



## Consolidated Financial Results for the First Six Months of the Fiscal Year Ending October 2022 [Japanese Standards]

June 13, 2022

Listed company name H. I. S. Co., Ltd. Listed Exchange Tokyo

Code number 9603 URL: <https://www.his.co.jp/>

Representative (Title) Representative Director, President and Chief Operating Officer (Name) Motoshi Yada

Contact person (Title) Executive Officer, General Manager of Accounting Headquarters (Name) Yuka Kataoka Tel. 050-1746-4188

Scheduled quarterly report submission date June 13, 2022 Scheduled dividend payment start date —

Supplementary explanatory materials for financial results: Yes

Quarterly financial results briefing (For institutional investors) held: Yes

(Figures less than one million yen truncated)

1. Consolidated financial results for the first six months of the fiscal year ending October 2022 (November 1, 2021 to April 30, 2022)

(1) Consolidated business results (cumulative) (Percentages indicate the increase/decrease from the same quarter of the previous year.)

	Sales		Operating profit		Ordinary profit		Current net income quarterly net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended April 30, 2022	68,491	—	-28,130	—	-28,111	—	-26,911	—
Six months ended April 30, 2021	64,983	-81.1	-31,669	—	-30,652	—	-23,597	—

Note: Comprehensive income Six months ended April 30, 2022 -26,251 million yen (-) Six months ended April 30, 2021 -22,977 million yen (-)

	Per share quarterly net income	After adjusting for residual securities Per share quarterly net income
	Yen sen	Yen sen
Six months ended April 30, 2022	-368.67	—
Six months ended April 30, 2021	-367.97	—

Note: From the beginning of the fiscal year that ends October 2022, the "Accounting Standard for Revenue Recognition" has been applied. For this reason, the increase/decrease from the actual value before the application of the relevant standard is not stated.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	million yen	million yen	%	Yen sen
As of April 30, 2022	390,991	45,402	5.8	304.72
As of October 31, 2021	411,447	64,145	9.9	580.00

(Reference) Equity capital As of April 30, 2022 22,534 million yen As of October 31, 2021 40,627 million yen

## 2. Dividend status

	Annual dividend				
	End of first quarter	End of second quarter	End of third quarter	Term end	Total
	Yen sen	Yen sen	Yen sen	Yen sen	Yen sen
Fiscal year ending October 31, 2021	—	0.00	—	0.00	0.00
Fiscal year ending October 31, 2022	—	0.00			
Fiscal year ending October 31, 2022 (Forecast)			—	—	—

Notes 1. Revisions from the most recently announced dividend forecast: None

2. The dividend forecast for the fiscal year ending October 2022 is undecided at this time.

3. Consolidated financial forecast for the fiscal year ending October 2022 (November 1, 2021 – October 31, 2022)

The consolidated earnings forecast for the fiscal year ending October 2022 has not yet been made because it is difficult to reasonably calculate the impact of Covid-19 at this time. We will promptly announce the consolidated earnings forecast when it becomes possible to disclose it.

Note: Revisions from the most recently announced earnings forecast: None

### \* Notes

(1) Changes in important subsidiaries during the quarter (changes in specific subsidiaries due to changes in the scope of consolidation): None

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

(3) Changes in accounting policies, changes in accounting estimates, and restatements of revisions

① Changes in accounting policy due to revision of accounting standards etc.: Yes

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Revision restatements: None

(4) Number of shares issued (common shares)

① Number of shares issued at the end of the period (including treasury shares)

As of April 30, 2022	79,860,936 shares	As of October 31, 2021	75,969,236 shares
As of April 30, 2022	5,909,110 shares	As of October 31, 2021	5,922,098 shares
Six months ended April 30, 2022	72,995,433 shares	Six months ended April 30, 2021	64,129,858 shares

② Number of treasury shares at the end of the period

③ Average number of shares during the period (quarterly cumulative)

\*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 earnings forecast and the precautions for using the earnings forecast, see [Attachment] Page 3, "1. (1) Explanation of business results" and Page 6 "1. (3) Explanation of consolidated business forecasts and other future forecast information".

