

Briefings on Financial Results for the Second Quarter of the Fiscal Year Ending September 30, 2022 (FY2022)

APAMAN Co., Ltd.

May 13, 2022

Tokyo Stock Exchange (Standard): 8889

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2Q FY2022 Financial Summary

Topics

Net sales

¥**22.7** billion

Up **0.7%** YoY

Operating profit

¥**0.92** billion

Up **116.4%** YoY

Profit attributable to owners of parent

¥**0.16** billion

Up **454.9%** YoY

Following the enactment of the digital reform laws, all formalities concerning rental contracts from May 18, 2022 onward can now be processed online. The Apaman Group has moved all peripheral formalities to Cloud ahead of the promulgation of the above law.

- (1) Higher operating profit at directly operated stores
- (2) Higher operating profit in rental management

Financial Summary | Overview of Consolidated Statement of Income

(Millions of yen)

	2Q FY2021	Ratio to net sales	2Q FY2022	Ratio to net sales	YoY change
Net sales	22,582	-	22,744	-	+162
Gross profit	4,998	22.1%	5,305	23.3%	+306
SG&A expenses	4,570	20.2%	4,377	19.2%	-192
Operating profit	428	1.9%	927	4.1%	+499
Ordinary profit	324	1.4%	701	3.1%	+377
Profit attributable to owners of parent	29	0.1%	161	0.7%	+132
EBITDA ^{Note}	1,196	5.3%	1,543	6.8%	+347

- Net sales and cost of sales: Decrease ¥340 million due to the application of the new revenue recognition standard
- Non-operating income: Equity-method profit/loss; loss of ¥70 million (down ¥190 million YoY)
- Non-operating income: Foreign exchange gains ¥110 million (up ¥60 million YoY)

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

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Financial Summary | Overview of Consolidated Balance Sheet

(Millions of yen)

	End-FY2021	2Q FY2022	Change
Current assets	14,804	13,877	-926
Cash and deposits	7,359	6,120	-1,239
Notes and accounts receivable-trade, and contract assets <small>Note 1</small>	1,742	1,950	+207
Operational investment securities	1,197	1,203	+5
Other	4,504	4,603	+98
Non-current assets	18,437	19,057	+620
Property, plant and equipment	3,275	2,935	-340
Intangible assets	9,070	9,417	+347
Goodwill	6,406	6,003	-402
Other	2,663	3,414	+750
Investments and other assets	6,091	6,704	+613
Total assets	33,241	32,935	-306

	End-FY2021	2Q FY2022	Change
Current liabilities	10,202	11,537	+1,334
Accounts payable-trade	1,149	2,061	+911
Short-term borrowings <small>Note 2</small>	2,364	2,499	+134
Other	6,688	6,976	+288
Non-current liabilities	18,459	17,005	-1,454
Long-term borrowings	15,892	14,608	-1,283
Long-term lease and guarantee deposited	1,621	1,545	-76
Other	946	851	-94
Total liabilities	28,662	28,542	-120
Capital	7,983	8,002	+19
Net assets	4,578	4,392	-186
Total liabilities and net assets	33,241	32,935	-306

- Increase in non-current assets because of the increase in system development following the purchase of the stock of ARCHITECTS STUDIO JAPAN, INC. through a third-party allotment
- Decrease in long-term borrowings

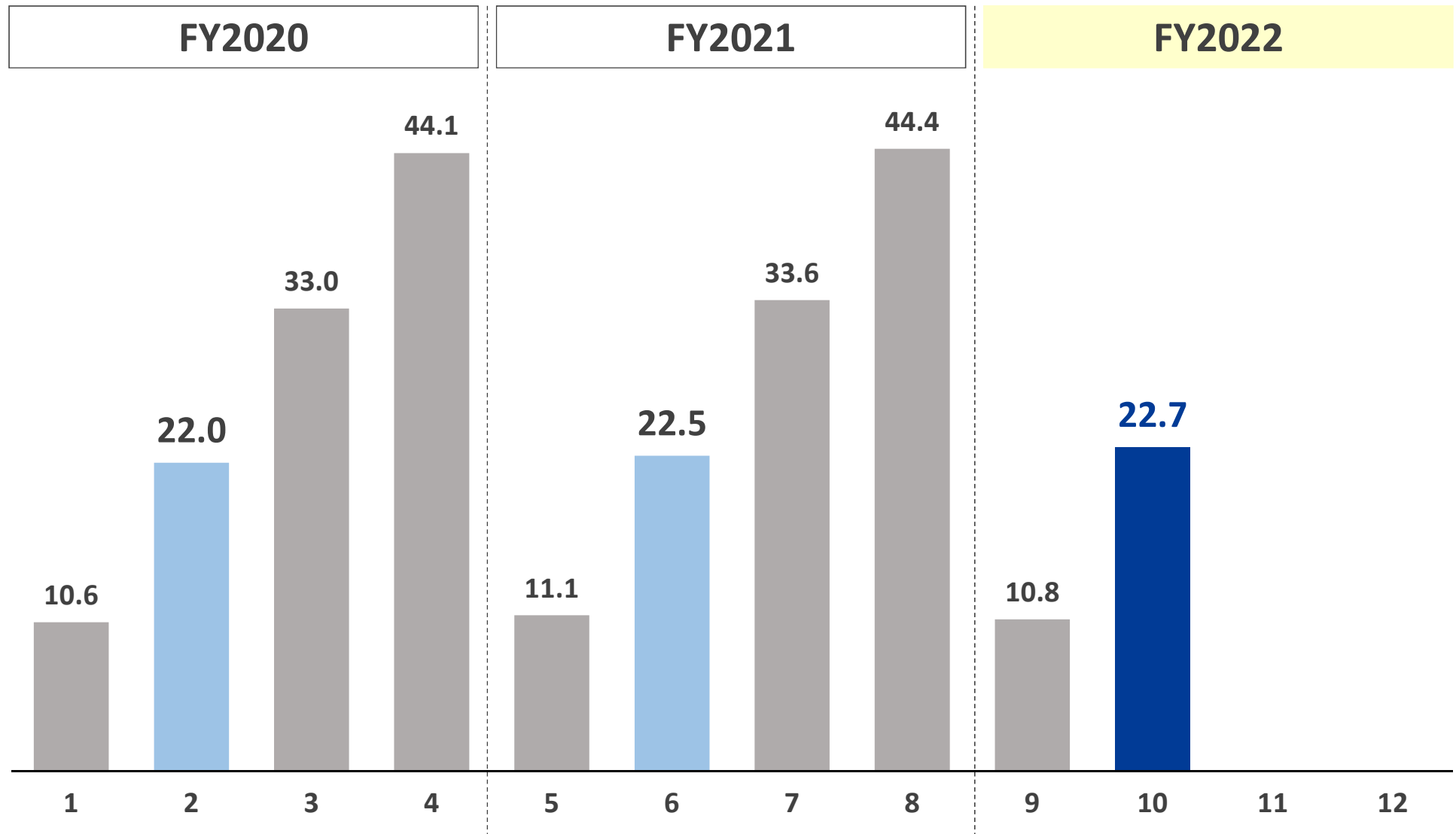
Notes: 1. End-FY2021: Notes and accounts receivable-trade

