



President &amp; CFO Yusuke Shibata

Airtrip Corp. (6191)



## Company Information

Exchange	TSE Prime
Industry	Service industry
President & CFO	Yusuke Shibata
HQ Address	Atago green Hills MORI tower 19F, 2-5-1, Atago, Minato-ku, Tokyo
Year-end	End of September
Homepage	<a href="https://www.airtrip.co.jp/en/">https://www.airtrip.co.jp/en/</a>

## Stock Information

Share Price	Number of shares issued		Total market cap	ROE (Actual)	Trading Unit
¥2,808	22,143,765shares		¥62,180 million	49.8%-	100 shares
DPS (Est.)	Dividend yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Actual)	PBR (Actual)
undecided	-	¥63.29	44.4x	¥335.58	8.4x

\*The share price is the closing price on May 20. Number of shares issued, ROE and BPS are from FY 9/21.

## Earnings Trend

Fiscal Year	Sales	Operating Income	Profit before tax	Net Income	EPS	DPS
September 2018 Act.	12,426	1,152	1,138	855	49.09	10.00
September 2019 Act.	24,306	680	588	733	39.07	10.00
September 2020 Act.	21,191	-8,760	-8,956	-8,380	-433.80	10.00
September 2021 Act.	17,662	3,158	3,059	2,361	111.61	10.00
September 2022 Est.	14,000	2,000	1,900	1,400	63.29	-

\*Unit: yen, million yen. The forecast of DPS for this term is still to be determined. The Japanese accounting standards were used until FY 9/17. IFRS is discretionally applied from FY 9/18. Profit before tax is the ordinary income based on the Japanese standards. Net income is profit attributable to owners of parent. Hereinafter the same applies.

This report outlines the second quarter of the Fiscal Year September 2022 earnings results and other information about AirTrip Corporation.

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## Key Points

- **The transaction volume in the second quarter of the fiscal year ending September 2022 was 19,651 million yen, up 8.7% year on year. Sales revenue decreased 38.6% year on year to 6,870 million yen, due to the change (reduction) of the scope of consolidation in addition to the impact of the COVID-19 pandemic. Gross profit decreased 15.7% year on year to 3,251 million yen. Operating income decreased 26.1% year on year to 1,477 million yen. However, operating income virtually hit a new high due to the exclusion through the change of the scope of consolidation (595 million yen).**
- **For the fiscal year ending September 2022, the company maintained the forecast revised upward on March 15, calling for sales of 14 billion yen (13 billion yen previously), an operating income of 2 billion yen (1 billion yen previously), an ordinary income of 1.9 billion yen (940 million yen previously), and a net income of 1.4 billion yen (700 million yen previously). The annual dividend amount is yet to be determined, however, the company is aiming for a payout ratio of 20%.**
- **The company revised the forecast upward for the first half of the year only, and the outlook for the second half of the year has been left unchanged. Transaction volume and gross profit both showed a steady growth backed by optimum advertising and marketing strategies, even though the demand has been declining due to the impact of COVID-19. Furthermore, the domestic travel domain has been recovering strongly after the full-scale cancellation of the measures to stop the pandemic. Except for the overseas travel domain that seems to be finally bottoming out, all existing domains have been healthy. As such, their performance can be expected to exceed the revised forecast for the term ending September 2022.**

## 1. Company Overview

AirTrip Corp. conducts a variety of businesses centered on the AirTrip online travel business, which operates the comprehensive travel platform "AirTrip," boasting the largest Internet ticket trading volume. In the inbound travel business/Wi-Fi rental business, the company provides various services to foreign visitors to Japan and private lodging management companies. As for the IT offshore development business, the company has about 1,000 IT engineers and is engaged in the largest lab-type offshore development among Japanese companies. Moreover, the company is focusing on the investment business, aiming to expand service lines and improve profits by pursuing synergies through collaborations with investee companies by investing in growing companies.

The company set "Air Trip 5000" as their medium-term target to achieve a transaction volume of 500 billion yen.

**【1-1 Corporate History】**

In May 2007, Tabi Capital Co., Ltd. was established to provide online travel agency services.

Since then, the Company has been expanding its product line-up through M&A and business transfers.

In March 2012, the Company began IT offshore development business in Vietnam. Taking this opportunity, in order to clearly show the Company’s direction towards the integrated IT business, it changed its name to Evolvable Asia Corp. in October 2013.

In March 2016, it was listed on the Mothers Section of the Tokyo Stock Exchange. One year later, in March 2017, it moved to the First Section of the Tokyo Stock Exchange.

In May 2018, the company achieved the largest Internet trading volume of airline tickets due to the reorganization of the former DeNA Travel into a subsidiary.

On January 1, 2020, as the operating company of "AirTrip," which has the largest Internet trading volume of airline tickets, the company unified its trade name and brand name to build a stronger business foundation and further improve the popularity of the "AirTrip" brand. Also, the company changed its name to AirTrip Corp. to demonstrate its stance of concentrating on various businesses centered on "AirTrip."

In April 2022, the company got listed on the Prime Market of the Tokyo Stock Exchange following the reorganization of the market.

