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Consolidated Financial Results for the Nine Months Ended July 31, 2023 (under Japanese GAAP)

September 13, 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:	September 13, 2023
Scheduled date for dividend payments:	—
Preparation of supplementary material on quarterly financial results:	Yes
Holding of quarterly financial results briefing:	Yes (For institutional investors)

(Figures less than one million yen truncated)

1. Consolidated financial results for the nine months ended July 31, 2023 (from November 1, 2022 to July 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	%
Nine months ended July 31, 2023	163,981	64.1	(4,190)	—	(3,939)	—	(5,635)	—
Nine months ended July 31, 2022	99,940	—	(39,142)	—	(39,118)	—	(33,263)	—

Note:

Comprehensive income Nine months ended July 31, 2023 (7,139)million yen (—) Nine months ended July 31, 2022 (27,564)million yen (—)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended July 31, 2023	(76.20)	—
Nine months ended July 31, 2022	(453.92)	—

(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 nine months of the consolidated fiscal year ended 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 July 31, 2023	436,951	50,036	9.4	553.49
As of October 31, 2022	414,984	56,636	11.4	641.24

(Reference) As of July 31, 2023 40,937million yen As of October 31, 2022 47,420million yen
Equity capital

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Fiscal year ended October 31, 2022	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Fiscal year ending October 31, 2023	—	0.00	—		
Fiscal year ending October 31, 2023 (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 a number of uncertain factors that make it difficult to forecast. 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: 3 companies (Company name: H.I.S. Energy Holdings Co., Ltd., H.I.S. INTERNATIONAL TOURS KOREA INC., AGT Co., Ltd.)

(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 Restatements: None

(4) Number of shares issued (common shares)

- ① Number of shares issued at the end of the period (including treasury shares)
- ② Number of treasury shares at the end of the period
- ③ Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

As of July 31, 2023	79,860,936shares	As of October 31, 2022	79,860,936shares
As of July 31, 2023	5,898,865shares	As of October 31, 2022	5,909,220shares
Nine months ended July 31, 2023	73,957,944shares	Nine months ended July 31, 2022	73,282,347shares

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

*Explanation of the appropriate use of earnings forecasts and other special 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

(1) Analysis of business results

During the third quarter of the current consolidated fiscal year, the business environment gradually recovered due to the improving employment and income environment and several political measures, although sufficient care should be taken regarding the impact of downturns in some overseas economies, rising prices, and fluctuations in financial and capital markets.

Under these circumstances, the travel industry saw firmer demand for several reasons. International travel, including inbound travel to Japan and overseas travel, strengthened as a result of the end of measures by various countries to prevent people infected with the corona virus from entering the country and the reclassification of Covid-19 as a "class 5" disease under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Disease, and domestic travel picked up again due to the continued tourism support measures.

In addition to improving productivity and profitability by continuing to reduce costs in the various countries it operates through such measures as consolidating branches, we moved forward with strengthening initiatives for the busy summer season, such as staffing and advertising development aimed at maximizing sales, in order to increase demand for overseas travel, our core business.

In order to achieve sustainable growth for the entire Group through the development of the travel business and diversification of business, we will also continue to bring the world closer and provide new value by creating all kinds of encounters and connections, producing rich and irreplaceable times, and promoting mutual understanding under the banner of the H.I.S. Group Purpose "Unleash your feeling KOKORO ODORU."

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 nine months of the previous fiscal year have been made after restating figures using the revised segments. For details, please refer to "2. Quarterly Consolidated Financial Statements and main notes (Segment information)."

Also, the amount for each segment is the amount before inter-segment transactions elimination.

