

**APAMAN**

# Briefings on Financial Results for the Third Quarter of the Fiscal Year Ending September 30, 2020 (FY2020)

July 31, 2020

APAMAN Co., Ltd.

JASDAQ: 8889

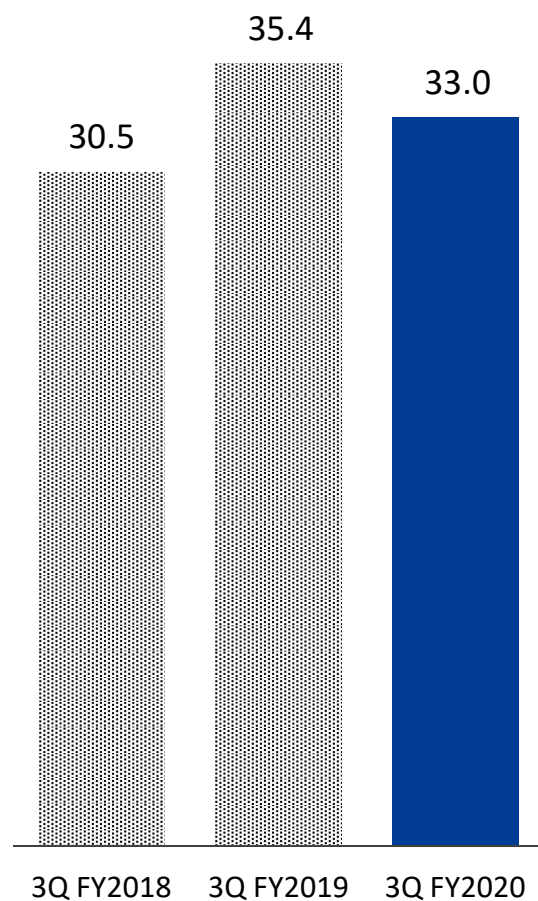
# Impact of Japan's Declaration of a State of Emergency

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

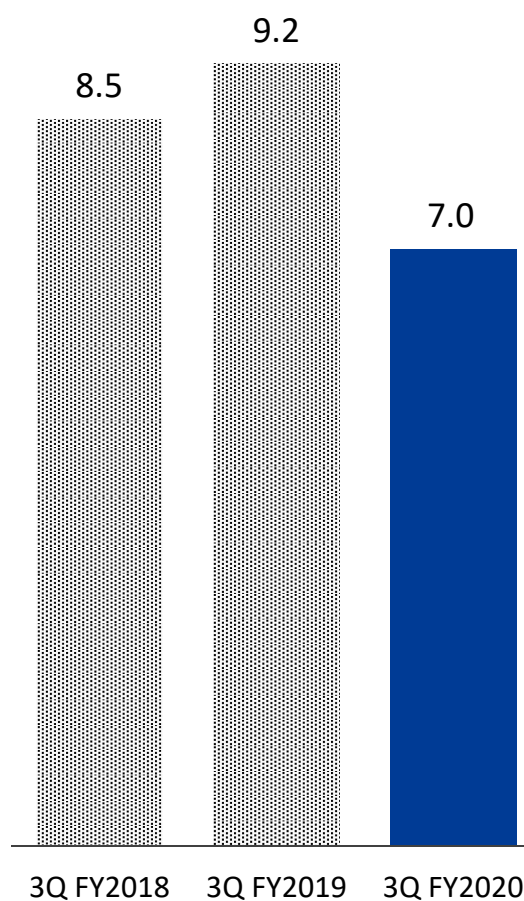
# Results of Operations

(Billions of yen)

