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Briefings on Financial Results for the Third Quarter of the Fiscal Year Ending September 30, 2017 (FY2017)

Apamanshop Holdings Co., Ltd. (Securities code : 8889)

31 July, 2017

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1. Topics

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（1）Topics

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■ Results of Operations（YonY／Millions of yen）

Net sales	Operating income	Ordinary income	Profit
up 7.3%	up 0.6%	down 3.0%	down 25.1%
(28,178 → 30,248)	(1,865 → 1,876)	(1,544 → 1,497)	(784 → 587) ※Head office relocation etc.

■ Growth Strategy (Progress on Medium-term Management Plan)

Subcontracted management	Opening of directly managed agencies	Sales of new products (Rent guarantees)	Sales of new products (Insurance and emergency assistance service)
+1,156units	± 0	up 7,875	up 6,281
(70,041 → 71,197units)	(107 → 107agencies)	(Cumulative subscribers 8,974 → 16,849)	(Cumulative subscribers 5,346 → 11,627)

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2. Consolidated

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(1) Overview of Consolidated Results (3-year comparison)

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(Millions of yen)

	3Q FY15	3Q FY16	3Q 17	YoY change
Net Sales	28,147	28,178	30,248	+2,069
Gross profit	8,111	8,197	8,708	+511
Operating income (operating margin)	1,658 (5.9%)	1,865 (6.6%)	1,876 (6.2%)	+10 (▲0.4%)
Ordinary income	1,004	1,544	1,497	▲46
Profit	▲723	784	587	▲197
EBITDA	2,690	3,162	3,074	▲88

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

Note: 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.

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（2） SG&A expenses transition (3-year comparison)

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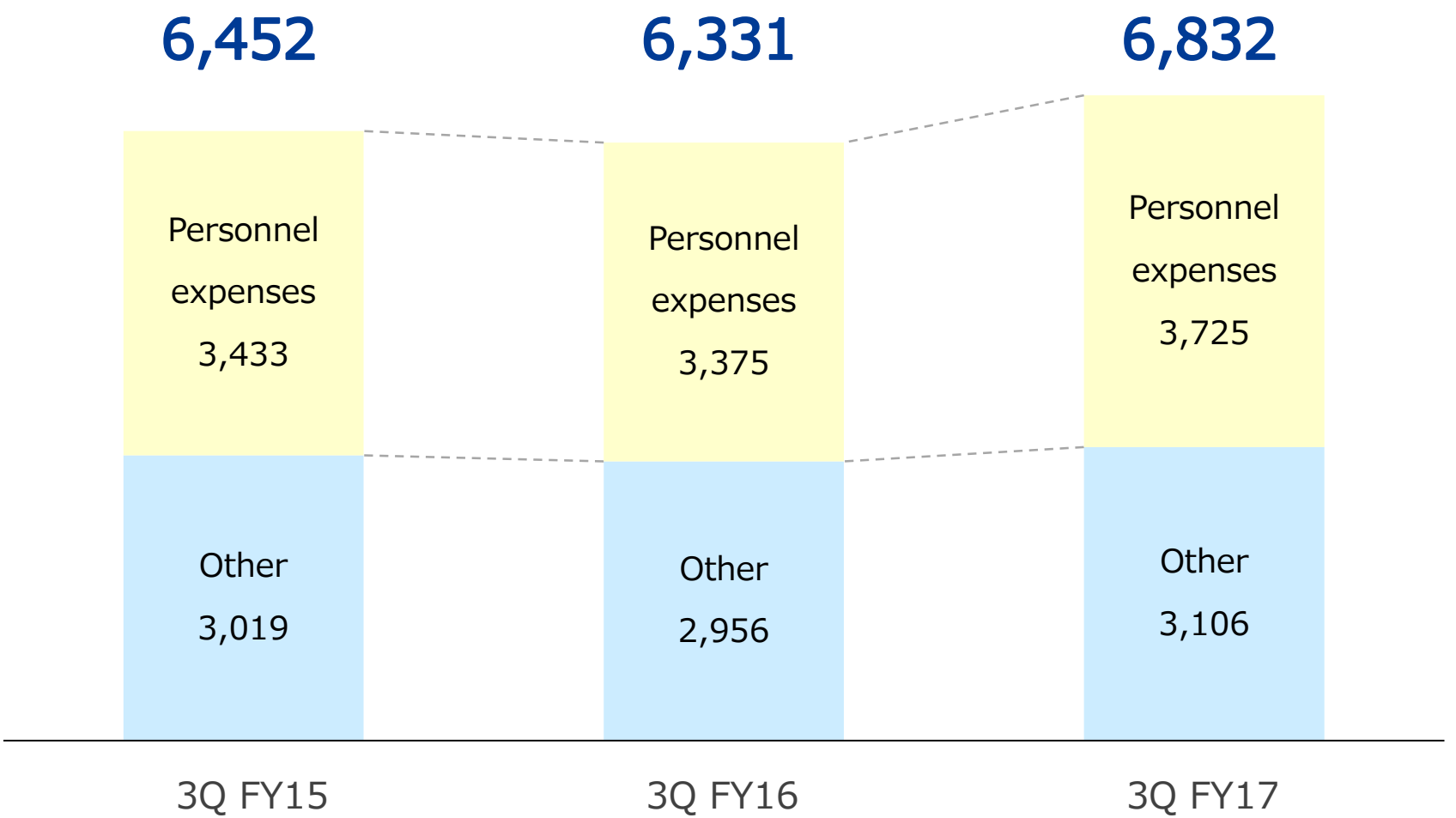
（Millions of yen）



