

Briefings on Financial Results for the Third Quarter of the Fiscal Year Ending September 30, 2022 (FY2022)

APAMAN Co., Ltd.

August 10, 2022

Tokyo Stock Exchange (Standard): 8889

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3Q FY2022 Financial Summary

Net sales

¥**33.8** billion

Up **0.4%** YoY

Operating profit

¥**1.41** billion

Up **51.1%** YoY

Profit attributable to owners of parent

¥**0.22** billion

Up **170.1%** YoY

Following the enactment of the digital reform laws, all formalities concerning rental contracts from May 18, 2022 onward are now processed online and productivity is increasing

Financial Summary | Overview of Consolidated Statement of Income

(Millions of yen)

| | 3Q FY2021 | Ratio to net sales | 3Q FY2022 | Ratio to net sales | YoY change |
|---|---------------|--------------------|---------------|--------------------|-------------|
| Net sales | 33,699 | - | 33,834 | - | +135 |
| Gross profit | 7,724 | 22.9% | 8,010 | 23.7% | +285 |
| SG&A expenses | 6,786 | 20.1% | 6,592 | 19.5% | -193 |
| Operating profit | 938 | 2.8% | 1,417 | 4.2% | +479 |
| Ordinary profit | 672 | 2.0% | 1,064 | 3.1% | +392 |
| Profit attributable to owners of parent | 83 | 0.2% | 224 | 0.7% | +141 |
| EBITDA ^{Note} | 1,989 | 5.9% | 2,332 | 6.9% | +343 |

- Net sales and cost of sales: Decrease ¥510 million due to the application of the new revenue recognition standard
- Non-operating income: Equity-method profit/loss; loss of ¥50 million (down ¥160 million YoY)
- Non-operating income: Foreign exchange gains ¥200 million (up ¥160 million YoY)

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

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Financial Summary | Overview of Consolidated Balance Sheet

(Millions of yen)

| | End-FY2021 | 3Q FY2022 | Change |
|--|------------|---------------|--------|
| Current assets | 14,804 | 14,798 | -5 |
| Cash and deposits | 7,359 | 5,695 | -1,664 |
| Notes and accounts receivable-trade, and contract assets <small>Note 1</small> | 1,742 | 1,771 | +28 |
| Operational investment securities | 1,197 | 1,051 | -146 |
| Other | 4,504 | 6,281 | +1,776 |
| Non-current assets | 18,437 | 18,686 | +249 |
| Property, plant and equipment | 3,275 | 2,648 | -627 |
| Intangible assets | 9,070 | 9,506 | +436 |
| Goodwill | 6,406 | 5,804 | -601 |
| Other | 2,663 | 3,701 | +1,037 |
| Investments and other assets | 6,091 | 6,532 | +441 |
| Total assets | 33,241 | 33,486 | +244 |

| | End-FY2021 | 3Q FY2022 | Change |
|---|------------|---------------|--------|
| Current liabilities | 10,202 | 11,148 | +945 |
| Accounts payable-trade | 1,149 | 1,162 | +12 |
| Short-term borrowings <small>Note 2</small> | 2,364 | 2,607 | +242 |
| Other | 6,688 | 7,378 | +689 |
| Non-current liabilities | 18,459 | 17,994 | -465 |
| Long-term borrowings | 15,892 | 14,281 | -1,611 |
| Long-term lease and guarantee deposited | 1,621 | 1,474 | -147 |
| Other | 946 | 2,239 | +1,293 |
| Total liabilities | 28,662 | 29,142 | +480 |
| Capital | 7,983 | 8,002 | +19 |
| Net assets | 4,578 | 4,343 | -235 |
| Total liabilities and net assets | 33,241 | 33,486 | +244 |

- Increase in non-current assets because of the increase in system development following the purchase of the stock of ARCHITECTS STUDIO JAPAN, INC. through a third-party allotment
- Decrease in long-term borrowings and increase in lease obligations

