

AS ONE Corporation  
Materials for the medium-term management plan

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# “Unleash!” – The New Medium-Term Management Plan Advancing from NANA 1.0 to NANA 2.0

## Project NANA 2.0

New Action, Next AS ONE



\* Project NANA 1.0: [https://www.as-1.co.jp/en/ir/assets/pdf/medium\\_term1.pdf](https://www.as-1.co.jp/en/ir/assets/pdf/medium_term1.pdf)



# The Positioning of NANA 2.0

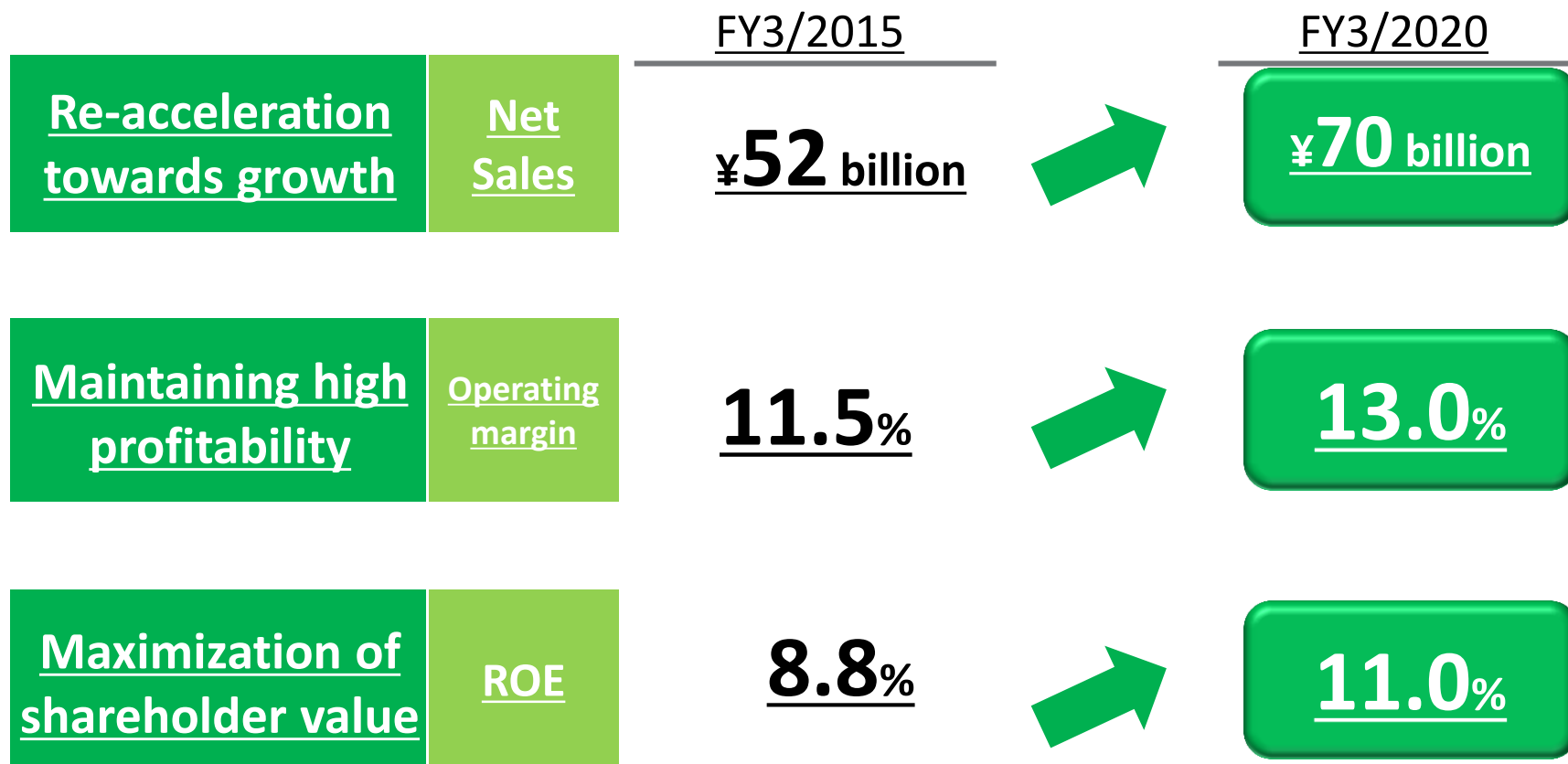
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The NANA 1.0 plan that was announced in 2015 has been reviewed and revised to create the new NANA 2.0

