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## Consolidated Financial Results for the Three Months Ended January 31, 2023 (under Japanese GAAP)

March 15, 2023

Company name H.I.S. Co., Ltd.  
 Listing Tokyo Stock Exchange  
 Code number 9603  
 URL <https://www.his.co.jp/>  
 Representative (Title) President and Representative Director (Name) Motoshi Yada  
 Contact person (Title) Executive Officer, General Manager of Accounting and Finance Headquarters (Name) Osamu Hanazaki  
 Tel. 050-1746-4188  
 Scheduled date to file quarterly securities report: March 15, 2023  
 Scheduled date for dividend payments: —  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (Teleconference for institutional investors)

(Figures less than one million yen truncated)

### 1. Consolidated financial results for the three months ended January 31, 2023 (from November 1, 2022 to January 31, 2023)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

|                                     | Net sales       |      | Operating profit |   | Ordinary profit |   | Profit attributable to owners of parent |   |
|-------------------------------------|-----------------|------|------------------|---|-----------------|---|---|---|
|                                     | Millions of yen | %    | Millions of yen  | % | Millions of yen | % | Millions of yen                         | % |
| Three months ended January 31, 2023 | 46,143          | 37.4 | (3,439)          | — | (3,823)         | — | (3,571)                                 | — |
| Three months ended January 31, 2022 | 33,588          | —    | (12,158)         | — | (12,444)        | — | (9,299)                                 | — |

Note: Comprehensive income Three months ended January 31, 2023 141 million yen (—) Three months ended January 31, 2022 -8,027 million yen (—)

|                                     | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
|                                     | Yen                      | Yen                        |
| Three months ended January 31, 2023 | (48.30)                  | —                          |
| Three months ended January 31, 2022 | (128.66)                 | —                          |

(Note) "Accounting Standard for Revenue Recognition" (Accounting Standard Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and others were applied from the beginning of the first quarter in the previous consolidated fiscal year, and the figures for the first quarter of the fiscal year ending October 31, 2022 are after the application of these accounting standards, and the percentage change from the previous quarter is not shown.

(2) Consolidated financial position

|                        | Total assets    | Total net assets | Equity-to-asset ratio | Net assets per share |
|------------------------|-----------------|------------------|-----------------------|----------------------|
|                        | Millions of yen | Millions of yen  | %                     | Yen                  |
| As of January 31, 2023 | 431,789         | 56,819           | 11.0                  | 643.36               |
| As of October 31, 2022 | 414,984         | 56,636           | 11.4                  | 641.24               |

(Reference) Equity capital As of January 31, 2023 47,577 million yen As of October 31, 2022 47,420 million yen

## 2. Cash dividends

|  | Annual dividends per share |                 |                 |                 |       |
|--|----------------------------|-----------------|-----------------|-----------------|-------|
|  | 1st quarter end            | 2nd quarter end | 3rd quarter end | Fiscal year end | Total |
|  | Yen                        | Yen             | Yen             | Yen             | Yen   |
| Fiscal year ended<br>October 31, 2022                | —                          | 0.00            | —               | 0.00            | 0.00  |
| Fiscal year ending<br>October 31, 2023               | —                          |                 |                 |                 |       |
| Fiscal year ending<br>October 31, 2023<br>(Forecast) |                            | —               | —               | —               | —     |

Notes 1. Revisions to the forecast of cash dividends most recently announced: None

2. The dividend forecast for the fiscal year ending October 2023 is not determined.

## 3. Consolidated financial forecast for the fiscal year ending October 2023 (November 1, 2022 - October 31, 2023)

The consolidated financial forecast for the fiscal year ending October 2023 has not been determined due to the uncertain outlook for the impact of COVID-19. We shall announce the consolidated financial forecast when it is ready for release.

Note: Revisions to the financial forecast most recently announced: None

### \* Notes

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

Newly included: 1 company (Company name: Cross E Holdings Co., Ltd.)

