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April 26, 2023

To whom it may concern:

Company Name: ASKUL Corporation
Representative: Akira Yoshioka
Representative Director, President and CEO
(Stock code: 2678
Prime Market, Tokyo Stock Exchange)
Contact Person: Tsuguhiro Tamai, Director, CFO
TEL: 03-4330-5130

Notice Concerning Judgment on Lawsuit for Compensation of Damages (First Instance)

A judgment was issued in the Tokyo District Court today regarding the lawsuit filed for damages by ASKUL Corporation (the “Company”) against K.K. Miyazaki (hereinafter “Miyazaki”) in connection with the fire which occurred at the Company’s distribution center, as detailed below.

1. Court issuing the judgment on the lawsuit and date of judgment

Tokyo District Court, April 26, 2023

2. Circumstances behind lawsuit

Pursuant to a contract between the Company and Miyazaki for the continued sale of recyclable resources (corrugated cardboard, etc.) in our possession to Miyazaki (hereinafter “Agreement”), we have engaged in sales transactions of recyclable resources, which were continuously delivered to a scrap material yard (hereinafter “Scrap Material Room”) in the Company’s distribution center ASKUL Logi Park Tokyo Metropolitan (located in Miyoshi-machi, Iruma-gun, Saitama Prefecture at the time; hereinafter “Distribution Center”) based on the Agreement between the Company and Miyazaki. On February 16, 2017, a fire (hereinafter “Fire”) occurred due to the improper use, etc. of a forklift by a Miyazaki employee in the Scrap Material Room during collection and transport operations of the recyclable resources.

The Company filed a lawsuit against Miyazaki on August 6, 2020, in the amount of 10,105,916,808 yen which is comprised of direct losses such as the total loss of the Distribution Center, compensation for neighboring residents, significant labor costs for fire emergency response, and establishment of an alternative distribution center, as well as indirect losses such as lost sales opportunities, and delay damages thereon.

The Tokyo District Court has ruled on the lawsuit as described in 3. below.

* For details, please refer to “Notice of Filing of Lawsuit,” released on August 6, 2020.

3. Content of judgment (summary)

- (1) Defendant (Miyazaki) ordered to pay plaintiff (the Company) 5,118,594,268 yen in damages and delay damages thereon
- (2) The burden of court costs shall first be divided by two, with half borne by the plaintiff and remainder borne by the defendant
- (3) Only Paragraph 1 of the judgment may be provisionally executed

4. Future prospects

The Company’s response will be decided after thorough review of the judgment. In the event that matters that must be disclosed occur regarding the judgment such as its effects on the Company’s operating results, such matters will be announced promptly.