(Travel business)

During the nine months ended July 31, 2023, the travel market was returning to normal as the post-Covid-19 era drew closer, and the overseas travel market, especially in Europe and the United States, was strong. In Japan, the government's "Nationwide Travel Support" program to stimulate demand resulted in last-minute demand, and there continued to be a strong desire for domestic travel. In the overseas and inbound travel markets, travel demand in Japan has begun to recover as a result of the reclassification of Covid-19 as a "class 5" disease, which is the same class that seasonal influenza falls in, and the end of measures to prevent people infected with the corona virus from entering Japan, including the lifting of entry restrictions on people from various countries, and the relaunch of international air flights. The number of Japanese overseas travelers during the period under review was 5.31 million, 528.6% of the previous year's level (36.7% of the 2019 level), and the number of foreign visitors to Japan was 15.33 million, 2,239.2% of the previous year's level (62.1% of the 2019 level). Compared to the peak period before the Covid-19 pandemic, there are signs of recovery. (Source: Japan National Tourism Organization) (JNTO)

In our overseas travel business, we started the "SUPER SUMMER SALE!" campaign to boost summer leisure demand earlier than in previous years and reinforced initiatives to attract more customers for the busy summer season through such measures as covering all passport application fees and waiving cancellation fees, which are normally charged 30 or 40 days prior to departure, up to 15 days prior to departure. In addition, in order to revitalize the market for overseas travel departing from Japan, which shrunk due to the Covid-19 pandemic, we concluded business alliances with the Taiwan's Tourism Administration, part of the Ministry of Transportation and Communications, and the Singapore Tourism Board. In order to build sustainable tourism to the various destinations we serve, we established a mutual cooperation system, including creating training programs for H.I.S. employees and undertaking promotions to attract tourism. In terms of actual visitors, the overall market is recovering with the number of visitors from South Korea, which was quick to relaunch international flights, recovering to the same level as in FY2019, and organized tours to Europe (France, Italy, and Switzerland) and baseball game tours to the West Coast of the United States being remarkable popularity.

In the domestic travel business, we worked to strengthen sales of not only products eligible for the "Nationwide Travel Support" program, which is still in operation, but also of package tours, mainly for family travel, by developing measures to waive cancellation fees in the case a child suddenly becomes ill. As for Okinawa, one of the destinations that we are working to strengthen travel to, we boosted the popularity of the area, which had various benefits, including strong sales of Golden Week Miyakojima tours that use charter flights departing from Narita. For Hokkaido, we strengthened product creation, which

included differentiating ourselves from competitors by opening the "Hokkaido Concierge Counter Desk" at the New Chitose Airport domestic terminal building during the peak season from July to September and launching "Enjoy East Hokkaido's Great Nature," which was focused on package tours to Eastern Hokkaido. In addition, bus tours that leverage the appeal of various regions, especially seasonal fruit picking, and "dynamic packages," which combine domestic airline tickets and hotels reservations, continued to see strong sales, recovering to their pre-Covid-19 level well and contributing to sales.

In the inbound travel business, we launched promotions both in Japan and overseas to enhance the brand power of municipalities that we are working closer with. We also worked to develop products for inbound travelers, and these efforts involved such activities as conducting inspection tours for OTAs and local travel agencies in Thailand, South Korea, and other countries. Business volume was driven by tour groups from Europe and the United States through B2B channels, including H.I.S.'s overseas subsidiaries and travel agencies in North America. At the H.I.S. Harajuku Tourist Information Center, we offered prayer rooms to Muslim travelers, news of which spread by word of mouth and was well received by many visitors to Japan from Indonesia and Malaysia. As for the Group company Japan Holiday Travel, group visitors using regular charter flights between Bangkok and Naha were firm even though the number of customers from China, which previously accounted for the majority of the company's business, has not yet fully recovered due to the impact of some travel restrictions.

For our corporate business, there was a marked recovery in demand for group travel and business travel, and the number of orders received for both domestic and overseas travel increased as large-scale projects and anniversary events picked up throughout Japan. In addition, companies are obligated to give consideration to the health and safety of their employees overseas, and thus, we launched a new remote medical service for overseas staff and their families, which is available 24 hours a day, 365 days a year, anywhere in the world, and provides access to more than 500 Japanese medical specialists in all the various medical fields. The Sustainability Promotion Desk, which is part of Corporate Travel Sales Division, not only plans and operates study tours on which participants learn about various local social issues but also proposes corporate human resource development-related solutions. The desk received the Co-Creation Division Incentive Award at the 1st JATA SDGs Awards hosted by the Japan Association of Travel Agents for its "Development and Implementation of 'Travel' SDGs Training Program, in which participants experience SDGs at destinations where sustainability efforts are being implemented."

