Q2

2021

| Securities Code | 3300 |
|---|---|



AMBITION

# Supplementary Financial Materials

## Fiscal Year Ending June 2021 (Q2)

**February 12, 2021（Friday）**

**Ambition Corporation**

ISIN JP3128650003

01 About Ambition Group P. 4

02 Financial Summary P. 14

03 Individual Business P. 21

04 Forecast for the Current Fiscal Year P. 52

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## 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 digital transformation (DX) and the growth of RPA business, and make appropriate conduct upfront investment.**

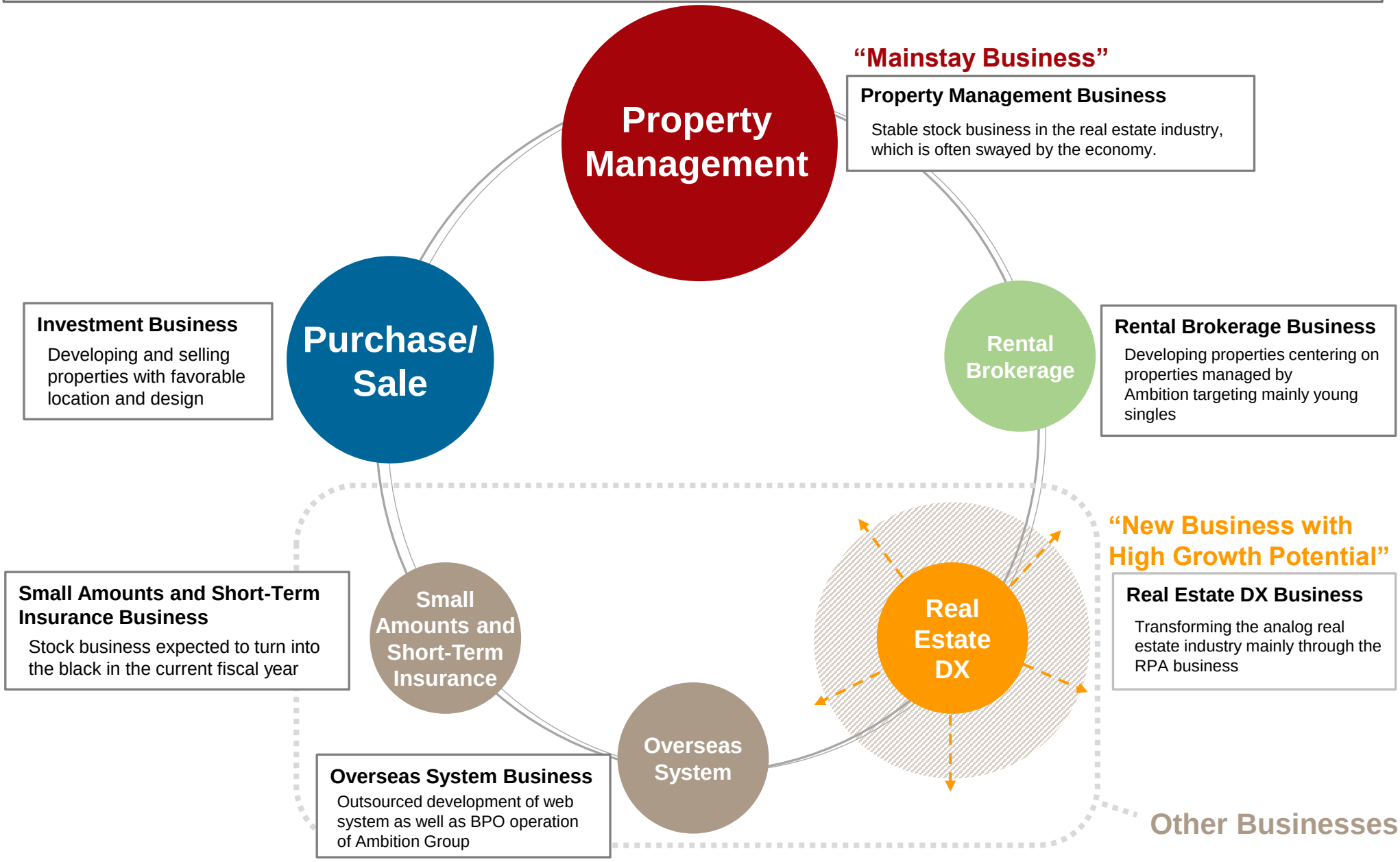
## H1 Results

**Bolstered by a strong performance in the Investment Business, net sales totalled 16.44 billion yen (up 35.8% year on year) and operating profit was 478 million yen (compared with an operating loss of 21 million yen in the same period a year earlier), both surpassing H1 forecasts.**

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# 01 About Ambition Group

# Segment Configuration (3 Segments + Other)




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# Major Topics During the Fiscal Year Ending June 2021



— 1Q —

| | |
|---|---|
| Aug. 14, 2020 | [Hope] Announced development of "MONOLITH," a new system for small amounts and short-term insurance that promotes InsurTech (introduced Sep.) |
| Sep. 2, 2020 | [Hope] Launched "New Living Security Insurance," a new product for small amounts and short-term insurance |
| Sep. 30, 2020 | Announced business partnership with Market Enterprise Co., Ltd. <3135> engaged in the online reuse business |

— 2Q —

| | |
|---|---|
| Oct. 2, 2020 | [Veritas] Launch of sales of new designer condominium for investment "PREMIUM CUBE Komagome" |
| Oct. 2, 2020 | [Veritas] Launch of sales of new designer condominium for investment "PREMIUM CUBE Morishita" |
| Nov. 1, 2020 | [Ambition Agency] Opened "Roompia Ikebukuro Higashiguchi" |
| Nov. 13, 2020 | Announced change of name from Real Estate Tech Business to "Real Estate DX Business" in Other Businesses |
| Nov. 13, 2020 | Announced business partnership in real estate DX product collaboration with Bengo4.com, Inc. <6027> providing electronic contract system "Cloudsign" |
| Nov. 19, 2020 | Commenced solicitation of funds for fourth project of "A funding," a crowd-funding service for real estate investment |

Reference — Q3 Onwards —

| | |
|---|---|
| Jan. 6, 2021 | [Veritas] Launch of sales of new designer condominium for investment "PREMIUM CUBE Nakano" |
| Jan. 13, 2021 | [Ambition Agency] Participated in "Project to energize Japan from small and medium-sized enterprises" for which Atsushi Tamura of London Boots comedy duo serves as official ambassador |
| Feb. 12, 2021 | Announced the release this spring of "Room Concierge," an app matching users who are searching for rooms with real estate brokers/salespeople |
| Feb. 12, 2021 | Notification of selection by MLIT as business operator enrolled in social experiment to realize society where important matters related rental transactions and sales transactions are explained online |

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## Changed name of “Real Estate Tech Business” to “Real Estate DX Business” in the current fiscal year

**Basic policy:** Focusing on product development by combining development by the Group and alliances in a balanced way, and transforming labor-intensive real estate business through DX

### Strengths of Ambition

AMBITION

Know-how and big data on real estate business

Network with real estate players

### Product Development Structure

**Development by the Group**

AMBITION

Development subsidiary in Vietnam, etc.

**Building Alliances**

New

CLOUDSIGN

RPA HOLDINGS

CSC CYBER SECURITY CLOUD

Headwaters

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# New DX Strategy - Step (1): Development and Sales of Products in the Real Estate Field

**As STEP 1, initially focus on efforts on DX in the real estate industry with the aim of "accelerating growth in Group businesses" and "creating new revenue sources in an SaaS format" in the real estate field**

## Business Value Chain

| | Development | Sales | Property management | Rental brokerage | Renovation | Secondary distribution |
|---|---|---|---|---|---|---|
| | AMBITION (Investment) | | AMBITION (Property management) | AMBITION (Rental brokerage) | AMBITION+ RENO | |
| Fields developed by Ambition Group | VERITAS INVESTMENT | | | ROOMPIA Tokyo Smart Life<br>VALOR HOME ADVISE | | |
| Initiatives on DX |  IoT-based smart homes | | AI algorithm inferring optimum rent<br>CLOUDSIGN Collaborative product<br>CPMA (Contract Process Management Automation Cloud) | Rakutech 反響倍増くん Hankyoubaizou-kun | | A funding |

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# New DX Strategy - Steps (2) and (3): Future Development

**Next, as STEP 2, use the know-how we have accumulated to launch new customer-oriented services (for consumers) in the real estate field.**

**Finally, as STEP 3, consider branching out into new fields beyond the real estate field.**

## STEP 1.

Deploy DX products in the real estate field

ラクテック
Rakutech 反響倍増くん Hankyoubaizou-kun

CLOUDSIGN
Collaborative product

CPMA
(Contract progress management system)

AI algorithm inferring optimum rent

## STEP 2.

Launch new customer-oriented services (for individual consumers) in the real estate field

Room Concierge

An app matching users who are searching for rooms with real estate brokers/salespeople (P.13)

## STEP 3.

Also use acquired technologies to challenge new DX fields beyond real estate

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# Business Alliance with Bengo4.com, Inc. (2Q: Announced Nov. 13)

**As STEP 1 of our DX strategy, we will integrate the web-based cloud contract service "Cloud Sign" provided by BENGO4.COM, INC. (6027) to improve the efficiency of our own business operations initially and then to conduct external sales to real estate companies.**
**We will conduct product development along the following two axes and plan to release products gradually from this spring.**

AMBITION GROUP × 弁護士ドットコム CLOUDSIGN

## External product development

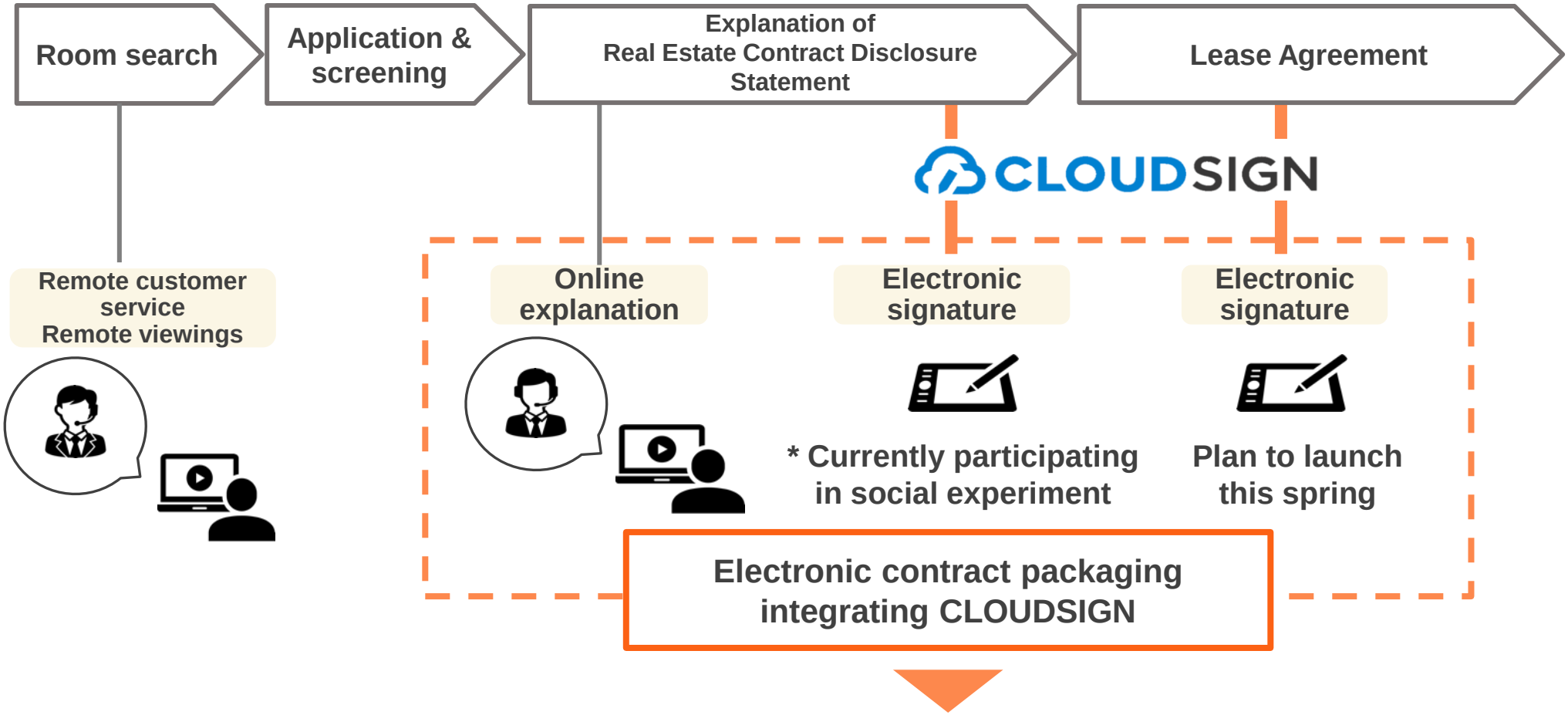
- **Plan to introduce electronic contracts using CLOUDSIGN in own Rental Brokerage Business this spring (P.11)**
- **Plan to conduct external sales to real estate companies later**

## Improvement of own productivity

- **Utilization of CLOUDSIGN in communication with existing customers in the Property Management Business**
- **Plan to integrate the contract progress management system CPMA in the Property Management Business before the end of the year**
  **Also aiming to introduce for new contracts (P.12)**

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**We are currently developing an electronic contract package integrating the CLOUDSIGN service provided by BENGO4.COM, INC. After releasing the package this spring, we plan to start using it in our own Rental Brokerage Business first and then to branch out into external sales.0**

