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Consolidated Financial Results for the Six Months Ended April 30, 2024 (under Japanese GAAP)

June 14, 2024

Company name H.I.S. Co., Ltd.
 Listing Tokyo Stock Exchange
 Code number 9603
 URL <https://www.his.co.jp/>
 Representative (Title) President and Representative Director (Name) Motoshi Yada
 Contact person (Title) Executive Officer, General Manager of Accounting and Finance Headquarters (Name) Osamu Hanazaki
 Tel. 050-1746-4188
 Scheduled date to file quarterly securities report: June 14, 2024
 Scheduled date for dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (For institutional investors)

(Figures less than one million yen truncated)

1. Consolidated financial results for the six months ended April 30, 2024 (from November 1, 2023 to April 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended April 30, 2024	161,173	56.6	5,759	—	6,082	—	3,877	—
Six months ended April 30, 2023	102,913	50.3	(3,358)	—	(3,561)	—	(4,809)	—

Note: Comprehensive income Six months ended April 30, 2024 5,618million yen (—) Six months ended April 30, 2023 (6,774)million yen (—)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended April 30, 2024	51.90	48.83
Six months ended April 30, 2023	(65.03)	—

(2) Consolidated financial position

	Total assets	Total net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of April 30, 2024	434,143	63,460	12.4	722.10
As of October 31, 2023	441,346	58,149	11.1	653.40

(Reference) Equity capital As of April 30, 2024 53,958million yen As of October 31, 2023 48,817million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2023	—	0.00	—	0.00	0.00
Fiscal year ending October 31, 2024	—	0.00	—	—	—
Fiscal year ending October 31, 2024 (Forecast)	—	—	—	10.00	10.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial forecast for the fiscal year ending October 2024 (November 1, 2023 - October 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Entire fiscal year	360,000	42.9	11,000	687.3	11,000	660.6	7,000	—	93.68

Note: Revisions to the financial forecast most recently announced: Yes

* Notes

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

Newly included: 0 companies (Company name: -),

Excluded: 2 companies (Company name: JONVIEW CANADA INC., H.I.S. SAIPAN, INC.)

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

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

① Changes in accounting policies due to revisions to accounting standards and other regulations: None

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Restatements: None

(4) Number of shares issued (common shares)

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

As of April 30, 2024	79,860,936shares	As of October 31, 2023	79,860,936shares
As of April 30, 2024	5,136,645shares	As of October 31, 2023	5,148,865shares
Six months ended April 30, 2024	74,717,294shares	Six months ended April 30, 2023	73,956,167shares

② Number of treasury shares at the end of the period

③ Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

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

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

The above forecasts are based on the information available as of the date of publication of this material and make assumptions as of the date of announcement of these materials about uncertain factors affecting future business performance. Actual results may vary greatly depending on various factors. For the assumptions that are the premise of the financial forecast and the precautions for using the financial forecast, see "1.(1) Analysis of business results" and "1.(3) Review of consolidated financial forecasts and other future forecast information."

1. Review of this quarter's financial results

(1) Analysis of business results

During the first half of the current consolidated fiscal year, the business environment continued to gradually recover as the employment and income environments improved despite signs that economic growth had stalled.

In the travel market, the inbound travel market was firm thanks to the weaker yen, and the number of foreign visitors reached 16.77 million in the first half, 104.4% of the 2019 level, with the monthly number of foreign visitors exceeding 3.00 million for the second consecutive month in April. The number of Japanese overseas travelers has trended upward since measures to prevent Covid-19 from entering countries were ended last year. However the recovery has been gradual, and the number reached only 5.90 million, 59.7% of the 2019 level, for several reasons, including such economic factors as the weaker yen, fuel price hikes, and the high price of goods overseas, as well as the unstable international situation (Source: Japan National Tourism Organization) (JNTO)

Segment results are as follows.

Effective from the first quarter of the current fiscal year, the company changed its business segments from four segments (Travel business, Theme Park business, Hotel business, and Kyushu Sanko Group) to three segments (Travel business, Hotel business, and Kyushu Sanko Group). Accompanying this change, LAGUNA TEN BOSCH CO.,LTD was moved from "Theme Park business" to "Others." For comparison with the previous consolidated half, figures have been adjusted to reflect the change in segments. Please refer to "2. Quarterly Consolidated Financial Statements (Segment information)" for details.

