

APAMAN

FY2018 1Q FINANCIAL RESULTS

8 February, 2018

Apaman Co., Ltd.

JASDAQ:8889

agenda

1. Topics
2. 1Q of FY2018 Consolidated Results
3. 1Q of FY2018 Results by Segment
4. Business Strategy
5. FY2018 Consolidated Forecast
6. CSR
7. Company Profile




1 . Topics

(1) Topics

■ Results of OpeRatens (Promote work-style reforms and prior investment) (YoY, millions of yen)

Net sales	Operating income	Ordinary income	Profit
up3.6%	Down28.6%	Down67.7%	up13.9%
(9,416 → 9,756)	(242 → 173)	(134 → 43)	(61 → 69)

■ Business Topics (Expanded our Sharing economy business rapidly)

Sharing economy	Sharing economy	Sharing economy
private lodging	ecobike	fabbit
		
Start from June	Start from May	Direct opeRaten19shops, Partner 18shops
(Invested in Grandouce Inc.)	(Business partnership with OpenStreet Corp)	(Buyout of Mario Philippines./ Invest in Workbar inU.S.A.)

※As of February 8, 2018: Number of domestic stores includes those under design and construction.

2. 1Q of FY2018 Consolidated Results

(1 Over view of Consolidated Results (YoY)

(Millions of yen)

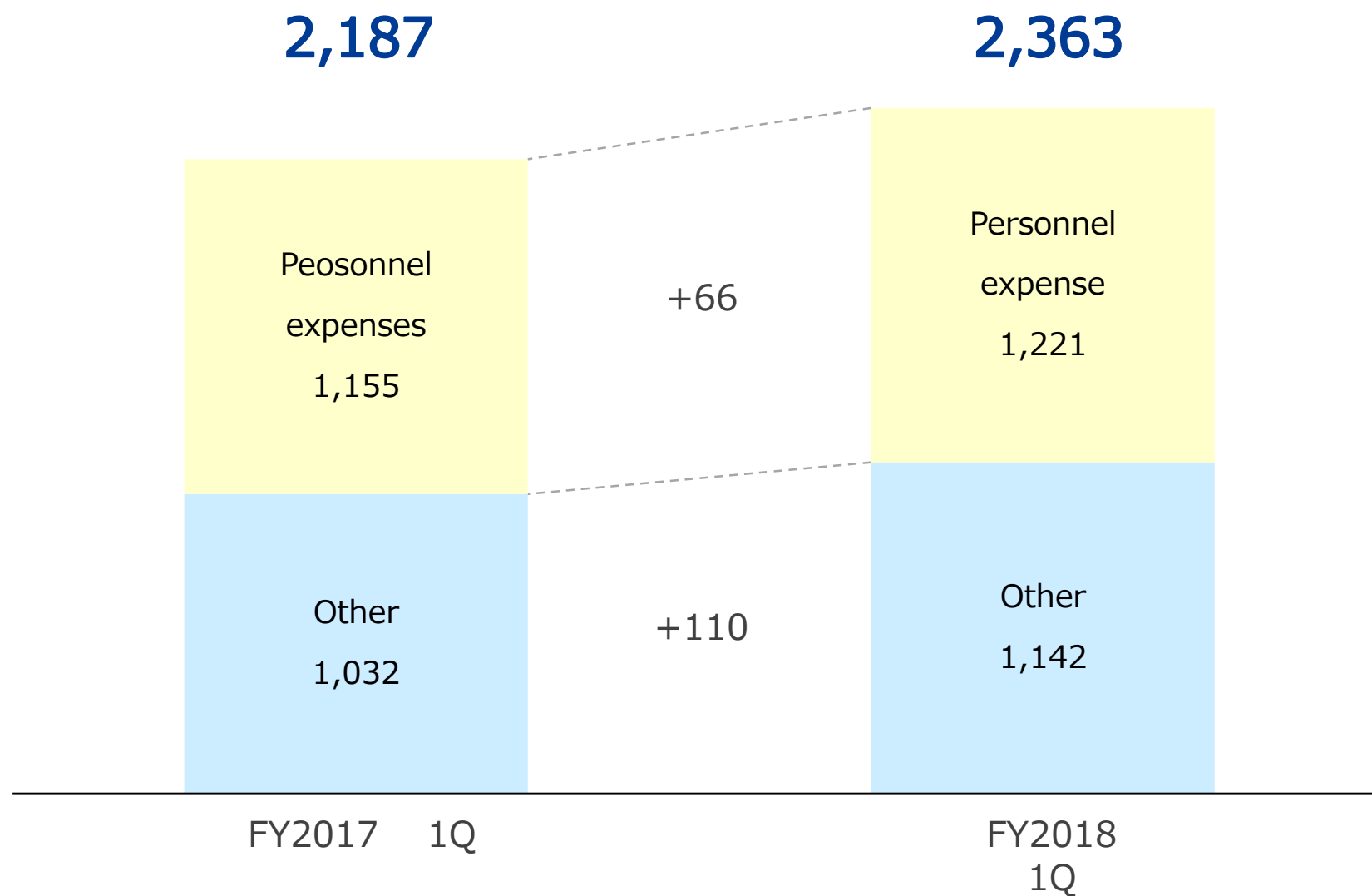
	FY2017 1 Q	FY2018 1 Q	YoY change	
			Amount	Rate
Net Sales	9,416	9,756	+340	+3.6%
Gross profit	2,430	2,536	+106	+4.4%
Operating income	242	173	▲69	▲28.6%
Ordinary income	134	43	▲91	▲67.7%
Profit attributable to owners of parent	61	69	+8	+13.9%
E B I T D A	658	585	▲73	▲11.1%