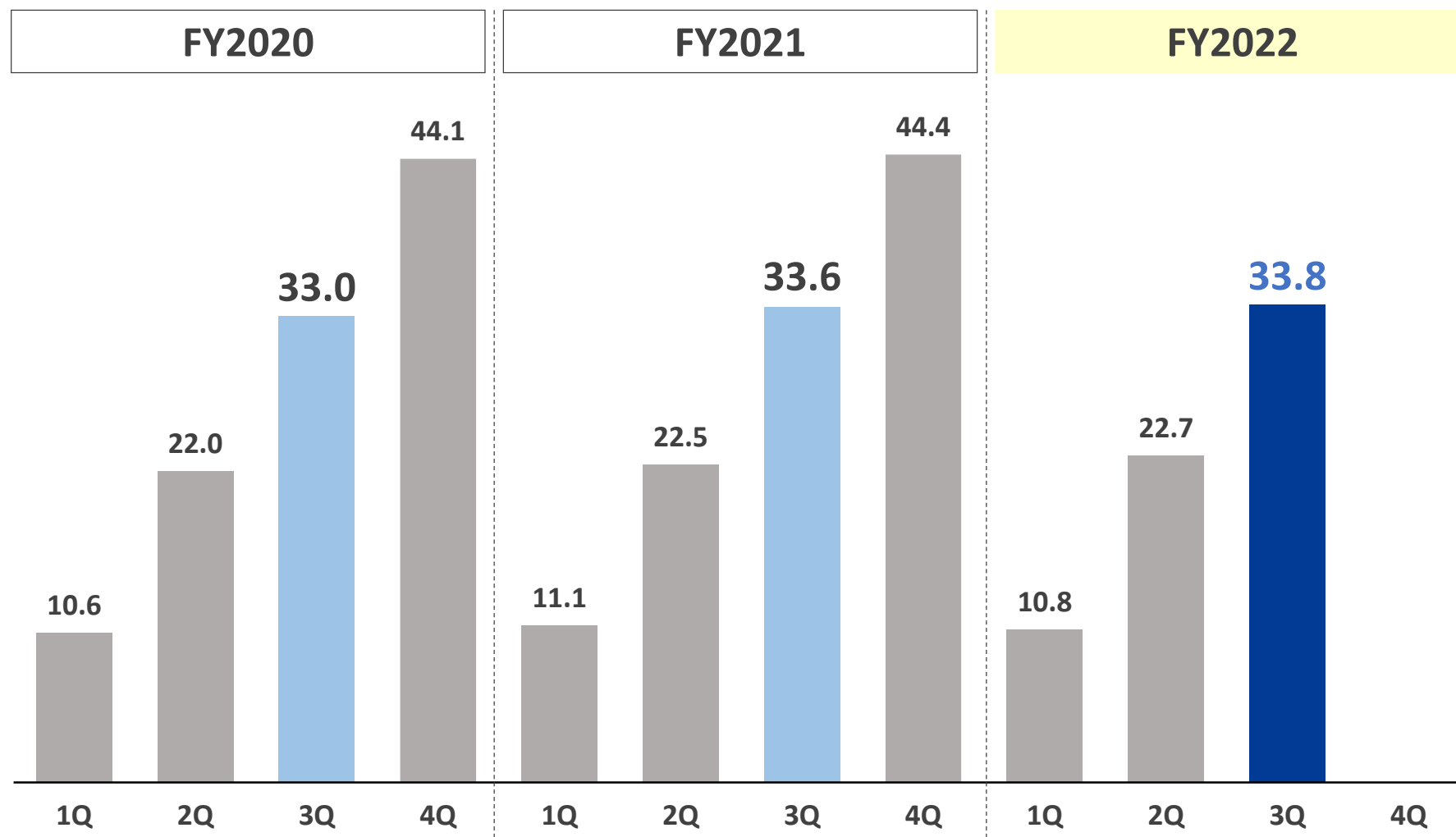
Notes: 1. End-FY2021: Notes and accounts receivable-trade

2. Includes current portion of long-term borrowings

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Financial Summary | Quarterly Sales

(Billions of yen)