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

(Travel business)

In our overseas travel business, business was firm in February and March because of graduation travel demand, with Southeast Asia, which includes such countries as Korea, Taiwan, and Thailand, driving customer traffic. On the other hand, in April, business weakened, particularly for Hawaii and Micronesia, which traditionally see growth at this time of year for such reasons as family trips. The weakness was the result of days off during Golden Week not falling consecutively, the weaker yen, and high fuel costs. Our main initiatives included hosting the third "HIS Appreciation Festival," where visitors could rediscover the appeal of travel, in February, and the event drew numerous visitors. This is one example of us working with government tourism organizations, airline companies, hotels, cruise companies, and wedding companies to strengthen travel demand. In addition, we held the "HIS Early Summer Family Travel" campaign to convince customers to consider taking summer vacation trips even slightly early because of the strong demand for travel to Japan and difficulty in booking flights right before departure. In addition to early travel discounts, we implemented such measures as paying for the full price for children under 12 to get a new passport.

In the domestic travel business, there were signs of an overall falloff in domestic travel following the boost from the "Nationwide Travel Support," but we worked to attract more customers in various ways. We not only ran several campaigns—Hokkaido Campaign for Hokkaido's green season, Okinawa Campaign to encourage early reservations and long stays during the peak season of Golden Week and summer, and Nagasaki Campaign, centered on the Haus Ten Bois and Goto Islands—but also offered GW Discount Coupons (Up to 20,000 Yen) to boost demand during Golden Week.

In the corporate travel business, there was an increase in orders for large corporate travel, including incentive and inspection trips, and firm local-government orders, particular from prefectural and municipal governments, which included hosting conferences and events by leveraging inbound travel promotions and DX solutions. As for services, we strove to improve customer satisfaction through various initiatives, including updating the online business trip management system for corporate customers, improving the user interface, strengthening security, and improving the content that can be arranged.

In the inbound travel business, we not only added seasonal products and expanded our product line-up, which included introducing a walking tour with our seafood all-you-can-eat buffet restaurant Iroha, located in Toyosu Senkyaku Banrai, a new tourist spot that opened in February, but also expanded post-landing services, such as opening the Toyosu Tourist Information Center in Toyosu Senkyaku Banrai. As for visitors, there was an increase in group travel from North America and Southeast Asia due to the cherry-blossom season and other reasons, and this drove business volume. In addition, we worked to further expand the business, such as handling 2-Way charter flights between Hanoi and Kagoshima offered by Vietnam Airlines and Kagoshima Prefecture and handling orders from Korea for some of the Golden Week 2-way charter flights between Jeju Island (Korea) and Kyushu—in particular, those to Fukuoka/Saga.

In the overseas travel business, business was firm and the number of visitors to numerous countries increased. This was because we captured event-related demand, such for the floating-lantern Yee Peng Festival in Thailand, K-POP fan meeting tours in Korea, tours that include Premier League soccer games in England, and orders for lodgings and transportation services for international conferences in Dubai. Furthermore, business was driven by group travel in the Miki Group and

demand for winter skiing in Canada. Furthermore, in the outbound business, business volume in Turkey grew as a result of efforts to reinforce the Group's ability to attract customers related to MICE demand, which included business trips, reception parties, and other events. In Canada, we took part in large sales, including Black Friday and Cyber Monday sales, and there were a large number of travelers during the winter season, when there is strong demand for travel to warm locations, such as Central America and the Caribbean.

As a result of the consolidation and elimination of domestic and overseas sales branches, the number of sales branches of the Group is 144 in Japan and 145 in 109 cities in 57 countries overseas (as of the end of April 2024).

As a result of the above, net sales through the first six months of the current consolidated fiscal year were 131,606 million yen (165.2% of the figure for the same period of the previous year), operating profit was 4,968 million yen (operating loss of 3,458 million yen for the same period of the previous year), and EBITDA-based profit was 7,074 million yen (loss of 1,574 million yen for the same period of the previous year).

