

November 5, 2018

Briefings on Financial Results for the Fiscal Year Ended September 30, 2018 (FY2018)



APAMAN head office entrance

Additional information about results of operations will be announced on November 9, 2018.

APAMAN Co., Ltd.

JASDAQ: 8889

1. FY2018 Topics

(1) Topics (Income)

Rapid growth of the Sharing Economy Business and upfront investments

Negative effect on operating income: **Approx. 700 million yen**

Upfront investments for more growth of the Platform Business

Negative effect on operating income: **Approx. 300 million yen**

(2) Topics (Dividend increase and special dividend)

Dividend increase

FY2017 **12 yen** → FY2018 **14 yen**

Special dividend

Record date of March 31, 2018: **10 yen**

2. FY2018 Topics

Sharing Economy –Benefits of Upfront Investments

(1) Sharing Economy –Benefits of Upfront Investments (Co-working)



fabbbit Global Gateway “Otemachi” opened on September 8, 2018

**Directly managed
Co-working locations**

As of September 30, 2017

15 locations



As of September 30, 2018

22 locations

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

(1) Sharing Economy –Benefits of Upfront Investments (Co-working)

fabbitt Global Gateway co-working offices, which feature a new concept, have started operating at Otemachi (Tokyo), Osaka Honmachi, Fukuoka Tenjin and San Francisco

Ecosystem Global Cross-border



Otemachi



ACROS Fukuoka



Osaka Honmachi



San Francisco



fabbitt Global Gateway "Otemachi"

(1) Sharing Economy –Benefits of Upfront Investments (Co-working)

Interaction with many prominent ecosystem players in Japan and overseas

Japan

- Supported the Entrepreneur Koshien event held by NICT and the Ministry of Internal Affairs and Communications
- Presentation by the fabbit CEO at the Science & Innovation Forum held by the Cabinet Office, City of Fukuoka and others
- Operating Fukuoka Growth Next, a private/public-sector co-working facility, with the City of Fukuoka
- Operating COMPASS Kokura, a private/public-sector co-working facility, with the City of Kitakyushu
- Opened fabbit Hachioji as part of facilities to support manufacturing innovation in Tokyo's Tama district
- Started an accelerator program with Mitsubishi UFJ Research and Consulting Co., Ltd.
- Established a start-up support fund with Nippon Venture Capital Co., Ltd.
- Equity and business alliance with the Campfire crowdfunding site
- Business alliance concerning the sharing economy for human resources with Workshift Solutions Co., Ltd., Japan's largest crowdsourcing service for outsourcing jobs worldwide
- Business alliance concerning a young worker with professional skill sharing service with Pasona Inc.
- Announcement of an open innovation program created with Creww Inc.
- Conducted a joint creation problem solving class at Kyushu University

Overseas

- Business alliance including jointly holding Slush (Tokyo), the world's largest start-up event
- President of APAMAN named to Advisory Board of DocuSign (NASDAQ)
- Fenox Venture Capital (Operator of Startup World Cup Kyushu Preliminary Tournament)
- Fenox Venture Capital (Judge, Startup World Cup Japan Preliminary Tournament)
- Acquired shares of Workbar (Boston)
- Acquired shares of fabbit (the Philippines)
- Speech by Wikipedia founder Jimmy Wales at fabbit National Conference 2017
- Speech by Twitter co-founder Biz Stone at fabbit National Conference 2017
- Selection of YouTube co-founder Chad Hurley to give a speech at fabbit National Conference 2018
- Selection of Apple co-founder Stephen Wozniak to give a speech at fabbit National Conference 2018

(1) Sharing Economy –Benefits of Upfront Investments (Co-working)



Fabbit

Global Gateway “Otemachi”



- Address: 2F Asahi Seimei Otemachi Building, 2-6-1, Otemachi, Chiyoda-ku, Tokyo
(Directly connected to Tokyo Station, one-minute walk from Nihombashi Exit)
- Opened: September 8, 2018
- Seats: 135 designated seats, including seats in 59 individual rooms
167 non-reserved seats, conference rooms
- Floor area: 1580.4m²



(1) Sharing Economy –Benefits of Upfront Investments (Co-working)

Fabbbit Aoyama



- Address: 8F Aoyama Tower Place, 8-4-14, Akasaka, Minato-ku, Tokyo
(Three-minute walk from Aoyama-itchome Station)
- Opened: April 1, 2018
- Seats: 78 designated seats, 74 non-reserved seats, conference rooms
- Floor area: 527.96m2



Fabbbit Otemachi



- Address: 3F Asahi Seimei Otemachi Building, 2-6-1, Otemachi, Chiyoda-ku, Tokyo
(Directly connected to Tokyo Station, one-minute walk from Nihombashi exit)
- Opened: May 1, 2017
- Seats: 100 designated seats, 83 non-reserved seats, conference rooms
- Floor area: 523.19m2



