



President & 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	https://www.airtrip.co.jp/

Stock Information

Share Price	Number of shares issued		Total market cap	ROE (Actual)	Trading Unit
¥2,552	22,157,465shares		¥56,545million	40.5%	100shares
DPS (Est.)	Dividend yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Actual)	PBR (Actual)
undecided	-	¥31.59	80.8x	¥419.44	6.1x

*The share price is the closing price on November 25. Number of shares issued, ROE and BPS are from FY 9/22.

Earnings Trend

Fiscal Year	Sales	Operating Income	Profit before tax	Net Income	EPS	DPS
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.	17,524	3,142	3,043	2,372	112.15	10.00
September 2022 Act.	13,510	2,193	1,979	1,901	85.90	10.00
September 2023 Est.	17,000	1,000	900	700	31.59	-

*Unit: yen, million yen. IFRS is discretionally applied from FY 9/18. Net income is profit attributable to owners of parent. Hereinafter the same applies.

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

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Key Points

- The transaction volume in the fiscal year ended September 2022 was 53,463 million yen, up 59.0% year on year. Sales revenue decreased 22.9% year on year to 13,510 million yen, due to the revision of the business portfolio in addition to the COVID-19 pandemic. Gross profit declined 0.7% year on year to 7,563 million yen. Operating income fell 30.2% year on year to 2,193 million yen due to the revision of the business portfolio, etc.
- In the fiscal year ending September 2023, the company will aim for a transaction volume of 65-75 billion yen. The forecast was kept conservative, calling for sales of 17 billion yen and an operating income of 1 billion yen, without taking into account factors that would increase sales and profit, such as the recovery of domestic travel as the pandemic subsides and the recovery of revenues from international travel brought about by the alleviation of border measures in countries in the world. Meanwhile, the dividend amount has not been determined yet.
- “Regional Revitalization Business” has been added as a new business to “AirTrip 5000” in the growth strategy “AirTrip ‘Restart.’” Aiming to boost the number of visitors and revitalize local economy by deploying solutions based on “sightseeing tech” and “HR tech” in order to solve social issues such as the lack of population in the countryside, the company will work toward expanding revenues. We would like to anticipate prompt contribution of the decentralization and reconstruction of the business portfolio to the company’s revenues.

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 agency 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 “AirTrip 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.

BRIDGE REPORT



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.

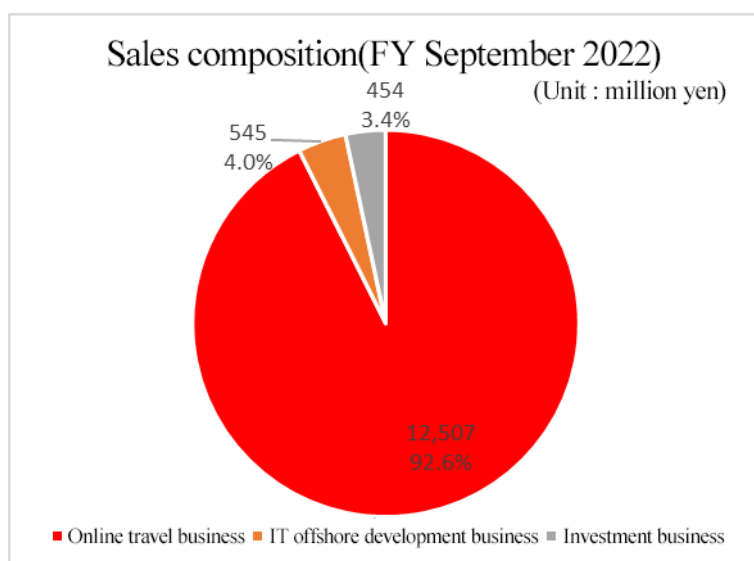
【1-2 Corporate Philosophy, etc.】

Corporate Philosophy	<p>One Asia Becoming a Leading Company in the Golden Age of Asia 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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Mission	We will continue to grow endlessly by grasping all the changes in the Asian economic area as business opportunities.
Code of conduct	<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】

Regarding business domains, Regional Revitalization Business has been added to the five businesses: AirTrip Travel Business, IT Offshore Development Business, Inbound Travel Agency Business/Wi-Fi Business, Media 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 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.