2. Includes current portion of long-term borrowings

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Financial Summary | Quarterly Sales

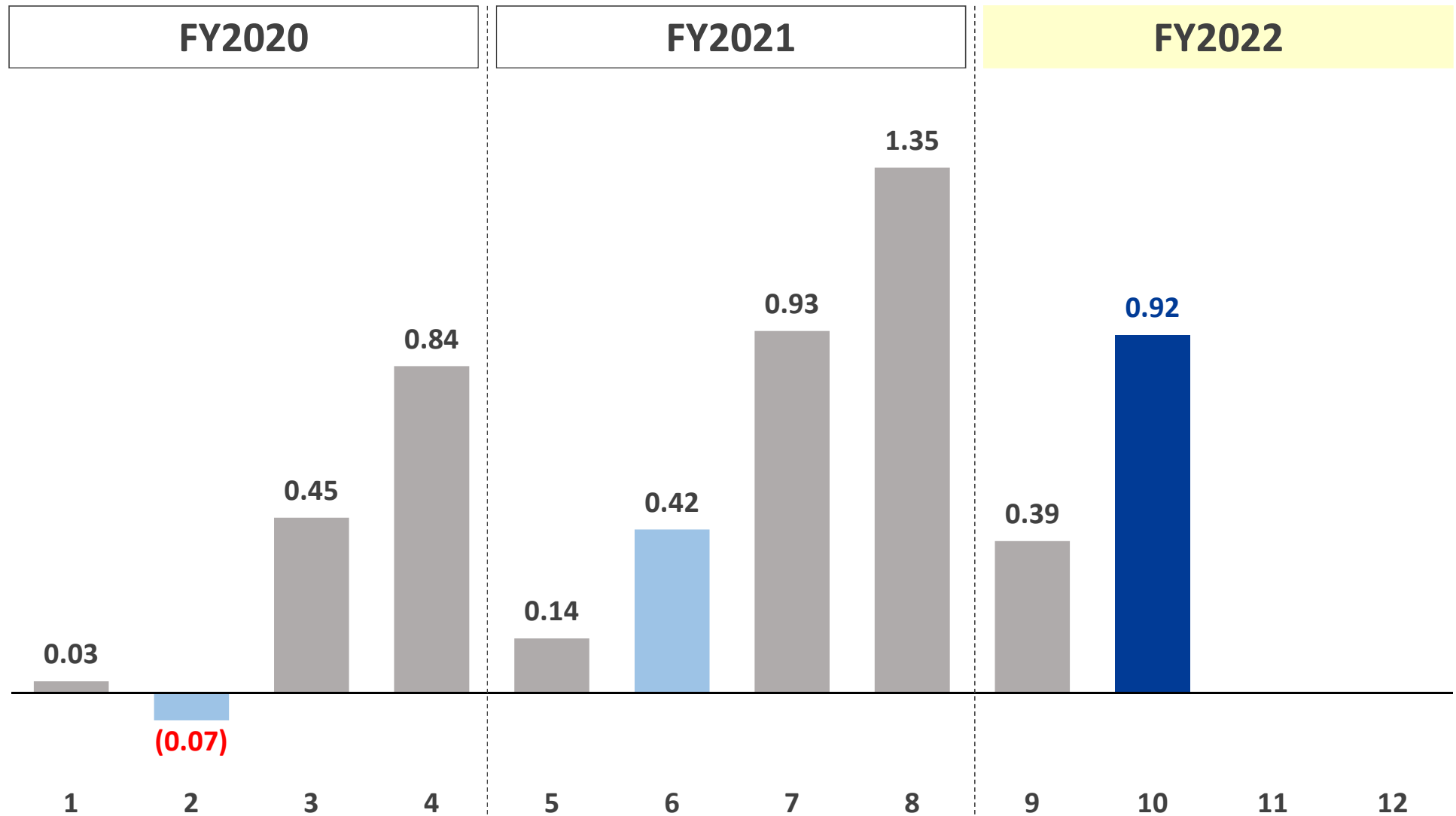
(Billions of yen)



Note: Quarterly sales are cumulative results.