Excluded: 0 company (Company name: -)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

① Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Restatement: None

(4) Number of shares issued (common shares)

|   |                                     |                   |                                     |                   |
|---|-------------------------------------|-------------------|-------------------------------------|-------------------|
| ① Number of shares issued at the end of the period (including treasury shares)                              | As of January 31, 2023              | 79,860,936 shares | As of October 31, 2022              | 79,860,936 shares |
| ② Number of treasury shares at the end of the period  | As of January 31, 2023              | 5,909,220 shares  | As of October 31, 2022              | 5,909,220 shares  |
| ③ Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year) | Three months ended January 31, 2023 | 73,951,716 shares | Three months ended January 31, 2022 | 72,278,138 shares |

\*Quarterly financial results are not subject to quarterly reviews by certified accountants or audit firms.

\*Explanation of the appropriate use of the financial forecasts and other notes

The above forecasts are based on the information available as of the date of publication of this material and make assumptions as of the date of announcement of these materials about uncertain factors affecting future business performance.

Actual results may vary greatly depending on various factors.

For the assumptions that are the premise of the financial forecast and the precautions for using the financial forecast, see "1.(1) Analysis of business results" and "1.(3) Review of consolidated financial forecasts and other future forecast information".

## 1. Review of this quarter's financial results

In this document, matters concerning the future are judgments as of the last day of the current quarterly consolidated accounting period.

### (1) Analysis of business results

During the first quarter of this consolidated fiscal year, although the economy showed a gradual recovery, partly due to the effects of various policies for coexisting with COVID-19, the business environment remained challenging due to the impact of the downturn in overseas economies, rising prices, supply-side constraints, and fluctuations in financial and capital markets. Amid these conditions, the travel industry saw a marked movement toward recovery thanks to a significant easing of border control measures, removal of restrictions on entry into Japan, and implementation of tourism support measures.

We continued to reduce costs in each country, starting by transferring employees out of the Group, and promoted the restructuring of the management system and work style reforms aimed at maximization of sales during the pandemic, for example through personnel distribution appropriate for maximizing demand in the overseas travel market, which is our core business.

In order to achieve sustainable growth of the entire group through the development of a wide range of businesses centered on travel, we have established "Unleash your feeling KOKORO ODORU" as the HIS Group Purpose in order to reaffirm our founding principles and the value we provide and in order to unify our will to achieve this goal. We will continue to bring the world closer and provide new value by creating all kinds of encounters and connections, creating rich and irreplaceable time, and promoting mutual understanding.

The business results by segment are as follows. Effective from the first quarter of the current consolidated fiscal year, we changed our business segmentation from the previous five segments of "Travel Business," "Theme Park Business," "Hotel Business," "Kyushu Sanko Group" and "Energy Business" to the four segments of "Travel Business," "Theme Park Business," "Hotel Business" and "Kyushu Sanko Group". For this reason, comparisons with the first quarter of the previous fiscal year have been made by restating the figures after the segment change. For details, please refer to "2. Quarterly Consolidated Financial Statements (Segment information.)"

The amount for each segment is the amount before inter-segment transaction elimination.

#### (Travel business)

During the first quarter of this consolidated fiscal year, the overseas travel market became more active, particularly in Europe and the United States, as moves were made to have the economy coexist with COVID-19. In Japan, a full-fledged recovery trend was seen as a result of the boost to the mindset for domestic travel from the government's "Nationwide Travel Support" program, a measure to stimulate demand that began in October 2022. In the overseas and inbound travel markets, travel demand has begun to recover as a result of the elimination of restrictions on the number of people entering Japan from October 2022 and the significant relaxation of border control measures. However, the number of Japanese overseas travelers in the first quarter of the consolidated fiscal year was 1.25 million, 713.9% of the number for the same period of the previous year (26.4% of the number for the same period of 2019), and the number of foreign visitors to Japan was 3.8 million, 7,523.7% of the number for the same period of the previous year (48.9% of the number for the same period of 2019), which is not a full recovery compared to the pre-COVID peak in 2019. (Source: Japan National Tourism Organization) (JNTO)

In our overseas travel business, amid concerns about soaring fuel prices and the weak yen, we held the "Hatsuyume (First Dream) Fair 2023", HIS's largest sale, in order to revitalize leisure demand for overseas travel, and developed a broad product lineup that includes products that appeal on price and high value-added "masterpiece" products. Although we saw steady growth in the number of passengers on tours, such as to South Korea, where the visa waiver has resumed, popular Hawaii, and organized tours to Europe, we have yet to recover to FY 2019 levels due to the delay in the normalization of international flights to/from Japan.

