

ASKUL Report
2024

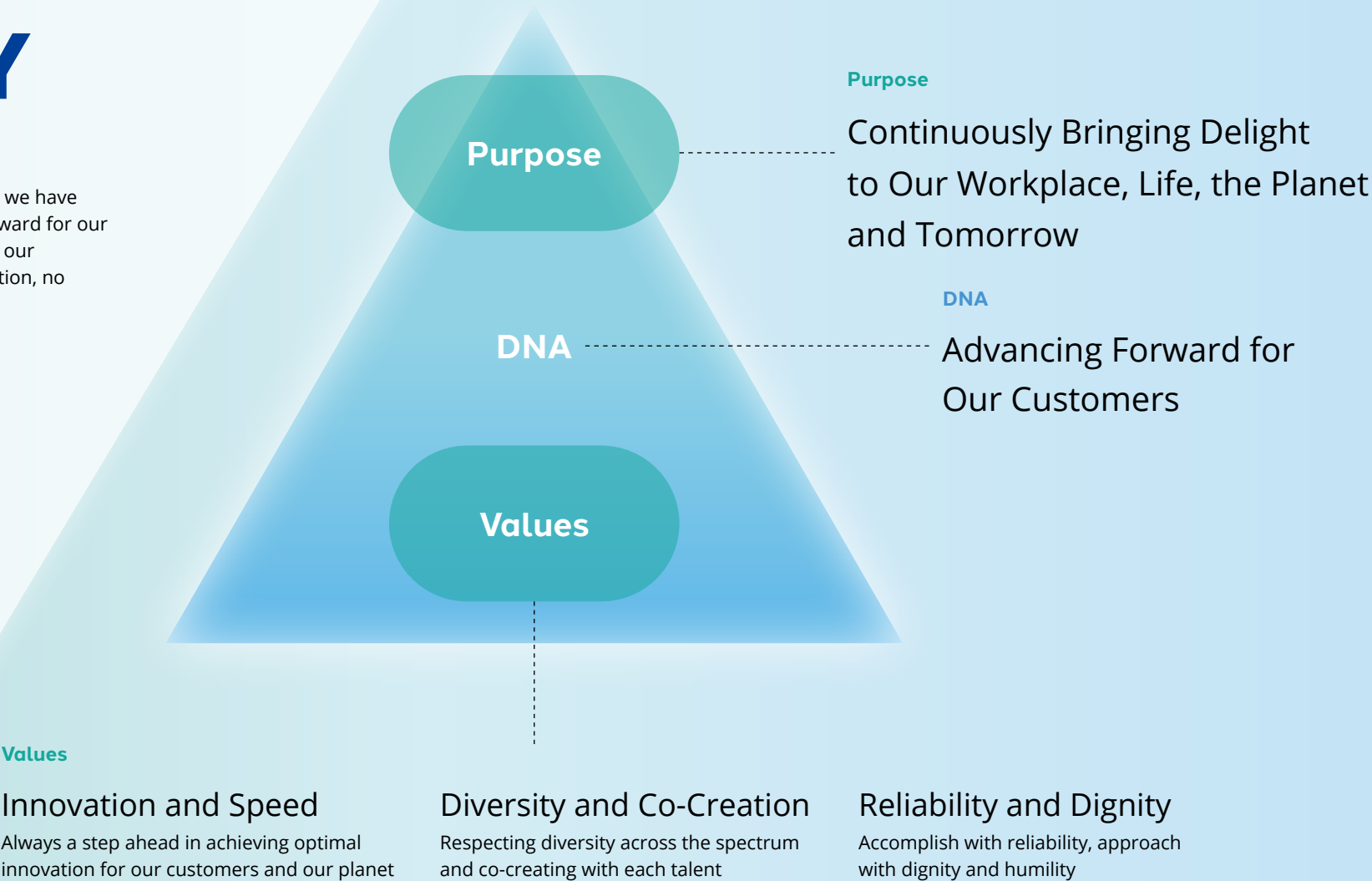
The graphic features a large, stylized blue and yellow 'ASKUL' logo in the center. Surrounding the logo is a complex network of blue lines connecting various isometric illustrations of people and technology. The illustrations depict a wide range of activities: a warehouse with forklifts and boxes, a classroom with students at desks, a hospital with a patient in bed, a park with people walking dogs, a meeting room with people around a table, a delivery truck, a person using a wheelchair, a person using a robotic arm, a person using a drone, a person using a robot vacuum, a person using a robot car, a person using a robot dog, a person using a robot cat, a person using a robot fish, a person using a robot plant, a person using a robot flower, a person using a robot fruit, a person using a robot vegetable, a person using a robot animal, a person using a robot insect, a person using a robot microorganism, a person using a robot cell, a person using a robot molecule, a person using a robot atom, a person using a robot particle, a person using a robot wave, a person using a robot sound, a person using a robot light, a person using a robot heat, a person using a robot cold, a person using a robot fire, a person using a robot electricity, a person using a robot magnetism, a person using a robot gravity, a person using a robot time, a person using a robot space, a person using a robot universe, a person using a robot everything.

ASKUL WAY

Under the ASKUL WAY, which we updated in December 2020, we have newly positioned our corporate philosophy of “Advancing forward for our customers”—an ideal we have valued since our founding—as our unchanging DNA that we will pass from generation to generation, no matter how much we change as a company.

This DNA will underpin Our Purpose, which conveys the reason why we exist and what our responsibilities are to society, and Our Values, which represent the ideals we must maintain in order to realize Our Purpose.

The ASKUL WAY serves as the cornerstone for transforming ourselves as a company in accordance with change, and the actions that employees carry out in accordance with the ASKUL WAY will provide the driving force toward creating a new ASKUL.





Akira Yoshioka

Representative Director,
President and CEO,
ASKUL Corporation

CEO Message

Building the Foundation for ASKUL's Evolution So It Can Continue to Demonstrate Its Value Even Decades from Now

Setting Aside Past Successes to Evolve

We have seen significant changes in the business environment around us, and I think that the pace of change will only get faster from now on. Technology, including generative AI, is evolving, Japan's birthrate is declining and its population aging, climate change is progressing, and customer values and behavior are also constantly changing. Moreover, the speed at which these changes are occurring is much faster than a few years ago and every one of them could become irreversible.

ASKUL's origin lies in its focus on removing the inconvenience of purchasing office supplies for small and medium-sized enterprises and on optimizing the multitiered distribution structure that leads to such inconveniences. We believe that society will be better off if we can achieve optimization across the board, starting from the improvement of value for our customers.

To this end, we have continued to evolve. Starting with mail-order catalogs, we then shifted our focus to online

CEO Message

shopping, and in the space of 30 years, grew to become one of the largest B-to-B e-commerce companies in Japan. The path of our growth reflects our history of constantly adapting to the pace at which the world changes and always innovating.

In the fiscal year ended May 20, 2024, both sales and operating profit reached new record highs, as they did in the previous fiscal year. In the B-to-B Business, we achieved a 17.5% increase in operating profit from the previous fiscal year, guided by the goal of changing the curve of our profit growth trajectory. The B-to-C Business, which has been engaged in efforts to improve profitability, was also able to maintain a profit for the second consecutive year.

That said, we did not achieve our initial net sales target. We downwardly revised the net sales target for our B-to-B Business, which we had committed to in our initial plan, from ¥417.0 billion to ¥404.9 billion during the fiscal year under review. Our failure to increase net sales means that we were unable to gain the anticipated level of customer support. In other words, our previous ways of thinking and acting are no longer gaining the support of our customers.

Companies are now facing increasing labor shortages. In addition, rising prices mean that companies are passing on these higher costs to customers, which is healthy for the economy. In this climate, if companies continue to focus solely on providing products at even one yen cheaper than their competitors, they will find themselves increasingly out of step with the values of society and their customers. We must unlearn the skills and knowledge we developed through our past successes in a deflationary environment, grasp the changes that our customers are currently facing, and reflect them in our services as soon as we can.

Promoting a Data-Driven Approach and Co-Creating Value through the Opening Up of Big Data

To accurately grasp the needs of our customers and give them a positive experience, we have begun promoting a data-driven approach. We will visualize data on customer behavior in great detail and shift our thinking to fully utilize this data in our approach to customers, point-of-sale design, product development, pricing, and decision-making.

The ASKUL Group has established its own value chain, from sales channels such as websites to product planning, procurement, and delivery. In terms of both the quantity and quality of the big data accumulated at each stage of the value chain, we are an industry leader in Japan. Taking a data-driven approach, we aim to create the best possible shopping experience for our customers by strongly promoting digital transformation (DX) throughout the entire value chain.

From the standpoint of offering even more value to our customers, we will not just keep our data in-house but will evolve our strengths in a way that enables the opening and sharing of data with various partners to co-create value.

[P.39-P.55](#) ASKUL's Value Creation through DX

Our Approach to the Next Medium-Term Management Plan

In July 2021, we announced our management goals in the form of a medium-term management plan for the first time.



The fiscal year ending May 20, 2025 will be the final year of the plan, and we are currently in the process of formulating our next medium-term management plan with an eye on the next stage of growth for the Company.

In the current Medium-Term Management Plan, we set forth to both internal and external stakeholders our goal of transforming from an office supplies mail-order company, making it clear to our employees which direction we should be heading in, and also created a common guideline for communication with our investors, which I think was a positive thing. If we had not set performance targets in the Medium-Term Management Plan, we would not have been able to achieve record-breaking results.

However, when looking at the medium term—the next three to five years—it is easy to get stuck in the mindset of simply continuing with existing practices when setting goals

CEO Message

and managing the Company. With this in mind, we are discussing how to set the best goals for the Company and its stakeholders based on a longer-term vision.

As expressed in our DNA, “Advancing forward for our customers,” the services we provide should evolve in line with changes in society and customer behavior. From a long-term perspective, it is impossible to predict exactly what issues will arise and the kinds of technologies that will emerge, but irreversible trends, such as the evolution of AI, the declining birthrate and the onset of a super-aged society, and the resulting shortage of manpower, are picking up speed and bringing more and more issues to the fore. While we have a vision of the kind of company we want to become in light of these long-term social changes, I believe that a style of management that allows us to be somewhat flexible in deciding what kind of business we should provide and what indicators we should use to measure our progress is best suited to the Company.

We are currently in discussions about the management targets we plan to announce next, including approaches like this.

Promoting Ethical E-Commerce by Encouraging Employees to See It as a Personal Concern

Ethical e-commerce is a management ethos that shows what we aim to achieve through our business activities. Ethical e-commerce is a concept that provides “trade-on” services that balance economic value and social value, and in that sense, it takes precedence over the Medium-Term Management Plan.

Even if one sets the right goals, if they do not see those goals as a matter of personal concern, their efforts will not be sustained. To help employees feel a sense of fulfillment in their work and bring delight to customers, the planet, and society, in the fiscal year ended May 20, 2024, we worked on initiatives to make it easier for our employees to see ethical e-commerce as a personal concern by developing evaluation indicators and other tools.

Having established its own value chain, ASKUL is able to design products from an ethical perspective, right down to delivery efficiency. By introducing the LOHACO Water series of products, which are manufactured by Group company TSUMAGOI MEISUI CORPORATION, we have been able to adopt a new standard size outer box that fits snugly into the bottom of the cardboard delivery box, allowing us to deliver the mineral water in one cardboard box instead of two without damaging other products. In addition to making the product itself label-free to be environment-friendly, we also designed the outer box with user-friendliness in mind and with consideration to transport and delivery efficiency—a fundamental premise of e-commerce—developing a product that contributes to more efficient loading of packages. I think it can be said that the entire Company has come together to incorporate the concept of ethical e-commerce into its operations, with related departments such as merchandising, procurement, and logistics working together to come up with ideas.

I feel that employee awareness is changing as they gain a real sense of how their own projects affect customers, society, the environment, and the Company's profits. I think it is important for movements like ethical e-commerce to start by building up small successes.

P.64–P.67 The Ethical E-Commerce ASKUL Aims to Achieve

Intensifying the Ethical E-Commerce Movement through Support from Our Partners

Ethical e-commerce is also a framework that enables customers to help to resolve environmental and social issues and participate in related activities by purchasing ASKUL products. This means that we, as a company that can obtain data through various contact points with customers, are in a position to propose such activities to our partners and take the lead for them.

In promoting ethical e-commerce, it is important to gain the understanding and involvement of external partners such as manufacturers and other suppliers. One change that we have seen since 2023 is a steady increase in the degree of commitment to ethical e-commerce from manufacturers.

For example, the Go Ethical initiative involves selling products that have been discarded by manufacturers due to reaching the end of their sales period or having defective packaging at a discounted price, even though there is no problem with the quality of the products themselves. Customers purchase Go Ethical products with the understanding that doing so helps to reduce waste, and the initiative has been well received by manufacturers, who see it not only as a way to reduce product disposal costs but also as a way to enhance their branding.

Many manufacturers do not have their own post-manufacturing sales processes in place, so they face a significant hurdle in developing products that have low environmental impact throughout the entire value chain. Having established our own value chain, we have the advantage of

CEO Message



being able to analyze customer feedback collected at each stage, including delivery.

P.67 Elimination of Unnecessary Waste from the World

I believe that ethical e-commerce will have greater appeal if we combine the data we obtain from our customers with the visualization of quantifiable numerical data such as CO₂ emissions and product environmental scores for each product. To further enhance our presence as a sustainable hub that creates sustainable value together with our partners, we will work to build a system that further engages stakeholders.

Enhancing Human Resource Development and Dialogue to Overcome “Big Company Syndrome”

We began as a catalog retailer and evolved into one of the largest B-to-B e-commerce companies in Japan by making full use of data. However, this kind of service is already becoming commoditized.

I feel a sense of urgency that although we have been growing for the past 30 years, the pace of change has slowed and we are suffering from chronic “big company syndrome.” This is the result of a combination of several factors and therefore cannot be solved immediately. The underlying problems and structural issues must be solved one by one. In doing so, I believe the key will be developing human resources and engaging them in dialogue.

Up until now, we have grown by hiring personnel with skills that align with our business growth and who can start contributing immediately. During our period of rapid growth, such an approach made sense, but in this phase where the service itself is becoming commoditized, it is important to reassess basic business skills, unlearn skills that no longer suit the changing business environment, and develop skills that are conducive to change through hands-on experience. Accordingly, our human resource strategy must also change.

If we are to transform into an organization that can think in ways that go beyond the conventional, we need to adopt diverse perspectives and ideas rather than just looking inward. To achieve this, we should proactively seek outside help when necessary and actively put in place systems that

allow employees to gain a variety of experiences and training programs to help develop highly specialized human resources.

With more than 3,000 employees on a consolidated basis, we are considered a large company. As the number of employees increases, the gap between the front lines and management becomes wider. For this reason, I will place more focus on ensuring that management and employees share common strategies and engage in close communication while working to eliminate any gaps in understanding. It is also important to keep communicating the direction in which the Company is heading to employees. I have completed the first round of CEO town hall meetings for all employees (186 times with 1,011 employees) and plan to continue the initiative going forward.



The Company tent where the CEO town hall meetings are held

CEO Message



ASKUL All-Hands Meeting (attended by all employees)

Celebrating and sharing examples of success can also be effective. One specific measure we have taken in this regard is establishing the ASKUL WAY AWARD in 2023. This scheme recognizes positive examples of success within the Company and provides an opportunity to share with employees the kinds of initiatives that can be considered as promoting change. It also aims to encourage employees to take on new initiatives by sending a message from the management team that new pursuits are welcome.

For us to continue to create services that are embraced by our customers, we need to speed up the process of improving the skills of our employees. We also need to strengthen our training and investment in this area. To this end, we will create a framework to increase salaries, and we will establish a cycle that allows us to continuously recruit and invest in human resources.

P.77 The ASKUL WAY AWARD (In-House Award System)

The Future That Lies Beyond Our Transformation

Looking back on the value we have consistently provided, I take pride in the fact that we have contributed to increasing corporate productivity by focusing on the time our customers spend purchasing indirect materials and helping improve the efficiency of this process through our operations. The origin of our business lies in addressing the bothersome processes that our customers themselves do not notice.

For the past few years, we have been working to achieve a transformation from an office supplies mail-order company. As a result, we have expanded the scope of our service beyond delivering office supplies to offer products for medical and nursing care, manufacturing, and a wide range of workplaces. Now that we have one of the largest B-to-B customer bases in Japan, particularly in terms of the number of small and medium-sized enterprises, we believe that there is still great potential for services that go beyond the sale of goods to contribute to improving corporate productivity.

Office work is not limited to purchasing office supplies. It also includes a wide range of tasks related to human resources, general affairs, finance and accounting, and legal affairs, as well as the digitalization of these tasks and the introduction of IT tools. I think that we should head in a direction that broadens our perspective beyond the purchase of indirect materials to include indirect operations and provide services that will further improve our customers' productivity and help them to focus on their core businesses. One such service is Bizraku, a service that supports the DX of back-office operations.

Providing services that go beyond the sale of goods is a way for the Company to continue to provide value after its transformation.

Continuing to Bring Delight

As I have said in previous integrated reports, we must unlearn our old ways for ASKUL to continue to evolve.

I believe that we should view technological advances as a positive opportunity to create future value. We aim to create value by actively utilizing technology centered on AI and applying it to our business as soon as possible by leveraging the largest database of purchasing data from small and medium-sized enterprises in Japan.

However turbulent the times, our direction will remain unchanged. Through the services we provide, we will continue to give small and medium-sized enterprises in Japan and people in all kinds of workplaces the time they need to achieve their goals, and we will continue to evolve our business model so that our services bring delight to both the planet and society.

We will keep building the foundation for our evolution to ensure that ASKUL can continue to find its raison d'être even decades from now.

March 2024

Akira Yohioka

Representative Director, President and CEO,
ASKUL Corporation

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Editorial Policy

ASKUL Report 2024 is a communication tool that integrates financial and non-financial information on the current status and future of ASKUL's medium- and long-term value creation efforts based on ASKUL's strategic mission of "transformation from an office supplies mail-order company." We will continue to make efforts to further enhance the contents of the report so that a wide range of readers, including shareholders and other investors, can deepen their understanding of the Company.

▶ **Reporting Period**

June 2023 to May 2024 (fiscal 2024), with some information added through October 2024

▶ **Date of Publication**

March 2025

▶ **Production Structure and Process**

The production process, management involvement, and approval procedures for this report are as follows.

Production Process

The Corporate Unit (IR, PR, and Sustainability divisions) served as the secretariat, while other divisions of the Corporate Unit and the production company served as project members. Under this structure, the planning and overall layout of the report was examined and formulated, and the production process was advanced based on discussions by management and through the cooperation of executive officers and personnel in charge of each business unit.

Management Involvement and Approval Procedures

In examining production in general, and the value creation process in particular, we have held discussions through the following venues.

- Editorial meetings including the CFO (11 internal meetings, 17 including external meetings, and other meetings as needed)
- Discussions and review meetings on composition, policy, design, etc., including the CEO and CFO
- Discussions at Management Meetings and review meetings attended by the same members

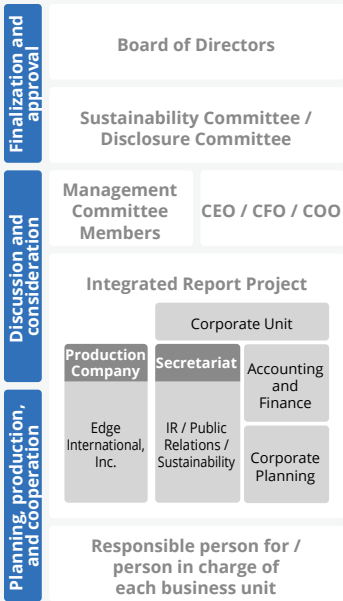
In disclosing and issuing the report, we obtained the approval of the Board of Directors and the Disclosure Committee based on the opinions of and confirmation by the Sustainability Committee. Based on the above process, I, as the person responsible for issuing this report, hereby state that the process and contents of this report are appropriate.

Issuing Officer: Tsuguhiro Tamai, Director, CFO, Executive Officer of Corporate Unit

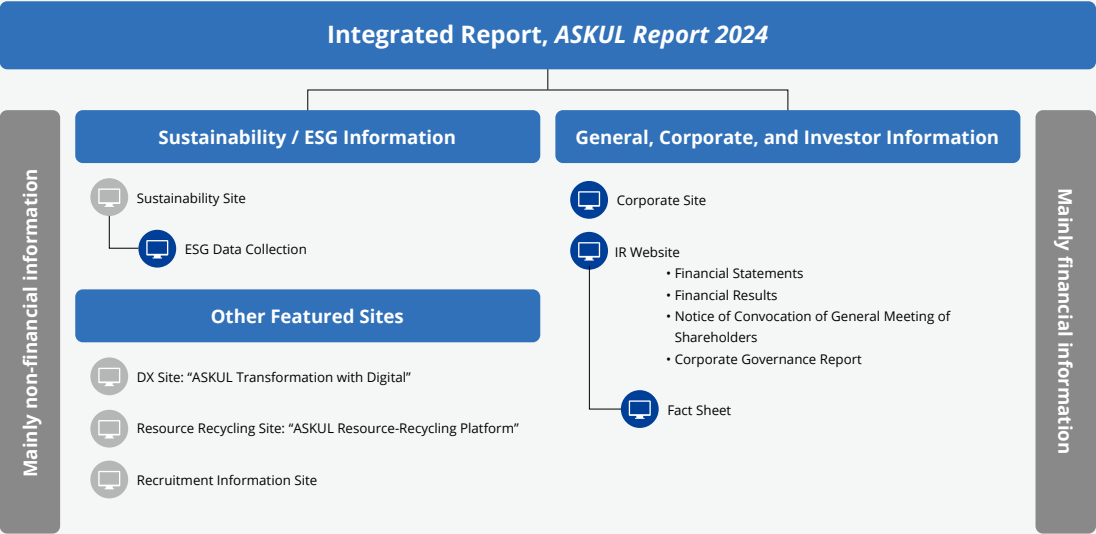
▶ **Referenced Guidelines**

- GRI Sustainability Reporting Standards
- International Integrated Reporting Framework, International Financial Reporting Standards
- Environmental Reporting Guidelines (2018), Ministry of the Environment
- Value Co-Creation Guidance, Ministry of Economy, Trade and Industry
- ISO 26000:2010 Guidance on social responsibility

▶ **Structure**



Disclosure Framework



About the Cover Image

The image on the cover of this report conveys ASKUL's Purpose of "continuously bringing delight to our workplace, life, the planet and tomorrow."



Other Affiliated Companies Listed in This Report

On October 1, 2023, Z Holdings Corporation reorganized its Group structure, integrating LINE Corporation and Yahoo Japan Corporation and changing its corporate name to LY Corporation. In principle, the corporate name for LY Corporation used in this report is the one that the company used when the matter described occurred.

Note Regarding Forward-Looking Statements

The current plans, forecasts, strategies, and other statements in this report include forward-looking statements based on our judgment in light of the information available to us at the time the materials were prepared. Please be aware that a number of factors could cause actual future results to differ materially from those projected. Among the risks and uncertainties that could affect our results of operations are economic conditions surrounding our business environment, market competition, exchange rates, taxes, or other factors.

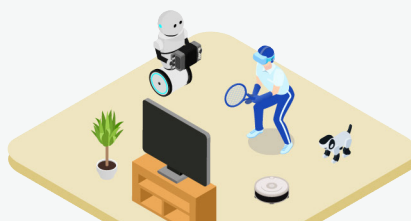
Detailed Information on Financial Results

For detailed information on financial results and financial information, please refer to the Annual Securities Report (Japanese only) on the "IR Information" section of our corporate website.

<https://www.askul.co.jp/kaisya/english/ir/>

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History of Taking On Challenges and Evolution

ASKUL began by offering to deliver a single pencil by the next day.

ASKUL, which began as a total office support service provider that quickly and precisely delivered the products and services needed by offices, celebrated the 30th anniversary of its founding in March 2023. While responding to the opinions of our customers and the changing times, we have continued to grow steadily since our founding by evolving and refining our products and services. We are also expanding the scope of our business operations to include consumer lifestyle products.

De Facto Standard in Mail-Order Services for Offices (Until 2011)

June 1992	Service launched with 500 items
March 1993	ASKUL operations launched (operations commenced by the ASKUL Business Division at PLUS Corporation)
February 1994	Services expanded to Honshu and Shikoku regions
September 1995	Started sales of original products
March 1997	Started accepting orders over the internet
May	Commenced operations as ASKUL Corporation, headquartered in Bunkyo Ward, Tokyo, after taking over operations of ASKUL Business Division from PLUS Corporation
March 1998	Launched same-day deliveries of internet orders (limited to 23 wards of Tokyo)
July	Launched printing service
September	Expanded services to Kyushu region
June 2003	Launched ePro electronic procurement service for corporations
September	Launched ASKUL ARENA service, an integrated online procurement system for corporate customers
January 2004	Started to sell medical products
April	Listed on the First Section (now the Prime Market) of the Tokyo Stock Exchange
November 2005	Began to sell medical supplies
February 2007	Started direct deliveries from suppliers
April 2008	Launched SOLOEL service and commenced sales of maintenance, repair, and operations (MRO) supplies
April 2009	Turned logistics firm Bizex Corporation (now ASKUL LOGIST Corporation) into a wholly owned subsidiary
November 2010	Acquired stake in AlphaPurchase Co., Ltd.
September 2011	Moved headquarters to Toyosu, Koto Ward, Tokyo

Solid Growth in B-to-B Business and Taking On B-to-C Business (From 2012)

April 2012	Signed business and capital tie-up agreement with Yahoo Japan Corporation
October	Launched LOHACO service
February 2013	Launched services in Okinawa Prefecture, completing nationwide rollout
June	Began sales of category-three pharmaceuticals via LOHACO
October	Began sales of category-two pharmaceuticals via LOHACO
February 2014	Opened the LOHACO EC Marketing Lab
June	Began sales of category-one pharmaceuticals via LOHACO
August	Started sales of alcoholic beverages via LOHACO
August 2015	Turned TSUMAGOI MEISUI CORPORATION (water production and sales business) into a wholly owned subsidiary
October	Started the Fitting Our Lifestyles LOHACO Exhibition
May 2017	Turned charm Co., Ltd. (pet supply e-commerce company), into a wholly owned subsidiary
February 2018	Commenced the full-scale operation of ASKUL Value Center Kansai, a core center in western Japan
May	LOHACO opened store on Yahoo! Shopping
May 2020	Turned logistics firm SEISHO TRANSPORT Corporation into a consolidated subsidiary

Transformation from an Office Supplies Mail-Order Company (2021 onward)

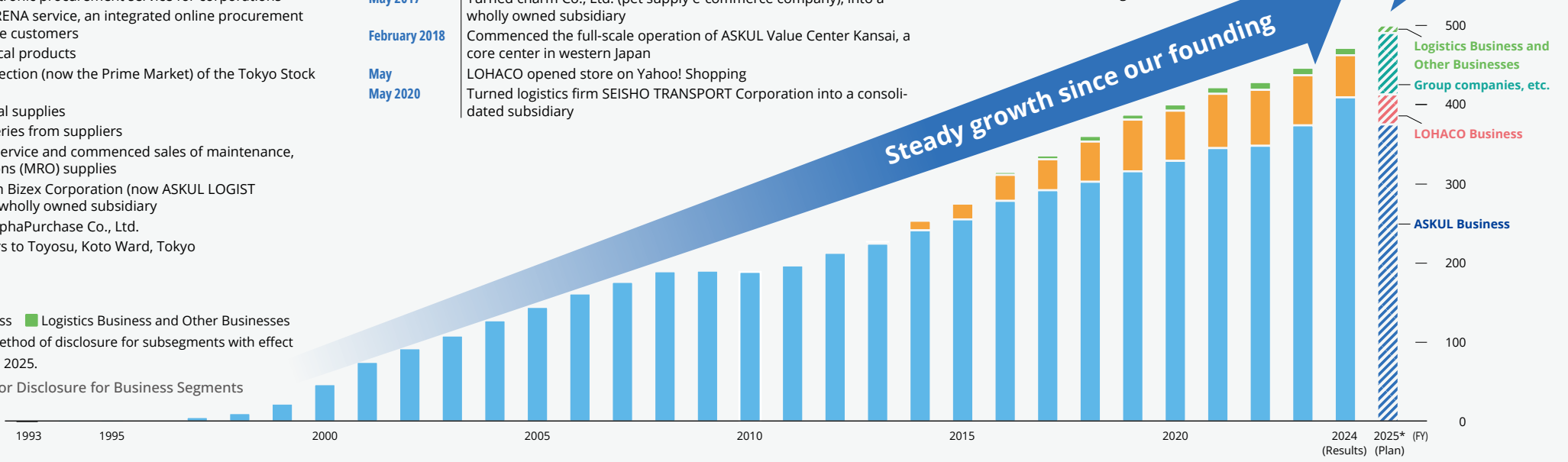
July 2021	Announced the Medium-Term Management Plan, which runs through the fiscal year ending May 20, 2025
March 2022	Number of handled products reached over 10 million
October	Launched Bizraku service as new B-to-B business
November	Began operation of the ASKUL Tokyo Distribution Center as a flagship cutting-edge center in eastern Japan
December	Began sales of Matakul products
February 2023	Made AP67 Co., Ltd (parent company of FEED Corporation) a subsidiary
March	30th anniversary of the Company's founding
March 2024	Completed construction of the ASKUL Kanto Distribution Center, a large-scale logistics center
April	Launched the ASKUL EC Marketing Lab

Net Sales (Billions of yen)

■ B-to-B Business ■ B-to-C Business ■ Logistics Business and Other Businesses

* Changes have been made to the method of disclosure for subsegments with effect from the fiscal year ending May 20, 2025.

→ P.37 Revision of Method for Disclosure for Business Segments



History of Taking On Challenges and Evolution

B-to-B Business

Making the Traditional Distribution Structure More Functional and Logical

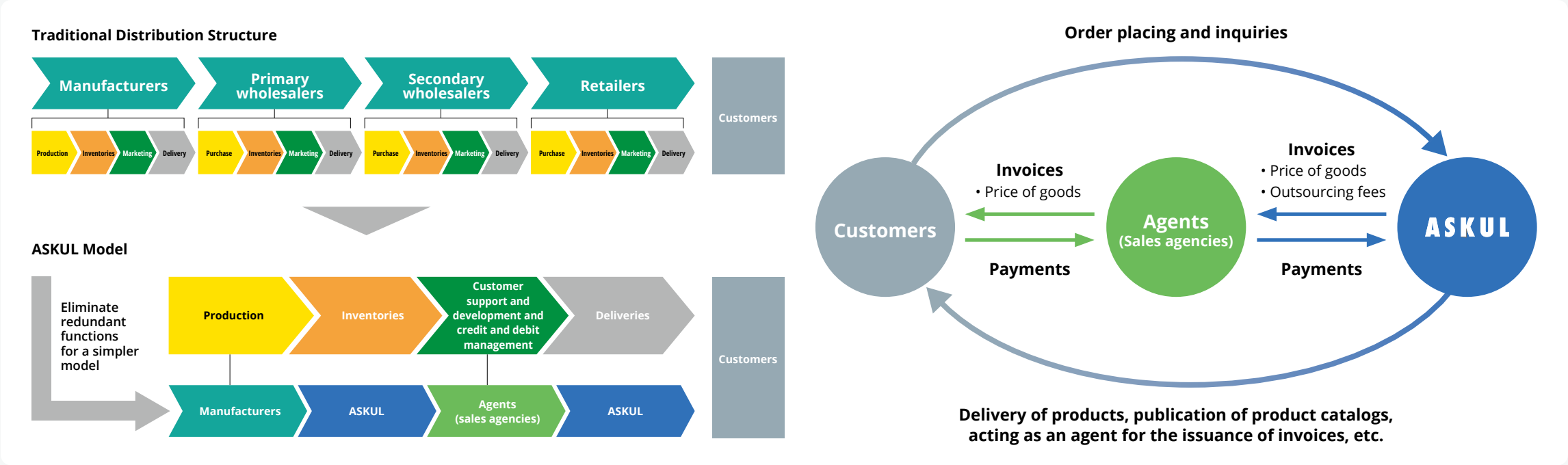
When ASKUL began offering services, with the exception of a few large companies, it was commonplace for office workers to walk to their nearest store to buy office supplies. In response, in 1993 ASKUL began offering total office support services with the aim of delivering office supplies to all customers by the next business day.

ASKUL's services have continuously evolved. First, the Company changed the distribution structure,

which previously entailed many layers involving manufacturers, primary wholesalers, secondary wholesalers, and retailers, in order for products made by manufacturers to reach customers. More specifically, the Company consolidated functions in purchasing, inventory management, and sales and eliminated redundant operations while cutting time and costs. The ASKUL Model was created as a new distribution system that emphasizes "social optimization," or in

other words, smoothing out the flow of information along with the aforementioned changes, and "functionalism," where the most qualified players handle individual functions and roles.

Instead of setting up sales locations nationwide, retail stores, such as stationery stores across the country, participate as ASKUL Agents and provide services alongside ASKUL while developing and supporting customers and managing credits and debits.



History of Taking On Challenges and Evolution

B-to-C Business

Phase 1 (2012–2016) Business Launch

ASKUL, which anticipated that the barriers between the B-to-B business and the B-to-C Business would disappear through technological innovation, decided to adopt a proactive approach, rather than a conservative one, and made a full-scale entrance into the e-commerce business for individual consumers.

To that end, in April 2012 ASKUL announced a business and capital tie-up with Yahoo Japan Corporation. As equal partners, both companies began to collaborate, combining ASKUL's strengths in product lineups, sales prices, logistics systems, and customer support with Yahoo Japan's strengths in attracting customers and payments.

Thereafter, ASKUL launched the LOHACO service and set up a distribution center (ASKUL Logi PARK Metropolitan) to bolster it. With the aim of leveraging the direct transactions it has with many manufacturers, in 2014 ASKUL opened the LOHACO EC Marketing Lab, thereby expanding net sales to ¥30.0 billion by 2016, four years after the launch of the E-Commerce Business.



Materials at time of announcement

Phase 2 (2017–2018) Major Changes in Business Environment

In February 2017, ASKUL Logi PARK Metropolitan (Iruma District, Saitama Prefecture), which handled shipments for LOHACO in eastern Japan, was burnt to the ground. Having lost this shipment capacity, ASKUL built ASKUL Value Center Hidaka as a new distribution center, but it took nine months to fully restore services. During this period, the volume of deliveries to individual homes skyrocketed as the e-commerce market grew sharply. However, at the same time the cost of deliveries rose quickly amid shortages of drivers, triggering a parcel delivery crisis. The LOHACO Business thus saw a growing deficit, and earnings languished.

ASKUL safely navigated the worsening business environment by expanding its delivery service, a strength, and embarking on reforms to the logistics structure in a bid to improve delivery efficiency.



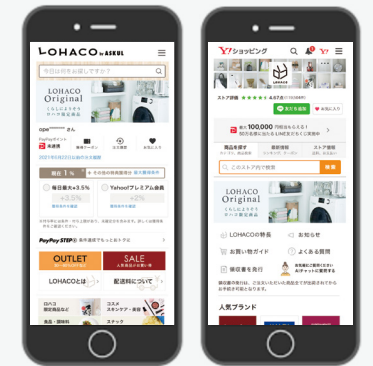
External view of ASKUL Value Center Hidaka

Phase 3 (from 2019) Transformation of Earnings Structure to Achieve Renewed Growth

In December 2018, management pivoted the Company toward creating proprietary value in e-commerce with the aim of realizing sustainable services. In 2019, ASKUL declared it would become profitable in the fiscal year ending May 20, 2023 through reforms to its cost structure. While working to expand its original products, the Company broadened its sales channels by leveraging synergies with Z Holdings Corporation to open the LOHACO store on Yahoo! Shopping. As a result of reducing the logistics cost ratio by combining B-to-B and B-to-C delivery networks and promoting unattended deliveries, in addition to cutting fixed costs by launching the new LOHACO Main Store, the Company turned a profit in the fiscal year ended May 20, 2023.

In order to achieve renewed growth in the fiscal year ended May 20, 2024, we merged the existing LOHACO Main Store and the LOHACO Yahoo! Store in October 2023 and launched them as a single Yahoo! Shopping Store. This has improved customer convenience, maximized the effects of sales promotion campaigns, and reduced operating costs, leading to improved profitability.

In the fiscal year ended May 20, 2024, LOHACO turned a full-year profit for the second consecutive fiscal year as planned, and we started to see positive growth year-on-year from the fourth quarter.



LOHACO
Main Store

LOHACO
Yahoo! Store

ASKUL's Businesses

B-to-B Business

Our mission is to fulfill our social responsibility by supplying products to all workplaces as a lifeline for working people. Based on this mission, the Company operates two websites: ASKUL, a website for small and medium-sized enterprises, and SOLOEL ARENA, a website for mid-tier and larger enterprises. Through these websites, customers can shop from a selection of more than 14.08 million products in one place, ranging from office supplies, living supplies, and furniture to specialized goods for the manufacturing and construction sectors, general medical products—such as for healthcare, nursing care, and drugstores—medical materials including pharmaceuticals, and medical equipment. ASKUL advances the B-to-B Business while coordinating with AlphaPurchase Co., Ltd., which sells maintenance, repair, and operation supplies and engages in the facility management business; FEED Corporation, which operates a mail-order service for the dental industry; SOLOEL Corporation, which provides purchase solutions for large companies; and BUSINESSMART CORPORATION, which carries out the ASKUL Agent business.

Consolidated Net Sales

¥409.1 billion

Consolidated Operating Profit

¥17.3 billion



B-to-C Business

LOHACO, which is derived from the phrase “lots of happy communities,” is based on the concept of “making our lives easier.” LOHACO by ASKUL (integration of the LOHACO Main Store and the LOHACO Yahoo! Store to operate as one store via Yahoo! Shopping in October 2023) enables customers to shop for 1.05 million products (as of May 2024) that range from beverages, foods, detergents, kitchen supplies, pharmaceuticals, cosmetics, and other daily necessities to pet products, interior goods, and LOHACO original products. The Company aims to offer unique e-commerce sites for daily necessities through a combination of its capabilities in the B-to-B Business—such as product development and procurement capabilities, logistics and delivery networks, and customer responsiveness—and the strengths of LY Corporation—namely, customer appeal and payment services. charm Co., Ltd., which operates an e-commerce site for pet and gardening products, is popular among users of e-commerce malls, contributing to the growth of the B-to-C Business.

Consolidated Net Sales

¥53.2 billion

Consolidated Operating Profit

¥0.2 billion



Logistics Business

Using the logistics know-how accumulated in its own E-Commerce Business, ASKUL provides logistics and small-cargo transportation services to companies, in addition to product storage, warehouse management, and delivery services for manufacturers and direct-order companies, through ASKUL LOGIST Corporation and SEISHO TRANSPORT Corporation.

Consolidated Net Sales

¥8.5 billion

Consolidated Operating Profit

¥(0.1) billion



Other Businesses

TSUMAGOI MEISUI CORPORATION sources high-quality natural spring water from melted snow at the base of Mt. Azumaya, one of Japan's 100 famous mountains. The company produces and sells bottled natural mineral water using an integrated quality management system.

Consolidated Net Sales

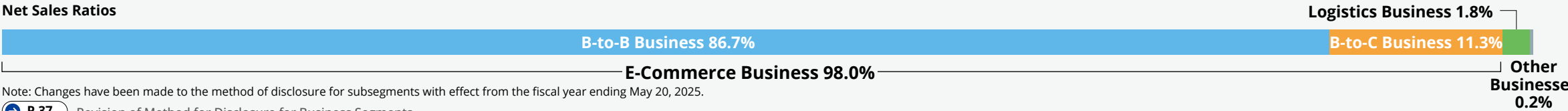
¥0.7 billion

Consolidated Operating Profit

¥0.0 billion



Net Sales Ratios

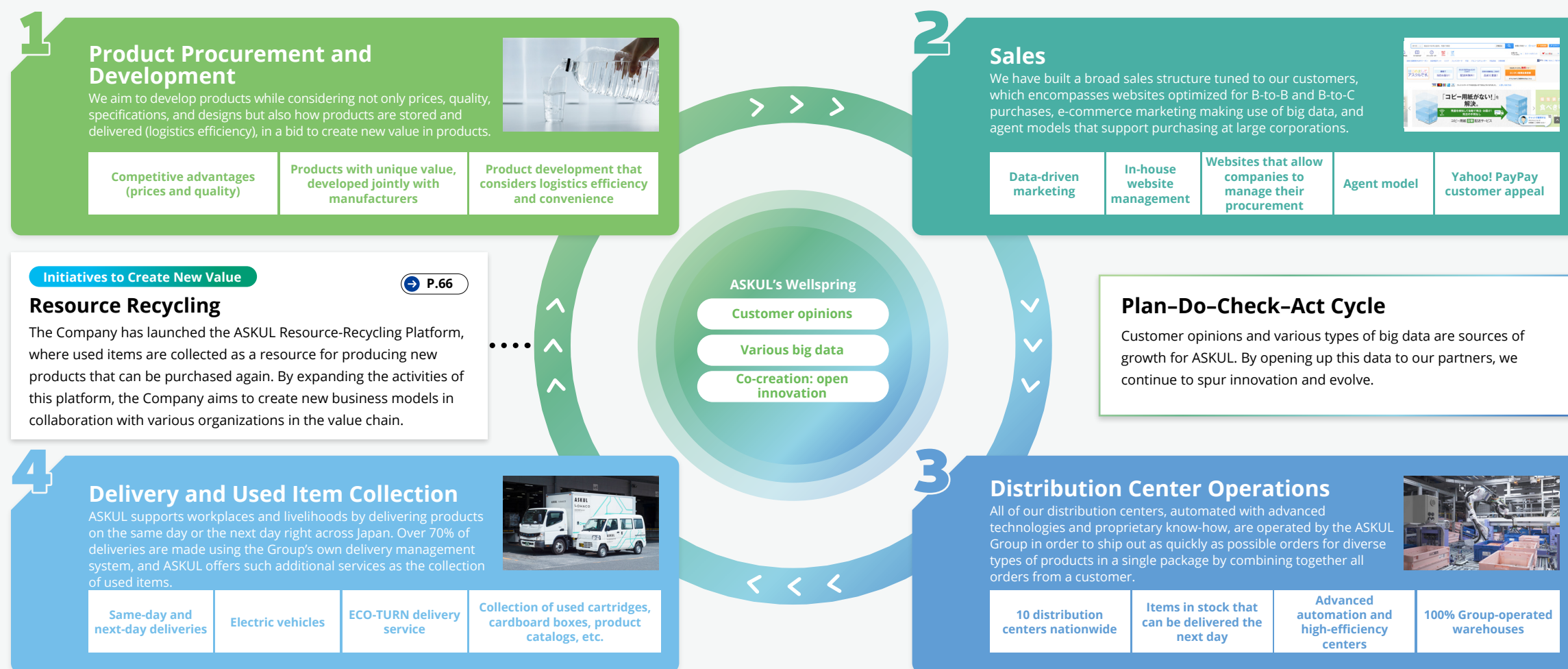


Note: Changes have been made to the method of disclosure for subsegments with effect from the fiscal year ending May 20, 2025.

Business Model

Ethical E-Commerce That Is Continuously Bringing Delight

ASKUL aims to offer ethical e-commerce through the provision of sustainable services that consider solutions to environmental and social issues. Throughout the entire e-commerce value chain, from product development to delivery, we aim to create a sustainable distribution platform of the highest efficiency while delivering delight to customers and the planet.



Business Capital

The various types of capital that ASKUL has accumulated along with its stakeholders are deployed as a resource in management and businesses to create new value and reinvest this added value, thereby sustaining growth and improving corporate value over the medium to long term.

Note: Figures are for the fiscal year ended May 20, 2024 or as of May 20, 2024, aside from those with an explanatory note.



Financial Capital

Consolidated



Strong ability to generate cash flows

Total asset turnover **2.00** times
CCC*1 **(25.2)** days

*1 Cash conversion cycle

Shareholder composition for creating business synergies

LY Corporation's shareholding percentage **45.30%**

Total assets

¥243.0 billion

Net assets

¥81.3 billion



Manufactured and Sales Capital

Consolidated



Distribution centers

10 centers*2, 3

*2 100% Group-operated locations
*3 The ASKUL Kanto Distribution Center is not included in the figure above, as operations are expected to begin at the beginning of the fiscal year ending May 20, 2026.

Investment in plant, property and equipment

¥27.2 billion*4

*4 Total over past five years (fiscal year ended May 20, 2020–fiscal year ended May 20, 2024)

Software investment

¥27.3 billion*4



Human Capital



Ratio of mid-career hires

Non-consolidated **72.8%**

Ratio of women in management

Non-consolidated **22.8%***5

*5 Managers engaged in ASKUL's operations at the general manager level and above (excluding directors)

No. of employees

Consolidated **3,687**

No. of delivery drivers

Consolidated **Approx. 3,700***6

*6 Number of delivery drivers (employees and contract employees) at ASKUL-operated sales locations (18 locations)

System engineers

Non-consolidated **170**



Co-Creation Capital (Social Capital) and Intellectual Capital

Non-consolidated



Suppliers

1,314 companies

Sales agents (sales agencies)

1,143 companies

EC Marketing Lab participants

117 companies

Customer base

Registered customer IDs (B-to-B Business) Over **5.69** million

No. of buying customers (B-to-C Business) **10.10** million accounts*7

Customer feedback (B-to-B Business and B-to-C Business) **1.58** million opinions per year

*7 Cumulative number of customers since LOHACO services launched (October 2012–May 2024)

Product planning and development capabilities

Original products **17,067** items
(32.3% of sales)

Networks with designers in Japan and overseas **29** units

Popular service brands

ASKUL recognition ratio **71.5%***8

*8 Multiple answers about how users came to select their e-commerce provider among nine companies that directly sell products used in workplaces; September 2024 survey, provided by Macromill, Inc.

