# Business Report

(From October 1, 2022
to September 30, 2023)

## 1. Matters Concerning the Status of the Corporate Group

### (1) Business Conditions in the Current Consolidated Fiscal Year

During the current consolidated fiscal year, the Japanese economy has been recovering moderately, with corporate earnings generally improving despite some weakness and a gradual recovery in personal consumption.

As for the environment surrounding the travel industry, travel demand continues to recover due to the easing of restrictions on travel behavior in Japan and the easing of entry restrictions of various countries for inbound travel to Japan.

Our group has continued to steadily accumulate profits through the implementation of our growth strategy "AirTrip "Re-Start"" in the current fiscal year.

In the future, the AirTrip Group aims to achieve endless growth by expanding earnings through strategic marketing investments in response to increased domestic travel demand triggered by nationwide travel support, continuing to grow existing businesses other than travel business, and strategically diversifying and restructuring its business portfolio.

[Consolidated Financial Results]

| | | |
|---|---|---|
| Revenue | 23,386 million yen | (72.0% increase YoY) |
| Operating income | 2,018 million yen | (10.0% decrease YoY) |
| Income before income taxes | 1,973 million yen | (2.7% decrease YoY) |
| Current income attributable to owners of the parent company | 1,274 million yen | (25.5% decrease YoY) |

In terms of revenue for the current consolidated fiscal year, the online travel business posted an 82.8% YoY increase to 23,020 million yen due to a significant increase in revenue from a recovery in travel demand, while the IT offshore development business posted a 41.1% YoY decline to 322 million yen. In the investment business, sales declined 88.3% YoY to 53 million yen. As a result of the above, net sales for the current consolidated fiscal year increased 72.0% YoY to 23,386 million yen.

Operating income for the current consolidated fiscal year benefited from an increase in gross profit due to a recovery in demand for travel and from cost reduction measures and other measures undertaken as part of the diversification and restructuring of the business portfolio. Operating income in the online travel business increased 1,192 million yen YoY to 3,732 million yen, operating loss in the IT offshore development business decreased 652 million yen YoY to 263 million yen, and operating loss in the investment business decreased 495 million yen YoY to 33 million yen. As a result, operating income for the current consolidated fiscal year decreased by 10.0% YoY to 2,018 million yen, and operating income before impairment losses and other items amounted to 3,696 million yen.

[Segment Results]

(Online Travel Business)

| | | |
|---|---|---|
| Revenue | 23,020 million yen | (82.8% increase YoY) |
| Segment Income | 3,732 million yen | (46.9% increase YoY) |

1. AirTrip Travel Business

Since its establishment, the Company has provided convenient services to its customers as a travel agency specializing in online travel. Based on our three main strengths of "purchasing power," "diverse sales channels," and "system development capability," we develop the following services:

(1) B-to-C services (directly managed by the company)

We have achieved a strong competitive edge by handling the industry's largest volume of domestic airline tickets and by forming alliances with various airlines and East Japan Railway Company. We operate "AirTrip," a website that enables customers to easily compare and book domestic and international travel content. We deliver the best travel options to our customers by focusing more on the ease of use of our website.

(2) BtoBtoC services (OEM provision of travel contents)

We provide domestic airline tickets, travel, overseas airline tickets, and hotel products as travel contents to other media. Increasing the lineup of content helps to improve customer satisfaction for media users.

2. Inbound Business and Wi-Fi Rental Business

AirTrip's subsidiary Inbound Platform Inc. is developing the inbound business. The company offers Wi-Fi router rental services for visitors to Japan and has established a brand through long-standing trust and word-of-mouth. Together with campervan rentals, the company aims to expand services for inbound demand.

3. Media Business

In cooperation with our subsidiary Magmag, which has the philosophy of "conveying what you want to say to the people who want to know," we develop and provide a system for collecting content from creators and others around the world and delivering it to the hands of people who find value in that information. Including the free and paid e-mail magazine distribution service, "Magmag!", we also offer the live distribution service, "Magmag! LIVE, as well as the web media "MAG2 NEWS," "MONEY VOICE," "TRiP EDiTOR," and "by them," which enable us to discover content and deliver it to a large number of people who want to know about it.

4. Regional Development Business

AirTrip subsidiaries Kanxashi and N's Enterprise are engaged in the regional development business. They aim to solve social issues such as population shortage and produce regional tourism by developing solutions based on "tourism tech" x "HR tech" to increase the number of people interacting with each other and revitalize regional economies.

5. Cloud Business

AirTrip subsidiary Kanxashi is developing cloud business. The company is developing cloud services mainly to improve operational efficiency in the lodging and restaurant industry, including "Kanxashi Cloud," a tool to manage accommodation plans in bulk, "Wakixashi Cloud," an automated tool to collect cancellation fees, "Kuchikomi Cloud," "Zenigata Cloud," "Cloud Tenso Shaseen," and "Vansow Cloud," among others, and aims to become the most indispensable company for inns, hotels, and local businesses.

Segment sales revenue for the online travel business for the current fiscal year was 23,020 million yen, and segment income was 3,732 million yen.

(IT offshore development business)

| | | |
|---|---|---|
| Revenue | 322 million yen | (41.1% decrease YoY) |
| Segment Income | △263 million yen | (decreased by 652 million yen YoY) |

The IT offshore development business segment provides laboratory-based development services in Ho Chi Minh City, Hanoi and Danang, Vietnam, mainly to e-commerce, web solutions, game and system development companies.

The IT offshore development business segment reported net sales of 322 million yen and segment loss of 263 million yen for the current fiscal year.

(Investment Business)

| | | |
|---|---|---|
| Revenue | 53 million yen | (88.3% decrease YoY) |
| Segment Income | △33 million yen | (decreased by 495 million yen YoY) |

In the investment business, we invest in and nurture growth companies, pursuing synergies through collaboration with investee companies and other means, while aiming to earn capital gains through the growth of investee companies and their IPOs.

In the current consolidated fiscal year, the number of investee companies expanded to 123.

Segment revenues for the investment business for the current consolidated fiscal year were 53 million yen and segment losses were 33 million yen.

(2) Capital Investment

Software-related

Major capital investments during the current consolidated fiscal year totaled 703 million yen for systems related to the Company's online travel business. There was no disposal or sale of significant facilities.

(3) Status of fund procurement

The Company raised funds of 471 million yen through the exercise of stock acquisition rights during the current consolidated fiscal year.

(4) Issues to be addressed

The Group's sales are mainly revenues related to airline ticket sales, and we continue to have a good relationship with airlines.

In the future, the AirTrip Group will continue to promote the growth of existing businesses and the creation of new businesses, with (1) the AirTrip Travel Business as its core business and (2) the IT Offshore Development Business, (3) Inbound Business and Wi-Fi Rental Business, (4) Media Business, (5) Investment Business, (6) Regional Development Business, and (7) Cloud Business as its business domain, with the aim of achieving overall growth for the Group.

Under the med- to long-term growth strategy "AirTrip 5000," we will address the following items as issues that need to be addressed:

i) Steady capture of growing domestic travel demand through nationwide travel support

The Company sells travel products through its own media Internet site, centering on its own brand of Internet reservation site, "AirTrip."

We will capture revenues from the increase in travel demand triggered by the nationwide travel support by expanding sales of newly focused products such as rental cars, bullet trains, and buses, and by retaining repeat customers through a large point redemption program.

ii) Consideration of large-scale mass promotions utilizing the AirTrip brand

As the industry's largest OTA service in terms of airline ticket volume, the Company will respond to new forms of travel by promoting marketing strategies that utilize the AirTrip brand and organic inflow.

iiii) Services that respond to new forms of travel and lifestyles by leveraging our IT literacy and development capabilities

In the sales of travel products via the Internet that we conduct, it is essential for buyers and clients to know how much information is available, how fast the response time is, how low the price is, how convenient it is, and so on. Users who purchase travel products on the Internet search and browse various sites for all of these services. We will continue to study system technology and build infrastructure with the aim of enhancing these functions and providing a more user-friendly system.

We also aim to develop new business models and services that capture the travel styles and lifestyles that are expected to change as a result of the after COVID-19.

iv) Preparation for Listing of Major Group Subsidiaries and Affiliates

Inbound Platform was listed on the Growth Market of the Tokyo Stock Exchange on August 30, 2023, with the aim of creating new value in the market for foreign visitors and residents in Japan by promoting the development of various services that make the most of Japan's attractive cultural and tourist resources to meet the diverse needs of foreign visitors and residents in Japan.

Preparations for the listing of other major subsidiaries of our group are also underway, and we will continue to enhance the corporate value of our entire group.

v) Cost reduction

The Company is reducing administrative costs while improving customer service convenience by automating systems for operations that can be performed without human intervention.

## (5) Changes in assets and profit/loss

### a) Assets and profit/loss of the corporate group

| Classification | 14th FY (Year Ended Sep 30, 2020) | 15th FY (Year Ended Sep 30, 2021) | 16th FY (Year Ended Sep 30, 2022) | 17th FY (Year Ended Sep 30, 2023) |
|---|---|---|---|---|
| | IFRS | IFRS | IFRS | IFRS |
| Revenue (Millions of yen) | 21,241 | 17,524 | 13,589 | 23,386 |
| Operating income or loss(△) (Millions of yen) | △8,994 | 3,142 | 2,243 | 2,018 |
| Net income or loss (△) attributable to owners of the parent (Millions of yen) | △8,692 | 2,372 | 1,712 | 1,274 |
| Basic net income or loss (△) per share (yen) | △433.80 | 112.15 | 77.38 | 57.32 |
| Total Assets (Millions of yen) | 21,940 | 21,373 | 24,135 | 30,586 |
| Total capital (Millions of yen) | 2,538 | 8,136 | 9,908 | 13,287 |
| Equity attributable to owners of the parent per share (yen) | 92.21 | 334.54 | 410.93 | 548.73 |

(NOTE) 1. The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

2. The names of each category are based on the terminology used in accordance with International Financial Reporting Standards (IFRS).

3. Hikawa was classified as a discontinued operation in the 14th fiscal year due to its exclusion from the scope of subsidiaries. Revenue and operating loss for the 14th fiscal year are amounts from continuing operations and do not include discontinued operations.

### (b) Assets and Profit and Loss of the Company

| Classification | 14th FY (Year Ended Sep 30, 2020) | 15Th FY (Year Ended Sep 30, 2021) | 16th FY (Year Ended Sep 30, 2022) | 17th FY (Year Ended Sep 30, 2023) |
|---|---|---|---|---|
| | Japanese Standards | Japanese Standards | Japanese Standards | Japanese Standards |
| Net Sales (Millions of yen) | 4,568 | 7,895 | 9,558 | 17,014 |
| Ordinary income or loss (△) (Millions of yen) | △474 | 1,441 | 525 | 2,428 |

| | | | | |
|---|---|---|---|---|
| Net income or loss (△) (Millions of yen) | △6,820 | 2,034 | 892 | 2,774 |
| Net income or loss (△) per share (yen) | △340.38 | 96.14 | 40.33 | 124.81 |
| Total assets (Millions of yen) | 11,020 | 12,857 | 14,739 | 19,318 |
| Net Assets (Millions of yen) | 389 | 5,478 | 6,092 | 9,376 |
| Net assets per share (yen) | 17.86 | 246.98 | 274.11 | 419.04 |

(6) Significant status of parent company and subsidiaries

(a) Significant status of parent company

No applicable matter.

(b) Significant status of subsidiaries

| Company name | Capital | Percentage of voting rights held by the Company | Principal business |
|---|---|---|---|
| AirTrip International | 100 million yen | 100% | AirTrip Travel Business |
| EVOLABLE ASIA CO., LTD | US$200,000 | 51.0% | IT Offshore Development Business |
| N's Enterprise | 50 million yen | 64.1% (64.1%) | Regional Development Business |
| Inbound Platform | 337 million yen | 66.4% | Inbound Business and Wi-Fi Rental Business |
| Kanxashi | 10 million yen | 64.1% | Cloud Business |
| Magmag | 319 million yen | 70.7% | Media Business |

(Note) Percentage of voting rights in parentheses is the percentage of indirect ownership and is included in the number of voting rights.

## (7) Principal business

| Business | Business Description |
|---|---|
| AirTrip Travel Business | The following services related to airline tickets, travel, and hotel products are offered:<br>- BtoC service/Introduction of own direct management site<br>- B to B to C service / Provision of travel contents on an OEM basis |
| IT Offshore Development Business | Offshore development business with 700 Vietnamese employees |
| Inbound Business and Wi-Fi Rental Business | Developing the following services for customers traveling to Japan:<br>- Camper car rental, Wi-Fi rental<br>- Consulting service, concierge application<br>- Tourism information media advertising |
| Media Business | Development of the following services to make our customers' lives more convenient in every aspect:<br>- Mail newsletters and web media |
| Investment Business | Build the Group's business portfolio based on the following:<br>- Pursuit of synergies through collaboration with portfolio companies by investing in growth companies<br>- Promote M&A activities in response to the momentum of restructuring in the travel industry.<br>- Aggressive investment aimed at continuous expansion of business scale<br>- Promote M&A aimed at business growth following the travel business<br>- Consideration of selling some of the businesses in the travel industry |
| Regional Development Business | Develop the following services to solve regional economic issues with the power of technology:<br>- Tourism tech to increase the number of people interacting with the local economy<br>- HR tech to address labor shortages and improve shift management efficiency |
| Cloud Business | Development of the following services to improve operational efficiency in the lodging industry:<br>- Kanxashi Cloud, a tool to manage accommodation plans in bulk<br>- Kuchikomi Cloud, an AI-powered batch management tool for reviews<br>- Zenigata Cloud, a tool for batch viewing of competitors<br>- Cloud Transfer Shaseen, a photo batch management tool<br>- Vansow Cloud, a customer success service<br>- Wakixashi Cloud, a cancellation fee collection automation tool |

(8) Main offices

| Name | Location |
|---|---|
| Head Office | Atago Green Hills MORI Tower, 2-5-1 Atago, Minato-ku, Tokyo, Japan |
| EVOLABLE ASIA CO., LTD | 7F Dongnhan Office Building, 90 Nguyen Dinh Chieu Street, Dakao Ward, District 1, HCMC,Vietnam |

(9) Employees

| Name | Number of employees | Change from the end of the previous period |
|---|---|---|
| The Company | 119 employees | +5 employees |
| Group of Companies | 337 employees | +21 employees |

(Note) The number of employees is the number of full-time employees and excludes temporary employees (part-timers and part-time workers).