In the overseas travel business, our overseas group companies based in Canada continued to drive performance, particularly in the outbound business. In addition to local subsidiaries in Turkey, ones in Southeast Asia, such as Indonesia, Thailand, Vietnam, Malaysia, and the Philippines, strengthened the B2B markets, particularly business travel, resulting in a recovery in outbound business. As for the inbound business of local subsidiaries, European destinations popular with students during the graduation travel season (the U.K., Italy, Spain, and France), saw a marked recovery in business due to strong growth in the number of customers coming from Japan. Meanwhile, in North America, the Canadian College Group worked to expand its business domain, and these efforts included acquiring Stenberg College International, a technical college specializing in comprehensive medical and social service programs, as their subsidiary company.

The number of sales branches of the Group totaled 134 in Japan and 157 in 111 cities in 59 countries overseas. (As of July 31, 2023)

As a result of the above, net sales through the first nine months of the current consolidated fiscal year were 128,820 million yen (326.4% of the figure for the same period of the previous year) and operating loss was 4,107 million yen (compared to operating loss of 22,555 million yen in the same period of the previous year).

(Theme Park business)

Laguna Ten Bosch opened its summer pool in June, about one month earlier than usual, and held a "Thomas the Tank Engine" hands-on event where visitors could play and learn with Thomas and his friends as an engineer, resulting in the number of visitors reaching 112.5% of the level for the previous year. In addition, for the shopping mall "Festival Market," we strived to expand its customer base by opening three new stores: "Okazaki Fish Market Shokudo Hiranoya," which serves fresh fish supplied directly from the fish market, AMBER'S, a burger shop that offers meals that really satisfy one's hunger, and "Hapipi Land" a large indoor kids' park where children can learn while playing.

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 through the first nine months of the current consolidated fiscal year were 1,869 million yen (12.3% of the figure for the same period of the previous year), operating loss was 317 million yen (compared to operating loss of 158 million yen for the same period of the previous year), and EBITDA-based loss was 83 million yen (compared to a profit of 1,367 million yen for the same period of the previous year).

(Hotel business)

In the hotel business, hotels throughout Japan saw an upward trend in lodging demand as people started to travel more due to the "Nationwide Travel Support" program. During the early spring and early summer holiday season, there was an increase in tourism demand, and business demand related to business trips, training, and other activities also continued to recover. We also focused on creating and selling concept rooms that capitalize on regional characteristics and the strengths of each facility, such as the Henn na Hotel Osaka Namba's "Dinosaur Room," which is decorated with dinosaurs, and Henn na Hotel Kagoshima Tenmonkan's "Marine Room," which comes with an annual passport and was created in collaboration with "Io World Kagoshima City Aquarium." As for overseas hotels, performance for the various hotels, both resorts and urban ones, improved as travel demand in various countries picked up even more.

As a result of the above, net sales through the first nine months of the current consolidated fiscal year were 12,895 million yen (211.0% of the figure for the same period of the previous year), operating profit was 257 million yen (compared to operating loss of 3,454 million yen for the same period of the previous year), and EBITDA-based profit was 3,318 million yen (compared to a loss of 557 million yen for the same period of the previous year).

(Kyushu Sanko Group)

The Kyushu Sanko Group saw a recovery in business because of an improvement in the domestic flow of people as the impact of the Covid-19 pandemic faded and an increase in the number of people visiting Japan. The recovery was particularly strong for its bus business, its core business, with the number of regular-route bus passengers recovering to 95.8% of the 2019 level and the number of its charter buses being used rising to 114.2% of the number for 2019. The number of visitors to the SAKURA MACHI Kumamoto commercial facility have steadily recovered because various events, including the "Kumamoto Castle Reconstruction Support Project," a collaborative project with an anime idol group with ties to Kumamoto, have been held with an eye toward the restoration of Kumamoto Castle, a symbol of Kumamoto's tourism. In addition, earnings improved because of a recovery in sales due to the promotion of store use in cooperation with Kumamoto Castle Hall, which is located next to the facility. The Group also worked to improve profitability by operating two Taiwanese charter flights (in March and May) as part of its travel business.

As a result of the above, net sales through the first nine months of the current consolidated fiscal year were 16,081 million yen (121.5% of the figure for the same period of the previous year) and operating profit was 51 million yen (compared to operating loss of 1,083 million yen for the same period of the previous year).

