

APAMAN

FY2018 2Q FINANCIAL RESULTS

April 27, 2018

Apaman Co., Ltd

JASDAQ : 8889

1. 2Q of FY2018 Topics

(1) Topics

1

Expand our Sharing economy Business rapidly execute upfront investment

Impact for Operating Income

▲300million yen

2

Platform Business Increased “Managed Properties ” and “ Supplementary Services”

Managed Properties (YoY)

+4,066units

Supplementary Services Gross profit (YoY)

+100million yen

3

Increase dividable payment, decided and Increase in Dividend and 2Q Extra dividend)

Dividable payment (Compared with the end of the previous term)

+3,020 million yen

Increase in Dividend (per share)

@12yen → @14yen

Extra Dividend (per share/2Q)

@10円yen

(1) Topics

1 Expand our Sharing economy Business rapidly Execute upfront investment

Impact for Operating Income

▲300million yen

private lodging



Target : 5,000rooms
10billion yen

Coworking



Target : 100stores
10billion yen

Share Cycle



Target : 100,000 bicycles
10billion yen

Parking



Target : 30,000cars
10billion yen

Sharing economy Business Net sales Target 40billion yen

Start from 15, June 2018

20 domestic locations
(20 overseas invested companies)
As of the end of March 2018

Started in
Tokyo and Fukuoka
As of the end of March 2018

2,386cars
As of the end of March 2018

* Number of Coworking Facilities Includes Designed / Constructed Property. Two overseas 20 places are directly operated.

(1) Topics

2 Platform Business Increased "Managed Properties " and " Supplementary Services"

Managed Properties (YoY) +4,066units
Supplementary Services Gross profit (YoY) +100million yen

Increased Managed Properties

2Q FY2017 71,078戸 → 2Q FY2018 75,144戸



Increased incidental Services

2Q FY2017 911 millions of yen → 2Q FY2018 1,014 millions of yen



(1) Topics

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Sold property held in Kitakyushu, Fukuoka prefecture to United Urban Investment Corporation at ¥ 16.6 billion

- Increase in dividend amount
- Divided dividend + determined special dividend (intermediate)
- Gain on sale Consolidated 130 million yen, non-consolidated 4,050 million yen
- Income taxes and income tax adjustments (consolidated) ▲ 640 million yen
- 2Q Rent Operating Income Impact ▲ Approximately 30 million yen

2. 2Q of FY2018 Consolidated Results

(1) Over view of Consolidated Results (YoY)

(Millions of yen)

	FY2017 2Q	FY2018 2Q	Note	YoY change	
				Amount	Rate
Net Sales	20,224	20,771		+547	+2.7%
Gross profit	5,676	5,780		+104	+1.8%
SG&A Expenses	4,475	4,778		+302	+6.8%
Operating income	1,200	1,002	Sharing economy Business rapid expansion Expansion of operating income from upfront investment ▲ about 300 million yen	▲ 198	▲ 16.5%
Ordinary income	1,002	682		▲ 319	▲ 31.9%
Profit attributable to owners of parent	492	▲ 441	Due to the sale of real estate Increase in income taxes and income tax adjustments ▲ 640 million yen	▲ 934	—
E B I T D A	2,051	1,655	Real estate sold for sale Reduction in rental income ▲ about 100 million yen	▲ 396	▲ 19.3%

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

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

(millions of yen)

Assets	FY2017 end	FY2018 2Q	Change	Note
Current assets	8,733	12,190	+3,457	
Cash and deposits	3,201	5,703	+2,502	Increase in cash and deposits
Notes and accounts receivable-trade	1,473	1,887	+413	
Operational investment securities	551	820	+268	
Other	3,507	3,780	+272	
Non-current assets	34,912	19,893	▲15,019	
Property, plant and equipment	16,625	4,393	▲12,232	Substantial decrease due to real estate sales
Intangible assets	11,687	8,457	▲3,230	
Goodwill	9,769	6,508	▲3,260	Substantial decrease due to real estate sales
Other intangible assets	1,917	1,948	+30	
Investments and other assets	6,600	7,042	+442	
Total assets	43,646	32,084	▲11,563	

