

# Financial Results for the First Quarter of the Fiscal Year Ending May 2025

September 13, 2024  
ASKUL Corporation



## [Disclaimer]

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## [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	Subsegment	Main services, major subsidiaries
E-commerce business	ASKUL business	ASKUL, SOLOEL ARENA, SOLOEL, New ASKUL Website
	LOHACO business	LOHACO
	Group companies, etc.	AlphaPurchase Co., Ltd., BUSINESSSMART CORPORATION, SOLOEL Corporation, FEED Corporation, ASKUL LOGIST Corporation, charm Co., Ltd *Including consolidation eliminations
Logistics business		ASKUL LOGIST Corporation (sales to customers outside of the Group)
Others		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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## Increased sales and decreased profit primarily due to a temporary decline in the gross profit margin.

### ✓ Net Sales

- The ASKUL business grew by 4.6% in Q1, with clear challenges identified. We aim to enhance the precision of each measure to achieve full-year growth of 6.1%.
- The LOHACO business continues to expand as planned, and we aim to maintain profitability for the full year while striving for renewed growth.

### ✓ Gross Profit

- Although there was a temporary decline due to foreign exchange positions, we expect improvement moving forward.

### ✓ Variable Cost

- The variable cost ratio improved year-on-year due to an increase in the unit sales price per box but was affected by increased case shipments of beverages because of the extreme heat and the announcement of the Nankai Trough Earthquake Extra Information (megaquake advisory issued by the Japan Meteorological Agency).

### ✓ Shareholder Returns

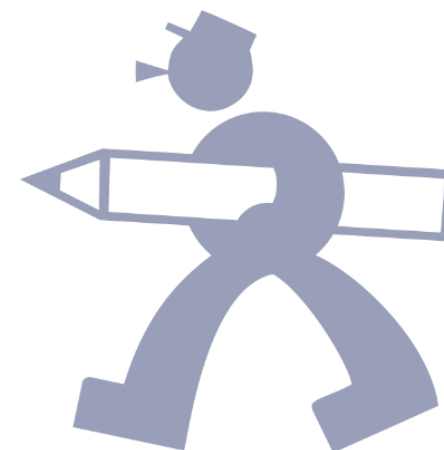
- Based on a total shareholder return ratio of 45%, a resolution was passed to acquire 2-billion-yen worth of treasury stock.

**I Earning results for the First Quarter  
of the Fiscal Year Ending May 2025**

II Progress of Business

III Topics (ESG)

IV Appendix



# FY5/2025 Q1 Earnings Results

Consolidated



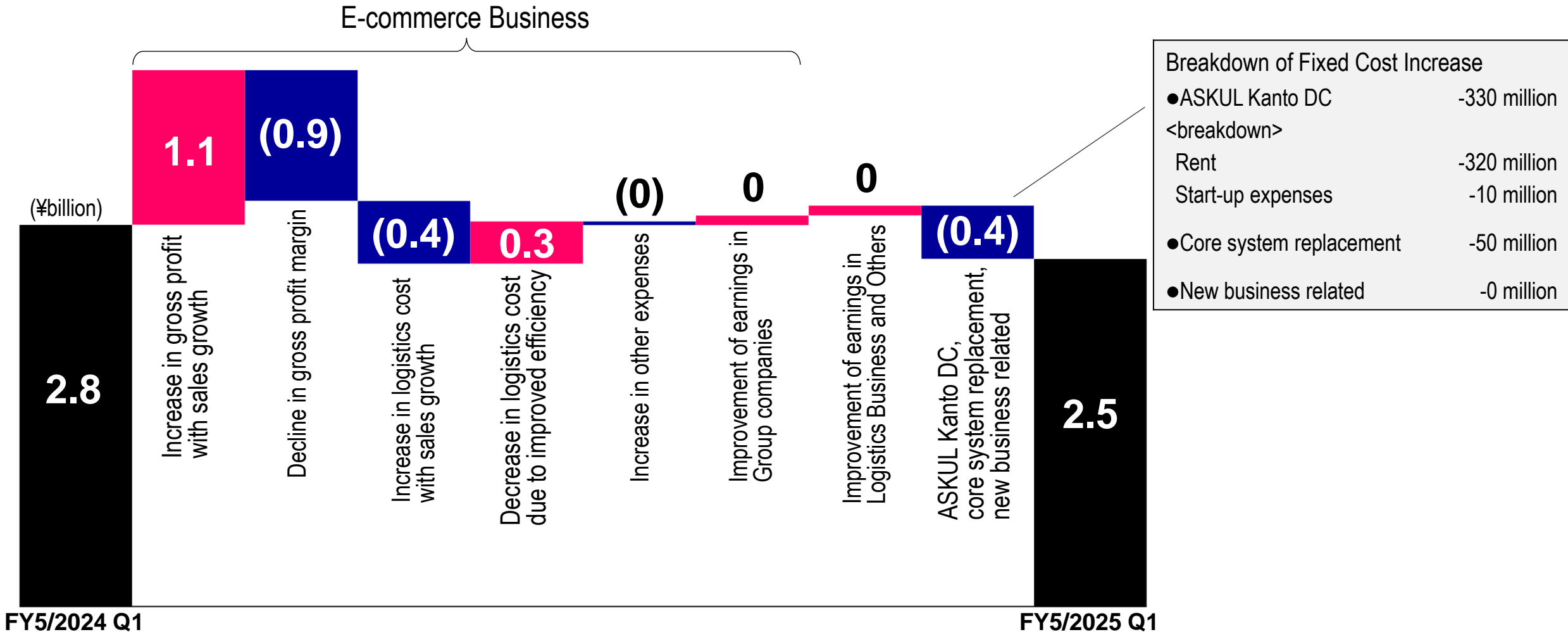
	FY5/2024 Q1		FY5/2025 Q1		
	Actual	% of net sales %	Actual	% of net sales %	YoY change %
(¥million)					
Net Sales	113,074	100.0	118,384	100.0	+4.7
Gross Profit	27,820	24.6	27,977	23.6	+0.6
Selling, General and Administrative Expenses	24,992	22.1	25,402	21.5	+1.6
Operating Profit	2,827	2.5	2,574	2.2	-8.9
Ordinary Profit	2,727	2.4	2,510	2.1	-8.0
Profit Attributable to Owners of Parent	1,729	1.5	1,544	1.3	-10.7

- ✓ Net sales  
YoY +4.7%  
Renewed the previous record
- ✓ Gross profit margin  
YoY down 1.0 point
- ✓ Operating profit  
YoY -8.9%
- ✓ Profit  
YoY -10.7%

# FY5/2025 Q1 Factors for Increase / Decrease in Operating Profit Consolidated



The decrease in profit was primarily due to a temporary decline in the gross profit margin.



# FY5/2025 Q1 Earnings Results [Quarterly, By Business]

Consolidated



		FY5/2024				FY5/2025		
		Q1	Q2	Q3	Q4	Q1	YoY change	YoY change %
Net Sales	ASKUL Business	84.4	89.8	88.0	90.9	88.3	3.8	+4.6
	LOHACO Business	8.8	8.6	8.8	9.7	9.5	0.7	+8.7
	Group Companies, etc.	17.5	17.3	19.6	18.4	18.3	0.8	+4.7
	E-commerce Business	110.8	115.8	116.5	119.1	116.2	5.4	+4.9
	Logistics Business and Other	2.2	2.3	2.2	2.4	2.1	(0.1)	-6.9
	Consolidated Total	113.0	118.2	118.7	121.6	118.3	5.3	+4.7
Operating Profit	Performance-linked Bonuses (including provision), etc.	(0.2)	(0.2)	0.1	(0.1)	0.1	0.3	-
	E-commerce Business	2.8	4.4	5.2	4.4	2.5	(0.3)	-11.3
	Logistics Business and Other	(0)	(0)	(0)	(0)	0	0	-
	Consolidated Total	2.8	4.4	5.2	4.4	2.5	(0.2)	-8.9

