

Disclaimer

This is an English translation of the captioned release. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the release for complete information.

News Release Dated: June 27, 2019

To whom it may concern:

Company Name: ASKUL Corporation
(Code No.: 2678, Tokyo Stock Exchange First Section)
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Recording of Extraordinary Loss (Impairment Loss) and Revision of Full-Year Earnings Forecast

ASKUL Corporation (hereinafter referred to as the "Company") announced today that it would record an extraordinary loss (impairment loss) as described below for the fiscal year ended May 20, 2019, along with revising the full-year earnings forecast for the fiscal year ended May 20, 2019.

1. Recording of extraordinary loss (impairment loss)

The Company has decided to record an impairment loss of 3,097 million yen on the fixed assets of ASKUL Value Center Hidaka (hereinafter referred to as "AVC Hidaka"), a logistics center exclusively for LOHACO, in the financial results for the fiscal year ended May 20, 2019.

AVC Hidaka is a logistics center established after the fire at ASKUL Logi PARK Tokyo Metropolitan (hereinafter referred to as "ALP Tokyo Metropolitan") and has been contributing significantly to the recovery of logistics productivity. However, taking into account the subsequent "delivery crisis" and the resultant changes to the business environment such as rise in delivery charges as well as other risks, the Company reviewed the business plan of LOHACO, and after assessing the recoverability of the fixed assets of AVC Hidaka, decided to record the impairment loss in the fourth quarter of the fiscal year ended May 20, 2019.

2. Revision of Full-Year Forecast

(1) Revision to the consolidated earnings forecast for the fiscal year ended May 20, 2019
(from May 21, 2018 to May 20, 2019)

	(millions of yen)				
	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share (yen)
Previously released forecast (A)	390,000	6,000	5,800	3,500	68.66
Revised forecast (B)	387,000	4,500	4,400	400	7.84
Change (B – A)	-3,000	-1,500	-1,400	-3,100	
Percentage change (%)	-0.8%	-25.0%	-24.1%	-88.6%	
Reference: Results for the previous full year (fiscal year ended May 20, 2018)	360,445	4,192	3,940	4,693	92.15

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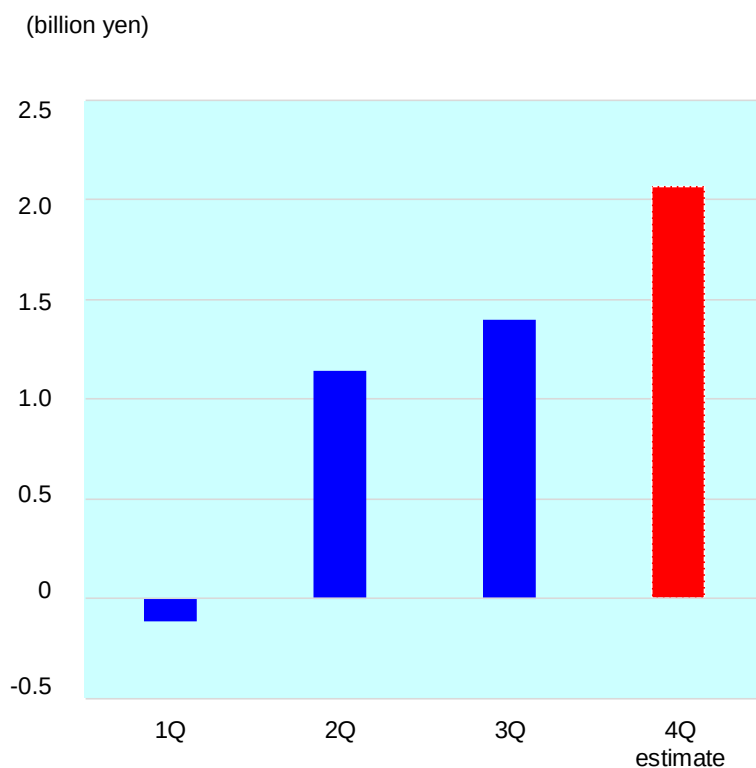
2) Main reason for the revision to the earnings forecast

While the Company expects increases in net sales, operating profit and ordinary profit, it revised the forecast figures mainly due to the non-achievement of the target in the LOHACO business.

In addition, the Company revised its forecasts for profit attributable to owners of parent and earnings per share to reflect the recording of the extraordinary loss of 3,097 million yen in impairment loss described above.

To be sure, the Company's profitability has been steadily improving since the second quarter of the fiscal year ended May 20, 2019, by overcoming the impacts of the fire at the ASKUL Logi PARK Tokyo Metropolitan as well as the "delivery crisis." The Company will change the direction of the management of its LOHACO business towards new growth with firm improvement in profitability by switching to e-commerce based on unique values. The B-to-B business has posted stable growths in both sales and profit by strengthening the Web growth strategy and expanding long-tail products, and the impairment loss is of a temporary nature, and the Company expects significant profit increases in the fiscal year ending May 20, 2020. It plans to disclose the details in the announcement of the earnings results for the fiscal year ended May 20, 2019, scheduled for July 3, 2019.

Reference: Trends in consolidated operating profit in the fiscal year ended March 20, 2019 (by quarter)



*The earnings forecast described above are based on the information the Company has obtained to date and actual results may differ materially from these forecasts due to a variety of factors in the future.