

APAMAN

Briefings on Financial Results
for the Third Quarter of the Fiscal Year Ending September 30, 2019 (FY2019)

July 30, 2019

APAMAN Co., Ltd.

JASDAQ: 8889



Sharing Economy

Sharp increase in sales and earnings

Significant increase in the number of "fabbit"
co-working facility members



Platform

Increase in sales and decrease in earnings

Impact of the Sapporo accident



Cloud Technology

Increase in sales and earnings

Growing use of the cloud and increasingly
positive web reaction

1. Benefits of Upfront Investments –Sharing Economy Business

1. Co-working



fabbit Global Gateway “ACROS Fukuoka”

Co-working

As of September 30, 2018

41 locations



As of June 30, 2019

43 locations

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 business partners.

1. Co-working

Significant increase in the number of members



Number of members

5,991



Number of locations

43



Number of matches
(Approx.)

92,000



Number of events held

2,421

Note: As of June 30, 2019.

- 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 (introductions) 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 (New concept)

A platform for global communications, fabbit Global Gateway has locations in Otemachi (Tokyo), Osaka Honmachi and Fukuoka Tenjin and plans to open a co-working facility in San Francisco during 2019



"Otemachi"



"ACROS Fukuoka"



"Osaka Honmachi"



"San Francisco"



fabbit Global Gateway "Otemachi"

1. Co-working (Opening of fabbit Hawaii)

A project supported by the U.S. Economic Development Administration and the Hawaii Technology Development Corporation



Note: fabbit occupies part of the building shown here.



1. Co-working (Opening of fabbit Kobe Sannomiya)

Certified by the innovation site promotion subsidy program of the City of Kobe and Hyogo Prefecture



1. Co-working (Comparisons with competitors)

fabbit

- Japan's largest co-working company
- Specializes in support for start-up companies and small companies that are reinventing themselves under new ownership and management

Company A

- Corporate value of about ¥5,000 billion
- World's largest co-working company
- Used mainly by big companies

Company B

- World's largest co-working business in terms of the number of rooms
- Rental office space is the core business

In the spirit of the Japanese government's 2016 strategy for the revitalization of Japan, fabbit provides support to start-up companies and small companies undergoing a transformation under new ownership and management. Assistance for matching the needs of these companies with the resources of large companies is another service of fabbit. With 21 locations in Japan and 22 in other countries, fabbit is Japan's largest co-working company in terms of the number of locations (note 1). There are approximately 6,000 members (note 2). This infrastructure facilitates collaboration among these locations as well as the exchange of information among members.

