Consolidated Financial Results for the Fiscal Year Ended September 30th, 2020 (FY9/20) [IFRS]

November 13th, 2020

Company name:	AirTrip Corp.	Stock Exchange Listing:	TSE
Stock code:	6191	URL	https://www.airtrip.co.jp

Representative: Yusuke Shibata, Representative Director, President and CFO
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Scheduled date of holding of ordinary shareholders' meeting:	December 25th 2020	Scheduled date of payment of dividend:	December 28th 2020
Scheduled date of submission of financial reports:	December 28th 2020		

Preparation of supplementary documents for financial results: Yes
Holding of 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 Fiscal Year Ended September 30th, 2020 (October 1st, 2019 to September 30th, 2020)

(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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Sep 2020	21,191	△12.8	△8,760	—	△8,956	—	△8,473	—	△8,380	—	△8,483	—
Year ended Sep 2019	24,306	95.6	680	△41.0	588	△48.3	753	△24.1	733	△14.3	729	△26.0

	Profit per share	Fully diluted profit per share	Return on equity	Return on assets	Operating income margin
	Yen	Yen	%	%	%
Year ended Sep 2020	△418.23	△418.23	△140.0	△31.1	△41.3
Year ended Sep 2019	39.07	37.98	9.9	2.1	2.7

Note HIKAWA CO., LTD. was excluded from consolidation in the fourth quarter of the Fiscal Year Ending September 30th 2020, so the business from the company is classified as a discontinued business. As a result, net sales, operating income and profit before income represent the amount of continuing business excluding discontinued business. For details, please refer to "Attachment" on pages 11 and 16.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
	Million yen	Million yen	Million yen	%	Yen
Year ended Sep 2020	22,994	2,849	2,255	9.8	110.44
Year ended Sep 2019	31,253	10,099	9,716	31.1	490.7

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Sep 2020	△199	△240	△1,501	7,042
Year ended Sep 2019	△76	△678	4,459	8,997

2. Dividends

	Dividend per share					Total dividends (Annual)
	1Q–end	2Q–end	3Q–end	Year-end	Total	
	Yen	Yen	Yen	Yen	Yen	Million yen
Year ended Sep 2019	—	0.00	—	10.00	10.00	198
Year ended Sep 2020	—	0.00	—	10.00	10.00	204
FY21/9 (Estimated)	—	—	—	—	—	—

(Note) Dividends for the fiscal year ended September 30th, 2020, are paid solely from capital surplus. Please see "Breakdown of dividends paid from capital surplus" below. At this time, the estimated dividend for the fiscal year ending September 2021 is undecided.

3. Full year consolidated financial forecast for FY9/21 (October 1st, 2020 to September 30th, 2021)

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Profit before income taxes		Profit attributable to owners of parent		Profit per share
	Millon yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ended Sep 2021	23,500	10.9%	300	-	240	-	180	-	8 81

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation) : Yes

Newly included — Company — , Excluded 1 Company HIKAWA CO., LTD.

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

1) Change of the accounting policy required under IFRS : None

2) Changes in accounting policies other than (1) 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)	Year ended Sep 2020	20,419,800	Year ended Sep 2019	19,801,300
2) Number of treasury shares as of the end of the period	Year ended Sep 2020	—	Year ended Sep 2019	—
3) Average number of shares issued during the period	Year ended Sep 2020	20,037,966	Year ended Sep 2019	18,774,384

(Reference) Summary of non–consolidated business results

1. Non-consolidated financial results for the fiscal year ended September 30, 2020 (October 1st 2019 to September 30th 2020)

(1) Non-consolidated results of operations (Figures in percentages denote the year-on-year change.)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Sep 2020	4,530	△23.9	△585	△16.2	△214	△72.1	△6,750	△857.7
Year ended Sep 2019	5,951	50.9	△698	△4.9	△777	△17.0	△787	△21.2

	Profit per share	Fully diluted profit per share
	Yen	Yen
Year ended Sep 2020	△336.88	—
Year ended Sep 2019	△41.92	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended Sep 2020	11,092	459	4.1	22.49
Year ended Sep 2019	18,033	6,579	36.5	332.25

(Reference) Shareholders' equity Year ended Sep 2020 459 million yen Year ended Sep 2019 6,579 million yen

* 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. Please see [Attachment] Page 8 "1. Consolidated Results of Operations Etc., (5) Qualitative Information on Consolidated Earnings Forecasts" for more about the results forecast.

* Breakdown of dividends paid from capital surplus

The following table shows a breakdown of dividends paid from capital surplus for the fiscal year ended September 30th, 2020.

