

**Consolidated Financial Results for the Fiscal Year Ended October 31, 2020**  
**(Based on Japanese GAAP)**

\* Please note this document is a translation of the original Japanese document “Financial Results for the Fiscal Year Ended October 31, 2020 (Kessan Tanshin)” and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

December 11, 2020

Company Name: H.I.S. Co., Ltd.

Stock Code: 9603, Stock Exchange Listing: Tokyo, URL: <https://www.his.co.jp/en/>

Representative Director: Hideo Sawada, Representative Director, Chairman and President

Contact: Shigeru Nakatani, Director and CFO (Tel) +81-050-1746-4188

Scheduled Date to Hold GSM: January 27, 2020, Scheduled Date to Commence Dividend Payment: —

Scheduled Date to File Securities Report: January 28, 2020

Preparation of Supplementary Material on Financial Results: Yes

Holding of Financial Results Meeting: Yes (for institutional investors)

(Rounded down to the nearest million Japanese Yen)

1. Consolidated Financial Results for the Fiscal Year Ended October 31, 2020 (November 1, 2019 – October 31, 2020)

(1) Consolidated Operating Results

(% shows year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Fiscal Year ended								
October 31, 2020	430,284	△46.8	△31,129	—	△31,283	—	△25,037	—
October 31, 2019	808,510	11.0	17,540	△3.0	17,089	△12.4	12,249	10.7

(\*Note) Comprehensive Income: △JPY33,573 million (—%) for the fiscal year ended October 31, 2020  
JPY11,432 million (△1.5%) for the fiscal year ended October 31, 2019

	EPS	Diluted EPS	Return on Equity	Ordinary Profit on Total assets	Operating Profit on Net Sales
Fiscal Year ended	JPY	JPY	%	%	%
October 31, 2020	△432.66	—	△29.3	△6.3	△7.2
October 31, 2019	213.63	197.66	13.2	3.1	2.2

(\*Reference) Equity in earnings of affiliated companies: △JPY194 million for the fiscal year ended October 31, 2020  
△JPY44 million for the fiscal year ended October 31, 2019

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	BPS
As of	JPY million	JPY million	%	JPY
October 31, 2020	414,604	98,421	17.8	1,177.91
October 31, 2019	577,399	123,909	16.8	1,686.22

(\*Reference) Shareholders' Equity: JPY73,948 million for the fiscal year ended October 31, 2020  
JPY96,773 million for the fiscal year ended October 31, 2019

## (3) Consolidated Cash Flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and Cash Equivalents at end of period
Fiscal Year ended	JPY million	JPY million	JPY million	JPY million
October 31, 2020	△57,071	△48,548	△5,602	80,445
October 31, 2019	39,344	△52,116	15,362	192,541

## 2. Dividend

	Dividend Per Share					Total Dividend Amount	Payout Ratio (Consolidated)	DOE (Consolidated)
	1Q	2Q	3Q	4Q	Total			
Fiscal Year ended October 31, 2019	JPY —	JPY 0.00	JPY —	JPY 33.00	JPY 33.00	JPY million 1,900	% 15.4	% 2.0
Fiscal Year ended October 31, 2020	—	0.00	—	0.00	0.00	—	—	—
Fiscal Year ending October 31, 2021 (Forecast)	—	—	—	—	—		—	

(\*Note)Total dividend for the fiscal year ended October 31, 2019 includes JPY6 million dividend for H.I.S. shares owned by the H.I.S. Employee Stock Ownership Trust.

The dividend for the fiscal year ending October 31, 2021 has yet to be determined at present.

## 3. Financial Forecasts for Fiscal Year ending October 31, 2021 (November 1, 2020 – October 31, 2021)

(% shows year-on-year changes)

	Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		EPS
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY
First 3 months	36,000	△82.0	△10,000	—	△9,800	—	△6,300	—	△100.35

(\*Notes)

(1) Changes in important subsidiaries during the fiscal year (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatements of prior period financial statements

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

2) Changes in accounting policies due to reasons other than 1) above: None

3) Changes in accounting estimates: None

4) Restatement of prior period financial statements: None

(3) The Number of Issued Shares (Common Shares)

1) Number of Issued and Outstanding Shares (Including Treasury Stocks) at the End of Period

As of October 31, 2020	68,768,936 shares
As of October 31, 2019	68,522,936 shares

2) Number of Treasury Stocks at the End of Period

As of October 31, 2020	5,989,248 shares
As of October 31, 2019	11,132,098 shares

3) Average Number of Shares during the Period

Fiscal year ended October 31, 2020	57,869,119 shares
Fiscal year ended October 31, 2019	57,341,112 shares

(\*Note) The stocks of the company held by H.I.S. Employee Stock Ownership Trust are included in the number of treasury stock at the end of period (55,100 shares as of October 31, 2020 and 188,600 shares as of October 31, 2019) and the number of treasury stock deducted in calculating the average number of shares during the period (120,330 shares during November 2019 – October 2020 and 236,546 shares during November 2018 – October 2019).