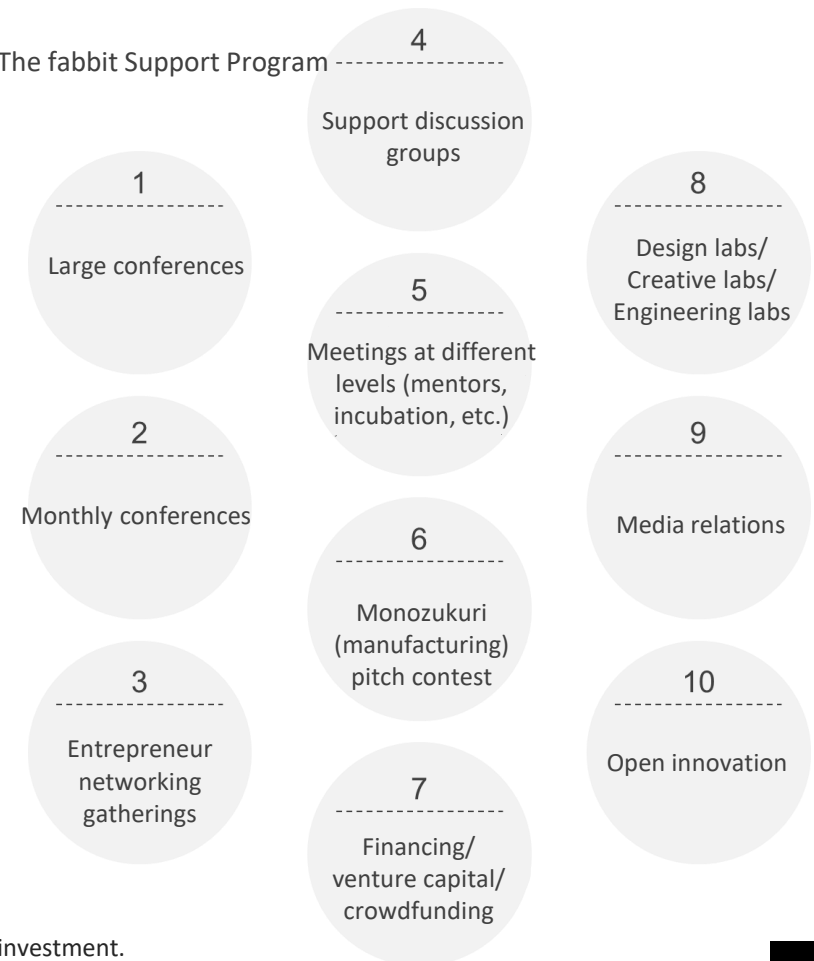


Profile of CEO

After earning a Harvard MBA, Mr. Tanaka worked at Boston Consulting Group and other organizations until his appointment as president of fabbit. Translated to Japanese "Entering StartUpLand" by Jeffrey Bussgang.



▼ The fabbit Support Program



Note 1: 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.

Note 2: The number of members includes fabbit, Compass and companies where the APAMAN Group has made an investment.

1. Co-working (Alliances and other collaboration)

Interaction with many prominent ecosystem players in Japan and overseas

Japan

- Supported the Entrepreneur Koshien event held by NICT and the Ministry of Internal Affairs and Communications
- Presentation by the fabbit CEO at the Science & Innovation Forum held by the Cabinet Office, City of Fukuoka and others
- Operating COMPASS Kokura, a private/public-sector co-working facility, with the City of Kitakyushu
- Operating fabbit Hachioji as part of facilities to support manufacturing innovation in Tokyo's Tama district
- Operating a start-up support fund with Nippon Venture Capital Co., Ltd.
- Equity and business alliance with Campfire, Japan's largest crowdfunding site
- Business alliance concerning the sharing economy for human resources with Workshift Solutions Co., Ltd., Japan's largest crowdsourcing service platform for outsourcing jobs worldwide
- Business alliance concerning a worker with professional skill sharing service with Pasona Inc.
- Conducted an open innovation program created with Creww Inc.
- Conducted a joint creation problem solving class at Kyushu University
- Participation in the development of an entrepreneurship program by Kyushu Institute of Technology
- Started an open innovation service for large companies
- The fabbit Fund made investments in Workshift Solutions Co., Ltd., Mamasan & Company, and Hatch Create Works Co., Ltd.
- Acquired shares of StreetAcademy, Inc.
- Holding of Independents Club Tokyo with Nippon Venture Capital Co., Ltd.
- Alliance with the Trusted B-to-B communication platform
- Reinforced alliance between the fabbit joint business organization and Nishi-Nippon City Bank
- Grand opening of fabbit Kobe Sannomiya
- Participated as a mentor in the HR Tech accelerator program of WILL GROUP, INC.
- Held the Hachioji Business Plan Contest 2019 at fabbit Hachioji

Overseas

- Business alliance including jointly holding Slush (Tokyo), the world's largest start-up event
- President of APAMAN named to Advisory Board of DocuSign (NASDAQ)
- Fenox Venture Capital (Operator of Startup World Cup Kyushu Preliminary Tournament)
- Fenox Venture Capital (Judge, Startup World Cup Japan Preliminary Tournament)
- Acquired shares of Workbar (Boston)
- Acquired shares of fabbit (the Philippines)
- Speech by Wikipedia founder Jimmy Wales at fabbit National Conference 2017
- Speech by Twitter co-founder Biz Stone at fabbit National Conference 2017
- Started the fabbit Global Gateway (Otemachi, Osaka Honmachi, ACROS Fukuoka) co-working space business to serve start-up companies with global aspirations
- Speech by YouTube co-founder Chad Hurley at fabbit National Conference 2018
- Speech by Apple co-founder Stephen Wozniak at fabbit National Conference 2018
- Speeches by Chad Hurley and Stephen Wozniak at Global Innovators in Startup City Fukuoka
- Participated in Hult Prize preliminary judging in the Tokyo area

1. Co-working (Alliances and other collaboration)

Interaction with many prominent ecosystem players in Japan and overseas



Note: Photos were taken at the fabbit National Conference 2018, held in Tokyo on December 5, and Global Innovators in Startup City Fukuoka on December 6.

1. Co-working (Selected locations)



- Address: 1-1-1, Tenjin, Chuo-ku, Fukuoka
(Directly connected to Tenjin underground shopping mall, five-minute walk from Exit No. 16 of Tenjin Station)
- Opened: December 7, 2018
- Seats: 28 designated seats, including seats in 12 individual rooms
100 non-reserved seats, conference rooms
- Floor area: 455.34m²



1. Co-working (Selected locations)



fabbit Global Gateway "Otemachi"



fabbit Global Gateway "Osaka Honmachi"



fabbit Aoyama



fabbit Otemachi



fabbit Ginza



fabbit Hachioji



fabbit Sakae



fabbit Hiroshima Ekimae



COMPASS Kokura

2. Parking



Parking

As of September 30, 2018

3,028 parking spaces

↓ + 559

As of June 30, 2019

3,587 parking spaces

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

3. Minpaku



Minpaku

As of September 30, 2018

716 rooms

↓ + 325

As of June 30, 2019

1,041 rooms

Notes: The number of locations includes sites that have been leased but not yet started operations.
Locations operated by our affiliates are included.