Benchmark date	Year-end	Total
Dividend per share	10 yen	10 yen
Total dividends	204 million yen	204 million yen

*The Company is currently calculating percentage gain/loss in net assets and will disclose this information as soon as it is determined.

○Contents of Attachments

1. Consolidated Results of Operations

(1) Overview of Consolidated Results of Operations

(Million yen)

	FY9/19	FY9/20	Increase/Decrease	Rate of change (%)
Consolidated Results of Operations				
Net sales	24,306	21,191	△3,115	△12.8%
Operating Income (Loss)	680	△8,760	△9,440	-
Profit before income taxes (Loss)	588	△8,956	△9,544	-
Profit attributable to owners of parent (Loss)	733	△8,825	△9,558	-

(Note) HIKAWA Co., Ltd. was excluded from the current consolidated fiscal year, so the company's business is classified as a discontinued business. Therefore, net sales; operating income; profit before income taxes and profit attributable to owners of parent represent the amount of continuing business excluding discontinued business. For details, please refer to page 11 and 16.

Because of US – China Trade Friction; slowdown on China and Europe’s economy; and the expansion of COVID-19 (infectious disease by new type of Corona Virus) this year, many countries has imposed some actions such as restriction on travelling abroad or lockdown, Japanese economy during the current consolidated cumulative period is on the situation that travel demand is stagnated all over the world. The prospect is still uncertain because of the stagnation of the economy’s activities due to the expansion of COVID-19 (infectious disease by new type of Corona Virus), with the transition of the disease, we are thinking that it’s important to take much attention on the future market trends.

Under these circumstances, we have been providing convenient services to customers as a specialized Online Travel agency company since establishing. We have developed our business centered on 3 strengths: “Purchasing ability”, “Various sales channels" and "System development ability".

Besides, in the current fiscal year, by unifying trade name and brand name to “Airtrip”, we are building a strong business base as an operating company and aiming to raise the recognition of the Company’s brand.
our company’s planning to build a strong business foundation as an operating company, and to improve brand awareness.

Moreover, we have rearranged Group’s business domains, created a new Life Innovation business for Online Travel Agency business, and developed business that enhances the convenience of life scenes by utilizing the know-how of travel-related services.

From 2020 March, Net sales for the current fiscal year has been significantly impacted in online travel agency business and IT offshore development business by the worldwide expansion of COVID-19 and the influence of each country’s disease control policies. Online Travel Agency business decreased 12.6% year-on-year to 18,744 million yen, IT offshore development business decreased 24.1% year-on-year to 1,888 million yen. On the other hand, in the investment business, sales increased 61.7% year on year to 558 million yen by the transfer of the shares associated with the new listings of our company’s IPO investees. Based on the above, Net sales for the current fiscal year decreased 12.8% year on year to 21,191 million yen.

Operating income for the fiscal year has been significantly impacted by the decreasing of net sales and the recording of an impairment loss due to expansion of COVID-19. In the Online Travel business, operating loss decreased 800.1% year-on-year to 7,211 million yen, in the IT offshore development business, operating loss decreased 115.2% year-on-year to 24 million yen, and in the investment business, operating loss decreased 162.3% year-on-year 257 million yen.

Regarding impairment loss, we have already recorded an impairment loss of 1,044 million yen in the second quarter of the current consolidated fiscal year. In the fourth quarter of the same consolidated fiscal year, an additional impairment loss of 5,851 million yen has been recorded, resulting in a total impairment loss of 6,896 million yen.

This is due to the above infection diseases have significantly impaired the Group's inbound and outbound demand and some domestic demand. Therefore, impairment loss has been recorded for goodwill of 4,225 million yen and fixed assets of 1,626 million yen centered on other software. Based on the above, operating income decreased by 9,440 million yen year-on-year to an operating loss of 8,760 million yen.

For details, please refer to “(2) Overview of Segment Reporting” on page 5. In the difficult business environment, we have significantly reviewed variable costs and fixed costs focusing on advertising expenses, labor costs and rent expenses in selling, general and administrative expenses (SG&A expenses). As a result of making variable cost of operation costs in Online Travel business, implementing cost control according to the frequency, and controlling rent expense by the significant shift to working from home, we have achieved reductions in selling, general and administrative expenses (SG&A expenses) in the current fiscal year and have established a system for early recovery from the next fiscal year.

