

Financial Results for the Fiscal Year Ended May 2023

July 4, 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.

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FY5/2023 Results: Realized "Changing the Growth Trajectory of Sales"

- Full-year consolidated earnings results posted record highs in net sales and profits at each stage
- Achieved two major targets: Changing the growth trajectory of sales for B-to-B and LOHACO to achieve full-year profitability
- ASKUL Tokyo DC, the flagship distribution center in Eastern Japan, started operation as scheduled
- New ASKUL website partially released and went in operation, confirming the effects of the opening of SOLOEL ARENA site as planned

FY5/2024 Plan: Aiming for "Changing the Growth Trajectory of Profit"

- Planning full-year consolidated earnings results continue to post record highs in net sales and profits at each stage
- B-to-B to change the growth trajectory of profit: accelerate sales growth and improve gross profit margin
- LOHACO to achieve regrowth from Q4 onward by maintaining profitability and expanding product lineups
- Ensure transition of SOLOEL ARENA customers to the new ASKUL website

FY5/2025: Aiming to achieve significant profit growth

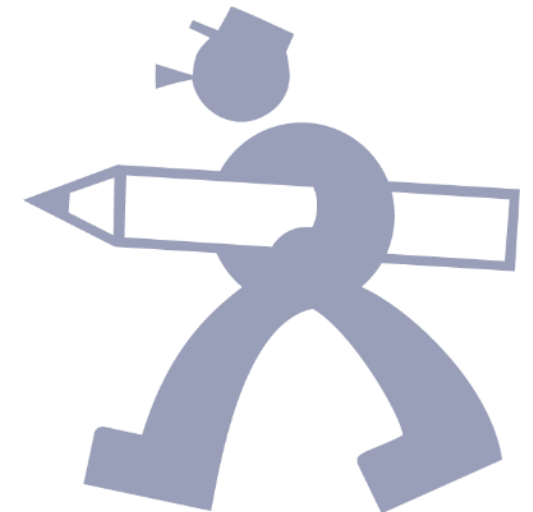
I Earnings results for the Fiscal Year Ended May 2023 and Earnings Forecast for the Fiscal Year Ending May 2024

II Business Strategy

- B-to-B
- B-to-C

III ESG and DX Topics

IV Appendix



FY5/2023 Earnings Results and FY5/2024 Earnings Forecasts

Consolidated



Continued record highs in both net sales and profits, changing the profit growth trajectory of profit for FY5/2024

| (¥million) | FY5/2022 | | FY5/2023 | | | | | FY5/2024 | | |
|--|----------------|---------------------|----------|----------------|---------------------|----------------|-----------------|----------------|---------------------|-----------------|
| | Actual | % of net sales % | Plan | Actual | % of net sales % | % of plan % | YoY change % | Plan | % of net sales % | YoY change % |
| | | | | | | | | | | |
| Net Sales | 428,517 | 100.0 | 455,500 | 446,713 | 100.0 | -1.9 | +4.2 | 482,000 | 100.0 | +7.9 |
| Gross Profit | 105,072 | 24.5 | 112,342 | 107,040 | 24.0 | -4.7 | +1.9 | 122,450 | 25.4 | +14.4 |
| Selling, General and Administrative Expenses | 90,763 | 21.2 | 97,842 | 92,420 | 20.7 | -5.5 | +1.8 | 105,950 | 22.0 | +14.6 |
| Operating Profit | 14,309 | 3.3 | 14,500 | 14,620 | 3.3 | +0.8 | +2.2 | 16,500 | 3.4 | +12.9 |
| Ordinary Profit | 14,270 | 3.3 | 14,300 | 14,448 | 3.2 | +1.0 | +1.3 | 16,200 | 3.4 | +12.1 |
| Profit Attributable to Owners of Parent | 9,206 | 2.1 | 9,400 | 9,787 | 2.2 | +4.1 | +6.3 | 10,300 | 2.1 | +5.2 |

Consolidated Earnings Results and Forecasts

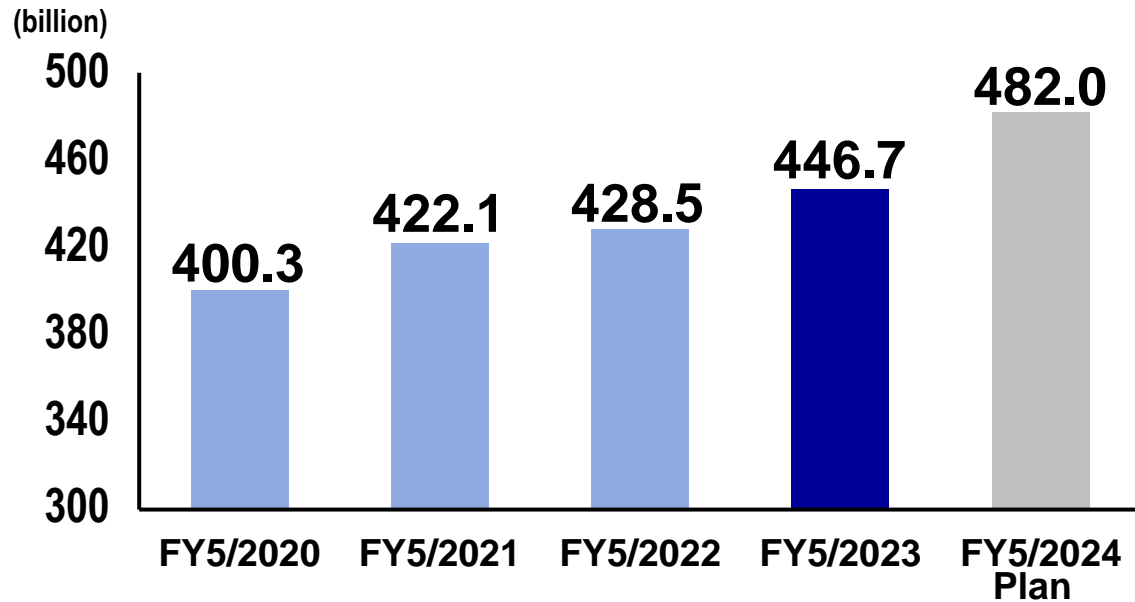


Net Sales

FY5/2023 Result YoY **104.2%**

FY5/2024 Forecast YoY **107.9%**

Accelerate the growth of B-to-B business while achieving record highs

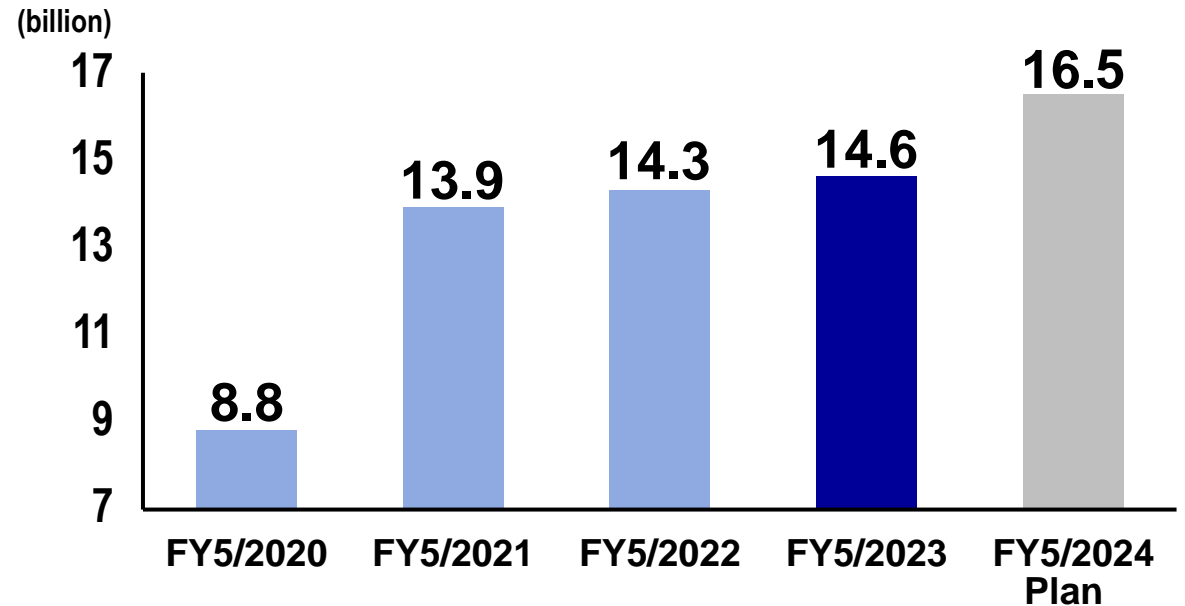


Operating Profit

FY5/2023 Result YoY **102.2%**

FY5/2024 Forecast YoY **112.9%**

Breaking out of the plateau and achieving double-digit profit growth

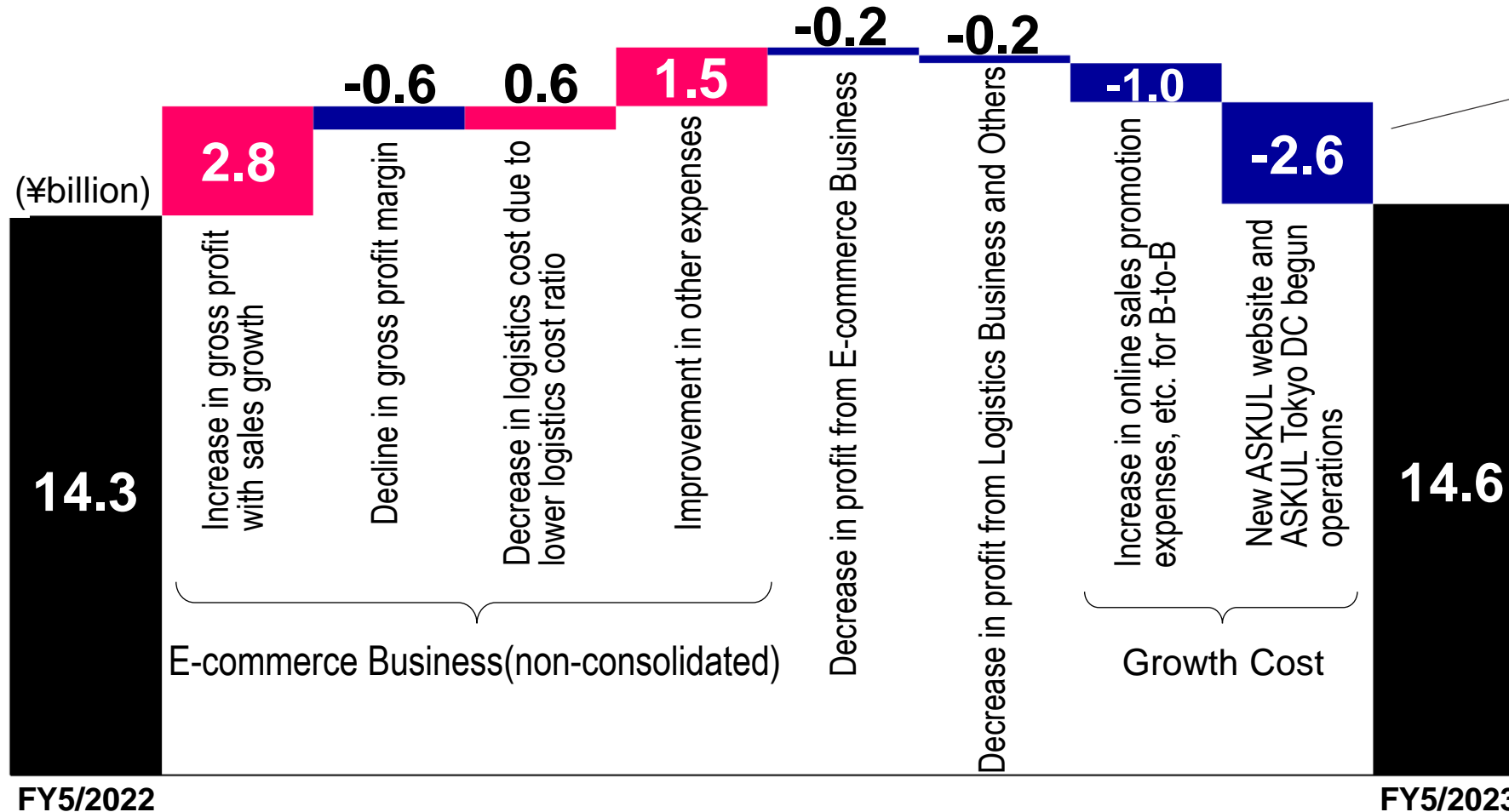


FY5/2023 Factors for Increase / Decrease in Operating Profit

Consolidated



Growth costs and a temporary decline in gross profit margin are offset by sales expansion and a reduction in the logistics cost ratio, resulting in an increase in operating profit



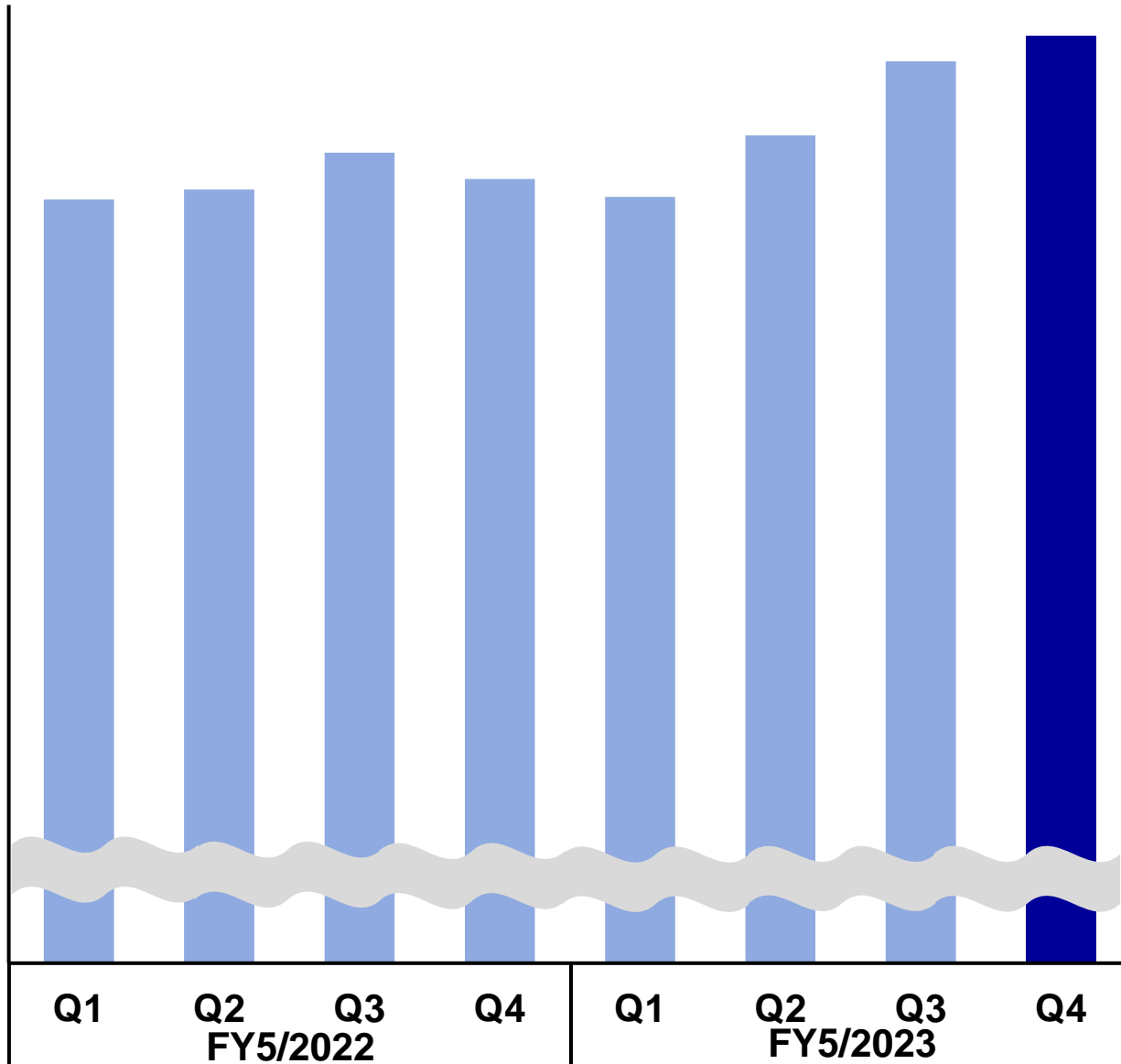
Progress of Increased Fixed Costs

| | |
|-------------------------|----------------|
| ● New ASKUL Website | -1,040 million |
| <breakdown> | |
| Amortization | -460 million |
| Transition expenses | -190 million |
| Server expansion* | -360 million |
| Others | -30 million |
| ● ASKUL Tokyo DC | -1,610 million |
| <breakdown> | |
| Depreciation | -540 million |
| Rent | -350 million |
| Cleaning/Security, etc. | -120 million |
| Startup cost* | -460 million |
| Others | -140 million |

*one-time cost

B-to-B Unit Sales Price per Box

(Yen)



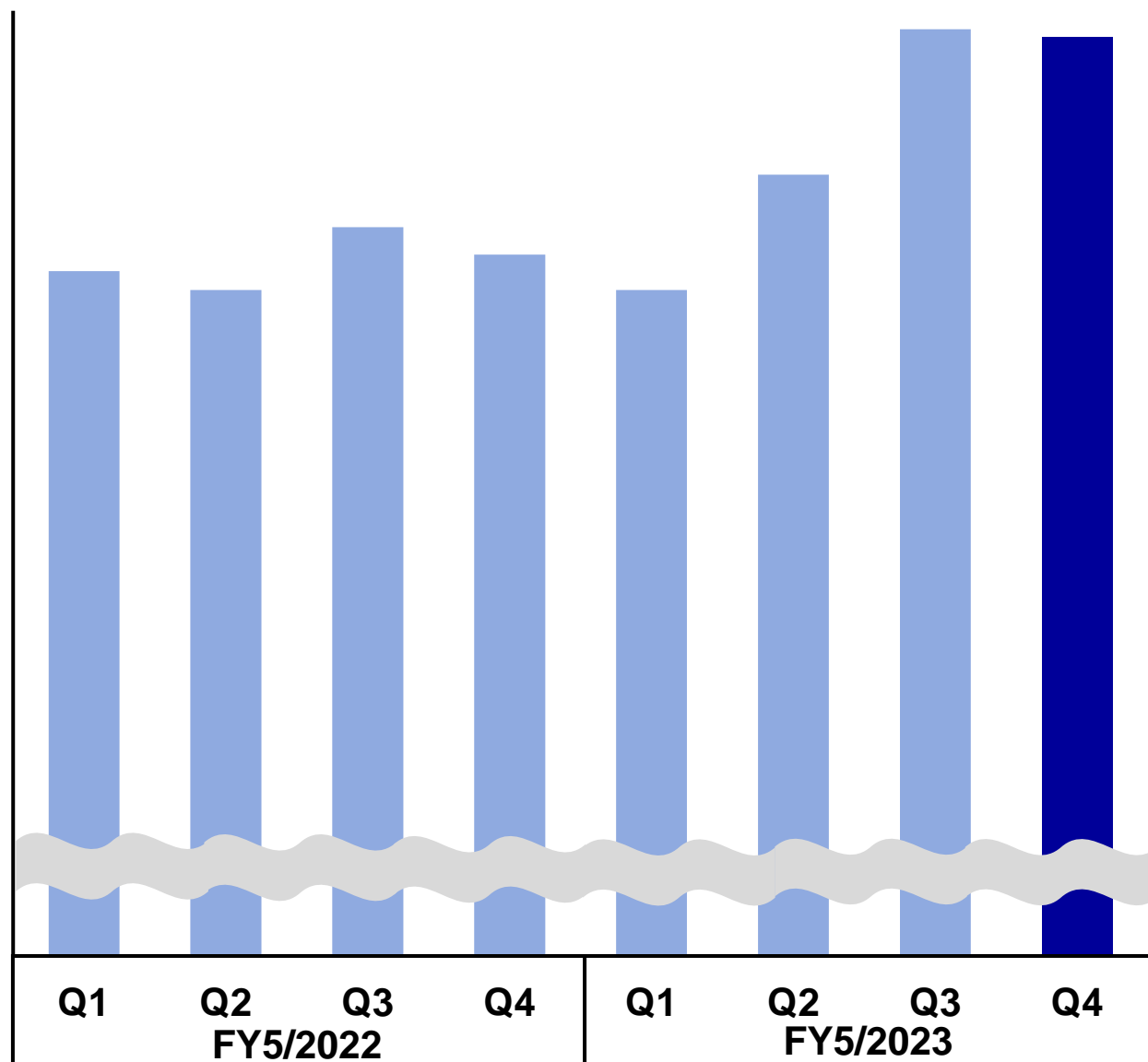
FY5/2023 Q4
YoY change: Up 9.9%
700-million-yen worth of delivery cost reduction in Q4 period