3. Minpaku (Selected locations)



Grandouce Sejour



Grandouce Shitennoji



Grandouce Dotonbori



Grandouce Nihombashi



Grandouce Namba-nishi



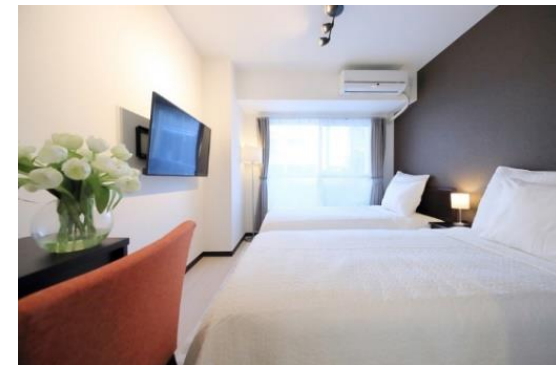
Grandouce Villa Tsuruhashi



Grandouce Hakata



Grandouce Buena Vista



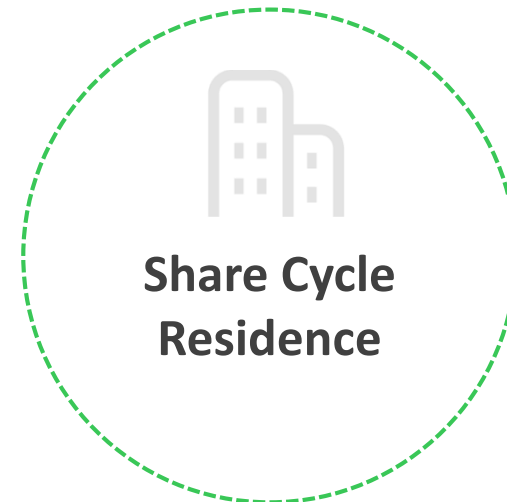
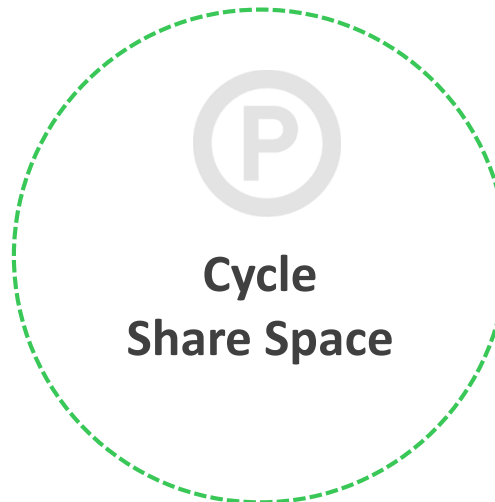
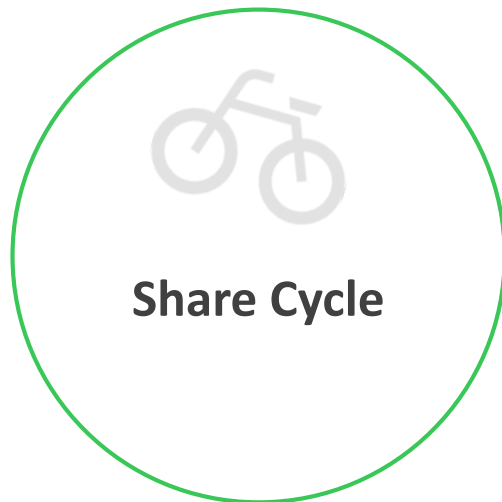
Grandouce Namba-higashi

4. Share Cycle

ecobike is a bicycle sharing business that reflects the goals of Japan's Bicycle Use Promotion Act that was enacted in 2017. This business provides a highly useful service that is part of the sharing economy. In addition, ecobike provides a data mining service that uses information about the destinations of people who use ecobikes.

This business currently has agreements with 12 municipalities in Japan for the provision of its Share Cycle service.

Going on more step, ecobike has started a Cycle Share Space service for sharing bicycle parking spaces and a Share Cycle Residence service that allows residents of a condominium building to use a single pool of bicycles.



