

For the Fiscal Year Ended  
September 30, 2019

# Results of Operations

Evolable Asia Corp.  
TSE 1st Section: 6191  
November 14, 2019

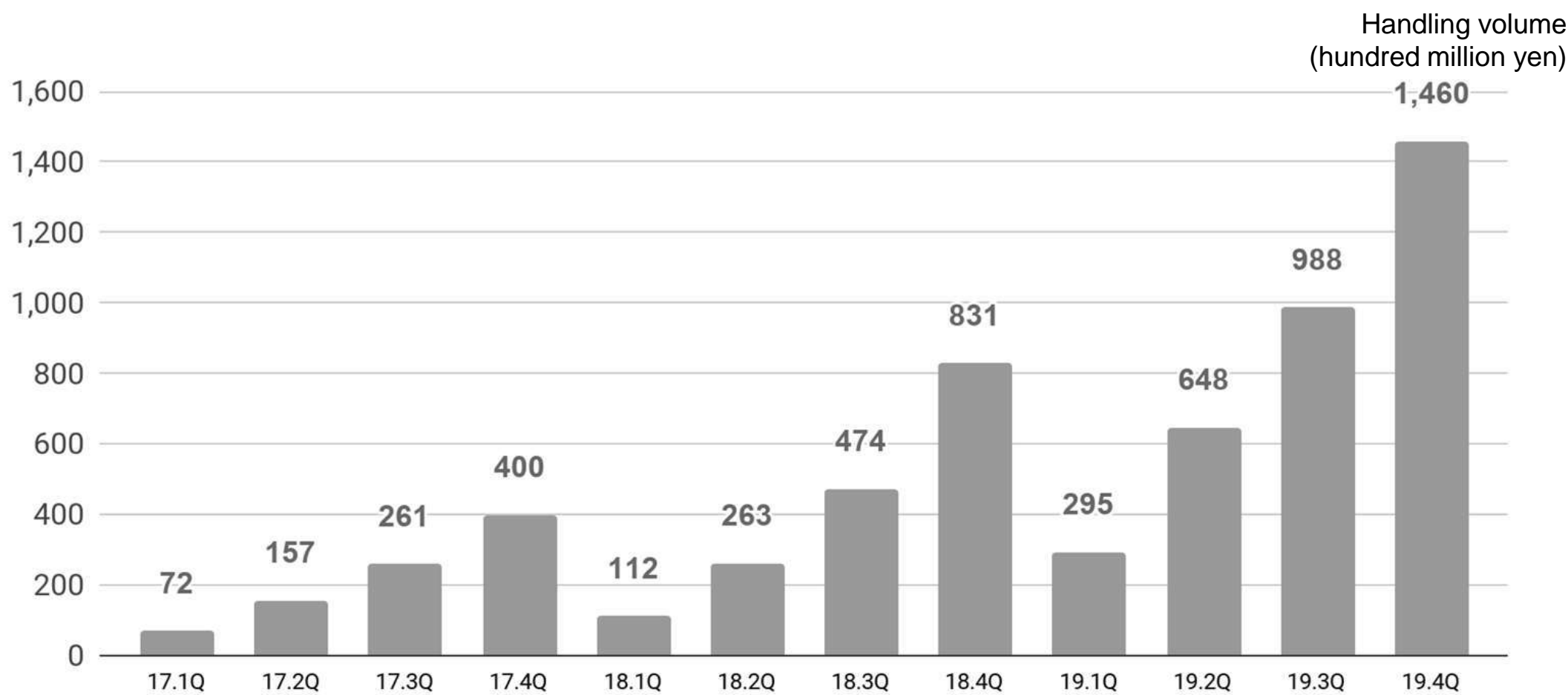


**EVOLABLE ASIA**

- Huge increase in handling volume during FY19, to **146.0 billion yen**.
  - Handling volume of **180.0 billion yen** and operating income of **2.0 billion yen** planned for FY20.
  - Strengthened IR policy
- \*Materials expanded: FY18's 36 pages of explanatory materials -> FY19's 61 pages
- New medium-term management strategy – “**Air Trip 5000**”

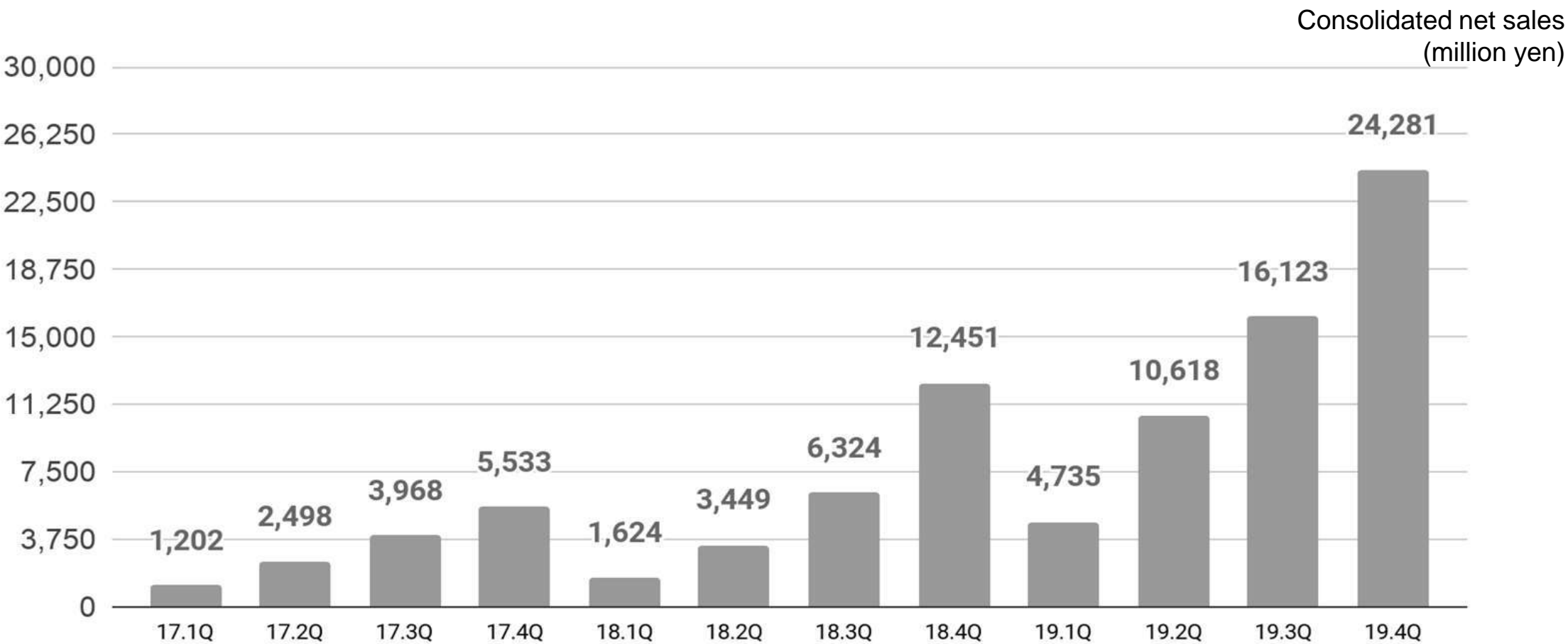
# FY19 Financial Summary

# Handling volume: 175% Increased sharply

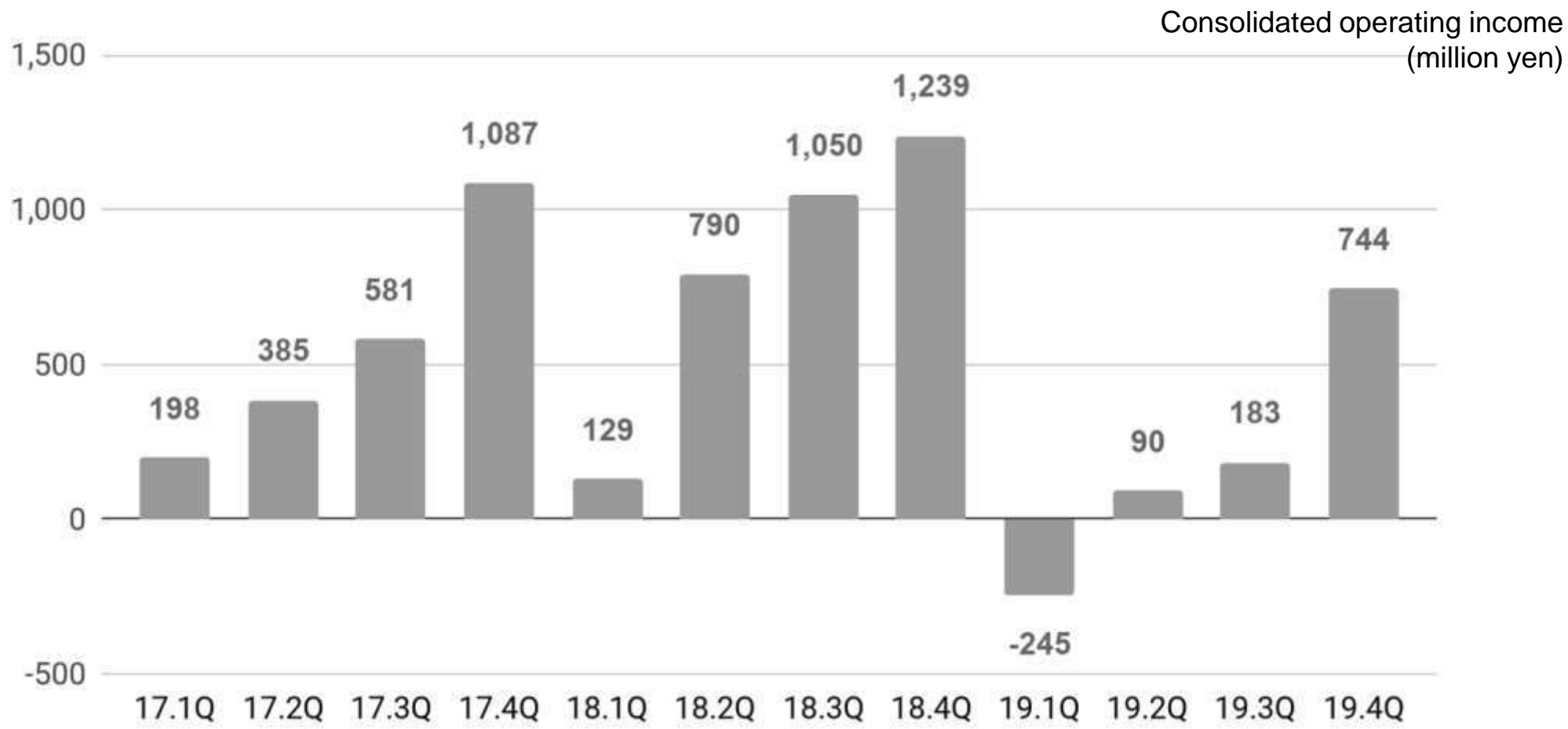


\*Changed to pre-cancellation handling volume from 4Q FY19.

