

APAMAN

Briefings on Financial Results for the Second Quarter of
the Fiscal Year Ending September 30, 2020 (FY2020)

May 15, 2020

APAMAN Co., Ltd.

JASDAQ: 8889

Impact of Japan's Declaration of a State of Emergency

1. Because of lockdown orders in the U. S. and other countries, temporarily closed all overseas fabbit locations
2. Urgently distributed sanitation products to employees, their family members, franchised companies and took other actions
3. Supported franchised stores by offering large discounts for fees and other measures
4. Temporarily closed or completely shut down directly operated locations
5. Sharp drop in metered parking users

Topics by Segment



Sharing Economy

- Sales increased but earnings decreased from a year earlier
- Booked a valuation loss of 347 million yen on investments in overseas companies, including fabbit US, due to the impact of lockdowns.



Platform

- Property Management business is steady.
- Sales and earnings of directly operated locations decreased due to temporary suspensions or closures because of the COVID-19 pandemic



Cloud Technology

- Sales and earnings declined due to continued support for franchised companies including fee discounts, owing to the effect of COVID-19 pandemic

1. Sharing Economy Business

1. Co-working



Co-working

As of March 31, 2020

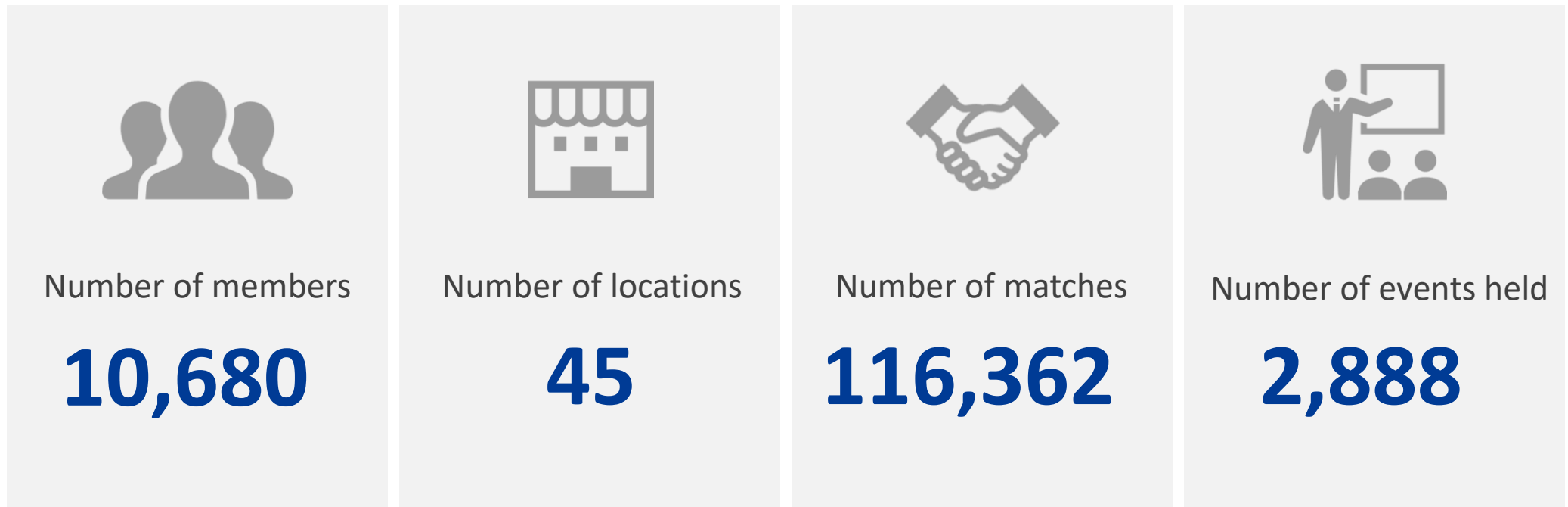
45 locations

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.

1. Co-working

Significant increase in the number of members



**All events were cancelled from the end of February 2020 to prevent the spread of the COVID-19 pandemic.
(Some events were held online from April 2020)**

Note: As of March 31, 2020.