(From the company's website)

Domestic airline tickets	▪ Handling tickets for 13 domestic airlines
Domestic accommodations	▪ Handling more than 20,000 facilities in Japan
Overseas airline tickets / accommodations	▪ 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
Direct managed site (B-to-C)	The Company operates integrated service platform at "AirTrip" which allows users to easily compare and book domestic and international travel contents.
B-to-B-to-C	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.
Wholesale service (B-to-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 AirTrip 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 AirTrip, has been providing a Wi-Fi router rental service for travelers visiting Japan, with a performance of over 800,000 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**

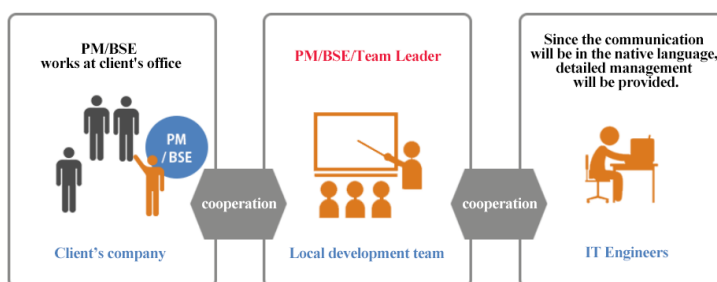
In order to efficiently utilize vacant houses that have been increasing in Japan, “AirTrip Stay” provides opportunities to manage such rooms pursuant to the Private Lodging Business Law. They became the first official partner of “Airbnb” in Japan, which is used by 1 of 5 foreign visitors, and provides 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,” “TRiP EDiTOR,” 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 the end of October 2022, the company had invested in a cumulative total of 83 companies, and the total investment amount was 3.6 billion yen.

2. The Fiscal Year ended September 2022 Earnings Results

(1) Consolidated Business Results

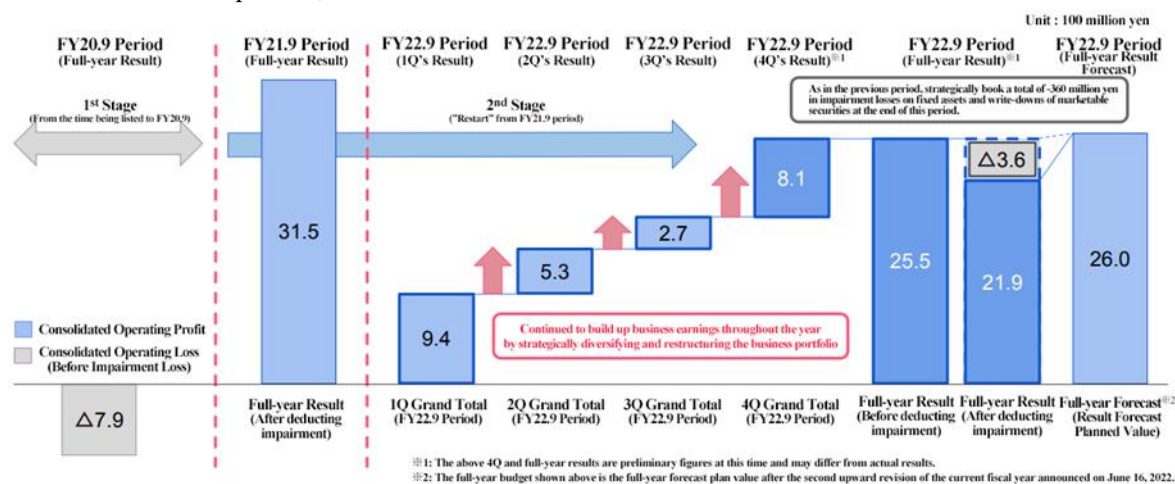
	FY 9/21	Ratio to sales	FY 9/22	Ratio to sales	YoY
Trading volume	33,622	-	53,463	-	59.0%
Sales revenue	17,524	100.0%	13,510	100.0%	-22.9%
Gross profit	7,614	43.4%	7,563	56.0%	-0.7%
Operating Income	3,142	17.9%	2,193	16.2%	-30.2%
Real Operating Income	4,038	23.0%	2,553	18.9%	-36.8%
Pre-tax income	3,043	17.4%	1,979	14.6%	-34.9%
Net income for this period	2,372	13.5%	1,901	14.1%	-19.8%

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

Sales and profit decreased.

The transaction volume in the fiscal year ended September 2022 was 53,463 million yen, up 59.0% year on year.