# Net sales: 195% Increased sharply



# Securing income while continuing to invest strategically



Sharp increase in sales thanks to an aggressive investment to promote AirTrip

Not yet reached year on year increase in profit

(million yen)

	FY18		FY19		YoY Change
	Amount	% to Sales	Amount	% to Sales	
Handling Volume	83,166	—	145,981	—	175%
Net Sales	12,451	100.0%	24,281	100.0%	195%
Gross Profit	6,861	55.1%	13,036	53.6%	190%
Operating Income	1,239	9.9%	744	3.0%	60%
Profit	942	7.5%	708	2.9%	75%

# Overall growth driven by Online Travel Agency Business

(million yen)

		FY18	FY19	YoY Change
Online Travel Agency Business	Net Sales	10,137	<b>21,480</b>	<b>+11,343</b>
	Operating Income	347	<b>1,030</b>	<b>+683</b>
IT Offshore Development Business	Net Sales	2,383	3,039	+656
	Operating Income	148	157	+9
Investment Businesses	Net Sales	161	345	+184
	Operating Income	1,305	412	△893



# Improved equity ratio through capital procurement and earnings

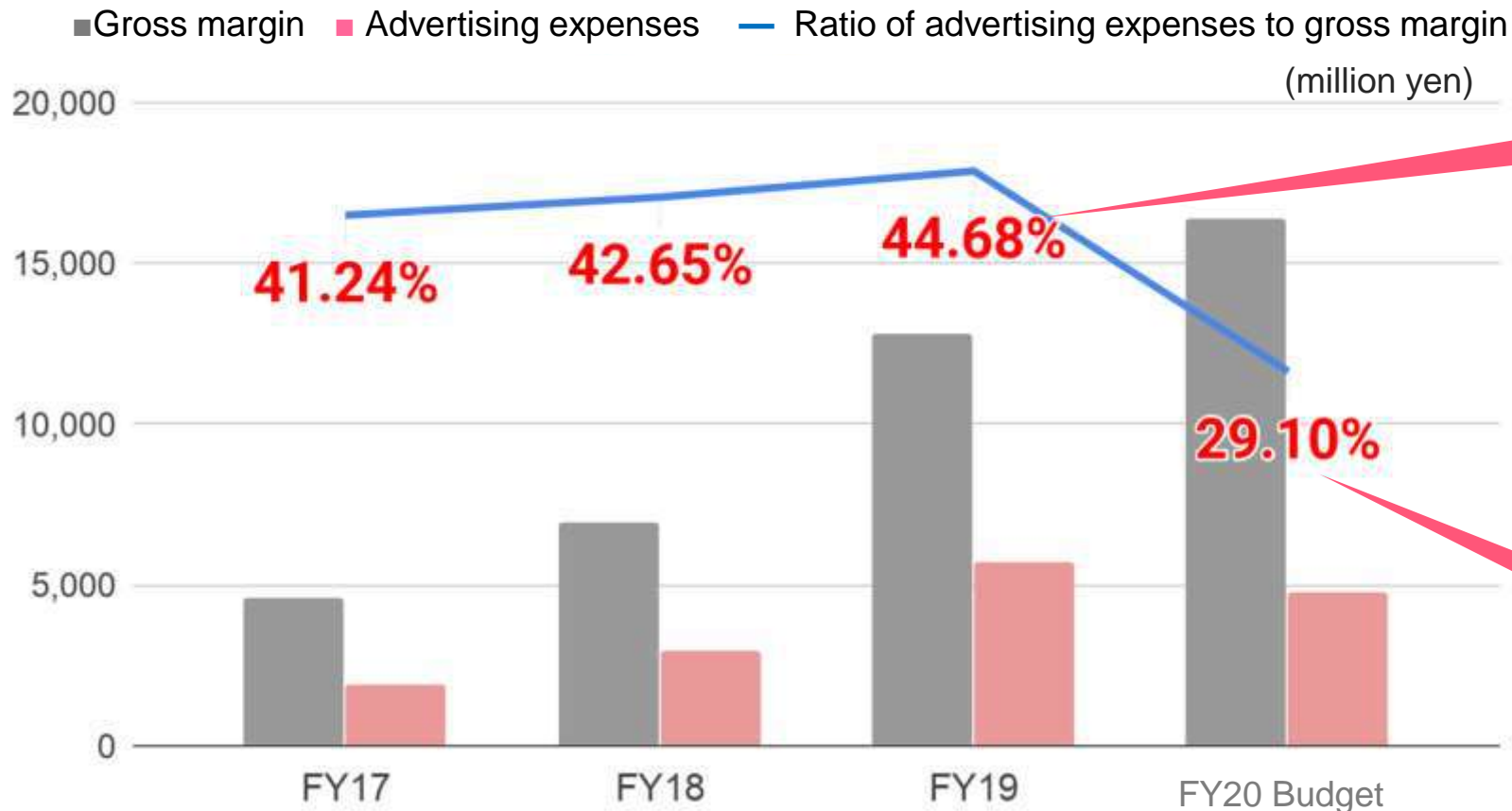
(million yen)

	FY18	FY19	YoY Change
Current Assets	15,202	20,142	+4,940
Cash and Deposits	5,320	8,997	+3,677
Operational investment securities	3,889	4,664	+775
Non-current Assets	9,736	11,260	+1,524
Total Assets	24,939	31,403	+6,464
Liabilities	19,371	21,155	+1,784
Interest-bearing Debts	10,811	12,631	+1,820
Net Assets	5,567	10,247	+4,680
Equity attributable to equity holders of the parent	5,188	9,781	+4,593
Ratio of equity attributable to equity holders of the parent	20.8%	31.1%	+10.3%

# FY19 Achievements

# Shifting from advertising investment phase to return on investment phase

Significantly decreased the ratio of advertising expenses to gross margin

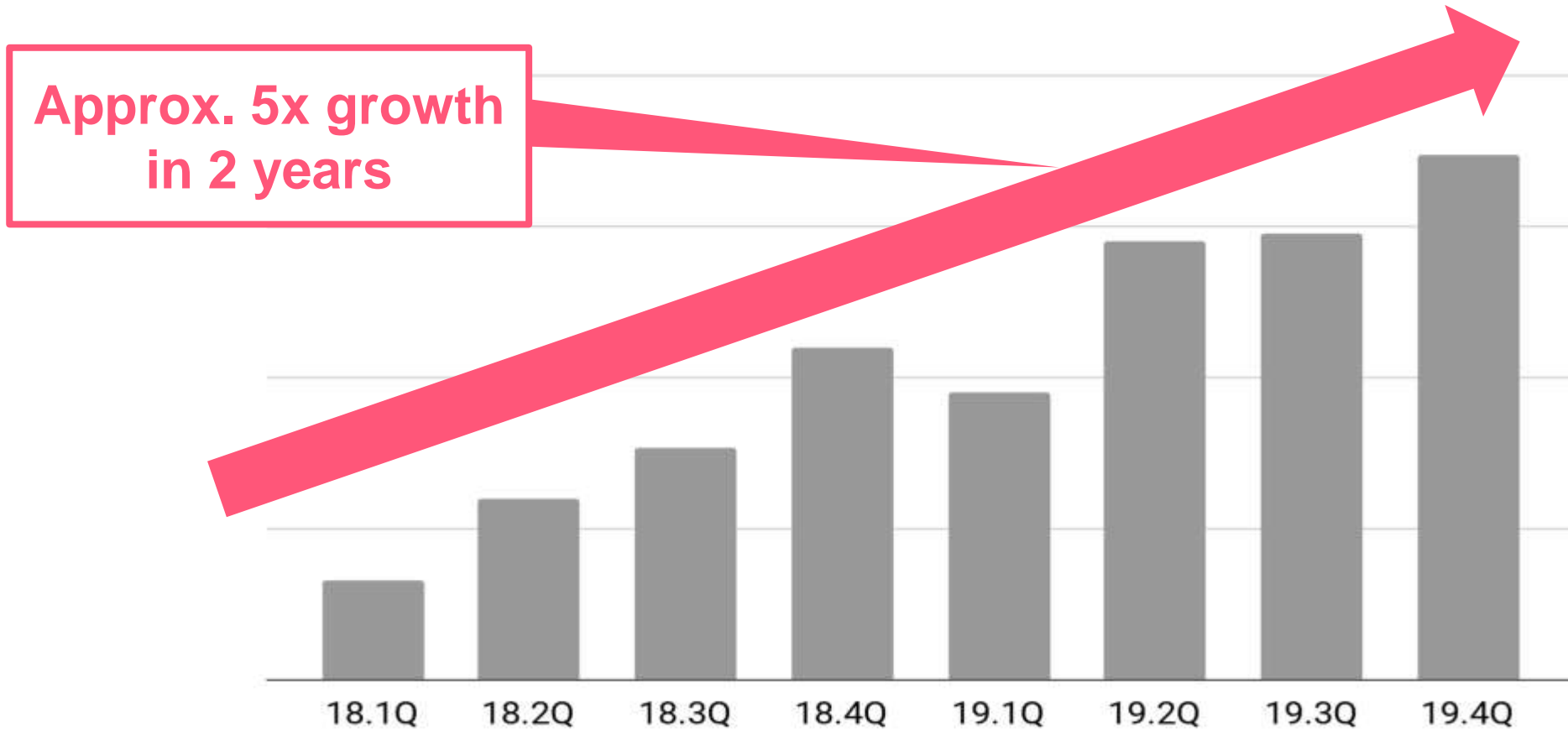


**Largest drop in advertising to date**

Increased recognition,  
higher proportion of organic  
gross margin

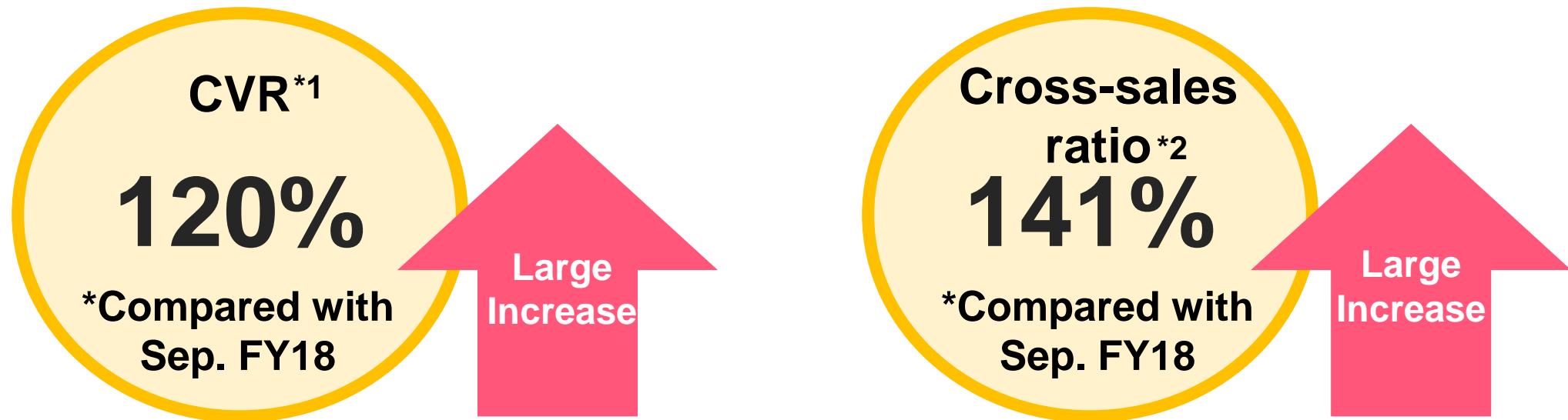
**Downturn in ratio of  
advertising expenses**

# Huge increase in organically-grown gross margin, a top priority KPI.



\*Refers to gross margin from customer sales made not through advertising or meta-searching; rather, from customers who find Air Trip via search keyword, app, etc.

