

For the First Half of the Fiscal Year
Ending September 30, 2020

Results of Operations

AirTrip Corp.
TSE 1st Section: 6191
June 12, 2020

AirTrip

- The AirTrip travel business posted decreased net sales due to the impact of COVID-19. However, the Group's downside risk was reduced in other businesses.

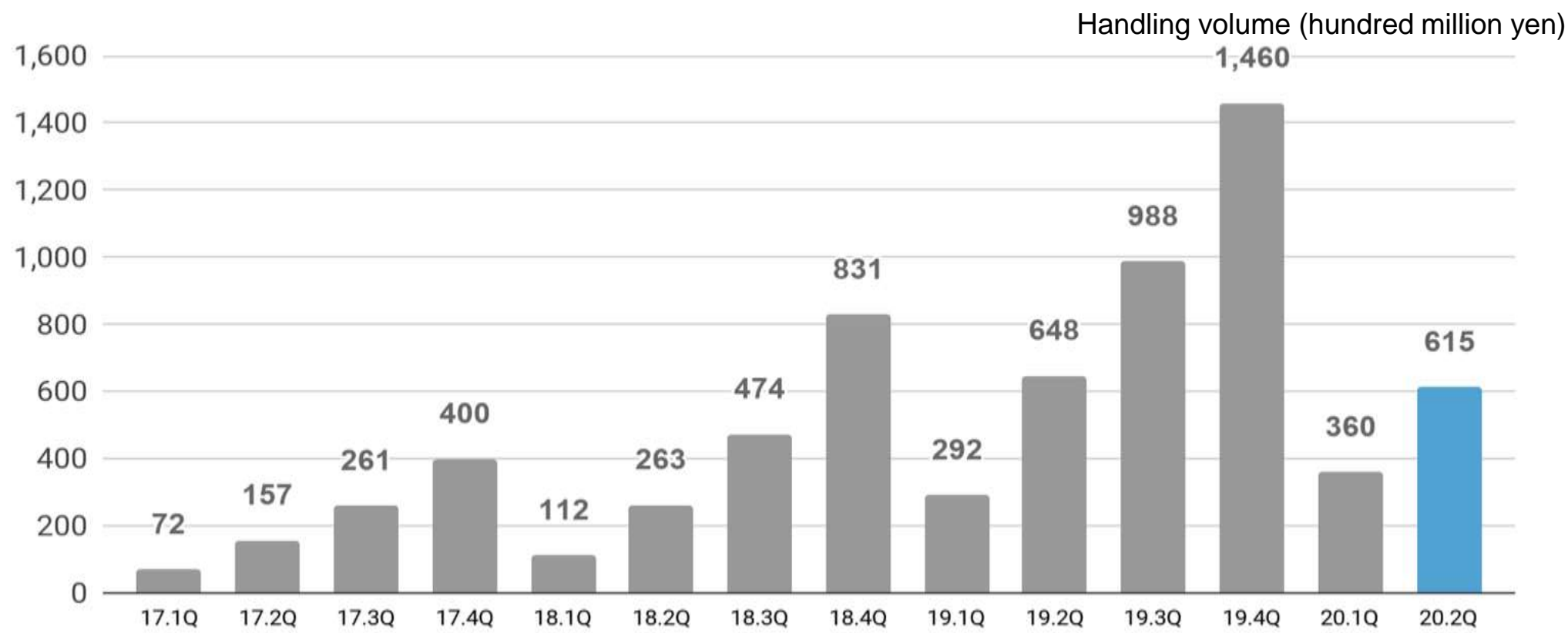
- During the first six months, handling volume was 61,500 million yen (95% YoY) and operating income (before impairment losses) was 380 million yen (215% YoY). However, impairment losses of 1,040 million yen were recorded, mainly due to changes of strategy in view of the COVID-19 crisis. Operating loss after impairment losses was 660 million yen.

- The break-even point was lowered chiefly through substantial cost reductions in face of COVID-19. Results hit bottom in April-May and recent results show a tendency towards improvement driven by the domestic travel business. An early return to profitability on monthly basis is expected through the busy summer period.

- The Company plans to implement its "AirTrip 2020" growth strategy for the post-COVID-19 era and to actively take advantage of initiatives such as the Go To Travel campaign.

FY20.2Q Financial Summary

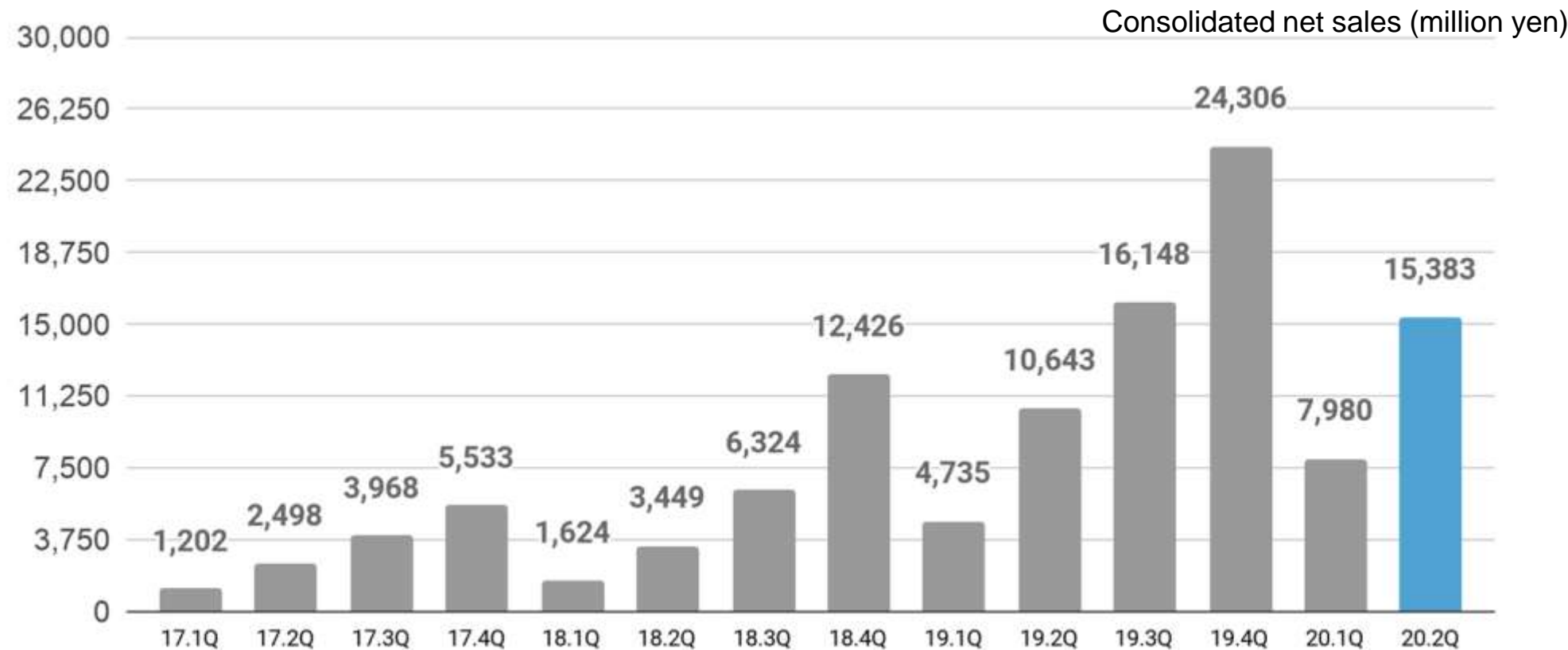
Handling volume: 95%
Held firm despite the impact of the coronavirus



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

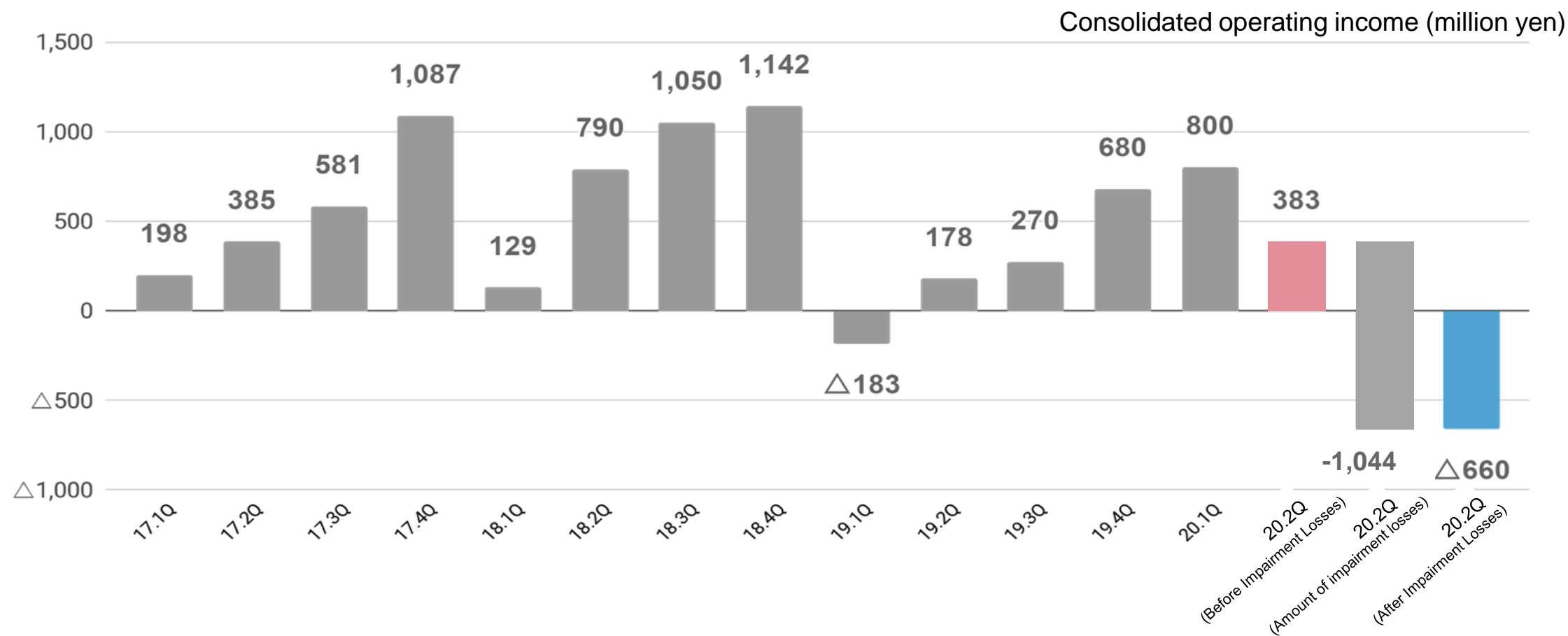
Net sales: 144%

Continued to increase despite the impact of the coronavirus



Despite the impact of COVID-19, operating income before the recording of impairment losses increased YoY, reaching 380 million yen

~ Operating loss after the recording of impairment losses was 660 million yen ~



Impairment losses were recorded, mainly reflecting changes of strategy in light of the impact of COVID-19

~ Total impairment losses of 1,040 million yen were recorded on Group assets ~

Impairment losses on some assets related to the travel business (Group total: 1,040 million yen)

Labor-intensive
unprofitable
business

Deterioration in the profitability of certain labor-intensive products (tour business, etc.) due to COVID-19 prompted the decision to downscale the business and impairment losses on assets such as software and goodwill were recorded, reflecting this policy.

