

**APAMAN**

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

February 13, 2019

APAMAN Co., Ltd.

JASDAQ: 8889

# Our Sincere Apology

Apaman extends its sincere apology to everyone who was affected by the explosion that occurred on December 16, 2018. This includes people who were injured, residents of the area where the accident happened and all others who were affected by this incident. We hope that people who were injured will recover quickly and we pledge to do everything possible to provide assistance for repairing damage caused by the explosion.

We are taking many actions in order ensure that this type of accident will never happen again.

Please refer to the press release dated today titled “Notice of Extraordinary Loss/Income and Reduction in Director Remuneration Due to the Explosion in Sapporo” for more information.

# 1. Benefits of Upfront Investments –Sharing Economy Business

# 1. Co-working



fabbit Global Gateway “ACROS Fukuoka” opened on December 7, 2018

## Directly managed Co-working locations

As of September 30, 2018

**22** locations



As of December 31, 2018

**23** locations

(Domestic 20, Overseas 3)

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



# 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 (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 Fukuoka Growth Next, a private/public-sector co-working facility, with the City of Fukuoka
- Operating COMPASS Kokura, a private/public-sector co-working facility, with the City of Kitakyushu
- Opened fabbit Hachioji as part of facilities to support manufacturing innovation in Tokyo's Tama district
- Started the Leap Over accelerator program (phase 3) with Mitsubishi UFJ Research and Consulting Co., Ltd.
- Established 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 young worker with professional skill sharing service with Pasona Inc.
- Announcement of 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
- Published forbes customize magazine(fabbit special)
- The fabbit Fund made its first investment by purchasing shares of Mamasan & Company
- Acquired shares of StreetAcademy, Inc.
- Holding of Independents Club Tokyo with Nippon Venture Capital Co., Ltd. , fabbit's business partner Workshift Solutions Co., Ltd. announced business plan

### 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



# 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)



**fabbit**

Global Gateway “ACROS Fukuoka”



- 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: 455.34m<sup>2</sup>





# 1. Co-working (Selected locations)



FGG "Otemachi"



FGG "OsakaHonmachi"



fabbit Aoyama



fabbit Otemachi



fabbit Ginza



fabbit Nihonbashi



fabbit Akihabara



fabbit Kyobashi



fabbit Hachioji



fabbit Sakae



fabbit Hiroshima Ekimae



fabbit Osakahonmachi



fabbit Shinosaka



fabbit Osakafukushima



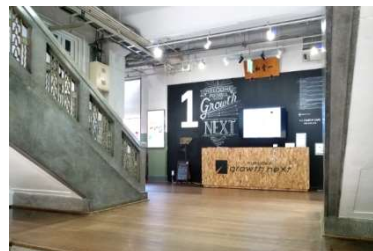
fabbit Okayamatoiyacho



fabbit Hakata



fabbit Kitakyusyu



Fukuoka Growth Next



COMPASS Kokura



fabbit Philippines



## 2. Parking



### Parking

As of September 30, 2018

**3,028** parking spaces



As of December 31, 2018

**3,092** parking spaces

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



## 2. Parking(Selected locations)





### 3. Minpaku



## Minpaku

As of September 30, 2018

**716** rooms



As of December 31, 2018

**770** 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 Casa-Comoda



Grandouce Nihombashi



Grandouce Namba-nishi



Grandouce Villa Tsuruhashi



Grandouce Villa Tengachaya



Grandouce Hakata



Grandouce Buena Vista



Grandouce Namba-higashi



Grandouce Rokugodote



## 4. Share Cycle



### Share cycle

As of September 30, 2018

**490** bicycles



As of December 31, 2018

**511** bicycles

Bicycle sharing agreements have been signed with the following municipalities:  
Fukutsu City, Iizuka City, Koga City, Munakata City, Isen-cho, Tokunoshima-cho, Amagi-cho

Note: The number of bicycles includes bicycles that have been leased but are not yet in use