Financial Summary | Quarterly Operating Profit

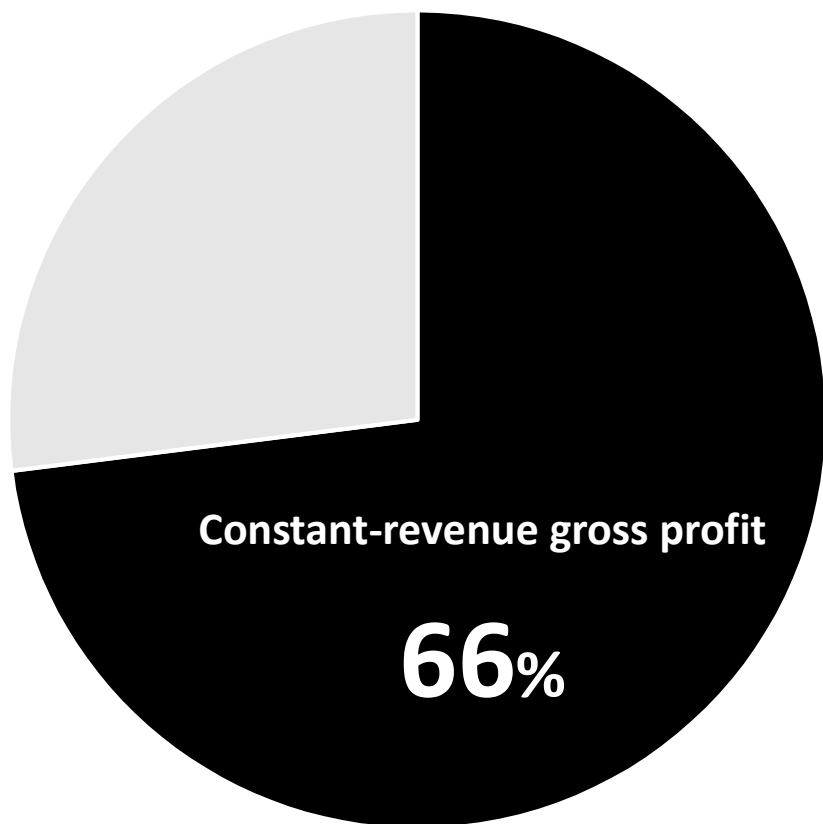
(Billions of yen)



Note: Quarterly operating profit is cumulative results.

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Constant revenue accounts for about 70% of gross profit



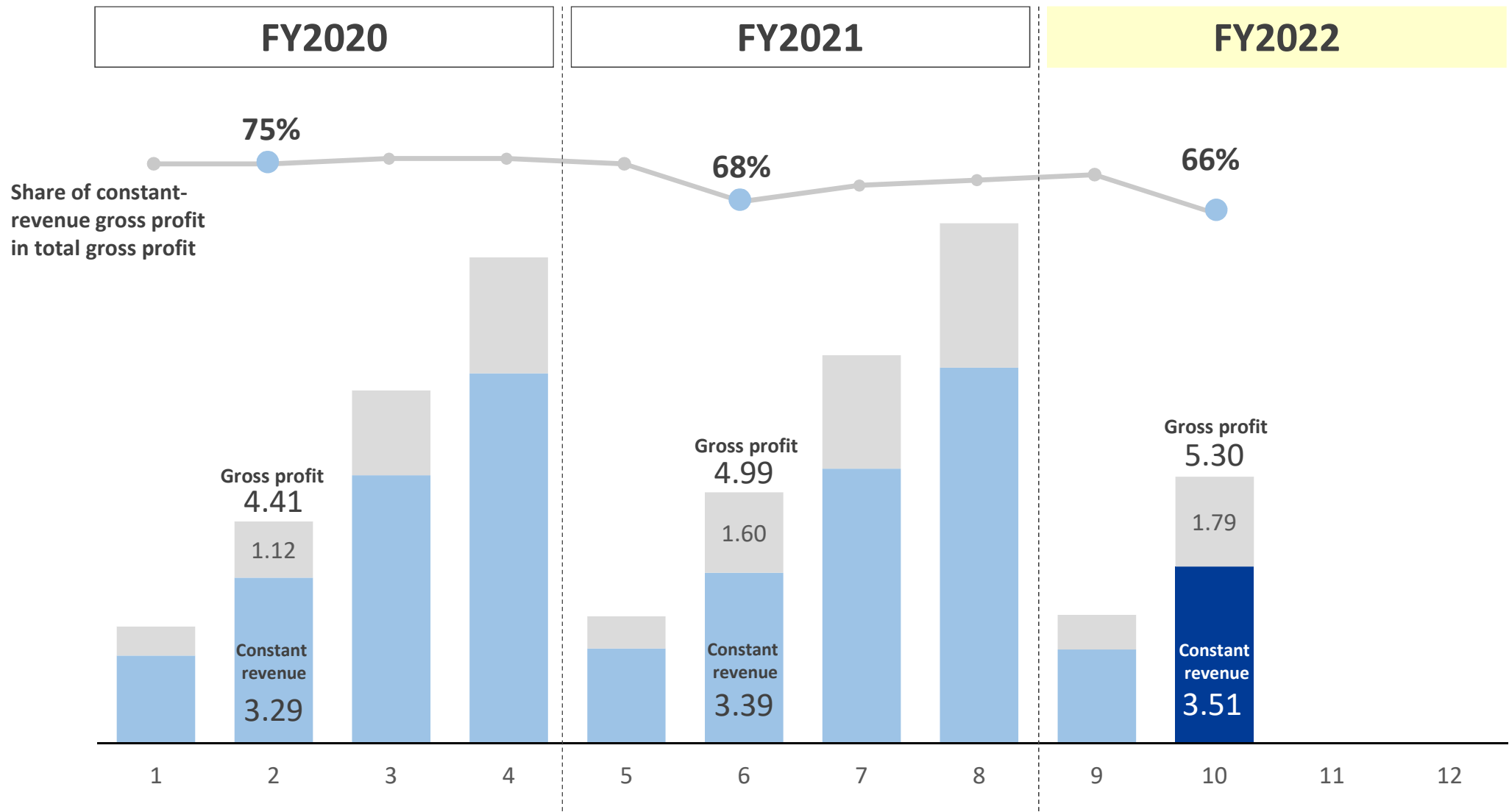
Platform	Rental management <small>(Includes sub-leasing)</small>	Management fee
	Company-rented housings	Brokerage fee
Technology	Cloud service	Usage fee
	Franchise service	Royalty fee
Other	Metered parking	Parking fee

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.

As of Mar. 31, 2022

Financial Summary | Share and Amount of Constant Revenue Gross Profit

(Billions of yen)



Note: Quarterly gross profit is cumulative results.