## Major increase in percentage of CVR/cross-sales, another top priority KPI.



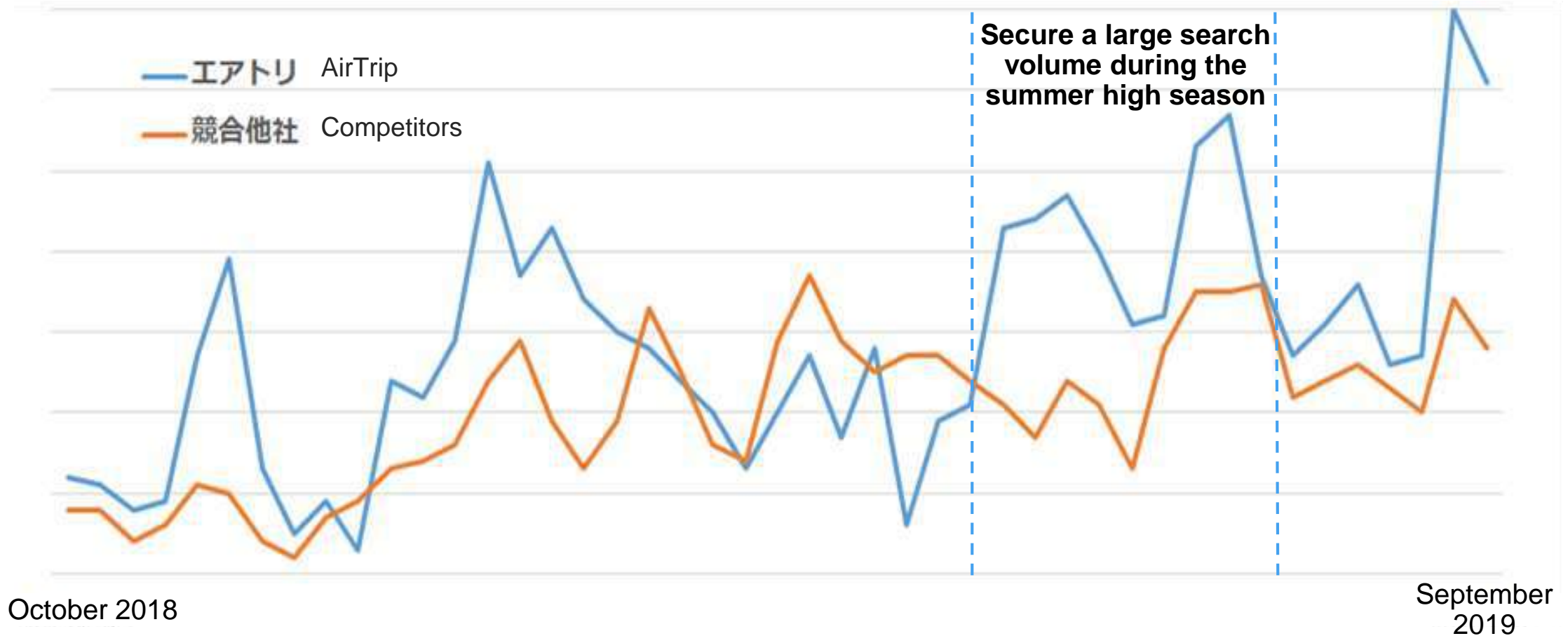
**Aim to further improve CVR/cross-sales by overhauling website.**

\*1 Calculated using weighted average for airline tickets, hotels, and DP in Japan and overseas.

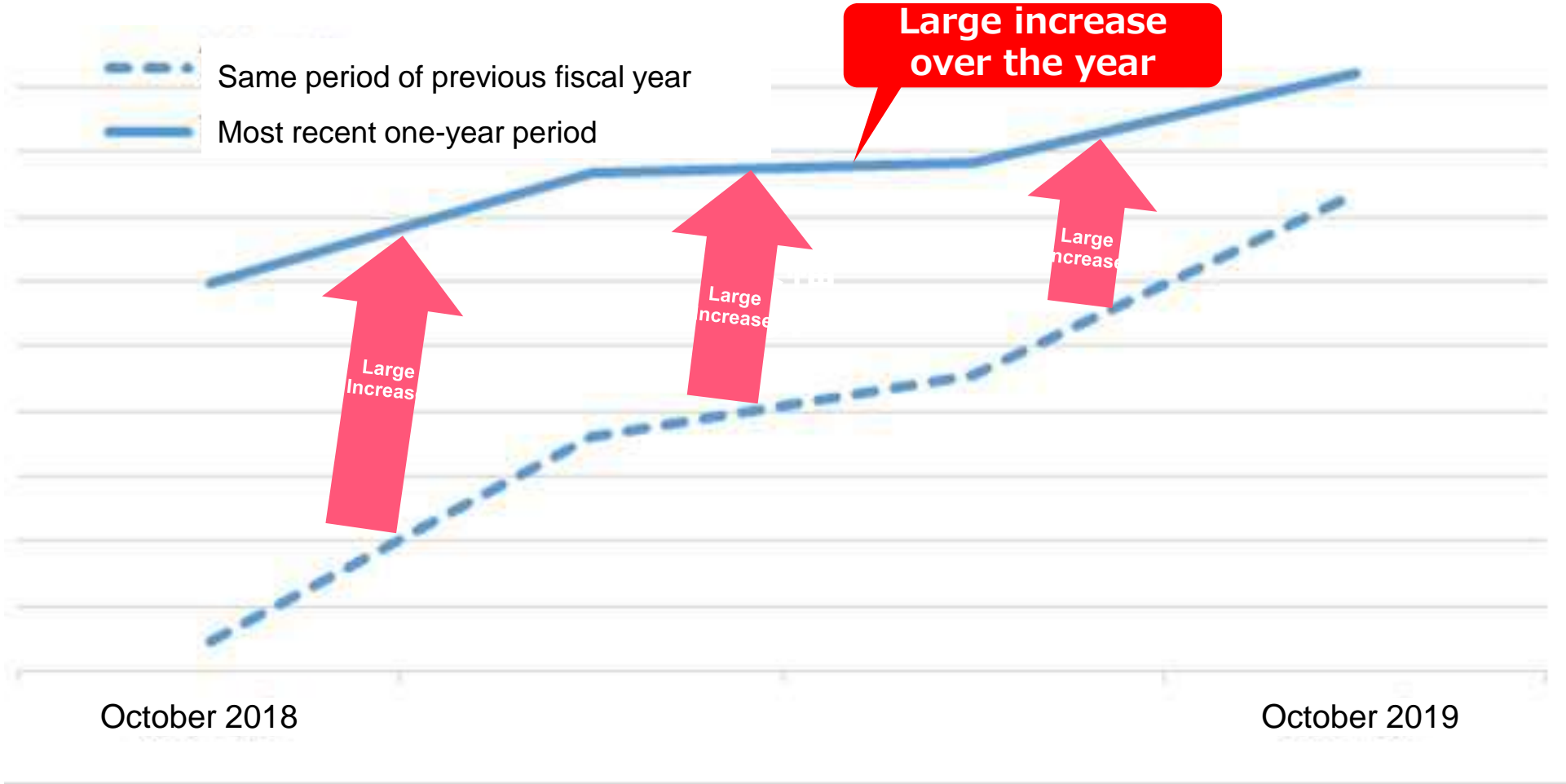
\*2 Calculated using weighted average for hotels (including DP) and rental cars in Japan and overseas.

# Improvement in brand recognition raised level of search trend

Remained well above competitors throughout the year



# Huge increase in incoming AirTrip UU over the year





# Implemented many kinds of branding-focused marketing

FY19 campaigns



Sponsored "Everyday is Christmas 2018"



Sponsored triple boxing title match event



New AirTrip Plus TV ad



Special sponsor for Heat Japan 2018



Collab campaign with Karatez



Ad trucks



Sponsored "Fukkonsai"



Sponsored an ice show



Sponsored Ryota Murata's world title match



Skyliner ads



"Tonde AirTrip" campaign



Sponsored Kosei Tanaka's title



TV personality events



TV tie-ups



JR train advertising

FY20 campaigns



Sponsored WBSS Finals



Held the first ever AirTrip Cup in 2019



Sponsored "Everyday is Christmas 2019"



# Today's Press Release

**Changed to new tagline,**

**“Whether work or pleasure, make it more convenient”**

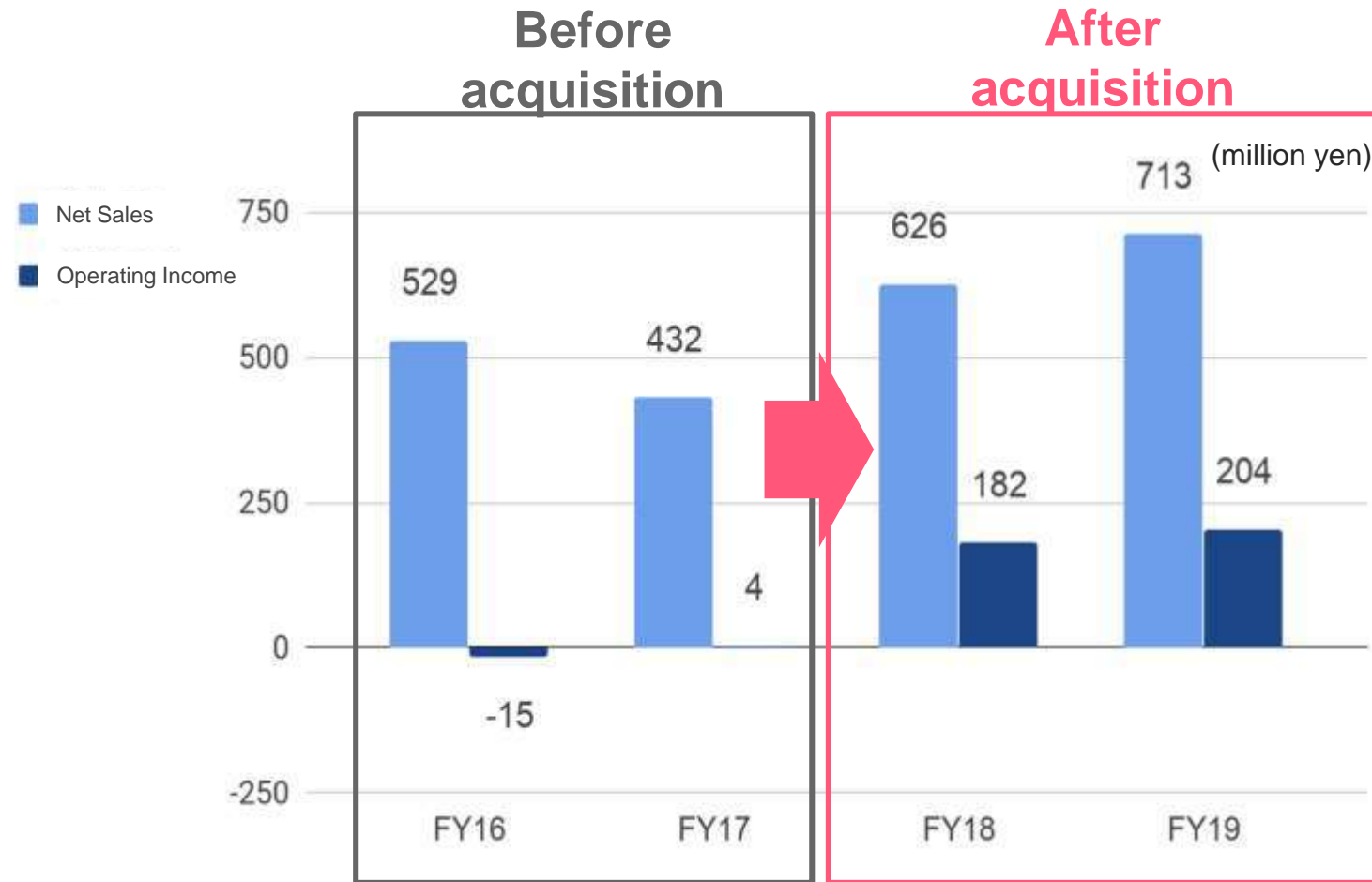
Changed to new tagline on 11/14, optimized to AirTrip’s services

