

Financial Results for the First Quarter of the Fiscal Year Ending May 2024

September 15, 2023
ASKUL Corporation



[Disclaimer]

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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.

[Segment]

- ✓ ASKUL is reporting its operating performances by dividing its organization into three segments: E-commerce Business, Logistics Business, and Other. E-commerce Business deals with sales of OA and PC supplies, stationery, office living supplies, office furniture, foods, alcoholic beverages, pharmaceuticals, cosmetics, etc. Logistics Business refers to logistics and small-cargo transportation service to companies.
- ✓ Subject to inclusion in the results of each segment are indicated as follows:

Segment		Subject to inclusion in the results of segment shown on the left	
		ASKUL Business	Major Subsidiaries
E-commerce Business	B-to-B Business	B-to-B Business	AlphaPurchase Co., Ltd., BUSINESSSMART CORPORATION, SOLOEL Corporation, FEED Corporation, ASKUL LOGIST Corporation
	B-to-C Business	LOHACO Business	charm Co., Ltd., ASKUL LOGIST Corporation
Logistics Business		-	ASKUL LOGIST Corporation
Other		-	TSUMAGOI MEISUI CORPORATION

[Fiscal Year]

Fiscal year runs from May 21 of each year to May 20 of the following year, month runs from 21st of each month to 20th of the following month.

[Other]

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Solid start for the consolidated results in Q1 with increase in sales and profit in real terms

Consolidated Results

- ✓ Net sales were almost in line with the plan, and operating profit exceeded the plan
- ✓ Achieved increase in sales and profit before provision for performance-linked bonuses, etc. (based on actual performance)

B-to-B Business

- ✓ Non-consolidated sales were affected by a reactionary decline in infection prevention products and the impact of the Bon Festival and typhoons, but are now recovering to the plan
- ✓ Operating profit exceeded the plan due to recovery of gross profit margin and streamlining of logistics operations, etc.
- ✓ Revise shipping charge for sustainable growth and reduce logistics and environmental impact

B-to-C Business

- ✓ Both net sales and operating profit exceeded the plan
- ✓ LOHACO's operating profit has already reached the full-year plan, aiming for regrowth while maintaining profitability
- ✓ LOHACO to merge stores by consolidating strong features of Main Store into Yahoo! Shopping Store, further strengthen profit structure by improving marketing efficiency and reducing fixed costs

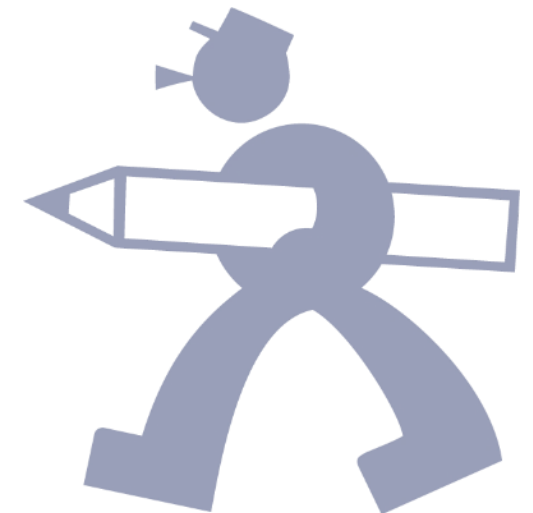
I Earnings results for the First Quarter of the Fiscal Year Ending May 2024

II Progress of Business

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

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FY5/2024 Q1 Earnings Results

Consolidated



	FY5/2023 Q1		FY5/2024 Q1		
	Actual	% of net sales %	Actual	% of net sales %	YoY change %
Net Sales	110,087	100.0	113,074	100.0	+2.7
Gross Profit	26,661	24.2	27,820	24.6	+4.3
Selling, General and Administrative Expenses	23,705	21.5	24,992	22.1	+5.4
Operating Profit	2,956	2.7	2,827	2.5	-4.4
Ordinary Profit	2,947	2.7	2,727	2.4	-7.4
Profit Attributable to Owners of Parent	1,891	1.7	1,729	1.5	-8.6

- Net sales
YoY 102.7%
Renewed the previous record
- Gross profit margin
YoY Up 0.4 points
- Operating profit, ordinary profit and profit
Decrease in profit due to higher fixed costs, but increase before provision for performance-linked bonuses

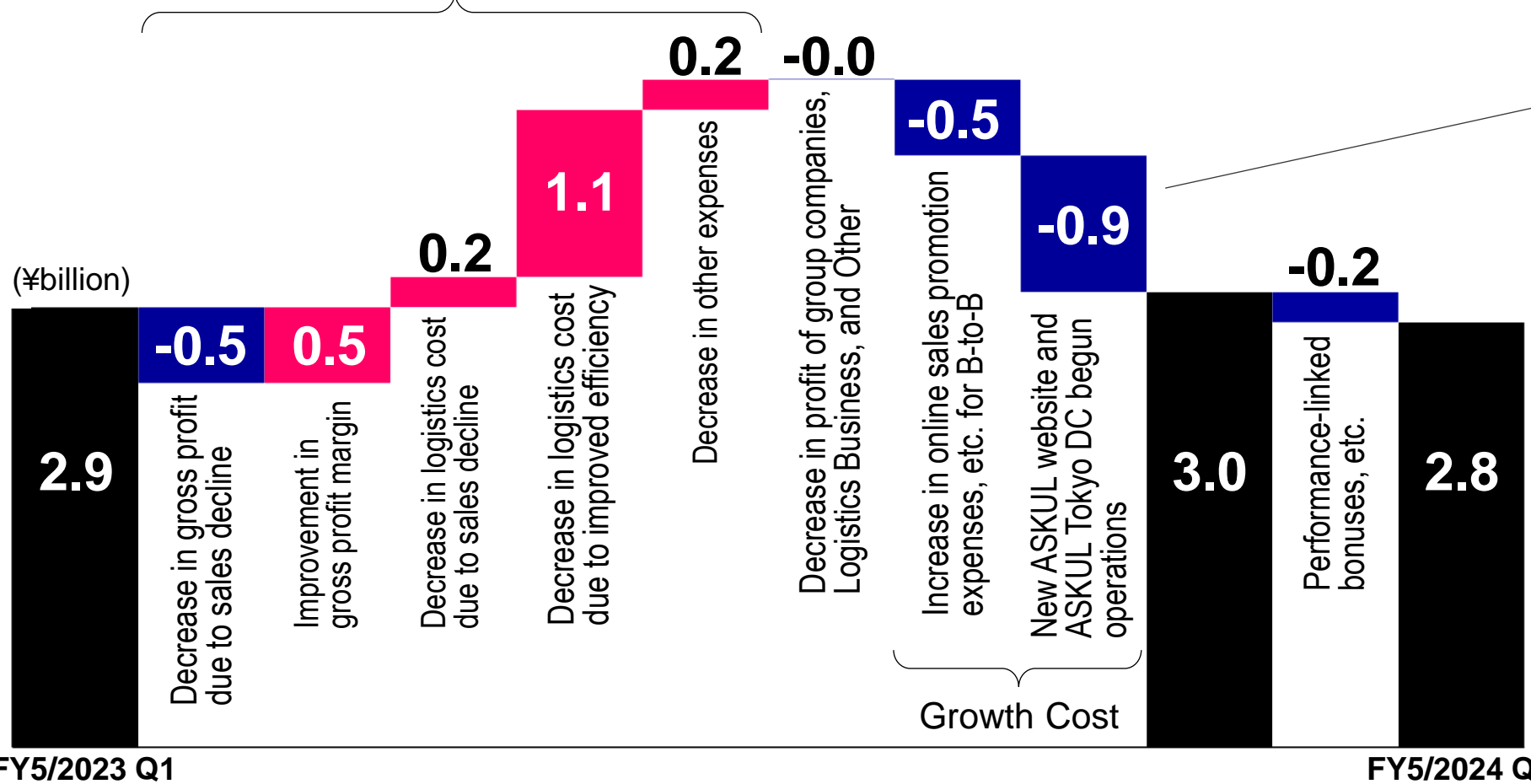
FY5/2024 Q1 Factors for Increase / Decrease in Operating Profit

Consolidated



Achieved profit increase in real terms by improving gross profit margin and logistics operation efficiency

E-commerce Business(non-consolidated)



Breakdown of Increased Fixed Costs	
●New ASKUL Website	-560 million
<breakdown>	
Amortization	-460 million
Transition expenses	-100 million
●ASKUL Tokyo DC	-330 million
<breakdown>	
Depreciation	-270 million
Cleaning/Security, etc.	-60 million

FY5/2023 Q1

FY5/2024 Q1

FY5/2024 Q1 Earnings Results [Quarterly, By Business]

Consolidated



		FY5/2023				FY5/2024		
		Q1	Q2	Q3	Q4	Q1	YoY change	YoY change %
Net Sales	B-to-B Business	89.4	91.9	96.1	96.2	97.7	8.3	+9.3
	LOHACO	13.9	11.4	11.0	9.7	8.8	(5.1)	-36.8
	B-to-C business (including Charm)	18.2	15.8	15.3	13.7	13.0	(5.2)	-28.6
	E-commerce Business	107.6	107.8	111.5	110.0	110.8	3.1	+2.9
	Logistics Business and Other	2.3	2.3	2.4	2.4	2.2	(0.1)	-5.9
	Consolidated Total	110.0	110.1	113.9	112.4	113.0	2.9	+2.7
Operating Profit	B-to-B Business	3.5	3.9	3.2	3.9	2.9	(0.6)	-16.9
	LOHACO	(0.6)	(0.2)	0.3	0.6	0.1	0.8	-
	B-to-C business (including Charm)	(0.5)	(0.1)	0.4	0.5	0.1	0.7	-
	Performance-linked Bonuses (including provision), etc.	(0)	(0)	0	(0.1)	(0.2)	(0.2)	-
	E-commerce Business	3.0	3.8	3.7	4.4	2.8	(0.1)	-3.9
	Logistics Business and Other	(0)	(0)	(0)	(0.1)	(0)	(0)	-
	Consolidated Total	2.9	3.7	3.6	4.2	2.8	(0.1)	-4.4