# FY5/2025 Q1 Earnings Results E-commerce Business Net Sales



ASKUL Business

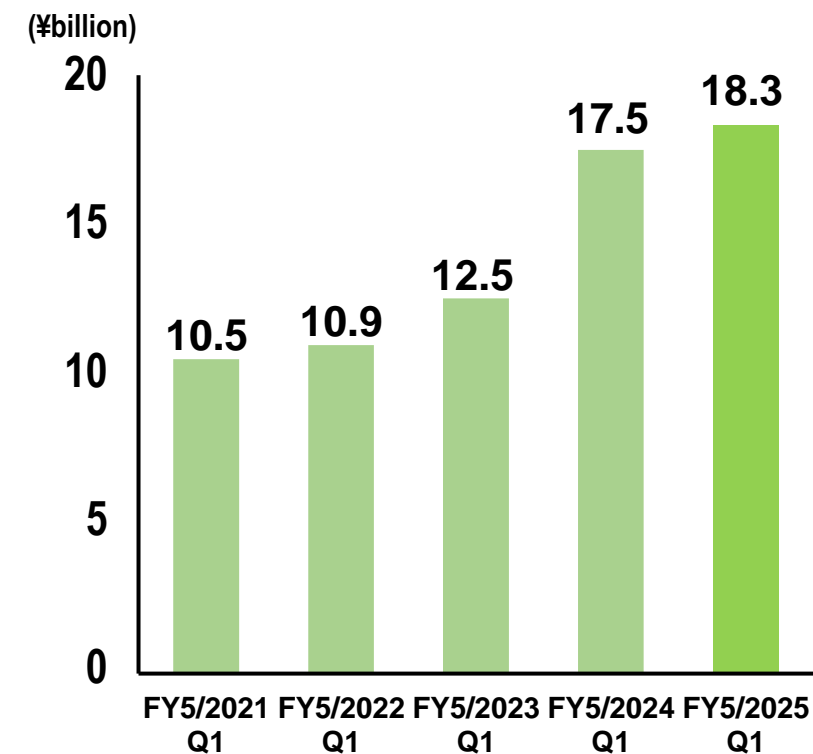
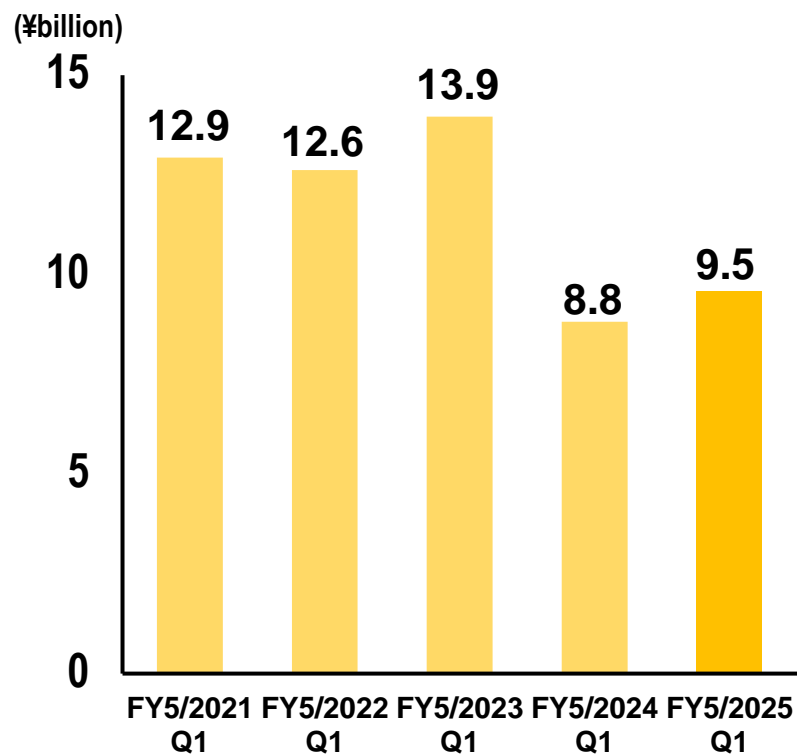
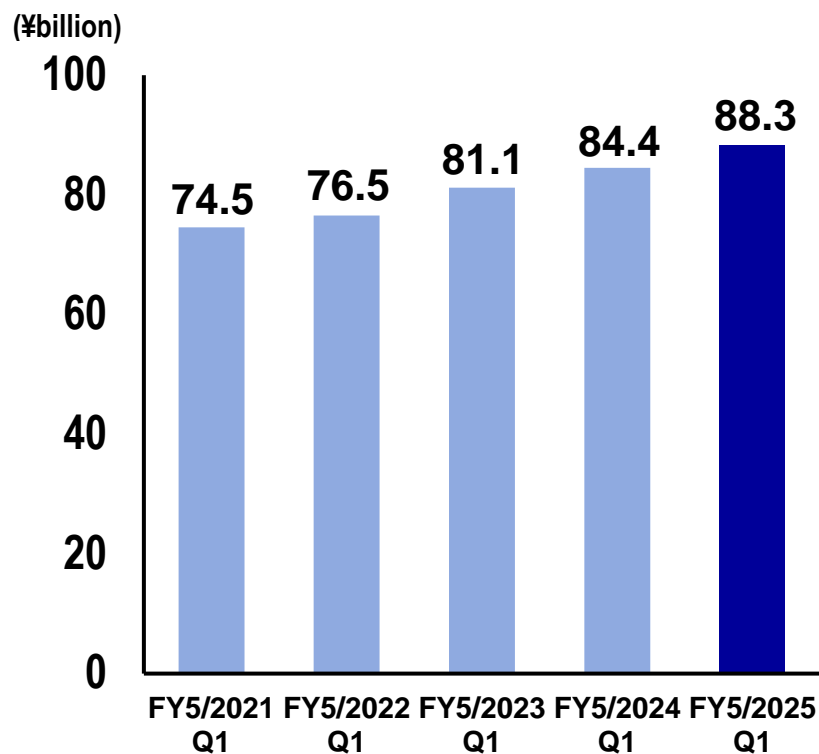
LOHACO Business

Group Companies, etc.

YoY 104.6%

YoY 108.7%

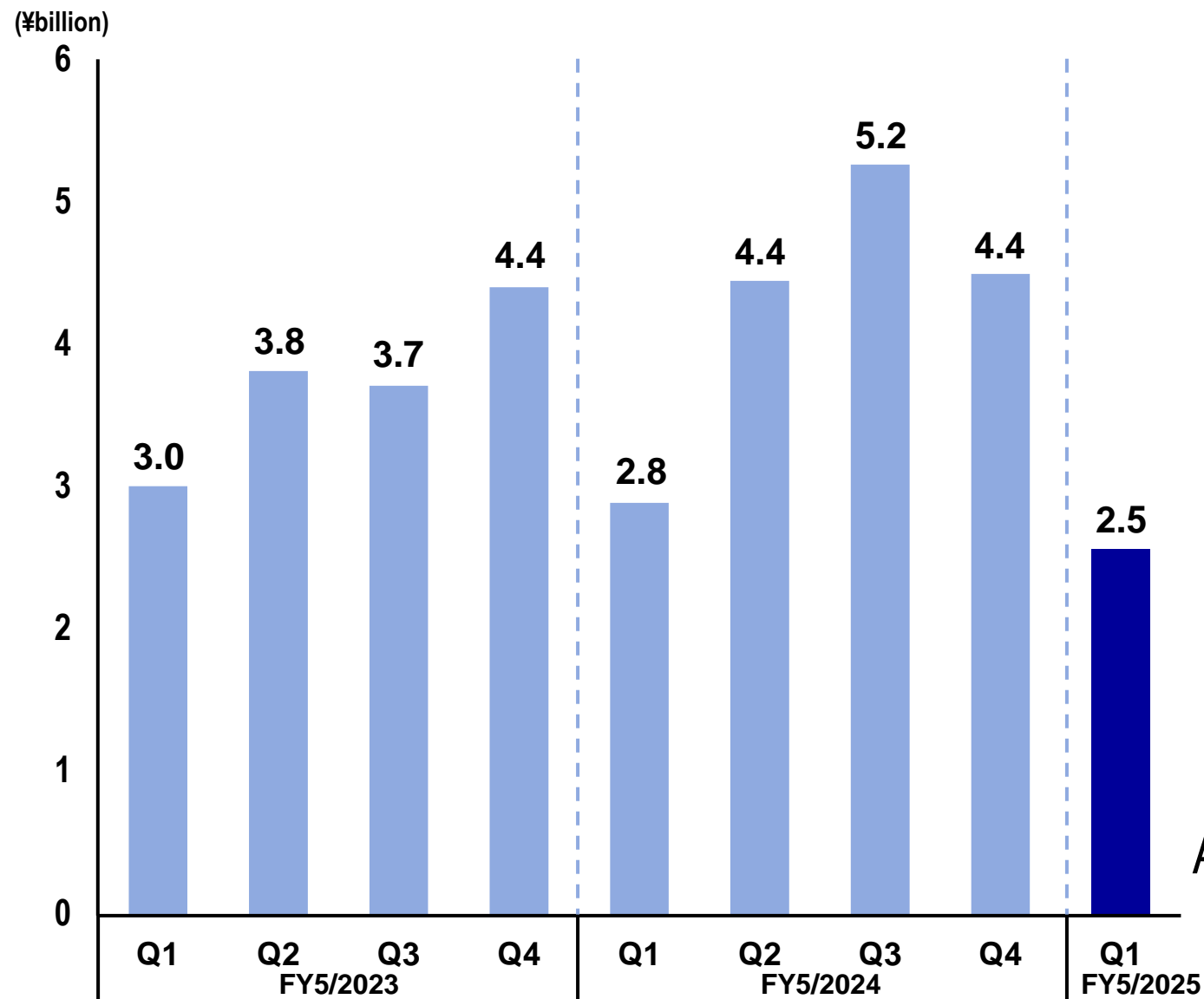
YoY 104.7%





# FY5/2025 Q1 Earnings Results E-commerce Business Operating Profit

Consolidated



**YoY -11.3%**

Temporary impact on operating profit due to the deterioration of foreign exchange positions and seasonal factors, etc.



Expect to see an improvement in foreign exchange positions and an improvement in the unit sales price per box.

Aiming to achieve full-year operating profit target.