4. Share Cycle



Share Cycle

As of September 30, 2018

841 bicycles

↓ + 64

As of June 30, 2019

905 bicycles

Bicycle sharing agreements have been signed with the following municipalities:

Fukutsu City, Iizuka City, Koga City, Munakata City, Nakagawa City, Taito-ku, Machida City, Yamato City, Chiba City, Isen-cho, Tokunoshima-cho, Amagi-cho

Note: The number of bicycles includes bicycles that have been contracted but are not yet in use and is the total of bicycles used for Share Cycle, Cycle Share Space and Share Cycle Residence services.

2. 3Q FY2019 Consolidated Results

1. Overview of Consolidated Results (YoY comparison)

(Millions of yen)

	3Q FY2018	3Q FY2019	Remarks	YoY change	
				Amount	%
Net sales	30,556	35,483	Sales increase in the three major business segments: Sharing Economy, Platform, and Cloud Technology	+4,927	+16.1%
Gross profit	8,554	9,200	Sharp increase in earnings in the Sharing Economy Business	+646	+7.6%
SG&A expenses	7,227	7,287		+59	+0.8%
Operating profit	1,326	1,913	Sharp increase in earnings in the Sharing Economy Business	+586	+44.2%
Ordinary profit	821	1,488	Sharp increase in earnings in the Sharing Economy Business	+667	+81.2%
Profit attributable to owners of parent	(498)	67	Accident losses -1.0 billion yen Insurance revenue +310 million yen	+566	-
EBITDA ^{Note}	2,178	2,784	Benefits of sharp increase in earnings in the Sharing Economy Business	+605	+27.8%

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

2. Overview of Consolidated Balance Sheet (vs. end-FY2018)

(Millions of yen)

Assets	End-FY2018	3Q FY2019	YoY change	Remarks
Current assets	14,641	13,366	-1,275	
Cash and deposits	7,773	5,813	-1,960	
Notes and accounts receivable-trade	1,567	1,732	+164	
Operational investment securities	1,031	1,064	+32	
Other	4,268	4,756	+487	Short-term loans receivable: +592
Non-current assets	20,904	20,197	-706	
Property, plant and equipment	4,693	4,613	-80	
Intangible assets	9,207	8,970	-236	
Goodwill	7,215	6,931	-283	
Other intangible assets	1,991	2,039	+47	
Investments and other assets	7,003	6,613	-389	
Total assets	35,545	33,563	-1,981	

Liabilities and net assets	End-FY2018	3Q FY2019	YoY change	Remarks
Current liabilities	10,523	10,102	-421	
Accounts payable-trade	1,005	1,324	+318	
Short-term loans payable ^{Note}	1,979	2,096	+116	
Other	7,538	6,681	-857	Accrued taxes: -983
Non-current liabilities	20,474	19,028	-1,445	
Long-term loans payable	17,797	16,327	-1,469	
Long-term lease and guarantee deposited	1,750	1,678	-71	
Other	926	1,022	+95	
Total liabilities	30,998	29,131	-1,867	
Capital	7,983	7,983	-	
Net assets	4,546	4,432	-114	
Total liabilities and net assets	35,545	33,563	-1,981	