(10) Major lenders

| Lenders | Loan balance (Millions of yen) |
|---|---|
| Mizuho Bank | 1,112 |
| Chiba Bank | 540 |
| Tokyo Star Bank | 450 |
| Resona Bank | 452 |

2. Matters concerning the Company's shares

(1) Total number of shares authorized to be issued 36,000,000 shares

(2) Total number of shares issued Common stock 22,373,865 shares

(3) Number of shareholders 19,425

(4) Major shareholders

| Name of shareholder | Number of shares held | Shareholding ratio |
|---|---|---|
| Munenori Oishi | 6,015,700 shares | 26.9 % |
| Master Trust Bank of Japan | 1,776,100 shares | 7.9 % |
| Custody Bank of Japan | 1,434,800 shares | 6.4 % |
| Yoshimura Holdings | 1,173,000 shares | 5.2 % |
| Yoshimura Holdings IFA Account | 1,080,000 shares | 4.8 % |
| Central Tanshi | 444,400 shares | 2.0 % |
| SBI Securities | 269,148 shares | 1.2 % |
| MORGANSTANLEY&CO.LLC | 121,400 shares | 0.5 % |
| BNYGCMCLIENTACCOUNTJPRDACISG(FE-AC) | 101,606 shares | 0.5 % |
| BNYMASAGT/CLTS10PERCENT | 95,234 shares | 0.4 % |

3. Status of stock acquisition rights, etc.

(1) Stock acquisition rights held by the Company's officers (as of Sep 30, 2023)

<table>
<tr><th colspan="2"></th><th>4th series of stock acquisition rights</th><th>6th series of stock acquisition rights</th></tr>
<tr><td colspan="2">Date of resolution to issue</td><td>September 30, 2015</td><td>October 23, 2015</td></tr>
<tr><td colspan="2">Number of stock acquisition rights</td><td>85</td><td>1</td></tr>
<tr><td colspan="2">Type of shares to be issued upon exercise</td><td>Common stock</td><td>Common stock</td></tr>
<tr><td colspan="2">Number of shares to be issued</td><td>76,500 shares (Note) 1</td><td>900 shares (Note) 1</td></tr>
<tr><td colspan="2">Amount to be paid-in upon exercise of the new share subscription rights</td><td>636 yen (Note) 1</td><td>636 yen (Note) 1</td></tr>
<tr><td colspan="2">Exercise period</td><td>March 31, 2016 - September 29, 2025</td><td>October 24, 2017- September 29, 2025</td></tr>
<tr><td colspan="2">Issue price and amount paid into capital upon exercise of stock options</td><td>Issue price 636 yen<br>Amount incorporated into capital 318 yen<br>(Note) 1</td><td>Issue price 636 yen<br>Amount incorporated into capital 318 yen<br>(Note) 1</td></tr>
<tr><td colspan="2">Conditions for exercise</td><td>(Note) 2</td><td>(Note) 3</td></tr>
<tr><td rowspan="3">Directors' holdings</td><td>Directors (excluding outside directors)</td><td>Not applicable</td><td>Number of stock acquisition rights 1<br>Number of shares to be issued 900 shares<br>Number of holders 1<br>(Note) 1</td></tr>
<tr><td>Outside directors</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Corporate auditor</td><td>Number of stock acquisition rights 5<br>Number of shares to be issued 4,500 shares<br>Number of holders 1<br>(Note) 1</td><td>Not applicable</td></tr>
</table>

(Note) 1. The Company's common stock was subject to a 300-for-1 stock split on December 18, 2015, and a 3-for-1 stock split on August 1, 2016. As a result, the "number of shares to be issued upon exercise of stock acquisition rights" and "total amount of assets to be contributed upon exercise of stock acquisition rights" have been adjusted.

2. The conditions for exercising the 4th series of stock acquisition rights are as follows:

(i) The grantee must be an officer or an employee of the Company or its subsidiary at the time of exercising the stock acquisition rights. However, this shall not apply in the event of retirement from office due to expiration of term of office, mandatory retirement, or other justifiable reasons, or in the event that the stock acquisition rights are acquired through

inheritance.
(ii) If the grantee is not a director or an employee of the Company or its subsidiary, the grantee shall obtain the approval of the Board of Directors of the Company at the time of exercising such rights.
(iii) More than one year has passed since the Company's listing, and there is no limit on the number of stock acquisition rights that may be exercised.

3. The conditions for exercising the 6th series of stock acquisition rights are as follows:
(i) The grantee of stock acquisition rights must be an officer or employee of the Company or its subsidiary at the time of exercising the rights. However, this shall not apply in the event of retirement from office due to expiration of term of office, mandatory retirement, or other justifiable reasons, or in the event that the stock acquisition rights are acquired through inheritance.
(ii) If the grantee is not a director or an employee of the Company or its subsidiary, the grantee shall obtain the approval of the Board of Directors of the Company at the time of exercising such rights.
4. The 1st, 7th, 8th, 9th, 10th, 11th, 13th, and 14th stock acquisition rights were not granted to any officers. In addition, the 2nd, 3rd, 5th and 12th stock acquisition rights have been exercised by the officers.

<table>
<tr><th colspan="2"></th><th>The 15th series of stock acquisition rights</th></tr>
<tr><td colspan="2">Date of resolution to issue</td><td>November 30, 2020</td></tr>
<tr><td colspan="2">Number of stock acquisition rights</td><td>1,131</td></tr>
<tr><td colspan="2">Type of shares to be issued upon exercise</td><td>Common stock</td></tr>
<tr><td colspan="2">Number of shares to be issued</td><td>113,100 shares</td></tr>
<tr><td colspan="2">Amount to be paid-in upon exercise of the new share subscription rights</td><td>1,230</td></tr>
<tr><td colspan="2">Exercise period</td><td>January 1, 2022-<br>December 31, 2025</td></tr>
<tr><td colspan="2">Issue price and amount paid into capital upon exercise of stock options</td><td>Issue price 1,230 yen<br>Amount incorporated into capital 615 yen</td></tr>
<tr><td colspan="2">Conditions for exercise</td><td>(Note) 1</td></tr>
<tr><td rowspan="3">Directors' holdings</td><td>Directors (excluding outside directors)</td><td>Number of stock acquisition rights 785<br>Number of shares to be issued 78,500<br>Number of holders 2</td></tr>
<tr><td>Outside directors</td><td>Not applicable</td></tr>
<tr><td>Corporate auditor</td><td>Not applicable</td></tr>
</table>

(Note) 1 The terms and conditions for the exercise of the 15th Series of stock acquisition rights are as follows:

(i) The allotted stock acquisition rights may be exercised in the event that Adjusted EBITDA calculated from the consolidated statements of income and consolidated statements of cash flows for the fiscal years ending September 30, 2021, 2022, 2023, or 2024 exceeds 2.5 billion yen.
(ii) Holders of stock acquisition rights may exercise all or part of their stock acquisition rights in accordance with the following classifications:
a. On and after January 1, 2022, one-third of the allotted stock acquisition rights
b. On and after January 1, 2023, two-thirds of the allotted stock acquisition rights
c. On and after January 1, 2024, all allotted stock acquisition rights

## 4. Matters related to corporate officers

### (1) Names, etc. of Directors and Corporate Auditors (as of September 30, 2023)

| Name | Position in the Company | Responsibilities and significant concurrent positions |
|---|---|---|
| Yusuke Shibata | Representative Director, President, and CFO | In charge of Hotel Reservation Business Department, Domestic Airline Ticket Business Promotion Department, Administration Division, Corporate Strategy Department, and Office of the Chairman and President<br>Representative Director, President and CFO, AirTrip International<br>President and Representative Director, AirTrip Premium Club |
| Munenori Oishi | Director | Pikapaka, Director |
| Satoshi Tamura | Director and CIO | In charge of Domestic DP Sales Department, Marketing Department and IT Strategy Office<br>Director, AirTrip International |
| Masahide Akiyama | Director | In charge of Regional Development Business<br>Director, AirTrip International<br>President and CEO, Kanxashi<br>President and CEO, N's Enterprise<br>Representative Director, Giamso International Tours Pte ltd. |
| Takeshi Masuda | Director | In charge of Domestic Ticket Sales Department |
| Yoshiki Moribe | Director | Representative Director, Rocking Horse<br>Chairman of the Board, Nippon Reference<br>Representative Director and President, Mac Suzuki's Baseball School<br>Director, Isle<br>Director, Colony<br>Director, ELSTYLE |
| Yasuhito Omori | Director | Director, Develop |

| Name | Position in the Company | Responsibilities and significant concurrent positions |
|---|---|---|
| Tsuguhiro Wakabayashi | Full-time Corporate Auditor | Corporate Auditor, AirTrip International<br>Corporate Auditor, Kanxashi<br>Corporate Auditor, AirTrip Premium Club |
| Yoshiaki Takamichi | Corporate auditor | President and Representative Director, TKMC Corporation |
| Masahito Okada | Corporate auditor | President and Representative Director, M&E Consulting |
| Masayasu Morita | Corporate auditor | Outside Director, Open8<br>Outside Director, Albirex Niigata<br>Outside Auditor, GMO OMAKASE<br>Representative Director, Bancroft & Telegraph |

(NOTE) 1. Directors Yoshiki Moribe and Yasuhito Omori are outside directors.
2. Corporate Auditors Masahito Okada and Masayasu Morita are outside corporate auditors.
3. The Company has designated Directors Yoshiki Moribe and Yasuhito Omori and Corporate Auditor Masahito Okada as independent officers as stipulated by the Tokyo Stock Exchange, and has notified the Exchange of such designation.
4. Directors who retired during the fiscal year under review are as follows:

| Name | Date of retirement | Reason for retirement | Position, responsibilities and significant concurrent positions at the time of resignation |
|---|---|---|---|
| Sho Niiya | May 18, 2023 | Resignation | Director and CSO<br>In charge of Hotel Reservation Business Department<br>Representative Director, AirTrip Premium Club<br>Outside Director, Kanxashi |

(2) Outline of the contents of the liability limitation agreement

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company and its outside directors and corporate auditors have entered into an agreement to limit their liability for damages under Article 423, Paragraph 1 of the same law. The maximum amount of liability for damages under such liability limitation agreement is the amount stipulated by law.

Such limitation of liability is limited to cases where the outside directors and corporate auditors have performed their duties in good faith and without gross negligence.

(3) Directors' and Officers' Liability Insurance Contracts

| Scope of Insured | Outline of the contents of the Directors' and Officers' Liability Insurance Policy |
|---|---|
| Directors, corporate auditors, executive officers, and important employees of the Company and its subsidiaries under the Companies Act | The Company has concluded a directors' and officers' liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, and the Company pays all premiums for all insured parties. The policy covers legal damages and dispute expenses in the event of a claim for damages arising from an act committed by an insured person in the capacity of an insured person (including in the case of shareholder derivative actions). Indemnification is not provided for cases in which the |

| | |
|---|---|
| | insured person illegally obtained profits or benefits, or committed criminal acts, dishonest acts, fraudulent acts, or acts committed with knowledge that they were in violation of laws, regulations, or regulatory rules. |

(4) Amount of compensation, etc. of directors and corporate auditors for the current fiscal year

The Company's Board of Directors has adopted a policy for determining the content of directors' compensation. The summary of the policy is that the basic policy is to set the remuneration of directors at an appropriate level based on their respective responsibilities.

The remuneration of the Company's Directors consists solely of base remuneration. In principle, the base remuneration is a fixed monthly remuneration, which is determined in accordance with the position, responsibilities, and other factors, taking into consideration economic and social conditions, trends at other companies, and other comprehensive factors.

The Board of Directors has confirmed that the method of determining the details of remuneration, etc. and the details of remuneration, etc. determined for each individual for the current fiscal year are consistent with the decision policy resolved at the Board of Directors meeting held on December 25, 2020, and the Company believes that the Company is in compliance with such decision policy.

The maximum amount of remuneration for directors was resolved at the Ordinary General Meeting of Shareholders held on December 26, 2012 to be within 300 million yen per year (not including salaries for employees). As of the close of the Ordinary General Meeting of Shareholders, the number of directors was three.

The maximum amount of remuneration for corporate auditors was resolved at the Ordinary General Meeting of Shareholders held on December 26, 2012 to be 50 million yen per year. The number of corporate auditors as of the close of the Ordinary General Meeting of Shareholders was four.

At the Company, President and CFO Yusuke Shibata determines the specific amount of remuneration for each individual director based on a resolution delegated by the Board of Directors. The content of such authority is to determine the amount of base remuneration for each director in accordance with the Company's established policy, and the reason for delegating this authority is that the President and CFO, who has a bird's-eye view of the Company's overall performance, is best suited to evaluate the business operations of each director.

| Classification | Amount of compensation, etc. | Total amount of remuneration, etc. by type | | | Number of persons paid |
|---|---|---|---|---|---|
| | | Fixed Remuneration | Performance-linked remuneration | Non-monetary compensation | |
| Directors (including outside directors) | 70 million yen (5 million yen) | 70 million yen (5 million yen) | - | - | 10 (2) |
| Corporate Auditors (of which outside auditors) | 11 million yen (3 million yen) | 11 million yen (3 million yen) | - | - | 4 (2) |

| | | | | | |
|---|---|---|---|---|---|
| Total<br>(Of which outside directors) | 81 million yen<br>(9 million yen) | 81 million yen<br>(9 million yen) | - | - | 14<br>(4) |

(5) Matters Related to Outside Directors

(i) Relationship between the Company and other companies at which they hold important concurrent positions

Yoshiki Moribe, an outside director, is a representative director of Rocking Horse. There are no transactions to be disclosed between the Company and the company.

Outside Director Yoshiki Moribe is the Chairman of the Board of Directors of Nippon Reference. There are no transactions to be disclosed between the Company and the company.

Outside Director Yoshiki Moribe is the President and Representative Director of Mac Suzuki's Baseball School. There are no transactions to be disclosed between the Company and the company.

Outside Director Yoshiki Moribe is a director of Isle Corporation. There are no transactions to be disclosed between the Company and the company.

Outside Director Yoshiki Moribe is a director of COLONY. There are no transactions to be disclosed between the Company and the company.

Outside Director Yoshiki Moribe is a director of ELSTYLE Corporation. There are no transactions to be disclosed between the Company and the company.

Outside Director Yasuhito Omori is a director of Develop. There are no transactions to be disclosed between the Company and the company.

Outside Corporate Auditor Masahito Okada is President and Representative Director of M&E Consulting. There are no transactions to be disclosed between the Company and the company.

Outside Corporate Auditor Masayasu Morita is a director of Bancroft & Telegraph. There are no transactions to be disclosed between the Company and the company. (1) Although he has been appointed as a director at a number of companies as described above, there are no transactions between the Company and any of these companies.

(ii) Major Activities of Outside Directors during the Current Fiscal Year

1) Attendance at Board of Directors meetings and Board of Corporate Auditors meetings

| | | Board of Directors | | Board of Corporate Auditors | |
|---|---|---|---|---|---|
| | | Number of times attended | Attendance rate | Number of times attended | Attendance rate |
| Director | Yoshiki Moribe | 15/18 | 83.3% | - | - |
| Director | Yasuhito Omori | 18/18 | 100% | - | - |
| Corporate auditor | Masahito Okada | 18/18 | 100% | 12/12 | 100% |
| Corporate auditor | Masayasu Morita | 18/18 | 100% | 12/12 | 100% |

2) Statements made at meetings of the Board of Directors and Board of Corporate

Auditors

| Name | | Main statements, etc. |
|---|---|---|
| Director | Yoshiki Moribe | Mr. Yoshiki Moribe has served as a manager in various industries and has a wealth of experience and broad insight, and therefore provides objective and appropriate opinions regarding the Company's overall management. |
| Director | Yasuhito Omori | He has provided objective and appropriate opinions regarding the Company's overall management based on his extensive experience and wide-ranging insight as a former employee of the Financial Services Agency. |
| Corporate auditor | Masahito Okada | Based on his extensive experience as a former employee of a financial institution, he has expressed his opinions from time to time, mainly from a compliance perspective. |
| Corporate auditor | Masayasu Morita | Based on his extensive experience and broad insight as an international person, he closely monitors the Company's overseas strategies and provides opinions on risk management, etc. from a management supervisory standpoint. |

## 5. Status of accounting auditors

### (1) Name of accounting auditor

BDO Sanyu & Co.

### (2) Amount of compensation, etc. for the accounting auditor for the current fiscal year

| | Amount of compensation, etc. |
|---|---|
| Amount of compensation to the accounting auditor for the current fiscal year | 44 million yen |
| Total amount of monetary and other financial benefits payable by the Company and its subsidiaries to the accounting auditor | 94 million yen |

(Note) 1. The audit contract between the Company and the accounting auditor does not clearly distinguish between the amounts of remuneration, etc. for audits based on the Companies Act and those for audits based on the Financial Instruments and Exchange Act, and it is not practically possible to distinguish between them; therefore, the total amount of compensation, etc. for the accounting auditor for the current fiscal year includes the sum of these amounts.