LOHACO Unit Sales Price per Box

Non-Consolidated



(Yen)



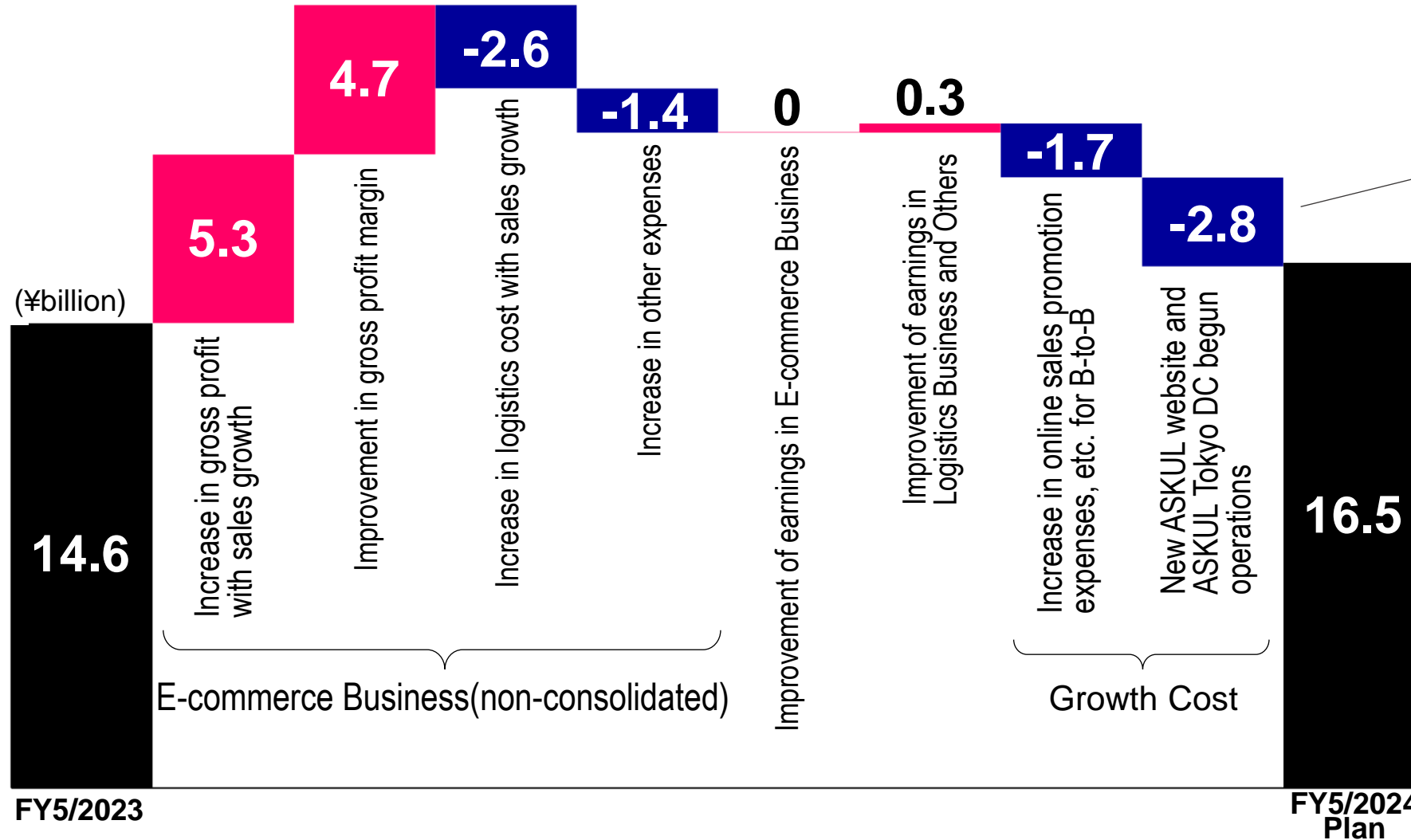
FY5/2023 Q4
YoY change: Up 19.2%

FY5/2024 Operating Profit Forecasts

Consolidated



Expect sales growth by investing in growth costs and profit growth through gross profit margin improvement



| Breakdown of Increased Fixed Costs | |
|------------------------------------|----------------|
| ● New ASKUL Website | -2,120 million |
| <breakdown> | |
| Amortization | -2,080 million |
| Transition expenses | -40 million |
| ● ASKUL Tokyo DC | -720 million |
| <breakdown> | |
| Depreciation | -530 million |
| Cleaning/Security, etc. | -190 million |

FY5/2023 Earnings Results and FY5/2024 Earnings Forecasts [By Business]

Consolidated



| | | FY5/2022 | FY5/2023 | | | | FY5/2024 | | | | |
|------------------|--------------------|--|----------|-----------|-------------|------------|--------------|-------|------------|--------------|-------|
| | | Actual | Plan | Full-year | % of plan % | YoY change | YoY change % | Plan | YoY change | YoY change % | |
| Net Sales | | (¥billion) | | | | | | | | | |
| | | B-to-B Business | 348.0 | 367.8 | 373.8 | +1.6 | 25.8 | +7.4 | 417.0 | 43.1 | +11.5 |
| | | LOHACO | 54.3 | 60.2 | 46.1 | -23.3 | (8.1) | -15.0 | 37.6 | (8.5) | -18.6 |
| | | B-to-C business (including charm) | 70.6 | 77.6 | 63.2 | -18.6 | (7.4) | -10.5 | 55.3 | (7.9) | -12.6 |
| | | E-commerce Business | 418.6 | 445.5 | 437.1 | -1.9 | 18.4 | +4.4 | 472.3 | 35.2 | +8.1 |
| | | Logistics Business and Other | 9.8 | 10.0 | 9.5 | -4.1 | (0.2) | -2.3 | 9.6 | 0.1 | +1.1 |
| | Consolidated Total | 428.5 | 455.5 | 446.7 | -1.9 | 18.1 | +4.2 | 482.0 | 35.3 | +7.9 | |
| Operating Profit | | B-to-B Business | 17.0 | 14.0 | 14.7 | +5.1 | (2.2) | -13.0 | 16.2 | 1.4 | +10.1 |
| | | LOHACO | (2.9) | 0 | 0 | +48.2 | 3.0 | - | 0 | 0 | +8.4 |
| | | B-to-C business (including charm) | (2.4) | 0.3 | 0.3 | +0.5 | 2.7 | - | 0.2 | (0.1) | -35.8 |
| | | Performance-linked Bonuses (including provision), etc. | (0.2) | 0 | (0.1) | - | 0 | - | 0 | 0.1 | - |
| | | E-commerce Business | 14.3 | 14.4 | 14.9 | +3.8 | 0.5 | +4.1 | 16.4 | 1.5 | +10.4 |
| | | Logistics Business and Other | (0) | 0.1 | (0.3) | - | (0.2) | - | 0 | 0.3 | - |
| | | Consolidated Total | 14.3 | 14.5 | 14.6 | +0.8 | 0.3 | +2.2 | 16.5 | 1.8 | +12.9 |

B-to-B Business Earnings Results and Forecasts

Consolidated

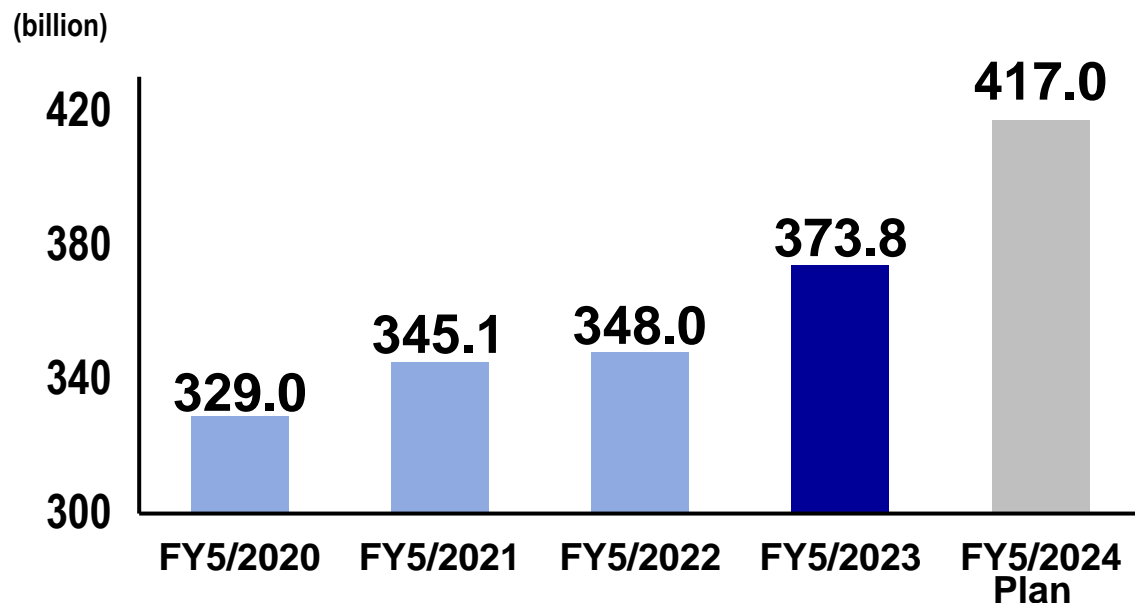


Net Sales

FY5/2023 Result YoY **107.4%**

FY5/2024 Forecast YoY **111.5%**

Realized “Changing the Growth Trajectory of Sales”
Double-digit growth through consolidation of FEED
Corporation etc.

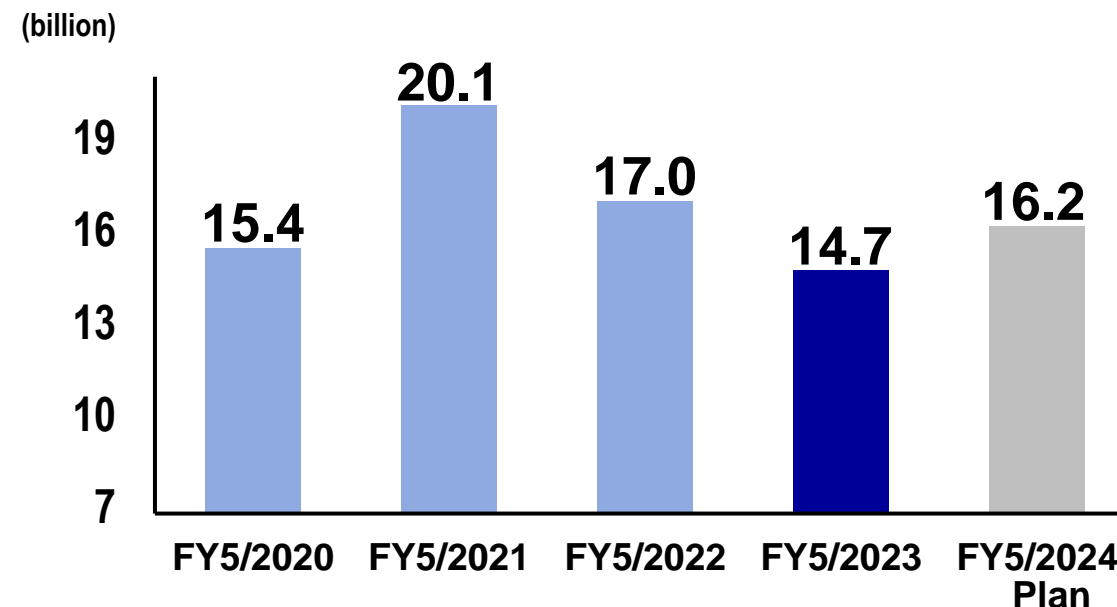


Operating Profit

FY5/2023 Result YoY **87.0%**

FY5/2024 Forecast YoY **110.1%**

Profits continued to decline due to a rebound in special
demand and increased fixed costs, but finally entered the
profit growth stage



B-to-C Business Earnings Results and Forecasts

Consolidated

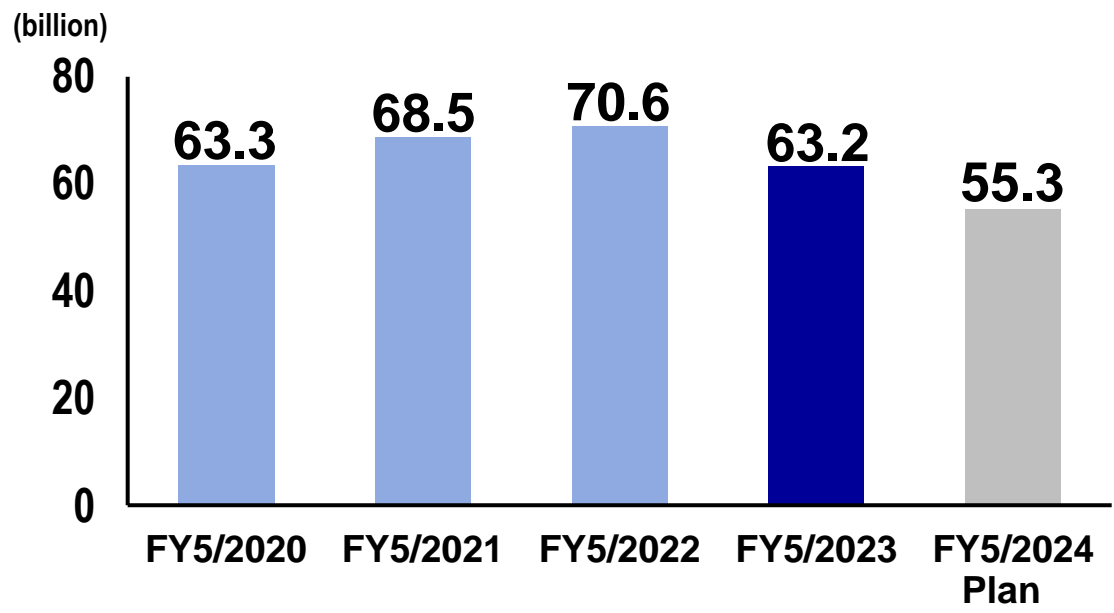


Net Sales

FY5/2023 Result YoY **89.5%**

FY5/2024 Forecast YoY **87.4%**

The effect of campaign method change continued
Plans for regrowth after the impact of the effect has passed
through expansion of product lineups, etc.

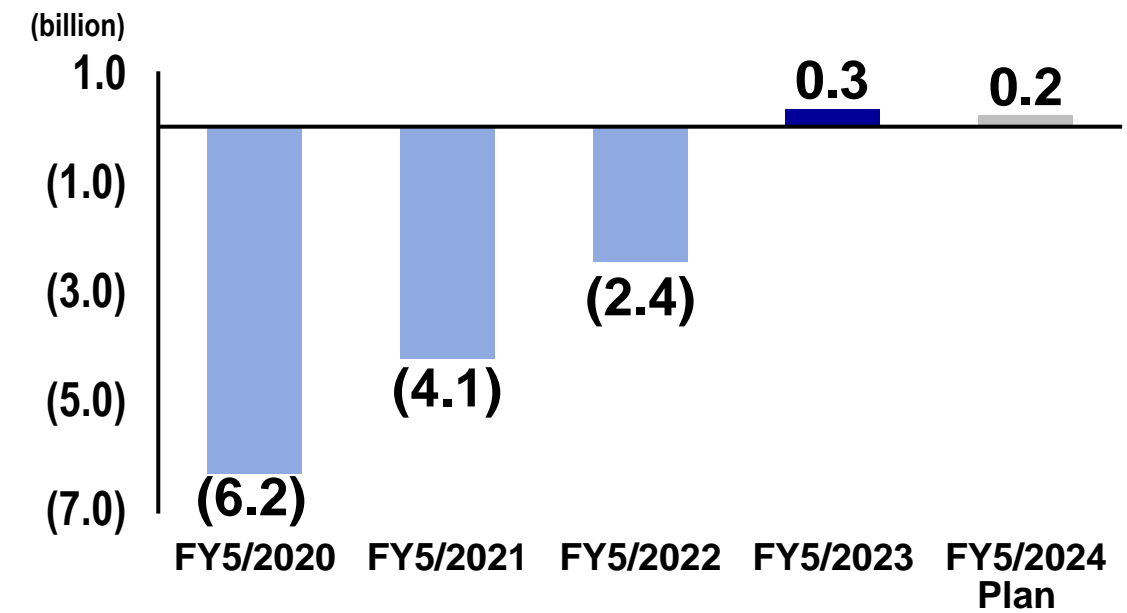


Operating Profit

FY5/2023 Result YoY **+2.7 billion**

FY5/2024 Forecast YoY **-0.1 billion**

Achieved full-year profitability as planned
Remain profitable by strengthening profit structure through BC
integration*



* BC integration refers to the pursuit of synergies from the integration of B-to-B and LOHACO Business units in March 2023

Logistics Business and Others Earnings Results and Forecasts

Consolidated

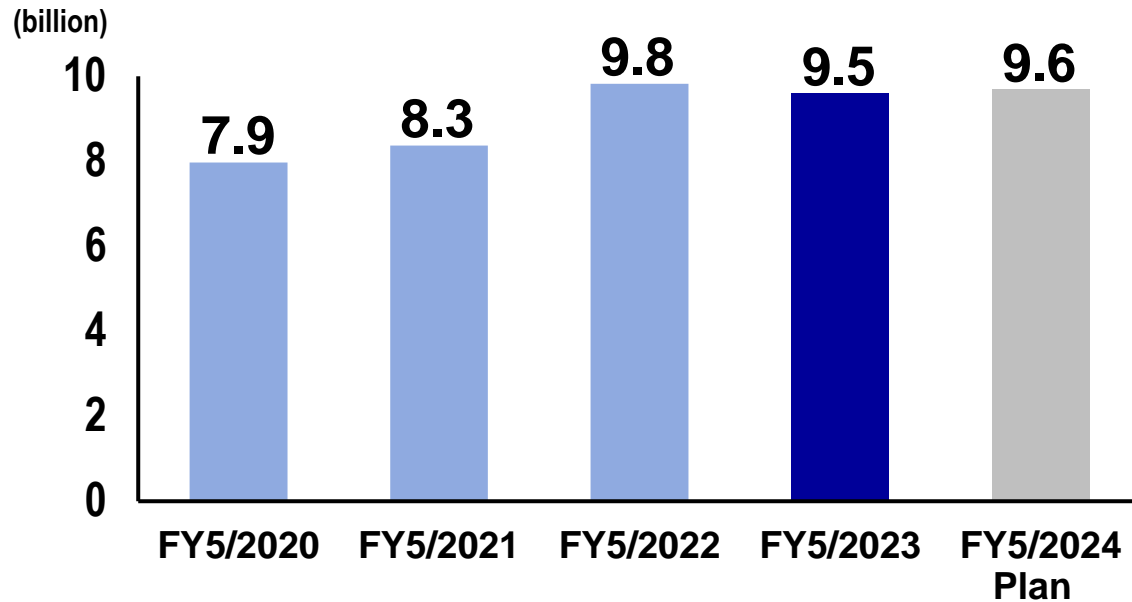


Net Sales

FY5/2023 Result YoY **97.7%**

FY5/2024 Forecast YoY **101.1%**

Focus on improving profitability of existing businesses
Maintain sales at the previous fiscal year level