E-commerce logistics know-how

Ability to design and operate highly automated distribution centers
(including patents)



Natural Capital

Consolidated



Electricity used

53,743,000 kWh, including **34,186,000** kWh of renewable energy

(64.8%)

→ P.69

ASKUL's Strengths

Source of Growth

Customer Base

In the B-to-B Business, the number of registered customer IDs has surpassed 5.69 million,* as businesses of all sizes and from all sectors leverage our services. The total number of LOHACO customer accounts is roughly 10.10 million,* and we aim to increase the number of LOHACO fans.

* As of the end of May 2024



A Unique Evolution Focused on E-Commerce

E-Commerce Logistics

Since its inception, ASKUL has continued to evolve its e-commerce logistics know-how and networks that enable same-day and next-day deliveries across the nation, with various types of products stored and then delivered in a single package.

Logistics base that enables same-day and next-day deliveries across Japan

Highly automated logistics facilities

100% Group-operated warehouses



Co-Creation

The products and services offered by ASKUL would not be possible without the cooperation of other companies, such as manufacturers, suppliers, delivery carriers, agents, and call center partners. Co-creation is one of ASKUL's greatest strengths that generates value for the customer, together with the Company's partners, as ASKUL relays the feedback from its customers to said partners.

Evolving Services and Enabling High-Precision Data-Driven Marketing

Big Data

Voluminous and diverse big data on orders, product reviews, and logistics data, for example, is analyzed by in-house data analysts and used to evolve services and provide high-precision data-driven marketing.

Total purchase amounts
Over **¥4.9**
trillion

Total number of orders
Over **800**
million

Annual page views
Over **2.37**
billion

Note: Big data on purchases in the B-to-B Business and LOHACO Business has been accumulated from May 21, 2006, to May 20, 2024.

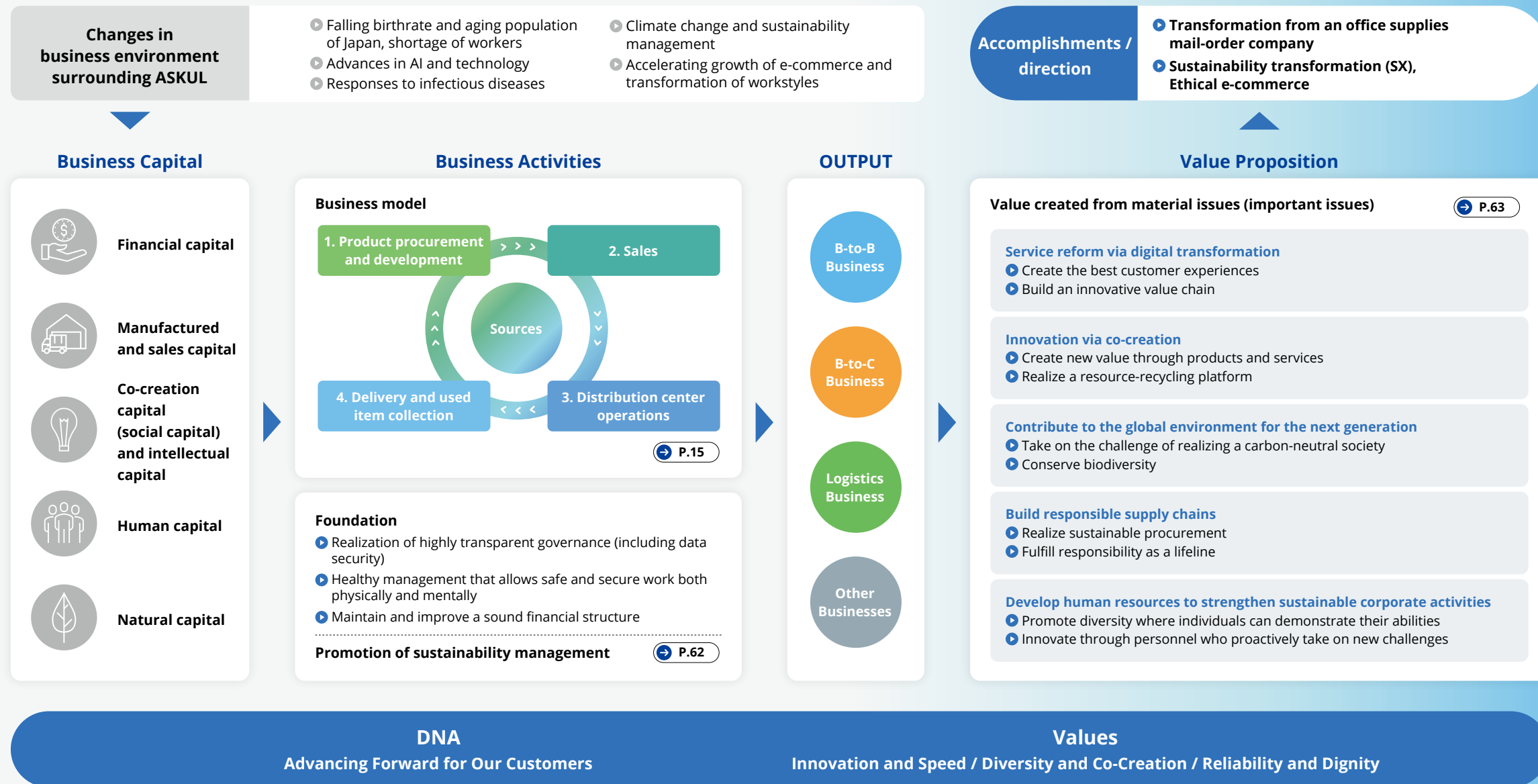
Satisfying Customer Needs

Original Products

ASKUL focuses on the development of original products that satisfy customer needs in terms of quality, specifications, prices, and design, reflecting feedback from customers.



Value Creation Process



TOPIC Evolving Strengths

ASKUL's Product Development That Leverages Partnerships to Deliver Solutions to Our Customers and Society

Point

1

Product development inspired by customer feedback

- ▶ Daily customer feedback shared throughout the Company
- ▶ Analysis of customer feedback by merchandisers and formulation of hypotheses based on social issues
- ▶ Partnering with manufacturers and suppliers to create value through problem-solving products for our customers and for society

Point

2

Visualization of environmental standards that enable environmentally based product comparison

- ▶ Formulation of the ASKUL Product Environmental Standards (page 65) (30 items in total), which consist of three main categories: containers and packaging, products, and mechanisms
- ▶ Visualization of the ASKUL Product Environmental Standards in quantified form as environmental scores (page 65) listed on product pages

Point

3

Specifications that take delivery efficiency, receiver burden, and storage into consideration

- ▶ Bundling of items in one shipping package as much as possible so as to reduce CO₂ emissions during shipping and reduce the burden on the receiver
- ▶ Products and packaging that take into consideration delivery efficiency and distribution center storage efficiency
- ▶ Product size and specifications that take into account ease of storage after receiving

Development of Original, Value-Generating Products through Co-Creation with Manufacturers Inspired by Customer Feedback

To embody our DNA, which is "Advancing Forward for Our Customers," we take heed of our customers' feedback and collaborate with manufacturers and suppliers to develop original products. We plan and develop problem-solving products by pursuing comprehensive benefits from a wide range of perspectives, from user-friendliness and price to design tailored for location of use, delivery efficiency, and environmental consideration.

Product development involves picturing our customers' faces and imagining the situations in which the product will be used. Our merchandisers carefully analyze customer feedback, at times conducting surveys and information-gathering, and formulate hypotheses regarding customer problems and genuinely desired functions and designs. Products are created by repeatedly going through the hypotheses and verification process with manufacturers and suppliers, and we continue to make improvements thereafter.

We pay particular attention to quality control during the development process. Merchandisers and quality control departments visit production plants in advance and conduct thorough inspections of production lines and a range of other aspects, allowing us to market products with rigorously verified quality.

[P.20](#) [Message](#)

The Better Tomorrow Exhibition by ASKUL and LOHACO

In November 2024, ASKUL and LOHACO held their first joint event, the Better Tomorrow Exhibition,

over two days. In addition to showcasing 64 products that were developed through co-creation with manufacturers based on the concept of solving the issues faced by customers and society at large, a pop-up store was set up where visitors could purchase the products being showcased alongside ASKUL's original products.



TOPIC Enhancing Our Lineup of Original Products through Co-Creation with Manufacturers

B-to-B original products

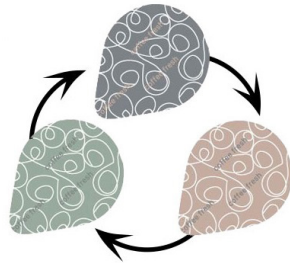
We started in 1995 with a seven-item lineup of stationery products. In 2005 we began collaborating with Scandinavian designers, and have won rave reviews for products that provide both amenity in the workplace as well as designs tailored to customer service settings. In recent years, we have been focusing on original product development of specialized products for medical institutions, nursing care facilities, and manufacturing industries.



Alkaline batteries (D, C, AA, AAA)*

Based on customer feedback complaining about how confusing battery sizes can be, we came up with a simple design that clearly indicates battery size at a glance. This is a long-selling product line that has ranked among the top selling batteries since 2005.

* Battery sizes in Japan are: D=1, C=2, AA=3, AAA=4



Coffee creamers

Coffee creamers are essential items used at restaurants and cafés for serving guests and customers. Customer feedback includes the common complaint that once the creamer packets are taken out of their plastic package, it is no longer possible to tell the expiration date. This inspired us to design creamer packets with lid colors that change every three months. Thus, through the power of design, we made it possible to identify the time of purchase.



Genba-no-Chikara brand brake and parts cleaner Quick Dry

We created this maintenance, repair, and operations (MRO) product line out of the desire to help customers working in hands-on manufacturing and logistics fields in terms of both improved productivity and more affordable prices. We developed an original line of essential products for maintenance professions, which have won over customers for their superb cost-effectiveness.

B-to-C original products

LOHACO original products began in 2013 with the launch of a line of freezer bags developed in collaboration with Scandinavian designers. We have since developed a lineup focused on products integral to daily life, such as LOHACO Rice, which is polished the day it is shipped, and LOHACO Water, which comes in containers that are easy to carry and easy to store at home as well.



LOHACO Water

Our LOHACO Water brand mineral water comes in bottles that fit into shipping boxes, which enables them to be bundled in the same package along with other products. We continue to evolve the lineup with packaging strategies to accommodate needs such as efficient e-commerce delivery, environmental considerations, and customer-friendly handling and use.



LOHACO Rice

Out of the desire to deliver fresh, delicious, newly polished rice to customers, we installed rice polishers within distribution centers that handle LOHACO deliveries. Since October 2015, we have been delivering LOHACO Rice (polished rice and pre-washed rice), which is made from carefully selected brands of brown rice and polished on the day of shipment.



Pet training pads

Our original pet training pads are designed to enable visible storage and are available in sizes that can be bundled with other products. To meet the needs of customers dealing with the odor of pet training pads due to the increased time spent at home during the COVID-19 pandemic, in 2022 we launched a premium variety featuring charcoal and citric acid double strength deodorization.

Message



Madoka Mori

MRO & DIY
Packaging and
Packaging Supplies
Merchandising Unit

Our industrial-strength, highly transparent masking tape for posting notices was the result of a joint development project between ASKUL and SEKISUI CHEMICAL CO., LTD.

A customer survey conducted by ASKUL revealed that many customers used masking tape for posting notices. The COVID-19 pandemic gave rise to an increase in the posting of notices, such as those to remind people to practice social distancing, but the textures and colors of masking tape intended for construction and painting purposes were too prominent and detracted from the notice itself, which I too felt was an issue.

We seized this opportunity to design a highly transparent masking tape for uses other than construction and painting, which we began planning and developing. We approached various manufacturers about joint development, and SEKISUI CHEMICAL accepted our proposal without hesitation. Through the process of making around 20 prototypes, we improved the balance between adhesive strength, transparency, and ease of tearing, and began selling the product in November 2023. The result is a hybrid masking tape that combines the characteristics of masking tape, such as being able to be removed once applied and torn

by hand, with the characteristics of oriented polypropylene tape, such as being transparent with no woven texture. The product attracted attention through media coverage and the two companies' social networking services and gained greater support from customers than initially anticipated.

We will continue to develop products that transform ideas into reality by sincerely addressing customer issues and needs and with a strong focus on seeing and experiencing issues firsthand.

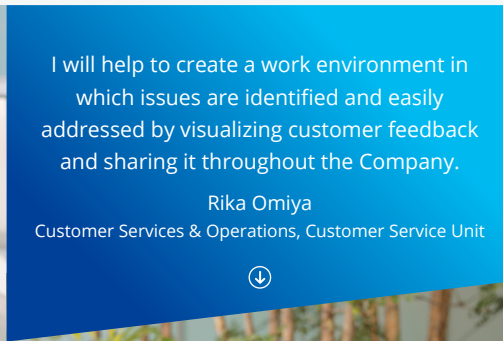


Industrial-strength masking tape for posting notices



I will utilize my knowledge of the Company's logistics operations to provide sustainable logistics services to domestic manufacturers and e-commerce businesses.

Yuma Okada
Logistics Network, Logistics Unit



I will help to create a work environment in which issues are identified and easily addressed by visualizing customer feedback and sharing it throughout the Company.

Rika Omiya
Customer Services & Operations, Customer Service Unit



I would like to provide a sustainable and comfortable customer experience through the front-end development of LOHACO.

Yifan Zhai
Growth Engineering 2, EC Product Unit



I will hone my expertise in ethical legal affairs to further promote ethical e-commerce and provide support for solving ethical issues.

Eriko Kuramochi
Legal and Intellectual Property, Legal & Security Unit



I will propose services that harness the power of digital technology to make work easier for our customers and make Japan more vibrant.

Yugo Hirahara
Bizraku Business, Sales Unit



I will take a sincere approach to my work and promote change to put smiles on the faces of our customers and employees.

Takami Kato
Business Reform Promotion, Corporate Unit



I will help resolve issues that arise in our customers' lives, workplaces, and society at large with our original products.

Taku Nishiki
Product Planning & Development, Merchandising Unit



As a recruiter, I want to continue to communicate our DNA and Our Purpose and meet people who will help us create the future of ASKUL together.

Ayumi Oba
Human Resource Strategy,
Human Relations & General Affairs Unit



I will continue to improve in-house training on data and increase the number of people who can continue to bring delight through data.

Yuta Haga
ICT Solutions, Technology Unit



Data will show us the way! I want to promote our business in a way that closely aligns with the feelings of our customers, which lie beyond the data.

Asuka Shirasaki
Business Planning, EC Business Unit



Our Purpose and Our Work

This section introduces some of the thoughts of ASKUL employees on how they want to achieve their goal of continuing to deliver delight to their workplace, lives, the planet, and tomorrow through their work.

Section 2 Management Strategies

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EC Business Unit


Saori Onsen

Executive Officer

Ms. Onsen joined ASKUL in 2002. She has been engaged in the formulation, planning, development, and implementation of website strategy in the ASKUL Business Unit and the promotion ASKUL's large-scale website renewal. Since 2022, she has overseen the ASKUL Business Unit as executive officer, and in March 2023, she was appointed executive officer of the EC Business Unit, which encompasses both the B-to-B and B-to-C businesses.


Sales Unit


Katsuhiro Kawamura

Director, COO,*1 Executive Officer

Mr. Kawamura joined ASKUL in 2001 after working as a construction consultant and in the retail industry. He became an executive officer in 2012, serving as executive officer of the B-to-B Business Planning Unit, Corporate Planning Unit, and Logistics Division, and as director of ASKUL LOGIST Corporation. After overseeing the B-to-C Business, he was appointed and currently serves as director, COO, and executive officer of the Sales Unit of the Company in 2022, and president and representative director of SOLOEL Corporation.

[→ P.24](#)

ASKUL's Organizational Structure

ASKUL has established 10 units to ensure that it can respond quickly to the needs of its customers and society at large in the most efficient way possible. In addition, six chief officers have been appointed as the highest-ranking executives in the Company, responsible for overseeing each of our business areas and formulating and implementing strategies.

Units marked “★” are under the jurisdiction of the COO.

- *1 Chief operating officer
- *2 Chief technology officer
- *3 Chief digital transformation officer
- *4 Chief financial officer
- *5 Chief security officer
- *6 Chief human relations & healthcare officer


Merchandising Unit


Mizuki Takehisa

Executive Officer

Ms. Takehisa joined ASKUL in 2001 as its first new graduate hire. She worked as a merchandiser in the Stationery Division and OAPC Division and was involved in the development of many of the Company's original mainstay products. She has also been active in developing services such as the launch of an automated delivery service for copy paper, which is a frequently ordered item. Since 2022, she has overseen the Merchandising Unit as executive officer.

[→ P.48](#)

Logistics Unit


Takeshi Narimatsu

Executive Officer

Mr. Narimatsu joined ASKUL in 2007 and was engaged in customer relationship management, promotion, and new service planning before participating in the launch of LOHACO. In 2022, he assumed the position of executive officer in charge of the LOHACO Business Unit and promoted B-to-B data utilization as the director of EC marketing. In March 2023, he was appointed executive officer of the Logistics Unit.

[→ P.49](#)

EC Product Unit


Shinichi Hokari

Director, CTO,*2 Executive Officer

Mr. Hokari joined Yahoo Japan Corporation in 2003, where he was engaged in business and infrastructure development for Yahoo! Shopping and served as general manager of the company's Production and Marketing units. In 2019, he was appointed representative director of Netrust, Ltd., and in 2022, he transferred to ASKUL, where he became a director the same year. He has served in his current position since March 2023.


Technology Unit


Kazuyuki Ikeda

CDXO,*3 Executive Officer

After working for a major IT business company and a major distribution retailer, Mr. Ikeda joined ASKUL in 2003, where he was engaged in numerous projects in fields ranging from IT to logistics. His endeavors have included the establishment of core systems in the IT Division and a project to introduce logistics robots in the Logistics Division. In 2016, he was appointed executive officer of the Logistics Unit and has served in his current position since 2022.

[→ P.41](#)

Customer Service Unit


Hideo Sakurai

Executive Officer

Mr. Sakurai transferred to ASKUL Corporation in 1997 after working in the ASKUL Business Division at PLUS Corporation and was appointed general manager of the Customer Solutions Department in 2006. From 2010 to 2012, he served concurrently as president and representative director of BUSINESSMART CORPORATION and was appointed executive officer of the same company in 2011. Since 2012, he served as executive officer of the Agent Sales Tokyo Metropolitan Area Unit, executive officer of the Stationery Business Unit, and deputy executive officer of the Logistics Unit, before assuming his current position in March 2020.

[→ P.33](#)

Corporate Unit

Tsuguhiro Tamai

Director, CFO,*4 Executive Officer

After working in the construction industry, Mr. Tamai joined ASKUL in 2007 and was appointed executive officer of the Finance & Public Relations Office in 2012. He has served as director of AlphaPurchase Co., Ltd., TSUMAGOI MEISUI CORPORATION, and charm Co., Ltd., and assumed his current position as CFO of the Company in 2016. He has also served as executive officer of the Corporate Unit since 2018 and was appointed director in 2020, overseeing risk, accounting and finance, information disclosure, and management and quality KPIs (to present).


Legal & Security Unit

Hiroyuki Ueno

CSO,*5 Executive Officer

Mr. Ueno joined ASKUL in 2006. After working in corporate planning and accounting, he was appointed general manager of the Corporate Planning Unit in 2014, and in 2015 became executive officer of the Print on Demand Business Unit. In 2017, he was appointed director of ASKUL LOGIST Corporation and has served in his current position since 2020. From 2021 to 2023, he served concurrently as executive officer of the Human Relations & General Affairs Unit.

[→ P.73](#)

Human Relations & General Affairs Unit

Tamami Ito

CHO,*6 Executive Officer

Ms. Ito joined ASKUL in 2003 after her involvement in launching an office furniture mail-order business at a stationery manufacturer. After launching the furniture business and working in solution sales with the Company, she became the general manager of the Customer Service and Logistics divisions. In 2020, she became director of ASKUL LOGIST Corporation and in 2022 the executive officer of the Logistics Unit of the Company. She has served in her current position as CHO and executive officer since March 2023.

COO Message

Katsuhiro
Kawamura
Director, COO,
Executive Officer,
Sales Unit

Achieving Breakthrough
Innovation with
an Organizational Structure
That Can Respond Flexibly
to Change

Q In the fiscal year ended May 20, 2024, ASKUL changed the curve of its B-to-B Business growth trajectory and made LOHACO profitable for the full fiscal year. What are your thoughts on this, taking the business environment into consideration?

A In the fiscal year ended May 20, 2024, we worked to improve the profitability of both the B-to-B Business and LOHACO. That said, we had our sights on double-digit growth for the B-to-B Business in the final year of the current Medium-Term Management Plan, but we have fallen short of our sales targets and recognize that there are issues to be addressed.

One of the major strategies of the current Medium-Term Management Plan is to merge our ASKUL website for small and medium-sized enterprises and our SOLOEL ARENA website for mid-tier and larger enterprises to form the New ASKUL Website.

ASKUL began its B-to-B office supplies mail-order service over 30 years ago. Based on the concept of providing small and medium-sized enterprises with the same level of service as larger corporations, the ASKUL website for small and medium-sized enterprises is characterized by its straightforward registration process, its easy-to-use interface that allows users to purchase items with a feel similar to that of a B-to-C site, and its comprehensive search and personalized recommendation functions. On the other hand, the SOLOEL ARENA website for mid-tier and larger companies has features that include approval workflows and volume discounts, which aim to

streamline purchasing operations and reduce costs through bulk purchasing management.

The integration of the two sites will increase convenience for customers and enable the Company to operate the site more efficiently. The site's search results and recommendations are generated based on various data, so we believe that centralizing the data that was previously dispersed across two sites will lead to improvements in search accuracy and the ability to propose products that meet customer needs.

We had some issues with the investment amount exceeding our initial plan and delays in the schedule for the migration of customers to the New ASKUL Website. We believe that once we have combined the two sites to complete the new B-to-B site for purchasing indirect materials, which will generate sales of over ¥300 billion, it will greatly improve customer convenience and have great potential for future business expansion. We will make every effort to see the project through to its completion.

Looking at the current business environment, I believe that labor shortages in companies will become even more apparent in the future. The number of people going into the office and opportunities to do so are decreasing. This trend, combined with ever-changing workstyles, is sure to lead to a fall in demand for traditional office supplies in the medium term. In addition, we expect to see a further increase in the need for greater efficiency in indirect materials purchasing operations at larger companies. We foresee a shift toward purchasing platforms that allow customers who have been using multiple suppliers to complete their purchases on a single site and anticipate that this trend will spread from larger companies to mid-tier companies.

COO Message

The Company will work to capture changing customer needs and reflect them in its business activities.

In the fiscal year ended May 20, 2023, we launched Bizraku, a service that offers end-to-end support for promoting digital transformation (DX) at small and medium-sized enterprises. However, in reality, it is difficult for small and medium-sized enterprises to take on the cost of introducing digital tools. Because there are different representatives in charge of purchasing indirect materials and introducing digital tools, it takes time to reach the person who can make decisions on the introduction of digital tools, which means that they are not able to turn a profit as quickly as we would like. We are currently in the process of devising a new approach in collaboration with our agents, who are also one of our business strengths.

Q The Company is currently undergoing organizational reform, which includes the establishment of the EC Business Unit in March 2023 and the announcement of its merchandising-focused DX initiative in the fiscal year ended May 20, 2024. Please tell us about any results that have emerged so far and what you plan to achieve in the future.

A With regard to organizational integration, the EC Business Unit and the Merchandising Unit have eliminated the barriers between the B-to-B and B-to-C businesses. In the past, there were periods when they were managed by different companies or different business units, but there were many similar

processes that were being managed twice over, such as product selection and marketing, so we reviewed the allocation of resources.

We have received positive feedback from our suppliers, who have found that having a single point of contact for products and sales promotion has made processes much more efficient. Originally, the B-to-B Business was mainly a

catalog business, for which we had our own unique know-how, but e-commerce is evolving at a very fast pace, so it is very important to apply the web marketing knowledge we have gained through LOHACO to the B-to-B Business as well.

One of our major policies for the fiscal year ending May 20, 2025 is to make the value creation process algorithmic through a data-driven approach. We will rebuild all processes

Increasing the Accuracy of Our Measures and Raising Our Growth Rate through Data-Driven Approaches

Strengthening Product Development Capabilities

- Improving the profitability of mainstay products and enhancing product lineups and original products
 - Launched marketing lab in the ASKUL Business and enhanced product lineups through data use in collaboration with suppliers
 - Enhanced original products through the establishment of a dedicated product development division

Contributing to Net Sales Growth from the Fiscal Year Ending May 20, 2026

- Merchandising-focused DX
 - Improve the speed of tasks related to product adoption and pricing decisions through data-driven decision-making
 - In the fiscal year ending May 20, 2025, we will conduct analysis, development, and testing to implement measures.

UI and UX

- Review customer acquisition methods and measures to improve retention rates
 - We will strengthen our methods for targeting potential customers who are likely to become regular users by utilizing data and implementing measures to retain customers after they have registered.
- Improve accuracy of sales promotions
 - By automating exposure to our enhanced product lineups and bargain items and optimizing our recommendation engine, we can create a virtual storefront that suggests items that customers want.
- Evolve into a site that is easy to search
 - We will make the site easier to browse and more convenient to buy from by combining search algorithm optimization with functional improvements based on customer feedback.

COO Message

in the value chain, including product selection, pricing, point-of-sale development, sales promotion, sales, and logistics, in a data-driven manner.

The area where there is still the most room for reform is merchandising. Since the Company was founded, the merchandising coordinators in each category have overseen almost all aspects of operations, including product selection, pricing, catalog production, and sales promotion planning. However, with the number of items now exceeding 14 million, the complexity of these tasks has increased, and it has become extremely difficult to manage all aspects manually. Based on the idea that “data never lies,” we will promote data-driven DX in each of our merchandising processes to create even more value. We have established a dedicated product development team in order to utilize the resources generated through DX and focus on strengthening our product development capabilities.

Q What strategies are necessary in securing digitally literate personnel?

A Many companies around the world are finding it extremely difficult to recruit engineers and data analysts. Of course, it is important to hire digitally literate personnel, but first and foremost, I believe that it is crucial for ASKUL to continue to be a platform that appeals to such personnel.

Our businesses have established a value chain that covers everything from product planning to last-mile delivery, and we have an environment that allows us to make use of

vast amounts of big data. Engineers and data analysts often seek out new and interesting work, and I believe that being a company with the potential to create innovation in various processes of the value chain and provide value to customers will be extremely effective in terms of securing and nurturing human resources.

Going forward, I think that the use of data will become important in our human resource strategy. By creating a database of information about what roles employees have held in their previous jobs and what skills they have, we will be able to ensure that the right people are assigned to the right jobs and that they receive appropriate training.

Q With an eye toward the next medium-term management plan, what are your thoughts on ASKUL's medium-term growth going forward?

A I believe that ASKUL's greatest asset is its customer base. Having started out as an office supplies mail-order company, our customers range from small and medium-sized enterprises to major corporations, and we have a strong presence in a wide range of industries.

For me, the key words to bear in mind when building a business model that can make the most of this asset are “openness,” “integration,” and “alliance.”

Since our founding, we have pursued social optimization and functionalism. Social optimization involves reviewing the multitiered distribution structure of manufacturers, primary wholesalers, secondary wholesalers, retailers, and customers

and shortening and smoothing out the flow of the value chain. Functionalism involves dividing up tasks between players who excel in their respective functions, such as manufacturers for products, ASKUL for point of sale and logistics, and agents for sales and credit.

That said, it is essential that we change our way of thinking and ensure that our organizations, functions, and employees can respond flexibly to change in order to achieve breakthrough innovation.

As for my vision for the future of ASKUL, I would like to become a one-of-a-kind company that continues to solve all of our customers' problems in 2050. To this end, we will aim to achieve a transition to a new business model that includes M&As while leveraging our existing assets.

I believe that there is a great deal of latent energy at ASKUL. At our core, we have a strong desire to evolve for the benefit of our customers. Although we have yet to see this energy surface, I believe that if it can be awakened and mobilized under the vision and strategy of our next medium-term management plan, it will be unleashed with tremendous force.

Katsuhiro Kawamura
Director, COO

Awareness of the External Environment and Handling of Resource Shortages and Other Prominent Issues

Promoting Awareness of the External Environment That Surrounds ASKUL, Identifying Issues and Opportunities, and Determining Actions to Be Taken

By positioning significant changes in the Company and external environment as risks and opportunities and by identifying resource shortages and other issues in the Company and viewing them as future opportunities, we are taking various actions to implement strategic measures geared toward enhancing our corporate value over the medium to long term.

Key Aspects of the External Environment			ASKUL's Issues and Opportunities	Actions / Relevant Pages
1	Falling birthrate and aging population	<ul style="list-style-type: none"> Labor shortages due to ongoing decline in working-age population Aging and diversifying workforce 	<ul style="list-style-type: none"> Reducing logistics burden, improving efficiency, and maintaining and improving service levels Providing new services and advancements through co-creation with customers and suppliers 	<ul style="list-style-type: none"> Improve logistics automation, labor saving, and digital transformation through use of technology Various procurement, sales, and distribution measures <p>➔ P.39-55 ASKUL's Value Creation through DX</p>
2	Accelerating growth of e-commerce and changes in workstyles	<ul style="list-style-type: none"> Expansion of e-commerce services Faster digitalization of business processes Changes in attitudes toward different lifestyles and workstyles, work-life balance, etc. 	<ul style="list-style-type: none"> Increasing customer experience expectations and responding quickly Developing IT personnel and establishing a flexible system to promote projects Utilizing customer feedback and data to co-create and resolve issues together with manufacturers Developing and expanding original products and services that adapt to changes in workstyles and lifestyles 	<ul style="list-style-type: none"> Maximize and integrate product and business expertise in both B-to-B and B-to-C businesses Engage in co-creation through the opening up of big data Strengthen original products through co-creation with manufacturers <p>➔ P.24-26 COO Message</p> <p>➔ P.55</p> <p>➔ P.19-20</p>
3	Advances in AI and technologies	<ul style="list-style-type: none"> Increases in business productivity Stronger competition in terms of utilizing technology in business operations Need for new innovations 	<ul style="list-style-type: none"> Promoting evolution of entire value chain by: <ul style="list-style-type: none"> Leveraging state-of-the-art technologies, including AI Developing proprietary technologies Utilizing large volumes of data 	<ul style="list-style-type: none"> Establish and utilize a big data platform Develop and reskill digitally literate personnel within the Company and at affiliates <p>➔ P.39-55 ASKUL's Value Creation through DX</p> <p>➔ P.53 Development of Digitally Literate Personnel</p>
4	Climate change and sustainability management	<ul style="list-style-type: none"> Need to implement measures to combat climate change Shift to environment-friendly management Solutions for social issues 	<ul style="list-style-type: none"> Achieving and implementing sustainability management that connects stakeholders and helps resolve social issues Spreading sustainability values, promoting movement, and driving behavioral change 	<ul style="list-style-type: none"> Performance of function as a sustainable hub and promotion and realization of ethical e-commerce <p>➔ P.64-67</p>
5	Need to strengthen human capital	<ul style="list-style-type: none"> Growing interest in human capital investment Need to secure, invest in, and develop human resources as source of competitive advantage and value creation 	<ul style="list-style-type: none"> Developing human resources to strengthen sustainable corporate activities Innovating with proactive human resources Promoting diversity to allow individuals to demonstrate their abilities 	<ul style="list-style-type: none"> Strategy and initiatives for strengthening human capital <ol style="list-style-type: none"> Digitally literate personnel Sustainability specialists Next generation of senior management <p>➔ P.73-77 CHO Message / Strengthening of Human Capital</p>

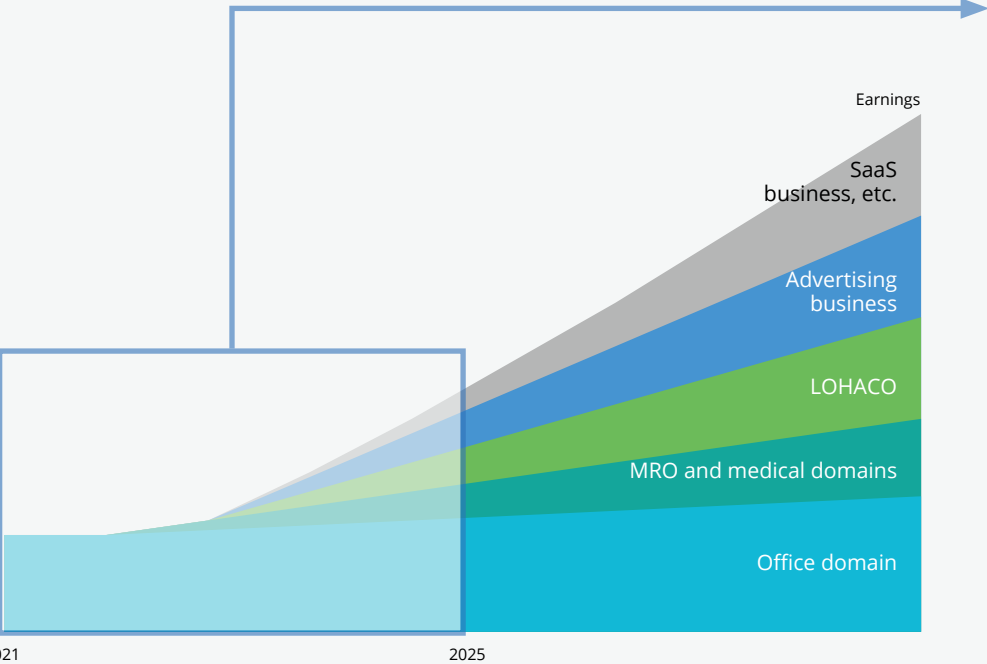
Medium- to Long-Term Corporate Aims

Transformation from an Office Supplies Mail-Order Company

E-commerce has not yet been widely adopted in Japan. With the emergence of new workstyles and changes in lifestyles, the e-commerce business is a huge market that is expected to continue growing. ASKUL is leveraging its unique position as both a B-to-B player and B-to-C player in the e-commerce market to pursue strong growth.

In the B-to-B Business, we are leveraging our customer base, a strength, and big data to expand in the maintenance, repair, and operations (MRO) and medical domains. Furthermore, ASKUL is keen to expand operations beyond the domain of office supplies mail-order services by launching its advertising business to provide new value to both customers and manufacturers, and the SaaS business to support DX at small and medium-sized enterprises. In the B-to-C Business, ASKUL aims to reignite growth after becoming profitable.

The ASKUL Group will carve out a position as an infrastructure company to support all workplaces and lifestyles.



Medium-Term Management Plan (Fiscal Year Ended May 20, 2022–Fiscal Year Ending May 20, 2025)

Transformation from an office supplies mail-order company into an infrastructure company that supports all workplaces and lifestyles

Basic Policies

- Sustainable management
- Maximize customer value
- Transformation to a highly profitable model

Key Strategies

- 1 Strategic Areas and Expansion of Product Lineups [P.29](#)
- 2 Establishment of the Most Powerful B-to-B E-Commerce Website [P.29](#)
- 3 Synergies with Z Holdings (Currently LY Corporation) [P.30](#)
- 4 Reform Platforms [P.30](#)

Management Indicators

		FY2021	FY2022	FY2023	FY2024	FY2025 (targets)	FY2025 (initial targets)
Consolidated	Net sales (billions of yen)	422.1	428.5	446.7	471.6	500.0	550.0
	Operating profit (billions of yen)	13.9	14.3	14.6	16.9	18.0	27.5
	Operating profit margin (%)	3.3	3.3	3.3	3.6	3.6	5.0
	ROE (%)	14.0	15.9	16.2	26.9*	13.9	20.0
B-to-B non-consolidated basis	Net sales (billions of yen)	315.2	317.2	336.7	353.3	374.9	413.5
LOHACO	Net sales (billions of yen)	52.8	54.3	46.1	36.1	37.8	74.3

* One-off figure due to extraordinary profit from litigation related to the ASKUL Logi PARK Metropolitan fire

Progress of the Medium-Term Management Plan

Since the Medium-Term Management Plan began in the fiscal year ended May 20, 2022, both net sales and operating profit have been growing, and we will continue to steadily implement its measures in the fiscal year ending May 20, 2025.

Initial plans were difficult to achieve due to factors such as an increase in depreciation costs associated with the increased investment in the New ASKUL Website, failure to

achieve the projected benefits of the opening of the SOLOEL ARENA website, low utilization of new products due to an overemphasis on product expansion, failure to reach the sales plan for LOHACO due to prioritizing profitability, and the impact of increased fixed costs due to the launch of the ASKUL Kanto Distribution Center. That said, the high targets we set have accelerated the pace of growth.

Key Strategies 1 Strategic Areas and Expansion of Product Lineups

Strategic Reinforcement of Two Major Areas B-to-B Business

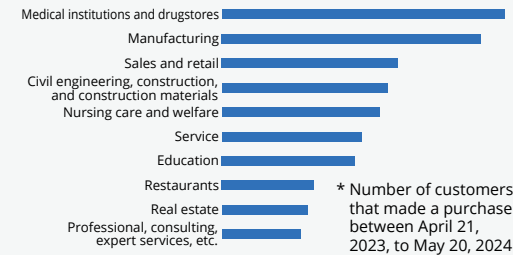
Looking ahead, we will position the manufacturing and medical institute/nursing care facility industries, which are closely related to the MRO and medical domains that are expected to grow significantly, as our two major strategic industries, and we will broaden the range of products needed in each of these industries to acquire new customers and encourage shopping around.

E-commerce Market Growth Potential



* ASKUL's estimates are based on information from the Ministry of Health, Labour and Welfare's "Statistics of Production by Pharmaceutical Industry" and the Statistics Table of the Ministry of Economy, Trade and Industry's "Census of Manufacture (Report by Commodity)"

Top 10 Sectors for B-to-B Business Customer Numbers*



Expansion of Product Lineups B-to-B Business

ASKUL will maximize customer value by expanding its product lineups, centering on products for the two major strategic sectors, and expanding the inventory of products available for same-day or next-day delivery along with ASKUL's most frequently purchased original products.



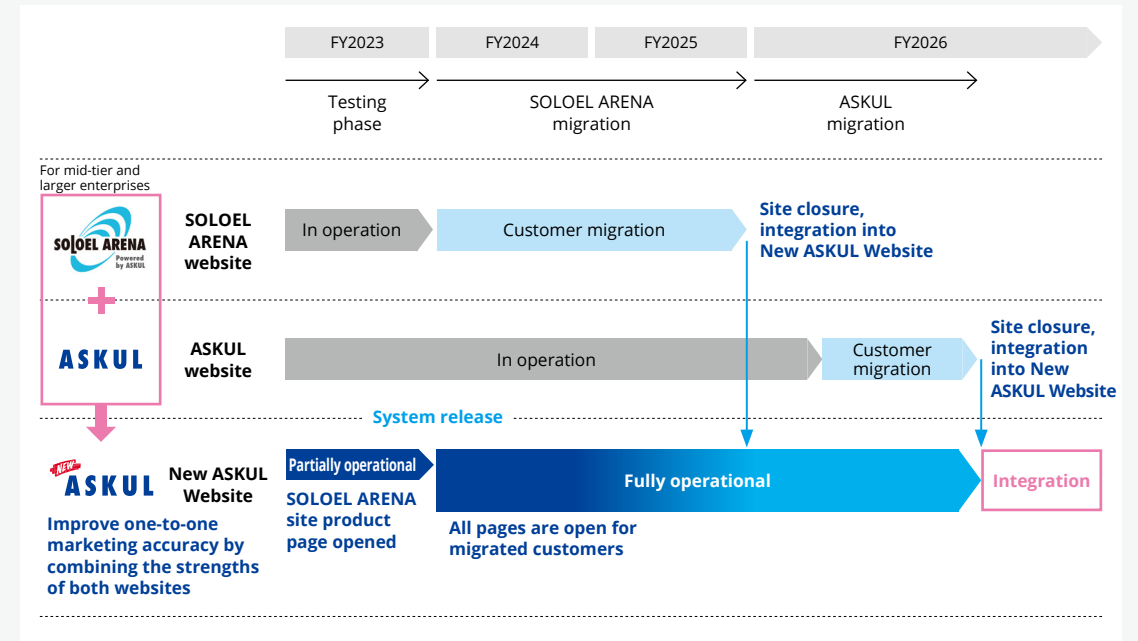
Purchasing frequency
Low High

Assessment of Progress

Achievements	<ul style="list-style-type: none"> Expanded product lineups as planned Increased proportion of net sales from original products from 34.2% in FY2020 to 38.1% in FY2024
Measures to be taken	<ul style="list-style-type: none"> Increase utilization rate of products launched Increase work speed with merchandising-focused DX

Key Strategies 2 Establishment of the Most Powerful B-to-B E-Commerce Website

New ASKUL Website B-to-B Business



Progress of the New ASKUL Website

We have extended the completion date for the migration of customers of the SOLOEL ARENA site, a website for medium- and large-sized enterprises, to the new website to May 20, 2025, and we are steadily working to support current users of SOLOEL ARENA first and foremost.

The migration of customers from the ASKUL site, a website for sole proprietors and small- and medium-sized enterprises, to the new website is scheduled to take place after the migration of customers from the SOLOEL ARENA is completed.

Assessment of Progress

Achievements	<ul style="list-style-type: none"> Opened SOLOEL ARENA Site Began operation of the New ASKUL Website
Measures to be taken	<ul style="list-style-type: none"> Make steady progress in migrating customer and encourage customers to shop around once completed

Achievements	<ul style="list-style-type: none"> ■ Increased shipping and storage capacity through the introduction of the latest logistics equipment ■ Improved delivery efficiency through measures such as combining B-to-B and B-to-C business operations ■ Maintained stable operations of the ASKUL Tokyo Distribution Center
Measures to be taken	<ul style="list-style-type: none"> ■ Successfully launch the ASKUL Kanto Distribution Center and establish mother centers in both eastern and western Japan.

4 Reform Platforms

Logistics Platform That Enables Same-Day and Next-Day Deliveries

To enable same-day and next-day deliveries to customers across Japan, the ASKUL Group operates 10 distribution centers* nationwide. Roughly 70% of parcels are delivered through the Company's own distribution management system.

In addition to utilizing external warehouses and building a digital network between distribution centers, ASKUL operates a procurement system that prevents shortages of items as much as possible by sharing inventory data among distribution centers and flexibly stocking up inventories by using external warehouses close to its distribution centers. Furthermore, in order to deliver products in just one box as much as possible, the Company has created a system that automatically changes the distribution centers from which products are shipped out depending on the state of inventories.

* The ASKUL Kanto DC is not included in the 10 distribution centers because it is scheduled to begin operations at the start of the fiscal year ending May 20, 2026.

