

APAMAN

Briefings on Financial Results for the Second Quarter of
the Fiscal Year Ending September 30, 2021 (FY2021)

May 7, 2021

APAMAN Co., Ltd.

JASDAQ: 8889

2Q FY2021 Consolidated Results

Overview of Consolidated Results (YoY comparison)

(Millions of yen)

	2Q FY2020	2Q FY2021	Remarks (Major factors)	YoY change
Net sales	22,055	22,582	Increase in number of units under management	+526
Gross profit	4,415	4,998	Increase in number of units under management Lower revaluation on operational investment securities (FY2020)	+583
SG&A expenses	4,489	4,570		+80
Operating profit	(73)	428	Lower revaluation on operational investment securities (FY2020) Termination of royalty reduction, etc.	+502
Ordinary profit	(532)	324	Increase in share of profit of entities accounted for using equity method	+856
Profit attributable to owners of parent	(822)	29	Gain on the change in ownership	+851
EBITDA ^{Note}	342	1,196	Increase in ordinary profit	+853

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

Overview of Consolidated Balance Sheet (vs. end-FY2020)

(Millions of yen)

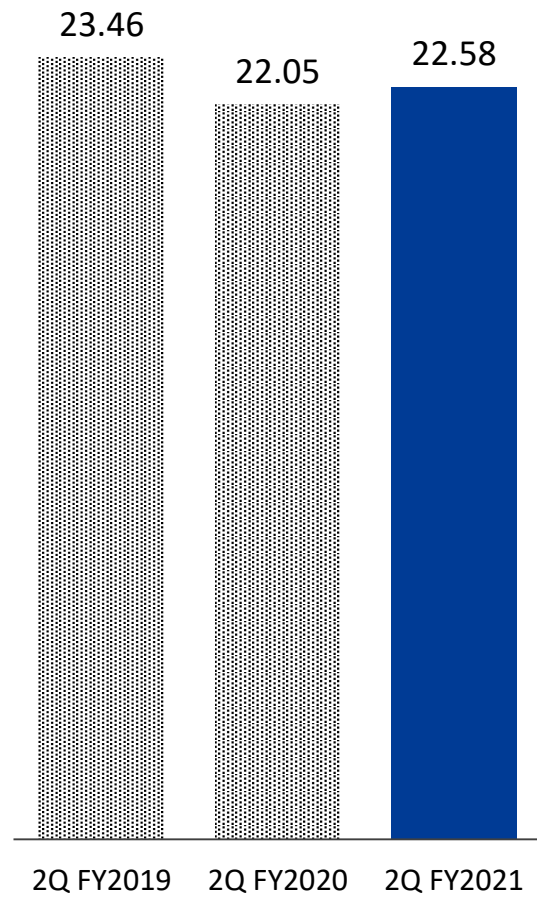
Assets	End-FY2020	2Q FY2021	Change
Current assets	14,824	13,570	(1,254)
Cash and deposits	7,561	5,326	(2,235)
Notes and accounts receivable-trade	1,746	2,036	+289
Operational investment securities	1,205	1,191	(14)
Other	4,311	5,016	+705
Non-current assets	19,430	19,798	+367
Property, plant and equipment	3,733	3,573	(160)
Intangible assets	9,022	8,969	(52)
Goodwill	6,918	6,534	(383)
Other	2,103	2,434	+331
Investments and other assets	6,674	7,255	+580
Total assets	34,255	33,369	(885)

Liabilities and net assets	End-FY2020	2Q FY2021	Change
Current liabilities	9,190	9,991	+800
Accounts payable-trade	1,023	1,336	+312
Short-term borrowings ^{Note}	1,942	2,239	+296
Other	6,224	6,415	+191
Non-current liabilities	20,621	19,363	(1,257)
Long-term borrowings	17,787	16,721	(1,066)
Long-term lease and guarantee deposited	1,757	1,696	(60)
Other	1,076	945	(131)
Total liabilities	29,811	29,354	(457)
Capital	7,983	7,983	-
Net assets	4,443	4,014	(428)
Total liabilities and net assets	34,255	33,369	(885)

