

APAMAN

FY2018 3Q FINANCIAL RESULTS

July 30, 2018

Apaman Co., Ltd.
JASDAQ : 8889

1. Topics 3Q of FY2018

(1) Topics

Sharing economy business expanded rapidly,
we carried out forward investment !

Impact for Operating Income ▲400million yen

Platform business expanded rapidly,
we carried out forward investment !

Impact for Operating Income ▲200million yen

(1) Topics

Sharing economy business expanded rapidly, we carried out forward investment !

Private Lodging



Results of 3Q FY2018

265 rooms
(Started on 15, June)

Future target

5,000 rooms
10billion yen

Coworking



Results of 3Q FY2018

35 stores
(Active development)

Future target

World wide 100 stores
Directly managed 50 stores
10 billion yen

Share Cycle



Results of 3Q FY2018

215 bicycles
(Started in May)

Future target

100,000 bicycles
10 billion yen

Parking



Results of 3Q FY2018

2,495 cars
(Steadily increasing)

Future target

30,000 cars
10 billion yen

* Results are contract-based
* The above target figures are just "target", and can not be guaranteed.
* The number of rooms in the private residence also includes the equity method applicable group company.

(1) Topics

Private Lodging business started!

Number of rooms have been increased

GRANDOUCE Shitennoji



Standing close to the temples and shrines, good location to enjoy Osaka

● Address

Tennoji-Ku Ueshio 5-7-11, Osaka, Japan

GRANDOUCE Dotonbori



Newly opened in August 2017. Dotonbori, good location of Riverside.

● Address

Cyuo-ku Shimanouchi 2-17-25 Osaka, Japan

GRANDOUCE CASA · COMODA



Designer's Villa within walking distance to Minami area, Tsutenkaku.

● Address

Ota-ku Nakarokugo 4-20-6, Tokyo, Japan

BUENA VISTA Namba Minami



It is 5 minutes on foot from the 2nd exit of Ogucho cho station and within walking distance to the Minami area and Tsutenkaku.

● Address

Naniwa-ku Shikitsunishi 1-6-23, Osaka, Japan

(1) Topics

Private Lodging business started!

Number of rooms have been increased

GRANDOUCE
Rokugodote



GRANDOUCE
Nihonbashihigashi



GRANDOUCE
Nambanishi



GRANDOUCE
Tsuruhashi



GRANDOUCE
Villa Tengajyaya



GRANDOUCE
Nambahigashi



GRANDOUCE
Ceruju



GRANDOUCE
Hakata



(1) Topics

Private Lodging business started!

Number of rooms have been increased

GRANDOUCE
Temmahigashi



GRANDOUCE
Villa Shinimamiya



GRANDOUCE
Shinsaibashihigashi



GRANDOUCE
Imamiyaebisu



GRANDOUCE
Hanazonomachi



GRANDOUCE
Tengajyaya



GRANDOUCE
Kamata I



GRANDOUCE
Kamata II

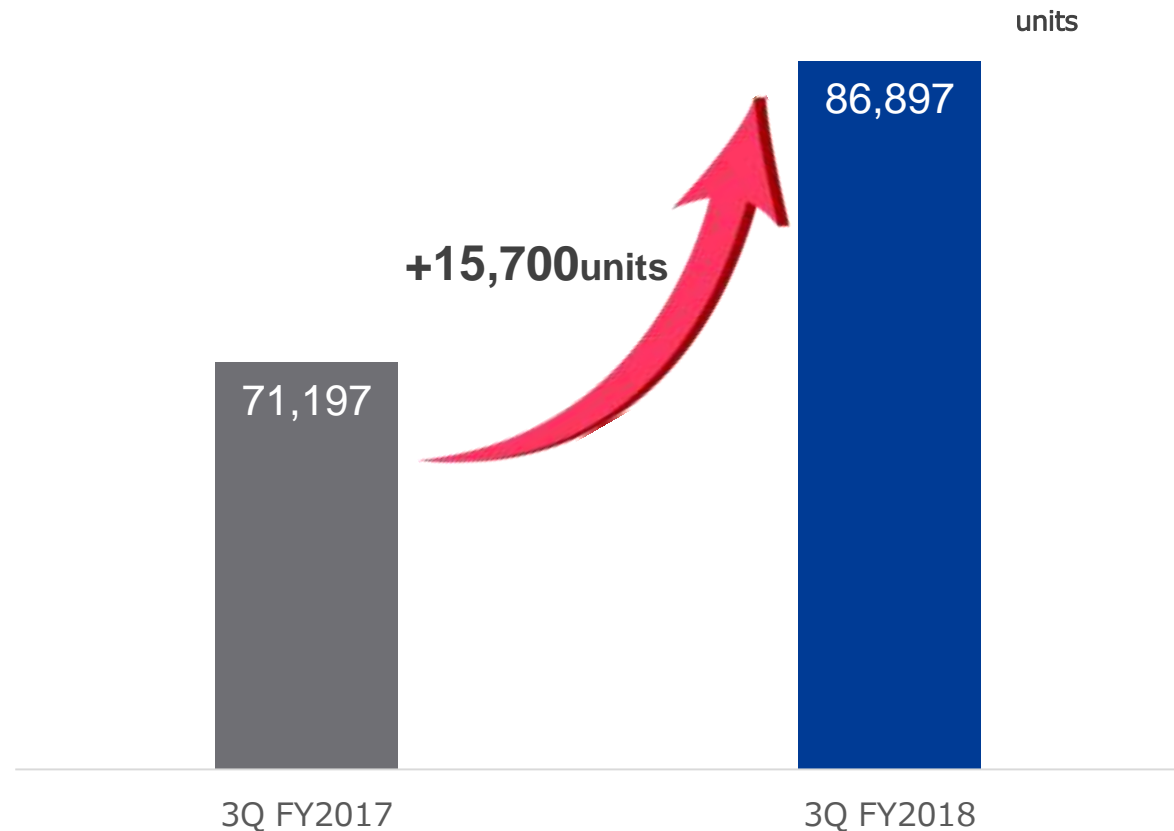


※Contracted · Pre-opening property is also listed

(1) Topics

Platform business has been grown rapidly,
we carried out forward investment !

The number of managed property increased by 4 times compared to the past
We expect to increase sales by about 10 billion yen next fiscal year



* 2017年9月期 71,478戸/年増加数 3,971戸
* the above target figures are just "target", and can not be guaranteed.

