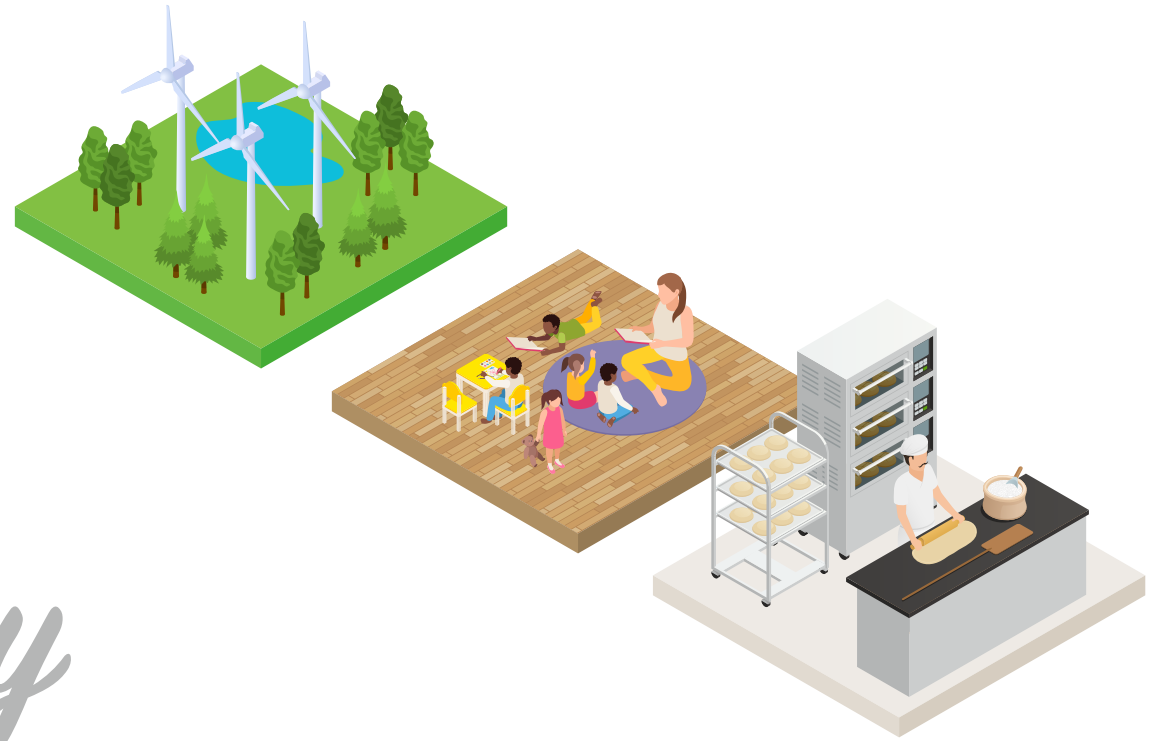


SECTION 1

Value Creation Story



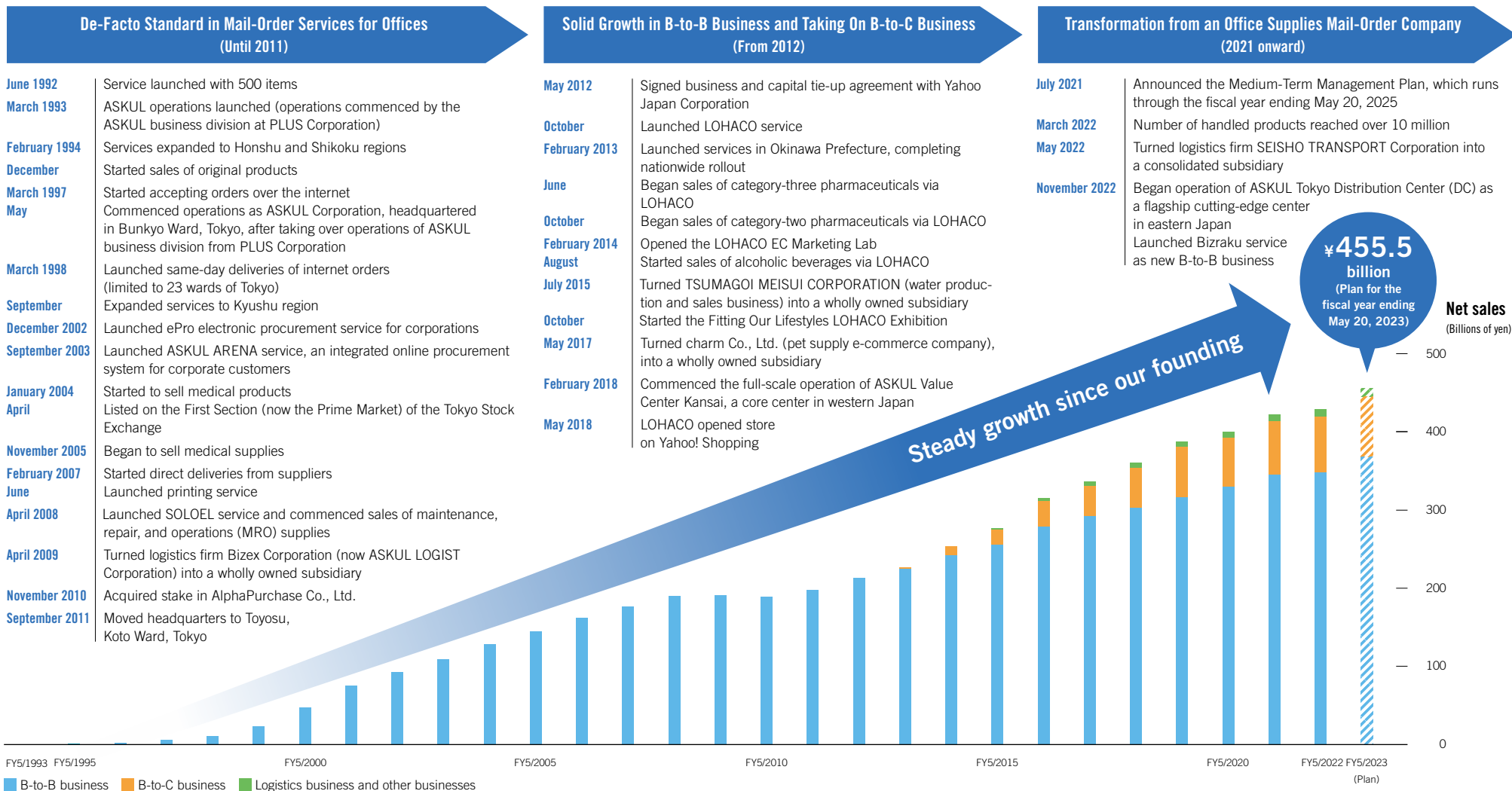
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History of Taking On Challenges and Evolution

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

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



History of Taking On Challenges and Evolution

B-to-B Business

Making the Traditional Distribution Structure More Functional and Logical

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

ASKUL's services have continuously evolved. First, the Company changed the distribution structure, which previously entailed many layers involving manufacturers, primary wholesalers, secondary wholesalers, and retailers, in order for products made by manufacturers to reach customers. More specifically, the Company consolidated functions in purchasing, inventory management, and sales and eliminated