## 1. Qualitative information on this quarter's financial results

### (1) Explanation of business results

With protective measures against Covid-19 in place and economic and social activities normalizing, the business environment during the second quarter of the current consolidated fiscal year was expected to pick up thanks to the effects of various policies and improvements in overseas economies. However, the situation remained severe due to increasing downside risks from uncertainties around the situation in Ukraine, rising raw material prices, fluctuations in the financial and capital markets, supply side constraints, etc.

In such an environment, our corporate group has taken steps to restructure our management system in response to the Covid-19 pandemic and pushed forward work style reform. This has included seconding employees out of the group, continuing cost reductions in each country, and making maximum use of government employment subsidies. In addition, based on the corporate philosophy of "contributing to the creative development of humankind and world peace in accordance with the laws of nature," we will continue to change and develop not only through travel business but through various other businesses too. We have aimed to construct a new business that contributes to world peace.

The business results by segment are as follows. Also, the amount for each segment is the amount before inter-segment transactions cancel each other out.

#### (Travel business)

The travel market during the second quarter of the current consolidated fiscal year continued to be intensely affected by measures such as immigration restrictions and travel restrictions in countries to prevent the spread of Covid-19 worldwide, and conditions remained extremely severe. The number of Japanese departures decreased to 420,000, 4.3% of the number from the same period of 2019, and the number of foreign visitors to Japan decreased to 270,000, 1.7% of the number from the same period of 2019. (Source: Japan National Tourism Organization (JNTO))

Regarding our overseas travel business too, although there have been movements to ease Covid-19 border measures, the environment for ensuring customer safety and managing itineraries has not been established, so we extended the cancellation of planned trips in all areas until the end of April and have not recovered to pre-Covid levels.

Regarding the domestic travel business, domestic travel demand slowed due to the implementation of the government's semi-state of emergency Covid-19 measures but in anticipation of recovering domestic travel demand, we ran our "Okinawa LeaLea Campaign 2.0" from March and from April prefectures expanded their "Prefectural residents' discount" and "Block discount" to spur tourism demand (with support from regional tourism businesses). Thanks to this, a striking recover was seen, for example with rising last-minute demand for spring vacation and Golden Week travel. Compared to the same period of the previous year, because the previous year was an environment under the state of emergency with vaccinations not yet started, a significant recovery was seen, but 2019 pre-Covid levels have not been reached.

In our corporate business, amid the Covid-19 pandemic, we focused on public BPO business such as online business meetings with overseas and My Number card subscription promotion business. In addition, we launched new businesses to take advantage of our company's wealth of human resources and our group companies' resources, for example by opening the "Michi" dry head spa specialty store in our Henn Na Hotel Tokyo Akasaka in April 2022.

In the overseas travel business, although there were some immigration restrictions and travel restrictions due to the Omicron variant of Covid-19, strain, regions of free movement, which required neither a PCR test before travel nor quarantine upon arrival, expanded for those who had a "vaccination certificate", "negative test certificate", or "recovery certificate". Therefore, recovery was seen in the travel demand in local markets, particularly for our overseas group company in Canada and our Turkish subsidiary. In the inbound business at our overseas branches, the situation remained severe because of the continuing measures to restrict overseas travel from Japan, but as non-travel business, we have been collaborating with corporate operations and strengthening our development of corporate overseas expansion support operations and sales of goods, food and beverage business, real estate business, and in other ways acquiring and building up new local markets.

As a result of consolidation and closures in Japan and overseas, the number of sales branches of the Group has decreased to 145 in Japan and 162 branches overseas in 113 cities in 60 countries. (As of the end of April 2022)

As a result of the above, sales through the first half of the current consolidated fiscal year were 23.405 billion yen and the operating loss was 14.742 billion yen.