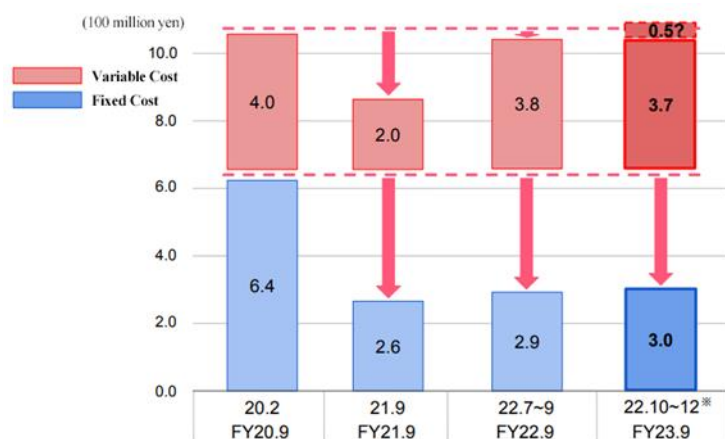
Sales revenue decreased 22.9% year on year to 13,510 million yen, due to the revision of the business portfolio in addition to the COVID-19 pandemic. Gross profit declined 0.7% year on year to 7,563 million yen. Operating income fell 30.2% year on year to 2,193 million yen due to the revision of the business portfolio, etc.



(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 fourth quarter of FY 9/22, the company controlled monthly SG&A expenses to 650-700 million yen.

BRIDGE REPORT



Optimizing variable cost and advertisement cost

Variable Cost
Controlling outsourcing cost according to travel demand
Reducing of subcontract expenses and other temporary cost at each department.

Advertisement Cost
Continuing to optimize the advertisement cost ratio to gross profit.

Controlling labor cost and continuing to reduce other fixed costs

Labor Cost
Continuing to return part of Directors' bonuses (Director /Supervisor).
Reducing labor cost along with optimizing personnel
Together with partly remote work to reduce commuting cost.

Other fixed Cost
Reducing system's maintenance fee related to infrastructure management.
Reducing expenses for space rent by switching to remote work
Review and reduce other fixed costs of each department.

*Planned values may differ from actual figures.

(From the company's material)

(2) Trends by segment

	FY9/21	Ratio to sales	FY9/22	Ratio to sales	YoY
Sales					
Online travel business	15,518	88.6%	12,507	95.1%	-19.4%
IT off-shore development business	1,262	7.2%	545	4.1%	-56.8%
Investment business	738	4.2%	454	3.5%	-38.5%
Total	17,524	100.0%	13,150	100.0%	-25.0%
Operating Income					
Online travel business	2,680	17.3%	2,473	19.8%	-7.7%
IT off-shore development business	572	45.3%	423	77.6%	-26.0%
Investment business	731	99.1%	443	97.6%	-39.4%
Total	3,142	17.9%	2,193	16.7%	-30.2%

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

① Online travel business

Sales and profit declined.

Although the recovery of demand for travel increased sales, sales declined due to a change in scope of consolidation. Segment profit fell 7.7% year on year to 2,473 million yen due to the decrease in sales.

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 26.0% year on year to 423 million yen, due to the recording of spot profit stemming from a change in scope of consolidation (profit brought about by deconsolidation of a subsidiary) of 602 million yen in the previous term.

③ Investment business

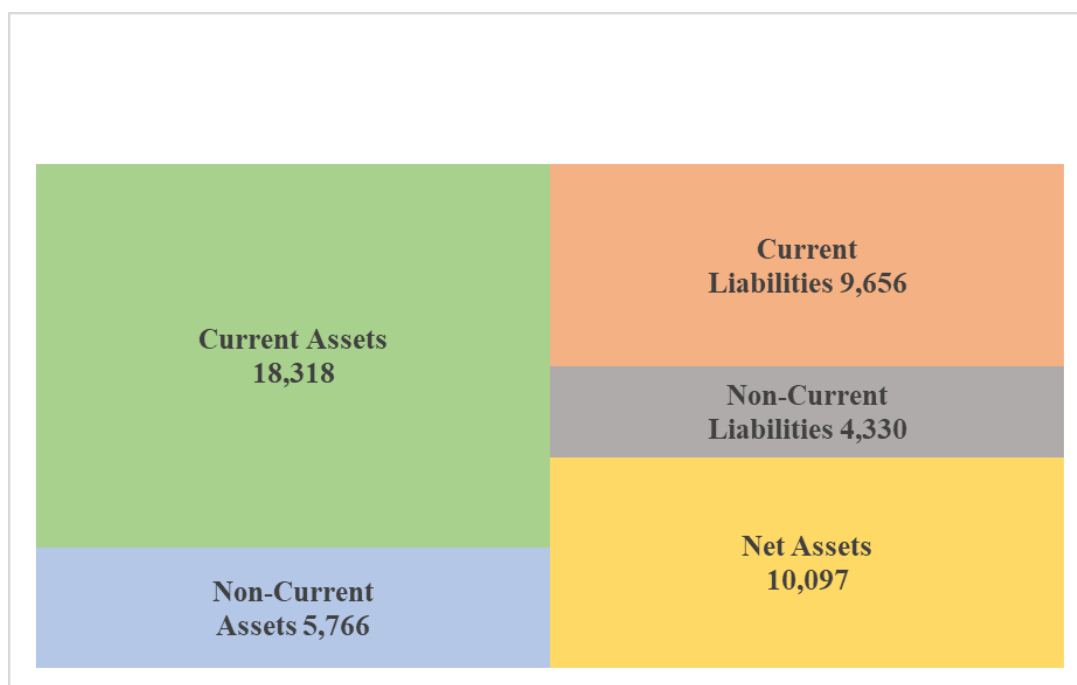
Sales and profit dropped considerably.