*Use the power of “Unleash!”*  
*to raise sales to*  
**¥70 billion**

# Medium/Long Term Vision – Targets for 2020

## The three targets of Project NANA for 2020



# New Strategic Fields Reflecting Shifts in Business Opportunities

When NANA 1.0 started



Current business opportunities

Increasing use of e-commerce

Rapid expansion of business in China

Add product categories not yet offered

Growth of the medical and nursing care market

Increasing speed of **e-commerce** business growth

Expansion of **overseas** business areas

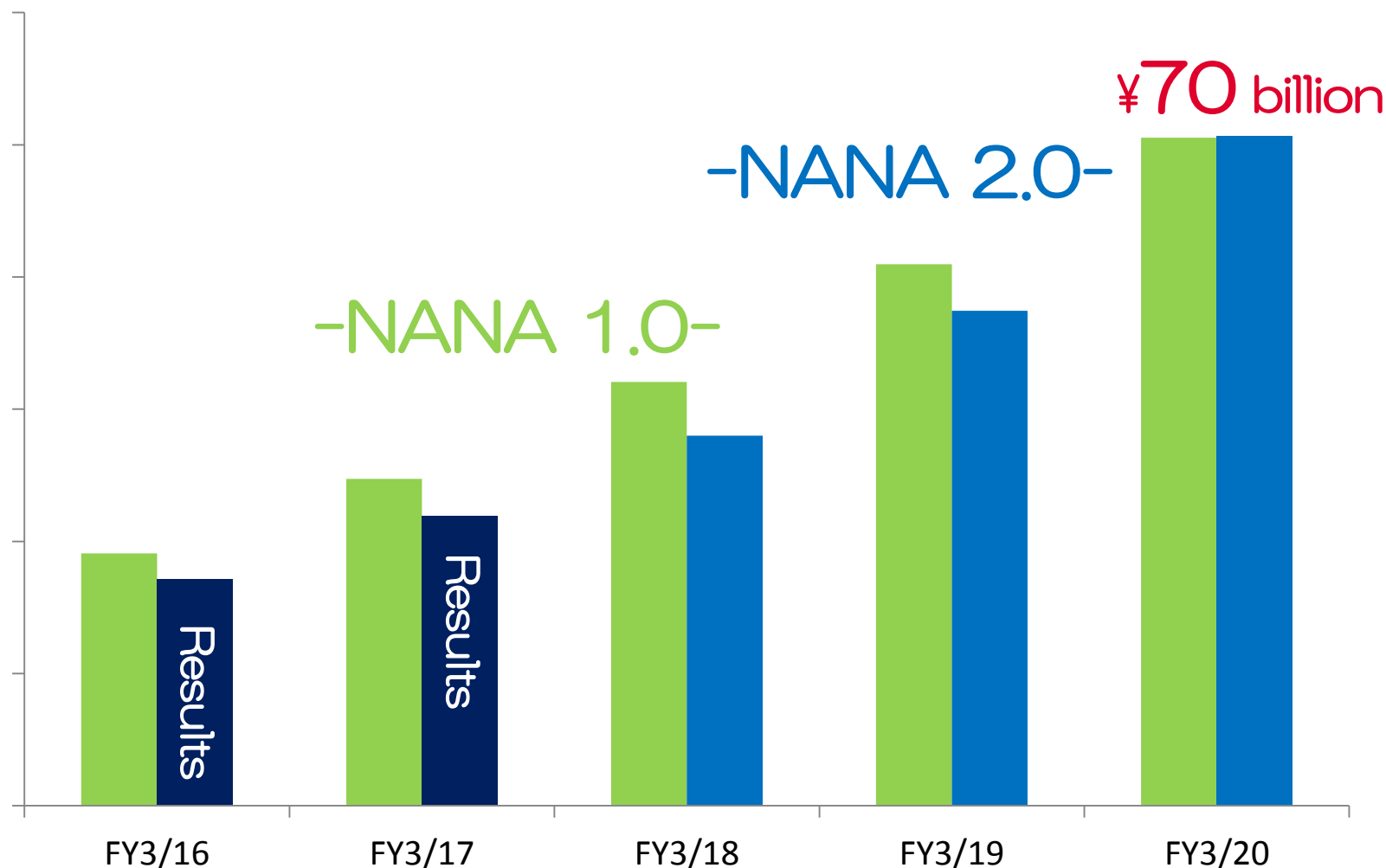
Growing customer **needs**

Enlargement of the **research/industrial** domain

**NANA 2.0 focuses our resources on these opportunities**

# The NANA 2.0 Target

The goal is sales of ¥70 billion by speeding up growth over the next three years



# The NANA 2.0 Theme – Unleash!

1

**Sales**

**Unleash! The existing business model**

2

**Profits**

**Unleash! profitability 3 2 1**

3

**People**

**Unleash! the spirit of taking on new challenges**

4

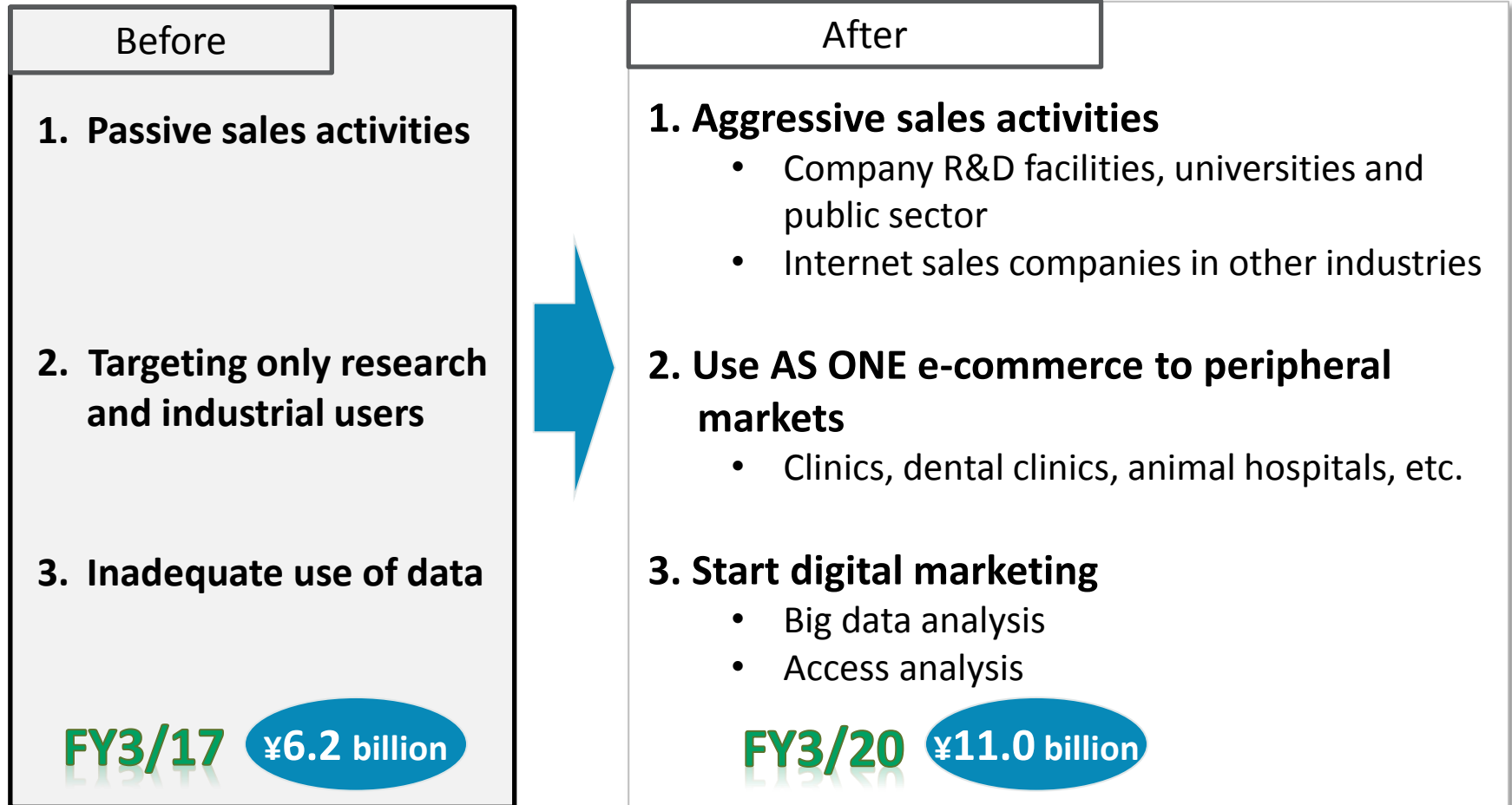
**Finance**

**Unleash! financial resources**



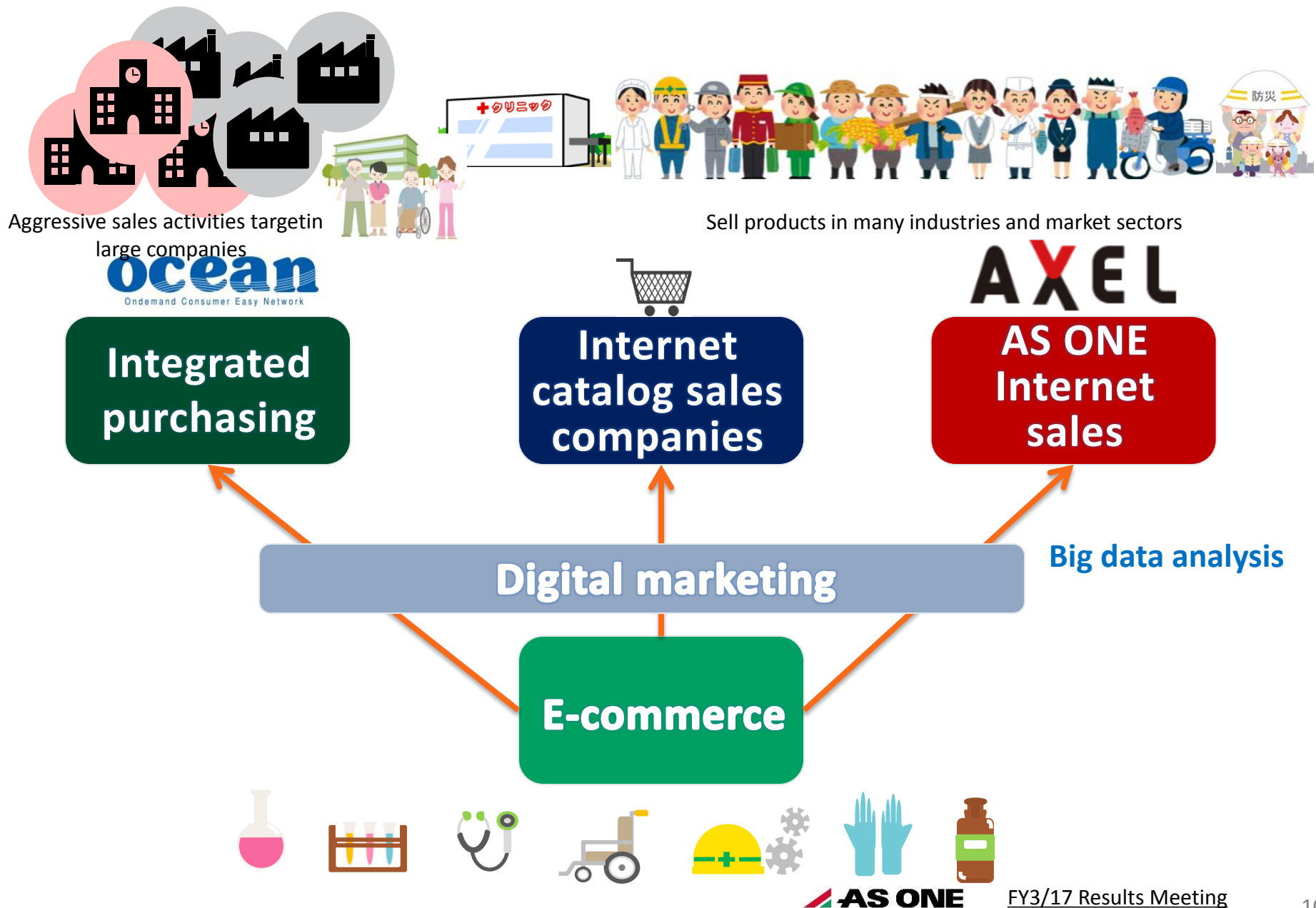
# 1 Unleash! Initiatives for Growth – (1) e-commerce