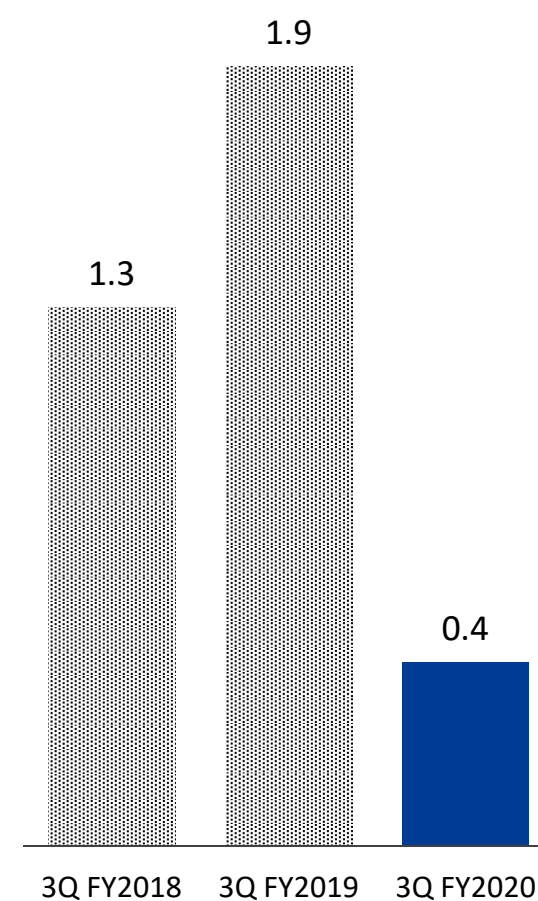
## Net sales



## Gross profit



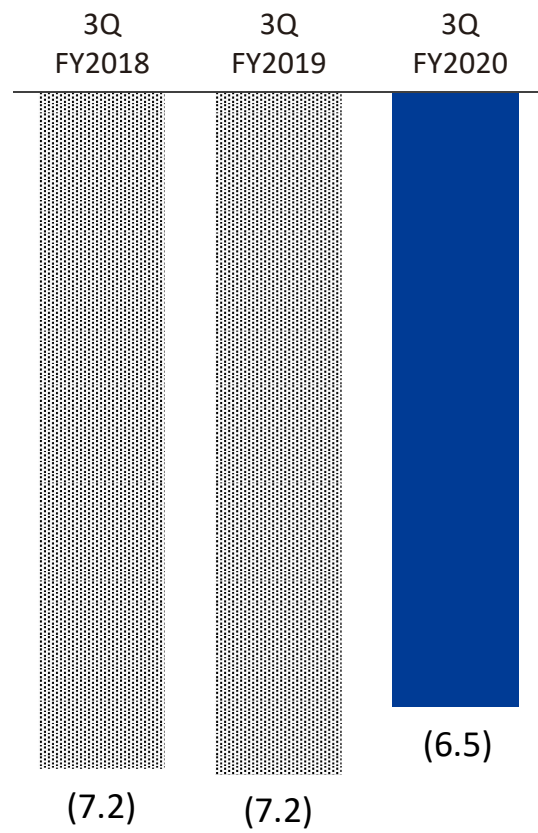
## Operating profit



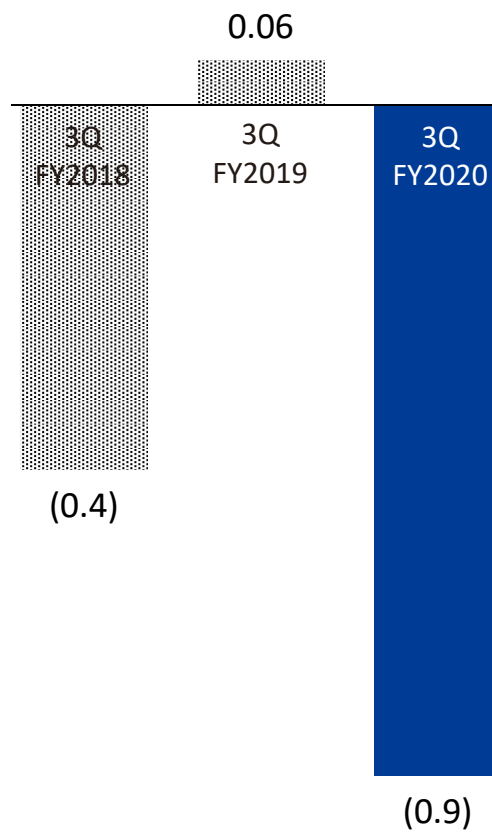
# Results of Operations

(Billions of yen)

