ADVENTURE

# INTEGRATED REPORT 2023

**Adventure, Inc. | INTEGRATED REPORT 2023**

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https://adventurekk.com/

skyticket by ADVENTURE

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# Guide to ADVENTURE report

## Editorial Policy

In editing this report, our goal has been to create a communication tool that will help all stakeholders to gain a deeper understanding of ADVENTURE's initiatives to transform its business to address changes in global market in the pursuit of long-term value creation with reference to the International Integrated Report Council (IIRC) International Integrate Reporting Framework. Looking ahead, we will continue striving to enhance our disclosures and increase transparency in order to conduct constructive dialogue with our stakeholders.

## Reporting period

The primary focus is on targets for fiscal 2023 (July 1, 2022 - June 30, 2023), but earlier and later activities are also discussed. See our website for details:
https://adventurekk.com/

## Important Notes on Business Forecasts

The materials and information provided herein contain "forward-looking statements". These statements are based on current forecasts, predicted assumptions and possible risks.
All forecasted information and predicted assumptions are subject to changes and are not guaranteed in any circumstances.
These risks and uncertainties include general domestic and international economic conditions
such as general industry and market environments, interest rates and currency exchange fluctuations. All information and "forward-looking statements" provided herein are subject to changes.
We have no obligations and shall not be held obligated in any circumstances to update any
changes to the contents herein.




# Overview

***Be a Global OTA***

# Overview

To meet demand for affordable travel, we established **skyticket**, a website that allows users to compare and book air tickets, including flights on LCCs.



skyticket subsequently evolved into a platform for comprehensive travel reservations handling a wide range of travel products to enhance the travel experience such as hotels and car rentals.

Going forward, we aim to become a global OTA, to spread the joy of travel to people all around the world.






**Point 1** **No.1** in domestic airline ticket transaction volume among domestic OTAs in Japan *According to our research



**Point 2** **20 million downloads** of smartphone apps **No. 1** in the travel category

**Point 3** Available in **42** languages (domestic airline tickets) App in **42 languages**, Web in **16 languages** **5 languages** over the phone

**Point 4** **Focusing on low-priced services** Targeting the budget-minded users



## FY2023 Consolidated Result

| Transaction Volume | Market Capitalization | Equity Ratio |
|---|---|---|
| 80Billion Yen | 74Billion Yen | 48% |

| Revenue | Operating Gross Profit | Operating Profit |
|---|---|---|
| 20Billion Yen | 14.7Billion Yen | 2.9Billion Yen |

*As of June 30th, 2023

## Group Information

### ▼ Domestic Subsidiary

**TET**
Acquired in 2018/6 | 100%
JAL Ticketing Authorized Agent

**RADO**
Acquired in 2019/1 | 100%
Strengthening Domestic Tour Business

**Vacations**
Established in 2022/3 | 100%
Vacation Rental Business
Operating Kyomachiya called "Tsumugi"

**Tabikobo Co., Ltd.**
2023/10
Strengthen overseas business

**AYABEX Inc.**
2023/10
Strengthen inbound business

ADVENTURE

### ▼ Overseas Subsidiary

**Adventure Korea, inc.**
Established in 2022/7
At popular departure and arrival destinations Revitalization of user transportation

**Adventure Dhaka Limited**
Established in 2022/12
Develop project As an offshore development base

**Adventure India Journey Private Limited**
Established in 2022/12
Develop Higher Process

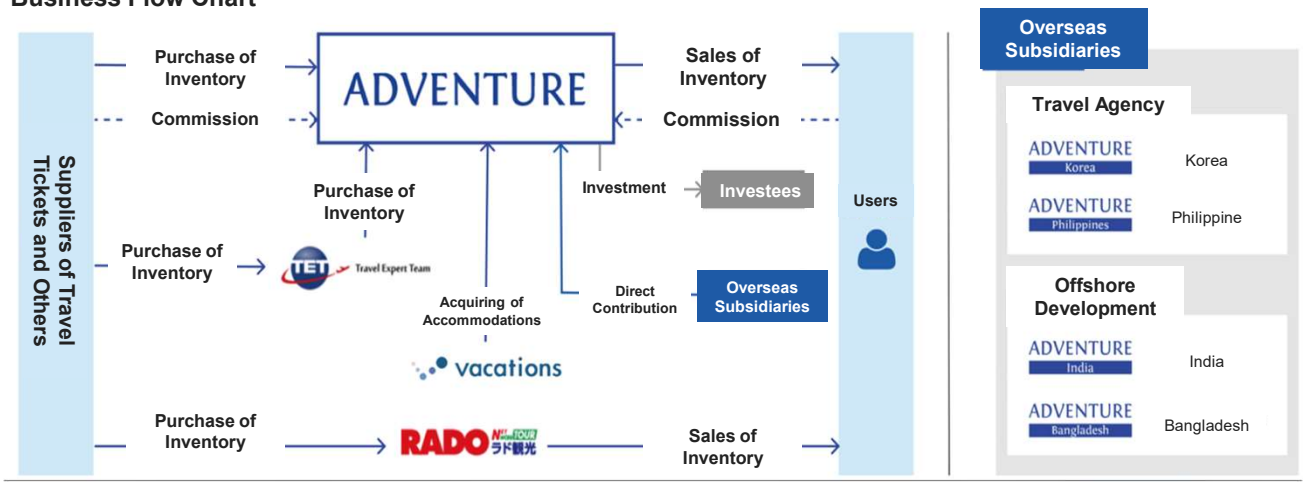
**Adventure Global OTA Philippines**
Established in 2022/12
Expanding Travel Areas in Southeast Asia

# Overview



The Group consists of eight companies, including the Company and seven consolidated subsidiaries, and is engaged in the consumer business, which sells products and provides services to individuals and companies, and the investment business, which invests in promising businesses and companies with the potential for capital returns.
The Group is engaged in the consumer business, which sells products and provides services to individuals and companies, and the investment business, which invests in businesses and companies that have potential and can be expected to generate capital returns.

### Business Flow Chart







## Our Service

### Domestic Flight

No. 1 in domestic OTA transaction volume
Revenues mainly come from the fees from users and commissions from airlines

| FY23/06 | |
|---|---|
| Take Rate | 20.2% |
| Composition of Sales | 62% |
| CAGR 2021-2023 | 51% |

### International Flight

Supports 18 languages globally and has 5 NDC-connected companies with a proven track record. Revenues mainly come from fees from users

| FY23/06 | |
|---|---|
| Take Rate | 7.2% |
| Composition of Sales | 3% |
| CAGR 2021-2023 | 124% |

### Tour

Sells airline tickets and lodging products as a set. The main source of revenue is commissions from users. (For subscription-type planned tours, transaction volume = revenue due to gross recording.

| FY23/06 | |
|---|---|
| Take Rate | 10% |
| Composition of Sales | 24% |
| CAGR 2021-2023 | 54% |

### Car Rental

Sales achievements have grown mainly in the leisure area. Maintains the top transaction volume among new services. Revenues mainly come from contingency fee-type sales commissions from business operators

| FY23/06 | |
|---|---|
| Take Rate | 11.3% |
| Composition of Sales | 4% |
| CAGR 2021-2023 | 128% |

### Highway Bus

Performance is good, mainly the performance of major bus companies.
Revenues mainly come from contingency fee-type tiered commissions from business operators

| FY23/06 | |
|---|---|
| Take Rate | 14.1% |
| Composition of Sales | 3% |
| CAGR 2021-2023 | 353% |

### Hotel

8,391 directly contracted lodging facilities in Japan.
Improved take rate due to the switch-over from the B to B sales model to directly contracted inventory sales. Revenues mainly come from contingency fee-type commissions from business operators

| FY23/06 | |
|---|---|
| Take Rate | 10% |
| Composition of Sales | 2% |
| CAGR 2021-2023 | 146% |

# Becoming a Global Online Travel Agent



## Mission

Balancing Social Contribution and Business

## Vision

Fulfilling the Desires of People Around the World

## Value

Integrity Visionary Flexibility

ADVENTURE

**2006.12**
Establishment
of Company



**2014.12**
Listed on
the Tokyo Stock Exchange

skyticket by ADVENTURE

**2015.05**
Travel Booking Application
"skyticket" released



**2018**
Head office relocated to Yebisu
Garden Place Tower, Tokyo

TET Travel Expert Team

**2018.06**
Acquired
JAL Authorized Agent "TET"

RADO NET WORK TOUR ラド観光

**2019.01**
Acquired RADO

**2021.03**
Osaka office opened in Grand
Front Osaka Tower

**2021.12**
Raised 5.8 billion yen
through an overseas
public offering

vacations

**2022.03**
Vacations
established

ADVENTURE Korea

**2022.07**
Adventure Korea, inc.
established

ADVENTURE India

**2022.12**
Adventure India Journey
Private Limited
established

ADVENTURE Bangladesh

**2022.12**
Adventure Dhaka Limited
established

ADVENTURE Philippines

**2022.12**
Adventure
Global OTA Philippines
established

tabikobo

**2023.10**
Acquired
TABIKOBO Co.
Ltd.

AYABEX INC.

**2023.10**
Acquired
AYABEX INC.

# Message from CEO

## CEO Message

# Balancing social contribution and business

**Through work, we commit ourselves to helping people and creating a better society.**



## A word from The CEO - Shunichi Nakamura

“We would like to express our sincere gratitude to all of our customers, business partners, and shareholders for their continued support.
We will continue to grow our company with the help of all of our stakeholders and achieve our mission, Balancing Social Contribution and Business.”

Representative Director(CEO)

**Shunichi Nakamura**

**Brief Personal History**

Born in 1982

2004 : Founded Adventure, Inc. while a student at Keio University

2005 : Graduated from Keio University, Faculty of Business and Commerce

2014 : Listed on the Tokyo Stock Exchange Mothers

In the fiscal year ending June 2023, the company boasts a market capitalization of 74 billion yen and the No. 1 domestic airline ticket transaction volume, with consolidated transaction volume exceeding 80 billion yen.

*Our company research

# Message from CEO

## CEO Message



Representative Director(CEO)

## Shunichi Nakamura

### From our foundation to the present

When I founded the company as a student, online bookings had yet to gain traction in the Japanese travel market. We started out as a website for booking domestic flights with two airlines, generating revenue of several million yen a month as a start. We then expanded our product lineup to include other travel products such as international flight tickets, hotels, car rentals, tours and highway buses. With a website available in 18 languages, today, we have a monthly turnover of around 10 billion yen and have accumulated around 20 million app downloads. We have established subsidiaries in South Korea, India, Bangladesh and the Philippines and also hire an increasing number of employees overseas.