Distribution Centers

- Only B-to-B Business
- B-to-B and B-to-C businesses
- Only B-to-C Business
- Pre-handling and third-party logistics business
- Same-day delivery area
- Next-day delivery area

Note: Certain ASKUL distribution centers included in this report use the following abbreviations. Demand Management Center: DMC; ASKUL Logi PARK: ALP; ASKUL Tokyo Distribution Center: ASKUL Tokyo DC; ASKUL Value Center: AVC; Demand Chain Management: DCM; and ASKUL Kanto Distribution Center: ASKUL Kanto DC

• Date each center began operations

Osaka Demand Management Center (DMC)



• September 2006

ASKUL Value Center Kansai



• February 2018

ASKUL Miyoshi Center



• September 2020

ASKUL Value Center Hidaka



• April 2017

Sendai DMC



• August 2007

Newly established

ASKUL Kanto DC



• Operations planned to begin at the start of the fiscal year ending May 20, 2026

Demand Chain Management (DCM) Center



• April 2002

ASKUL Logi PARK Fukuoka



• December 2015

Nagoya Center



• September 2004

ASKUL Logi PARK Yokohama

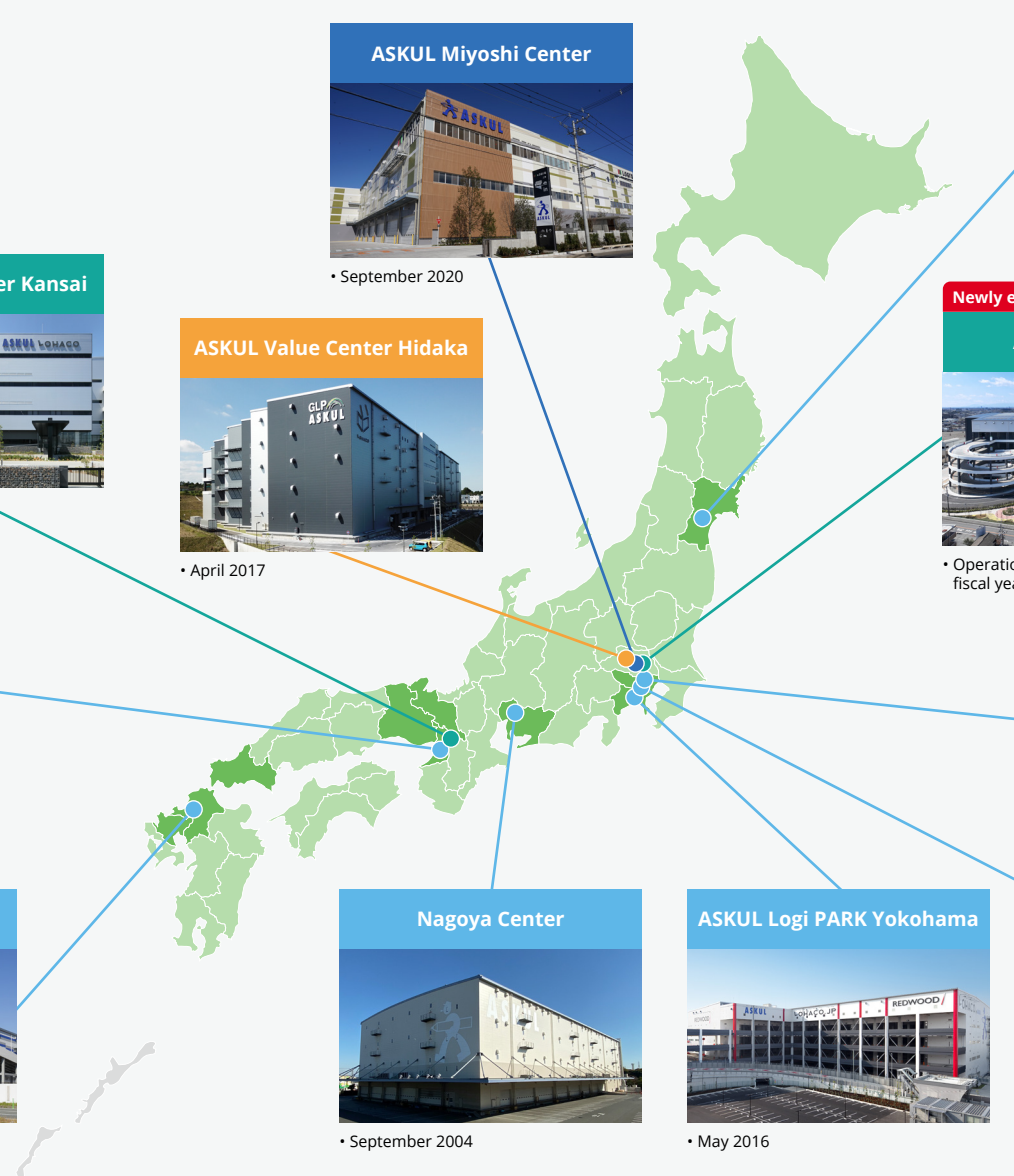


• May 2016

ASKUL Tokyo Distribution Center (DC)



• November 2022



TOPIC

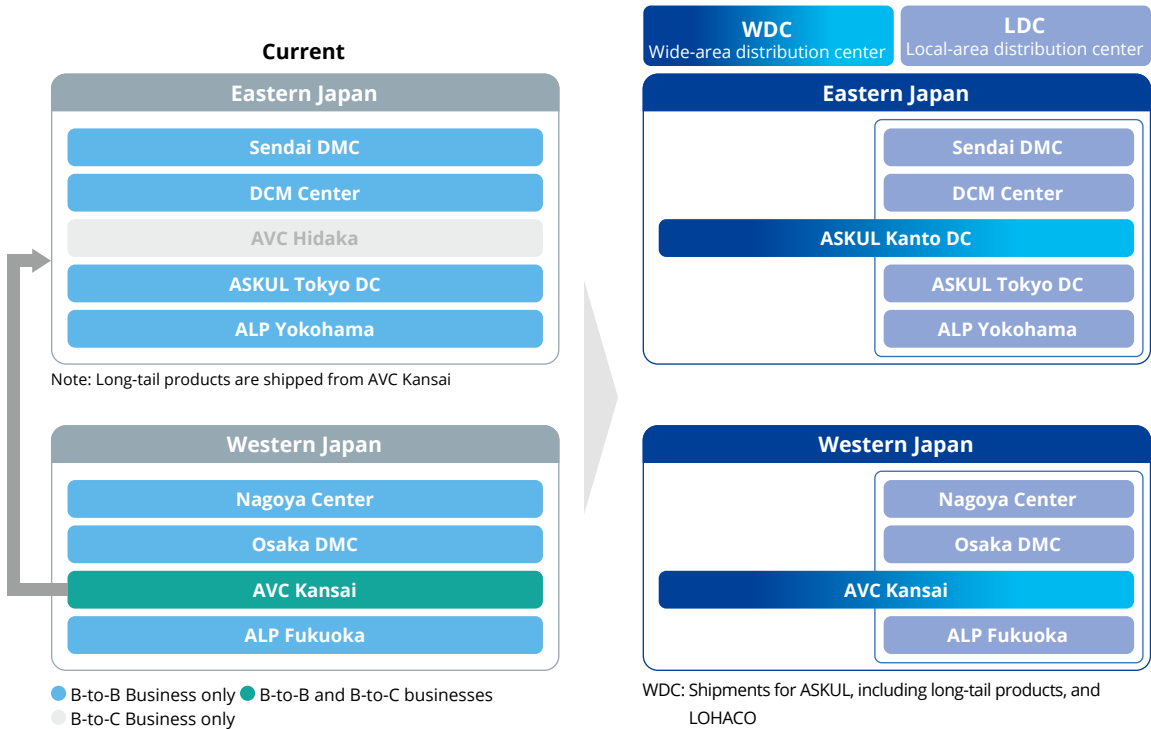
Building a Logistics System That Supports Long-Tail Products

Medium-Term Distribution Center Strategy: WDC/LDC Concept

Up until now, we have established distribution centers primarily to support sales growth, but the new wide-area distribution center (WDC) and local-area distribution center (LDC) concept is a strategy that emphasizes the optimization of overall distribution.

By establishing two mother centers in eastern and western Japan that handle both same-day delivery of frequency-ordered products (LDC) and next-day delivery of long-tail products (WDC) and reorganizing existing distribution centers at the same time, we will be able to deliver products from distribution centers in a single box to meet customer orders. Since transportation and delivery distances will also be shortened, delivery efficiency will improve.

In addition, by closing the LOHACO-only center and merging it with the B-to-B distribution center, we will be able to share inventory and respond to increases in product volume with the aim of improving distribution quality and structurally reducing costs.

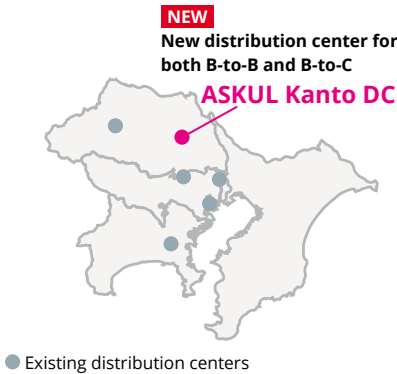


Establishment of the ASKUL Kanto DC

The ASKUL Kanto DC is positioned as our eastern Japan mother center, playing an important role in our medium-term logistics strategy.

Through the consolidation of long-tail products at this center, we aim to reduce the delivery cost ratio by delivering a variety of products in a single box and increasing the unit price per box.

The center is in an excellent location that allows easy access to three expressways: the Ken-O Expressway, Tohoku Expressway, and Metropolitan Expressway, and covers the Kanto and Tohoku areas. By switching the shipment of long-tail products currently shipped from AVC Kansai to this center, we aim to shorten delivery distances to customers in eastern Japan and achieve a next-day delivery service for long-tail products. After the ASKUL Kanto DC begins operations, we plan to reorganize the functions of existing distribution centers in the Kanto region.



Name

ASKUL Kanto Distribution Center

Address

Ageo City, Saitama Prefecture

Start of Lease

June 2024

Start of operations

June 2025 (plan)

Area of lease

Approx. 90,000 m²

Capital investment

¥18.0 billion (plan)
(¥15.0 billion for material handling, ¥2.0 billion for construction, and ¥1.0 billion for systems)
Note: The ASKUL Kanto DC has the same shipping capacity as AVC Kansai, ASKUL's largest facility.

Structure

Seismic isolation structure, 5 stories above ground

Advantages of the Location

Close to the Ken-O Expressway, Tohoku Expressway, and Metropolitan Expressway, making it easy to access all of eastern Japan

There are residential areas and large-scale commercial facilities in the surrounding area and commuting by train or bus is easy, which makes it easier to secure human resources.

CFO Message

Tsuguhiro
Tamai
Director, CFO

Accelerating ASKUL's
Transformation through
Growth Investments

Solidification of the Support of Our Customers While Adapting to Changes in the Business Environment

Against the backdrop of Japan's shift to inflation following nearly 30 years of deflation, the fiscal year ended May 20, 2024 was a year of major change for the Company. Under deflation, we grew by focusing on reducing delivery costs through the improvement of logistics efficiency and by increasing our price competitiveness through the expansion of our lineup of original products. In an inflationary environment, however, logistics efficiency and cost reductions alone will not be enough. While operating in a more streamlined manner, we need to accentuate ASKUL's unique characteristics to differentiate ourselves from our competitors.

For example, while next-day delivery has now become commonplace, we have been focusing on further improving the quality of our services. If a product is sold out, damaged, or its delivery is delayed, then we have broken our promise to our customers. By thoroughly implementing measures to ensure this doesn't happen over the past three years, we have seen significant improvements to the quality of our services.

In addition, we have been challenging ourselves to create entirely new things by firmly addressing the needs of our customers and changing our ways of thinking. An example of this is the highly transparent masking tape for posting notices that went on sale in 2023. This original product was developed with non-standard use in mind, as we noticed that many customers buy masking tape for the purpose of putting up notices, even though most of the tape on the market is available in highly conspicuous colors such as brown and green. Revealing a previously unrecognized need, the product was featured by numerous media outlets, resulting in high sales. This initiative won

the grand prize in the ASKUL WAY AWARD, an award system that promotes in-house innovation.

Currently, original products account for around 40% of total net sales in the B-to-B Business. Since our original products are highly profitable, we will further solidify support from customers by using purchase data to enhance our development capabilities.

Progress of the Medium-Term Management Plan

▶ Significance of Announcing the Medium-Term Management Plan and Setting Performance Targets

In the fiscal year ended May 20, 2022, we announced our first Medium-Term Management Plan, with the fiscal year ending May 20, 2025 as the final year. In the fiscal year ended May 20, 2024, we posted record-high net sales and operating profit. Operating profit achieved double-digit growth as planned, due in part to increased logistics efficiency as a result of raising the threshold for free shipping, and LOHACO posted a profit for the second consecutive fiscal year.

One of the benefits of announcing the Medium-Term Management Plan is that it has enabled us to make management decisions from a long-term perspective. The decision to raise the threshold for free shipping is a prime example of this. By raising the threshold, we have encouraged customers to buy in bulk, which has led to an increase in the unit price per box and a reduction in distribution costs. This allows us not only to absorb costs but also address the shortage of personnel in the logistics industry due to Japan's declining birthrate and aging population. We believe it is an important measure for providing sustainable services to our customers. We were able to make this decision because we set our sights on achieving higher profitability while ensuring business continuity over the medium to long term.

CFO Message

► Reflections and Challenges

Unfortunately, we expect to fall short of the ¥550.0 billion in net sales and 5.0% operating profit margin we set as final-year performance targets in the Medium-Term Management Plan. In addition, we are only halfway—or less than halfway, if I were to be strict—through our transformation from an office supplies mail-order company, the main theme of the Medium-Term Management Plan.

There are two main reasons why we failed to meet these targets. The first is an increase in fixed costs and the second is our failure to achieve sales growth in our mainstay B-to-B Business.

The rise in fixed costs is mainly due to higher depreciation costs associated with the increase in investment in the New ASKUL Website and the costs related to the ASKUL Kanto DC, which is scheduled to begin operations at the start of the fiscal year ending May 20, 2026. However, the ASKUL Kanto DC is an investment made as part of our structural reform of logistics and differs in nature from the construction of new centers to accommodate increased logistics volume, as has been the case in the past. The new facility will allow us to consolidate existing logistics centers, and we expect to fully recover the investment amount through reductions in land rent and improvements in delivery efficiency, without having to rely on increased sales. Although this represents an increase in expenses in the final year of the Medium-Term Management Plan, we have made the decision to invest in building a more robust logistics system over the next five to 10 years.

As for the New ASKUL Website, the migration of SOLOEL ARENA customers to the new website, which is currently in progress, is scheduled to be completed during the fiscal year ending May 20, 2025. We will work to steadily integrate our two

e-commerce sites: our ASKUL site for small and medium-sized enterprises and our SOLOEL ARENA site for mid-tier and larger enterprises. By integrating the big data held by the two sites, we will realize finely tuned, personalized customer service based on a larger pool of big data to accelerate our growth.

Meanwhile, we must reflect deeply on the abovementioned failure to meet our B-to-B net sales target. We introduced new products to the market based on the policy of strengthening the two major strategic industries of manufacturing and medical institutions/nursing care facilities, which is one of the key strategies set out in the Medium-Term Management Plan, but this led to the launch of products that were not in line with customer needs, and as a result, the products were underutilized. We consider this to be the result of being too focused on our KPI of increasing the number of products that we handle.

I believe that the reason for this lies in being unable to break away from our successes to date. When we were growing as an office supply company, we would launch a large number of products, create a purchasing website, and carry out generic sales promotions, and this would lead to sales growth. However, the highly specialized long-tail products that we are focusing on are different from the office supplies we have dealt with in the past in that we need to respond to the specific needs of each customer's industry and business scale, and we are keenly aware that we have not been communicating well with our customers or digging deep enough into their needs in this regard. By effectively utilizing the big data that we have accumulated through our office mail-order business and our unparalleled customer base, which is an asset that no other company has, we will strengthen our efforts to meticulously meet the needs of our customers.

We will continue to move forward with initiatives like these in the final year of the Medium-Term Management Plan without becoming complacent.

Our Financial Strategy for Achieving ROE of 20%

ASKUL's financial structure is extremely simple and robust. ROE has remained at around 15%, and if we look at the structure of the balance sheet behind this figure, with a total asset turnover ratio of just over 2.0 times and financial leverage of just over 3.0 times, it is at a healthy level. We are conscious of the need to achieve ROE of 20.0% as a target level of capital efficiency, but we believe that the most pressing issue is raising the level of net profit by increasing the profitability of our core business while maintaining the total asset turnover ratio and financial leverage levels.

ASKUL has grown thus far by focusing on the area of office supplies, which is difficult to make a profit from due to its low unit prices and the bulkiness of items sold. As we have been operating in the consumables area, where customers make frequent purchases, we have a strong business foundation in terms of customer contact points. Our profitability will increase as customers choose to add one or two more of our long-tail products, which are highly profitable and have a high unit price, to their purchases of conventional consumables. In addition, we aim to achieve ROE of 20.0% by expanding our highly profitable business model to our existing businesses. This will include providing services other than the sale of goods that make use of our long-cultivated customer base, thereby increasing our profit margin.

CFO Message

Disciplined Growth Investment

The current Medium-Term Management Plan was created based on the incremental growth of existing businesses, but the next management plan will be formulated with an eye on medium- to long-term changes in the business environment and growth strategies. This approach led to the emergence of our ¥100 billion investment plan.

Investing this amount of money is a major undertaking for the Company. I would like to emphasize that the purpose of this investment is not just to increase the amount of money we invest but also to demonstrate our commitment to making bold investments in growth and encourage business innovation by welcoming new ideas that go beyond the conventional thinking within the Company.

The plan is to invest around ¥100 billion over the next four years to achieve growth. The main sources of funding will be cash flows from operating activities of over ¥20 billion per year and cash and deposits.

We will review the level of cash on hand and deposits that we have traditionally set and use the surplus funds as investment capital, with the aim of having the equivalent of one to one and a half months' worth of sales on hand.

In addition, although the current debt-equity ratio is around 0.4 to 0.5 times, we believe that it is acceptable to increase it to around 1.0 times while maintaining financial soundness and security, and we also have the capacity to raise funds through borrowing and other means, so we plan to secure a total of around ¥100 billion in funds.

In an economic environment in which interest rates are expected to rise, it is necessary to carefully assess the return on investment. As a concrete investment decision-making standard, we will set a discount rate based on the weighted average cost of capital and consider whether or not we can expect profitability to exceed that rate. Under such fixed investment standards, we will actively invest in measures to evolve in a nonlinear manner, in addition to strengthening our existing E-Commerce Business.

Investment in the Seeds of Medium- to Long-Term Growth

We consider investment in promoting digital transformation in the value chain of our e-commerce business to be of the utmost importance for improving productivity and enhancing our services. Investing in human resources is also essential. While ramping up our recruitment of highly skilled IT personnel, we will also enhance our reskilling programs for employees to improve their data utilization skills.

In addition, we will achieve nonlinear growth by going beyond the sale of goods to invest in service businesses. In addition to companies that handle specialized goods for B-to-B sales, such as ASKUL Group members FEED Corporation, which handles dental products, and AlphaPurchase Co., Ltd., which handles indirect materials for the manufacturing industry, we are also focusing on companies that provide B-to-B services that are not related to the sale of goods as part of our efforts to expand into new domains. By having companies that have joined the Group utilize our customer base, which is one of our strengths, and growing business together, we will achieve profit growth on a consolidated basis.

We also plan to strengthen the Bizraku services we are currently offering in order to achieve nonlinear growth. At present, we are selling tools that support the digitalization of back-office operations for small and medium-sized enterprises. However, as this is an SaaS agency model, to strengthen our services and improve profitability we will also consider the option of making companies that provide digital tools into Group companies in the future.

We will invest in nonlinear growth and aim to have new businesses and service businesses account for 10% to 20% of total revenues in 10 to 20 years.

Building of Relationships of Trust through Dialogue with Investors

Engaging in dialogue with our shareholders and investors is extremely important in helping them to understand our growth strategy. We believe that it is important to build relationships of trust by not only explaining figures but also clearly communicating our long-term vision and strategies. In the fiscal year ended May 20, 2024, we held a dialogue between outside directors and shareholders and investors for the first time. We would like to continue to expand on these initiatives in the future and create more diverse channels for discussion.

The feedback we receive from our shareholders and investors through our investor relations activities is also used in the formulation and review of our management strategies. We believe it is important to continue to attract the interest of as many investors as possible and to continue to meet their expectations. To this end, we will strive to achieve sustainable growth and improve our corporate value and disclose and explain our results in an appropriate manner.

We are keenly aware that we need to accelerate the pace of change going forward. While building on the robust business model we have established to date, we will accelerate our efforts to enter new areas, including expanding our lineup of long-tail products, developing service businesses, and creating Group synergies by more actively pursuing M&As. We will achieve sustainable growth by communicating the need for these changes both internally and externally and implementing them with a sense of urgency.

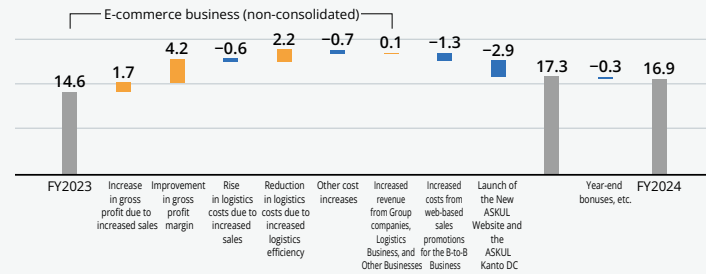
Tsuguhiro Tamai
Director, CFO

Financial Results for the Fiscal Year Ended May 20, 2024 and Plan for the Fiscal Year Ending May 20, 2025

Financial Results for the Fiscal Year Ended May 20, 2024

Having successfully changed the trajectory of the B-to-B Business's sales growth curve in the fiscal year ended May 20, 2023, our biggest goal for the fiscal year ended May 20, 2024 was to change the trajectory of the B-to-B Business's profit growth curve.

Factors Behind Changes in Operating Profit for the Fiscal Year Ended May 20, 2024 (Billions of yen)



Net Sales Revised Downward in Third Quarter, Exceed Revised Plan

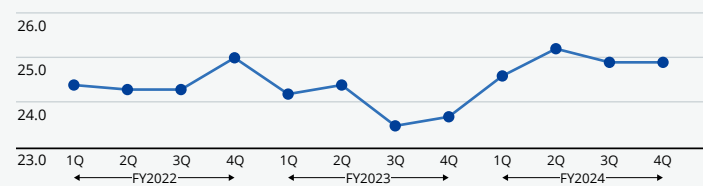
In our initial plan for the fiscal year ended May 20, 2024, we set out to achieve a sales growth rate of 7.9% through the opening up of the SOLOEL ARENA website, the further strengthening of online sales promotions, and the consolidation of FEED Corporation, a subsidiary of AP67 Co. Ltd., which joined the group in February 2023.

However, we revised our full-year consolidated sales forecast downward by ¥12.0 billion, from ¥482.0 billion to ¥470.0 billion, as of the third quarter based on our judgment that sales would not reach the planned level due to factors such as the failure to achieve the intended effects of opening up the SOLOEL ARENA website, the reactionary fall in demand following the greater-than-expected surge in demand for COVID-19-related products, longer holidays during the Obon* and New Year periods, and the low utilization of newly introduced long-tail products.

In the fiscal year ended May 20, 2024, we posted consolidated net sales of ¥471.6 billion, a 5.6% increase from the previous year and slightly exceeding the revised plan.

* An annual Japanese holiday to commemorate and remember deceased ancestors.

Consolidated Gross Profit Margin (%)



Gross Profit Margin Improves Significantly Year on Year

In the fiscal year ended May 20, 2023, the gross profit margin fell due to the yen's depreciation and the soaring cost of raw materials, which led to a decline in the gross profit margin for our mainstay copy paper. In the fiscal year ended May 20, 2024, we were able to maintain a favorable foreign exchange position throughout the year, and the gross profit margin for copy paper continued to improve throughout the year compared with the last fiscal year.

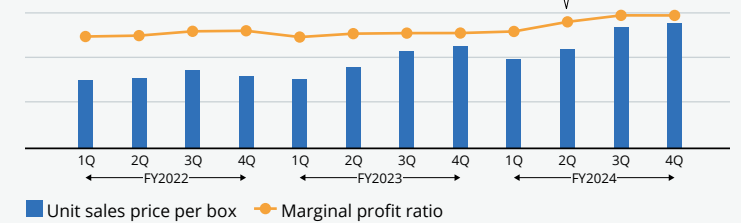
In addition, as a result of our flexible price revisions for a wide range of products, the gross profit margin in the B-to-B Business improved by 1.0 percentage point year-on-year, as planned, and the consolidated gross profit margin improved by 0.9 percentage point.

Improving the Marginal Profit Ratio to Change the Curve of Our Profit Growth Trajectory

In November 2023, we raised the threshold for free shipping from ¥1,000 to ¥2,000. The increase in demand for home delivery services due to the proliferation of e-commerce and the resulting labor shortage in the logistics industry have led to the emergence of the "2024 issue." The revision of the threshold for free shipping, which has encouraged customers to buy in bulk, has led to a reduction in the number of boxes used for deliveries, thereby reducing the burden on the environment and logistics. In addition, the increase in the sales unit price per box has led to a reduction in the variable cost ratio, led by logistics costs, and an improvement in the marginal profit ratio.

As a result, operating profit was ¥16.9 billion, exceeding the initial plan of ¥16.5 billion, due to a significant improvement in the gross profit margin and an increase in the marginal profit ratio due to a

Non-Consolidated B-to-B Business Marginal Profit Ratio and Unit Sales Price per Box



reduction in the variable cost ratio, achieving our biggest goal for the fiscal year ended May 20, 2024, which was to change the curve of our B-to-B Business growth trajectory.

Significant Increase in Net Profit Due to Extraordinary Profit

In addition, the Company recorded extraordinary profit of ¥11.8 billion following the finalization of a judgment on the lawsuit ruling related to a fire that occurred in 2017 at its distribution center ASKUL Logi PARK Metropolitan. As a result, profit attributable to owners of parent reached a record high of ¥19.1 billion, significantly higher than the ¥10.3 billion initially planned at the beginning of the period.

Benefits of FEED Group Consolidation and Group Synergies

In February 2023, the Company acquired FEED Corporation, which operates FEED Dental, a mail order website widely recognized by dentists nationwide, and other companies as subsidiaries. FEED Corporation's group sales were ¥12.6 billion for the fiscal year ended March 31, 2024, and its highly specialized dental products are highly profitable, with an operating profit margin of more than 8%. ASKUL has already begun cross-selling products to FEED Corporation and has achieved a considerable scale. Going forward, we intend to accelerate the development of synergies between the ASKUL Group and the FEED Group by promoting measures to enhance corporate value by leveraging the strengths of each group.

TOPIC

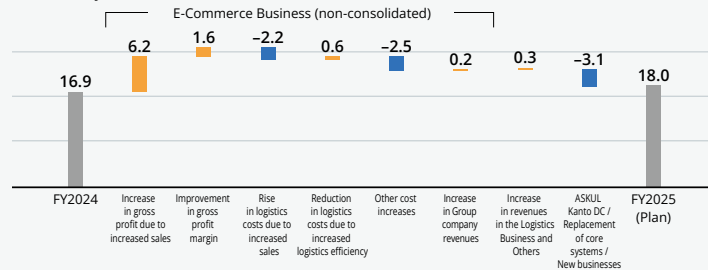
Financial Results for the Fiscal Year Ended May 20, 2024 and Plan for the Fiscal Year Ending May 20, 2025

Plan for the Fiscal Year Ending May 20, 2025

In the fiscal year ending May 20, 2025, we will continue to make investments with a view to medium- to long-term growth. In addition to the ¥3.1 billion in expenses related to land rent and start-up costs for ASKUL Kanto DC, which is scheduled to begin operations at the beginning of the fiscal year ending May 20, 2026 as our core distribution center in eastern Japan; the replacement of core systems; and new businesses, we expect fixed costs to increase by ¥2.5 billion, including personnel costs associated with wage increases, the promotion of merchandising-focused DX, and higher utilities costs.

By accelerating sales growth and improving gross profit margin, we plan not only to absorb the increase in fixed costs but also to achieve further profit growth.

Projected Operating Profit for the Fiscal Year Ending May 20, 2025
(Billions of yen)



Business Policies

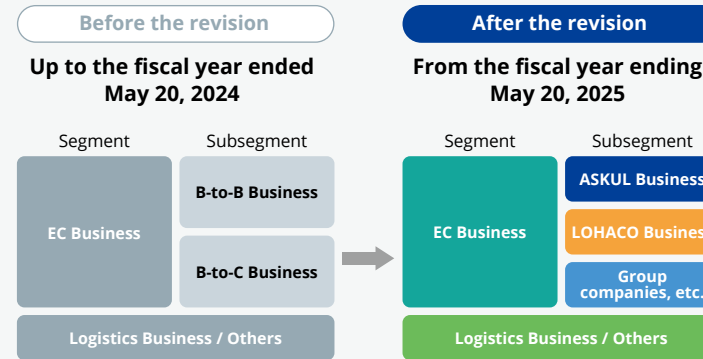
In the fiscal year ending May 20, 2025, we will focus on creating new value by maximizing our use of AI and other technologies and combining them with our big data.

In the ASKUL Business, we will increase the speed of execution of measures and raise the growth rate to approximately 6% by improving the accuracy of each measure through digitalization and data utilization while promoting the automation of business processes related to our two core measures, the enhancement of product appeal and the improvement of UI/UX.

In the LOHACO Business, we will continue to aim for around 5% growth by maintaining the momentum we have achieved in regrowth.

Revision of Method for Disclosure for Business Segments

Previously, both net sales and operating profit were disclosed down to subsegments, but starting from the fiscal year ending May 20, 2025, net sales will continue to be disclosed down to subsegments, while operating profit will be disclosed by segment.



The main reasons are that the products and logistics of the B-to-B and B-to-C businesses are becoming more integrated, business structures are becoming more unified, and, in terms of business management, fixed costs such as labor and amortization are managed as a whole in the EC Business. As such, we decided to revise our method for disclosure for business segments for investors in a way that is more in line with actual business conditions. After these revisions, LOHACO will continue to focus on profitable growth of the EC Business as a whole, aiming for sound growth as a major sales channel.

Incorporating Dialogues with Investors into Our Shareholder Return Policy

New Shareholder Return Policy

We have set a total shareholder return target of 45% as our shareholder return policy. We have announced that we will secure a ¥100 billion growth investment fund as the main pillar of our capital allocation over the next four years, and we have also disclosed a numerical target for shareholder returns for the first time.

Although we recorded sizable extraordinary profit for the fiscal year ended May 20, 2024, net profit fluctuates greatly due to one-off gains and losses, so we cannot avoid the risk of reducing dividends if we base shareholder returns solely on the dividend payout ratio. We believe that achieving our total shareholder return ratio target by continuing to steadily increase dividends and systematically acquiring treasury stock in accordance with net profit is optimal for all stakeholders, and we will continue to promote shareholder returns under our new policy.

The basis for our new shareholder return policy is the suggestions we received from our dialogue with institutional investors. After much internal discussion, we decided to disclose our shareholder return policy based on the suggestion from one investor that the Company should disclose a policy for systematically acquiring treasury stock based on certain rules, as it is difficult for share prices to reflect the acquisition of treasury stock unless it is carried out systematically.

The Company will continue to place importance on dialogue with shareholders and institutional investors and reflect the suggestions received in its management.

Number of Meetings Held with Analysts and Investors in the Fiscal Year Ended May 20, 2024

Meeting body	Meetings held
Financial results briefings and Q&A sessions for analysts and institutional investors	4
Small meetings for analysts and institutional investors	12
Individual meetings for analysts and institutional investors	246
Visits to distribution centers for analysts and institutional investors	1
Individual meetings between independent outside directors and analysts/institutional investors	1

Sharing Group Companies' Strengths and Creating Synergies

Under our basic policy of strengthening our Group strategy through federal management to solve social issues, we will continue to provide the highest value to our various stakeholders through the combined strengths of the Group by ensuring the freedom of management at each Group company, as well as by sharing missions and building a governance structure to solve issues.

In addition, we will share many of our strengths, including our customer base, and develop a growth strategy that is consistent with these strengths in order to achieve nonlinear growth. This will create various synergies and enhance the competitiveness of the entire Group. In addition, we will promote entry into business areas other than sales of goods in order to become an infrastructure company that supports all workplaces and lifestyles, rather than being limited to existing business areas.

Achieving nonlinear growth through
the development of services other than the sale of goods

SaaS business, etc.

Advertising business

LOHACO

MRO and medical domains

Office domain

Expansion of Product Lineups

Offering a wide range of products other than office supplies

Dental supplies sales

FEED フィード株式会社

MRO supplies sales

Alpha Purchase

Pet supplies sales

charm

Production of mineral water

嬌恋銘水

Logistics Infrastructure

Distribution center warehouse operations and
small-lot delivery operations

ASKUL Logist

Customer Contact Points

New customer acquisition and support

アスクル正規取扱販売店
ビジネススマート株式会社
BUSINESSSMART CORPORATION

Provision of purchasing solutions for large companies

SOLOEL

Section 3

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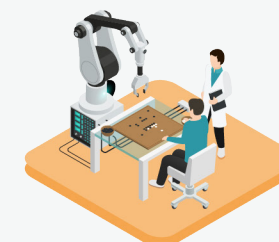
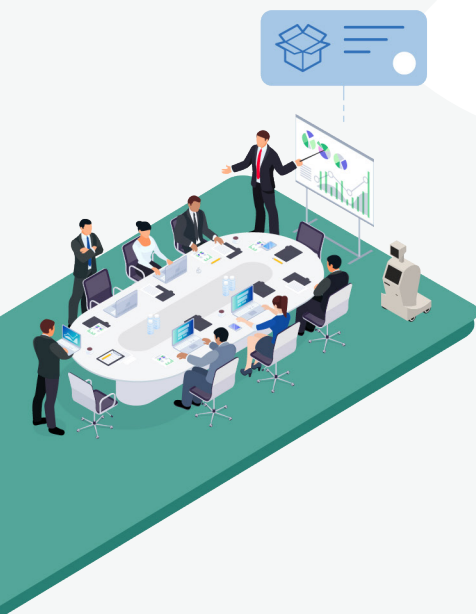
49 Logistics-Focused DX

Initiatives That Serve as the Foundation for DX Promotion

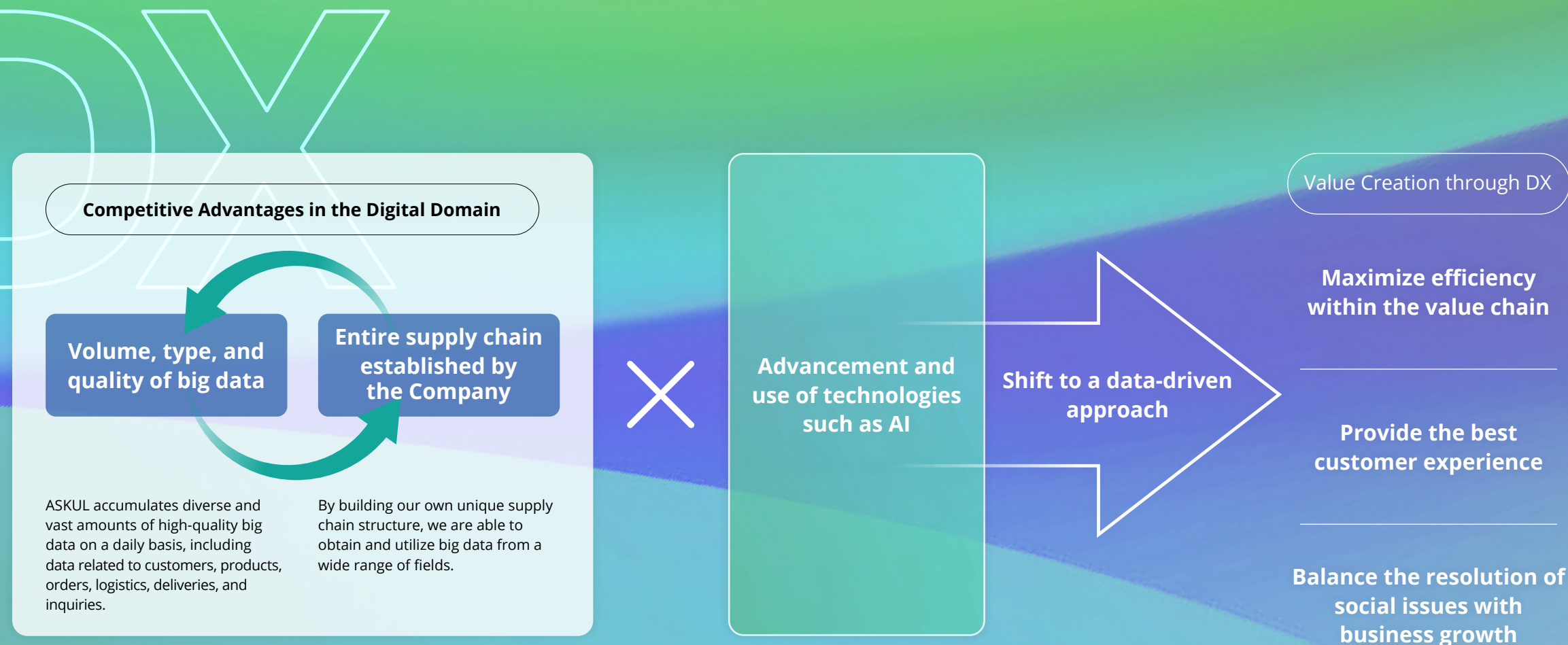
53 1 Development of Digitally Literate Personnel

54 2 Strengthening of Our Data Infrastructure

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ASKUL's Value Creation through DX



As society and customer needs change at an unprecedentedly high speed, companies must be able to respond quickly to change and dynamically transform in order to resolve social issues.

With the rapid advancement of technology, the boundaries between industries and sales channels have disappeared, and we are now in an era where various players can use technology to restructure the market and take on new challenges. ASKUL will rise to the challenge of creating value through digital transformation (DX) that fully leverages its competitive advantages in the digital domain with the aim of achieving new growth.

Kazuyuki Ikeda
CDXO, Executive Officer
Technology Unit

Kenji Tanaka
Professor, Department of
Technology Management for
Innovation / Resilience
Engineering Research Center,
Faculty of Engineering,
The University of Tokyo

Digital Transformation Dialogue

ASKUL's Digital Transformation

Driving the Future of the EC Business

Since 2021, ASKUL has been working with the Tanaka Laboratory at the University of Tokyo on optimizing logistics models, analyzing vast amounts of order data, reducing the number of shipments that are split into multiple deliveries, and optimizing delivery routes. In this dialogue, we discuss the results of our joint research as well as ASKUL's vision for the future, which entails strengthening the digital transformation (DX) of its value chain and promoting a shift to a data-driven approach.

Kenji Tanaka

Professor, Department of Technology Management for Innovation / Resilience Engineering Research Center, Faculty of Engineering, The University of Tokyo
Tanaka is researching the use of data to gain an overall understanding of areas in which demand fluctuates and resources are dispersed, such as electricity and logistics, as well as optimal resource distribution, overall optimization, and cooperative guidance mechanisms. He has experience working in the private sector and aims to use the findings of his research to contribute to the evolution of social systems.

Logistics Models Driven by Data and On-Site Observations

Ikeda: ASKUL's B-to-B Business has one of the largest customer bases in Japan, generating a great deal of data each day, such as access information for e-commerce sites and delivery information, forming big data that can be analyzed and leveraged. We have been working on advancing logistics through DX in collaboration with Dr. Tanaka's laboratory, which has expertise in business optimization design that utilizes this big data.

Dr. Tanaka: A crucial factor in our joint research on optimizing logistics was that ASKUL has direct access to consumers. Being

Digital Transformation Dialogue

able to obtain data such as order details, delivery addresses, and delivery time specifications was a huge advantage.

Ikeda: The biggest hurdle in the DX of logistics is that the most efficient delivery route differs depending on the details of customer orders on a particular day, such as the number of deliveries and delivery destinations, and in most cases the route is determined manually in a very short time at distribution centers. Considering this, we have built a logistics model that seeks to find the optimal route by visualizing on-site delivery conditions and conducting multiple simulations.

Dr. Tanaka: When you think of optimizing delivery routes, you might picture a model that efficiently covers the shortest possible distance to each delivery destination, minimizing the distance traveled by the delivery truck.

However, the most difficult aspect of creating a logistics model is that there are so many conditions and processes that have not been digitalized. For example, due to the limited number of parking spaces in city centers, drivers often park their vehicles in one place and then make several deliveries on foot, so simply tracking the movements of the trucks alone will not always lead to the creation of an efficient delivery model.

Ikeda: To resolve this issue, members of Dr. Tanaka's research team went out in the field with ASKUL members with

the aim of reflecting the Company's tacit knowledge, which had not been captured as data until now, in the model. I think this was a major factor in the success of this initiative.

Dr. Tanaka: Experienced drivers have an intuitive understanding of the most efficient routes and the times when customers are most likely to be available to receive packages. I had members of my research team ride in the delivery trucks to gather data on the actual conditions under which deliveries were made so that we could incorporate these conditions into the model.

However, while we are adept at creating such models, the extent to which they can be refined through practical application on the front lines depends greatly on the approach taken by a company. The positive attitude of ASKUL, which sought to improve its operations by introducing the model to its front lines and putting it to practical use, was a major driving force behind this joint research.

Ikeda: In addition, in our joint research, we were able to analyze cases where multiple deliveries were made for a single order and establish a method for combining deliveries to improve efficiency.

As delivery is made more efficient when packages are grouped together, there is less need for drivers to work long hours, and the rising costs of transportation and labor that are passed on to customers can be kept to a minimum.



This research has not only had a positive impact on profits but has also had other benefits, such as improving the way drivers work and mitigating the environmental impact of deliveries by reducing the number of trips made by trucks for deliveries.

Making ASKUL Even Stronger through a Data-Driven Approach

Ikeda: Looking at ASKUL's entire value chain, the logistics domain, for example, has a well-established data

Digital Transformation Dialogue



infrastructure and is making good use of digital technology, but processes such as product development, procurement, and pricing are still largely performed manually.

We will work to digitalize those business processes and minimize operations that need to be carried out manually. At the same time, we will work to automate decision-making processes that still require human involvement using the big data we have in-house. This will enable us to obtain data from business processes that we have not been able to until now, and the analysis and utilization of this data will lead to improvements in said processes, which, when extended to all business processes, will lead to DX across the entire value chain. By promoting DX

across the entire value chain, we aim to transition to a data-driven approach, developing products and improving business processes based on data.

Dr. Tanaka: Utilizing data and AI for marketing and consumer analysis will enable us to procure the necessary products while gauging demand automatically to a certain extent and to set prices in accordance with fluctuations in demand. This will also lead to a decrease in overlooked consumer needs and potentially improve services and increase sales.

Ikeda: I believe there are many things we can learn and achieve through data in areas of our business that involve close contact with customers.

However, I also know that simply urging people within the Company to adopt a data-driven mindset will not get us anywhere. For that reason, I think it is important for management and employees to share the same vision about what data-driven thinking can achieve.

When we introduced robots into one of our distribution centers about 10 years ago, there were still no apparent labor shortages or logistics issues, so there were some people who questioned why we were doing it. By properly explaining the significance of introducing robots and communicating with those on the front lines, we were able to ensure that all employees were aware of how their own work would be transformed, and as a result, the speed at which we were able to introduce the robots increased dramatically.

Dr. Tanaka: I also think that sharing the goal of using data to solve particular issues is the most important aspect of building data-driven processes.

Generally speaking, there is a common misconception surrounding data-driven management that if you have a lot of data, you will automatically be able to come up with good ideas and implement data-driven change. True data-driven change means that, by identifying the issues that need to be solved and inputting the data required to do so, the cycle of improvement will continue on by itself, evolving the process from one stage to the next fueled by data. In other words, if the data being input is not suited to the purpose, the results will be completely off the mark.

I believe that the key to success is to set clear objectives and then to proceed while carefully identifying the most appropriate analytical methods and the data required to achieve them.

Ikeda: For ASKUL to become an organization capable of such data-driven decision-making and activities, we believe it is necessary to not only be able to handle data but also train more digitally literate personnel who can base their thinking on data.

To develop such personnel, we are currently running an educational program called the Data Science Course for our employees. The aim of the program is to provide employees with practical skills, including data analysis methods, and the ability to collect the necessary data and

Digital Transformation Dialogue

perform analysis on dashboards. Currently, around 25% of our employees have taken part in the program, but we aim to have all employees acquire these skills in the future.

We have also integrated our data platforms to build a big data platform called ASKUL EARTH. We would like to open this up to external partners, such as ASKUL Agents—who are responsible for acquiring new customers and sales—and manufacturers, and expand the scope of data utilization.

Evolving Beyond the Framework of the EC Business

Dr. Tanaka: Digital technology can be used not only to achieve efficiency but also to propose solutions that people find comfortable and convenient. For example, I think that the ethical e-commerce that ASKUL is currently promoting will progress even further with the help of data.

Through my involvement in formulating decarbonization frameworks, I have come to realize that, while there is a growing understanding of the significance and need for sustainability-related initiatives, people will not be receptive if they feel like they are being forced to take action.

For example, if people intuitively understand that it is better for the environment to order from ASKUL and have it delivered than to drive themselves to the store to do their shopping, then customers will naturally choose to order from ASKUL.

I believe that by combining ASKUL's consumer analysis data, energy data from product development, and data on the environmental impact of delivery, we can create a system that will allow customers to experience the joy of buying ethical products.

Ikeda: ASKUL has many corporate and individual customers who are very environmentally conscious, so we would very much like to make that happen. Currently, we are measuring the environmental score of each product and displaying it on our website, as well as using data to determine the degree of CO₂ emissions reductions in logistics.

In the future, if we promote digitalization and data collection throughout the value chain and combine various data, we may be able to go beyond displaying environmental scores for each product and visualize information such as to what degree customers are contributing to the improvement of the earth's environment by purchasing products from ASKUL.

A service that allows customers to experience the joy of purchasing ethical products is a great idea. It has given me a new goal in creating new services.

Dr. Tanaka: My personal expectation is that ASKUL's DX will go even further still, that is, it will contribute to the optimization of social systems.

If we increase the number of participants in ASKUL's data platform and add more of the data itself, it is possible

that data in one seemingly unrelated area could become an important component in resolving issues in another area. This means that through the ASKUL platform, we have the potential to resolve social issues, achieve optimal distribution of resources, and truly contribute to the advancement of social systems.

I look forward to seeing ASKUL change as it adopts new technologies. I hope we can continue to work together on new initiatives that will help society evolve.

Ikeda: Dr. Tanaka has very high expectations for us.

ASKUL has a culture where it is okay for new initiatives to fail as long as they are attempts made in the best interest of the customer. This culture has helped us to keep taking on new challenges.