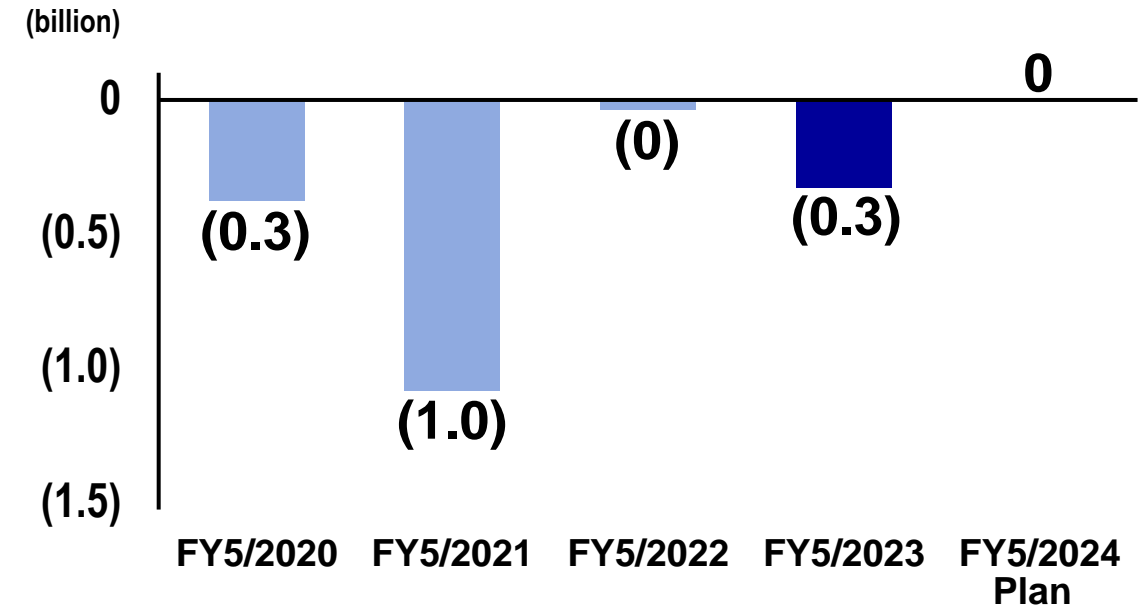


Operating Profit

FY5/2023 Result YoY **-0.2 billion**

FY5/2024 Forecast YoY **+0.3 billion**

Profitability deteriorated due to soaring costs
Break-even first by improving the profit structure

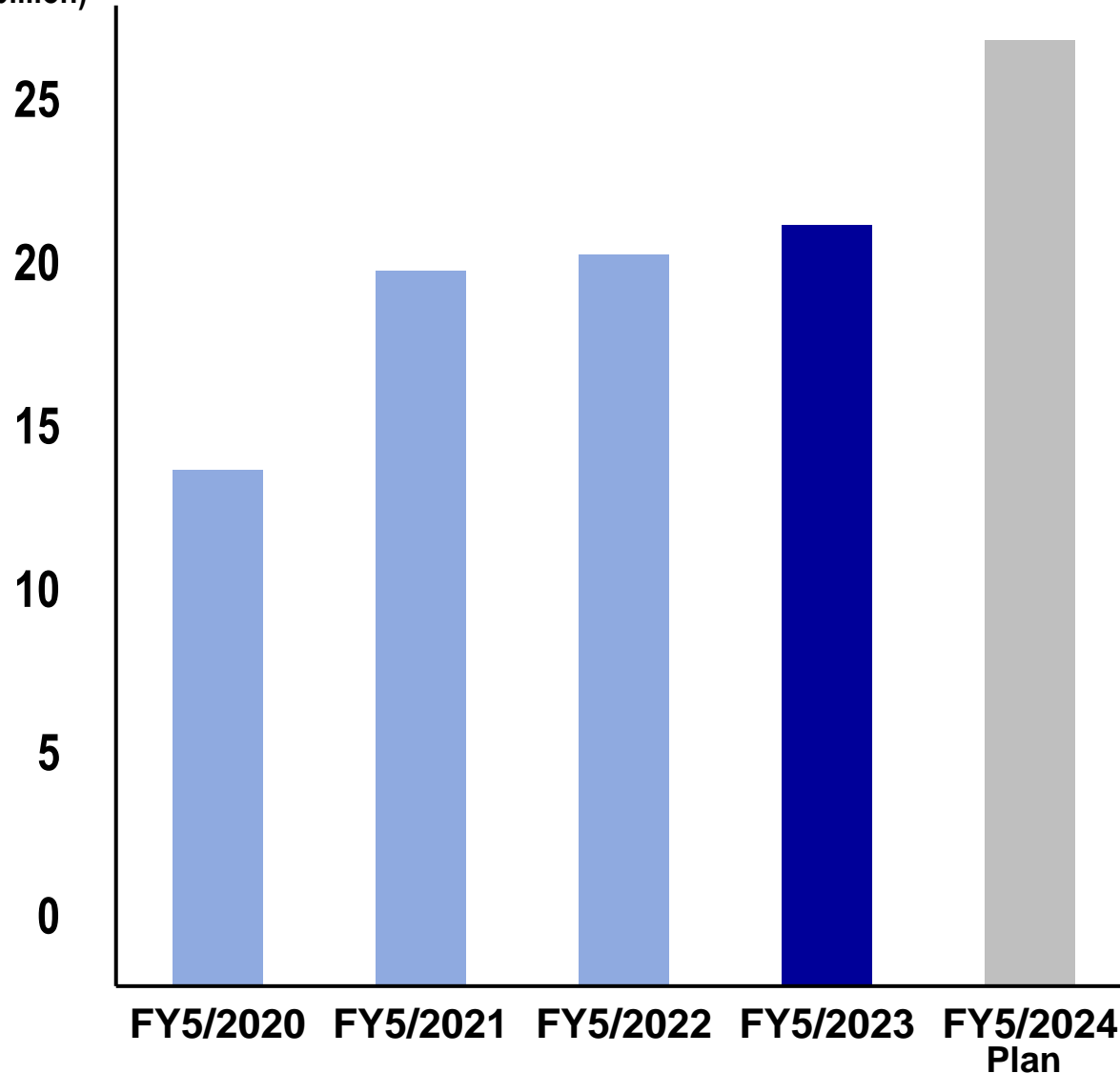


Trend of EBITDA

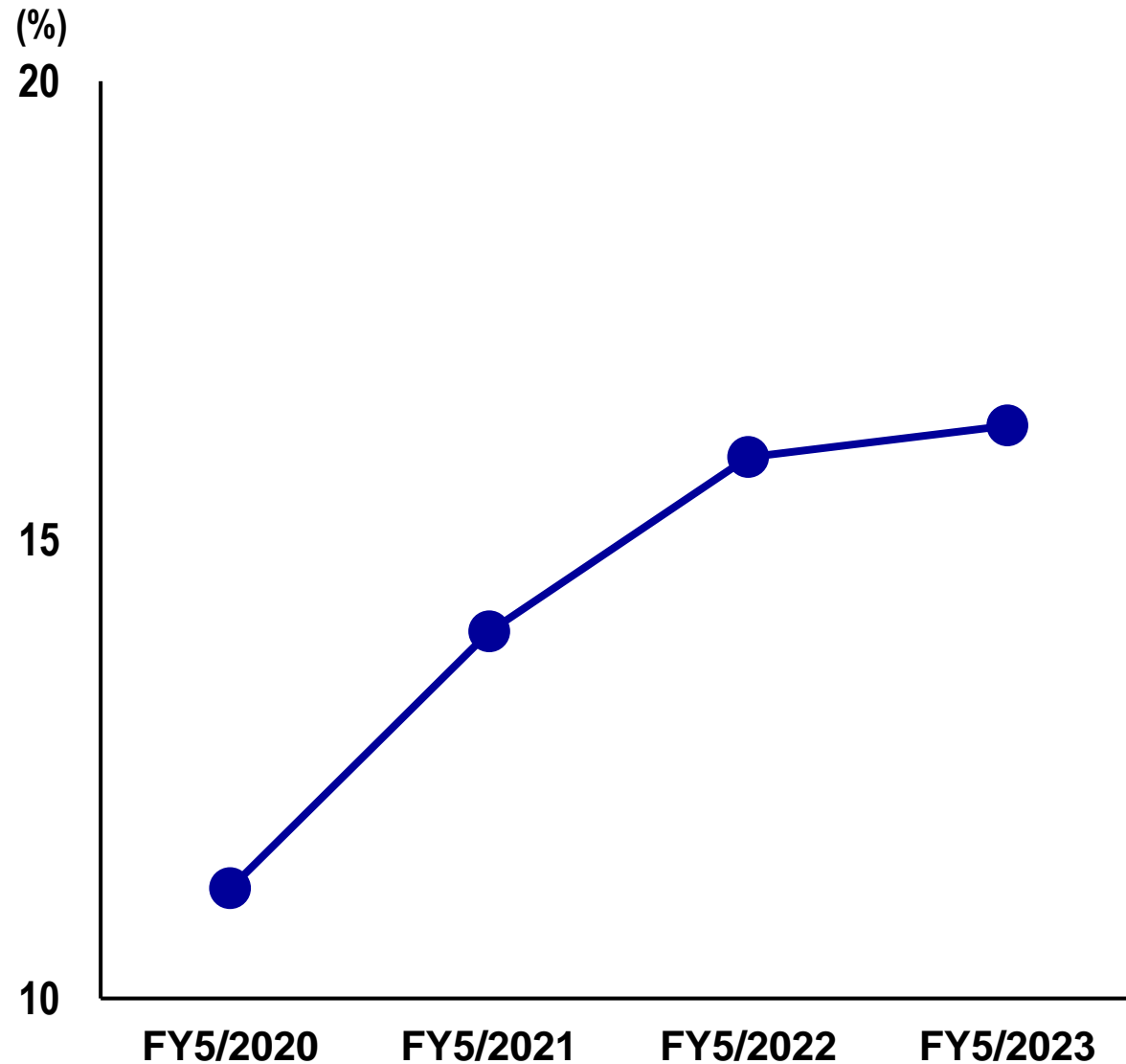
Consolidated



(¥billion)



EBITDA to increase significantly ahead of strong earnings growth

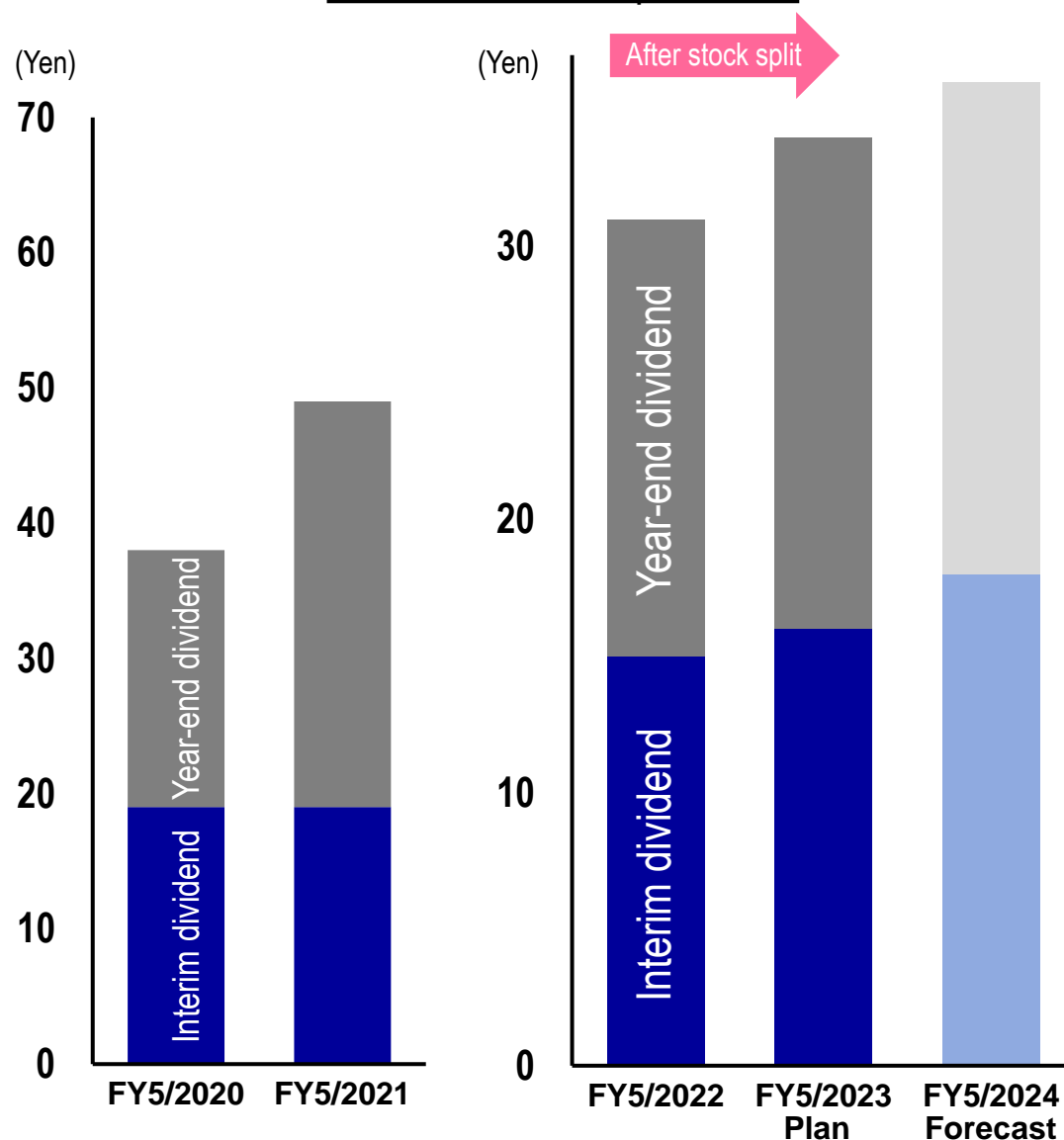


For Medium-Term Management Plan Target ROE 20.0%
Aim to improve capital efficiency

Shareholder Return



Annual dividends per share



FY5/23 Dividend (planned)

⇒ Annual dividend per share: ¥34

(Interim dividend: ¥16 and Year-end dividend: ¥18)

Dividend increased by ¥2 to commemorate 30th anniversary, resulting in annual dividend increase of ¥3

FY5/24 Dividend (forecast)

⇒ Annual dividend per share: ¥36

(Interim dividend: ¥18 and Year-end dividend: ¥18)

Plan to increase dividend by ¥2 for the full year

Dividends will continue to increase in line with earnings growth

*Two-for-one stock split was conducted on May 21, 2021.

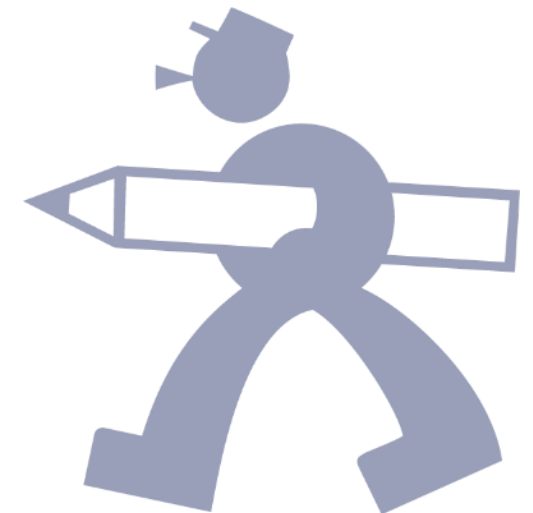
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Take advantage of opportunities and continuing to evolve while responding to changes in the business environment.

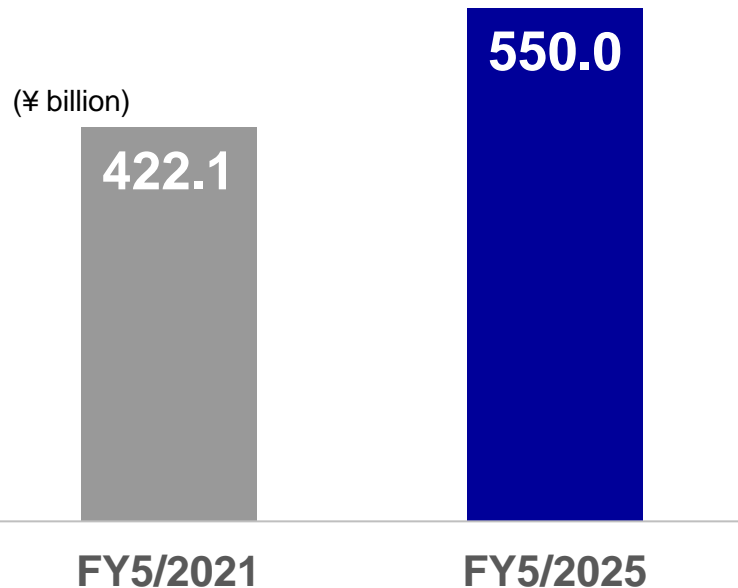
| Environmental changes | Impact | Countermeasures | Effects |
|--|---|--|--|
| <p>After COVID-19, reclassified COVID-19's category to Class 5</p> | <ul style="list-style-type: none"> ✓ Further recovery in demand for consumables due to reopening ✓ Decline in demand for infection prevention products | <ul style="list-style-type: none"> ✓ Strengthening the capture of demand for general-purpose products such as living supplies and office supplies ✓ Expand specialized products for strategic industries as a growth area | <p>Increase in net sales</p> |
| <p>Inflation / Soaring costs</p> | <ul style="list-style-type: none"> ✓ Higher purchase costs, electricity bill, and other expenses | <ul style="list-style-type: none"> ✓ Reduce procurement costs by reviewing the supply chain ✓ Flexible price revisions | <p>Maintain and improve gross profit margin</p> |
| <p>Logistics Cost Increase (Logistics 2024 Issue)</p> | <ul style="list-style-type: none"> ✓ Increase in logistics and delivery costs due to higher labor costs ✓ Difficulty in procuring vehicles due to driver shortage | <ul style="list-style-type: none"> ✓ Reinforcement of internal network for transportation and delivery ✓ Advanced distribution center automation ✓ Optimize inventory allocation through logistics DX Increase unit sales price per box through UI/UX improvement | <p>Maintain and improve logistics and delivery costs</p> <p>Reduction of delivery cost ratio</p> |



