

July 29, 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:	
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**Regarding Yahoo Japan Corporation’s Press Release Dated July 29, 2019,
“Supplementary Explanation on Our Exercise of Voting Rights on the Proposal for
Election of Directors (Proposal No. 2) at ASKUL Corporation’s 56th Annual General
Meeting of Shareholders” and ASKUL Corporation’s Reports Made to the Minister of
Economy, Trade and Industry and Tokyo Stock Exchange**

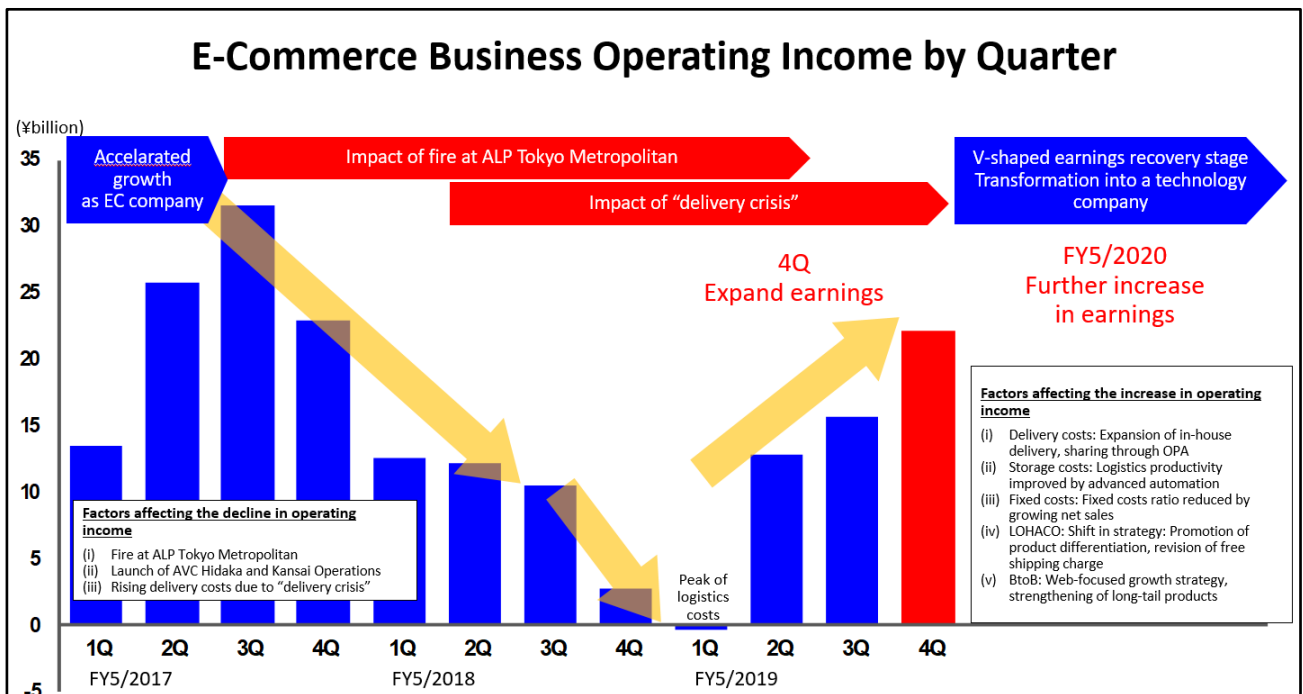
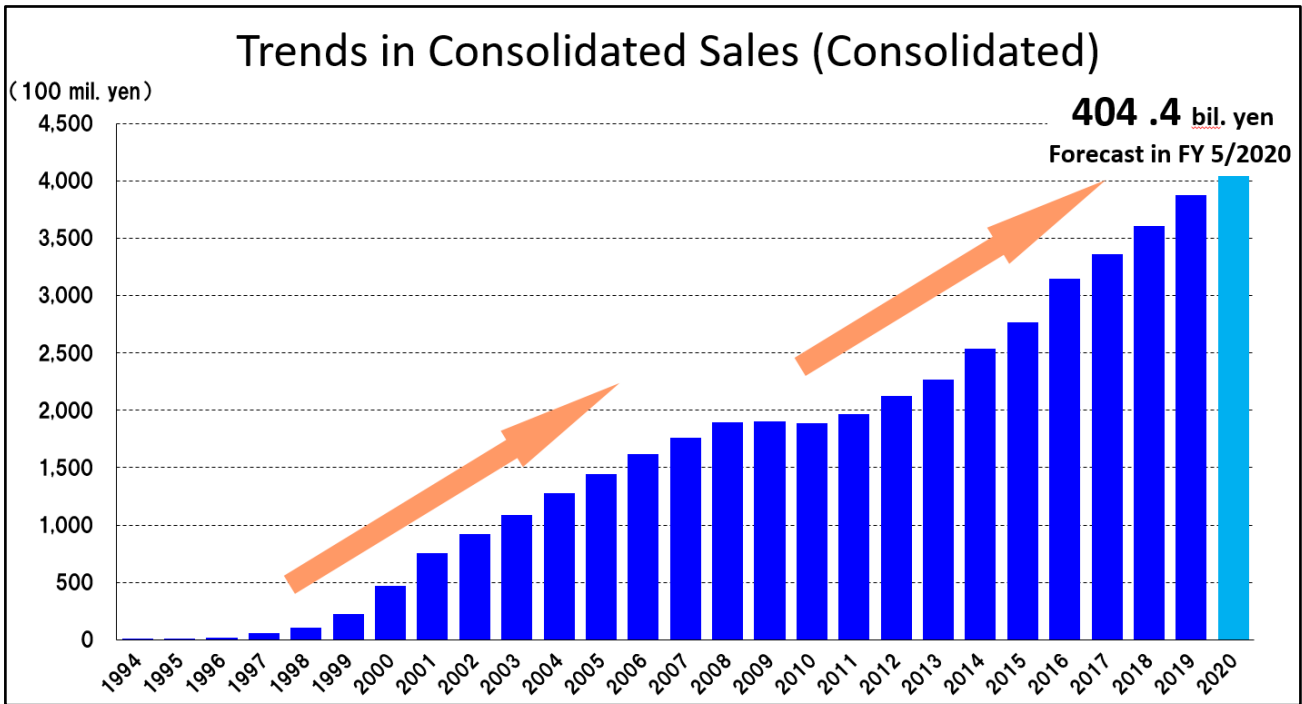
ASKUL Corporation would like to provide the following explanation concerning today’s press release, “Supplementary Explanation on Our Exercise of Voting Rights on the Proposal for Election of Directors (Proposal No. 2) at ASKUL Corporation’s 56th Annual General Meeting of Shareholders” (hereinafter referred to as “the Release”), by Yahoo Japan Corporation (hereinafter referred to as “Yahoo”)

