

**APAMAN**

Briefings on Financial Results for the Fiscal Year Ended  
September 30, 2019 (FY2019)

November 7, 2019

APAMAN Co., Ltd.

JASDAQ: 8889

- ◆ The Sharing Economy Business became profitable
- ◆ Sold all common stock of a rent guarantee company (no longer a consolidated subsidiary)
- ◆ Sold part of the stock of a minpaku company (no longer an equity-method affiliate)
- ◆ Impact of the Sapporo accident (extraordinary income: 310 million yen  
extraordinary loss: 1,150 million yen)
- ◆ Equity-method loss of 570 million yen

# Topics by Segment



## Sharing Economy

### Became profitable

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



## Platform

### Increase in sales and decrease in earnings

Earnings decreased due to the impact of the Sapporo accident



## Cloud Technology

### Increase in sales and earnings

Growing use of the cloud and more IT services

# 1. Benefits of Upfront Investments –Sharing Economy Business

# 1. Co-working



**fabbit 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, 2018

**41** locations



As of September 30, 2019

**45** locations

# 1. Co-working

## Significant increase in the number of members



Number of members

**6,633**



Number of locations

**45**



Number of matches

**102,274**



Number of events held

**2,568**

Note: As of September 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 in January 2020



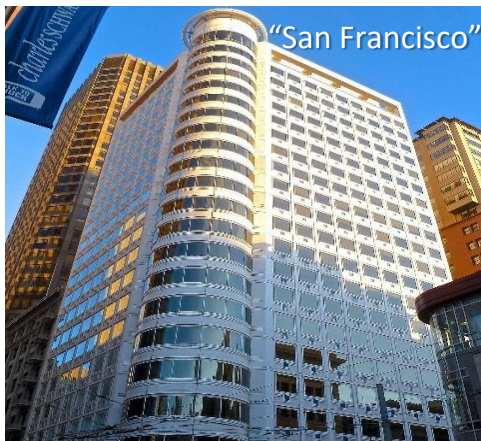
“Otemachi”



“ACROS Fukuoka”



“Osaka Honmachi”



“San Francisco”



fabbit Global Gateway “Otemachi”



# 1. Co-working (Public sector collaboration)

## Public-private joint facilities and projects receiving local government subsidies



April 2017 to March 2019

Public-private joint facility  
"Fukuoka Growth Next"



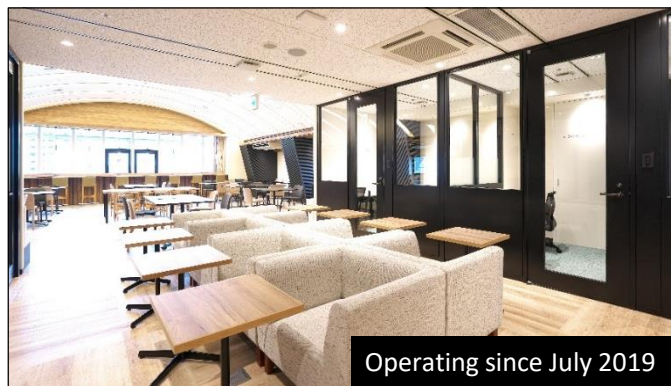
Operating since December 2017

Tokyo Tama manufacturing (monozukuri) support project  
subsidized facility  
"fabbit Hachioji"



Operating since June 2018

Public-private joint facility  
"COMPASS Kokura"

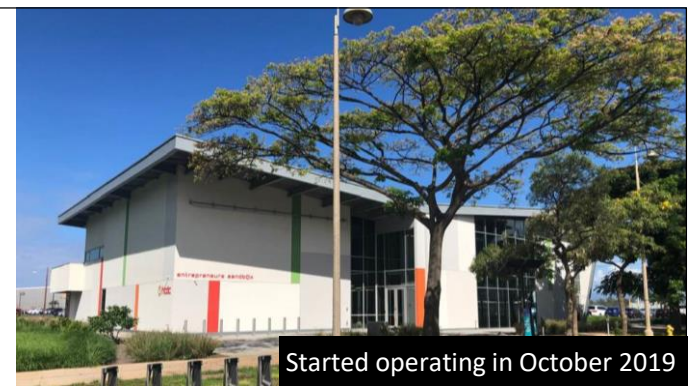


Operating since July 2019

Innovation hub promotion system  
"fabbit Kobe Sannomiya"