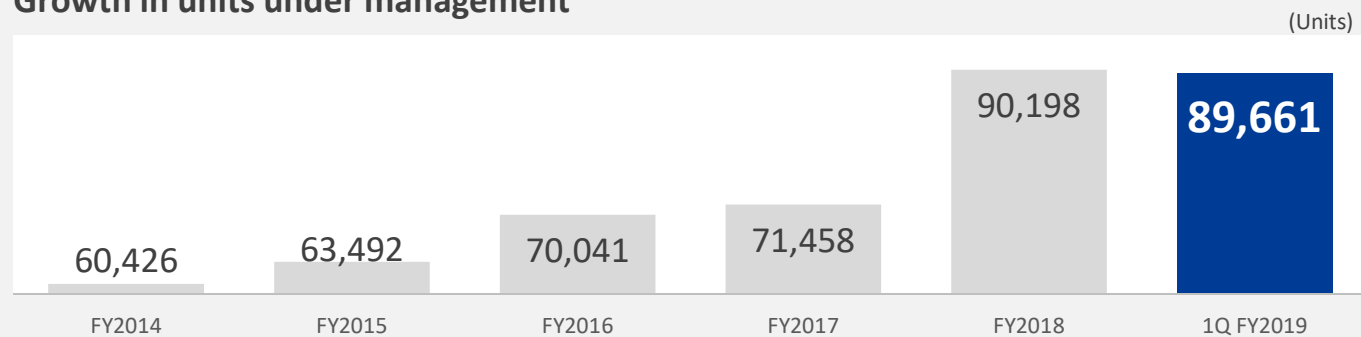


## 2. Benefits of Upfront Investments –Platform Business

# 1. Apartment Rental Management



Growth in units under management



## Apartment rental management

As of September 30, 2018

**90,198** units

↓ -537 units

As of December 31, 2018

**89,661** units

## 2. Included and Associated Services

Property owner  
database<sup>Note</sup> for about  
200,000 people

Tenant database<sup>Note</sup> for  
about 1 million  
people

About 1 million  
units under  
management<sup>Note</sup>

Note: Estimate of about 7 million people for the intermediary  
database

### ▼ Examples of additional included 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

and others

## Gross profit of included and associated services

1Q FY2018

**416** million yen



**+85** million yen

1Q FY2019

**508** million yen

Note: Includes the operations of franchised locations



### 3. 1Q FY2019 Consolidated Results

# 1. Overview of Consolidated Results (YoY comparison)

(Millions of yen)

	1Q FY2018	1Q FY2019	Remarks	YoY change	
				Amount	%
Net sales	9,756	11,290	Increase in the number of properties under management in the Platform Business	+1,533	+15.7%
Gross profit	2,536	2,647	Increase in the number of properties under management in the the Sharing Economy Business	+110	+4.4%
SG&A expenses	2,363	2,470	Upfront investments in the Sharing Economy Business	+106	+4.5%
Operating profit (operating margin)	173 (1.8%)	177 (1.6%)	Upfront investments in the Sharing Economy Business	+3	+2.1%
Ordinary profit	43	-2	Equity-method loss of -50 million yen	-46	-
Profit attributable to owners of parent	69	-1,208	Accident losses -1 billion yen Insurance revenue +80 million yen	-1,278	-
EBITDA <sup>Note</sup>	585	416	Decrease in leasing income due to sale of properties in prior FY	-169	-35.7%