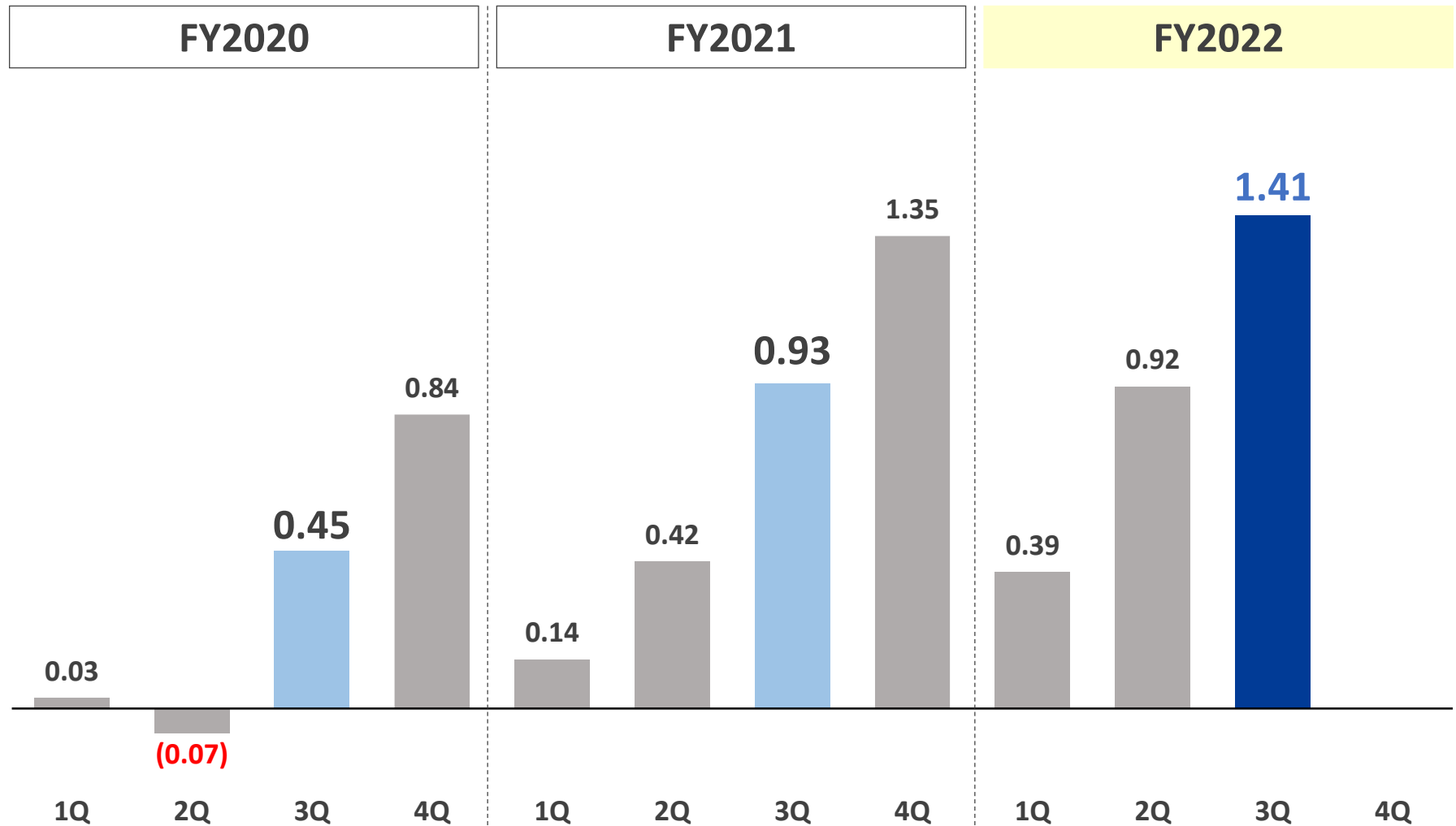


➤ Effect on the application of the accounting standard for revenue recognition: ¥-510 million

Note: Quarterly sales are cumulative results.

Financial Summary | Quarterly Operating Profit

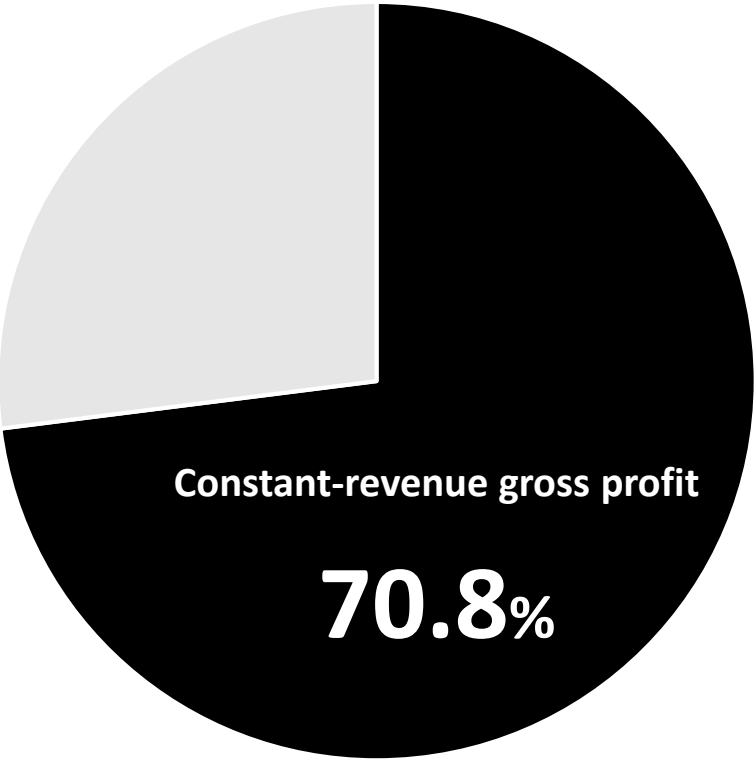
(Billions of yen)



Note: Quarterly operating profit is cumulative results.

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Constant revenue accounts for about 70% of gross profit