FY5/2024 Q1 B-to-B Business Earnings Results

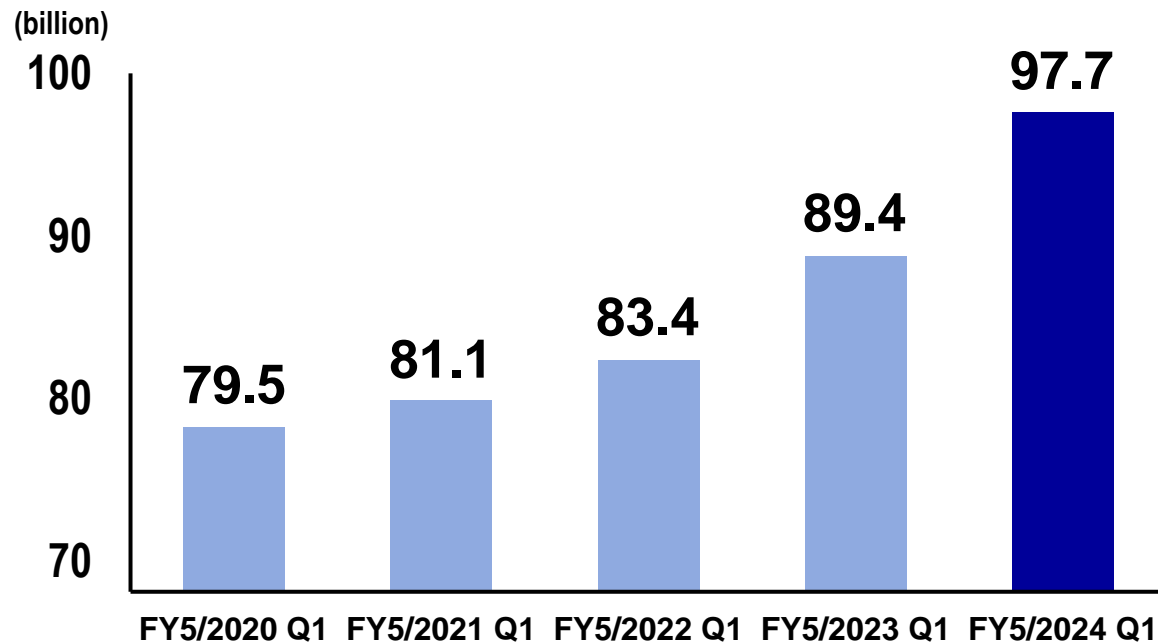
Consolidated



Net Sales

YoY **109.3%**

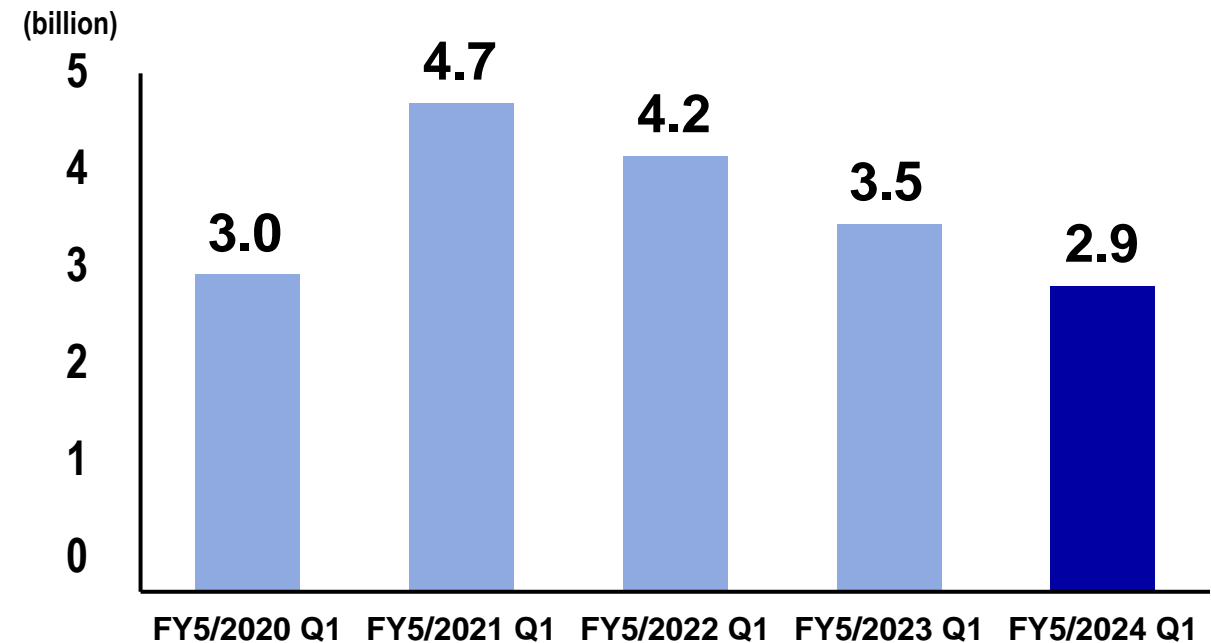
Accelerated sales growth due in part to the consolidation of FEED Corporation



Operating Profit

YoY **83.1%**

Growth costs invested as scheduled
Progressed ahead of plan toward a turnaround in profit growth for the full year





Progressed generally in line with the plan

Net Sales

YoY change **+8.3 billion**

(Full-year target 43.1 billion)

- ✓ The effect of the opening of SOLOEL ARENA website continued and it will increase as the transition of customers progresses
- ✓ Sales via online advertising contributed growth
- ✓ Sales increased in group companies such as consolidation of FEED Corporation

Gross Profit Margin

YoY change **+0.2%**

(Full-year target about +1%)

QoQ change **+0.7%**

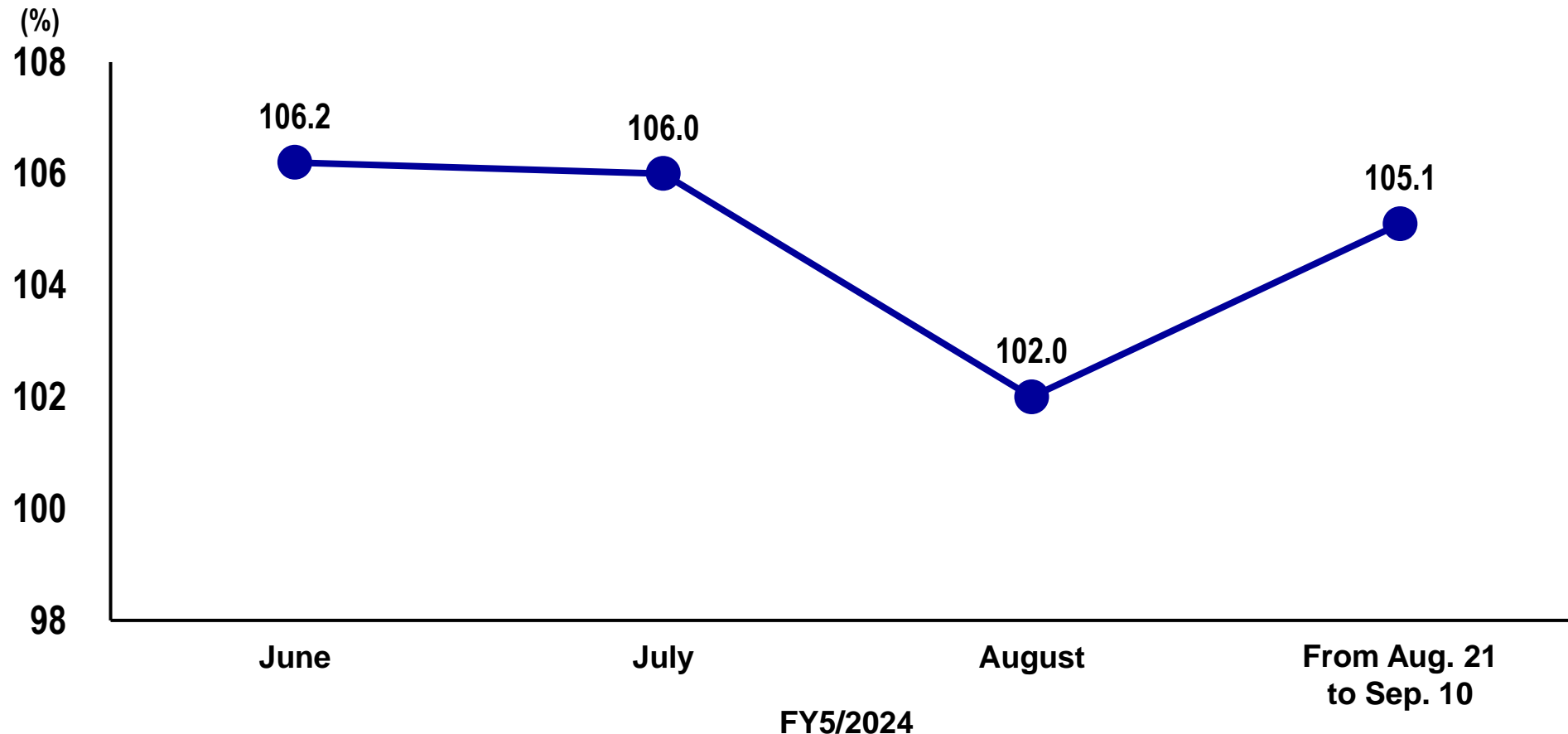
- ✓ Flexible price revisions
- ✓ Improved foreign exchange contract and cost reduction efforts
- ✓ Gradually increasing ad space in advertising business

B-to-B FY5/2024 Monthly Net Sales YoY Change

Non-Consolidated



August sales temporarily declined due to a reactionary decline in infection prevention products and the impact of the Bon Festival and typhoons



FY5/2024 Q1 B-to-C Business Earnings Results

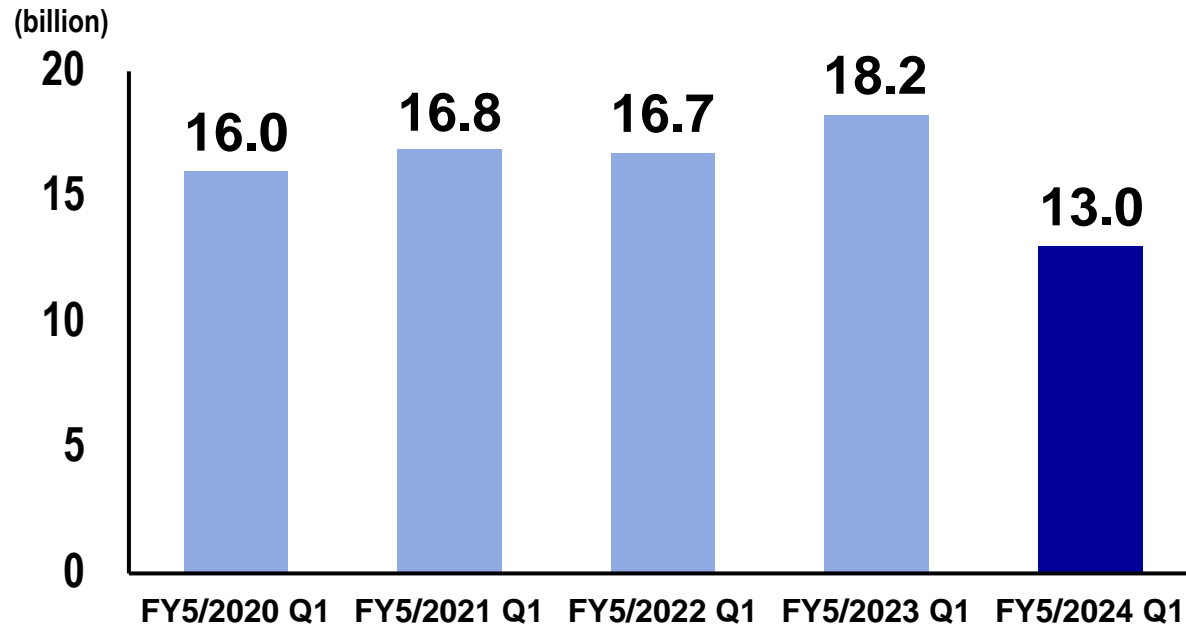
Consolidated



Net Sales

YoY **71.4%**

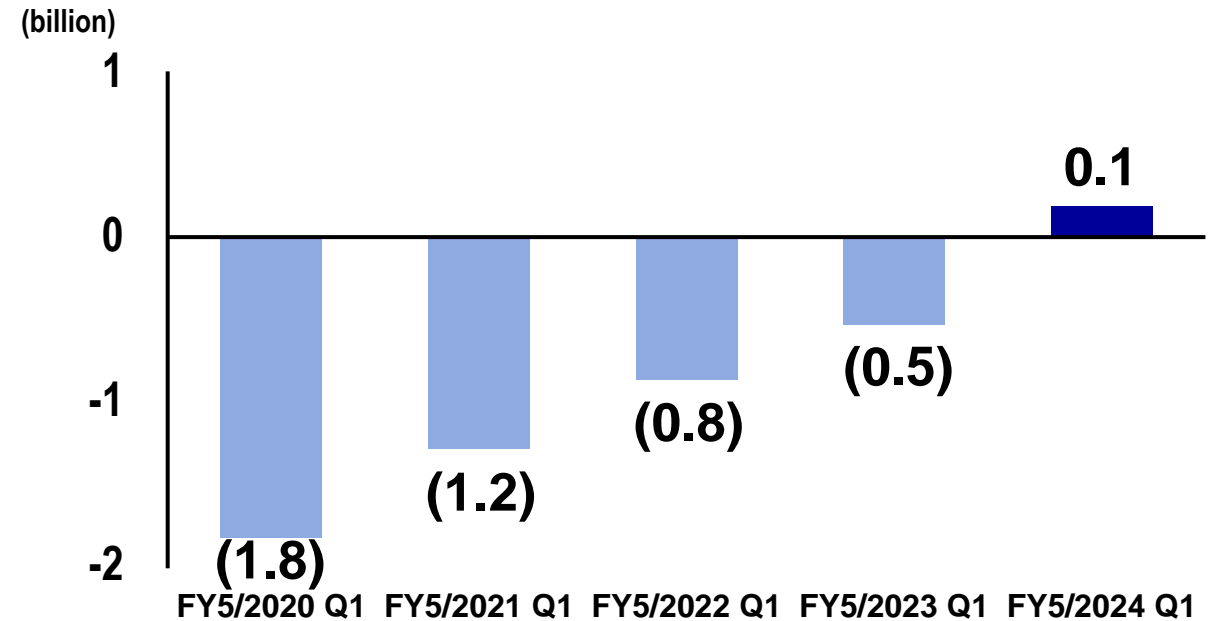
Progress exceeded the plan despite sales decline due to impact of campaign method change, etc.