## SG&A expenses



## Profit

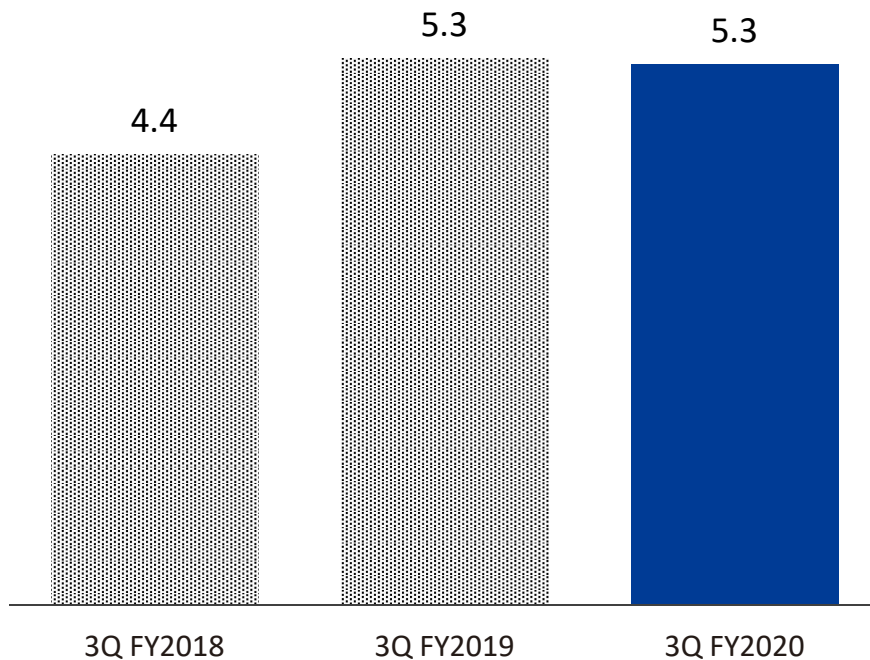


# Results of Operations (Composition of Gross Profit)

(Billions of yen)

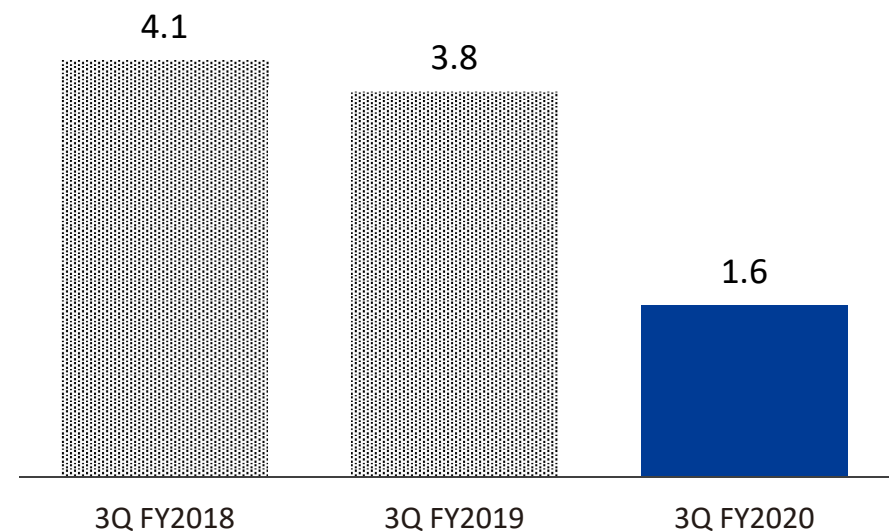
## Constant-revenue gross profit

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.

# Business Domain (Constant revenue, Others)

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

# Business Segment Customers

Segment	Main business	Customers/Market size	
Platform	Rental management and sub-leasing	88,413 units	
	Rental brokerage	77 stores	
Cloud Technology	Cloud service	Stores	1,060 stores
		Property management/Sub-leasing	Approx. 1,030,000 units
	Franchise service	Property owner relationships	Approx. 200,000 owners
Sharing Economy	fabbit	10,067 members	
	Metered parking	3,911 parking spaces nationwide	

Notes: Figures are as of June 30, 2020 (number of stores and metered parking spaces is on a contract basis, number of property management/sub-leasing units (including franchising) and the number of property owner relationships is as of November 30, 2018 using Apaman Network data).  
The number of fabbit members includes alliance partners and is for locations in Japan and other countries.

