



Brief Announcement of Financial Results for the Fiscal Year Ending October 2021 [Japanese Standards] (Consolidated)

December 28, 2021

Listed company name H.I.S. Co., Ltd. Listed Exchange Tokyo
 Code number 9603 URL: <https://www.his.co.jp/en/>
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 Group Chief Executive Officer
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 Officer, Chief Financial Officer
 Scheduled date for annual general meeting of shareholders January 27, 2022 Scheduled dividend payment start date —
 Scheduled date for submission of securities report January 28, 2022
 Supplementary explanatory materials for financial results: Yes
 Financial results briefing held: (For institutional investors) Yes

(Figures less than one million yen truncated)

1. Consolidated financial results for the fiscal year ending October 2021 (November 1, 2020-October 31, 2021)

(1) Consolidated business results (Percentages are the rate of increase/decrease from the previous period.)

	Sales		Operating profit		Ordinary profit		Current net income attributable to parent company shareholders	
	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%
Fiscal year ending October 2021	118.563	-72.4	-64.058	—	-63.299	—	-50.050	—
Fiscal year ending October 2020	430.284	-46.8	-31.129	—	-31.283	—	-25.037	—

Note: Comprehensive income Fiscal year ending October 2021 -48.430 billion yen (—%) Fiscal year ending October 2020 -33.573 billion yen (—%)

	Per share	After adjusting for residual securities	Equity capital	Total assets	Sales
	Current net income	Current net income per share	Current net profit rate	Ordinary profit rate	Operating profit rate
	Yen sen	Yen sen	%	%	%
Fiscal year ending October 2021	-749.86	—	-87.4	-15.3	-54.0
Fiscal year ending October 2020	-432.66	—	-29.3	-6.3	-7.2

(Reference) Equity method investment loss/gain Fiscal year ending October 2021 -548 million yen Fiscal year ending October 2020 -194 million yen

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Billion yen	Billion yen	%	Yen sen
Fiscal year ending October 2021	411.447	64.145	9.9	580.00
Fiscal year ending October 2020	414.604	98.421	17.8	1,177.91

(Reference) Equity capital Fiscal year ending October 2021 40.627 billion yen Fiscal year ending October 2020 73.948 billion yen

(3) Consolidated cash flow state

	due to sales activities Cash flow	due to investment activities Cash flow	due to financial activity Cash flow	Cash and cash equivalents End-of-period balance
	Billion yen	Billion yen	Billion yen	Billion yen
Fiscal year ending October 2021	-28.397	-7.095	40.711	88.079
Fiscal year ending October 2020	-57.718	-47.901	-5.602	80.445

2. Dividend status

	Annual dividend					Total dividend (total)	Payout ratio (Consolidated)	Net asset dividend rate (consolidated)
	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	Million yen	%	%
Fiscal year ending October 2020	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending October 2021	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending October 2022 (Forecast)	—	—	—	—	—		—	

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

3. Consolidated earnings 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 the novel coronavirus infection at this time. We will promptly announce the consolidated earnings forecast when it becomes possible to disclose it. For details, please see [Attachment] Page 3 “1.(1) Analysis of Business Performance ② Outlook for the Next Term”

Notes

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

New-Company (company name)-, Excluded-Company (company name) -

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

- ① Changes in accounting policy due to revision of accounting standards etc.: None
- ② Changes in accounting policies other than ①: None
- ③ Changes in accounting estimates: None
- ④ Revision restatements: None

(3) Number of shares issued (common shares)

① Number of issued shares at the end of the period (including treasury shares)	Fiscal year ending October 2021	75,969,236 shares	Fiscal year ending October 2020	68,768,936 shares
② Number of treasury shares at the end of the period	Fiscal year ending October 2021	5,922,098 shares	Fiscal year ending October 2020	5,989,248 shares
③ Average number of shares during period	Fiscal year ending October 2021	66,745,526 shares	Fiscal year ending October 2020	57,869,119 shares

Note: The number of treasury shares at the end of the period includes the shares of the Company held by the H.I.S. employee shareholding association exclusive trust. (October 2021 period shares, October 2020 period 55,100 shares) In addition, the Company's shares held by that trust are included in the treasury shares to be deducted in the calculation of the average number of shares during the period. (15,069 shares for the fiscal year ending October 2021, 120,330 shares for the fiscal year ending October 2020)

The trust-type employee shareholding incentive plan ended in May 2021.

(Reference) Overview of individual business results

1. Individual financial results for the fiscal year ending October 2021 (November 1, 2020-October 31, 2021)

(1) Individual business results (Percentages are the rate of increase/decrease from the previous period.)

	Sales		Operating profit		Ordinary profit		Current net income	
	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%
Fiscal year ending October 2021	26.694	-83.2	-22.245	—	-20.245	—	-29.908	—
Fiscal year ending October 2020	159.261	-66.8	-15.023	—	-11.263	—	-6.355	—

	Per share Current net income	After adjusting for residual securities Current net income per share
	Yen sen	Yen sen
Fiscal year ending October 2021	-448.09	—
Fiscal year ending October 2020	-109.83	—

(2) Individual financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Billion yen	Billion yen	%	Yen sen
Fiscal year ending October 2021	263.385	7.262	2.7	101.42
Fiscal year ending October 2020	255.945	24.677	9.6	390.24

(Reference) Equity capital	Fiscal year ending October 2021	7.104 billion yen	Fiscal year ending October 2020	24.499 billion yen
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*Brief announcements of the most recent financial results are not subject to audit by a certified accountant or an audit corporation.

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

The consolidated earnings forecast has not yet been made because it is difficult to reasonably calculate it at this time. For the assumptions that are the premise of the earnings forecast and the precautions for using the earnings forecast, see [Attachment] Page 1, "1.(1) Analysis of business results".

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1. Overview of business results etc.

(1) Analysis of business results

① Business results for the current fiscal year

With measures being taken to prevent the spread of Covid-19 and to promote vaccination, the business environment in the current consolidated fiscal year is expected to pick up due to the effects of various policies and the improvement of overseas economies. However, economic and social activities are still stagnant and the situation is severe.

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 sending employees out of the group, continuing cost reductions in each country, and making maximum use of government 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. The amount for each segment is the amount before inter-segment transactions cancel each other out.

(Travel business)

In the travel market during the current consolidated fiscal year, vaccination against Covid-19 has progressed in some countries and regions and movement has been seen in the demand for domestic travel within countries, but measures such as border entry restrictions and travel restrictions remain in effect, so the situation has become extremely difficult. In the current consolidated fiscal year, there were 470,000 departures from Japan by Japanese, 7.4% of the level for the previous fiscal year, and 320,000 foreign visitors to Japan, 3.7% of level of the previous fiscal year, a major decrease from the FY2019 peak. (Source: Japan National Tourism Organization (JNTO))

The transaction volume for our overseas travel business has continued to drop significantly due to the quarantine period after returning to Japan based on border measures, continued flight cancellations and travel restrictions, and the suspension of tours in all areas.