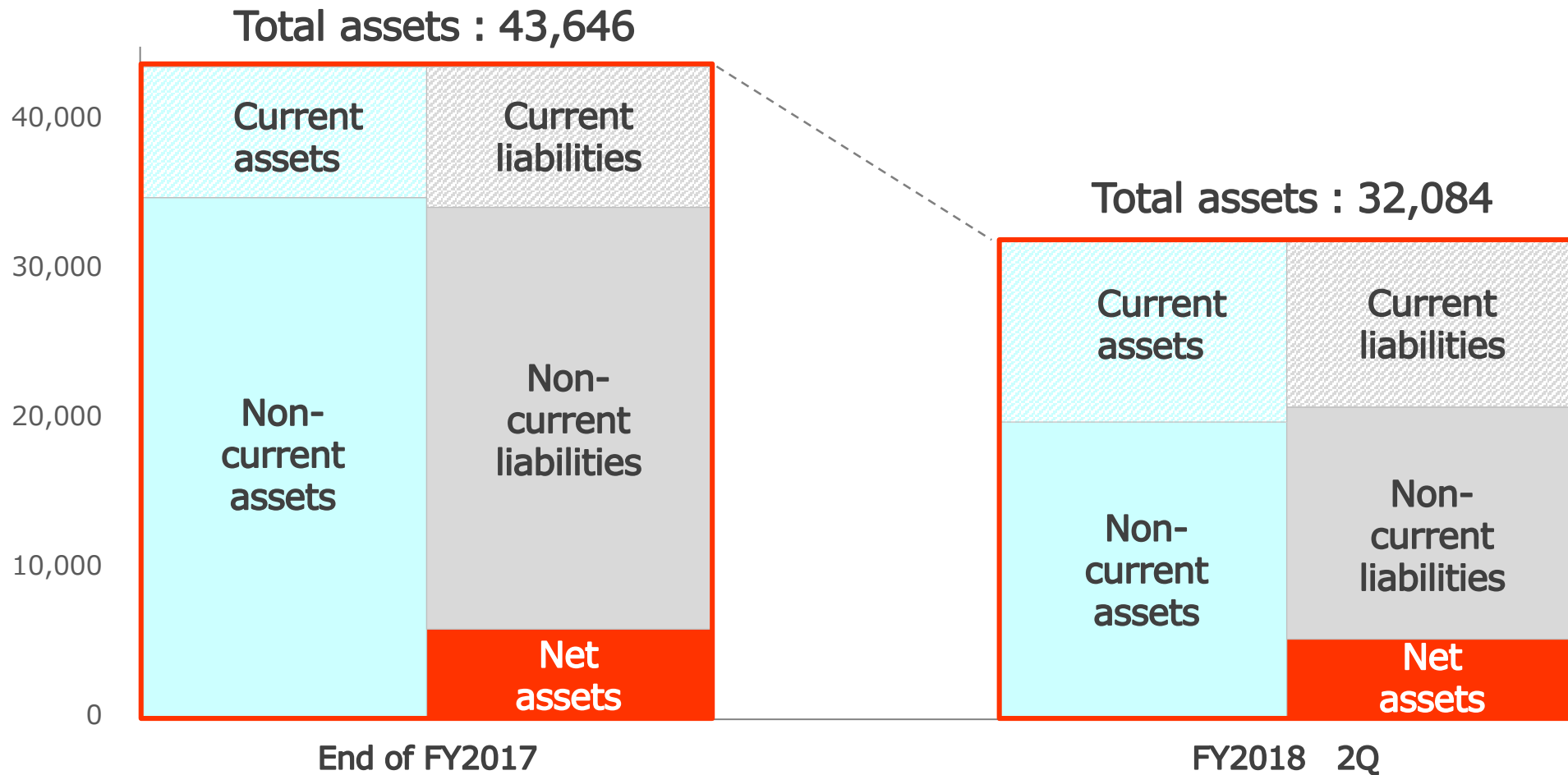
負債・純資産の部	FY2017 end	FY2018 2Q	Change	Note
Current liabilities	9,393	11,187	+1,793	
Accounts payable-trade	1,464	1,854	+390	
Short-term loans payable*	2,915	2,187	▲728	
Other	5,013	7,145	+2,131	
Non-current liabilities	28,230	15,539	▲12,691	
Long-term loans payable	23,596	13,159	▲10,436	Substantial decrease due to real estate sales
Long-term lease and guarantee deposited	4,159	1,657	▲2,502	Substantial decrease due to real estate sales
Other	473	721	+247	
Total liabilities	37,623	26,726	▲10,897	
Capital stock	7,983	7,983	±0	
Net assets	6,023	5,357	▲665	
Total liabilities and net assets	43,646	32,084	▲11,563	