Subsidiaries making
a loss due to
COVID-19

With respect to certain subsidiaries being considered for sale in the future following deterioration in profitability due to COVID-19, impairment losses were recorded based on recent income and outlook.

Gross profit was mostly unchanged from the 1Q level and operating income before impairment losses increased YoY. However, impairment losses, among other factors, resulted in an operating loss after impairment losses.

(million yen)

	FY19.2Q		FY20.2Q			
	Amount	% to Sales	Amount (Before Impairment Losses)	% to Sales	Amount (After Impairment Losses)	% to Sales
Handling Volume	64,849	—	61,535	—	61,535	—
Net Sales	10,643	100.0%	15,383	100.0%	15,383	100.0%
Gross Profit	5,908	55.5%	5,803	37.7%	5,803	37.7%
Operating Income	178	1.7%	384	2.5%	-660	-4.2%
Profit	78	0.7%	303	1.9%	-741	-4.8%

The online travel business performed strongly compared to the previous year

~ Operating income fell YoY in Investment Businesses ~

(million yen)

Operating Income	First 6 Months of FY2019	FY20.2Q (Before consideration of impairment losses)	Change	FY20.2Q (Impairment losses)	FY20.2Q (After consideration of impairment losses)
AirTrip Travel Business	234	1,268	+1,034	-1,044	223
IT Offshore Development Business	111	53	-57	0	53
Investment Businesses	237	-243	-480	0	-243
Adjustments	-405	-695	-289	0	-695
Consolidated Total	178	383	+205	-1,044	-660

Equity was 9,600 million yen, remaining at an adequate level despite the recording of the latest loss

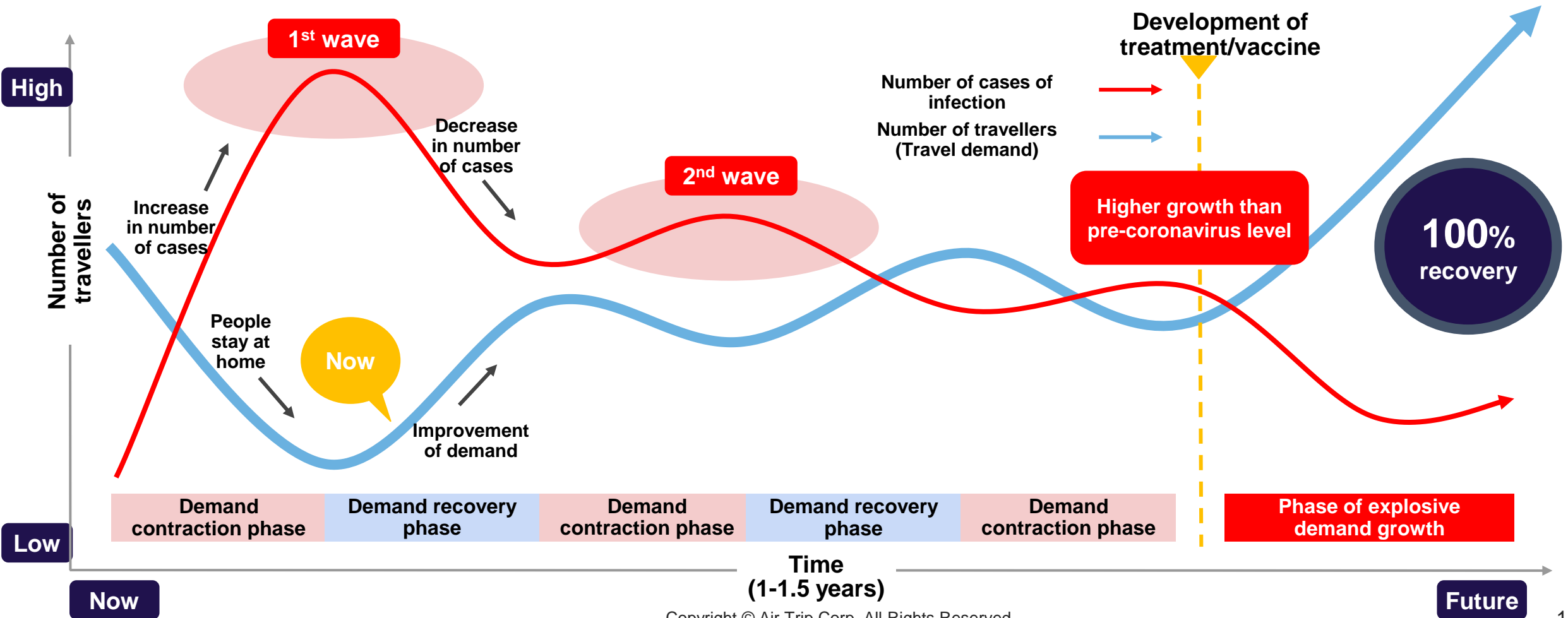
(million yen)

	FY19.4Q	FY20.2Q	Change
Current Assets	20,140	18,903	-1,237
Cash and Deposits	8,997	6,067	-2,929
Operational Investment Securities	4,606	4,790	+183
Non-current Assets	11,075	15,917	+4,841
Total Assets	31,216	34,821	+3,604
Liabilities	21,114	25,213	+4,098
Interest-bearing Debts	12,631	12,974	+343
Equity	10,101	9,607	-494
Equity ratio	32.4%	26.5%	-5.9

Measures against COVID-19 Coronavirus and Outcomes

Demand is gradually recovering but there is a long battle ahead until 100% recovery

~ Demand will go through phases of recovery and contraction until a vaccine is developed, triggering explosive growth in travel demand ~



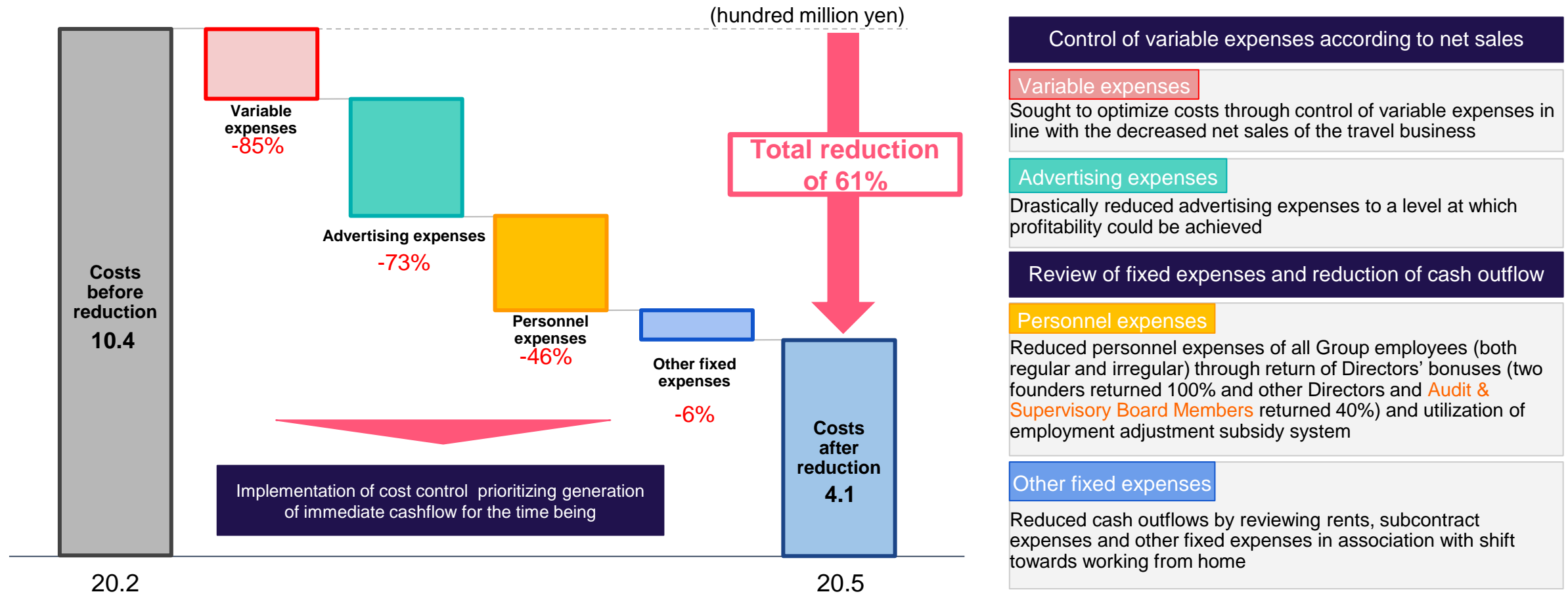
Since March, COVID-19 has had dramatic and far-reaching impacts on business performance. Drop in demand has now bottomed out.

~ Earnings are expected to recover starting with the domestic travel domain ~

	1Q Financial Results Announcement (Feb. 14)		Declaration of state of emergency (Apr. 7)		Lifting of state of emergency (May 25)		Go To Travel
	January	February	March	April	May	June (Forecast)	July- (Forecast)
Domestic travel domain	◎	○	○→△	△→×	×	×→△?	△→○?
Overseas travel domain	○→△	△→×	×	×	×	×?	×→△?
Investment business domain	○	○→△	×	○	○	○?	○?
Other business domains	○	○~△	○~△	○~△	○~△	○~△?	○~△?