We converted the management resources for our overseas travel business to the domestic travel business and expanded our product lineup of domestic package tours. In addition, although a temporary recovery trend was seen thanks to the implementation of the GoTo Travel Campaign, which was a government support measure, and the rising vaccination rate in Japan, the semi-state of emergency Covid-19 measures and the state of emergency followed one after the other over about 9 months. As a result, our transaction volume fell significantly. Also, in our corporate business, as a business model for the corona virus pandemic, we strengthened sales of non-travel products, starting with businesses related to occupational vaccination and vaccination by local governments.

In our overseas travel business, we worked to improve profitability by making our operations more efficient in addition to continuing to reduce the number of our personnel and bases. To capture the US market, where leisure demand is expected to recover, we have released a new online site that offers plans for offsetting the carbon dioxide emitted by one's travels when one books a trip. In addition, as a business model to deal with the Covid-19 pandemic, we focused on strengthening our capture of local markets by accelerating the development of our private lodging business, real estate business, and goods sales business, including support for overseas expansion. The "Online Experience Tour" continues to perform well and has been used by a cumulative total of more than 150,000 customers.

As a result of consolidation and closures in Japan and overseas, the number of sales offices of the Group has decreased to 161 in Japan and 168 overseas in 117 cities in 61 countries. (As of the end of October 2021)

As a result of the above, sales for the current consolidated fiscal year were 43.028 billion yen (12.0% of the previous fiscal year) and the operating loss was 38.336 billion yen (previous fiscal year's operating loss 21.127 billion yen).

(Theme Park business)

At Huis Ten Bosch, customer satisfaction was high thanks to our focus on environmental productions, Halloween events, Christmas events, and night pools and other new events. These became hot topics and spread widely with SNS. In addition, the GoTo Travel Campaign temporarily restored the number of

visitors, and for the full period, the number of guests with accommodation and the number of users on school trips increased thanks to high marks for our measures against Covid-19.

On the one hand, we strove actively to capture demand, such as by opening the new "Fantasia City of lights", our first new area in 11 years, and by reopening the newly renovated "VR World". On the other hand, the declaration of an emergency in major cities and the issuance of a special alert for the entire Nagasaki Prefecture that resulted in reduced opening hours and the temporary closure of some stores run directly by the park came one right after the other. As a result, the number of visitors in the current consolidated fiscal year was 1.277 million (92.2% of the previous year).

At Laguna Ten Bosch, the number of visitors began to recover thanks to the effects of the GoTo Travel Campaign and to the strong extraordinary popularity of the "Demon Slayer: The Trial of Recollection, Tanjiro's Journey" event. However, with the number of newly infected people increasing nationwide and with people refraining from going out, our results were impacted by the continued spread of the novel coronavirus.

As a result of the above, sales for the current consolidated fiscal year were 15.126 billion yen (107.2% of the previous fiscal year) and the operating loss was 3.559 billion yen (compared to 3.403 billion yen for the previous fiscal year).

(Hotel business)

In our hotel business, we are focusing on developing "Henn na Hotel" that emphasize a sense of entertainment and productivity. In the current consolidated fiscal year, we opened three "Henn na Hotel" in Nara, Ishikawa, and Miyagi Prefectures. In addition, we opened the "Resort Hotel Kume Island" in Okinawa Prefecture, which was the first time that we acquired an existing hotel and took over its business, the "Watermark Hotel Kyoto" in Kyoto Prefecture, Hotel Vison/Hatago Vison in Mie Prefecture at Vison, one of the largest commercial facility resorts in Japan, and our first ryokan inn regeneration business at Awazu Hot Springs in Ishikawa Prefecture. We are moving forward developing new properties with regional characteristics for our diverse lineup. However, the number of overnight guests decreased due to the decline in travel demand in nations due to the impact of the spread of the novel coronavirus in Japan and overseas.

As a result of the above, sales for the current consolidated fiscal year were 4.757 billion yen (59.8% of the previous fiscal year's), the operating loss was 5.868 billion yen (compared to an operating loss of 3.481 billion yen for the previous fiscal year), and the loss on an EBITDA basis was 2.557 billion yen (compared to a loss of 227 million yen in the previous fiscal year).

(Kyushu Sanko Group)

Although the Kyushu Sanko Group saw a limited recovery in demand thanks to the effect of the GoTo Travel Campaign and the relaxation of self-restraint from going out, demand was impacted by the government's issuance of the semi-state of emergency Covid-19 measures and by Kumamoto Prefecture raising its unique infection risk level to the highest level, so in the group's bus business, bus lines were temporarily closed and service reduced. In the food and beverage sales business, reduced business hours and closures followed one after another. In addition, the number of visitors to the large-scale commercial facility "Sakuramachi Kumamoto" decreased, a result that reflects the continued impact of the spread of Covid-19.

As a result of the above, sales for the current consolidated fiscal year were 16.362 billion yen (85.3% of the previous fiscal year's) and the operating loss was 2.712 billion yen (compared to an operating loss of 2.132 billion yen for the previous fiscal year.)

(Energy business)

In the energy business, we worked to increase the number of contracts by expanding new plans and services in our retail electricity business, and although the supply volume remained strong, our business was extraordinarily impacted by soaring wholesale electricity prices.

Soaring prices for the fuel used in biomass power plants continued to impact our power generation business and we ran operations adjusting the operating rate.

As a result of the above, sales for the current consolidated fiscal year were 37.351 billion yen (141.5% of the previous fiscal year's) and the operating loss was 10.264 billion yen (compared to an operating profit of 163 million yen in the previous fiscal year).

As a result of the above, the consolidated results for the current consolidated fiscal year were net sales of 118.563 billion yen (27.6% of the previous fiscal year's), an operating loss of 64.058 billion yen (compared to an operating loss of 31.129 billion yen in the previous fiscal year), an ordinary loss of 63.299 billion yen (compared to 31.283 billion yen in the previous fiscal year), and a net current loss attributable to shareholders of the parent company of 50.050 billion yen (compared to a net current loss attributable to shareholders of the parent company in the previous fiscal year of 25.037 billion yen).

As announced in the press release "Notice of Establishment of Investigation Committee for Transactions at Our Consolidated Subsidiaries" dated December 9, 2021, we have set up an investigation committee to clarify the facts concerning suspicion that there were transactions at two consolidated subsidiaries that did not comply with the GoTo travel business rules.

After that, we received the investigation report from the Investigation Committee on December 24, 2021, so we announced the outline in the press release "Investigation Report from the Investigation Committee on Transactions at Our Company's Consolidated Subsidiaries" on the same date.

