



# AS ONE REPORT 2021

Integrated Report



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[ Management Philosophy ]

# Innovation and Creation

- Forever a company taking on challenges with the frontier spirit -

AS ONE embraces the management philosophy of Innovation and Creation. Under this philosophy, we engage in our never-ending pursuit of change with a positive attitude and a constant desire for improvement.

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.

To succeed in a constantly changing market, we walk in stride with our users, dealers, and suppliers towards creating new kinds of value.

### 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.

### Scope of application and target period

Target period: FYE 03/2021 (April 1, 2020 to March 31, 2021)  
Also contains partial report on FYE 03/2022.  
Scope of application: AS ONE Group  
Also include certain nonconsolidated information for AS ONE.

### 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"

### 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.

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# Our Growth Trajectory Since 1933

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

1933



Iuchi Seieido Store founded by our first president Morichi Iuchi in 'Osaka's glassmaking district.'

1963



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

1982



At our dedicated clean room glove factory in the USA

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

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, to begin full-scale engagement in hospital and nursing sector.

1990



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

2001



Listed in the first sections of the Tokyo Stock Exchange and the Osaka Securities Exchange. Renamed AS ONE CORPORATION

2015



Launched our medium-term management plan "PROJECT NANA" Aiming for net sales of 70bn yen in FYE 03/2021.

1995



Registered on the over-the-counter market of the Japan Securities Dealers Association.

2007



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

2020



Started operations at "Smart DC", our new logistics center featuring advanced logistics equipment and functions.

March 2001  
Listed on the First Section of the Tokyo Stock Exchange  
August 2001  
Renamed AS ONE CORPORATION

April 1993  
Published first general industrial instruments catalog

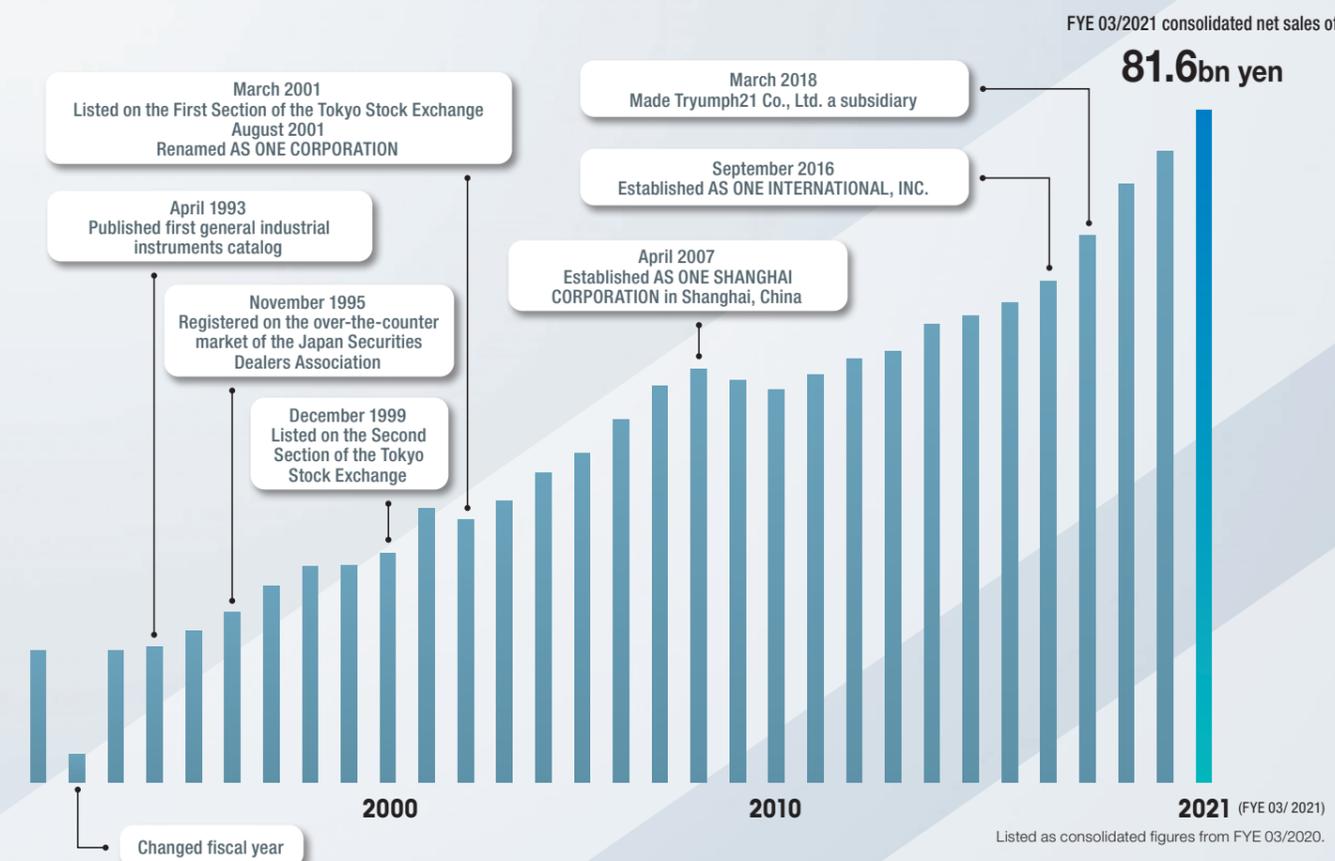
November 1995  
Registered on the over-the-counter market of the Japan Securities Dealers Association

December 1999  
Listed on the Second Section of the Tokyo Stock Exchange

March 2018  
Made Triumph21 Co., Ltd. a subsidiary

September 2016  
Established AS ONE INTERNATIONAL, INC.

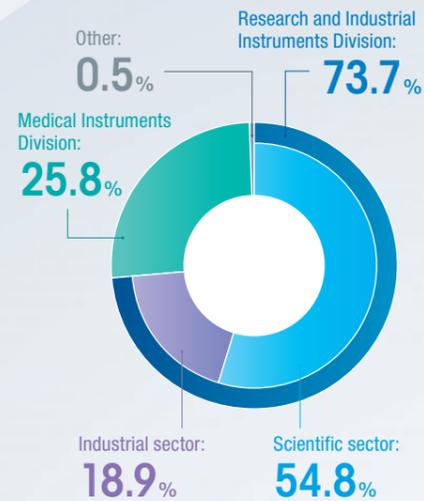
April 2007  
Established AS ONE SHANGHAI CORPORATION in Shanghai, China



Listed as consolidated figures from FYE 03/2020.

# Expanding Sales in Each Sector amid the Pandemic

AS ONE continued its trend of record earnings FYE 03/2021, achieving record highs in net sales for an 11th consecutive year, operating profit for a 5th consecutive year, and net income for a 10th consecutive year. In the Scientific sector, sales grew for internet and other EC channels. In the Industrial sector, sales of products for clean rooms were firm. In the Medical Instruments Division, we recorded significant growth due to demand from medical institutions responding to COVID-19.



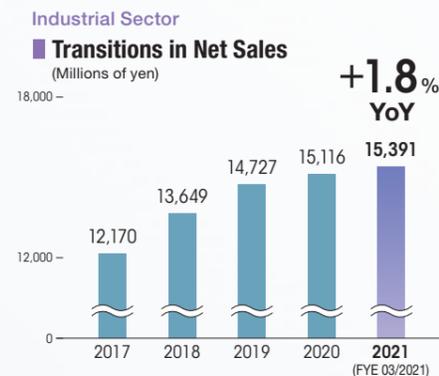
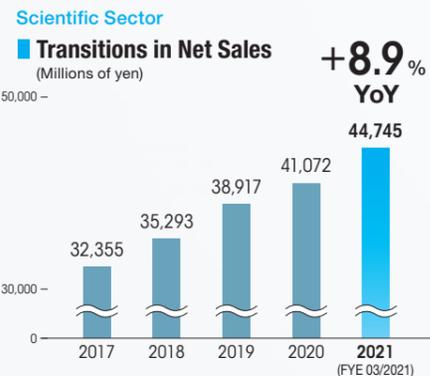
## Research and Industrial Instruments Division



The scientific sector covers universities, research institutions, and corporate research divisions. During the first emergency declaration, demand slumped temporarily after government measures that included stay-at-home orders. Following the lifting of the emergency declaration, the market shifted towards a recovery trend and we saw strong demand for a wide range of products including analysis equipment, microbe analysis equipment, research equipment, and gloves for clean rooms. As a result, sector net sales grew to 44,745 million yen (up 8.9% YoY).

The Industrial sector, which covers mainly manufacturing facilities, also saw a decline in demand during the emergency declaration and demand remained sluggish even after the declaration was lifted due to the slow resumption of production activities. However, from October onward, demand began to recover for clean room products and other product categories. As a result, sector net sales grew to 15,391 million yen (up 1.8% YoY).

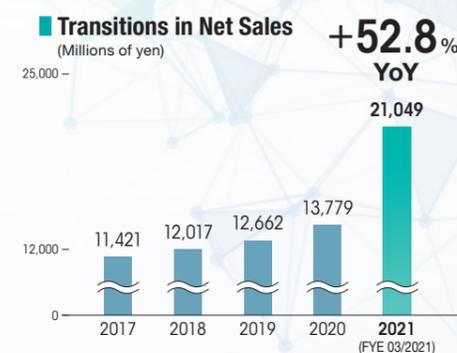
Overall, Division net sales were 60,137 million yen (up 7.0% YoY).



## Medical Instruments Division



The Medical Instruments Division, which covers medical institutions and nursing care facilities, saw widespread demand for various products driven by the standardization of COVID-19 measures in medical workplaces. These products ranged from masks, gloves and other infection prevention consumables to non-contact thermometers and other instruments for measuring vital signs, safety cabinets, and medical waste disposal containers. In Japan, we benefited from achieving rapid and stable procurement in certain areas amid an environment of supply shortages, which led to increased support from our customers. As a result, Division net sales increased significantly to 21,049 million yen (up 52.8% YoY).



Other: 400 million yen  
System usage fees for web purchasing proxy service by Triumph21.



### 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.



### SANQ - 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.



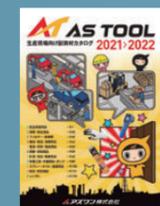
### Navis Nursing and Medical General Catalog

It provides essential equipment and consumables for medical sites with about 32,500 items.

First issued in 1985, the current edition is the 19th edition.



### SANIFOODS Food Inspection and Sanitary Management Product Catalog



### AS TOOL Catalog of Products for Factories



### NAVIS Nursing Facility Catalog



### Laboratory Catalog



### ASSRE Research Systems Catalog



### ASPURE Clean Environment and Anti-Static Catalog



### Chinese-language catalog for research and industrial products



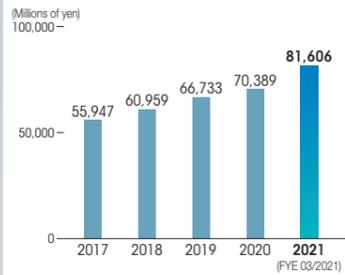
### AXEL



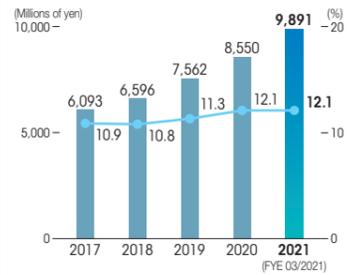
### AXEL GLOBAL

## Financial Highlights

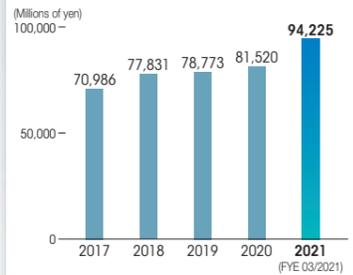
**Net Sales**  
**81,606** million yen



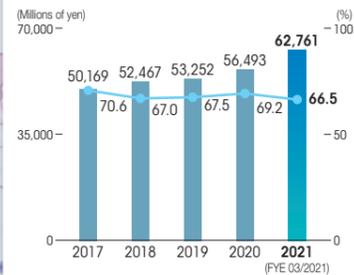
**Operating Profit/ Operating Profit Margin**  
**9,891** million yen **12.1%**



**Total Assets**  
**94,225** million yen



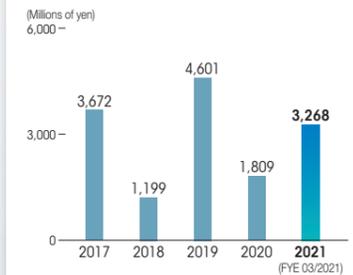
**Shareholders' Equity/ Shareholders' Equity Ratio**  
**62,761** million yen **66.5%**



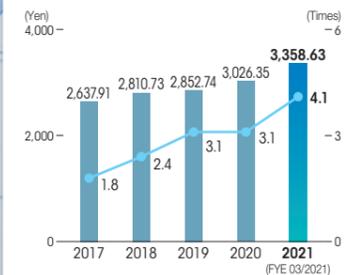
**Return on Equity (ROE)** **10.1%**  
**Return on Assets (ROA)** **6.8%**



**Free Cash Flow**  
**3,268** million yen



**Net Assets per Share/PBR**  
**3,358.63** yen **4.1** times



**Net Income per Share/PER**  
**320.57** yen **43.4** times



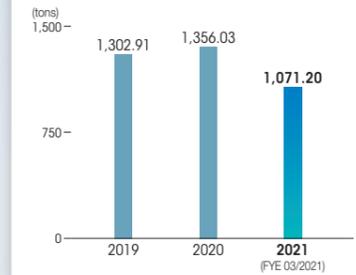
**Dividend per Share/ Dividend Payout Ratio**  
**161** yen **50.2%**



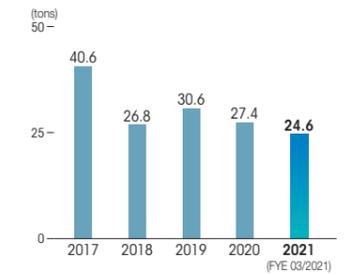
## Non-Financial Highlights

\*Nonconsolidated figures.

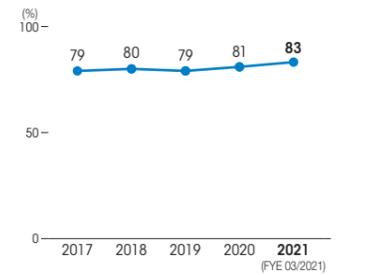
**CO<sub>2</sub> Emissions (Scopes 1 and 2)**  
**1,071.20** tons



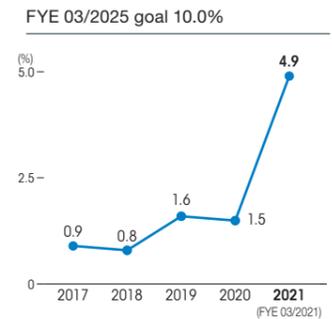
**Waste Volume (Osaka)**  
**24.6** tons



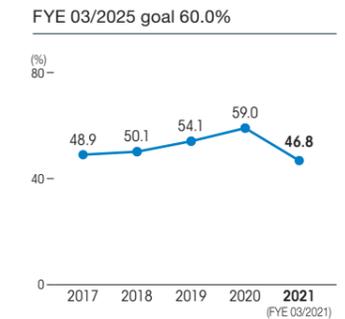
**Waste Recycling Rate (Osaka)**  
**83%**



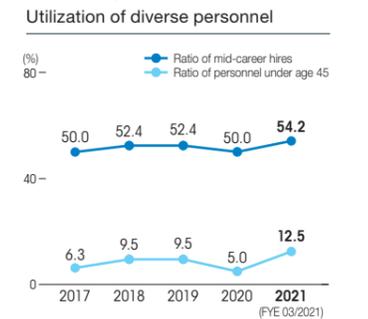
**Ratio of Female Managers**  
**4.9%**



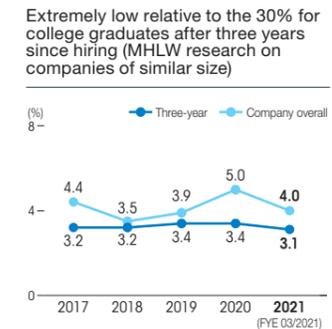
**Rate of Paid Leave Use**  
**46.8%**



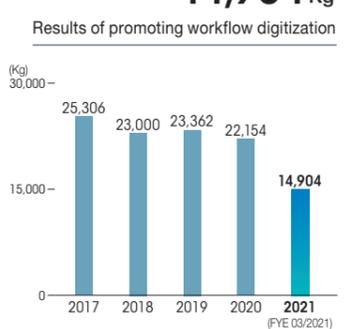
**Ratio of Mid-career Hires for Management Personnel** **54.2%**  
**Ratio of Personnel Under Age 45** **12.5%**



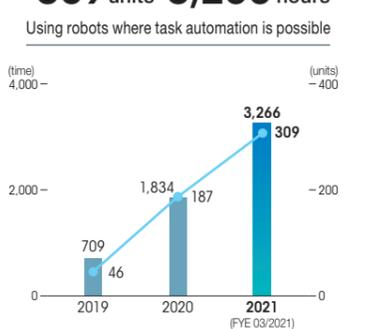
**Rate of Turnover After Three Years of Hire** **3.1%**  
**Total Rate of Turnover** **4.0%**



**Paper Use**  
**14,904** Kg



**Number of RPA Robots and Time Reduction**  
**309** units **3,266** hours



## Top Message

# We have achieved sustainable growth for over 90 years by striving to exist as an entity that is needed by society.

President

**Takuji Iuchi**

## Unified Commitment to the Stable Pursuit of Medical Products

I would like to first convey my sincere condolences to the patients and loved ones of people impacted by COVID-19. I also want to take this opportunity to express my deepest gratitude to the medical professionals and so many others who have worked tirelessly to prevent the spread of the virus.

