



 **AS ONE**

ANNUAL  
REPORT 2019

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



[Origin of Our Name]

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



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AS ONE CORPORATION  
ANNUAL REPORT 2019

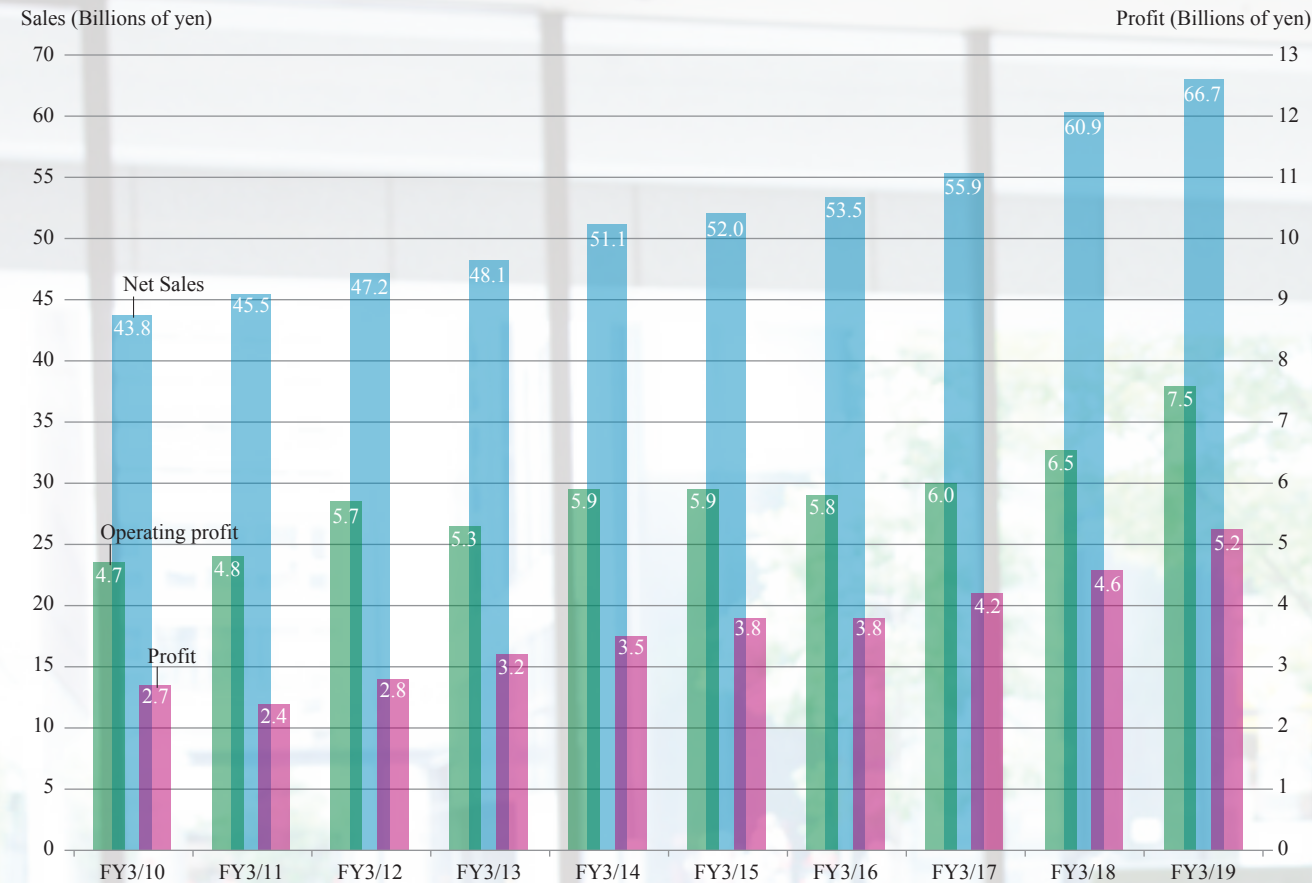
[Management Philosophy]

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



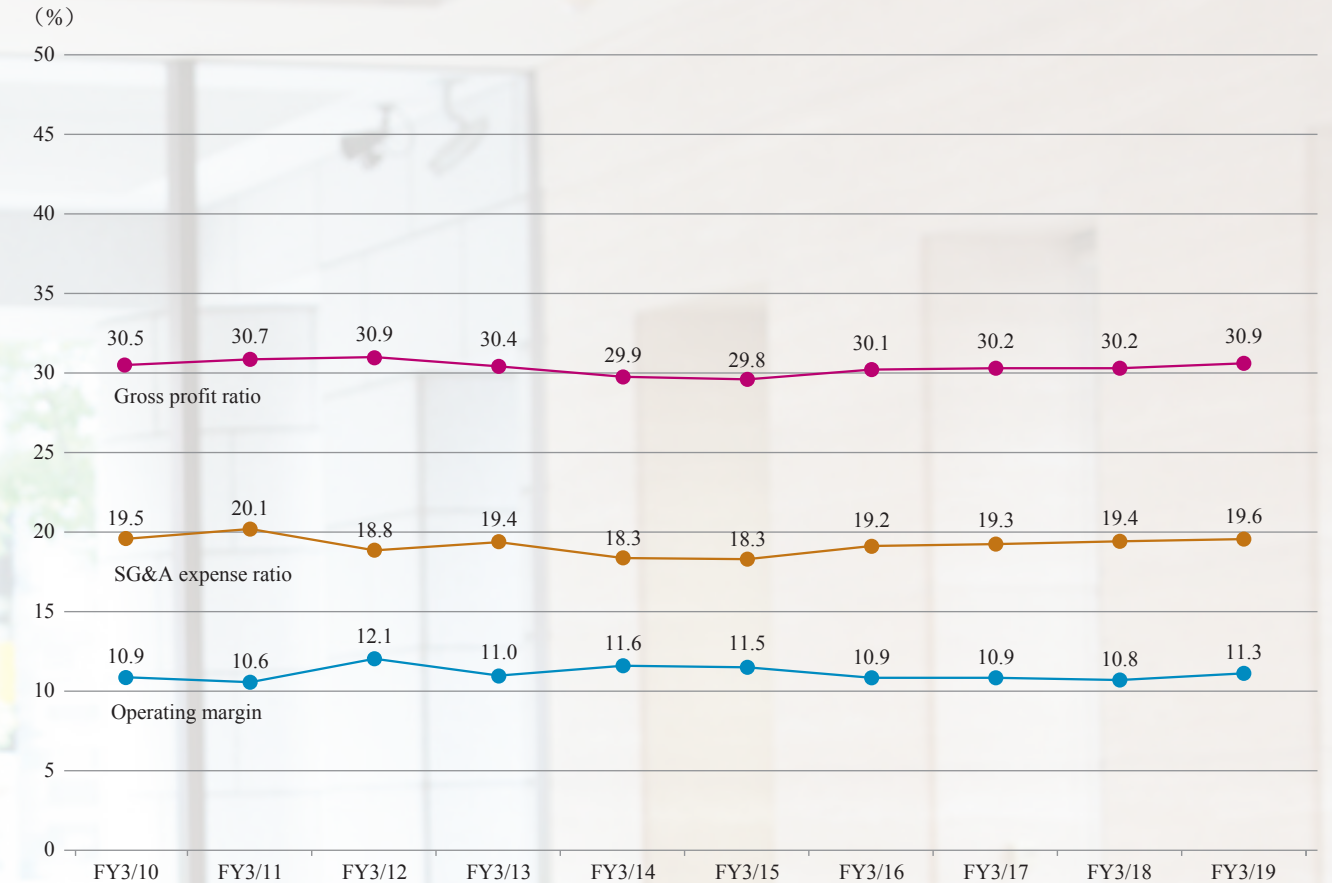
## Financial Highlights

### Consistent profitability and steady growth



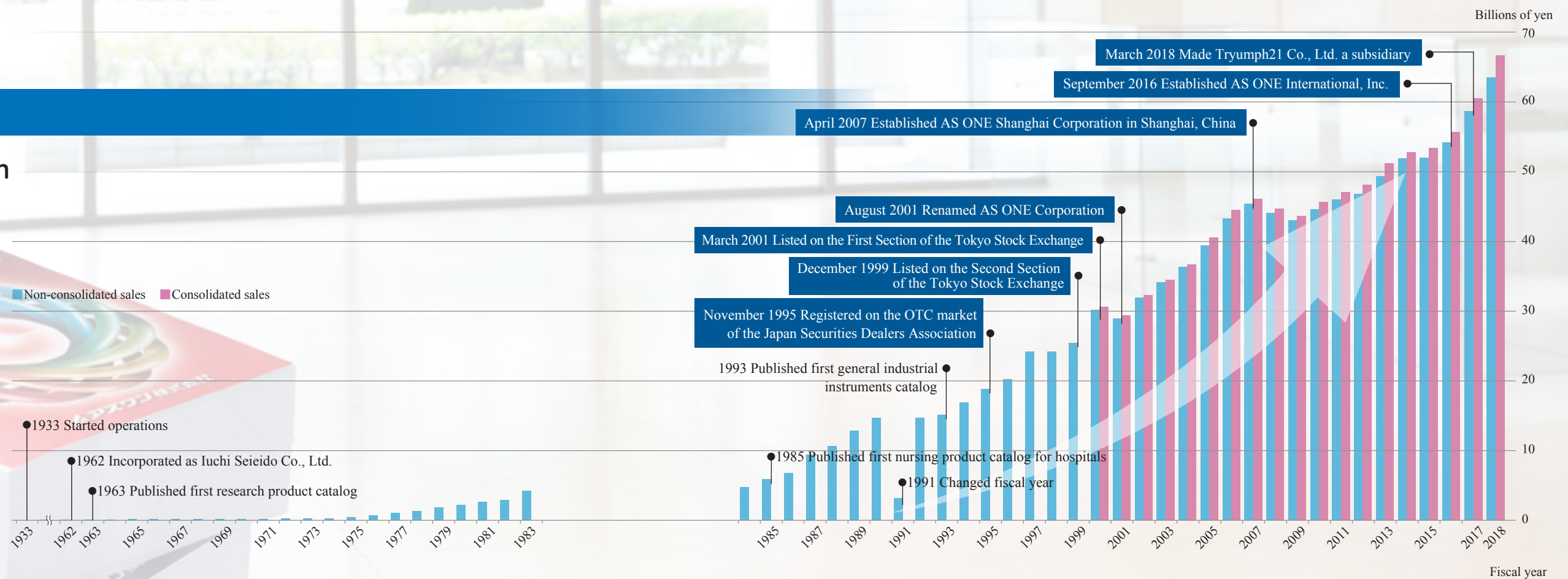
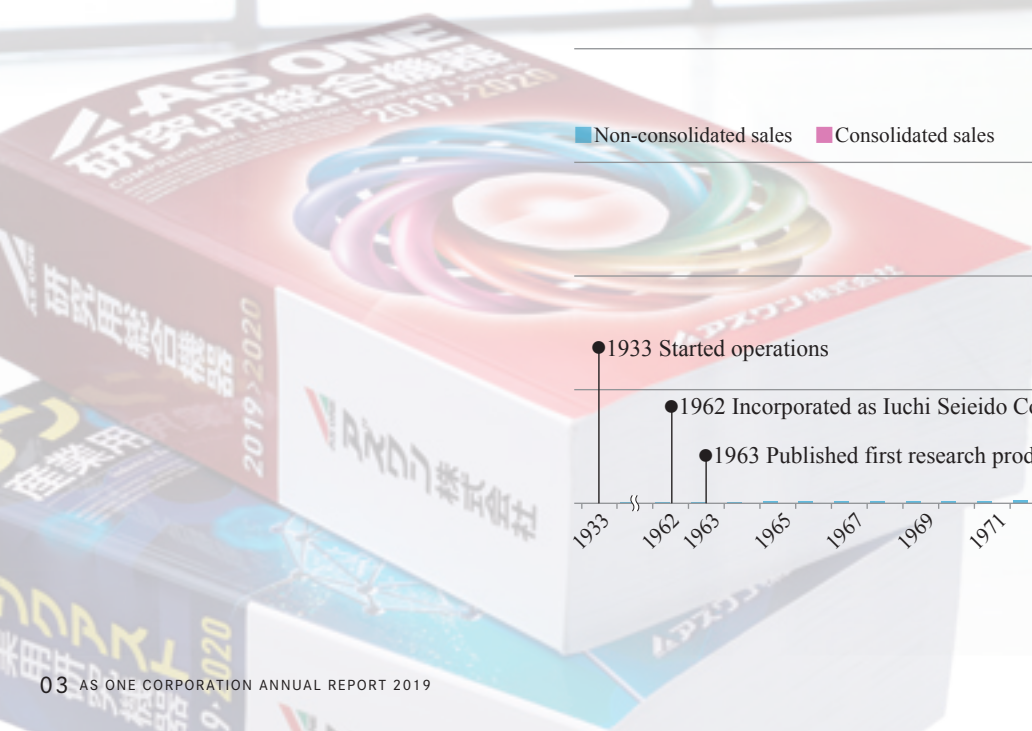
## Profitability