Operating Profit

YoY change **+0.7 billion**

LOHACO achieved the full-year profit target in Q1
Aiming for regrowth while maintaining profitability



FY5/2024 Q1 Logistics Business and Others Earnings Results

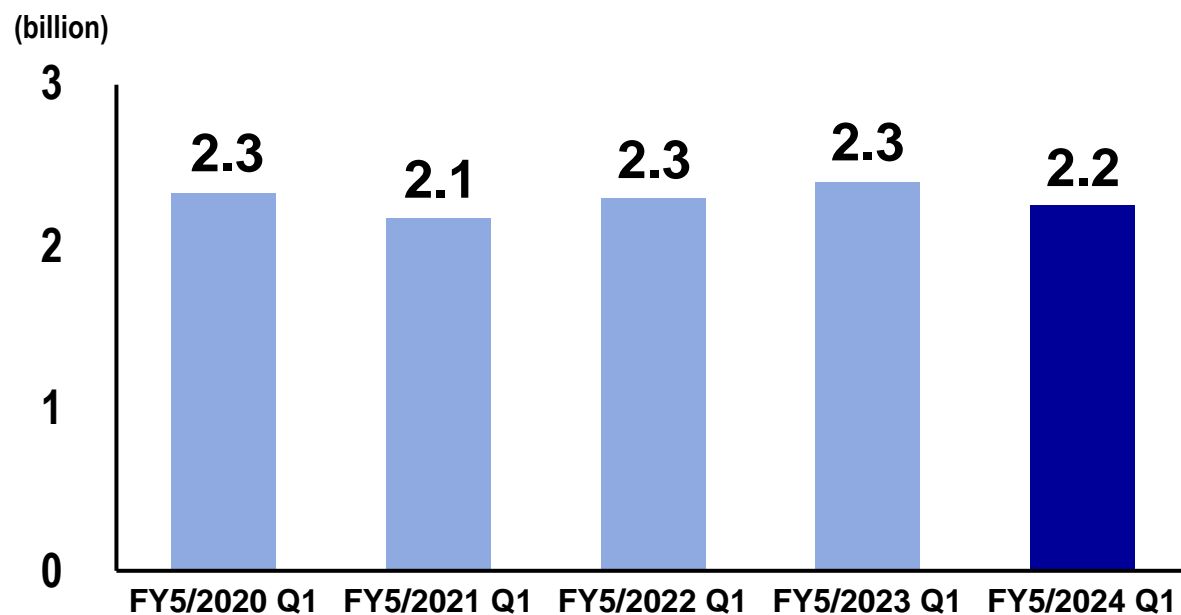
Consolidated



Net Sales

YoY **94.1%**

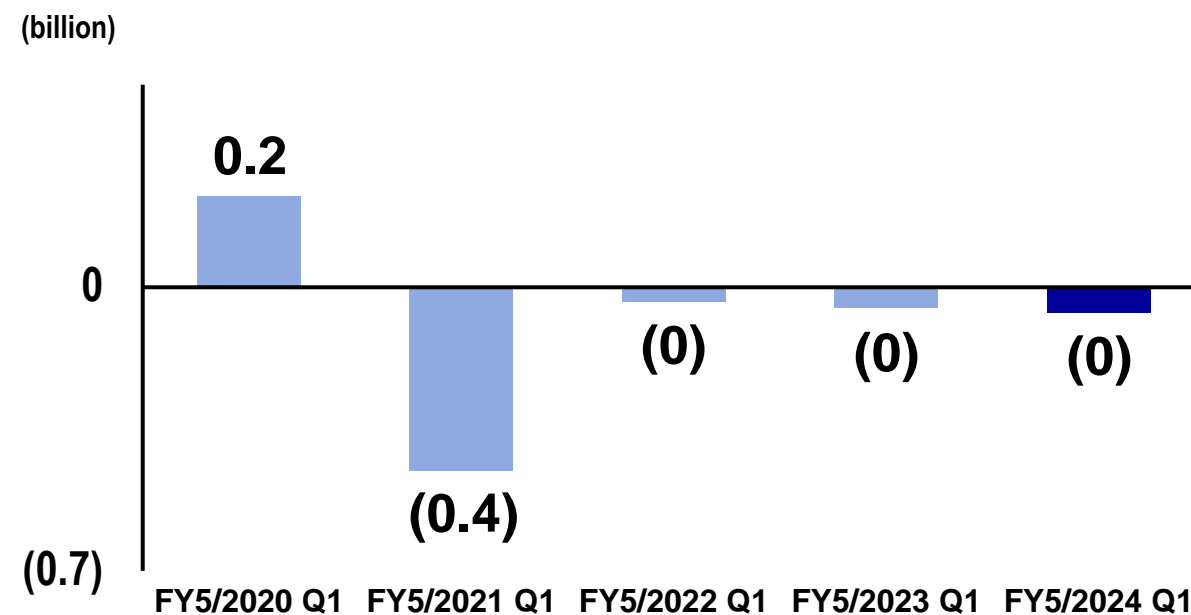
Sales continued to be on par with the same period of the previous year



Operating Profit

YoY change **-0 billion**

Expect to return to profitability for the full year by strictly managing profitability of individual project



I Earnings results for the First Quarter
of the Fiscal Year Ending May 2024

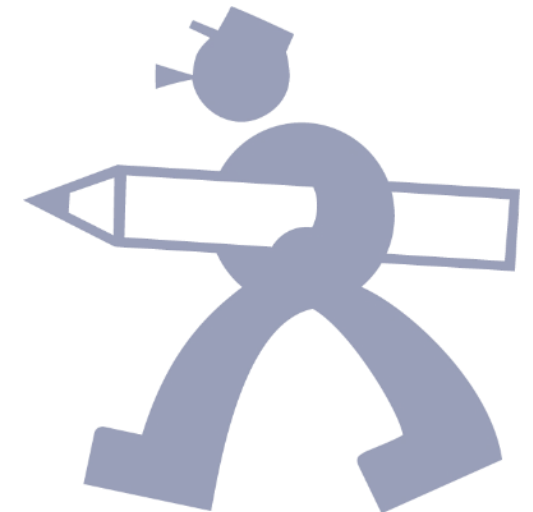
II Progress of Business

- **B-to-B**

- B-to-C

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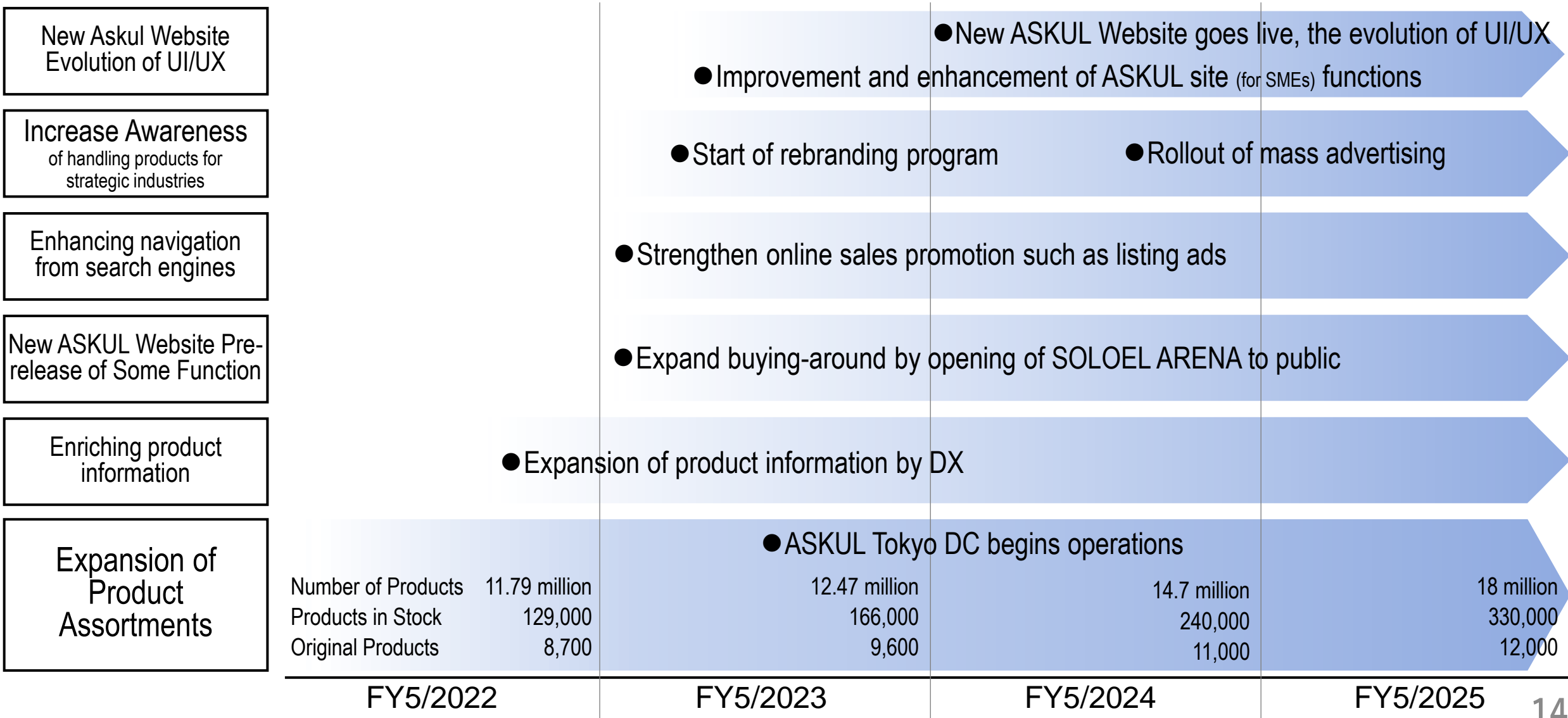
B-to-B Growth Strategies of Medium-Term Management Plan

Non-Consolidated



From [Financial Results for the Fiscal Year Ended May 2023] presentation material