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2Q FY2022 Results by Segment

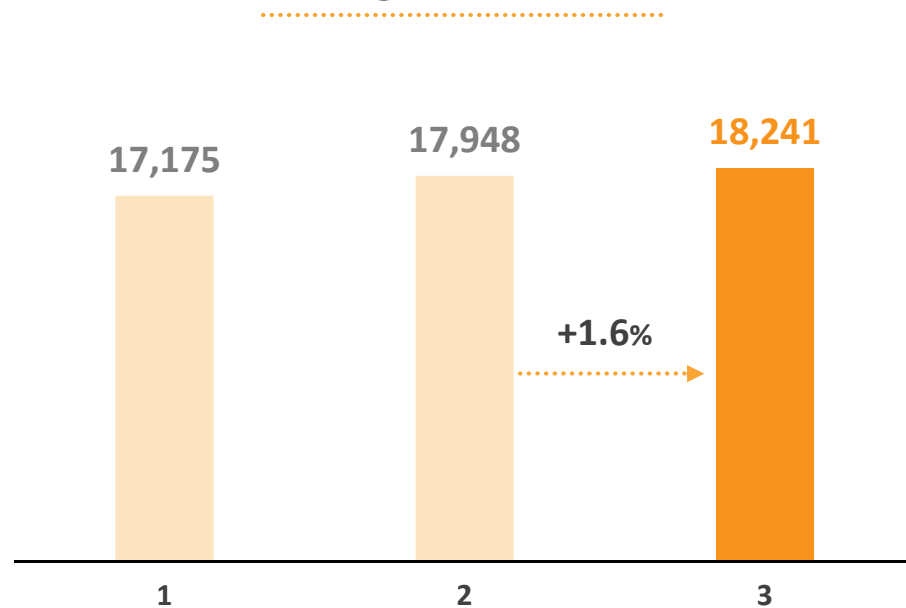
Results by Segment | Platform Business

(Millions of yen)

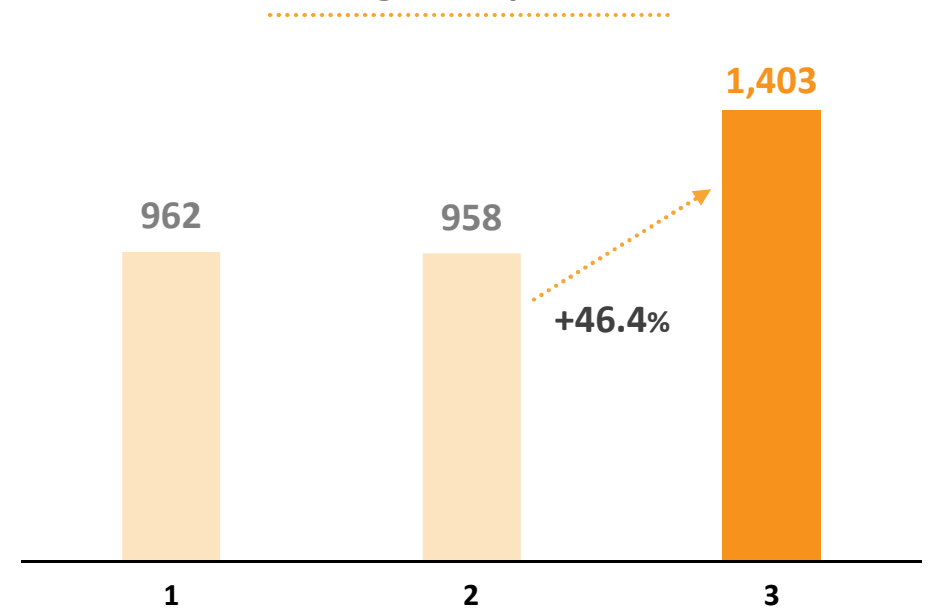
Topics

- Higher sales and earnings at directly operated stores due to growth of online operations
- Contribution from M&A management companies

Segment sales



Segment profit



Results by Segment | Platform Business

Topics

- The number of units under management increased
- Gross profit of cumulative included services increased
- The number of companies using the company-rented housing service and company housing agency service increased

	2Q FY2021	2Q FY2022	YoY Change
No. of units under management	90,422	90,532	+110
No. of directly managed stores	69	71	+2
Gross profit of included and associated services	711 million yen	758 million yen	+47 million yen
No. of companies using the company-rented housing service	27	96	+69
No. of companies using the company housing agency service	2,992	3,050	+58

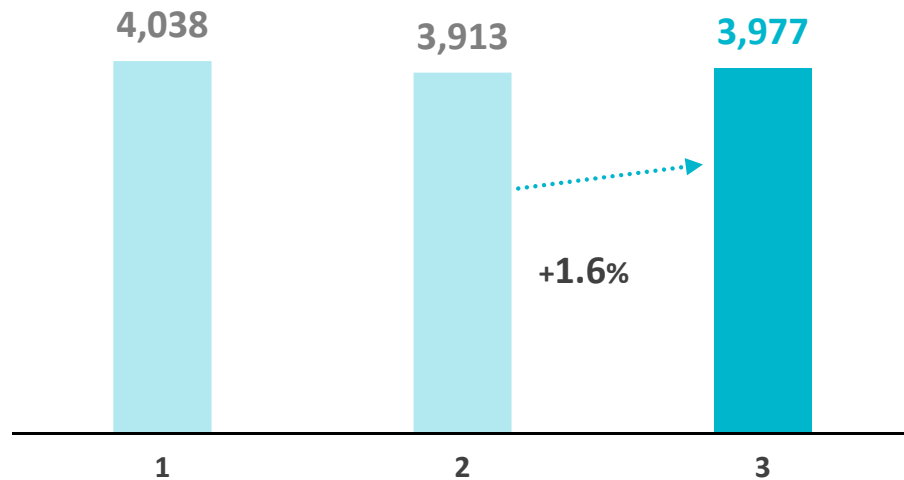
Results by Segment | Technology Business

(Millions of yen)