＊「人事制度変更」と「M&Aに伴う人員増」による人件費の増加が主な販管費の増加要因です。

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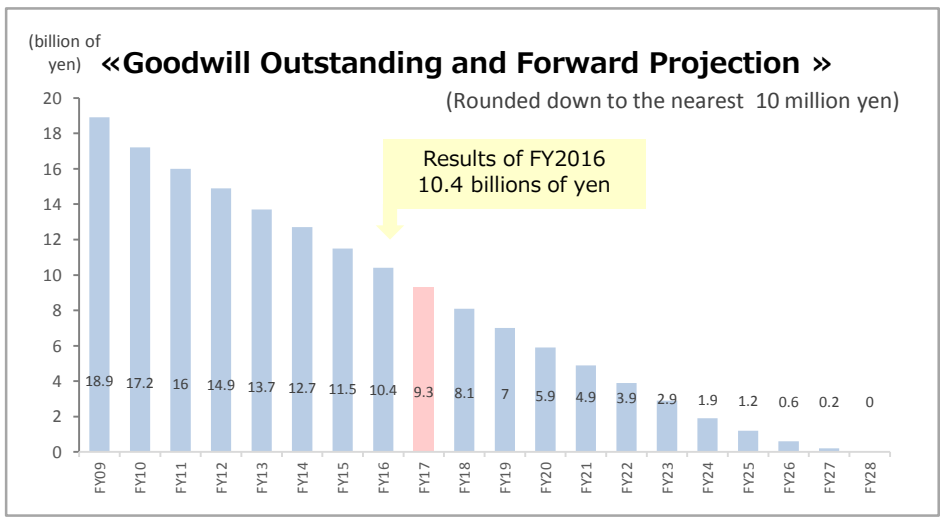
(3) Overview of Consolidated Balance Sheet (vs. end-FY2016)

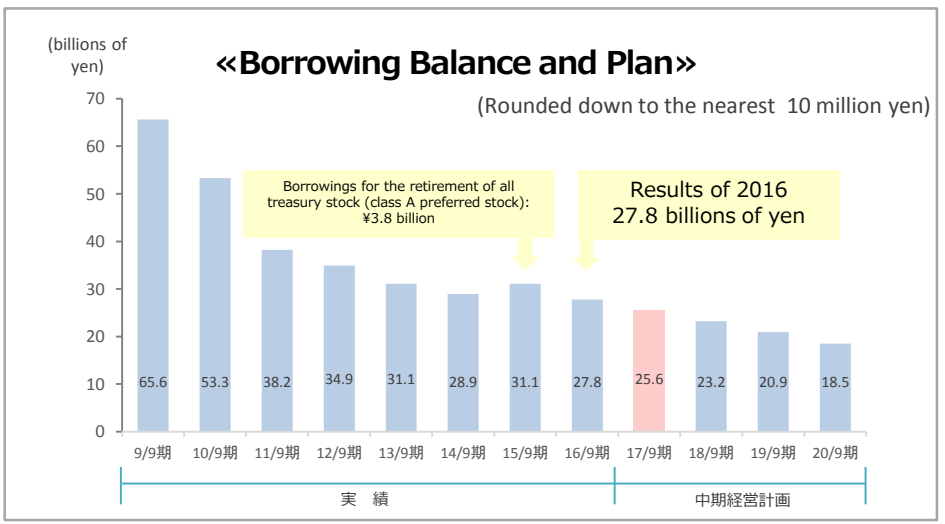
(Millions of yen)

Assets	End FY16	End 3Q FY17	YonY change
Current assets	**7,888**	**7,863**	**▲25**
Cash and deposits	3,847	3,285	▲561
Notes and accounts receivable–trade	1,538	1,445	▲92
Other	2,502	3,132	+629
Non-current assets	**34,402**	**34,851**	**+448**
Property, plant and equipment	15,956	16,627	+671
Intangible assets	11,504	11,424	▲80
Goodwill	10,449	10,056	▲392
Other intangible assets	1,054	1,367	+312
Investments and other assets	6,942	6,799	▲142
Total assets	**42,291**	**42,714**	**+422**

Liabilities	End FY16	End 3Q FY17	YonY change
Current liabilities	**8,422**	**8,684**	**+262**
Accounts payable–trade	982	1,133	+150
Short-term loans payable note1	2,839	2,758	▲80
Other	4,601	4,793	+191
Non-current liabilities	**29,781**	**28,739**	**▲1,041**
Long-term loans payable	24,989	23,907	▲1,081
Long-term lease and guarantee deposited	4,222	4,200	▲22
Other	569	632	+62
Net assets	**4,087**	**5,289**	**+1,202**

Note 1: Includes current portion of long-term loans payable





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3. Results by Segment

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（1） Net Sales by Segment (3-year comparison)