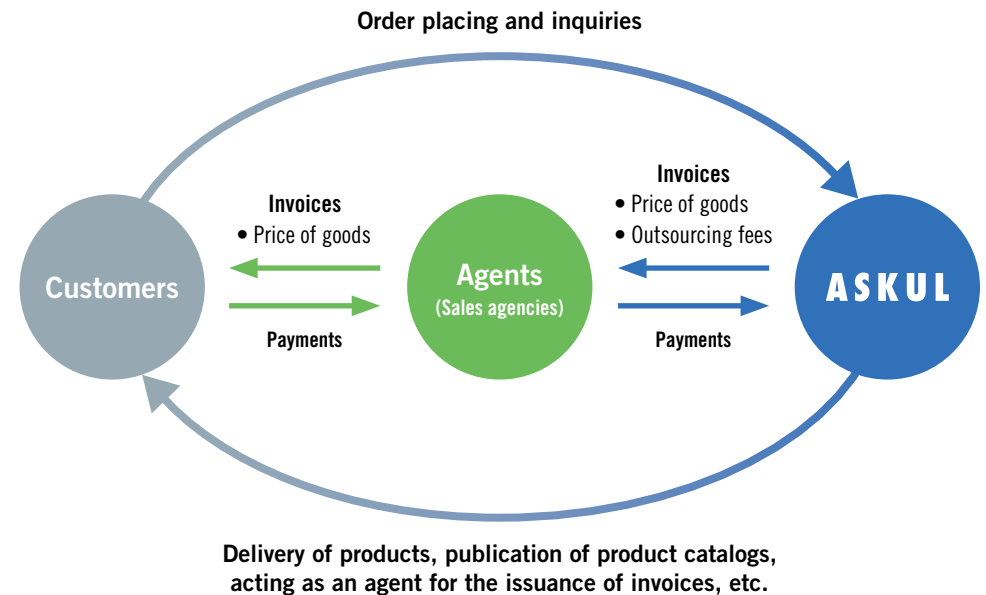
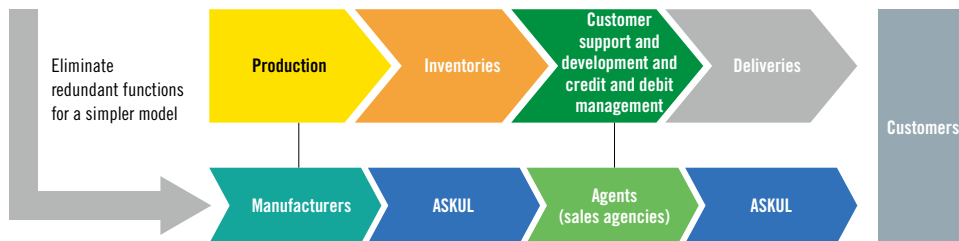
redundant operations while cutting time and costs. The ASKUL Model was created as a new distribution system that emphasizes “social optimization,” or in other words, smoothing out the flow of information along with the aforementioned changes, and “functionalism,” where the most qualified players handle individual functions and roles.

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

Traditional Distribution Structure



ASKUL Model



History of Taking On Challenges and Evolution

B-to-C Business

Phase 1 (2012–2016) Business Launch

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

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

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

Materials at time of announcement

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

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

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



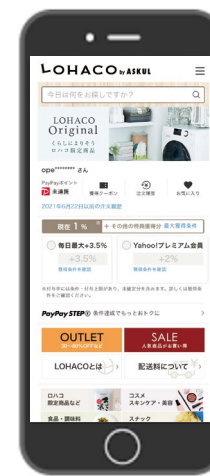
External view of ASKUL Value Center Hidaka

Phase 3 (from 2019) Transformation of Earnings Structure

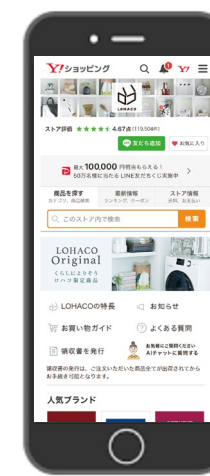
In December 2018, management pivoted the Company toward creating proprietary value in e-commerce with the aim of realizing sustainable services. In December 2019, ASKUL declared it would become profitable in the fiscal year ending May 20, 2023, through reforms to its cost structure. The Company worked to expand its original products and reduce the logistics cost ratio by combining B-to-B and B-to-C delivery networks and promoting unattended deliveries, in addition to cutting fixed costs by launching a new LOHACO Main Store.

ASKUL intends to become profitable by expanding sales channels, such as opening a LOHACO store in the PayPay Mall Store,* and leveraging synergies with Z Holdings Corporation.

* PayPay Mall was integrated with Yahoo! Shopping in October 2022.