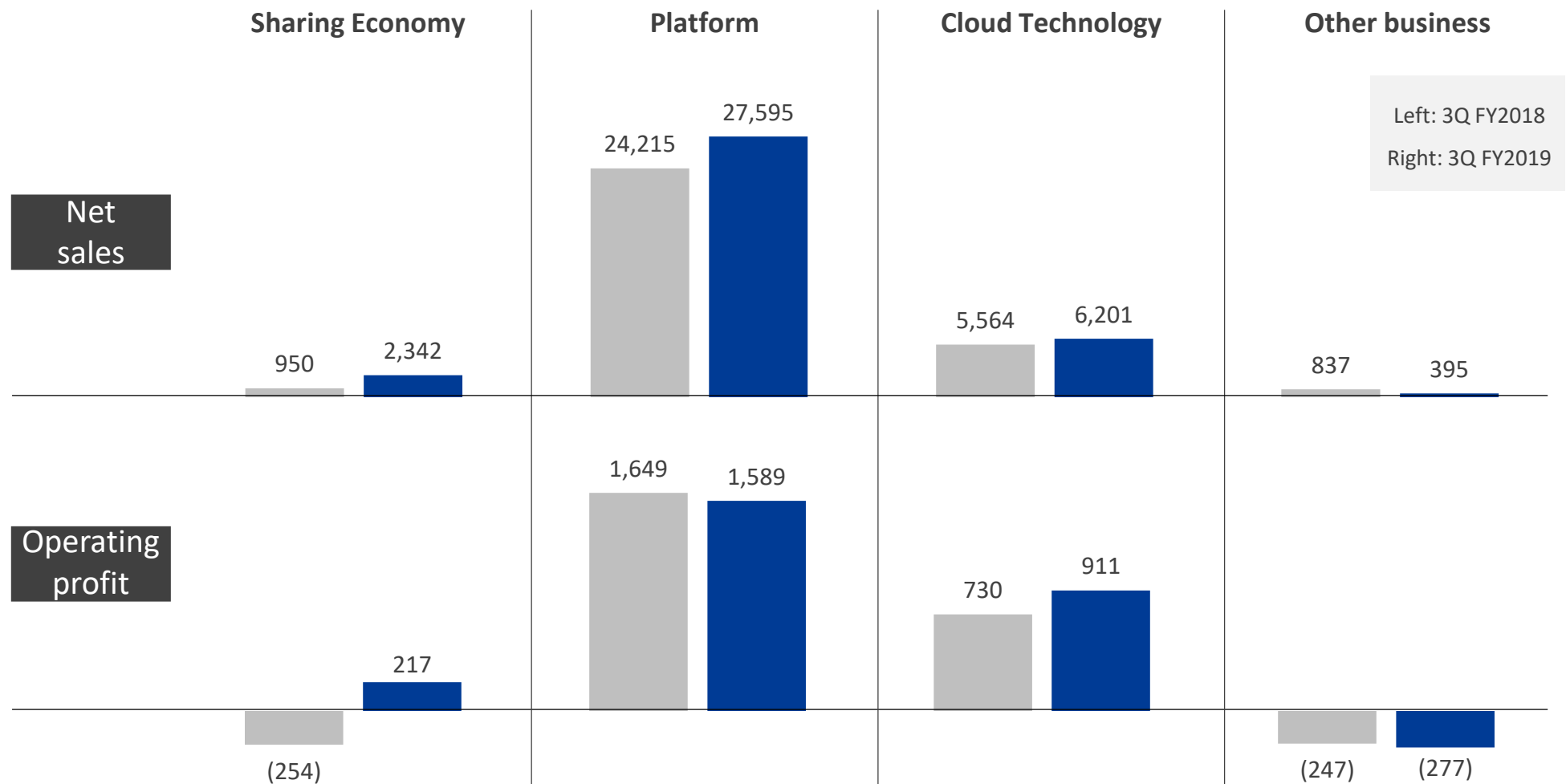
Note: Includes current portion of long-term loans payable

3. 3Q FY2019 Results by Segment

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

Net sales increased in all three segments

(Millions of yen)



2. Sharing Economy Business (YoY comparison)

(Millions of yen)

	3Q FY2018	3Q FY2019	YoY change	
			Amount	%
Net sales	950	2,342	+1,391	+146.5%
Operating profit	(254)	217	+472	-

Co-working



Directly managed locations

41 → **43**

Parking



3,028 parking spaces

→ **3,587** parking spaces

Minpaku



716 rooms → **1,041** rooms

Share Cycle



Contracted bicycles

841 bicycles → **905** bicycles

Notes: The number of locations/bicycles includes sites/bicycles that have been leased but not yet started operations or not yet in use
 Minpaku locations include rooms operated by our affiliates
 Share cycle includes contracted bicycles at alliance partners

3. Platform Business (YoY comparison)

(Millions of yen)

	3Q FY2018	3Q FY2019	YoY change	
			Amount	%
Net sales	24,215	27,595	+3,379	+14.0%
Operating profit	1,649	1,589	-60	-3.7%

