AS ONE Corporation Materials for the medium-term management plan

These materials are an English translation of the original document in Japanese. The Company's performance forecasts and other information are based on the Company's understanding as of the time the earnings presentation materials were prepared.

These materials may contain information about financial targets, forecasts, and other forward looking statements regarding AS ONE Corporation. Actual results may differ substantially due to a variety of factors, including changes in business management, economic conditions, financial markets, and other circumstances.

These materials does not have the participation of a certified public accountant or an auditing corporation.

The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release and certain assumptions considered rational. Actual results may differ materially from the forecasts due to various factors in the future.

"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

The Positioning of NANA 2.0

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

Re-acceleration towards growth

Net Sales FY3/2015

¥52 billion



FY3/2020

¥70 billion

Maintaining high profitability

Operating margin

11.5%



13.0%

Maximization of shareholder value

ROE

8.8%



11.0%

New Strategic Fields Reflecting Shifts in Business Opportunities

When NANA 1.0 started



Current business opportunities

Increasing speed of e-commerce business growth

Expansion of overseas business areas

Growing customer needs

Enlargement of the research/industrial domain

Increasing use of e-commerce

Rapid expansion of business in China

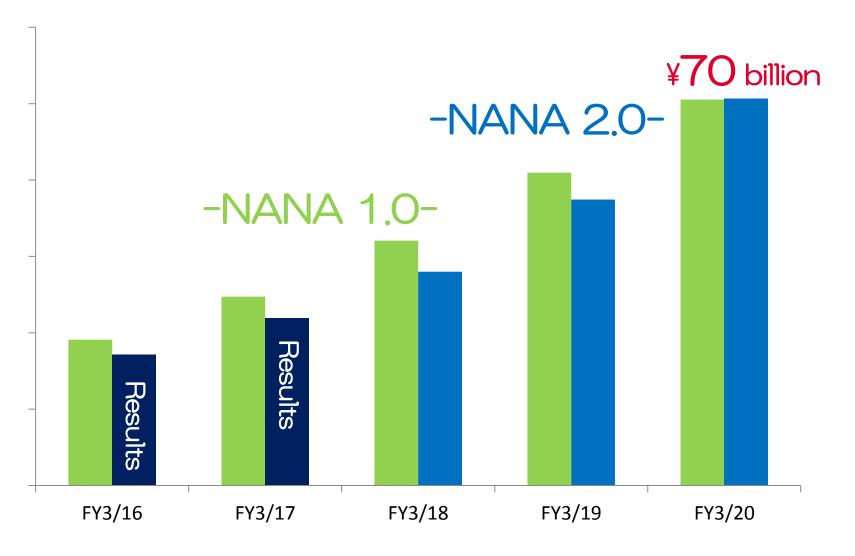
Add product categories not yet offered

Growth of the medical and nursing care market

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!

Sales **Unleash!** The existing business model Unleash! profitability 3 2 1 **Profits** People Unleash! the spirit of taking on new challenges Finance Unleash! financial resources