*Include current portion of long-term loans payable

(3) Comparison of Consolidated Balance Sheet

(millions of yen)

Slimming balance sheet

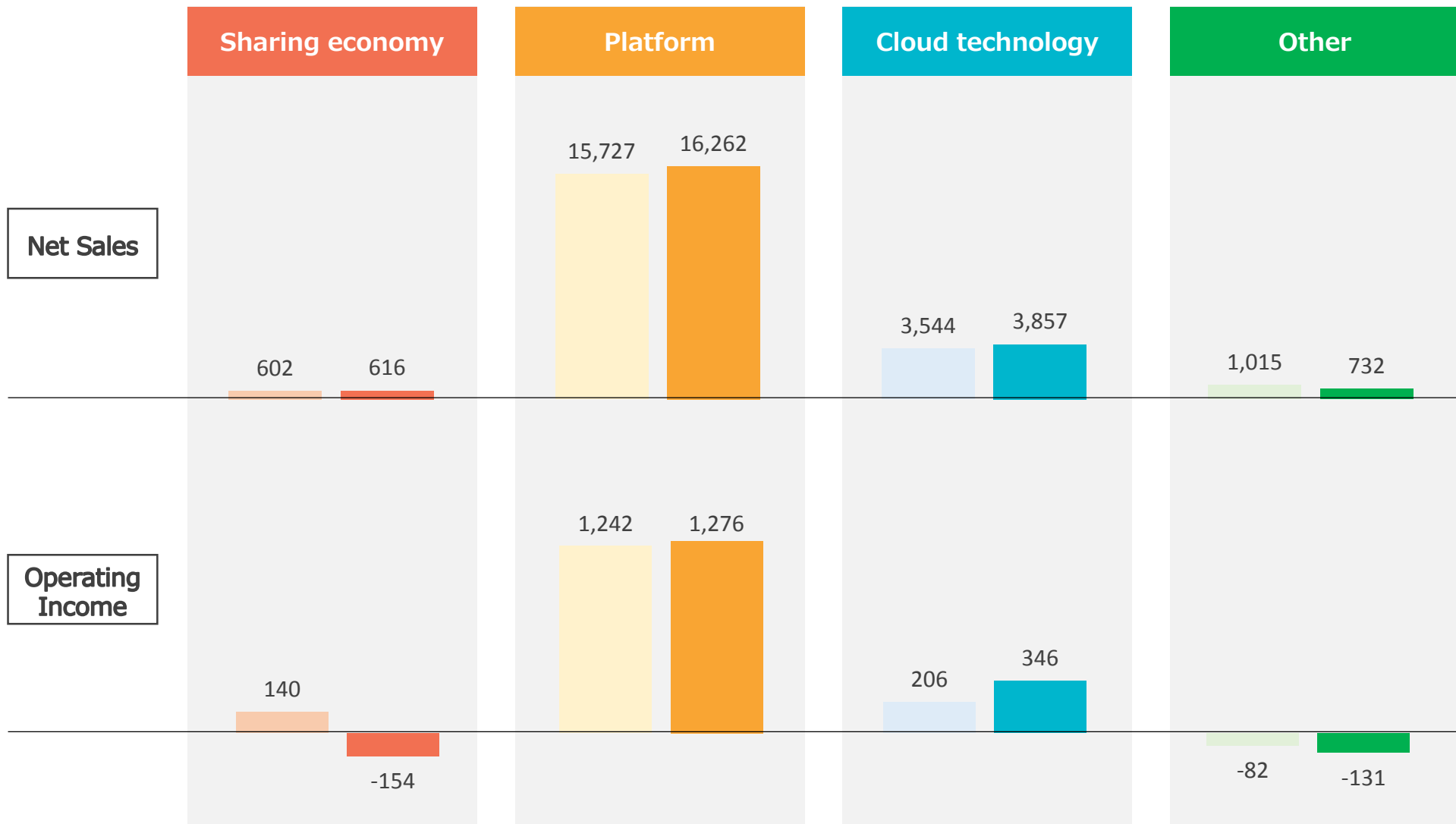


3. 2Q of FY2018 Results by Segment

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

(millions of yen)

left : FY2017 2Q
right : FY2018 2Q



(2) Overview of Sharing economy Business (YoY)

(millions of yen)

	FY2017 2Q	FY2018 2Q	YoY change	
			Amount	Rate
Net Sales	602	616	+13	+2.2%
Operating Income (Operating Income Margin)	140 (23.3%)	▲154 (-)	▲295	- (-)

private lodging



Start from June

(Invested in Grandouce Inc.)



ecobike



Started in Tokyo & Fukuoka

(Business partnership with OpenStreet Co.,Ltd)



fabbit



Direct operation 19 shops, Partner 18 shops

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



Parking



Coin parking for 2,337 cars

Invested in nokisaki Inc.