(Theme Park business)

Huis Ten Bosch was affected by the declaration of semi-state of emergency COVID-19 measures for Nagasaki City and Sasebo City on January 21st and their subsequent spread to the entire prefecture, so admissions did not reach pre-Covid levels, but total admissions did rise greatly to 193.6% of the level of the same period of the previous year. In addition, we held special events such as fireworks and parades, including the Nagasaki Prefectural Appreciation Campaign to commemorate the 30th anniversary of our opening and the "30th Anniversary Ceremony" in March, so for the first time in two years, we posted operating income for the first half.

Laguna Ten Bosch also continued to be affected by Covid-19 pandemic and its business environment was severe. The theme park collaboration event "Tokyo Revengers Rally in Laguna Ten Bosch" for the TV anime "Tokyo Revengers", which has been held since March, has been well received, but the number of visitors did not recover to pre-Covid levels.

As a result of the above, sales through the first half of the current consolidated fiscal year were 10.366 billion yen and the operating profit was 174 million yen.

(Hotel business)

In the hotel business, we worked to improve the profitability of existing hotels. We engaged in efforts to improve guest room unit prices, including by developing our own accommodation plans, and to reduce such costs as cleaning costs and linen costs, room equipment costs, and advertising costs.

However, due to the Covid-19 pandemic, the number of guests continued to decrease at hotels both in Japan and overseas.

As a result of the above, sales for the first half of the current consolidated fiscal year were 3.572 billion yen, the operating loss was 2.068 billion yen, and the loss on an EBITDA basis was 170 million yen.

(Kyushu Sanko Group)

In response to the rapid spread of the Omicron variant, the government implemented semi-state of emergency Covid-19 measures from January 21 until March 21, which affected the entire Kyushu Sanko Group. Under such circumstances, due to the growing awareness of refraining from going out, the bus business continued to be marked by the suspension of high-speed buses or reduction in their numbers, and the food and beverage sales business also suffered a series of shortened business hours and closures. The "Sakuramachi Kumamoto" large-scale commercial facility continued to be affected by the Covid-19 pandemic: events were canceled, the number of visitors decreased, etc.

As a result of the above, sales for through the first half of the current consolidated fiscal year were 8.591 billion yen and the operating loss was 701 million yen.

(Energy business)

In the electric power retail business, we have continued to work on the procurement of power sources by combining the wholesale electric power trading market and bilateral transactions, but in this fiscal year too, we were extremely affected by soaring electric power procurement prices. Given the normalization of rapid price rises, we reached the decision that it would take time to rebuild HTB Energy Co., Ltd., which was responsible for the electricity retail business, so at the end of April, we signed an agreement to transfer our shares.

In the power generation business, the price of the RSPO-certified palm oil used for fuel has continued to rise rapidly, so the biomass power plant was only operated for short periods of time in order to maintain the equipment and full-scale operation was put off.

As a result of the above, sales through the first half of the current consolidated fiscal year were 21.523 billion yen and the operating loss was 9.413 billion yen.

As a result of the above, the operating results through the first half of the current consolidated fiscal year were sales of 68.491 billion yen, an operating loss of 28.130 billion yen, an ordinary loss of 28.111 billion yen, and a quarterly net loss attributable to parent company shareholders of 26.911 billion yen.

(2) Explanation of financial position

Total assets at the end of the second quarter of the current consolidated fiscal year decreased by 20.455 billion yen from the end of the previous consolidated fiscal year to 390.991 billion yen. This was mainly due to a decrease in tangible fixed assets (down 9.707 billion yen from the end of the previous fiscal year), a decrease in travel advance payments (down 4.008 billion yen), a decrease in loans (down 3.517 billion yen), a decrease in deferred tax assets (down 3.010 billion yen) and a decrease in investment securities (down 2.418 billion yen).