Sales decreased despite the transfer of shares associated with a new listing of a company in which AirTrip invested as part of initial public offerings (IPO). Segment profit fell 39.4% year on year to 443 million yen.

(3) Financial standing and cash flows**◎Summarized Balance Sheet**

	End of Sep. 2021	End of Sep. 2022		End of Sep. 2021	End of Sep. 2022
Current assets	15,568	18,318	Current liabilities	8,928	9,656
Cash, etc.	8,771	8,954	Trade payables, etc.	1,291	3,588
Trade receivables, etc.	1,298	2,057	Interest-bearing debts	5,605	3,430
Other financial assets	4,852	6,003	Noncurrent liabilities	4,308	4,330
Noncurrent assets	5,804	5,766	Interest-bearing debts	4,033	4,095
Tangible fixed assets	394	286	Total liabilities	13,236	13,987
Intangible fixed assets	946	1,191	Capital	8,136	10,097
Goodwill	1,109	1,189	Capital surplus	2,013	2,094
Other financial assets	574	578	Retained earnings	3,864	5,523
Total assets	21,373	24,084	Total liabilities and net assets	21,373	24,084

*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.



*Produced by Investment Bridge Co., Ltd. with reference to the material of the company.

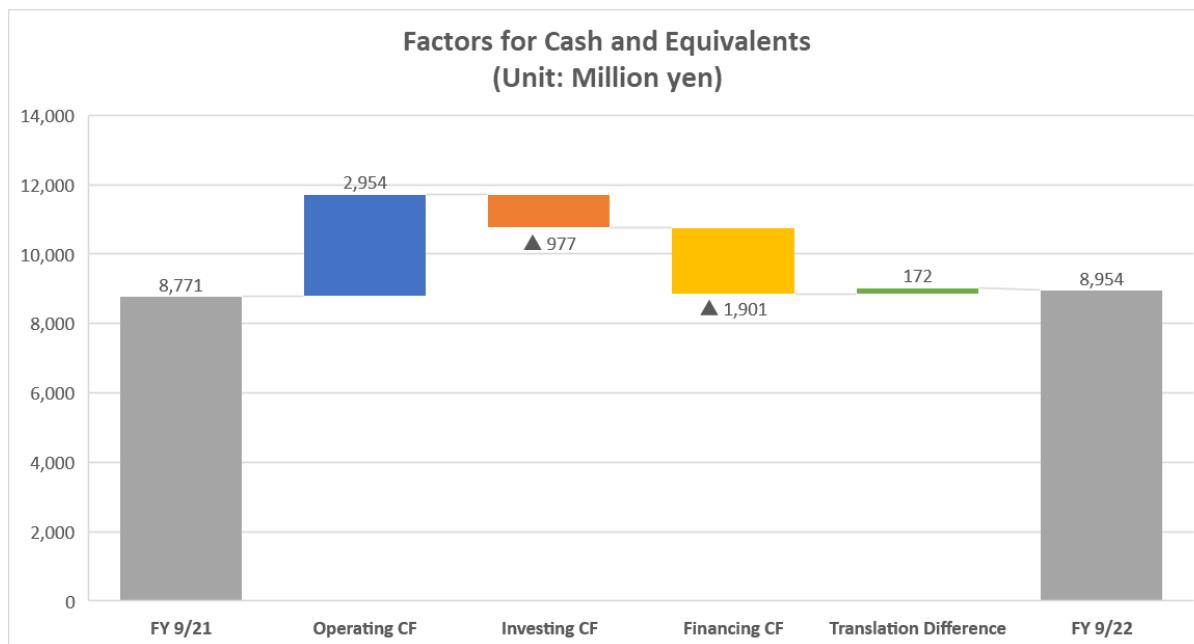
Retained earnings increased, and capital stock increased by 1,961 million yen to 10,097 million yen.

