

Q3

2020

Securities
Code

3300



A M B I T I O N

Supplementary Financial Materials

Fiscal Year Ending June 2020 (Q3)

May 15, 2020

01	About Ambition Group	P. 3
02	Financial Summary	P. 11
03	Property Management Business	P. 19
04	Investment Business	P. 29
05	Rental Brokerage Business	P. 35
06	Other Business	P. 41
07	Forecast for the Current Fiscal Year	P. 54
08	Mid-Term Goal “AMBITION PROJECT 100”	P. 57
09	APPENDIX	P. 61

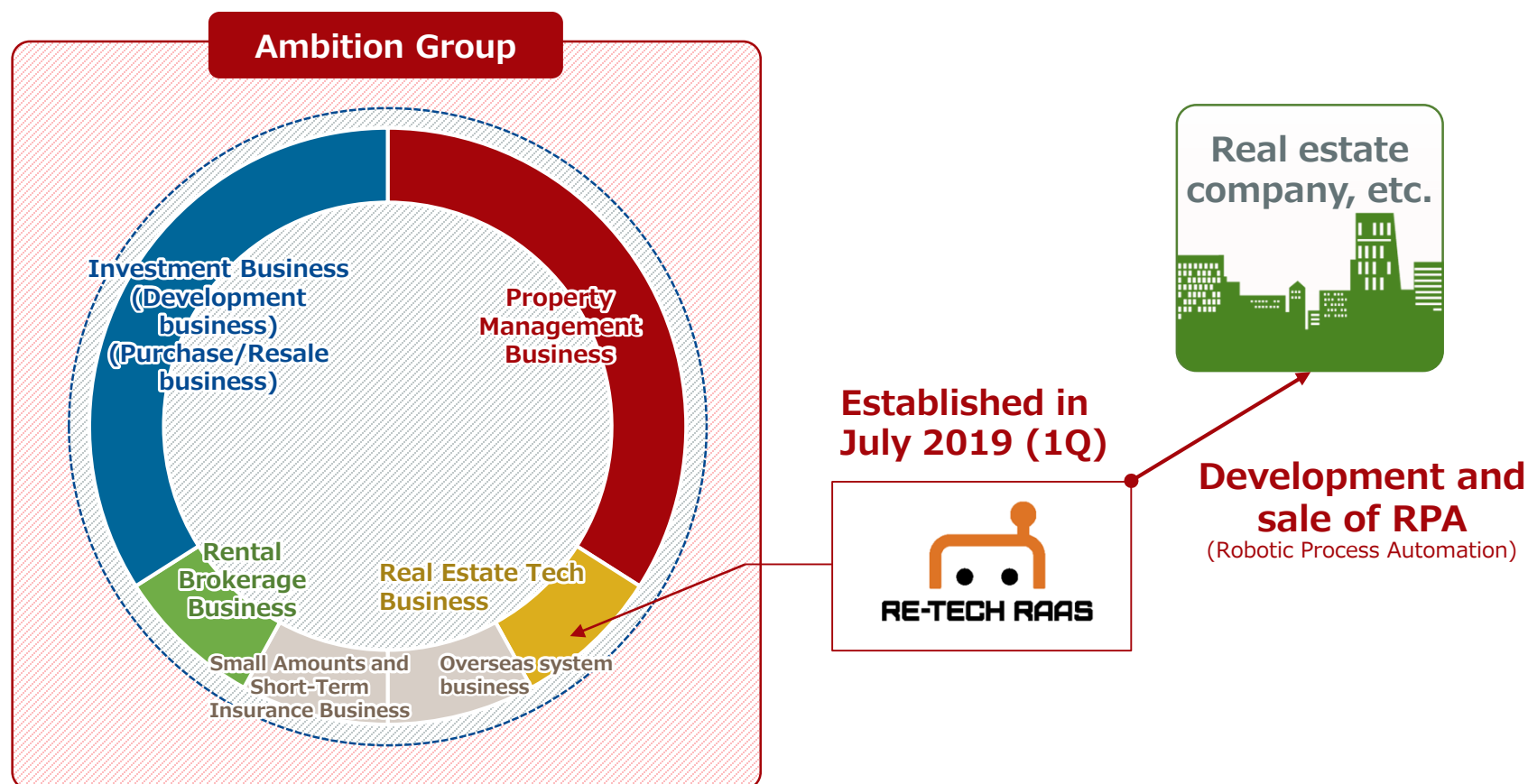
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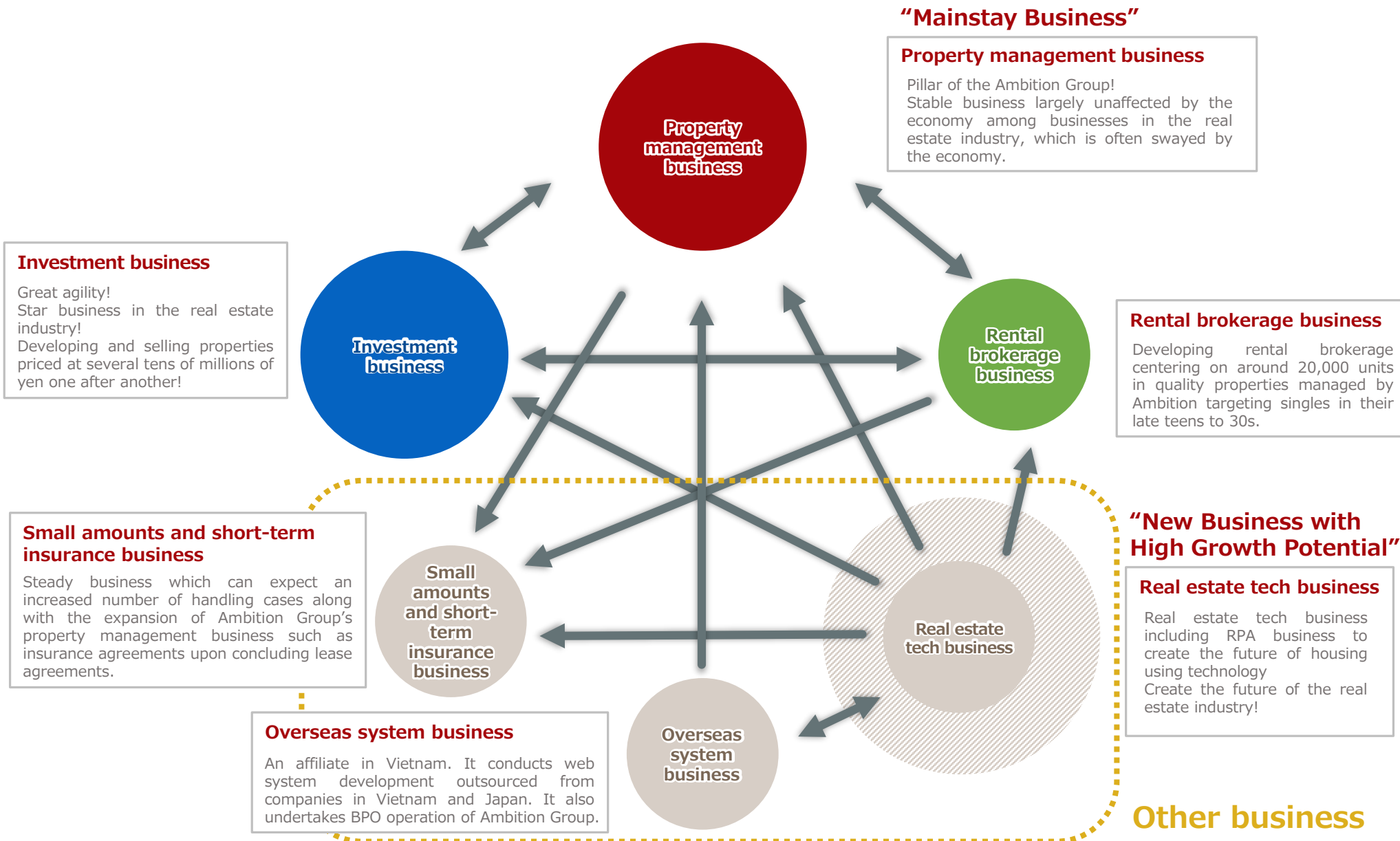
About Ambition Group

What Does Ambition Group Do?

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

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





Policy for the Fiscal Year Ending June 2020

[A year to challenge for dramatic growth in the next fiscal year and after]

- ◇ Policy for the current fiscal year is to **focus on new businesses** that are important for the future growth of the Ambition Group, in addition to the **growth of existing business**.
 - ◇ Positioning the current fiscal year as the first year of the project under **AMBITION PROJECT 100**, a medium-term goal of achieving 10 billion yen in operating profit at an early stage, Ambition is scheduled to make **proactive upfront investment (present assumed amount for the full year: around 500 million yen)** centering on the highly profitable RPA business.
-
- ◇ **The past forecast for the full year was revised downward upon announcement of the financial results for the third quarter due to the issuance of a declaration of a state of emergency adding to the plan for the current fiscal year to be extremely disproportionate in the second half, but the mainstay property management business continues strong unaffected by COVID-19.**
 - ◇ **Considering that the mainstay business generates stable revenue, Ambition will have no problem operating as posting of profit will be feasible even if COVID-19 persists for several years.**

Property management business

Increase in sales and increase in profit continued into the third quarter. Going strong unaffected by the impact of COVID-19 with stable increase in the number of managed units and maintaining a high occupancy rate. Showing **better-than-expected business performance**.

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

Positive changes: Led to promotion of telework, and promotion of next-generation management operations and administrative work.

Rental brokerage business

Decrease in sales and decrease in profit in the third quarter. With the issuance of a declaration of a state of emergency (fourth quarter) making the trend of refraining from going out and refraining from relocating stronger, the number of people visiting stores decreased substantially. Demand from companies also decreased.

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

Positive changes: Remote property viewing is rapidly growing in significance, proving the process of changing the area of focus from brick-and-mortar stores to attracting customers mainly through websites underway since the previous fiscal year meaningful.

⇒ **After the declaration is lifted, gradual recovery in the number of people visiting stores and demand from companies is expected.**

Investment business

Decrease in sales and decrease in profit in the third quarter due to properties targeted for sales being fewer than the same period of the previous fiscal year. The issuance of a declaration of a state of emergency (fourth quarter) caused demerits in that payment settlements had to be postponed. Also temporarily suspending purchase of properties due to decline in consumer sentiment.

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

⇒ **After the declaration is lifted, posting of sales is expected from completion of payment settlements for contracted projects one after another, but deferment to the next fiscal year also a possibility.**

Other business

Increase in sales and posting of deficit with carrying out of upfront investment continued into the third quarter. The impact of COVID-19 on the real estate tech business was shifting business meetings and seminars to online and winning pre-orders for introduction of real estate RPA service. Impact on hotel was temporary suspension of operations. Insurance and overseas were unaffected by COVID-19.

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

Positive changes (Tech):

Utilization of clouds and introduction of telework led to growing significance of the robustness of IT infrastructure in the acceleration of shifting consumer services to non-face-to-face.

Considering that the mainstay property management business is a subscription-based stock business, profit can continue to be generated in a stable manner.

Ambition's business model has relatively few COVID-19 demerits!

- [Property management business]
 - Improved occupancy rate (98.4%) led to gross profit from sales increasing by 23% year on year.
 - Conducting online handlings using CPMA from before, the acceleration of application of IT due to COVID-19 facilitated highlighting of Ambition's strengths.
 - In the private lodging (*minpaku*) business, offering as space for remote work serving as means to contribute to society amid COVID-19. (⇒details on next page)
- [Rental brokerage business]
 - Currently offering remote property viewing and showing, etc. Enabled finding rooms for far-away customers.
 - Introducing new remote customer service system on a trial basis since GW. Demand is expected to grow going forward due to COVID-19.
- [Other business]
 - In the real estate tech business, selling telework promoting products (RPA) with the government's subsidy support can be expected to accelerate application of IT.
 - In the insurance business, renewals of lease contracts and insurance contracts can be expected as there are increasing cases of customers reaching their contract renewal period choosing to renew contracts rather than relocate for such reasons as refrainment from going out and financial standing under the current economic situation.
- Progress in shifting to remote throughout the company led to reduction in employees' transportation expenses and other costs, new meeting styles not bound by location, and other greater operational efficiency.



In the current fiscal year, the forecast for the full year was revised downward, but Ambition's business model is structured to be capable of posting profit and can be expected to accelerate as a real estate tech company even with the spread of COVID-19 and other state-of-emergency situations!

[NEW] Announced on April 24, 2020! “Refresh Plan” offering stays at Ambition’s *minpaku* properties at discounted rates

As part of initiatives to contribute to society amid COVID-19, Ambition launched “Refresh Plan” offering stays at two Ambition-owned private lodging (*minpaku*) properties in Tokyo’s Ota Ward at discounted rates (rates from 3,500 yen per night *56% off standard rates) for customers wanting to stay indoors at a place other than home, customers wanting to avoid risk of infection and thoroughly ensure health management, customers wanting to telework, etc. All rooms are equipped with Wi-Fi of course, but also washing machine, kitchen, cooking utensils, eating utensils, microwave and other basic daily living necessities. Weekly plan, monthly plan and other long-term stays are also available.

[*Minpaku* property outline]

Two designer *minpaku* properties where guests can stay for 2 nights or longer in Tokyo’s Ota Ward, which has been designated as a special *minpaku* ward:

- **C’est joli IKEGAMI**
- **HANEDA Bienvenue**

that are in operation and well received!



***C’est joli IKEGAMI is three-time (2016/2018/2020) winner of “Traveller Review Awards” hosted by “Booking.com™,” one of the world’s largest accommodation booking websites**

[Measures to prevent infection from COVID-19]

<For staff>

- In consideration for the health and safety of staff, staff are to wear a face mask at work
- Health check and measurement 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 gargle
- Rental of thermometer free of charge to guests wanting to measure their body temperature

Major Topics during the Current Fiscal Year

[Major Topics during Fiscal Year Ending June 2020 (H1)]

■ July 2, 2019	Established Ambition Rent Co., Ltd. and Ambition Partner Co., Ltd.	P.39
■ July 19, 2019	Announced establishment of Re-Tech RaaS Inc., a joint company (Establishment date: July 29)	P.44
■ November 27, 2019	Announced obtainment of permission for specified joint real estate ventures (crowd-funding for real estate investment)	P.34

[Fiscal Year Ending June 2020 (Q3)]

■ January 14, 2020	Launched website of Afunding, a crowd-funding service for real estate investment, and announced the commencement of solicitation of funds for first project	P.34
■ January 22, 2020	Received Traveller Review Awards 2020 hosted by Booking.com, the world's largest accommodation booking website	P.9
■ February 7, 2020	Announced downward revision of forecasts for the first half of the current fiscal year (forecasts for the full-year remain the same)	-
■ February 21, 2020	[Veritas] Announced launch of waiting list for 1R and 1K types (88 units in total) of new designer condominium for investment "THE PREMIUM CUBE G Osaki"	P.32
■ February 21, 2020	[Veritas] Announced launch of sales of new designer condominium for investment "PREMIUM CUBE Ikebukuro Kanamecho"	P.32
■ March 2, 2020	Announced capital and business partnership with Headwaters, which has an abundant development track record from the early days of AI and robotics	-
■ March 26, 2020	Announced listing of invested company Cyber Security Cloud <4493> on the TSE Mothers Market	P.18
■ March 27, 2020	Announced Ambition's measures against COVID-19	-
■ March 30, 2020	Announced acquisition of land for development of for-sale real estate	-

Reference [Fiscal Year Ending June 2020 (Q4 Onward)]

■ April 24, 2020	Announced launch of "Refresh Plan" offering stays at Ambition's private lodging (<i>minpaku</i>) properties at discounted rates	P.9
■ May 1, 2020	Absorption-type merger of Ambition ROOMPIA Co., Ltd. into Ambition Agency Co., Ltd.	P.38
■ May 14, 2020	Announced acquisition of for-sale real estate	-
■ May 15, 2020	Announced downward revision of forecast for the full year and revision of distribution forecast to a decreased amount	P.13・P.56

02

Financial Summary

Consolidated P/L (Year-on-Year Comparison of Results)

- Posted net sales in the third quarter (from January to March) of 7,659 million yen. Net sales in the first three quarters **decreased by 16.3% year on year** due to the mainstay property management business being strong, but the number of properties targeted for sales being fewer on a year-on-year comparison in the investment business, struggles in the rental brokerage business due to the impact of COVID-19, etc.
- Posted operating profit in the third quarter (from January to March) of 460 million yen. Operating profit in the first three quarters **decreased substantially by 75.7% year on year** due to profit of the property management business increasing by approximately 40% due to the number of managed units and a high occupancy rate being maintained, but profit decreasing in the investment business, posting deficit in the rental brokerage business, carrying out upfront investment in the RPA business (approximately 340 million yen) in the other business, etc.