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



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

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

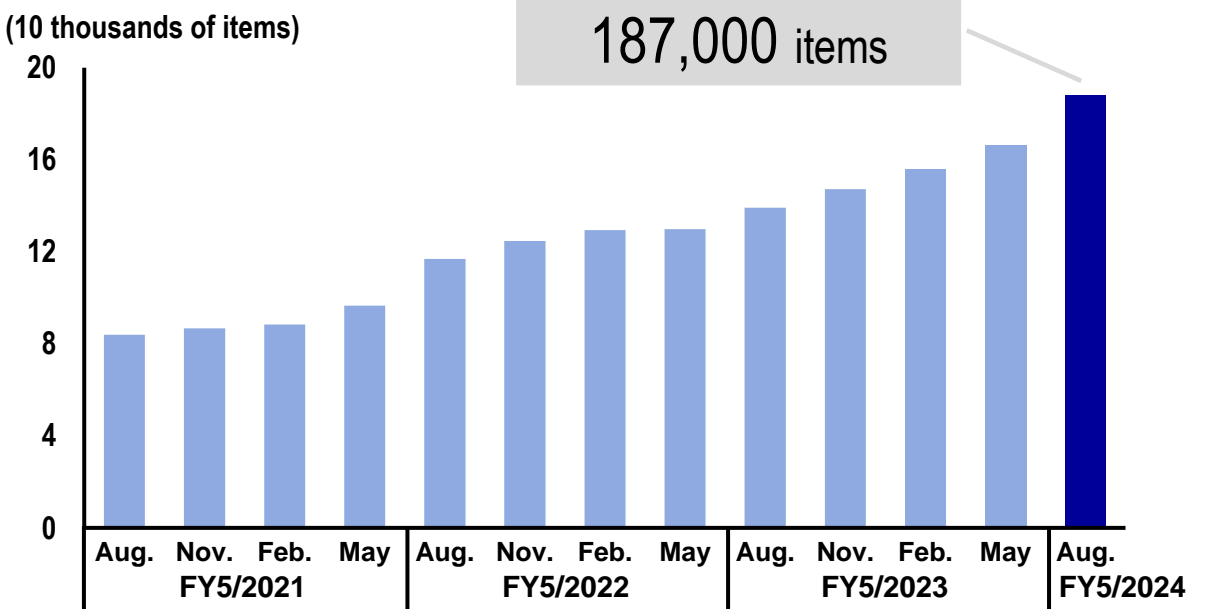
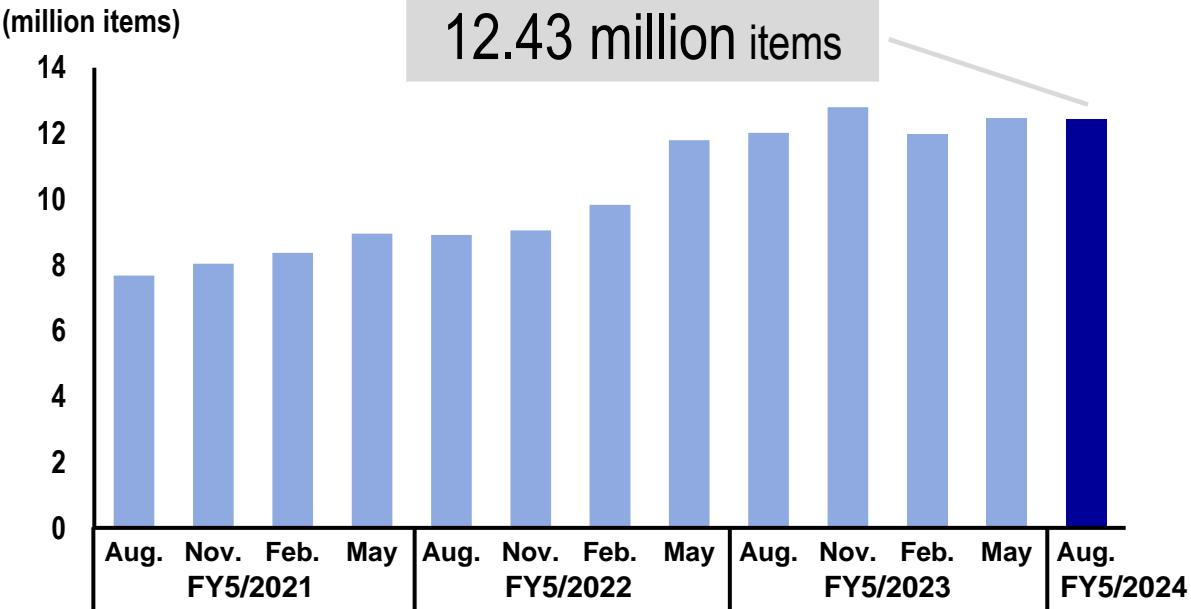
In-Stock Products
(Medium-term target at 330,000 items)

✓ Q1 period: decreased 36,000 items
Over 170,000 new items introduced

✓ Q1 period: increased 21,000 items
Increased in almost all categories

Number of new item introductions was in line with plan
Aiming for 14.7 million items for the full year

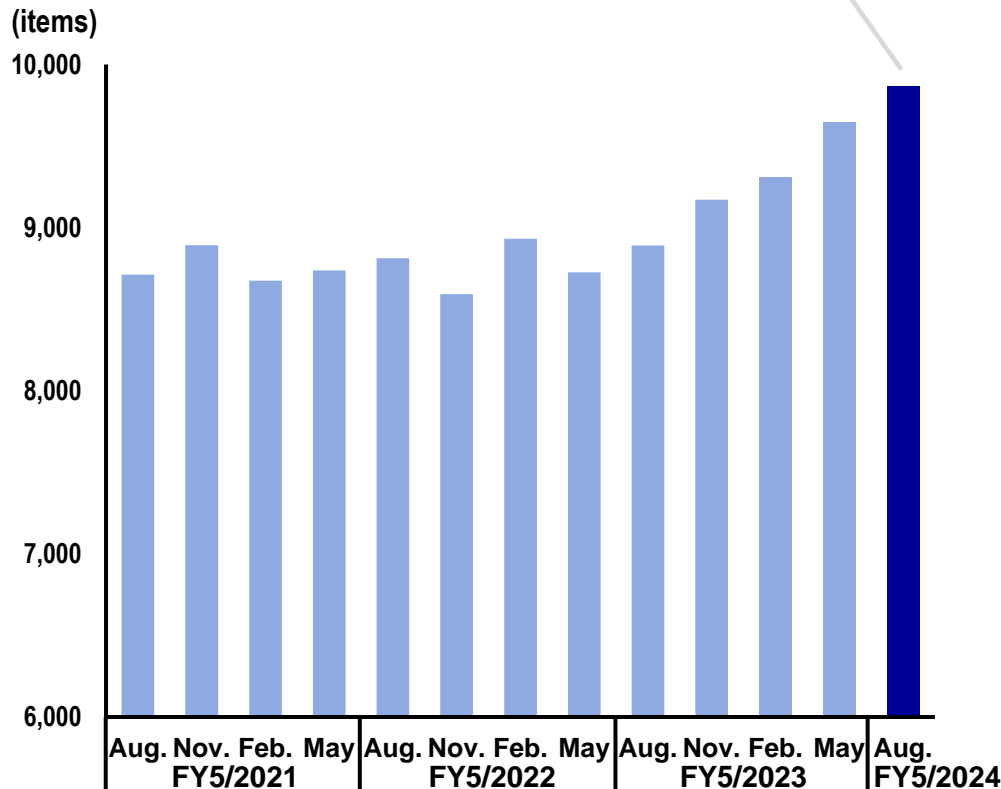
Steady start toward the full-year target of 240,000 items



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

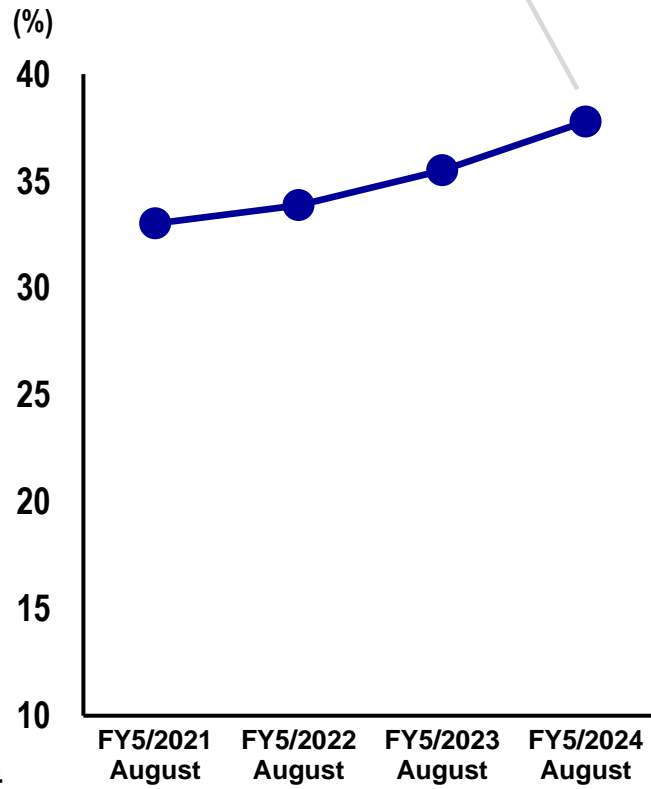
Number of Items
(Medium-term target at 12,000 items)

9,800 items



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

37%



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



Aiming for 11,000 items for the full year

*1 Original products includes products exclusive to ASKUL
Excluding original products exclusive to LOHACO

*2 Industries are Medical and nursing care, Manufacturing

B-to-B Quarterly Net Sales by Item Category

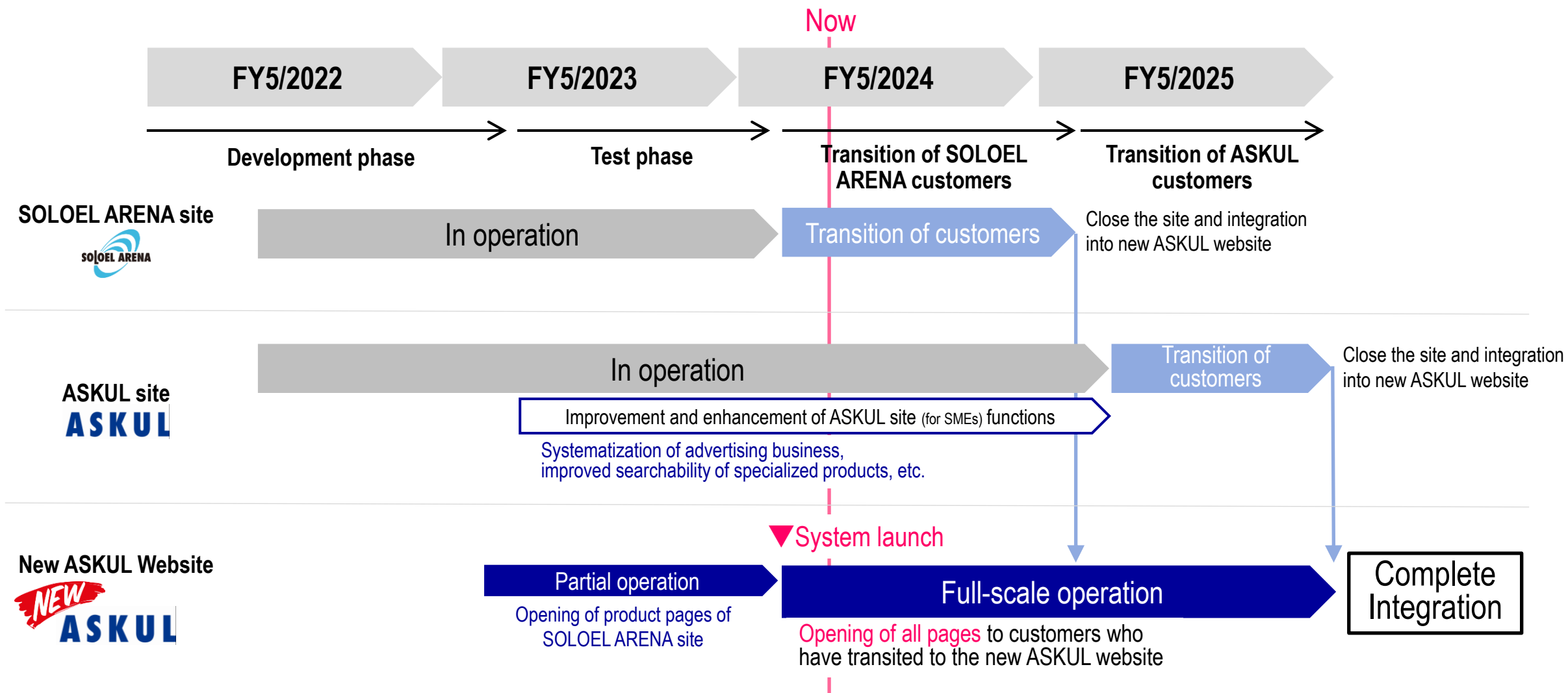
Living Supplies continued to do well, while Medical was impacted a reactionary decline from Q1 of the previous year

	FY5/2021		FY5/2022		FY5/2023								FY5/2024			
	Q1		Q1		Q1		Q2		Q3		Q4		Q1			
		Composition ratio %		Composition ratio %		Composition ratio %		Composition ratio %		Composition ratio %		Composition ratio %		Composition ratio %	YoY change	YoY change %
OA & PC	21.9	29.4	22.2	29.1	22.8	28.1	24.2	29.2	25.5	29.8	25.7	29.8	24.1	28.6	1.3	+5.9
Stationery	9.5	12.8	9.5	12.5	9.5	11.7	10.1	12.2	10.6	12.4	11.8	13.6	9.8	11.7	0.3	+3.9
Living Supplies	20.3	27.3	22.1	28.9	25.2	31.1	24.5	29.5	24.9	29.1	24.9	28.8	27.6	32.7	2.3	+9.4
Furniture	4.5	6.1	5.0	6.6	4.5	5.6	4.5	5.5	4.7	5.5	6.1	7.2	4.9	5.9	0.4	+9.6
MRO	8.3	11.2	8.8	11.6	9.7	12.0	10.4	12.5	10.7	12.5	10.2	11.9	10.3	12.2	0.5	+5.7
Medical	8.2	11.1	7.1	9.3	7.8	9.6	7.3	8.8	7.3	8.6	5.7	6.7	5.6	6.7	(2.1)	-27.4
Others	1.5	2.1	1.5	2.0	1.4	1.8	1.9	2.3	1.8	2.2	1.8	2.1	1.8	2.2	0.3	+23.1
Total	74.5	100.0	76.5	100.0	81.1	100.0	83.1	100.0	85.8	100.0	86.5	100.0	84.4	100.0	3.2	+4.1