(1) Topics

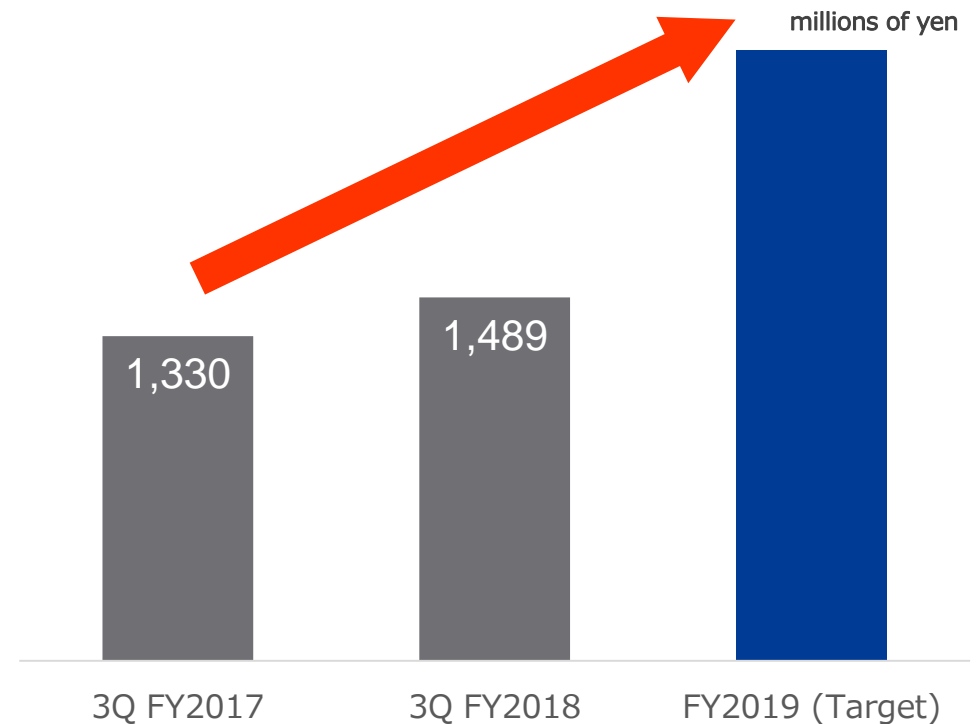
Platform business has been grown rapidly,
we carried out forward investment !

Aim to increase the gross margin of supplementary products greatly by
"increasing the number of managed units" and "in-house production"

Drive in-house production



Gross margin of supplementary products



(1) Topics

Conclusion

How will the APAMAN Group change in the future
due to rapid expansion of
Sharing economy business and Platform business ?

1. 急拡大・先行投資によるP L マイナス影響は、概ね2018年末で終了
2. 5年後 連結売上 2017年9月期402億円 → 約1,000億円規模
3. IoTの普及によって、Cloud Technology事業も拡大 (ex. シェアキー、シェアバイク等)

3. 3Q of FY2018 Consolidated Results

(1) Over view of Consolidated Results (YoY)

(Millions of yen)

	FY2017 3Q	FY2018 3Q	Note	YoY change	
				Amount	Rate
Net Sales	30,248	30,556		+308	+1.0%
Gross profit	8,708	8,554	Upfront investment for Sharing economy Business ▲about 200 million yen	△154	△1.8%
SG&A Expenses	6,832	7,227	Upfront investment for Sharing economy & Platform Business about 400 million yen	+395	+5.8%
Operating income	1,876 (6.2%)	1,326 (4.3%)	Upfront investment for Sharing economy & Platform Business about ▲600 million yen	△550	△29.3%
Ordinary income	1,497	821		△676	△45.1%
Profit attributable to owners of parent	587	△498	Due to the sale of real estate Increase in income taxes and income tax adjustments ▲ 640 million yen	△1,085	—
E B I T D A	3,074	2,176	Real estate sold for sale Reduction in rental income ▲ about 400million yen	△898	△29.2%

* 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 3Q	Change	Note
Current assets	8,733	12,366	+3,632	
Cash and deposits	3,201	6,297	+3,095	Increase in cash and deposits
Notes and accounts receivable-trade	1,473	1,441	△32	
Operational investment securities	551	817	+266	
Other	3,507	3,809	+303	
Non-current assets	34,912	21,070	△13,842	
Property, plant and equipment	16,625	4,544	△12,080	Substantial decrease due to real estate sales
Intangible assets	11,687	9,459	△2,227	
Goodwill	9,769	7,424	△2,345	Substantial decrease due to real estate sales
Other intangible assets	1,917	2,035	+117	
Investments and other assets	6,600	7,066	+465	
Total assets	43,646	33,437	△10,209	

負債・純資産の部	FY2017 end	FY2018 3Q	Change	Note
Current liabilities	9,393	11,060	+1,666	
Accounts payable-trade	1,464	1,802	+338	
Short-term loans payable*	2,915	2,095	△819	
Other	5,013	7,161	+2,148	
Non-current liabilities	28,230	17,240	△10,989	
Long-term loans payable	23,596	14,595	△9,001	Substantial decrease due to real estate sales
Long-term lease and guarantee deposited	4,159	1,806	△2,353	Substantial decrease due to real estate sales
Other	473	836	+364	
Total liabilities	37,623	28,300	△9,322	
Capital stock	7,983	7,983	±0	
Net assets	6,023	5,136	△886	
Total liabilities and net assets	43,646	33,437	△10,209	

