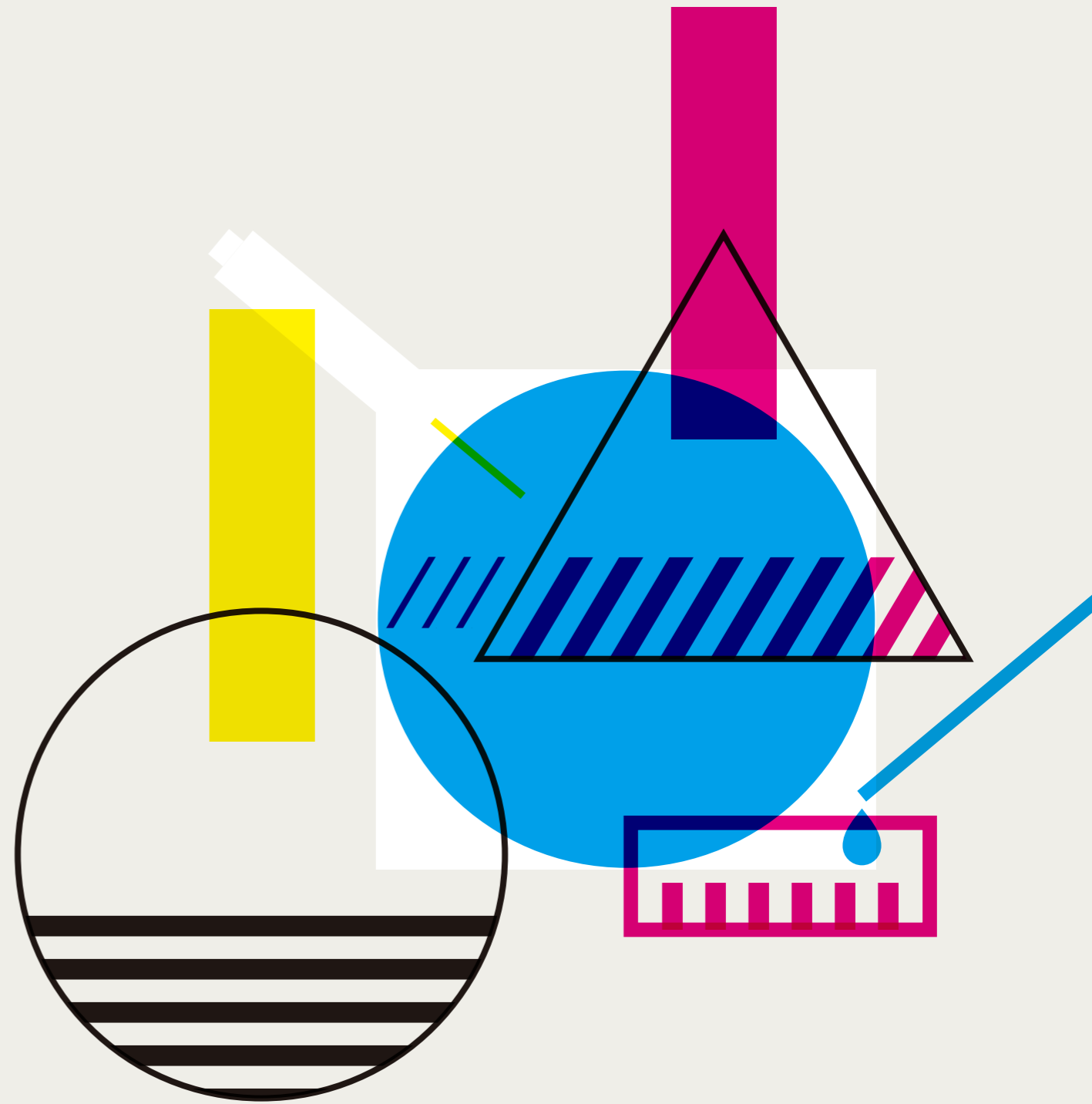


 **AS ONE CORPORATION**



AS ONE ANNUAL REPORT

PROJECT **ONE** - OPPORTUNITY OF **NEXT** EVOLUTION -

2020

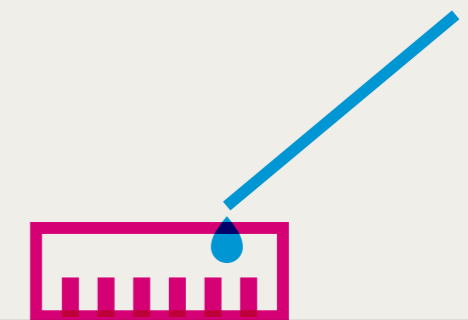
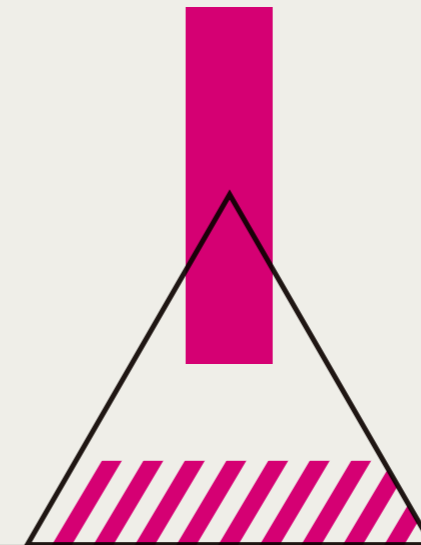
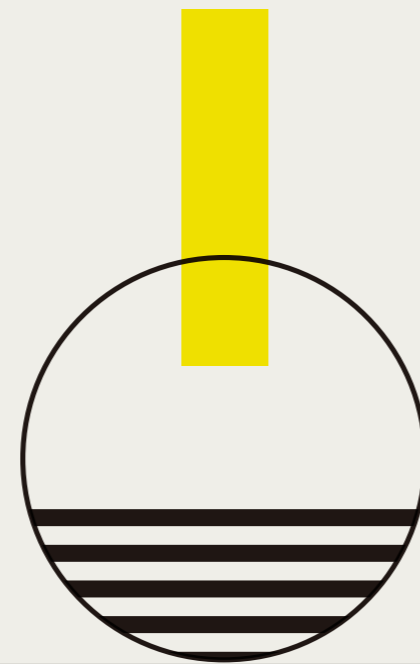


Dedicated to innovation and creation,
we are continually aiming to grow
as a leading trading company
specializing in scientific
instruments as we respond
to the needs of
scientists today.



[Origin of Our Name]

The phrase “AS ONE” sums up our business model of operating as a unified team made up of many partners. In order to succeed in a constantly changing market, we move forward together with our users, dealers, and suppliers in creating new kinds of value.

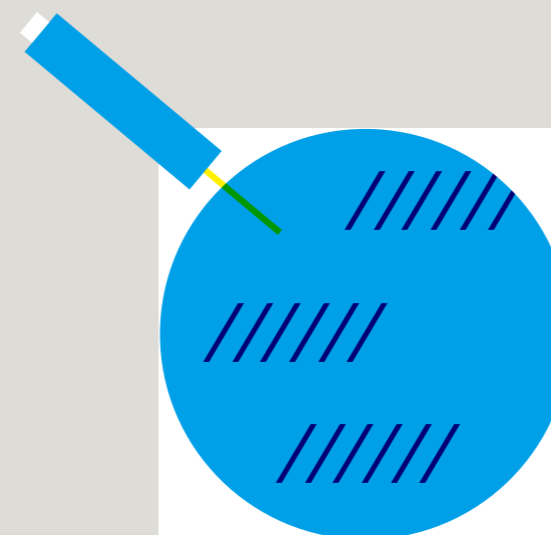


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[Management Philosophy]

Innovation and Creation - Forever a company taking on challenges with the frontier spirit -
AS ONE, under our management philosophy of Innovation and Creation, is on a ceaseless path with a proactive attitude toward change and desiring never to stay in the same place.
Our aim is also to achieve something unique, something that has never been seen before: new products, new value, new systems.



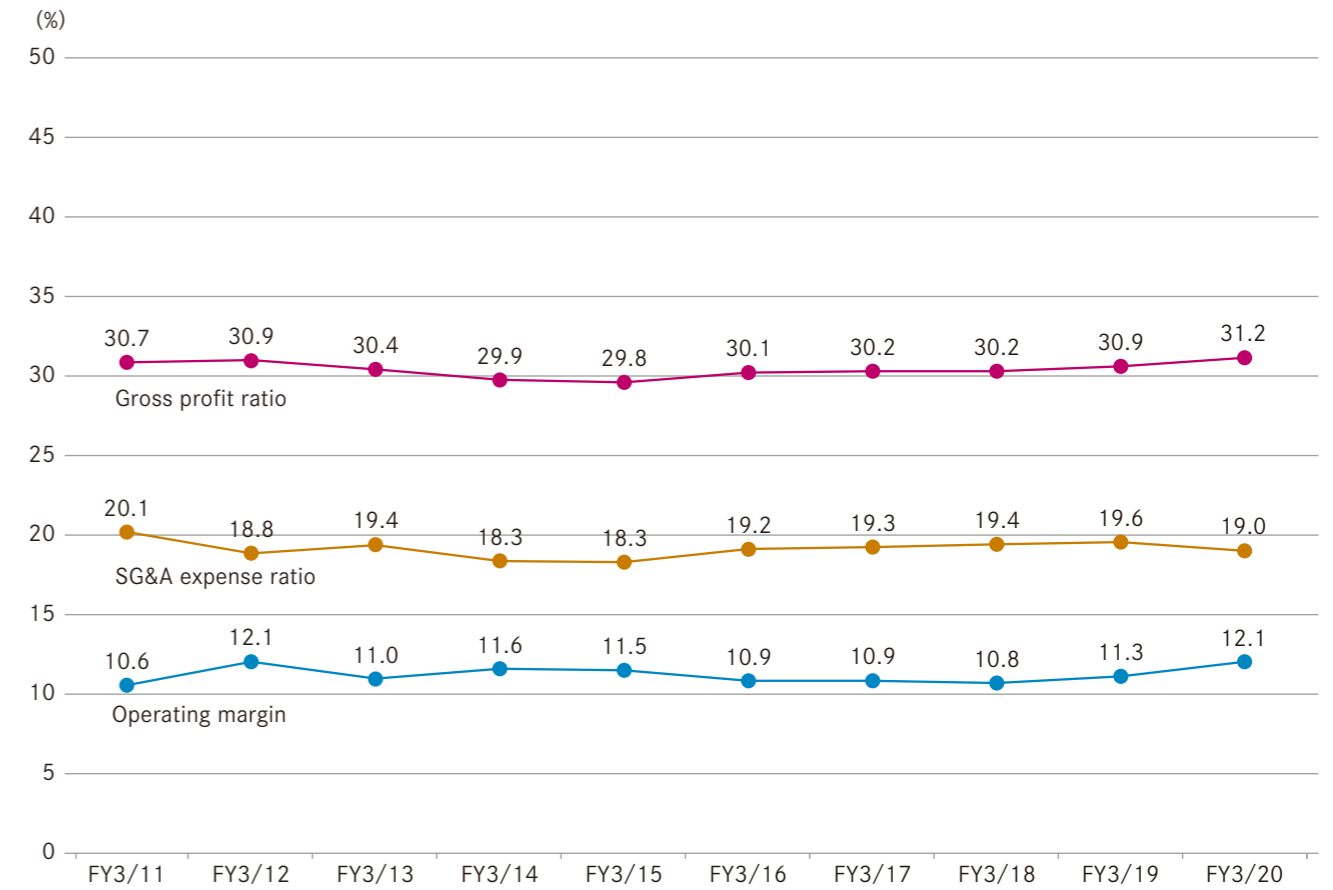
Financial Highlights

Consistent profitability and steady growth



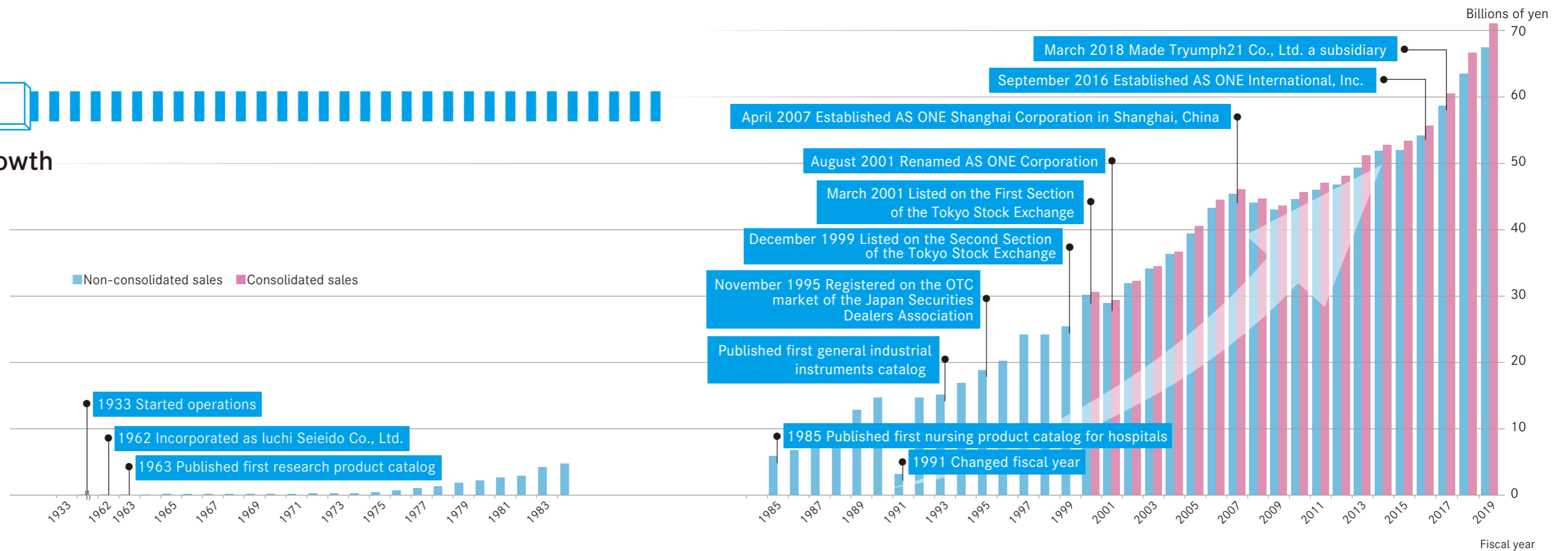
Profitability

Highly profitable operations with minimal variation



History

Constant growth



[AS ONE Business]

Solving the issues for society as a new era platform that connects people, products, services and information.

AS ONE will continue to use its unique business model to provide highly reliable total solutions in the research, industry and medical sectors through a network linking suppliers, dealers, and users.

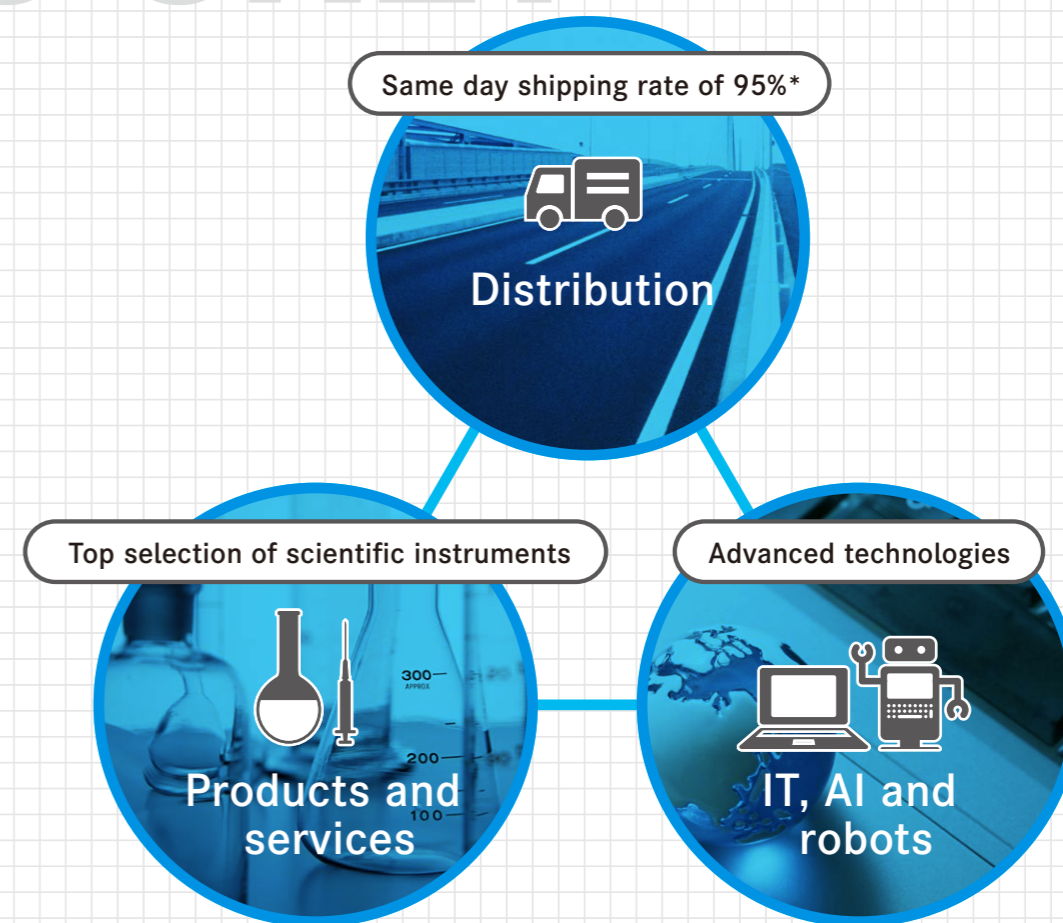


[Three Key Strengths]

Innovatively interweaving digital and analog to deliver products and services faster and more accurately than ever.

A product line up fixed on growth areas to meet market trends and needs.

Distribution operations focused on same-day shipping made possible by the best logistics expertise in the industry. Advanced IT planning capabilities for efficient overall logistics operations combining products and distribution services. We will continue to upgrade the three key strengths of AS ONE to meet customers' needs with absolute accuracy.