Based on the results of the investigation by the Investigation Committee, the Company revised the accounting treatment for inappropriate transactions in the current consolidated fiscal year. As a result, net sales for the current consolidated fiscal year decreased by 2.001 billion yen, operating income decreased by 587 million yen, ordinary income decreased by 587 million yen, and net income attributable to shareholders of the parent company decreased by 395 million yen.

② Outlook for the next fiscal year

While vaccination against the novel coronavirus has progressed around the world and a recovery in travel demand can be confirmed in some countries and regions, it continues to be difficult to predict demand in the face of developments such as the number of newly infected people increasing again, mainly in Europe.

In addition, in the overseas travel business, which is our main business, it is unclear when the restrictions on entering Japan 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 Covid-19 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.

(2) Analysis of financial position

① Condition of assets, liabilities and net assets

Total assets at the end of the current consolidated fiscal year decreased by 3.157 billion yen compared to the end of the previous consolidated fiscal year to 411.447 billion yen. This was mainly because although guarantee deposits rose (up 11.380 billion yen), on the other hand investment securities decreased (by 4.877 billion yen), and accounts receivable decreased (by 4.402 billion yen), deferred tax assets decreased (by 1.851 billion yen), loans decreased (by 1.565 billion yen), stocks of affiliated companies decreased (by 789 million yen), and goodwill decreased (by 605 million yen)(all compared to the end of the previous fiscal year).

In addition, liabilities at the end of the current consolidated fiscal year increased by 31.118 billion yen compared to the end of the previous consolidated fiscal year to 347.301 billion yen. This was mainly due to an increase in borrowing (up 39.486 billion yen compared to the end of the previous fiscal year) and on the other hand a decrease due to redemption of corporate bonds (down 10 billion yen compared to the end of the previous fiscal year).

Net assets at the end of the current consolidated fiscal year decreased by 34.275 billion yen compared to the end of the previous consolidated fiscal year to 64.145 billion yen. This was mainly because the recording of net loss attributable to shareholders of the parent company resulted in retained earnings falling (by 49.947 billion yen), while on the other hand the exercise of share options etc. caused capital and capital surplus to increase (by 11.926 billion yen) and foreign exchange translation adjustment accounts increased (by 4.298 billion yen)(all compared to the end of the previous fiscal year).

② Cash flow position

The balance of cash and cash equivalents (hereinafter referred to as "funds") as of the end of the current consolidated fiscal year was up 7.633 billion yen compared to the end of the previous fiscal year to 88.079 billion yen. Funds decreased by 28.397 billion yen due to operating activities, funds decreased by 7.095 billion yen due to investment activities, and funds increased by 40.711 billion yen due to financial activities.

Details on the position of each cash flow are as follows:

(Cash flow from operating activities)

In the current consolidated fiscal year, funds from operating activities decreased 28.397 billion yen. This is mainly because funds decreased due to a net loss before taxes etc. (51.008 billion yen, due to a decrease in other liabilities including deposits (1.421 billion yen), and due to an increase in pre-travel payments (1.119 billion yen), while on the other hand, funds increased due to depreciation expenses (12.593 billion yen), which are non-fund items, due to a decrease in other assets including accounts receivable (8.483 billion yen), and due to an increase in purchase liabilities (3.673 billion yen).

In addition, in the previous consolidated fiscal year, funds decreased by 57.718 billion yen due to operating activities. This was mainly due to a net loss before taxes etc. (33.101 billion yen), a decrease in pre-travel payments received (77.912 billion yen), and a decrease in pre-travel payments (44.113 billion yen).

As a result of the above, in the current consolidated fiscal year, cash flows from operating activities increased 29.320 billion yen compared to the previous consolidated fiscal year.

(Cash flow from investment activities)

In the current consolidated fiscal year, funds from investment activities decreased 7.095 billion yen. This

was mainly because of funds decreasing due to expenditures on acquisition of tangible and intangible fixed assets (16.567 billion yen) and expenditures for investments in time deposits (15.606 billion yen), while on the other hand funds increased due to income from withdrawals from time deposits (17.810 billion yen) and income from the sale of tangible and intangible fixed assets (8.515 billion yen).

In addition, in the previous consolidated fiscal year, funds decreased 47.901 billion yen due to investment activities. This was mainly due to expenditures for the acquisition of tangible and intangible fixed assets (66.565 billion yen), expenditures for investment in time deposits (18.941 billion yen), and income from withdrawals of time deposits (30.214 billion yen).

As a result of the above, cash flows from investment activities in the current consolidated fiscal year increased 40.805 billion yen compared to the previous consolidated fiscal year.

(Cash flow from financial activities)

In the current consolidated fiscal year, funds due to financial activities increased 40.711 billion yen. This is mainly because income increased due to income from long-term and short-term borrowings (112.283 billion yen) and income from issuance of shares (11.994 billion yen) while on the other hand, income decreased due to expenditures for repayment of long-term and short-term borrowing (73.163 billion yen) and expenditures for redemption of corporate bonds (10 billion yen).

In addition, in the previous consolidated fiscal year, funds decreased by 5.602 billion yen due to financial activities. This is mainly due to expenditures for repayment of long-term and short-term borrowing (86.777 billion yen), payment of dividends (1.9 billion yen), income from long-term and short-term borrowings (75.126 billion yen), and income from issuance of shares (7.728 billion yen).

As a result of the above, cash flows from financing activities in the current consolidated fiscal year increased 46.313 billion yen compared to the previous consolidated fiscal year.

(Reference) Changes in cash flow-related indicators

	Fiscal year ending October 2017	Fiscal year ending October 2018	Fiscal year ending October 2019	Fiscal year ending October 2020	Fiscal year ending October 2021
Capital adequacy ratio (%) Note 2:	20.3	17.1	16.8	17.8	9.9
Market value based capital adequacy ratio (%)	52.5	38.0	28.0	21.2	43.6
Cash flow Interest-bearing debt ratio (%)	475.7	910.2	564.2	—	—
Interest coverage ratio (double)	73.2	36.9	53.1	—	—

Capital adequacy ratio: Equity/Total assets

Market value-based capital adequacy ratio: Market capitalization/Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flow/Interest payments

Note 1: All calculations are based on consolidated financial figures.

Note 2: The decline in the capital adequacy ratio is due to financing through corporate bonds, convertible corporate bonds with share options, and borrowing. The capital adequacy ratio when this effect is taken into consideration is as follows.

	Fiscal year ending October 2017	Fiscal year ending October 2018	Fiscal year ending October 2019	Fiscal year ending October 2020	Fiscal year ending October 2021
Adjusted capital adequacy ratio (%)	34.1	29.2	27.0	23.2	13.1

Note 3: Market capitalization is calculated based on the number of issued shares excluding treasury shares.

Note 4: Operating cash flows are used for cash flows.

Note 5: Interest-bearing liabilities cover all liabilities that are recorded on the consolidated balance sheet and on which interest is paid.