- 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 (Impact of COVID-19 pandemic lockdown on overseas locations)

Closed all overseas locations due to lockdowns



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"



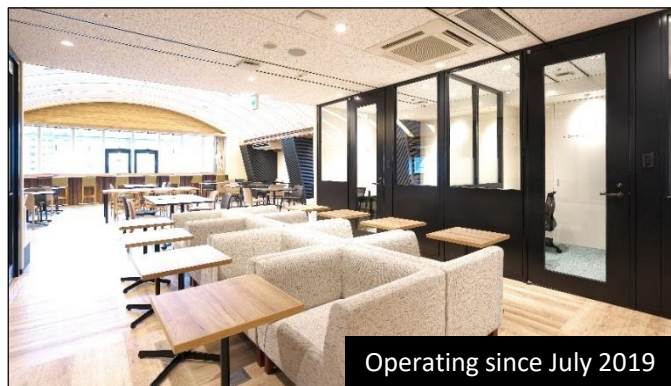
Operating since December 2017

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



Operating since June 2018

Public-private joint facility
"COMPASS Kokura"



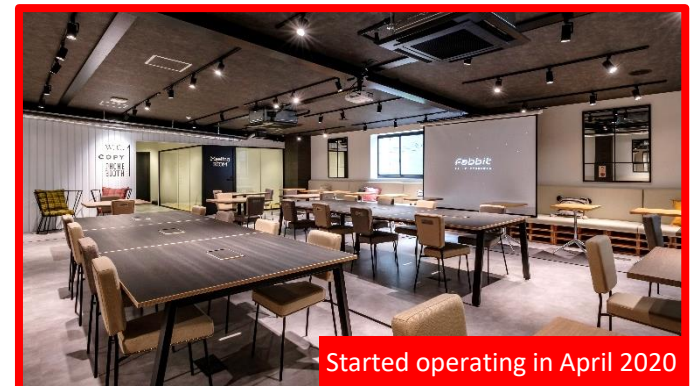
Operating since July 2019

Innovation hub promotion system
"fabbit Kobe Sannomiya"



Operating since October 2019

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



Started operating in April 2020

Public-private joint facility
"fabbit Munakata"

2. Parking



Parking

As of March 31, 2020

3,617 parking spaces

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

3. Share Cycle

The ecobike business currently has agreements with 10 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 935 bicycles at the end of March 2020 in the Share Cycle, Share Cycle Residence and Cycle Share Space services.

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, Yamato City, Machida City, Isen-cho, Tokunoshima-cho, Amagi-cho

Note: The number of bicycles includes bicycles that have been contracted but are not yet in use.

2. 2Q FY2020 Consolidated Results

1. Overview of Consolidated Results (YoY comparison)

(Millions of yen)

	2Q FY2019	2Q FY2020	Remarks (Major factors)	YoY change	
				Amount	%
Net sales	23,467	22,055	Temporarily closed or completely shut down directly operated locations (Platform)	-1,411	-6.0%
Gross profit	5,761	4,415	Temporarily closed or completely shut down directly operated locations (Platform) Discounts to FCs (Cloud Technology) Lower revaluation on operational investment securities (Sharing Economy)	-1,346	-23.4%
SG&A expenses	4,938	4,489	Decrease in number of stores	-449	-9.1%
Operating profit (operating margin)	823 (3.5%)	(73) (-0.3%)	Same as the above	-896	-
Ordinary profit	481	(532)	Share of loss of entities accounted for using equity method	-1,013	-
Profit attributable to owners of parent	(771)	(822)	Loss on retirement of non-current assets, costs involving COVID-19 pandemic countermeasures, etc.	-50	-
EBITDA ^{Note}	1,335	342	Decrease in ordinary profit	-993	-74.4%

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

2. Overview of Consolidated Balance Sheet (vs. end-FY2019)

(Millions of yen)

