

APAMAN

Briefings on Financial Results for the Fiscal Year Ended
September 30, 2020 (FY2020)

November 13, 2020

APAMAN Co., Ltd.

JASDAQ: 8889

Impact of Japan's Declaration of a State of Emergency

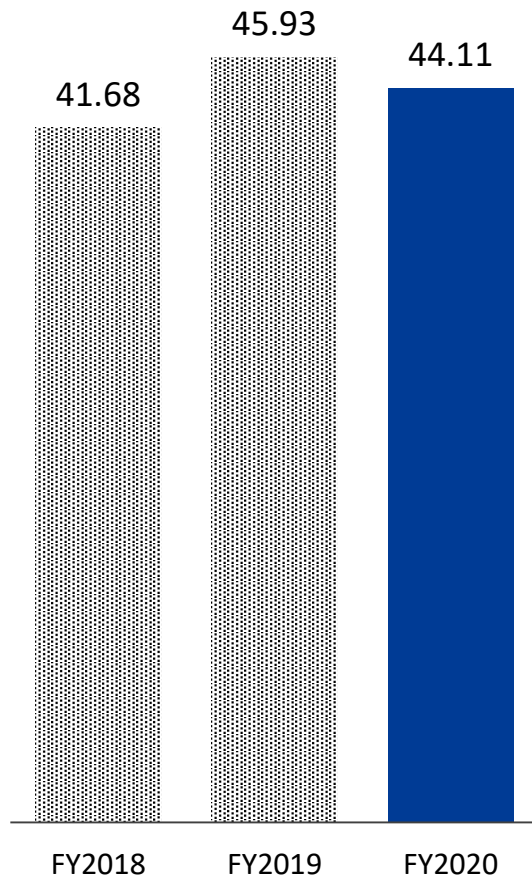
1. Because of lockdown orders in the U.S. and other countries, temporarily closed all overseas fabbit locations
2. Urgently distributed sanitation products to employees, their family members, franchised companies and took other actions
3. Supported franchised stores by offering large discounts for fees and other measures
4. Temporarily closed or completely shut down directly operated locations
5. Sharp drop in metered parking users

Results of Operations

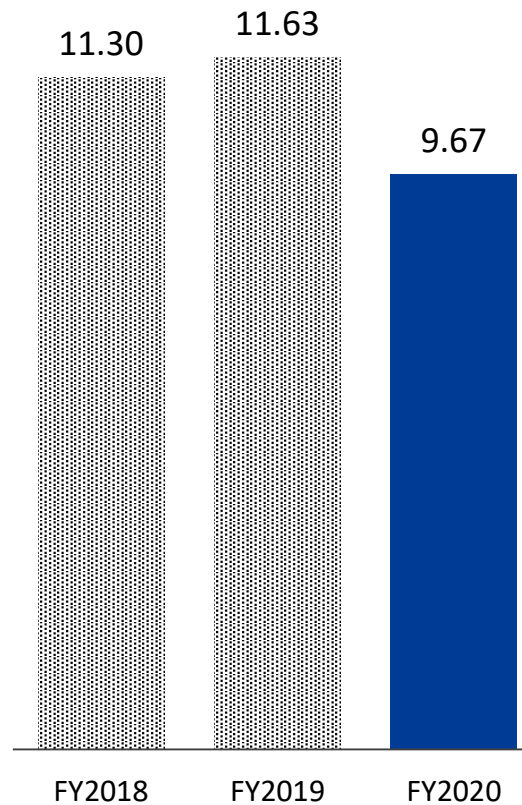
▶ Year-on-year decline due to the effects of the COVID-19 pandemic

(Billions of yen)