*Products in catalogs

Digital & Analog

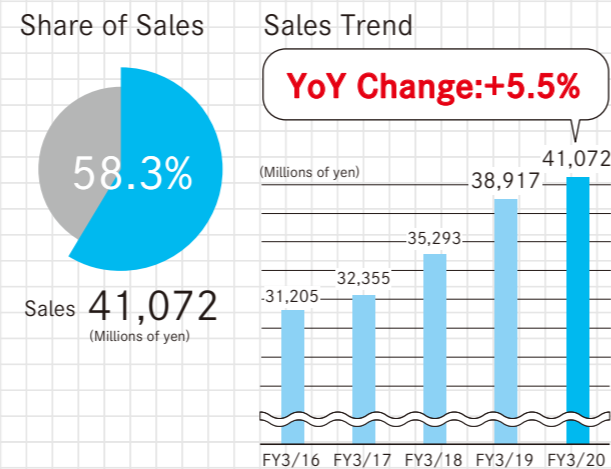
Expanding e-commerce whilst also advancing into service business.

We have a selection of products, mainly scientific instruments, which other companies cannot match. We provide these widely varying products through our consolidated purchasing systems and are also expanding our supplies to other online shopping companies. We are also increasing our services and interweaving digital and analog to provide a one-stop solution to the issues of customers.

Research and Industrial Instruments Division

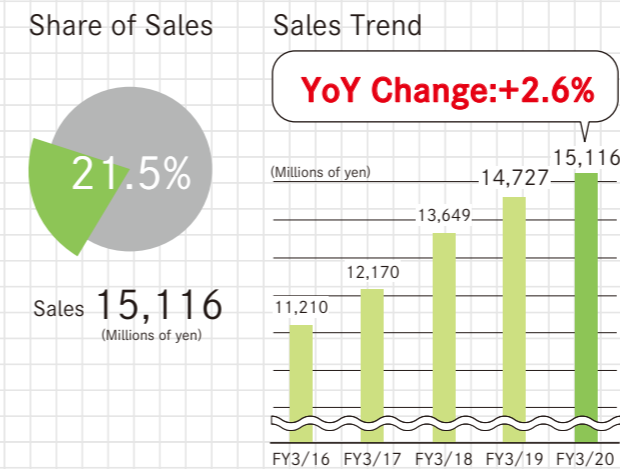
Scientific Instrument Sector

AS ONE supports ever-evolving R&D activities as an all-inclusive supplier of research instruments.



Industrial Instrument Sector

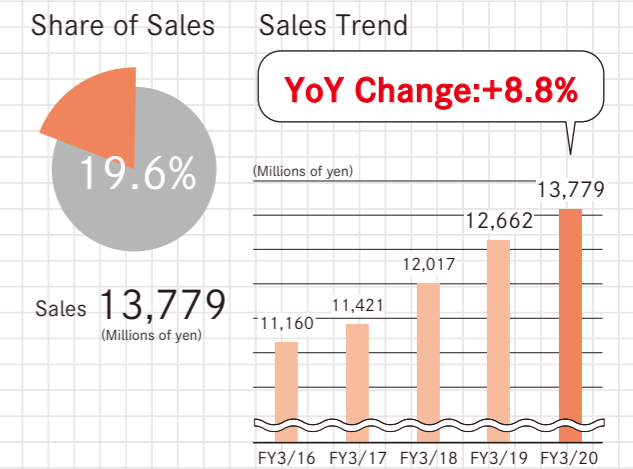
AS ONE is helping to advance manufacturing technology as a supplier of equipment and supplies with outstanding precision and quality.



Hospital and Nursing Care Division

Hospital and Nursing Care Products

AS ONE supports hospitals and senior care facilities as a supplier of user-friendly products.



Other sales of 400 million yen: Fee for using the web purchasing service system provided by Tryumph21 Co., Ltd.



General Research Instrument Catalog

First issued in 1963, this general laboratory supplies catalog contains about 75,000 items.



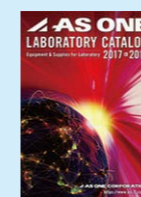
SUNQ-ASST Industrial Research Instrument Catalog

First issued in 1993, this catalog features about 75,000 items for the semiconductor and other high-tech industries.



Navis Nursing and Medical Product General Catalog

First issued in 1985, this catalog contains about 32,500 items and was designed with the concept of facing the future of medical care head-on.



Laboratory Catalog

This is a general laboratory supplies catalog in English for foreign research scientists working in Japan.



ASPURE Cleanroom Environment and Anti-static Measure Product Catalog

We created the ASPURE brand for our lineup of high-quality products designed to prevent static electricity and maintain the cleanroom environment required for a variety of applications.



AXEL (Japanese)

This is our e-commerce site employing our original product search system that enables users to quickly locate specific products from among approximately 4.2 million items.



SANIFOODS Catalog

This catalog provides total support for "food safety" to allow you to offer consumers even more delicious food they can trust.



AS TOOL Catalog

This catalog of auxiliary materials for factories has everything factory workers need, including helmets, safety glasses, work clothes, gloves and shoes.



Nursing Care and Medical Product General Catalog

This catalog contains items that support the launch of facilities for the elderly, ranging from daily necessities to professional nursing care products and medical supplies.



ASSRE Research Systems Catalog

This catalog offers a large lineup of equipment that enables customers to create the best possible laboratory environment.



Chinese-language catalog for research and industrial products

The seventh Chinese-language catalog, featuring about 26,000 items, has 1,500 pages, 300 more pages than the previous catalog had. We distribute this catalog mainly to universities, research institutions, and large manufacturers in China.



AXEL_GLOBAL (English)

This is our English-language product search engine featuring an automatic translation capability for 16 languages.

Becoming a company needed by society as social infrastructure supporting research and medical care.

President
Takuji Iuchi

Achieving differentiation with AS ONE's unique world view which combines the virtual and the real.



Achievement of sales target in five-year plan

We have now completed our "PROJECT-NANA2.0-" medium-term management plan, which aimed for 70 billion yen in sales in fiscal 2019. The actual sales exceeded that target, at 70.3 billion yen, so we were able to produce steady results. However, when I look back on fiscal 2019, there were also quite difficult aspects, including the recoil that started after the increase in the consumption tax in October, and the even greater stagnation of the private sector economy. At the start of the year, we anticipated that the end of the year would be more difficult than usual and we considered substantial measures to respond. As a result, the company-wide enthusiasm for the achievement of the medium-term plan was increased and we were able to achieve the 70 billion yen target.

Responding using inventory capabilities

We have also continued to be persistent about securing inventory and have worked to increase the rate of prompt delivery. We have promoted measures to make not only our own inventory visible, but also the inventory at our suppliers. We gain an understanding of where there is inventory in Japan and provide

customers with the peace of mind that the items will be delivered to them in a few days. For imported goods in particular, we always have on average three months' worth of inventory in reserve. The achievement of our medium-term management plan was also helped by the fact that we were able to supply items for infectious disease prevention from late January, as we had increased our inventory above normal for the period when imports and exports come to a stop at the timing of the Chinese New Year.

The ideal form of e-commerce for future society

A product database to be a platform for the industry

One area that has changed greatly in recent years is the number of items handled in e-commerce. When selling from a catalog, the number of items handled is limited to 100,000 items. However, now that we have prioritized the publishing of items online, the number of items handled has exceeded 4.2 million. We already manage the products in a system, but we are currently considering the use of AI to prepare a system that can

handle a massive and continually increasing number of items in the future. We want this to lead to the construction of a large-scale database that covers all the item numbers of all the suppliers, so that our company can be used widely by customers as a product database for the industry. To achieve this, we are currently creating a thorough data maintenance system to guarantee that the database is up to date.

Also playing a key role in the new medium-term management plan

We can reasonably expect that this kind of e-commerce growth will continue from now on. We will also make a company-wide effort to put people, products and money into e-commerce as one pillar of our new medium-term management plan. We plan to expand sales through the expansion and improvement of the items we handle. On the other hand, it is certainly not the case that e-commerce is completely free of issues. It is anticipated that the emergence of price comparison sites like those for BtoC will also lead to increasing downward pressure on the BtoB price. It is also said that the DtoC trend of direct sales from the manufacturer will accelerate in personal consumption. Examples of tools close to this at our company are our

online shopping website "AXEL" and "Offside" from Tryumph21. It will be necessary for us to differentiate ourselves from other companies if we are to cope with any fall in prices in e-commerce.

Differentiation with services

"via people"

We therefore decided to focus on sectors that digital companies struggle in. We are working to achieve differentiation with our unique world view that interweaves the digital and analog, virtual and real. AS ONE provides good support with a customer consultation center to respond "via people" to technical enquiries and consultation from scientists, and a sales support center for sales stores. Furthermore, in order to efficiently run a logistics service for small-quantity, large variety items, we also operate a Logistics Center that is equipped with the latest logistics facilities and sophisticatedly combines the people working there with the control system. In addition to this, we have reinforced our service sector business such as the maintenance and calibration of scientific instruments, which is less affected by e-commerce price comparisons. We are constructing our own unique arena through our strategy of utilizing the strengths of our company to innovatively interweave the digital and the analog.

We are evolving into a company that can solve the issues for society as a company that connects not only things (means), but also results.



Expanding corporate value to suit the changes in society

For the scientists and medical workers who are the end users for our company, the things are no more than the acquisition of a means to do something. The aim of the users is to use the product to produce results. We are therefore considering whether we can help fill the gap between the users' means and their results. Up until now, our company has grown as a logistics hub. From now on, we want to play a role in the solution of the issues for society by expanding our functions as a hub. This includes also functioning as a hub that connects people to people, and as a hub that provides a two-way connection for information. When we focused on the issues faced by the scientists who are our users, we discovered three areas of "insufficiency".

Solving the three "insufficiencies"

These three insufficiencies are: 1. Insufficient money (a tight budget), 2. Insufficient time (where miscellaneous duties make it hard to secure time for research), and 3. Insufficient utilization (where even if expensive equipment is purchased, the rate of utilization is low). We have worked to realize ideas to solve these three "insufficiencies". We are working to prepare an environment where the scientists can concentrate their efforts on their research. For example, for cases where there is insufficient money available, we will prepare mechanisms for the rental of research equipment and the outsourcing of parts of the research. We will also establish a portal site where scientists from various fields can meet and communicate in a virtual space.

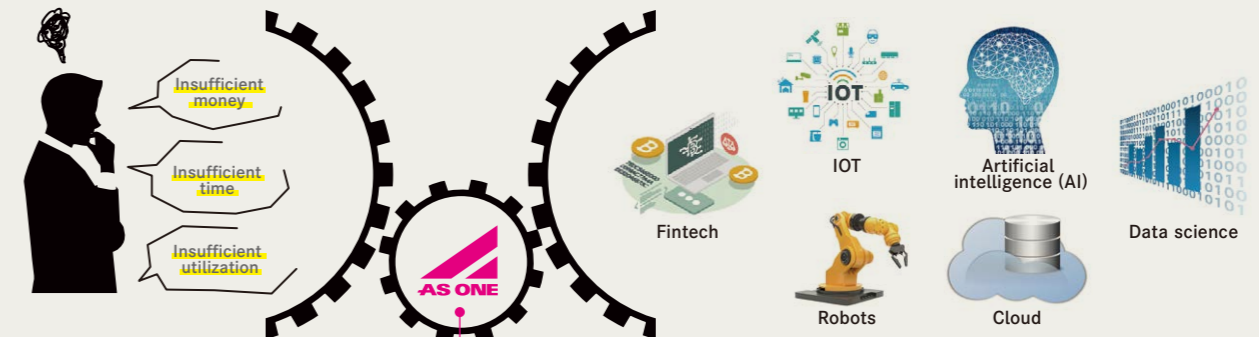
The preparation of completely new environments such as this is necessary. However, the realization of such environments in a short period of time is difficult for us to achieve alone. This is why we are actively seeking alliances with external parties. One recent example is our business alliance with HPC Systems Inc. in computational science solutions business. The plan is to create new solutions for the research sector by combining the advanced technology that HPC Systems Inc. has in the field of computational science with our customer base and sales network. I believe that this plan will also contribute to the solution of the three "insufficiencies".

Solving social issues

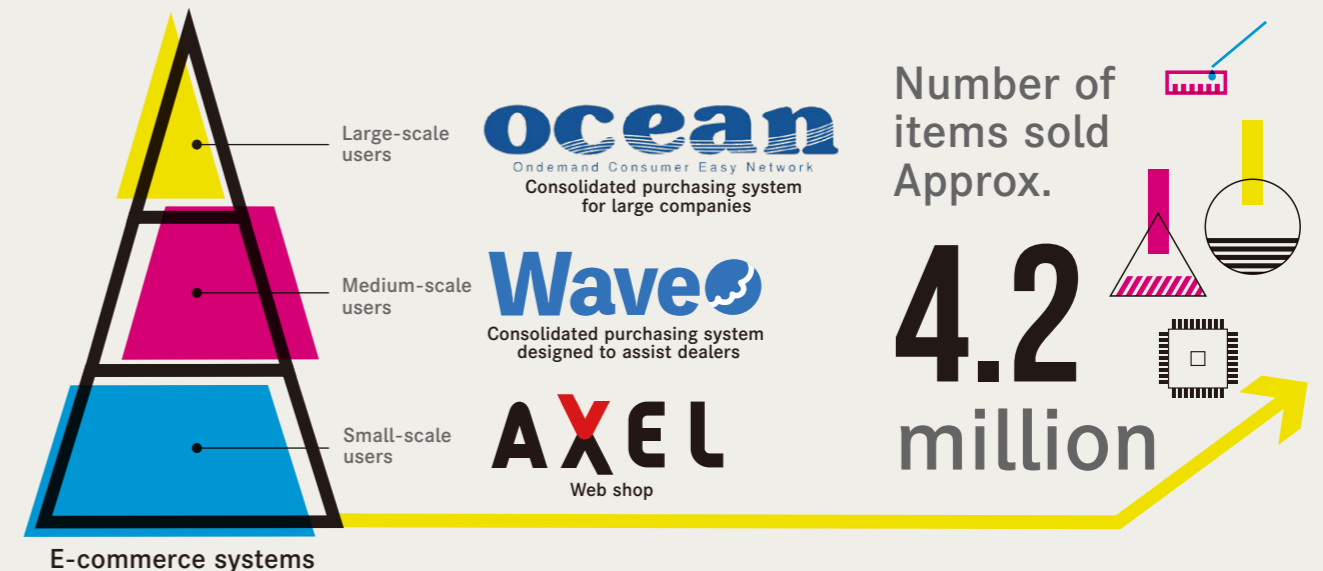
In this way, we want to make it possible to solve as many social issues as possible by shortening the time it takes to produce research results. Also, with the current spread of the new coronavirus infection, our entire company felt the significance of staff in our medical care departments fulfilling their role to continue supplying to the sites of medical care without interruption. I want us to increase our corporate value by having a strong sense of purpose and by continuing to change flexibly to be a company that is needed by society. I ask you all for your continuing support and encouragement for many years to come.

Connecting everything on the AS ONE Platform

Technology to support problem-solving for the issues and concerns of scientists and medical workers

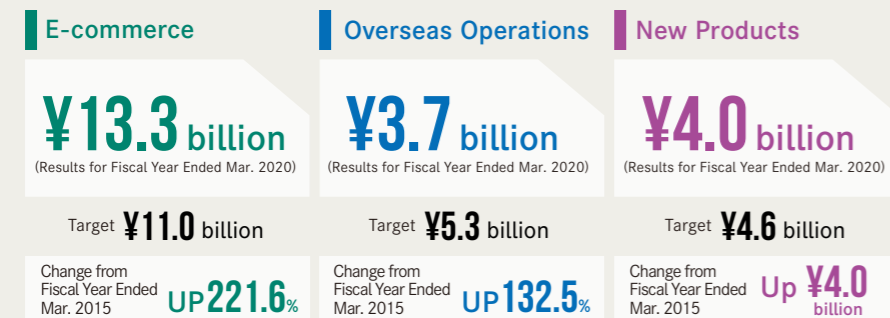
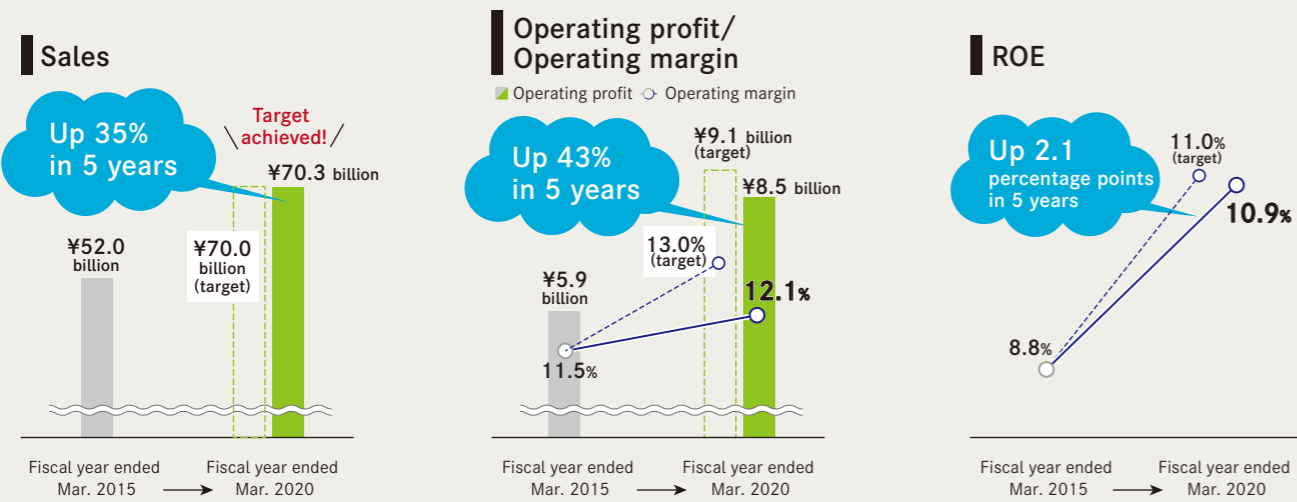