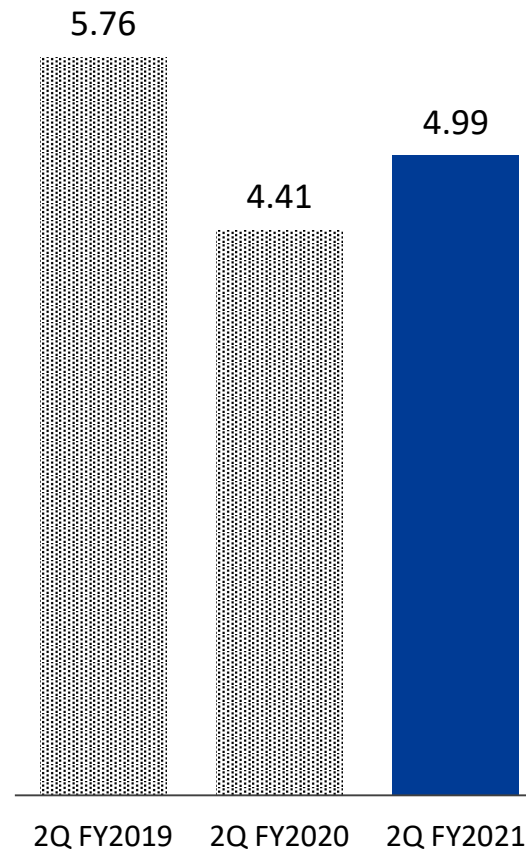
Note: Includes current portion of long-term borrowings

(Billions of yen)