* Coworking 施設数は、設計・施工中物件を含む

(3) Overview of Platform Business (YoY)

(millions of yen)

	FY2017 2Q	FY2018 2Q	YoY change	
			Amount	Rate
Net Sales	15,727	16,262	+535	+3.4%
Operating Income (Operating Income Margin)	1,242 (7.9%)	1,276 (7.9%)	+34	+2.7%

Shops



Number of directly managed stores
105shops → **108** shops

PM



Managed Properties
71,078 units → **75,144** units

Supplementary Services



Supplementary Services gross profit
911 → **1,014**

(4) Overview of Cloud technology Business (YoY)

(millions of yen)

	FY2017 2Q	FY2018 2Q	YoY change	
			Amount	Rate
Net Sales	3,544	3,857	+313	+8.8%
Operating Income (Operating Income Margin)	206 (5.8%)	346 (9.0%)	+140	+67.4%

■ Example of Cloud technology

Introduction CLOUD

The screenshot displays a dashboard with several data tables and charts. Key figures include 274 and 1,539. A person in a suit is shown interacting with a tablet displaying a pie chart.

Store visitor CLOUD

The screenshot shows a data table with columns for '来店日' (Visit Date), '件数' (Number of visits), and '店舗名' (Store Name). A person is shown using a tablet to interact with the data.

Appraisal CLOUD

The screenshot displays a dashboard with a data table and a pie chart. A person is shown using a tablet to interact with the data.

(5) Cloud technology Business Strategy

Aggressive deployment of Cloud Services · AI · RPA

RPA

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



AR-Tech

A lineup of 14 cloud services



Appraisal CLOUD



Introduction CLOUD



Store visitor CLOUD

など

Sharing Key

Key units using 3G/LTE



apamanshop.com



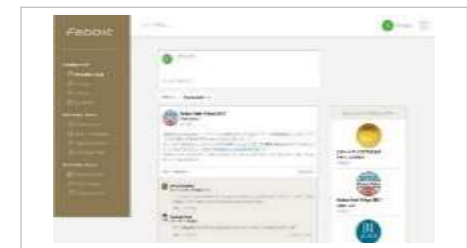
DocuSign



Evaluation system



fabbit tenant system

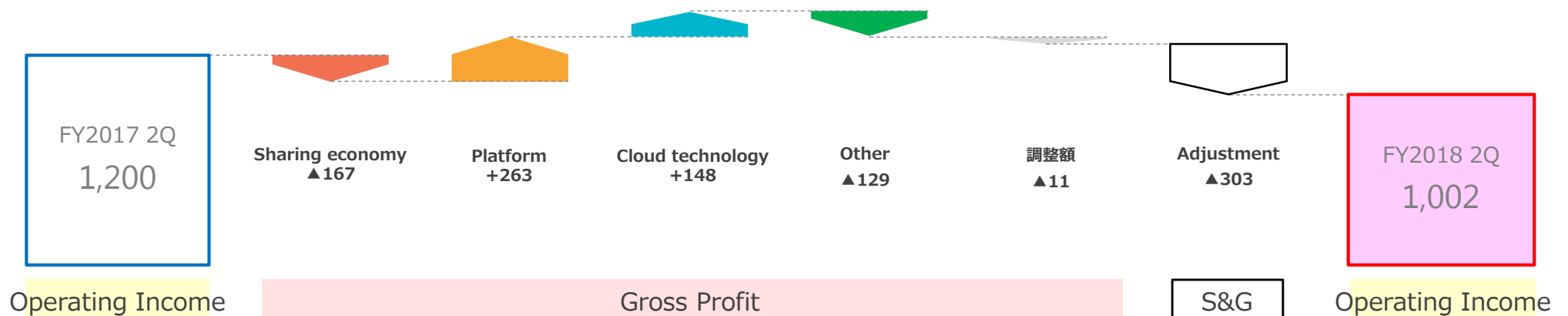


* 上記は一例です

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

(millions of yen)

