Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending September 30, 2020 (FY9/20)
(Three Months Ended December 31, 2019) [IFRS]

February 14, 2020

Company name:	AirTrip Corp.	Stock Exchange Listing:	TSE
Stock code:	6191	URL	http://www.evolableasia.com
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Scheduled date of filing of Quarterly Report:	February 14, 2020	Scheduled date of payment of dividend:	—

Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results briefing: Yes (for institutional investors and securities analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter (October 1, 2019 to December 31, 2019) of FY9/20

(1) Consolidated results of operations (Percentages represent year–on–year changes.)

	Net sales		Operating income		Profit before income taxes		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended Dec. 31, 2019	7,980	68.5	800	—	748	—	669	—	692	—	668	—
Three months ended Dec. 31, 2018	4,735	191.5	△183	—	△204	—	△150	—	△201	—	△160	—

	Profit per share	Fully diluted profit per share
	Yen	Yen
Three months ended Dec. 31, 2019	34.95	34.30
Three months ended Dec. 31, 2018	△11.30	△11.30

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
As of Dec. 31, 2019	36,894	11,055	10,711	29.0
As of Sep. 30, 2019	31,216	10,101	9,719	31.1

2. Dividends

	Dividend per share				
	1Q–end	2Q–end	3Q–end	Year–end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2019	—	0.00	—	10.00	10.00
Fiscal year ending Sep. 30, 2020	—				
Fiscal year ending Sep. 30, 2020 (Estimated)		0.00	—	13.00	13.00

Note: Revision to the most recently announced dividend forecast: None

3. Full-year consolidated financial forecast for FY9/20 (October 1, 2019 – September 30, 2020)

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Profit before income taxes		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Twelve months ending September 30, 2020	38,000	56.3	2,000	194.0	1,900	222.9	1,300	77.1	65.65

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation) : None

Newly included: - companies Excluded: - companies

(2) Changes in accounting policies and accounting–based estimates, and restatements

1) Change of the accounting policy required under IFRS : Yes

2) Changes in accounting policies other than (i) above : None

3) Changes in accounting–based estimates : None

(3) Numbers of outstanding shares (common stock)

1) Number of shares outstanding as of the end of the period (including treasury shares)	As of Dec. 31, 2019	20,103,600	As of Dec. 31, 2018	18,141,500
2) Number of treasury shares as of the end of the period	As of Dec. 31, 2019	35	As of Dec. 31, 2018	—
3) Average number of shares issued during the period	Three months ended Dec. 31, 2019	19,805,495	Three months ended Dec. 31, 2018	17,859,635

* The current quarterly financial report is exempt from the quarterly review procedures performed by certified public accountants or audit corporations.

* Explanation of appropriate use of earnings forecasts, and other special items

The full-year forecast for the fiscal year ending September 30, 2020, above includes the Company's forecast based on plans for the year, as well as assumptions and predictions regarding the Company's future as of the day these materials have been made public. Items concerning the future of the Company are based on information currently in the Company's possession and certain assumptions judged to be rational. They do not represent a firm commitment by the Company. The forecast may differ greatly from financial results due to a number of causes over the year, including changes in economic conditions, changes in client needs and user tastes, competition with other companies, changes to laws and regulations, and changes in exchange rates

○Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first three months of the fiscal year under review, the global economy maintained a robust performance, mainly driven by advanced economies. However, the global economic outlook became increasingly uncertain amid trade tensions between the US and China. The Japanese economy remained on a moderate recovery path, reflecting steady improvement in employment and income conditions. The economy continued to expand at a solid pace, supported by increased domestic demand and inbound tourist demand against the background of the upcoming Tokyo Olympics in 2020 and EXPO 2025 in Osaka.

In the travel industry, the number of Japanese citizens who left Japan in the period from January to December 2019 totaled 20.08 million, increasing about 1.12 million from the same period of the previous fiscal year according to the statistics released by the Japan National Tourism Organization (JNTO). In addition, the number of foreigners who visited Japan from January to December 2019 surpassed 31.88 million. The number is rising steadily toward 40 million, the target for 2020 set in the Tourism Vision to Support the Future of Japan, which the Japanese government adopted in March 2016.