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended October 31, 2020 (November 1, 2019 – October 31, 2020)

(1) Non-Consolidated Operating Results

(% shows year-on-year changes)

Fiscal Year ended	Net Sales		Operating Income		Ordinary Income		Net Income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
October 31, 2020	159,261	△66.8	△15,023	—	△11,263	—	△6,355	—
October 31, 2019	479,445	4.3	4,905	19.7	6,551	△0.1	6,848	236.0

Fiscal Year ended	EPS	Diluted EPS
	JPY	JPY
October 31, 2020	△109.83	—
October 31, 2019	119.44	110.25

(\*Note) Although dilutive shares exist, diluted EPS is not stated because of net loss per share.

(2) Non-Consolidated Financial Position

Fiscal Year ended	Total Assets	Net Assets	Equity Ratio	BPS
	JPY million	JPY million	%	JPY
October 31, 2020	255,945	24,677	9.6	390.24
October 31, 2019	335,222	24,741	7.4	431.11

(\*Reference) Shareholders' Equity: JPY24,499 million for the fiscal year ended October 31, 2020  
JPY24,741 million for the fiscal year ended October 31, 2019

(\* This documents is not subject to the audit procedures by Certified Public Accountants or audit firm.

(\* Explanations regarding the Appropriate Use of Financial Forecasts and Other Special Instructions

The financial forecasts above are based on information that is available to management as of the date of announcement of this document and certain assumptions as of the date of announcement of this document that are related to uncertain factors that could influence financial forecasts. Actual results may be significantly different from these financial forecasts due to various factors. For more information, please see "Analysis of Operating Results" on the attached appendix.

## 1. Summary of Operating Results and Others

### (1) Analysis of Operating Results

#### ① Operating Results for the Fiscal Year under Review (FY ended October 31, 2020)

Regarding the business environments during the consolidated fiscal year under review (FY ended October 31, 2020), although there were signs of recovery in some areas, economic activities remained stagnant due to a significant decrease in corporate earnings and worsening employment conditions caused by the global outbreak of the COVID-19 infection, and the situation still remains tough.

Under such circumstances, H.I.S. Group worked to thoroughly reduce costs and maximized the use of government subsidies in each country, and reorganized its business execution structure and promoted work style reforms in response to the corona disaster. H.I.S. Group also continued its efforts to build a new business model that can contribute to world peace as a company constantly changing and developing not only through travel business but also through various businesses with its corporate philosophy "Contributing to the creative development of humanity and world peace by complying with the law of nature".

Operating results by business segment are as follows. Effective from the consolidated fiscal year under review, the name of the reporting segment previously presented as "Huis Ten Bosch Group" has been changed to "Theme Park Business". This change is merely a change in segment name and has no impact on segment information. For details, please refer to "4. Consolidated Financial Statements and Important Notes (5) Notes to Consolidated Financial Statements, Segment Information, etc.". The amount of each business segment is the amount before eliminating intersegment transactions.

#### (Travel Business)

During the consolidated fiscal year under review, the travel market was severely impacted by the global spread of the COVID-19 infection, with many countries continuing to impose entry and travel restrictions. In Japan, there were signs of recovery as well, such as the agreement to ease restrictions on entry and exit in some countries and regions this fall, but the number of Japanese travelers departing from Japan during the consolidated fiscal year under review fell sharply by 67.7% from the previous fiscal year to 6.46 million, and the number of foreign visitors to Japan fell by 72.0% from the previous fiscal year to 8.96 million. (Source: Japan Tourism Board (JNTO)) H.I.S. Group also experienced a significant decrease in the number of transactions due to a series of flight cancellations, continued

travel restrictions, the cancellation of planned trips in all areas, and the limited effect of “Go To Travel Campaign”, a government support measure, from September onward only.

With regard to the travel business in Japan, H.I.S. Group shifted its management resources related to the overseas travel business to the domestic travel business and focused on strengthening its domestic travel business amid the disappearance of overseas travel demands. In addition, H.I.S. Group reviewed its sales channel strategy and implemented reforms to its business structure, such as increasing efficiency by consolidating sales offices well ahead of schedule and accelerating the shift from sales offices to online sales.