Fabbbit Ginza



- Address: 7F Ginza-itchome Building, 1-15-4, Ginza, Chuo-ku, Tokyo
(Within a five-minute walk from Kyobashi Station, Ginza-itchome Station or Takaracho Station)
- Opened: October 1, 2017 (Renovations completed on April 11, 2018)
- Seats: 38 designated seats, 46 non-reserved seats, conference rooms
- Floor area: 291.52m2



(1) Sharing Economy –Benefits of Upfront Investments (Co-working)

Fabbit Nihombashi



- Address: Aspa Nihombashi Office, 2-1-1, Nihombashi Hongoku-cho, Chuo-ku, Tokyo
(Five-minute walk from Tokyo Station or Nihombashi Station)
- Opened: August 2012
- Rooms: 34 (all individual rooms)



Fabbit Akihabara



- Address: AIOS Akihabara, 3-2-2, Ueno, Taito-ku, Tokyo
(Two-minute walk from Suehirocho Station)
- Rooms: 42 (all individual rooms)



Fabbit Kyobashi



- Address: 1&2F Central Building, 1-1-5, Kyobashi, Chuo-ku, Tokyo
(Four-minute walk from Tokyo Station Yaezu Exit)
- Opened: October 1, 2017
- Seats: 66 designated seats, 56 non-reserved seats, conference rooms
- Floor area: 332.59m2



(1) Sharing Economy –Benefits of Upfront Investments (Co-working)

Fabbit Hachioji



A facility to support manufacturing innovation in Tokyo's Tama district

- Address: Eight Building, 3-20-5, Myojincho, Hachioji, Tokyo (Five-minute walk from Hachioji Station)
- Opened: December 1, 2017
- Seats: 27 designated seats, 31 non-reserved seats, conference rooms, workshop
- Floor area: 225.57m²



Fabbit Sakae



- Address: 9F Ichigo Sakae Building, 3-15-27, Sakae, Naka-ku, Nagoya, Aichi (Three-minute walk from Sakae Station or one-minute walk from Yabacho Station)
- Opened: October 1, 2017 (Renovations completed on April 2, 2018)
- Seats: 50 designated seats, 46 non-reserved seats, conference rooms, seminar rooms
- Floor area: 421.66m²



Fabbit Hiroshima Ekimae



- Address: 1&2F Asty Hiroshima Kyobashi Building, 1-7, Kyobashicho, Minami-ku, Hiroshima (Five-minute walk from Hiroshima Station or three-minute walk from Inarimachi Station)
- Opened: December 1, 2017
- Seats: 34 designated seats, 48 non-reserved seats, conference rooms
- Floor area: 972.53m²



(1) Sharing Economy –Benefits of Upfront Investments (Co-working)

Fabbbi Osaka Honmachi



- Address: 4F Orix Honmachi Building, 1-4-1, Nishihonmachi, Nichi-ku, Osaka (Directly connected to Honmachi Subway Station)
- Opened: April 2011
- Rooms: 21 (all individual rooms)
- Floor area: Approx. 1,000m²



Fabbbi Shin-Osaka



- Address: 4&5&6F Shin-Osaka SONE Building, 7-1-29, Nishinakajima, Yodogawa-ku, Osaka (Five-minute walk from Shin-Osaka Station)
- Opened: July 2005
- Rooms: 26 (all individual rooms)



Fabbbi Osaka Fukushima



- Address: 6&7F Fukushima Building, 5-13-18, Fukushima, Fukushima-ku, Osaka (One-minute walk from Fukushima Station)
- Opened: July 2006
- Rooms: 28 (all individual rooms)



(1) Sharing Economy –Benefits of Upfront Investments (Co-working)

Fabbbit Okayama Toiyacho



- Address: 3F Tile Building, 9-101, Toiyacho, Kita-ku, Okayama
- Opened: March 1, 2018 (pre-open)
- Seats: 8 individual rooms, 24 non-reserved seats



Fabbbit Hakata



- Address: AS OFFICE Hakata, 1-11-27, Hakataeki-Minami, Hakata-ku, Fukuoka (Five-minute walk from Hakata Station)
- Opened: September 2007
- Rooms: 40 (all individual rooms)



Fabbbit Kitakyusyu



- Address: 3F Aruaru City Building No. 2, 2-14-3, Asano, Kokurakita-ku, Kitakyushu, Fukuoka (Three-minute walk from Kokura Station)
- Opened: April 1, 2014
- Seats: 4 individual rooms, 57 designated seats



(1) Sharing Economy –Benefits of Upfront Investments (Co-working)