Note 6: For the fiscal years ending October 2020 and October 2021, because operating cash flow was

negative, the cash flow to interest-bearing debt ratio and the interest coverage ratio are not stated.

(3) Basic policy on profit distribution for the current and next fiscal years

The Group recognizes the return of profits to shareholders as one of its important management policies. While working to improve the corporate value of the Group, we intend to comprehensively consider the global situation and trends in the travel industry, strengthening of our corporate quality, future business development, and other factors, and to stably and continuously distribute company profits according to our actual results. In addition, although we have an interim dividend system, the ratio of sales, etc. in the second half of the business year tends to be relatively high, so therefore in order to achieve fair dividends relative to our business performance, dividends are set based on the entire year.

Based on the above basic policy on profit distribution, we plan to pay no dividend at the end of the current fiscal year (annual dividend) because we believe that it is urgent to stabilize the financial foundation for profit recovery.

The dividend for the next fiscal year is left undecided because it is difficult to reasonably calculate the impact of Covid-19 at this time.

(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 current consolidated fiscal year.

For this reason, the Group resolved to reduce fixed costs, sell assets held such as securities and real estate, and also at the board meeting held on November 2, 2021, decided to raise funds through a third-party allocation of shares. In addition, we are requesting the financial institutions with whom we do business to maintain (refinance) existing borrowing contracts.

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 October 31, 2022. Therefore, we have determined that there is no significant uncertainty regarding the assumption of a going concern.

4. Consolidated financial statements and main notes

(1) Consolidated balance sheet

(Million yen)

	Previous consolidated fiscal year (October 31, 2020)	Current consolidated fiscal year (October 31, 2021)
Assets section		
Current assets		
Cash and deposits	95,234	101,411
Notes and accounts receivable	15,829	16,718
Operating accounts receivable	345	171
Marketable securities	—	11
Pre-travel payments	7,253	8,927
Prepaid expenses	2,245	2,179
Short-term loans	346	3,479
Short-term loan to affiliated companies	392	233
Accounts receivable	11,938	7,536
Others	7,013	5,062
Provision for doubtful receivables	-1,376	-2,234
Total current assets	139,223	143,495
Fixed assets		
Tangible fixed assets		
Buildings	82,466	103,216
Cumulative depreciation	-16,420	-19,029
Buildings (net amount)	66,045	*1 84,187
Tools, furniture, and fixtures	23,312	23,539
Cumulative depreciation	-12,605	-12,989
Tools, furniture, and fixtures (net amount)	10,706	10,549
Land	80,282	*1 75,485
Leased assets	23,610	25,753
Cumulative depreciation	-10,405	-12,621
Leased assets (net amount)	13,204	13,132
Construction in progress	24,274	11,101
Others	19,046	19,077
Cumulative depreciation	-11,348	-12,241
Other (net amount)	7,698	6,836
Total tangible fixed assets	202,211	201,291
Intangible fixed assets		
Goodwill	5,227	4,621
Others	16,595	15,486
Total intangible fixed assets	21,822	20,107
Investments and other assets		
Investment marketable securities	10,594	5,716
Affiliated company shares	3,348	2,559
Investments in affiliated companies	20	77
Long-term loans	3,300	66
Long-term loans to affiliated companies	2,205	901
Assets related to retirement benefits	602	727
Deferred tax assets	12,986	11,135
Guarantee deposits	10,516	21,896
Others	9,249	4,286
Provision for doubtful receivables	-1,905	-1,105
Investment and other asset total	50,919	46,263
Total fixed assets	274,954	267,662
Deferred assets	426	289
Total assets	414,604	411,447

(Million yen)

	Previous consolidated fiscal year (October 31, 2020)	Current consolidated fiscal year (October 31, 2021)
Liabilities section		
Current liabilities		
Operating accounts payable	9,029	12,978
Short-term borrowing	26,659	28,240
Corporate bonds scheduled to be redeemed within one year	*3 10,000	—
Long-term borrowing scheduled to be repaid within one year	1,689	4,557
Accounts payable	5,021	4,331
Accrued expenses	4,172	4,320
Income taxes payable etc.	1,159	529
Accrued consumption tax etc.	686	624
Pre-travel payments received	14,021	14,112
Lease obligations	2,462	2,454
Bonus reserve	1,033	779
Directors' bonus reserve	22	25
Others	14,873	14,299
Total current liabilities	90,833	87,254
Fixed liabilities		
Corporate bonds	*3 20,000	*3 20,000
Convertible corporate bonds with share options	*3 25,072	*3 25,054
Long-term borrowing	*2 149,605	*1, *2 184,643
Deferred tax liability	5,038	4,982
Retirement benefit revenue	7,981	7,659
Director retirement benefit reserve	377	393
Lease obligations	13,070	12,410
Others	4,203	4,902
Total fixed liabilities	225,349	260,047
Total liabilities	316,182	347,301
Net assets section		
Shareholders' equity		
Capital	15,000	21,048
Capital surplus	7,450	13,328
Earned surplus	72,222	22,275
Treasury shares	-15,204	-15,004
Total shareholders' equity	79,468	41,647
Cumulative other comprehensive income		
Other marketable security valuation difference	597	713
Deferred hedge loss or gain	7	7
Foreign currency translation adjustment account	-6,157	-1,859
Cumulative adjustment for retirement benefits	32	118
Total cumulative other comprehensive income	-5,519	-1,020
Share options	178	158
Noncontrolling shareholder equity	24,294	23,360
Total net assets	98,421	64,145
Total liabilities and net assets	414,604	411,447

(2) Consolidated income statement and consolidated comprehensive income statement

(Consolidated income statement)

(Million yen)

	Previous consolidated fiscal year (from November 1, 2019 to October 31, 2020)	Current consolidated fiscal year (from November 1, 2020 to October 31, 2021)
Sales	430,284	118,563
Sales cost	360,387	102,179
Gross sales profit	69,896	16,383
Selling expenses and general administrative expenses	101,026	80,442
Operating loss (-)	-31,129	-64,058
Non-operating income		
Interest received	1,269	755
Currency exchange gain	—	1,134
Subsidy income	547	826
Others	1,250	1,822
Total non-operating income	3,067	4,538
Non-operating expenses		
Interest expenses	1,094	1,175
Equity method investment loss	194	548
Currency exchange loss	321	—
Others	1,610	2,055
Total non-operating expenses	3,221	3,779
Ordinary loss (-)	-31,283	-63,299
Extraordinary profit		
Gain on sales of fixed assets	—	1,613
Gain on sale of investments in securities	1,085	988
Gain on sale of shares of affiliated companies	—	394
Subsidy income	9,969	17,770
Total extraordinary profit	11,055	20,766
Extraordinary loss		
Impairment loss	*1 5,320	*1 2,459
Loss on revaluation of investments in securities	837	1,595
Loss on revaluation of affiliated company shares	—	377
Provision for allowance for doubtful receivables	1,418	—
Loss due to temporary closure	5,296	3,548
Business structure improvement costs	—	*2 493
Total extraordinary loss	12,873	8,475
Net loss before taxes etc. (-)	-33,101	-51,008
Corporate tax, resident tax, and enterprise tax	1,565	411
Corporate tax adjustment amount	-5,023	1,823
Total corporate tax etc.	-3,457	-2,234
Net current loss (-)	-29,644	-53,242
Net current loss attributable to noncontrolling shareholders (-)	-4,606	-3,192
Net loss attributable to parent company shareholders (-)	-25,037	-50,050