# FY5/2025 Q1 Earnings Results Logistics Business and Others

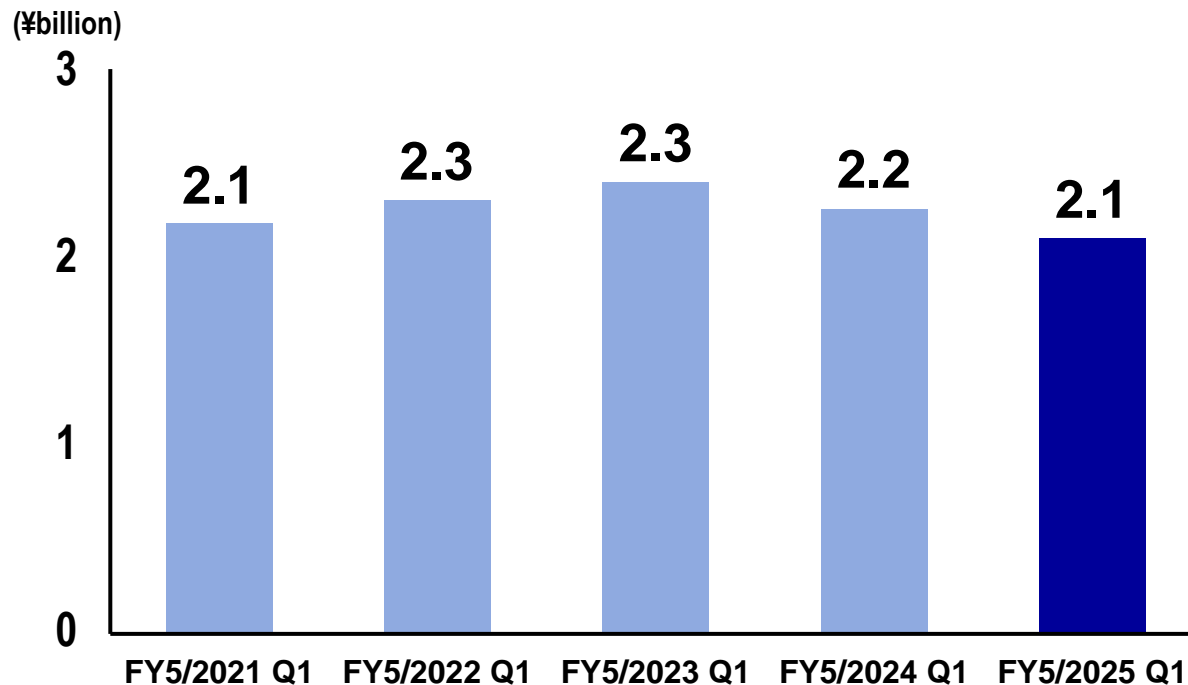
Consolidated



## Net Sales

YoY **93.1%**

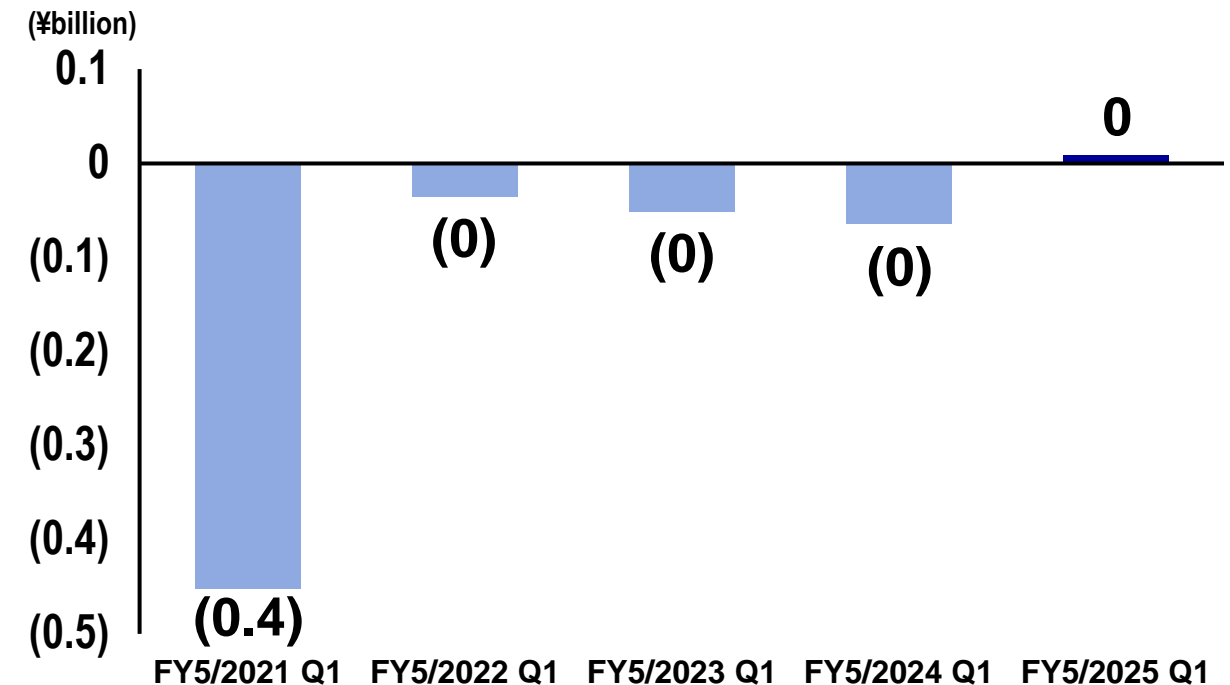
Sales continued to be on par with the same period of the previous year.



## Operating Profit

YoY change **+0 billion**

Turnaround to profitability through structural reform.





## Advancing countermeasures to accelerate sales growth and improve gross profit margin

	Situation in the Q1	Countermeasures
Net sales	<ul style="list-style-type: none"> <li>✓ Demand for conventional office supplies, such as office furniture, ink and toner, and stationery, was sluggish.</li> <li>✓ Living Supplies and Medical categories remained strong.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Expand the lineup of general products (middle-range products) used in various industries other than traditional office supplies. (promote “transformation from an office supplies mail-order company”)</li> </ul>
YoY +4.7%	<ul style="list-style-type: none"> <li>✓ Purchase volumes from SMEs were stagnating due to delayed recovery in demand.</li> <li>✓ Demand from medium and large companies remained stable.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Promoting purchases through coupons and flyers.</li> <li>✓ Enhancing sales techniques and improving UI/UX to encourage customers to buy one more item. (Ex. Bundle discount, etc., refer to <a href="#">page.22</a>)</li> </ul>
Gross profit margin	<ul style="list-style-type: none"> <li>✓ The foreign exchange position of mainstay products has deteriorated.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Improving foreign exchange positions by reflecting current exchange rates from the second half onward.</li> </ul>
YoY -1.0pt	<ul style="list-style-type: none"> <li>✓ Strategic price reductions were implemented for some products in Living Supplies category as a part of the measures to acquire new customers.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Carefully monitoring the effectiveness of initiatives and making precise adjustments to sales prices.</li> <li>✓ Launching new original products. (Ex: LOHACO Water 210ml, refer to <a href="#">page 12</a>)</li> </ul>

# New Original Product: LOHACO Water 210ml



Leveraging group synergies to create new value,  
balancing ability to respond to customer needs with improved profitability.

## Packaging that can be included in a box

LOHACO Water 2.0L



- ✓ Became possible to consolidate multiple products into a single box with innovative packaging not available elsewhere.
- ✓ Contributed to both improving logistics efficiency and reducing environmental impact.

## Miniaturization and label-free

LOHACO Water 410ml



LOHACO Water 2.0L



- ✓ Developed smaller capacity product to meet customer needs and address logistics issues.
- ✓ Switched to label-free packaging to enhance environmental sustainability.

## Maximizing BC integration

### LOHACO Water 210ml



On sale from September 18, 2024

- ✓ Introducing single-serve sizes to respond to the needs of customer service situations.
- ✓ High logistics efficiency.
- ✓ Maximizing group synergies through the production of TSUMAGOI MEISUI.

# Acquisition and Cancellation of Treasury Stock



Acquire and cancel treasury stock based on a total shareholder return ratio of 45%.

## Overview of acquisition

Total number of shares to be acquired	Up to 1,000,000 shares (1.03% of the total outstanding shares excluding treasury stock as of May 20, 2024)
Total amount of shares to be acquired	Up to 2,000,000,000 yen
Approach to total amount of shares to be acquired	In addition to the amount of treasury stock acquisition based on a total return ratio of 45%, the amount exceeding the plan for net profit for the fiscal year ended May 2024 is added.
Acquisition period	From September 17, 2024, to December 20, 2024
Others	Acquired treasury stock is scheduled to be cancelled upon completion of the acquisition excluding 100,000 shares.

## Overview of cancellation

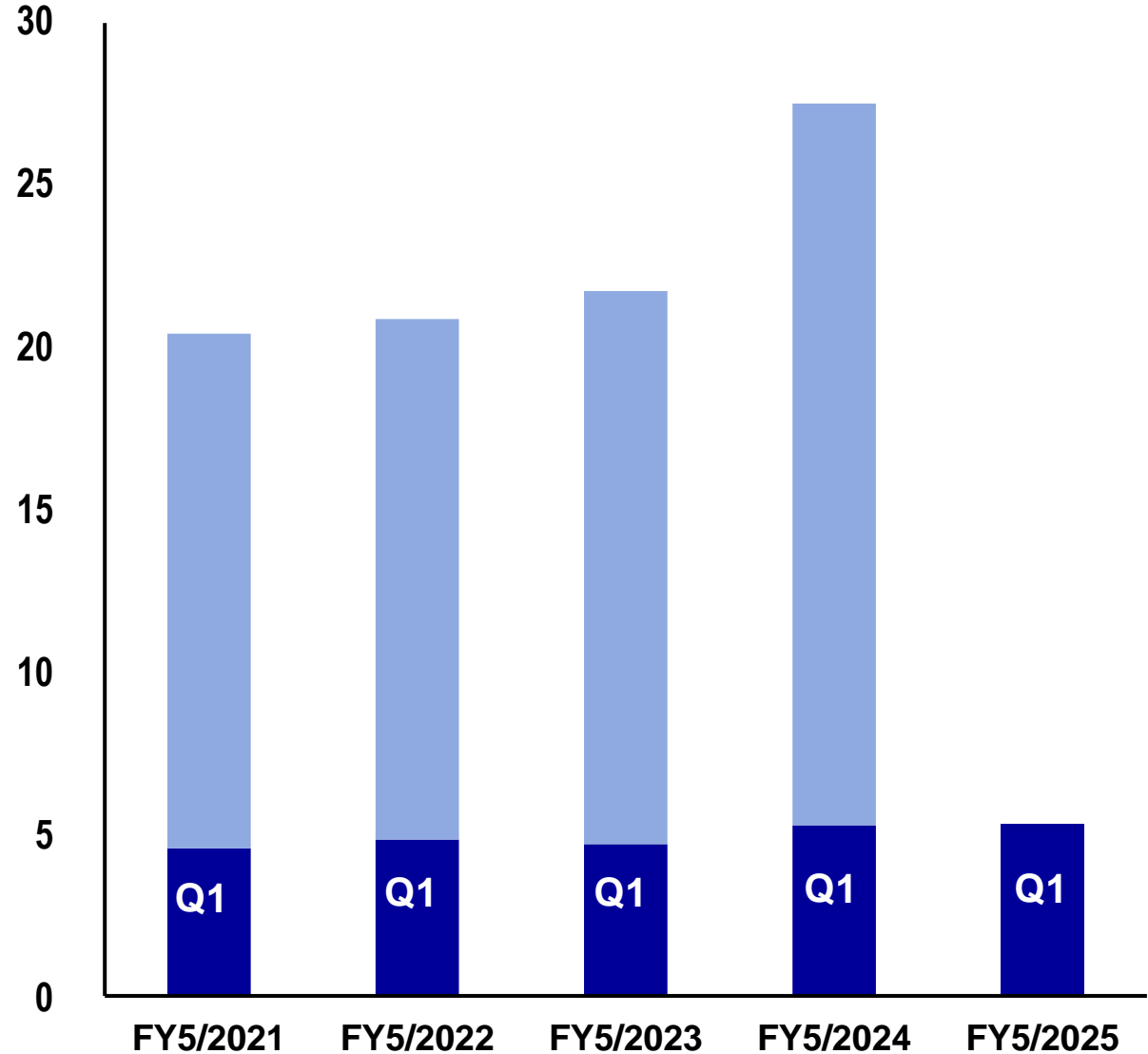
Total number of shares to be cancelled	1,893,400 shares (All shares except for 150,000 shares of treasury stock acquired between March 18, 2024, and August 9, 2024)
Scheduled date of cancellation	September 20, 2024

# Trend of EBITDA

Consolidated



(¥billion)



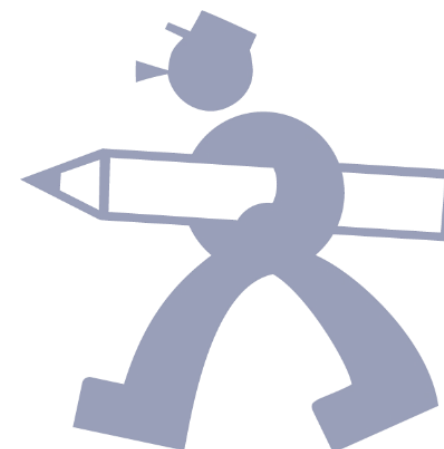
Aiming for record-high results for the full fiscal year as well.