B-to-B Progress of New ASKUL Website



Executing steady transition of SOLOEL ARENA customers to the new ASKUL Website

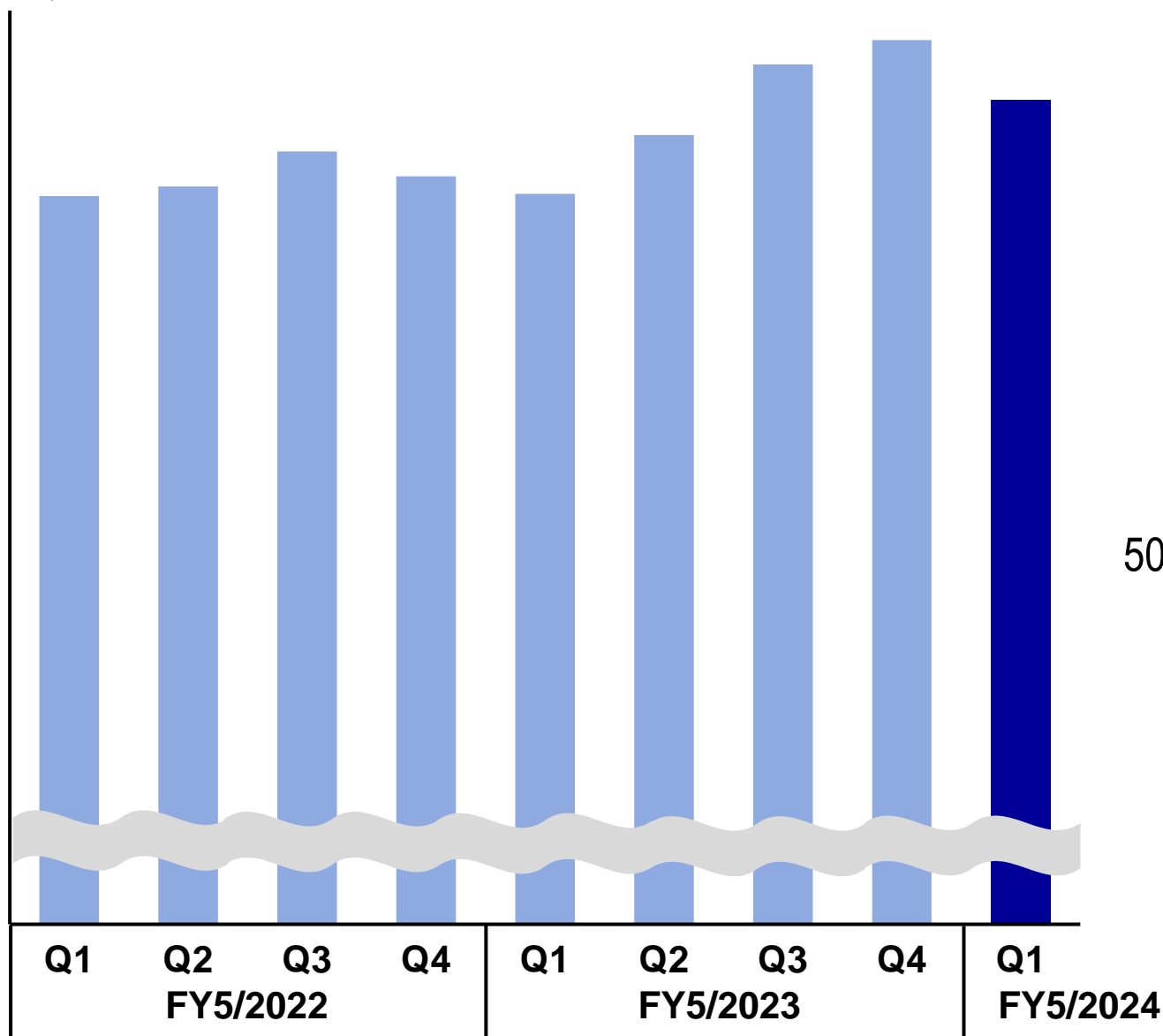


B-to-B Unit Sales Price per Box

Non-Consolidated



(Yen)



FY5/2024 Q1
YoY change: Up 6.9%
500-million-yen worth of delivery cost reduction in Q1 period

B-to-B Revision of Shipping Charge

Considering the Logistics 2024 issue, promote the reduction of logistics and environmental impact through bulk ordering

*Shipping charges below include tax

		Now	From October 31 at 6 pm (schedule)
ASKUL and SOLOEL ARENA customers (corporate)	1. No shipping charge*	when spend 1,000 yen or more per order	when spend 2,000 yen or more per order
	2. Basic shipping charge	330 yen	440 yen

*Total order amount to be eligible for free shipping. For non-corporate registered customers, total order amount has to be 3,300 yen (include tax) or more to be eligible.

I Earnings results for the First Quarter
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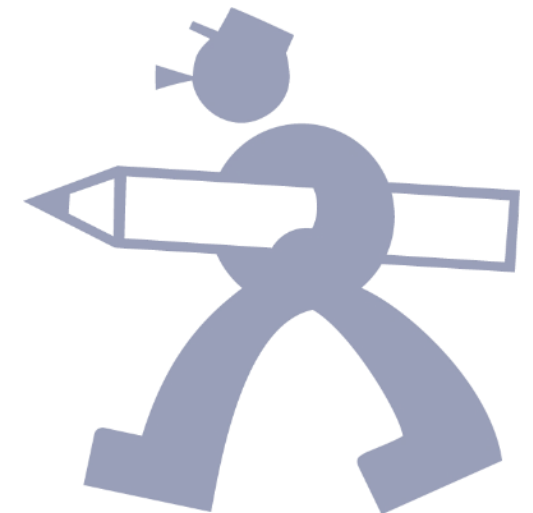
II Progress of Business

• B-to-B

• **B-to-C**

III ESG / Other

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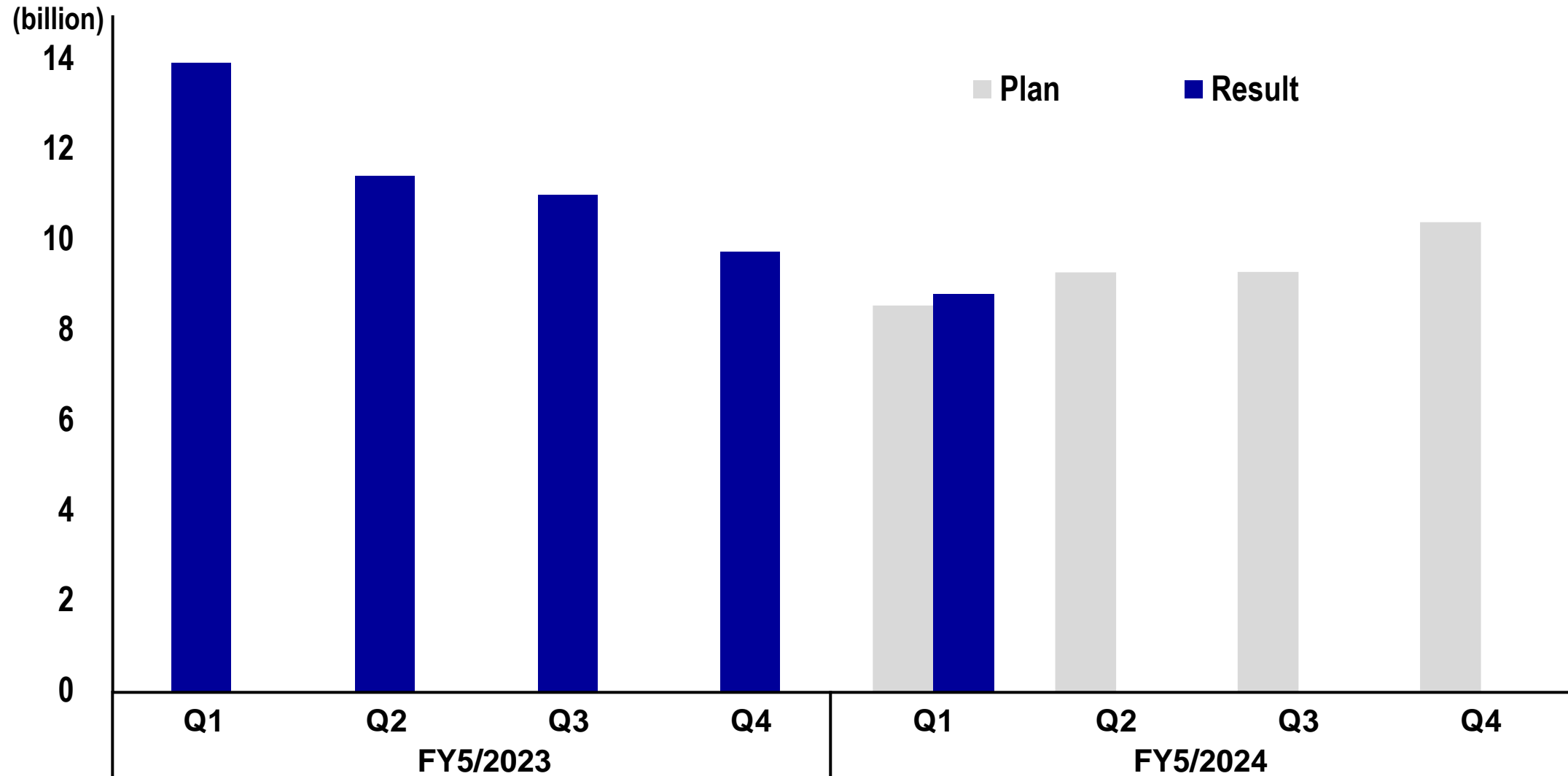