### Highly profitable operations with minimal variation



## History

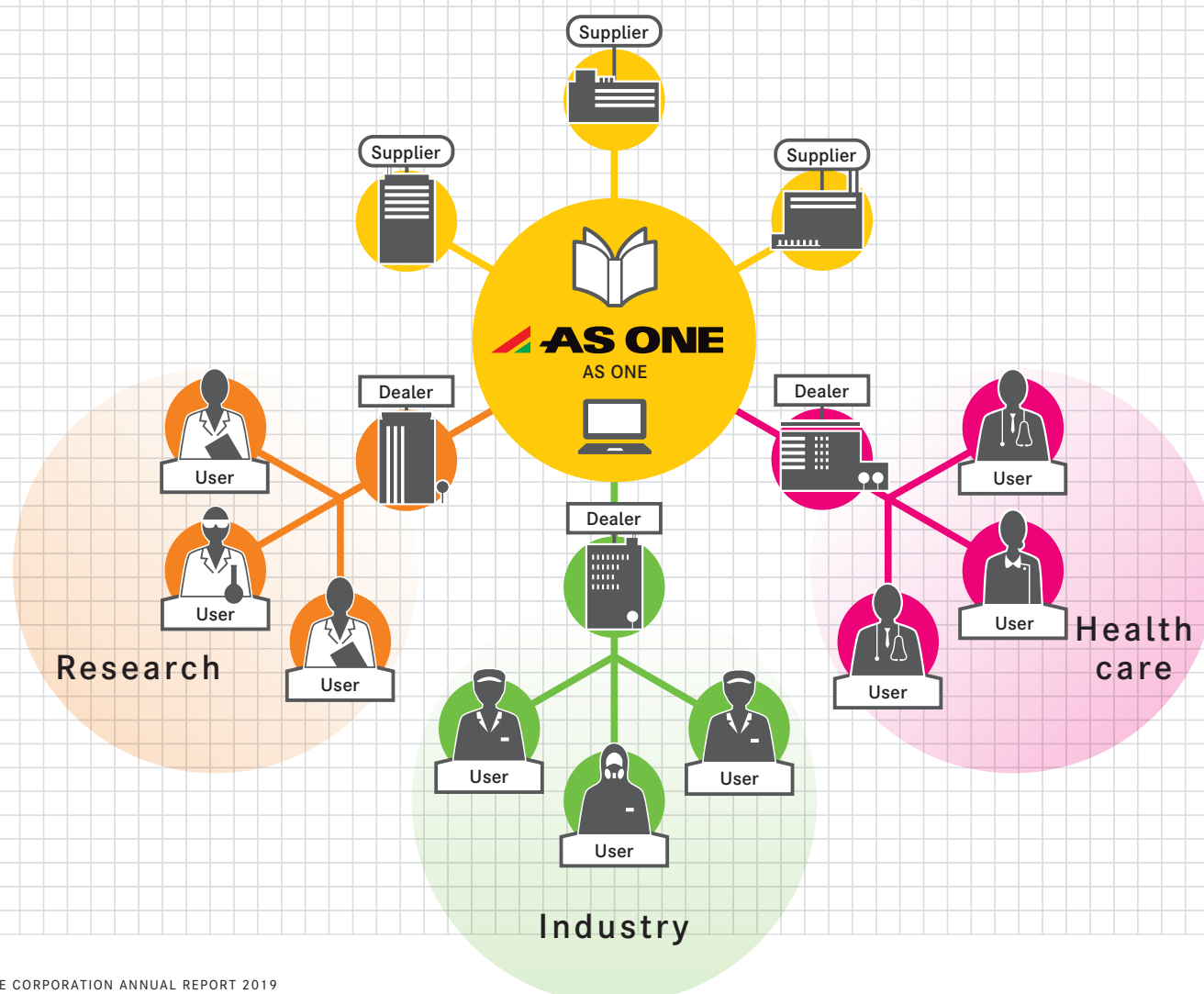
### Constant growth



[AS ONE Business]

# Building a strong foundation for a distribution hub for a new era that connects people, products, and information

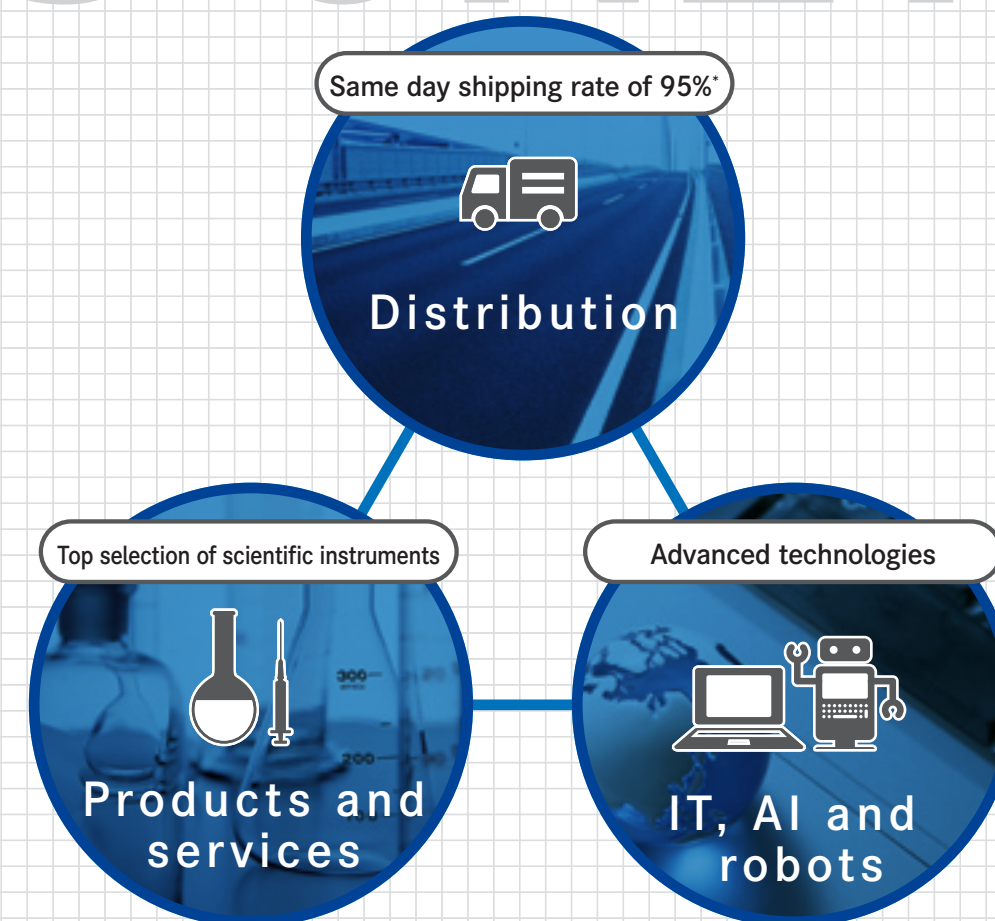
AS ONE will continue to use its unique business model to provide highly reliable total solutions in the research, industry and medical sectors through a network linking suppliers, dealers, and users.



[Three Key Strengths]

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

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



\*Products in catalogs



# Analog & Digital

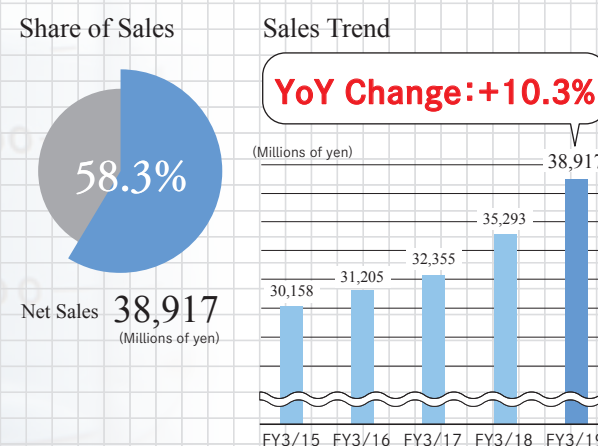
Advanced catalogs and e-commerce construction have driven our performance

We have a selection of products, mainly scientific instruments, which other companies cannot match. Our company has expanded business performance in all fields by providing these widely varying products through our integrated purchasing systems and by increasing supplies to other online shopping companies.

## Research and Industrial Instruments Division

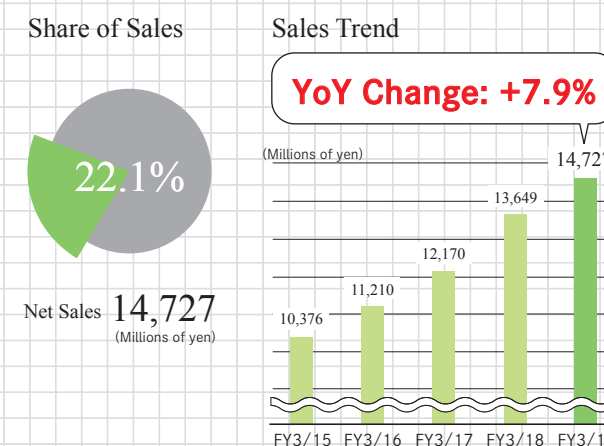
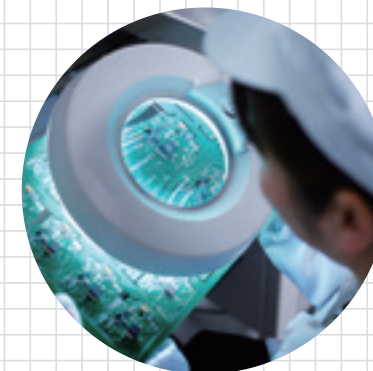
### Scientific Instrument Sector

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



### Industrial Instrument Sector

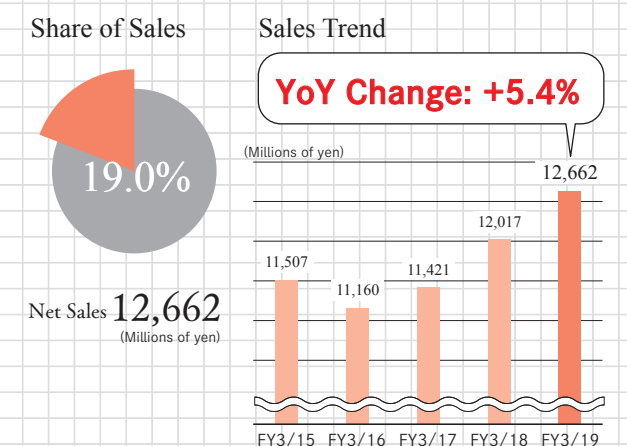
AS ONE is helping to advance manufacturing technology as a supplier of equipment and supplies with outstanding precision and quality.



## Hospital and Nursing Care Division

### Hospital and Nursing Care Products

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



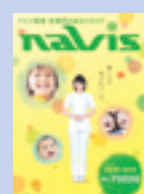
Other sales of 400 million yen: Fee for using the web purchasing service system provided by Tryumph21 Co., Ltd.



**General Research Instrument Catalog**  
First issued in 1963, this general laboratory supplies catalog contains about 75,000 items.



**SUNQ-ASST Industrial Research Instrument Catalog**  
First issued in 1993, this catalog features about 75,000 items for the semiconductor and other high-tech industries.



**Navis Nursing and Medical Product General Catalog**  
First issued in 1985, this catalog contains about 22,000 items designed to help improve medical and nursing care.



**Laboratory Catalog**  
This is a general laboratory supplies catalog for foreign research scientists working in Japan.



**ASPURE Cleanroom Environment and Anti-static Measure Product Catalog**  
We created the ASPURE brand for our lineup of high-quality products designed to prevent static electricity and maintain the cleanroom environment required for a variety of applications.



**AXEL (Japanese)**  
This is our e-commerce site employing our original product search system that enables users to quickly locate specific products from among approximately 3 million items.



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



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



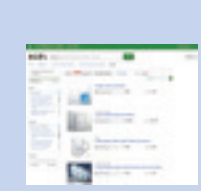
**Nursing Care and Medical Product General Catalog**  
This catalog contains items that support the launch of facilities for the elderly, ranging from daily necessities to professional nursing care products and medical supplies.



**ASSRE Research Systems Catalog**  
This catalog offers a large lineup of equipment that enables customers to create the best possible laboratory environment.



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



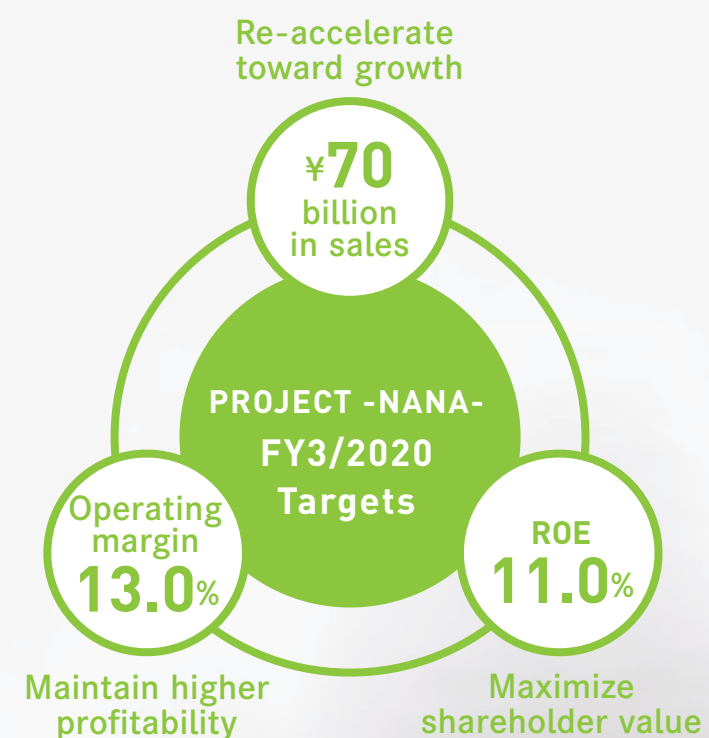
**AXEL\_GLOBAL (English)**  
This is our English-language product search engine featuring an automatic translation capability for 15 languages.