1. Regarding the argument that “Stagnant business performance” is the reason for voting to oppose the reappointment

- When ASKUL Corporation (ASKUL) announced the financial results for FY 5/2017, we declared that ASKUL would have a V-shaped recovery during FY 5/2019 as our performance recovery plan from the fire at our logistics center, which occurred in February 2017. As it turned out, however, we were affected by the delivery crisis that took place during FY 5/2018, which resulted in the recovery being delayed by one year.
- Nevertheless, we declared a new V-shaped recovery plan for the current fiscal year (FY 5/2020), and the plan has been proceeding well to date. Based on the fact that our business performance has rapidly recovered to a point that enables us to aim for a V-shaped recovery due to the appropriate handling of the two issues: the fire at the logistics center and the delivery crisis, by the current management team led by President Iwata, we do not regard it as appropriate for them to be held responsible for “the stagnant business performance” when the company is presently at the stage of a performance recovery.

* The following are materials for reference.

(1) Trend in consolidated net sales (2) Trend in quarterly operating income of EC business and (3) Consolidated financial plan for FY 5/2020



FY5/2020 Consolidated Financial Forecasts

	FY5/2019		FY5/2020		
	Actual ¥billion	% of net sales %	Plan ¥billion	% of net sales %	YoY change %
Net Sales	387.4	100.0	404.0	100.0	+4.3
Gross Profit	91.6	23.6	97.6	24.2	+6.5
Selling, General and Administrative Expenses	87.0	22.5	88.8	22.0	+2.0
Operating Income	4.5	1.2	8.8	2.2	+94.7
Ordinary Income	4.4	1.1	8.6	2.1	+94.6
Net Income Attributable to Owners of the Parent	0.4	0.1	5.4	1.3	+1,243.1

- Net sales Growth continued **Up 4.3%**
Considering that actual earnings underachieved based on the published figures for FY5/2019, the FY5/2020 plan was drawn up taking into account risk factors.
- Gross profit margin **Up 0.6 points YoY**
SG&A expenses ratio to sales **Down 0.5 points YoY**
- Operating income, ordinary income and profit
A significant profit growth is expected.
- ✓ Strengthen logistics platform
- ✓ LOHACO profit to improve significantly
- ✓ BtoB business both sales and profits to increase stably

*Operating income is planned at 194.7% on a year-on-year basis.

