

**Full-
Year**

2020

Securities
Code

3300



A M B I T I O N

Supplementary Financial Materials

**Fiscal Year Ended June 2020 (Full-Year)
August 14, 2020 (Friday)**

Ambition Corporation

ISIN JP3128650003

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Summary of the Fiscal Year Ended June 2020

The Property Management Business, our main business, remained strong by exceeding the assumption.

- **Net sales: 27.414 billion yen (down 7.5% year-on-year)**
- **Operating profit: 921 million yen (down 42.2% year-on-year)**

Result of approximately 380 million yen of upfront investment mainly in the RPA business, in addition to the impact of COVID-19 in some businesses.



Policy for the Fiscal Year Ending June 2021

[A year of establishing a growth base as a real estate DX company]

Plan to continue focusing on the promotion of company-wide DX and the growth of RPA business as well as appropriately conduct upfront investment.

Net sales and operating profit are scheduled **to increase by double digits:**

- **30.628 billion yen (+11.7% year-on-year)**
- **1.121 billion yen (+21.6% year-on-year)**

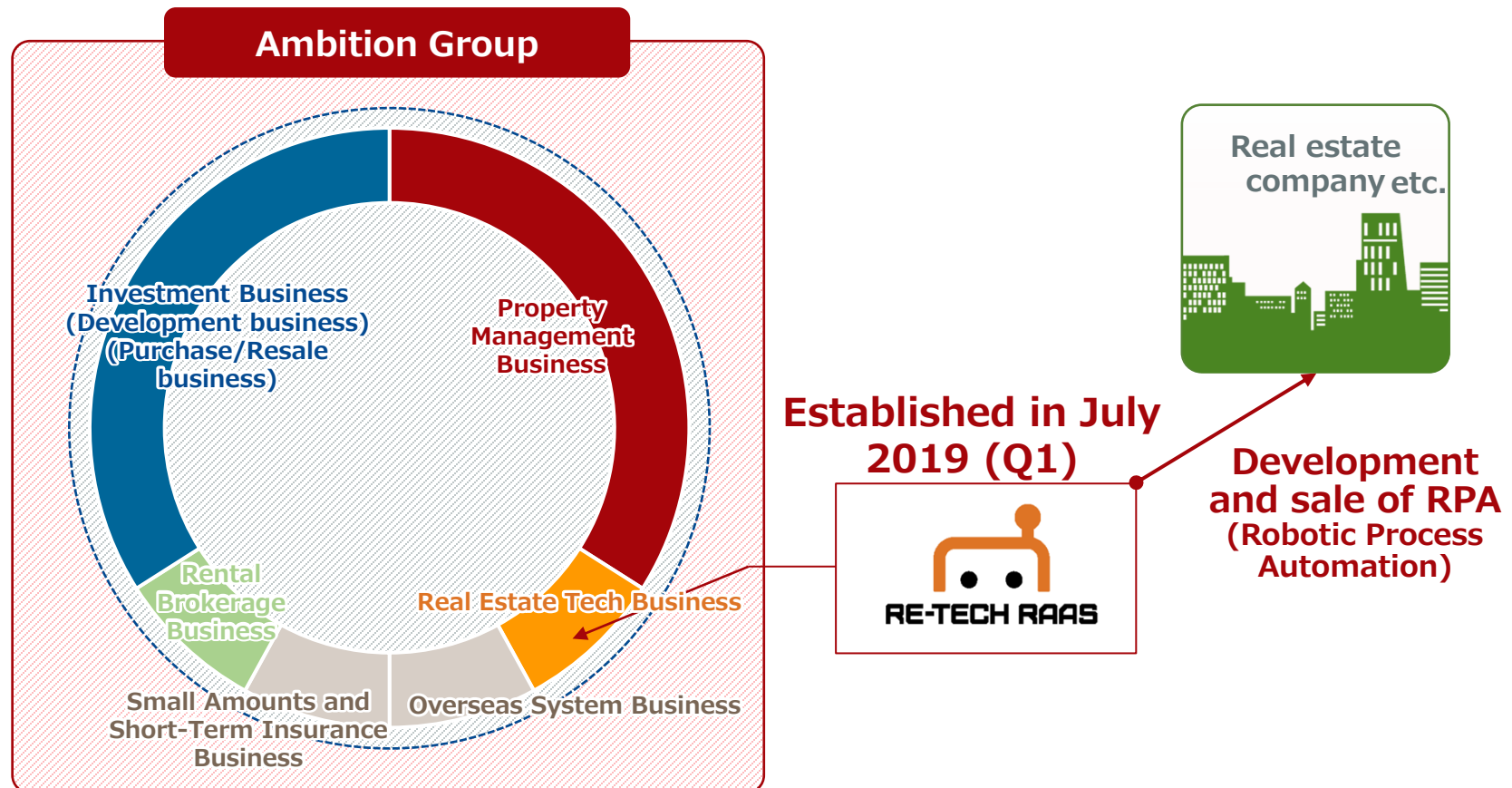
Led continuously by the Property Management Business which is unlikely to be impacted by COVID-19.

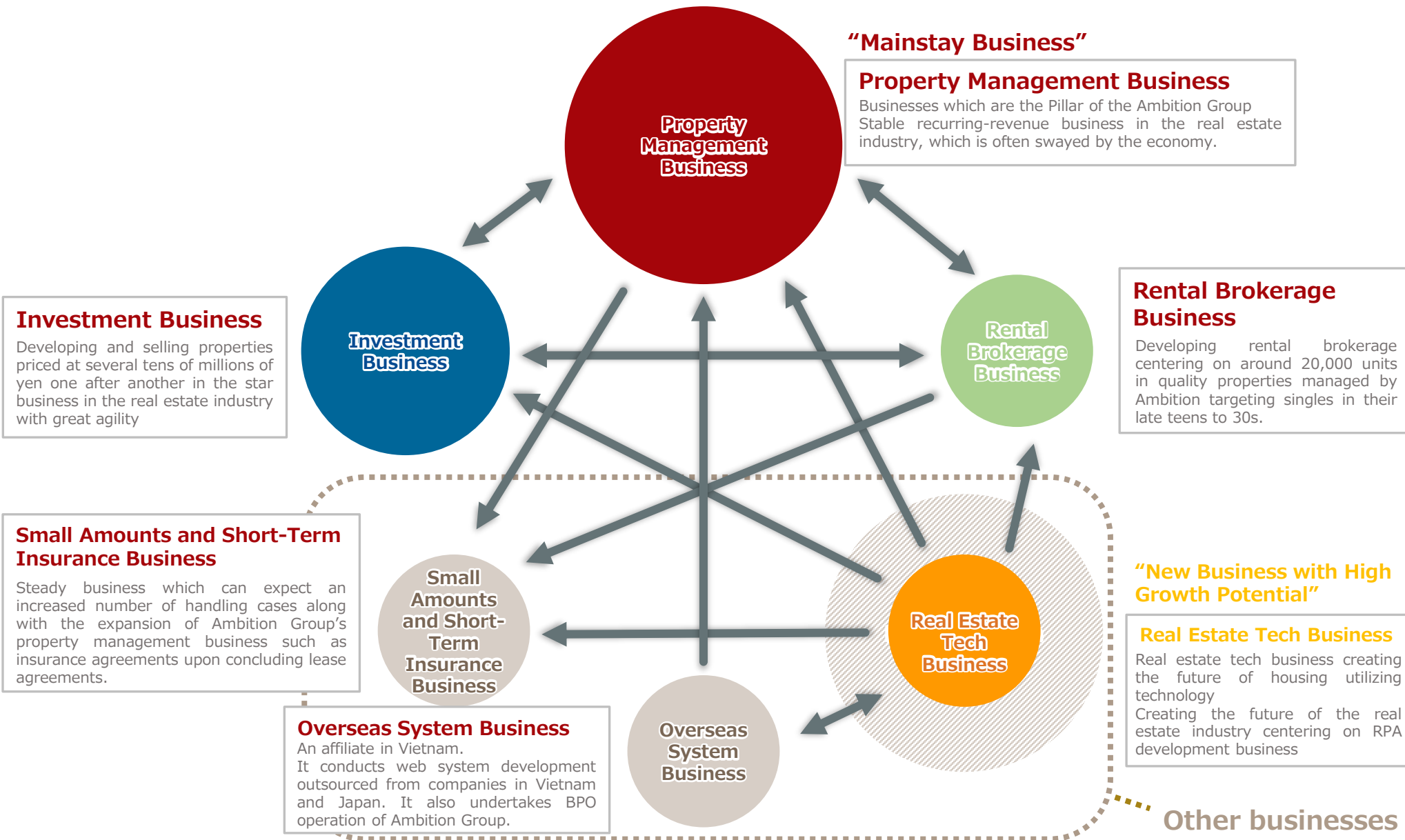
01

About Ambition Group

Ambition's real estate SPA handles development, purchase, sales, brokerage of transactions and leasing, insurance, and system development, **centering on real estate property management** to address the diverse needs of customers.

Recently, **we have been focusing on the RPA business**, which is anticipated to become a new growth driver in the Real Estate Tech Business.





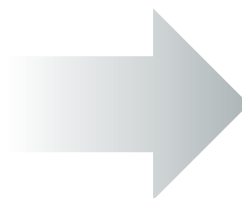
Promotion and research of **digital transformation (DX)** in the “residential” field utilizing the assets in the existing real estate business

Existing Real Estate Business

Focusing on central Tokyo
as the main area for wide
development of

- Property Management Business
- Investment Business
- Rental Brokerage Business

Accumulation of deep
know-how and big data
on real estate business



Business Axis of DX

**Industrial transformation through
digitalization (to B)**

- “RPA” improving business efficiency
- AI business based on big data, etc.

**Evolution of customer experience
(to C)**

- Smart home (IoT)
- Preview system utilizing AR and VR
- Token community utilizing blockchain, etc.

Promoting DX for the following reasons in order to realize our mission

Departure from labor-intensive business

As labor shortage becomes a social issue, improvement of productivity is required also in the real estate business.

Room for evolution from the viewpoint of customers

There is infinite room for evolution in the “residential” field that has not evolved significantly over the past several decades

Realizable ability

Integrating abundant know-how on real estate and the strengths of dealing with IT from an early stage

Become a leading company in the real estate industry that can realize the mission of creating the “future” of residences and offering “dreams” in living

Major Topics During the Fiscal Year Ended June 2020

- 2019/7/2 Announced the establishment of “Ambition Rent Co., Ltd. (for students)” and “Ambition Partner Co., Ltd. (for companies)”
- 2019/7/19 Announced establishment of Re-Tech RaaS Inc., a joint company (Establishment date: July 29)
- 2019/8/13 [Ambition Rent] Announced conclusion of business partnership agreement with “Uhomes,” a major leasing operator for students from China
- 2020/1/14 Launched website of Afunding, a crowd-funding service for real estate investment, and announced the commencement of solicitation of funds for first project
- 2020/3/02 Announced capital and business partnership with Headwaters, which has an abundant development track record from the early days of AI and robotics
- 2020/3/26 Announced listing of invested company Cyber Security Cloud <4493> on the TSE Mothers Market
- 2020/3/27 Announced Ambition’s measures against COVID-19

[Fiscal Year Ended June 2020 Q4]

- 2020/4/24 Announced launch of “Refresh Plan” offering stays at Ambition’s private lodging (*minpaku*) properties at discounted rates
- 2020/5/01 Absorption-type merger of Ambition ROOMPIA Co., Ltd. into Ambition Agency Co., Ltd.
- 2020/5/14 Announced acquisition of for-sale real estate
- 2020/5/15 Announced downward revision of forecast for the full year of the fiscal year ended June 2020 and revision of distribution forecast to a decreased amount
- 2020/6/26 [Veritas] Announced launch of sales of new designer condominium for investment “PREMIUM CUBE Setagaya #mo”

Reference [Fiscal Year Ending June 2021 Q1 onwards]

- 2020/7/3 Announced appointment of Soichi Yoshimura as an advisor (as of July 1)
- 2020/7/14 Announced downward revision of forecast for the full year of the fiscal year ended June 2020 and revision of distribution forecast to a decreased amount
- 2020/7/16 [Veritas] Launch of sales of new designer condominium for investment “LUMEED CUBE Kikugawa PREMIUM”
- 2020/8/14 [Re-Tech RaaS] Announced acquisition of AI-related patent for “Rakutech Hankyoubai-zou-kun” that forecasts inquiries on real estate
- 2020/8/14 [Hope] Announced development of “MONOLITH,” a new system for small amounts and short-term insurance that promotes InsurTech
- 2020/8/14 Announced development of unique AI algorithm that maximizes rental LTV (total revenue in contracts)

02

Overview of Financial Results for the Fiscal Year Ended June 2020

Revised the full-year consolidated forecast for the fiscal year ended June 2020 upward from the revised figure in May

The declaration of a state of emergency placed the Investment Business in a state where payment settlements for contracted projects had to be postponed due to financial institutions scaling back their operations. Revised the initial forecast downward due mainly to a possible deferment to the fiscal year ending June 2021



After the lifting of the state of emergency, the figures were revised upward from the revised forecast in May as part of net sales (approx. 1.1 billion yen) and part of operating profit (approx. 300 million yen) which were likely to be deferred to the fiscal year ending June 2021 were able to be posted in Q4 due to the recovery of the business system of financial institutions.

[Consolidated Forecasts for Fiscal Year Ended June 2020]

(million yen)

	Initial forecast	May 15 revised forecast (A)	July 14 revised forecast (B)	Amount of change (B-A)	Rate of change (B/A)
Net sales	31,256	26,112	27,434	1,322	+5.1%
Operating profit	1,647	534	920	386	+72.3%
Ordinary profit	1,470	396	799	403	+101.8%
Profit attributable to owners of parent	929	116	281	165	+142.2%

Consolidated P/L (Profit and Loss Statement)

Actual Results for Fiscal Year Ended June 2020

Net sales was **27.414 billion yen (-7.5% year-on-year)** and operating profit was **921 million yen (-42.2% year-on-year)**, showing a decrease in sales and profit due to the impact of COVID-19 in some businesses. (million yen)

	Actual results for the full-year of the fiscal year ended June 2019	Actual results for the full- year of the fiscal year ended June 2020	YoY comparison
Net sales	29,636	27,414	-7.5%
Gross profit from sales	6,257	5,241	-16.2%
Selling, general and administrative expenses	4,662	4,319	-7.4%
EBITDA*	1,825	1,173	-35.7%
Operating profit	1,594	921	-42.2%
Ordinary profit	1,433	817	-42.9%
Profit before income taxes	1,337	710	-46.9%
Profit attributable to owners of parent	736	327	-55.6%

* EBITDA = Operating profit + Depreciation + Software Depreciation + Amortization of Goodwill

Property Management Business

Year-on-year **increase in sales and profit** continued into the fourth quarter.

Maintained stable increase in the number of managed units as well as a high occupancy rate even amid COVID-19, and **business performance exceeded the assumption**. Led to the promotion of next-generation management business, etc. including telework due to COVID-19.