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



Started operating in October 2019



# 1. Co-working (Comparisons with competitors)

## fabbit

Specializes in support for start-up companies and small companies that are reinventing themselves under new ownership and management

## Company A

World's largest co-working company

## Company B

World's largest small office rental company



In the spirit of the Japanese government's Investments for the Future Strategy 2018, 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 23 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.

## fabbit Co., Ltd.

Yasunari Tanaka, President and 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.



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 (Many valuable services)

## **fabbit has many innovative services to assist start-up companies**

- ◆ **Business matching service using AI**  
(AI analyzes data and needs of members in order to match members with each other)
- ◆ **Support for the growth of start-ups and other companies**  
(Fund procurement, management, stock listing, accounting, cost cutting, M&A, buyouts and other activities)
- ◆ **Face-to-face interaction by holding seminars and other events**  
(Assistance for direct matching of members by holding more than 1,000 seminars and other events every year)
- ◆ **Support for international business**  
(Support for the global expansion of business operations)
- ◆ **Provision of co-working and rental office space**

# 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.



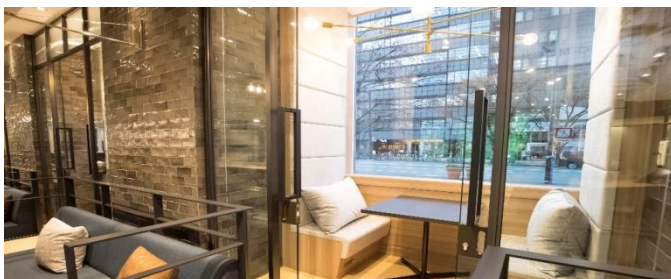
# 1. Co-working (Selected locations)



## 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)



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

↓ +561

As of September 30, 2019

**3,589** parking spaces

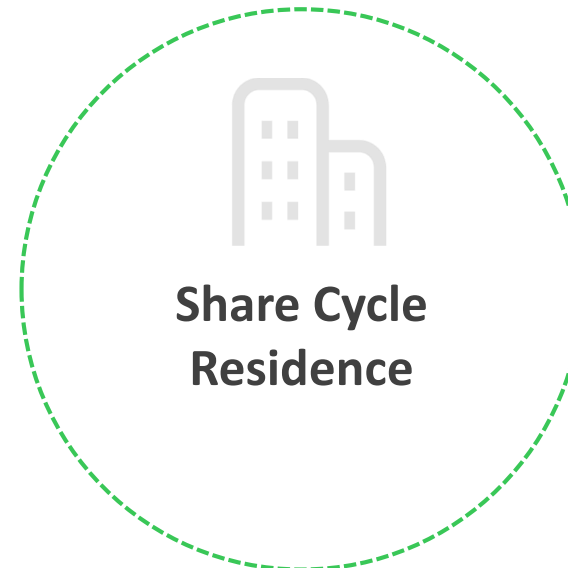
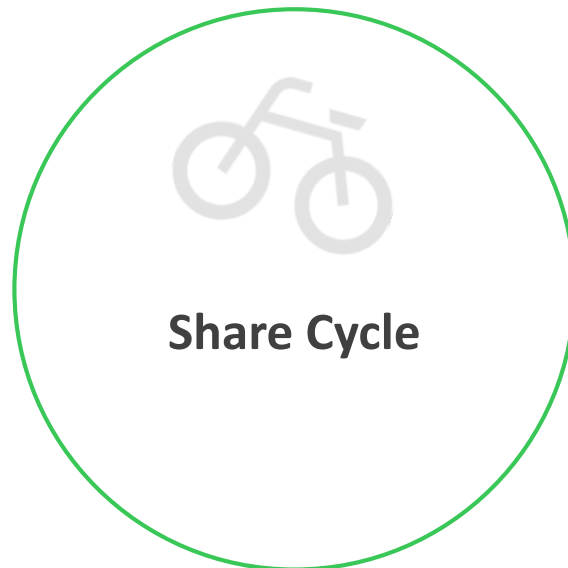
Note: The number of locations includes sites that have been leased but not yet started operations.