2. Based on the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Corporate Auditors Association, the Board of Corporate Auditors of the Company has confirmed and reviewed the outline of audit details, etc. and the basis for calculation of remuneration estimates, and as a result has given its consent to the amount of remuneration, etc. for the accounting auditors in accordance with Article 399, Paragraph 1 of the Companies Act.

### (3) Policy on dismissal or non-reappointment of accounting auditors

The Board of Corporate Auditors shall decide the content of the proposal for dismissal or non-reappointment of the Accounting Auditor to be submitted to the

General Meeting of Shareholders when it determines that such action is necessary, such as when there is a problem with the Accounting Auditor's performance of its duties.

In addition, the Board of Corporate Auditors will dismiss the Accounting Auditor with the unanimous consent of the Corporate Auditors if the Accounting Auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Company Act. In this case, the corporate auditor selected by the Board of Corporate Auditors shall report the dismissal of the accounting auditor and the reasons for the dismissal at the first general meeting of shareholders convened after the dismissal.

6. Systems to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of operations, and the status of operation of such systems

(1) Basic policy of the Internal Control System Department

In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company has established a basic policy for the development of systems to ensure the appropriateness of operations at the Board of Directors meeting held in July 2015. Based on this policy, the Company has established a system to ensure that the internal control system functions effectively, led by the Corporate Auditors and the Company's internal audit staff. In addition, in order to ensure the appropriateness of the operations of the Company's subsidiaries, the Company monitors the management status of its subsidiaries in accordance with the Affiliated Companies Management Regulations and Insider Trading Regulations, and shares information at the Group Management Meetings held regularly or as necessary from time to time. The outline of the basic policy is as follows:

A. System to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation

- The Company shall establish "Compliance Regulations" and other rules to ensure that the execution of duties by Directors complies with laws, regulations, and the Articles of Incorporation, and to ensure the appropriateness of business operations.
- In the event that a director of the Company discovers a serious violation of laws and regulations, compliance violation, or other material fact concerning the Company or its subsidiaries, the director shall promptly report such fact to the Board of Directors.
- The Company's corporate auditors shall audit the execution of duties by directors in accordance with the "Corporate Auditor Audit Regulations."
- The Company shall establish "Whistleblower Protection Regulations" and set up an internal whistleblower hotline as a reporting system for any violation or attempted violation of laws, regulations, the Articles of Incorporation, or internal rules. The Company and its subsidiaries shall not dismiss or otherwise treat disadvantageously any person who makes such a report.

B. System for storage and management of information related to the execution of duties by Directors

- The Company shall prepare documents and establish a system for the storage and management of information in accordance with laws and regulations, the Articles of Incorporation, and internal rules such as "Document Management Rules," "Rules for Handling Personal Information," and "Information Security Management Rules." Directors and corporate auditors shall have access to such information as necessary.

C. Regulations and other systems for loss risk management
- The Company shall promote risk management activities by establishing a "Risk Management Committee" to manage risks of the Group across the board in accordance with the "Risk Management Regulations."
- The Company shall monitor and manage the risk situation of the Company and its subsidiaries in a timely manner through periodic reports on the status of business execution at the Management Strategy Meeting and other meetings.
- The Company's Internal Audit Department shall audit the implementation status of risk management at the Company and its subsidiaries in accordance with the "Internal Audit Regulations."

D. System to ensure that Directors execute their duties efficiently
- The Company shall introduce an Executive Officer System in accordance with the "Executive Officer Regulations" in order to improve management efficiency and clarify responsibilities.
- The Company shall hold a meeting of the Board of Directors at least once a month to make decisions on important matters, report on the status of execution of duties by Directors and Executive Officers, and monitor and supervise the execution of duties by Directors and Executive Officers of the Company.
- The Company shall ensure that the execution of duties based on decisions by the Board of Directors is carried out efficiently by clarifying the respective responsibilities in the "Rules on Division of Duties" and the "Rules on Administrative Authority."
- In order to supplement the efficient execution of duties, the Company shall hold a management strategy meeting at least once a month to discuss important management matters.

E. System to ensure that the execution of duties by employees complies with laws and regulations and the Articles of Incorporation
- The Company shall establish the "Compliance Regulations" as the standards of conduct to be observed in the performance of duties, and shall ensure that all officers and employees are fully aware of them.
- The Company shall establish an internal whistleblower hotline in accordance with the "Whistleblower Protection Regulations" in order to prevent misconduct.
- The internal audit department of the Company shall conduct internal audits in accordance with the internal rules to verify the status of compliance with laws and regulations, the Articles of Incorporation, and internal rules in the performance of duties by employees of the Company and its subsidiaries, as well as the status of execution of other operations.

F. System to ensure the appropriateness of business operations within the corporate group

- The Company shall establish "Regulations for Management of Affiliated Companies" to ensure the appropriateness of decision-making and operations based on the unified business strategy of the Group and to clarify the responsibilities of management control.
- The Company shall clarify management responsibility by establishing "Affiliated Company Management Regulations" to ensure appropriate decision making and business operations based on the unified business strategy of the Group. In addition, important facts arising in the course of business execution at subsidiaries shall be reported to the Company and relevant divisions of the Company at Group Management Meetings held periodically or as necessary.
- The Company's internal audit department shall also conduct periodic audits of each subsidiary.

G. Matters concerning employees who are to assist the duties of corporate auditors and the independence of such employees from directors

- The Corporate Auditors may appoint assistants to the Corporate Auditors from among the Company's employees.
- The Board of Directors shall decide on the appointment, dismissal, personnel transfer, and revision of wages, etc. of assistants to Corporate Auditors after obtaining the consent of the Board of Corporate Auditors, thereby ensuring their independence from Directors.
- Assistants to the Corporate Auditors shall not concurrently hold positions related to the execution of duties.

H. System for reporting to Corporate Auditors by Directors, Executive Officers and employees, and other systems for reporting to Corporate Auditors

- When a director, executive officer, or employee of the Company's group discovers a fact that violates laws and regulations or that may cause significant damage to the Company, they shall promptly report the matter concerning such fact to the Company's auditors. In addition, if they are requested by the Company's corporate auditors to report on matters related to the execution of business, they must also do so promptly.
- The Company Group shall establish a system to ensure that a person who reports to the Company's Corporate Auditors in accordance with the preceding paragraph shall not be treated unfavorably by reason of such report.

I. Other systems to ensure that the audits of the Company's corporate auditors are conducted effectively

- The Company's corporate auditors shall attend meetings of the Board of Directors, management strategy meetings, and other important meetings related to the management of the Company's group, and shall be able to understand important management decisions and the status of business execution, as well as to express their opinions.
- The Company's representative director regularly exchanges opinions with the Company's corporate auditors.
- The Company's corporate auditors may receive in advance explanations of the annual plan for internal audits conducted by the internal audit division and may

request modifications to the plan. They may also receive reports from time to time on the status of internal audits and, if deemed necessary, may request the implementation of additional audits or the formulation of measures to improve operations.
- The Company's corporate auditors shall receive explanations and exchange opinions on the details of accounting from the accounting auditor as necessary, and shall cooperate with the accounting auditor for efficient audits.

(2) Overview of internal control system operation

The Company and its subsidiaries (hereinafter referred to as the "Group") are making efforts to properly operate the internal control system based on the above resolution by having the department in charge of internal audit inspect the system. The main items in the status of operation during the current fiscal year are as follows:

A. Compliance Initiatives

- The Company provides compliance education to its officers and employees based on the Group's regulations on information management and prevention of insider trading, etc., to ensure that they are fully aware of the importance of compliance.
- The Company's management strategy meeting deliberates on the Group's compliance status, risk identification, and countermeasures based on information collected from the Company's administrative divisions and subsidiaries, determines measures to be implemented by the Group, and reports on the measures and their implementation status to the Board of Directors.
- The internal audit department, which reports directly to the President and CFO, audits each division of the Company and its subsidiaries, and reports its findings to the President and CFO and the Board of Directors.

B. Initiatives concerning appropriateness and efficiency of the execution of duties

- During the fiscal year under review, the Board of Directors of the Company met 18 times and, in addition to resolutions on matters exclusively decided by law and the Articles of Incorporation, made decisions on management philosophy, corporate governance structure, and business execution that could significantly affect consolidated business results and the reputation of the Company's group.
- In the fiscal year under review, the Corporate Strategy Meeting was held once a week to monitor the execution status of each business division, discuss important matters delegated by the Board of Directors, and make flexible decisions by the Company's President.
- At the Business Strategy Meeting and Board of Directors meetings, the monthly business results of the Group were reported, and the progress of the Group's management targets, management issues, and measures to deal with them were confirmed and deliberated.

C. Audit system by corporate auditors

- The Company ensured that corporate auditors had opportunities to attend important meetings of the Company's Board of Directors, and through these meetings, the Company provided reports and information to the corporate auditors.

- The Corporate Auditors also hold regular information sharing meetings with the Corporate Auditors or Directors in charge of auditing of subsidiaries, the departments in charge of internal audits and accounting auditors of the Company, and receive reports from the Company's Executive Officers on business performance, business operations and internal control systems to enhance the effectiveness of their audits.
- The Company also holds regular meetings to exchange opinions between the President and CFO and the Corporate Auditors.
- The Company has appointed one assistant to the corporate auditors to assist them in their duties, and ensures independence from directors by respecting the opinions of the Board of Corporate Auditors with respect to the appointment, transfer, evaluation, and discipline of such employees.

7. Policy on determining dividends from surplus, etc.

The Company regards the return of profits to shareholders, including the payment of dividends, as an important management policy. The Company's basic policy is to pay stable dividends while retaining earnings to strengthen its financial position and operating base and to provide for capital needs for investments with a long-term perspective.

The Company is authorized to pay dividends from surplus twice a year, an interim dividend and a year-end dividend, but currently pays only the year-end dividend. The decision-making body for dividends is the Board of Directors.

In the previous fiscal year, the Company decided to place more emphasis on returning profits to shareholders and paid a dividend of 10.00 yen per share. The Company's distribution of surplus is based on consolidated profits, with a target consolidated dividend payout ratio of approximately 20%. The Company aims to distribute profits in line with business performance (high profit growth and high dividends) while emphasizing retained earnings to prepare for aggressive business development.

Regarding the distribution of retained earnings for the current fiscal year, after comprehensive consideration of returning profits to shareholders and strengthening the management structure, we have resolved to pay an annual dividend of 10.00 yen per share based on the above policy and profit level forecast, with September 30 as the record date.

# Consolidated Statements of Financial Position

(As of September 30, 2023)

(Unit: Millions of yen)

| Item | Amount | Item | Amount |
|---|---|---|---|
| Assets | | Liabilities | |
| Current assets | 24,615 | Current liabilities | 13,267 |
| Cash and cash equivalents | 12,453 | Trade liabilities and other liabilities | 6,150 |
| Trade and other receivables | 2,985 | Trade and other receivables | 2,203 |
| Other financial assets | 6,989 | Other financial liabilities | 299 |
| Inventories | 17 | Lease liabilities | 198 |
| Other current assets | 2,170 | Income taxes payable | 634 |
| Non-current assets | 5,970 | Other current liabilities | 3,780 |
| Tangible fixed assets | 369 | Non-current liabilities | 4,031 |
| Right-of-use assets | 1,330 | Interest-bearing liabilities | 2,046 |
| Goodwill | 1,276 | Lease liabilities | 1,201 |
| Intangible assets | 953 | Other financial liabilities | 5 |
| Investments accounted for by the equity method | 1,055 | Provisions | 52 |
| Other financial assets | 795 | Deferred tax liabilities | 712 |
| Other non-current assets | 12 | Other non-current liabilities | 11 |
| Deferred tax assets | 177 | Total liabilities | 17,298 |
| | | Equity | |
| | | Equity attributable to owners of the parent | 12,340 |
| | | Capital stock | 1,782 |
| | | Capital surplus | 3,982 |
| | | Earned surplus | 6,387 |
| | | Treasury stock | △0 |
| | | Other capital components | 187 |
| | | Noncontrolling interest | 947 |
| | | Total equity | 13,287 |
| Total assets | 30,586 | Total liabilities and equity | 30,586 |

# Consolidated Statements of Income

(Oct. 1, 2022 - Sep. 30, 2023)

(Unit: Millions of yen)

| Item | Amount |
|---|---|
| Revenue | 23,386 |
| Cost of sales | △9,857 |
| Gross profit | 13,528 |
| Selling, general and administrative expenses | △10,456 |
| Investment income (loss) | 97 |
| Equity in earnings (losses) of affiliated companies | 30 |
| Other income | 361 |
| Other expenses | △1,542 |
| Operating income | 2,018 |
| Financial income | 39 |
| Financial expenses | △84 |
| Income before income taxes | 1,973 |
| Income tax expense | △873 |
| Net income | 1,099 |
| Attribution of net income | |
| Owners of the parent company | 1,274 |
| Noncontrolling interest | △174 |

# Consolidated Statement of Changes in Equity

(Oct. 1, 2022 - Sep. 30, 2023)

(Unit: Millions of yen)

| | Equity attributable to owners of the parent | | | | | | Noncontrolling interest | Total capital |
|---|---|---|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Earned surplus | Treasury stock | Other capital components | Total | | |
| Balance at the beginning of current period | 1,547 | 2,094 | 5,335 | △0 | 209 | 9,185 | 723 | 9,908 |
| Net income | - | - | 1,274 | - | - | 1,274 | △174 | 1,099 |
| Other comprehensive income | - | - | - | - | △5 | △5 | △2 | △7 |
| Current comprehensive income | - | - | 1,274 | - | △5 | 1,269 | △176 | 1,092 |
| Dividends from surplus | - | - | △221 | - | - | △221 | - | △221 |
| Issuance of new shares | 235 | 235 | - | - | - | 471 | - | 471 |
| Changes in interests in controlled subsidiaries | - | 1,653 | - | - | - | 1,653 | 389 | 2,042 |
| Repurchase of treasury stock | - | - | - | - | - | - | - | - |
| Increase (decrease) due to transfers and other changes | - | △0 | - | 0 | △17 | △17 | 11 | △5 |
| Total amount of transactions with owners | 235 | 1,888 | △221 | 0 | △17 | 1,885 | 401 | 2,286 |
| Balance at the end of current period | 1,782 | 3,982 | 6,387 | △0 | 187 | 12,340 | 947 | 13,287 |

# Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements
(Notes regarding significant matters that form the basis for the preparation of the consolidated financial statements, etc.)

1. Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") pursuant to Article 120, Paragraph 1 of the Ordinance on Accounting of Companies. In accordance with the second sentence of the same paragraph, certain disclosures required under IFRS have been omitted from these consolidated financial statements.

2. Scope of consolidation

Number of consolidated subsidiaries: 13

Names of principal consolidated subsidiaries

EVOLABLE ASIA CO.,LTD
Magmag
N's Enterprise
Inbound Platform
AirTrip International
Kanxashi

Changes in consolidated subsidiaries

The main companies that became newly consolidated subsidiaries during the current consolidated fiscal year are as follows:

- Kanxashi: Share exchange and share acquisition

In addition, the number of consolidated subsidiaries decreased during the consolidated fiscal year under review as follows:

- Soki Asia: Share transfer
- AirTripstay: Share transfer
- AirTrip Hawaii: Absorption-type merger

(1) Names of major unconsolidated subsidiaries

There are no major unconsolidated subsidiaries that should be noted.