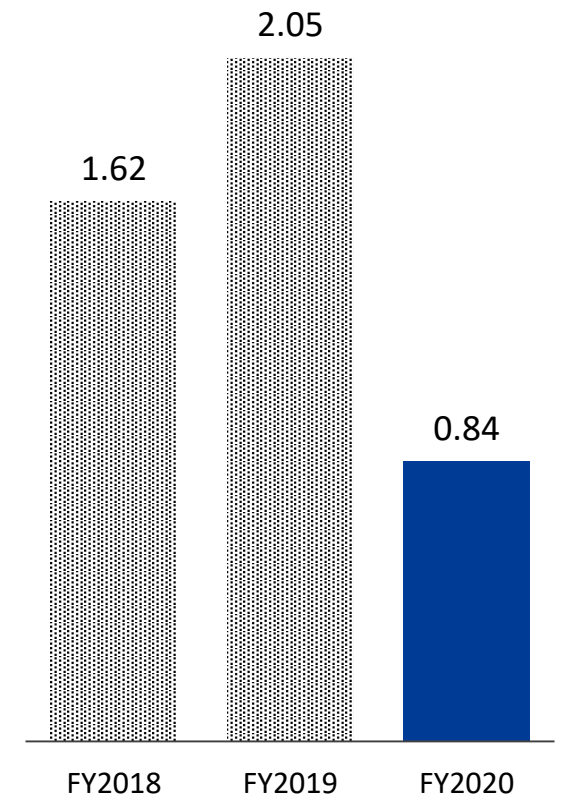
Net sales



Gross profit



Operating profit

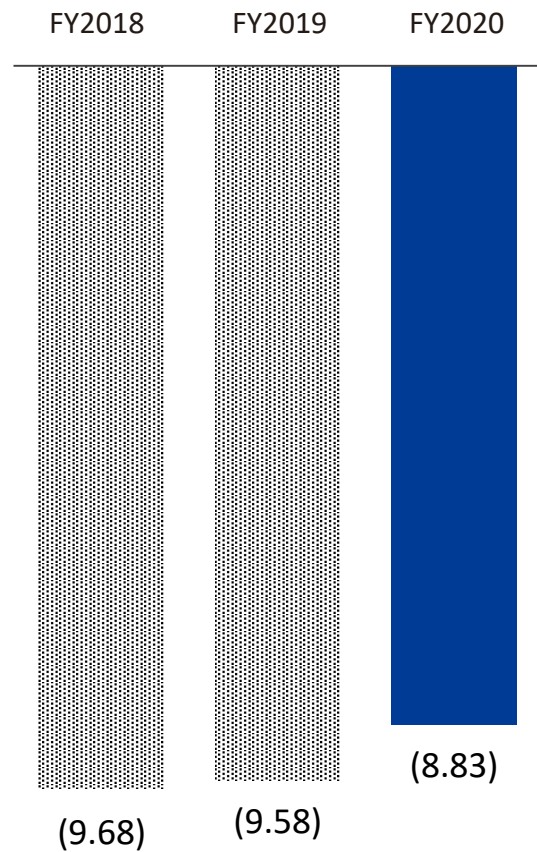


Results of Operations

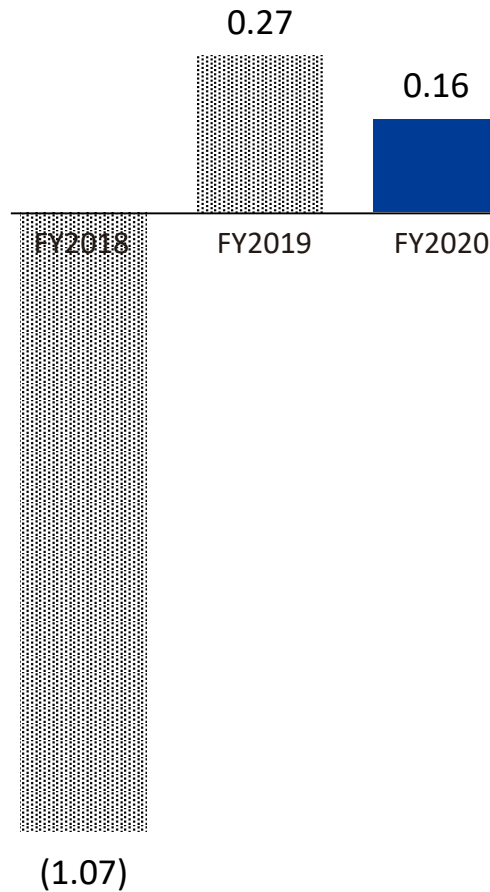
- ▶ Year-on-year decline due to the effects of the COVID-19 pandemic, a decrease in the number of directly managed stores and other factors

(Billions of yen)

SG&A expenses



Profit attributable to owners of parent



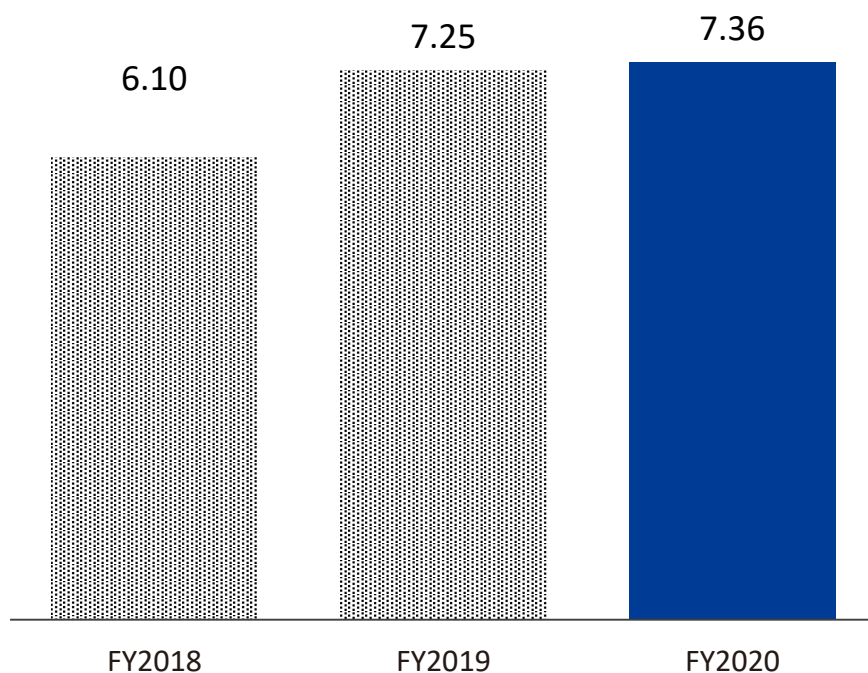
Results of Operations (Composition of gross profit)

▶ Solid trend in constant-revenue gross profit

(Billions of yen)

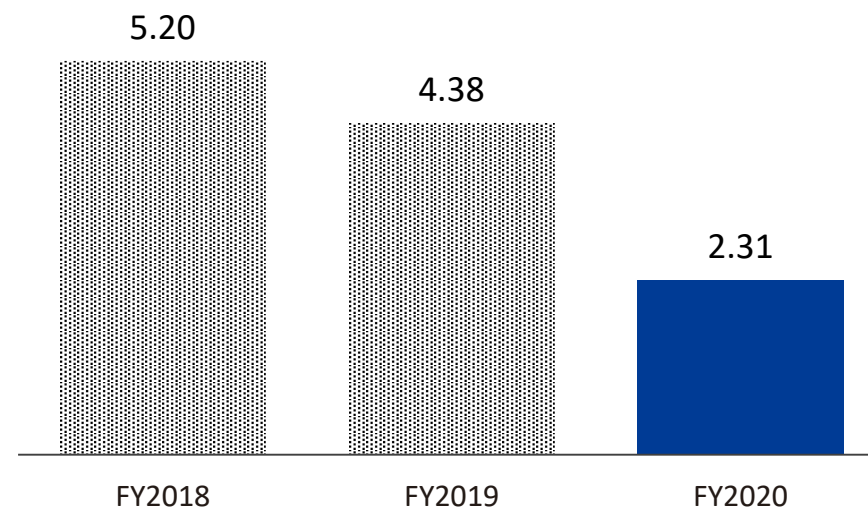
Constant-revenue gross profit

Property management/sub-leasing, cloud/franchise services, utilization fees for co-working locations (fabbit) and others



Other gross profit

Brokerage fees, consulting fees, operational investment securities and others



Note: Sales for businesses in the same segment that are divided between constant-revenue and other gross profit include transactions within the segment that are eliminated in the consolidated financial statements.