Our domestic travel business recovered beyond the level of the same period of FY 2019, in part because of having a tailwind thanks to the "Nationwide Travel Support" program. Okinawa is especially popular even in the winter season, and we have launched our original LeaLea service (shuttle bus and lounge) and Chura Bus one-day sightseeing as our differentiation strategy, and we are driving up the number of visitors in Hokkaido with ski tour products.

In the inbound travel business, the significant relaxation of border control measures and the tailwind of the yen's depreciation have led to a noticeable resumption of business from Asia in the FIT, group tour, incentive tour, and other markets. In addition, post-landing activity products targeted at individual travelers performed well, with day-trip bus tours that we organize and other activities performing well, especially with customers from Europe and the United States. However, the number of customers from China has not bounced back and a full-fledged recovery has not yet been achieved.

In our corporate business, the number of group tours and educational travel tours is on the rise for both overseas and domestic travel, including large-scale orders. We have begun to offer new value by proposing Responsible Tourism for company's trips and large-scale incentive tours. We performed well in the non-travel field, landing several contracts as an organizer for our first regional tourism demand recovery support project and for BPO business projects connected with the "Comprehensive Emergency Measures for Crude Oil Prices and General Price Surge" related to the COVID-19 pandemic and starting these operations.

In the overseas travel business, our recovery continues to be driven by our overseas group companies in Canada. In the outbound business at local branches, we have achieved profitability in Turkey, Vietnam, and Indonesia by capturing demand for business travel by local and Japanese companies. In the inbound business, conditions remain challenging as the number of visitors sent from Japan is still recovering. At the Canadian College of English

Language (CCEL), where students not only from Canada but also from around the world, results remained strong.

As a result of consolidation and closures in Japan and overseas, the number of sales branches of the Group has decreased to 130 branches in Japan and 157 branches overseas in 112 cities in 60 countries. (As of the end of January 2023)

As a result of the above, net sales for the first quarter of this consolidated fiscal year were 34,533 million yen (346.5% of the figure for the same period of the previous year) and the operating loss was 3,176 million yen (compared to an operating loss of 8,288 million yen in the same period of the previous year).

(Theme Park business)

In Laguna Ten Bosch, the number of visitors in December exceeded that for before the COVID-19 pandemic in 2019, thanks to the effects of various events such as the "Laguna Illumination 'Lagoon of Light'" winter event and collaborative events with popular TV animation and also thanks to the Nationwide Travel Support. In the first quarter of this consolidated fiscal year, the number of visitors was 91.0% of the previous year's level (93.0% of the FY 2019 level) due to a series of weekends with bad weather, but sales were 100.6% of the previous year's level (94.8% of the FY 2019 level) due to measures to improve the average spending per customer.

The transfer of all shares of Huis Ten Bosch, which had been operated as a theme park business, was completed as of September 30, 2022.

As a result of the above, net sales for the first quarter of this consolidated fiscal year were 754 million yen (11.2% of figure for the same period of the previous year), the operating loss was 71 million yen (compared to operating profit of 1,097 million yen for the same period of the previous year), and EBITDA-based profit was 7 million yen (compared to profit of 1,617 million yen for the same period of the previous year).

(Hotel business)

In the hotel business, Henn na Hotel Kagoshima Tenmonkan opened in December 2022. In the same month, we also moved forward with new developments in pursuit of productivity, such as the opening of "Henn na Hotel Express Nagoya Fushimi Ekimae," our first hotel under the "Henn na Hotel Express" brand, which employs a new check-in system that enables check-in to be completed in as little as 10 seconds.