(million yen)

	First 3Qs of fiscal year ended June 2019 (actual)	First 3Qs of fiscal year ending June 2020 (actual)	YoY comparison
Net sales	23,607	19,764	-16.3%
Gross profit from sales	5,285	3,607	-31.8%
Selling, general and administrative expenses	3,477	3,167	-8.9%
Operating profit/loss	1,808	439	-75.7%
Ordinary profit/loss	1,683	339	-79.8%
Profit attributable to owners of parent	1,028	115	-88.8%

The consolidated forecast for the full year of the fiscal year ending June 2020 (from July 1, 2019 to June 30, 2020) announced on August 14, 2019 was revised downward due to the issuance of a declaration of a state of emergency.

- Although progress is better than planned in the mainstay property management business, net sales for the full year was **revised downward from the past forecast by 5,144 million yen (16.5%) to a forecast of 26,112 million yen** due to the impact of COVID-19. This was mainly attributable to the issuance of a declaration of a state of emergency placing the investment business in a state where payment settlements for contracted projects had to be postponed due to financial institutions scaling back their operations and such raising the possibility of deferment to the next fiscal year (approximately 3,000 million yen worth at most), and purchase of properties being stopped due to decline in consumer sentiment. Stagnation in the rental brokerage business and temporary suspension of operations in the hotel business due to the declaration of a state of emergency were among other reasons.
- Operating profit for the full year was **revised downward from the past forecast by 1,113 million yen (67.6%) to a forecast of 534 million yen** due to the abovementioned factors of decrease in net sales. This was calculated by taking into account that there is a possibility of the amount of deferment of operating profit to the next fiscal year being around 700 million yen at most in the investment business.

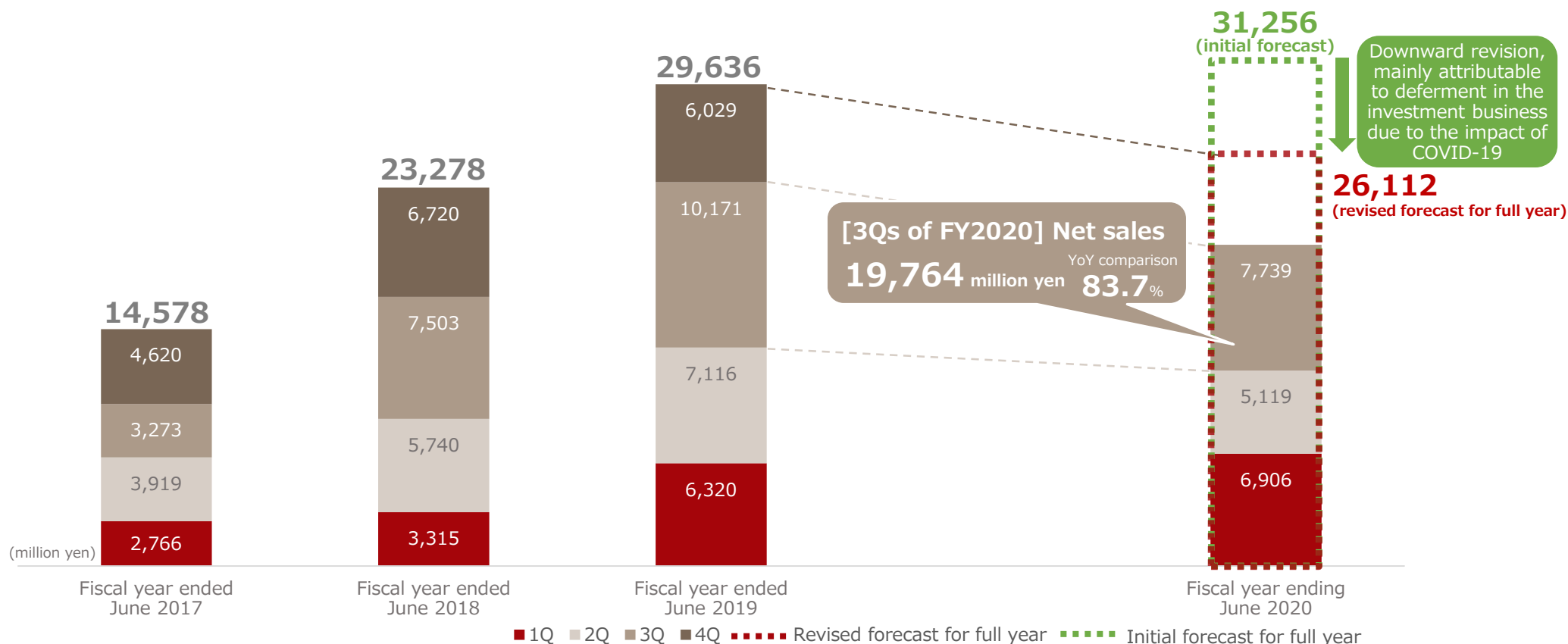
(million yen)

	Fiscal year ending June 2020 (initial forecast)	Fiscal year ending June 2020 (May 15 revised forecast)	Amount of change	Rate of change
Net sales	31,256	26,112	-5,144	-16.5%
Operating profit	1,647	534	-1,113	-67.6%
Ordinary profit	1,470	396	-1,074	-73.1%
Profit attributable to owners of parent	929	116	-813	-87.5%

*Originally, the plan was for the current fiscal year to accumulate revenue the most in the fourth quarter and thus the substantial revision. However, with the status following the lifting of the declaration of a state of emergency (progress after payment settlements resume in the investment business, recovery in demand in the rental brokerage business, timing of resumption of operations in the hotel business, etc.) uncertain at this stage, the outlook for the fourth quarter involves many uncertainties. The revised forecast was calculated using the lower limit figures in the outlook for the fourth quarter for each business. Accordingly, discrepancies with actual results may arise depending on various future circumstances.

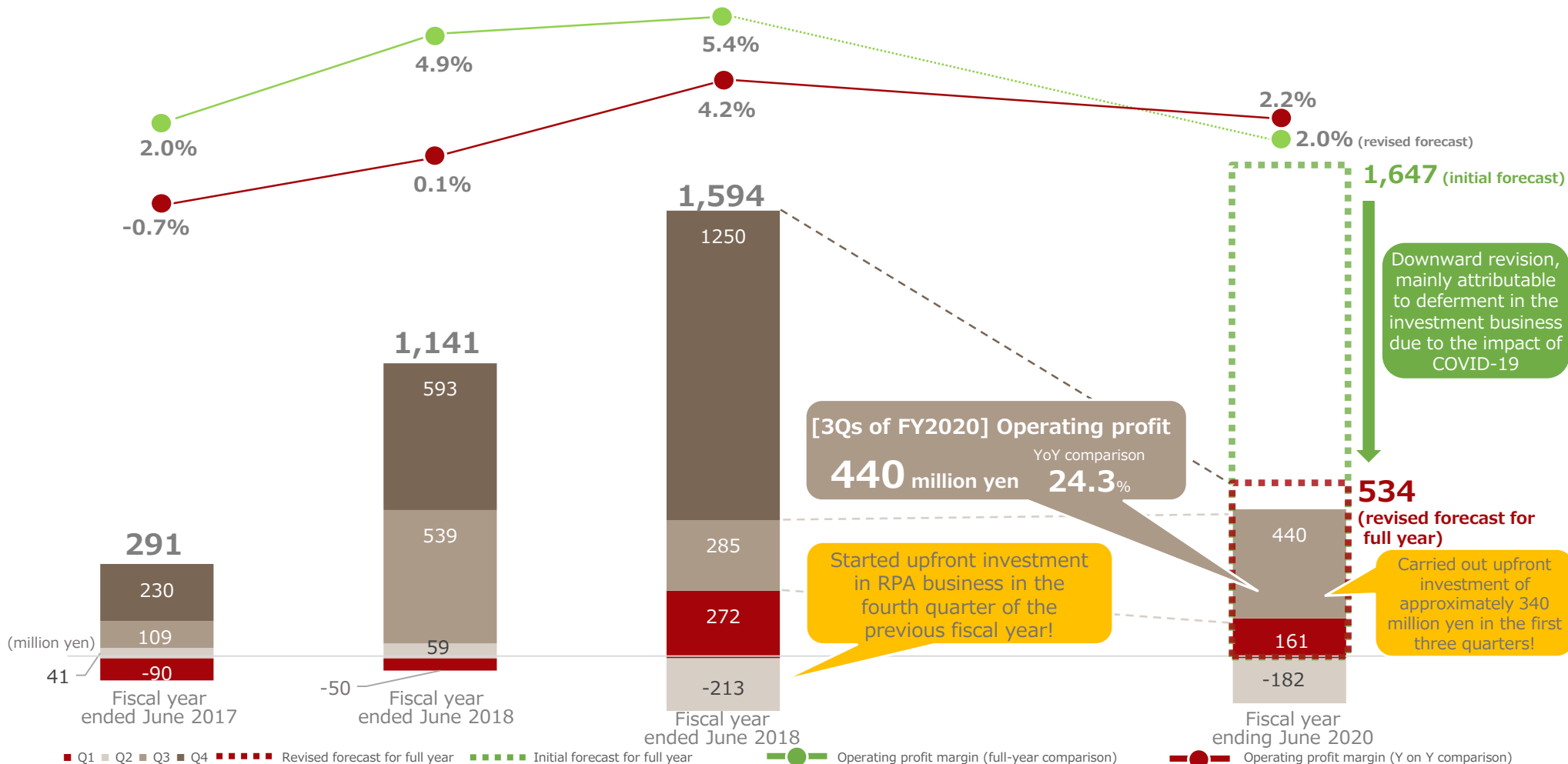
Change in Net Sales (over 4 years)

- Achieved **increase in sales for the twelfth consecutive fiscal year since the founding of Ambition through the previous fiscal year (fiscal year ended June 2019).**
- 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)
- The plan at the time of passing the halfway point of the current fiscal year was for it to be a fiscal year in which net sales will occur especially disproportionately in the second half than usual, but was revised downward due to the impact of COVID-19 to now trend toward net sales occurring slightly disproportionately in the second half.



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

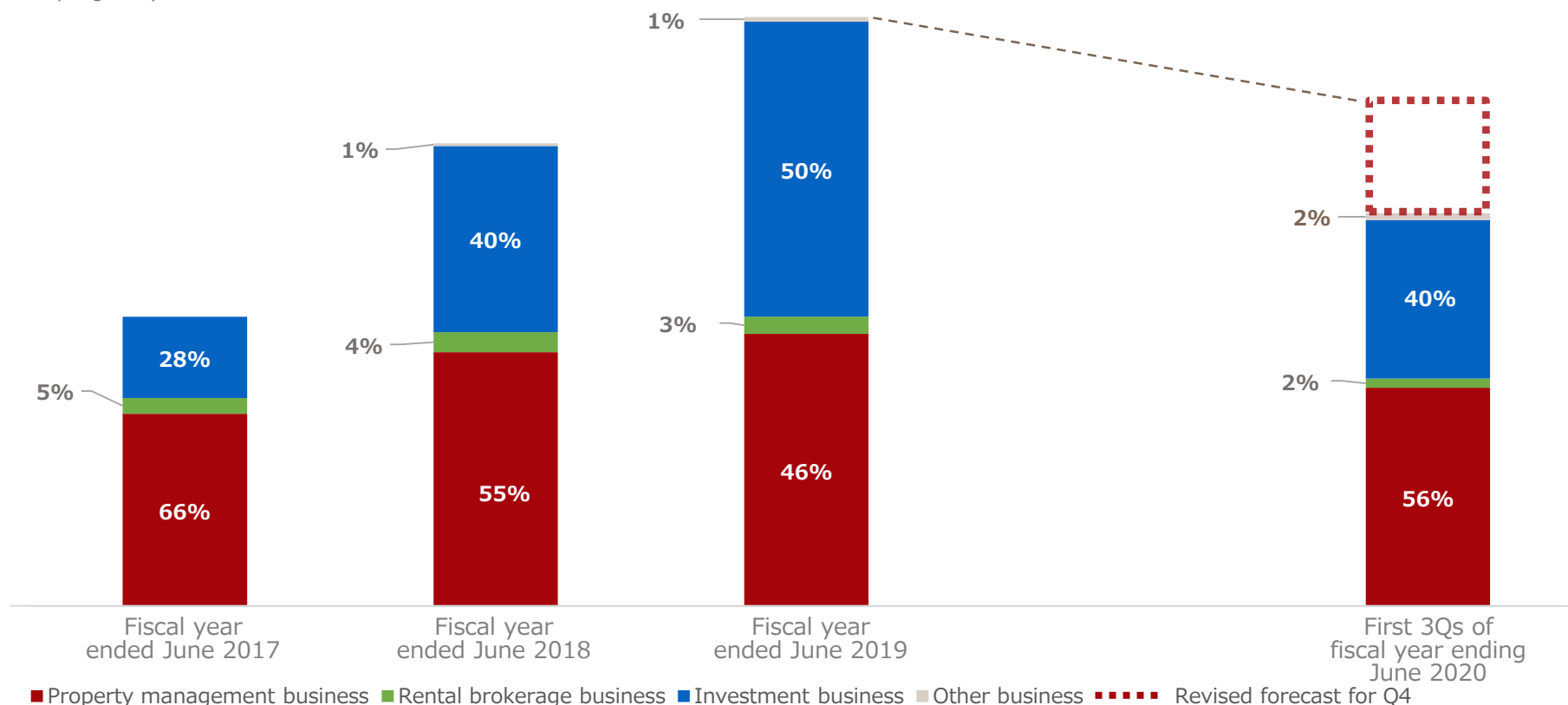
- It is common for operating profit to have a stronger tendency than net sales to occur disproportionately in the second half of the fiscal year (this is due to property management and rental brokerage tending to accumulate profit with the increase in the number of contracts concluded)
- In the current fiscal year, posted operating loss of 21 million yen in the first half and the tendency to occur extremely disproportionately in the second half itself remains unchanged even after the downward revision.
- Operating profit margin for the current fiscal year was lowered from the past forecast of 5.3% to a forecast of 2.0%.



Change in Net Sales by Segment (over 4 years)

- In the previous fiscal year, the investment business saw strong sales for properties developed by Veritas and the sales ratio reached 50%, surpassing that of the property management business. However, **the sales ratio of the property management business** is expected to **return to the top** in the current fiscal year as the number of new deals in the investment business is limited.
- The sales ratio in the first three quarters was 56% for the mainstay property management business, 2% for the rental brokerage business, 40% for the investment business, and 2% for the other business.