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**II Progress of Business**

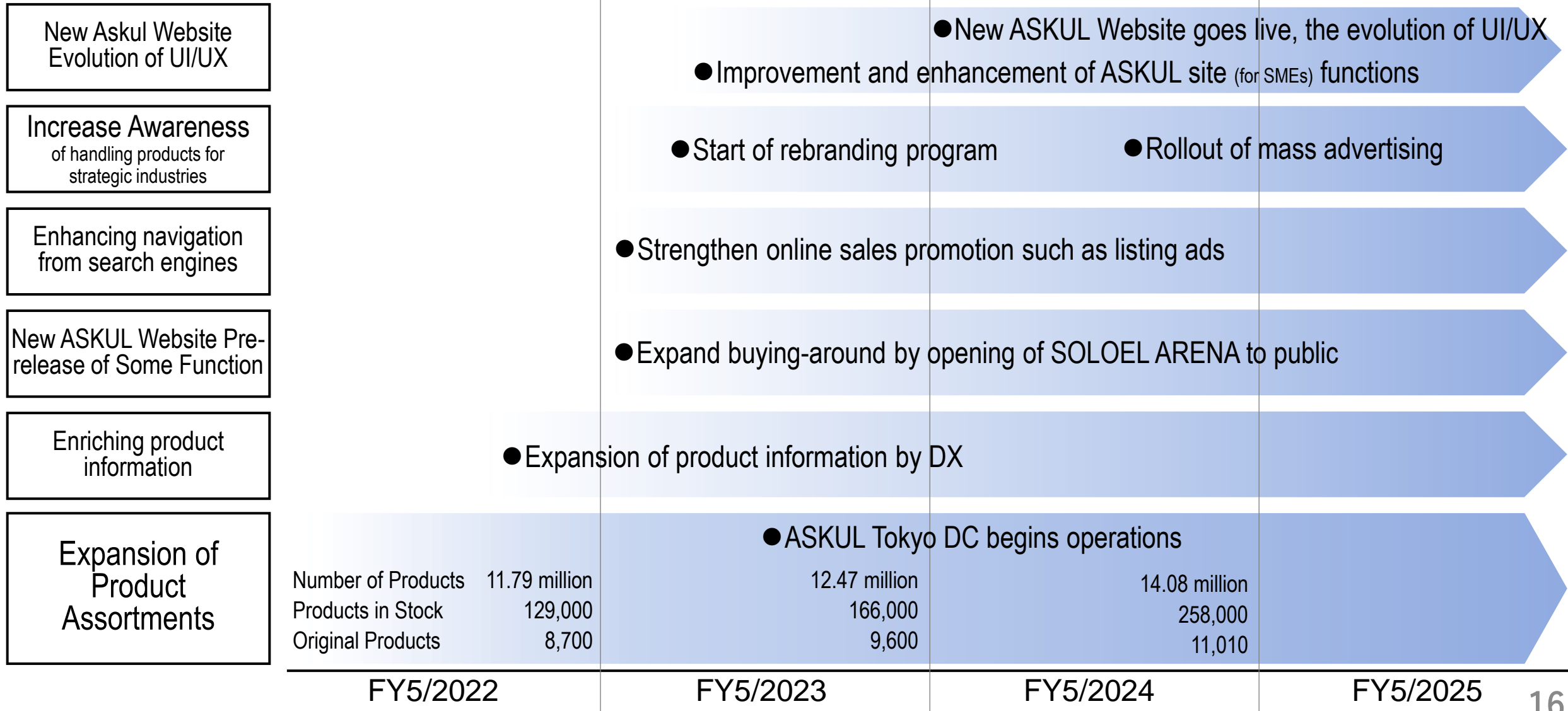
III Topics (ESG)

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The new Medium-Term Management Plan is scheduled to be announced during the current fiscal year.



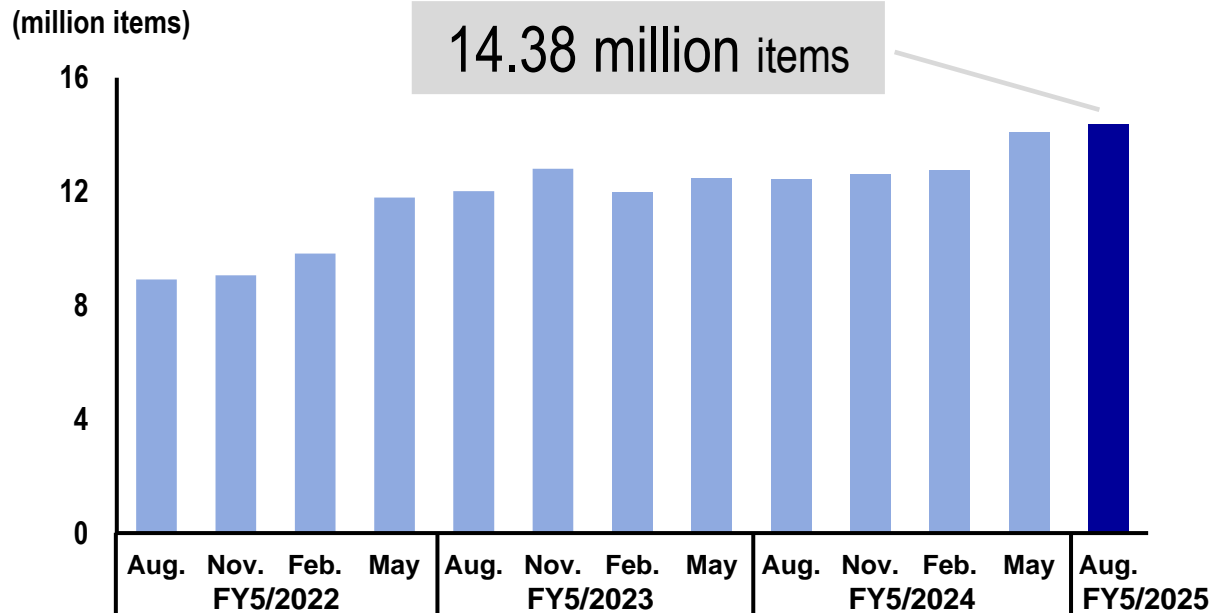




## Products Handled

✓ Q1 period: increased 292,000 items over 445,000 new items introduced

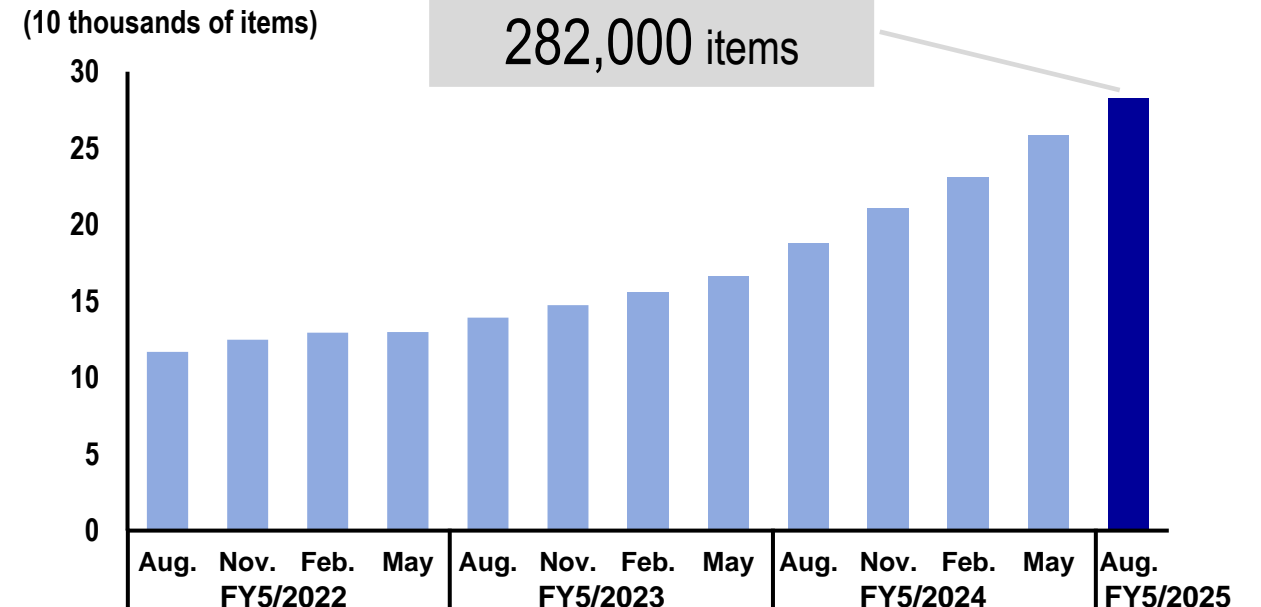
Focusing on the introduction of new general products (middle-range products).



## In-Stock Products

✓ Q1 period: increased 23,000 items increased in all categories

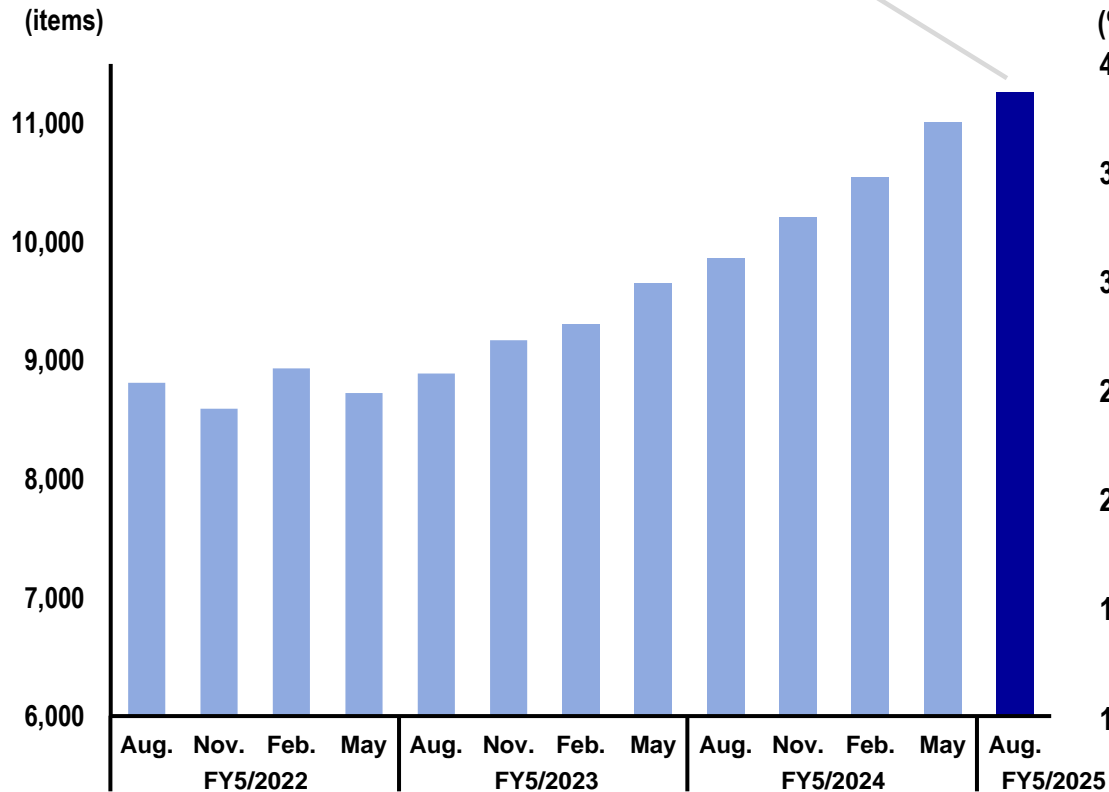
Continued expansion of next-day delivery products.