Overseas, although hotels performed well in urban areas, where the prevention of COVID-19 and economic activities are both working dynamically, on the other hand hotels in resort areas continued to be affected by local market conditions, including a slowdown in leisure demand.

In domestic hotels, Nationwide Travel Support provided a tailwind, and hotels, especially those in the Tokyo metropolitan area, performed well, achieving profitability on an EBITDA basis.

As a result of the above, net sales for the first quarter of this consolidated fiscal year were 4,022 million yen (219.3% of the figure for the same period of the previous year), the operating loss was 46 million yen (compared to an operating loss of 963 million yen for the same period of the previous year), and EBITDA-based profit was 962 million yen (compared to a loss of 25 million yen for the same period of the previous year).

(Kyushu Sanko Group)

Through its business activities in an economic environment freed from restrictions on activities, such as events to commemorate the company's 80th anniversary, various Sakura Machi Kumamoto planning events, projects to promote bus usage and the Nationwide Travel Support, the Kyushu Sanko Group posted good results and profitability in the restaurant and goods sales businesses, which it operates at service areas, airports, and other transportation hubs, and in the bus business and travel business.

As a result of the above, net sales for the first quarter of this consolidated fiscal year were 5,487 million yen (115.9% of the figure for the same period of the previous year) and operating profit was 32 million yen (compared to an operating loss of 301 million yen for the same period of the previous year).

As a result of these business results by segment, our group's operating results for the first quarter of this consolidated fiscal year were net sales of 46,143 million yen and an operating loss of 3,439 million yen. The ordinary loss was 3,823 million yen and the loss attributable to owners of the parent was 3,571 million yen.

(2) Review of financial position

Total assets at the end of the first quarter of the current fiscal year increased 16,805 million yen from the end of the previous fiscal year to 431,789 million yen. This was mainly due to an increase in cash and deposits (up 8,253 million yen from the end of the previous period), notes and accounts receivable - trade, and contract assets (up 5,674 million yen), and travel advance payments (up 2,629 million yen), although on the other hand there was a decrease in accounts receivable - other (down 1,299 million yen).

Liabilities at the end of the first quarter of the current consolidated fiscal year increased 16,622 million yen from the end of the previous consolidated fiscal year to 374,970 million yen. This was mainly due to an increase in travel advance received (up 7,556 million yen from the end of the previous period) and an increase in trade accounts payable (up 3,190 million yen).

Net assets at the end of the first quarter of the current consolidated fiscal year increased by 183 million yen from the end of the previous consolidated fiscal year to 56,819 million yen. This was mainly due to an increase in the foreign currency translation adjustment (up 3,777 million yen from the end of the previous period), while on the other hand, there was a decrease in the retained earnings (down 3,525 million yen) due to the recording of a net loss for the quarter.

(3) Review of consolidated financial forecasts and other future forecast information

As we move toward economic activity coexisting with COVID-19, our business is seeing a recovery in demand. However, our business activities are expected to continue to be affected by the external environment, including geopolitical risks associated with the situation in Ukraine, exchange rate fluctuations, rising prices, and labor shortages. In our mainstay overseas travel business, it is uncertain when regular levels of international flights will resume, and conditions continue to make it difficult to make assumptions regarding the reopening of the market during the high-demand summer season.

The above makes it difficult to reasonably calculate the impact of COVID-19, therefore we have not yet determined the outlook for consolidated financial results for the fiscal year ending October 2023. We will announce this outlook as soon as it becomes possible to calculate a rational financial forecast.

(4) Important events related to the premise of a going concern

Because the Group has continued to record a large operating loss and net loss attributable to shareholders of the parent company since the previous consolidated fiscal year, in light of Audit and Guarantee Practices Committee Report No. 74 "Disclosure of Going Concern Assumptions", it is said that there are events or situations that raise important doubts about the going concern assumption at the end of the first quarter of the current consolidated fiscal year.