**【1-2 Corporate Philosophy, etc.】**

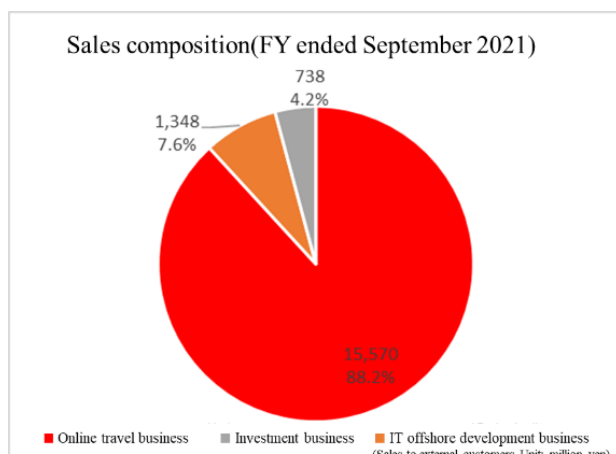
<b>Corporate Philosophy</b>	<p><b>One Asia</b>  <b>Becoming a Leading Company in the Golden Age of Asia</b>                  Asia is emerging as a single economic zone. Under this circumstance, through the movement of people and businesses, AirTrip will serve as a bridge linking Asia.                  AirTrip links Asia, and Asia becomes connected.</p>
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<b>Mission</b>	We will continue to grow endlessly by grasping all the changes in the Asian economic area as business opportunities.
<b>Code of conduct</b>	<p>*Always put customers first!                  We are always aware of our customers’ point of view and work for the customers</p> <p>*Conscientiousness, peace of mind and trust are more important than anything!                  It is the core of our business to provide detailed work, give peace of mind to our customers and respond to their trust.</p> <p>*Continue to improve as professionals!                  We cannot grow unless we improve each and every aspect of our work.</p> <p>*Swift response, fast implementation, speed!                  We respond to our customers faster than any other companies and develop a system faster than any other companies.</p> <p>* Timesaving by restricting time for dealing with visitors in 30 minutes, and for meetings in 20 minutes.                  Achieve work-life balance.</p>

**【1-3 Business Description】**

There are five business domains: AirTrip online travel business, Inbound travel agency business/Wi-Fi rental business, Media business, IT offshore development business, and Investment business.

There are three reportable segments: online travel business, IT offshore development business, and investment business. Inbound travel agency business/Wi-Fi rental business and Media business are included in the online travel business segment.



**(1) Online Travel Agency Business**

**① AirTrip travel Business**

It sells travel products such as domestic airline tickets, domestic hotels, overseas airline tickets, overseas accommodations, AirTrip plus (Airline tickets + hotels), package tours, busses, rental cars, and Shinkansen through the comprehensive travel platform "AirTrip" and various sales channels.

AirTrip Economic Zone



(From the company's website)

<b>Domestic airline tickets</b>	•Handling tickets for 13 domestic airlines
<b>Domestic accommodations</b>	•Handling 20,000 facilities in Japan
<b>Overseas airline tickets / accommodations</b>	•Issuing international airline tickets as an authorized IATA agent (※). •600,000 overseas facilities also handled

※IATA (International Air Transport Association): The IATA is a trade association of the world’s airlines.

Sales channels	Overview
<b>Direct managed site (B-to-C)</b>	The Company operates integrated service platform at “AirTrip” which allows users to easily compare and book domestic and international travel contents.
<b>B-to-B-to-C</b>	The Company provides travel content such as domestic airline tickets and travel, international airline tickets and hotels to other company’s online media. The media will enjoy benefits such as enriching original content, enhancing customer satisfaction, and creating new profit sources.
<b>Wholesale service (B-to-B)</b>	The Company provides mainly domestic airline tickets and sales management systems to travel agencies.

The comprehensive travel platform "AirTrip" handled domestic and international airline tickets, hotels, domestic and international tours, buses, rental cars, and the Japanese bullet train (Shinkansen).

Moreover, the company steadily increased the number of users by actively developing various advertising activities such as TV commercial to raise awareness, operating various campaigns, and improving UI and UX on a daily basis.

### **(Strengths of business)**

The Company has the largest trading volume of airline tickets in the Japanese OTA industry.

The agreements with all domestic airline groups, a unique business condition enjoyed only by the Company, enable the Company to issue flight tickets. Advantageous procurement prices combined with self-issuing of tickets (no need to outsource) make its cost competitiveness overwhelmingly strong.

In addition, the Company has "competitive supply routes" based on strong relationships of trust with each airline company resulting from long-term business relationships, "diverse sales routes", and "low-cost system development using its own offshore IT development capacity". Because of these factors, the Company has created high barriers to entry.

### **② Inbound Travel Business/Wi-Fi Rental Business**

The company uses the know-how nurtured in the Air Trip Travel Business to provide services for foreign visitors to Japan and companies operating private residence lease business.

#### **(Primary Services)**

##### **\*Wi-Fi Rental for Foreign Visitors to Japan**

Inbound Platform Corp., a subsidiary of Air Trip, has been providing a Wi-Fi router rental service for travelers visiting Japan, with a performance of over 330,000 rentals, establishing its brand through the long-standing trust and word-of-mouth.

##### **\*Dynamic Package for Foreign Visitors to Japan**

As the number of foreign visitors from Southeast Asia has been growing, the company has been strengthening its language support. They established the information on domestic hotels and inns in Thai to start with, and providing domestic hotel and inn contents to the "Japan's first dynamic packages for foreign visitors to Japan" sold by JALPAK Co., Ltd. The company will further establish an environment to promote trips to Japan in other countries.