LOHACO Main Store



LOHACO Yahoo! Store

ASKUL's Businesses

B-to-B Business

Our mission is to fulfill our social responsibility by supplying products to all workplaces as a lifeline for working people. Based on this mission, the Company operates two websites: ASKUL, a website for small and medium-sized enterprises, and SOLOEL ARENA, a website for mid-tier and larger companies. Through these websites, customers can shop from a selection of more than 12 million products in one place, ranging from office supplies, living supplies, and furniture to specialized goods for the manufacturing and construction sectors, general medical products—such as for healthcare, nursing care, and drugstores—medical materials including pharmaceuticals, and medical equipment. ASKUL advances the B-to-B business while coordinating with AlphaPurchase Co., Ltd., which sells maintenance, repair, and operation supplies and engages in the facility management business; SOLOEL Corporation, which provides purchase solutions for large companies; and BUSINESSMART CORPORATION, which carries out the ASKUL agent business.

Consolidated net sales

¥348.0 billion

Consolidated operating profit

¥17.0 billion

ASKUL

Alpha Purchase

SOLOEL

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

B-to-C Business

LOHACO, which is derived from the phrase “lots of happy communities,” is based on the concept of “making our lives easier.” LOHACO by ASKUL (the LOHACO Main Store) and the LOHACO Yahoo! Store are the two channels via which customers can shop for approximately 145,000 products (as of July 2022) that range from beverages, foods, detergents, kitchen supplies, pharmaceuticals, cosmetics, and other daily necessities to pet products, interior goods, and LOHACO original products. The Company aims to offer unique e-commerce sites for daily necessities through a combination of its capabilities in the B-to-B business—such as product development and procurement capabilities, logistics and delivery networks, and customer responsiveness—and the strengths of Yahoo Japan Corporation—namely, customer appeal and payment services. charm Co., Ltd., which operates an e-commerce site for pet and gardening products, is popular among users of e-commerce malls, contributing to the growth of the B-to-C business.

