The background features a white page with decorative elements: a blue horizontal bar at the top, a blue vertical bar on the left, and a large blue rectangle on the left side containing the chapter title. The title is in white, bold, sans-serif font.

Chapter 3

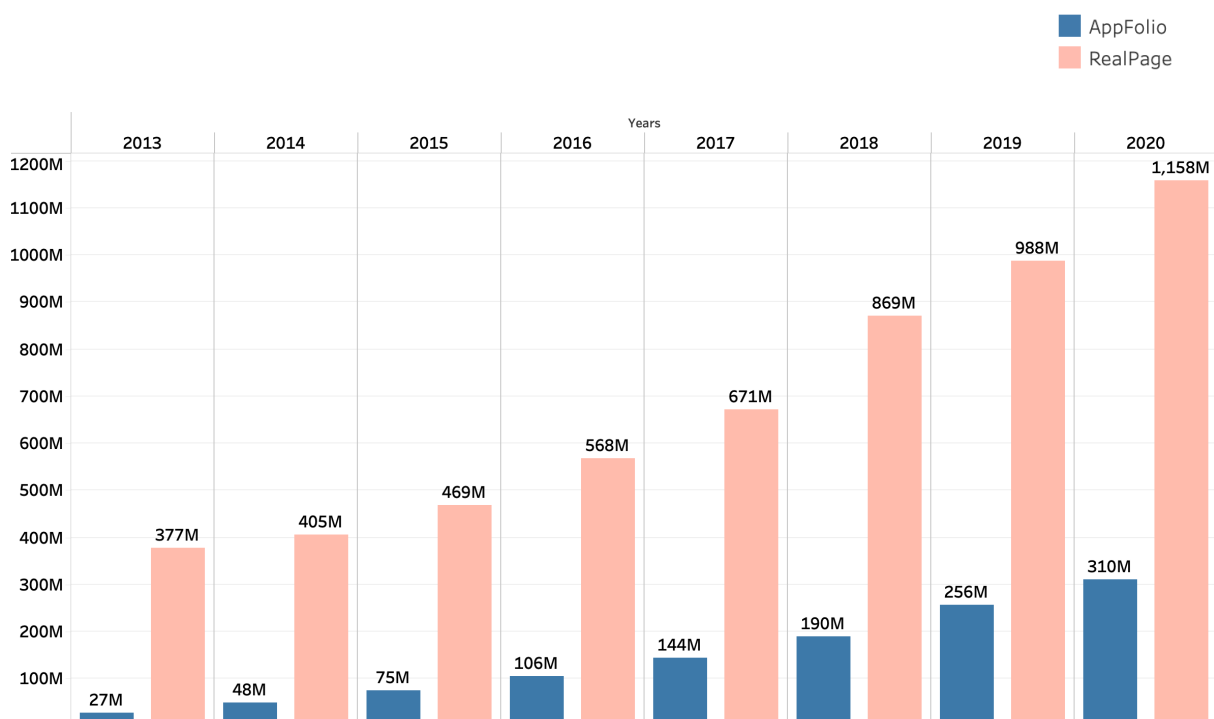
Analysis of the 2013 to 2020 Financial Report of RealPage and AppFolio

3.1 Profitability

The profitability are used to measure and asses the businesses ability to generate a profit in respect to its costs.

3.1.1 Revenue growth

Years	RealPage		AppFolio	
	Revenue	revenue growth	Revenue	revenue growth
31-Dec-20	1.2B	17%	310.1M	21%
31-Dec-19	988.1M	14%	256.0M	35%
31-Dec-18	869.5M	30%	190.1M	32%
31-Dec-17	671.0M	18%	143.8M	36%
31-Dec-16	568.1M	21%	105.6M	41%
31-Dec-15	468.5M	16%	75.0M	57%
31-Dec-14	404.6M	7%	47.7M	80%
31-Dec-13	377.0M	17%	26.5M	