# Current Priorities

1. Growth of online operations
2. Growth of sources of constant revenue
3. Profitability of the Sharing Economy business

## 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)

More property management, sub-leasing and master leasing for company housing

Sales activities to increase managed/sub-leased properties

M&A to increase managed sub-leased properties

More master leases for the provision of company housing

(Billions of yen)

### Sales activities to increase managed/sub-leased properties

Simulation of operating profit growth if 20,000 units are added every year

#### Assumptions

100 salespeople needed to add 20,000 units every year

Operating profit of 20 million yen per 1,000 units

Attrition rate of approximately 5%



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

(Billions of yen)

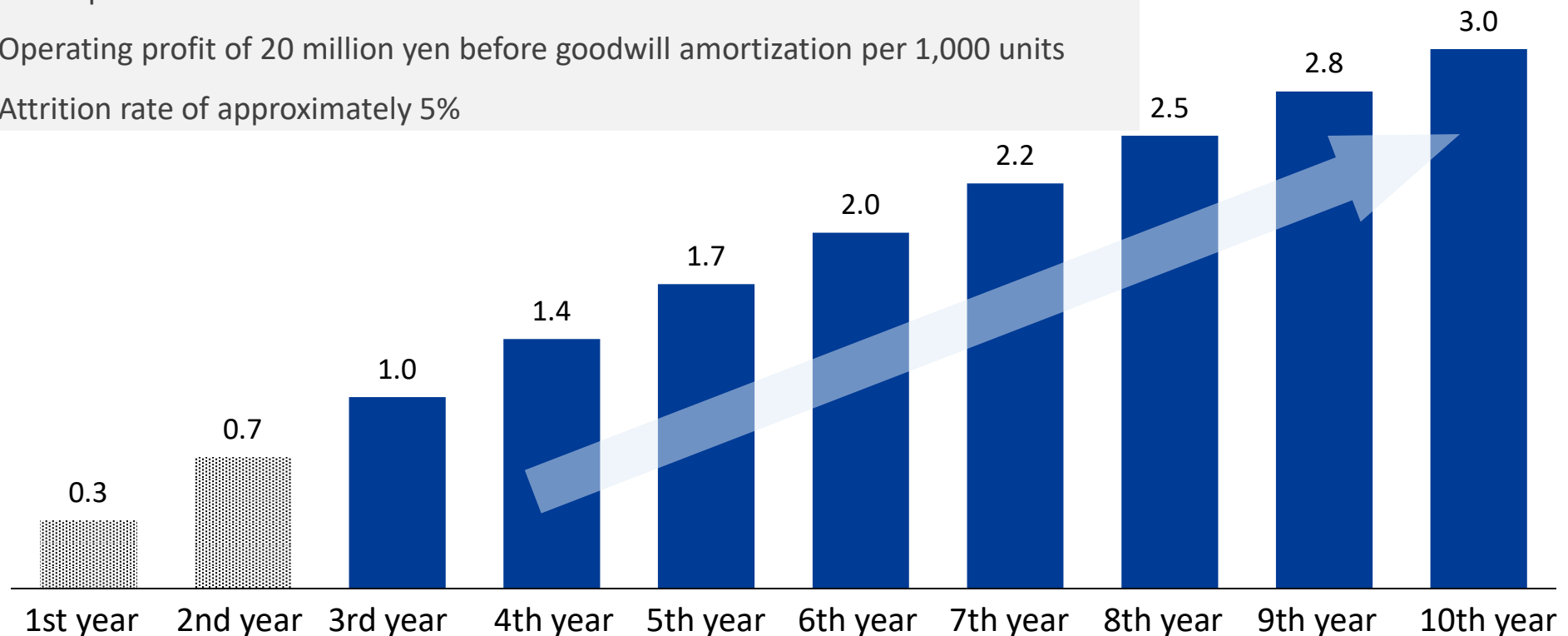
### M&A to increase managed sub-leased properties