(Consolidated Comprehensive Income Statement)

(Million yen)

	Previous consolidated fiscal year (from November 1, 2019 to October 31, 2020)	Current consolidated fiscal year (from November 1, 2020 to October 31, 2021)
Net current loss (-)	-29,644	-53,242
Other comprehensive income		
Other marketable security valuation difference	-422	116
Deferred hedge loss or gain	-65	-0
Foreign currency translation adjustment account	-3,683	4,556
Adjustment for retirement benefits	248	69
Amount equivalent to equity in an affiliate applying equity method	-5	70
Total other comprehensive income	-3,929	4,812
Comprehensive income	-33,573	-48,430
(breakdown)		
Comprehensive income related to parent company shareholders	-28,837	-45,550
Comprehensive income for noncontrolling shareholders	-4,735	-2,879

(3) Statement of changes in consolidated shareholders' equity

Previous consolidated fiscal year (from November 1, 2019 to October 31, 2020)

(Million yen)

	Shareholders' equity				
	Capital	Capital surplus	Earned surplus	Treasury shares	Total shareholders' equity
Current fiscal year beginning balance	11,000	3,392	112,409	-28,309	98,493
Cumulative impact of changes in accounting policies			-278		-278
Current fiscal year beginning balance reflecting changes in accounting policies	11,000	3,392	112,131	-28,309	98,214
Current period change amount					
Issuance of new shares	4,000	4,000			8,000
Dividend of surplus			-1,900		-1,900
Net loss attributable to parent company shareholders (-)			-25,037		-25,037
Acquisition of treasury shares					—
Disposal of treasury shares		0		434	434
Cancellation of treasury shares		-22	-12,647	12,670	—
Consolidated range change			-323		-323
Increase/decrease in equity due to acquisition of treasury shares of consolidated subsidiaries					—
Increase/decrease in equity due to capital increase of consolidated subsidiaries		24			24
Change in equity in parent company related to transactions under common control		56			56
Current change (net amount) for items other than shareholders' equity					—
Total amount of change during fiscal year	4,000	4,058	-39,908	13,104	-18,745
Current fiscal year ending balance	15,000	7,450	72,222	-15,204	79,468

	Cumulative other comprehensive income					Share options	Noncontrolling shareholder equity	Total net assets
	Other marketable security valuation difference	Deferred hedge loss or gain	Foreign currency translation adjustment account	Cumulative adjustment for retirement benefits	Total cumulative other comprehensive income			
Current fiscal year beginning balance	1,019	75	-2,626	-187	-1,719	—	27,135	123,909
Cumulative impact of changes in accounting policies					—		-267	-546
Current fiscal year beginning balance reflecting changes in accounting policies	1,019	75	-2,626	-187	-1,719	—	26,868	123,363
Current period change amount								
Issuance of new shares					—			8,000
Dividend of surplus					—			-1,900
Net loss attributable to parent company shareholders (-)					—			-25,037
Acquisition of treasury shares					—			—
Disposal of treasury shares					—			434
Cancellation of treasury shares					—			—
Consolidated range change					—			-323
Increase/decrease in equity due to acquisition of treasury shares of consolidated subsidiaries					—			—
Increase/decrease in equity due to capital increase of consolidated subsidiaries					—			24
Change in equity in parent company related to transactions under common control					—			56
Current change (net amount) for items other than shareholders' equity	-422	-67	-3,531	220	-3,800	178	-2,573	-6,195
Total amount of change during fiscal year	-422	-67	-3,531	220	-3,800	178	-2,573	-24,941
Current fiscal year ending balance	597	7	-6,157	32	-5,519	178	24,294	98,421

Current consolidated fiscal year (from November 1, 2020 to October 31, 2021)

(Million yen)

	Shareholders' equity				
	Capital	Capital surplus	Earned surplus	Treasury shares	Total shareholders' equity
Current fiscal year beginning balance	15,000	7,450	72,222	-15,204	79,468
Cumulative impact of changes in accounting policies					—
Current fiscal year beginning balance reflecting changes in accounting policies	15,000	7,450	72,222	-15,204	79,468
Current period change amount					
Issuance of new shares	6,048	6,048			12,097
Dividend of surplus					—
Net loss attributable to parent company shareholders (-)			-50,050		-50,050
Acquisition of treasury shares				-0	-0
Disposal of treasury shares			-9	200	190
Cancellation of treasury shares					—
Consolidated range change					—
Increase/decrease in equity due to acquisition of treasury shares of consolidated subsidiaries		-0			-0
Increase/decrease in equity due to capital increase of consolidated subsidiaries					—
Change in equity in parent company related to transactions under common control		-170	112		-58
Current change (net amount) for items other than shareholders' equity					—
Total amount of change during fiscal year	6,048	5,877	-49,947	200	-37,821
Current fiscal year ending balance	21,048	13,328	22,275	-15,004	41,647

	Cumulative other comprehensive income					Share options	Noncontrolling shareholder equity	Total net assets
	Other marketable security valuation difference	Deferred hedge loss or gain	Foreign currency translation adjustment account	Cumulative adjustment for retirement benefits	Total cumulative other comprehensive income			
Current fiscal year beginning balance	597	7	-6,157	32	-5,519	178	24,294	98,421
Cumulative impact of changes in accounting policies					—			—
Current fiscal year beginning balance reflecting changes in accounting policies	597	7	-6,157	32	-5,519	178	24,294	98,421
Current period change amount								
Issuance of new shares					—			12,097
Dividend of surplus					—			—
Net loss attributable to parent company shareholders (-)					—			-50,050
Acquisition of treasury shares					—			-0
Disposal of treasury shares					—			190
Cancellation of treasury shares					—			—
Consolidated range change					—			—
Increase/decrease in equity due to acquisition of treasury shares of consolidated subsidiaries					—			-0
Increase/decrease in equity due to capital increase of consolidated subsidiaries					—			—
Change in equity in parent company related to transactions under common control					—			-58
Current change (net amount) for items other than shareholders' equity	116	-0	4,298	85	4,499	-20	-934	3,545
Total amount of change during fiscal year	116	-0	4,298	85	4,499	-20	-934	-34,275
Current fiscal year ending balance	713	7	-1,859	118	-1,020	158	23,360	64,145