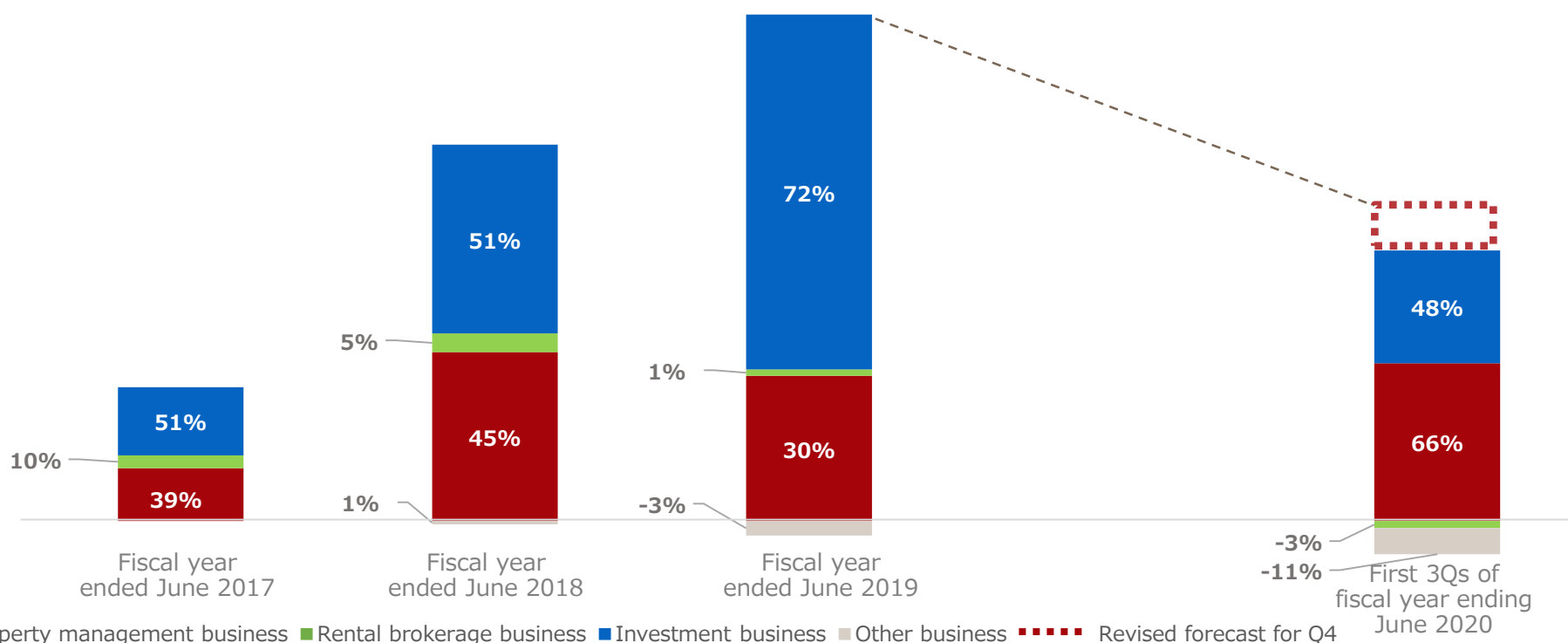
(% = ratio by segment)



Change in Operating Profit by Segment (over 4 years)

- **As for full-year operating profit through the previous fiscal year, the investment business, which includes sales of high-margin properties developed by the Group, tended to account for the largest share.**
- However, decrease in the number of properties targeted for sales in the investment business resulted in a much larger **share being accounted for by the property management business than that of the investment business in the first three quarters.**

(% = ratio by segment)



- 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 beginning of the fiscal year to **20.4%** at the end of the third quarter.

Consolidated B/S Summary

	(million yen)		
	End of fiscal year ended June 2019	End of Q3 of fiscal year ending June 2020	YoY change
Current assets	9,807	9,506	-300
Non-current assets	3,840	5,166	1,326
Deferred assets	10	4	-6
Total assets	13,659	14,678	1,019
Current liabilities	4,222	5,785	1,563
Non-current liabilities	6,834	5,885	-949
Net assets	2,602	3,007	405
Total of liabilities and net assets	13,659	14,678	1,019

03

Property Management Business

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

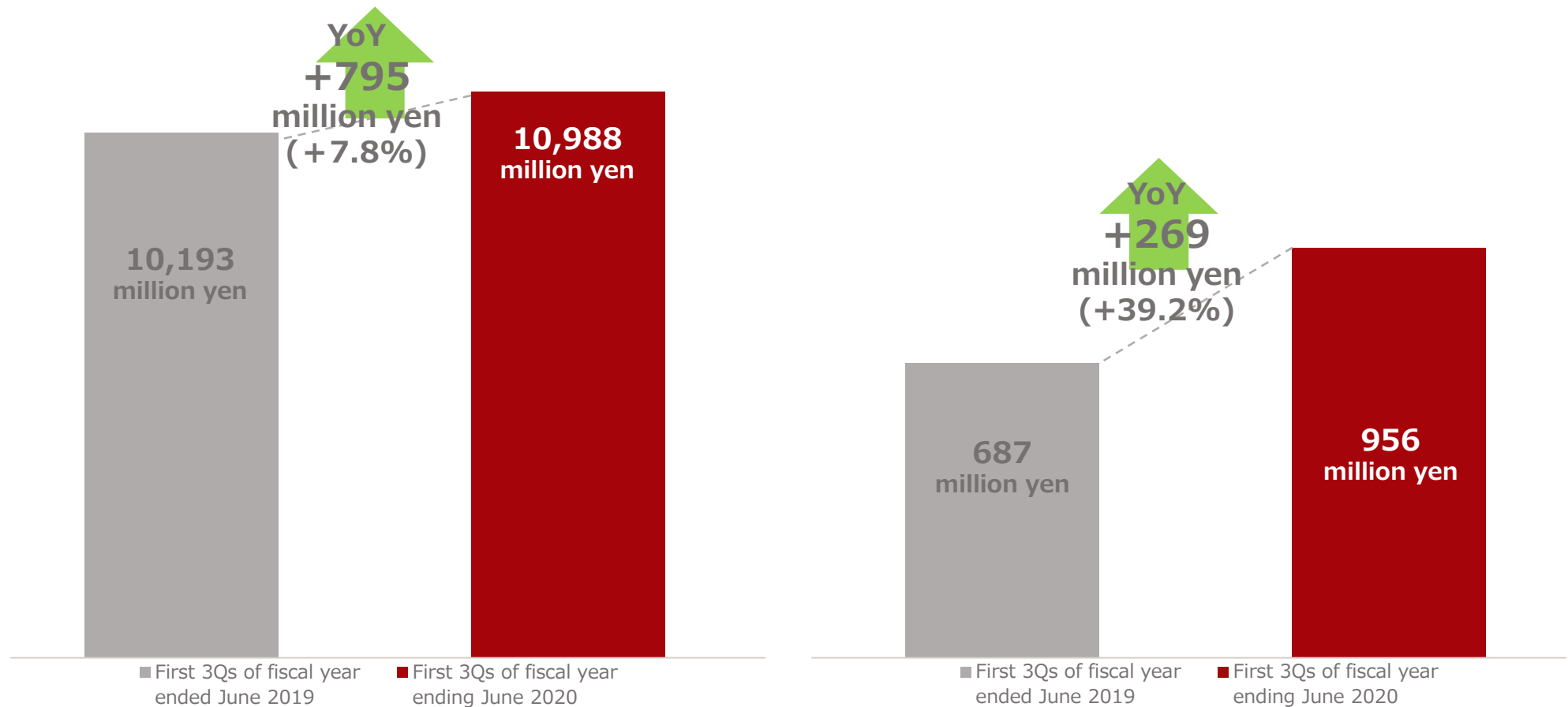
Net Sales and Operating Profit by Segment

(Property Management Business)

- Net sales of the property management business in the first three quarters **increased by 7.8% year on year** due to increase in the number of managed units and maintaining a high occupancy rate. Increase in the number of contracts was also seen due to the seasonal factor that relocation demand tends to grow in the third quarter (from January to March).
- Operating profit of the property management business in the first three quarters **was strong, increasing by 39.2% year on year** due to improved occupancy rate and increase in profit margin per unit as a result of rise in market rent.

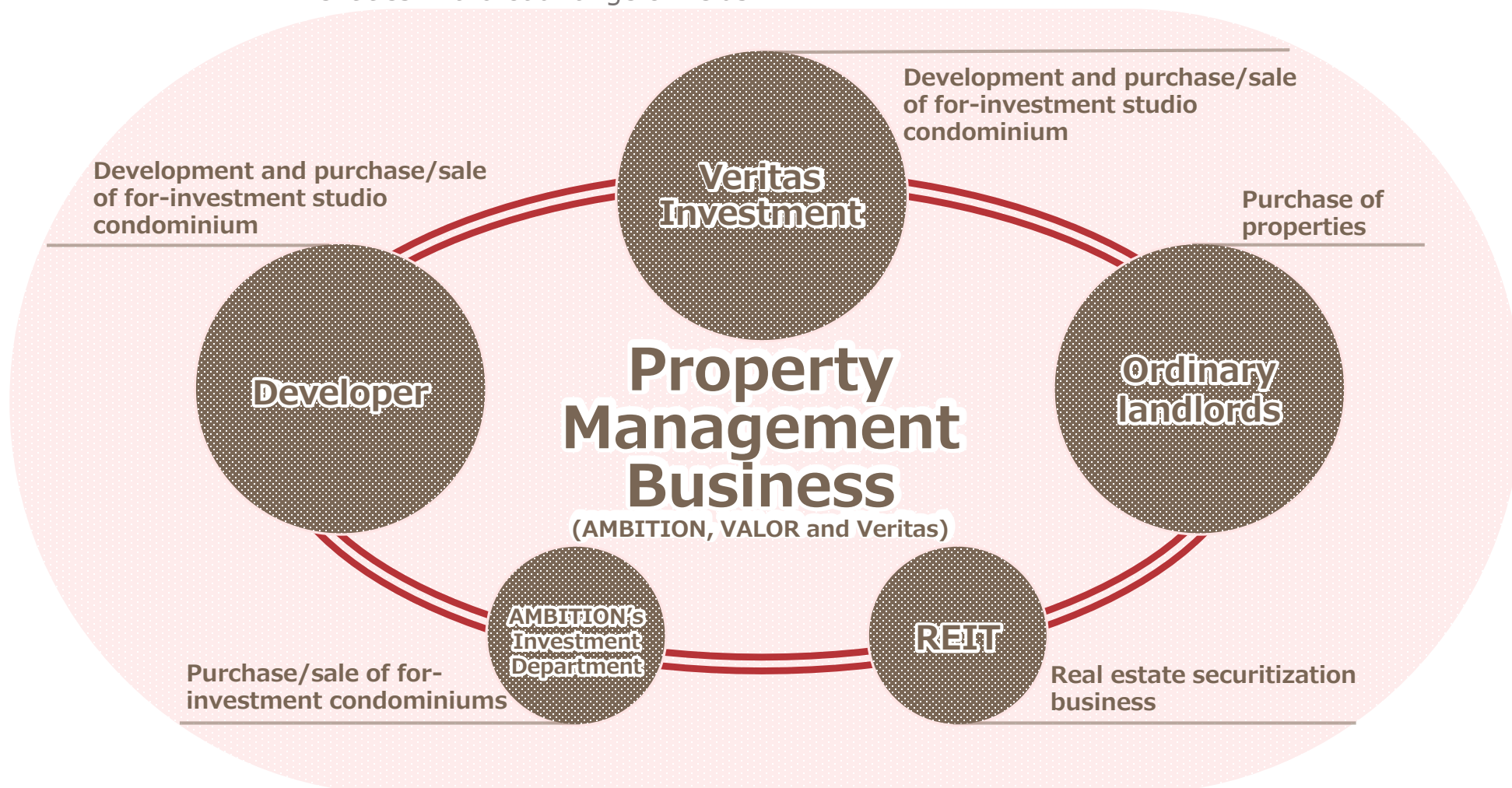
Net Sales

Operating Profit



Construct business scheme for stable acquisition of properties to self-manage

- [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.



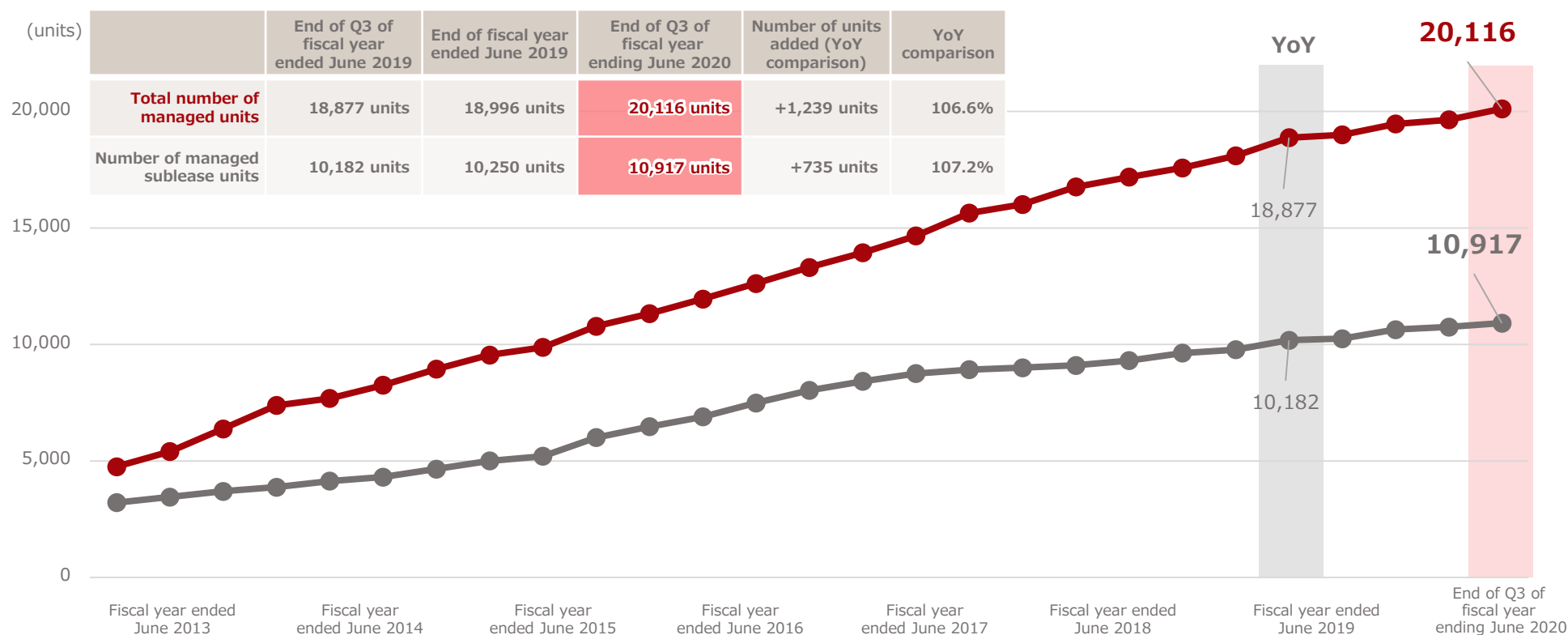
Strength of Property Management Business: Steady Increase in the Number of Managed Units

Ambition has developed **the property management business as its core business** since **its foundation in September 2007**.

While real estate sales transactions have been affected by the macro economy, Ambition's property management business has grown steadily.

Since **property management is a stock business**, it can expect **stable revenue** based on **the increase in the number of managed units, regardless of economic situation**. Ambition will proactively expand the business while assessing property value appropriately going forward.