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

Advance from building to using new IT systems

Before

1. Passive sales activities

2. Targeting only research and industrial users

3. Inadequate use of data

¥6.2 billion



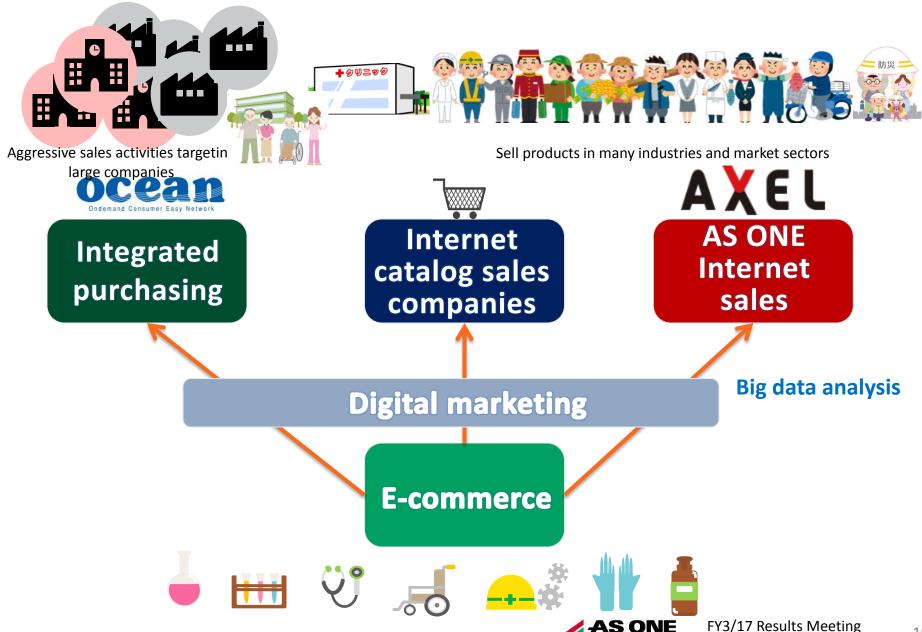
1. Aggressive sales activities

- Company R&D facilities, universities and public sector
- Internet sales companies in other industries
- 2. Use AS ONE e-commerce to peripheral markets
 - Clinics, dental clinics, animal hospitals, etc.
- 3. Start digital marketing
 - Big data analysis
 - Access analysis

¥11.0 billion

Become the industry's e-commerce leader

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



Unleash! Initiatives for Growth - (2) Overseas: China

Shift focus from Japanese to Chinese companies

Before

- 1. Insufficient in-store share
- 2. Products sold only in coastal China
- 3. Immediate delivery only in some areas

FY3/17 ¥1.8 billion



After

- 1. Increase the in-store share
 - Issue a new catalog 150,000 copies (+30,000 copies) 1,246 pages (+30%)
 - Start using e-commerce
- 2. More locations in China
 - New Shenyang branch (opened April 13) increased office network to seven locations
- 3. Logistics bases
 - In addition to the current Shanghai and Beijing bases, plan to build an inland base to expand areas with immediate delivery service

FY3/20 ¥3.2 billion

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

The AS ONE Business Sites in China



Unleash! Initiatives for Growth - (2) Overseas: New Areas

Expand overseas operations to other areas of the world

Before

Overseas operations centered on China

Inadequate measures to expand sales areas beyond Japan and China

¥0.7 billion



After

1. Southeast Asia

- English-language catalog and website for searches
- Sales activities targeting local sales agents and users

2. USA

Start operations at AS ONE International

3. Europe

Establish sales channels

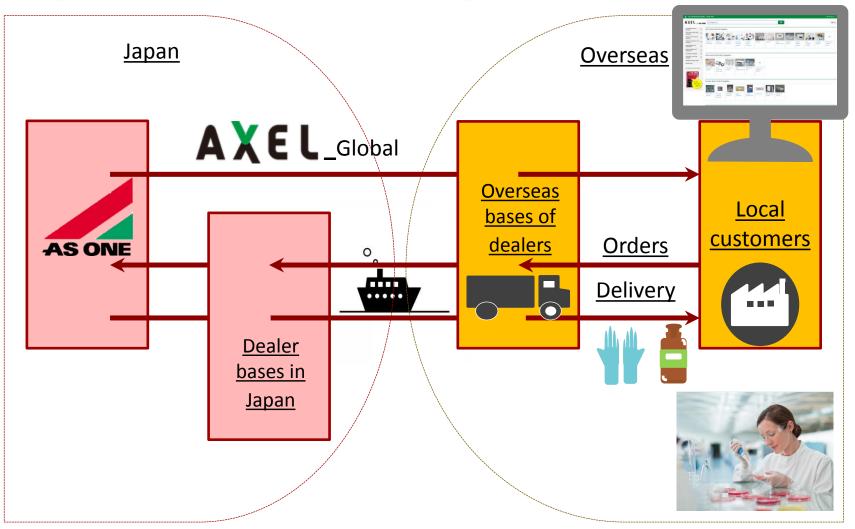
¥2.1 billion

Expand globally by selling products in more regions

Use AXE L_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



Unleash! Initiatives for Growth - (3) New Products

Combine products and services (Established the Service Sales Department)

Before

Sales activities only for products

¥0.8 billion

After

- 1. Make inspection and calibration services a **business**
 - Raise sales of services to about 8% of instrument sales (more than ¥1.0 billion)
- 2. Rental service
 - Measuring instruments: Alliances with rental companies
 - Scientific/analysis instruments: Rent directly to users
- 3. Outsourced services
 - Use alliances with other companies to provide services