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	1Q FY2019	YoY change	Remarks	Liabilities and net assets	End-FY2018	1Q FY2019	YoY change	Remarks
<b>Current assets</b>	<b>14,641</b>	<b>12,897</b>	<b>-1,840</b>		<b>Current liabilities</b>	<b>10,523</b>	<b>11,006</b>	<b>-482</b>	
Cash and deposits	7,773	5,322	-2,451		Accounts payable-trade	1,005	1,312	+306	
Notes and accounts receivable-trade	1,567	1,791	+224		Short-term loans payable <sup>Note</sup>	1,979	2,627	+647	
Operational investment securities	1,031	1,122	+91		Other	7,538	7,066	-471	Accrued taxes: -1,236 Provision for accident losses: 767
Other	4,268	4,660	+392		<b>Non-current liabilities</b>	<b>20,474</b>	<b>19,941</b>	<b>-533</b>	
<b>Non-current assets</b>	<b>20,904</b>	<b>21,136</b>	<b>+232</b>		Long-term loans payable	17,797	17,379	-417	
Property, plant and equipment	4,693	4,882	+189		Long-term lease and guarantee deposited	1,750	1,721	-29	
Intangible assets	9,207	9,375	+168		Other	926	840	-86	
Goodwill	7,215	7,357	+141		<b>Total liabilities</b>	<b>30,998</b>	<b>30,947</b>	<b>-51</b>	
Other intangible assets	1,991	2,018	+26		<b>Capital</b>	<b>7,983</b>	<b>7,983</b>	<b>—</b>	
Investments and other assets	7,003	6,878	-124		<b>Net assets</b>	<b>4,546</b>	<b>3,086</b>	<b>-1,460</b>	
<b>Total assets</b>	<b>35,545</b>	<b>34,034</b>	<b>-1,511</b>		<b>Total liabilities and net assets</b>	<b>35,545</b>	<b>34,034</b>	<b>-1,511</b>	