Reason for exclusion from scope of consolidation

Because non-consolidated subsidiaries are all small in size, and their combined total assets, net sales, net income/loss (as calculated by the equity method), and retained earnings (as calculated by the equity method) do not have a material impact on the consolidated financial statements.

3. Application of equity method

(1) Number of unconsolidated subsidiaries and affiliates accounted for by the equity method and names of principal companies

Number of affiliates to which the equity method was applied: 3

Names of principal companies

- Hybrid Technologies

(2) Names of major unconsolidated subsidiaries and affiliates not accounted for by the equity method

There are no major companies, etc. that should be noted.

(3) Reason for not accounted for by the equity method

The companies that are not accounted for by the equity method are excluded from the scope of equity method since their net income or loss (as calculated by the equity method) and retained earnings (as calculated by the equity method) have a minimal effect on the consolidated financial statements and are not significant as a whole.

4. Matters related to fiscal year of consolidated subsidiaries

Of the consolidated subsidiaries, Giamso International Tours Pte Ltd. and one other company have a fiscal year ending March 31, and Kyushu Hotel Resort has a fiscal year ending July 31. In preparing the consolidated financial statements, the Company uses financial statements based on a provisional settlement of accounts conducted as of the consolidated balance sheet date. The fiscal year end of other consolidated subsidiaries is the same as the consolidated fiscal year end.

5. Accounting policies

(1) Valuation standards and methods for significant assets and liabilities

(i) Financial instruments

The Group applies IFRS 9 "Financial Instruments" (revised July 2014). Financial assets and liabilities are recognized when the Company becomes a contractual party to the financial instrument.

Non-derivative financial assets

The Group recognizes and derecognizes all sales and purchases of non-derivative financial assets in the ordinary course of business as of the contract date. A purchase or sale in the ordinary course of business is a purchase or sale of a financial asset under a contract that requires delivery of the asset within a period generally prescribed by the rules or practices of the relevant market.

i) Classification and measurement of non-derivative financial assets

The Group measures all non-derivative financial assets at fair value at initial recognition and classifies them as either financial assets at amortized cost, financial assets at fair value through other comprehensive income (FVTOCI financial assets) or financial assets at fair value through profit or loss (FVTPL financial assets).

a. Financial assets at amortized cost

The Group classifies financial assets as financial assets at amortized cost if they meet the following conditions:

- The Group holds the financial assets based on a business model in which the objective is to collect contractual cash flows.

- The contractual terms of the financial asset result in cash flows that are solely payments of principal and interest on the principal balance at a specific date.

Financial assets measured at amortized cost are measured at fair value plus transaction costs directly attributable to the transaction at initial recognition and at amortized cost using the effective interest method after initial recognition. Interest income and gains or losses on derecognition are measured as net gain or loss for the period.

b. FVTOCI financial assets

i. FVTOCI debt financial assets

The Group classifies debt financial assets as FVTOCI debt financial assets measured at fair value through other comprehensive income if they meet the following conditions:

- The Group holds the financial assets based on a business model in which the objective is achieved by both collecting and selling the contractual cash flows.
- The contractual terms of the financial asset result in cash flows that are solely payments of principal and interest on the principal balance at a specific date.

For FVTOCI debt instruments, changes in fair value (excluding impairment losses) after initial recognition are recognized in other comprehensive income, the accumulated amount of which is transferred to net income or loss upon derecognition. Interest income, gains or losses on derecognition and impairment losses are recognized in current period net income or loss.

ii. FVTOCI capitalized financial assets

The Group designates and classifies financial assets at fair value that have an irrevocable election to present subsequent changes in fair value in other comprehensive income at initial recognition as FVTOCI capitalized financial assets at fair value through other comprehensive income.

FVTOCI equity instruments are measured at fair value plus transaction costs directly attributable to the transaction at initial recognition. Changes in fair value after initial recognition are recognized in other comprehensive income and included in other components of equity. When the financial asset is derecognized, the accumulated other comprehensive income is immediately transferred to retained earnings.

Dividends received on FVTOCI capitalized financial assets are recognized as financial income when the right to receive dividends is established unless such dividends clearly represent a recovery of the cost of the investment.

c. FVTPL financial assets

The Group classifies financial assets that are not classified as either financial assets measured at amortized cost or FVTOCI financial assets as described above as FVTPL financial assets.

FVTPL financial assets are measured at fair value at initial recognition, with valuation gains and losses, dividend income and interest income arising from changes in fair value after initial recognition recognized in net income or loss.

ii) Impairment of financial assets

The Group recognizes a loss valuation allowance based on expected credit losses for financial assets measured at amortized cost or FVTOCI debt instruments.

At the end of each reporting period, the Group assesses whether the credit risk associated with the financial asset has increased significantly since initial recognition. If the credit risk associated with the financial asset has increased significantly since initial recognition, the Group measures the loss valuation allowance for the financial asset at an amount equal to the expected credit loss for the entire period, or at an amount equal to the expected credit loss for 12 months if the credit risk has not increased significantly. Whether credit risk has increased significantly or not is estimated by a method that reflects changes in credit information and information about the maturity of receivables.

However, for trade receivables that do not contain significant financial elements, the expected credit loss for the entire term is measured regardless of the increase or decrease in credit risk.

iiii) Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows arising from the financial asset have been extinguished or when the financial asset has been transferred and substantially all of the risks and economic value of ownership of the financial asset have been transferred.

The interest created or continued to be held by the Group in the transferred financial asset is recognized as a separate asset and liability.

Non-derivative financial liabilities

i) Classification and measurement of non-derivative financial liabilities

The Group classifies non-derivative financial liabilities as either financial liabilities at amortized cost or financial liabilities at fair value through profit or loss (FVTPL financial liabilities).

a. Financial liabilities measured at amortized cost

The Group classifies all financial liabilities as financial liabilities at amortized cost except for the following:

- FVTPL financial liabilities (including derivative liabilities)
- Financial guarantee contracts
- Conditional consideration recognized in a business combination

Financial liabilities measured at amortized cost are measured at fair value less transaction costs directly attributable to the financial liability at initial recognition and are measured at amortized cost using the effective interest method after initial recognition.

b. FVTPL financial liabilities

FVTPL financial liabilities are measured at fair value at initial recognition and changes in fair value after initial recognition are recognized in net income or loss unless they qualify for hedge accounting.

ii) Derecognition

The Group derecognizes a financial liability when the obligation has been fulfilled, discharged, cancelled, or expired.

Offsetting financial instruments

Financial assets and financial liabilities are offset and recognized net in the consolidated statement of financial position only when the Group has an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair value of financial instruments

The fair value of financial instruments traded in active financial markets at each reporting date is measured at the quoted market price.

The fair value of financial instruments for which no active market exists is measured using appropriate valuation techniques.

(ii) Inventories

Inventories, which consist primarily of merchandise, are measured at the lower of cost or net realizable value. The cost of inventories is determined using the first-in, first-out method. Net realizable value is determined as the estimated selling price in the ordinary course of business less costs to sell.

(2) Depreciation and amortization of significant depreciable assets

(1) Tangible fixed assets: ...... Depreciation is computed on a straight-line basis over the estimated useful lives of each component of the assets at cost less residual value. The depreciation method estimated useful lives and residual values are reviewed at the end of each fiscal year and any changes are applied as a change in accounting estimate in the period in which the estimate is changed and prospectively.

The estimated useful lives are as follows:

- Buildings: 6 to 20 years
- Vehicles: 10 years
- Furniture and fixtures: 3 to 20 years

(ii) Intangible assets
(excluding goodwill) .............Amortization expense for intangible assets with definite useful lives is computed using the straight-line method over the estimated useful lives of the assets. The amortization method and estimated useful lives are reviewed at the end of each fiscal year and any changes are applied to the period in which the estimate is changed and prospectively as a change in accounting estimate. There are no intangible assets with indefinite estimated useful lives.

Impairments are described in "(4) Impairment (i) Impairment of tangible fixed assets and intangible assets".

The estimated useful lives are as follows:
- Software: 5 years
- Customer-related assets: 3 to 5 years

(3) Goodwill

Goodwill is stated at cost less accumulated impairment losses.

Goodwill is allocated to a cash-generating unit or group of cash-generating units that is expected to benefit from synergies arising from a business combination.

The cash-generating unit or group of cash-generating units to which goodwill is allocated is determined based on the unit to which the goodwill is monitored for internal management purposes and is within the scope of the segment before consolidation.

Impairment is described in "(4) Impairment (ii) Goodwill".

(4) Impairment

(i) Impairment of tangible fixed assets and intangible assets

The Group determines at the balance sheet date whether there is any indication that tangible fixed assets and intangible assets with definite useful lives may be impaired, and if there is an indication of impairment, the Group performs an impairment test based on the recoverable amount of such assets.

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are not amortized, but are tested for impairment annually, regardless of whether there is an indication of impairment, or whenever there is an indication of impairment.

Recoverable amounts are measured at the higher of fair value less costs to dispose or value in use. Value in use is determined by discounting the estimated future cash flows to present value using a pre-tax discount rate that reflects the time value of money and the inherent risks of the asset.

If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss is recognized in net income or loss.

For tangible and intangible assets for which impairment losses have been recognized in prior periods, the Company determines at the balance sheet date whether there is an indication that an impairment loss has been reversed.

If there is an indication that an impairment loss has been reversed and the recoverable amount of an individual asset or cash-generating unit exceeds its carrying amount, the impairment loss is reversed up to the lower of the recoverable amount and the carrying amount less any amortization or depreciation that would have occurred had no impairment loss been recognized in prior periods.

(ii) Goodwill

The Group conducts an impairment test at certain times during each year and whenever there is an indication that an allocated cash-generating unit or group of cash-generating units may be impaired.

If the recoverable amount of a cash-generating unit or group of cash-generating units is less than its carrying amount upon impairment testing, the difference is recognized as an impairment loss in net income or loss. The impairment loss is reduced from the carrying amount of goodwill allocated to the cash-generating unit or group of cash-generating units and then from the carrying amount of each asset in proportion to its proportionate share of the carrying amount of other assets in the cash-generating unit or group of cash-generating units.

Goodwill impairment losses are recognized in net income or loss and are not reversed in subsequent periods.

(5) Basis for recognition of significant reserves

The Group recognizes a provision when it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources with economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the time value of money is significant, the provision is measured at the present value of the amount of expenditure estimated to be required to settle the obligation. The present value is determined using a pre-tax discount rate that reflects the time value of money and the risks inherent in the liability.

The Group recognizes asset retirement obligations primarily as provisions. Asset retirement obligations are recognized for the amount expected to be paid in the future based on historical experience and estimates by third parties for restoration obligations arising from lease contracts for offices used by the Group. Expenditures for restoration are expected to be incurred mainly after one year or more, but are affected by future business plans and other factors.

(6) Revenue recognition

Revenue is recognized for contracts with customers by applying the following steps: (Excluding interest and dividend income, etc. based on IFRS 9 "Financial Instruments" and lease income based on IFRS 16 "Leases")

Step 1: Identify the contract with the customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the performance obligation is satisfied.

The Group identifies the separate services included in the contract with the customer and identifies the performance obligation as the transaction unit.

In identifying performance obligations, the Company considers whether it is the principal or an agent. If the nature of its own promise is a performance obligation to provide itself with the identified services, the revenue is presented in the consolidated statement of income at the gross amount of the consideration as the principal. If the nature of its commitment is a performance obligation to arrange for those services to be provided by another party, it presents revenue as an agent in the consolidated statement of income in the amount of commission or remuneration or net consideration.

The transaction price is the amount of consideration to which the consolidated entity expects to be entitled in exchange for the transfer of the promised services to the customer. If the amount of consideration is undetermined at the time of revenue recognition, the consideration is reasonably estimated based on certain formulas and other factors specified in the contract. If the amount of consideration is highly uncertain or difficult to reasonably estimate, it is not included in the transaction price. The transaction price is reviewed when uncertainty is reduced and a reasonable estimate can be made.

The Group recognizes major revenues as follows:

(i) Commission income from online sales

The Group earns sales commissions and other fees from customers by arranging and providing airline tickets and other travel products as an agent. The Group recognizes revenue on a net basis from the provision of these services because the provision of these services is a performance obligation to arrange for the services to be provided by another party.

Sales commissions and other fees are recognized as revenue when the performance obligation to the customer is satisfied at the time the ticket is issued. For contracts that include variable consideration, such as rebates and subsequent discounts, the transaction price is determined using the mode method based on historical experience, considering such variable prices to the extent that there is no significant difference between estimates and actual results.

For sales through customer loyalty programs, in which points are awarded at the time of sale, the fair value of the points is estimated, and the revenue is recognized net of the estimated fair value of the points.

(ii) Package revenues from online sales (airline tickets + hotels, etc.)

The Group provides services to arrange and provide a combination of airline tickets and hotels, etc., and recognizes revenue on a gross basis. The performance obligation is deemed to be satisfied upon completion of the trip, and revenue is recognized on the basis of the date of return.

(iii) Revenue from providing offshore services

The Group provides offshore development services for which it receives labor service fees from its customers.

Revenue from offshore services is recognized based on the actual utilization of the services during the service period.

(iv) Revenues from investment business

The Group earns capital gains and income gains by nurturing and rehabilitating investments in portfolio companies.

For income from investment business, the Group initially recognizes investments (financial assets) at fair value and recognizes changes in fair value after initial recognition as investment gains or losses. At the time of sale of an investment, the Group recognizes the sale price as income.

The Group does not adjust the time value of money for the transaction price because the Group does not have any contracts where the period between the transfer of services to the customer and payment by the customer is expected to exceed one year.

(7) Translation of assets and liabilities denominated in foreign currencies into Japanese currency

The consolidated financial statements of the Group are prepared based on the financial statements of each company in its functional currency.

(i) Foreign currency transactions

Foreign currency transactions are translated into the Group's respective functional currencies by applying the spot exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date. Non-monetary items denominated in foreign currencies measured at cost are translated into the functional currency at the exchange rate prevailing at the transaction date. Foreign currency non-monetary items measured at fair value are translated into the functional currency at the spot exchange rate at the measurement date of such fair value. Translation differences arising from such translation and settlement are recognized in net income or loss for the period. However, for equity instruments for which post-acquisition changes in fair value are recognized in other comprehensive income, translation differences are recognized in other comprehensive income.

(ii) Financial statements of foreign operations

Assets and liabilities of foreign operations are translated at the spot rate at the balance sheet date, and revenues and expenses are translated at the average exchange rate during the period, except for significant fluctuations in exchange rates. Translation differences arising from the translation of financial statements of foreign operations are recognized in other comprehensive income. When a foreign operation is disposed of, the cumulative translation differences related to the foreign operation are recognized in profit or loss at the time of disposal.

(Notes on accounting estimates)

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates due to their nature.

Estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a review of accounting estimates is recognized in the accounting period in which the estimate is reviewed and in future accounting periods thereafter.

Although the above assumptions have been determined based on management's best estimates, they may be affected by future changes in uncertain economic conditions, which could affect the consolidated financial statements for the next accounting period if the assumptions need to be revised.

The judgments and estimates made by management that have a significant effect on the amounts reported in the consolidated financial statements are as follows:

(1) Impairment of financial assets

(i) Amount recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

| | Current consolidated fiscal year |
|---|---|
| Trade and other receivables | 2,985 |
| Other financial assets (current) | 6,989 |
| Other financial assets (non-current) | 795 |

(ii) Information on Significant Accounting Estimates for Identified Items

The method of calculating the amounts is the same as that described in "Notes regarding significant matters that form the basis for the preparation of the consolidated financial statements, etc., 5. Accounting policies (1) Valuation standards and methods for significant assets and liabilities."