FY3/20 ¥4.6 billion

Use services to be a source of solutions



New Products

Sale of products



Services









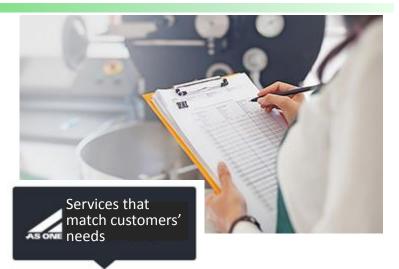












Calibration service for measuring instruments



A calibration service capable of handling large numbers of measuring instruments

Rental of about 1,000 types of measuring instruments



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

Special order laboratory for customized order and processing

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

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

Overseas procurement of equipment and replacement supplies



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

Clean package Clean wash service



Cleaning for products of all types and the cleansing of surfaces



Unleash! Initiatives for Growth - (4) Existing Businesses

Make strengths even stronger

Before

1. Catalogs

No clear difference vs. competitors' catalogs

- 2. Inventory information Only AS ONE inventory data was available
- 3. Logistics

Fixed processes using manual labor

¥46.5 billion



1. Big increase in items in catalogs

Overwhelming superiority in volume: Increase from 2,400 to 3,600 pages

2. Establish an open supply management system

Easy access to inventories of AS ONE and other suppliers

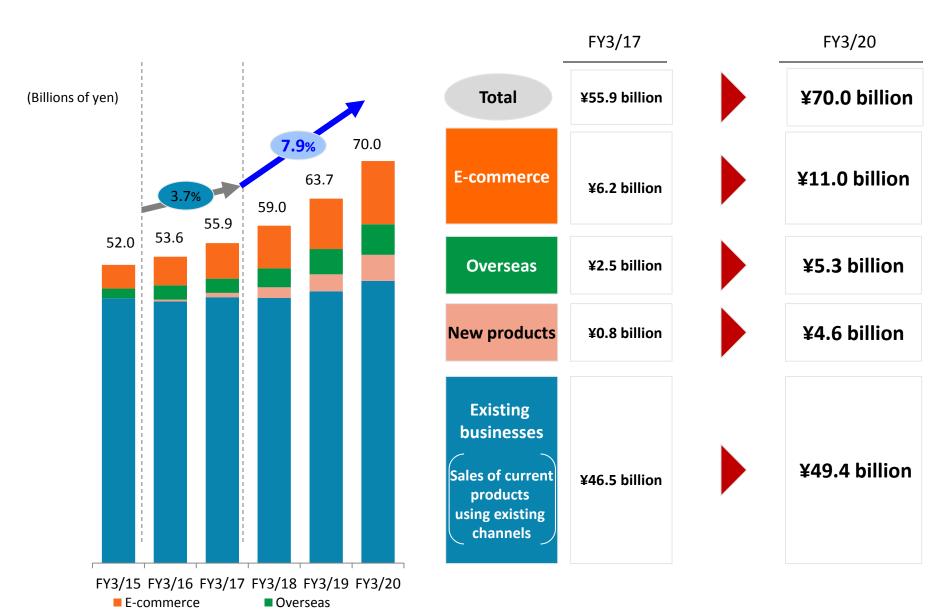
3. More diversity and higher efficiency

- Using AI and robots to improve efficiency
- "Cross-docking" system for immediate sorting and shipping after receipt of merchandise
 - No inventories
- Ability to supply order-made items

¥49.4 billion



Unleash! Initiatives for Growth - Overall Sales Targets



■ Existing businesses

New products



Unleash! Profitability 3 2 1 - Maintaining High Profitability

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

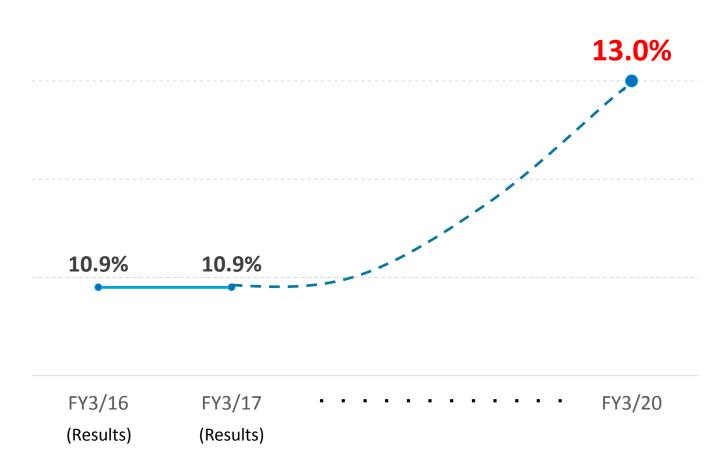
Higher efficiency

- 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

Unleash! Profitability 3 2 1 - Operating Margin





Unleash! to raise the operating margin to 13%

Unleash! the Spirit of Taking on New Challenges (1)

Build a framework for growth and new challenges!