Note: Includes current portion of long-term loans payable

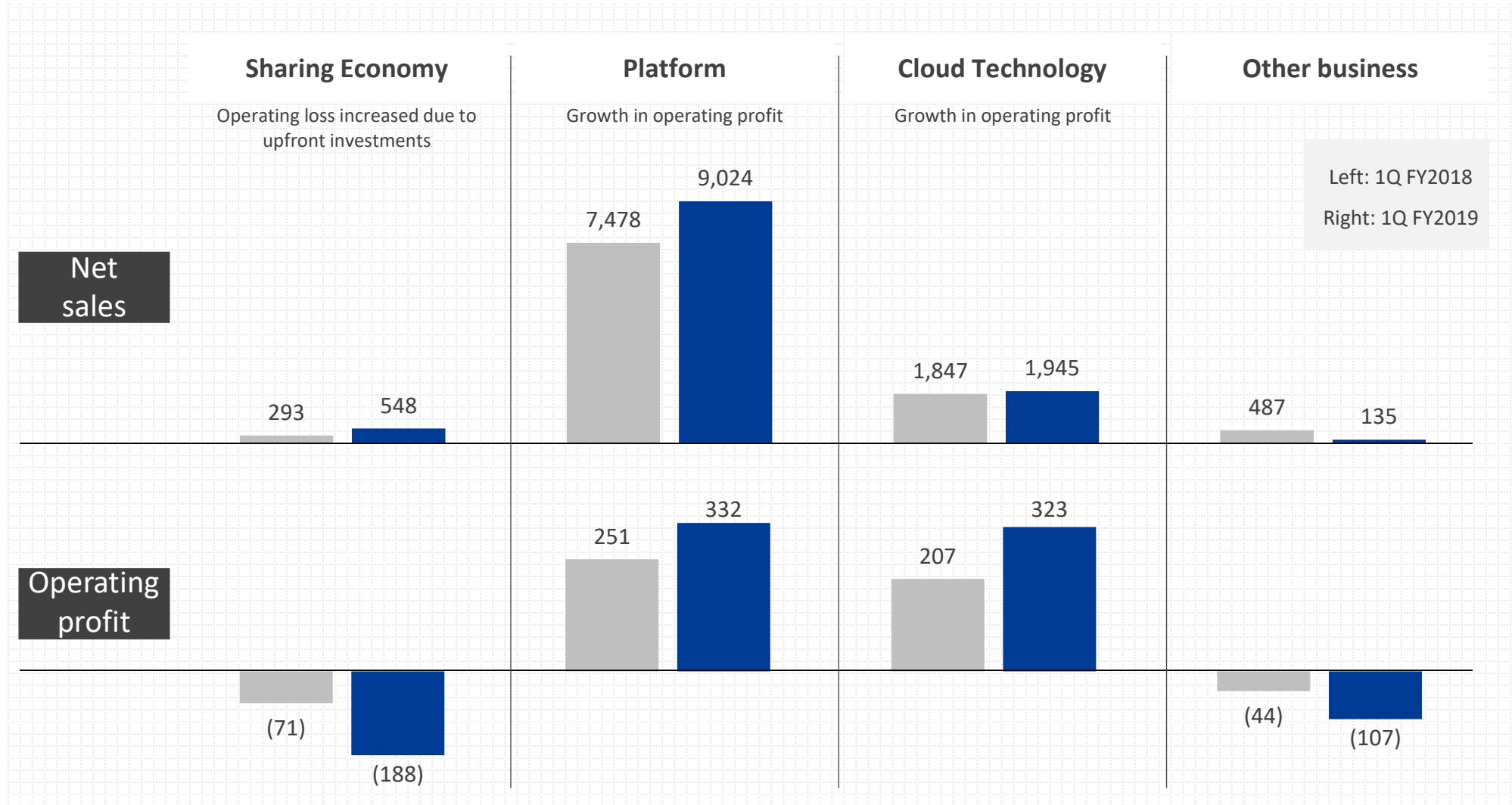


## 4. 1Q FY2019 Results by Segment

# 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)

	1Q FY2018	1Q FY2019	YoY change	
			Amount	%
Net sales	293	548	+255	+87.2%
Operating profit (operating margin)	(71)	(188)	-177	-165.1%

### Co-working



Directly managed locations

22 → **23**

### Parking



Parking spaces

3,028 → **3,092**

### Minpaku



716 rooms → **770** rooms

### Share cycle



Contracted bicycles

490 bicycles → **511** 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 bicycles at alliance partners

### 3. Platform Business (YoY comparison)

(Millions of yen)

	1Q FY2018	1Q FY2019	YoY change	
			Amount	%
Net sales	7,478	9,024	+1,545	+20.7%
Operating profit (operating margin)	251	332	+81	+32.4%

#### Stores



Number of directly managed  
108 stores → **107** stores

#### Property management



Number of units under management  
90,198 units → **89,661** 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  
416 million yen → **508** million yen

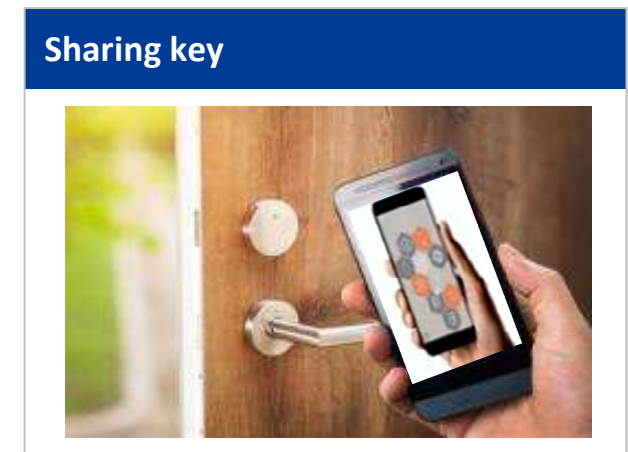


## 4. Cloud Technology Business (YoY comparison)

(Millions of yen)

	1Q FY2018	1Q FY2019	YoY change	
			Amount	%
Net sales	1,847	1,945	+97	+5.3%
Operating profit (operating margin)	207	323	+116	+55.9%