##### **\*One-stop Service for Hosts for Private Residence Lease**

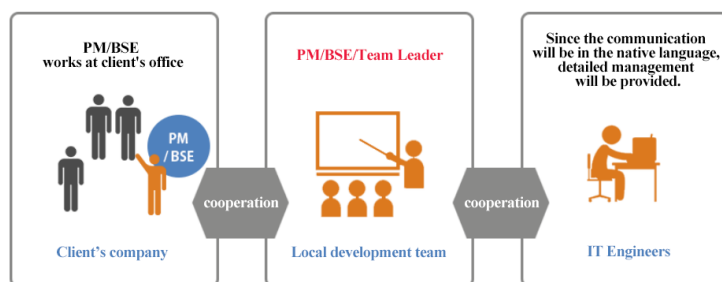
In order to efficiently utilize vacant houses that have been increasing in Japan, "Air Trip Stay" provides opportunities to manage such rooms pursuant to the Private Lodging Business Law. They became the first official partner of "Airbnb" in Japan, which is used by 1 of 5 foreign visitors, and provides one-stop support from property registration to property management. They plan to further expand the services in the future.

### **③ Media Business**

Working with MagMag Inc., which is a consolidated subsidiary with the ethos of "distributing what you want to convey to those who want to know," the company collects creators' contents from all over the world, develops and provides systems to deliver the information to those who see value in them. They operate the free and paid email newsletter service "MagMag!," holding the country's largest 7.5 million-member base, "mine" where users can purchase respective articles, the online media "MAG2 NEWS," "MONEY VOICE," "TRiPEDiTOR," and "by them," in which users can discover contents and deliver them to a number of people who want to know.

### **(2) IT offshore development business**

The company provides lab-type development services mainly for development companies for e-commerce, web-solutions, games and systems, in 3 locations in Vietnam (Ho Chi Minh, Hanoi and Da Nang). The company forms a team with dedicated staff members hired for each customer of its lab-type development services, which allows customers to check the development status of the lab whenever they need to.



(From the company's website)

### (Features of the IT Hybrid Development)

The company has a number of project managers with 5 to 10 years or longer of practical experience in Japan, and carries out upstream processes in Japan, including the requirement definition. They communicate with customers in Japanese, while they communicate with engineers in Vietnamese, therefore, the company can provide development solutions that are consistent from upstream processes to downstream processes, without any inconsistency between their understanding.

Furthermore, they accumulate know-how by assigning dedicated development staff members, so that they can improve the efficiency of their business operation in proportion to the operation period. In addition, they achieve optimum cooperation and management by having a Vietnamese project manager on the ordering side.

### (3) Investment business

It is positioned as the business having characteristics of CVC (corporate venture capital). The company will pursue a synergistic effect as well as opportunities for capital gains. The company also engages in investment incubation business.

As of May 2022, the company had invested in a cumulative total of 73 companies, and the total investment amount was 3.1 billion yen.

## 2. Second Quarter of the Fiscal Year September 2022 Earnings Results

### (1) Consolidated Business Results

	FY 9/21 2Q	Ratio to sales	FY 9/22 2Q	Ratio to sales	YoY
Trading volume	18,078	-	19,651	-	+8.7%
Sales revenue	11,202	100.0%	6,870	100.0%	-38.6%
Gross profit	3,855	34.4%	3,251	47.3%	-15.7%
Operating Income	2,001	17.9%	1,477	21.5%	-26.1%
Real Operating Income	1,406	12.5%	1,477	21.5%	+5.0%
Pre-tax income	1,955	17.5%	1,379	20.1%	-29.4%
Net income for this period	1,286	11.5%	1,118	16.3%	-13.0%

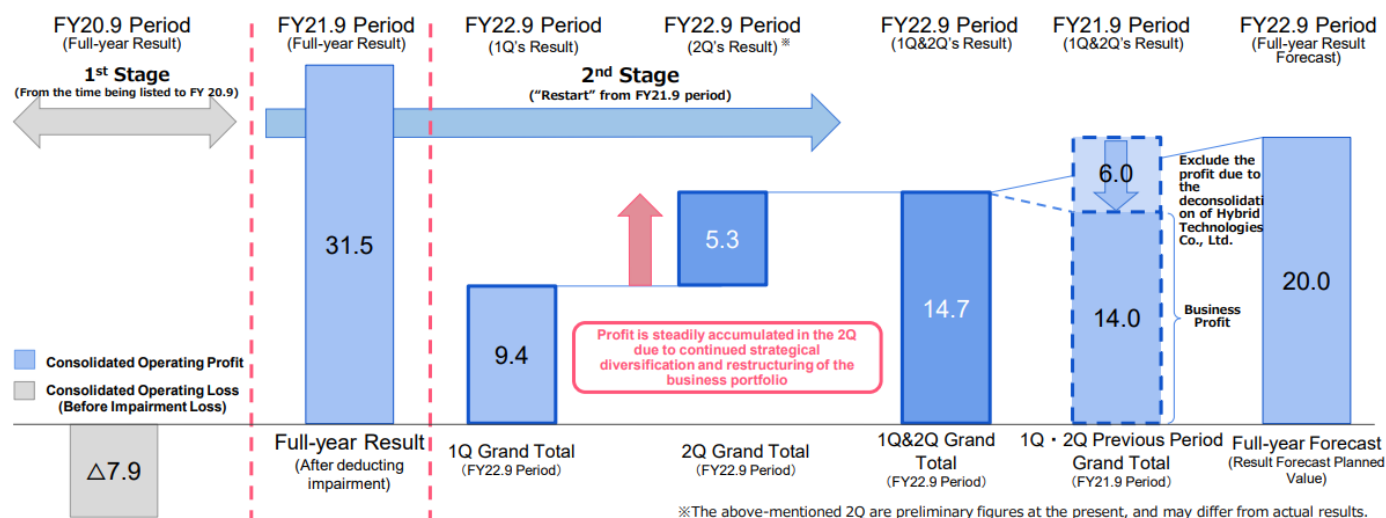
\*Unit: million yen. IFRS is applied. Net income for this period means profit attributable to owners of parent.

