July 25, 2019

To whom it may concern

Company Name	ASKUL Corporation
Representative	Shoichiro Iwata, President and CEO (Code No. 2678, Tokyo Stock Exchange First Section)
Contact:	
Name and job title	Tsuguhiro Tamai, Executive Officer and CFO Phone: 03-4330-5130

Regarding the Record of the Q&A at the “Press Meeting by the Board of Independent Directors of ASKUL Corporation” on July 23, 2019

As per the attachment, ASKUL Corporation informs you of the minutes of the Q&A at the “Press Meeting by the Board of Independent Directors of ASKUL Corporation” held on July 23, 2019.

Outline of Press Meeting by the Board of Independent Directors Held

■ Date and Time: 2:00 p.m. to 3:15 p.m. on Tuesday, July 23, 2019

■ Venue: Third Floor in Bellesalle Yaesu

■ Speakers

Kazuo Toda, Independent Outside Director of ASKUL Corporation

Takaharu Yasumoto, Independent Outside Auditor of ASKUL Corporation

(Advisor to Board of Independent Directors)

Hideaki Kubori, Representative Lawyer of Hibiya Park Law Offices

Haruka Matsuyama, Lawyer of Hibiya Park Law Offices

Regarding the Details of the Q&A at the "Press Meeting by the Board of Independent Directors of ASKUL Corporation"

Held at Bellesalle Yaesu from 2:00 p.m. to 3:15 p.m. on July 23, 2019

Speakers: ASKUL Corporation — Kazuo Toda, Independent Outside Director

As above — Takaharu Yasumoto, Independent Outside Auditor

(Advisor to Board of Independent Directors)

Hibiya Law Offices, Hideaki Kubori, Representative Lawyer

As above — Haruka Matsuyama, Lawyer

Q1: What is the biggest issue regarding this matter?

A: Kazuo Toda, Independent Outside Director

I believe that I have worked hard as an independent director in accordance with the spirit of basic governance. But will my tenure end so easily? For what reason am I an outside director? I strongly feel this way.

I keenly feel that it is necessary to have governance firmly take root in Japan.

Q2: It is possible that parent-subsidiary listings cause incidents like this to occur. I wonder whether a framework, such as legal restrictions and a new system, may be necessary. What are your thoughts on this?

A: Kubori, Lawyer

- Governance is an extremely important factor for ensuring that the capital market functions well in Japan. Various governance codes were introduced, revisions were made thereto, many investors are proceeding with dialogue with corporations to reinforce the codes, and the Ministry of Economy, Trade and Industry (METI) is also formulating guidelines, which also have issues regarding parent-subsidiary listings on their radar. Regarding the issues with governance caused by double listings, can Japanese markets be regarded as rational in comparison to global markets? In the case of parent-subsidiary listings, the parent has the right to easily control the fate of its subsidiary simply because the former owns the majority of the shares in the latter. This situation has raised a question of whether the requirements for listing can really be met under such circumstances. In multi-layered listings and multiple listings, the performance and assets of one corporation are counted twice or three times. Is this really the right practice when it comes to a discussion on accounting?
- (Referring to the "Legal Opinion" of Mr. Tatsuo Uemura, LL.D., Professor Emeritus of Waseda University, which ASKUL Corporation publicized on July 23, 2019) It is not appropriate to think that shareholders can do anything when they hold a majority of the shares. This is an opinion to the effect that if the company is taking an inappropriate action, it can be viewed as an abusive acquirer. I wonder whether this Yahoo vs. ASKUL case is raising a question of whether, at minimum, legal restrictions are necessary or whether it is acceptable to allow the system of multi-layered listings, which are rare in the world, to go unchecked.

- I think that we are entering a stage where we should discuss whether the status quo is really acceptable, whether general and minority shareholders are protected and whether it is acceptable to maintain such an investment structure. I myself am also an outside director of Japan Exchange Group, Inc. (JPX). In that sense, I am responsible for the current situation and cannot afford to sit back and see things play out. Should corporations like ASKUL that have multi-layered listings be delisted? The answer is not so simple. However, Yahoo's behavior, which broadly deviates from certain regulations or the ideal state of governance, should be criticized. I think that we should speak up and indicate that its current behavior is an issue. A legal theory or restriction should be put in place or the framework of the current system should be changed to protect general shareholders.