Constant revenue business / Other business

Segment	Main business	Constant revenue	Primary income source
Platform	Rental management and sub-leasing	○	Management fee
	Rental brokerage	×	Brokerage fee
Cloud technology	Cloud service	○	Usage fee
	Franchise service	○	Royalty fee
Sharing economy	fabbit	○	Utilization fees
	fabbit	×	Consulting fee
	Metered parking	○	Parking fee

Size of Customer Base

Segment	Main business	Customers/Market size	
Platform	Rental management and sub-leasing	92,676 units (up 4,706 units)	
	Directly operated stores	72 stores (down 20 stores)	
Cloud technology	Cloud service	Stores	1,046 stores
	Franchise service	Property management/Sub-leasing	Approx. 1,030,000 units
Sharing economy	fabbit	Property owner relationships	Approx. 200,000 owners
	Metered parking	11,137 members	
		4,051 parking spaces nationwide (up 462 parking spaces)	

Notes: Rental management and sub-leasing, directly operated stores and metered parking businesses include directly operated stores, and cloud service, franchise service and fabbit businesses include FCs and alliance partners.

The number of property management/sub-leasing units (approx. 1,030,000 units) and the number of property owner relationships (approx. 200,000 owners) are as of November 2018 using Apaman Network data.



Current Priorities

**Growth of
online
operations**

**Growth of
sources of
constant
revenue**

Activities for the growth of online operations

Online First
Locate and rent an apartment online



Online explanations and contracts



Shared electronic keys for apartments



Use of AI for marketing activities



Automated rental management



Automated rental brokerage service



Online meetings



(Property owners, franchised companies, members)

Online seminars



(Property owners, franchised companies, members)

Increase the number of managed/sub-leased properties

Increase the number of managed/sub-leased properties through M&A

Increase master leases for the provision of company housing

Increase the number of managed/sub-leased properties

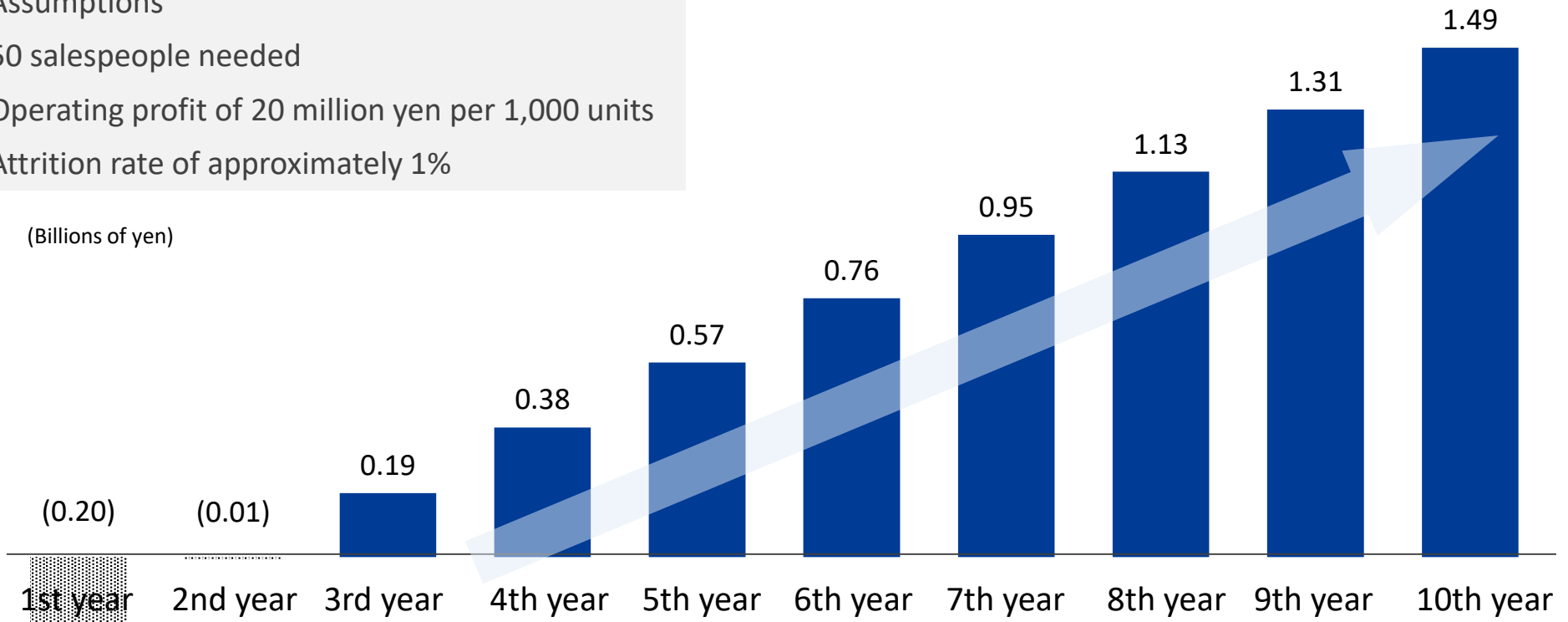
Simulation of operating profit growth if 10,000 units are added every year