Assets	End-FY2019	2Q FY2020	YoY change	Remarks
Current assets	15,122	13,266	-1,856	
Cash and deposits	7,959	5,585	-2,374	
Notes and accounts receivable-trade	1,669	2,006	+337	
Operational investment securities	1,105	1,133	+27	
Other	4,388	4,541	+153	Accounts receivable-other: +426
Non-current assets	18,807	17,872	-934	
Property, plant and equipment	4,299	3,708	-591	
Intangible assets	8,667	8,267	-399	
Goodwill	6,741	6,357	-384	
Other intangible assets	1,925	1,910	-15	
Investments and other assets	5,839	5,896	+56	Deferred tax assets: +228
Total assets	33,929	31,139	-2,790	

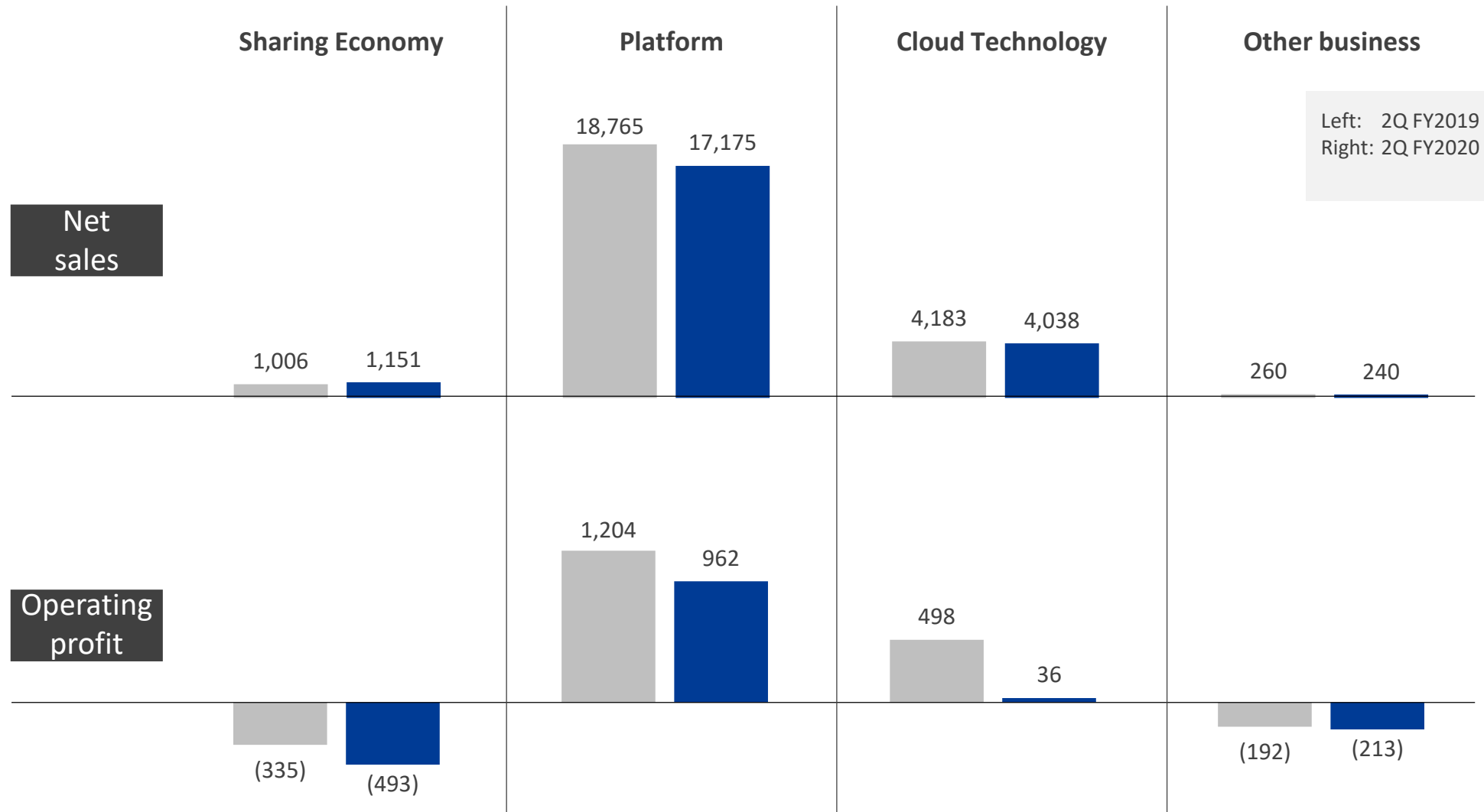
Liabilities and net assets	End-FY2019	2Q FY2020	YoY change	Remarks
Current liabilities	10,223	10,110	-113	
Accounts payable-trade	909	1,243	+333	
Short-term borrowings ^{Note}	2,053	2,067	+14	
Other	7,260	6,799	-461	Accounts payable-other: -272
Non-current liabilities	18,844	17,446	-1,398	
Long-term borrowings	16,076	14,849	-1,226	
Long-term lease and guarantee deposited	1,642	1,620	-21	
Other	1,125	976	-149	
Total liabilities	29,068	27,556	-1,511	
Capital	7,983	7,983	-	
Net assets	4,861	3,582	-1,278	
Total liabilities and net assets	33,929	31,139	-2,790	