## Advance from building to using new IT systems



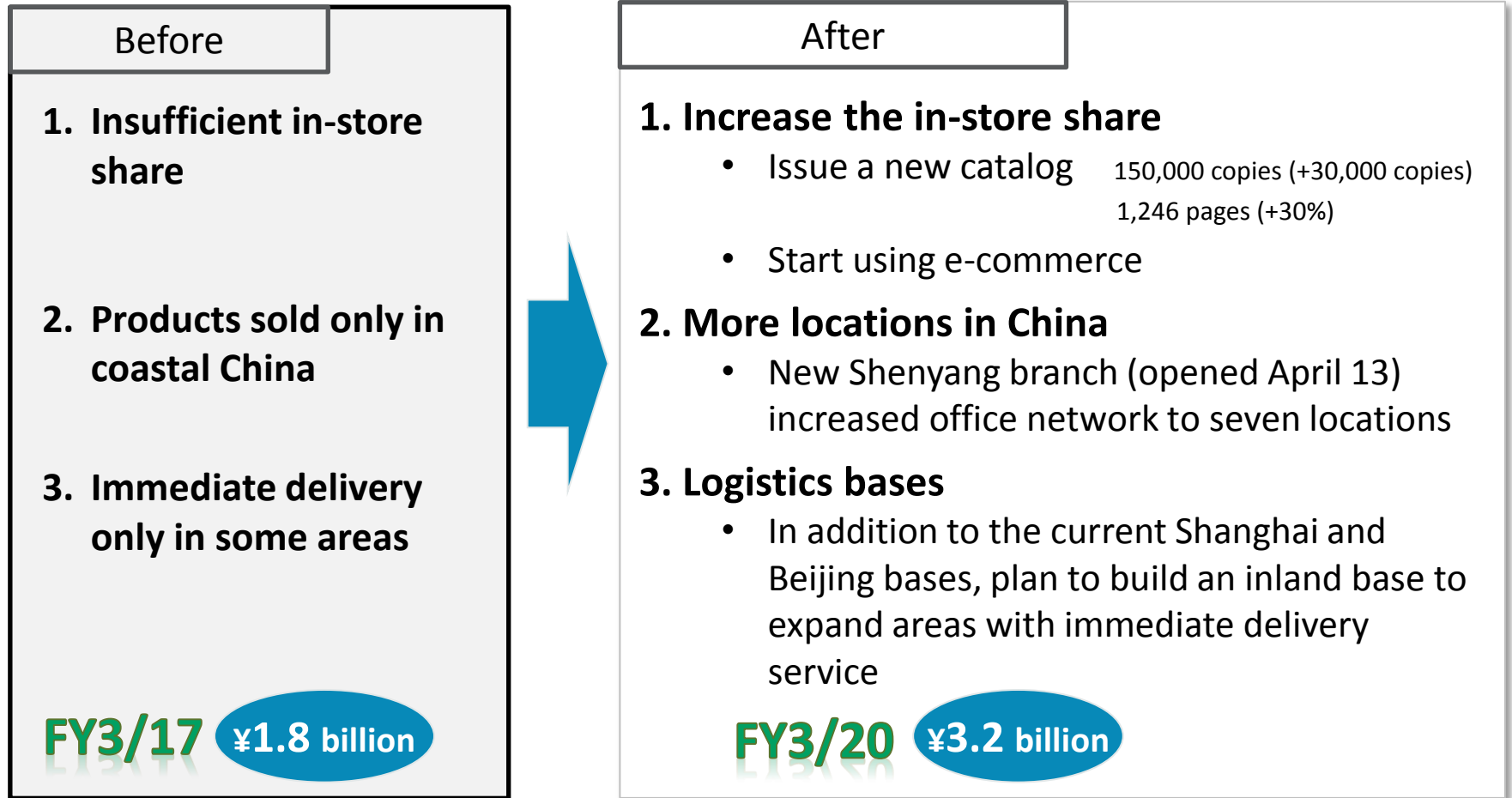
**Become the industry's e-commerce leader**

# e-commerce: Advance from Building to Using New IT Systems



# 1 Unleash! Initiatives for Growth – (2) Overseas: China

## Shift focus from Japanese to Chinese companies



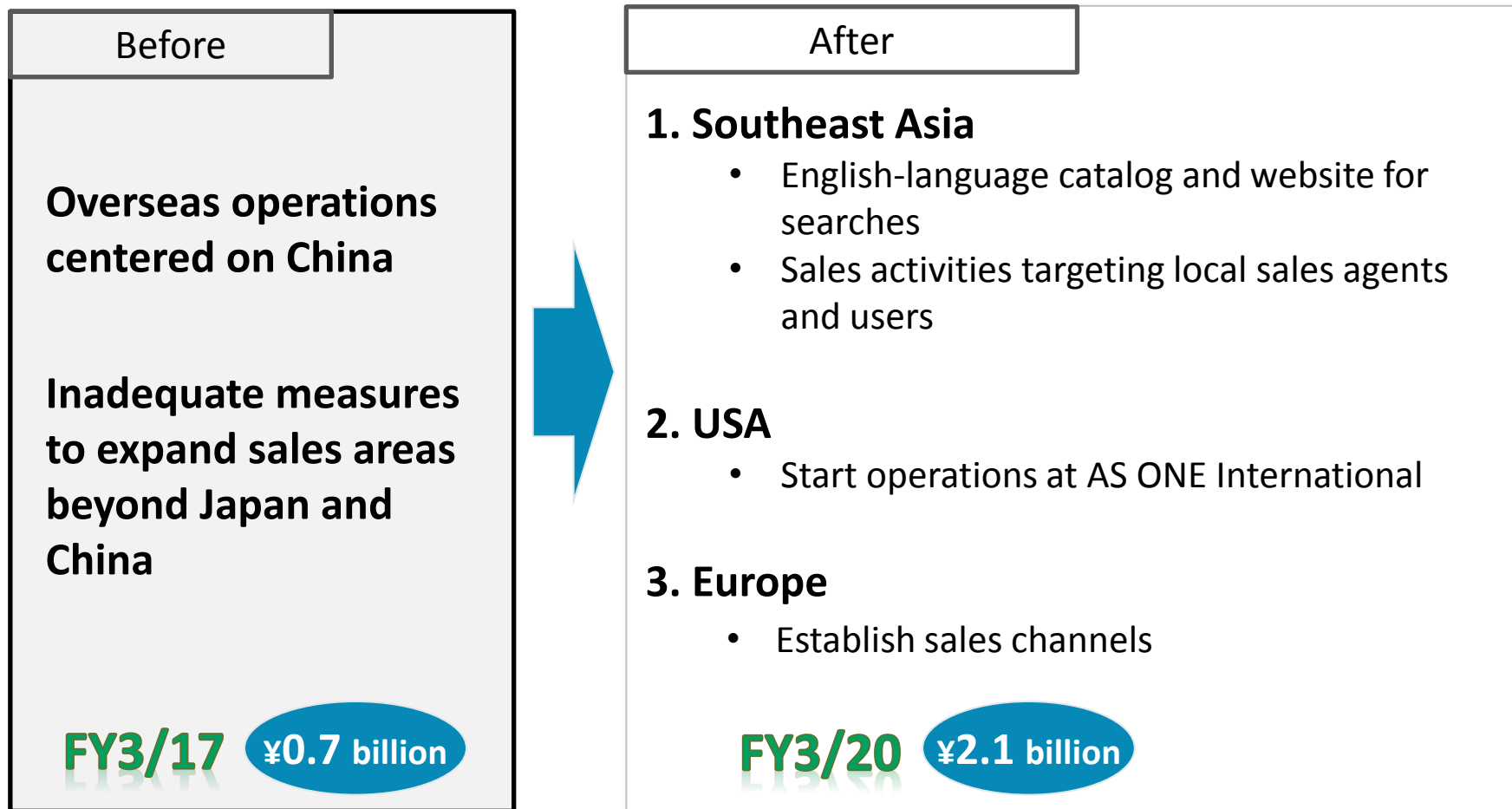
**Use an efficient business model to expand sales to more regions of China**