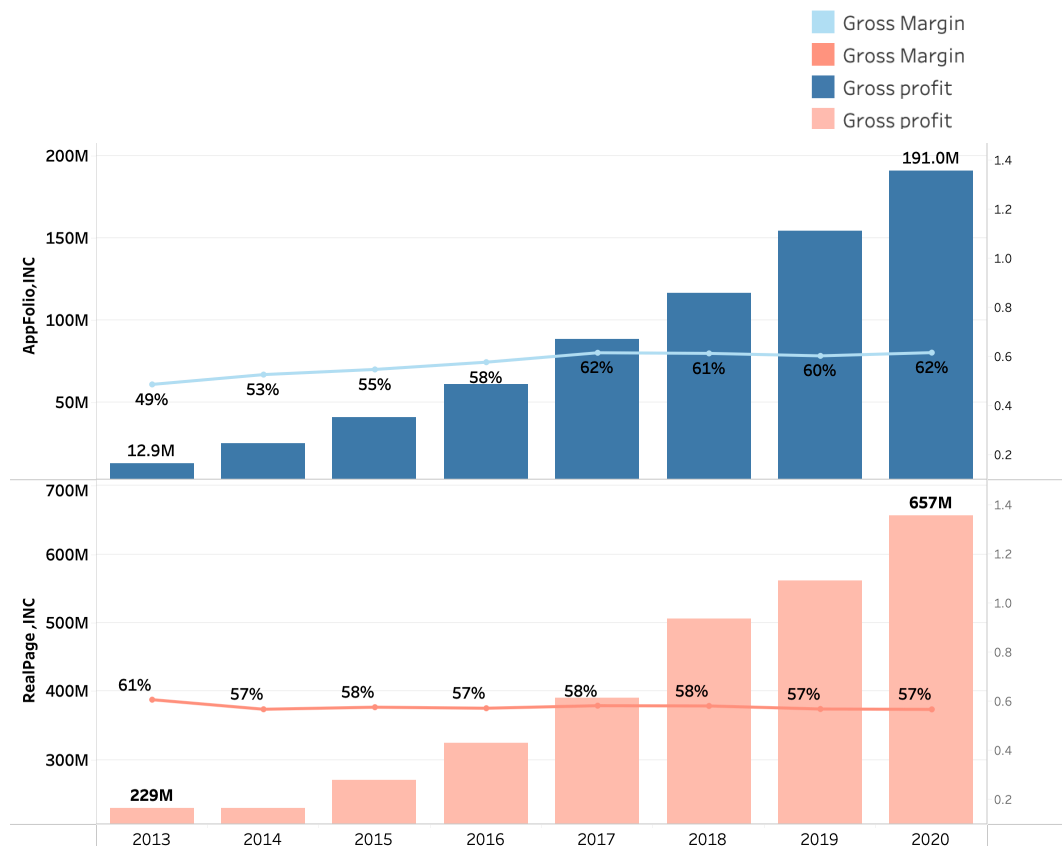
This graph shows revenue growth from 2013 to 2020. It can be seen that AppFolio achieved huge increased revenue growth in 2014 by 80%.and then there are consistently increased. in 2020 growth ratio was 21%, and revenue was \$310.1M.

Revenue of Realpage has constantly increased.It arrived in 2020 at \$1.2B with revenue growth of 17%.

Despite the excellent performance of AppFolio in the growth rate, RealPAGE generated more revenue than AppFolio.