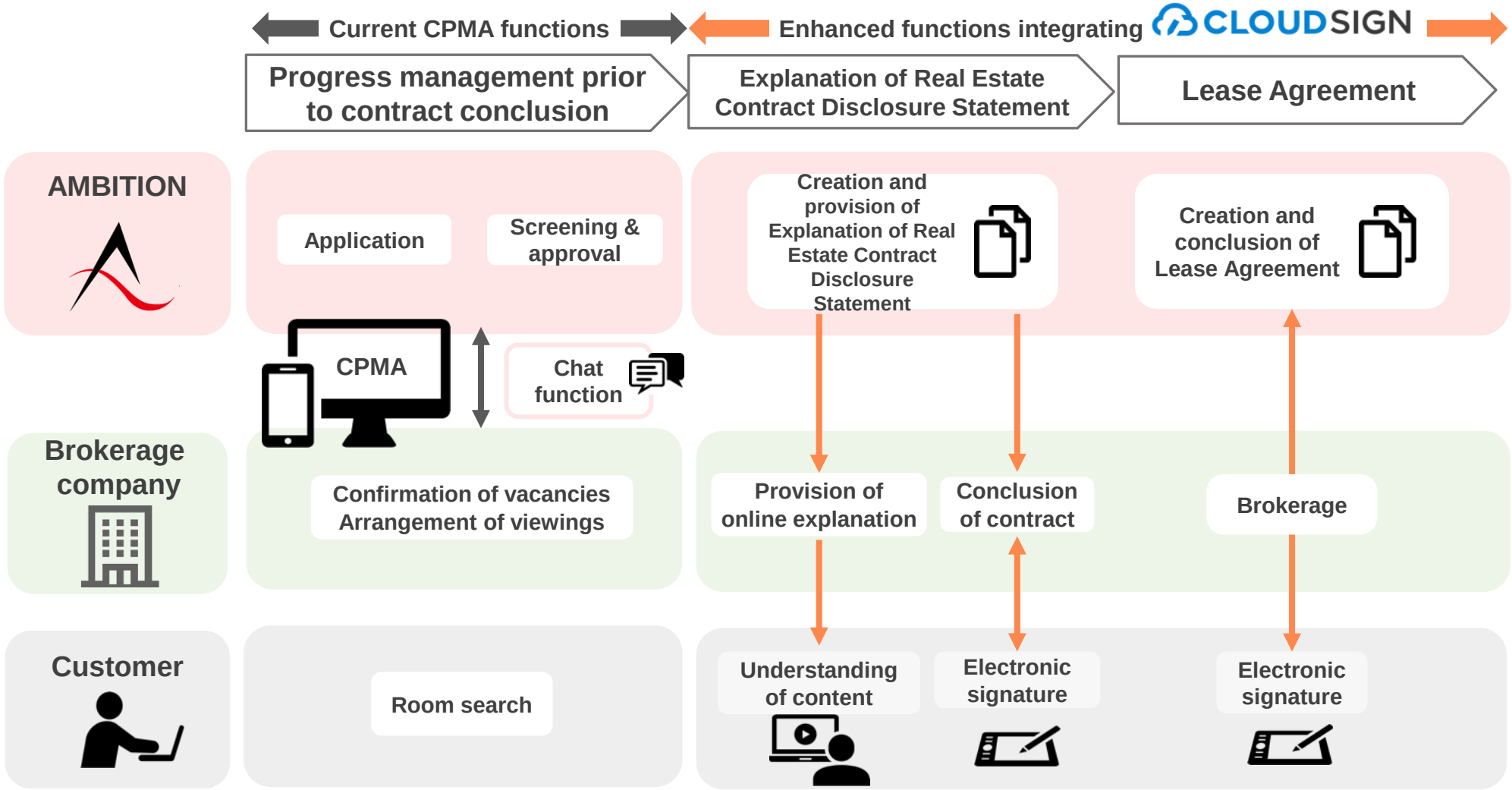



**Re-Tech RaaS inc. will then begin external sales to real estate companies**

*Parent company AMBITION CORPORATION has been participating in the experiment since January 2021. AMBITION AGENCY Co., Ltd. and VALOR Co.., Ltd. in the Rental Brokerage Business plan to participate in the future.

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**By integrating CLOUDSIGN with “CPMA,” the contract progress management system used in the Property Management Business, we will achieve greater business efficiency and higher productivity.**




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**As STEP 2, of our new DX strategy, we will develop new customer-oriented services (for consumers). We plan to launch a new service this spring.**

**App matching users who are searching for rooms and Room Concierge (real estate brokers/salespeople)**

## Room Concierge

### Main functions

- Viewing of posts introducing properties via SNS-type UI/UX
- Rating of posts through “Likes” or comments
- Room Concierge chat function
- Room Concierge search and registration functions







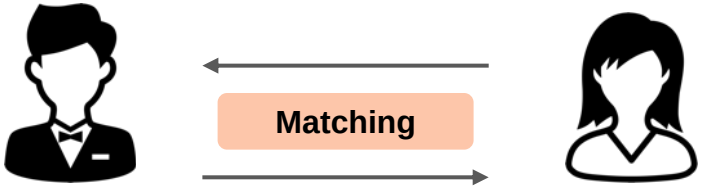


### Service charge

- Completely free for users

### Assumed revenue

- Advertising revenue and revenue from service charges on the business operator side




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# 02 Financial Summary

# Impact of COVID-19 on Business Results and H2 Forecasts

○: No impact △: Adverse impact ×: Significant adverse impact



## Property Management Business

[H1 Result] [H2 Forecast]

**Number of managed units and net sales**



**Occupancy rate**



(1) During Q2, the occupancy rate fell temporarily due to an increase in new properties managed and the impact of COVID-19

(3) Control cost of finding tenants whilst monitoring trend of occupancy rate

(4) Continue to focus on further improving the occupancy rate in Q3

**Profitability**

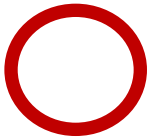


(2) Implemented measures to raise the occupancy rate through expenditure to find tenants

(5) Aim for occupancy rate of 97% at the end of the fiscal year

(P.26)

## Investment Business



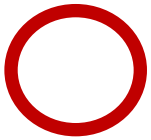
No adverse impact either in H1 or H2

## Rental Brokerage Business



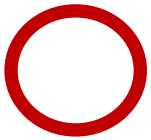
Aim to maintain recovery seen in H1 in H2 as well, despite lower-than-normal moving demand, especially among students

## Real Estate DX Business



Avoidance of adverse impact of COVID-19 both in H1 and H2 through online initiatives to acquire new customers and deal with existing customers

## Insurance Business and Overseas System Business



No adverse impact either in H1 or H2

## Hotel Business



Hit by decreased inbound demand both in H1 and H2

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# Profit and Loss Statement



**H1 net sales increased 35.8% year on year due to the strong performance of the Investment Business.**
**EBITDA was 5.86 times the level a year earlier, and operating profitability (improvement of 499 million yen year on year) was achieved.**

| (Unit: million yen) | First half of fiscal year ended June 2020 (actual) | First half of fiscal year ending June 2021 (actual) | YoY comparison |
|---|---|---|---|
| **Net sales** | **12,105** | **16,440** | **+35.8%** |
| Gross profit from sales | 2,041 | 2,785 | +36.4% |
| Selling, general and administrative expenses | 2,063 | 2,307 | +11.8% |
| **EBITDA*** | **103** | **604** | **5.86 times** |
| **Operating profit** | **-21** | **478** | **–** |
| **Ordinary profit** | **-95** | **431** | **–** |
| Profit before income taxes | 105 | 399 | 3.80 times |
| **Profit attributable to owners of parent** | **-137** | **197** | **–** |

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

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# Difference between H1 Forecasts and Results

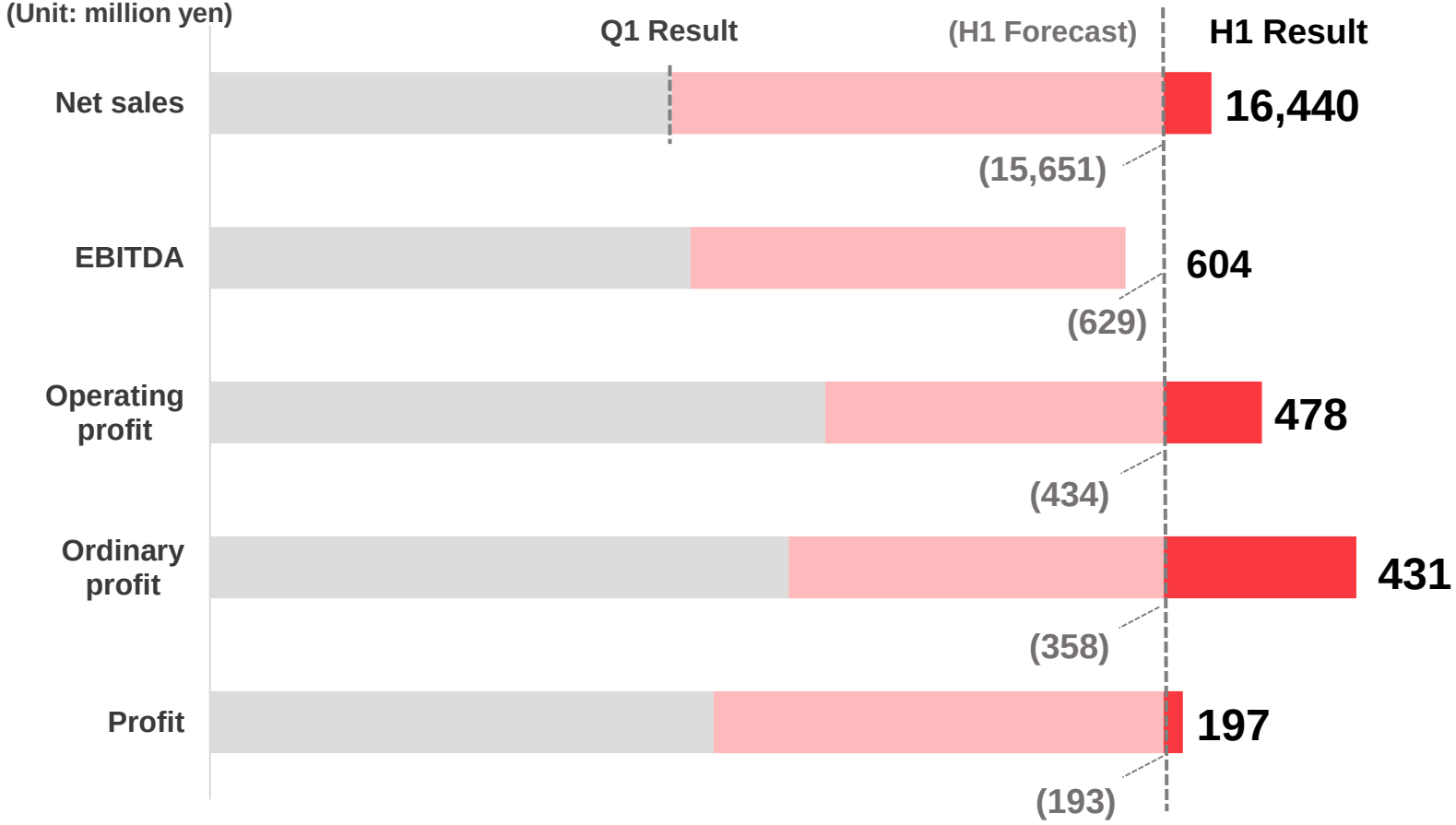


## Net sales, operating profit, ordinary profit and profit all surpassed H1 forecasts thanks to the strong performance of the Investment Business.

—Ordinary profit: Significant improvement of 20%, mainly due to 10% improvement in operating profit and the recording of non-operating income such as COVID-19 grants

—EBITDA: Slightly worse than forecast due to decrease in depreciation owing to losses in Hotel Business which was badly hit by COVID-19

(Unit: million yen)




V.s. forecast

Net sales
+5.0%

Operating profit
+10.3%

Ordinary profit
+20.2%

Profit
+2.0%

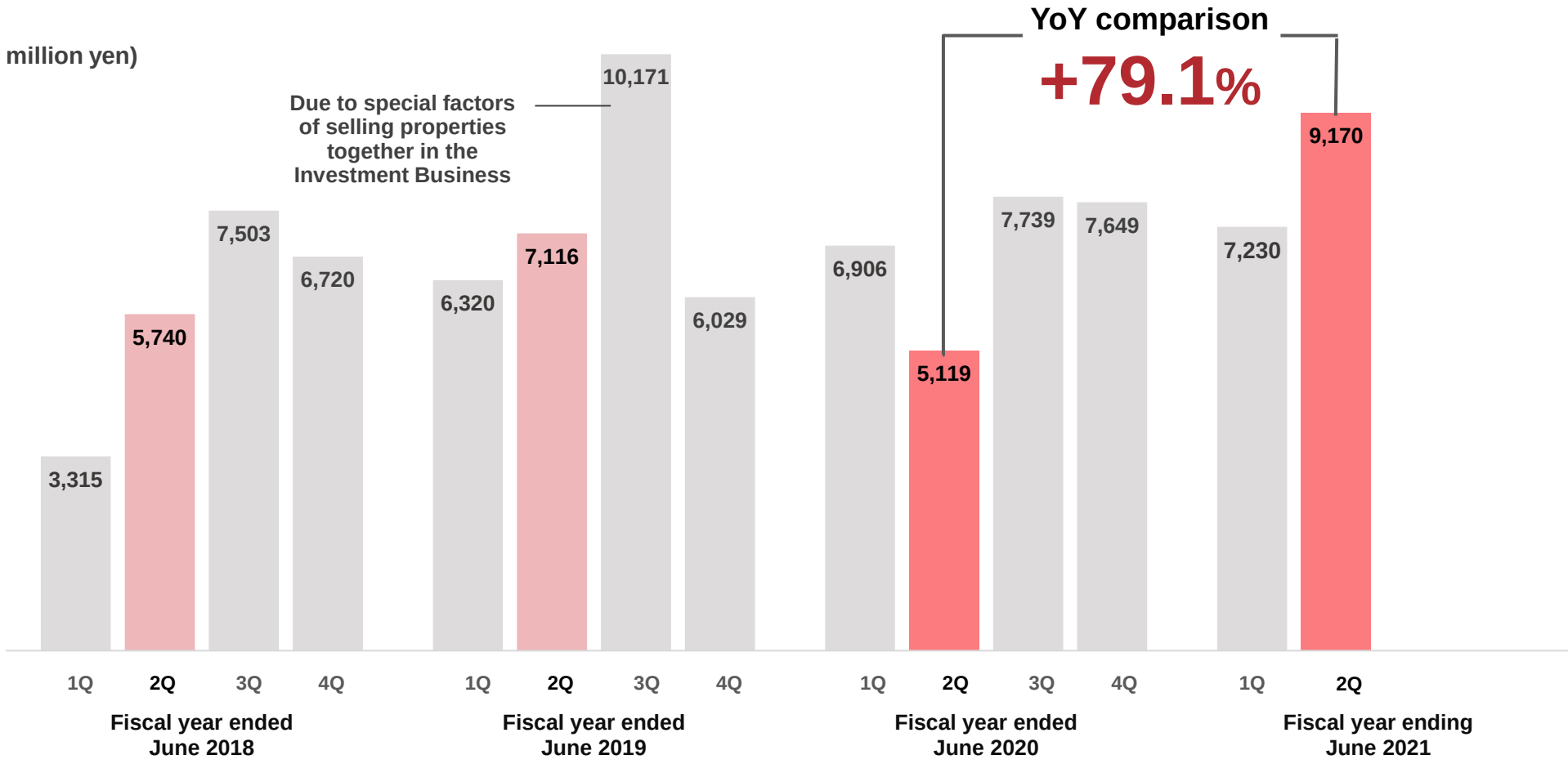
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# Quarterly Changes in Net Sales



- Bolstered by the accelerated sale of some properties scheduled for H2 in the Investment Business, Q2 net sales rose 79.1% year on year to set a new Q2 record.
- While sales in core businesses tend to be concentrated on H2, this fiscal year, sales in the Investment Business were more concentrated on H1 and sales are expected to even out on a full-year basis.