# The flexible business model and creative work style are what makes AS ONE unique.

Our out-of-the-box thinking that goes beyond products and an ability to get things done that does not fear change will take AS ONE to new heights.

“Project NANA”, our medium-term management plan launched in the fiscal year ending March 2016. This was upgraded to NANA 2.0 in 2018. The project is now approaching its final stage, and its targets are within range. The plan’s growth strategy focuses on three key areas, i.e. “E-commerce”, “Overseas” “Operations”, and “New Products”. In recent years, “E-commerce” has been an area where a number of companies are zeroing in on making themselves more competitive outside the boundaries of their industry. Working against this backdrop, we must make our unique business model more sophisticated and build stronger ties with suppliers, dealers, and users in order to establish a solid footing. This requires innovatively interweaving digital and analog, a strategy we have been following for some time. Even though the digital market offers the possibility for limitless expansion,

we cannot simply increase our product lines. We can’t simply expand our product lines. We won’t be able to deliver products and services that satisfy customer needs unless we have a real (i.e. analog) distribution network. That’s why we started a new service dubbed “Wave” this fiscal year. “Wave” is a service designed for dealers who want to enhance their e-commerce site for users. We support their product lineups and the systems at work behind the scenes. Enabling users, dealers, and AS ONE to manage orders via an online network, “Wave” is really helping us strengthen our sales capability and distribution network. Our “Overseas Operations” have seen growing demand in China among not only manufacturers but also research institutions. In response, we set up a division dedicated to operations in the Chinese market this fiscal year with an eye to steadily achieving positive



President  
Takuji Iuchi

results while riding the huge wave of demand. We also augmented our product lineup on our English website, AXEL\_GLOBAL, and made it a multilingual site. It has been evolving into a tool that is proving to be instrumental in cultivating the global market. When it comes to “New Products”, we are focusing on contract services, such as measuring, analysis, and other information processing services, in addition to conventional product-oriented services, such as calibration and rental services. Moving forward, AS ONE will go beyond the conventional boundaries of a trading company and create new corporate value as a distribution hub that connects people, products, and information.





The five-year sales targets are now within range.  
We will take the next step in our efforts to keep moving forward, instead of just resting on our laurels.

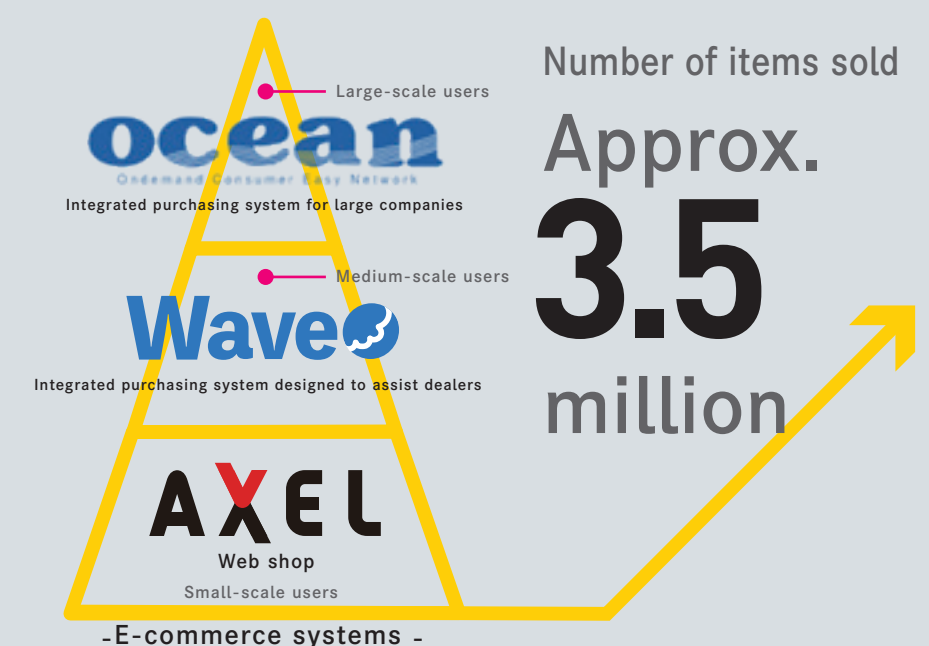
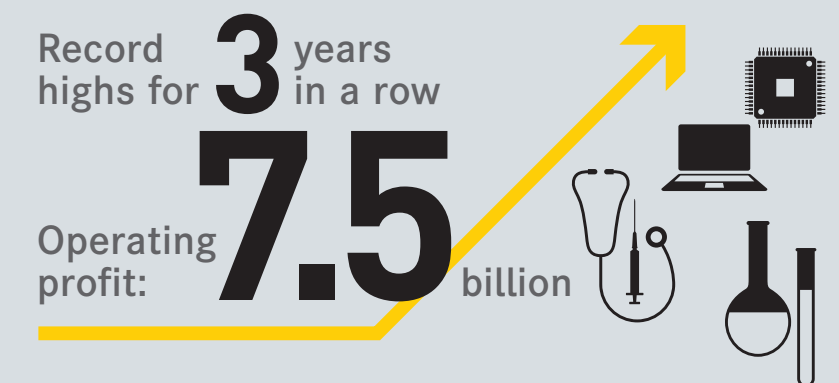
Driven by our management philosophy of “Innovation and Creation”, we have been continually transforming ourselves as we move ahead like a rolling stone that gathers no moss. As a result, our Group’s consolidated net sales for the fiscal year ended March 2019 totaled ¥66,733 million (up 9.5% year on year), operating profit ¥7,562 million (up 14.6% year on year), ordinary profit ¥7,751 million (up 13.3% year on year), and profit ¥5,264 million (up 12.4% year on year), all hitting all-time highs.

Net sales have been growing quickly and have almost reached the target set under our medium-term management plan, which will end in the fiscal year ending March 2020. However, the 70-billion-yen target we set is merely a stepping stone. Now that this target is within reach, we are getting ourselves ready for the next target—¥100 billion in net sales. We will work to open new business frontiers more aggressively and more innovatively than ever under a new plan, “Post NANA: Game Changer”.

In order to maintain the growth of the company as a whole, individual employees must achieve personal growth as well. This requires a rewarding work environment where all employees can thrive. In addition to implementing growth strategies and promoting business innovations, changing the way employees work in the fullest sense is also one of our big goals. We will continue to focus on not only using AI and RPA\* to reduce employees’ workload but also building an

environment where employees feel free to express their opinions from the bottom up and deliver results through a creative process. We look forward to your continued support as we aim to become a company that’s admired and rated highly by everyone as we move forward in the belief that the individual growth of employees will lead to our growth as a company and customer satisfaction.

\*RPA stands for robotic process automation. It refers to software robots which perform desk work on a computer to automate office processes.



# Three key growth drivers

## Take AS ONE beyond NANA 2.0.

### Help AS ONE make a major step forward.

#### 1 E-commerce Business

Meeting customer needs better with the introduction of a new system and enhanced product lineup

In addition to increasing the number of products available online, we launched Wave, an integrated purchasing system designed to assist our dealers. This is part of our efforts to expand our customer base.

< Results for Fiscal Year Ended March 2019 >

**10.8** billion  
YoY change  
**27.9%** Up

#### 2 Overseas Operations

Implementing an organizational reform to boost operations in Asia

We launched the China Business Division dedicated to operations in the Chinese market in order to give full attention to this burgeoning market. We also set up the Overseas Sales Department under the Sales Division to expand operations in Asia.

< Results for Fiscal Year Ended March 2019 >

**4.0** billion  
YoY change  
**25.4%** Up

#### 3 New Products

Successfully cultivating needs through diversified services

We are a one-stop solution provider offering products, services, and information customers really need.

< Results for Fiscal Year Ended March 2019 >

**3.0** billion  
YoY change  
**40.2%** Up

#### Higher capital efficiency

We focused on accelerating growth while improving efficiency with cost of capital in mind to enhance profitability. This brought ROE up to 10.0% from the previous year's ROE of 9.2%. We continue to do everything possible to achieve our five-year ROE target of 11.0%.



**10.0** ROE %

#### Offering extended services to respond to the sharing economy

Scientists, our primary customers, need more than just research instruments. We offer everything they need to solve problems and achieve their research objectives. We added new lines of services under Project NANA to enable scientists to meet their research needs. This new business will help us build a stronger foundation that our partners can rely on.

#### Customization Services

We respond to a diverse range of needs for customized services, from material processing to custom-made products.

- |                               |   |   |
|-------------------------------|---|---|
| Major custom services offered | <b>1</b> Material processing<br>Glass, metal, ceramic, rubber, plastic, etc.                          |  |
|                               | <b>2</b> Custom-made instruments and vessels<br>Glass, metal, etc.                                    |  |
|                               | <b>3</b> Custom-made laboratory equipment and supplies<br>Desiccators, clean booths, gloveboxes, etc. |   |

#### Measuring Instrument Calibration Services

Calibration is the process of comparing the measurements made by a measuring instrument with those of a traceable reference device. The reliability of a measuring instrument is assured by calibrating it against the reference device.

- |  |  |   |   |
|--|--|---|---|
| <b>POINT 1</b> Pricing<br>Simple and clear pricing | <b>POINT 2</b> Delivery<br>7 days at the earliest for new calibration work | <b>POINT 3</b> Management<br>Managing calibration records |  |
|--|--|---|---|

#### Contract Services

Various contract services for research and industry

- |   |   |   |
|---|---|---|
| Examples of services offered  |   |   |
| <ul style="list-style-type: none"> <li>Gamma irradiation</li> <li>Precision cleaning</li> <li>Pure water line cleaning</li> <li>Water analyses required by law</li> <li>Gene expression analyses</li> </ul> | <ul style="list-style-type: none"> <li>Water content analyses</li> <li>Translation</li> <li>Aquatic toxicity testing</li> <li>Pathology specimen preparation</li> </ul> | <ul style="list-style-type: none"> <li>Procurement of foreign products</li> <li>Food analysis and inspection</li> <li>Shelf life determination</li> <li>Allergen tests</li> </ul> |

#### Rental Services

For customers who need equipment immediately, temporarily, or for whatever reason, we have 1,500 different types of equipment available to rent for a minimum of five days.

- |                 |  |  |   |
|-----------------|--|--|---|
| Major equipment | <ul style="list-style-type: none"> <li>Dryers</li> <li>Thermographs</li> <li>Radiation detectors</li> <li>Environmental meters</li> <li>Particle counters</li> </ul> | <ul style="list-style-type: none"> <li>Chillers</li> <li>Moisture meters</li> <li>Anemometers</li> <li>Colorimeter/illuminometers</li> <li>Ultrasonic baths</li> </ul> | <ul style="list-style-type: none"> <li>Thermometers</li> <li>pH meters</li> <li>Water quality meters</li> <li>Balances</li> </ul> |
|-----------------|--|--|---|

#### Field Services

Our experts perform repairs and inspections on site.

- |   |   |   |  |   |
|---|---|---|--|---|
| <b>STEP 1</b> Repair request<br> | <b>STEP 2</b> Estimate<br> | <b>STEP 3</b> Scheduling<br> | <b>STEP 4</b> Onsite repair<br> |  |
|---|---|---|--|---|

#### Inspection Services

Pre-shipment inspection services: We inspect your equipment regardless of its manufacturer and issue the necessary documents.

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>Revolution/vibration/temperature/humidity</li> <li>Low cost/quick delivery</li> <li>Onsite inspection IQ/OQ-ready</li> </ul> |  <p>Example: Centrifuge</p> <p>Inspection/issuance of inspection report</p>  |
|---|--|



# In its final stage, NANA 2.0 aims even higher.

## NEW ACTION NEXT ASONE PROJECT-NANA2.0-

	FY3/17	FY3/20 Plan
Total	¥55.9 billion	¥70.3 billion
E-commerce	¥6.2 billion	¥11.0 billion
Overseas Operations	¥2.5 billion	¥5.3 billion
New Products	¥0.8 billion	¥4.6 billion
Current Operations (Sales of current products via existing channels)	¥46.5 billion	¥49.4 billion

Managing Director  
General Manager, Corporate  
Planning Division and  
Project NANA Task Force

Mototaka Ono



## Aiming to maximize AS ONE's value and stature by remaining at the forefront of innovation to build a base for further progress in 2020 and beyond

The initiatives of NANA 2.0 are already producing clearly visible results that include growth in sales and earnings. Many activities are under way for improving operational efficiency and expanding the breadth of business operations. Under the banner of “re-acceleration towards growth,” all measures incorporate a long-term view for sustaining strong growth in the years after 2020.