- Business impact of COVID-19: ◎
- Business impact of emergency declaration: ◎
- ⇒ Business impact of lifting declaration: ◎

Rental Brokerage Business

Year-on-year decrease in sales and **posting of deficit** in the fourth quarter

With the issuance of a declaration of a state of emergency making the trend of refraining from going out and refraining from relocating stronger, the number of people visiting stores decreased. Demand from students and companies remained sluggish ⇒ **Demand gradually recovered** after the lifting of state of emergency. Strengthened online customer service including remote previews.

- Business impact of COVID-19: △
- Business impact of emergency declaration: ×
- ⇒ Business impact of lifting declaration: ○

Investment Business

Year-on-year **increase in sales and profit** in the fourth quarter.

The declaration of a state of emergency caused a state where payment settlements had to be postponed due to financial institutions scaling back their operations. ⇒ **Partial deferment to the fiscal year ending June 2021 occurred** although payment settlements resumed due to the recovery of the business system of financial institutions after the lifting of the state of emergency.

- Business impact of COVID-19: △
- Business impact of emergency declaration: ×
- ⇒ Business impact of lifting declaration: ○

Other Businesses

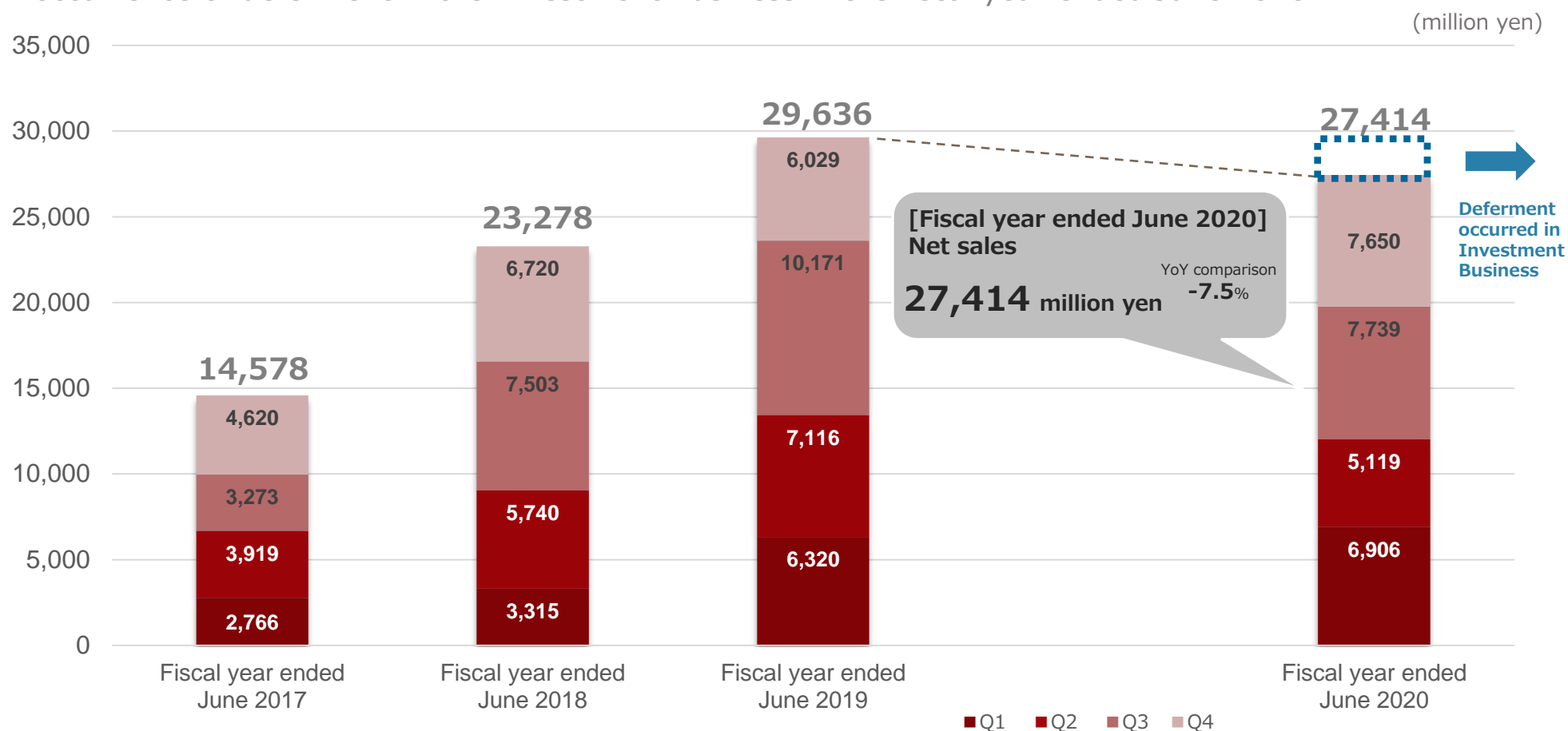
Year-on-year **increase in sales** and **posting of deficit** with **carrying out of upfront investment** continued into the fourth quarter.

The impact of COVID-19 on the Real Estate Tech Business was shifting business meetings and seminars to online and winning orders. The Hotel Business was suspended temporarily during the state of emergency ⇒ Resumed after the lifting of state of emergency. The Insurance Business and Overseas Business were unaffected by COVID-19

- Business impact of COVID-19: Tech ○, Insurance ◎, Hotel ×, Overseas ◎
- Business impact of emergency declaration: Tech △, Insurance ◎, Hotel ×, Overseas ◎
- ⇒ Business impact of lifting declaration: Tech ○, Insurance ◎, Hotel ×, Overseas ◎

Change in Net Sales (Over 4 years)

- It is a common trend for net sales to occur disproportionately in the second half of the fiscal year (this is due to our mainstay property management business being a stock business and the peak season for relocation falling in the second half of our fiscal year)
- Failed to achieve an increase in sales which continued to be achieved since the founding of Ambition, as a result of the impact of the declaration of a state of emergency due to COVID-19 including the occurrence of deferment in the Investment Business in the fiscal year ended June 2020

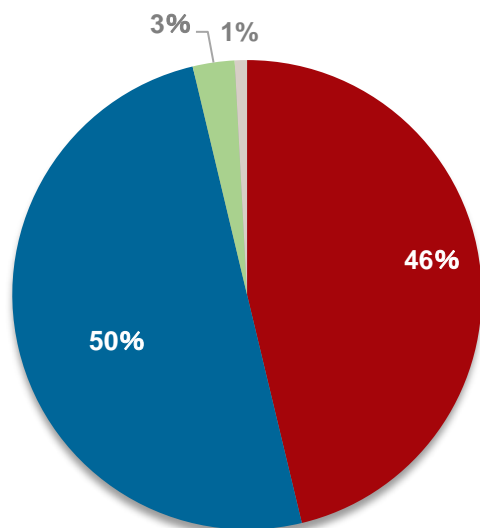


In the fiscal year ended June 2019, the Investment Business saw strong sales for properties developed by Veritas and the sales ratio reached 50%, temporarily surpassing that of the property management business. However, **the sales ratio of the property management business returned to the top in the fiscal year ended June 2020.**

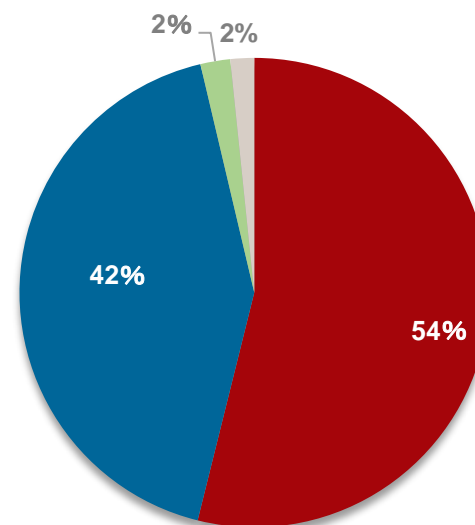
[Ratio of Net Sales]

(%=Percentage by segment)

■ Full-year of fiscal year ended June 2019



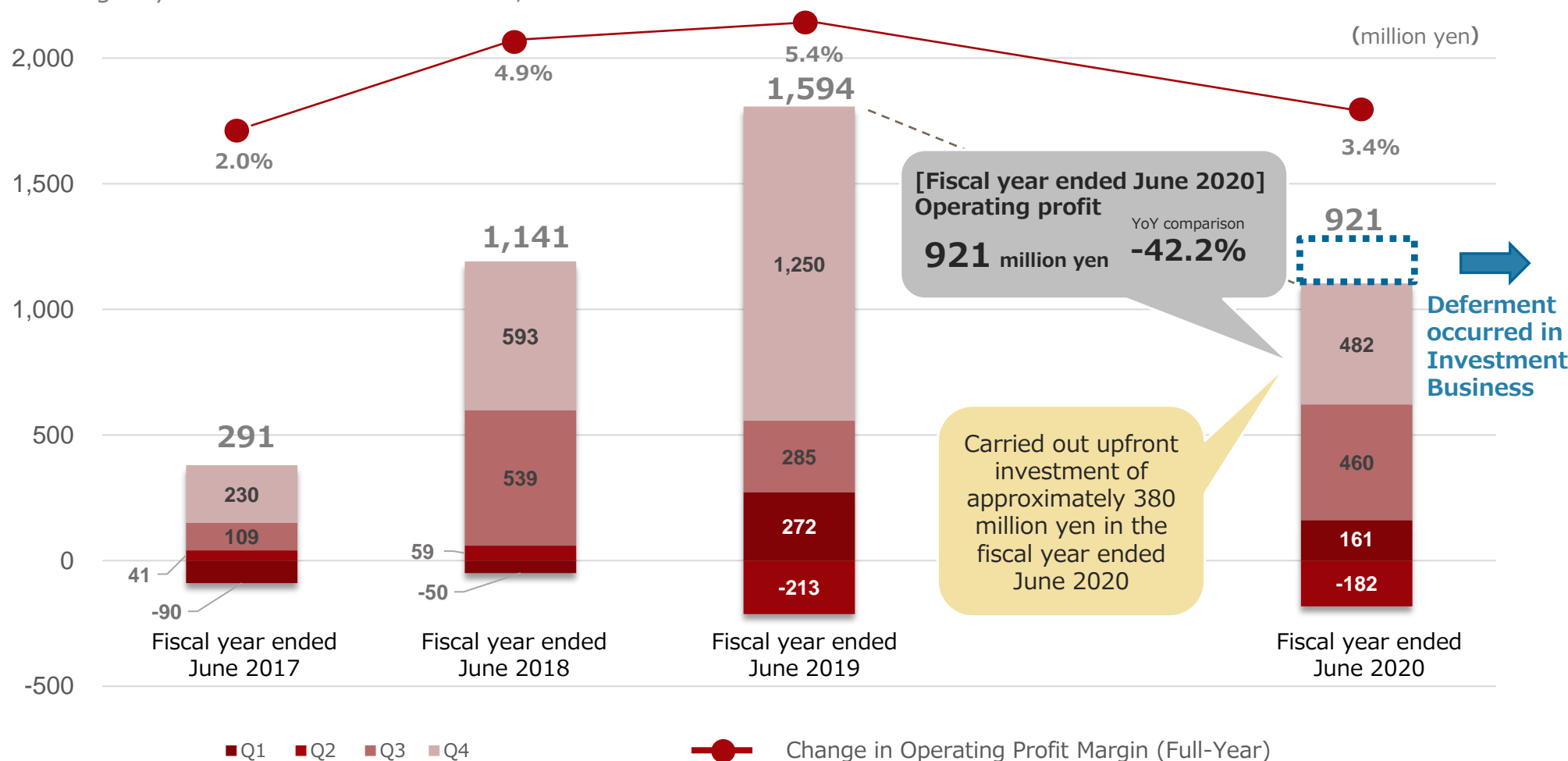
■ Full-year of fiscal year ended June 2020



■ Property Management Business ■ Investment Business ■ Rental Brokerage Business ■ Other Businesses

Change in Operating Profit and Operating Profit Margin (over 4 years)

- **It is common for operating profit to have a stronger tendency than net sales to occur disproportionately in the second half of the fiscal year** (this is due to property management and rental brokerage tending to accumulate profit with the increase in the number of contracts concluded)
- In the fiscal year ended June 2020, operating profit margin declined to 3.4% as a result of the implementation of approximately 380 million yen of upfront investment mainly in RPA business and the impact of the declaration of a state of emergency on the Investment Business, etc.



Consolidated B/S (Balance Sheet)

- Investment securities and net assets increased due to securities marked to market (mainly unrealized gains arising from new listing of invested company Cyber Security Cloud <4493>).
- Equity ratio rose from **18.9%** at the end of the previous fiscal year to **25.5%**.

(million yen)

	End of fiscal year ended June 2019	End of fiscal year ended June 2020	YoY change
Current assets	9,807	9,395	-412
Non-current assets	3,840	5,819	1,979
Deferred assets	10	4	-6
Total assets	13,659	15,219	1,560
Current liabilities	4,222	5,639	1,417
Non-current liabilities	6,834	5,682	-1,152
Net assets	2,602	3,897	1,295
Total of liabilities and net assets	13,659	15,219	1,560

03

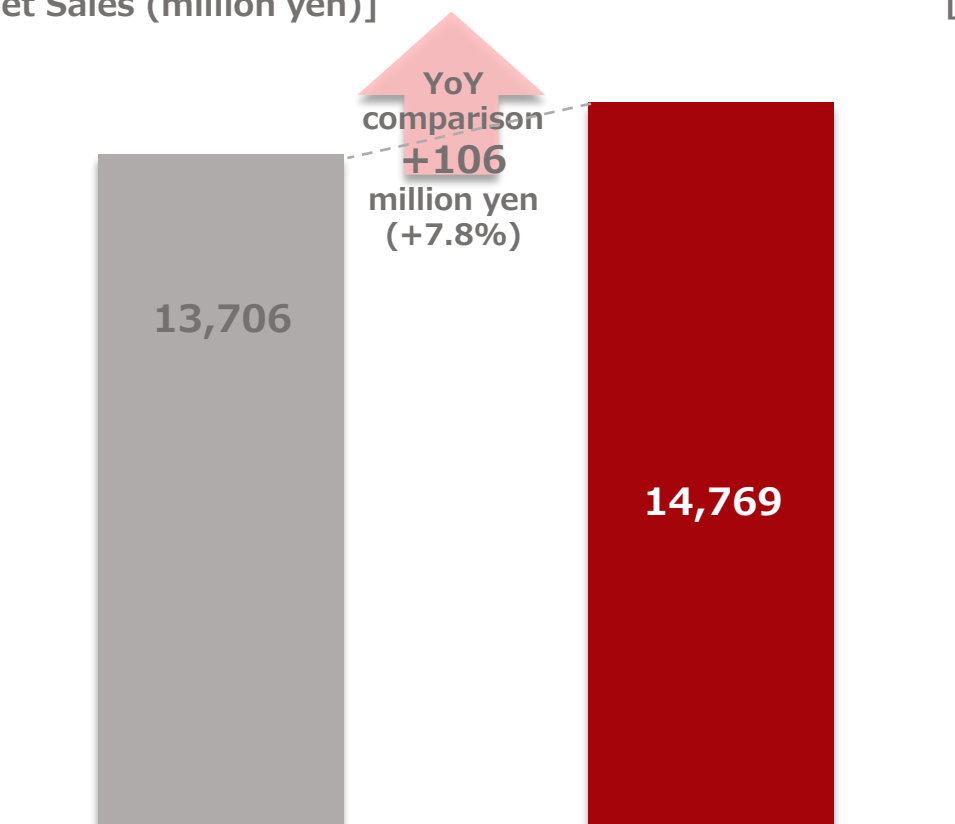
Property Management Business

(mainly engaged in by AMBITION with some engagement by Veritas Investment and VALOR)