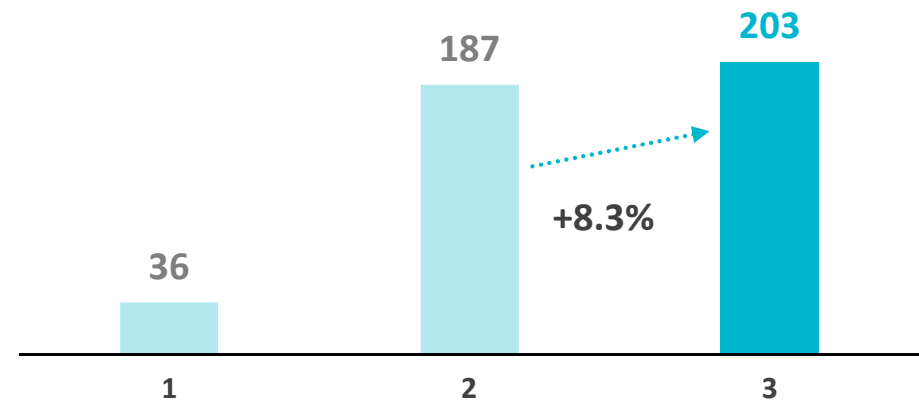
Topics

- Higher sales and earnings due to growth of online operations
- Used SKIPS (cloud) to increase productivity
- The use of e-contracts is expected to increase

Segment sales

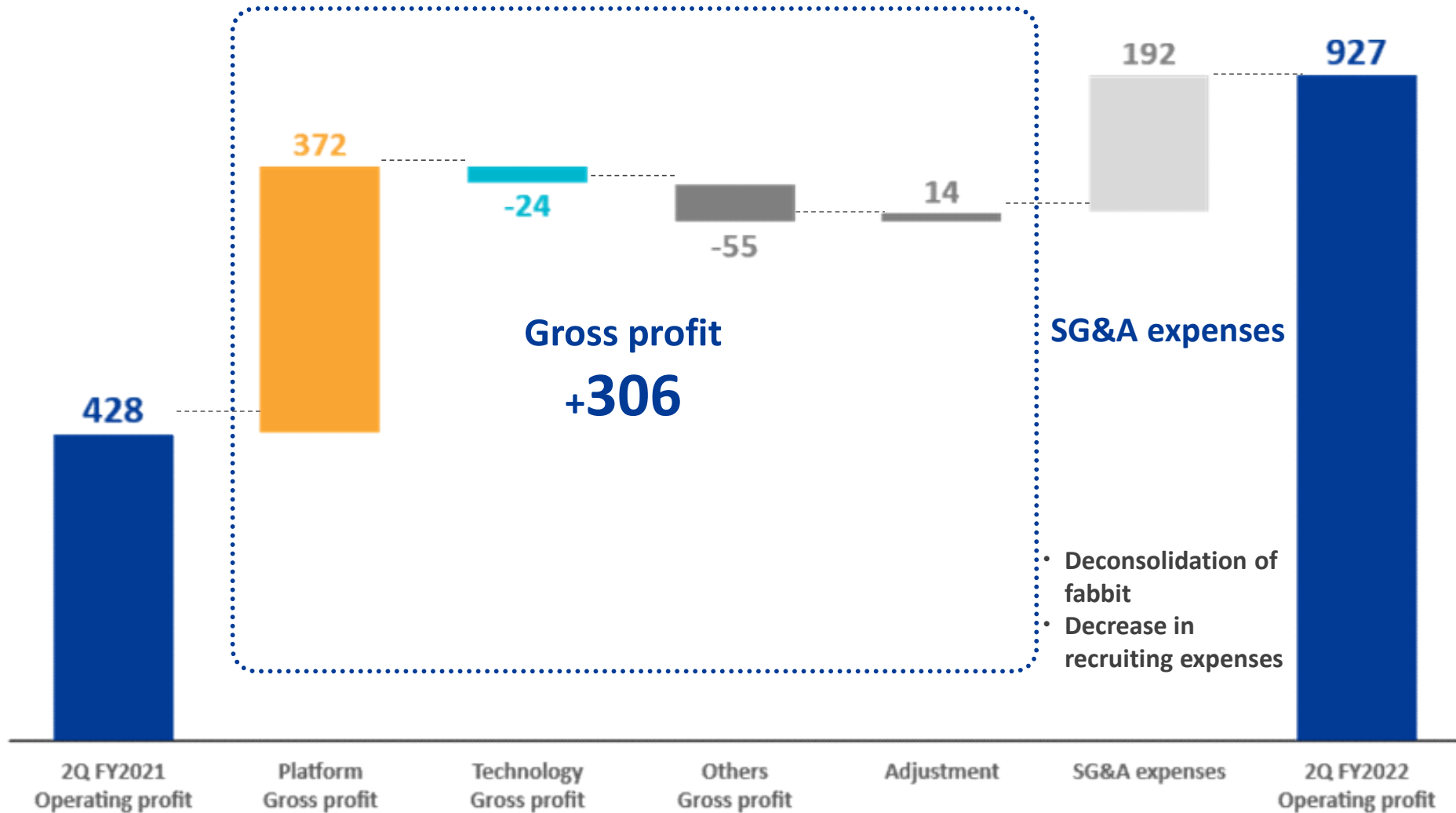


Segment profit



Results by Segment | Analysis of Operating Profit (YoY Change)

(Millions of yen)



FY2022 Consolidated Forecast

Overview of Consolidated Forecast

(Millions of yen)

	FY2021 Results	FY2022 Forecast	Change
Net sales	44,419	45,000	+580
Operating profit	1,356	1,800	+443
Ordinary profit	795	1,000	+204
Profit attributable to owners of parent	602	200	-402

The FY2022 forecast factors in an expected loss on retirement of the existing IT system due to the renewal of the backbone system and the cost of relocating the head office.

Key Activities

Key Activities | (1) Growth of Online Activities

Online real estate procedures are on the increase following the enactment of digital reform laws.