(Hotel business)

In the hotel business, for domestic hotels, occupancy rates remained high, primarily due to visitors from overseas, resulting in a rise in unit prices per guest room. In addition, tourism demand by Japanese increased, and business at facilities, including ones in top tourism locations such as Asakusa Tawaramachi, Maihama, and Kyoto, were firm. Turning to new efforts, we worked to improve profitability by launching a restaurant business at the Watermark Hotel & Resorts Okinawa Miyakojima and undertook large-scale renovation work on lobbies, front desks, and other facilities at both Resort Hotel Kume Island and Manten no Tsujinoya.

As for overseas hotels, business at our various facilities were firm because people started traveling again, and specifically, the occupancy rate and unit price per guest room rose at Taiwan Green World Hotels, which has seen a recovery in demand similar to the one in Japan.

As a result of the above, net sales through the first six three months of the current consolidated fiscal year were 11,468 million yen (139.4% of the figure for the same period of the previous year), operating profit was 1,771 million yen (3,539.3% of the figure for the same period of the previous year), and EBITDA-based profit was 3,783 million yen (181.9% of the figure for the same period of the previous year).

(Kyushu Sanko Group)

Despite an increase in expenses related to bus repairs, labor, and other items, the Kyushu Sanko Group posted growth in both net sales and profit due to an increase in gross profit on higher net sales and a reduction in advertising, utilities, and other expenses. Changes in the business environment due to the recovery from the Covid-19 pandemic have impacted all the Group's business. The aviation agent business recorded an increase in both net sales and profit because of these changes and a switch to large airplanes due to the increase in number of passengers and increase in flights by Starlux Airlines, which the company handles ground handling operations for. The bus business was also firm, with the number of passengers transported by regular-route buses recovering to 102.4% of the 2019 level (108.9% of the previous year) for several reasons, including changes in the business environment mentioned above, such campaigns as the 100-yen Bus and Train Week and the fact that people have started traveling again.

As a result of the above, net sales through the first six months of the current consolidated fiscal year were 11,957 million yen (111.3% of the figure for the same period of the previous year), operating profit was 293 million yen (272.9% of the figure for the same period of the previous year), and EBITDA-based profit was 1,170 million yen (121.5% of the figure for the same period of the previous year).

As a result of these business results by segment, our group's consolidated operating results through the first six months of the current consolidated fiscal year were as follows: net sales of 161,173 million yen (156.6% of the figure for the same period of the previous year), operating profit of 5,759 million yen (operating loss of 3,358 million for the same period last year), ordinary profit of 6,082 million yen (ordinary loss of 3,561 million yen for the same period of the previous year), and profit attributable to owners of parent of 3,877 million yen (loss attributable to owners of parent of 4,809 million yen for the same period of the previous year).

(2) Review of financial position

Total assets at the end of the second quarter of the current consolidated fiscal year decreased 7,202 million yen from the end of the previous consolidated fiscal year to 434,143 million yen. This was mainly due to a decrease in cash and deposits (down 16,601 million yen), decrease in property, plant and equipment (down 2,182 million yen), and decrease in accounts receivable - other (down 1,875 million yen) despite an increase in securities (up 10,007 million yen), an increase in notes and accounts receivable - trade, and contract assets (up 2,166 million yen) and increase in travel advance payments (up 2,039 million yen).

Total liabilities at the end of the second quarter of the current consolidated fiscal year decreased 12,513 million yen from the end of the previous consolidated fiscal year to 370,683 million yen. This was mainly due to a decrease in current portion of bonds payable (down 15,000 million yen) and decrease in accounts payable - other (down 3,898 million yen) despite an increase in travel advance received (up 7,183 million yen).

Net assets at the end of the second quarter of the current consolidated fiscal year increased 5,311 million yen from the end of the previous consolidated fiscal year to 63,460 million yen. This was mainly due to an increase in retained earnings (up 3,871 million yen) primarily from the posting of profit attributable to owners of parent and increase in foreign currency translation adjustments (up 1,191 million yen).

(Cash flows status)

The balance of cash and cash equivalents (hereinafter, "funds") at the end of second quarter of the current consolidated fiscal year was 109,846 million yen, a decrease of 990 million yen compared to the end of the previous consolidated fiscal year.

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

[Cash flows from operating activities]

Funds from operating activities increased 12,455 million yen (compared to an increase of 15,436 million yen through the first half of the previous consolidated fiscal year). This was mainly due to profit before income taxes (6,363 million yen), an increase in travel advance received (6,931 million yen), and depreciation (5,403 million yen), which is a non-cash item, despite a decrease in funds due to an increase in travel advance payments (1,939 million yen) and a decrease in other liabilities (3,866 million yen), including deposits received.