### Sales and profit decreased, but operating income virtually hit a record high.

Transaction volume for the second quarter of FY 9/22 increased 8.7% year on year to 19,651 million yen.

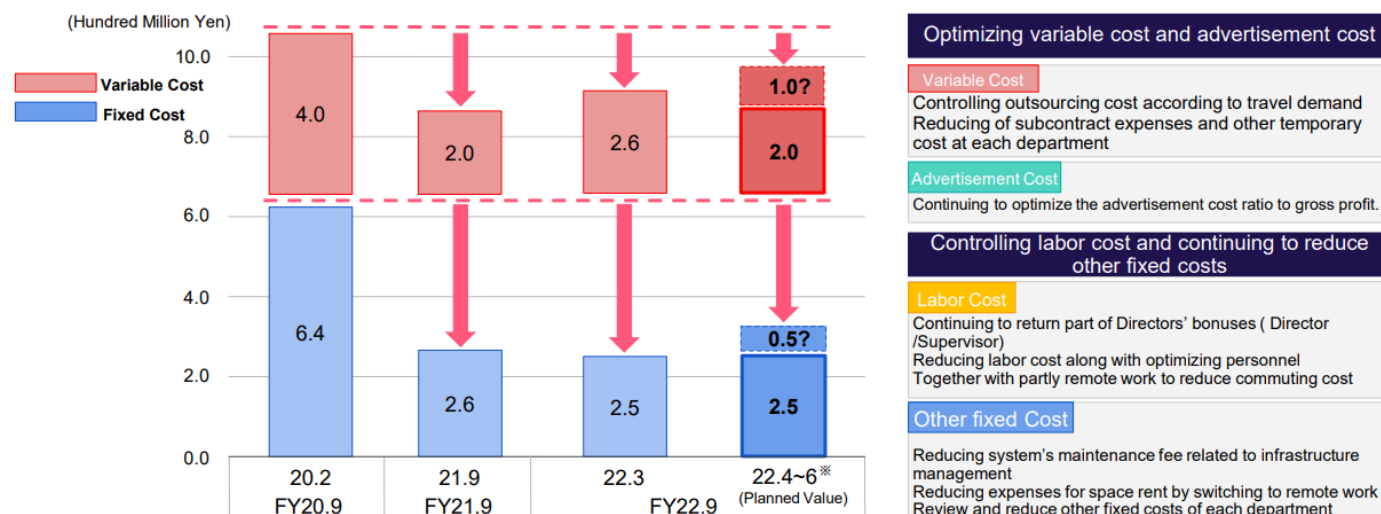
Sales revenue decreased 38.6% year on year to 6,870 million yen due to the expansion of new coronavirus infection as well as the change in the scope of consolidation (decrease). Gross profit declined 15.7% year on year to 3,251 million yen. Operating income fell 26.1% year on year to 1,477 million yen. However, since the company was excluded due to a change in the scope of consolidation (595 million yen), operating income was actually a new record high.

# BRIDGE REPORT



(From the company's material)

In addition to the ongoing fixed cost reduction, the company aims to minimize cash-out costs by optimizing advertising costs in response to the increasing travel demand. In the second quarter of FY 9/22, the company reduced monthly SG&A expenses to 450-500 million yen. They aim to take control of variable costs responding to the increasing travel demand following the full-scale lifting of the measures to stop the pandemic.



(From the company's material)

## (2) Trends by segment

	FY 9/21 2Q	Ratio to sales	FY 9/22 2Q	Ratio to sales	YoY
<b>Sales</b>					
Online travel agency business	9,931	88.7%	6,241	90.8%	-37.1%
IT offshore development business	925	8.3%	291	4.2%	-59.4%
Investment business	345	3.1%	336	4.9%	-2.6%
<b>Total</b>	<b>11,202</b>	<b>100.0%</b>	<b>6,870</b>	<b>100.0%</b>	<b>-38.6%</b>
<b>Operating Income</b>					
Online travel agency business	1,394	14.0%	1,256	20.1%	-9.9%
IT offshore development business	613	66.3%	368	126.5%	-39.9%
Investment business	435	126.1%	308	91.7%	-20.8%
<b>Total</b>	<b>2,001</b>	<b>17.9%</b>	<b>1,477</b>	<b>21.5%</b>	<b>-26.1%</b>

\*Unit: million yen. The composition ratio of operating income means operating income margin on sales.

### ① Online travel agency business

Sales and profit declined.

Sales declined due to the change in the scope of consolidation, but the transaction volume of Air Trip products increased, and the company secured substantial sales growth.