3.1.2 Gross profit & Gross Margin

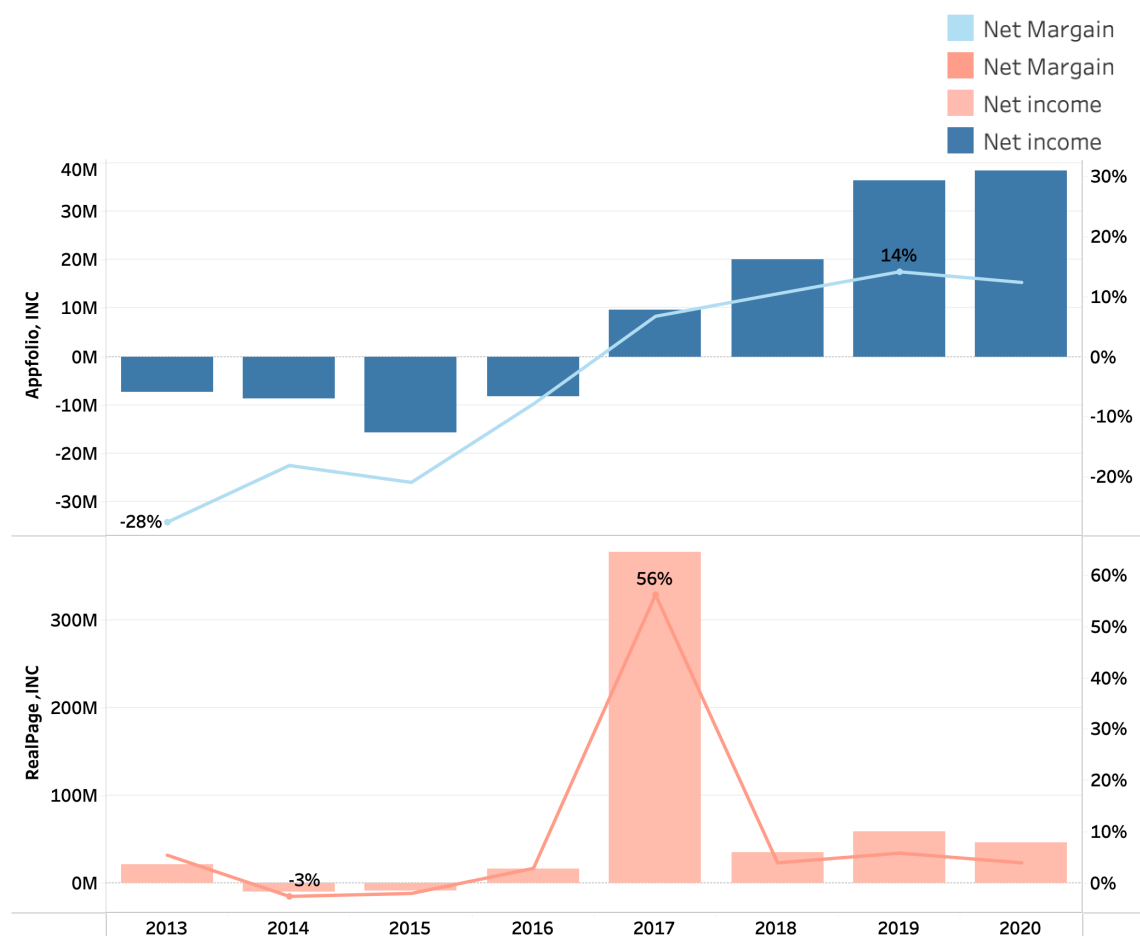
Years	RealPage		AppFolio	
	Gross profit	Gross Margin	Gross profit	Gross Margin
31-Dec-20	657.2M	57%	191M	62%
31-Dec-19	562M	57%	154.4M	60%
31-Dec-18	505.3M	58%	116.5M	61%
31-Dec-17	390.7M	58%	88.5M	62%
31-Dec-16	324.9M	57%	61.0M	58%
31-Dec-15	269.9M	58%	41.1M	55%
31-Dec-14	229.7M	57%	25.1M	53%
31-Dec-13	228.7M	61%	12.9M	49%



The gross margin from both companies is similar, but RealPage produced three times the profit of AppFolio in gross profit. Whereas RealPage has a higher profit of \$657M in 2020 while AppFolio generated a high level of 191M from profit in 2020.

3.1.3 Net Margine

Years	RealPage		AppFolio	
	Net income	Net Margain	Net income	Net Margain
31-Dec-20	46.3M	4%	38.4M	12%
31-Dec-19	58.2M	6%	36.3M	14%
31-Dec-18	34.7M	4%	20.0M	11%
31-Dec-17	377.0M	56%	9.7M	7%
31-Dec-16	16.7M	3%	(8.3M)	-8%
31-Dec-15	(9.2M)	-2%	(15.7M)	-21%
31-Dec-14	(10.3M)	-3%	(8.6M)	-18%
31-Dec-13	20.7M	5%	(7.3M)	-28%