In the travel business overseas, H.I.S. Group focused on building a new business model, such as a support business for companies entering the overseas markets in collaboration with the domestic corporate business division, while implementing thorough cost reductions. In particular, the number of "online experience tour" products, which allow customers to experience the service of a local guide showing them sightseeing spots via live streaming, has exceeded 500 courses and has been used by more than 20,000 customers. H.I.S. Group aims to create new demands and establish an online experience business with a focus on travel.

The number of H.I.S. Group's sales locations was 212 in Japan and 218 in 139 cities in 67 countries outside of Japan as of the end of October 2020 as a result of consolidation.

As a result of the above, Travel Business recorded net sales of 359,631 million yen (49.8% of the same period last year), and operating loss of 21,127 million yen (operating profit of 13,754 million yen in the same period last year) during the consolidated fiscal year under review.

#### (Theme Park Business)

In October 2019, Huis Ten Bosch launched the "Passport Revolution," in which the fees for the use of the park's attractions, such as the Ferris wheel and Jurassic Island, which had been charged separately, are now available as part of the 1-Day Passport. In addition, as a result of the "Huis Ten Voice Campaign," a measure to reflect customer feedback in the management of the theme park more than ever before, the overall satisfaction rate increased to 86% and the repeat intention rate to 80% (source: Macromill Benchmark Survey 2020), both compared to the previous fiscal year. In addition, Huis Ten Bosch renewed its e-commerce site, expanded its product lineup, and developed products linked to events such

as wine festivals.

As for countermeasures against the spread of the COVID-19, measures to prevent the spread of infection by following the "Guidelines for the Prevention of the Spread of the COVID-19 in Amusement Parks and Theme Parks," etc. have been taken. In addition, thorough measures to prevent the spread of infection by attending training sessions on epidemic prevention by outside instructors have been taken.

While Huis Ten Bosch focused on these efforts, the park was closed for a total of 56 days due to the spread of the COVID-19 infection, and the number of visitors during the consolidated fiscal year under review was 1,386,000 (54.4% of the same period last year).

Laguna Ten Bosch also experienced a decrease in the number of visitors due to the impact of the spread of the COVID-19 infection, including the closure of the park and the resumption of operations at shorter hours, and the results were tough.

As a result of the above, Theme Park Business recorded net sales of 13,684 million yen (48.7% of the same period last year) and operating loss of 3,393 million yen (operating profit of 5,075 million yen in the same period last year) during the consolidated fiscal year under review.

(Hotel Business)

In the hotel business, H.I.S. Group has been promoting new developments such as the opening of "Henn na Hotel Kansai Airport" with natural hot spring facilities and "Henn na Hotel Kanazawa Korinbo", its first hotel in the Hokuriku area. Despite its efforts to attract more guests by offering the "Infection Risk Reduction Plan" in response to the coronavirus and by utilizing the "Go To Travel Campaign," the number of guests decreased due to the significant impact of the spread of the COVID-19 infection, such as the continued difficulty in international travel at overseas hotels.

As a result of the above, Hotel Business recorded net sales of 8,685 million yen (68.5% of the same period last year), operating loss of 3,564 million yen (operating loss of 217 million yen in the same period last year) and negative EBITDA of minus 296 million yen (positive EBITDA 1,059 million yen in the same period last year) during the consolidated fiscal year under review.

(Kyushu Sanko Group)

The Kyushu Sanko Group has been on a recovery track since the declaration of the state of emergency was lifted, due in part to the easing of voluntary restraints on going out and the effects of "Go To Campaign," but the bus business, food and beverage sales business, and travel business continue to be affected by the spread of the COVID-19 infection. On the other hand, other businesses such as the advertising business and the credit card business, centering on the large-scale commercial facility "Sakura Machi Kumamoto," which opened in September last year, have been performing well.

As a result of the above, net sales were 19,177 million yen (86.3% of the same period last year) and operating loss was 2,132 million yen (operating profit of 158 million yen in the same period last year) during the consolidated fiscal year under review.

(Energy Business)

In the Energy Business, regarding the electric power retailing business, although the supply volume remained steady, sales activities were restricted due to the impact of the spread of the COVID-19 infection, and there was a noticeable decline in electric power usage due to stagnation and contraction of economic activities. On the other hand, crude oil prices turned downward, resulting in a stable procurement environment.