Because of these business results for each segment, the Group's operating results through the first nine months of the current consolidated fiscal year were net sales of 163,981 million yen (164.1% of the same period last year) and operating loss of 4,190 million yen (compared to operating loss of 39,142 million yen in the same period last year). Ordinary loss was 3,939 million yen (compared to ordinary loss of 39,118 million yen for the same period of last year), and loss attributable to owners of the parent was 5,635 million yen (compared to loss attributable to owners of parent of 33,263 million yen for the same period last year).

(2) Review of financial position

Total assets at the end of the third quarter of the current fiscal year increased 21,966 million yen from the end of the previous consolidated fiscal year to 436,951 million yen. This was mainly due to a decrease in cash and deposits (down 4,209 million yen from the end of the previous fiscal year) and a decrease in property, plant and equipment (down 2,774 million yen), while there were increases in long-term time deposits (up 18,935 million yen), travel advance payments (up 5,987 million yen) and notes and accounts receivable - trade, and contract assets (up 4,219 million yen).

Liabilities at the end of the third quarter of the current consolidated fiscal year increased 28,566 million yen from the end of the previous consolidated fiscal year to 386,915 million yen. This was mainly due to a decrease in borrowings (down 10,757 million yen from the end of the previous fiscal year) and a decrease in accounts payable-other (down 2,249 million yen), while there was an increase in travel advance received (up 24,787 million yen), other current liabilities (up 12,132 million yen), and trade accounts payable (up 3,074 million yen).

Net assets at the end of the third quarter of the current consolidated fiscal year decreased 6,599 million yen from the end of the previous consolidated fiscal year to 50,036 million yen. This was mainly due to a decrease in retained earnings (down 5,588 million yen from the end of the previous fiscal year), primarily on account of loss attributable to owners of parent, and decrease in foreign currency translation adjustment (down 666 million yen).

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

With the post Covid-19 era drawing near and normal times returning, our business is seeing a recovery in demand. However, our business activities are expected to continue to be affected by not only major typhoons in Japan but also the external environment, including geopolitical risks associated with the situation in Ukraine, exchange rate fluctuations, rising prices, and labor shortages. For our core overseas travel business, earnings from the fourth quarter, the busy summer season, has a significant impact, and it is still difficult to forecast demand at this time; therefore, we have not yet determined the outlook for consolidated financial results for the fiscal year ending October 31, 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 loss attributable to owners of parent 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 third quarter of the current consolidated fiscal year.

Therefore, the Group is continuing to reduce fixed costs and sell off 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 July 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 July 31, 2023
Assets		
Current assets		
Cash and deposits	144,795	140,586
Notes and accounts receivable - trade, and contract assets	11,538	15,758
Trade accounts receivable	298	321
Securities	212	21
Travel advance payments	6,231	12,218
Prepaid expenses	1,724	1,981
Short-term loans receivable	133	46
Short-term loans receivable from subsidiaries and associates	205	258
Accounts receivable - other	20,001	19,443
Other	5,721	5,513
Allowance for doubtful accounts	(2,370)	(1,727)
Total current assets	<u>188,493</u>	<u>194,423</u>
Non-current assets		
Property, plant and equipment		
Buildings, net	76,166	76,795
Tools, furniture and fixtures, net	2,697	2,707
Land	70,975	70,908
Leased assets, net	12,401	11,944
Construction in progress	6,306	3,591
Other, net	1,807	1,634
Total property, plant and equipment	<u>170,356</u>	<u>167,581</u>
Intangible assets		
Goodwill	2,369	3,476
Other	15,539	14,263
Total intangible assets	<u>17,908</u>	<u>17,739</u>
Investments and other assets		
Investment securities	2,990	3,725
Shares of subsidiaries and associates	2,865	3,040
Investments in capital of subsidiaries and associates	77	77
Long-term loans receivable	11	197
Long-term loans receivable from subsidiaries and associates	504	255
Long-term time deposits	—	18,935
Retirement benefit asset	671	666
Deferred tax assets	6,949	6,268
Guarantee deposits	20,825	20,536
Other	3,805	3,872
Allowance for doubtful accounts	(694)	(483)
Total investments and other assets	<u>38,009</u>	<u>57,091</u>
Total non-current assets	<u>226,274</u>	<u>242,412</u>
Deferred assets	<u>217</u>	<u>116</u>
Total assets	<u>414,984</u>	<u>436,951</u>