Trend of Business Performance by Segment for the Fiscal Year Ended June 2020 (Property Management Business)

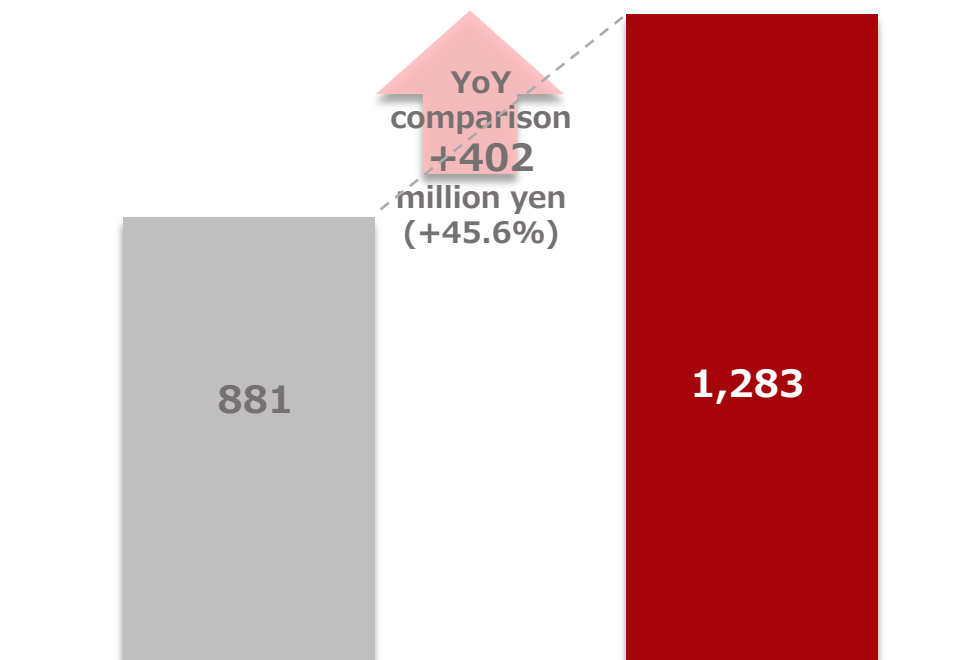
- Full-year net sales of the Property Management Business **increased by 7.8% year on year** due to increase in the number of managed units and maintaining a high occupancy rate without being adversely affected by COVID-19.
- Segment income was strong, **increasing substantially by 45.6% year on year** due to increase in profit margin per unit resulting from the rise in market rent and decrease in loan-loss reserves resulting from debt collection.

[Net Sales (million yen)]



■ Full-year of fiscal year ended June 2019 ■ Full-year of fiscal year ended June 2020

[Segment Income (million yen)]

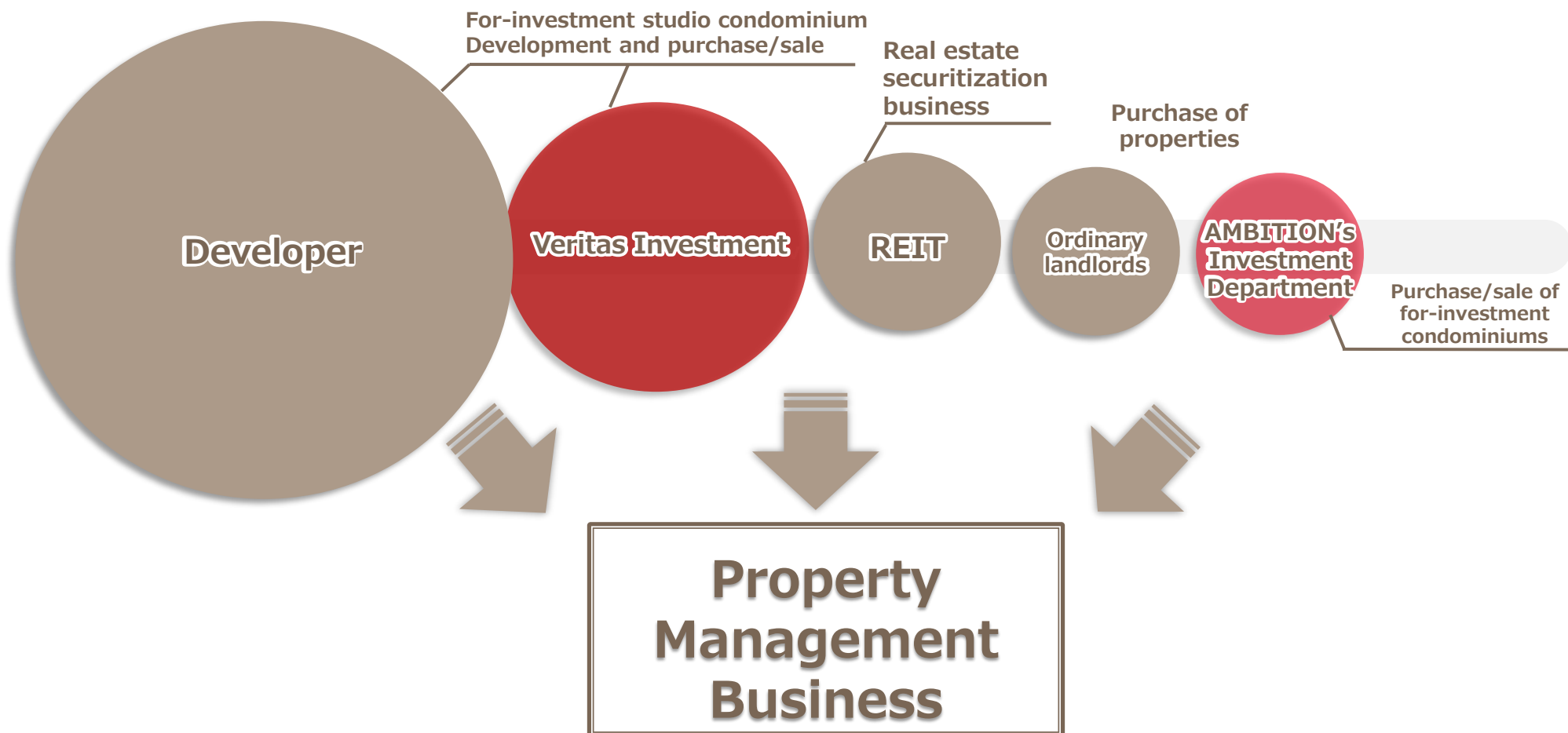


■ Full-year of fiscal year ended June 2019 ■ Full-year of fiscal year ended June 2020

Construct business scheme for stable receipt of orders for property management

[Inside the Group] Acquire properties mainly from consolidated subsidiary Veritas Investment as well as AMBITION's Investment Department

[Outside the Group] AMBITION is well received for its leasing capability, and is supplied with properties from entities in a broad range of fields



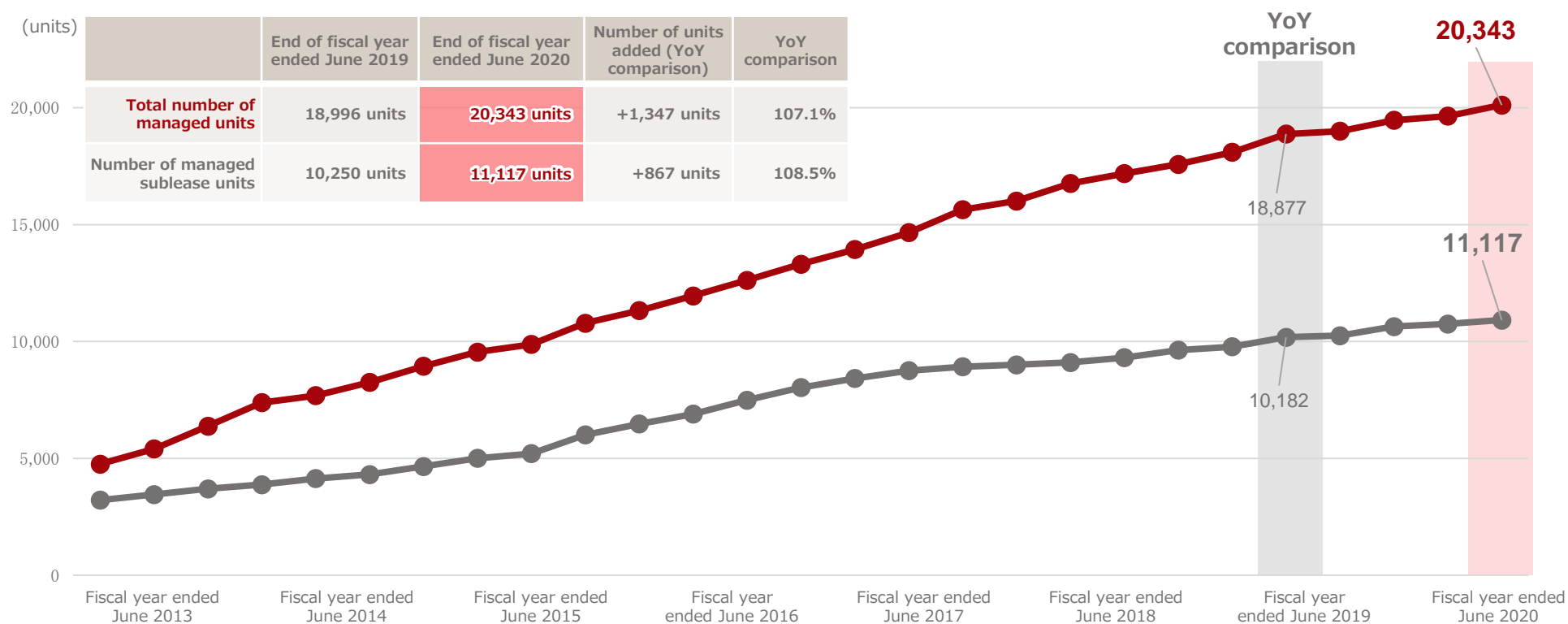
KPI of Property Management Business: Steady Increase in the Number of Managed Units

Ambition has developed **the Property Management Business as its core business since its foundation in September 2007**.

Real estate sales transactions are affected by the macro economy. However, since property management is a recurring-revenue business, its performance is growing steadily due to the **increase in the number of managed units, which is the KPI**, regardless of economic situation.

Ambition plans to expand the business proactively while assessing property value appropriately going forward.

Change in Number of Managed Units and Sublease Management Units



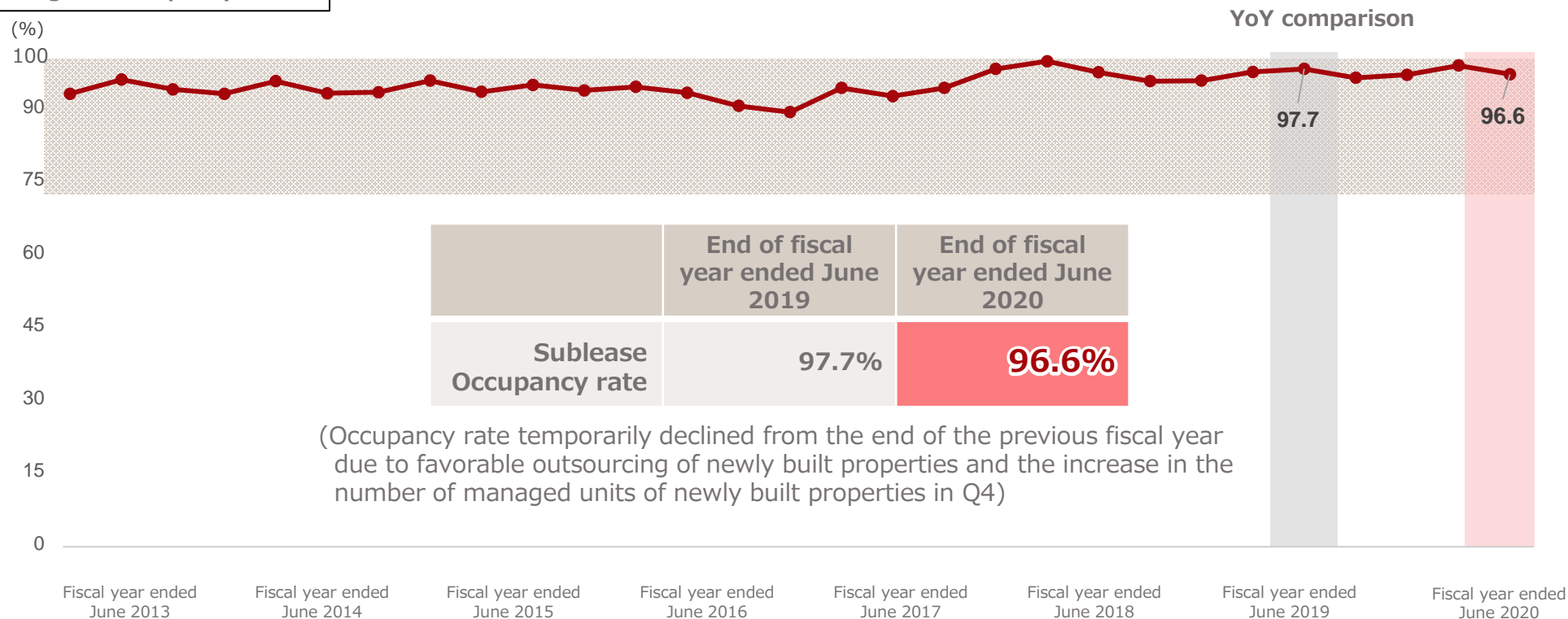
Strength of Property Management Business: Maintaining a High Occupancy Rate

Owning several quality properties such as designer condominiums mainly in the 23 wards of Tokyo, which sees high demand.