Before

1. Organization **Inadequate organizational** structure for executing growth strategies

2. Human resources Mismatch of skills and job assignments



After

- 1. An organization designed for accomplishing growth targets
 - Creation of units for growth strategy initiatives
 - ✓ Examples: Service Sales Department, Overseas E-commerce Group
 - Clearly define roles and responsibilities within the organization
 - ✓ Examples: Separate units for products and for accounts
- 2. Proper allocation of people and resources



Build an organization where people can use all their skills!

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

Align the mindset and motivation of employees with value creation

Before

- 1. Key performance indicators No clear KPI for individual roles
- 2. Evaluations No recognition for hard work by an individual



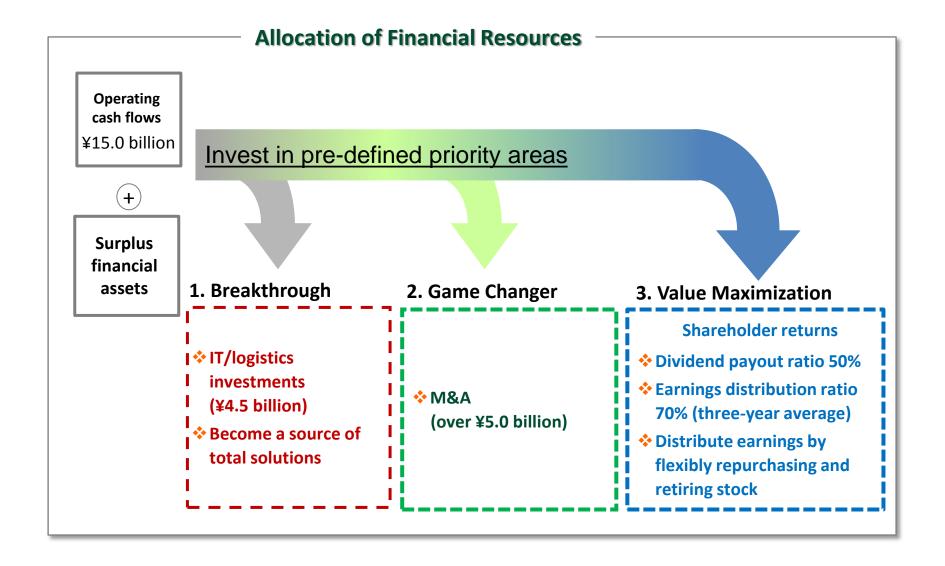
After

- 1. Establish proper key performance indicators
 - Create separate KPI for each role
 - Periodically manage progress toward goals
- 2. Start using a new performance evaluation system
 - Assessments and remuneration that reflect progress toward medium-term goals
 - ✓ Establish an incentive program using a stock distribution trust
 - Establish a system that quickly identifies employees with the most potential

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

4

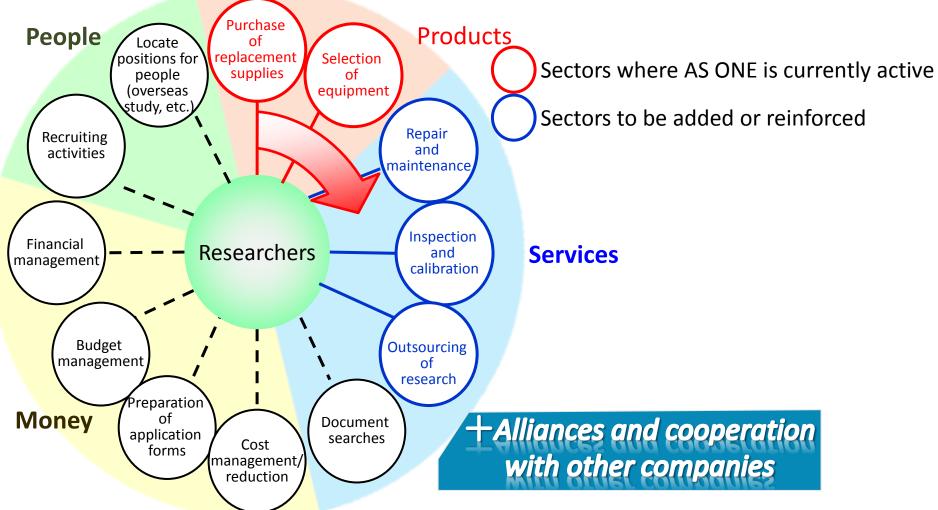
Unleash! Financial Resources



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1. Breakthrough - Become a Source of Total Solutions