Assumptions

50 salespeople needed

Operating profit of 20 million yen per 1,000 units

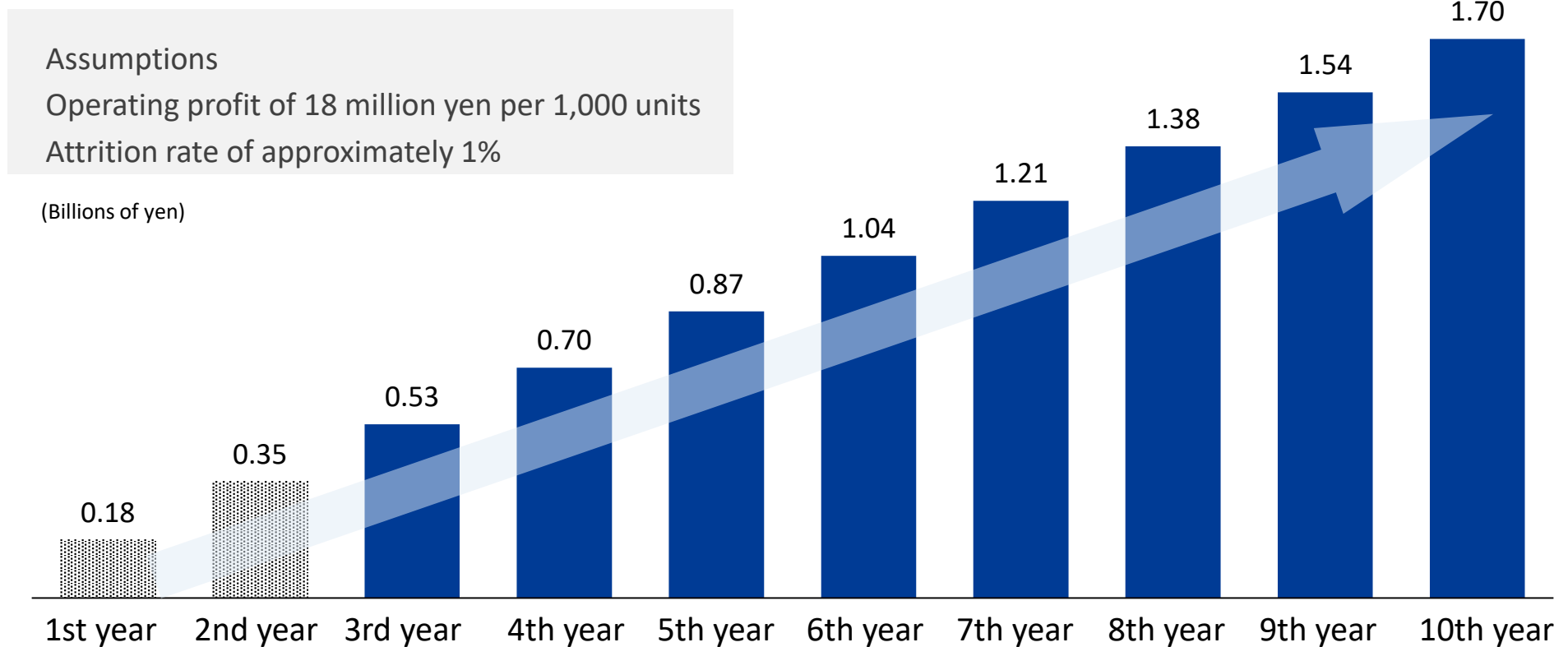
Attrition rate of approximately 1%



Note: This is a simulation and all figures are estimates.

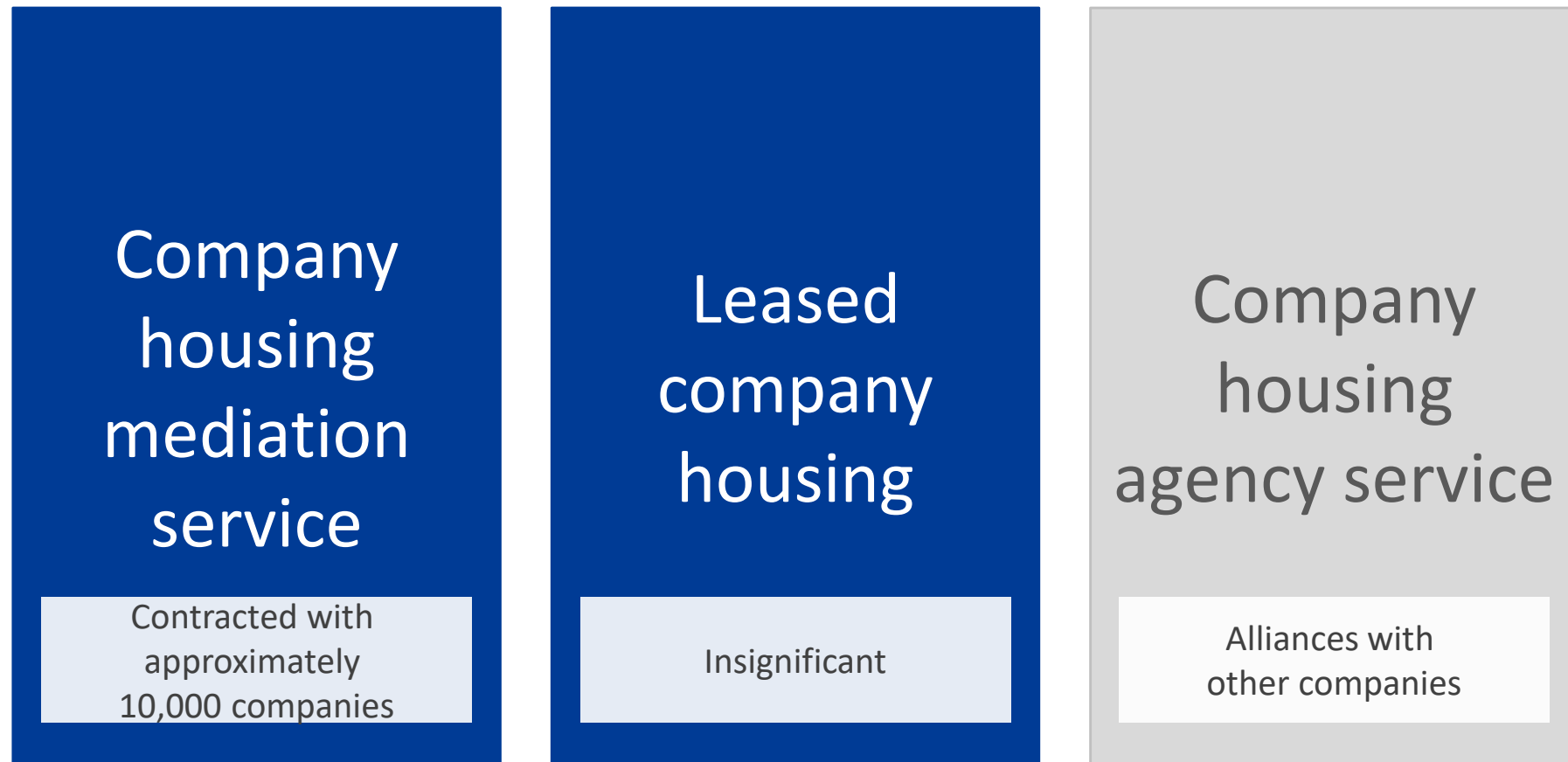
Increase the number of managed/sub-leased properties through M&A

Simulation of operating profit contribution from adding 10,000 units using M&A



Note: This is a simulation and all figures are estimates.