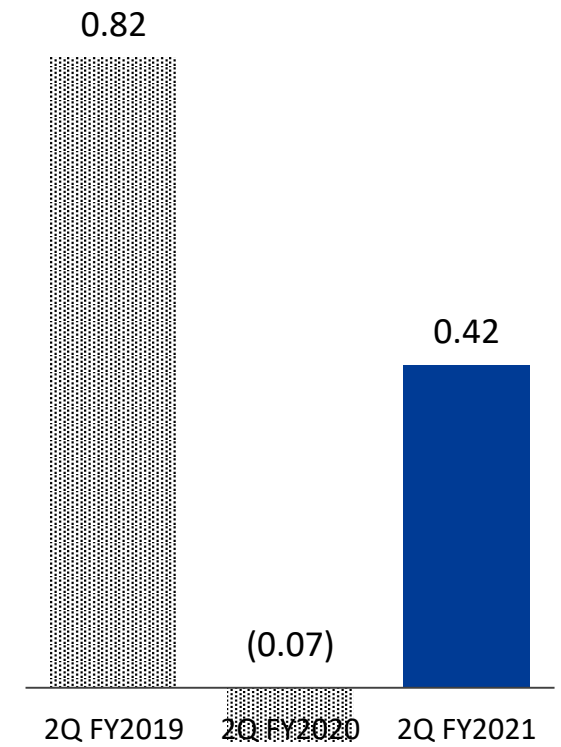
Net sales



Gross profit

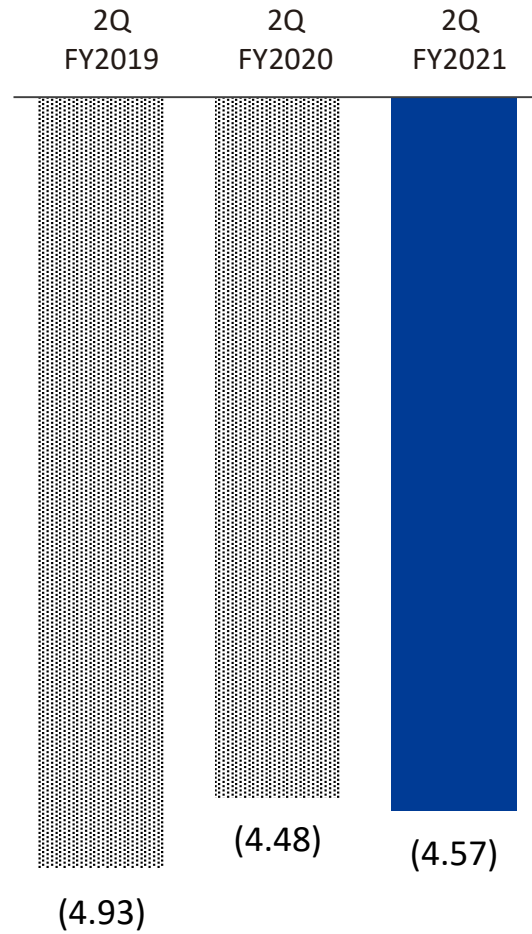


Operating profit

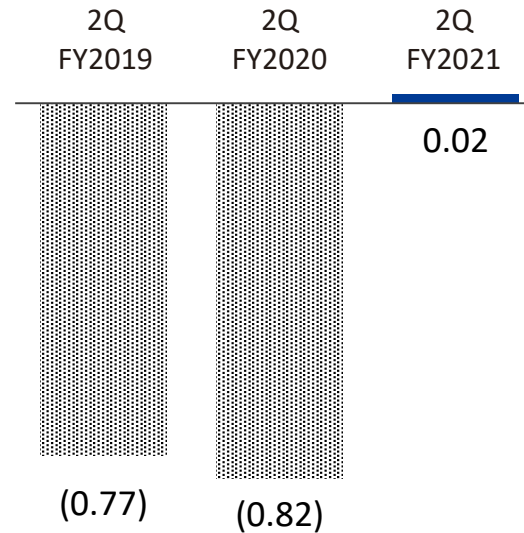


(Billions of yen)

SG&A expenses



Profit attributable to owners of parent



Consolidated Results of Operations Composition of Gross Profit

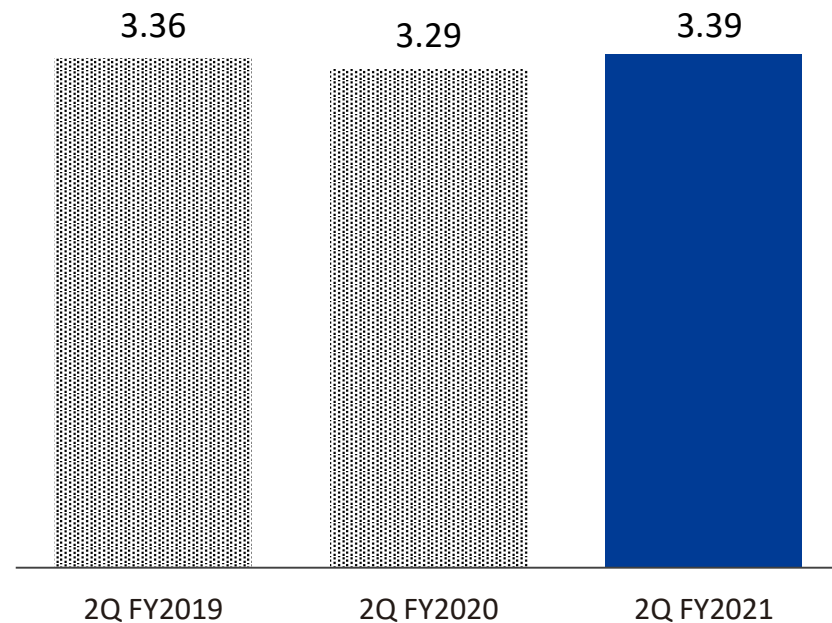
(Billions of yen)

Constant-revenue gross profit

Property management/sub-leasing, cloud/franchise services, utilization fees for co-working locations (fabbit) and others

Higher gross profit due to an increase in the number of units under management

Lower gross profit due to higher purchase price of the electric retailing business

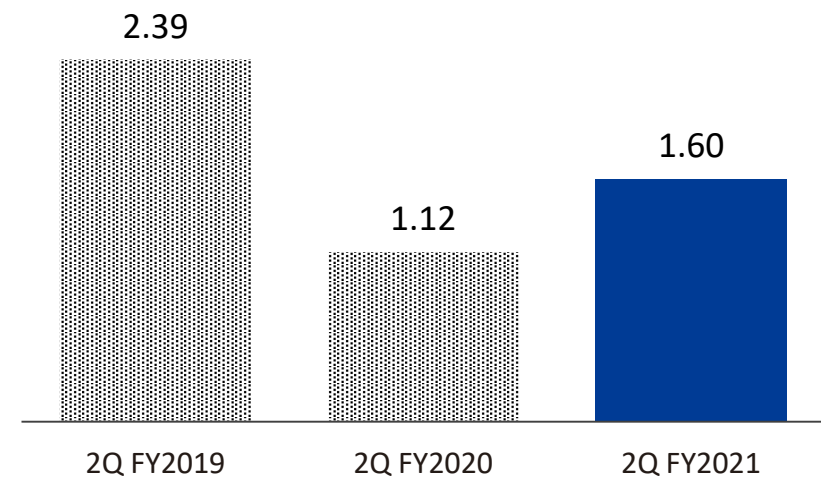


Other gross profit

Brokerage fees, consulting fees, operational investment securities and others

Valuation loss on of operational investment securities (FY2020)

