July 17, 2019
Yahoo Japan Corporation

Exercise of Yahoo Japan Corporation's Voting Rights on the Proposal on the Election of Directors (Proposal No. 2) in ASKUL Corporation's 56th Annual General Meeting of the Shareholders

In the 56th Annual General Meeting of Shareholders of ASKUL Corporation (hereafter, "ASKUL"), a consolidated subsidiary of Yahoo Japan Corporation (hereafter, the "Company"), scheduled to be held on August 2, 2019, the Company plans to exercise its voting rights against the reappointment of President and CEO Shoichiro Iwata (hereafter, "President Iwata") in proposal 2 "Election of Directors". The Company judged that a fundamental reform is necessary for ASKUL to quickly recover its stagnant business results, to rejuvenate the management team, to improve ASKUL's mid- to long-term corporate value and to maximize the common interests of the shareholders.

Ever since the Company concluded a business and capital alliance agreement with ASKUL in 2012, we have continued our cooperation/collaboration in order to maximize the corporate value of ASKUL while respecting the independence of ASKUL as a listed company. Furthermore, after the revision of the business and capital alliance agreement in 2015, the Company holds approximately 45% of ASKUL's shares (voting rights) and has made ASKUL its consolidated subsidiary.

Ecommerce market, a focus area for ASKUL, continues to record a high growth rate both in BtoB and BtoC, and the profit and share price of the competitors are growing favorably. However, ASKUL's business result continues to be sluggish: its operating profit for fiscal year ended May 2018 was approximately JPY 4.1 billion, less than half of the previous fiscal year; and as announced by ASKUL on June 27[*1], the operating profit for the fiscal year ended May 2019 is approximately JPY 4.5 billion (25% decrease from the original forecast), and the net profit is approximately JPY 0.4 billion (89% decrease from the original forecast).

By segments, the revenue growth of its BtoB business (ASKUL business), its main business, is slowing down. In addition, there is no improvement in the profitability of its BtoC business (LOHACO business), which is conducted with our cooperation, ever since the start of service in October 2012. The loss, approximately JPY 2.9 billion, recorded in fiscal year ended May 2014 further widened to approximately JPY 9.2 billion in fiscal year ended May

2019[*2]. In light of these results, the Company began to question President Iwata's ability to formulate and pursue ASKUL's business plan under the current e-commerce environment.

[*1] Recording of Extraordinary Loss (Impairment Loss) and Revision of Full-Year Earnings Forecast (Announced June 27, 2019)

https://pdf.irpocket.com/C2678/CAxD/wlJU/jWAx.pdf

[*2] BtoC business (LOHACO business) results:

Fiscal year ends in May each year (JPY billion)

FY2019: －9.2; FY2018: －7.6; FY2017: －4.6; FY2016: －3.4; FY2015: －3.2; FY2014: －2.9

As a result, much to our regret, we concluded that a fundamental change is imperative for ASKUL to quickly recover its stagnant business results in this rapidly changing ecommerce market, to improve its mid- to long-term corporate value and to maximize the common interests of shareholders. We determined that it is best to rejuvenate the management from President Iwata who has served as president and CEO for an extensive period since 1997, and to promote new management strategies under a new management team. In addition, we will carefully consider the exercising of our voting rights in regards to the other director candidates.

If the proposal on President Iwata's reappointment as director is rejected in ASKUL's 56th Annual General Meeting of Shareholders, the Company, as ASKUL's largest shareholder, will respect ASKUL and its new management's opinions from the viewpoint that it is important that ASKUL's independence as a listed company continues to be secured. Moving on, the Company will cooperate to the utmost so that ASKUL can promptly pursue its measures to improve its mid- to long-term corporate value and to maximize the common interest of its shareholders.