  I cannot discuss the pros and cons of parent-subsidiary listings here at this moment, but there is no doubt that this format of listings poses an extremely serious issue. When I look globally, such a format of listings is rare.
- Under such circumstances, no shareholders' right to make proposals will be exercised. We do not know how voting rights will be exercised, or what motion will be made concerning the election of directors. As Mr. Toda stated before, there have been a string of unfair and biased acts and then such an issue arises at an inappropriate time. I must say that this system for listings has fatal drawbacks and also deviates from what METI thinks the market should be.
- Clear answers will not emerge, but unless I point out this significant issue and solve it in an acceptable fashion, 7,000 innocent general shareholders and minority shareholders will be affected. In light of this, I also have to consider legal relief in some form. In this sense, I am grateful to have received a very important remark (from the journalist).
- In this sense, I think that this event is by no means someone else's problem and that it is not acceptable to think that everything can operate simply by majority decision in Japanese markets. I would like to discuss this issue and exchange information with you.

A: Matsuyama, Lawyer

- As Japan's regulations currently permit parent-subsidiary listings, the matter that I feel strongly about among the issues in this case is what constitutes the duty of a controlling shareholder. A parent company that is equivalent to a controlling shareholder has the power to change the governance of its subsidiary as soon as it wishes. The voting rights of shareholders in Japan's capital markets naturally allow for shareholders to exercise their rights as they wish. It is the right of shareholders to vote against the proposal if they think that the president is responsible for the poor business performance, and Yahoo also makes this same argument. However, when a shareholder has the power to change the governance of a listed company by exercising his or her voting rights, there should be a rule or etiquette that he or she should follow.
- As in this case, they remained silent until one month before the general meeting of shareholders while fully knowing that there was a governance process of the Nomination and Compensation Committee in place. However, one month before the meeting, and one week before the completion of the proofreading of the convocation notice, they stated, "We will have the top manager step down. ASKUL has a free hand to choose the next top manager." I wonder whether this is the correct way for a controlling shareholder to make a proposal in terms of rules or etiquette. I would like to just point out that abiding by the process of raising an issue beforehand and making a decision through discussion with independent directors is

the minimum level of etiquette for protecting governance in the case of parent-subsidiary listings.

Q3: Were you, as ASKUL or an outside director of ASKUL, aware of the issues with parent-subsidiary listings prior to the occurrence of this case? Did you make efforts to change the situation? This means that issues will arise only when a large shareholder shows his or her true colors. What are your thoughts on maintaining, until such incident occurs, the status where you are capitalized by not only general shareholders but also large shareholders?

A: Kazuo Toda, Independent Outside Director

Honestly speaking, I was overconfident that there was a minimum level of morality in the capital market. I was not aware that this was my own issue and did not recognize the urgency of sorting this out. I was too dependent on the belief that human nature was good. I deeply regret that.

A: Takaharu Yasumoto, Independent Outside Auditor

I would like to add some words to Mr. Toda's comment, "Deeply regret that." We were likely subject to parent-subsidiary listings. As for the beginning of this, when the capital and business alliance was agreed on in 2012, they had a 41% to 42% stake. It was a business that Yahoo and ASKUL started with the intention of developing it jointly. Both companies launched the business with the aim of becoming No.1 in the promising EC market for consumers. From the beginning, we were aware that there was an issue with parent-subsidiary listings. We discussed this point when entering into the capital and business alliance agreement.

Q4: What can ASKUL can do as a tactic for now? Please share with us your recovery plans for before and after August 2, 2019.

A: Kubori, Lawyer

The Board of Independent Directors is an organ consisting of members who are tasked with the role of thoroughly monitoring business execution. We are advisors to that organ. The operation of the General Meeting of Shareholders and the discovery of measures to avoid the dismissal of President Iwata are tasked to the Board of Directors, which is executing actual business. Of course, all directors have to rack their brains. But I do not think that it is our mission at the moment to give advice to the effect that there is this or that specific measure or that we should do this or that. Conversely, if we say such things in this meeting, we may end up interfering with business execution. We are not certain whether our remarks will comprehensively work for or against solving this issue. Our apologies but we will refrain from answering your question. As lawyers, we deeply understand the significance of your question.

