



Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending September 30, 2021
(FY9/21) (Nine Months Ended June 30th, 2021) [IFRS]

August 13th, 2021

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 Preparation of supplementary materials for 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 Third Quarter (October 1st 2020 ~ June 30th, 2021)

(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	%
Nine Months Ended June 30 th , 2021	14,198	△20.7	3,071	-	3,018	-	2,438	-	2,206	-	2,423	-
Nine Months Ended June 30 th , 2020	17,908	11.0	△1,882	-	△2,016	-	△1,215	-	△1,167	-	△1,224	-

(Note) HIKAWA CO., LTD. was excluded from consolidation in the Fiscal Year ending September 30th, 2020, so this company's business is classified as a discontinued business. Therefore, net sales, operating income, and profit before income represent the amount of continuing business excluding discontinued business.

	Profit per share	Fully diluted profit per share
	Yen	Yen
Nine Months Ended June 30 th , 2021	105.03	102.47
Nine Months Ended Jun 30 th , 2020	△58.36	△58.36

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Million Yen	Million Yen	Million Yen	%
As of Jun. 30 th , 2021	21,551	6,860	5,900	27.3
As of Sep. 30 th , 2020	21,940	2,538	1,983	9.0

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30th 2020	—	0.00	—	10.00	10.00
Fiscal year ended Sep. 30th 2021	—	0.00	—	—	—
Fiscal year ending Sep. 30 th , 2021 (Estimated)	—	—	—	—	—

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

Currently, the expected dividend for the fiscal year ending September 2021 is undecided

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

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Profit before income taxes		Profit attributable to owners of parent		Profit per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Full year	19,000	△10.6	2,600	—	2,540	—	1,672	—	78.06

Note: Revision to the most recently announced forecast: None

Every change (if any) shall be promptly updated.

※ Notes

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

New included: — Companies — 、 Excluded: 1 Company (National Ryutsu Sangyo 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)

As of June 30 th , 2021	21,579,665	As of June 30 th , 2020	20,119,800
As of June 30 th , 2021	271	As of June 30 th , 2020	35
Nine months ended June 30 th , 2021	21,002,206	Nine months ended June 30 th , 2020	20,009,407

2) Number of treasury shares as of the end of the period

3) Average number of shares issued during the period

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 above full year consolidated financial forecast includes expectations based on future premise, perspective, and plan as of the day this document is published. These statements about future expectation are based on our company's currently available information and rational assumptions, not indicate the achievement that we commit to achieve. The forecast may differ greatly from financial results due to various factors in the future, such as changes in economic situation, changes in client needs and user preference, competition, changes in laws and regulations, and changes in exchange rates.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

	(Unit: Million yen)			
	Nine months ended June 30 th , 2020	Nine months ended June 30 th , 2021	Differences	Percentage difference (%)
Consolidated Results of Operations				
Net sales	17,908	14,198	△3,710	△20.7
Operating income (Loss)	△1,882	3,071	4,953	-
Profit before income taxes (Loss)	△2,016	3,018	5,034	-
Profit attributable to owners of parent (Loss)	△1,167	2,206	3,373	-

(Note) HIKAWA CO., LTD. was excluded from consolidation in the Fiscal Year ending September 30th, 2020, so this company's business is classified as a discontinued business. Therefore, net sales, operating income, and profit before income represent the amount of continuing business excluding discontinued business.

Due to the spread of COVID-19 (Novel COVID-19 virus), the Japanese economy in this period has become unpredictable because the economic activities have been slowing down, the worldwide travel demand is sluggish caused by measures such as overseas travel restriction or prohibition or lockdown in many countries. We are now closely observing the changes of the pandemic as well as future market trends.

Under this circumstance, our company has been working on various measures, as well as cost down methods, as a link of restructuring and Group's business portfolio diversification towards the "Restart" of AirTrip Group. Because the results are getting well, the existing businesses except for Overseas Travel business, are all growing very well. In addition, the healthcare business, which was newly started in the current fiscal year, was generally growing because it was able to capture new demand under Covid 19 crisis such as PCR tests.