(Unit: million yen)



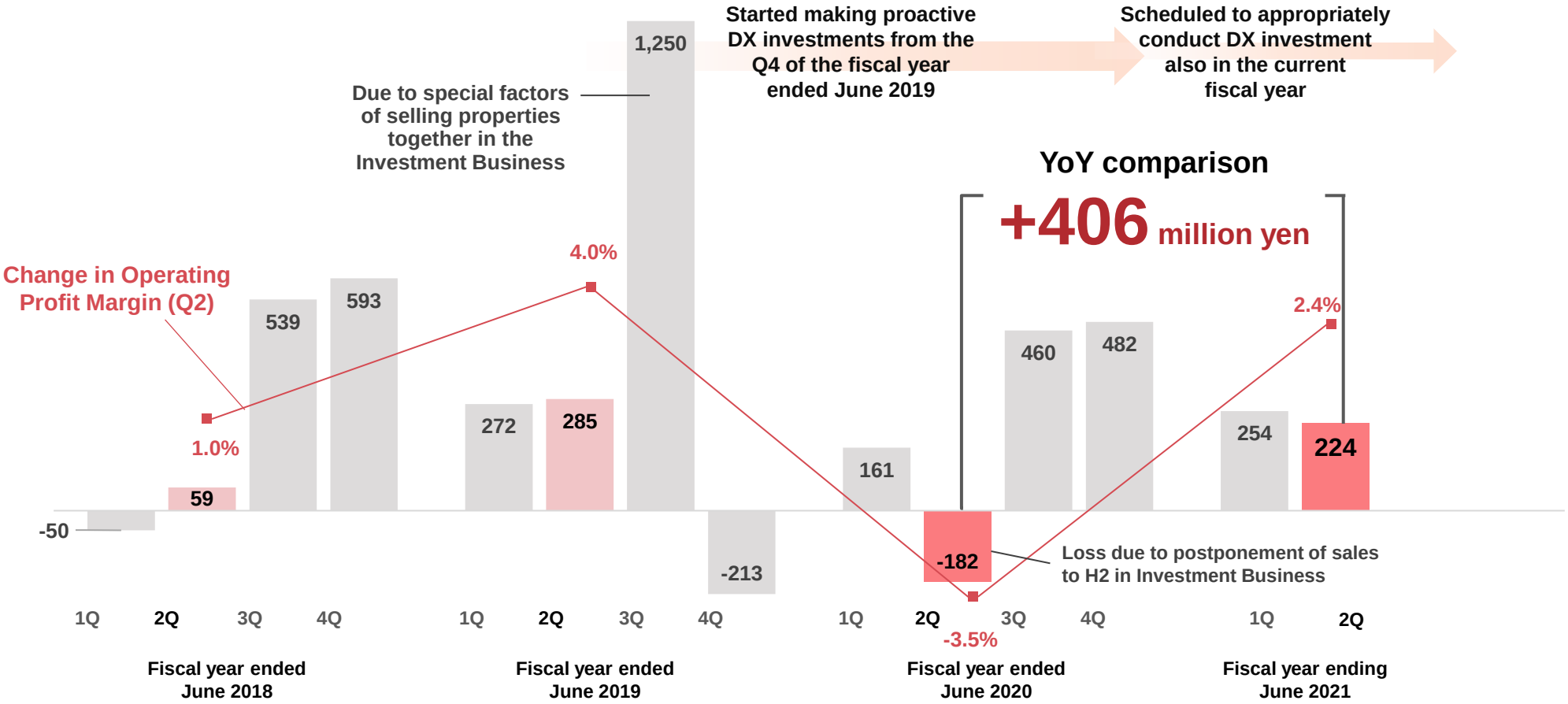

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# Quarterly Changes in Operating profit and Operating Profit Margin



- Q2 operating profit improved significantly year on year mainly due to improvement in the number of units for which payment was received as a result of an increase in new prime properties handled in the Investment Business.
- This fiscal year, operating profit is expected to be achieved in all four quarters.

(Unit: million yen)




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## Net assets decreased due to decline in the market value of investment securities.

(Unit: million yen)

| | End of the fiscal year ended June 2020 | End of H1 of fiscal year ending June 2021 | Amount of change |
|---|---|---|---|
| Current assets | 9,395 | 10,680 | +1,285 |
| Non-current assets | 5,819 | 4,723 | -1,096 |
| Deferred assets | 4 | 3 | -1 |
| Total assets | 15,219 | 15,407 | +188 |
| Current liabilities | 5,639 | 5,507 | -132 |
| Non-current liabilities | 5,682 | 6,265 | +583 |
| Net assets | 3,897 | 3,634 | -263 |
| Total of liabilities and net assets | 15,219 | 15,407 | +188 |
| Equity ratio | 25.5% | 23.5% | -2% |

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# 03 Individual Business

# Property Management Business

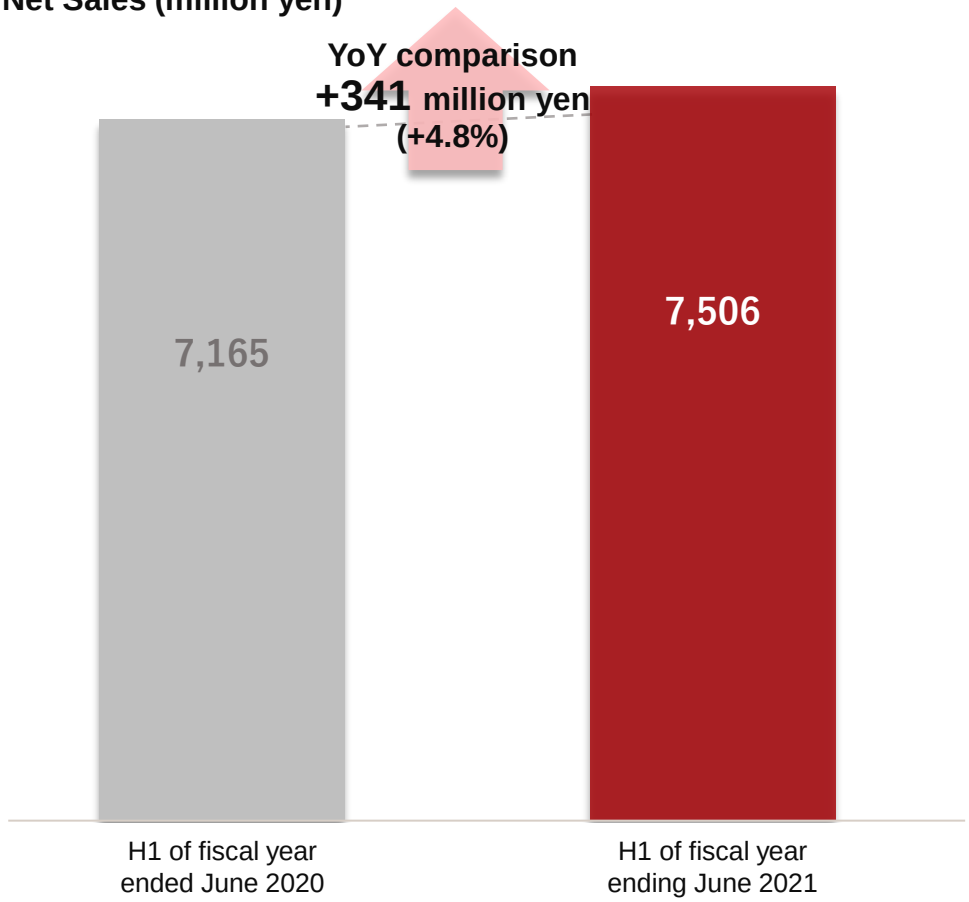
**(Mainly engaged in by AMBITION with some engagement by Veritas Investment and VALOR)**

# Business Performance in Property Management (Rental Property Management Business for H1 of the Fiscal Year Ending June 2021

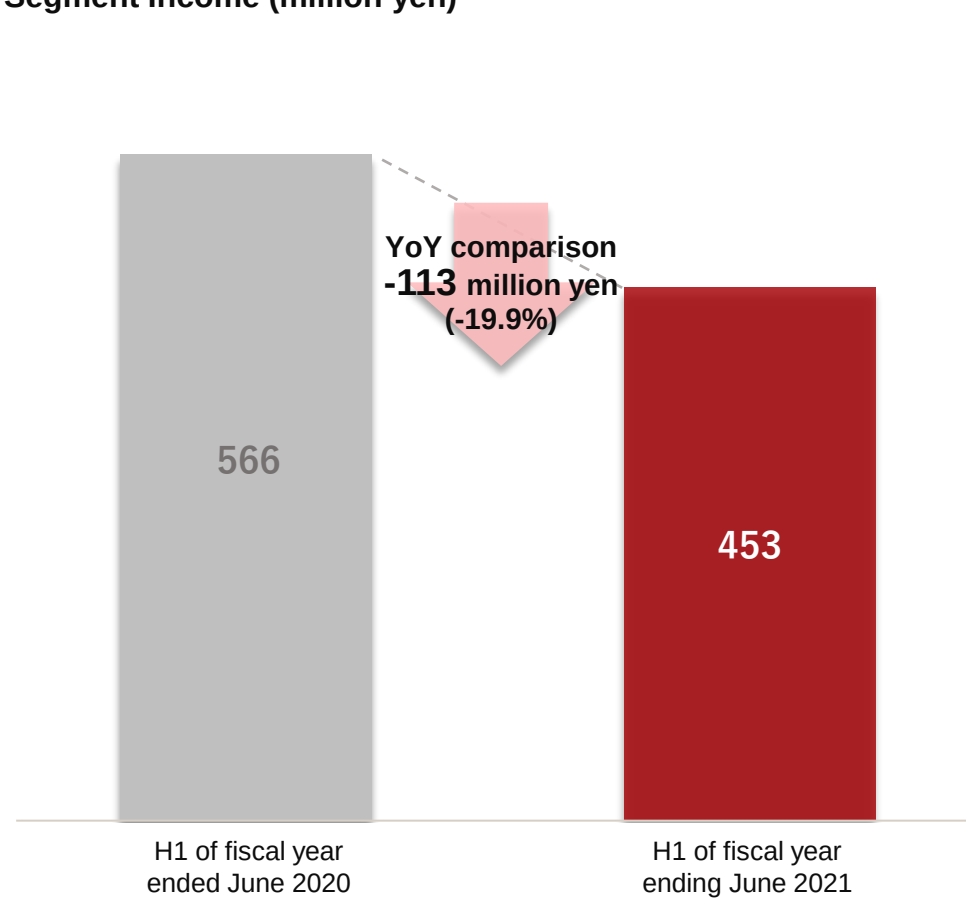


- Net sales rose 4.8% year on year due to an increase in the number of units managed, which is the KPI.
- Segment income fell 19.9% year on year. This was due to special factors such as investment made in DX, in addition to expenditure and the implementation of measures (p.26) to address a fall in the occupancy rate in Q2, caused by a combination of more new properties managed and COVID-19.

**Net Sales (million yen)**




**Segment Income (million yen)**




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# Key Performance Indicator (KPI): Change in the Number of Managed Units

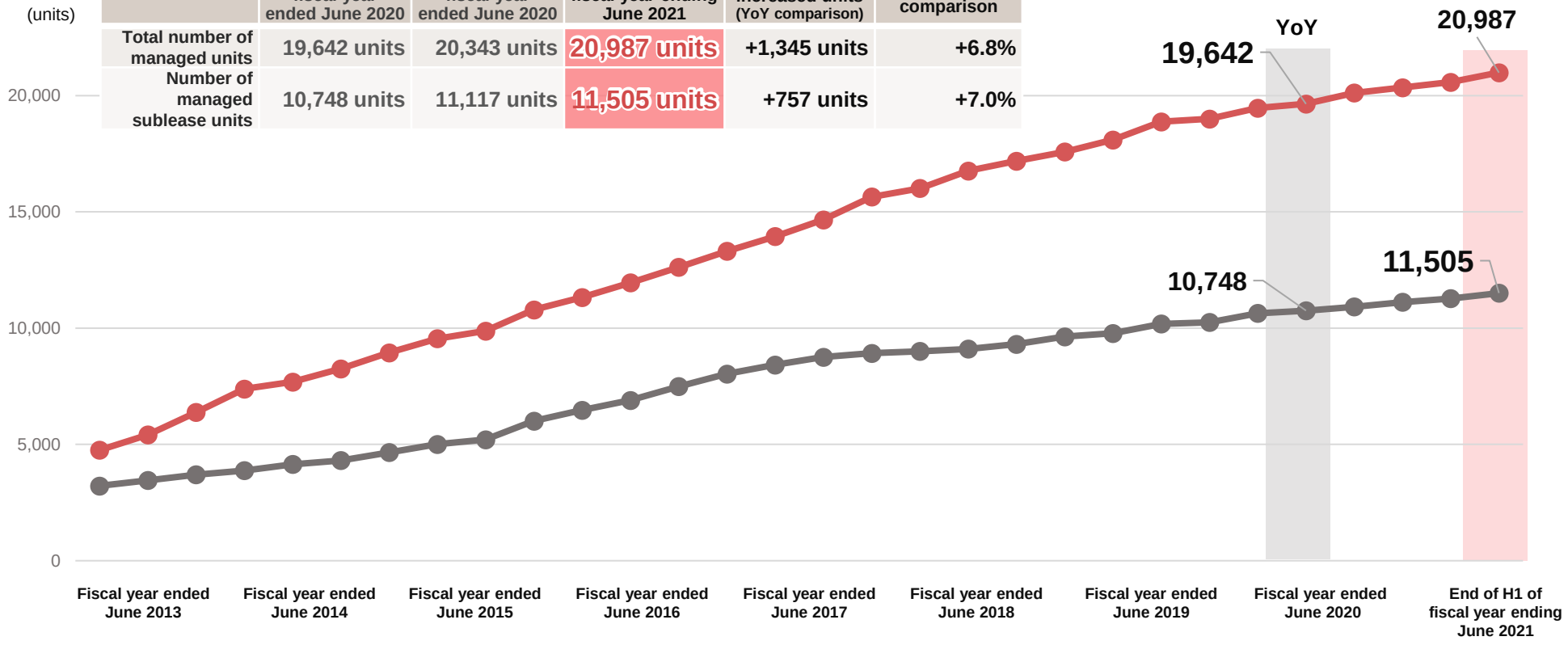


## Our mainstay Property Management Business is a stock business, and the number of managed units, which is the KPI, regardless of economic situation, is increasing steadily.

— Usually, the growth rate tends to slow when the number of managed units exceeds 20,000, but Ambition continues to maintain a growth rate higher than the industry average with its unique know-how and network.