*Include current portion of long-term loans payable

4. 3Q of FY2018 Results by Segment

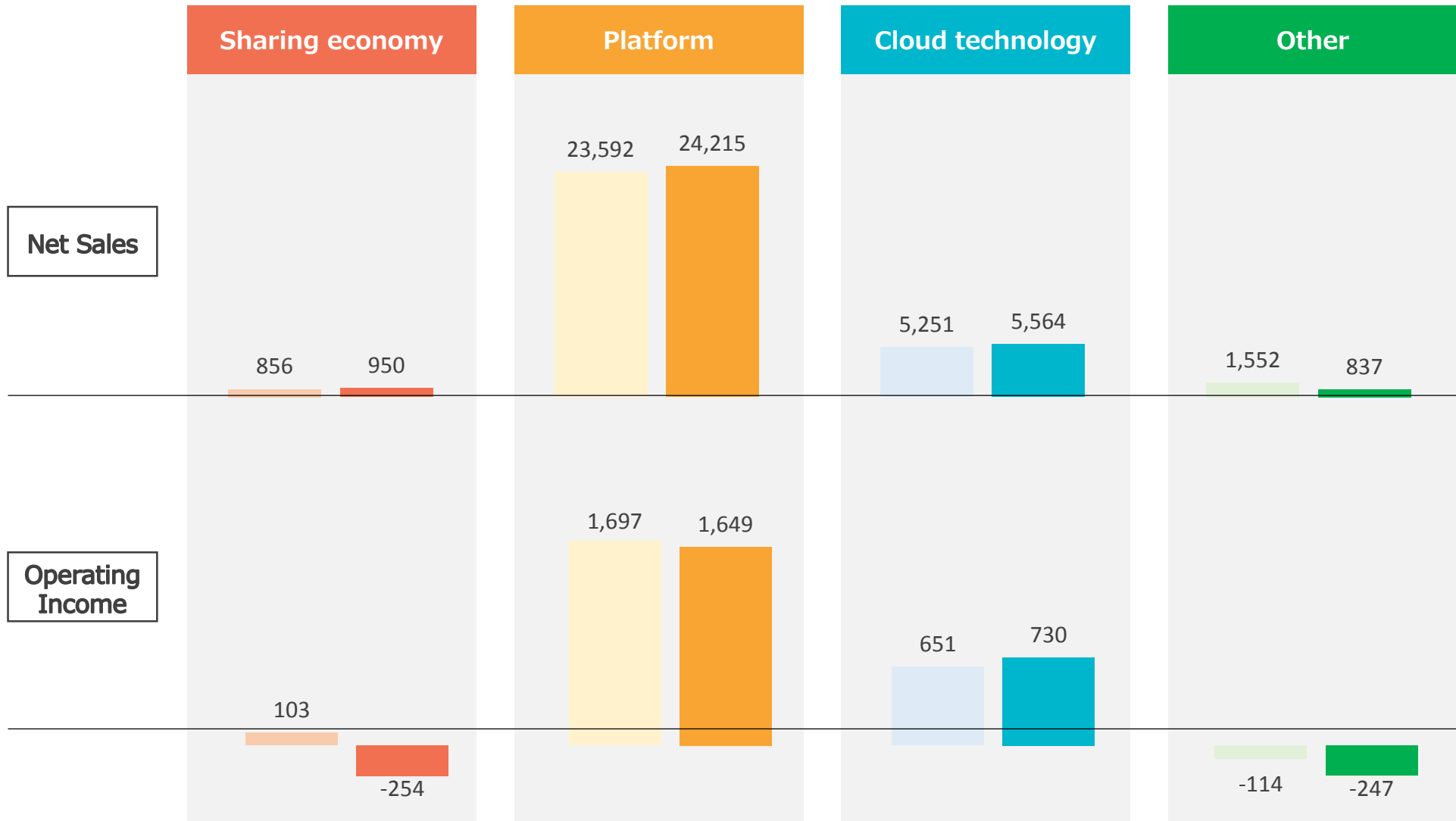
(1) Net Sales • Operating income by segment (YoY)

(millions of yen)

Net Sales → Increased in all three major segments

OP → Decreased in Sharing economy and Platform due to rapid growth

left : FY2017 3Q
right : FY2018 3Q



(2) Overview of Sharing economy Business (YoY)

(millions of yen)

	FY2017 3Q	FY2018 3Q	YoY change	
			Amount	Rate
Net Sales	856	950	+93	+11.0%
Operating Income (Operating Income Margin)	103 (12.0%)	▲254 (-)	▲357	—

private Lodging



Start from June

(Invested in Grandouce Inc.)



fabbit



Domestic 23, Overseas 12

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



ecobike



Started all over Japan

(Business partnership with OpenStreet Co.,Ltd)



Parking



Coin Parking for 2,495cars

Invested in nokisaki Inc.



* Coworking number of facilities includes those under design and construction. Including 18 invested companies in 20 overseas locations

(3) Overview of Platform Business (YoY)

(millions of yen)

	FY2017 3Q	FY2018 3Q	YoY change	
			Amount	Rate
Net Sales	23,592	24,215	+623	+2.6%
Operating Income (Operating Income Margin)	1,697 (7.2%)	1,649 (6.8%)	▲47	▲2.8%

Shops



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

PM



Managed Properties
71,197 units →
86,897 units

Supplementary Services

Emergency services



Insurance



Rent Guarantee



Finance services



Energy



Telecom



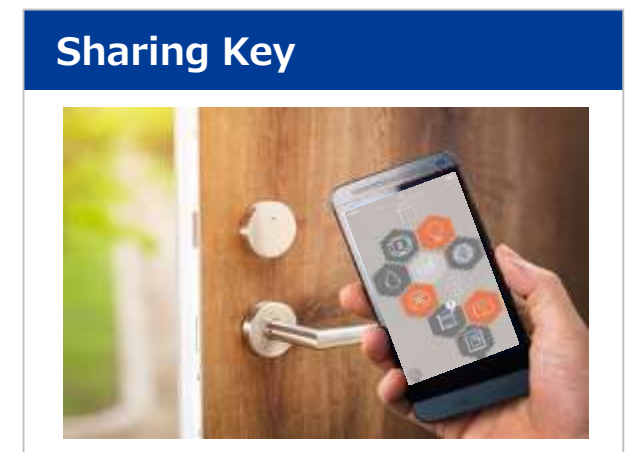
Supplementary Services gross profit
¥1,330million → **¥1,014million**

(4) Overview of Cloud technology Business (YoY)

(millions of yen)

	FY2017 3Q	FY2018 3Q	YoY change	
			Amount	Rate
Net Sales	5,251	5,564	+313	+6.0%
Operating Income (Operating Income Margin)	651 (12.3%)	730 (13.1%)	+79	+12.1%