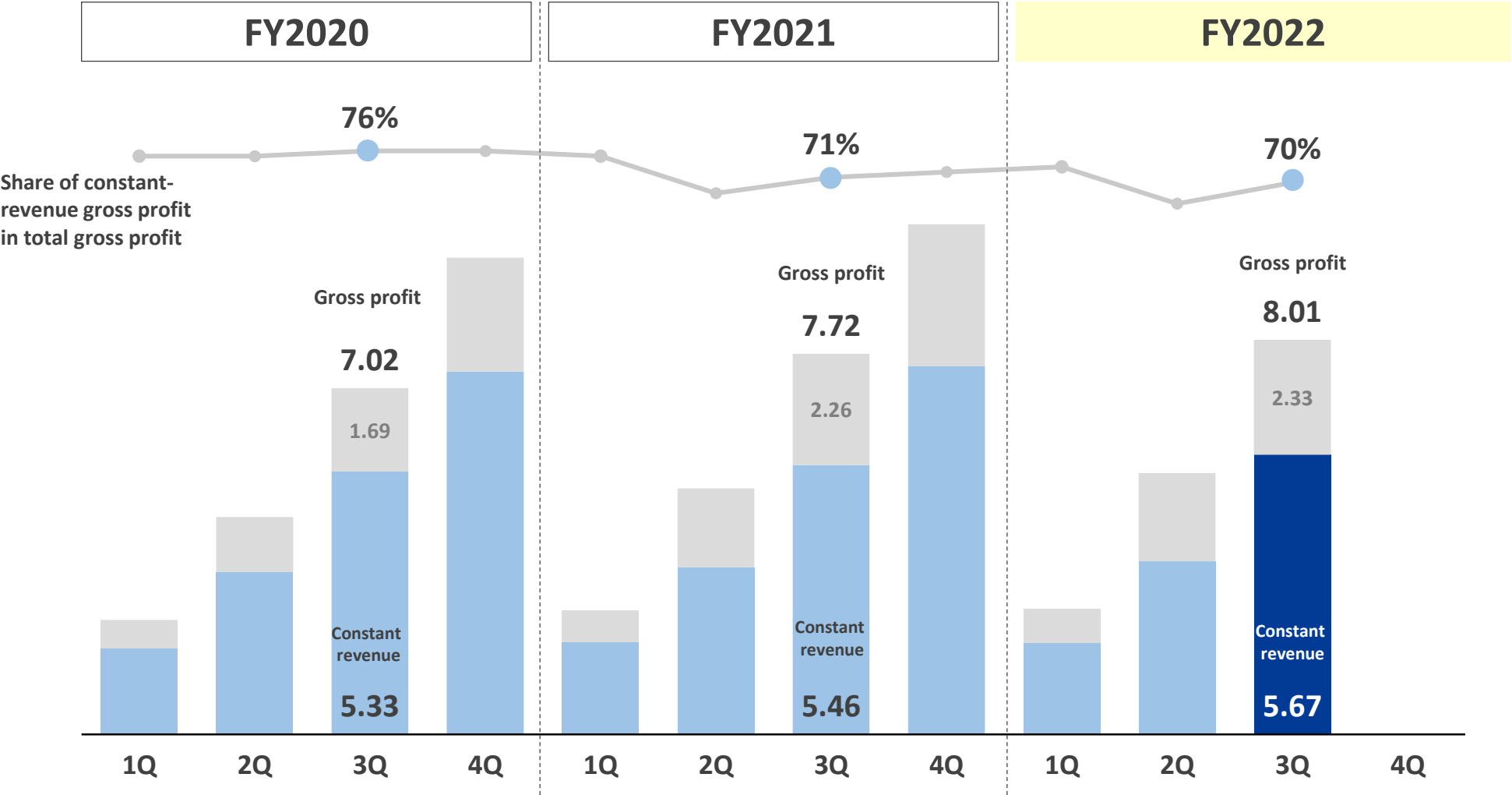
| | | |
|------------|--|----------------|
| Platform | Rental management <small>(Includes sub-leasing)</small> | Management fee |
| | Company-rented housings | Brokerage fee |
| Technology | Cloud service | Usage fee |
| | Franchise service | Royalty fee |
| Other | Metered parking | Parking fee |

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.

As of Jun. 30, 2022

Financial Summary | Share and Amount of Constant Revenue Gross Profit

(Billions of yen)



Note: Quarterly gross profit is cumulative results.

3Q FY2022 Results by Segment

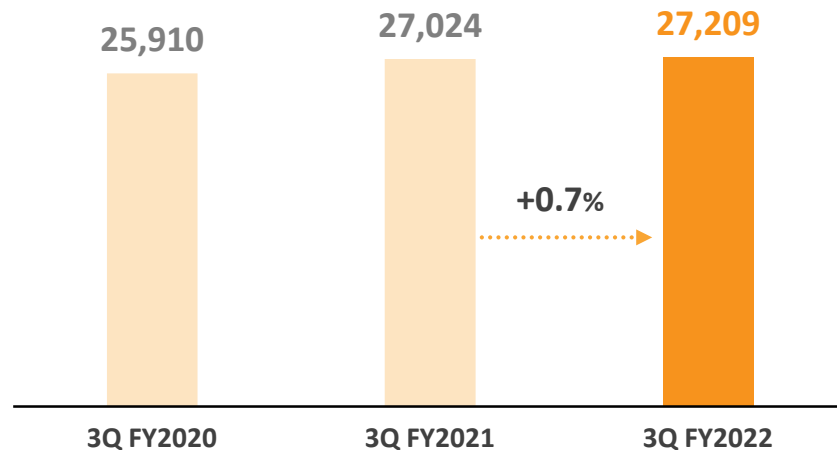
Results by Segment | Platform Business

(Millions of yen)