Therefore, the Group is reducing fixed costs and is selling securities, real estate, and other assets, while at the same time it is requesting financial institutions with which it does business to maintain (refinance) existing loan agreements.

Based on a financing plan that reflects a reasonable forecast of the time for returning to normal from the Covid-19 pandemic and that reflects the effects of countermeasures against it, the Group has determined that it will be possible to have sufficient funds until January 31, 2024. Therefore, we have determined that there is no significant uncertainty regarding the assumption of a going concern.

## 2. Quarterly consolidated financial statements and main notes

### (1) Quarterly consolidated balance sheet

(Millions of yen)

|  | As of October 31, 2022 | As of January 31, 2023 |
|--|------------------------|------------------------|
| <b>Assets</b>  |                        |                        |
| Current assets   |                        |                        |
| Cash and deposits  | 144,795                | 153,049                |
| Notes and accounts receivable - trade, and contract assets   | 11,538                 | 17,213                 |
| Trade accounts receivable                                    | 298                    | 217                    |
| Securities   | 212                    | 113                    |
| Travel advance payments                                      | 6,231                  | 8,860                  |
| Prepaid expenses   | 1,724                  | 2,210                  |
| Short-term loans receivable                                  | 133                    | 128                    |
| Short-term loans receivable from subsidiaries and associates | 205                    | 259                    |
| Accounts receivable - other                                  | 20,001                 | 18,701                 |
| Other  | 5,721                  | 6,643                  |
| Allowance for doubtful accounts                              | (2,370)                | (2,125)                |
| Total current assets   | 188,493                | 205,269                |
| Non-current assets   |                        |                        |
| Property, plant and equipment                                |                        |                        |
| Buildings, net   | 76,166                 | 78,555                 |
| Tools, furniture and fixtures, net                           | 2,697                  | 2,883                  |
| Land   | 70,975                 | 71,218                 |
| Leased assets, net   | 12,401                 | 11,690                 |
| Construction in progress                                     | 6,306                  | 3,964                  |
| Other, net   | 1,807                  | 1,685                  |
| Total property, plant and equipment                          | 170,356                | 169,997                |
| Intangible assets  |                        |                        |
| Goodwill   | 2,369                  | 2,321                  |
| Other  | 15,539                 | 15,784                 |
| Total intangible assets                                      | 17,908                 | 18,106                 |
| Investments and other assets                                 |                        |                        |
| Investment securities  | 2,990                  | 2,840                  |
| Shares of subsidiaries and associates                        | 2,865                  | 2,848                  |
| Investments in capital of subsidiaries and associates        | 77                     | 77                     |
| Long-term loans receivable                                   | 11                     | 11                     |
| Long-term loans receivable from subsidiaries and associates  | 504                    | 428                    |
| Retirement benefit asset                                     | 671                    | 670                    |
| Deferred tax assets  | 6,949                  | 7,015                  |
| Guarantee deposits   | 20,825                 | 20,620                 |
| Other  | 3,805                  | 4,547                  |
| Allowance for doubtful accounts                              | (694)                  | (832)                  |
| Total investments and other assets                           | 38,009                 | 38,228                 |
| Total non-current assets                                     | 226,274                | 226,333                |
| Deferred assets  | 217                    | 186                    |
| Total assets   | 414,984                | 431,789                |

(Millions of yen)