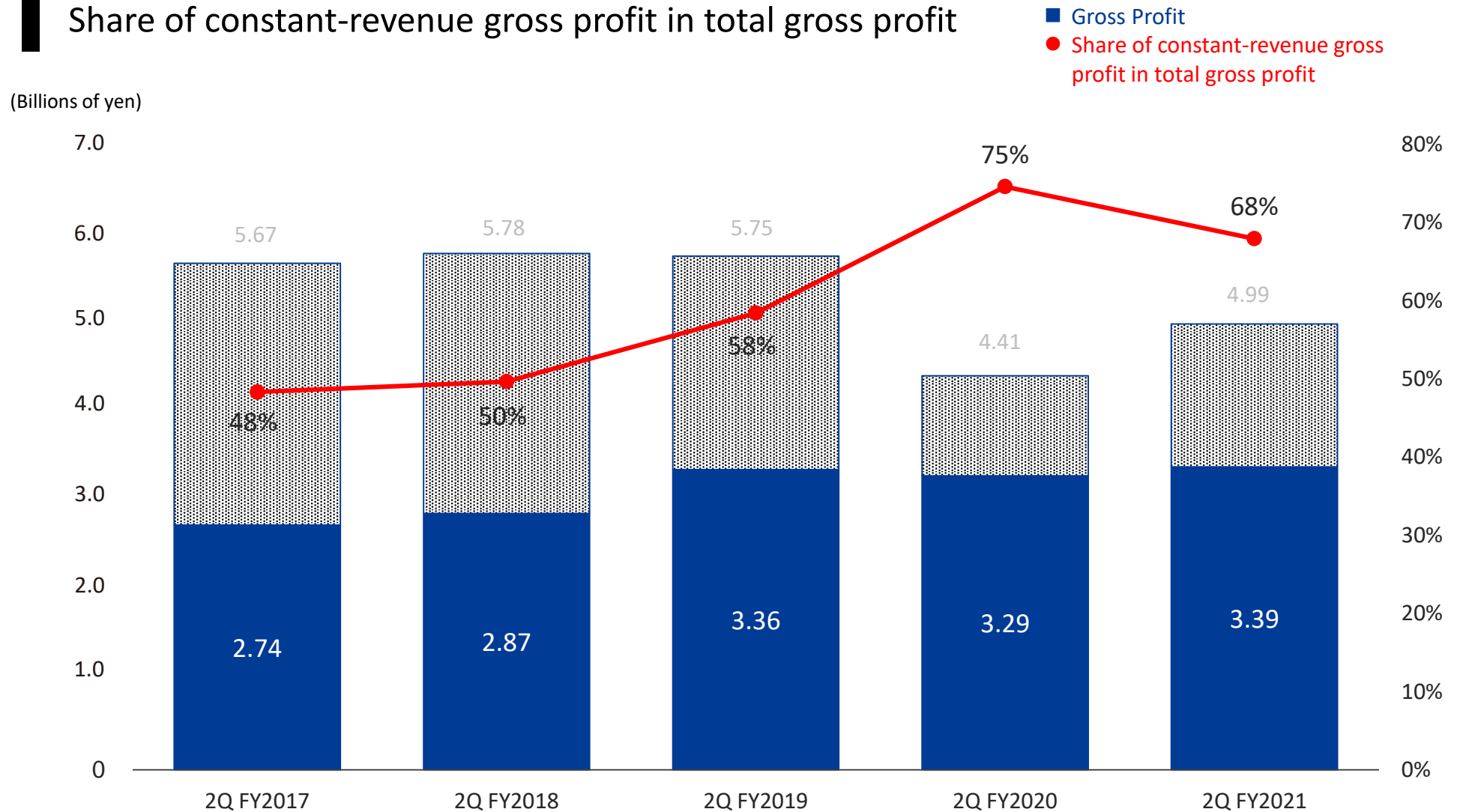
Online support at directly operated stores



Note: Sales for businesses in the same segment that are divided between constant-revenue and other gross profit include transactions within the segment that are eliminated in the consolidated financial statements.

Consolidated Results of Operations Composition of Gross Profit

Share of constant-revenue gross profit in total gross profit



Revisions for reportable segments

The share of fabbit Business in the Sharing Economy Segment declined following its absorption by systemsoft Corporation through an absorption-type merger on January 1,2021. To reflect this change, **the Sharing Economy segment (fabbit business, parking business) is reclassified and included in the Other Business segment** from the second quarter.