### Change in Number of Managed Units and Sublease Management Units

| | End of H1 of fiscal year ended June 2020 | End of fiscal year ended June 2020 | End of H1 of fiscal year ending June 2021 | Number of increased units (YoY comparison) | YoY comparison |
|---|---|---|---|---|---|
| Total number of managed units | 19,642 units | 20,343 units | 20,987 units | +1,345 units | +6.8% |
| Number of managed sublease units | 10,748 units | 11,117 units | 11,505 units | +757 units | +7.0% |




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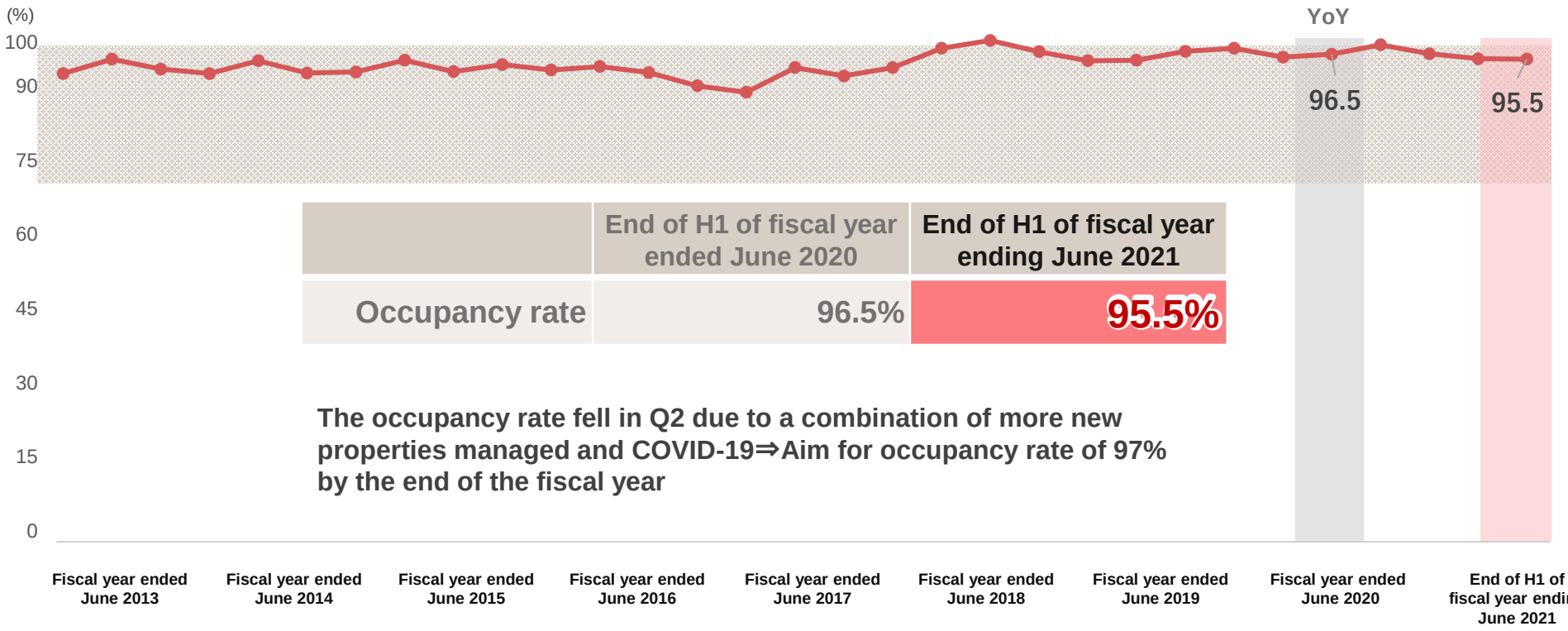
# Quarterly Changes in Occupancy Rate



**Owning several quality properties, such as designer condominiums, mainly in the 23 wards of Tokyo, which sees high demand.**
**Also maintaining a high occupancy rate compared to many competitors 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

## Quarterly Changes in Occupancy Rate



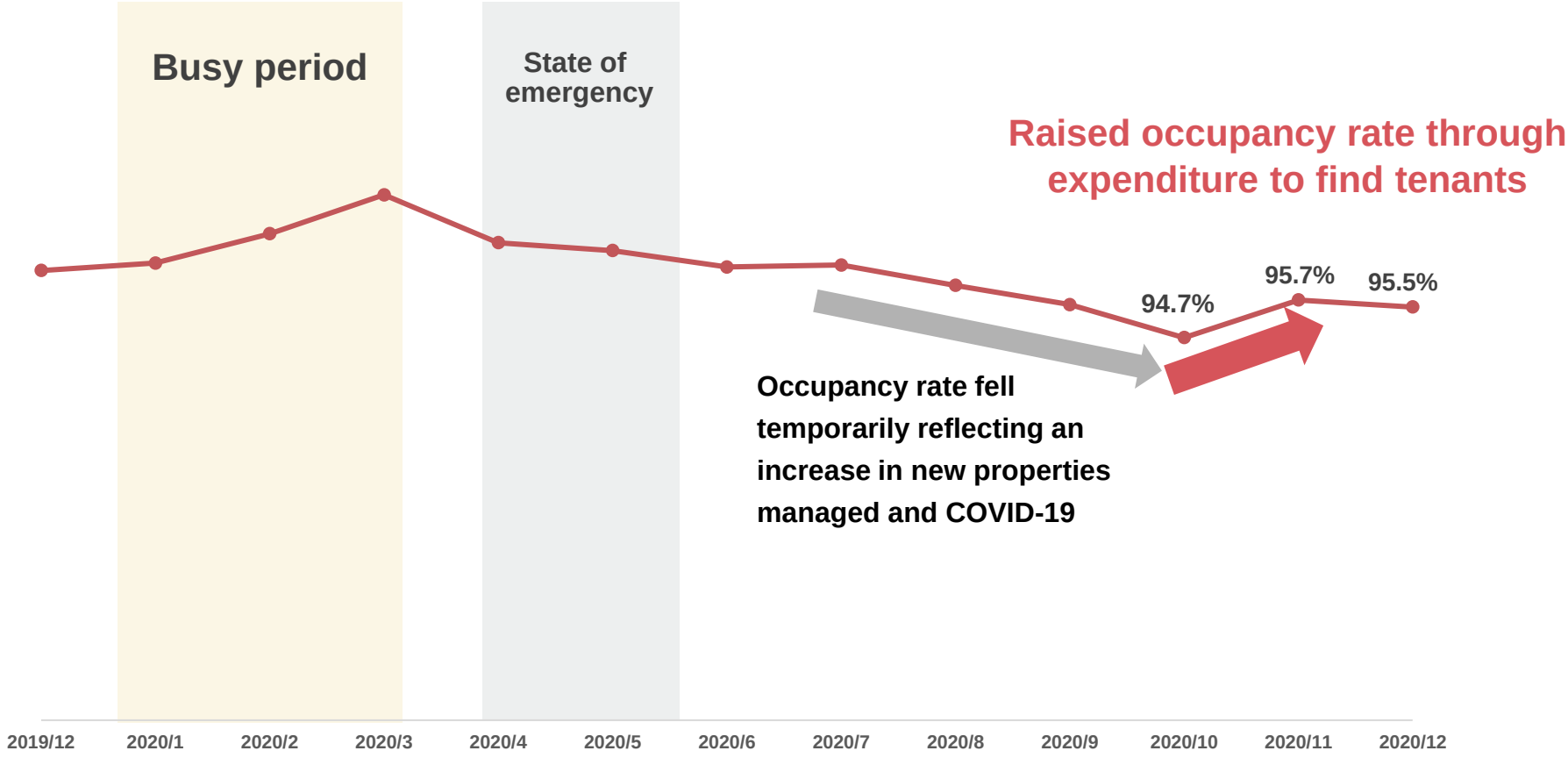

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# Measures to Improve Occupancy Rate Implemented in Q2



**We implemented appropriate measures to address the downward trend in the occupancy rate resulting from a combination of more new properties managed and COVID-19, and we succeeded in raising the occupancy rate.**
**Moving forward, we will continue to control the cost of finding tenants whilst monitoring change in the occupancy rate.**

## Monthly changes in the occupancy rate




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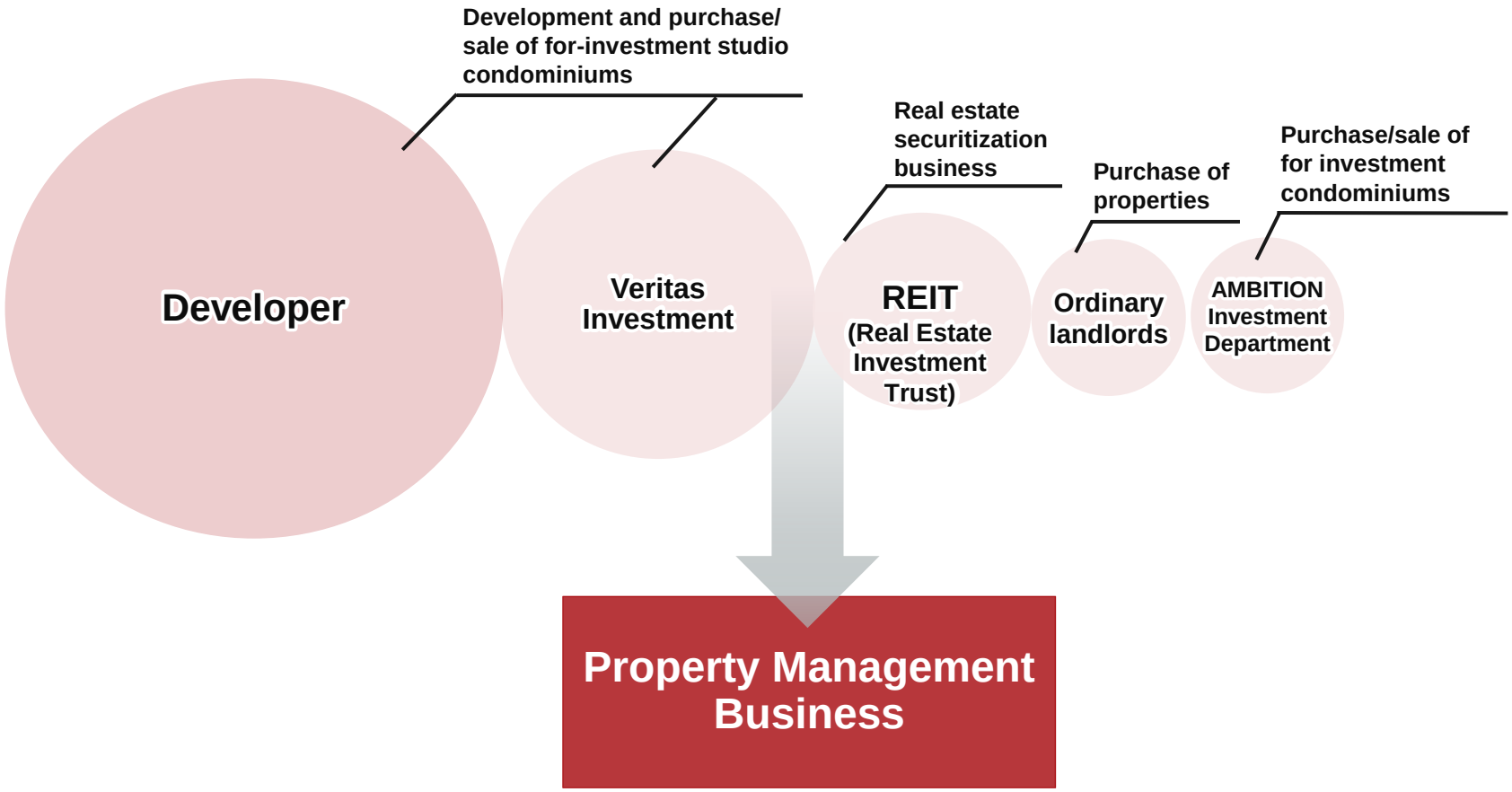
# Property Sharing Pipeline Leading to Increase in Number of Units Management



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

**Continue to strengthen property supply pipeline for increasing the number of managed units, which is the KPI**

### Property Supply Pipeline




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# Business Partnership with Market Enterprise Co., Ltd. (Formed in Q1)



**We are expanding our initiatives with Market Enterprise Co., Ltd. <3135>, which operates the "Oikura" purchasing platform, aiming to create a one stop shop for all moving needs including real estate appraisal and purchasing.**

AMBITION GROUP

MARKET ENTERPRISE

おいくら?

**Initiative on formation of business alliance**

**Needs for purchasing unnecessary items upon relocation by customers of Ambition**

**Assessment and comparison of the purchase price as well as the sale of unnecessary items is possible in a single request**

**Additional initiative**

**Launch real estate appraisal and purchasing service from January 2021**

**Build new real estate purchasing pipeline**

**Real estate purchasing needs of "Oikura" customers**

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## Further promote real estate DX in the current fiscal year

### Measure 1.

**Continue to promote RPA in typical work**
**(“Rakutech” was developed for other companies)**

### Measure 2.

**Introduce multiple new systems for the promotion of next-generation management**

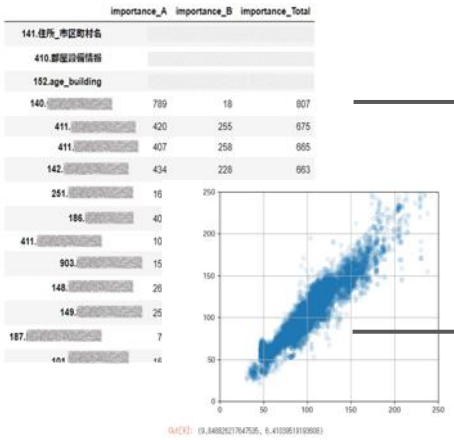
- **Q1:** Test introduction of CRM (Customer Relationship Management System) combining CTI (Computer Telephony Integration) and IVR (Interactive Voice Response)
- **Q2:** Introduction of repair and maintenance management system
- **Q3:** Planning test introduction of property management system, etc.