	FY2017 2Q			FY2018 2Q			YoY change		
	Net Sales	Gross Margin	Rate	Net Sales	売上総利益	Rate	Net Sales	売上総利益	Rate
Sharing economy	602	244	40.6%	616	77	12.6%	+13	▲167	▲28.0%
Platform	15,727	4,802	30.5%	16,262	5,065	31.1%	+535	+263	+0.6%
Cloud technology	3,544	650	18.4%	3,857	799	20.7%	+313	+148	+2.3%
Other	1,015	386	38.1%	732	257	35.2%	▲282	▲129	▲2.9%
Adjustment(elimination or corporate)	-665	-408	-	-697	-419	--	▲32	▲10	-
TOTAL	20,224	5,676	28.1%	20,771	5,780	27.8%	+547	+104	▲0.2%
SG&A expenses (SG&A expenses rate)	4,475		22.1%	4,778		23.0%	+303		+0.8%
Operating income (Operating margin)	1,200		5.9%	1,002		4.8%	+198		▲1.1%



4. FY2018 Consolidated Forecast

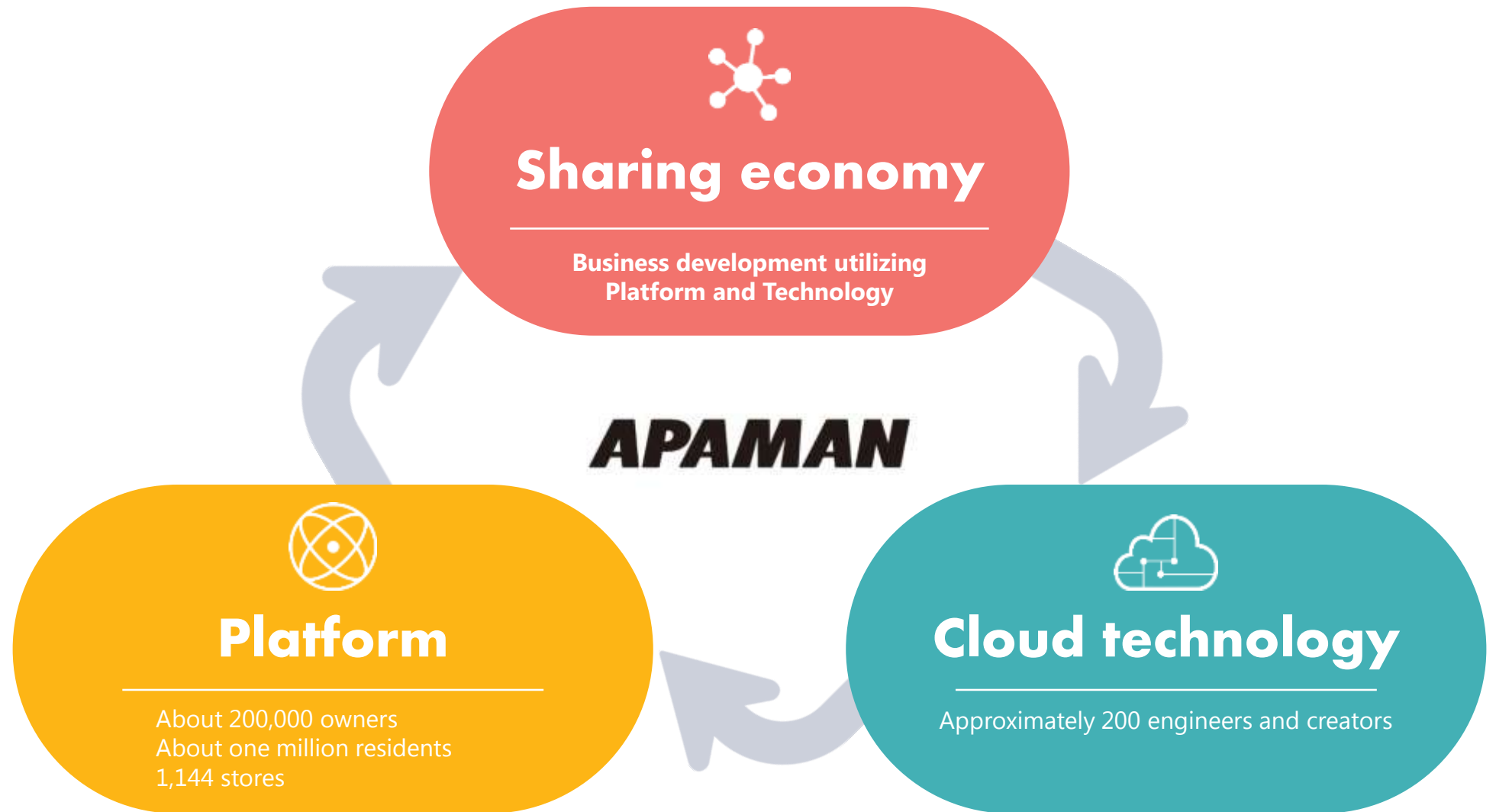
(1) Overview of Consolidated Forecast (YoY)