(2) Impairment of non-financial assets

(i) Amount recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

| | Current consolidated fiscal year |
|---|---|
| Impairment loss (Note) | 916 |
| Tangible fixed assets | 2 |
| Right-of-use assets | - |
| Goodwill | 473 |
| Intangible assets | 440 |

(Note) Impairment losses are included in "Other expenses" in the consolidated statements of income.

(ii) Information on Significant Accounting Estimates for Identified Items

The method of calculating the amount is the same as that described in "Notes regarding significant matters that form the basis for the preparation of the consolidated financial statements, etc., 5. Accounting policies, (4) Impairment".

(3) Valuation of goodwill

(i) Amount recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

| | Current consolidated fiscal year |
|---|---|
| Goodwill | 1,276 |

(ii) Information on Significant Accounting Estimates for Identified Items

The method of calculating the amount is the same as that described in "Notes regarding significant matters that form the basis for the preparation of the consolidated financial statements, etc., 5. Accounting policies, (3) Goodwill.”

(4) Recoverability of deferred tax assets

(i) Amount recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

| | Current consolidated fiscal year |
|---|---|
| Deferred tax assets | 177 |

(ii) Information on Significant Accounting Estimates for Identified Items

Deferred tax assets are determined based on the timing and amount of taxable income expected to be available against which they can be recovered with respect to deductible temporary differences, unused tax credit carryforwards, and net operating loss carryforwards for tax purposes.

(Notes to consolidated statement of financial position)

1 Allowance for doubtful accounts directly deducted from assets: 608 million yen

2 Accumulated depreciations of tangible fixed assets: 1,005 million yen

(Note) Accumulated depreciation includes accumulated impairment loss.

3 Mortgaged assets

(1) Assets pledged as collateral (book value)

Cash and deposits: 30 million yen

(Note) The above cash and deposits are pledged as collateral for borrowings from financial institutions.

(2) Collateral-related liabilities (book value)

Long-term loans payable (including current portion of long-term loans payable): 124 million yen

(Notes to consolidated statement of changes in equity)

1. Type and number of shares issued and outstanding (Unit: shares)

| Type of shares | At the beginning of the current fiscal year | Increase | Decrease | At the end of the current consolidated fiscal year |
|---|---|---|---|---|
| Common stock | 22,157,465 | 216,400 | - | 22,373,865 |
| Total | 22,157,465 | 216,400 | - | 22,373,865 |

2. Matters related to dividends

(1) Dividends based on the resolution of the Board of Directors' meeting held on November 24, 2022

(i) Total amount of dividends 221 million yen
(ii) Dividend per share 10 yen
(iii) Record date September 30, 2022
(iv) Effective date December 26, 2022

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

The Company plans to propose the following items regarding dividends on common stock as an agenda item at the Board of Directors meeting to be held on November 29, 2023:

(i) Total amount of dividends 223 million yen
(ii) Dividend per share 10 yen
(iii) Base date September 30, 2023
(iv) Effective date December 25, 2023

The source of the dividend is planned to be retained earnings.

3. Shares and number of shares to be issued upon exercise of stock acquisition rights (excluding those for which the first day of the exercise period has not arrived) as of the end of the current consolidated fiscal year

(Unit: shares)

| Breakdown of stock acquisition rights | Type of shares to be issued upon exercise of stock acquisition rights | Number of shares to be subject |
|---|---|---|
| 3rd series of stock acquisition rights | Common stock | 27,000 |
| 4th series of stock acquisition rights | Common stock | 76,500 |
| 6th series of stock acquisition rights | Common stock | 900 |
| 15th series of stock acquisition rights | Common stock | 113,100 |
| Total | | 217,500 |

(Notes to financial instruments)

1. Matters concerning the status of financial instruments

(1) Capital management

The Group manages capital to achieve sustainable growth and maximize corporate value.

In order to realize sustainable growth, the Group recognizes that it is necessary to secure sufficient fund-raising capacity in order to make flexible investments in the future when business investment opportunities for business growth, such as the acquisition of external resources, or synergy opportunities through collaboration with portfolio companies through investments in growing companies, arise. To this end, the Group aims to ensure financial soundness and flexibility for future business investments and to maintain a capital structure that is balanced in terms of capital return.

(2) Financial risk management

In the course of its business activities, the Group is exposed to financial risks (credit risk, liquidity risk, foreign exchange risk, and market price fluctuation risk) and manages such risks based on certain policies in order to avoid or mitigate such risks.

The Company uses forward exchange contracts as derivatives to mitigate foreign exchange risks and has a policy of not engaging in speculative transactions.

(3) Market risk management

The Group conducts business in Asia and is exposed to foreign exchange fluctuation risk. In addition, the Group invests in capital instruments in its investment business and is exposed to price fluctuation risk of capital instruments.

The Group is exposed to interest rate risk because it raises some funds at floating interest rates for business purposes through the acquisition of external resources and for the acquisition of shares in the investment business.

(i) Foreign currency risk

1) Foreign currency risk management

The Group conducts transactions denominated in foreign currencies and is exposed to foreign exchange risk arising mainly from fluctuations in the U.S. dollar rate. The Group uses forward exchange contracts to hedge against this risk.

2) Currency derivatives and hedging

The Group uses forward foreign exchange contracts to hedge risks arising from future fluctuations in foreign currency exchange rates on transactions denominated in foreign currencies, and hedge accounting is applied to those contracts that meet the requirements for hedging. The Company's policy is not to enter into derivatives transactions for speculative purposes.

(ii) Interest rate fluctuation risk management

When procuring funds, the Group manages interest rate risk by giving due consideration to the amount and terms of borrowings at the time of contract execution and future economic conditions, and by continuously verifying the effectiveness of the contract after its execution.

(iii) Management of price fluctuation risk of equity instruments

The Group holds capital instruments such as listed stocks for strategic business purposes and as part of its investment business, and is exposed to market price fluctuation risk. To manage the risk of market price fluctuations, the Group continuously monitors the financial condition of issuers and market prices.

(4) Credit risk management

Trade receivables, which are receivables arising from the Group's business activities, are exposed to credit risk of customers. In addition, securities held by the Group are exposed to credit risk of the issuer.

When the Group initiates an ongoing transaction that results in a receivable, the credit limit and, if necessary, the credit period is set for each counterparty, and the finance department manages the credit risk. The Group conducts regular credit checks of its counterparties and, when necessary, takes security measures such as obtaining collateral.

The Group does not have excessively concentrated credit risk exposure to a single counterparty or a group to which that counterparty belongs.

(5) Liquidity risk management

The Group manages liquidity risk by preparing and updating funding plans in a timely manner and maintaining liquidity on hand.

The ultimate responsibility for managing liquidity risk rests with the CFO, who is delegated by the Board of Directors. Under the direction of the CFO, the Group's treasury department takes the lead in maintaining appropriate surplus funds and borrowing facilities from banks through commitment lines and overdrafts, monitoring budgets and cash flows, and managing liquidity risk.

2. Fair value of financial instruments

The carrying amounts and fair values of financial instruments at the end of the current period are as follows: Financial instruments measured at fair value on a recurring basis are not included in the table below, as their fair value is equal to their carrying amount.

(Unit: Millions of yen)

| | Carrying amount in consolidated statement of financial position | Fair value |
|---|---|---|
| Long-term debt (Note) | 2,262 | 2,261 |
| Lease liabilities | 1,399 | 1,377 |

(Note) Long-term debt and lease liabilities include the balance due within one year. The fair value of long-term debt and lease liabilities is calculated based on the present value of the debt amount discounted by the interest rate that considers the period to maturity and credit risk for each debt classified by a certain period of time.

3. Fair value of financial instruments measured at fair value recognized in the consolidated statement of financial position

For financial instruments measured at fair value, the fair value calculated based on the observability of the inputs to the valuation techniques used for measurement is classified into the following three levels:

Level 1: Fair value measured at published prices in actively traded markets

Level 2: Fair value calculated directly or indirectly using observable prices, other than Level 1

Level 3: Fair value derived from valuation techniques that include inputs that are not based on observable market data

When multiple inputs are used in the fair value measurement, the fair value level is determined based on the lowest level of input that is significant in the overall fair value measurement. Transfers between levels of the fair value hierarchy are recognized at the end of each fiscal year. There were no transfers between Level 1 and Level 2 or between Level 2 and Level 3 during the current fiscal year.

Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is as follows:

(Unit: Millions of yen)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity financial instruments | 1,557 | | 5,104 | 6,662 |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity financial instruments | | | 177 | 177 |
| Others | | | 0 | 0 |
| Total | 1,557 | | 5,281 | 6,839 |

The fair value of marketable equity securities classified as Level 1 is based on unadjusted published prices in active markets for identical assets or liabilities.

The valuation of derivative financial instruments classified as Level 2 is based on observable inputs such as prices quoted by correspondent financial institutions.

The fair value of unlisted equity securities classified as Level 3, for which quoted prices in active markets are not available, is measured using reasonably available inputs, principally using a transaction example method based on recent financing experience and a discounted cash flow method.

The significant unobservable inputs are primarily the discount rate and the profit level based on the earnings growth rate of the investee at a future point in time and perpetual growth rate. An increase (decrease) in the discount rate is associated with a decrease (increase) in the fair value, and an improvement (deterioration) in the level of earnings of the investee at a future date is associated with an increase (decrease) in the fair value. When using the transaction case method, we confirm that the most recent transaction value represents the fair value, considering assumptions such as the type of stock, the nature of the transaction terms, the size of the transaction, and the relationship between the issuer and the investor.

The fair value of unlisted shares is measured quarterly by the department in charge of the Group using the last available figures in accordance with the Group's accounting policies, etc., and is reported to management together with the basis for changes in fair value. This fair value assessment included the use of an external valuation firm.

Changes in financial instruments classified as Level 3 from the beginning of the period to the end of the period are as follows:

(Unit: Millions of yen)

| | |
|---|---|
| Balance at beginning of year | 5,100 |
| Gain (loss) | △313 |
| Purchases | 984 |
| Sold | △1 |
| Transfer to Level 1 due to listing | △239 |
| Other changes | △248 |
| Balance at end of period | 5,281 |

(Note) Gains or losses on financial assets at fair value through profit or loss at the end of each reporting period are included in "Gain (loss) on investments" in the consolidated statements of income.

(Notes to revenue recognition)

(1) Breakdown of revenues

The Group is organized on the basis of three business units: online travel, IT offshore development, and investment. In addition, it is appropriate to use revenue by area based on the geographic region in which the Company operates. As such, they are subject to periodic review by the Company's Board of Directors to determine the allocation of management resources and evaluate performance. Revenues generated from these services are recorded in accordance with contracts with client companies.

The relationship between decomposed revenues and segment revenues is as follows:

(Unit: Millions of yen)

| | Online Travel Business | IT Offshore Development Business | Investment Business | Others | Adjustment | Total |
|---|---|---|---|---|---|---|
| Japan | 22,946 | 24 | 53 | - | △9 | 23,014 |
| Vietnam | - | 298 | - | - | - | 298 |
| Others | 74 | - | - | - | - | 74 |
| Total | 23,020 | 322 | 53 | - | △9 | 23,386 |

In the online travel business, the consideration for services is determined at the start of each transaction with each customer. However, there are transactions in which rebates are received based on the volume of transactions over a certain period of time, etc., and the transaction price is adjusted based on the contract terms and conditions for these variable consideration amounts. The variable consideration is included in the transaction price only to the extent that it is highly probable that there will be no significant reversal of accumulated earnings. In the current period, revenue recognized from performance obligations satisfied in prior periods was not significant.

(2) Liabilities arising from contracts with customers

(Unit: Millions of yen)

| | |
|---|---|
| Advance received | 2,666 |
| Others | 486 |
| Total | 3,152 |

(Note 1) All outstanding advances received as of the beginning of the current fiscal year are recognized as revenue for the current fiscal year.

(Note 2) For services to arrange and provide travel merchandise for which the performance obligation has not been satisfied as of the end of the fiscal year, the consideration is recorded as advances received.

(Note 3) "Others" represents contractual liabilities under customer loyalty programs.

(3) Transaction prices allocated to remaining performance obligations

Since the Group has no significant transactions with individual expected contract terms exceeding one year, the practical expedient method is applied and information on residual performance obligations is omitted.

(Notes to per share information)

| | |
|---|---|
| Equity attributable to owners of the parent per share | 548.73 yen |
| Basic earnings per share | 57.32 yen |

(Notes on significant subsequent events)

No applicable matter.

# Balance Sheet

(As of September 30, 2023)

(Unit: Millions of yen)

| Item | Amount | Item | Amount |
|---|---|---|---|
| (Assets) | | (Liabilities) | |
| Current assets | 14,778 | Current liabilities | 8,225 |
| Cash and deposits | 7,277 | Accounts payable-trade | 2,485 |
| Accounts receivable | 1,260 | Short-term debt | 1,000 |
| Operating investment securities | 4,394 | Current portion of long-term debt | 915 |
| Merchandise and finished goods | 3 | Long-term bonds due within one year | 175 |
| Advance payments | 835 | Accounts payable-other | 1,433 |
| Prepaid expenses | 45 | Accrued expenses | 83 |
| Accounts receivable | 944 | Accrued income taxes | 464 |
| Others | 17 | Contract liabilities | 1,504 |
| Allowance for doubtful accounts | △0 | deposits received | 27 |
| Total fixed assets | 4,539 | Allowance for bonuses | 11 |
| Tangible fixed assets | 71 | Allowance for shareholder special benefit | 19 |
| Buildings | 45 | Lease obligations | 1 |
| Tools, furniture and fixtures | 26 | Others | 104 |
| Intangible fixed assets | 431 | Fixed liabilities | 1,715 |
| Software | 431 | Long-term loans payable | 849 |
| Investments and other assets | 4,035 | Bonds payable | 812 |
| Investment securities | 3 | Guarantee deposits received | 4 |
| Stocks of subsidiaries and affiliates | 2,576 | Deferred tax liabilities | 36 |
| Investments in capital of affiliates | 9 | Allowance for shareholder special benefit | 11 |
| Long-term loans receivable from affiliates | 1,335 | Lease obligations | 0 |
| Long-term loans receivable | 383 | Total liabilities | 9,941 |
| Guarantee deposits | 243 | (Net assets) | |
| Bankruptcy reorganization claims, etc. | 34 | Shareholders' equity | 9,144 |
| Others | 8 | Capital stock | 1,782 |
| Allowance for doubtful accounts | △558 | Capital surplus | 2,109 |
| | | Capital reserve | 1,682 |
| | | Other capital surplus | 427 |
| | | Earned surplus | 5,252 |
| | | Other retained earnings | 5,252 |
| | | Retained earnings brought forward | 5,252 |
| | | Treasury stock | △0 |
| | | Valuation and translation adjustments | 230 |
| | | Difference on revaluation of other marketable securities | 230 |
| | | Stock acquisition rights | 1 |
| | | Total net assets | 9,376 |
| Total assets | 19,318 | Total liabilities and net assets | 19,318 |

# Statement of Income

(Oct. 1, 2022 - Sep. 30, 2023)