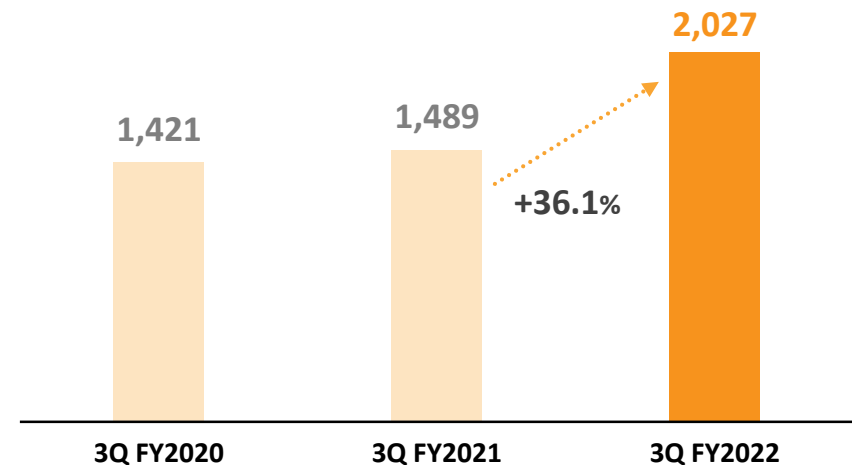
Topics

- Higher sales and earnings at directly operated stores due to growth of online operations
- Contribution from M&A management companies

Segment sales



Segment profit



➤ Lower sales due to the application of the accounting standard for revenue recognition: ¥-510 million

Results by Segment | Platform Business

Topics

- The number of units under management increased
- Gross profit of cumulative included services increased
- The number of companies using the company-rented housing service and company housing agency service increased

| | 3Q FY2021 | 3Q FY2022 | YoY Change |
|---|-------------------|-------------------|-----------------|
| No. of units under management | 90,405 | 90,476 | +71 |
| No. of directly managed stores | 69 | 71 | +2 |
| Gross profit of included and associated services | 1,106 million yen | 1,150 million yen | +44 million yen |
| No. of companies using the company-rented housing service | 50 | 107 | +57 |
| No. of companies using the company housing agency service | 2,901 | 3,189 | +288 |

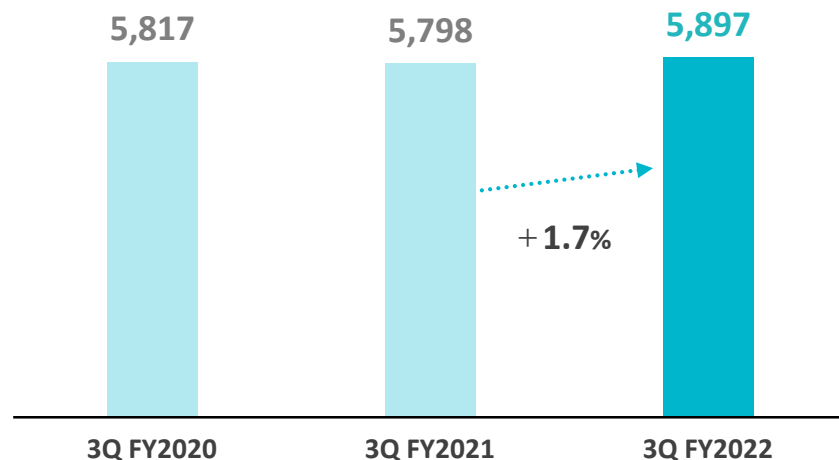
Results by Segment | Technology Business

(Millions of yen)

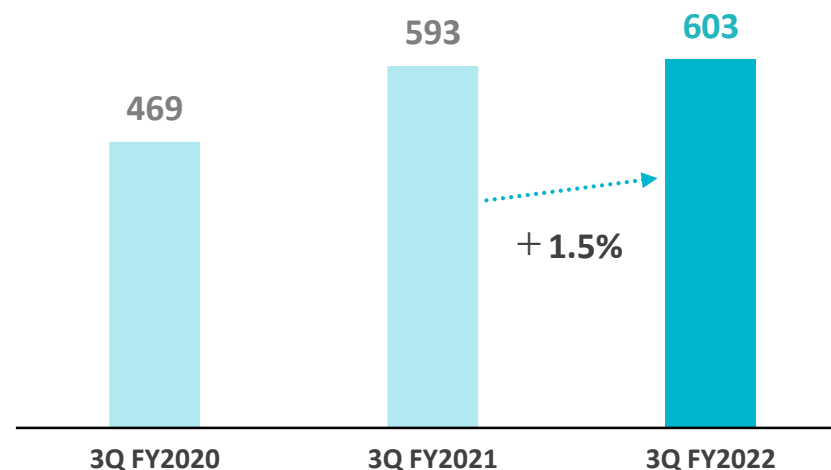
Topics

- Higher sales and earnings due to growth of online operations
- Used SKIPS (cloud) to increase productivity
- The use of e-contracts is expected to increase