Liabilities at the end of the second quarter of the current consolidated fiscal year decreased by 1.712 billion yen from the end of the previous consolidated fiscal year to 345.588 billion yen. This was mainly due to a decrease in pre-travel receipts (down 5.677 billion yen from the end of the previous fiscal year) and on the other hand an increase in allowances for affiliated company consolidation losses (up 3.093 billion yen).

Net assets at the end of the second quarter of the current consolidated fiscal year decreased by 18.743 billion yen from the end of the previous consolidated fiscal year to 45.402 billion yen. This was mainly due to a decrease in retained earnings (down 26.686 billion yen from the end of the previous fiscal year) due to the recording of a quarterly net loss attributable to parent company shareholders and on the other hand an increase in capital funds and capital surplus due to a capital increase through third-party allotment (up 7.594 billion yen) and an increase in foreign exchange translation adjustment (up 1.308 billion yen).

(Cash flow status)

The balance of cash and cash equivalents (hereinafter, "funds") at the end of the second quarter of the current consolidated fiscal year was 96.491 billion yen, an increase of 8.412 billion yen compared to the end of the previous consolidated fiscal year.

The status of each cash flow and their factors through the first half of the current consolidated fiscal year are as follows.

(Cash flow from operating activities)

Funds from operating activities decreased by 18.006 billion yen (compared to a decrease of 8.833 billion yen through the first half of the previous consolidated fiscal year). This was mainly due to a decrease in funds due to a net loss before taxes etc. (23.357 billion yen) and a decrease in pre-travel receipts (5.813 billion yen), and on the other hand an increase in funds due to depreciation expenses (6.013 billion yen), which is a non-fund item, and a decrease in travel advance payments (4.044 billion yen).

In addition, the decrease in the consolidated fiscal year through the first half of the previous fiscal year was mainly due to a decrease in funds due to a net quarterly loss before tax adjustment (23.476 billion yen). On the other hand, funds increased due to an increase in purchase liabilities payables (7.322 billion yen) and depreciation (5.991 billion yen), which is a non-fund item.

(Cash flow from investment activities)

Investment activities increased funds by 19.579 billion yen (increase of 4.584 billion yen through the first half of the previous consolidated fiscal year). This was mainly due to an increase in funds resulting from income from the refund of time deposits (13.628 billion yen) and income from the sale of tangible and intangible fixed assets (8.669 billion yen).

In addition, the increase in funds through the first half of the previous fiscal year was mainly income from the sale of tangible and intangible assets (5.501 billion yen) and income from the sale and redemption of investment securities (4.071 billion yen). On the other hand, funds decreased

(7.665 billion yen) due to expenditures for the acquisition of tangible and intangible fixed assets.

[Cash flow from financial activities]

Due to financial activities, funds increased by 5.896 billion yen (an increase of 11.697 billion yen through the first half of the previous consolidated fiscal year). This was mainly due to an increase in funds resulting from income from the issuance of shares (7.5 billion yen) and income from the issuance of stock acquisition rights (165 million yen).

In addition, the increase through the first half of the previous fiscal year was mainly due to an increase in funds from income from share issuance (8.704 billion yen) and income from payments from non-controlling interests (2.065 billion yen).

As a result of the above, the balance of funds at the end of the second quarter of the current consolidated fiscal year increased by 8.412 billion yen from the end of the previous consolidated fiscal year to 96.491 billion yen.

(3) Explanation of consolidated business forecasts and other future forecast information

Due to the impact of the Covid-19 pandemic, restrictions on overseas travel for tourism purposes as well as the possibility of Russia's invasion of Ukraine hindering the recovery of tourism, it remains difficult to predict demand. In the overseas travel business, which is our main business, although there has been relaxation of restrictions on entering Japan, it is unclear when they will be lifted, so it is expected that the corporate activities of the Group will continue to be impacted.

The above makes it difficult to reasonably calculate the impact of the factors discussed above at this time, therefore we have not yet determined the outlook for consolidated financial results for the fiscal year ending October 2022. We will announce this outlook as soon as it becomes possible to calculate a rational earnings forecast.