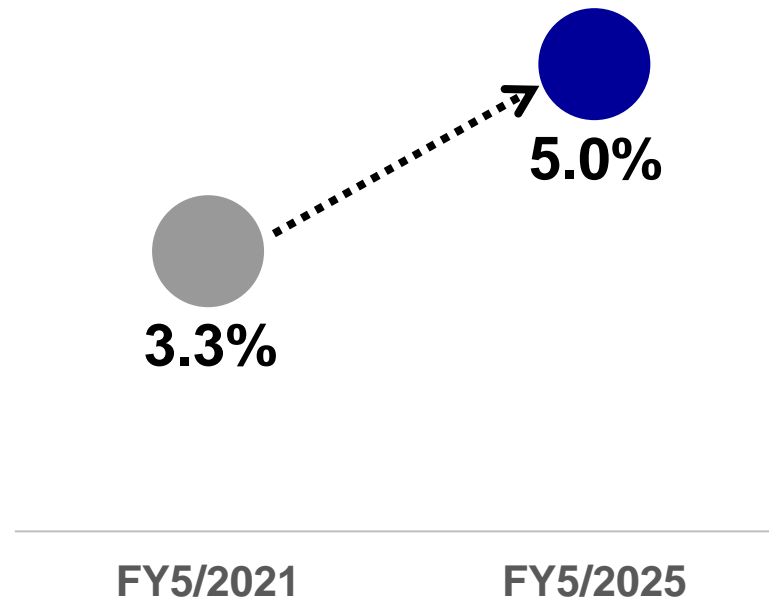
FY5/2025

Net Sales **¥550.0** billion Operating Income Ratio **5.0%**

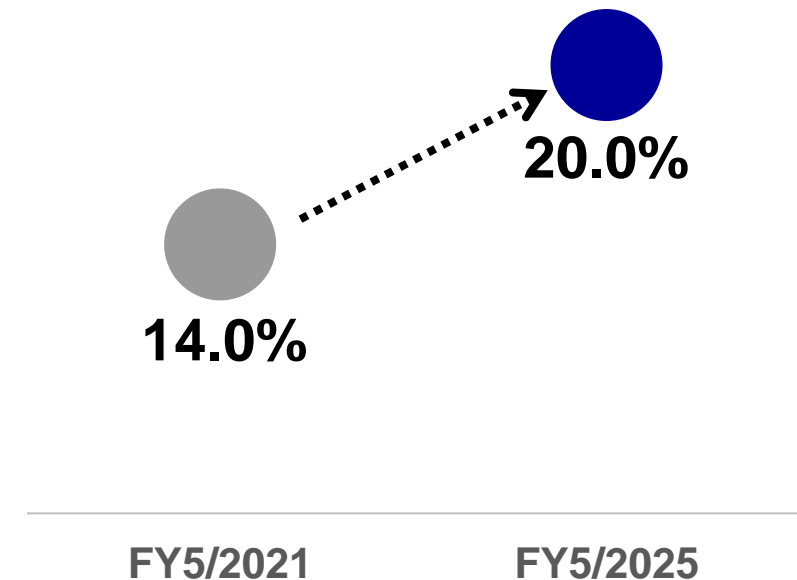
Consolidated net sales
Annual average growth rate:
Over 6%



Consolidated operating income ratio
Annual average growth rate:
Over 18%

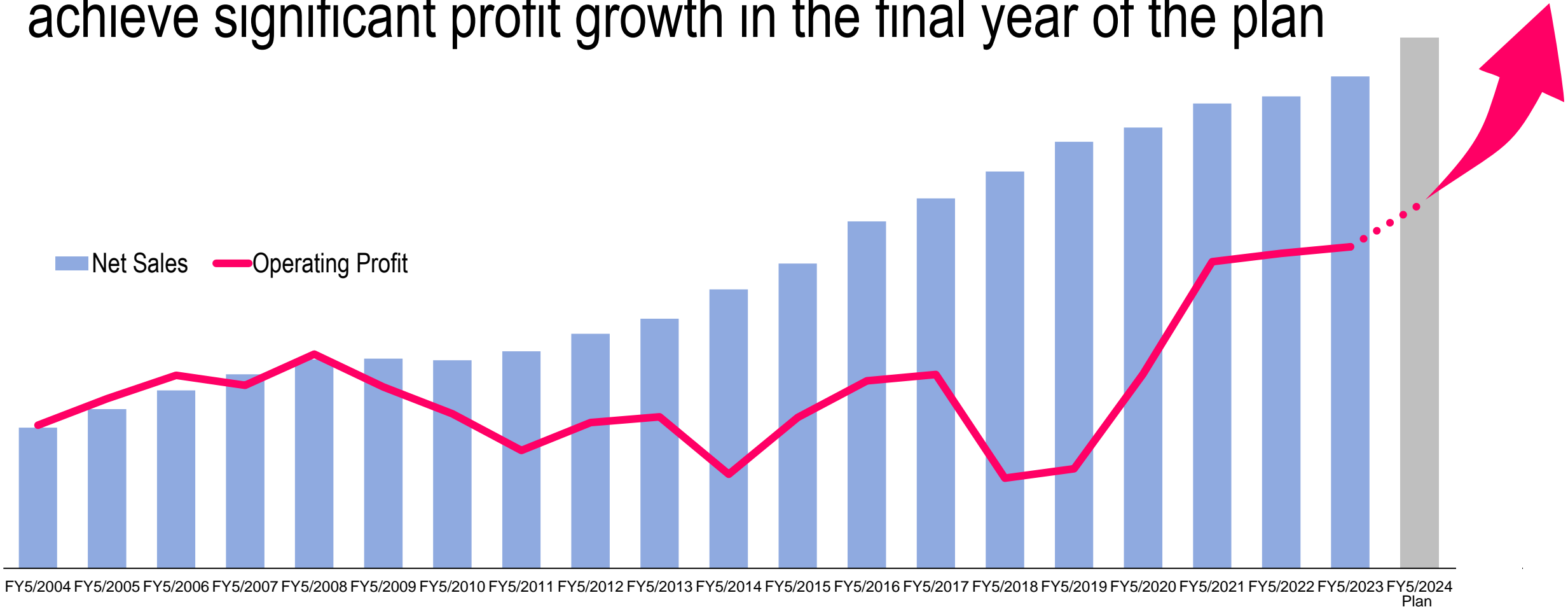


Consolidated return on equity (ROE)





Accelerate sales growth and begin to grow earnings to achieve significant profit growth in the final year of the plan



I Earnings results for the Fiscal Year Ended May 2023
and Earnings Forecast for the Fiscal Year Ending May 2024

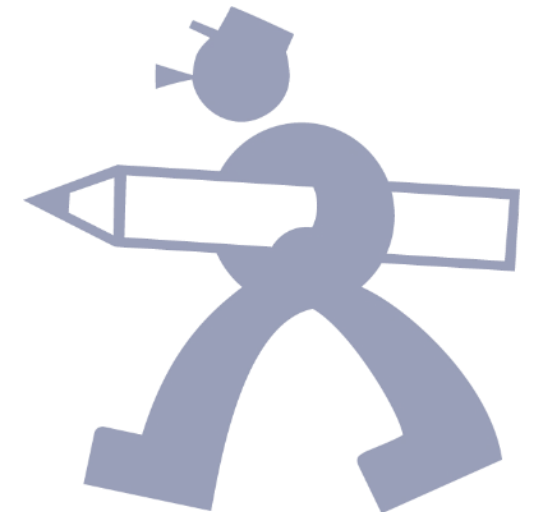
II Business Strategy

- **B-to-B**

- B-to-C

III ESG and DX Topics

IV Appendix

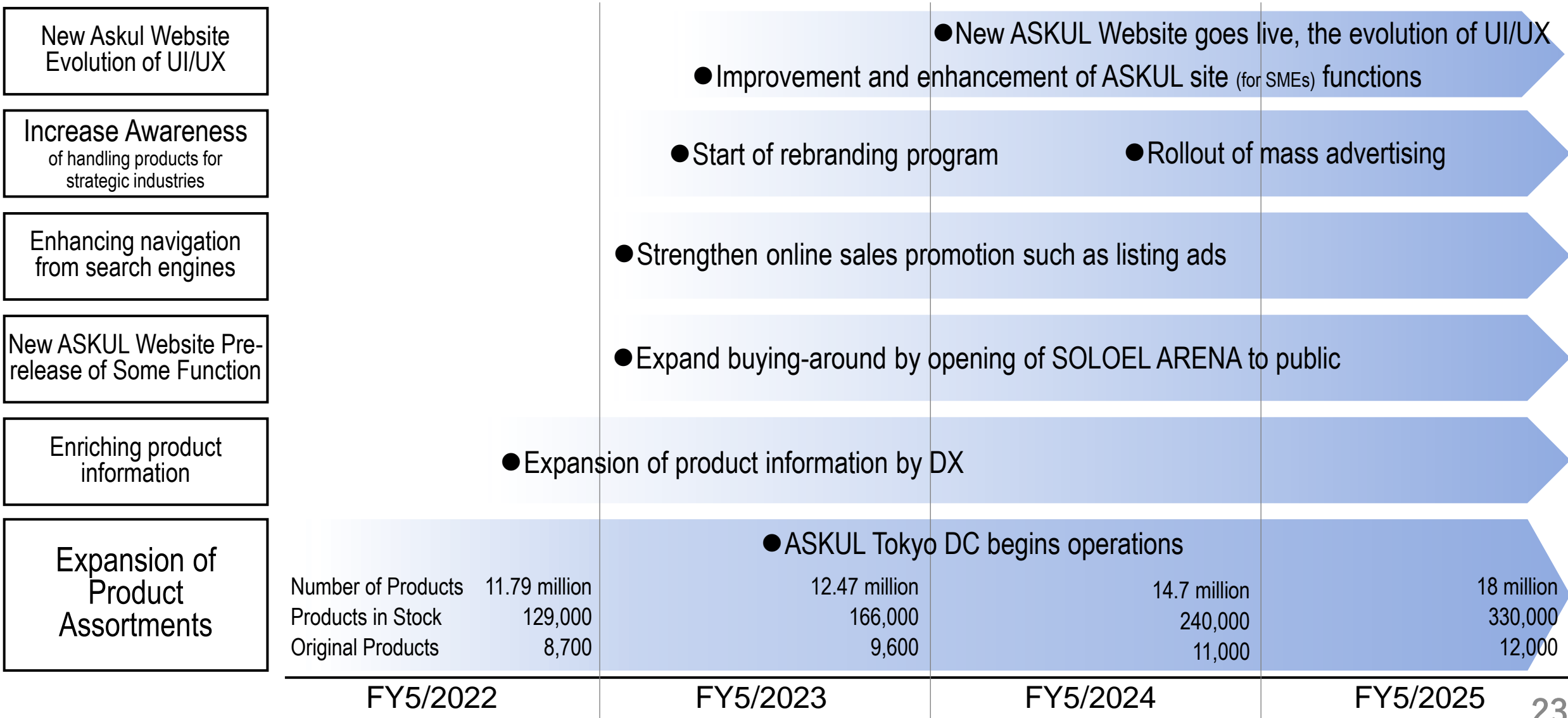


B-to-B Growth Strategies of Medium-Term Management Plan

Non-Consolidated



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





Increased sales and improved gross profit margin will absorb cost increases and improve profitability.

Net Sales

+43.1 billion yen

Gross Profit Margin

+ about 1%

Factors for Sales Growth

New ASKUL website go live

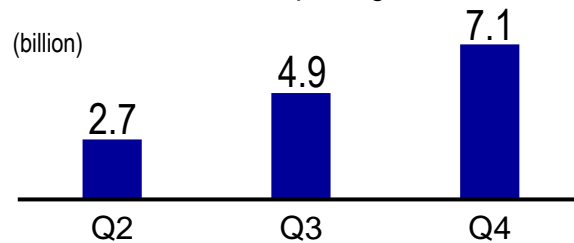
Further growth through the effect of the opening

Strengthening Web Sales Promotion

Improvement of Order Unit Price

Increase in Sales of Group Companies

The Effect of the Opening in FY5/2023



- ✓ Sales promotion expenses approx. **doubled** from the previous year
- ✓ Improved searchability, increase coupons to raise unit price, and enhanced exposure of strategic products
- ✓ Consolidation of FEED Corporation, etc.

Factors for Gross Profit Margin Improvement

Improved profitability of core products

Shift to profitable categories

Increase in fee income from advertising business

- ✓ Gross profit margin improvement due to recovery of exchange rate position
- ✓ Cost Reduction and Selling Price Revision
- ✓ Introduction of high unit price products
- ✓ Shift to strategic products with high gross margins
- ✓ Completed systematization, gradually increase ad space
- ✓ Expand to new ASKUL website in FY5/2025

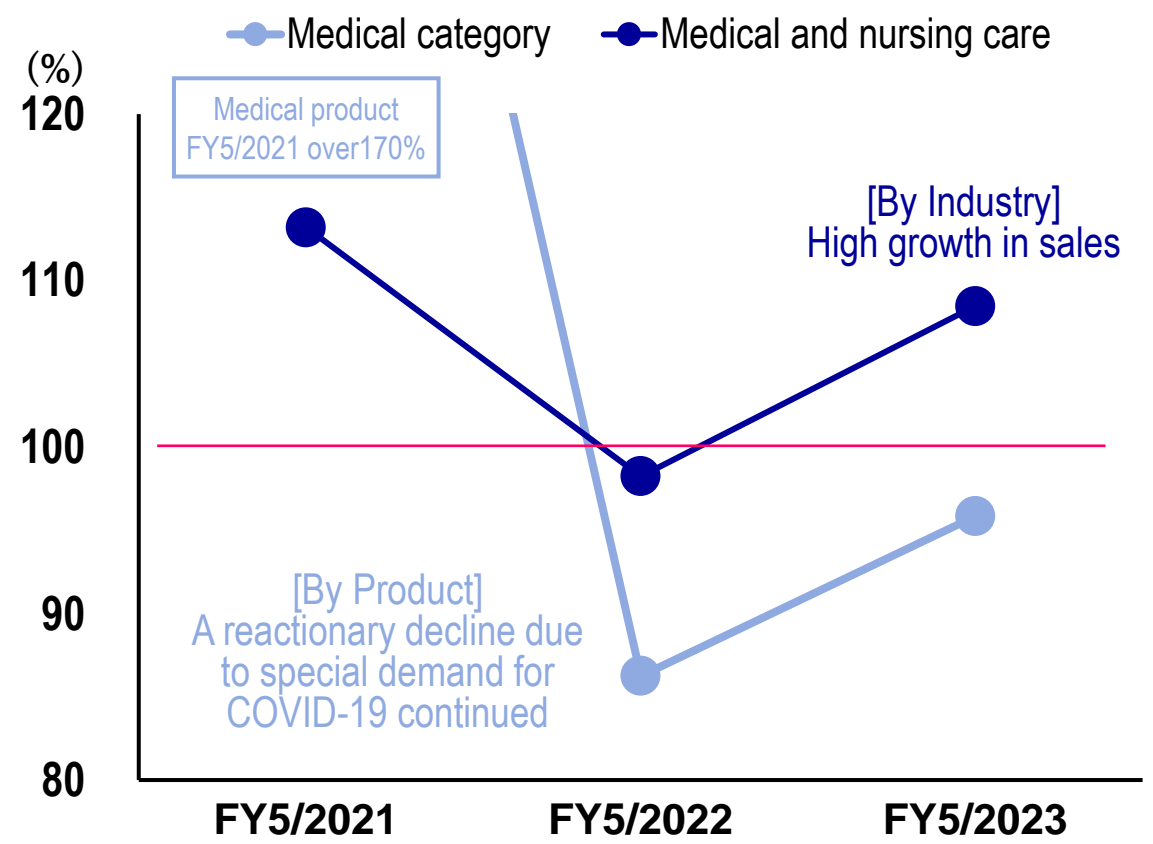
B-to-B Quarterly Net Sales by Item Category

Living Supplies and MRO drove growth

| (¥billion) | FY5/2020 | | FY5/2021 | | FY5/2022 | | FY5/2023 | | | | | | | | | | | |
|-----------------|-----------|---------------------|-----------|---------------------|-----------|---------------------|----------|---------------------|------|---------------------|------|---------------------|------|---------------------|-----------|---------------------|------------|--------------|
| | Full-year | | Full-year | | Full-year | | Q1 | | Q2 | | Q3 | | Q4 | | Full-year | | | |
| | | Composition ratio % | | Composition ratio % | | Composition ratio % | | Composition ratio % | | Composition ratio % | | Composition ratio % | | Composition ratio % | | Composition ratio % | YoY change | YoY change % |
| OA & PC | 96.0 | 32.0 | 94.1 | 29.8 | 94.0 | 29.6 | 22.8 | 28.1 | 24.2 | 29.2 | 25.5 | 29.8 | 25.7 | 29.8 | 98.4 | 29.2 | 4.4 | +4.7 |
| Stationery | 42.8 | 14.3 | 41.4 | 13.1 | 40.8 | 12.9 | 9.5 | 11.7 | 10.1 | 12.2 | 10.6 | 12.4 | 11.8 | 13.6 | 42.1 | 12.5 | 1.3 | +3.2 |
| Living Supplies | 79.0 | 26.3 | 80.2 | 25.4 | 86.6 | 27.3 | 25.2 | 31.1 | 24.5 | 29.5 | 24.9 | 29.1 | 24.9 | 28.8 | 99.6 | 29.6 | 12.9 | +15.0 |
| Furniture | 21.2 | 7.1 | 22.0 | 7.0 | 21.6 | 6.8 | 4.5 | 5.6 | 4.5 | 5.5 | 4.7 | 5.5 | 6.1 | 7.2 | 19.9 | 5.9 | (1.6) | -7.7 |
| MRO | 34.2 | 11.4 | 35.8 | 11.4 | 37.4 | 11.8 | 9.7 | 12.0 | 10.4 | 12.5 | 10.7 | 12.5 | 10.2 | 11.9 | 41.1 | 12.2 | 3.7 | +9.9 |
| Medical | 19.6 | 6.5 | 34.2 | 10.9 | 29.5 | 9.3 | 7.8 | 9.6 | 7.3 | 8.8 | 7.3 | 8.6 | 5.7 | 6.7 | 28.3 | 8.4 | (1.2) | -4.2 |
| Others | 7.4 | 2.5 | 7.3 | 2.3 | 7.0 | 2.2 | 1.4 | 1.8 | 1.9 | 2.3 | 1.8 | 2.2 | 1.8 | 2.1 | 7.1 | 2.1 | 0 | +0.3 |
| Total | 300.4 | 100.0 | 315.2 | 100.0 | 317.2 | 100.0 | 81.1 | 100.0 | 83.1 | 100.0 | 85.8 | 100.0 | 86.5 | 100.0 | 336.7 | 100.0 | 19.5 | +6.2 |

Sales to the medical and nursing care industries are strong, and the growth is accelerating as the product range is expanded

Net Sales Year-on-Year of Medical and Nursing Care Industry and Medical Category



Strengthening of specialized product range and original product development

Past-developed original products

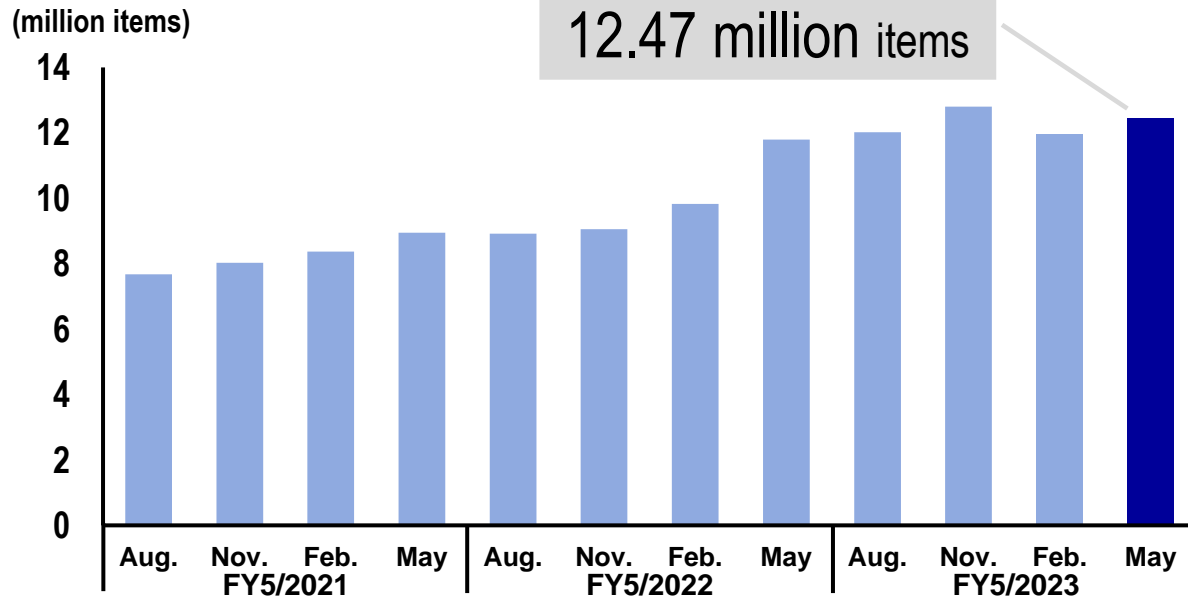


B-to-B Expansion of Product Assortments (Number of Products, Products In-Stock)