Note: Includes current portion of long-term borrowings

3. 2Q FY2020 Results by Segment

1. Net Sales and Operating Profit by Segment (YoY comparison)

(Millions of yen)



2. Sharing Economy Business (YoY comparison)

(Millions of yen)

	2Q FY2019	2Q FY2020	YoY change	
			Amount	%
Net sales	1,006	1,151	+144	+14.4%
Operating profit	(335)	(493)	(157)	-

Co-working



Directly managed locations

45 → **45**

Parking



3,589 parking spaces

→ **3,617** parking spaces

Share Cycle



Contracted bicycles

905 bicycles → **935** 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)

	2Q FY2019	2Q FY2020	YoY change	
			Amount	%
Net sales	18,765	17,175	-1,589	-8.5%
Operating profit	1,204	962	-241	-20.1%

Stores



Number of directly managed
franchised stores
92 stores → **77** stores

Property management



Number of units under management
87,970 units → **86,475** 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
986 million yen → **774** million yen

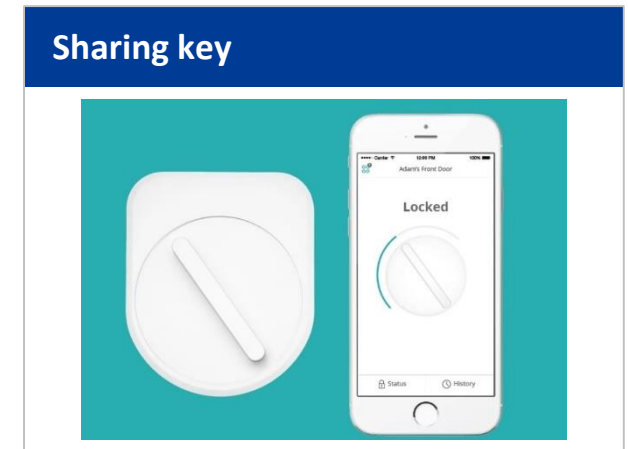
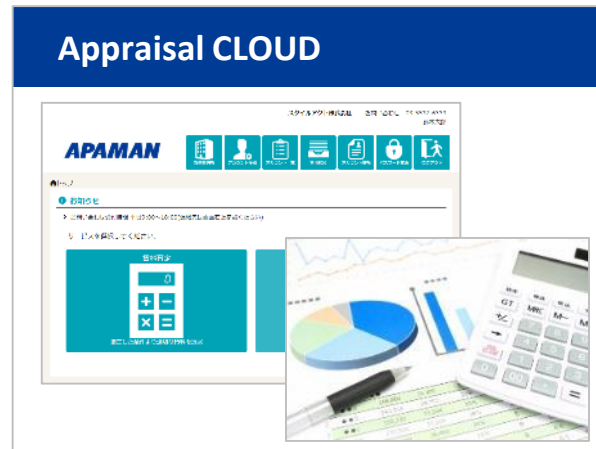
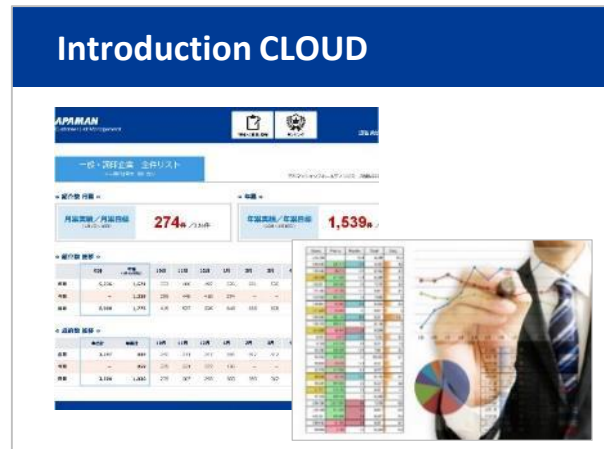
Note: Due to COVID-19 pandemic and other factors.