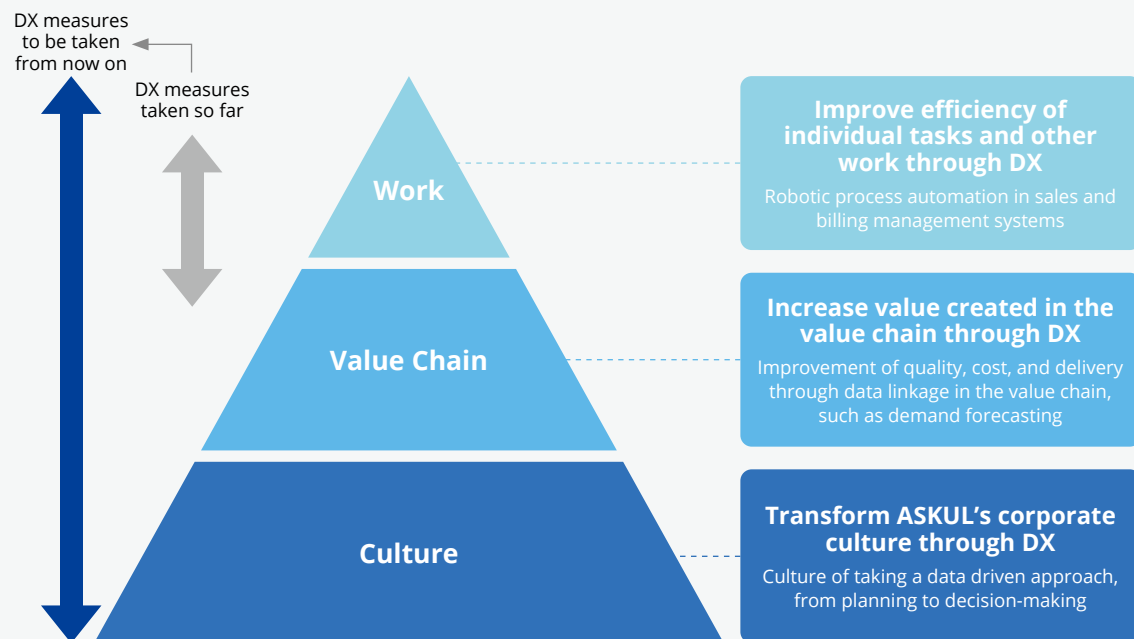
Currently, we have begun co-creation efforts by releasing the big data held by ASKUL for use by partner companies involved in the ASKUL Business, for which we have received positive responses from participating partner companies. We would like to continue to build on our successes one by one as we further expand the scope of our co-creation activities.

Approach to DX

Aiming to Transform into a Data-Driven Company

ASKUL has been proactive in its use of technology and has been quick to utilize big data, strengthen its e-commerce platform, digitalize its supply chain, and introduce generative AI and automation technology, thereby achieving operational efficiency, cost reductions, and enhanced value throughout the value chain.

Going forward, ASKUL will aim not only to make use of data but also to transform into a data-driven company with a corporate culture of making decisions based on data. We will continue to aim to be a company that is chosen by customers by thoroughly analyzing Companywide data and linking our findings to tangible results.

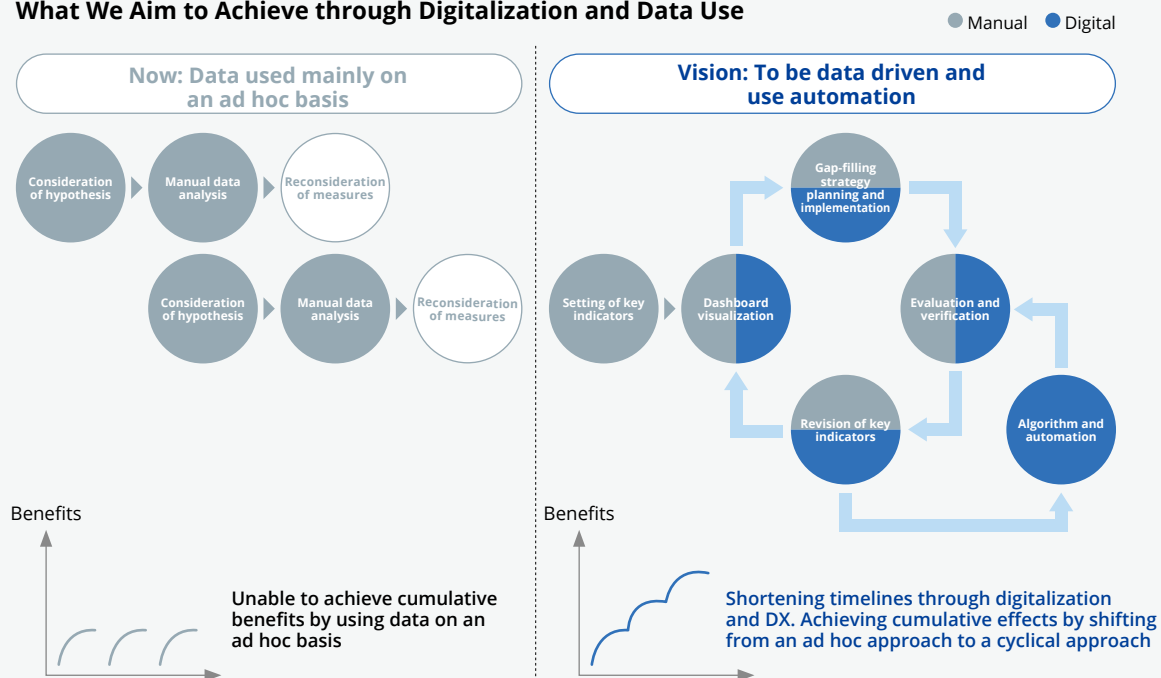


What We Aim to Achieve through Digitalization and Data Use

Until now, we have mainly used data for ad hoc analysis, and while we have been able to see the benefits of data analysis, we have not been able to build on this and the scope has remained limited.

Going forward, we will create a feedback loop in which we visualize key indicators, put them into practice and evaluate them, and then revise them with the aim of achieving cumulative benefits. We aim to speed up this feedback loop through digitalization. In addition, we will eliminate the need for human involvement by developing an algorithm to fully automate the cycle.

What We Aim to Achieve through Digitalization and Data Use



ASKUL's DX Promotion Structure

We have appointed a chief digital transformation officer (CDXO) who oversees the Company's DX strategy, offensive data strategies, and the development of digitally literate personnel and also serves as the president of the Data Science Course. We are working to strengthen collaboration between the CDXO and the chief technology officer (CTO).

The DX Council deliberates on the direction of Companywide DX and DX strategies, including the appropriateness of investments, and is establishing a system that will allow the Company to promote Companywide DX from the top down.

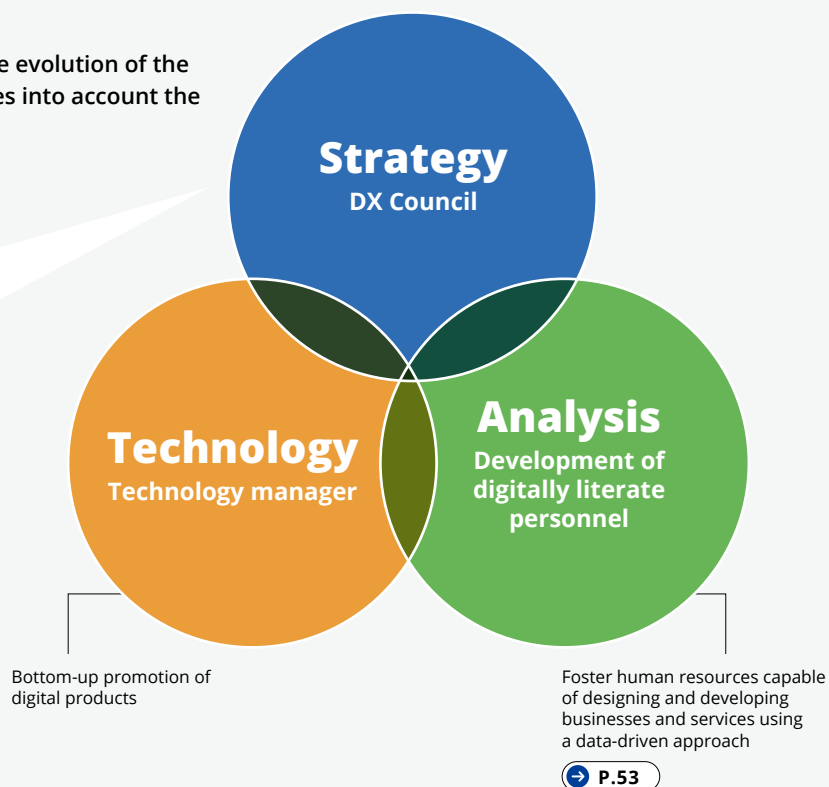
Formulation and Promotion of Digital Business Strategy

We have established a system to promote the rapid and appropriate evolution of the Company's digital platform based on a digitalization policy that takes into account the social environment, technology trends, and business strategies.

DX Council

In October 2022, the DX Council was established as a forum for discussing and exchanging information on digital technologies and use cases, as well as examining DX strategies from the perspectives of consistency with management strategies and changes in the business environment. Meetings are attended by external experts, with top-level management also participating in and actively contributing to discussions. The executive officers of each business unit also regularly attend the DX Council, where they propose digitalization-related measures necessary for business promotion, thereby establishing a system that allows business units to demonstrate ownership at the management level.

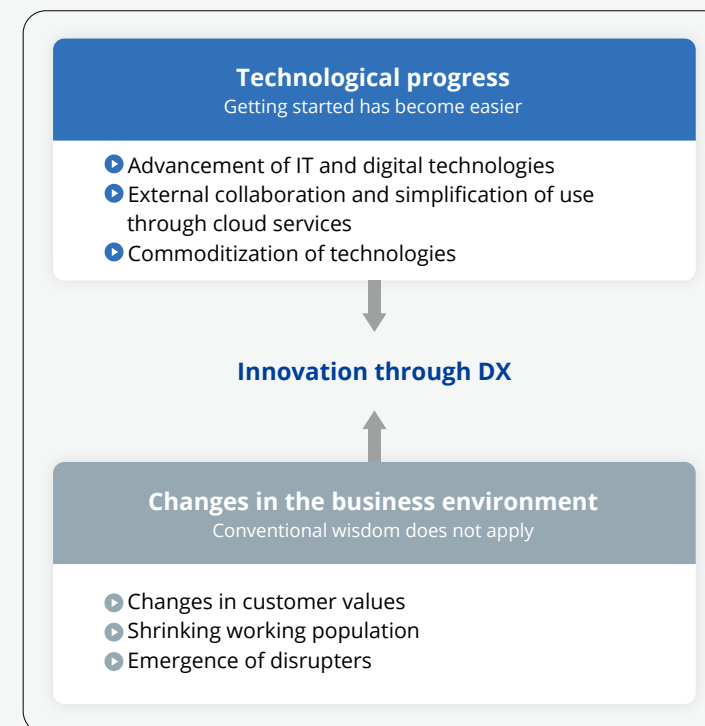
As of October 2024, the DX Council has met eight times and regularly reports the content of discussions at meetings of the Board of Directors, ensuring that DX promotion is consistent with management strategies.



We have also appointed a product manager for each of the systems that comprise the Companywide digital platform. Product managers formulate development plans for the systems and build structures to execute them, thereby developing systems in a bottom-up manner.

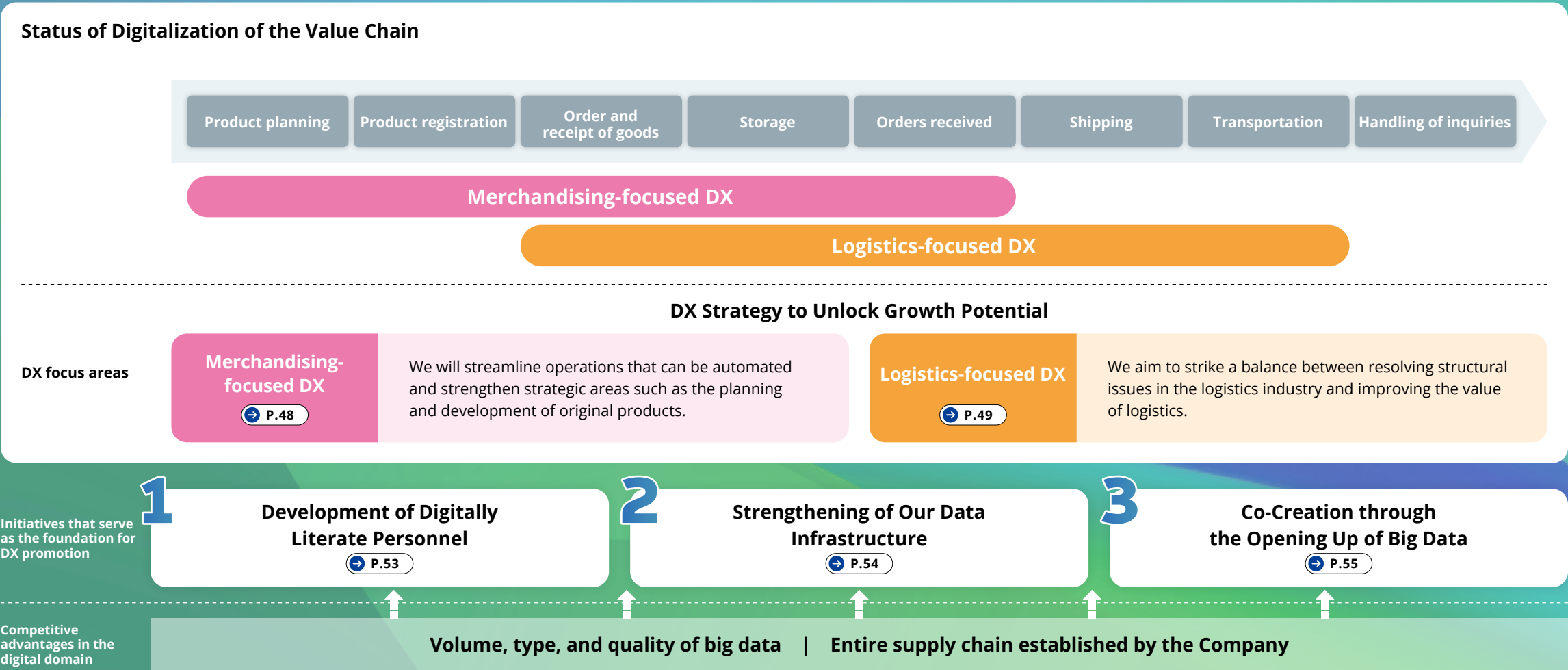
We have also established a system to promote DX across the entire company, such as by deploying data scientists and engineers in our logistics divisions and other physical areas, thereby enabling us to build new core distribution centers that utilize cutting-edge technology.

Accelerating Both Bottom-Up and Top-Down DX Promotion



Overview of DX within the Value Chain

We will continue to promote DX in each process within the value chain to create synergy across the entire platform. Our primary focus is on driving growth through DX in ASKUL's strongest areas—merchandising and logistics. We are promoting initiatives that serve as the foundation for DX and which fully leverage ASKUL's uniqueness, such as developing digitally literate personnel, strengthening our data infrastructure, and co-creating through the opening up of big data.



Merchandising-
Focused DX

Focus Areas and Strategies for DX to Unlock Growth Potential

At ASKUL, we constantly strive to expand our product lineup in order to achieve our transformation from an office supplies mail-order company.

To efficiently expand our product lineup while responding promptly to the needs of customers, we began digitalizing the product adoption process. By doing so, we will improve our product adoption process by addressing the following three issues.

1 Expansion of Product Lineups

We will steadily expand our product lineups according to customer needs by automatically capturing these needs using a wide range of internal and external data.

2 Price Optimization

We aim to be able to automatically maintain competitive prices that are attractive to customers for our mainstay products while ensuring profits and setting prices that give customers value for their money for our middle-range products.

3 Exposure Optimization

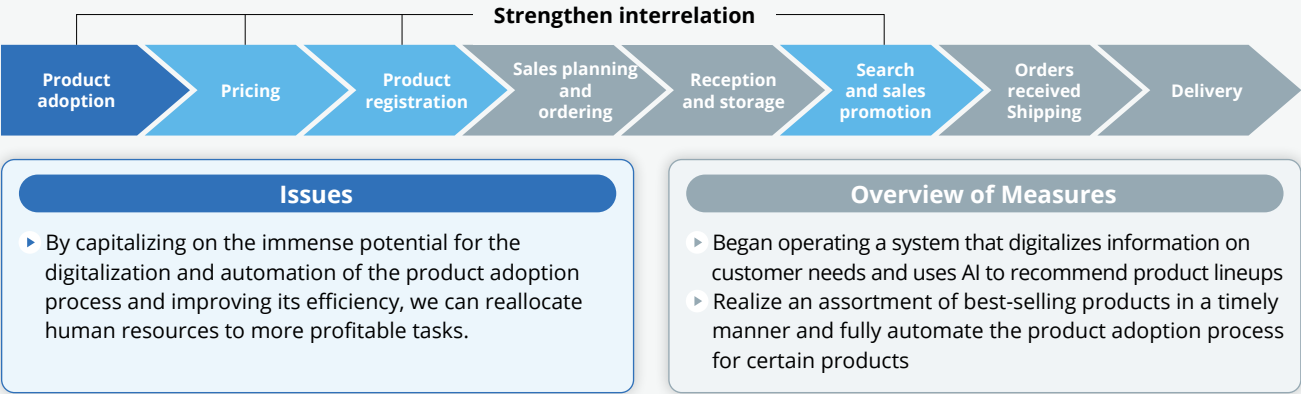
By automatically increasing customer exposure to appealing products, we can propose products that customers need in the most optimal way.

We began systemizing each process to address these issues. By establishing a system that automates various tasks that were performed manually until now, we will enhance the value of merchandising by allocating the time spent by merchandisers to product development, where they can draw on their unique value and expertise.

Using systems and AI to automate processes that were previously carried out based on the ideas and decision-making of merchandisers, we can prevent deterioration in operational efficiency and adopt products in mass quantities, which was not possible through manual labor.

To ensure quality and speed, we have taken on the project of forming a DX systemization team, consisting of merchandisers and members of the operational reform and system teams, within the Merchandising Unit.

Digitalization and Automation of Product Adoption Process



MESSAGE



Promoting DX to Enhance the Value of Merchandising

Mizuki Takehisa
Executive Officer,
Merchandising Unit

ASKUL is currently working to transform from an office supplies mail-order company to a company that supports workplaces, lifestyles, and the planet. The achievement of this transformation also entails a major change in the roles of merchandisers.*

We have already established the Business Process Reengineering (BPR) Team to improve business processes and are moving one step further in 2024 with the launch of our DX project to accelerate our entire merchandising business process. It is said that pricing is a part of business management, so we have launched our pricing DX project to improve the efficiency and effectiveness of our pricing strategies for our over 14 million products. We also began a project to digitalize our product adoption process to be able to respond to ever-changing needs in a timelier manner.

These efficiency improvement measures will enable merchandisers to focus on tasks in which they can demonstrate their unique capabilities, such as the development of original products, supply chain and product quality improvements, customer analysis, and ethical activities. We hope to create added value in these areas to develop them into strengths of ASKUL's merchandising.

Furthermore, in 2024 the LOHACO EC Marketing Lab, a co-creation platform established with manufacturers, was renewed as ASKUL EC Marketing Lab and expanded to include the B-to-B Business. I believe this move will allow us to play an even greater role as a hub between customers and suppliers by assessing customer needs from a wide range of big data that is specific to e-commerce and applying it to our product development with suppliers.

Through the use of data and technology, ASKUL will become a company that gives back to customers and society and brings delight to workplaces, lives, and the planet.

* Merchandisers are in charge of product planning and development, decisions on product composition, sales and service planning, and pricing.

Logistics-Focused DX

Focus Areas and Strategies for DX to Unlock Growth Potential



Takeshi Narimatsu
Executive Officer,
Logistics Unit

MESSAGE

Achieving Sustainable E-Commerce Logistics through DX and Co-Creation

In Japan, where the birthrate is declining and the population is aging, labor shortage is a serious issue, especially in the logistics industry, which is projected to face a 36% labor supply shortage by 2030. In light of these circumstances, we aim to resolve the industry's structural issues while maintaining basic logistics values, such as low costs, high quality, and short delivery times.

The keys to accomplishing this are DX and co-creation.

We are steadily pushing forward with DX to reduce workloads, shorten work hours, and promote automation in various logistics processes, including package receipt, warehouse operations, transportation, and delivery. In addition to robotizing heavy labor processes in our distribution centers, we recently developed an application that improves delivery driver productivity and introduced an automated transport solution that efficiently ships long-tail products and stores them as densely as possible. These efforts have led to the creation of new best practices.

We are also focusing on developing new products and services to lighten the burden on logistics. In the past, we developed original products with the intention of improving logistics efficiency and offered the Otoku Designated Delivery service to level out the shipping volume through the cooperation of customers. In the fiscal year ending May 20, 2025, we introduced a system that provides customers with the option of choosing same-day delivery and began a new initiative that places priority on customer needs and delivery productivity.

Against the backdrop of the “2024 issue” in the logistics industry, I feel that the way our customers think about our services is also changing amid the growing social awareness of logistics issues. Through co-creation with our customers and suppliers, we will continue to transform issues into new value. While responding flexibly to changing market needs and valuing the spirit of co-creation, we will remain committed to building a sustainable future in logistics. We will continue to do everything in our power to contribute to the development of the industry as a whole.

Product planning

Product registration

Order and receipt of goods

Storage

Orders received

Shipping

Delivery

Handling of inquiries

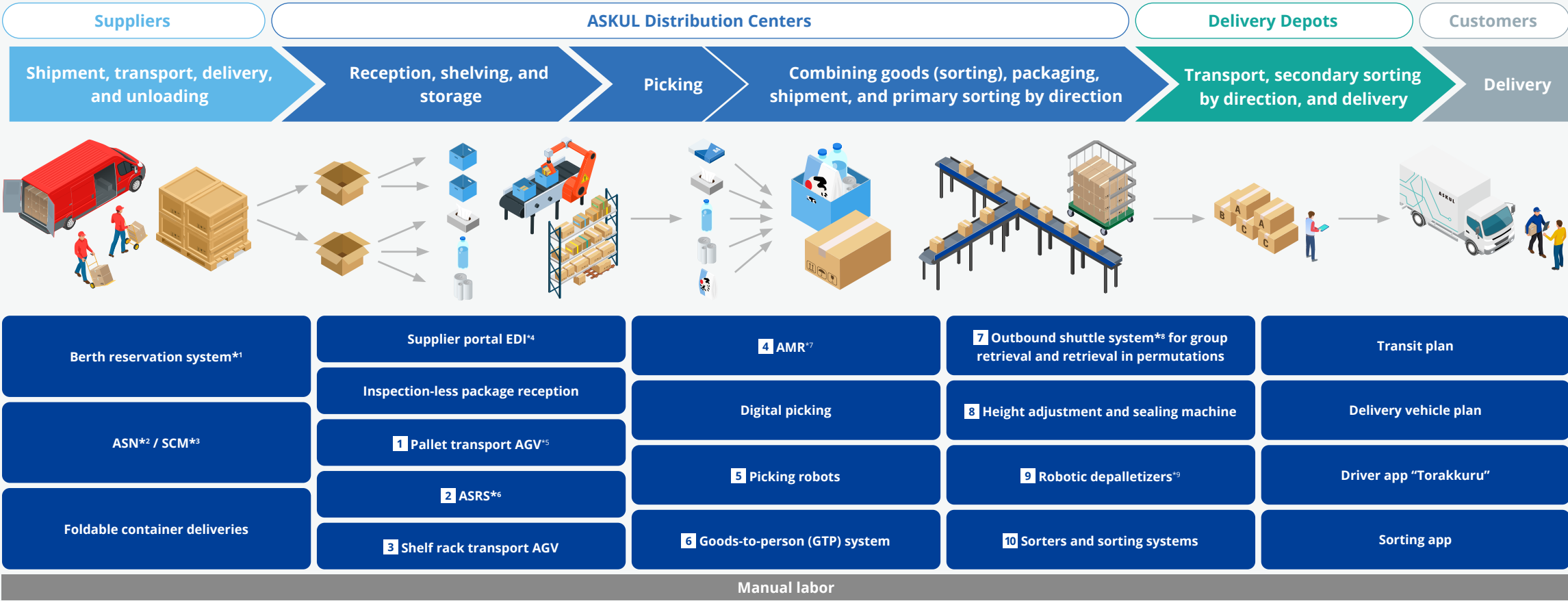
Logistics-focused DX

Logistics-
Focused DX

Focus Areas and Strategies for DX to Unlock Growth Potential

Automation and Big-Picture Digital Transformation in ASKUL's Logistics

ASKUL is digitally transforming its processes, fusing together the power of machines and workers, and designing its logistics operations based on the perspective of overall optimization, from upstream to downstream operations. These efforts are resulting in lighter workloads for employees and logistics without wasteful costs.



^{*1} Short for “truck berth.” A berth reservation system involves loading and unloading packages at spaces set aside in parking lots for trucks.

^{*2} ASN = Advanced shipping notice. ASN is a notification usually used by suppliers to provide detailed shipment information (delivery date, product information, volume, etc.) to distribution centers in advance.

^{*3} SCM = Shipping carton (container) marking. SCM refers to delivery labels with barcodes that are attached to *Oricon*, foldable containers, and to other types of containers. Using SCM, recipients of packages can confirm content details, tracking numbers, and other information without actually opening the package.

^{*4} EDI = Electronic data interchange. EDI involves the electronic handling of forms between companies, such as purchase orders, order sheets, delivery notices, and invoices, via networks.

^{*5} AGV = Automated guided vehicle

^{*6} ASRS = Stands for automated storage and retrieval system. ASRS is a massive system that automatically stores packages that have been transported via conveyor belts on shelves. ASKUL has installed and operates an ASRS at all of its distribution centers.

^{*7} AMR = Autonomous mobile robot. AMR makes use of sensing technologies, such as cameras and sensors, and AI to create maps of the environment in which they move and confirm their own location, allowing them to move while avoiding people and obstacles.

^{*8} Shuttle system: This is a type of equipment that can conduct deliveries to and from automated warehouses and other locations at high speeds.

^{*9} Depalletize: Work involving unloading individual packages off a pallet. Devices that conduct this work are referred to as “depalletizers” (opposite of palletize = to stack packages on a pallet).

Logistics-Focused DX

Focus Areas and Strategies for DX to Unlock Growth Potential

Aiming Toward a New Logistics Model: Three Paths to Resolving Issues

Transportation and Delivery

1) Establishment of Collaborative Line-Haul Transportation Network

This system incorporates the transfer of inventory between ASKUL's distribution centers into the transportation process in which suppliers deliver from their warehouses to ASKUL's, thereby combining the cargo of both companies on the same truck. As a result, truck loading ratios are improved, and CO₂ emissions are decreased by reducing the number of vehicles used for transportation.

2) MOVO Berth Reservation System

We have introduced the MOVO berth registration system in all of our distribution centers. This system enables vehicle drivers who are delivering goods to distribution centers to reserve a berth for incoming shipments prior to arrival, thereby significantly reducing the amount of time drivers have to wait when making deliveries.

This initiative also aims to address the pressing matter at the center of the "2024 issue"—a reduction in drivers' working hours.

3) Order Volume Leveling Figure 1

Since 2022, ASKUL has been conducting a field trial aimed at reducing the number of vehicles used for transportation and cutting CO₂ emissions by leveling out the order volume at the time ASKUL places orders with its suppliers.

The system uses proprietary AI developed from the perspective of an e-commerce business and marks a shift away from the conventional order-by-order method in which order volumes fluctuate in line with demand. Having achieved a certain degree of success, we are expanding the initiative to include multiple suppliers.

4) Optimization of Inventory Placement Figure 2

Since 2021, we have been optimizing inventory placement and inventory volumes at our distribution centers. Using voluminous data on shipment histories, inventory levels for each product, shipment capacity, and storage capacity at distribution centers, we optimize inventory assignment and volume at each distribution center by determining the best inventory placement for each product based on evolutionary computing methods. We strive to reduce delivery costs by using the power of technology to eliminate split deliveries.

Figure 1 : Order Volume Leveling

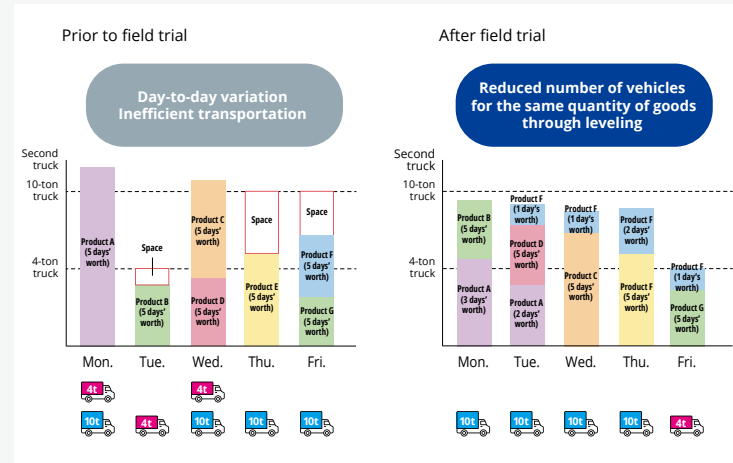
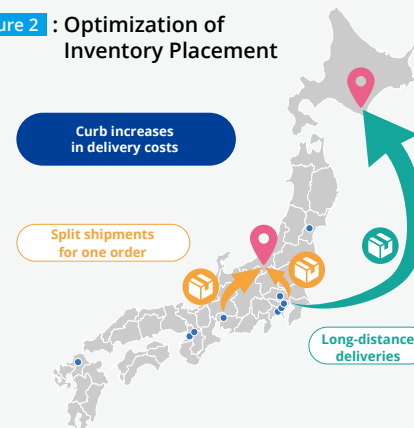


Figure 2 : Optimization of Inventory Placement



Working with Customers to Achieve Sustainable Delivery

1) Revision of B-to-B Threshold for Free Shipping

Amid calls to address worker shortages and improve labor conditions at logistics sites in response to the proliferation of e-commerce in recent years, we raised the amount per order for which we bear the basic delivery fee from ¥1,000 to ¥2,000 yen (including tax) for ASKUL services on November 1, 2023. By encouraging customers to buy in bulk where possible, we are jointly contributing to improving workstyles at logistics sites.

2) Expansion of Opportunities to Shop Around

LOHACO has implemented sales measures to encourage an increase in shopping traffic, such as offers in which discounts are applied to orders placed in bulk. By ordering in bulk, customers can not only purchase at a more reasonable price than usual but also contribute to reducing environmental impact and driver load.

3) Promotion of Unattended Delivery

Since May 2023, LOHACO has made unattended delivery, in which parcels are left by the customer's front entrance, the default setting as part of its efforts to achieve environment-friendly delivery. This initiative will not only lower CO₂ emissions by reducing the number of redeliveries needed due to missed parcels but will also help reduce the burden on drivers.

4) Otoku Designated Delivery

LOHACO offers PayPay points to customers when they choose to receive their package later than the standard delivery date in order to spread out the shipping and delivery load that accompanies an increase in the volume of goods on specific days, thereby helping to stabilize and improve the efficiency of logistics.

P.50 Automation and Big-Picture Digital Transformation in ASKUL's Logistics

P.52 Warehouse Robotics and Automation

Logistics- Focused DX

Focus Areas and Strategies for DX to Unlock Growth Potential

Warehouse Robotics and Automation



ASKUL has introduced a large number of robots at its distribution centers. Their introduction is based not only on the goal of improving productivity but also on our desire to reduce the burden on workers and create an environment in which employees can work comfortably for many years. We have achieved a reduction in workloads and improved productivity by having state-of-the-art robots handle particularly physically demanding tasks, such as walking long distances and carrying heavy objects.

In addition, ASKUL's logistics specialists are involved in robotics-related design from the initial stages of establishing each logistics center.

Reception, shelving, and storage

1 Pallet transport AGV

Pallets full of incoming products are transported to the intake facility of the automated warehouse, increasing work efficiency by reducing the need for workers.

1 center

2 ASRS

Products can be stored up to the height of the ceiling, maximizing storage density.

7 centers

3 Shelf rack transport AGV

Automated guided vehicles (AGVs) efficiently transport shelves that are densely packed and enable fixed-point picking by automatically moving products from shelves to containers.

1 center

Picking

4 AMR

AMR has achieved a significant reduction in walking during the picking process and has improved productivity.

1 center

5 Picking robots

These arm-type robots use 3D-image recognition to automatically generate a movement plan to identify and pick out 2,000 varieties of products.

2 centers

Picking

Combining goods (sorting) and packaging

6 GTP system

This picking (goods-to-person) system transports products to the location of workers.

3 centers

7 Outbound shuttle system for group retrieval and retrieval in permutations

This shuttle system picks up products on multiple routes and moves them to packaging stations based on individual orders.

6 centers

8 Height adjustment and sealing machine

Packaging equipment folds and lids cardboard boxes in order to minimize the sizes of boxes to fit the merchandise.

7 centers

Shipment and primary sorting by direction

9 Robotic depalletizers

These arm-type robots move cases of products from pallets to conveyor belts, helping reduce the workloads of employees.

1 center

10 Sorters and sorting systems

Sorters are controlled by systems to divide products by their outgoing direction and delivery carrier.

All centers

Initiatives That Serve as the Foundation for DX Promotion

1 Development of Digitally Literate Personnel

Policy on Developing Digitally Literate Personnel

Who?
Business talent

What?
Big data

How?
Data-based decisions

Aim to be a data-driven company

Overview of Data Science Course

The Data Science Course is a program that all employees can participate in to learn SQL^{*1} and Tableau^{*2}. The course consists of 15 two-hour sessions over a period of approximately three months and is generally held via Zoom, with 30 to 40 employees attending each session.

The course is unique in that it is run entirely by employees, including instructors and administrative staff, and creates a continuous cycle of knowledge in which those who complete the course go on to teach as instructors. There is also a mentoring system in place, alongside a well-balanced curriculum of classroom lectures and breakout room exercises. Students develop and present dashboards for their final project using video-based teaching materials developed in-house.

^{*1} Structured query language: A language for manipulating databases

^{*2} Tableau: A business tool that visualizes data analysis using dashboards, spreadsheets, and other means

Students of the Data Science Course

ASKUL has been holding the Data Science Course since 2020. As of November 2024, the course has run for seven terms, and a total of 212 employees have completed it, which is more than 20% of the Company's total workforce. This is more than the target number that was set as a benchmark for the success of the initiative.

Students have included members from the merchandising, logistics, procurement, inquiries, and back office departments, and President Yoshioka also took the course and completed it successfully. Even new graduate hires can participate in the Data Science Course immediately after joining the Company.



President Yoshioka also participated as a student

The Evolution of the Data Science Course

Before

- ▶ **Data extraction:**
Requests sent to data team
- ▶ **Data analysis:**
Took time to conduct via excel and other tools
- ▶ **Data sharing:**
Copy and pasted to PowerPoint



Decisions were based on intuition and experience as employees were unable to find time to conduct analysis.

After

- ▶ **Data extraction:**
Can be done independently
- ▶ **Data Analysis:**
Can be done immediately with SQL
- ▶ **Data Sharing:**
Done via Tableau



Employees can now independently analyze data and make data-based decisions

Case Study: Project for Developing a Data Analysis Support Service for Agents

A project team made up of lecturers and employees who have completed the Data Science Course was formed to develop and provide a new data analysis support service to help agents improve their operational efficiency and engage in data-driven sales activities.

In addition to lecturers, members of sales divisions also joined to help develop the service after gaining an understanding of the structure of the tools and data, enabling them to create a high-quality system in a short period of time.

→ P.55 Co-Creation through the Opening Up of Big Data



Saki Tomohira
DX Promotion,
Technology Unit

We started off by trial and error, but looking back, we have helped many employees complete the course, and the use of data within the Company has evolved dramatically. Those who have completed the course have now developed to the point where they are promoting sales-focused DX with the involvement of agents, and I feel that the course has become a major driving force both inside and outside the Company.

I would like to continue to help the Company grow further by providing in-depth training to many people.



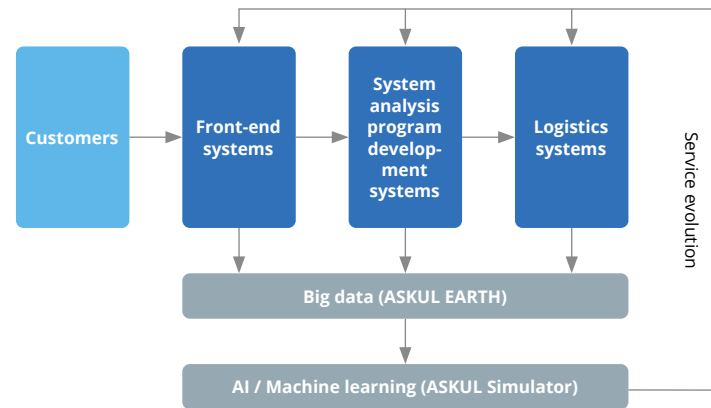
Ichiro Ishikawa
General Manager,
Business Reform
Sales Unit

The number of sales team members who have completed the course is increasing, and we are now able to communicate using our new common language of data. Thanks to the Data Science Course, which allows anyone to learn in an enjoyable way with their colleagues, accurate knowledge of data is becoming standard among sales staff.

I would like to work with our agents to drive business forward even further by harnessing the power of data.

Initiatives That Serve as the Foundation for DX Promotion

2 Strengthening of Our Data Infrastructure



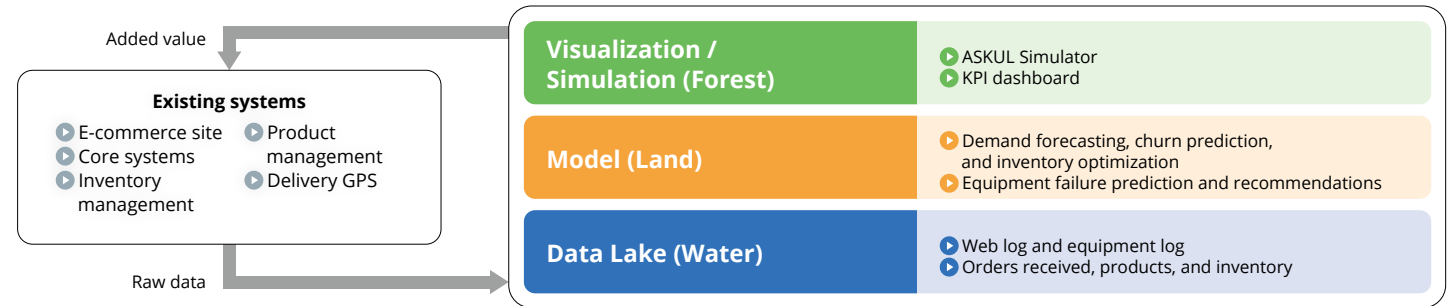
Integrating Big Data from Various Processes

In December 2021, we established the ASKUL EARTH big data platform to integrate and utilize the vast amount of data held by the Company. Through this data platform, we have created an environment that allows us to quickly analyze not only accounting and other core data but also customer search and purchase history and procurement, inventory, shipping, and delivery data.

ASKUL EARTH has solved previous issues related to data volume capacity, analysis processing speed, and data freshness. This has enabled highly accurate demand forecasting and efficient inventory management and is leading to the optimization of operational processes.

We have also set up a viewing environment using Tableau, which has a superior user interface, so that all employees, including top-level management, can make data-driven decisions. With analysis using AI and machine learning technology now possible, we have developed an optimal data analysis environment that serves as an important foundation to support DX strategies.

Overview of the ASKUL EARTH Concept

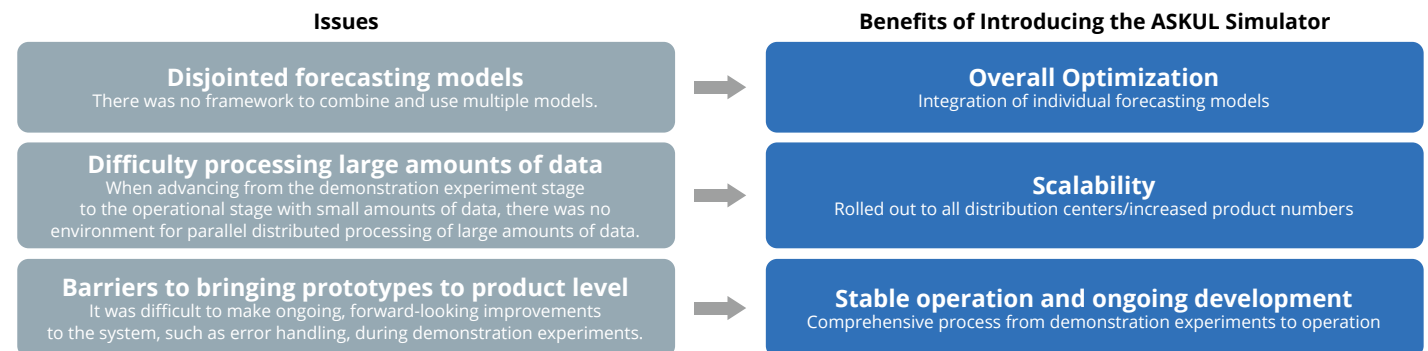


Enhancing Added Value with the ASKUL Simulator

We created the ASKUL Simulator on ASKUL EARTH to enable simulations that connect individual prediction models, and we are promoting its use in a variety of business operations. Optimizing inventory management through product demand simulations can mitigate the risk of excess inventory and stockouts and can also reduce distribution costs and improve operational efficiency.

We will continue to evolve our overall DX optimization model by gradually adding new forecasting models to the ASKUL Simulator.

Previous Issues and the Benefits of Introducing the ASKUL Simulator



Initiatives That Serve as the Foundation for DX Promotion

3 Co-Creation through the Opening Up of Big Data

The LOHACO EC Marketing Lab was established in 2014 based on the idea that data should be given back to society and put to use. Having refined our expertise, we revamped it as the ASKUL EC Marketing Lab, which will also open up Japan's largest B-to-B big data set in 2024, and in the same year we also launched ASKUL Data Solution for Agent, a data analysis support service. We are accelerating data-driven value creation by harnessing the power of co-creation.

ASKUL

Use in **product development**

Use in **sales activities**

▶ **Analysis of Purchase Data**

▶ **Use in Product Development**

▶ **Support for Utilizing Data**

▶ **Strengthening of Sales Activities**

For Suppliers

For Agents

ASKUL EC Marketing Lab: Expanding the Co-Creation Platform to the B-to-B Domain

We had previously operated the LOHACO EC Marketing Lab as a co-creation platform for e-commerce marketing, through which we researched effective and efficient e-commerce marketing and product development that captured customer needs as revealed by the data, by opening up the wide variety of e-commerce-specific big data* held by LOHACO to participating suppliers.

In April 2024, we changed the name to the ASKUL EC Marketing Lab and began opening up the big data of ASKUL's B-to-B service with the aim of maximizing synergies between the B-to-B and B-to-C businesses. There are currently 117 participating companies, and we are supporting the data-driven marketing activities of suppliers by providing them with a data utilization platform.

* Customer data, purchase data, product data, access logs, inquiry data, review data, and delivery data, etc., do not contain personal information such as names or dates of birth.



Aika Miyawaki
EC Sales Division
S.T. PRO Co., Ltd.

ASKUL's B-to-B data is extremely useful for product development and advertising as it allows you to check customer trends, sales trends for entire categories, and more.

Up until now, we have had some issues with our advertising strategy, but with the support of ASKUL and their data-based analysis of our current situation, we have been able to discover product needs by industry, analyze the scenarios in which the products are used, and use better images in our advertising. Compared with the B-to-C market, the B-to-B market was a difficult area in which to obtain and analyze data, but I feel that our participation in the ASKUL EC Marketing Lab has given us more clarity and broadened the scope of our proposals.

We hope to use the lab as a place for co-creation, where manufacturers can connect with each other, and would like to evolve e-commerce together with ASKUL and its manufacturers.

ASKUL Data Solution for Agent: Evolving B-to-B Sales Activities into Data-Driven Activities

Utilizing ASKUL's B-to-B big data, the largest set of its kind in Japan, ASKUL has launched the ASKUL Data Solution for Agent data analysis support service for agents as a new initiative to improve sales efficiency. This service helps agents who are responsible for customer acquisition and retention and the collection of receivables to transform their sales activities into a data-driven approach. In obtaining reports and drafting proposals for customers, real-time data is used to reduce workloads and improve operational efficiency. Timely reflection in various lists and analytical dashboards provides actionable insights, allowing users to take measures to improve sales and prevent customer churn.

I have high expectations for ASKUL Data Solution for Agent because I believe that relying on experience and intuition for sales activities has its limits, and using data is essential for making proposals that are useful to customers at the right time.

I enjoy looking at the data in ASKUL Data Solution for Agent because it gives me a better understanding of customer trends and behavior that I cannot get from my day-to-day sales activities, and it gives me ideas for proposals in various sales situations. It is designed to be intuitive to use, so no specialized knowledge or skills are required, and you can get the data you need at the time you need it, which also contributes to improving work efficiency. We want to fully harness the power of data to further enhance the added value of the services we provide to our customers, which only ASKUL and its agents can provide.