(Unit: Millions of yen)

| Item | Amount | |
|---|---|---|
| Net Sales | | 17,014 |
| Cost of sales | | 7,792 |
| Gross profit | | 9,222 |
| Selling, general and administrative expenses | | 7,675 |
| Operating income | | 1,547 |
| Non-operating income | | |
| Interest income | 9 | |
| Dividend income | 0 | |
| Gain on reversal of allowance for doubtful accounts | 828 | |
| Others | 113 | 951 |
| Non-operating expenses | | |
| Interest expenses | 62 | |
| Others | 8 | 71 |
| Ordinary income | | 2,428 |
| Extraordinary income | | |
| Gain on sales of stocks of subsidiaries and affiliates | 1,054 | |
| Gain on reversal of allowance for loss on business of subsidiaries and affiliates | 214 | 1,269 |
| Extraordinary loss | | |
| Loss on disposal of fixed assets | 26 | |
| Loss on impairment of fixed assets | 84 | |
| Loss on abandonment of claims | 151 | 262 |
| Current net income before income taxes | | 3,434 |
| Corporate, inhabitant and enterprise taxes | 487 | |
| Income taxes-deferred | 171 | 659 |
| Current net income | | 2,774 |

# Statement of Changes in Shareholders' Equity

(Oct. 1, 2022 - Sep. 30, 2023)

(Unit: Millions of yen)

| | Shareholders' equity | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Capital surplus | | | Earned surplus | | | |
| | Capital stock | Capital reserve | Other capital surplus | Capital surplus Total | Other capital surplus / Retained earnings brought forward | Capital surplus Total | Treasury stock | Shareholders' equity Total |
| Balance at the beginning of current period | 1,547 | 1,447 | 427 | 1,874 | 2,699 | 2,699 | △0 | 6,120 |
| Issuance of new shares | 235 | 235 | | 235 | | | | 471 |
| Dividends from surplus | | | | | △221 | △221 | | △221 |
| Current net income | | | | | 2,774 | 2,774 | | 2,774 |
| Repurchase of treasury stock | | | | | | | | |
| Net changes of items other than shareholders' equity | | | | | | | | |
| Total changes of items during the period | 235 | 235 | | 235 | 2,553 | 2,553 | | 3,024 |
| Balance at the end of current period | 1,782 | 1,682 | 427 | 2,109 | 5,252 | 5,252 | △0 | 9,144 |

| | Valuation and translation adjustments | | Stock acquisition rights | Total net assets |
|---|---|---|---|---|
| | Difference on revaluation of other marketable securities | valuation and translation translation differences | | |
| Balance at the beginning of current period | △46 | △46 | 18 | 6,092 |
| Issuance of new shares | | | | 471 |
| Dividends from surplus | | | | △221 |
| Current net income | | | | 2,774 |
| Repurchase of treasury stock | | | | |
| Net changes of items other than shareholders' equity | 277 | 277 | △17 | 260 |
| Total changes of items during the period | 277 | 277 | △17 | 3,284 |
| Balance at the end of current period | 230 | 230 | 1 | 9,376 |

# Notes to Non-Consolidated Financial Statements

(Notes on Matters Related to Significant Accounting Policies)

1. Valuation standards and methods for securities

Available-for-sale securities (including operational investment securities)

| | |
|---|---|
| Other than stocks and other securities without market quotations ……………… | Market value method (Unrealized gains and losses are accounted for as a component of net assets and the cost of securities sold is determined by the moving-average method.) |
| Non-marketable equity securities, etc. ……………… | Cost method based on the moving average method |

2. Valuation standards and methods for inventories

| | |
|---|---|
| Merchandise ……………… | Stated at cost determined by the first-in, first-out method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins) |

3. Depreciation and amortization of noncurrent assets

| | |
|---|---|
| (i) Tangible fixed assets ……………………… | The declining-balance method is used. However, buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method. The useful lives of major depreciable assets are as follows:<br>Buildings 3 to 15 years<br>Tools, furniture and fixtures 3 to 20 years<br>Assets related to finance lease transactions that do not transfer ownership of the leased assets to the lessee are depreciated on a straight-line basis, with the lease period being the useful life and the residual value being zero. |
| (ii) Intangible assets ……………………… | The straight-line method is used. The main amortization periods are as follows:<br>Software (for internal use)<br>5 years (period of internal availability) |

4. Standards for converting foreign currency denominated assets and liabilities into yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the balance sheet date, with translation differences recognized as gains or losses.

5. Basis for recording revenues and expenses

Revenue is recognized for contracts with customers by applying the following steps:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Calculate the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Identify revenue when (or as) the performance obligation is satisfied.

The Company recognizes revenues principally as follows:

(i) Commission income from online sales

The Company earns sales commissions and other fees from customers by arranging and providing airline tickets and other travel products as an agent. The Group recognizes revenue on a net basis from the provision of these services because the provision of these services is a performance obligation to arrange for the services to be provided by another party.

Sales commissions and other fees are recognized as revenue when the performance obligation to the customer is satisfied at the time the ticket is issued. For contracts that include variable consideration, such as rebates and subsequent discounts, the transaction price is determined using the mode method based on historical experience, considering such variable prices to the extent that there is no significant difference between estimates and actual results.

(ii) Package revenues from online sales (airline tickets + hotels, etc.)

The Company arranges and provides services that combine airline tickets and hotels, etc., and recognizes revenues on a gross basis. The performance obligation is deemed to be satisfied upon completion of the trip, and revenue is recognized on the basis of the date of return.

(iii) Revenue from investment business

The Company earns capital gains and income gains by nurturing and rehabilitating investments in portfolio companies.

Income from investment business is initially recognized at the acquisition cost of the investment (financial asset), and the sales price is recognized as income at the time the investment is sold.

6. Basis for recognition of allowances and provisions

(1) Allowance for ……………… To prepare for credit losses on receivables, an

doubtful accounts ………… allowance for doubtful accounts is provided for the estimated uncollectible amount based on the historical write-off ratio for general receivables and on a case-by-case determination of collectability for specific receivables such as doubtful receivables.

(2) Reserve for bonuses ……………… ………… To provide for the payment of employees' bonuses, an amount accrued for the current fiscal year is recorded based on the estimated amount of bonus payments at the end of the current fiscal year.

(3) Allowance for shareholder benefits ………………… To provide for the use of shareholder special benefit, the amount expected to be used in the future at the end of the current fiscal year is recorded.

(4) Provision for loss on business of subsidiaries and affiliates ………………… To provide for possible business losses of subsidiaries and affiliates, an allowance is provided for the estimated amount of losses to be incurred in the future.

7. Amortization method and period of goodwill

Goodwill is equally amortized over a period of 5 years when the effect of goodwill is realized.

(Notes on changes in accounting policies)

Not applicable.

(Notes on accounting estimates)

The following are items for which an amount has been recorded in the financial statements for the current fiscal year due to an accounting estimate and which may have a material effect on the financial statements for the following fiscal year.

(1) Recoverable amount of operational investment securities and stocks of subsidiaries and affiliates

(i) Amount recorded in the financial statements for the current fiscal year

(Millions of yen)

| | Current fiscal year |
|---|---|
| Operating investment securities | 4,394 |

(ii) Information on Significant Accounting Estimates for Identified Items

When the market value or fair value of stocks and other securities with market quotations declines significantly, the balance sheet amount of such stocks and other securities with market quotations is determined based on such market value, except in cases where a recovery is deemed probable, and the valuation difference is recognized as a loss for the fiscal year under review.

For investments in unlisted affiliated companies and other securities without market quotations, the acquisition cost is used as the balance sheet amount. However, when the real value of such shares declines significantly due to deterioration in the financial condition of the issuing company, a substantial reduction is made and the valuation difference is recognized as a loss for the current fiscal year, unless the recoverability is supported by sufficient evidence.

(2) Valuation of property, plant and equipment and intangible assets

(i) Amount recorded in the financial statements for the current fiscal year

(Millions of yen)

| | Current fiscal year |
|---|---|
| Buildings | 45 |
| Tools, furniture and fixtures | 26 |
| Software | 431 |

(ii) Information on Significant Accounting Estimates for Identified Items

The calculation method of the amounts is the same as that described in "Notes regarding significant matters that form the basis for the preparation of the consolidated financial statements, etc., 5. Accounting policies, (4) Impairment, (i) Impairment of tangible and intangible fixed assets".

(3) Evaluation of investments in and advances to affiliated companies

(i) Amount recorded in the financial statements for the current fiscal year

(Millions of yen)

| | Current fiscal year |
|---|---|
| Stocks of subsidiaries and affiliates | 2,576 |
| Investments in capital of affiliates | 9 |
| Allowance for doubtful accounts of subsidiaries and affiliates (Note) | 234 |

(Note) Allowance for doubtful accounts of subsidiaries and affiliates is included in "Allowance for doubtful accounts" under investments and other assets on the balance sheet.

(ii) Information on Significant Accounting Estimates for Identified Items

The Company's holdings of stocks and investments in subsidiaries and affiliates are stocks and investments in subsidiaries and affiliates that do not have market prices. When the real value of such stocks and investments, including excess earning capacity, declines significantly due to deterioration in financial condition, the Company records a corresponding reduction in the value of such stocks and investments, unless the possibility of recovery is supported by sufficient evidence, in which case, the Company records a loss.

In addition, as stated in "Note on significant accounting policies, 6. Basis for recognition of allowances and provisions, (1) Allowance for doubtful accounts," the Company provides an allowance for doubtful accounts for amounts estimated to be uncollectible based on its business plan and financial position with respect to its receivables from subsidiaries and affiliates. In addition, as stated in "Note on significant accounting policies, 6. Basis for recognition of allowances and provisions, (4) Provision for loss on business of subsidiaries and affiliates" in "Notes regarding significant matters that form the basis for the preparation of the consolidated financial statements, etc.," an allowance for loss on business of subsidiaries and affiliates is provided based on the estimated amount of future losses to be incurred in excess of claims to subsidiaries and affiliates.

In the event that the financial position and operating results of the affiliated companies deteriorate in the next fiscal year, or if the assumptions on which budgets and other estimates are based change, additional losses may need to be recorded for stocks and investments in affiliated companies, and additional provisions or reversals may need to be made for allowance for doubtful accounts of affiliated companies and for loss on business of affiliated companies.

(Notes to Balance Sheet)

1. Accumulated depreciation of tangible fixed assets 115 million yen

2. Mortgaged assets

(1) Assets pledged as collateral

| | |
|---|---|
| Cash and deposits | 30 million yen |

(Note) The above cash and deposits are pledged as collateral for borrowings from financial institutions.

(2) Collateral-related liabilities (book value)

| | |
|---|---|
| Long-term loans payable (including current portion of long-term loans payable) | 124 million yen |
| Total | 124 million yen |

3. Guarantees

The Company guarantees purchase debt of affiliated companies from their suppliers.

AirTrip International 706 million yen

N's Enterprises 60 million yen

4. Monetary receivables from and monetary payables to subsidiaries and affiliates (excluding those presented separately)

| | |
|---|---|
| Short-term monetary claims | 713 million yen |
| Short-term monetary payables | 860 million yen |

(Notes to Statements of Income)

1. Transactions with subsidiaries and affiliates

Operating transactions

| | |
|---|---|
| Net Sales | 1 million yen |
| Purchases | 11,802 million yen |
| Selling, general and administrative expenses | 382 million yen |

Non-operating transactions

| | |
|---|---|
| Non-operating income | 6 million yen |

(Notes to non-consolidated statement of changes in net assets)

1. Matters related to treasury stock

Number of treasury stock as of the end of the current fiscal year Common stock 309 shares

(Notes to tax effect accounting)

Significant components of deferred tax assets and liabilities

Deferred tax assets

| | |
|---|---|
| Loss on valuation of stocks of subsidiaries and affiliates | 1,152 million yen |
| Allowance for doubtful accounts | 171 million yen |
| Loss on valuation of operational investment securities | 41 million yen |
| Software | 20 million yen |
| Others | 60 million yen |
| Subtotal of deferred tax assets | 1,445 million yen |
| Valuation allowance | △1,380 million yen |
| Total deferred tax assets | 64 million yen |

Deferred tax liabilities

| | |
|---|---|
| Difference on revaluation of other marketable securities | △101 million yen |
| Total deferred tax liabilities | △101 million yen |

| Net deferred tax liabilities | △36 million yen |
|---|---|

(Notes on transactions with related parties)

1. Directors and major shareholders, etc.

| Type | Name of company, etc. | Location | Capital or investment (millions of yen) | Business or occupation | Percentage of voting rights, etc. owned (%) | Relationship with related parties | Breakdown of transactions | Transaction amount (Millions of yen) | Account | Balance at end of term (Millions of yen) |
|---|---|---|---|---|---|---|---|---|---|---|
| Major share holder | Yoshimura Hideki | - | - | Company Manage ment | (Ownership) | Major shareholder | Guarantee of the Company's borrowings (Note) 1 | 13 | - | - |

(NOTE) 1. The Company has received a guarantee for bank loans from Hideki Yoshimura, a former director and major shareholder of the Company. The transaction amount shows the balance of the guaranteed debt at the end of the current fiscal year. No guarantee fee is paid.

2. Subsidiaries and affiliates, etc.

| Type | Name of company, etc. | Percentage of voting rights, etc. held (owned) | Relationship with related parties | Details of Transactions | Transaction amount (Millions of yen) | Account | Balance at end of term (Millions of yen) |
|---|---|---|---|---|---|---|---|
| Subsidiary | AirTrip International | (Ownership) Directly 100% | Interlocking directors Business transactions Debt guarantee | Purchase of travel goods (Note) 1 | 2,987 | - | - |
| | | | | Funds loan (Note) 2,5 | - | Long-term loans receivable from affiliates | 550 |
| | | | | Guarantee for purchase debt of the Company (Note) 3 | 72 | - | - |
| | | | | Debt guarantee (Note) 4 | 706 | - | - |
| Subsidiary | N's Enterprise | (Ownership) Indirect 64% | Interlocking directors Business transactions Debt guarantee | Purchase of airline tickets (Note) 1 | 7,984 | Accounts payable-trade | 228 |
| | | | | Purchases of tours and travel goods (Note) 1 | 829 | Accounts payable-trade | 34 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | Funds loan (Note) 2,5 | - | Long-term loans receivable from affiliates | 500 |
| | | | | Debt guarantee (Note) 4 | 60 | - | - |
| Subsidiary | Kyushu Hotel Resort | (Ownership) Directly 99% | Interlocking directors | Funds loan (Note) 2,5 | - | Long-term loans receivable from affiliates | 220 |

Terms and Conditions of Transactions and Policy for Determining Terms and Conditions of Transactions, etc.

(NOTE) 1. Sales and purchases of airline tickets, tours, and travel products are determined in the same manner as general transaction conditions.

2. Loans and borrowings of funds are determined in consideration of market interest rates.

3. The Company has received a debt guarantee for its purchase debt from AirTrip International. The transaction amount shows the balance of the guaranteed debt at the end of the current fiscal year. No guarantee fee is paid.

4. The Company has guaranteed the purchase debt of an affiliated company from its suppliers. No guarantee fee was received.

5. The Company recorded a total of 234 million yen as allowance for doubtful accounts for loans to Kyushu Hotel Resort. A reversal of allowance for doubtful accounts of 733 million yen was also recorded for AirTrip International.

6. Transaction amounts do not include consumption taxes. Consumption taxes are included in the ending balance.

(Notes to revenue recognition)

Information on the basis for recognizing revenues is included in Note 5. Accounting Policies, (6) Revenue recognition, so the notes are omitted.

(Notes to per share information)

| | |
|---|---|
| Net assets per share | 419.04 yen |
| Net income per share | 124.81 yen |

(Notes on significant subsequent events)

No applicable matter.