### Future outlook

We aim to increase the number of products and product categories we offer and the number of language and payment options. We also plan to expand our network, with emphasis on Asia. Our policy is to focus on Asian markets such as India and Bangladesh, where the travel market is expected to expand rapidly in the future, alongside population growth and income growth.

### Carving out a new era

Adventure has a great many young users and I believe this reflects the advanced initiatives we have actively implemented to date such as our upfront investment in social media ads and our app, and improvement of our UI/UX design.
We are committed to improving convenience still further through a continued focus on the development of new services and features. As a travel tech company, we intend to actively pursue investment in machine learning and AI and the personalization of content.

### Balancing social contribution and business

In line with our mission of balancing social contribution and business, we provide services that meet the needs of customers and society, aiming to make a contribution to society whilst at the same time achieving business expansion.
I believe the travel industry has an important role to play in areas such as international exchange and regional revitalization.

In my view, for Japan, which is confronted with a low birth rate and aging population, travel offers a means of strengthening Japan's presence in the international community by giving people all around the world the opportunity to experience Japan's traditions, culture, nature, cuisine and other tourism resources.

### Aiming to become a global OTA and then a global mega-venture company

Japanese travel companies command a very small share of the global travel market. Adventure was offering multilingual services prior to listing and is used by many foreign customers; even so, its share of the global market is still nowhere near 1%.
As Japan's leading OTA company, we will first create a worldwide network to encourage customers around the world to use our services and strive to become a global OTA.
Then, after becoming a global OTA, we will expand beyond the travel business into the lifestyle business and, as a global mega-venture company, we will make services available in as many countries and to as many people as possible, achieving our mission of balancing social contribution and business on a global scale.

# Message from Director

## Working to further strengthen our organizational framework as a global growth company - For faster and more accurate decision-making



Director

### Akira Nakashima

**Brief Personal History**

1973 Born
1996 Graduated from Western Illinois University, Bachelor of Business (B.B.)Finance
2013 Joined Adventure, Inc. after working for KLab Inc and others
2015 Appointed as Director of Adventure, Inc.

### Review of the fiscal year ending June 30, 2023

During the fiscal year ended June 30, 2023, we established overseas subsidiaries in four countries and were required to further develop the management environment for the future, including considering applying to change our listing segment to the TSE Prime Market.
Although the COVID-19 pandemic made us hesitant to establish overseas subsidiaries, we had already set the wheels in motion to both establish overseas subsidiaries and change our segment listing to the TSE Prime market and we, therefore, had sufficient time to prepare and, in my view, were able to focus on putting internal systems in place and strengthening the framework in a systematic manner.
We also managed to achieve business results as expected in relation to our forecasts. Both revenue and operating profit reached record highs for our current business portfolio.
Even under the dramatically changing conditions seen over the past five years with the COVID-19 pandemic, we have maintained a CAGR above 10% and a ROE of 16% when the average ROE for Japanese companies is around 9%.
We will continue working to further enhance our corporate value going forward.

### Aiming to develop a globally acceptable governance framework

With the establishment of overseas subsidiaries, we need to stay up to date with local labor standards and laws, accounting policies and various other information and to liaise closely with local staff. While continuing to consider the establishment of overseas subsidiaries, we need to communicate in English to do this and will, therefore, work to further strengthen the framework, including hiring more bilingual staff, managing business processes to eliminate "black boxes," and increasing personnel in the internal audit department and administrative divisions on the Japan headquarters side.

### Achieving business growth quickly and reliably

To achieve the goals set out in our growth strategies, we will quickly and reliably implement a range of measures, including strengthening internal systems, identifying risks, meeting accounting, legal and financial requirements, allocating personnel and raising funds.
While our company want to achieve business expansion by actively taking risks, I believe we have built a framework which allows us to reliably hedge risks and developed a structure that enables speedy decision-making, with the Board of Directors holding ad hoc meetings including Outside Directors whenever there is an important decision to be made.
Furthermore, to reduce over-dependence on specific individuals, we have appointed representatives at our overseas subsidiaries and granted them authority in areas such as hiring, cash flow management, staffing, and determining priorities.
These are all individuals who put all their effort into achieving goals once they are set, just as we quickly achieved the goal of listing set by CEO Nakamura in the early days of our establishment.
Going forward, we will strengthen the support framework and continue working to build a governance framework that will allow us to accelerate business growth without any slackening in pace.

# Message from Management

## Message from Consumer Affairs Division/General Manager

# Steadily accomplishing strategies despite the dramatically changing environment

- Flexible adaptation to any environmental changes and adherence to growth strategies are key



Consumer Affairs
Division/General Manager
**Yuta Tago**

**Brief Personal History**

2007 Joined a travel agency
2010 Joined Adventure, Inc.
2018 Appointed as General Manager of Travel Division
2020 Appointed as General Manager, Consumer Affairs Department

### A dramatically changing environment and the adaptability this requires

Back when I joined ADVENTURE, there was only a handful of companies selling air tickets online in Japan. Since air tickets were not sold as standalone products at brick-and-mortar travel agents in the outset, we were told back then there was no way we would earn a commission selling air tickets to users.
However, even when the travel market was brought to its knees after the earthquake in 2011, our sales grew rapidly as a result of continuous investment in development. Having begun handling LCCs around 2013, we were one of the first in the OTA industry to switch to direct connect using an API, resulting in a noticeable increase in sales.

### Turning point

I believe that the COVID-19 pandemic was a turning point for us. Just when we were experiencing a sense of crisis in face of a slowdown in domestic air ticket sales from 2018, we suddenly found ourselves in the middle of the COVID-19 pandemic. With domestic travel demand also 10% of the level a year earlier, overseas travel demand virtually dried up, causing a reset of Japan's travel market. Even under such circumstances, there was still domestic travel (air tickets), which is also our biggest strength, and so demand for our services recovered the quickest compared with the rest of the market and we were able to generate a profit and keep people in jobs. We also made a quick recovery and I feel our strategy of prioritizing the development of NDC connections ahead of our competitors also changed things in our favor and gave us the opportunity to change the competitive landscape.

### The route to further business expansion

To differentiate ourselves from our competitors, we intend to daringly take on the business challenges that our competitors shy away in terms of maintenance and updates for the development of direct connections using APIs and NDCs.

We would also like to pursue direct connect for car rental and other services as well as development to accelerate DX, for example, self check-in.
I believe that if we can offer more features for improving and realizing convenience, thereby making customers feel they can do everything on the skyticket app rather than booking directly on official websites, then we will naturally be able to gain more customers.

### Aiming to become a Global OTA

I believe we will cannot be a global contender unless we jettison the defensive Japanese approach and adopt a "have-a-go" attitude. In my view, we will face business collapse and end up losing our position in the industry unless we go on the offensive.
Recently, with the ratio of foreign nationals working in the company increasing, leading to more interaction with overseas bases, I feel that our way of thinking is gradually starting to change.
I believe that studying the many aptitudes of overseas employees such as their flexibility and creativity and incorporating each other's good qualities will not only help us differentiate ourselves from our competitors but will also bring about a change in employee thinking and awareness.
Meanwhile on the development front, I see the acceleration of development as an issue that needs to be addressed. To this end, it is important not only to increase the number of engineers but also to secure directors and project managers who have the understanding to implement a PDCA cycle and summarize requirements and who are capable of making judgments from a wider perspective. On this basis, we also intend to put effort into developing stronger human resources.

# Message from Management

## Message from Managing Director of Adventure Dhaka Limited

# Efforts to differentiate ourselves from our competition will drive further business growth

- Entering the promising Bangladesh market



Managing Director of Adventure Dhaka Limited

## Shigeyuki Hamamoto

**Brief Personal History**

2006 Started his career as a software engineer
2007 Joined a system company
2011 Took a leave of absence to study abroad in the U.S.
2013 Joined a system company
2021 Joined Salesforce Japan Co.,Ltd.
2022 Joined Adventure Dhaka Limited as a Managing Director and Global Development Strategy Office of Adventure, Inc. as Senior Manager

### Entering Bangladesh Market

I have experience of setting up a company in Bangladesh so when ADVENTURE was about to embark on overseas expansion, I thought I would like to have another go at global expansion from scratch in a broader sense, and have now been appointed as representative of Adventure Dhaka Limited.
Bangladesh produces many highly skilled engineers, partly because it has adopted Digital Bangladesh as a national policy. In Bangladesh, it is possible to hire highly skilled engineers on relatively low wages -lower than in Vietnam or India, which, like Bangladesh, are also rapidly growing. The travel market is not very big yet; however, the economy is developing rapidly, leading to an increase in middle income earners as well as growth in travel demand. Furthermore, Bangladesh has the eighth-largest population in the world, larger than that of Japan and we are, therefore, looking forward to being able to expand business in a market with future growth potential.

### Differentiating ourselves by developing a robust system

Broadly speaking, our system development team is engaged in the following four types of development: (i) NDC connections with airlines, (ii) introduction and development of global payment methods, (iii) links with hotels and other wholesalers, and (iv) website improvements such as SEO-related improvements and A/B testing.

We have a stable system, and highly motivated engineers assigned to each service are responsible for day-to-day system operation and repairs. I believe this is why we are now in a position to launch new services such as overseas tours and overseas study.

### What is needed to drive further business growth

I believe that providing a user friendly system by adopting AI and other new technologies ahead of our competitors will help us differentiate ourselves from them.
In my view, if we can make our services attractive to users, then we will also be able to achieve our goal of gaining market share in Asia and can contribute to the growth of ADVENTURE as whole in the future.
Any minor development projects such as improvements to existing services or AI features which, if introduced, will make the system more user friendly, will be introduced not in a matter of years but in a much shorter time frame. At the same time, we will also push ahead with major development projects such as new services, new features and major updates, and aim to release them not in a matter of years but in a far shorter time frame. We see technological strength and speed as the growth drivers that will differentiate us from our competitors and believe we need to be a company that can always offer the very latest, most advanced services and technology.