During FYE 03/2021, our company engaged in a unified effort to ensure the stable provision of infection prevention equipment and other medical supplies in order to avoid disruptions to the work of medical professionals working amid such difficult conditions in medical and nursing care institutions. In the research, production, and industrial sectors as well, we worked to overcome conditions caused by COVID-19 to ensure the timely delivery of the products needed by various workforces.

In reality, while there were times when we struggled with the procurement of masks and other equipment, we were relatively successful in providing a stable supply of equipment, including overseas products. This success is owed to our long history of trust-based relationships with our suppliers. Throughout the pandemic, we have received cooperation in various forms, with

customers telling us “There is a future in maintaining transactions with AS ONE.”

Despite facing numerous unexpected circumstances over the past year, we were able to focus on business continuity and reducing the risk of infection. Through these efforts, we were able to fulfill our mission of being a reliable partner for our customers. Fulfilling our product supplier responsibilities, no matter the circumstances, while continuously pursuing earnings improvements. As a result of this commitment, for FYE 03/2021 we succeeded in recording our 11th consecutive year of increased net sales. And despite January forecasts calling for decreased income, we were able to record our 10th consecutive year of increased operating profit.

## Creating New Value Through Our Management Philosophy of Innovation and Creation

Our ability to secure earnings amid the difficult operating environment caused by the pandemic is in part due to our success in advancing workflow

digitization over the past few years. As a part of workstyle reforms, we worked to establish an environment that allowed us to work from anywhere. To realize this goal, we supplied workers with thin-client notebook computers that do not store files or software on the device itself. This enabled us to establish a telecommuting framework while ensuring data security. This effort turned out to be a major benefit when implementing our business continuity plan (BCP) in response to the COVID-19 pandemic.

Our new distribution center, Smart DC, which launched full-scale operations last year, provided twice the warehousing capacity of our previous center. Having been able to establish sound distribution functions has been of great benefit during the pandemic.

These initiatives are the embodiment of Innovation and Creation, the management philosophy we have embraced since our founding. In a time when it was still rare to have computers in company offices, despite still being a small business we installed host computers to promote workflow efficiency. Our success today is built on such initiatives, which served as a platform that has enabled us to respond to societal issues and address the problems facing our customers.

We also have emphasized developing a corporate

culture that embraces originality and ingenuity. We engage in brainstorming, which we refer to as serious small talk, where we introduce various ideas born from creative thinking. And we immediately act on ideas we view as feasible. Not every endeavor is a success. However, what is important to us is that we have fun engaging in a unified effort. That is the secret to our success. And even when our efforts result in temporary failure, our commitment to the continued challenge leads to the creation of new value.

For example, we are working on workflow optimization by adopting robotic process automation (RPA). This initiative began with junior members of the IT Division taking the lead in development. Due to their success in producing results, those team members now lead RPA training for all new employees as part of companywide adoption of RPA. We already have over 300 virtual robots managing the automation of workflow processes. On a monthly basis, this is resulting in labor savings of approximately 3,300 hours.

## Creating a Competitive Advantage by Refining our Own Unique Arena

At our core, we are a wholesale business. From the perspective of the researchers and medical professionals we serve, we may appear as nothing more than a means of procuring instruments and equipment. However, what we see as the end result of our operations is maximizing research results and sustaining medical work, the end goals of our customers. By focusing on these goals and results, we are able to provide value that transcends simple wholesale operations.

This perspective is also linked to the concept of “refining our own unique arena,” the unique strategy we apply to our business development. As a wholesaler, we have established a competitive advantage without competing with other competitors on the same sector. In other words, we have applied the collective strengths of our array of products, distribution functions, and information systems to pursue increased convenience for our customers. Through this strategy, we strive to be a company from which customers seek to make their purchases. This philosophy has enabled us to build an unwavering, highly profitable structure without being drawn into excessive pricing competitions.

Internally, we have adopted a structure for the division of labor that contributes to continuous workflow improvements at each worksite. While each individual effort may seem minor, the stability of our main business platform involving scientific instruments and equipment and the results of steady improvements are seen in our earnings figures. Throughout our nearly 90-year history, the only times we recorded a year-on-year decline in net sales were during the collapse of the dot com bubble and during the Lehman Shock. Despite the difficult times caused by the COVID-19 pandemic, we succeeded in recording increased net sales.

## Building a Database of Five Million Products in Five Years

We currently offer more than five million products. The road to this milestone started some eight years ago when we updated our core systems. We began by shifting from a host system to a flexible client server to establish a system more suited for e-commerce (electronic transactions). Despite this move, many of us believed it would be impossible to handle one million products. However, we combined technical innovation and knowledge to successfully build a large-volume product database.

Today, we use this database to display not only our own warehouse status, but also simultaneously display the status for suppliers, which allows customers to know when they can expect delivery. In the future, we want to develop an industry shared database that enables database construction and use regardless of whether or not the user has transactions with us. We call this database the SHARE-DB and will develop this concept to promote enhanced information sharing.

Through e-commerce, this digital information helps us build stronger relationships with our customers. For example, we can develop a consolidated purchasing system to help resolve the problems of customers struggling to manage the massive volume of products they require. We will use digital information to enhance our individual services and strengthen customer loyalty.

## Hefty Catalog Highly Praised by Researchers

It is important to note that even as we expand our e-commerce business, we still maintain a focus on catalog sales. We are able to provide coverage for customers nationwide by working providing our catalog through dealers. Our catalogs feature 3,500 pages and are over 7cm in thickness. Some people do wonder why we continue to conduct catalog sales in the age of the internet. However, the truth is this thick catalog is made with researchers in mind. For example, the catalog contains several variations of products like heating elements, which allows customers to visually compare catalog products while creating an image of the types of experiments they want to conduct. One customer shared with us that the time they spend looking at the AS ONE catalog is critical to them because it leads to creativity in their R&D work. This type of feedback is validation for us that we are indeed contributing by being a reliable partner to our customers.

The maximum number of products we can list in a catalog is about 100,000. This means it is impossible to cover the more than five million products we provide. This is where e-commerce becomes a valuable tool for information provision. Our efforts in FYE 03/2021 to strengthen our e-commerce platform produced tangible results.



resolve the problems our customers face. In particular, we will become a service provision hub and work with external partners to help customers resolve problems related to the three insufficiencies: insufficient money, insufficient time, and insufficient utilization.

For example, even though many customers have rules that allow managers to make purchasing decisions on consumables if the amount is less than 200,000 yen, managers tend to hesitate on purchasing products that cost in the millions of yen, even when those products are an immediate necessity. There are also cases where customers feel that a purchase may not be needed because an item has a low rate of use. In response to such needs, we started a rental service for high-priced scientific equipment. By shifting from the conventional style of outright purchases, we are responding to insufficiencies faced by our customers. This service has received high praise from our users.

The services domain holds great potential for new business opportunities. These business opportunities range from rental services for high-priced equipment used in customer experiments to the calibration work (accuracy, function, performance checks), repairs, and maintenance that are critical to measurement instruments, and even outsourcing services for customer experiences. We can also support the desk work and administrative work of researchers by providing services such as data analysis, literature searches, paper writing, the creation of documents for filing, and budget creation. As information and communication services, we will seek to respond to needs related to securing human resources and finding positions for researchers. Through our business platform built to support the activities of researchers, we are able to address all of these issues on a scale not possible by our competitors. From FYE 03/2022, we will begin engaging in new business development by working aggressively to develop these service domains.

## Developing New Business in the Promising Services Domain

PROJECT ONE, our medium-term management plan, represents a new challenge for our company as we seek to provide value that goes beyond being just a wholesaler. Despite the conditions caused by the COVID-19 pandemic, we have produced numerous results. This includes expanding services to customers in the research sector, which represents approximately 60% of our net sales. Our goal is to support the creation of an environment that allows our customers to focus on their research work. To achieve this goal, we use our business platform to offer various services that support the operations of our customers.

While catalog sales may seem like an analog business model, one of our strengths is in the face-to-face services we provide through our partnerships with dealers. Our greatest challenge in FYE 03/2022 will be to figure out how to maximize these services. We will pioneer new business sectors by providing analog services in domains not covered by digital services to



In April, we established a new department related to the digital sector. We are entering into a capital partnership with HPC Systems, experts in computational science simulations, to provide services that support customer R&D. This new business will include computer hardware and software provision and we will offer a wide range of contracted computational and simulation services for fields such as molecular structure optimization.

Looking ahead to FYE 03/2026, in addition to our current business platform built on catalog sales and the e-commerce business, we will expand business in the services domain to aim for net sales of 100,000 million yen and an ROE of 12%. The current market environment continues to present numerous uncertainties due to factors such as the COVID-19 pandemic. However, we believe we can achieve our goals through our continued focus on resolving the problems facing our customers and society.

## Recognizing Business Risks amid Business Expansion

Our goal is the continued pursuit of sustainable growth over the medium- to long-term. One

prerequisite is that we promote growth that is rooted in resolving the problems facing society by, for example, making contributions to science and technology. At the same time, we will accelerate workflow optimization and labor reductions to achieve cost reductions and reinvest those savings. This will enable us to continuously plant new business seeds and foster new growth.

As our business expansion continues, we must also be well-prepared for the various risks we face. As business managers, we must maintain a constant awareness of the dangers surrounding us and work to resolve issues related to business risks. Particularly with e-commerce, ensuring data security is a critical issue. In addition to protecting our information network with a multi-layer firewall, we have established multiple redundancies to enable real-time AI-based detection of hacking attempts and other unauthorized access. Of course, we never allow ourselves to become complacent and will continue working tirelessly to enhance our information protection.

Another critical issue is quality management for our more than five million products. We conduct monthly quality meetings to share issues and implement appropriate measures. We also have established a structure that ensures our ability to work closely with suppliers to provide a speedy response in the event of a quality incident.

### Highlights

(Percentages in parentheses indicate YoY changes)

<p><b>FYE 03/2021 results</b></p>	<p><b>Earnings reached record high on initiatives to meet rising demand amid the COVID-19 pandemic.</b></p> <ul style="list-style-type: none"> <li>In addition to stable supply of infection prevention products, we focused on expanding our customer base through initiatives such as cultivating new dealers. As a result, consolidated net sales rose to ¥81.6 billion (+15.9%).</li> <li>Despite higher depreciation and rent accompanying the start of operations at Smart DC, our new distribution center, we kept our operating profit margin at a record high of 12.1%.</li> <li>While profit expanded, we solidified our financial base to support proactive management by taking measures such as booking impairment losses on goodwill.</li> </ul>
<p><b>FYE 03/2022 forecast</b></p>	<p><b>Sales to increase as partial dropout of demand for infection prevention products is offset by growth in the Research and Industrial Instruments Division.</b></p> <ul style="list-style-type: none"> <li>We forecast consolidated net sales of ¥82.7 billion (+1.4%)* on growth in the Research and Industrial Instruments Division driven by an expansion in public and private R&amp;D investment.</li> <li>Our forecast is predicated on a conservative gross margin as we assume prices for infection prevention products will fluctuate due to dwindling demand. However, we aim to counter this and achieve growth in operating profit by adopting a flexible pricing policy, launching products in response to the changes in the market, and controlling SG&amp;A expenses.</li> <li>We will strengthen e-commerce by focusing on ocean, our consolidated purchasing system for large customers, and Wave, our e-commerce support tool for dealers.</li> </ul>
<p><b>Progress against medium term management plan</b></p>	<p><b>Steady progress in first year, but will review plan at end FYE 03/2022 to reflect changes in business environment.</b></p> <ul style="list-style-type: none"> <li>Net sales and operating profit in FYE 03/2021 expanded at roughly double the pace forecast in the medium-term management plan (CAGRs of 15.9% and 15.7%, respectively, versus targets of 7.3% and 7.9%).</li> <li>Sales from e-commerce reached ¥16.1 billion in FYE 03/2021 (+ 17.2%), exceeding the forecast.</li> <li>Our product lineup has surpassed 5 million products, and sales of online products are growing steadily.</li> <li>We plan to announce an update to our forecast for the final year of the medium-term management plan at end of FYE 03/2022 based on careful analysis of the state of the COVID-19 pandemic.</li> </ul>
<p><b>Medium-term initiatives Capital policy, other</b></p>	<p><b>Launched measures to improve asset and capital efficiency in tandem with changes to management structure.</b></p> <ul style="list-style-type: none"> <li>We aim to accelerate our management decisions and strengthen our governance by switching to a "company with audit and supervisory committee" structure.</li> <li>We are examining initiatives to improve asset efficiency (review of strategic shareholdings).</li> <li>We are examining our shareholder returns and share policy (share buybacks, cancellation of treasury stock, stock splits, etc.).</li> </ul>

\*Forecast includes impact of changes in accounting standards.

## Strengthening Our HR Platform to Support Medium- and Long-term Sustainable Growth

Our approach to ESG management is to engage in initiatives that support sustainable growth by applying the principles of the SDGs in our responses to various issues. One of our responses is to environmental issues and, specifically, how we can further optimize our logistics functions to reduce greenhouse gas emissions\*1. We are addressing this issue by going beyond just internal initiatives. We are working with our suppliers and dealers to promote joint initiatives related to logistics. As I mentioned above, we use the visualization of information achieved by building an information platform that includes our product databases to aggressively tackle these issues.

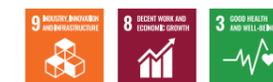
We also recognize that strengthening our human resources platform is a critical issue related to achieving medium- and long-term sustainable growth. In addition to strengthening our existing education and training structure, we will strengthen partnerships with external entities towards broadening the horizons of our employees and creating an environment that encourages employees to take on new challenges. To address management personnel development, in June we shifted to a Company with Audit and Supervisory Committee. We also established a discretionary Nomination and Compensation Committee. At present, we are evaluating the state of our management personnel development program.

When nearly 30% of our shareholder ratio represented by overseas investors, we also understand the importance of overseas IR activities. We will work to further increase our accountability to all our shareholders. Through various engagement, we will diligently listen to the opinions of our shareholders and apply those opinions towards improving management.

\*1: Relevant SDG goals



\*2: Relevant SDG goals



## Being a Company that is Valued by Stakeholders

Looking ahead to the next 10 to 20 years, I want us to maintain a focus on being a great company. This means existing as a company that our stakeholders recommend to their loved ones as a great place to work. Everyone in senior management is committed to this desire to be recognized as a great company by all our stakeholders, from our shareholders and investors to our employees, business partners, and the local community.