Now that our integrated purchasing system is well-established in the “E-commerce” sector, we plan to use this system to expand our product lineup and upgrade services with the aim of attracting a large number of new e-commerce customers. Our “Overseas Operations” would initially generate sales in the huge Chinese market mainly from Japanese companies, but as our customer base expands to include local businesses and research institutions, we can see our presence growing there. We see Southeast Asia as the next growth market following China and are focusing on not only direct exports but also indirect exports via Japanese dealers. We have been augmenting equipment maintenance and other services for “New Products” since last fiscal year. By providing a thorough lineup of services that meet customers’ needs, we plan to further increase the demand for our products and services.

Managing Director  
In charge of Marketing Division and Professional Business  
Division; General Manager, Sales Division; Manager,  
Tokyo Office; and Deputy General Manager,  
Project NANA Task Force

Kazuhiro Yamada



### Project NANA Task Force Members

Director  
In charge of the Merchandising Division;  
General Manager, IT Division; and  
Project NANA Task Force Member  
**Kenichi Fujinaka**



General Manager, Marketing Division and  
Marketing Department; and  
Project NANA Task Force Member  
**Keisuke Nishikawa**



General Manager, Merchandising Division;  
and Project NANA Task Force Member  
**Kiyoshi Hasegawa**



General Manager, Electronic Commerce  
Business Department; and  
Project NANA Task Force Member  
**Masataka Maruhashi**



General Manager, Sales Planning  
Department; and Project NANA  
Task Force Member  
**Tetsuji Yoshi**



Manager, Corporate Planning Group;  
and Project NANA Task Force Member  
**Tsutomu Okaichi**



Manager, China Business Group;  
and Project NANA Task Force Member  
**Kentaro Takahashi**



(As of June 30, 2019)



# The foundation for our growth lies in the power of our workers. That's why we are implementing creative work style reforms.

If we want people to think outside the box and create new corporate value, it's vital that we ignite their imagination. We are building a creative work environment for employees so they can change the way they work in the fullest sense.

## CREATIVE Point 1

### Smooth Communication between Employees "AS ONE Post" and Internal Newsletter "Mint"

We are taking initiatives to collect feedback from employees in order to change work environments and systems from the bottom up. One such initiative is the "AS ONE Post" on our intranet. It provides employees with a platform for exchanging their opinions frankly regardless of title, at any time, wherever they may be. Female employees also head up the publishing of our internal newsletter, "Mint".



## CREATIVE Point 2

### Empowering Women and Young Employees

At AS ONE, women are also able to maintain a healthy work-life balance and realize their full potential. Women and young employees are playing a central role in the front line of sales, the Marketing Department which is on the lookout for new products, the Purchasing Department which promotes the coordination with suppliers, and recruitment activities which support our growth with personnel power.





### CREATIVE Point 3

## Exploring New Work Styles via Shared Office Space

We became a tenant of WeWork Namba Skyo, a coworking office space, in February 2019. Working in a shared office space will help employees create innovations through interaction with people from other companies and allow them to work a flexible schedule instead of going to their regular work location and working with a conventional work schedule.



(At WeWork)

## Breaking Free from the Office, a Liberating Work Strategy

Using WeWork's coworking office space is a big plus for our work style reforms. It's a shame that employees have to waste time by commuting to and from a distant workplace when we have today's advanced high-speed telecommunication technology. We have introduced telework arrangements where employees work from home and are planning to allow more employees to telework from a shared office space as well. Giving employees more work location options will make more diverse and freer work styles possible. Employees can use the extra time created through these work arrangements for creative thinking and activities, which will in turn lead to the achievement of true work style reforms.

## Hosted a Workshop at WeWork

We introduced our platform containing a wide variety of products and received unexpected suggestions about its application and potential customers from other WeWork tenants of other industries. Many unique ideas were exchanged and are likely to lead to wonderful collaborations.



(At WeWork)



Collaboration with Hibiya Kadan  
(Flowers and laboratory equipment  
such as beakers)



Collaboration with Kanou Shoujuan  
(Japanese sweets and laboratory  
equipment such as watch glasses)

### CREATIVE Point +α

## Other Initiatives Designed to Inspire Creativity and Motivation

We are using the latest technology and systems to create more time for creativity.

### Use of AI and RPA

We established the AI/RPA Group in 2018. This was done with an eye to automatizing operations and improving operational efficiency of the distribution centers, of course, but also with the aim of reducing employees' workload by replacing repetitive desk work with AI and RPA. We conducted an internal questionnaire survey among employees about their workplaces and found that there are about 400 repetitive tasks. In the fiscal year ended March 2019, these tasks were partially transferred to 100 RPA units, successfully reducing about 700 hours of work per month.



## Boosting Employee Morale with Clear KPIs and A New Incentive System

Employees who think for themselves and are willing to take on new challenges hold the key to our growth. We set KPIs for each role and closely track progress against targets. We also provide incentives to employees with outstanding performance and promote capable employees at early stages in their career. These are all part of our efforts to develop a corporate culture in which employees can set clear goals and their performances are reflected in their assessment.



## Facilitating Operations with Business Chat App

At our company, the business chat app "direct" is used as a communication tool. Our communication has become much smoother now that we are able to see whether the receiver has read the message or not at a glance, which wasn't possible with e-mails, and are able to exchange short messages more casually. Also, by coordinating this "direct" with the core system, we developed a chat bot called "Zaiko-kun" which returns the inventory status just by sending the item number. We are receiving many delightful comments from the Sales Department, such as, "It's convenient since I can check the stock as though I'm chatting" and "It's much easier now that I'm able to smoothly check the stock while on the road".



(PC screen)



(Smartphone screen)



## Establishing a New Logistics Center

The “re-acceleration towards growth” generated by the results achieved through NANA 2.0.

A new movement is initiated with a long term view for strong growth in 2020 and beyond.

## The industry’s largest new hub aiming to achieve sales of 100 billion yen is to be established in May 2020



### A New Logistics Center “Smart DC” will be Established by Investing 5 Billion Yen to Automated Equipment

In May 2020, a new logistics center “Smart DC” will be established by moving into the first and second floors of Prologis Park Chiba. We plan to invest approximately 5 billion yen to introduce the latest installments such as automated transport equipment, enabling us to increase storage capacity to be greater than that of the existing logistics centers and, in

addition, reduce the number of operating personnel. Actually, 70% of the processes will be automated (30% in existing logistics centers), and various benefits will be generated, including not only the reduction of the number of operating personnel, but also reduction of workers’ workload, safety improvement, and conservation of space.

**30%**  
in existing  
logistics  
centers

70% of the receiving and shipping processes will be automated

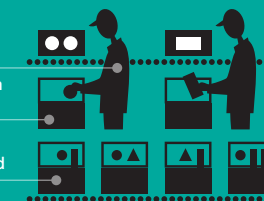
### 1 Reducing manual labor and improving safety by fully automating the case shipment and implementing unmanned operation during the night

The daytime working hours spent on receiving and shipping will be optimized by fully automating the case shipment as well as by automatically restocking items during the night when no one is working.



### 2 Improving work efficiency by optimizing the latest GTP (goods-to-person) picking

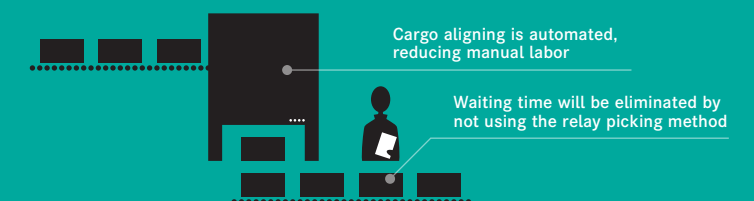
There is no waiting, and throughput will increase by adding more workers  
Wider use of goods-to-person picking method  
Fatigue is reduced because you don't need to walk around



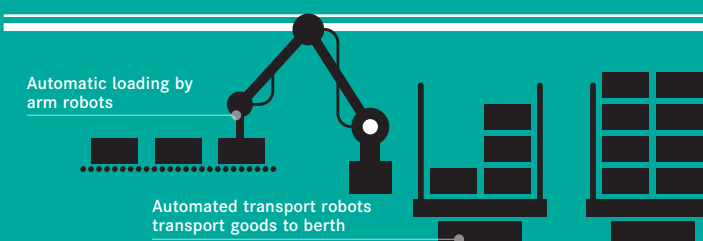
The goods-to-person method is a method where items are delivered to workers automatically so that they don't have to walk around to pick items. It will lead to the reduction of workers' burden and improvement of throughput.

### 3 Reducing waiting time and conserving space by automating cargo aligning

By not using the relay picking method, each worker can work at their own pace without being affected by the working speed of the preceding process. As a result, picking waiting time will be reduced, leading to better productivity.



### 4 Achieving unmanned operation by using robots to automate transportation and loading



We will achieving unmanned operation by replacing jobs done by humans with robots. Not only is it an effective measure against future labor shortage, but it will also contribute to the reduction of human errors.



## Working Hard to Build a Sustainable Society



AS ONE is aligning its business activities with the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015.

### ISO Certification

#### Establishing and maintaining an environmental management system that meets global standards

ISO 14001 certification is awarded to companies that meet the international standard for environmental management systems designed to minimize the impact of their activities, whether they be manufacturing products or the provision of services, have on the global environment.

AS ONE has received ISO 14001 certification

for its Osaka Headquarters, Tokyo Office, and logistics centers in Osaka and Tokyo. We continuously work to build systems that minimize our environmental footprint in line with our environmental policy and objectives as we implement global-standard environmental initiatives.



### Science Forest

#### Protecting greenery for the future



We use proceeds from catalog recycling for forest revitalization projects. Working in cooperation with the non-profit Environmental Relations Research Institute, we planted 450 trees at the “Science Forest” in Osaki city, Miyagi prefecture in 2015. The Science Forest sign at this site includes the names of the primary dealers that helped collect used catalogs.



### Catalog Recycling

#### Recycling programs that no other company can duplicate

Catalog recycling is one way in which AS ONE is playing its part in protecting the global environment for future generations.

When we publish a new catalog, we encourage our customers to return their old catalogs to us for processing at a paper mill and reuse as paper, packaging materials, or fuel. Our

customers welcome this opportunity to do something that is good for the environment.

Catalog Recycling **187t**



### Sale of Plant-based Polyethylene Products

#### Saving the environment with bioplastic products

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



### Promoting Use of LED Lights

#### Cutting both CO2 and costs

We switched to LED lights at the Osaka Logistics Center.

Estimated annual CO<sub>2</sub> reduction

**▲ 107t (▲ 56%)**



### Environmentally Responsible Packaging

#### Delivering merchandise without creating waste

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







## AS ONE Children's Science Laboratory

### Activities to develop the skills of children

On August 1, 2018, as part of its social contribution activities, AS ONE hosted the Children's Science Laboratory at the summer science event held at King Skyfront, Kawasaki City's open innovation hub for life and environmental science.

AS ONE's nearby Tonomachi Solution Research Laboratory provided 27 children with an opportunity to have fun with science by teaching them how to make magnetic slime.



## Employee Relations

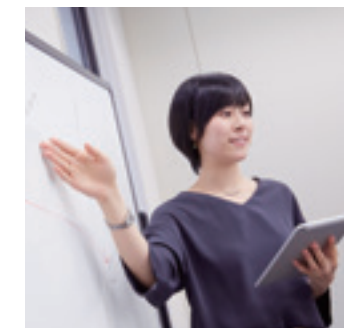
### A pleasant workplace environment for everyone

The AS ONE annual job satisfaction survey reveals that employee satisfaction is higher than in other companies in the industry. In particular, the attrition rate is only 2.4% during the first three years of employment, far below the average 31.8% attrition rate (according to a Ministry of Health, Labour and Welfare survey).

## Support for Women in the Workplace

### Offering various programs designed to make workplaces women-friendly

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



## Creating Opportunities for SMEs

### Supporting small and midsize companies, key players for economic growth

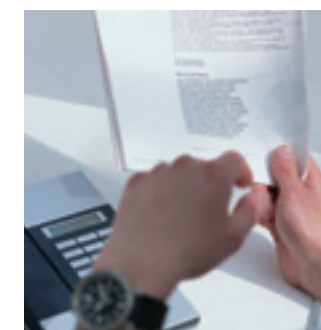
AS ONE is helping small and midsize companies to grow as it expands the horizon of business opportunities. We use catalogs and the Internet to sell scientific instruments and other equipment supplied by roughly 3,200 suppliers, that include small, midsize and micro enterprises, around the world. At the same time, we provide about 4,000 dealers in Japan, including small, midsize and micro enterprises, with an opportunity to sell a broad range of products from overseas suppliers.



## Compliance

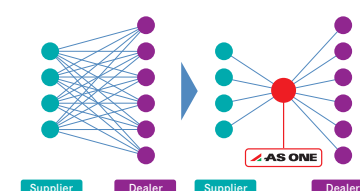
### Guidelines and systems ensuring fair and sound business practices

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



## Streamlining Distribution

### Serving as a wholesaler to reduce social costs



Connecting roughly 3,200 suppliers and 11,000 dealers in Japan, AS ONE makes transactions and distribution simple to reduce the cost to society as a whole.