# Message from Management

## Message from Managing Director of Adventure India Journey Private Limited

# Aiming to contribute to India and the world through ADVENTURE

- Our business in India helps improve the standard of living for India's children



Managing Director of Adventure India Journey Private Limited

## Erika Yokota

**Brief Personal History**

2005 Joined a start-up company
2010 Joined a system-related company
2016 Joined Adventure, Inc.
2022 Temporarily resigned due to family reasons
2023 Returned to Adventure, Inc.
(present) Managing Director of Adventure India Journey Private Limited and Senior Manager of Global Design Office

### Aiming to balance social contribution and business in India

I went to India for family reasons in 2022, leaving ADVENTURE for a time; however, I then returned to work as Representative of ADVENTURE's Indian subsidiary in 2023. Day-to-day life in India, seeing children going hungry in slums, for instance, had made me wonder whether there was something I could do for society. Being in in India, I started to feel that ADVENTURE's mission of balancing social contribution and business was my own personal challenge and wondered whether my involvement in the establishment of an Indian subsidiary that hired locals and generated profit might contribute to Indian society.
With this in mind, I decided to return to work as President and Representative Director of Adventure India Journey Private Limited.

### Role as an offshore development base

The Indian market is a market where we can get highly skilled engineer who will play a central role in our future global development. India has an abundance of young talent with good English skills. The IIT(Indian Institutes of Technology) is one good example. We expect to be able to ensure steady employment and see India as a market with huge future growth potential both in terms of the IT environment and the travel market.

Currently, we are in charge of upstream processes spanning the definition of requirements and design of new projects related to future offshore development. I am committed to securing highly skilled engineers who will play a central role in development for future globalization, to raising the level of the ADVENTURE Group's development capabilities, and to leading development as a whole.

### Maximizing the capital right in front of me to find solutions

India has an array of specialists in every field and I want us to combine all these skills and work as a team to generate maximum impact and produce results. In India, there is a mindset called Jugaad, which denotes a way of solving problems with limited resources through ingenuity and improvisation. Hardship has made nimbleness a deeply rooted part of Indian culture and this nimbleness creates new value and flexibly generates ideas.
I believe that, in order to remain at the forefront in the future, ADVENTURE must develop organizations that take such diverse perspectives onboard.
We have formulated a long-term vision and we intend to achieve further growth as a global OTA by implementing strategies based on this vision.





# Future Strategy

# *Balancing Social Contribution and Business*

# ADVENTURE

## Social Issue

・Boost tourism industry

・Decline in real GDP growth rate(Japan's growth rate is 1.1% compared to global growth rate of 3.4%)

・Declining birthrate and aging population

・Lack of employment opportunities in developing countries

・Structural challenges related to inbound tourism

・Provision of educational opportunities to children in need

・Drop in Japan's international tourism revenue ranking from 15th to 29th

・Improvement of tourism industry's profitability through promotion of DX

・AI adoption

・Promotion of the use of public transport as attractive alternative in face of urban traffic problems

## Input

### Financial Capital

・Equity ratio attributable to owners of parent48%
・Liquidity 14 billion yen
・Maintaining a high level of financial soundness

### Intellectual Capital

・Technological infrastructure in Japan and overseas, global development capabilities
・Business knowhow, mainly with emphasis on aviation industry, built up as OTA
・Original continuous marketing strategy

### Human Capital

・Appropriate allocation of human resources with experience in the industry
・Active recruitment of human resources with overseas experience
・Training and in-house education

### Social and relationship Capital

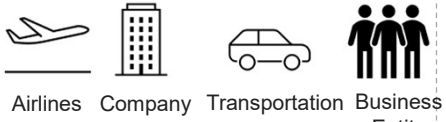
・Over 10,000 corporate clients
・65 locally hired in Bangladesh and India
・Myanmar Family Clinic & Garden

## Business Model

**Mission**
Balancing Social Contribution and Business




×




**Variety of Partners**

**Governance**

## Output

skyticket by ADVENTURE

Consumer Business Transaction Volume
**808** billion yen

skyticket App
**20** million downloads

**18** travel-related services

**2** offshore development bases

**18** languages supported

## Outcome

### Creation of social value

・Provision of employment opportunities to diverse human resources around the world and provision of opportunities to create new value
・Platform that makes global travel more accessible
・Revitalization of local communities

### Enhancement of corporate value

・Provision of discretionary power and opportunities to human resources who will create diverse value
・Encouragement of innovation using IT
・Creation of sustainable supplier relationships
・Sustainable growth through medium-and-long-term strategic investment

# Creating Sustainable Global ADVENTURE

Within the tourism economic cycle indicated by tourism GDP, we will contribute to sustainable tourism through a positive cycle of production ripple effects, more specifically, by further strengthening added value in the production of tourism services, we will increase employee compensation distributed to employees and also encourage investment in DX, etc. in the tourism industry.

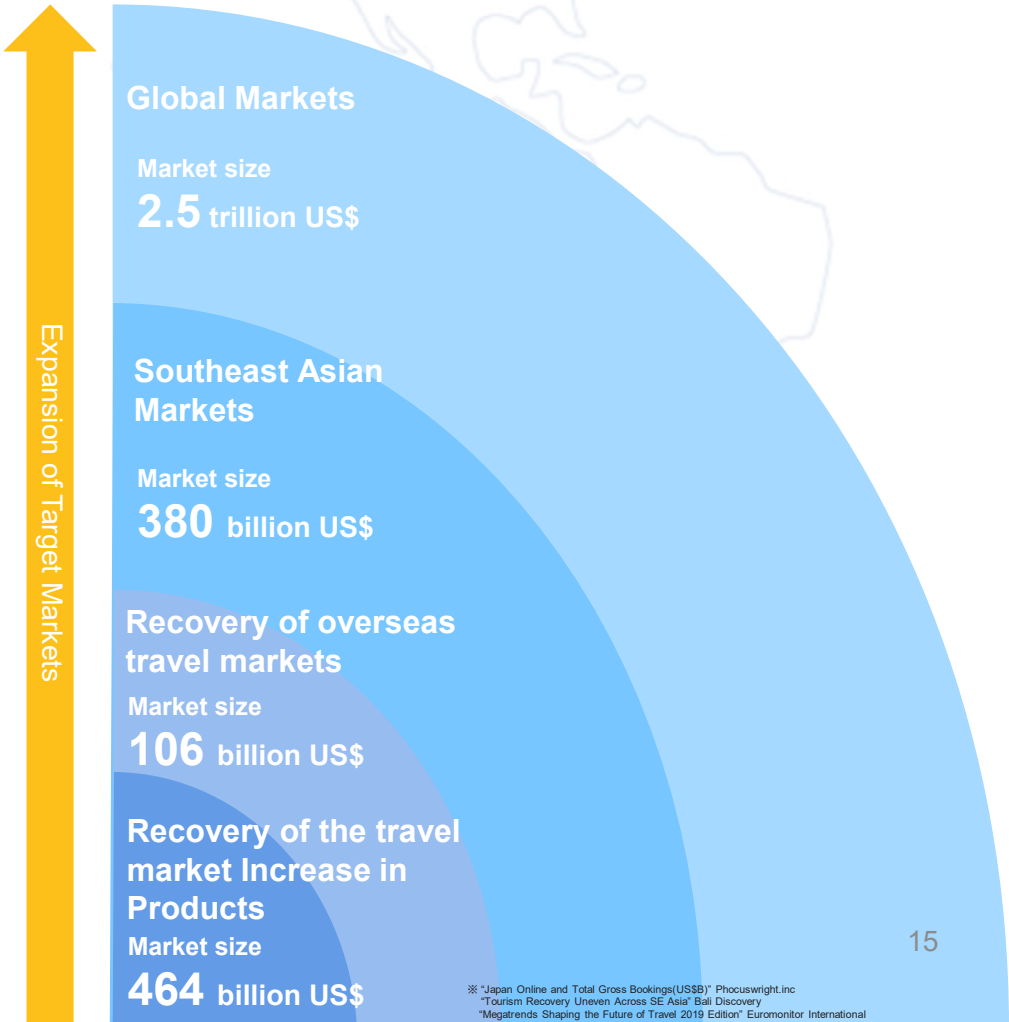
**Promotion of new business development**
**Average number of months from proposal to release: 8 months**

**Implementation of medium-to-long-term strategic investment to expand business domains**

**Consumer business**
**3-yer CAGR: 10% or higher**

**Number of corporate clients: Over 10,000**
**Annual consolidated handling volume: Over 80 billion yen**




※ "Japan Online and Total Gross Bookings(US$B)" Phocuswright.inc
"Tourism Recovery Uneven Across SE Asia" Bali Discovery
"Megatrends Shaping the Future of Travel 2019 Edition" Euromonitor International

# ADVENTURE's Future Strategy

We aim to establish a competitive advantage globally in our main online travel agency (OTA) business. Going forward, we will enhance our service lineup and improve our systems and step up initiatives with a mind to increasing customer convenience and improving business efficiency, with the aim of becoming a Global OTA that is trusted all around the world.

## Overseas Expansion

Expansion to Korea, India, Bangladesh, and the Philippines



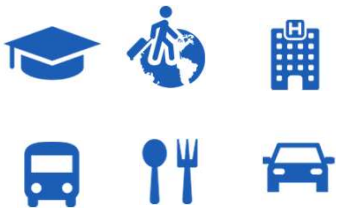
## Hiring global talent

67 new hires at overseas subsidiaries
Aiming to increase human resources overseas further in the future and to have 100 employees working at overseas subsidiaries in the next fiscal year



## New service released

For the fiscal year ending June 30, 2023, released overseas tours and study abroad services



## Improving the quantity and quality of information provided to customers

Utilizing new and existing user data assets to provide information matched to the specific needs of individual customers



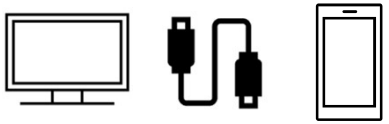
## Raise Awareness

Number of app downloads exceeded 20 million
Initiatives include effective advertising using various media, including social media, and effective utilization of web marketing technologies

skyticket

## Increasing customer

Established Global Development Office and Global Design office to enhance systems including UI/UX, search features and booking features, with the aim of increasing our share of users worldwide



# ADVENTURE's Future Strategy

## Becoming a Global Online Travel Agent

Stability

Growth Potential

High

Priority

**Flight**

### Global expansion based on successes in Japan

| Enhancing direct contracts with hotels | Overseas business expansion including overseas tours | Strengthening system connections Introduction of AI | Expansion of the service area |
|---|---|---|---|
| **Rent-a-car Highway Bus** | **Hotel** | | **New Service** |
| Rapid share growth since release 2017 | Direct contract inventory sales ratio Improved and increased profitability | | Actively release by maximizing the strengths of existing businesses and synergy |

Maximizing profits generated by skyticket

### Our Purpose

We aim to be a global OTA to achieve "what people want to do" all around the world.





# Strengthening the Organization

# The concept of human capital

We have been putting effort into diversity and inclusion as well as the development of diverse human resources, in order to become a world-class company. Based on the following three pillars for human capital measures, we will actively make investments and focus on building organizations in which each individual shares the management's perspective, takes ownership at work and innovates around the world, in order to realize further growth in the future.