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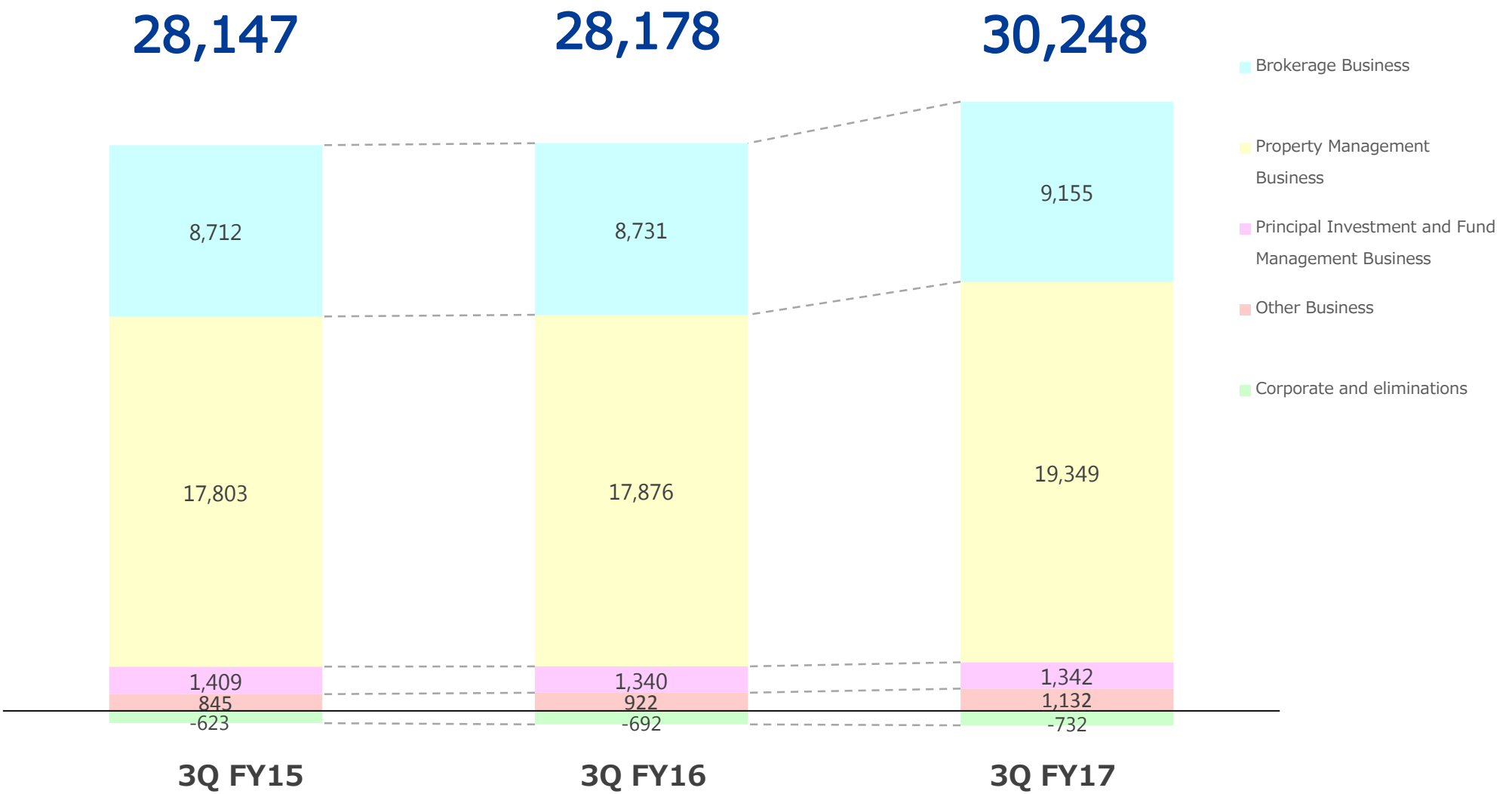
(Millions of yen)



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（2） Operating Income by Segment (3-year comparison)