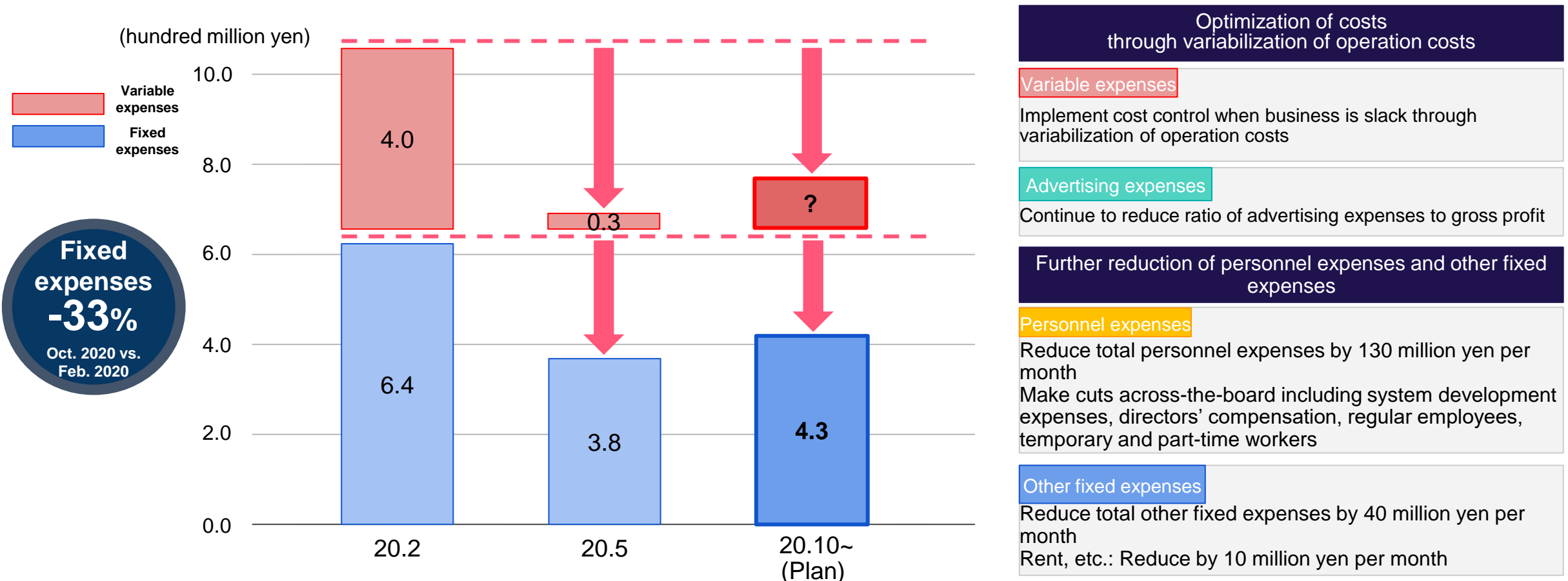
Achieved Group-wide reduction in cash outflows/costs

~ Controlled variable expenses and drastically reduced fixed expenses including personnel expenses ~



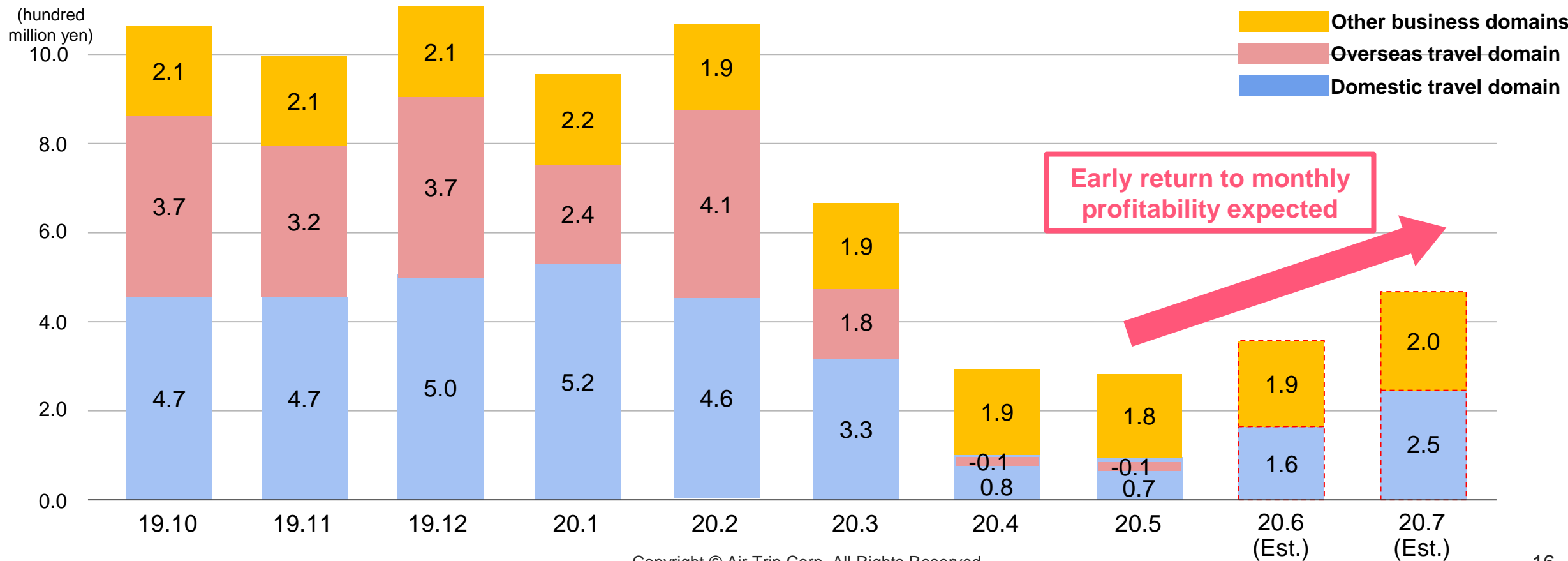
Plan to implement measures to reduce future cash outflows/costs

~ Break-even point is expected to improve through the variabilization of operation costs and further reduction of fixed expenses ~



Gross profit: Early return to profitability on a monthly basis expected

~ Signs of expected return to profitability on a monthly basis, with confirmation of bottoming-out of impact on domestic travel domain in addition to recording of stable monthly gross profit of around 200 million yen in other business domains and cost reductions mentioned earlier ~



Forecasts will not be disclosed in view of impact of COVID-19

(million yen)

	FY20 Initial Plan	FY20.1Q Result	Rate of Progress	FY20.2Q Before Impairment Losses	FY20.2Q After Impairment Losses	2Q Rate of Progress
Handling Volume	180,000	36,046	20.0%	61,535	61,535	34.1%
Net Sales	38,000	7,980	21.0%	15,383	15,383	40.4%
Operating Income	2,000	800	40.0%	384	-660	—
Profit	1,300	692	53.2%	303	-741	—
Dividend	13 yen	—	—	—	—	—

Evolution of “AirTrip 2020” Growth Strategy

~ Strategy for overcoming upheaval caused by COVID-19 and preparing for the post-coronavirus era ~

Evolution into strategy for overcoming upheaval caused by COVID-19 and preparing for post-coronavirus era

~ Take full advantage of the Go To Travel campaign and adapt to the ‘new normal’ for travel ~

3

Utilize IT literacy and development capabilities to offer flexible services for the ‘new normal’

Utilize IT capabilities to develop services for the ‘new normal’ for travel

Aim to **develop new services** based on understanding of anticipated **changes in styles of travel and lifestyles** in the post-coronavirus era

2

Conduct large-scale promotions that take advantage of recognition of AirTrip

Implement marketing strategies that take advantage of recognition of AirTrip

Implement **marketing strategies** which take advantage of the **all-time high recognition** (45%) recorded in FY20.2Q and organic CV capability

1

Steadily capture domestic travel demand by taking advantage of Go To Travel campaign

Strengthen collaboration with government agencies, local partners and airlines

Take full advantage of government measures to stimulate domestic travel demand including the **Go To Travel campaign**, which pays **half** of travel expenses

Improve service quality and increase business efficiency focusing on domestic travel domain

~ In addition to previous strategies, use technology to further automate operations ~

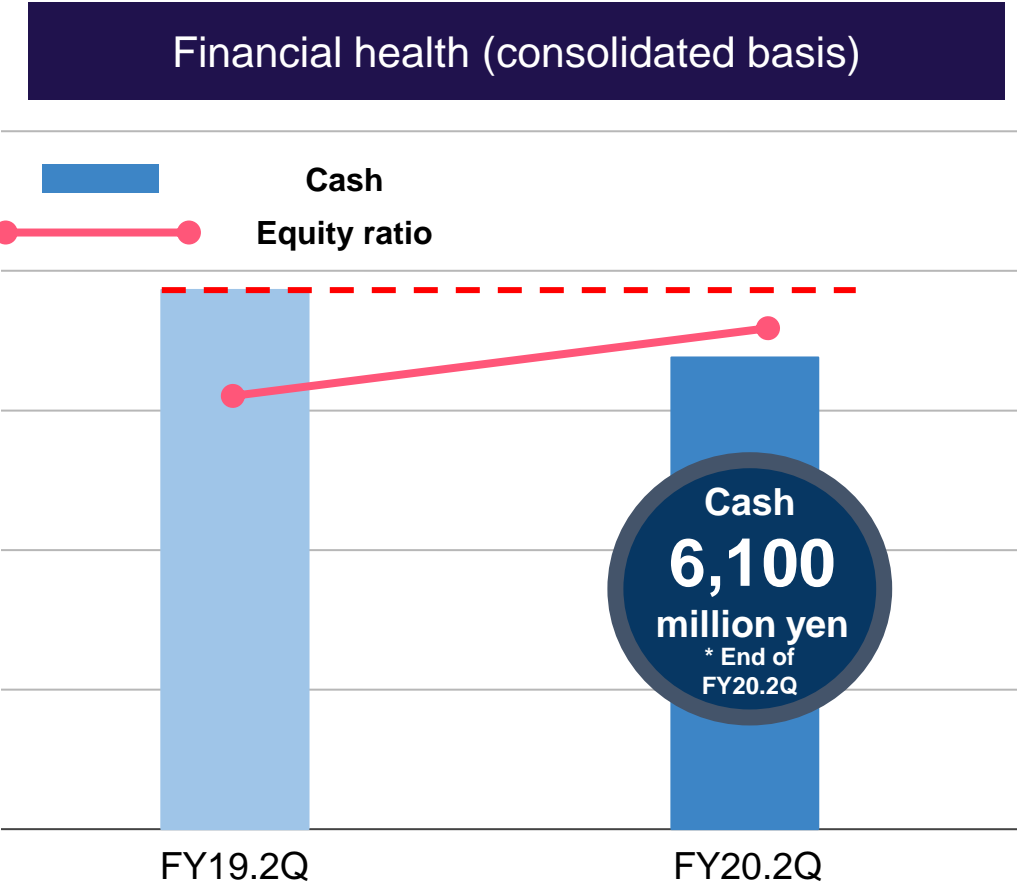
AirTrip Travel Business	Products	<ul style="list-style-type: none">▪ Focus on UI/UX improvements as before and aim to drastically improve service quality▪ Conduct various campaigns focusing on domestic travel domain in preparation for recovery of travel demand
	Marketing	<ul style="list-style-type: none">▪ Continue aiming to increase recognition of AirTrip by implementing the optimum marketing measures▪ Reduce the ratio of advertising expenses to gross profit to efficiently attract customers
	Technology	<ul style="list-style-type: none">▪ Increase use of technology to further automate operations and achieve higher business efficiency in call center functions