Furthermore, through the first half of the previous fiscal year, funds from operating activities increased. This was mainly due to increase in travel advance received (10,643 million yen), depreciation (5,016 million yen), which is a non-cash item, and an increase in trade payables (3,762 million yen), despite a loss before income taxes (3,611 million yen), and an increase in trade receivables and contract assets (5,230 million yen).

[Cash flows from investing activities]

Funds from investing activities increased 4,826 million yen (compared to a decrease of 19,173 million yen through the first half of the previous consolidated fiscal year). This was mainly due to an increase in funds from proceeds from withdrawal of time deposits (27,683 million yen) despite a decrease in funds from payments into time deposits (11,659 million yen) and purchase of securities (10,155 million yen).

Furthermore, through the first half of the previous fiscal year, funds from investing activities decreased. This was mainly due to a decrease in funds from the payments into time deposits (23,929 million yen) and purchase of property, plant and equipment and intangible assets (3,935 million yen) despite an increase in funds from proceeds from withdrawal of time deposits (8,552 million yen).

[Cash flows from financing activities]

Funds from financing activities decreased 19,423 million yen (compared to a decrease of 12,594 million yen through the first half of the previous consolidated fiscal year). This was mainly due to repayments of borrowings exceeding proceeds from borrowings (2,579 million yen) and redemption of bonds (15,000 million yen).

Furthermore, through the first half of the previous fiscal year, funds from financing activities decreased. This was mainly due to repayments of borrowings exceeding proceeds from borrowings (10,850 million yen).

As a result of the above, the balance of cash and cash equivalents at the end of the second quarter of the current consolidated fiscal year decreased 990 million yen from the end of the previous consolidated fiscal year to 109,846 million yen.

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

The consolidated financial forecasts for the fiscal year ending October 2024 announced on March 15, 2024, were revised in light of such factors as the actual results through the first half of the current consolidated fiscal year.

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

During the first half of the current consolidated fiscal year, there were no new business or other risks related to business conditions given in the quarterly report or items related to accounting conditions, that the management deemed could have a material impact on the consolidated financial condition, business performance, or cash flow status.

Of business and other risks given in the Securities Report for the previous fiscal year, significant events relating to going concern assumption, etc. were resolved as of the end of the first quarter.

2. Quarterly consolidated financial statements and main notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of October 31, 2023	As of April 30, 2024
Assets		
Current assets		
Cash and deposits	157,571	140,969
Notes and accounts receivable - trade, and contract assets	24,814	26,980
Trade accounts receivable	656	630
Securities	23	10,030
Travel advance payments	8,418	10,458
Prepaid expenses	1,916	2,354
Short-term loans receivable	45	237
Short-term loans receivable from subsidiaries and associates	275	125
Accounts receivable - other	19,575	17,700
Other	5,929	6,244
Allowance for doubtful accounts	(1,701)	(1,683)
Total current assets	217,526	214,048
Non-current assets		
Property, plant and equipment		
Buildings, net	76,564	74,564
Tools, furniture and fixtures, net	2,193	2,212
Land	71,062	71,303
Leased assets, net	12,576	12,291
Construction in progress	3,718	3,585
Other, net	1,567	1,543
Total property, plant and equipment	167,682	165,500
Intangible assets		
Goodwill	2,092	2,093
Other	14,472	14,189
Total intangible assets	16,565	16,283
Investments and other assets		
Investment securities	3,379	3,585
Shares of subsidiaries and associates	2,780	1,856
Investments in capital of subsidiaries and associates	73	73
Long-term loans receivable	201	164
Long-term loans receivable from subsidiaries and associates	205	194
Retirement benefit asset	800	797
Deferred tax assets	7,602	6,903
Guarantee deposits	20,789	21,208
Other	4,132	4,144
Allowance for doubtful accounts	(487)	(689)
Total investments and other assets	39,479	38,238
Total non-current assets	223,727	220,022
Deferred assets	92	73
Total assets	441,346	434,143

(Millions of yen)