## Number of Items

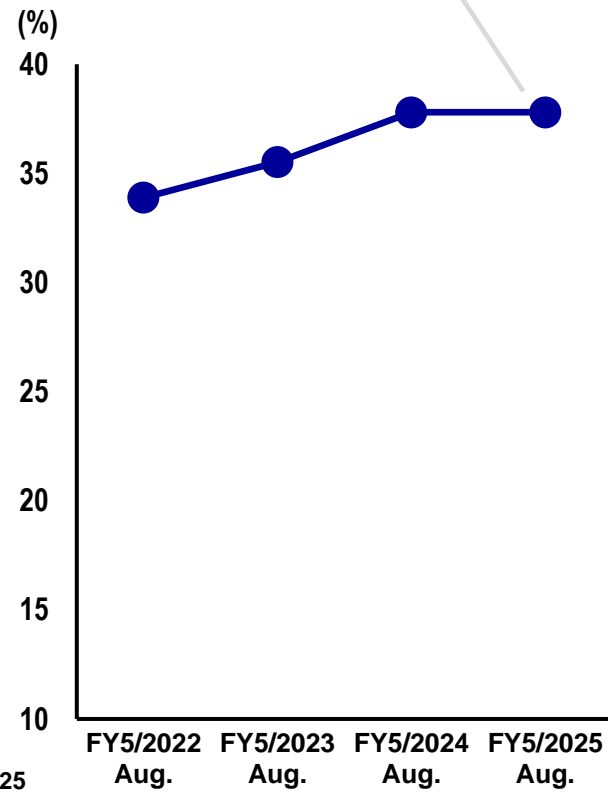
11,259 items



## Composition to Net Sales

(Sales of in-stock products)

37.8%



Strengthening profitability through an increased composition of net sales.

Note: Original products includes products exclusive to ASKUL  
Excluding original products exclusive to LOHACO



Living Supplies drove the sales, and the reactionary decline in the Medical has run its course.

(¥billion)	FY5/2022		FY5/2023		FY5/2024								FY5/2025			
	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	22.2	29.1	22.8	28.1	24.1	28.6	26.2	29.3	26.2	29.9	26.4	29.1	24.9	28.2	0.7	+3.2
Stationery	9.5	12.5	9.5	11.7	9.8	11.7	10.9	12.2	11.2	12.8	13.1	14.5	10.8	12.3	0.9	+9.6
Living Supplies	22.1	28.9	25.2	31.1	27.6	32.7	27.6	30.8	25.9	29.5	26.0	28.6	29.1	33.0	1.5	+5.6
Furniture	5.0	6.6	4.5	5.6	4.9	5.9	5.1	5.8	5.2	5.9	6.6	7.3	4.7	5.3	(0.2)	-5.2
MRO	8.8	11.6	9.7	12.0	10.3	12.2	11.1	12.4	10.9	12.4	10.9	12.0	10.6	12.0	0.2	+2.7
Medical	7.1	9.3	7.8	9.6	5.6	6.7	6.1	6.8	6.0	6.9	5.6	6.2	6.3	7.1	0.6	+11.2
Others	1.5	2.0	1.4	1.8	1.8	2.2	2.4	2.7	2.2	2.5	2.0	2.2	1.7	2.0	(0)	-2.9
Total	76.5	100.0	81.1	100.0	84.4	100.0	89.8	100.0	88.0	100.0	90.9	100.0	88.3	100.0	3.8	+4.6

Notes: 1. Some products in the Living Supplies category have been reclassified to the Furniture category from the beginning of the fiscal year ended May 2024.  
 2. From February of the fiscal year ended May 2024, due to changes in the agent system, there has been a positive impact on the Stationery and Other categories, but there are also categories with negative impacts. Therefore, the overall impact on sales in the ASKUL business is minimal.



Increases the growth rate by improving the accuracy of each measure through data-driven approaches.

### Strengthening Product Capability

#### Enhancing Product Assortment and Original Products

- ✓ Marketing lab has also been launched in the the ASKUL business. Collaborating with suppliers to enhance product assortment through data utilization.
- ✓ Strengthening original products by establishing a dedicated product development department.

Contributing to sales growth from FY5/2026 and beyond

#### Merchandising DX

- ✓ Improving the speed of product adoption and pricing through data-driven decision-making.
- ✓ Conducting analysis, development, and testing for the implementation of measures in FY5/2025.

### Enhancing User Interface (UI) and User Experience (UX)

#### Reviewing Customer Acquisition Methods and Measures to Improve Retention Rate

- ✓ Strengthening customer acquisition methods targeting customers who are likely become loyal customers through data utilization and implementing measures to retain customers after registration.



#### Improving Sales Promotion Accuracy

- ✓ Automating site exposure of enhanced product assortments and bargain items and optimizing the recommendation engine to propose desired products to customers.



#### Evolving into an Easy-to-Navigate Site

- ✓ Enhancing the site's ease of use and purchasing experience through search algorithm optimization and functional improvements based on customer feedback.



## Implementing various initiatives to accelerate sales growth from Q2 onwards.

### Actively Introducing General Products (middle-range products)

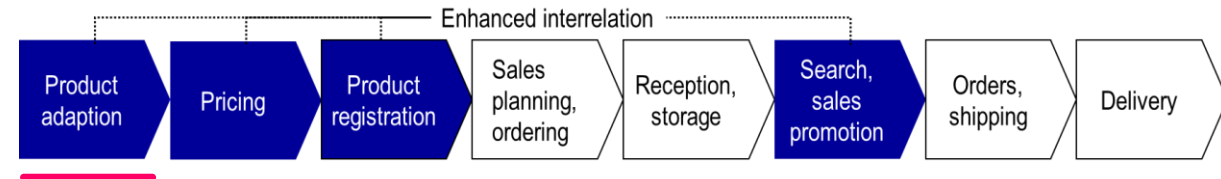
#### Reflections on FY5/2024

- ✓ Expanded long-tail products specifically tailored for specific industries, focused too much on increasing the number of products.
- ✓ Newly introduced products have shown low utilization, and the efficiency of customer acquisition and sales promotions declined.

#### Strategy for FY5/2025

- ✓ Strengthen the lineup of general products (middle-range products) used in various industries other than traditional office supplies. Ex.) cleaning supplies, storage products, and bathroom items, etc.
- ✓ Improving utilization rate and promotional efficiency through a product lineup based on customer needs.

### Digitizing and Automating the Product Adaption Process



#### Issues

- ✓ There is substantial potential for digitization and automation in the product adaption process. By improving efficiency, we can reallocate human resources to more profitable tasks, enhancing overall business profitability.

#### Overview of Measures

- ✓ Begun operating a system that digitizes information about customer needs and uses AI to recommend product assortments.
- ✓ Moving toward full automation of the product adaption process for certain items while achieving a rapid assortment of best-selling products.



## Implementing various initiatives to accelerate sales growth from Q2 onwards.

### Introduced a New Promotional Feature “Bundle Discount”

- ✓ Promotional measures aimed at increasing the number of purchase categories.
- ✓ Expanding the promotional functions used by many LOHACO customers to ASKUL.
- ✓ In addition to driving sales growth, the unit sales price per box will also increase, contributing to improved logistics efficiency.

The more you buy within the bundle discount, the **more you save!**



Discounts apply when customers purchase products from multiple categories together



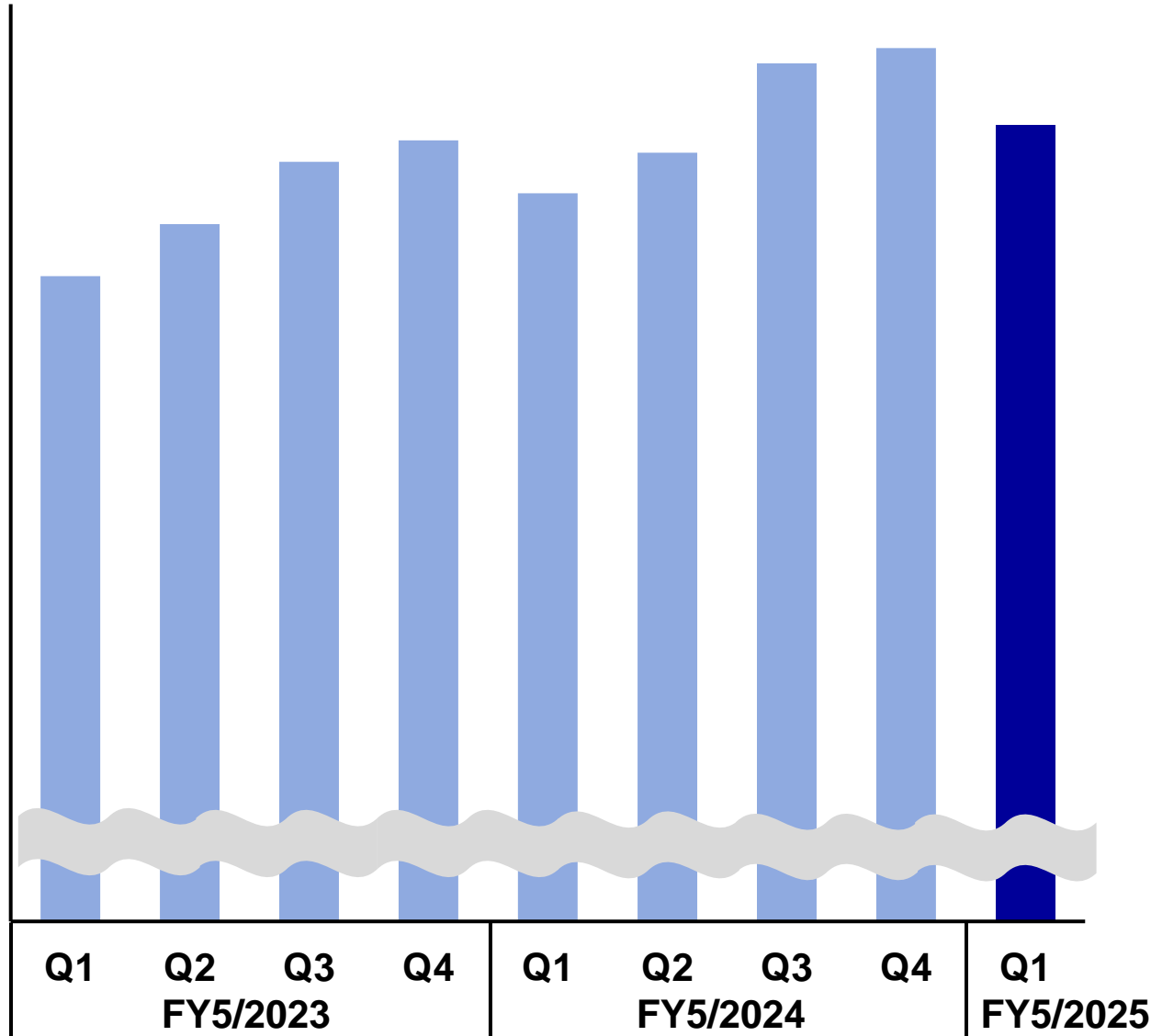
Planning to roll out themed campaigns on a monthly basis

### Advancing Personalization

- ✓ Continue to evolve into easy-to-navigate site by introducing customer interaction tools, improving search suggestion functionality, and optimizing product displays.



