

On July 29, 2021, AZoom Co., Ltd. announced earnings results for Q3 FY09/21; see the results section for details.

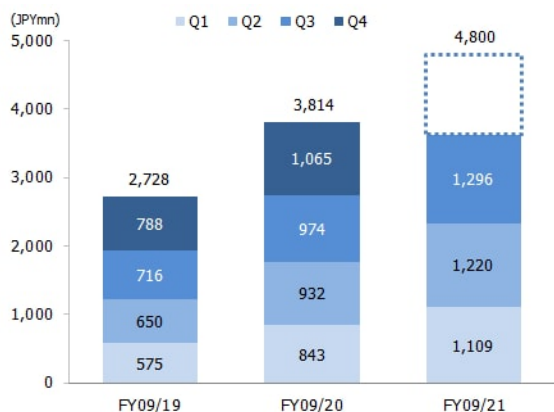
Cumulative (JPYmn)	FY09/19				FY09/20				FY09/21			FY09/21	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	% of Est.	FY Est.
Sales	575	1,224	1,941	2,728	843	1,775	2,749	3,814	1,109	2,328	3,625	75.5%	4,800
YoY	-	-	46.2%	47.9%	46.7%	45.0%	41.7%	39.8%	31.6%	31.2%	31.9%		25.8%
Gross profit	240	533	849	1,169	326	696	1,088	1,542	459	985	1,546		
YoY	-	-	38.9%	41.2%	35.4%	30.5%	28.1%	31.9%	40.9%	41.6%	42.1%		
Gross profit margin	41.8%	43.6%	43.8%	42.8%	38.6%	39.2%	39.6%	40.4%	41.4%	42.3%	42.7%		
SG&A expenses	224	494	775	1,075	325	651	980	1,317	358	732	1,145		
YoY	-	-	61.5%	62.2%	44.8%	31.8%	26.5%	22.5%	10.2%	12.3%	16.8%		
SG&A ratio	39.0%	40.4%	39.9%	39.4%	38.5%	36.7%	35.7%	34.5%	32.3%	31.4%	31.6%		
Operating profit	16	39	74	94	1	44	108	224	101	254	401	89.1%	450
YoY	-	-	-43.6%	-43.2%	-93.8%	14.4%	45.0%	139.1%	9,968.3%	470.4%	272.8%		100.5%
Operating profit margin	2.8%	3.2%	3.8%	3.4%	0.1%	2.5%	3.9%	5.9%	9.1%	10.9%	11.1%		9.4%
Recurring profit	16	39	75	95	1	44	107	223	101	253	400	88.9%	450
YoY	-	-	-42.4%	-36.8%	-95.4%	13.8%	43.1%	135.5%	13,599.7%	471.9%	274.7%		101.6%
Recurring profit margin	2.8%	3.2%	3.8%	3.5%	0.1%	2.5%	3.9%	5.9%	9.1%	10.9%	11.0%		9.4%
Net income	11	20	45	56	-2	23	58	139	64	159	255	88.7%	288
YoY	-	-	-45.6%	-48.8%	-	18.2%	27.2%	147.9%	-	581.2%	341.7%		106.5%
Net margin	1.8%	1.6%	2.3%	2.1%	-	1.3%	2.1%	3.7%	5.8%	6.8%	7.0%		6.0%
Quarterly (JPYmn)	FY09/19				FY09/20				FY09/21				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
Sales	575	650	716	788	843	932	974	1,065	1,109	1,220	1,296		
YoY	-	-	-46.0%	52.0%	46.7%	43.5%	36.0%	35.2%	31.6%	30.9%	33.1%		
Gross profit	240	293	316	320	326	370	392	454	459	527	561		
YoY	-	-	-48.3%	47.5%	35.4%	26.5%	24.0%	41.9%	40.9%	42.2%	43.0%		
Gross profit margin	41.8%	45.1%	44.1%	40.6%	38.6%	39.7%	40.2%	42.6%	41.4%	43.2%	43.2%		
SG&A expenses	224	270	281	300	325	327	329	337	358	374	413		
YoY	-	-	-41.5%	64.0%	44.8%	21.0%	17.1%	12.3%	10.2%	14.4%	25.7%		
SG&A ratio	39.0%	41.6%	39.2%	38.1%	38.5%	35.1%	33.8%	31.6%	32.3%	30.7%	31.9%		
Operating profit	16	23	35	20	1	43	63	117	101	153	147		
YoY	-	-	-73.2%	-41.7%	-93.8%	92.0%	78.8%	494.3%	9,968.3%	251.1%	133.5%		
Operating profit margin	2.8%	3.5%	4.9%	2.5%	0.1%	4.7%	6.5%	11.0%	9.1%	12.5%	11.4%		
Recurring profit	16	23	36	20	1	43	63	117	101	152	147		
YoY	-	-	-72.4%	-1.6%	-95.4%	91.5%	74.9%	476.8%	13,599.7%	249.6%	135.3%		
Recurring profit margin	2.8%	3.5%	5.0%	2.6%	0.1%	4.7%	6.4%	10.9%	9.1%	12.5%	11.3%		
Net income	11	9	26	11	-2	26	34	82	64	95	96		
YoY	-	-	-69.2%	-59.1%	-	179.4%	34.0%	656.9%	-	269.8%	179.7%		
Net margin	1.8%	1.4%	3.6%	1.4%	-	2.8%	3.5%	7.7%	5.8%	7.8%	7.4%		