Under these conditions, the Company continued expanding its operations by seeking to diversify its service lines with a focus on sales of domestic airline tickets and international airline tickets as an online travel agency and significantly investing in advertising to raise recognition of its main brand AirTrip. The Company also continued to enhance its services for foreign visitors to Japan, making the most of its online travel business expertise.

In the IT Offshore Development Business, which was launched in 2012, the Company steadily won customers in numerous business categories and increased the number of engineers employed, focusing on the development of lab–type facilities in Vietnam. The number of engineers hired grew to 1,000 as of the end of December 2019. In the Investment Business, which has been developing in earnest since the stock was listed, the Company has been investing in growing companies. As of the end of December 2019, the Company has invested in 62 companies.

In this business environment, during first three months of the fiscal year under review, the Group achieved consolidated net sales of 7,980 million yen, a consolidated operating income of 800 million yen, a consolidated profit before income taxes of 748 million yen, and a consolidated profit attributable to owners of parent of 692 million yen.

Operating results by segment are as follows.

(1) Online Travel Agency Business

The Group offers the following five services in the Online Travel Agency Business segment.

・BtoC services (operation of PC and smartphone websites for selling travel commodities directly to general consumers)

The Company implemented measures such as conducting mass marketing strengthening SEM and overhauling its backbone systems to acquire new customers and improving user interfaces to increase the number of repeat customers. These contributed to a steady increase in the number of service users.

The recognition of the Company's brand AirTrip increased, and strategic pricing and the active input of branding costs were conducted to acquire customers.

・BtoBtoC services (travel content provision under brands owned by business partners)

The enhanced development of alliances with major partners, the provision of services to match the needs of major partners, and enhanced communication with partners contributed to an increase in service use. In addition, like the BtoC services, measures for marketing and alliances with an emphasis on increasing customer numbers were promoted.

・BTM services (centralized management of internal approval procedures and arrangements associated with corporate business trips)

These services basically adopt a business model under which net sales expand in a manner that is linked with an increase in the number of corporate customers and a rise in their usage rate. The services achieved growth attributable to initiatives taken by the Group, including the addition of salespeople and the identification of existing customers who used the services at a relatively low rate.

・Services for foreign visitors (business of providing various BtoC services to visitors to Japan)

The Company offers various services for foreign visitors to Japan, including Wi-FI rental, camping car rental, currency exchange and web media serves. In every business line, net sales and income grew steadily due to an increase in visitors to Japan, multilingual customer service and stronger marketing.

・Life innovation businesses and services

The Company is leveraging the knowledge of various travel-related services it has built up through its AirTrip brand to launch new business lines aimed at improving convenience in many different aspects of customers' lives. Current business lines include e-mail magazines, the manufacture, sale and rental of travel carry cases, and the tea-processing business, and life innovation businesses and services are expected to expand significantly in the future with the addition of one new service after another.

As a result of the factors stated above, net sales for the Online Travel Agency Business segment amounted to 7,402 million yen, and segment loss came to 905 million yen in the first three months of the fiscal year under review.

(2) IT Offshore Development Business

In the IT Offshore Development Business segment, the Group offers lab-type facility development services to customers consisting mainly of e-commerce operators, web solution providers, and game and system developers in Ho Chi Minh, Hanoi and Da Nang in Vietnam.

The Company's lab-type facility development model is distinctive in that a team is formed with new dedicated staff members hired for each customer. The model also enables customers to confirm the state of lab-type facility development on demand. The Company assumes the assignment of dedicated staff members to each team on a medium- to long-term basis. For that reason, the success or failure of development depends on employing workers suited to customer demands and motivating the respective engineers more.

In addition, these services basically adopt a business model under which customers are billed on the basis of man-months and the number of workers. The number of engineers supplied to clients and the man-months affect net sales for them significantly. An increase in the number of engineers and a rise in the unit cost due to development streamlining contributed to sales growth in the fiscal year under review.

As a result of the factors stated above, net sales for the IT Offshore Development Business segment reached 507 million yen, and segment income totaled 40 million yen.