Become a hub that shortens the time taken before users produce results



Review of the Previous Medium-Term Management Plan

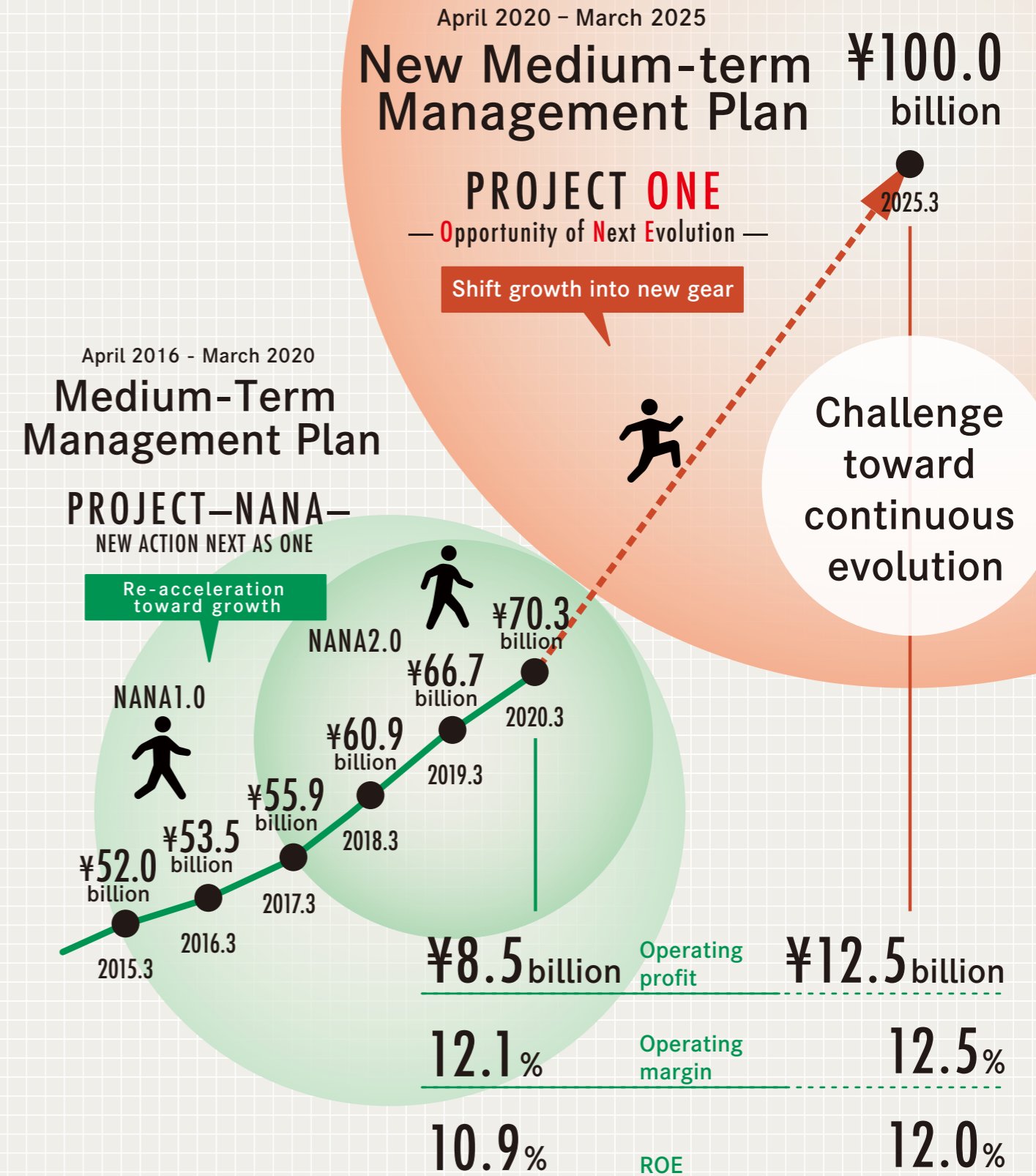
Achieved steady expansion of operations over five years based on aims of **re-accelerating toward growth**, **maintaining higher profitability**, and **maximizing shareholder value**.



- Outcomes of challenges for new growth**
- Expanded online products
 - Opened AXEL Shop
 - Launched rental service
 - Launched calibration service
 - Investment for growth

New Medium-term Management Plan

Continued, steady growth in profit by strengthening the AS ONE Platform



Management Philosophy

Innovation and Creation

Project Name

PROJECT ONE

— Opportunity of Next Evolution —

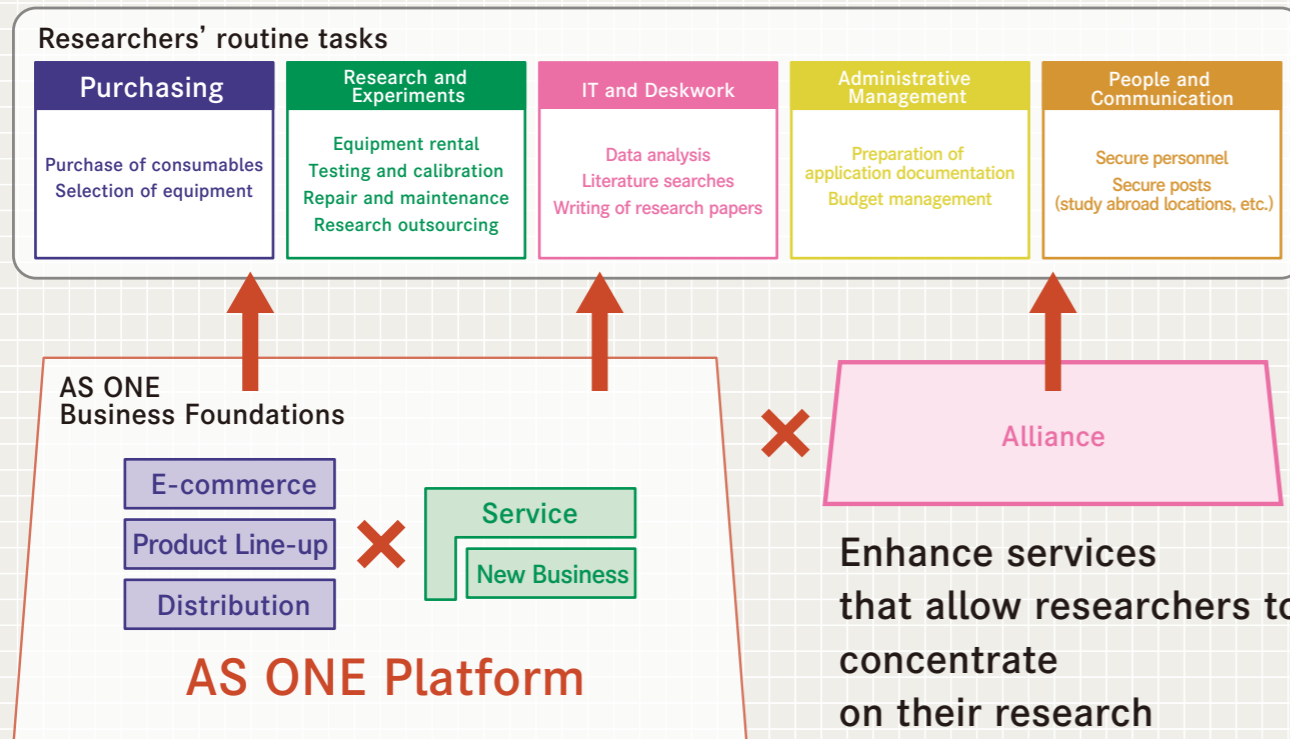
Management Vision

AS ONE is mainly involved in specialized fields, focusing on science and medical care, and we strive to be a company that contributes to society by providing products, services and information that customers need.

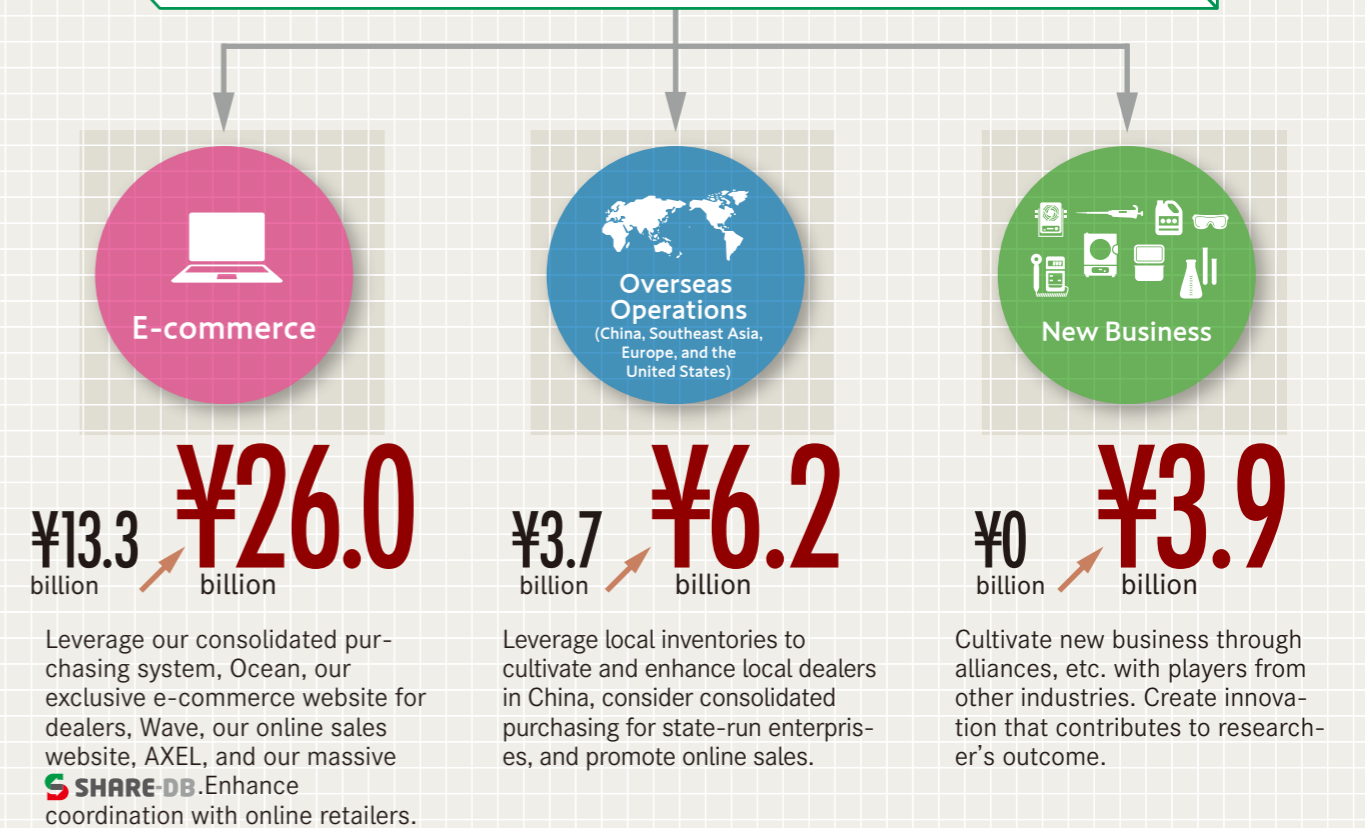
Key words

Challenge toward continuous evolution

Evolve the AS ONE Platform to support researchers



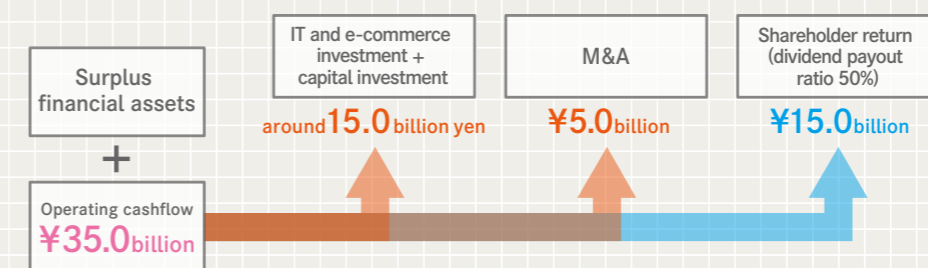
3 Sales Initiatives for Fiscal Year Ending March 2025



Product Initiatives for Fiscal Year Ending March 2025



-PROJECT ONE- Financial strategy during period



We will strengthen our management foundations through proactive investment while maintaining a dividend payout ratio of 50%.

PHASE:01

OPEN
INNOVATION

A new branch, our open innovation unit is breathing new life into the company

Tomoaki Yoshizawa

Group Manager
Corporate Planning Department
Open Innovation Group



Sowing the seeds of innovation

There is a facility operated by the SAP Group, called Inspired.Lab, near Tokyo Station. Inspired.Lab is where the Open Innovation Group, for which I serve as the manager, is based. Designed to create new businesses that will solve social issues, Inspired.Lab, unlike a typical shared office, is home to a diverse range of companies of different sizes that were chosen from different business sectors. The Open Innovation Group that was set up independently from AS ONE operations, is expected to **work with other companies across corporate boundaries** for open innovation. Our Group is responsible for planning and proposing new businesses and services beyond the products we now sell. It also works on gaining the know-how needed to launch new businesses and develop an internal system that makes it easier to bring new ideas to light. It's been six months since we started operating at Inspired.Lab, and our network of large corporate R&D divisions and researchers is growing day by day. Since everyone at Inspired.Lab is there for the same reason, there is a lot of interaction among the tenant companies. At

Inspired.Lab **there are a number of researchers who are AS ONE end users**. So we ask them about their situations or needs, and exchange opinions at events held regularly. We are making the most of operating at Inspired.Lab as we grow the seeds of innovation.

Solving R&D challenges with new services

The shortage of human resources is a big social problem in Japan that is affecting the research field as well. Researchers are now required to work faster and more efficiently than ever before. **There are a multitude of challenges in R&D**, and the Open Innovation Group is looking into new services to solve them. One example is **automating research and testing via robotics**. In the midst of their busy schedule, researchers are manually performing repetitive, simple tasks in the research process. There is no general-purpose equipment that can automate the wide variety of tasks that need to be performed for each individual research project, and researchers see automating these tasks as expensive, so that's why they do them by hand. In response to researchers'

diverse needs, we are now looking at starting a service that provides custom-made robots to automate repetitive tasks at a reasonable cost. The service is intended to help researchers focus on the kind of work only they can do, such as developing plans and studying test results, by automating time-consuming, labor-intensive research processes, such as repetitive tasks, imaging, and changing media. In the future we hope to expand the service to include not only robot sales but also testing robot leasing and contract testing services.

Researchers also spend their precious time on doing a myriad of other tasks. One such task is **managing lab supplies and materials**. A certain amount of everyday consumables such as gloves and vials are kept in inventory, and every time the stock gets low, a researcher places an order to replenish it. Researchers must spend time on managing and replenishing these consumables. If they are not replenished before they get busy with testing, they may have to suspend that testing. We are looking at using a method similar to "okigusuri" ("use first, pay later" medicine) to solve this problem. The system basically entails leaving a set of

consumables in the lab and then managing the stock. We will **charge for what the lab has used and automatically replenish the stock when it gets low**. Calibrating (inspecting) test and measurement equipment used for research is another task that takes up researchers' time. Equipment that is used on a daily basis must be regularly calibrated for accuracy, and researchers must manage not only equipment assets but also calibration schedules. As a solution, we are considering a calibration schedule and asset management service. We hope to ultimately develop **a system that enables researchers to use regularly calibrated equipment on a subscription basis**. The Open Innovation Group is expected to serve as an in-house innovation incubator. In the future I hope to cultivate an environment where all sorts of people can come together to brainstorm the launching of new businesses and eventually leave for newly established departments. The Open Innovation Group continues to breathe new life into AS ONE through innovation that contributes to advancements in science and technology.

PHASE:02



Harnessing the power of IT to efficiently manage massive amounts of product data

Yukari Hane

Group Manager
Purchasing Department
Product database group



Increasing operational efficiency without relying on manpower

AXEL is a search site for laboratory instruments, equipment, and supplies powered by AS ONE's original search engine. AXEL is open to both dealers and general consumers, so they can each search products and place orders. The Product Database Center and AXEL Group are responsible for registering and maintaining the product information posted on AXEL. The number of items sold on the site was 70,000 five years ago and has now reached 4.2 million. We must **maintain the accuracy of the product database SHARE-DB as we increase the number of items.** False information is not an option in a database that people trust to be accurate. We keep that responsibility in mind every day in handling product information. This includes, for example, information from suppliers on **discontinued products, etc. that needs to be updated in the database**

immediately. We are able to handle maintaining this growing body of information, which expands with each new product, without any additional manpower. How do we handle a list of product items that has grown from 70,000 to 4.2 million without any additional manpower? The answer lies in the use of RPA for work done by our employees.

RPA saves 90% of time spent on a single task

RPA (robotic process automation) is a type of information technology for automating business processes. At AS ONE, RPA was introduced to the systems division in fiscal 2018. It was then introduced to all departments last fiscal year. When we compiled product list data so suppliers could check the information we had on file about their products, we reduced the time spent on creating that data by 90% thanks to RPA. We had the RPA system learn the

process, conventionally performed by people, of opening Excel and entering the necessary information into the cells in order to automate the task of creating product lists. On top of that, **our staff attended internal RPA training to acquire the skills** needed to use the RPA system so they wouldn't have to rely on help from the systems division. This enabled us to perform our operations more efficiently using RPA on our own, enabling us to effectively move ahead by leaps and bounds. **Using the time saved through enhancing operational efficiency, we have added more items for sale to the website.** At the same time, we are enhancing the information customers need. We post product images on the AXEL site, but if we've only provided a front view, you don't necessarily get a clear picture of the entire item and how it might be used. Since we get that exact kind of customer feedback, we are working to **provide more information about products, including videos explaining how to use them.**

It has been five years since AXEL was launched. When

the site was first launched, we informed our suppliers of its purpose and asked them to provide us with information about their products to be featured on it. Thankfully, we have recently been receiving more and more requests from suppliers to list their products on the site. The AXEL site is gaining more traction every year, and suppliers have been providing us with more and more videos and images of their products. We are very grateful that they are so familiar with AXEL and the benefits of listing their products there. We will continue to increase the number of items sold on the site as we focus on building our product database **SHARE-DB** in order to make the site more useful for our end users, dealers, and suppliers.

PHASE:03

Services as solutions to challenges facing frontline researchers

Kenichi Murai

General Manager
Sales Division
Services Business Department



SERVICE

Finding business opportunities in researchers' latent needs

The Services Business Department whose operations focus on selling services is unique at AS ONE, which has grown by focusing on selling goods. Our department provides product processing, cleaning, and sterilizing services. It also offers various other services, including equipment repair, installation, and calibration (inspection) services as well as product rentals. Among all these services, the calibration service, which inspects measuring instruments, and the rental service, which rents out equipment, have been particularly successful. One specific challenge facing researchers has led to the breakthrough of these two services. Customers were concerned about the turnaround time of equipment calibrated via the calibration service. Equipment used in research needs to be regularly calibrated in order to keep it accurate. Customers usually leave their equipment with the manufacturer for calibration, and it takes about three weeks for the manufacturer to deliver the calibrated equipment to

customers. This, however, posed a problem for customers who needed their equipment back quickly. That's when we stepped in with our calibration service. The day or two it takes us to complete a calibration order translates into a quick turnaround for our customers. Since our calibration service is more reasonably priced than conventional services, it's widely used by customers who are not only attracted by its unprecedented speed but also low cost.