(Millions of yen)

	As of October 31, 2022	As of July 31, 2023
Liabilities		
Current liabilities		
Trade accounts payable	6,698	9,772
Short-term borrowings	28,555	50,572
Current portion of bonds payable	—	15,000
Current portion of long-term borrowings	32,156	30,643
Accounts payable - other	17,298	15,049
Accrued expenses	3,999	4,516
Income taxes payable	310	577
Accrued consumption taxes	711	1,345
Travel advance received	14,256	39,044
Lease obligations	2,646	2,942
Provision for bonuses	1,293	2,172
Provision for bonuses for directors (and other officers)	51	94
Other	20,590	32,722
Total current liabilities	<u>128,569</u>	<u>204,453</u>
Non-current liabilities		
Bonds payable	20,000	5,000
Convertible-bond-type bonds with share acquisition rights	25,036	25,023
Long-term borrowings	156,727	125,466
Deferred tax liabilities	4,963	4,715
Retirement benefit liability	6,234	6,194
Provision for retirement benefits for directors (and other officers)	445	419
Lease obligations	11,635	10,769
Other	4,734	4,872
Total non-current liabilities	<u>229,778</u>	<u>182,462</u>
Total liabilities	<u>358,348</u>	<u>386,915</u>
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	28,498	28,291
Retained earnings	26,327	20,738
Treasury shares	(14,972)	(14,945)
Total shareholders' equity	<u>39,954</u>	<u>34,183</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	230	250
Deferred gains or losses on hedges	8	24
Foreign currency translation adjustment	7,085	6,419
Remeasurements of defined benefit plans	141	58
Total accumulated other comprehensive income	<u>7,466</u>	<u>6,753</u>
Share acquisition rights	399	186
Non-controlling interests	8,815	8,912
Total net assets	<u>56,636</u>	<u>50,036</u>
Total liabilities and net assets	<u>414,984</u>	<u>436,951</u>

(2) Quarterly consolidated income statement and quarterly consolidated comprehensive income statement
 (Quarterly consolidated income statement)

(Millions of yen)

Nine months ended July 31, 2022 Nine months ended July 31, 2023

Net sales	99,940	163,981
Cost of sales	84,573	109,225
Gross profit	15,367	54,755
Selling, general and administrative expenses	54,509	58,945
Operating profit (loss)	(39,142)	(4,190)
Non-operating income		
Interest income	180	517
Foreign exchange gains	593	358
Subsidy income	476	469
Other	1,321	994
Total non-operating income	2,572	2,339
Non-operating expenses		
Interest expenses	1,469	1,623
Other	1,079	465
Total non-operating expenses	2,548	2,089
Ordinary profit (loss)	(39,118)	(3,939)
Extraordinary income		
Gain on sale of non-current assets	1,364	2
Gain on sale of investment securities	1,442	—
Subsidy income	9,652	1,106
Total extraordinary income	12,459	1,109
Extraordinary losses		
Loss on sale of non-current assets	—	6
Loss on sale of shares of subsidiaries and associates	2,992	—
Impairment loss	771	—
Losses from downtime	1,274	—
Loss on sale of other investments	—	730
Loss on valuation of other investments	—	203
Total extraordinary losses	5,037	940
Profit (loss) before income taxes	(31,696)	(3,769)
Income taxes	2,331	1,502
Profit (loss)	(34,027)	(5,272)
Profit (loss) attributable to non-controlling interests	(763)	362
Profit (loss) attributable to owners of parent	(33,263)	(5,635)

(Quarterly consolidated comprehensive income statement)

(Millions of yen)