# The AS ONE Business Sites in China

Sixth Chinese-language catalog



## Expand overseas operations to other areas of the world

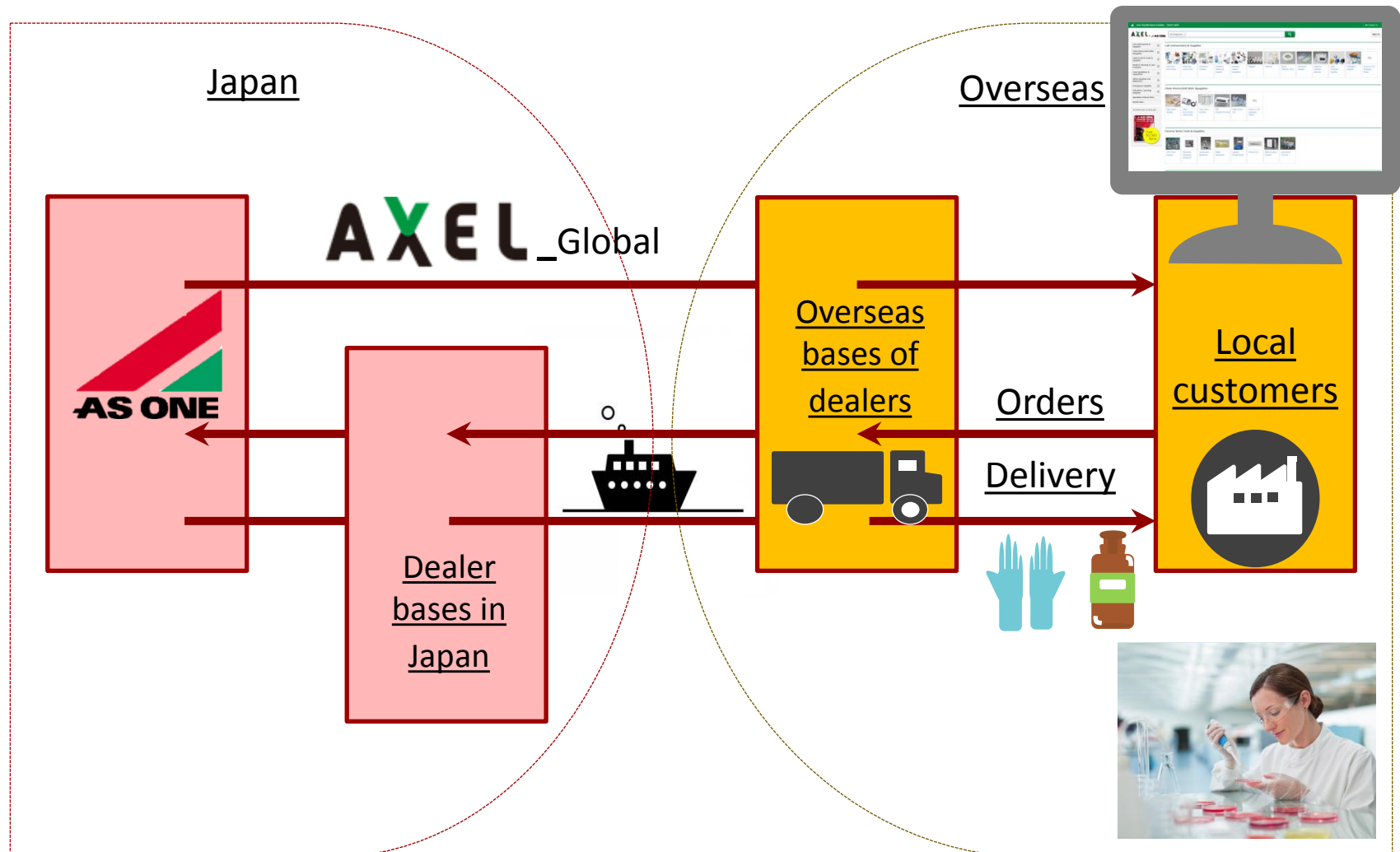


**Expand globally by selling products in more regions**

# Use **AXEL**\_Global to Form Ties with Overseas Dealer Bases

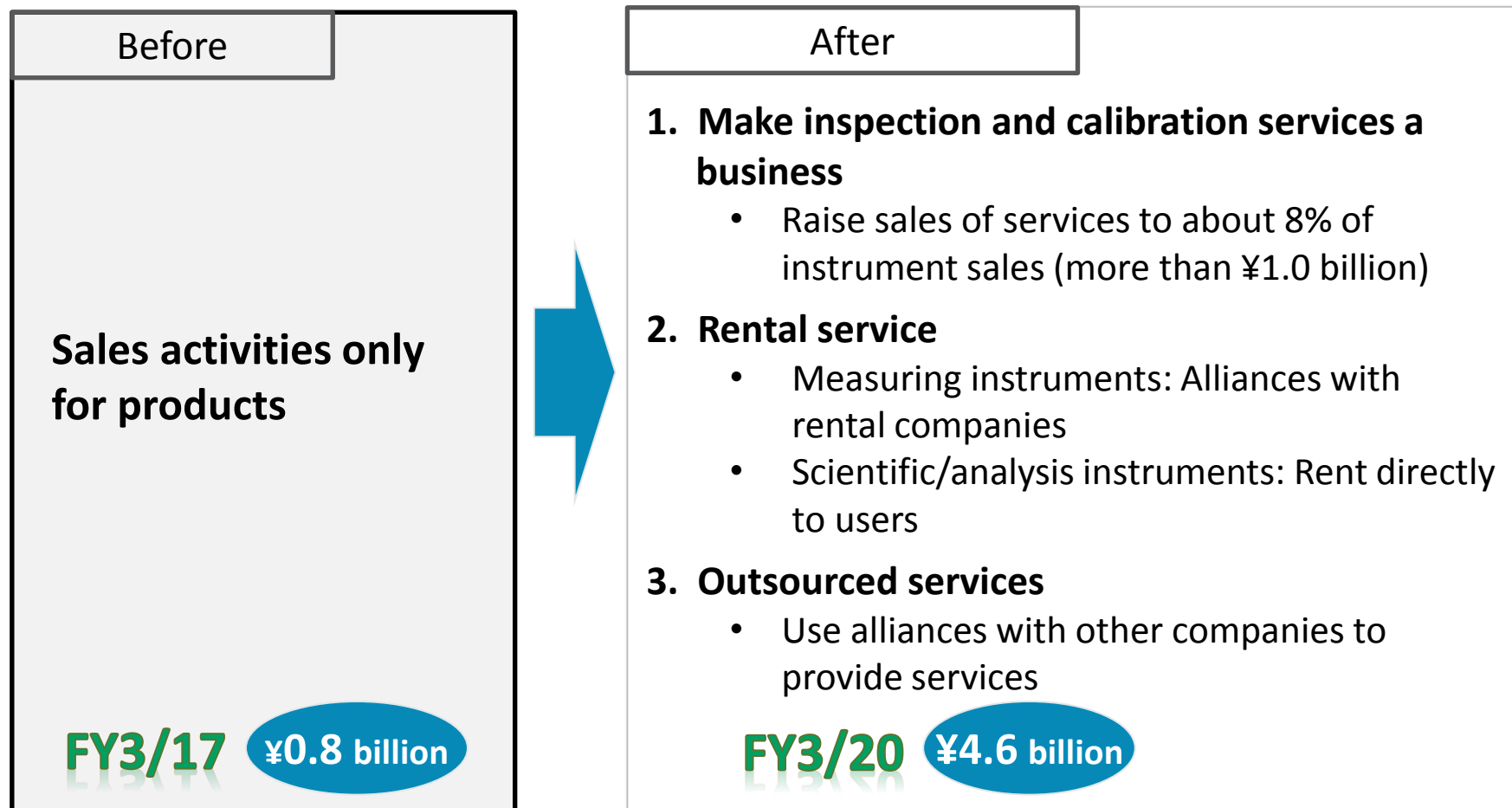
English-language listings and local-currency prices for more than 400,000 scientific instruments

Strong support for e-commerce sites by forming ties with overseas bases of dealers



# 1 **Unleash!** Initiatives for Growth – (3) New Products

Combine products and services (Established the Service Sales Department)



**Use services to be a source of solutions**



# New Products

Sale of  
products

+

Services



Services that  
match customers'  
needs

Calibration service  
for measuring  
instruments



A calibration service capable of  
handling large numbers of  
measuring instruments

Outsourced  
laboratory  
agency services for  
analysis and testing



Agency services for a variety of analysis  
and inspection for research institutes,  
industrial companies, food companies  
and others

Rental of about 1,000  
types of measuring  
instruments



A rental service for microscopes,  
thermography units and many other  
types of measuring instruments

Overseas  
procurement  
of equipment and  
replacement supplies



Agency service for procurement of  
equipment and replacement supplies on  
a global scale

Special order  
laboratory  
for customized order  
and processing



Special-order processing for glass,  
equipment, metal and other items and  
the fabrication of customized products

Clean package  
Clean wash  
service



Cleaning for products of all types and  
the cleansing of surfaces



# 1 **Unleash!** Initiatives for Growth – (4) Existing Businesses

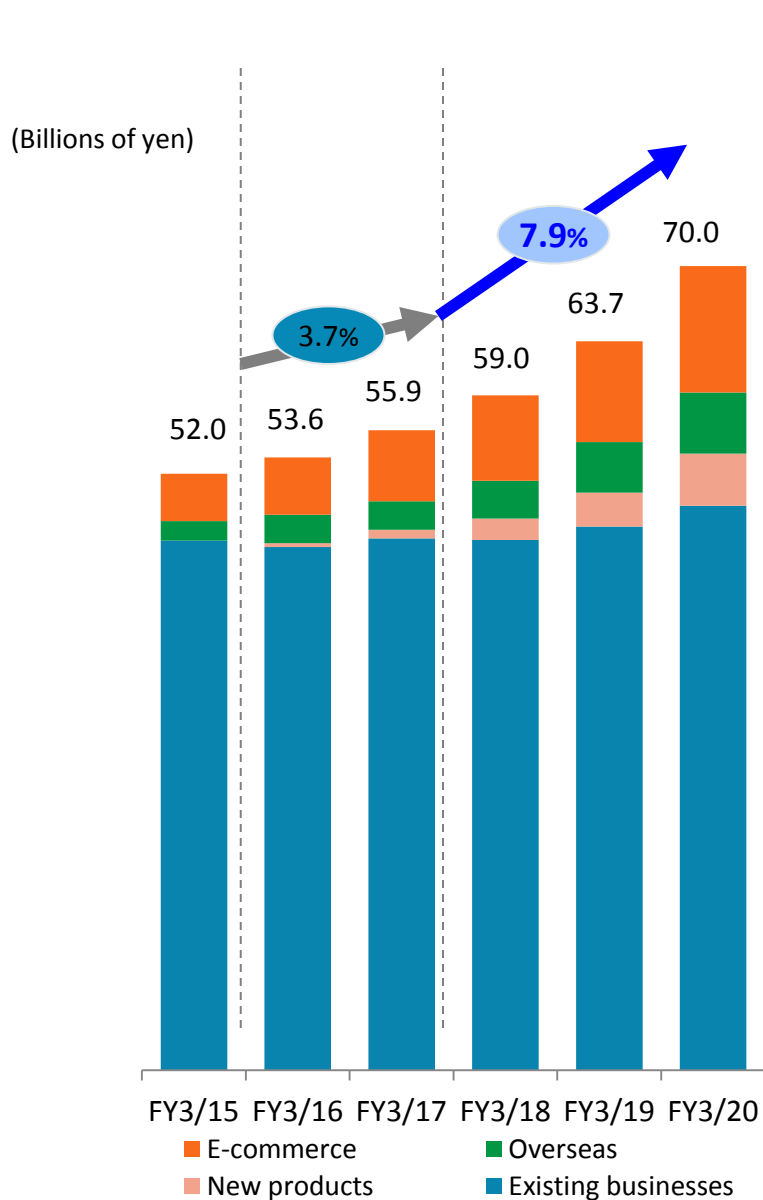
## Make strengths even stronger

Before
<b>1. Catalogs</b> No clear difference vs. competitors' catalogs
<b>2. Inventory information</b> Only AS ONE inventory data was available
<b>3. Logistics</b> Fixed processes using manual labor
<b>FY3/17</b> ¥46.5 billion