### 3. 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 Share Cycle Residence service that allows residents of a condominium building to use a single pool of bicycles. ecobike had a total of 905 bicycles at the end of September 2019 in the Share Cycle, Share Cycle Residence and Cycle Share Space services.





# 3. Share Cycle

## Major activities

### Share Cycle



### Share Cycle Residence



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 . Photos are examples of business locations and may not be accurate.



## 2. FY2019 Consolidated Results

# 1. Overview of Consolidated Results (YoY comparison)

(Millions of yen)

	FY2018	FY2019	Remarks	YoY change	
				Amount	%
Net sales	41,682	45,934	Sales increase in the three major business segments: Sharing Economy, Platform, and Cloud Technology	+4,251	+10.2%
Gross profit	11,309	11,637	Increase in earnings in the Sharing Economy Business	+328	+2.9%
SG&A expenses	9,683	9,582		-100	-1.0%
Operating profit (operating margin)	1,626 (3.9%)	2,055 (4.5%)	Increase in earnings in the Sharing Economy Business	+428	+26.4%
Ordinary profit	881	729	Increase in operating profit Equity-method loss -570 million yen Allowance for doubtful accounts -230 million yen	-151	-17.2%
Profit attributable to owners of parent	(1,073)	272	Gain on sales of shares of subsidiaries and associates +2,050 million yen Accident losses -1,150 million yen Insurance revenue +310 million yen	+1,345	-
EBITDA <sup>Note</sup>	2,661	2,471	Increase in operating profit Equity-method loss -570 million yen	-189	-7.1%

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	End-FY2019	YoY change	Remarks
<b>Current assets</b>	<b>14,641</b>	<b>15,122</b>	<b>+481</b>	
Cash and deposits	7,773	7,959	+185	
Notes and accounts receivable-trade	1,567	1,669	+101	
Operational investment securities	1,031	1,105	+74	
Other	4,268	4,388	+119	Short-term loans receivable: +740
<b>Non-current assets</b>	<b>20,904</b>	<b>18,807</b>	<b>-2,097</b>	
Property, plant and equipment	4,693	4,299	-393	
Intangible assets	9,207	8,667	-539	
Goodwill	7,215	6,741	-474	
Other intangible assets	1,991	1,925	-65	
Investments and other assets	7,003	5,839	-1,163	Deferred tax assets: -716 Shares of subsidiaries and associates: -573
<b>Total assets</b>	<b>35,545</b>	<b>33,929</b>	<b>-1,616</b>	

Liabilities and net assets	End-FY2018	End-FY2019	YoY change	Remarks
<b>Current liabilities</b>	<b>10,523</b>	<b>10,223</b>	<b>-300</b>	
Accounts payable-trade	1,005	909	-96	
Short-term loans payable <sup>Note</sup>	1,979	2,053	+74	
Other	7,538	7,260	-277	Accrued taxes: -1,008
<b>Non-current liabilities</b>	<b>20,474</b>	<b>18,844</b>	<b>-1,630</b>	
Long-term loans payable	17,797	16,076	-1,721	
Long-term lease and guarantee deposited	1,750	1,642	-108	
Other	926	1,125	+199	
<b>Total liabilities</b>	<b>30,998</b>	<b>29,068</b>	<b>-1,930</b>	
<b>Capital</b>	<b>7,983</b>	<b>7,983</b>	<b>-</b>	
<b>Net assets</b>	<b>4,546</b>	<b>4,861</b>	<b>+314</b>	
<b>Total liabilities and net assets</b>	<b>35,545</b>	<b>33,929</b>	<b>-1,616</b>	

