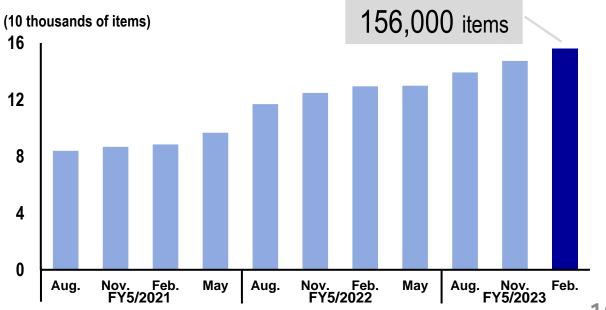
# In-Stock Products (Medium-term target at 330,000 items)

✓ 3Q period: added more than 8,700 items

Increased mainly in Living Supplies category

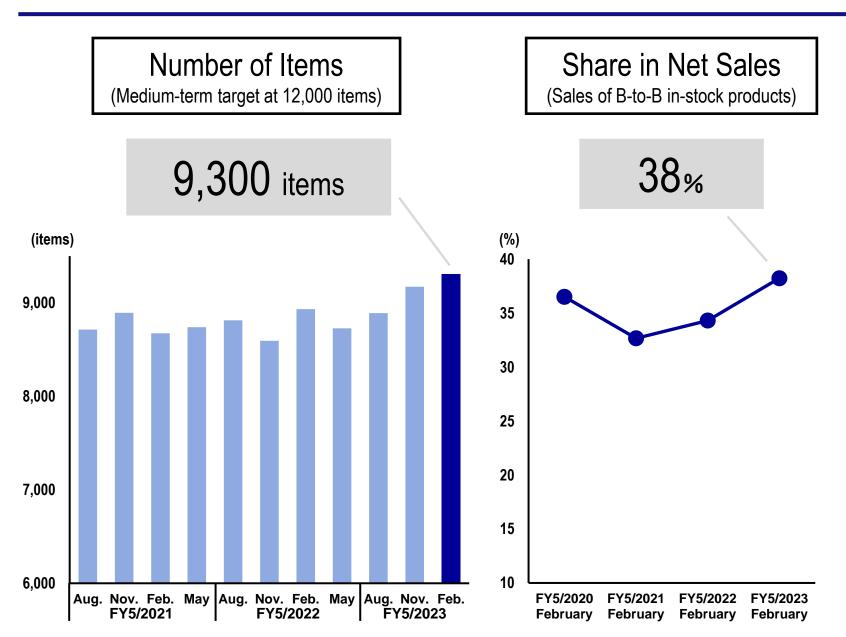
Achieved full-year target of 150,000 Items

Continue to accelerate expansion of next-day delivery products



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





Reinforce development of original products for 2 strategic major industries<sup>2</sup>

# Aiming for 10,000 items in full-year

<sup>\*1</sup> Original products includes products exclusive to ASKUL Excluding original products exclusive to LOHACO

<sup>\*2</sup> Industries are Medical and nursing care, Manufacturing

# B-to-B Growth Strategies of Medium-Term Management Plan Online Sales Promotions



#### Promote various measures to achieve double-digit growth in the final year

Promote new customer engagement

#### **Introducing Marketing Automation**

Automate fine-tuned follow-up with new customers through emails and coupons

New registration



First order

X-days later

X+Y-days later



Sends coupons



Sends coupons



Sends coupons

Aim to increase LTV (active rate and purchase price) of target customers

Enhancing navigation from search engines

#### Sales via online advertising

- ✓ Actively invest in advertising in strategic category products Sale growth achieved with increased advertising expenses
- ✓ 3Q cumulative: increased over 6-billion-yen YoY

  \* results on ASKUL website (website for SMEs)

Increase Awareness of handling products for strategic industries

✓ Number of video ads displayed and viewed remained favorable compared to the plan.



Part 4

Part 5
Plastic gloves
ASKUL にあるのる!



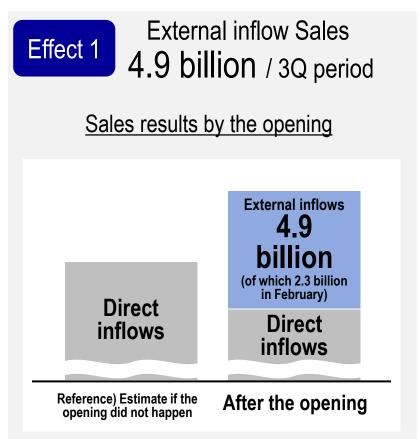
https://www.youtube.com/watch?v=Rckvj6DKPzg