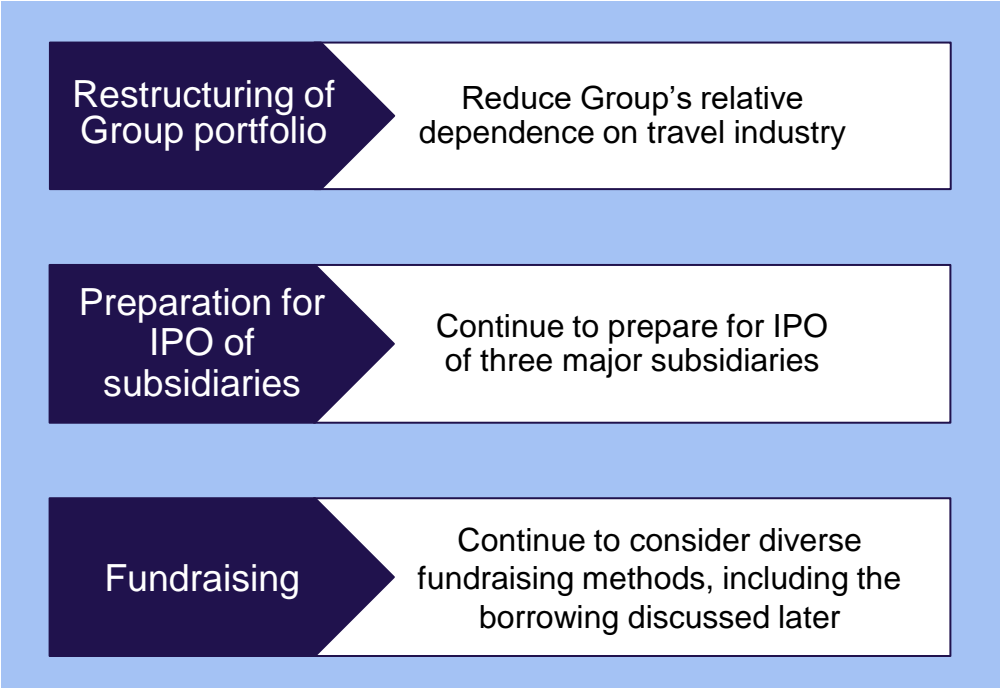
Steadily capture domestic travel demand, which is now starting to pick up, by implementing “AirTrip 2020” growth strategy which anticipates post-coronavirus era

Strategy of further increasing on-hand liquidity while maintaining healthy financial position

~ Maintain financial health through combination of significant cost-cutting measures described earlier and measures to boost cash balances ~

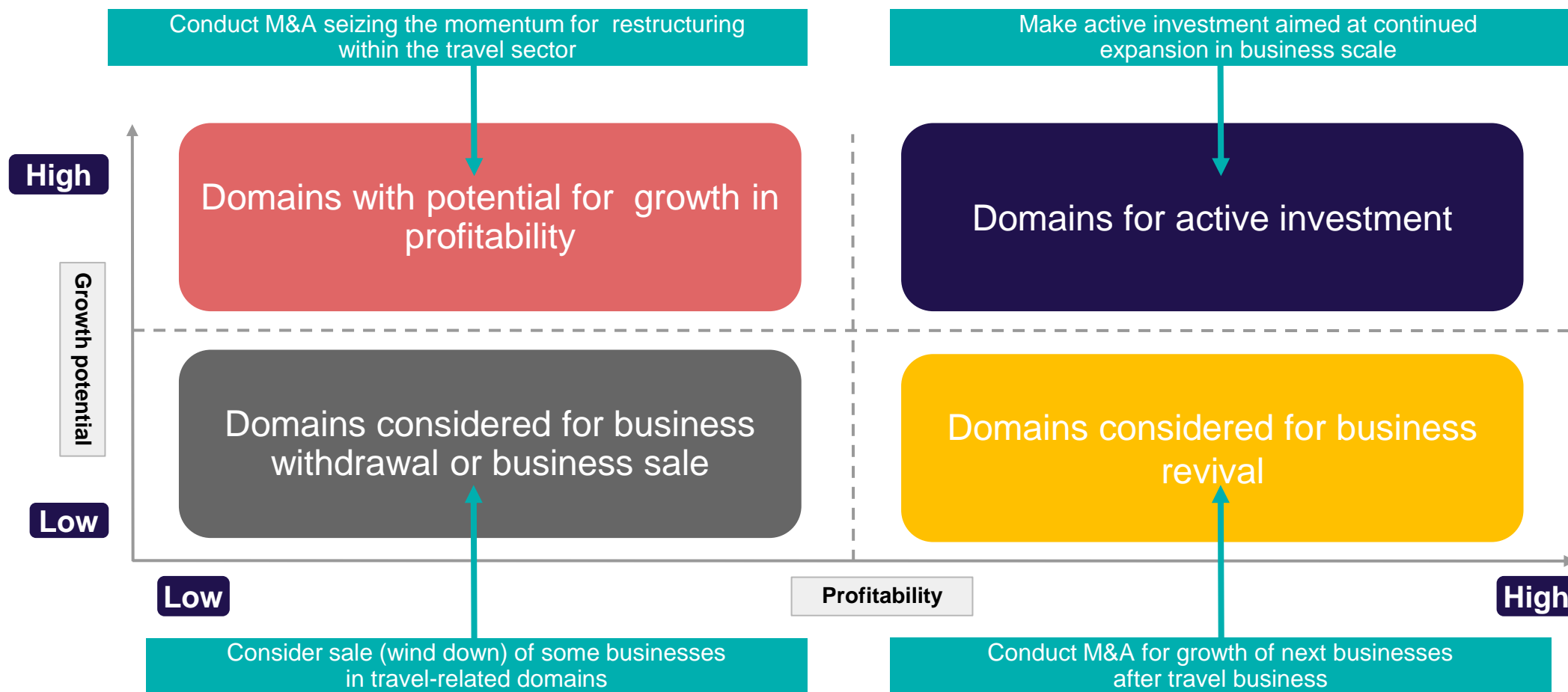


Financial strategy of improving financial health and on-hand liquidity



Consider sales of some subsidiaries in travel-related domains

~ Restructure the Group’s business portfolio based profitability and growth potential ~



Made steady progress with preparations for listing of major Group subsidiaries

~ All three companies performed well and further increased pace of growth in preparation for listing ~

Life innovation business



Net sales in FY20.2Q
660 million yen

Overview of most recent reporting period

Business of operating one of industry’s largest e-mail magazine distribution platforms performed solidly and the impact of COVID-19 was insignificant.
Plan to leverage contents and customer base to accelerate growth of media advertising business.

Japan inbound travel business



Net sales in FY20.2Q
720 million yen

Overview of most recent reporting period

Acquired Global Mobile, Inc. in April 2020 and accelerated growth of Wi-Fi business.
Also entered ticket-type concierge business through acquisition of “Tabiko” business, with aim of establishing new earnings base.

IT offshore development business



Net sales in FY20.2Q
490 million yen

Overview of most recent reporting period

Posted substantial increase in net sales thanks to the provision of hybrid development services that pursue high quality and cost performance.
Voted highest ranking Japanese company in Vietnam Best IT Companies for second consecutive year.

Concluded commitment line agreement with Mizuho Bank

~ Secured working capital facility to guard
against the far-reaching impacts of COVID-19 ~

AirTrip

Conclusion of
commitment line
agreement



Effective date/Expiry date: From May 29, 2020 to Sep. 30, 2020
Agreed facility: 1.5 billion yen
Use of funds: Short-term working capital

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- The Company plans to implement its "AirTrip 2020" growth strategy for the post-COVID-19 era and to actively take advantage of initiatives such as the Go To Travel campaign.

FY20.2Q Business Progress

Began airing TV commercials with new creative content from January 2020!
~ Aired three different commercials nationally in record volumes ~

TV Commercial for Airline Ticket Brand New Spring Sale



TV Commercial for AirTrip Plus Brand New Spring Sale



TV Commercial for Reward Points



Held talk show to commemorate completion of new TV commercials!