(2) Overview of Segment Reporting

Online Travel Agency Business

(Million yen)

	FY9/19	FY9/20	Increase/Decrease	Rate of change (%)
Net sales	21,505	18,744	△2,761	△12.6
Segment income	1,113	△7,211	△8,324	△747.9

1. Airtrip Travel Agency Business

The Company have been providing convenient services to customers as a specialized Online Travel agency company since establishing. With 3 main strengths: “Purchasing ability”, “Various sales channels" and "System development ability", we’ve developed the following services:

(1) BtoC services (Directly managed by the company)

The Company have achieved a strong competitiveness by being partner with Japan Railways Group and each airline company wwith the biggest domestic flight ticket agencies. We are operating "AirTrip", a site where you can easily compare and reserve domestic and overseas travel content. We have even put much effort on making the site easy-to-use to provide the most suitable travel options.

(2) BtoBtoC services (travel content posting to OEM)

We provide domestic flight tickets and travel products; oversease flight tickets and hotels to other company’s media as travel content. By increasing content lineup, it will help improve customer’s satisfaction for media users.

(3) Business Travel Management (BTM)

At “Airtrip BTM”, we develop ticket arrangement and an efficient management business system for daily business trips, and provide free system for companies have business trips’ needs, direct cost and indirect cost could be reduced.

2. Travel to Japan business

We have developed accumulated know-how at Airtrip Travel Agency as a service for the foreign visitors to Japan as soon as possible and for private lodging management companies

(1) Wifi rental for the foreign visitors to Japan

Inbound Platform Corp., a subsidiary of AirTrip, offers a Wi-Fi router rental service for foreign visitors. With over 200,000 Wi-fi being rented, we have established the brand with long-standing trust and good online review. We are planning to expand camping car rental service according to inbound demand.

(2) Dynamic Package for the foreign visitors to Japan

For the increasing number of individual tourists from Southeast Asia, we’ve strengthened the ability to support each country’s language. At first, domestic hotels, Japanese style hotel (ryokan)’s information has been prepared in Thai language. Information about domestic hotel and Japanese style hotel (ryokan) can be found in “Dynamic Package for the foreign visitors to Japan for the first time” sold by JALpak Co., Ltd. We are also improving promotion campaign for other countries’ visitors.

(3) One-stop service for private lodging hosts

To utilize vacant houses that tend to increase every year in Japan, “Airtrip Stay Co. Ltd.” proposes operation of rooms in accordance with Business law on private lodging. Among the increasing number of foreign visitors, “Airbnb” which is used by 1 in 5 people, is the first official partner in Japan, provide one-stop support from property’s registration to management. We are planning to expand this service.

3. Life innovation business

By utilizing the accumulated “know-how” of various travel related services through “Airtrip”, we are developing the following businesses with the aim of making every scene of customers' life more convenient.

(1) Healthcare

Direct health check are being questioned due to the impact of COVID-19, we provide not only online health check to replace simple direct health check, but also daily 24-hour/365-day health check services by combining community health check /at-home health check and the Internet according to users' situation or need.

By implementing comprehensive effort on the field of "Travel/Business Trip" x "Health check", medical institutions and clinics cooperate with our subsidiary company "PikaPika Co. Ltd." are planning to provide PCR test and antibodies test services during domestic or overseas travel and business trips.

(2) E-magazine / WEB Media

By cooperating with , our subsidiary company "MAGMAG Inc.", which principle is "Tell the things you want to the people want to hear", we are developing and providing a mechanism to collect content such as creators from all over the world and deliver those information to people who might value them.

With "Mine", you can be subscribed on each article basis, including a free/paid magazine distribution service "MAGMAG!". Moreover, we also operate WEB Media like "MAG2 NEWS", "MONEY VOICE", "TRiP EDiTOR" and "by them", which could discover contents and deliver information to many people who want to know.

(3) Suitcase selling/rental

We rent and sell related-to-travel products such as suitcases and provide our own products to major and mass retail stores, and also develop EC, OEM. We will always develop and provide high quality, easy-to-use and durable products.

Segment net sales from Online Travel business for the current consolidated fiscal year decreased 12.6% year on year to 18,744 million yen. This reduction is caused by the expansion of COVID-19 and each country's policy to prevent the expansion.

Segment income from Online Travel business for the current consolidated fiscal year decreased 747.9% year-on-year to 7,211 million yen. The main reason for the decrease is the recording of impairment loss due to the expansion of COVID-19.

IT Offshore Development Business

(Million yen)

	FY9/19	FY9/20	Increase/Decrease	Rate of change (%)
Net sales	2,455	1,888	△567	△23.1
Segment income	172	△24	△196	△114.0

IT Offshore Development Business provides Lab-type development services for customers mainly with E-commerce/ Web solution/ Game/ System development companies based on Ho Chi Minh City, Hanoi or Danang of Vietnam.

Our Group's Lab-type development services has created teams with new and dedicated staffs for each customer and the style that allow customers to check the lab's situation every time they want to.