Also maintains **a high occupancy rate for the industry** by operating a rental brokerage business within the Group

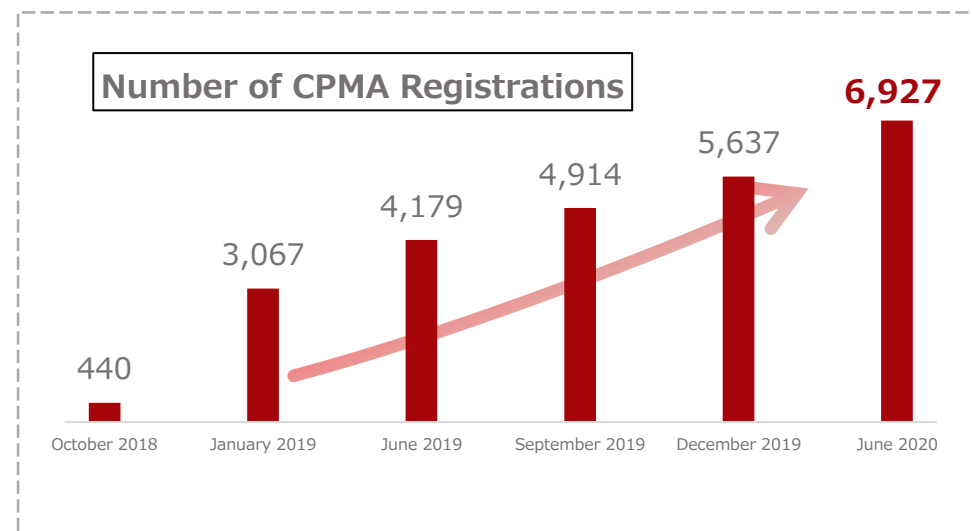
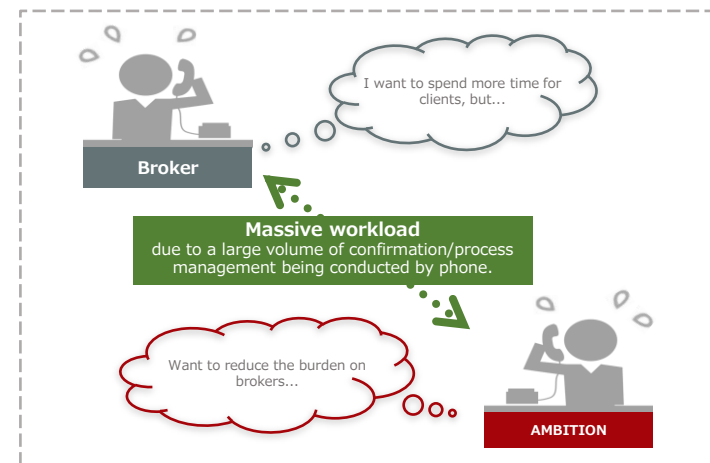
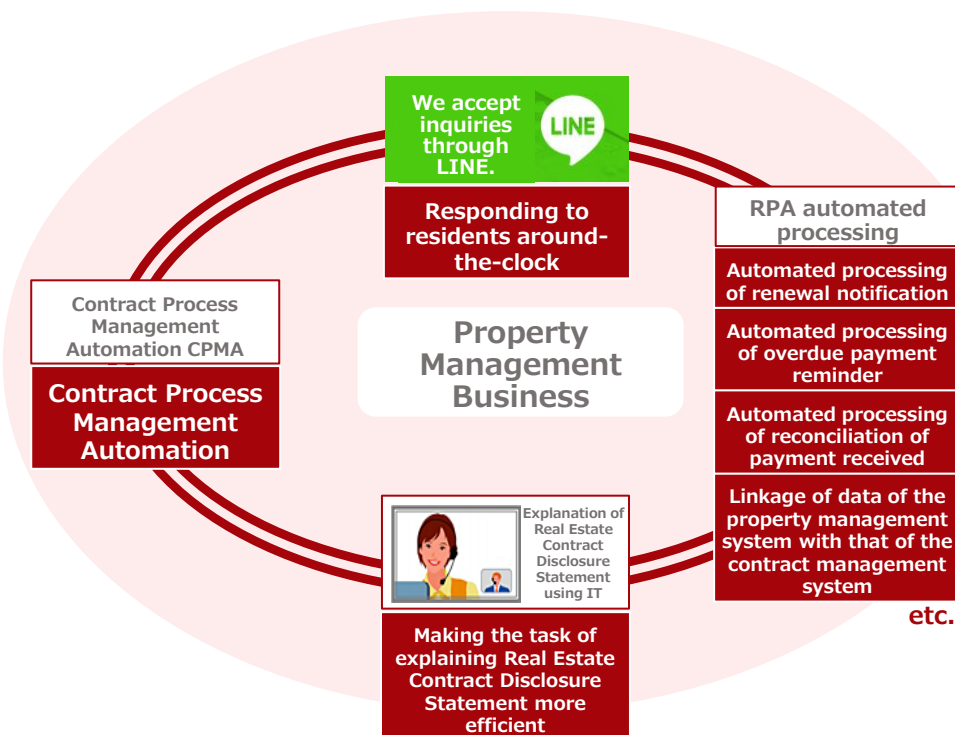
- Managed properties: Mainly quality studio condominiums such as designer condominiums
- Area: Concentrated in Tokyo (mainly in the 23 wards) + Kanagawa, Chiba, and Saitama prefectures
- Target group: Mainly young demographic

Change in Occupancy Rate



Introduced Ambition's unique **Contract Process Management Automation System "CPMA"** in October 2018 following **the introduction of RPA** as a real estate DX company and improved business efficiency and efficiency of connecting with brokers

Ambition introduced **Contract Process Management Automation "CPMA"** (**C**ontract **P**rocess **M**anagement **A**utomation), a system on the exclusive **website for brokers** to automate contract process management, as a solution to streamline the massive workload arising daily between brokers and Ambition and was highly evaluated by brokers.

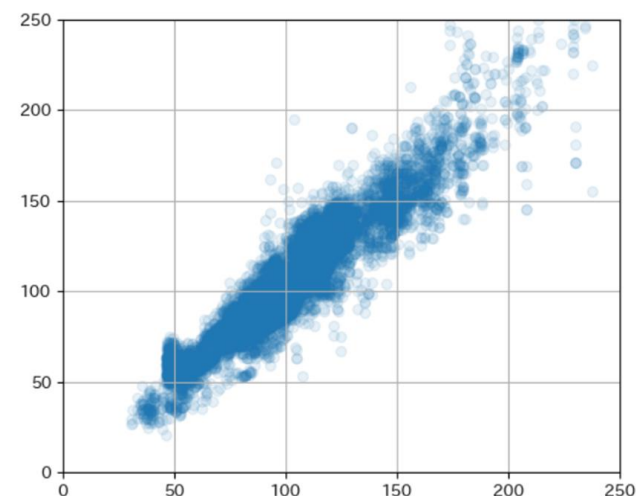


Developing a **unique AI algorithm that maximizes rental LTV (total profit)** as part of real estate DX. As a result, it became possible to automate and optimize rental business which was originally done by humans

Aggregating and analyzing several millions of big data of Ambition with AI

AI infers the optimum rent and plan for maximizing property revenue

	importance_A	importance_B	importance_Total
141.住所_市区町村名			
410.部屋設備情報			
152.age_building			
140.	789	18	807
411.	420	255	675
411.	407	258	665
142.	434	228	663
251.	168	491	660
186.	401	120	521
411.	100	204	305
903.	154	144	298
148.	265	32	297
149.	257	30	288
187.	74	83	158
101.	150	4	154



Out[9]: (9.848826217647535, 6.41039519193608)

*Data is for illustration purposes only

➡ **Aim for further improvement of profit margin with the algorithm**

■ Further promote real estate DX in the current fiscal year ending June 2021

- Scheduled to introduce multiple new systems for the promotion of next-generation management business including CRM (Customer Relationship Management System) combining CTI (Computer Telephony Integration) and IVR (Interactive Voice Response) as well as repair management system
- Continue to promote RPA in typical work

⇒ Real estate RPA+BPO package “Rakutech” was developed for other companies

- Strive to increase the number of managed units, which is the KPI, and maintain a high occupancy rate
- Stable growth of business performance and increase in sales and profit are expected to continue

2 properties in Ota Ward that were formerly *minpaku* properties

- C'est joli IKEGAMI
- HANEDA Bienvenue

⇒ Provided by switching to leasing of properties with furniture and ordinary leasing in July 2020 since demand for inbound tourism and private lodging (*minpaku*) were sluggish due to the impact of COVID-19. Scheduled to change to ordinary leasing for all properties



**Improving customer satisfaction
through real estate DX**

04

Investment Business

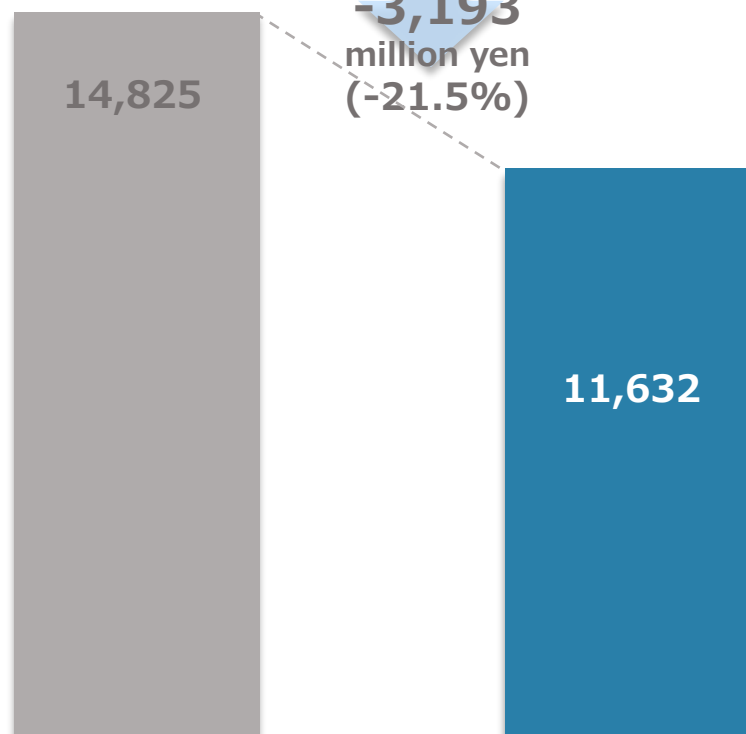
(mainly engaged in by Veritas Investment with some engagement by AMBITION's Investment Department)

Trend of Business Performance by Segment for the Fiscal Year Ended June 2020 (Investment Business)

- Full-year net sales in the Investment Business **decreased by 21.5% year on year** as a result of the planned decrease in the number of properties sold from the previous year and the occurrence of partial deferment to the fiscal year ending June 2021 due to the impact of the declaration of a state of emergency
- The segment income **decreased substantially by 39.0% year on year** due to the decrease in sales. Partial deferment occurred for the two new properties developed by the Group

[Net Sales (million yen)]

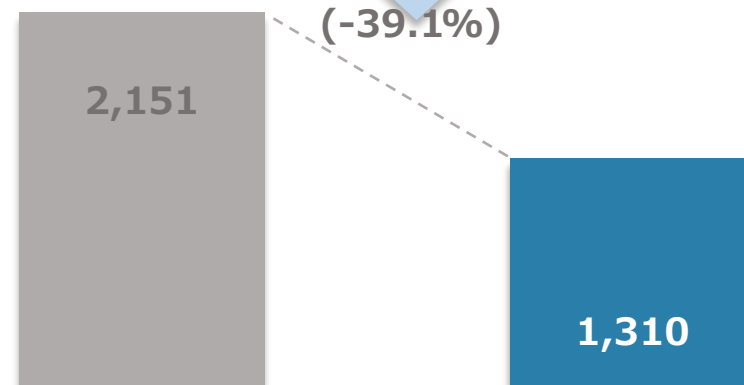
YoY comparison
-3,193
million yen
(-21.5%)



■ Full-year of fiscal year ended June 2019 ■ Full-year of fiscal year ended June 2020

[Segment Income (million yen)]

YoY comparison
-841
million yen
(-39.1%)



■ Full-year of fiscal year ended June 2019 ■ Full-year of fiscal year ended June 2020



Sales of Veritas Investment's new designer condominiums for investment was favorable

The most important thing in sales of studio condominiums for investment is to minimize risk for investors.

The properties of Veritas have helped many investors avoid risks by realizing "high rent x high occupancy rate = high return."

[PREMIUM CUBE Series]

Curation by a famous designer + Tokyo Premium Area (Meguro Ward, Shibuya Ward, Shinjuku Ward, Minato Ward, Shinagawa Ward, and Chuo Ward) = High rent x High occupancy rate = High return



Realized the creation of premium asset value from **"location," "design," and "facility specifications"** (CUBE)



Results of investment business of Veritas alone [Actual Results for the Full-Year of the Fiscal Year Ended June 2020]

Net sales **11.1 billion yen**
(down 11.4% year on year)

Number of units where settlement completed **344 units**
(down 14.2% year on year)
(deferment to the fiscal year ending June 2021 occurred)

Investment Business (Veritas Investment)

[FY2020 H1] The number of new properties developed by the Group is limited and many were used properties.
[FY 2020 H2] **All properties will be “newly built properties” and one will be a “large-scale property”**

Payment settlements for contracted projects were postponed as financial institutions impacted by the declaration of a state of emergency scaled back their operations.

Payment settlements resumed due to the recovery of the business system of financial institutions after the lifting of the state of emergency, but posting of net sales was partially carried forward to the fiscal year ending June 2021

Posted in net sales
for [H2] of fiscal year
ended June 2020

PC Musashi Nitta



CY Senzoku



PC Yoyogi-Uehara

Posting of
sales will
be carried
forward
to the
second
half

TPCG Shiomi

New
property
developed
by the
Group



Posted in net sales for [H1] of fiscal year ended June 2020

*With many other sales of used properties

PREMIUM CUBE Ikebukuro Kanamecho

New property
developed by the
Group

Approximately half
of the units
already posted in
the second half



THE PREMIUM CUBE G Osaki

New property
developed by the
Group Large
property

Approximately two-thirds of
the units already posted in
the second half



PREMIUM CUBE Yoyogi-Uehara

New property
developed by the
Group

All units already
posted in the
second half of
the fiscal year
ended June 2020



PREMIUM CUBE Nishi-Ojima

New property developed by
the Group

All units already
posted in the second
half of the fiscal
year ended June
2020



Deferment
occurred

(Note) Images are renderings created based on engineering drawings and may differ from actual buildings.

The Investment Department at the main unit of Ambition excels in “maximization of value” of used properties with a focus on location

[Business]

- Sale of entire real estate
- Renovation/resale of for-sale condominiums <Used>
- Real estate brokerage business

Developing a unique renovation brand “**AMBITION+RENO,**” and creating and providing new value for housing



Examples of renovation work

We plan to pursue synergy across the entire Ambition Group through continuous development of appealing properties **in the premium areas of the Tokyo metropolitan area.**

Following the lifting of the state of emergency in June, resumed purchasing of properties that was suspended due to the impact of COVID-19

Ambition's Investment Department also experienced delay in completion of properties in the first half. **The sales of large properties for which posting was carried forward to the second half were posted in the third quarter.**

Both purchase and sales of properties have resumed and remain strong, although purchase of properties was suspended temporarily in the third quarter when consumer appetite declined due to the impact of COVID-19

Image of posting net sales



[H1] of fiscal year ended
June 2020



[H2] of fiscal year ended
June 2020

November 2019

December 2019

January 2020

Obtained permission for specified joint real estate ventures for a new business that will conduct development and sale of real estate properties under the Investment Business.