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旅行も出張も、もっと便利に

# Success in M&A and PMI

# One of the largest online magazines distributed via e-mail, with a reader base comprising 7.5 million subscribers



## Magazine subscription model

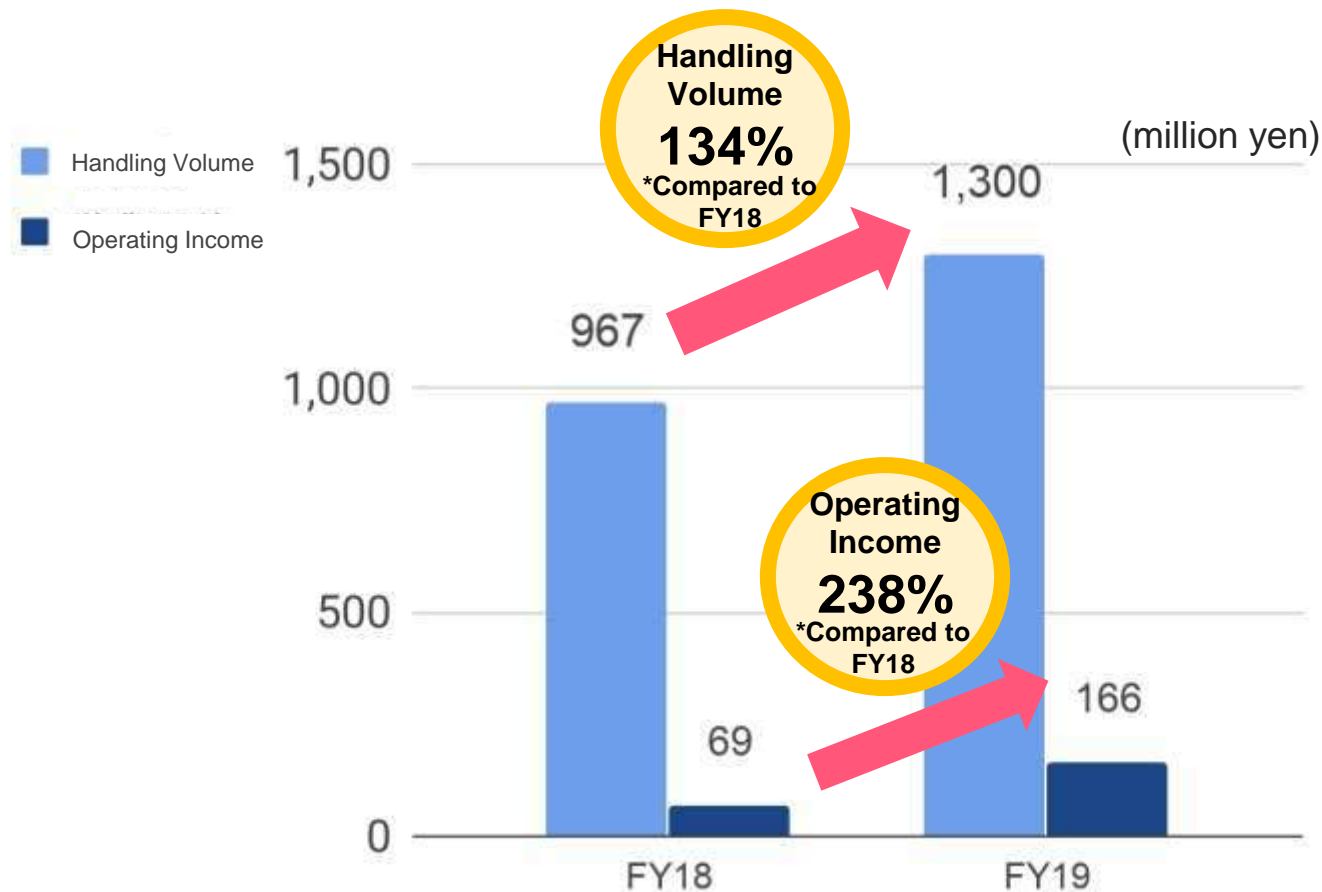
Expert magazine authors provide quality content for the industry's largest e-mail magazine platform, a stock-based business model with 7.5 million subscribers.

## Media with a total 7.3 million UU/month

In addition to this e-mail magazine platform, the Company uses media with a strong ability to bring in new customers, generating 7.3 million UU/month. Creates synergy with other services.

# Great leap forward for inbound business

Handling volume up 134%, operating income up 238% year on year



## No.1 wi-fi rental business for visitors from U.S./Europe

Localized service website for each country's market, increased CVR 15% from FY19 1Q to 4Q, and grew handling volume 70% year on year.

## No.1 camping car rental service for visitors to Japan

The number of sessions grew 264% from FY19 1Q to 4Q thanks to SEO and SEM policies targeting multiple languages, with handling volume growing 125% year on year.

## Media business

Aimed to increase SEO through total overhaul of the Company's media, with PV growing 213% year on year.

# No.1 in Japanese Offshore Development in Southeast Asia

Net sales up 144%, operating income up 131% year on year



## Top ranking on Vietnamese job-listing site

Ranked top company in the IT category for 20 consecutive weeks on VietnamWorks, Vietnam's leading job-listing site.

## Pinning down quality and cost through hybrid development

Provides a development environment which overcomes language barriers, with a dedicated development team in Vietnam and a Japanese-proficient Vietnamese engineer in Japan, achieving excellent cost performance without sacrificing quality.

# Growth of acquired companies exceeded expectations thanks to success with PMI

No risk of goodwill impairment



**FY19 Operating Income 337 million yen**

- Income up due to integration with AirTrip brand
- Streamlined operations by consolidating organizations
- Product strengthened by consolidation of product development organizations
- Management rationalization



**FY19 Operating Income 70 million yen**

- Provided AirTrip with additional products
- System development support
- Synergy with the Company's tour business in Japan
- Management rationalization

## Acquired Hawaii vacation company to strengthen overseas tour business Expanded and enhanced medium- to long-distance tours on AirTrip platform



### 35 years' experience in Hawaii vacations

Abundant experience exclusively in Hawaii vacations.  
Augmented customer support through local subsidiary in Hawaii.

### Dedicated staff for each customer

Staff assigned to each customer provide everything from time of purchase, to achieve one-stop service.

### Possible to customize every tour

Can customize hotel, flight, activities, etc.



# Acquired “pay later” service “TRAVEL Now” to better respond to need for diverse payment methods



## Service Features

- (1) Customers can take trips under 100,000 yen immediately.
- (2) OK to pay 2 months later.
- (3) Offers travel products with approximately 65,000 variations, including destinations worldwide.

# Results Forecast and Growth Strategy for FY20

# Plan for handling volume of **180.0 billion yen** and operating income of **2.0 billion yen**

Big increase in operating income as the Company enters return on investment phase

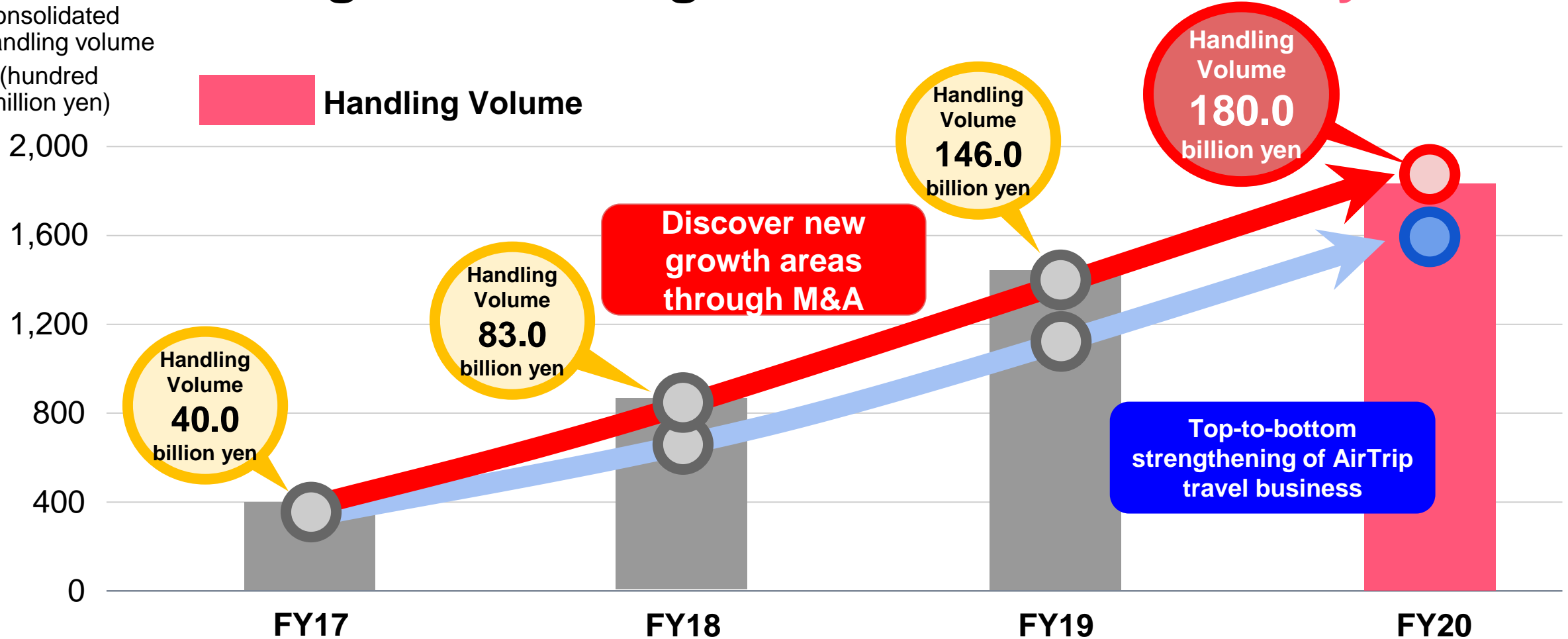
(million yen)