Simulation of operating profit contribution from adding 20,000 units using M&A

#### Assumptions

Operating profit of 20 million yen before goodwill amortization per 1,000 units

Attrition rate of approximately 5%



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

More master leases for the provision of  
company housing



Start in August 2020

(Tentative)

## Current Priorities 3. Profitability of the Sharing Economy Business

(Millions of yen)

	FY2017	FY2018	FY2019	FY2020
Constant-revenue gross profit	190	100	240	-
Operating profit	20	(460)	350	-
fabbit capital expenditures	50	590	370	-

Note: Utilization fees for fabbit co-working locations and metered parking fees are the primary sources of constant-revenue gross profit. fabbit capital expenditures are for the interiors of co-working locations.

# Sharing Economy Business

# 1. Co-working



**fabbitt 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 June 30, 2020

**46 locations**

# 1. Co-working

## Significant increase in the number of members



Number of members

**10,067**



Number of locations

**46**



Number of matches

**118,960**



Number of events held

**2,925**

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 June 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 June 30, 2020

**3,911** parking spaces

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

# 3Q FY2020 Consolidated Results

# 1. Overview of Consolidated Results (YoY comparison)

(Millions of yen)

	3Q FY2019	3Q FY2020	Remarks (Major factors)	YoY change	
				Amount	%
Net sales	35,483	33,020	Temporarily closed or completely shut down directly operated locations (Platform)	-2,463	-6.9%
Gross profit	9,200	7,025	Temporarily closed or completely shut down directly operated locations (Platform) Discounts to FCs (Cloud Technology) Lower revaluation on operational investment securities (Sharing Economy)	-2,174	-23.6%
SG&A expenses	7,287	6,568	Decrease in number of stores	-719	-9.9%
Operating profit (operating margin)	1,913 (5.4%)	457 (1.4%)	Same as the above	-1,455	-76.1%
Ordinary profit	1,488	(154)	Share of loss of entities accounted for using equity method	-1,643	-
Profit attributable to owners of parent	67	(900)	Loss on sales and retirement of non-current assets, costs involving COVID-19 pandemic countermeasures, etc.	-968	-
EBITDA <sup>Note</sup>	2,784	1,152	Decrease in ordinary profit	-1,632	-58.6%

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	3Q FY2020	YoY change	Remarks
<b>Current assets</b>	<b>15,122</b>	<b>13,477</b>	<b>-1,644</b>	
Cash and deposits	7,959	5,673	-2,285	
Notes and accounts receivable-trade	1,669	1,716	+47	
Operational investment securities	1,105	1,212	+106	
Other	4,388	4,874	+486	
<b>Non-current assets</b>	<b>18,807</b>	<b>18,255</b>	<b>-551</b>	
Property, plant and equipment	4,299	3,803	-496	
Intangible assets	8,667	8,718	+51	
Goodwill	6,741	6,800	+59.5	
Other intangible assets	1,925	1,917	-8.4	
Investments and other assets	5,839	5,734	-105	
<b>Total assets</b>	<b>33,929</b>	<b>31,733</b>	<b>-2,196</b>	