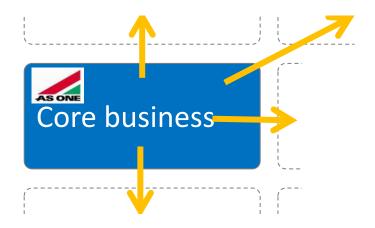
The working environment for research scientists and AS ONE's contributions



AS ONE still has many more opportunities for growth







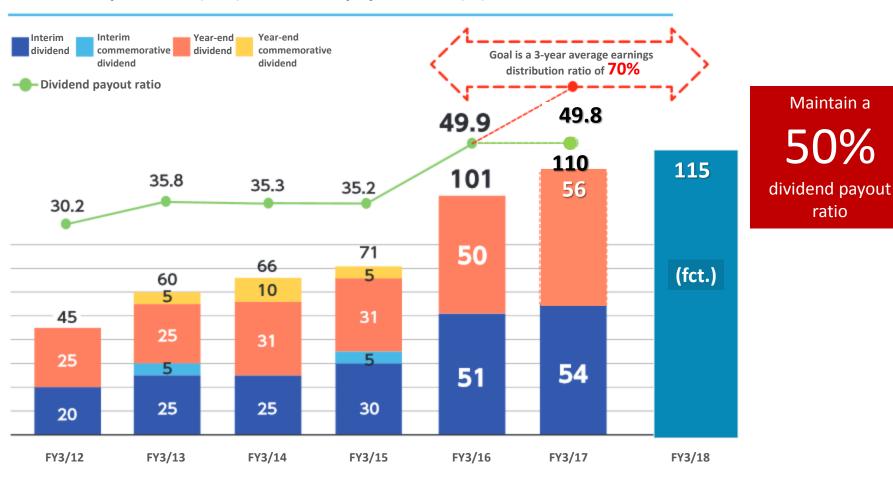
Also aiming for new directions that go beyond current business domains

3. Value Maximization - Shareholder Returns

Maintain a 50% dividend payout ratio and repurchase stock with flexibility to

be a company that constantly creates value

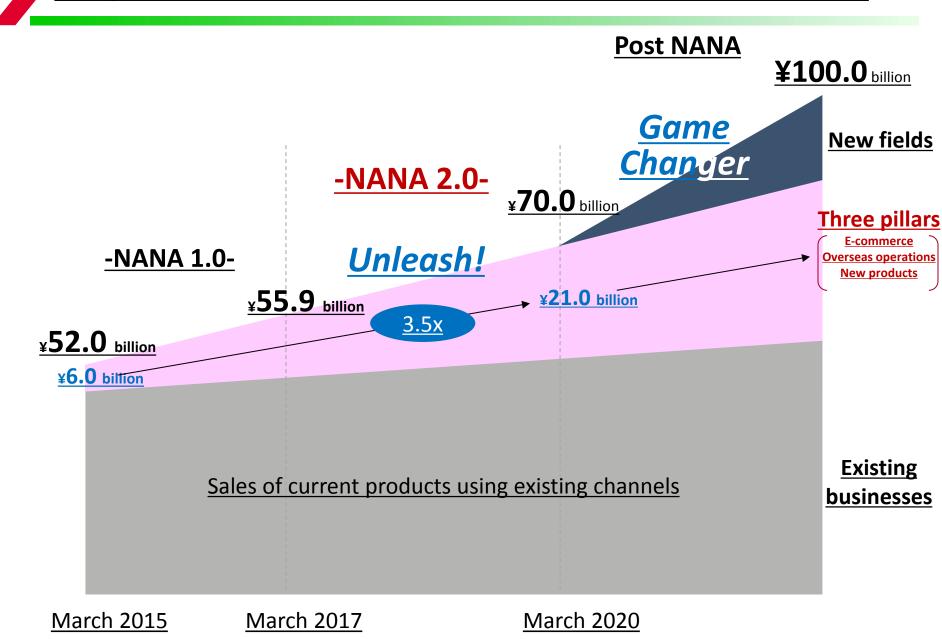
Dividend per share (Yen) / Dividend payout ratio (%)