Segment profit dropped 9.9% year on year to 1,256 million yen due to the recoil from the Go To Travel Campaign in the previous term.

### ② IT offshore development business

Sales and profit dropped considerably.

Due to the change in the scope of consolidation, the company's core group company, Hybrid Technologies Co., Ltd., was transformed from a consolidated subsidiary to an equity-method affiliate, which resulted in a fall in sales.

Segment profit declined 39.9% year on year to 368 million yen due to the posting of a spot profit of 595 million yen following the change in the scope of consolidation in the previous term (profit generated by losing a control of a subsidiary).

### ③ Investment business

Sales declined, and profit dropped considerably.

One of the investees of the company's IPO project (Mental Health Technologies) was listed on the Growth Market of TSE, but sales declined. Segment business profit decreased 20.8% to 308 million yen.

## (3) Financial standing and cash flows

### ◎Summarized Balance Sheet

	End of Sep. 2021	End of Mar. 2022		End of Sep. 2021	End of Mar. 2022
Current assets	15,568	16,615	Current liabilities	8,928	8,224
Cash, etc.	8,771	8,629	Trade payables, etc.	1,291	2,393
Trade receivables, etc.	1,298	2,061	Interest-bearing debts	5,292	3,737
Other financial assets	4,852	5,091	Noncurrent liabilities	4,308	5,207
Noncurrent assets	5,804	5,936	Interest-bearing debts	2,150	3,161
Tangible fixed assets	394	285	Total liabilities	13,236	13,431
Intangible fixed assets	946	1,024	Capital	8,136	9,120
Goodwill	1,109	1,109	Capital surplus	2,013	2,024
Other financial assets	574	554	Retained earnings	3,864	4,740
Total assets	21,373	22,552	Total liabilities and net assets	21,373	22,552

\*Unit: million yen. "Cash, etc." mean cash and cash equivalent. "Trade receivables, etc." mean trade receivables and other credits. "Trade payables, etc." mean trade payables and other liabilities. Interest-bearing debts include lease liabilities.

Retained earnings increased, and capital stock increased by 984 million yen to 9,120 million yen.

As a result, the equity ratio (the ratio of equity attributable to owners of the parent) improved 2.4 points from 34.9% at the end of the previous period to 37.3%.

### ◎Cash Flow

	FY 9/21 2Q	FY 9/22 2Q	Increase/decrease
Operating Cash Flow	211	969	+758
Investing Cash Flow	-847	-280	+567
Free Cash Flow	-636	689	+1,325
Financing Cash Flow	-816	-912	-96
Cash and equivalents	5,600	8,629	+3,029

\*Unit: million yen



Free cash flow improved because of an increase in operating cash flow and a decrease in use of investing cash flow. The cash position kept improving.

### 3. Fiscal Year September 2022 Earnings Forecasts

#### (1) Earnings forecasts

For the fiscal year ending September 2022, the company maintained its March 15 upwardly revised forecasts of 14 billion yen in net sales, 2 billion yen in operating income, 1.9 billion yen in ordinary income, and 1.4 billion yen in net income. The company has not yet decided on the dividend amount, but is aiming for a dividend payout ratio of 20%.

#### Consolidated Business Forecasts

	FY 9/21	Ratio to sales	FY 9/22 (This time)	Ratio to sales	YoY	FY 9/22 (Previous time)	Ratio to sales
Sales revenue	17,662	100.0%	14,000	100.0%	-20.1%	13,000	100.0%
Operating Income	3,158	17.9%	2,000	14.3%	-36.3%	1,000	7.7%
Profit before tax	3,059	17.3%	1,900	13.6%	-37.5%	940	7.2%
Net income for this period	2,361	13.4%	1,400	10.0%	-40.9%	700	5.4%

\*Unit: million yen. IFRS is applied. Net income for this period means profit attributable to owners of parent.

However, the company noted that the upward revision was only for the first half of the fiscal year and that the second half forecast remains unchanged from the previous forecast. Although demand for both transaction volume and gross trading profit has declined due to the impact of the COVID-19, both have been steadily increasing thanks to optimal advertising and various marketing measures. In addition, the domestic travel domain is on a steady recovery trend following the full lifting of measures to prevent the spread of the disease. With the exception of overseas travel, which finally appears to have bottomed out, all existing segment are performing well. Given this, further upward momentum can be expected in the fiscal year ending September 2022.

The gross profit in the Domestic Travel domain in January fell below that in the previous corresponding period, but from February onward, it increased 34% in February, 72% in March, and 116% in April, from the respective corresponding period of the previous year.

	Jan	Feb	Mar	Apr	May (Expected)	Jun (Expected)	July (Expected)
AirTrip Travel (Domestic)	△	△	△~○	○	○?	○?	○?
AirTrip Travel (Overseas)	×	×	×	×	×?	×~△?	×~△?
IT Offshore Development Business	○	○	○	○	○?	○?	○?
Japan Inbound Travel/Wi-Fi Business	○	○	○	○	○?	○?	○?
Media Business	△~○	△~○	△~○	△~○	△~○?	△~○?	△~○?
Investment Business (AirTrip CVC)	○	○	◎	○	○?	○?	○?