■ The reason of increase for Net sales and Gross profit → Increase for number of units under management/Increase for sales of primary products and services

■ The reason of decrease for Operating income and Ordinary income → Promote work-style reforms and prior investment

* EBITDA= Ordinary income + interest expenses + depreciation + amortization of goodwill

(2) SG&A Expenses (YoY)



(3) Overview of Consolidated Balance Sheet (vs.FY2017 end)

The transfer of fixed assets (16.6 billion yen) carried out on January 26, 2018 will affect the results of 2Q

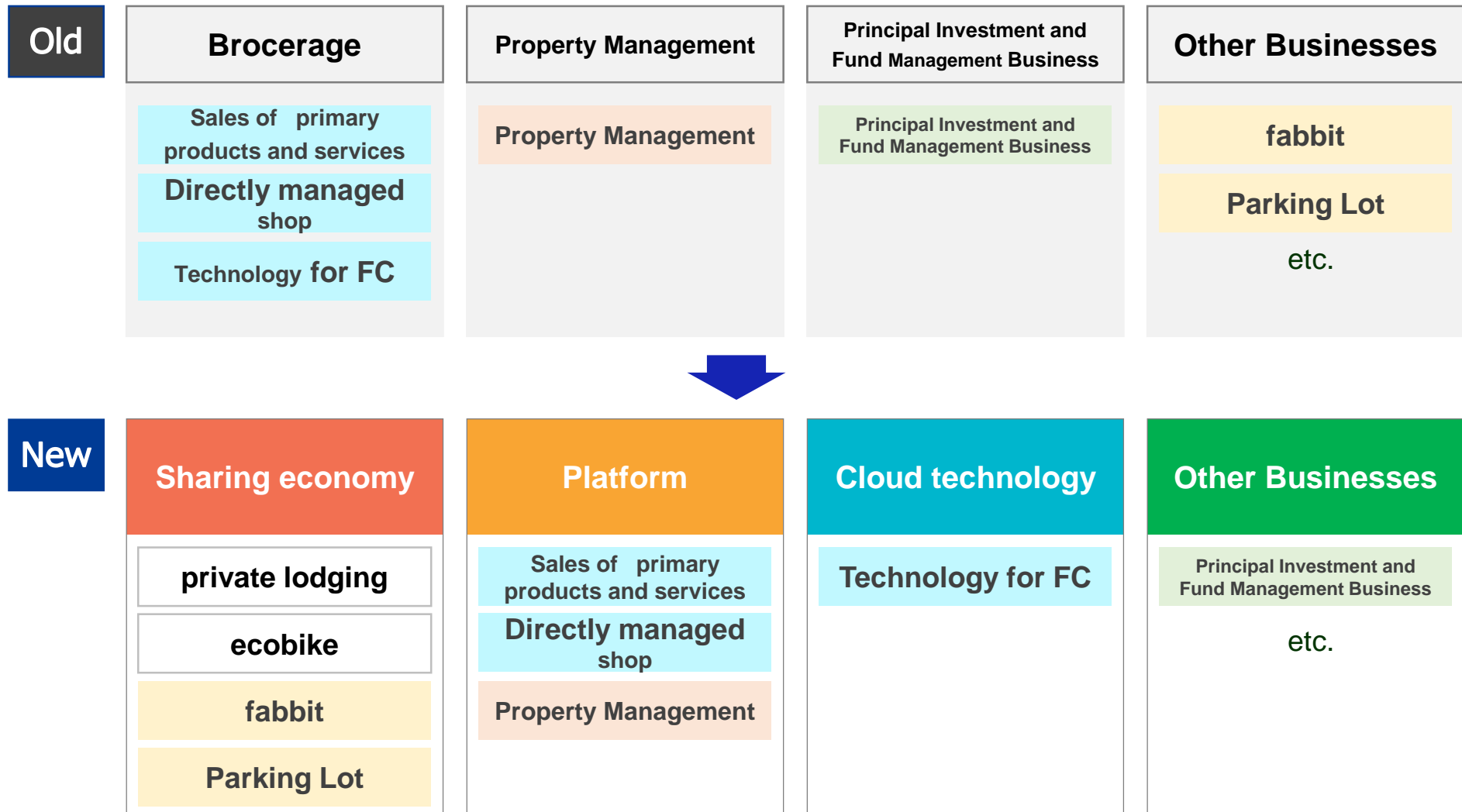
(Millions of yen)