LOHACO Trend of Quarterly Net Sales

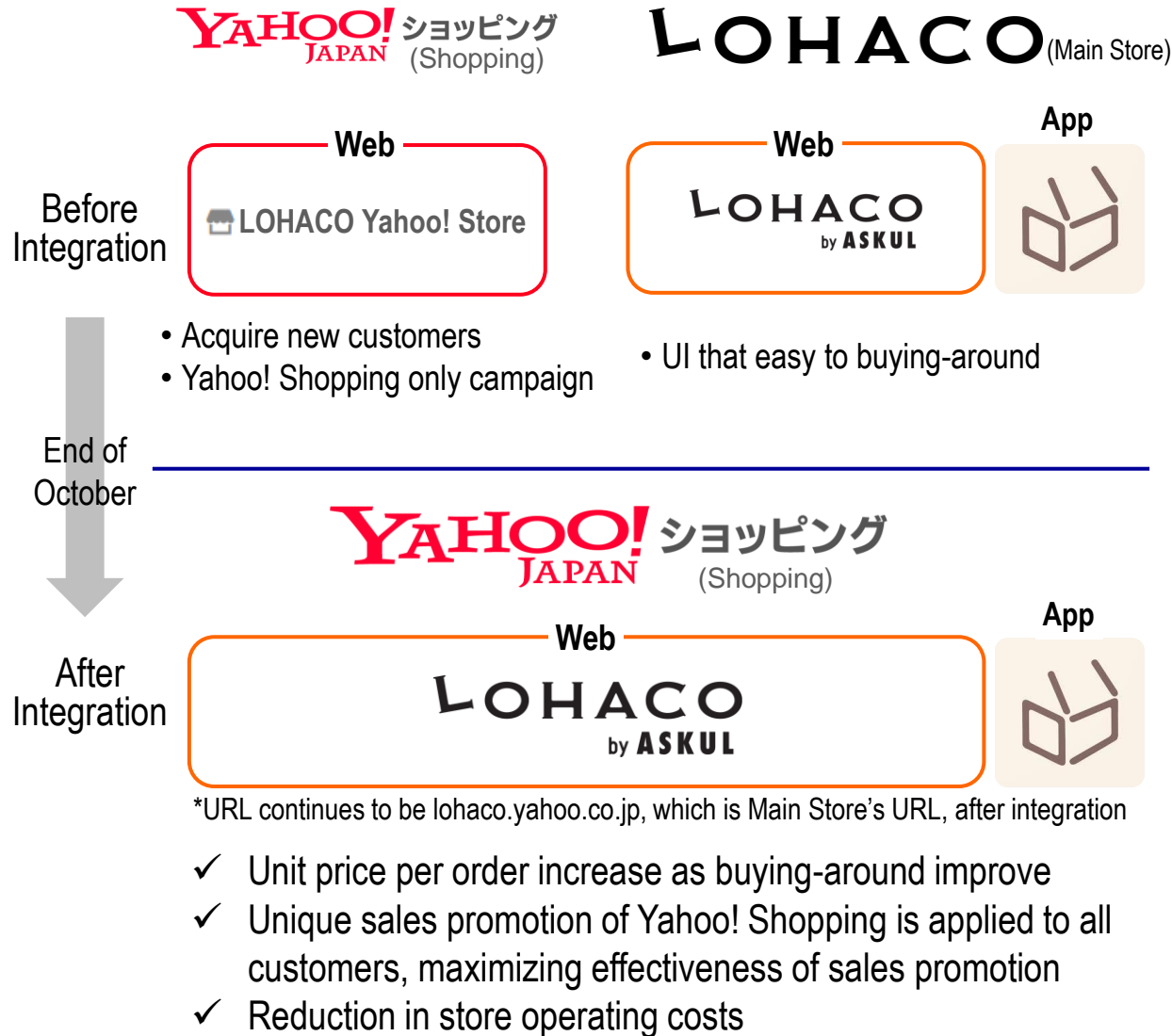
Non-Consolidated



Q1 results exceeded the plan



LOHACO Store Integration



Combine the strong features of both stores and integrate into LOHACO Yahoo! Shopping Store



- ✓ Improve customer experience by evolving the UI
- ✓ Further strengthening the profit structure

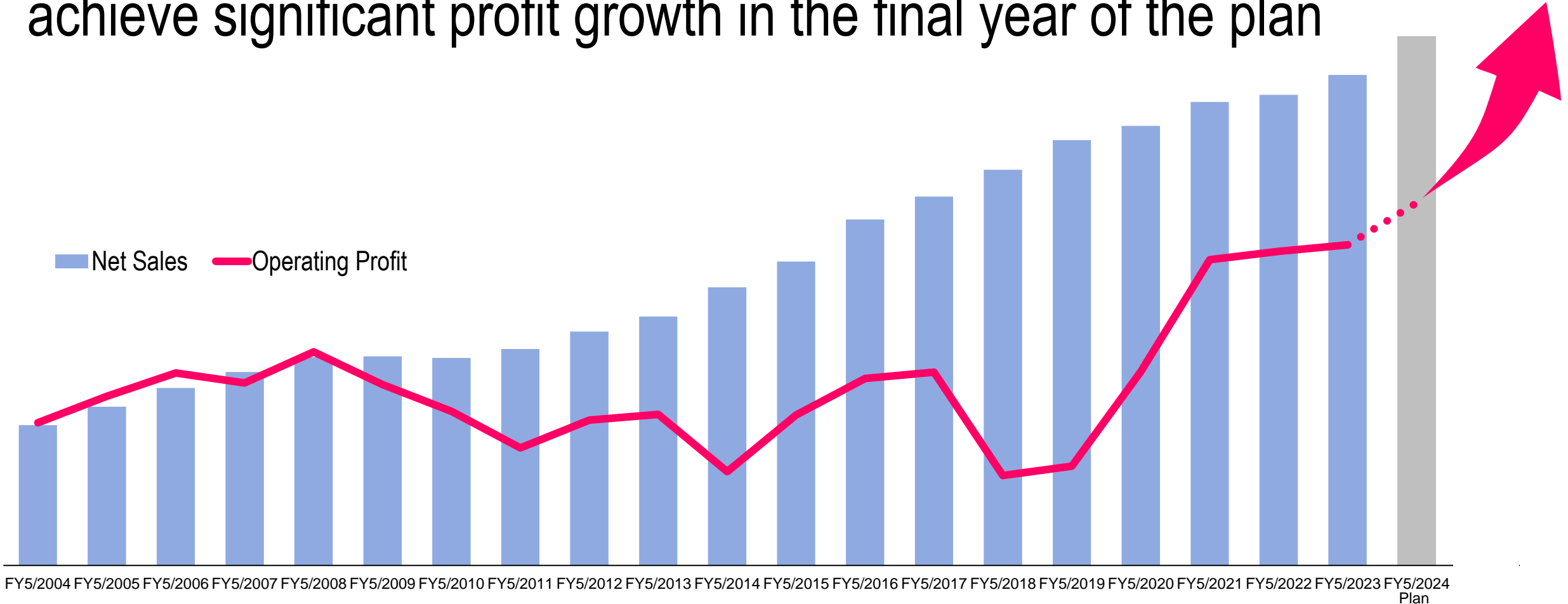
Positioning of the Third Year of the Medium-Term Management Plan

Consolidated

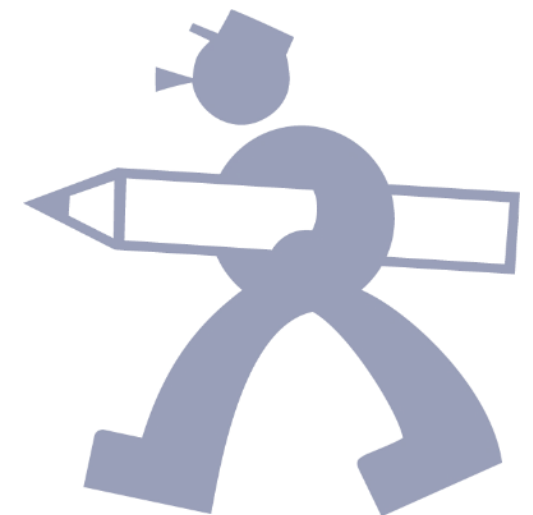


From [Financial Results for the Fiscal Year Ended May 2023] presentation material

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



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ASKUL has been selected for JPX-Nikkei Index 400 for fiscal year 2023 (August 31, 2023 – August 29, 2024)

The Company will continue to strive for sustainable enhancement of corporate value in order to meet the expectations of its investors.

[about JPX-Nikkei Index 400]

JPX-Nikkei Index 400 is an index composed of companies with high appeal for investors, which meet requirements of global investment standards, such as efficient use of capital and investor-focused management perspectives.

For more details about the JPX-Nikkei Index 400, please refer to Japan Exchange Group, Inc. website:

<https://www.jpx.co.jp/english/markets/indices/jpx-nikkei400/index.html>



August 2023

Selected as a component of the "FTSE Blossom Japan Sector Relative Index" for the second consecutive year

- ✓ Selected for the second consecutive year as an index that reflects the performance of Japanese companies that excel in Environmental, Social and Governance (ESG) initiatives relatively in their respective sectors



FTSE Blossom
Japan Sector
Relative Index

August 2023

Introduced ESG indicator linked compensation program for internal directors and executives

- ✓ In addition to the existing performance-linked restricted stock compensation, new ESG indicators linked compensation program was introduced for employees who are general manager or above positions, including internal directors and executive officers, to accelerate promotion of ethical e-commerce
- ✓ Adopted restricted stock compensation with the achievement of ESG indicators as a condition for the removal of transfer restrictions

<ESG Indicator Conditions>

- Reduction in the number of delivered box by increasing the number of products in each box
- Increase the number of customers (number of IDs) who purchase products with environmental scores
- Employee engagement index which represents the connection between corporations and employees
- Increase female manager ratio
- Evaluations by external organizations that evaluate initiatives concerning the governance

IR News Release: <https://pdf.irpocket.com/C2678/dUAy/U4wV/BeLW.pdf>



August 2023

Full-scale efforts begun to reduce Scope 3 emissions with the use of a CO2 emissions calculation tool

- ✓ Started specific reduction initiatives with suppliers by visualization of CO2 emissions from product procurement, which accounts for 75% of total CO2 emissions at ASKUL
- ✓ Introduced tools from boost technologies, Inc., starting with the calculation of CO2 emissions from original products and gradually expanding to other products



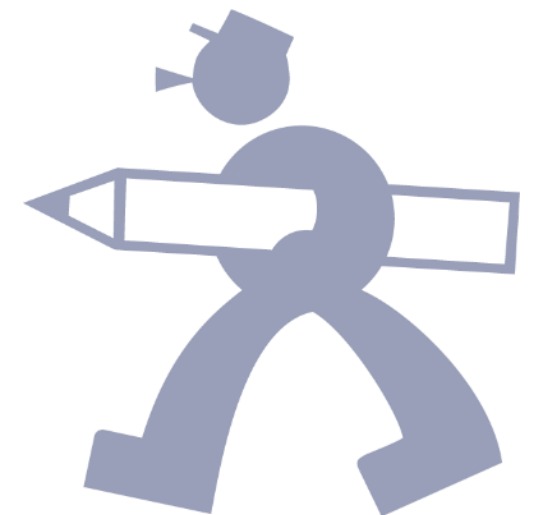
August 2023

ASKUL, TSUMAGOI MEISUI, and Tsumagoi Village sign "Forest Maintenance Partnership Agreement"

- ✓ TSUMAGOI MEISUI CORPORATION produces and sells natural mineral water using the abundant water resources of Tsumagoi Village, and the three parties aim to work together to preserve the forest and revitalize the local community.
- ✓ A tree-planting festival will be held in the spring of 2024, and the company will strengthen its efforts to conserve the environment and biodiversity



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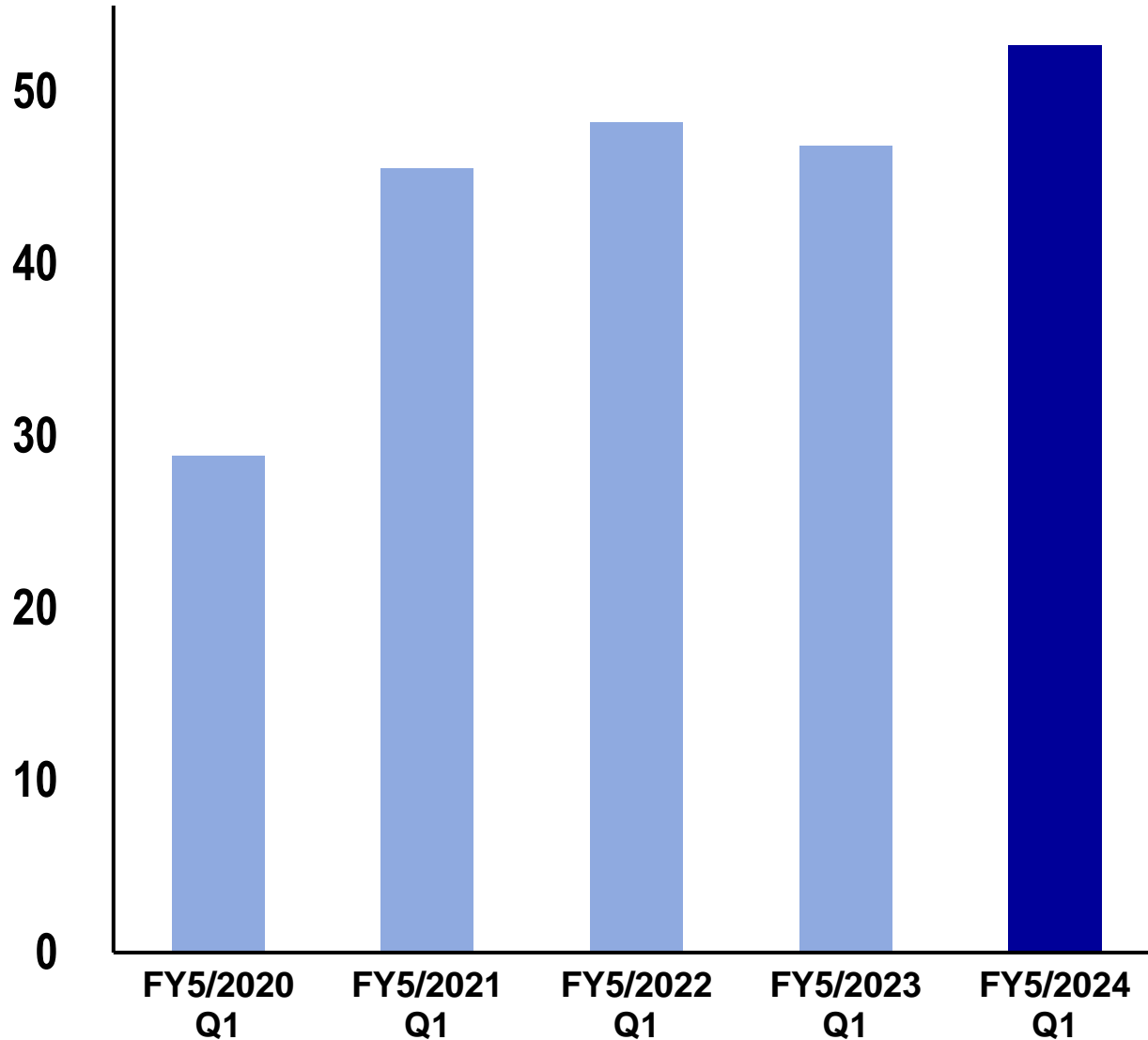


Trend of EBITDA

Consolidated



(¥billion)



EBITDA increase ahead of significant earning growth

FY5/2024 Net Sales by Item Category [B-to-B / LOHACO etc.]