Pre-emergency measures to prevent the spread of Omicron Variant (21 Jan)

Hospital bed occupancy rate of over 50% in 22 prefectures nationwide (24 Feb)

Removal of pre-emergency measures in all areas (22 Mar)

Expansion of areas covered by "Prefectural Discount" nationwide (1 Apr)

2Q's Announcement of financial statements (13 May)

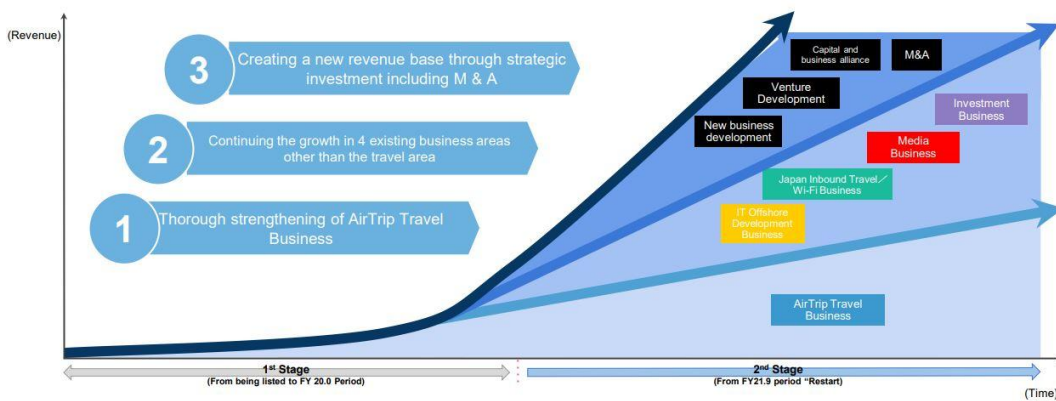
(From the company's material)

## 4. Growth Strategy “AirTrip 2022”

New growth strategy for the quickest achievement of AirTrip 5000 from Restart.

### (1) AirTrip 2022 Restart

Restart is a new growth strategy for the quickest achievement of AirTrip 5000. The company will keep the trading volume at the pre-pandemic level: 500 billion yen. The company will aim for the quickest accomplishment of discontinuous growth of the whole Group based on the continued growth of the five existing businesses and strategic investments including M&A, with the AirTrip Online Travel Business as the starting point.



(From the company's material)

### ① Reorganization of the Healthcare Business

To redevelop a business portfolio with five new business domains (AirTrip Online Travel Business, Inbound Travel Agency Business/Wi-Fi Business, Media Business, IT Offshore Development Business, and Investment Business (AirTrip CVC)).

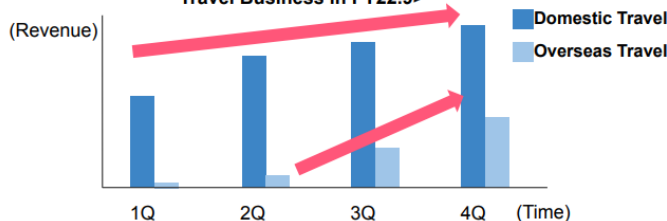
### ② AirTrip Online Travel Business

To expand revenues at the quickest pace in the industry based on the strategic investment in mass marketing that considers the proactive utilization of the GoTo Travel campaign, centered on the domestic travel field. Business growth will be accelerated with the new post-pandemic travel demand as the driver for growth.

#### Growth strategy of AirTrip Travel Business

- In the domestic travel area, demand is recovering in 1Q, profits are expanding by utilizing the nationwide travel promotion in 2Q to 3Q, and high growth continues in 4Q due to increased travel demand in summer. Aiming to increase profits.
- In the overseas travel area, 1Q to 2Q will be flat due to immigration restrictions and quarantine conditions, and after 3Q, demand is expected to gradually recover from the restriction relaxation area, and by expanding products and optimal UI / UX improvement to meet new overseas travel demand. Aiming for early profit recovery.

<Changes in forecast revenue of AirTrip Travel Business in FY22.9>



(From the company's material)

#### Action plan of AirTrip Travel Business

Domestic Travel	<p>&lt;Implementation of GoTo Travel utilization measures to increase profits&gt;</p> <ul style="list-style-type: none"> <li>• Strengthening competitiveness and promoting sales of the nationwide travel promotion products</li> <li>• Strengthening cross-selling sales of domestic airline tickets and domestic hotels</li> <li>• Promoting cross-selling of PCR test in partnership with medical institutions nationwide (including negative certificate)</li> </ul>
	<p>&lt;Thorough UI / UX improvement to maximize CVR improvement&gt;</p> <ul style="list-style-type: none"> <li>• Improving optimal UI/UX for users who use the nationwide travel promotion</li> <li>• Designing services that capture travel demand after Covid-19</li> </ul>
Overseas Travel	<p>&lt;Acquisition of demand through strategic mass marketing investment&gt;</p> <ul style="list-style-type: none"> <li>• Strengthening branding with new brand representatives</li> <li>• Strategic marketing investment in the nationwide travel promotion demand</li> </ul>
	<p>&lt;Implementation of early profit recovery measures assuming different restriction relaxation &gt;</p> <ul style="list-style-type: none"> <li>• Improving to distribute useful information related to restriction relaxation and optimal UI / UX</li> <li>• Expanding products and marketing investment in restriction relaxation areas</li> <li>• Promoting cross-selling of PCR test in partnership with medical institutions nationwide (including negative certificate)</li> </ul>

### ③IT Offshore Development Business, Inbound Travel Agency Business/Wi-Fi Business, and Media Business

Accelerate the promotion of diversification and restructuring of the business portfolio by continuing steady growth of the three existing businesses.