As a result, the equity ratio (the ratio of equity attributable to owners of the parent) improved 4.0 points from 34.9% at the end of the previous period to 38.9%.

◎Cash Flow

	FY9/21	FY9/22	Increase/decrease
Operating Cash Flow	3,630	2,954	-676
Investing Cash Flow	-1,715	-977	+738
Free Cash Flow	1,915	1,977	+62
Financing Cash Flow	-253	-1,901	-1,648
Cash and equivalents	8,771	8,954	+183

*Unit: million yen.



*Produced by Investment Bridge Co., Ltd. with reference to the material of the company.

*A ▲ in the expense item indicates an increase in expenses.

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

3. The Fiscal Year ending September 2023 Earnings Forecasts

(1) Earnings forecasts

In the fiscal year ending September 2023, the company will aim for a transaction volume of 65-75 billion yen. The forecast was kept conservative, calling for sales of 17 billion yen and an operating income of 1 billion yen, without taking into account factors that would increase sales and profit, such as the recovery of domestic travel as the pandemic subsides and the recovery of revenues from international travel brought about by the alleviation of border measures in countries in the world. Meanwhile, the dividend amount has not been determined yet.

Consolidated Business Forecasts

	FY9/22	Ratio to sales	FY9/23	Ratio to sales	YoY
Sales revenue	13,510	100.0%	17,000	100.0%	25.8%
Operating Income	2,193	16.2%	1,000	5.9%	-54.4%
Profit before tax	1,979	14.6%	900	5.3%	-54.5%
Net income for this period	1,901	14.1%	700	4.1%	-63.1%

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

The domestic travel domain was healthy, owing to the increase in demand for travel in the summer. All existing business domains other than travel were healthy and steady. The company is strategically forging ahead with the decentralization and reconstruction of the business portfolio, like in the previous fiscal year.

	July	Aug.	Sep.	Oct.	Nov. (Ect.)	Dec. (Ect.)	Jan - (Ect.)
AirTrip Travel (Domestic)	◎	○	○	○	○?	○?	○?
AirTrip Travel (Overseas)	x~△	x~△	x~△	x~△	x~△?	x~△	x~△?
IT Offshore Development Business	○	○	○	○	○?	○?	○?
Japan Inbound Travel/ Wi-Fi Business	○	○	○	○	○?	○?	○?
Media Business	△~○	△~○	△~○	△~○	△~○?	△~○?	△~○?
Investment Business (AirTrip CVC)	○	○	○	○	○?	○?	○?
Local development projects	—	—	—	○	○?	○?	○?

(From the company's material)

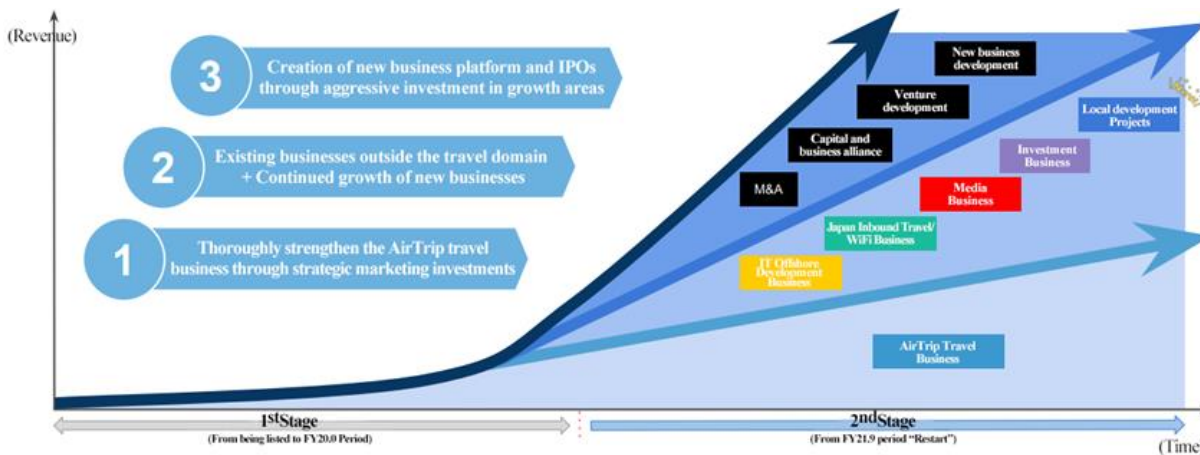
4. Growth Strategy “AirTrip 2022”

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. They will aim for a trading volume of 500 billion yen. With the AirTrip Travel Business as the starting point, they will strategically realize discontinuous growth of the whole corporate group based on the continuous growth of the five existing businesses and the new business (Regional Revitalization Business).