Our mission is to support growth of the research sector

Working against the backdrop of a serious shortage of research personnel, researchers are spending too much time checking supply inventory and calibrating equipment, making it difficult for them to focus on their own research. Calibration schedules often collide with the busy research season, delaying research significantly. Some researchers must perform calibration on their own, meaning they are tasked with even more miscellaneous jobs. Our department's mission is to take as many of these miscellaneous jobs

off their hands so the research sector can grow unimpeded.

To help realize this mission, we are currently considering automatic notifications of calibration times. We will step in for our customers, who are researchers, and manage their assets and supplies. We are looking at ways to automatically notify customers of annual calibration times just as car dealers send vehicle inspection notifications. We will use computer systems to automate the management of calibration schedules, which our department currently does manually. We are considering a system in which customers register their own equipment calibration information and receive automatic notifications when the time for calibration is approaching. Currently we are developing the database necessary for such a system. The Services Business Department is unique not only in its operations but also in terms of another characteristic no other department can lay claim to. It is the only AS ONE department where staff members get to see end-user customers in person because of the nature of the wholesale business. In providing calibration, repair and other services, we play an important role of

understanding the needs of our customers, who are the end users of our products, through direct contact with them. As we provide these services, we can also identify the needs for various consumables and suggest to our customers the best time to replace their equipment. Like the recurring business model, we would like to further expand our business so that customers will use our services repeatedly after a product sale. The Services Business Department will continue to tap the latent needs of researchers facing today's challenges and develop new products and services to meet those needs. We will also meet the different turnaround times individual customers require and offer enormous added value with unparalleled speed and cost performance to provide differentiated services that cannot be imitated by any other company. I want to grow the Services Business Department into a profit engine that will help drive AS ONE's bottom line up. That's the goal I currently have in my sights.

New Logistics Base "Smart DC"

Smart DC, a new logistics center outfitted with the industry's latest equipment, is now up and running.

About 70% of the processes have been automated, reducing the workload by half.

Smart DC, our new logistics center, went into operation in May 2020. We have invested approximately **4.5 billion yen** in automation equipment for this new facility with the aim of boosting net sales to **100 billion yen**, a target set under the medium-term management plan.

Smart DC has **twice** the shipping capacity of the Tokyo Logistics Center, which covered all shipments bound for eastern Japan. We plan to move all shipping functions to Smart DC, where linear motors and AI robots will be used to handle an increasing shipment volume that's growing in pace with our operations, eliminating the need for hiring additional personnel.

More efficient picking

Automated tray warehouse



Designed to handle single-item orders for best-selling products. Automatically retrieves ordered items. Processes multi-item, small-lot orders quickly and efficiently.

Automated case warehouse



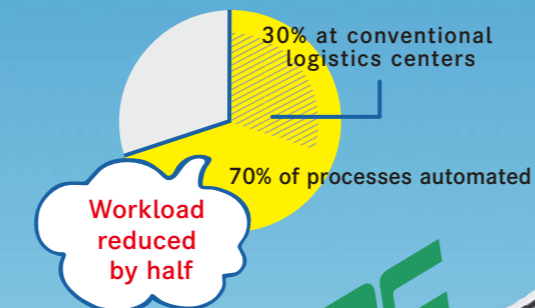
Suited to full-case orders for best-selling products. Automatically transports orders to Uni-Shuttle without the need for manual handling.

Unmanned nighttime operations

Automated pallet warehouse (1st floor)



The automated pallet warehouse temporarily stores best-selling items and restocks the automated case warehouse. It operates during the night when no one is working for around-the-clock operations.



Smart DC

Automatic sorting

Shuttliner



Shuttliner is a high-speed conveyor employing magnets. It quickly and evenly allocates transported orders to workers. This significantly reduces wasted waiting time.

Automated sorting by destination

Uni-Shuttle



Uni-Shuttle automatically sorts products by destination. It significantly reduced the large footprint of a conventional sorter.

Automated palletizing

Palletizing robot



A palletizing robot automatically loads cases of products onto dollies. Labor-intensive repetitive work is entirely automated.

Automated case forming and sealing

Automatic case former



This machine automatically forms boxes according to the size of the goods to be packaged and seals them.

Automatic transport

Automated guided vehicle (AGV)



AGVs automatically transport cases of goods that have been stacked on dollies to loading berths for different delivery companies.



ENVIRONMENT

SOCIETY

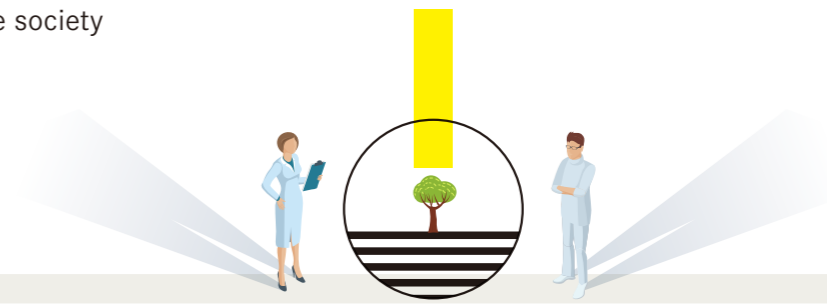
GOVERNANCE



Support researchers and health care professionals in providing research findings and medical care to achieve a sustainable society



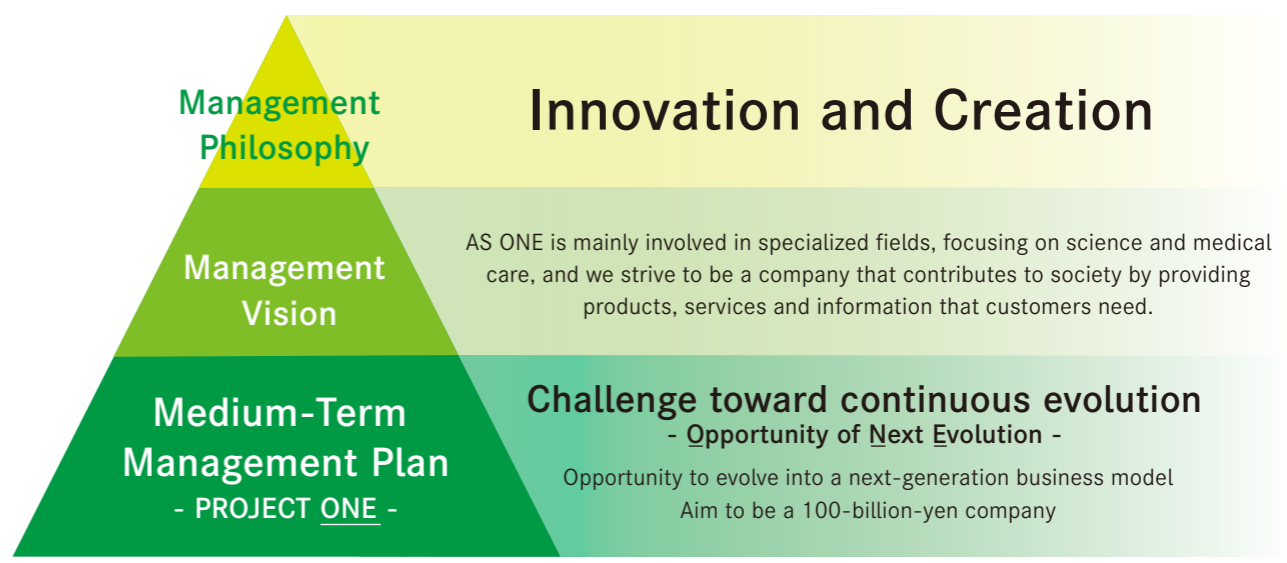
Advance the AS ONE platform to connect everything



Operating with a focus on specialized fields of science and medical care, the AS ONE Group believes that providing research findings and medical care will lead to the creation of a sustainable society.

That's why we are committed to creating an environment in which researchers and health care professionals are freed from focusing on various kinds of issues and miscellaneous work so they can fully concentrate on their roles.

Our goal is to serve as a platform for creating such an environment and become a company that contributes to society by efficiently connecting the products, services, and information customers need.



ENVIRONMENT

Working Hard to Build a Sustainable Society

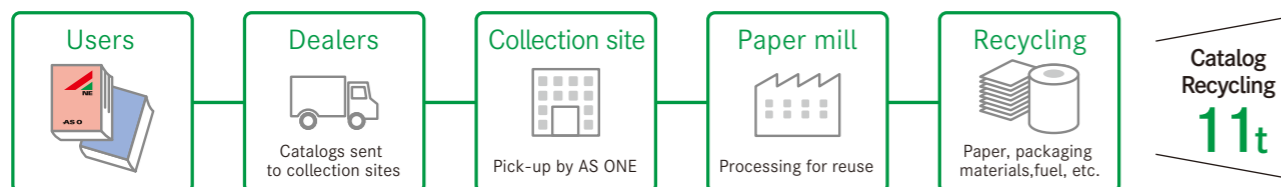


Catalog Recycling



Recycling programs that no other company can duplicate

Catalog recycling is one way in which AS ONE is playing its part in protecting the global environment for future generations. When we publish a new catalog, we encourage our customers to return their old catalogs to us. We process them at a paper mill and reuse them as paper, packaging materials, or fuel. Our customers welcome this opportunity to do something that is good for the environment.

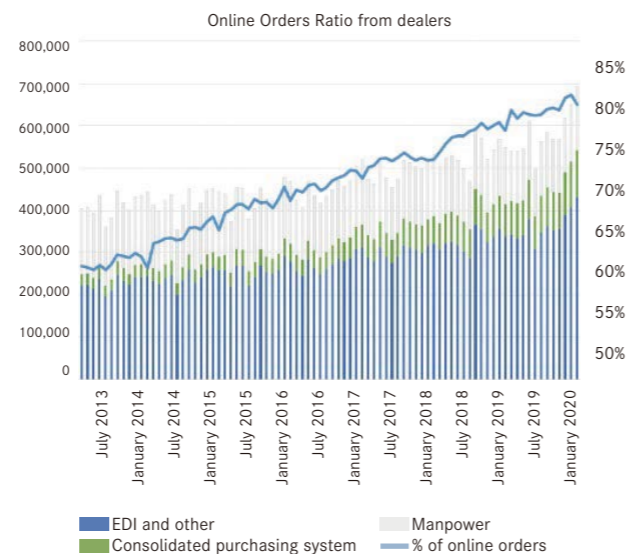


Increasing Online Orders



Going paperless via digitization

We have been reducing both costs and use of paper by switching from fax orders to online or EDI-based orders as well as by increasing e-commerce transactions with users and dealers. In recent years, fax orders have been converted to image files to reduce paper consumption.



Environmentally Responsible Packaging



Delivering merchandise without creating waste

AS ONE uses simple packaging with no cushioning materials in order to eliminate the use of excessive packaging. This protects the environment by using resources effectively and lowers the volume of materials that need to be discarded after merchandise is delivered to a customer.



Sale of Plant-based Polyethylene Products



Saving the environment with biomass plastic products

We started selling environmentally friendly disposable gloves and aprons made of 25% biomass polyethylene derived from sugar cane. Use of this renewable resource helps us reduce carbon emissions.



Sale of Green Purchasing Law-designated Products



Supplying environmentally-friendly products

We introduce customers who are looking for environmentally-friendly products to items that meet the specifications of Japan's green purchasing law. In fiscal 2019 sales of these products increased 76% year on year.



ISO Certification



Establishing and maintaining an environmental management system that meets global standards

AS ONE has received ISO 14001 certification for its Osaka Headquarters, Tokyo Branch, and logistics centers in Osaka and Tokyo. We continuously work to build systems that minimize our environmental footprint in line with our environmental policy and objectives as we implement global-standard environmental initiatives.



Waste Reduction at the Head Office Building



Promoting waste reduction

We are working to reduce waste in Osaka City where our head office is located. Implementing paperless systems, such as paperless workflow and RPA, enabled us to reduce the total amount of waste while enhancing the recycling rate.

	FY 2018			FY 2019		
	Waste (tons/year)	Recycling (tons/year)	Recycling rate (%)	Waste (tons/year)	Recycling (tons/year)	Recycling rate (%)
Paper waste	28.0	23.5	84	24.7	20.2	82
Non-paper waste	2.6	0.7	27	2.7	2.0	74
Total	30.6	24.2	79	27.4	22.2	81

SOCIETY



A wide range of activities that benefit people and society

Dedicated to a Sustainable Society



Continuous contribution to the SDGs through the supply of R&D instruments

AS ONE plays an important role in achieving our sustainable development goals (SDGs) by helping expedite research and development processes in many fields as a supplier of scientific instruments and other equipment.

AS ONE Children's Science Laboratory



Activities to develop the skills of children

On August 1, 2019, as part of its social contribution activities, AS ONE hosted the Children's Science Laboratory at the summer science event held at King Skyfront, Kawasaki City's open innovation hub for life and environmental science.

AS ONE's nearby Tonomachi Solution Research Laboratory provided 30+ children with an opportunity to have fun with science by teaching them how to make their own unique slime.

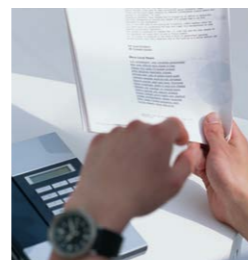


Compliance



Guidelines and systems ensuring fair and sound business practices

AS ONE's corporate code of conduct, code of ethics, and compliance manual provide a solid foundation for fair and sound business activities.



The Hatachi Fund



Support for children impacted by natural disasters

We encourage shareholders to donate their shareholder benefits to social welfare organizations. Shareholders can either choose to make a donation in lieu of receiving benefits or donate the value of their unused benefits.

We have been making donations to the Hatachi Fund since the fiscal year ended March 2014. This fund provides support for infants who were affected by the 2011 Great East Japan Earthquake until they reach the age of 20 (or "hatachi" in Japanese). Four hundred and forty-one shareholders donated their September 2019 benefits for a total of ¥1,721,000.



Creating Opportunities for SMEs



AS ONE is helping small and midsize companies to grow as it expands the horizon of business opportunities. We use catalogs and the Internet to sell products supplied by roughly 3,500 suppliers internationally. At the same time, we provide about 4,300 dealers in Japan with an opportunity to sell a broad range of products from overseas suppliers.

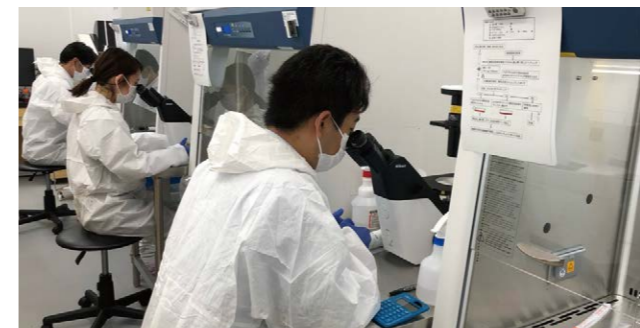


Cooperation in Cell Culture Specialist Certification Course



Promoting cell culture standardization

Tonomachi Solution Research Laboratory, AS ONE's lab services organization, has provided a venue, equipment and supplies for the fundamental cell culture technology course taught in the Japanese Tissue Culture Association's cell culture specialist certification program since February 2019.

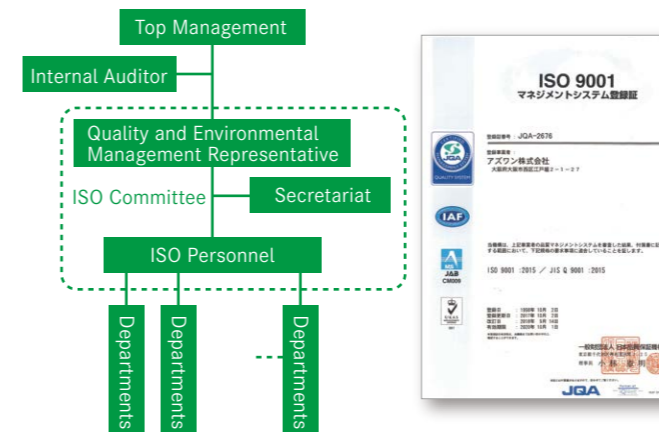


Quality Assurance System



Certified for ISO 9001 international standard

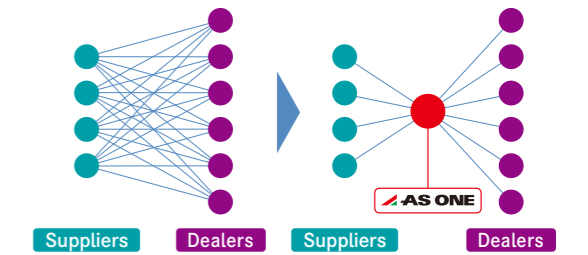
AS ONE has obtained ISO 9001 certification for its major facilities and operates a quality management system across the company, which includes its Quality Assurance Department.



Streamlining Distribution



We reduced the number of deliveries to our 3,500 suppliers and 11,000 branches of dealers from a high of 38.5 million to a low of 14,500. As a wholesaler, we are helping reduce delivery costs to society as a whole.



Supply Chain Management during COVID-19 Pandemic



Sustaining supply via BCP

As a company with a social mission to support medical and research institutions, we continued our corporate activities during the state of emergency in accordance with our business continuity plan, which included teleworking, while preventing the spread of infection. We are working to expedite the procurement process and securing new purchasing channels in anticipation of the second and third waves of COVID-19 in order to fulfill our responsibility to ensure a continuous supply for health care workers.

For the Future of Health Care



Participating in the launch of the Organization for Advanced Healthcare Innovation

AS ONE participated in the establishment of the Organization for Advanced Healthcare Innovation. It works toward putting into practice the concept of the International Hub for Healthcare Innovation, an Osaka-based facility where medical institutions providing state-of-the-art health care, related R&D ventures, and support organizations will operate under one roof. When opened, it will be the first such facility in Japan.