Kojiro Akiho
Division Manager,
Solution Sales Division
YBC Co., Ltd.

Section 4 Management Foundation

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Roundtable Discussion with Independent Outside Directors

Successfully Completing and Aiming for Growth Beyond the Medium-Term Management Plan



Naomi Aoyama
Outside Director,
Independent Officer

Kazuo Tsukahara
Outside Director,
Independent Officer

Yumiko Ichige
Outside Director,
Independent Officer

Genri Goto
Outside Director,
Independent Officer

Rina Akimoto
Outside Director,
Independent Officer

Starting Under a New Director Structure

Ichige: Having decided to have independent outside directors account for half of all directors, the Nomination and Compensation Committee selected Rina Akimoto as a new director, who was appointed at the general meeting of shareholders. The Nomination and Compensation Committee has long aimed to have a majority of independent outside directors and arrived at this decision after continued discussions with internal and external stakeholders, including management and major shareholders.

When selecting the new director, we considered a number of factors, including the need for a younger director to ensure diversity, as well as someone with management experience. We also discussed the need for a director who could contribute to enhancing the Company's corporate value. After interviewing multiple candidates based on these discussions, we decided on Ms. Akimoto.

Akimoto: I was appointed as an outside director of ASKUL in August 2024. I have long been a user of LOHACO and an admirer of ASKUL's, so it is a great honor for me to be selected as an outside director and be involved in the management of the Company.

In 2017, I launched an online sales platform that allows consumers to purchase agricultural products directly from producers. The platform now has approximately 10,000 registered producers and is used by one million consumers. I hope to fulfill the role expected of me by encouraging ASKUL to be bold and quick to act when taking the necessary risks for its growth.

Tsukahara: As a business owner, Ms. Akimoto's ability to seize opportunities and make quick, appropriate decisions is evident from the speed at which her company has grown. I believe her expertise will be crucial to ASKUL's future growth, so I would like her to share her thoughts at Board meetings without hesitation.

To date, the Nomination and Compensation Committee has been working to develop a unique candidate nomination system for ASKUL, including the systemization of qualification requirements, the appointment process, and evaluation and

Roundtable Discussion with Independent Outside Directors

training methods. Candidates are nominated through a combination of various evaluation methods and interviews with committee members. As a result of adopting this system, the number of executive officers in their 30s and 40s has increased, and the percentage of female directors and executive officers is rising.

To continue this rejuvenation of ASKUL's management, it is important that the Company continues to grow and does not allow its human resource efforts to stagnate.

Goto: Having worked to design a system for executive officers, the next step is to discuss the CEO succession plan in more concrete terms. For a certain period after its founding, ASKUL was able to achieve growth in a top-down manner, but CEO Akira Yoshioka has brought in and headed a structure that has supported ASKUL's growth by bringing the whole company together as a team and managing it in that way. I think that developing leaders who can further develop this kind of system will help in the formulation of succession plans in the future.

The Medium-Term Management Plan and Growth Beyond Its Completion

Ichige: One year remains of the current Medium-Term Management Plan. ASKUL has achieved great results so far, with LOHACO, which was previously a concern in terms of performance, turning a profit and the EC Business seeing increased profitability.

However, I believe that more fundamental discussions are needed when drawing up the next medium-term management plan. The current Medium-Term Management Plan was aimed at business growth over the foreseeable future at the time the plan was formulated. In reality, the external business environment



changed more quickly than we had anticipated, and there were times when we were slow to respond to changes that differed from the assumptions underlying our plans. I think that if we had a longer-term vision, we would have been able to discuss and sow the seeds for the next stage of growth sooner.

The EC Business, which is at ASKUL's core, will be key in achieving a full-scale, timely transformation from an office supplies mail-order company. I believe that it is necessary to firmly increase the EC Business's profits and then to develop new areas based on the Company's long-cultivated strengths.

Aoyama: Based on my experience, I was somewhat skeptical about the effectiveness of medium-term management plans.

In this case, however, I believe the plan has served as an effective guide to raise vantage points toward growth. Setting modest targets and working steadily to achieve them contributed to the Company's growth.

In the future, I think the Company needs to present a clear vision for its next stage of growth and communicate its offensive stance both internally and externally, rather than setting modest targets as it did in the previous plan.

Tsukahara: Speaking from a slightly different standpoint, I believe that the formulation of the Medium-Term Management Plan was significant from a corporate governance perspective.

Several years ago, ASKUL was at the forefront of an issue that arose regarding parent-subsidiary listings, and I think that one of the factors behind this was a lack of communication. By clearly demonstrating its management policy both internally and externally through the plan, the Company was able to ensure its management independence while aligning its growth-oriented

thinking with that of its stakeholders and to operate with their understanding and cooperation.

Goto: As the Company has achieved a certain level of strong growth during the period of the Medium-Term Management Plan, it will be important to see how consistently it can increase its figures to achieve performance targets over the remaining year, and we will be monitoring this closely.

In addition, I have some concerns when looking at ASKUL's growth after the period of the Medium-Term Management Plan. The EC Business is profitable and has too strong a presence as a mainstay business, so the Company must avoid falling into a kind of innovation dilemma where there is little incentive to expand into new growth areas.

The development and proliferation of new technologies, including generative AI, are progressing at an unprecedented speed. I believe that the Company should be proactive in leveraging its competitive advantages, such as the volume of data it holds, to take advantage of this wave of change.

Akimoto: Since my appointment, I have had the opportunity to attend various meetings, and I feel that ASKUL has a very conscientious corporate culture.

There are positive aspects to this, but it is also a barrier that must be broken down to drive innovation. This can be said for any company, but if a board of directors must unanimously agree on something based on carefully prepared evidence and materials, it may already be too late to seize the opportunity.



Roundtable Discussion with Independent Outside Directors

I believe that to bring about future change, it is necessary for management to consciously lead the way in reforming the corporate culture, and I am determined to play my part in this.

How Outside Directors Can Leverage Their Unique Position to Help the Company Grow

Goto: Looking in detail at ASKUL's performance for the fiscal year ended May 20, 2024, I would like to start by commending the LOHACO Business for giving priority to maintaining profitability over top-line growth. Going forward, it will be necessary to use the effort that has gone into rebuilding the LOHACO Business to nurture the seeds of new businesses and build a new business portfolio.

To this end, I would like to encourage the Company to move toward a mindset of "medium risk, medium return" as a way of approaching new business.

Tsukahara: In terms of the approach to building a portfolio, I think there should also be discussion about how to divide up business segments in the future.

At present, the Company is mainly divided into the B-to-B and B-to-C businesses, but in order to take on new challenges and achieve growth, it is necessary to think carefully about what the optimal business unit would look like. This may lead to changes in the way we look at things, such as dividing business segments by region or product. We believe that such discussions are necessary to clearly understand the capital efficiency of each business and ensure that it is managed appropriately.



Aoyama: When it comes to innovation, our own attitude toward how much failure is acceptable is also called into question. If employees are to be able to take on challenges with peace of mind, the Company must adjust its criteria for what constitutes a success or failure, rather than making decisions and evaluations based on conventional thinking.

Tsukahara: Another important element for growth is the design of the compensation scheme. In the fiscal year ended May 20, 2024, the Company introduced an ESG-linked compensation scheme. One of the outcomes of this was the creation of a new scheme that incorporates the degree of achievement of ESG indicators, in addition to financial performance, to promote ethical e-commerce. It is important when designing a compensation scheme to not focus on monetary amounts but instead ensure that it serves as an incentive to help ASKUL achieve its growth potential. For this reason, we will continue to review the compensation scheme.

Consideration of Group Governance from the Perspective of Both the Parent and Subsidiary Company in the Parent-Subsidiary Listing

Ichige: Regarding the parent-subsidiary listing of ASKUL Corporation and LY Corporation, from the perspective of protecting minority shareholders, we have established a governance system that involves monitoring for conflicts of interest and strengthening the authority of the Nomination and Compensation Committee and Special Committee. In line with what was expressed in *ASKUL Report 2023*—"building relationships of trust with a sense of urgency"—the Company has held regular meetings



between the LY Corporation's management and ASKUL's outside directors, as well as between ASKUL's outside directors and LY Corporation's outside directors, in order to avoid friction caused by a lack of communication and to engage in constructive dialogue based on the common goal of improving corporate value.

Furthermore, we have also been in extensive discussions with LY Corporation regarding the benefits (synergies) of parent-subsidiary listings from the perspective of the subsidiary, which is not often discussed in general terms, such as the ability to utilize the parent company's management resources (support in

terms of technology and use of platforms), as well as the benefits for the Company in terms of improving its corporate value. We are also moving forward with communicating the results of these discussions to all of our stakeholders.

Goto: In making the LOHACO Business profitable, the effectiveness of attracting customers and promoting sales with Yahoo! Shopping can be seen as a good example of the synergy between the Company and LY Corporation. As both are B-to-C businesses, the Company was able to hold events and promotional activities while avoiding double investment within Group companies and keeping costs down.

There were also benefits seen in the construction of the New ASKUL Website. Upgrading a large-scale system like this requires a great deal of technical know-how and human resources, and LY Corporation was able to provide the Company not only with this know-how, which it has in abundance, but also human resources to support the development of the website.

Roundtable Discussion with Independent Outside Directors

Tsukahara: The key to communication in a parent–subsidiary listing is to open up multiple channels for dialogue. In addition to the channels for discussion through the CEO and CFO, there are also multiple other channels for engaging in dialogue and discussing issues from a variety of angles, including with us outside directors. Doing so means that even if there is miscommunication at any point, there will be a way to fix it, which I think is important.

I think that can also be said of the relationship between the Company and AlphaPurchase. We must bear in mind that AlphaPurchase is thinking in the same way as we are when we are in discussions with LY Corporation, with consideration for the protection of minority shareholders.

Aoyama: In addition to the exchange of personnel between Group companies, the ideal situation would be for AlphaPurchase and other group companies to make effective use of ASKUL's management resources, thereby improving capital efficiency across the Group as a whole and creating a path for growth by combining capital.

Directors' Ambitions to Support the Company's Growth

Akimoto: I feel that I am witnessing a moment of great responsibility, but also an interesting one that will generate future growth for ASKUL.

I believe that one of my roles as an outside director is to encourage bold but not overly reckless decision-making while maintaining this sense of responsibility. I would like to encourage the Company to go ahead and take the first step when tackling new challenges, even if preparation is only 60% to 70% complete, and to keep going.

Tsukahara: In the fiscal year ended May 20, 2024, we had an opportunity for dialogue

between investors and outside directors. In addition to explaining the Company's policies, such as protecting minority shareholders and monitoring of conflicts of interest, this was a good opportunity to see how the Company is viewed by the market and deepen mutual understanding.

I will continue to work hard to ensure that ASKUL's employees and shareholders can take pride in the Company.

Aoyama: I will continue to focus on the customer perspective, which is my strength, and proactively express my opinions so that ASKUL can provide services and products that exceed customers' expectations. In the fiscal year ending May 20, 2025, the Company also announced its plan to invest ¥100 billion, so I would like to help to create an environment in which employees can take on challenges that will ramp up the Company's offensive stance.

Goto: For ASKUL to continue to exist, it must achieve nonlinear growth, and I believe that the time to do so is now. We will keep a close eye on world-changing technologies such as generative AI and will move forward while maintaining communication with companies throughout the Group.

Ichige: Ensuring strong corporate governance is a never-ending endeavor, and in that sense, the Company can only ever be halfway to achieving it, so I believe constant effort is necessary. In the fiscal year ending May 20, 2025, we are moving forward with discussions on the next medium-term management plan. As outside directors, we encourage the Company not only to step on the brakes but also step on the gas when necessary, from the perspective of appropriate risk taking and risk management. I hope that ASKUL's stakeholders will look forward to the Company's growth after its transformation from an office supplies mail-order company.



Comment from President Yoshioka Following the Roundtable aDiscussion

Discussions and Proposals for Growth Based on a Stronger Sense of Ownership



After a dispute with a major shareholder in 2019, we were able to reform our structure, which had been under close scrutiny in terms of corporate governance, and enjoy the benefits of a parent–subsidiary listing thanks to the efforts of our outside directors.

As was mentioned in the roundtable discussion, in the fiscal year ending May 20, 2025, we have welcomed on board Ms. Akimoto as a new outside director, meaning that half of our directors are now independent outside directors. Ms. Akimoto is a bold person who not only points out issues facing the Company but also clearly states her ideas and guides us in making proposals for improvement. Above all, she has a strong interest in ASKUL, so we believe she will be able to successfully fulfill her role as an outside director.

Going forward, ASKUL must grow in a way that is not just an extension of its past. To this end, I ask that the outside directors continue to point out the issues that the company faces without deferring to the executive team, and that they bring life to discussions and make proposals based on a strong sense of ownership regarding the improvement of corporate value.

Messages from Independent Outside Audit & Supervisory Board Members



Yoshitaka Asaeda

Outside Audit & Supervisory Board
Member, Independent Officer

ASKUL has a very diligent corporate culture, and we take a steady approach to getting the job done one step at a time. The way corporate governance is handled by a board of directors varies from company to company, but in our case, I feel that it would be good to make use of this culture and shift the focus to monitoring in order to make executive decisions quickly. More specifically, I think the role of the Board of Directors is to look at the current and future business environment; discuss, decide, and communicate whether the Company's purpose, strategy, and direction are correct; and

then monitor whether management is being carried out in line with these and whether the Company is heading in the right direction.

However, a diligent corporate culture can be both a strength and a weakness. While we must continue to build on our existing businesses and steadily improve our performance, we must also take risks and sow the seeds of future businesses and nurture the buds of future growth. One of the important roles of the Board of Directors is to determine business strategies based on innovative ideas and a medium- to long-term perspective.

In addition to auditing and supervising financial and internal controls, I believe it is important for the Audit & Supervisory Board to monitor in a timely manner whether the Board of Directors is taking appropriate risks when making strategic decisions and whether those risks are being appropriately controlled in the execution of those decisions.

As a result, this will benefit all stakeholders, including customers, agents, suppliers, employees, and shareholders and will improve overall corporate value.



Miyuki Nakagawa

Outside Audit & Supervisory Board
Member, Independent Officer

To ensure the sound and sustainable growth of the Company and to establish a corporate governance system that meets social expectations, Audit & Supervisory Board members are required to monitor the execution of duties by directors while collaborating with the accounting auditor and Internal Audit Division, and to monitor whether the Company is appropriately responding to business issues and risks that may affect Company management. Above all, outside auditors are expected to express their opinions from a fair and appropriate perspective on matters that are difficult to discuss internally.

Over the past year, I have participated in Board meetings, Audit & Supervisory Board meetings, and

Risk and Compliance Committee meetings. At Board of Directors' meetings, outside directors actively share their views on agenda items and, at times, propose items that they feel should be discussed by the Board of Directors. As such, I believe that ASKUL's corporate governance structure is functioning sufficiently.

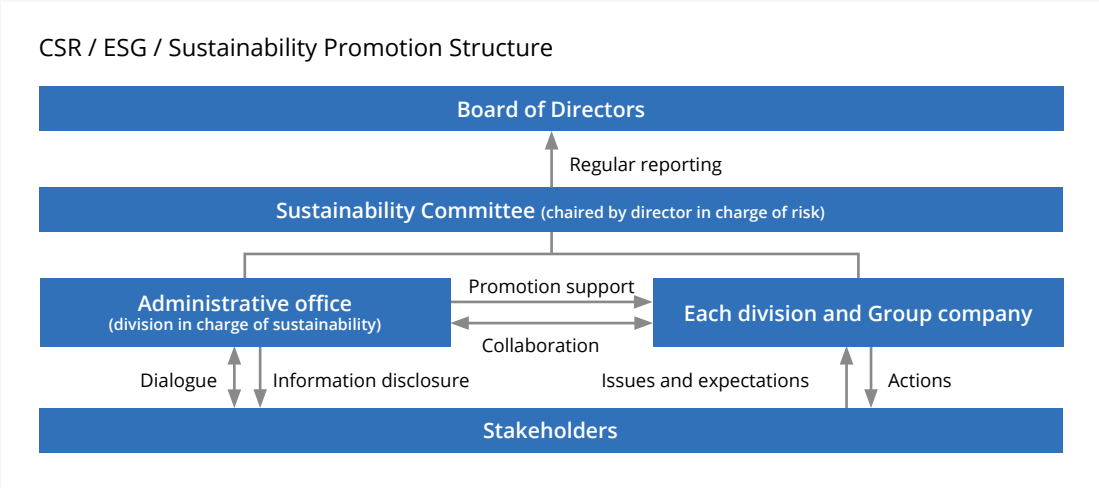
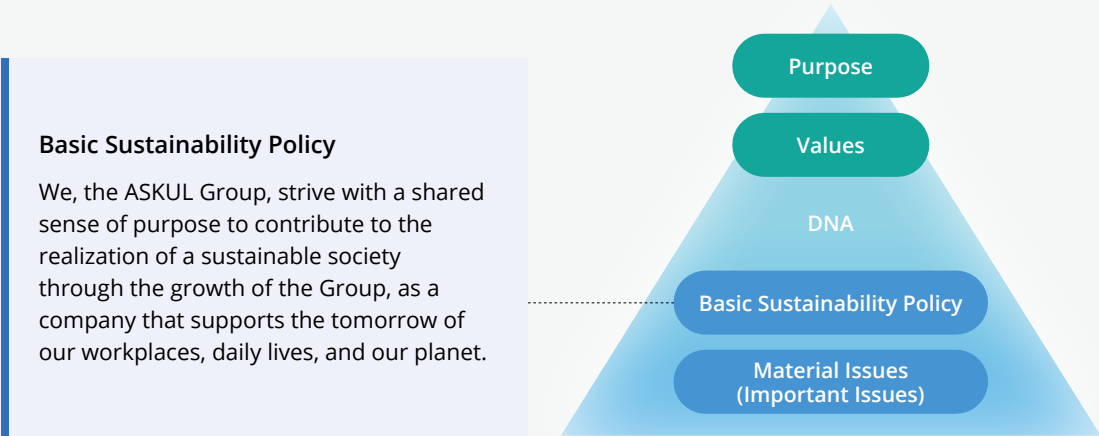
The Audit & Supervisory Board conducts interviews with executive officers to identify the issues facing each division and exchange opinions on how to resolve them. In addition, we collaborate closely with the Internal Audit Division to promptly and accurately respond to issues discovered during audits.

In a dramatically changing business environment, it is becoming increasingly important to strike a balance between risk-taking and risk control to enhance corporate value and establish a sustainable business model. To this end, the entire ASKUL Group needs to further strengthen its corporate governance functions and auditing systems by improving the internal systems and management structures of each Group company.

In the fiscal year ending May 20, 2025, I will continue to work to expand and strengthen the auditing system for the entire ASKUL Group.

Promotion of Sustainability Management as a Unified Initiative with Our Businesses

In December 2020, ASKUL formulated the Basic Sustainability Policy as a guideline for activities to realize a sustainable society and identified material issues (important issues). We are fulfilling our responsibilities for a sustainable society and for sustaining growth as a corporation by constantly evolving and undertaking initiatives to solve social issues through business activities.



Material Issues (Important Issues) Identification Process

We identified and categorized key issues while referring to international guidelines, internal policies, and the ASKUL WAY. Moreover, through interviews, ASKUL organized and evaluated issues along two axes, “importance for stakeholders” and “importance for ASKUL,” and identified and decided material issues (important issues) in a resolution passed by the Board of Directors.

Identification Process

- STEP 1

Identify and evaluate social issues and hypothesize stakeholder demands
- We identified social issues that should be examined, including items outlined in the 17 SDGs, GRI, ISO 26000, SASB, IIRC, and other international frameworks, as well as ESG evaluation criteria. In addition, we listed hypothetical demands from each type of stakeholder.
- STEP 2

Dialogue with stakeholders
- Based on the identified social issues and determined hypotheses, we conducted a survey of employees and interviewed customers, suppliers, investors, and officers inside and outside the Company about stakeholder expectations and demands of ASKUL, as well as the priority issues that we should address.
- STEP 3

Align internal and external assessments and identify candidate key issues
- We selected candidate material issues (important issues) along the two axes of importance based on stakeholder expectations and external viewpoints and the importance and impact for the ASKUL Group.
- STEP 4

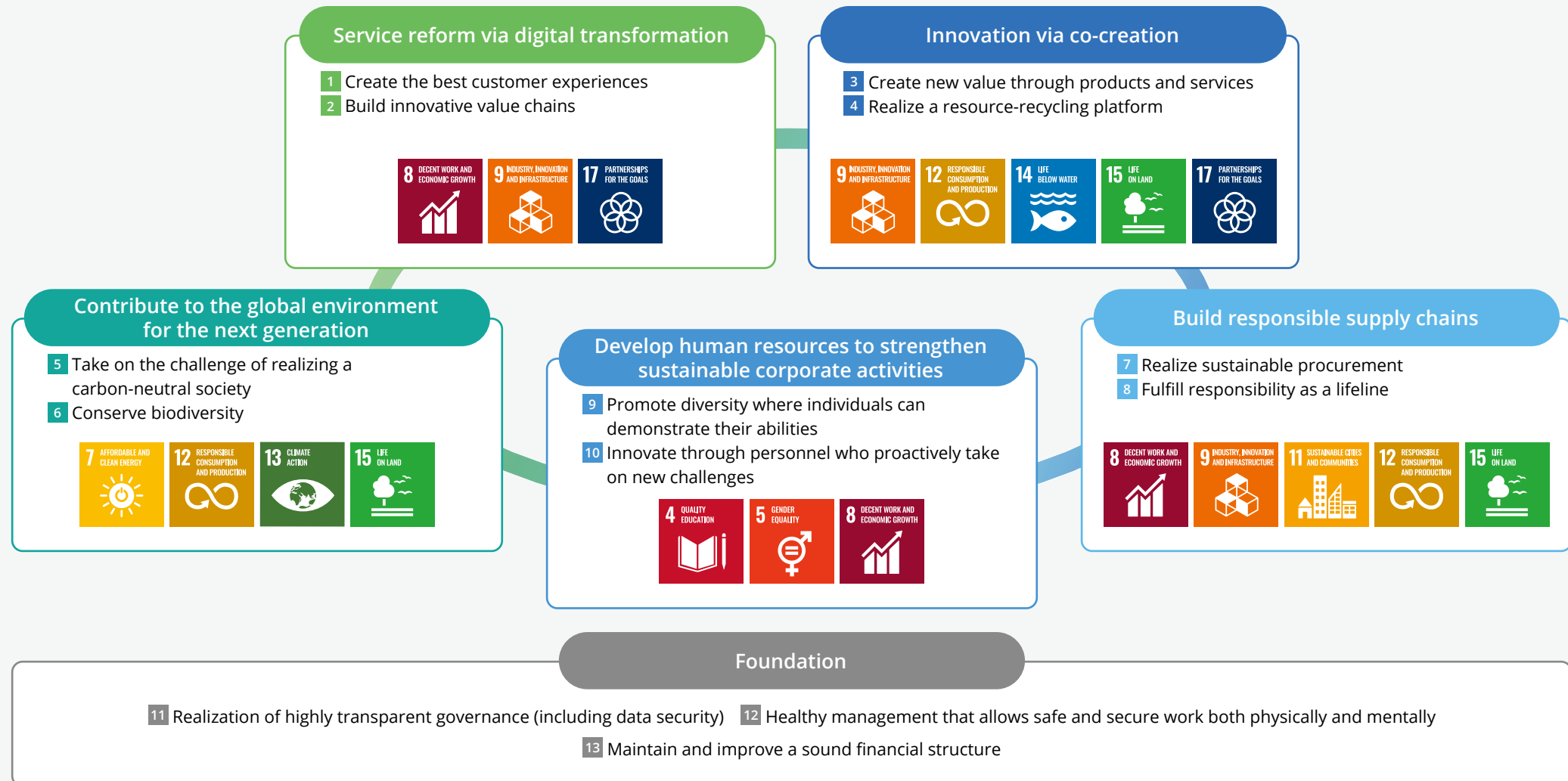
Discuss and evaluate at management level and identify material issues (important issues)
- We identified and disclosed ASKUL's material issues (important issues) following deliberations by the Board of Directors and having ascertained their appropriateness through the CSR Committee in December 2020 (currently the Sustainability Committee), after receiving and evaluating opinions of all officers, including outside directors, and discussions by the Management Meeting.
- STEP 5

Review material issues (important issues)
- We implement each initiative and periodically review material issues (important issues), targets, and KPIs in light of changes in the business environment, social trends, and KPI attainment.

List of ASKUL's Material Issues (Important Issues)

Based on the identified material issues (important issues), ASKUL has decided its initiatives and targets through 2030. While reviewing these material issues in the future, we will ascertain progress and regularly reassess each material issue.

List of Material Issues and KPIs → P.99-101



The Ethical E-Commerce ASKUL Aims to Achieve

Ethical E-Commerce

Since its founding, ASKUL has aimed to achieve “social optimization” and has grown by reforming existing distribution models to create new ones while gaining the support of its customers and business partners.

The speed at which changes occur around us has entered an entirely new dimension with the emergence of climate change, labor shortages, human rights issues, and geopolitical risks, as well as the increasing demand to realize a sustainable society.

ASKUL's Purpose is “continuously bringing delight to our workplace, life, the planet and tomorrow.” E-commerce that embodies this purpose, and that strives to provide products and services that will not only benefit customers but also help resolve social issues, is the ethical e-commerce that ASKUL aims to achieve and its mission.

We promote the use of ASKUL and participation in the ASKUL platform as the most convenient ways to make the greatest contribution to resolving social issues. In doing so, we aim to expand support for our services and evolve as a service that brings delight not only to our customers but also to our business partners while positively contributing to the future of the earth.

To this end, it is important that we adopt a “trade-on” perspective and start a movement that engages our stakeholders.

Trade-On

To date, ASKUL has strived to provide products and services that contribute to resolving social issues—with particular regard to the environment—while responding to customer feedback. On the other hand, the high social value of said products and services does not necessarily translate to economic value. As such, there were times when we proceeded with initiatives while accepting that it was inevitable that they would not be profitable.

One of the key elements in realizing ethical e-commerce is the achievement of a so-called trade-on. In other words, it is necessary to strike a balance between the social value of products and services that lead to the resolution of social issues and economic value. As one facet of this trade-on perspective, we believe it is important to change the way we view economic value. We must not only consider the conventional short-term economic value of increasing sales volumes by refining and adding value to our products and services and reducing costs by scaling production. From now on, we will continuously take on new challenges, focusing also on the long-term economic value of increasing the number of customers and business partners who choose ASKUL because they agree with our corporate stance and values and who will use our services over the long term, while striving to increase loyalty among our employees and business partners, which will, in turn, spread to all stakeholders.

New Value Being Created by ASKUL

[P.65](#) Visualization of the Product Environmental Score

[P.66](#) Resource-Recycling Initiatives

[P.67](#) Elimination of Unnecessary Waste from the World

The Ethical E-Commerce ASKUL Aims to Achieve

1

Visualization of the Product Environmental Score

Since 2010, we have been using the ASKUL Environmental Perspective, a set of 10 qualitative items regarding the environment-friendliness of our products, as our standard.

In the ten years that followed, social issues such as climate change, resource depletion, marine and forest conservation, and waste management materialized and attracted attention.

Accordingly, in 2020, we began reviewing our product environmental standards, and in 2021, we identified our areas for contribution as decarbonization, resource conservation and resource recycling, and biodiversity conservation, for which we set 30 quantitative criteria items.



These standards have made it possible to determine what measures should be taken in product development to manufacture products with low environmental impact. We gave each product an environment-friendliness score based on the standards and posted it on our website. As a result, it became easier for customers to select products with low environmental impact and meant that both individuals and corporations could play a part in preserving the environment.

We hope to evolve the way the environmental score is displayed so that it becomes a guidepost for delivering products that are better for the environment, and we also aim to evolve the criteria to align with the demands of society. We will continue in our aim to be one step ahead of the industry.

Customers

- ▶ Can immediately identify products with low environmental impact
- ▶ Can contribute to sustainable purchasing activities
- ▶ Can find products with low environmental impact from companies other than ASKUL

ASKUL

Manufacturers and Suppliers

- ▶ Can ascertain how environment-friendly products are
- ▶ Can understand what kinds of measures should be taken to make products with low environmental impact
- ▶ Can expand efforts to reduce environmental impact through horizontal deployment of the score to products from various manufacturers

Development of Environment-Friendly Products

In 2022, we formulated and announced the ASKUL Product Environmental Standards. The evaluation criteria are divided into the categories of containers and packaging, products, and mechanisms, and all products are scored according to the same criteria. As such, there is no concept of a perfect score. While some product groups are difficult to score, manufacturers and product merchandisers are sharing their know-how in an effort to raise their scores.

In May 2024, three years after their establishment, we reviewed the standards in light of changes in social demands. We have added an item for Science Based Targets initiative (SBTi) approval in the mechanism section and have increased the weighting of the points allocated to it, with the aim of promoting SBTi certification among our business partners.

P.70 ASKUL's Greenhouse Gas Emissions Reduction Targets

Large category	Medium / small categories	Evaluation criteria example (30 items total)
Containers and packaging	Raw materials	Paper, plastic, certification, and printing Recycled used paper and other materials and FSC-certified products
	Design	Lightweight, resource-saving, and disposable Degree of improvements and ease of sorting
Products	Raw materials	Forest products, plastic, and certification Materials with low environmental impact and certified products
	Design	Lightweight, resource-saving, and disposable Degree of improvements and ease of sorting
Mechanisms	Reuse	Collection and recycling Independent collection and use of recycled materials
	Initiatives	Setting of greenhouse gas emission reduction targets Acquisition of SBTi certification and setting of SBTi-compliant targets

Increased Ease for Customers to Choose Environment-Friendly Products

In May 2024, we updated our product page display to show not only the products' environmental scores but also key points regarding their environment-friendliness and detailed information on how products earn points. This data is based on the 30-items of the ASKUL Product Environmental Standards, which are grouped into nine categories.

We have approximately 6,400 private brand products and approximately 800 national brand products displaying scores thanks to the cooperation of 25 of our business partners. We will continue to work to increase the number of products with scores displayed.

ASKUL Product Environmental Score 60			
Containers and packaging	Uses environment-friendly materials	Resource saving and packaging-free	Designed to be easy to separate and recycle
Product	Uses environment-friendly materials	Resource-saving, energy-saving, and dehydrated	Designed to be easy to separate and recycle
Mechanisms	Has its own collection scheme	Resources recycled by ASKUL	Reduces greenhouse gas emissions

Note: Examples of display on actual product page

The Ethical E-Commerce ASKUL Aims to Achieve

2

▶▶▶ Resource-Recycling Initiatives

ASKUL Resource-Recycling Platform
<https://www.askul.co.jp/kaisya/shigen/>
(Japanese only)

Resource-Recycling Platform (Clear Plastic Folders)

#recycle

Why?

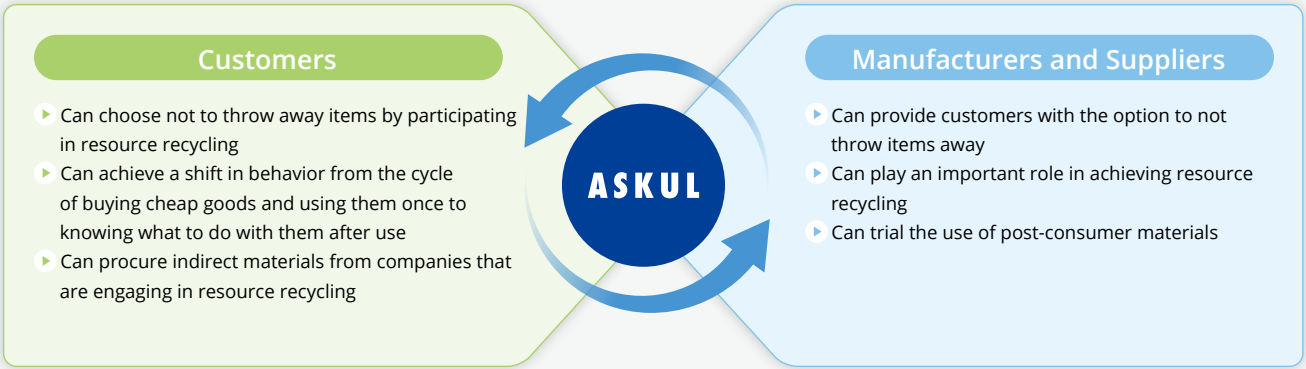
In recent years, plastics have been attracting attention not only from the standpoint of effective use of resources and waste reduction but also from the perspective of climate change countermeasures, and there is a need to build a value chain that achieves all the three Rs plus renewability.

ASKUL started as a mail-order business for office supplies and has sold a large volume of plastic products since its founding. From this standpoint, we considered how the supply chain, including ASKUL, should change in order to shift from a linear economy that leads from the sourcing of raw materials to disposal to a circular economy that avoids waste where possible.

Role

To develop our resource-recycling initiatives and think about how to apply them in the supply chain, we need concrete actions, not just a concept. In April 2022, we launched the ASKUL Resource-Recycling Platform with the aim of collaborating with various businesses to promote a shift to a value chain that achieves resource recycling throughout the product life cycle, from product planning and design to manufacturing, sales, and recycling for use in future products.

Through our activities to collect and recycle used clear plastic folders, we would like to foster ideas for reusing resources that are easy for various entities to participate in.



Platform Results (January 2021 to September 2024)

Collection

Amount of clear plastic folders collected	Cumulative total: 233.7 tons
Recycle rate*:	98.1%
Providers	Cumulative total: 2,658

* Recycle rate = Weight of recycled pellets / Weight of provided clear plastic folders

Manufacture, Sale, and Use

Recycled pellets manufactured	Cumulative total: 192.1 tons
Recycled pellets sold and used	Cumulative total: 44.8 tons

Examples of Commercialization

There are now more products that use recycled polypropylene made from used clear plastic folders.

ASKUL's Original Products



Matakul wastebasket (8 liter)
Contains 50% recycled materials from used clear plastic folders



Matakul A4 clear plastic folder
Contains 20% recycled materials from used clear plastic folders

We are expanding our initiatives with daily goods manufacturers.

Lion Corporation



Acron Smart Care refillable empty bottle with nozzle cap (LOHACO exclusive)

Kao Corporation



Bioré UV Aqua Rich with convenient hook (LOHACO exclusive)

The Ethical E-Commerce ASKUL Aims to Achieve

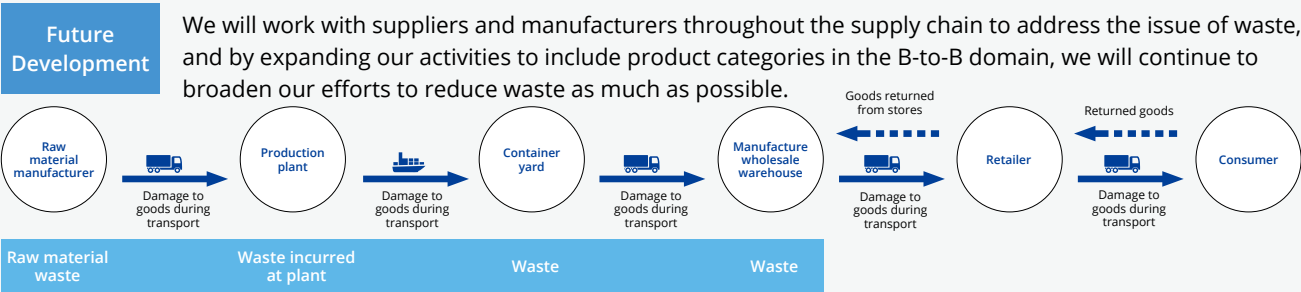
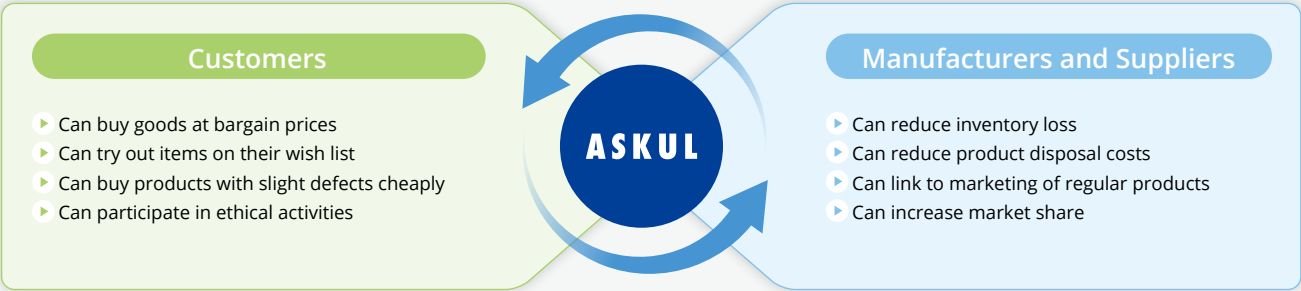
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Elimination of Unnecessary Waste from the World

Go Ethical (Initiative to Reduce Product Loss and Waste) #reduce

Go Ethical is an initiative to sell products that have been discarded by manufacturers for various reasons, such as returned goods from stores and defective packaging, even though there are no issues with the quality of the item itself. The products are sold via our regular sales channels to shed light on the issue of reducing product waste rather than just offering discounted prices as is common in outlet sales. The initiative also allows retailers to display in-store the reasons why an item is being sold as a Go Ethical product, therefore ensuring that no brands are harmed and clarifying the situation to customers before they make their purchase.

ASKUL, in its pursuit of ethical e-commerce, promotes its own initiatives based on the SDGs while co-creating with manufacturers, who are the creators of the products.



Message

ASKUL's Sustainability Advisor



Creating a Long-Term Value Improvement Story

Peter David Pedersen
Executive Director of NELIS,
Sustainability Advisor, ASKUL Corporation

I think that one of the ways in which ASKUL provides value to society is functioning as a hub that connects customers and suppliers. As featured in this report, ASKUL's sustainable and progressive initiatives, such as decarbonization, resource recycling, and waste reduction, are steadily progressing based on its function as a hub.

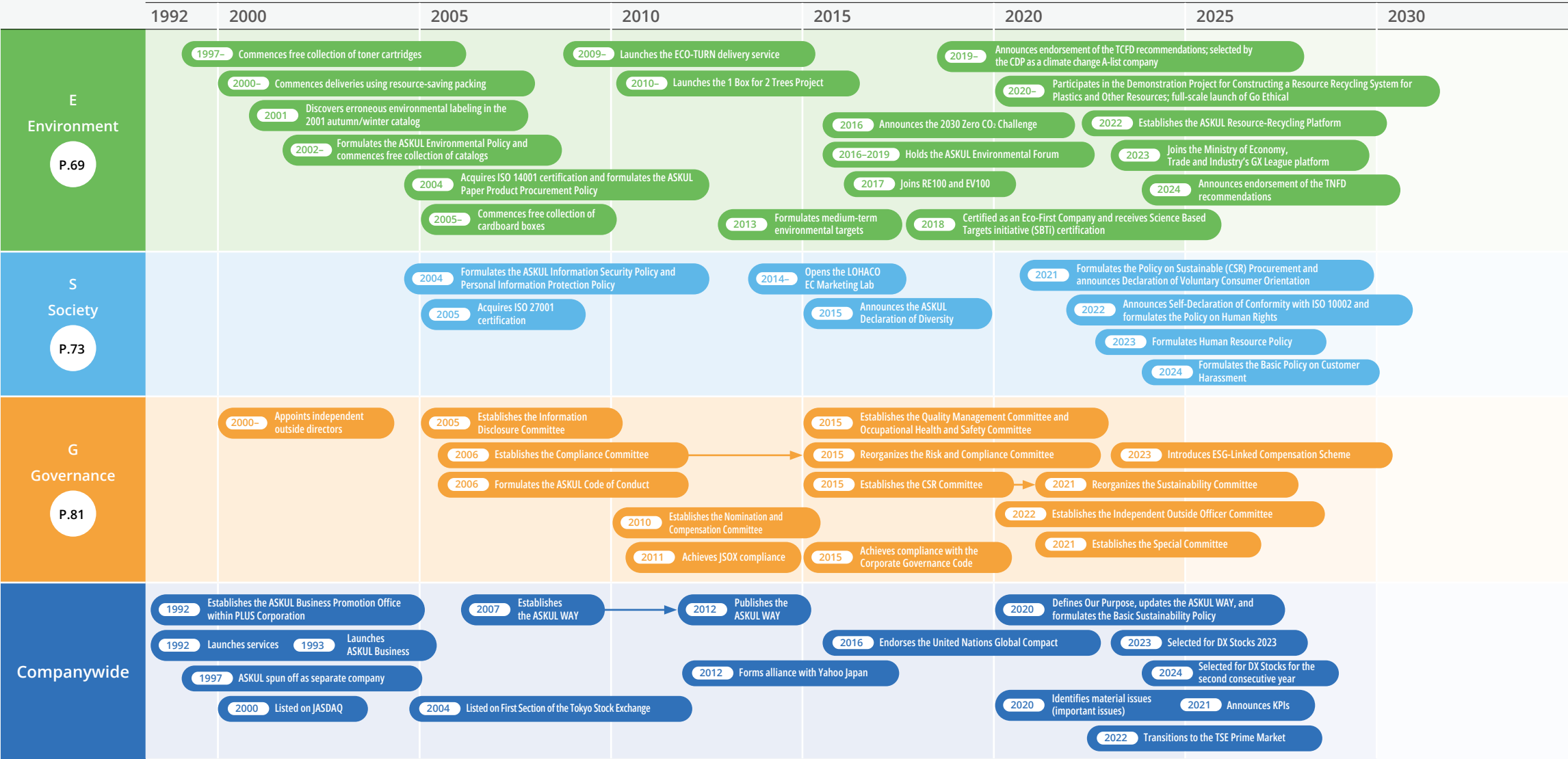
On the other hand, the merits of taking on challenges, including the calculation of the CO₂ emissions of products, are often difficult to translate into corporate value in the short term. I hope that ASKUL will continue to tackle these challenges with confidence, knowing that they will contribute to corporate value in the long term, such as strengthening brands and building customer and employee loyalty.

Furthermore, I would like to encourage the Company to adopt a mindset in which it sees its own activities as capable of creating environmental value so that it can act as a hub for driving sustainable initiatives in the future. Pursuing this approach will lead to long-term growth and ultimately improve ASKUL's value. Creating a compelling story to support this approach will become increasingly important for ASKUL going forward.

Recently, there has been a lot of discussion about the need for a nature-positive approach. While the methodology for decarbonization is well established, for companies that make and sell products, taking action to protect ecosystems may be the main issue. I think it's time for ASKUL to expand its activities beyond decarbonization and resource recycling to include a circular, nature-positive approach. I would also like to see ASKUL take on some globally minded challenges.

ESG and Sustainability Initiatives

Advancing forward for our customers based on DNA passed along since our founding and promoting daily advances, ASKUL continues to develop, take on challenges, and expand initiatives and systems in the areas of ESG and sustainability in response to business growth, social trends, and various management issues.



Environmental Management and Eco-Platform

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

ASKUL Environmental Policy

• **Realizing a Carbon-Neutral Society**

ASKUL views climate change caused by global warming as a risk that will significantly impact its business activities, hence it will make efforts to use energy efficiently while promoting CO₂ reductions throughout the supply chain.

• **Building a Resource-Recycling Platform**

ASKUL will develop the supply chain as a resource-recycling platform for reducing waste, promoting the collection and recycling of used products and other resources, and utilizing limited resources effectively.

• **Conserving Biodiversity**

ASKUL will fulfill its responsibilities as a business utilizing timber and other natural resources, preventing environmental pollution while making an effort to consider ecosystems and coexist with nature.

Origins of Environmental Management

In the 2000s, a period shortly after ASKUL's founding, authorities identified erroneous environmental labeling in our catalogs, and an environmental NGO pointed out the possibility of illegal logging practices in the natural forests where our original copy paper is manufactured overseas. These two incidents led to our adoption of environmental management, which takes a sincere and transparent approach to protecting the environment.



Climate Change and Carbon Neutrality

A dialogue between ASKUL's president and CEO and scientists who authored the IPCC's Fifth Assessment Report led to a major shift focusing on climate change.



Resource Recycling

Hearing customers refer to ASKUL as "GOMIKURU" (or, "here comes the garbage") due to the large amounts of cushioning materials used in packaging products (a reference to the numerous packing materials included in deliveries) has led to resource-recycling initiatives aimed at conserving and more efficiently using resources.