Online First
Locate and rent an
apartment online



Online explanations
and contracts



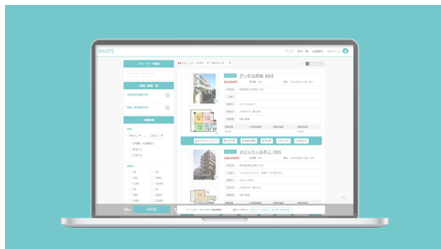
Shared electronic
keys for apartments



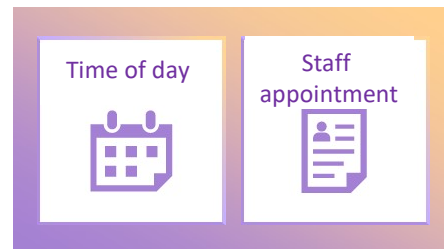
Use of AI for
marketing activities



Automated rental
management



New way to search
for an apartment



Online meetings

(Property owners, franchised
companies, members)



Online seminars

(Property owners, franchised
companies, members)



Key Activities | (2) Growth of Online Activities

The use of technology for a new way to search for an apartment

Time of day



- Customers can select a time of day when visiting the store is easier
- Improves the efficiency of store operations

Staff appointment



- Assigning the most suitable individual for each customer's requirements improves customer satisfaction and the pct. of customers who lease an apartment from APAMAN

Apamanshop Online



- More efficient customer services
- More diversity for working styles

Online interaction



Online property viewing



Online explanations



Mailing



Key Activities | (3) Improving the efficiency of rental management, including management of company housing and stores

Leveraging the largest network of rental brokerage offices and the number of properties handled

No. of leasing properties for company housing

Increase the number of company housing alliances



No. of stores and units under management

Increase the use of M&A and outsourced rental property management



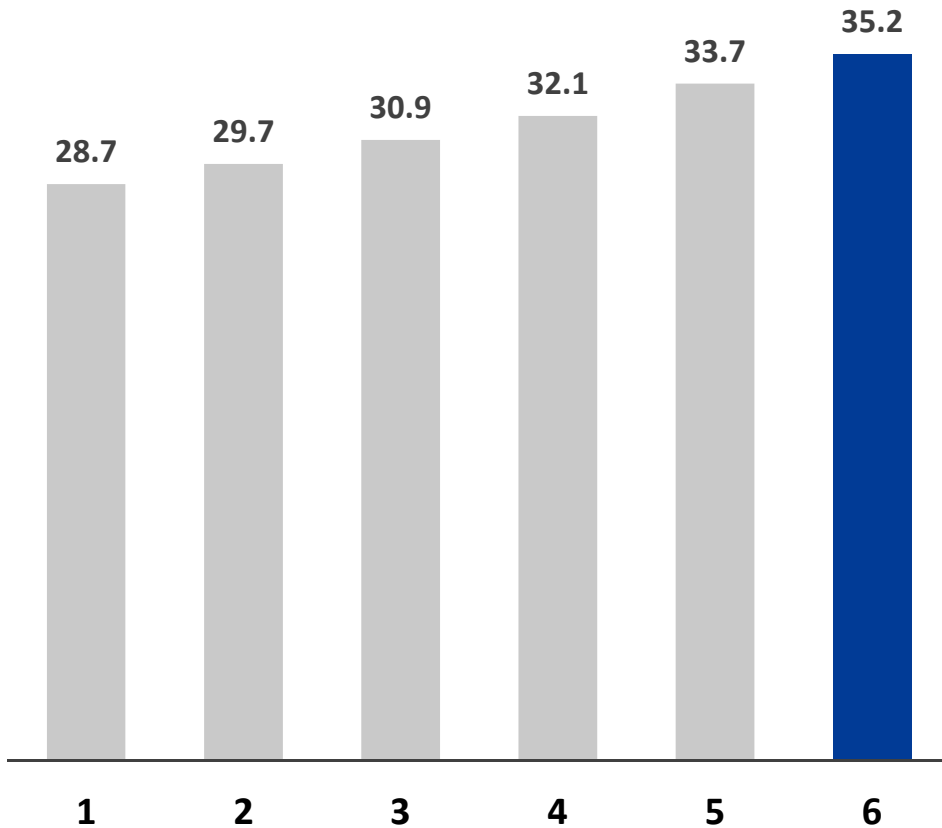
Appendix

Market Scale

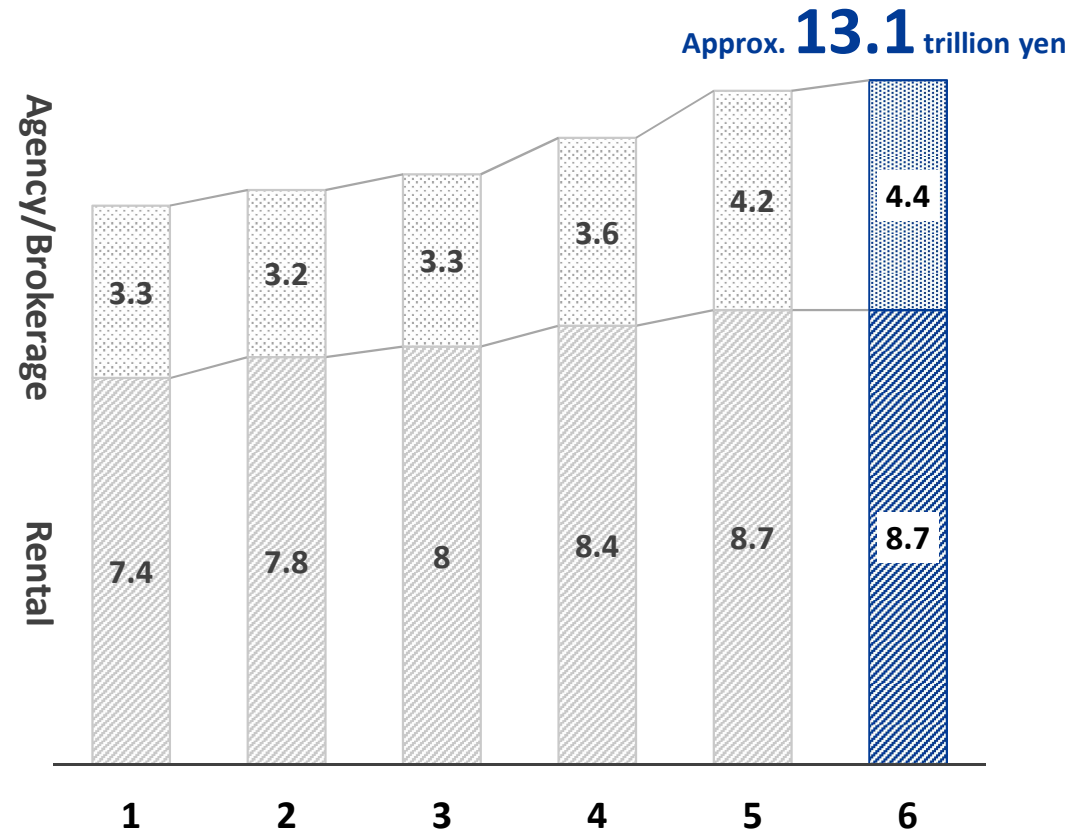
(Trillions of yen)