We are still in our growth stage and of course there are many management issues we must address. The road we travel is filled with ups and downs but my hope is that, through our commitment to resolving one problem at a time, we will look and see a smooth road ahead of us. Fortunately, we are blessed to have so many employees who feel the same as management. Our ability to unite on the many initiatives in which we are engaged is the driving force that enables us to increase our corporate value.

As we remain diligent in our commitment to achieving sustainable growth while making contributions in the research, medical, and nursing care sectors\*2, I want to express my commitment to business management that earns the recognition of our shareholders and investors as a company that is worth their investment. I thank you for your continued support of AS ONE.



# Value Creation Process

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

## Societal problems

Climate change

Low birth rates and population aging

COVID-19

Awareness of risks and opportunities

Technical innovation

Health and welfare

Disparity correction

## Management capital

P.17

**Financial capital**  
 Net assets: 62,700 million yen  
 Total assets: 94,200 million yen

**Manufacturing capital**  
 Logistics centers: 6 centers  
 Property, plant and equipment investments: 1,500 million yen

**Intellectual capital**

**ocean**  
 User companies: 218 companies

**Waveo**  
 User companies: 552 companies

**AXEL**  
 Members: 91,701 companies

**SHARE-DB**  
 Products: 5.1 million

**Human capital**  
 Employees: 631  
 [Japan: 526; China: 99; USA: 6]

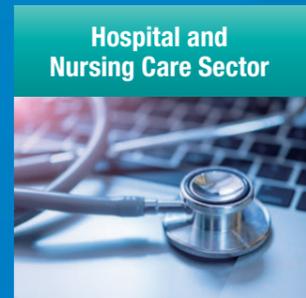
**Social and relationship capital**  
 Suppliers: 3,700 companies (nonconsolidated)  
 Dealers: 4,500 companies in 13,000 locations (nonconsolidated)

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

**SUPPLIER**  
 Provision of efficient sales opportunities

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

**DEALER**  
 Provision of efficient procurement opportunities



Medium-Term Management Plan  
 P.21

**PROJECT ONE**  
 - Opportunity of Next Evolution -

Challenge toward continuous evolution

**Platform supporting value creation**

Corporate governance  
 (compliance & risk management)  
 P.43

Management Philosophy:  
**Innovation and Creation**  
 P.1

Provision of one-stop solutions that support user output

**Solving three insufficiencies**  
 Insufficient money  
 Insufficient time  
 Insufficient utilization

**USER**

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

**Three key strengths**

Distribution achieving 95% same-day shipment rate  
 No. 1 in industry for selection and volume of scientific instruments  
 Diverse sales channels

## Provided value

### Economic value

Net sales: **81,600** million yen

Operating profit: **9,800** million yen

Operating profit margin: **12.1%**

ROE: **10.1%**

E-commerce: **16,100** million yen

Overseas business: **3,700** million yen

New business: **30** million yen

FYE 03/2021 earnings

### Social value

**SUSTAINABLE DEVELOPMENT GOALS**

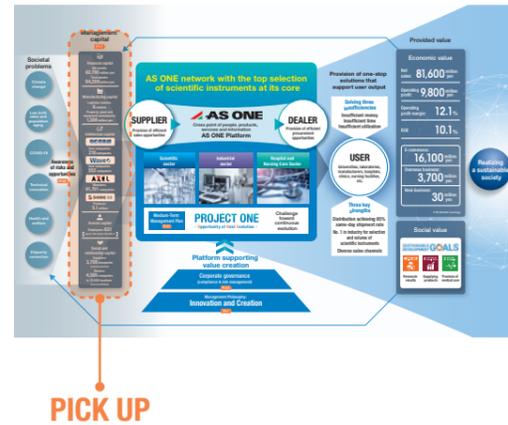
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE: Research results  
 8 DECENT WORK AND ECONOMIC GROWTH: Supplying products  
 3 GOOD HEALTH AND WELL-BEING: Provision of medical care

**Realizing a sustainable society**

# AS ONE Capital

Maintaining and increasing the capital we have accumulated thus far supports our sustainable growth.

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 then reinvest that value into capital to maintain our cycle of sustainable growth.



# 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 retailer 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 through 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 retailer could match independently and by establishing trust in our logistics by achieving a 95% same-day shipment rate. Although dealers are not our exclusive sellers, providing our catalog as one aspect of various transactions leads to additional sales during everyday marketing 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.

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 unparalleled in our industry, nearly 100 times the products offered by our competitors. 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 net 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 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.



**Financial capital**

Net assets: **62,700 million yen** Total assets: **94,200 million yen**

Profit attributable to owners of the parent company has increased year on year for 10 consecutive years and counting. Steadily increasing profits each year to achieve returns based on a dividend payout ratio of 50%. While maintaining a firm financial structure based on a shareholders' equity ratio of 66.5%, we also continue to maintain an ROE of 10% or higher.

**Manufacturing capital**

Logistics centers: **6 centers** [2 in China] Property, plant and equipment investments: **1,500 million yen**

While we implement a long-tail strategy, we maintain an inventory that enables us to achieve 95% same-day shipment for catalog items. Through automation, we achieve smooth warehousing for the nearly 30,000 product orders we receive daily. We have four logistics centers: two main centers in Chiba Prefecture and Osaka Prefecture, as well as two hubs in Saitama Prefecture and Fukuoka Prefecture. Based on current facilities, we can fulfill orders equivalent of up to net sales of 100,000 million yen.

**Intellectual capital**

ocean User companies: **218 companies** AXEL Members: **91,701 companies**  
 Wave User companies: **522 companies** SHARE-DB Products: **5.1 million**

We approach customers through our various EC systems, including ocean, Wave, and AXEL, and the processing of these products is supported by our product database system SHARE-DB. Each year we further increase our product offerings, which vastly outpace industry competitors, and our number of EC users.

**Human capital**

Employees: **631** [Japan: 526; China: 99; USA: 6]

Over 95% of Group sales come from our wholesale operations, with dealers conducting sales and shipping to end users. The majority of our human resources are involved in sales support, marketing, product procurement, and new product and service development. Our per capita rate of productivity is extremely high.

**Social and relationship capital**

Suppliers: **3,700 companies** (nonconsolidated) Dealers: **4,500 companies** in **13,000 locations** (nonconsolidated)

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.

**Three strengths**

**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

**Products & services**

Our lineup of **5.1 million** products is 100 times greater than 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. From testing equipment calibration and maintenance to sharing services, including equipment rental and experiment outsourcing, enabling labs to use equipment without purchasing outright.

**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.

# Risks and Opportunities

Our Group recognizes the various issues facing society, including climate change, low birth rates and population aging, COVID-19, technical innovation, health and welfare, and the need for disparity correction. We also support the sustainable development goals (SDGs). To respond to the risks and opportunities impacting our operations, we are engaged in activities aimed at strengthening the infrastructure that supports our business activities and operations. Through these efforts, not only will we achieve sustainable growth for Group operations, we will also contribute to resolving the problems of society.



## Awareness of the external environment

Climate change

Low birthrates and aging population

COVID-19

Technical innovation

Health and welfare

Disparity correction

Management risks and opportunities	
Responding to paradigm shift	<ul style="list-style-type: none"> <li>Changes in R&amp;D and technology development needs</li> <li>AI/IoT adoption, advancements in communications technology</li> <li>Society 5.0</li> <li>Blockchain</li> <li>Sharing economy</li> <li>Carbon-free society</li> <li>COVID-19</li> <li>Post-COVID medical institution management</li> <li>100-year lifespans</li> </ul>
Global environment	<ul style="list-style-type: none"> <li>Increase in natural disasters</li> <li>Growth of new materials/technology research market</li> <li>Stricter regulations and carbon tax</li> <li>Changes in stakeholder behavior</li> </ul>
Labor and human rights	<ul style="list-style-type: none"> <li>Medium- and long-term labor shortages</li> <li>QOL/workstyle reform</li> <li>Well-being</li> <li>Human rights protection/widening disparity</li> </ul>

Strengthening business	Strengthening our foundation	
<ul style="list-style-type: none"> <li>Expanding product lineup</li> <li>Expanding original products</li> <li>Expanding use of service business</li> <li>Expanding provided solutions</li> <li>Expanding EC transactions</li> <li>Expanding end-user contact points</li> <li>Expanding used and rental products and services</li> <li>Strengthening infection prevention products</li> <li>Strengthening the nursing care sector</li> </ul>	<ul style="list-style-type: none"> <li>Efficient management of product Data base</li> <li>Strengthening supply chain relationships</li> <li>Reinforcing quality control</li> <li>Strengthening marketing</li> <li>Strengthening and streamlining logistics processing capacity</li> <li>Promoting dealer EC (Wave)</li> <li>Promoting digitalization</li> <li>Open innovation</li> </ul>	<ul style="list-style-type: none"> <li>Ascertaining the needs of researchers</li> <li>Promoting AI &amp; RPA utilization</li> <li>Human resource development/enhancement</li> <li>Diversity</li> <li>Researcher portal site</li> <li>Big data analysis</li> <li>Reinforcing information security</li> <li>Strengthening corporate governance</li> </ul>
<ul style="list-style-type: none"> <li>Strengthening wholesale hub function</li> <li>Strengthening disaster prevention and mitigation products</li> <li>Expanding joint logistics</li> </ul>	<ul style="list-style-type: none"> <li>Increasing platform value</li> <li>BCP formulation</li> <li>Expansion of eco-friendly products</li> <li>Expansion of delivery services</li> </ul>	<ul style="list-style-type: none"> <li>Safety confirmation system</li> <li>Disaster drill</li> <li>EMS execution according to ISO14000</li> </ul>
<ul style="list-style-type: none"> <li>Enhancing well-being product line</li> <li>Focus on compliance</li> <li>IT utilization/DX promotion</li> <li>Pursuing workplace comfort</li> </ul>	<ul style="list-style-type: none"> <li>Improved IT literacy</li> <li>Utilization of elderly people</li> <li>Personnel system to increase motivation</li> <li>Diversity</li> <li>RPA training</li> </ul>	<ul style="list-style-type: none"> <li>Employee awareness survey</li> <li>Providing incentives</li> <li>Telecommuting</li> <li>Setting goals for promoting women's advancement</li> </ul>

## AS ONE perspective

Contributing to research and medical care

Promoting EC

Strengthening logistics management

Supply chain

Quality

Environment

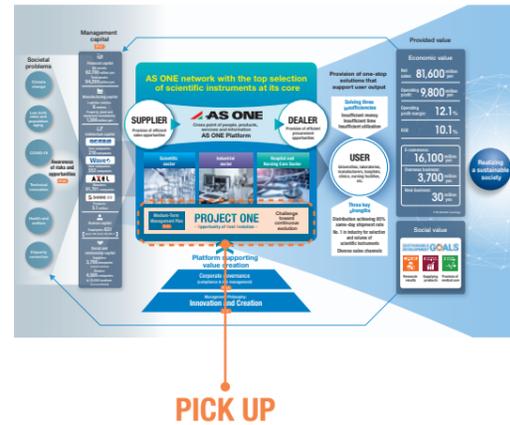
Diverse personnel

Corporate governance

# Medium-Term Management Plan

## AS ONE platform innovation to link all things

Research results and medical care provision promote the creation of a sustainable society. Our mission is to free researchers and medical professionals from various problems and minor tasks to create an environment that allows them to focus on their work. Our Group will evolve into a platform for creating such an environment. We strive to be a company that contributes to society by efficiently linking the products, services, and information customers need.



## The challenge of continuous evolution

Strengthen AS ONE platform to achieve sustainable and steady profit growth.

# PROJECT ONE

## Opportunity of Next Evolution

April 2020 to March 2025  
**New Medium-Term Management Plan**

**PROJECT ONE**  
 Opportunity of Next Evolution

Shift up to growth

Net sales of **100,000 million yen**

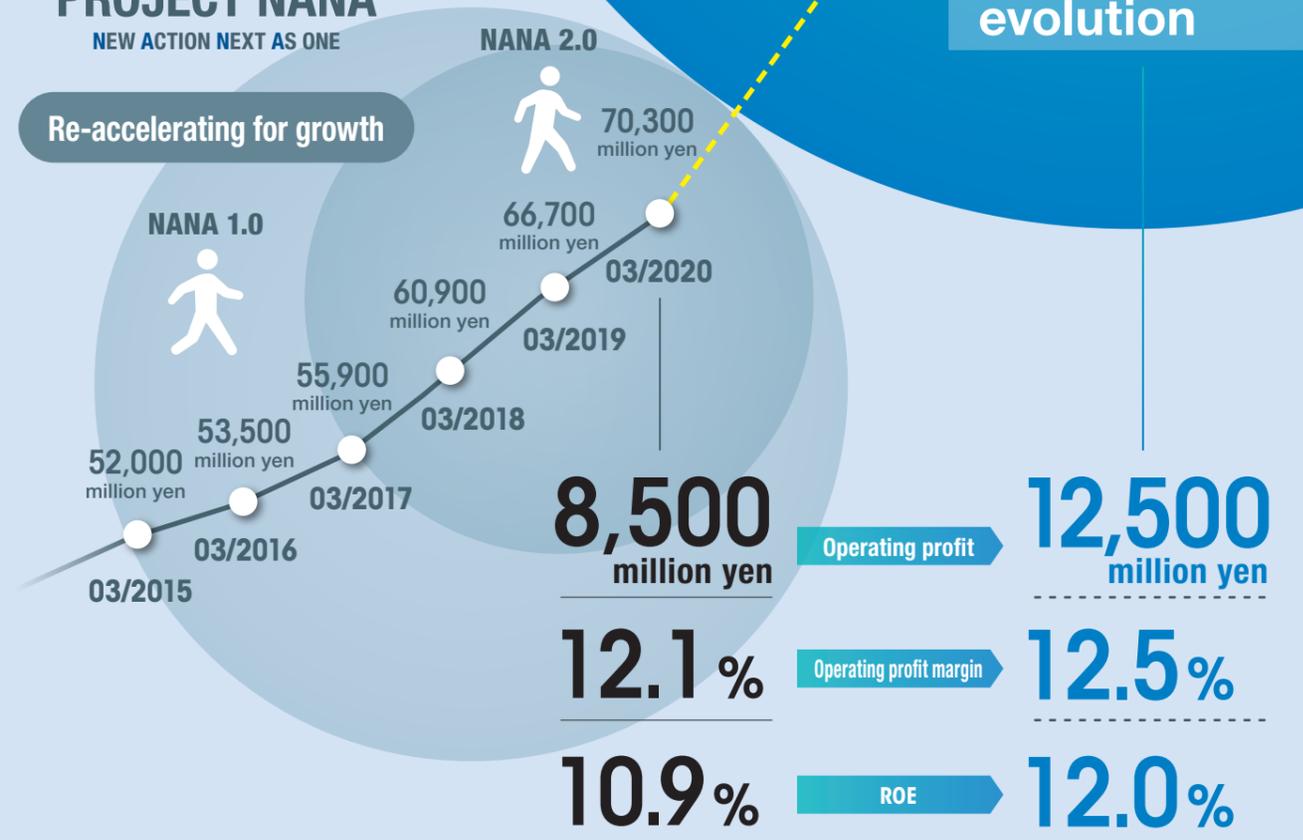
03/2025

The challenge of continuous evolution

April 2015 to March 2020  
**Medium-Term Management Plan**

**PROJECT NANA**  
 NEW ACTION NEXT AS ONE

Re-accelerating for growth



### Management Vision

AS ONE strives to be a company that contributes to society by providing the products, services, and information our customers need in our fields of expertise such as science and medicine.

### Keywords

## The challenge of continuous evolution

Innovating the AS ONE platform for supporting researchers

### Routine work of researchers

Purchasing of goods	Research experiments	IT & desk work	Office management	People, communication
Purchasing of consumables Equipment selection	Rental Inspections and calibration Repairs and maintenance Research outsourcing	Data analysis Literature research Article writing	Application document creation Budget management	Human resource hiring Position placement (Overseas assignments, etc.)