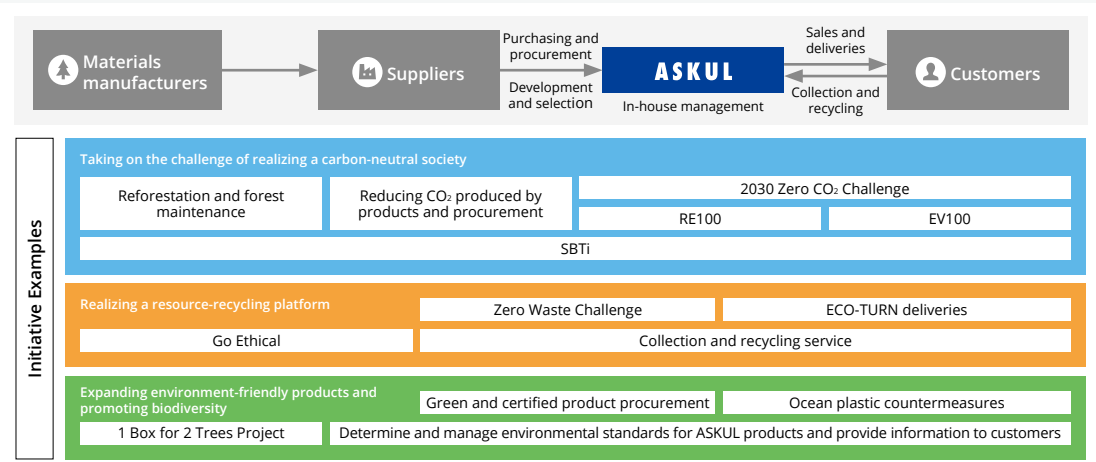


Environment-Friendly Products and Biodiversity

The discovery of erroneous environmental labeling has led to more accurate information management and a wider range of environment-friendly products, and the concerns of an environmental NGO about forest resources have led to sustainable procurement and biodiversity initiatives.

▶ **ASKUL Eco-Platform**

Our goal is to create the most efficient and environment-friendly distribution platform to increase the positive environmental impact of using ASKUL.



▶ **Environmental Goals for 2030**

Goals pertaining to environmental issues and challenges that ASKUL aims to achieve by 2030 are as follows.

	Goals	Action plan and KPIs	Goal achievement timeline
Take on challenges to realize a carbon-neutral society	ASKUL Group 2030 Zero CO ₂	• Achieve 2030 Zero CO ₂ Challenge	2030
		• Aim to achieve net-zero GHG emissions by 2050	2050
		• Advance reforestation and other CO ₂ absorption efforts	Plan preparation in progress
		• Provide environment-friendly delivery methods to customers	Plan preparation in progress
Realize a resource-recycling platform	Reduction of CO ₂ emissions throughout supply chain	• SBTi target: Improve supplier engagement and reduce Scope 3 CO ₂ emissions by 25% (compared with 2021 levels) • Complete visualization of product CO ₂ and reduction contribution calculations	2030 2025
	Realization and implementation of resource-recycling services	• Create, launch, and expand resource-recycling services	2025
	Zero Waste Challenge	• Achieve zero product waste 2030 • Achieve 100% recycled packing materials*	2030 2030
Conserve biodiversity	Increase in number of certified products handled	• Expand certification of wood and paper products	Plan preparation in progress
	Implementation of ocean plastic pollution issue countermeasures	• Cooperate with municipalities in collecting ocean plastic	Plan preparation in progress

* Upon arrival at distribution centers
For environmental and all other material issues (important issues) and KPIs, please refer to List of Material Issues (Important Issues) and KPIs [P.99-101](#)

Climate Change and Carbon Neutrality

ASKUL views climate change caused by global warming as a risk with the potential to significantly impact business activities, hence it promotes CO₂ reductions throughout the supply chain.

Net-Zero Greenhouse Gas Emissions by 2050

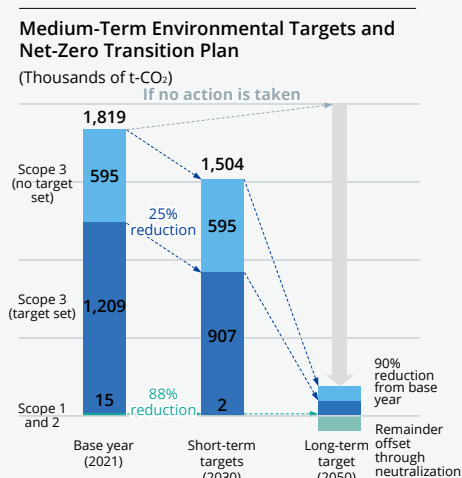
In March 2024, we received approval from the internationally recognized Science Based Targets initiative (SBTi) for our net-zero greenhouse gas emissions targets. We aim to achieve effectively net-zero greenhouse gas emissions throughout our entire supply chain by 2050.



ASKUL's Greenhouse Gas Emissions Reduction Targets

- ▶ **Long-term SBTi target (by 2050)**
 - Aim to achieve net-zero* greenhouse gas emissions throughout the entire supply chain
- ▶ **Short-term SBTi targets (by 2030)**
 - **Scope 1 and 2:** 88% decrease from 2021 levels
 - **Scope 3:** 25% decrease from 2021 levels
 - **Supplier engagement:** Ask suppliers to set SBTi-compliant targets
 - **Renewable energy:** Raise to 100% by fiscal 2030

* 90% through reduction and the remainder through neutralization



Initiatives to Reduce Greenhouse Gas Emissions throughout the Entire Supply Chain

To reduce greenhouse gas emissions throughout the entire supply chain, we have started calculating emissions from purchased products, focusing on Scope 3 Category 1 emissions, which make up approximately 70% of all emissions from the supply chain. We use primary data collected from suppliers and utilize tools to calculate greenhouse gas emissions generated within the supply chain. By visualizing CO₂ emissions from our products, ASKUL and its suppliers can examine in detail the CO₂ emissions generated from each product and support customers in selecting environment-friendly products.

2030 Zero CO₂ Challenge

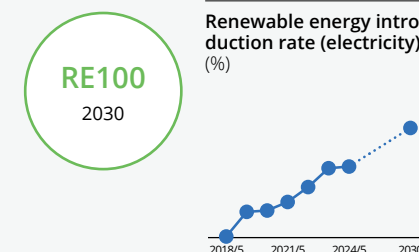
In July 2016, we announced the 2030 Zero CO₂ Challenge at ASKUL Environmental Forum 2016. In November 2017, we joined the RE100*¹ and EV100*² initiatives to promote a transition to 100% renewable energy and 100% electric vehicle (EV) use.

*1 RE100: An international business initiative that brings together companies that have set a goal of procuring 100% of their energy needs for business operations from renewable energy sources.

*2 EV100: An international business initiative that brings together companies that have set a goal of converting all vehicles related to their business operations to EVs.

Introduction of Renewable Energy

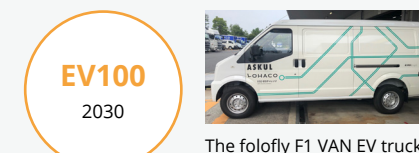
After joining the RE100 initiative, ASKUL began introducing renewable energy in distribution centers in 2018. As of the end of May 2024, 10 distribution centers and the Toyosu Headquarters had converted to renewable energy, bringing the Group's overall renewable energy usage rate to 64.8%. Our goal is to utilize renewable energy at all ASKUL Group business sites and distribution centers by 2030.




Introduction of Electric Vehicles

We joined the EV100 initiative in November 2017 and are working to convert 100% of the delivery vehicles used by ASKUL LOGIST Corporation, a Group company responsible for distribution center operations and deliveries, to EVs by 2030. So far, we have introduced the Nissan e-NV200, the Mitsubishi Minicab-MiEV, the folofly F1 VAN, the Mitsubishi Fuso Truck and Bus Corporation's eCanter, the Hino Dutro Z EV, and more.


In August 2020, the Shin-Kiba Center, our last-mile delivery base, switched to the use of electricity derived from renewable energy, resulting in zero CO₂ emissions emitted when charging and driving EVs.



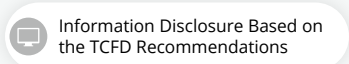
Response to TCFD and TNFD Recommendations



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



Taskforce on Nature-related Financial Disclosures



ASKUL views environmental issues such as climate change and biodiversity as important issues affecting business and incorporates them into its management strategies.

Following our endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in March 2019, we announced our endorsement of the Taskforce on Nature-related Financial Disclosures (TNFD) in January 2024.

Governance

The Environmental Management System (EMS) Manager Meeting, which comprises the president and CEO, inside directors, executive officers, and division heads from each business, is held quarterly to discuss environmental issues and implement countermeasures. Important matters reported on and discussed at these meetings are submitted or reported to the Risk and Compliance Committee and Sustainability Committee, which are subordinate to the Board of Directors, chaired by the director in charge of risk management, and comprise the CEO, internal directors, and other members.

Matters of particularly high importance reported to these committees are submitted or reported to the Board of Directors, which provides the necessary and appropriate guidance and advice and monitors their implementation.

Strategy

We have analyzed and evaluated climate-related and nature-related issues as follows and have formulated policies for responding to risks and opportunities that have a high degree of dependency on or impact on nature and a high degree of impact on our business.

We will develop countermeasures to enhance our ability to avoid and mitigate risks while proactively incorporating opportunities into our business.

▶ Climate Change

We conducted scenario analyses assuming the two global warming scenarios of below 2°C and 4°C, and analyzed and evaluated the business impact of each scenario. We also identified business opportunities and accurately ascertained physical and transition risks related to climate change in our main business, the e-commerce business.

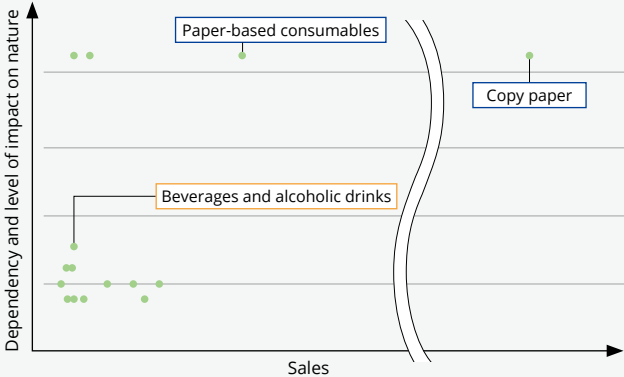
Risks and opportunities				Assumed annual impact	
				4°C	Under 2°C
Transition risks	Policies and regulations	Taxation	• CO ₂ emissions tax	-	○
	Products and services	Changing customer orientation	• Low product costs prioritized over environmental performance	●	-
	Technologies	Low-carbon technologies	• Higher vehicle procurement costs	-	○
Physical risks	Chronic	Weather and climate change	• Higher electricity costs at each site	○	○
			• Higher product prices in line with forest resource scarcity	○	○
	Acute	Extreme weather and other events	• Higher purchase prices due to supplier damage • Higher expenses due to delivery delays, accidents, and other events	○	○
Opportunities	Products and services	Changing customer preferences	• Increasing demand for low-carbon products	-	●
		Circular economy	• Expansion of collection services; more business opportunities	-	●
	Technologies	Low-carbon technologies	• Operating cost benefits from EVs	-	○

● Major impact ○ Impact

▶ Nature

In the area of nature-related products, we conducted an analysis and evaluation of paper products, centered on copy paper, and beverages, based on the LEAP* approach set forth in the TNFD recommendations, after scoping the ASKUL original products that are particularly key among the products we handle, as shown on the right.

* An integrated approach for evaluating nature-related issues, consisting of four stages: Locate, Evaluate, Assess, and Prepare



Risk Management

In line with risk management regulations, risk management officers in each business division in charge of business activities identify at least once a year environment-related risks and opportunities that will substantially impact operations, both now and over the long term, and then formulate response plans and regularly monitor the execution of said plans. These Companywide risks and opportunities are checked against and integrated with environment-related risks and opportunities identified in light of the Environmental Secretariat's short- to long-term time frame.


Indicators and Targets

- 1 Disclosure of Climate-Related Risk and Opportunity Assessment Indicators and Management Targets

In 2020, ASKUL identified material issues requiring a focused response and formulated a material issue action plan. Target achievements have been assessed in light of action plan KPIs.
- 2 Scope 1, Scope 2, and Scope 3 Greenhouse Gas Emissions

Please refer to the ESG Data Collection below for details on the ASKUL Group's Scope 1, Scope 2, and Scope 3 greenhouse gas emissions.

Note: Indicators and targets are currently being formulated for nature-related risks and opportunities.

 ESG Data Collection

Initiatives to Promote Coexistence with Nature and Environment-Friendly Products

Initiatives Promoting Coexistence with Nature

▶ Launch of the Tsumagoi Green Project Forest Maintenance Initiative

In May 2024, based on the forest maintenance partnership agreement signed in August 2023, ASKUL and TSUMAGOI MEISUI CORPORATION, together with Tsumagoi Village, Gunma Prefecture, carried out the first tree planting at the ASKUL TSUMAGOI MEISUI Forest as the first step in the Tsumagoi Green Project, a forest maintenance initiative in Tsumagoi Village.

ASKUL and TSUMAGOI MEISUI jointly decided to participate in forest maintenance activities in Tsumagoi Village, as we manufacture and sell mineral water made from groundwater drawn from wells in Tsumagoi Village. Through this initiative, we hope to contribute to the improvement of watershed cultivation, as well as the conservation and restoration of natural resources in Tsumagoi Village.



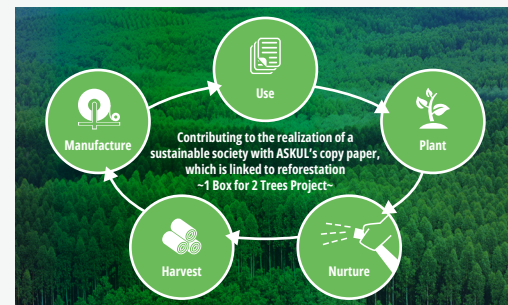
▶ Environmental Measures That Begin with Original Copy Paper

An entire eucalyptus tree is required to make one box (5,000 sheets) of ASKUL original copy paper, which is manufactured in Indonesia. Since its launch in 2010, the 1 Box for 2 Trees Project has been working to ensure that for every box of copy paper purchased by a customer, two trees are planted. By planting, growing, and harvesting trees in tree farms to make our copy paper, we are working together with our customers to achieve the sustainable procurement of raw materials.

In 2024, we began supporting activities to regenerate the forests of Indonesia, a country that produces copy paper.

Under the leadership of the Belantara Foundation, we aim to plant 100 hectares of trees over a two-year period.

We will work to solve issues for the future to fulfill our responsibilities as a business that depends and has an impact on forest resources.



Number of trees planted under the
1 Box for 2 Trees Project

Approximately **239.78** million trees

October 2010–October 2024



Industrial Reforestation Report

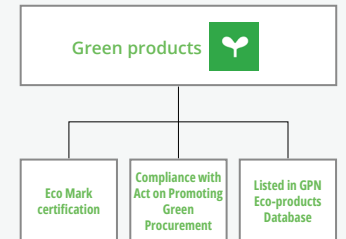
The Industrial Reforestation Report is issued in accordance with customer purchase volumes.

Environment-Friendly Products

We strive to provide customers with appropriate and easily understandable information to encourage the purchase of environment-friendly products from ASKUL. Additionally, to ensure that an even greater number of customers choose environment-friendly products, we are striving to expand our lineup of various green and forest-certified products.

▶ Green Products

ASKUL designates all products that have Eco Mark certification, comply with the Act on Promoting Green Procurement, or are listed in the Green Purchasing Network (GPN) Eco-products Database with a “Green Products List” mark in catalogs and on its website, indicating to customers that they have made a green purchase. Of the approximately 34,000 products listed in *ASKUL Catalog 2024*, about 14,000 items are green products.



▶ Forest-Certified Products

ASKUL makes an effort to develop and handle forest-certified products, having acquired FSC CoC certification* in June 2005 and PEFC CoC certification in May 2010. As a seller of paper and wood products, we are expanding our range of forest-certified products to promote responsible procurement. We hope that by encouraging customers to choose and purchase forest-certified products, we can help to protect forest biodiversity and support activities that protect the rights of local communities, indigenous peoples, and indigenous workers.



* Chain of custody certification is a system for managing the wood product processing and distribution process that confirms that timber used to make wood and wood products is derived from forests that have received forest management certification.

CHO Message

Developing the Next Generation of Innovative Leaders from a Companywide Perspective to Continue Evolving

A Year of Focusing on Human Capital

More than a year has passed since my appointment as CHO in March 2023. In recent years, the term “human capital” has become more frequently used, prompting us to think about how we can enhance the strength of our human capital and link it to value creation. With this in mind, we have been promoting three key measures that serve as our human resource strategy with the aim of achieving our goal of transforming from an office supplies mail-order company.

Effective Strategies to Develop Digitally Literate Personnel

To raise the standard of our digitalization-related measures, including the digital transformation of our value chain, it is essential that we increase our number of digitally literate personnel. As

such, we have made major revisions to our approach to the process, from recruitment to training.

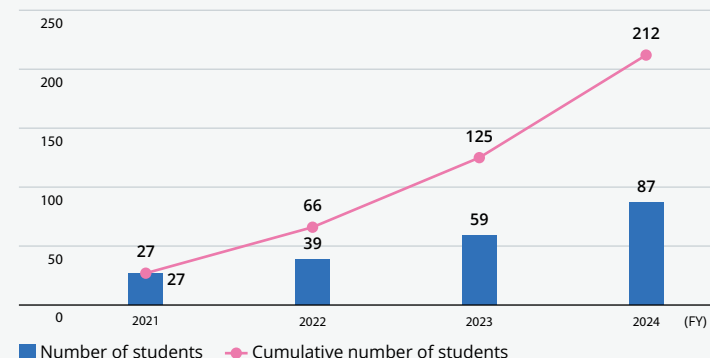
In terms of development, we currently have our own training program for digitally literate human resources, which includes the Data Science Course, new graduate data training, a beginner's structured query language course, a beginner's Tableau course, and an advanced course. As of May 20, 2024, 25% percent of all employees have participated in the Data Science Course, which is the most comprehensive. ASKUL is shifting toward a data-driven approach to management, and in doing so, it must increase the number of people throughout the Company who can leverage data to contribute to business. To this end, we aim to increase the number of employees attending the course to 60% over the next two to three years.

It is vital that we build an environment in which employees can apply the skills they have learned in their work, rather than the training being an end in itself. We are also working on the allocation of employees who have completed the Data Science Course, including efforts to create an environment in which they can improve their skills by doing practical work under management with DX expertise and be evaluated appropriately.

The recruitment of highly skilled IT personnel will be crucial in further sharpening our competitive edge in the area of DX. However, as competition for securing IT personnel intensifies, in addition to presenting candidates with tasks that match their skills and desired career paths after joining the Company, we are also working to improve conditions by reviewing and clarifying the

Number of Participants in the Data Science Course

(People)



Tamami Ito

CHO,* Executive Officer,
Human Relations & General Affairs Unit

* Chief human relations & healthcare officer

CHO Message

skills and experience required for each job type and determining appropriate compensation based on market value.

Taking the Initiative to Promote E-Commerce

As an incentive to promote ethical e-commerce, the Company introduced an ESG-linked compensation scheme in August 2023 for employees at the general manager level or above. We believe that having managers working toward the same goals will be effective in promoting ethical e-commerce

P.89 ESG Indicator Conditions

In addition, we have also worked to enhance our training programs for all employees in order to increase awareness of

ethical e-commerce. This is because it is important to not only look at things from our own perspective but also actively send employees outside of the Company to recognize social issues as their own concern and gain experience in developing business perspectives. To this end, we have been working with the Company's Sustainability Promotion Team to

send staff to attend co-creation programs at the Global Compact Network Japan, a local network of the United



On-site training in Tsushima City

Nations Global Compact, and other companies such as 4Revs. We also conducted on-site training in Tsushima City in Nagasaki Prefecture. Although we used to mainly send mid-career employees to attend the training in Tsushima City, we have now incorporated it into our new graduate training program.

Developing the Next Generation of Innovative Leaders Across the Company

We have also put a lot of effort into developing the next generation of leaders in order to continue evolving without slowing down the pace of change.

To shift our mindset to one of nurturing talent who can drive change throughout the Company, we have begun holding regular Companywide human resource development meetings, with all executive officers as members. This was a new initiative for the Company, and I felt that the results were positive as we were able to discuss how to develop human resources and what kind of experience members should gain in order to achieve business growth, raising the discussion from a departmental level to a Companywide level, and to allocate human resources across departmental boundaries.

Working Side by Side with All Divisions to Promote the Human Resource Strategy throughout the Company

To support the achievement of divisional goals from a personnel-oriented perspective, we appointed a human resource business partner (HRBP) to each business unit in May 2024. Specifically, HRBPs work alongside division heads to coordinate and promote

The Medium-Term Management Plan (Fiscal Year Ended May 20, 2022–Fiscal Year Ending May 20, 2025)

Transformation from an office supplies mail-order company into an infrastructure company that supports all workplaces and lifestyles



Human Resource Strategy for Realizing the Medium-Term Management Plan

Three Key Measures

1. Secure digitally literate personnel

- Ramp up external recruitment of digitally literate personnel and specialists*
- Raise digital literacy levels Companywide through reskilling

2. Develop personnel who can contribute to ethical e-commerce

- Incorporate ESG into evaluations and introduce medium-term incentives

3. Nurture the next generation of senior management

- Conduct multifaceted evaluations and make ambitious personnel allocations
- Nurture personnel who can drive change and formulate succession plans

* IT engineers, data scientists, logistics engineers, etc.

CHO Message

the human resource strategy throughout the Company, with a focus on recruitment planning and personnel allocation.

In the first year of the initiative, we focused on gaining an understanding of the issues facing each division through regular one-on-one meetings between the executive officer of each unit and the HRBPs. With these steps in place, our goal is to raise the level of our activities in the future, including clarifying the human resource requirements for each business unit and building an organization that will enable us to implement our strategies. We also want to make sure that, through these activities, each employee is not only looked after by their superiors but also by the human resource department.

HRBPs also play a role in helping the ASKUL WAY take root in each division. The results of the engagement survey conducted in the fiscal year ended May 20, 2024 for all employees showed that there was room for improvement in the “career” category, including the feasibility of career development and the lack of role models. These issues were discussed at the Management Meeting, and after discussions with executive officers and other higher-level

Appointment of HRBP (Human Resource Business Partner)

- ▶ **Objective** To improve divisional performance
- ▶ **Role** To contribute to the achievement of each division's goals from a personnel-oriented perspective with division heads
- ▶ **Activities**
 - Engaging in workforce planning
 - Attending regular meetings with executive officers of each unit
 - Participating in unit meetings
 - Addressing inquiries and consultations from unit members
 - Supporting promotion of the ASKUL WAY, etc.
 - Attending final recruitment interviews
 - Attending evaluations and personnel development meetings

employees, it was decided that, in the fiscal year ending May 20, 2025, we would consider the introduction of a multiple career path system that would allow us to present career paths to employees who want to contribute to the Company by improving their skills in specialist fields. In addition, HRBPs will work alongside executive officers to address organizational issues and help each employee incorporate Our Purpose into their work.

Organizational and Personnel Reforms Aimed at Long-Term Growth

Until we started hiring new graduates 12 years ago, we had been recruiting mid-career employees for each job category. The Company used to be made up of teams of specialists in each area, which worked efficiently, but now that the number of employees has increased, some issues have started to emerge, such as approaches becoming rigid and change occurring at a slower pace.

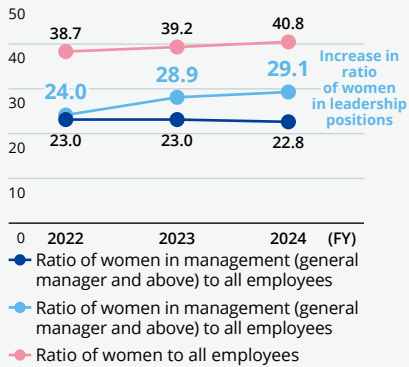
If we are to aim for long-term growth in the future, I believe there is a need to create completely new things without being constrained by precedent. In other words, we must transform into an organization that can create new systems and products one after another to bring delight to our customers.

As such, we would like to focus on developing two types of creative human resources in particular: people who can create something out of nothing and people who can develop ideas to completion. In order to transform our organization into one that can fully leverage such talent and is more likely to foster innovation, we would also like to update our personnel system to one that encourages autonomy and teamwork and rewards long-term perspectives and new endeavors.

In addition, we are also working to increase the feasibility of achieving our goal of bringing the ratio of women in management to 30% by December 2025. To increase the ratio of female general managers and above, we are strengthening our efforts to promote and

train women for managerial positions one step below such positions. Currently, the ratio of managerial positions held by women to all managerial positions at the Company is 39.5%, which is the same as the ratio of women to all employees, and the ratio of women in leadership positions is 29.1%, a figure that is improving year by year. We will continue to identify and systematically train candidates for management positions to increase the number of women in management.

Ratio of Women in Management

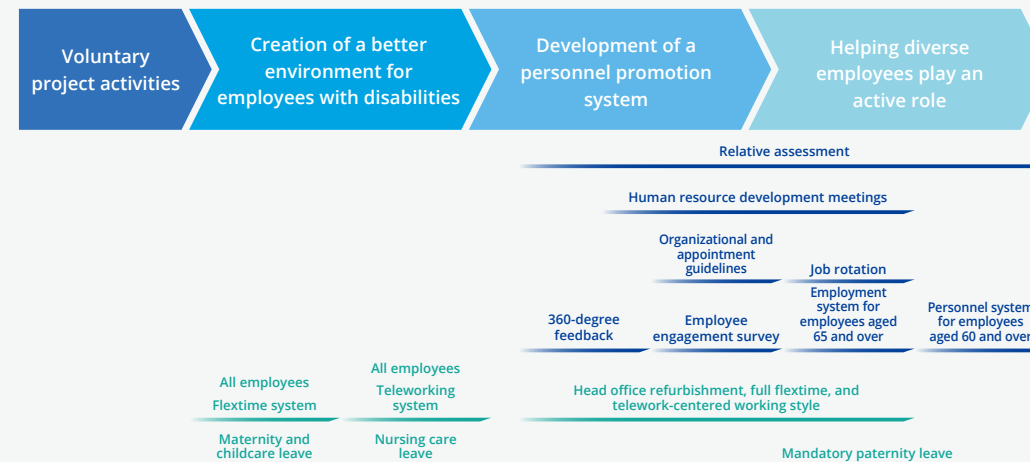


My Mission as CHO

Since joining the Company, I have been involved in various departmental operations, including merchandising, customer service, and logistics, and I now hold the position of CHO. My experience on both the front lines and in management is my greatest strength, and my mission is to serve as a bridge between the two and implement an appropriate human resource strategy. In order to continue to evolve at a rapid pace, we will develop the next generation of leaders by creating an environment where every employee can maximize their abilities and skills through the implementation of our human resource strategy.

Tamami Ito

CHO, Executive Officer, Human Relations & General Affairs Unit



Strengthening of Human Capital



Innovate through personnel who proactively take on new challenges

In response to changing times and the various life stages of each employee, ASKUL implements various training programs and introduces systems empowering employees to envision their ideal self, learn and grow independently, take on challenges proactively, and work with enthusiasm while making the most of their capabilities.

We provide a system that allows employees to pursue learning and growth in order to increase their motivation to learn independently and achieve their career goals.

▶ Learning Support System

Under this system, the Company subsidizes part or all of the costs of learning programs and qualifications chosen by employees. In the fiscal year ended May 20, 2024, a combined total of 131 employees applied for and received support from the Company for their studies, either on their own initiative or through company-provided programs.

Message from an Employee Who Used the Learning Support System

I was given the opportunity to propose solutions to issues in the region that I was most interested in with a group of members from different industries. It was a challenge, but I was also able to gain new insights and build new networks.



▶ The ASKUL WAY AWARD (In-House Award System)

This is a system in which all employees participate in praising and awarding projects that embody the ASKUL WAY, and for the fiscal year ended May 20, 2024 there were entries from a total of 400 employees across 54 teams.

This has led to further learning opportunities through the sharing of knowledge related to taking on challenges and innovating.



The ASKUL WAY AWARD Ceremony (July 2024)



→ P.53 → P.73 Development of Digitally Literate Personnel



Healthy management that allows safe and secure work both physically and mentally

Creating an environment in which employees can work with peace of mind and good mental and physical health is the foundation for continuing to bring delight to our customers. ASKUL implements health and productivity management while flexibly responding to changes in workstyles.

Wellness Performance Score

79.6% (down 1.3 points from last year)

- Average performance when assumed that 100% represents the level of performance that can be achieved in a healthy state
- Specific initiatives: implementation of various seminars on health-related topics such as women's health issues and improving dietary habits, provision of breakfast, vaccinations, subsidies for medical checkups, etc.

Target for the fiscal year ending May 20, 2025: 83.0%

Employee Engagement Score

65.4 points (down 0.2 points from last year)

- An indicator of engagement (the two-way relationship and connection between employees and the Company) expressed as a numerical value out of 100 points
- We use the score to identify issues that need to be resolved as a priority, implement countermeasures, and verify the results.

Target for the fiscal year ending May 20, 2025: 70 points

Note: Results for the fiscal year ended May 20, 2024

▶ Club Activities

ASKUL supports club activities that bring people with similar interests and hobbies together. As of September 2024, 331 employees were participating in over 30 clubs, helping to revitalize internal communication across generations and departments.

▶ Analysis and Utilization of the Employee Engagement Score

We organize our tasks based on our analysis of the score. We hold repeated discussions with senior management and then develop specific measures and action plans based on the knowledge gained.

For details and data on initiatives related to human capital, please follow the links below.

Together with Our Coworkers ESG Data Collection



Senior management engaging in dialogue

Communication and Cooperation with Stakeholders

ASKUL gratefully receives and listens carefully to a variety of feedback and guidance regarding the expectations, requests, and realizations of a wide range of stakeholders, including customers, shareholders, investors, partner companies, employees, and society. We incorporate this feedback into business and management while continuously responding to social changes and expectations, which we believe will lead to the creation of socially significant new value and the resolution of various social issues.



Stakeholders		Examples of communication and measures	
Customers		▶ Customer inquiries and interaction through social media networking	▶ P.80
		▶ Furniture showroom tours	
		▶ The Better Tomorrow Exhibition by ASKUL and LOHACO	▶ P.19
Shareholders and investors		▶ Annual General Meeting of Shareholders	
		▶ Earnings announcements and retail investor briefings	
Partner companies (business partners)	Suppliers	▶ Product quality improvement efforts	
		▶ Promotion of sustainable procurement, conducting of CSR procurement, and auditing	▶ P.79
	Agents (sales agencies)	▶ ASKUL EC Marketing Lab	
	Delivery partners	▶ Agent conferences	
		▶ ASKUL Agent Awards	
		▶ White Logistics* initiative	
Employees		▶ Employee engagement survey and Labor Management Committee	
		▶ Employee evaluations, interviews, and career self-assessments	▶ P.73-77
		▶ Various levels of engagement (CEO town hall meetings, etc.)	▶ P.5
Communities and society		▶ Communication with local communities at each business site	
		▶ Cooperation with and support of NPO and NGO activities	▶ P.79
		▶ Cooperation with policies and agreements and coordination of disaster-response agreements with municipalities	

* White Logistics is an initiative that seeks to ensure stable logistics operations needed for daily life and industrial activities while also contributing to economic growth.

Human Rights, Supply Chain Initiatives, and Social Contributions

Human Rights

The ASKUL Group firmly communicates its commitment to respecting human rights and ensures this stance is clear throughout the Group, while promoting collaborations with various stakeholders in an effort to facilitate respect for human rights in all business activities. These efforts were codified in the formulation of the ASKUL Group Policy on Human Rights in February 2022.

▶ Initiatives

We have established processes to properly assess our impact on human rights and conduct human rights due diligence to identify, prevent, and mitigate human rights risks.

ASKUL Group Policy on Human Rights

P.80 Basic Policy on Customer Harassment

ASKUL Group Policy on Human Rights (Excerpt)

- Commitment to respecting human rights
- Support for international human rights principles
- Human rights due diligence, grievance mechanisms, and remediation
- Human rights-related initiatives
 - ① Emphasis on diversity and on the prohibition of discrimination and harassment
 - ② Prevention of forced labor and child labor
 - ③ Working-hour and wage controls
 - ④ Respect for freedom of association and the right to collective bargaining
 - ⑤ Maintenance of employee safety and health
 - ⑥ Freedom of expression and privacy protections
- Dialogue and collaborations with stakeholders

Social Contributions

▶ Support through Products

Since 2011, ASKUL has worked alongside customers and manufacturers in support of reconstruction efforts following the Great East Japan Earthquake, with 1% of the purchase price of eligible ASKUL original products used for reconstruction in the three affected prefectures of the Tohoku region. Since 2021, we have continued to provide support through the East Japan Recovery and Business Support Project, which assists businesses that contribute to regional revitalization and issue resolution.

In terms of environmental support, 3% of the purchase price for plastic shopping bags that protect the ocean is used to assist ocean plastic countermeasures in Tsushima, Nagasaki Prefecture, and we are also working with the city on initiatives such as study tours and product development through a partnership agreement.



East Japan Recovery and Business Support Project



Plastic Shopping Bags That Protect the Ocean

Sustainable Procurement

▶ ASKUL Sustainable Procurement Policy

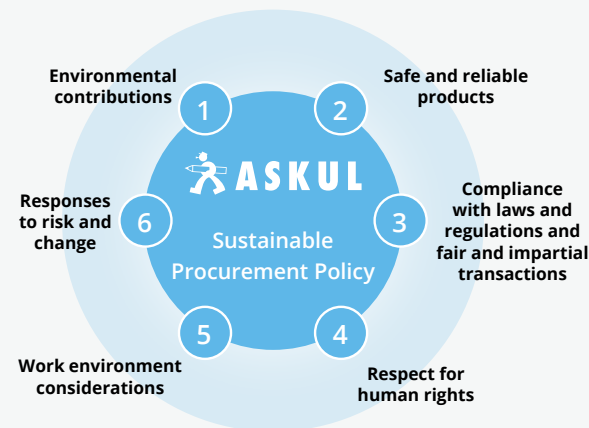
The ASKUL Sustainable Procurement Policy was formulated in April 2021 as part of efforts to build a responsible supply chain.

This policy considers the environment, safety, human rights, and other issues aimed at striking a balance between the fulfillment of social responsibilities and sustainable development throughout the supply chain to ensure the sustainable provision of safe and reliable products to customers. On this basis, we will confirm the implementation status of this policy throughout the supply chain going forward.

▶ Initiatives

ASKUL implements supplier compliance issue surveys and conducts on-site inspections of plants that manufacture private brand products on a contractual basis.

Conduct CSR Surveys of Suppliers



▶ Disaster-Response Agreements with Municipalities

After a fire at one of our distribution centers in 2017, in addition to implementing comprehensive fire prevention systems at distribution centers, we reexamined the role distribution centers should play in local communities. Based on our desire to earn the trust of local residents through safe and secure operation and thus contribute to local communities, ASKUL has concluded disaster response agreements with municipalities at each distribution center.

Disaster-Response Agreements with Municipalities (as of October 2024)

Municipalities	Main bases and areas	Overview
Edogawa Ward, Tokyo	ASKUL Tokyo DC and other locations	<ul style="list-style-type: none"> • Cooperation with provision of relief materials (fee-based) • Procurement of relief materials (ASKUL)
City of Chiba	Citywide	<ul style="list-style-type: none"> • Transport of relief materials (ASKUL LOGIST)
Tokyo Metropolitan Government	Tokyo metropolitan area	<ul style="list-style-type: none"> • Cooperation with provision and transport of relief materials (fee-based) • Free use of ASKUL facilities as relief material collection points, etc.
City of Fukuoka	ASKUL Logi PARK Fukuoka	<ul style="list-style-type: none"> • Cooperation with provision of relief materials (fee-based)
City of Suita	ASKUL Value Center Kansai	<ul style="list-style-type: none"> • Free use of ASKUL facilities as relief material collection points • Cooperation with provision of relief materials (fee-based)
City of Hidaka	ASKUL Value Center Hidaka	<ul style="list-style-type: none"> • Cooperation with provision of relief materials (fee-based)

Customer Engagement

Basic Policy on Response to Customers

We will listen carefully to customer feedback and become a company that continuously brings delight to our workplace, life, the planet and tomorrow.

Specifically, we will proactively engage in the following three priority issues.

- 1 Maintain our promises to customers
- 2 Create mechanisms for improvements and internal sharing based on customer feedback
- 3 Create a management cycle facilitating product and service advances

ASKUL Self-Innovation Indicators

Indicators employees use to question whether the work they are engaged in is creating new value for customers

- Are current products and services sufficient?
- Are customers pleased with our services?
- Are we creating burdens or inconvenience for customers?
- How much trouble was caused by burdening customers?
- Are we keeping our promise to customers and have we retained their trust?
- Are we inspiring customers?
- Are customers empathetic?
- Are we providing customers with a sense of camaraderie?
- Is customer happiness facilitating my personal happiness?
- Do customers want to utilize ASKUL again?
- Are we doing our best for customers?

Basic Policy on Customer Harassment

We believe that maintaining good relationships with our valued customers and creating a workplace environment where employees can work with vitality and peace of mind are both essential in providing better services to our customers. With this in mind, we established our Basic Policy on Customer Harassment in August 2024.

The ASKUL Group Basic Policy on Customer Harassment

Customer Satisfaction Management System (Self-Declaration of Compliance with ISO 10002)

On March 22, 2022, ASKUL declared that its customer response operation process complies with the ISO 10002 international standard.

To ensure that we continue to implement the PDCA cycle in our customer service processes, we have positioned the improvement of customer service as a key management indicator. Every month, we hold a Quality Management Committee meeting attended by members of senior management to discuss quality improvements.

Improvement Activities Based on Customer Feedback

ASKUL regards the quality of its customer service as a key management indicator. We hold a Quality Management Committee meeting every month, attended by the president and CEO and other members of management, to discuss quality improvements. Among the issues discussed, those deemed most important are taken up by the Customer Satisfaction Improvement Committee, which makes swift efforts toward service quality improvements based on customer feedback.

In the fiscal year ended May 20, 2024, we made efforts to improve quality, focusing mainly on logistics issues, working to reduce product damage and improve the convenience of unattended delivery service.

Cultivating Corporate Culture and Awareness

Daily customer feedback received by the Customer Service Desk is compiled and shared internally through the Opinion Digest and through Product Requests in a timely manner. ASKUL also created the VOC Portal website to post customer feedback on issues in various areas. In the fiscal year ended May 20, 2024, we designated November as a month focused on customer orientation and held events to help each of our employees focus on feedback from our customers to improve and evolve our products and services.

Voluntary Consumer-Orientation Declaration

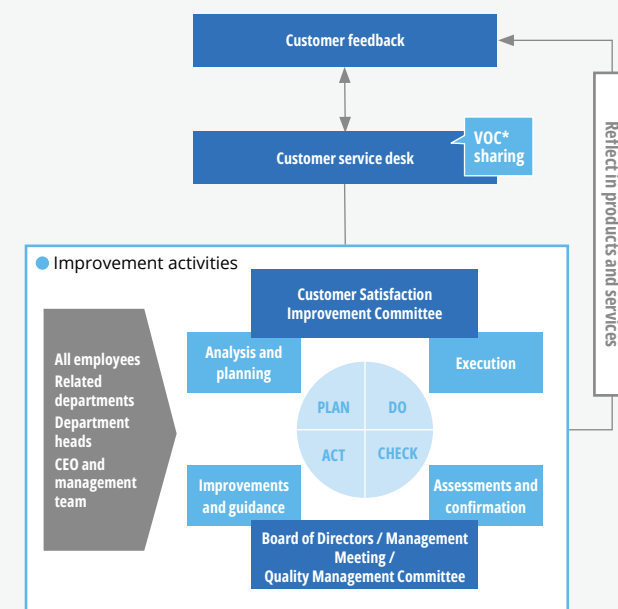
Having endorsed the Consumer-Oriented Management initiative promoted by the Consumer Affairs Agency, we formulated and promoted efforts under the ASKUL Voluntary Consumer-Orientation Declaration. Through this declaration, we have made clear our intention to incorporate customer feedback in our products, services, and business strategies with a view to realizing Our Purpose of “Continuously bringing delight to our workplace, life, the planet and tomorrow.”

Promoting Consumer-Oriented Management (Voluntary Consumer-Orientation Declaration)

Received the Director-General Prize (Special Category) at the Consumer Affairs Agency's Consumer-Oriented Business Excellence Awards 2020

Received the Director-General Prize at the Consumer Affairs Agency's Consumer-Oriented Business Excellence Awards 2022

PDCA Cycle Based on Customer Feedback



* VOC: Voice of customer



Directors and Audit & Supervisory Board Members

(as of October 31, 2024)



Yoshitaka Asaeda*

Genri Goto*

Shinichi Hokari

Akira Yoshioka

Hironori Koshimizu

Miyuki Nakagawa*

Toshio Imamura

Rina Akimoto*

Naomi Aoyama*

Tsuguhiro Tamai

Katsuhiro Kawamura

Yumiko Ichige*

Kazuo Tsukahara*

* Independent outside officer

Directors and Audit & Supervisory Board Members (as of October 31, 2024)

Directors



Akira Yoshioka

Representative Director, President and CEO*¹



Tsuguhiro Tamai

Director, CFO*²

In charge of risk management, finance and accounting, information disclosure, management and quality key performance indicators (KPIs), Executive Officer of Corporate Unit

Important Concurrent Positions
• Director, AlphaPurchase Co., Ltd.



Katsuhiko Kawamura

Director, COO*³

Executive Officer of Sales Unit

Important Concurrent Positions
• President and Representative Director, SOLOEL Corporation



Shinichi Hokari

Director, CTO*⁴

Executive Officer of EC Product Unit



Yumiko Ichige

Outside Director, Independent Officer

Important Concurrent Positions
• Partner, Nozomi Sogo Attorneys at Law
• Outside Audit & Supervisory Board Member, Idemitsu Kosan Co., Ltd.
• Outside Director and Audit & Supervisory Board Member, Hitachi Astemo, Ltd.



Genri Goto

Outside Director, Independent Officer

Important Concurrent Positions
• CEO, Kotozna, Inc.
• Chairman, Kotozna (China Office)
• Managing Director, Kotozna Singapore Pte. Ltd.



Kazuo Tsukahara

Outside Director, Independent Officer



Naomi Aoyama

Outside Director, Independent Officer

Important Concurrent Positions
• Representative Director, style bis Inc.
• Outside Director, IZUMI Co., Ltd.



Rina Akimoto

Outside Director, Independent Officer

Important Concurrent Positions
• CEO and Representative Director, vivid garden Inc.



Hironori Koshimizu

Part-Time Director

Important Concurrent Positions
• General Manager, Commerce Company Business Promotion Unit, LY Corporation

Audit & Supervisory Board Members



Toshio Imamura

Full-time Audit & Supervisory Board Member



Yoshitaka Asaeda

Outside Audit & Supervisory Board Member, Independent Officer

Important Concurrent Positions
• Director, Yoshitaka Asaeda Certified Public Accountant Office
• Outside Corporate Auditor, WingArc1st Inc.
• Outside Director, The Shimane Bank Ltd.



Miyuki Nakagawa

Outside Audit & Supervisory Board Member, Independent Officer

Important Concurrent Positions
• Professor, Chuo Law School, Chuo University
• Representative, Kousui Law Office
• Outside Director, NITTO KOGYO CORPORATION
• Outside Director, Nissan Chemical Corporation
• Outside Audit & Supervisory Board Member, FANCL CORPORATION
• Outside Audit & Supervisory Board Member, Shinsei Bank, Limited

*¹ Chief executive officer

*² Chief financial officer

*³ Chief operating officer

*⁴ Chief technology officer

Corporate Governance

Basic Approach to Corporate Governance

In line with the ASKUL WAY, comprising Our Purpose of “Continuously bringing delight to our work-place, life, the planet and tomorrow,” Our Values, and Our DNA, we listen carefully to customers, share-holders, investors, partners, employees, and all other stakeholders throughout society with the aim of contributing to the resolution of various social issues through the ongoing creation of new, socially significant value.

To this end, ASKUL will strive to enhance corporate governance through transparent, fair, prompt, and resolute decision-making based on compliance management to achieve sustainable growth and enhance corporate value over the medium to long term.

Board of Directors' Composition

In consideration of diversity, the Board of Directors comprises a distinct group of directors with different backgrounds in terms of knowledge, expertise, experience, and business capabilities.

The number of directors on the Board is stipulated in the Articles of Incorporation and shall be maintained appropriately so that the Board of Directors functions as effectively and efficiently as possible, with a focus on the following two perspectives:

- Adequate diversity in management decision-making and supervision
- Substantial and sufficient discussions at Board of Directors' meetings

In this way, ASKUL ensures that the Board of Directors functions effectively in terms of important management decision-making and supervisory functions, with the aim of ensuring overall diversity and a balance between knowledge, experience, and capabilities while maintaining an appropriate size.

Further, ASKUL appoints multiple independent outside directors to incorporate the extensive experience, deep insight, broad knowledge, and solid expertise of directors from outside the Company into ASKUL's management. This is done in an attempt to maintain and strengthen management supervision efficacy from an independent and objective standpoint and improve management transparency.