Consolidated net sales

¥70.6 billion

Consolidated operating loss

¥2.4 billion

LOHACO

charm

Logistics Business

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

Consolidated net sales

¥9.0 billion

Consolidated operating loss

¥0.0 billion

ASKUL Logist 西湘運輸株式会社

Other Businesses

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

Consolidated net sales

¥0.7 billion

Consolidated operating loss

¥0.0 billion

嬌恋銘水

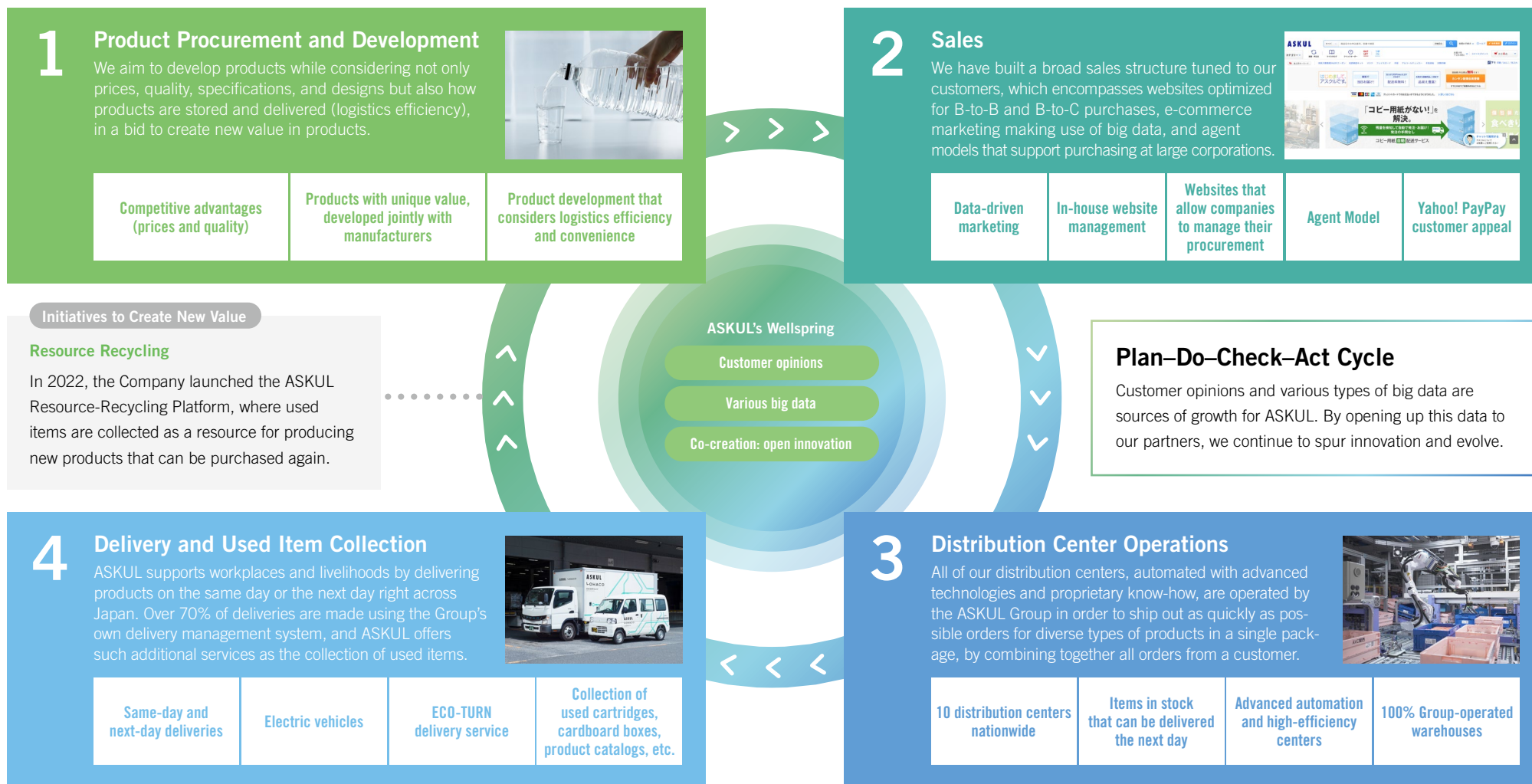
Net Sales Ratios



Business Model

Ethical E-Commerce That Is Continuously Bringing Delight

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



ASKUL's Strengths

Source of Growth

Customer Base

In the B-to-B business, the number of registered customer IDs has surpassed 4.8 million,*1 as businesses of all sizes and from all sectors leverage our services. The total number of LOHACO customers is roughly 9.3 million,*2 and we aim to increase the number of LOHACO fans.

*1 As of the end of May 2022

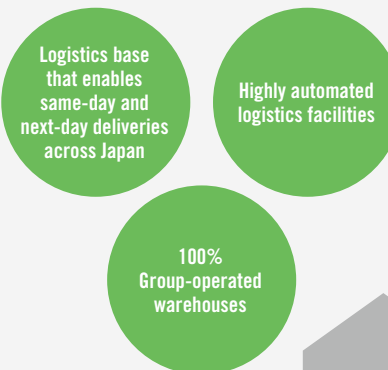
*2 As of August 2022



A Unique Evolution Focused on E-Commerce

E-Commerce Logistics

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



Co-Creation

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

Evolving Services and Enabling High-Precision Data-Driven Marketing

Big Data

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

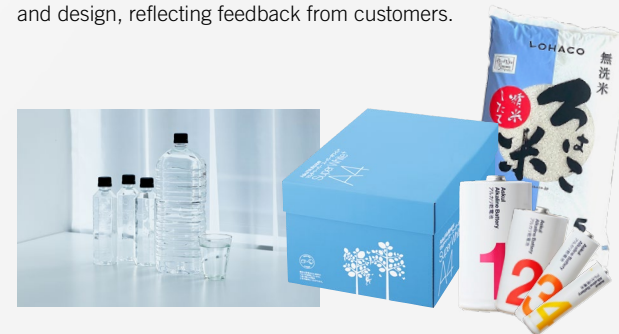


Note: Big data on purchases in the B-to-B business and LOHACO business has been accumulated from May 21, 2006, to May 20, 2022.

Satisfying Customer Needs

Original Products

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



Business Capital

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

Note: Figures are for the fiscal year ended May 20, 2022, or as of May 20, 2022, aside from those with an explanatory note.