### AS ONE Business Platform



AS ONE Platform

Alliance

Strengthen services that allow researchers to focus on research

## Medium-Term Management Plan Progress

	FYE 03/2021 goals	FYE 03/2021 actual	FYE 03/2025 goals
<b>Net sales</b>	72,500 million yen	81,600 million yen	100,000 million yen
<b>Operating profit</b>	6,300 million yen	9,800 million yen	12,500 million yen
<b>Operating profit margin</b>	8.7%	12.1%	12.5%
<b>ROE</b>	7.8%	10.1%	12.0%

### Factor Analysis and Forecasts

#### Significant growth in trend of incorporating digital transformation (DX) in purchasing management in addition to demand for infection countermeasures.

As the plan for the first fiscal year of the Medium-Term Management Plan, we forecast 3.0% growth in net sales when accounting for stagnant economic activities caused by COVID-19. At the same time, we planned on decreased profits due to a significant increase in depreciation and real estate rent in relation to the new launch of a Smart DC logistics center that will support the shipping volume we anticipate when we achieve net sales of 100,000 million yen five years from now. However, net sales increased significantly to 15.9%, resulting in our 11th consecutive year of increased net sales thanks to the normalization of strong demand for PPE in medical workplaces and other factors such as the rapid recovery of the scientific sector, which mainly has R&D demand. The increase in total gross profit margin absorbed cost increases associated with the Smart DC and unforeseen costs such as impairment losses on goodwill. As a result, we recorded a year-on-year increase in profit attributable to owners of the parent company for a 10th consecutive year.

We attribute these results to our ability to rapidly stabilize procurement for PPE, for which there was concern about the availability of overseas products, amid the rapid increase in global demand. We also benefited from the fact that our EC transactions, one of our core strategies, were well-aligned to the trend towards DX.

Our Group's collective initiatives (extensive product selection, individual item sales, same-day shipping, linked systems, EC collaborations) have increased in value as needed solutions in an age of remote work and DX innovation. Our greatest strength lies in our unmatched product selection and logistics functions for research instruments combined with advanced IT capabilities. These comprehensive capabilities enable us to offer the consolidated purchasing of research instruments. We enrolled 20 new corporate users for "ocean", our e-commerce system for consolidated purchasing, and 441 new partner users for "Wave," our EC support system for dealers.

Next fiscal year, while we do anticipate a significant increase in government R&D budget execution, we are making conservative estimates about when the pandemic will subside due to vaccine distribution. As a result, we estimate a decrease in net sales equivalent to the roughly 4,500 million yen in elevated demand created by the pandemic. Year on year, we are projecting increased net sales of 1.4% but a decline in operating profit. However, during the 2nd year of the Medium-Term Management Plan, operating income will increase significantly above initial plans. DX trends are creating a tailwind for us and we project significant advancements towards achieving our Medium-Term Management Plan.

### E-commerce

FYE 03/2021 earnings: **16,100** million yen

**+17.2%**  
YoY

#### Expanded user connections for our digital procurement services: "ocean": +20, "Wave": +441

Also promoting increased use of "Wave" along with consolidated procurement and internet shopping channels. Framework for digitally linking end users and dealers, to advance DX for our company and DX for commerce overall.

### Overseas business

(China, Southeast Asia, Europe and America)

FYE 03/2021 earnings: **3,700** million yen

**+0.3%**  
YoY

#### Maintained YoY performance despite pandemic

In China, overall net sales increased slightly year on year. Although local research demand was favorable, sales to Japanese companies were sluggish and yen-based figures were impacted by currency fluctuations. Net sales increased by 3.3% based on Chinese yuan. Exports from Japan to regions of Asia other than China were impacted by a stagnant overseas economy due to the difficulty of overseas travel but over the full year we secured net sales on par with the previous fiscal year.

### New Business

FYE 03/2021 earnings: **30** million yen

#### Started new purchasing management business through Triumph 21

Previously covering our online purchasing management outsourcing business, which focused mainly on products such as reagents, we launched a system to support optimal procurement management by expanding our domains to include not only outsourcing services for product purchasing, but also management of indirect expenses such as communications costs and personnel costs.

### Product Strategy

#### Item selection

FYE 03/2021 results: **5.1** million products

**+21.4%**  
YoY

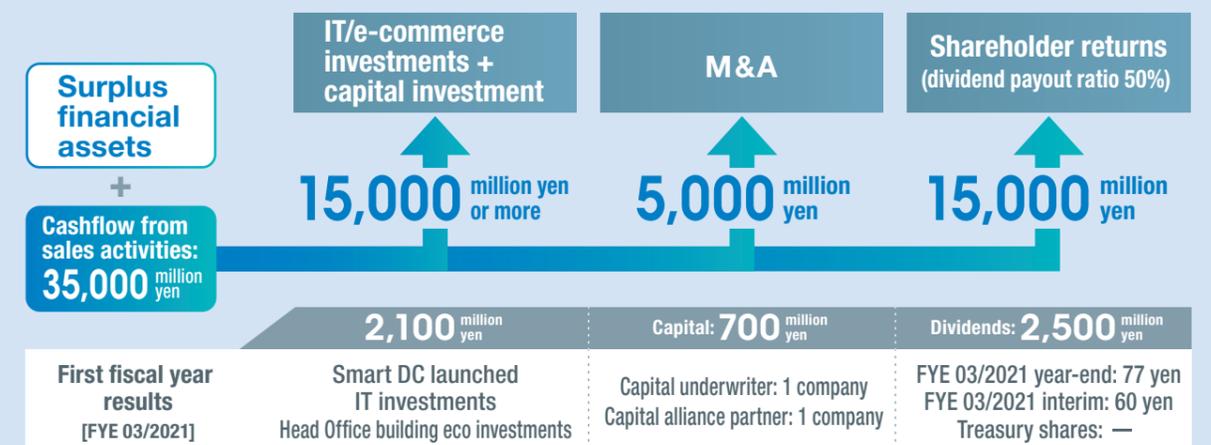
#### Private brand products, imported products, services

FYE 03/2021 results: **26,400** million yen

**+12.4%**  
YoY

## Cashflow Strategy

### Cashflow plan and results [April 2021 to March 2025]



## Special Feature



## E-commerce



General Manager of Electronic Commerce Business Department,  
Sales Division

**Masataka Maruhashi**

## We provide e-commerce options that allow us to reach various customers, from large enterprises to SMEs.

### E-commerce Through a Product Database of 5.1 Million Products

We began the full-scale development of our e-commerce system six years ago. As catalog sales, which focuses on scientific instruments, grew over time, we began sales via our website as a medium for supplementing our catalog. This enables us to increase convenience for our customers by offering more purchasing methods. At the same time, we gain the benefit of being able to sell products on our website that we are unable to fit in the catalog.

In addition to being able to add and change product information to our website in a timely manner, the information we are able to produce extends beyond text and photos to include video and animations as necessary. We also cannot ignore the increased profitability achieved through e-commerce.

The strength of our e-commerce lies in our

product database that includes over 5.1 million items. Positioning this as the foundation of our business, we offer three e-commerce tools. In addition to the consolidated purchasing system “ocean”, last year we released “Wave”, an EC support system for dealers. We also operate the internet shopping website “AXEL”. FYE 03/2021 e-commerce net sales reached 16,100 million yen, including vendor sales to online sellers.

### Bulk Purchasing Solution “Ocean”

The consolidated purchasing system “ocean” is our mainstay e-commerce tool we launched in 2002. The system offers product sales, mainly scientific instruments and consumables, to large-volume customers. The system also offers a diverse range of products from clean room and food inspection items to stationery and tools. The

system allows a user from any department to make purchases at consistent prices for that company.

Originally, we developed a consolidated purchasing system for public research institutes to meet the needs of customers seeking to optimize their scientific instrument purchasing. From that experience, we developed “ocean” to enable links with customer systems, added a supervisor authorization function for product purchases, and enabled linked with customer internal budget codes. The greatest feature of “ocean” is in this customization that provides customers with the functions they need for consolidated purchasing. This allows customers to reduce purchasing costs and the use of DX helps reduce administrative costs associated with purchasing.

In FYE 03/2021, net sales from “ocean” increased 10.5% YoY to 8,900 million yen. Also, the number of customers connected to the “ocean” system, including national R&D agencies and private corporations, increased on 218 organizations.

### “Wave” Boasts Links with over 4,500 Dealers Nationwide

The dealer EC support system “Wave”, our second e-commerce tool, mainly targets SME customers. One major feature of the system is that it can be used as a site operated by dealers. In addition to providing our more than 5.1 million products, dealers can also list their own products. For dealers, this means being able to sell to customers through their own EC system.

This system benefits us by enabling us to offer detailed services during the sales process to more than 4,500 dealers nationwide. For example, high-ticket items for the physical and chemical sector require expertise during the sales process so connections to the dealers with that expertise are vital. Dealers with the ability to provide rapid product repair response are also vital. “Wave” is a tool that benefits both us and dealers, and is contributing to business growth.

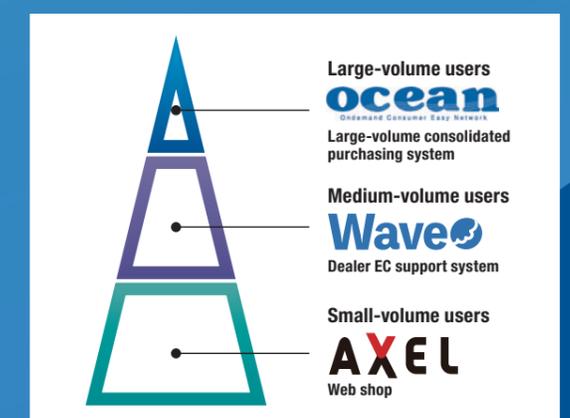
Our third e-commerce tool is the online shopping website “AXEL”. This EC site allows

small-scale customers to purchase specific products when necessary. This site offers more than 5.1 million products ranging from scientific instruments for research to plant MRO (consumables) and equipment used in hospitals and nursing care facilities. With over 90,000 members and boasting over five million page views per month, this site continues to achieve steady growth.

Additionally, we also supply products to external online sellers. Our EC systems enable us to reach a diverse range of customers, from large enterprises to SMEs.

Through e-commerce, we intend to continue expanding our service menus beyond product sales. We already have launched a product rental service for over 2,000 types of experiment and measurement equipment as well as calibration services for measurement equipment, used equipment repurchasing and sales, and contract lab services. We will generate synergy with Group companies to further expand business. By FYE 03/2025, the final year of our Medium-Term Management Plan, we plan to use our e-commerce channels to increase net sales to 26,000 million yen, double the net sales of FYE 03/2021.

#### E-commerce system



## Special Feature

2  
Overseas  
Procurement

Group Manager, Purchasing Department,  
Overseas Purchasing Group  
**Yuka Kotani**

## Enhancing efforts to prevent a lack of inventory no matter the circumstances.

### The Critical Tasks of Product Import Management and Demand Prediction

We procure the products we offer from overseas. This is nearly 530,000 products including reagents. Last fiscal year, purchases for overseas products reached nearly 10,000 million yen, and this figure continues to grow every year. We now procure products from nearly 50 ports around the world and these goods are now received at four ports in Japan: Osaka, Tokyo, Chiba, and Kyushu. Procurement involves calculating lead time and transport costs through to product delivery and then selecting the optimal route, which could be by sea or air.

I work in the Purchasing Department of the Overseas Purchasing Group. We manage all procedures related to product imports and are also involved in negotiations related to transaction conditions with suppliers. The twelve members of the Group, myself included, engage

in our duties with the motto of never allowing a lack of inventory, regardless of the circumstances. What's important is appropriately predicting demand in order to ensure a stable product supply. To achieve this, we gather information on conditions overseas while also engaging in close information exchange with the Sales Division related to demand trends. It is also critical that we constantly check with suppliers on inventory and production status.

### Ascertaining and Reducing Overseas Procurement Risks

Overseas procurement carries various risks, including country-specific risks and climate change. As such, each staff member works to gather information from around the world. We also

import various reagents, which can include hazardous substances. As such, we are diligent in working with shippers and customs operators to conduct pre-confirmation during tariff inspections.

With the COVID-19 pandemic, securing PPE such as masks and gloves became a major issue. Last year in the spring when infections began spreading, we immediately began negotiating with suppliers to ensure our ability to maintain existing product volume. It was our ability to rely on the trust-based relationships we've established with suppliers over the years that enabled us to ensure stable supply in unprecedented times.

For particularly urgent products, we worked to maintain a structure that ensured our ability to deliver the necessary products in necessary volumes to our customers, even if it meant using more expensive air transport. To prepare for factory closures due to the pandemic, we reduced our risk exposure by dispersing procurement between suppliers in various countries.

### Optimizing Import Management and Promoting Automation

As the number of imported products we handle increases, achieving further workflow optimization grows as a critical issue. Currently, we use our backbone system for import management and for the past three years we have been promoting the shift to paperless import documents. This will enable the centralized, cloud-based management of vessel names and operation schedules, delivery dates, and other information related to imported products. Not only does this allow us to instantly ascertain where products are, but this also allows for real-time status confirmation in the event a shipment is delayed for some reason. In the event of a problem, this will enable us to implement rapid response. By shifting to paperless workflows, we also will be able to establish a centralized online system for preparing, managing, and filing documents related to tariff inspections. This shift to paperless workflows and systems enabled us smooth telecommuting despite the conditions caused by the pandemic.

Moving forward, as we continue to expand e-commerce sales in addition to catalog sales, we expect the scope of our overseas procurement will increase further. In response to this growth, we are evaluating ways to further speed up and optimize our workflows. Specifically, we want to automate demand prediction and then automate order management. Demand prediction will involve using AI to run simulations and order management will involve the use of robotic process automation (RPA).

At the same time, the development of human resources to oversee these workflows is also a critical issue. Each staff member studies foreign language and pursues certifications related to trade, and we hold regular internal workshops to promote knowledge sharing. Additionally, we are creating work manuals to establish a system that promotes rapid adaptation for new employees.

As we continue to increase the number of products we handle, we will continue to strengthen the systems that enable us to rapidly supply customers with the products they need, when they need them. We are also committed to contributing to ensuring smooth import management to support continued business expansion.



## Special Feature

Open  
Innovation

Group Manager Corporate Planning Department Open Innovation Group  
Tomoaki Yoshizawa

## I focus on proactively interacting with researchers and cross-industry exchange to create new growth opportunities for future generations.

### Using External Networks to Create New Services

Currently, the Corporate Planning Department Open Innovation Group is working to create new value by taking advantage of external share offices to network with external parties. Specifically, we are working to gather information on needs for new services by interviewing researchers, our main customers, on their current issues and needs. Our Group is also expected to fulfill the role of an incubator for new ideas. We use the knowhow we acquire through new business development to create an internal structure that promotes idea sharing. In the future, we hope that various people will view our Group as a place where their ideas can be evaluated for feasibility and fostered into the creation of a new department.

The research sector is not immune to labor shortages, one of the problems facing Japanese society. Amid rapidly changing times, researchers must pursue an even greater level of optimization

and speed. Research centers face a diverse range of problems, including insufficient personnel, insufficient funding, and insufficient time. In addition to working with internal parties, our Group also evaluate collaborations with startups and major corporations in other industries. By working to incorporate a wide range of external knowledge, we hope to provide new services that will contribute to the efforts of researchers.

### Business concept contest that gathers new ideas from researchers

In the process of gathering information from customers, the daily exchange of information with external parties at share offices is vital. In addition to those efforts, we also hold a business concept contest. Along with gathering information related to the real issues facing researchers, this program also promotes collaborating on new

business developing based on superior business ideas gathered from researchers.

In the contest held between October 2020 and March 2021, we received 109 ideas. Of those, four ideas were selected for business development. AS ONE employees, the external originator of the idea, and specialists from various fields formed a team to deliberate and validate ideas to polish these ideas into final proposals. The AS ONE president attended the final assessment event, which featured passionate presentations that excited the audience. The creation of new services and businesses requires the gathering of

vast amounts of information and also requires outside expertise. Fostering trust is critical for these teams so this contest provided valuable experience for those involved.

Moving forward, we hope to promote collaborations with other companies that link our existing businesses with those of other companies. We also want to build a framework that allows everyone in the company to present new ideas regardless of the department. We want to create an organizational environment that enables the new business creation that is critical to sustainable growth as a company.

### Lab BRAINS is an information dissemination website for researchers created through our open innovation efforts.



Lab BRAINS is also the first product created through our open innovation activities. We planned the creation of an information dissemination website for researchers based on feedback from researchers, many of whom would like to reduce the time required for information gathering, and who desire optimization and labor savings in their experimentation work. We plan to launch the website in September of this year.