**Improving customer satisfaction through real estate DX**

### Measure 3.

**Develop a unique AI algorithm that maximizes LTV strategies (lifetime value), and realize automated calculation of optimum rent**




**Aggregation and analysis of our rental big data (several million) using AI**

**Deduction of optimum rent/plan for maximizing property income by AI**

※画像の記載データはイメージ

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# Customization of “CPMA” Contract Progress Management System



## Measure 4.

**Introduced “CPMA*,” a contract progress management system for the online “visualization” of communication with brokers conducted via phone or FAX, in October 2018**

**⇨ Q2: Customized to encourage further improvement in business efficiency**

## “CPMA,” contract progress management system




- **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**

* Acronym of Contract Process Management Automation

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# Investment Business

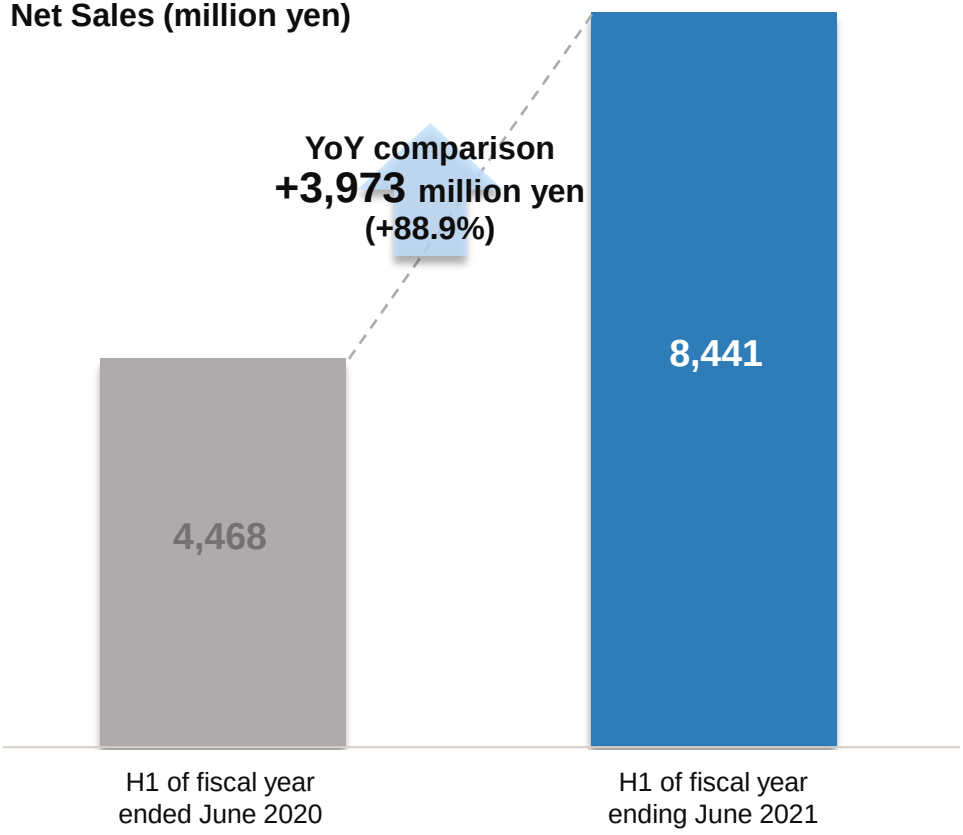
**(Mainly engaged in by Veritas Investment with some engagement by AMBITION's Investment Department)**

# Investment Business Performance Trends for H1 of Fiscal Year ending June 2021

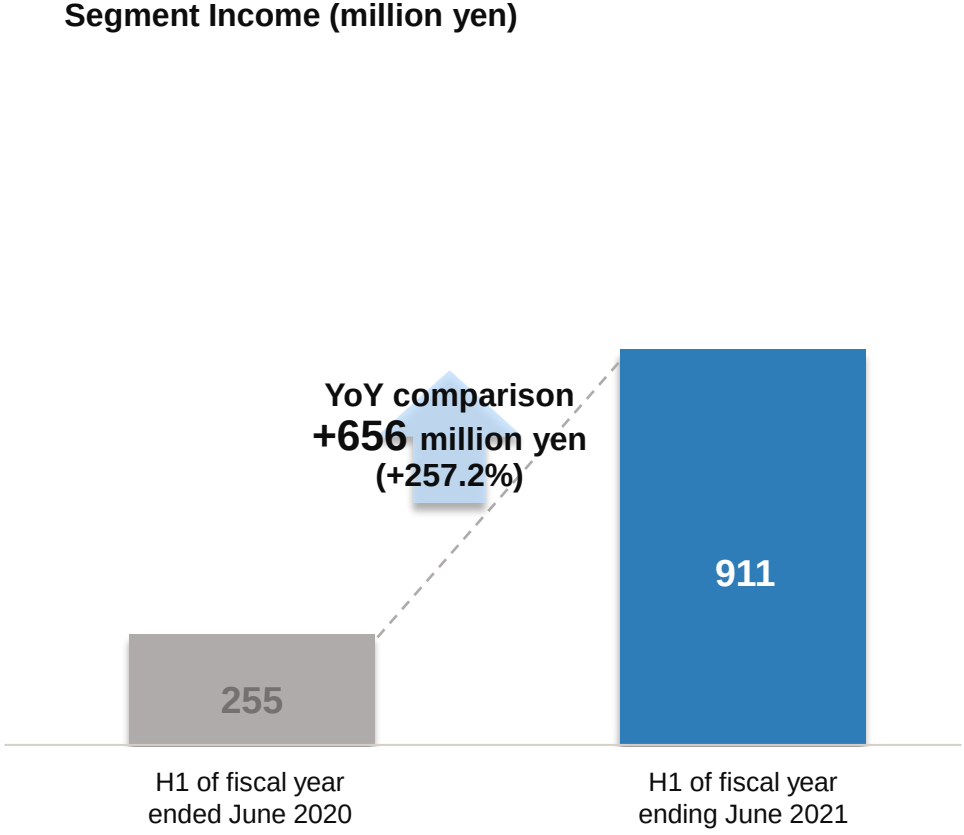


- Net sales increased sharply, up 88.9% year on year, reflecting the earlier sale of some properties scheduled for H2 as settlement periods, which had grown longer due to COVID-19, returned to normal, in addition to sales (around 1.5 billion yen) postponed from the previous fiscal year.
- Segment income grew substantially to 3.6 times the level a year earlier, mainly due to an increase in new prime properties handled and also because the sales postponed from the previous fiscal year were properties with high profit margins.

**Net Sales (million yen)**




**Segment Income (million yen)**




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# Characteristics and Strengths



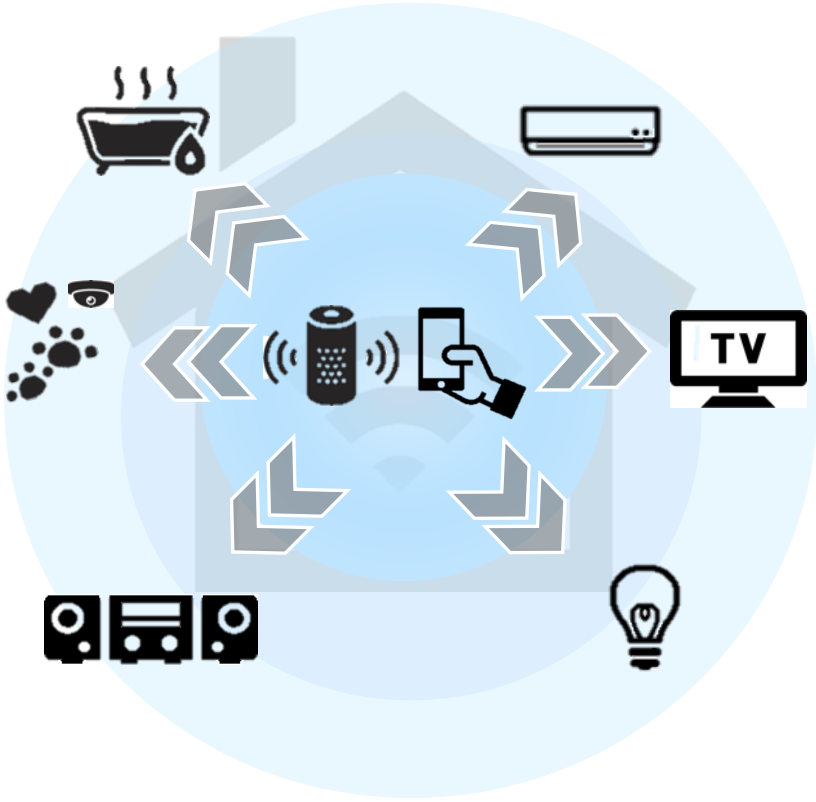
## Mainly engaged in by Veritas, which is a subsidiary having strengths in new properties developed by the Group

| | Veritas Investment (Consolidated subsidiary) | Investment Department |
|---|---|---|
| Characteristics and strengths | **Sale of new studio condominiums for investment**<br>**Favorable location**<br>Tokyo Premium Area<br>×<br>**Favorable design**<br>Stylish designer condominiums | **Renovation/sale of for-sale condominiums**<br>AMBITION+ RENO<br>Renovation brand<br>Focusing on location (Tokyo Premium Area)<br>Capable of purchasing properties through various channels |
| Number of units where Payment settlement completed in H1 | 166 units (up 41 units year on year) | 51 units (up 22 units year on year) |
| | "PREMIUM CUBE" series curated by a famous designer is very popular | Also developing a crowdfunding business<br>A funding |

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## Veritas adds IoT to “Tokyo x Designers x Studio Condominiums”

### Creation of a new condominium standard in Tokyo realizing support for safer, more comfortable urban living




VERITAS INVESTMENT

#### Using remote controllers for home appliances

**Residents**

Using smartphones when going out
Using smart speakers at home
Controlling home appliances

#### Status of property management and notification function

**Owners**

Notification of management status
Smooth contact through chats

#### Provision of information on condominium management

**Owners**

Information on real estate investment and condominium management
Distribution of property information and provision of useful information

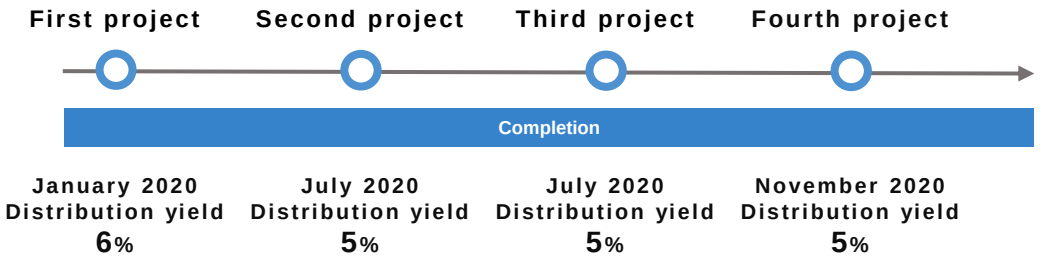
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# Status of Crowdfunding Business

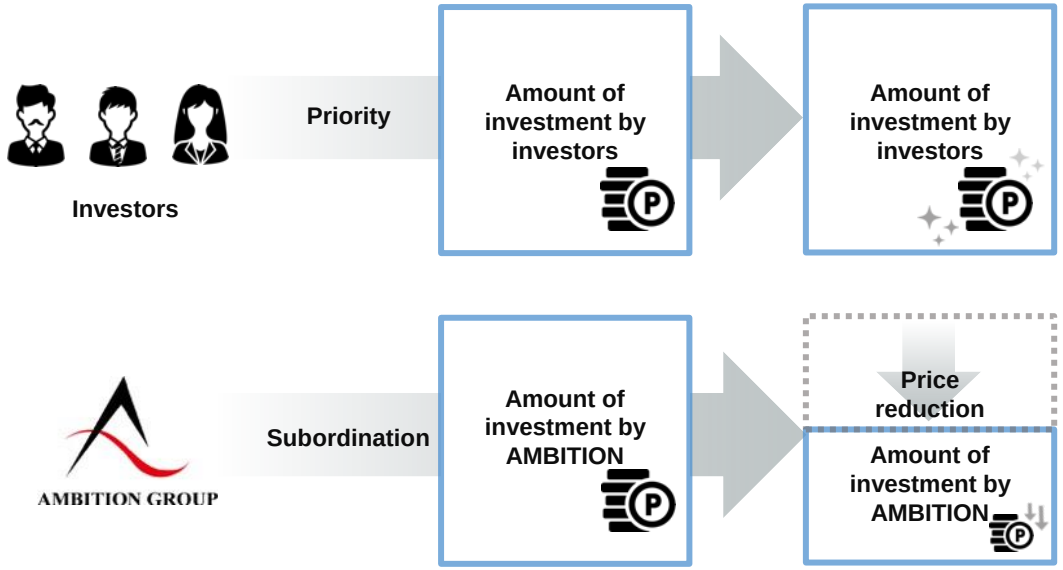


**“A funding,” a crowdfunding service for real estate investment, enables online real estate investment in small amounts from 10,000 yen per unit.**
**Conduct speedy distribution with high return exceeding the industry average**




## Priority and Subordination Scheme




**Even if the price of real estate in which investments are made decreases, it will be covered with the amount invested by Ambition**
**It is popular as a low-risk financial instrument as it preferentially protects the amount invested by investors**

**It is enjoying a favorable reputation as many people are on the waiting list immediately after the start of solicitation**

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# Rental Brokerage Business

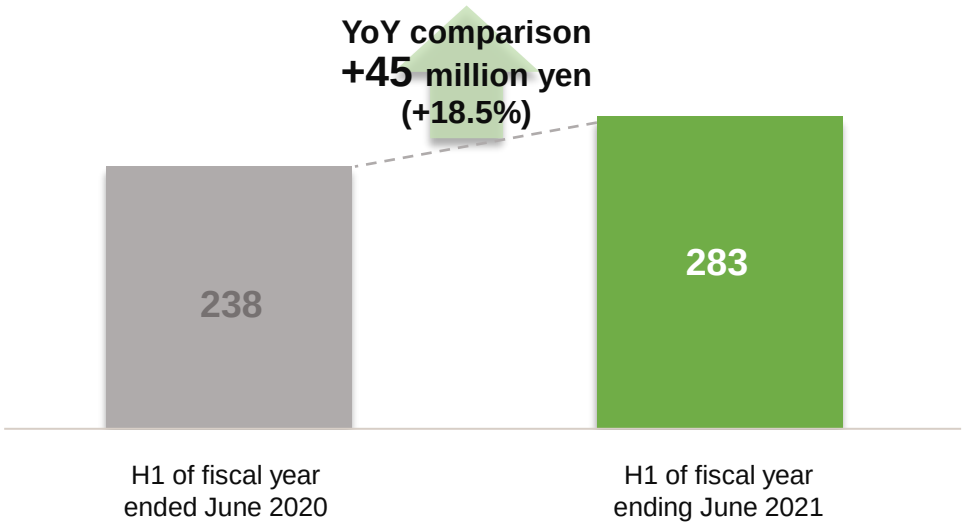
**(Engaged in by Ambition Rent and Ambition Partner in addition to Ambition Agency and VALOR)**

# Rental Brokerage Business Performance Trends for H1 of Fiscal Year ending June 2021

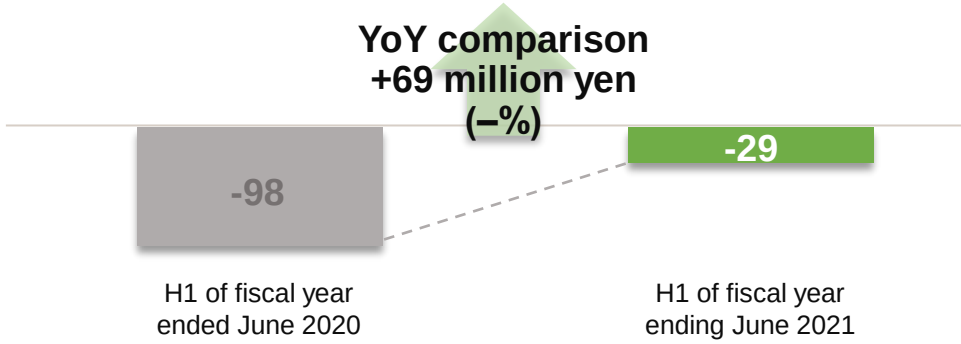


- Net sales increased by 18.5% year on year due to successful measures for attracting customers including online customer attraction and remote customer attraction through the strengthening of advertising strategy.
- In terms of segment profit and loss, improvement in productivity per store (reduction of selling, general and administrative expenses through the introduction of AI x RPA tool “Rakutech”) has caused loss to decrease. It is expected to turn into the black during the current fiscal year.