Furthermore, the Cloud Technology segment is **renamed the Technology** segment as its operations, formerly limited to cloud services, were expanded to promote technologies in general, including RPA and web management.

Before revisions	
Platform	Rental management and sub-leasing Rental brokerage/ associated and included
Cloud Technology	Technology Franchise service
Sharing Economy	fabbit Parking
Others	Real estate leasing Retail locations operating



After revisions	
Platform	Rental management and sub-leasing Rental brokerage/ associated and included
Technology	Technology Franchise service
Others	fabbit (other than fabbit Co., Ltd.) Parking Real estate leasing Retail locations operating

Business Domain (Constant revenue, Others)

Constant revenue business / Other business

Segment	Main business	Constant revenue	Primary income source
Platform	Rental management and sub-leasing	○	Management fee
	Rental brokerage	×	Brokerage fee
Technology	Cloud service	○	Usage fee
	Franchise service	○	Royalty fee
Others	Co-working, etc.	○	Usage fee
	Metered parking	○	Parking fee

Size of Customer Base

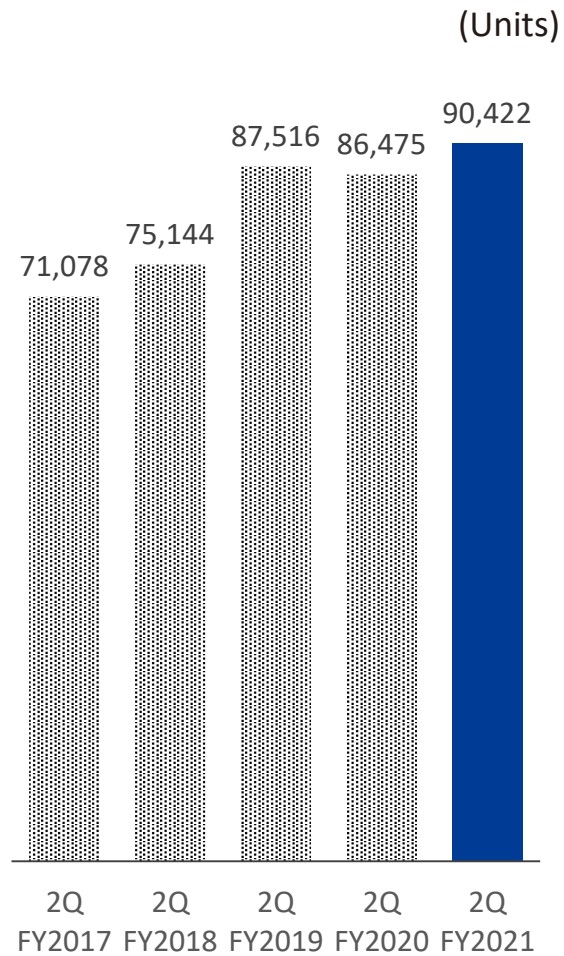
Segment	Main business	Customers/Market size	
Platform	Rental management and sub-leasing	90,422 units (up 3,947 units YoY)	
	Directly operated stores	69 stores (down 8 stores YoY)	
Technology	Cloud service	Stores	1,045 stores
	Franchise service	Property management/Sub-leasing	Approx. 1,030,000 units
		Property owner relationships	Approx. 200,000 owners
Others	Metered parking	4,233 parking spaces nationwide (up 616 parking spaces YoY)	

Notes: Rental management and sub-leasing, directly operated stores and metered parking businesses include directly operated stores, and cloud service and franchise service include FCs.