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

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 second quarter of the current consolidated fiscal year.

For this reason, the Group is promoting the reduction of fixed costs and the sale of assets such as securities and real estate, as well as requesting financial institutions to maintain existing borrowing contracts (refinancing). We are also requesting the underwriters of share options to exercise their share options as soon as possible.

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 April 30, 2023. Therefore, we have determined that there is no significant uncertainty regarding the assumption of a going concern.

## 2. Consolidated quarterly financial statements and main notes

### (1) Quarterly consolidated balance sheet

(Million yen)

	As of October 31, 2021	As of April 30, 2022
<b>Assets section</b>		
Current assets		
Cash and deposits	101,411	101,692
Notes and accounts receivable	16,718	—
Notes receivable, accounts receivable and contract assets	—	20,175
Operating accounts receivable	171	224
Marketable securities	11	211
Pre-travel payments	8,927	4,919
Prepaid expenses	2,179	1,681
Short-term loans	3,479	191
Short-term loans to affiliated companies	233	235
Accounts receivable	7,536	6,074
Others	5,062	5,060
Provision for doubtful receivables	-2,234	-2,230
<b>Total current assets</b>	<b>143,495</b>	<b>138,237</b>
Fixed assets		
Tangible fixed assets		
Buildings (net amount)	84,187	84,675
Tools, equipment, and fixtures (net amount)	10,549	9,826
Land	75,485	70,862
Leased assets (net amount)	13,132	12,917
Construction in progress	11,101	6,977
Other (net amount)	6,836	6,324
<b>Total tangible fixed assets</b>	<b>201,291</b>	<b>191,583</b>
Intangible fixed assets		
Goodwill	4,621	3,966
Others	15,486	15,043
<b>Total intangible fixed assets</b>	<b>20,107</b>	<b>19,010</b>
Investments and other assets		
Investment marketable securities	5,716	3,298
Affiliated company shares	2,559	2,941
Investments in affiliated companies	77	77
Long-term loans	66	5
Long-term loans to affiliated companies	901	730
Assets related to retirement benefits	727	724
Deferred tax assets	11,135	8,125
Guarantee deposits	21,896	22,212
Others	4,286	4,658
Provision for doubtful receivables	-1,105	-892
Investment and other asset total	46,263	41,881
<b>Total fixed assets</b>	<b>267,662</b>	<b>252,475</b>
Deferred assets	289	277
<b>Total assets</b>	<b>411,447</b>	<b>390,991</b>

(Million yen)

	As of October 31, 2021	As of April 30, 2022
<b>Liabilities section</b>		
Current liabilities		
Operating accounts payable	12,978	11,738
Short-term borrowing	28,240	27,655
Long-term borrowing scheduled to be repaid within one year	4,557	31,790
Accounts payable	4,331	4,297
Accrued expenses	4,320	3,897
Income taxes payable etc.	529	915
Accrued consumption tax etc.	624	781
Pre-travel receipts	14,112	8,435
Lease obligations	2,454	2,647
Bonus reserve	779	1,158
Directors' bonus reserve	25	43
Reserve for loss on consolidation of affiliated companies	—	3,093
Others	14,299	17,724
<b>Total current liabilities</b>	<b>87,254</b>	<b>114,179</b>
Fixed liabilities		
Corporate bonds	*2 20,000	*2 20,000
Convertible corporate bonds with share options	*2 25,054	*2 25,045
Long-term borrowing	*1 184,643	*1 156,956
Deferred tax liability	4,982	4,608
Retirement benefit revenue	7,659	7,569
Director retirement benefit reserve	393	419
Lease obligations	12,410	11,938
Others	4,902	4,870
<b>Total fixed liabilities</b>	<b>260,047</b>	<b>231,409</b>
<b>Total liabilities</b>	<b>347,301</b>	<b>345,588</b>
<b>Net assets section</b>		
Shareholders' equity		
Capital	21,048	24,798
Capital surplus	13,328	17,172
Earned surplus	22,275	-4,411
Treasury shares	-15,004	-14,971
<b>Total shareholders' equity</b>	<b>41,647</b>	<b>22,587</b>
Cumulative other comprehensive income		
Other marketable security valuation difference	713	404
Deferred hedge loss or gain	7	7
Foreign currency translation adjustment account	-1,859	-550
Cumulative adjustment for retirement benefits	118	85
<b>Total cumulative other comprehensive income</b>	<b>-1,020</b>	<b>-53</b>
Share options	158	364
Noncontrolling shareholder equity	23,360	22,503
<b>Total net assets</b>	<b>64,145</b>	<b>45,402</b>
<b>Total liabilities and net assets</b>	<b>411,447</b>	<b>390,991</b>