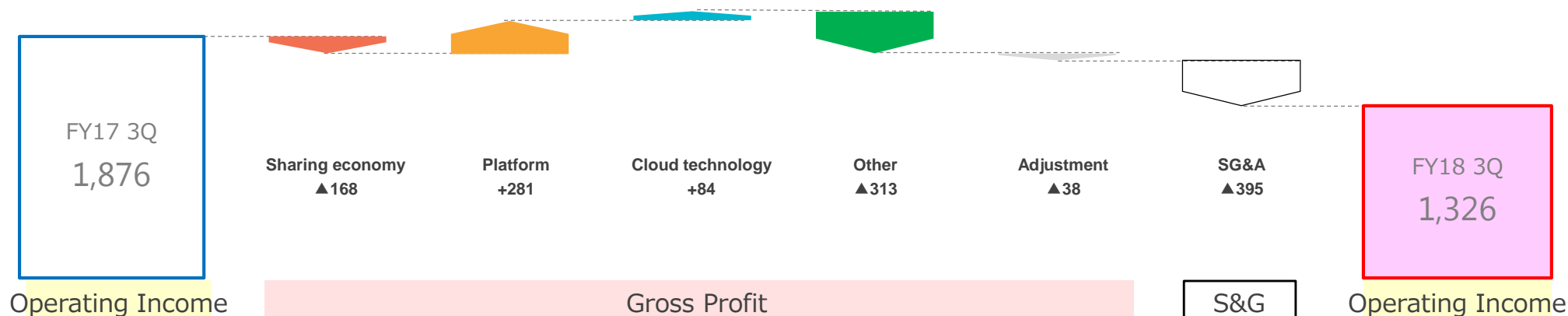
■ Example of Cloud technology



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

(millions of yen)

	FY2017 3Q			FY2018 3Q			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	856	285	33.4%	950	117	12.3%	+93	▲168	▲21.0%
Platform	23,592	7,112	30.1%	24,215	7,394	30.5%	+623	+281	+4.0%
Cloud technology	5,251	1,343	25.6%	5,564	1,427	25.7%	+313	+84	+0.1%
Other	1,552	587	37.8%	837	273	32.7%	▲715	▲313	▲5.1%
Adjustment(elimination or corporate)	▲1,003	▲619	—	▲1,010	▲657	—	▲7	▲38	—
TOTAL	30,248	8,708	28.8%	30,556	8,554	28.0%	+308	▲154	▲0.8%
SG&A expenses (SG&A expenses rate)	6,832		22.6%	7,227		23.7%	+395		+1.0%
Operating income (Operating margin)	1,876		6.2%	1,326		4.3%	▲550		▲1.9%



5. FY2018 Consolidated Forecast

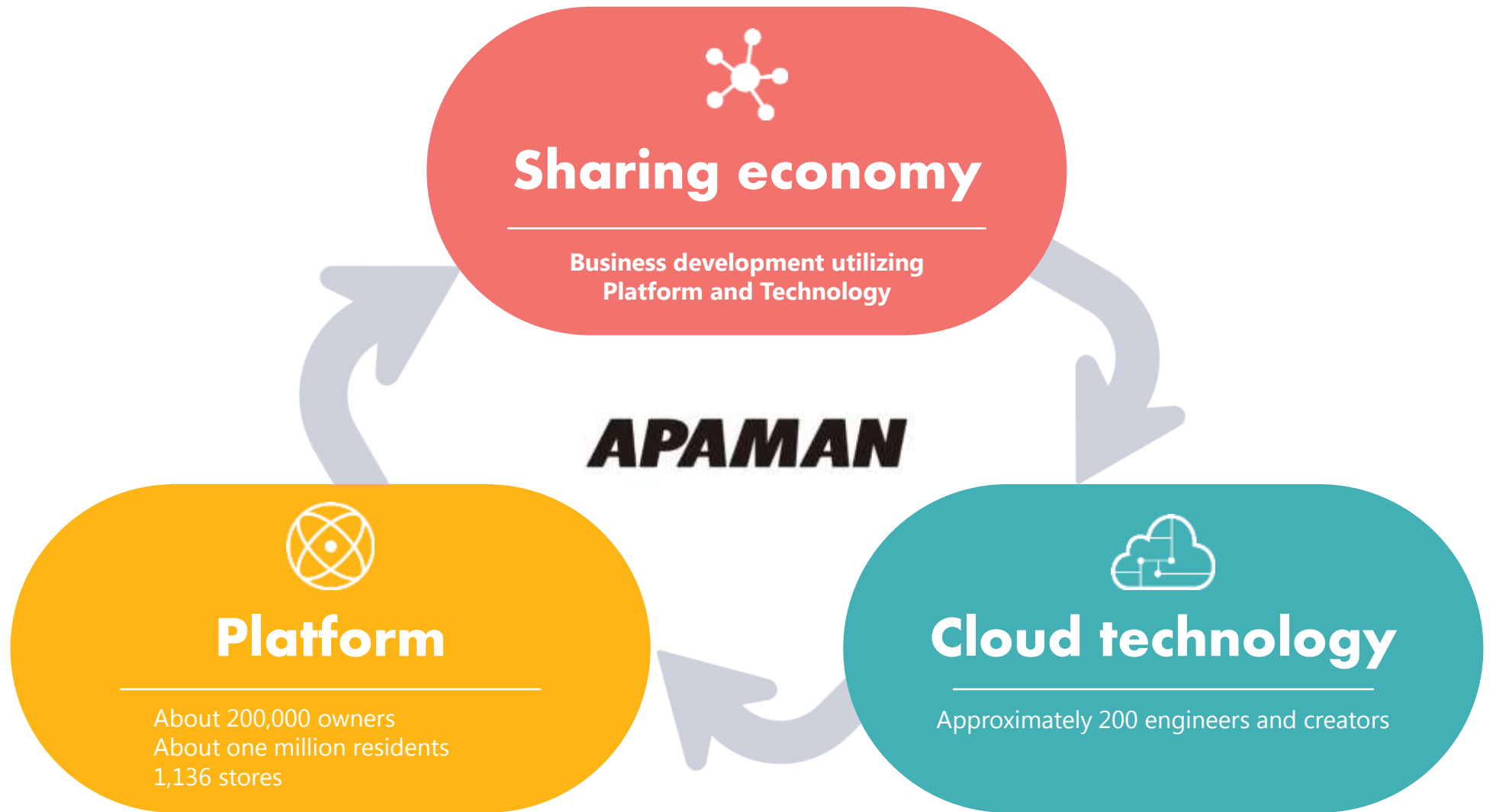
(1) Overview of Consolidated Forecast (YoY)

(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%

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

(1) Our Strength



* Platform figures above include FC member companies

* The number of employees at Cloud technology is the total figure of the group

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



Sharing economy

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

Private Lodging



June Started

Target : 5,000 rooms

Coworking



Domestic 23, Overseas 12

Target : 100stores in domestic and overseas

Share bike



May Start

Target : 100,000 bicycles

Parking



Coin Parking for 2,337 cars

Target : 30,000 cars



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.
- * Number of Coworking Facilities Includes Designed / Constructed Property. Including invested companies in 12 overseas locations.