This website will take advantage of our knowhow and researcher networks cultivated through catalog sales to provide researchers with product information from lab product suppliers. In the short term, we are building a platform that allows registered researchers to download white papers (technical materials) related to products provided by suppliers. As lab products often require technical explanations, this can mean a lot of time and effort are required for researchers to gather the materials they need. Lab BRAINS will serve as an information platform that provides an environment in which researchers are immediately able to find the information they need.

We will first increase site recognition and increase membership. As site scope increases and economic benefit are validated, we will begin receiving membership fees from suppliers to develop the site into a revenue source.

Over the long-term, we will evaluate creating a space for researchers to present their findings and poster displays online. This will provide a place for disseminating information to researchers while also promote use among researchers as a place for disseminating information. By incorporating Lab BRAINS into future digital services developed by the Company, we will be able to further increase the value of the site.

Supervisor,  
E-commerce Promotion Department Digital Innovation Group  
Taro Wakabayashi



# Approach to ESG

The results produced by researchers give birth to new technology and that the provision of medical care by medical professionals eliminate health concerns. Our Group believes these both work towards the creation of a sustainable society. As a company in a position to accelerate those efforts, we believe that **creating an environment that allows researchers and medical professionals to focus on their roles** and **servicing as an industry hub that optimizes logistics** benefits both the environment and society. At the same time, we believe it vital that **we engage in corporate governance to ensure we expand these benefits to society without having a negative impact on society.**



Relevant SDG Goals



	Initiatives	Contributing to business and operations	Future issues
<b>E</b>	<ul style="list-style-type: none"> <li>Energy savings by improving headquarters building heat source</li> <li>Promoting joint logistics within the industry</li> <li>Reduce office trash volume</li> <li>Eco-packaging for internal deliveries</li> <li>Reduce of logistics packaging</li> <li>Promoting paperless offices</li> <li>Recycling old catalogs</li> <li>Sales of eco products</li> <li>Simplification of many-to-many shipments</li> <li>Provide convenience for researchers involved in environment-based themes</li> </ul>	<ul style="list-style-type: none"> <li>Cost reductions (reduced use of electricity, logistics expenses)</li> <li>Increased sales of eco products</li> <li>Promoting recycling of old catalogs to create new products</li> <li>Expanding revenue opportunities by becoming a logistics hub</li> <li>Expanding presence in research market</li> </ul>	<ul style="list-style-type: none"> <li>Increasing joint logistics partner companies</li> <li>Expanding delivery routes and target dealers</li> <li>Expanding suppliers and dealers</li> <li>Expanding solutions menu for researchers</li> </ul>
<b>S</b>	<p><b>Relationship with employees</b></p> <ul style="list-style-type: none"> <li>Increase female managers</li> <li>Employee satisfaction survey</li> <li>Hold health and safety committee meetings</li> <li>Conduct employee training</li> <li>Systems reforms to improve comfort</li> <li>Employment of foreigners</li> <li>Utilize junior employees</li> <li>Appealing workplace with high retention</li> <li>Cancer screening</li> <li>Company tours for children of employees</li> </ul>	<ul style="list-style-type: none"> <li>Securing elite human resources</li> <li>Increasing productivity</li> <li>Fostering compliance</li> </ul>	<ul style="list-style-type: none"> <li>Increasing ratio of female managers</li> <li>Further diversification of workstyles</li> </ul>
	<p><b>Relationship with customers and partners</b></p> <ul style="list-style-type: none"> <li>Many-to-many transaction optimization, opportunity creation</li> <li>Create quality assurance structure</li> <li>Provide convenience for research and medical institutions</li> <li>Communication via social media</li> <li>Provide linked systems</li> </ul>	<ul style="list-style-type: none"> <li>Expanding market presence</li> <li>Expanding revenue opportunities by becoming a logistics hub</li> </ul>	<ul style="list-style-type: none"> <li>Expanding solutions menu for researchers and medical professionals</li> <li>Expanding suppliers and dealers</li> </ul>
	<p><b>Relationship with local community</b></p> <ul style="list-style-type: none"> <li>Providing equipment for the Tonomachi Solution Research Laboratory cell culture specialist certification program</li> <li>Support for Paralym Art</li> <li>Sponsored AS ONE Children's Science Laboratory</li> <li>Food hygiene management training</li> <li>Sponsor of Ehon Picnic (children's book event) in Nishi Ward, Osaka</li> <li>Handmade PPE made by company volunteers donated to hospitals</li> <li>Donations for disaster relief</li> </ul>	<ul style="list-style-type: none"> <li>Expanding target users</li> <li>Research and scientific industry development</li> <li>Expanding revenue opportunities by increasing brand recognition</li> </ul>	
<b>G</b>	<ul style="list-style-type: none"> <li>Dialogue with shareholders and investors</li> <li>Shift to company structure with an Audit and Supervisory Committee</li> <li>Increased rate of outside directors</li> <li>Established Nomination and Compensation Committee</li> <li>Use of stock compensation and stock incentives</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate corporate valuation based on financial and non-financial factors</li> <li>Management decision risk avoidance by strengthening management monitoring functions</li> <li>Reflect diverse opinions in Board of Directors' meetings to adequately secure growth opportunities</li> <li>Foster discipline by ensuring transparency</li> <li>Sharing merits and risks of stock price fluctuations with investors</li> </ul>	<ul style="list-style-type: none"> <li>Effective operation of Audit and Supervisory Committee structure</li> <li>Effective evaluations of the Board of Directors</li> </ul>



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.

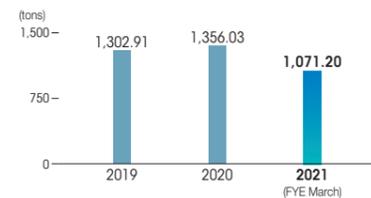
To maintain and improve our environmental management system, our Internal Audit Department conducts regular audits and those results are applied towards management reviews.

## CO<sub>2</sub>



Our main business is wholesaling and we also develop private brand products. However, we have adopted a fabless business model that relies on outsourced manufacturing. We also outsource shipping operations. As such, CO<sub>2</sub> emissions defined under Scope 1, Scope 2 mainly involve the fuel used by company vehicles and electricity consumed at each office.

### CO<sub>2</sub> Emissions (Scope 1, Scope 2)



## Promoting Waste Reduction



We promote waste reduction in Osaka, where our headquarters building is located. By adopting workflows, RPA, and other paperless systems, we were able to reduce overall waste and increase our rate of resource recycling.

### Waste Volume and Recycling Rate (Osaka)



## Catalog Recycling



Recycling activities unique to AS ONE. Looking ahead to future generations from the perspective of the broad topic of global environment, we started catalog recycling as a way to get involved right away.

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. Last year, we recycled 170t worth of catalogs.

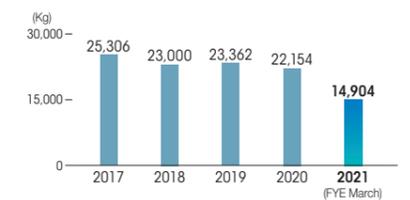


## Promoting Paperless Offices



Eliminating paper means eliminating analog communication and working using digital data. This increased productivity, eliminates the need for cabinets, and allows us to conduct business regardless of location. As part of our DX, we will continue to reduce our paper use.

### Paper Used



## Shipment Hub and Joint Logistics



We can simplify shipping between our nearly 3,700 suppliers and roughly 13,000 dealers by reducing a maximum 48,100,000 by 1/2,880th to as few as 16,700 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 number of trucks used by the industry.

## TOPICS



General Manager,  
Media Planning Department  
**Hiroaki Shiga**

### Catalog recycling



The comprehensive scientific instruments catalog issued in November 2020 is approximately 3,500 pages and the 173,000 copies use nearly 670 tons of paper. The raw material used for paper is pulp (wood material). Publishing a new catalog and discarding old catalogs leads to the over-consumption of forestry resources. As depicted above, our catalogs are recycled at a plant. We also pay cooperation fees to dealers who help us with catalog collection. In addition to our above-mentioned environmental goals, we also hope to deliver our latest product and service menus to customers as soon as possible, which helps increase sales opportunities with the customers who view our catalogs. AS ONE catalog recycling represents a sustainability initiative that promotes both environmental conservation and profit growth.



## 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.

## Human Resource Development

We conduct the AS ONE Career Design Program, a framework for individualized career development to promote growth and spirited contributions to societal development by each employee.

### Programs Scheduled for FYE 03/2021

Tier	Training details
Officers	<ul style="list-style-type: none"> <li>New directors' seminars</li> </ul>
Executive officers, division general managers, general managers	<ul style="list-style-type: none"> <li>President's training/compliance</li> <li>Training for promoted employees</li> </ul>
Section managers, chiefs	<ul style="list-style-type: none"> <li>President's training/Medium-Term Management Plan/compliance, etc.</li> <li>"Management Buffet" course</li> <li>Role of managers, labor management, employee evaluator training</li> <li>Training for promoted employees</li> </ul>
Leads, supervisors	<ul style="list-style-type: none"> <li>Next-generation leader development training: Management Capability Development Course (2 days x 3 times)</li> <li>Development training for female leaders (2-day course)</li> <li>Management, technical, and skills library (selective 1-day course)</li> </ul>
Administrative, regular	<ul style="list-style-type: none"> <li>Problem resolution training/Assertive communication training</li> </ul>
New employees	<ul style="list-style-type: none"> <li>AI-RPA training/sales training/product knowledge training/follow-up training</li> </ul>
Mid-career employees	<ul style="list-style-type: none"> <li>Mid-career hire training company overview/compliance/employment regulations, etc.</li> </ul>
All employees	<ul style="list-style-type: none"> <li>Compliance training/Excel utilization skills self-study</li> </ul>

In new employee RPA training, workers assigned to their new positions use RPA to create their own work improvement programs. Later, a company-wide vote is conducted and awards are given to the creators of programs recognized for their excellence.

Also, the company covers all expenses for employees who complete online training. Although currently not possible due to COVID-19, under normal conditions, four employees per year are selected for six-months of overseas training to promote the development of global human resources.

## Incentives

To align the vectors of worker motivation and our Medium-Term Management Plan, since FYE 03/2018 we have implemented a worker 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 figure outlined for each year of the Medium-Term Management Plan. When both are achieved, managerial staff are issued Company stock and regular employees are issued cash bonuses.

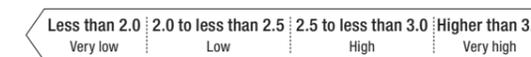
In FYE 03/2021, we achieved goals for both net sales and operating profit, and incentives are allocated.

## Employee Awareness Survey

We conduct employee awareness surveys each year. We are maintaining a "Very high" rating on the four-tier scale for employee satisfaction.

### Employee Satisfaction

(Sanno University research)



## Diversity



We believe in the need to develop business from various perspectives, and as such we proactively work to secure a diverse range of human resources. At AS ONE nonconsolidated, whose main target is the Japanese domestic market, we proactively engage in the hiring of foreign nationals and mid-career professionals. We also believe in the importance of women's engagement in the workplace, and implement various programs to create a comfortable work environment, including by providing childcare leave, reduced work hours, a welcome back program, telecommuting, and leadership training for women. We are proactively providing support towards achieving our FYE 03/2025 goals.

	March 2020	March 2021	FYE 03/2025 goals
No. of foreign employees	3	4	—
Ratio of mid-career hires in position of General Manager or higher	50.4%	54.2%	—
Ratio of employees under age 45 in position of General Manager or higher	5.0%	12.5%	—
Ratio of female managers	1.5%	4.9%	10.0% or higher
Ratio of female workers	11.0%	13.0%	30.0% or higher
Ratio of employees taking paid leave	59.0%	48.3%	60.0% or higher

(Nonconsolidated)

## TOPICS



Center Manager, West Japan Research and Industrial Instruments Sales Department  
West Japan Research and Industrial Instruments Sales Support Center

**Mai Okumura**

### Participated in leadership training for women



The Company has established various programs, including manager training and the AS ONE Career Design Program, to provide selected employees to undergo external next-generation development training and leadership training for women. The training I took covered the problems that, regardless of gender, leaders face. The course also covered the role of a manager and the mentality required of managers.

During opportunities to engage in an exchange of opinion with people of similar position from different companies, I became aware of how this training differed from internal training. I learned a lot and it was a good experience. I am looking forward to applying the things I learned towards contributing to the Company and to our society.

### Workstyle and Corporate Culture Reform



Company magazine: mint

COVID-19 has caused changes in how we work. We have established an IT environment that allows all office workers to conduct their work regardless of location and we are adopting telecommuting as much as possible. Amid such change, we also recognize the increasing importance of internal bonds and cooperation. As such, we launched the A-award, an award program that allows employees to send a "thank you" to each other.



### Quality Assurance, Supply Chain



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).

As a wholesaler, we handle products from various manufacturers. We also offer original products designed and planned in-house as well as products imported directly from overseas. With in-house products, we carefully evaluate whether or not we should carry a product. With imported products, we apply a strict quality assurance structure and take responsibility for manufactured goods. We have acquired the international standard ISO 9001 certification and designated a director to oversee our QMS. This creates a company-wide structure for QMS that extends beyond the Quality Assurance Department.

All divisions, from the Sales Division to the Product Development Division, play a role in quality. However, 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 serves as secretariat for the QMS and holds regular monthly quality meetings to report and deliberate on issues related to the QMS.



## Social Contributions

### Contribution Through COVID-19 Support



We have donated a total of 10,000,000 yen to a total of 10 organizations and funds to support people impacted by COVID-19, including students, medical institutions, and children's cafeterias.



Presenting donations at children's cafeterias

### Hummingbird Official Partner

We support Hummingbird, an organization that sponsors various forums, symposiums, and workshops to support actions and ethical lifestyles that contribute to the 17 goals of the SDGs. Hummingbird also engages in enlightenment activities over media such as J-wave and BS Asahi.



### PPE Volunteer



There was a brief period when Japan faced a shortage of medical PPE. During that period, we gathered some 70 company volunteers who, over the course of several days, made nearly 2,500 sets of basic PPE by hand to be distributed to medical worksites across the country.



### Donating to the Hatachi Fund



We use shareholder perks to make contributions to the Hatachi Fund. The Hatachi Fund is a foundation that provides 20 years of continuous support to children who were newborns at the time of the Tohoku Earthquake to ensure they reach their 20th birthday. Through September 2020, we received donations totaling 1,868,000 yen from 462 shareholders.



### Support for Cell Culture Specialist Certification Program



The Tonomachi Solution Research Laboratory, our lab for contracted research work, provides space, equipment, and materials for Course I of the fundamental cell culture technology course. This course is part of the cell culture specialist certification program run by the Japanese Tissue Culture Association, which promotes the standardization of cell cultures.

### Supporting Persons with Disabilities



As support for artists with disabilities, we display art from the Pasona Heartful Inc.'s Art Mura in the free space of our headquarters building. The art provides atmosphere in the free space where employees interact and take breaks.

## TOPICS



Product Development Department, Medical Product Development Group  
**Natsuyo Kinoshita**

### Involved in development of original products



I am responsible for the planning and development of original products for hospitals. I also think about contributing to resolving the troubles faced by medical professionals and helping increase convenience. What I find both challenging and motivating is when I hear from a medical professional who wants us to create a customized product. We begin by gathering details about the customer's needs and then create a sample product. Of course, you never get it right on the first try. We repeat the process of creating samples and receiving feedback over and over again until we achieve a finished product. This takes time and effort but nothing is more motivating and rewarding than the moment when a customer tells you, "This is a great product. Thank you."



## Directors

Leading AS ONE's evolution with certainty of leadership.