Assets	FY2017 end	FY2018 1Q end	change	Liabilities and net assets	FY2017 end	FY2018 1Q end	change
Current assets	8,733	8,663	▲70	Current liabilities	9,393	9,936	+543
Cash and deposits	3,201	2,400	▲800	Accounts payable-trade	1,464	1,892	+428
Notes and accounts receivable-trade	1,473	1,465	▲8	Short-term loans payable*	2,915	3,242	+326
Securities	581	591	+10	Other	5,013	4,801	▲211
Other	3,477	4,205	+727	Non-current liabilities	28,230	27,706	▲524
Non-current assets	34,912	34,856	▲56	Long-term loans payable	23,596	23,018	▲578
Property, plant and equipment	16,625	16,930	+305	Long-term lease and guarantee deposited	4,159	4,129	▲30
Intangible assets	11,687	11,457	▲229	Other	473	558	+84
Goodwill	9,769	9,480	▲289	Total liabilities	37,623	37,642	+18
Other intangible assets	1,917	1,977	+59	Capital stock	7,983	7,983	±0
Investments and other assets	6,600	6,467	▲132	Net assets	6,023	5,877	▲146
Total assets	43,646	43,519	▲127	Toltal liabilities and net assets	43,646	43,519	▲127

*Include current portion of long-term loans payable

3. 1Q of FY2018 Results by Segment

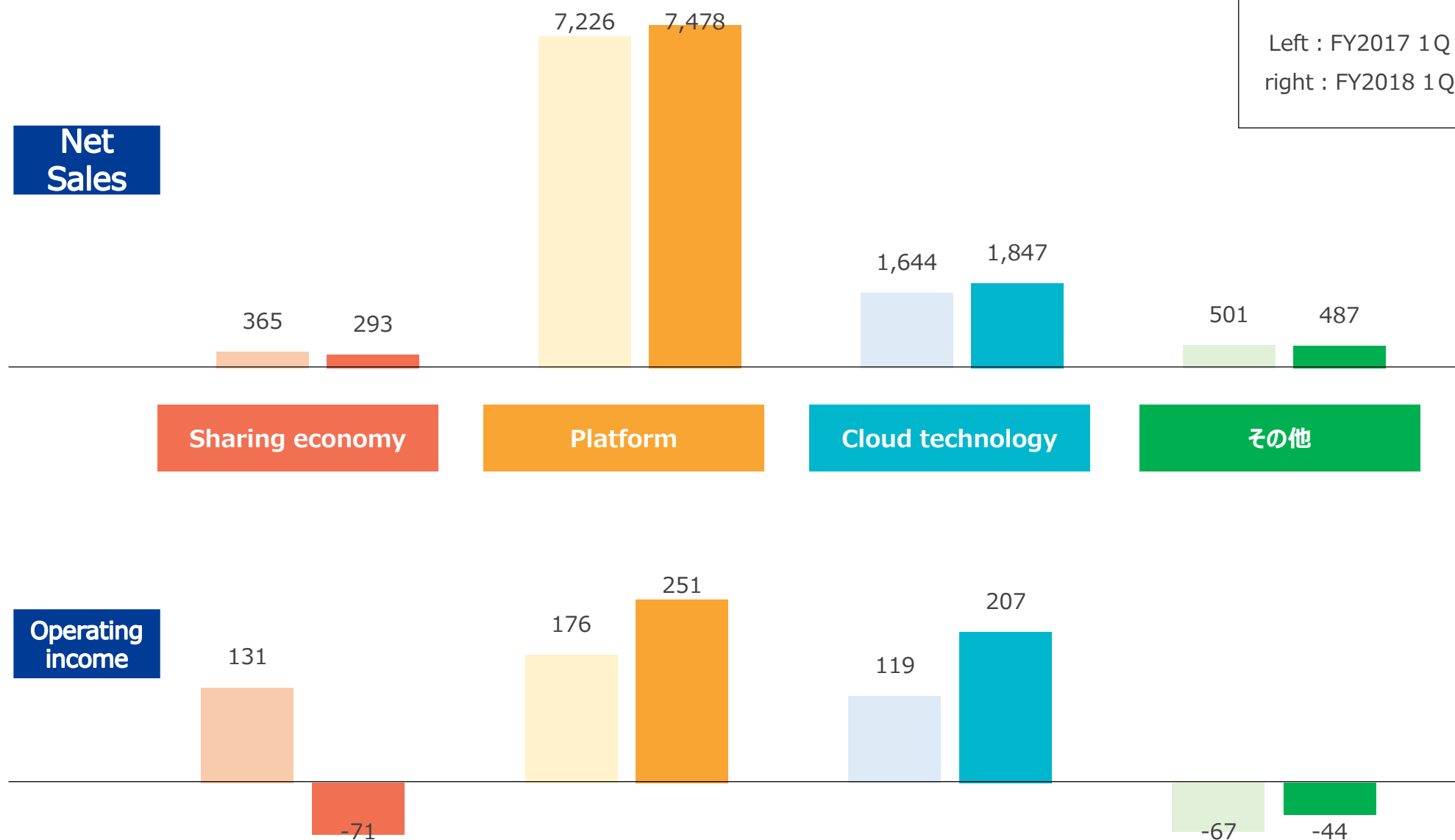
(1) Comparison between New and old Segment



(1) Net Sales ・ Operating income by segment (YoY)






(Millions of yen)

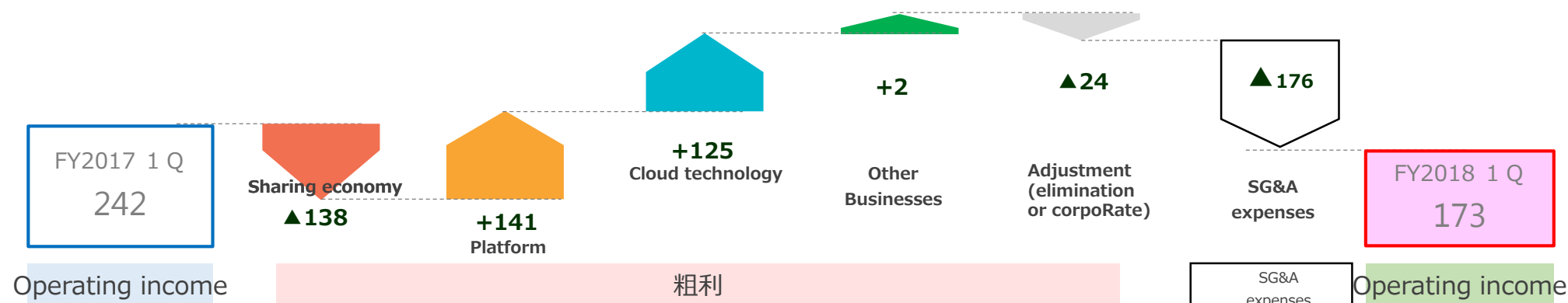
Left : FY2017 1 Q
right : FY2018 1 Q



(2) Analysis of Net Sales and Operating income by Segment (YoY)

(Millions of yen)