Change in Number of Managed Units and Sublease Management Units

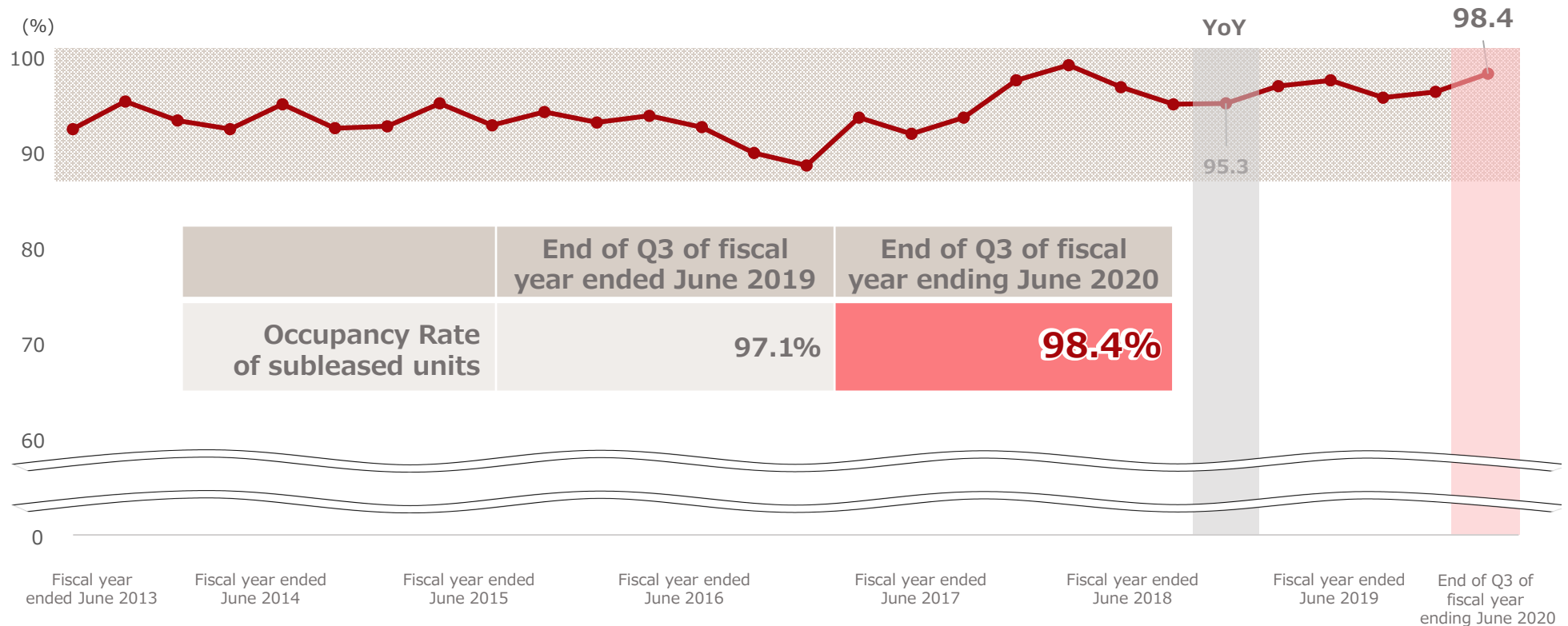


Strength of Property Management Business: Maintaining a High Occupancy Rate

Ambition maintains a **high occupancy rate for the industry** by owning several quality properties such as designer condominiums mainly in the 23 wards of Tokyo, which sees high demand, as well as by operating a rental brokerage business within the Group.

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

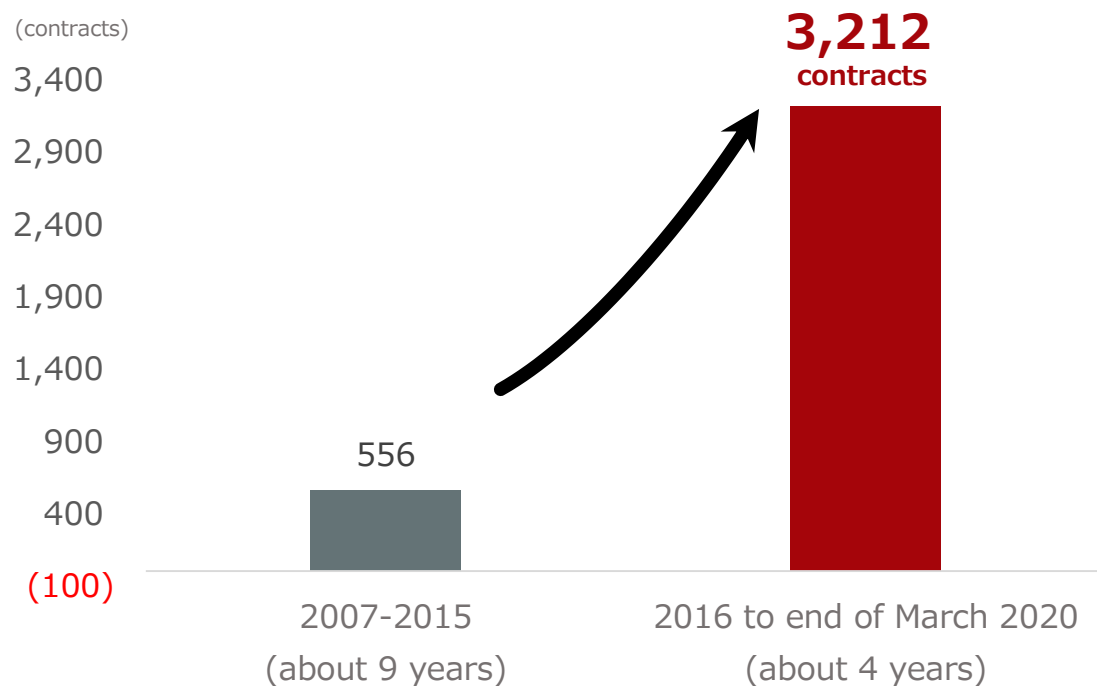
Change in Occupancy Rate



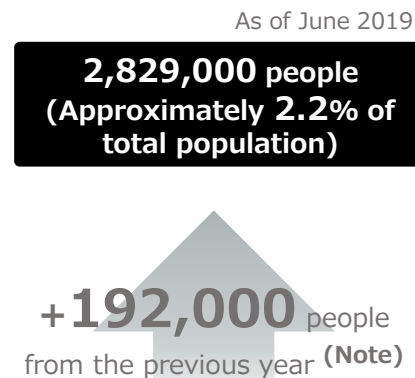
Enhancing preparation of living environments for foreign workers eyeing the new visa system that came into effect in April 2019

- **Foreign residents account for as much as 9.0%** of residents in the 20,116 units managed by Ambition.
- The most recent cumulative number of contracts by foreign nationals totaled 3,212, a sharp increase of more than fivefold from 2015

Number of Contracts by Foreign Nationals among Units Managed by AMBITION

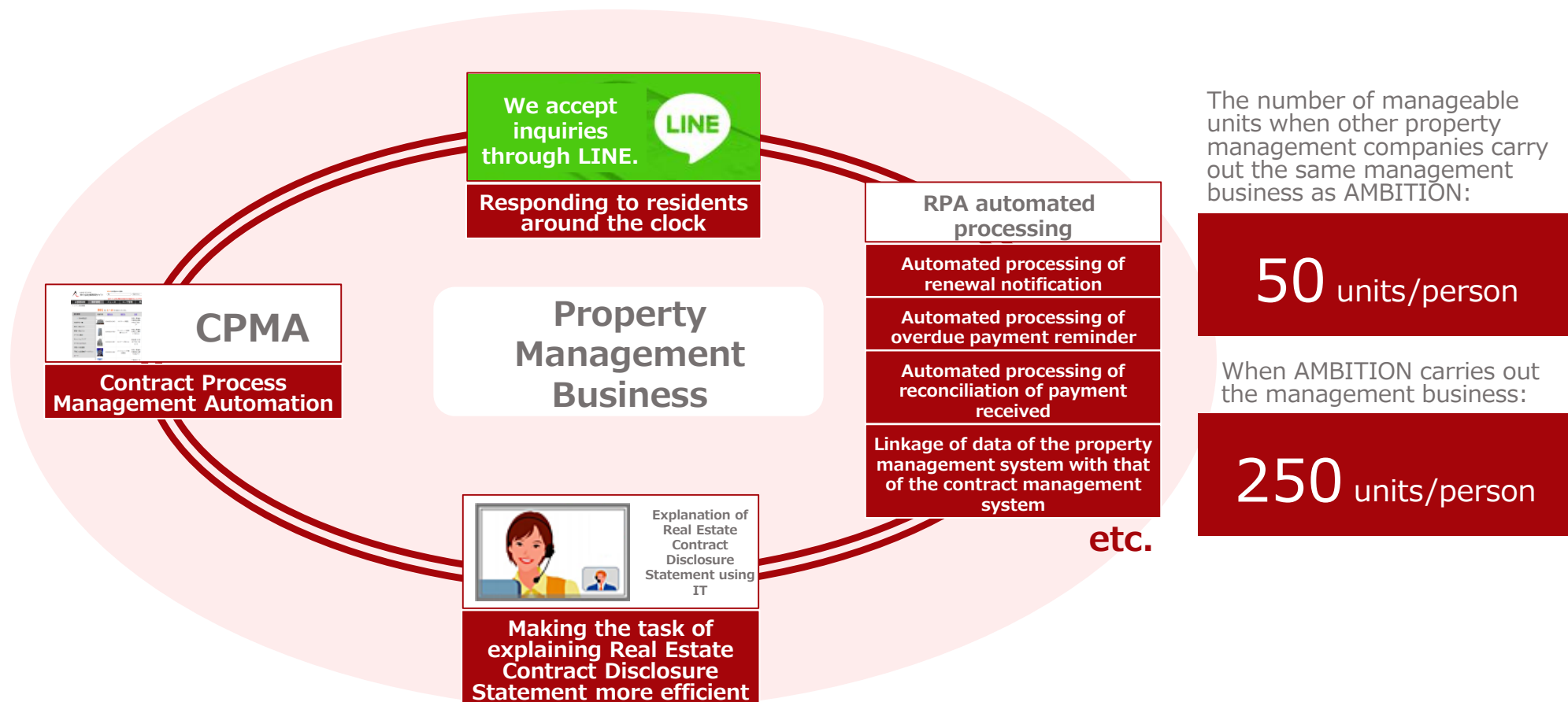


Foreign Population in Japan



(Note) Survey by the Ministry of Justice

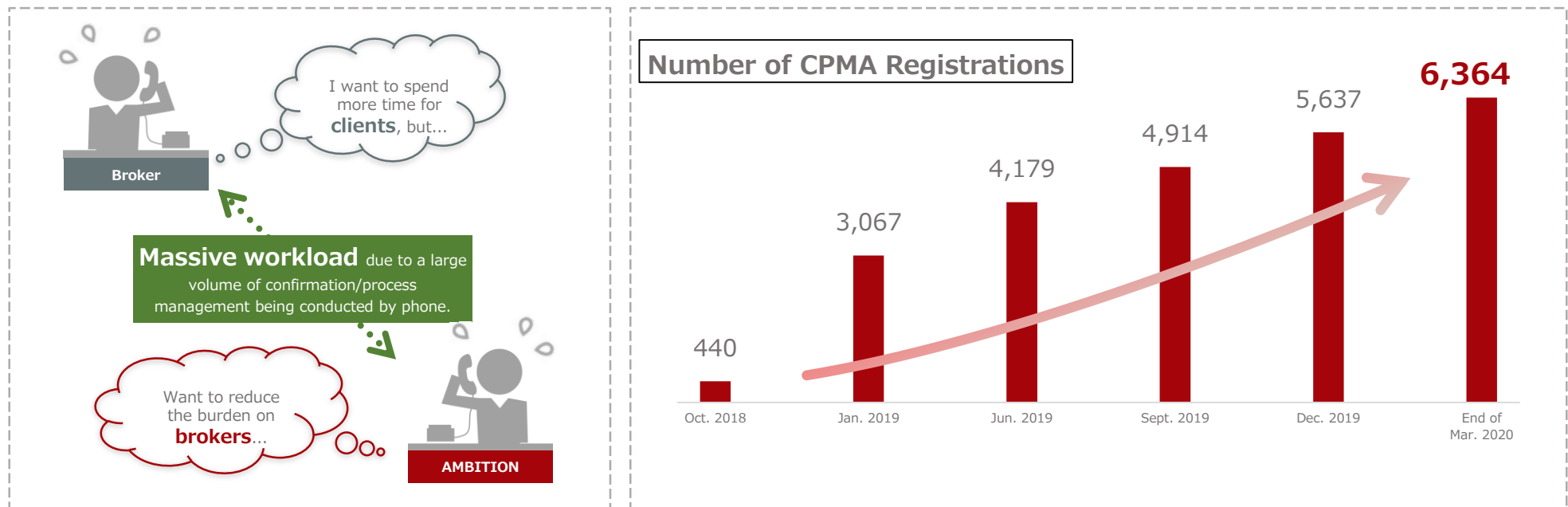
Increasing efficiency of the property management business to **500%** (compared with our conventional work efficiency) through introduction of technologies



Aim to improve efficiency of making contact with brokers with the introduction of “CPMA”

In October 2018, Ambition launched Contract Process Management Automation (CPMA), a system on the exclusive website for brokers to automate contract process management, as a solution to streamline the massive brokerage-related workload arising daily between brokers and Ambition.

It is currently used by many brokers every month and is well received.



“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

The property management business strives to improve customer satisfaction by introducing a series of new services **to enhance customer convenience**.



Launch of smartphone payment
(QR code payment)



In **June 2019**, we launched QR payment services for “PayPay” and “LINE Pay” to accommodate the needs for mobile payment which have been on the rise in recent years.



Payment for duplicating keys, etc. through smartphones is becoming more frequent, centering on young people.

subslife

Launch of Subslife service



In **June 2019**, we launched “subslife,” a furniture/home appliances subscription service for residents at rental properties handled by Ambition, renting out 38,000 pieces of furniture belonging to 41 brands.



Introduction of new ways to provide the service such as an “all-you-can-choose furniture/home appliances package” is also under consideration.



An-Toku Relocation Service



In **August 2019 (1Q)**, we launched a service which offers lower relocation charges by reducing items upon relocation through purchase of disused items that are found when packing.



It is steadily producing a result since the launch of the service, and the number of users is expected to grow along with the increase in the number of managed units.

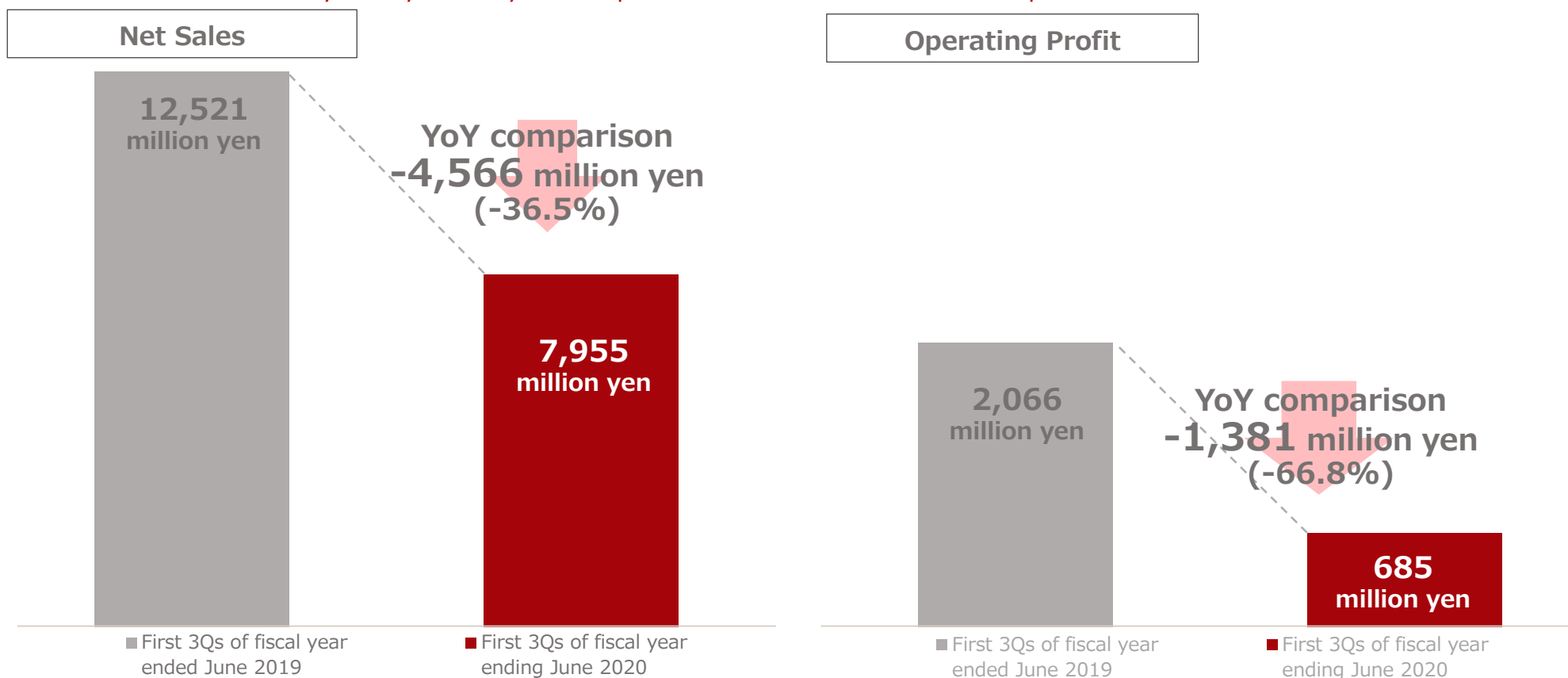
04

Investment Business

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

Net Sales and Operating Profit by Segment (Investment Business)

- Net sales of the investment business in the first three quarters **decreased substantially by 36.5% year on year** due to the number of properties sold decreasing on a year-on-year comparison and also many being sales of used properties in the first half in the case of the current fiscal year.
- Operating profit of the investment business in the first three quarters **decreased substantially by 66.8% year on year** with the decrease in sales. The same period of the previous fiscal year had included many new properties developed by the Group. Contrarily, in the current fiscal year, the first half saw increase in sales of used properties and newly built properties, too, centered on sales of properties developed by other companies, resulting in decrease in gross profit margin. Although sales of two new properties developed by the Group were posted in the third quarter (from January to March), operating profit decreased substantially on a year-on-year comparison in terms of the first three quarters.