(3) Image of Net sales

Sharing economy

	Private Lodging	Coworking	Share bike	Parking
	<p>1 room average ¥2 million @year × 5,000 rooms</p> <p>Aim 10 billion yen</p>	<p>1 store average ¥200 million @year × 50 stores (directly managed)</p> <p>Aim 10 billion yen</p>	<p>1 bike average ¥0.1 million @year × 100,000 bicycles</p> <p>Aim 10 billion yen</p>	<p>1 car average ¥0.33 million @year × 30,000 cars</p> <p>Aim 10 billion yen</p>
Results 3Q FY2018	265 rooms (June Started)	35 stores (Active development)	215 bicycles (Started)	2,495 cars (Steadily increasing)
Target 4Q FY2018	300 rooms	38 stores	1,000 bicycles	3,000 cars
Target 4Q FY2019	1,000 rooms	60 stores	10,000 bicycles	5,000 cars

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

7. Growth strategy

① Sharing economy (private Lodging)

(1) Message

The government decided the target number of foreign tourists visiting Japan to 40 million (consumption 8 trillion yen) in 2020 and 60 million people (consumption 15 trillion yen) in 2030, and accommodation facilities, communication, transportation, settlement etc. , We are promoting improvement of the acceptance environment as soon as possible.

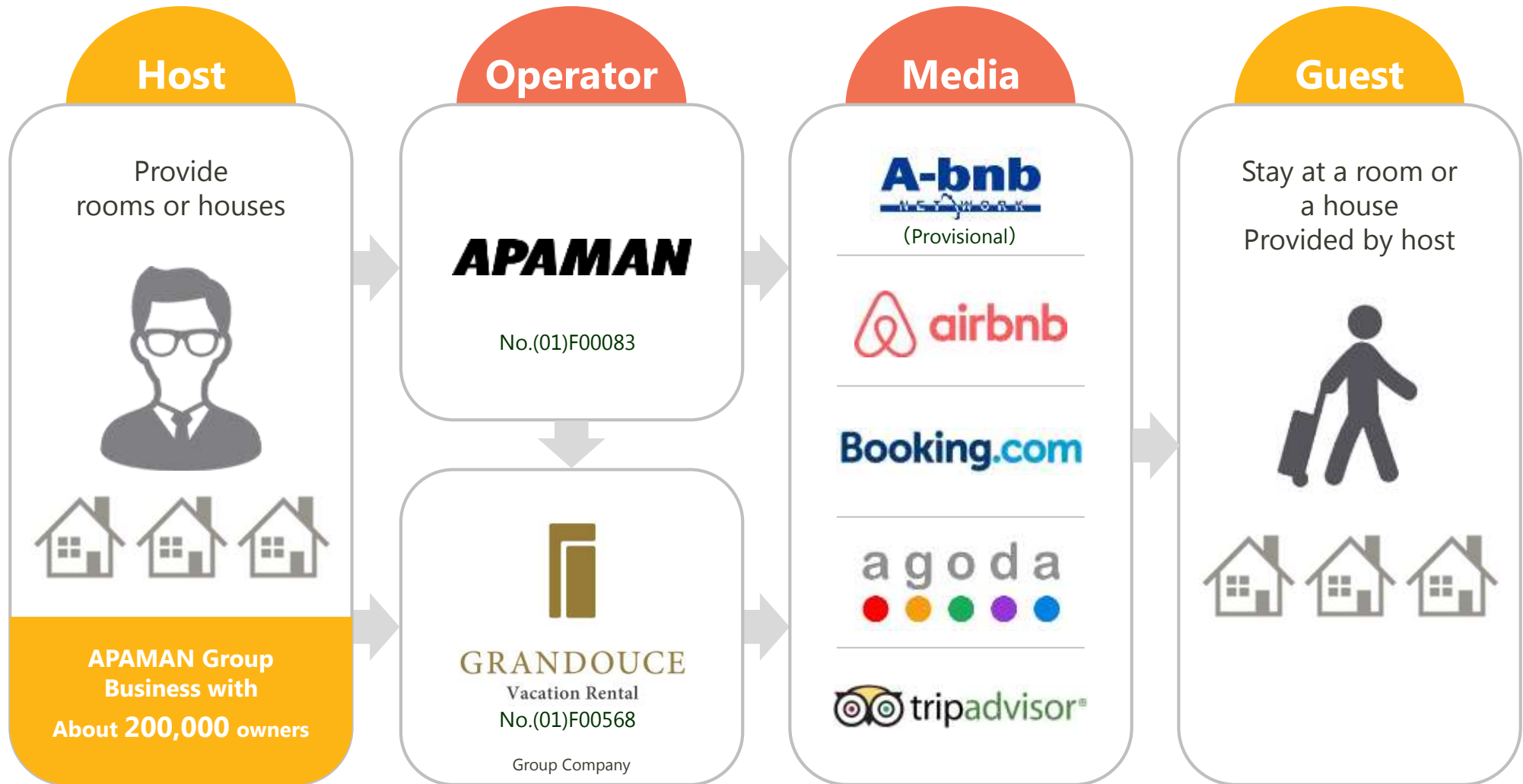
Meanwhile, utilization of vacant houses that increase with the background of a declining birthrate and aging society, or effective use of assets as a sharing economy is an important issue as Japan, and the expectation of the private lodging project that can contribute to solving problems is rising .

In order to respond to the diverse accommodation needs of overseas visitors to foreign countries, we have developed a private lodging business in Kanto, Kansai and Kyushu and already have the largest number of contractors in Japan. Characteristically, we provide properties that meet customer needs by data mining based on operational know-how and customer information, and maintain high occupancy rates.

Also, in order to respond to the needs of local citizens created by the local government promoted by the government, we have also consulted with local governments, etc. and are also strengthening acceptance of foreign visitors to Japan by private lodging.