(As of June 25, 2021)

### 3 Director Yasuyuki Hoshino

Apr. 1988 Joined HAYASHIBARA CO., LTD.  
Feb. 2006 Joined AS ONE CORPORATION  
Apr. 2007 General Manager, International Department  
Apr. 2011 General Manager, International Business Division  
June 2012 Director, AS ONE (current)  
Oct. 2017 Chairman, AS ONE SHANGHAI CORPORATION (current)  
Apr. 2019 General Manager, China Business Division and General Manager, China Business Department  
Apr. 2020 General Manager, China Business Division (current)

### 1 President Takuji Iuchi

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

### 4 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 General Manager, Sales Division, AS ONE CORPORATION  
June 2018 Director, AS ONE (current)  
Apr. 2019 General Manager, Administration Division and General Manager, Administration Department  
Apr. 2020 General Manager, Sales Division, Executive Officer in charge of Professional Business Division, and General Manager, Tokyo Office (current)

### 2 Managing Director Kazuhito Yamada

Mar. 1990 Joined AS ONE CORPORATION  
Apr. 2011 General Manager, Sales Division  
June 2012 Director, AS ONE  
Apr. 2013 General Manager, Marketing Division  
Apr. 2014 Managing Director, AS ONE (current)  
Apr. 2015 General Manager, Sales Division  
Apr. 2020 General Manager, Merchandising Division, Executive Officer in charge of Marketing Division, and General Manager, Medium-Term Management Plan Promotion Office (current)

### 5 Director Keisuke Nishikawa

Apr. 2000 Joined AS ONE CORPORATION  
Apr. 2015 General Manager, Marketing Department  
Aug. 2017 General Manager, Marketing Division and General Manager, Marketing Department  
Aug. 2019 General Manager, Corporate Planning Department  
Apr. 2020 General Manager, Administration Division and Deputy General Manager, Medium-Term Management Plan Promotion Office (current)  
June 2020 Director, Executive Officer in charge of IT Division, AS ONE

### 6 Director Joji Suzuki Outside Director

Apr. 2006 Senior Managing Executive Officer, Sojitz Corporation  
Apr. 2012 Executive Vice President, Sojitz Corporation  
Apr. 2015 Chairman & CEO of Sojitz Infinity Inc.  
June 2016 Outside Director, AS ONE CORPORATION (current)  
June 2017 Chairman of Sojitz Infinity Inc.

### 9 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)  
July 2003 General Manager, Investment Department, Resona Capital Co., Ltd.  
Oct. 2007 Branch Manager, Joto Branch, Resona Bank, Limited  
July 2009 General Manager, Human Resources Service Center, Resona Human Resource Support K.K. (now Resona Business Service Co., Ltd.)  
June 2013 Outside Auditor, AS ONE CORPORATION  
June 2021 Outside Director, AS ONE (Audit and Supervisory Committee Member) (current)

### 7 Director Kazuhiko Odaki Outside Director

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

### 10 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)  
June 2008 Outside Auditor, ASICS Corporation  
June 2016 Outside Auditor, AS ONE CORPORATION  
June 2019 Outside Auditor, Sumitomo Precision Products Co., Ltd. (current)  
June 2021 Outside Director, AS ONE (Audit and Supervisory Committee Member) (current)

### 8 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)  
June 2007 Outside Auditor, USJ Co., Ltd.  
June 2015 Outside Director, Kondotec Inc. (current)  
Outside Auditor, Sankyo Seiko Co., Ltd. (current)  
June 2018 Outside Director (Audit and Supervisory Committee Member.), IDEC Corporation (current)  
June 2020 Outside Director, AS ONE CORPORATION (current)

### 11 Director (Audit and Supervisory Committee Member) Toshiki 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.  
June 2018 Director Vice President and Executive Officer, AGS Corporation  
June 2019 Representative Director, President of AGS Corporation (current)  
June 2020 Outside Auditor, AS ONE CORPORATION  
June 2021 Outside Director, AS ONE (Audit and Supervisory Committee Member) (current)

## Messages from our Outside Directors



Outside Director  
Joji Suzuki

Leading open debate that contributes to continuous innovation in the initiatives that support the science and medical care cultivated by AS ONE.

AS ONE, a company committed to making social contributions to science and medicine, fulfilled many expectations amid the threat presented by COVID-19. At the same time, the Company also faced numerous trials and lessons. As the world begins to show signs of recovery from this threat, the Company must now use these trials and lessons to embrace new ideas to achieve continuous innovation. Of course, this requires a set of eyes capable of recognizing and analyzing relevant risks. I am committed to applying my experience in risk assessment in a variety of businesses towards providing objective advice and monitoring that promotes appropriate management decisions.



Outside Director  
Kazuhiko Odaki

Ensuring the will of shareholders directly reaches customers through management and employees.

Listed companies are supported by a great number of shareholders. The role of outside directors is to accurately understand the will and interests of each shareholder and, through management and employees, communicate to ensure that will is accurately reflected in AS ONE business. Amid the COVID-19 pandemic, AS ONE not only made great contributions to Japan and the world by supporting medical workplaces and research facilities, we also achieved record highs for both sales and income. I believe this is the result of AS ONE's united effort and diligent approach to business.



Outside Director  
Michiko Kanai

Thoughts on the role of the outside director, second-year perspective.

Academically speaking, the role of the outside director is the monitoring of management. In ordinary times, this is evident in the task of presenting questions and thoroughly debating agenda issues presented at Board of Directors' meeting.

As the Company continues on its march towards remarkable growth, it will become increasingly critical that AS ONE takes aggressive measures to further increase corporate value. I hope to support this growth by engaging in the frank and open exchange of opinions with other outside directors of varying expertise. Count on me for compliance monitoring of both evident and latent risks related to business execution. Individually, I will also apply a perspective rooted in the SDGs.



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

As the person responsible for this new entity, I will contribute to the Company through governance.

This fiscal year, AS ONE shifted to a corporate structure requiring the establishment of an Audit and Supervisory Committee, and I have taken on the role of Audit and Supervisory Committee Member. The Audit and Supervisory Committee is an independent entity entrusted by the shareholders to monitor business execution by the directors. At the same time, Audit and Supervisory Committee Members are also members of the Board of Directors, which is responsible for monitoring functions for the entire Company. Taking these responsibilities with the utmost seriousness, I will apply all my past experience as a Full-time Outside Auditor as well as my information gathering skills and other capabilities towards fulfilling my duties as an Audit and Supervisory Committee Member. In doing so, I hope to contribute to the sustainable growth of the company, help increase corporate value, and help establish a high-quality corporate governance system for AS ONE.



Outside Director (Audit and  
Supervisory Committee Member)  
Hideaki Mihara

AS ONE. Building profits annually and achieving growth even in the COVID-19 pandemic. The embodiment of long-view management.

AS ONE has established a superior business model and is expected to achieve sustainable growth. From FYE 03/2021, we shifted to a company structure requiring the establishment of an Audit and Supervisory Committee will create a structure that clarifies the roles of execution and monitoring. Moving forward, the issue for AS ONE will be the effective implementation of this structure. Including my time at other listed companies, I have over 10 years' experience serving as an outside director. During that time, I have accumulated experience in a variety of areas through my communication with many full-time and outside directors. I will apply that experience and my expertise as an accounting professional towards the auditing and monitoring of mainly financial matters and I hope to contribute to further increasing the corporate value of AS ONE.



Outside Director (Audit and  
Supervisory Committee Member)  
Toshiki Hara

New corporate structure,  
new mentality.

I have served as an Outside Auditor since last year. I have come to learn much during this time observing AS ONE aggressive yet balanced approach management style of striving to fulfill its mission as a corporate member of society while aiming for strong earnings and meeting the expectations of its stakeholders. From this fiscal year, the Company will shift to a structure requiring the establishment of an Audit and Supervisory Committee. This will mean even greater expectations from the market for rapid decision-making and more intense monitoring.

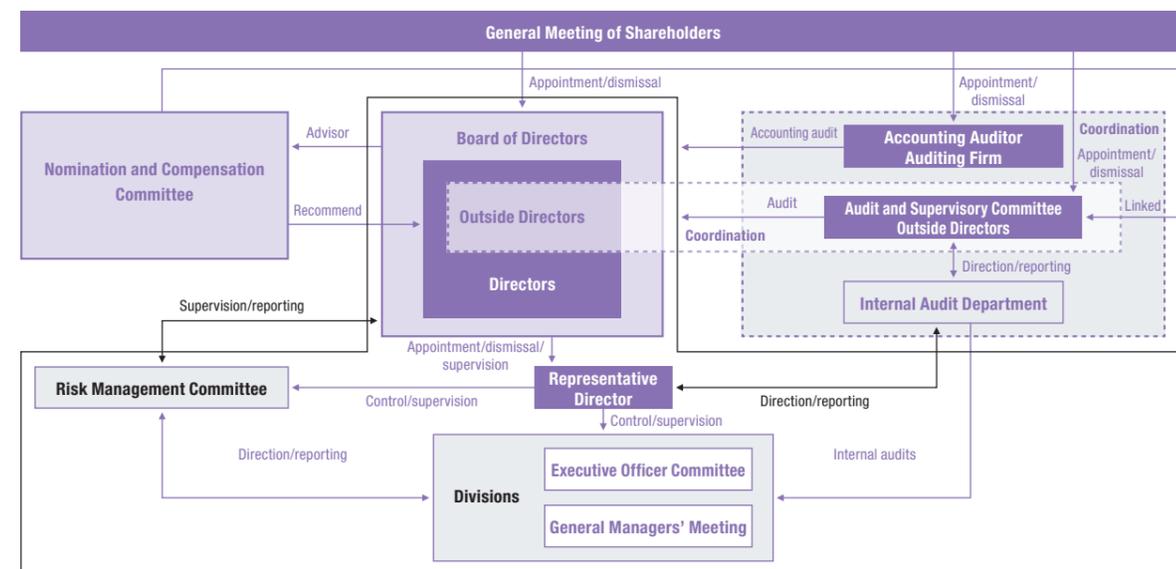
I will work to fulfill these duties entrusted to me by the stakeholders at an even higher level than before.



## 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 Structure Map



### Transitions in Corporate Governance Reform

	June 2013	June 2014	June 2016	June 2017	June 2020	June 2021
Number of directors	7	5	7		8	11
Outside directors (ratio of outside directors)	1(14%)	1(20%)	2(28%)		3(37%)	6(54%)
Female directors					1	
Audit and oversight functions	Board of Auditors					Audit and Supervisory Committee
Stock-based compensation		June 2015 Elimination of allowance for retirement benefits for directors Adoption of stock options (SO)	Adoption of earnings-linked board benefit trust (BBT)		Eliminated SO	Adopted RS

## Corporate Governance System

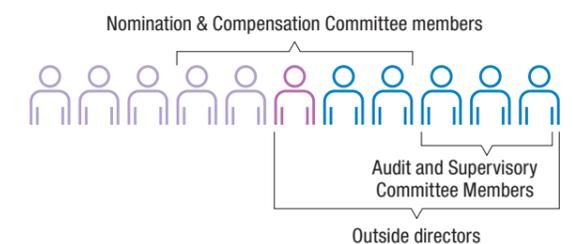
The 60th General Meeting of Shareholders held on June 25, 2021 approved the necessary changes to the Articles of Incorporation, which enabled us to shift from a company with a Board of Auditors to a company with an Audit and Supervisory Committee. The adoption of this corporate governance structure strengthens 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 the Medium-Term Management Plan. Overall, this shift will contribute to improvement in our corporate value.

We also established 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 11 directors (of which, six are outside directors, including one 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' meetings are held once per month and impromptu meetings are convened as necessary.

### Directors – 11 (of which, 6 are outside directors)



### Skill Matrix

Notable secondary items are indicated with an ©.

	Independent / outside	Audit & Supervisory Committee Member	Nomination & Compensation Committee Member	Corporate management / business strategy	Marketing / business development	IT	Logistics	Sales	International	Management personnel, human resource development	Accounting / finance	Legal risks	Internal controls, governance	Cross-industry experience
Takuji Iuchi			○	◎	○	○	○	○	◎				○	○
Kazuhito Yamada				◎	◎	○	○	○					○	○
Yasuyuki Hoshino				○	○			◎	◎				○	○
Mitsushige Kimura				○				◎	○	○	◎	○	○	○
Keisuke Nishikawa			○	◎	◎	○		○		○	○	○	○	
Joji Suzuki	○		○	○	◎			○	◎	○			○	○
Kazuhiko Odaki	○		○									◎	◎	○
Michiko Kanai	○		○						○			◎	◎	
Kazutaka Suzuki	○	○						○		◎	○	○	◎	○
Hideaki Mihara	○	○									◎		◎	
Toshiki Hara	○	○		◎		◎		○		○	○	○	○	○

## 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
Outside Director Joji Suzuki	15	14/14	Not applicable	Former Executive Vice President, Sojitz Corporation (until March 2014)
Outside Director Kazuhiko Odaki	—	14/14	Not applicable	Formerly worked at the Ministry of Economy, Trade and Industry (until March 2012), Professor, Faculty of Economics, Nihon University (current)
Outside Director Michiko Kanai	—	11/11	Not applicable	Member, OH-EBASHI LPC & PARTNERS (current)
Outside Director Kazutaka Suzuki	5	14/14	Not applicable	Formerly worked at Resona Bank, Limited (until June 2013)
Outside Director Hideaki Mihara	1	14/14	Not applicable	Mihara Accounting Firm (current)
Outside Director Toshiki Hara	—	11/11	Not applicable	Former Deputy President and Representative Director of Resona Bank, Limited (until March 2018) Representative Director and President, AGS Corporation (current)

As indicated above, Outside Directors Kazutaka Suzuki and Toshiki Hara previously worked at Resona Bank, Limited, with which AS ONE has financial transactions. However, as of the end of March 2021, the AS ONE Group total loan balances were 4,700 million yen, representing 5.0% of total assets, and total loans represent roughly 32.8% of total cash and deposits. As such, we have a low dependence on loans. Furthermore, loans from the above bank were 1,840 million yen, roughly 2.0% 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.

### Criteria for Determining the Independence of Outside Directors

AS ONE believes it preferable that outside directors should be as independent as possible in order to maintain the objective and transparency required to ensure appropriate governance. As such, an AS ONE outside director is only recognized as independent when none of the following are applicable. 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, 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

(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.

plan of the Medium-Term Management Plan.

To promote objectivity and transparency, the Nomination and Compensation Committee are consulted in advance on specific individual remuneration 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 03/2021 (Payment Status as a Company with an Audit and Supervisory Committee) (Unit: million yen)

	Total amount	Monetary bonus		Non-monetary compensation		Number of applicable people
		Fixed compensation	Bonus	Board benefit trust	RS	
Directors (excluding outside directors)	241	133	68	15	23	7
Auditors (excluding outside directors)	1	1	—	—	—	1
Outside officers	37	37	—	—	—	6
Total	280	172	68	15	23	14

(Unit: million yen)

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
Medium-Term Management Plan/Fiscal Year Plan	72,500	6,340
Consolidated fiscal year	81,606	9,891

## 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 03/2021, we held meetings with a total of more than 300 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.

# 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

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 3,700 suppliers, 4,500 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 five 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).

## COVID-19 Response

From January 2020, our Group initiated BCP measures aimed at ensuring the safety of all employees and their families as well as all our stakeholders amid the COVID-19 pandemic.

We reinforce hygiene measures throughout the workday, including handwashing, the use of masks, and temperature checks, restrict business travel and other work-related movement, adopted time shifts and telecommuting, and we take advantage of web-based meetings. Our offices are equipped with ultrasonic diffusers that spray an MA-T-based solution that is effective against viruses. We also install disinfectant spray and partitions. When necessary, prior to visiting customers, we receive PCR tests or antibody testing. At our logistics facilities, we are implementing measures to limit infections as much as possible, including requiring daily temperature checks, the use of masks, and the dispersal during lunch breaks.

As a company dedicated to supporting medical and research institutions, we are committed to preventing the spread of infection while working to fulfill our responsibility of providing supplies to medical workplaces.