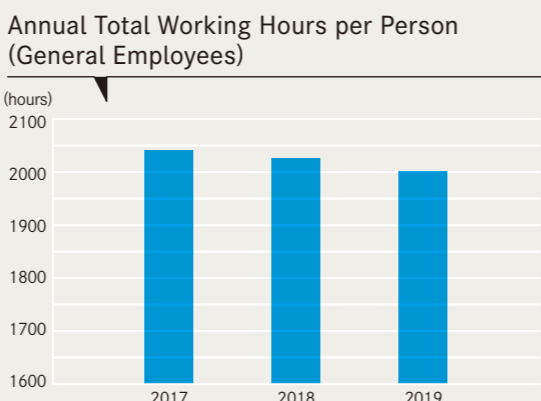
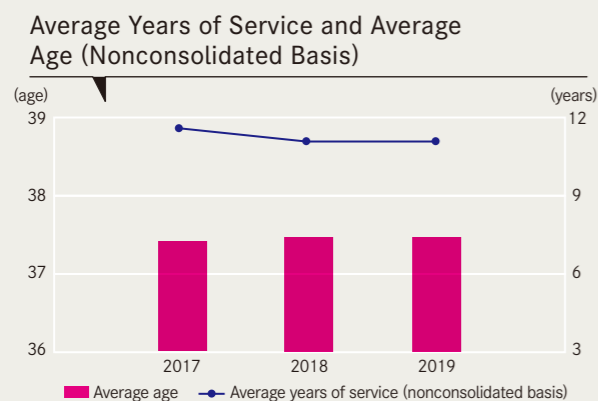
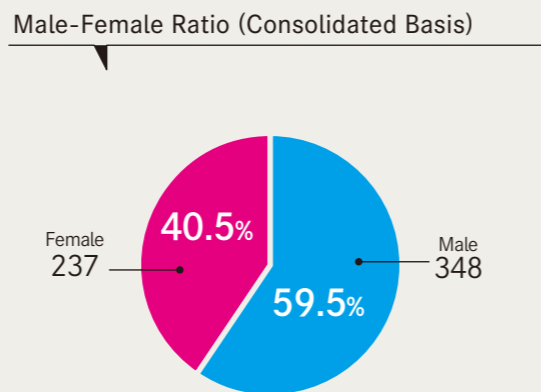
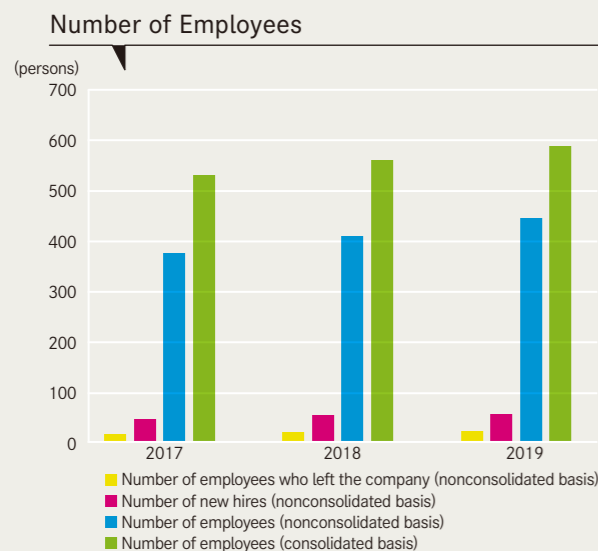


*The architectural rendering is up to date as of the date it was submitted (January 2019) and is subject to change.
*Source: Operator of the International Hub for Healthcare Innovation development and operation project at Nakanoshima 4-chome

SOCIETY Employee Relations

In order to expand our business, it is important that our employees be comfortable working here and motivated.

On the tangible side, we use IT and RPA to enhance work efficiency while improving intangible aspects, such as the working environment, benefits, and human resource systems, to help employees maximize their performance.



Incentive Program

In order to ensure that employee motivation is aligned with our medium-term management plan, in fiscal 2017 we implemented an employee incentive program that is linked to progress in achieving the goals set in the medium-term management plan. The criteria for providing incentives to employees is achieving both sales and operating profit targets set in the plan. Upon reaching both targets, we award company stock to managerial employees and cash bonuses to general employees.

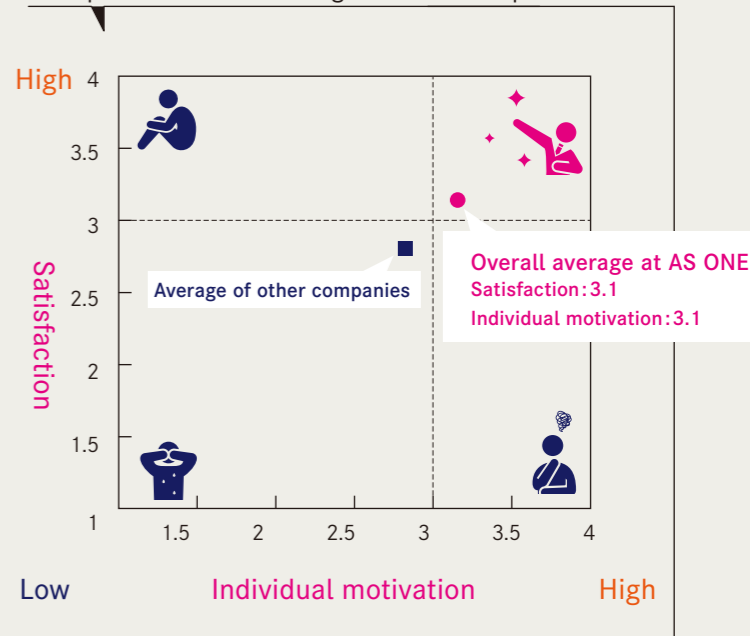
Employee Awareness Survey

Aiming to be a company where all employees are happy, we conduct annual employee satisfaction surveys, and the level of satisfaction has been very high.

Women-friendly Workplace

We have a number of programs aimed at creating a women-friendly work environment and helping women reach professional success. A welcome-back program allows employees who had resigned to care for a child, parent or other family member to return. We also offer teleworking and flexible work arrangements, extended child care leave until the employee's child becomes two years old, a child care mentor system, and reduced work hours for employees with a child, up to the second grade.

Survey Results Distribution (Comparison with the Average of Other Companies)



*Source: Sanno University Institute of Management



Corporate Governance System

1. Outline of the Corporate Governance System

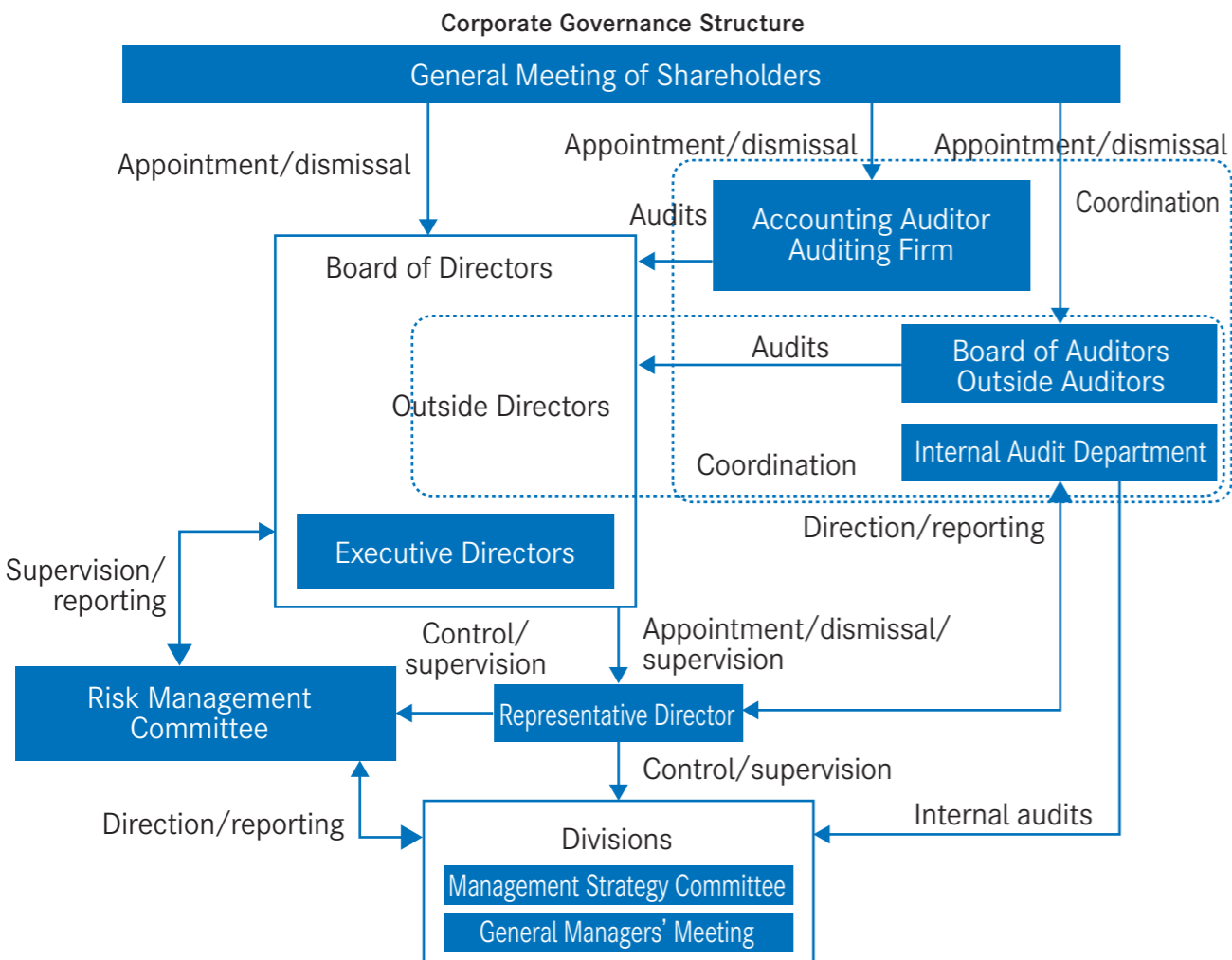
The Company's basic policy on corporate governance is to pursue management efficiency in the aim of maximizing corporate value, thoroughly ensure corporate ethics, and strive to enhance management transparency. In these ways, we aim to bring the trust our stakeholders have in us to new heights. We are a company that has adopted an Auditor system, and we have established a General Meeting of Shareholders, Board of Directors, and Board of Auditors as company institutions. The Board of Directors is made up of eight directors (three of whom are outside directors). This small number is intended to encourage lively debate and swift decision-making. The Board of Directors makes decisions related to management policy, matters provided by laws and regulations and other important

matters related to management. The board also supervises the execution of duties by directors. The Board of Auditors is composed of three auditors (all three of whom are outside auditors). The board audits and supervises the status of the execution of duties by directors from an objective standpoint and seeks to enhance the management supervisory function.

2. Reason for Employing a Corporate Governance System

We have appointed three outside directors and three outside auditors in the aim of reinforcing the supervision of the execution of operations and enhancing the fairness of corporate activities. We have adopted the above-mentioned corporate governance system because we believe it is appropriate given our company's size and our operations.

Organization Form: Company with Board of Auditors



Internal Audits and Audits by Auditors

The Internal Audit Department (consisting of three auditors) serves as the locus for promoting internal audits. The office conducts regular audits of each division based on the audit plan and performs follow-up audits of specified divisions, when necessary. Through this process, the office performs audits to determine the appropriateness of operations, strives to promote operational improvements, and works with the Administration Division (which provides an internal control function) to verify the effectiveness of internal controls.

We are a company that has established a Board of Auditors, which is composed of one corporate auditor and two part-time auditors. Outside Auditor Hideaki Mihara is a certified public accountant and tax accountant with a high level of expertise in finance and accounting.

The Board of Auditors generally assembles every other month, with provisional assemblies held according to necessity as specified in the Board of Auditor Regulations. In this business year it assembled on 11 occasions, with attendance by all auditors. Board of Auditors meetings generally require roughly one hour with four to six agenda items. These items include decisions on auditing policies, plans, and work division, exchanges of opinions based on reports related to business audits by corporate auditors, deliberations on the legal compliance of agenda items for regular Board of Directors meetings, and information sharing on risk items. If it is believed that information on agenda items must be shared, outside directors also attend these meetings to ensure thorough communication. The Board of Auditors additionally communicates regularly with accounting auditors and the Internal Audit Department, receiving reports and explanations on the status and results of audits, and exchanging opinions.

Each auditor follows the audit policies and divisions of work determined by the Board of Auditors to carry out audits throughout each term based on plans. All auditors attend Board of Directors meetings where they ask appropriate questions and express opinions, in order to carry out audits on the performance of duties by Directors.

Corporate auditors carry out visiting audits to each division and subsidiary throughout the year (to 21 departments and 4 subsidiaries in this business year), attend important meetings such as those of the Management Strategy Committee and general managers (4 meeting bodies for a total of 43 times in this business year), and read through various types of important documents such as minutes of key meetings and requests for managerial decisions. They also receive appropriate explanations on points of concern from directors and employees, ask them for reports, and express opinions, as necessary. Furthermore, they witness visiting audits by accounting auditors, implement joint audits together with the Internal Audit Department, and exchange opinions as appropriate, as they work together to improve the effectiveness of audits.

3. Internal Control System

Our internal control system is intended to ensure that the execution of duties by directors complies with all relevant laws and regulations and our Articles of Incorporation, as well as to ensure the appropriateness of other corporate operations. This system is established by resolutions of the Board of Directors. Executive directors oversee individual operating divisions while performing everyday duties, or supervise individual business management divisions as assigned by the Board of Directors. Responsibility and authority over everyday operations are specified in internal regulations. The president and general managers receive monthly reports from each division as well as discuss and monitor progress of operations at the Management Strategy Committee meetings and general managers' meetings.

4. Risk Management System

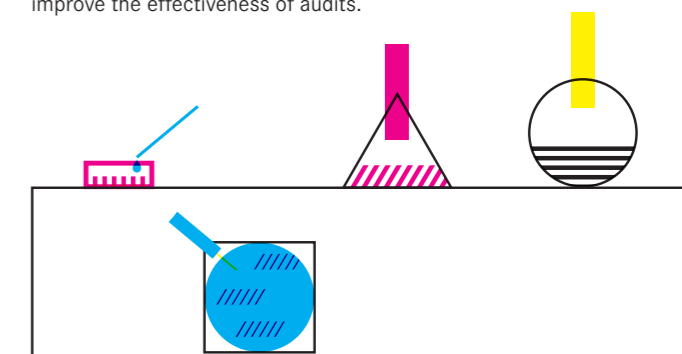
Our Risk Management Committee oversees overall risk management. Also our Information Security Committee implements various information security measures. In response to product quality risk, we have obtained ISO 9001 certification and created a quality management system. We have also signed an advisory agreement with a law firm so that we can receive advice on compliance-related issues when necessary.

5. Systems Ensuring Appropriate Operations at the Company's Subsidiaries

The Risk Management Committee oversees risk management operations at our subsidiaries and makes decisions on basic risk management policies, risk management structure, and other important matters. The committee identifies, analyzes, and assesses the risks inherent in subsidiaries based on reports from their directors and implements appropriate countermeasures. It also oversees and regularly reviews risk management at subsidiaries.

6. Overview of Liability Limitation Agreements

As provided for in Paragraph 1, Article 427 of the Companies Act, we have signed liability limitation agreements with outside directors and auditors. The agreements limit their exposure to the liability specified in Paragraph 1, Article 423 of the Companies Act. The cap on liability for damages under the agreement is the amount prescribed by law. This limitation applies only to liability arising from duties performed by an outside director or auditor in good faith and without gross negligence.



Fair and transparent oversight of management along with varied skills and viewpoints raise corporate value while sowing the seeds of sustainable growth.

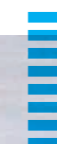
* Outside officers' main career background and status concurrent posts are provided on the next page.



Joji Suzuki, Outside Director

Leverage my experience to be of help AS ONE meet the expectations placed on it.

As social conditions change, great expectations are being placed on AS ONE in the areas of medical care, vaccines, and drug discovery. It is being asked to deliver ever more diverse services and information to support the people working on the front lines of drug discovery and the like. A global perspective is essential to meeting those expectations. I hope to leverage my experience overseas to be of service to AS ONE.



Kazutaka Suzuki, Outside Corporate Auditor

Fulfil my responsibility and support AS ONE through governance.

The only time that an auditor should appear on center stage is in an emergency. I believe that my role is to work hard to ensure that this does not happen. AS ONE has achieved its five-year medium-term management plan and a new one will start this year. I hope to provide governance to ensure that the company is pursuing its diverse initiatives according to their objectives and to fulfil the responsibility entrusted to me by the stakeholders.



Kazuhiko Odaki, Outside Director

Help AS ONE contribute to society through its support of medical institutions.

I believe that it is the role of the company director to face our shareholders, employees, and customers squarely and help the company to steer a good course. It is wonderful to see AS ONE fulfilling its social role so well under the trying social conditions we are currently experiencing. I will continue to work hard to help AS ONE in its support of medical and research institutions.



Hideaki Mihara, Outside Auditor

Contribute to AS ONE's future prosperity from a governance perspective.

To use a car analogy, if we liken the medium-term management plan is the accelerator, then corporate governance is the brake. No matter how fast a car might be, if it does not have working brakes, consumers will be too scared to buy it. Investors are the same. As an outside auditor who is an accountant by profession, I hope to assist with the strengthening of governance and, in turn, the enhancement of AS ONE's corporate value.



Michiko Kanai, Outside Director

Serve AS ONE and society by supporting its corporate legal affairs.

I have worked in corporate law as an attorney, with a focus on M&A. With my appointment as a director of AS ONE from this fiscal year, I believe I can be of assistance in the area of international M&As. I feel a destiny in my service as a director in these changing social circumstances. I hope also to be of service to research, science, and medical workers through my contributions to AS ONE.



Toshiki Hara, Outside Auditor

Help AS ONE to reach even greater heights as it continues to grow.

AS ONE is a company that is never content with its current circumstance and that continues to take on challenges and achieve results. I am honored to serve as auditor for this growing company from this fiscal year. This fiscal year, the first year of the new medium-term management plan, I hope to fulfill my mission so I can help AS ONE to reach even greater heights.



Outside Directors and Outside Auditors

<Conflict of Interest>

AS ONE has three outside directors and three outside auditors.

	Owned Shares of Company Stock (x100 shares)	Business Relationships with this Company or Other Special Interest	Main Career Background and Status of Concurrent Posts
Joji Suzuki, Outside Director	13	Not applicable	Former Executive Vice-President of Sojitz Corporation (until March 2014).
Kazuhiko Odaki, Outside Director	—	Not applicable	Former affiliation with Ministry of Economy, Trade and Industry (until March 2012), current Professor, College of Economics of Nihon University.
Michiko Kanai, Outside Director	—	Not applicable	Current member of OH-EBASHI LPC & PARTNERS.
Kazutaka Suzuki, Outside Auditor	4	Not applicable	Former affiliation with Resona Bank, Limited (until June 2013).
Hideaki Mihara, Outside Auditor	1	Not applicable	Current affiliation with Mihara Accounting Firm.
Toshiki Hara, Outside Auditor	—	Not applicable	Former Deputy President and Representative Director of Resona Bank, Limited (until March 2018), current Representative Director, President of AGS Corporation.