Segment net sales from the IT offshore development business segment for the current consolidated fiscal year decreased 23.1% year on year to 1,888 million yen. This reduction is caused by the expansion of COVID-19 and each country's policy to prevent the expansion.

Segment income from the IT offshore development business segment for the current consolidated fiscal year decreased 114.0% year on year to 24 million yen.

Investment Business

(Million yen)

	FY9/19	FY9/20	Increase/Decrease	Rate of change (%)
Net Sales	345	558	213	61.7
Segment income	332	△257	△589	△177.4

In the Investment Business, the Group is promoting the M&A strategy by building a business portfolio within the group focusing on profitability and growth potential such as (1) Promotion of M&A that captures the reorganization momentum of the Travel Business, (2) Promotion of aggressive investment aimed at continuous business scale expansion, (3) Promotion of M&A for continuous business growth of the Travel Business, and (4) Consideration for the sale of some businesses in terms of adjacent sectors.

In order to support the current and future needs of individual users and corporate clients, we continue to invest in innovative and differentiated domain such as new work styles support services. In the current consolidated fiscal year, we have expanded the number of investment destinations to 64 companies.

Net sales for the investment business segment during the current consolidated fiscal year increased 61.7% year on year to 558 million yen. Net sales increased by the sale of the shares associated with the initial public offering of the 3 investee companies in the Company's IPO project in the current consolidated fiscal year.

Profit and loss for the investment business segment during the current consolidated fiscal year decreased 177.4% year on year to -257 million yen.

(3) Operational Measures for the current consolidated fiscal year

Risk Impact of the Group regarding the aftermath of the COVID-19

Although the aftermath of the COVID-19 infection worldwide and the effect of measures to prevent the aftermath of the infection in each country have had a significant impact on the AirTrip Travel Business since March 2020, due to the contribution of profits excepting Travel Business, Net sales for the current consolidated fiscal year decreased 12.8% year-on-year to 21,191 million yen. However, since March 2020, the impact has been strongly affected by the operating income of the Online Travel Business, and the situation of the second and third waves of infection, the recovery speed of travel demand and financial market conditions remain uncertain.

Operational Measures of the Group regarding the aftermath of the COVID-19

Although the Group is affected by the risks of business to the Group due to the aftermath of the above-mentioned COVID-19, We are making effort on business activities while continuing to ensure safety of our stakeholders such as employees and their families, individual users, clients and external cooperation partners and preventing the aftermath of infection.

In addition, to deal with the risks effect to Group by infectious disease, we have implemented the following management measures.

1. Reduction of cash-out costs at the group-wide level

We have significantly reviewed variable costs and fixed costs focusing on advertising expenses, labor costs and rent expense. As a result of making variable cost of operation costs in Online Travel business, implementing cost control according to the frequency, and controlling rent expense by the significant shift to working from home, we have achieved reductions in selling, general and administrative expenses (SG&A expenses) in the current fiscal year and have established a system for early recovery from the next fiscal year.

2. Issuance of Convertible bonds with stock acquisition rights (CB) and Share warrant (warrant)

With a view to with corona/after corona, we are implementing the following finance while giving maximum consideration to the profit of existing shareholders, and implementing a maximum fundrasing limit of over 6 billion yen.

Fundrasing methods	Capital raising ability
Convertible bonds with stock acquisition rights (CB)	About 1 billion yen
Share warrant (warrant)	About 5 billion yen

Please refer to below for more information on the above.
August 27th, 2020
AirTrip Corp. "Explanatory Material for Finance"
https://contents.xj-storage.jp/xcontents/AS99831/53d7ead6/6141/46d4/9c0e/edea0a59285c/140120200827486439.pdf

3. Conclusion of commitment line contract
In preparation for the aftermath of the COVID-19 pandemic, we have secured 1.5 billion yen as a short-term working capital limit.

4. The Sale of consolidated subsidiary
Due to the impact of the the COVID-19 pandemic, the Group's main travel demand has slumped sharply, the consolidated subsidiary was sold as part of the restructuring of the Group's business and the Group's financial base has improved.
The Company has appropriately responded to the business risks that the disease cause to the Group by implementing the above measures and determined that there are no significant uncertainty concerning the Assumption of Going Concern.