Under these circumstances, the Group's Net Sales for nine months ended June 31^s, 2021 reached 14,198 million yen, operating income gained 30.71 million yen, income before income taxes achieved 3,018 million yen, and quarterly income attributable to owners of the parent company was 2,206 million yen.

(2) Overview of Segment Business

Online Travel Business

(Unit: Million yen)

	Nine months ended June 30 th , 2020	Nine months ended June 30 th , 2021	Differences	Percentage difference (%)
Net Sales	15,894	12,725	△3,169	△19.9
Segment profit or loss	△1,025	2,160	3,185	-

(Note) HIKAWA CO., LTD. was excluded from consolidation in the Fiscal Year ending September 30th, 2020, so this company's business is classified as a discontinued business. Therefore, net sales, segment profit represent the amount of continuing business excluding discontinued business.

1. AirTrip Online Travel Business

Since our founding, as a company specialized in online travel, we have been providing convenient services to customers. We are developing the following services centered on our 3 strengths: "Buying Power", "Various sales channel", "System Development Ability".

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

We have achieved strong competitiveness by handling the largest volume of domestic airline tickets of the and making alliances

with the airlines and East Japan Railway Company. We are operating "AirTrip", a website where you can easily compare and reserve domestic and overseas travel products. We are even more focusing on making the website easier to use and providing our customers the best travel options.

(2) BtoBtoC services (Travel Contents OEM Provision)

We provide domestic airline tickets / travel, overseas airline tickets / hotel to other companies' mass media as travel content. We have increased the content lineup and helped improving media users' customer satisfaction.

(3) Business travel management (BTM)

"AirTrip BTM" arranges tickets for daily business trips and develops an efficient management business system. This system is now free for any company with needs of business trip. Direct cost + indirect has been reduced.

2. Inbound Travel Agency / Wi-Fi Rental Business

We are quickly developing the know-how accumulated in the AirTrip Online Travel Business as a service for foreigners' visitors in Japan and a service for private lodging management companies.

(1) Wi-Fi rental for foreign visitors in Japan

Inbound Platform Corp., a subsidiary of AirTrip, develops Wi-Fi router rental service for foreign visitors in Japan. With over 200,000 rentals, we have established a brand with many years of trust and good review. In addition to renting camper vans, we are planning to expand services to meet inbound demand.

(2) Dynamic package for foreign visitors in Japan

For the increasing number of individual tourists from Southeast Asia, we will strengthen our support for each country's language. At first, we prepare information about hotels and inns in Japan in Thai language, and provide them on the "Dynamic Package for foreigners' first visit to Japan" sold by JALPAK Co., Ltd. We are also improving sales promotion environment for other countries' visitors to Japan.

(3) One-stop service for private lodging hosts

To utilize vacant houses, which are currently increasing year by year in Japan, "AirTrip stay Co., Ltd." is proposing the operation of rooms in accordance with the Housing Accommodation Business Law. Among the increasing number of foreign visitors to Japan, we have become Japan's first official partner with "Airbnb"; the app is used by 1 in 5 people. We provide one-stop support from property registration to property management, and we are planning to expand the service.

3. Media Business

In collaboration with MagMag Co., Ltd., one of our subsidiaries with the slogan "To those who want to know, To those who want to tell", we have developed a channel to collect content from creators from all over the world and deliver it to those who feel that information valuable. You can subscribe on article basis with "mine", including "Magmag!", a free and paid e-mail newsletter distribution service. We also operate WEB media "MAG2 NEWS", "MONEY VOICE", "TRiP EDiTOR", and "by them" which can discover contents and deliver them to many people who want to know.

4. Healthcare Business

We connect medical institutions and customers, build a smooth implementation system for various tests such as PCR tests, and provide medical services compatible with the COVID-19 period.

Making a comprehensive approach in the fields of "travel / business trip" x "medical care", we are now able to provide testing methods that suitable with customers' situation. We have succeeded in capturing demand for PCR tests, etc. in the healthcare business.

Under these circumstances, segment Net Sales of the online travel business reached 12,725 million yen, and segment income achieved 2,160 million yen for 9 months ended June 30th, 2021.