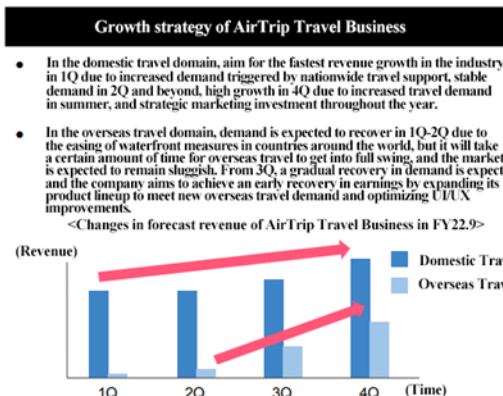
They newly founded the “Regional Revitalization Business” as the sixth business, rebuilding the AirTrip Group business portfolio, which will be launched in the fiscal year ending September 2023.



(From the company's material)

① AirTrip Online Travel Business

They will expand their revenues at the fastest pace in the industry through strategic investment in marketing, accurately grasping diverse travel demand which will become the growth engine. They will aim for rapid growth of this business as the pillar of the whole group's business portfolio.



(From the company's material)

Action plan of AirTrip Travel Business

Domestic Travel	<ul style="list-style-type: none"> <Implementation of measures to utilize nationwide travel support to capture demand> • AirTrip x Nationwide Travel Support Promotion • Retain repeat customers by offering significant point redemption <Thorough UI/UX Improvement to Improve CVR> • UI/UX improvements that accurately capture diverse travel demands • Design of new features and new functions to improve convenience. <Strengthening Brand Value through Strategic Marketing Investments> • Continuation of AirTrip branding measures in multiple directions • Strategic marketing investment in response to demand increase/decrease • Increase awareness through SNS marketing such as Twitter, etc. • Implement tie-up projects with airlines and lodging facilities
Overseas Travel	<ul style="list-style-type: none"> <Execution of measures to restore earnings as soon as possible in response to easing of waterfront measures> • Provide useful information on waterfront mitigation • Expand product lineup and advertisements focusing on waterfront mitigation areas • Strategic marketing investment for international travel demand

② IT Offshore Development Business, Inbound Travel Agency Business/Wi-Fi Rental Business, and Media Business, Regional Revitalization Business

They will forge ahead with further decentralization and reconstruction of the business portfolio based on the continuous growth of the existing businesses and the new business. They will reinforce their competitive advantage, considering market trends, and aim for sustainable growth.



Existing Business Existing Business + New Business Action Plan

IT Offshore Development Business	<ul style="list-style-type: none"> <Execution of measures to expand the scale of projects by acquiring highly skilled human resources> • Expand the scale of projects and improve development quality by appointing personnel with high salaries • Recruitment of highly skilled personnel and strategic marketing investments
Japan Inbound Travel/Wi-Fi Business	<ul style="list-style-type: none"> <Strengthening Wi-Fi rental and services for foreign residents in Japan> • Strengthen sales promotion of Wi-Fi rentals for domestic and international customers • Establishment of service infrastructure for foreign residents and enhancement of competitive advantage
Media Business	<ul style="list-style-type: none"> <Strategic investment in the development of a live-streaming platform> • Strategic investment in the implementation of a throw-in and ticket sales functionality. • Strengthen recruitment of development personnel to bring system development in-house
Local Development Business	<ul style="list-style-type: none"> <Launching Regional Development Businesses under a New Business Execution Structure> • Strengthen promotion through collaboration with local governments, etc. • Building a pipeline with local companies suffering from a shortage of human resources



(From the company's material)