In addition, advertising activities were strengthened, including a significant increase in promotions ahead of the summer season, which is the demand season, in order to increase the number of contracts.

As a result of the above, net sales were 26,393 million yen (129.0% of the same period last year) and operating profit was 163 million yen (16.8% of the same period last year) during the consolidated fiscal year under review.

As a result of the above, H.I.S. Group recorded net sales of 430,284 million yen (53.2% of the same period last year), operating loss of 31,129 million yen (operating profit of 17,540 million yen in the same period last year), ordinary loss of 31,283 million yen (ordinary profit of 17,089 million yen in the same period last year), and net loss attributable to owners of parent of 25,037 million yen (net profit attributable to owners of parent of 12,249 million yen in the same period last year) during the consolidated fiscal year under review.

## ②Forecasts for the Next Fiscal Year

The global spread of the COVID-19 infection is expected to continue to have a significant impact on the recovery of demand in the tourism industry, to which H.I.S. Group mainly belongs, as the development of a vaccine and the timing of its termination are uncertain.

In light of the above, H.I.S. Group has not yet determined its consolidated financial forecasts for the fiscal year ending October 31, 2021, as it is difficult to reasonably calculate the impact of the COVID-19 infection at this time.

However, for the 1<sup>st</sup> quarter of the fiscal year ending October 31, 2021 only, H.I.S. Group announces the following consolidated financial forecasts based on judgments derived from information currently available.

H.I.S. Group forecasts net sales of 36,000 million yen (18.0% of the same period last year), operating loss of 10,000 million yen (compared to operating profit of 3,791 million yen in the same period last year), ordinary loss of 9,800 million yen (compared to ordinary profit of 4,288 million yen in the same period last year), and net loss attributable to owners of the parent company of 6,300 million yen (compared to net profit attributable to owners of the parent company of 2,177 million yen in the same period last year).

Surveys on the timing of recovery in travel demands conducted by the United Nations World Tourism Organization and other organizations say that the recovery trend will start in 2021. H.I.S. Group will implement various measures to capture such demands, and at the same time, will improve its profit structure through cost reduction and other measures, aiming to return to profitability as soon as possible.



## 2. Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Millions of yen)

	As of October 31, 2019	As of October 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	219,175	95,234
Notes and accounts receivable - trade	45,653	15,829
Trade accounts receivable	4,287	345
Travel advance payments	52,102	7,253
Prepaid expenses	2,888	2,245
Short-term loans receivable	1,389	346
Short-term loans receivable from subsidiaries and associates	307	392
Accounts receivable - other	16,936	11,938
Other	6,305	7,013
Allowance for doubtful accounts	△766	△1,376
Total current assets	348,280	139,223
Non-current assets		
Property, plant and equipment		
Buildings	67,834	82,466
Accumulated depreciation	△14,440	△16,420
Buildings, net	53,394	66,045
Tools, furniture and fixtures	18,775	23,312
Accumulated depreciation	△11,207	△12,605
Tools, furniture and fixtures, net	7,567	10,706
Land	47,654	80,282
Leased assets	5,487	23,610
Accumulated depreciation	△2,157	△10,405
Leased assets, net	3,330	13,204
Construction in progress	27,874	24,274
Other	17,713	19,046
Accumulated depreciation	△10,435	△11,348
Other, net	7,277	7,698
Total property, plant and equipment	147,098	202,211
Intangible assets		
Goodwill	7,305	5,227
Other	19,271	16,595
Total intangible assets	26,576	21,822
Investments and other assets		
Investment securities	16,270	10,594
Shares of subsidiaries and associates	3,241	3,348
Investments in capital of subsidiaries and associates	50	20
Long-term loans receivable	3,313	3,300
Long-term loans receivable from subsidiaries and associates	1,071	2,205
Retirement benefit asset	529	602
Deferred tax assets	8,134	12,986
Guarantee deposits	11,862	10,516
Other	11,189	9,249
Allowance for doubtful accounts	△388	△1,905
Total investments and other assets	55,275	50,919
Total non-current assets	228,951	274,954
Deferred assets	168	426
<b>Total assets</b>	<b>577,399</b>	<b>414,604</b>

(Millions of yen)