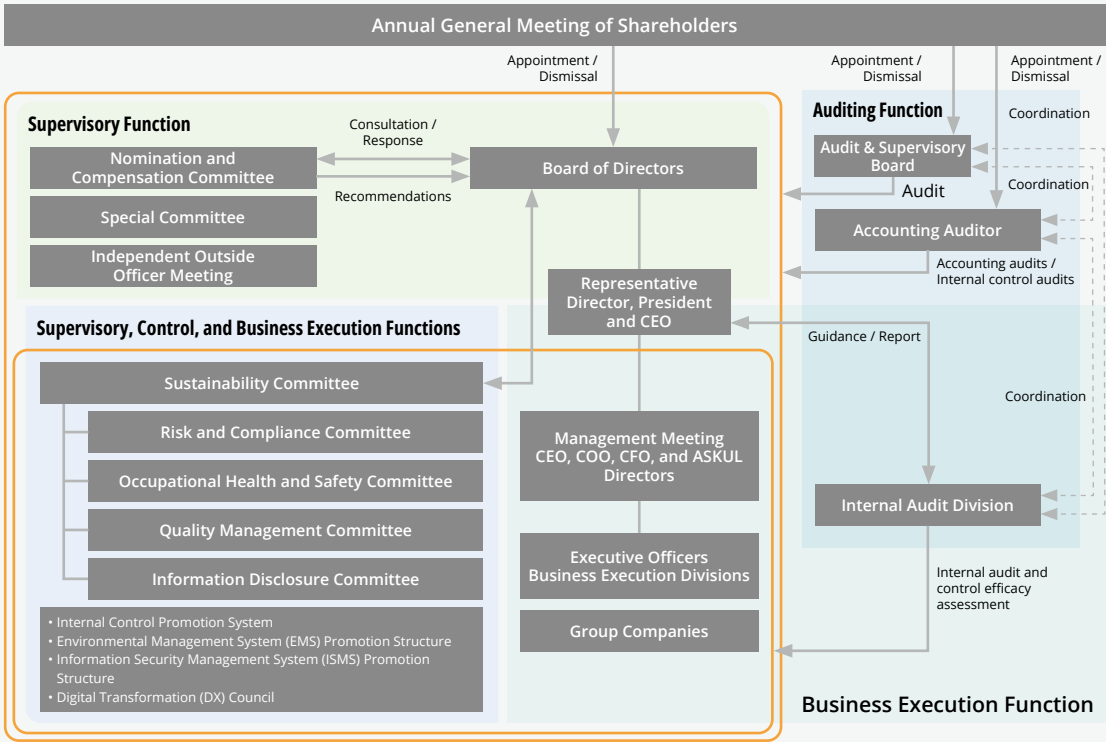
Audit & Supervisory Board Composition and Accounting Auditor

ASKUL's Audit & Supervisory Board comprises at least one full-time Audit & Supervisory Board member and one or more outside Audit & Supervisory Board members. The number of Audit & Supervisory Board members is stipulated in the Articles of Incorporation and shall be maintained appropriately so that audits of the execution of duties by directors can be implemented in the most effective and efficient manner.

In appointing Audit & Supervisory Board members, ASKUL selects candidates possessing the appropriate experience and capabilities, as well as the requisite financial, accounting, and legal knowledge, with at least one member possessing sufficient knowledge of finance and accounting.

Giving consideration to the consecutive years of auditing performed by the previous accounting auditor, ASKUL appointed Deloitte Touche Tohmatsu LLC as its new accounting auditor at the Annual General Meeting of Shareholders held in August 2022, in anticipation of audits from a new perspective and of the enhanced efficiency of audits on a Groupwide basis.

Corporate Governance Structure (as of August 8, 2024)



Corporate Governance

Current Committee Compositions

As of August 8, 2024

Committee name	Directors										Audit & Supervisory Board members			Executive officers and other members	Overview and activities	Number of meetings in FY2024
	Akira Yoshioka	Tsuguhiro Tamai	Katsuhiro Kawamura	Shinichi Hokari	Yumiko Ichige	Genri Goto	Kazuo Tsukahara	Naomi Aoyama	Rina Akimoto	Hironori Koshimizu	Toshio Imamura	Yoshitaka Asaeda	Miyuki Nakagawa			
					Outside Independent	Outside Independent	Outside Independent	Outside Independent	Outside Independent	Part-time		Outside Independent	Outside Independent			
Supervision	Nomination and Compensation Committee	○			○	○	◎	○	○						This committee deliberates policies, procedures, and specific proposals regarding the appointment and dismissal of key officers and employees, including directors and the president and CEO, compensation, and succession planning. (Members comprise all independent outside directors and the president and CEO.)	18
	Special Committee				◎		○					○			Comprising solely independent outside directors, this committee deliberates matters that contribute to the protection of minority shareholder interests and ensures fairness and impartiality among shareholders from a perspective independent of controlling shareholders. Note: Corresponds to “Special committee composed of independent persons including independent director(s)” in Corporate Governance Code 4-8 (3)	2
	Independent Outside Officer Meeting				○	○	◎	○	○			○	○		Comprising solely independent outside directors, this committee meets to freely exchange information and opinions on important matters related to corporate governance, business, and management. Note: Corresponds to “Meetings composed of independent outsiders” in Corporate Governance Code 4-8 (1)	3
Supervision, control, and business execution	Sustainability Committee	○	◎	○	○	■					■	■		○★1★2 □	This committee deliberates and determines issues and policies concerning sustainability and ESG while monitoring other committees to fulfill ASKUL's social responsibility, achieve sustainable growth, and enhance corporate value over the medium to long term.	12
	Risk and Compliance Committee	○	◎	○	○								■	○★3 □	In addition to managing risks, this committee aims to understand, manage, and respond to risk and compliance issues to ensure compliance with laws, regulations, and internal and external rules and norms.	12
	Occupational Health and Safety Committee		○	○	○		■				■			◎★1 ○	This committee determines and responds to occupational health and safety conditions in order to ensure the safety of all staff and employees and to improve their physical and mental health, as well as increase productivity and heighten morale.	12
	Quality Management Committee	○	○	○	○			■	■					◎★2 ○ □	This committee works to improve the quality of services and products handled throughout the value chain to increase customer trust and satisfaction, as well as provide customers with products that are safe and reliable.	11
	Information Disclosure Committee	○	◎	○	○									○	This committee makes disclosure-related decisions aimed at enhancing management transparency and ensuring the timely and appropriate disclosure of information.	36
Business execution	Management Meeting	◎	○	○	○									□	Chaired by the president and CEO, these meetings are held to carefully examine and decide on proposals related to business execution.	37

◎ Chair ○ Member ■ Advisor □ Observers and other members

*1 Executive officer of unit in charge of human resources *2 Executive officer of unit in charge of customer support *3 Executive officer of unit in charge of legal affairs

Corporate Governance

Director and Audit & Supervisory Board Member Skills Matrix and Reasons for Appointment As of August 8, 2024

Name Position in the Company	Skills and experience										Reasons for appointment
	Management strategy	ESG and sustainability	E-commerce	Products	Logistics	Global experience	Accounting and finance	IT and digital transformation	Human resources, labor affairs, and human resource development	Legal affairs, intellectual property, and risk management	
Akira Yoshioka Representative Director, President and CEO	●		●	●							As representative director, president and CEO, Mr. Yoshioka has led sustainable business growth despite the COVID-19 pandemic. He possesses extensive business experience and a solid track record at ASKUL, with knowledge of e-commerce business operations, and is able to appropriately fulfill his duties as president.
Tsuguhiro Tamai Director, CFO	●	●					●			●	Mr. Tamai possesses extensive business experience and a solid track record at ASKUL. He also possesses knowledge of finance, public relations, IR, and other areas that allows him to fulfill his responsibilities as CFO of the Company, which aims to strengthen governance and sustainably enhance corporate value.
Katsuhiko Kawamura Director, COO	●		●	●	●			●			Mr. Kawamura possesses extensive business experience and a solid track record at ASKUL, including executive officer positions in various divisions, and business management knowledge enabling him to appropriately fulfill his duties as COO.
Shinichi Hokari Director, CTO			●					●			Leveraging his advanced expertise and experience in internet-based platform development and e-commerce business, as well as extensive business experience and a solid track record at Yahoo Japan Corporation, Mr. Hokari is a suitable director of the Company, which works to achieve sustainable corporate value enhancement through the promotion of digital transformation.
Yumiko Ichige Outside Director <div>OutsideIndependent</div>		●						●	●	●	Ms. Ichige started out her career as a corporate attorney and possesses highly specialized expertise and work experience in the fields of corporate governance, compliance, and intellectual property gained through experience as a lawyer. In the past, she served as an outside director and outside audit & supervisory board member at multiple companies and as an officer at the Japan Federation of Bar Associations and public-interest corporations.
Genri Goto Outside Director <div>OutsideIndependent</div>	●		●	●	●			●			Mr. Goto possesses extensive experience and a track record that includes the launch of an innovative online pharmaceutical sales business that he managed as CEO for many years, driving the growth of this business in the e-commerce market. He also has a wealth of experience and deep insight in the digital services field.
Kazuo Tsukahara Outside Director <div>OutsideIndependent</div>	●					●			●		After being responsible for a wide range of operations (including an overseas assignment) at a heavy-industry manufacturer engaged in global business, Mr. Tsukahara served as the company's executive vice president. Having served as an outside director at multiple companies to date, he possesses extensive business experience and a solid track record in corporate management, as well as deep insight and strong ethics.
Naomi Aoyama Outside Director <div>OutsideIndependent</div>		●	●	●							Having established a consumer-oriented marketing support company, Ms. Aoyama possesses a high degree of expertise and extensive experience as an advisor on corporate social media management and e-commerce.
Rina Akimoto Outside Director <div>OutsideIndependent</div>	●	●	●								Ms. Akimoto has been appointed due to her experience and track record in launching an innovative business that solves distribution challenges in the agricultural sector, her activities in various organizations that tackle social issues, and her ability to offer oversight and advice that make use of her experience in the fast-paced, innovative environment of venture companies.
Hironori Koshimizu Part-Time Director <div>Part-time</div>			●					●			Mr. Koshimizu has been appointed for his potential to create Group synergies owing to his high level of expertise and corporate management experience in the fields of internet business and e-commerce, as well as his past responsibilities at the Company.
Toshio Imamura Full-time Audit & Supervisory Board Member	●								●		Mr. Imamura possesses extensive business experience and a solid track record at ASKUL in the areas of accounting and finance, information disclosure, risk, and human resources. Since August 2017, he has appropriately performed his function of supervising business execution as a full-time Audit & Supervisory Board member.
Yoshitaka Asaeda Outside Audit & Supervisory Board Member <div>OutsideIndependent</div>						●	●				As a certified public accountant, Mr. Asaeda has practical experience and professional expertise in global accounting and auditing and, in addition to management experience in global organizations, has served as an outside director and outside audit & supervisory board member in several companies to date.
Miyuki Nakagawa Outside Audit & Supervisory Board Member <div>OutsideIndependent</div>		●								●	Ms. Nakagawa worked for many years as a prosecutor for the Tokyo District Public Prosecutors Office and elsewhere and has practical experience in legal circles. In addition to her expertise as a legal professional, she serves as an outside director and outside audit & supervisory board member in several companies.

Corporate Governance

Policies and Procedures for the Appointment and Dismissal of Directors, Audit & Supervisory Board Members, and Senior Management

Policies and procedures associated with the nomination of directors and Audit & Supervisory Board members, as well as the appointment and dismissal of senior management, are as follows.

Policies and Procedures for the Nomination of Director Candidates and the Appointment and Dismissal of Senior Management

Candidates for ASKUL directors and senior management must possess the following qualities:

- Sound member of society with good business sense
- Broad, flexible viewpoints, as well as ambition, leadership, and other management qualities and capabilities
- Ability to formulate visions, implement change, be customer-oriented, and have high ethical standards as set forth in the ASKUL WAY

In selecting candidates, ASKUL takes the diversity of the Board of Directors into consideration based on the recognition that multifaceted supervision will contribute to the promotion and expansion of business and facilitate appropriate supervision in accordance with given management conditions, therefore nominating the most suitable candidates for director.

Each year, all ASKUL directors are subject to appointment by resolution of the Annual General Meeting of Shareholders.

Director candidates (including substitute directors) and senior management are selected by the Board of Directors after fair, transparent, and rigorous reviews and responses by the Nomination and Compensation Committee, which comprises entirely independent outside directors and the president and CEO.

Regarding the appointment of ASKUL directors concurrently serving as directors or corporate auditors at other listed companies, duties shall be limited to a reasonable extent, enabling the director to dedicate sufficient time to fulfilling their responsibilities as an ASKUL director. Regarding CEO dismissals, after clarifying the reason for dismissal, in the event of a major disqualification based on appointment criteria, substantial declines in corporate value, damage to ASKUL's social value or reputation caused by the CEO, or when radical change becomes necessary, the Nomination and Compensation Committee decides on dismissal proposals, which are then confirmed by resolution of the Board of Directors.

Further, in the event a senior management team member deviates from the above requirements, the Nomination and Compensation Committee conducts fair, transparent, and rigorous reviews and reports the situation to the Board of Directors, which will then resolve to dismiss said member. The Board of Directors also makes determinations in light of voluntary resignations, organizational changes, and the revision of roles and responsibilities. In addition to the above, the dismissal of a director requires resolution at the Annual General Meeting of Shareholders.

Policies and Procedures for the Nomination of Audit & Supervisory Board Member Candidates

Candidates for ASKUL Audit & Supervisory Board membership must possess the following qualities:

- Excellent character, insight, capabilities, a wealth of experience, and high ethical standards
- Persons who understand and share the ASKUL WAY and corporate culture
- Appropriate experience, capabilities, and knowledge of requisite financial, accounting, and legal matters

In selecting candidates, ASKUL takes Audit & Supervisory Board diversity into consideration based on the recognition that multifaceted supervision will contribute to the promotion and expansion of business and facilitate appropriate supervision in accordance with given management conditions, nominating the most suitable candidates for Audit & Supervisory Board membership.

Further, one or more Audit & Supervisory Board members must have sufficient knowledge of finance and accounting matters. Audit & Supervisory Board member candidates (including substitute members) are selected by the Nomination and Compensation Committee upon preliminary consultation with the Audit & Supervisory Board, which conducts fair, transparent, and rigorous reviews and then reports to the Board of Directors, which makes decisions based on approval from the Audit & Supervisory Board. Regarding the appointment of ASKUL Audit & Supervisory Board members concurrently serving as directors or corporate auditors at other listed companies, duties shall be limited to a reasonable extent, enabling said members to dedicate sufficient time to fulfilling their responsibilities as ASKUL Audit & Supervisory Board members.

Standards for Determining Independence

Based on the Designation Criteria for Independent Officers, ASKUL designates all outside officers not falling under the following categories as independent officers with their consent.

- A Individuals for whom ASKUL is a major supplier or business executor
- B Individuals who are major ASKUL suppliers or in charge of business execution
- C Consultants and other professionals who have received large cash payments or other compensation from ASKUL within the past five years, or who belong to consulting firms or other organizations that have worked directly with ASKUL within the past five years.
- D ASKUL, its parent company, or subsidiary executive officers, directors, or Audit & Supervisory Board members
- E Major ASKUL shareholders
- F ①Close relatives of persons described in A-E or ②ASKUL, its parent company, or subsidiary accounting advisors




Corporate Governance

Protection of Minority Shareholders


ASKUL has formulated the Related-Party Transaction Management Regulations to carefully determine the rationality of transactions and the appropriateness of transaction proposals to ensure that transactions with related parties do not harm ASKUL or the common interests of its shareholders, nor give rise to such concerns.

Further, in line with a resolution by the Board of Directors at a meeting held on August 4, 2021, ASKUL enhanced its Board of Directors' supervisory function to appropriately improve ASKUL and ASKUL Group corporate governance and ensure management transparency. The Special Committee was also established as a permanent advisory body to the Board of Directors for the purpose of protecting the interests of minority shareholders and ensuring fairness and impartiality in important transactions, as well as transactions where the interests of controlling shareholders and major shareholders with an equivalent level of control (dominant shareholders) conflict with those of minority shareholders.

 Corporate Governance Report: Policy on Ensuring Shareholder Rights and Equality

Stocks Held for Strategic Purposes

ASKUL has formulated and continues to manage the Policy on Ensuring Shareholder Rights and Equality and, as of May 20, 2024, held no listed company shares for the purpose of shareholder stability, referred to as stocks held for strategic purposes. ASKUL maintains strategic shareholdings deemed important for Group strategic purposes, such as utilizing advanced technologies from outside the Company or strengthening relationships through business alliances. The Board of Directors or other governing bodies determine whether to continue holding or dispose of strategic shareholdings after examining the appropriateness of said holdings.


 Corporate Governance Report: Principle 1-4: Stocks Held for Strategic Purposes

Information Disclosure

ASKUL proactively and impartially discloses information in accordance with applicable laws and regulations for shareholders and investors, including management-related matters and the status of business activities.

Company information is disclosed in a timely and appropriate manner, with efforts made to ensure accuracy at all times and, when necessary, consider the necessity of maintaining confidentiality. In addition to information that must be disclosed due to legal requirements, ASKUL makes proactive efforts to disclose environmental, social, and governance information and other non-financial information.

ASKUL views the disclosure of information as one of its most critical management responsibilities and strives to ensure information is easily understandable and highly useful for shareholders, investors, and other stakeholders.

 Basic Policy on Information Disclosure and Dialogue with Shareholders

ASKUL Governance Enhancements

Given the existence of controlling shareholders, ASKUL established and manages a system aimed at ensuring management independence and avoiding conflicts of interest, as well as protecting minority shareholders and maintaining fairness and impartiality from the perspective of enhancing corporate value over the medium to long term.

Response through systems and frameworks

- ▶ Appointment of multiple independent directors*
- ▶ Director selection process through the Nomination and Compensation Committee, comprising entirely independent outside directors and the president and CEO
- ▶ Authority held by the Nomination and Compensation Committee and the Special Committee
 - Granted authority to investigate matters without waiting for consultation from the Board of Directors and provide the Board with opinions, advice, and recommendations
 - Given the right to express opinions regarding items they have reported or provided advice on at the Annual General Meeting of Shareholders and other meetings

Handling of conflict-of-interest transactions

- ▶ Established and operate the Special Committee
 - Established as a permanent advisory body to the Board of Directors
 - Comprises entirely independent Company directors (designed to facilitate the formation of teams, including experts and other members, in the event of an emergency)
 - Supervises the system for monitoring transactions with related parties, including the reasonableness and appropriateness of transaction terms
- ▶ Transactions managed in accordance with the Related-Party Transaction Management Regulations

Communication measures

- ▶ Opportunities for regular and constructive dialogue and exchanges of opinions between independent directors and major shareholders
- ▶ Opportunities for regular and constructive dialogue and exchanges of opinions among members of management
- ▶ When officers selected for appointment, statements of aspiration from each candidate disclosed for shareholder review

* Independent directors (Board of Directors and Audit & Supervisory Board member total) 7/13 (53.8%) (as of September 2024)

Corporate Governance

Evaluation of the Board of Directors' Effectiveness

To continuously improve the effectiveness of the Board of Directors, ASKUL has analyzed and evaluated the overall effectiveness of the Board of Directors annually since 2015, targeting all directors and Audit & Supervisory Board members. In the 2024 effectiveness evaluation, the Company implemented an assessment through a third-party organization to incorporate a more objective perspective.

Evaluation Method and Process

Based on the analysis of the survey conducted in February 2024, a third-party organization carried out individual interviews with all directors and Audit & Supervisory Board members in April of the same year to evaluate the overall effectiveness of the Board of Directors. The survey included multiple questions for each of the following items, with responses rated on a five-point scale, multiple choice answers, and a free comment section for each item to assess the effectiveness of the Board.

Major Items of the Survey (approximately 40 questions)

1

Role of the Board of Directors

2

Composition of the Board of Directors

3

Operation of the Board of Directors

4

Discussions of the Board of Directors

5

Monitoring functions of the Board of Directors

6

Performance of inside and outside directors

7

Support system for directors and Audit & Supervisory Board members

8

Training

9

Dialogue with Shareholders

10

Personal initiatives

11

Operation of the Nomination and Compensation Committee

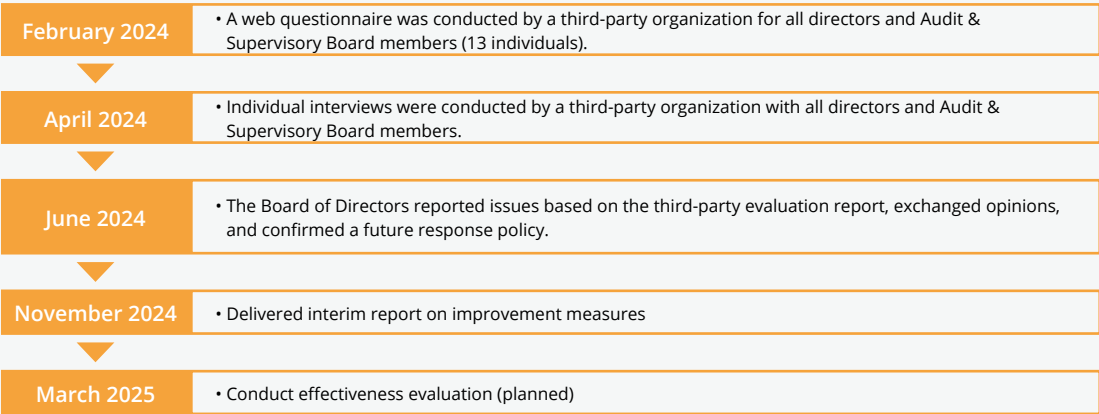
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Nomination and Compensation Committee

13

Summary

Evaluation process for the fiscal year ended May 20, 2024 and the fiscal year ending May 20, 2025



Issues Identified in the Previous Evaluation and Responses to Date

1.

Implementation of prebriefings
- For important agendas, such as large-scale system investments and distribution center investments, prebriefings were held, which deepened the understanding of Board members and extended the time for questions, leading to more in-depth discussions.
2.

Early distribution of materials
- Materials related to resolutions were distributed at least three business days in advance, and documents related to reports were sent in draft form, ensuring time for prior review.

Main Themes for Discussion at the Board of Directors' Meetings Suggested during the Previous Evaluation and Their Progress

The main themes proposed in the questionnaire during the previous evaluation are as follows:

- ASKUL's growth strategies and next-generation business models

• Human capital investment

• Setting of medium-term goals based on long-term growth strategies

• Framework and culture required to continuously drive innovation

• B-to-B management vision

Etc.
- Evaluation Results
- In the evaluation conducted in May 2024, the Board of Directors was generally assessed as functioning effectively. There were particularly positive opinions regarding the diversity of the Board, the operation of Board meetings, internal control and risk management, the performance of inside and outside directors, and the various themes discussed by the Nomination and Compensation Committee. Additionally, the above themes proposed during the previous evaluation will continue to be recognized as challenges this term, and further consideration will be given to them during the planning process of the next medium-term management plan.
- Issues Identified and Measures for Improvement
- Opinions and issues extracted from the questionnaire results, as well as initiatives and policies for addressing and improving upon each issue, are listed below.
- | Identified issues | Initiatives and improvement measures | |
|---|---|--|
| 1. Role and composition of the Board of Directors | 1) Insufficient discussions on the role and institutional design of the Board of Directors and the fact that independent outside directors do not constitute a majority | Continuously discuss these issues in the Nomination and Compensation Committee and the Independent Outside Officer Meeting |
| | 2) The need to reassess the skills and experience required of directors, as well as diversity in terms of gender and age. | The Nomination and Compensation Committee will reorganize the skill matrix. |
| 2. Operation of the Board of Directors | 1) Insufficient time for discussion | Make improvements by organizing matters to be reported, securing time for preparation, and providing materials early |
| | 2) Content and volume of materials | Create materials that highlight key points |
| | 3) Enhance information sharing with outside directors | Continue to share information at Management Committee meetings and hold prebriefings, etc. |
| 3. Discussions by the Board of Directors | 1) Insufficient discussion of medium- to long-term strategies, business plans, business portfolios, human capital and human resources strategies, etc. | Engage in discussion based on a systematically set agenda |
| | 2) Follow-ups on progress of the formulation of medium-term management plans are necessary | Schedule follow-up discussions |
| 4. Support for directors | Request for opportunities to learn about the Company's initiatives and the external business environment | Provide explanations of the various businesses and external environment upon request |
| 5. Nomination and Compensation Committee | Request for more comprehensive reporting to the Board of Directors | Report summaries of discussions on key issues to the Board of Directors twice a year |
-
- Evaluation of the Effectiveness of the Board of Directors and the Progress and Details of Discussions at the Board of Directors Meetings

Corporate Governance

Policies and Procedures for Determining Inside Director and Audit & Supervisory Board Member Compensation

Monetary Compensation

Comprises basic compensation as fixed-portion (monthly compensation) and performance-linked compensation as follows:

Basic Compensation (Fixed Portion):
Individually determined as fixed monthly remuneration reflecting market levels and expected roles

Performance-Linked Compensation (Variable Portion)
Calculated in line with

A

 annual performance target achievement levels (with upper and lower limits) and

B

 individual evaluations

Non-Monetary Compensation

Restricted Stock Compensation

- Granted to eligible directors and employees
- Provisos for lifting the restriction on transfer
 - Continuous employment conditions: Must be in the position of officer or employee throughout the restricted transfer period
 - ESG indicator conditions: Achievement of ESG indicators aimed at increasing the effectiveness of measures to resolve ESG-related issues
- The amount of each remuneration is decided by the Board of Directors after deliberation by the Nomination and Compensation Committee, taking into account the position, expected role, and stock price trends.
- To ensure the soundness of the compensation system for directors and prevent misconduct, a so-called malus clause has been established that stipulates that in the event of certain circumstances, all or part of the stock-based compensation granted before the restriction on transfer is lifted will be forfeited or canceled.

Highlight

ESG Indicator Conditions

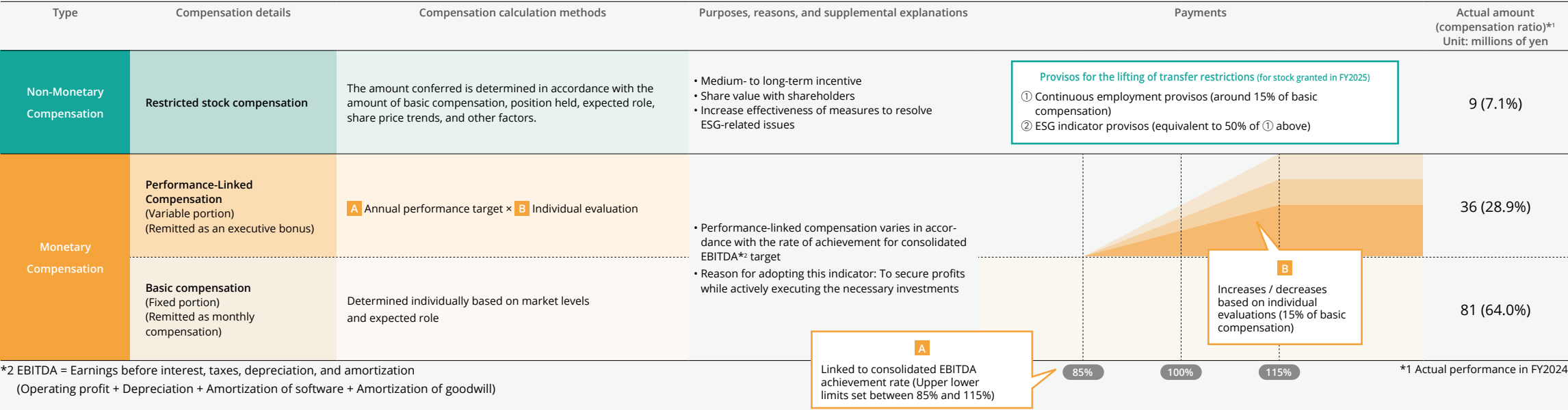
The transfer restriction will be lifted when a specified number of the five annual targets related to material issues (important issues) are achieved, subject to the expiration of the transfer restriction period.

Environment	1) Improve delivery efficiency 2) Achieve overall Product Environmental Score targets
Society	3) Employee engagement index 4) Ratio of women in management of 30%
Governance	5) Governance evaluations conducted by external organizations

Note: The four items excluding item 5 apply to employees.

(Reference) Notice of Disposal of Treasury Stock as Restricted Stock Remuneration

▶ ASKUL Director Compensation



Outside Director and Outside Audit & Supervisory Board Member Compensation

Only basic compensation is provided in light of individual roles and independence.

Corporate Governance

Group Governance

1 Approach and Policy on Group Management

The Company has a listed subsidiary, and the Group's basic policy regarding Group management is to strengthen Group strategies with federal management to solve social issues. In accordance with this basic policy, the Company will ensure that individual corporate entities have freedom in their management, share a mission to solve social issues, and build a governance structure to achieve this while providing the highest value to various stakeholders through the collective strength of the Group.

2 Measures to Ensure the Effectiveness of the Governance Systems of Listed Subsidiaries

The Company recognizes that it is important for the listed subsidiary to enhance its corporate value over the medium to long term and to maximize the common interests of all shareholders, including minority shareholders and the Company, and with this perspective in mind, the Company decides to exercise voting rights for each proposal of the listed subsidiary.

In addition, the Company has established the Affiliated Companies Management Regulations for the purpose of management of investees, etc., and requires prior approval or reporting to the Company regarding important decisions made by subsidiaries, including affiliated companies, etc. However, the Company makes efforts to ensure that it does not unfairly restrict the decision-making of each company.

In the unlikely event that a difference of opinion arises between the two companies, the Company will promptly cooperate with independent officers of listed subsidiary AlphaPurchase Co., Ltd., and make the final exercise of voting rights from the perspective of protecting minority shareholders. The Company believes that communication between the two companies is extremely significant in order to prevent differences in policies and views and conflicts of opinion. In addition to nominating one officer or employee of ASKUL as a candidate for director, the Company will promote regular dialogue between the two CEOs, communication between senior management, and close communication with each other down to the administrative level in the Corporate Planning Division, aiming at maximizing synergies.

3 Significance of Having Listed Subsidiaries

AlphaPurchase Co., Ltd. is a consolidated subsidiary listed on the Tokyo Stock Exchange (Standard Market) and primarily engages in MRO and FM businesses. The businesses of AlphaPurchase Co., Ltd. and the Company have different primary customer bases and sales channels, creating a complementary relationship. Through collaboration and cooperation between the two companies, we believe that each company can enhance its corporate value, thereby significantly contributing to the overall corporate value of the Group. As such, we will ensure that AlphaPurchase Co., Ltd. receives valuation in the stock market while fostering good relationships with stakeholders such as customers, business partners, and employees through business operations, and pursuing autonomous management that considers the interests of minority shareholders. We believe that this approach will contribute to business growth and corporate value enhancement for each company, and ultimately, to the overall corporate value of the Group. Therefore, at this time, we consider it desirable to maintain the listing of AlphaPurchase Co., Ltd.

4 LY Corporation, ASKUL's Other Affiliated Company

1) Relationship with the other affiliated company

LY Corporation, the Company's other affiliated company, holds 45.28% of the Company's voting rights (as of May 20, 2024), and two out of 10 directors of the Company are dispatched from LY Corporation. Since LY Corporation holds 45.28% of the voting rights of the Company's shares, the Company is included in the scope of consolidation of the affiliated company under International Financial Reporting Standards (IFRS). The Company has approved such a situation on the premise of enhancing value for all stakeholders (customers, shareholders, business partners, and employees) and maintaining independence of business operations as a listed company.

2) Approach to and policy on group management at the other affiliated company

Please refer to the Corporate Governance Report of LY Corporation for their approach and policy on group management. The Company benefits from being part of the LY Group through collaboration in the LOHACO Business, support from technology talent in the operation of the New ASKUL Website, and cooperation in advanced technology areas such as marketing, DX, and AI.

3) Initiatives to ensure independence from the other affiliated company

LY Corporation respects the fact that the Company operates as an independent listed company maintaining independence in its business operations, and although there is acceptance of dispatched directors and employees from the affiliated company, we recognize that the Company's business activities and management decisions are not constrained by LY Corporation, thus ensuring our independence. Additionally, the Company has established the Related-Party Transaction Management Regulations, which clearly prohibit transactions with LY Corporation that are evidently more favorable or unfavorable compared with transactions with third parties or similar transactions, and explicitly forbid transactions aimed at transferring profits, losses, or risks. Furthermore, the Company's Board of Directors Regulations stipulate that any person with a special interest in a resolution of the Board of Directors cannot exercise voting rights on that matter. In determining whether a director corresponds to the person with a special interest, we make efforts to ensure accurate judgment by seeking opinions from external experts as necessary. Moreover, the Company's Board of Directors consists of 10 members, with five of them being independent outside directors, thereby securing its independence. As an advisory body to the Board, we have established a standing Special Committee comprising of independent officers, including two of these independent outside directors. This committee deliberates on important matters related to the governance of the Group, aiming to further protect the interests of minority shareholders, including by as monitoring the decision-making process when conducting transactions with companies such as LY Corporation.

Corporate Governance

Compliance

Based on the recognition that compliance is a prerequisite for management, the Company has established, disseminated, and complies with the ASKUL Code of Conduct (Code of Ethics and Conduct), the Compliance Manual, and a variety of other regulations in accordance with the ASKUL WAY. Further, in addition to supervision by the Risk and Compliance Committee and monitoring through internal auditing and other efforts, education and training on various laws and regulations are provided on a regular basis to deepen understanding of compliance and create an environment facilitating the sound execution of duties.

▶ Anti-Corruption and Corporate Ethics

ASKUL Code of Conduct (Code of Ethics and Conduct)

The ASKUL Code of Conduct was formulated in June 2006 and is promulgated through internal efforts to spread information and raise awareness.

As a document upon which all our activities are based, the ASKUL Code of Conduct incorporates the ASKUL WAY, comprising Our Purpose of “Continuously bringing delight to our workplace, life, the planet and tomorrow,” Our Values, and Our DNA and defining the basic rules of conduct that should be observed by employees and all stakeholders, including customers, shareholders, investors, partners, and co-workers, while maintaining high ethical standards and a spirit of compliance with the law.



ASKUL Code of Conduct (Code of Ethics and Conduct) (Content)

- I ASKUL Code of Conduct Positioning
- II For Customers
- III For Shareholders and Investors
- IV For Society
- V For Partner Companies
- VI For Social Assets and Information
- VII For ASKUL CoWorkers
- VIII ASKUL Code of Conduct Management

▶ ASKUL Hotline (Internal Reporting System)

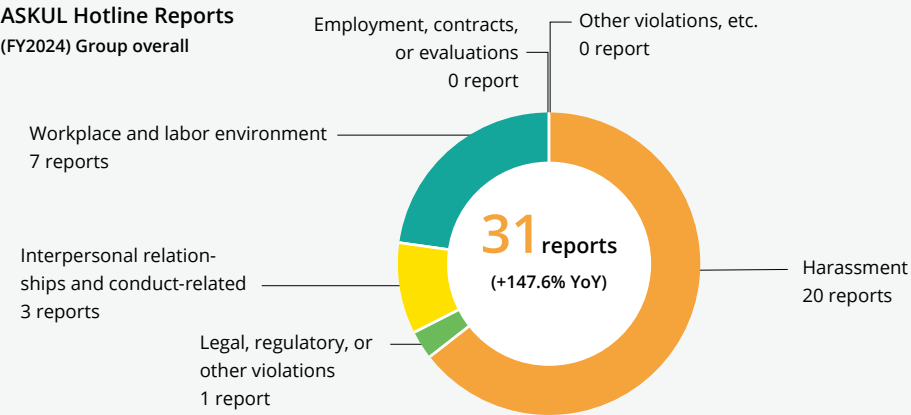
The ASKUL Hotline (internal reporting system) was established as part of the ASKUL Group’s internal control system in order to prevent misconduct and business risks before they occur while invigorating the Group’s self-correcting mechanism.

ASKUL employees can use the ASKUL Hotline, which is separate from regular business lines, to report or inform in the event they discover inappropriate conduct, such as violations of laws and regulations, as well as violations of the duty of confidentiality or unfavorable investigation or treatment of whistleblowers and cooperating parties (or discover suspicions of the aforementioned conduct). Employees using this hotline are able to make reports anonymously.

In addition to CSR, legal affairs, human resources, internal audit, and other relevant divisions, Audit & Supervisory Board members and an outside consultation service are available as points of contact, creating a system aimed at quickly identifying suspicious activities from the perspective of compliance.

In addition, ASKUL strictly prohibits the unfavorable treatment of whistleblowers, including discrimination against them and other acts of retaliation, as well as adverse impacts on their performance evaluations as a result of making a report. Individuals or department heads who treat whistleblowers unfavorably may be subject to disciplinary actions or other measures.

The ASKUL Hotline reception desk and investigation and response team conduct fair and impartial inquiries and, if the fact-finding investigation confirms the existence of inappropriate conduct, violations of the duty of confidentiality, or unfavorable investigation or treatment of whistleblowers and cooperating parties, etc., the progress and results are reported, without delay, to the Risk and Compliance Committee, creating a system for the implementation of response measures.



Note: The above does not include reports received by the Human Rights and Harassment Consultation Desk.

Risk Management

Basic Approach

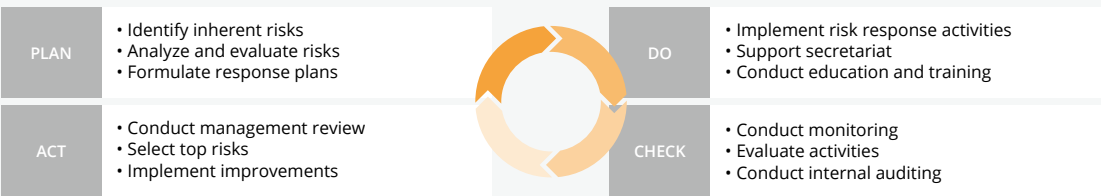
Risk Management Basic Policies and Action Guidelines

- 1 ASKUL and the ASKUL Group manage risks by addressing all matters with the potential of impeding sustainable Group growth; compliance with laws, regulations, social norms, and internal rules, including ethical behavior guidelines; and our ability to conduct business appropriately, achieve sustainable growth, and enhance corporate value over the medium to long term.
- 2 In the event specific risks that occur, ASKUL, Group officers, and employees will place the highest priority on human life and physical safety, comply with laws and ethics, and act with moral integrity and honesty.

Management Structure

General Manager	President and CEO	Appropriate allocation of management resources necessary for planning, implementing, inspecting, reviewing, and ensuring the execution of internal risk response plans
Implementation Manager	Director in charge of risk management	Formulates various risk response plans, oversees plan execution, and coordinates efforts throughout the Company
Risk Management Officer	Business units and Group companies	Manages and follows up on risk responses as executive officer of each business unit and project
Risk Management	Person in charge of divisions (supervisory divisions)	Promotes various risk responses for each department and project
Personnel Involved in Risk Response Activities	Departments (each department)	Implements various risk responses
Risk Management Secretariat	Person in charge of CSR	Promotes PDCA cycle within risk management activities

Risk Management PDCA Cycle



Main Risks and Initiatives

Risks that impact future management performance are identified and assessed as significant risks. Of these, risks that senior management determine as having a particularly significant impact on Group business continuity from a Companywide, cross-functional perspective are defined as particularly significant risks (top Companywide risks), for which the necessary countermeasures are formulated.

[List of All Risks \(Details\)](#)

List of Particularly Significant Risks (Top Companywide Risks) and Main Responses and Countermeasures (Excerpt)

Risk item	Risk details	Main responses and countermeasures
Common risks Concerns and countermeasures	<ul style="list-style-type: none"> Significant costs or losses incurred due to direct damage, legal liabilities, and other factors Loss of public trust or damage to reputation due to degradation or suspension of business and services 	<ul style="list-style-type: none"> Invest in requisite management resources
1 Employee and customer life, health, and work-related injuries, etc.	<ul style="list-style-type: none"> Loss of human resources, including employee life and health, due to accidents, disasters, or long working hours Health issues caused by private brand products 	<ul style="list-style-type: none"> Maintain and manage vehicles and other equipment and implement thorough safety training Conduct thorough disaster prevention measures and manage working hours Ensure thorough quality control and aggregate and improve data to raise quality
2 Business continuity and supply chain fragmentation*	<ul style="list-style-type: none"> Occurrence of more widespread and serious natural disasters than anticipated, such as a Nankai Trough earthquake, large-scale outbreak of infectious diseases, damage from fires and other disasters, supply chain fragmentation, etc. Risks related to the business continuity of partner companies 	<ul style="list-style-type: none"> Establish multiple bases handling orders and inquiries and several distribution centers Conduct ongoing review of business continuity plan Conduct periodic inspections of fire prevention equipment and management structure enhancements Maintain good relationships with partner companies
3 Changing global conditions, including wars, economic sanctions, and other threats	<ul style="list-style-type: none"> Country risks affecting places of origin and supply chains, geopolitical risks, infectious diseases, natural disasters and other conditions leading to difficulties in procuring raw materials and merchandise, price hikes, exchange rate volatility, etc. 	<ul style="list-style-type: none"> Request that suppliers establish stable product supply systems Implement supply chain revisions, including changes that include transitioning to the manufacture of products within Japan
4 - 6	Note: For information on system failures, personal or confidential information leaks, or related issues, please refer to Information Security P.93 .	
7 Reputation risk associated with violations of laws and regulations and failure to adapt to social demands	<ul style="list-style-type: none"> ① Compliance violations (violations of laws and regulations, fraud, etc.) ② Insufficient or unsuccessful responses and efforts related to social issues ③ Serious internal control deficiencies and additional costs 	<ul style="list-style-type: none"> Formulate and ensure thorough compliance with the ASKUL Code of Conduct (Code of Ethics and Conduct) Create and manage compliance systems and mechanisms Ensure an appropriate understanding of education and awareness activities, legal reforms, and other issues, implementing necessary measures Promote proactive efforts to resolve global social issues Develop and manage internal controls related to financial reporting based on the Financial Instruments and Exchange Act
8 Inadequate retention or training of human resources	<ul style="list-style-type: none"> Failure to retain human resources, declining retention rate Inability to develop human resources capable of responding to change, value of human labor becoming obsolete 	<ul style="list-style-type: none"> Implement human resource development measures and mechanisms improving employee motivation Improve employee retention by promoting workstyle reforms and to improve the working environment Promote diversity, respecting differences that include gender, age, race, and nationality Introduce and develop a human resource evaluation system supporting the taking on of challenges for growth and change
9 Delayed business model transformation / failure to adapt to changing business environment	<ul style="list-style-type: none"> Business model obsolescence / advances in competitors' services Delayed response to legal and institutional changes 	<ul style="list-style-type: none"> Develop human resources to promote innovation and transformation and introduce and develop human resource evaluation systems Early detection of and timely response to legal and institutional changes
10 M&A and business collaboration	<ul style="list-style-type: none"> Impairment loss on goodwill due to the discovery of unexpected risks after the acquisition Incurrence of additional costs or investments due to failure to achieve expected synergies 	<ul style="list-style-type: none"> Decision-making based on sufficient prior research and a defined approval process Regular monitoring via key meetings

* Regarding climate change initiatives and responses to the Task Force on Climate-related Financial Disclosure (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations under **2** above, please refer to Response to TCFD and TNFD Recommendations in the Environment section

Risk Management

Business Continuity Planning

ASKUL has created a business continuity plan in response to various emergency situations based on the ASKUL Business Continuity Plan Basic Policy. The business continuity plan defines the structure of the Disaster Response Headquarters and various responses and procedures in the event of an emergency. All work sites stock water, food, and emergency evacuation bags. Further, to heighten efficacy when executing business continuity plans, we review plans and manuals in each division. In addition to ensuring the safety of employees, ASKUL will maintain efforts to provide services to customers even during emergency situations and keep its promise of next-day deliveries.

Recognizing that our business is a lifeline for customers, we will do our utmost to ensure the continued supply of ASKUL services based on the following policies to fulfill our social responsibilities in the event of a disaster.

ASKUL Business Continuity Plan Basic Policy

- ① Ensure highest priority is placed on ensuring the safety of all constituent members, including the employees supporting ASKUL business and their families
- ② Attempt to minimize damage to neighboring communities and ensure the safety of local residents
- ③ Strive to supply products and services in coordination with local communities, governments, and suppliers
- ④ Engage in support efforts aimed at reconstruction and recovery

Support for Disaster-Stricken Areas Based on Disaster Response Agreements

ASKUL supports disaster-stricken areas in their recovery and reconstruction efforts based on the ASKUL Business Continuity Plan Basic Policy and agreements with various government agencies, local municipalities, and related organizations in the event of a disaster. As we provide relief in the form of daily necessities, food, and other essential items immediately after a disaster, we also strive to be flexible in our response to the changing needs of the disaster-stricken area.

Highlight

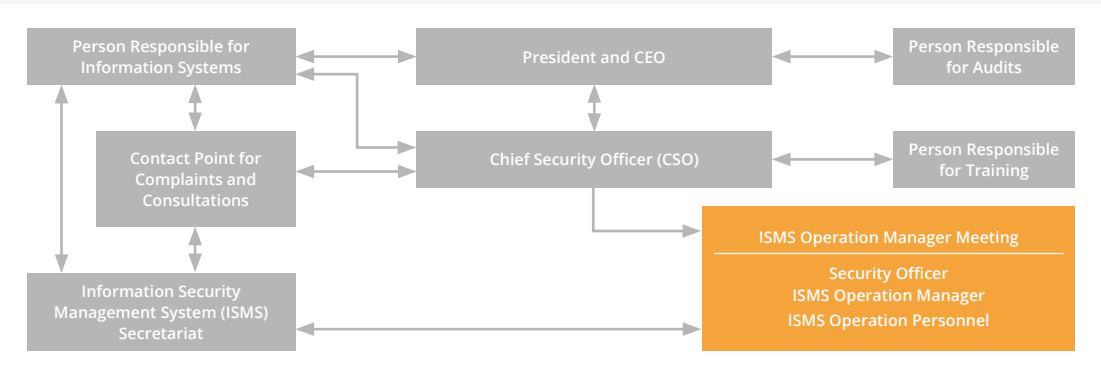


Image source:
Peace Boat Disaster Relief

Information Security

Having established the ASKUL Information Security Policy and Personal Information Protection Policy, ASKUL declares its aim of realizing a distribution platform that makes extensive and efficient use of information and IT with maximum consideration for information security and personal information, which all customers can utilize with peace of mind. Further, recognizing information security risk management as one of our most important management strategies, we will protect information assets from information leaks, unauthorized access, and a wide range of other threats. To ensure business continuity, we make efforts to achieve information security, personal information protection, the implementation of safety control measures for handling specified personal information (My Number, etc.), and comply with the Act on the Protection of Personal Information in all business activities.