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

- ✓ Q4 period: increased 500,000 items
- Over 600,000 new items introduced

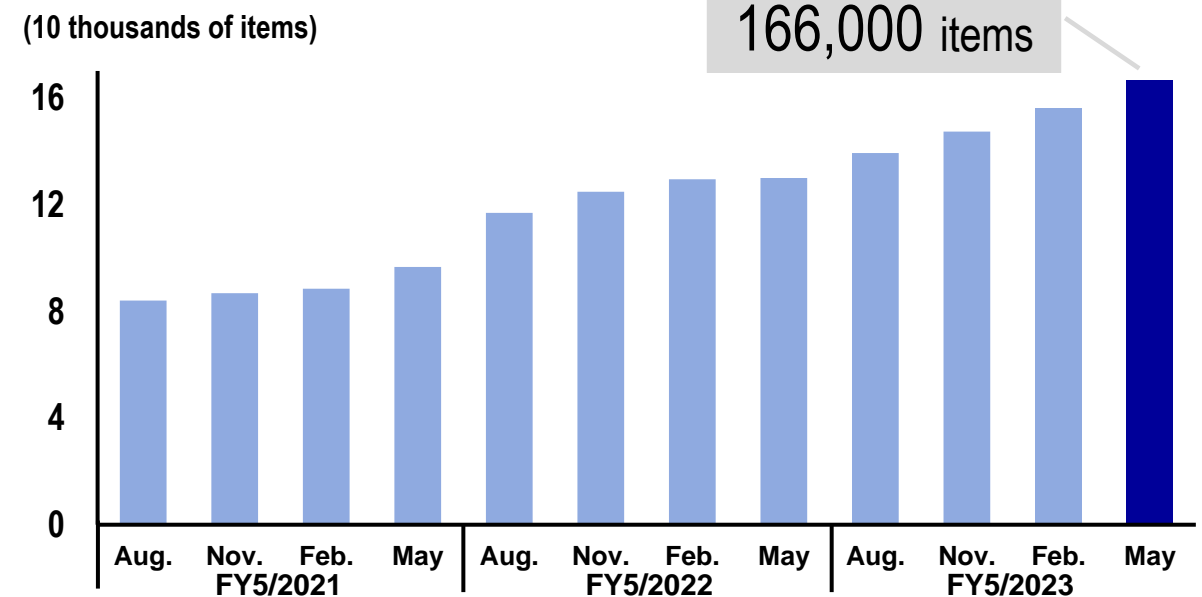
Strengthening system to accelerate product lineup expansion
Aiming for 14.7 million items in FY5/2024



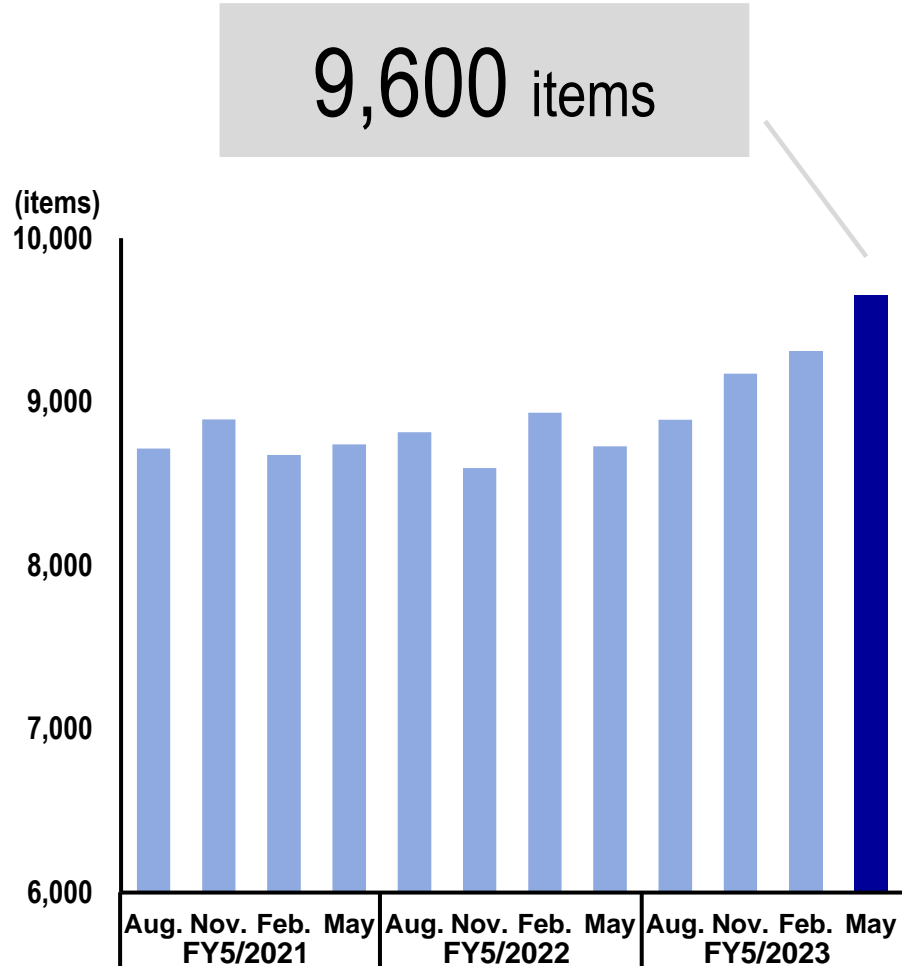
In-Stock Products
(Medium-term target at 330,000 items)

- ✓ Q4 period: added more than 10,000 items
- Increased mainly in Living Supplies and MRO categories

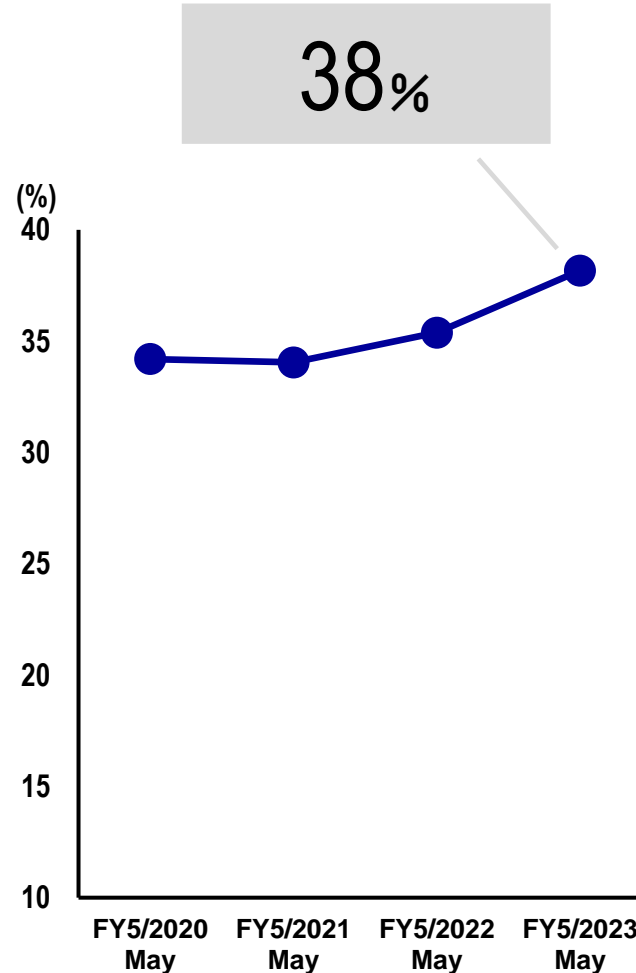
Maximize sales through expansion of specialized products
Targeting 240,000 items in FY5/2024



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



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



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

Aiming for 11,000 items in FY5/2024

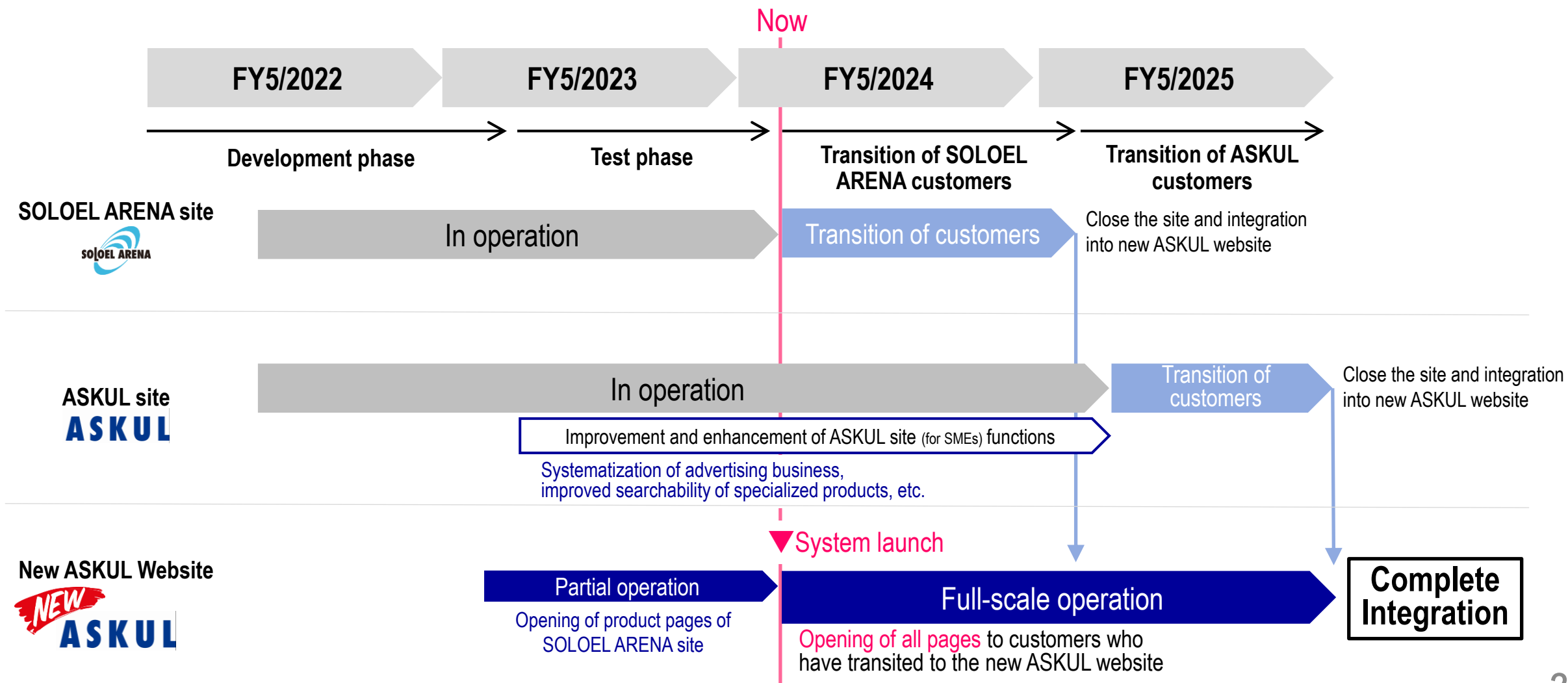
*1 Original products includes products exclusive to ASKUL
Excluding original products exclusive to LOHACO
*2 Industries are Medical and nursing care, Manufacturing

B-to-B Progress of New ASKUL Website



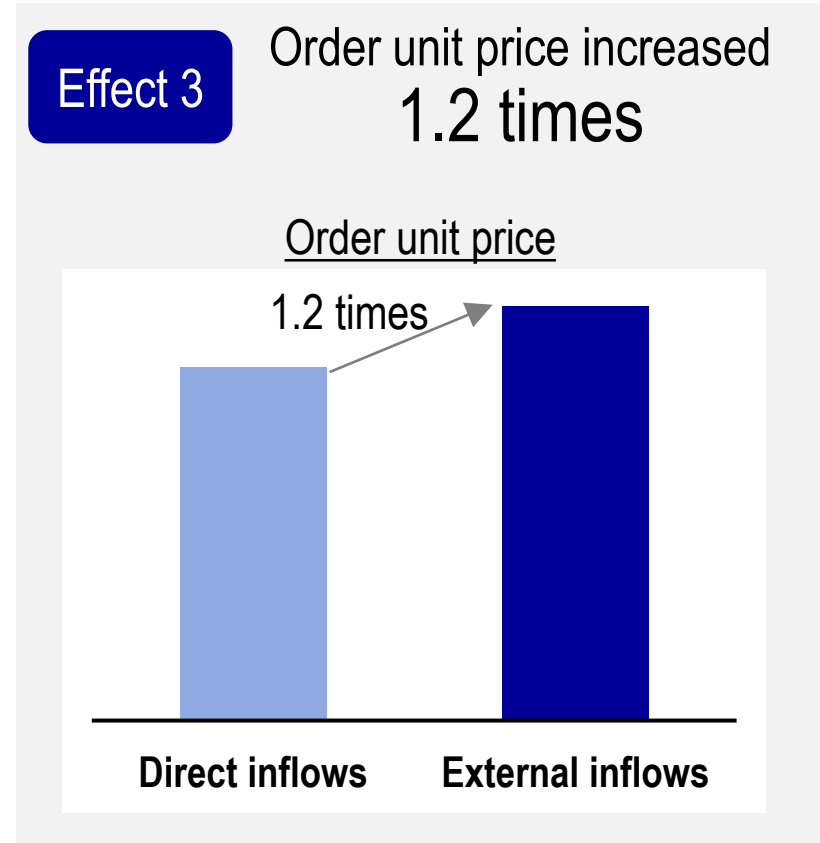
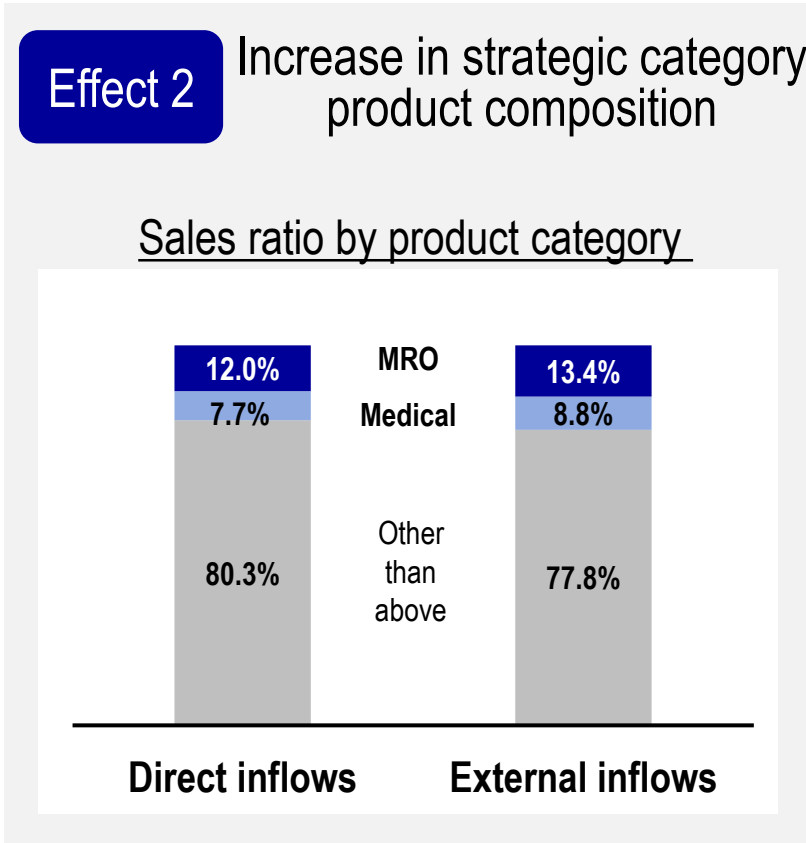
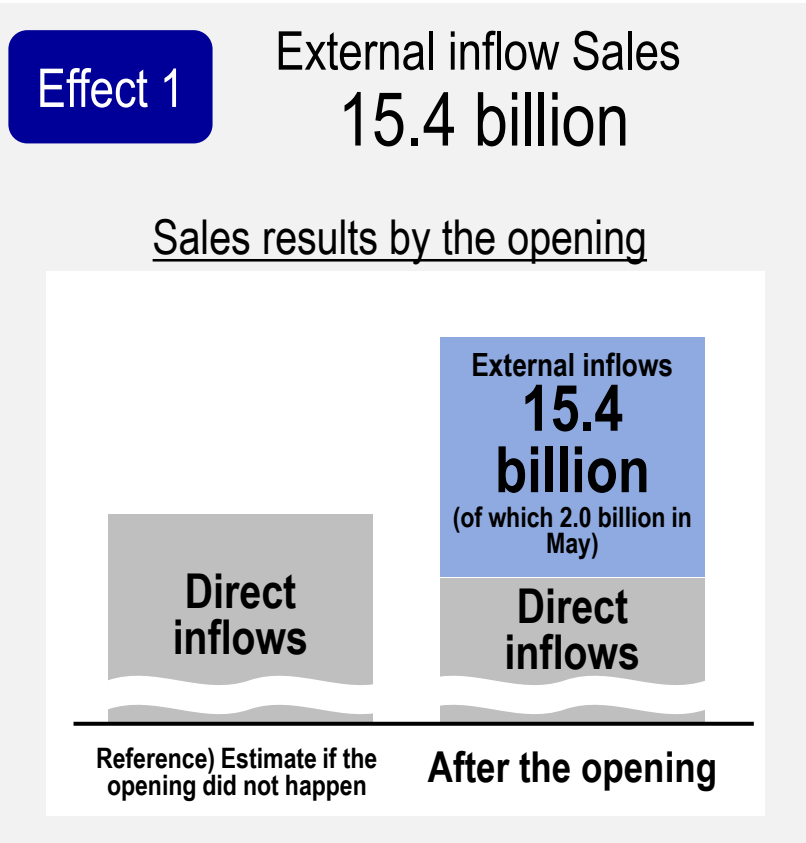
July 2023

SOLOEL ARENA customers have started transitioning to the new ASKUL Website



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 July 27, 2022, which is the day of the opening started, to May 20, 2023, for all effect 1, 2, and 3 above
- "External inflow": transition from external sources such as search engines "Direct inflow": direct visit from bookmarks, etc.
- The "External inflows of 15.4 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 Evolution with the Release of the New ASKUL Website



Evolving into an easier-to-use, easier-to-buy e-commerce site to drive sales

New Functions (compared with the previous SOLOEL ARENA site)

AI-based Personalized Recommendations

UI Improvement of Purchase and Management Related Pages

Variety of Payment Methods

Use of Coupon



Enhanced Top Page and Special Features, etc.





Breaking away from the image of office supplies to become ASKUL for all workplaces

Enhancing Navigation from Search Engines

FY5/2023

Sales via online advertising

- ✓ YoY change: **Up 8-billion-yen**

* results on ASKUL website (website for SMEs)

- ✓ Actively invest in advertising in strategic category products
Sale growth achieved with increased advertising expenses

FY5/2024

Enhancing web sales promotion with three approaches

- ✓ Products for strategic industries
- ✓ MRO general-purpose products (maintenance products), etc.