(2) The role of players and APAMAN group in private Lodging

Expand business with management + original media development





APAMAN & GRANDOUCÉ

Global Vacation Rental

(3) About GRANDOUCE

we will realize "tourism nation Japan".



Representative Director
Masaki Sakamoto
Born October 12, 1986, 31 years old

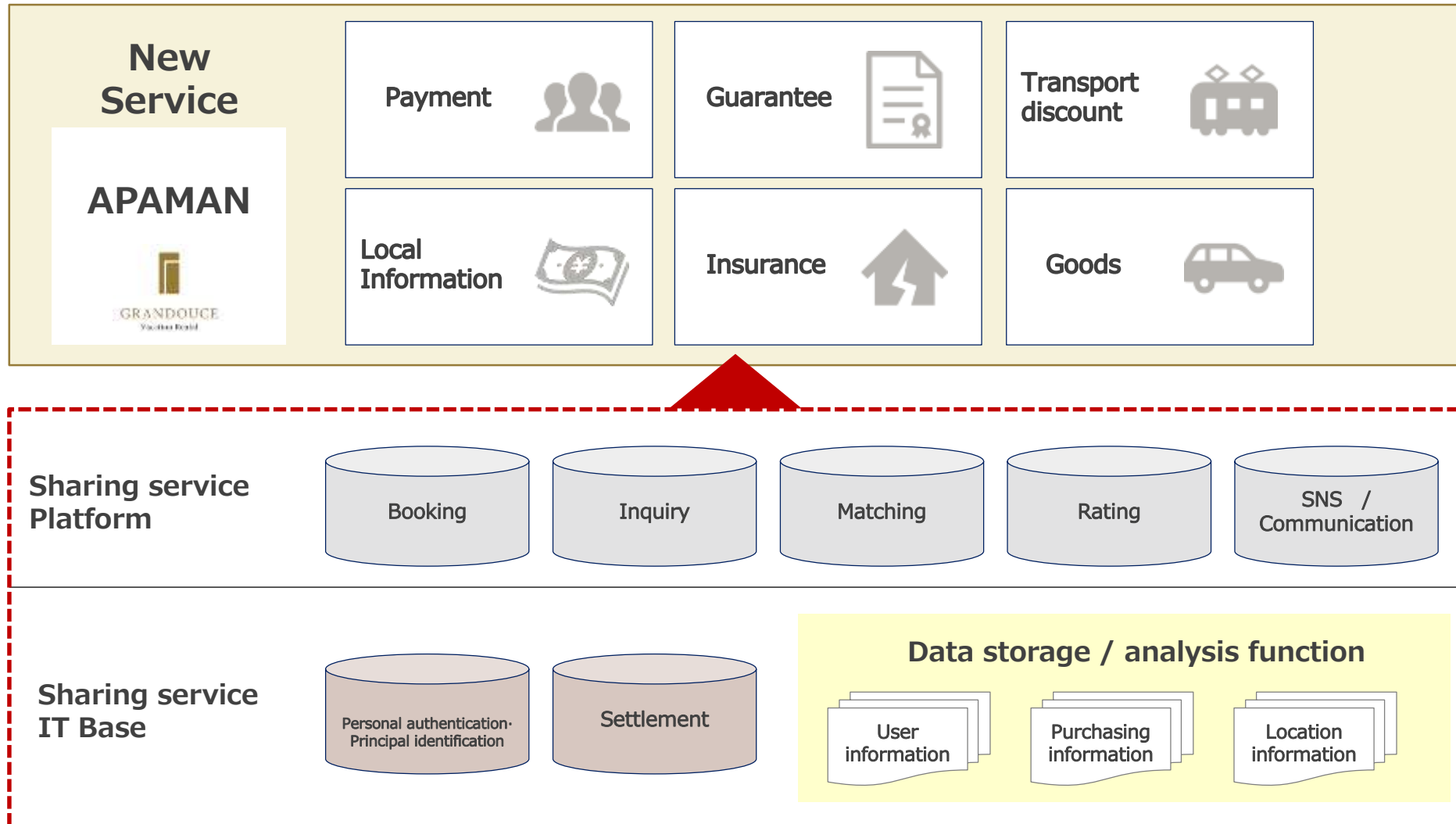
Representative Director
Keisuke Shibata
Born May 27, 1985, 33 years old

Company name	Grandouce Inc.
Address	Fukuoka, Tokyo, Osaka
Established	March 31, 2017

Business	Private lodging
Employees	18
Business Strategy	As a market leader in the rapidly growing private lodging market, We are developing accommodation facilities mainly in Tokyo, Osaka and Fukuoka. By knowing the needs of inbound customers and responding to changes, we will realize "tourism nation Japan".

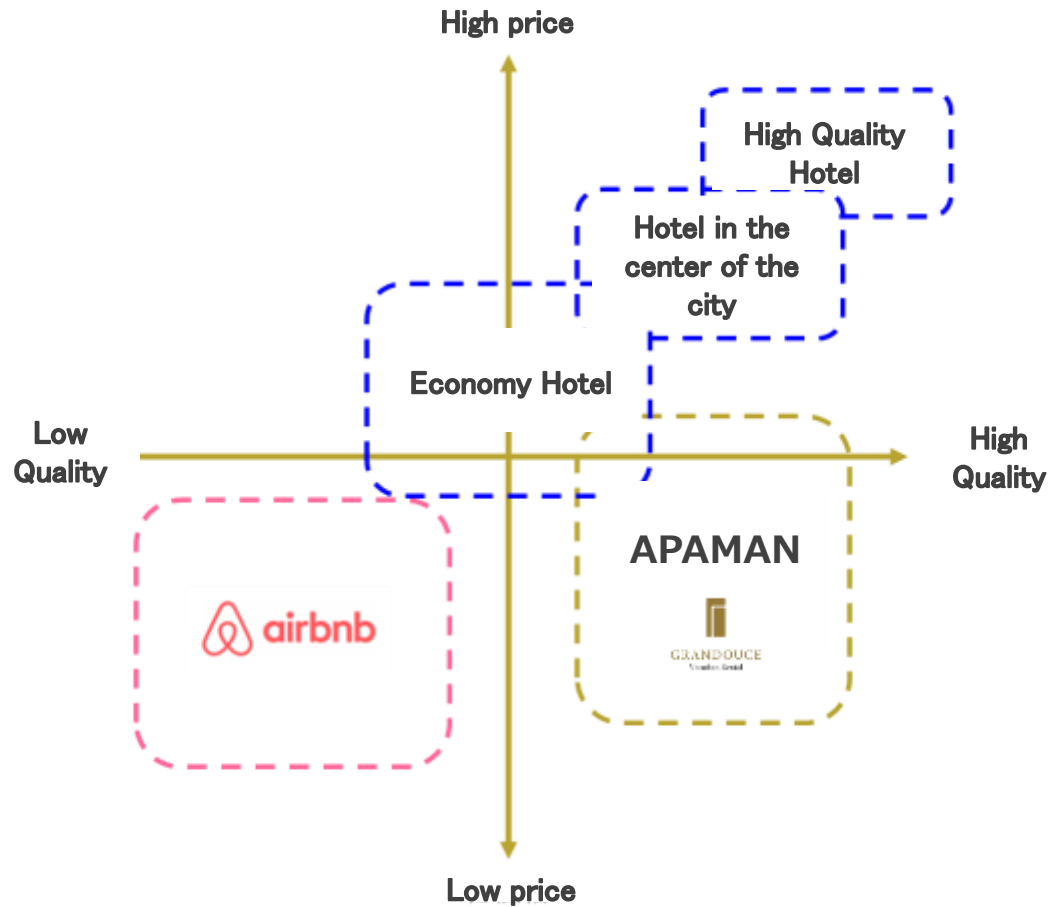
(4) Create new services from data mining