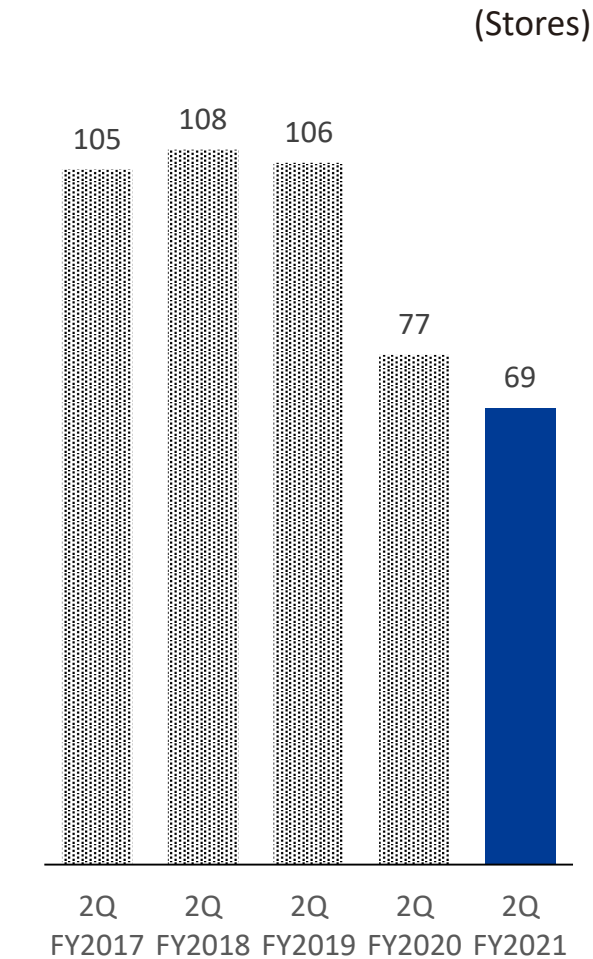
The number of property management/sub-leasing units (approx. 1,030,000 units) and the number of property owner relationships (approx. 200,000 owners) are as of September 2020 using Apaman Network data.