	FY2017 1Q			FY2018 1Q			YoY		
	Net Sales	Gross profit	Gross profit margin	Net Sales	Gross profit	Gross profit margin	Net Sales	Gross profit	Gross profit margin
 Sharing economy	365	183	50.1%	293	44	15.1%	▲72	▲138	▲34.9%
 Platform	7,226	1,912	26.4%	7,478	2,053	27.4%	+252	+141	+1.0%
 Cloud technology	1,644	340	20.7%	1,847	466	25.2%	+202	+125	+4.5%
 Other Businesses	501	171	34.2%	487	174	35.8%	▲14	+2	+1.5%
 Adjustment(elimination or corpoRate)	-321	-178	-	-349	-202	-	▲28	▲24	-
合計	9,416	2,430	25.8%	9,756	2,536	26.0%	+340	+106	+0.2%
SG&A expenses (SG&A expensesRate)	2,187		23.2%	2,363		24.2%	+176		+1.0%
Operating income (Operating margin)	242		2.6%	173		1.7%	▲69		▲0.8%



(3) Overview of Sharing economy Business (YonY)

(Millions of yen)

	FY2017 1 Q	FY2018 1 Q	YoY	
			Amount	Rate
Net Sales	365	293	▲72	▲19.7%
Operating income (Operating income margin)	131 (35.8%)	▲71 (-)	▲202	— (-)

private lodging



Start from June

(Invested in Grandouce Inc.)



ecobike



Start from May

(Business partnership with OpenStreet Co.,Ltd)

fabbit



Direct opoRaten19shops,Partner 18shops

(Buyout of Mario Philippines/
Invest in Workbar inU.S.A.)


Parking



Coin parking for 2,337cars

Invested in nokisaki Inc.



(4) Overview of Platform Business (YonY)

(Millions of yen)

		FY2017 1 Q	FY2018 1 Q	YoY	
				Amount	Rate
Net Sales		7,226	7,478	+252	+3.4%
Operating income (Operating income margin)		207 (2.6%)	251 (3.2%)	+43	+20.8%
Total number of units under management		70,516	73,470	+2,954	—
Per 1,000 units	Net Sales	87	86	▲ 1	—
	Operating income	3.4	5.1	+ 1.7	—
NO. of contracted franchises		1,149	1,144	▲ 5	—
Directly managed shops		104	107	+3	—
Per directly managed shop (Japan)	Net Sales	10.0	10.3	+0.3	—
	Operating income	0.4	0.0	▲ 0.4	—

Note: Net sales and operating income per shop are calculated based on the average number of directly managed shops (Japan) operated during the period.

(5) Overview of Cloud technology Business (YonY)

(Millions of yen)

	FY2017 1 Q	FY2018 1 Q	YoY	
			Amount	Rate
Net Sales	1,644	1,847	+202	+12.3%
Operating income (Operating income margin)	119 (7.2%)	207 (11.2%)	+88	+74.3%