- ✓ Environment-friendly products

Increase Awareness of Handling Products for Strategic Industries

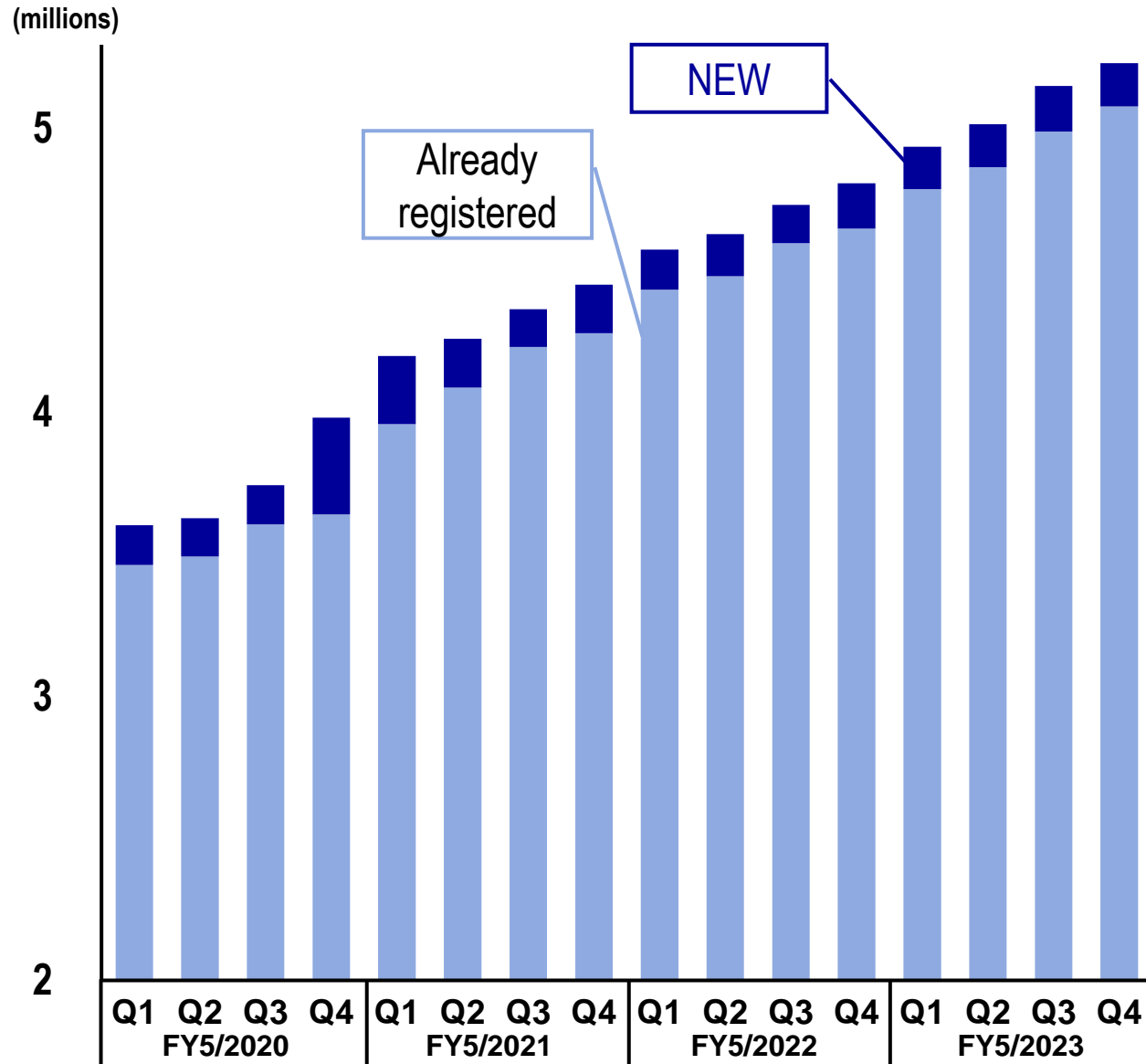
FY5/2023

- ✓ Development of awareness measures with a focus on web video advertising for strategic industries
- ✓ Increased recognition rate of specialized products in each industry

FY5/2024

- ✓ Maximize recognition through web video advertising + mass advertising
- ✓ Link to higher growth in FY25/5, the final year of the mid-term management plan

B-to-B Number of Registered Customers*



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.

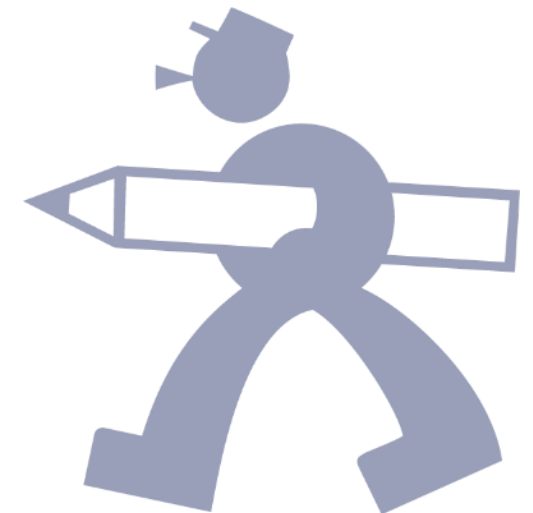
I Earnings results for the Fiscal Year Ended May 2023
and Earnings Forecast for the Fiscal Year Ending May 2024

II Business Strategy

- B-to-B
- **B-to-C**

III ESG and DX Topics

IV Appendix

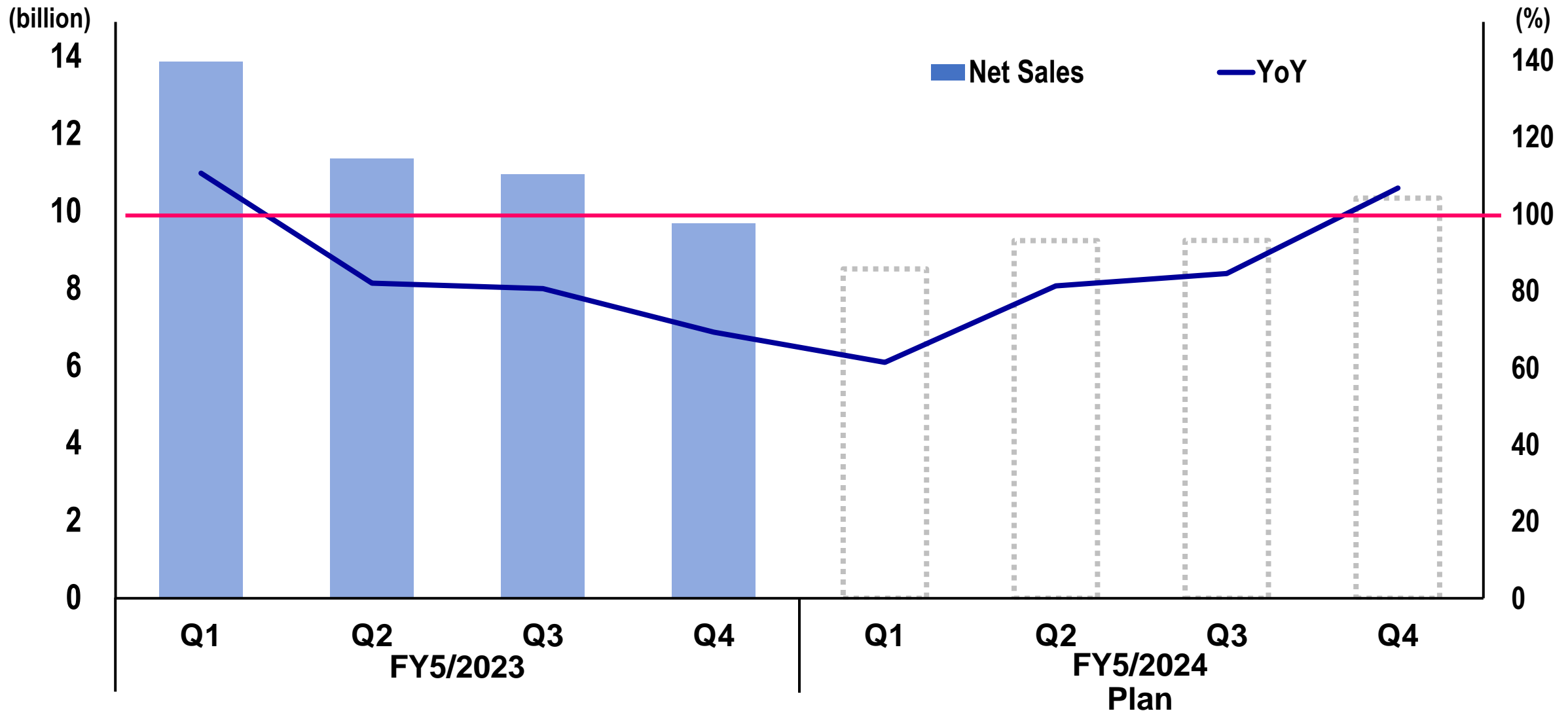


LOHACO Image of Sales Transition for FY5/2024

Non-Consolidated



Expect regrowth starting in Q4 due to product lineup expansion, etc.





Synergy with B-to-B to expand product domain and strengthen original products
Regrowth by leveraging the customer acquisition capabilities of the Z Holdings Group

Synergies with B-to-B

Offering B-to-B Products on LOHACO

- ✓ Responding to the needs of business-use and large-volume products
- ✓ Responding to low-price demands



Disinfectant bleach



Disinfection wipe



Kitchen towel



Zipper container

Strengthening Product Domain

New Product Domain

Increase high-unit-price, high-profitability products

Expand durable products such as household goods, gardening, DIY, etc.



Window cleaner



Shower head



Charging screwdriver

Existing Product Domain

Reinforcing original products by taking advantage of the scale of B-to-B, focusing on daily consumables

Improve price appeal

Synergies with Z Holdings Group

Regrowth by taking full advantage of Z Holdings Group's ability to attract customers



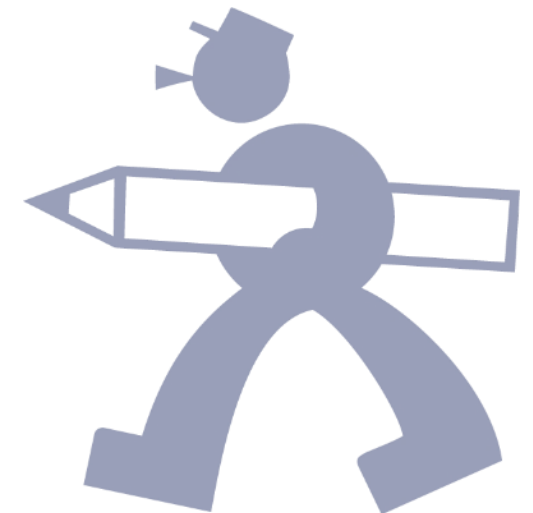
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April 2023

Loop Professional for ASKUL demonstration experiment started

- ✓ Aiming to reduce plastic waste, ASKUL and Loop Japan launched demonstration trial of "Loop Professional for ASKUL," a commercial product sales platform using reusable containers.
- ✓ Loop Japan's "Loop" container reuse model will be introduced to B-to-B customers using ASKUL's logistics and distribution system, with the aim of establishing a reuse model.
- ✓ Started with three products in the Tokyo metropolitan area, with plans to gradually expand to other areas



April 2023

Selected as a component of Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)

- ✓ GenDi J is an index, which U.S.-based Morningstar used Equileap's data and scoring methodology, that focuses on companies that have established gender diversity policies that permeate their corporate culture and are committed to equal opportunity for employees regardless of gender.
- ✓ The index is divided into five groups in order of scores. ASKUL is in the highest group, Group1.

MORNINGSTAR GenDi J

Japan ex-REIT Gender Diversity
Tilt Index

TOP CONSTITUENT 2023

Morningstar, Inc., and/or one of its affiliated companies (individually and collectively, "Morningstar") has authorized ASKUL Corporation to use of the Morningstar Japan ex-REIT Gender Diversity Tilt Logo ("Logo") to reflect the fact that, for the designated ranking year, ASKUL Corporation ranks in the top quintile of companies comprising the Morningstar® Japan ex-REIT Gender Diversity Tilt IndexSM ("Index") on the issue of gender diversity in the workplace. Morningstar is making the Logo available for use by ASKUL Corporation solely for informational purposes. ASKUL Corporation use of the Logo should not be construed as an endorsement by Morningstar of ASKUL Corporation or as a recommendation, offer or solicitation to purchase, sell or underwrite any security associated with ASKUL Corporation. The Index is designed to reflect gender diversity in the workplace in Japan, but Morningstar does not guarantee the accuracy, completeness or timeliness of the Index or any data included in it. Morningstar makes no express or implied warranties regarding the Index or the Logo, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index, any data included in it or the Logo. Without limiting any of the foregoing, in no event shall Morningstar or any of its third party content providers have any liability for any damages (whether direct or indirect), arising from any party's use or reliance on the Index or the Logo, even if Morningstar is notified of the possibility of such damages. The Morningstar name, Index name and the Logo are the trademarks or services marks of Morningstar, Inc. Past performance is no guarantee of future results.



May 2023

Selected as Digital Transformation Stock 2023

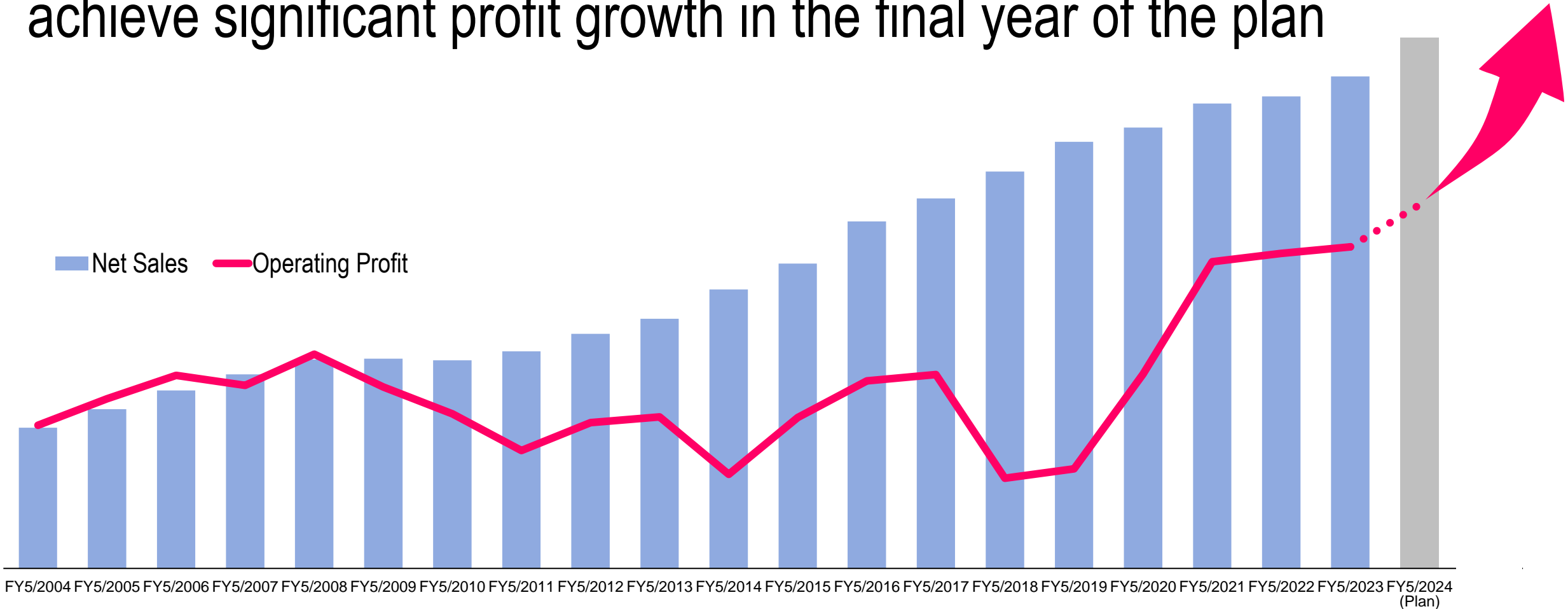
- ✓ DX Stocks are selected from companies listed on the Tokyo Stock Exchange in each industry category that have established internal mechanisms for promoting DX that led to increased corporate value and have demonstrated outstanding achievements in the use of digital technology.
- ✓ ASKUL was evaluated on the following aspects:
 1. The Company has created a consistent value chain and created new businesses from existing businesses.
 2. The Company has integrated DX strategies into its management strategy, including the establishment of a cross-functional DX organization.
 3. The Company continues to communicate its DX promotion message externally.