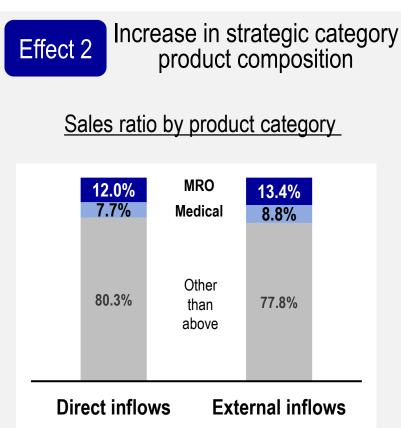
ps://www.youtube.com/watch?v=7S6Hk7H49c0 https://www.youtube.com/watch?v=4VsBHLsE

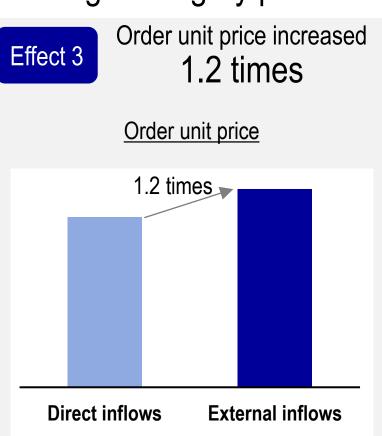
#### B-to-B Opening of SOLOEL ARENA site to public



Sales from external inflows remains on an upward trend Order unit prices continue to increase by shopping-around for strategic category products



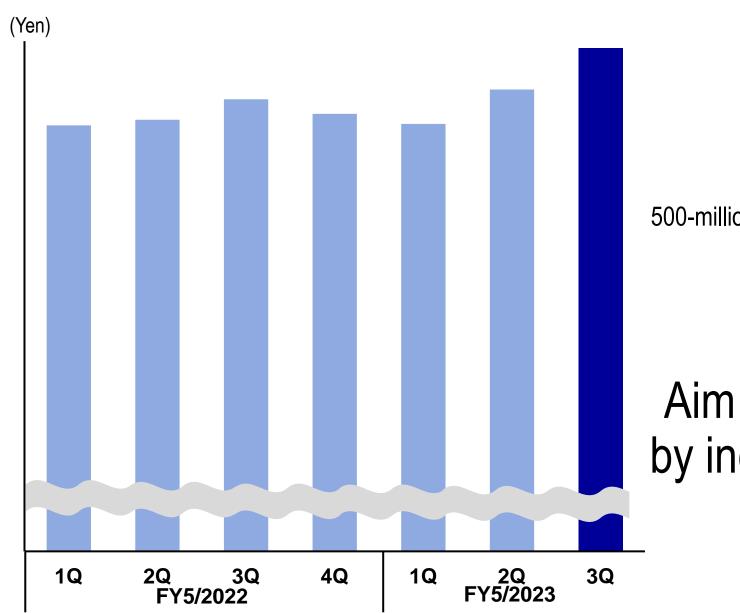




- Subject of aggregation: SOLOEL ARENA site from November 21, 2022, to February 20, 2023
- "External inflow": transition from external sources such as search engines "Direct inflow": direct visit from bookmarks, etc.
- The "External inflows of 4.9 billion yen" in "After the opening" in Effect 1 includes sales expected to shift from direct inflows to external inflows due to the opening

#### **B-to-B Unit Sales Price per Box**





FY5/2023 3Q YoY change: Up 6.2%

500-million-yen worth of delivery cost reduction in 3Q period

Aim to improve profit structure by increasing unit sales per box

#### **B-to-B ASKUL Tokyo DC Operation Status**

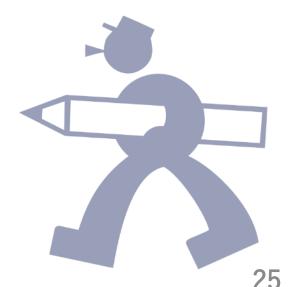


Click the link below to watch a movie of the distribution center, which has started operating smoothly.





- I. Consolidated Performance for 3Q FY5/2023
- II. B-to-B
- III. B-to-C
- IV. ESG Topics
- V. Appendix