After
<b>1. Big increase in items in catalogs</b> <ul style="list-style-type: none"><li>Overwhelming superiority in volume: Increase from 2,400 to 3,600 pages</li></ul>
<b>2. Establish an open supply management system</b> <ul style="list-style-type: none"><li>Easy access to inventories of AS ONE and other suppliers</li></ul>
<b>3. More diversity and higher efficiency</b> <ul style="list-style-type: none"><li>Using AI and robots to improve efficiency</li><li><b>“Cross-docking” system for immediate sorting and shipping after receipt of merchandise</b><ul style="list-style-type: none"><li>No inventories</li></ul></li><li>Ability to supply order-made items</li></ul>
<b>FY3/20</b> ¥49.4 billion

# 1 Unleash! Initiatives for Growth - Overall Sales Targets



	FY3/17		FY3/20
Total	¥55.9 billion	▶	¥70.0 billion
E-commerce	¥6.2 billion	▶	¥11.0 billion
Overseas	¥2.5 billion	▶	¥5.3 billion
New products	¥0.8 billion	▶	¥4.6 billion
Existing businesses (Sales of current products using existing channels)	¥46.5 billion	▶	¥49.4 billion

### More earnings

- 1) Raise **share of original products** by 5 points to 45%
- 2) **Increase procurement of products in Europe through alliances**
- 3) Use the U.S. subsidiary to **strengthen procurement capabilities in North America**
- 4) Cut the **cost of transporting** goods from North America, China and Europe
- 5) Increase **cooperation with suppliers** in conjunction with the upgrading of AXEL

### More added value

- 6) **Add more value** by supplying services in more business sectors

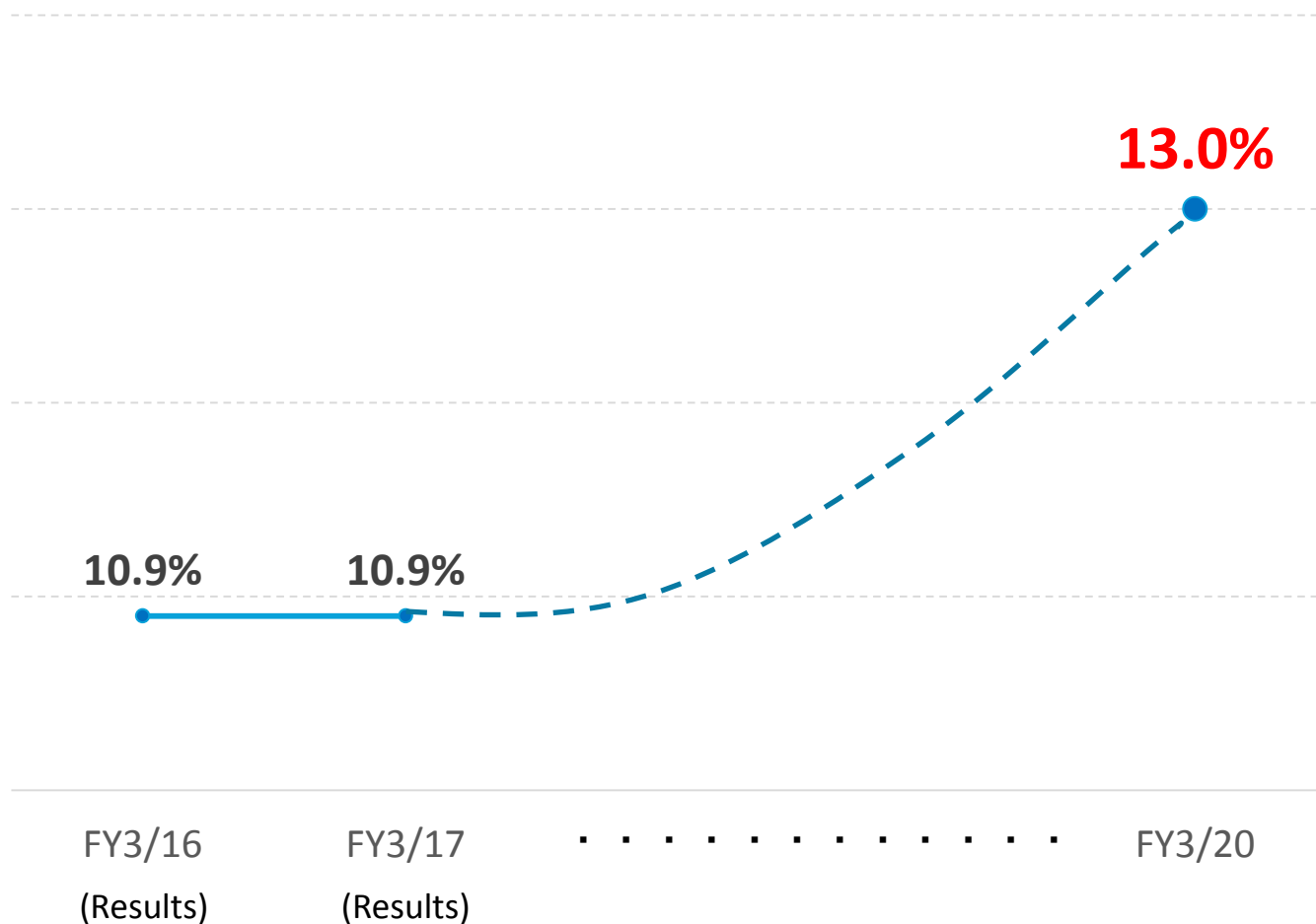
### Higher efficiency

- 8) **Promote e-commerce service** and increase orders received electronically
- 7) **Alter how people do their jobs** with measures that include IT investments to boost efficiency

**Aiming for improvement of gross profit margin and SGA margin**

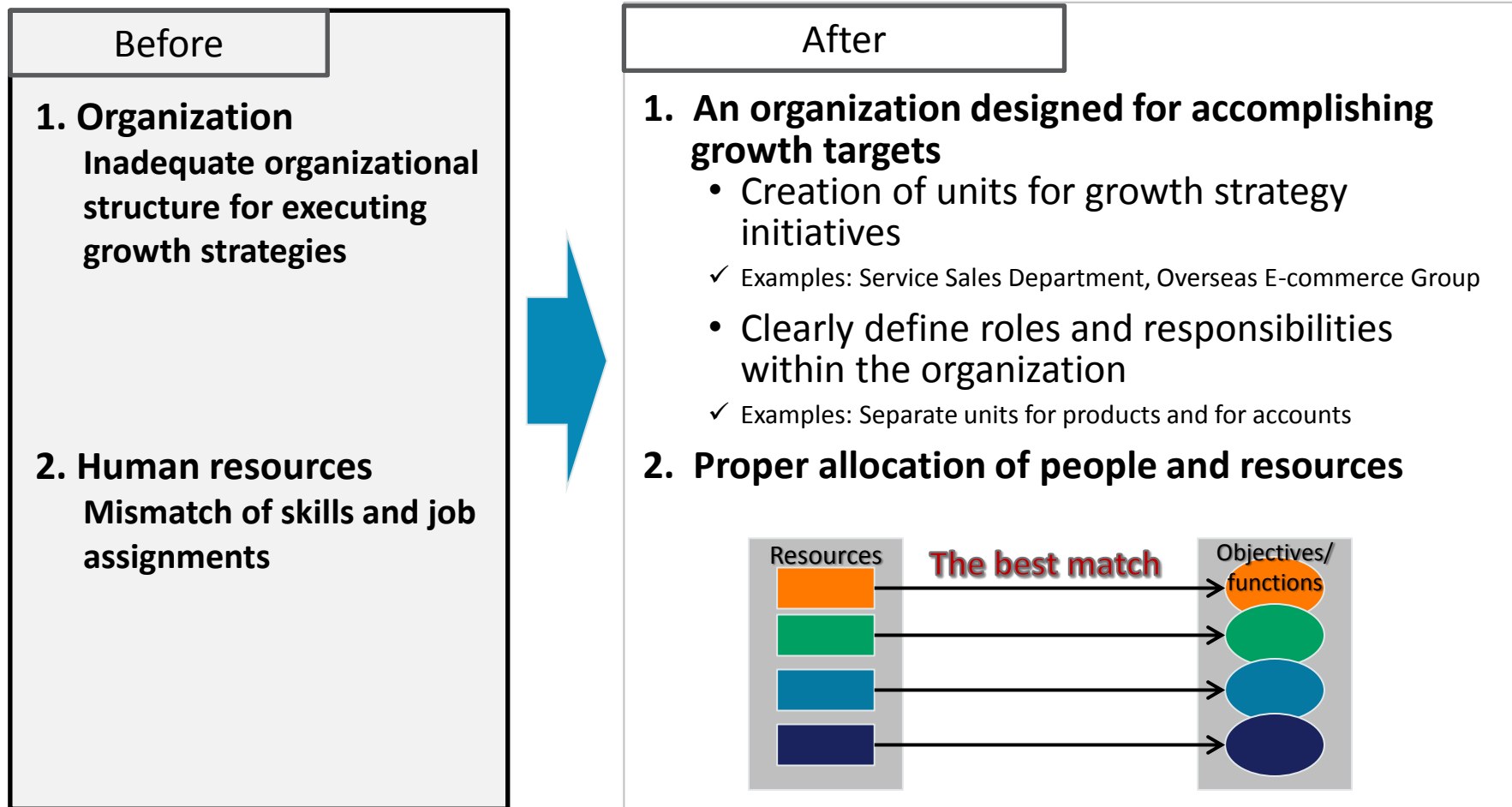
## 2 **Unleash!** Profitability 3 2 1 – Operating Margin