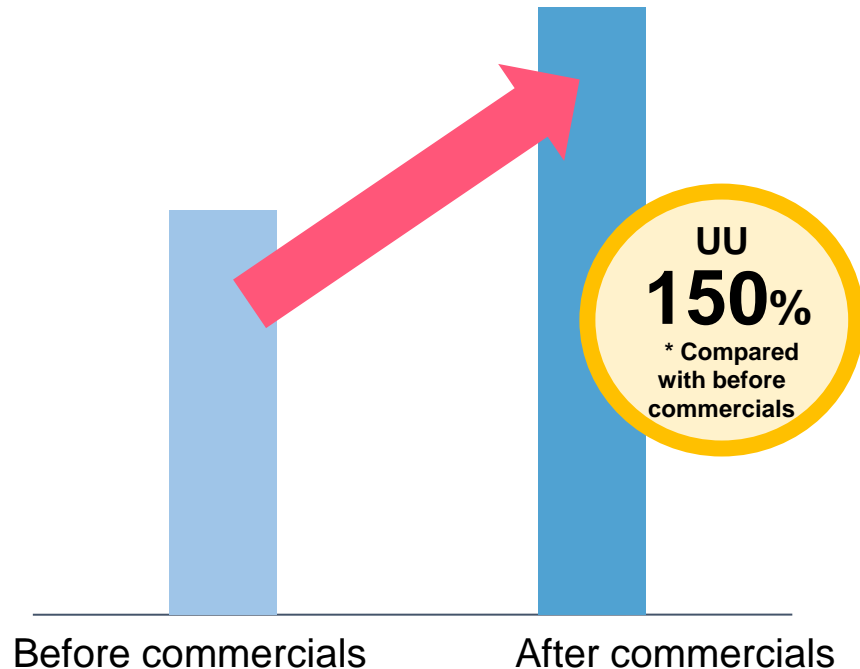
~ Increased recognition through a high level of media exposure including TV and WEB news ~



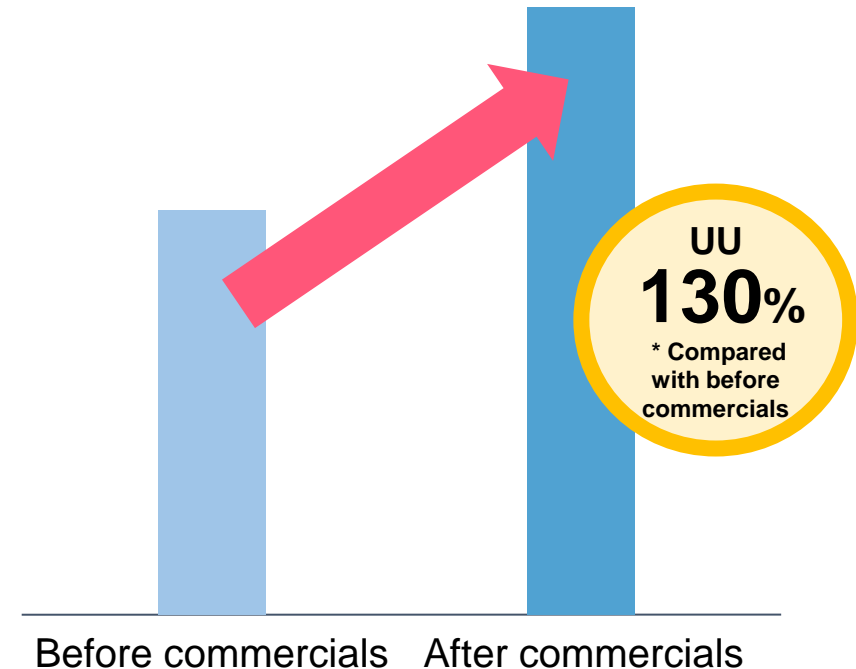
Recorded substantial growth in search volume after airing of TV commercials!

~ Achieved reduction in cost of customer acquisition through increase in inflow through **AirTrip** keyword ~

<SEM (Brand Name) UU Growth>

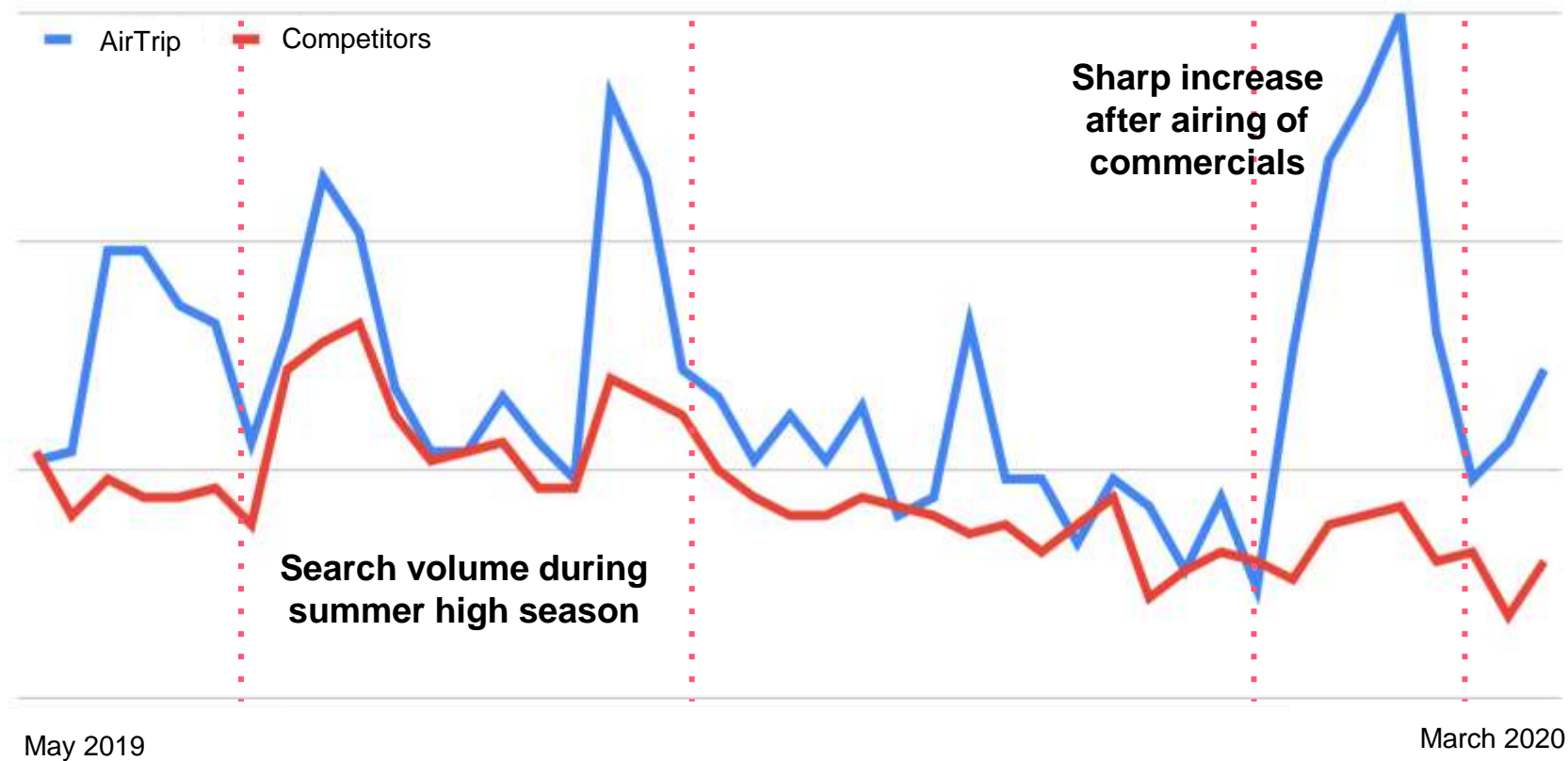


<Organic UU Growth>



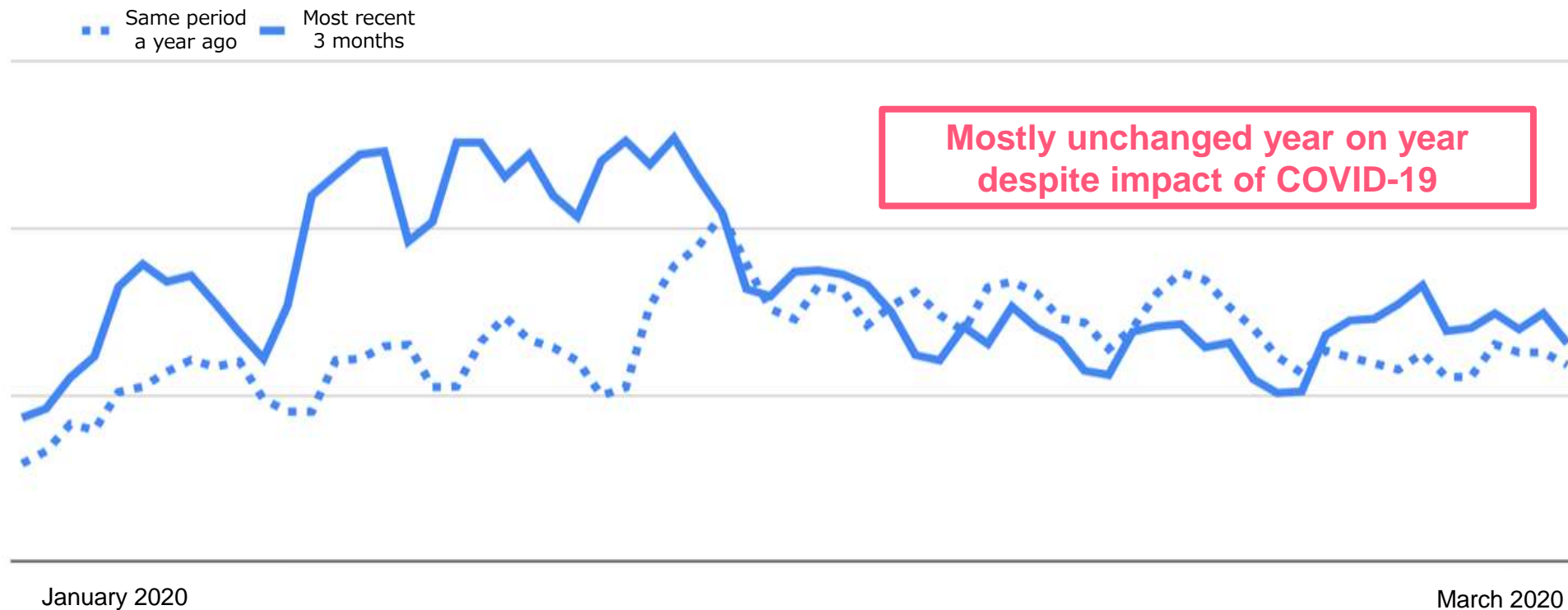
Improvement in recognition of “AirTrip” bolstered search volume

~ Search volume was far higher than that of competitors both on a full year basis and during the COVID-19 outbreak ~