**Net Sales (million yen)**




**Segment Profit and Loss (million yen)**




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# Number of Branches and Promotion of DX



**Although Ambition intends to change the area of focus to attracting customers mainly through websites, it possesses as one of its strengths the leasing capabilities of brick-and-mortar stores, which contributes to maintaining a high occupancy rate in the mainstay Property Management Business**

| | ROOMPIA Tokyo Smart Life (Ambition Agency) | VALOR HOME ADVISE (VALOR) |
|---|---|---|
| As of Q1 | 5 branches | 7 branches |
| Opening of branch in Q2 | Opened “Roompia Ikebukuro Higashiguchi,” which will become a model branch of “next-generation room searches,” in November<br>+1 branch | — |
| Number of current branches | 6 branches | 7 branches |

## Promotion of DX

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

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## AMBITION AGENCY's PR Strategy

### PR strategy using celebrities

**Announced January 13, 2021 (3Q)**

**Participated in "Project to energize Japan from small and medium-sized enterprises" for which Atsushi Tamura of London Boots comedy duo serves as official ambassador**




### Digital Marketing

- **Strengthen communication and PR capabilities by using influential celebrities in online ads**
- **Seek to create a buzz and improve recognition and ability to attract customers**




**Project URL: https://nippon-smes-project.com/**

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# Other Businesses

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

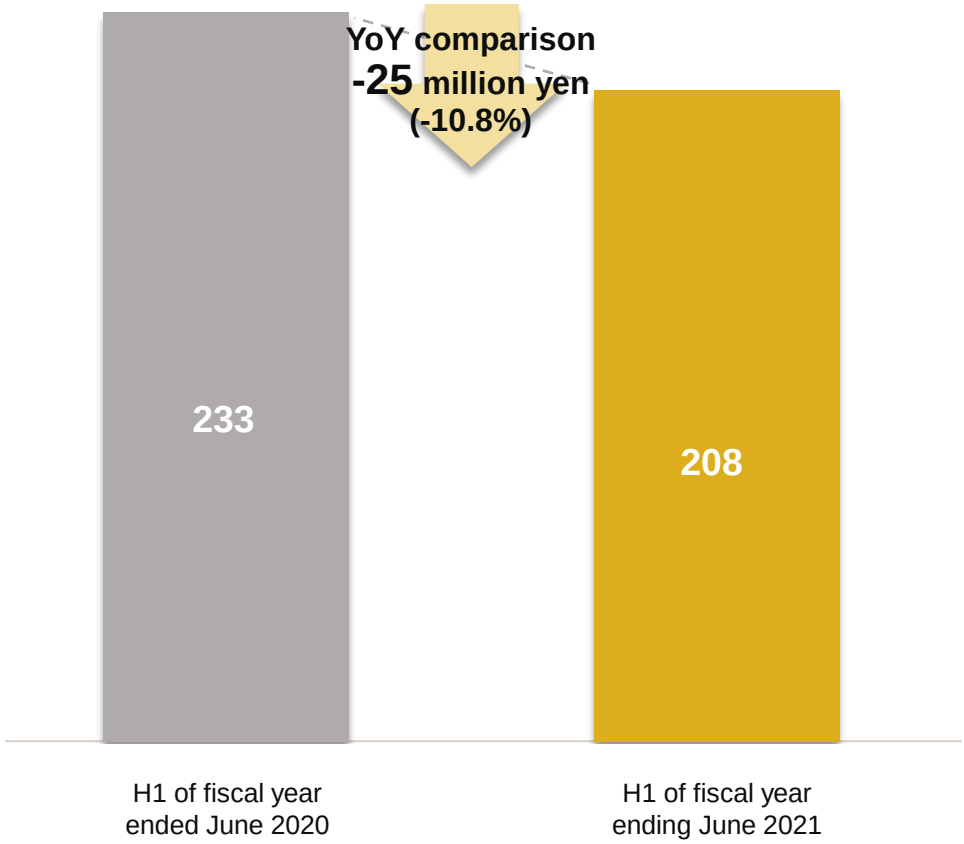
# Other Businesses Performance Trends for H1 of Fiscal Year ending June 2021

(Real Estate DX, Small Amounts and Short-Term Insurance, Hotel, and Overseas System)

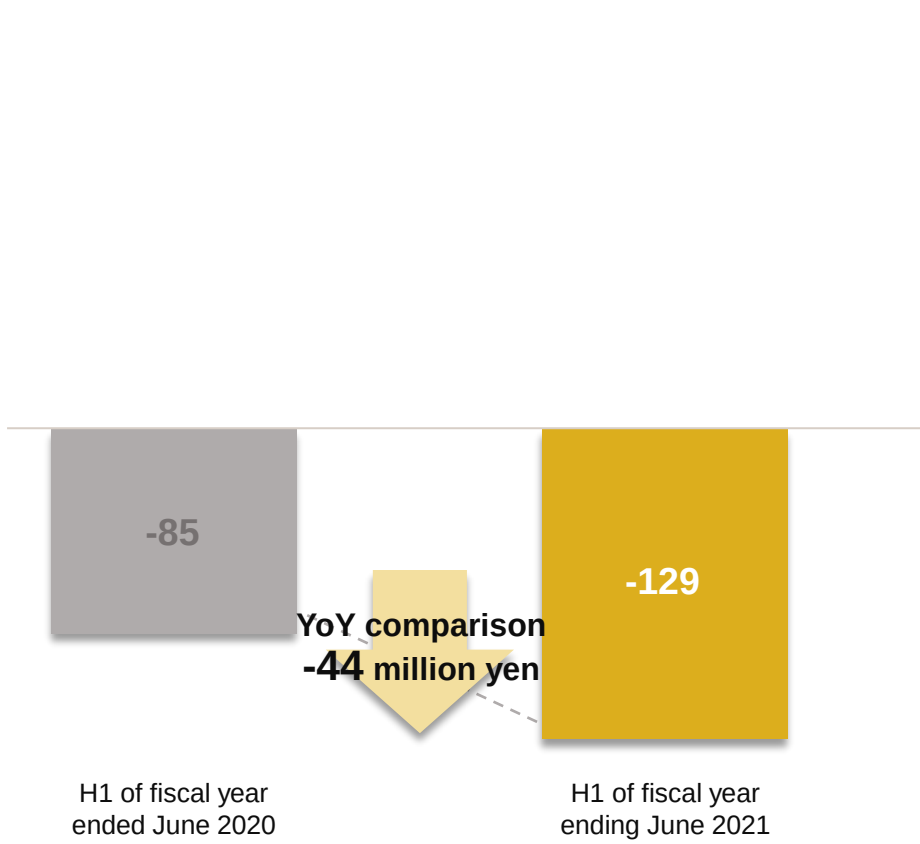


- Net sales increased in the Small Amounts and Short-Term Insurance Business due to an increase in the number of new contracts, but decreased 10.8% year on year in the Hotel Business, which experienced a significant adverse impact from COVID-19.
- In terms of segment profit and loss, the loss in the Hotel Business and upfront investment in DX (approx. 130 million yen) resulted in an increased loss.

**Net Sales (million yen)**




**Segment Profit and Loss (million yen)**




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# Initiatives in Real Estate DX Business



## A range of initiatives to realize DX in the “residential” field

### Promoting RPA (Robotic Process Automation)

RE-TECH RAAS

Establishment of Re-Tech RaaS



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

### Going Paperless

CLOUDSIGN

Promotion of electronic contracts through business alliance



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

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# Rakutech, a Tool Combining AI and RPA Provided by Re-Tech RaaS inc.



**Rakutech, a tool combining AI and RPA launched as a SaaS in December 2019, has hitherto been marketed under three brand names, but “Rakutech Hankyoubaizou-kun” will be the main brand moving forward.**

## Past

Rakutech for brokers

Rakutech 反響倍増くん Hankyoubaizou-kun

Rakutech for management companies

## Present

Rakutech 反響倍増くん Hankyoubaizou-kun

**Plan to integrate with Rakutech for brokers and market as main brand. Aim for expansion in customer base.**



Rakutech for management companies

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# Updating of Rakutech, Tool Combining AI and RPA, Currently Underway



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

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

ラクテック
Rakutech 反響倍増くん Hankyoubaizou-kun

**RPA (automatic posting)**

Automatically posts properties with high response rates

**Substantial enhancement of automatic posting functions through AI**

**AI-based response forecast**

AI forecasts responses to properties (Patent No. 6670406)

**BPO (business outsourcing)**

Bothering operations not performed by RPA alone are fully outsourced




**AI continues learning the results as new data**

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# H2 Strategy for Rakutech, Tool Combining AI and RPA



**Approach around 120,000 real estate management and brokerage companies nationwide through implementation of the following initiatives.**

**Aiming to expand our share in the real estate RPA market all at once.**

## Strengthen Marketing




- Strengthen online advertising strategy
- Continuously conduct market research related to AI and RPA

## Strengthen Sales



- Expand sales force
- Expand customer service team

## Implement Agency and Alliance Strategies



- Expand sales network by entering into new agency agreements

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# Medium-to-Long-Term Strategy for Real Estate DX Business



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

**Scheduled to make appropriate upfront investments**

**Previous fiscal year:**
Focused on system development staff

**Current fiscal year:**
Marketing/sales staff and advertising, etc.

**Expected to significantly contribute to profits with a high profit margin after turning into the black**

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

**Transforming the analog real estate industry**



**Also eyeing expansion into industries other than real estate in the future**

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# New Product in Small Amounts and Short-Term Insurance Business

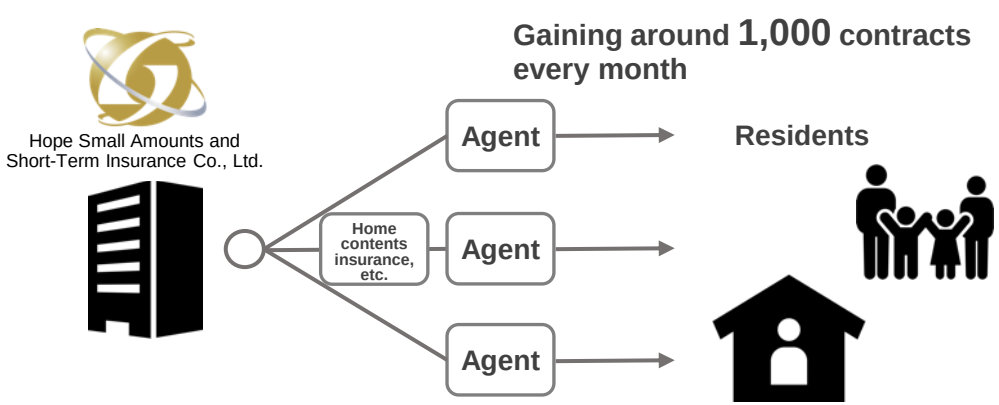


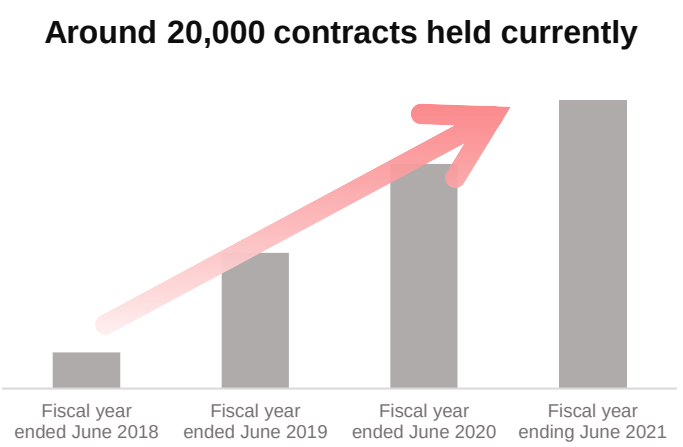
**“Shin Sumai no Anshin Hoken Wide (Home Insurance in Japan)” which offers wider coverage than “Shin Sumai no Anshin (Home Insurance in Japan)” launched in September 2020 (Q1), will be released in February 2021 (Q3).**

**Aim for growth in new contracts by further strengthening market competitiveness.**




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




**Change in the Number of Contracts Held (illustrative drawing)**

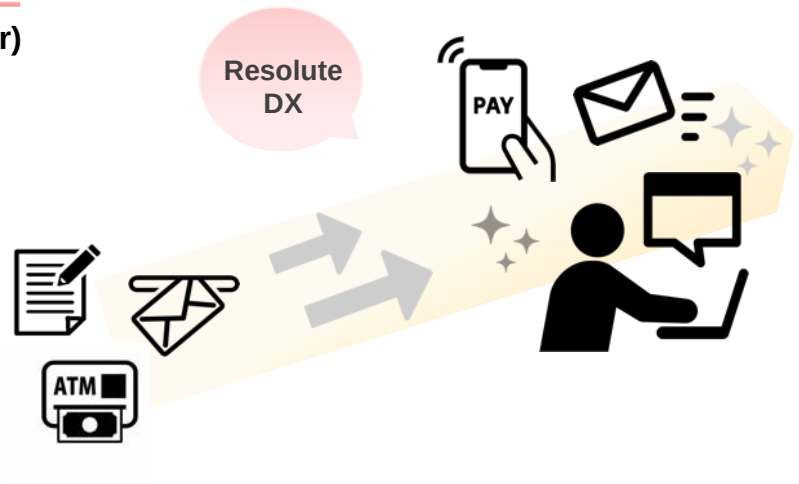
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## MONOLITH, system for small amounts and short-term insurance provided by HOPE SSI which promotes InsurTech

MONOLITH
HOPE SSI CO,LTD

**(Q1: Introduced in September)**

**The system completes bothersome insurance procedures in a paperless and cashless manner**




**Advantage for customers**

No need to attend in person for any part of the process from application to payment

**Advantage for agents**

No need to print or send documents, eliminating the labor involved in sending, collecting the original and checking. The contract rate will also rise by shortening the period from proposal to conclusion of contract

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# Future Policy for Small Amounts and Short-Term Insurance Business