Annual sales in Japan's real estate market are about **35.2 trillion yen**
and annual transactions in categories where APAMAN operates are about **13.1 trillion yen**

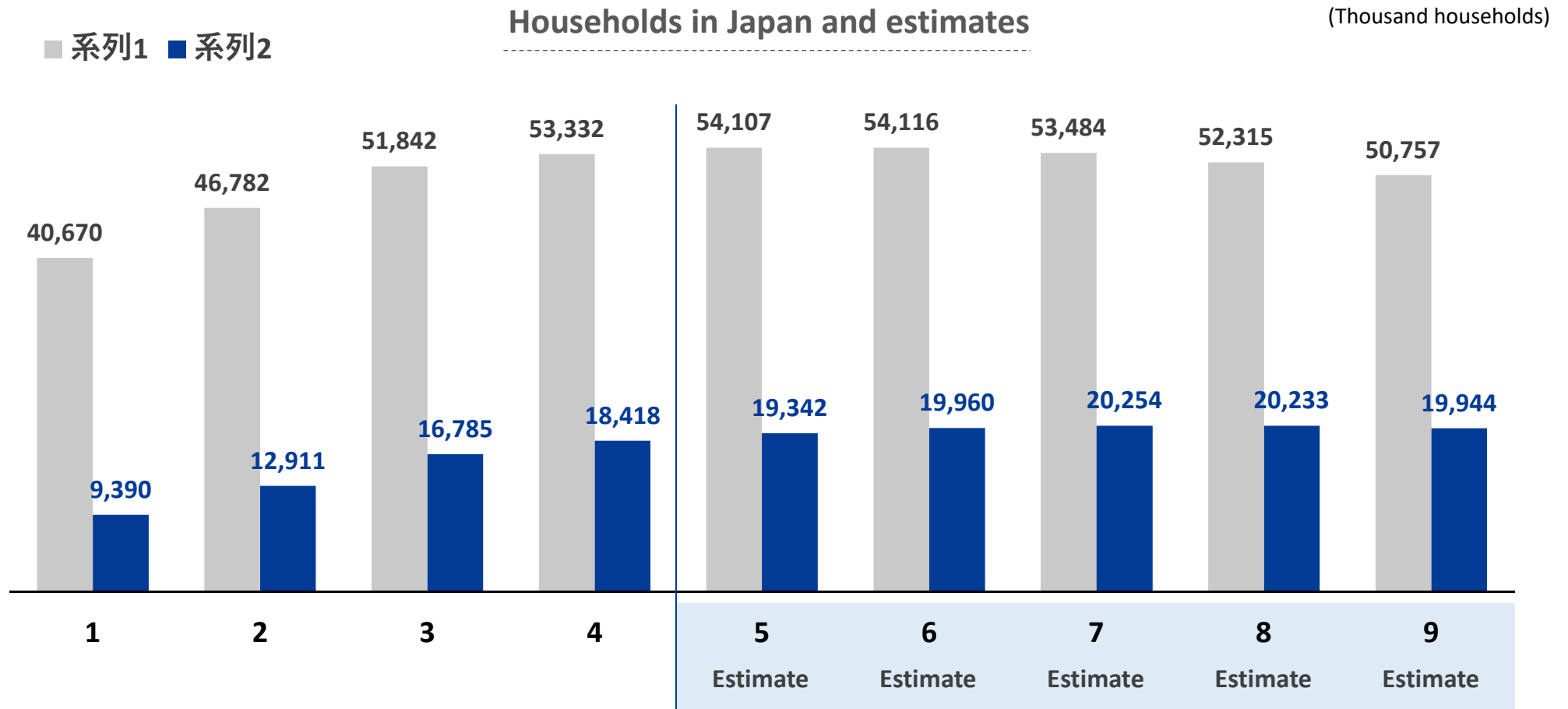
Annual real estate industry sales



Annual rental and agency/brokerage sales



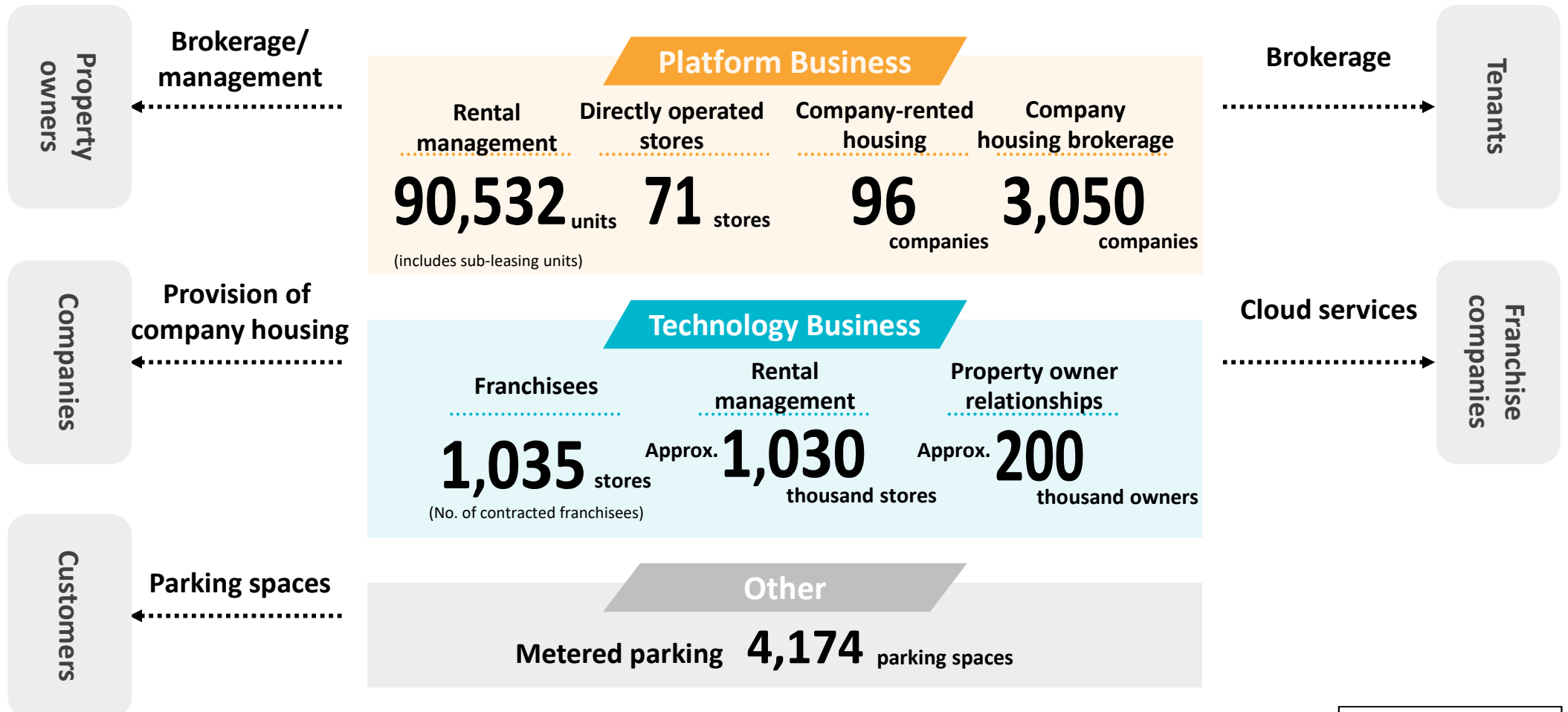
The number of households in Japan is expected to decrease at a slow pace
Lot of room for sales expansion as the market becomes more oligopolist



Company Profile

Company name	APAMAN Co., Ltd.
Established	October 1999
Head office	Asahi Seimei Otemachi Building, 2-6-1, Otemachi, Chiyoda-ku, Tokyo 100-0004
Capital	8,002 million yen (as of March 31, 2022)
Board members	Koji Omura, President and CEO Takashi Kawamori, Managing Director Akihito Watanabe, Outside Director Takeshi Yamada, Outside Audit & Supervisory Board Member Yujirou Takahashi, Outside Director Takaaki Yamazaki, Full-time Audit & Supervisory Board Member Makoto Ariyasu, Outside Audit & Supervisory Board Member
Employees	Consolidated: 1,129; Non-consolidated: 52 (as of September 30, 2021)
Main business	Platform Business, Technology Business, Other
Group companies	<p>Japan Apaman Network Co., Ltd, Apaman Property Co., Ltd., wepark Co., Ltd., Mi LIFE Co., Ltd., PLEAST SERVICE CO.,LTD., RE-Standard Co., Ltd., Apaman Energy Co., Ltd., AMENITY HOUSE Inc., Apamanshop Leasing Hokkaido Co., Ltd., FIRST LIVING Co., Ltd., Apart Center Co., Ltd., Gaspro Co.,Ltd., Apamanshop Sublease Co., Ltd., Rentalhouse Co.,Ltd., ClassHome Co.,Ltd., MYHOUSE Co.,Ltd, SUMiTAS Partner Co., Ltd., dplan Co.,Ltd., JK HOME Co., Ltd., AREA PLANNING Co., Ltd., TOKYO BIG HOUSE COMMUNITY Co., Ltd., Manshitsu Keiei Network Co., Ltd., ASK Co., Ltd., SystemSoft Corporation, ARCHITECTS STUDIO JAPAN, INC.</p> <p>Overseas Apaman U.S.A., Corp., Global Capital Investments Holdings Limited, BETTER HOUSE Property Consultants (Shanghai) Limited, APAMANSHOP (THAILAND) CO.,Ltd, fabbit Philippines Inc., Hetai Real Estate Com.,Ltd.</p>