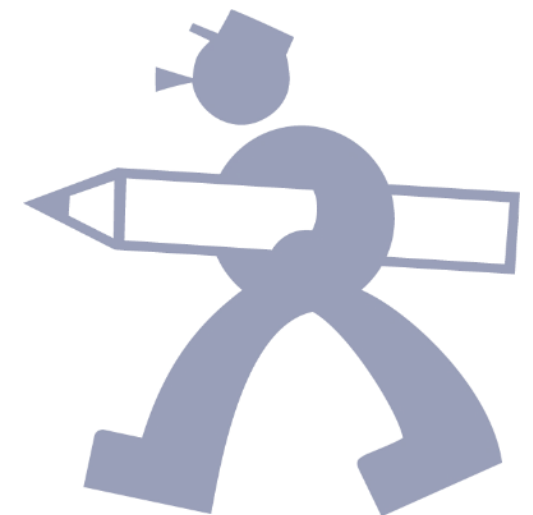
DX銘柄2023
Digital Transformation



Accelerate sales growth and begin to grow earnings to achieve significant profit growth in the final year of the plan



- I Earnings results for the Fiscal Year Ended May 2023
and Earnings Forecast for the Fiscal Year Ending May 2024
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 - B-to-C
- III ESG and DX Topics
- IV Appendix**



FY5/2023 Earnings Results [Quarterly, By Business]

Consolidated



| | | FY5/2022 | FY5/2023 | | | | | | | | | | |
|------------------|--|----------|-----------|-------|-------|-------|-------|------------|--------------|-----------|-------|-----------|------------|
| | | | Full-year | Q1 | Q2 | Q3 | Q4 | YoY change | YoY change % | Full-year | Plan | % of plan | YoY change |
| Net Sales | B-to-B Business | 348.0 | 89.4 | 91.9 | 96.1 | 96.2 | 6.5 | +7.3 | 373.8 | 367.8 | +1.6 | 25.8 | +7.4 |
| | LOHACO | 54.3 | 13.9 | 11.4 | 11.0 | 9.7 | (4.3) | -30.7 | 46.1 | 60.2 | -23.3 | (8.1) | -15.0 |
| | B-to-C business (including charm) | 70.6 | 18.2 | 15.8 | 15.3 | 13.7 | (4.2) | -23.5 | 63.2 | 77.6 | -18.6 | (7.4) | -10.5 |
| | E-commerce Business | 418.6 | 107.6 | 107.8 | 111.5 | 110.0 | 2.2 | +2.1 | 437.1 | 445.5 | -1.9 | 18.4 | +4.4 |
| | Logistics Business and Other | 9.8 | 2.3 | 2.3 | 2.4 | 2.4 | (0.3) | -11.6 | 9.5 | 10.0 | -4.1 | (0.2) | -2.3 |
| | Consolidated Total | 428.5 | 110.0 | 110.1 | 113.9 | 112.4 | 1.9 | +1.8 | 446.7 | 455.5 | -1.9 | 18.1 | +4.2 |
| Operating Profit | B-to-B Business | 17.0 | 3.5 | 3.9 | 3.2 | 3.9 | (0.3) | -8.5 | 14.7 | 14.0 | +5.1 | (2.2) | -13.0 |
| | LOHACO | (2.9) | (0.6) | (0.2) | 0.3 | 0.6 | 1.1 | - | 0 | 0 | +48.2 | 3.0 | - |
| | B-to-C business (including charm) | (2.4) | (0.5) | (0.1) | 0.4 | 0.5 | 1.0 | - | 0.3 | 0.3 | +0.5 | 2.7 | - |
| | Performance-linked Bonuses (including provision), etc. | (0.2) | (0) | (0) | 0 | (0.1) | 0 | -10.4 | (0.1) | - | - | 0 | - |
| | E-commerce Business | 14.3 | 3.0 | 3.8 | 3.7 | 4.4 | 0.7 | +19.6 | 14.9 | 14.4 | +3.8 | 0.5 | +4.1 |
| | Logistics Business and Other | (0) | (0) | (0) | (0) | (0.1) | (0.1) | - | (0.3) | 0.1 | - | (0.2) | - |
| | Consolidated Total | 14.3 | 2.9 | 3.7 | 3.6 | 4.2 | 0.5 | +16.0 | 14.6 | 14.5 | +0.8 | 0.3 | +2.2 |

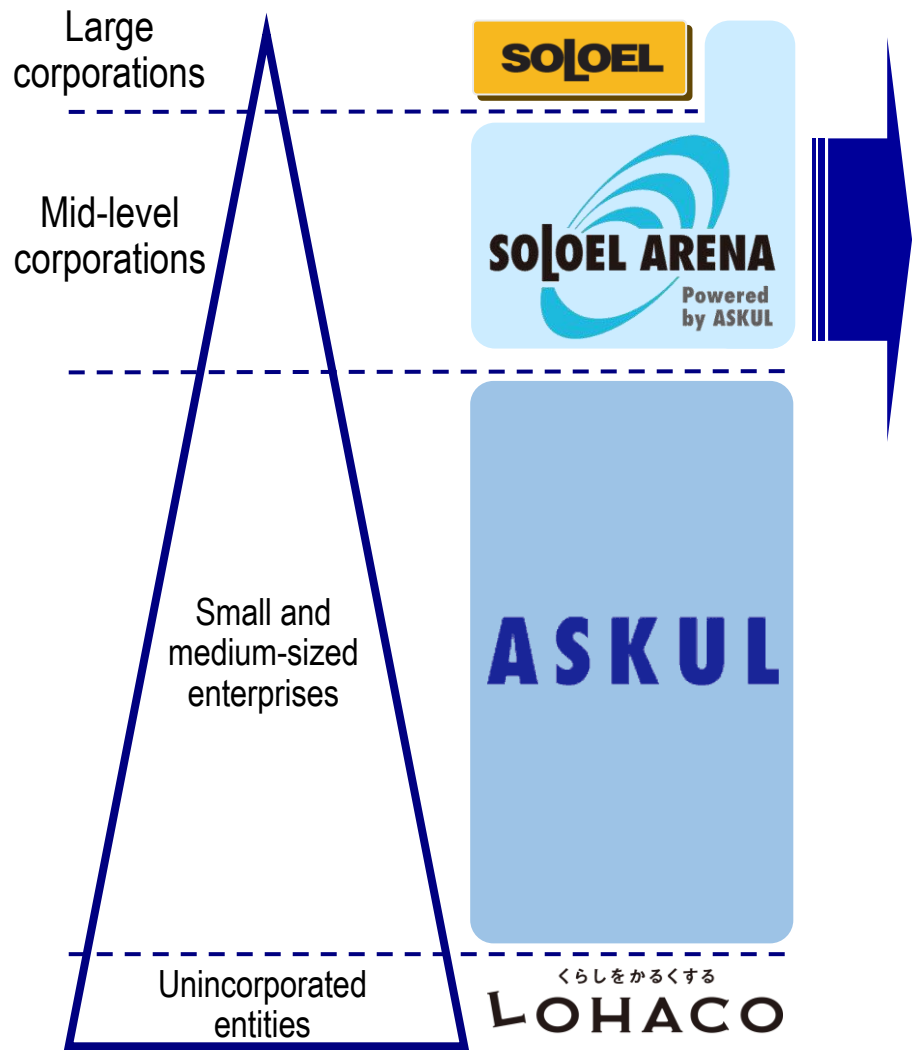
FY5/2023 Net Sales by Item Category [B-to-B / LOHACO etc.]

Non-Consolidated

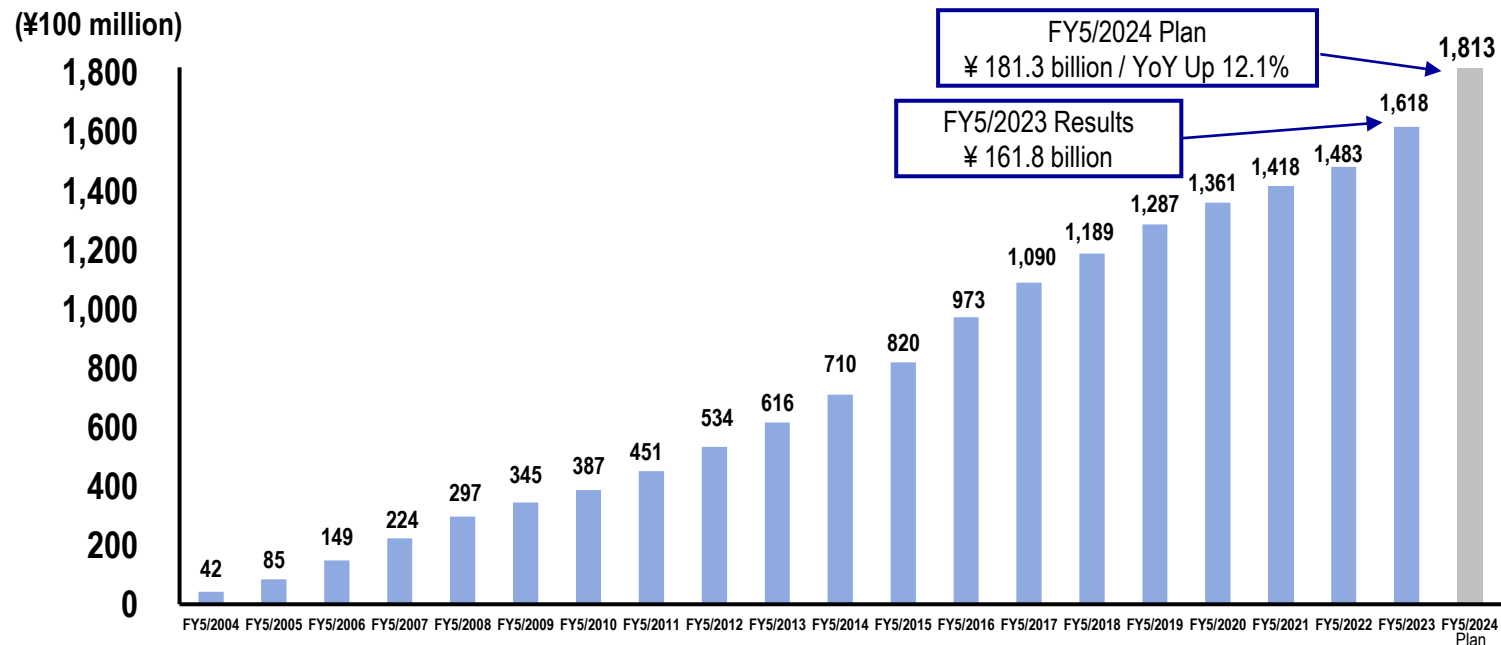


| (¥billion) | FY5/2022 Full-year | | | FY5/2023 Full-year | | | |
|-----------------|--------------------|---------------------|--------------|--------------------|---------------------|--------------|--------------|
| | | Composition ratio % | YoY change % | | Composition ratio % | YoY change | YoY change % |
| OA & PC | 96.0 | 25.8 | -0.4 | 100.1 | 26.1 | 4.0 | +4.2 |
| Stationery | 41.7 | 11.2 | -1.9 | 42.8 | 11.2 | 1.1 | +2.6 |
| Living Supplies | 133.2 | 35.9 | +7.7 | 139.4 | 36.4 | 6.1 | +4.6 |
| Furniture | 22.2 | 6.0 | -1.9 | 20.4 | 5.3 | (1.8) | -8.1 |
| MRO | 38.5 | 10.4 | +4.2 | 42.0 | 11.0 | 3.5 | +9.3 |
| Medical | 33.6 | 9.1 | -11.0 | 32.0 | 8.4 | (1.6) | -4.8 |
| Others | 6.1 | 1.6 | -22.7 | 6.0 | 1.6 | (0) | -1.6 |
| Total | 371.6 | 100.0 | +0.9 | 383.0 | 100.0 | 11.4 | +3.1 |

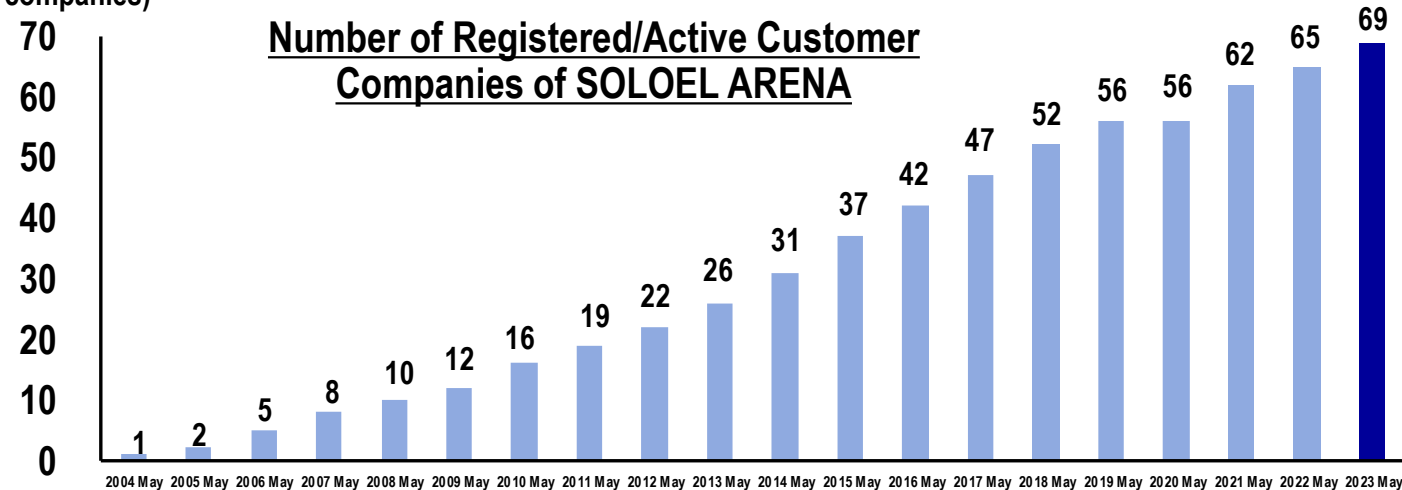
B-to-B Results of SOLOEL ARENA and others



Net Sales for SOLOEL ARENA and others

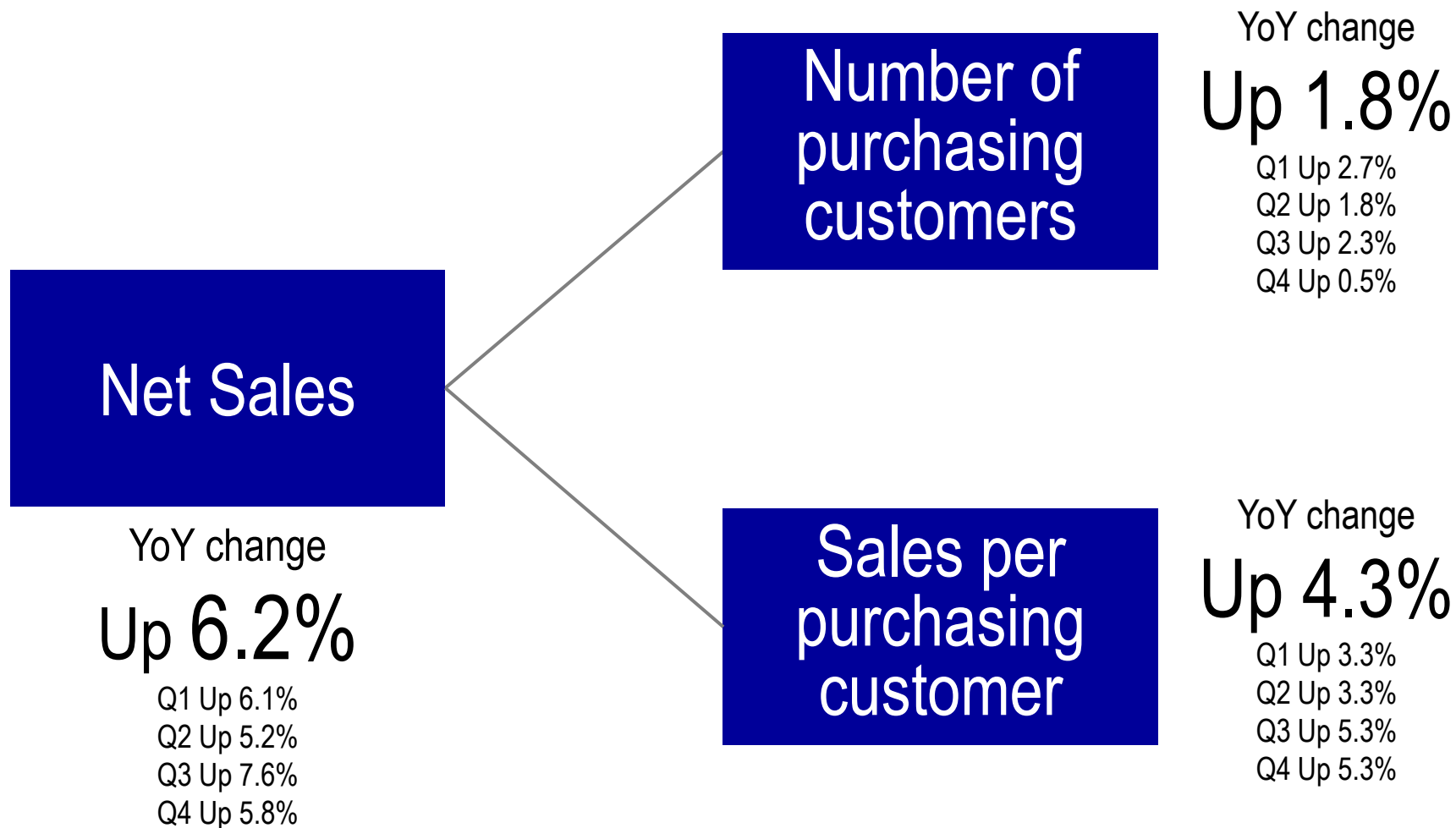


Number of Registered/Active Customer Companies of SOLOEL ARENA



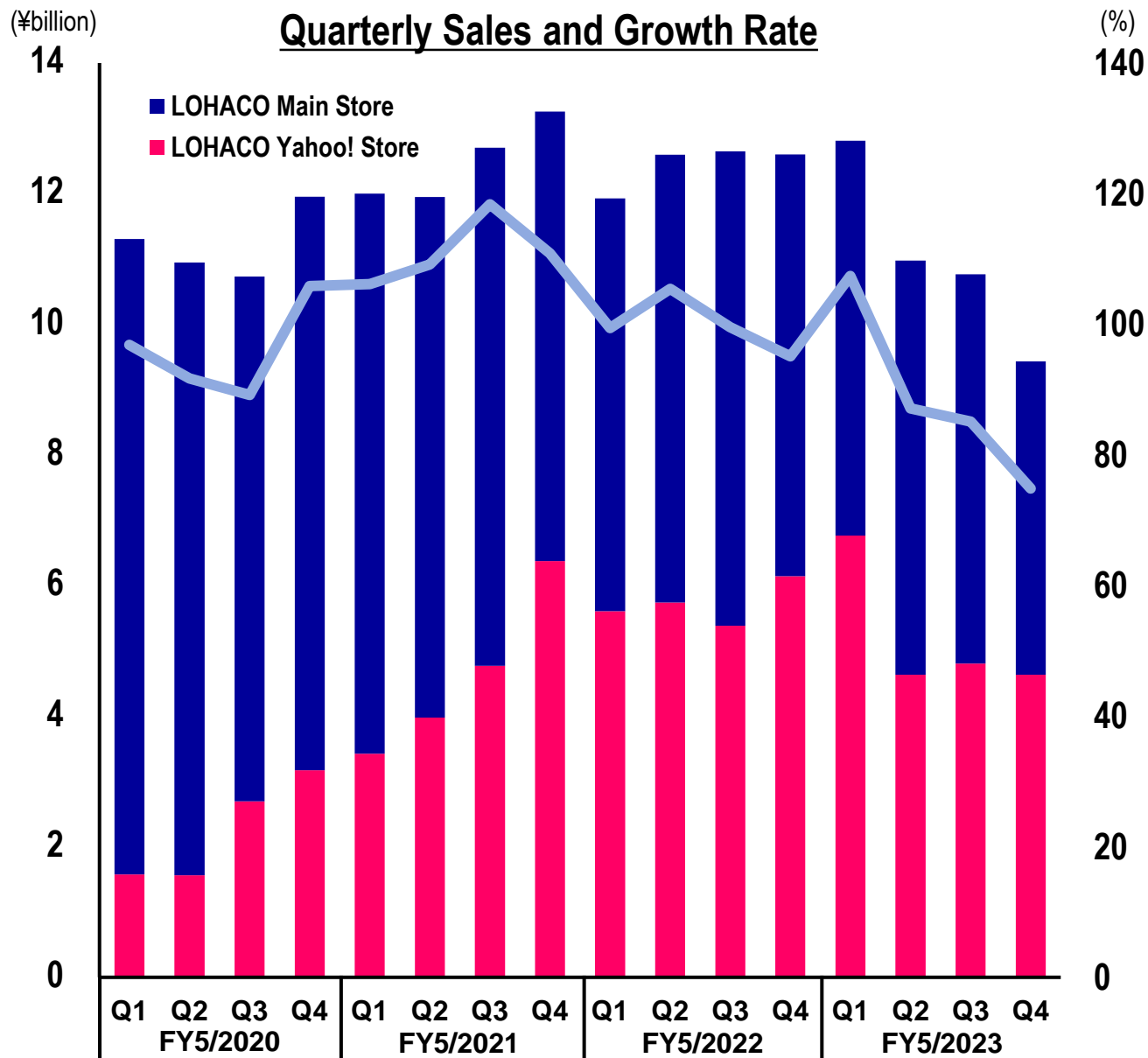
B-to-B FY5/2023 Factors for Increase in Net Sales

Non-Consolidated



*Above figures are not adjusted to number of business days.