(Yen)



FY5/2025 Q1

YoY change: Up 5.3%

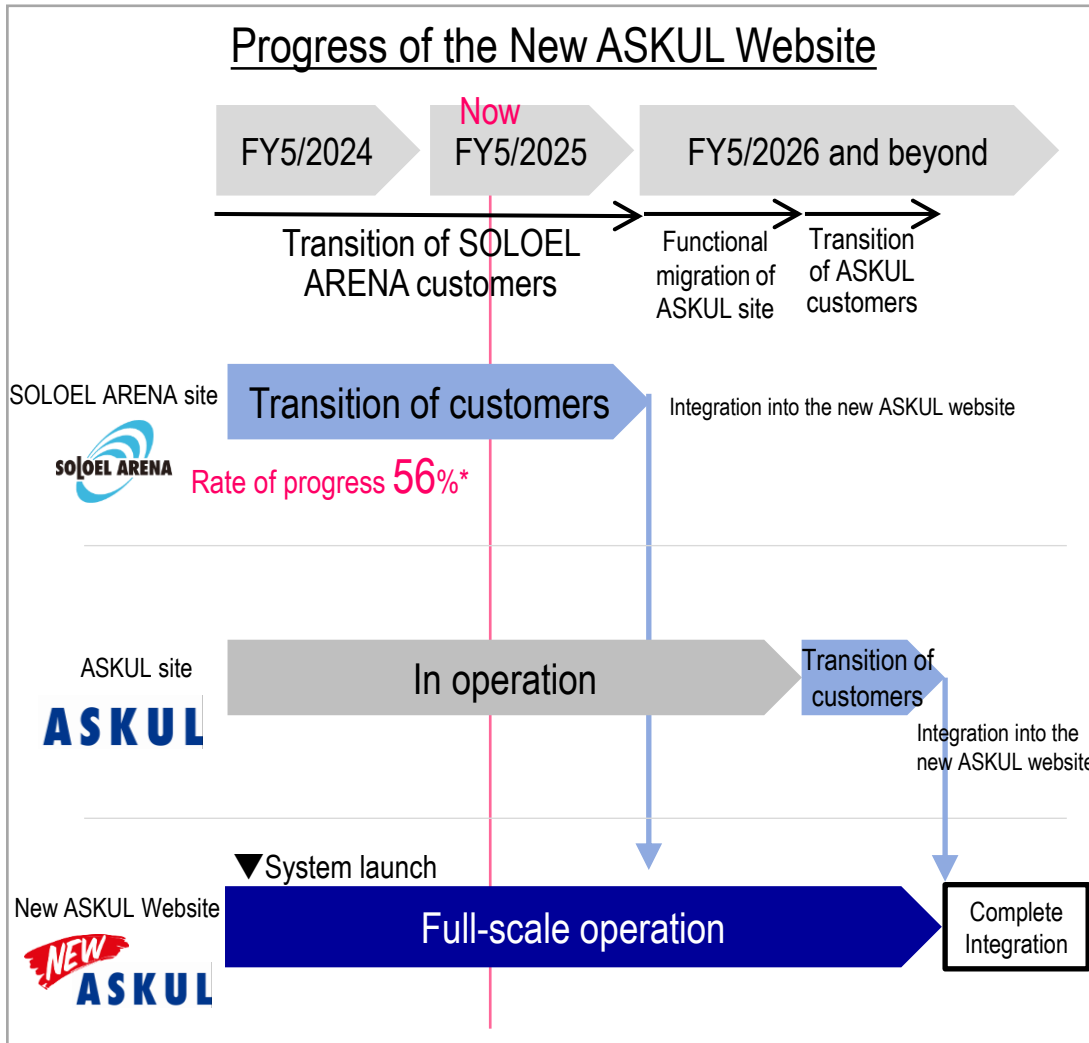
While there was a decline in Q1 due to seasonal factors, etc., there was an improvement compared to the same period last year, with 400-million-yen worth of delivery cost reduction in Q1 period.



Continued improvement expected.



Continue to prioritize customer support while carefully proceeding with the transition.



## Status of Customer Transition for SOLOEL ARENA

- ✓ As per the revised plan for Q4 of the FY5/2024, the transition resumed in August.
- ✓ In August, 13% of customers have completed the transition.

<Progress>

FY5/2024 Q4

43%



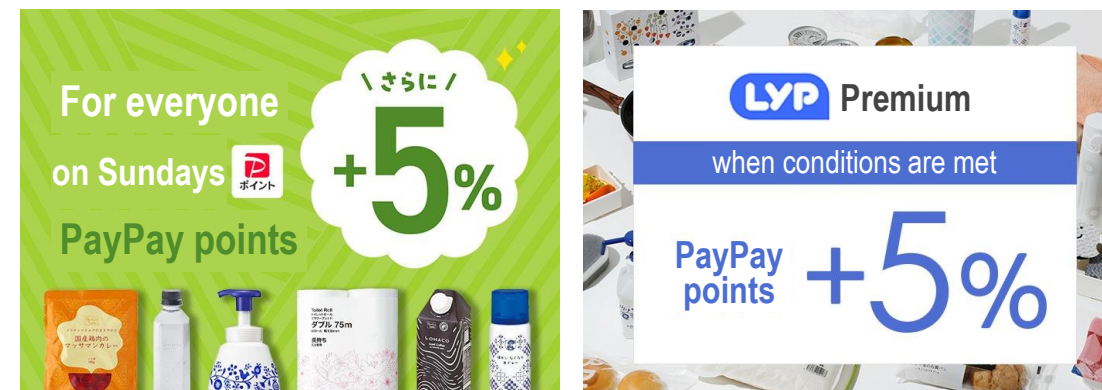
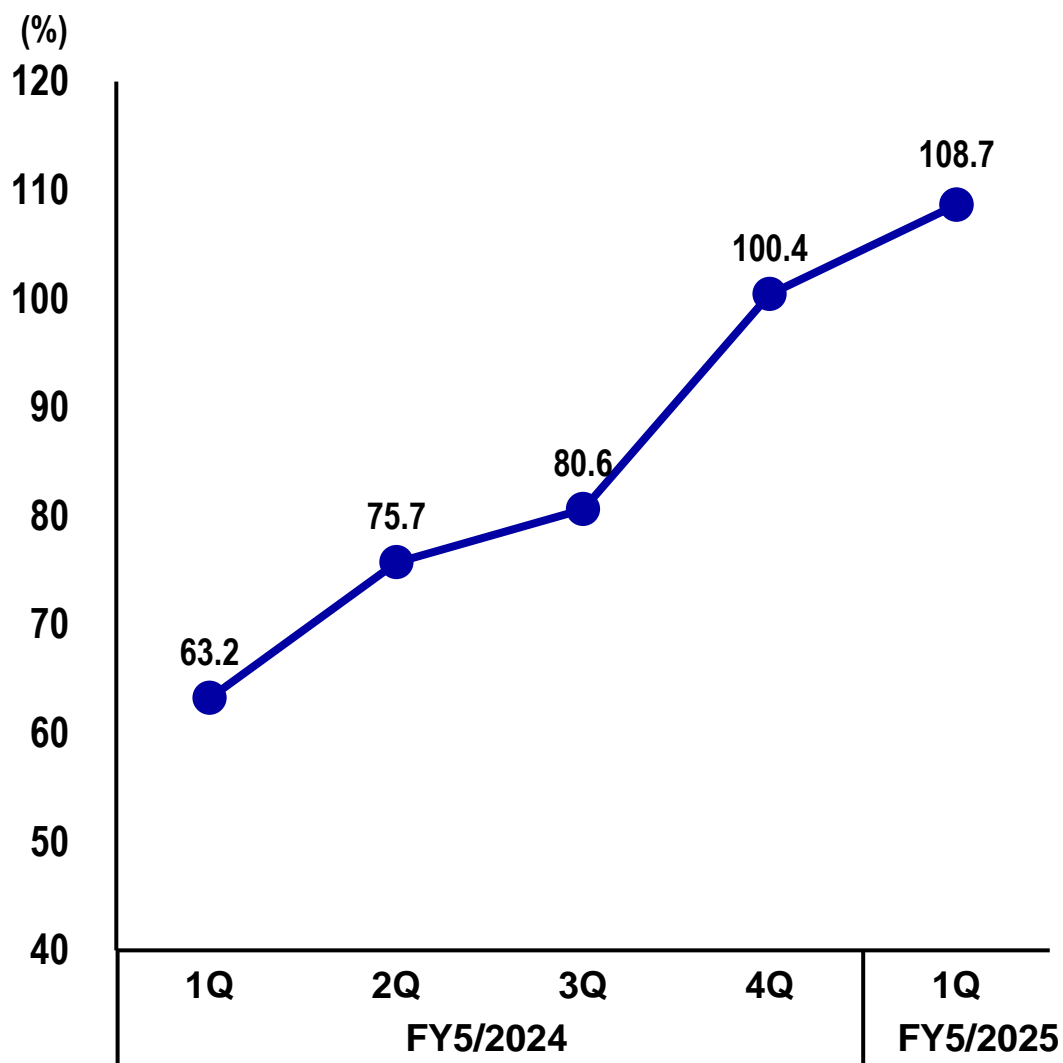
FY5/2025 Q1

56%





LOHACO continues to maintain its growth momentum as planned.



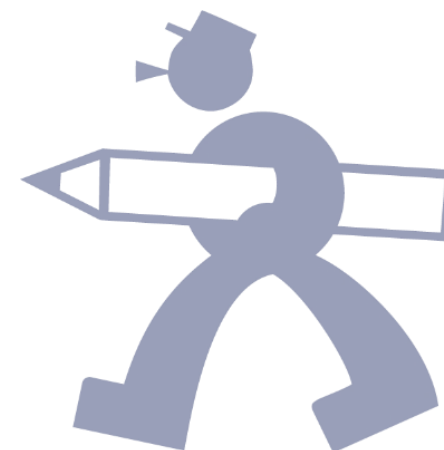
Promotional collaboration with LYC contributed to the acquisition of new customers.