(4) Overview of Financial Position

(Million yen)

	FY9/19 (from Oct 1st 2018 to Sep 30th 2019)	FY9/20 (from Oct 1st 2019 to Sep 30th 2020)	Increase/ Decrease	Rate of change (%)
Total Assets	31,253	22,994	△8,259	△26.4%
Total current assets	20,140	15,073	△5,067	△25.2%
Total non–current assets	11,112	7,920	△3,192	△28.7%
Total Liabilities	21,153	20,144	△1,009	△4.8%
Total current liabilities	15,717	11,483	△4,234	△26.9%
Total non-current liabilities	5,436	8,660	3,224	59.3%
Total Equity	10,099	2,849	△7,250	△71.8%
Total equity attributable to owners of parent	9,716	2,255	△7,461	△76.8%
Non–controlling interests	382	594	237	62.0%

(Assets)
Assets decreased 8,259 million yen from the end of the previous fiscal year. This result was mainly due to a decrease of 1,954 million yen in cash and cash equivalents, a decrease of 2,877 million yen in operating receivables and other receivable, a decrease of 6,877 million yen in property, plant and equipment, intangible assets and goodwill, and an increase of 3,462 million yen in the right-of-use assets.

(Liabilities)
Liabilities decreased 10,09 million yen from the end of the previous fiscal year. This result was mainly due to a decrease in operating payable and other operating payable of 1,788 million yen, a decrease in interest–bearing debt of 1,569 million yen, and an increase in other liabilities of 2,348 million yen.

(Equity)
Equity decreased 7,250 million yen from the end of the previous fiscal year. This result was mainly due to the recording of an impairment loss of 7,416 million yen in the current consolidated fiscal year.

(5) Qualitative Information on Consolidated Earnings Forecasts

The Group's consolidated Net sales in October 2020 was higher than in September of the previous month, although there are signs of a recovery in business results, the situation in each country is different from before, and there is a possibility that lockdown will continue or resume in the future. In addition, due to the economic outlook remains uncertain, we believe that the aftermath of the COVID-19 pandemic will have a considerable impact on our business results from this fiscal year.

However, the AirTrip Group offers the following strategies for with COVID-19 and after COVID-19 by developing (1) AirTrip Travel business as the main axis, (2) Travel to Japan business, (3) IT offshore development business, (4) Life Innovation business and (5) Investment business.

1. Reliable capture domestic travel demand by utilizing the GoTo Travel Campaign

Promote the strengthening of cooperation with government agencies, local partners and airlines, and actively utilize the destinations that stimulate domestic travel demand through the GoTo Travel Campaign, such as partial subsidies for travel prices.

2. Consideration large-scale promotion for mass using the recognition of the Company’s brand AirTrip

Respond to new forms of travel by utilizing the AirTrip brand and promoting marketing strategies that take advantage of the influx of organic products.

3. Business development that supports new travel and lifestyles by utilizing IT literacy and development capabilities

Aim to develop new business models and services by grasping travel styles and lifestyles that are expected to change due to after COVID-19.

4. Start-up a new healthcare bussiness

Start-up a new healthcare business as a further strengthening of the Life Innovation business domain. An comprehensive efforts are being made in the fields of "Travel/Business Trip" x "Medical Care", and medical institutions and clinics affiliated with our subsidiary PikaPaka Co., Ltd. Are also providing PCR tests and antibody test services during travel and business trips in Japan and overseas.

5. Preparation for listing of major group subsidiaries

MAGMAG Co., Ltd., which operates the long-established "MAGMAG!" on the distribution platform of the email magazine (e-zine), was newly listed on the JASDAQ standard on September 24th, 2020. We are also preparing for listing of other major subsidiaries of the Group, and will continue to improve the corporate value of the entire Group.

For details on the above, please refer to the November 13th, 2020 "Financial Results Material for the Fiscal Year Ended September 30, 2020" announced on the same day.

2. Consolidated Financial Statements and Key Notes

(1) Consolidated Statements of Financial Position

(Million yen)

	FY9/19 (As of Sep 30th 2019)	FY9/20 (As of Sep 30th 2020)
Assets		
Current assets		
Cash and cash equivalents	8,997	7,042
Notes and accounts receivable – trade and other receivables	5,239	2,362
Other financial assets	4,606	4,411
Inventories	428	435
Other current assets	868	821
Total current assets	20,140	15,073
Non-current assets		
Property, plant and equipment	1,324	379
Right-of-use assets	-	3,462
Goodwill	5,770	1,255
Intangible assets	2,628	1,210
Other financial assets	1,103	970
Other non-current assets	59	34
Deferred tax assets	226	607
Total non-current assets	11,112	7,920
Total assets	31,253	22,994
Liabilities and equity		
Liabilities		
Current liabilities		
Operating payables and other operating payables	4,414	2,625
Interest-bearing debt	7,519	6,188
Lease liabilities	-	424
Other financial liabilities	368	251
Accrued income taxes	189	133
Other current liabilities	3,224	1,860
Total current liabilities	15,717	11,483
Non-current liabilities		
Interest-bearing debt	5,111	4,873
Lease liabilities	-	3,148
Other financial liabilities	41	25
Provisions	85	77
Deferred tax liabilities	175	528
Other non-current liabilities	22	7
Total non-current liabilities	5,436	8,660
Total liabilities	21,153	20,144
Equity		
Capital stock	2,922	3,138
Capital surplus	4,175	4,887
Retained earnings	2,598	△5,843
Treasury shares	△0	△0
Other items of equity	19	72
Total equity attributable to owners of parent	9,716	2,255
Non-controlling interests	382	594
Total equity	10,099	2,849
Total liabilities and equity	31,253	22,994