## Promotion of Human Resources Initiatives

### 【Recruitment of diverse human resources】

- Active recruitment of human resources overseas in addition to recruitment in Japan
- Development of a welcoming work environment in which nationality and religion are irrelevant

### 【Promotion of Group Code of Conduct】

- Reformulation of Code of Conduct in FY2023 "Integrity, Visionary, Flexibility" Holding of regular company-wide award ceremonies
- 3 employees won value-related awards in the fiscal year ended June 30, 2023

### 【World-class human resource development】

- Provision of English learning support and opportunities to use English to increase the medium-term productivity of organizations
- Creation of human resources that share the management perspective through the implementation of company-wide education and new business proposal sessions delivered by senior management
- Increased interaction among Group companies including overseas subsidiaries to encourage the human resources of organizations to broaden their experience

## Value Creation

**Creating Innovation in ADVENTURE**

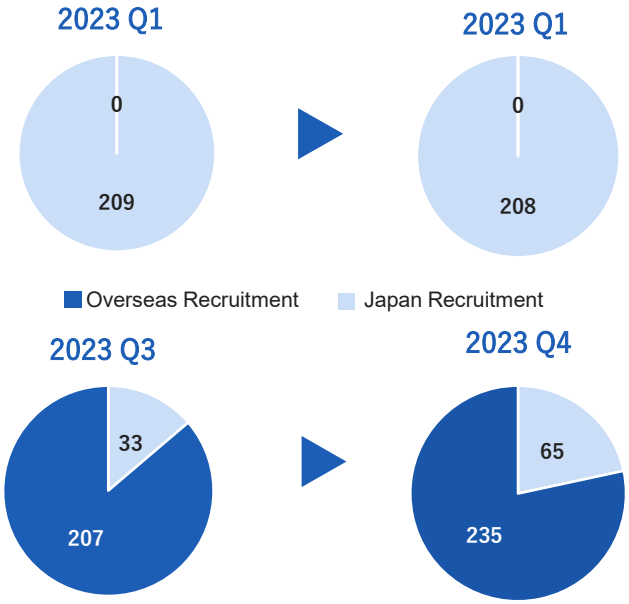
**Execution of Global Domain Entry Strategy**

**New service creation**

**PDCA based on service growth strategy**

# Promote organizational changes, personnel shifts, and the right people in the right places based on expansion strategies

## Increase in the ratio of overseas hires by 22% from the beginning to the end of the fiscal year ending June 30, 2023




## Shift from job-type-based department arrangement, which is a conventional style, to a service-based organizational structure

Clearer division of roles between Japan and overseas, more integrated roles, stronger cooperation between companies, and more efficient implementation of PDCA

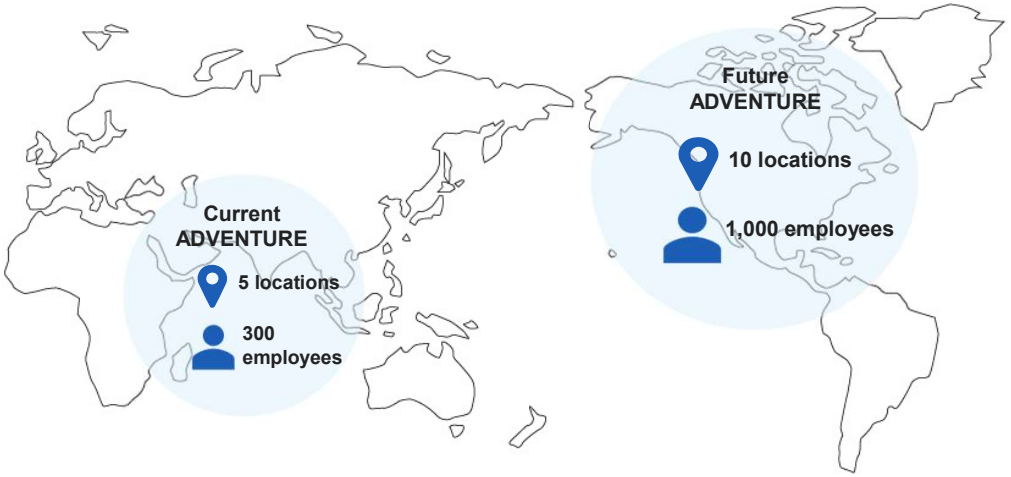



**360-degree evaluation Implementation**

To develop human resources with a management perspective, the management team itself conducts regular in-house training that is not limited to specific markets or services but aims to optimize the entire company.

## Become a global OTA

Leveraging the successful market expansion experience accumulated over the past 17 years as ADVENTURE, we will expand into the global market. As a first step, we will aggressively invest and expand in the Asian market, We will expand into the global market and realize a global OTA.




## FY2023 Adventure Award



2023 Award Integrity Award Recipients



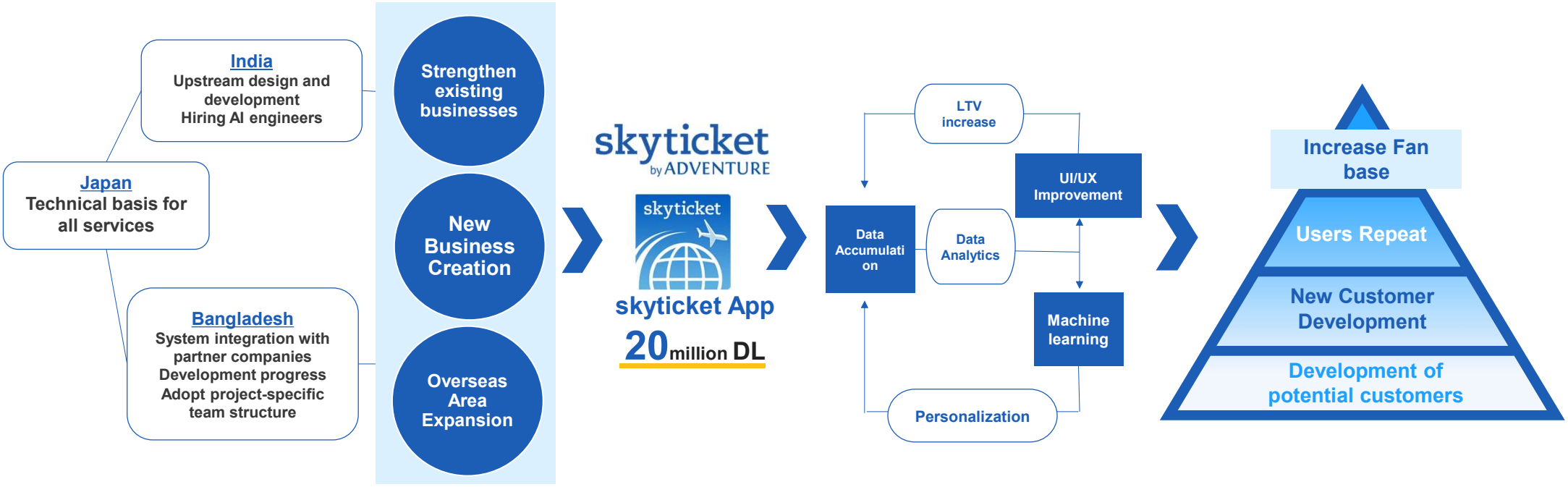
## Visit to Overseas Subsidiaries



# Maximizing the knowhow, knowledge and customer data we have accumulated over 15 years to propel us into the global market and drive business growth



In our business, we actively make API connections and NDC connections which establish direct connections between our systems and clients and strive to increase app users through aggressive investment in advertising, UI/UX improvement , expansion of global payment options and other efforts to improve usability. By realizing machine learning and personalization through the adoption of AI in the future, we will achieve continuous expansion in the scale of our net sales through expansion of our fan base and improvement of LTV and we will work to develop products that will drive business growth going forward.




**Airlines with Direct Connection via NDC**
**5 Airlines**

HAWAIIAN AIRLINES
American Airlines
SINGAPORE AIRLINES
Lufthansa
UNITED

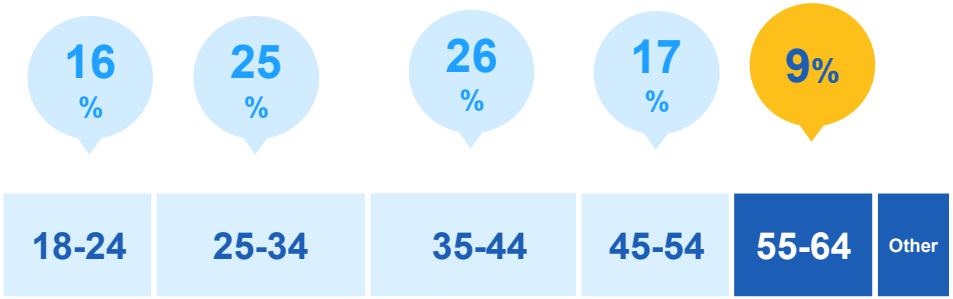
**API-connected LCCs**
**11 Airlines**

ZIPAIR
BAMBOO AIRWAYS
Jetstar
t'way
HKexpress
tigerair
cebu pacific
vietjetAIR.com
JEJUair
AirAsia

# skyticket by ADVENTURE User Demographics

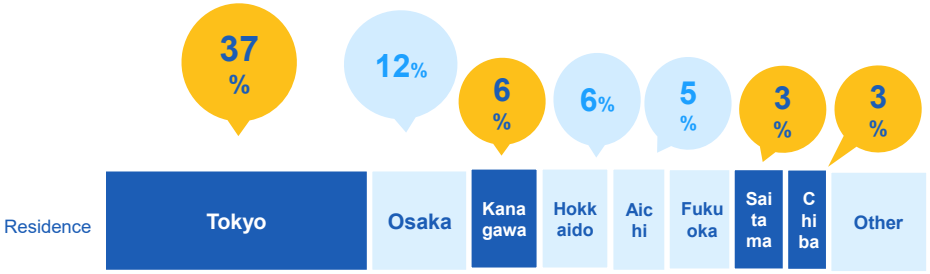


## Percentage of users by age group



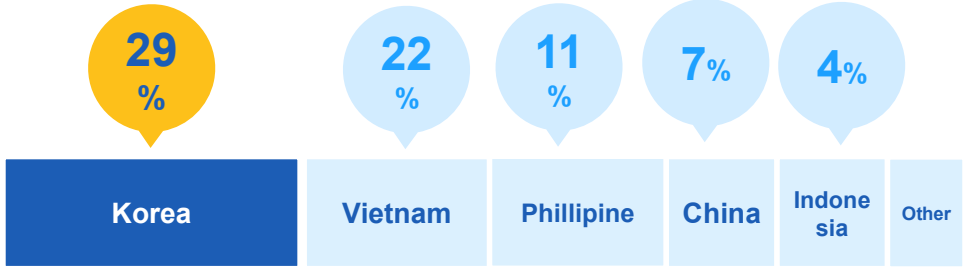

✔ Yearly increase in the number of users over 55 years old, who are considered to be the most frequent users of TTA