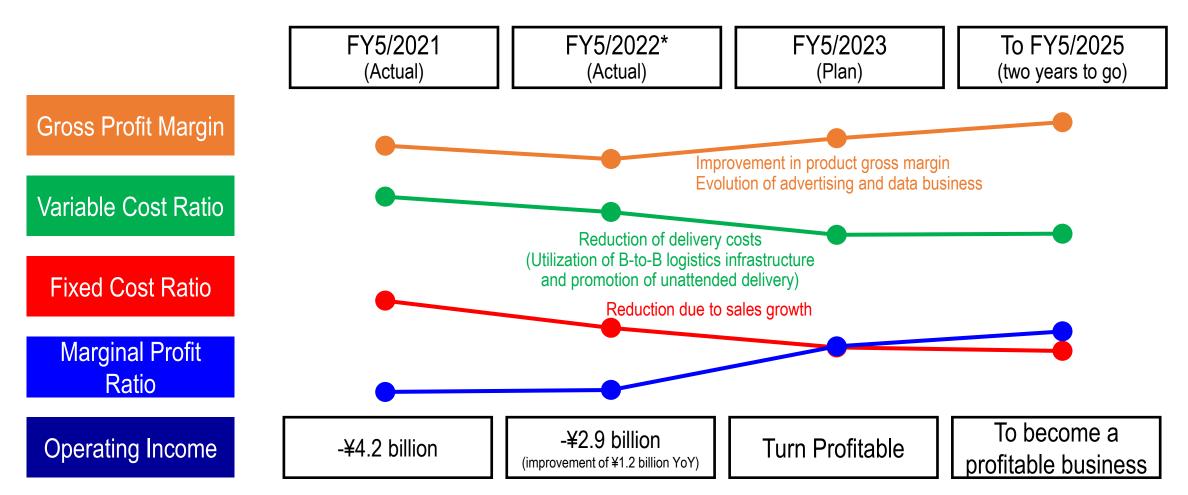


#### **LOHACO** Roadmap for Profitability



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

### Achieve profitability through further improvement of each indicator and regrowth



<sup>\*</sup> the Accounting Standard for Revenue Recognition, etc. have been applied since FY5/2022

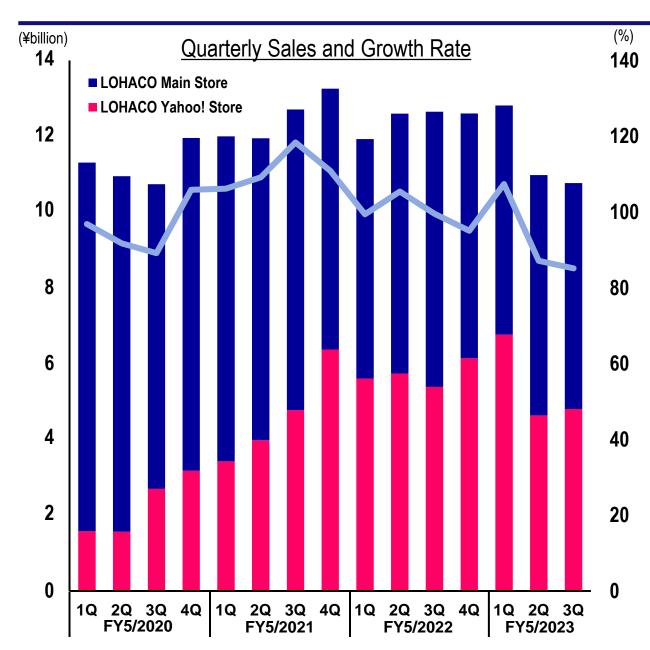
### **LOHACO Status of Realizing Profitability**



- ✓ Achieved profitability in 3Q period
  Cost structure continuously improved by increasing unit sales price per box
- ✓ Maximize synergy with B-to-B Business in the future Aiming to achieve expansion of product lineup and improvement of logistics efficiency and quality through increasing operational efficiency by integrating business units

#### **LOHACO Domestic Net Sales**

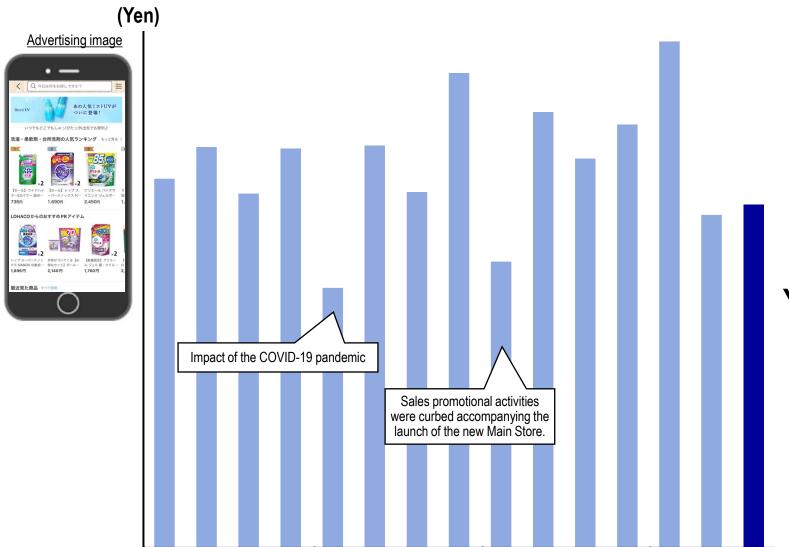




Utmost priority is realizing profitability this fiscal year although affected by campaign method changes, etc.