③ Investment Business

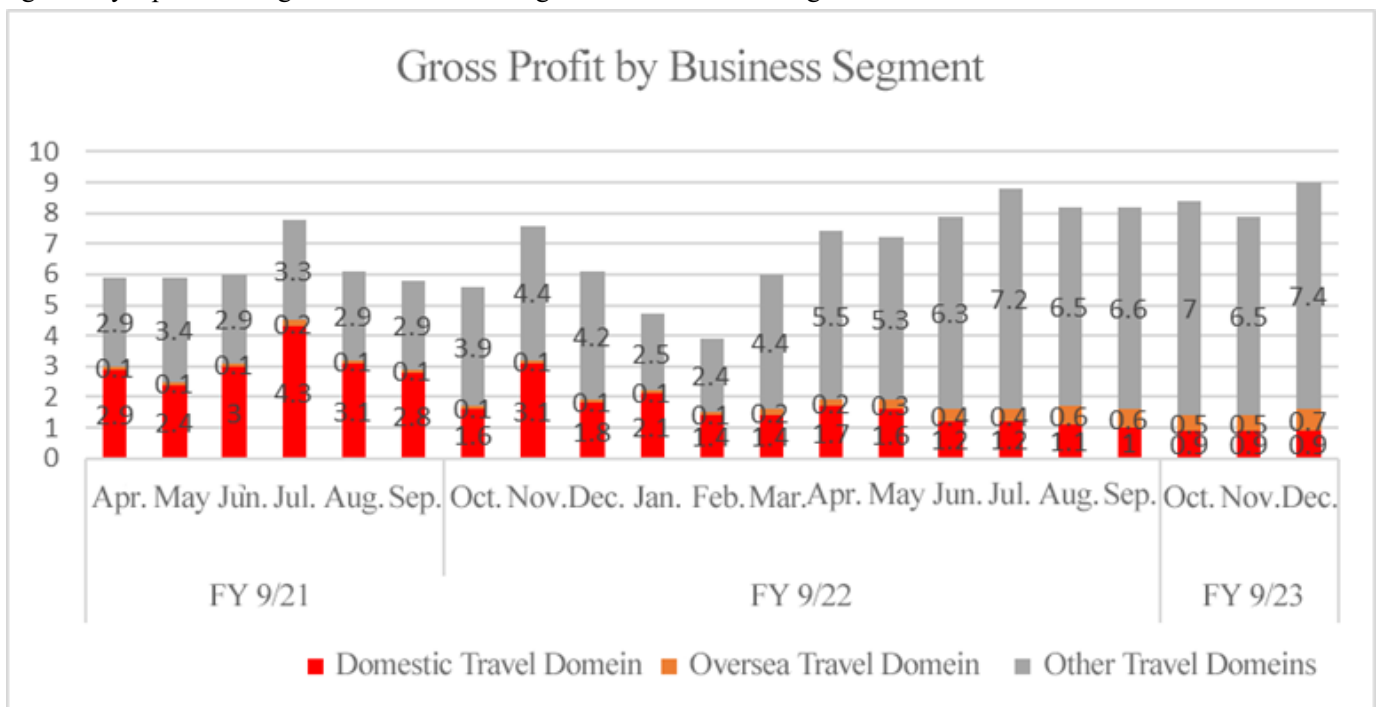
They will strategically aim for the expansion of the AirTrip economic bloc based on proactive investment in growing fields, placing importance on the high probability of IPOs. They will create new business foundations and realize IPOs by proactively investing in growing fields.

Growth strategy for investment business (AirTrip CVC)	Action plan for investment business (AirTrip CVC)								
<ul style="list-style-type: none"> As an investment business (AirTrip CVC), we will strategically aim for the expansion and reinforcement of the AirTrip economic zone (creating a new business foundation and produce IPOs) by actively investing in growth areas with a high probability of an IPO by leveraging our investment knowledge and experience that have realized a cumulative total of 11 IPOs. Invest in growth companies with a high probability of IPO, focusing on "market/business growth potential," "high probability of future returns," and "qualitative evaluation of the competence of the management team and management control system and growth potential" as the decision axis for investment. As mentoring support after the investment is made, provide highly feasible value-up support for IPO through interviews with investee companies by the Company's management team, which has achieved a Mothers listing, TSE First Section listing, subsidiary listing, and affiliate listing since AirTrip's founding. To support the establishment of a management control system, we provide insight and practical support necessary for IPO preparation, including "introductions to audit firms and lead managing underwriters," "advisory services for responding to short reviews," and "advisory services for establishing a management control system." As part of our commitment to the SDGs and social contribution, for every IPO of one of our portfolio companies, we will make a donation to General Incorporated Association "Japan Future Sports Promotion Association", which provides an environment and services for children who are unable to participate in sports due to economic or environmental reasons. 	<table border="1"> <tr> <td style="background-color: black; color: white;">Strategical and active investment</td> <td> <Selection of investments with the probability or potential for an IPO> ・Evaluate market/business growth potential of portfolio companies ・Quantitative evaluation of return probability after investment ・Assessment of the growth potential of the management team and management control structure </td> </tr> <tr> <td style="background-color: black; color: white;">Mentoring</td> <td> <Mentoring support by a management team with extensive listing experience> ・Providing value-up support through interviews with AirTrip's management team, which has achieved a Mothers listing, TSE First Section listing, subsidiary listing, and affiliate listing since AirTrip's founding. </td> </tr> <tr> <td style="background-color: black; color: white;">Providing IPO Insights</td> <td> <Providing insight based on experience in preparing for a successful IPO> ・Provide IPO-related insights based on actual IPO preparation experience, such as how to overcome challenges faced by AirTrip and other group companies and portfolio companies in the process of preparing for IPOs. </td> </tr> <tr> <td style="background-color: black; color: white;">Business management system construction support</td> <td> <Advisory services for the establishment of business management systems> ・Introduction of auditing firms and lead securities firms ・Short Review Advisory ・Advisory services on practical aspects of establishing business management systems </td> </tr> </table>	Strategical and active investment	<Selection of investments with the probability or potential for an IPO> ・Evaluate market/business growth potential of portfolio companies ・Quantitative evaluation of return probability after investment ・Assessment of the growth potential of the management team and management control structure	Mentoring	<Mentoring support by a management team with extensive listing experience> ・Providing value-up support through interviews with AirTrip's management team, which has achieved a Mothers listing, TSE First Section listing, subsidiary listing, and affiliate listing since AirTrip's founding.	Providing IPO Insights	<Providing insight based on experience in preparing for a successful IPO> ・Provide IPO-related insights based on actual IPO preparation experience, such as how to overcome challenges faced by AirTrip and other group companies and portfolio companies in the process of preparing for IPOs.	Business management system construction support	<Advisory services for the establishment of business management systems> ・Introduction of auditing firms and lead securities firms ・Short Review Advisory ・Advisory services on practical aspects of establishing business management systems
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(From the company's material)