|  | As of October 31, 2022 | As of January 31, 2023 |
|--|------------------------|------------------------|
| <b>Liabilities</b>   |                        |                        |
| Current liabilities  |                        |                        |
| Trade accounts payable   | 6,698                  | 9,888                  |
| Short-term borrowings  | 28,555                 | 28,931                 |
| Current portion of long-term borrowings                              | 32,156                 | 45,660                 |
| Accounts payable - other   | 17,298                 | 18,077                 |
| Accrued expenses   | 3,999                  | 4,658                  |
| Income taxes payable   | 310                    | 241                    |
| Accrued consumption taxes  | 711                    | 570                    |
| Travel advance received  | 14,256                 | 21,812                 |
| Lease obligations  | 2,646                  | 2,672                  |
| Provision for bonuses  | 1,293                  | 1,288                  |
| Provision for bonuses for directors (and other officers)             | 51                     | 48                     |
| Other  | 20,590                 | 26,062                 |
| Total current liabilities  | 128,569                | 159,913                |
| Non-current liabilities  |                        |                        |
| Bonds payable  | 20,000                 | 20,000                 |
| Convertible-bond-type bonds with share acquisition rights            | 25,036                 | 25,032                 |
| Long-term borrowings   | 156,727                | 142,782                |
| Deferred tax liabilities   | 4,963                  | 4,908                  |
| Retirement benefit liability   | 6,234                  | 6,279                  |
| Provision for retirement benefits for directors (and other officers) | 445                    | 420                    |
| Lease obligations  | 11,635                 | 10,822                 |
| Other  | 4,734                  | 4,811                  |
| Total non-current liabilities  | 229,778                | 215,056                |
| Total liabilities  | 358,348                | 374,970                |
| <b>Net assets</b>  |                        |                        |
| Shareholders' equity   |                        |                        |
| Share capital  | 100                    | 100                    |
| Capital surplus  | 28,498                 | 28,498                 |
| Retained earnings  | 26,327                 | 22,802                 |
| Treasury shares  | (14,972)               | (14,972)               |
| Total shareholders' equity   | 39,954                 | 36,428                 |
| Accumulated other comprehensive income                               |                        |                        |
| Valuation difference on available-for-sale securities                | 230                    | 166                    |
| Deferred gains or losses on hedges                                   | 8                      | 12                     |
| Foreign currency translation adjustment                              | 7,085                  | 10,863                 |
| Remeasurements of defined benefit plans                              | 141                    | 106                    |
| Total accumulated other comprehensive income                         | 7,466                  | 11,149                 |
| Share acquisition rights   | 399                    | 419                    |
| Non-controlling interests  | 8,815                  | 8,821                  |
| Total net assets   | 56,636                 | 56,819                 |
| Total liabilities and net assets                                     | 414,984                | 431,789                |

(2) Quarterly consolidated income statement and quarterly consolidated comprehensive income statement  
(Quarterly consolidated income statement)  
(First quarter of consolidated cumulative period)

(Millions of yen)

|   | Three months ended<br>January 31, 2022 | Three months ended<br>January 31, 2023 |
|---|--|--|
| Net sales   | 33,588                                 | 46,143                                 |
| Cost of sales   | 28,031                                 | 30,724                                 |
| Gross profit  | 5,557                                  | 15,419                                 |
| Selling, general and administrative expenses            | 17,715                                 | 18,858                                 |
| Operating profit (loss)                                 | (12,158)                               | (3,439)                                |
| Non-operating income                                    |  |  |
| Interest income   | 99                                     | 148                                    |
| Foreign exchange gains                                  | 119                                    | —                                      |
| Subsidy income  | 91                                     | —                                      |
| Other   | 258                                    | 302                                    |
| Total non-operating income                              | 569                                    | 450                                    |
| Non-operating expenses                                  |  |  |
| Interest expenses                                       | 492                                    | 569                                    |
| Foreign exchange losses                                 | —                                      | 99                                     |
| Other   | 362                                    | 166                                    |
| Total non-operating expenses                            | 855                                    | 834                                    |
| Ordinary profit (loss)                                  | (12,444)                               | (3,823)                                |
| Extraordinary income                                    |  |  |
| Gain on sale of non-current assets                      | 421                                    | —                                      |
| Gain on sale of investment securities                   | 1,095                                  | —                                      |
| Subsidy income  | 3,315                                  | 535                                    |
| Total extraordinary income                              | 4,833                                  | 535                                    |
| Extraordinary losses                                    |  |  |
| Impairment loss   | 176                                    | —                                      |
| Losses from downtime                                    | 452                                    | —                                      |
| Total extraordinary losses                              | 628                                    | —                                      |
| Profit (loss) before income taxes                       | (8,240)                                | (3,287)                                |
| Income taxes  | 963                                    | 292                                    |
| Profit (loss)   | (9,203)                                | (3,579)                                |
| Profit (loss) attributable to non-controlling interests | 95                                     | (8)                                    |
| Profit (loss) attributable to owners of parent          | (9,299)                                | (3,571)                                |

