



COSTCO WHOLESALE CORPORATION - ACQUISITION TO FURTHER LAST MILE CAPACITY

March 17, 2020

ISSAQUAH, Wash., March 17, 2020 (GLOBE NEWSWIRE) -- Costco Wholesale Corporation ("Costco" or the "Company") (Nasdaq: COST) today announced that it has completed the acquisition of Innoval Solutions ("Innoval"), a leading provider of third-party end-to-end logistics solutions with nationwide capabilities. Innoval was a subsidiary of Transform Holdco, LLC, which operates Sears and Kmart stores. The purchase price of \$1 billion was funded from the Company's existing cash balances.

Innoval has for decades provided Sears and, more recently, third parties with "final mile" delivery, complete installation and white glove capabilities for "big and bulky" products across the United States and Puerto Rico. Innoval's network offers coverage to nearly 90% of the U.S. and Puerto Rico. Products served through Innoval include major appliances, furniture, mattresses, televisions, grills, patio, fitness equipment and wine cellars. Innoval consistently ranks in the top quartile of customer satisfaction scores.

It employs over 1,500 people and operates 11 distribution/fulfillment centers and over 100 final-mile cross-dock centers, with over 15 million square feet of warehouse space. The company also operates dedicated call centers.

Costco has been a customer of Innoval since 2015. According to Craig Jelinek, Costco's CEO: "We have had a great relationship with Innoval and share a philosophy of taking care of our members. We believe the acquisition will allow us to grow our Ecommerce sales of "big and bulky" items at a faster rate." Under Costco's ownership, Innoval will continue to serve Sears and other existing third party customers.

Advisors to Costco on the transaction included Moelis & Company (financial) and Perkins Coie (legal).

Costco currently operates 786 warehouses, including 547 in the United States and Puerto Rico, 100 in Canada, 39 in Mexico, 29 in the United Kingdom, 26 in Japan, 16 in Korea, 13 in Taiwan, 11 in Australia, two in Spain, and one each in Iceland, France, and China. Costco also operates e-commerce sites in the U.S., Canada, the United Kingdom, Mexico, Korea, Taiwan, Japan, and Australia.

Certain statements contained in this document constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For these purposes, forward-looking statements are statements that address activities, events, conditions or developments that the Company expects or anticipates may occur in the future. In some cases forward-looking statements can be identified because they contain words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "likely," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "target," "will," "would," or similar expressions and the negatives of those terms. Such forward-looking statements involve risks and uncertainties that may cause actual events, results or performance to differ materially from those indicated by such statements. These risks and uncertainties include, but are not limited to, domestic and international economic conditions, including exchange rates, the effects of competition and regulation, uncertainties in the financial markets, consumer and small business spending patterns and debt levels, breaches of security or privacy of member or business information, conditions affecting the acquisition, development, ownership or use of real estate, capital spending, actions of vendors, rising costs associated with employees (generally including health care costs), energy and certain commodities, geopolitical conditions (including tariffs), the ability to maintain effective internal control over financial reporting, global disease threats, and other risks identified from time to time in the Company's public statements and reports filed with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made, and the Company does not undertake to update these statements, except as required by law.

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