## User residence ratio



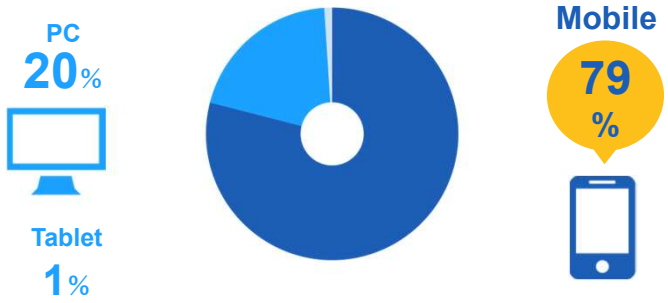

✔ 49% of total access from Kanto region

## Popular departure and arrival destinations for international airline ticket users




✔ South Korea accounts for 29% of the total

## User device ratio




✔ 79% of all visitors viewed our website on smartphones

# Achieving business growth through capital allocation that balances maintenance of financial soundness and improvement of capital efficiency

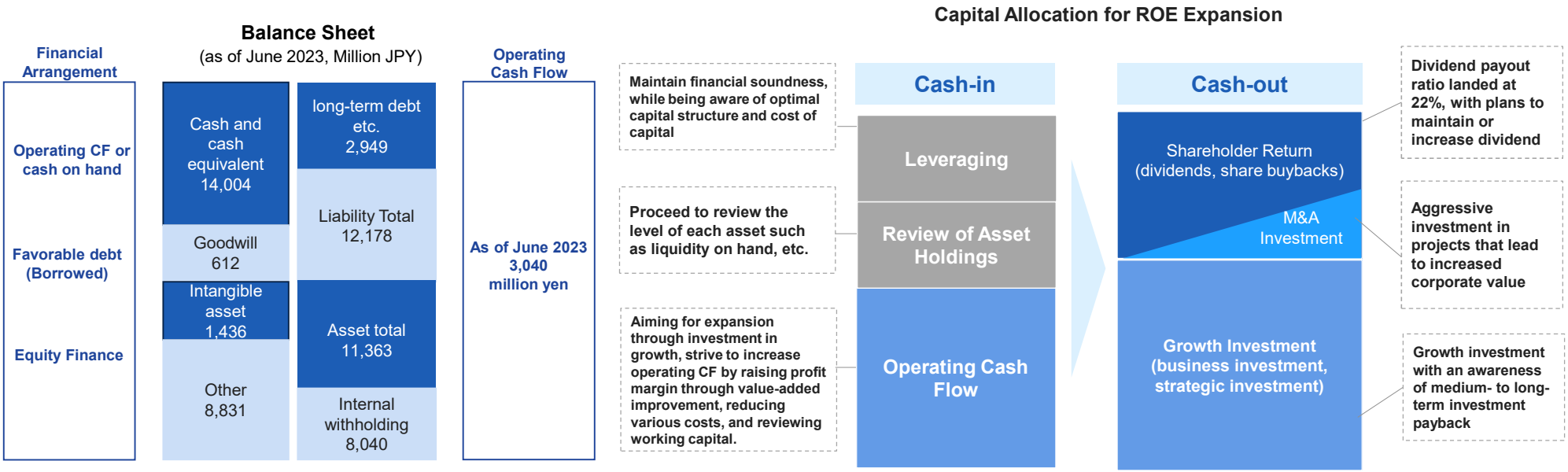
In our business, we aim to become a global player and take measures to optimize our business portfolio including carefully considering working capital, on-hand liquidity, etc. with the aim of achieving more efficient management whilst ensuring the financial soundness that will help us to stabilize business operations and make investments for growth.
In the second quarter of 2022, the company raised approximately 5.8 billion yen in an overseas public offering, improving its equity ratio to 48% as of June 2023.

## Appropriate allocation of resources for mid- to long-term strategic investments and Sustainable growth of operating cash flow

With the sustained growth of the airline ticket business, which is our core business, We have been aggressively investing in businesses with growth potential for further business expansion. The three-year CAGR of our new car rental, Highway bus, and hotel businesses has exceeded 100%, and we will achieve further new business development and continuous growth of existing businesses,
We aim to achieve sustainable growth in operating cash flow through further development of new businesses and continued growth of existing businesses.

## Global Standard of Capital Efficiency Aiming for 20% ROE (return on equity)

In the fiscal year ended June 30, 2023, ROE (Return on Equity) was 17.40%, and we aim to achieve an ROE of 20% in the medium-to-long-term. We will work to continuously improve corporate value and shareholder value through the allocation of resources from the viewpoint of maximizing corporate value, taking medium-term business growth potential and our own capital efficiency into consideration, and through further optimization of our business portfolio.



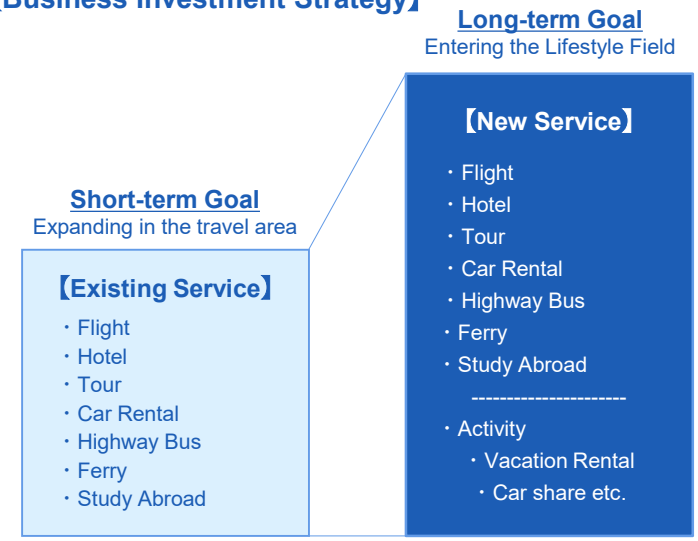
# Using M&A to achieve business expansion and to actively advance into overseas market with growth potential in the future

## Investing the cash flow we generate flow into M&A that can create synergy with existing business and have growth potential

By increasing our cash flow and by using the cash flow we generate for new M&A, we will accelerate the organic growth of our business and rapidly expand our business domains. We plan to use 2.5 billion yen of the funds raised through the overseas public offering conducted in December 2021 to finance M&A, mainly in travel-related business domains where there is potential for the creation of synergy with existing business.
Any remaining funds not used for M&A activities will be used for new business development, advertising expenses, development of software, etc., and working capital by the fiscal year ending June 30, 2025.

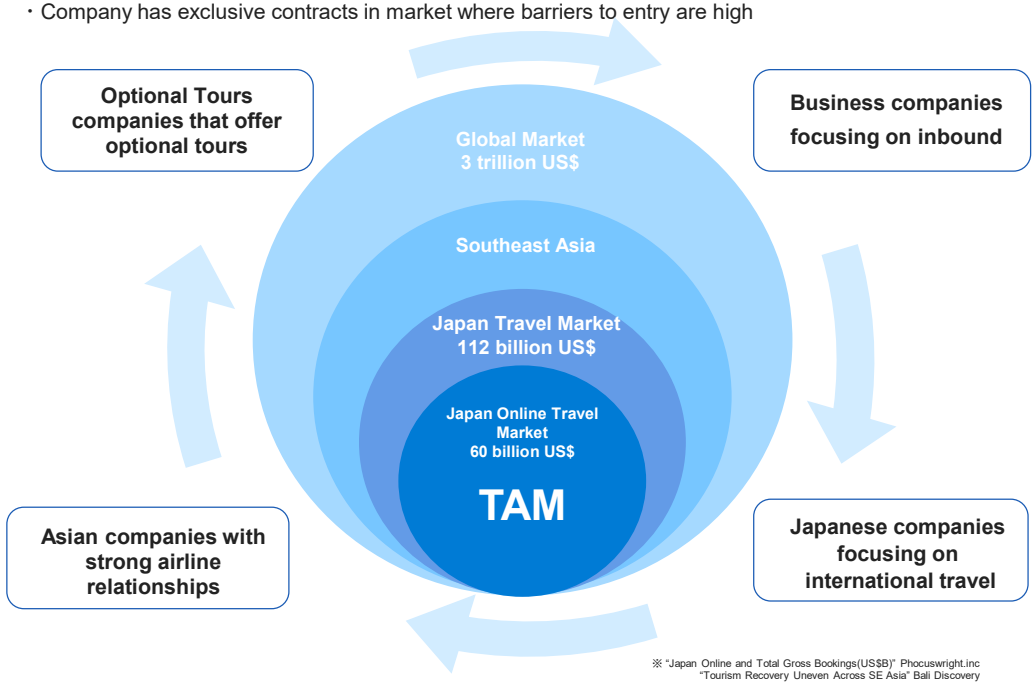
We appoint a project owner for each service and, through close cooperation with employees managing existing business and through the speedy implementation of a PDCA cycle aimed at creating synergy in terms of systems, marketing, user purchase experience, purchasing from suppliers and various other aspects, we achieve new business release in around 8 months on average.  Also when establishing a subsidiary or implementing M&A, we appoint a representative employee at each company and commence operation and cooperation based on a schedule, sales target and human resources strategy set by the senior management of the parent company.