Segment sales

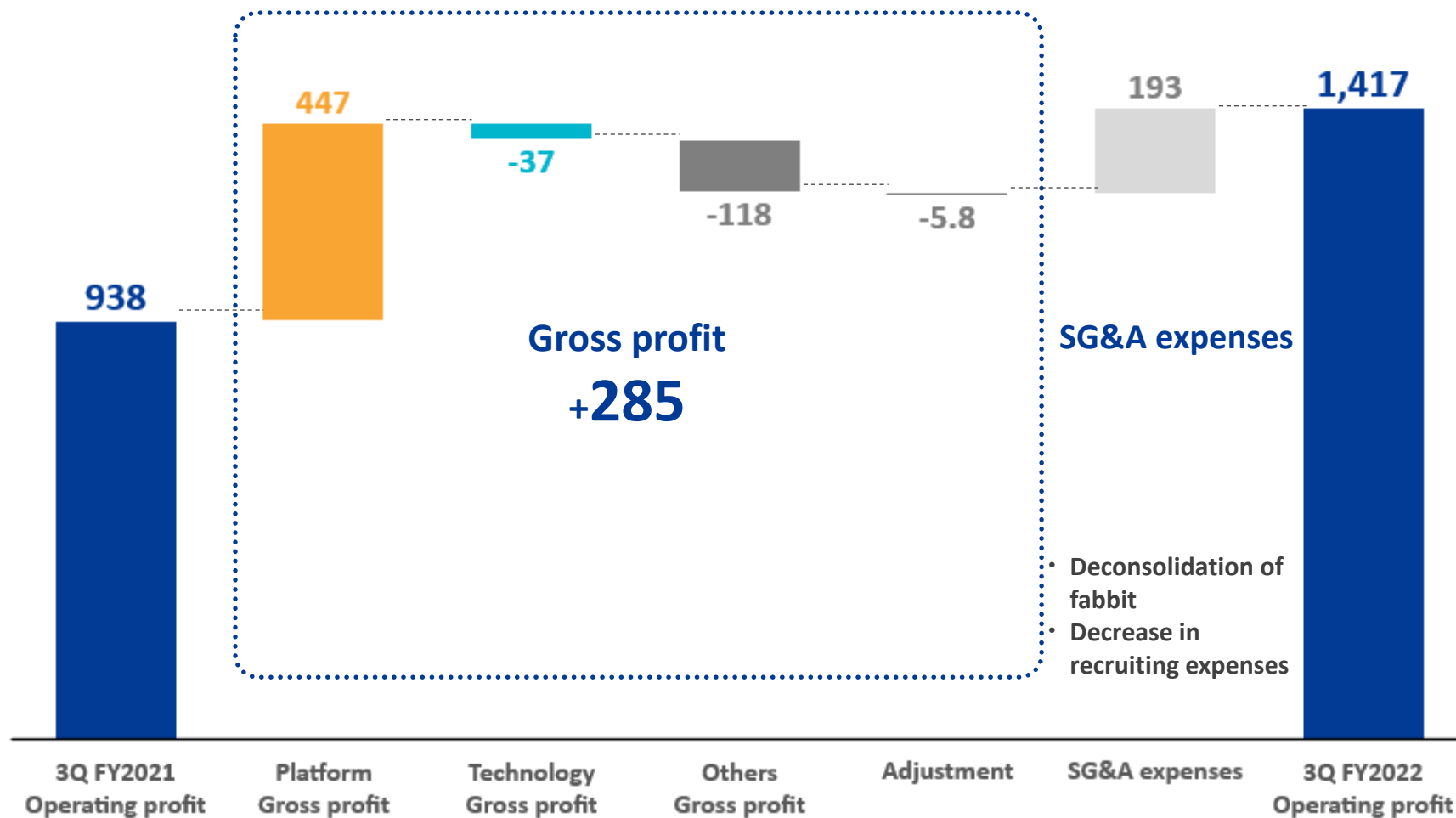


Segment profit



Results by Segment | Analysis of Operating Profit (YoY Change)

(Millions of yen)



FY2022 Consolidated Forecast

Overview of Consolidated Forecast

(Millions of yen)

| | FY2021 Results | FY2022 Forecast | Change |
|--|---------------------------|----------------------------|---------------|
| Net sales | 44,419 | 45,000 | +580 |
| Operating profit | 1,356 | 1,800 | +443 |
| Ordinary profit | 795 | 1,000 | +204 |
| Profit attributable to owners of parent | 602 | 200 | -402 |

The FY2022 forecast factors in an expected loss on retirement of the existing IT system due to the renewal of the backbone system and the cost of relocating the head office.

Key Activities

Key Activities | (1) Growth of Online Activities

Online real estate procedures are on the increase following the enactment of digital reform laws.