IT Off-shore Development Business

(Unit: Million yen)

	Nine months ended June 30 th , 2020	Nine months ended June 30 th , 2021	Differences	Percentage difference (%)
Net Sales	1,461	1,088	△373	△25.5
Segment profit or loss	76	602	526	692.1

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.

As a result of the factors stated above, IT offshore development business segment's Net Sales gained 1,088 million yen, and segment profit reached 602 million yen for 9 months ended June 30th, 2021.

Investment Business

(Unit: Million yen)

	Nine months ended June 30 th , 2020	Nine months ended June 30 th , 2021	Differences	Percentage difference (%)
Net Sales	553	382	△171	△30.9
Segment Profit	△79	908	987	-

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.

In the current fiscal year, we have expanded the number of investees to 66 companies.

As a result, investment business segment's Net Sales reached 382 million yen, and segment profit reached 908 million yen for nine months ended June 30th, 2021.

(2) Explanation of Financial Position

(Asset)

Total assets decreased 389 million yen from the end of the previous fiscal year to 21,515 million yen at the end of the third quarter. This result was mainly due to a decrease of 996 million yen in Notes and accounts receivable – trade and other receivable, and 826 million yen in Right-of-use assets, while Investments accounted for using the equity method gained 558 million yen and Other Financial Assets and Other Liabilities gained 905 million yen.

(Liabilities)

Liabilities decreased 4,711 million yen from the end of the previous fiscal year to 14,690 million yen at the end of the third quarter under review. This result primarily reflected decrease of 2,938 million yen in interest-bearing liabilities and 1,022 million yen in Operating payables and other operating payables.

(Capital)

Net assets increased 4,322 million yen from the end of the previous fiscal year to 6,860 million yen at the end of the third quarter under review. This result was mainly due to the decrease of 204 million yen in dividends of surplus from the first quarter consolidated accounting period, while there is increase in retained earnings related to profit in the third quarter consolidated cumulative period and the use of 1,466 million yen of convertible bond.

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

There is no change in Consolidated Financial Results compared to the forecast result in "Notice Concerning Revision of Earnings Forecast" published on May 31st, 2021. Every change (if any) shall be promptly updated.

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

(1) Condensed Consolidated Statement of Financial Position

(Unit: Million yen)

	FY 9/20 (As of Sep.30 th , 2020)	Third Quarter of FY 9/21 (As of Jun. 30 th , 2021)
Assets		
Current assets		
Cash and cash equivalents	7,042	7,375
Notes and accounts receivable – trade and other receivables	2,364	1,397
Other financial assets	4,359	5,265
Inventories	435	293
Other current assets	821	595
Total current assets	15,023	14,928
Non-current assets		
Property, plant and equipment	480	434
Right-of-use assets	3,156	2,330
Goodwill	1,172	1,149
Intangible assets	1,091	1,029
Investments accounted for using the equity method	-	558
Other financial assets	970	876
Other non-current assets	34	35
Deferred tax assets	10	208
Total non-current assets	6,916	6,622
Total assets	21,940	21,551
Liabilities and equity		
Liabilities		
Current liabilities		
Operating payables and other operating payables	2,646	1,623
Interest-bearing debt	6,185	5,550
Lease liabilities	416	365
Other financial liabilities	251	173
Accrued income taxes	132	575
Other current liabilities	1,858	1,397
Total current liabilities	11,490	9,685
Non-current liabilities		
Interest-bearing debt	4,842	2,540
Lease liabilities	2,873	2,109
Other financial liabilities	25	21
Provisions	83	56
Deferred tax liabilities	78	267
Other non-current liabilities	7	9
Total non-current liabilities	7,911	5,005
Total liabilities	19,402	14,690
Equity		
Capital stock	3,138	830
Capital surplus	4,887	1,250
Retained earnings	△6,135	3,731
Treasury shares	△0	△0

Other items of equity	92	88
Total equity attributable to owners of parent company	1,983	5,900
Non-controlling interests	555	960
Total equity	2,538	6,860
Total liabilities and equity	21,940	21,551

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

Condensed Consolidated Statement of Income
For the Nine-month Period

(Unit: Million yen)