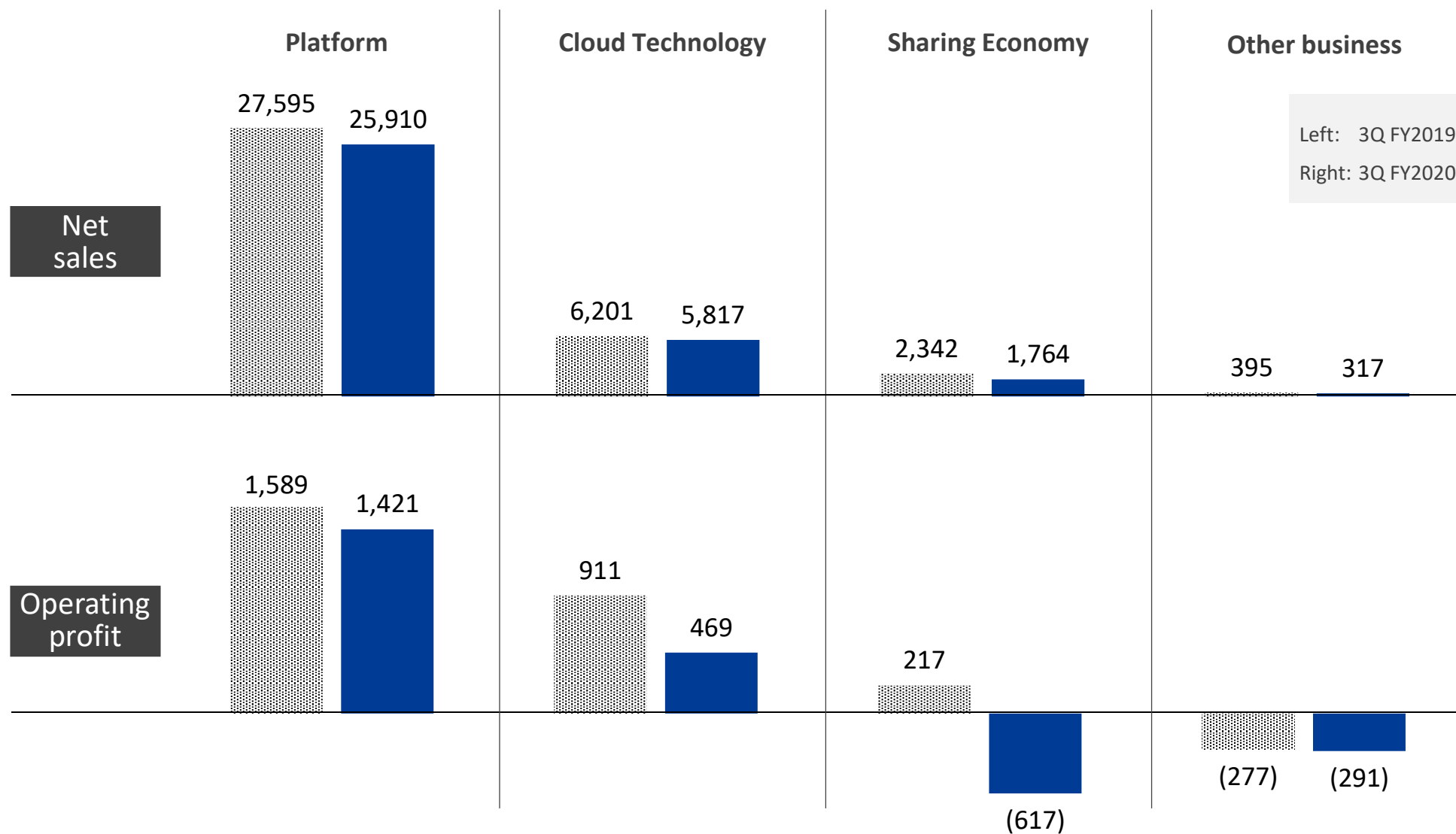
Liabilities and net assets	End-FY2019	3Q FY2020	YoY change	Remarks
<b>Current liabilities</b>	<b>10,223</b>	<b>9,352</b>	<b>-871</b>	
Accounts payable-trade	909	1,000	+91	
Short-term borrowings <sup>Note</sup>	2,053	1,858	-194	
Other	7,260	6,493	-767	
<b>Non-current liabilities</b>	<b>18,844</b>	<b>18,873</b>	<b>+28</b>	
Long-term borrowings	16,076	15,939	-137	
Long-term lease and guarantee deposited	1,642	1,810	+167	
Other	1,125	1,123	-2	
<b>Total liabilities</b>	<b>29,068</b>	<b>28,225</b>	<b>-842</b>	
<b>Capital</b>	<b>7,983</b>	<b>7,983</b>	<b>-</b>	
<b>Net assets</b>	<b>4,861</b>	<b>3,507</b>	<b>-1,353</b>	
<b>Total liabilities and net assets</b>	<b>33,929</b>	<b>31,733</b>	<b>-2,196</b>	