LOHACO Domestic Net Sales

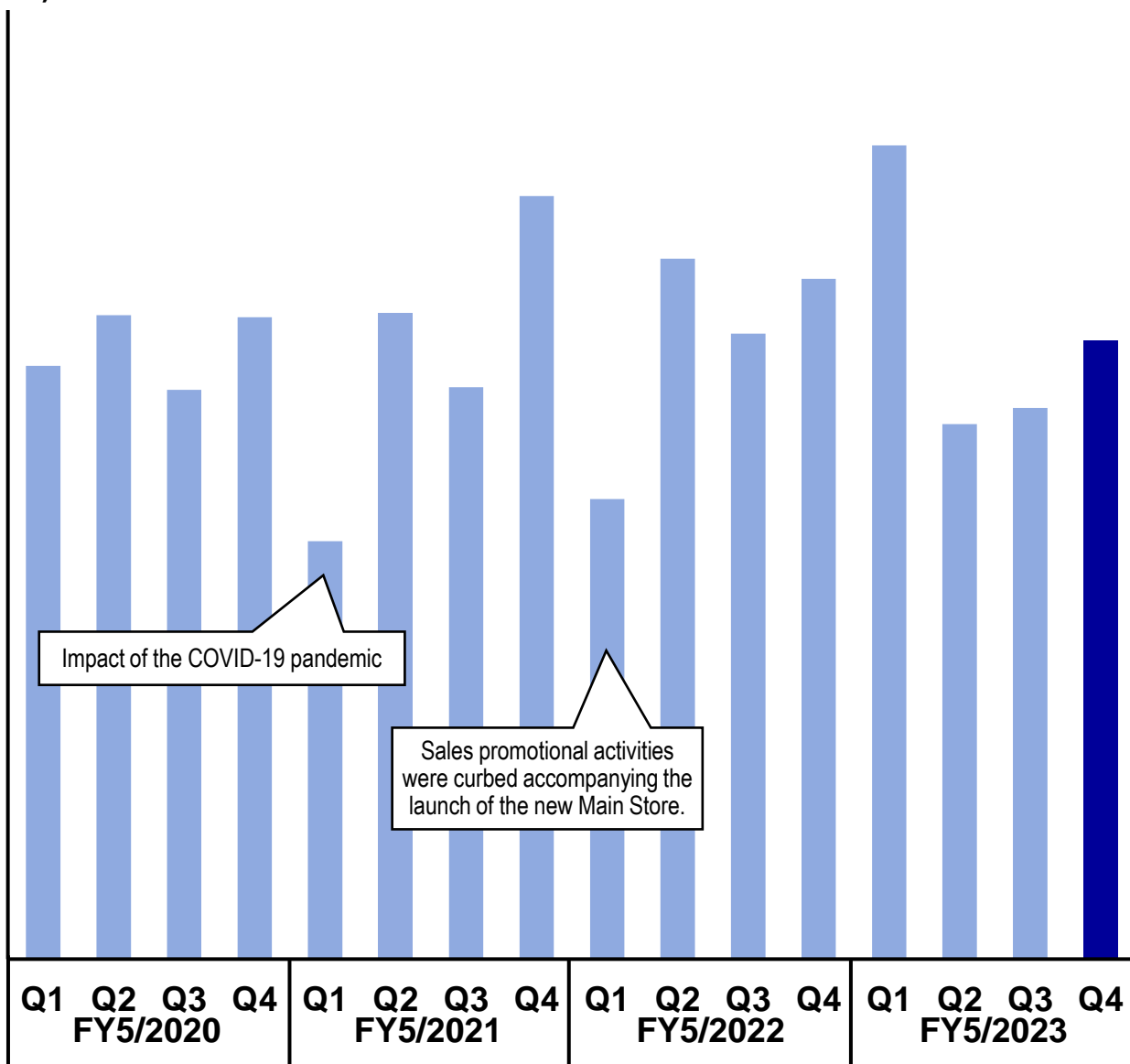


Realized profitability despite the impact of campaign method changes, etc.

LOHACO Advertising Fee Income

(Yen)

Advertising image



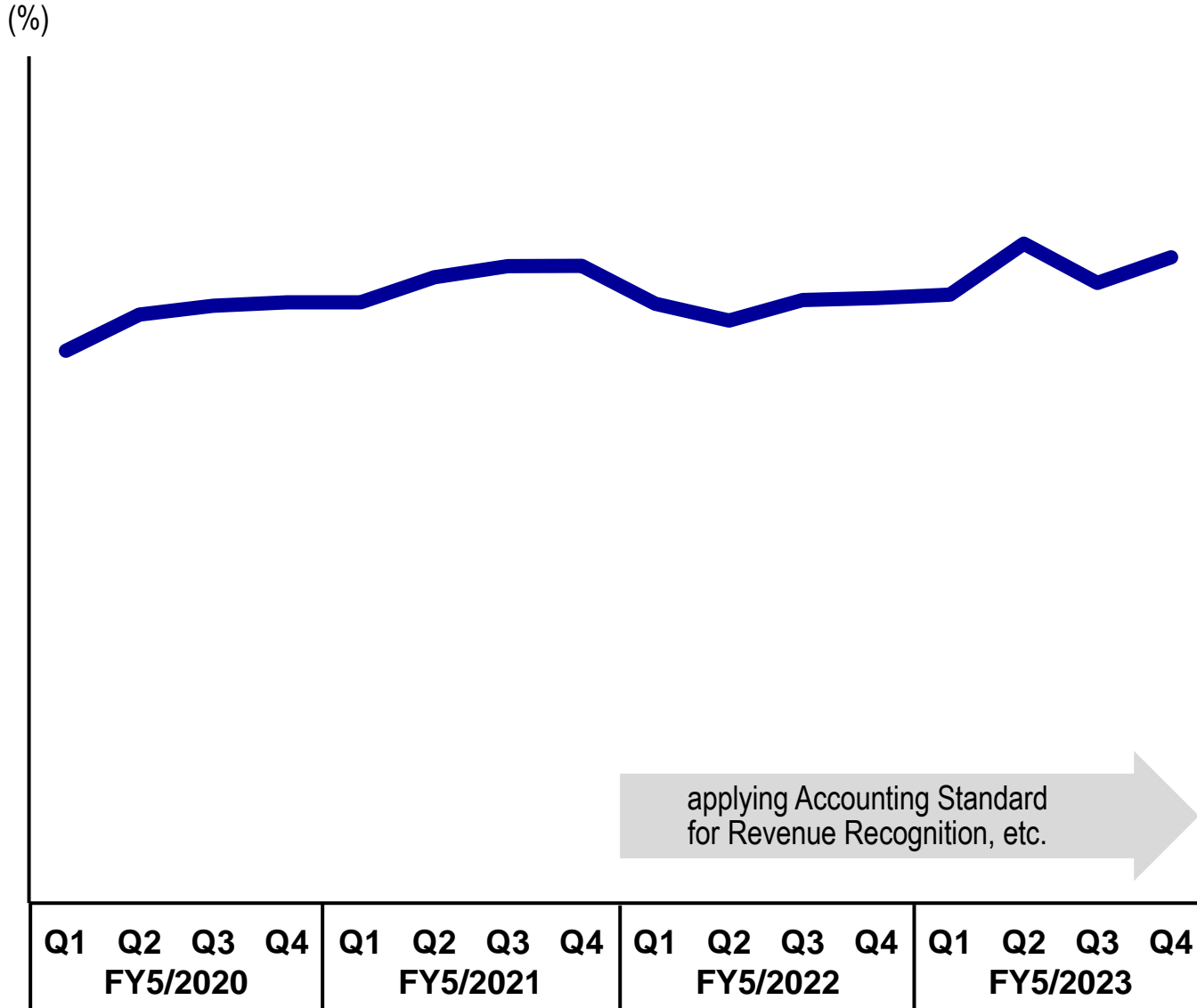
Impact of the COVID-19 pandemic

Sales promotional activities were curbed accompanying the launch of the new Main Store.

FY5/2023 Q4
YoY change: Down 9.1%

FY5/2023 Full-year
YoY change: Up 2.1%

LOHACO Gross Profit Margin



FY5/2023 Q4

YoY change: Up 1.7 points

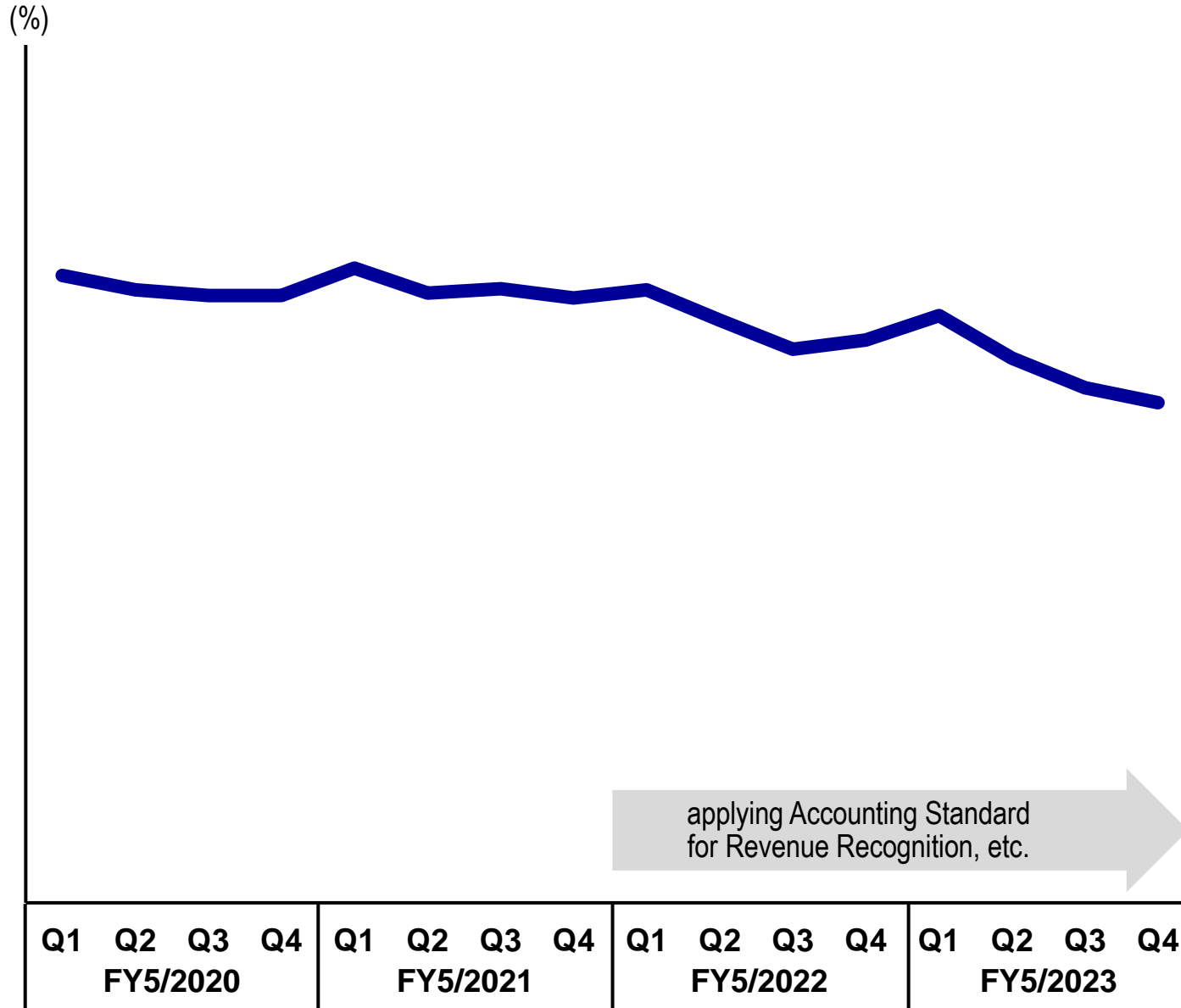
Domestic: Down 0.1 points

FY5/2023 Full-year

YoY change: Up 1.4 points

Domestic: Up 0.6 points

LOHACO Variable Cost Ratio



FY5/2023 Q4
YoY change: Down 2.2 points



Aiming for further reduction through BC integration

applying Accounting Standard for Revenue Recognition, etc.

FY5/2023 Consolidated Gross Profit and SG&A Expenses

Consolidated



Gross profit: ¥ 107.0 billion YoY change: Up ¥ 1.9 billion

Gross profit margin: 24.0% YoY change: Down 0.5 points

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

SG&A expenses: ¥ 92.4 billion YoY change: Up ¥ 1.6 billion

Ratio of SG&A expenses to net sales 20.7% YoY change: Down 0.5 points

Details of Selling, General and Administrative Expense (as shown in Financial Statement)

| Item | FY5/2022 | | FY5/2023 | | Year-on-Year Change (%) |
|--|----------------------|--------------------|----------------------|--------------------|-------------------------|
| | Amount (million yen) | Ratio to Sales (%) | Amount (million yen) | Ratio to Sales (%) | |
| Personnel expenses | 21,586 | 5.0 | 22,712 | 5.1 | 105.2 |
| Shipment expenses | 24,224 | 5.7 | 21,843 | 4.9 | 90.2 |
| Subcontract expenses | 4,091 | 1.0 | 4,748 | 1.1 | 116.1 |
| Business consignment expenses | 11,975 | 2.8 | 11,696 | 2.6 | 97.7 |
| Rents | 10,949 | 2.6 | 10,835 | 2.4 | 99.0 |
| Provision of allowance for doubtful accounts | 37 | 0.0 | 16 | 0.0 | 44.8 |
| Depreciation | 3,292 | 0.8 | 3,451 | 0.8 | 104.8 |
| Amortization of software | 2,538 | 0.6 | 2,739 | 0.6 | 107.9 |
| Other expenses | 12,067 | 2.7 | 14,375 | 3.2 | 119.1 |
| Total | 90,763 | 21.2 | 92,420 | 20.7 | 101.8 |



Capital expenditures ¥ 14.6 billion (Annual plan: ¥ 13.5 billion)

Related to the new ASKUL website ¥ 5.4 billion

Related to ASKUL Tokyo DC ¥ 5.3 billion

(Reference) Depreciation and amortization of software: ¥ 6.1 billion (Annual plan: ¥ 7.1 billion)

Investment details

(¥ million)

| Item | FY5/2022 | FY5/2023 | |
|-----------------------------------|----------|----------|------------|
| | Amount | Amount | YoY Change |
| [Capital expenditures] | 10,484 | 14,634 | +39.6% |
| Property, plant and equipment | 3,035 | 7,066 | +132.8% |
| Intangible assets | 7,449 | 7,567 | +1.6% |
| Construction in progress (Note 2) | 4,975 | 825 | -83.4% |
| Software in progress (Note 2) | 8,332 | 11,037 | +32.5% |

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.



Capital expenditures ¥ 11.6 billion (YoY change: Down ¥ 3.0 billion)

<Major breakdown>

| | |
|--|---------------|
| AVC Kansai Facility Enhancement In order to support 330,000 in-stock products | ¥ 3.6 billion |
| New ASKUL Website | ¥ 1.9 billion |

(Reference) Depreciation and amortization of software ¥ 9.3 billion (YoY change: Up ¥ 3.2 billion)



Ratio of Internet Orders to Net Sales

| | FY5/2022 | FY5/2023 | YoY Change |
|-------------------------|----------|----------|------------|
| Orders via the Internet | 87.5% | 88.9% | +1.4pt |
| Other | 12.5% | 11.1% | -1.4pt |

Note 1: Percentages are based on orders placed.

ASKUL Original Products

(Unit: item)

| | May of FY5/2022 | May of FY5/2023 | YoY Change |
|--|------------------|------------------|---------------------|
| Number of original products | 11,009 | 14,139 | +3,130 |
| Non-consolidated net sales composition (of which, B-to-B business) | 28.2% (35.4%) | 32.3% (38.2%) | +4.1pt (+ 2.8pt) |

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



| | Q1 | | Q2 | | First half | | Q3 | | Q4 | | Second half | | Full-year | |
|-----------------|----------|-----------|----------|-----------|------------|-----------|----------|-----------|----------|-----------|-------------|-----------|-----------|-----------|
| | Weekdays | Saturdays | Weekdays | Saturdays | Weekdays | Saturdays | Weekdays | Saturdays | Weekdays | Saturdays | Weekdays | Saturdays | Weekdays | Saturdays |
| FY5/2024 | 63 | 13 | 63 | 12 | 126 | 25 | 60 | 14 | 59 | 12 | 119 | 26 | 245 | 51 |
| FY5/2023 | 63 | 14 | 61 | 13 | 124 | 27 | 61 | 13 | 59 | 12 | 120 | 25 | 244 | 52 |
| Difference | 0 | -1 | +2 | -1 | +2 | -2 | -1 | +1 | 0 | 0 | -1 | +1 | +1 | -1 |

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 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
As of the end of FY5/2023, a total of 21 EVs are in operation.



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 Resource 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 in cooperation with all entities in the value chain. In December 2022, the first PB series made from used clear holder “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® 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

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2023 Participated in “GX League”

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 CO₂ Zero Challenge”

2013 Formulated Medium-Term Environmental Targets

2003 Formulated ASKUL Environmental Policy



The GX League calls on enterprises to actively work for GX; to strive for GX through cooperation in government, academia, and business; and to serve as a forum for discussing the transformation of the entire economic and social system and creating new markets accordingly.



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 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
 - Promote diverse work styles
Systems for leave and shorter working hours for childcare
Systems for leave and shorter working hours for nursing care
Teleworking system: Abolished the limit on the number of times per month for teleworking
Flextime system: Eliminated the core time
Learning support system to assist proactive learning
Secondary work system
Club activity system



- 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 **30.4%***
(Legal employment rate of private companies is 2.3%)
*Legal employment ratio calculated in units of business sites as of May 20, 2023

Together with customers

- Cultivating Corporate Culture and Awareness
 - 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.
- Improvement Activities Based on Customer Feedback
 - Administration 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.
- Customer Satisfaction Management Systems
 - 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. The policy considers the environment, safety, human rights, and other issues aimed at striking a balance between the fulfillment of social responsibilities and sustainable development throughout the supply chain to ensure the sustainable provision of safe and reliable products to customers.
- 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 fourth recipient of the support will be confectionery shop, Kimuraya in Rikuzentakata city, and sour apple specialty store, Kimidori in Morioka city.**
- 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 sold by ASKUL, to associations that are engaged in improving air and water environments, thereby supporting their activities.
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.



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

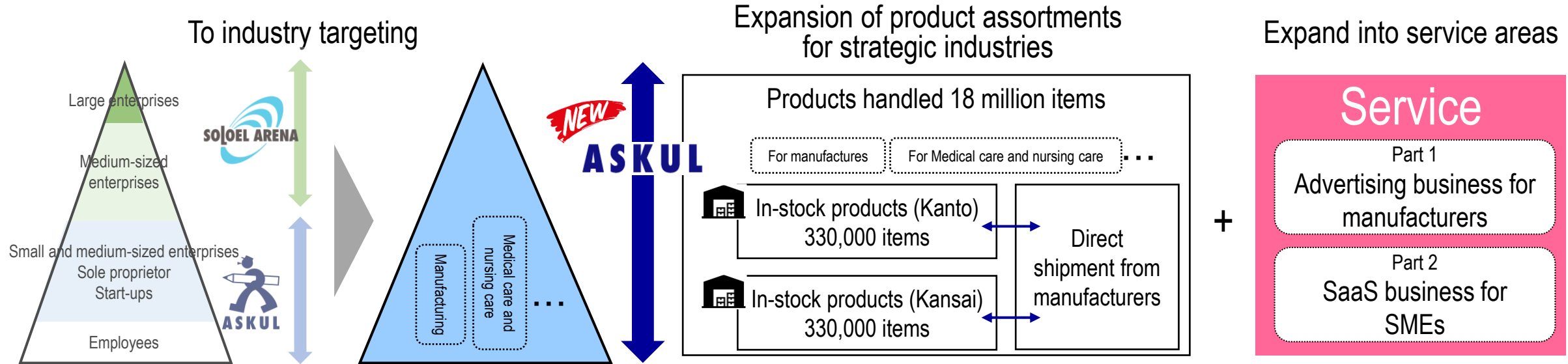
The plan to evolve the high-speed logistics, which is ASKUL's strength, then realize “Delivering Tomorrow” for long-tail products through measures, such as structural reform of distribution centers, integration of B-to-B and B-to-C logistics, and application of DX to value chains. “ASKUL Tokyo DC,” the 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

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
- ✓ Create route that customers can purchase smoothly from external 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