(3) Investment Business

In the Investment Business segment, the Group emphasizes synergies with the existing businesses and expands service lines through aggressive M&A and capital alliances. The Group is pursuing investment in growing companies to improve profitability. At the end of the fiscal year under review, the Group had increased the number of companies in which it invests to 62

As a result, net sales for the Investment Business segment stood at 71 million yen, and segment income was 163 million yen.

(2) Explanation of Financial Position

(Assets)

Total assets increased 5,678 million yen from the end of the previous fiscal year, to 36,894 million yen at the end of the first quarter under review. This result was mainly due to an increase of 4,887 million yen in right-of-use assets and a rise of 1,450 million yen in inventories, offsetting a decrease of 2,519 million yen in cash and cash equivalents.

(Liabilities)

Liabilities increased 4,724 million yen from the end of the previous fiscal year, to 25,839 million yen at the end of the first quarter under review. This result primarily reflected an increase of 4,953 million yen in lease liabilities, which offset a decrease of 897 million yen in operating payables and other payables.

(Net assets)

Net assets rose 954 million yen from the end of the previous fiscal year, to 11,055 million yen at the end of the first quarter under review. This result was mainly attributable to a decrease in retained earnings of 657 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

The consolidated financial forecast is unchanged from the forecast disclosed in the most recent Consolidated Financial Results (November 14, 2019).

2. Condensed Consolidated Financial Statements and Notes to the Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	FY9/19 (as of Sep. 30, 2019)	First quarter of the fiscal year under review (as of Dec. 31, 2019)
Assets		
Current assets		
Cash and cash equivalents	8,997	6,477
Notes and accounts receivable – trade and other receivables	5,239	4,671
Other financial assets	4,606	5,002
Inventories	428	1,879
Other current assets	868	1,758
Total current assets	20,140	19,789
Non-current assets		
Property, plant and equipment	1,324	2,016
Right-of-use assets	-	4,887
Goodwill	5,861	5,893
Intangible assets	2,501	2,596
Other financial assets	1,103	1,395
Other non–current assets	59	64
Deferred tax assets	226	252
Total non–current assets	11,075	17,105
Total assets	31,216	36,894
Liabilities and equity		
Liabilities		
Current liabilities		
Operating payables and other operating payables	4,414	3,517
Interest–bearing debt	7,519	7,842
Lease liabilities	-	511
Other financial liabilities	368	380
Accrued income taxes	189	164
Other current liabilities	3,224	2,854
Total current liabilities	15,717	15,270
Non–current liabilities		
Interest–bearing debt	5,111	5,765
Lease liabilities	-	4,441
Other financial liabilities	41	33
Provisions	85	96
Deferred tax liabilities	136	175
Other non-current liabilities	22	57
Total non-current liabilities	5,397	10,569
Total liabilities	21,114	25,839
Equity		
Capital stock	2,922	2,931
Capital surplus	4,175	4,497
Retained earnings	2,601	3,259
Treasury shares	△0	△0
Other items of equity	19	23
Total equity attributable to owners of parent	9,719	10,711
Non–controlling interests	382	343
Total equity	10,101	11,055
Total liabilities and equity	31,216	36,894

(2) Condensed Consolidated Statement of Income and Condensed Consolidated Statement of Comprehensive Income

Condensed Consolidated Statement of Income

For the Three-month Period

(Millions of yen)

	Three months ended December 31, 2018 (Oct. 1, 2018 – Dec. 31, 2018)	Three months ended December 31, 2019 (Oct. 1, 2019 – Dec. 31, 2019)
Net sales	4,735	7,980
Cost of sales	△1,988	△5,019
Gross profit	2,746	2,961
Selling, general and administrative expense	△3,023	△3,125
Share of loss (profit) of entities	105	131
Other income	9	859
Other expenses	△21	△26
Operating income (loss)	△183	800
Finance income	2	5
Finance costs	△24	△58
Profit before income taxes (loss)	△204	748
Corporate income tax expenses	54	△79
Profit (loss)	△150	669
Profit attributable to		
Owners of parent	△201	692
Non-controlling interests	51	△23
	△150	669
Profit per share		
Profit (loss) per share (Yen)	△11.30	34.95
Fully diluted profit (loss) per share (Yen)	△11.30	34.30