## The Hatachi Fund

### Support for children impacted by natural disasters



We encourage shareholders to donate their shareholder benefits to social welfare organizations. Shareholders can either choose to make a donation in lieu of receiving benefits or donate the value of their unused benefits. We have been making donations to the Hatachi Fund since the fiscal year ended March 2014.

This fund provides support for infants who were affected by the 2011 Great East Japan Earthquake until they reach the age of 20 (or "hatachi" in Japanese). Four hundred and fourteen shareholders donated their September 2018 benefits for a total of ¥1,620,000.



## Dedicated to a Sustainable Society

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

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





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



Outside Corporate Auditor  
Kazutaka Suzuki



Outside Director  
Kazuhiko Odaki



Outside Director  
Joji Suzuki



Auditor  
Makoto Matsuo



Outside Auditor  
Hideaki Mihara

AS ONE has established Corporate Auditor Auditing Standards that are consistent with the auditing standards of the Japan Audit & Supervisory Board Members Association. One part of these standards requires our auditors to work as an independent organization and audit the performance of the directors on behalf of the shareholders. In performing this audit, auditors are responsible for helping ensure the sound and sustainable growth of AS ONE as well as its group companies along with the medium and long-term creation of corporate value. These standards also pave the way to achieving another goal, namely maintaining a sound corporate governance system that earns the trust of the public. All of AS ONE's auditors have a strong

commitment to fulfilling the obligations of the important job they have been tasked with.

Two key strengths of AS ONE are its powerful catalog sales business model backed by a management philosophy that takes innovation and creation to heart along with the consistent growth and earnings this business model generates. To build on these strengths, AS ONE is working as one to achieve the goals set in its five-year medium-term management plan, Project NANA. This year marks the plan's final year, and we are working with a focus on achieving faster growth and higher profitability as we maximize shareholder value. Working against this backdrop and with an eye to the next five-year management plan, I will

continue to leverage the experience and knowledge I've gained in my career along with the information I've gleaned while serving as a full-time corporate auditor in order to perform accurate audits that include avoiding risk factors in order to help AS ONE continue to grow.

I will continue to work with my peers on the Board of Auditors to carry out comprehensive audits. Mr. Matsuo has experience in the banking industry and is a skilled manager while Mr. Mihara brings to the table his expertise in finance and accounting as a certified public accountant and tax accountant.

I also plan to build even closer ties with outside directors, accounting auditors, the internal audit department, and the Board

of Auditors so that we can perform audits of even greater depth. I am determined to contribute to the sustainable growth of AS ONE and its corporate value by diligently performing my duties as a corporate auditor and, as one more way to meet the expectations of shareholders, will also help build a sound corporate governance system.

Outside Corporate Auditor  
Kazutaka Suzuki

## Corporate Governance System

## 1. Outline of the Corporate Governance System

The Company's basic policy on corporate governance is to pursue management efficiency in the aim of maximizing corporate value, thoroughly ensure corporate ethics, and strive to enhance management transparency. In these ways, we aim to bring the trust our stakeholders have in us to new heights.

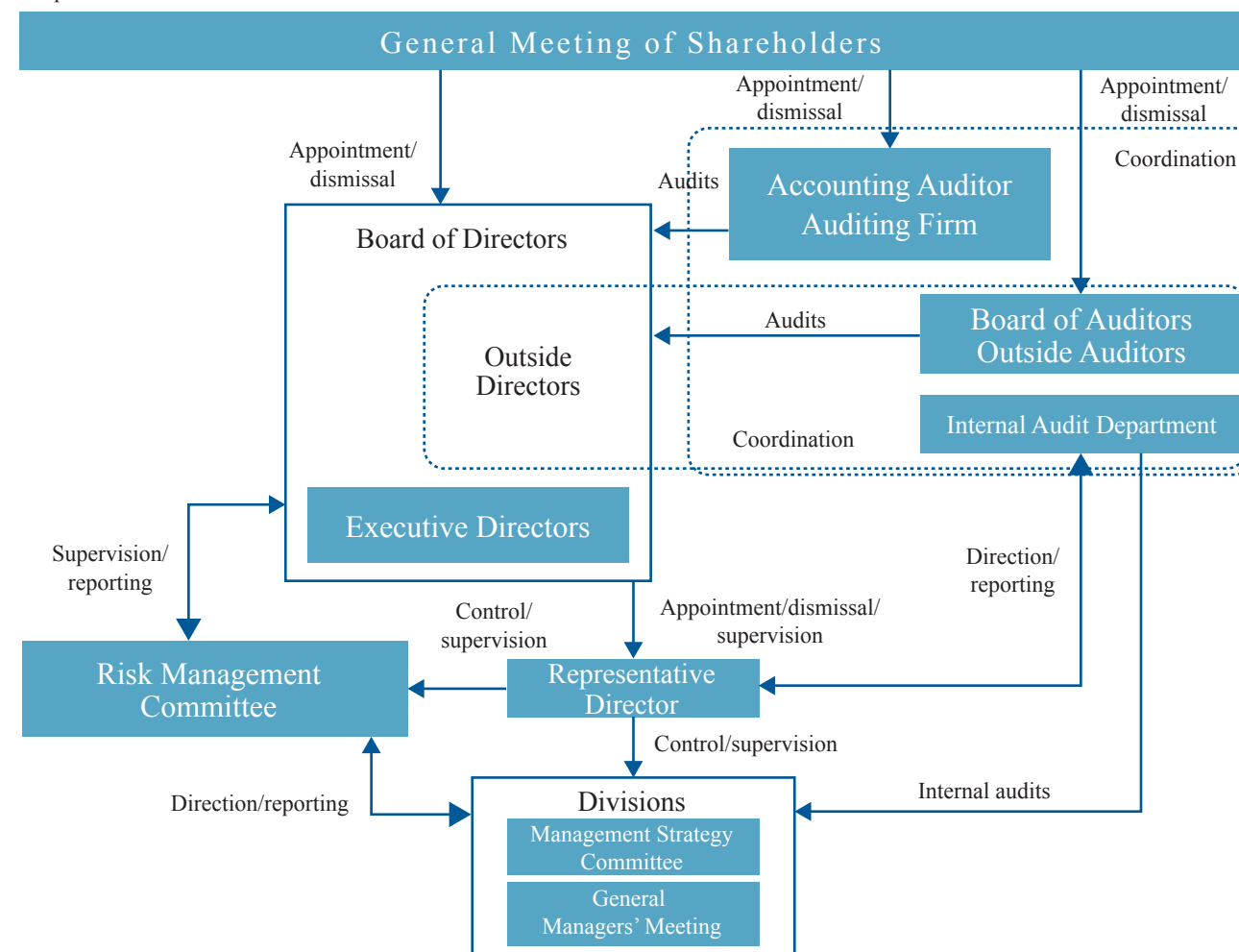
We are a company with auditors that has general meetings of shareholders, Board of Directors, and Board of Auditors.

The Board of Directors is made up of eight directors (two of whom are outside directors). This small number is intended to encourage lively debate and swift decision-making. The Board of Directors makes decisions related to management policy, matters provided by laws and regulations and other important matters related to management. The board also supervises the execution of duties by directors. The Board of Auditors is composed of three auditors (two of whom are outside auditors). The board audits and supervises the status of the execution of duties by directors from an objective standpoint and seeks to enhance the management supervisory function.

Organization Form: Company with Board of Auditors



## Corporate Governance Structure



## 2. Reason for Employing a Corporate Governance System

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

## 3. Internal Control System

Our internal control system is intended to ensure that the execution of duties by directors complies with all relevant laws and regulations and our Articles of Incorporation, as well as to ensure the appropriateness of other corporate operations. This system is established by resolutions of the Board of Directors.

Executive directors oversee individual operating divisions while performing everyday duties or supervise individual business management divisions as assigned by the Board of Directors.

Responsibility and authority over everyday operations are specified in internal regulations. The president and general managers receive monthly reports from each division as well as discuss and monitor progress of operations at the Management Strategy Committee meetings and general managers' meetings.

## 4. Risk Management System

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

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

The Risk Management Committee oversees risk management operations at our subsidiaries and makes decisions on basic risk management policies, risk management structure, and other important matters.

The committee identifies, analyzes, and assesses the risks inherent in subsidiaries based on reports from their directors and implements appropriate countermeasures. It also overseas and regularly reviews risk management at subsidiaries.

## 6. Overview of Liability Limitation Agreements

As provided for in Paragraph 1, Article 427 of the Companies Act, we have signed liability limitation agreements with outside directors and auditors. The agreements limit their exposure to the liability specified in Paragraph 1, Article 423 of the Companies Act. The cap on liability for damages under the agreement is the amount prescribed by law.

This limitation applies only to liability arising from duties performed by an outside director or auditor in good faith and without gross negligence.

## Internal Audits and Audits by Auditors

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

A corporate auditor and two part-time auditors perform audits throughout the year based on a plan and in line with the audit policy, assignment of duties, etc. specified by the Board of Auditors. All auditors attend Board of Directors meetings where they ask questions to clarify points and express opinions, as necessary. In particular, the corporate auditor conducts audits of individual divisions throughout the year and participates in important meetings, including those of the Management Strategy Committee and general managers, to obtain information from directors and employees, ask them for reports, and express opinions, as necessary. The Board of Auditors exchanges opinions with the accounting auditor and the Internal Audit Department, as necessary, as they work together to improve the effectiveness of audits. One of the auditors, Hideaki Mihara, is a certified public accountant and tax accountant with a high level of expertise in finance and accounting.





## Outside Directors and Outside Auditors

## 〈 Conflict of Interest 〉

AS ONE has two outside directors and two outside auditors.

Joji Suzuki, Outside Director, holds 900 shares of company stock. There are no business relationships or other special interests between Mr. Suzuki and the company.

Kazuhiko Odaki, Outside Director, holds no shares in the company. There are no business relationships or other special interests between Mr. Odaki and the company.

Kazutaka Suzuki, Outside Auditor, holds 300 shares of company stock. He is a former employee of Resona Bank, Limited, with which the company conducts business transactions. He resigned from the bank six years ago. The company's business relationship with Resona Bank includes the borrowing of funds. Resona Bank holds 926,425 shares in the company. Hideaki Mihara, Outside Auditor, holds 100 shares of company stock. There are no business relationships or other special interests between Mr. Mihara and the company.

〈 Functions and Roles Outside Directors and Outside Auditors  
Play in Corporate Governance 〉

Joji Suzuki, Outside Director, has a background in global business management on the corporate executive level. He utilizes his extensive experience and broad insights as a manager to provide effective advice on management.

Kazuhiko Odaki, Outside Director, has experience at the Ministry of Economy, Trade and Industry and as a university economics professor. He utilizes this diverse experience and knowledge to provide effective advice on management. Kazutaka Suzuki, Outside Auditor, utilizes his extensive experience and insights gained in the financial sector to provide oversight and effective advice on management.

Hideaki Mihara, Outside Auditor, utilizes his specialized knowledge and extensive experience as a certified public accountant and tax accountant to provide oversight and effective advice on management.

## 〈 Independence Criteria 〉

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

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

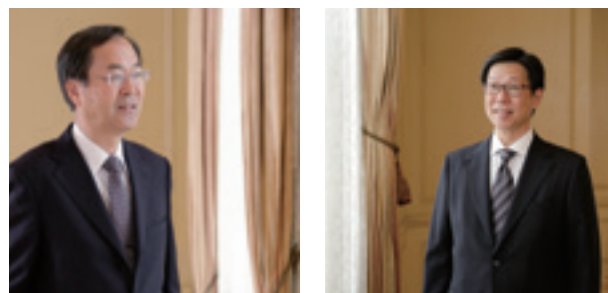
company or major subsidiary

5. A consultant, certified public accountant or other accounting professional, attorney or other legal professional, or other specialist who has received money or other assets averaging ¥10 million or more annually from the Group over the past three years other than officer compensation
6. A person who receives contributions or subsidies totaling ¥10 million or more annually from the Group
7. A major shareholder (a shareholder directly or indirectly holding 10% or more of total voting rights) of AS ONE, or if such major shareholder is a company, a director, auditor, accounting advisor, executive officer, commissioner, executive employee, manager, or other employee of such major shareholder or its parent company or major subsidiary
8. An accounting auditor of the Group or an employee, partner or other person belonging to a tax accounting firm for the Group
9. A director, auditor, accounting advisor, executive officer, or executive employee of a company, or its parent company or subsidiary for which the Group's employee serves as a director (regardless of whether it is full-time or part-time)
10. A family member within two degrees of kinship with a director or auditor of the Group
11. A person to whom any of the descriptions in 1 through 10 has applied in the last five years
12. Any other person who could be construed as having a conflict of interest with any of AS ONE's general shareholders due to a reason other than those described in 2 through 11 above

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

## 〈 Cooperation 〉

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



## General Shareholder Meeting and Exercise of Voting Rights

• Date of the meeting: June 18, 2019

• Voting rights Number of shareholders with voting rights: 6,124

Total number of voting rights: 186,363

• Number of voting rights "for," "against" or "abstain" for each proposal; requirements for the approval, and results are shown in the table on the right.