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

Consolidated Statement of Income

(Million yen)

	FY9/19 (from Oct 1st 2018 to Sep 30th 2019)	FY9/20 (from Oct 1st 2019 to Sep 30th 2020)
Continuing business		
Net sales	24,306	21,191
Cost of sales	△11,385	△13,689
Gross profit	12,920	7,502
Selling, general and administrative expense	△12,865	△9,069
Share of loss (profit) of entities	150	△527
Other income	546	327
Other expenses	△71	△6,994
Operating income	680	△8,760
Finance income	18	-
Finance costs	△110	△195
Profit before income taxes	588	△8,956
Corporate income tax expenses	165	△37
Profit from continuing business	753	△8,919
Discontinued business		
Profit from discontinued business	-	445
Profit (loss)	753	△8,473
Profit attributable to		
Owners of parent	733	△8,825
Non-controlling interests	19	△93
Profit (loss)	753	△8,473
Profit per share		
Profit per share (Yen)	39.07	△418.23
Continuing business	39.07	△440.45
Discontinued business	-	22.21
Fully diluted profit per share (Yen)	37.98	△418.23
Continuing business	39.98	△440.45
Discontinued business	-	22.21

Consolidated Statement of Comprehensive Income

(Million yen)

	FY9/19 (from Oct 1st 2018 to Sep 30th 2019)	FY9/20 (from Oct 1st 2019 to Sep 30th 2020)
Profit	753	△8,473
Other comprehensive income, net of tax		
Items that cannot be reclassified as profit or loss		
Equity financial assets measured at fair value through other comprehensive income	△8	-
Total of items that cannot be reclassified as profit or loss	△8	-
Items that may be reclassified as profit or loss		
Translation adjustments of foreign operations	△14	△9
Cash flow hedge	△0	△0
Total of items that may be reclassified as profit or loss	△15	△9
Total of other comprehensive income, net of tax	△24	△9
Comprehensive income	729	△8,483
Comprehensive income attributable to		
Owners of parent	716	△8,385
Non–controlling interests	12	△97
	729	△8,483

(3) Consolidated Statement of Changes in Equity

FY9/19 (from Oct 1st 2018 to Sep 30th 2019)

(Million yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other items of equity	Total		
As of October 1st, 2018	1,100	2,117	1,876	―	5	5,099	380	5,480
Profit (loss)	―	―	733	―	―	733	19	753
Other comprehensive income	―	―	―	―	△16	△16	△7	△24
Total comprehensive income	―	―	733	―	△16	716	12	729
Dividends of surplus	―	△177	―	―	―	△177	―	△177
Issuance of new shares	1,822	1,822	―	―	―	3,644	―	3,644
Increase (decrease) by share exchanges	―	413	―	―	―	413	―	413
Changes in equity by continuing control subsidiary	-	-	-	-	-	-	-	-
Decrease in subsidiary surplus through consolidation range changes	-	-	-	-	-	-	-	-
Acquisition of treasury stock	―	―	―	△0	―	△0	―	△0
Increase (decrease) through transfers and other changes	―	―	△8	―	30	22	△11	11
Total transactions with owners	1,822	2,058	△8	△0	30	3,902	△11	3,891
As of Sep 30th, 2019	2,922	4,175	2,598	△0	19	9,716	382	10,099

FY9/20 (from Oct 1st 2019 to Sep 30th 2020)

(Million yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other items of equity	Total		
As of October 1st, 2019	2,922	4,175	2,598	△0	19	9,716	382	10,099
Cumulative impact by new accounting standard application	-	-	△34	-	-	△34	△18	△52
Balance after retrospective restatement	2,922	4,175	2,564	△0	19	9,682	363	10,046
Profit (loss)	-	-	△8,380	-	-	△8,380	△93	△8,473
Other comprehensive income	-	-	-	-	△4	△4	△4	△9
Total comprehensive income	-	-	△8,380	-	△4	△8,385	△98	△8,483
Dividends of surplus	-	△198	-	-	-	△198	-	△198
Issuance of new shares	216	216	-	-	-	432	-	432
Increase (decrease) by share exchanges	-	510	-	-	-	510	-	510
Changes in equity by continuing control subsidiary	-	204	-	-	-	204	-	204
Decrease in subsidiary surplus in change in scope of consolidation	-	-	△7	-	-	△7	-	△7
Increase (decrease) through transfers and other changes	-	△22	△19	-	57	15	328	344
Total transactions with owners	216	711	△27	-	57	958	328	1,286
As of Sep 30th, 2020	3,138	4,887	△5,843	△0	72	2,255	594	2,849