Utilizing data enables new business development



※Using the materials of Nomura Research Institute, APAMAN processing

(5) Positioning



	New Private lodging Law	National Strategic special Zone (Osaka)	Hotel Business Law
Business Days	180 days	365 days	365 days
Regulation	None	2 nights 3 days or more	None
Reception Installation obligation	None	None	None (In principle)
Room size	No Limit	Over 25m ²	Over 3.3m ² @person
Firefighting equipment	Owner absent : Hotel Business Law	Hotel Business Law	Hotel Business Law

8. Growth strategy

② Sharing economy (Coworking)

(1) Highly designed community spaces create innovation



(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

Target : 100 domestic and overseas stores



Otemachi (Tokyo)



Aoyama (Tokyo)



Ginza (Tokyo)



Akihabara (Tokyo)



Kyobashi (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) The revenue model of fabbit



Rental fee

Free seat, fixed seat, private room, meeting room etc.

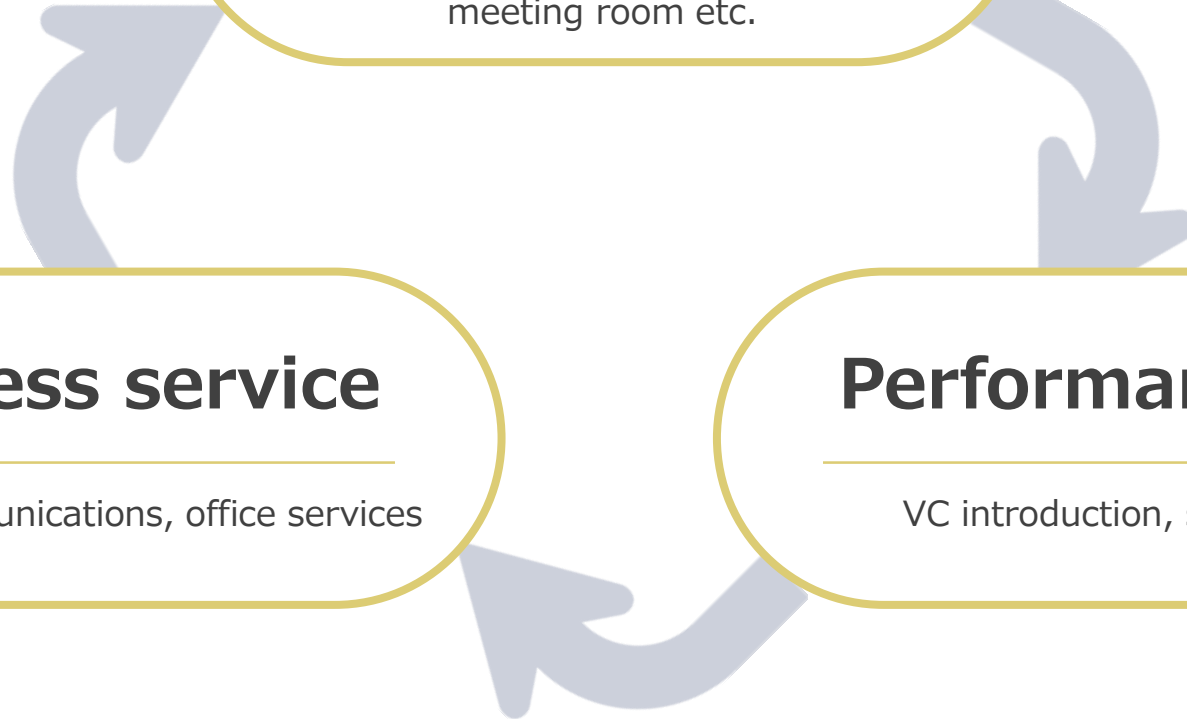


Business service

Finance, communications, office services

Performance fee

VC introduction, sale, listing



(5) Collaboration with local governments



(DIMYOU elementary school/Fukuoka)

Public-private partnership type facilities



(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

9. 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



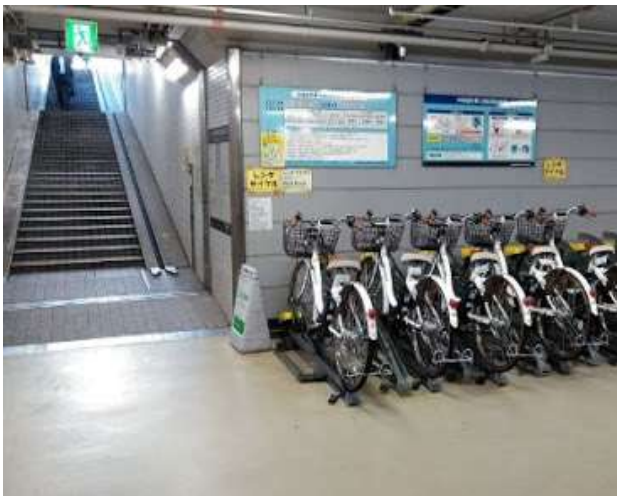
Diversification of
purpose of use



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

(2) Share Cycle Brand

Installation is progressing one after another



10. 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)