Financial Capital Consolidated

Strong ability to generate cash flows

Total asset turnover 2.27 times

CCC*1 – 26.6 days

*1 Cash conversion cycle

Shareholder composition for creating business synergies

Z Holdings Corporation's shareholding percentage 44.9 %

Total assets

¥188.0 billion

Net assets

¥57.2 billion

Manufactured and Sales Capital Consolidated

Distribution centers

10 centers*2

*2 100% Group-operated locations

Investment in plant, property and equipment

¥31.2 billion*3

*3 Total over past five years (fiscal year ended May 20, 2018—fiscal year ended May 20, 2022)

Software investment

¥21.6 billion*3

Human Capital

Ratio of mid-career hires Non-consolidated

72.5 %

No. of employees Consolidated

3,380

System engineers Non-consolidated

158

Ratio of women in management Non-consolidated

22.2 %

No. of delivery drivers Consolidated

Approx. **3,400** *4

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

Co-Creation Capital (Social Capital) and Intellectual Capital Non-consolidated

Suppliers

1,225 companies

Sales agents (sales agencies)

1,163 companies

LOHACO EC Marketing Lab participants

P.27 **119** companies

Customer base

Registered customer IDs (B-to-B business) Over **4.8** million

No. of buying customers (B-to-C business) **9.3** million*5

Customer feedback (B-to-B business and B-to-C business) **2.13** million opinions per year

*5 Total cumulative number of customers since LOHACO services launched (October 2012–August 2022)

Product planning and development capabilities

Original products About **11,000** items (28.2% of sales)

Networks with overseas designers **45** units

Popular service brands

ASKUL recognition ratio **84.0** %*6

*6 (ASKUL survey) Multiple answers about how users came to select their e-commerce provider among six companies that directly sell products used in workplaces; September 2022 survey, provided by Macromill, Inc.

E-commerce logistics know-how

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

Natural Capital Consolidated

Electricity used P.48

52,967,000 kWh,

including **24,407,000** kWh of renewable energy (46.1%)

Value Creation Process

Purpose Continuously bringing delight to our workplace, life, the planet and tomorrow

Accomplishments / direction

- ▶ Transformation from office supplies mail-order company
- ▶ Sustainability transformation (SX) Ethical e-commerce

Value Proposition

Value created from material issues (important issues)

- Service reform via digital transformation (DX)**
 - ▶ Create the best customer experiences
 - ▶ Build an innovative value chain
- Innovation via co-creation**
 - ▶ Create new value through products and services
 - ▶ Realize resource-recycling platforms
- Contribution to the global environment for the next generation**
 - ▶ Take on the challenge of realizing a carbon-neutral society
 - ▶ Conserve biodiversity
- Build responsible supply chains**
 - ▶ Realize sustainable procurement
 - ▶ Fulfill responsibility as a lifeline
- Develop human resources to strengthen sustainable corporate activities**
 - ▶ Promote diversity where individuals can demonstrate their abilities
 - ▶ Innovate through personnel who proactively take on new challenges

Economic value (FY5/2025 consolidated target)