Increase master leases for the provision of company housing



Note: Including FCs

Sharing Economy Business

1. Co-working



fabbit Global Gateway "ACROS Fukuoka"

Note: The number of locations includes sites that have been leased but not yet started operations.
Also, the number of locations includes sites operated directly and by franchisees or companies where APAMAN has made an investment.

Co-working

As of September 30, 2019

45 locations

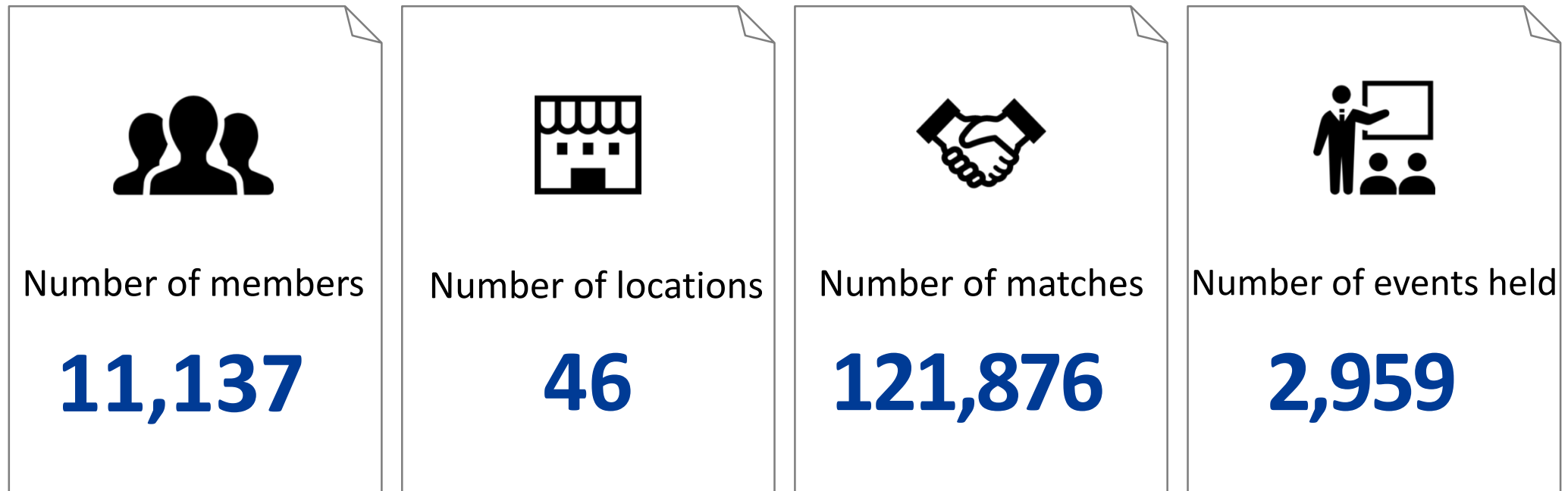


As of September 30, 2020

46 locations

1. Co-working

Significant increase in the number of members



All events were cancelled from the end of February 2020 to prevent the COVID-19 pandemic.

Some online seminars have taken place and events resumed in July that combine in-person and online formats.

Note: As of September 30, 2020.

- The number of members includes fabbit, Compass and companies where the APAMAN Group has made an investment.
- The number of locations includes sites where design or construction work is under way and also includes Workbar, which has received an investment from the APAMAN Group.
- The number of matches is the cumulative number of matches between members. One match is when two people are introduced to one person who attended an event or other gathering.
- The number of events is the cumulative number of events held by fabbit, Compass, Fukuoka Growth Next and companies where the APAMAN Group has made an investment. All events are included regardless of their size.

1. Co-working (Overseas locations)

All overseas locations have reopened following the end of lockdowns



2. Parking



Parking

As of September 30, 2019

3,589 parking spaces



As of September 30, 2020

4,051 parking spaces

Note: The number of locations includes sites that have been leased but not yet started operations.



FY2020 Consolidated Results

1. Overview of Consolidated Results (YoY comparison)

(Millions of yen)

	FY2019	FY2020	Remarks (Major factors)	YoY change	
				Amount	%
Net sales	45,934	44,119	Temporarily closed or completely shut down directly operated locations (Platform) Discounts to FCs (Cloud Technology) Lower revenue on operational investment securities (Sharing Economy)	-1,815	-4.0%
Gross profit	11,637	9,678	Temporarily closed or completely shut down directly operated locations (Platform) Discounts to FCs (Cloud Technology) Lower revaluation on operational investment securities (Sharing Economy)	-1,959	-16.8%
SG&A expenses	9,582	8,837	Decrease in number of stores	-744	-7.8%
Operating profit (operating margin)	2,055 (4.5%)	840 (1.9%)	Same as the above	-1,214	-59.1%
Ordinary profit	729	8	Share of loss of entities accounted for using the equity method	-721	-98.8%
Profit attributable to owners of parent	272	166	Loss on sales and retirement of non-current assets, costs involving COVID-19 pandemic countermeasures, etc. Tax effect	-105	-38.9%
EBITDA ^{Note}	2,471	1,743	Decrease in ordinary profit	-728	-29.5%

Note: EBITDA = Ordinary profit + interest expenses + depreciation + amortization of goodwill

2. Overview of Consolidated Balance Sheet (vs. end-FY2019)

(Millions of yen)