#### **LOHACO Advertising Fee Income**





2Q

FY5/2021

**1Q** 

**3Q** 

4Q

1Q

2Q 3Q

FY5/2022

4Q

1Q

2Q 3Q

FY5/2023

FY5/2023 3Q YoY change: Down 11.9%

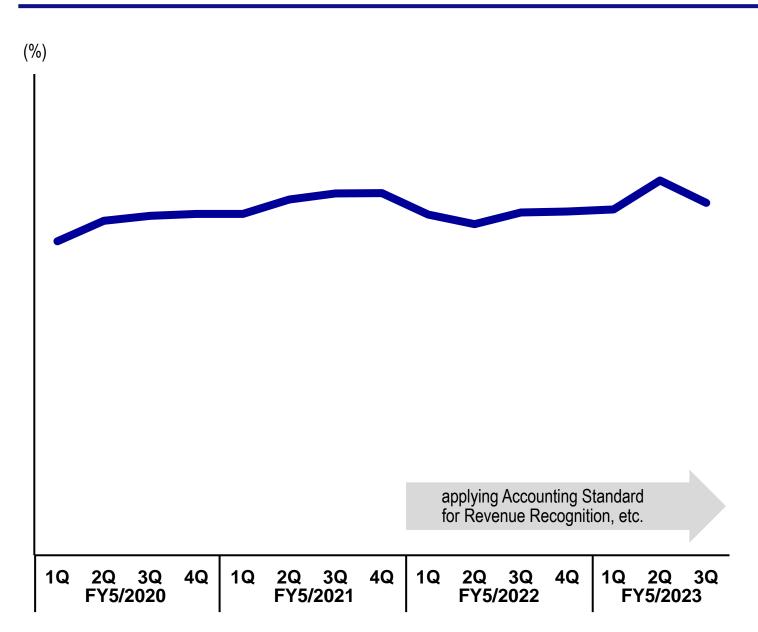
1Q 2Q 3Q

FY5/2020

4Q

#### **LOHACO Gross Profit Margin**





FY5/2023 3Q

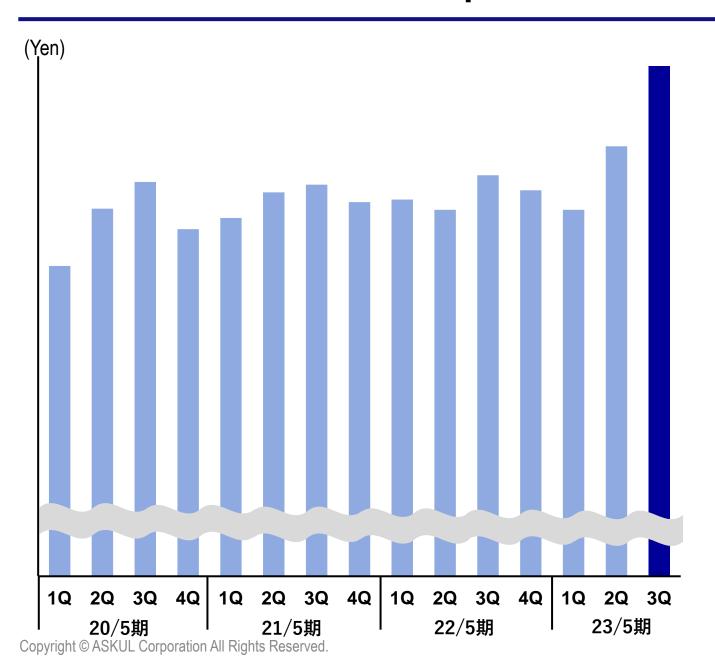
YoY change: Up 0.7 points

Domestic: Down 0.5 points

Temporary declined due to enhanced sales promotion

#### **LOHACO Unit Sales Price per Box**



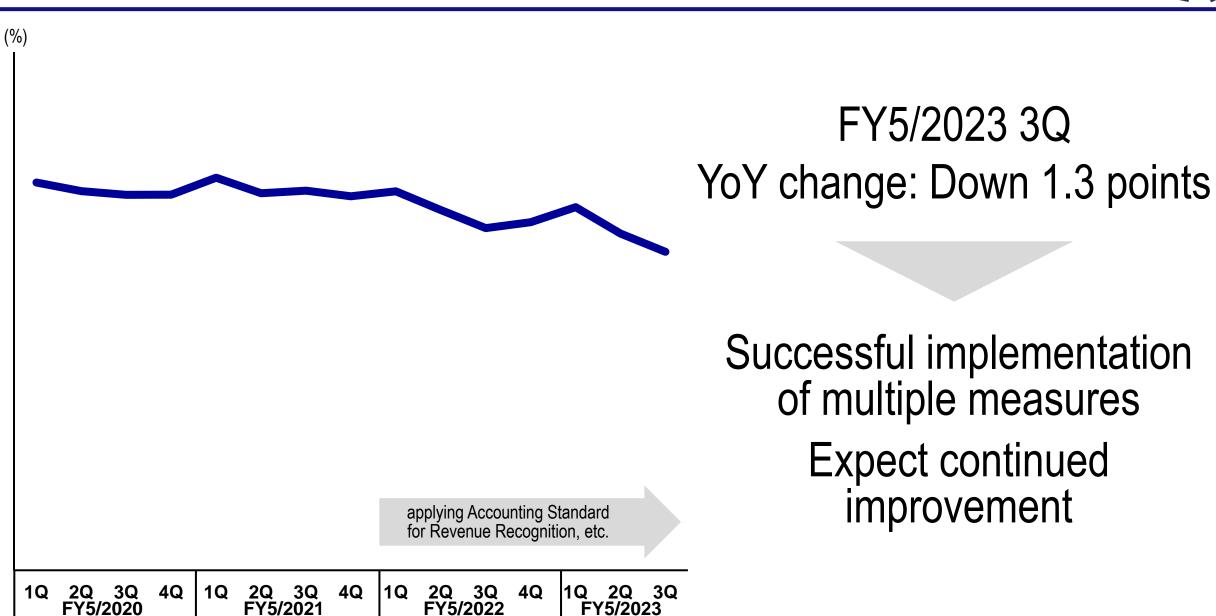


FY5/2023 3Q YoY change: Up 17.1%

Significantly improved by reviewing sales promotion method and revised freedelivery charge

#### **LOHACO Variable Cost Ratio**



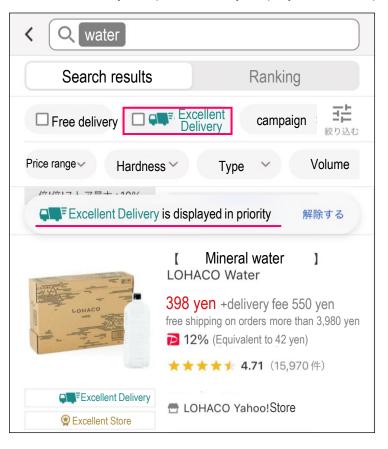


#### **LOHACO Synergies with Z Holdings**



# Joint implementation of demonstration experiment of "Excellent Delivery"\*1 enhancement measures

●Initiatives to promote and enhance Excellent Delivery" on Yahoo!Shopping
-Products with Excellent Delivery are preferentially displayed at the top of search results



Effect of enhanced excellent delivery

Proportion of sales accounted for by Excellent Delivery

increased 5 %\*2

Repeat ratio of new customers

1.2 times\*3

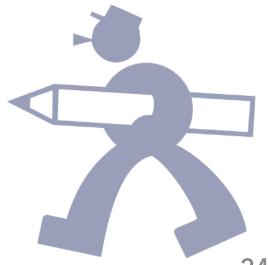
## Logistics quality enhanced

(The cost of implementing this measure will be divided proportionally between ASKUL and Yahoo!)