Nine months ended July 31, 2022 Nine months ended July 31, 2023

	(34,027)	(5,272)
Profit (loss)	(34,027)	(5,272)
Other comprehensive income		
Valuation difference on available-for-sale securities	(533)	20
Deferred gains or losses on hedges	9	15
Foreign currency translation adjustment	7,007	(1,809)
Remeasurements of defined benefit plans	(54)	(82)
Share of other comprehensive income of entities accounted for using equity method	34	(10)
Total other comprehensive income	<hr/> 6,462	<hr/> (1,866)
Comprehensive income (breakdown)	<hr/> (27,564)	<hr/> (7,139)
Comprehensive income attributable to owners of parent	(26,960)	(7,327)
Comprehensive income attributable to non-controlling interests	(604)	188

(Segment information)

[Segment information]

I Nine months ended July 31, 2022 (from November 1, 2021 to July 31, 2022)

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

(Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustments (Note 2)	Amount on consolidated financial statements (Note 3)
	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Total				
Net sales									
Sales to external customers	39,267	14,776	5,937	13,231	73,212	26,728	99,940	—	99,940
Intersegment sales/transfers	201	398	174	7	781	560	1,342	(1,342)	—
Total	39,468	15,174	6,112	13,238	73,993	27,289	101,282	(1,342)	99,940
Segment profit (loss)	(22,555)	(158)	(3,454)	(1,083)	(27,251)	(10,512)	(37,764)	(1,377)	(39,142)

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 segment profit (loss) adjustment of -1,377 million yen is company-wide expenses not allocated to any reporting segment. It mainly comprises expenses at parent company's headquarter administration 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 Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Other	Total
Segment profit (loss)	(22,555)	(158)	(3,454)	(1,083)	(10,512)	(37,764)
Depreciation and goodwill amortization	2,824	1,526	2,896	1,362	665	9,275
EBITDA (*)	(19,730)	1,367	(557)	278	(9,846)	(28,488)

*EBITDA reflects segment profit (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)

An impairment loss of 110 million yen was recorded in the travel business, 171 million yen in the hotel business, and 377 million yen in other businesses.

(Significant change in the amount of goodwill)

In other businesses, the amount of goodwill has changed significantly due to the impairment of goodwill. The amount of decrease in goodwill due to this event is 377 million yen. The amount stated above (significant impairment loss on fixed assets) includes the amount of impairment of goodwill.

(Significant gain on negative goodwill)

None

II Nine months ended July 31, 2023 (from November 1, 2022 to July 31, 2023)

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

(Millions of yen)

	Reporting segment					Other (Note 1)	Total	Adjustments (Note 2)	Amount on consolidated financial statements (Note 3)
	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Total				
Net sales									
Sales to external customers	128,005	1,857	12,598	16,070	158,532	5,448	163,981	0	163,981
Intersegment sales/transfers	815	11	296	11	1,134	166	1,301	(1,301)	—
Total	128,820	1,869	12,895	16,081	159,667	5,615	165,282	(1,301)	163,981
Segment profit (loss)	(4,107)	(317)	257	51	(4,115)	52	(4,063)	(126)	(4,190)

Notes 1. The "Other" category is a business segment that is not included in any reporting segment. It includes segments as follow:

Non-life Insurance Business and Real Estate Business

2. The segment profit (loss) adjustment of -126 million yen is company-wide expenses not allocated to any reporting segment. It mainly comprises expenses at parent company's headquarter administration 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 Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Other	Total
Segment profit (loss)	(4,107)	(317)	257	51	52	(4,063)
Depreciation and goodwill amortization	2,840	234	3,060	1,292	165	7,592
EBITDA (*)	(1,266)	(83)	3,318	1,343	217	3,529

*EBITDA reflects segment profit (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, the "Energy Business" reporting segment was abolished and H.I.S. Energy Holdings Co., Ltd. was changed from the "Energy Business" to the "Other" segment effective from the first quarter of the current fiscal year. In the second quarter of the current fiscal year, H.I.S. Energy Holdings Co., Ltd. was excluded from the scope of consolidation following the completion of liquidation of the said company.

The segment information for the nine months ended July 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)

There is no significant impairment loss.

(Significant change in the amount of goodwill)

In the "Travel Business" segment, goodwill was recognized due to the acquisition of shares of SCI Stenberg College International Inc. The amount of goodwill arising from this event was 1,620 million yen. The amount of goodwill is tentatively calculated since the allocation of acquisition cost has not been completed.

(Significant gain on negative goodwill)

None