### 【Business Investment Strategy】




### 【M&A Selection Criteria】

・Preference for M&A with future growth potential where characteristics of acquired business match the characteristics of our existing business and there is a repeatable M&A process
・Company with potential for growth through utilization of our system and marketing knowhow
・Company has exclusive contracts in market where barriers to entry are high




※ "Japan Online and Total Gross Bookings(US$B)" Phocuswright.inc
"Tourism Recovery Uneven Across SE Asia" Bali Discovery
"Megatrends Shaping the Future of Travel 2019 Edition" Euromonitor International

### 【Financial Index】

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| ROE(%) | 12.36 | 4.83 | 36.8 | 16.74 | 16.08 |
| ROA(%) | 3.1 | 4.0 | 5.7 | 12.2 | 12.9 |
| EPS(yen) | 27.4 | 10.67 | 125.95 | 225.03 | 243.15 |
| BPS(yen) | 221 | 221 | 342 | 1,282 | 1,510 |



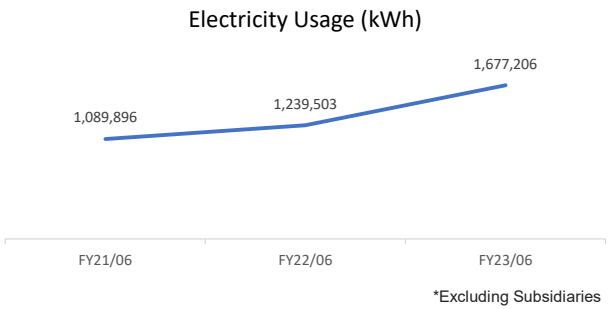


# Company Information

# ESG Data

## Environment

| Electricity Usage (kWh) | | FY21/06 | FY22/06 | FY23/06 |
|---|---|---|---|---|
| Electricity Usage (kWh) | Tokyo Head Office | 1,088,605 | 1,230,191 | 1,630,119 |
| | Osaka Office | 1,291 | 9,312 | 47,087 |
| | Total | 1,089,896 | 1,239,503 | 1,677,206 |
| Employee | | 194 | 185 | 208 |
| Electricity usage per person | kWh | 5,618 | 6,700 | 8,063 |




*Excluding Subsidiaries

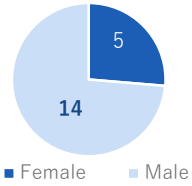
## Governance

| | FY21/06 | FY22/06 | FY23/06 |
|---|---|---|---|
| Director | 5 | 6 | 6 |
| Female Director | 2 | 3 | 3 |
| Outside Director | 3 | 4 | 4 |
| Auditor | 4 | 3 | 3 |
| Auditor(outside) | 3 | 2 | 2 |

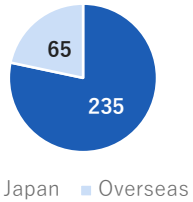
*as of June 2023

## Social

### Female managers




### Overseas Recruitment Ratio




### Human Resource Data

| Item | FY21/06 | FY22/06 | FY23/06 |
|---|---|---|---|
| Number of employees (excluding part-time employees) | 144 | 148 | 150 |
| Number of overseas nationals | 0 | 0 | 65 |
| Ratio of Male and Female Employees in Management Positions(Unit: %) | 25 (5/20) | 16.6 (3/18) | 26.3 (5/19) |
| Percentage of employees with disabilities (Unit: %) | 0.6 (1/144) | 0.6 (1/148) | 1.3 (2/150) |
| Number of childcare leave recipients | 1 | 2 | 2 |
| Percentage of Employees Taking Paid Leave (Unit: %) | 76 | 78.2 | 79.8 |
| Occupational Accident Frequency Rate(Unit: %) | 0 | 3.43 | 3,38 |
| Average age of regular employees | 34.1 | 31.3 | 31.6 |
| Average years of attendance | 3year 2months | 2year 6months | 2year 9months |

### Outside Director Ratio

67%
(4 persons)

### Outside Auditors Ratio

100%
(3 persons)

### Independent Director Ratio

50%
(3 persons)

### Female officers

50%
(3 persons)

# Domestic and International Support Activities by ADVENTURE






Our mission is **"Balancing Social Contribution and Business",**

We are always seeking what we can give back to society while steadily growing as a listed company.

Adventure's outreach programs are diverse, promoting medical, educational, vocational and food service support.

Based on the Sustainable Development Goals (SDGs) indicators adopted by the United Nations in 2015, we will do what we can for society from various perspectives,

We are committed to making the platform more convenient for our users.

## skyticket Free Advertising Support Group



**Myanmar Family Clinic and Garden (MFCG) Group and Children Without Borders (KnK) - An Authorized NPO**

We effectively publicize the activities of the listed organizations to a wider audience and broaden the scope of support

## Promote Recycling, Co2 Reduction



We aim to promote recycling and help reduce Co2 emissions by collecting PET bottle caps and removing the labels under the company's employee benefit program of free drinks policy of up to two bottles per day.

## Support for Activities of Student Groups



180 Degrees Consulting Japan is a student organization that provides free consulting services to non-profit organizations. This group has several branches all around the world and they make a contribution to society. The spirit of their group is close to our company's mission, "a company that balances social contribution and business". We provide our meeting rooms and equipment as bases for activities in order to support their activity.

# Sustainable Development Goals (SDGs) Initiatives and Efforts to Revitalize the Tourism Industry

## Current Initiatives




Efforts are currently being made to implement the SDGs as we promote sports and the revitalization of the tourism industry, and make contributions to the world in whatever way we can.

### Creating a Rewarding Workplace



Our goal is for each of the employees to put forth the knowledge they have gained from their various experiences to further enhance business development. Through the acquisition of technical and vocational skills, we develop human resources who aim to become entrepreneurs or are capable of working in a variety of sectors.
The current percentage of female employees in leadership positions in the Company is 40%. This has remained consistent since the introduction of the managerial positions.

### Achieving Work-Life Balance



Working styles that allow individualized arrangements to best fit each employee's circumstances. Example: Employees with toddlers and young children are able to apply for staggered work hours.

### Promoting a Paperless Society



Promoting a paperless environment as all services are completed online. Reduction of paper consumption in the Company by allowing employees to bring laptop computers to meetings and conferences.

### Creating a System to Confront Environmental Problems



**Study Tour Operations**
A study tour was conducted during a company trip to Cebu Island, Philippines in June 2023 to visit a local NPO as part of the training program to learn about local social issues and initiatives in the region, including an opportunity to interact with children in the area. Supported By: NPO Seven Spirit



**SDGs Business Contest Held**
Twenty-seven proposals were submitted for the document screening, and 16 of them were selected for the presentation selection. The presentations were made available online to all employees in Japan and overseas.

### Promoting Regional and International Exchange



Promoting domestic and inbound travel activities to boost regional recovery and international exchange. Linking our users with the relevant activities, facilities and transportation in an effort to revitalize the tourism industry.

### Global Expansion



We operate a site that can be purchased by overseas customers because it supports multiple languages. Currently, in addition to business development in Japan, we have established subsidiaries overseas and are expanding globally.

# Future Initiatives in the Promotion of the SDGs




By leveraging the knowledge we have gained and expanding into new service areas, we aim to promote tourism around the world, generate employment opportunities from it, thus enriching the lives of people. From this perspective, we envision our contribution to society.

**“What values can we contribute to society?”**
**“What kinds of impact can we have on society?”**

As a Company that both contributes to society and engages in business, we aim to continually create businesses that are of even greater benefit to society.

## New Optional Tour Menu



To travel, staying healthy is important, and to stay healthy, traveling is essential. The company will be launching optional tours to promote the combination of travel and health.

## Digital Transformation (DX) of Travel Services




Promoting Digital Transformation of travel services and updating business while reconfiguring existing systems. We aim to provide a service that is both convenient and accessible to as many users as possible by completing the entire travel process from planning to completion within our skyticket platform.

## Cross-Selling for Convenience and Regional Revitalization



Providing a wide range of public transportation options for people from all walks of life and in an effort to contribute to the spread of Mobility-as-a-Service (MaaS) in the future, the Company aims to make it possible to search, book and process payments for all modes of transportation on one platform. Cross-selling with various transportation modes will be made available by launching activities, sightseeing establishments and dining options. These services are extremely convenient for users and will also contribute to regional revitalization.

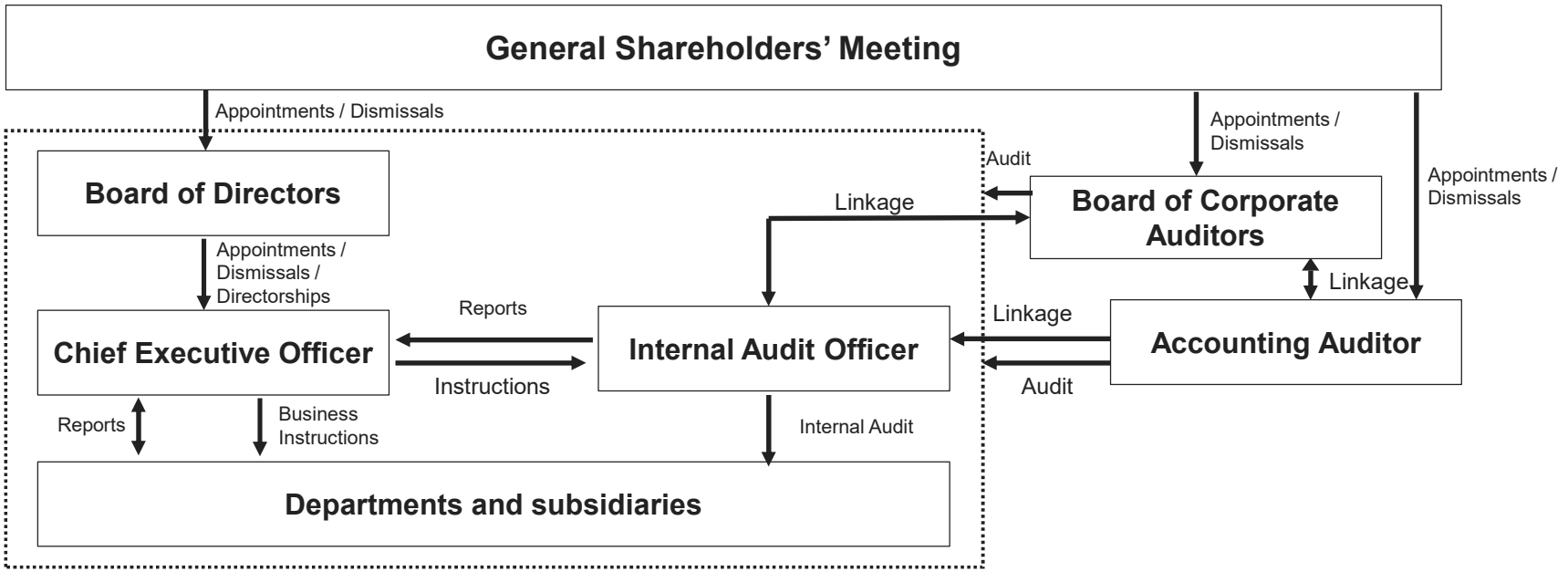
# Corporate Governance System

## Basic Principles of Corporate Governance

Adventure, Inc. Group believes that the purpose of Corporate Governance is to enhance the efficiency of management and to ensure integrity and transparency in order to satisfy the trust and expectations of shareholders, business partners, employees, users, local communities, other stakeholders and to improve our corporate value. In order to achieve these objectives, it is essential that management monitoring and auditing are effectively conducted through the selection of directors, determination of compensation, monitoring of management, implementation of compliance and other initiatives. Adventure, Inc. regards the reinforcement and improvement of Corporate Governance as one of the top management priorities.