Note:1 Delivery by shipment on the same day or next day of order placement

- Comparison between 1H FY05/2023 and 3Q FY05/2023 in terms of the percentage of Yahoo! Store sales that were accounted for when Excellent Delivery was displayed on the site.
- 3: Comparison of the repeat rate in the following month between new customers eligible for same-day shipment and new customers eligible for shipment after two days or later.

- I. Consolidated Performance for 3Q FY5/2023
- II. B-to-B
- III. B-to-C
- IV. ESG Topics
- V. Appendix



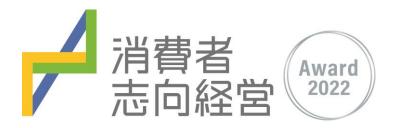
#### **ESG Topics**



January 2023 Go Ethical Initiative

# Received the Commissioner of the Consumer Affairs Agency Commendation at the Fiscal 2022 Award for Good Practices of Consumer-oriented Management

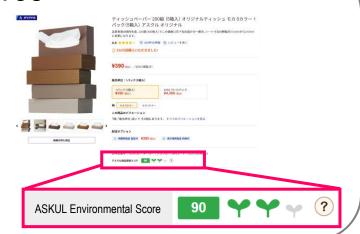
- ✓ Go Ethical is a unique initiative to reduce product waste by co-creating with
  manufacturers and selling products with no quality issues that used to be disposed of for
  various reasons.
- ✓ Reason for recognition: Indicating reasons for selling each product and the number of waste reductions on the website
- ✓ Cumulative number of waste reduction: 763,798 (Since the start of November 2019, as of February 20, 2023)