A private/public-sector start-up support facility in central Fukuoka

- Address: 2-6-11, Daimyo, Chuo-ku, Fukuoka (Seven-minute walk from Tenjin Station, Formerly Daimyo Elementary School)
- Opened: April 12, 2017
- Seats: About 66 designated seats, about 100 non-reserved seats, 42 team rooms, shared office, conference rooms, DIY studio, bar, and other



A private/public-sector co-working facility (designated manager project)

- Address: 6F AIM Building, 3-8-1, Asano, Kokurakita-ku, Kitakyushu, Fukuoka (Five-minute walk from Kokura Station)
- Opened: April 1, 2018 (co-working space and other spaces to be added in June 2018)
- Seats: 20 office rooms, 17 small office rooms, conference rooms

(2) Sharing Economy –Benefits of Upfront Investments (Minpaku)



Minpaku

As of September 30, 2017

0 rooms



As of September 30, 2018

716 rooms

Note: Including locations operated by our affiliates

(2) Sharing Economy –Benefits of Upfront Investments (Minpaku)



Grandouce Sejour



Grandouce Shitennoji



Grandouce Dotonbori



Grandouce Casa-Comoda



Grandouce Nihombashi



Grandouce Namba-nishi



Grandouce Villa Tsuruhashi



Grandouce Villa Tengachaya



Grandouce Hakata



Grandouce Buena Vista



Grandouce Namba-higashi



Grandouce Rokugodote

(2) Sharing Economy –Benefits of Upfront Investments (Minpaku)



Grandouce Nipponbashi-higashi



Grandouce Tenma-higashi



Grandouce Villa Shinimamiya



Grandouce Shinsaibashi-higashi



Grandouce Imamiya-ebisu



Grandouce Hanazonocho



Grandouce Tengachaya



Grandouce Kamata I



Grandouce Kamata II



Grandouce Shinsaibashi-nishi



Grandouce Tamatsukuri



Grandouce Dotonbori II

Others (including locations scheduled to be opened)

Grandouce Nishinakajima/ Nishinakajima II, Grandouce Tennoji-kita, Grandouce Koganecho, Grandouce Minamimorimachi, Grandouce Sakaisujihonmachi, Grandouce Namba-nishi II, Grandouce Kyoto, Grandouce Kourijima, etc.

(2) Sharing Economy –Benefits of Upfront Investments (Metered parking)



Metered parking

As of September 30, 2017

2,355 parking spaces



As of September 30, 2018

3,028 parking spaces

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

(2) Sharing Economy –Benefits of Upfront Investments (Share parking)



Share parking

As of September 30, 2017

3,983 parking spaces



As of September 30, 2018

7,939 parking spaces

Note: The investment for this alliance was made in Nokisaki Inc.

(4) Sharing Economy –Benefits of Upfront Investments (Share cycle)

Agreements and other activities with many local governments and other partners



Share cycle

As of September 30, 2017

0 bicycles



As of September 30, 2018

490 bicycles

Taito-ku	Lifetime Learning Center	
Kyoto	Uji Post Office	
Fukuoka City	Fukuoka Chuo Post Office	
Munakata City	City Office	
Iizuka City	City Hall	
Tokunoshima	Isencho Town Hall	and others

Note: The number of bicycles includes bicycles that have been leased but not yet started operations

3. FY2018 Topics

Platform –Benefits of Upfront Investments

(1) Platform –Benefits of Upfront Investments

Record-setting growth in units under management



Apartment rental management

As of September 30, 2017

71,458 units

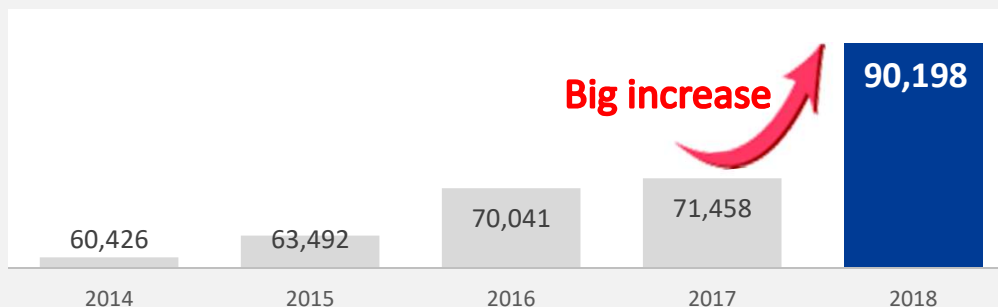


+18,740

As of September 30, 2018

90,198 units

Steady growth in units under management (Units)



(1) Platform –Benefits of Upfront Investments

Start of data mining

Property owner
database for **about
200,000 people**

Tenant database for
**about 1 million
people**

**About 200,000
buildings** under
management

Estimate of about 7 million people
for the intermediary database

Examples of additional included services

Insurance	Rent guarantees	Emergency assistance
Electricity/ Gas	Money transfers	Telecommunications
Key exchange	Fire extinguishing product Disinfecting/deodorizing product	Collection of fees for NHK/CATV subscriptions