Note: Includes current portion of long-term loans payable

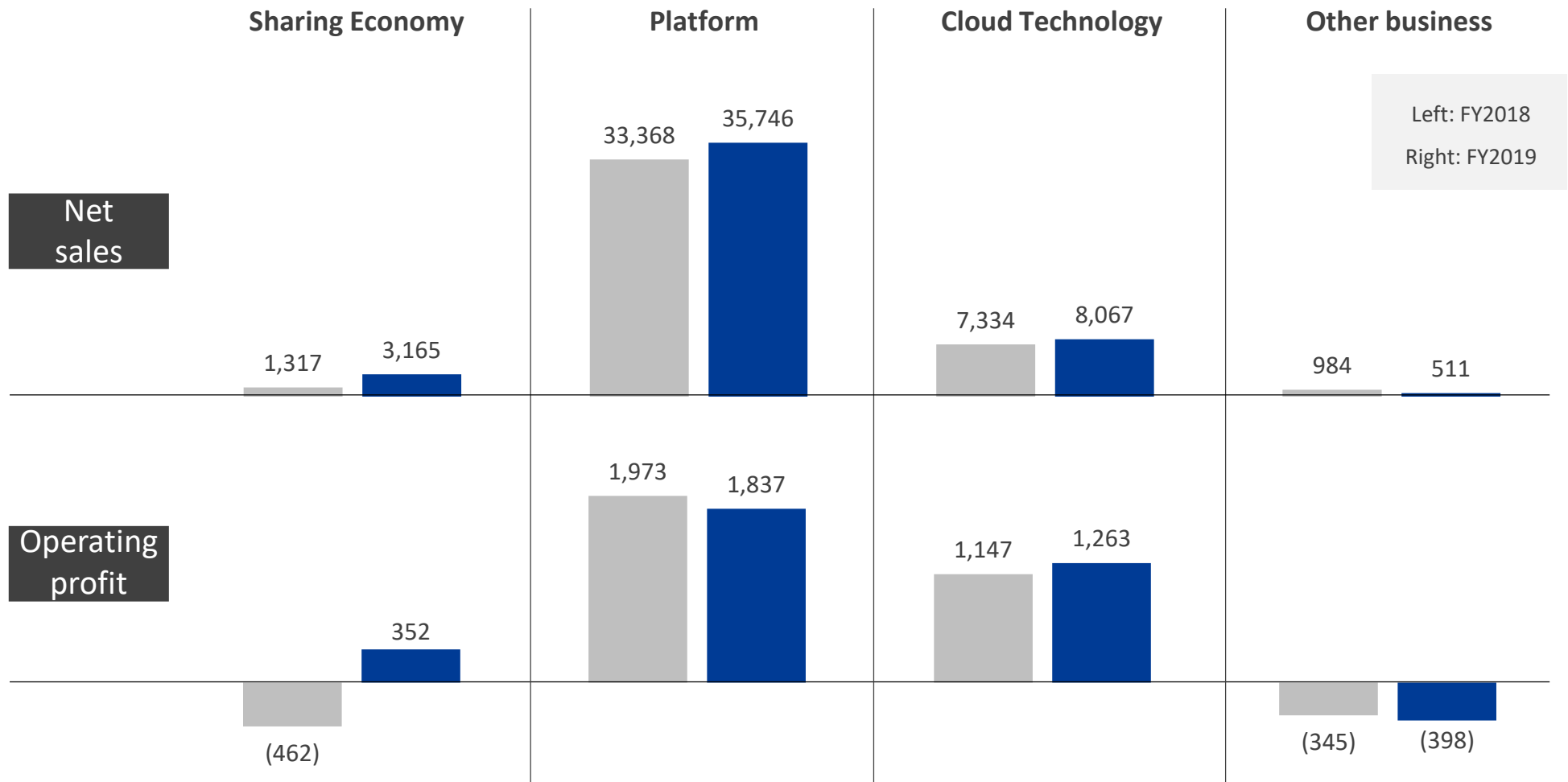
## 3. FY2019 Results by Segment



# 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)

	FY2018	FY2019	YoY change	
			Amount	%
Net sales	1,317	3,165	+1,847	+140.2%
Operating profit	(462)	352	+814	-

### Co-working



Directly managed locations

41 → **45**

### Parking



3,028 parking spaces

→ **3,589** parking spaces

### 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  
Share cycle includes contracted bicycles at alliance partners

### 3. Platform Business (YoY comparison)

(Millions of yen)