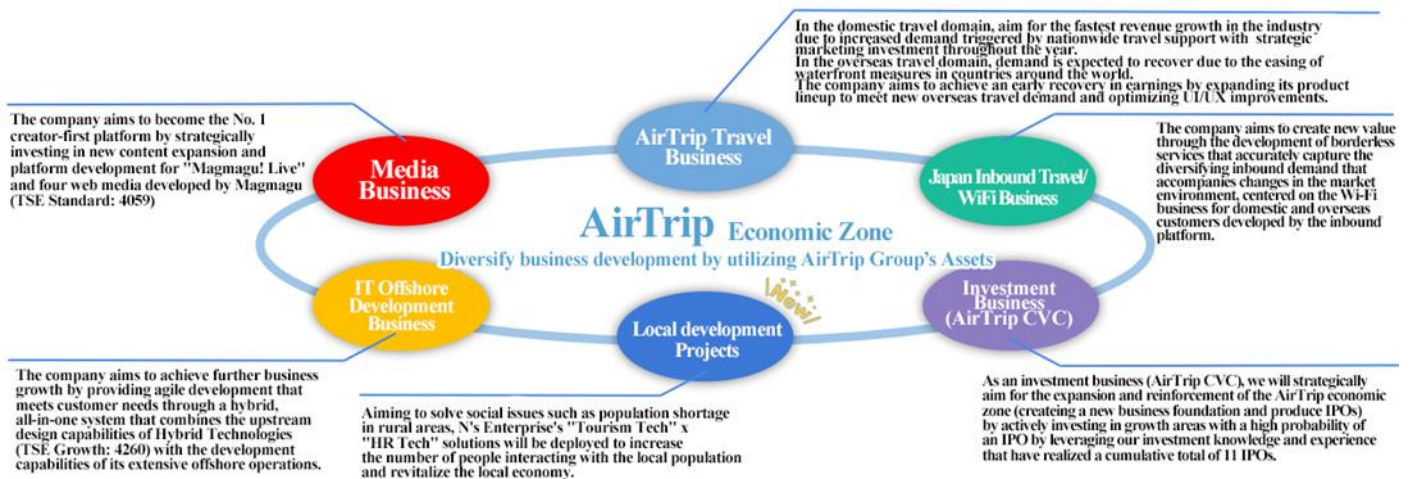
(2) Restart toward the "profit recovery phase" after overcoming the period of suppressed advertisement

The domestic travel domain has steadily met the rising demand and driven the whole business portfolio. The other business domains have kept up sound business progress and achieved positive profit on a monthly basis throughout the term. The gross profit of the domestic travel domain significantly expanded throughout the term due to strategical investment in marketing.



5. Conclusions

"Regional Revitalization Business" has been added as a new business to "AirTrip 5000" in the growth strategy "AirTrip 'Restart'." Aiming to boost the number of visitors and revitalize local economy by deploying solutions based on "sightseeing tech" and "HR tech" in order to solve social issues such as the lack of population in the countryside, the company will work toward expanding revenues. We would like to anticipate prompt contribution of the decentralization and reconstruction of the business portfolio to the company's revenues.



(From the company's material)

<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><Our view on ensuring diversity></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 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. (https://www.airtrip.co.jp/ir/sdgs/)
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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