### Cloud technology services

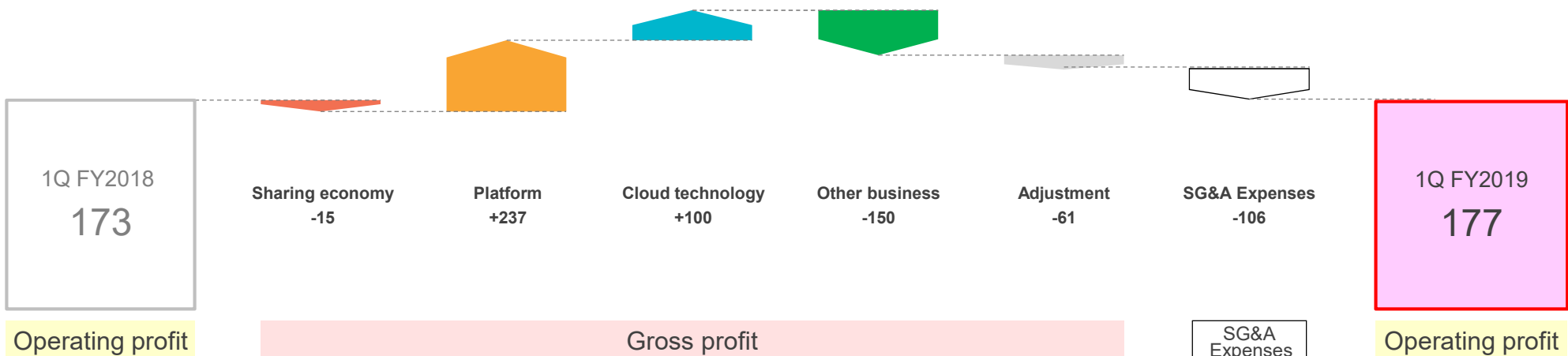


Note: The sharing key is a product of a company in which APAMAN has made an investment

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

(Millions of yen)

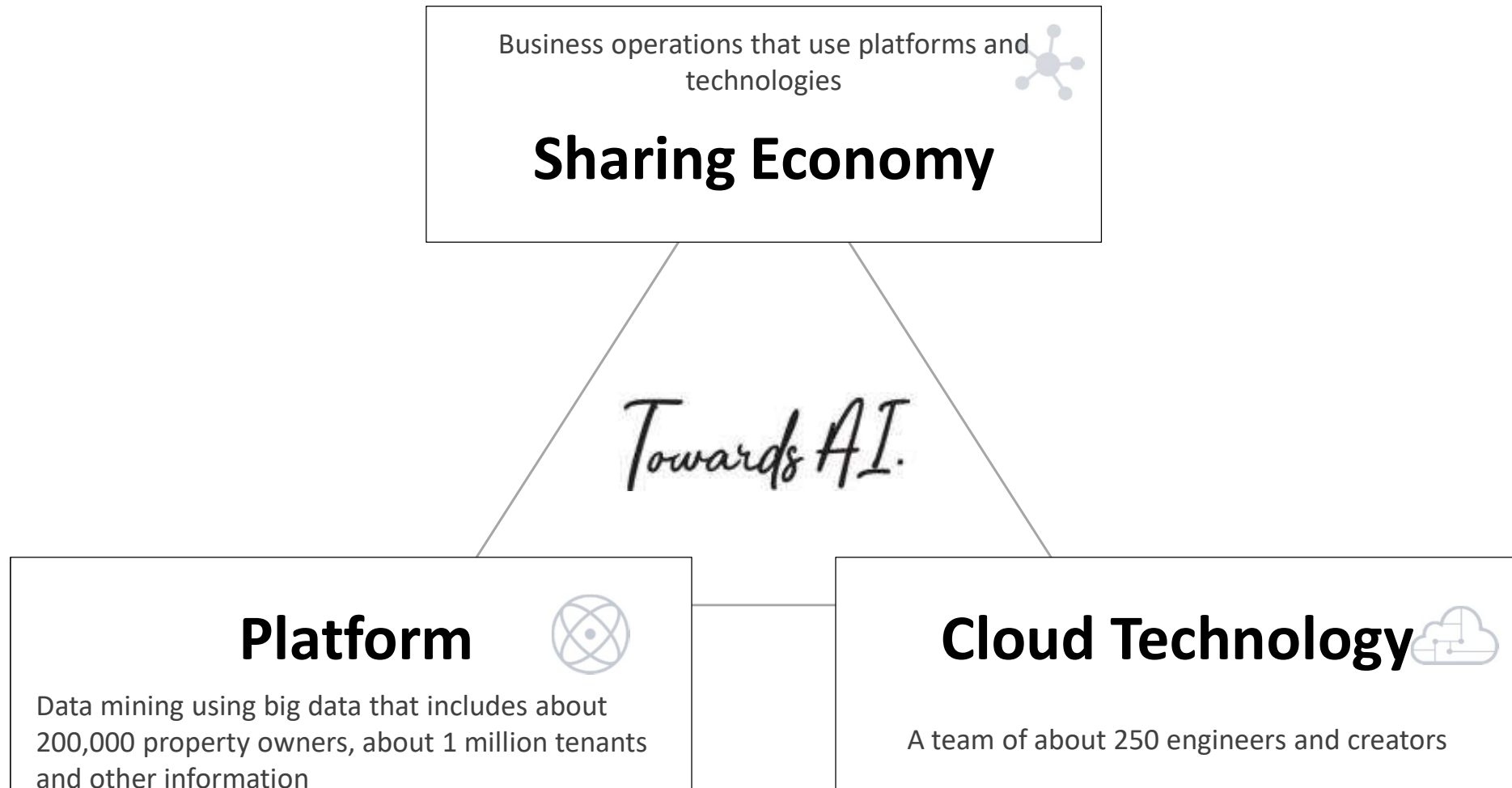
	1Q FY2018			1Q FY2019			YoY change		
	Net sales	Gross profit	Gross profit margin	Net sales	Gross profit	Gross profit margin	Net sales	Gross profit	Gross profit margin
 <b>Sharing Economy</b>	293	44	15.2%	548	29	5.3%	+255	-15	-6.0%
 <b>Platform</b>	7,478	2,053	27.5%	9,024	2,291	25.4%	+1,545	+237	15.4%
 <b>Cloud Technology</b>	1,847	466	25.3%	1,945	567	29.2%	+97	+100	+102.9%
 <b>Other business</b>	487	174	35.8%	135	24	18.0%	-352	-150	-42.7%
 <b>Adjustment (elimination or corporate)</b>	(349)	(202)	—	(363)	(264)	—	-13	-61	—
<b>Total</b>	9,756	2,536	26.0%	11,290	2,647	23.5%	+1,534	+110	+7.2%
 <b>SG&amp;A expenses (SG&amp;A expenses ratio)</b>	2,363		24.2%	2,470		21.9%	+106		+7.0%
<b>Operating profit (operating margin)</b>	173		1.8%	177		1.6%	+3		+0.2%