	As of October 31, 2019	As of October 31, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade accounts payable	38,082	9,029
Short-term borrowings	6,903	26,659
Current portion of bonds payable	—	※ 10,000
Current portion of long-term borrowings	37,548	1,689
Accounts payable - other	22,319	5,021
Accrued expenses	4,517	4,172
Income taxes payable	3,904	1,159
Accrued consumption taxes	1,057	686
Travel advance received	92,760	14,021
Lease obligations	793	2,462
Provision for bonuses	5,510	1,033
Provision for bonuses for directors (and other officers)	224	22
Other	17,950	14,873
<b>Total current liabilities</b>	<b>231,572</b>	<b>90,833</b>
<b>Non-current liabilities</b>		
Bonds payable	※ 30,000	※ 20,000
Convertible bond-type bonds with share acquisition rights	※ 25,090	※ 25,072
Long-term borrowings	※ 146,403	※ 149,605
Deferred tax liabilities	4,789	5,038
Retirement benefit liability	7,715	7,981
Provision for retirement benefits for directors (and other officers)	371	377
Lease obligations	2,767	13,070
Other	4,779	4,203
<b>Total non-current liabilities</b>	<b>221,918</b>	<b>225,349</b>
<b>Total liabilities</b>	<b>453,490</b>	<b>316,182</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	11,000	15,000
Capital surplus	3,392	7,450
Retained earnings	112,409	72,222
Treasury shares	△28,309	△15,204
<b>Total shareholders' equity</b>	<b>98,493</b>	<b>79,468</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,019	597
Deferred gains or losses on hedges	75	7
Foreign currency translation adjustment	△2,626	△6,157
Remeasurements of defined benefit plans	△187	32
<b>Total accumulated other comprehensive income</b>	<b>△1,719</b>	<b>△5,519</b>
Share acquisition rights	—	178
Non-controlling interests	27,135	24,294
<b>Total net assets</b>	<b>123,909</b>	<b>98,421</b>
<b>Total liabilities and net assets</b>	<b>577,399</b>	<b>414,604</b>

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

## Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended October 31, 2019	Fiscal year ended October 31, 2020
Net sales	808,510	430,284
Cost of sales	664,375	360,387
Gross profit	144,134	69,896
Selling, general and administrative expenses	126,594	101,026
Operating profit (loss)	17,540	△31,129
Non-operating income		
Interest income	1,599	1,269
Subsidy income	397	547
Other	1,530	1,250
Total non-operating income	3,527	3,067
Non-operating expenses		
Interest expenses	788	1,094
Share of loss of entities accounted for using equity method	44	194
Foreign exchange losses	977	321
Other	2,169	1,610
Total non-operating expenses	3,978	3,221
Ordinary profit (loss)	17,089	△31,283
Extraordinary income		
Gain on sales of investment securities	3,627	1,085
Subsidy income	—	9,969
Gain on reversal of share acquisition rights	513	—
Total extraordinary income	4,140	11,055
Extraordinary losses		
Impairment loss	877	5,320
Loss on valuation of investment securities	—	837
Provision of allowance for doubtful accounts	—	1,418
losses from downtime	—	5,296
Total extraordinary losses	877	12,873
Profit (loss) before income taxes	20,352	△33,101
Income taxes - current	7,012	1,565
Income taxes - deferred	△535	△5,023
Total income taxes	6,477	△3,457
Profit (loss)	13,875	△29,644
Profit (loss) attributable to non-controlling interests	1,625	△4,606
Profit (loss) attributable to owners of parent	12,249	△25,037

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended October 31, 2019	Fiscal year ended October 31, 2020
Profit (loss)	13,875	△29,644
Other comprehensive income		
Valuation difference on available-for-sale securities	735	△422
Deferred gains or losses on hedges	△93	△65
Foreign currency translation adjustment	△2,923	△3,683
Remeasurements of defined benefit plans, net of tax	△120	248
Share of other comprehensive income of entities accounted for using equity method	△41	△5
Total other comprehensive income	△2,442	△3,929
Comprehensive income	11,432	△33,573
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,226	△28,837
Comprehensive income attributable to non-controlling interests	1,206	△4,735

## (3) Consolidated Statements of Changes in Equity

Fiscal year ended October 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,000	3,451	102,083	△28,611	87,923
Cumulative effects of changes in accounting policies			△161		△161
Restated balance	11,000	3,451	101,922	△28,611	87,762
Changes during period					
Issuance of new shares					—
Dividends of surplus			△1,669		△1,669
Profit (loss) attributable to owners of parent			12,249		12,249
Purchase of treasury shares				△0	△0
Disposal of treasury shares		9		302	312
Cancellation of treasury shares					—
Change in scope of consolidation			△92		△92
Capital increase of consolidated subsidiaries		8			8
Changes from transactions under		201			201
Change in ownership interest of parent due to transactions with non-controlling interests		△278			△278
Net changes in items other than shareholders' equity					—
Total changes during period	—	△59	10,487	302	10,731
Balance at end of period	11,000	3,392	112,409	△28,309	98,493