	FY2018	FY2019	YoY change	
			Amount	%
Net sales	33,368	35,746	+2,377	+7.1%
Operating profit	1,973	1,837	-136	-6.9%

#### Stores



Number of directly managed  
franchised stores  
107 stores → **92** stores

#### Property management



Number of units under management  
90,198 units → **87,970** 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  
1,981 million yen → **1,889** million yen

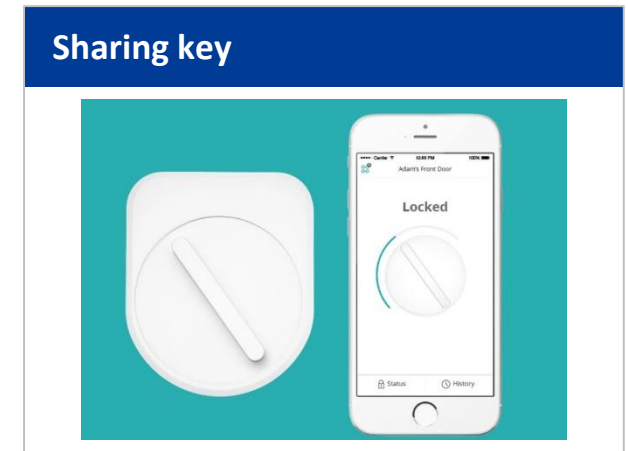
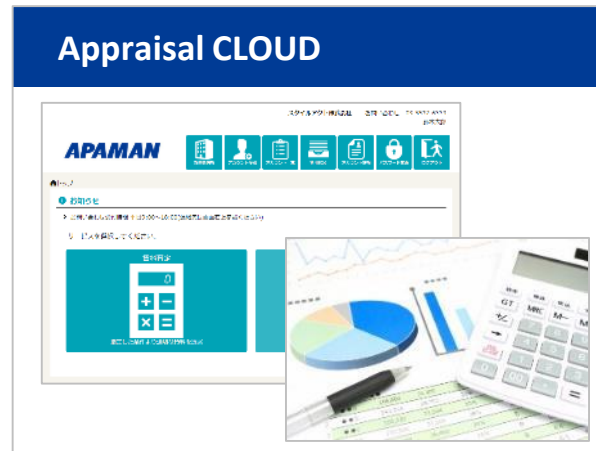
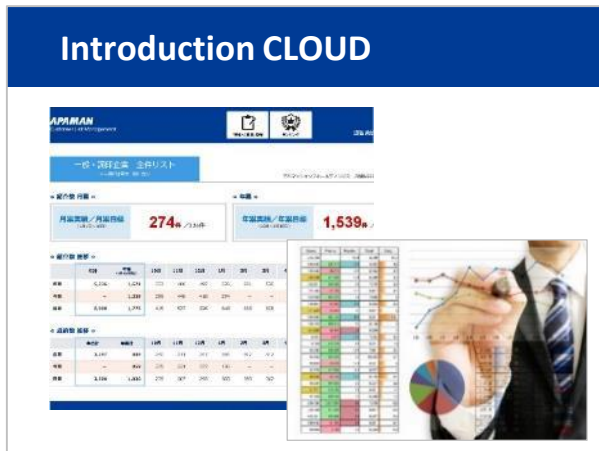
Note: Directly managed stores are gradually converted to franchised stores