Source: Shared Research based on company data

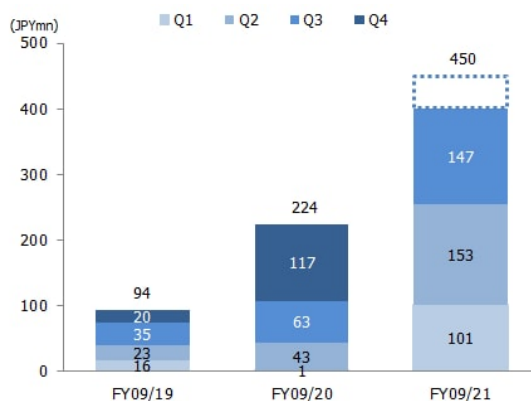
Note: Figures may differ from company materials due to differences in rounding methods.

Note: The company moved to consolidated accounting in FY09/20. YoY changes shown for projected FY09/20 results reflect comparisons of consolidated results in FY09/20 with parent company results in FY09/19.

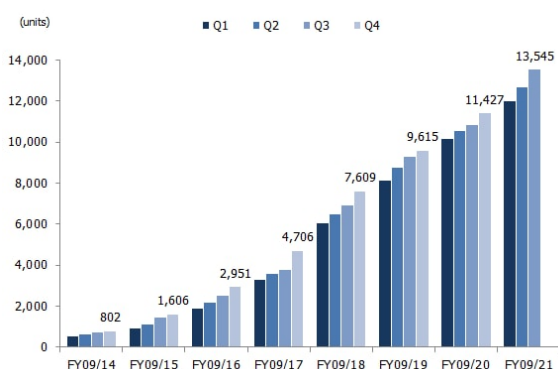
Sales by quarter



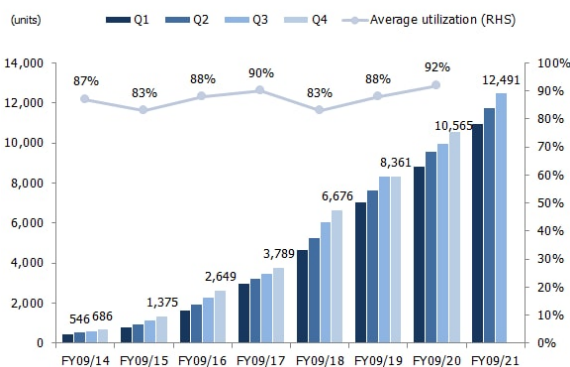
Operating profit by quarter



Vehicle spaces leased from lessors



Vehicle spaces subleased to end-users



Source: Shared Research based on company data

Note: Figures displayed indicate financial year-end results; Average utilization rates were calculated using annual averages.