■ Example of Cloud technology

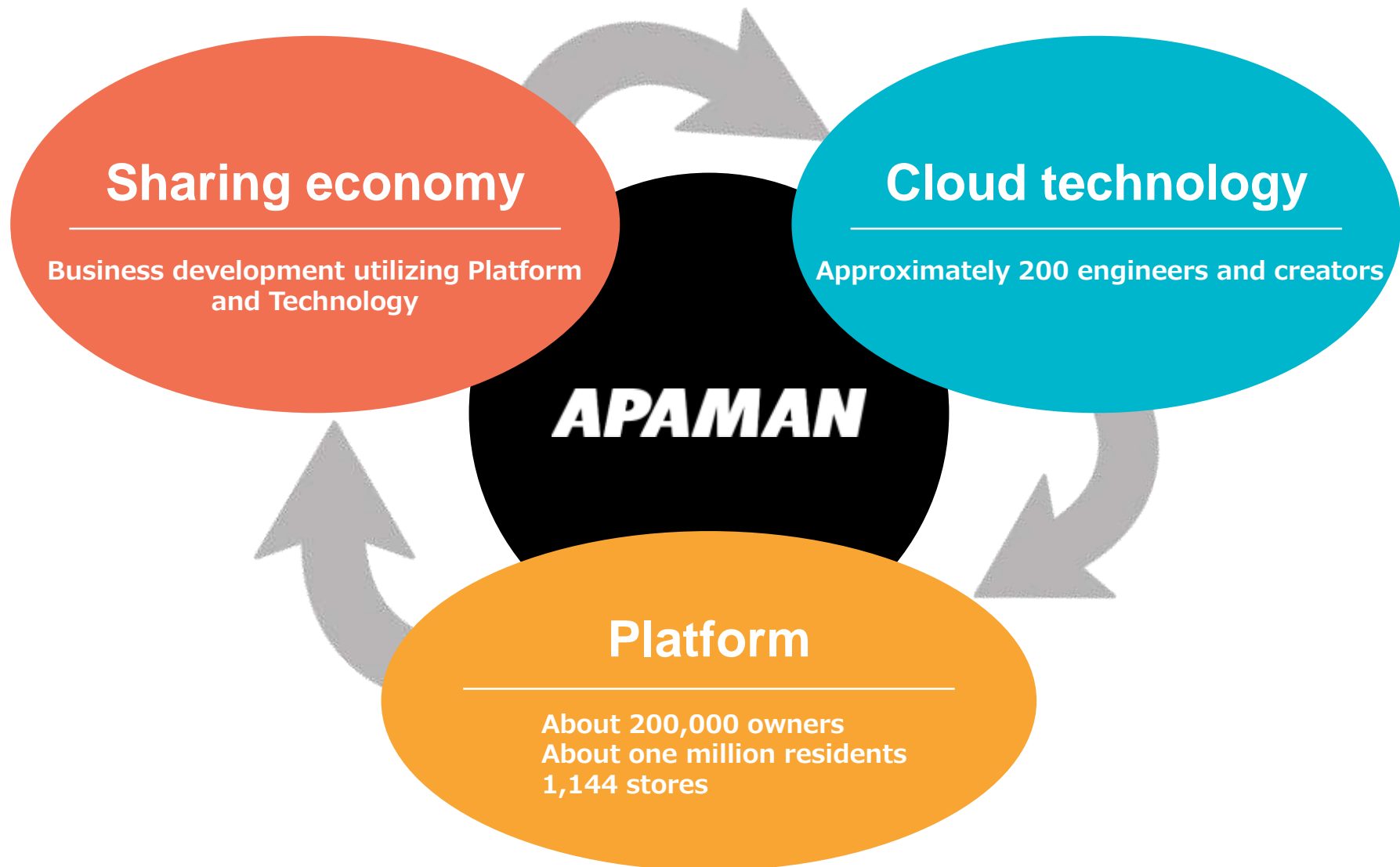
Introduction CLOUD

Store visitor CLOUD

Appraisal CLOUD

4 . Business StRategy

(1) Our Strength

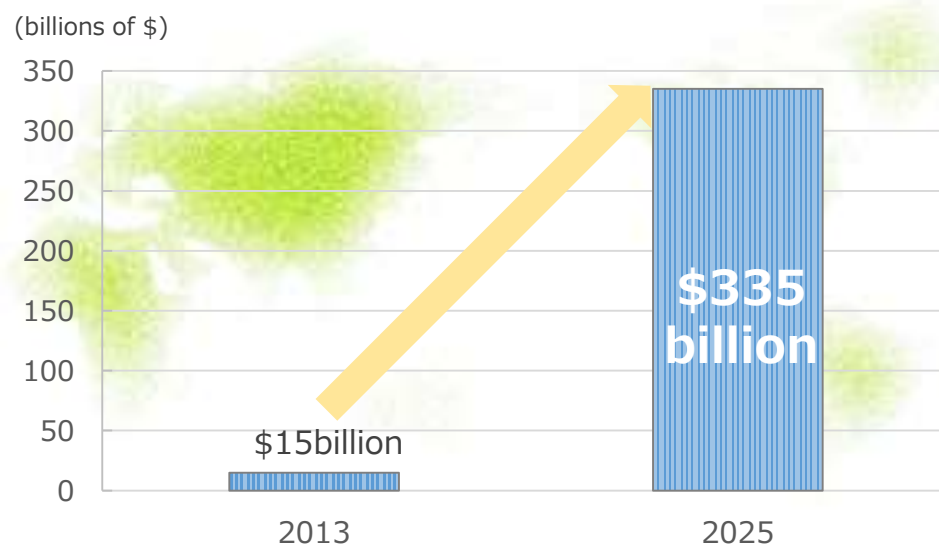


(2) Sharing economy StRategy (Market)

Enter the expanding global market

■ Global market

To \$ 335 billion in 2025



private lodging



Start from June

ecobike



Start from May

fabbit



Direct operation 19 shops, Partner 18 shops

Parking



Coin parking for 2,337 cars

* Source: Ministry of Economy, Trade and Industry "Information Communication White Paper Heisei 27th Edition"

(2) Sharing economy StRategy (private lodging/ecobike)

Expansion of business by investing in private lodging business company
and launching ecobike business

private lodging

Start from June

Special zone for private lodging

Osaka, Fukuoka ...