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July 2024

## Launched the Same-Day Delivery Option Service in the Nagoya Center Delivery Area

- ✓ Previously, orders placed by 11 a.m. in same-day delivery areas were all delivered on the same day. Now, customers can choose between same-day and next-day delivery.
- ✓ This initiative is part of our efforts to address the Logistics 2024 Issue and the ongoing shortage of delivery drivers by balancing the ratio of same-day deliveries, improving driver productivity, and enhancing working conditions.
- ✓ Plan to gradually expand this service to other delivery areas, aiming for full implementation by May 2025.

July 2024

## Selected for the FTSE Blossom Japan Sector Relative Index for the third consecutive year

- ✓ Selected for the third consecutive year for the index that reflects the performance of Japanese companies demonstrating excellence in environmental, social, and governance (ESG) practices relative to their sectors.



FTSE Blossom  
Japan Sector  
Relative Index

August 2024

## Increased the Proportion of Independent Outside Directors on the Board to 50%

- ✓ As a result of the resolution at the Annual General Meeting of Shareholders, 5 out of 10 directors are now independent outside directors.

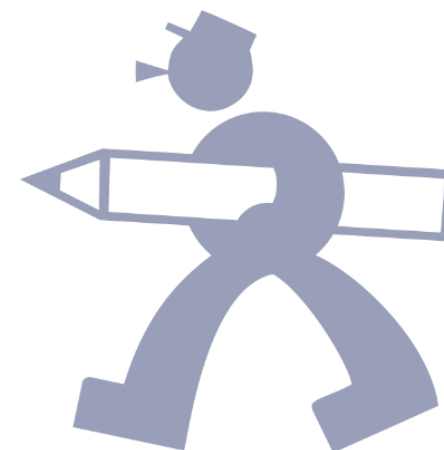
Corporate Governance Report: <https://pdf.irpocket.com/C2678/l7Sq/zLrt/zwDw.pdf>

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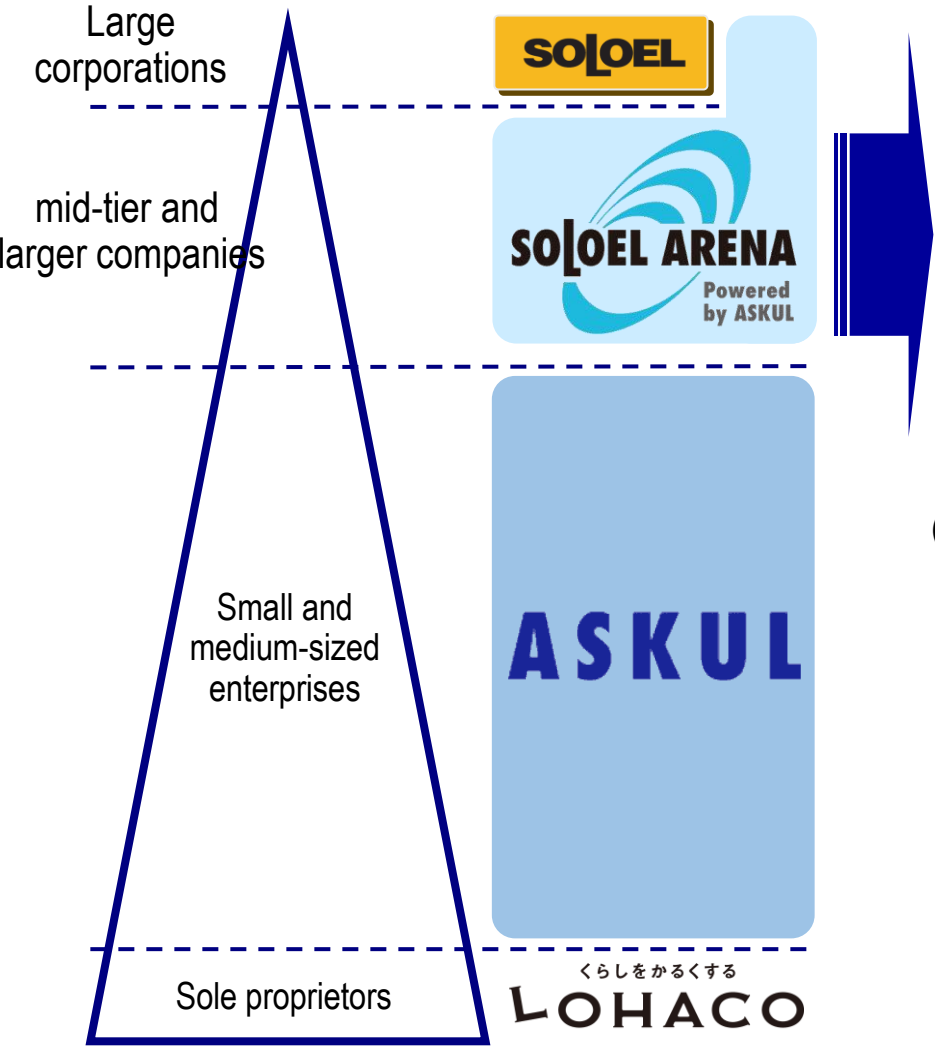
**IV Appendix**



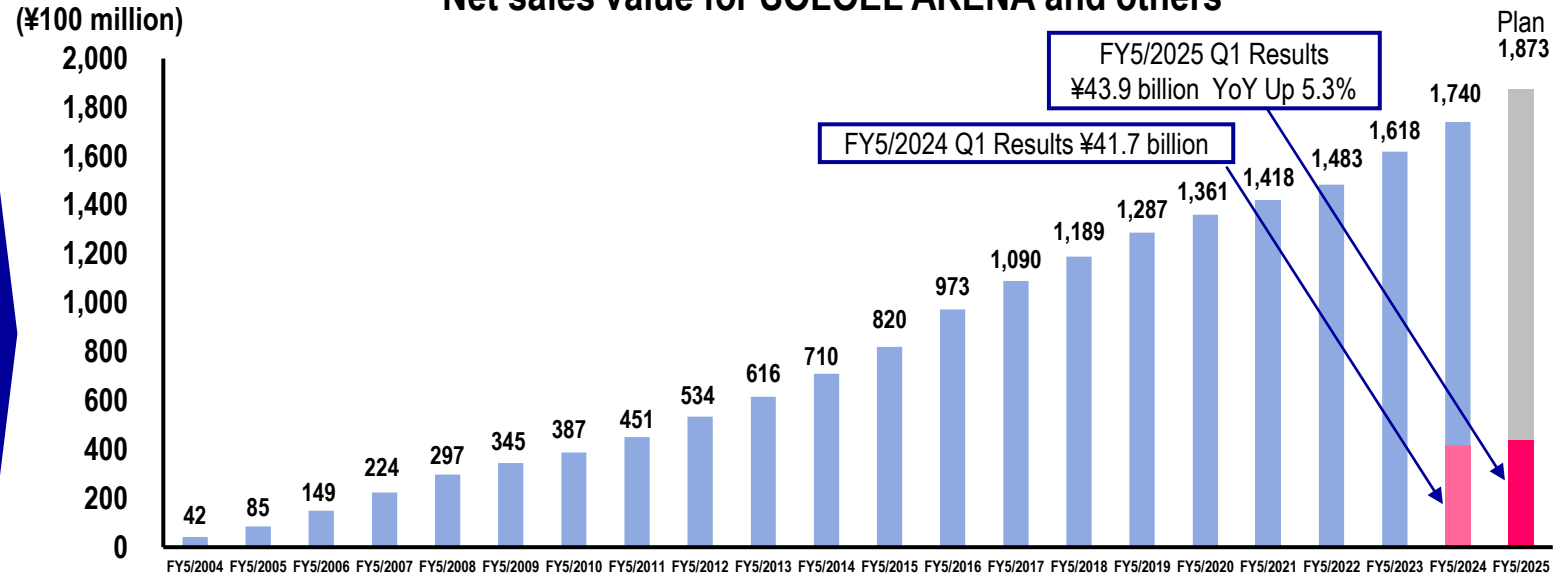
## FY5/2025 Net Sales by Item Category



(¥billion)	FY5/2024 Q1			FY5/2025 Q1			
		Composition ratio %	YoY change %		Composition ratio %	YoY change	YoY change %
OA & PC	<b>24.5</b>	26.3	+5.8	<b>25.3</b>	25.9	<b>0.8</b>	<b>+3.4</b>
Stationery	<b>10.0</b>	10.7	+3.3	<b>10.9</b>	11.2	<b>0.9</b>	<b>+9.7</b>
Living Supplies	<b>35.2</b>	37.7	-5.9	<b>37.2</b>	38.0	<b>2.0</b>	<b>+5.8</b>
Furniture	<b>5.1</b>	5.5	+11.1	<b>4.9</b>	5.0	<b>(0.2)</b>	<b>-4.5</b>
MRO	<b>10.4</b>	11.2	+4.7	<b>10.8</b>	11.0	<b>0.3</b>	<b>+3.1</b>
Medical	<b>5.9</b>	6.4	-32.9	<b>6.8</b>	7.0	<b>0.8</b>	<b>+15.1</b>
Others	<b>1.9</b>	2.1	+48.2	<b>1.7</b>	1.8	<b>(0.1)</b>	<b>-10.1</b>
Total	<b>93.3</b>	100.0	-1.9	<b>97.9</b>	100.0	<b>4.6</b>	<b>+5.0</b>

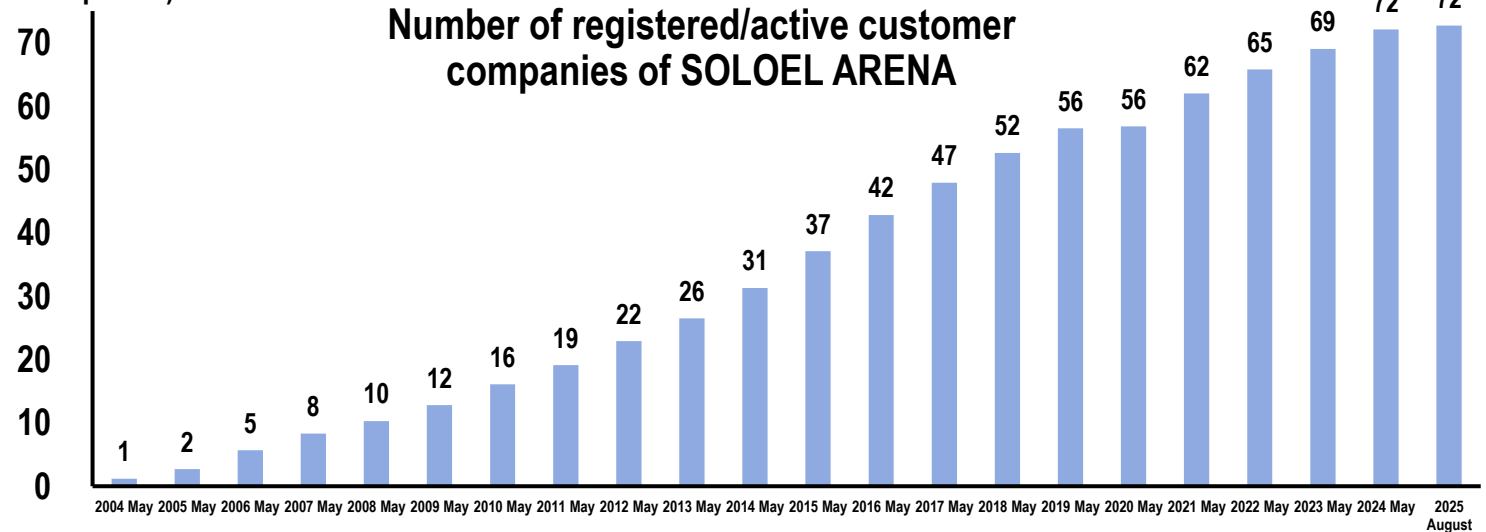


Net sales value for SOLOEL ARENA and others



(1,000 companies)