Note: Includes current portion of long-term borrowings

## 3Q 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)

	3Q FY2019	3Q FY2020	YoY change	
			Amount	%
Net sales	27,595	25,910	-1,685	-6.1%
Operating profit	1,589	1,421	-167	-10.5%

### Stores



Number of directly managed  
franchised stores

92 stores → **77** stores

### Property management



Number of units under management

87,970 units → **88,413** 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

1,463 million yen → **1,136** million yen

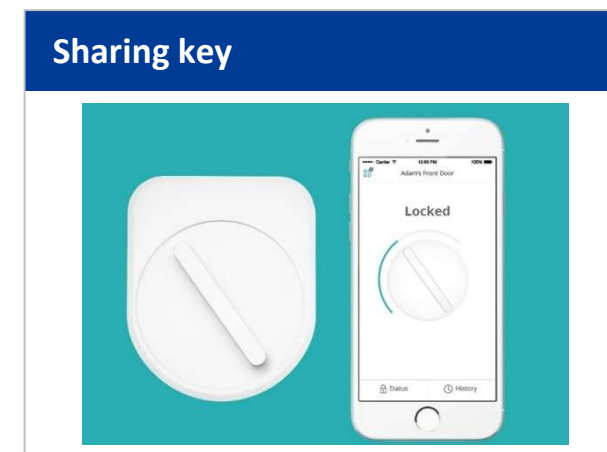
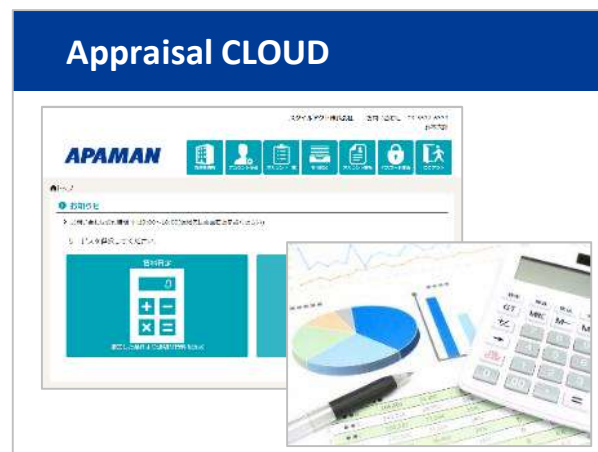
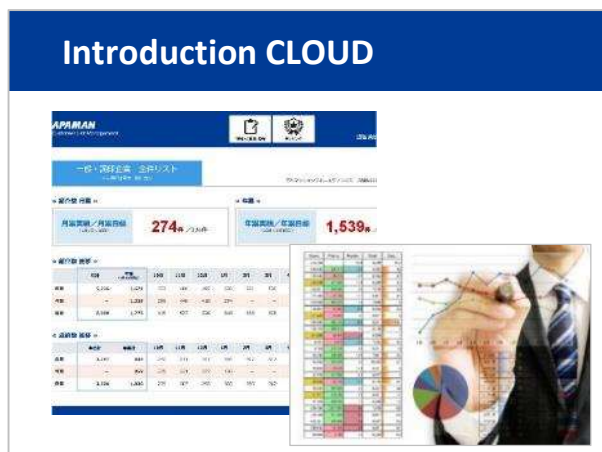
Note: Due to COVID-19 pandemic and other factors.

### 3. Cloud Technology Business (YoY comparison)

(Millions of yen)

	3Q FY2019	3Q FY2020	YoY change	
			Amount	%
Net sales	6,201	5,817	-384	-6.2%
Operating profit	911	469	-441	-48.5%

#### 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)

	3Q FY2019	3Q FY2020	YoY change	
			Amount	%
Net sales	2,342	1,764	-577	-24.6%
Operating profit	217	(617)	-835	-