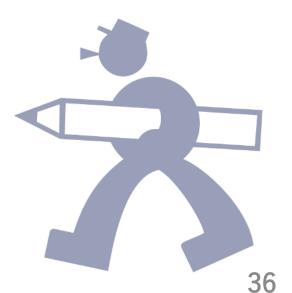
#### March 2023 ASKUL Product Environmental Standards

#### Further evolved with visual representation of environmental scores

- ✓ From October 2022, the level of environmental friendliness of each products is standardized and published as scores (numerical values)
- ✓ The ASKUL Product Environmental Standards consist of a total of 30 criteria in the three major categories of "containers and packaging," "products themselves," and "systems."
- ✓ Started visual representation of environmental score to contribute to customers' ethical shopping



- I. Consolidated Performance for 3Q FY5/2023
- II. B-to-B
- III. B-to-C
- IV. ESG Topics
- V. Appendix



### FY5/2023 Net Sales by Item

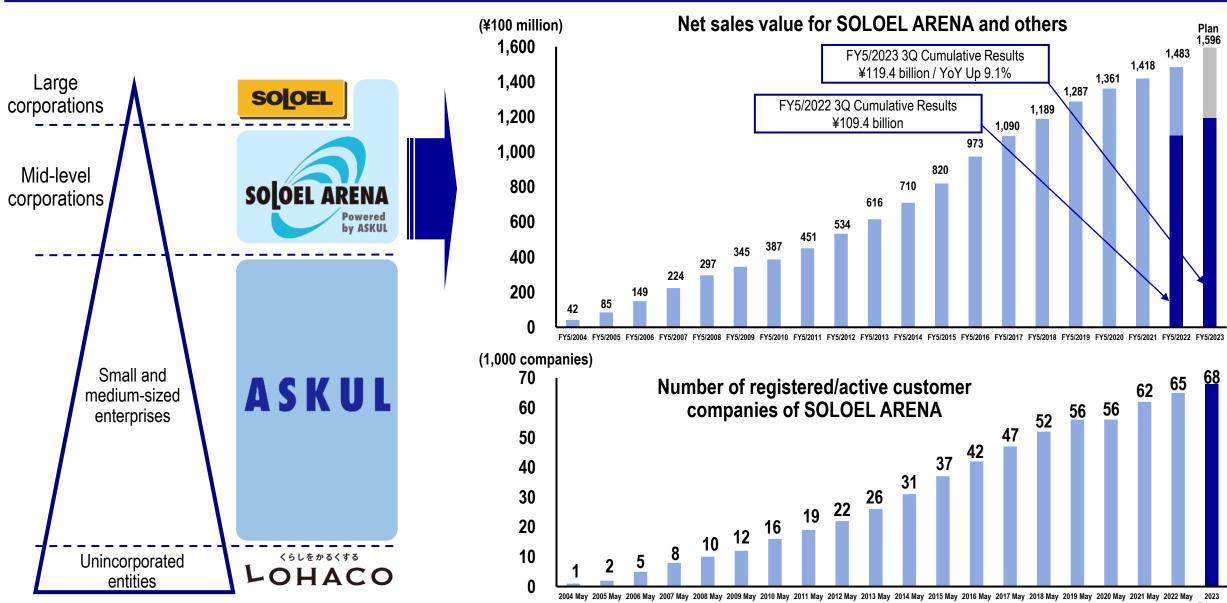


	FY5/202	FY5/2022 3Q (cumulative)			FY5/2023 3Q (cumulative)			
(¥billion)		Composition ratio %	YoY change %		Composition ratio %	YoY change	YoY change %	
OA & PC	71.5	26.0	-0.3	73.9	25.8	2.4	+3.4	
Stationery	30.2	11.0	-1.1	30.8	10.8	0.5	+1.9	
Living Supplies	99.3	36.1	+7.8	106.1	37.0	6.7	+6.8	
Furniture	15.6	5.7	+0.1	14.1	4.9	(1.5)	-9.7	
MRO	28.6	10.4	+4.6	31.6	11.0	3.0	+10.5	
Medical	25.7	9.3	-12.7	25.5	8.9	(0.1)	-0.7	
Others	4.4	1.6	-24.4	4.4	1.6	(0)	-1.3	
Total	275.7	100.0	+1.0	286.7	100.0	11.0	+4.0	