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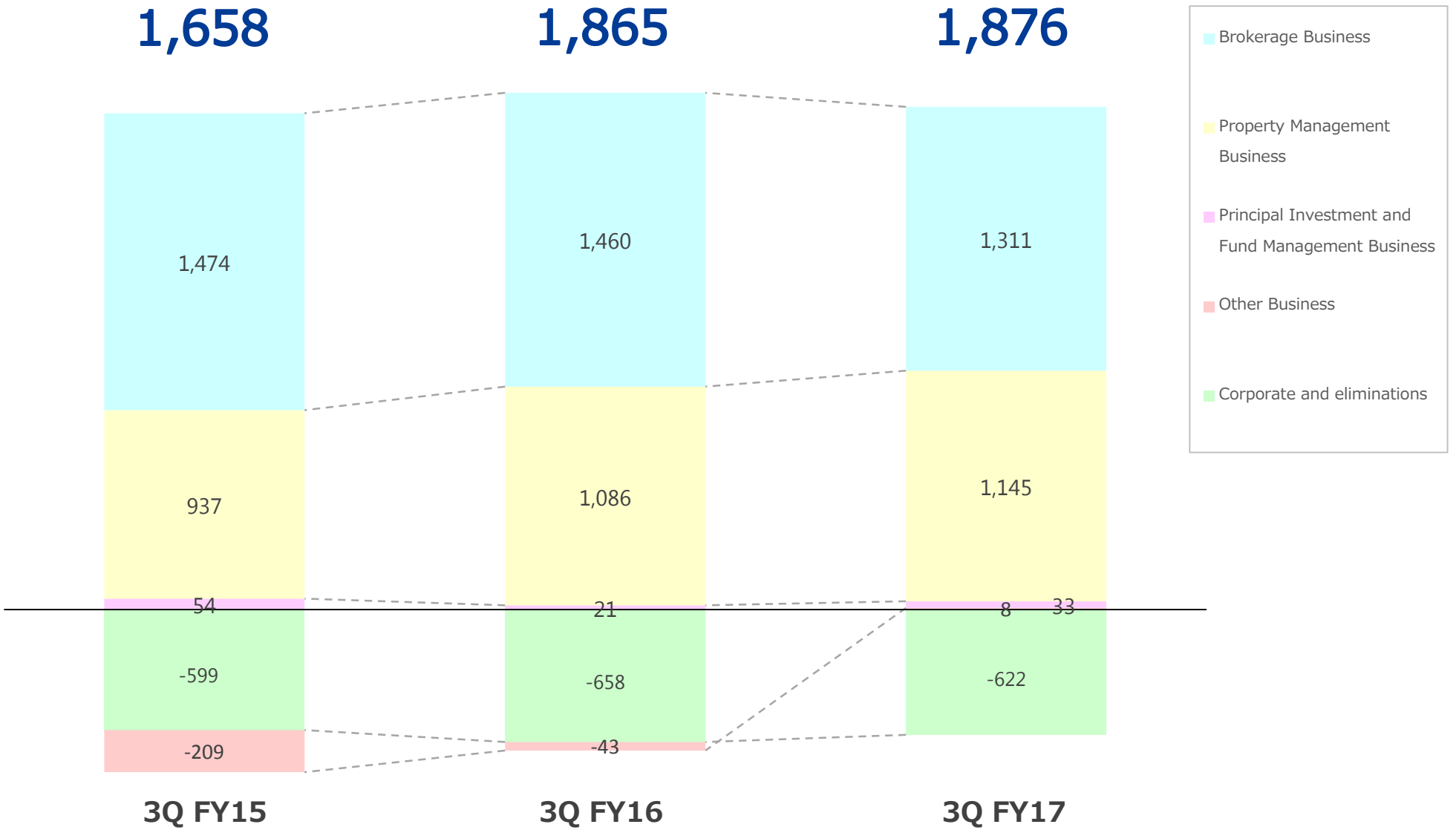
(Millions of yen)



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

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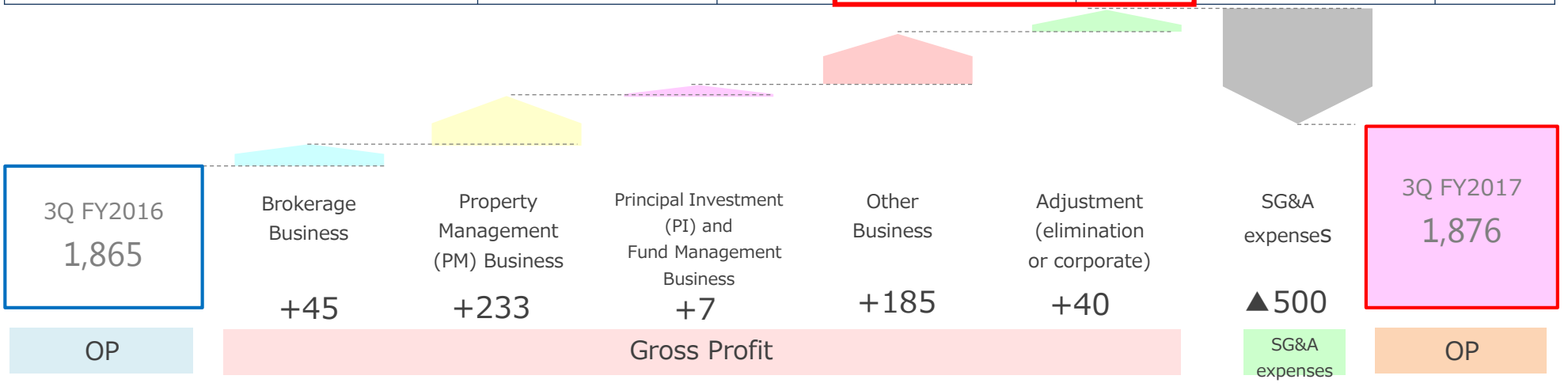
(Millions of yen)

	3Q FY16			3Q FY17			YonY change		
	Net sales	Gross profit	Gross profit margin	Net sales	Gross profit	Gross profit margin	Net sales	Gross profit	Gross profit margin
Brokerage Business	8,731	4,566	52.3%	9,155	4,612	50.4%	+424	+45	▲1.9pt
Property Management (PM) Business	17,876	3,034	17.0%	19,349	3,267	16.9%	+1,473	+233	▲0.1pt
Principal Investment (PI) and Fund Management Business	1,340	523	39.1%	1.342	530	39.5%	+2	+7	+0.4pt
Other Business	922	315	34.3%	1,132	500	44.2%	+210	+185	+9.9pt
Adjustment (elimination or corporate)	▲692	▲243	-	▲732	▲201	-	▲40	+40	-
Total	28,178	8,197	29.1%	30,248	8,708	28.8%	+2,069	+511	▲0.3pt
SG&A expenses (SG&A expenses ratio)	6,331		22.5%	6,832		22.6%	+500		+0.1pt
Operating income (Operating margin)	1,865		6.6%	1,876		6.2%	+10		▲0.4pt