In order to realize a society where “no unnecessary real estate exists,” we formed **a business partnership with BuySell Technologies** engaged in an online reuse business.
Together with BuySell, we will **purchase unnecessary real estate** and conduct resale after renovation through property crowdfunding, etc.

Launched website of “Afunding,” a crowdfunding service for real estate investment
Three projects have been carried out and numerous applications have been received



Can apply with smartphone!



The number of properties targeted for sales by Veritas in the current fiscal year ending June 2021 is expected to be the same as that in the previous fiscal year (mainly new properties developed by the Group)

[Favorable location]
Premium area in Tokyo
×
[Favorable design]
Stylish designer condominium

Incredibly popular as it handles only attractive investment properties, and properties are forecast to sell out at an early stage

Newly built properties available for sale



05

Rental Brokerage Business

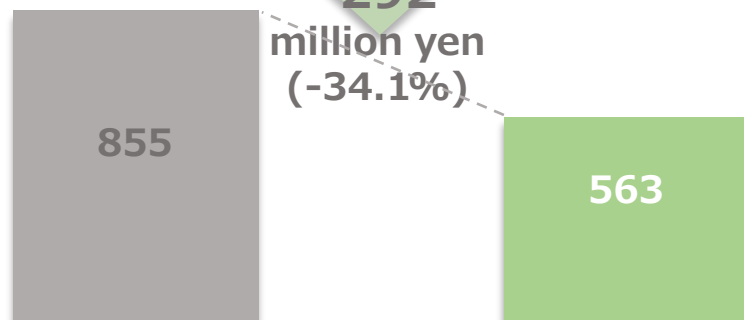
(In addition to Ambition Agency and VALOR engaged in the business, Ambition Rent and Ambition Partner were established as new firms in Q1)

Trend of Business Performance by Segment for the Fiscal Year Ended June 2020 (Rental Brokerage Business)

- Full-year net sales in the Rental Brokerage Business **decreased by 34.1% year on year** as a result of the implementation of strategic store closures (closed 7 ROOMPIA stores/changed 1 store to VALOR), decrease in the number of people visiting stores, and sluggish demand from students and companies due to the impact of the declaration of a state of emergency
- The segment income/loss **turned negative**. The phased store closures were completed by the end of the first half and thus recovery in revenue was originally assumed starting from the second half. However, the result was well short of the initially assumed amount (30 million yen of profit in the second half) due to the declaration of a state of emergency and not enough to offset the deficit incurred in the first half (operating loss of 98 million yen)

[Net sales (million yen)]

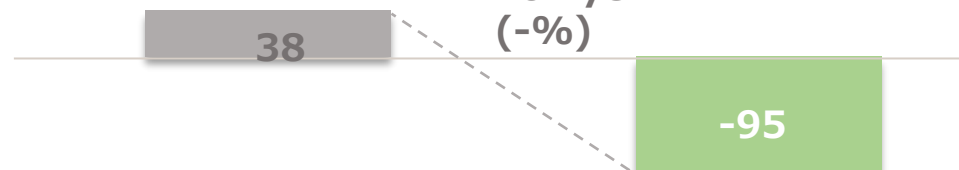
YoY
comparison
-292
million yen
(-34.1%)



■ Full-year of fiscal year ended June 2019 ■ Full-year of fiscal year ended June 2020

[Segment profit and loss (million yen)]

YoY
comparison
-133
million yen
(-%)



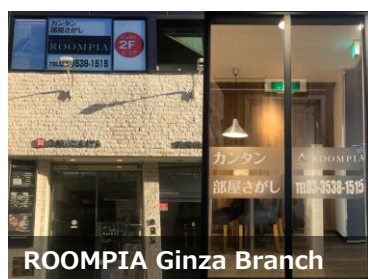
■ Full-year of fiscal year ended June 2019 ■ Full-year of fiscal year ended June 2020

Rental Brokerage Business (Ambition Agency, VALOR)

- Although reducing the number of stores in phases in the process of changing the area of focus to attracting customers mainly through websites is underway, Ambition has **the leasing capabilities** of brick-and-mortar stores, which **contributes to maintaining a high occupancy rate in the Property Management Business**.
- Due to COVID-19, remote property viewing is rapidly growing in significance and also responding to far-away customers. Demand for **the new remote customer service system introduced in May** is increasing



– Direct Brokering –
The business is supported by
five ROOMPIA stores (operated by Ambition Agency)
and seven VALOR stores



New Companies in Rental Brokerage Business (Ambition Rent and Ambition Partner)

In July 2019 (Q1), Ambition established through a part of its Rental Brokerage Business **Ambition Rent Co., Ltd. (for students)** and **Ambition Partner Co., Ltd. (for companies)** by means of a company split with an aim to realign business.

Postponement of entry into schools/universities/companies due to the impact of COVID-19 has led to a strong trend of property hunting being put on hold, but **demand is gradually recovering** after the lifting of the declaration of a state of emergency.

For students



Ambition Rent Co., Ltd. was established as a spin-off company of the Student Division of Ambition ROOMPIA Co., Ltd.

For companies



Ambition Partner Co., Ltd. was established as a spin-off company of the Corporate Division of Ambition ROOMPIA Co., Ltd.

It is engaged in BtoB business and supports employees of partner companies in finding rooms.



Since August 2019 (Q1), we have aimed to enhance services by providing room searches for international students through a "business partnership with Chinese company Uhomes."

In the current fiscal year ending June 2021,
Ambition Agency (operating ROOMPIA) is expected to turn positive

Strategic change of properties handled

Currently centering on properties brokered by Ambition Group
(having many competitors per property)



To increase properties to self-manage like VALOR
(monopoly by a single company)

Promotion of DX

- Successfully reduced personnel in input operations and increased the number of inquiries substantially with the introduction of “Rakutech Brokerage Version”
- Customer attraction through websites is favorable
- Strengthen non-face-to-face services such as remote customer service, remote property viewing, and electronic contracts

Improvement of productivity

Already completed strategic store closures, and operating only stores with high direct demand such as having a university in the neighborhood

06

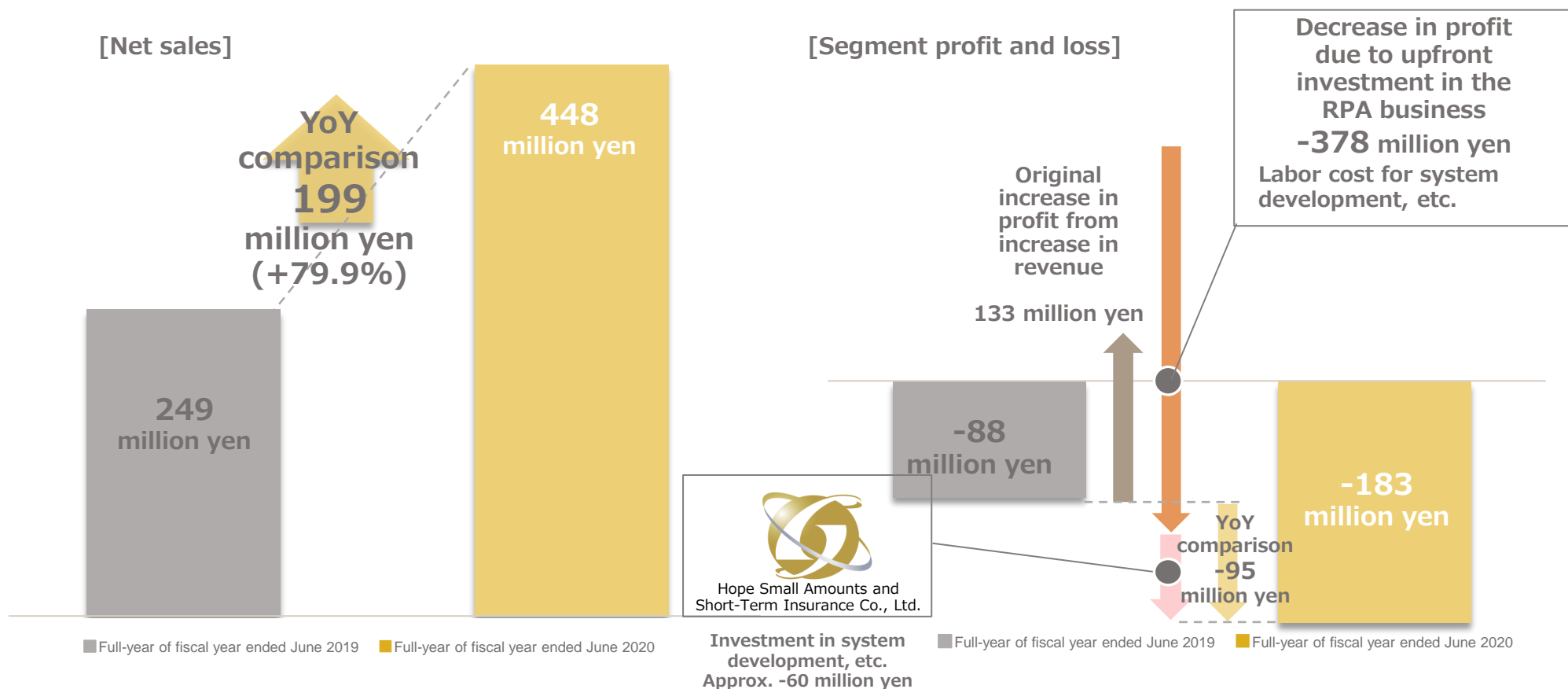
Other Businesses

- Real Estate Tech Business (established Re-Tech RaaS, a new company, in Q1)
- Small Amounts and Short-Term Insurance Business (Hope)
- Hotel Business (Ambition)
- Overseas System Business (Ambition Vietnam)

Performance by Segment for the Fiscal Year Ended June 2020

(Other Businesses: Real Estate Tech, Small Amounts and Short-Term Insurance, Hotel and Overseas System)

- Net sales of other businesses for the full year **increased by 79.9% year on year** due to increase in sales in the hotel business and increased number of contracts in the Small Amounts and Short-Term Insurance Business, among other factors.
- In terms of segment profit and loss, upfront investment in the RPA business (approx. 380 million yen) and investment in systems in the Small Amounts and Short-Term Insurance Business (approx. 60 million yen) caused **the loss to expand**.



Ambition has been conducting upfront investment

to realize digital transformation (DX) in the “residential” domain since Q4 of the fiscal year ended June 2019.

Promoting RPA (Robotic Process Automation)



Establishment of Re-Tech RaaS



Development and marketing of “Rakutech,” an RPA tool incorporating AI

Going paperless



Capital and business tie-up with Paperlogic Co., Ltd.



Proactive investment in IT systems for explaining real estate contract disclosure statement, etc.

Evolving customer experience



Initiatives on IoT-based smart homes






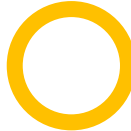





Attempts on VR services to allow remote property viewing

Re-Tech RaaS Inc., a joint venture company between Ambition and RPA Technologies, was established **in July 2019 (Q1)** as a company to develop and sell RPA for real estate companies.



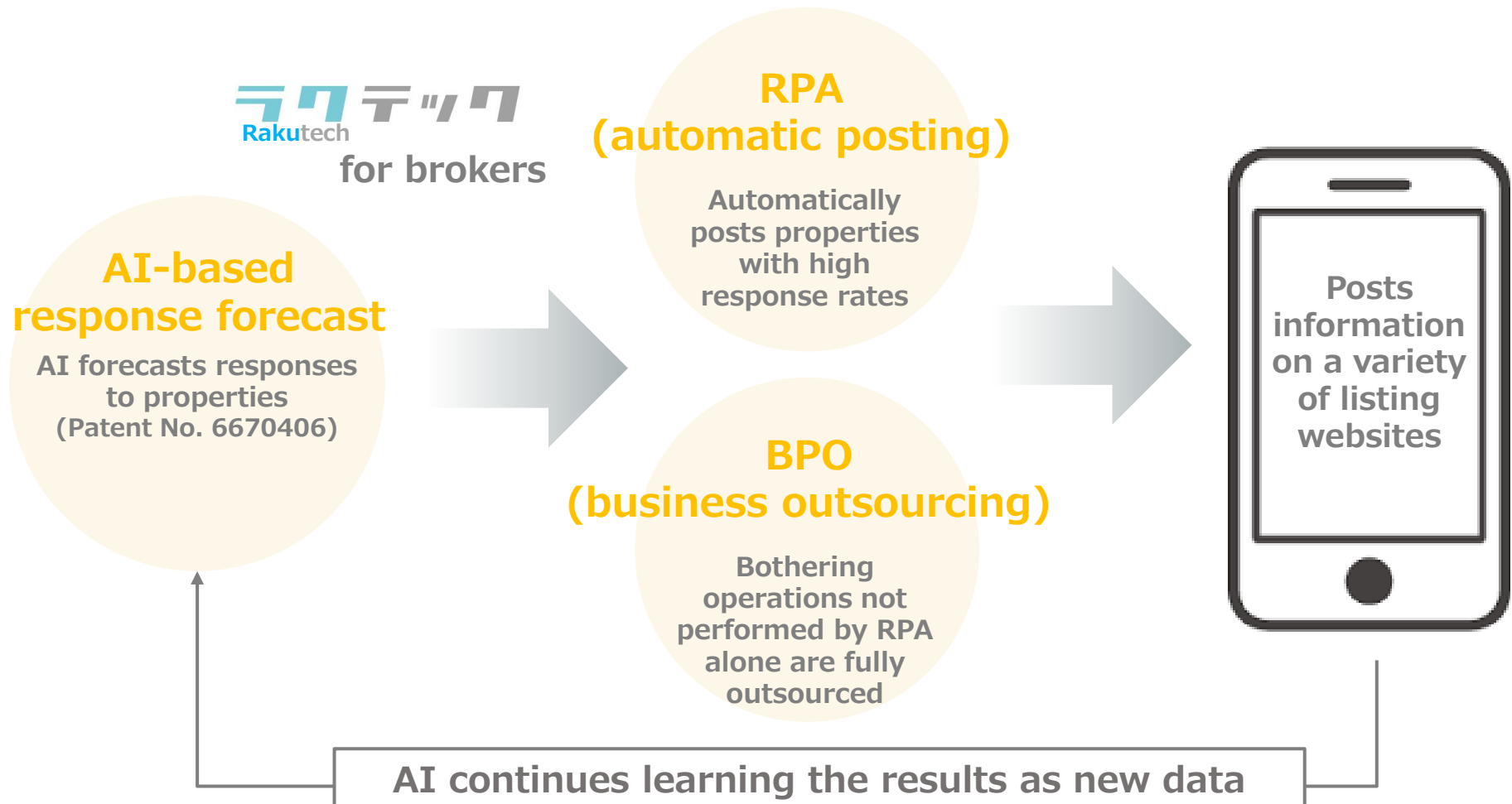
Re-Tech RaaS is a coined phrase formed by blending the terms “**Real Estate**,” “**Technology**,” “**Robots**,” and “**Software as a Service**” and has a meaning of “a network-type service enabled by utilizing robots in a way only a real estate tech firm can do.”