As indicated above, Outside Auditors Kazutaka Suzuki and Toshiki Hara possess work experience at Resona Bank, a company engaging in financial transactions with our company. However, as of the end of the March 2020 term the total debt balance of the Group is 2.1 billion yen, with an amount of debt from that bank of 1.21 billion yen, or approximately 1.5% of our total assets. The amount of debt from Resona Bank has a balance of roughly 10% of our current total deposits, so the amounts borrowed from that bank are sufficiently replaceable.

Therefore, we have judged that there are no issues with the independence of these two individuals as outside auditors in light of the following "Criteria for Determining the Independence of Our Company's Outside Auditors", and that there is no risk of conflicts of interest to arise with general shareholders or this company.

<Criteria for Determining the Independence of Our Company's Outside Auditors>

To ensure the levels of objectivity and transparency necessary for appropriate governance of the company, AS ONE believes that outside directors and outside auditors (hereinafter, collectively referred to as "outside officers") should be as independent of the company as possible. Outside officers are deemed to be independent when none of the descriptions below apply to them.

- 1.A party who does not meet the requirements prescribed in the law
- 2.A party whose major business partners include the AS ONE Group (with 2% or more of its annual consolidated net sales for the most recent business year generated from payments made by the Group), or its parent company or major subsidiary or, if the party is a corporate entity, executive director, executive officer, executive employee, manager, or other employee of the entity
- 3.A party who is a major business partner (excluding item 4) of the AS ONE Group (with 2% or more of the Group's annual consolidated net sales for the most recent business year generated from payments made by the party), or its parent company or major subsidiary or, if the party is a corporate entity, executive director, executive officer, executive employee, manager, or other employee of the entity
- 4.A director, auditor, accounting advisor, executive officer, executive employee, manager, or other employee of a financial institution or other large-scale lender indispensable to the Group's raising of funds, on which the Group's dependence is so high as to preclude alternatives, or its parent company or major subsidiary
- 5.A consultant, certified public accountant or other accounting professional, attorney or other legal professional, or other specialist who has received money or other assets averaging 10 million yen or

more annually from the Group over the past three years other than officer compensation

- 6.A person who receives contributions or subsidies totaling 10 million yen or more annually from the Group
- 7.A major shareholder (a shareholder directly or indirectly holding 10% or more of total voting rights) of AS ONE, or if such major shareholder is a company, a director, auditor, accounting advisor, executive officer, commissioner, executive employee, manager, or other employee of such major shareholder or its parent company or major subsidiary
- 8.An accounting auditor of the Group or an employee, partner or other person belonging to a tax accounting firm for the Group
- 9.A director, auditor, accounting advisor, executive officer, or executive employee of a company, or its parent company or subsidiary for which the Group's employee serves as a director (regardless of whether it is full-time or part-time)
- 10.A family member within two degrees of kinship with a director or auditor of the Group
- 11.A person to whom any of the descriptions in items 2 through 10 has applied in the last five years
- 12.Any other person who could be construed as having a conflict of interest with any of AS ONE's general shareholders due to a reason other than those described in items 2 through 11 above

AS ONE believes that the six outside officers, Joji Suzuki, Kazuhiko Odaki, Michiko Kanai, Kazutaka Suzuki, Hideaki Mihara, and Toshiki Hara, are capable of supervising conduct as well as objectively and neutrally monitoring and have no conflict of interest with the company's general shareholders. Accordingly, the company has designated them as independent officers pursuant to the provisions of the Tokyo Stock Exchange and filed a notification to this effect.

<Cooperation>

Mutual cooperation with supervision or audits by outside directors or outside auditors, internal audits, audits performed by auditors, and accounting audits, as well as the relationships with the internal control division, are as indicated below.

In addition to gathering the necessary information at Board of Directors meetings and asking questions as needed, the outside directors exchange opinions and cooperate with outside auditors. The outside auditors gather information through exchanges of opinions with the Internal Audit Department and accounting auditor at Board of Auditors meetings. In addition, the outside auditors frequently exchange opinions and work closely with the corporate auditor and other Administration Division personnel.

Officer Compensation, etc.

<Total Amounts of Compensation, etc. by Officer Category, Total Amounts of Compensation, etc. by Type, and the Number of Applicable Officers, in the March 2020 Term>

Officer Category	Total Amount of Compensation (million yen)	Total Amount of Compensation, etc. by Type (million yen)			Number of Applicable Officers
		Fixed Compensation	Performance-based Compensation	Stock Options	
Directors (excluding outside directors)	245	155	64	25	6
Auditors (excluding outside auditors)	4	4	—	—	1
Outside officers	28	28	—	—	4

<Share-based Compensation System>

We have introduced performance-based share compensation using a stock ownership plan for directors (excluding outside directors). The achievement of annual plans described in the medium-term management plan is treated as a requirement for the provision of points which are equivalent to shares. In the medium-term management plan, the achievement of target sales and operating profit amounts is treated as a requirement for provision.

Status of provision over the past 3 years	2017 fiscal year	○
	2018 fiscal year	○
	2019 fiscal year	× (failure to achieve target operating profit amount)

At the 59th General Meeting of Shareholders held on June 25, 2020, with a view to directors (excluding outside directors) further sharing in the benefits and risks of stock price fluctuations with all shareholders, and providing greater incentive for directors to elevate the stock price and boost corporate value more than ever, an official decision was made to carry out share-based compensation subject to transfer restrictions, in an amount not to exceed 100 million yen per year.

Business and Other Risks

<Business Risks>

1. Business content of the Group
The Group's main business is wholesaling scientific equipment and supplies used at locations such as research laboratories, research institutions, production facilities, and medical facilities. The main format of our business consists of catalog sales, where we provide materials such as product catalogs to domestic distributors of scientific, medical, and nursing care-related equipment at roughly 11,000 locations. The distributors then carry out marketing by providing those catalogs to users, and place orders to our company, after which we deliver the ordered products to them. We stock our products by purchasing them from roughly 4,100 supplier companies in the Group. Some of them are commissioned for production as our company's brand products. In this way, the Group's businesses are supported by the cooperation of many business partners including sales distributors and suppliers. Therefore, if changes in the management conditions of our transaction partners cause us to lose their cooperation, we will also lose opportunities for sales and will face obstacles to the purchase of products, with the possibility of impacts on the Group's business performance.
In order to avoid such situations, the Group strives to thoroughly understand the management conditions of our transaction partners, and divides our transactions among multiple parties to avoid dependency on specific partners.

2. Competition

In the industry of wholesaling scientific equipment and medical supplies to distributors, there is fierce competition between manufacturers and trading companies of widely varying sizes. The Group has built a quick delivery system capable of delivering even a single beaker from the extensive lineup in our catalogs and online sources without delay. We are additionally making efforts to

strengthen our information functions to distinguish ourselves from our competitors and expand sales. However, if our competitors also expand their business content by utilizing their own specialty areas such as prices or services, competitors may appear who can provide services that the Group cannot respond to quickly, and support for those companies may grow faster than we can react. If this causes the appeal of the values offered by the Group to be significantly damaged, there could be impacts on the Group's business performance.
In order to avoid such situations, the Group is striving to improve convenience in ways unequalled by competitors, such as by enhancing our product lineup.
3. Promotion of e-commerce
The promotion of e-commerce is currently the greatest driving force for the Group's growth. Still, various types of technological innovations related to telecommunications or the Internet, or changes in the product purchasing habits of users, may cause conditions of price competition and lead to the possibility for even more convenient distribution mechanisms to be developed. If their support then grows faster than we can respond to it and this causes the appeal of the values offered by the Group to be significantly damaged, there could be impacts on the Group's business performance.
In order to avoid such situations, the Group is attempting to distinguish itself by combining the largest lineup of highly-specialized products in the industry with outstanding IT and distribution capabilities, and staying alert to information on IT and communications technology to gain a thorough understanding of the most current technological trends. We are also strengthening our service businesses and making efforts to establish brands for e-commerce businesses with high added value, that combine virtual transactions with services and other types of person-to-person relationships.

Business and Other Risks

4. Potential risks of overseas deployment

The Group procures and sells products from over 30 countries and regions around the world. We also have established local subsidiaries in China and the United States to conduct sales activities. However, such overseas business deployment also includes inherent risks such as those indicated below.

- (1) Unexpected changes to laws or regulations
- (2) Occurrence of unexpected disadvantageous political or economic situations
- (3) Difficulties in recruiting and securing human resources
- (4) Possibility for undeveloped technological infrastructure to adversely affect support from customers toward the Group's products or services
- (5) Fluctuations in exchange rates
- (6) Social disruption from factors such as natural disasters, terrorism, or wars

If product supply or other activities are obstructed by conditions like these, there could possibly be impacts on the Group's business performance.

In order to avoid such situations, the Group is responding through information gathering by local subsidiaries and specialized departments. We are making efforts to minimize risks such as exchange rate fluctuations by engaging in exchange contracts.

5. Promotion of service businesses

The Group is attempting to strengthen businesses that provide various types of research-related services to researchers, which involve not only the sales of products, but also their rental and calibration. However, there is a possibility that we will not be able to expand our businesses as expected due to our low recognition in service fields and competition with existing service providers. Also, as part of our service business deployment we are engaging in prior investments for purchases of rental items and calibration equipment, but it is possible that the recovery of our invested capital in some instances may require more time than expected.

In order to avoid such situations, the Group intends to raise the convenience of our services so that they can be used as a one-stop solution together with product sales, shorten our delivery times, and enhance our price competitiveness, based on the customer foundation we have developed through our scientific equipment sales. We are also expanding our rental products while giving thorough consideration to their prices and turnover.

<Financial Risks>

6. Inventory risks

In our Consolidated Balance Sheet for the March 2020 term, the Group recorded inventories of 7.056 billion yen, which is 8.7% of our total assets. We are dedicated to achieving a high same-day shipment rate for received orders with a focus on customer convenience, maintaining our inventory in prediction of orders to be received so that we can carry out shipments immediately. However, if actual results differ greatly from our sales expectations, it is possible there could be impacts on the Group's business performance due to lower evaluations of our inventories.

In order to avoid such situations, the Group is making attempts to periodically identify the conditions of products which have had no orders for certain time periods or products with excessive quantities, and to reduce our dead inventory, so that we can maintain an appropriate inventory level. Also, in situations where it is necessary to purchase relatively large quantities of items such as imported products and private-brand products, we carry out careful

investigations first.

7. Impairment risks of fixed assets

The Group possesses fixed assets which include land, buildings, investment properties, and goodwill. At the current time, all required handling of impairment has been completed, but if decreases in the market prices of these assets or declines in their profitability are recognized in the future, it will become necessary to consider impairment losses.

In order to avoid such situations, the Group carries out careful investigations when acquiring such assets, and for any items with market prices, we continually monitor their profitability including their market prices after their acquisition.

8. Fluctuations in prices of marketable securities

With the goals of maintaining and facilitating business relationships with other companies, and managing our assets, the Group possesses marketable securities and investment securities totaling 19.457 billion yen. This is 23.9% of our total assets according to our Consolidated Balance Sheet for the March 2020 term.

However, if there are fluctuations in the market prices of such investment securities due to changes in economic environments or financial market environments, or if it becomes impossible to recover principal or interest, there could be impacts on the Group's business performance.

In order to avoid such situations, the Group is making efforts to continue close communication with the issuers of marketable securities intended to maintain and facilitate business relationships as well as to gather related information. It is also managing marketable securities intended for operation by separating bonds at or above a certain rating by business type or brand.

9. Pension fund management risks

The Group prepares accumulated retirement benefits for the future of our employees, contributing fixed amounts each month to external investment organizations, and commissioning their management as pension assets. In terms of their investment performance, a certain expected rate of return is estimated, but fluctuations in financial markets or other factors could cause that performance to deteriorate suddenly. In order to avoid such situations, the Group instructs our commissioned investment organizations to carry out management with a high level of safety.

<Risks Caused by External Factors>

10. Business fluctuation risks

The Group's domestic sales in Japan account for over 90% of its total. Also, roughly 70% of our domestic research expenses are contributions to private companies, so the Group's business performance is inseparable from the effects of fluctuations in Japan's domestic economy.

Demand intended for production sites of private companies is a field that is particularly susceptible to the direct effects of business fluctuations. However, demand for research and development is not as sensitive to business fluctuations as production sites are. This is partly because institutions such as universities and public research organizations have different markets from industries, and also because in general, the ability to continue research and development without being affected by business conditions allows private corporations to maintain their competitive power. Still, if private research and development expenses undergo a significant decline, there could be impacts on the Group's business

performance.

The Group's sales composition is: roughly 60% for university research laboratories or corporation research and development departments, roughly 20% for sales of scientific equipment to private production sites of corporations, and roughly 20% for sales of medical and nursing care equipment to medical institutions and nursing care facilities. We are able to achieve a balance since we are involved in fields for medical institutions which are not affected by business fluctuations, allowing us to reduce the impacts of such changes.

11. Risks related to unidentified infectious diseases

At the beginning of 2020, the spread of the infectious disease caused by the novel coronavirus (COVID-19) caused a global pandemic. If, as seen in the responses of various countries to this event, an infectious disease whose vaccine or specific cure has not been found spreads and results in the need to prioritize measures limiting people from going outside or otherwise preventing person-to-person contact, it could create restrictions on the production or research activities of corporations. If those activities are suppressed to an extreme degree for a long period of time, there could be impacts on the business performance of our research and industrial equipment divisions. Also, if the situation is not limited to Japan but spreads throughout the world, it could lead to shortages in supply due to excessive global demand for certain types of products, or obstacles to the procurement of products due to reduction or suspension of production by suppliers, or export restrictions for individual countries. This could cause us to become unable to supply products demanded by customers and there could be impacts on the Group's business performance regardless of division.

The Group has assumed a social responsibility as a wholesaler supporting medical institutions even in such situations, so we are executing a BCP plan by means of a telework system for office tasks while thoroughly enforcing health management to the greatest extent permitted by the operation of Logistics Centers. We are also building systems capable of providing ongoing supplies of medical equipment to medical institutions.

12. Natural disasters and power failures

Our company has established Logistics Centers in Chiba, Osaka, Kitakatsushika-gun in Saitama, and Asakura in Fukuoka. If natural disasters such as earthquakes or tsunamis, power failures, or other incidents which would interrupt operation of these facilities occur, they will significantly reduce our product shipment capabilities and there could be impacts on our business performance. They could also cause obstructions to certain areas of product procurement which would affect our performance as well. In order to reduce the impacts of such incidents, the Group has created a BCP plan which, if the operations of any facility become impossible, can back up those operations at another facility and accommodate shipment.

<Other Risks>

13. Products

Due to our characteristics as a trading company, most of the products we handle are brand products of other companies, but some are products imported by the Group or private-brand products. However, if unexpected recalls or other problems requiring compensation for product defects occur, large costs will be incurred for that compensation. If they then have significant effects on the social evaluation of the Group there could be impacts on the Group's business performance.

In order to avoid such situations, the Group's domestic offices have acquired ISO9001 certification, and are working to construct quality

management systems. We are also enrolled in insurance for product defect compensation, but in some cases this insurance may not be able to sufficiently cover the amount of compensation we are ultimately responsible for.

14. Information systems

Our company carries out operations using information systems for the entire process from order reception to shipment. Orders are primarily received through distributors, and roughly 80% of those by electronic methods such as the Internet, so we are taking steps to improve the efficiency of our order receiving operations. However, the pace of technological reform related to information systems is extremely rapid, and it can be very difficult to completely prevent or avoid situations such as malfunctions in core systems or networks, or the manipulation, destruction, or exposure of information. Therefore, if such an event were to occur there could be impacts on the Group's business performance.

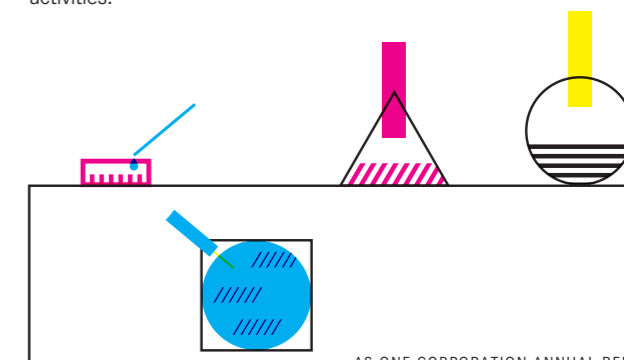
In order to avoid such situations, the Group makes ongoing investments so that we can adapt successfully to information system-related technological innovations. We also use data centers with outstanding earthquake resistance in preparation for unforeseen situations, implement redundancy of critical equipment, and take security measures to protect against threats such as unauthorized access or computer viruses.

15. Legal regulations, etc.

The business operations of the Group are subject to various legal regulations according to laws and ordinances pertaining to the Pharmaceutical and Medical Device Act, Construction Business Act, Measurement Act, Secondhand Articles Dealer Act, Electrical Appliances and Materials Safety Act, Food Sanitation Act, Poisonous and Deleterious Substances Control Act, Consigned Freight Forwarding Business Act, Warehousing Business Act, Foreign Exchange and Foreign Trade Act, Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, Act on the Protection of Personal Information, and Product Liability Act. Therefore, if these legal regulations are revised or newly established, or if the activities of the Group infringe on them, there could be impacts on the business management and business performance of the Group.

In order to avoid such situations, each of the Group's responsible divisions gathers information on these legal regulations and ensures legal compliance. We have also entered into advisory contracts with law offices and seek their advice for each applicable occasion.

16. Risks related to changes in weather and the environment
We are aware that responding to issues related to the natural environment is a critical matter which must be addressed as a corporate citizen. If initiatives to shift to the handling of products with low environmental effects or toward a low-carbon society are delayed, they could damage the social evaluation of the Group and there could accordingly be impacts on our business performance. As an initiative toward environmental issues, the Group's domestic offices have acquired ISO14001 certification of our environmental management systems, and are incorporating them into our business activities.



CORPORATE GOVERNANCE

General Shareholder Meeting and Exercise of Voting Rights

(1) Date of the meeting	June 25, 2020
(3) Voting rights	
Number of shareholders with voting rights	6,045
Total number of voting rights	186,380

The number of voting rights "for," "against" or "abstain" for each proposal; the requirements for the approval, and the results are shown in the table below.