### Co-working



Directly managed locations  
45 → **46**

### Parking









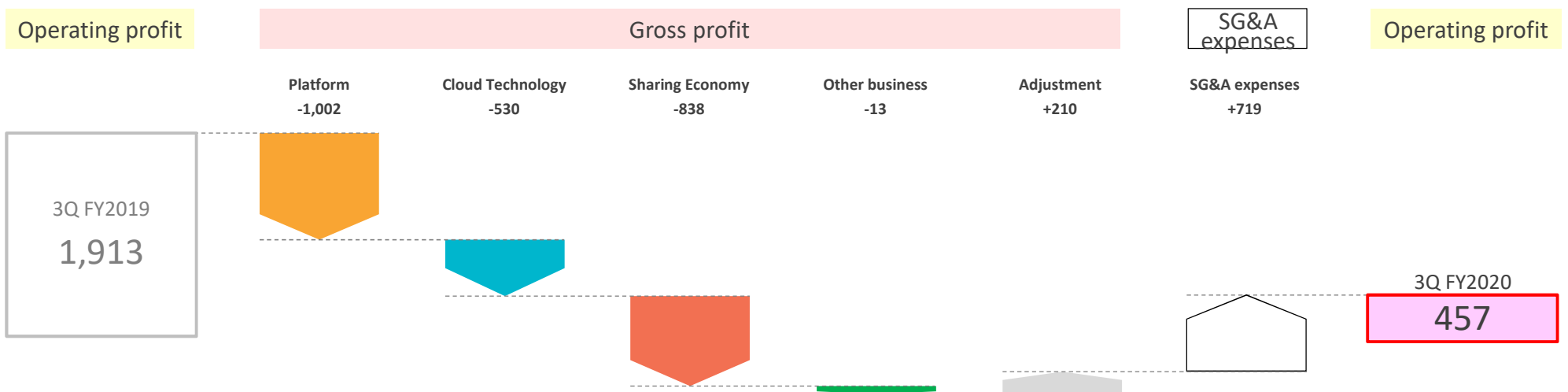
3,589 parking spaces  
→ **3,911** parking spaces

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)

	3Q FY2019			3Q 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	27,595	7,459	27.0%	25,910	6,456	24.9%	-1,685	-1,002	-2.1%
 Cloud Technology	6,201	1,671	27.0%	5,817	1,141	19.6%	-384	-530	-7.3%
 Sharing Economy	2,342	791	33.8%	1,764	(46)	-2.6%	-577	-838	-36.4%
 Other business	395	107	27.2%	317	93	29.5%	-77	-13	+2.3%
 Adjustment (elimination or corporate)	(1,050)	(830)	-	(790)	(619)	-	+260	+210	-
<b>Total</b>	<b>35,483</b>	<b>9,200</b>	<b>25.9%</b>	<b>33,020</b>	<b>7,025</b>	<b>21.3%</b>	<b>-2,463</b>	<b>-2,174</b>	<b>-4.7%</b>
 SG&A expenses (SG&A expenses ratio)	7,287		20.5%	6,568		19.9%	-719		-0.6%
<b>Operating profit (operating margin)</b>	<b>1,913</b>		<b>5.4%</b>	<b>457</b>		<b>1.4%</b>	<b>-1,455</b>		<b>-4.0%</b>



# FY2020 Consolidated Forecast

# 1. Overview of Consolidated Forecast (YoY comparison)

(Millions of yen)

	FY2019 Results	FY2020 Forecast	YoY change	
			Amount	%
Net sales	45,934	43,700	-2,234	-4.9%
Operating profit (operating margin)	2,055 (4.5%)	1,200 (2.7%)	-855 (-1.8%)	-41.6%
Ordinary profit	729	450	-279	-38.3%
Profit attributable to owners of parent	272	150	-122	-45.0%

Note: Revisions to Consolidated Forecast on May 15, 2020

# 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. October 20, 2019 was the 20th anniversary of the founding of APAMAN. To express our appreciation to shareholders for their support, a commemorative dividend of 10 yen per share was paid in addition to the year-end ordinary dividend.

The dividend forecast for the fiscal year ending in September 2020 is 20 yen per share. This forecast is the result of a thorough examination of issues involving the dividend that took into account the FY2018 special dividend and FY2019 commemorative dividend, cash flows, and other applicable factors.

■ 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, 2019)
Employees (consolidated)	1,047 (as of September 30, 2019)
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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