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Integrated Report

AS ONE REPORT 2022



[Management Philosophy]

Innovation and Creation

- Continually solving new challenges for a better future -

AS ONE's philosophy of 'Innovation and Creation' is rooted in our tenacity to develop transformative product, value and system that provide solutions for our customers. Therefore, we seek for new challenging market environments and value uniqueness as it allows us to innovate and create something that is original.

Our aim is also to achieve something unique, something that has never been seen before: new products, new value, new systems.

[Origin of Our Name]



The phrase "AS ONE" sums up our business model of operating as a unified team made up of many partners. Our company name "AS ONE" represents our value of unity. Amidst the ever-changing environment, we strive together with our customers, distributors and suppliers to tackle unprecedent challenges. With compassion and cooperation with our partners, we are nurturing the value of unity.

Revision Policy

AS ONE publishes this Integrated Report to convey information regarding our initiatives to increase our Group's corporate value to our shareholders and numerous other stakeholders. In this Integrated Report, we outline our value creation process and explain the AS ONE initiatives that turn management capital into value propositions. Our Top Message discusses AS ONE's strengths and our efforts related to sustainable growth.

Special information on forecasts

This report contains predictions and forecasts related to future plans, strategies, and earnings. Please note that actual earnings may differ from the forecasts indicated in this Report.

Referenced Guidelines

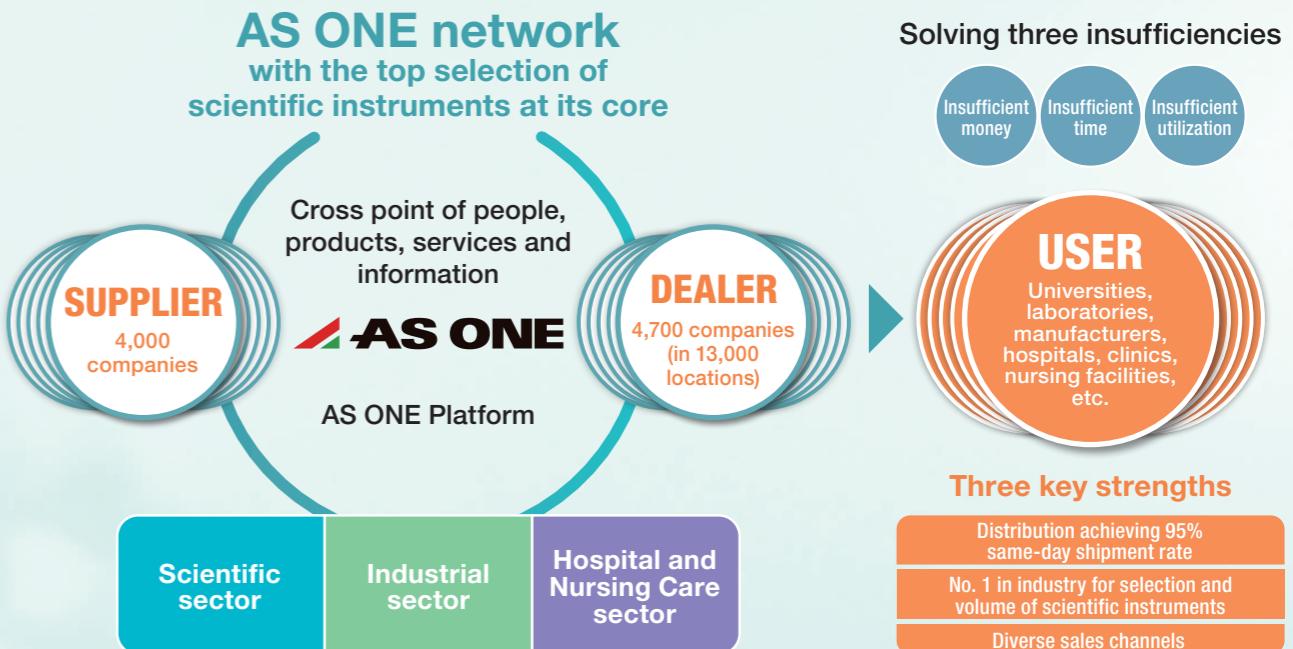
International Integrated Reporting Council "International Integrated Reporting Framework" Ministry of Economy, Trade, and Industry "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation"

Scope of application and target period

Target period: FYE 03/2022 (April 1, 2021 to March 31, 2022)
Also contains partial report on FYE 03/2023.
Scope of application: AS ONE Group
Also include certain nonconsolidated information for AS ONE.

Solving the problems of society as a new age platform that links people, products, services and information

While offering catalog and EC options, we also operate a wholesale business that sells directly to end users through dealers. Having built a network of over 4,000 suppliers in Japan and overseas to establish a structure that enables immediate supply, we fulfill the functions of a warehouse for dealers. Dealers receive various consultations from users daily, strengthening their connection to users by supporting problem resolution. By fulfilling both procurement and user retention functions, we are able to operate with a small number of staff to efficiently maintain and strengthen relationships with users all over the country.

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Platform for Supporting Value Creation

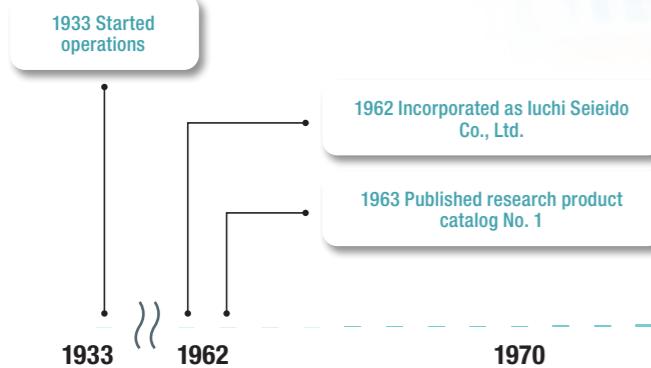
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Our Growth Trajectory Since 1933

AS ONE was founded in Tenma, Osaka as a wholesaler of glass products for the medical industry in 1933. For nearly 90 years since then, we have continued to expand our business globally while also expanding our business domains to match changes in the needs of society. As a platform that connects people, things, services and information, we will continue to support research and medical institutions.



1985 Published Navis Nursing and Medical Product General Catalog No. 1



1933

Our first president Moriichi Iuchi founded Iuchi Seieido Store in the district of Osaka's glassmaking.



1963

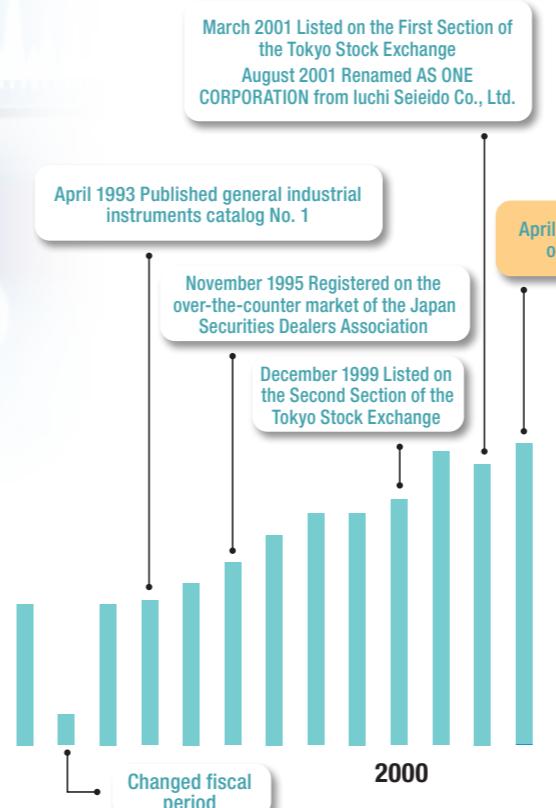
After recognizing the importance of the potential of plastic components in the physical and chemical sectors, and catalogs in sales, published "General Research Instrument Catalog No. 1".

Major hit product at the time



1982

Started sale of clean room gloves; launched full-scale entry into the semiconductor-related product market. Served as a solid stepping stone towards further engagement in the industrial sector.



1990

Adopted a companywide online system that was advanced for its time to integrate ordering, inventory management and warehouse management systems.



2002

Started system allocation of consolidated purchasing system ocean for large-scale research institutions.



2007

Established AS ONE SHANGHAI CORPORATION in Shanghai, China (100% capital subscription) as our first full-scale overseas sales office.



2020

Launched Medium-Term Management Plan "PROJECT ONE" with goal of net sales of 100 billion yen by FYE 03/2025.
Started operations at "Smart DC", our new logistics center.



1962

Incorporated as Iuchi Seieido Co., Ltd. to engage in the scientific instruments business.



1976

Published "General Research Instrument Catalog No. 8," which included metallic instruments, paper products, and general machinery and represented our expansion beyond plastic products.



1985

Launched "Navis Nursing and Medical Product General Catalog", set to become our next core business No. 1, to begin full-scale engagement in hospital and nursing sector.



2015

Launched our medium-term management plan "PROJECT NANA" with goal of net sales of 70 billion yen by FYE 03/2020.



2022

Switched to the Prime Market following the market reorganization of the Tokyo Stock Exchange.

2022 (FY 03/2022)
consolidated net sales of
86.9 bn yen

E-Commerce Net sales
20.3 bn yen

*Listed as consolidated figures from FYE 03/2000.

AS ONE Business Model

Solving the problems of society as a new age platform that links people, products, services and information.

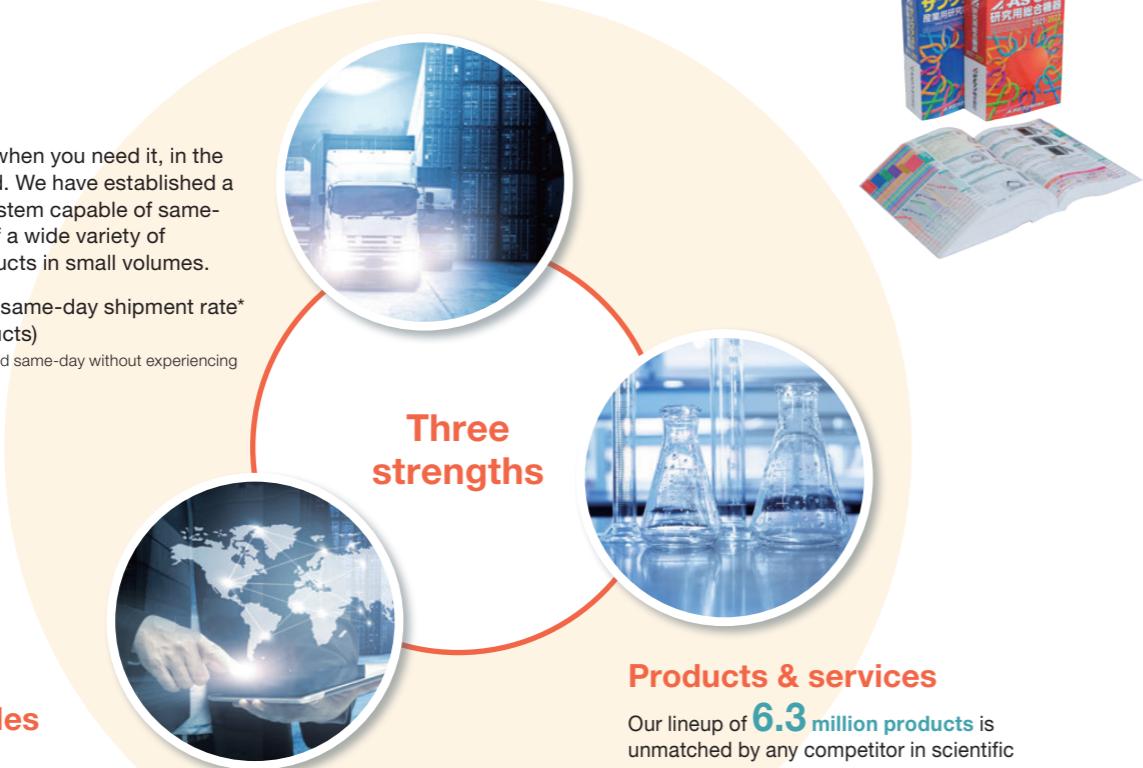
We developed a unique business model that combines catalog sales and dealers transactions: we provide information to users and conduct transactions through dealers. As a wholesaler, we gather all kinds of information on scientific instruments and equipment into a single catalog and then distribute that information to dealers. At first, dealers rejected the idea of listing price information in the catalog but over time we gained the support of dealers thanks to a broad product selection that no dealers could match independently and by establishing trust in our logistics by achieving a same-day shipment rate of about 95%. Although dealers are not our exclusive sellers, providing our catalog as one aspect of various transactions leads to additional sales during everyday marketing activities and deliveries concomitantly with these activities. Dealers are even able to deliver some products as an extension of their sales activities. This framework allows users to select from a wide range of products and frees dealers from having to worry about product selection or inventory management. As a result, we are able to respond to the needs of a wide range of users.

Logistics

What you need, when you need it, in the amount you need. We have established a quick delivery system capable of same-day shipments of a wide variety of specialized products in small volumes.

(Approx. 95% same-day shipment rate* for catalog products)

*Product orders shipped same-day without experiencing insufficient inventory



Diverse sales channels

We achieve total coverage through diverse sales channels. We offer real-world marketing through catalogs and dealers. Our virtual marketing tools include "ocean", a consolidated purchasing service for large-scale customers, "Wave", a retail EC service for SME customers, "AXEL", an internet shop for small-scale customers, and internet shopping sites that reach customers outside our sales network.

The supply chain, information management, inventory management, system integration, and other knowhow gained through years of continuously refining this business model has served as a powerful growth engine in this age of the internet. We already have established a product lineup that is an order of magnitude greater than any other in our industry, which is unparalleled. Scientific instruments are specialized products that require a long tail sales structure. The volume required to establish a proper product inventory is difficult to achieve for major e-commerce companies. By procuring products in bulk from AS ONE, companies are able to purchase product from a single source without having to procure individual products. Large-volume users demand centralized digital purchasing and there is no competitor out there that is able to compete with the product volume offered through our digital purchasing system. Dealers wishing to provide their own EC system to customers are able to use our system as a portal to offer our vast selection of products. The strength of our business model is in our ability to reach users through a variety of sales channels.

Products & services

Our lineup of **6.3 million products** is unmatched by any competitor in scientific equipment and instruments sector. R&D are a microcosm of industry. R&D labs need all kinds of equipment, even if only in small volumes. Provide from lab equipment calibration and maintenance to sharing services, including equipment rental and experiment outsourcing, enabling labs to use equipment without purchasing outright.

Catalog

Since we published our first catalog in 1962, we have refined our system to enable the quick delivery of necessary products through our catalogs. For example, our general catalog for research features more than 90 pages of product details just for stirring tools, comprehensiveness of products of which largely surpasses our competitors is our strength. With one catalog, customers can easily find the most suitable equipment for various uses. This catalog is seen as an "essential item" in the research and development field. The ease of browsing and convenience of a paper catalog has strong support among users, with feedback such as, "It's easy to find inspiration for putting together experiments."



General Research Instrument Catalog

Total of 3,496 pages Comprehensive catalog for scientific sector featuring approximately 75,700 items. Total support for research lab necessities Standard catalog for research lab boasting an overwhelming permeation rate

First issued in 1963, the current edition is the 32nd edition.



SUNQ - ASST Industrial Research Instrument Catalog

General Catalog for Manufacturing Facilities A product lineup, which evolved out of laboratories, is showcased for manufacturing, quality control and development center locations.

First issued in 1993, the current edition is the 16th edition.



Navis Nursing and Medical General Catalog

It provides essential equipment and consumables for medical sites with about 34,800 items.

First issued in 1985, the current edition is the 20th edition.

The scheduled date for publication of new catalogs are November 2022.



SANIFOODS Food Inspection and Sanitary Management Product Catalog



AS TOOL Catalog of Subsidiary Materials for Factories



ASSRE Research Systems Catalog



ASPURE Clean Environment and Anti-Static Catalog



Chinese-language catalog for research and industrial products

EC

We were able to apply our model of efficiently expanding our product lineup and listing them in our catalogs to e-commerce, which has grown with the dissemination of the Internet. As we continue to improve our comprehensiveness, we are currently featuring 6.3 million products from more than 4,000 suppliers on our website. Our e-commerce systems

For large-scale customers **ocean**
Ondemand Consumer Easy Network

Consolidated purchasing system

Simplifying indirect material procurement with a broad line of products

Featuring products from more than 4,000 domestic and overseas suppliers. A purchasing system that allows users to electronically purchase products necessary for research, industry, and medical care in bulk. This system helps visualize the purchasing process and improve the efficiency of complicated indirect material purchasing.

For medium-sized customers **Wave**
"Wave", an EC system supported for dealers

"Wave", an EC system supported for dealers

An EC platform that supports transactions between retailers and users

An EC system on which AS ONE's 6.3 million items are listed by default. Dealers can easily set their own design, and they can post their own products. This makes it possible for all transactions with customers to be conducted via EC.

For small-sized customers **AXEL**
Online Shop [Axel]

Online Shop [Axel]

An open online shop that can be browsed by anyone

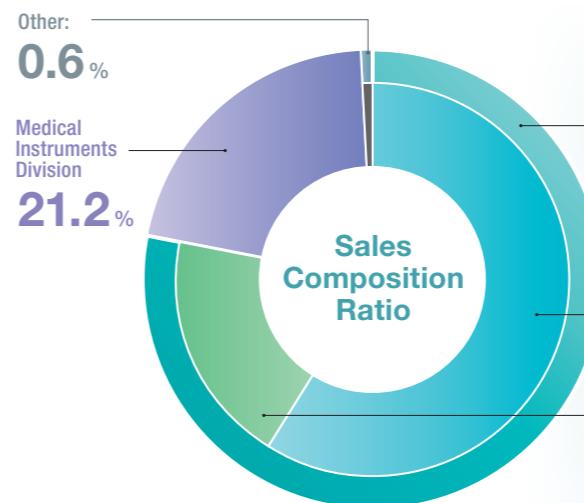
An online shop selling a broad range of AS ONE's more than 6.3 million products for various industries

Division-specific status

A downward correction following high demand during the previous fiscal year for the Medical Instruments Division was covered by growth in the Research and Industrial Instruments Division, resulting in a 12th consecutive period of net sales growth.

During the current consolidated fiscal year, while there was a correction in the Medical Instruments Division, which saw a surge in net sales during the previous fiscal year due to demand for infection prevention products amid the COVID-19 pandemic,

sales in the Research and Industry Division, due to strong R&D demand, increased by 13.1%. As a result, consolidated net sales reached 86,954 million yen (up 6.6% year-on-year), a record high.

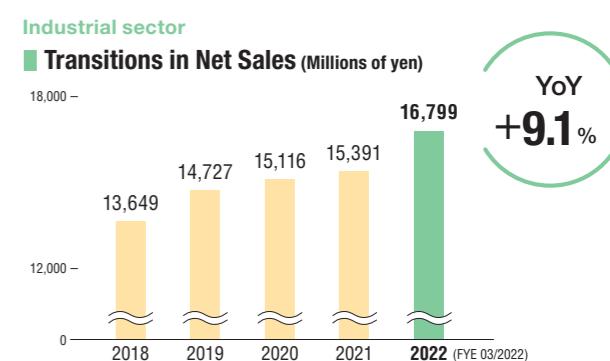
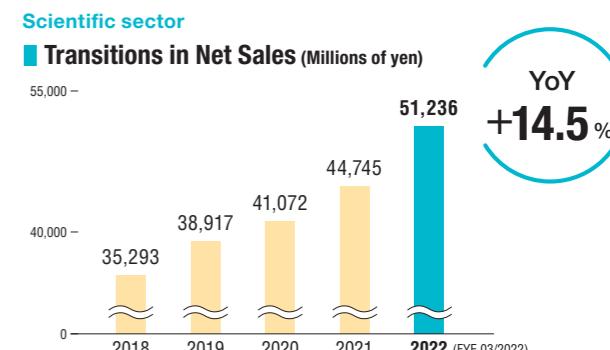


Research and Industrial Instruments Division

In the scientific sector, which targets universities, research institutions and corporate research divisions, a recovery in economic activities resulted in increased demand in both public and private sectors. In particular, net sales through consolidated purchasing systems, mainly used by large-scale customers, increased by 2,086 million yen year-on-year, up 28.4%, to drive growth for this sector. As a result, this sector's net sales were favorable at 51,236 million yen (up 14.5%) YoY.

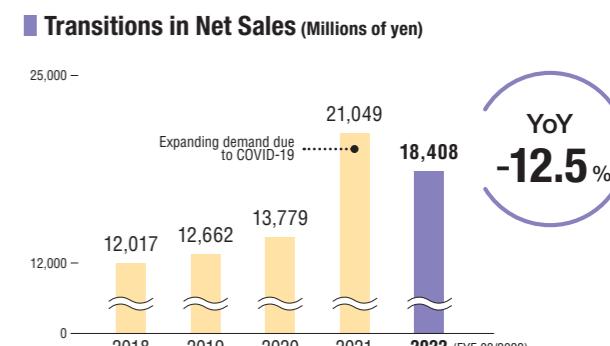
Also, the industrial sector, which targets manufacturing plants, favorably captured demand due to a recovery in economic activities. In particular, net sales through the consolidated purchasing system and e-commerce companies increased by a combined 707 million yen, up 19.6%. As a result, this sector's net sales were 16,799 million yen (up 9.1% YoY).

As a result, total of this Division's net sales were 68,036 million yen (up 13.1% YoY).