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

(Million yen)

	Six months ended April 30, 2021	Six months ended April 30, 2022
Sales	64,983	68,491
Sales cost	60,753	61,600
Gross sales profit	4,230	6,890
Selling expenses and general administrative expenses	35,899	35,021
Operating loss (-)	-31,669	-28,130
Non-operating income		
Interest received	439	140
Currency exchange gain	721	401
Subsidy income	646	257
Others	1,255	1,050
Total non-operating income	3,062	1,849
Non-operating expenses		
Interest expense	509	981
Others	1,536	848
Total non-operating expenses	2,045	1,830
Ordinary loss (-)	-30,652	-28,111
Extraordinary profit		
Gain on sales of fixed assets	759	1,364
Gain on sale of investments in securities	747	1,376
Gain on sale of shares of affiliated companies	394	-
Subsidy income	7,784	6,836
Total extraordinary profit	9,685	9,577
Extraordinary loss		
Impairment loss	548	760
Loss due to temporary closure	1,961	970
Amount of reserves for loss on consolidation of affiliated companies carried over	-	3,093
Total extraordinary loss	2,510	4,824
Net loss before taxes etc. (-)	-23,476	-23,357
Income taxes	1,112	3,810
Quarterly net loss (-)	-24,588	-27,168
Net quarterly loss attributable to noncontrolling shareholders (-)	-990	-256
Net quarterly loss attributable to parent company shareholders (-)	-23,597	-26,911

(Quarterly consolidated comprehensive income statement)

(Million yen)

	Six months ended April 30, 2021	Six months ended April 30, 2022
Quarterly net loss (-)	-24,588	-27,168
Other comprehensive income		
Other marketable security valuation difference	59	-308
Deferred hedge loss or gain	-0	-
Foreign currency translation adjustment account	1,535	1,242
Adjustment for retirement benefits	-11	-34
Amount equivalent to equity in an affiliate applying equity method	28	16
Total other comprehensive income	1,611	916
Quarterly comprehensive income	-22,977	-26,251
(breakdown)		
Comprehensive quarterly income related to parent company shareholders	-22,201	-25,944
Comprehensive income for non-controlling shareholders	-775	-307

## (3) Quarterly consolidated cash flow statement

(Million yen)