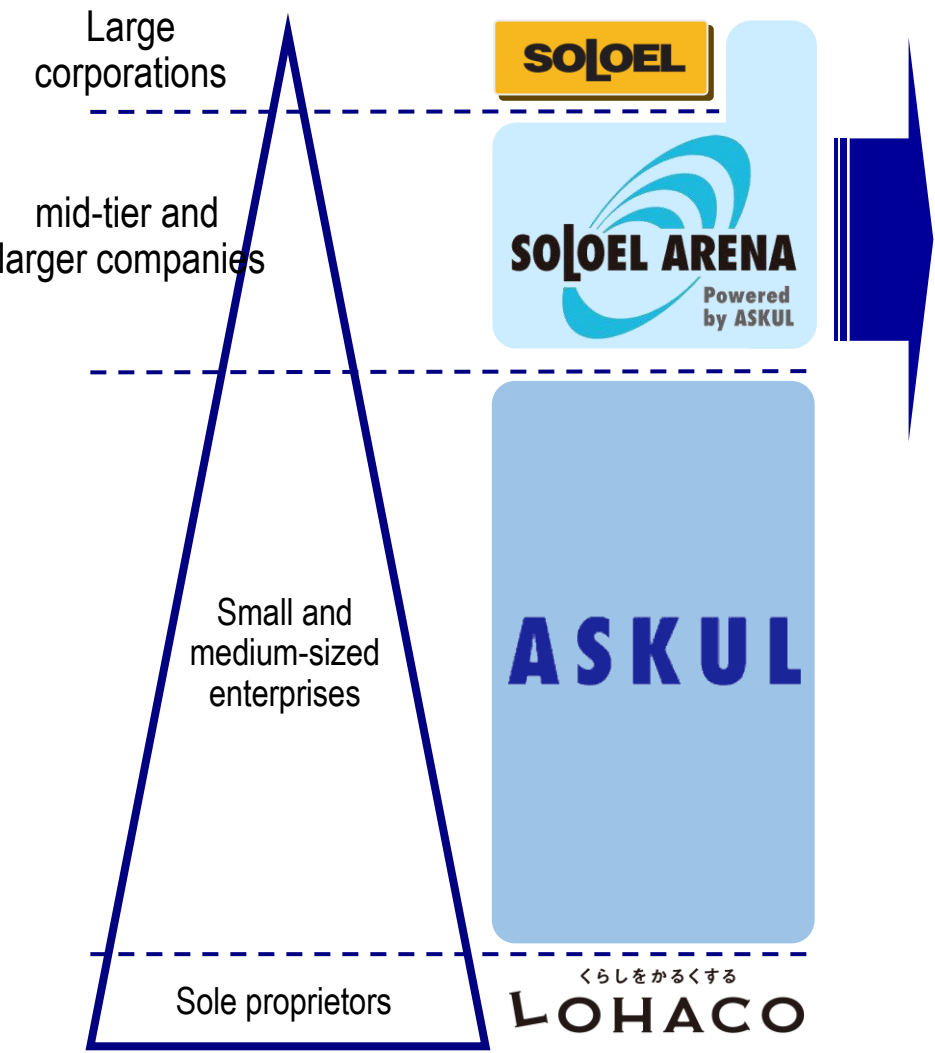
Non-Consolidated



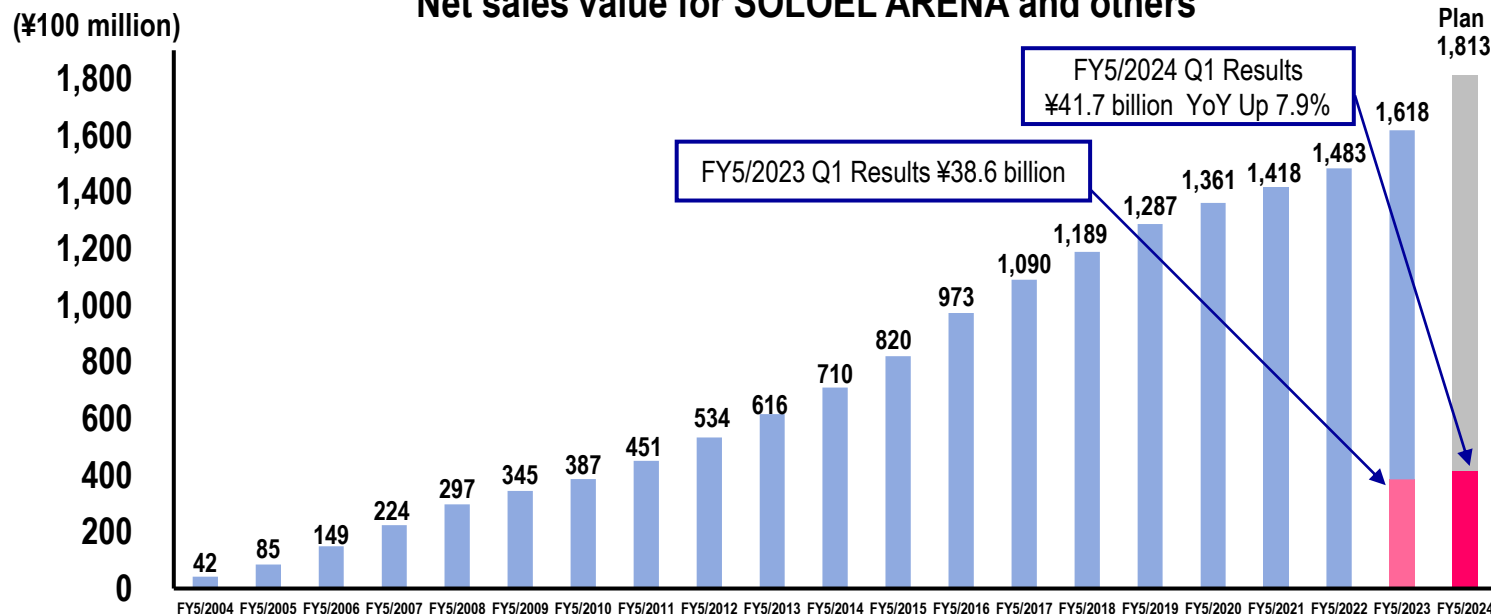
	FY5/2023 Q1			FY5/2024 Q1			
		Composition ratio %	YoY change %		Composition ratio %	YoY change	YoY change %
OA & PC	23.1	24.4	+1.7	24.5	26.3	1.3	+5.8
Stationery	9.7	10.2	-0.6	10.0	10.7	0.3	+3.3
Living Supplies	37.4	39.3	+13.6	35.2	37.7	(2.2)	-5.9
Furniture	4.6	4.9	-9.9	5.1	5.5	0.5	+11.1
MRO	10.0	10.5	+9.6	10.4	11.2	0.4	+4.7
Medical	8.8	9.3	+10.2	5.9	6.4	(2.9)	-32.9
Others	1.3	1.4	+0.0	1.9	2.1	0.6	+48.2
Total	95.1	100.0	+6.7	93.3	100.0	(1.8)	-1.9