2. Regarding “Sluggish share price”

- Although ASKUL’s share price has been affected by temporary factors, such as the fire at a logistics center and the delivery crisis, we are determined to enhance our corporate value by achieving a V-shaped recovery during the current fiscal year.
- On the other hand, the periods that Yahoo referred to in the Release are centered on those when the “Fire occurred at the logistics center in February 2017” and the “Delivery crisis occurred from 2018”. We consider that these periods were chosen extremely intentionally.
- When we compare the share prices between ASKUL and Yahoo by setting May 2012, when the business and capital alliance agreement was entered into, as the starting point, ASKUL shares have broadly outperformed Yahoo shares.

3. Regarding “Rise in ASKUL’s share price”

- ASKUL’s share price has been on an upward trend since July 2019. We interpret this trend as market support for the business plan for FY 5/2020, which we announced on July 3, 2019, and the expectations toward our business plan, which is progressing well.
- Regarding Yahoo’s expression, “business recovery through fundamental management reform,” Yahoo just declared its opposition to the reappointment of President Iwata and the Independent Outside Directors but failed to propose a “fundamental management reform.” Therefore, we have no idea what this expression means.

4. Strong support for the current management team from ASKUL's minority shareholders

-We are grateful to have received numerous words of encouragement from many institutional investors and individual shareholders since July 17, 2019.

-We would like to introduce some of the voices of institutional investors who support the current management team in continuing to run the business.

“The financial results for FY 5/2018 and FY 5/2019 were considerably affected by unpredictable external factors, such as the fire at a warehouse and the large price hike in delivery charges. We consider that it is highly likely that ASKUL's performance would have further deteriorated in the long run without President Iwata at the helm. ASKUL cannot avoid the opinion that its sluggish share price has been caused by its poor business performance. But we recognize that holding President Iwata solely responsible is a one-sided point of view.”

5. Regarding “Cooperation in the establishment of an effective governance structure”

-The Release reads, “After ASKUL's shareholders meeting, ... in light of “Japan's Corporate Governance Code” by Tokyo Stock Exchange and the “Practical Guidelines for Group Governance Systems” by the Ministry of Economy, Trade and Industry established on June 28, 2019, the Company will pay due consideration to the interests of ASKUL's general shareholders and will take action to secure an effective governance system in ASKUL.” However, we insist that the very actions that Yahoo has taken by completely ignoring the governance system that we have already built are actually destroying our governance system. If Yahoo thinks there are no issues under “Japan's Corporate Governance Code” and the “Practical Guidelines for Group Governance Systems” with respect to the action it took this time, we must say that Yahoo's understanding of both rules is too low.

-The Release states, “while we respect the independence of ASKUL's management” and “with the premise that the independence of ASKUL's nomination process is secured.” However, we are certain that the shortest path to realizing these statements is to accept the reappointment of the candidates for director that were resolved at ASKUL's Board of Directors Meeting based on a report from our Nomination and Compensation Committee.

- Furthermore, “the Statement to Express Deep Concern about Yahoo's Exercise of Voting Rights that Trampled on ASKUL's Corporate Governance” dated July 28, 2019, issued by the Board of Independent Directors of ASKUL, raised an issue from the perspective of

governance with the series of actions taken by Yahoo in relation to this matter.

<https://pdf.irpocket.com/C0032/GDpy/BOJ5/AgB0.pdf>

6. Regarding ASKUL's reports made to the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange

- On July 24, 2019, ASKUL visited the Corporate System Division, Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry to listen to explanations on the intent behind the "Practical Guidelines for Group Governance Systems" (publicized on June 28, 2019). Consequently, we are confident that our judgment about Yahoo's series of actions is not incorrect.
- Moreover, on July 29, 2019, we visited Tokyo Stock Exchange to explain the historical account of this matter and our recognition, including the issues with the series of actions taken by Yahoo with respect to this matter in light of "Japan's Corporate Governance Code" by Tokyo Stock Exchange.