Stores



Number of directly managed
franchised stores

107 stores → **92** stores

Property management



Number of units under management

90,198 units → **85,810** 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

1,477 million yen → **1,463** million yen

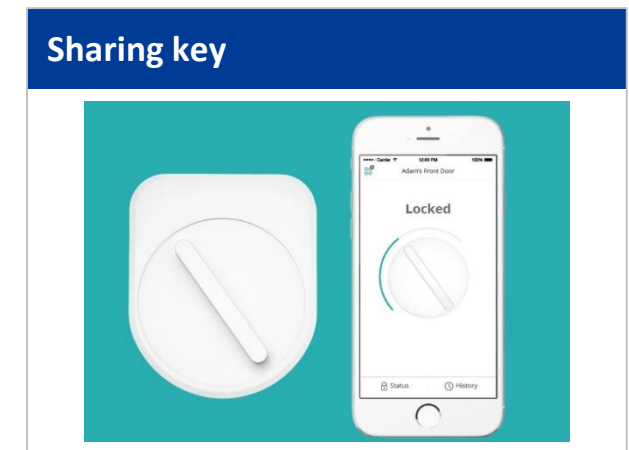
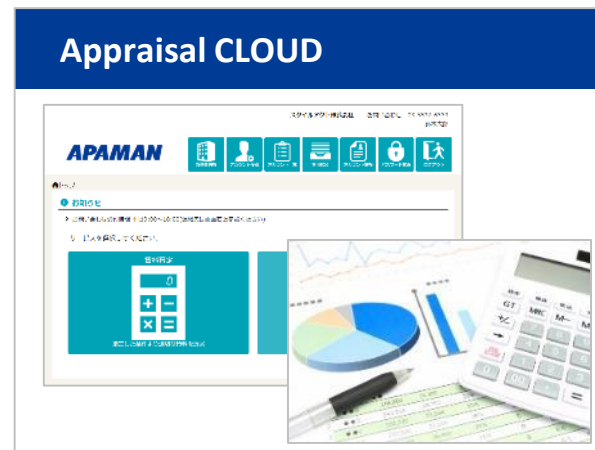
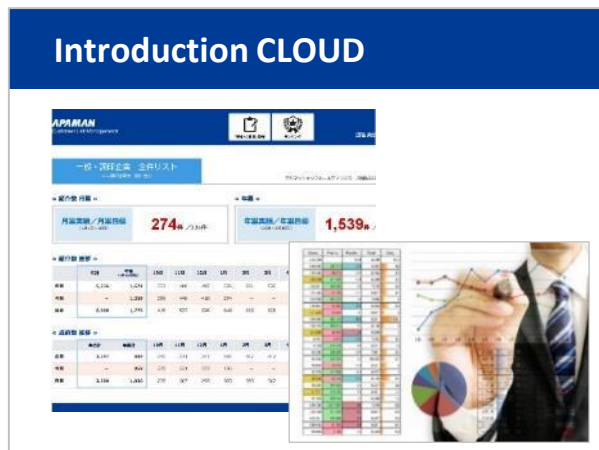
Note: Directly managed stores are gradually converted to franchised stores

4. Cloud Technology Business (YoY comparison)

(Millions of yen)

	3Q FY2018	3Q FY2019	YoY change	
			Amount	%
Net sales	5,564	6,201	+637	+11.5%
Operating profit	730	911	+181	+24.8%







Cloud technology services

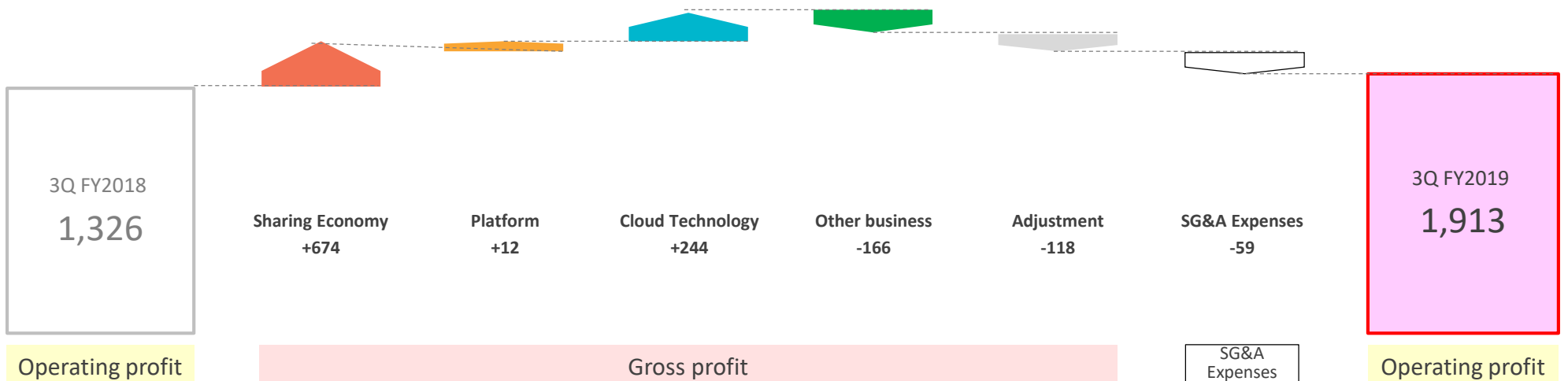


Note: The sharing key is a product of a company in which APAMAN has made an investment