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(4) Overview of Brokerage Business (3-year comparison)

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(Millions of yen)

	3Q FY15	3Q FY16	3Q FY17	YonY change
Net sales (Segment)	8,712	8,731	9,155	+424
Franchise agencies	5,182	5,355	5,523	+168
Directly managed agencies	3,530	3,376	3,632	+256
Operating income (Segment)	1,474	1,460	1,311	▲150
Franchise agencies	618	834	570	▲265
Directly managed agencies	856	626	741	+115
No. of contracted franchises	1,143	1,166	1,151	▲15
Franchise agencies	1,051	1,061	1,044	▲17
Directly managed agencies	92	105	107	+2
Per directly managed agency (Japan) Net sales	44.4	39.5	40.1	+0.6
Per directly managed agency (Japan) Operating income	10.8	7.6	8.4	+0.8

Results of FY2016
Per directly managed agency (Japan)

Net Sales	50.8
Operating income	9.0

Notes: 1. Net sales and operating income per agency are calculated based on the average number of directly managed agencies (Japan) operated during the period.
2. 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.

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（5） Overview of Property Management Business (3-year comparison)

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(Millions of yen)

	3Q FY15	3Q FY16	3Q FY17	YonY change
Net sales (Segment)	17,803	17,876	19,349	+1,473
Sub-leasing	13,143	13,038	13,769	+731
Rental management	4,660	4,839	5,580	+741
Sub-leasing occupancy rate	96.5%	93.9%	94.1%	+0.2%
Operating income	937	1,086	1,145	+59
Total number of units under management	63,242	66,701	71,197	+4,496
Sub-leasing	27,692	27,614	28,963	+1,349
Rental management	35,550	39,087	42,234	+3,147
Per 1,000 units Net sales	290	271	273	+2
Per 1,000 units Operating income	15.3	16.5	16.2	▲0.3

Results of FY2016

Per 1,000 units

Net sales	359
Operating income	20.9

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（6） Primary Real Estate Held

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■Example of owned property

RIHGA ROYAL HOTEL Kokura



Aruaru City



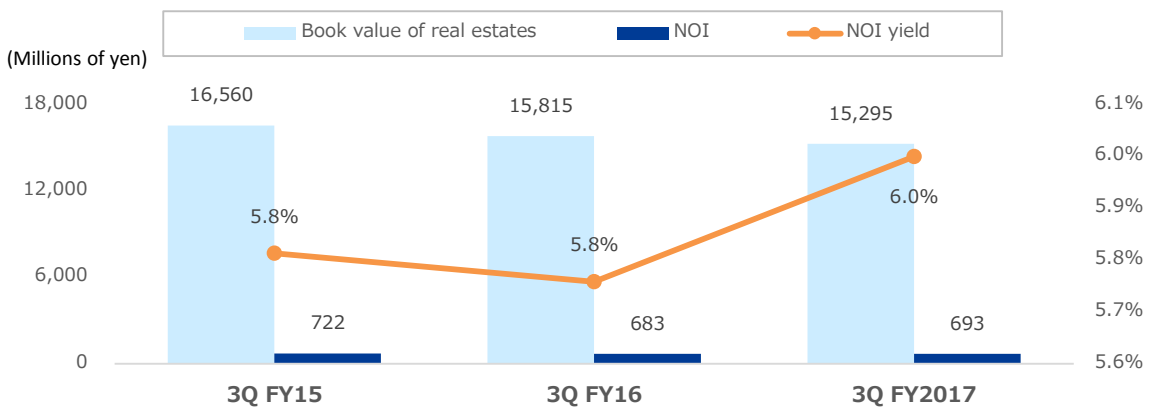
One of Japan’s largest subculture buildings
Approximately 2.6 million visitors annually

Aruaru City Building No. 2 (multi-story parking garage)



Multi-story, self-parking parking garage for 1,000 vehicles

Book Value of Real Estate and NOI note 1



Notes: 1. NOI (net operating income) = Gross profit from rent earnings in Principal Investment and Fund Management Business (excluding value enhancement) + depreciation. Includes portion from real estate sold during the period.
2. NOI yield = NOI / Consolidated book value of real estate at the end of each period.
3. NOI yield for each period is annualized.