Target



***Unleash!*** to raise the operating margin to 13%

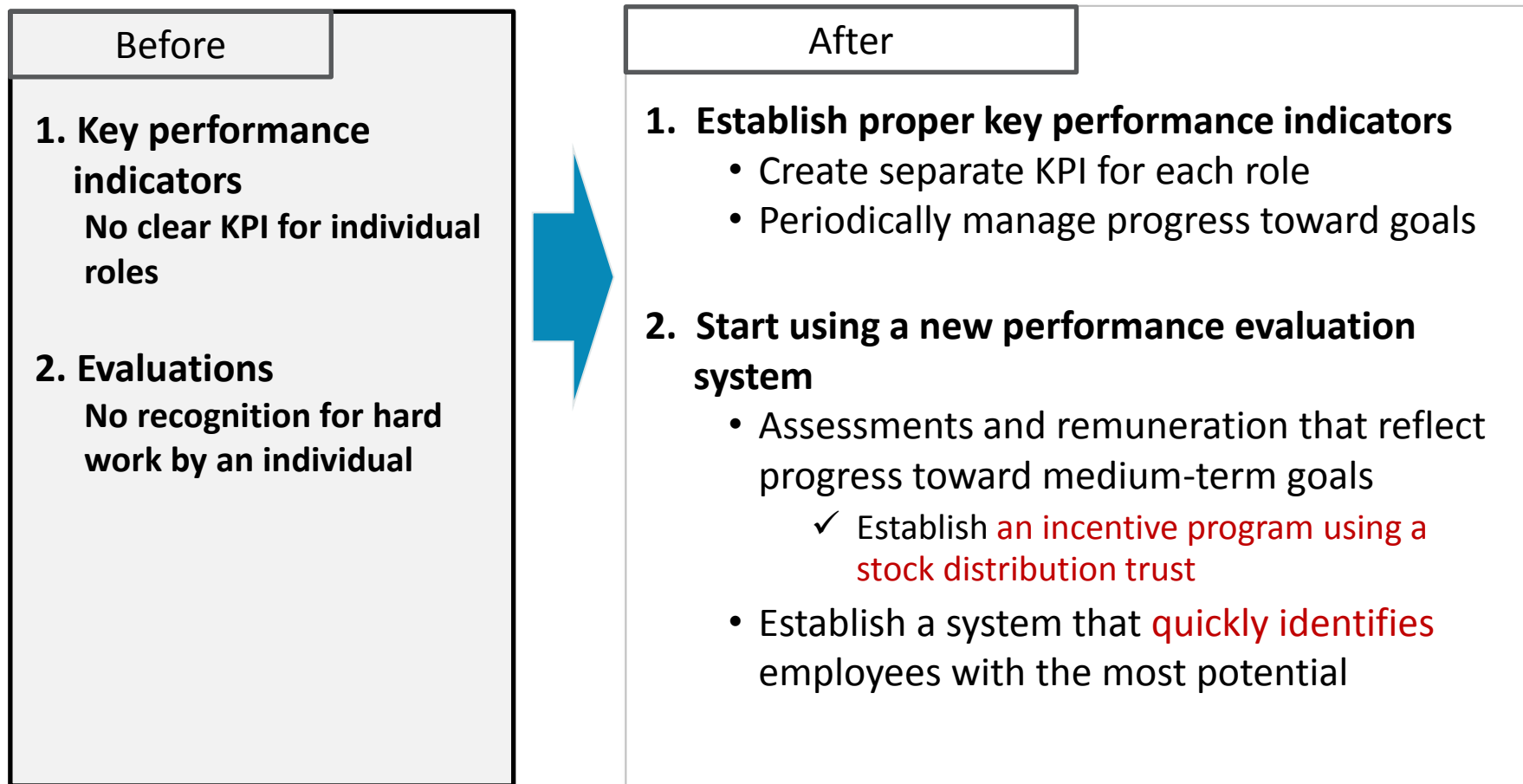
## Build a framework for growth and new challenges!



**Build an organization where people can use all their skills!**

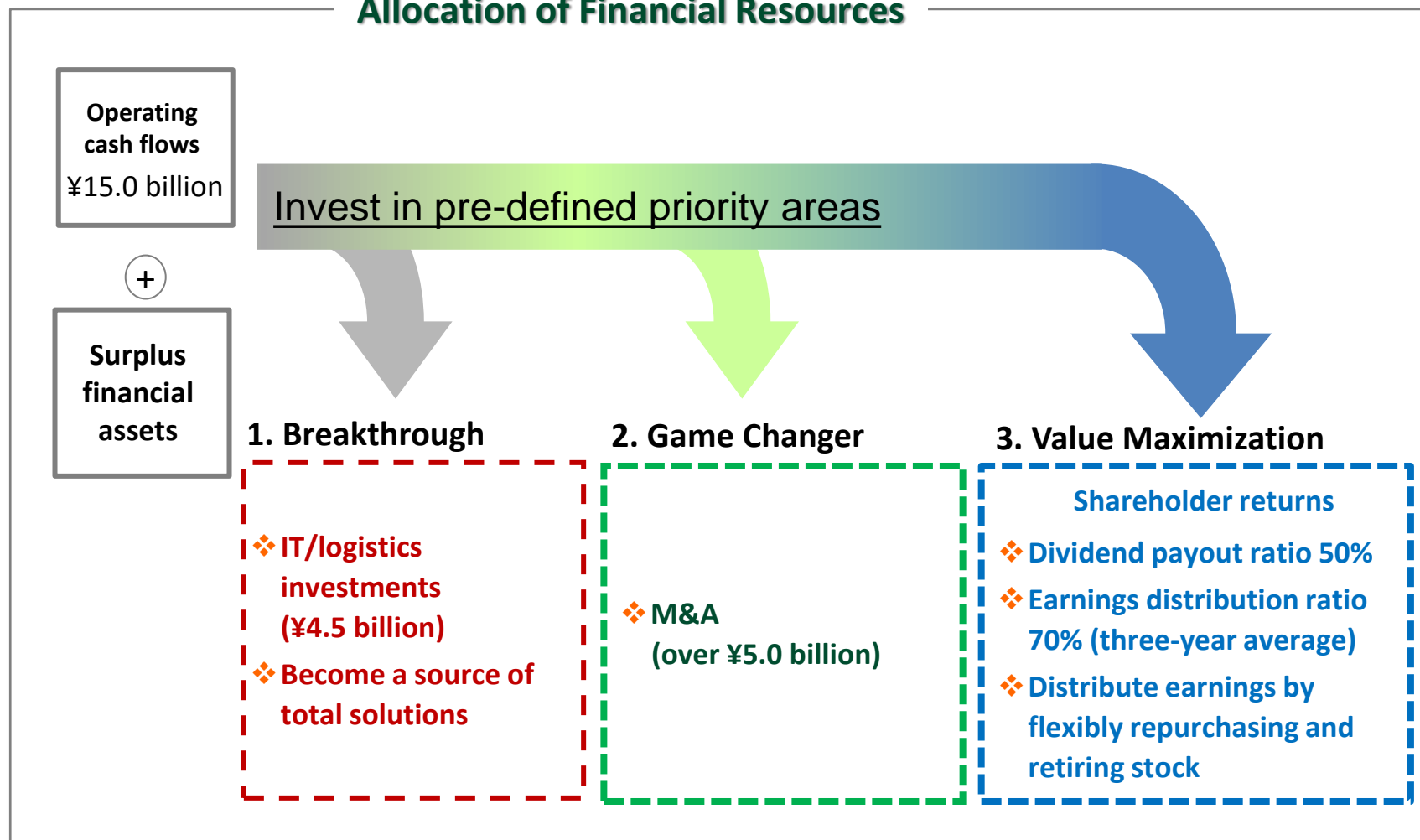
### 3 Unleash! the Spirit of Taking on New Challenges (2)