	Nine months ended June 30 th , 2020 (Oct. 1 st , 2019 – Jun. 30 th 2020)	Nine months ended June 30 th , 2021 (Oct. 1 st , 2020 – Jun. 30 th , 2021)
Continuing Business		
Net sales	17,908	14,198
Sales Cost	△10,928	△8,537
Gross profit	6,980	5,660
Selling, general and administrative expense	△7,414	△3,924
Profit from loss of control subsidiaries	-	595
Investment Gain/Loss (Loss)	△564	613
Investment by equity method Gain/Loss (Loss)	-	12
Other income	239	231
Other expenses	△1,122	△118
Operating income (Loss)	△1,882	3,071
Finance income	6	59
Finance costs	△140	△112
Profit before income taxes (Loss)	△2,016	3,018
Corporate income tax	102	△579
Quarterly income from continuing business (Loss)	△1,913	2,438
Discontinued Business		
Quarterly income from discontinued businesses	698	-
Profit (Loss)	△1,215	2,438
Profit attributable to (Loss)		
Owners of parent company	△1,167	2,206
Non-controlling interests	△48	232
Profit (Loss)	△1,215	2,438
Profit per share		
Profit per share (Loss) (Yen)	△58.36	105.03
Continuing Business	△93.25	105.03
Discontinued Business	34.88	-
Fully diluted profit (Loss) per share (Yen)	△58.36	102.47
Continuing Business	△93.25	102.47
Discontinued Business	34.88	-

For the Third Quarter Period

(Unit: Million Yen)

	Note	Third Quarter of FY 9/20 (April 1 st , 2020 – June 30 th , 2020)	Third Quarter of FY 9/21 (April 1 st , 2021 – June 30 th , 2021)
Continuing Business			
Net sales		3,166	2,995
Sales costs		△1,888	△1,190
Gross profit		1,278	1,804
Selling, general and administrative expense		△1,534	△1,279
Profit from loss of control subsidiaries		-	-
Investment Gain/Loss (Loss)		△293	448
Investment by equity methods Gain/Loss (Loss)		-	12
Other income		55	156
Other expenses		△55	△73
Operating income (Loss)		△549	1,069
Finance income		△3	26
Finance costs		△36	△32
Profit before income taxes (Loss)		△590	1,063
Corporate income tax		113	△89
Quarterly income from Continuing Business (Loss)		△477	973
Discontinued Business			
Quarterly income from Discontinued Business		40	-
Profit (Loss)		△436	973
Profit attributable to (Loss)			
Owners of parent company		△426	919
Non-controlling interests		△9	53
Profit (Loss)		△436	973
Profit per share			
Profit per share (Loss) (Yen)		△21.20	42.94
Continuing Business		△22.64	42.94
Discontinued Business		1.44	-
Fully diluted profit per share (Loss) (Yen)		△21.20	41.70
Continuing Business		△22.64	41.70
Discontinued Business		1.44	-

Condensed Consolidated Statement of Comprehensive Income
For the Nine-month Period

(Unit: Million Yen)

	Nine months ended June 30 th , 2020 (Oct. 1 st , 2019 – Jun. 30 th , 2020)	Nine months ended June 30 th , 2021 (Oct. 1 st , 2020 – Jun. 30 th , 2021)
Profit (Loss)	Δ1,215	2,438
Other comprehensive income (after tax)		
Items that may be reclassified as profit or loss		
Exchange Differences of foreign operations.	Δ8	Δ15
Cash flow hedge	Δ0	-
Total of items that may be reclassified as profit or loss	Δ8	Δ15
Total of other comprehensive income (after tax)	Δ8	Δ15
Comprehensive income	Δ1,224	2,423
Comprehensive income attributable to		
Owners of parent company	Δ1,172	2,198
Non-controlling interests	Δ52	225

For the Third Quarter Period

(Unit: Million Yen)

	Third Quarter of FY 9/20 (Apr. 1 st , 2020 – Jun. 30 th , 2020)	Third Quarter of FY 9/21 (Apr. 1 st , 2021 – Jun. 30 th , 2021)
Profit (Loss)	△436	973
Other comprehensive income (after tax)		
Items that may be reclassified as profit or loss		
Exchange Differences of foreign operations.	3	6
Cash flow hedge	-	-
Total of items that may be reclassified as profit or loss	3	6
Total of other comprehensive income (after tax)	3	6
Comprehensive income	△432	979
Comprehensive income attributable to		
Owners of parent company	△424	922
Non-controlling interests	△8	56