Medical Instruments Division

The Medical Instruments Division, which targets medical institutions and nursing care facilities, related to COVID-19 response on demand during the previous fiscal year, recorded rapid growth exceeding 50%, and as such was projected to experience an equivalent correction in sales at the beginning of the year. However, net sales transitioned at levels above expectations. This was due to efforts to expand our customer platform and update our medical products general catalog to expand product listings, as well as due to the normalization of prevention measures at medical institutions. As a result, this Division's net sales decreased to 18,408 million yen (down 12.5% YoY). Furthermore, compared to two fiscal years ago, which is prior to the COVID-19 pandemic, net sales increased firmly by 33.6%.

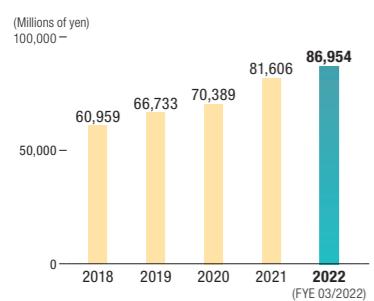


Other: 509 million yen System usage fees for web purchasing management service by Tryumph21.

Financial Highlights

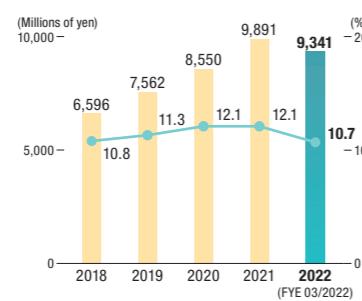
Net Sales

86,954 million yen



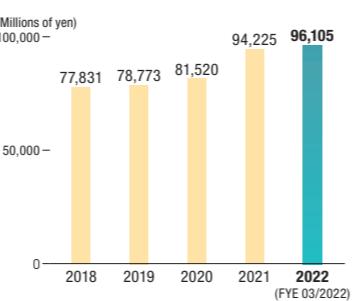
Operating Profit/Operating Profit Margin

9,341 million yen **10.7 %**



Total Assets

96,105 million yen

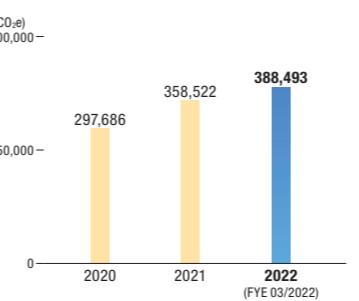


Non-Financial Highlights

*Non-consolidated unless otherwise noted.

CO₂ Emissions (Scopes 1, 2, 3)

388,493 tCO₂e



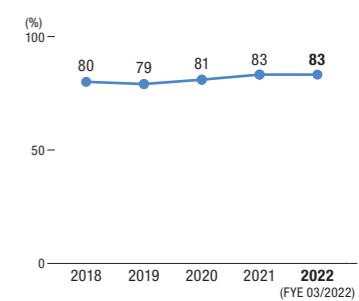
Waste Volume (Osaka)

20.4 tons



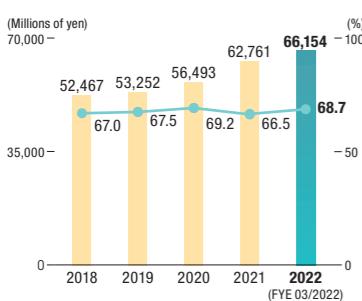
Waste Recycling Rate (Osaka)

83 %



Net Assets/Shareholders' Equity Ratio

66,154 million yen **68.7 %**

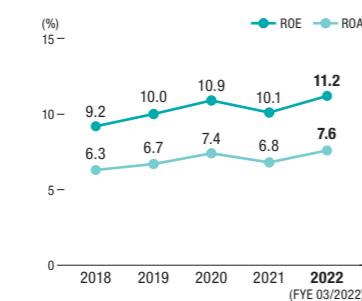


Return on Equity (ROE)

11.2 %

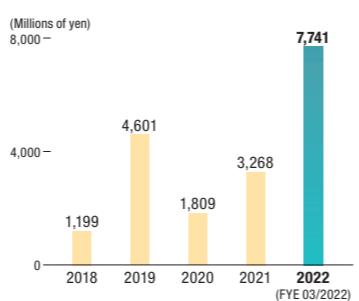
Return on Assets (ROA)

7.6 %



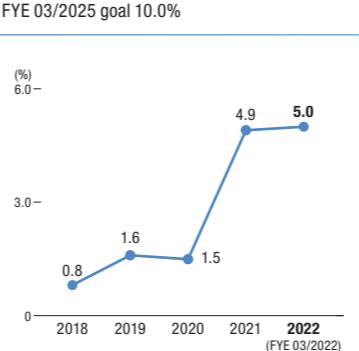
Free Cash Flow

7,741 million yen



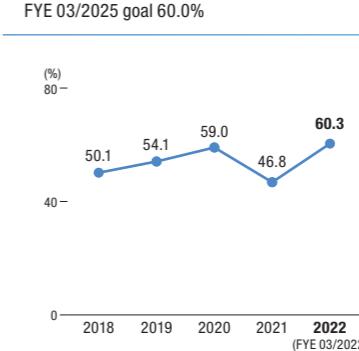
Ratio of Female Managers

5.0 %



Rate of Paid Leave Use

60.3 %

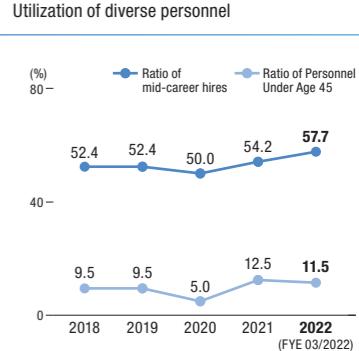


Ratio of Mid-career Hires for Management Personnel

57.7 %

Ratio of Personnel Under Age 45

11.5 %



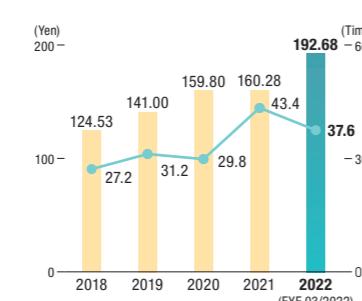
Net Assets per Share*1/PBR

1,769.44 yen **4.1 times**



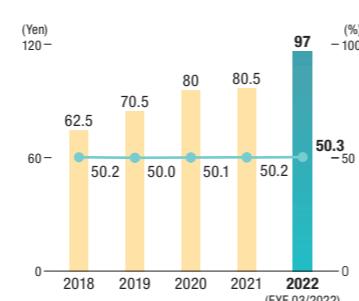
Net Income per Share*1/PER

192.68 yen **37.6 times**



Dividend per Share*1/Dividend Payout Ratio

97 yen **50.3 %**

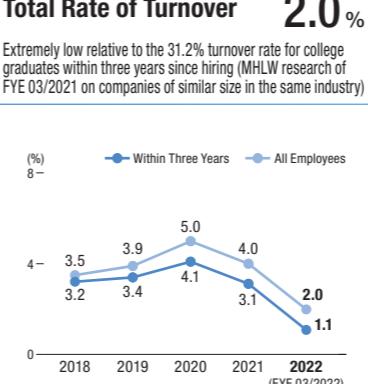


Rate of Turnover Within Three Years of Hire

1.1 %

Total Rate of Turnover

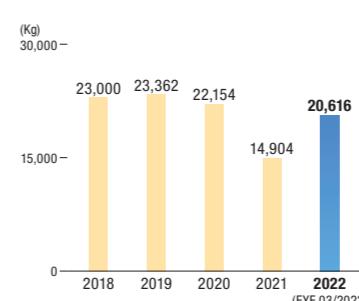
2.0 %



Paper Use

20,616 kg

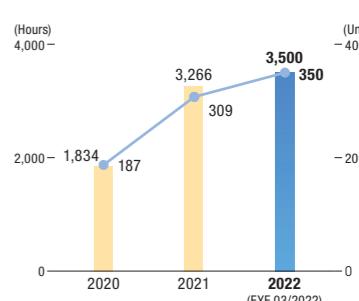
Results of Promoting Workflow Digitization



Number of RPA Robots and Time Reduction*2

350 units **3,500** hours/month

Using robots where task automation is possible



*1: On January 1, 2022, we conducted a stock split consisting of a 2-for-1 split of common stock. Calculations based on assumption that said stock split was conducted at the beginning of the 57th fiscal year (FY March 2018).

*2: Excludes robots at the end of their service life and reduced hours



President
Takuji Iuchi

In times of unpredictability, applying our strengths towards achieving new growth

Looking at the macro environment influencing our Group, we are operating in a state of unpredictable societal conditions. In times of uncertainty, what customers desire is a company whose human resources have the ability to provide flexible responses to change, and that takes prompt actions demonstrating expertise in the digital domain. Aiming for this corporate image, our Group strives to be a company that is chosen by customers for both in-person services and non-contact situations.

I believe that suppliers, dealers, and customers are beginning to reexamine their partners with focus on the future, rather than just limiting themselves to existing partners. To ensure we continue to be a chosen company, we will embrace the challenge of constantly striving for organizational reform and will dedicate ourselves to efforts related to increasing our selection of products and services that meet the needs of our customers.

And as supply instability becomes the norm, customers are increasingly concerned with reevaluating their supply chains. Our Group's strength lies in the distribution structure we have

built, including inventory and logistics, which enables us to stably supply a wide variety of products by making full use of a procurement network of nearly 4,000 domestic and overseas companies.

In the digital domain, we have steadily established up a strong advantage with our systems and databases. In addition to investing in system infrastructure, we are expanding our playing field both inside and outside the workplace by expanding our training systems to focus on human resources, especially young employees who grew up in the digital age.

We appoint young employees based on their abilities, efforts and motivation. We have cultivated an atmosphere in which people from a broad range of generation are able to exchange ideas about new business concepts. I have personally made a point to serve as an example by working to make serious small talks more interesting. This informal and open atmosphere has led to the emergence of various ideas that are beginning to come to fruition. As a business manager, this is something about which I am truly excited. This is the realization of our corporate philosophy of "Innovation and Creation." I have high hopes that this trend will become even bigger in the future, and that moving forward this will give way to a magnificent landscape.

Top Message

Both net sales and net profit reached record highs amid the conditions caused by COVID-19. The entire company is striving for further growth by implementing various measures, including organizational restructuring and infrastructure measures.

I would like to express my sincere gratitude to all of our investors and shareholders for their continued support.

Looking at the world today, supply chains are in turmoil due to COVID-19 and the conflict in Ukraine as material prices skyrocket and procurement becomes more unstable. Conditions are worse than one could have imagined. Although this impact on our Group has been significant, we are looking ahead to the future and are aiming to improve our business performance while fulfilling our mission as a company.

Throughout the COVID-19 pandemic, social norms, corporate culture, individual perspectives, and even systems are changing all at once. By leveraging these changes as tailwinds, our Group is seizing this historically once-in-a-lifetime opportunity to strive for new growth.

Forward-looking initiatives contributed to performance in FY2021. Medium-term Management Plan progressed faster than planned

In FY2020, when the COVID-19 pandemic began, infection prevention products in the Medical Instruments Division drove earnings. By comparison, in FY2021, while we did see a correction from strong demand, the Research and Industrial Instruments Division became a sales driver instead of the Medical Instruments Division that resulted in net sales increasing by 6.6% year on year to 86.9 billion yen, and net income reaching 7.2 billion yen.

There is no denying that the main factors behind this strong performance amid such a harsh market environment include our acceleration of digitization and system support during the past two years when we were forced to refrain from in-person sales, as indicated by the strong growth of the E-commerce Division. In response, suppliers, dealers, and customers actively used our system.

On the other hand, the Group also focused on logistics, which involves activities by our human resources. Our "Smart DC" Logistics based in Chiba Prefecture, which we newly established in

2020, was able to respond appropriately to increased product selection, increased inventory and increased shipping capacity. This was an initiative we were pursuing regardless of COVID-19, but in the face of a difficult environment, this initiative resulted in accelerating our growth.

As a result, our Medium-Term Management Plan "PROJECT ONE" greatly surpassed targets for both net sales and profits in the first and second years of the plan. In May 2022, we revised our Medium-term Management Plan to ensure sustainable growth. In the revised plan, "PROJECT ONE ver. 2.0," we conducted an upward revision to our sales targets for the fiscal year ending March 2025, the final year of the plan, from the original 100 billion yen to 106.6 billion yen. Looking at profit, we are forecasting operating profit of 12.5 billion yen, which is unchanged from the original planned, despite forecasting operating profit ratio and ROE to fall slightly below our initial targets due to the construction of a new logistics center progressing ahead of schedule.



Drastic organizational restructuring in anticipation of new growth

To achieve the new targets of the Medium-term Management Plan, we have decided to engage in organizational restructuring in 2022. We believe it is necessary to reevaluate our organization to ensure our ability to respond to dramatic changes in the market. We also decided to establish new organizations and relocate human resources to advance towards new growth.

I first want to discuss the establishment of a new Supply Chain Management Division. The supply chain faces serious stagnation in a world that has been splintered by the COVID-19 pandemic and the conflict in Ukraine. We have to prepare for the possibility that it will not take just a year, but in fact several years for this to be resolved. In anticipation of these changes, we have revised our partial optimization initiatives outlined for product planning, procurement and logistics, and decided to take a comprehensive look at the entire supply chain and move forward with the intent of achieving total optimization. We also established a new organization that will constantly analyze data from the entire supply chain.

On the subject of logistics, it has already been over two years since we launched operations at our "Smart DC." Although we plan to be able to handle net sales of up to 100 billion yen with this system, sales are growing faster than planned. As such, from the first half of 2023, we will begin preparations for the operation of a new large-scale center. It will be located in the Kansai area, and we are proceeding with plans for an "Osaka Twin DC concept" so that this new facility can operate in unison with the existing Osaka Logistics Center.

The Sales Division will also be reorganized to further strengthen our competitiveness.

The Sales Division will work to coordinate more closely with other divisions. By integrating various Group assets and systems, we will not only sell products, but also create a new style of sales to offer systems and services. Through this restructuring, we will pursue solutions to researcher's problems that go beyond product sales, including calibration services, rental services and consignment.

We are also elevating the position of the Electronic Commerce Business Department, which has grown to become a core business, to the Electronic Commerce Business Division. Furthermore, we are positioning the UX (User Experience) Design Department and Electronic Commerce Development Department below the Electronic Commerce Business Division. We offer our OCEAN, Wave, AXEL and Lab BRAINS websites based on the characteristics of each customer, and we will aim to continuously improve customer satisfaction by creating websites that customers prefer.

The International Business Division will be integrated with the main Chinese business divisions to form a global headquarters. In anticipation of a post-COVID-19 world, we will expand our international business, and in the digital domain we will enhance "AXEL Global," the overseas version of the AXEL website.

For the Specialized Business Division, we want to increase our presence in the bioscience field, which is highlighted in the National Strategy Policy. We also want to establish a foothold for engaging in the field of regenerative medicine. In light of its position

in the industry, the current Sales & Marketing Laboratory Facilities Group will be elevated to a department. Also, the newly established Business Facility Design Department will make proposals to the hotel industry that incorporate disinfectants and deodorizers in anticipation of a recovery in consumer traffic.

Regarding DX, we changed the name of the IT Division to the DX Development Division. Our intention is not only to manage internal systems, but also to incorporate cutting-edge digital technology and data analysis, and to enlighten and lead the entire company. This will expand our competitive advantage on the market.

The Administrative Division will support the smooth operation of our entire organization. In the future, we want to work towards the development of an environment for diverse work styles and new recruitment methods for human resources to enable active participation by diverse personnel. We will also work to improve our corporate value and respond to sustainability.

As described above, under this new organizational structure, our entire company will work together towards new targets and initiatives to improve performance.

Initiatives to address the entire supply chain in response to inflation as a priority issue

Over the next few years, we see inflation as an important management issue. At the beginning of the year, we assumed moderate inflation during

Key strategies of PROJECT ONE ver.2.0

1

Business growth acceleration

Enhancement of sales channels
x
Improvement of product lineups and product appeal

3

Business development for our next stage of evolution

Overseas businesses investing in new businesses
Promotion of sustainability

2

Establishment of management foundations for the future

Optimization of supply chain framework

4

Effective utilization of capital

Streamlining of asset holdings and adjustment of shareholder return policies

FY2022 as the economy recovered. However, with inflation accelerating globally due to factors such as lockdowns in China and the conflict in Ukraine, this optimism has been replaced with the realization of an urgent need to respond to this dramatic change.

As a specific initiative, until last year, we were only revising the prices of infection prevention products on a monthly basis. However, from this year, we will review the price of all products on a monthly basis. Regarding procurement, we have instructed employees to accept price increase requests from suppliers when there are reasonable grounds, such as increases in raw materials, logistics and personnel expenses.

In light of this situation, we adopted a system of affixing a QR code to all items in the catalog, making it possible to check the latest prices. Temporary price increases may cause inconvenience to customers, but we also have adopted a policy of reducing sales prices in a timely manner when purchase prices decrease.

The important thing is that, in this emergency, we ensure that not only company is securing profits, but that we are implementing a response that considers the entire supply chain, including suppliers. Given our position as a price leader, we believe that we should contribute to the sustainable growth of the industry as a whole based on our mission of ensuring stable supply and maintaining trust-based relationships. As a specific example, it can be difficult for manufacturers, dealers and customers to ascertain the latest price information in an environment where product prices fluctuate dramatically. To address this, we want the database we provide to be used as an industry standard database and a mechanism for quickly checking price information.

Further promoting specific measures to eliminate the three “insufficiencies” of researchers through our Medium-term Management Plan

In this age of VUCA, it is not easy to forecast the next 5 or 10 years. However, regardless of the era, we are clear about what we want to be as a company. As a company that will strive to achieve sustainable growth, we will strive to increase the value of our existence in society. To that end, we will promote the type of ESG management that is demanded by society.

Specifically, we aim to eliminate the “three insufficiencies” of researchers. First, there is the issue of “insufficient money and insufficient budgets.” The second is “insufficient time due to be preoccupied by random tasks.” The third is “insufficient utilization. Despite requiring expensive experimental equipment, the operating rates of this equipment are not high.” To eliminate these three “insufficiencies,” we will support research activities by providing a menu of products and services that can make the most effective use of limited budgets, time and equipment, and support Japan as a nation for research and development.

The main issue was that conventional product sales focused on consumables, fixtures and

general-purpose items suitable for catalog sales. In the future, research experiments will see digitization and the utilization of robotics. Even finer and more precise observation is increasingly important. To promote the use of expensive measurement and analysis equipment, we are considering a unique menu that involves providing rental options. Through this, we will create an environment that allows for the easy use of electron microscopes that can cost tens of millions of yen.

And as the future will see increased budget allocation towards the digital domain, we are preparing to provide the hardware and software needed in the research domain.

Additionally, although distributors and wholesalers traditionally have had limited opportunities to connect with researchers, providing a consolidated purchasing system and launching an information site for researchers is enabling close-knit communication. Our Group plans to stimulate digital communication by leveraging the strengths of our position as a hub.

Looking at medium- and long-term business risks, we anticipate competition will intensify across business categories as price comparisons become easier, even in the B to B area. However, the industry itself is a niche market, and the motivation of competitors to enter the market are not necessarily high. Our Group will continue to be a

top group for niche markets so that we can secure appropriate profits in the future. We will form alliances with various companies and institutions as we serve as a one-stop provider of human resources, goods, funding, services and information for the research and medical fields. Through initiatives such as a shared industry database and a joint logistics network, we will aim to create a corporate alliance that attracts niche tops.

Continue strengthening our management platform for sustainable growth

To address ESG, we used our transition to the prime market as an opportunity to establish a Sustainability Management Office. Our environmental policies include decarbonization initiatives. We have tapped an external expert organization, announced our support for TCFD recommendations, and recently started responding based on a scenario analysis for climate change risks and opportunities.

To address corporate governance, we have transitioned to a company with an Audit and Supervisory Committee to further strengthen governance. Additionally, outside directors make up the majority of our Board of Directors, which includes two female directors.

Regarding information disclosure, the Public and Investor Relations Department plays a central role in making improvements so that figures and expressions are as easy to understand as possible. Due to COVID-19, we were unable to conduct sufficient roadshows and other IR activities for overseas markets as we were limited to web interviews. However, as COVID-19 trends towards subsiding, we want to resume holding in-person visits. I am looking forward to hearing the frank opinions of our investors.

Becoming a company that contributes to the development of science and technology by supporting the activities of researchers

Our Group’s operations are rooted in research, a customer base that is honest and diligent, and not at all flashy. This is why I want to be a company that achieves continuous growth through a commitment to honesty and diligence.

As evidenced by our 90-year history, we have always taken risks and challenges based on our corporate philosophy of “Innovation and Creation.” I believe that this is why we have been able to achieve sustainable growth thus far. Of course, we will continue to face challenges. We embrace a culture of taking on challenges and feature diverse personnel who are developing into human resources capable of demonstrating their individuality and boldly taking on challenges. Through this, we will continue to improve our corporate value, and continue aiming to be a company that is highly evaluated by investors as suitable for long-term retention.

Lastly, I would like to add that science and technology research will evolve dramatically in the future and will combine with innovations such as AI and quantum technology towards resolving the issues facing society. In the near future, this will result in major changes in our lives and industries. Amid such advancement, what we seek to contribute is to eliminate the “three insufficiencies” of researchers. Our mission is to support technical innovation by removing as many hindering factors as possible and to support the research activities of researchers. Fulfilling that mission will lead to the SDGs (Sustainable Development Goals). Embracing this mission, we will move forward vigorously with the aim of becoming a game changer that is not bound by conventional thinking. We would like to ask for the continued support of our investors.