B-to-B Results of SOLOEL ARENA and others

Non-Consolidated

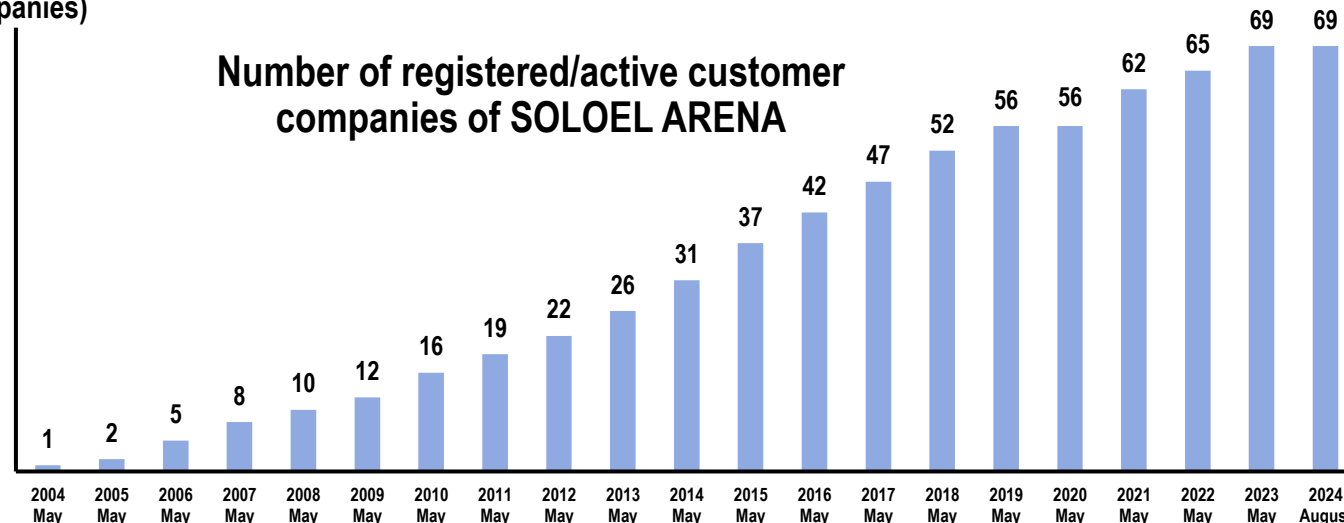


Net sales value for SOLOEL ARENA and others



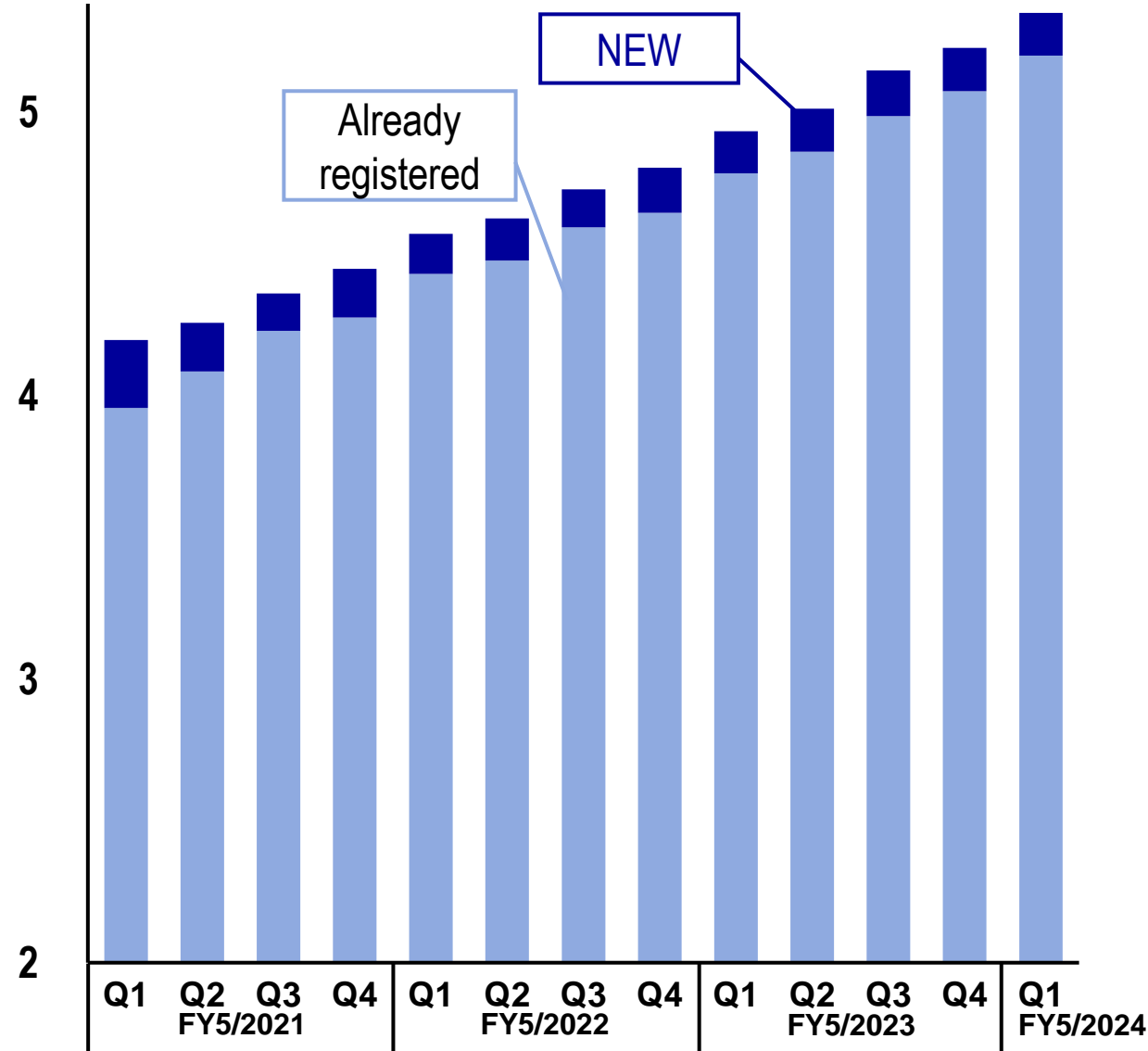
(1,000 companies)

Number of registered/active customer companies of SOLOEL ARENA



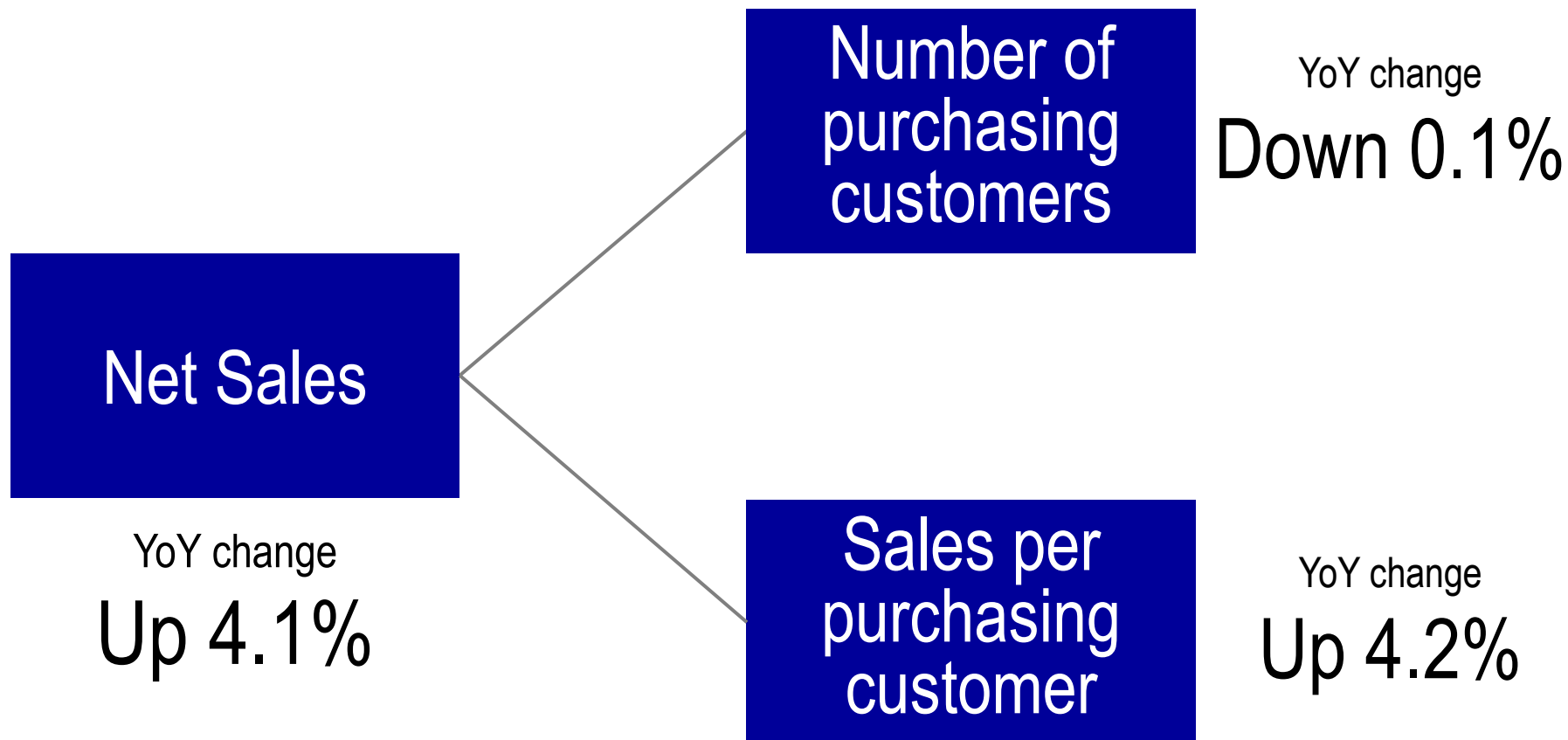
B-to-B Number of Registered Customers*

(millions)



Customer base keeps expanding

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



FY5/2024 Q1 Gross Profit and SG&A Expenses

Consolidated



Gross profit: ¥ 27.8 billion YoY change: Up ¥ 1.1 billion

Gross profit margin: 24.6% YoY change: Up 0.4 points

✓ Due to flexible price revisions and improved foreign exchange contract, etc.

SG&A expenses: ¥ 24.9 billion YoY change: Up ¥ 1.2 billion

Ratio of SG&A expenses to net sales 22.1% YoY change: Up 0.6 points

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

Item	FY5/2023 Q1		FY5/2024 Q1		YoY Change (%)
	Amount (million yen)	Ratio to Sales (%)	Amount (million yen)	Ratio to Sales (%)	
Personnel expenses	5,543	5.0	6,357	5.6	114.7
Shipment expenses	6,347	5.8	5,654	5.0	89.1
Subcontract expenses	1,179	1.1	1,220	1.1	103.5
Business consignment expenses	3,119	2.8	2,882	2.5	92.4
Rents	2,807	2.6	2,772	2.5	98.7
Provision of allowance for doubtful accounts	2	0.0	(4)	(0.0)	—
Depreciation	831	0.8	948	0.8	114.0
Amortization of software	674	0.6	1,069	0.9	158.5
Other expenses	3,198	2.8	4,090	3.7	127.9
Total	23,705	21.5	24,992	22.1	105.4



Capital expenditures ¥1.5 billion(Annual plan: ¥11.6 billion)

Related to new ASKUL website ¥0.8 billion

(Reference) Depreciation and amortization of software: ¥2.0 billion (Annual plan: ¥9.3 billion)

Investment details

(¥ million)

Item	FY5/2023 Q1	FY5/2024 Q1	
	Amount	Amount	YoY Change
[Capital expenditures]	5,195	1,593	-69.3%
Property, plant and equipment	3,049	236	-92.3%
Intangible assets	2,146	1,357	-36.7%
Construction in progress (Note 2)	7,970	899	-88.7%
Software in progress (Note 2)	7,304	991	-86.4%

(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.



Ratio of Internet Orders to Net Sales

	FY5/2023 Q1	FY5/2024 Q1	YoY Change
Orders via the Internet	88.6%	89.7%	+1.1pt
Other	11.4%	10.3%	-1.1pt

Note 1: Percentages are based on orders placed.

ASKUL Original Products

(Unit: item)

	August of FY5/2023	August of FY5/2024	YoY Change
Number of original products	11,749	14,466	+2,717
Non-consolidated net sales composition (of which, B-to-B business)	28.7% (35.5%)	32.0% (37.8%)	+3.3pt (+2.3pt)

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 **30.5%***
(Legal employment rate of private companies is 2.3%)
 - *Legal employment ratio calculated in units of business sites as of Aug. 20, 2023



Together with customers

- Cultivating Corporate Culture and Awareness
 - Share customer feedback
 - Distribute internally opinions, requests, and suggestions received from customers to all employees.
 - VOC (voice of customer) Seminar
 - Regularly hold seminars inviting lecturers from other companies to learn customer orientation from "improvement activities based on customer feedback" of other companies.
- 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.

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

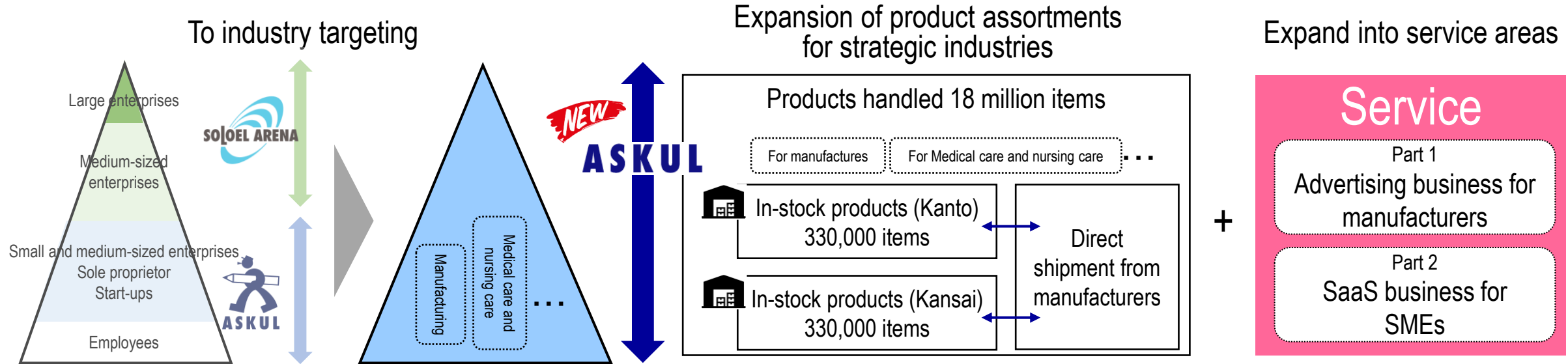
The plan to evolve the high-speed logistics, which is ASKUL's strength, then realize “Delivering Tomorrow” for long-tail products through measures, such as structural reform of distribution centers, integration of B-to-B and B-to-C logistics, and application of DX to value chains. “ASKUL Tokyo DC,” the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



B-to-B	B-to-B stands for business to business and indicates transactions between companies
B-to-C	B-to-C represents business to consumer (customer) and refers to transactions between companies and consumers
MRO	MRO stands for Maintenance, Repair and Operations, and primarily refers to materials that serve as secondary materials (indirect materials), which used in the frontline operations of factories, construction sites, and other locations
ASKUL	Name of the internet mail-order service (accepts orders via facsimile) for small and medium-sized enterprises
SOLOEL ARENA	Name of the internet mail-order service for mid-tier and larger companies
LOHACO	Name of the internet mail-order service for general consumers launched in October 2012 in partnership with Yahoo Japan Corporation
New ASKUL Website	A new e-commerce site that integrates two sites; ASKUL for small and medium-sized enterprises, SOLOEL ARENA for mid-tier and larger companies. Full-scale operation started in July 2023, with SOLOEL ARENA customers gradually transitioning to the new ASKUL website over a period of approximately one year
Advertising Business	Service for manufacturers to place advertisements on our e-commerce site, etc.

Distribution center abbreviations

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



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