Q5: ASKUL's report on corporate governance states that it has no parent company despite the fact of parent-subsidiary listings. I find that this does not make sense. But, you do not need to respond to this. According to the report by Professor Uemura,

Yahoo and PLUS effectively fall under the category of abusive acquirers. The report states that Messrs. Koshimizu, Ozawa and Imaizumi assume liability for damages. It also states that this is an obvious case of prior restrictions against abusive conduct. If it is obvious, can voting rights be suspended?

A: Kubori, Lawyer

It is those who execute business that will suspend voting rights. Having said that, this does not mean that such action will be left to them; members of the Board of Independent Directors are part of the Board of Directors, and there are also auditors. Of course, discussing matters among them and figuring out suitable measures is included in their roles.

The legal opinion of Professor Uemura describes his thoughts from the perspective of a scholar. Will this way of thinking lead us to a situation where a court orders the suspension of voting rights or issues some kind of injunction? It is necessary to re-consider whether this way of thinking can really work in such cases. However, we have little time. This issue needs to be studied, considered and responded to in a prompt and thorough manner. However, since we do not have all of the independent directors present, we will have to take this matter back with us and discuss and study it with the members, including President Iwata, and consequently, decide on a policy.

A: Takaharu Yasumoto, Independent Outside Auditor

ASKUL has no parent company under the Companies Act. When it is said that Yahoo is its parent company, this means its parent company under IFRS. Consolidated financial statements are being prepared. If a shareholder with a 43% stake is present among those attending the general meeting of shareholders, the number will possibly exceed the majority at that point. This is unavoidable because what IFRS states is half right too. I would like to stop here because this is becoming quite technical. But I mean that the corporate governance report is not wrong.

Q6: I think that it is possible to remove the three people who assume liability for damages by modifying the proposal for the election of directors. Are you going to propose this as the Board of Independent Directors?

A: Kazuo Toda, Independent Outside Director

Should we remove the people representing Yahoo from their positions as directors? This may be a matter to be decided in an initiative led by the President. From the standpoint of considering whether a cabinet like this is acceptable, there are also some points that I found reasonable. Then, I was reminded that Yahoo and ASKUL had a good relationship until two years ago. I had really enjoyed working together. The relationship was so good that I regarded it as the best example of an equal partnership. Yahoo is a large shareholder, so it is difficult to remove them for fear that doing so may hurt us. It is a fact that there was a period when we appreciated their cooperation. Now, I have mixed feelings.

Q7: You say that there was a period when you enjoyed a good relationship as an equal partner. When did that relationship break down? Do you have any idea of why it fell apart?

A: Kazuo Toda, Independent Outside Director

Please ask the executive team when the relationship started going awry. I do not check such things while working. So, honestly, I do not know. Did anything happen before or after the new fiscal term started? There must have been lots of things, but I have not grasped them.

Q8: The opinion of the Board of Independent Directors states that the company should take seriously the voice that points out the deterioration and stagnation of business performance. What do you mean by this? Do you understand the argument that Yahoo's actions, as a process, constitute a breach of etiquette in the capital market and believe that there lies the responsibility for the deterioration and stagnation of the company's business performance that Yahoo and PLUS assert?

A: Kazuo Toda, Independent Outside Director

Regarding the deterioration of business performance, you can call it a deterioration both when a business considerably deteriorates and when a business could not perform as planned. In that sense, I do not think that there is a social measure of deterioration, i.e., a degree of deterioration that deserves dismissal. However, it is best for a corporation to deliver good results. In that sense, in my view, the mission given to a corporation is for those who made the plan to always achieve the plan. If a corporation cannot do that, the corporation is supposed to reflect on its failure and take counter-measures. Each time you take a quick look and find a situation that is slightly bad, you cannot let the management take responsibility when you are actually running the company. Sometimes, the response can be delayed a little as things surrounding a company can change. I think that it is necessary to see how much effort has been made to thoroughly reflect on the delay and turn the situation around.

Q9: Are your thoughts the same as the legal opinion of Professor Uemura? If not, on what points do you differ? (1) The section stating that the officers from PLUS and Yahoo neglected their duty of care as directors. More than that, that some of their actions and words were based on malicious intent. Therefore, they assume liability for damages. (2) The section stating that Company Y and Company P may be equivalent to abusive acquirers. (3) The section stating that the series of acts by Yahoo breach the business and capital alliance.