AS ONE platform to link all things



Solving the problems of society as a new age platform that links people, products, services and information.

Societal problems

Materiality

P.19

1 Contributing to research and medical care

2 Promoting EC

3 Strengthening logistics management

4 Supply chain

5 Quality

6 Environment

7 Diverse personnel

8 Corporate governance

Management capital

P.21



Financial capital
Net assets: 66.1 bn yen
Total assets: 96.1 bn yen



Manufacturing capital
Logistic centers: 6 centers
Property, plant and equipment investments: 500 million yen



Intellectual capital
ocean
User companies: 249 companies
Wave
User companies: 10,284 companies
AXEL
Members: 113,237 companies
SHARE-DB
Products: 6.3 million



Human capital
Employees: 648
Japan: 549; China: 93; USA: 6



Social and relationship capital
Suppliers: 4,000 companies (nonconsolidated)
Dealers: 4,700 companies [13,000 locations] (nonconsolidated)

AS ONE network with the top selection of scientific instruments at its core



Cross point of people, products, services and information
AS ONE Platform

SUPPLIER

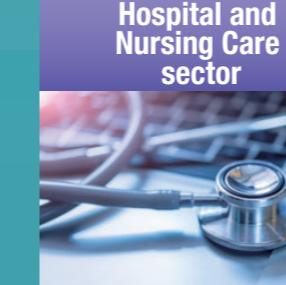
Provision of efficient sales opportunities

DEALER

Provision of efficient procurement opportunities

USER

Universities, laboratories, manufacturers, hospitals, clinics, nursing facilities, etc.



Medium-Term Management Plan P.23

PROJECT ONE ver 2.0

- Opportunity of Next Evolution -

Platform supporting value creation

Corporate Governance

P.49

Management Philosophy
Innovation and Creation

P.1

Provided value

Economic value

Net sales: **86,900** million yen

Operating profit: **9,300** million yen

Operating profit margin: **10.7 %**

ROE **11.2 %**

E-commerce: **20,300** million yen

Overseas business: **4,500** million yen

FYE 03/2022 earnings

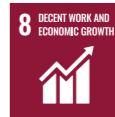
Social value

SUSTAINABLE DEVELOPMENT GOALS

17 Goals to Change the World



Research results



Supplying products



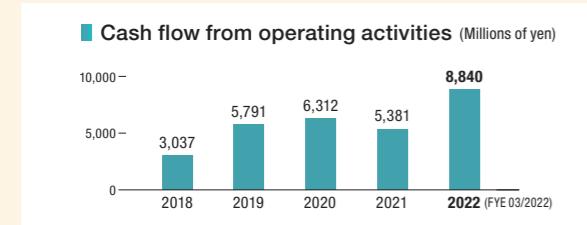
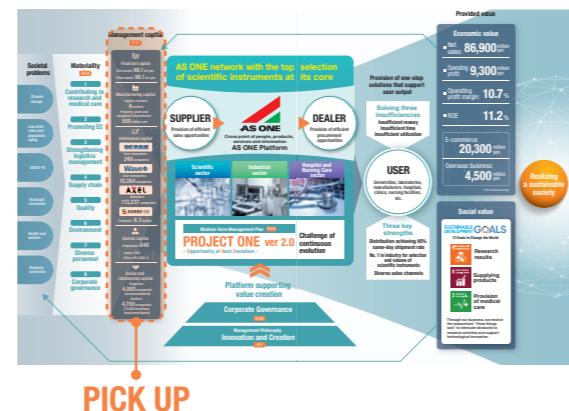
Provision of medical care

Through our business, we resolve the researchers' "three things lack" to eliminate obstacles to research activities and support technological innovation.

AS ONE capital

We will support sustainable growth by reinvesting and strengthening the capital we have accumulated thus far.

Amid our history of innovation and creation, we have accumulated both financial and non-financial capital. Injecting this capital into business further enables us to create new value. We will then reinvest that value into business to maintain our cycle of sustainable growth.

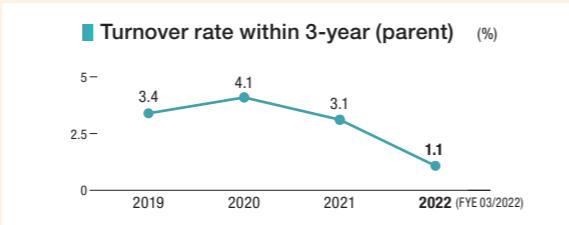


A stable revenue platform as a base

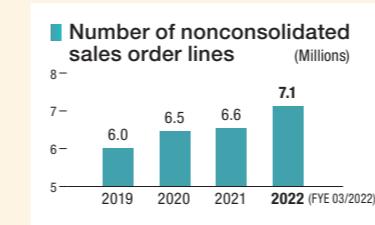
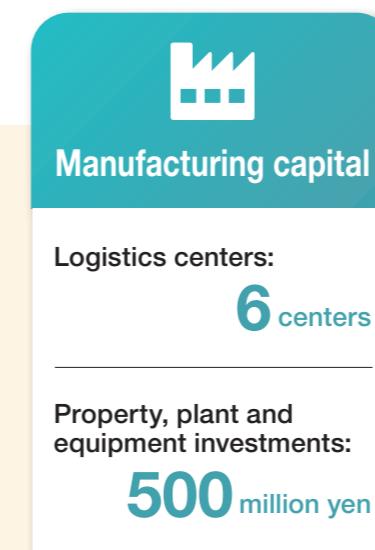
- Profit attributable to owners of the parent has increased year on year for 11 consecutive years.
- 8.8 billion yen was generated in operating cash flow.
- Dividend payout ratio of 50.3%

Accumulation of continuous and abundant cash flow was used to establish Smart DC logistics center in 2020. As a distribution hub, while achieving a same-day shipment rate for 95%* of orders, inventory retention period is roughly 1.6 months (cost basis). Visualizing supplier inventory and having a virtual inventory approach enables savings for inventory capital and otherwise massive storage costs. Our financial strategy is to continue conducting growth investments while maintaining a dividend payout ratio of 50% and to focus on ROE while balancing growth and capital efficiency.

*Catalog items



Total personnel expenses for the Group were 5.8 billion yen (up 2.5% year-on-year), representing 6.7% of consolidated net sales. We have outlined a human resource development policy, and foster the development of energetic human resources who are able to grow through their work by providing a wide range of educational opportunities for motivated and skilled employees. The AS ONE Career Design Program, our education and training programs, has programs targeting all employees based on rank and theme. We have also established a nomination program that focuses on the development of executives, and a diversity program that respects the various perspectives of diverse personnel. Our turnover rate for employees who have been with the company for within three years is extremely low at 1.1%, which helps reduce hiring costs per person. As a result, operating income per employee exceeded 14 million yen. This demonstrates that our human capital is highly capable of creating added value.



As a fabless business, logistics facilities, not manufacturing facilities, represent critical capital.

Two major logistics facilities

- Smart DC (Chiba Prefecture) Opened in 2020, approx. 52,900m²
- Osaka Logistics Center (Osaka Prefecture) Opened in 2005, approx. 23,000m²

Other logistics centers

- Fukuoka Prefecture, Saitama Prefecture, Shanghai, Beijing

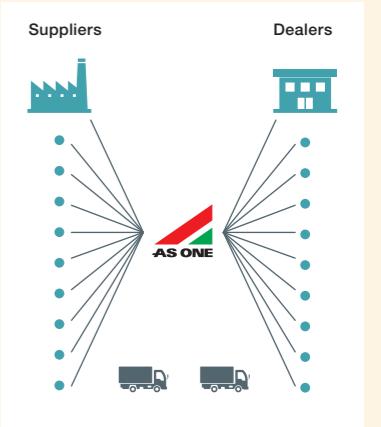
Through automation, we achieve smooth warehousing for the nearly 30,000 product orders we receive daily. Based on current facilities, we can fulfill orders equivalent of up to net sales of 100 billion yen. Looking ahead, we are envisioning logistics centers to supplement shipments in western Japan.



- Systems investments: 600 million yen
- EC systems P.06

Suppliers
Dealers

SHARE-DB's product selection for specialized research equipment is far ahead of other companies, and is one of the factors that makes us unique. All systems work to optimize corporate/organization purchasing. The combination of product selection and convenience attracts favorable comment from users.



We strive to resolve the problems faced by researchers, the end users of our products, by serving as a hub for suppliers and dealers and providing a seamless link to products and services. The relationships we have with suppliers and dealers play a critical role in our ability to resolve the problems faced by end user research and medical institutions.

Enhanced Medium-Term Management Plan

Despite the turbulence caused by COVID-19, our business performance remained strong during the first two years of the five-year plan as both sales and profits significantly exceeded initial plans. To ensure further sustainable growth, we have revised our targets and priority strategies for the remaining three years.



PROJECT ONE ver.1.0

Net sales for the FYE 03/2021, the first year of the five-year plan, increased by 15.9% year-on-year to 81.6 billion yen. Operating profit increased by 15.7% year-on-year to 9.8 billion yen. Net income increased by 0.4% year-on-year to 5.9 billion yen. We achieved record highs in net sales for the 11th consecutive year, operating profit for the 5th consecutive year, and net income for the 10th consecutive year.

	Net sales	Operating profit	Operating profit margin	ROE
1st year FYE 03/2021	81,600 million yen Vs. initial plan: +12%	9,800 million yen Vs. initial plan: +56%	12.1% Vs. initial plan: +3.4pt	10.1% Vs. initial plan: +2.3pt
2nd year FYE 03/2022	86,900 million yen Vs. initial plan: +12%	9,300 million yen Vs. initial plan: +19%	10.7% Vs. initial plan: +0.6pt	11.2% Vs. initial plan: +2.2pt

Reacceleration of growth

First medium-term management plan
PROJECT NANA

Intensification of growth

Second medium-term management plan

PROJECT ONE

PROJECT ONE ver.2.0

Based on our management philosophy of "Innovation and Creation," we are positioning PROJECT ONE ver.2.0 as a period for "Challenge for Continuous Evolution" as we look ahead to the next stage. Outlining our goals as maximizing domestic growth opportunities, investing in sustainable future growth, and improving capital efficiency, our

key strategy will be to accelerate business growth by expanding sales channels and product selection. Additionally, we will optimize our supply chain structure, cultivate new businesses, and effectively utilize capital to strengthen our management platform. We will advance these initiatives in order to continuously evolve.

Goals

Maximizing domestic growth opportunities
Strengthening investments in building a platform for future growth (logistics platform, new business investments)
Maintaining and improving capital efficiency

Pursuing ongoing development as we prepare for our next stage of evolution

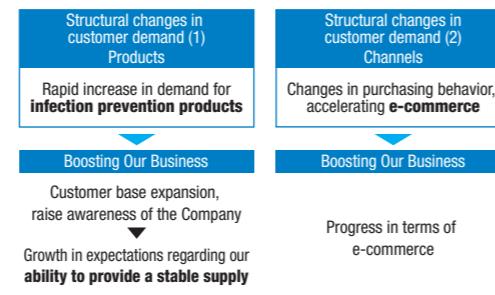
Future growth beyond the ¥100,000 million benchmark

Toward sustainable growth

Successes and issues from PROJECT ONE ver.1.0

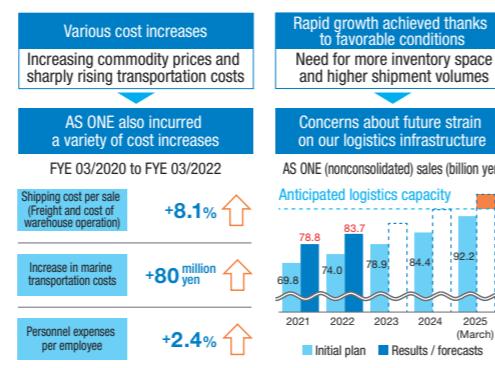
Advantages: Structural changes in customer demand

The rapid increase in demand for infection prevention products during the COVID-19 pandemic resulted in the growth of our customer base and increased market recognition for our company. We also saw a recovery in economic activity at research and production sites, our main markets. Additionally, the shift to e-commerce, including the introduction of centralized purchasing systems, has accelerated due to changes in purchasing behavior driven by the COVID-19 pandemic. An increase in customer numbers and the shift to e-commerce is maximizing the effect of having increased our product selection.



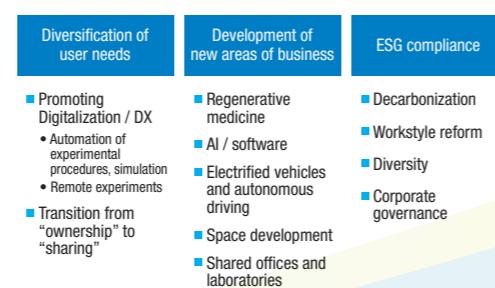
Issues: Increased costs and increased logistics

With the decline in the working population caused by changes in social structures and the need for efficient workstyles, our Group's logistics are also being affected by factors such as securing human resources and rising shipping costs. Product selection is also increasing at a pace that exceeds our initial plans, and there are concerns about future constraints on inventory space and shipping systems. Looking ahead, we will need to strengthen the foundation of our logistics infrastructure to quickly respond to these concerns.



Opportunities: Diversification of user needs and development of new domains

DX is progressing, even in the field of research and medical care, as the needs of users are becoming more diversified and shifts from ownership to sharing the instruments and equipment used in those fields. We are also seeing opportunities for a next evolution, including the development of new fields such as regenerative medicine, AI and software, as well as responding to ESG issues such as decarbonization, which will require global initiatives.



PROJECT ONE ver.1.0

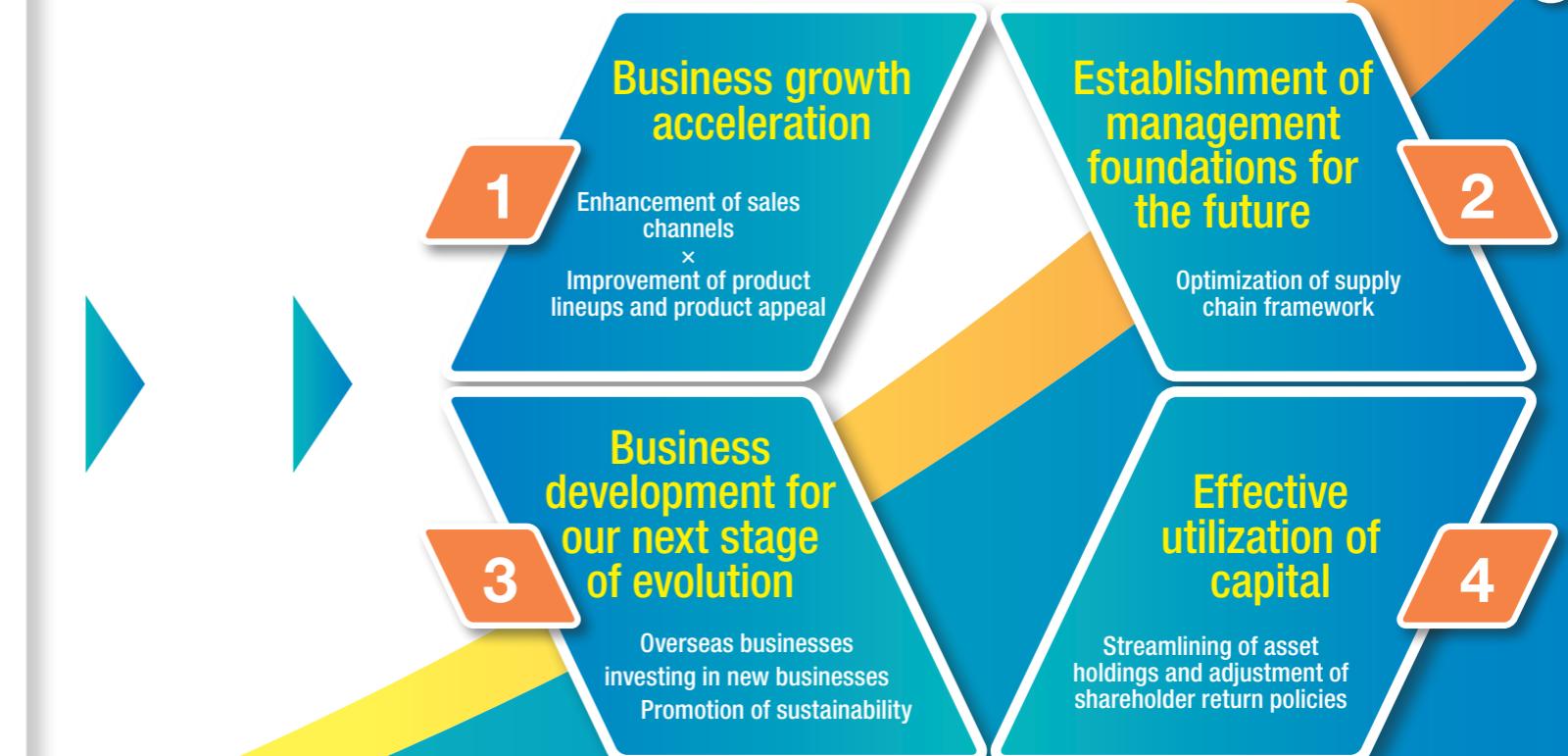
Second medium-term management plan

FY 03/2025 goals

106,600 million yen

FY 03/2025 initial plans

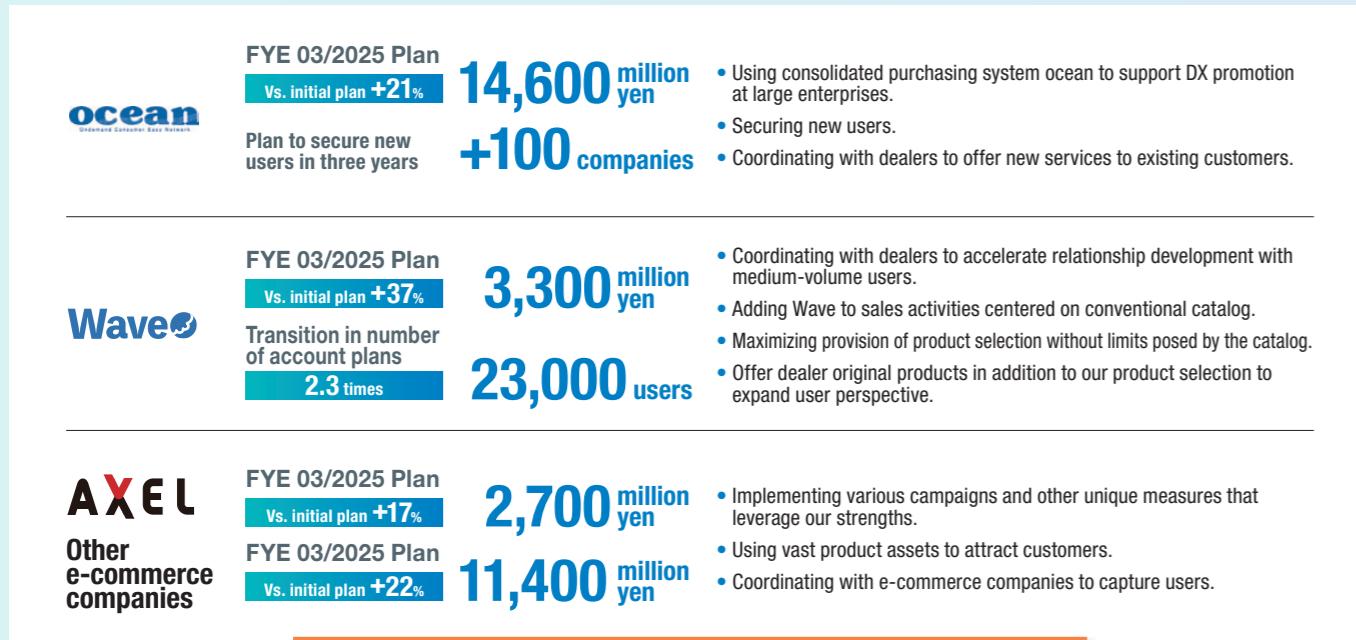
100,000 million yen



Ver. 2.0 Key strategies

PROJECT ONE ver.2.0

PROJECT ONE



Strengthening our sales channels

ver.2.0 Key strategies



Accelerating our business growth

Enhancement of sales channels × Improvement of product lineups and product appeal

We will strengthen our product appeal and achieve differentiation through both the size and quality of our product lineup.

Improvement of product lineups and product appeal

Establish an unparalleled product lineup

End of the FYE 03/2025: product selection of 10 million items

- Develop new suppliers and expand our portfolio of specialty products in various industries, and accelerate the collection of products.
- Launch "Supplier and Product Information Processing System" and promoting optimization of registration work.
- The target product selection volume revised upward from 7 million to 10 million products.

Develop original products and services

- Product development that anticipates market needs by leveraging our position as a trading company.
- Listing products developed in-house on various e-commerce companies.
- Expanding rental of expensive equipment and products in new fields.
- Strengthening our calibration-related systems.
- Responding to diverse needs with a wide range of service menus.