rules on the practice of renting out private lodging

15 June 2018

public lodging house

Refurbish existing houses
or build new houses

ecobike

Start from May

CO2-
reduction

Congestion
relaxation
in urban
areas

Illegal
parking
reduction

Expansion
of asset
value



(2) Sharing economy StRategy (Coworking)

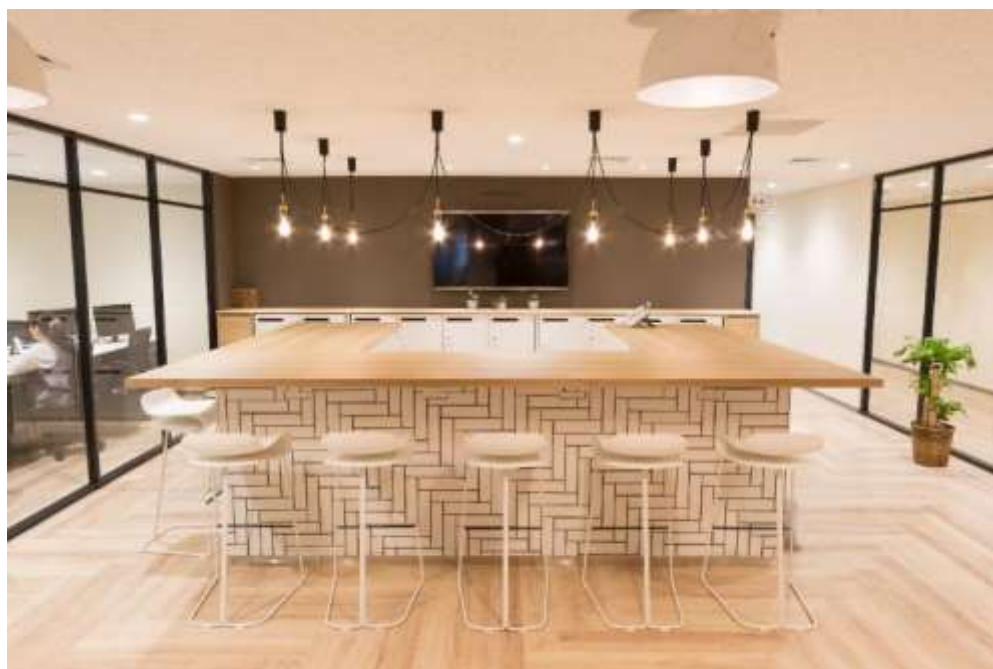
Direct opRaten19shops,Partner 18shops

fabb.it

Japan:18shops ;Overseas 1 shop



Partner 18shops in U.S.A.



※As of February 8, 2018: Number of domestic stores includes those under design and construction.
We invested in Workbar

(2) Sharing economy StRategy (Coworking)

Support Programs

- (1) Establishment of support forum
- (2) Hosting a monthly conference
- (3) Stepwise MTG by "Mentor" "Community Accelerator"
"Incubation Manager"
- (4) Entrepreneur exchange meeting · Networking party
- (5) Manufacturing pitch contest
- (6) Information dissemination about financial institutions
- (7) Introducing VC · Cloud Funding
- (8) Design Lab · Creative Lab · Engineer Lab
- (9) Interaction with Media company
- (10) Big Conference

Big Conference



Accelerators and mentors with great track records

fabbitt advisory board



Keith Krach
DocuSign, Inc.
Chairman of Board of Directors

Mr. Krach's accomplishments are numerous, from obtaining an MBA from Harvard University to being named the youngest VP in the history of GM, he was also the former CEO of Ariba. Mr. Krach has been named the National Entrepreneur of the year by Ernst & Young, and has won the Technology Pioneer Award at the World Economic Forum, etc.



Daniel Fujii
Trust Capital Co., Ltd.
President & CEO

After acquiring both a bachelor's and master's degree from Harvard University, Mr. Fujii served as Blackstone's Managing Director and President. He serves as a board director of the Harvard Club of Japan, an officer of the Philips Andover Asia Council, and is on the Board of Councilors for the US-Japan Council.



Michimasa Naka
Boardwalk Capital Inc.
President & CEO

After graduating from Keio University with a Science and Engineering degree, he also obtained a Master's in Engineering degree in 1989. He served as the Deputy President and Head of the Global Investor Sales for Citigroup Japan. He is a guest lecturer in Hitotsubashi and Keio Universities.

President, fabbitt Co., Ltd.