Using the Platform Business and Technology with innovative services centered on advanced technologies



As of Mar. 31, 2022

Platform Business

Rental brokerage

Information about rental properties by 71 directly operated stores (including 3 in other countries)

Rental management

Total support for operating residential rental properties as the needs of tenants continues to diversify

Company-rented housing business

Intermediary services for company housing and leasing of entire buildings for company housing

Platform Business

- **24-hour emergency assistance service**
Quick responses for lost keys, leaks, broken windows and other problems
- **Tenant insurance**
Insurance for damage to a tenant's possessions due to an accident and for repairs caused by damage due to a random event involving the property
- **Telecommunications business**
- **Energy business**

Technology Business

IoT/ Big Data/ AI

- **Shared electronic keys**
Issuance of one-time keys, management of key utilization history
- **Use of AI for the automatic creation of suitable properties for a customer**

RPA

Automation of business processes by using robots

AR-Tech

- **AOS**
Store operation IT system
- **APS**
Property management IT system
- **Apamanshop.com**
Portal site and app for rental properties
- **SKIPS**
Explanations using IT, customer services with no face-to-face contact
- **Owner portal**
A tool for communications with property owners
- **Introduction cloud**
Management of the provision of information about available properties to customers
- **Store visitor cloud**
Use of iPads for the analysis of customer data
- **Appraisal cloud**
Uses big data to determine the proper rent for individual properties

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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