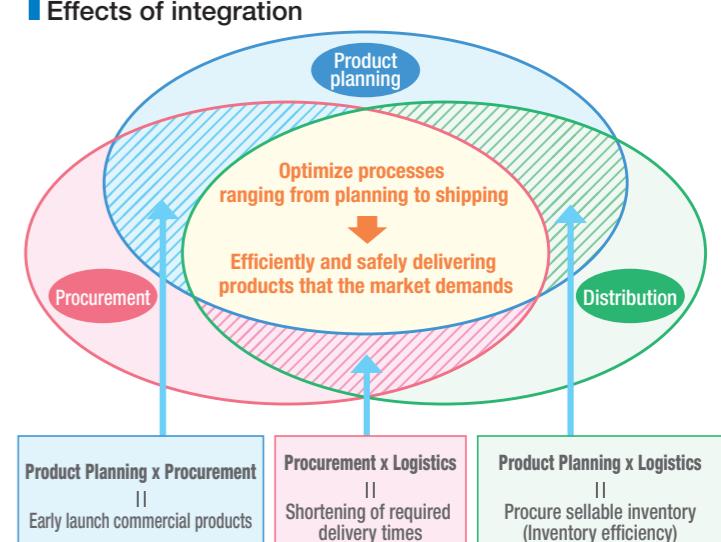
Enhance product database



- Visualizing inventory for both our company and for our suppliers.
- Enhancing product information with original content, including videos.
- Immediately disseminating of price information.

We conducted a comprehensive evaluation of our entire supply chain (SC), which is dispersed and involves various departments, and reorganized the structure to enable initiatives focused on total optimization. We will also strengthen data-driven efforts incorporating comprehensive data from the entire SC.

Effects of integration



Review of business processes

ver.2.0 Key strategies



Establishment of management foundations for the future

Optimization of supply chain structure

We consolidated the functions of the existing product planning, procurement, and logistics departments into a new Supply Chain Management Division to enable strategic and efficient initiatives. We will take preemptive and reasonable action to address logistics constraints in Japan.

Concept of Twin Osaka Distribution Centers

Our current distribution centers can handle net sales up to 100 billion yen

Forecasting that volume will exceed during the period of the upgraded Medium-Term Management Plan

Preparing to open a large distribution center in Kansai by around next fiscal year

Capable of handling 140 billion yen to 150 billion yen

Osaka Logistics Center

Currently, products are shipped mainly to dealers in western Japan from the approximately 33,000m² distribution center in Nishiyodogawa-ku, Osaka. Opened in 2005.



Hanshin distribution center

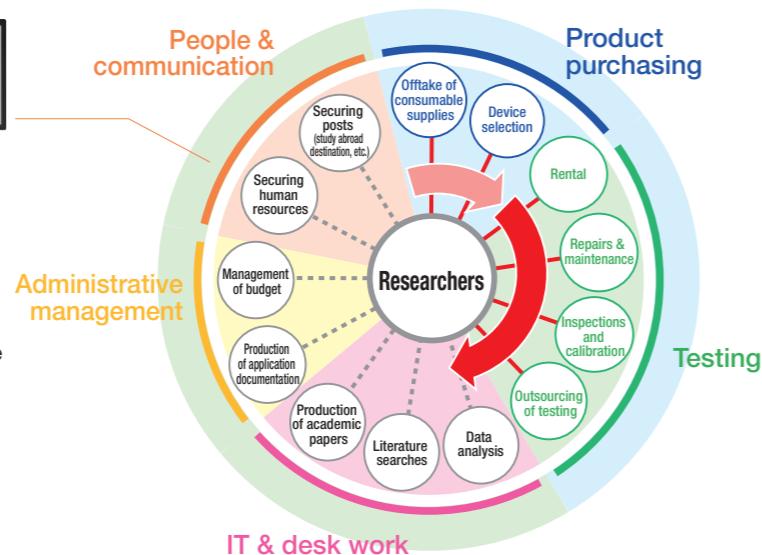
We are envisioning a distribution center with a total floor area of approximately 23,000m² in the Kansai region. Instead of purchasing the land and building equipment on our own, we plan to adopt a circular approach to utilizing existing facilities and equipment.



- We launched "Lab BRAINS, an information site for researchers, in September 2021 to expand our platform functions.

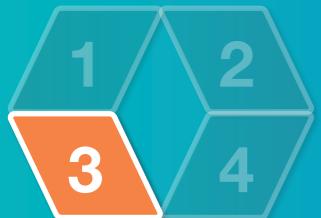


- We established a structure that enables the circular utilization of people, goods, money, services, and information to give form to our desire to meet all kinds of user needs beyond sales.
- By acting as a hub, we plan to create an open communication site where useful information can be obtained all at once, and that enables interaction between people from a wide range of fields.
- We will promote alliances with partners who have knowledge in new fields, such as crowdfunding specifically for research.



Innovation of platform

ver.2.0 Key strategies



Business development for our next stage of evolution

Fostering overseas and new businesses, promoting sustainability

In the Chinese market of our overseas business, we will enhance sales by expanding listed products on the product search site "as online." In the Asian market, particularly ASEAN, we will use the e-commerce site AXEL_GLOBAL as a tool for developing dealers. In addition to supporting researcher information gathering, we will also develop new domains such as the high-level sterile materials used in regenerative medicine, computational chemistry with a focus on upcoming research styles, robots for experiment automation, and expand businesses that are aligned with sustainability.

A full-scale entry into the field of regenerative medicine

Plans to move into the International Hub for Future Medicine (Nakanoshima, Osaka; scheduled for completion in spring 2024)

- At the International Center for Future Medicine, which will be completed in 2024, considering engaging in business as the only company with trading company functions that promotes regenerative medicine and future medicine.
- Regenerative medicine requires procuring materials that are compliant with advanced quality control standards. We are examining to leverage our strengths to provide distinctive solutions, such as the development of sterile materials, the rental of equipment related to regenerative medicine, and the provision of subcontracting services.



Conceptual image of International Center for Future Medicine
*This represents our concept at the time of the proposal (January 2019), and is subject to future changes.
*Provided by: 37 Business developers involved in the development and operation of the International Center for Future Medicine to be located at Nakanoshima 4-chome

Conduct strategic capital allocation

Policy of allocating equal funds to investment targeting future growth and shareholder

Cash generated

Cash flows from operating activities

Sales of securities

At least **¥21,000** million

Capital investment

At least **¥4,500** million

M&A and alliances

At least **¥5,000** million

Shareholder returns

¥11,500 million* plus

Discretionary performance of share buybacks

*Dividend standard profits of 50%. The base profit is the profit attributable to owners of the parent minus the impact of extraordinary gains and losses.

Strategic capital allocation

ver.2.0 Key strategies



Effective use of capital

Streamlining of asset holdings and adjustment of shareholder return policies

As part of shareholder returns, we voted to conduct share buybacks equivalent to a target of 10% of dividend-based profit in the FYE 03/2023. We will also strive to continuously improve our corporate value by appropriately reviewing the investment securities we hold.

PROJECT ONE ver.2.0 numerical targets

[Before revisions]

	FYE 03/2021	FYE 03/2022	FYE 03/2023	FYE 03/2024	FYE 03/2025
Initial forecast					
Net sales (Millions of yen)	72,500	77,600	83,600	90,600	100,000
Operating profit (Millions of yen)	6,340	7,830	9,050	10,180	12,500
Operating profit margin	8.7%	10.1%	10.8%	11.2%	12.5%
ROE	7.8%	9.0%	10.0%	10.6%	12.0%
ROIC	6.8%	8.0%	9.0%	9.9%	11.7%

[After revisions]

	Results	Revised plan		
Net sales (Millions of yen)	81,606	86,954	92,060	98,725
Operating profit (Millions of yen)	9,891	9,341	10,010	10,690
Operating profit margin	12.1%	10.7%	10.9%	10.8%
ROE	10.1%	11.2%	10.2%	10.5%
ROIC	10.9%	9.5%	9.9%	10.4%
				106,600
				12,500 *
				11.7%
				11.6%
				11.5%

* Initial projections for operating profit have been left unchanged to allow for investment targeting growth in logistical capabilities.

Column

E-commerce



Head of Electronic Commerce
Business Division BPO
Development Department
Tatsuro Tanaka

Offering a cloud-based purchasing platform that solves customer purchasing issues

BPO Development Department, operating sites for major customers and dealers

E-commerce is one of our sales channels and has become a major driving force behind our improved performance. During the period of the Medium-Term Management Plan "PROJECT ONE" (hereafter referred to as the Medium-Term Plan), e-commerce channel sales are expected to increase by 17% compared to initial plans. In response, in May 2022, we reevaluated the Medium-Term Plan, including growth in catalog sales, and conducted an upward revision to our sales targets for the fiscal year ending March, 2025 from 100.0 billion yen to 106.6 billion yen. In addition to increased e-commerce sales, we have also further enhanced our product selection to a level that exceeds plans. As of the end of the fiscal year ending March 2022, the number of products we offer reached 6.3 million. In our revised Medium-Term Plan, we will aim for 10 million items by the end of the fiscal year ending March 2025.

Currently, the Electronic Commerce Business

Division manages the e-commerce business. In addition to managing online services such as ocean, a centralized purchasing system for major companies, universities and government offices, Wave, a purchasing system that supports dealers, AXEL Shop, our own e-commerce site, and Lab BRAINS, an information distribution site for researchers, the E-commerce Division is also in charge of transactions with e-commerce companies. Organizations within the Division include the UX (User Experience) Design Department and the BPO Development Department.

The BPO Development Department, which I oversee, manages and operates the centralized purchasing system ocean and the dealer support purchasing system Wave. Ocean is a centralized purchasing system for major customers, and Wave is a service through which we provide development support for EC sites operated by dealers. All of these services are closed environments that require a login to use, and the features can be customized for ease of use based on the needs of each customer and dealer. This makes these services different from an open sites that can be accessed by

anyone, such as the AXEL Shop, which is operated by the UX Design Department.

Aiming for coexistence and co-prosperity with dealers through purchasing platforms

Thanks to strong customer support, ocean is now used by 249 companies. Major customers often operate their own backbone systems and purchasing systems, so ocean is designed to enable coordination with such systems. This has the advantage of allowing customers to easily purchase a wide variety of products without changing procedures such as operating rules or payment methods. The number of dealers using Wave has reached 200 companies. Dealers with whom we have agreements have praised the fact that we can easily handle a product selection of 6.3 million items while also allowing dealers to sell their own products.

The typical image of the e-commerce business may be associated with direct sales, but we value coordination with dealers. With both ocean and Wave, we are developing a business model that aims for coexistence and co-prosperity with dealers.

Most recently, we are focusing on improving convenience for customers and dealers. To make the services we provide more user friendly, we are making various proposals and customizing systems for each user. With ocean, we have accumulated a massive amount of information over our 20 years of experience, and so we try to make proposals that make use of this information. And although it has only been around two years since we launched Wave, we are working to improve convenience by conducting interviews with dealers whom we have agreements.

Using data analysis to further improve site convenience

One specific way we work to improve is by using data analysis to increase searchability. We are committed to making it easier for customers to find the products and information they want, and we continue to make daily improvements. Another important activity is the analysis of search histories and other data to identify factors that prevented the purchasing of the searched products, and then implementing measures to promote purchases. In

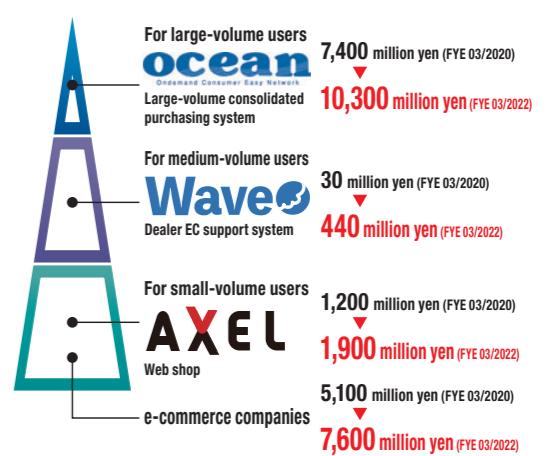
some cases, we also may provide analyzed data for the purpose of improving customer convenience. For example, some customers using ocean need to check whether purchasing is being conducted in accordance to internal rules (compliance), so we provide support by conducting data analysis on our end.

As a part of initiatives related to Wave, our staff will visit dealers to share information on best-selling products and trends based on analysis data with the aim of contributing to sales promotions. These initiatives include not only site improvement, but also support for the entire business, such as ideal services at the time of delivery. We hope to improve the quality of our services and further increase customer satisfaction by working together with dealers to evaluate and implement measures.

Another important issue is promoting collaboration with our subsidiary TRYUMPH 21 Co., Ltd. By strengthening coordination with the online purchasing system, OffSide, which is operated by Triumph 21, we are working to increase the satisfaction of existing customers and acquire new customers for the AS ONE Group.

The mission of the BPO Development Department is to build a convenient purchasing platform for customers and dealers by implementing the above initiatives. Moving forward, as we provide services to private-sector customers, we will work to build services that also satisfy university and government customers. Another important issue moving forward will be to provide services such as rental, calibration and subcontracting through our web services. We will work to expand the e-commerce business while continuing to place our highest priority on being useful to our customers and dealers.

Development of e-Commerce



Value chain

Supply chain management



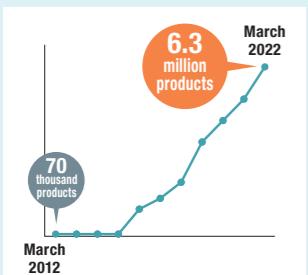
Head of Supply Chain Management Division

Jun Machida

We will create value through our intervention with certainty of smooth coordination between each value chain and our suppliers, and by maintaining a simple structure for product planning, product distribution, and product information.

P.35

Merchandising



We offer valuable equipment that is needed for research and medical care from suppliers around the world. We will create a one-stop environment where customers can obtain all kinds of research and medical supplies, including heat insulation, stirring, measurement, storage, analysis, safety protection, and sanitary materials, as well as information.

Procurement



We work closely with 4,000 suppliers on inventory information and production status, and adjust delivery times, costs, order quantities, and transportation methods based on a hybrid structure combining humans and AI to avoid excess inventory, and, furthermore, conduct optimal procurement to achieve same-day shipping for 95%* of the order lines.

Promotion



Information on our selection of 6.3 million products is organized in our SHARE-DB. In addition to providing information on EC sites, sites operated in coordination with dealers, and in apps, we also introduce well-known essential items for laboratories in an 8cm-thick catalog that is edited for ease of use.

Sales/EC

We are expanding coordination with dealers, and as a wholesaler, we ascertain the needs of dealers and users and make accurate proposals. Our EC purchasing systems ocean and Wave, and the EC shop AXEL also enable easy purchasing of essential items.

Services

We are not just a wholesaler of goods. We also provide various services such as equipment precision management, maintenance services, and equipment rental based on customer needs. We offer batch undertaking, regardless of the manufacturer, to eliminate the hassles facing our customers.

Logistics



Although we are a wholesaler, we also ship individual items, and our same-day shipping rate of 95%* is the source of our competitiveness. Although logistics costs are our second highest cost after labor costs, we have introduced automatic equipment, pursue efficient logistics operation design, and optimize carriers to contribute to profits by promoting cost savings.

Customer Service Desk



Our Sales Support Center serves as a point of contact for various inquiries, including dealer quote requests, while the Customer Consultation Center responds in detail to inquiries regarding matters such as product overviews and selection methods based on the content of customer experiments. Expertise becomes added value not found in our competitors.

IT Systems



Head of DX Development Division

Tomohiro Fukuda

Essential that we seamlessly linking each value chain, including upstream and downstream, with IT systems to provide stable operations. Our corporate culture of pursuing constant system improvement is the source of our value creation while operating with a small number of people.

P.37

*Same-day shipment rate for catalog products

interview

Supply chain management



Promoting supply chain structure optimization to support business expansion

Executive Officer, Head of Supply Chain Management Division and Supply Chain Planning Department

Jun Machida

Shifting to a structure of comprehensive oversight under the Supply Chain Management Division

In recent years, the external environment of our supply chain has changed significantly due to issues such as COVID-19, increasing geopolitical risks, and the soaring cost of resources. At the same time, our internal environment must respond to our growing product selection and growth in the e-commerce business. In light of these changes in our environment, maintaining a commitment to overall optimization is critical to increasing the functionality of our supply chain. As product planning, procurement and logistics are all closely related along the supply chain, it is important that we design a system that epitomizes our goal of a comprehensive system, and that we work to optimize business processes while sharing that idea with relevant departments. To build a system that promotes overall optimization in line with our growth business strategy, we established the Supply Chain

Management Division to consolidate various functions.

One of our first priority issues going forward is the expansion of SHARE-DB. In our initial product selection plans, we outline reaching 7 million items by March 2025. However, since we have already reached 6.3 million items, we decided to revise our Medium-Term Management Plan, "PROJECT ONE ver. 2.0", and increase plans to 10 million items, which represents a 40% increase. We will further accelerate our product selection growth by operating a supplier and product information processing system and include all the information that users and dealers need, such as specifications, images, videos and inventory information. We will build a world in which users can ascertain everything by checking the SHARE-DB, and improve the value of this system as a database. As an additional priority issue, we are focusing on strengthening procurement functions, expanding private brands and overseas products, and enhancing logistics function.

Innovation in logistics function ahead of "sales of 100 billion yen and beyond"

In particular, regarding the strengthening of logistics functions, there are concerns about the future constraint on logistics capacity, as the business is expanding at a pace that exceeds the initial plan. To address this, by the end of FY2023 we are planning to launch a new logistics center in the Kansai region that will boast nearly 33,000m² in storage space. This is part of our Concept of Twin Osaka Distribution Centers through which we will combine this new center with the existing Osaka logistics center. The result will be logistics capacity that is approximately 1.5 times our current capacity. By making effective use of this capacity, we will further strengthen our structure for stable supply and rapid delivery. At the same time, as product transportation costs are rising, we will work to improve delivery efficiency by increasing our own delivery services by 50% during the period of the Medium-Term Management Plan.

We are also promoting inventory visualization that uses information coordination to provide customers with information on the status of supplier product inventory via AXEL. Currently, we have achieved visualization for inventory equivalent to 30 billion yen, which is roughly four times the inventory we retain. This provides dealers and customers peace of mind by establishing a system where, for example, even if we do not have inventory of a certain product, that product is delivered within a few days. In addition to increasing our logistics capacity through capital expenditures, we will also innovate our logistics function through a unique approach that incorporates the world vision of a virtual warehouse through the visualization of our inventory.

Strengthening systems through data-driven permeation

In recent years, the importance of data utilization has increased as DX initiatives progress. We accumulate massive amounts of data through our daily business activities. The effective use of that data is essential in promoting more efficient improvements to the supply chain. With this in mind, we established the Data-Driven Development Group as an organization that continuously

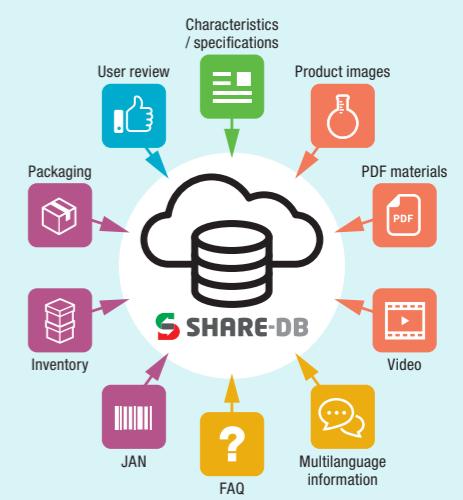
analyzes and utilizes data that contributes to advancements in the supply chain. We are promoting the permeation of data-driven policies across the entire supply chain through initiatives such as the visualization of the entire supply chain using BI tools, and the use of data analysis to identify business opportunities and problems. We are also focusing on developing a demand forecasting model that utilizes AI to support inventory optimization. We have already started incorporating this model into our procurement operations. In anticipation of an increased product selection in the future, we will continue working to improve our prediction accuracy by collaborating with companies in the data sciences field and by re-learning AI models. Through these efforts, we are aiming to contribute to inventory optimization and profit maximization.

Currently, there is a strong momentum for data utilization in each department. Taking this as an opportunity, we will quickly transform ourselves into a data-driven organization and accelerate the realization of a supply chain system by improving productivity through data-based actions and creating new value through data analysis.

SHARE-DB's Concept Diagram

SHARE-DB

As an industry database, we collect all kinds of product information, from product characteristics to inventory and packing status. This includes not only information required by users, but also information necessary for logistics. We are conducting the centralized management of data.





interview

Digital Transformation

Further accelerate DX promotion unique to AS ONE to support our transformation into a digital enterprise

Executive Officer and Head of DX Development Division

Tomohiro Fukuda

A mission to use digital technology to create new business models

The DX Development Division promotes digital transformation (DX), activities aimed at introducing reforms in all aspects of business by making full use of data and digital technology. We are working on a wide range of issues, including IT strategy creation, which represents our core work, as well as the planning, building, and operation of information systems. We also work to adopt new technologies such as AI and robotic process automation (RPA).

As the former IT Division, in the past, we promoted the digitalization of operations but in FY2022 we changed names to the DX Development Division. The name embodies the desire to use digital technology towards reforming business operations, as well as to change the corporate culture and the mindset of employees.

The former IT Division worked to introduce systems with the goal of expanding sales and streamlining operations. Conversely, we believe that creating new business models based on digital technology is also an important mission for the DX Development Division. We are pursuing DX unique to AS ONE by combining digital technology with the wisdom of people inside and outside the company.