(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%

5. Growth strategy (Expansion of sharing business centered on technology)

(1) Our Strength



* Platform figures above include FC member companies

(2) Sharing economy business of the APAMAN group is rapidly expanding since 2018

Sharing economy

Private lodging



June Start

Target : 5,000 rooms

Coworking



Direct Operation 19stores, Partner 18stores

Target : 100stores in domestic and overseas

Parking



Coin parking for 2,337 cars

Target : 30,000 cars

Share bike



May Start

Target :100,000 bicycles

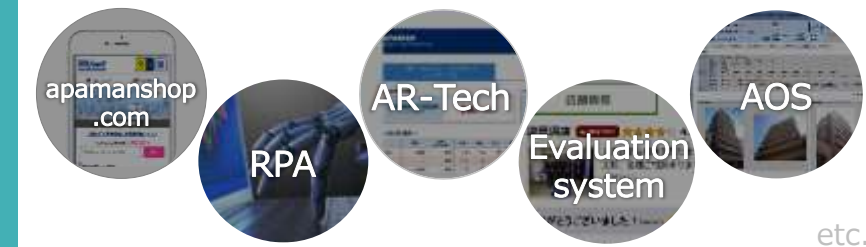
Aim 40 billion yen sales in the Sharing economy business (Private lodging · Coworking · Parking · Share bike)



Platform



Cloud technology



- * The above figures are target figures and are not numerical values that can be confirmed.
- * Coworking stores target number of 100 stores : 50 directly operated stores, and 50 managed stores.

(3) Image of Net sales

Sharing economy

Private lodging



Aim 10 billion yen

Coworking



Aim 10 billion yen

Parking



Aim 10 billion yen

Share bike



Aim 10 billion yen

Aim 40 billion yen sales in the Sharing economy business (Private lodging · Coworking · Parking · Share bike)

Platform



Cloud technology



* The above figures are target figures to the last, not numerical values that can be confirmed.

(4) Open innovation to sharing business (Investment, Alliance etc.)



Operation and management of Private lodging

Grandouce Inc.

Investment



Call center for foreigners

Inbound Tech Inc.

Investment



Japanese Cultural experience service

Okeiko Japan

Investment



Japanese Cultural experience service

Pokekaru Kyushu

Alliance



Smart lock

Tsumug Inc.

Investment



Share parking lot/
Share Space

Nokisaki Inc.

Investment



Share cycle

OpenStret

Alliance



Coworking

Workbar Inc.