(4) Consolidated Statement of Cash Flows

(Million yen)

	FY9/19 (from Oct 1st 2018 to Sep 30th 2019)	FY9/20 (from Oct 1st 2019 to Sep 30th 2020)
Cash flows from operating activities		
Profit (loss) before tax	588	△8,437
Depreciation and amortization expense	889	1,310
Loss (gain) on investments	△150	723
Negative goodwill	△209	△755
Impairment losses	-	6,896
Gain on sale of businesses	△313	-
(Increase) decrease in trade and other receivables	△1,358	1,654
Increase (decrease) in trade and other payables	△35	△1,947
Decrease (increase) in investment securities for sale	△662	△315
Other	1,232	1,087
Subtotal	△19	217
Interest and dividend income received	15	9
Interest expenses paid	△102	△180
Income taxes paid or return	30	△246
Net cash provided by (used in) operating activities	△76	△199
Cash flows from investing activities		
Purchase of property, plant and equipment	△267	△267
Proceeds from sales of property, plant and equipment	116	73
Purchase of intangible asset	△1,105	△794
Payments for lease deposits	△84	-
Proceeds from withdraw deposits	153	66
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	133	553
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	△253
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	852
Proceeds from transfer of busines	641	-
Payments for transfer of business	△138	△150
Other	△126	△320
Net cash provided by (used in) investing activities	△678	△240
Cash flows from financing activities		
Net increase (decrease) in short–term loans payable	18	△1,224
Proceeds from long–term loans payable	3,478	309
Repayments of long–term loans payable	△2,456	△1,965
Proceeds from issuance of corporate bond	-	1,020
Proceeds from issuance of common shares	3,601	432
Proceeds form paid of non-controlling interests	-	394
Proceeds from sale of shares of subsidiaries equity to non-controlling interest	-	89
Dividends paid to owners of the parent company	△176	△197
Other	△5	△360
Net cash provided by (used in) financing activities	4,459	△1,501
Effect of exchange rate change on cash and cash equivalents	△27	△13
Net increase (decrease) in cash and cash equivalents	3,677	△1,954
Cash and cash equivalents at beginning of period	5,320	8,997
Cash and cash equivalents at end of period	8,997	7,042

(5) Notes on going concern Assumptions

Not applicable.

(6) Notes to Consolidated Financial Statements

(Change of the 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 this consolidated fiscal year. 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 1st, 2019), which is permitted under transition provisions, and not retrospectively restating comparative information.

(1) 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 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.

(2) 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.

(3) Impact on the consolidated statements of financial position at the date of initial application

On application of IFRS 16, in the 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.

(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	: Online general travel agency service
IT Offshore Development Business	: Lab-type offshore development services and BPO services
Investment Business	: Investment in growing companies and turnarounds

2. Discontinued business

At the board of directors meeting held on September 30th 2020, the Company resolved to transfer all of the shares of HIKAWA Co., Ltd., which is wholly owned by the Company (hereinafter referred to as the "Share Transfer") and concluded a share transfer agreement on the same date. HIKAWA Co., Ltd. was excluded from the scope of consolidation of the Group and the company's business is classified as a discontinued business according to the transfer of shares. The share transfer was completed on the same date. In addition, for the corresponding previous consolidated fiscal year, the same rearrangement is not displayed because the company was included in the consolidated scope in December 2019.

The profit and loss from the discontinued business and the cash flow from the discontinued business are as follows:

(Million yen)

Profit and loss of discontinued business	FY9/19 (from Oct 1st 2018 to Sep 30th 2019)	FY9/20 (from Oct 1st 2019 to Sep 30th 2020)
Revenue (note)	-	2,786
Expenses (note)	-	2,269
Profit before income taxes from the discontinued business	-	516
Corporate income tax expenses	-	71
Profit from the discontinued business	-	445
Attribution of profit from the discontinued business		
Owners of parent	-	445
Non-controlling interests	-	-
Profit from the discontinued business	-	445

(Note) Profit/loss on sale and incidental expenses related to acquisition/sale due to the transfer of all shares of Hikawa Co., Ltd. in the current consolidated fiscal year are included.