# 4. Cloud Technology Business (YoY comparison)

(Millions of yen)

	FY2018	FY2019	YoY change	
			Amount	%
Net sales	7,334	8,067	+733	+10.0%
Operating profit	1,147	1,263	+115	+10.1%

## Cloud technology services









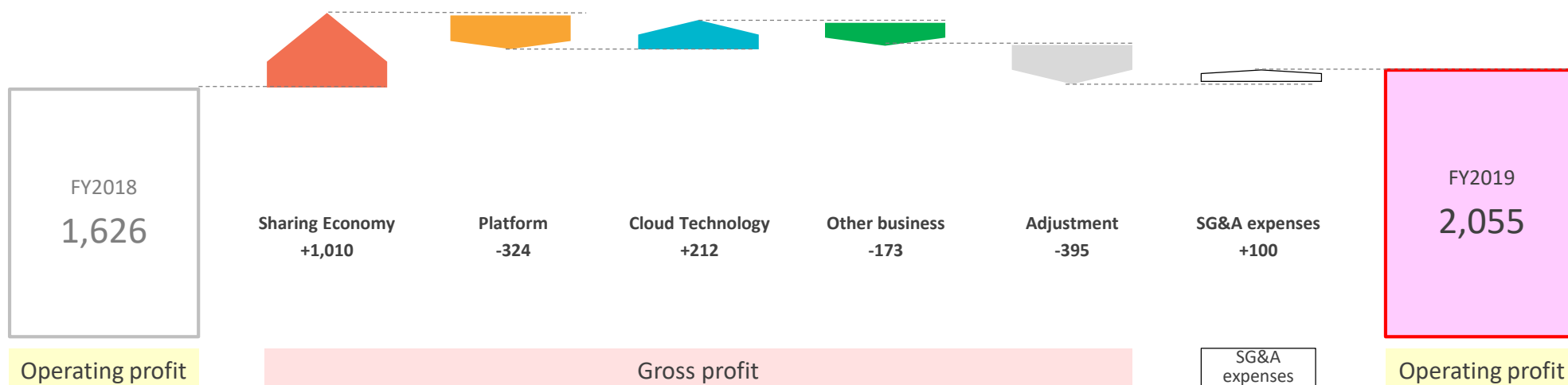
Note: The sharing key is a product of a company in which APAMAN has made an investment