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	283	166	△97	△49	304	431	26,982	115,641
Cumulative effects of changes in accounting policies					—		△68	△229
Restated balance	283	166	△97	△49	304	431	26,914	115,412
Changes during period								
Issuance of new shares					—			—
Dividends of surplus					—			△1,669
Profit (loss) attributable to owners of parent					—			12,249
Purchase of treasury shares					—			△0
Disposal of treasury shares					—			312
Cancellation of treasury shares					—			—
Change in scope of consolidation					—			△92
Capital increase of consolidated subsidiaries					—			8
Changes from transactions under					—			201
Change in ownership interest of parent due to transactions with non-controlling interests					—			△278
Net changes in items other than shareholders' equity	736	△91	△2,529	△138	△2,023	△431	221	△2,233
Total changes during period	736	△91	△2,529	△138	△2,023	△431	221	8,497
Balance at end of period	1,019	75	△2,626	△187	△1,719	—	27,135	123,909

Fiscal year ended October 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,000	3,392	112,409	△28,309	98,493
Cumulative effects of changes in accounting policies			△278		△278
Restated balance	11,000	3,392	112,131	△28,309	98,214
Changes during period					
Issuance of new shares	4,000	4,000			8,000
Dividends of surplus			△1,900		△1,900
Profit (loss) attributable to owners of parent			△25,037		△25,037
Purchase of treasury shares					—
Disposal of treasury shares		△0		434	434
Cancellation of treasury shares		△22	△12,647	12,670	—
Change in scope of consolidation			△323		△323
Capital increase of consolidated subsidiaries		24			24
Changes from transactions under		56			56
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes in items other than shareholders' equity					—
Total changes during period	4,000	4,058	△39,908	13,104	△18,745
Balance at end of period	15,000	7,450	72,222	△15,204	79,468

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,019	75	△2,626	△187	△1,719	—	27,135	123,909
Cumulative effects of changes in accounting policies					—		△267	△546
Restated balance	1,019	75	△2,626	△187	△1,719	—	26,868	123,363
Changes during period								
Issuance of new shares					—			8,000
Dividends of surplus					—			△1,900
Profit (loss) attributable to owners of parent					—			△25,037
Purchase of treasury shares					—			—
Disposal of treasury shares					—			434
Cancellation of treasury shares					—			—
Change in scope of consolidation					—			△323
Capital increase of consolidated subsidiaries					—			24
Changes from transactions under					—			56
Change in ownership interest of parent due to transactions with non-controlling interests					—			—
Net changes in items other than shareholders' equity	△422	△67	△3,531	220	△3,800	178	△2,573	△6,195
Total changes during period	△422	△67	△3,531	220	△3,800	178	△2,573	△24,941
Balance at end of period	597	7	△6,157	32	△5,519	178	24,294	98,421



## (3) Consolidated Statements of Changes in Equity

(Millions of yen)

	Fiscal year ended October 31, 2019	Fiscal year ended October 31, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	20,352	△33,101
Depreciation	8,850	12,880
Impairment loss	877	5,320
Amortization of goodwill	953	802
Increase (decrease) in provision for bonuses	618	△4,448
Increase (decrease) in provision for bonuses for directors (and other officers)	48	△199
Increase (decrease) in retirement benefit liability	518	582
Increase (decrease) in provision for retirement benefits for directors (and other officers)	29	8
Interest and dividend income	△1,864	△1,325
Share of loss (profit) of entities accounted for using equity method	44	194
Foreign exchange losses (gains)	1,063	894
Interest expenses	788	1,094
Loss (gain) on sales of investment securities	△3,627	△1,085
Loss (gain) on valuation of investment securities	—	837
Gain on reversal of share acquisition rights	△513	—
Other loss (gain)	1,799	1,661
Decrease (increase) in trade receivables	△409	33,117
Decrease (increase) in travel advance payments	△1,572	44,113
Decrease (increase) in other assets	4,949	△69
Increase (decrease) in trade payables	14	△28,060
Increase (decrease) in accrued consumption taxes	201	△287
Increase (decrease) in accrued expenses	237	△284
Increase (decrease) in travel advances received	5,438	△77,912
Increase (decrease) in other liabilities	6,222	△7,285
Subtotal	45,022	△52,552
Interest and dividends received	1,735	1,473
Interest paid	△748	△1,097
Income taxes (paid) refund	△6,665	△4,894
Net cash provided by (used in) operating activities	39,344	△57,071