Investment



Coworking

Philippine marimo

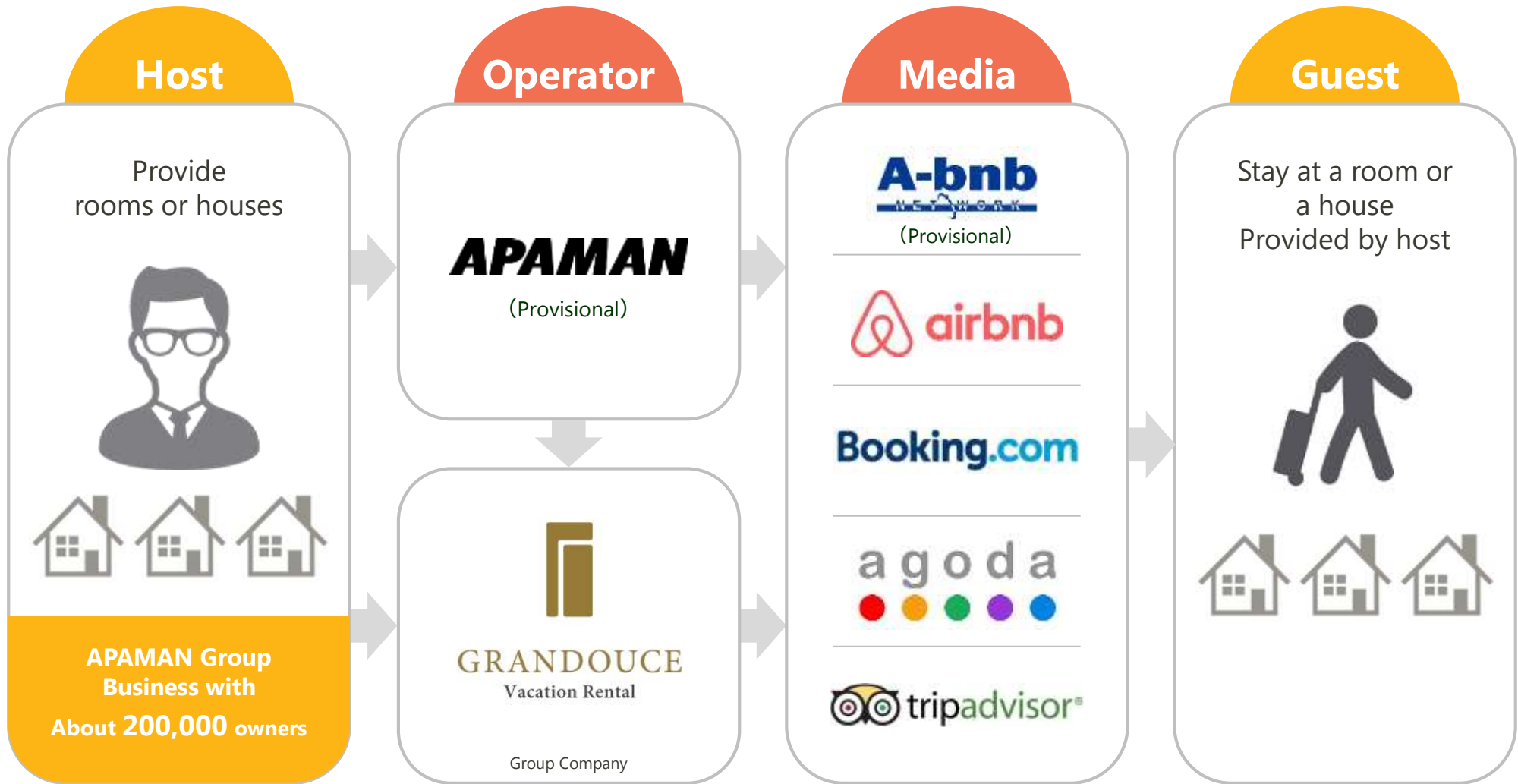
Investment

6. Growth strategy

① Sharing economy (private lodging)

(1) The role of players and APAMAN group in private lodging

Expand business with management + original media development



(2) Our investment for Private lodging Business

Invested in "GRANDOUCE" which legally carries out private lodging and "INBOUNDTECH" which manages call centers for foreigners



- Field survey
- Design
- Facility operation
- multilingual support
- Attracting customer
- Check-in
- High quality cleaning
- Emergency call

English
Chinese
Korean
Portuguese
Spanish
Thai
Vietnam
Russian
French
etc.

(3) Our Private lodging

It is possible to have management properties in the downtown area

Private lodging for business people



It can be done since there are sales bases in 47 prefectures

Private lodging with Japanese cultural experiences



※Investment Company



It can be done because it possesses many quality properties

High Quality Private lodging



(4) Our Private lodging ①Private lodging for business people

Private lodging operation in urban center studios

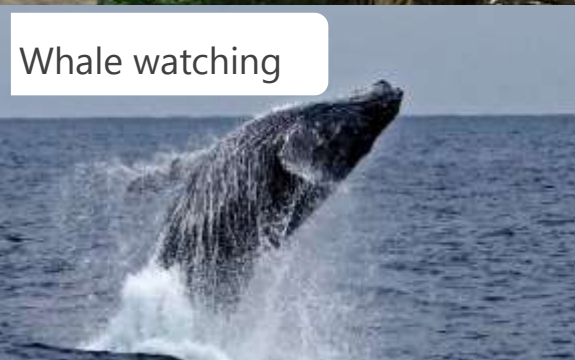


* 画像はイメージです

(5) Our Private lodging ② Private lodging with Japanese Cultural experiences

Challenge to develop private lodging in 47 prefectures including social contribution

ex. Kagoshima Prefecture Amami Archipelago Schedule of cooperation with Isen-town (Kodakara Mountain / Birthrate Japan / Bullfighting / World Heritage / Whale Watching / 300 year old banyan/ Sea Turtle)
ex. Hiroshima Prefecture Miyajima Okeiko Japan cooperation schedule (kimono dress-up, tea ceremony, cooking) * Investment company
ex. Established Pokekaru Kyusyu with Pokekaru Inc.