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

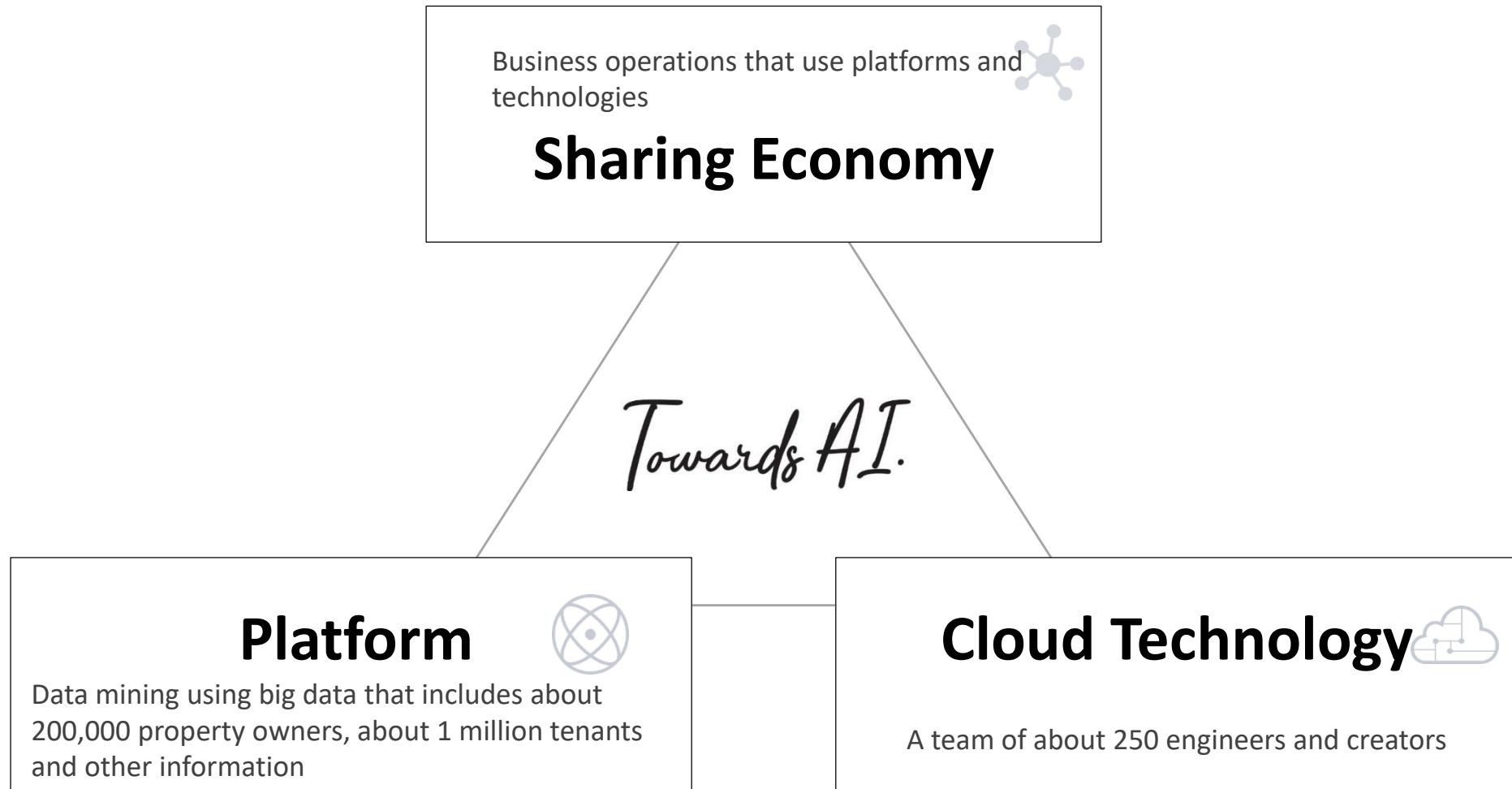
(Millions of yen)

	FY2018			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>	1,317	99	7.5%	3,165	1,109	35.1%	+1,847	+1,010	+27.5%
 <b>Platform</b>	33,368	9,706	29.1%	35,746	9,382	26.2%	+2,377	-324	-2.8%
 <b>Cloud Technology</b>	7,334	2,072	28.3%	8,067	2,284	28.3%	+733	+212	+0.1%
 <b>Other business</b>	984	305	31.1%	511	131	25.8%	-472	-173	-5.3%
 <b>Adjustment (elimination or corporate)</b>	(1,322)	(874)	-	(1,556)	(1,270)	-	-233	-395	-
<b>Total</b>	41,682	11,309	27.1%	45,934	11,637	25.3%	+4,251	+328	-1.8%
 <b>SG&amp;A expenses (SG&amp;A expenses ratio)</b>	9,683		23.2%	9,582		20.9%	-100		-2.4%
<b>Operating profit (operating margin)</b>	1,626		3.9%	2,055		4.5%	+428		+0.6%