A: Matsuyama, Lawyer

Firstly, regarding whether my opinion is the same as that expressed by Professor Emeritus Tatsuo Uemura, unfortunately, I do not know exactly on what material Professor Uemura bases his legal opinion in making his remarks. Please understand that, at this moment, I cannot clearly answer how I evaluate his opinion as a legal and technical view. In this sense, regarding the view of Professor Uemura about whether this constitutes neglect of duties, if it constitutes neglect of duties, it will be a very delicate issue of whether Independent Directors, who are our clients, should take some action. Therefore, I intend to examine this point through listening to all members of the Board of Independent Directors at meetings of the Board of Independent Directors in the future while referring to the opinion of Professor Uemura.

Q10: Do you think that this is a situation where the requirements of the right to request a sale of shares are satisfied? If your answer is yes, please tell us whether you can fully defend your position when you are challenged in the future? The reason for my question is that the Board of Independent Directors recommends that the capital alliance be dissolved. If so, the exercise of the right to request a sale of shares will become key. However, certain requirements must be fulfilled, so do you think that they have been satisfied? Please answer whether you will be able to reject their challenge legally?

A: Matsuyama, Lawyer

- Regarding the right to request a sale of shares, our recognition is that we have not issued an opinion that clearly states that the requirements have been met. What we stated in the opinion is that looking at a series of events since last January, our understanding from the standpoint of Independent Directors is that the relationship of trust between the management team of ASKUL and Yahoo has deteriorated. Director Toda has stated that there used to be good years as equal partners. However, looking at the series of events since last January, regrettably, the relationship of trust has been considerably damaged. We are not sure whether both companies will return to the former state of their partner relationship through future discussions and efforts. However, after an objective confirmation of the current situation, we have informed ASKUL of our opinion as an objective fact that both companies are not in a situation where they are able to cooperate for the development of the LOHACO business, which is the purpose of the business and capital alliance agreement. In that sense, we asked the executive team to reconsider the relationship with Yahoo and engage in negotiations.
- It reads, “including the pros and cons of the right to request a sale of shares” in parentheses. This means that the right to request a sale of shares under the business and capital alliance agreement can be interpreted in various ways. In particular, how much can a business and capital alliance agreement control voting rights and shareholders’ rights? There are diverse views on this subject among scholars. I have heard that there is Professor Uemura’s view as well as various views of other scholars. Whether or not to exercise the right to request a sale of shares is the most important management decision for ASKUL. Moreover, legal interpretations widely vary. That is where the difficulty lies. As the Board of Independent Directors is in no position to go as far as to say whether or not this breaches the agreement, we took the liberty of writing the statement of opinions in such fashion. Nonetheless, in the statement of opinions, we expressed our opinion that regrettably, the current relationship between Yahoo and the ASKUL management team does not seem to be proceeding toward the achievement of the major purpose of the business and capital alliance agreement when looking at the situation from an objective perspective.

Q11: If things proceed as they are, the situation is such that Yahoo’s side will say that it has exercised shareholders’ rights. Taking this into account, as a possibility, I think that, in voting against the reappointment of President Iwata, it is also possible for Yahoo to oppose the reappointment of outside directors, including Mr. Toda and Mr. Yasumoto, and to replace the majority of the directors. Is this legally possible? It is also possible to replace the directors, then initiate a TOB to make it a 100% subsidiary. If things go too far, that possibility would be an option. Is it possible? Firstly, please confirm whether it is legally possible. Then, please share your prediction on how things will play out if it is carried out, and your thoughts thereon.