* 画像はイメージです

(5) Our Private lodging ②Private lodging with Japanese Cultural experiences

We have entered into comprehensive cooperation agreement with Isen-cho in Kagoshima Pre.



Collaboration content

Sightseeing

ecobike

Private lodging

Human resource development

fabbit

Match making Support

Junoall

7. Growth strategy

② Sharing economy (Coworking)

(1) Japan's leading players in coworking space



fabbit

- 20 domestic stores & Approximately 3,000members (company)
- Fulfilling start-up support program
- Excellent advisory board
- Unlimited information supply during events

Regus



wework



(2) fabbit's biggest feature : The Startup Ecosystem

Support Programs

- (1) Establishment of support forum
- (2) Hosting monthly informational conferences
- (3) Stepwise MTG by "Mentors" "Community Accelerators" "Incubation Managers"
- (4) Entrepreneur exchange meetings · Networking parties
- (5) Producing pitch contests
- (6) Information dissemination about financial institutions
- (7) Introducing VC · Cloud Funding
- (8) Design Lab · Creative Lab · Engineer Lab
- (9) Annual Conference

Annual Conference



Accelerators and mentors with great track records

fabbit 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, fabbit 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 fabbit.

(3) fabbit's Target

100 domestic and overseas stores
~ Have characteristics for each base ~



Otemachi (Tokyo)



Aoyama (Tokyo)



Kyobashi (Tokyo)



Akihabara (Tokyo)



Ginza (Tokyo)



Jingumae (Tokyo)



Nihonbashi (Tokyo)



Hachioji (Tokyo)



Sakae (Nagoya)



Osaka Honmachi
(Osaka)



Shin Osaka
(Osaka)



Osaka Fukushima
(Osaka)



Hiroshima
(Hiroshima)



Kitakyushu
(Fukuoka)



Hakata
(Fukuoka)

* The above figures are target figures and are not numerical values that can be confirmed.

(4) Collaboration with local governments



(DIMYOU elementary school/Fukuoka)

Public-private partnership type facilities



Fabbic 八王子

(Hachioji, Tokyo)

Tokyo Metropolitan Government Tama MONODUKURI Type Foundation Support Facility Development Assistance Project



COMPASS 小倉
コンパス

(Kitakyusyu, Fukuoka)

Public-private partnership type facilities



Will open in June, 2018

8. Growth strategy

③ Sharing economy (Share Cycle)

(3) Our Share Cycle Brand

Service started in Tokyo · Fukuoka!
Expanding all over the country

ecobike

Powered by HELLO CYCLING



The convenience
that can be used
anytime



Can be dumped at
multiple bicycle
parking spaces



Diversification of
purpose of use



Shopping, commuting, school attendance,
sightseeing promotion, health promotion etc.

(2) Share Cycle Brand

Installation is progressing one after another



9. Growth Strategy


④ Sharing economy (Parking)

(2) Direction of parking lot business

Promote parking lot sharing business

Increase parking lot


Coin parking lot
(Time lent)



2,386 cars
(As of 31 Mar., 2018)

Invested in Nokisaki Inc. Share IT system

Share parking lot
(Time & Day lent)



6,776 cars
(As of 31 Mar., 2018)

* Images are sample images.

* The number of coin parking lot car spaces operated by APAMAN Group. The number of car spaces registered.

(2) Direction of parking lot business

Started nationwide unified logo



10. CSR

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



Japan will surely improve if the circle of social contribution widens

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

Match making 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"

(3) Company profile

Company name	Apaman Co., Ltd.
Established	October 20, 1999
President and CEO	Koji Omura
Capital	7,980 million yen (as of March 31, 2018)
Employees (Consolidated)	1,173 (as of March 31, 2018)
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 24 companies (Japan:20;Overseas:4)



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.