Favorable condominium sales by Veritas

**Curation by a famous designer + Tokyo Premium Area =
High occupancy rate x High rent = High return!**

The favorable sales of our consolidated subsidiary Veritas Investment's new designer condominiums for investment are contributing to progress in the investment business.

The most important thing in sales of studio condominiums for investment is to **minimize risk** for investors. Veritas Investment has helped many investors avoid risk by realizing "high rent x high occupancy rate = high return."



**First 3Qs of fiscal year
ending June 2020 (actual)**
(Result of investment business of Veritas alone)

Net sales **5.56 billion yen**

Number of units where
settlement completed **187 units**

Completion delay
of one month

PREMIUM CUBE Yoyogi-Uehara
Of 24 units, 23 units already posted
in the third quarter!
(Remaining 1 unit to be posted
in the fourth quarter)

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

“New designer condominiums for investment” continue to be sold out at an early stage after the launch of sales

[FY2020 H1]: The number of new properties developed by the Group is limited and many were used properties.

[FY2020 H2]: **All properties will be “new properties developed by the Group”!**

One will be “a large property”!

→ In the current fiscal year, there is a large difference in properties targeted for sales in the first half and the second half, and **even the number of supplying units are centered in the second half of the fiscal year.**

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

*With many other sales of used properties

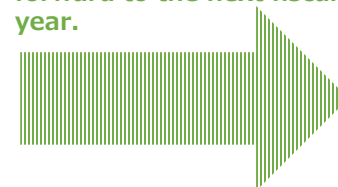


To be posted in net sales for [H2] of fiscal year ending June 2020



The declaration of a state of emergency caused a state where payment settlements for contracted projects had to be postponed.

Posting of sales for approximately 3,000 million yen is likely to be carried forward to the next fiscal year.



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

Investment Department of the main unit AMBITION excels in “maximization of value” of used properties!

[Business]

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

AMBITION's Investment Department purchases used condominiums with a focus on “location,” and sells them to end users and investors after “increasing the value.”



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.**

Temporarily suspending purchase of properties due to the impact of COVID-19

In addition to Veritas, 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.** However, with decline in consumer appetite due to the impact of COVID-19, **purchase of properties currently temporarily stopped.**

[H1] of fiscal year ending June 2020



Image of posting net sales

Large properties

[H2] of fiscal year ending June 2020



Purchase of properties currently stopped due to the impact of COVID-19

■ November 25, 2019 (Q2)

Obtained permission for specified joint real estate ventures

Obtained permission for specified joint real estate ventures for a new business under investment business which conducts developments and sales of real estate properties.

■ January 14, 2020 (Q3)

Launched website of “Afunding” and commenced solicitation of funds for first project

Launched website of “Afunding,” a crowd-funding service for real estate investment, and began accepting registration from investors along with reception of applications for investing in “Sagami-Ono Heights,” Afunding’s first project. **Currently preparing the second project.**



Can apply with
smartphone!



■ December 24, 2019 (Q2)

Agreed to form a business partnership with BuySell Technologies

In order to contribute to building a society where “no unnecessary real estate exists,” we agreed to form a business partnership with BuySell Technologies engaged in internet-type reuse business.

- Ambition’s **investment business** will purchase real estate properties owned by individuals through Buysell, perform **renovation work**, and **resell the used properties**.
- Purchase real estate properties through **crowdfunding** as **a specified joint real estate venture** business, a new business under Ambition’s investment business, and provide them in the form of **small-lot instruments for real estate investment**.



05

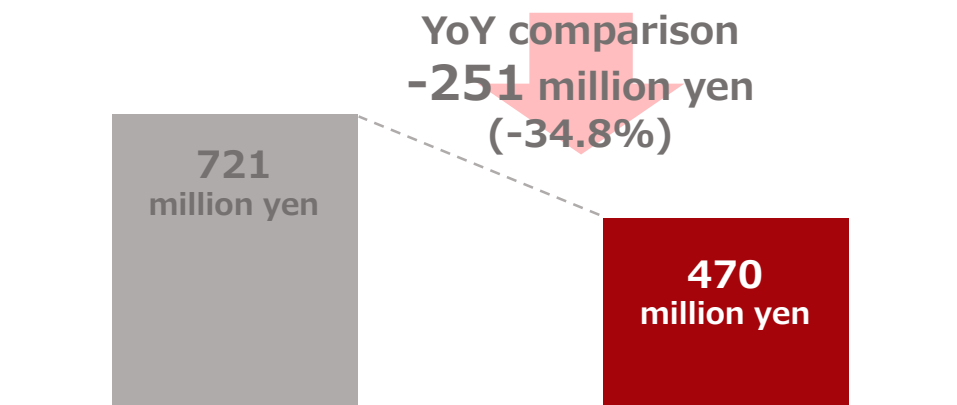
Rental Brokerage Business

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

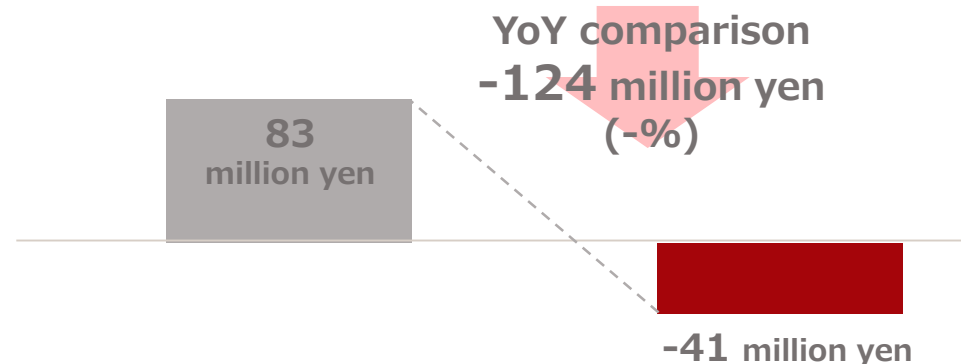
Net Sales and Operating Profit by Segment (Rental Brokerage Business)

- Net sales of the rental brokerage business in the first three quarters **decreased by 34.8% year on year** due to strategic store closures since the previous fiscal year (year-on-year comparison: 20 stores → 12 stores structure) and **the number of people visiting stores decreasing due to the impact of COVID-19 in the third quarter (from January to March) resulting in not being able to post the initially assumed sales**. In addition to large decrease in demand from students due to the trend of refraining from going out and postponement of entry into universities, demand from companies also decreased.
- For operating profit/loss of the rental brokerage business in the first three quarters, the phased store closures were completed by the end of the first half and had thus originally assumed recovery in revenue starting from the second half, but ended up **turning from operating profit to operating loss** on a year-on-year comparison due to the impact of COVID-19. Although profit of 57 million yen was posted in the third quarter (from January to March), this result was far short of the initially assumed amount and not enough to offset the first half's deficit (operating loss of 98 million yen).

Net Sales



Operating Profit/Loss



■ First 3Qs of fiscal year
ended June 2019

■ First 3Qs of fiscal year
ending June 2020

■ First 3Qs of fiscal year
ended June 2019

■ First 3Qs of fiscal year
ending June 2020

Rental Brokerage Business (Ambition Agency and VALOR)

- Introducing the ideal room for customers by identifying their wants, lifestyles, etc. Some of the staff at VALOR will also approach property owners and acquire properties to be newly managed.
- Although reducing the number of stores in phases in the process of changing the area of focus to attracting customers mainly through websites underway since the previous fiscal year, Ambition has **the leasing capabilities of brick-and-mortar stores as one of its strengths, which contributes to maintaining a high occupancy rate in the property management business.**
- Amid COVID-19, remote property viewing is rapidly growing in significance and also responding to far-away customers. The new remote customer service system being introduced on a trial basis since GW is expected to grow in demand going forward.



ROOMPIA Corporate Division

- Direct Brokering -
The business is supported by
five ROOMPIA stores and seven VALOR stores



VALOR Tsurumi Branch



ROOMPIA Nakameguro Branch



ROOMPIA Takadanobaba Branch



VALOR Sagami Ono Branch



VALOR Yokohama Okano Branch



VALOR Futamatagawa Branch



ROOMPIA Higashi-Omiya Branch



ROOMPIA Ginza Branch



VALOR Kamiooka Store



VALOR Yokohama Branch



VALOR Hiyoshi Branch

- Ambition ROOMPIA Co., Ltd. underwent an absorption-type merger effective April 30, 2020 and became **Ambition Agency Co., Ltd.** effective May 1, 2020.

The line of business and such are the same as to date, serving as the Ambition Group's rental brokerage unit.

In addition, following on the history to date, stores will operate under the name ROOMPIA.

- With the reorganization, ROOMPIA Sagami-Ono Branch was newly opened as VALOR Sagami-Ono Branch on May 9.



"Ambition Agency Co., Ltd."
in business



"VALOR Co., Ltd." Sagami-Ono
Branch newly opened

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 recovery in demand can be expected after the lifting of the declaration of a state of emergency.

For students



Established Ambition Rent Co., Ltd.

Ambition Rent Co., Ltd. was established as a spin-off company of the Student Division of Ambition ROOMPIA Co., Ltd. While its main business is to find rooms for Japanese students from which demand has grown in recent years, since **August 2019 (Q1)**, it also aims to enhance services by providing room searches for international students through a “business partnership with a Chinese company Uhomes.”

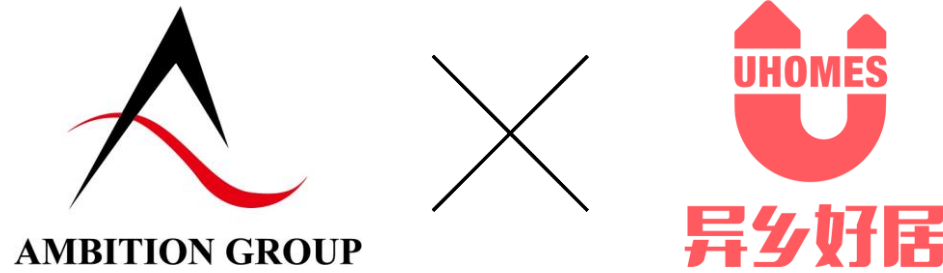
For companies



Established Ambition Partner Co., Ltd.

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 supporting employees of partner companies in finding their rooms. It contributes to enhancing employee satisfaction through introducing favorable properties in line with company housing rules of respective companies.

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



In **August 2019 (Q1)**, Ambition Rent Co., Ltd., Ambition’s consolidated subsidiary, 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 the applications that were initially planned for the third quarter. Going forward, recovery in demand can be expected once the impact of COVID-19 subsides and international students’ entry into universities becomes finalized.**

06

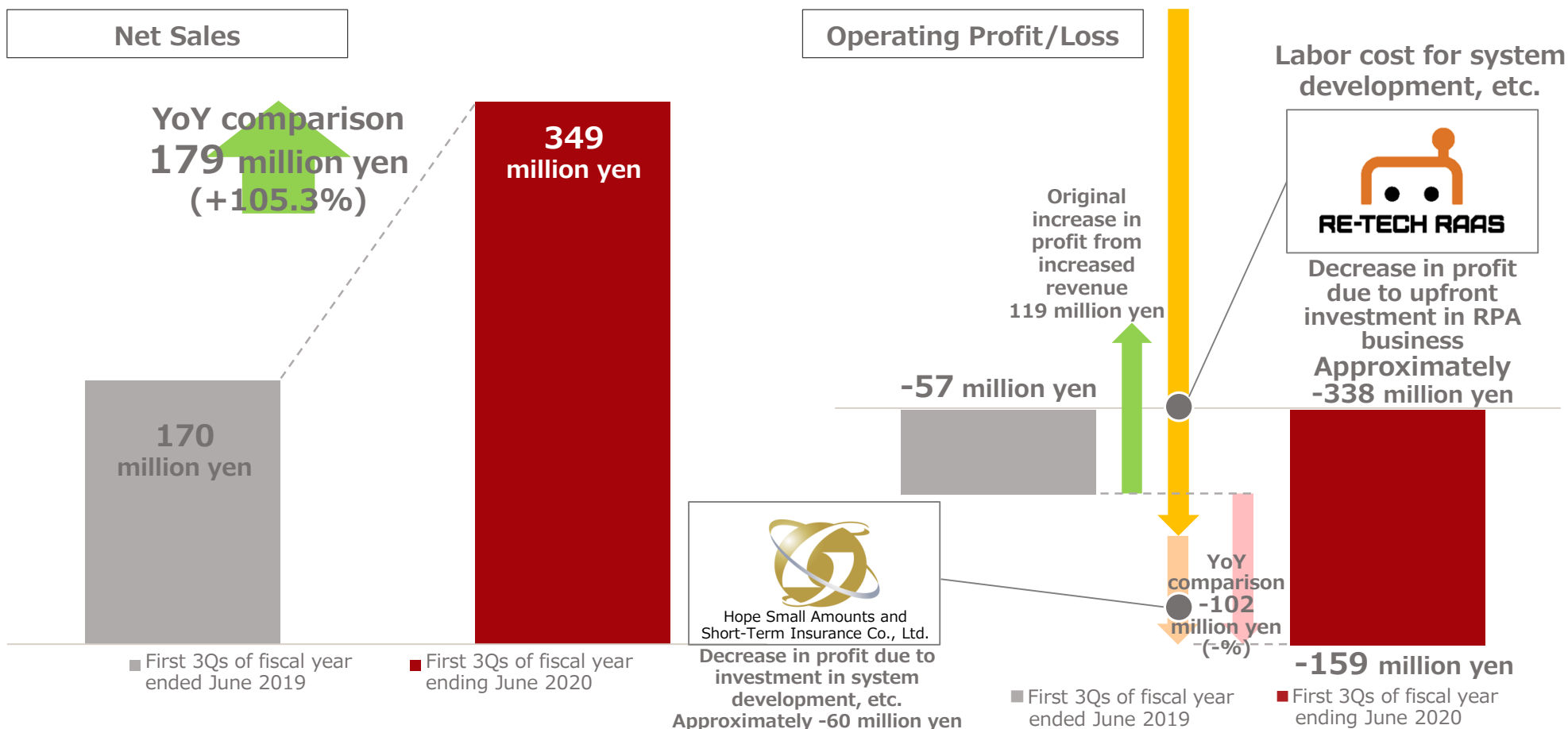
Other Business

- Real Estate Tech Business
(established a new company Re-Tech RaaS in Q1 in addition to RPA Retech Lab engaging in the business)
- Small Amounts and Short-Term Insurance Business (Hope)
- Hotel Business (Ambition)
- Overseas System Business (Ambition Vietnam)

Net Sales and Operating Profit by Segment

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

- Net sales of the other business in the first three quarters **increased by 105.3% year on year** due to increase in sales in the hotel business, increase in the number of contracts in the small amounts and short-term insurance business, etc.
- Operating loss of the other business in the first three quarters **increased** due to **upfront investment in the RPA business (approximately 340 million yen)** and **investment in systems in the small amounts and short-term insurance business (approximately 60 million yen)**.
- Upfront investment in the RPA business: In the third quarter (from January to March), carried out approximately 120 million yen, which is slightly less than initially planned. Excellent human resources becoming more readily available to obtain is a positive impact of COVID-19. Plan to carry out upfront investment continuing into the fourth quarter in order to lead to growth in the next fiscal year onward.