	Six months ended April 30, 2021	Six months ended April 30, 2022
<b>(Cash flow from operating activities)</b>		
Net loss before taxes etc. (-)	-23,476	-23,357
Depreciation	5,991	6,013
Impairment loss	548	760
Goodwill amortization	372	350
Increase/decrease in bonus reserve (- indicates decrease.)	-431	375
Increase/decrease in provision for director bonuses (- indicates decrease.)	5	17
Increase/decrease of reserves for consolidation of affiliated companies (- indicates decrease)	-	3,093
Increase/decrease in debt related to retirement benefits (- indicates decrease.)	-275	-170
Increase/decrease in allowance for retirement benefits for directors (- indicates decrease.)	7	25
Interest received and dividends received	-460	-457
Foreign exchange loss/gain (- is gain.)	-710	-395
Interest expense	509	981
Loss on retirement of tangible and intangible fixed assets	19	-
Profit/loss from sale of tangible and intangible fixed assets (- is profit)	-759	-1,364
Profit/loss on sale of investment securities (- is profit.)	-747	-1,376
Other profit/loss (- is profit.)	815	-83
Increase/decrease in trade receivables (- indicates increase.)	1,032	-3,580
Increase/decrease in pre-travel payments (- indicates increase.)	2,998	4,044
Increase/decrease of other assets (- indicates increase.)	6,197	1,922
Increase/decrease in purchase liabilities (- indicates decrease.)	7,322	-1,202
Increase/decrease in accrued consumption tax etc. (- indicates decrease.)	62	304
Increase/decrease in accrued expenses (- indicates decrease.)	-353	-491
Increase/decrease in pre-travel receipts (- indicates decrease.)	-7,513	-5,813
Increase/decrease in other liabilities (- indicates decrease.)	1	3,134
Subtotal	-8,842	-17,268
Amount of interest and dividends received	774	598
Interest payment amount	-522	-958
Corporate tax etc. amount paid or refunded (- indicates payment.)	-242	-377
<b>(Cash flow from operating activities)</b>	<b>-8,833</b>	<b>-18,006</b>

(Million yen)

	Six months ended April 30, 2021	Six months ended April 30, 2022
(Cash flow from investment activities)		
Expenditure for investing in time deposits	-11,033	-5,023
Income from withdrawal of time deposits	11,510	13,628
Expenditure on acquisition of securities	-105	—
Income from redemption of marketable securities	104	—
Expenditures for the acquisition of tangible and intangible fixed assets	-7,665	-3,193
Income from the sale of tangible and intangible fixed assets	5,501	8,669
Expenditure on acquisition of investment securities	-307	-222
Income from the sale of investment securities	804	2,226
Income from redemption of investment securities	3,267	1,093
Expenditure for acquisition of shares of affiliated companies	-82	-386
Income from the sale of shares of affiliated companies	65	—
Income from the sale of shares of subsidiary companies due to changes in the scope of consolidation	228	—
Expenditures on loans	-15	-138
Income from loan collection	576	3,514
Expenditures due to differential input to guarantee deposits	-843	-567
Income from collection of guarantee deposits	1,121	235
Others	1,459	-255
(Cash flow from investment activities)	4,584	19,579
Cash flow from financial activities		
Income from short-term borrowing	26,200	55,663
Expenditures for repayment of short-term loans	-26,104	-56,076
Income from long-term borrowing	2,777	3,362
Expenditures for repayment of long-term debt	-823	-3,741
Dividend payments to noncontrolling shareholders	-8	-42
Income from issuance of shares	8,704	7,500
Income from payments from non-controlling shareholders	2,065	150
Income from issuance of share options	—	165
Others	-1,113	-1,084
Cash flow from financial activities	11,697	5,896
Conversion difference for cash and cash equivalents	755	942
Increase/decrease in cash and cash equivalents (- indicates decrease.)	8,203	8,412
Fiscal year starting balance of cash and cash equivalents	80,445	88,079
End-of-quarter balance of cash and cash equivalents	88,649	96,491

(Segment information etc.)

[Segment information]

I Six months ended April 30, 2021 (from November 1, 2020 to April 30, 2021)

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

(Million yen)

	Reporting segment						Others Note 1	Total	Adjustment amount Note 2	Quarterly consolidat ed income statement Recorded amount Note 3
	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Energy Business	Total				
Sales										
Sales to external customers	26,314	8,503	2,513	8,688	17,549	63,569	1,414	64,983	—	64,983
Internal sales or transfers between segments	37	413	97	2	56	606	349	956	-956	—
Total	26,351	8,917	2,610	8,690	17,606	64,176	1,764	65,940	-956	64,983
Segment loss (-)	-18,586	-555	-2,660	-931	-7,754	-30,489	-295	-30,784	-884	-31,669

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

It includes, for example, nonlife insurance business and real estate business.