#### Growth Strategy for the 3 existing businesses

- In the IT offshore development business, we accurately grasp the DX needs of client companies after Covid-19 crisis, and digital transformation in various industries and businesses with a comprehensive system that utilizes the overwhelming development capabilities, development resources, and business design capabilities. And aiming to acquire new customers
- In the Japan Inbound Travel Business / Wi-Fi Rental Business, in addition to the Wi-Fi rental business, we will continue to provide optimal solutions to the needs of various foreign residents in Japan due to changes in the environment, starting from the platform for foreign residents in Japan. Aiming for continuous business growth
- In the media business, we aim to create new business opportunities by expanding various contents and strengthening broadcasting, starting from the 4 WEB media operated by MagMag and the livestream platform "Magmag! Live".



#### Action plan for the 3 existing businesses

IT Offshore Development Business	<p><b>&lt;Acquiring customer's DX needs with IT development and consulting capabilities&gt;</b></p> <ul style="list-style-type: none"> <li>• Providing development capabilities from upstream to downstream</li> <li>• Promoting customer DX through business consulting</li> <li>• Acquiring the demand through strategic marketing investment</li> </ul>
Japan Inbound Travel Business / Wi-Fi Rental Business	<p><b>&lt;Wi-Fi rental and strengthening services for foreigners living in Japan&gt;</b></p> <ul style="list-style-type: none"> <li>• Promoting Wi-Fi rental to meet remote work demand</li> <li>• Expanding services for foreign residents in Japan, where demand is diversifying</li> <li>• Acquiring demand through full-scale life media tech business</li> </ul>
Media Business	<p><b>&lt;Expansion of functions and contents of Livestream PF&gt;</b></p> <ul style="list-style-type: none"> <li>• Expanding functions pursuing UX on both the broadcasting side and the viewing side</li> <li>• Expanding content such as sport events video broadcasting</li> <li>• Strengthening the approach to Japan's largest e-mail newsletter membership base</li> </ul>

(From the company's material)

### ④Investment Business

To continue the strategic and proactive investment in growing fields. The company accurately understand the rapidly changing business environment after the COVID-19 pandemic, and continue to carry out active investments in the growing areas with a focus on the high probability of IPO.

#### Growth Strategy of Investment Business

- We will accurately grasp changes in the business environment after Covid-19 crisis and strategically aggressively invest in growth areas that emphasize the high probability of IPO.
- As the decision axis for strategic investment, we take three basis down below.
  - (1) a growth company with a high probability of IPO
  - (2) a business area where growth is expected in the medium to long term
  - (3) return probability
- We continuously improve accuracy of a series of processes from M & A target selection→DD → negotiation → contract → PMI and aim further systematization of the process and improvement of the growth rate after grouping.

**<Strategic investment decision axis in the investment business>**



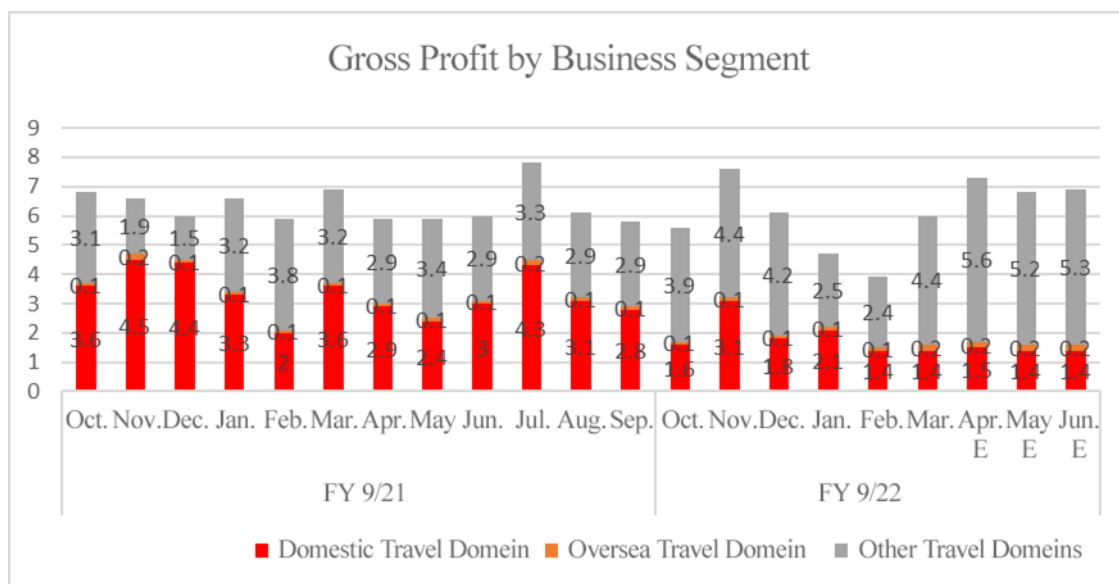
(From the company's material)