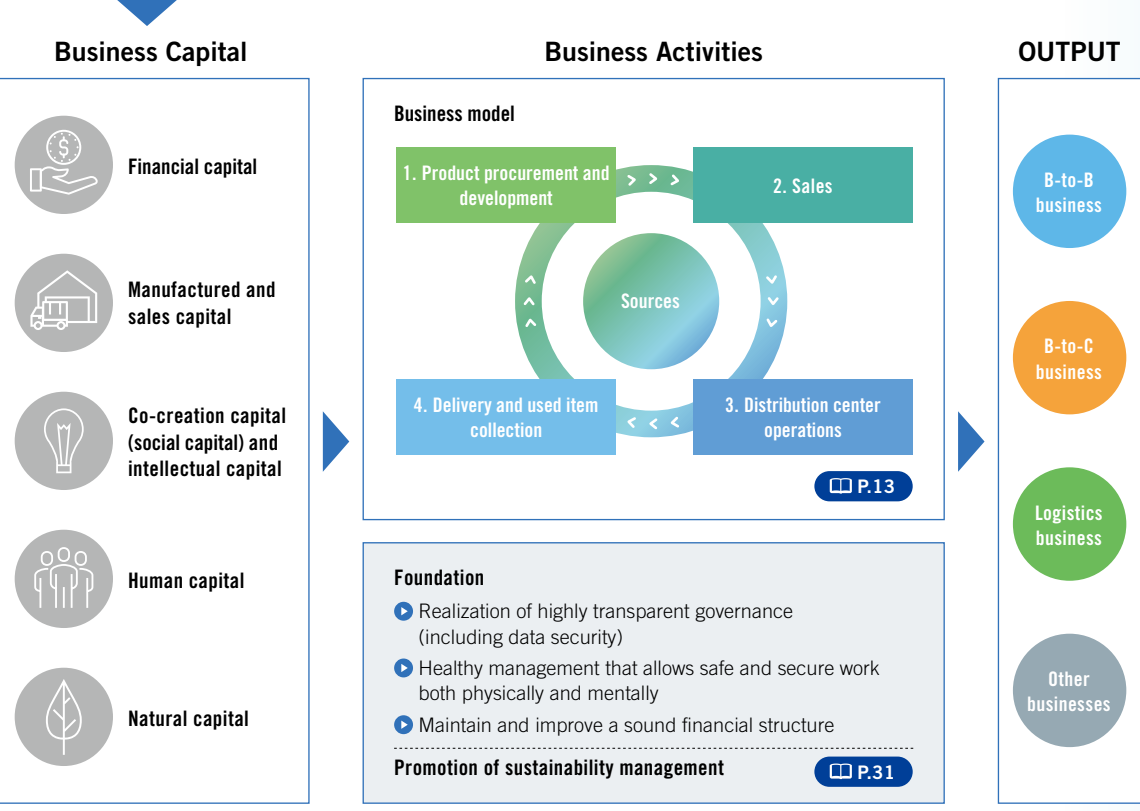
Net sales **¥550.0 billion** (Average annual growth of over 6.0%)

Operating profit ratio **5.0%** (Average annual growth of over 18.0%)

ROE **20.0%**

Changes in business environment surrounding ASKUL

- ▶ Falling birth rate and aging population of Japan, shortage of workers
- ▶ Acceleration of transition to e-commerce
- ▶ Advances in AI and technology
- ▶ Responses to infectious diseases
- ▶ Climate change and sustainability management
- ▶ New workstyles and borderless corporate activities



DNA Advancing Forward for Our Customers

Values Innovation and Speed / Diversity and Co-Creation / Reliability and Dignity



I constantly update our e-commerce website by rapidly adding the products customers truly desire.

ASKUL Business Unit,
E-Commerce Development
Mitsuki Mikata



Together with our customers, I aim to propose ideas for new products and services that bring delight for the world tomorrow.

ASKUL Sales Unit, Agent Sales
Minaki Yamada



I am working to help create and operate websites that are safe and easy to use, making them more convenient for customers and incorporating even the smallest request.

Technology Unit, ICT Solutions Ryosuke Miwa



Through our products and services, I am making efforts toward realizing an environment that brings delight to customers.

Corporate Unit, Sustainability & Environment
Takemi Tachibana



I aim to create systems that deliver products for the convenience of customers, delivery carriers, and ASKUL, with the aim of bringing delight to all involved.

Logistics Unit, Delivery Network Mai Akasaki

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

I hope to create a brighter future together by creating systems and environments where ASKUL's people can take on new challenges with peace of mind.

Human Relations & General Affairs Unit
Yutaka Nakanishi



I am involved in co-creating environments that customers can safely use now and in the future, while continuously refining my specializations and working together with other departments.

Legal & Security Unit Wataru Asami

I always think of customers in our business activities so that they will have pleasant experiences using ASKUL's products and services.

Customer Service Unit Emiko Fukuda



I aim to provide enjoyable shopping experiences to users through my design capabilities that leverage my roots and global perspective.

LOHACO Business Unit, Design Yatong Wang



I am helping to provide customers with optimal work environments, developing products that are tailored to diverse workstyles and which help customers solve their problems.

OAPC & Stationery Unit, OAPC
Tomohiro Tamura