Change in Customer Base

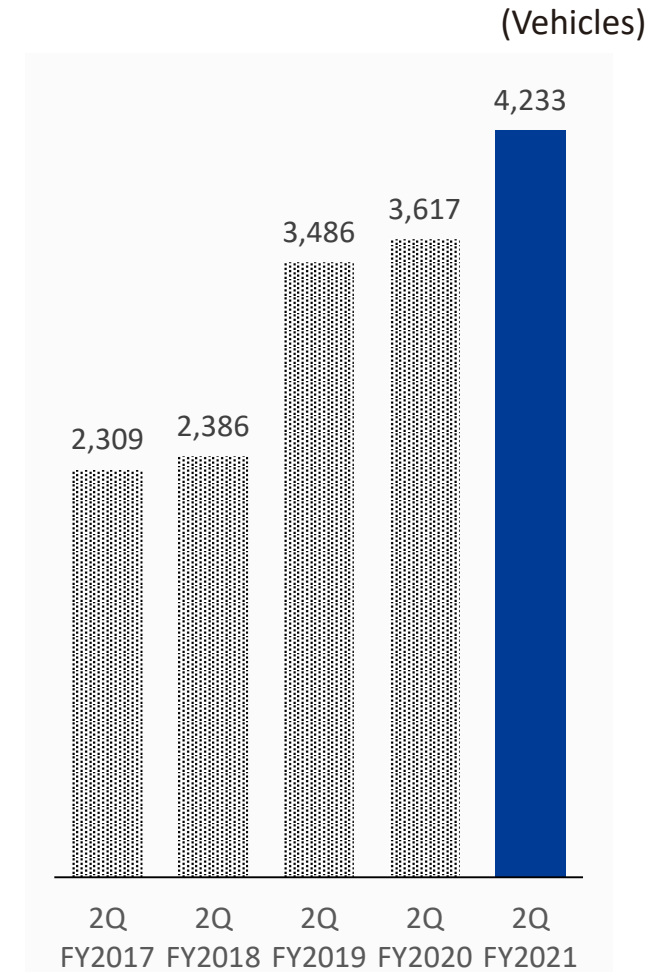
Number of units under management



Directly managed stores



Metered parking

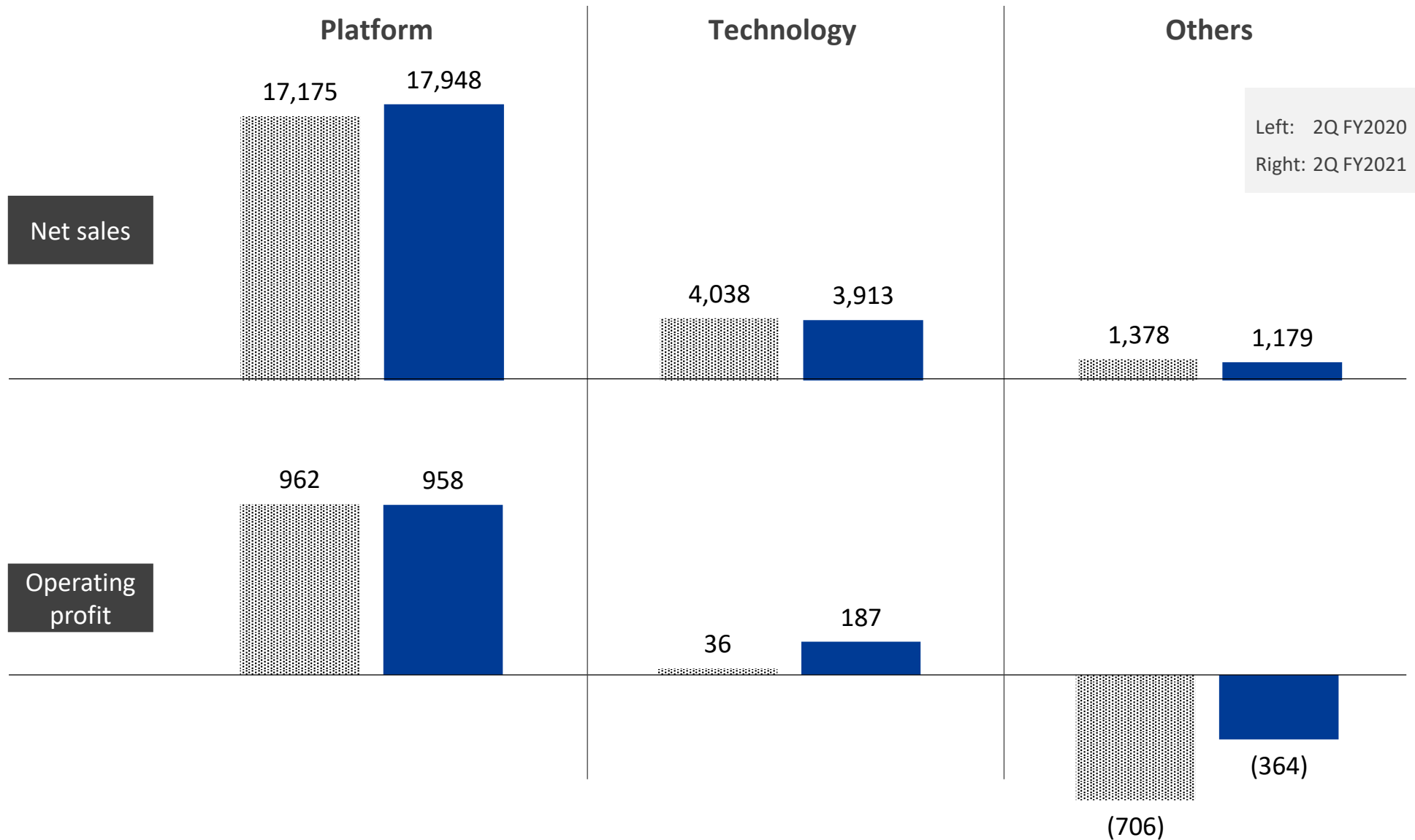




2Q FY2021 Results by Segment

Net Sales and Operating Profit by Segment (YoY comparison)

(Millions of yen)



Platform Business (YoY comparison)

Number of units under management up 3,947 YoY;
Higher purchase price of the electric retail business reduced operating profit by 100 million yen

(Millions of yen)

	2Q FY2020	2Q FY2021	YoY change	
			Amount	%
Net sales	17,175	17,948	+773	+4.5%
Operating profit	962	958	-4	-0.5%

Stores



Number of directly managed franchised stores
77 stores (2Q FY2020) → **69** stores Note

PM



Number of units under management
86,475 units → **90,422** 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
774 million yen (2Q FY2020) → **711** million yen

Note: Due to COVID-19 and other factors

Technology Business (YoY comparison)

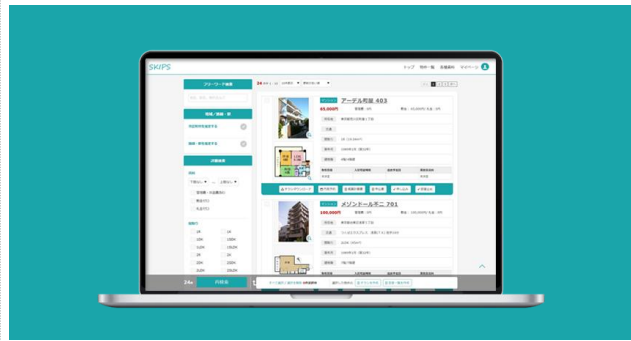
Termination of royalty reduction due to the COVID-19 infection

(Millions of yen)

	2Q FY2020	2Q FY2021	YoY change	
			Amount	%
Net sales	4,038	3,913	-125	-3.1%
Operating profit	36	187	+151	+416.9%