(4) Consolidated cash flow statement

(Million yen)

	Previous consolidated fiscal year (from November 1, 2019 to October 31, 2020)	Current consolidated fiscal year (from November 1, 2020 to October 31, 2021)
(Cash flow from operating activities)		
Net loss before taxes etc. (-)	-33,101	-51,008
Depreciation	12,880	12,593
Impairment loss	5,320	2,459
Goodwill amortization	802	817
Increase/decrease in bonus reserve (- indicates decrease.)	-4,448	-272
Increase/decrease in provision for director bonuses (- indicates decrease.)	-199	1
Increase/decrease in debt related to retirement benefits (- indicates decrease.)	582	-317
Increase/decrease in allowance for retirement benefits for directors (- indicates decrease.)	8	12
Interest received and dividends received	-1,325	-847
Equity method investment loss/gain (- is gain.)	194	638
Foreign exchange loss/gain (- is gain.)	247	-1,077
Interest expense	1,094	1,175
Loss/gain on sale of investment securities (- is gain.)	-1,085	-988
Loss/gain on revaluation of investment securities (- is gain.)	837	1,595
Other loss/gain (- is gain.)	1,661	-531
Increase/decrease in trade receivables (- indicates increase.)	33,117	-578
Increase/decrease in pre-travel payments (- indicates increase.)	44,113	-1,119
Increase/decrease of other assets (- indicates increase.)	-69	8,483
Increase/decrease in purchase liabilities (- indicates decrease.)	-28,060	3,673
Increase/decrease in accrued consumption tax etc. (- indicates decrease.)	-287	27
Increase/decrease in accrued expenses (- indicates decrease.)	-284	-528
Increase/decrease in pre-travel payments received (- indicates decrease.)	-77,912	-620
Increase/decrease in other liabilities (- indicates decrease.)	-7,285	-1,421
Subtotal	-53,199	-27,833
Amount of interest and dividends received	1,473	1,044
Interest payment amount	-1,097	-1,237
Corporate tax etc. amount paid or refunded (- indicates payment.)	-4,894	-370
(Cash flow from operating activities)	-57,718	-28,397

(Million yen)

	Previous consolidated fiscal year (from November 1, 2019 to October 31, 2020)	Current consolidated fiscal year (from November 1, 2020 to October 31, 2021)
(Cash flow from investment activities)		
Expenditure for investing in time deposits	-18,941	-15,606
Income from withdrawal of time deposits	30,214	17,810
Expenditure on acquisition of securities	—	-116
Income from redemption of marketable securities	—	104
Expenditures for the acquisition of tangible and intangible fixed assets	-66,565	-16,567
Income from the sale of tangible and intangible fixed assets	1,862	8,515
Expenditure on acquisition of investment securities	-1,319	-318
Income from the sale of investment securities	6,299	823
Income from redemption of investment securities	91	4,157
Expenditure for acquisition of shares of affiliated companies	-693	-144
Income from the sale of shares of affiliated companies	9	166
Expenditures for the acquisition of shares of subsidiary companies due to changes in the scope of consolidation	—	-384
Income from the sale of shares of subsidiary companies due to changes in the scope of consolidation	—	228
Expenditures due to the sale of shares of subsidiary companies due to changes in the scope of consolidation	-851	—
Expenditures on loans	-230	-72
Income from loan collection	1,347	686
Expenditures due to differential input to guarantee deposits	-1,331	-13,232
Income from collection of guarantee deposits	2,317	2,163
Income from redevelopment business	1,587	—
Others	-1,697	4,692
(Cash flow from investment activities)	-47,901	-7,095
Cash flow from financial activities		
Income from short-term borrowing	69,413	72,818
Expenditures for repayment of short-term loans	-48,544	-71,469
Income from long-term borrowing	5,712	39,465
Expenditures for repayment of long-term debt	-38,232	-1,693
Dividend payment amount	-1,900	—
Dividend payments to noncontrolling shareholders	-439	-9
Income from issuance of shares	7,728	11,994
Income from payments from non-controlling shareholders	1,000	2,065
Income from issuance of share options	116	—
Expenditures on redemption of corporate bonds	—	-10,000
Others	-456	-2,458
Cash flow from financial activities	-5,602	40,711
Conversion difference for cash and cash equivalents	-1,082	2,415
Increase/decrease in cash and cash equivalents (- indicates decrease.)	-112,304	7,633
Fiscal year beginning balance of cash and cash equivalents	192,541	80,445
Increase in cash and cash equivalents due to new consolidation	208	—
Increase/decrease in cash and cash equivalents due to changes in the scope of consolidation (- indicates decrease.)	-0	—
Fiscal year ending balance of cash and cash equivalents	80,445	88,079

(Segment information etc.)

[Segment information]

1. Summary of reporting segments

The Group's reporting segments have separate financial information available from within the Group's constituent units and this information is reviewed regularly by the highest decision-making bodies, in order to evaluate resource allocation decisions and assess performance. The Group consists of five businesses: travel business, theme park business, hotel business, Kyushu Sanko Group, and energy business. We formulate comprehensive strategies for Japan and overseas and develop our business activities. Therefore, the Group has five reporting segments: "Travel Business", "Theme Park Business", "Hotel Business", "Kyushu Sanko Group", and "Energy Business".

Since the previous consolidated fiscal year, the name of the reporting segment that was previously displayed as "Huis Ten Bosch Group" has been changed to "Theme Park Business." This change is a segment name change and has no effect on the segment information. In addition, in the current consolidated fiscal year, hapi-robot, 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 for the previous consolidated fiscal year shown here has been prepared based on the changed reporting segment classifications.

The Travel Business arranges, plans, and sells overseas and domestic travel and conducts ancillary businesses. The Theme Park Business owns and operates theme parks in Sasebo City, Nagasaki Prefecture and in Gamagori City, Aichi Prefecture. The Hotel Business is engaged in the hotel business and ancillary businesses in Japan, Taiwan, the United States, Indonesia, etc. The Kyushu Sanko Group holds shares of the Kyushu Sangyo Kotsu Holdings Co., Ltd., a holding company, and is engaged in the automobile transportation business, real estate leasing business, etc. The Energy Business is engaged in the electricity retail business, the development of new power sources such as renewable energy, and ancillary businesses.

2. How to calculate the amount of sales, profit or loss, assets, liabilities and other items for each reporting segment

The method of accounting for the reported business segments is generally the same as that described in "Important matters that are the basis for preparing consolidated financial statements."

Profit for each reporting segment is based on operating income.

Internal earnings and transfers between segments are based on prevailing market prices.