## 5. 1Q 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	-

### 3. Consolidated Forecast by Segment (YoY comparison –Sharing Economy Business)

**Goal is to become profitable while continuing to make upfront investments**

(Millions of yen)

	FY2018 Results	FY2019 Forecast	YoY change
Operating profit	(462)	0	+462

	Co-working	Parking	Minpaku	Share cycle
FY2018 Results	22 locations	3,028 parking spaces	716 rooms	490 bicycles
	↓	↓	↓	↓
FY2019 Targets	23 locations	4,000 parking spaces	1,500 rooms	600 bicycles

Notes: All figures are on a contractual basis and include group companies  
Minpaku locations include rooms operated by our affiliates  
Share cycle includes bicycles at alliance partners



## 4. Consolidated Forecast by Segment (YoY comparison –Platform Business)

**Steady growth in operating profit due to an increasing occupancy rate and higher gross profit of included and associated services**

(Millions of yen)

	FY2018 Results	FY2019 Forecast	YoY change
Operating profit	1,973	2,200	+227

	Number of units under management		Gross profit of included and associated services
FY2018 Results	90,198 units		1,981 million yen
	↓		↓
FY2019 Targets	100,000 units		2,200 million yen

## 5. Consolidated Forecast by Segment (YoY comparison –Cloud Technology Business)

### Full-scale launch of robot process automation and artificial intelligence businesses

(Millions of yen)

	FY2018 Results	FY2019 Forecast	YoY change
Operating profit	1,147	1,150	+3

#### RPA

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



#### AR-Tech

A lineup of 14 cloud services



Introduction CLOUD



Store visitor CLOUD



Appraisal CLOUD

etc...

#### AI Scanner

A scanner reads property information and converts it to a text format





## Strategy for FY2019

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



## 6. 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***

## **Cautionary Statements**

These materials are prepared based on consolidated financial report for the second quarter of the fiscal year ending September 30, 2019. 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.

Every effort has been made to ensure the accuracy of the information contained herein, but APAMAN makes no guarantee regarding the accuracy, usefulness, or timeliness of such information. APAMAN 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 the business overview of APAMAN and its affiliates, and are not intended as a solicitation or offer for investment. Investment decisions are entirely those of the investors.