(3) Condensed Consolidated Statement of Changes in Equity

Nine Months ended June 30th, 2020 (October 1st, 2019 – June 30th, 2020)

(Unit: Million Yen)

	Equity attributable to owners of parent company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Other items of equity	Treasury shares	Total		
As of October 1 st , 2019	2,922	4,175	2,598	19	Δ0	9,716	382	10,099
Adjustment for changes in accounting policies	-	-	Δ34	-	-	Δ34	Δ18	Δ52
Balance after retrospective restatement	2,922	4,175	2,564	19	Δ0	9,682	363	10,046
Profit (Loss)	-	-	Δ1,167	-	-	Δ1,167	Δ48	Δ1,215
Other comprehensive income	-	-	-	Δ4	-	Δ4	Δ3	Δ8
Total comprehensive income	-	-	Δ1,167	Δ4	-	Δ1,172	Δ52	Δ1,224
Dividends of surplus	-	Δ198	-	-	-	Δ198	-	Δ198
Issuance of new shares	13	13	-	-	-	26	-	26
Increase (decrease) by share exchanges	-	510	-	-	-	510	-	510
Increase (decrease) through transfers and other changes	-	Δ22	Δ3	13	-	Δ12	24	11
Total transactions with owners	13	330	Δ3	13	-	326	24	351
As of June 30 th , 2020	2,936	4,479	1,392	28	Δ0	8,836	336	9,173

Nine Months ended June 30th, 2021 (October 1st, 2020 – June 30th, 2021)

(Unit: Million Yen)

	Equity attributable to owners of parent company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Other items of equity	Treasury shares	Total		
As of October 1 st , 2020	3,138	4,887	Δ6,135	92	Δ0	1,983	555	2,538
Profit (Loss)	-	-	2,206	-	-	2,206	232	2,438
Other comprehensive income	-	-	-	Δ7	-	Δ7	Δ7	Δ15
Total comprehensive income	-	-	2,206	Δ7	-	2,198	225	2,423
Dividends of surplus	-	Δ204	-	-	-	Δ204	-	Δ204
Issuance of new shares	954	954	-	-	-	1,908	-	1,908
Transfer to capital surplus from capital stock	Δ3,262	3,262	-	-	-	-	-	-
Transfer to earned surplus from capital surplus	-	Δ7,656	7,656	-	-	-	-	-
Changes in owner's equity in under-control subsidiaries	-	4	-	-	-	4	174	179
Increase (decrease) through transfers and other changes	-	2	4	4	Δ0	10	5	16
Total transactions with owners	Δ2,308	Δ3,637	7,660	4	Δ0	1,719	179	1,899
As of June 30 th , 2021	830	1,250	3,731	88	Δ0	5,900	960	6,860

(4) Condensed Consolidated Statement of Cash Flows

(Unit: Million Yen)

	Nine Months ended Jun. 30 th , 2020 (Oct. 1 st , 2019 – Jun. 30 th , 2020)	Nine Months ended Jun. 30 th , 2021 (Oct. 1 st , 2020 – Jun. 30 th , 2021)
Cash flows from operating activities		
Profit (Loss) before tax	△1,269	3,018
Depreciation and amortization expense	1,092	659
Investment Gain/Loss	568	△613
Negative goodwill	△755	-
Profit from loss of control subsidiaries	-	△595
Impairment losses	1,044	62
Decrease (Increase) in trade and other receivables	1,313	341
Decrease (Increase) in inventories	108	△32
Increase (decrease) in trade and other payables	△2,299	△437
Decrease (increase) in advance payments – trade)	160	126
Decrease (increase) in guarantee deposits	△187	19
Decrease (increase) in investment securities for sale	△315	△291
Other	352	15
Subtotal	△187	2,272
Interest and dividend income received	6	2
Interest expenses paid	△143	△108
Income taxes paid	△239	△48
Net cash provided by (used in) operating activities	△563	2,118
Cash flows from investing activities		
Purchase of investment securities	△111	△208
Purchase of property, plant and equipment	△191	△157
Proceeds from sales of property, plant and equipment	73	65
Purchase of intangible assets	△554	△228
Payments for lease deposits	-	△7
Collection of lease deposits	66	19
Proceeds from withdrawal of time deposits	52	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	553	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△233	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	157	-
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	△310
Payments for transfer of business	△150	-
Others	△25	△12
Net cash provided by (used in) investing activities	△361	△838
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△333	△1,316
Proceeds from long-term loans payable	-	814
Repayments of long-term loans payable	△1,451	△1,050
Proceeds from issuance of common shares	26	883
Proceeds from share issuance to non-controlling shareholders	-	179
Repayments of lease obligations	△367	△313
Dividends paid to owners of the parent company	△197	△203
Others	△5	0
Net cash provided by (used in) financing activities	△2,328	△1,006