Assets	End-FY2019	End-FY2020	YoY change	Remarks
Current assets	15,122	14,824	-297	
Cash and deposits	7,959	7,561	-398	
Notes and accounts receivable-trade	1,669	1,746	+77	
Operational investment securities	1,105	1,205	+99	
Other	4,388	4,311	-76	
Non-current assets	18,807	19,430	+623	
Property, plant and equipment	4,299	3,733	-566	
Intangible assets	8,667	9,022	+355	
Goodwill	6,741	6,918	+177	
Other intangible assets	1,925	2,103	+177	
Investments and other assets	5,839	6,674	+834	Deferred tax assets: +882
Total assets	33,929	34,255	+325	

Liabilities and net assets	End-FY2019	End-FY2020	YoY change	Remarks
Current liabilities	10,223	9,190	-1,033	
Accounts payable-trade	909	1,023	+114	
Short-term borrowings ^{Note}	2,053	1,942	-111	
Other	7,260	6,224	-1,036	
Non-current liabilities	18,844	20,621	+1,776	
Long-term borrowings	16,076	17,787	+1,711	
Long-term lease and guarantee deposited	1,642	1,757	+114	
Other	1,125	1,076	-49	
Total liabilities	29,068	29,811	+743	
Capital	7,983	7,983	-	
Net assets	4,861	4,443	-417	
Total liabilities and net assets	33,929	34,255	+325	

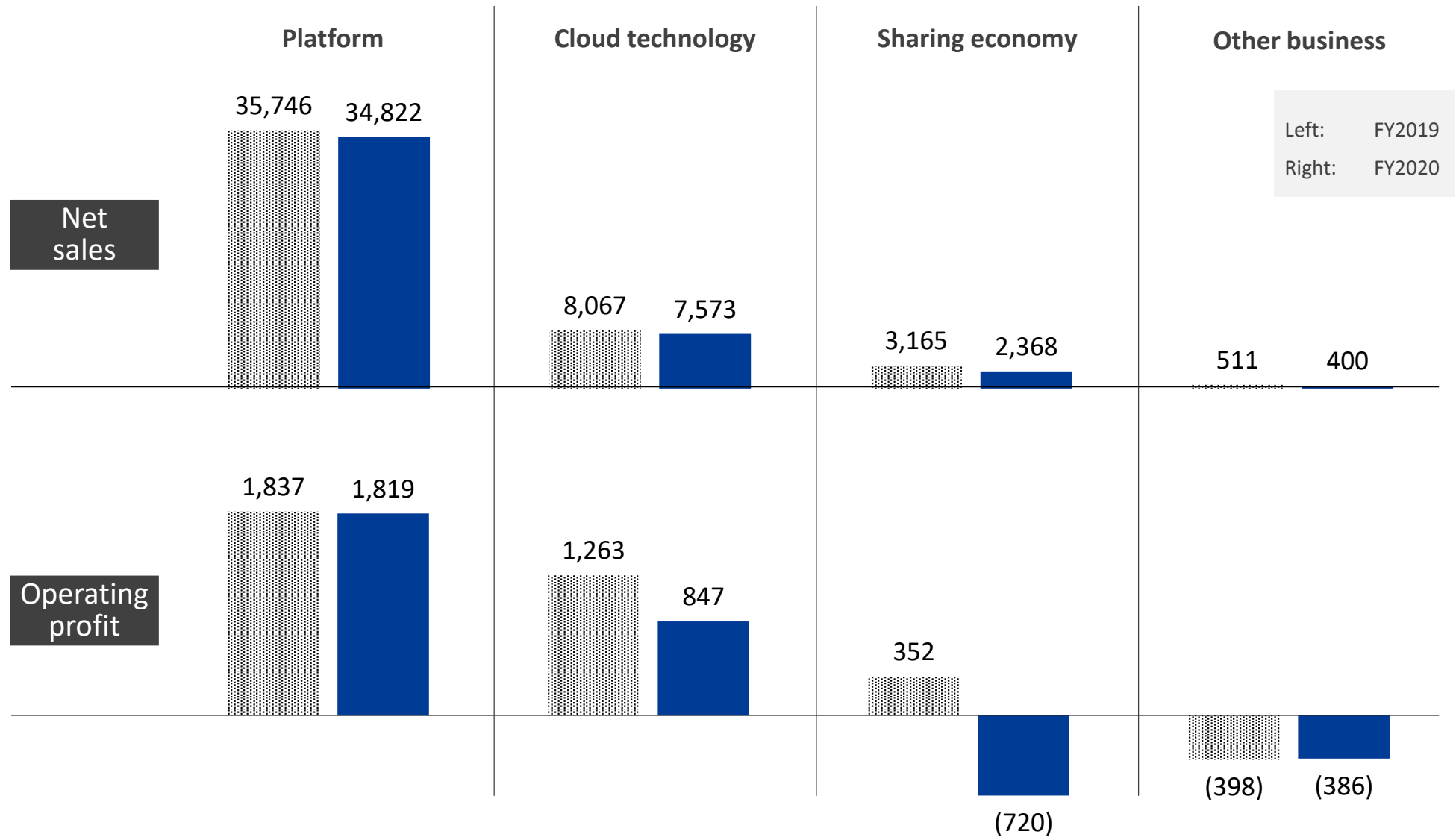
Note: Includes current portion of long-term borrowings



FY2020 Results by Segment

1. Net Sales and Operating Profit by Segment (YoY comparison)

(Millions of yen)



2. Platform Business (YoY comparison)

(Millions of yen)

	FY2019	FY2020	YoY change	
			Amount	%
Net sales	35,746	34,822	-923	-2.6%
Operating profit	1,837	1,819	-17	-0.9%

Stores



Number of directly managed
franchised stores
92 stores → **72** stores

PM



Number of units under management
87,970 units → **92,676** units

Examples of included and associated services

Insurance	Rent guarantees	Emergency assistance
Electricity/Gas	Money transfers	Telecommunications
Key exchange	Collection of fees for NHK subscriptions	Collection of fees for CATV subscriptions

Gross profit of included and associated services
1,889 million yen → **1,499** million yen