Ambition is carrying out **proactive upfront investment** in order to expand its real estate tech business.

(Assumed amount of upfront investment to be made in the current fiscal year: around 500 million yen; invested approximately 340 million yen by the end of the third quarter)

Creating the future of housing utilizing technology

Improving
work
efficiency

Effectively
utilizing human
resources

Enhancing
customer
convenience

Efficient work-
style reform by
utilizing RPA



Establishment of a joint
company, Re-Tech RaaS



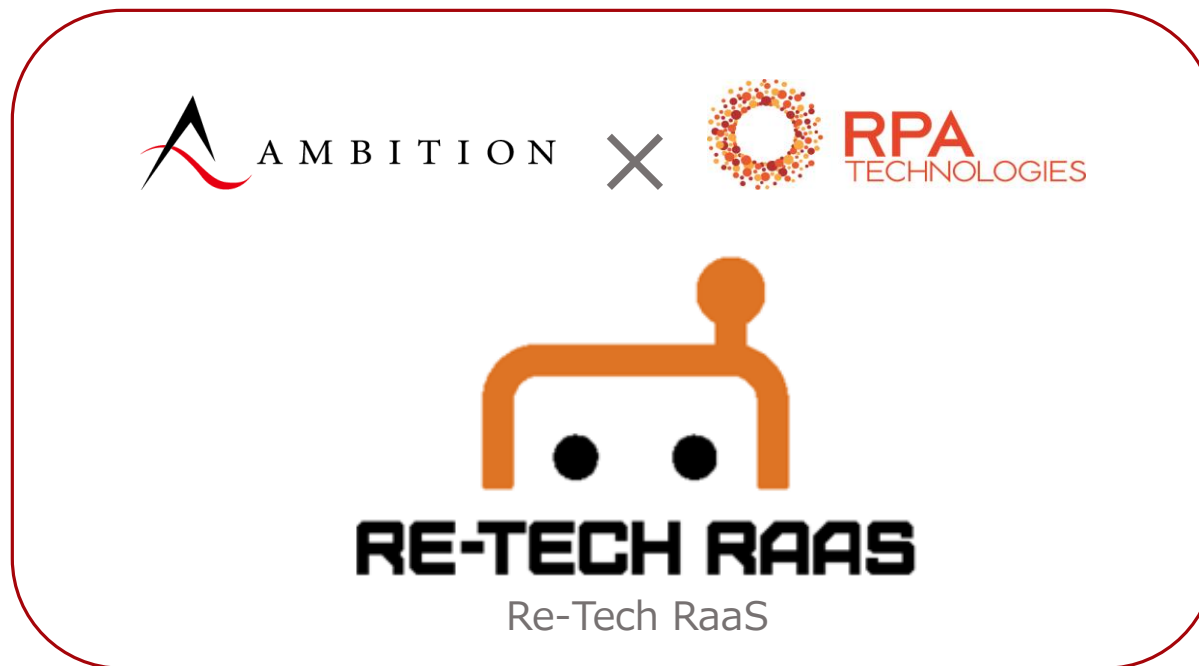
Provision of
“Hankyoubaizou-kun”
service utilizing AI



Explanation of Real Estate
Contract Disclosure
Statement using IT

Proactive upfront investment being made in the current fiscal year!

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



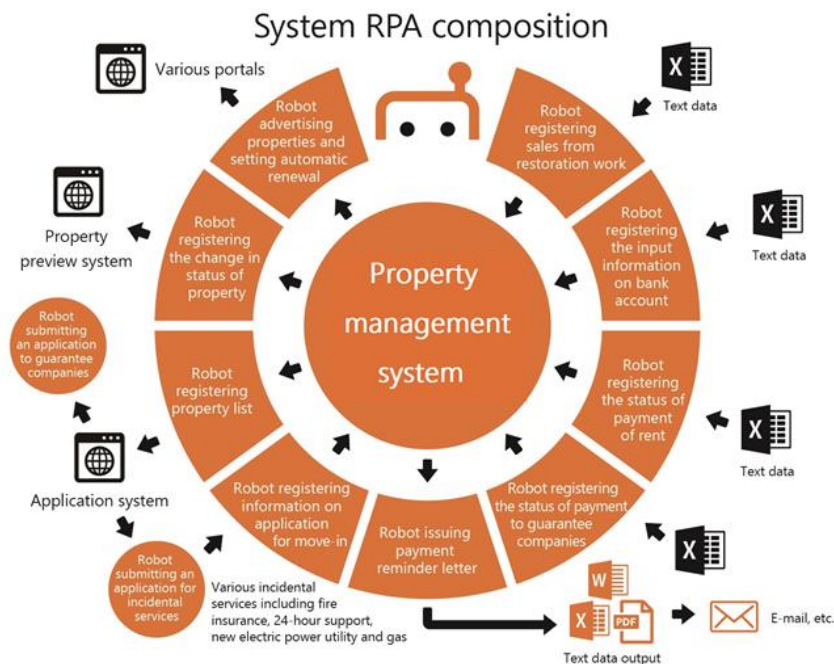
Re-Tech RaaS is a coined phrase formed by blending the terms “**Real Estate**,” “**Technology**,” “**Robots**,” and “**Software as a Service**” and has a meaning of “network-type service enabled by utilizing robots in a way only a real estate tech firm can do.”

To be a savior for the labor-intensive real estate industry!



Real
estate

× RPA × BPO = Improved Work Efficiency!



The number of companies operating in the building lots and building transaction business in Japan is 124,430 (Note).

About 95% of these companies have 10 or less employees.

With shorter working hours required by the work-style reforms the Japanese government is promoting, the need for improving work efficiency is on the rise.

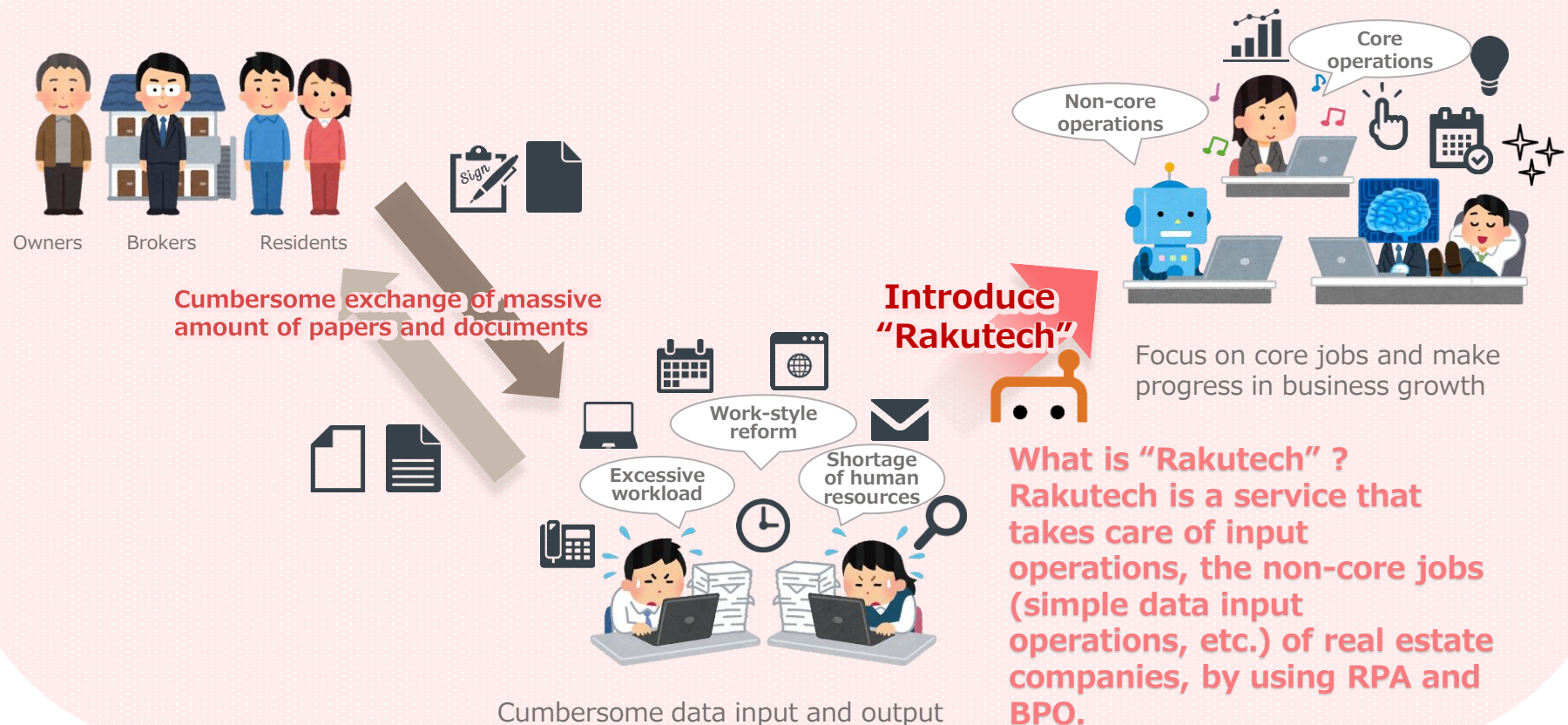
In order to accommodate such needs, we established Re-Tech RaaS together with RPA Technologies Inc. We formed a business partnership with a property management software company and are selling **“Rakutech” RPA + BPO packages** for improving work efficiency of real estate business operators.

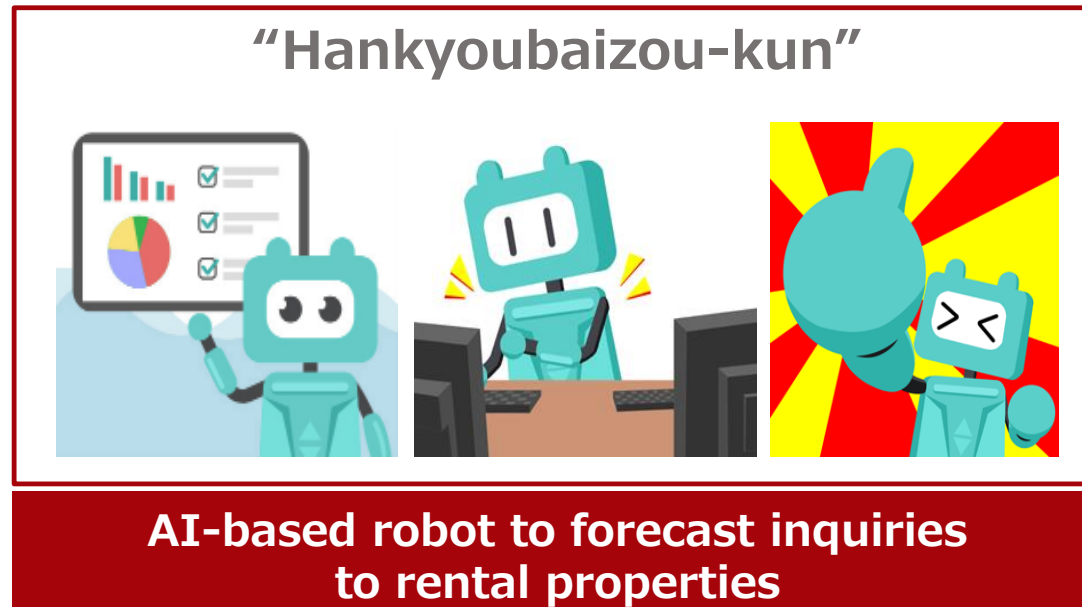
(Note) As of March 31, 2019; Announced by the Ministry of Land, Infrastructure, Transport and Tourism

Introducing our RPA system leads to progress in business growth!

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

Re-Tech RaaS Business Model





What is “Hankyoubaizou-kun”?

→ A robot that predicts “properties that customers want to rent,” incorporating AI to analyze property information.

When “Hankyoubaizou-kun” is used...

Even if a part-time worker inputs property information instead of a shop manager, “more inquiries from customers” are received than when information is input by a manager.

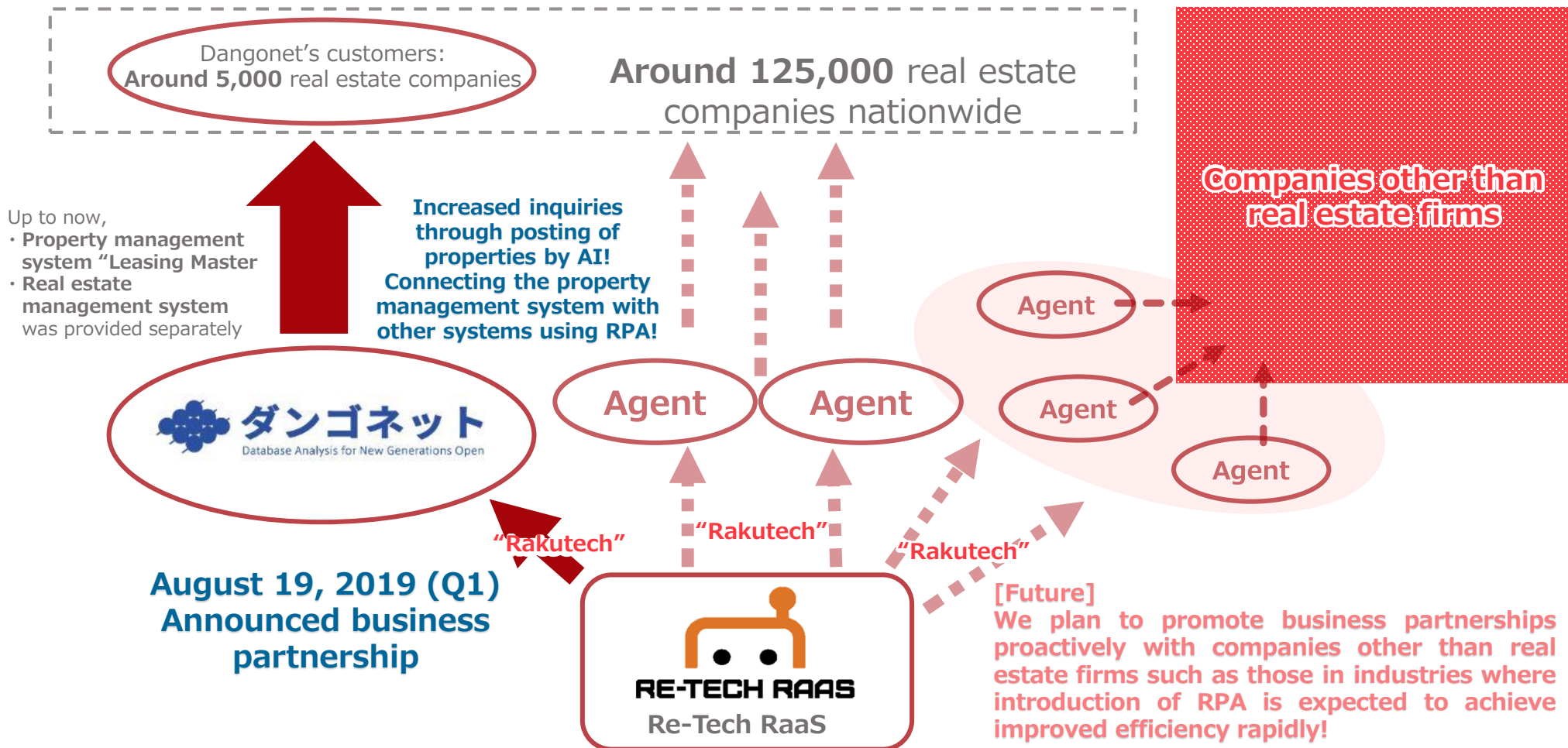
“Hankyoubaizou-kun” is gaining favorable reputation as a robot that improves work efficiency and grasps customers’ needs.