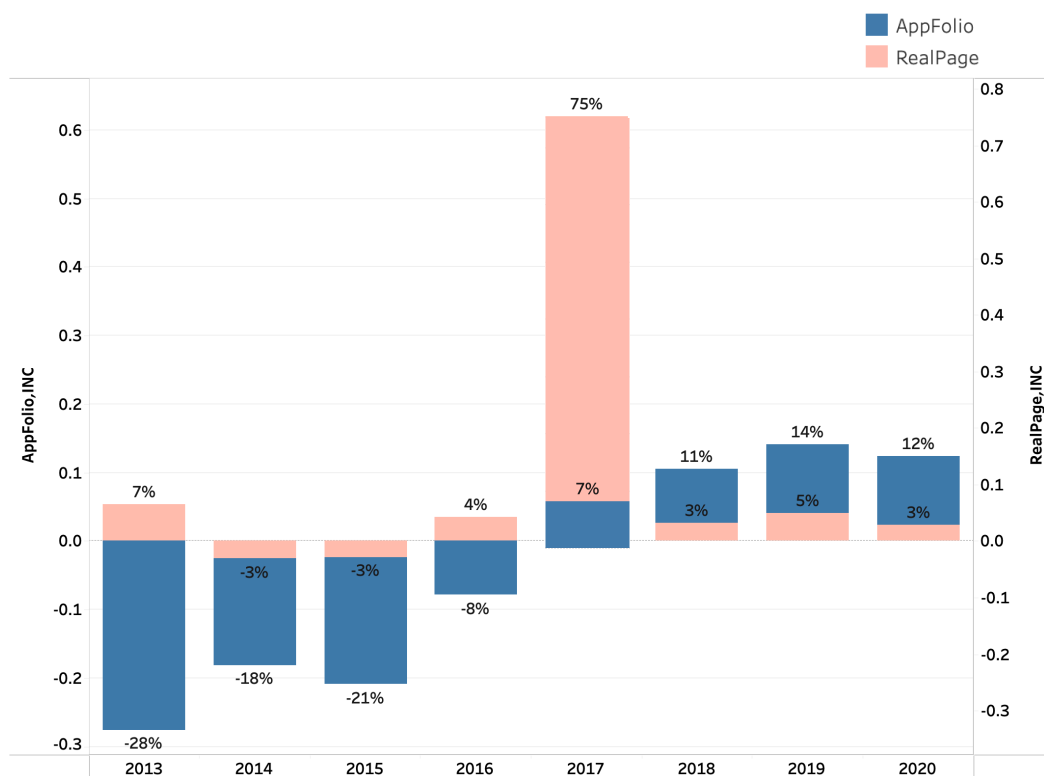
There is a decline in the net income of RealPage from 2014 to 2015 it was -3% and -2%, respectively.in 2017, RealPage witnessed a recovery in its economy as its percentage was 56% at \$377M .then a followed decline, but the percentage was still higher than zero .in 2020 the net margin arrived at 4%, and net income was \$46.3M.

In AppFolio there was a sharp decline in the net margin, where the highest percentage decline was recorded at -28% in 2013. This situation continued until the year 2016.in 2017, the company seemed to gain income with a percentage of 7% and \$9.7M of the net income, and then followed that a steady increase until it reached 12% in 2020 with a net income was 38.4M.

We note that all companies faced problems in managing costs before 2017. After that companies, It started making net income, with a difference between them of 7.9M in 2020.

3.1.4 Return on Equity

Years	ROE RealPage	ROE AppFolio
31-Dec-20	3%	12%
31-Dec-19	5%	14%
31-Dec-18	3%	11%
31-Dec-17	75%	7%
31-Dec-16	4%	-8%
31-Dec-15	-3%	-21%
31-Dec-14	-3%	-18%
31-Dec-13	7%	-28%