3. Segment information on net sales, incomes or losses by reported segment
Previous consolidated fiscal year (from November 1, 2019 to October 31, 2020)

(Million yen)

	Reporting segment						Others Note 1	Total	Adjustment amount Note 2	Consolidated Financial statement Recorded amount Note 3
	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Energy Business	Total				
Sales										
Sales to external customers	358,905	13,533	7,416	19,174	26,279	425,308	4,975	430,284	—	430,284
Internal sales or transfers between segments	726	580	535	3	114	1,959	596	2,556	-2,556	—
Total	359,631	14,113	7,952	19,177	26,393	427,268	5,571	432,840	-2,556	430,284
Segment profit or loss (-)	-21,127	-3,403	-3,481	-2,132	163	-29,980	1,299	-28,680	-2,448	-31,129
Segment assets	134,533	44,994	83,870	57,953	15,585	336,937	22,250	359,187	55,416	414,604
Other items										
Depreciation	4,476	1,931	3,197	2,036	46	11,688	318	12,007	431	12,438
Goodwill amortization	606	—	56	—	45	708	93	802	—	802
Equity-method affiliate investment amount	272	—	—	—	—	272	533	806	—	806
Increase in tangible fixed assets and intangible fixed assets	3,639	6,307	12,661	3,326	420	26,355	4,727	31,082	26,615	57,697

Note 1. The “Other” category is a business segment that is not included in a reporting segment, for example non-life insurance business and real estate business.

2. The details of the adjustment amounts are as follows.

- (1) The -2.448-billion-yen adjustment of segment profit or loss (-) is company-wide expenses not allocated to any reporting segment. Its contents are expenses related to the parent company head office management department that do not belong to a reporting segment.
- (2) The 55.416-billion-yen adjustment of segment assets includes elimination of 462 million yen of inter-segment transactions and company-wide assets of 55.878 billion yen that are not allocated to a reporting segment. The contents of company-wide assets are assets related to parent company surplus fund operation (cash and deposits, marketable securities) and the management department.
- (3) The 431-million-yen adjustment of depreciation expenses is company-wide expenses that are not allocated to a reporting segment. Its contents are depreciation expenses related to the parent company head office management department that do not belong to a reporting segment.
- (4) The adjustment amount of 26.615 billion yen for the increase in tangible fixed assets and intangible fixed assets is the amount of capital investment by the parent company that does not belong to a reporting segment.

3. Segment profits or losses (-) are adjusted with the operating profit in the consolidated financial

statements.

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 (-)	-21,127	-3,403	-3,481	-2,132	163	1,299	-28,680
Depreciation and goodwill amortization	5,083	1,931	3,253	2,036	91	412	12,809
EBITDA (*)	-16,044	-1,471	-227	-95	255	1,712	-15,871

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

Current consolidated fiscal year (from November 1, 2020 to October 31, 2021)

(Million yen)

	Reporting segment						Others Note 1	Total	Adjustment amount Note 2	Consolidated Financial statements Recorded amount Note 3
	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Energy Business	Total				
Sales										
Sales to external customers	42,918	14,593	4,494	16,358	37,233	115,598	2,965	118,563	—	118,563
Internal sales or transfers between segments	110	533	262	4	117	1,028	735	1,764	-1,764	—
Total	43,028	15,126	4,757	16,362	37,351	116,626	3,701	120,327	-1,764	118,563
Segment loss (-)	-38,336	-3,559	-5,868	2,712	-10,264	-60,741	-981	-61,723	-2,335	-64,058
Segment assets	131,363	38,147	92,456	56,655	20,394	339,016	12,694	351,699	59,748	411,447
Other items										
Depreciation	3,835	2,120	3,293	1,865	494	11,609	278	11,888	414	12,302
Goodwill amortization	661	—	17	—	45	723	93	817	—	817
Equity-method affiliate investment amount	328	—	—	—	—	328	0	328	—	328
Increase in tangible fixed assets and intangible fixed assets	2,262	1,798	10,694	1,061	1,967	17,784	370	18,155	21	18,177

Note 1. The “Other” category is a business segment that is not included in a reporting segment, for example non-life insurance business and real estate business.

2. The details of the adjustment amounts are as follows.

- (1) The -2.335-billion-yen adjustment of segment loss (-) is company-wide expenses not allocated to any reporting segment. Its contents are expenses related to the parent company head office management department that do not belong to a reporting segment.
- (2) The 59.748-billion-yen adjustment of segment assets includes elimination of 468 million yen of inter-segment transactions and company-wide assets of 60.216 billion yen that are not allocated to a reporting segment. The contents of company-wide assets are assets related to parent company surplus fund operation (cash and deposits, marketable securities) and the management department.
- (3) The 414-million-yen adjustment of depreciation expenses is company-wide expenses that are not allocated to a reporting segment. Its contents are depreciation expenses related to the parent company head office management department that do not belong to a reporting segment.
- (4) The adjustment amount of 21 million yen for the increase in tangible fixed assets and intangible fixed assets is the amount of capital investment by the parent company that does not belong to a reporting segment.

3. Segment losses (-) are adjusted with the operating profit in the consolidated financial statements.

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 (-)	-38,336	-3,559	-5,868	-2,712	-10,264	-981	-61,723
Depreciation and goodwill amortization	4,496	2,120	3,310	1,865	540	372	12,705
EBITDA (*)	-33,840	-1,439	-2,557	-846	-9,723	-609	-49,017

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

[Related information]

Previous consolidated fiscal year (from November 1, 2019 to October 31, 2020)

1. Information by product and service

Since similar information is disclosed in the segment information, the descriptions are omitted.

2. Information by region

(1) Sales

(Million yen)

Japan	America	Asia	Oceania	Europe, Middle East, and Africa	Total
255,656	122,452	33,804	2,313	16,057	430,284

(2) Tangible fixed assets

(Million yen)

Japan	America	Asia	Oceania	Europe, Middle East, and Africa	Total
172,999	7,274	15,599	11	6,325	202,211

3. Information for each major client

Descriptions are omitted because no one external client has sales that account for more than 10% of the sales in the consolidated income statement.

Current consolidated fiscal year (from November 1, 2020 to October 31, 2021)

1. Information by product and service

Since similar information is disclosed in the segment information, the descriptions are omitted.

2. Information by region

(1) Sales

(Million yen)

Japan	America	Asia	Oceania	Europe, Middle East, and Africa	Total
105,522	6,692	3,310	54	2,983	118,563

(2) Tangible fixed assets

(Million yen)

Japan	America	Asia	Oceania	Europe, Middle East, and Africa	Total
171,097	7,723	15,803	9	6,657	201,291

3. Information for each major client

Descriptions are omitted because no one external client has sales that account for more than 10% of the sales in the consolidated income statement.

[Information on impairment loss on fixed assets by reporting segment]

Previous consolidated fiscal year (from November 1, 2019 to October 31, 2020)

(Million yen)

	Reporting segment						Others Note:	Company -wide eliminatio on	Total
	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Energy Business	Total			
Impairmen t loss	2,293	—	1,765	1,240	—	5,299	20	—	5,320

Note: The category of "Other" is the amount related to the non-life insurance business and the real estate business.