Proposals		For	Against	Abstention	Requirements for approval	Results and ratio of "for" and "against" votes (%)
No. 1	Appropriation of retained earnings	164,159	26	0	(Note 1)	Approved 97.49
No. 2	Election of one (1) substitute auditor Takeo Morisawa	164,556	44	0	(Note 2)	Approved 97.48

Notes: 1. Resolutions are approved by a majority vote of the shareholders present.  
2. Resolutions require the presence of shareholders holding not less than one-third of the voting rights of all shareholders entitled to vote, and resolutions are approved by a majority vote of the shareholders present.

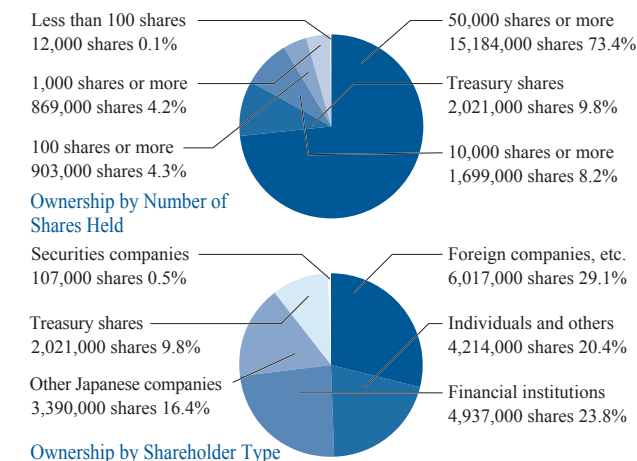
## Stock Information (As of March 31, 2019)

Authorized shares: 44,000,000 shares  
Shares outstanding: 20,688,135 shares  
Number of shareholders: 6,637  
Major Shareholders (excluding treasury shares)

Name	Number of shares (thousands)	Shareholding ratio
Iuchi Seieido Co., Ltd.	2,591	13.9%
GOLDMAN, SACHS & CO. REG	1,279	6.9%
JP MORGAN CHASE BANK 380055	1,203	6.4%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,067	5.7%
Resona Bank, Limited	926	5.0%

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

## Shareholder Composition (As of March 31, 2019)



## ESG Rating

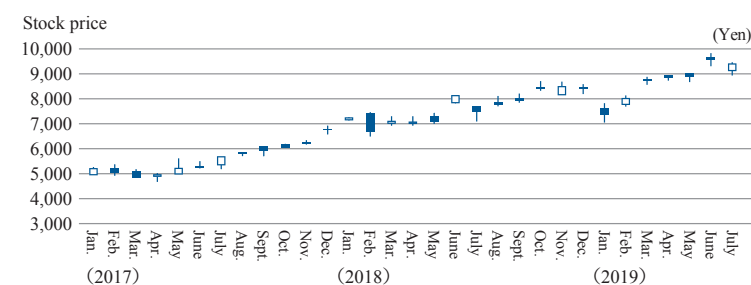


AS ONE has been selected for the MSCI Japan ESG Select Leaders Index, which is one of the ESG Indexes used by Government Pension Investment Fund (GPIF) when making investment with consideration to Environmental, Social and Governance (ESG) performance. We have been granted "AA" in ESG rating by MSCI as of December 2018.

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

ESG RATING **AA**

## Stock Price Data



## Communications with Shareholders and Other Investors

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

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

## Stock Price for the Last Five Years

	Fiscal years				
	2014	2015	2016	2017	2018
High	3,935	4,950	5,330	7,300	9,040
Low	2,578	3,505	3,760	6,550	6,810

(Yen)

## Consolidated Financial Indicators for the Past Five Years

## Major Financial Indicators

Fiscal years	*1 (Millions of yen) (Thousands of US dollars)					
	2013	2014	2015	2016	2017	2018
<b>Financial results</b>						
Net sales	51,192	52,041	53,576	55,947	60,959	66,733
Scientific instruments	29,755	30,158	31,205	32,355	35,293	38,917
Industrial instruments	9,849	10,376	11,210	12,170	13,649	14,727
Hospital/nursing care products	11,587	11,507	11,160	11,421	12,017	12,662
Others	—	—	—	—	—	425
Gross profit	15,301	15,493	16,151	16,900	18,429	20,618
Selling, general and administrative expenses	9,382	9,509	10,307	10,806	11,832	13,055
Operating profit	5,919	5,984	5,843	6,093	6,596	7,562
EBITDA *2	6,761	6,892	6,673	7,049	7,391	8,446
Ordinary profit	5,928	6,157	5,990	6,306	6,843	7,751
Profit before income taxes	5,911	6,157	6,012	6,149	6,843	7,751
Profit attributable to owners of the parent company	3,587	3,869	3,878	4,212	4,684	5,264
Capital expenditure	268	563	653	1,059	1,838	1,190
Depreciation	1,013	1,055	958	1,012	870	838
<b>Financial position as at the end of the fiscal year</b>						
Total assets	64,460	66,668	69,614	70,986	77,831	78,773
Net assets	42,660	45,850	48,614	50,169	52,467	53,252
Net cash *3	14,921	12,092	12,033	14,078	12,361	11,566
<b>Cash flow</b>						
Cash flow from operating activities	5,268	3,171	5,303	4,731	3,037	6,306
Cash flow from investing activities	1,141	(5,511)	(2,181)	(1,923)	3,354	(963)
Cash flow from financing activities	(3,728)	(2,424)	(2,579)	(3,548)	(4,626)	(5,051)
Net increase (decrease) in cash and cash equivalents	2,781	(4,737)	530	(756)	1,769	265
Cash and cash equivalents at the end of the period	9,746	5,008	5,538	4,781	6,551	6,816
<b>Per share information (Yen)</b>						
Profit	187.18	201.91	202.41	220.89	249.06	282.00
Net assets	2,226.15	2,392.65	2,536.98	2,637.91	2,810.73	2,852.74
Dividend per share	66.00	71.00	101.00	110.00	125	141.00
<b>Financial indicators</b>						
Operating margin (%)	11.6%	11.5%	10.9%	10.9%	10.8%	11.3%
ROA (%) *4	5.7%	5.9%	5.7%	6.0%	6.3%	6.7%
ROE (%) *5	8.7%	8.8%	8.2%	8.5%	9.2%	10.0%
Shareholders' equity ratio (%)	66.2%	68.8%	69.8%	70.6%	67.0%	67.5%
Dividend payout ratio (%)	35.3%	35.2%	49.9%	49.8%	50.2%	50.0%
<b>Other indicators</b>						
Number of shares outstanding (Thousands of shares)	20,688	20,688	20,688	20,688	20,688	20,688
Number of treasury shares at the end of the period (Thousands of shares)	1,524	1,525	1,525	1,669	2,021	2,021
Foreign shareholding ratio (%)	34.1%	34.6%	32.5%	30.9%	30.9%	29.1%
Number of employees	424	449	463	485	527	557

Notes \*1. Yen figures have been converted into US dollars at the rate of US\$1=¥110 (as at March 31, 2019) solely for reference.

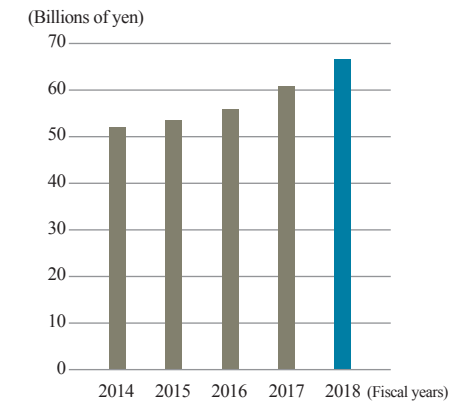
\*2. EBITDA = Operating profit + Depreciation - Depreciation in non-operating expenses + Amortization of goodwill

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

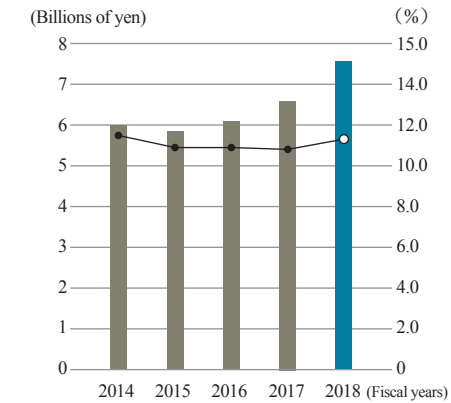
\*4. ROA = Ordinary profit/Total assets (average at the beginning and the end of the fiscal year)

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

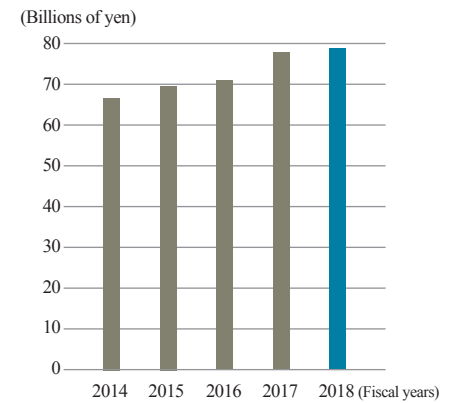
### Net sales



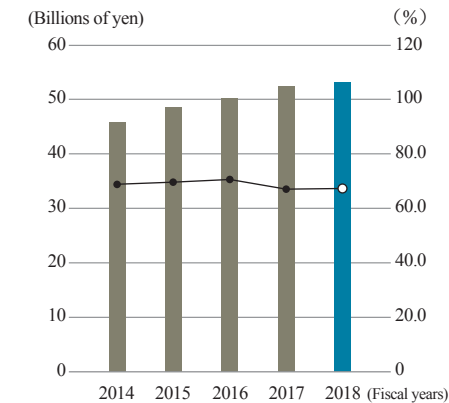
### Operating profit/Operating margin



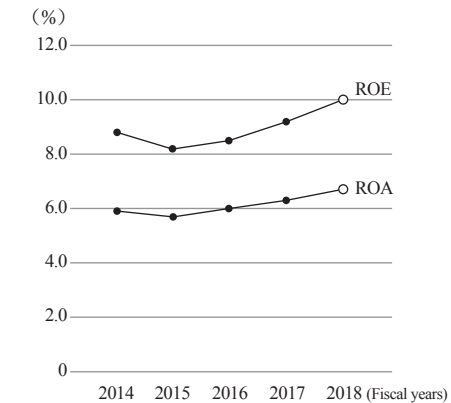
### Total assets



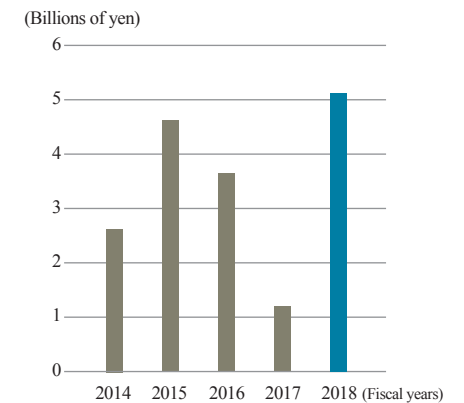
### Shareholders' equity/Shareholders' equity ratio



### ROE/ROA

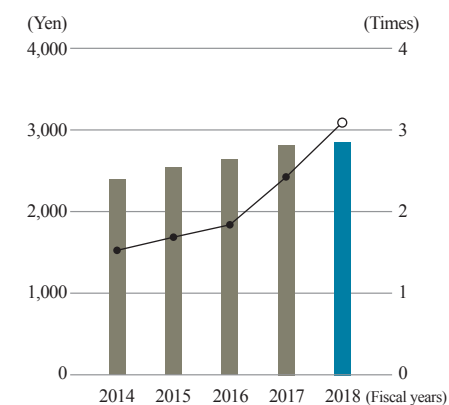


### Free cash flow\*

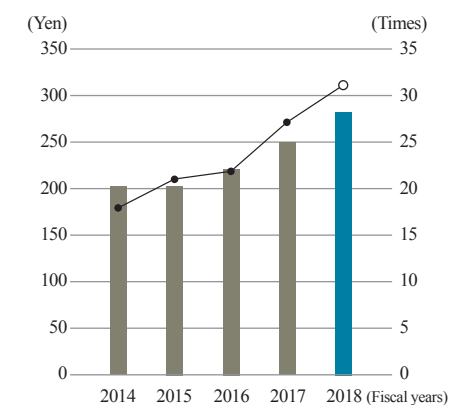


\*Cash flows from operating activities - Capital expenditure

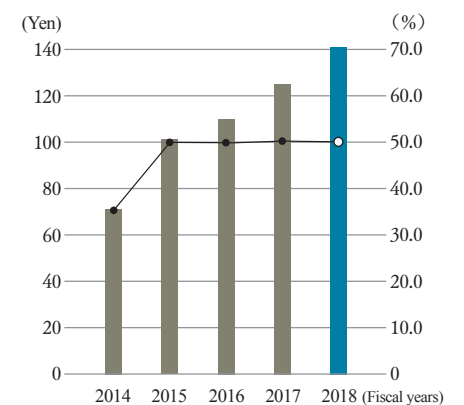
### Net assets per share/PBR



### Net income per share/PER



### Dividend per share/Dividend payout ratio





# Consolidated Balance Sheet

As at March 31, 2018 and 2019

		(Millions of yen)	(Thousands of US dollars)
	FY3/18	FY3/19	FY3/19
Assets			
Current assets			
Cash and deposits	14,441	12,706	115,517
Notes and accounts receivable-trade	19,760	19,296	175,418
Electronically recorded monetary claims-operating	5,086	6,523	59,304
Securities	3,200	1,000	9,090
Inventories	7,013	7,463	67,852
Others	427	482	4,383
Allowance for doubtful accounts	(13)	(7)	(65)
Total current assets	49,916	47,465	431,502
Non-current assets			
Property, plant and equipment			
Buildings and structures	5,846	5,663	51,490
Accumulated depreciation	(3,561)	(3,497)	(31,798)
Buildings and structures, net	2,285	2,166	19,691
Machinery, equipment and vehicles	418	416	3,783
Accumulated depreciation	(291)	(303)	(2,757)
Machinery, equipment and vehicles, net	127	112	1,026
Tools, furniture and fixtures	2,641	2,816	25,601
Accumulated depreciation	(2,214)	(2,345)	(21,324)
Tools, furniture and fixtures, net	427	470	4,277
Land	2,199	2,021	18,376
Leased assets	723	727	6,609
Accumulated depreciation	(472)	(522)	(4,746)
Leased assets, net	250	204	1,863
Construction in progress	4	371	3,375
Total property, plant and equipment	5,295	5,347	48,610
Intangible assets			
Goodwill	1,140	1,026	9,328
Software	768	923	8,391
Software in progress	66	56	512
Others	4	4	37
Total intangible assets	1,979	2,009	18,270
Investments and other assets			
Investment securities	15,969	19,131	173,924
Net defined benefit asset	164	145	1,325
Deferred tax assets	23	36	334
Real estate for investment	5,018	5,207	47,342
Accumulated depreciation	(1,046)	(1,126)	(10,240)
Real estate for investment, net	3,971	4,081	37,102
Others	529	576	5,238
Allowance for doubtful accounts	(19)	(20)	(184)
Total investments and other assets	20,639	23,951	217,740
Total non-current assets	27,914	31,308	284,621
Total assets	77,831	78,773	716,123