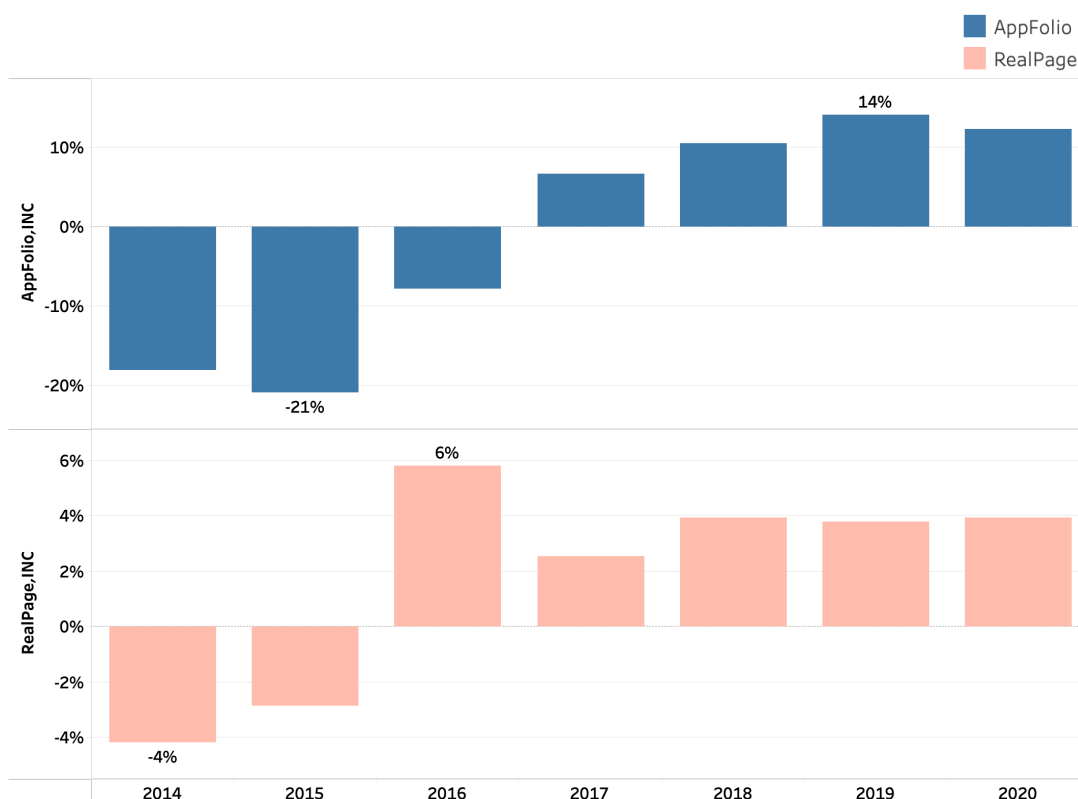


RealPage is not very efficient in generating profit even though in 2017 it generated 75% of ROE but after that ROE ratio stiles under 10%.

While AppFolio is better performance than RealPage, AppFolio's ROE has exceeded 10% from 2018 to 2020.

3.1.5 Return on Capital Employed

Years	ROCE RealPage	ROCE AppFolio
31-Dec-20	4%	3%
31-Dec-19	4%	3%
31-Dec-18	4%	13%
31-Dec-17	3%	11%
31-Dec-16	6%	0%
31-Dec-15	-3%	-20%
31-Dec-14	-4%	-72%



Realpage's ROCE was constantly increased after the year 2015.in 2020 its ROCE reached 4%

AppFolio achieved the highest percentage of ROCE than Realpage in the years 2017 and 2018 it was 11% and 13% respectively. In 2019, it decreased by 10% compared to the previous year, and the same percentage did not change in the year 2020 and it was 3%.

Both companies have higher revenue in relation to their capital after 2017, meaning that they

3.2 Conclusion

- There is constant growth in their economy for both companies.
- Realpage is better than AppFolio in generating revenue and deals with an expense that provides good net income.
- AppFolio is better than RealPage in Generate profits for investors.
- Both companies utilize capital well to generate additional profits.

Source

RealPage annual report

- <https://www.sec.gov/ix?doc=/Archives/edgar/data/1286225/000128622520000011/rp-20191231x10k.htm>.
- <https://www.sec.gov/ix?doc=/Archives/edgar/data/1286225/000128622521000007/rp-20201231.htm>
- <https://www.sec.gov/Archives/edgar/data/1286225/000128622517000010/rp-20161231x10k.htm>

AppFolio annual report

- <https://www.sec.gov/ix?doc=/Archives/edgar/data/1433195/000143319522000023/appf-20211231.htm>.
- <https://www.sec.gov/ix?doc=/Archives/edgar/data/1433195/000143319521000024/appf-20201231.htm>.
- <https://www.sec.gov/Archives/edgar/data/1433195/000143319519000016/appf12311810-k.htm>
- <https://www.sec.gov/Archives/edgar/data/1433195/000143319518000011/appf201710-k.htm>
- <https://www.sec.gov/Archives/edgar/data/1433195/000143319517000010/appf201610-k.htm>