2. The segment loss (-) adjustment of -884 million yen is company-wide expenses not allocated to any reporting segment. It mainly comprises expenses related to the parent company head office management department that do not belong to a reporting segment.

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

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

(Million yen)

	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Energy Business	Others	Total
Segment loss (-)	-18,586	-555	-2,660	-931	-7,754	-295	-30,784
Depreciation and goodwill amortization	2,143	1,042	1,569	932	198	193	6,080
EBITDA (*)	-16,442	486	-1,090	0	-7,556	-102	-24,704

\*EBITDA is the value obtained by adding depreciation and goodwill amortization to the segment loss (-).

2. Matters concerning changes etc. in reporting segments

At the end of the previous consolidated fiscal year, the name of "Huis Ten Bosch Group" was changed to "Theme Park Business". Also, in the previous consolidated fiscal year, hapi-robo st, Inc., was reclassified from "Theme Park Business" to "Others" and Watermark Hotel Nagasaki Co., Ltd., was reclassified from "Hotel Business" to "Theme Park Business". The segment information through the first half of the current consolidated fiscal year shown here has been prepared based on the changed reporting segment classifications.

3. Information on impairment loss or goodwill of fixed assets for each reporting segment

(Significant impairment loss on fixed assets)

There is no significant impairment loss.

(Significant change in the amount of goodwill)

There were no significant changes.

(Significant gain on negative goodwill)

None

II Six months ended April 30, 2022 (from November 1, 2021 to April 30, 2022)

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

(Million yen)

	Reporting segment						Others Note 1	Total	Adjustment amount Note 2	Quarterly consolidat ed income statement Recorded amount Note 3
	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Energy Business	Total				
Sales										
Sales to external customers	23,304	10,082	3,457	8,587	21,430	66,862	1,628	68,491	—	68,491
Internal sales or transfers between segments	100	284	114	4	92	596	307	904	-904	—
Total	23,405	10,366	3,572	8,591	21,523	67,459	1,936	69,396	-904	68,491
Segment profit or loss (-)	-14,742	174	-2,068	-701	-9,413	-26,752	-497	-27,249	-880	-28,130

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

It includes, for example, nonlife insurance business and real estate business.

2. The segment profit or loss (-) adjustment of -880 million yen is company-wide expenses not allocated to any reporting segment. It mainly comprises expenses related to the parent company head office management department that do not belong to a reporting segment.

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

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

(Million yen)

	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Energy Business	Others	Total
Segment profit or loss (-)	-14,742	174	-2,068	-701	-9,413	-497	-27,249
Depreciation and goodwill amortization	1,859	1,017	1,898	904	300	153	6,133
EBITDA (*)	-12,883	1,191	-170	203	-9,112	-344	-21,116

\*EBITDA is the value obtained by adding depreciation and goodwill amortization to segment profit or loss (-).

2. Matters concerning changes etc. in reporting segments

As stated in "(Changes in Accounting Policy) (Application of Accounting Standards for Revenue Recognition)", from the beginning of the first quarter of the current consolidated fiscal year, the accounting standards for revenue recognition were applied and the accounting method for revenue recognition was changed. As a result, we have changed the method of calculating reporting segment profit or loss in the same way. As a result of this change, compared to the previous accounting method, sales through the first half of the current consolidated fiscal year decreased by 30.454 billion yen for the Travel Business, 332 million yen for the Theme Park Business, 532 million yen for the Kyushu Sanko Group, and 2.464 billion yen for the Energy Business. In addition, the operating loss for the Travel Business decreased by 133 million yen.

3. Information on impairment loss or goodwill of fixed assets for each reporting segment  
(Significant impairment loss on fixed assets)

An impairment loss of 107 million yen was recorded in the travel business, 167 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 related to fixed assets) includes the amount of impairment of goodwill.

(Significant gain on negative goodwill)

None