The “Rakutech” series by Re-Tech RaaS are **real estate RPA** packages incorporating BPO and AI forecasts on top of ordinary RPA. Starting in December 2019, Re-Tech RaaS offers the products in **three patterns** (for management companies, for brokers and AI-based response forecast) in a **SaaS format**.

	AI-based response forecast	RPA function (automation)	BPO (improving work efficiency)
 Rakutech for brokers			
 Rakutech 反響倍増くん Hankyoubai zou -kun			
 Rakutech for management companies		 Can be customized for individual companies	

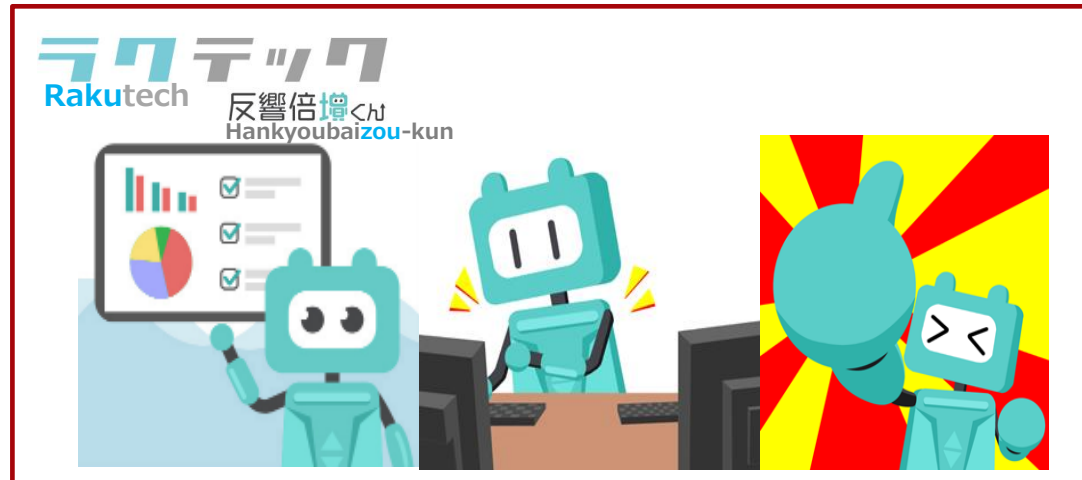
RPA + BPO + AI + big data on leasing
= overwhelming improvement in work efficiency

Moreover, the **AI accuracy improves autonomously through continuous learning and inference cycles.**



Forecasting responses to properties using AI based on abundant big data on leasing provides a major market advantage.

(Patent No. 6670406)



AI-based robot to forecast responses to rental properties

With real estate knowledge installed in RPA, AI analyzes property information to predict “properties that customers want to rent.” **AI-related patents have been obtained** to establish market advantage for Rakutech.

[Advantages of customers using the product]

Well received as a robot for increasing work efficiency and capturing customer needs, as shown in a comment: “Even a part-time worker can enter property information instead of the shop manager and can receive more inquiries (customer reactions) than the shop manager.

The more Rakutech is used, the more its accuracy improves, as it creates a model utilizing the user’s original features, repeatedly conducts learning, and forecasts inquiries from customers in consideration of the seasonal characteristics.

Good evaluation from customers using Rakutech



Introduced “Rakutech for management companies”

After introducing the robot, data entry work that earlier required a day and two persons can be done in an hour by a single person.
This allows employees to concentrate on higher value-added operations (sales and marketing).

Property management company A in Tokyo



Introduced “Rakutech for brokers”

AI-based inquiry forecast has eliminated property selections that were up to individuals.
After introduction, the time for data entry per case was reduced to less than half.

Leasing brokerage company B in Tokyo



**Consolidates subsidiary
Ambition Agency Co., Ltd.**

The brokerage leasing company of the Ambition Group also introduced “Rakutech for brokers”

Automatic posting and business outsourcing have significantly increased work efficiency, reducing the workforce involved in data entry work by 50%.

With development of products incorporating important functions completed, we will take the offensive to **expand our share in the real estate RPA market all at once.**

Expanding our sales force



Expand the sales force, which is at a minimum level now, all at once

Strengthening marketing



Conduct investments in advertising centering on websites

Implementing agency and alliance strategies



Utilize networks to expand the sales channels

Make an approach to approx. 125,000 real estate management companies and brokers throughout Japan.

There is plenty room for expanding the market, as the PRA adoption rate in the real estate industry is not so high yet.

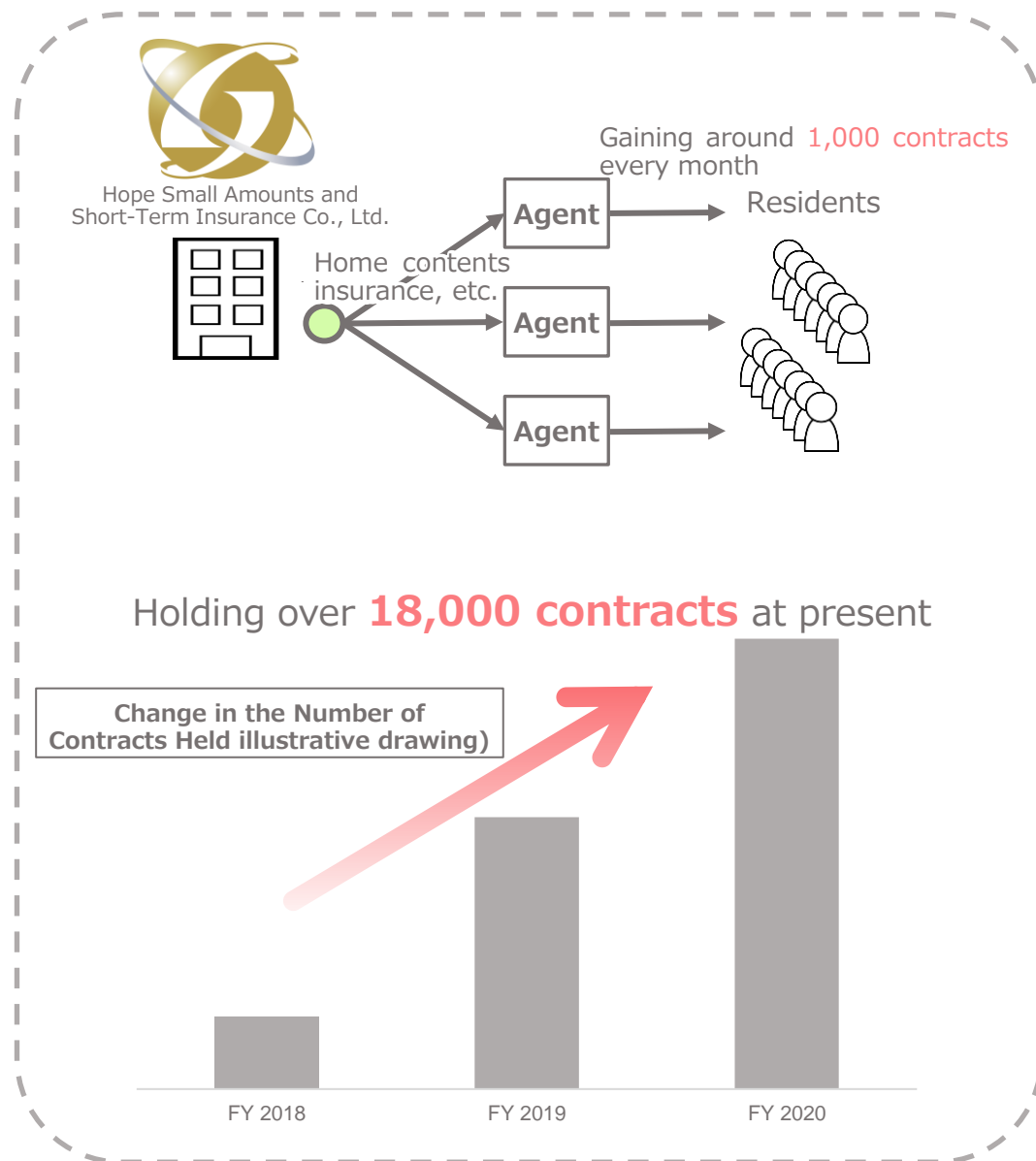
Other: Small Amounts and Short-Term Insurance Business (Hope Small Amounts and Short-Term Insurance)

Since its establishment in **November 2016**, Hope Small Amounts and Short-Term Insurance Co., Ltd. has provided customers residing in properties managed/brokered by Ambition Group with home contents insurance and liability insurance for residents of rental housing.



[Key points]

- Around 1,000 new contracts every month
- The number of insurance contracts has risen in line with the increase in the number of units managed by Ambition
- Able to address the diverse needs of customers by having a small amounts and short-term insurance business within the Group



September 2020: Plans to launch a new product and introduce a new system to promote InsurTech

“**New Living Security Insurance**,” a new product that features enhanced coverage including a variety of plans to accommodate customer needs, will have stronger market competitiveness, allowing expectations for an increased number of insurance purchasers.



- Covering the risk of facility damages
- Rapid Solution Service for House Problems (24/7 service) and other services in enhanced coverage

Moreover, the introduction of “**MONOLITH**”, a new system that can complete the entire process from application to payment digitally by promoting InsurTech, is expected to win a larger number of agents.

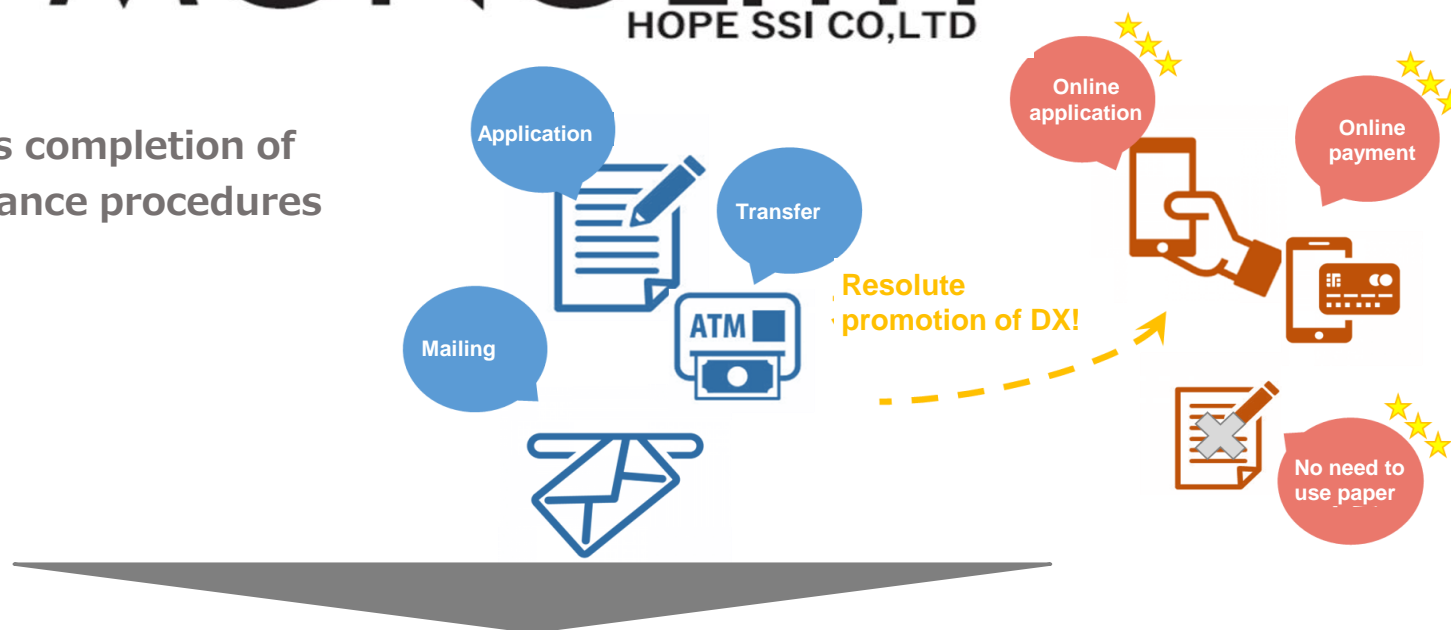
A new system for the small amounts and short-term insurance business to promote InsurTech

MONOLITH

HOPE SSI CO,LTD

The system makes completion of bothersome insurance procedures

- paperless and
- cashless



<Advantage for customers>

No need to come to the store for the entire process from application to payment

<Advantage for agents>

No need to print or send documents, so the labor of sending, collecting the original, and checking can be eliminated.

The contract rate will also rise by shortening the period from proposal to conclusion of contract

Operations were suspended temporarily with the emergency declaration regarding COVID-19 but **resumed in July after it was lifted.**

While demand for inbound tourism remains stagnant, operations are conducted by thoroughly implementing measures to prevent COVID-19.



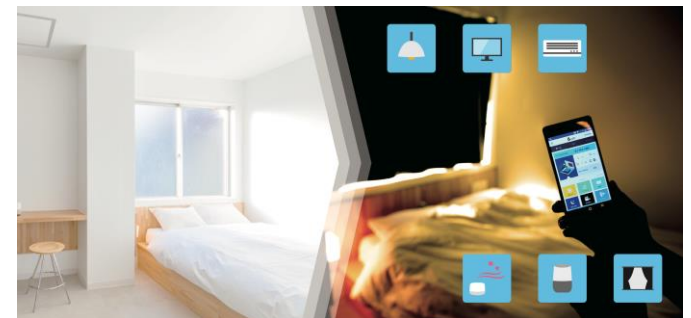
[Measures to prevent infection from COVID-19]

<For staff>

- In consideration of the health and safety of staff, staff are to wear a face mask at work.
- Health checks and measurements of body temperature are required of staff upon arrival at work (rest at home if 37.5°C or higher).
- Thoroughly ensuring frequent washing of hands and gargling during and out of work.

<For guests>

- All guest rooms have the inside of rooms disinfected using hypochlorous acid prior to check-in
- All guest rooms are equipped with hand soap and mouthwash
- Guests can rent thermometers free of charge to measure their body temperature

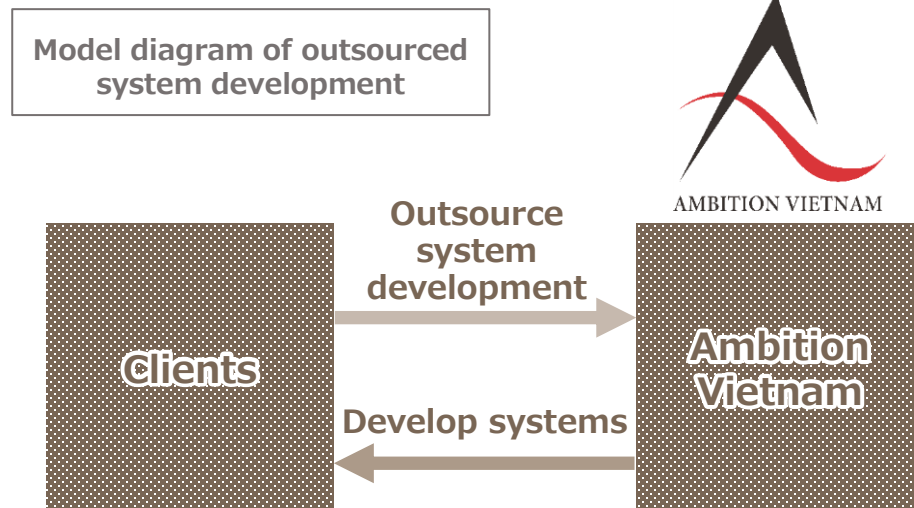


International operations are being implemented through our affiliate in Vietnam since it was established in April 2015.