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4. Medium-term Management Plan

(From FY2016 to FY2020 / 5years)

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(1) Quantitative Targets (Income plan)

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(Millions of yen)

	FY16 (Actual)	FY17 (Plan)	FY18 (Plan)	FY19 (Plan)	FY20 (Plan)
Net sales	**37,383**	**43,000**	**46,600**	**51,000**	**56,000**
Brokerage Business	11,455	13,700	14,800	15,900	16,800
Property Management Business	23,845	26,900	29,500	32,800	37,000
Other Businesses note2	2,082	2,400	2,300	2,300	2,200
Gross profit	**10,965**	**13,600**	**15,200**	**16,900**	**18,400**
Brokerage Business	6,105	8,000	9,000	10,000	10,800
Property Management Business	4,023	4,700	5,300	6,000	6,700
Other Businesses note2	836	900	900	900	900
Operating income	**2,489**	**3,200**	**3,700**	**4,400**	**4,900**
Ordinary income	**2,065**	**2,800**	**3,300**	**4,000**	**4,600**
Profit	**1,653**	**1,500**	**1,600**	**2,200**	**2,700**
EBITDA*	**4,219**	**4,900**	**5,400**	**6,000**	**6,600**

Notes: 1. EBITDA = Ordinary income + interest expenses + depreciation + amortization of goodwill
2. Other businesses include Principal Investment and Fund Management Business, Other Business and corporate and eliminations.

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（2） Quantitative Targets (Financial plan)

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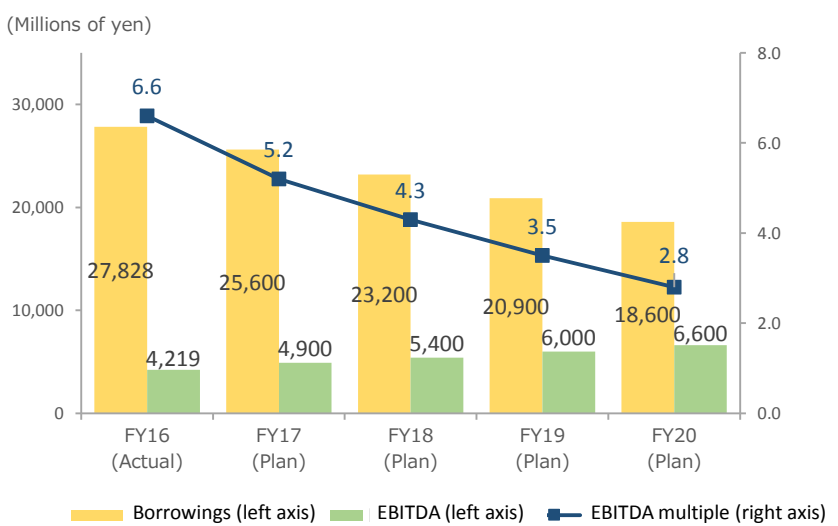
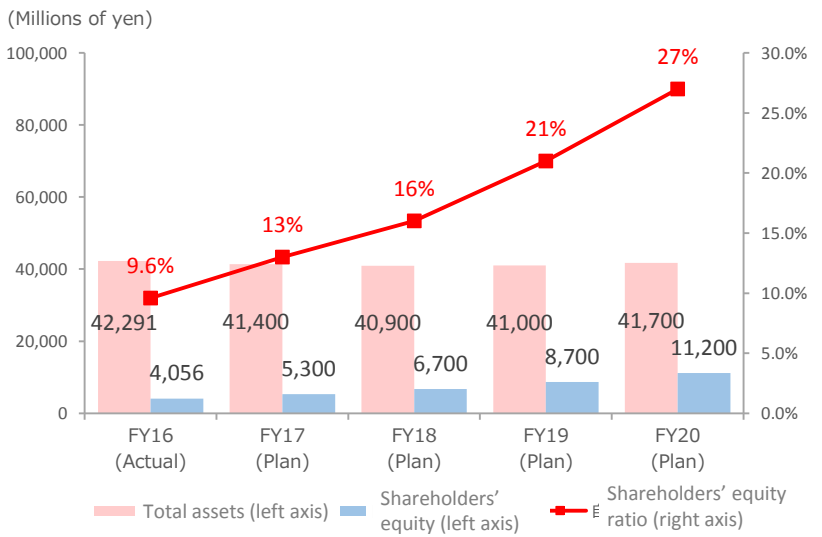
(Millions of yen)

	FY16 (Actual)	FY17 (Plan)	FY18 (Plan)	FY19 (Plan)	FY20 (Plan)
Total assets	**42,291**	**41,400**	**40,900**	**41,000**	**41,700**
Total liabilities	**38,204**	**36,100**	**34,100**	**32,200**	**30,400**
Of which borrowings	27,828	25,600	23,200	20,900	18,600
Total net assets	**4,087**	**5,300**	**6,800**	**8,800**	**11,300**

EBITDA note1 Multiple note2



Shareholders' Equity Ratio



Notes: 1. EBITDA = Ordinary income + interest expenses + depreciation + amortization of goodwill
2. EBITDA multiple: Interest bearing debt / EBITDA (Operating income + depreciation + amortization of goodwill)

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（3） Quantitative Targets (Brokerage segment)