# Continued growth in Living Supplies and MRO

### B-to-B Results of SOLOEL ARENA and others





### B-to-B 3Q FY5/2023 Factors for Increase in Net Sales





YoY Change

Up 2.3%

1Q Up 2.7% 2Q Up 1.8%

### **Net Sales**

YoY Change

Up 7.6%

1Q Up 6.1% 2Q Up 5.2%

Sales per purchasing customers

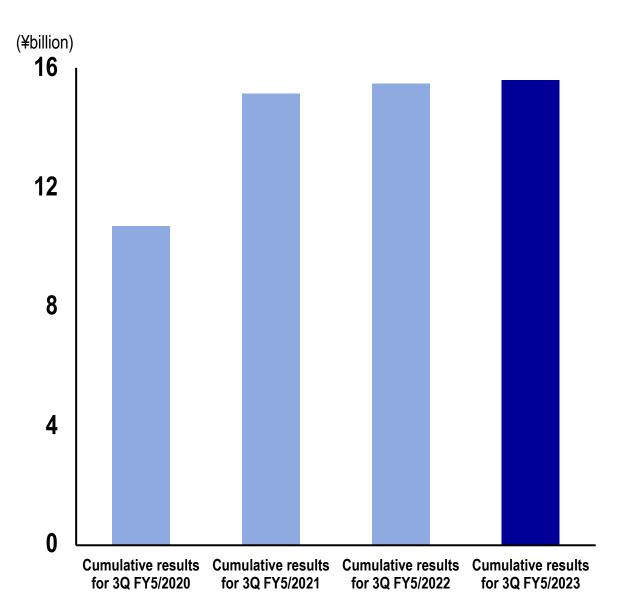
YoY Change

Up 5.3%

1Q Up 3.3% 2Q Up 3.3%

### **Trend of EBITDA**





# Broke the previous record-highs

### 3Q FY5/2023 Consolidated Gross Profit and SG&A Expenses



Gross profit: ¥80.3 billion YoY change: Up ¥2.8 billion Gross profit margin: 24.0% YoY change: Down 0.3 points

✓ Due to soaring cost of goods and increase in sales share of group companies

## SG&A expenses: ¥69.9 billion YoY change: Up ¥3.1 billion Ratio of SG&A expenses to net sales 20.9% YoY change: Up 0.1 points

<Breakdown of year-over-year difference>

✓ Personnel expenses +1.0 billion

✓ Advertising expenses +0.9 billion

✓ Subcontract expenses +0.5 billion

✓ Cleaning/Security expenses (mainly utilities) +0.3 billion

✓ Consumable expenses
 +0.3 billion (mainly due to start of operation of Tokyo DC)

### 3Q FY5/2023 Capital Expenditures



### Capital expenditures ¥12.0 billion(Annual plan: ¥13.5 billion)

Related to ASKUL Tokyo DC

¥5.2 billion

Related to the new ASKUL website

¥4.3 billion

(Reference) Depreciation and amortization of software: ¥4.5 billion (Annual plan: ¥7.1 billion)

#### Investment details

(¥ million)

ltem	3Q FY5/2022 (cumulative)	3Q FY5/2023 (cumulative)		
	Amount	Amount	YoY Change	
[Capital expenditures]	7,714	12,048	+56.2%	
Property, plant and equipment	2,520	6,080	+141.2%	
Intangible assets	5,194	5,968	+14.9%	
Construction in progress (Note 2)	4,622	159	-96.5%	
Software in progress (Note 2)	6,436	9,840	+52.9%	

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.

### 3Q FY5/2023 Share of Orders Placed on the Internet of Net Sales and Original Products



#### Share of orders placed on the Internet of net sales

	3Q FY5/2022	3Q FY5/2023	YoY Change
Orders via the Internet	87.5%	88.8%	+1.3pt
Other	12.5%	11.2%	-1.3pt

Note 1: Percentages are based on orders placed.

#### **ASKUL Original Products**

(Unit: item)

	Feb. of FY5/2022	Feb. of FY5/2023	YoY Change
Number of original products	10,757	13,848	+3,091
Non-consolidated net sales composition (of which, B-to-B business)	27.1% (34.3%)	31.4% (38.2%)	+4.3pt ( + 3.9pt)

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.