	FY17	FY18	FY19	FY20 Plan
Handling Volume	40,001	83,166	145,981	<b>180,000</b>
Net Sales	5,533	12,451	24,281	<b>38,000</b>
Operating Income	1,088	1,239	744	<b>2,000</b>
Profit	708	942	708	<b>1,300</b>
Dividend	7 yen	10 yen	10 yen	<b>13 yen</b>

# Growth Strategy for FY20

## - aiming for handling volume of 180.0 billion yen

Consolidated  
handling volume  
(hundred  
million yen)










# 5 New Business Domains in FY20 Growth Strategy

Redefining businesses from original 4 to 5



# Maximize synergy in each business domain

<b>AirTrip Travel Business</b>	<p><u>Provides travel contents centered on AirTrip, the Company's comprehensive travel platform.</u></p> 
<b>Life Innovation Business</b>	<p><u>Provides services which make customers' lives more convenient in a variety of situations.</u></p>  
<b>Inbound Travel Business</b>	<p><u>Provides travel-related services in response to inbound demand.</u></p> 
<b>IT Offshore Development Business</b>	<p><u>Provides high quality, hybrid IT development offshore.</u></p>   
<b>Investment Businesses</b>	<p><u>Invests in growing companies in pursuit of synergy through collaboration with those companies.</u></p>

# FY20 Growth Strategy – Action Plan

Top-to-bottom strengthening of AirTrip travel business	Products	<ul style="list-style-type: none"> <li>▪ Aim for next leap forward by shifting lineup from one focused on airline tickets to one focused on airline tickets + hotels (AirTrip Plus).</li> </ul>
	Marketing	<ul style="list-style-type: none"> <li>▪ Raise recognition through AirTrip branding under new tagline, etc.</li> <li>▪ Control percentage of gross margin eaten up by advertising expenses and effectively pull in new customers.</li> </ul>
	Technology	<ul style="list-style-type: none"> <li>▪ Provide high quality development at reasonable speed via offshore IT development.</li> <li>▪ Further expand the business with fully integrated services combining everything from upstream to implementation.</li> </ul>
Discovery of business in new fields	M&A	<ul style="list-style-type: none"> <li>▪ Prepare for IPO of three core subsidiaries acquired through M&amp;A (Magmag/IPC/HT)</li> <li>▪ Achieve growth of non-consolidated operations through active investment in new growth areas.</li> </ul>
	Increasing Value	<ul style="list-style-type: none"> <li>▪ Create profit through investment in startups and venture companies.</li> <li>▪ Establish new pillars of revenue while continuing to find new growth areas and raise business value.</li> </ul>

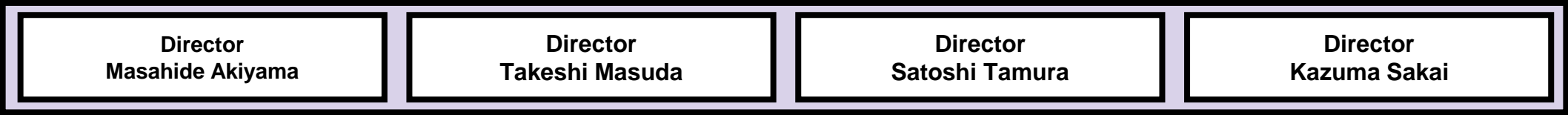


# Establish a solid management foundation through repositioning of upper management.

Name	New Position	Previous Position
Hideaki Yoshimura	Director, CGO (Chief Growth Officer)	Representative Director, President
Yusuke Shibata	Representative Director, President, CFO	Representative Director, CFO
Sho Niiya	Director, CSO (Chief Strategy Officer)	Executive Officer, CSO
Satoshi Tamura	Director	Executive Officer
Kazuma Sakai	Director	Executive Officer



# Shift to a business execution structure which facilitates continuous growth.



\*The list above includes only full-time members in charge of business execution; the Company’s governance structure also includes independent directors and audit and supervisory board members.

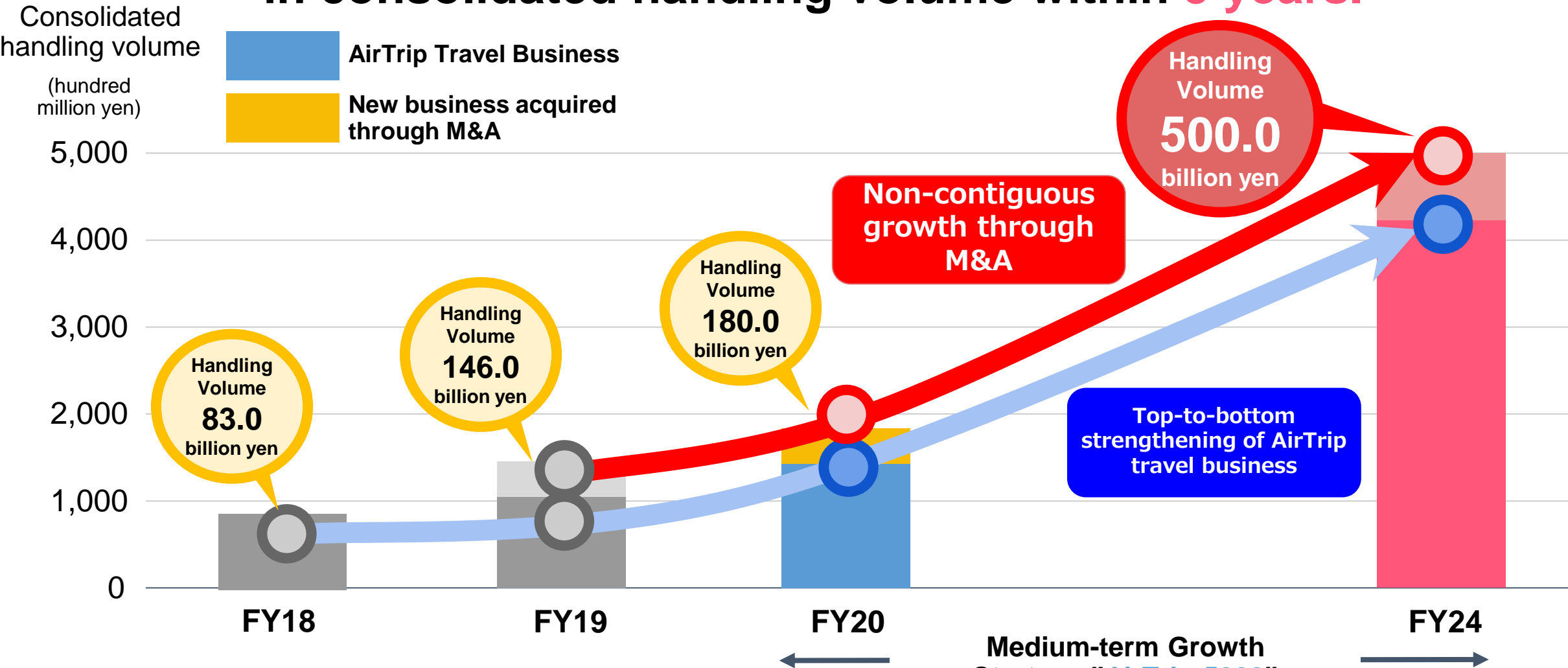
# Medium-Term Growth Strategy

# Established new medium-term growth strategy “AirTrip 5000”

# AirTrip 5000

**Aim for never-ending growth in order to reach  
500.0 billion yen in handling volume within 5 years**

Through dramatic growth, aim for **500.0 billion yen** in consolidated handling volume within **5 years**.