## 4. FY2020 Consolidated Forecast

# 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)

	FY2019 Results	FY2020 Forecast	YoY change	
			Amount	%
Net sales	45,934	45,000	-934	-2.0%
Operating profit (operating margin)	2,055 (4.5%)	2,000 (4.4%)	-55 (-0.1%)	-2.7%
Ordinary profit	729	1,400	+670	+91.9%
Profit attributable to owners of parent	272	450	+177	+65.1%

## 5. Dividend Policy



# 1. Dividend Policy

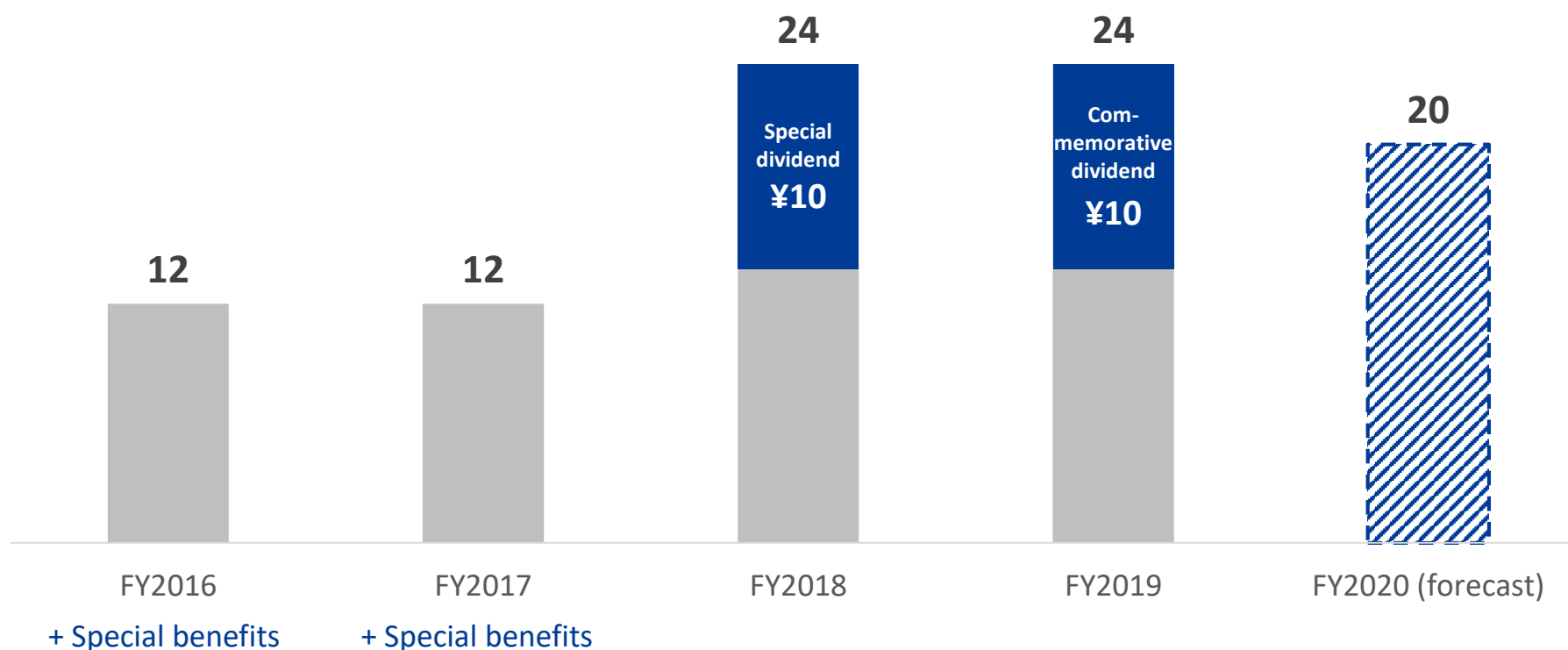
Distributing earnings to shareholders is one of our highest priorities. The basic policy is to distribute earnings in a manner that takes into account results of operations and other applicable items.

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 will be 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)	1,096 (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**

## **Cautionary Statements**

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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