Generating 3,500 hours per month by incorporating RPA into initiatives for workstyle reforms

We have been promoting the digitalization of workplace operations as part of our efforts to promote workstyle reform. For example, this includes adopting business chat, establishing a paperless environment and task replacement by incorporating RPA. With RPA, by holding regular robot development classes for the workplace and incorporating robot development curriculum into new employee training, the number of robots currently in operation has reached 350, and the number of work hours that robots perform has reached 3,500 hours per month. Most of these were developed by employees in the workplace, including new recruits. Now, it is common to hear conversations such as, "Let's have a robot do that task."

At our company, the president directly disseminates messages stressing the importance of digitization, and we have established a corporate culture that actively accepts new and interesting things. Taking advantage of the fact that we have a certain number of "digital natives" in our ranks, I want to further accelerate our efforts to digitize our operations and continue activities so that a mentality

that "all problems can be solved digitally" permeates throughout every corner of the workplace.

Focus on DX promotion, data-driven and open innovation

We changed the name of our division this year, and we have identified the issues that we need to address towards promoting DX. There are many issues to be addressed, including user-driven management, data-driven management, agile development, in-house system development, reskilling/recurrent education, co-creation with partners and open innovation. Among these issues, we believe that data-driven management and open innovation are issues that we should prioritize.

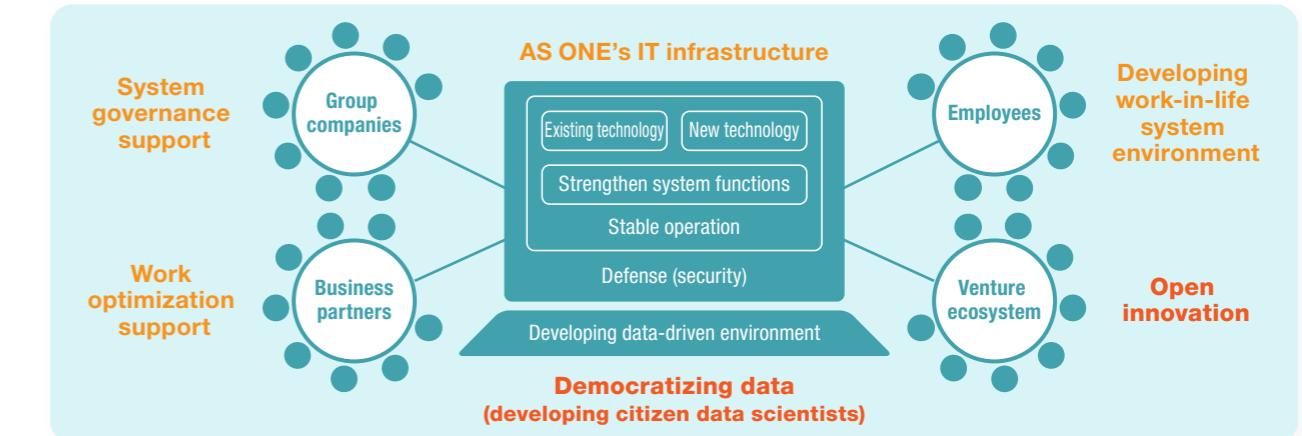
When we say data-driven management, this refers to becoming a company that conducts all business activities based on data. Since last fiscal year and during the current fiscal year, we have launched projects and established organizations to promote the data utilization. I believe that we are ready to face this issue as a company. Currently, these organizations and our division are working together to start activities towards achieving data-driven management. I want to discuss the characteristics of these initiatives. In addition to developing specialized organizations and human resources, we are also working to develop data analysts in work departments under the slogan of "democratizing and privatizing data." We would like to establish a data-driven organizational culture from senior

management to each workplace. Similar to our aforementioned RPA initiatives for workstyle reform, I want to approach this based on a style that gets on-site human resources involved from the perspective of "data-driven management".

Next, I want to discuss our initiatives for open innovation. Our leader Iuchi always says, "You can't bring about reforms if you are only looking inside the cup. You must think and act while looking outside of the cup as well." In other words, avoid being the frog in a well that cannot conceive of the ocean. I interpret this to mean, interact with various people, have conversations, remain neutral, and constantly update your own thinking. For that reason, we emphasize interacting with external companies, especially with startups and other "high-energy" companies and people. We are working to create such opportunities by registering as mentors for startup support organizations and exchanging information with venture capitalists. In our division, young employees are constantly communicating with external companies to see if we can build new business models on themes such as blockchain, NFT, metaverse and WEB3.0. Through these interactions, I hope that in the near future we will be able to create a chemical reaction unlike anything that has ever been seen before.

Finally, the DX Development Division will use the results of the workstyle reforms as a source of inspiration to promote initiatives that lead to data-driven management and open innovation. Through collaborations between employees and partner companies, we will create and promote digital transformation that is unique to AS ONE. I also want to see us evolve into a digital enterprise that can create new digital business models.

DX Development Division's areas of activity



Approach to Sustainability

We strive to improve our medium- and long-term corporate value by contributing to the creation of a sustainable society based on our management philosophy of Innovation and Creation.

Basic Policy on Sustainability

1. Create environments where researchers and medical professionals can focus on fulfilling their roles. Contribute to the creation of a safe and secure society by serving as an industry hub and continuously working to optimize logistics.
2. Be aware of environmental issues such as climate change and biodiversity as a business that indirectly uses the Earth's natural resources, and navigate our risks and opportunities to contribute to the creation of a pleasant future for people and the Earth.
3. Respect the human rights of all people, and strive to create healthy and motivating work environments where people receive appropriate wages and are able to grow within a diverse group of human resources.
4. Conduct fair and honest economic activities with business partners based on a strong sense of ethics and responsibility. Maintain transparency in management and strive to be a company befitting the trust and expectations we earn society.
5. Contribute to society by fostering cooperative relationships through communication with stakeholders.

Initiatives		Contributing to business and operations	Future issues
E	<ul style="list-style-type: none"> • Saving energy by upgrading headquarters building heat source • Promoting joint logistics within the industry • Reduce office trash volume • Eco-packaging for delivery services • Reduce logistics packaging 	<ul style="list-style-type: none"> • Promoting paperless offices • Recycling old catalogs • Sales of eco products • Simplification of many-to-many shipments • Provide convenience for researchers involved in environment-based themes 	<ul style="list-style-type: none"> • Cost reductions (reduced use of electricity, logistics expenses) • Increased sales of eco products • Using collection and recycling of old catalogs as opportunity to promote new products • Expanding revenue opportunities by becoming a logistics hub • Expanding presence in research market
	<p>Relationship with employees</p> <ul style="list-style-type: none"> • Increase female managers • Employee satisfaction survey • Hold health and safety committee meetings • Employee training (AS ONE career programs) • Systems reforms to improve comfort 	<ul style="list-style-type: none"> • Employment of foreigners • Utilize junior employees • Appealing workplace with high retention • Cancer screening tests 	<ul style="list-style-type: none"> • Securing elite human resources • Increasing productivity • Fostering compliance • Accumulating and building up knowhow
	<p>Relationship with customers and partners</p> <ul style="list-style-type: none"> • Many-to-many transaction optimization, opportunity creation • Create quality assurance structure • Provide convenience for research and medical institutions 	<ul style="list-style-type: none"> • Communication via social media • Provide linked systems • Provide systems to support shift to DX 	<ul style="list-style-type: none"> • Expanding market presence • Expanding revenue opportunities by becoming a logistics hub
	<p>Relationship with local community</p> <ul style="list-style-type: none"> • Support for Paralympic Art • Held AS ONE Children's Science Lab • Food hygiene management training 	<ul style="list-style-type: none"> • Sponsor of Ehon Picnic (children's book event) in Nishi Ward, Osaka • Charitable donations including disaster support, humanitarian support for refugees, biodiversity, food loss measures 	<ul style="list-style-type: none"> • Expanding target users • Research and scientific industry development • Expanding revenue opportunities by increasing brand recognition
G	<ul style="list-style-type: none"> • Dialogue with shareholders and investors • Increased rate of outside directors • Established Nomination and Compensation Committee 	<ul style="list-style-type: none"> • Established Sustainability Management Office • Use of stock compensation and stock incentives 	<ul style="list-style-type: none"> • Appropriate corporate valuation based on financial and nonfinancial factors • Ensuring balance between growth opportunities and risks based on a diverse range of perspectives • Foster discipline by ensuring transparency

ENVIRONMENT



Slogan

Taking pride in being an environmentally-friendly company

Environmental Policy

Engage in environmental conservation, including preventing environmental pollution.

Continuously improve the environmental management system used to improve our environmental performance.

Code of Conduct

Maintain an awareness of our responsibilities and good corporate citizens, strive for mutual prosperity and harmony with human society, and pursue our best effort towards the conservation of a healthy global environment.

Our Group strives to contribute to a sustainable society by engaging in business operations with a focus on conserving the environment, energy, and resources.

Our Group, including AS ONE headquarters, our Tokyo office, and our logistics centers have all obtained third-party certification for ISO14001, the international standard for environmental management systems. We also have established an environmental management structure that ensures compliance with environmental laws and regulations, and enables continuous improvements to our environmental performance.

We designate a director to oversee the management of our environmental management system. Each work

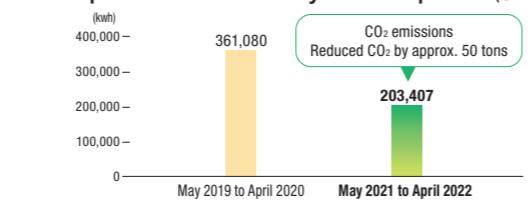
location manages site-specific goals and the entire company has incorporated document management and workflow management systems. We also are engaged in a shift to paperless offices. Promoting the shift to paperless offices was one of the factors behind our being able to make a smooth transition to telecommuting during the COVID-19 pandemic.

To maintain and improve our environmental management system, our Internal Audit Department conducts regular audits and those results are applied towards management reviews.

Reducing headquarters building electricity consumption

In June 2021, we upgraded the air conditioning systems at our headquarters building to the latest environment-friendly units to reduce electricity consumption by roughly 157,673kwh per year.

Before and after heat source upgrades | Comparison of electricity consumption (Unit: kwh)



Promoting products applicable to green purchasing programs

We introduce and sell products applicable to green purchasing programs to customers seeking environmentally friendly products. The FY2021 sales amount was 2.3 times that of the previous year.

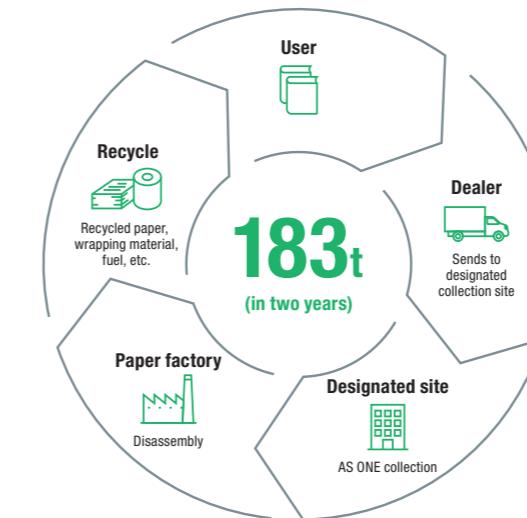
Transitions in sales of products applicable to green purchasing programs



Catalog Recycling

Recycling activities unique to AS ONE. When issuing new catalogs, we collect old versions from our customers. The collected catalogs are then disassembled at a paper factory and recycled for uses such as recycled paper, wrapping materials,

and fuel. These efforts are supported by our customers as being a part of AS ONE's unique environmental protection measures. We revised our Scientific Instruments General Catalog in FY2020 and revised the Nursing and Medical General Catalog in FY2021. Over the two-year period, we recycled 183 tons of paper.

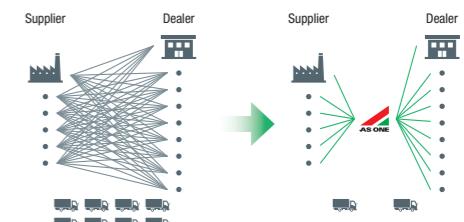


Optimizing shipment

Shipment hub

We can simplify shipping between our nearly 4,000 suppliers and roughly 13,000 dealers by reducing a maximum 52,000,000 by 1/3,058th to as few as 17,000 shipments. By serving as a wholesaler, we contribute to reducing shipment costs for all of society. We also launched joint logistics with reagent manufacturers that have the same delivery destinations as our logistics network. This is small step but we will continue contributing to increasing

partners and reducing the overall number of trucks used by the industry.

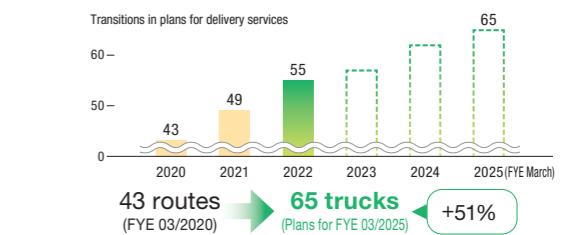


Promoting delivery services

We outsource shipment and transport to external operators, without retaining our own fleet of trucks. We contract dedicated trucks (outsourcers) that drive the same route daily that we refer to as "delivery services". Delivery services enable eco-friendly shipping by delivering products in folding containers instead of cardboard boxes to eliminate packaging materials that need to be discarded. We have increased the number of delivery service trucks each year. We have also incorporated this initiative into our Medium-Term Management Plan, and will continue to promote delivery services as a way to control costs and reduce environmental load.

Continuous expansion of delivery services

Use delivery services to optimize shipments



TOPICS

Switching to paperless invoicing for supplier invoices

With the continued selection of our product expansion, the number of suppliers also increased. Eventually, we were receiving over 3,000 invoices per month. From FY2021, we eliminated the need to send hard copies of invoices. Instead, we changed to a system of finalizing invoice amounts based on a list of payment statements generated internally. This led to a significant decrease in labor related to opening and confirming documents, an issue we struggled with for many years, and also enabled telecommuting. We think this also contributed to a reduction in the work involved in mailing invoices and a shift to paperless environments for suppliers as well.

We allow invoicing through our supplier communication website and through a separate paperless system that offers FAX compatibility. These systems contribute to the environment and enable workstyles that are more suited for an age in which we must live with COVID-19.

Purchasing Department
Domestic Procurement Group

Natsuki Saito



Disclosures based on the TCFD framework

We designated environmental response as one of our materiality (core issues) and in June 2022 we announced our support for recommendations by the Task-Force for Climate-related Financial Disclosures (TCFD). In accordance with the TCFD approach, we conducted scenario analyses to identify the risks and opportunities associated with our business activities, and are working to incorporate these into our management strategy.

Governance

We position responding to environmental issues, including climate change, as one of our core management issues.

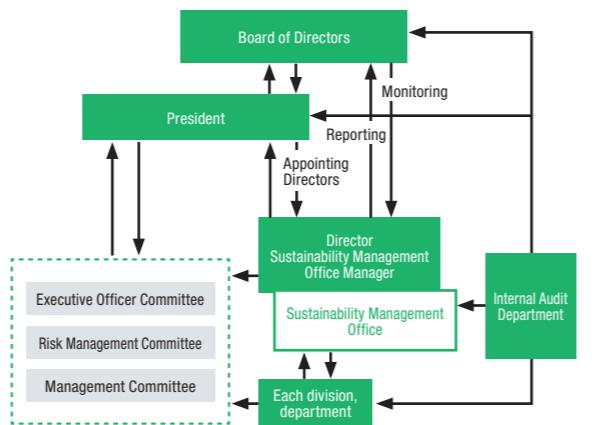
To promote sustainability management uniformly throughout our Group, on April 1, 2022, we established the Sustainability Management Office as an organization directly overseen by the President.

A director serving as a member of the Med-term management Planning Office serves as general manager of the Sustainability Promotion Office. Working in accordance with the Basic Policy on Sustainability created by the Board of Directors, the Sustainability Management Office collaborates with each department to analyze and assess risks and opportunities related to climate change, etc, identify important issues, plan and formulate responses to sustainability issues including the environment and human rights, and set goals.

The director in charge attends important meetings such as a Risk Management Committee meetings to issue opinions from the perspective of sustainability.

The Board of Directors receives timely reporting from the director in charge and, at least twice per year, receives reports on the status of sustainability promotion and assessments related to risks and opportunities.

Based on this reporting, the Board of Directors identifies core issues and approves company-wide goals, and also considers sustainability promotion when discussing core strategy, etc.



Strategy

Scenario analysis of climate-related risks and opportunities by each department and the Sustainability Promotion Project Team

Ahead of priority assessment of climate-related risks and opportunities, each department and the Sustainability Management Team identified issues that impact business and divided them into the categories of Transition Risks, Physical Risks, and Opportunities. We then defined and evaluated scenarios, to select 10 assessment items. During the assessment, we evaluated business impact and financial impact with consideration given to the 4°C Scenario*1 and 1.5°C Scenario*2 announced by the United Nations Intergovernmental Panel on Climate Change (IPCC).

AS ONE's business model involves procuring and

selling products from various suppliers based on customer demand. Since we have almost no fixed manufacturing facilities, we are able to respond to changes relatively flexibly. As such, changes in demand viewed as risks can also be viewed as new opportunities. To address physical risks, we will work to diversify risks by expanding operations and increasing the number of logistics centers. We have partially incorporated strategies based on these analyses into the business strategies outlined in our **Medium-Term Management Plan, PROJECT ONE ver. 2.0**.

*1. 4°C scenario: A scenario in which temperatures rise by around 4°C compared to pre-industrial levels.

*2. 1.5°C scenario: A scenario in which the increase in global average temperature at the end of the 21st century is kept below 1.5°C compared to pre-industrial times.

Scenario analysis

Risk categories	Details	Time axis	Impact on AS ONE	Impact assessment	
				1.5°C scenario	4°C scenario
Transition risks	Policy/legal risks	• Rising product purchase prices due to measures to reduce CO ₂ emissions and the introduction of a carbon tax	Medium- and long-term	Cost increases	↗
	Technology risks	• PB product development costs for decarbonization and an increase in capital investments associated with the adoption of decarbonization technology in logistics	Medium- and long-term	Cost increases	↗
	Market risks	• Loss of growth opportunities due to delays in responding to market changes, such as increased demand for low-carbon products, with purchasing behavior diversification and increasing awareness of environmental issues.	Medium- and long-term	Decreased sales	↗
	Reputational risks	• Loss of reputation in the capital market due to comparatively inferior CO ₂ emission reductions in logistics, products and services	Short- and medium-term	Decreased sales	↗
Physical risks	Acute physical risks	• Costs related to inventory damage, operation stoppages or declines, and facility restoration incurred due to natural disasters	Short, medium- and long-term	Cost increases	↗
	Chronic physical risks	• Incur prevention costs such as insurance premiums and equipment resilience/redundancy • Loss of sales opportunities due to supply constraints caused by supply chain disruptions	Short- and medium-term	Decreased sales	↗
Opportunity categories		Details	Time axis	Impact on AS ONE	1.5°C scenario 4°C scenario
Opportunities	Optimization of resources	• Expansion of efficient delivery services, including deliveries that enable eco packaging • From the perspective of delivery efficiency, a greater demand for hub functions will increase the importance of a one-stop resource for procuring scientific equipment and medical products.	Long-term	Cost reductions	↗
	Products and services	• Dissemination of automation, the use of simulations, sharing such as rentals and outsourcing, and a circular economy that circulates goods. • Demand for environment-friendly products will increase.	Medium-term	Increase in sales	↗
	Market	• With the growth of e-commerce, paperless transactions in the supply chain will increase. • Solving decarbonization issues through innovation is essential, so expenditures will continue to increase in the research field, which is our main market.	Short- and medium-term	Increase in sales	↗
	Resilience	• Building a diversified supply chain that distributes risks will increase trust in suppliers capable of providing stable supply.	Short- and medium-term	Increase in sales	↗

Evaluation period for risks and opportunities
Short term: 2022 to FY2030 Medium term: 2031 to FY2040 Long term: 2041 to FY2050

The magnitude of the impact on business and finances is indicated by three different angles of the arrow.
Relative impact **↑** > Slight impact **↗** > Minor impact **→**

Risk Management

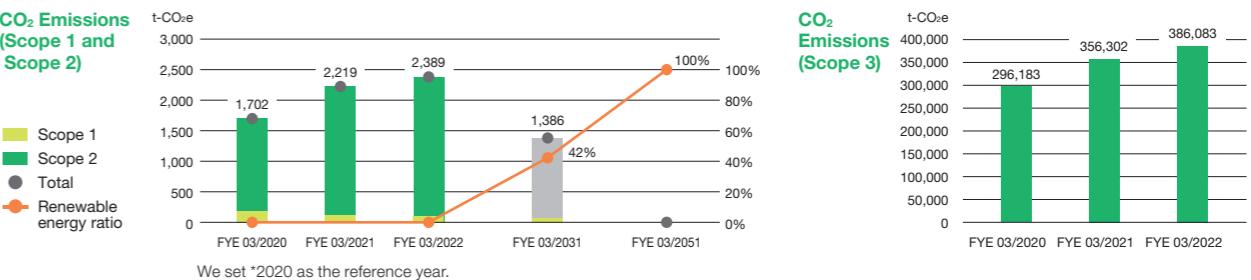
We engage in risk management based on the policies outlined in our Risk Management Regulations, which detail risk prevention measures for incidents with the potential to interrupt business operations and appropriate responses in the event a risk incident occurs. For risks associated with climate change, each department identifies inherent risks from the upstream to the downstream along the value chain and works to address those risks (transfer, avoidance, diversification, mitigation, etc.).

The Sustainability Management Office coordinates company-wide efforts, evaluates and identifies the importance of transition risks and physical risks, and submits reports to the Risk Management Committee once a year. The Risk Management Committee comprehensively coordinates responses to relevant risks and perform other necessary matters related to risk management.