Effect of exchange rate change on cash and cash equivalents	0	60
Net increase (decrease) in cash and cash equivalents	Δ3,253	332
Cash and cash equivalents at beginning of period	8,997	7,042
Cash and cash equivalents at end of period	5,744	7,375

(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 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 1, 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 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 lease payments 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 non-cancellable 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 re-measures 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 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% to 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 Online Travel Business, Japan Inbound Travel Business/ Wi-Fi Rental Business, Media Business, Healthcare Business.
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.

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

Nine months ended June 30th, 2020 (Oct. 1st, 2019 – June. 30th, 2020)

(Unit: Million 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	15,894	1,461	553	17,908	0	17,908	-	17,908
Intersegment revenue	-	585	-	585	-	585	△585	-
Total sales revenue	15,894	2,046	553	18,493	0	18,493	△585	17,908
Segment profits (losses) (Note 3)	△1,025	76	△79	△1,028	△0	△1,028	△854	△1,882
Financial income								6
Financial expenses								△140
Income before income taxes								△2,016

(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.

(Note 4) HIKAWA CO., LTD. was excluded from consolidation in the Fiscal Year ending September 30th, 2020, so this company’s business is classified as a discontinued business. The above table shows the amount of continuing business excluding discontinued business.

Nine months ended June 30th, 2020 (Oct. 1st, 2019 – June. 30th, 2020)

(Unit: Million 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	12,725	1,088	382	14,196	1	14,198	-	14,198
Intersegment revenue	-	147	-	147	-	147	△147	-
Total sales revenue	12,725	1,235	382	14,344	1	14,345	△147	14,198
Segment profits (losses) (Note 3)	2,160	602	908	3,672	△0	3,672	△601	3,071
Financial income								59
Financial expenses								△112
Income before income taxes								3,018

(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.

Third Quarter ended June 30th, 2020 (April 1st, 2020 – June 30th, 2020)

(Unit: Million Yen)

	Reportable segments				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated Total
	AirTrip Online Travel Business	IT Off-shore Development Business	Investment Business	Total				
External sales revenue	2,240	444	481	3,166	0	3,166	-	3,166
Intersegment revenue	-	160	-	160	-	160	△160	-
Total sales revenue	2,240	605	481	3,327	0	3,327	△160	3,166
Segment profits (losses) (Note 3)	△551	22	164	△365	△0	△365	△184	△549
Financial income								0
Financial expenses								△41
Income before income taxes								△590

(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.

(Note 4) HIKAWA CO., LTD. was excluded from consolidation in the Fiscal Year ending September 30th, 2020, so this company's business is classified as a discontinued business. The above table shows the amount of continuing business excluding discontinued business.

Third Quarter ended June 30th, 2021 (April 1st, 2021 – June 30th, 2021)

(Unit: Million 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	2,794	162	37	2,994	1	2,995	-	2,995	
Intersegment revenue	-	5	-	5	-	5	△5	-	
Total sales revenue	2,794	167	37	2,999	1	3,000	△5	2,995	
Segment profits (losses) (Note 3)	756	△1	473	1,228	△0	1,228	△159	1,069	
Financial income									26
Financial expenses									△32
Income before income taxes									1,063

(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.

(Important subsequent event)

Not applicable