#### Align the mindset and motivation of employees with value creation



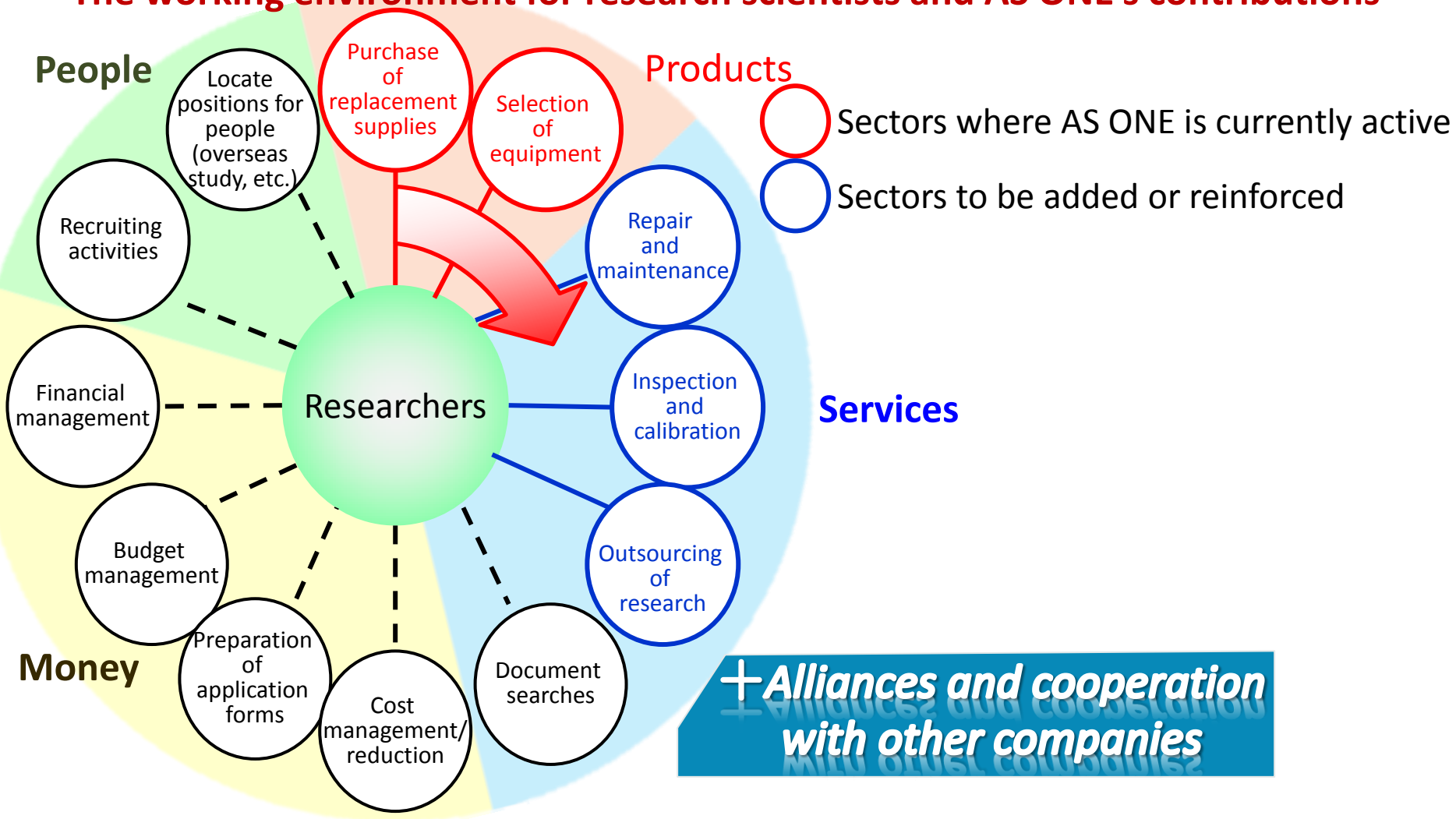
**Build an organization that rewards results and encourages new challenges to create value!**

## Allocation of Financial Resources



# 1. Breakthrough - Become a Source of Total Solutions

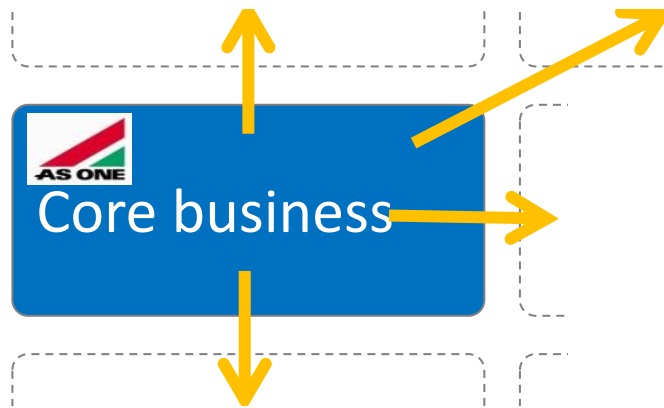
The working environment for research scientists and AS ONE's contributions



AS ONE still has many more opportunities for growth



## 4 2. Game Changer - Use M&A for Non-continuous Business Expansion

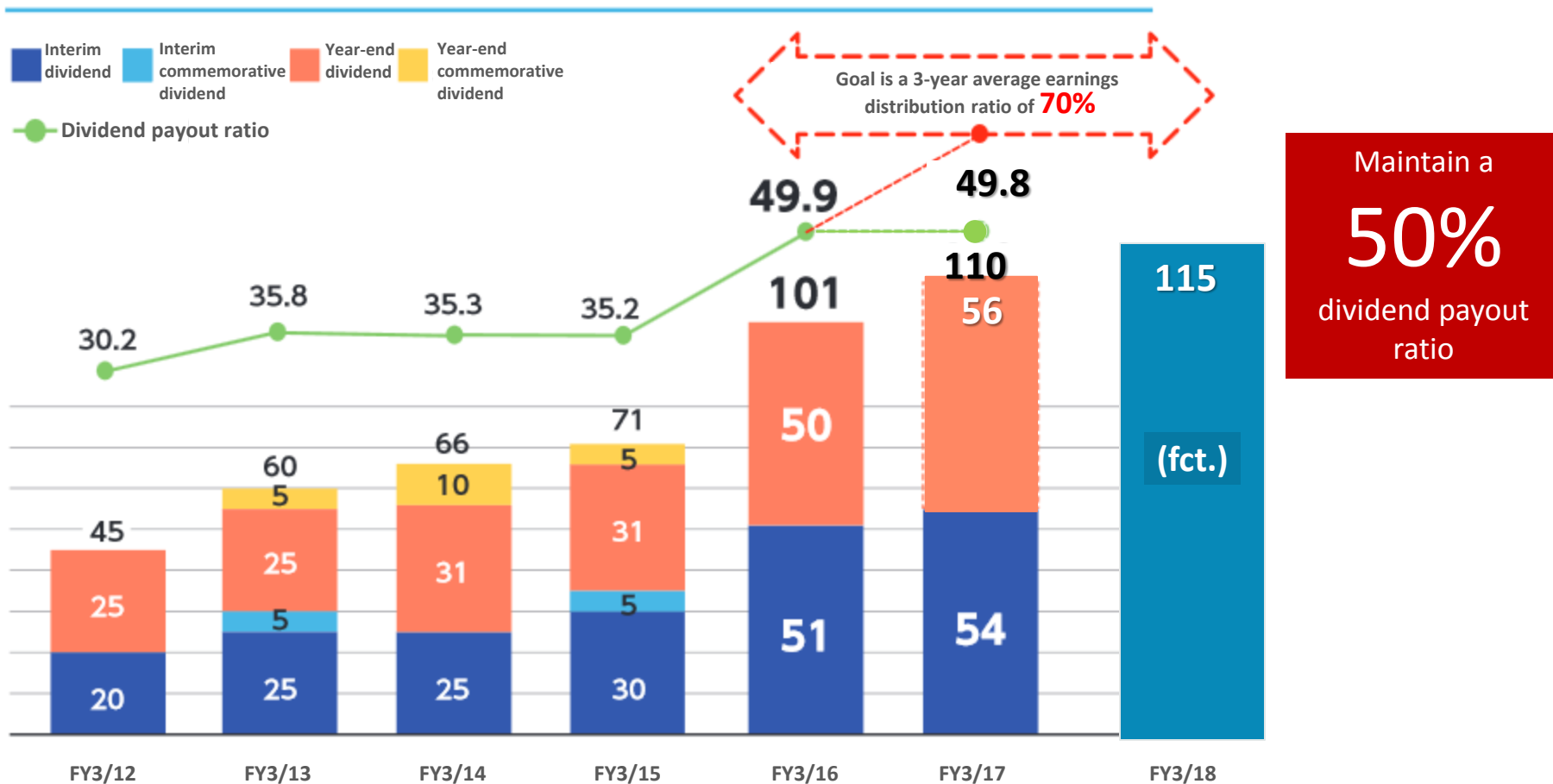


**Also aiming for new directions that go beyond current business domains**

### 4 3. Value Maximization – Shareholder Returns

Maintain a 50% dividend payout ratio and repurchase stock with flexibility to  
**be a company that constantly creates value**

Dividend per share (Yen) / Dividend payout ratio (%)



## Medium-term management plan -NANA 2.0-

## Progress and outlook

### Basic strategic financial goals

Remaining 3 years  
(FY3/18-FY3/20)

#### Free cash flows

Consistent operating cash flows from existing businesses

+¥10.0 billion

FCF of ¥8.2 billion during past 2 years  
Expect ¥10.0 billion during next 3 years  
(excluding funds for M&A)

#### Investments for growth

Substantial investments for the growth strategy

- Logistics investments, IT investments
- M&A for rapid growth

Logistics/IT:  
¥4.5 billion

M&A budget:  
¥5.0 billion

Step up investments for efficiency ahead of competitors  
Use AI and robots for logistics, information and new ways to do work

Completed 3 investments for alliances  
Increase pace of forming alliances

#### Shareholder returns

- Maintain dividend payout ratio of 50%
- Goal is distributing 70% of earnings to shareholders  
(avg. for FY3/16-FY3/18)  
→flexibly repurchase stock

Dividends:  
¥7.9 billion  
and more

Forecasts for FY3/16 to FY3/18:  
Total net income of ¥12.5 billion  
Total dividend payments of ¥6.2 billion  
In FY3/16-FY3/17, stock repurchases totaled ¥580 million