(Quarterly consolidated comprehensive income statement)  
(First quarter of consolidated cumulative period)

(Millions of yen)

|   | Three months ended<br>January 31, 2022 | Three months ended<br>January 31, 2023 |
|---|--|--|
| Profit (loss)   | (9,203)                                | (3,579)                                |
| Other comprehensive income  |  |  |
| Valuation difference on available-for-sale securities                             | (360)                                  | (63)                                   |
| Deferred gains or losses on hedges  | (17)                                   | 3                                      |
| Foreign currency translation adjustment   | 1,567                                  | 3,804                                  |
| Remeasurements of defined benefit plans   | (26)                                   | (31)                                   |
| Share of other comprehensive income of entities accounted for using equity method | 12                                     | 9                                      |
| Total other comprehensive income  | 1,176                                  | 3,721                                  |
| Comprehensive income  | (8,027)                                | 141                                    |
| (breakdown)   |  |  |
| Comprehensive income attributable to owners of parent                             | (8,135)                                | 110                                    |
| Comprehensive income attributable to non-controlling interests                    | 107                                    | 30                                     |

(Segment information)

I Three months ended January 31, 2022 (from November 1, 2021 to January 31, 2022)

1. Information on the amount of sales and profits or losses for each reporting segment

(Millions of yen)

|                                   | Reporting segment  |                           |                   |                          |         | Other<br>(Note 1) | Total    | Adjustments<br>(Note 2) | Amount on<br>consolidated<br>financial<br>statements<br>(Note 3) |
|-----------------------------------|--------------------|---------------------------|-------------------|--------------------------|---------|-------------------|----------|-------------------------|--|
|                                   | Travel<br>Business | Theme<br>Park<br>Business | Hotel<br>Business | Kyushu<br>Sanko<br>Group | Total   |                   |          |                         |  |
| Net sales                         |                    |                           |                   |                          |         |                   |          |                         |  |
| Sales to<br>external<br>customers | 9,916              | 6,532                     | 1,766             | 4,728                    | 22,943  | 10,645            | 33,588   | —                       | 33,588   |
| Intersegment<br>sales/transfers   | 49                 | 182                       | 68                | 4                        | 304     | 193               | 497      | (497)                   | —  |
| Total                             | 9,965              | 6,715                     | 1,834             | 4,732                    | 23,248  | 10,838            | 34,086   | (497)                   | 33,588   |
| Segment profit<br>(loss)          | (8,288)            | 1,097                     | (963)             | (301)                    | (8,456) | (3,281)           | (11,738) | (420)                   | (12,158)   |

Notes 1. The "Other" category is a business segment that is not included in any reporting segment.

It includes segments as follows: Energy Business, Non-life Insurance Business and Real Estate Business.

2. The -420 million yen adjustment of segment profit (loss) is company-wide expenses not allocated to any reporting segment. It mainly comprises expenses at the parent company's headquarter administration division that do not belong to a reporting segment.

3. Segment profit (loss) is adjusted with the operating loss in the quarterly consolidated income statement.

4. The EBITDA for each reporting segment is as follows:

(Millions of yen)

|  | Travel<br>Business | Theme<br>Park<br>Business | Hotel<br>Business | Kyushu<br>Sanko<br>Group | Other   | Total    |
|--|--------------------|---------------------------|-------------------|--------------------------|---------|----------|
| Segment profit<br>(loss)                     | (8,288)            | 1,097                     | (963)             | (301)                    | (3,281) | (11,738) |
| Depreciation<br>and goodwill<br>amortization | 937                | 520                       | 937               | 454                      | 241     | 3,091    |
| EBITDA (*)                                   | (7,351)            | 1,617                     | (25)              | 153                      | (3,040) | (8,646)  |

\*EBITDA reflects segment profit (or loss) plus depreciation and goodwill amortization.