Included and associated
services

Gross profit

FY 2017

1,781 million yen



FY2018

1,981 million yen

Note: Includes the operations of franchised locations

4. FY2018 Topics

Increase in Possible Dividend, Payment of Higher Dividend
and Special Dividend

(1) Increase in Possible Dividend, Payment of Higher Dividend and Special Dividend

Sale of real estate raised the possible dividend and a higher ordinary dividend and a special dividend were paid

Possible dividend (vs. FY2017)	Approx. +2,090 million yen
Dividend increase (Per share)	@12 yen → @14 yen
Special dividend (Per share/ interim)	@10 yen



A property in the City of Kitakyushu in Fukuoka was sold to United Urban Investment Corporation for 16.6 billion yen

- The sale raised the possible dividend
- Decision was made to increase the ordinary dividend and pay a special dividend (interim)
- Gain on the sale was 210 million yen (consolidated) and 4,110 million yen (non-consolidated)
- Negative effect of an increase in income tax and deferred taxes (consolidated)
Approx. 700 million yen
Approx. 400 million yen
- Decrease in annual operating income from rent



A Big Step Toward a New Phase of Progress by Making Upfront Investments for Growth

1. Rapid growth of the Sharing Economy Business and upfront investments
2. Rapid growth of the Platform Business and upfront investments

5. FY2018 Consolidated Results

(1) Overview of Consolidated Results (YoY comparison)

(Millions of yen)

	FY2017	FY2018	Remarks	YoY change	
				Amount	%
Net sales	40,262	41,682	Effects of an increase in the number of properties under management in the Platform Business Approx. +1.5 billion yen	+1,420	+3.5%
Gross profit	11,806	11,309	Effects of upfront investments in the Sharing Economy Business and Platform Business Approx. -0.4 billion yen	-497	-4.2%
SG&A expenses	9,249	9,683	Effects of upfront investments in the Sharing Economy Business and Platform Business Approx. +0.6 billion yen	+434	+4.7%
Operating income (operating margin)	2,556 (6.4%)	1,626 (3.9%)	Effects of upfront investments in the Sharing Economy Business and Platform Business Approx. -1.0 billion yen	-930	-36.4%
Ordinary income	2,017	881	Effects of upfront investments in the Sharing Economy Business and Platform Business Approx. -1.0 billion yen	-1,136	-56.3%
Profit attributable to owners of parent	1,300	(1,073)	Effects of upfront investments in the Sharing Economy Business and Platform Business Approx. -1.0 billion yen Increases in income tax and deferred taxes due to sales of properties Approx. -0.7 billion yen	-2,373	-
EBITDA ^{Note}	4,143	2,661	Effects of upfront investments in the Sharing Economy Business and Platform Business Approx. -1.0 billion yen Effects of sales of properties Approx. -0.4 billion yen	-1,482	-35.7%

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

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

(Millions of yen)

Assets	End-FY2017	End-FY2018	YoY change	Remarks
Current assets	8,733	15,087	+6,353	
Cash and deposits	3,201	7,773	+4,572	Big increase
Notes and accounts receivable-trade	1,473	1,567	+93	
Operational investment securities	551	1,031	+480	
Other	3,507	4,714	+1,207	Accounts receivable-other +800
Non-current assets	34,912	20,457	-14,455	
Property, plant and equipment	16,625	4,693	-11,931	Large decline due to sales of properties
Intangible assets	11,687	9,207	-2,480	
Goodwill	9,769	7,215	-2,554	Large decline due to sales of properties
Other intangible assets	1,917	1,991	+73	
Investments and other assets	6,600	6,556	-43	
Total assets	43,646	35,545	-8,101	

Liabilities and net assets	End-FY2017	End-FY2018	YoY change	Remarks
Current liabilities	9,393	10,523	+1,130	
Accounts payable-trade	1,464	1,005	-458	
Short-term loans payable ^{Note}	2,915	1,979	-935	
Other	5,011	7,536	+2,525	Accounts payable-other +700 Accrued taxes +874
Non-current liabilities	28,230	20,474	-7,755	
Long-term loans payable	23,596	17,797	-5,799	Large decline due to sales of properties
Long-term lease and guarantee deposited	4,159	1,750	-2,409	Large decline due to sales of properties
Other	473	926	+452	
Total liabilities	37,623	30,998	-6,625	
Capital	7,983	7,983	-	
Net assets	6,023	4,546	-1,476	
Total liabilities and net assets	43,646	35,545	-8,101	