Independent Auditor's Report on the Consolidated Financial Statements

# Independent Auditor's Report

November 29, 2023

AirTrip Corp.
To: Board of Directors

BDO Sanyu & Co.
Tokyo Office

| | | |
|---|---|---|
| Designated Partner<br>Engagement Partner | Certified Public Accountant | Satoshi Nomura |
| Designated Partner<br>Engagement Partner | Certified Public Accountant | Kiichi Yonebayashi |
| Designated Partner<br>Engagement Partner | Certified Public Accountant | Tsuyoshi Hashizume |

Audit Opinion

We have audited the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to consolidated financial statements of AirTrip Corporation for the fiscal year from October 1, 2022 to September 30, 2023, in accordance with Article 444-4 of the Companies Act.

We approve that the consolidated financial statements referred to above, which were prepared in accordance with the second sentence of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies, omitting certain disclosure items required under the designated International Financial Reporting Standards, present fairly, in all material respects, the financial position and results of operations of the AirTrip Corporation and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, and the results of their operations, for which the consolidated financial statements were prepared, in conformity with accounting principles generally accepted in Japan.

Basis of Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility in accordance with auditing standard. is to express an opinion on the "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries and fulfill our other ethical responsibilities as auditors in accordance with the rules of professional ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Other Miscellaneous Statements

The other statements consist of the business report and supporting schedules. Management is responsible for the preparation and disclosure of the other statements. The responsibility of the Statutory Auditors and the Board of Statutory Auditors is to monitor the directors' performance of their duties in the development and operation of the reporting process for the other statements.

Our audit opinion on the consolidated financial statements does not include the other statements, and we express no opinion on them.

Our responsibility in the audit of the consolidated financial statements is to read the other information carefully and, in the course of that reading, to consider whether there are material differences between the other information and the consolidated financial statements or our knowledge obtained in the audit, and pay attention to whether there are material indications of errors in the other statements other than such material differences.

If, based on the work we have performed, we determine that there are material errors in the other entries, we are required to report those facts to you.

We have no matters to report with respect to the other statements.

Responsibility of Management and the Statutory Auditors and the Board of Statutory Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies, which permits the preparation of consolidated financial statements with some omissions of disclosure items required under the designated International Financial Reporting Standards. This includes the establishment and operation of internal control deemed necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on a going concern basis and to disclose matters relating to a going concern in accordance with the second sentence of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies, which permits the preparation of consolidated financial statements by omitting certain disclosure items required by the designated International Financial Reporting Standards, management is responsible for disclosing such matters.

The responsibility of the Statutory Auditors and the Board of Statutory Auditors is to monitor the directors' performance of their duties in the development and operation of the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

The auditor is responsible for obtaining reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and for expressing an opinion on the consolidated financial statements that is independent in its audit report. A misstatement is considered to be material if it could reasonably be expected to occur as a result of fraud or error and, individually or in the aggregate, could reasonably be expected to influence the decisions of users of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, the auditor exercises professional judgment and maintains professional skepticism throughout the audit process to:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and perform audit procedures that address the risks of material misstatement. The auditor shall use its judgment in selecting and applying audit procedures. In addition, we obtain sufficient appropriate audit evidence to provide a basis for our opinion.
- In making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- In making those risk assessments, the auditor evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the reasonableness of related note disclosures.

- Conclude whether it is appropriate for management to prepare the consolidated financial statements on a going concern basis and, based on the audit evidence obtained, whether there are material uncertainties regarding events or conditions that might cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern exists, the auditor is required to draw attention to the notes to the consolidated financial statements in the auditor's report or, if the notes to the consolidated financial statements are not appropriate with respect to the material uncertainty, to express an opinion with qualifications on the consolidated financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report, but future events or circumstances may cause the entity to cease to exist as a going concern.
· Evaluate whether the presentation and notes to the consolidated financial statements comply with the second sentence of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies, which permits the preparation of the consolidated financial statements with some omissions of disclosure items required by the designated International Financial Reporting Standards, and the presentation, organization, and content of the consolidated financial statements, including the related notes, and whether the consolidated financial statements present fairly the underlying transactions and accounting events.
- Obtain sufficient appropriate audit evidence concerning the financial information of the Company and its consolidated subsidiaries to enable us to form our opinion on the consolidated financial statements. The auditor is responsible for directing, supervising, and performing the audit of the consolidated financial statements. The auditor is solely responsible for its audit opinion.

The auditor shall report to the corporate auditors and the board of corporate auditors on the planned scope and timing of the audit, significant audit findings, including significant deficiencies in internal control, identified during the course of the audit, and other matters required by auditing standards.

The auditor shall report to the auditor and the board of auditors on compliance with the provisions of the Japanese Code of Professional Ethics regarding independence, and on matters that could reasonably be considered to affect the auditor's independence, and on safeguards, if any, taken to remove or mitigate impediments.

Interests

We have no interest in or relationship with the Company or its consolidated subsidiaries that is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

End of Report

## Independent Auditor's Report

Independent Auditor's Report

November 29, 2023

AirTrip Corp.
To: Board of Directors

BDO Sanyu & Co.

Tokyo Office

| | | |
|---|---|---|
| Designated Partner Engagement Partner | Certified Public Accountant | Satoshi Nomura |
| Designated Partner Engagement Partner | Certified Public Accountant | Kiichi Yonebayashi |
| Designated Partner Engagement Partner | Certified Public Accountant | Tsuyoshi Hashizume |

Audit Opinion

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements, and the related supplementary schedules (the "financial statements, etc.") of AirTrip Corporation for its 17th fiscal year from October 1, 2022 to September 30, 2023, in accordance with Article 436, Paragraph 2, Item 1 of the Corporation Law.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company for the period, for which the financial statements were prepared, in conformity with accounting principles generally accepted in Japan.

Basis of Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility in these auditing standards is described in "Auditor's Responsibility in the Audit of the Financial Statements and Other Financial Statements." We are independent of the Company and fulfill our other ethical responsibilities as auditors in accordance with the rules on professional ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Other Miscellaneous Statements

The other statements consist of the business report and supporting schedules. Management is responsible for the preparation and disclosure of the other statements. The responsibility of the Statutory Auditors and the Board of Statutory Auditors is to monitor the directors' performance of their duties in the development and operation of the reporting process for the other statements.

Our audit opinion on the financial statements does not include the other statements, and we express no opinion on them.

Our responsibility is to read the other descriptions in the financial statements and, in the course of reading them, to consider whether there are material differences between the other descriptions and the financial statements or our knowledge obtained in the course of our audit, and to pay attention to whether there are any indication of material errors in the other descriptions other than such material differences.

If, based on the work we have performed, we determine that there are material errors in the other entries, we are required to report those facts to you.

We have no matters to report with respect to the other statements.

Management's and the Statutory Auditors' and the Board of Statutory Auditors' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan. This includes establishing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and other financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for evaluating whether it is appropriate to prepare the financial statements based on the premise of a going concern, and for disclosing matters related to a going concern if such disclosure is required under accounting principles generally accepted in Japan.

The responsibility of the Statutory Auditors and the Board of Statutory Auditors is to monitor the directors' performance of their duties in the development and operation of the financial reporting process.

Auditor's Responsibility for the Audit of Financial Statements

The auditor's responsibility is to obtain reasonable assurance about whether the financial statements, etc., as a whole are free of material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and to express an opinion on the financial statements, etc., in the auditor's report from an independent position. A misstatement is considered to be material if it could have been caused by fraud or error and could reasonably be expected to influence the decisions of users of the financial statements, individually or in the aggregate.

In accordance with auditing standards generally accepted in Japan, the auditor exercises professional judgment and maintains professional skepticism throughout the audit process to:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and perform audit procedures that address the risks of material misstatement. The auditor shall use its judgment in selecting and applying audit procedures. In addition, we obtain sufficient appropriate audit evidence to provide a basis for our opinion.
- In making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- In making those risk assessments, the auditor evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the reasonableness of related note disclosures.

- Conclude whether it is appropriate for management to prepare the financial statements on a going concern basis and, based on the audit evidence obtained, whether there are material uncertainties regarding events or conditions that might cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty regarding the entity's ability to continue as a going concern exists, the auditor is required to draw attention to it in the auditor's report or, if the notes to the financial statements are not appropriate in relation to the material uncertainty, to express an opinion with qualifications on the financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report, but future events or circumstances may cause the entity to cease to exist as a going concern.
- The financial statements and the related notes are presented in conformity with accounting principles generally accepted in Japan and, accordingly, we have made an evaluation of the overall presentation, organization, and content of the financial statements, including the related notes, and whether the financial statements and the related notes present fairly the underlying transactions and accounting events.

The auditor shall report to the corporate auditors and the board of corporate auditors on the planned scope and timing of the audit, significant audit findings, including significant deficiencies in internal control, identified during the course of the audit, and other matters required by auditing standards.

The auditor shall report to the auditor and the board of auditors on compliance with the provisions of professional ethics in Japan regarding independence, and on matters that could reasonably be considered to affect the auditor's independence, and on safeguards, if any, taken to remove or mitigate impediments.

Interests

We have no interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

End of Report

Audit Report of the Board of Corporate Auditors

# Audit Report

We, the Board of Corporate Auditors, have prepared this Audit Report based on the audit reports prepared by each of the Corporate Auditors on the Directors' performance of their duties during the 17th fiscal year from October 1, 2022 to September 30, 2023, and after due deliberation, hereby report as follows:

1. Auditing Methods and Details of Audits by Corporate Auditors and the Board of Corporate Auditors

(1) The Board of Corporate Auditors established the audit policy, allocation of duties, etc., received reports from each Corporate Auditor on the status and results of their audits, received reports from the Directors, etc. and the Accounting Auditor on the status of execution of their duties, and requested explanations as necessary.

(2) Each Corporate Auditor, in accordance with the auditing standards for Corporate Auditors established by the Board of Corporate Auditors and in accordance with the auditing policy, assignment of duties, etc., communicated with the Directors, the internal audit division and other employees, etc., endeavored to collect information and develop the auditing environment, and conducted audits in the following manner.

(i) Attended meetings of the Board of Directors and other important meetings, received reports from Directors and employees, etc. on the status of execution of their duties, requested explanations as necessary, reviewed important approval documents, etc., and investigated the status of operations and assets at the head office and principal business offices. With respect to subsidiaries, we communicated and exchanged information with directors, corporate auditors, and other relevant personnel of the subsidiaries, and received business reports from the subsidiaries as necessary.

(ii) We regularly received reports from directors, employees, and other relevant personnel on the status of the establishment and operation of such systems, sought explanations as necessary, and expressed our opinions on the contents of the resolution of the Board of Directors regarding the establishment of a system to ensure that the execution of duties by the directors complies with laws and regulations and the Articles of Incorporation and other systems stipulated in Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act as necessary to ensure the properness of operations of the corporate group consisting of the stock company and its subsidiaries, as stated in the Business Report, and the systems (internal control system) established based on such resolution.

(iii) We monitored and verified whether the accounting auditors maintained their independence and conducted appropriate audits, received reports from the accounting auditors on the status of the execution of their duties, and requested explanations as necessary. In addition, we received notice from the accounting auditors that "systems to ensure proper execution of duties" (matters set forth in each item of Article 131 of the Corporate Calculation Regulations) are maintained in accordance with the "Quality Control Standards Regarding Audits" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we have examined the business report and supporting schedules, financial statements (balance sheet, statement of income, statement of changes in net assets, and notes to financial statements) and supporting schedules, and consolidated financial statements (consolidated statement of financial position, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for the fiscal year under review.

2. Results of Audit

(1) Results of audit of business report, etc.

(i) We certify that the business report and its supporting schedules fairly present the condition of the Company in conformity with laws and ordinances and the Articles of Incorporation of the Company.

(ii) We have found no misconduct or material fact of violation of laws and regulations or the Articles of Incorporation in connection with the Directors' performance of their duties.

(iii) The contents of the resolution of the Board of Directors regarding the internal control system are fair and reasonable. We also find no matters to be pointed out with regard to the contents of the business report and the execution of duties by the Directors concerning such internal control system.

(2) Results of audit of financial statements and supplementary schedules

The auditing methods and results of the accounting auditor, BDO Sanyu & Co., are fair and reasonable.

(3) Results of audit of consolidated financial statements

The auditing methods and results of the accounting auditor, BDO Sanyu & Co., are fair and reasonable.

November 29, 2023

Board of Statutory Auditors of AirTrip Corp.

| | |
|---|---|
| Full-time Corporate Auditor | Tsuguhiro Wakabayashi |
| Corporate auditor | Masahito Okada |
| Corporate auditor | Yoshiaki Takamichi |
| Corporate auditor | Masayasu Morita |

End of Report

# Reference Documents for the General Meeting of Shareholders

## Agenda Items and Reference Matters

### Agenda Item No. 1: Election of Six Directors

The terms of office of all seven Directors will expire at the conclusion of this General Meeting of Shareholders. Therefore, the Company proposes the election of six Directors.

The candidates for Directors are as follows:

| Candidate No. | Name (Date of birth) | Brief personal history, positions, assignments, and important concurrent positions | | Number of the Company's shares held |
|---|---|---|---|---|
| 1 | Yusuke Shibata<br>(August 5, 1982) | 2005<br><br>2010<br><br>2015<br>2018<br><br>2019<br><br>2020<br><br><br><br><br><br><br><br><br>2021<br>2023 | Joined Tohmatsu LLC (currently Deloitte Touche Tohmatsu LLC)<br>Seconded to Nomura Securities (Back in 2012)<br>Director and CFO of the Company<br>Director of AirTrip International (formerly DeNA Travel)<br>Representative Director and CFO of the Company<br>Representative Director, President and CFO of the Company (to present)<br>In charge of Administration Division, Corporate Strategy Department, and Office of the Chairman and President<br>Representative Director, President and CFO of AirTrip International<br>Representative Director, N's Enterprise<br>Outside Director, Kudan<br>President and Representative Director of AirTrip Premium Club<br>In charge of Hotel Reservation Business Department and Domestic Airline Ticket Business Promotion Department<br><br>(Significant concurrent positions) | - |

| Candidate No. | Name (Date of birth) | Brief personal history, positions, assignments, and important concurrent positions | | Number of the Company's shares held |
|---|---|---|---|---|
| | | | Representative Director, President and CFO, AirTrip International<br>President and Representative Director, AirTrip Premium Club | |

(Reason for appointment)
Mr. Yusuke Shibata was seconded to an auditing firm and a securities company, where he worked on stock listings and accounting audits, before becoming a director of the Company in May 2015 and President and CFO of the Company in January 2020.
He has been in charge of improving the market value of our group and building a structure in the management area, including M&A and IR operations, as well as the listing on TSE Mothers and the change of listing market to TSE First Section, utilizing his knowledge in the accounting and finance area. For the further growth of our group, we request that you continue to elect him as a candidate for director.

| Candidate No. | Name (Date of birth) | Brief personal history, positions, assignments, and important concurrent positions | | Number of the Company's shares held |
|---|---|---|---|---|
| 2 | Munenori Oishi (November 19, 1972) | 1995 | President and Representative Director, I.V.T. (merged with the Company in October 2011)<br>Establishment of the Company | 6,015,700 shares |
| | | 2007 | Representative Director and President of DTS (merged with the Company in October 2009) | |
| | | 2009 | Director of the Company (to present) | |
| | | 2018 | Director of AirTrip International (formerly DeNA Travel)<br>Director of Giamso International Tours Pte ltd.<br>Representative Director, N's Enterprise | |
| | | 2019 | Director of Pikapaka (to present)<br><br>(Significant concurrent positions)<br>Pikapaka, Director | |