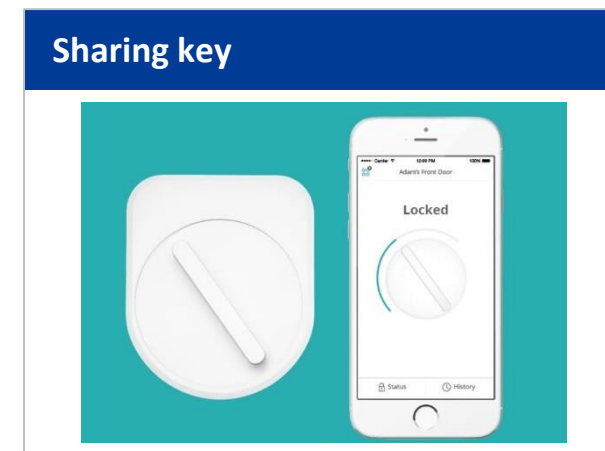
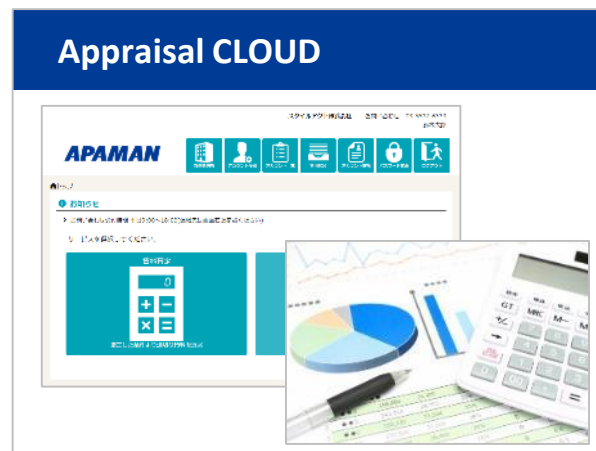
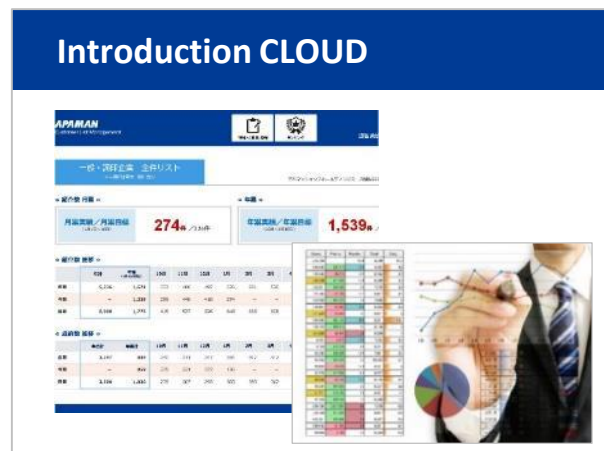
Note: Due to COVID-19 and other factors

3. Cloud Technology Business (YoY comparison)

(Millions of yen)

	FY2019	FY2020	YoY change	
			Amount	%
Net sales	8,067	7,573	-493	-6.1%
Operating profit	1,263	847	-415	-32.9%

Cloud technology services



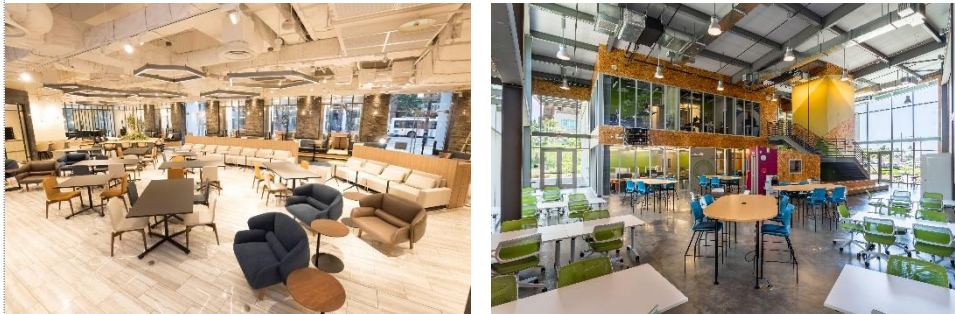
Note: The sharing key is a product of a company in which APAMAN has made an investment.

4. Sharing Economy Business (YoY comparison)

(Millions of yen)

	FY2019	FY2020	YoY change	
			Amount	%
Net sales	3,165	2,368	-796	-25.2%
Operating profit	352	(720)	-1,072	-

Co-working



Directly managed locations

45 → **46**

Parking



3,589 parking spaces

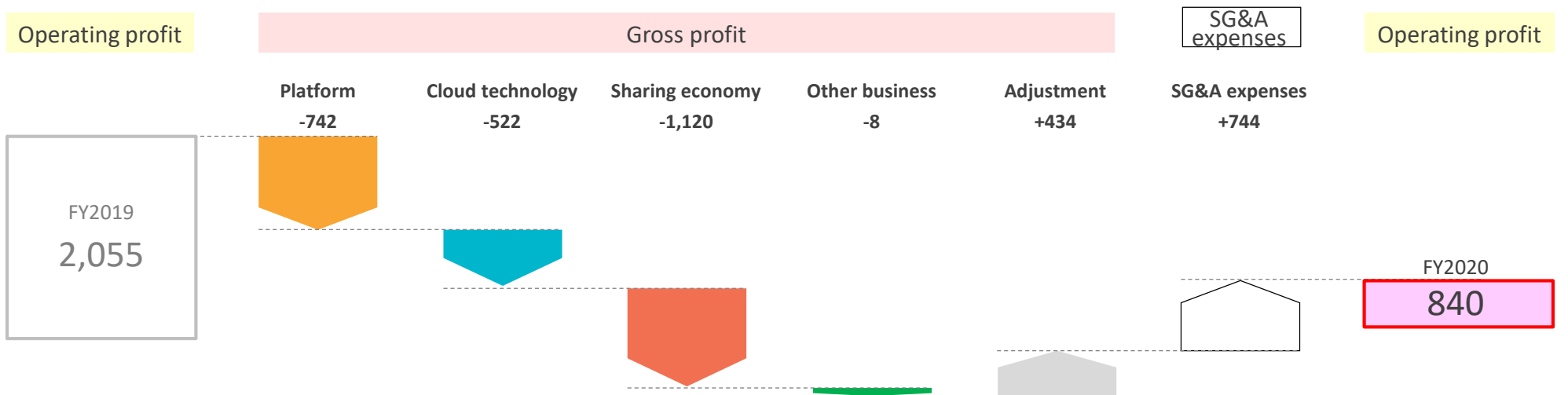
→ **4,051** parking spaces

Note: The number of locations includes sites that have been leased but not yet started operations.