Adventure Group strives to enhance the supervisory function of the Board of Directors with two external directors and three external corporate auditors to ensure management efficacy and clarity.

## Overview of Corporate Governance Structure



# Corporate Governance System

## Reasons for choosing the current corporate governance system

The Company has appointed four outside directors and three outside corporate auditors as a company with a board of corporate auditors. The outside directors and outside corporate auditors attend regular and extraordinary meetings of the Board of Directors, express their opinions on the directors' execution of duties as appropriate, and monitor management throughout the execution of duties. We have chosen this corporate governance system because we believe that it will prevent management and internal directors from privatizing the company and making erroneous management policies and decisions.

## Cooperation among corporate auditors, accounting auditors, and the internal audit department

The Company conducts three types of audits (corporate auditors' audit, internal audit, and accounting audit) with the objectives of protecting investors in the accounting audit, protecting the interests of shareholders and creditors in the corporate auditors' audit, and enhancing the Group's continuous development and corporate value in the internal audit. The three audits are conducted in cooperation and complement each other to verify and evaluate the status of establishment and operation of internal controls and their effectiveness, which are indispensable for the sound management and continuous development of the Group. We share internal audit reports and other documents with corporate auditors and communicate with them on a case-by-case basis. The Company also shares information with auditing firms on an individual basis when conducting internal audits and other internal work.
In addition, in order to enhance the effectiveness of the three-party audit and to improve the quantity of audits as a whole, the Company strives to strengthen close mutual cooperation among the audits, including reporting audit plans and audit results and exchanging opinions among the audits.

### Outside Director

| | |
|---|---|
| Director<br>**Ken MISHIMA** | Rokt GK as the head of Asia after working for General Manager of the Mobile App Department, Google Japan G.K. , JTB Corporation as the general manager of the online department, Expedia Holdings KK as representative director, eBay Japan K.K. and others<br>following his completion of graduate studies at the University of New South Wales |
| Director<br>**Lei LEI** | Representative Director of Sinfrontera Inc. after working for NEXON Co., Ltd. and Nomura<br>Securities Co., Ltd. after completing graduate studies at Hitotsubashi University |
| Director<br>**Yukari NAGATA** | Representative Director of DATA VIZ LAB Inc. after working for KPMG consulting Inc.,<br>Rakuten Group, Inc., and Accenture Japan Ltd. after graduating from Waseda University |
| Director<br>**Ayari HIRAYAMA** | Enrolled at Tokyo University of Foreign Studies |

### Audit & Supervisory Board

| | |
|---|---|
| Standing Corporate Auditor<br>**Naoto KODAMA** | Chairman of the Board of Auditors<br>Certified public accountant<br>Independent Officer |
| Corporate Auditor(outside)<br>**Chika TSUNODA** | Independent Officer |
| Corporate Auditor(outside)<br>**Akiko OGURA** | Certified public accountant<br>Independent Officer |

# Business risks



| Main risk factors | Risk details | Impact | Response measures to risk, etc. |
|---|---|---|---|
| Risk related to changes in economic conditions | ・Interest rate fluctuation | Frequency：Medium<br>Impact：Low | Suppress the impact of interest rate fluctuations by monitoring market trends, diversifying fund procurement sources and lending periods, and using procurement at fixed interest rates. |
| | ・Fluctuation in exchange rates | Frequency：Medium<br>Impact：Low | Diversification of the timing and contractual timing of incoming payments and remittance handling with overseas subsidiaries, and measures to mitigate the impact of exchange rate fluctuations. |
| | ・Soaring resource and energy prices due to prolonged Russian aggression in Ukraine | Frequency：Low<br>Impact：Low | Mitigating the impact of price increases by diversifying and controlling suppliers and sales outlets. |
| Risks related to business activities | ・Change or cancellation of airline or other contractual arrangements | Frequency：Medium<br>Impact Medium | Diversify risks by expanding the range of products handled. |
| | ・ Handling of personal information | Frequency：Low<br>Impact：High | Conduct information security measures and thoroughly promote information security measures and our group Privacy Policy inside the Group |
| | ・Lack of acceptance system for global recruitment | Frequency：Low<br>Impact Medium | Enhance internal training programs and strengthen recruitment of personnel fluent in languages in preparation for securing operators for foreign customers and excellent personnel in Japan and abroad. |
| | ・Insufficient system infrastructure, e.g. to support individual API connections due to overseas business expansion | Frequency：Low<br>Impact Medium | Facilitate the construction of robust systems and strengthen the infrastructure at offshore development bases by utilizing the technical skills and know-how developed in Japan. |
| Risks related to disasters, climate change, and trouble, etc. | ・Risk of damage to tourism infrastructure due to changes in global conditions, natural disasters, accidents, etc. | Frequency：Medium<br>Impact Medium | Having funds on hand allows for more time to respond. |
| | ・Temporary poor management of client major changes in corporate activities, social activities, and consumer behavior due to the spread of infectious disease or related state or emergency declaration | Frequency：Low<br>Impact Medium | Expansion of products not only in the travel domain but also in the frequently used lifestyle domain. |
| | ・Information technology (IT)system trouble | Frequency：Low<br>Impact：High | Implement multifaceted countermeasures for cyber security, including technical, process/personnel, and physical aspects, as well as training in preparation for problems that may arise. |
| | ・Climate change | Frequency：Low<br>Impact Medium | Analysis of risks and opportunities, ascertainment of impacts on business strategy, and examination of climate change mitigation and adaptation measures. |
| | ・Service quality problems, incidents and accidents that occur at travel destinations, brand value decrease due to misconduct of the Group's directors, officers and employees, sales downturn, etc. | Frequency：Low<br>Impact：High | Prevent issues from arising through compliance/risk management training. |

* Low frequency refers to a probability of the maximum conceivable risk event occurring once in 10 or more years. High impact indicates a maximum conceivable damage impact of 10 billion yen or more.
* The above data is based on our determination as of Oct 27, 2023. It does not necessarily cover all of the risks related to the Group’s business, and it also contains some uncertainty. Actual results may be different

# Financial Data



## 〔IFRS〕Consolidated Statement of Financial Position

(Thousand yen)

| | | | FY2022/6 | | | | FY2023/6 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| **Assets** | | | | | | | | | | |
| | Current assets | | | | | | | | | |
| | | Cash and cash equivalents | 4,679,852 | 11,409,398 | 11,144,061 | 12,754,783 | 12,326,137 | 11,409,398 | 13,087,760 | 14,004,852 |
| | | Trade and other receivables | 646,772 | 1,061,547 | 1,935,373 | 2,872,939 | 2,302,942 | 1,061,547 | 3,048,372 | 3,062,511 |
| | | Inventories | 1,278,862 | 1,683,662 | 159,938 | 252,161 | 107,197 | 1,683,662 | 311,122 | 480,675 |
| | | Operational investment securities | 1,374,162 | 1,177,851 | 1,063,225 | 1,097,295 | 1,323,973 | 1,177,851 | 1,172,091 | 1,188,809 |
| | | Other financial assets | 218,308 | 158,360 | 173,446 | 193,318 | 156,000 | 158,360 | 423,250 | 441,805 |
| | | Other current assets | 438,715 | 532,253 | 420,074 | 1,081,224 | 692,537 | 532,253 | 959,329 | 1,286,248 |
| | **Total current assets** | | 8,636,673 | 16,023,072 | 17,906,240 | 18,251,723 | 16,908,788 | 16,023,072 | 19,001,926 | 20,464,902 |
| | Non-current assets | | | | | | | | | |
| | | Property, plant and equipment | 138,099 | 127,935 | 62,658 | 58,889 | 59,307 | 127,935 | 77,508 | 123,769 |
| | | Right-of-use assets | 726,910 | 767,950 | 711,618 | 664,141 | 616,564 | 767,950 | 588,858 | 731,444 |
| | | Goodwill | 1,101,295 | 1,101,295 | 529,172 | 529,172 | 529,172 | 1,101,295 | 617,172 | 612,172 |
| | | Intangible assets | 252,277 | 223,176 | 194,278 | 166,441 | 147,341 | 223,176 | 109,911 | 93,028 |
| | | Other financial assets | 1,123,645 | 1,245,529 | 1,189,102 | 1,162,996 | 1,534,056 | 1,245,529 | 1,511,233 | 1,515,900 |
| | | Deferred tax assets | 52,885 | 37,590 | 19,630 | – | 621 | 37,590 | 1,098 | 751 |
| | | Other non-current assets | 4,365 | 3,587 | 2,801 | 2,521 | 102,228 | 3,587 | 1,965 | 23 |
| | **Total non-current assets** | | 3,399,479 | 3,507,065 | 2,709,262 | 2,584,161 | 2,989,292 | 3,507,065 | 2,907,747 | 2,949,114 |
| **Total assets** | | | 12,036,152 | 19,530,138 | 20,615,502 | 20,835,885 | 19,898,080 | 19,530,138 | 21,909,673 | 23,541,993 |
| **Liabilities and equity** | | | | | | | | | | |
| | Liabilities | | | | | | | | | |
| | Current liabilities | | | | | | | | | |
| | | Trade and other payables | 1,897,694 | 3,474,999 | 4,057,244 | 5,760,429 | 4,879,076 | 3,474,999 | 6,447,588 | 7,639,345 |
| | | Bonds and borrowings | 2,226,880 | 2,291,047 | 741,880 | 490,368 | 451,467 | 2,291,047 | 392,832 | 307,240 |
| | | Lease liabilities | 259,914 | 241,978 | 192,568 | 191,926 | 191,228 | 241,978 | 219,482 | 249,339 |
| | | Allowance | 7,542 | 2,116 | - | – | — | 2,116 | — | — |
| | | Income taxes payable | 200,832 | 453,016 | 625,762 | 1,074,342 | 406,456 | 453,016 | 390,657 | 388,724 |
| | | Other current liabilities | 182,093 | 168,539 | 110,605 | 112,508 | 107,055 | 168,539 | 180,778 | 220,708 |
| | **Total current liabilities** | | 4,774,955 | 6,631,697 | 7,761,335 | 7,629,574 | 6,035,283 | 6,631,697 | 7,631,338 | 8,805,357 |
| | Non-current liabilities | | | | | | | | | |
| | | Bonds and borrowings | 3,777,565 | 3,593,352 | 3,324,125 | 3,038,381 | 2,942,250 | 3,593,352 | 2,767,487 | 2,641,874 |
| | | Lease liabilities | 478,628 | 524,486 | 515,887 | 468,378 | 420,991 | 524,486 | 364,591 | 458,218 |
| | | Retirement benefit liability | 38,892 | 39,768 | 21,514 | 22,963 | 25,052 | 39,768 | 23,914 | 24,575 |
| | | Deferred tax liabilities | 109,157 | 27,281 | 360 | 5,867 | 114,721 | 27,281 | 54,920 | 184,300 |
| | | Other non-current liabilities | 270,306 | 100,222 | 50,771 | 51,438 | 56,358 | 100,222 | 62,294 | 64,212 |
| | | Total non-current liabilities | 4,674,549 | 4,285,111 | 3,912,659 | 3,587,028 | 3,559,374 | 4,285,111 | 3,273,208 | 3,373,179 |
| | **Total liabilities** | | 9,449,504 | 10,916,809 | 11,673,994 | 11,216,603 | 9,594,657 | 10,916,809 | 10,904,547 | 12,178,537 |
| **Equity** | | | | | | | | | | |
| | | Share capital | 557,183 | 3,281,560 | 3,281,560 | 3,281,560 | 3,283,126 | 3,281,560 | 3,303,499 | 3,307,675 |
| | | Capital surplus | 492,191 | 3,270,281 | 3,270,281 | 3,270,281 | 3,271,848 | 3,270,281 | 3,292,220 | 3,296,397 |
| | | Retained earnings | 1,798,699 | 2,076,748 | 2,401,933 | 3,067,131 | 3,759,039 | 2,076,748 | 4,436,957 | 4,744,007 |
| | | Treasury shares | (245,240) | (493) | (675) | (1,284) | (1,284) | (493) | (1,952) | (1,952) |
| | | Other components of equity | (16,186) | (14,768) | (11,593) | 1,593 | (9,306) | (14,768) | (25,598) | (17,327) |
| | | Total equity attributable to owners of the parent | 2,586,647 | 8,613,329 | 8,941,507 | 9,619,282 | 10,303,422 | 8,613,329 | 11,005,126 | 11,363,455 |
| | | **Total equity** | 2,586,647 | 8,613,329 | 8,941,507 | 9,619,282 | 10,303,422 | 8,613,329 | 11,005,126 | 11,363,455 |
| | **Total liabilities and equity** | | 12,036,152 | 19,530,138 | 20,615,502 | 20,835,885 | 19,898,080 | 19,530,138 | 21,909,673 | 23,541,993 |