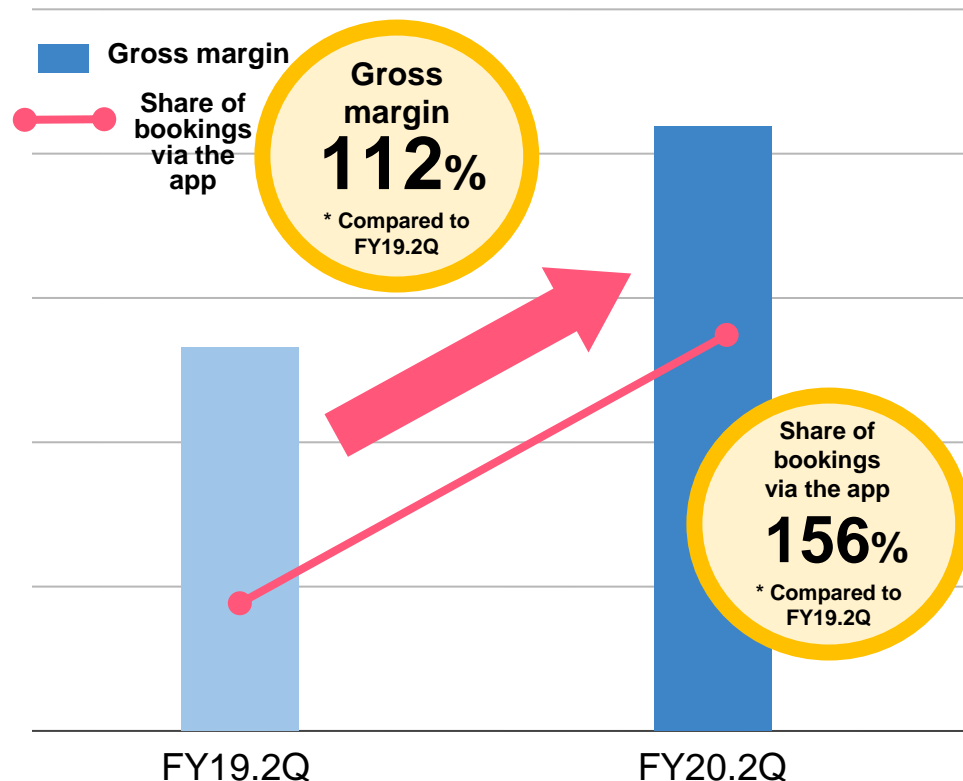
Benefited from inflow through “AirTrip” keyword despite upheaval caused by COVID-19

~ Inflow through “AirTrip” keyword in January was far higher than the year-ago level and was mostly unchanged year on year despite the impact of COVID-19 ~



Share of bookings via the app increased substantially through offer of up to 25% reward points

~ Compared with FY19.2Q, share of booking via the app reached **156%**
and app gross margin reached **112%** ~



Launched a 20% reward points campaign for bookings made via the app!!

The launch of a 20% reward points campaign for customers booking via the app helped increase handling volume and CVR

Completely revamped AirTrip app UI

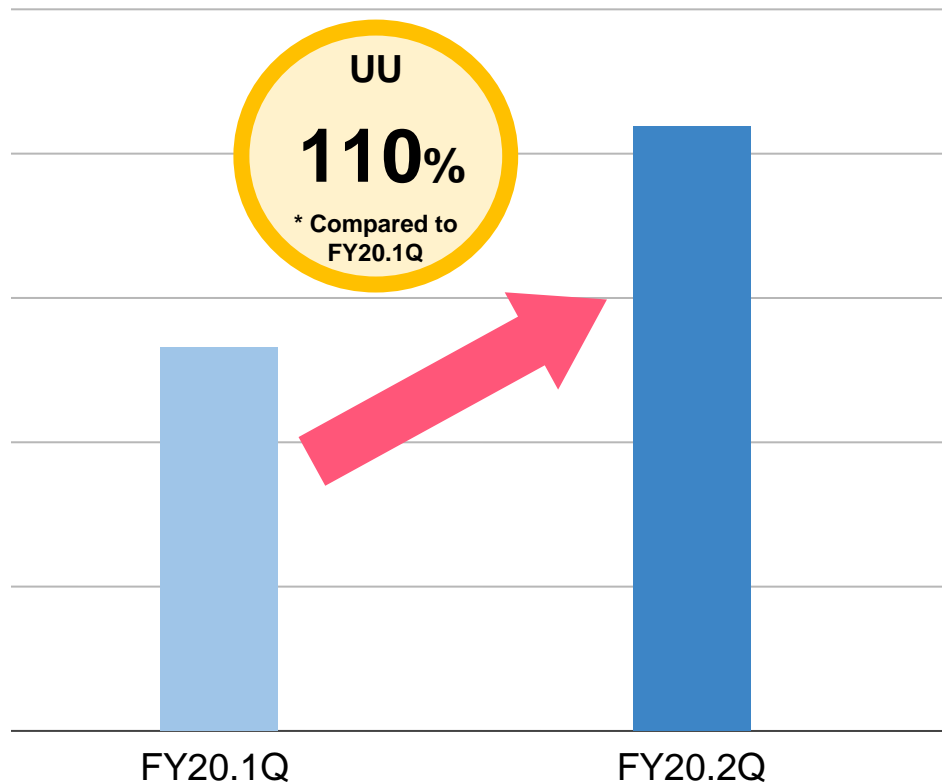
Reflection of customer feedback received via surveys, etc. in UI/UX helped improve handling volume and CVR

Offered 5% reward points for all cashless payments

Offer of up to 25% reward points (20% reward points + 5% reward points for cashless payments) helped improve share of bookings via the app

Distributed coupons offering up to 10,000 yen off in new spring campaign

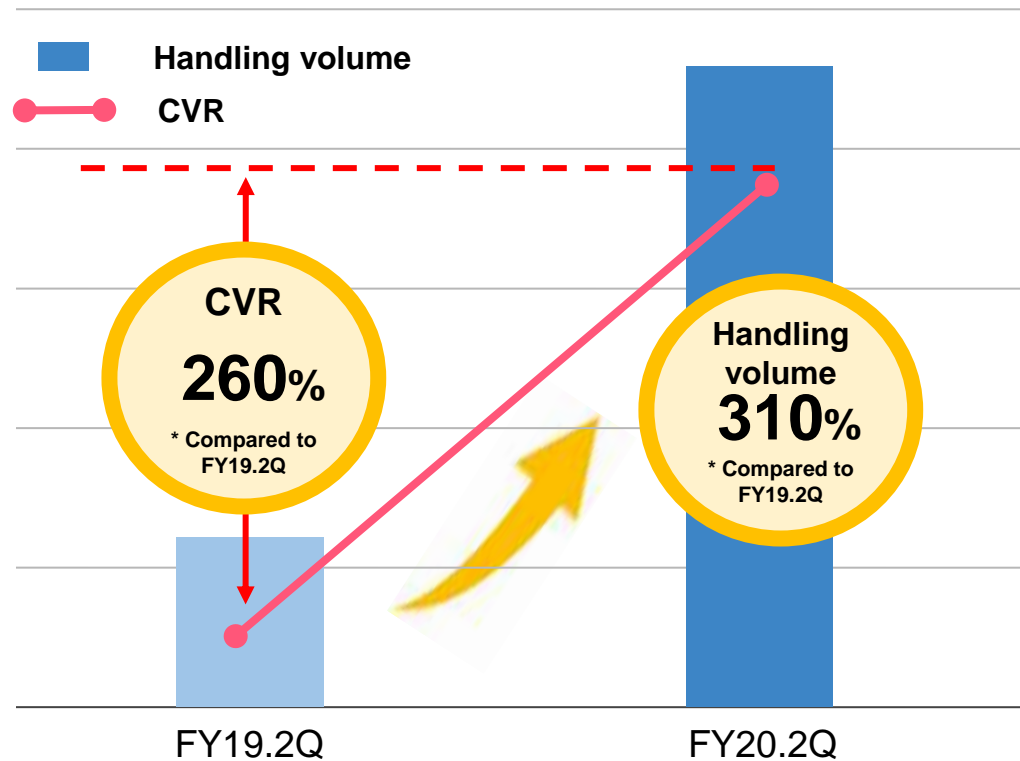
~ Number of monthly unique users increased **110%** compared with FY20.1Q ~



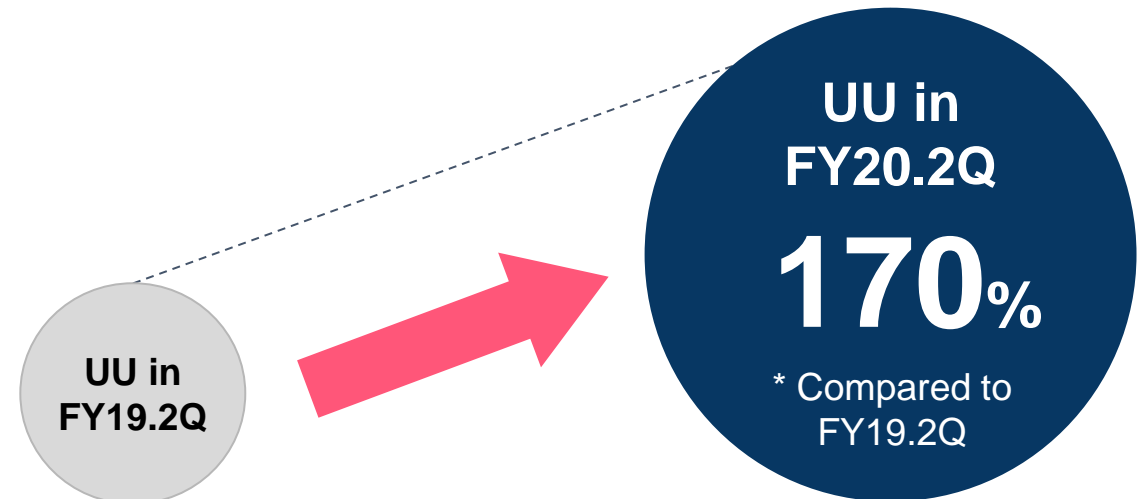
All top priority KPIs for AirTrip domestic hotel operations showed substantial improvement

~ Achieved substantial growth compared with FY19.2Q, with handling volume reaching **310%**, CVR reaching **260%** and number of unique users reaching **170%** ~

<Top priority KPIs for domestic hotel operations>



<Number of unique users in domestic hotel operations>



Provide services which meet accommodation needs in post-coronavirus era

~ Capture accommodation demand by thoroughly implementing COVID-19 countermeasures and taking advantage of **Go To Travel campaign** ~

Formulate COVID-19 guidelines for accommodation facilities

Formulate Company COVID-19 guidelines for accommodation facilities and offer accommodation facilities which customers can use safely and with peace of mind

Strengthen collaboration with accommodation facilities which comply with COVID-19 countermeasures