Condensed Consolidated Statement of Comprehensive Income

For the Three-month Period

(Millions of yen)

	Three months ended December 31, 2018 (Oct. 1, 2018 – Dec. 31, 2018)	Three months ended December 31, 2019 (Oct. 1, 2019 – Dec. 31, 2019)
Profit (loss)	△150	669
Other comprehensive income, net of tax		
Items that may be reclassified as profit or loss		
Translation adjustments of foreign operations	△8	△0
Cash flow hedge	△0	△0
Total of items that may be reclassified as profit or loss	△9	△0
Total of other comprehensive income, net of tax	△9	△0
Comprehensive income	△160	668
Comprehensive income attributable to		
Owners of parent	△207	691
Non–controlling interests	46	△23

(3) Condensed Consolidated Statement of Changes in Equity

Three months ended December 31, 2018 (Oct. 1, 2018 – Dec. 31, 2018)

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Other items of equity	Treasury shares	Total		
As of October 1, 2018	1,100	2,117	1,865	5	—	5,089	380	5,470
Profit (loss)	—	—	△201	—	—	△201	51	△150
Other comprehensive income	—	—	—	△5	—	△5	△4	△9
Total comprehensive income	—	—	△201	△5	—	△207	46	△160
Dividends of surplus	—	△177	—	—	—	△177	—	△177
Issuance of new shares	403	403	—	—	—	807	—	807
Increase (decrease) through transfers and other changes	—	7	△0	4	—	11	△3	8
Total transactions with owners	403	233	△0	4	—	642	△3	638
As of December 1, 2018	1,504	2,350	1,664	5	—	5,524	423	5,948

Three months ended December 31, 2019 (Oct. 1, 2019 – Dec. 31, 2019)

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Other items of equity	Treasury shares	Total		
As of October 1, 2019	2,922	4,175	2,601	19	△0	9,719	382	10,101
Adjustment for changes in accounting policies	-	-	△34	-	-	△34	△18	△52
Balance after retrospective restatement	2,922	4,175	2,567	19	△0	9,684	363	10,048
Profit (loss)	-	-	692	-	-	692	△23	669
Other comprehensive income	-	-	-	△0	-	△0	△0	△0
Total comprehensive income	-	-	692	△0	-	691	△23	668
Dividends of surplus	-	△198	-	-	-	△198	-	△198
Issuance of new shares	8	8	-	-	-	17	-	17
Increase (decrease) through transfers and other changes	-	-	△0	4	-	4	3	7
Increase (decrease) by share exchanges	-	510	-	-	-	510	-	510
Total transactions with owners	8	321	△0	4	-	334	3	338
As of December 1, 2019	2,931	4,497	3,259	23	△0	10,711	343	11,055

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended December 31, 2018 (Oct. 1, 2018 – Dec. 31, 2018)	Three months ended December 31, 2019 (Oct. 1, 2019 – Dec. 31, 2019)
Cash flows from operating activities		
Profit (loss) before tax	△204	748
Depreciation and amortization expense	211	378
Investment income (loss)	△105	△131
Negative goodwill	-	△705
(Increase) decrease in trade and other receivables	429	878
Decrease (increase) in inventories	19	△122
Increase (decrease) in trade and other payables	△851	△1,392
Decrease (increase) in advance payments - trade	△52	△576
Decrease (increase) in guarantee deposits	8	△177
Decrease (increase) in investment securities for sale	△144	△122
Other	301	△80
Subtotal	△388	△1,303
Interest and dividend income received	2	5
Interest expenses paid	△25	△47
Income taxes paid	△44	△200
Net cash provided by (used in) operating activities	△456	△1,545
Cash flows from investing activities		
Purchase of investment securities	-	△67
Purchase of intangible assets	△343	△257
Payments for lease deposits	△38	-
Collection of lease deposits	81	1
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	504
Payments for transfer of business	-	△150
Other	△111	19
Net cash provided by (used in) investing activities	△412	50
Cash flows from financing activities		
Net increase (decrease) in short–term loans payable	1,035	△349
Proceeds from long–term loans payable	700	-
Repayments of long–term loans payable	△681	△319
Proceeds from issuance of common shares	797	-
Repayments of lease obligations	-	△121
Dividends paid to owners of the parent company	△166	△189
Other	△2	14
Net cash provided by (used in) financing activities	1,683	△966
Effect of exchange rate change on cash and cash equivalents	△6	9
Net increase (decrease) in cash and cash equivalents	808	△2,451
Cash and cash equivalents at beginning of period	5,320	8,997
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	△68
Cash and cash equivalents at end of period	6,128	6,477