5. Analysis of Net Sales and Operating Profit by Segment (YoY)

(Millions of yen)

	FY2019			FY2020			YoY change		
	Net sales	Gross profit	Gross profit margin	Net sales	Gross profit	Gross profit margin	Net sales	Gross profit	Gross profit margin
Platform	35,746	9,382	26.2%	34,822	8,639	24.8%	-923	-742	-1.4%
Cloud technology	8,067	2,284	28.3%	7,573	1,761	23.3%	-493	-522	-5.1%
Sharing economy	3,165	1,109	35.1%	2,368	(10)	-0.5%	-796	-1,120	-35.5%
Other business	511	131	25.8%	400	123	30.9%	-111	-8	+5.1%
Adjustment (elimination or corporate)	(1,556)	(1,270)	-	(1,046)	(835)	-	+510	+434	-
Total	45,934	11,637	25.3%	44,119	9,678	21.9%	-1,815	-1,959	-3.4%
SG&A expenses (SG&A expenses ratio)	9,582		20.9%	8,837		20.0%	-744		-0.8%
Operating profit (operating margin)	2,055		4.5%	840		1.9%	-1,214		-2.6%





FY2021 Consolidated Forecast

1. Overview of Consolidated Forecast (YoY comparison)

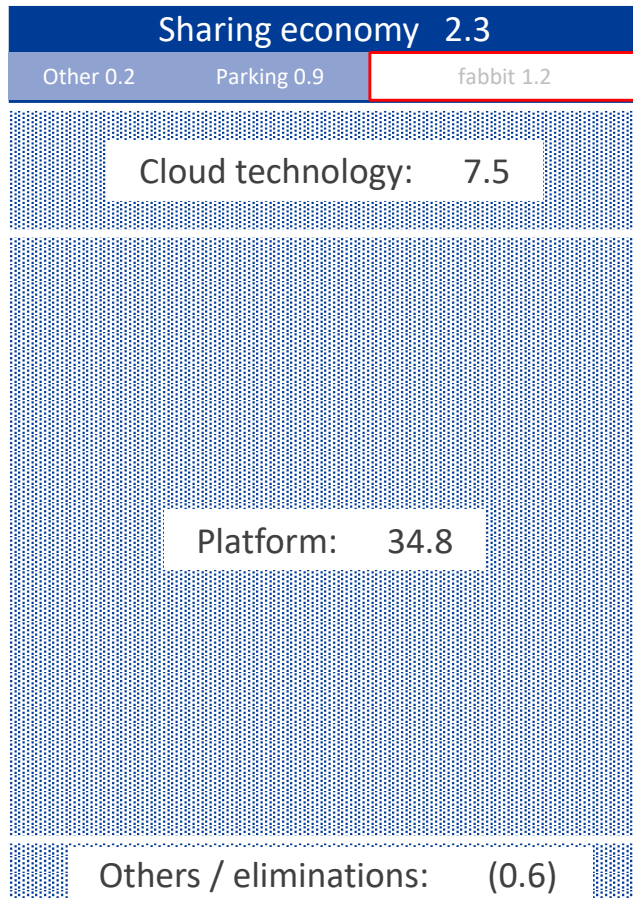
(Millions of yen)

	FY2020 Results	FY2021 Forecast	YoY change	
			Amount	%
Net sales	44,119	44,500	+380	+0.9%
Operating profit (operating margin)	840 (1.9%)	1,800 (4.0%)	+959 (+2.1%)	+114.2%
Ordinary profit	8	1,000	+991	-
Profit attributable to owners of parent	166	550	+383	+230.0%

Merger of fabbit and Systemsoft

1. Impact of the fabbit-Systemsoft Merger

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Systemsoft

fabbit (non-consolidated)
Net sales 1.3 billion yen
Operating profit (0.1) billion yen

fabbit 1.3

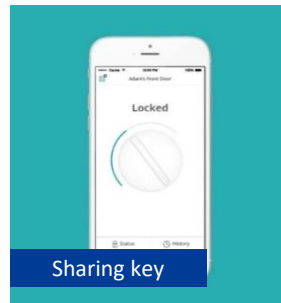
X-digital • SES

Note: Based on consolidated figures for FY2020; Unit: billions of yen

2. Reason for the fabbit-Systemsoft Merger

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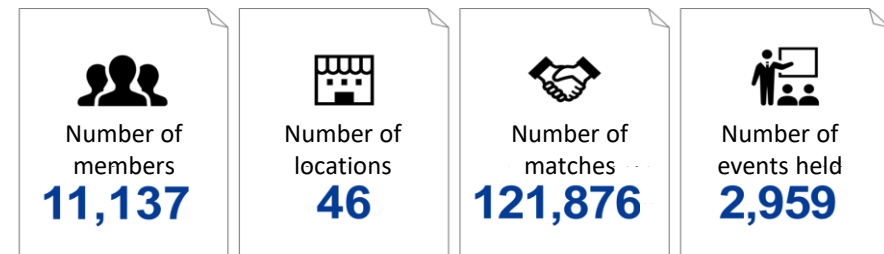
- Selection and concentration on Re-Tech
 - Platform
 - Cloud technology



Systemsoft

- Expect orders and collaboration with fabbit members
- Increase x-digital initiatives
- Strengthen collaboration with overseas IT firms

fabbit performance figures



Note: As of September 30, 2020

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Cautionary Statements

Amounts are rounded down to the nearest million yen and percentages are rounded off to the first decimal place. Accordingly, figures calculated using mathematical formulas and the resulting figures stated in this material may not agree. The information presented in these materials, excluding past results but including management strategies, plans, and forecasts, is forward-looking information, based on certain assumptions deemed reasonable in light of the information available at the time these materials were prepared. Actual results may differ significantly from these forecasts as a result of a variety of factors going forward. The information contained in these materials is subject to change without notice.

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