(Reason for appointment)
Since the founding of the Company, Mr. Munenori Oishi has played a central role in the management of the Company as Chairman of the Board of Directors, and has contributed to the rapid growth of the Group in a wide range of areas of overall Group

| Candidate No. | Name (Date of birth) | Brief personal history, positions, assignments, and important concurrent positions | Number of the Company's shares held |
|---|---|---|---|

management by planning and implementing business strategies based on his deep insight into the travel industry. For the further growth of our group, we request your continued election as a candidate for director.

| Candidate No. | Name (Date of birth) | Brief personal history, positions, assignments, and important concurrent positions | | Number of the Company's shares held |
|---|---|---|---|---|
| 3 | Satoshi Tamura<br>(March 22, 1974) | 1995<br>2002<br>2004<br>2006<br><br>2018<br><br>2019<br><br><br>2020<br>2023 | Joined IACE Travel<br>Joined Geos<br>Joined Canadian Coco Tours<br>Joined Skygate Corporation (currently AirTrip International)<br>Executive Officer of AirTrip International<br>Executive Officer of the Company<br>Director of AirTrip International (to present)<br>Director of the Company<br>Director and CIO of the Company (to present)<br>In charge of Domestic DP Sales Department, Marketing Department and IT Strategy Office<br><br>(Significant concurrent positions)<br>Director, AirTrip International | - |

(Reason for appointment)

Satoshi Tamura joined AirTrip International (then Skygate) in October 2006. He was appointed as Executive Officer of the company in July 2018 and became Director of the company in March 2019. In January 2019, he became an Executive Officer of the Company, and in January 2020, he became a Director of the Company. He promoted the PMI process at the time of the Company's acquisition of shares of the former DeNA Travel in May 2018. After that, he continued to oversee overseas airline ticket sales at AirTrip International and played a central role in promoting the business of the comprehensive travel platform "AirTrip". For the further growth of our group, we request that you continue to elect him as a candidate for director.

| Candidate No. | Name (Date of birth) | Brief personal history, positions, assignments, and important concurrent positions | | Number of the Company's shares held |
|---|---|---|---|---|
| 4 | Takeshi Masuda<br><br>(July 15, 1978) | 2004<br><br>2013<br><br>2019<br><br><br><br>2023 | Joined I.V.T. (merged with Travel Capital in October 2011)<br>GM of Travel Sales Department of the Company<br>Executive Officer of the Company<br>Director of the Company (to present)<br>In charge of Domestic Air Ticket Sales Department<br>In charge of Domestic Ticket Sales Department<br><br>(Significant concurrent positions)<br>None | 8,500 shares |
| (Reason for appointment)<br>Mr. Takeshi Masuda has supported the Company's growth since its establishment, utilizing his deep knowledge of the travel industry to oversee the online travel business, the Company's core business. For the further growth of our group, we request that you continue to elect him as a candidate for director. | | | | |

| Candidate No. | Name (Date of birth) | Brief personal history, positions, assignments, and important concurrent positions | Number of the Company's shares held |
|---|---|---|---|

| Candidate No. | Name (Date of birth) | Brief personal history, positions, assignments, and important concurrent positions | | Number of the Company's shares held |
|---|---|---|---|---|
| 5 | Yasuhito Omori<br><br>(July 2, 1958) | 1981 | Joined Ministry of Finance | - |
| | | 1997 | Director, Office of Market Reform, Securities Bureau | |
| | | 1998 | Director, First Department of Investigation, Tokyo Regional Taxation Bureau | |
| | | 2001 | Head of Investigation Office and Head of Legal Affairs Office, Financial Services Agency | |
| | | 2002 | Director, Securities Division, Financial Services Agency | |
| | | 2003 | Director, Markets Division, Financial Services Agency | |
| | | 2007 | Director, Planning Division, Financial Services Agency | |
| | | 2009 | Deputy Director-General, Securities and Exchange Surveillance Commission | |
| | | 2011 | Director, Preparatory Office for Establishment of Disaster Relief Organization, Cabinet Office | |
| | | 2012 | Deputy Director-General, Reconstruction Agency | |
| | | 2013 | Director-General, Securities and Exchange Surveillance Commission, Financial Services Agency | |
| | | 2015 | Advisor, Dai-ichi Life Institute of Economics | |
| | | 2018 | Advisor of the Company | |
| | | 2019 | Director of the Company (to present) | |
| | | 2020 | Director of OKWave<br>Director of Develop<br>(Significant concurrent positions)<br>Director, Develop | |

(Reason for appointment and summary of expected role)

Mr. Yasuhito Omori has extensive experience at the Financial Services Agency and has led the administration of the Securities and Exchange Surveillance Commission. For the further growth of our group, we expect that his knowledge and experience will be utilized to strengthen governance, and we request his continued election as a candidate for outside director. Although he has not been involved in corporate management in any way other than being an outside director in the past, for the reasons stated above, we believe that he will be able to appropriately perform his duties as an outside director. He is currently an outside director of the Company and will have held this position for four years at the conclusion of this General Meeting of Shareholders.

| Candidate No. | Name (Date of birth) | Brief personal history, positions, assignments, and important concurrent positions | | Number of the Company's shares held |
|---|---|---|---|---|
| 6 | Kazuki Ishihara<br><br>(May 12, 1985) | 2013<br>2015<br><br>2015<br>2015<br><br>2017<br><br><br><br><br><br><br><br><br><br>2018<br>2020<br><br><br><br>2021<br><br>2021<br>2022 | Joined Yahoo Japan<br>Joined Hogan Lovells Foreign Law Joint Enterprise<br>Joined Kubota Law Office<br>General Counsel of Collabit<br><br>Established Ishihara Research Institute established, Representative Director and President (to present)<br>Established Seven Rich Law Firm (now FAST Law Firm), Representative<br>Auditor of Coconara<br>Secretariat of the Sharing Economy Association of Japan<br>Auditor of Mirrativ (to present)<br>Outside Director, BIZVAL (to present)<br>Representative Partner of Galaxy LLC (asset management company) (to present)<br>Partner, Galaxy Lawyer Corporation<br>President, Japan Beauty Freelance Association (to present)<br>Representative Director, LDX Corporation (to present)<br>Director of REIBAI (to present)<br>Joined Atsumi Sakai Law Office and Foreign Law Joint Enterprise (to present)<br><br>(Significant concurrent positions)<br>Established Ishihara Research Institute, Inc. as Representative Director and President<br>Representative Director, LDX Corporation (to present) | 100 shares |

(Reason for appointment and summary of expected role)

Mr. Kazuki Ishihara has a track record of providing support in various venture companies, and we request his election as a candidate for outside director of the board in the expectation that his expertise and experience as a lawyer will be utilized to strengthen governance for the further growth of our group.

(NOTE)

1. There are no special interests between the director candidate and the Company.
2. The number of the Company's shares held is as of September 30, 2023.

3. Both Mr. Yasuhito Omori and Mr. Kazuki Ishihara are candidates for outside director, and Mr. Omori and Mr. Ishihara satisfy the requirements for independent directors.
4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company and the Outside Director have entered into an agreement to limit liability for damages as provided in Article 423, Paragraph 1 of the said Act. The maximum amount of liability for damages under such liability limitation agreement is the amount stipulated by law. Such limitation of liability is limited to cases where the director concerned has performed his duties in good faith and without gross negligence, which caused the liability.
5. The Company has concluded a directors' and officers' liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, and all directors are included in the insured parties. If the reappointment of each director candidate is approved, each of them will continue to be included in the insured under such insurance policy. The Company intends to renew such insurance policies in the middle of their terms of office with similar terms. The policy provides coverage for legal damages and dispute expenses in the event of a claim for damages arising out of acts committed by the insured in his/her capacity as an insured (including in the case of shareholder derivative actions). However, indemnification is not provided for cases in which the insured person illegally obtained profits or benefits, or committed criminal acts, dishonest acts, fraudulent acts, or acts committed with knowledge that they violate laws, regulations, or regulatory rules.

Agenda Item No. 2: Election of Three (3) Corporate Auditors

The terms of office of all four current Corporate Auditors will expire at the conclusion of this General Meeting of Shareholders, and therefore, the Company proposes the election of three Corporate Auditors. The candidates for reappointment as Corporate Auditors upon expiration of their terms of office are as follows.

The Board of Corporate Auditors has given its consent to this agenda item.

<table>
<tr><th>Candidate No.</th><th>Name<br>(Date of birth)</th><th colspan="2">Brief personal history, position and significant concurrent positions</th><th>Number of the Company's shares held</th></tr>
<tr><td>1</td><td>Yasuhiro Sakata<br><br>(May 28, 1970)</td><td>1992<br>1999<br><br>2015<br>2020<br><br><br>2022<br><br>2023</td><td>Joined HIS<br>Joined Airlink (currently AirTrip International)<br>General Manager of Internal Audit Office<br>General Manager of Sales Administration Department, Administration Division of the Company<br>Standing Corporate Auditor of N's Enterprise<br>General Manager, Sales Administration Department, Administration Division of the Company (to present)<br><br>(Significant concurrent positions)<br>None</td><td>-</td></tr>
<tr><td colspan="5">(Reason for appointment)<br>Mr. Yasuhiro Sakata has served the Company as General Manager of the Sales Administration Department of the Administration Division and as a full-time auditor of the Company's group companies. Based on these experiences, he has a high level of knowledge in travel business, compliance and risk management, and internal auditing, all of which are necessary for a corporate auditor of the Company. For the further growth of our group, we request his election as a candidate for corporate auditor.</td></tr>
</table>

| Candidate No. | Name (Date of birth) | Brief personal history, position and significant concurrent positions | | Number of the Company's shares held |
|---|---|---|---|---|
| 2 | Masayasu Morita<br><br>(January 14, 1976) | 2006<br>2014<br>2014<br>2014<br>2015<br><br>2015<br><br>2015<br><br>2017<br>2018<br><br>2019<br><br>2021 | Representative Director of Hitomedia<br>Outside Director, Classi<br>Outside Director of Hyas & Company<br>Auditor of the Company (to present)<br>Representative Director of Hitotoki Incubator (to present)<br>Outside Director of English Central (to present)<br>Outside Director of Open8 Corporation (to present)<br>Outside Auditor of Magmag<br>Outside Director of Albirex Niigata (to present)<br>Outside Auditor of GMO OMAKASE Corporation (to present)<br>Representative Director of Bancroft & Telegraph (to present)<br><br>(Significant concurrent positions)<br>Outside Director, Open8<br>Outside Director, Albirex Niigata<br>Outside Auditor, GMO OMAKASE<br>Representative Director, Bancroft & Telegraph | - |

(Reason for appointment)

Mr. Masayasu Morita has been involved in the management of several companies and was appointed as a corporate auditor of the Company in 2014, based on his extensive insight and experience as a manager.

As a corporate auditor of the Company, Mr. Morita has closely monitored the Company's overseas strategies, etc., and has discussed risk management, etc., from a management supervisory standpoint, based on his extensive experience and broad insight as a manager.

For the further growth of our group, we request his continued appointment as a candidate for corporate auditor.

He is currently an outside corporate auditor of the Company and will have held this position for nine years at the conclusion of this General Meeting of Shareholders.

| Candidate No. | Name (Date of birth) | Brief personal history, position and significant concurrent positions | | Number of the Company's shares held |
|---|---|---|---|---|
| 3 | Yuki Shimizu<br><br>(January 25, 1995) | 2019<br><br><br><br>2022<br><br><br><br><br><br>2023 | Joined Kitahama Law Office, Foreign Law Joint Enterprise<br>Lecturer at Ritsumeikan University (Civil Procedure Law)<br>Lecturer at Osaka Jogakuin University<br>Established Lit Law Office, Representative Attorney at Law (to present)<br>Representative Director of Lit Corporation (to present)<br>Representative Director of General Incorporated Association Tomoshibi (to present)<br><br>(Significant concurrent positions)<br>Representative Attorney at Law of Lit Law Office<br>Representative Director of Lit Corporation<br>Representative Director of General Incorporated Association Tomoshibi | - |

(Reason for appointment)
We request the election of Mr. Yuki Shimizu as a candidate for Outside Corporate Auditor, as we expect that his expertise and experience as an attorney-at-law will be utilized to strengthen compliance for the further growth of our Group.

(Note) 1. There is no special interest between each candidate and the Company.
2. The number of the Company's shares held is as of September 30, 2023.
3. Masayasu Morita and Yuki Shimizu are both candidates for outside corporate auditor, and Yuki Shimizu meets the requirements for independent director.
4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company and its outside corporate auditors have entered into an agreement to limit their liability for damages under Article 423, Paragraph 1 of the said Act. The maximum amount of liability for damages under such liability limitation agreement is the amount stipulated by law. Such limitation of liability is limited to cases where the director concerned has performed his duties in good faith and without gross negligence, which caused the liability.
5. The Company has concluded a directors' and corporate auditors' liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, and all corporate auditors are included in the insured parties. If the reappointment of each of the candidates for corporate auditor is approved, each of them will continue to be included in the insured under such insurance policy. The Company intends to renew such insurance policies in the middle of their terms of office with similar terms. The policy provides coverage for legal damages and dispute expenses in the event of a claim for damages arising out of acts committed by the insured in his/her capacity as an insured (including in the case of shareholder derivative actions). However, indemnification is not provided for cases in which the insured person illegally obtained profits or benefits, or committed criminal acts, dishonest acts, fraudulent acts, or acts committed with knowledge that they violate laws, regulations,

or regulatory rules.

6. Violation of laws and regulations, etc., of other stock companies in which the nominee for outside corporate auditor has served as an officer
   Hyas & Company, Inc., for which outside auditor candidate Masayasu Morita served as an outside director, disclosed revisions to its annual securities report and other financial statements on September 30, 2020, after it was discovered that the company had made inappropriate accounting entries in its financial statements for previous fiscal years. Subsequently, on October 26, 2020, the company disclosed the final investigation report of the third-party committee regarding the improper accounting. Following these actions, the company was designated as an issue on special caution market by the Tokyo Stock Exchange, Inc. on November 27, 2020, and as an issue under supervision on May 27, 2022. He was unaware of this fact until it came to light. However, he has always made useful suggestions from a broad management perspective of compliance with laws and regulations, and after the discovery of the fact, he expressed his opinion on measures to prevent recurrence, and took appropriate measures as appropriate until July 29, 2021, when his term of office expired. The company's designation as Securities on Alert and Securities Under Supervision was lifted as of July 28, 2022.

[Reference] Composition of Directors and Corporate Auditors (after the conclusion of this Ordinary General Meeting of Shareholders)

The expertise and experience of the Company's directors and corporate auditors in the event that Agenda Items 1 and 2 are approved are listed below.

Please note that the list indicates areas in which they are expected to be particularly active and does not represent all of the subject's knowledge.

| Position in the Company | Name | Expertise and Experience | | | | | |
|---|---|---|---|---|---|---|---|
| | | Corporate Management | Finance and accounting | Legal Affairs | Travel | IT | Internal Control |
| President and Representative Director | Yusuke Shibata | ● | ● | ● | | | ● |
| Director | Munenori Oishi | ● | | | ● | ● | ● |
| Director | Satoshi Tamura | ● | | | ● | ● | |
| Director | Takeshi Masuda | ● | | | ● | ● | |
| Director | Yasuhito Omori | ● | ● | ● | | | ● |
| Director | Kazuki Ishihara | ● | ● | ● | | | ● |
| Corporate auditor | Yasuhiro Sakata | | ● | | ● | | ● |
| Corporate auditor | Masayasu Morita | ● | | | | ● | ● |
| Corporate auditor | Yuki Shimizu | ● | ● | ● | | | ● |

End of Report