Q3 FY09/21 results (out July 29, 2021)

Overview

Q3 FY09/21 (October 2020–June 2021) results

- Sales: JPY3.6bn (+31.9% YoY)
- Operating profit: JPY401mn (+272.8% YoY)
- Recurring profit: JPY400mn (+274.7% YoY)
- Net income attributable to owners of the parent: JPY255mn (+341.7% YoY)

Industry trends and background

At the Idle Real Estate Utilization segment, where its main focus is parking lots, the company saw continued growth in demand on both sides of its business with its online service generating more inquiries from would-be users for parking spaces available to rent on a monthly basis, as well as more interest from property owners seeking to monetize the empty parking spaces at their office buildings, condominium complexes, and other properties. In years past, the company said most people looking for rental parking spaces would have made an inquiry at a real estate broker with a brick-and-mortar storefront. The COVID-19 pandemic changed that, and since the outbreak the company has been seeing more and more people do online searches for monthly rental parking spaces using its portal website, and this in turn has led to increases in the total number of rental parking space inquiries it has received.

At its Visualization business, demand has been weak in the wake of the pandemic as businesses that would normally be the biggest users of its real estate visualization services—real estate developers of lodging and commercial properties—were hit hard by the pandemic-driven downturn in the economy. That said, demand on this front appears to be slowly on the mend.

now that vaccinations against the virus have started, and economic activity is starting to pick up again. Adding further to the momentum, the company has launched a new initiative to expand its business reach with the rollout of its new Open Office VR service in June 2021.

Sales and profits were stronger than expected

During the nine-month period through Q3 FY09/21, the company saw continued growth in the number of inquiries about the availability of monthly rental parking spaces through its portal website (CarParking), with the total number of inquiries reaching 186,439 for a 42.1% increase over the same nine-month period the previous year. The sharp jump in parking space inquiries during this timeframe was aided by the presence of the busy month of March, a busy time of year for residential moves, and this provided a boost not only to the number of parking space introductions handled by the company but also the number of rental parking spaces subleased to end-users. The Visualization business also reported positive sales growth thanks to an increase in project work involving its virtual reality (VR) and 3-D computer graphics imaging technology. Against this backdrop, the company reported consolidated sales of JPY3.6bn (+31.9% YoY) and operating profit of JPY401mn (+272.8% YoY) for the nine-month period, the outsized gains at the operating profit level being driven by tight control of spending from office rents to personnel.

Segment results

Idle Real Estate Utilization segment

- ▶ Earnings in this segment, mainly comprised the Monthly Parking Lot Introduction Service and the Monthly Parking Lot Subleasing Service, previously disclosed under parent company results.
- ▶ In cumulative Q3 FY09/21, the Idle Real Estate Utilization segment reported sales of JPY3.5bn (+31.0% YoY) and segment operating profit of JPY408mn (+213.8% YoY).

Monthly Parking Lot Introduction Service

- ▶ In cumulative Q3 FY09/21, the Monthly Parking Lot Introduction Service reported sales of JPY371mn (+33.0% YoY).
- ▶ The number of inquiries about parking spaces continued to grow, rising 42.1% YoY to 186,439.

Monthly Parking Lot Subleasing Service

- ▶ In cumulative Q3 FY09/21, the Monthly Parking Lot Subleasing Service reported sales of JPY3.0bn (+28.4% YoY).
- ▶ Subleasing metrics: As of end-June 2021, the number of leased parking spaces under management totaled 13,545, with the number of spaces subleased to end-users at 12,491 (utilization rate of 92.2%).

Visualization segment

- ▶ The Visualization segment mainly comprises the two new subsidiaries that were included in consolidated accounts (CGWorks Co., Ltd. and Azoom Vietnam Inc.).
- ▶ Segment sales were JPY88mn (+76.3% YoY), with an operating loss of JPY7mn (loss of JPY23mn in Q3 FY09/20).
- ▶ In addition to laying the groundwork for future growth by helping existing employees improve their technical skills and building out its sales team so as to be in a position to offer a wider variety of proposals to client companies, in June 2021 the company launched its new Open Office VR service.
- ▶ Although the long shadow of the pandemic continues to hang over operating environment, with this new service the company aims to expand its business by using VR technology to reach out to clients in a remote work environment.

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Contact Details

Shared Research Inc.
3-31-12 Sendagi Bunkyo-ku Tokyo, Japan
<https://sharedresearch.jp>
Phone: +81 (0)3 5834-8787
Email: info@sharedresearch.jp

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