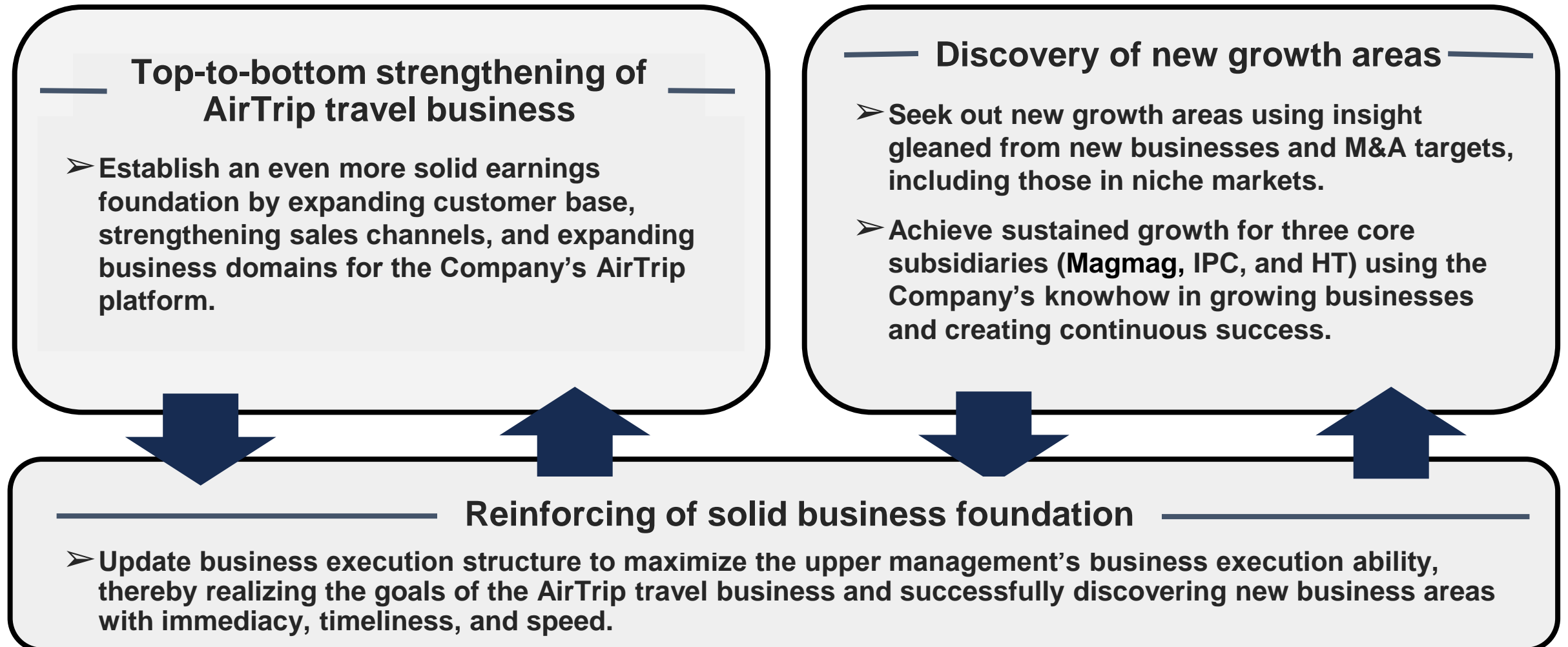
## The **AirTrip 5000** Growth Strategy

Top-to-bottom  
strengthening  
of AirTrip travel  
business

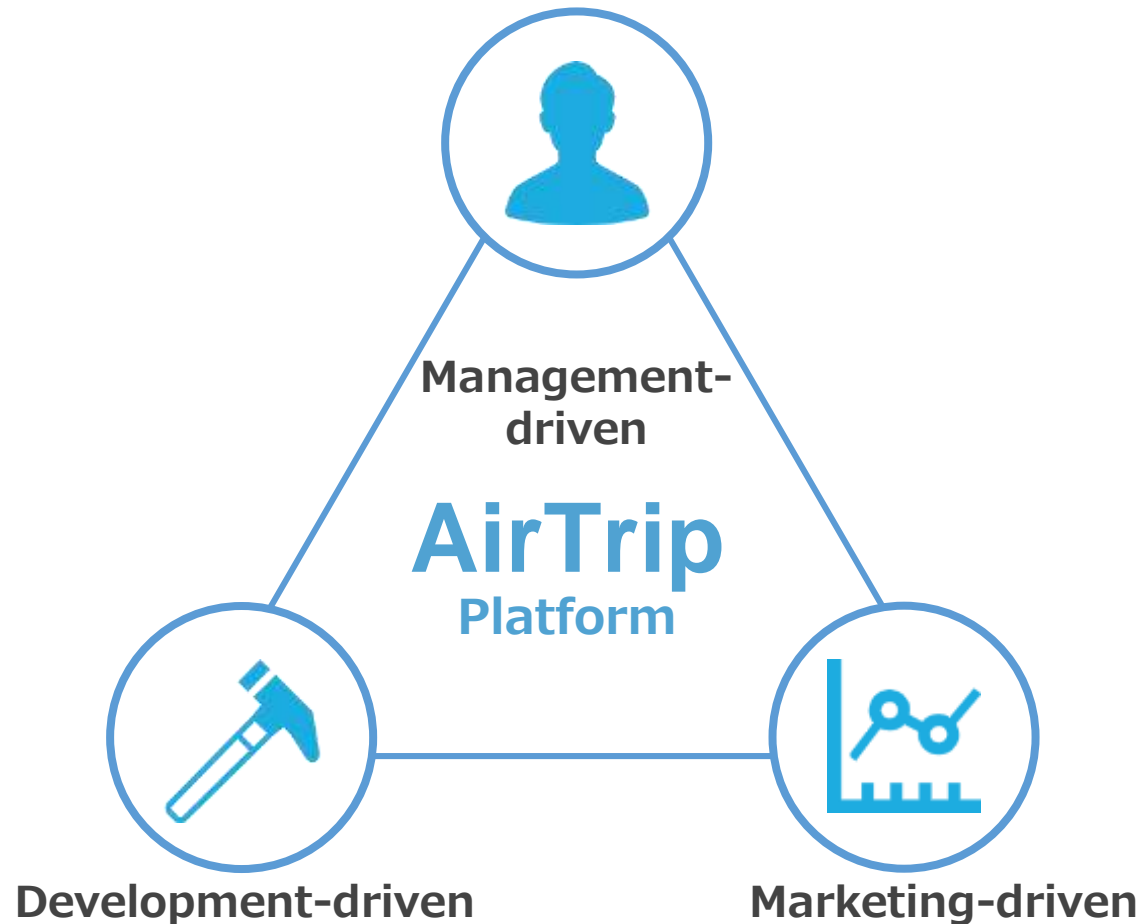
Discovery of  
new growth  
areas

Reinforcing  
of solid  
business  
foundation

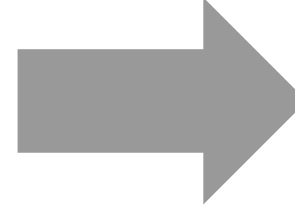
# Greatly expand profits through three-pronged growth strategy



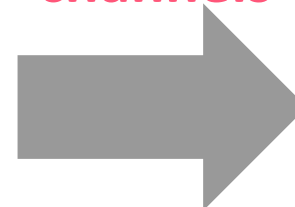
# Accelerate synergy with acquisitions through combined development, marketing, and management abilities



Augment  
product lineup



Expand sales  
channels



## M&A Targets



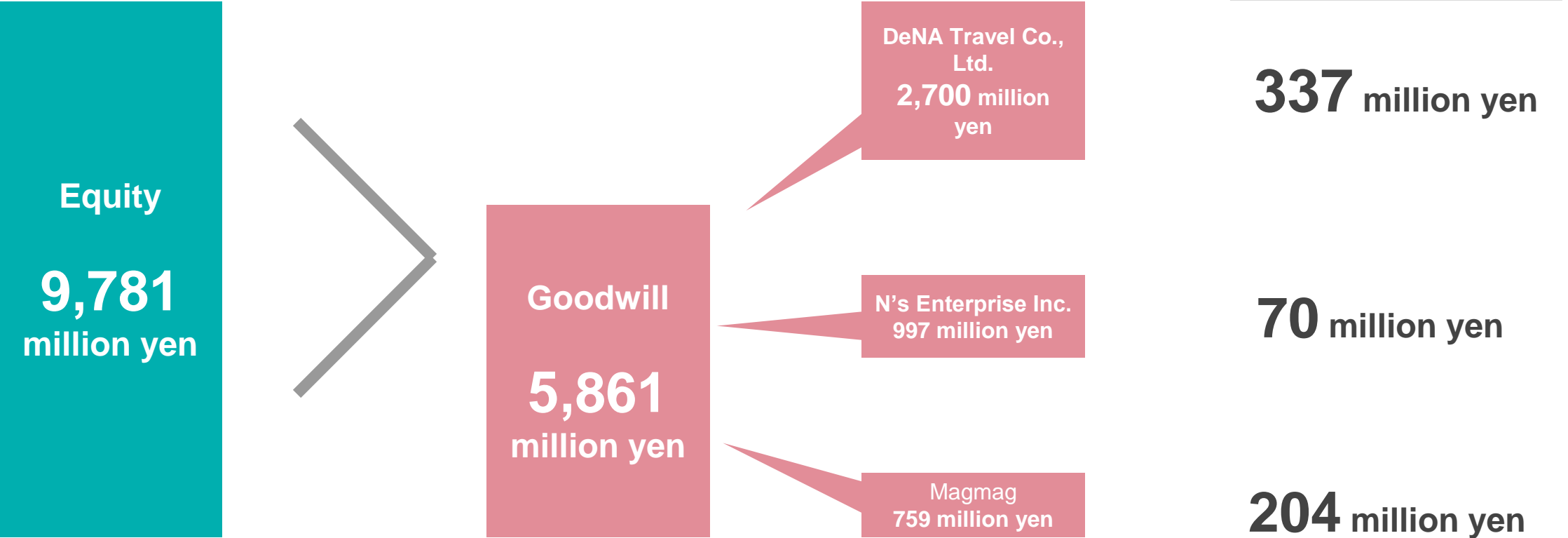
Companies with  
strong product lines



Companies with wide  
customer reach



**Steady business expansion  
by conducting investment within equity limits**  
No risk of impairment of existing subsidiaries



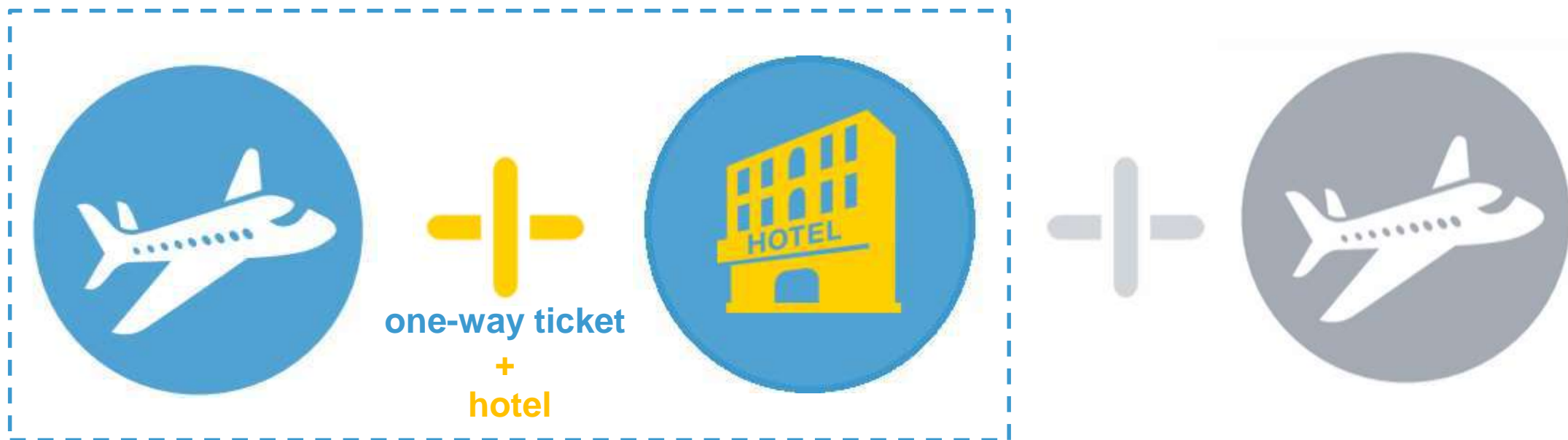


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  - \*Materials expanded: FY18's 36 pages of explanatory materials -> FY19's 61 pages
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# Business Progress

# Commenced **one-way ticket + hotel** sales

**Even more** convenient, choose what you want



**Possible to reserve only one-way airline ticket and hotel**

# Overhauled the UI and added business trip search function

CVR up **+53%** from 3Q



# Promoted AirTrip Plus via TV commercials and banner ads

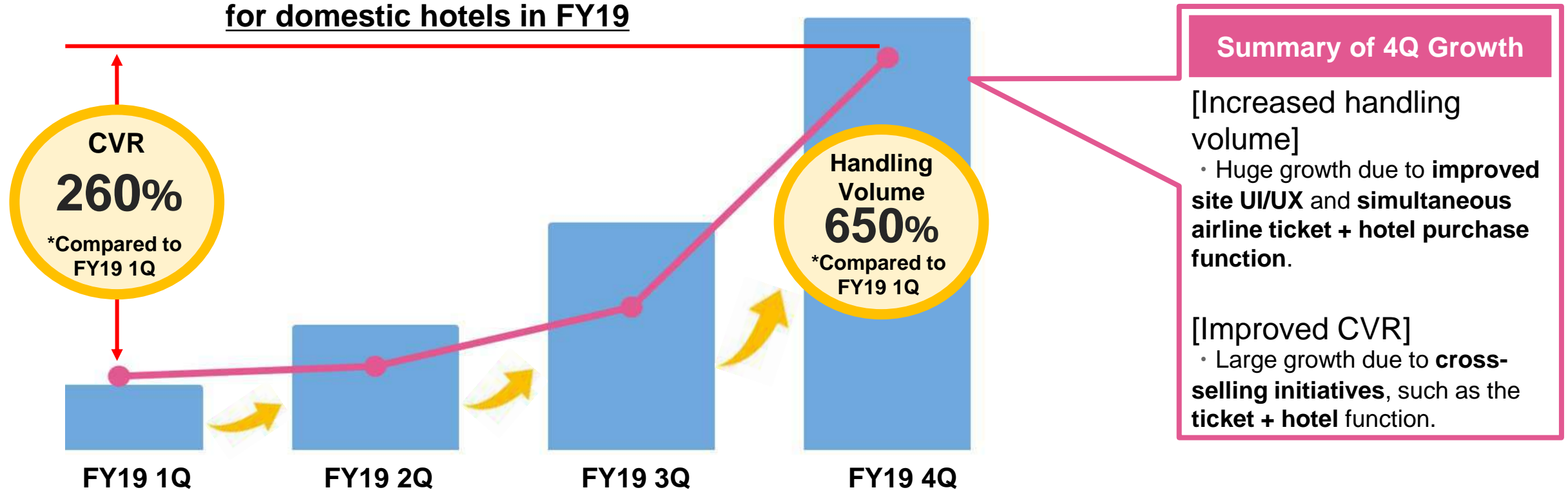
Unique users up **+44%** from 3Q



# Released function where users can simultaneously reserve hotels and airline tickets, as part of a single process

Massive growth from FY19 1Q to 4Q, with handling volume up **+650%** and CVR up **+260%**