4. Cloud Technology Business (YoY comparison)

(Millions of yen)

	2Q FY2019	2Q FY2020	YoY change	
			Amount	%
Net sales	4,183	4,038	-145	-3.5%
Operating profit	498	36	-462	-92.7%







Cloud technology services

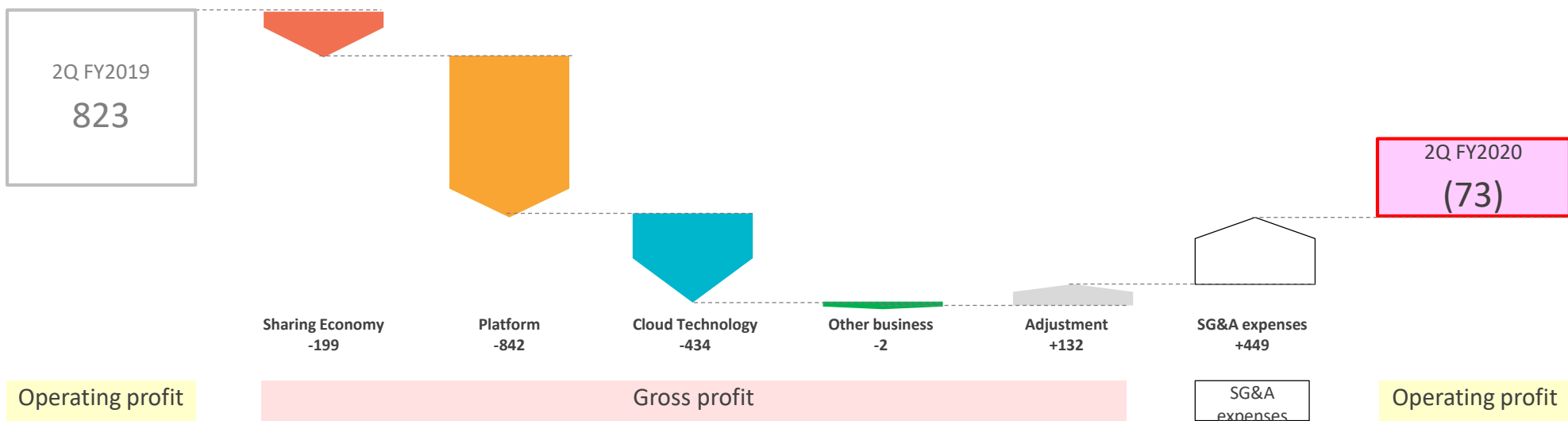


Note: The sharing key is a product of a company in which APAMAN has made an investment.

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

(Millions of yen)

	2Q FY2019			2Q FY2020			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	1,006	66	6.6%	1,151	(133)	-11.6%	+144	-199	-18.1%
 Platform	18,765	5,226	27.9%	17,175	4,384	25.5%	-1,589	-842	-2.3%
 Cloud Technology	4,183	969	23.2%	4,038	534	13.2%	-145	-434	-9.9%
 Other business	260	64	24.9%	240	61	25.8%	-20	-2	+0.9%
 Adjustment (elimination or corporate)	(749)	(564)	-	(550)	(431)	-	+198	+132	-
Total	23,467	5,761	24.6%	22,055	4,415	20.0%	-1,411	-1,346	-4.5%
 SG&A expenses (SG&A expenses ratio)	4,938		21.0%	4,489		20.4%	-449		-0.7%
Operating profit (operating margin)	823		3.5%	(73)		-0.3%	-896		-3.8%