[Click here for details on risk management](#) P.57

Indicators and targets

We have announced our participation in the Renewable Energy 100 Declaration RE Action, a framework with the goal of converting 100% of the electricity used to renewable energy by 2050 at the latest in order to reduce corporate Scope 2 emissions. We have set targets of 42% renewable energy in FY2030 and 100% renewable energy by FY2050. To achieve these targets, we will adopt electrified vehicles to increase our utilization rate of renewable energy and reduce both Scopes 1 and Scope 2 CO₂ emissions. Regarding Scope 3, as the majority of Scope 3 emissions are Category 1,



which is related to the purchase of the 6.3 million items we offer, we are currently considering how we will respond, including evaluating potential cooperation with our supply chain. On the other hand, in the **Medium-Term Management Plan, PROJECT ONE ver.2.0**, we have disclosed targets for FY2024. These include the e-commerce business, which can promote paperless tasks along the entire supply chain, and our delivery services, a delivery method that can reduce waste from packaging materials and other sources.

再生エネルギー宣言
RE Action

SOCIETY



● Policy

As a logistics hub for the research and medical industries, we strive to make social contributions through our business activities. By serving as a hub, we are able to link researchers and medical professionals with lab equipment manufacturers from around the world that can be difficult to connect to through direct transactions. This provides extremely significant added value for manufacturers, dealers, and researchers and medical professionals, something we believe is one of our greatest contributions to society.

To further increase this added value, we are committed to the pursuit of what we refer to as three values and three qualities. The three values are reputation value, business value, and financial value. The three qualities, which are greatly related to society, are product quality, management quality, and employee quality. In particular, the formation of employee quality is something we view as the critical foundation that enables corporate growth. No matter how our social environment changes, there is no change in the importance of the links between people and the trust that binds us. We strive for business that touches every one with whom we interact. This is why we constantly evaluate how we can contribute to the people engaged in the various battles that take place in the arenas of R&D and medical care. We believe that each of our employees pursuing our goals with shared values and compassion will help us create a sound corporate structure.

At the foundation of this structure is the development of professional human resources capable of engaging in global markets. We are committed to pursuing the diversity and workstyle reforms that will support the development of such personnel. By building strong work teams where the human rights and uniqueness of each individual are respected and valued, we will increase our core competence and create a stimulating and motivating corporate culture.

● About human resource development

Developing human resources is one of our important missions as we grow as a company that contributes to society. We have established a systematic training structure that enables employees to independently acquire the skills and knowledge necessary for their respective stages of growth.

Human resource development policy

1 Ideal human resources

Our basic approach to the types of human resources we want to develop is as follows.

- [1] Human resources bursting with appealing character (personality, dignity and work ability)
 - 1: Diligence, sincerity, highly motivated and tenacity
 - 2: Respect, trust, and empathy for all
- [2] Human resources dedicated to fulfilling our role as a platform for solving social issues beyond just the scientific, industrial, and healthcare and nursing domains.
- [3] People filled with the motivation necessary to create something from nothing by applying original ideas

2 Human resource development program

We provide a wide range of educational opportunities to motivated and capable human resources, and develop energetic human resources who are excited about the opportunity to grow through their work.

Our education and training program, the AS ONE Career Design Program, includes a nomination-based program eligible to all employees based on rank, subject, and self-development goals. The program also includes content focused on the development of management personnel as well as a diversity content to ensure respect for the values of diverse human resources. When formulating our full-year plan, we work on human resource development while also enhancing programs that will lead to problem solving.

Examples of programs

Development training for female leaders

We provide courses to develop the true qualities of a leader, such as management knowledge and skills, leadership, organizational management skills, decision-making, and problem-solving skills.

Kansei Gakuin University
(10 months)

Happy Career Program
Development training for
female leaders

Japan Management Association
(2 days)

Leadership development course for women

● Promoting diversity

Based on our "Action Plan for Promoting Women's Participation and Advancement," we have set the following targets for the percentage of women in managerial and career-track positions by the end of FYE 03/2025.

1. Increase the ratio of women in management positions to 10% or more.
2. Increase the ratio of women in career-track positions to 30% or more.
3. Increase the ratio of employees taking paid leave to 65% or more.

From FY2022, we began conducting year-round recruitment to promote the hiring of diverse human resources.

● Promoting work-life balance

At AS ONE, we promote various workstyles to ensure all employees are able to fulfill their responsibilities to the workplace while also maintaining a sense of motivation and fulfillment. We strive to ensure employees have time for childcare and nursing care, as well as personal time for family, community, self-development, etc.

Childcare/Family Care Leave System / Childcare/ Family Care Shortened Working Hours System

Employees can select shortened working hours for childcare from a total of 26 different patterns for start times, end times, and working hours. Thanks

TOPICS

Becoming a female manager

What surprised me when I became a manager was the realization that managers really do so many things. I was promoted to the position of center manager in the same department, so I thought I knew the business very well. However, every day I am reminded of how much management is a behind-the-scenes job. Of course, I want to satisfy our customers, but I also make a point to listen to employees so that they can take a positive approach to work, and I work to create an atmosphere that makes it easy for employees to reach out to me.

I don't think gender has anything to do with my current work, but our company has a limited history of women in managerial positions, so there might be times when I am the focus of attention. But I keep that in mind and strive to become a role model for women's active participation in the future.

	March 2020	March 2021	March 2022
Ratio of female managers	1.5%	4.9%	5.0%
Female workers (career-track employees)	31	39	46
Ratio of female workers among general employees	11.0%	13.0%	14.6%
Rate of Paid Leave Use	59.0%	48.3%	60.3%

(Nonconsolidated)

to this support structure, 100% of our employees return to work after taking childcare leave. We also have a "welcome back system" that provides employees who needed to leave the company due to marriage or childcare an opportunity to return to work.

Leave Work On Time Day

At AS ONE, we designate every Wednesday as a day to leave work on time. We are increasing the effectiveness of this day, for example, by notifying employees on their computer screens at the start and end of the work day.

Medical Instruments Sales Department,
East Japan Medical Instruments Sales Support Center

Tomoko Sakamoto



SOCIETY

● Promoting health and productivity

Health Declaration

The AS ONE embraces the management philosophy of Innovation and Creation, and prides itself on continually solving new challenges for a better future. The mental and physical health of our employees and their families is essential for working together with our users, dealers, and suppliers towards new value creation. We declare that we will actively support the creation of an environment where all employees and their families can work to maintain and improve their mental and physical health.

Health and productivity promotion structure



We also support the health of our employees so that they can work in good health and with enthusiasm. Our health examination participation rate has been 100% for two consecutive years, and the stress check implementation rate has been high with an average of 97.17% over the past three years. Stress check results are provided as feedback to each department and used to create a better workplace.

	March 2020	March 2021	March 2022
Regular health examination completion rate	99.8%	100.0%	100.0%
Stress check implementation rate	97.6%	98.5%	95.4%

● Incentives

To align the vectors of employee motivation and our Medium-Term Management Plan, we have implemented an employee incentive program that is based on our level of achievement for the Medium-Term Management Plan. The condition for incentives is the achievement of the annual net sales and operating profit figures outlined for each year of the

Medium-Term Management Plan. Managerial staff are issued Company stock and regular employees are issued cash bonuses. Issued in two stages based on the targets of Medium-Term Management Plan PROJECT ONE, which is prior to the upward revision, and the targets for ver.2.0 after the revision.

TOPICS

I took childcare leave.



Even before my child was born, I had it in mind to proactively use childcare leave. The understanding of my superiors and colleagues, and the fact that I was able to consult with a male employee who joined the company at the same time who was also taking childcare leave, made me feel positive about using the system. I think I made a very good choice both from the perspective of caring for my family after childbirth and in terms of being able to spend meaningful time with my family. Compared to the time when I used this system, today support structures established by the country and the company have become stronger. I would like people who are about to become dads to actively consider using the system. In addition to childcare leave, our company has a number of systems designed to address employee needs, so I will continue to actively utilize those that match my lifestyle and life events.

DX Promotion Department, IT Solutions Group

Takuji Tsujimura



● Quality Assurance

Fundamental Philosophy

Along with embodying our management philosophy of Innovation and Creation, we also strive to further justify our existence by pursuing customer satisfaction.

Quality Policy

- Strengthen comprehensive services related to product provision to secure customer satisfaction.
- Enhance product selection and provide quality products to meet diverse customer needs and expectations.
- Enhance product planning and development capabilities, and work to increase quality.
- Adhere to the laws, regulations, and other requirements applicable to the Company.
- Make continuous improvements to the quality management system (QMS).

Although we are a wholesaler, we offer many of our own brand products and we have obtained the international standard ISO9001 certification. We also implement a QMS throughout the company under the leadership of top management.

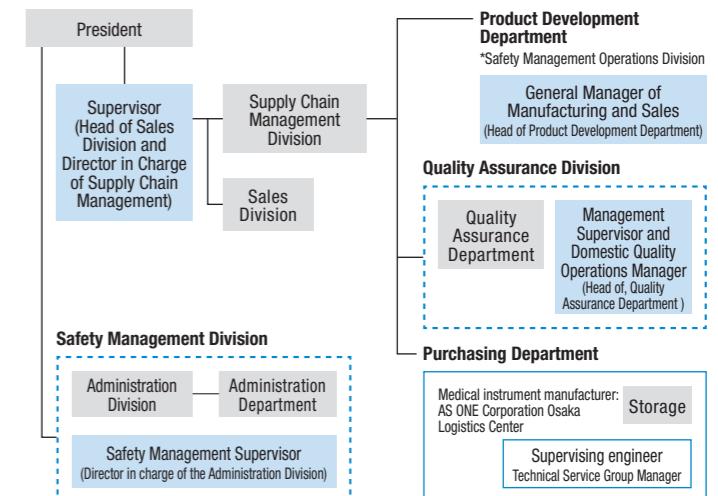


The Quality Assurance Department in particular oversees quality management and inspections for in-house developed products and imported products, supplier assessments and supplier quality enlightenment activities, and issues various certifications to users. The Quality Assurance Department also holds regular monthly quality meetings to report and deliberate on issues related to the QMS.

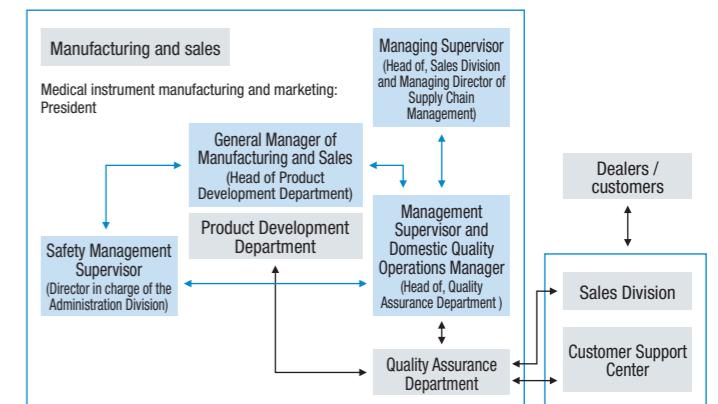
● As a licensed Class II medical instrument marketing business

We are licensed as a Class II medical instrument marketing business and qualified personnel implement safety measures in accordance with the medical instrument manufacturing and marketing quality manuals and post-marketing safety management procedures (GVP procedures) based on the five roles of pharmaceutical affairs.

QMS/GVP Structure map



Liaison map of persons in charge of Class II medical instrument manufacturing and marketing



GOVERNANCE

Directors

(As of June 24, 2022)



1 President Takuji Iuchi

Mar. 1994 Joined AS ONE CORPORATION
Apr. 2002 Head of International Department
Jun. 2005 Director, AS ONE
Apr. 2006 Head of Merchandising Division and Head of International Department
Apr. 2007 Chairman, AS ONE SHANGHAI CORPORATION
Apr. 2008 Executive Director, AS ONE
Jun. 2008 Head of Merchandising Division, Head of IT Strategy Division, Head of Business Development Division, and Head of Purchasing Department
Jun. 2009 President, AS ONE (current)

3 Director Mitsushige Kimura

Apr. 2015 Executive Officer, Resona Bank, Limited
Apr. 2017 Director and Managing Executive Officer, J AND S Insurance Service Co., Ltd.
May. 2018 Deputy G Head of Sales Division, AS ONE CORPORATION
Jun. 2018 Director, AS ONE (current)
Apr. 2019 Head of Administration Division and Head of Administration Department
Apr. 2020 Head of Sales Division, Executive Officer in charge of Professional Business Division, and Head of Tokyo Office
Apr. 2022 Head of Overseas Business Division of the Company (current)

5 Director Kazuhiko Odaki Outside Director

Apr. 1988 Joined Ministry of International Trade and Industry (now Ministry of Economy, Trade and Industry)
Jul. 2008 Senior Research Fellow for Corporate Law Systems, Economic and Industrial Policy Bureau of Ministry of Economy, Trade and Industry
Jul. 2011 Professor, Faculty of Economics, Shinshu University
Mar. 2012 Retired Ministry of Economy, Trade, and Industry
Apr. 2012 Professor, College of Economics, Nihon University (current)
Feb. 2013 Outside Director, Star Mica Co., Ltd.
Jun. 2018 Outside Director, AS ONE CORPORATION (current)
Jun. 2019 Outside Director (Audit and Supervisory Committee Member) of Star Mica Holdings Co., Ltd. (current)

7 Director Yumie Endo Outside Director

Apr. 1991 Joined Nissho Iwai Corporation (now Sojitz Corporation)
May. 2010 MS in Integrated Marketing Communications, Golden Gate University
Oct. 2013 Section Manager, IR Office, IR Section of Sojitz Corporation
Oct. 2017 Section Manager, Human Resources and General Affairs Department, Global HR and Diversity Development Section of Sojitz Corporation
May. 2019 General Manager, IR Office of Sojitz Corporation (current)
Jun. 2020 Outside Director of SAKURA internet Inc.
Apr. 2021 Executive Officer General Manager, IR Office of Sojitz Corporation (current)
Apr. 2022 Executive Officer COO, IR Office of Sojitz Corporation (current)
Jun. 2022 Outside Director, AS ONE CORPORATION (current)

9 Director (Audit and Supervisory Committee Member) Hideaki Mihara Outside Director

Nov. 1987 Joined Ota-Showa & Co. (now: Ernst & Young ShinNihon LLC)
Aug. 1991 Registered as a certified public accountant
Oct. 1996 Opened Mihara Accounting Firm (current)
Jun. 2008 Outside Auditor, ASICS Corporation
Jun. 2016 Outside Auditor, AS ONE CORPORATION
Jun. 2019 Outside Auditor, Sumitomo Precision Products Co., Ltd. (current)
Jun. 2021 Outside Director, AS ONE (Audit and Supervisory Committee Member) (current)

2 Managing Director Kazuhito Yamada

Mar. 1990 Joined AS ONE CORPORATION
Apr. 2011 Head of Sales Division
Jun. 2012 Director, AS ONE
Jun. 2013 Head of Marketing Division
Apr. 2014 Managing Director, AS ONE (current)
Apr. 2015 Head of Sales Division
Apr. 2022 Head of sales Division, and Mid-term management Planning Office manager of the Company (current)

4 Director Keisuke Nishikawa

Apr. 2000 Joined AS ONE CORPORATION
Apr. 2015 Head of Marketing Department
Aug. 2017 Head of Marketing Division and Head of Marketing Department
Aug. 2019 Head of Corporate Planning Department
Apr. 2020 Head of Administration Division and Mid-term management Planning Office Deputy manager of the Company (current)
Jun. 2020 Director, AS ONE (current)
Apr. 2022 Sustainability Management Office Manager of the Company (current)

6 Director Michiko Kanai Outside Director

Apr. 1990 Registered as an attorney at law, joined OH-EBASHI LAW OFFICES
Apr. 1998 Partner, OH-EBASHI LAW OFFICES
Aug. 2002 Member, OH-EBASHI LPC & PARTNERS (current)
Jun. 2007 Outside Auditor, USJ Co., Ltd.
Jun. 2015 Outside Director, Kondotec Inc. (current)
Outside Auditor, Sankyo Seiko Co., Ltd. (current)
Jun. 2018 Outside Director (Audit and Supervisory Committee Member), IDEC Corporation (current)
Jun. 2020 Outside Director, AS ONE CORPORATION (current)

8 Director (Full-time Audit and Supervisory Committee Member) Kazutaka Suzuki Outside Director

Aug. 2001 Branch Manager, Fukushima Branch, The Asahi Bank, Limited (now Resona Bank, Limited)
Jul. 2003 General Manager, Investment Department, Resona Capital Co., Ltd.
Oct. 2007 Branch Manager, Joto Branch, Resona Bank, Limited
Jul. 2009 General Manager, Human Resources Service Center, Resona Human Resource Support K.K. (now Resona Business Service Co., Ltd.)
Jun. 2013 Outside Auditor, AS ONE CORPORATION
Jun. 2021 Outside Director, AS ONE (Audit and Supervisory Committee Member) (current)

10 Director (Audit and Supervisory Committee Member) Toshiaki Hara Outside Director

Apr. 2008 Executive Officer, Resona Bank, Limited
Apr. 2014 Deputy President and Representative Director, Executive Officer of Resona Bank, Limited.
Apr. 2017 Representative Executive Officer, Resona Holdings, Inc.
Jun. 2018 Director Vice President and Executive Officer, AGS Corporation
Jun. 2019 Representative Director, President of AGS Corporation (current)
Jun. 2020 Outside Auditor, AS ONE CORPORATION
Jun. 2021 Outside Director, AS ONE (Audit and Supervisory Committee Member) (current)

Corporate executive officer



Head of Specialized Business Division
Toru Kaneno



AS ONE SHANGHAI Corporation
Managing Director
Isamu Hayashi



Head of Electronic Commerce Business Division
Masataka Maruhashi



Head of DX Development Division
Tomohiro Fukuda



Head of Supply Chain Management Division
Jun Machida

Corporate governance

Messages from our Outside Directors



1 Outside Director Kazuhiko Odaki

2 Outside Director Michiko Kanai

3 Outside Director Yumie Endo

1 Striving to further meet the expectations of all shareholders

Outside Director Kazuhiko Odaki

The role of outside directors is to accurately understand the will and interests of all shareholders and, through management and employees, communicate to ensure that will is accurately reflected in AS ONE business. Amid the conditions caused by COVID-19, which has persisted for over two years, AS ONE not only continued to contribute to Japan and the world by supporting medical workplaces and research facilities working to overcome the crisis, but also achieved record highs for both sales and income. AS ONE management has made further upward revisions to the new Medium-Term Management Plan and is taking on the challenge of achieving even higher goals. To meet the expectations of our shareholders, AS ONE is working together to fulfill our mission.

2 Meeting the expectations of company stakeholders

Outside Director Michiko Kanai

Disclosure rules and soft laws related to listed companies are updated almost every year, and new perspectives emerge. From a broad perspective, it has become increasingly important to increase corporate value in order to be able to meet the expectations of shareholders, employees, business partners, and other stakeholders. With this in mind, I want to speak proactively at Board of Directors meetings without limiting myself to compliance in the narrow sense.

Disclosure of wages for men and women will also be required this year. I want to support a path for women to become female executives so that everyone who works at AS ONE, not just women, can fully enjoy their work and work diligently.

3 Contributing to improving corporate value by applying experience cultivated in the IR domain

Outside Director Yumie Endo

I am humbled by the opportunity to take on the important role of an outside director. In an increasingly uncertain business environment, how can AS ONE increase its corporate value while providing value to society in the fields of science and medicine through its current Medium-Term Management Plan, PROJECT ONE ver.2.0, I want to make proposals based on the experience I have cultivated in the IR field. I also want to be of service to AS ONE by supporting employees as the company works to make diversity a strength in its human resource strategies, an important part of corporate growth.

4 Contributing to governance to support sales of 100 billion yen and beyond, and the future that lies beyond AS ONE's 100th anniversary

Outside Director (Full-time Audit and Supervisory Committee Member) Kazutaka Suzuki

For AS ONE, which strives to be a 100-year-old company with net sales of 100 billion yen, accelerating sustainable growth is the most important duty related to meeting the expectations of stakeholders. AS ONE has established a form of governance, including shifting to a company structure with an Audit and Supervisory Committee, establishing a Nomination and Compensation Committee, and appointing outside directors as more than half of all directors and appointing female directors. I recognize that Audit and Supervisory Committee Members and outside officers have an important role in building effective governance that goes beyond the surface. I will never compromise as I work to contribute to the company's growth and governance by engaging in lively discussions at Board of Directors meetings.

5 A highly profitable trading company that maintains an operating profit margin of 10% or more. Real debt-free operations and financial soundness

Outside Director (Audit and Supervisory Committee Member) Hideaki Mihara

AS ONE's Medium-Term Management Plan, PROJECT ONE ver.2.0, outlines very aggressive goals such as net sales of 106.6 billion yen. However, it is a well-thought-out plan within the company, and judging from past performance, I believe it is a highly feasible target. I will carefully listen to internal directors and executive officers about their efforts to address issues such as cost increases and strengthening/expanding logistics functions, and provide supervision and advice from an accounting perspective. I will also focus on improving corporate value through the effective use of capital.