### **B-to-B Number of Business Days**



	1	Q	2	Q	First	half	3	Q	4	Q	Secor	nd half	Full-	year
	Weekdays	Saturdays												
FY5/2023	63	14	61	13	124	27	61	13	59	12	120	25	244	52
FY5/2022	63	13	62	14	125	27	59	14	59	12	118	26	243	53
Difference	0	+1	-1	-1	-1	0	+2	-1	0	0	+2	-1	+1	-1

### **Initiatives for Sustainability (Environment)**



### **ASKUL Environmental Policy**

We, the ASKUL Group, are 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 CO<sub>2</sub> Zero Challenge"
   Reduce CO<sub>2</sub> 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 trees, 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
- ASKUL Resource Recycling Platform
  ASKUL Recourse Recycling Platform is established and
  begins operation after Ministry of the Environment's
  demonstration project. The new website is launched to
  disseminate information on the Company's resource recycling
  initiatives. Promoting initiatives that do not throw away
  resources n cooperation with all entities in the value chain.
  In December 2022, the first PB series "Matakul" was launched,
  and four products went on sale.

### 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.
- ASKUL Product Environmental Standard established Began to publish on product pages an independent score for the environmental friendliness level of each products. Promoting development of environmentally friendly products while working together with manufacturers and suppliers to improve scores.
- Recycled paper bags "Come bag"
   An FSC<sup>®</sup> 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





### **Initiatives for Sustainability (Environment)**



### **ASKUL Environmental Policy**

We, the ASKUL Group, are 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.

- 2022 Selected as a "Climate Change A- List" company by CDP
- 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 CO<sub>2</sub> 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 greenhouse 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 recognized by the Minister of the Environment as a company that engages in "advanced, unique and industry-leading business activities" for environmental conservation, 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

### Initiatives for Sustainability (Society)



#### 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

Participated in Male Leaders Coalition for Empowerment of Women



Systems for leave and shorter working hours for childcare Systems for leave and shorter working hours for nursing care.

Learning support system to assist proactive learning

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)



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 **29.6%**\* (Legal employment rate of private companies is 2.3%)

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

#### Together with customers

- Improvement activities starting with customer feedback
  - Share customer feedback

    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 certain groups 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 a survey regarding 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 of 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 third recipient of the support will be a miso and soy sauce production company Yagisawa Shoten in Rikuzentakata city, Miyagi Prefecture.
- 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 sold by ASKUL, to associations that are engaged in improving air and water environments, thereby supporting their activities.

Project for looking into air and water

The second case will be donated to approved specified NPO, Habitat for Humanity 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.



### 30 years in business, pursuing an assortment of products and services that meet the needs of the workplace

**ASKUL Catalog 2023** 



Total pages	1,036 pages		
Number of listed items	about 34,000 items		

**ASKUL Medical Care Catalog 2023** 



Total pages	316 pages
Number of listed items	about 5,100 items

ASKUL Medical Catalog for Professionals 2023



Total pages	468 pages
Number of listed items	about 9,300 items



#### ASKUL Environmental Score\* clarifies the degree of environmental friendliness of products

ASKUL Catalog 2023



#### Example of product page on ASKUL website



Note: In October 2022, ASKUL defined a total of 30 criteria in the three major categories for environmental friendliness and uniquely quantified. Scores are calculated based on a point system, with higher scores given to products that demonstrate a greater degree of environmental friendliness.



#### Introducing the "No. 1 sales volume\*" standard product loved by many nursing care facilities.

**ASKUL Medical Care Catalog 2023** 



Note: Total sales volume from November 2021 to October 2022 by category.



#### Supporting the medical field with a wide selection of necessities and affordable prices

ASKUL Medical Catalog for Professionals 2023



### Most Significant Strategies in Medium-term Management Plan from FY5/2022 to FY5/2025



### **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 midlevel 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 "Delivering 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 realizing this plan, has begun operating in November 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 To industry targeting Large enterprises To industry targeting Products handled 18 million items

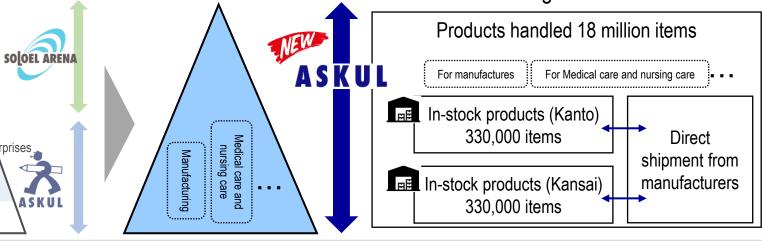
Further Enhancement of Corporate Value

Expand into service areas

### Service

Part 1
Advertising business for manufacturers

Part 2
SaaS business for SMEs



#### **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
- Create route that customers can purchase smoothly from external search
- 1-to-1 (personalized) marketing by utilizing Data x Al
- ✓ Significant expansion of in-stock products
- Improve delivery time accuracy for products shipped directly from manufacturers

Medium-sizec

enterprises

Small and medium-sized enterprises

Sole proprietor

Start-ups

**Employees** 



仕事場とくらしと地球の明日に「うれしい」を届け続ける。