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

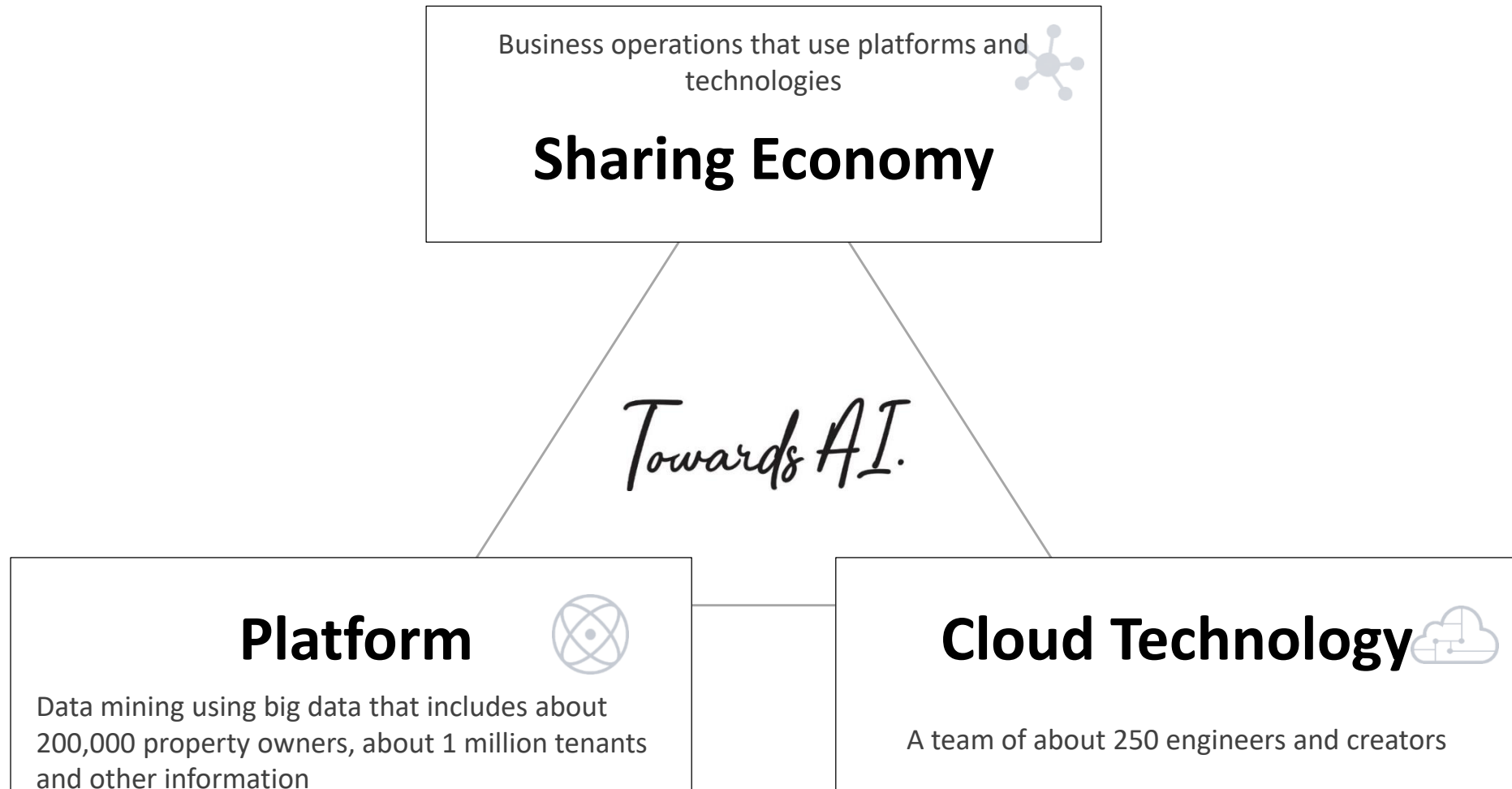
(Millions of yen)

	3Q FY2018			3Q FY2019			YoY change		
	Net sales	Gross profit	Gross profit margin	Net sales	Gross profit	Gross profit margin	Net sales	Gross profit	Gross profit margin
 Sharing Economy	950	117	12.3%	2,342	791	33.8%	+1,391	+674	+21.5%
 Platform	24,215	7,447	30.8%	27,595	7,459	27.0%	+3,379	+12	-3.7%
 Cloud Technology	5,564	1,427	25.7%	6,201	1,671	27.0%	+637	+244	+1.3%
 Other business	837	273	32.7%	395	107	27.2%	-441	-166	-5.5%
 Adjustment (elimination or corporate)	(1,010)	(711)	-	(1,050)	(830)	-	-40	-118	-
Total	30,556	8,554	28.0%	35,483	9,200	25.9%	+4,927	+646	-2.1%
 SG&A expenses (SG&A expenses ratio)	7,227		23.7%	7,287		20.5%	+59		-3.2%
Operating profit (operating margin)	1,326		4.3%	1,913		5.4%	+586		+1.1%