(5) Notes to Condensed Consolidated Financial Statements

(Notes on going concern assumptions)

Not applicable.

（Changes in Accounting Policies）

Application of IFRS 16 *Leases*

The Group applied IFRS 16 *Leases* (issued in January 2016) (hereinafter referred to as "IFRS 16") starting from the first three months of the consolidated fiscal year under review. On applying IFRS 16, the Group chose the method of recognizing the cumulative effect of application of the standard at the date of initial application (October 1, 2019), which is permitted under transition provisions, and not retrospectively restating comparative information.

(i) Definition of lease

As a result of the application of IFRS 16, at the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group considers whether a contract includes use of an identified asset, whether the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use, and whether the Group has the right to direct use of the asset.

(ii) Accounting for leases

Leases as lessee

At the commencement of the lease, with respect to the lease components of leases except for short-term leases and low value asset leases, the Group recognizes a right-of-use asset and the related lease liability. At the commencement date, the Group measures the right-of-use asset at cost and measures the lease liability at the present value of the lease payments that are not paid at that date.

The cost of the right-of-use asset consists of the amount of the initial measurement of the lease liability, any initial direct costs, any lease payments made before the commencement date and other adjustments. The discount rate used to determine the present value of leases payment is the interest rate implicit in the lease, if that rate can be readily determined, and if that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate

The lease term is the noncancellable period of the lease including the period covered by the option to extend the lease (when the Group is reasonably certain to exercise an option to extend the lease) and the period covered by the option to terminate the lease (when the Group is reasonably certain not to exercise the option to terminate the lease).

After the commencement date, the right-of-use asset is measured at cost less accumulated depreciation and impairment losses. When depreciating right of use assets, the Group applies the depreciation requirements in IAS 16 *Property, Plant and Equipment*. The Group also applies IAS 36 *Impairment of Assets* when assessing whether to depreciate right-of-use assets and when accounting for identified impairment losses.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the Group is reasonably certain to exercise the lessee's purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset by the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

After the commencement date, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and reduces the carrying amount to reflect the lease payments made. The Group also remeasures the carrying amount to reflect any fluctuation of lease payments or lease modifications or to reflect revised in-substance fixed lease payments.

The Group expenses lease payments related to short-term leases and low value leases by the straight-line method.

Accounting on transition

On applying IFRS 16, the Group applies the practical expedient that does not require it to reassess whether existing contracts contain a lease. Accordingly, assessment of leases in accordance with the definition of a lease under IFRS 16 applies only to contracts concluded or amended on or after October 1, 2019.

Leases as lessee

(Leases classified as an operating lease under IAS 17)

A lease liability at transition is measured at present value of the remaining lease payments as of the transition date discounted at the Group's incremental borrowing rate as of October 1, 2019. A right-of-use asset at transition is measured by one of the methods shown below:

・carrying value as if IFRS 16 had always been in place calculated from lease commencement; provided, however, that the discount rate is the lessee's incremental borrowing rate as of the date of initial application; or

・set equal to the lease liability, adjusted for any prepaid or accrued lease payments.

When applying IFRS 16 to leases previously classified as operating leases under IAS 17, the Group applies the practical expedients shown below:

・apply a single discount rate to a portfolio of leases with reasonably similar characteristics;

・account for leases for which the lease term ends within 12 months of the date of initial application by the same method used for short-term leases;

・exclude initial direct costs from the measurement of the right-of-use asset as of the date of initial application; and

・use hindsight with respect to contracts with options to extend or cancel when determining the lease term, etc.