6 Medium-Term Management Plan ver.2.0 and achieving continuous evolution moving forward

Outside Director (Audit and Supervisory Committee Member) Toshiki Hara

In May this year, AS ONE announced its revised Medium-Term Management Plan PROJECT ONE ver.2.0 outlining even higher revenue targets. Aiming to continuously improve corporate value, the company has a very ambitious yet balanced structure that maintains stable growth and high profitability, and looks ahead to the future. I believe this plan is appreciated by our the company's stakeholders. It goes without saying that a solid corporate governance system is the basis for achieving additional business expansion. As a business person, I will fully apply my audit and supervisory functions as a member of the Audit and Supervisory Committee while making the most of the knowledge that I have acquired over the years. I will rededicate myself to contributing to the realization of continuous evolution for AS ONE.



4 Outside Director (Full-time Audit and Supervisory Committee Member) Kazutaka Suzuki



5 Outside Director (Audit and Supervisory Committee Member) Hideaki Mihara



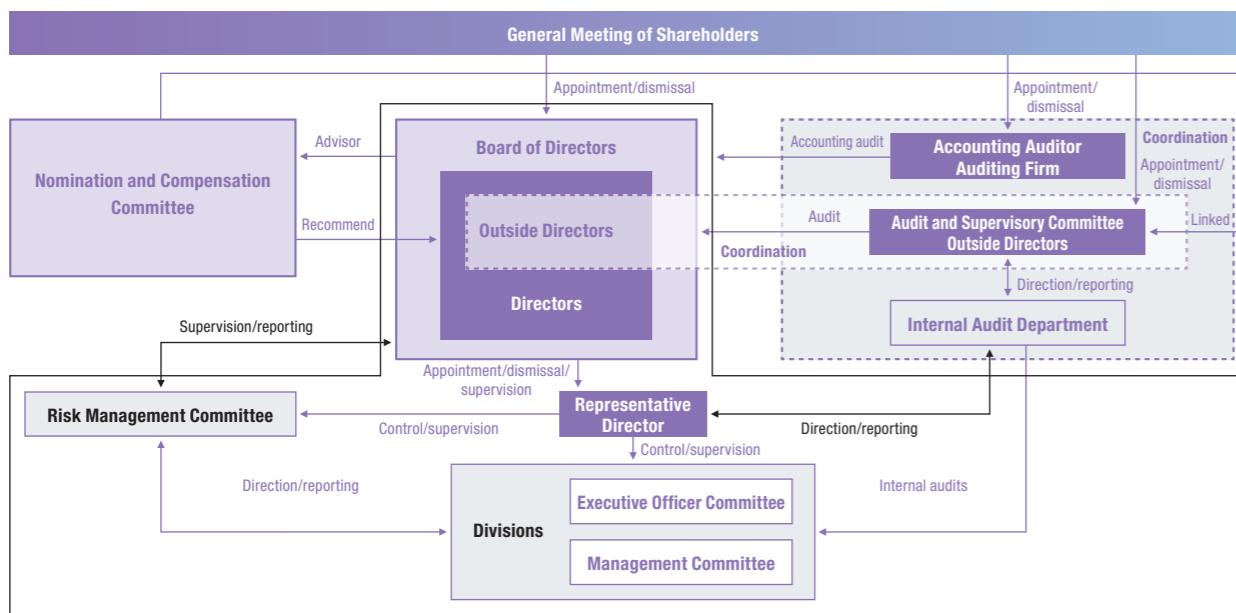
6 Outside Director (Audit and Supervisory Committee Member) Toshiki Hara

Corporate governance

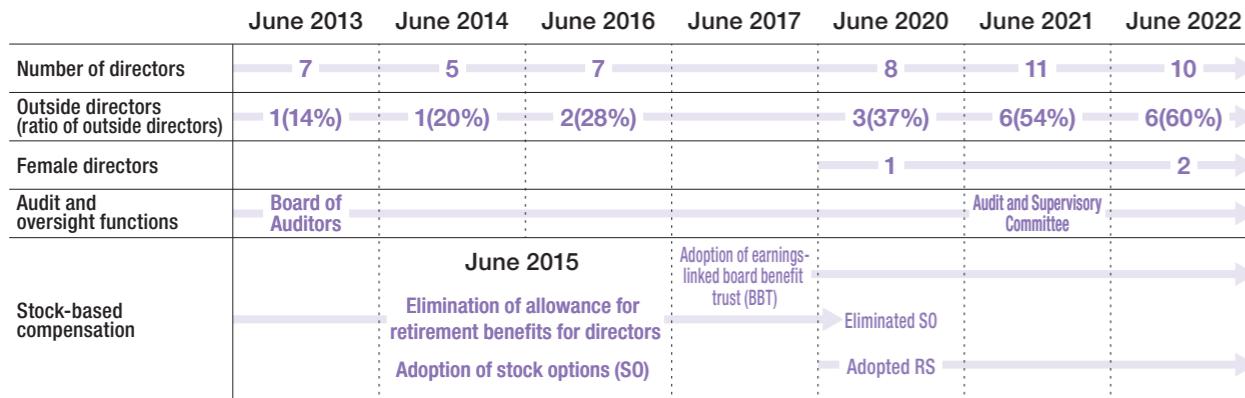
Governance



Corporate Governance Structure Map



Transitions in Corporate Governance Reform



Basic Approach

Our basic approach to corporate governance is to pursue management efficiency to maximize corporate value while also reinforcing corporate ethics and increasing management transparency to increase the trust we earn from all our stakeholders.

Corporate Governance System

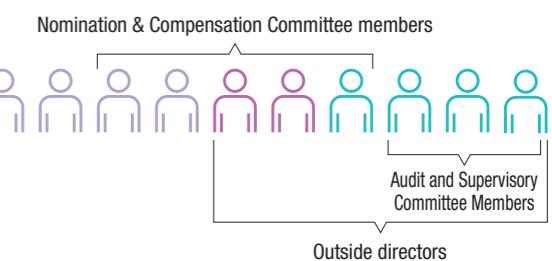
The adoption of this corporate governance structure strengthens oversight functions by making Audit and Supervisory Committee Members, the people responsible for the audit and oversight of business execution by directors, members of the Board of Directors. This strengthening of our monitoring functions will further enhance corporate governance and enable the broad consignment of business execution tasked to the Board of Directors to various directors. This shift will not only increase the speed of decision-making related to business execution, it will also allow the Board of Directors to focus on decisions related to critical management matters such as business plans. Overall, this shift will contribute to improvement in our corporate value.

We further enhanced corporate governance by establishing a Nomination and Compensation Committee to increase transparency for the evaluation and decision-making processes related to director nomination and compensation.

Board of Directors

The Board of Directors is comprised of 10 directors (of which, six are outside directors, including two female). The Board is responsible for making management decisions and monitoring business execution. We strengthen management monitoring functions by appointing outside directors with no interests in the Company. Board of Directors' meeting are held once per month and impromptu meetings are convened as necessary.

Directors -10 (of which,6 are outside directors)



The skill matrix after approval of Proposals 2 is as follows

Name	person in charge	Corporate management, Management strategy	Marketing/ Business development	IT	Logistics/ Purchases	Sales	Oversea	Management personnel/ Human resources development	Accounting/ Finance	Legal affairs, Risk	Internal control/ Governance	Experience in different industries
Takuji Iuchi		○	○	○	○	○	○			○	○	
Kazuhito Yamada	Sales Division	○	○	○	○	○	○			○	○	
Mitsuhige Kimura	Overseas Business Division	○				○	○	○	○	○	○	
Keisuke Nishikawa	Administration Division	○	○	○		○	○	○	○	○	○	
Kazuhiko Odaki							○		○	○	○	
Michiko Kanai							○		○	○	○	
Yumie Endo		○	○				○			○	○	
Directors who are not Audit and Supervisory Committee Members	Kazutaka Suzuki					○	○	○	○	○	○	
	Hideaki Mihara						○		○	○	○	
Directors who are Audit and Supervisory Committee Members	Toshiaki Hara		○	○	○	○	○	○	○	○	○	

Corporate executive officer

Name	person in charge	Corporate management, Management strategy	Marketing/ Business development	IT	Logistics/ Purchases	Sales	Oversea	Management personnel/ Human resources development	Accounting/ Finance	Legal affairs, Risk	Internal control/ Governance	Experience in different industries
Toru Kaneno	Specialized Business Division		○			○						○
Isamu Hayashi	AS ONE SHANGHAI Corporation	○	○			○	○					○
Masataka Maruhashi	Electronic Commerce Business Division		○	○		○						○
Tomohiro Fukuda	DX Development Division		○	○								○
Jun Machida	Supply Chain Management Division		○	○	○							○

Up to two skills that should be covered in particular are indicated with ○.

Corporate governance

Governance

Outside Directors' Role and Independence

AS ONE currently appoints six outside directors. All are registered with the Tokyo Stock Exchange as independent outside directors.

Number of the Company's shares held (100 shares)	Board of Directors Meeting Attendance	Business relationship with AS ONE and other special interests	Main background or concurrent positions
*As of the end of May 2022			*As of the end of March 2022
Outside Director Kazuhiko Odaki	1	14/14	Not applicable
Outside Director Michiko Kanai	3	14/14	Not applicable
Outside Director Yumie Endo	—	Newly appointed	Not applicable
Outside Director Kazutaka Suzuki	11	14/14	Not applicable
Outside Director Hideaki Mihara	4	14/14	Not applicable
Outside Director Toshiki Hara	1	14/14	Not applicable

Kazutaka Suzuki has worked at Resona Bank, Ltd., one of our transaction banks, and nine years have passed since he left the said bank. Similarly, Toshiki Hara is a former Executive Vice President of Resona Bank, Ltd. and a former Director of Resona Holdings, Inc., the parent company of Resona Bank, Ltd., and four years have passed since their respective retirements.

As of FYE 03/2022, the Group's total loan balance is 3.1 billion yen, which is 3.2% of total assets and approximately 16.6% of total cash and deposits, indicating we have a low debt dependence.

Furthermore, loans from the above bank were 1,220 million yen, roughly 1.3% of total assets, and loans from the above bank can be sufficiently substituted via other means of procurement.

Based on the above and the Criteria for Determining the Independence of Outside Directors outlined below, it is our judgement that there are no problems with the independent status of both Mr. Suzuki and Mr. Hara as outside directors, and there are no concerns of any conflicts of interest between general shareholders and the Company.

Reference: Criteria for Determining Independence of Outside Directors and Outside Auditors

In order to ensure objectivity and transparency necessary for proper governance of the Company, the Company considers it desirable for our outside directors to have as much independence as possible, and only if none of the following items apply to outside officers of the Company shall the Company consider them to be independent.

1. A person who does not fall under the requirements under the laws and regulations
2. A party to whom the Company or its subsidiaries (the "Group") is a principal business counterparty (which receives payment from the Group accounting for 2% or more of the annual consolidated net sales of the party in the most recent business year), or the parent company or a significant subsidiary thereof, or when such party is a company, executive director, executive, executive officer or, manager or other employee thereof
3. A party that is a principal business counterparty (except for those under item 4) of the Group (which made payments to the Group accounting for 2% or more of the annual consolidated net sales of the Group in the most recent business year), or the parent company or a significant subsidiary thereof, or when such party is a company, executive director, executive, executive officer or, manager or other employee thereof
4. Director, auditor, accounting advisor, executive, executive officer or, manager or other employee of a financial institution and other large account creditor that is indispensable to the funds procurement of the Group and on which the Group relies to the extent that there is no alternative, or the parent company or a significant subsidiary thereof
5. Consultant, accounting expert such as a certified public accountant, legal expert such as a lawyer, and other expert that has received 10 million yen or more in monies and other property per year in average for the past three years from the Group, in addition to compensation as officer
6. A party that receives a donation or a subsidy from the Group in an amount of 10 million yen or more per year from the Group
7. A major shareholder of the Company (that directly or indirectly holds 10% or more of the total voting rights) or if the major shareholder is a corporation, director, auditor, accounting advisor, executive, commissioner, executive officer or, manager or other employee of the relevant major shareholder or the parent company or a significant subsidiary thereof
8. Financial auditor of the Group or member, partner or employee of tax accounting firm of the Group
9. Director, auditor, accounting advisor, executive or executive officer of a company that accepts directors (irrespective of whether full-time or part-time) from the Group, or the parent company or a subsidiary thereof
10. Relative within the second degree of kinship of a director and auditor of the Group
11. A party that used to fall under any of 2 to 10 of the above in the most recent five years
12. Any other party that may have a conflict of interest with the overall general shareholders of the Company due to circumstances other than the reasons considered in items 2 through 11 above

Officer Compensation

The maximum amount of compensation for directors was determined at the 60th General Meeting of Shareholders held in June 2021. The appropriateness of officer compensation is then deliberated by the Nomination and Compensation Committee, which is comprised of a majority of independent outside directors, before a final decision is made by the Board of Directors.

The types of compensation consist of fixed compensation

	Monetary compensation		Non-monetary compensation	
	Fixed-compensation	Bonus	Board benefit trust	RS
Executive director	500 million yen	Up to 100 million yen	—	200 million yen for 5 years until FYE 03/2025 (maximum number of shares per year is 12,000)
Outside directors (excluding Audit and Supervisory Committee Members)	—	—	—	100 million yen per year (maximum number of shares per year is 30,000)
Directors who are Audit and Supervisory Committee Members	100 million yen	—	—	—
Executive director estimated remuneration ratio by type	60%	20%	—	20%

Bonuses are based on consolidated operating profit with a final decision made based on a comprehensive evaluation of dividends, employee bonus levels, trends among other companies, and medium- and long-term results and past payouts.

The board benefit trust (BBT) allocates points equivalent to stock based on stock benefit regulations outlined by the Company and condition to the achievement of net sales and operating profit goals set forth for each fiscal year plan of the Medium-Term Management Plan. Furthermore, if the Company achieves the goals of the Medium-Term

(cash), earnings-linked compensation (cash bonuses), earnings-linked non-monetary compensation in the form of a board benefit trust (BBT), and non-monetary share-based compensation subject to transfer restrictions (RS). Furthermore, outside directors and directors who are Audit and Supervisory Committee Members receive only fixed compensation.

Compensation limits are as indicated in the following table.

	Non-monetary compensation	
	Board benefit trust	RS
—	—	—
—	—	—
20%	—	—

Management Plan, PROJECT ONE, directors are allocated the initially scheduled points. If the goals of the upgraded PROJECT ONE ver.2.0 are achieved, then additional points will be added and allocated in two stages.

To promote objectivity and transparency, the Nomination and Compensation Committee are consulted in advance on specific individual remuneration ratio by type and compensation amounts, after which the Board of Directors votes to consign final decision-making to the President, who gives due respect to the recommendations of the Nomination and Compensation Committee.

Payment status for FYE 03/2022

(Unit: million yen)

	Total amount	Monetary compensation		Non-monetary compensation		Number of applicable people
		Fixed-compensation	Bonus	Board benefit trust	RS	
Directors (excluding outside directors)	238	128	68	15	25	5
Outside Auditors	5	5	—	—	—	3
Outside Directors	37	37	—	—	—	6
Total	280	171	68	15	25	11

At the Annual General Meeting of Shareholders on June 25, 2021, all Outside Auditors were appointed as Outside Directors who are Audit and Supervisory Committee Members.

The performance criteria used in the calculation of bonuses is operating profit. The performance criteria and earnings used as the basis for BBT calculations are as shown in the table to the right.

	Net sales	Operating profit
Full-year plan when formulating the Medium-Term Management Plan	77,600	7,830
Plan for initial fiscal year	82,770	9,290
Full-year operating results	86,954	9,341

Dialogue with Stakeholders

As is represented in our Company name, we strive to work as one with our users, dealers, and suppliers towards creating new value. Our Sales Division, Customer Support Division, and Purchasing Divisions take the lead in engaging in daily communication with these stakeholders to promote daily improvements.

The Public and Investor Relations Department works with

the Director in charge of the Administration Division and our President to facilitate communication with shareholders and investors. During FYE 03/2022, we held meetings with a total of more than 370 institutional investors. Recently, we are increasing engagement with ESG investors, which has enabled us to partake in valuable exchanges of opinion that we later reflect in management.

Corporate governance

Risk Management

Basic Approach

We engage in risk management based on the policies outlined in our Risk Management Regulations, which detail risk prevention measures for incidents with the potential to interrupt business operations and appropriate responses in the event a risk incident occurs. The Risk Management Committee, which is chaired by the President, serves as the entity in charge of risk management. This Committee holds regular monthly meetings, or as necessary in cases of an emergency, to monitor the status of risk management structure creation and reports on risk management activities received from business divisions. At least once every three months, the Committee issues reports to the Board of Directors on the status of risk management but issues a report immediately in the event of a serious incident.

Divisions work to ascertain, analyze, and assess latent risks in order to prevent risks before they occur. In accordance with Division Risk Management Parameters, we set a baseline amount calculated by multiplying ordinary profit plan figures by a specific coefficient. Any risks with an estimated impact exceeding the calculated amount are reported to the Risk Management Committee.

Major Risk Management Regulations

Risk Management Regulations
Information Security Regulations
Personal Information Handling Procedures
Regulations on Elimination of Anti-social Forces
Emergency Response Regulations
Compliance Manual
Other administrative regulations

Risk Management Structure Map



Information Security Management

AS ONE has over 4,000 suppliers, 4,700 dealers, and a customer base of researchers comprised of AXEL members and ocean users who rely on the timely order processing and shipment of the more than 6.3 million products we offer. To fulfill our commitment as a hub for research and medical supplies, we take full advantage of various IT systems. We also possess massive information assets ranging from digital information such as our product and price master databases to analog confidential information. We recognize that stable IT systems and the protection and management of our information assets are critical management issues.

We implement information security measures based on our Information Security Regulations and our Information Security Response Standards. Recent measures include adopting thin-client terminals for all employees as part of our telecommuting infrastructure development, the dispersal of our servers and establishment of redundant communication routes, and the implementation of multiple redundancies to protect against cyberattacks. We also are enhancing employee enlightenment activities. Moving forward, we will continue to strengthen our security based on an assumption of zero trust (nowhere is safe).

Compliance

Basic Policy

We created a compliance manual that we apply to all AS ONE directors and employees, and conduct planned education and training activities.

The Company deals severely with any director or employee in violation of these standards based on the principle of rewarding good work and punishing bad deeds.

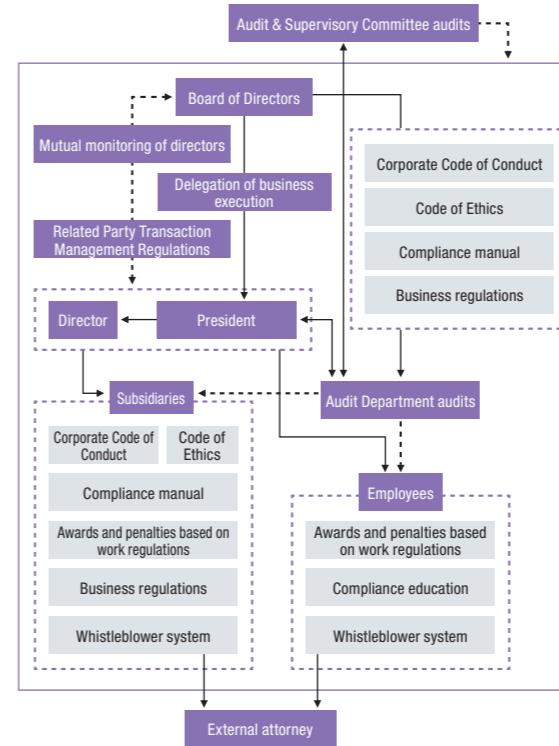
Compliance Structure

All matters related to compliance and implemented responses are shared with the Board of Directors and at other important meetings, after which we outline and implement response measures as needed.

We conduct regular compliance training for all employees to promote compliance awareness and practices.

In addition to the whistleblowing hotline established in the Internal Audit Department, we also added a whistleblowing hotline linked to an external attorney to increase whistleblower privacy.

Compliance Structure Map



Conduct Guidelines

AS ONE has created a corporate code of conduct to better reflect our management philosophy of Innovation and Creation and our management policy of pursuing customer satisfaction.

1 Ensure product and service quality and safety

We make every effort to earn customer trust and satisfaction by ensuring quality and safety to provide products and services with value. We also work continuously to improve that value.

2 Comply with laws and corporate ethics

We comply with relevant laws and corporate ethics to ensure legal and appropriate business practices.

3 Conduct fair trade

We do not allow unjust transaction restrictions or conduct transactions based on unfair methods.

4 Do not offer excessive gifts, entertainment, political contributions, or donations

We do not offer excessive gifts and entertainment. We comply with laws and do not make political contributions or donations deemed inappropriate by society.

5 Reject anti-social forces

We take an unwavering stance against anti-social forces or organizations that threaten social order or safety, and will never submit to or acquiesce such forces.

6 Ensure appropriate handling of personal information

We handle personal information and all other information legally and appropriately.

7 Provide appropriate information disclosure

We provide timely, appropriate information disclosure to customers, shareholders, investors, and all other stakeholders.

8 Act as a good member of society

All AS ONE directors and employees think about whether or not our actions are in line with rules to ensure we act as good members of society.

9 Respect employee creativity and individuality

We work to maintain a work environment that allows each employee to apply their unique creativity and individuality, and to promote a motivated and energetic approach to implementing our management philosophy and management policy.

10 Stop sexual harassment and power harassment

We will never accept or allow sexual harassment, power harassment, or any other forms of harassment.

11 Protect the environment

We maintain an awareness of our responsibilities as good corporate citizens, and work to maintain a balance of prosperity for human society while working tirelessly to protect and conserve a healthy global environment.