Information Security Structure



List of Particularly Significant Risks (Top Companywide Risks) and Main Responses and Countermeasures (Information Security Only)

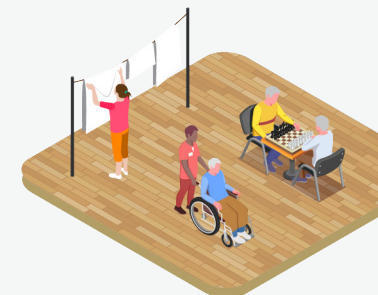
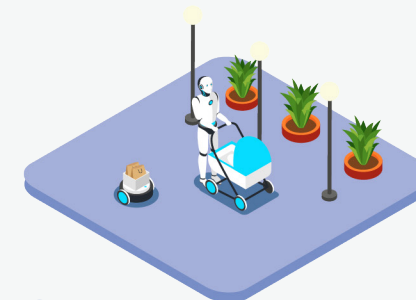
Risk items	Risk details	Main responses and countermeasures
4 System damage and cyberattacks	Includes attacks from outside the system, unauthorized access, system failures or stoppage due to sudden increases in access attempts, and the leakage, destruction, or falsification of information or other data	Includes server reinforcement, decentralization and modernization, expanded communication line capacity, core system duplication, backup system maintenance, security enhancements, etc.
5 Large-scale system development, capital expenditures, etc.	Significant delays or suspension of system releases Customer defection due to decrease in usability System and equipment obsolescence due to IT advances Insufficient or delayed impact of investments	Engagement in thorough preparation, meticulous planning and execution, and adequate verification of returns on investments
6 Personal or confidential information leaks	Personal or confidential information destruction, falsification, leakage, unauthorized provision to competitors, etc.	Acquired information security management system certification (JIS Q 27001)

For all other critical risks (top Companywide risks) and main responses and countermeasures, please refer to Risk Management [P.92](#).



Section 5 Basic Information

- [95](#) Financial Highlights
- [96](#) Non-Financial Highlights
- [97](#) Consolidated 11-Year Summary
- [98](#) Consolidated Financial Statements (Abridged)
- [99](#) List of Material Issues (Important Issues) and KPIs
- [102](#) Glossary
- [103](#) External Evaluations / External Endorsement and Participation
- [104](#) Group Network
- [105](#) Corporate / Stock Information



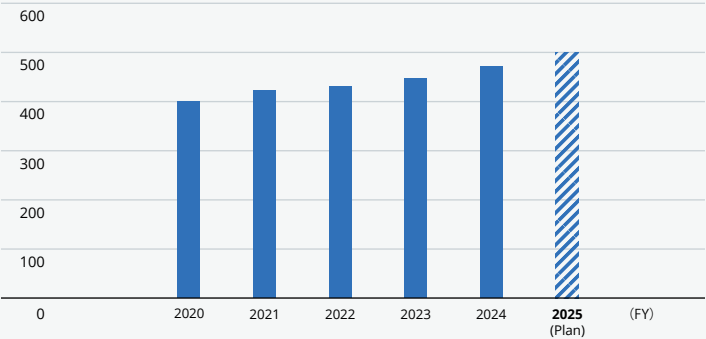
Financial Highlights

(On a consolidated basis excluding dividends per share information)

Net Sales

We aim to continue our transformation from an office supplies mail-order company and achieve a strong rate of growth.

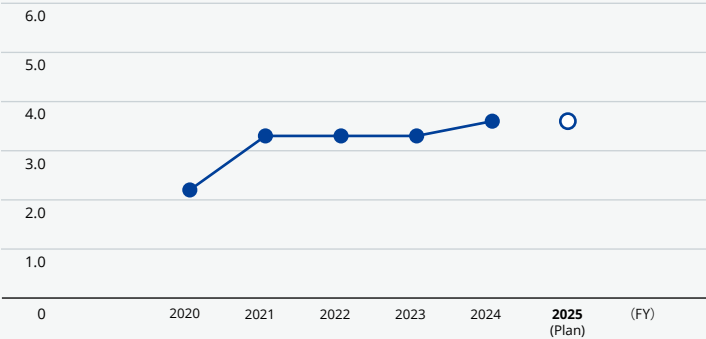
Billions of yen



Operating Profit Margin

We will continue to implement profit structure reforms in pursuit of a 5.0% operating profit margin.

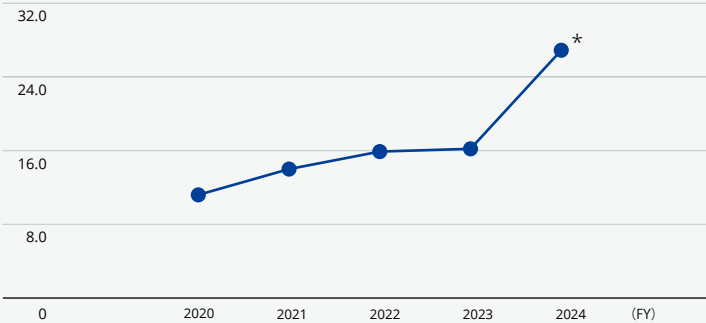
%



ROE

We will continue to improve capital efficiency to achieve an ROE of 20.0%.

%

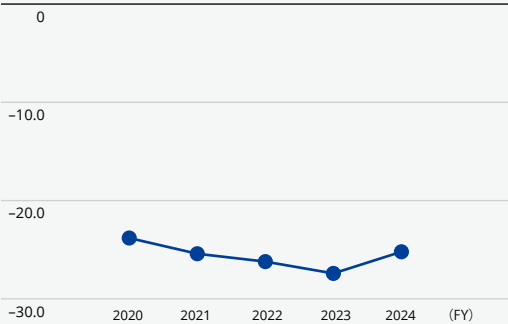


* One-off figure due to extraordinary profit from litigation related to the ASKUL Logi Park Metropolitan fire

Cash Conversion Cycle* (CCC)

CCC is the source of our ability to generate cash flows, serving as a major strength of the Company. We will strive to maintain the CCC at its current level.

Days

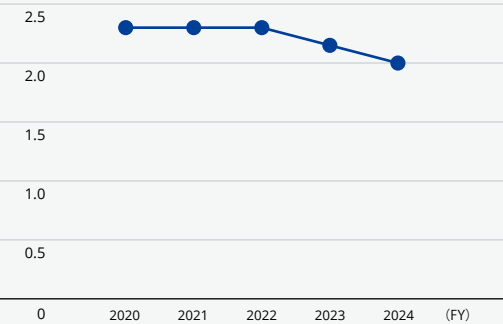


* CCC = Days to convert accounts receivable + Days to convert inventories - Days to convert accounts payable

Total Asset Turnover Ratio

We will maintain the total asset turnover ratio at its current level by continuously expanding our businesses through the efficient utilization of invested capital.

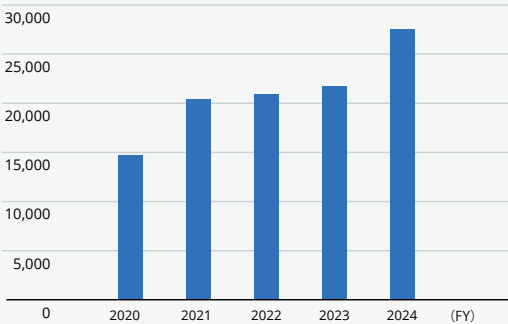
Times



EBITDA*

We aim to further enhance our ability to generate cash flows by maximizing the effects of investments.

Millions of yen



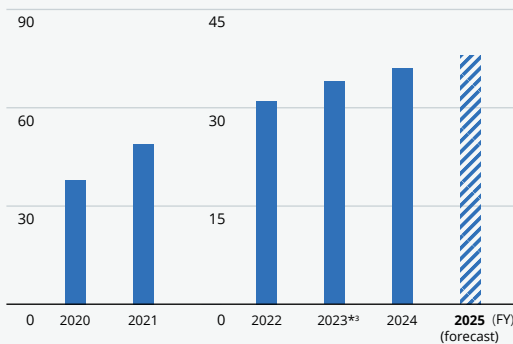
* EBITDA = Operating profit + Depreciation + Amortization of software + Amortization of goodwill

Note: Amounts used are from the consolidated statements of cash flows.

Dividends per Share*1

We will provide stable dividends to shareholders while systematically acquiring treasury stock in line with our new shareholder return policy.*2

Yen



*1 A 2-for-1 stock split was conducted, effective May 21, 2021.

*2 In the third quarter of the fiscal year ended May 20, 2024, a new shareholder return policy was announced with a target total return ratio of 45%.

*3 In commemoration of the 30th anniversary of the launch of service, the year-end dividend for the fiscal year ended May 20, 2023 includes a commemorative dividend of 2 yen per share.

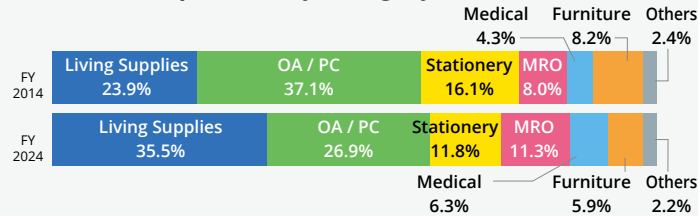
Non-Financial Highlights

(Figures are for the fiscal year ended May 20, 2024 or as of May 20, 2024 aside from those with an explanatory note.)

Business-Related Data

Net Sales Composition by Category

Non-consolidated



Ratio of Net Sales in the Internet Domain

Non-consolidated



ASKUL's Data Science Class*1 Cumulative Attendance and Completion Rate*2

Non-consolidated

Target (by the fiscal year ending May 20, 2025)

Achievement

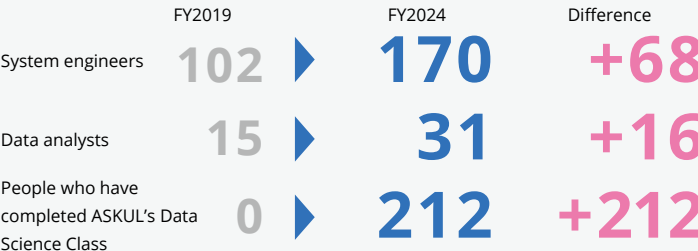


*1 A three-month practical training course aimed at acquiring the skills to freely manipulate in-house data assets and visualize various analyses and analysis results.

*2 Percentage of persons among the number of employees as of the fiscal year ended May 20, 2023 who have taken and completed ASKUL's designated DX training (excluding retirees).

DX Personnel

Non-consolidated



Note: 1. System engineers and data analysts are counted based on the number of employees in departments in charge of applicable work.

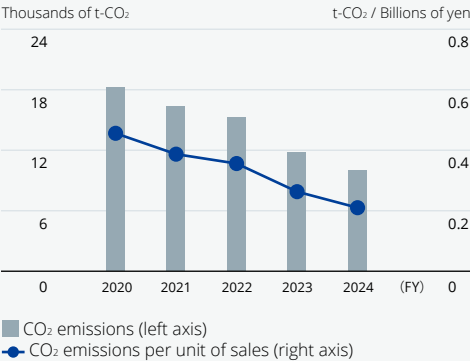
2. The number of people who have completed ASKUL's Data Science Class includes those who have since left the Company.

ESG

CO₂ Emissions / CO₂ Emissions per Unit of Sales

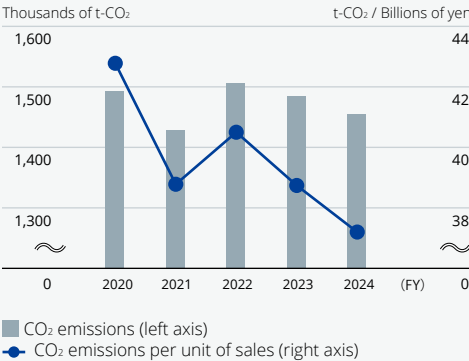
Scope 1 + Scope 2

Consolidated



Scope 1 + Scope 2 + Scope 3

Non-consolidated



Number / Ratio of Green Products

Non-consolidated

P.72



Note: From the number of items listed in ASKUL Catalog 2023

Number of Forest-Certified (FSC® / PEFC) Products

Non-consolidated

P.72

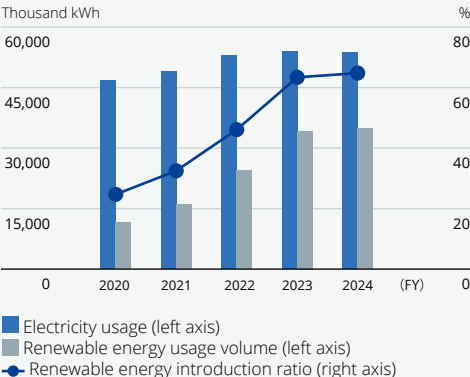


Note: From the number of items listed in ASKUL Catalog 2023

Electricity Usage / Renewable Energy Usage Volume and Introduction Ratio

Consolidated

P.70



Number of Employees / Ratio of Women in Management

Non-consolidated

P.76



Ratio of Employees Taking Paid Leave

Non-consolidated

P.76



Consolidated 11-Year Summary

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Unit: Millions of yen (except as otherwise noted)											
Consolidated Financial Indicators											
Net sales	253,408	276,759	315,024	335,914	360,445	387,470	400,376	422,151	428,517	446,713	471,682
Gross profit	55,701	60,814	70,328	76,755	85,515	91,606	95,683	104,378	105,072	107,040	117,502
Selling, general and administrative expenses	51,425	53,965	61,810	67,890	81,323	87,085	86,862	90,455	90,763	92,420	100,549
Operating profit	4,276	6,849	8,517	8,865	4,192	4,520	8,821	13,923	14,309	14,620	16,953
Ordinary profit	4,449	6,959	8,574	8,866	3,940	4,418	8,656	13,850	14,270	14,448	16,677
Profit attributable to owners of parent	2,165	4,032	5,255	1,014	4,693	434	5,652	7,758	9,206	9,787	19,139
EBITDA	8,858	11,408	12,953	13,927	10,143	10,952	14,722	20,418	20,869	21,734	27,516
Capital expenditures	24,467	4,528	10,528	4,555	20,478	6,042	5,486	10,428	10,484	14,634	13,485
Depreciation	1,728	1,892	2,168	2,469	2,949	3,590	3,017	3,160	3,292	3,451	3,960
Amortization of software	2,211	1,979	1,473	1,668	1,774	1,882	2,373	2,755	2,538	2,739	4,891
Interest-bearing debt	7,400	7,074	14,719	23,426	34,703	32,101	29,704	28,407	25,201	40,795	36,142
Net assets	58,073	60,945	51,242	46,231	49,344	48,631	52,825	59,203	57,271	66,876	81,336
Total assets	119,976	132,667	139,552	155,678	173,713	169,112	174,146	190,107	188,024	227,506	243,062
Cash flows from operating activities	11,534	12,227	13,831	16,227	10,150	6,215	16,609	15,998	17,952	20,131	16,887
Cash flows from investing activities	(20,785)	(8,293)	(11,663)	(5,217)	(1,588)	(5,962)	(6,055)	(9,079)	(10,748)	(22,929)	(11,537)
Cash flows from financing activities	(1,453)	(2,001)	(10,606)	7,241	6,553	(4,950)	(4,761)	(3,919)	(14,674)	10,232	(9,828)
Sales growth rate (%)	111.8	109.2	113.8	106.6	107.3	107.5	103.3	105.4	101.5	104.2	105.6
Gross profit margin ratio (%)	22.0	22.0	22.3	22.8	23.7	23.6	23.9	24.7	24.5	24.0	24.9
Operating profit margin (%)	1.7	2.5	2.7	2.6	1.2	1.2	2.2	3.3	3.3	3.3	3.6
Capital adequacy ratio (%)	48.0	45.8	36.6	29.6	28.3	28.6	30.1	30.9	30.2	28.2	32.2
Cash conversion cycle (CCC) (days)	(23.4)	(23.3)	(23.0)	(26.3)	(28.6)	(25.4)	(23.8)	(25.4)	(26.6)	(27.4)	(25.2)
ROE (%)	3.8	6.8	9.4	2.1	9.9	0.9	11.2	14.0	15.9	16.2	26.9
Total asset turnover ratio (times)	2.20	2.19	2.31	2.28	2.19	2.26	2.33	2.32	2.27	2.15	2.00
Per-Share Information (¥)											
Basic earnings per share (EPS)	39.75	73.29	100.50	19.75	92.15	8.52	110.78	75.83	90.83	100.43	196.47
Net assets per share (BPS)	1,049.66	1,101.12	984.64	905.01	964.46	948.44	1,027.37	573.57	582.43	658.20	808.88
Dividends per share	30	30	33	36	36	36	38	49	31	34	36
Non-Consolidated Business Performance Indicators											
B-to-B Business											
Net sales (billions of yen)	241.2	255.1	278.5	291.9	302.6	315.8	329.0	345.1	348.0	373.8	409.1
Operating profit (billions of yen)	9.3	10.7	13.3	14.0	13.5	14.2	15.4	20.1	17.0	14.7	17.3
Number of products handled (millions of items)	0.7	0.8	1.1	3.3	5.1	6.1	7.4	8.9	11.7	12.4	14.0
Number of products in stock (thousands of items)	63.0	61.5	66.1	75.5	75.8	82.1	89.0	96.6	129.8	166.3	258.6
Number of original products (thousands of items)	5.7	5.7	7.4	7.8	8.1	8.4	8.6	8.7	8.7	9.6	11.0
Ratio of original products to net sales (%)	17.6	18.9	19.8	20.6	35.1	36.4	34.2	34.1	35.4	38.2	38.1
LOHACO Business											
Net sales (billions of yen)	12.1	19.9	32.8	39.0	41.7	51.3	48.6	52.8	54.3	46.1	36.1
Operating profit (loss) (billions of yen)	(2.9)	(3.2)	(3.4)	(4.6)	(9.3)	(9.2)	(6.1)	(4.2)	(2.9)	0	0.2

Notes:

- The Group has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) as of the fiscal year ended May 20, 2022. As a result, the method for recording net sales and selling, general and administrative expenses has changed.
- Capital expenditures are recorded based on cash flows in each accounting period.
- Operating cash flows differ significantly based on whether there is a bank holiday at the beginning and/or end of the fiscal period.
- The calculation of CCC, ROE, and the total asset turnover ratio is based on the fiscal year-end average of the account times of the balance sheet.
- ROE for the fiscal year ended May 20, 2024 is a one-off figure due to extraordinary profit from litigation related to the ASKUL Logi Park Metropolitan fire.
- ASKUL Corporation conducted a 2-for-1 stock split of common stock on May 21, 2021. Basic earnings per share and net assets per share have been calculated on the assumption that said stock split was implemented at the beginning of the fiscal year ended May 20, 2021.
- Net sales and operating profit in the B-to-B Business are listed based on consolidated results.
- The numbers of products handled, products in stock, and original products in the B-to-B Business are as they were as of the relevant fiscal year-end. The ratio of original products to net sales is based on the results of the relevant fiscal year-end.
- Since the second quarter of the fiscal year ended May 20, 2018, original copy paper has been included in the calculation of the ratio of original products to net sales.
- Even if accounting principles or notation and presentation methods change, related indicators will not be retroactively revised.

Consolidated Financial Statements (Abridged)

Consolidated Balance Sheets (Millions of yen)

	Previous fiscal year (May 20, 2023)	Fiscal year under review (May 20, 2024)
Assets		
Current assets	155,958	167,994
Non-current assets	71,547	75,068
Property, plant and equipment	27,862	32,493
Intangible assets	32,594	31,365
Investments and other assets	11,091	11,208
Total assets	227,506	243,062
Liabilities		
Current liabilities	120,499	120,893
Non-current liabilities	40,130	40,832
Total liabilities	160,630	161,725
Net Assets		
Shareholders' equity	64,124	78,116
Accumulated other comprehensive income	20	145
Share acquisition rights	0	0
Non-controlling interests	2,729	3,073
Total net assets	66,876	81,336
Total liabilities and net assets	227,506	243,062

Consolidated Statements of Income (Millions of yen)

	Previous fiscal year (May 20, 2023)	Fiscal year under review (May 20, 2024)
Net sales	446,713	471,682
Cost of sales	339,672	354,180
Gross profit	107,040	117,502
Selling, general and administrative expenses	92,420	100,549
Operating profit	14,620	16,953
Non-operating profit	200	163
Non-operating expenses	371	438
Ordinary profit	14,448	16,677
Extraordinary profit	200	11,872
Extraordinary losses	182	119
Profit before income taxes	14,467	28,431
Profit	9,953	19,473
Profit attributable to owners of parent	9,787	19,139

Consolidated Statements of Cash Flows (Millions of yen)

	Previous fiscal year (May 20, 2023)	Fiscal year under review (May 20, 2024)
Cash flows from operating activities	20,131	16,887
Cash flows from investing activities	(22,929)	(11,537)
Cash flows from financing activities	10,232	(9,828)
Cash and cash equivalents at beginning of period	58,789	66,223
Cash and cash equivalents at end of period	66,223	61,744

List of Material Issues (Important Issues) and KPIs

	Goal	Action plan / KPI	Target year attainment	Results of initiatives (as of May 20, 2024)	Initiatives / Targets and plans (fiscal year ending May 20, 2025)
Digital Transformation	1 Create the Best Customer Experiences	Customer retention rate: 2 point. improvement <small>Note: Compared with fiscal year ended May 20, 2021</small>	2030	+1.41 point.	Scheduled revisions to plan and targets
		Improved primary resolution rate of inquiries from 85% to 90% <small>Note: Compared with fiscal year ended May 20, 2021</small>	2025	One-time resolution rate: 86.3%	Rate of inquiries being resolved with first response: 86.0%
		New service offerings and customer experience evolution	Plan preparation in progress	• Enhancement of one-to-one information provision to customers and improvement of user interface • Expansion of the scope of same-day delivery options	• Enhancement of one-to-one information provision to customers and improvement of user interface • Expansion of the scope of same-day delivery options to countrywide coverage
	2 Build Innovative Value Chains	Evolution of the entire value chain	2030	Improvement of stockout rates through inventory adjustments	Reduction of stockout rates due to measures taken in line with order frequency
		Improvement of delivery quality and achievement of zero delivery delays	2025	Thorough raising of quality awareness through load distribution using advance information sharing, in addition to visualization of progress, monitoring, and other measures	• Thorough raising of quality awareness through distribution of delivery burdens, visualization of progress, and other measures • Consideration of a review of operations and services in light of significant increase in logistics needs
		Evolution of product information	2030	• Operation of product information linkage system with certain suppliers • Switch to SYNCHROMART dashboard for internal use	Reconsideration of the necessity of providing dashboards to suppliers and the content that is required
Co-Creation	3 Create New Value through Products and Services	Environment-friendliness of original products	2023	Achieved in fiscal year ended May 20, 2024 Formulation and announcement of the ASKUL Product Environmental Standards	—
		Realization of sales platform for products scheduled for disposal by manufacturers; achieved a cumulative reduction in product disposal of one million units	2025	• Reduction in number of items disposed: Approx. 674,000/year • Cumulative total since June 2021: 1,500,000 items achieved <small>Note: Achieved target for fiscal year ending May 20, 2025, ahead of plan</small>	Continued efforts to achieve cumulative waste reduction of 2 million items
		Solving of social issues through new services	Plan preparation in progress	—	Scheduled review of plan and targets
	4 Realize a Resource-Recycling Platform	Realization and implementation of resource-recycling services	2025	Completion of recovery tests for plastic containers	Consideration of recovered containers for practical application
		Zero Waste Challenge	2030	Imperfect products • Percentage of non-discarded items shipped (recycling rate): 72.8% • Discard rate: 6.0%	Imperfect products • Percentage of non-discarded items shipped (recycling rate): 80.0% • Discard rate: 5.0%
		Achievement of total recycling of packaging materials* <small>* Upon arrival at distribution center</small>	2030	• Prototyping and assessment of used packaging film recycling	• Continued prototyping for deriving recycled products from used packaging film

List of Material Issues (Important Issues) and KPIs

	Goal	Action plan / KPI	Target year attainment	Results of initiatives (as of May 20, 2024)	Initiatives / Targets and plans (fiscal year ending May 20, 2025)
Environment	5 Take On the Challenge of Realizing a Carbon-Neutral Society	Achievement of the 2030 Zero CO ₂ Challenge	2030	<ul style="list-style-type: none"> RE100: Renewable energy progress: 64.8% EV100: EV conversion progress: 7.8% Note: Introduced two new vehicles (20 total) 	<ul style="list-style-type: none"> RE100: Continuation of efforts for introduction at all centers EV100: EV conversion progress: 8.0%
		ASKUL Group 2030 Zero CO ₂	Plan preparation in progress	<ul style="list-style-type: none"> Signing of forest maintenance partnership agreements with Tsumagoi Village and TSUMAGOI MEISUI CORPORATION and start of activities Decision made to support Indonesia's forest conservation and regeneration activities (Belantara Foundation's environmental protection fund) 	Scheduled review of plan and targets
		Provision of environment-friendly delivery methods to customers	Plan preparation in progress	<ul style="list-style-type: none"> Verification of cargo consolidation and response to issues Increased consolidation of individual parcels due to the expansion of next-day delivery as a default and revision of the threshold for free delivery 	<ul style="list-style-type: none"> Verification and response to issues associated with cargo consolidation system modifications Consideration of next-day delivery as a countrywide default as well as bulk discounts
		Compliance with the Corporate Net-Zero Standard of the Science Based Targets initiative's (SBTi)	2050	Update of targets based on SBTi revisions and acquisition of Corporate Net-Zero Standard certification	Promotion of supplier engagement to reduce Scope 3 CO ₂ emissions
		Completion of product CO ₂ emissions visualization and calculations of reduction contributions	2025	<ul style="list-style-type: none"> Start of CO₂ emissions calculations for 10 companies that are contracted to manufacture original products Identification of issues related to calculation tools and any need for improvements 	<ul style="list-style-type: none"> Expansion of the number of original products subject to CO₂ emissions calculations Improvement of tools used to calculate CO₂ emissions
	6 Conserve Biodiversity	Expansion of range of certified wood and paper products	Plan preparation in progress	—	Data preparation and disclosure
Supply Chain	7 Realize Sustainable Procurement	Supplier surveys and audits	2025	<ul style="list-style-type: none"> Update of survey forms and data Communication with each supplier 	Implementation of a second CSR survey
		Implementation of audits at original product contract manufacturing plants	2025	Applicable factories (factories that are contracted to manufacture original products): Audit completed for approximately 16 factories (equivalent to 70% of monetary amount)	Continued auditing of applicable factories (increased to 80% of monetary amount)
		Non-supplier business partner surveys	2025	Consideration of implementation outline (content, scope, etc.)	<ul style="list-style-type: none"> Consideration of expanding the ASKUL Hotline Preparation for selecting research methods and applicable data
	8 Fulfill Responsibility as a Lifeline	Expansion of range and stable supply of lifeline products	2030	Implementation of measures to ensure a stable supply of potable water by enabling advance ordering for select items and by shortening lead times	Consideration for building a stable supply and sales framework
		Building of resilient logistics networks	Plan preparation in progress	Construction work to begin operation of new facilities (ASKUL Kanto DC/seismic isolation structures)	Establishment of facilities and operations at new base (ASKUL Kanto DC) and increasing the percentage of structures with seismic isolation systems Companywide
		Building of resilient supply chains that can respond immediately to demand fluctuations and contingencies	Plan preparation in progress	<ul style="list-style-type: none"> Implementation of earthquake countermeasures for existing facilities Consideration of structuring and systematization for recovery operations 	<ul style="list-style-type: none"> Enhancement of earthquake countermeasures for existing facilities Consideration of measures to quickly restore automated storage operations in the event of a disaster
		Platform-based disaster relief	2025	Consideration of agreements based on distribution center plans	<ul style="list-style-type: none"> Entering of agreements at new locations Consideration of plans to enter agreements at each location

List of Material Issues (Important Issues) and KPIs

	Goal	Action plan / KPI	Target year attainment	Results of initiatives (as of May 20, 2024)	Initiatives / Targets and plans (fiscal year ending May 20, 2025)	
Human Resources	9 Promote Diversity Where Individuals Can Demonstrate Their Abilities	Ratio of women in management	Achievement of 30.0% female manager ratio	2025	Result: 22.8%	Target: 30.0% or higher
		Employment of persons with disabilities	Compliance with and improvement of employment rate of persons with disabilities	2030	Employment rate for persons with disabilities: 2.03%	Target: 2.5% or higher Note: Achievement of the legal employment rate
		Senior system	Operation of the Second Career Challenge system	2025	Internal secondary work system (continued implementation)	Continued implementation
	10 Innovate through Personnel Who Proactively Take On New Challenges	Human resource development that encourages taking on challenges and environmental improvements	Design and operation of internal award schemes	Continued Implementation	Provision of the ASKUL WAY Award (continued implementation)	Continued implementation
			Development and implementation of Companywide development plans (including digitally literate personnel development)	Continued Implementation	• Implementation of next-generation leadership training and job rotation • Continuation of learning support system (for all employees)	Continued implementation
		Recruitment and development of digitally literate personnel	30 digitally literate personnel recruited annually (new graduates and mid-career hires)	2025	Hiring results: 29 mid-career hires, 17 new graduates	Recruitment target: 30 total (mid-career hires and new graduates)
Foundation	11 Realization of Highly Transparent Governance (Including Data Security)	Strengthening of Group governance	Zero cases of misconduct or serious legal violations (ongoing)	2030	• Continued implementation of education and promotion of hotline usage • Number of disciplinary actions: 8 cases	• Consideration of expanding scope of hotline • Continued implementation and rigorousness of compliance education
		Ensuring of information security	Zero serious security incidents (ongoing)	2030	• Zero serious security incidents • Preparations for rebuilding cybersecurity measures; increase in number of ISMS-certified Group companies	• Zero serious security incidents • Rebuilding of cybersecurity countermeasures; support for Group companies to enhance ISMS measures
	12 Healthy Management That Allows Safe and Secure Work Both Physically and Mentally	Improved healthcare	Initiatives to Promote health management	2025	Wellness performance score: 79.6%	Wellness performance score: 83.0%
		Strengthening of engagement	Improved employee satisfaction and engagement • Target employee engagement score: 70 points	2025	Employee engagement score: 65.4 points	Employee engagement score: 70.0 points
	13 Maintain and Improve a Sound Financial Structure	Improvement of profitability	Achievement of the Medium-Term Management Plan Net sales of ¥550.0 billion, operating profit margin of 5.0%, and ROE of 20.0%	2025	Net sales: ¥471.6 billion, operating profit margin: 3.6%, ROE: 26.9% ROE was a one-off figure due to extraordinary profit from litigation related to the ASKUL Logi PARK Metropolitan fire	Net sales: ¥500.0 billion, operating profit margin: 3.6%, ROE: 13.9%
		Financial base	Building of a strong financial base to support the Medium-Term Management Plan CCC (cash conversion cycle): (20) days	2025	Approximately (25.2) days	(20) days

Glossary

Business	ASKUL Agent	In the Company's B-to-B Business, "ASKUL Agent" refers to a designated distributor determined by each customer. ASKUL Agents are responsible for acquiring and maintaining customers and collecting receivables. As of May 20, 2024, the Company had over 1,100 ASKUL Agents in operation across Japan.
Business	Ethical e-commerce	A type of sustainable e-commerce that the Company aims to realize. Ethical e-commerce considers environmental conservation and the resolution of social issues and aims to help facilitate sustainable behavior among customers simply through the use of ASKUL's services.
Business	SKU item number	Stands for stock keeping unit. SKU is a unit of stock management used when orders are received or when inventory management is conducted. In ASKUL's case, SKU is used as a unit of sale. Utilized in combination with item volumes (type of product), SKU is an important unit of measurement for distinguishing between, for example, products of the same type that have differing numbers contained in their respective unit.
Business	MRO	Stands for maintenance, repair, and operations. MRO refers to equipment, tools, repair materials, and other consumables used in the frontline operations of factories, construction sites, and other locations. MRO has traditionally referred to materials that serve as secondary materials (indirect materials), which are different from raw materials (direct materials) needed for the production process.
Business	Supplier	"Supplier" refers to the companies and organizations from which the Company purchases products. ASKUL purchases products directly from manufacturers and also indirectly through general trading companies and wholesalers. As of May 20, 2024, ASKUL had been procuring products from approximately 1,300 suppliers.
Business	Supplier direct delivery (product)	"Supplier direct delivery" refers to a service where products (referred to as "direct delivery products") are sent to the hands of customers directly from suppliers, without passing through the Company's warehouses. This term is similar to the term "cross-dock products," which refers to products that pass through warehouses without being stored and are shipped to customers together with warehouse inventory.
Business	CB product	Stands for consumer brand product, a term coined by ASKUL. At LOHACO, ASKUL is developing and rolling out a large number of "consumer-oriented design products," which are products designed to enhance the quality of consumers' lives, in collaboration with manufacturers.
Business	B-to-B / B-to-C	"B-to-B" stands for business to business and indicates transactions between companies. "B-to-C" stands for business to consumer (customer) and refers to transactions between companies and consumers. B-to-B has served as the core business of the Company since its founding. In terms of B-to-C, the Company offers the LOHACO Business.
Business	PB product / Original product	ASKUL develops and sells a wide range of private brand (PB) products, including products developed based on customer feedback; products developed in collaboration with manufacturers that give consideration to the environment, design, and quality; and products tailored to mail-order and e-commerce sales that do not need to stand out to consumers at storefronts. Notes: 1. The opposite of PB is national brand (NB). 2. "Original product" includes such products as PB products, products jointly developed with manufacturers, and limited-time-only products.

Logistics	Oricon	Oricon, which means "foldable container," are used when products need to be transported using a conveyor belt. The Company's ECO-TURN shipping method makes use of Oricon.
Logistics	Supply chain / Value chain	The supply chain is the entire physical sequence through which a product travels from the area of production to the hands of customers. The value chain represents the sequence of value brought about by a product. "Upstream" refers to processes in the sequence that are closer to the raw material stage, and "downstream" refers to those that are closer to the consumer stage.
Logistics	ASRS	Stands for automated storage and retrieval system. ASRS is a massive system that automatically stores packages that have been transported via conveyor belts on shelves. ASKUL has installed and operates an ASRS at all of its distribution centers. P.52
Logistics	3PL	Stands for third-party logistics. This term refers to a type of business that takes on logistics design and proposal work in a comprehensive manner as a third party in place of the shipping company.
Logistics	Carrier	"Carrier" refers to a delivery company. Specifically, it is a company that owns trucks and other modes of transportation and has personnel who carry out the transportation business on their own.
Logistics	Pallet	"Pallet" refers to a flat transport structure used to transport and unload products and move and store products within a warehouse. Multiple pallets are often stacked on top of each other and moved with equipment such as forklifts and hand lifts. Transportation and shipping methods that make use of pallets are often referred to as the "pallet method" and "palletization."
Logistics	Picking	"Picking" is a type of work performed within a warehouse. Picking involves picking out products from a fulfillment center in accordance with customer orders. Picking is used in such terms as "digital picking," a system that uses digital displays to support picking work, and "total picking," a method where multiple shipping orders are listed together and then sorted by item.
Logistics	Last mile	"Last mile" refers to the last leg of the journey that involves moving goods from the transportation hub to the customer. Enhancing the quality of service and reducing costs in the last mile, which serves as an important contact point with customers, are becoming important strategic elements for e-commerce business operators, including ASKUL.
Logistics	Long-tail product (opposite of head product)	Compared with "head products," which are general-purpose products that are ordered at a high frequency, long-tail products are specialized products that are ordered at a low frequency. Long-tail products are multi-type products that are sold in low volumes. The term "long tail" comes from the long tail of an XY graph.

External Evaluations

<p>2022-2024 Selected as a constituent of the FTSE Blossom Japan Sector Relative Index for the third consecutive year</p>	<p>2023 Awarded the Commissioner's Award for fiscal 2022 for good practices of consumer-oriented management hosted by the Consumer Affairs Agency for ASKUL's Go Ethical initiative</p>
<p>2018 Recognized as an Eco-First Company by Japan's Ministry of the Environment</p>	<p>2018 Selected as a constituent of the S&P/JPX Carbon Efficient Index</p>
<p>2018 Received approval from the international Science Based Targets initiative (SBTi)</p>	<p>2023 Selected as a Climate Change A List company by the CDP (highest possible rating)</p>
<p>2022-2024 Selected as a CDP Supplier Engagement Leader for three consecutive years</p>	<p>2017 Obtained the Kurumin mark (stage 1 certification) from Japan's Ministry of Health, Labour and Welfare</p>
<p>2016 Obtained the Tomonin mark from Japan's Ministry of Health, Labour and Welfare (The Tomonin mark, created by the Ministry of Health, Labour and Welfare, can be used by companies that strive to ensure workplace environments enable employees to balance work and nursing care)</p>	<p>2017 Received the highest three-star rating in the certification system known as Eruboshi, based on the Act on Promotion of Women's Participation and Advancement in the Workplace</p>
<p>2023 Selected as constituent of the Morningstar Japan ex-REIT Gender Diversity Tilt Index</p>	<p>Received the Best IT Award (Transformation Area) at the 2021 IT Awards of the Japan Institute of Information Technology, a public interest incorporated association</p>
<p>2023-2024 Selected as constituent of JPX Market Innovation Research, Inc. and Nikkei Inc.'s JPX-Nikkei Index 400</p>	<p>2023-2024 Selected by Japan's Ministry of Economy, Trade and Industry as one of the DX Stocks 2024 within the Digital Transformation Stock (DX Stock) of the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange, Inc.</p>
<p>2024 Selected as a component stock of the MSCI Japan ESG Select Leaders Index</p>	<p>2021 Certified by Japan's Ministry of Economy, Trade and Industry as a DX-Certified Operator</p>

External Endorsement and Participation

<p>2019 First Japanese EC operator to endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)</p>	<p>2024 Endorsement of the recommendations of the Taskforce on Nature-related Financial Disclosure (TNFD)</p>
<p>2017 Declaration to achieve 100% renewable energy use across the Group by 2030, and participation in RE100</p>	<p>2017 Declaration that 100% of owned/leased delivery vehicles of ASKUL LOGIST will be EVs by 2030 and joins participation in EV100</p>
<p>2018 Endorsement as one of the member companies of the Japan Climate Initiative's (JCI) greenhouse gas emissions reduction target message for 2030</p>	<p>2023 Expressed endorsement of Japan's Ministry of Economy, Trade and Industry GX League Basic Concept</p>
<p>2009 Participation in the Japan Business Initiative for Biodiversity (JBIB)</p>	<p>2014 Participation in the Japan Climate Leaders' Partnership (Japan-CLP)</p>
<p>2016 Participation in the United Nations Global Compact (UNGC)</p>	<p>2021 Participation in 30% Club Japan</p>
<p>2016 Participation in the meeting of supporters of the Declaration on Action of the Male Leaders Coalition for Empowerment of Women of the Cabinet Office</p>	<p>2021 Endorsement of the Consumer Affairs Agency's consumer-oriented management and formulation of the Voluntary Declaration of Consumer Orientation (July 2021)</p>
<p>2019 Declaration of support and voluntary action for the White Logistics promotion campaign (White Logistics is an initiative that seeks to ensure stable logistics operations needed for daily life and industrial activities while also contributing to economic growth.)</p>	

Group Network

All ASKUL Group companies strive to increase their value while complementing the Group as a whole by performing functions such as strengthening the customer base, expanding the range of commercial products, and operating logistics infrastructure.

			B-to-B Business	B-to-C Business	Logistics Business	Other Businesses
	ASKUL LOGIST Corporation https://www.askullogist.co.jp/ (Japanese only)	<ul style="list-style-type: none"> Distribution center warehouse operations, as well as small-lot delivery operations Providing state-of-the-art and best-in-class logistics and delivery services Toyosu, Koto Ward, Tokyo Hideo Amanuma, President and Representative Director				
	BUSINESSMART CORPORATION https://www.businessmart.co.jp/ (Japanese only)	<ul style="list-style-type: none"> ASKUL Agent Pursuing an innovative agent model Toyosu, Koto Ward, Tokyo Norio Tanabe, President and Representative Director				
	SOLOEL Corporation https://www.soloel.com/ (Japanese only)	<ul style="list-style-type: none"> Sales representative of SOLOEL Enterprise Promoting the introduction of purchasing solutions for large companies Toyosu, Koto Ward, Tokyo Katsuhiko Kawamura, President and Representative Director				
	AlphaPurchase Co., Ltd. https://www.alphapurchase.co.jp/ (Japanese only)	<ul style="list-style-type: none"> Sale of MRO products and facility management Pursuing synergies through expansion of factory-based commercial products Mita, Minato Ward, Tokyo Masayuki Tada, President and CEO				
	TSUMAGOI MEISUI CORPORATION http://www.tsumagoi-meisui.com/ (Japanese only)	<ul style="list-style-type: none"> Production and sale of natural mineral water Development and production of drinking water suitable for e-commerce Tsumagoi Village, Agatsuma-gun, Gunma Prefecture Minoru Toyota, President and Representative Director				
	charm Co., Ltd. https://www.charm.co.jp/ (Japanese only)	<ul style="list-style-type: none"> Mail-order sales of pet supplies and living organisms Pursuing synergies between e-commerce for pet products and daily necessities Ora Town, Ora District, Gunma Prefecture Tutomu Imai, Representative Director				
	FEED Corporation https://www.feedcorp.co.jp/ (Japanese only)	<ul style="list-style-type: none"> Sales of dental materials, medical equipment, pharmaceuticals, quasi-drugs, and other medical-related supplies, etc. Pursues synergies through expansion of medical products and mutual leveraging of customer bases Minato Mirai, Nishi Ward, Yokohama City, Kanagawa Prefecture Tetsuya Takahashi, Representative Director				

Corporate / Stock Information (as of May 20, 2024)

Corporate Information

Company name	ASKUL Corporation https://www.askul.co.jp/kaisya/english/
Established	March 1993 <small>(Founded by PLUS Corporation, which transferred the ASKUL Business to a dormant company established in 1963)</small>
Capital	¥21,233 million
Representative director	Akira Yoshioka
Location of head office	Toyosu Cubic Garden, 3-2-3 Toyosu, Koto-ku, Tokyo 135-0061 TEL: (+81) 03-4330-5001 (representative)
Employees	3,687 employees (consolidated)
Fiscal year-end	May 20

Stock Information

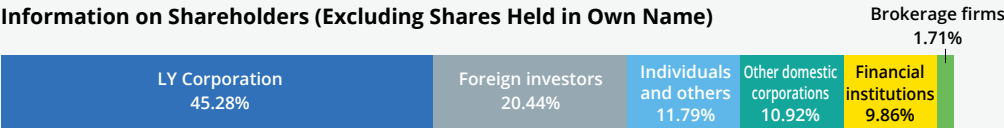
Stock exchange	Listed on the Tokyo Stock Exchange, Prime Market
Securities code	2678
Total number of shares authorized	169,440,000
Total number of shares issued	97,564,700 <small>Note: The total number of shares issued includes 810,475 treasury shares.</small>
Number of shareholders	41,681
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited
Number of shares per unit	100 shares
Annual General Meeting of Shareholders	August of each year
Industry	Retail
Analyst coverage	11 analysts https://www.askul.co.jp/corp/english/investor/stock/analyst/

Major Shareholders

Shareholder name	Number of shares held (thousands of shares)	Shareholding ratio (%)
LY Corporation	43,808	45.28
PLUS Corporation	10,331	10.68
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,698	5.89
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	2,905	3.00
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	2,242	2.32
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1,660	1.72
Custody Bank of Japan, Ltd. (Trust Account)	1,609	1.66
SSBTC CLIENT OMNIBUS ACCOUNT	1,462	1.51
Shoichiro Iwata	1,328	1.37
Hidehisa Imaizumi	1,233	1.27

- Notes:
1. The number of shares held is rounded down to the nearest thousand shares, and shareholding ratios are rounded to the second decimal place.
 2. Shareholding ratios are calculated excluding treasury shares.
 3. The number of shares held by The Master Trust Bank of Japan, Ltd. (Trust Account) includes all shares related to trust operations.
 4. The number of shares held by The Nomura Trust and Banking Co., Ltd. (Trust Account) includes all shares related to trust operations.
 5. The number of shares held by Custody Bank of Japan, Ltd. (Trust Account) includes 1,581,000 shares related to trust operations.

Information on Shareholders (Excluding Shares Held in Own Name)



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ASKUL