Strengthen collaboration with accommodation facilities which implement COVID-19 countermeasures in accordance with the Company guidelines and consider displaying labels recognizing compliance

Design a site which meets new accommodation needs in a post-coronavirus era

Redesign site to facilitate searches based on the assumption of new accommodation needs in a post-coronavirus era

Combine planning related to government's Go To Travel campaign for stimulating domestic travel demand with own promotions

Steadily capture accommodation demand by combining Go To travel campaign planning with promotions for summer travel

AirTrip



Stronger collaboration



宿泊施設における新型コロナウイルス対策ガイドライン

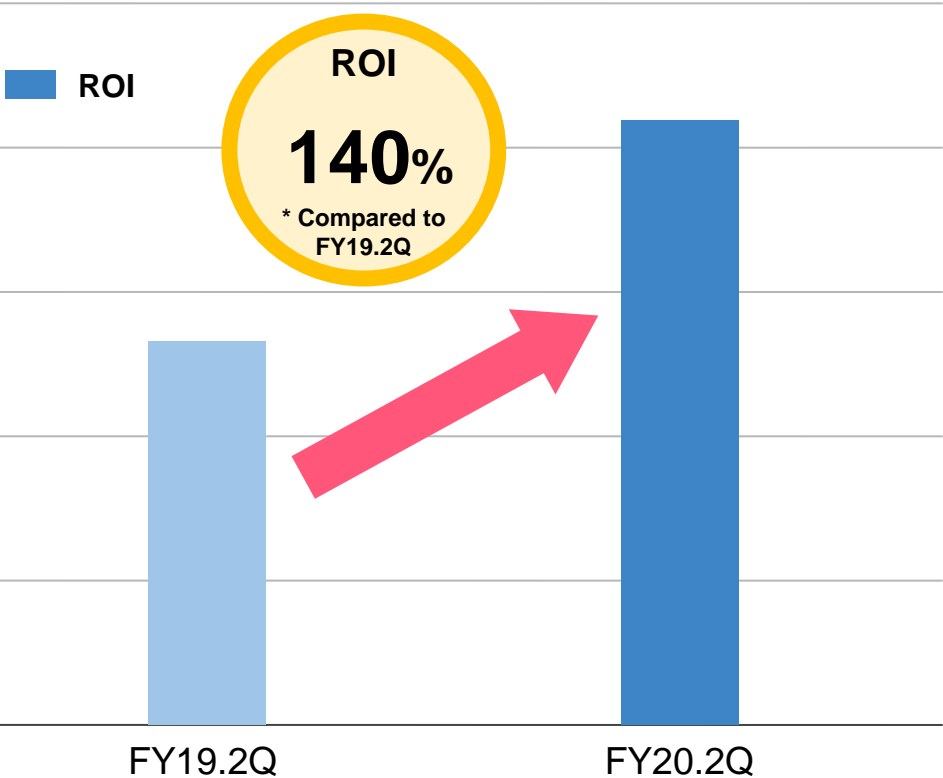
株式会社エアトリ
2020年6月XX日



Source: Government's website

Minimized impact of COVID-19 through advertising in light of market conditions

~ ROI was 140% compared with FY19.2Q due to increased advertising efficiency amid upheaval caused by COVID-19 ~



Thoroughly reviewed keywords and intensity for ad placement

Conducted thoroughgoing review of ad placement based on large volumes of data including searches and CVR and fine tuned ad placement on a daily basis

Optimized pricing in view of marketing conditions

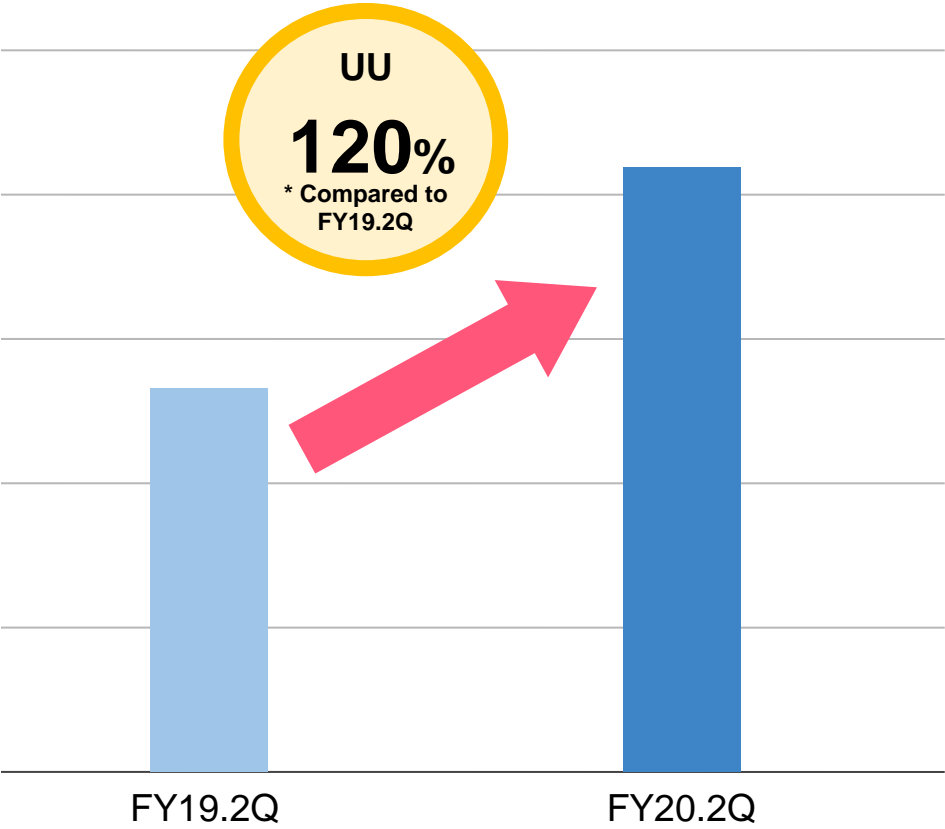
Carefully examined appropriate pricing based on daily user trends and optimized pricing according to conditions

Carefully examined scope for cost reductions and reduced some fixed expenses

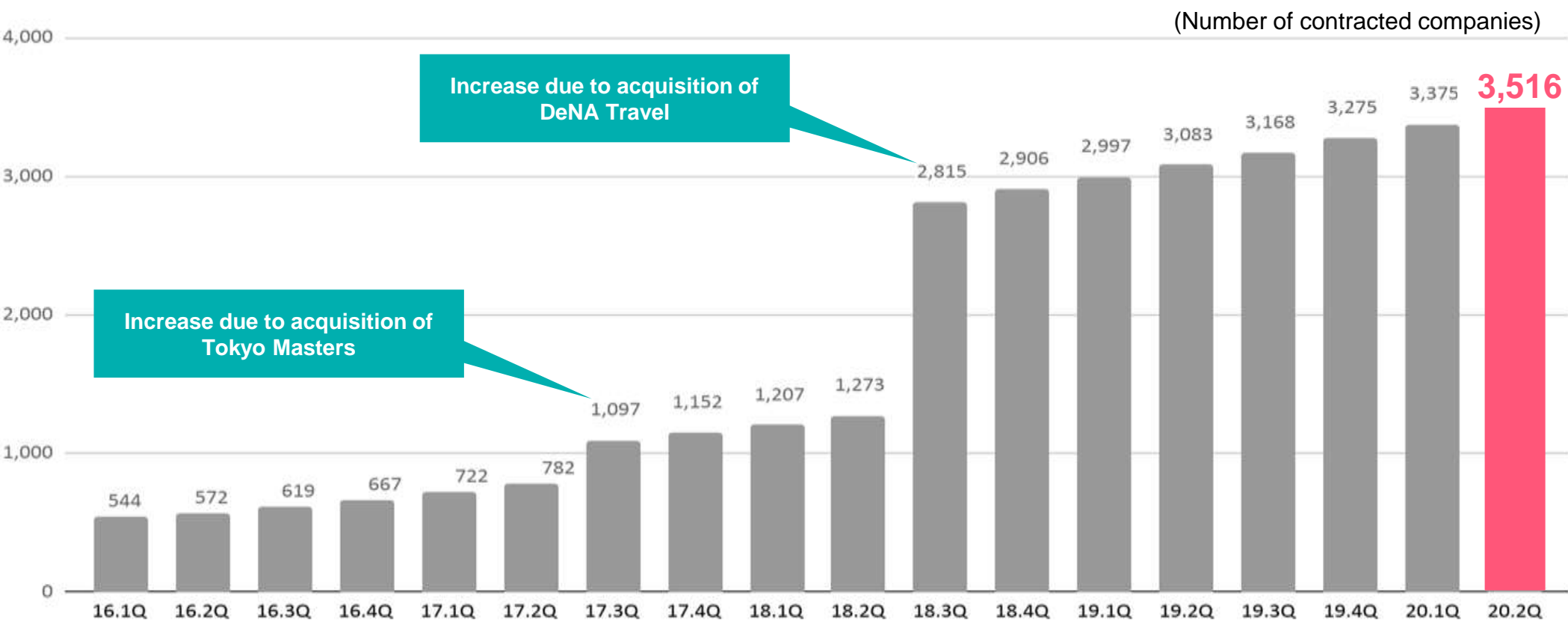
Carefully examined scope for cost reductions through business inventory and reduced some fixed expenses which made no business sense

Stepped up attraction of customers through new spring campaign linked with TV commercials

~ Number of unique users grew, reaching **120%** compared with FY19.2Q ~



Number of contracted companies topped 3,500, reflecting steady growth in BTM clients



Number of new orders for development projects increased steadily

Number of new orders

11

デジタル職人
アナログなキモチでデジタルなシゴトを。

 saintarrow5

and 9 other companies

EASBC* ran campaign encouraging businesses not to be beaten by COVID-19 and offering discounts on contracts signed within the campaign period

~ Ran exceptional campaign offering 10% off throughout the year on contracts signed within the campaign period ~