Number of registered/active customer companies of SOLOEL ARENA





**Capital expenditures ¥3.4 billion** (Annual plan: ¥18.0 billion)

ASKUL Kanto DC ¥1.3 billion

Core System Replacement ¥0.4 billion

(Reference) Depreciation and amortization of software: ¥2.3 billion (Annual plan: ¥9.4 billion)

## Investment details

(¥ million)

Item	FY5/2024 Q1	FY5/2025 Q1	
	Amount	Amount	YoY Change
[Capital expenditures]	1,593	3,412	114.1%
Property, plant and equipment	236	1,848	682.9%
Intangible assets	1,357	1,563	15.2%
Construction in progress (Note 2)	899	7,675	753.8%
Software in progress (Note 2)	991	3,053	207.9%

### Notes

1. Capital expenditure is stated on an accrual basis.
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.



(Unit: item)

	August of FY5/2024	August of FY5/2025	YoY Change
Number of original products	14,466	17,582	+3,116
Non-consolidated net sales composition	32.0%	32.2%	+0.2pt
(of which, ASKUL business)	(37.8%)	(37.8%)	(+0.0pt)

## Notes

1. The number of original products includes those with sales limited to ASKUL.
2. The sales composition ratio of original products is calculated, including original copy paper.
3. From Q4 of FY5/2018 onward, the sales composition ratio of original products in the ASKUL business has been calculated using the inventory sales of the ASKUL business as the denominator.



# FY5/2025 Q1 Gross Profit and SG&A Expenses

Consolidated



Gross profit: ¥ 27.9 billion YoY change: Up ¥ 0.1 billion

Gross profit margin: 23.6% YoY change: Down 1.0 points

✓ Due to impact of foreign exchange position

SG&A expenses: ¥ 25.4 billion YoY change: Up ¥ 0.4 billion

Ratio of SG&A expenses to net sales 21.5% YoY change: Down 0.6 points

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

Item	FY5/2024 Q1		FY5/2025 Q1		YoY Change (%)
	Amount (million yen)	Ratio to Sales (%)	Amount (million yen)	Ratio to Sales (%)	
Personnel expenses	6,357	5.6	6,250	5.3	98.3
Shipment expenses	5,654	5.0	5,591	4.7	98.9
Subcontract expenses	1,220	1.1	1,420	1.2	116.3
Business consignment expenses	2,882	2.5	2,839	2.4	98.5
Rents	2,772	2.5	3,103	2.6	111.9
Provision of allowance for doubtful accounts	(4)	(0.0)	2	0.0	-
Depreciation	948	0.8	1,056	0.9	111.5
Amortization of software	1,069	0.9	1,258	1.1	117.6
Other expenses	4,090	3.7	3,880	3.3	94.9
Total	24,992	22.1	25,402	21.5	101.6



	Q1		Q2		First half		Q3		Q4		Second half		Full-year	
	Weekdays	Saturdays	Weekdays	Saturdays	Weekdays	Saturdays	Weekdays	Saturdays	Weekdays	Saturdays	Weekdays	Saturdays	Weekdays	Saturdays
<b>FY5/2025</b>	64	13	62	13	126	26	58	15	58	12	116	27	242	53
FY5/2024	63	13	63	12	126	25	59	15	59	12	118	27	244	52
Difference	+1	0	-1	+1	0	+1	-1	0	-1	0	-2	0	-2	+1

## ASKUL Environmental Policy

We, the ASKUL Group, are committed to passing on a better global environment to future generations through our business activities as a company that continuously brings delight to our workplace, life, the planet and tomorrow.

### Realizing a Carbon-Neutral Society

- 2050 Net Zero  
Achieve net zero CO<sub>2</sub> emissions across the entire supply chain by 2050
- “2030 CO<sub>2</sub> Zero Challenge”  
Reduce CO<sub>2</sub> that is emitted by business sites and distribution down to zero by 2030
- “RE100”  
Raise a group-wide renewable energy utilization ratio to 100% by 2030  
Realized 64.8% as of May 2024
- “EV100”  
Replace delivery vehicles owned and used by ASKUL LOGIST 100% with electric vehicles by 2030  
As of May 2024, a total of 20 EVs are in operation.
- Reducing CO<sub>2</sub> Emissions throughout the Supply Chain  
Started with calculation of ASKUL original products using a tool for visualizing CO<sub>2</sub> emissions in the supply chain  
Working towards achieving SBT Supplier Engagement



### Building a Resource-Recycling Platform

- 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. Promoting initiatives that do not throw away resources in cooperation with all entities in the value chain.  
In April 2024, 2 wastebasket items made from used clear plastic folders were released as Matakul, an original product series.
- Recycled paper bags “Come bag”  
An FSC® certified\* product made with approx. 15% recycled pulp from ASKUL catalogs as the base paper for the paper bag itself



\* The FSC® certification system certifies “responsible management of the world’s forests”  
Using FSC® certified products leads to forest conservation.

### Conserving Biodiversity

- “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
- Forest Maintenance Partnership Agreement with Tsumagoi Village  
In August 2023, ASKUL, TSUMAGOI MEISUI, and Tsumagoi Village signed a Forest Maintenance Partnership Agreement for the purpose of jointly implementing activities to conserve Tsumagoi Village’s forest resources.  
Started local tree-planting in May 2024



### Development and procurement of environment-friendly products

- ASKUL Product Environmental Standard  
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.

# Initiatives for Sustainability (Environment)

- 2024 Participated in “TNFD Forum”  
Obtained “Net Zero Certification” from SBT
- 2023 Participated in “GX League”  
Selected as a “Climate Change A List” company by CDP
- 2022 Selected as a “Climate Change A- List” company by CDP
- 2021 Selected as a “Climate Change A List” company by CDP
- 2020 Selected as a “Climate Change A List” company by CDP
- 2019 Announced support for “TCFD recommendations”  
Selected as a “Climate Change A List” company by CDP
- 2018 Obtained “Eco-First company” and “SBT” Certification
- 2017 Joined RE100 and EV100
- 2016 Signed up for the “United Nations Global Compact”  
Announced the “2030 CO<sub>2</sub> Zero Challenge”
- 2013 Formulated Medium-Term Environmental Targets
- 2003 Formulated ASKUL Environmental Policy



TNFD is an international initiative that establishes a framework for companies and financial institutions to appropriately assess and disclose risks and opportunities related to natural capital and biodiversity.



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 **32.8%\***  
(Legal employment rate of private companies is 2.5%)
  - \*Legal employment ratio calculated in units of business sites as of Aug. 20, 2024



## 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 improvement activities based on customer feedback.
  - Meeting to listen to customers' feedback
    - Create opportunities to think and act from the customer's perspective by listening to audio recordings of customer service.
- Improvement Activities Based on Customer Feedback
  - 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 management, and related department heads, and discussions 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. Customer service-related documents and regulations were created and organized, and construction and operation of management system is implemented.

## 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 begun 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 sixth recipient of the support has been decided for APJ Co., Ltd. (Kitakata City, Fukushima Prefecture), which is engaged in peanut cultivation and contract farmer support.
- 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.

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



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

## 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.

\* Z Holdings Corporation reorganized the group on October 1, 2023, merged with Yahoo Japan Corporation, LINE Corporation, and other companies, and changed the corporate name to LY Corporation

### 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.

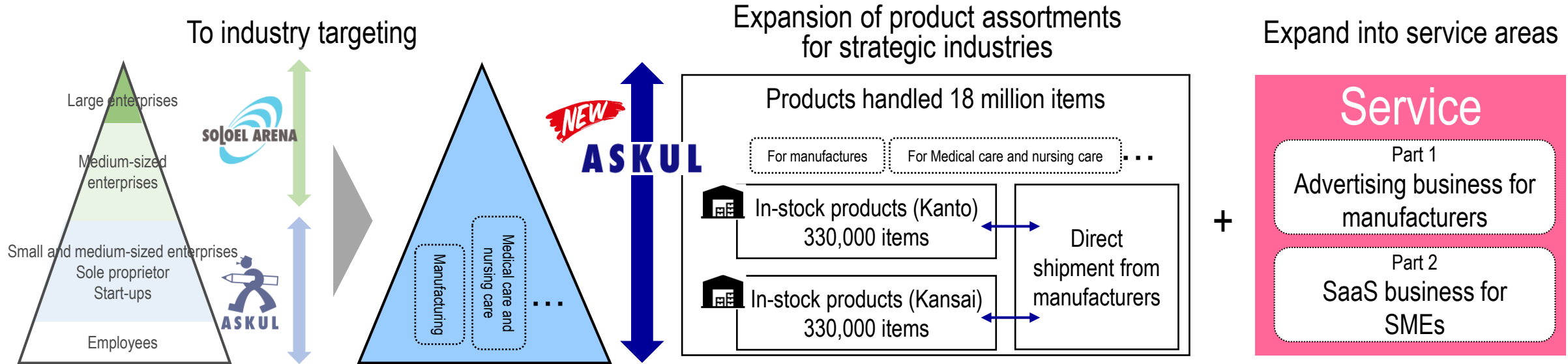
# B-to-B Medium-to Long-Term Growth Vision

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

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



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<b>B-to-B</b>	B-to-B stands for business to business and indicates transactions between companies
<b>B-to-C</b>	B-to-C represents business to consumer (customer) and refers to transactions between companies and consumers
<b>MRO</b>	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
<b>ASKUL</b>	Name of the internet mail-order service (accepts orders via facsimile) for small and medium-sized enterprises
<b>SOLOEL ARENA</b>	Name of the internet mail-order service for mid-tier and larger companies
<b>LOHACO</b>	Name of the internet mail-order service for general consumers launched in October 2012 in partnership with Yahoo Japan Corporation (currently LY Corporation)
<b>New ASKUL Website</b>	A new e-commerce site that integrates two sites; ASKUL for small and medium-sized enterprises, SOLOELARENA 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
<b>Advertising Business</b>	Service for manufacturers to place advertisements on our e-commerce site, etc.

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## Distribution center abbreviations

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





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