		(Millions of yen)	(Thousands of US dollars)
	FY3/18	FY3/19	FY3/19
Liabilities			
Current liabilities			
Notes and accounts payable-trade	16,952	17,449	158,634
Short-term loans payable	1,055	940	8,545
Income taxes payable	1,162	1,513	13,757
Provision for bonuses	674	691	6,289
Others	1,658	2,153	19,574
Total current liabilities	21,503	22,748	206,801
Non-current liabilities			
Long-term loans payable	2,000	1,100	10,000
Deferred tax liabilities	411	140	1,280
Provision for stock benefits	57	114	1,040
Provision for directors' retirement benefits	15	33	304
Net defined benefit liability	24	43	391
Asset retirement obligations	657	661	6,011
Others	694	680	6,184
Total non-current liabilities	3,860	2,773	25,211
Total liabilities	25,364	25,521	232,013
Net assets			
Shareholders' equity			
Capital stock	5,075	5,075	46,136
Capital surplus	5,584	4,452	40,477
Retained earnings	43,227	45,910	417,367
Treasury shares	(5,919)	(5,918)	(53,805)
Total shareholders' equity	47,967	49,519	450,176
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	4,079	3,575	32,502
Deferred gains or losses on hedges	(43)	1	16
Foreign currency translation adjustment	124	60	554
Total accumulated other comprehensive income	4,160	3,638	33,073
Subscription rights to shares	67	94	860
Non-controlling interests	271	—	—
Total net assets	52,467	53,252	484,110
Total liabilities and net assets	77,831	78,773	716,123

## Assets, Liabilities and Net Assets

Current assets at the end of the fiscal year ending March 2019 decreased ¥2,451 million from what they were at the end of the previous fiscal year to a total of ¥47,465 million. This was due primarily to a ¥2,200 million decrease in securities as a result of redeeming securities maturing in a year or less. Non-current assets increased ¥3,393 million year on year to a total of ¥31,308 million. This uptick was mainly attributable an increase of ¥3,161 million in investment securities. Current liabilities increased ¥1,244 million year on year to hit ¥22,748 million. The primary factors for this hike include an increase of ¥497 million in notes and accounts payable-trade and an increase of ¥351 million in income taxes payable. Non-current liabilities totaled ¥2,773

million, down ¥1,087 million yen year on year. This was due primarily to a decrease of ¥900 million in long-term loans payable and a decrease of ¥270 million yen in deferred tax liabilities. Net assets were down ¥784 million year on year to a total of ¥53,252 million. This decrease was due primarily to a ¥1,131 million decrease in capital surplus, a ¥271 million decrease in non-controlling interests, and a ¥504 million decrease in the valuation difference on available-for-sale securities all as a result of making Tryumph21 Co., Ltd. a wholly-owned subsidiary despite a ¥2,682 million increase in retained earnings.



## Consolidated Statement of Income

Fiscal years ended March 31, 2018 and 2019

		(Millions of yen)	(Thousands of US dollars)
	FY3/18	FY3/19	FY3/19
Net sales	60,959	66,733	606,665
Cost of sales	42,530	46,115	419,227
Gross profit	18,429	20,618	187,437
Selling, general and administrative expenses	11,832	13,055	118,685
Operating profit	6,596	7,562	68,752
Non-operating income			
Interest income	61	64	584
Dividend income	25	29	266
Real estate rent	377	379	3,447
Others	29	36	332
Total non-operating income	493	509	4,631
Non-operating expenses			
Interest expenses	40	29	264
Rent cost of real estate	190	189	1,720
Loss on retirement of non-current assets	8	60	548
Others	7	42	383
Total non-operating expenses	246	320	2,915
Ordinary profit	6,843	7,751	70,468
Profit before income taxes	6,843	7,751	70,468
Income taxes-current	2,244	2,567	23,344
Income taxes-deferred	(85)	(80)	(734)
Total income taxes	2,159	2,487	22,609
Profit	4,684	5,264	47,859
Profit attributable to non-controlling interests	—	0	3
Profit attributable to owners of the parent company	4,684	5,264	47,855

### Results of Operations in the Fiscal Year Ending March 2019

Overall, the Japanese economy during the fiscal year that ended in March 2019 remained on a moderate recovery track, driven by the continued growth of corporate earnings and a stable job market, despite adverse effects from record-breaking typhoons, earthquakes, and other natural disasters. In the second half of the fiscal year, however, the economy started to see increasing downside risks due to trade tensions and a slowdown in China's economic growth. These uncertainties cast a dark shadow over the economic horizon. Working against this backdrop, the AS ONE Group implemented aggressive sales initiatives in line with its five-year medium-term management plan, Project NANA, which was launched in the fiscal year ended March 2016. Focusing on the plan's three strategic growth areas, i.e. e-commerce business, overseas operations, and new products, we expanded product lineups, enhanced our corporate websites, and added new lines of services. As a result of concentrating our management resources on these three strategic growth areas, we were able to generate combined net sales of ¥17,766 million (up 29.2% year on year) from our new main growth engines, including ¥10,795 million from the e-commerce business (up 27.9% year on year), ¥3,973 million from overseas operations (up 25.4% year on year), and ¥2,997 million from new products (up 40.2% year on year). The e-commerce business, in particular, saw a growing number of corporate customers using our e-commerce-based integrated purchasing solution, which allows them to buy our products from our electronic catalogs that have been incorporated into their own purchasing systems. The number of such customers increased by 23 to a total of 158. Sales to online retailers also

remained steady, and combined sales generated from both channels of the e-commerce business almost reached the ¥11-billion target set for the final year of the medium-term management plan a year ahead of the schedule. Activities on the product front included the publishing of six types of catalogues, including the general research instruments catalogue and the industrial research instruments catalogue, as well as the launch of extensive lines of new products, including private label products. We also added pages featuring rental research instruments to those general catalogues with an eye to enhancing services that respond to the sharing economy. On top of that we made a lot more products available on our websites and electronic catalogues, bringing the previous fiscal year's total of about 2 million products available online to approximately 3.5 million. The strategy to increase the number of products available beyond paper-based catalogues helped boost sales in no small way. As for the developments in our corporate group, we consolidated the financial results of Triumph21, which became our subsidiary in March 2018, beginning this fiscal year under review. As of April 1, 2019, we took over the scientific instrument import and sales operations of Nikko Hansen & Co., Ltd., our subsidiary that imports and sells scientific instruments as well as manufactures and sells plastic containers, to consolidate our Group's imported product sales operations. All these developments brought consolidated net sales up 9.5% year on year to a total of ¥66,733 million, operating profit up 14.6% to a total of ¥7,562 million, ordinary profit up 13.3% to a total of ¥7,751 million, and profit attributable to owners of the parent up 12.4% to a total of ¥5,264 million.

## Consolidated Statement of Cash Flow

Fiscal years ending March 31, 2018 and 2019

		(Millions of yen)	(Thousands of US dollars)			(Millions of yen)	(Thousands of US dollars)
	FY3/18	FY3/19	FY3/19		FY3/18	FY3/19	FY3/19
Cash flow from operating activities				Cash flow from investing activities			
Profit before income taxes	6,843	7,751	70,468	Payments into time deposits	(350)	—	—
Foreign exchange losses (gains)	0	0	0	Proceeds from withdrawal of time deposits	5,249	2,000	18,181
Depreciation	870	838	7,620	Purchase of investment securities	(1,974)	(5,413)	(49,213)
Amortization of goodwill	—	114	1,036	Proceeds from redemption of investment securities	—	4,200	38,181
Increase (decrease) in allowance for doubtful accounts	(13)	(5)	(48)	Purchase of property, plant and equipment	(585)	(660)	(6,008)
Increase (decrease) in provision for bonuses	132	17	154	Purchase of intangible assets	(253)	(519)	(4,724)
Increase (decrease) in net defined benefit liability	3	18	165	Proceeds from sales of intangible assets	—	16	153
Decrease (increase) in net defined benefit assets	(76)	18	165	Proceeds from purchase of stock of subsidiaries with change of scope of consolidation	1,300	—	—
Share-based compensation expenses	23	27	246	Others	(31)	(70)	(644)
Increase (decrease) in provision for stock benefits	57	57	521	Cash flow from investing activities	3,354	(448)	(4,074)
Increase (decrease) in provision for director's stock benefits	15	17	162	Cash flow from financing activities			
Loss on retirement of non-current assets	8	22	207	Net increase (decrease) in short-term loans payable	(40)	(40)	(363)
Other non-cash items	50	44	404	Proceeds from long-term loans payable	500	—	—
Interest and dividend income	(86)	(93)	(851)	Repayments of long-term loans payable	(900)	(975)	(8,863)
Interest expenses	40	29	264	Proceeds from disposal of treasury shares	224	2	24
Decrease (increase) in notes and accounts receivable-trade	(2,414)	(1,002)	(9,115)	Purchase of treasury shares	(2,224)	(1)	(15)
Decrease (increase) in inventories	(861)	(468)	(4,258)	Cash dividends paid	(2,133)	(2,580)	(23,461)
Increase (decrease) in notes and accounts payable-trade	734	507	4,613	Dividends paid to non-controlling interests	—	(36)	(334)
Increase (decrease) in accrued consumption taxes	63	33	308	Repayments of lease obligations	(52)	(53)	(483)
Others	59	26	241	Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,367)	(12,428)
Subtotal	5,450	7,953	72,307	Cash flow from financing activities	(4,626)	(5,051)	(45,926)
Interest and dividend income received	83	106	966	Effect of exchange rate change on cash and cash equivalents	3	(25)	(234)
Interest expenses paid	(40)	(29)	(265)	Net increase (decrease) in cash and cash equivalents	1,769	265	2,416
Income taxes paid	(2,456)	(2,239)	(20,356)	Cash and cash equivalents at the beginning of the period	4,781	6,551	59,555
Cash flow from operating activities	3,037	5,791	52,651	Cash and cash equivalents at the end of the period	6,551	6,816	61,972

□

## Consolidated Statement of Comprehensive Income

Fiscal years ended March 31, 2018 and 2019

		(Millions of yen)	(Thousands of US dollars)
	FY3/18	FY3/19	FY3/19
Profit	4,684	5,264	47,859
Other comprehensive income			
Valuation difference on available-for-sale securities	1,475	(504)	(4,584)
Deferred gains or losses on hedges	(43)	45	412
Foreign currency translation adjustment	21	(63)	(576)
Total other comprehensive income	1,452	(522)	(4,748)
Comprehensive income	6,137	4,742	43,110
Comprehensive income attributable to			
Owners of the parent company	6,137	4,741	43,106
Non-controlling interests	—	0	3



# Consolidated Statement of Changes in Equity

Fiscal years ending March 31, 2018 and 2019

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as at March 31, 2017	5,075	5,469	40,678	(3,804)	47,418
Changes of items during the period					
Dividends of surplus			(2,134)		(2,134)
Profit attributable to owners of the parent company			4,684		4,684
Purchase of treasury shares				(2,224)	(2,224)
Disposal of treasury shares		114		109	224
Net changes of items other than shareholders' equity					
Total changes of items during the period		114	2,549	(2,115)	549
Balance as at March 31, 2018	5,075	5,584	43,227	(5,919)	47,967
Changes of items during the period					
Dividends of surplus			(2,581)		(2,581)
Profit attributable to owners of the parent company			5,264		5,264
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares				2	2
Purchase of shares of consolidated subsidiaries		(1,131)			(1,131)
Net changes of items other than shareholders' equity					
Total changes of items during the period		(1,131)	2,682	0	1,551
Balance as at March 31, 2019	5,075	4,452	45,910	(5,918)	49,519

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as at March 31, 2018	46,136	50,766	392,980	(53,813)	436,070
Changes of items during the period					
Dividends of surplus			(23,468)		(23,468)
Profit attributable to owners of the parent company			47,855		47,855
Purchase of treasury shares				(15)	(15)
Disposal of treasury shares				24	24
Purchase of shares of consolidated subsidiaries		(10,288)			(10,288)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(10,288)	24,386	8	14,106
Balance as at March 31, 2019	46,136	40,477	417,367	(53,805)	450,176

(Millions of yen)						
Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
2,604	(0)	103	2,707	43		50,169
						(2,134)
						4,684
						(2,224)
						224
1,475	(43)	21	1,452	23	271	1,748
1,475	(43)	21	1,452	23	271	2,298
4,079	(43)	124	4,160	67	271	52,467
						(2,581)
						5,264
						(1)
						2
						(1,131)
(504)	45	(63)	(522)	27	(271)	(766)
(504)	45	(63)	(522)	27	(271)	784
3,575	1	60	3,638	94	—	53,252

(Thousands of US dollars)						
Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
37,086	(395)	1,130	37,822	614	2,469	476,976
						(23,468)
						47,855
						(15)
						24
						(10,288)
(4,584)	412	(576)	(4,748)	246	(2,469)	(6,971)
(4,584)	412	(576)	(4,748)	246	(2,469)	7,134
32,502	16	554	33,073	860	—	484,110

# Solid leadership is a solid path to AS ONE's evolution

(As of June 30, 2019)

President

## Takuji Iuchi

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

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



Managing Director; General Manager,  
Corporate Planning Division and  
Project NANA Task Force

## Mototaka Ono

Creating the next growth drivers  
by unlocking untapped potentials.