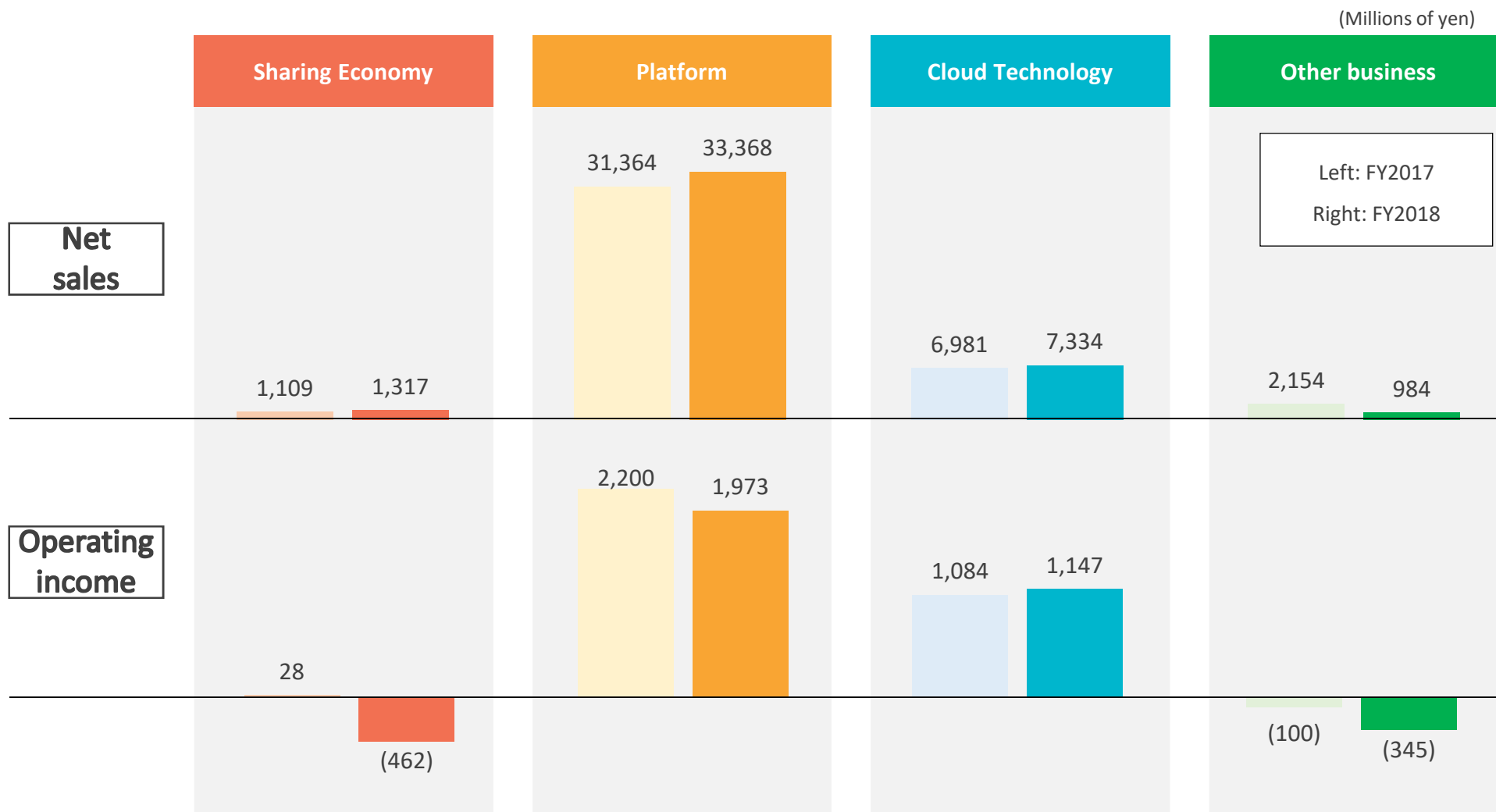
Note: Includes current portion of long-term loans payable

6. FY2018 Results by Segment

(1) Net Sales and Operating Income by Segment (YoY comparison)

Net sales → Increase in all three segments

Operating income → Upfront investments for rapid growth of the Sharing Economy and Platform businesses



(2) Sharing Economy Business (YoY comparison)

Operating income → Negative effect on operating income due to upfront investments for rapid growth: -700 million yen

(Millions of yen)

	FY2017	FY2018	YoY change	
			Amount	%
Net sales	1,109	1,317	+208	+18.7%
Operating income (operating margin)	28	(462)	-490	-

Co-working



22 locations directly operated
20 locations operated by overseas affiliates

Invested in a U.S. company Workbar



Minpaku



Operations started in June

Invested in Grandouce Inc.



Parking



3,028 metered parking spaces

Invested in Nokisaki Inc.



Share cycle



Service started throughout Japan

Established a business alliance with OpenStreet Co., Ltd., a group company of SoftBank



* Co-working locations include properties under design or construction.