(Lease classified as a finance lease under IAS 17)

The carrying value of the right-of-use asset and the lease liability is determined based on the carrying value of the lease asset and lease liability under IAS 17 immediately before the date of initial application.

(iii) Impact on the condensed quarterly consolidated financial statements

On application of IFRS 16, in the condensed quarterly consolidated statements of financial position at the beginning of the period, the Group additionally recognized right-of-use assets of 4,819 million yen and lease liabilities of 4,871 million yen, and recognized decreased of 34 million yen in retained earnings and 18 million yen in non-controlling interests.

The weighted average of the lessee's incremental borrowing rates applied to lease liabilities recognized in the condensed quarterly consolidated statements of financial position as of the date of initial application is 0.7％～4.8%.

(Segment information, etc.)

(1) Summary of reportable segments

The Company's reportable segments are its business units that have separate financial information available and that are subject to periodical examinations by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

Under its "One Asia" vision, the Group aims to serve as a bridge connecting various opportunities and engineers in Asia. With the Online Travel Agency Business, IT Offshore Development Business and Investment Business as its three mainstay businesses, the Group classifies these businesses, with their highly unique business models, as its main reportable business segments and draws up and determine Group strategies accordingly.

The businesses and main products belonging to each reportable segment are as follows:

Online Travel Agency Business: AirTrip travel agency services, services for foreign visitors in Japan, life innovation services

IT Offshore Development Business: Lab-type offshore development services and BPO services

Investment Business: Investment in growing companies and turnarounds

(2) Calculation method of segment income (loss) and segment performance

The accounting process for the reportable business segments is the same as that used for the preparation of the condensed consolidated financial statements.

Transactions between reportable segments are conducted based on the same general terms and conditions that apply to external customers.

The Group does not allocate assets or liabilities to reportable segments.

(3) Information about segment income(loss) and segment performance

Three months ended December 31, 2018 (Oct. 1, 2018 – Dec. 31, 2018)

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated Total
	Online Travel Agency Business	IT Offshore Development Business	Investment Business	Total				
External sales revenue	4,124	611	0	4,735	0	4,735	—	4,735
Intersegment revenue	16	108	—	124	—	124	△124	—
Total sales revenue	4,140	719	0	4,860	0	4,860	△124	4,735
Segment profits (losses) (Note 3)	△196	91	97	△7	△0	△7	△175	△183
Financial income								2
Financial expenses								△24
Income before income taxes								△204

(Note 1) The category "Other" includes the business segments not included in the reportable segments, such as advertising revenue.

(Note 2) The category "Adjustments" mainly consists of corporate expenses that do not belong to any reportable segment and intersegment transactions.

(Note 3) The segment profit or loss has been adjusted to the operating income stated in the quarterly consolidated statement of income.

Three months ended December 31, 2019 (Oct. 1, 2019 – Dec. 31, 2019)

(Millions of yen)

	Reportable segments				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated Total
	Online Travel Agency Business	IT Offshore Development Business	Investment Business	Total				
External sales revenue	7,402	507	71	7,980	0	7,980	-	7,980
Intersegment revenue	-	215	-	215	-	215	△215	-
Total sales revenue	7,402	723	71	8,196	0	8,196	△215	7,980
Segment profits (losses) (Note 3) (Note 4)	905	40	163	1,109	△0	1,109	△309	800
Financial income								5
Financial expenses								△58
Income before income taxes								748

(Note 1) The category "Other" includes the business segments not included in the reportable segments, such as advertising revenue.

(Note 2) The category "Adjustments" mainly consists of corporate expenses that do not belong to any reportable segment and intersegment transactions.

(Note 3) The segment profit or loss has been adjusted to the operating income stated in the quarterly consolidated statement of income.

(Note 4) The segment profits of the Online Travel Agency Business include negative goodwill arising from the acquisition of HIKAWA.

(Important subsequent events)

Not applicable.