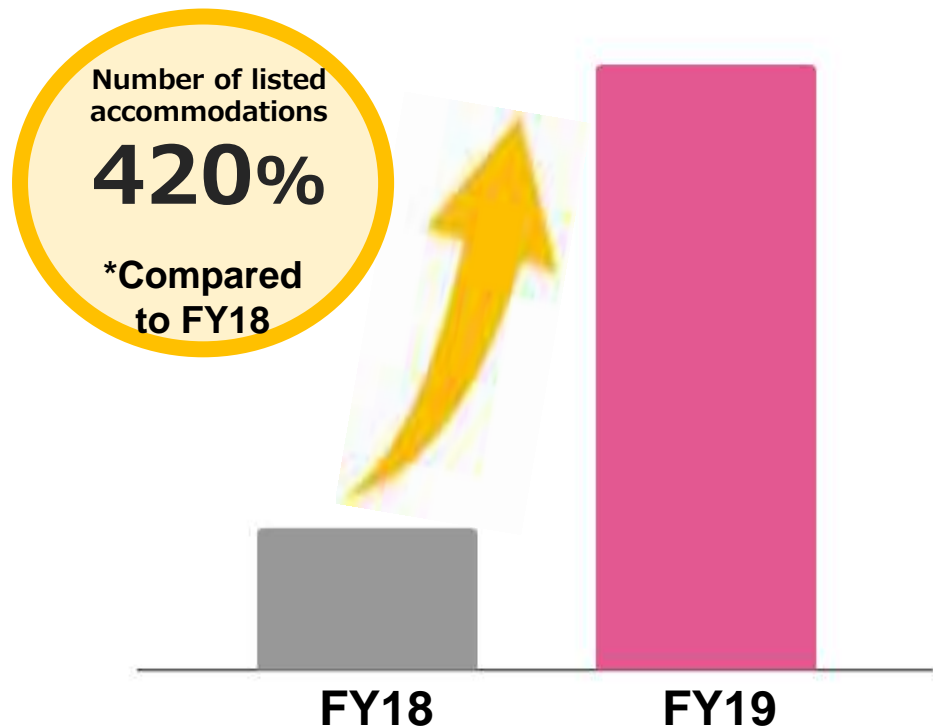
## Changes in handling volume and CVR for domestic hotels in FY19



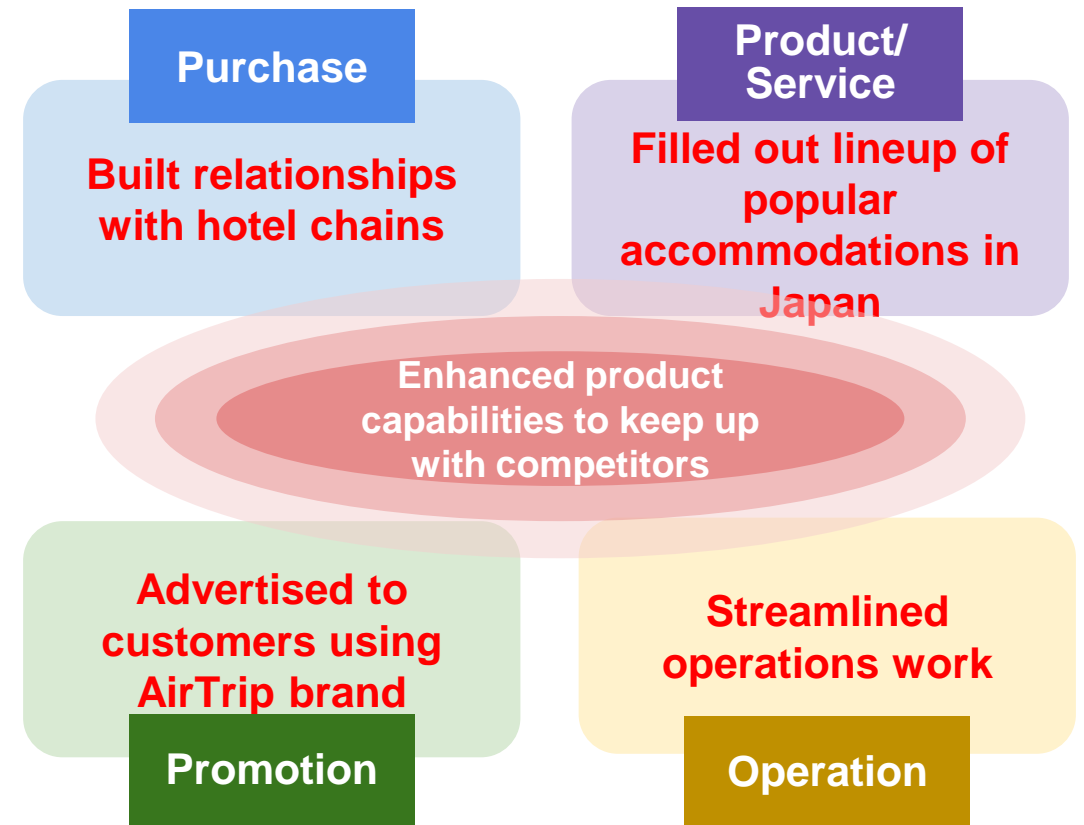
# Worked on direct contracts with several major hotel chains

Huge **420%** increase in number of domestic hotels listed on AirTrip year on year

Change in the number of listed accommodations

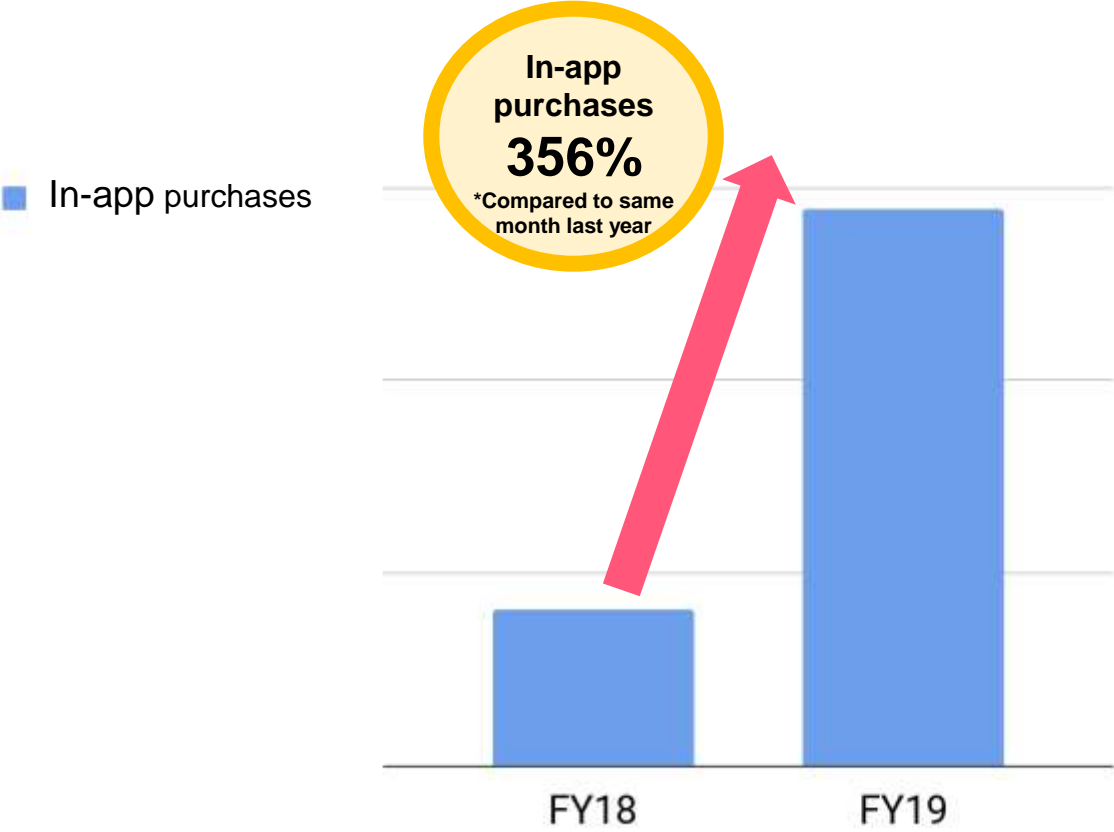
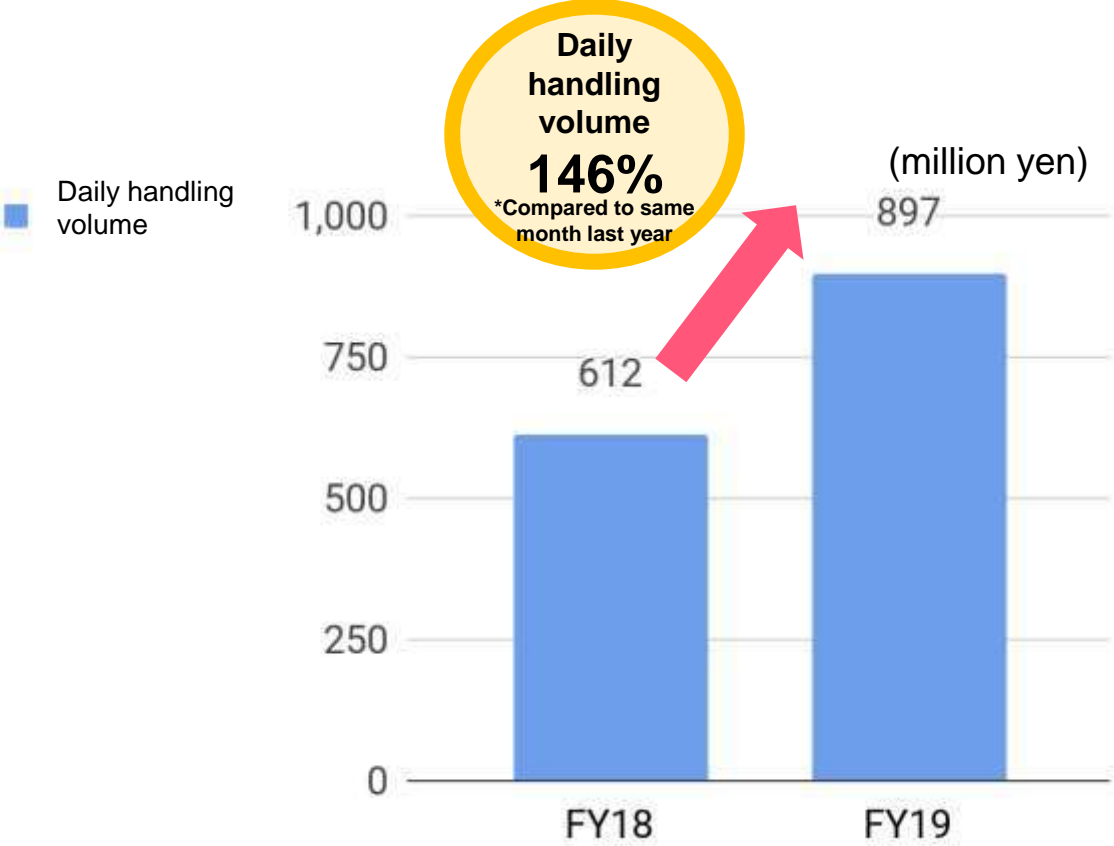