2,495 cars
(As of 30 Jun., 2018)

Invested in Nokisaki Inc. Share IT system

Share Parking lot
(Time & Day lent)



7,407 cars
(As of 30 Jun., 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

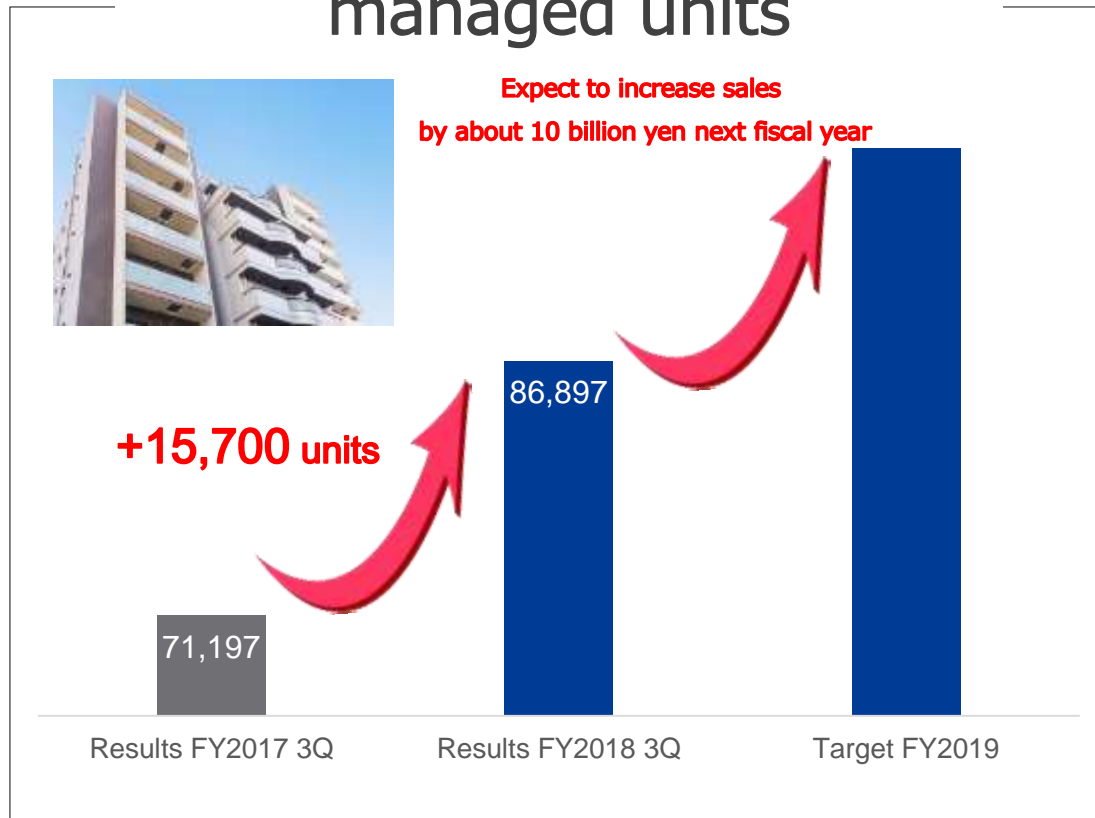


10. Growth Strategy ⑤ Platform

(1) Platform Business Strategy

Aim for a large increase in gross profit of accessory commodities by "increasing the number of managed units" and "in-house production"

Increasing the number of managed units



In-house production

The 'In-house production' section features four service categories, each with a representative image:

- Emergency services:** Image of a woman smiling next to a service menu.
- Insurance:** Image of a woman in a business suit talking to a man at a laptop.
- Rent Guarantee:** Image of a hand holding a model house.
- Sharing key:** Image of a hand holding a smartphone displaying a lock icon next to a door handle.

etc...

* The above figures are target figures and are not numerical values that can be confirmed.
* Sharing key is made by invested company

11. Growth Strategy ⑥ Cloud technology

(5) Cloud technology Business Strategy

B to C Business Start

Sharing Key

Key units using 3G/LTE



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

etc.

apamanshop.com



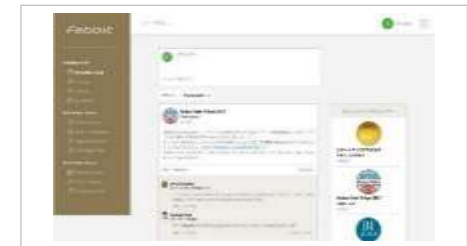
DocuSign



Evaluation system



fabbit tenant system



* 上記は一例です

11. CSR

(1) Examples of CSR Activities

Implement disaster support activities

To the victims of heavy rain in July 2018

Provide free housing · Provide disaster area support · Provide supplies



(2) Examples of CSR Activities

Aim for marriage of 10,000 people a year Match making Support "JUNOALL"

出会いサポートセンター
JUNOALL
年間1万人の婚姻を目指しています

BIG DATA

しずおか開所式
しずおか出会いサポートセンター
MN:2015年10月1日
サービス開始:2015年10月1日

北九州開所式
北九州出会いサポートセンター
開所:2016年4月1日
サービス開始:2016年6月1日

ふくおか開所式
ふくおか出会いサポートセンター
MN:2016年10月1日
サービス開始:2017年1月1日

2015
2016
2017
2018

むなかた開所式
むなかた出会いサポートセンター
MN:2017年1月1日
サービス開始:2017年10月1日

はこだて開所式
はこだて出会いサポートセンター
MN:2018年1月1日

ちちぶ開所式
ちちぶ出会いサポートセンター
MN:2018年10月1日

JUNOALL
北九州 福岡 宗像
静岡 函館 秩父
目標・47都道府県開設!

In
Shizuoka, Kitakyushu, Fukuoka, Munakata,
Hakodate, Chichibu

(2) Company profile

Company name	Apaman Co., Ltd.
Established	October 20, 1999
President and CEO	Koji Omura
Capital	7,980 million yen (as of June 30, 2018)
Employees (Consolidated)	1,240 (as of June 30, 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 27 companies (Japan:22;Overseas:5)



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.

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