<<Major operations>>

- Web system development outsourced from companies in Vietnam and Japanese venture firms
- BPO operations for the Ambition Group (data entry service)
- Real estate purchase/sale and leasing brokerage services for foreigners in Vietnam

We are engaged in development and renovation not only for the real estate business but also for the creation of better life. In conducting real estate business, Ambition Vietnam provides brokerage services centering on real estate leasing and purchase/sale by fusing IT and Ambition's businesses.



[Real Estate Tech Business]

Re-Tech RaaS will endeavor to **maximize the number of customers acquired** in the current fiscal year ending June 2021.

⇒ **Expected to contribute significantly to profits with high profit margin achieved after turning profitable.**

- Continue upfront investments.

Fiscal year ended June 2020: focused on system development staff

⇒ Fiscal year ending June 2021: marketing/sales staff and advertising, etc.

Aim to obtain the top share in the real estate RPA market



In the future, attempt to sell RPA packages to companies in areas other than real estate.

[Small Amounts and Short-Term Insurance Business]

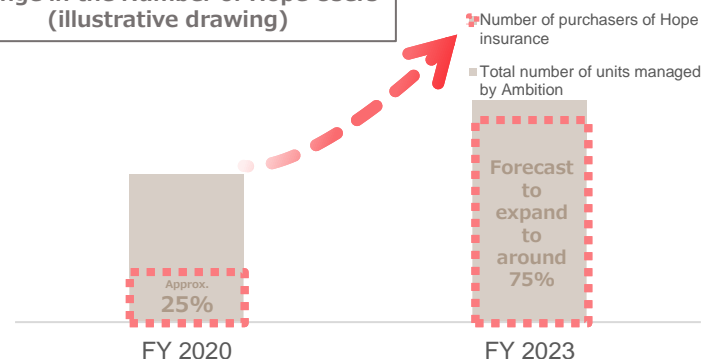
Hope is projected to **turn profitable** in the current fiscal year ending June 2021, the fourth year since it started operations.

⇒ **It is a stock business that will accumulate profits in a stable manner it turns profitable.**

- Aim to expand our share by increasing the number of new contracts and agents by promoting InsurTech.
- Aim to win contracts with management companies having numerous managed units.

The ratio of residents who purchased insurance among all residents in units managed by Ambition is expected to increase by about threefold in the next three years.

Change in the Number of Hope Users (illustrative drawing)



07

Forecast for the Current Fiscal Year

Consolidated Forecasts for Fiscal Year Ending June 2021

Forecast for the Current Fiscal Year

Sales and profit are expected to see **double-digit increases led by the mainstay Property Management Business** that is less susceptible to the negative impact of COVID-19

- Net sales: Stronger in first half (due to sales of Veritas properties in the Investment Business occurring more in the first half)
- Operating profit/loss: Stronger in second half (due to profit in the Property Management Business and Rental Brokerage Business accumulating more in the second half due to the usual seasonal factors)

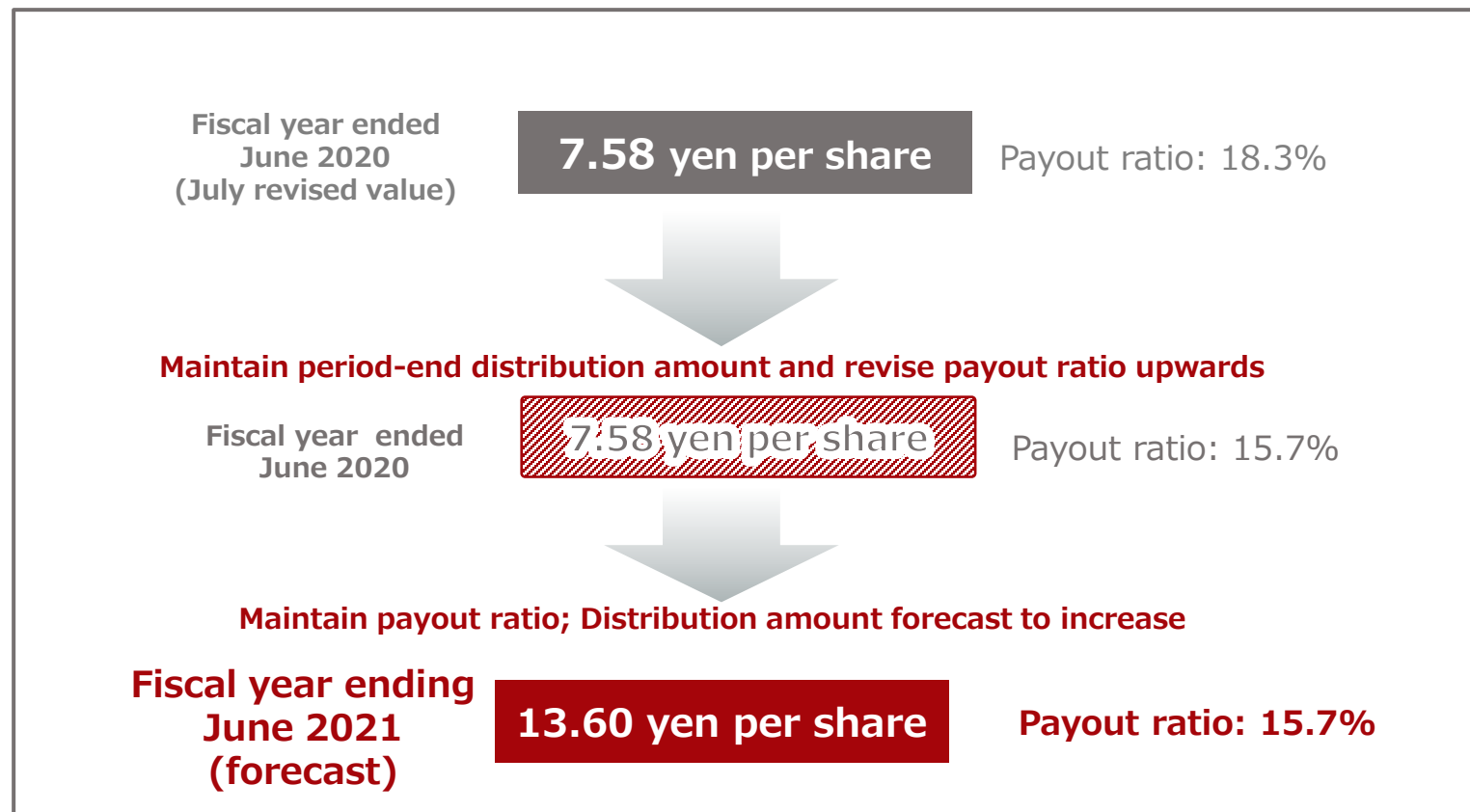
(million yen)

	Results for fiscal year ended June 2020 (A)	Forecast for fiscal year ending June 2021 (H1) (Note)	Forecast for fiscal year ending June 2021 (B) (Note)	YoY comparison (B/A)
Net sales	27,414	15,651	30,628	+11.7%
EBITDA	1,173	629	1,516	+29.2%
Operating profit	921	434	1,121	+21.6%
Ordinary profit	817	358	961	+17.6%
Profit attributable to owners of parent	327	193	589	+79.9%

(Note) Business forecasts and other forward-looking statements in this document are based on information currently available to Ambition as well as certain assumptions deemed to be rational. Therefore, actual results may differ significantly due to various factors.

We will continue with a plan for stable shareholder return going forward while conducting proactive upfront investment in growth areas.

- Previous fiscal year ended June 2020: Remain at 7.58 yen per share, the value revised in July
- Current fiscal year ending June 2021: Scheduled payout ratio for the end of the fiscal year is 15.7%, the same as the previous period
Distribution per share is scheduled to be 13.60 yen, an increase of 6.02 yen



08

Mid-Term Policy

Mid-Term Policy

We will **expand the stable revenue base of the existing real estate business** centered on property management, which is a stock business.

While actively promoting **new businesses centering on DX in the residential field**, we will aim **to become a leading company in the real estate industry in both the physical and digital realms**.

Existing Business

Growth of Property Management Business, which is relatively unaffected by the economy and whose revenue base keeps growing, will be the core. Promote **increase in managed units (KPI)** centering on studio condominiums in Tokyo which already comprises a large share.

In the Investment Business and Rental Brokerage Business, aim for revenue contribution by actively and carefully stepping on the accelerator.

New Business

Aim to **obtain no. 1 share** rapidly in the Real Estate RPA Business where upfront investment is being made. Owing to the SaaS model, large contributions to revenue can be expected after becoming profitable.

Continue to **promote InsurTech** in the Small Amounts and Short-Term Insurance Business, a stock business, as well as focusing on increasing the number of contracts and agents.

Actively engage in R&D of technology that will evolve the industry.

*The medium-term goal will be reviewed in light of the situation with COVID-19, status of progress of new businesses, etc.

Ambition Group aims for rapid growth of its performance after turning new businesses profitable while strongly improving performance of existing businesses.

Performance Growth

Highly
profitable
new
businesses

Steady growth
of stock
businesses

Aim for rapid growth in
operating profit after
turning Real Estate Tech
Business profitable

Real Estate Tech
Business

Small Amounts and
Short-Term
Insurance Business

Existing Businesses

- Property Management Business
- Investment Business
- Rental Brokerage Business

Currently implementing proactive upfront investment

09

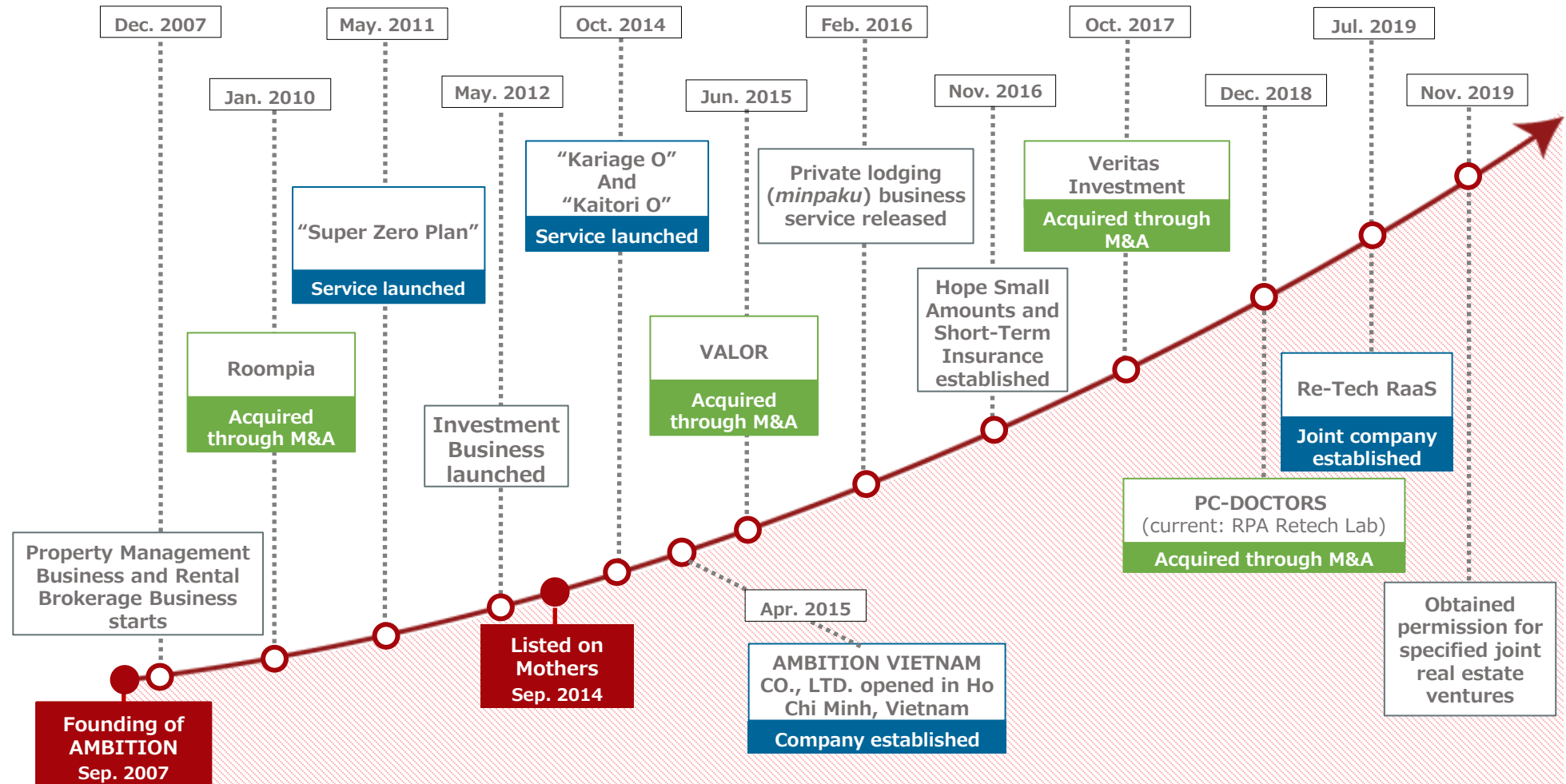
APPENDIX

Profile of Ambition Group Companies

Company name	Ambition Corporation
Representative	Takeshi Shimizu
Established	September 14, 2007
Listed exchange	Tokyo Stock Exchange (Mothers)
Listing date	September 19, 2014
Capital	379,780,200 yen
Settlement period	End of June each year
Directors	Takumi Suzuki, Executive Managing Director; Masaaki Yamaguchi, Director Fumio Nagase, Director (Supervisory Auditor, etc.); Miki Hayashi, Director (Supervisory Auditor, etc.); Hiroto Kawano, Director (Supervisory Auditor, etc.); Shuichi Takenaga, Director (Supervisory Auditor, etc.)
License number	Minister of Land, Infrastructure, Transport and Tourism (2) No. 8023
Head office location	Sumitomo Fudosan Harajuku Building 18F, 2-34-17, Jingumae, Shibuya-ku, Tokyo
Department	Property Management Department: Investment Department: Information Strategy Division / Leasing Brokerage Division Business Administration Department: Corporate Planning Office /Financial Affairs Division / Internal Audit Office
Consolidates subsidiary	Ambition Agency Co., Ltd. Ambition Partner Co., Ltd. Ambition Rent Co., Ltd. VALOR Co., Ltd. Veritas Investment Co., Ltd. Hope Small Amounts and Short-Term Insurance Co., Ltd. VISION Co., Ltd. AMBITION VIETNAM CO., LTD. RPA Retech Lab Inc. Re-Tech RaaS Inc.
Partner banks	MUFG Bank, Resona Bank, Mizuho Bank, Sumitomo Mitsui Banking Corporation, ORIX Bank Corporation, Chiba Bank, etc.

