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Notice of COVID-19 Effects and Revisions to Consolidated Forecast

We express our sincere condolences to the families of people who passed away because of COVID-19 and are praying for the recovery of those who have been infected by the new coronavirus.

At this time, Apaman Co., Ltd. is making an announcement of the current effects of the COVID-19 crisis on business operations and of revisions to the forecast announced on November 7, 2019 for the fiscal year ending September 30, 2020 based on recent results of operations.

1. Apaman Group responses to COVID-19

The Apaman Group is taking many actions to prevent the spread of COVID-19 because the health and safety of employees and all other stakeholders is the Group's highest priority. Major effects on the Group's business operations at this time and primary responses to this crisis are as follows.

- At the fabbit co-working space business, all locations have been temporarily closed because of lockdown orders in the United States and other countries.
- In Japan, all fabbit locations have reduced operating hours due to the government's request for people to stay home.
- Due to Japan's stay-at-home request, fabbit locations in Japan have canceled all events and prohibited entry to all temporary users.
- Due to Japan's stay-at-home request, fabbit locations in Japan allow only members to use conference rooms.
- Due to Japan's stay-at-home request, the number of people using metered parking facilities has decreased.
- Due to Japan's stay-at-home request, the number of people using the shared bicycle business has decreased.
- As part of measures to prevent COVID-19 infections, Apaman has distributed at no cost sanitation products (masks, alcohol sanitizers, contact-free thermometers, safety shields, humidifiers and other items) to about 1,000 franchised stores.
- Support for franchised stores where sales declined due to Japan's stay-at-home request (big discount for advertising and other fees, royalty reduction, and other measures)
- Due to Japan's stay-at-home request, six directly operated Apamanshop locations have been temporarily closed and nine have been closed.
- Due to Japan's stay-at-home request, operating hours have been reduced at directly operated Apamanshop locations.
- Due to Japan's stay-at-home request, all Apaman Group companies are using measures such as temporary furloughs, teleworking, staggered working times and other measures.
- Due to closings of elementary and other schools associated with Japan's stay-at-home request, employees with school-age children received special paid time off.

- All Apaman Group companies are using hand washing, masks, avoidance of closed spaces, crowded places and close-contact settings, and other measures to prevent the spread of COVID-19.
- All employees undergo temperature and other health confirmations before starting work every day.
- All outings, business trips, meal gatherings and other similar events are prohibited unless absolutely necessary or urgent and internet conferences are used as much as possible.
- Meetings with large numbers of people are prohibited.
- Provision at no cost of sanitation products to employees, their family members and others
- Due to Japan's declaration of a state of emergency, all retail locations operated by the Apaman Group have been temporarily closed.

At this time, four employees of a directly operated store have tested positive for COVID-19. In accordance with the instructions of the local public health center, the store and nearby common areas have been disinfected. The four employees and all other employees of the store are under quarantine at home and the store has reopened.

To prevent the spread of COVID-19, Apaman will not hold the information meeting for institutional investors and analysts that normally takes place in association with the announcement of results of operations for the first half of each fiscal year.

2. Revision to consolidated forecast

Fiscal year ending September 30, 2020 (October 1, 2019 to September 30, 2020)

	Net sales	Operating profit	Ordinary Profit	Profit attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	45,000	2,000	1,400	450	25.28
Revised forecast (B)	43,700	1,200	450	150	8.43
Change (B – A)	(1,300)	(800)	(950)	(300)	
Percentage change (%)	(2.88)	(40.00)	(67.85)	(77.77)	
(Reference) Previous fiscal year results (Fiscal year ended September 30, 2019)	45,934	2,055	729	272	15.31

3. Reasons for revision

The sales forecast has been reduced by 1,300 million yen to 43,700 million yen based on the current level of sales. The number of customers has decreased because of lockdowns overseas, Japan's state of emergency and other reasons, there are measures to support franchised stores, the number of metered parking customers has decreased, and the outlook for sales from consulting fees and operational investment securities has been revised.

The operating profit forecast has been reduced by 800 million yen to 1,200 million yen mainly because of the lower sales forecast and an increase of 347 million yen in the cost of sales resulting from a valuation loss on investments in overseas companies (operational investment securities).

The ordinary profit forecast has been reduced by 950 million yen to 450 million yen. This reduction is due to the lower operating profit forecast and to an expected share of loss of entities accounted for using the equity method of approximately 150 million yen due in part to the extraordinary losses (valuation loss on of investment securities) and forecast revision announced today by equity-method affiliate SystemSoft Corporation.

The forecast for profit attributable to owners of parent has been reduced by 300 million yen to 150 million yen. This forecast is due to the lower ordinary profit forecast and several other factors. One is an extraordinary loss of approximately 100 million yen for the cost of COVID-19 prevention measures such as the emergency distribution of sanitation products to employees, their families, franchisees and others. This forecast also includes expected losses of about 200 million yen on real estate sales. In addition, income taxes will decrease because of lower earnings, the posting of losses due to prior-year asset impairment losses for real estate that was sold, and tax effect

accounting associated with subsidiary mergers under consideration as part of reorganization measures. As a result, the sum of income taxes and deferred income taxes is expected to decrease by approximately 950 million yen.

On May 4, 2020, the Japanese government extended the state of emergency to the end of May. These forecast revisions do not incorporate the possibility that the number of COVID-19 infections may continue to increase or that this crisis may continue for a long time. Apaman will monitor upcoming events and will make an announcement promptly if there is a need to disclose new information.

Note: The above forecast is based on information available to Apaman management at the time this document was prepared. Actual results may differ significantly from the forecast for a number of reasons.