4. FY2020 Consolidated Forecast

1. Overview of Consolidated Forecast (YoY comparison)

Revisions to Consolidated Forecast on May 15, 2020

(Millions of yen)

	FY2019 Results	FY2020 Forecast	YoY change	
			Amount	%
Net sales	45,934	43,700	-2,234	-4.9%
Operating profit (operating margin)	2,055 (4.5%)	1,200 (2.7%)	-855 (-1.8%)	-41.6%
Ordinary profit	729	450	-279	-38.3%
Profit attributable to owners of parent	272	150	-122	-45.0%

5. Dividend Policy

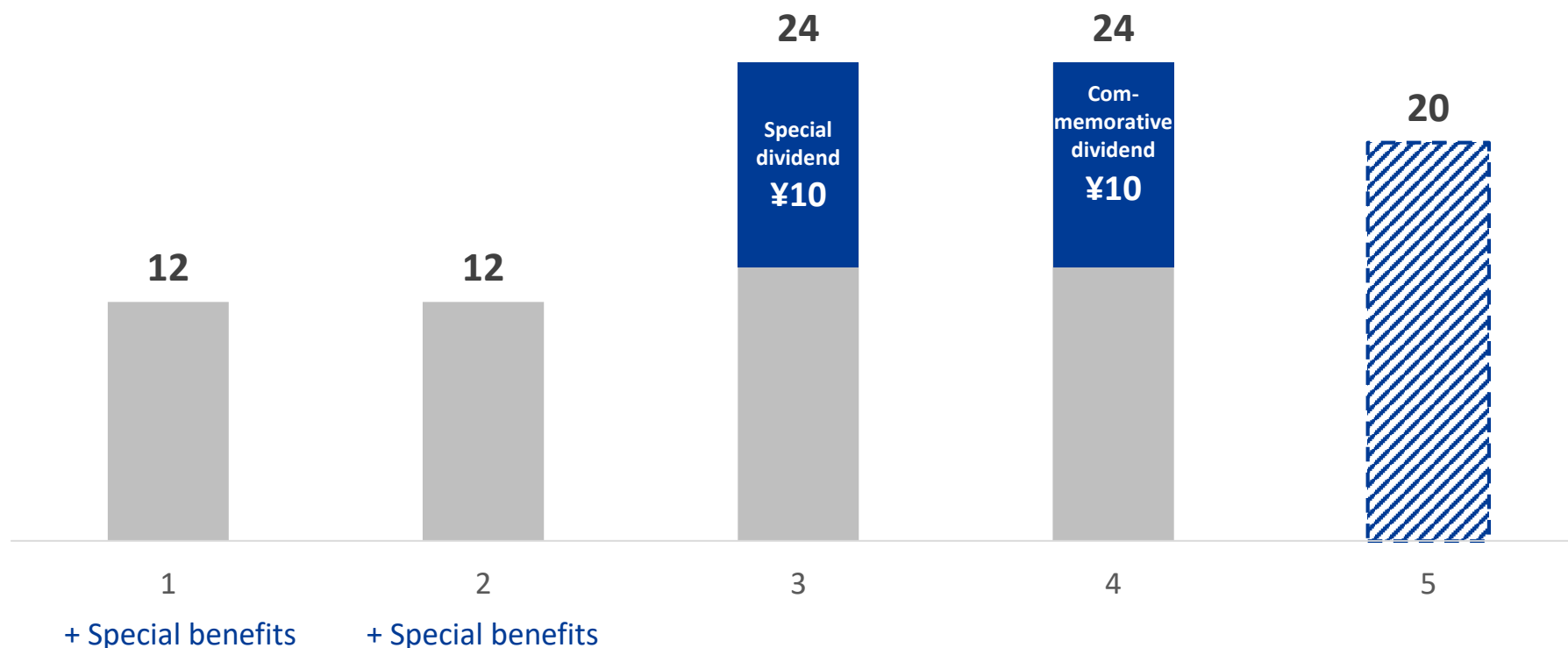
1. Dividend Policy

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 was 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)	1,047 (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

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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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