Current consolidated fiscal year (from November 1, 2020 to October 31, 2021)

(Million yen)

	Reporting segment						Others Note:	Company -wide eliminatio on	Total
	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Energy Business	Total			
Impairmen t loss	2,039	135	18	—	243	2,437	22	—	2,459

Note: The category of "Other" is the amount related to the non-life insurance business and the real estate business.

[Information on the amount of amortization and the unamortized balance of goodwill for each reporting segment]

Previous consolidated fiscal year (from November 1, 2019 to October 31, 2020)

(Million yen)

	Reporting segment						Others Note:	Company-wide elimination	Total
	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Energy Business	Total			
Current fiscal year depreciation amount	606	—	56	—	45	708	93	—	802
Current fiscal year ending balance	4,185	—	74	—	406	4,666	560	—	5,227

Note: The category of "Other" is the amount related to the non-life insurance business and the real estate business.

Current consolidated fiscal year (from November 1, 2020 to October 31, 2021)

(Million yen)

	Reporting segment						Others Note:	Company-wide elimination	Total
	Travel Business	Theme Park Business	Hotel Business	Kyushu Sanko Group	Energy Business	Total			
Current fiscal year depreciation amount	661	—	17	—	45	723	93	—	817
Current fiscal year ending balance	3,740	—	52	—	361	4,154	466	—	4,621

Note: The category of "Other" is the amount related to the non-life insurance business and the real estate business.

[Information on gains on negative goodwill for each reporting segment]

Previous consolidated fiscal year (from November 1, 2019 to October 31, 2020)

There is no significant negative goodwill gain.

Current consolidated fiscal year (from November 1, 2020 to October 31, 2021)

There is no significant negative goodwill gain.

(Important subsequent events)

Issuance of new shares and share options through third-party allocation

At the Board of Directors meetings held on November 2, 2021, November 22, 2021 and December 13, 2021, the Pacific Alliance Asia Opportunity Fund LP (hereinafter referred to as "PAX") and Hideo Sawada, Chairman and President of the Company, resolved to issue new shares and share options for all three third-party allocations. In addition, payment for new shares and share options through the first third-party allocation was completed on November 22, 2021, and for the new shares and share options through the second third-party allotment on December 13, 2021.

The outline of new shares and share options through third-party allocations is as follows.

(1) Overview of new shares and share options through third-party allocation

Outline of the first third-party allocation

(Issuance of new shares)

①	Payment date	November 22, 2021
②	Number of new shares to be issued	Common stock 1,140,600 shares
③	Issuance price	2,192 yen per share
④	Amount of funds raised	2.500 billion yen
⑤	Recruitment or allocation method	Third-party allocation method
⑥	Allocated to	PAX
⑦	Total amount of capitalization	1.250 billion yen

(Issuance of share options)

①	Allocation date	November 22, 2021
②	Total number of share options	17,214 (100 shares of common stock per share acquisition right)
③	Issuance price	3,258 yen per share option
④	Number of potential shares for this issuance	1,721,400 shares
⑤	Amount of funding	4.666 billion yen (breakdown) Issued share options 56 million yen Exercise of share options 4.610 billion yen
⑥	Exercise price	2,678.5 yen per share
⑦	Recruitment or allocation method (Planned allocation destination)	Third-party allocation method PAX 9,222 Hideo Sawada 7,992
⑧	Exercise period	From November 24, 2021 to November 22, 2024

Outline of the second third-party allocation

(Issuance of new shares)

①	Payment date	December 13, 2021
②	Number of new shares to be issued	Common stock 1,210,700 shares
③	Issuance price	2,065 yen per share
④	Amount of funds raised	2.500 billion yen
⑤	Recruitment or allocation method	Third-party allocation method
⑥	Allocated to	PAX
⑦	Total amount of capitalization	1.250 billion yen

(Issuance of share options)

①	Allocation date	December 13, 2021
②	Total number of share options	18,280 (100 shares of common stock per share option)
③	Issuance price	2,957 yen per share option
④	Number of potential shares for this issuance	1,828,000 shares
⑤	Amount of funding	4.666 billion yen (breakdown) Issued share options 54 million yen Exercise of share options 4.612 billion yen
⑥	Exercise price	2,523.4 yen per share
⑦	Recruitment or allocation method (Planned allocation destination)	Third-party allocation method PAX 9,793 Hideo Sawada 8,487
⑧	Exercise period	From December 14, 2021 to December 13, 2024

Outline of the third third-party allocation

(Issuance of new shares)

①	Payment date	December 28, 2021
②	Number of new shares to be issued	Common stock 1,540,400 shares
③	Issuance price	1,623 yen per share
④	Amount of funds raised	2.500 billion yen
⑤	Recruitment or allocation method	Third-party allocation method
⑥	Allocated to	PAX
⑦	Total amount of capitalization	1.250 billion yen

(Issuance of share options)

①	Allocation date	December 28, 2021
②	Total number of share options	23,252 (100 shares of common stock per share acquisition right)
③	Issuance price	Per share acquisition right 2,380 yen
④	Number of potential shares for this issuance	2,325,200 shares
⑤	Amount of funding	4.666 billion yen (breakdown) Issued share options 55 million yen Exercise of share options 4.611 billion yen
⑥	Exercise price	1,983.3 yen per share
⑦	Recruitment or allocation method (Planned allocation destination)	Third-party allocation method PAX 12,456 Hideo Sawada 10,796
⑧	Exercise period	From December 29, 2021 to December 28, 2024

(2) Specific use of funds to be procured

The specific uses of the approximate amount of 21.445 billion net after deduction to be procured in this case are planned to be as follows.

Specific use	Amount (million yen)	Expected spending period
① Working capital	11,500	November 2021-April 2022
② Reserve for repurchase of head office	5,000	September 2026
③ Redemption of corporate bonds	The balance after deducting ① and ② from the net proceeds	February 2024
Total	21,445	—

Note 1. Until the funds raised are actually spent, we will manage them as bank deposits.

2. The net proceeds raised in the entire matter total 21.445 billion yen, which is the total amount to be paid in the entire matter of 21.500 billion yen minus the approximate issuance costs required for the entire matter of 55 million yen.

3. Regarding the above specific uses, we plan to preferentially allocate to ① Working capital. If the total amount of funds raised decreases, or if the expected funds cannot be procured due to the exercise status of the share options, we will look at making up the difference with funds from selling assets held or from borrowing from banks.

(3) Concept of rationality of use of funds

By allocating the funds procured through this third-party allotment to the uses described in "(2) Specific uses of the funds to be procured" above, we will be able to support recovery from the coronavirus pandemic and subsequent growth, and to improve our corporate value in the medium- to long-term. Therefore, we believe that this issuance of shares and share options through third-party allocation is rational and will contribute to the improvement of shareholder value.