(Millions of yen)

	Fiscal year ended October 31, 2019	Fiscal year ended October 31, 2020
<b>Cash flows from investing activities</b>		
Payments into time deposits	△33,381	△18,941
Proceeds from withdrawal of time deposits	29,452	29,567
Proceeds from redemption of securities	300	—
Purchase of property, plant and equipment and intangible assets	△75,885	△66,565
Proceeds from sales of property, plant and equipment and intangible assets	289	1,862
Purchase of investment securities	△6,987	△1,319
Proceeds from sales of investment securities	10,411	6,299
Proceeds from redemption of investment securities	—	91
Purchase of shares of subsidiaries and associates	△1,419	△693
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△6,373	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	△851
Loan advances	△305	△230
Collection of loans receivable	1,218	1,347
Payments of guarantee deposits	△3,628	△1,331
Proceeds from refund of guarantee deposits	866	2,317
Revenue from redevelopment project	27,658	1,587
Other, net	5,668	△1,687
<b>Net cash provided by (used in) investing activities</b>	<b>△52,116</b>	<b>△48,548</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	146,941	72,303
Repayments of short-term borrowings	△157,921	△78,823
Proceeds from long-term borrowings	71,450	2,822
Repayments of long-term borrowings	△11,815	△7,953
Redemption of bonds	△10,000	—
Proceeds from issuance of shares	—	7,728
Dividends paid	△1,669	△1,900
Dividends paid to non-controlling interests	△467	△439
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	△1,699	—
Redemption of convertible bonds	△20,000	—
Proceeds from share issuance to non-controlling shareholders	1,017	1,000
Proceeds from issuance of share acquisition rights	—	116
Other, net	△472	△456
<b>Net cash provided by (used in) financing activities</b>	<b>15,362</b>	<b>△5,602</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>△2,104</b>	<b>△1,082</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>486</b>	<b>△112,304</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>191,440</b>	<b>192,541</b>
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	208
<b>Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation</b>	<b>614</b>	<b>△0</b>
<b>Cash and cash equivalents at end of period</b>	<b>192,541</b>	<b>80,445</b>

(4) Notes on Impact of the New Coronavirus Infections on Accounting Estimates

Due to the impact of the new coronavirus infection, restrictions on going out of the country and travel restrictions have been implemented in many countries around the world, and H.I.S. Group's transaction volume decreased during the fiscal year under review, with consolidated sales of 430,284 million yen (down 378,226 million yen from the same period last year). Depending on the timing of the lifting of these restrictions, H.I.S. Group's corporate activities are expected to continue to be affected in the future.

Referring to surveys on the timing of recovery of travel demands conducted by the United Nations World Tourism Organization and other organizations, H.I.S. Group expects that the number of travelers in the Travel Business and Hotel Business will gradually recover after cross-border travel gradually resumes from the beginning of 2021. In other segments, such as Theme Park Business, the impact of the new coronavirus infection is expected to be relatively small, and the recovery is expected to be faster than in the Travel Business and Hotel Business. Taking the above into consideration, H.I.S Group's business performance is expected to recover almost to the same level as 2019 by 2022.

In calculating the impairment loss on fixed assets, H.I.S. Group calculates the future cash flows based on the assumptions mentioned above. As a result, H.I.S. Group recorded an impairment loss of 3,484 million yen for fixed assets for which the recoverable amount is not expected.

The timing of the end of the new coronavirus infection is uncertain, and impairment losses on fixed assets may increase in the event that the aforementioned assumptions are no longer expected.

## (5) Segment Information

Information on net sales, incomes or losses by reported segment

The fiscal year ended October 31, 2019 (November 1, 2018 – October 31, 2019)

(Millions of yen)

	Reportable segments						Other Businesses *1	Total	Eliminations & Corporate *2	Consolidated *3
	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Energy Business	Subtotal				
Sales										
Revenues from external customers	720,465	26,372	11,757	22,208	20,345	801,149	7,360	808,510	—	808,510
Transactions with other segments	1,998	1,713	918	22	116	4,770	1,015	5,785	△5,785	—
Net sales	722,464	28,086	12,676	22,230	20,461	805,919	8,376	814,295	△5,785	808,510
Operating profit (loss △)	13,754	5,075	△217	158	974	19,746	589	20,335	△2,795	17,540
Assets	263,084	52,522	64,777	84,397	14,113	478,895	23,174	502,070	75,329	577,399
Other items										
Depreciation and amortization	3,646	2,099	1,197	1,045	30	8,020	238	8,258	511	8,770
Investments in entities accounted for using equity method	240	—	—	—	—	240	601	842	—	842
Increase in property, plant and equipment and intangible assets	3,756	2,780	26,921	48,608	1,619	83,686	2,132	85,819	6,861	92,680