# 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.

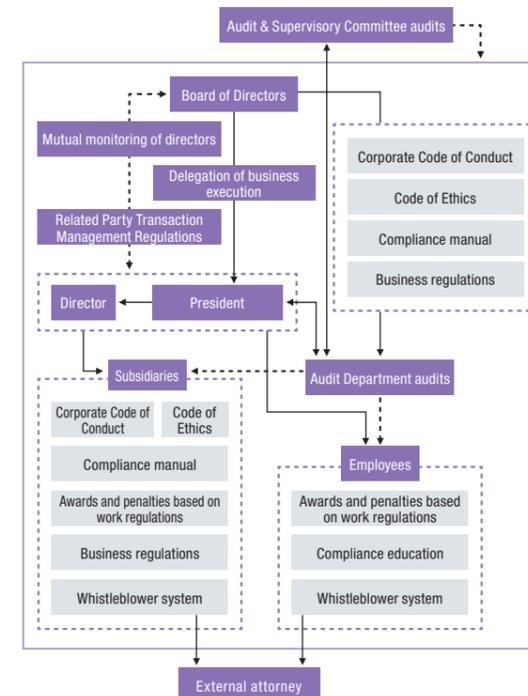
## Compliance Structure

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

We will continue to achieve sustainable growth by steadily increasing revenues and further enhancing our management platform for stable, continuous growth.

Director and Executive Officer in Charge of Finance and General Manager,  
Administration Division

**Keisuke Nishikawa**

### High Profitability Enabling New Growth Investments

We have achieved steady growth by developing business from the perspective of supporting Japan's R&D and medical infrastructure. In addition to 11 consecutive years of year-on-year increases in net sales, we have also recorded year-on-year profit increases for 10 consecutive years.

From a financial perspective, what stands out to me is a stable management platform that is focused on steadily increasing revenues and recording stable growth. Specifically, through catalog sales and our e-commerce businesses, we have developed a structure for achieving stable revenue growth and that is capable of continuously generating cash. This structure enables new investments in future growth. Additionally, we work to achieve our basic policy of maintaining a dividend payout ratio of 50% to the shareholders and investors who support us.

Driving this strong profitability possible is the company's highly disciplined approach to profit. In addition to strict management of gross margins on daily sales, we also apply strict profit standards when deciding on which products to sell. The continuous focus on improving profitability is evident in every aspect of management. The profits generated through this strong management structure can then be used towards dynamic investments that suit our economic environment and growth stage to enable sustainable growth.

### Investing in Operational Efficiency to Further Increase Profitability

There are mainly two types of investments that promote future growth: logistics investments and IT investments. Both are essential to achieving sustainable growth and both will propel us forward towards achieving net sales of 100,000 million yen, our goal for the final year of our Medium-Term Management Plan.

As part of logistics investments, in May of last year we launched operations at our Chiba Smart DC featuring the latest in automation technology. The Smart DC will enable us to respond to growing product sales by increasing the automation of logistics tasks and contributing significantly to increased efficiency.

Our IT investments mainly focus on plans to address growth in the expanding e-commerce business. We will aim for even further profitability by expanding our product database, one of our greatest strengths, and improving our administrative workflow.

By increasing efficiency through these aggressive investments, we hope to further improve our medium-term ROE. I think we continue forward with our current growth strategy of achieving steady revenue increases and steady growth. At the same time, we will pursue capital efficiency through sustainable investments and dynamic M&A strategies. We will also start reevaluating our strategic shareholding.

### Strong 12% Profit Margin Amid the Pandemic

Amid the difficult market environment caused by the COVID-19, AS ONE conducted two upward revisions and recorded increased revenues and profit for FYE 03/2021. Significantly higher sales in the medical instruments sector, import products with a high gross margin, and private brand products contributed to increased profitability. While we did execute loans to respond COVID-19 in order to secure immediate liquidity, our position was such that there would have been no significant financial impact even if we hadn't executed the loans.

Originally, we were forecasting an increase in selling, general and administrative expenses in relation to the launch of the Smart DC as a result of depreciation for material handling facilities and recording real estate rental expenses. However, the reduction in activity expenses resulting from conditions created by COVID-19 enabled us to maintain a high operating profit margin above 12%. As for net income, while we did record impairment on subsidiary and investment target stock, we still secured profits exceeding the previous year.

As for progress on our Medium-Term Management Plan, we are making steady progress on all issues, including increasing engagement in e-commerce, expanding products offered, and developing businesses in the services sector. These efforts have enabled us to achieve several numerical goals ahead of schedule, marking a favorable start to the first year of the plan. Of course, we will not allow ourselves to be satisfied with these results. We feel there is room for further optimization in our logistics, and while continue efforts in this area, including making the necessary investments.

### Looking Beyond COVID-19 to Aim for Further Earnings Growth

As we head into FYE 03/2022, we believe the fluctuating impact of COVID-19 will be limited. We drafted our plans based on the assumption that the spread of the pandemic would begin to subside as we headed into the second half of the fiscal year. While this will result in a correction of the strong demand for products related to COVID-19 response,

this also means we can expect increased sales on the recovery of the scientific and industrial sectors, our main markets. We assume that national science and technology budgets and corporate R&D investments will begin to balloon, something we view as a positive. These factors lend towards expectations of an upswing in earnings so we will consider the possibility of an upward revision to our Medium-Term Management Plan figures.

On the subject of our capital strategy (share buybacks, cancellation of treasury stock, etc.), an issue about which we have received numerous inquiries from investors, we will continue to conduct comprehensive evaluations of management conditions while leaning towards implementing such measures during the period of the current Medium-Term Management Plan.

Lastly, although current economic conditions demand continuous caution, I am confident that we will be able to accelerate our drive towards sustainable growth if we diligently follow through on our Medium-Term Management Plan. Specifically, if we can further refine our business model by focusing on management that prioritizes medium- and long-term growth, and by staying true to our management philosophy of Innovation and Creation, then we will be able to meet the expectations of our shareholders and investors. I ask for your continued support and understanding.



# Awareness of Status of Corporate Earnings and Details of Analysis and Evaluation

## Group Operating Results for the Current Consolidated Fiscal Year

At the beginning of the period, we forecast a 3.0% year-on-year growth in net sales for the full year. This broke down as a 0.3% decrease year on year in the first half, for which we reflected economic stagnancy due to the COVID-19 pandemic, and a 5.8% increase year on year in the second half. Overall, we planned on decreased profit due to higher costs from the opening of the Smart DC, a logistics center that will support shipment volume in five years when net sales reach 100,000 million yen, in the form of depreciation and significantly higher

real estate rental expenses. However, demand for medical workplace PPE remained at high levels and the scientific sector, which mainly includes R&D demand, recovered sooner than expected. As a result, net sales increased significantly by 15.9%, our 11th consecutive year-on-year increase in net sales. The resulting increase in our gross profit absorbed cost increases related to the Smart DC and unanticipated costs such as goodwill impairment losses, resulting in our 10th consecutive year-on-year increase in profit.

## Factors Significantly Impacting Group Operating Results

Our positive results were attributable to many factors, including being able to quickly stabilize procurement of PPE products amid a rapid increase in global demand and concerns about the difficulty of procuring overseas products. We were able to tie those efforts into expanding our customer base. We also benefitted from success in our ongoing digital transformation of EC transactions.

In the Medical Instruments Division, Japan saw a temporary shortage of many items related to infectious disease prevention, including protective clothing and masks. However, we were able to establish positive relationships with suppliers old and new to quickly secure stable procurement and provide stable supplies to our existing customers. This also helped us expand our customer base.

The Research and Industrial Instruments Division are impacted by budgeting decisions at universities and public

R&D institutions, trends in private R&D spending, capital expenditures, and production trends. During the current consolidated fiscal year, demand from major corporations and universities drop temporarily due to the expanded adoption of telecommuting. However, R&D activities and production activities remained firm despite the pandemic. The value of our overall Group framework (vast product selection, individual unit sales, same-day shipment, system links, EC collaborations, etc.) increased as a necessary solution in times requiring remote work and the promotion of digital transformations. With an unparalleled selection of scientific instruments combined with our logistics functions and IT capabilities, our ability to provide consolidated purchasing is one of our greatest strengths. Ocean, our e-commerce system for consolidated purchasing, has over 20 new linked users. Wave, our EC support solution for dealers, added 441 new users.

## Management Policy & Strategy, Objective Indicators for Judging the Status of Progress for Management Goals

Our Group publishes a Medium-Term Management Plan (April 2020 to March 2025) in which we outline three goal indicators: net sales, operating profit margin, and ROE. Indicated below is the status of progress for the current consolidated fiscal year, the first year of our Medium-Term Management Plan.

Indicator	Current consolidated fiscal year (1st year of our Medium-Term Management Plan) April 1, 2020 to March 31, 2021	Current consolidated fiscal year (results) April 1, 2020 to March 31, 2021	Self- assessment
Net sales	72,500 million yen	81,600 million yen	◎
Operating profit margin	8.7%	12.1%	◎
ROE (return on equity)	7.8%	11.6%	◎

## Status of Cash Flow Analysis and Evaluation, Information on Capital Sources and Capital Fluidity

### Status of Cash Flow Analysis and Evaluation

During the current consolidated fiscal year, major strategic investments included capital expenditures for the logistics equipment, information devices, and systems installed in the

Smart DC logistics center. We also made a capital investment in HPC Systems Inc., which provides scientific simulations, as part of plans to diversify our Group's service provision. As a

result, overall investment cash flow resulted in expenditures of 2,100 million yen.

Under our policy of maintaining a dividend payout ratio of 50%, we recorded 2,500 million yen in expenditures as payments for year-end dividends for the previous consolidated fiscal year and interim dividends for the current consolidated fiscal year. We also paid 2,400 million yen in reimbursements

for long-term loans payable.

This capital was covered by 5,300 million yen in operating cash flow and 5,000 million yen in long-term loans payable. As a result, cash and cash equivalents at the end of the period were 10,000 million yen, representing an increase of 3,200 million yen compared to the end of the previous consolidated fiscal year.

## Group Capital Sources and Capital Fluidity

Our Group's main operating capital demands are operating expenses, including product procurement and selling, general, and administrative expenses. Capital demands for investment purposes include capital expenditures for information equipment and logistics equipment, systems investments, and M&A. We believe it critical to our business management that we maintain the necessary fluidity and secure stable capital sources.

Short-term operating capital primarily consists of treasury capital and short-term loans from financial institutions. Capital

expenditures are funded by treasury capital and long-term loans from financial institutions.

However, during the current consolidated fiscal year, we preemptively addressed the lack of transparency in economic conditions caused by the COVID-19 pandemic by executing long-term loans of 5,000 million yen to secure long-term fluidity.

The balance of interest-bearing liabilities, which includes loans payable and lease obligations, for the current consolidated fiscal year was 4,800 million yen while our balance for cash and deposits was 14,300 million yen.

## Important Accounting Estimates and Assumptions Used in Estimates

Group consolidated financial statements are prepared based on accounting standards generally accepted in Japan. In preparing these consolidated financial statements, we use estimates and assumptions that affect the reported amounts for assets, liabilities, income and expenses. As such, the figures based on these estimates and assumptions may differ from actual results.

We recognize that the following phenomena could have a significant impact on the important judgments and estimates made by the Company that were used in the preparation of the Group's consolidated financial statements.

### Deferred Tax Assets

When assessing the recoverability of deferred tax assets, the Group carefully considers future taxable income and makes reasonable estimates. If, in the future, taxable income is lower than expected, there could be a need to adjust deferred tax assets.

### Retirement Benefit Liabilities and Retirement Benefit Expenses

The Group's accumulated retirement benefits and retirement benefit expenses are calculated using a calculation basis created based on certain assumptions related to actuarial calculations, including discount rate and the expected long-term rate of return on pension assets. In the event actual results differ from those assumptions, or if assumptions are changed, there is a possibility the calculation of accumulated retirement benefits and retirement benefit expenses may be affected.

### Goodwill

Our Group estimates the period during which the effect of goodwill will appear and amortizes it evenly across that

period. We evaluate asset value based on business performance and the business plan of the subsidiary, but goodwill may be impaired if in the future initially expected profits can no longer be expected.

In accordance with this policy, for the current consolidated fiscal year, we recorded impairment in the amount of 826 million yen for goodwill for the subsidiary Triumph21. During this impairment treatment, we conducted a review of the subsidiary's business plan. An important assumption in said plan is the growth of commission sales obtained through a solutions business that provides optimal purchasing. However, this is impacted by transaction volume and the number of users. As a result of the above, we recorded no goodwill as of the end of the current consolidated fiscal year.

It may take time for COVID-19 to completely subside, and economic slowdown is possible if corporate activities are curtailed and employment situation deteriorates for an extended period of time. As we handle instruments and equipment, the direct impact on our Group is minor, and demand for infection prevention and protective gear from medical institutions is expected to continue for the foreseeable future. As such, we assume that the impact of COVID-19 on important accounting estimates such as the recoverability of deferred tax assets will be limited.

# Eleven-Year Consolidated Financial Summary

Fiscal year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	*1	
											(Unit: million yen)	(Unit: USD 1,000)
<b>Financial results</b>												
Net sales	45,531	47,204	48,128	51,192	52,041	53,576	55,947	60,959	66,733	70,389	81,606	735,196
Scientific	26,192	27,385	27,631	29,755	30,158	31,205	32,355	35,293	38,917	41,072	44,745	403,114
Industrial	9,513	9,846	9,439	9,849	10,376	11,210	12,170	13,649	14,727	15,116	15,391	138,663
Hospital and Nursing Care	9,825	9,972	11,057	11,587	11,507	11,160	11,421	12,017	12,662	13,779	21,049	189,632
Other	—	—	—	—	—	—	—	—	425	421	420	3,788
Gross profit	13,970	14,581	14,620	15,301	15,493	16,151	16,900	18,429	20,618	21,949	25,927	233,579
Selling, general and administrative expenses	9,165	8,879	9,319	9,382	9,509	10,307	10,806	11,832	13,055	13,398	16,035	144,464
Operating profit	4,805	5,701	5,300	5,919	5,984	5,843	6,093	6,596	7,562	8,550	9,891	89,115
EBITDA *2	5,591	6,391	6,147	6,761	6,892	6,673	7,049	7,391	8,446	9,457	11,515	103,741
Ordinary profit	4,729	5,102	5,260	5,928	6,157	5,990	6,306	6,843	7,751	8,822	10,195	91,855
Profit before income taxes	4,325	5,117	5,260	5,911	6,157	6,012	6,149	6,843	7,751	8,746	8,941	80,550
Profit attributable to owners of the parent company	2,495	2,855	3,209	3,587	3,869	3,878	4,212	4,684	5,264	5,966	5,988	53,953
Capital expenditures	6,295	1,328	354	268	563	653	1,059	1,838	1,190	4,503	2,112	19,031
Depreciation	926	920	1,043	1,013	1,055	958	1,012	870	838	872	1,614	14,542
<b>Financial position as at the end of the fiscal year</b>												
Total assets	61,723	60,819	61,775	64,460	66,668	69,614	70,986	77,831	78,773	81,520	94,225	848,875
Net assets	34,629	36,880	39,681	42,660	45,850	48,614	50,169	52,467	53,252	56,493	62,761	565,421
Net cash *3	7,507	8,632	11,414	14,921	12,092	12,033	14,078	12,361	10,666	9,974	5,356	48,258
<b>Cash flow</b>												
Cash flow from operating activities	2,231	4,570	3,244	5,268	3,171	5,303	4,731	3,037	5,991	6,312	5,381	48,479
Cash flow from investing activities	1,592	(9,605)	1,702	1,141	(5,511)	(2,181)	(1,923)	3,354	(448)	(3,457)	(2,116)	(19,065)
Cash flow from financing activities	6,885	(4,446)	(1,695)	(3,728)	(2,424)	(2,579)	(3,548)	(4,626)	(5,051)	(2,873)	11	102
Net increase (decrease) in cash and cash equivalents	10,759	(9,941)	3,287	2,781	(4,737)	530	(756)	1,769	265	(32)	3,271	29,477
Cash and cash equivalents at the end of the period	13,619	3,677	6,965	9,746	5,008	5,538	4,781	6,551	6,816	6,784	10,056	90,600
<b>Per share information (unit: yen)</b>												
Profit	128.54	149.00	167.50	187.18	201.91	202.41	220.89	249.06	282.00	319.60	320.57	2.89
Net assets	1,806.97	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	30.26
Dividend per share	39.00	45.00	60.00	66.00	71.00	101.00	110.00	125.00	141.00	160.00	161.00	1.45
<b>Financial indicators</b>												
Operating profit margin (%)	10.6%	12.1%	11.0%	11.6%	11.5%	10.9%	10.9%	10.8%	11.3%	12.1%	12.1%	12.1%
ROA (%) *4	4.4%	4.7%	5.2%	5.7%	5.9%	5.7%	6.0%	6.3%	6.7%	7.4%	6.8%	6.8%
ROE (%) *5	7.3%	8.0%	8.4%	8.7%	8.8%	8.2%	8.5%	9.2%	10.0%	10.9%	10.1%	10.1%
Shareholders' equity ratio (%)	56.1%	60.6%	64.2%	66.2%	68.8%	69.8%	70.6%	67.0%	67.5%	69.2%	66.5%	66.5%
Dividend payout ratio (%)	30.3%	30.2%	35.8%	35.3%	35.2%	49.9%	49.8%	50.2%	50.0%	50.1%	50.2%	50.2%
<b>Other indicators</b>												
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	20,688	20,688
Number of treasury shares at the end of the period (1,000 shares)	1,523	1,524	1,524	1,524	1,525	1,525	1,669	2,021	2,021	2,021	2,001	2,001
Foreign shareholding ratio (%)	25.9%	25.8%	25.6%	34.1%	34.6%	32.5%	30.9%	30.9%	29.1%	31.1%	29.1%	29.1%
Number of employees	388	419	421	424	449	463	485	527	557	585	631	631

\*1. To enable ease for readers, US dollar amounts are converted to Japanese yen at a rate of USD 1/111 yen, the currency approximate conversion rate for March 31, 2021.