2. Notes change of reporting segments  
None

3. Information regarding impairment loss on non-current assets or goodwill by reporting segment  
(Significant impairment loss on non-current assets)  
None

(Significant change in the amount of goodwill)  
There were no significant changes.

(Significant gain on negative goodwill)  
None

II Three months ended January 31, 2023 (from November 1, 2022 to January 31, 2023)

1. Information on the amount of sales and profits or losses for each reporting segment

(Millions of yen)

|                                   | Reporting segment  |                           |                   |                          |         | Other<br>(Note 1) | Total   | Adjustments<br>(Note 2) | Amount on<br>consolidated<br>financial<br>statements<br>(Note 3) |
|-----------------------------------|--------------------|---------------------------|-------------------|--------------------------|---------|-------------------|---------|-------------------------|--|
|                                   | Travel<br>Business | Theme<br>Park<br>Business | Hotel<br>Business | Kyushu<br>Sanko<br>Group | Total   |                   |         |                         |  |
| Net sales                         |                    |                           |                   |                          |         |                   |         |                         |  |
| Sales to<br>external<br>customers | 34,310             | 749                       | 3,931             | 5,485                    | 44,477  | 1,666             | 46,143  | —                       | 46,143   |
| Intersegment<br>sales/transfers   | 222                | 5                         | 91                | 1                        | 321     | 18                | 339     | (339)                   | —  |
| Total                             | 34,533             | 754                       | 4,022             | 5,487                    | 44,798  | 1,685             | 46,483  | (339)                   | 46,143   |
| Segment profit<br>(loss)          | (3,176)            | (71)                      | (46)              | 32                       | (3,260) | (132)             | (3,393) | (46)                    | (3,439)  |

Notes 1. The "Other" category is a business segment that is not included in any reporting segment.

It includes segments as follows: Non-life Insurance Business and Real Estate Business

2. The -46 million yen adjustment of segment profit (loss) is company-wide expenses not allocated to any reporting segment. It mainly comprises expenses at the parent company's headquarter administration division that do not belong to a reporting segment.

3. Segment profit (loss) is adjusted with the operating loss in the quarterly consolidated income statement.

4. The EBITDA for each reporting segment is as follows:

(Millions of yen)

|  | Travel<br>Business | Theme<br>Park<br>Business | Hotel<br>Business | Kyushu<br>Sanko<br>Group | Other | Total   |
|--|--------------------|---------------------------|-------------------|--------------------------|-------|---------|
| Segment profit<br>(loss)                     | (3,176)            | (71)                      | (46)              | 32                       | (132) | (3,393) |
| Depreciation<br>and goodwill<br>amortization | 942                | 78                        | 1,009             | 426                      | 52    | 2,508   |
| EBITDA (*)                                   | (2,233)            | 7                         | 962               | 459                      | (80)  | (884)   |

\* EBITDA reflects segment profit (or loss) plus depreciation and goodwill amortization.

2. Notes change of reporting segments

In preparation for the recovery and restructuring of our core travel business and other businesses, we have begun to strengthen and improve our financial position. In the previous consolidated fiscal year, we transferred all shares of H.I.S. SUPER POWER Co.,Ltd. and HTB Energy Co., Ltd. Accordingly, effective from the first quarter of the current fiscal year, the "Energy Business" reporting segment has been abolished and H.I.S. Energy Holdings Co.,Ltd. has been transferred from "Energy Business" to "Others". The segment information for the three months ended January 31, 2022 is based on the reporting segment classifications after the change.

3. Information regarding impairment loss on non-current assets or goodwill by reporting segment

(Significant impairment loss on non-current assets)

None

(Significant change in the amount of goodwill)

There were no significant changes.

(Significant gain on negative goodwill)

None