Online First
Locate and rent an
apartment online



Online explanations
and contracts



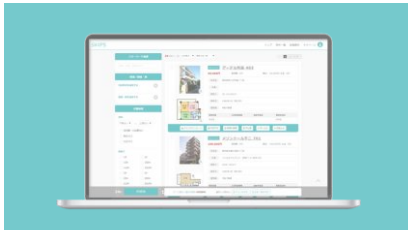
Shared electronic
keys for apartments



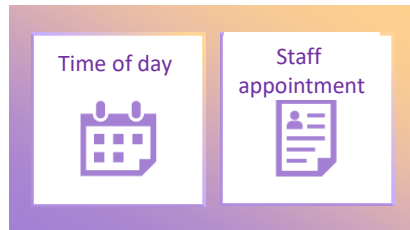
Use of AI for
marketing activities



Automated rental
management



New way to search
for an apartment



Online meetings

(Property owners, franchised
companies, members)



Online seminars

(Property owners, franchised
companies, members)



Key Activities | (1) Growth of Online Activities Example of IT Services

AOS

A rental brokerage system that uses a single computer to handle everything from listing properties to working with customers.



apamanshop.com

One of Japan's largest websites for searching for an apartment to rent



BIG DATA

An information analysis service that uses big data



APS

A rental property management system that can process aggregate annual payments of more than ¥200 billion



SKIPS

An integrated system for raising the productivity of customers, rental brokerage companies and rental property management companies



Apartment checking cloud

Uses photos of damage to determine the fair amount of payments required when a tenant departs



Key Activities | (2) Growth of Online Activities Example of IT Services

| | |
|----------------------------|---|
| Store visitor cloud | Register customer personal data using a smartphone for automatic transfer to a data management system |
| Introduction cloud | Centralized management of customer introductions from business partners |
| RPA | Digital labor is used for maintaining up-to-date market information. The data management system is updated every day with the latest information. |
| APSS | Linkage with about 350 real estate developers, homebuilders and other companies allows automatically receiving information daily about 200,000 available properties |
| Amaren Net | Facilitates the sharing of information among franchisee companies, agents and others nationwide |
| OEM API link | Links the database of the main IT system with the websites of all franchisees |

| | |
|-------------------------------|--|
| SKIPS BB | One of Japan's largest B-to-B websites for rental property companies, linking the information of rental brokerage companies and rental property brokers |
| Owner Web | One of Japan's largest websites for creating a base of real estate owners |
| Renovation check cloud | Renovation companies use a smartphone to submit reports; report forms are generated automatically and data can be stored |
| Property patrol cloud | Uses a smartphone for internal reports about visits to buildings and owners; reports can be produced when away from the office |
| Appraisal cloud | Uses big data for instant assessments to determine the proper rent; can also automatically generate residential rental assessment reports |
| Owner portal | Allows property owners to use the internet to confirm financial other operational data. Property management companies can use charts for communications with owners. |
| Selkey cloud | A system that automates unlocking/locking doors of rental properties for rental property brokerage and property management companies; significantly improves productivity by eliminating the need to borrow keys |

App production cloud, job opening website, franchise portal, e-learning and other services too