Enhanced Products





Record-high daily handling volume: Up 146% year on year  
Number of in-app purchases: 356% increase from the same month last year





## Added new, convenient functions

### New function 1: “Tour”

Able to reserve up to 4 different segments with one reservation



### New function 2: Amazon Pay, Monobarai

Introducing these two brought the total number of payment methods up to six



# Implemented new tour packages through collaboration with other companies

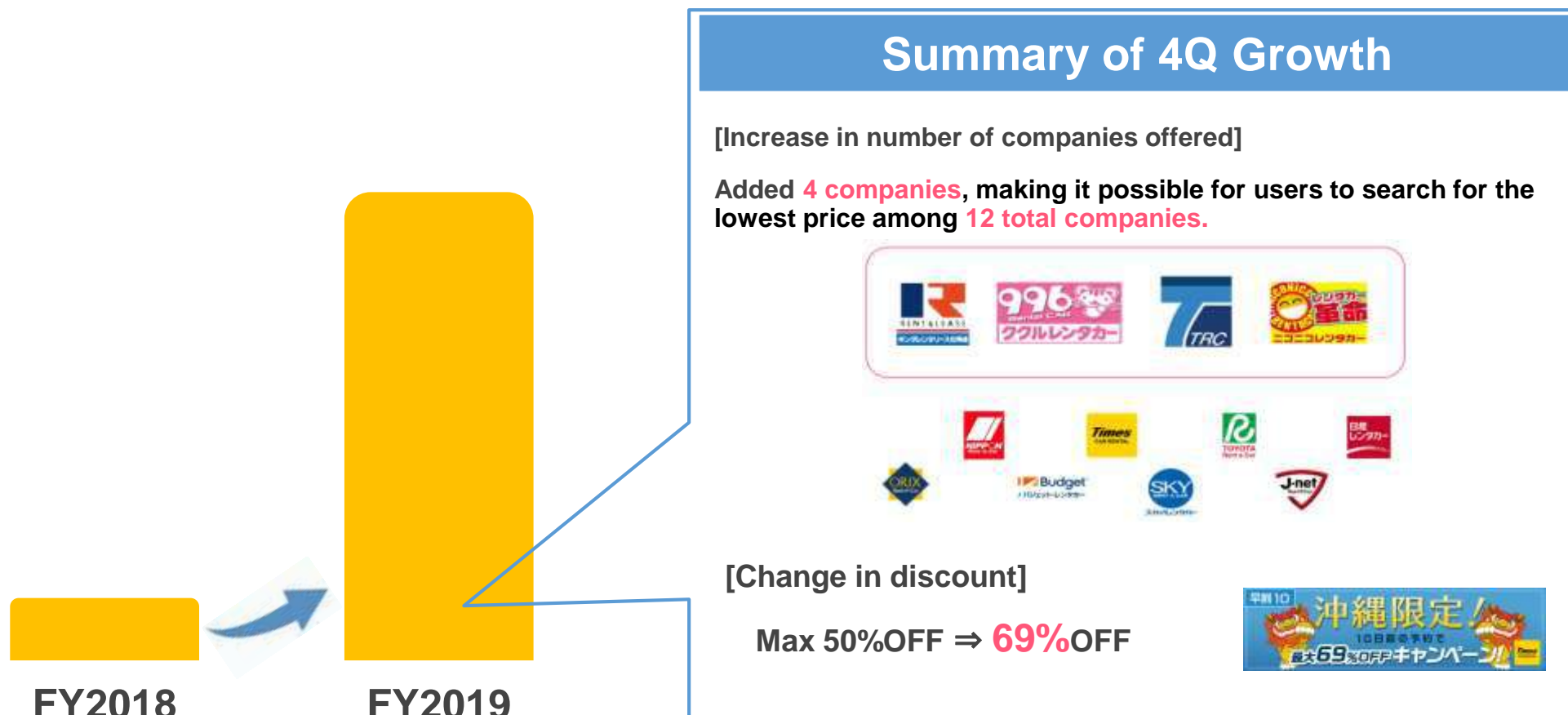
## FC Ryukyu Home Game Tour

Kawamura Gakuen Women's University × Spring Airlines  
× Rusutsu Resort

Collaborative project between academia and private sector



Sales grew approximately **10 times** year on year due to increase in the number of companies offered and sales of discount plans!!





# Total AirTrip membership grew 115%, to 450,000 members!

## ■Member registration campaign on TBS television program



## ■Increased recognition via commercials and advertisements



\*Total number of Evolvable Asia and AirTrip members from April – October 2019.

# Sales Promotions

## Description of Tie-ups

- Landing page creation
  - Banner ad posting
- Exclusive online magazines
- SNS postings  
(Retweet campaign)
- Survey campaign
- Banner ads in Magma (TRiP EDiTOR) and distribution of the online magazine





# Making the **AirTrip** site more convenient! With better deals!

## Customers choose their payment method

- ✓ No need for credit cards or registration beforehand!
- ✓ Pay for all expenses together the following month. Can also pay in installments!



Introduced payment through Paidy

## Strengthened product variation

- ✓ Although other sites say the flight is fully booked, you can still get a ticket on AirTrip!
- ✓ Even during the busiest times of the year or right before the departure date, AirTrip still has cheap tickets!



Commenced sales of premium economy tickets

## Sped up site renovation

- ✓ Launched several improvements every month!



Improved the hotel plan selection page

## Enhanced services

- ✓ Call center handling more cases of e-visa applications, schedule changes, and hotel bookings on customers' behalf!
- ✓ Easier to choose options on the site!



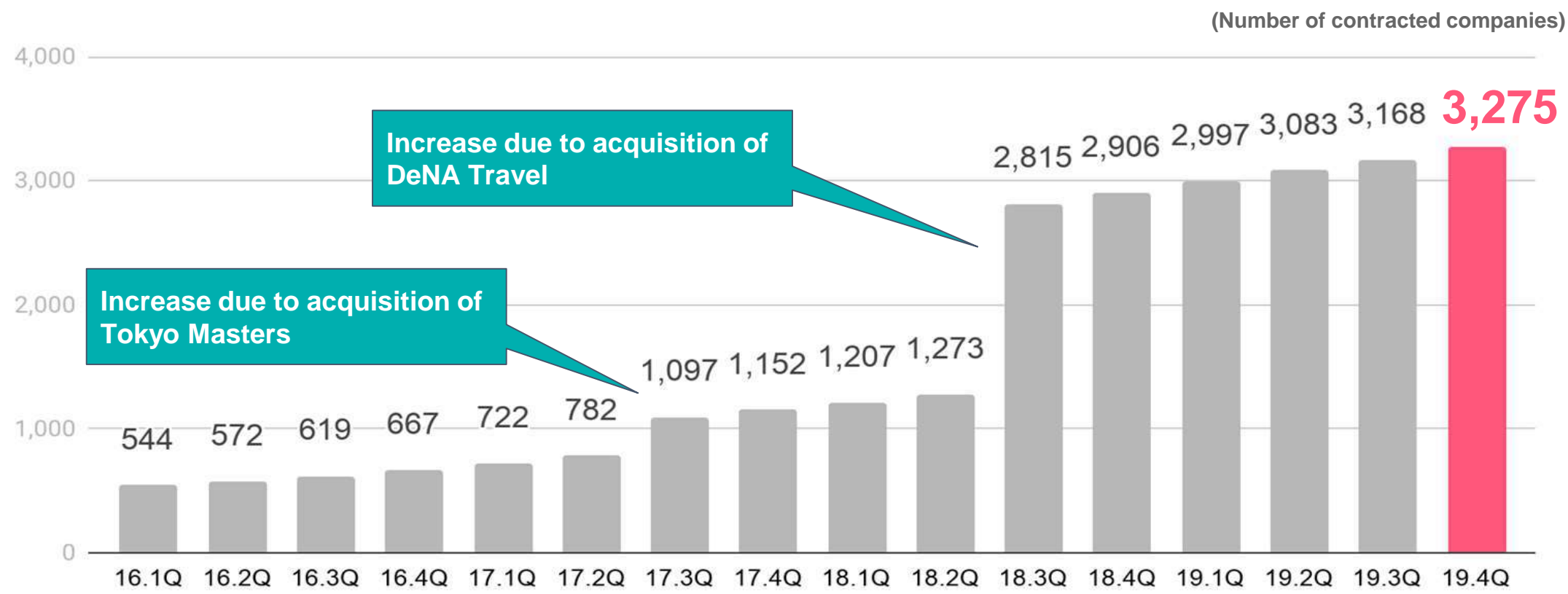
# As a particularly popular category, plan to add a new menu for Okinawa and Hawaii tours



\*New site concept image



# Healthy growth in number of BTM clients, exceeding 3,200 companies



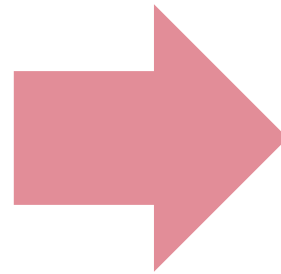


## Increased the number of software engineers to strengthen **AirTrip**'s developer lineup



**133**

September 2018



**195**

September 2019

# Strengthening of investment development: 62 companies; total investment amount: 2.2 billion yen

\* As of November 2019



## 4th IPO project: **AI CROSS** listed on stock market

Keeping good pace in increasing the number of investment targets which reach IPO



Investment targets which have had their IPO

2018/3

2018/12

2019/6

**2019/10**

# Released new media

Released new web media magazine “by them” on August 23. “There’s someone here who will listen. Our experts offer their support and sympathy regarding each of your many anxieties.”

Taking on this new genre focused on readers’ worries in an effort to expand new users.





## Leading the market in private accommodations agencies for visitors to Japan



**Specializes in inbound travel as an official partner of Airbnb Japan**  
**Expanded consultation work to owners of hosting properties**  
**Average occupancy rates reached +25% higher than market average**



# EVOLABLE ASIA

- These materials contain forward-looking statements related to industry trends and the Company's business development based on the Company's current expectations, estimates, and forecasts.
- A variety of risks and uncertainties are inherent in the assertions made in these forward-looking statements. Known and unknown risks, uncertainties, and other factors may result in differences from the statements included in assertions related to forward-looking statements.
- The Company's actual future business and operating performance may differ from the forward-looking statements contained in these materials.
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