(3) Platform Business (YoY comparison)

Operating income → Negative effect on operating income due to upfront investments for more growth: Approx. -300 million yen
Increase in gross profit of related service: approx. +200 million yen

(Millions of yen)

	FY2017	FY2018	YoY change	
			Amount	%
Net sales	31,364	33,368	+2,004	+6.4%
Operating income (operating margin)	2,200	1,973	-227	-10.3%

Stores



Number of directly managed stores

108 stores → **107** stores

Property management



Number of units under management

71,458 units → **90,198** units

Examples of included and associated services

Insurance

Rent guarantees

Emergency assistance

Electricity/Gas

Money transfers

Telecommunications

Key exchange

Fire extinguishing product
Disinfecting/deodorizing product

Collection of fees for NHK/CATV subscriptions

Gross profit of included and associated services

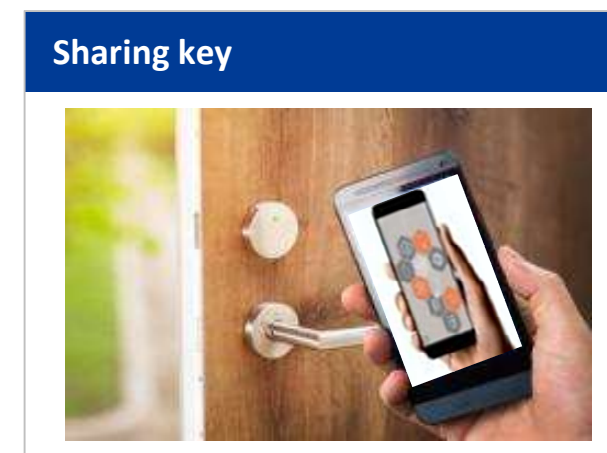
1,781 million yen → **1,981** million yen

(4) Cloud Technology Business (YoY comparison)

(Millions of yen)

	FY2017	FY2018	YoY change	
			Amount	%
Net sales	6,981	7,334	+352	+5.1%
Operating income (operating margin)	1,084	1,147	+63	+5.8%






■ Cloud technology services

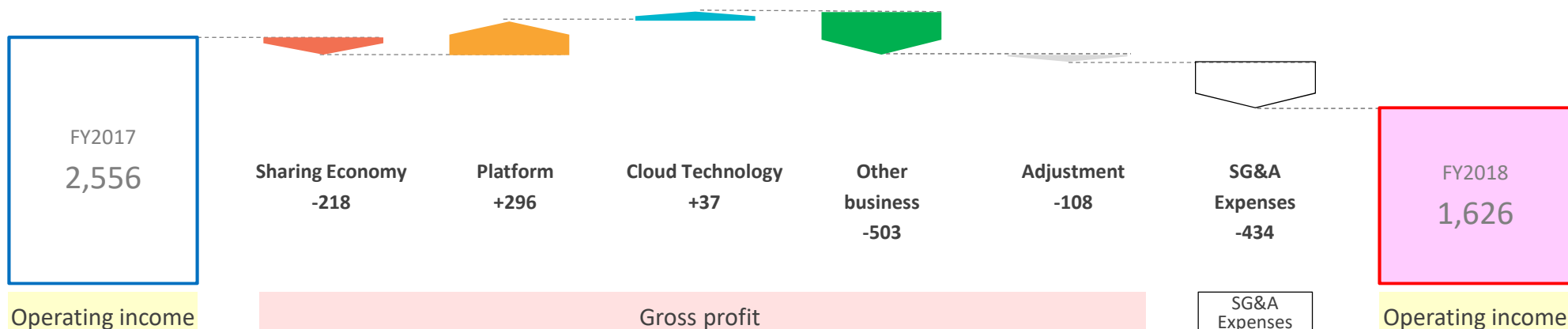


Note: The sharing key is a product of a company in which APAMAN has made an investment

(5) Analysis of Net Sales and Operating Income by Segment (YoY)