**More partner companies for
company housing**



**More rental properties under
management**

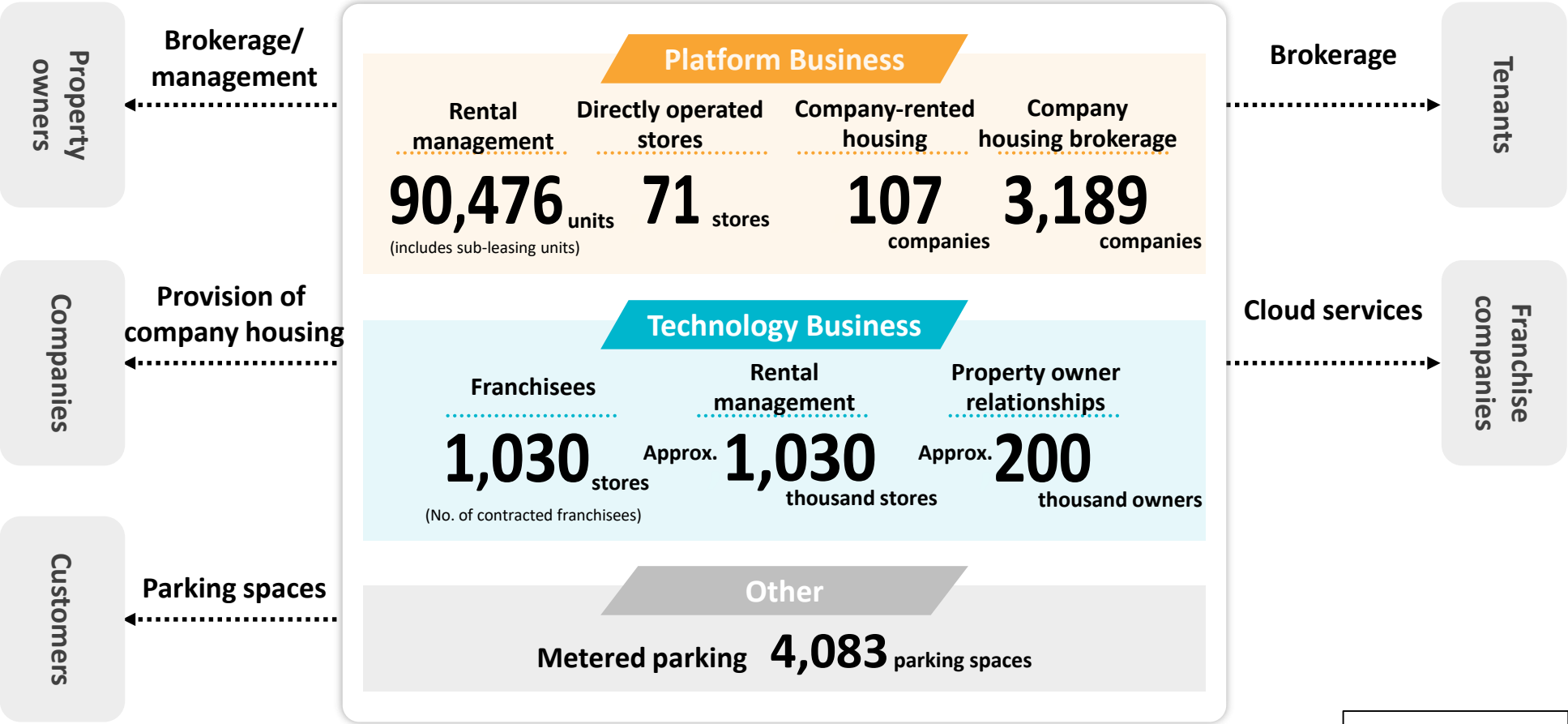


Appendix

Company Profile

| | |
|-----------------|---|
| Company name | APAMAN Co., Ltd. |
| Established | October 1999 |
| Head office | Marunouchi Trust Tower North, 1-8-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005 |
| Capital | 8,002 million yen (as of June 30, 2022) |
| Board members | Koji Omura, President and CEO Takashi Kawamori, Managing Director Yujirou Takahashi, Outside Director Akihito Watanabe, Outside Director Takaaki Yamazaki, Full-time Audit & Supervisory Board Member Takeshi Yamada, Outside Audit & Supervisory Board Member Makoto Ariyasu, Outside Audit & Supervisory Board Member |
| Employees | Consolidated: 1,129; Non-consolidated: 52 (as of September 30, 2021) |
| Main business | Platform Business, Technology Business, Other |
| Group companies | <p>Japan</p> <p>Apaman Network Co., Ltd, Apaman Property Co., Ltd., wepark Co., Ltd., Mi LIFE Co., Ltd., PLEAST SERVICE CO.,LTD., RE-Standard Co., Ltd., Apaman Energy Co., Ltd., AMENITY HOUSE Inc., Apamanshop Leasing Hokkaido Co., Ltd., FIRST LIVING Co., Ltd., Apart Center Co., Ltd., Gaspro Co.,Ltd., Apamanshop Sublease Co., Ltd., Rentalhouse Co.,Ltd., ClassHome Co.,Ltd., MYHOUSE Co.,Ltd, SUMiTAS Partner Co., Ltd., dplan Co.,Ltd., JK HOME Co., Ltd., AREA PLANNING Co., Ltd., TOKYO BIG HOUSE COMMUNITY Co., Ltd., Manshitsu Keiei Network Co., Ltd., ASK Co., Ltd., SystemSoft Corporation, ARCHITECTS STUDIO JAPAN, INC.</p> <p>Overseas</p> <p>Apaman U.S.A., Corp., Global Capital Investments Holdings Limited, BETTER HOUSE Property Consultants (Shanghai) Limited, APAMANSHOP (THAILAND) CO.,Ltd, fabbit Philippines Inc., Hetai Real Estate Com.,Ltd.</p> |

Using the Platform Business and Technology with innovative services centered on advanced technologies



As of Jun. 30, 2022

Platform Business

Rental brokerage

Information about rental properties by 71 directly operated stores (including 3 in other countries)

Rental management

Total support for operating residential rental properties as the needs of tenants continues to diversify

Company-rented housing business

Intermediary services for company housing and leasing of entire buildings for company housing

Platform Business

- **24-hour emergency assistance service**
Quick responses for lost keys, leaks, broken windows and other problems
- **Tenant insurance**
Insurance for damage to a tenant's possessions due to an accident and for repairs caused by damage due to a random event involving the property
- **Telecommunications business**
- **Energy business**

Technology Business

IoT/ Big Data/ AI

- **Shared electronic keys**
Issuance of one-time keys, management of key utilization history
- **Use of AI for the automatic creation of suitable properties for a customer**

RPA

Automation of business processes by using robots

AR-Tech

- **AOS**
Store operation IT system
- **APS**
Property management IT system
- **Apamanshop.com**
Portal site and app for rental properties
- **SKIPS**
Explanations using IT, customer services with no face-to-face contact
- **Owner portal**
A tool for communications with property owners
- **Introduction cloud**
Management of the provision of information about available properties to customers
- **Store visitor cloud**
Use of iPads for the analysis of customer data
- **Appraisal cloud**
Uses big data to determine the proper rent for individual properties

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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