* EVOLABLE ASIA SOLUTION & BUSINESS CONSULTANCY COMPANY LIMITED

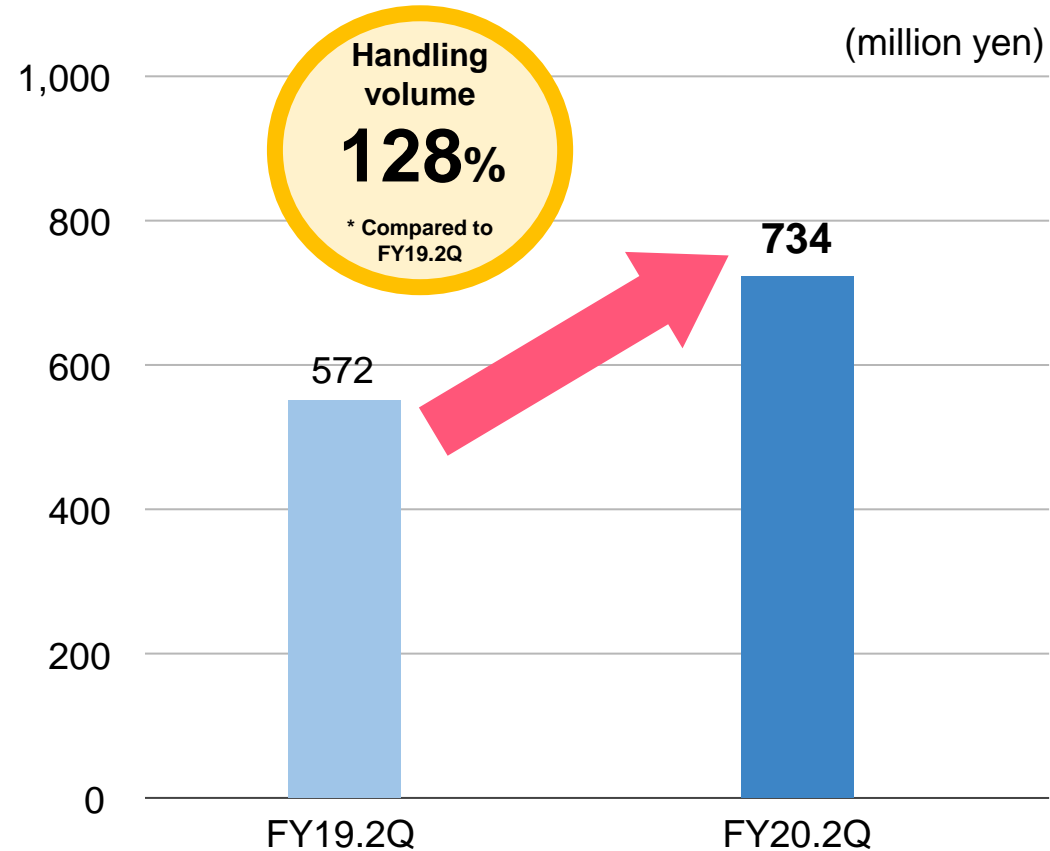
Strengthening of investment development: 62 companies; total investment amount: 2.1 billion yen

* As of May 2020



Leveraged stable operating base to increase net sales and advance into new domains

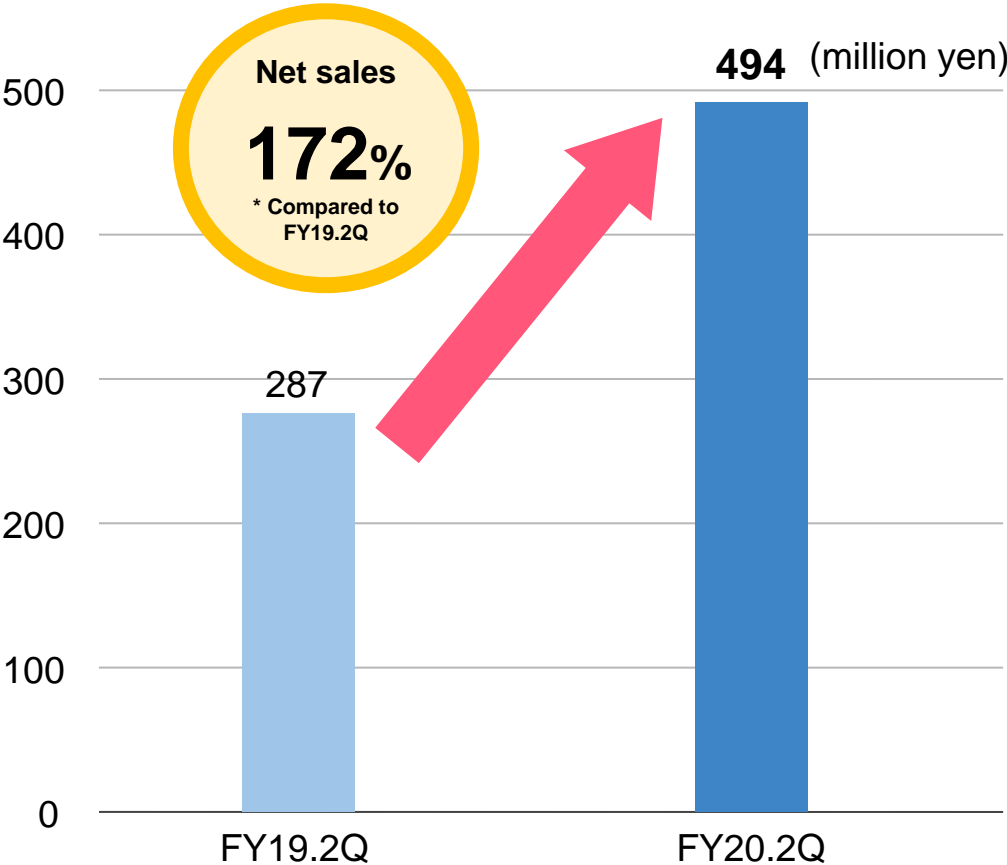
~Handling volume was 128% compared to FY19.2Q~



- Welcomed leading WiFi rental company Global Mobile, Inc. to the Group**
Acquired leading Japanese WiFi rental company Global Mobile, Inc. in April and further strengthened earnings base
- Entered chat-based concierge business**
Entered concierge business through acquisition of “Tabiko” business from FAST JAPAN, Inc.
- Significantly expanded camping car business**
Achieved gains in net sales and income on the back of firm camping car demand

No. 1 in Japanese offshore development in Southeast Asia through hybrid development

~Net sales were 172% compared to FY19.2Q~



Substantial growth in net sales and number of new orders received

Provision of a hybrid development service pursuing both high quality and cost performance contributed to growth in net sales and the number of new orders received.

Voted highest ranking Japanese company in Vietnam Best IT Company for second consecutive year

Recognized by Vietnamese engineers both inside and outside of the Company as excellent company in terms of salary, training, management, corporate culture and office environment

Established business base by combining tea manufacturing expertise with AirTrip assets

~ Further strengthened life innovation business ~



Achieved cost reductions by strengthening operating base

Achieved higher income through realization of organizational reform and drastic cost reductions

Prepared for growth through operation of EC sites and overseas expansion, etc.

Improved profitability through expansion of e-commerce with individual consumers and expansion of sales channels focusing on Asia

Prepared for development of new businesses

Strengthened business base through the development of new businesses combining Hikawa processing technology with AirTrip knowhow

Pursued expansion in business base by strengthening collaboration with **AirTrip** corporate business



Expanded business with AirTrip corporate customers

Expanded customer base and improved profit margins by capturing customers in Kanto region

Started sales of vintage brand items

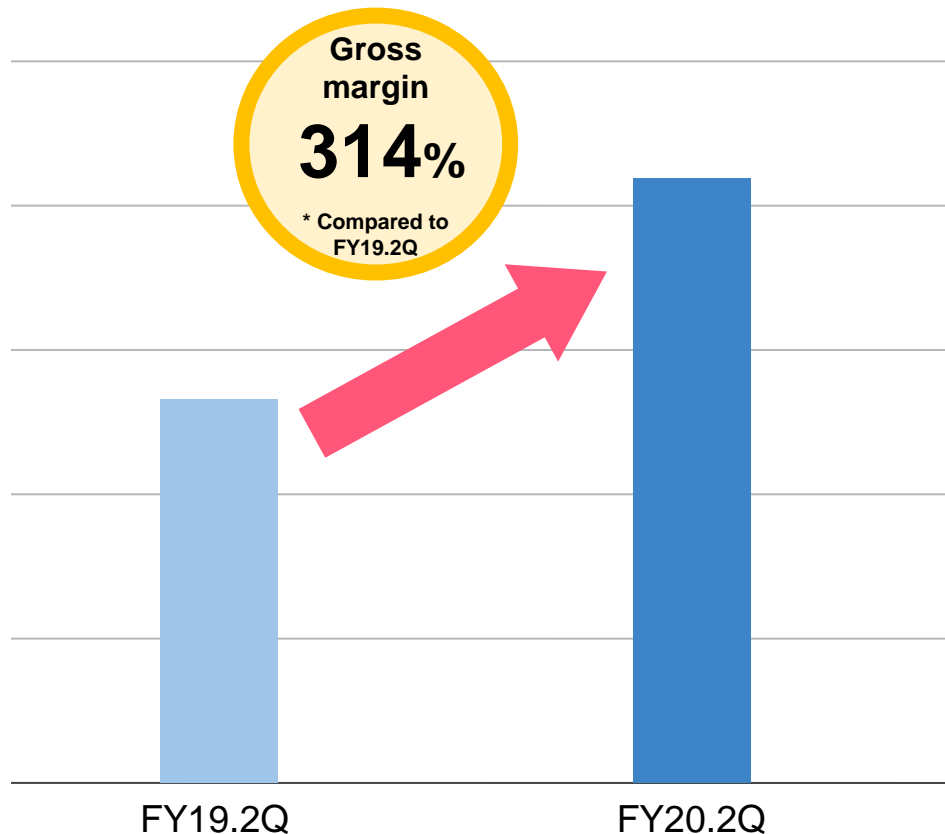
Started handling vintage brand items at two stores aimed at increasing earnings generated from existing customers and capturing new customers

Tightened cost control

Tightened cost control, including reviewing opening hours according to store profitability

Gross profit increased sharply due to increase in number of properties managed and strengthening of operating structure

~ Gross profit reached **314%** compared with FY19.2Q ~



Gross profit increased sharply due to steady increase in number of properties managed

Net sales increased steadily, reflecting the large number of properties managed, especially for large corporations. Gross profit also rose sharply alongside sales growth.

Achieved efficient operating structure through tighter operations

Leverage knowledge within company to establish own revenue management technique. Strengthened operating structure and achieved operations with higher productivity.

AirTrip

- 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.
- The assertions related to forward-looking statements made in these materials are based on the best information currently available to the Company and will not update or revise any forward-looking statements to reflect future events or conditions.