We **added an automatic input system** to the original “Hankyoubaizou-kun” and **launched sales on the market in December 2019**. To date, it has been used by over 100 users in total and we will aim to increase the number of users continuously.

Provide support to **improve work efficiency in the real estate industry!**

We will proactively provide the service to **companies other than real estate firms** and support “work-style reform” at each and every company!

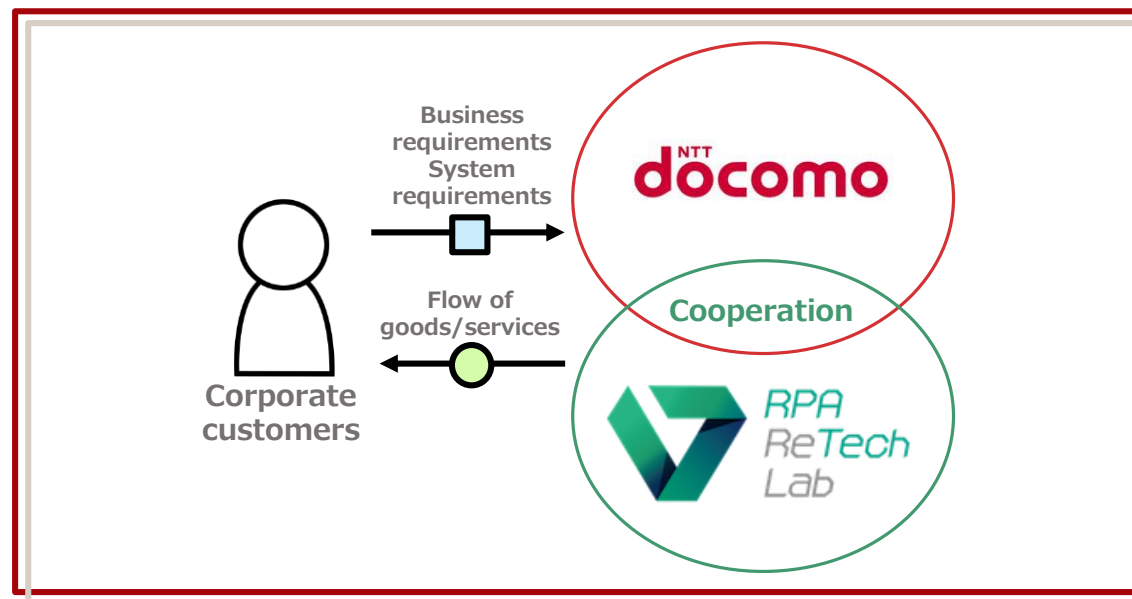


“Launch of RPA Operation Entrusted from NTT DOCOMO” announced on September 30, 2019 (Q1)

Striving to improve corporate customers' satisfaction through **“Entrusted RPA Operation!”**

- RPA software “WinActor®” handled by NTT DOCOMO is a software-type robot that records PC operations, etc. on Windows devices as scenarios and automates PC operations. It is well received as a robot that enables even those without programming knowledge to automate and streamline operations. Recently, RPA Retech Lab concluded a business entrustment contract concerning scenario formation support for “WinActor®” with NTT DOCOMO Inc.
- **Going forward, we will support not only the real estate industry but each and every company through RPA by assisting their efforts to streamline and reduce workload from routine tasks.** We will support **“work-style reform”** enabling companies to allocate the time of their employees and staff to operations which humans are good at but RPA is not (instructing and managing RPA, enriching customer support operations, making plans toward new value creation, etc.)

Entrusted with RPA Operation Business from NTT DOCOMO



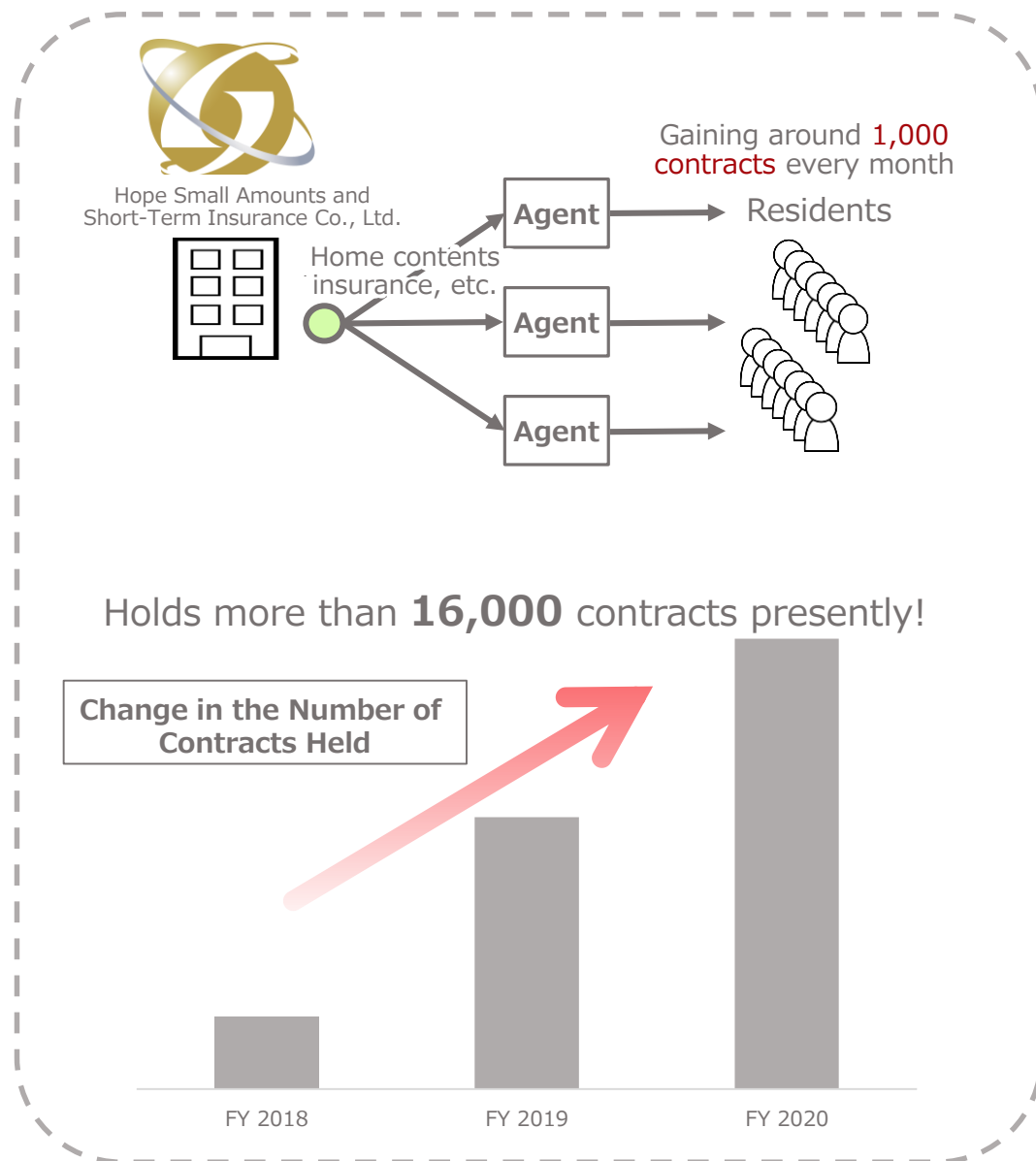
Other: Small Amounts and Short-Term Insurance Business (Hope Small Amounts and Short-Term Insurance)

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



[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 small amounts and short-term insurance business within the group
- **Developing new products with better coverage to accommodate customer needs**



Expected to turn positive in the next fiscal year!

It is said that insurance businesses tend to have difficulty in turning positive. However, considering our solid increase in the number of contracts, **the outlook is that the business will turn positive in the next fiscal year, the fourth year since the launch of the business.**

In addition to investing in systems, development of new products, proactive hiring of human resources and other measures are currently underway towards achievement of turning the business positive in the next fiscal year.

[Plan to launch new products in the next fiscal year]

The introduction of new products with more generous coverage will make competitiveness in the market stronger and increase in insurance purchases can thus be expected. Furthermore, with content being of even better content for clients and agents, increase in agents can also be expected.

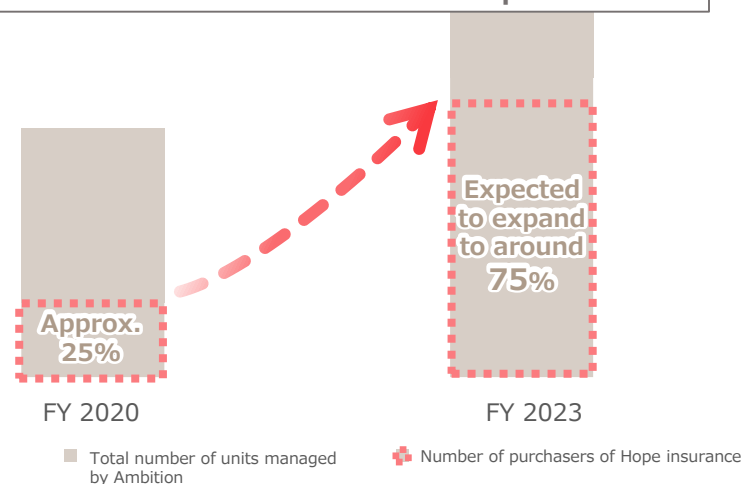


The ratio of residents who purchased the insurance among all residents in units managed by Ambition is expected to increase by about threefold in the next three years!

Presently, the ratio of residents who purchased Hope Small Amounts and Short-Term Insurance among all residents in units managed by Ambition is around 25%. However, we are advising residents who already purchased other companies' insurance to switch to Hope's when renewing lease agreements, and **we expect the ratio will expand by around threefold to about 75% in three years.**

We will develop new products with even better coverage and strive to be an insurance company chosen by residents.

Change in the Number of Purchasers of Hope Insurance



Promoting Business with &AND HOSTEL

In August 2019 (Q1), we concluded a sublease agreement for **&AND HOSTEL HOMMACHI EAST**, a youth 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.

Currently temporarily suspending operations due to the impact of COVID-19. Plan is to consider the timing of resumption of operations after the lifting of the declaration of a state of emergency.

&AND HOSTEL HOMMACHI EAST



&AND HOSTEL KANDA



&AND HOSTEL ASAKUSA

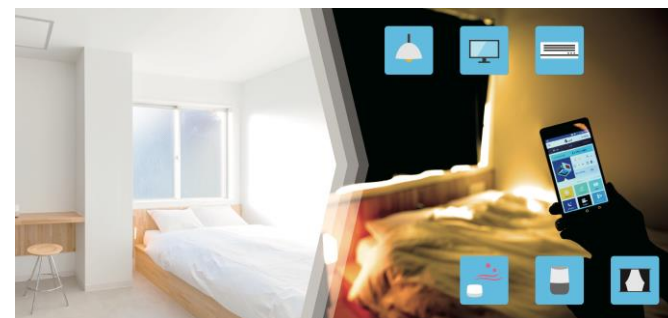


& AND HOSTEL



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.



We established an **affiliate in Vietnam in April 2015** and rolled out **international businesses**.

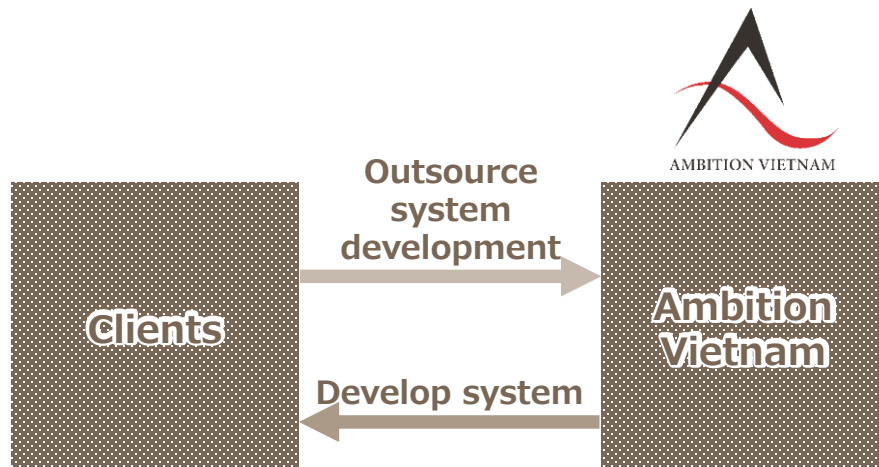
《Major Businesses》

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

We engage in development and renovation not only for the real estate business but also for the creation of better life.

With regard to the real estate business at Ambition Vietnam, we provide brokerage services centering on real estate leasing and purchase/sale by fusing IT and Ambition's business.

Business Model of Being Entrusted with System Development



07

Forecast for the Current Fiscal Year

In the current fiscal year ending June 2020, we will work on new businesses important to the future growth of the Ambition Group, and to that end, we plan to carry out **proactive upfront investment of around 500 million yen (presently assumed amount) centering on the RPA business.**

The **forecast for the full year was revised downward** upon announcement of the financial results for the third quarter due to the declaration of a state of emergency.

- For net sales for the full year, **the outlook is 11.9% year-on-year decrease to 26,112 million yen.** This takes into consideration the mainstay property management business being extremely strong, but the declaration of a state of emergency placing the investment business in a state where payment settlements for contracted projects had to be postponed and such possibly leading to deferment of around 3,000 million yen at most to the next fiscal year. Stagnation in the rental brokerage business and temporary suspension of operations in the hotel business due to the declaration of a state of emergency were among other reasons.
- For operating profit for the full year, **the outlook is 66.5% year-on-year decrease to 534 million yen.** This takes into consideration that there is a possibility of deferment of around 700 million yen at most to the next fiscal year in the investment business. Stagnation in the rental brokerage business and temporary suspension of operations in the hotel business due to the declaration of a state of emergency leading to decrease in profit, and carrying out upfront investment in the RPA business (assumed to be around 500 million yen) in the other business were among other reasons.