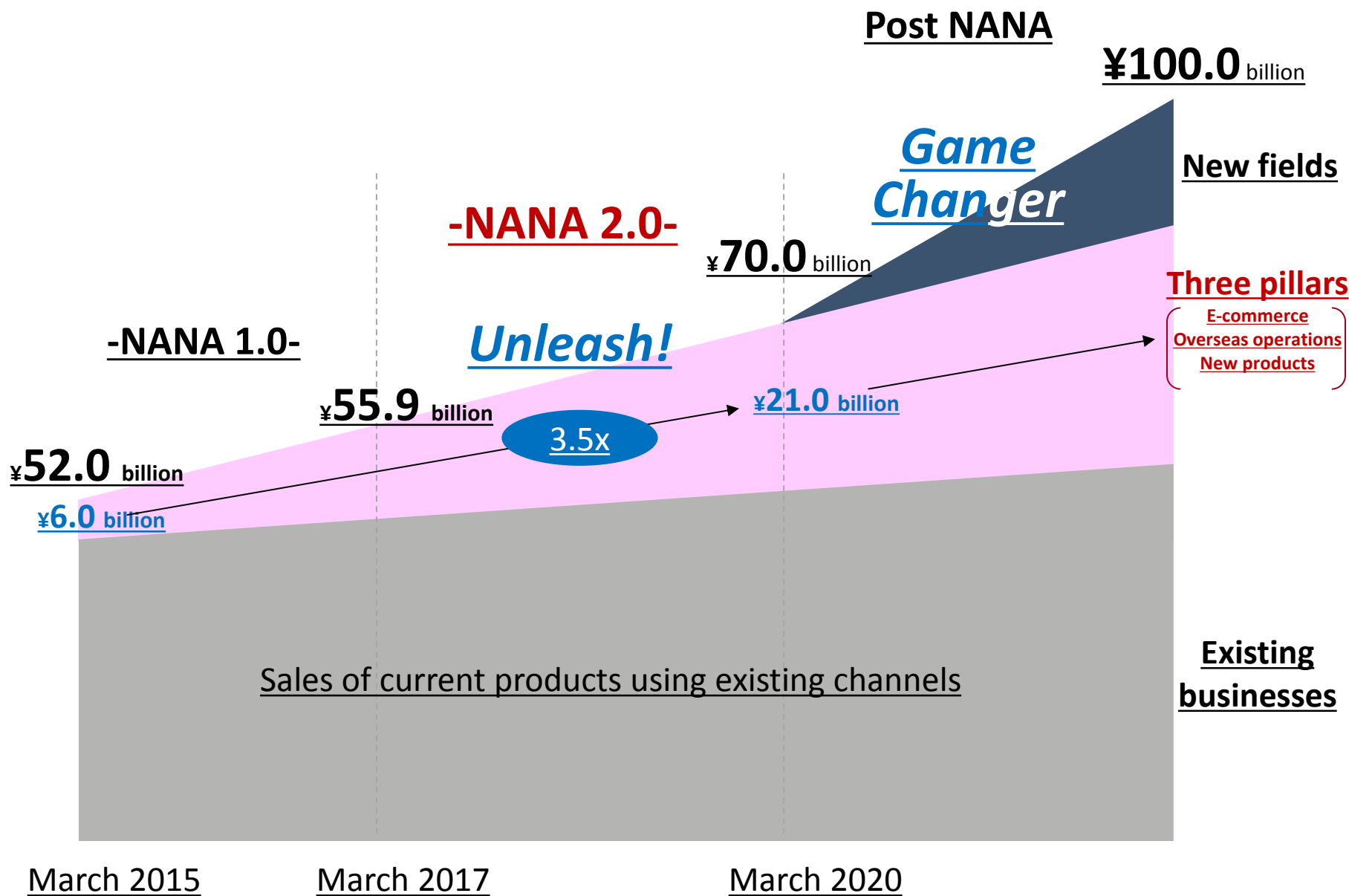
FY3/18 stock repurchase authorization is ¥2.0 billion

#### ROE

Goal is 11% ROE by improving profitability and capital efficiently

In FY3/16-FY3/17, stock repurchases totaled ¥580 million  
ROE was 8.2% in FY3/16 and 8.5% in FY3/17  
→ Goal is 11% in FY3/20

# Projection for Components of Growth at AS ONE

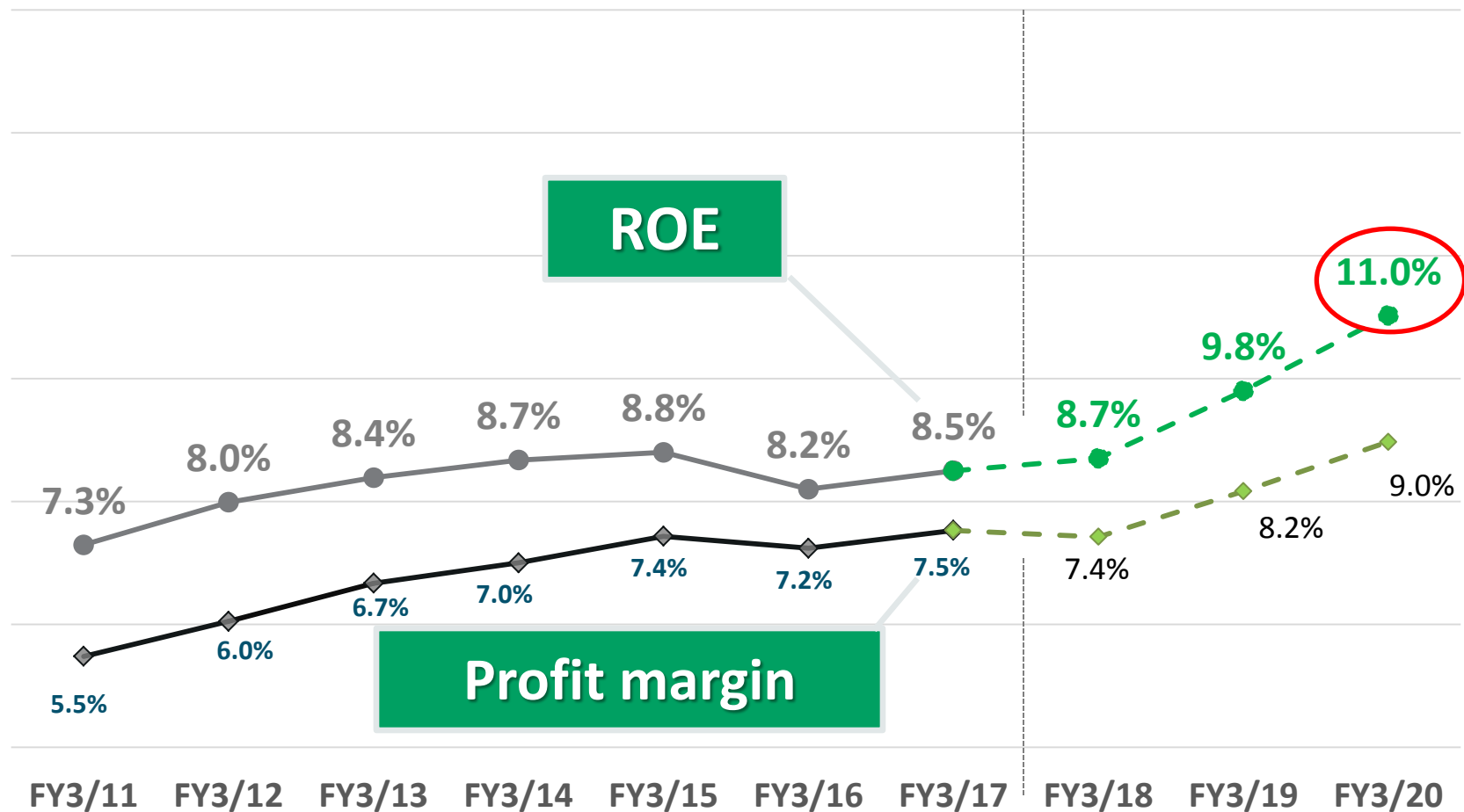




## Reference Data

# Aiming for a Higher ROE

## ROE and profit margin (actual to FY3/17, goals to FY3/20)



**Use capital more efficiently by reflecting the cost of capital in business operations**

# Sales Plan – Sales Plan Adjustments

		<b>-NANA 1.0-</b>		<b>-NANA 2.0-</b>	
(Billions of yen)		FY3/17 Results	Remaining growth goal of initial plan	FY3/20 Previous plan	FY3/20 New plan
E-commerce		6.2	+3.8	10.0	+1.0
Overseas	China	1.8	+3.2	5.0	-1.8
	Others	0.7	-0.7	0	+2.1
New products		0.8	+5.2	6.0	-1.4
Existing businesses	Research and industrial	35.3	-1.4	33.9	+3.8
	Hospital and nursing care	11.2	+4.2	15.4	-3.7
Total		55.9	-	70.3	-

# Medium - Term Management Plan (FY3/18 - FY3/20) Target Value

	FY3/17		FY3/18		FY3/19		FY3/20		Growth ratio FY3/17 vs FY3/20	CAGR
	Initial plan	Results	Initial plan	Revised plan	Initial plan	Revised plan	Initial plan	Revised plan		
(Billions of yen)										
<b>Net sales</b>	57.4	55.9	61.0	59.0	65.5	63.7	70.3	70.3	+25.7%	+7.9%
Research/industrial equipment	44.2	44.5	46.6	47.1	49.5	51.2	52.6	57.1	+28.3%	+8.7%
Hospitals/nursing care	13.2	11.4	14.4	11.9	16.0	12.5	17.6	13.2	+15.5%	+4.9%
<b>Operating profit</b>	6.0	6.0	7.3	6.3	8.2	7.5	9.1	9.1	+50.2%	+14.5%
<b>Operating margin</b>	10.6%	10.9%	12.0%	10.7%	12.6%	11.8%	13.0%	13.0%	-	-
<b>ROE</b>	8.7%	8.5%	10.0%	8.7%	10.6%	9.8%	11.0%	11.0%	-	-
<b>EPS (yen)</b>	224.0	220.9	268.5	230.3	301.6	276.0	335.2	334.6	+51.5%	+14.8%