A: Kubori, Lawyer

- This is an extremely difficult issue, but what does "possible" mean? I would say that it is possible to merely threaten to do it or simply carry it out to see what will happen. I would say that whether it is judged as legally valid and entirely without defect is subject to the judgment of a court. In that sense, for instance, the act of voting to replace outside directors would be possible; however, I wonder whether it is really valid or not, including the view of Professor Uemura. Alternatively, regarding matters about parent-subsidiary listings or whether it is a parent company or not, PLUS and Yahoo have a total of about a 60% stake together. Are they taking concerted actions in terms of the Financial Instruments and Exchange Act? Would they violate the Act? Various matters will emerge as points at issue.
- Whether it is possible or not may mean whether it can be carried out. Perhaps, it could be carried out, but would it be valid? Is it as a result of the exercise of voting rights? As I stated at the beginning, I think that this issue will be treated together with the question of how the actions that have damaged governance to that point will be evaluated legally. In this sense, conversely, if they try to commence a TOB without replacing outside directors, it will probably be possible. If we think about matters in this sense, we can come up with various counter-measures, but how will they play out? We are not acting as the agent to represent the company on matters such as this. Rather, as advisors, we can extend to people outside the company and independent directors advice that it is necessary to see things through with a level head and clearly express opinions. I would say that whether it is valid or invalid, or how matters will play out in court is somehow not within the domain of our trade.

  -Nevertheless, there are diverse ways of thinking, including the legal opinion of Professor Uemura. Conversely, there are no meaningful precedents in this field. Without a controlling precedent, in a sense, will Yahoo take a very broad range of risks and take such an action? Will Yahoo take it as a management decision and implement it while knowing such fact? Will Yahoo be aware of the reputation risk involved in being suspected of trampling on the market and dare implement it? If Yahoo does so under such circumstances, I would say that this will develop into a string of rough events. In such case, this Board of Independent Directors would perhaps make a reasonable judgment. In particular, from the perspective of what they can do to protect the interests of minority shareholders and general shareholders, rather than protect Mr. Iwata or the current executive team, what idea would they come up with in such a situation? I think that this case is just testing such a thing.
- As Mr. Toda referred to just before, what on earth have we been doing up to now? What value can outside directors add? For what has the Nomination and Compensation Committee taken pains to put together various matters? As we can see such thoughts, if they feel sorry to general shareholders and minority shareholders for such matters, they may express the next step based on such a view. In that sense, here today, we cannot decisively state that this is right or that is right. Regarding the legal effects, it cannot be helped that time will pass while they remain highly unclear. Then, should we take a step forward to see what will happen afterward? Maybe, we will consider these matters while having discussions with the executive team and the Board of Independent Directors. I would say that we are going to figure out the best approach while we also pay due attention to the situation of general shareholders. I cannot say everything freely, and there is a limit on what I can say in my position as an advisor. Please forgive me for my inability to speak out.

Q12: We have discussed lots about Yahoo up to now. I would like to hear about PLUS. In particular, although you may tell me to ask PLUS about this, what benefit is PLUS seeking in doing this? Please provide us with your thoughts on this matter.

A: Kazuo Toda, Independent Outside Director

Regarding how to view PLUS, PLUS was originally the parent company that created ASKUL, but we now find ourselves in this situation. I think that a parent is meant to think about his or her child when the child is experiencing difficulty, even if the parent is ill. I may trust human nature too much. They may have thought that they could gain a profit immediately. But I do not know. I have not heard this from them directly. However, I still hope that PLUS will be considerate as a partner who gave birth to a large baby. Our relationship ended in a businesslike manner. But during the time we worked together until now, unfortunately, I cannot remember anything that we thought about together in such way that a parent cares for his or her child or brothers care for each other.

A: Takaharu Yasumoto, Independent Outside Auditor

I feel the same way as Mr. Toda. In the beginning, ASKUL started as a division of PLUS, making it the first parent. Their ownership kept decreasing to about 11%. During such period, PLUS was considerably worried about us and, as our business performance stagnated, they made various comments in board of directors meetings and also kept giving Mr. Iwata lots of comments. Therefore, I think they expected much from ASKUL. When we decided to reappoint directors, to tell you the truth, I was considerably disappointed or perhaps I should say shocked when they said they would vote against the reappointment. I honestly hoped that they would consider our business from a longer-term perspective.

Q13: I think that it is legally possible to postpone the General Meeting of Shareholders, but you have not proposed a postponement or an extension. Please share the reason for having not done so

A: Kubori, Lawyer

Neither the Board of Independent Directors nor the executive team has consulted us. Conversely, we are not certain what benefit or advantage ASKUL can gain by postponing the General Meeting of Shareholders. Under the current circumstances, I do not think that the ownership relation will change significantly over several days. In that sense, frankly speaking, we are not considering that step at the moment. I do not know what the executive team is thinking or what it is going to do. That is all that I can say in my capacity.