Yasunari Tanaka

After acquiring an MBA from Harvard Business School, Mr. Tanaka was in charge of trading and investment at Boston Consulting Group amongst other companies before becoming the Managing Director and President of fabbitt.

(2) Sharing economy StRategy (Parking)

Promote coin park, share park, Monthly WEB business



※Images are sample images or under construction.

(3) Platform StRategy

Improvement of profit by improving the satisfaction level of owners and residents and developing new services

Monetizing services for about 200,000 owners



Monetizing services for about 1 million owners



Emergency assistance



Insurance



Rent guarantees



Energy



Telcommunications



Financial services



NHK fee collection



Deodorants



Water dispensers



Fire retardant



(4) Cloud technology StRategy

Expand business speedily through aggressive alliances with companies developing, providing and providing cloud services in-house

AR-Tech

A lineup of 14 cloud services



Appraisal CLOUD



Introduction CLOUD



Store visitor CLOUD

など

Sharing Key

Key units using 3G/LTE



RPA

A robot automatically collects property information and sends the data to the core system



apamanshop.com



DocuSign



Evaluation system



fabbit tenant system



5 . FY2018 Consolidated Forecast

(1 Overview of Consolidated Forecast (YoY)

Revisions to the Consolidated Forecast by “The Concerning Record of Extraordinary Income and Income Taxes, Repayment of Borrowings and Reduction of Lease and Guarantee Deposited on Transfer of Fixed Assets”

(millions of yen)

	FY2017 Results	FY2018 forecast	YoY	
			Amount	Rate
Net Sales	40,262	40,500	+238	+0.6%
Gross profit	11,806	11,900	+94	+0.8%
Operating income	2,556 (6.4%)	2,600 (6.4%)	+44	+1.7% (±0%)
Ordinary income	2,017	2,100	+83	+4.1%
Profit attributable to owners of parent	1,300	800	▲500	▲38.5%

* EBITDA= Ordinary income + interest expenses + depreciation + amortization of goodwill

6 . CSR

(1) Our Philosophy regarding Corporate Social Responsibility (CSR)

More social contribution by companies will make Japan absolutely make better

People are vital elements of society and society is vital to the existence of companies. This is why we believe a company must be essential for both people and society by making contributions to human and social progress.

Earnings are not the only standard we use for reaching decisions. We firmly believe that business activities themselves must produce benefits for society.

We also believe that companies should return part of their earnings and resources to society. Earnings are one key to the success of a company. But making profits and playing a role in social progress go hand in hand. This thinking explains why we regard the use of some earnings for CSR as an obligation of all companies.

(2) Examples of Business Activities with CSR Benefits

Mathmaking Support “JUNOALL”

Aiming at marriage of 10,000 pairs a year



Our CEO is a member of the Cabinet Office 'Strategy Council on Overcoming Declining Birthrate'



* Source: NHK News Web January 22 "Strategy for Overcoming Declining Birth Strategy Conference Recommendations in June"

7 . Company Profile

(1) Company profile

Company name	Apaman Co., Ltd.
Established	October 20, 1999
President and CEO	Koji Omura
Capital	7,980 million yen (as of December 31, 2017)
Employees (Consolidated)	1,107 (as of December 31, 2017)
Head office	Asahi Seimei Otemachi Building,2-6-1, Otemachi, Chiyoda-ku, Tokyo
Group companies	Apaman Network Co., Ltd. Apaman Property Co., Ltd. Apamanshop Leasing Co., Ltd. Total of 24companies (Japan:20;Overseas:4)
事業内容	Sharing economy Platform Cloud technology
証券コード	8889 (JASDAQ スタンダード)



(2) Slogan

テクノロジーを核とした
革新的なサービスを提供する
グローバル企業へ

斡旋事業・賃貸管理事業拡大 (プラットフォームの構築・拡大)

- FC店舗数1,000店舗達成
- 直営店舗運営開始
- 管理戸数増加

不動産賃貸仲介業のIT化、
業界の質的向上を目指して設立



Notes on this material

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. Every effort has been made to ensure the accuracy of the information contained herein, but the Company makes no guarantee regarding the accuracy, usefulness, or timeliness of such information. The Company assumes no responsibility for losses incurred as a result of errors in the information contained herein.

These materials were prepared for the purpose of presenting an overview of the business of Apaman Co., Ltd., and its affiliates, and are not intended as a solicitation or offer for investment. Investment decisions are entirely those of the investor.