Company name	Ambition Agency Co., Ltd.
Representative	Toru Oishi
Directors	Takumi Suzuki, Director; Masaaki Yamaguchi, Director; Fumiyoshi Ozeki, Auditor
License number	Minister of Land, Infrastructure, Transport and Tourism (1) No. 9692
Head office location	Sumitomo Fudosan Harajuku Building 16F, 2-34-17, Jingumae, Shibuya-ku, Tokyo
Branches	Naka-Meguro Branch, Takadanobaba Branch, Ginza Branch, Corporate Division, Higashi-Omiya Branch
Company name	VALOR Co., Ltd.
Representative	Naoto Tamura
Directors	Takumi Suzuki, Director; Kazuto Sato, Director; Fumiyoshi Ozeki, Auditor
License number	Minister of Land, Infrastructure, Transport and Tourism (1) No. 9662
Head office location	Nagaoka Building 3F, 2-1-22 Kitasaiwai, Nishi-ku, Yokohama, Kanagawa
Branches	Yokohama Branch, Hiyoshi Branch, Kamiooka Branch, Futamatagawa Branch, Tsurumi Branch, Yokohama Okano Branch, Sagami-Ono Branch
Company name	Veritas Investment Co., Ltd.
Representative	Hideki Kawada
Directors	Tomohiko Maeda, Representative Director and Vice President; Yoshio Maruyama, Director; Takeshi Shimizu, Director; Takumi Suzuki, Director; Masaaki Yamaguchi, Director; Fumiyoshi Ozeki, Auditor
License number	Building Lots and Building Transaction Business, Governor of Tokyo (3) No. 89191 Condominium Management Business, Minister of Land, Infrastructure, Transport and Tourism (2) No. 033520 First-class architect office, registered with the Governor of Tokyo, No. 55840
Head office location	Shibuya Mark City West 19F, 1-12-1 Dogenzaka, Shibuya-ku, Tokyo
Company name	Hope Small Amounts and Short-Term Insurance Co., Ltd.
Representative	Ryohei Fukumoto
Directors	Takeshi Shimizu, Director; Takumi Suzuki, Director; Fumiyoshi Ozeki, Auditor
Registration number	Director-General of the Kanto Finance Bureau (small amounts and short-term insurance) No. 80
Head office location	Sumitomo Fudosan Harajuku Building 18F, 2-34-17, Jingumae, Shibuya-ku, Tokyo

Trajectory of Expansion of Business and Services



Announcement of New Services and Business Partnerships

- [AMBITION Property Management Business] Aug. 2019 (Q1): Launched An-Toku Relocation Service, a new service for moving + purchase of disused articles
- [Re-Tech RaaS] Aug. 2019 (Q1): Business partnership with Dangonet
- [RPA Retech Lab] Sep. 2019 (Q1): Launch of RPA operation entrusted from NTT DOCOMO

Property Management Business



Launched An-Toku Relocation Service



In August 2019 (Q1), we launched a service which offers lower relocation charges by reducing items upon relocation through purchase of disused items that are found when packing.

RPA in Other Businesses

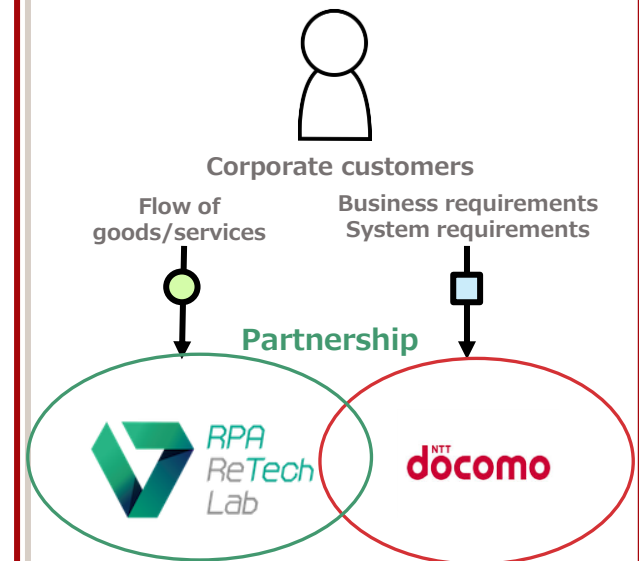
Increased inquiries through posting of properties by AI
Connecting the property management system with other systems using RPA



Announced business partnership in Aug. 2019 (Q1)

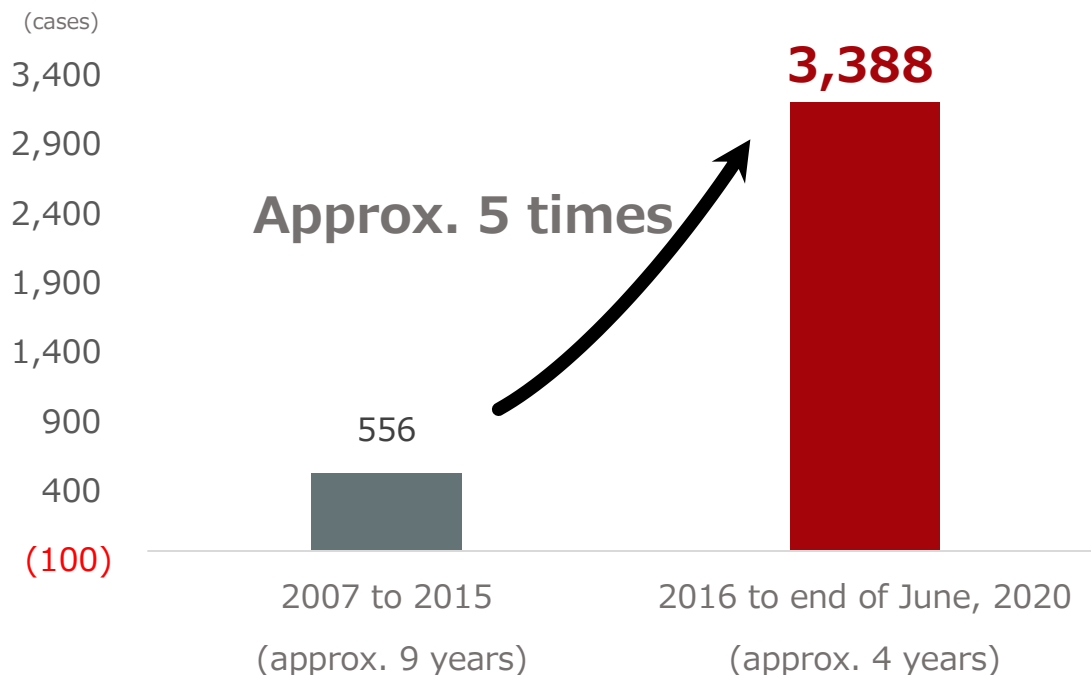
RPA in Other Businesses

Entrusted with RPA operation business from NTT DOCOMO



While inbound demand is stagnant due to COVID-19, the **rate of foreign residents** in the 20,343 units managed by Ambition was maintained at **9.0%**, the same level as before the occurrence of COVID-19 (9.1% at the end of Dec. 2019) through the incorporation of demand for relocation of foreign residents through brokers specializing in foreign nationals.

Number of Contracts with Foreign Residents in Properties Managed by Ambition



Number of Foreigners in Japan

2,939,000
(Approx. 2.2% of total population)

YoY comparison **+202,000** (Note)

(Note) Ministry of Justice's "Statistics on Foreign Residents," Dec. 2019

“Visualize” on the screen of web browsers in an easy-to-understand manner with the introduction “CPMA”

- Unified management of vacancy confirmation, property viewing, and contract process management on the website
- “Enhancement of customer satisfaction” by spending more time for clients
- Realization of work-style reform

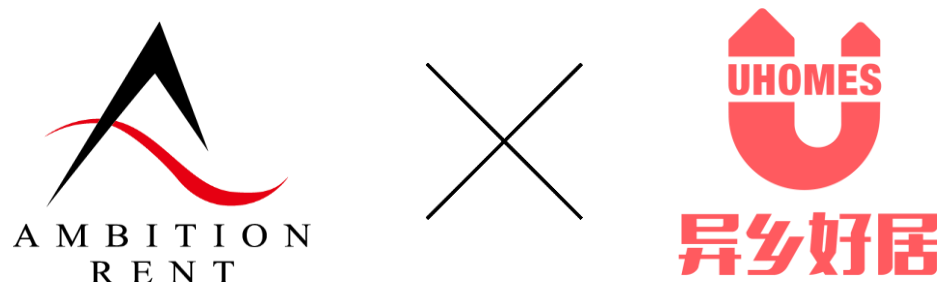
“CPMA,” an exclusive website for brokers

Screening status is shown here



*Screenshot of actual subscription page

Business partnership with “Uhomes,” a major leasing operator for students from China



In August 2019 (Q1), Ambition Rent Co., Ltd., agreed with Uhouzz Network Technology Co., Ltd., a Chinese company involved in the accommodation brokerage business for international students (brand name: Uhomes; hereinafter, referred to as “Uhomes”), to form a business partnership.

Uhomes is a leading Chinese company involved in the accommodation brokerage business mainly for Chinese students studying abroad. It has provided safe and secure housing to a total of 80,000 Chinese students living abroad in the four years since its establishment.

Leveraging the opportunity provided through this partnership, Ambition Rent introduces properties to students studying in Japan based on Uhomes’ real estate information website for Chinese students studying abroad and concludes contracts.



The number of contracts had been increasing steadily since forming the business partnership, **but restrictions on travel and quarantine measures due to the impact of COVID-19 have led to a series of cancellations in applications. Going forward, recovery in demand can be expected once the impact of COVID-19 subsides and international students’ entry into universities becomes finalized.**

Reorganization of Rental Brokerage Business (Ambition Agency)

- Ambition ROOMPIA Co., Ltd. underwent an absorption-type merger effective April 30, 2020, and became **Ambition Agency Co., Ltd.** effective May 1, 2020.
- Following on the history to date, stores will operate under the name ROOMPIA.
- With the reorganization, on May 9, 2020, **ROOMPIA Sagami-Ono Branch** was opened as **VALOR Sagami-Ono Branch**.



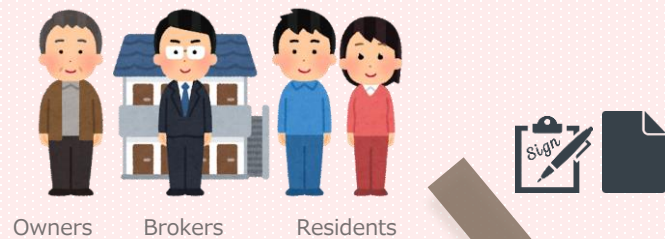
"Ambition Agency Co., Ltd."
in business



New opening of
"VALOR Co., Ltd." Sagami-Ono Branch

Introducing the real estate RPA package “Rakutech” leads to progress in business growth

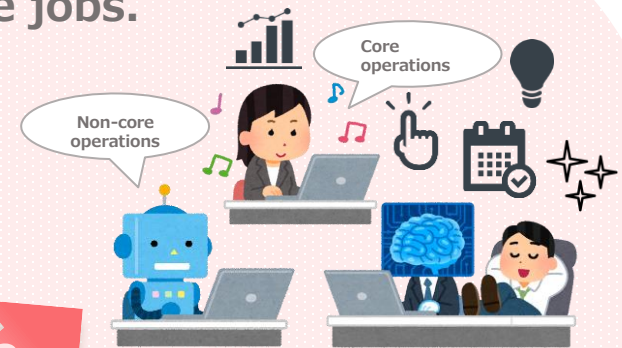
Improvement in work efficiency can be expected as employees can focus on core jobs.



Cumbersome exchange of massive amount of paper and documents



Introduce “Rakutech”



Focus on core jobs and make progress in business growth

What is “Rakutech”?

Rakutech is a service that takes care of input operations, the non-core jobs (simple data input operations, etc.) of real estate companies, by using RPA and BPO.

Cumbersome data input and output

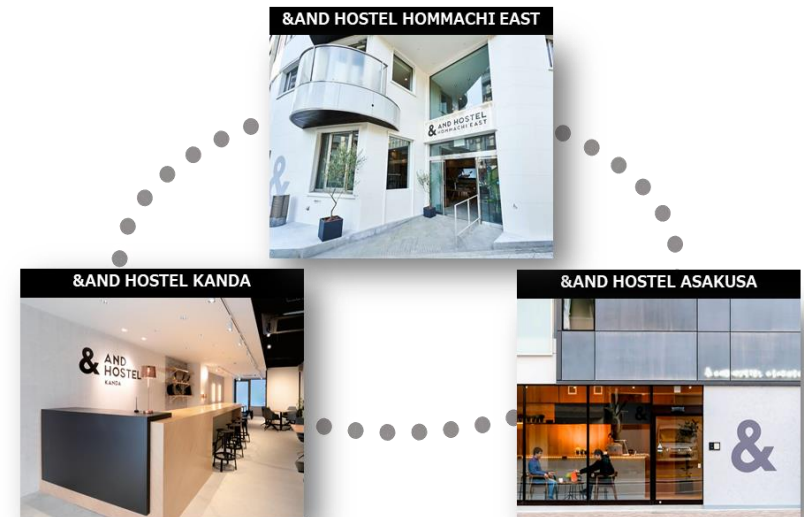
About the &AND HOSTEL Smart Hostel Brand

&AND HOSTEL produced by the company 'and factory' is an experiential lodging facility which consolidates cutting-edge IoT devices in one place and provides an enjoyable near-future IoT space. It is a smart hostel to connect to the world, providing not only IoT experiences but also a place for encounters and gatherings of lodgers with vibrant communication only possible at hostels.



In August 2019 (Q1), we concluded a sublease agreement for **&AND HOSTEL HOMMACHI EAST**, a hostel that incorporates **IoT**. Similar to **&AND HOSTEL ASAKUSA** and **&AND HOSTEL KANDA**, it is well received as a smart hostel connecting to the world.

Sublease agreements concluded for 2 facilities in Tokyo and 1 facility in Osaka



This document has been prepared by Ambition Corporation (“Ambition”) solely for the purpose of providing information on Ambition and Ambition’s group companies (the “Group”) and such, and does not constitute an offer to solicit investment in the stock or other securities issued by Ambition in Japan or abroad.

Outlook, forecasts, plans, targets and other performance forecast and future outlook concerning Ambition and the Group described in this document are Ambition’s judgements based on information available as of the date of this document.

Forecasts include various uncertain factors and actual performance may differ significantly from these future outlook.

A high-angle, wide shot of the Tokyo skyline at sunset. The Tokyo Tower, a red and white lattice tower, dominates the left side of the frame, extending from the bottom to the top. The background is filled with a dense forest of skyscrapers and buildings, their silhouettes softened by the hazy, golden light of the setting sun. The sky is a pale, warm orange. In the center of the image, the word "END" is written in large, white, sans-serif capital letters. In the lower foreground, some smaller signs are visible, including one that says "DUSK.N" and another that says "IMMER TRIP".

END