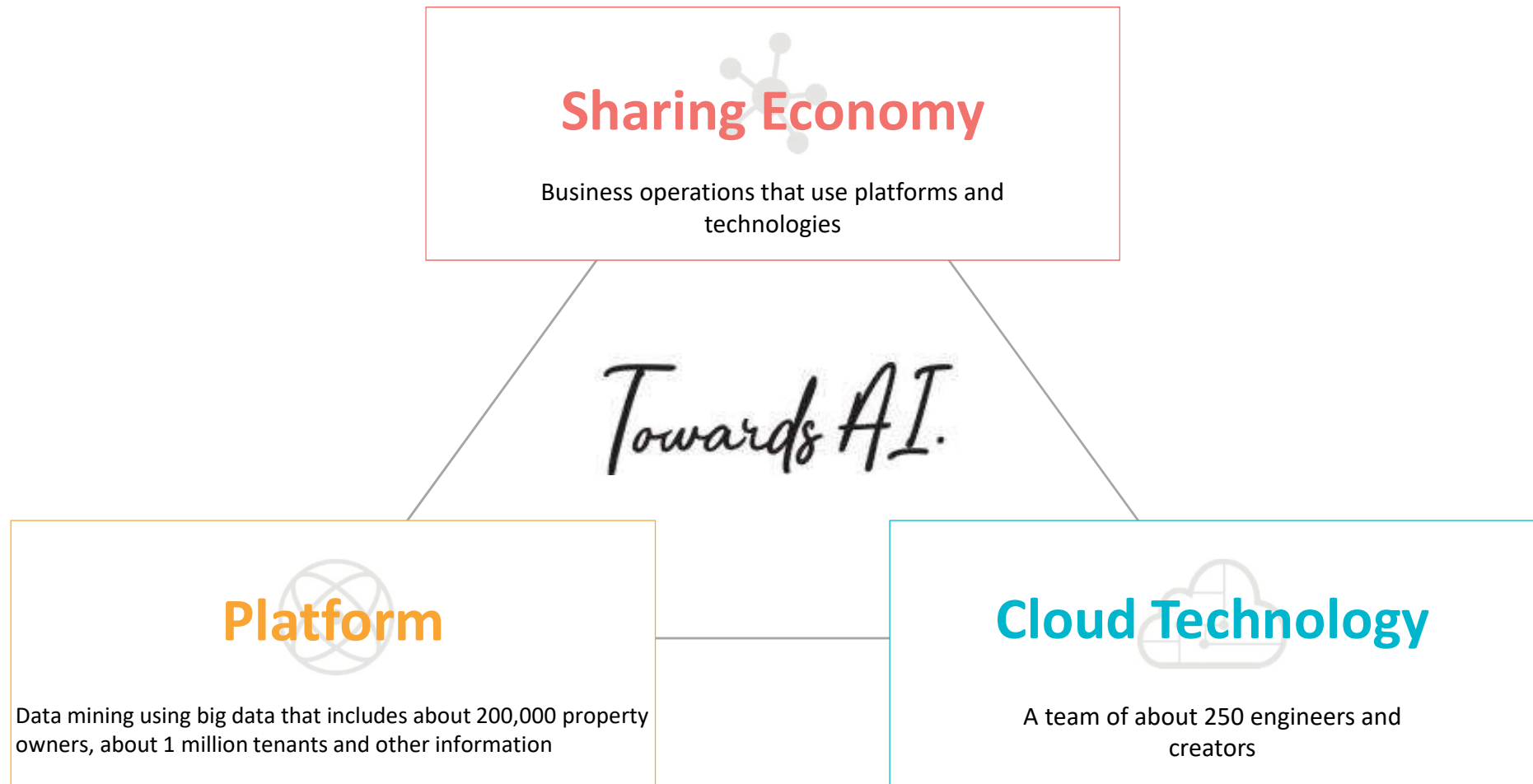
(Millions of yen)

	FY2017			FY2018			YoY change		
	Net sales	Gross profit	Gross profit margin	Net sales	Gross profit	Gross profit margin	Net sales	Gross profit	Gross profit margin
 Sharing Economy	1,109	318	28.7	1,317	99	7.5	+208	-218	-21.1
 Platform	31,364	9,410	30.0	33,368	9,706	29.1	+2,004	+296	-0.9
 Cloud Technology	6,981	2,034	29.1	7,334	2,072	28.3	+352	+37	-0.9
 Other business	2,154	809	37.5	984	305	31.1	-1,170	-503	-6.5
 Adjustment (elimination or corporate)	(1,348)	(765)	-	(1,322)	(873)	-	+26	-108	-
Total	40,262	11,806	29.3%	41,682	11,309	27.1%	+1,420	-497	-2.2
SG&A expenses (SG&A expenses ratio)	9,249		23.0%	9,683		23.2%	+434		+4.7
Operating income (operating margin)	2,556		6.4%	1,626		3.9%	-936		-36.6