12 Respect human rights

We respect all human rights mandated by law and outlined in the Universal Declaration of Human Rights and international labor standards. We do not discriminate based on race, skin color, creed, religion, nationality, age, gender, or place of birth. We also do not accept or allow such discrimination.



Message from our Executive Officer in Charge of Finance

As our business continues to expand, we will continue to focus on improving profitability and shareholder returns.

Director and Executive Officer in Charge of Finance, Head of Administration Division, and Manager of Sustainability Management Office

Keisuke Nishikawa

FYE 3/2022 earnings and financial highlights

12th consecutive year of revenue growth driven by e-commerce

FYE 3/2022 net sales increased 6.6% year on year to 86.9 billion yen, and net income was 7.2 billion yen, both of which exceeded targets. This represents our 12th consecutive year of increased net sales, with net sales rising even further from the significant growth recorded during the previous fiscal year. A major factor behind this was a 14.5% increase in sales in the scientific sector, and a 9.1% increase in sales in the industrial sector. In particular, the e-commerce channels contributed to sales growth in both sectors. On the other hand, the medical sector was down 12.5% due to a correction from abnormally high demand in the previous fiscal year due to COVID-19.

Operating income decreased by 1.5% from FY2020. This was due to volatility in both the costs and market prices of some infection prevention products. Product prices rose sharply during the period when infections were spreading, but fell suddenly as infections trending towards subsiding. As a result, we were upside down on inventory costs versus sales prices, resulting in a decline in earnings. This is a limited phenomenon caused by specific circumstances occurring due to the market environment caused by COVID-19. We wrote off inventory in the second quarter and have since been able to resolve this phenomenon with the circulation of inventory.

Response during the two-year period of the COVID-19 pandemic

New business growth backed by financial soundness

In 2020, when the COVID-19 pandemic began, sales of infection prevention products in the Hospital and Nursing Care sectors drove earnings. In FY2021, we were concerned about a demand correction but, as mentioned above, sales in the Scientific and Industrial sectors replaced the Hospital and Nursing Care sector as a driver of sales.

Also contributing to favorable performance was having built a structure capable of adequately responding to demand for infection prevention products, even during the COVID-19 pandemic, due to the inventory capacity provided by the Smart DC, our existing large-scale distribution center. During the two years of the COVID-19 pandemic, we benefited from sharing a company-wide sense of urgency while proactively engaging in initiatives.

As for financial topics, we secured 5 billion yen in loans at the beginning of FY2020, at the onset of the COVID-19 pandemic, to address the lack of transparency about the future. In the end, we did not encounter any situations requiring the use of borrowed capital. Our fundamental business is the purchasing and sales of products. Considering our collection period from sellers, we anticipate requiring roughly 20 billion yen in cash on hand, which is equivalent to approximately three months of

sales. Based on this estimate and our financial situation, I believe we are in a sound financial position.

Additionally, as a topic during the COVID-19 pandemic, we recorded impairment losses on goodwill related to shares of subsidiaries in FY2020. During that fiscal year, we achieved increased profit despite having recorded impairment losses, and we have already eliminated matters of concern related to our balance sheet.

FYE 3/2023 Issues and Initiatives [1]

Adopting a non-ownership business model for our new logistics center

Supply chains have been in turmoil due to lockdowns in China in response to COVID-19 and the situation in Ukraine. While we are struggling to procure some products, as we have taken adequate financial measures, we believe that the impact of this disruption on performance will be limited. Although freight and warehousing fees increased by about 12% from the previous fiscal year to roughly 500 million yen, overall SG&A expenses increased by only 1% from the previous fiscal year thanks to efforts to control activity costs associated with sales activities and marketing expenses.

Most recently, we have been receiving continuous requests from suppliers to accept price increases due to rising raw material and fuel prices, as well as rising logistics costs, including marine transport rates. Another point of concern is the foreign currency rate trend caused by yen depreciation. The products we offer are highly specialized and are not products that can necessarily be procured easily. As such, so these products have the advantage of being less susceptible to price fluctuations compared to general consumer goods. As such, the impact on profitability will be limited. We will continue to conduct flexible pricing in order to respond appropriately to inflation.

One potential financial issue would be the need to strengthen our distribution centers without lowering capital efficiency throughout efforts to expand business. Logistics centers, which serve as shipping hubs, will require new capabilities to cope with increased distribution volume. In other words, centers will need to adapt to sales growth. To address this issue, in addition to the existing Osaka logistics center, we are planning to enable integrated logistics operations by establishing a new logistics center nearby to create what will work together as the Osaka Twin DC. This concept will expand our logistics infrastructure to allow for 1.5 times more shipping volume and increase total floor space in Kansai by 2.5 times, enabling us to respond to sales expansion.

However, in the current market with prices for land and building materials soaring, ownership requires a major investment. Also, simply increasing the number of new logistics centers will result in the same fixed cost ratio relative to sales. Therefore, to establish a circular economy, we chose an existing rental property, including material handling, rather than aiming for outright ownership.

While the Smart DC we opened in Chiba Prefecture in fiscal 2020 is a rental property, we invested approximately 4.5 billion yen in the material handling equipment necessary

to enable automation in the facility. We are planning on a rental framework for the new logistics center, including material handling equipment. Through the non-ownership business model we are pursuing, we believe we can optimize logistics and improve our capital efficiency.

FYE 3/2023 Issues and Initiatives [2]

Visualizing supplier inventory to optimize inventory retention

One more point about improving capital efficiency relates to initiatives to optimize inventory retention. We are working on the visualization of supplier inventory to strengthen our creation of a product database. We are able to provide customers with information on the equivalent of roughly 30 billion yen in Supplier inventory, which is nearly four times the monetary value of the 8 billion yen in inventory we retain at any given time. I believe this demonstrates the scale of supplier inventory for which we are providing visualization. Customers can rest assured that they will be able to obtain ordered products in roughly 2-3 days because they know that there is available inventory somewhere in Japan.

And since we can accurately grasp the sales performance of products ordered from visualized virtual inventory, we can increase the inventory of popular products at our logistics centers in real time, which enables shorter delivery times for customers. This structure is efficient because we stock products that are likely to sell, which in turn reduces our risk of defective inventory. We believe that this will enable us to minimize cash outflow and increase cash inflow.

Earnings for FY2022 were as follows: net sales of 92.1 billion yen (up 5.9% year-on-year), operating profit of 10.0 billion yen (up 7.2% year-on-year), and net income of 7.1 billion yen (down 1.7% year-on-year).

The Scientific sector is seeing continued growth in R&D demand. In particular, we will increase sales through a combination of e-commerce, product selection, and services. In the Industrial sector, although the sector is experiencing stagnant parts supply in certain industries, the semiconductor industry continues to operate at high levels. In the Hospital and Nursing Care sector, we anticipate a correction from high demand driven by the COVID-19 pandemic. However, we expect general medical examinations and surgeries to resume from the second half of fiscal 2022, so we plan to aim for organic growth in areas other than demand related to COVID-19.

As for operating profit, we are aiming to reach 10 billion yen for the first time in fiscal 2021, as the decline in the profitability of infection prevention products is gradually improving. We forecast net income will decline slightly due to having recorded gains on the sale of certain real estate and investment securities during the previous fiscal year.

Medium-Term Management Plan status and forecast

Raise sales targets and strategically implement growth investments

At present, two years since the start of the Medium-Term Management Plan "PROJECT ONE" (hereafter referred to as the Medium-Term Plan), progress is going extremely well. Looking at each the product channel, the Scientific sector increased by 12%, Industrial by 2.6%, and the Hospital and Nursing Care by 21%. Looking at each sales channel, e-commerce channels are up by 17% compared to initial plans, and catalogs and other sales channels other than e-commerce are up by 10%. In May 2022, we revised the Medium-Term Plan and revised our sales target for FYE 3/2025 upward from 100.0 billion yen to 106.6 billion yen as part of PROJECT ONE ver.2.0.

Our product selection has also expanded beyond initial plans. When we first drafted the Medium-Term Plan two years ago, our product selection was 4.2 million items. However, by the end of FYE 3/2022, this had increased significantly to 6.3 million items. In the original Medium-Term Plan, we outlined a goal of 7 million items by the end of the FYE 3/2025, but we have revised our target upwards to 10 million items. Additionally, in the services sector, we plan to further expand our service menu with a particular focus on rental and calibration services.

One financial issue is further constraining SG&A expenses. On this issue, I think we can reduce our fixed cost ratio by improving logistics efficiency. I think that the Osaka Twin DC concept will contribute to this area. Property rent is a fixed cost, but we will lower our fixed cost ratio by achieving additional sales growth. We will also establish an efficient logistics infrastructure unique to AS ONE through measures that include the visualization of supplier inventory. Furthermore, we will work to curb SG&A expenses from our e-commerce business. The SG&A expense ratio for e-commerce is about 2 percentage points lower than for other sales channels such as catalogs. We project that increasing the ratio of e-commerce sales will enable us to further constrain our SG&A expense ratio.

We will strategically conduct growth investments. For IT and logistics, we are forecasting 4.5 billion yen over a three-year period. We also plan to allocate up to 5 billion yen for M&A. The amount invested in the Osaka Twin DC concept will be small, in part because it is a business

model based on rental. We will continue to prioritize growth investments in EC, logistics, and IT, including M&A. Regarding depreciation, we forecast that our depreciation burden related to material handling for the Smart DC mentioned above will decrease by about 100 million yen annually for the time being.

Policy on shareholder returns, human capital, etc.

We will continue striving to be a company that is attractive to investors.

Moving forward, as part of our financial strategy, we will engage in management that places greater emphasis on cost of capital. We will implement shareholder returns while working to secure an appropriate amount of internal retention. In the revised Medium-Term Plan, we forecast that both ROE and ROIC will decline slightly from the previous plan. However, but will be a temporary phenomenon and we will aim for improvement over the medium to long term.

Regarding shareholder returns in FY2022, in addition to a dividend payout ratio equivalent to 50% of base profit, we have announced that we will conduct share buybacks targeting 10% of net income. However, due to the large changes impacting the environment for the three-year period of the revised Medium-Term Plan, we will reevaluate our policy each fiscal year.

To support sustainable growth, we place great importance on investments in human capital. In particular, as part of diversity and inclusion, we are focusing on promoting the active participation of female employees. In addition to expanding these efforts, we are also actively supporting leader development training and dispatching employees to graduate schools. Moving forward, we will work to establish the systems, growth opportunity support, and office environments that will make the company an even more pleasant place to work, regardless of attributes such as gender.

We will continue to achieve stable growth and work to be even greater financial soundness as we aim to be a company that is highly evaluated by investors. We ask for your continued support.

Conduct strategic capital allocation		Policy of allocating equal funds to investment targeting future growth and shareholder
Cash generated	Cash flows from operating activities	At least ¥21,000 million
	Sales of securities	At least ¥4,500 million
	Capital investment	At least ¥5,000 million
	M&A and alliances	¥11,500 million* plus
	Shareholder returns	Discretionary performance of share buybacks

*Dividend standard profits of 50%. The base profit is the profit attributable to owners of the parent minus the impact of extraordinary gains and losses.

Overview of Consolidated Statement of Income (Unit: million yen)

Net sales	FYE 03/2022	86,954 (+5,347)
	FYE 03/2021	81,606
Operating profit	FYE 03/2022	9,341 (-549)
	FYE 03/2021	9,891
Ordinary profit	FYE 03/2022	9,568 (-626)
	FYE 03/2021	10,195
Profit attributable to owners of the parent company	FYE 03/2022	7,202 (+1,214)
	FYE 03/2021	5,988

POINT!

Turbulence in purchase and sales prices occurred across accounting periods due to COVID-19

In the second half of FYE 03/2021, purchase and sales prices rose sharply (gross profit margin also rose) due to excessive demand for some infection prevention products. On the other hand, in FYE 03/2022, supply returned to normal, and purchase and sales prices rapidly returned to previous levels. Gross margin increased in the second half of FYE 03/2021 and decreased in FYE 03/2022, as the change in the moving average cost of inventory lagged behind changes in purchase prices. Normally, there are no product groups that are significantly affected by such market conditions, so this is a transient phenomenon. By the end of the fiscal year, the deterioration in profitability was largely resolved.

Overview of the Consolidated Balance Sheet (Unit: million yen)

Total assets	94,225	Total assets	96,105	Total liabilities and net assets	96,105	
Current assets	58,721	Current assets	59,904	Current liabilities	25,596	
Property, plant and equipment	8,935	Property, plant and equipment	8,091	Non-current liabilities	5,867	
Intangible assets	1,518	Intangible assets	1,550			
Investments and other assets	25,048	Investments and other assets	26,558			
Non-current assets	35,503	Non-current assets	36,200	Shareholders' equity ratio	66.5%	
				Net assets	62,761	
					Shareholders' equity ratio	68.7%

End of FYE 03/2021 FYE 03/2022 year-end

End of FYE 03/2021 FYE 03/2022 year-end

Analysis of operating profit increase/decrease factors

	Increase/decrease factors	Profit impact amount (billion yen)
Gross profit	Increase in net sales	+1.7 Increased by 6.6%
	Fluctuations in cost margin for certain products	-2.0 Decline in profitability of certain infection prevention products, which increased rapidly
	Valuation loss on inventory value	-0.1 in price last year as demand increased
SG&A expenses	Increase in cost of shipping and warehousing	-0.5 Fluctuation in sales + Cost of test runs to determine optimal operation of automated equipment
	Increase in personnel expenses	-0.1 Average number of employees during the fiscal year: +17
	Eliminated one-time expenses for logistics facility relocation	+0.2 One-time expenses for Smart DC logistics facility opened in May last year
	Elimination of goodwill	+0.1 Lump-sum depreciation at end of previous fiscal year
	Decrease in other SG&A	+0.2 Warehouse space adjustments, etc.
Increased profit factors/decreased profit factors	Decreased profit factors -2.7	Increased profit factors +2.2 -0.5 Second highest operating profit amount ever

Eleven-Year Consolidated Financial Summary

Fiscal year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021
	*1 (Unit: million yen) (Unit: USD 1,000)											
Financial results												
Net sales	47,204	48,128	51,192	52,041	53,576	55,947	60,959	66,733	70,389	81,606	86,954	712,739
Scientific	27,385	27,631	29,755	30,158	31,205	32,355	35,293	38,917	41,072	44,745	23,091	189,276
Industrial	9,846	9,439	9,849	10,376	11,210	12,170	13,649	14,727	15,116	15,391	8,039	65,897
Hospital and Nursing Care	9,972	11,057	11,587	11,507	11,160	11,421	12,017	12,662	13,779	21,049	9,085	74,474
Other	—	—	—	—	—	—	—	425	421	420	245	2,010
Gross profit	14,581	14,620	15,301	15,493	16,151	16,900	18,429	20,618	21,949	25,927	25,544	209,380
Selling, general and administrative expenses	8,879	9,319	9,382	9,509	10,307	10,806	11,832	13,055	13,398	16,035	16,202	132,808
Operating profit	5,701	5,300	5,919	5,984	5,843	6,093	6,596	7,562	8,550	9,891	9,341	76,572
EBITDA *2	6,391	6,147	6,761	6,892	6,673	7,049	7,391	8,446	9,457	11,515	10,991	90,093
Ordinary profit	5,102	5,260	5,928	6,157	5,990	6,306	6,843	7,751	8,822	10,195	9,568	78,434
Profit before income taxes	5,117	5,260	5,911	6,157	6,012	6,149	6,843	7,751	8,746	8,941	10,454	85,693
Profit attributable to owners of the parent company	2,855	3,209	3,587	3,869	3,878	4,212	4,684	5,264	5,966	5,988	7,202	59,040
Capital expenditures	1,328	354	268	563	653	1,059	1,838	1,190	4,503	2,112	1,098	9,005
Depreciation	920	1,043	1,013	1,055	958	1,012	870	838	872	1,614	1,724	14,131
Financial position as at the end of the fiscal year												
Total assets	60,819	61,775	64,460	66,668	69,614	70,986	77,831	78,773	81,520	94,225	96,105	787,746
Net assets	36,880	39,681	42,660	45,850	48,614	50,169	52,467	53,252	56,493	62,761	66,154	542,249
Net cash *3	8,632	11,414	14,921	12,092	12,033	14,078	12,361	10,666	9,974	5,356	15,617	128,016
Cash flow												
Cash flow from operating activities	4,570	3,244	5,268	3,171	5,303	4,731	3,037	5,791	6,312	5,381	8,840	72,459
Cash flow from investing activities	(9,605)	1,702	1,141	(5,511)	(2,181)	(1,923)	3,354	(448)	(3,457)	(2,116)	591	4,846
Cash flow from financing activities	(4,446)	(1,695)	(3,728)	(2,424)	(2,579)	(3,548)	(4,626)	(5,051)	(2,873)	11	(5,162)	(42,320)
Net increase (decrease) in cash and cash equivalents	(9,941)	3,287	2,781	(4,737)	530	(756)	1,769	265	(32)	3,271	4,371	35,831
Cash and cash equivalents at the end of the period	3,677	6,965	9,746	5,008	5,538	4,781	6,551	6,816	6,784	10,056	14,427	118,262
Per share information (unit: yen)												
Profit	149.00	167.50	187.18	201.91	202.41	220.89	249.06	282.00	319.60	320.57	192.68 *7	1.58
Net assets	1,924.44	2,070.65	2,226.15	2,392.65	2,536.98	2,637.91	2,810.73	2,852.74	3,026.35	3,358.63	1,769.44 *7	14.50
Dividend per share	45.00	60.00	66.00	71.00	101.00	110.00	125.00	141.00	160.00	161.00	97.00 *7	0.80
Financial indicators												
Operating profit margin (%)	12.1%	11.0%	11.6%	11.5%	10.9%	10.9%	10.8%	11.3%	12.1%	12.1%	10.7%	
ROA (%) *4	4.7%	5.2%	5.7%	5.9%	5.7%	6.0%	6.3%	6.7%	7.4%	6.8%	7.6%	
ROE (%) *5	8.0%	8.4%	8.7%	8.8%	8.2%	8.5%	9.2%	10.0%	10.9%	10.1%	11.2%	
Shareholders' equity ratio (%)	60.6%	64.2%	66.2%	68.8%	69.8%	70.6%	67.0%	67.5%	69.2%	66.5%	68.7%	
Dividend payout ratio (%)	30.2%	35.8%	35.3%	35.2%	49.9%	49.8%	50.2%	50.0%	50.1%	50.2%	50.3%	
Other indicators												
Number of shares outstanding (1,000 shares)	20,688	20,688	20,688	20,688	20,688	20,688	20,688	20,688	20,688	20,688	41,376 *7	
Number of treasury shares at the end of the period (1,000 shares)	1,524	1,524	1,524	1,525	1,525	1,669	2,021	2,021 *6	2,021 *6	2,001 *6	3,989 *6 *7	
Foreign shareholding ratio (%)	25.8%	25.6%	34.1%	34.6%	32.5%	30.9%	30.9%	29.1%	31.1%	29.1%	31.4%	
Number of employees	419	421	424	449	463	485	527	557	585	631	648	

*1. To enable ease for readers, US dollar amounts are converted to Japanese yen at a rate of USD 1/122 yen, the currency approximate conversion rate for March 31, 2022.

*2. EBITDA = Operating profit + Depreciation - Depreciation in non-operating expenses + Amortization of goodwill

*3. Net cash = Cash and deposits - Short-term loans payable - Long-term loans payable

*4. ROA = Profit attributable to owners of the parent company/Total assets (average at the beginning and the end of the fiscal year)

*5. ROE = Profit attributable to owners of the parent company/Shareholders' equity (average at the beginning and the end of fiscal year)

*6. Includes Company shares owned by Custody Bank of Japan, Ltd. (trust account) as trust assets for a stock benefit trust (for directors) and stock benefit type ESOP trust.

*7. On January 1, 2022, we conducted a 2-for-1 stock split. Per-share information indicated as if the split were conducted on April 1, 2021.

Stock Information

Stock Status (as of March 31, 2022)

Total number of issuable shares:	88,000,000 shares
Total number of issued shares:	41,376,270 shares
Number of shareholders:	6,067

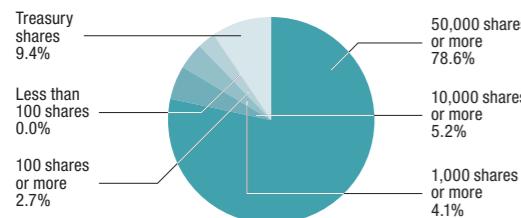
Major Shareholders

Shareholder name	Number of shares held (thousand shares)	Shareholding ratio
Iuchi Seieido Co., Ltd.	5,183	13.8%
The Master Trust Bank of Japan, Ltd. (trust account)	4,922	13.1%
Resona Bank, Limited	1,852	4.9%
SSBTC CLIENT OMNIBUS ACCOUNT	1,778	4.7%
Custody Bank of Japan, Ltd. (trust account)	1,682	4.5%

*The shareholding ratio is calculated by deducting treasury stock from the total number of issued shares.

Stock Distribution Status (as of March 31, 2022)

Share Distribution by Number of Shares Held



ESG Rating

AS ONE stock was added to the MSCI Japan ESG Select Leaders Index, one of the ESG indexes chosen by the Government Pension Investment Fund (GPIF) when making investments based on a company's ESG status (ESG = environment, society, and governance). As of June 2022, our ESG rating as ranked by MSCI is "AA".

MSCI Japan ESG Select Leaders Index
<https://www.msci.com/msci-japan-esg-select-leaders-index-jp>



CCC B BB BBB A AA AAA

MSCI ESG RATINGS

AA

MSCI ESG RATINGS