Notes:

1. Other Businesses refer to the business segment not included in the reported segment, including casualty insurance business and real estate businesses among others.
2. The details of Eliminations & Corporate are as follows:
  - (1) Operating profit (loss △) of △2,795 million yen are corporate-wide expenses not included in each reported segment and refer to administrative expenses at the headquarters, not included in the reported segment.
  - (2) Assets of 75,329 million yen include intersegment transactions of △ 1,561 million yen and corporate-wide assets of 76,890 million yen, not included in each reported segment. Corporate-wide assets refer to surplus fund management (cash and cash equivalents, and securities) at the headquarters, not included in the reported segment.
  - (3) Depreciation and amortization of 511 million yen are corporate-wide expenses not included in each reported segment and refer to depreciation and amortization at the headquarters, not included in the reported segment.
  - (4) Increase in Property, plant and equipment and intangible assets of 6,861 million yen is capital investment at the headquarters, not included in the reported segment.
3. Operating profits or losses are adjusted with operating incomes in the consolidated financial statements.
4. EBITDA for each reporting segment is as follows.

	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Energy Business	Other Businesses	Total
Operating profit (loss △)	13,754	5,075	△217	158	974	589	20,335
Depreciation and amortization	4,226	2,099	1,276	1,045	76	488	9,212
EBITDA (*)	17,980	7,175	1,059	1,203	1,050	1,077	29,547

Notes: EBITDA is calculated by adding segment profit or loss (△) plus depreciation expenses and amortization of goodwill.

The fiscal year ended October 31, 2020 (November 1, 2019 – October 31, 2020)

(Millions of yen)

	Reportable segments						Other Businesses *1	Total	Eliminations & Corporate *2	Consolidated *3
	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Energy Business	Subtotal				
Sales										
Revenues from external customers	358,905	12,938	8,142	19,174	26,279	425,439	4,844	430,284	—	430,284
Transactions with other segments	726	746	543	3	114	2,133	595	2,729	△2,729	—
Net sales	359,631	13,684	8,685	19,177	26,393	427,573	5,440	433,013	△2,729	430,284
Operating profit (loss △)	△21,127	△3,393	△3,564	△2,132	163	△30,054	1,373	△28,680	△2,448	△31,129
Assets	134,533	43,994	85,086	57,953	15,585	337,153	22,057	359,210	55,393	414,604
Other items										
Depreciation and amortization	4,476	1,921	3,211	2,036	46	11,692	314	12,007	431	12,438
Investments in entities accounted for using equity method	272	—	—	—	—	272	533	806	—	806
Increase in property, plant and equipment and intangible assets	3,639	6,293	12,676	3,326	420	26,355	4,726	31,082	26,615	57,697

Notes:

1. Other Businesses refer to the business segment not included in the reported segment, including casualty insurance business, real estate businesses among others.
2. The details of Eliminations & Corporate are as follows:
  - (1) Operating profit (loss △) of △2,448 million yen are corporate-wide expenses not included in each reported segment and refer to administrative expenses at the headquarters, not included in the reported segment.
  - (2) Assets of 55,393 million yen include intersegment transactions of △484 million yen and corporate-wide assets of 55,878 million yen, not included in each reported segment. Corporate-wide assets refer to surplus fund management (cash and cash equivalents, and securities) at the headquarters, not included in the reported segment.
  - (3) Depreciation and amortization of 431 million yen are corporate-wide expenses not included in each reported segment and refer to depreciation and amortization at the headquarters, not included in the reported segment.
  - (4) Increase in Property, plant and equipment and intangible assets of 26,615 million yen is capital investment at the headquarters, not included in the reported segment.
3. Operating profits or losses are adjusted with operating incomes in the consolidated financial statements.
4. EBITDA for each reporting segment is as follows.

	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Energy Business	Other Businesses	Total
Operating profit (loss △)	△21,127	△3,393	△3,564	△2,132	163	1,373	△28,680
Depreciation and amortization	5,083	1,928	3,268	2,036	91	401	12,809
EBITDA (*)	△16,044	△1,464	△296	△95	255	1,775	△15,871

Notes: EBITDA is calculated by adding segment profit or loss (△) plus depreciation expenses and amortization of goodwill.