7. FY2019 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)

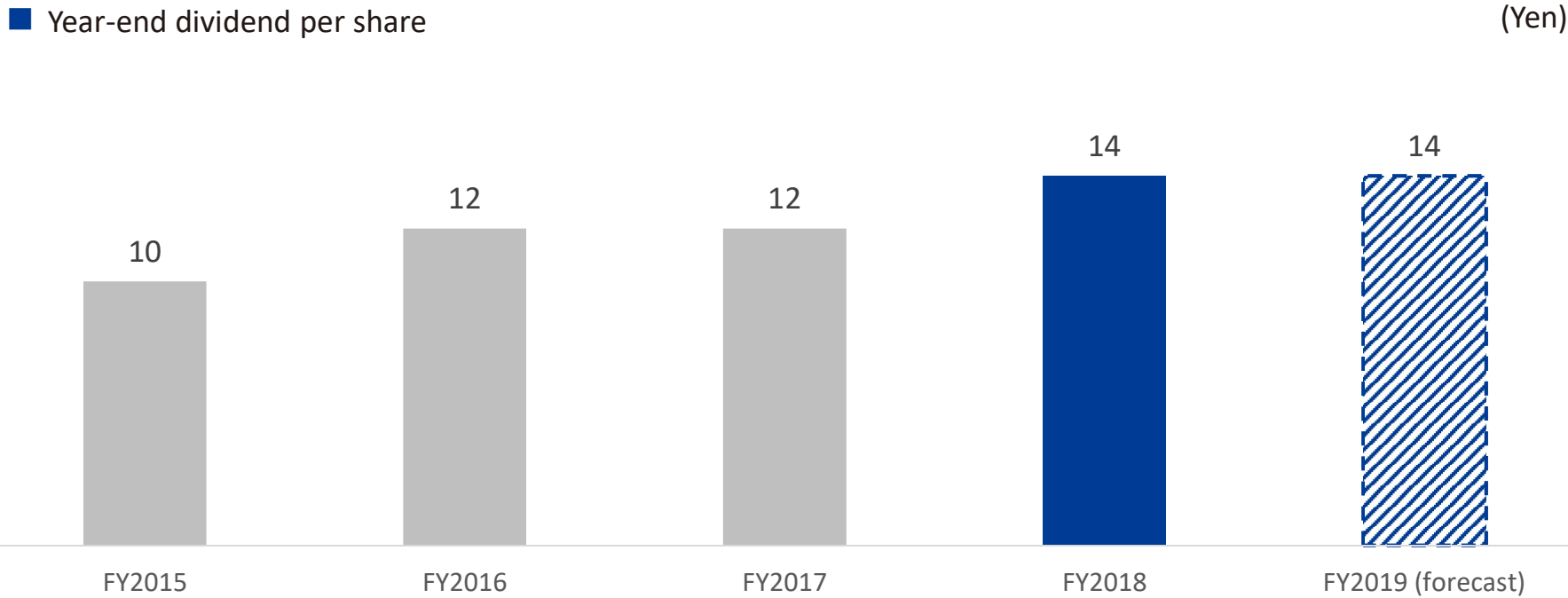
(Millions of yen)

	FY2018 Results	FY2019 Forecast	YoY change	
			Amount	%
Net sales	41,682	45,000	+3,318	108.0%
Operating income (operating margin)	1,626 (3.9%)	2,000 (4.4%)	+374 (+0.5%)	123.5%
Ordinary income	881	1,400	+519	160.0%
Profit attributable to owners of parent	(1,073)	600	+1,673	-

8. 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. Although business operations are in the stage of making upfront investments, we plan to pay dividends consistently in order to express appreciation to shareholders for their support.



Note: For FY2018, shareholders received a 10 yen interim special dividend in addition to the 14 yen year-end dividend

9. Examples of Business Activities with CSR Benefits

(1) Examples of Business Activities with CSR Benefits

Disaster aid activities

Following the July 2018 heavy rain, landslides and flooding, APAMAN provided housing at no cost to victims, donated disaster relief supplies and provided other support



(1) Examples of Business Activities with CSR Benefits

The goal is matchmaking services that result in 10,000 marriages every year

Matchmaking Support Center 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

北九州 福岡 宗像 静岡 函館 秋田
目標・47都道府県開設!

2015
しずおか出会いサポートセンター
開所: 2015年8月8日
サービス開始: 2015年12月1日

2016
北九州出会いサポートセンター
開所: 2016年4月2日
サービス開始: 2016年5月25日

2017
むなかた出会いサポートセンター
開所: 2017年7月2日
サービス開始: 2017年10月15日

2018
はこだて出会いサポートセンター
開所: 2018年5月17日

千代田出会いサポートセンター
開所: 2018年11月30日

ちちぶ出会いサポートセンター
開所: 2018年5月22日

大手町出会いサポートセンター
開所: 2018年12月25日

(2) Company Profile

Company name	APAMAN Co., Ltd.
President and CEO	Koji Omura
Capital	7,980 million yen (as of September 30, 2018)
Employees (consolidated)	1,208 (as of September 30, 2018)
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)



Cautionary Statements

These materials are prepared based on consolidated financial report for the fiscal year ended September 30, 2018. 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.

Every effort has been made to ensure the accuracy of the information contained herein, but APAMAN makes no guarantee regarding the accuracy, usefulness, or timeliness of such information. APAMAN assumes no responsibility for losses incurred as a result of errors in the information contained herein.

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