(Million yen)

Cash flow from the discontinued business	FY9/19 (from Oct 1st 2018 to Sep 30th 2019)	FY9/20 (from Oct 1st 2019 to Sep 30th 2020)
Cash flows from operating activities (Net amount)	-	△309
Cash flows from investing activities (Net amount)	-	477
Cash flows from financing activities (Net amount)	-	△427

(Note) In the current consolidated fiscal year, negative goodwill due to the acquisition of all shares of Hikawa Co., Ltd., and payments and deposits from the acquisition/sale of all shares of the company, as well as incidental expenses related to acquisition/sale of these shares are included.

3. Information related to net sales and profits (losses), assets, liabilities, and other amounts for the respective reportable segments

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

The “Adjustments” mainly consists of corporate expenses that do not belong to any reportable segment and intersegment transactions.

The “Other” includes the business segments not included in the reportable segments, such as advertising revenue.

FY9/19 (from Oct 1st 2018 to Sep. 30th 2019)

(Million yen)

	Reportable segments				Other	Total	Adjustments	Consolidated
	Online Travel Agency Business	IT Offshore Development Business	Investment Business	Total				
External sales revenue	21,505	2,455	345	24,306	0	24,306	—	24,306
Intersegment revenue	—	548	—	548	—	548	△548	—
Total sales revenue	21,505	3,004	345	24,855	0	24,855	△548	24,306
Segment profits (losses)	1,113	172	332	1,619	△0	1,619	△938	680
Financial income								18
Financial expenses								△110
Income before income taxes								588

(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 condensed quarterly consolidated statement of income.

FY9/20 (from Oct 1st 2019 to Sep 30th 2020)

(Million yen)

	Reportable segments				Other	Total	Adjustments	Consolidated
	Online Travel Agency Business	IT Offshore Development Business	Investment Business	Total				
External sales revenue	18,744	1,888	558	21,191	0	21,191	-	21,191
Intersegment revenue	-	634	-	634	-	634	△634	-
Total sales revenue	18,744	2,523	558	21,826	0	21,826	△634	21,191
Segment profits (losses)	△7,211	△24	△257	△7,493	△0	△7,493	△1,267	△8,760
Financial income								-
Financial expenses								△195
Income before income taxes								△8,956

((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 condensed quarterly consolidated statement of income.

(Per share information)

FY9/19 (from Oct 1st 2018 to Sep 30th 2019)		FY9/20 (from Oct 1st 2019 to Sep 30th 2020)	
Shareholders' equity per share (yen)	489.57	Shareholders' equity per share (yen)	106.51
Profit per share (yen)	39.07	Profit per share (yen)	△440.45
Fully diluted profit per share (yen)	37.98	Fully diluted profit per share (yen)	△440.45

The basics for the calculation of basic earnings per share and diluted earnings per share is as follows:

	FY9/19 (from Oct 1st 2018 to Sep 30th 2019)	FY9/20 (from Oct 1st 2019 to Sep 30th 2020)
Profit per share		
Profit attributable to owners of parent (million yen)	733	△8,380
Amount not attributable to common shareholders (million yen)	—	—
Income applicable to common stock (million yen)	733	△8,380
Average number of outstanding common shares during the period (shares)	18,774,384	20,037,967
Fully diluted profit per share		
Adjustment on net income (million yen)	—	0
Number of common shares increased (shares)	540,858	373,207
(of which subscription rights to shares)	540,858	373,207

	FY9/19 (from Oct. 1st 2018 to Sep. 30th 2019)	FY9/20 (from Oct. 1st 2019 to Sep. 30th 2020)
Profit from continuing business attributable to owners of parent (million yen)	733	△8,825
Adjustment on net income (million yen)	—	0
Profit used to calculate of fully diluted profit per share (million yen)	733	△8,825
Profit from discontinued business attributable to owners of parent (million yen)	—	445,124
Profit from discontinued business used to calculate fully diluted profit per share (million yen)	—	445,124

Average number of outstanding common shares during the period (shares)	18,774,384	20,037,967
The effect of potential dilutive common shares (shares)	540,858	373,207
Convertible bonds with stock acquisition rights (shares)	—	12,350
Average number of outstanding common shares during the period after fully diluting (shares)	19,315,242	20,411,173

Profit per share (yen)	39.07	△418.23
Continuing business	39.07	△440.45
Discontinued business	—	22.21

Fully diluted profit per share (yen)	37.98	△418.23

Continuing business	37.98	△440.45
Discontinued business	—	22.21

(Note) For fully diluted profit per share, in the current consolidated fiscal year, potential stocks do not have a dilutive effect due to the exercise of the subscription rights to shares reduces the loss per share for the period.

(Important subsequent events)

Not applicable.