Unleash! Financial Resources - Overall Progress and Outlook

	Medium-term management plan	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	Logistics/IT: ¥4.5 billion	Step up investments for efficiency ahead of competitors Use AI and robots for logistics, information and new ways to do work		
	investments →M&A for rapid growth	M&A budget: ¥5.0 billion	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	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

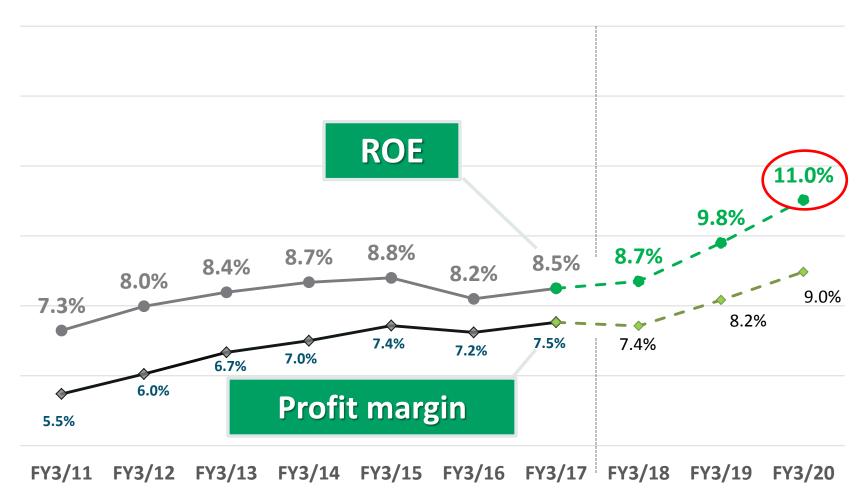


AS ONE

Reference Data

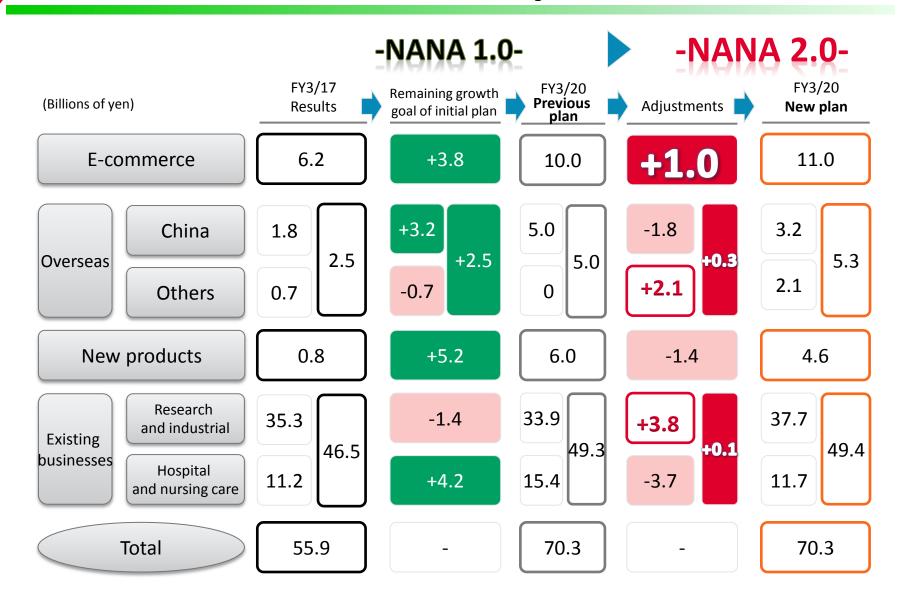
Aiming for a Higher ROE

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



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

	FY3	/17	FY3	/18	FY3	3/19	FY3	/20	Growth ratio FY3/17 vs FY3/20	CAGR
(Billions of yen)	Initial plan	Results	Initial plan	Revised plan	Initial plan	Revised plan	Initial plan	Revised plan		
Net sales	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%
Operating profit	6.0	6.0	7.3	6.3	8.2	7.5	9.1	9.1	+50.2%	+14.5%
Operating margin	10.6%	10.9%	12.0%	10.7%	12.6%	11.8%	13.0%	13.0%		-
ROE	8.7%	8.5%	10.0%	8.7%	10.6%	9.8%	11.0%	11.0%] -	-
EPS (yen)	224.0	220.9	268.5	230.3	301.6	276.0	335.2	334.6	+51.5%	+14.8%

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