4. 3Q FY2019 Consolidated Forecast and Growth Strategy

1. Core Strengths of the APAMAN Group



Notes: Platform figures include the franchised operations

Cloud Technology engineers and creators are totals for all group companies

2. Overview of Consolidated Forecast (YoY comparison)

(Millions of yen)

	FY2018 Results	FY2019 Forecast	YoY change	
			Amount	%
Net sales	41,682	45,000	+3,318	108.0%
Operating profit (operating margin)	1,626 (3.9%)	2,000 (4.4%)	+374 (+0.5%)	123.5%
Ordinary profit	881	1,400	+519	160.0%
Profit attributable to owners of parent	(1,073)	(100)	+973	-

Note: Accident losses -1.0 billion yen
Insurance revenue +310 million yen



Strategy for FY2019

Aim for growth of sales and earnings while
continuing to make upfront investments

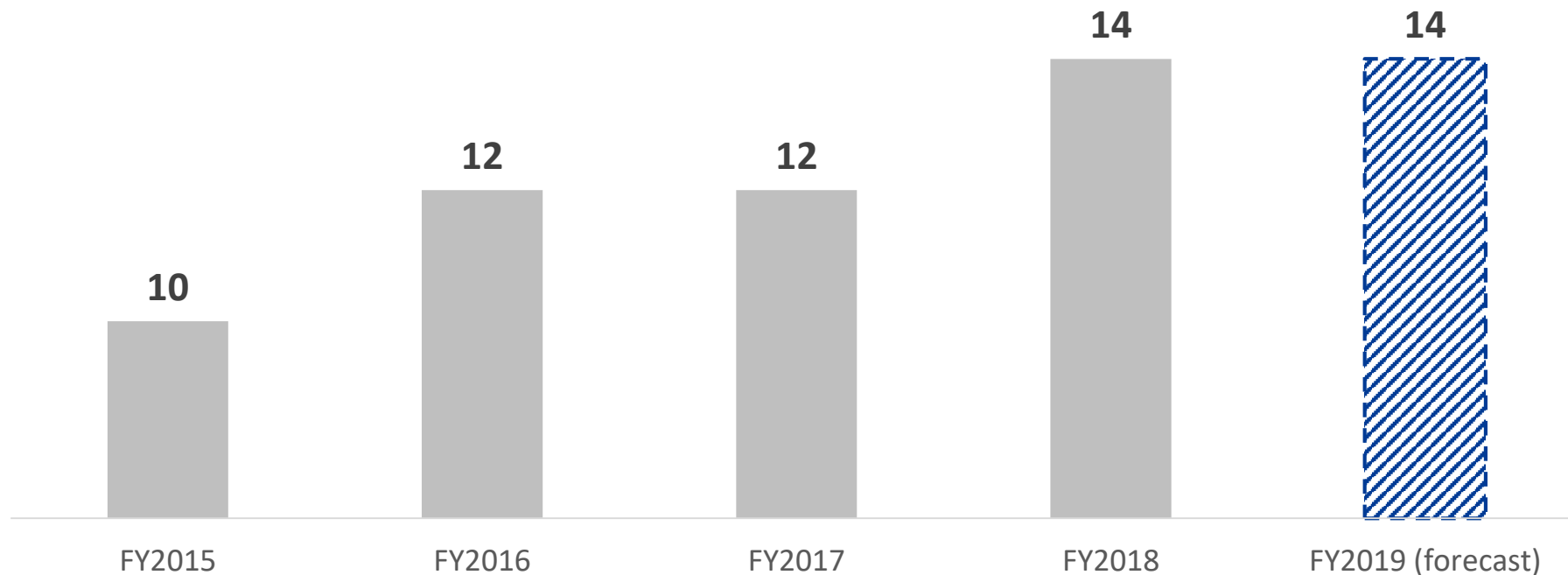
5. Dividend Policy

1. Dividend Policy

Distributing earnings to shareholders is one of our highest priorities. The basic policy is to distribute earnings in a manner that takes into account results of operations and other applicable items. Although business operations are in the stage of making upfront investments, we plan to pay dividends consistently in order to express appreciation to shareholders for their support.

■ Year-end dividend per share

(Yen)



2. Company Profile

Company name	APAMAN Co., Ltd.
President and CEO	Koji Omura
Capital	7,980 million yen (as of September 30, 2018)
Employees (consolidated)	1,208 (as of September 30, 2018)
Head office	Asahi Seimei Otemachi Building, 2-6-1, Otemachi, Chiyoda-ku, Tokyo
Main business	Sharing Economy Platform Cloud Technology
Securities Code	8889 (JASDAQ Standard)



APAMAN

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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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