# Financial Data

## 〔IFRS〕Consolidated Statement of Profit and Loss

(Thousand yen)

| | FY2022/6 | | | | FY2023/6 | | | |
|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Revenue | 9,257,581 | 19,236,841 | 7,808,270 | 11,786,934 | 4,961,576 | 19,236,841 | 14,996,783 | 20,027,736 |
| Cost of sales | 7,082,498 | 14,456,526 | 1,294,382 | 1,734,923 | 863,217 | 14,456,526 | 4,194,641 | 5,323,500 |
| Gross profit | 2,175,083 | 4,780,315 | 6,513,887 | 10,052,010 | 4,098,358 | 4,780,315 | 10,802,142 | 14,704,236 |
| Selling, general and administrative expenses | 1,619,572 | 3,791,662 | 5,163,351 | 8,096,579 | 2,766,039 | 3,791,662 | 8,363,071 | 11,825,170 |
| Other income | 27,862 | 68,350 | 79,952 | 88,091 | 6,493 | 68,350 | 20,282 | 21,222 |
| Other expenses | 2,062 | 5,236 | 2,060 | 162 | – | 5,236 | - | - |
| Operating profit | 581,310 | 1,051,766 | 1,428,427 | 2,043,360 | 1,338,812 | 1,051,766 | 2,459,352 | 2,900,287 |
| Finance income | 15 | 11,593 | 17,142 | 24,732 | 5,781 | 11,593 | 17,522 | 25,686 |
| Finance costs | 14,882 | 26,344 | 40,662 | 54,937 | 13,567 | 26,344 | 50,834 | 72,709 |
| Profit before tax | 566,442 | 1,037,015 | 1,404,907 | 2,013,155 | 1,331,026 | 1,037,015 | 2,426,040 | 2,853,264 |
| Income tax expense | 223,547 | 414,765 | 542,273 | 679,251 | 489,109 | 414,765 | 906,204 | 1,026,377 |
| Profit from continuing operations | 342,895 | 622,249 | 862,634 | 1,333,904 | 841,917 | 622,249 | 1,519,835 | 1,826,886 |
| Discontinued operations | | | | | | | | |
| Profit (loss) from discontinued operations | (942) | (2,246) | 82,553 | 276,481 | – | (2,246) | - | - |
| Profit | 341,952 | 620,002 | 945,187 | 1,610,385 | 841,917 | 620,002 | 1,519,835 | 1,826,886 |
| Profit attributable to the following | | | | | | | | |
| Profit attributable to owners of parent | 341,952 | 620,002 | 945,187 | 1,610,385 | 841,917 | 620,002 | 1,519,835 | 1,826,886 |
| Profit attributable to non-controlling interests | – | – | – | - | – | – | - | - |
| Total | 341,952 | 620,002 | 945,187 | 1,610,385 | 841,917 | 620,002 | 1,519,835 | 1,826,886 |
| Earnings per share | | | | | | | | |
| Basic earnings (loss) per share (yen) | | | | | | | | |
| Continuing operations | 51 | 91 | 123 | 186 | 112 | 91 | 202 | 243 |
| Discontinued operations | (0) | (0) | 12 | 39 | – | (0) | - | - |
| Basic earnings per share | 51 | 91 | 134 | 225 | 112 | 91 | 202 | 243 |
| Diluted earnings (loss) per share (yen) | - | | | | | | | |
| Continuing operations | 51 | 89 | 120 | 179 | 108 | 89 | 194 | - |
| Discontinued operations | (0) | 0 | 11 | 37 | – | (0) | - | - |
| Diluted earnings per share | 51 | 89 | 132 | 216 | 108 | 89 | 194 | 243 |

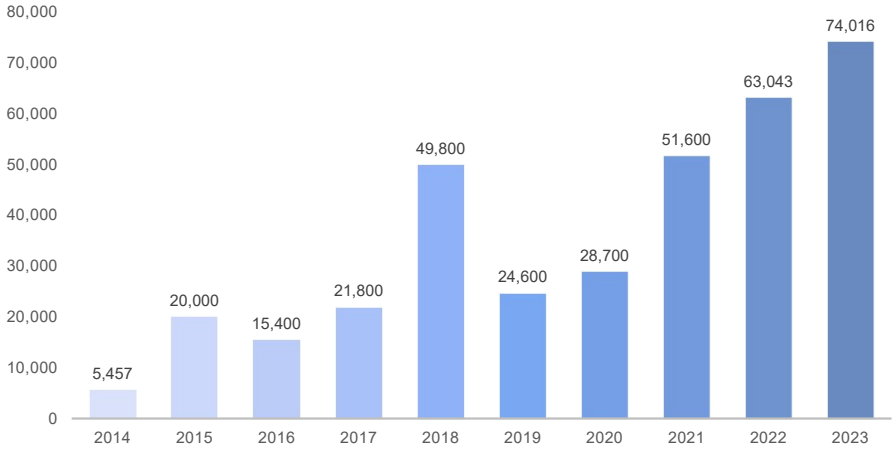
# Financial Data

## 〔IFRS〕Consolidated Statement of Comprehensive Income

(Thousand yen)

| | FY2022/6 | | | | FY2023/6 | | | |
|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Profit | 341,952 | 620,002 | 945,187 | 1,610,385 | 841,917 | 620,002 | 1,519,835 | 1,826,886 |
| Other comprehensive income | | | | | | | | |
| Items that will not be reclassified to profit or loss | | | | (30) | | | | |
| Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income | 15 | (179) | 908 | (30) | — | (179) | - | - |
| Total of items that will not be reclassified to profit or loss | 15 | (179) | 908 | | — | (179) | - | - |
| Items that may be reclassified to profit or loss | | | | | | | | |
| Exchange differences on translation of foreign operations | 949 | 2,565 | 4,651 | 11,684 | (10,896) | 2,565 | (27,149) | 15,784 |
| Total of items that may be reclassified to profit or loss | 949 | 2,565 | 4,651 | 11,684 | (10,896) | 2,565 | (27,149) | 15,784 |
| Total other comprehensive income | 965 | 2,385 | 5,560 | 11,654 | (10,896) | 2,565 | (27,149) | 15,784 |
| Comprehensive income | 342,918 | 622,388 | 950,747 | 1,622,040 | 831,021 | 622,388 | 1,492,686 | 1,842,670 |
| Comprehensive income attributable to the following | | | | | | | | |
| Comprehensive income attributable to owners of parent | 342,918 | 622,388 | 950,747 | 1,622,040 | 831,021 | 622,388 | 1,492,686 | 1,842,670 |
| Comprehensive income attributable to noncontrolling interests | – | – | – | – | — | - | - | - |
| Comprehensive income | 342,918 | 622,388 | 950,747 | 1,622,040 | 831,021 | 622,388 | 1,492,686 | 1,842,670 |

## Market Capitalisation at end of period




(million yen)

## List of shareholders

| Shareholder | Number of shareholding | Shareholding ratio (%) |
|---|---|---|
| Shunichi Nakamura | 4,500,000 | 59.81 |
| Custody Bank of Japan, Ltd. | 684,400 | 9.10 |
| The Master Trust Bank of Japan ,Ltd. | 163,100 | 2.17 |
| DAIWA CM SINGAPORE LTD- NOMINEE YAGI RIEKO | 155,000 | 2.06 |
| BNYM AS AGT/CLTS 10 PERCENT | 128,320 | 1.71 |
| BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) | 87,891 | 1.17 |
| Nakamura, Inc. | 85,000 | 1.13 |
| KIA FUND F149 | 61,800 | 0.82 |

(Note)
1. The percentage of shareholding to the total number of shares is rounded off to two decimal places.
2. Shareholding ratios are calculated excluding treasury shares.
3. Shares in the name of "Nakamura Corporation" are held by Shunichi Nakamura, Representative Director of the Company, as the beneficial shareholder.