June 2007 Corporate Auditor, AS ONE Corporation  
June 2008 General Manager, West Japan Sales Department  
Apr. 2009 General Manager, Sales Division  
Director  
June 2010 General Manager, Management Division  
Apr. 2013 General Manager, Administration Division  
Apr. 2014 Managing Director (to the present)  
May 2017 General Manager, Project NANA Task  
Force (to the present)  
Apr. 2019 General Manager, Corporate Planning  
Division (to the present)



Managing Director in charge of the Marketing Division  
and Professional Business Division; General Manager,  
Sales Division; Manager, Tokyo Office; and Deputy  
General Manager, Project NANA Task Force

## Kazuhito Yamada

Bolster sales capabilities to build  
stronger ties with customers and  
capitalize on business opportunities.

Mar. 1990 Joined AS ONE  
Apr. 2011 General Manager, Sales Division  
June 2012 Director  
Apr. 2013 General Manager, Marketing Division  
Apr. 2014 Managing Director (to the present)  
Apr. 2015 General Manager, Sales Division (to the present)  
May 2017 Deputy General Manager, Project NANA  
Task Force (to the present)



Director; General Manager,  
China Business Division and China Business Department

## Yasuyuki Hoshino

Build trust in the Chinese market  
with high growth potential to  
drive growth.

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



Director in charge of the Merchandising Division;  
General Manager, IT Division and  
Project NANA Task Force

## Kenichi Fujinaka

Harness the power of IT to  
streamline a large flow of products.  
Get a leg up on the competition  
via unique services.

Nov. 1981 Joined AS ONE  
Apr. 2006 General Manager, Operation Sales Department  
Apr. 2007 General Manager, Marketing Department  
Apr. 2014 General Manager, IT Department  
Apr. 2015 General Manager, Merchandising  
Division and IT Division (to the present)  
June 2016 Director (to the present)



Director; General Manager, Administration Division  
and Administration Department

## Mitsushige Kimura

Make AS ONE more powerful so it  
can stay ahead of the pack.

Apr. 2014 Manager, Namba Branch and General Manager,  
Sales 1st Department, Resona Bank, Limited  
Apr. 2015 Executive Officer in charge of Resona Bank,  
Limited for Osaka area and Nara area  
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 Corporation  
(to the present)  
Apr. 2019 General Manager, Administration Division and  
Administration Department (to the present)



Outside Director

## Joji Suzuki

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

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



Outside Director

## Kazuhiko Odaki

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

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



Outside Corporate Auditor

## Kazutaka Suzuki

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

Aug. 2001 Manager, Fukushima Branch, The Asahi  
Bank, Limited (now Resona Bank, Limited)  
July 2003 General Manager, Investment Department,  
Resona Capital Co., Ltd.  
Oct. 2007 Manager, Jyoto 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 Corporate Auditor, AS ONE Corporation  
(to the present)



Auditor

## Makoto Matsuo

Build governance strategies that reflect  
changes in the business climate to  
help AS ONE grow.

Oct. 2003 Corporate Executive Officer,  
Resona Bank, Limited  
June 2004 Representative Director and Managing Executive  
Officer, Saitama Resona Bank, Limited  
June 2009 Director and Senior Managing Executive  
Officer, Resona Bank, Limited  
June 2013 Corporate Auditor, Naigai Energering Inc.  
Outside Director, AS ONE Corporation  
June 2016 Auditor, AS ONE Corporation  
(to the present)  
June 2019 Independent Director, Shizuki Electric  
Company Inc. (to the present)



Outside Auditor

## Hideaki Mihara

Leverage accounting expertise to  
ensure fair and accurate financial  
reporting.

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





# Company Information

## Company Overview

Headquarters	: 2-1-27 Edobori, Nishi-ku, Osaka 550-8527 Japan
Date of Foundation	: June 1, 1962
Capital Stock	: ¥5,075 million (As of March 31, 2019)
President	: Takuji Iuchi
Employees (Consolidated)	: 557 (As at March 31, 2019)
Net Sales (Consolidated)	: ¥66,733.18 million (Fiscal year ending March 31, 2019)
Description of Business	: Sale of research instruments and equipment, nursing and caring goods, and other scientific instruments
Affiliates	: AS ONE Shanghai Corporation (Business operations: sale of scientific instruments for research, etc.) Nikko Hansen & Co., Ltd. (Business operations: import and sale of scientific instruments, etc.) Iuchi Logistics Co., Ltd. (Business operations: warehouse management and shipping) AS ONE International, Inc. [USA] (Business operations: Export business in North America) Tryumph21 Co., Ltd.(Business operations: online purchasing services)
Company Website	<a href="https://www.as-1.co.jp">https://www.as-1.co.jp</a>



## Main Trading Partners

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

## Main Suppliers

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

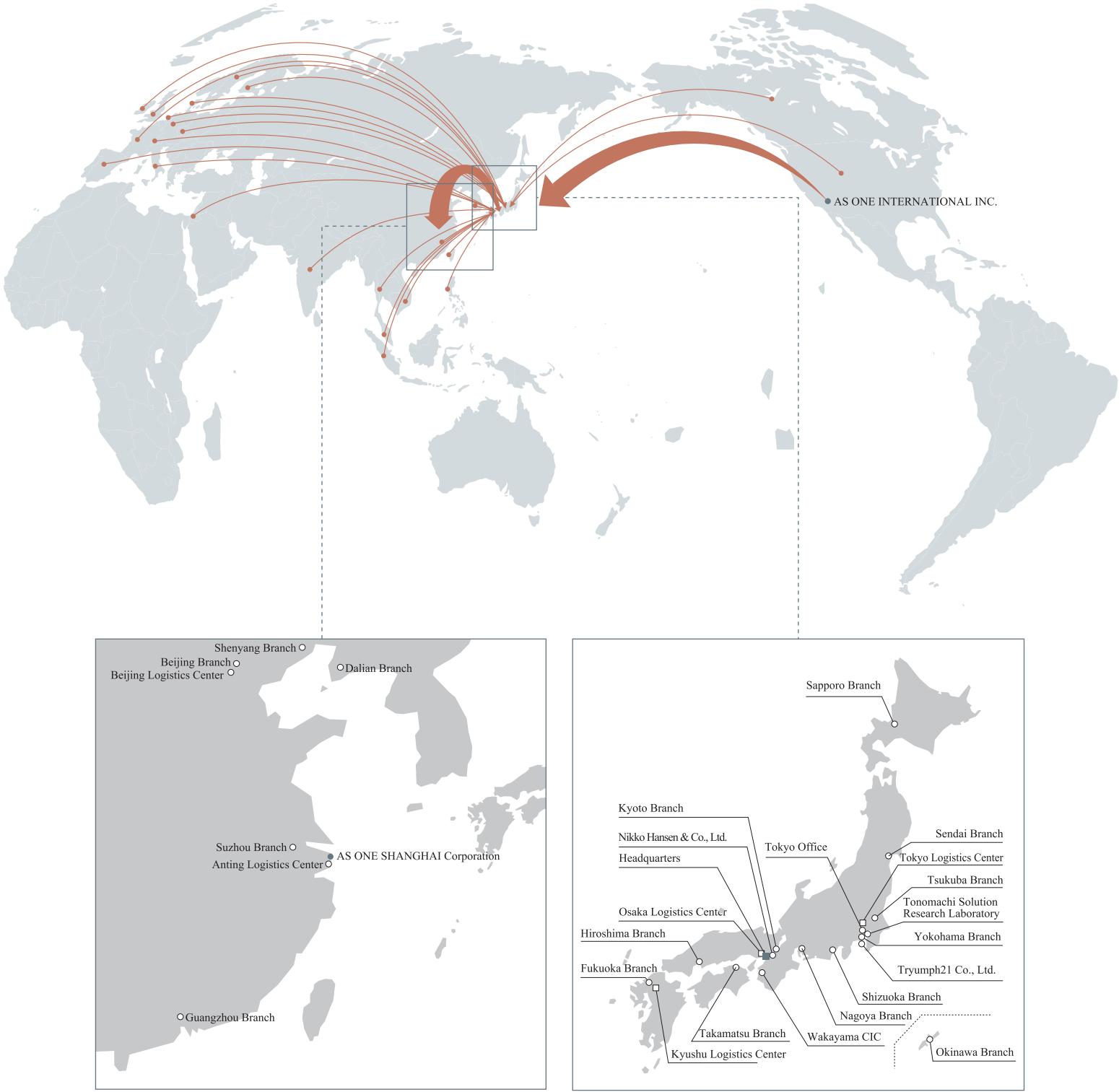
## Main Banks

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

## History

- 1933 Established as Iuchi Seieido Store.
- 1962 Incorporated as Iuchi Seieido Co., Ltd. in Kita-ku, Osaka for the sale of scientific instruments.
- 1963 Recognizing the importance of catalogs for marketing and the potential of plastic components in the scientific field, started publishing the Polyethylene Ware catalog for research products.
- 1970 Accompanying the expansion of business in the Tokyo region, established the Tokyo Sales Office (current Tokyo Office).
- 1981 Established the Osaka Logistics Center in Tenma, Kita-ku, Osaka.
- 1982 Started sale of clean room gloves; launched full-scale entry into the semiconductor-related product market.
- 1984 Established the Tokyo Business Office in Adachi-ku, Tokyo (now the Tokyo Logistics Center).
- 1985 Started publishing catalogs for nursing products for hospitals; launched full-scale entry into the hospital and nursing care fields.
- 1989 Relocated the Osaka Logistics Center to Konohana-ku, Osaka in order to enhance logistics capability.
- 1990 Adopted company-wide online systems designed to integrate order submission/acceptance, warehousing/dispatching, and inventory management systems.
- 1991 Established Wakayama CIC in Nokamicho, Kaiso-gun, Wakayama to initiate full-scale entry into the special surface washing field. Started sale of high-quality dust-proof products.
- 1993 Relocated headquarters to Tenma, Kita-ku, Osaka.
- 1995 Relocated the Tokyo Logistics Center to Iwatsuki, Saitama. Introduced automated equipment in order to streamline logistics. Registered on the over-the-counter market of the Japan Securities Dealers Association.
- 1997 Launched a website; started interactive information communication over the Internet.
- 1998 All sites in Japan acquired ISO 9002 certification, an international standard for quality assurance (revised to ISO 9001 in 2003).
- 1999 Listed in the second sections of the Tokyo Stock Exchange and the Osaka Securities Exchange.
- 2001 Listed in the first sections of the Tokyo Stock Exchange and the Osaka Securities Exchange. Changed the company name to AS ONE Corporation. Relocated the Tokyo Logistics Center to Kitakatsushika-gun, Saitama.
- 2002 Relocated the headquarters to Edobori, Nishi-ku, Osaka.
- 2004 Relocated the Osaka Logistics Center to Nishiyodogawa-ku, Osaka.
- 2005 Made Ernst Hansen Co., Ltd. (now Nikko Hansen & Co., Ltd.) a subsidiary (ownership percentage: 90%).
- 2007 Established AS ONE Shanghai Corporation in Shanghai, China (100% capital participation).
- 2010 Made Nikko Hansen & Co., Ltd. a wholly owned subsidiary.
- 2011 Established the Kyushu Logistics Center in Asakura, Fukuoka.
- 2012 Adopted the ASCA core system.
- 2016 Acquired Privacy Mark certification.
- 2017 Established AS ONE International, Inc.
- 2018 Made Tryumph21 Co., Ltd. a subsidiary.

## Global Network



 **AS ONE CORPORATION**

