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Company name: Apaman Co., Ltd.  
Representative: Koji Omura, President and CEO  
Securities code: 8889 (JASDAQ)  
Inquiries: Masahiro Takata, Deputy Executive  
Manager, Administration Division  
TEL: +81-3-3231-8020

## Notice of Current Status of Activities Involving the Sapporo Explosion

An explosion occurred on December 16, 2018 in Sapporo at the Apamanshop Hiragishi Ekimae store operated by Apamanshop Leasing Hokkaido Co., Ltd. (Head office: Sapporo; CEO: Taiki Sato), which is a consolidated subsidiary of Apaman Co., Ltd., Apaman extends its sincere apology to people who were injured, residents of the neighborhood and all others who were affected by this accident.

The following section is a progress report on activities after the February 13, 2019 release titled “Notice of Extraordinary Loss/Income and Reduction in Director Remuneration Due to the Explosion in Sapporo.”

The investigation of this accident also revealed that there were cases where the disinfecting and deodorizing procedure requested by a customer was not performed. This report includes information about this subject as well.

### 1. Summary of the accident

At about 20:30 on December 16, 2018, employees of the Apamanshop Hiragishi Ekimae store, which is operated by Apamanshop Leasing Hokkaido, emptied a large number of deodorizer spray cans inside the shop and the fumes were ignited when a water heater switched on. According to the authorities in Sapporo, this accident injured 52 people, including the two employees. Also, the explosion damaged 46 buildings and 32 vehicles. Apaman again extends its sincere apology to everyone who was affected by this incident.

To collect information about damages and apologize to people and businesses who were affected, Apaman opened an office near the site of the accident on December 19 and established a call center. At this time, Apaman has received claims for damages from about 200 people and businesses. Full or partial apology and damage compensation payments have been made to 190 people and businesses. Apaman will continue to respond with sincerity to claims for damages.

### 2. Failure to perform disinfecting and deodorizing

The investigation of the Sapporo explosion revealed that there were cases where disinfecting and deodorizing was not performed even though a customer had asked for this procedure. Apaman has asked an attorney and accountant to conduct an investigation of this issue. This investigation revealed the failure to perform 127 of the 215 disinfecting and deodorizing procedures requested by customers during the approximately two years that the Hiragishi Ekimae store, where the explosion happened, was managed by the individual involved with this incident. In 2018, the other 11 stores of Apamanshop Leasing Hokkaido received an average of one request per month for this procedure and the Hiragishi Ekimae store received an average of nine requests\*<sup>1</sup>.

Apaman asked all 90 directly operated stores\*2 of consolidated subsidiaries that have these offices to complete a questionnaire. This survey revealed that disinfecting and deodorizing procedures requested by customers were not performed 91 times during 2018.

For procedures that were not performed by the Apamanshop Hiragishi Ekimae store and all locations in the survey, Apaman has either made refund or other payments to customers prior to the Sapporo explosion or, following an apology, made these payments after this accident.

The investigation by the attorney and accountant is continuing and Apaman will promptly respond with apologies and refunds to discoveries of any additional failures to perform the procedure.

\*1 The average number of requests is rounded up or down.

\*2 90 stores, excluding the Apamanshop Hiragishi Ekimae store, of Apamanshop Leasing Hokkaido, Apamanshop Leasing Co, Ltd., Apamanshop Leasing Fukuoka Co., Ltd. and Amenity House Inc. as of December 31, 2018. Does not include the three stores of Apartment Center and First Living, which were acquired in 2018.

### 3. Extraordinary income

As was announced in the above-mentioned release, Apaman has posted an extraordinary income of 274 million yen in the first half of the current fiscal year. This is the amount of payments received from insurance companies for policies with total coverage of 310 million yen. This extraordinary income includes a first quarter income of 87 million yen.

### 4. Contact for questions about the Sapporo explosion and the failure to perform disinfecting and deodorizing procedures

Yasunori Tomita, Deputy Executive Manager, Administration Division, Apaman Co., Ltd.

Tel: +81-3-3231-8020