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Number of agencies	unit	FY16 (Actual)	FY17 (Plan)	FY18 (Plan)	FY19 (Plan)	FY20 (Plan)
Franchise agencies	Agencies	1,057 (▲7)	1,104 (+47)	1,124 (+20)	1,144 (+20)	1,164 (+20)
Directly managed agencies	Agencies	107 (+12)	125 (+18)	140 (+15)	155 (+15)	170 (+15)
Subtotal	Agencies	**1,164 (+5)**	**1,229 (+65)**	**1,264 (+35)**	**1,299 (+35)**	**1,334 (+35)**
Brokerage segment Net sales	Billions of yen	11.4 (+0.1)	13.7 (+2.3).	14.8 (+1.1)	15.9 (+1.1)	16.8 (+0.9)
Brokerage segment Operating income	Billions of yen	1.9 (▲0.1)	2.6 (+0.7)	2.8 (+0.2)	3.1 (+0.3)	3.2 (+0.1)
Directly managed segment Net sales and operating income per agency (Japan)	Millions of yen	50 (▲5) 9 (▲3)	55 (+5) 11 (+2)	55 (+0) 11 (+0)	55 (+0) 11 (+0)	55 (+0) 11 (+0)

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（4） Quantitative Targets (PM segment)

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Number of properties under management	Unit	FY16 (Actual)	FY17 (Plan)	FY18 (Plan)	FY19 (Plan)	FY20 (Plan)
Rental management	Thousands of unit	41 (+5)	43 (+2)	48 (+5)	54 (+6)	61 (+7)
Sub-leasing	Thousands of unit	28 (+1)	31 (+2)	34 (+3)	38 (+4)	43 (+5)
Total	Thousands of unit	**70 (+6)**	**74 (+4)**	**82 (+8)**	**92 (+10)**	**104 (+12)**
PM segment Net sales	Billions of yen	23.8 (+0.1)	26.8 (+3.0)	29.5 (+2.7)	32.8 (+3.3)	37.0 (+4.2)
PM segment Operating income	Billions of yen	1.3 (+0)	1.5 (+0.2)	1.9 (+0.4)	2.3 (+0.4)	2.8 (+0.5)
PM segment Net sales and operating income per 1,000 units	Millions of yen	359 (▲23) 20 (▲ 0)	378 (19) 22 (+2)	378 (0) 24 (+2)	377 (▲1) 26 (+2)	377 (0) 29(+3)

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（5） Growth Strategy – Medium-term Management Plan

1． Strengthening core business-related activities

Example for incidental products



Insurance and 24-hour emergency assistance service



Bacterial detergents and deodorants



Simple type fire extinguishers



Rent guarantees

Example for Share Services



renting private homes and rooms



Coworking



Parking lot



trunk room

2． Strengthening subcontracted management





3． Increase in number of directly managed agencies





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（6）Image of increasing in gross profit of directly managed agencies

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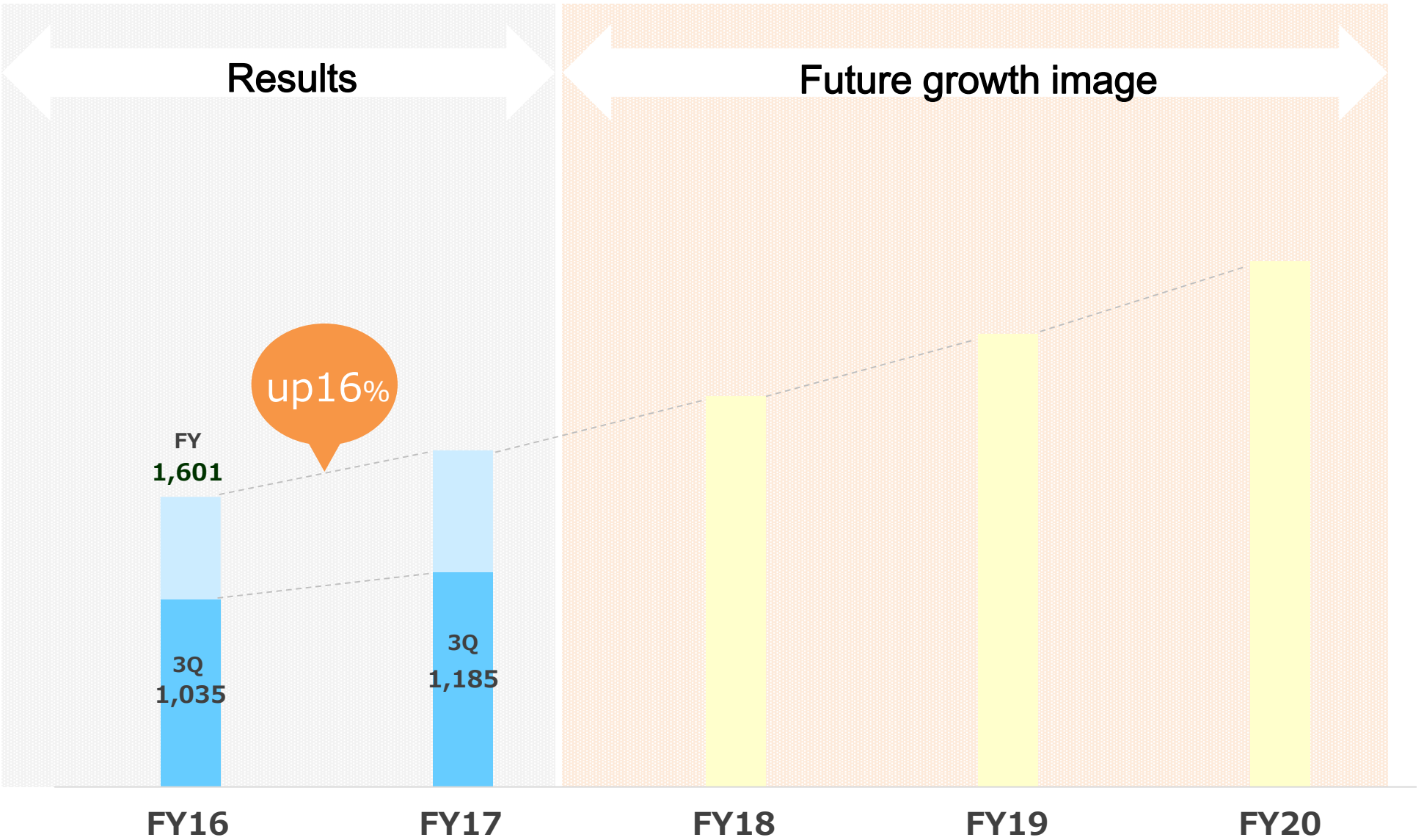
（Millions of yen）