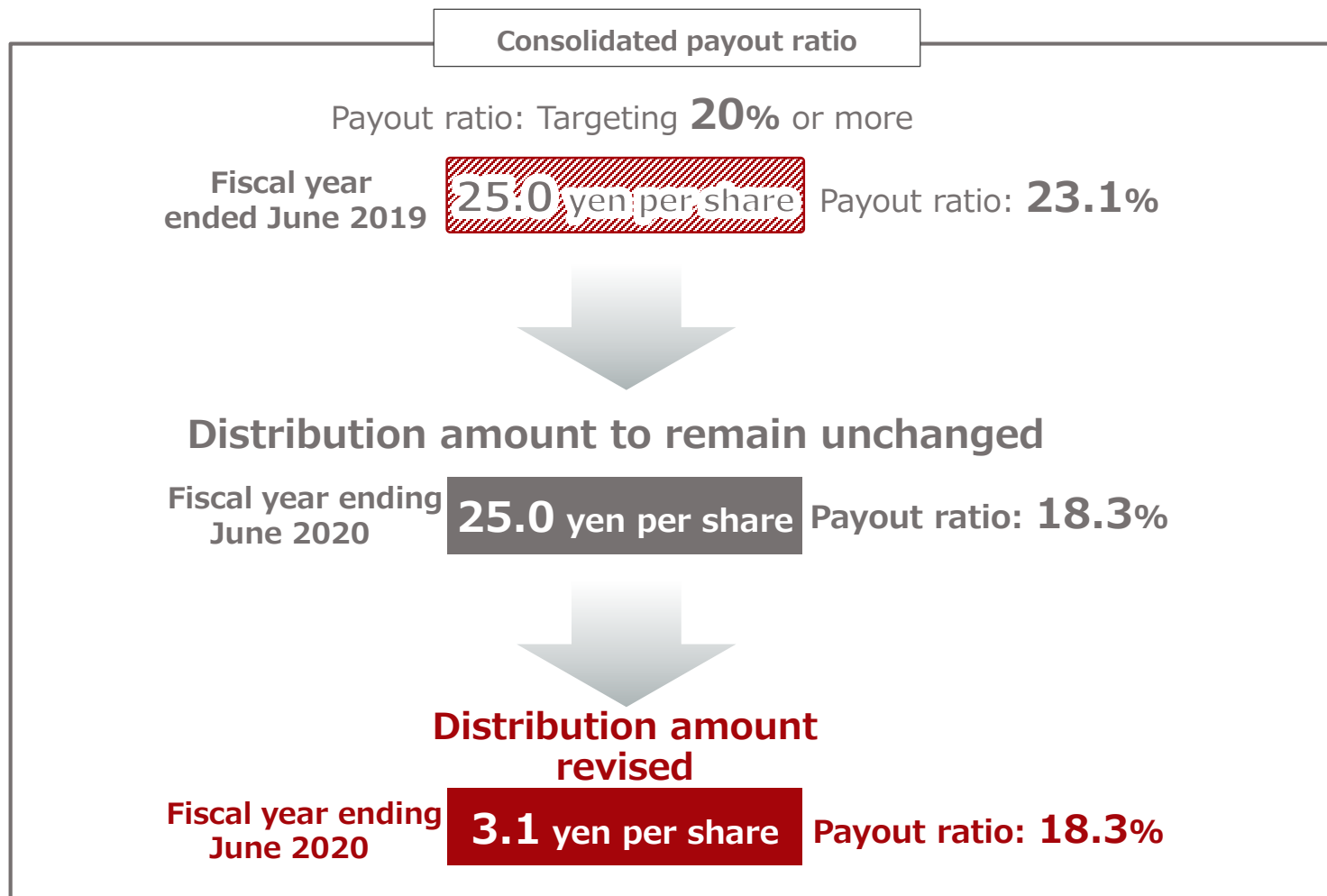
(million yen)

	Fiscal year ended June 2019 (actual)	Fiscal year ending June 2020 (revised forecast) (Note)	YoY comparison
Net sales	29,636	26,112	-11.9%
Operating profit	1,594	534	-66.5%
Ordinary profit	1,433	396	-72.4%
Profit attributable to owners of parent	736	116	-84.3%

(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, thus actual results may differ significantly due to various factors.

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

On May 15, 2020, with the downward revision of the forecast for the full year, the distribution forecast for the current fiscal year was revised to a decreased amount.



08

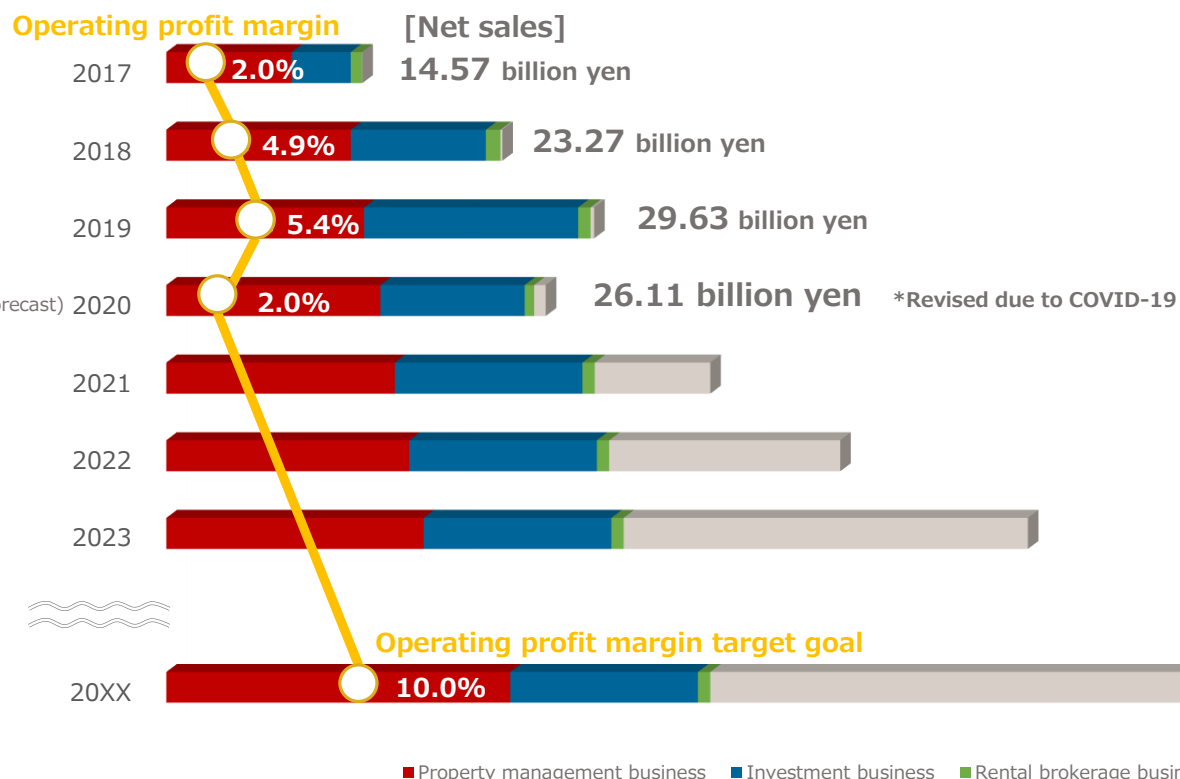
Mid-Term Goal “AMBITION PROJECT 100”

(Former) “AMBITION DREAM 100” with a medium- to long-term goal of achieving 100 billion yen in net sales

→ (New) Revised to: “AMBITION PROJECT 100” with a medium-term goal of achieving 10 billion yen in operating profit at an early stage

- Positioning the fiscal year ending June 2020 as the first year of the project, we seek dramatic growth in the next fiscal year onward through **proactive upfront investment centering on the highly profitable RPA business.**
- Over the medium term, we aim for **an early achievement of 10 billion yen in operating profit and an operating profit margin of 10%** through: Stable growth of the property management business, which is a stock business, as the main focus in our existing businesses + Rapid growth centering on the highly profitable RPA business among new businesses

Improve growth in net sales and operating profit margin



DREAM⇒PROJECT
- Turn the dream
into reality -

Operating profit:
10 billion yen
Operating profit
margin:
10%

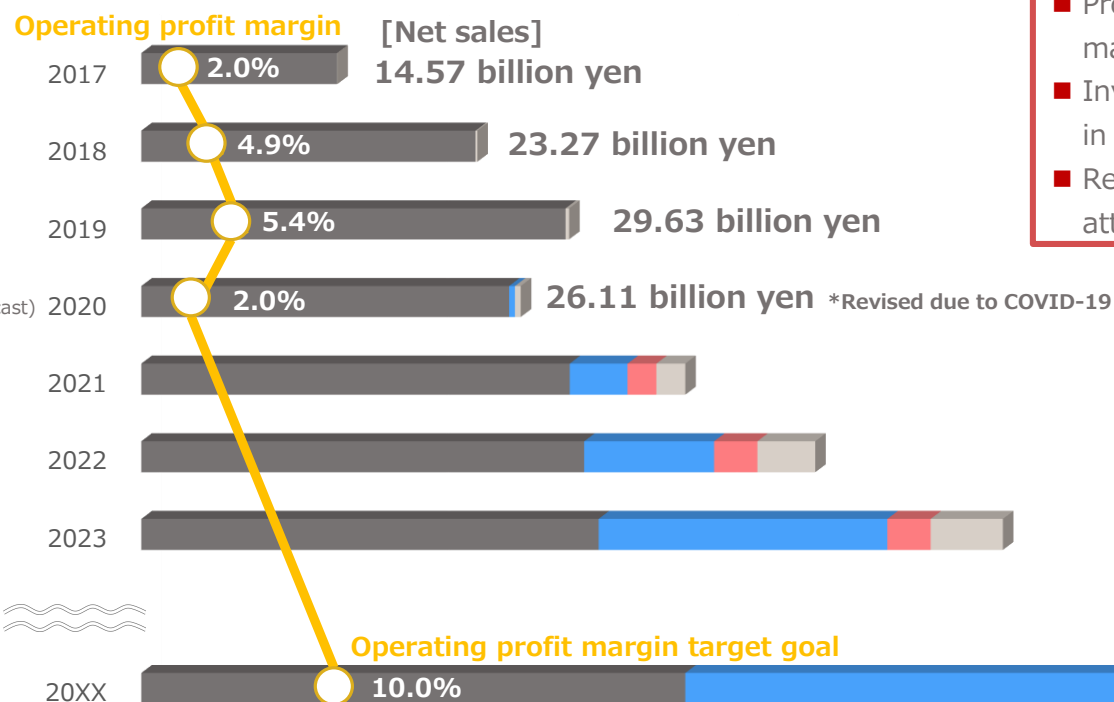
In order to realize dramatic growth in performance in the next fiscal year onward...

we aim to **turn the RPA business under real estate tech and the small amounts and short-term insurance business**, both of which fall under other business, **positive**!



- RPA business under real estate tech business: Will be highly profitable after turning positive and a huge contribution to profit can be expected!
- Small amounts and short-term insurance business: Stock business that will stably accumulate profit after turning positive!

Contribution of New Businesses to Performance



Existing Businesses

- Property management business: Expansion of the number of managed units and maintaining of a high occupancy rate
- Investment business: Enhancing the purchasing of properties in premium areas
- Rental brokerage business: Changing area of focus to attracting customers mainly through websites

New Businesses

- Real estate tech business:
 - Promotion of sales of brokerage version "Rakutech"
 - Promotion of sales of management version "Rakutech"
- Small amounts and short-term insurance business:
 - Expansion of the number of agents
 - Increase the number of contracts

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

Performance Growth

Highly
profitable
new
businesses

Steady growth
of stock
business

Aim for rapid growth in
operating profit after
turning real estate tech
business positive

Real estate tech
business

Small amounts and
short-term insurance
business

Existing
business

- Property management business
- Investment business
- Rental brokerage business

Carry out proactive upfront investment in the current fiscal year

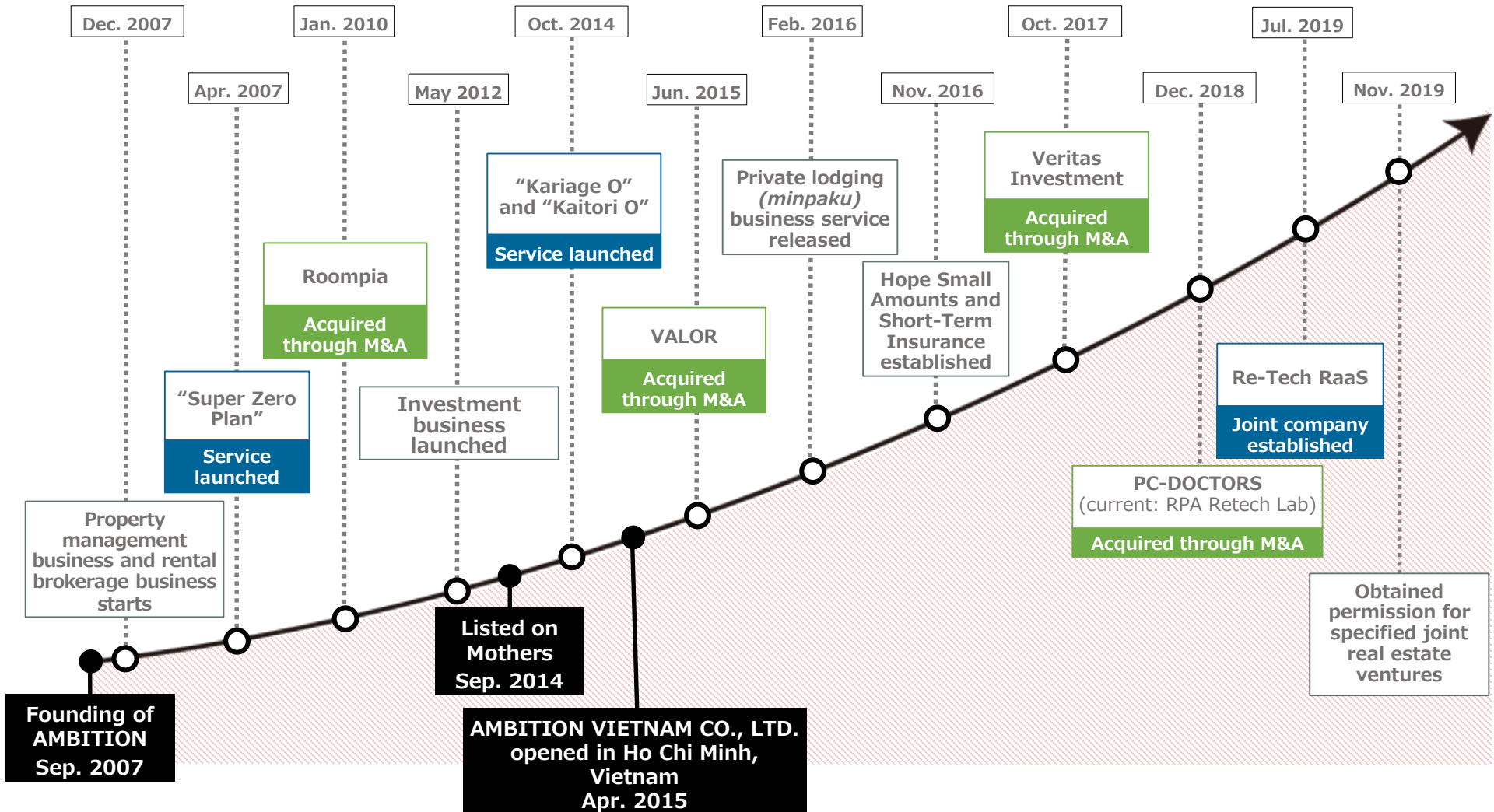
09

APPENDIX

Profile of Ambition Group Companies

Company name	Ambition Corporation	Company name	Ambition Agency Co., Ltd.
Representative	Takeshi Shimizu	Representative	Toru Oishi
Established	September 14, 2007	Directors	Takumi Suzuki, Director; Masaaki Yamaguchi, Director; Fumiyoshi Ozeki, Auditor
Listed exchange	Tokyo Stock Exchange (Mothers)	License number	Minister of Land, Infrastructure, Transport and Tourism (1) No. 9692
Listing date	September 19, 2014	Head office location	Sumitomo Fudosan Harajuku Building 16F, 2-34-17, Jingumae, Shibuya-ku, Tokyo
Capital	379,780,200 yen	Branches	Naka-Meguro Branch, Takadanobaba Branch, Ginza Branch, Corporate Division, Higashi-Omiya Branch
Settlement period	End of June each year	Company name	VALOR Co., Ltd.
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.)	Representative	Naoto Tamura
License number	Minister of Land, Infrastructure, Transport and Tourism (2) No. 8023	Directors	Takumi Suzuki, Director; Kazuto Sato, Director; Fumiyoshi Ozeki, Auditor
Head office location	Sumitomo Fudosan Harajuku Building 18F, 2-34-17, Jingumae, Shibuya-ku, Tokyo	License number	Minister of Land, Infrastructure, Transport and Tourism (1) No. 9662
Department	Property Management Department: Investment Department: Information Strategy Division / Leasing Brokerage Division Business Administration Department: Corporate Planning Office / Financial Affairs Division / Internal Audit Office	Head office location	Nagaoka Building 3F, 2-1-22 Kitasaiwai, Nishi-ku, Yokohama, Kanagawa
Affiliated companies	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.	Branches	Yokohama Branch, Hiyoshi Branch, Kamiooka Branch, Futamatagawa Branch, Tsurumi Branch, Yokohama Okano Branch, Sagami-Ono Branch
Partner banks	MUFG Bank, Resona Bank, Mizuho Bank, Sumitomo Mitsui Banking Corporation, ORIX Bank Corporation, Chiba Bank, etc.	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



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 urban landscape of various skyscrapers and buildings, some with construction cranes visible. The sky is a hazy, warm orange and yellow, suggesting the sun is low on the horizon. The overall atmosphere is serene and expansive.

END