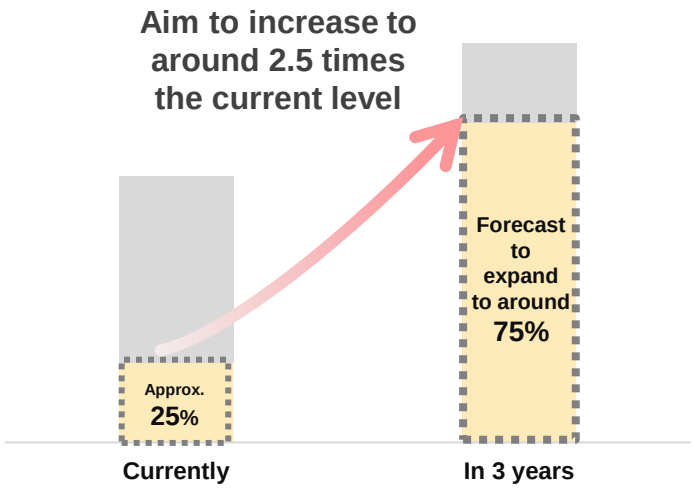


**Hope is projected to turn into the black in the current fiscal year, the fourth year since it started operations**

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

**Stock business stably accumulating profits after turning into the black**

**Projected change in number of HOPE users at properties managed by AMBITION CORPORATION**




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- **[Tokyo] Kanda**

  **Plan to terminate contract at the end of March**

- **[Tokyo] Asakusa**

  **Suspended operations again in November in respond to weak inbound demand due to COVID-19**

- **[Osaka] Hommachi East**

  **Currently operating with thoroughgoing implementation of COVID-19 prevention measures**




## 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 while working
- Health checks and measurements of body temperature are required of staff upon arrival at work (rest at home if 37.5ºC 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



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# Overseas System Business (Ambition Vietnam)



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

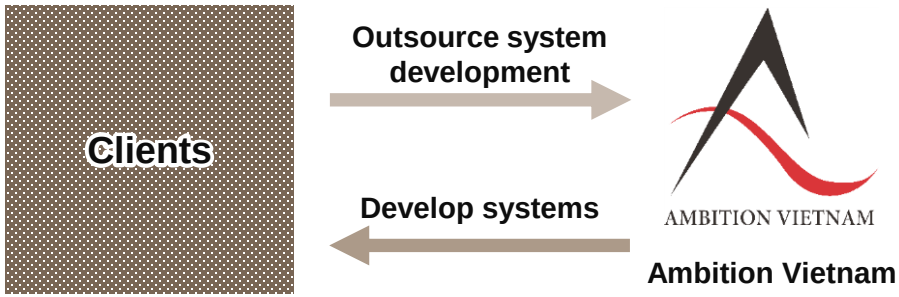
**Addressing the shortage of engineers in the real estate industry by offshoring**

**<<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 a better life. In operating a real estate business, Ambition Vietnam provides brokerage services centering on real estate leasing and purchase/sale by fusing IT and Ambition's businesses**

**Model Diagram of Outsourced System Development**






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# 04 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. Net sales is expected to exceed 30 billion yen.

| (Unit: million yen) | Results for fiscal year ended June 2020 (A) | Forecast for fiscal year ending June 2021 (B)(Note 1) | YoY comparison (B/A) |
|---|---|---|---|
| Net sales | 27,414 | 30,628 | +11.7% |
| EBITDA (Reference value) | 1,173 | 1,372(Note 2) | +19.9% |
| Operating profit | 921 | 1,121 | +21.6% |
| Ordinary profit | 817 | 961 | +17.6% |
| Profit attributable to owners of parent | 327 | 589 | +79.9% |

(Note 1) 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.

(Note 2) The EBITDA forecast for fiscal year ending June 2021 is lower than the figure in previously disclosed materials due to a change in the conditions for inclusion of depreciation in the Hotel Business. The other forecasts are unchanged.

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# Distribution Policy

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

## Expect a significant increase in the current fiscal year

Fiscal year ended June 2020 (actual)

7.58 yen per share

Payout ratio: 15.7%

**Fiscal year ending June 2021 (forecast)**

Maintain payout ratio as in the previous fiscal year and increase period-end distribution amount by 6 yen

**13.60 yen per share**

**Payout ratio: 15.7%**

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# 05 Mid-Term Policy

## Mid-Term Policy

**We will expand the stable revenue base of existing real estate businesses centered on the Property Management Business, 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.**

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

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# Direction Existing Businesses and New Businesses Respectively

## Existing Businesses

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

**In the Investment Business and Rental Brokerage Business, aim for revenue contribution by actively and carefully accelerating activities.**

## New Businesses

**Aim for an expansion of the share of “Rakutech,” a tool combining AI and RPA in the Real Estate DX Business.**
**Given the SaaS model, large contributions to revenue can be expected after becoming profitable.**

**Meanwhile, continue to promote InsureTech in the Small Amounts and Short-Term Insurance Business, a stock business, focusing on increasing the number of contracts and agents.**

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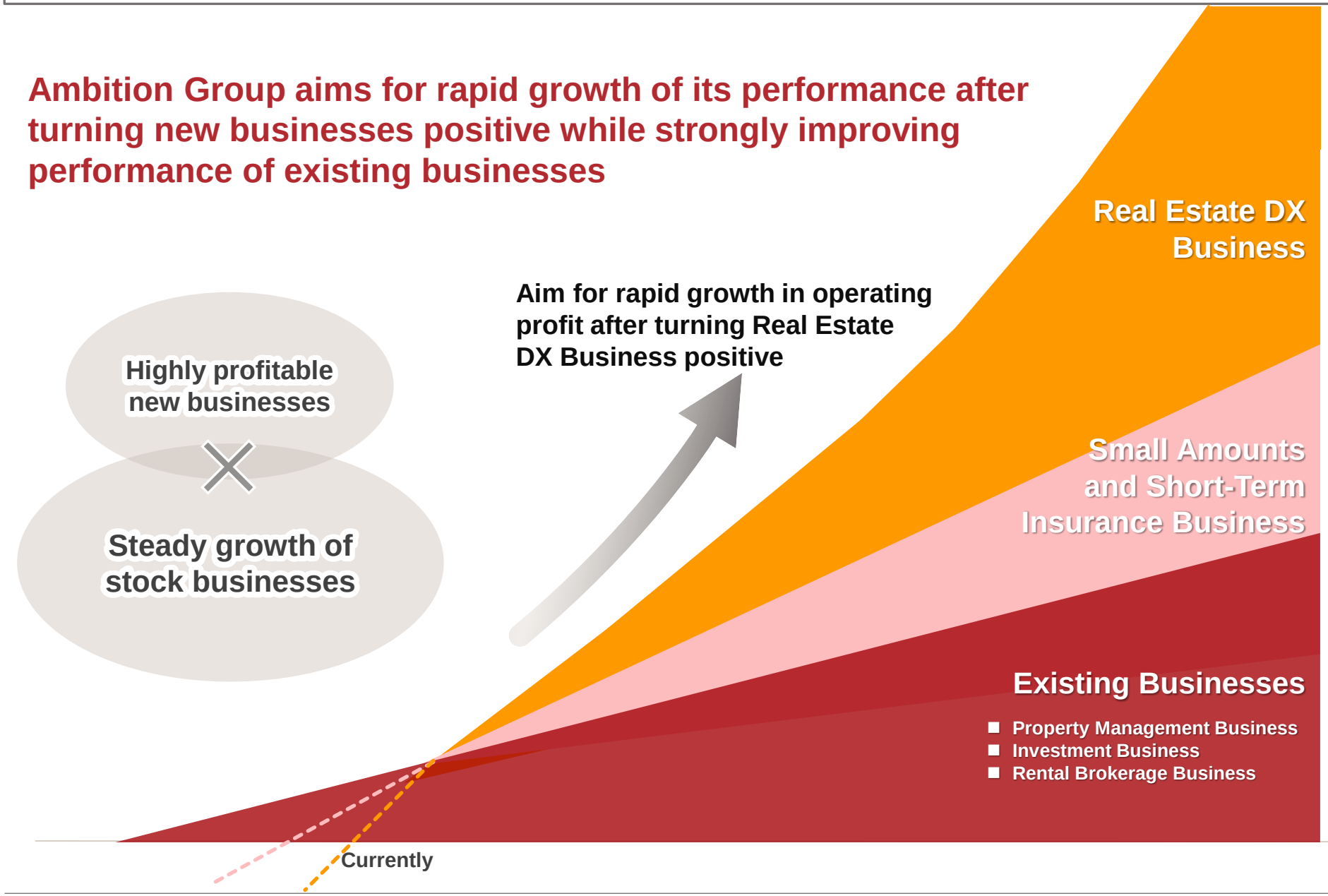
## Ambition Group aims for rapid growth of its performance after turning new businesses positive while strongly improving performance of existing businesses

Highly profitable new businesses

×

Steady growth of stock businesses

Aim for rapid growth in operating profit after turning Real Estate DX Business positive