Proposals	For	Against	Abstention	Requirements for approval	Results and ratio of "for" and "against" votes (%)
No. 1 Appropriation of surplus	172,796	30	0	(Note 1)	Approved 99.85
Election of eight (8) directors					
Takuji Iuchi	172,509	314	1		99.69
Kazuhito Yamada	172,535	288	1		99.70
Yasuyuki Hoshino	172,528	295	1		99.70
No. 2 Mitsushige Kimura	172,528	295	1	(Note 2)	Approved 99.70
Keisuke Nishikawa	172,534	289	1		99.70
Joji Suzuki	172,703	121	1		99.80
Kazuhiko Odaki	172,341	483	1		99.59
Michiko Kanai	172,717	107	1		99.81
Election of two (2) auditors					
No. 3 Hideaki Mihara	172,782	42	1	(Note 2)	Approved 99.85
Toshiki Hara	139,415	33,409	1		80.56
Election of one (1) alternate auditor					
No. 4 Takeo Morisawa	172,702	122	1	(Note 2)	Approved 99.80
Remuneration determination for the allotment of restricted stock to directors (excluding outside directors)	172,199	625	1	(Note 1)	Approved 99.51

Notes: 1. Resolutions are approved by a majority vote of the shareholders present.
 2. Resolutions require the presence of shareholders holding not less than one-third of the voting rights of all shareholders entitled to vote, and resolutions are approved by a majority vote of the shareholders present.
 3. Regarding the calculation method for the rate of agreement
 This is the ratio of the number out of all the shareholders exercising voting rights in advance or present on the day of voting rights for which the position on a proposal could be confirmed to be for the proposal, compared with the number of voting rights of shareholders present at this General Shareholder Meeting (the rights exercised up to the day before this General Shareholder Meeting and the number for all the shareholders present on the day).



STOCK INFORMATION

Stock Information (As of March 31, 2020)

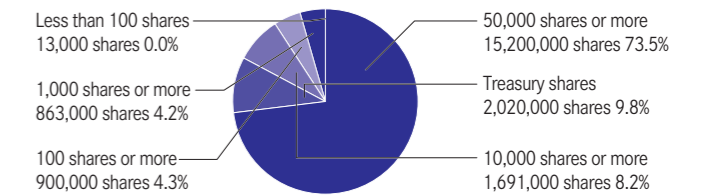
Authorized shares 44,000,000 shares
 Shares outstanding 20,688,135 shares
 Number of shareholders 6,620

Major Shareholders (excluding treasury shares)

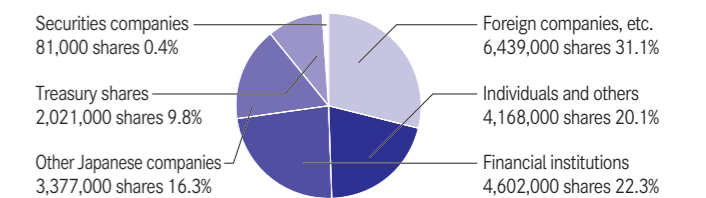
Name	Number of shares (thousands)	Shareholding ratio
Iuchi Seieido Co., Ltd.	2,591	13.9%
GOLDMAN, SACHS & CO. REG	1,268	6.8%
The Master Trust Bank of Japan, Ltd. (Trust Account)	975	5.2%
Resona Bank, Limited	926	5.0%
JP MORGAN CHASE BANK 380055	764	4.1%

*The shareholding ratio is calculated after treasury shares are deducted from the total number of shares outstanding.

Shareholder Composition (As of March 31, 2020)



Ownership by Number of Shares Held



Ownership by Shareholder Type

ESG Rating



AS ONE has been selected for the MSCI Japan ESG Select Leaders Index, which is one of the ESG Indexes used by Government Pension Investment Fund (GPIF) when making investment with consideration to Environmental, Social and Governance (ESG) performance. We have been granted "AA" in ESG rating by MSCI as of June 2020.

MSCI Japan ESG Select Leaders Index

<https://www.msci.com/msci-japan-esg-select-leaders-index-jp>

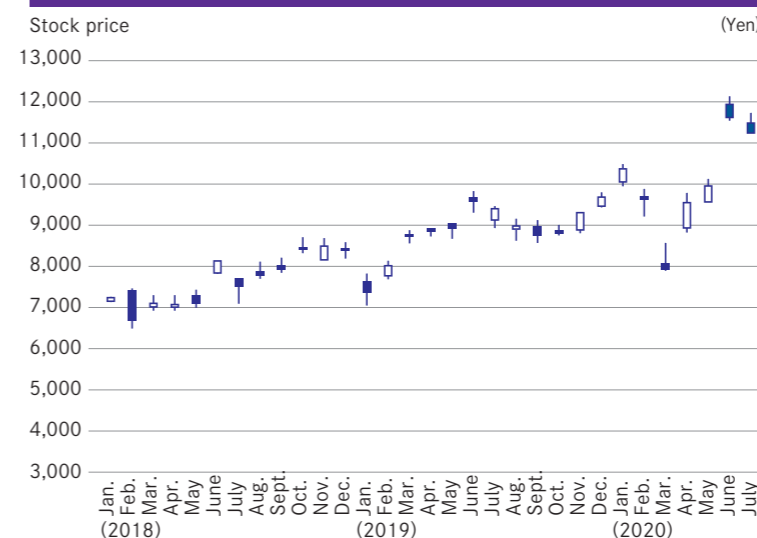
ESG RATING **AA**

Communications with Shareholders and Other Investors

The number of analysts and fund managers participating in the quarterly investor presentations and other IR events

A total of **390** people in a year

Stock Price Data



Stock Price for the Last Five Years

	Fiscal years				
	2015	2016	2017	2018	2019
High	4,950	5,330	7,300	9,040	10,520
Low	3,505	3,760	6,550	6,810	6,710

(Yen)

Consolidated Financial Indicators for the Past Five Years

*1
(Millions of yen) (Thousands of US dollars)

Fiscal years	2014	2015	2016	2017	2018	2019	2019
Financial results							
Net sales	52,041	53,576	55,947	60,959	66,733	70,389	651,755
Scientific instruments	30,158	31,205	32,355	35,293	38,917	41,072	380,301
Industrial instruments	10,376	11,210	12,170	13,649	14,727	15,116	139,969
Hospital/nursing care products	11,507	11,160	11,421	12,017	12,662	13,779	127,585
Others	—	—	—	—	425	421	3,900
Gross profit	15,493	16,151	16,900	18,429	20,618	21,949	203,235
Selling, general and administrative expenses	9,509	10,307	10,806	11,832	13,055	13,398	124,062
Operating profit	5,984	5,843	6,093	6,596	7,562	8,550	79,173
EBITDA*2 ※2	6,892	6,673	7,049	7,391	8,446	9,457	87,573
Ordinary profit	6,157	5,990	6,306	6,843	7,751	8,822	81,691
Profit before income taxes	6,157	6,012	6,149	6,843	7,751	8,746	80,987
Profit attributable to owners of the parent company	3,869	3,878	4,212	4,684	5,264	5,966	55,241
Capital expenditure	563	653	1,059	1,838	1,190	4,503	41,695
Depreciation	1,055	958	1,012	870	838	872	8,081
Financial position as at the end of the fiscal year							
Total assets	66,668	69,614	70,986	77,831	78,773	81,520	754,815
Net assets	45,850	48,614	50,169	52,467	53,252	56,493	523,092
Net cash*3 ※3	12,092	12,033	14,078	12,361	10,666	9,974	92,358
Cash flow							
Cash flow from operating activities	3,171	5,303	4,731	3,037	5,991	6,312	57,386
Cash flow from investing activities	(5,511)	(2,181)	(1,923)	3,354	(448)	(3,457)	(31,430)
Cash flow from financing activities	(2,424)	(2,579)	(3,548)	(4,626)	(5,051)	(2,873)	(26,122)
Net increase (decrease) in cash and cash equivalents	(4,737)	530	(756)	1,769	265	(32)	(299)
Cash and cash equivalents at the end of the period	5,008	5,538	4,781	6,551	6,816	6,784	62,821
Per share information (Yen)							
Profit	201.91	202.41	220.89	249.06	282.00	319.60	2.96
Net assets	2,392.65	2,536.98	2,637.91	2,810.73	2,852.74	3,026.35	28.02
Dividend per share	71.00	101.00	110.00	125.00	141.00	160.00	1.48
Financial indicators							
Operating margin (%)	11.5%	10.9%	10.9%	10.8%	11.3%	12.1%	12.1%
ROA (%)*4 ※4	5.9%	5.7%	6.0%	6.3%	6.7%	7.4%	7.4%
ROE (%)*5 ※5	8.8%	8.2%	8.5%	9.2%	10.0%	10.9%	10.9%
Shareholders' equity ratio (%)	68.8%	69.8%	70.6%	67.0%	67.5%	69.2%	69.2%
Dividend payout ratio (%)	35.2%	49.9%	49.8%	50.2%	50.0%	50.1%	50.1%
Other indicators							
Number of shares outstanding (Thousands of shares)	20,688	20,688	20,688	20,688	20,688	20,688	20,688
Number of treasury shares at the end of the period (Thousands of shares)	1,525	1,525	1,669	2,021	2,021	2,021	2,021
Foreign shareholding ratio (%)	34.6%	32.5%	30.9%	30.9%	29.1%	31.1%	31.1%
Number of employees	449	463	485	527	557	585	585

Notes* 1. Yen figures have been converted into US dollars at the rate of US\$1=¥108 (as at March 31, 2020) solely for reference.
 *2. EBITDA = Operating profit + Depreciation - Depreciation in non-operating expenses + Amortization of goodwill
 *3. Net cash = Cash and deposits - Short-term loans payable - Long-term loans payable
 *4. ROA = Profit attributable to owners of the parent company/Total assets (average at the beginning and the end of the fiscal year)
 *5. ROE = Profit attributable to owners of the parent company/Shareholders' equity (average at the beginning and the end of fiscal year)

Major Financial Indicators



Consolidated Balance Sheet

As at March 31, 2019 and 2020

	(Millions of yen)		(Thousands of US dollars)
	FY3/19	FY3/20	FY3/20
Assets			
Current assets			
Cash and deposits	12,706	12,074	111,802
Notes and accounts receivable-trade	19,296	19,757	182,942
Electronically recorded monetary claims-operating	6,523	6,670	61,766
Securities	1,000	2,000	18,518
Inventories	7,463	7,056	65,336
Others	482	634	5,877
Allowance for doubtful accounts	(7)	(12)	(117)
Total current assets	47,465	48,181	446,127
Non-current assets			
Property, plant and equipment			
Buildings and structures	5,663	6,367	58,958
Accumulated depreciation	(3,497)	(3,634)	(33,653)
Buildings and structures, net	2,166	2,732	25,304
Machinery, equipment and vehicles	416	597	5,530
Accumulated depreciation	(303)	(332)	(3,077)
Machinery, equipment and vehicles, net	112	264	2,453
Tools, furniture and fixtures	2,816	2,939	27,220
Accumulated depreciation	(2,345)	(2,368)	(21,929)
Tools, furniture and fixtures, net	470	571	5,291
Land	2,021	2,021	18,717
Leased assets	727	727	6,731
Accumulated depreciation	(522)	(571)	(5,295)
Leased assets, net	204	155	1,435
Construction in progress	371	3,123	28,925
Total property, plant and equipment	5,347	8,869	82,127
Intangible assets			
Goodwill	1,026	912	8,445
Software	923	914	8,467
Software in progress	56	453	4,200
Others	4	4	37
Total intangible assets	2,009	2,284	21,149
Investments and other assets			
Investment securities	19,131	17,457	161,644
Net defined benefit asset	145	100	927
Deferred tax assets	36	32	299
Real estate for investment	5,207	5,212	48,266
Accumulated depreciation	(1,126)	(1,197)	(11,084)
Real estate for investment, net	4,081	4,015	37,182
Others	576	625	5,795
Allowance for doubtful accounts	(20)	(47)	(438)
Total investments and other assets	23,951	22,184	205,411
Total non-current assets	31,308	33,338	308,688
Total assets	78,773	81,520	754,815

	(Millions of yen)		(Thousands of US dollars)
	FY3/19	FY3/20	FY3/20
Liabilities			
Current liabilities			
Notes and accounts payable-trade	17,449	16,698	154,614
Short-term loans payable	940	1,150	10,648
Income taxes payable	1,513	1,683	15,584
Provision for bonuses	691	721	6,676
Others	2,153	1,927	17,848
Total current liabilities	22,748	22,180	205,371
Non-current liabilities			
Long-term loans payable	1,100	950	8,796
Deferred tax liabilities	140	152	1,409
Provision for stock benefits	114	111	1,030
Provision for directors' retirement benefits	33	33	310
Net defined benefit liability	43	12	120
Asset retirement obligations	661	898	8,322
Others	680	687	6,361
Total non-current liabilities	2,773	2,846	26,351
Total liabilities	25,521	25,026	231,723
Net assets			
Shareholders' equity			
Capital stock	5,075	5,075	46,990
Capital surplus	4,452	4,452	41,227
Retained earnings	45,910	48,995	453,663
Treasury shares	(5,918)	(5,917)	(54,793)
Total shareholders' equity	49,519	52,605	487,087
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	3,575	3,719	34,437
Deferred gains or losses on hedges	1	20	189
Foreign currency translation adjustment	60	28	268
Total accumulated other comprehensive income	3,638	3,768	34,895
Subscription rights to shares	94	119	1,109
Total net assets	53,252	56,493	523,091
Total liabilities and net assets	78,773	81,520	754,815

Assets, Liabilities and Net Assets

(Assets)

Current assets at the end of the fiscal year ending March 2020 increased ¥716 million from what they were at the end of the previous fiscal year to a total of ¥48,181 million. This was due primarily to securities maturing in a year or less increasing by ¥1,000 million as a result of a transfer from investment securities (non-current assets). Non-current assets increased ¥2,029 million year on year to a total of ¥33,338 million. This was mainly attributable to factors such as the intermediate payment for the new logistics base "Smart DC" which was opened in May 2020 in Inage-ku, Chiba causing an increase of ¥2,752 million in construction in progress, an increase of ¥566 million in buildings and structures and an increase of ¥397 million in software in progress, whilst investment securities decreased ¥1,674 million.

(Liabilities)

Current liabilities at the end of the fiscal year ending March 2020 decreased ¥568 million year on year to a total of ¥22,180 million. This was due primarily to a decrease of ¥751 million in notes and accounts payable-trade. Non-current liabilities increased ¥72 million year on year to a total of ¥2,846 million. The primary factors for this were an increase of ¥237 million in asset retirement obligations in connection with preparations for the opening of "Smart DC", and a decrease of ¥150 million in long-term loans payable.

(Net assets)

Net assets at the end of the fiscal year ending March 2020 increased ¥3,241 million year on year to a total of ¥56,493 million. This was due primarily to an increase of ¥3,085 million in retained earnings.

Consolidated Statement of Income

Fiscal years ended March 31, 2019 and 2020

	(Millions of yen)		(Thousands of US dollars)
	FY3/19	FY3/20	FY3/20
Net sales	66,733	70,389	651,755
Cost of sales	46,115	48,440	448,520
Gross profit	20,618	21,949	203,234
Selling, general and administrative expenses	13,055	13,398	124,061
Operating profit	7,562	8,550	79,172
Non-operating profit			
Interest income	64	70	654
Dividend income	29	35	333
Real estate rent	379	417	3,862
Others	36	29	277
Total non-operating income	509	553	5,127
Non-operating expenses			
Interest expenses	29	18	171
Rent cost of real estate	189	192	1,782
Donations	—	34	314
Others	102	36	341
Total non-operating expenses	320	281	2,609
Ordinary profit	7,751	8,822	81,690
Extraordinary losses			
Loss on valuation of investment securities	—	76	703
Total extraordinary losses	—	76	703
Profit before income taxes	7,751	8,746	80,986
Income taxes-current	2,567	2,836	26,263
Income taxes-deferred	(80)	(55)	(517)
Total income taxes	2,487	2,780	25,745
Profit	5,264	5,966	55,241
Profit attributable to non-controlling interests	0	—	—
Profit attributable to owners of the parent company	5,264	5,966	55,241

Consolidated Statement of Comprehensive Income

Fiscal years ended March 31, 2019 and 2020

	(Millions of yen)		(Thousands of US dollars)
	FY3/19	FY3/20	FY3/20
Profit	5,264	5,966	55,241
Other comprehensive income			
Valuation difference on available-for-sale securities	(504)	143	1,333
Deferred gains or losses on hedges	45	18	172
Foreign currency translation adjustment	(63)	(32)	(296)
Total other comprehensive income	(522)	130	1,209
Comprehensive income	4,742	6,096	56,450
Comprehensive income attributable to			
Owners of the parent company	4,741	6,096	56,450
Non-controlling interests	0	—	—

Results of Operations in the Fiscal Year Ending March 2020

In the Japanese economy during the fiscal year that ended in March 2020, last-minute spending and then a reactionary fall were seen due to the increase to the consumption tax, and also weaknesses in exports and production were seen due to concern that factors such as the trade friction between the US and China may cause a slowdown in economies overseas. Towards the end of the fiscal year, the new coronavirus pandemic led to the introduction of restrictions on economic activity in both Japan and overseas and forecasts of future prospects became very difficult. Working against this business backdrop, the AS ONE Group implemented aggressive sales initiatives in line with its five-year medium-term management plan, Project NANA, which was launched in the fiscal year ended March 2016. Focusing on the plan's three strategic growth areas, i.e. e-commerce business, overseas operations, and new products, we expanded product lineups, enhanced our corporate websites, and added new lines of services. As a result of concentrating our management resources on these three strategic growth areas, we were able to generate sales of ¥21,013 million (up 18.3% year on year) for the three areas combined, so they became strong drivers of growth for the entire company. In particular, e-commerce-based consolidated purchasing and sales to online retailers continued to be strong, and there was also growth in the new products for nursing facilities and factories such as MRO supplies, rentals and services such as device calibration. Furthermore, as the new coronavirus infections spread towards the end of the fiscal year, there was a rapid increase in inquiries about infection prevention and protective goods. As a trading company that supports medical care facilities, we made every effort to accelerate our procurement and diversify our procurement routes as far as possible to provide a continuous supply.