＊The figures represented by the graph of FY2017 for the full fiscal year is forecast, and the growth rate of 16% is the same as the year-on-year forecast.

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5. Transformation of business structure

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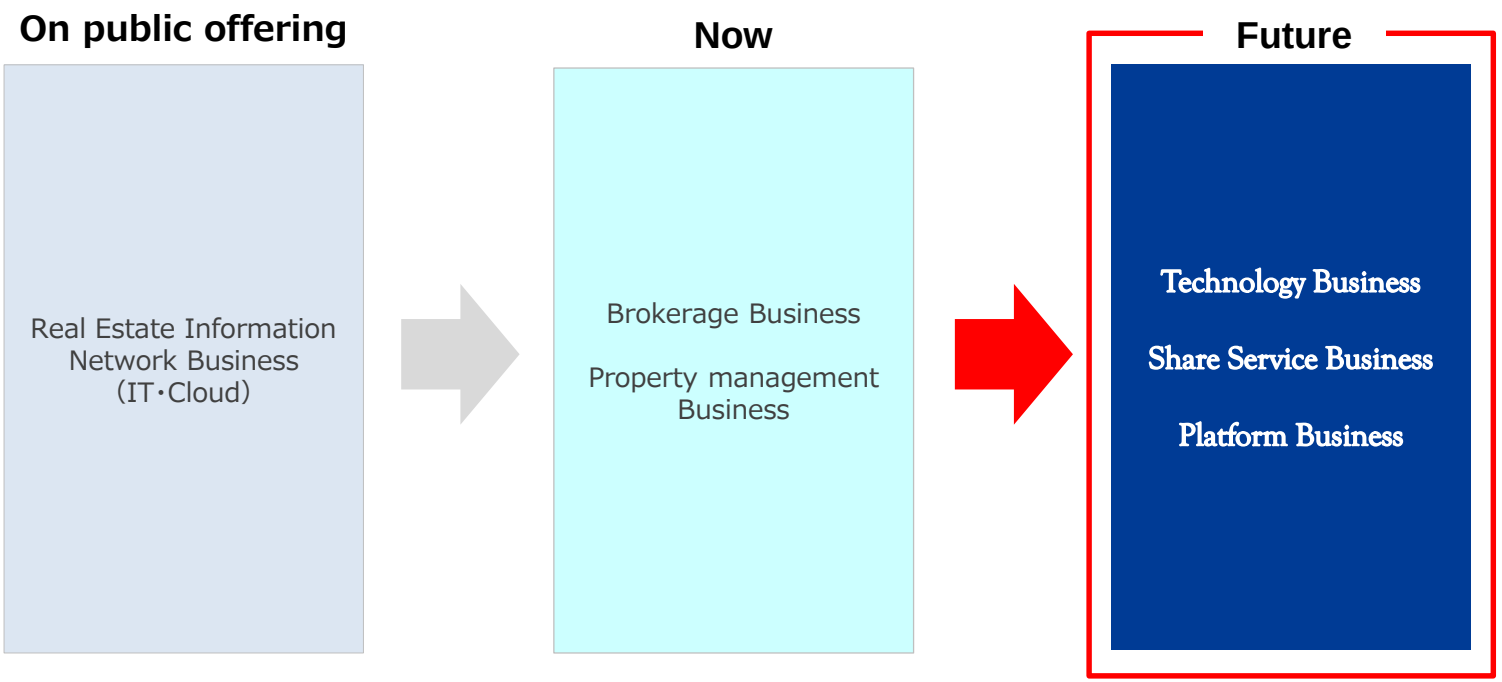
（1） Jump to a new stage with technology as the core

Our company was established with the desire to contribute to the qualitative improvement of the real estate industry by making use of IT.
In the reference period settlement period at the time of the initial public offering, about 93% of sales are technologies (IT · cloud), after that, the Brokerage / PM business has expanded.
However, in recent years, technology has become important again in the environment where technologies and SNS set the winner's defeat of the company and the share service has been dramatically expanding.
In July 2017, we established the 1,000 employees involved in systems and creatives. We would like to go back to the new enterprise stage that turns back at the time of establishment and centered on technology.
Please stay tuned.

Image of the main business



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