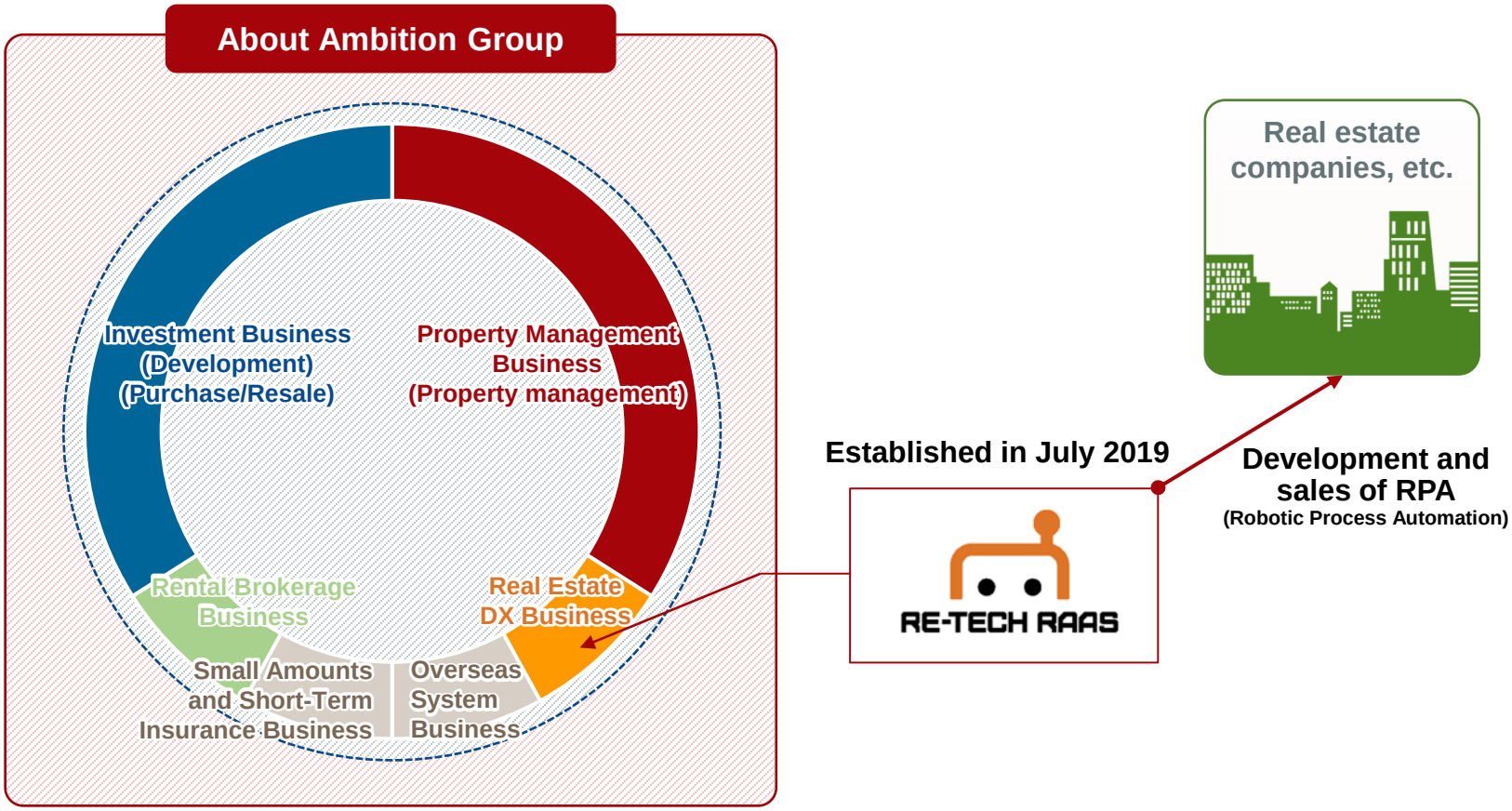



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# 06 APPENDIX

# Businesses of 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 DX Business

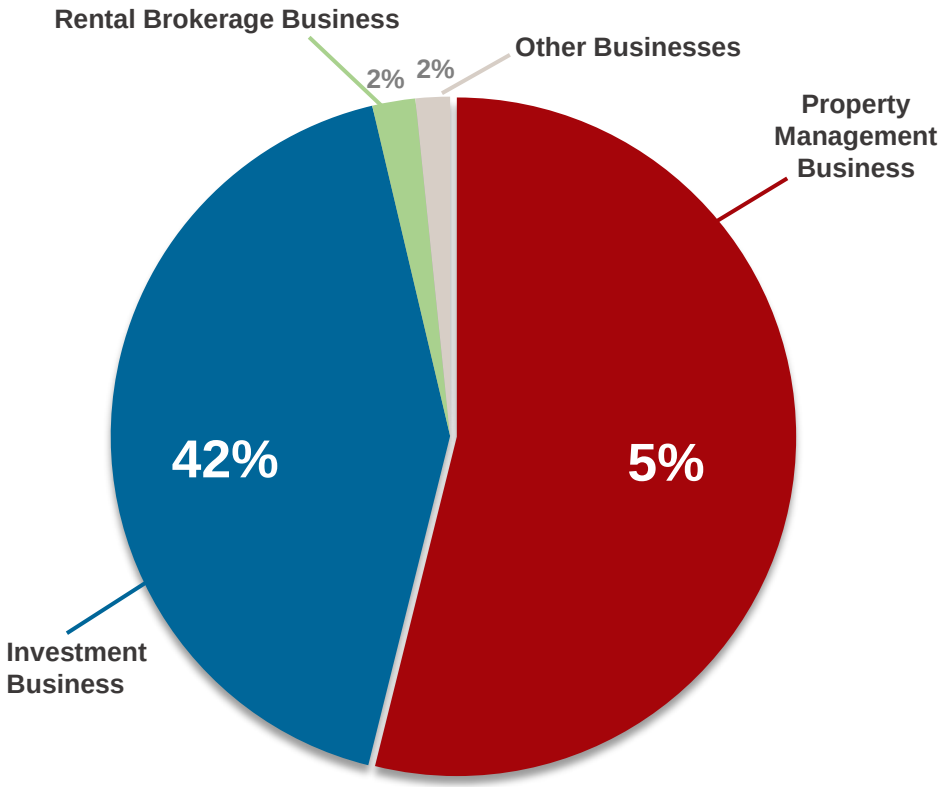



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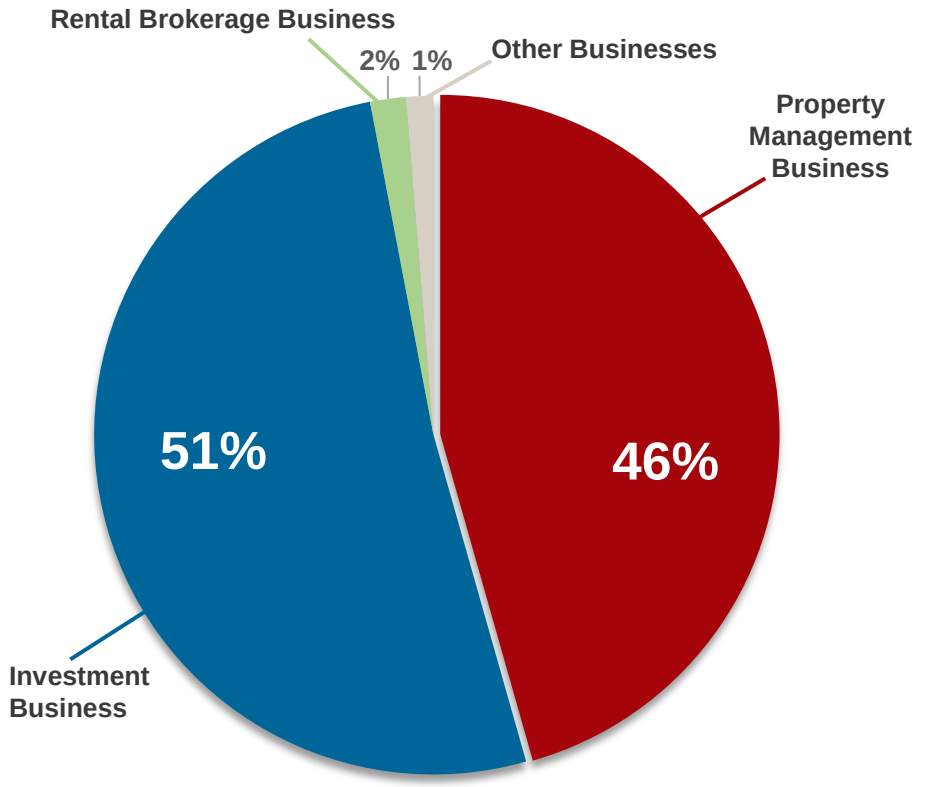
# Ratio of Net Sales by Segment (Results for Fiscal Year Ended June 2020 and H1 of Fiscal Year Ending June 2021)

**In the fiscal year ended June 2020, the mainstay Property Management Business accounted for the largest share of net sales.**

**In H1 of the fiscal year ending June 2021, the Investment Business performed strongly and its share surpassed that of the Property Management Business.**




[Ratio of Net Sales (Fiscal Year Ended June 2020)]




[Ratio of Net Sales (H1 of fiscal year ending June 2021)]

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# Fields in Which Ambition Group Is Concentrating Its Efforts

**Promotion and research of digital transformation (DX) in the "residential" field utilizing the assets of existing real estate businesses**

## Existing Real Estate Businesses

Widely developing the following businesses, focusing on central Tokyo as the main area

- 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 (business-oriented)

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

### Evolution of customer experience (customer-oriented)

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

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# Reason for Promoting Real Estate DX

## Promoting DX due to the following reasons in order to realize our mission

### ■ Departure from labor-intensive business

As the labor shortage is becoming a social issue, improvements in productivity are required also in real estate businesses.

### ■ Room for evolution from the viewpoint of customers

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

### ■ Realizable ability

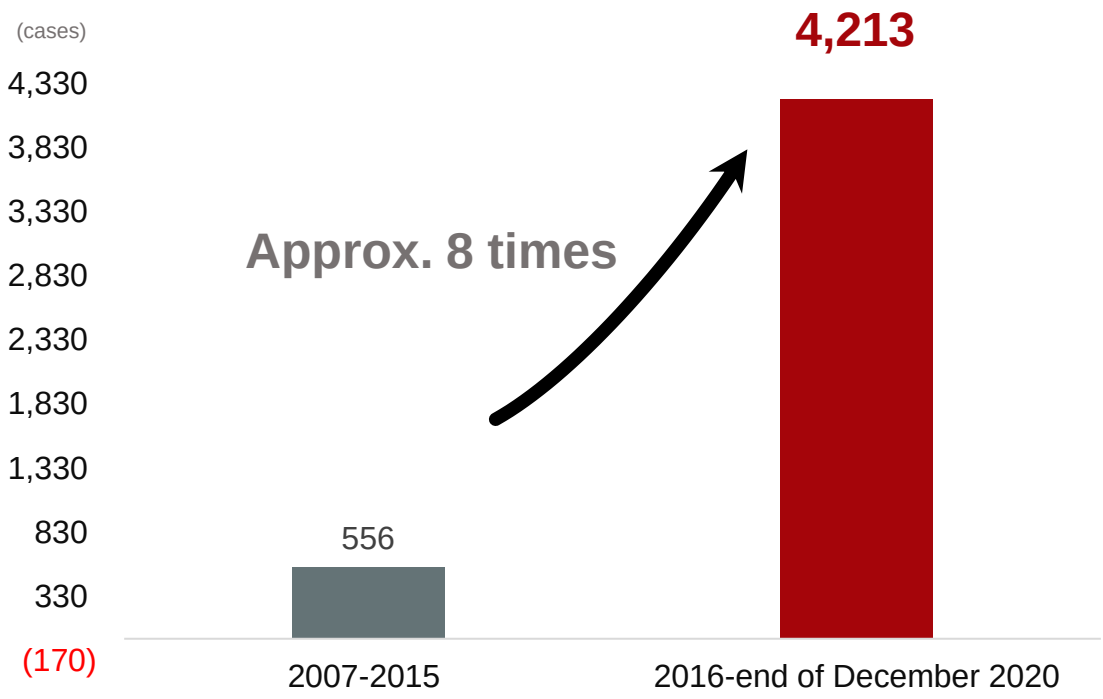
Integrate abundant know-how in real estate and the strengths of dealing with IT from an early stage.

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

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**While inbound demand is stagnant due to COVID-19, the rate of foreign residents in the 20,987 units managed by Ambition was maintained at 9.6% (as of the end of Q2), the same level as before the outbreak of COVID-19 (9.1% at the end of Dec. 2019), through the incorporation of relocations of foreign residents by way of brokers specializing in foreign nationals.**

### Number of Contracts with Foreign Residents in Properties Managed by Ambition




### Number of Foreign Residents in Japan

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

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

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

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## 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

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




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



**PREMIUM CUBE Komagome**

**PREMIUM CUBE Morishita**





**PREMIUM CUBE Nakano**

(Note) Tokyo Premium Area: Meguro Ward, Shibuya Ward, Shinjuku Ward, Minato Ward, Shinagawa Ward, and Chuo Ward

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## The Investment Department at the main unit of AMBITION excels in "maximization of value" of used properties with a focus on location (Tokyo Premium Area)

### [Business]

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

**Developing a unique renovation brand "AMBITION＋RENO," and creating and providing new value to housing.**

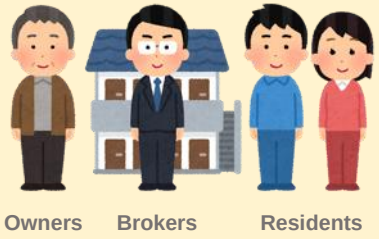
RENO AMBITION+ RENO




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## The “Rakutech” series by Re-Tech RaaS is a real estate RPA package offering advanced functions such as AI forecasts and BPO in addition to regular RPA functions

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




Cumbersome exchange of massive amounts of paper and documents




Cumbersome data input and output

Introduce “Rakutech”






Focus on core jobs and make progress in business growth

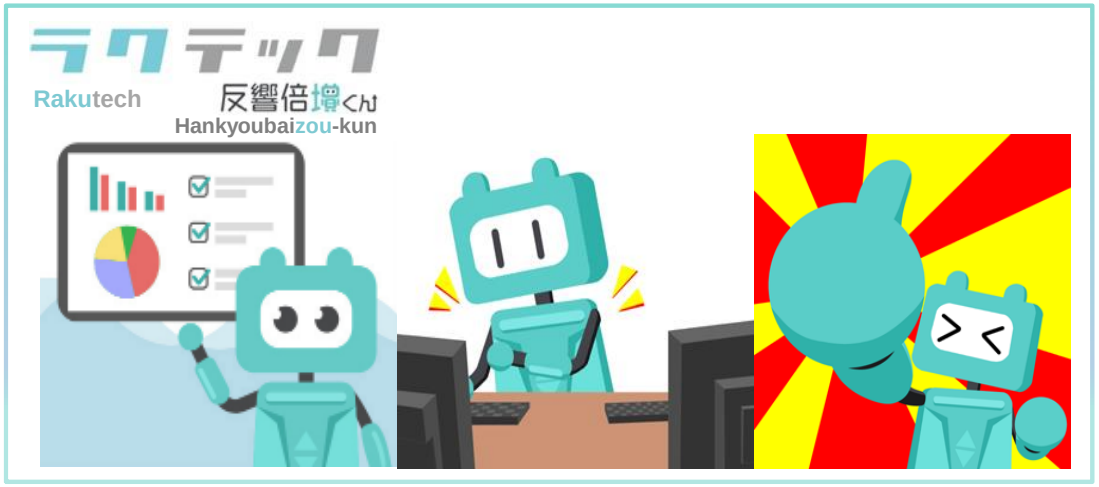
RE-TECH RAAS

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# Other: Real Estate DX Business

## 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 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.

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## 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**

& AND HOSTEL



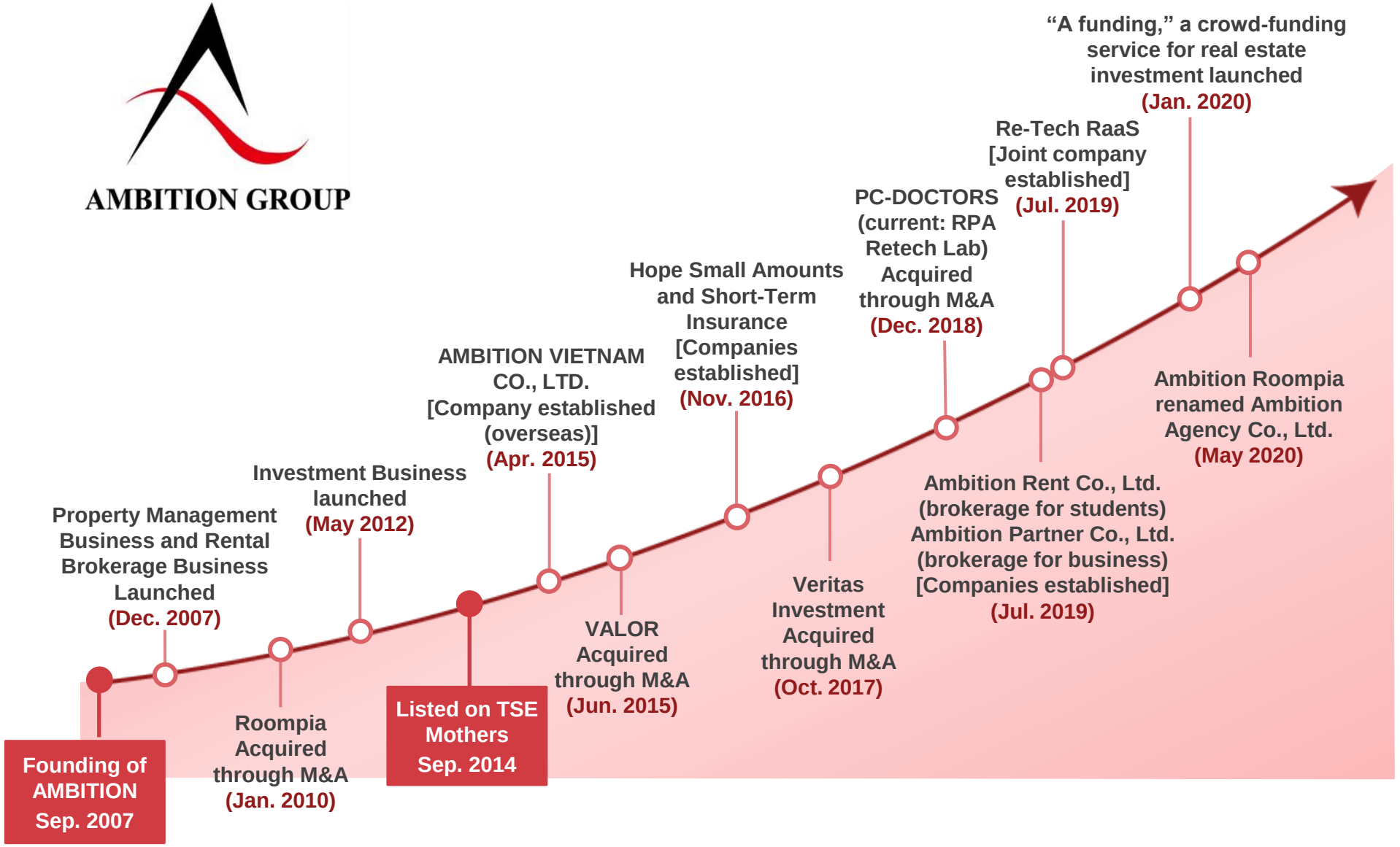

**Sublease agreements concluded for 2 facilities in Tokyo and 1 facility in Osaka**




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# History of AMBITION GROUP

AMBITION GROUP




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# 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.) |
| **License number** | Minister of Land, Infrastructure, Transport and Tourism (3) No. 8023 |
| **Head office location** | Sumitomo Fudosan Harajuku Building 18F, 2-34-17 Jingumae, Shibuya-ku, Tokyo |
| **Department** | Property Management Department:<br>Investment Department: Information Strategy Division / Leasing Brokerage Division<br>Business Administration Department: Corporate Planning Office /Financial Affairs Division / Internal Audit Office |
| **Consolidated subsidiary** | Ambition Agency Co., Ltd.<br>Ambition Partner Co., Ltd.<br>Ambition Rent Co., Ltd.<br>VALOR Co., Ltd.<br>Veritas Investment Co., Ltd.<br>Hope Small Amounts and Short-Term Insurance Co., Ltd.<br>VISION Co., Ltd.<br>AMBITION VIETNAM CO., LTD.<br>RPA Retech Lab Inc.<br>Re-Tech RaaS Inc. |
| **Partner banks** | MUFG Bank, Resona Bank, Mizuho Bank, Sumitomo Mitsui Banking Corporation, ORIX Bank Corporation, Chiba Bank, etc. |

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| **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, Web Division, Higashi-Omiya Branch, Ikebukuro Higashiguchi Branch |

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| **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 |

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| **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<br>Condominium Management Business, Minister of Land, Infrastructure, Transport and Tourism (2) No. 033520<br>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 |

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| **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 |

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AMBITION GROUP

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