\*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)

# Consolidated Financial Statements

## Consolidated Balance Sheet (as of March 31, 2020 and 2021)

		(Unit: million yen)	(Unit: USD 1,000)
	FYE 03/20	FYE 03/21	FYE 03/21
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	12,074	14,346	129,248
Notes and accounts receivable-trade	19,757	22,147	199,522
Electronically recorded monetary claims-operating	6,670	9,040	81,449
Securities	2,000	3,500	31,531
Inventories	7,056	8,974	80,851
Other	634	726	6,549
Allowance for doubtful accounts	(12)	(14)	(127)
<b>Total current assets</b>	<b>48,181</b>	<b>58,721</b>	<b>529,026</b>
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Buildings and structures	6,367	6,369	57,386
Accumulated depreciation	(3,634)	(3,743)	(33,727)
Buildings and structures, net	2,732	2,626	23,659
Machinery, equipment and vehicles	597	4,125	37,164
Accumulated depreciation	(332)	(917)	(8,261)
Machinery, equipment and vehicles, net	264	3,208	28,902
Tools, furniture and fixtures	2,939	3,336	30,057
Accumulated depreciation	(2,368)	(2,586)	(23,303)
Tools, furniture and fixtures, net	571	749	6,754
Land	2,021	2,031	18,302
Leased assets	727	727	6,549
Accumulated depreciation	(571)	(620)	(5,587)
Leased assets, net	155	106	962
Construction in progress	3,123	213	1,923
<b>Total property, plant and equipment</b>	<b>8,869</b>	<b>8,935</b>	<b>80,503</b>
<b>Intangible assets</b>			
Goodwill	912	—	—
Software	914	1,359	12,249
Software in progress	453	149	1,344
Other	4	9	85
<b>Total intangible assets</b>	<b>2,284</b>	<b>1,518</b>	<b>13,679</b>
<b>Investments and other assets</b>			
Investment securities	17,457	20,155	181,579
Net defined benefit asset	100	62	559
Deferred tax assets	32	41	376
Real estate for investment	5,212	5,213	46,972
Accumulated depreciation	(1,197)	(1,260)	(11,356)
Real estate for investment, net	4,015	3,953	35,616
Other	625	854	7,702
Allowance for doubtful accounts	(47)	(18)	(169)
<b>Total investments and other assets</b>	<b>22,184</b>	<b>25,048</b>	<b>225,665</b>
<b>Total non-current assets</b>	<b>33,338</b>	<b>35,503</b>	<b>319,848</b>
<b>Total assets</b>	<b>81,520</b>	<b>94,225</b>	<b>848,875</b>

		(Unit: million yen)	(Unit: USD 1,000)
	FYE 03/20	FYE 03/21	FYE 03/21
<b>Liabilities</b>			
<b>Current liabilities</b>			
Notes and accounts payable-trade	16,698	19,068	171,787
Short-term loans payable	1,150	1,600	14,414
Income taxes payable	1,683	2,069	18,644
Provision for bonuses	721	913	8,228
Other	1,927	1,944	17,522
<b>Total current liabilities</b>	<b>22,180</b>	<b>25,596</b>	<b>230,597</b>
<b>Non-current liabilities</b>			
Long-term loans payable	950	3,100	27,927
Deferred tax liabilities	152	1,081	9,747
Provision for stock benefits	111	94	848
Provision for directors' retirement benefits	33	38	349
Net defined benefit liability	12	14	129
Asset retirement obligations	898	902	8,131
Other	687	635	5,722
<b>Total non-current liabilities</b>	<b>2,846</b>	<b>5,867</b>	<b>52,856</b>
<b>Total liabilities</b>	<b>25,026</b>	<b>31,463</b>	<b>283,453</b>
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Capital	5,075	5,075	45,720
Capital surplus	4,452	4,810	43,338
Retained earnings	48,995	52,419	472,243
Treasury shares	(5,917)	(6,156)	(55,468)
<b>Total shareholders' equity</b>	<b>52,605</b>	<b>56,147</b>	<b>505,834</b>
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities	3,719	6,462	58,224
Deferred gains or losses on hedges	20	—	—
Foreign currency translation adjustment	28	31	282
<b>Total accumulated other comprehensive income</b>	<b>3,768</b>	<b>6,494</b>	<b>58,507</b>
Subscription rights to shares	119	119	1,079
<b>Total net assets</b>	<b>56,493</b>	<b>62,761</b>	<b>565,421</b>
<b>Total liabilities and net assets</b>	<b>81,520</b>	<b>94,225</b>	<b>848,875</b>

# Consolidated Financial Statements

## Consolidated Statement of Income (FYE 03/2020 and FYE 03/2021)

	(Unit: million yen)		(Unit: USD 1,000)
	FYE 03/20	FYE 03/21	FYE 03/21
Net sales	70,389	81,606	735,196
Cost of sales	48,440	55,679	501,617
Gross profit	21,949	25,927	233,578
Selling, general and administrative expenses	13,398	16,035	144,463
Operating profit	8,550	9,891	89,115
Non-operating profit			
Interest income	70	71	646
Dividend income	35	40	367
Real estate rent	417	433	3,902
Other	29	48	435
Total non-operating income	553	594	5,351
Non-operating expenses			
Interest expenses	18	10	91
Foreign exchange losses (gains)	15	31	280
Loss on retirement of non-current assets	6	52	471
Rent cost of real estate	192	173	1,565
Other	49	22	203
Total non-operating expenses	281	289	2,611
Ordinary profit	8,822	10,195	91,855
Extraordinary income			
Gains (losses) on sale of investment securities	—	0	0
Total extraordinary income	—	0	0
Extraordinary losses			
Loss on valuation of investment securities	76	428	3,859
Impairment losses	—	826	7,446
Total extraordinary losses	76	1,254	11,306
Profit before income taxes	8,746	8,941	80,550
Income taxes-current	2,836	3,232	29,122
Income taxes-deferred	(55)	(280)	(2,524)
Total income taxes	2,780	2,952	26,597
Profit	5,966	5,988	53,952
Profit attributable to owners of the parent company	5,966	5,988	53,952

## Consolidated Statement of Comprehensive Income (FYE 03/2020 and FYE 03/2021)

	(Unit: million yen)		(Unit: USD 1,000)
	FYE 03/20	FYE 03/21	FYE 03/21
Profit	5,966	5,988	53,952
Other comprehensive income			
Other valuation differences on available-for-sale securities	143	2,743	24,718
Deferred gains or losses on hedges	18	(20)	(184)
Foreign currency translation adjustment	(32)	2	21
Total other comprehensive income	130	2,725	24,554
Comprehensive income	6,096	8,714	78,507
(Breakdown)			
Comprehensive income attributable to owners of the parent company	6,096	8,714	78,507

## Consolidated Statement of Cash Flow (FYE 03/2020 and FYE 03/2021)

	(Unit: million yen)		(Unit: USD 1,000)
	FYE 03/20	FYE 03/21	FYE 03/21
Cash flow from operating activities			
Profit before income taxes	8,746	8,941	80,550
Foreign exchange losses (gains)	1	0	(7)
Depreciation	872	1,614	14,541
Impairment losses	—	826	7,446
Amortization of goodwill	114	85	770
Increase (decrease) in allowance for doubtful accounts	32	(27)	(243)
Increase (decrease) in provision for bonuses	29	192	1,732
Increase (decrease) in net defined benefit liability	(30)	1	12
Decrease (increase) in net defined benefit assets	45	38	342
Share-based compensation expenses	25	23	215
Increase (decrease) in provision for stock benefits	(3)	42	386
Increase (decrease) in provision for director's stock benefits	—	12	111
Loss on retirement of non-current assets	6	51	462
Decrease (increase) on purchase of investment securities	—	0	0
Decrease (increase) on valuation of investment securities	76	428	3,859
Other non-cash items	11	5	46
Interest and dividend income	(106)	(112)	(1,014)
Interest expenses	18	10	91
Decrease (increase) in notes and accounts receivable-trade	(623)	(4,756)	(42,847)
Decrease (increase) in inventories	398	(1,914)	(17,249)
Increase (decrease) in notes and accounts payable-trade	(745)	2,371	21,363
Increase (decrease) in accrued consumption taxes	254	(303)	(2,731)
Other	(238)	560	5,049
Subtotal	8,885	8,090	72,887
Interest and dividend income received	133	144	1,298
Interest expenses paid	(18)	(10)	(91)
Income taxes paid	(2,687)	(2,843)	(25,616)
Cash flow from operating activities	6,312	5,381	48,478
Cash flow from investing activities			
Payments into time deposits	(500)	—	—
Proceeds from withdrawal of time deposits	1,100	1,000	9,009
Purchase of investment securities	(1,745)	(2,706)	(24,378)
Proceeds from sale of investment securities	—	0	6
Proceeds from redemption of investment securities	2,000	2,000	18,018
Purchase of property, plant and equipment	(3,611)	(1,654)	(14,904)
Purchase of intangible assets	(697)	(534)	(4,817)
Other	(1)	(221)	(1,996)
Cash flow from investing activities	(3,457)	(2,116)	(19,064)
Cash flow from financing activities			
Net increase (decrease) in short-term loans payable	(40)	—	—
Proceeds from long-term loans payable	1,000	5,000	45,045
Repayments of long-term loans payable	(900)	(2,400)	(21,621)
Proceeds from disposal of treasury shares	3	485	4,372
Purchase of treasury shares	(2)	(457)	(4,122)
Cash dividends paid	(2,880)	(2,564)	(23,099)
Repayments of lease obligations	(53)	(52)	(472)
Cash flow from financing activities	(2,873)	11	101
Effect of exchange rate change on cash and cash equivalents	(14)	(4)	(38)
Net increase (decrease) in cash and cash equivalents	(32)	3,271	29,476
Cash and cash equivalents at the beginning of the period	6,816	6,784	61,123
Cash and cash equivalents at the end of the period	6,784	10,056	90,600

# Stock Information

## Stock Status (as of March 31, 2021)

Total number of issuable shares: 44,000,000 shares  
 Total number of issued shares: 20,688,135 shares  
 Number of shareholders: 6,222

### Major Shareholders

Shareholder name	Number of shares held (thousand shares)	Shareholding ratio
Iuchi Seieido Co., Ltd.	2,591	13.8%
The Master Trust Bank of Japan, Ltd. (trust account)	1,424	7.6%
Resona Bank, Limited	926	4.9%
GOLDMAN SACHS & CO.REG	759	4.1%
Custody Bank of Japan, Ltd. (trust account)	742	4.0%

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

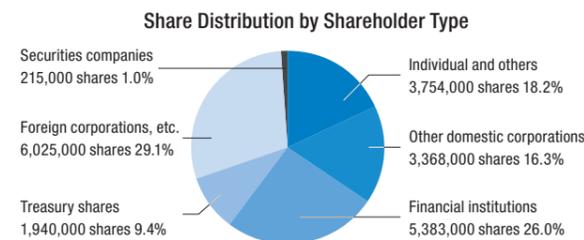
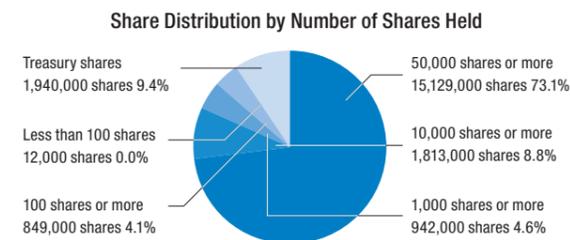
## ESG Rating

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 2021, 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>



## Stock Distribution Status (as of March 31, 2021)



(Note) Treasury stock does not include Company shares held in the "Board Benefit Trust (for directors)" and the "Stock Benefit ESOP Trust".

### Recognition for "Adequate Inventory AI Model"

The Medium-sized Enterprise DX Acceleration Program (AI Sector) gave recognition to a business model based on an "adequate inventory AI model", which promotes optimal inventory management (order timing, order volume, etc.) through AI image analysis (proposed in collaboration with the Asai Office).



\*Medium-sized enterprise DX acceleration program

A comprehensive support program jointly with Dell Technologies Japan Inc. and Nara Institute of Science and Technology (NAIST) to promote DX for mid-sized companies.

### Awarded "KDDI BEST SERVICE AWARD"

We were recognized for using the IVR service, one of KDDI's mainstay products, to implement reforms in our call center operations.



KDDI MATOMETE OFFICE KANSAI CORPORATION President Yamaguchi (Center)

# Company Information

## Company Overview

Headquarters location:	2-1-27 Edobori, Nishi-ku, Osaka 550-8527	Affiliates:	AS ONE SHANGHAI CORPORATION (Business description: Sales of scientific instruments for research)
Established:	June 1, 1962		Nikko Hansen & Co., Ltd. (Business: Manufacturing and sales of plastic containers)
Capital:	5,075 million yen (end of March 2021)		Iuchi Logistics Co., Ltd. (Business: Warehouse management and cargo handling)
President:	Takuji Iuchi		AS ONE INTERNATIONAL INC. [USA] (Business: North American product exports)
Number of employees (consolidated):	631 (as of the end of March 2021)		Tryumph21 Co., Ltd. (Business: Online purchasing services)
Net sales (consolidated):	81,606 million yen (FYE 03/2021)		
Business:	Sales of research equipment, nursing and elderly care products, and other scientific instruments		
Website:	<a href="https://www.as-1.co.jp">https://www.as-1.co.jp</a>		

AS ONE  
TV commercial

Like a lighthouse,  
guides researchers.

EC x Logistics  
(To the future)

EC x Logistics  
(AXEL)

**Shenyang Branch**  
**Beijing Branch**  
**Beijing Logistics Center**  
**Suzhou Branch**  
**Guangzhou Branch**  
**Dalian Branch**  
**AS ONE SHANGHAI CORPORATION**  
**Anting Logistics Center**  
**AS ONE INTERNATIONAL INC.**

**Sapporo Sales Office**  
**Tokyo Office**  
**Nagoya Branch**  
**Kyoto Sales Office**  
**Nikko Hansen & Co., Ltd. Headquarters**  
**Osaka Logistics Center**  
**Wakayama CIC**  
**Takamatsu Sales Office**  
**Hiroshima Sales Office**  
**Kyushu Logistics Center**  
**Fukuoka Sales Office**  
**Okinawa Sales Office**  
**Sendai Sales Office**  
**Tokyo Logistics Center**  
**Tsukuba Sales Office**  
**Tonomachi Solution Research Laboratory**  
**Smart DC**  
**Yokohama Branch**  
**Tryumph21 Co., Ltd.**  
**Shizuoka Sales Office**

AS ONE SHANGHAI CORPORATION

AS ONE INTERNATIONAL INC.

Headquarters

Tonomachi Solution Research Laboratory

Smart DC

Osaka Logistics Center

Tokyo Logistics Center