Technology services

Automated rental management



Shared electronic keys for apartments



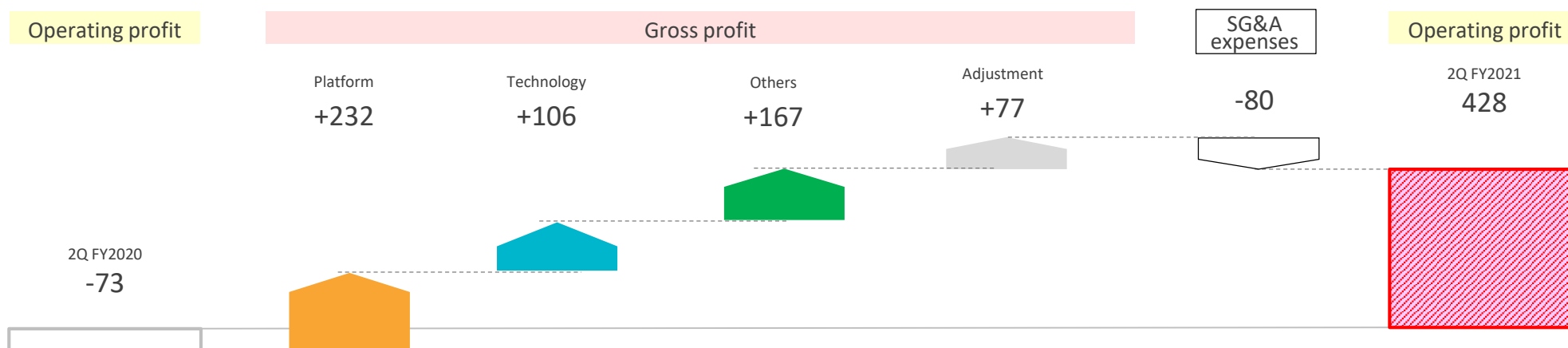
Core system for rental brokerage service



Analysis of Operating Profit by Segment (YoY)

(Millions of yen)

	2Q FY2020			2Q FY2021			YoY change		
	Net sales	Gross profit	Gross profit margin	Net sales	Gross profit	Gross profit margin	Net sales	Gross profit	Gross profit margin
Platform	17,175	4,384	25.5%	17,948	4,616	25.7%	+773	+232	+0.2%
Technology	4,038	534	13.2%	3,913	640	16.4%	-125	+106	+3.1%
Others	1,378	(71)	(5.2)%	1,179	95	8.1%	-199	+167	+13.3%
Adjustment (elimination or corporate)	(537)	(431)	-	(459)	(354)	-	+77	+77	-
Total	22,055	4,415	20.0%	22,582	4,998	22.1%	+526	+583	+2.1%
SG&A expenses (SG&A expenses ratio)	4,489		20.4%	4,570		20.2%	+80		-0.1%
Operating profit (operating margin)	(73)		(0.3)%	428		1.9%	+502		+2.2%





FY2021 Consolidated Forecast

Overview of Consolidated Forecast (YoY comparison)

(Millions of yen)

	FY2020 Results	FY2021 Forecast	Change
Net sales	44,119	44,500	+380
Operating profit	840	1,800	+959
Ordinary profit	8	1,000	+991
Profit attributable to owners of parent	166	550	+383

Challenges hampering growth

1. Growth of online operations
2. Increase the number of managed/sub-leased properties
3. Launch of the company-rented housing business (New business)

Activities for the growth of online operations

Online First
Locate and rent an apartment online



Online explanations and contracts



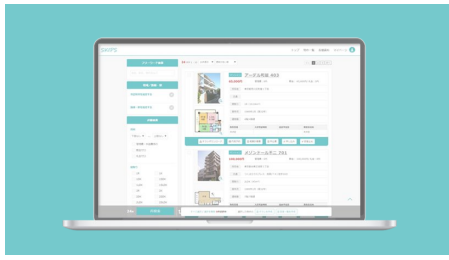
Shared electronic keys for apartments



Use of AI for marketing activities



Automated rental management



Automated rental brokerage service



Online meetings



(Property owners, franchised companies, members)

Online seminars



(Property owners, franchised companies, members)

Challenges hampering growth

2. Increase the number of managed/sub-leased properties
3. Launch of the company-rented housing business
(New business)

Increase the number of managed/sub-leased properties through M&A

Results: up 3,947 properties YoY

Increase master leases for the provision of company housing

Results: 20 contracted companies

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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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