#### Action plan of Investment Business

Strategical and active investment	<p><b>&lt;Plan of strategic investment after Covid-19 crisis&gt;</b></p> <ul style="list-style-type: none"> <li>• Accurately grasp the business environment after Covid-19</li> <li>• Determine mid-to-long term growth and profitability of target domains</li> <li>• Estimate whether investment can cause discontinuous growth</li> </ul>
Determine investment domains	<p><b>&lt;Identification investment target domain after Covid-19&gt;</b></p> <ul style="list-style-type: none"> <li>• Emphasis on whether the company is a growing company with a high probability of IPO</li> <li>• Determine whether the business area is expected to grow</li> <li>• Quantitatively evaluate the early profit contribution rate after</li> </ul>
Improve growth rate after M&A	<p><b>&lt;Pursuing growth rate improvement after grouping through M&amp;A&gt;</b></p> <ul style="list-style-type: none"> <li>• Systematize a series of processes in M&amp;A</li> <li>• Increase the M&amp;A contract rate by committing management</li> <li>• Verify the feasibility of synergy with precise DD</li> <li>• Improve PMI accuracy and improve growth rate after M&amp;A</li> </ul>

### (2) Aim to secure gross profit by promoting business portfolio diversification

While the domestic travel domain was impacted by the pandemic of the omicron variant, it has been on a significant recovery trend. Other business domains continue to be healthy, and continue to generate a stable monthly surplus. The company steadily secures gross profit through their promotion of diversification and restructuring of their business portfolio.



(From the company's material)

## 5. Conclusions

Following the full-scale lifting of measures to prevent the pandemic, the Go To Travel program is expected to resume, in addition to the prefectural discounts and area block discounts to be extended until the end of June. Moreover, full-scale overseas travels can also be expected to resume because of the relaxed immigration restrictions, etc. The company started selling Hawaii Trip products in May 2022 to reel in travelers to Hawaii, a very popular destination among the Japanese. In cooperation with airlines, accommodation facilities, and local authorities, the company constantly updates and provides the latest information and prices associated with Hawaii trips.

When not only domestic travels, but also overseas travels resume, it will further boost the company’s revenue. Therefore, we would like to pay attention to them.

## <Reference: Regarding Corporate Governance>

### ◎Organization type and the composition of directors

Organization type	Company with an audit and supervisory board
Directors	11 directors, including 2 outside ones
Auditors	4 auditors, including 2 outside ones

### ◎Corporate Governance Report

Last updated on Mar. 8, 2022.

#### <Basic policy>

Our company group considers the swift decision-making in response to the changes in the business environment, lasting business development, and gaining trust from stakeholders as the most significant business challenges. To improve the health, transparency and efficiency of the operations, all of us are striving to enhance the structure of corporate governance, thorough compliance, and timely and appropriate disclosure (of information).

#### <Reasons for Non-compliance with the Principles of the Corporate Governance Code (Excerpts)>

Principles	Reasons for not implementing the principles
Supplementary Principle 1-2-2	The Company currently refrains from dispatching the notice of an annual general meeting of shareholders early for the purpose of thoroughly considering the contents before dispatching it, but we will plan to develop a system which enables early dispatch in the future. As for uploading of the notice of an annual general meeting of shareholders onto websites, it is currently disclosed on TDnet and the IR page of our company, and we will consider disclosure before dispatching the notice.

#### <Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

Principles	Disclosure contents
Principle 1-4	Our company may hold shares strategically, if the shareholding is expected to strengthen business cooperation or contribute to the maintenance or improvement of our corporate value.
Supplementary Principle 2-4-1	<p>&lt;Our view on ensuring diversity&gt;</p> <p>Our company acknowledges and respects diverse individuality of each employee, and strives to establish an environment where they can fully exert their abilities. Our corporate group promotes female advancement, while we carry out business activities with foreign human resources in the “IT Offshore Development Business” at the same time. Further, in “the Inbound Travel Business/the Wi-Fi Rental Business,” we run our operation to bring satisfaction through Japanese unique hospitality and production, have a global viewpoint acquired through working with non-Japanese human resources, and take in the needs from visitors traveling to Japan.</p> <p>(1) Female Employees</p> <p>The ratio of female managers in our company is 9%. Moving forward, we aim to increase the ratio of female managers to 30%, which is the goal pursued by the government, and have been taking approaches for female employees to take significant roles and work in a responsible position.</p>

	<p>(2) Foreign Employees In the “IT Offshore Development Business,” one of our business portfolios, there are 175 employees employed by Evolvable Asia Co., Ltd., a Vietnamese subsidiary outside Japan, accounting for approximately 30% of the total number of employees. The percentage of foreign employees is expected to increase, as the company continues to actively hire local workers, mainly the human resources for system development.</p> <p>(3) Mid-career Employees Our company takes initiatives to actively hire and utilize experienced workers (mid-career hires), and the ratio of mid-career hires in managerial positions is 26% as of April 2021. It is at the adequate level at this point, but we continue to work on proactive use of such workers.</p>
Supplementary Principle 3-1-3	Please visit our website for more information about our views, policies and initiatives on sustainability. <a href="https://www.airtrip.co.jp/ir/sdgs/">(https://www.airtrip.co.jp/ir/sdgs/)</a>
Principle 5-1	Corporate strategy department is in charge of our IR activities, and the divisions of finance, accounting, publicity, general affairs, human resources, and management planning cooperate in promoting constructive dialogue with shareholders and investors. In addition, we hold results briefing session involving executives four times a year, and a company briefing session for individual investors, and deal with the request for individual interviews within a reasonable range.

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