Activities on the product front included the publishing of four types of catalogs, including the Navis Nursing and Medical Product General Catalog and the Navis Medical Product General Catalog for Clinics (hereinafter collectively called the "Navis Catalogs"). We also issued a pamphlet for Sanifoods that backs up food hygiene, and a rental pamphlet that responds to the sharing economy demand. We launched an extensive range of new products, including private-brand products, and we expanded the range of products on our websites and electronic catalogs. The total number of products available was increased to over 4.2 million from around 3.5 million at the end of the previous fiscal year. The strategy to increase the number of products available beyond that in paper-based catalogs helped boost the sales in each sector. The selling, general and administrative expenses increased by ¥343 million compared with the previous period to ¥13,398 million (an increase of 2.6% from the previous year). The main factors causing an increase were an increase in warehousing work costs and freight costs, including an increase in the unit price. In other areas, there was reduction in the costs for issuing catalogs, and overall, the operation suppressed expenses in line with the plan. As a result, the consolidated net sales were up 5.5% year on year to a total of ¥70,389 million, operating profit was up 13.1% to a total of ¥8,550 million, ordinary profit was up 13.8% to a total of ¥8,822 million, and profit attributable to owners of the parent company was up 13.3% to a total of ¥5,966 million. Also, these results meant that for the targets of "¥70 billion in sales", "13.0% operating margin" and "11.0% ROE" that were set as the targets of the medium-term management plan, it was possible to achieve the sales target. The unexpected rise in logistics costs such as freight costs meant that the operating margin was 12.1% and the ROE was 10.9%, so both of these were slightly below the targets. However, it was possible to increase them during the period of the medium-term management plan.

Consolidated Statement of Cash Flow

Fiscal years ended March 31, 2019 and 2020

	(Millions of yen)			(Thousands of US dollars)		
	FY3/19	FY3/20	FY3/20	FY3/19	FY3/20	FY3/20
Cash flow from operating activities						
Profit before income taxes	7,751	8,746	80,987			
Foreign exchange losses (gains)	0	1	9			
Depreciation	838	872	8,081			
Amortization of goodwill	114	114	1,055			
Increase (decrease) in allowance for doubtful accounts	(5)	32	301			
Increase (decrease) in provision for bonuses	17	29	270			
Increase (decrease) in net defined benefit liability	18	(30)	(278)			
Decrease (increase) in net defined benefit assets	18	45	422			
Share-based compensation expenses	27	25	232			
Increase (decrease) in provision for stock benefits	57	(3)	(28)			
Increase (decrease) in provision for director's stock benefits	17	—	—			
Loss on retirement of non-current assets	22	6	58			
Other non-cash items	44	87	814			
Interest and dividend income	(93)	(106)	(987)			
Interest expenses	29	18	171			
Decrease (increase) in notes and accounts receivable-trade	(1,002)	(623)	(5,774)			
Decrease (increase) in inventories	(468)	398	3,690			
Increase (decrease) in notes and accounts payable-trade	507	(745)	(6,901)			
Increase (decrease) in accrued consumption taxes	33	254	2,352			
Others	26	(238)	(2,206)			
Subtotal	7,953	8,885	82,269			
Interest and dividend income received	106	133	1,237			
Interest expenses paid	(29)	(18)	(172)			
Income taxes paid	(2,239)	(2,687)	(24,886)			
Cash flow from operating activities	5,791	6,312	58,448			
Cash flow from investing activities						
Payments into time deposits	—	(500)	(4,629)			
Proceeds from withdrawal of time deposits	2,000	1,100	10,185			
Purchase of investment securities	(5,413)	(1,745)	(16,166)			
Proceeds from redemption of investment securities	4,200	2,000	18,518			
Purchase of property, plant and equipment	(660)	(3,611)	(33,441)			
Purchase of intangible assets	(519)	(697)	(6,459)			
Proceeds from sales of intangible assets	16	—	—			
Others	(70)	(1)	(17)			
Cash flow from investing activities	(448)	(3,457)	(32,011)			
Cash flow from financing activities						
Net increase (decrease) in short-term loans payable	(40)	(40)	(370)			
Proceeds from long-term loans payable	—	1,000	9,259			
Repayments of long-term loans payable	(975)	(900)	(8,333)			
Proceeds from disposal of treasury shares	2	3	28			
Purchase of treasury shares	(1)	(2)	(21)			
Cash dividends paid	(2,580)	(2,880)	(26,673)			
Dividends paid to non-controlling interests	(36)	—	—			
Repayments of lease obligations	(53)	(53)	(495)			
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,367)	—	—			
Cash flow from financing activities	(5,051)	(2,873)	(26,605)			
Effect of exchange rate change on cash and cash equivalents	(25)	(14)	(130)			
Net increase (decrease) in cash and cash equivalents	265	(32)	(298)			
Cash and cash equivalents at the beginning of the period	6,551	6,816	63,119			
Cash and cash equivalents at the end of the period	6,816	6,784	62,821			

Consolidated Statement of Changes in Equity

Fiscal years ended March 31, 2019 and 2020

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as at March 31, 2018	5,075	5,584	43,227	(5,919)	47,967
Changes of items during the period					
Dividends of surplus			(2,581)		(2,581)
Profit attributable to owners of the parent company			5,264		5,264
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares				2	2
Purchase of shares of consolidated subsidiaries		(1,131)			(1,131)
Net changes of items other than shareholders' equity					
Total changes of items during the period		(1,131)	2,682	0	1,551
Balance as at March 31, 2019	5,075	4,452	45,910	(5,918)	49,519
Changes of items during the period					
Dividends of surplus			(2,880)		(2,880)
Profit attributable to owners of the parent company			5,966		5,966
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares				3	3
Purchase of shares of consolidated subsidiaries					
Net changes this period of items other than shareholders' equity					
Total changes of items during this period			3,085	0	3,086
As of March 31, 2020	5,075	4,452	48,995	(5,917)	52,605

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at start of this period	46,990	41,227	425,096	(54,801)	458,513
Changes of items during this period					
Dividends of surplus			(26,674)		(26,674)
Profit attributable to owners of the parent company			55,241		55,241
Purchase of treasury shares				(21)	(21)
Disposal of treasury shares				28	28
Purchase of shares of consolidated subsidiaries					
Net changes this period of items other than shareholders' equity					
Total changes of items during this period			28,566	7	28,574
Balance at end of this period	46,990	41,227	453,663	(54,793)	487,087

(Millions of yen)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
	4,079	(43)	124	4,160	67	271	52,467
							(2,581)
							5,264
							(1)
							2
							(1,131)
	(504)	45	(63)	(522)	27	(271)	(766)
	(504)	45	(63)	(522)	27	(271)	784
	3,575	1	60	3,638	94	—	53,252
							(2,880)
							5,966
							(2)
							3
	143	18	(32)	130	25	—	155
	143	18	(32)	130	25	—	3,241
	3,719	20	28	3,768	119	—	56,493

(Thousands of US dollars)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
	33,104	17	564	33,686	876	—	493,075
							(26,674)
							55,241
							(21)
							28
	1,333	172	(296)	1,209	232	—	1,441
	1,333	172	(296)	1,209	232	—	30,015
	34,437	189	268	34,895	1,109	—	523,091



Fulfill my mission so I can help AS ONE reach even greater heights.

Leverage business experience to fuel AS ONE's continued growth while strengthening corporate governance.

[China Business Division]
Build trust in the Chinese market with high growth potential to drive growth.

[Merchandising Division]
[Marketing Division]
Expand product range and strengthen logistics functions to help take AS ONE to greater heights.

Use a sound governance framework to launch aggressive business activities based on AS ONE's management philosophy of "Innovation and Creation."

Leverage accounting expertise to ensure fair and accurate financial reporting.

Ensure good corporate governance to play a part in ever-evolving AS ONE.

[Administration Division]
[IT Division]
Contribute to AS ONE's growth toward a new stage from new perspectives.

Boost the quality of products, management, and people to take AS ONE to new heights.

[Sales Division]
[Professional Business Division]
Respond flexibly to environmental changes and leverage IT to reach the next stage of innovation and creation.

Serve AS ONE and society as a specialist in corporate law.

Leading AS ONE's evolution with certainty of leadership.

(As of June 25, 2020)



Director
Keisuke Nishikawa

April 2000
Joined AS ONE Corporation
April 2015
General Manager, Marketing Department
August 2017
General Manager, Marketing Division and Marketing Department
August 2019
And General Manager, Corporate Planning Department
April 2020
General Manager, Administration Division and Deputy General Manager, Medium-Term Management Plan Task Force (to the present)
June 2020
Director, AS ONE Corporation
Director in charge of IT Division (to the present)



Director
Yasuyuki Hoshino

February 2006
Joined AS ONE Corporation
April 2007
General Manager, International Department
April 2011
General Manager, International Business Division
June 2012
Director, AS ONE Corporation (to the present)
October 2017
Chairman, AS ONE Shanghai Corporation (to the present)
April 2019
General Manager, China Business Division (to the present) and General Manager, China Business Department




President
Takuji Iuchi

March 1994
Joined AS ONE Corporation
April 2002
General Manager, International Department
June 2005
Director, AS ONE Corporation
April 2006
General Manager, Merchandising Division and International Department
April 2007
Chairman, AS ONE Shanghai Corporation
April 2008
Executive Director
June 2008
General Manager, Merchandising Division, IT Strategy Division, Business Development Division, and Purchasing Department
June 2009
President (to the present)



Managing Director
Kazuhito Yamada

March 1990
Joined AS ONE Corporation
April 2011
General Manager, Sales Division
June 2012
Director, AS ONE Corporation
April 2013
General Manager, Marketing Division
April 2014
Managing Director (to the present)
April 2015
General Manager, Sales Division
April 2020
General Manager, Merchandising Division, Director in charge of Marketing Division, and General Manager, Medium-Term Management Plan Task Force (to the present)



Director
Mitsushige Kimura

April 2015
Executive Officer, Resona Bank, Limited
April 2017
Director and Managing Executive Officer, J and S Insurance Service Co., Ltd.
May 2018
Deputy General Manager, Sales Division, AS ONE Corporation
June 2018
Director, AS ONE Corporation (to the present)
April 2019
General Manager, Administration Division and Administration Department
April 2020
General Manager, Sales Division and Director in charge of Professional Business Division (to the present)



Outside Auditor
Toshiki Hara

April 2008
Executive Officer, Resona Bank, Limited
April 2014
Executive Vice President
April 2017
Representative Executive Officer, Resona Holdings, Inc.
June 2018
Director, Vice President and Executive Officer, AGS Corporation
June 2019
Chief Executive Officer, AGS Corporation (to the present)
June 2020
Outside Director, AS ONE Corporation (to the present)




Outside Corporate Auditor
Kazutaka Suzuki

August 2001
Manager, Fukushima Branch, The Asahi Bank, Limited (now Resona Bank, Limited)
July 2003
General Manager, Investment Department, Resona Capital Co., Ltd.
October 2007
Manager, Joto Branch, Resona Bank, Limited
July 2009
General Manager, Human Resources Service Center, Resona Human Resource Support K.K. (now Resona Business Service Co., Ltd.)
June 2013
Outside Corporate Auditor, AS ONE Corporation (to the present)



Outside Director
Kazuhiko Odaki

April 1988
Joined the Ministry of International Trade and Industry (now Ministry of Economy, Trade and Industry)
July 2008
Senior Research Fellow for Corporate Law Systems, Economic and Industrial Policy Bureau of Ministry of Economy, Trade and Industry
July 2011
Professor, Faculty of Economics, Shinshu University
March 2012
Retired from the Ministry of Economy, Trade and Industry
April 2012
Professor, College of Economics, Nihon University (to the present)
February 2013
Outside Director, Star Mica Co., Ltd.
June 2018
Outside Director, AS ONE Corporation (to the present)
June 2019
Director (Member of Board of Auditors, etc.), Star Mica Holdings Co., Ltd. (to the present)



Outside Director
Joji Suzuki

April 2006
Senior Managing Executive Officer, Sojitz Corporation
April 2012
Executive Vice President, Sojitz Corporation
April 2015
Chairman & Representative Director, Sojitz Infinity Inc.
June 2016
Outside Director, AS ONE Corporation (to the present)
June 2017
Chairman & CEO, Sojitz Infinity Inc.



Outside Director
Michiko Kanai

April 1990
Admitted to bar and joined Oh-ebashi LPC & Partners
April 1998
Partner, Oh-ebashi LPC & Partners
August 2002
Member, Oh-ebashi LPC & Partners (to the present)
June 2007
Outside Company Auditor, USJ Co., Ltd.
June 2015
Outside Director, Kondotec Inc. (to the present)
Outside Company Auditor, Sankyo Seiko Co., Ltd. (to the present)
June 2018
Outside Director (Member of Board of Auditors, etc.), IDEC Corporation (to the present)
June 2020
Outside Director, AS ONE Corporation (to the present)



Outside Auditor
Hideaki Mihara

November 1987
Joined Showa Ota & Co. (now: Ernst & Young ShinNihon LLC)
August 1991
Registered as a certified public accountant
October 1996
Established Mihara Accounting Firm (to the present)
June 2008
External Audit & Supervisory Board Member, ASICS Corporation
June 2016
Outside Auditor, AS ONE Corporation (to the present)
June 2019
Outside Audit & Supervisory Board Member, Sumitomo Precision Products Co., Ltd. (to the present)

Company Overview

Headquarters : 2-1-27 Edobori, Nishi-ku, Osaka 550-8527 Japan
 Date of Foundation : June 1, 1962
 Capital Stock : ¥5,075 million (As of March 31, 2020)
 President : Takuji Iuchi
 Employees (Consolidated) : 585 (As of March 31, 2020)
 Net Sales (Consolidated) : ¥70,389.56 million (Fiscal year ending March 31, 2020)
 Description of Business : Sale of research instruments and equipment, nursing and caring goods, and other scientific instruments
 Affiliates : • AS ONE Shanghai Corporation (Business operations: sale of scientific instruments for research, etc.)
 • Nikko Hansen & Co., Ltd. (Business operations: manufacture and sale of plastic containers)
 • Iuchi Logistics Co., Ltd. (Business operations: warehouse management and shipping)
 • AS ONE International, Inc. [USA] (Business operations: Export business in North America)
 • Triumph21 Co., Ltd. (Business operations: online purchasing services)
 Company Website : <https://www.as-1.co.jp>



Main Trading Partners

Asahi Glassplant Inc.
 AlphaPurchase Co., Ltd.
 Alfresa Corporation
 Ikeda Scientific Co., Ltd.
 Endo Scientific Instrument Co., Ltd.
 Ozawa Science Co., Ltd.
 Kaken-Techno Co., Ltd.
 Sugimoto & Co., Ltd.
 Suzuken Co., Ltd.
 Seiko Co., Ltd.
 Daiichikikai Co., Ltd.
 Takayama Chemical Co., Ltd.
 Tohoku Chemical Co. Ltd.
 Trusco Nakayama Corporation
 Nakayama Co. Ltd.
 Hokkaido Wako Junyaku Co., Ltd.
 Mutou Group
 Medius Holdings Co., Ltd.
 Mediceo Corporation
 MonotaRO Co., Ltd.
 Yagami Co., Ltd.
 Yashima Pure Chemicals Co., Ltd.
 Rikaken Co., Ltd.
 Wakenyaku Co., Ltd., among others

Main Suppliers

Ulvac Kiko, Inc.
 Ozu Corporation
 Fukuda Colin Co., Ltd.
 Kikkoman Biochemifa Company
 Thermo Fisher Scientific K.K.
 Sakase Chemical Co., Ltd.
 Shigematsu Works Co., Ltd.
 Sibata Scientific Technology Ltd.
 Shimadzu Corporation
 3M Japan Limited
 Tanita Corporation
 Nipro Corporation
 Nippon Paper Crexia Co., Ltd.
 Nippon Becton, Dickinson and Company, Ltd.
 Bio-Rad Laboratories, Inc.
 PHC Corporation
 Paramount Bed Co., Ltd.
 FUKUSHIMA GALILEI CO., LTD.
 Horiba, Ltd.
 Maruemu Corporation
 Merck Ltd.
 Yamato Scientific Co., Ltd., among others

Main Banks

Resona Bank, Limited
 MUFG Bank, Ltd.
 Sumitomo Mitsui Banking Corporation

History

1933 Established as Iuchi Seieido Store.
 1962 Incorporated as Iuchi Seieido Co., Ltd. in Kita-ku, Osaka for the sale of scientific instruments.
 1963 Recognizing the importance of catalogs for marketing and the potential of plastic components in the scientific field, started publishing the Polyethylene Ware catalog for research products.
 1970 Accompanying the expansion of business in the Tokyo region, established the Tokyo Sales Office (current Tokyo Branch).
 1981 Established the Osaka Logistics Center in Tenma, Kita-ku, Osaka.
 1982 Started sale of clean room gloves; launched full-scale entry into the semiconductor-related product market.
 1984 Established the Tokyo Business Office in Adachi-ku, Tokyo (now the Tokyo Logistics Center).
 1985 Started publishing catalogs for nursing products for hospitals; launched full-scale entry into the hospital and nursing care fields.
 1989 Relocated the Osaka Logistics Center to Konohana-ku, Osaka in order to enhance logistics capability.
 1990 Adopted company-wide online systems designed to integrate order submission/acceptance, warehousing/dispatching, and inventory management systems.
 1991 Established Wakayama CIC in Nokamicho, Kaiso-gun, Wakayama to initiate full-scale entry into the special surface washing field. Started sale of high-quality dust-proof products.
 1993 Relocated headquarters to Tenma, Kita-ku, Osaka.
 1995 Relocated the Tokyo Logistics Center to Iwatsuki, Saitama. Registered on the over-the-counter market of the Japan Securities Dealers Association.
 1997 Launched a website; started interactive information communication over the Internet.
 1998 All sites in Japan acquired ISO 9002 certification, an international standard for quality assurance (revised to ISO 9001 in 2003).
 1999 Listed in the second sections of the Tokyo Stock Exchange and the Osaka Securities Exchange.
 2001 Listed in the first sections of the Tokyo Stock Exchange and the Osaka Securities Exchange. Changed the company name to AS ONE Corporation. Relocated the Tokyo Logistics Center to Kitakatsushika-gun, Saitama.
 2002 Relocated the headquarters to Edobori, Nishi-ku, Osaka.
 2004 Relocated the Osaka Logistics Center to Nishiyodogawa-ku, Osaka.
 2005 Made Ernst Hansen Co., Ltd. (now Nikko Hansen & Co., Ltd.) a subsidiary (ownership percentage: 90%).
 2007 Established AS ONE Shanghai Corporation in Shanghai, China (100% capital participation).
 2010 Made Nikko Hansen & Co., Ltd. a wholly owned subsidiary.
 2011 Established the Kyushu Logistics Center in Asakura, Fukuoka.
 2012 Adopted the ASCA core system.
 2016 Acquired Privacy Mark certification.
 2017 Established AS ONE International, Inc.
 2018 Made Triumph21 Co., Ltd. a subsidiary.
 2020 Established Smart DC logistics base in Inage-ku, Chiba.

Global Network