	As of October 31, 2023	As of April 30, 2024
Liabilities		
Current liabilities		
Trade accounts payable	10,122	11,222
Short-term borrowings	51,326	17,353
Current portion of bonds payable	15,000	—
Current portion of convertible-bond-type bonds with share acquisition rights	—	25,009
Current portion of long-term borrowings	32,128	62,065
Accounts payable - other	20,458	16,560
Accrued expenses	4,377	5,073
Income taxes payable	980	1,495
Accrued consumption taxes	1,629	767
Travel advance received	29,659	36,842
Lease obligations	3,111	3,023
Provision for bonuses	3,354	4,225
Provision for bonuses for directors (and other officers)	82	90
Other	30,402	30,863
Total current liabilities	202,632	214,594
Non-current liabilities		
Bonds payable	5,000	5,000
Convertible-bond-type bonds with share acquisition rights	25,018	—
Long-term borrowings	123,403	124,826
Deferred tax liabilities	4,719	4,388
Retirement benefit liability	6,223	6,244
Provision for retirement benefits for directors (and other officers)	433	427
Lease obligations	11,164	10,792
Other	4,601	4,408
Total non-current liabilities	180,563	156,088
Total liabilities	383,196	370,683
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	27,770	27,761
Retained earnings	23,755	27,627
Treasury shares	(13,046)	(13,015)
Total shareholders' equity	38,580	42,474
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	64	115
Deferred gains or losses on hedges	30	73
Foreign currency translation adjustment	9,998	11,189
Remeasurements of defined benefit plans	143	106
Total accumulated other comprehensive income	10,236	11,484
Share acquisition rights	165	194
Non-controlling interests	9,166	9,307
Total net assets	58,149	63,460
Total liabilities and net assets	441,346	434,143

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

(Millions of yen)

	Six months ended April 30, 2023	Six months ended April 30, 2024
Net sales	102,913	161,173
Cost of sales	68,656	107,729
Gross profit	34,256	53,443
Selling, general and administrative expenses	37,615	47,684
Operating profit (loss)	(3,358)	5,759
Non-operating income		
Interest income	324	610
Foreign exchange gains	5	367
Subsidy income	320	558
Other	561	302
Total non-operating income	1,211	1,839
Non-operating expenses		
Interest expenses	1,080	1,176
Other	334	339
Total non-operating expenses	1,414	1,515
Ordinary profit (loss)	(3,561)	6,082
Extraordinary income		
Gain on sale of non-current assets	—	316
Gain on sale of shares of subsidiaries and associates	—	350
Subsidy income	900	—
Total extraordinary income	900	666
Extraordinary losses		
Impairment loss	—	385
Loss on valuation of other investments	950	—
Total extraordinary losses	950	385
Profit (loss) before income taxes	(3,611)	6,363
Income taxes	1,040	1,838
Profit (loss)	(4,651)	4,524
Profit attributable to non-controlling interests	157	646
Profit (loss) attributable to owners of parent	(4,809)	3,877

(Quarterly consolidated comprehensive income statement)

(Millions of yen)

Six months ended April 30, 2023 Six months ended April 30, 2024

Profit (loss)	(4,651)	4,524
Other comprehensive income		
Valuation difference on available-for-sale securities	(25)	51
Deferred gains or losses on hedges	7	43
Foreign currency translation adjustment	(2,033)	1,027
Remeasurements of defined benefit plans	(59)	(38)
Share of other comprehensive income of entities accounted for using equity method	(12)	10
Total other comprehensive income	(2,122)	1,093
Comprehensive income	(6,774)	5,618
(breakdown)		
Comprehensive income attributable to owners of parent	(6,801)	5,125
Comprehensive income attributable to non-controlling interests	27	493

(3) Quarterly consolidated cash flows statement

(Millions of yen)

Six months ended April 30, 2023 Six months ended April 30, 2024

Cash flows from operating activities		
Profit (loss) before income taxes	(3,611)	6,363
Depreciation	5,016	5,403
Impairment loss	—	385
Amortization of goodwill	243	209
Increase (decrease) in provision for bonuses	457	848
Increase (decrease) in provision for bonuses for directors (and other officers)	12	8
Increase (decrease) in retirement benefit liability	(77)	(34)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(29)	(83)
Interest and dividend income	(451)	(614)
Foreign exchange losses (gains)	34	(578)
Interest expenses	1,080	1,176
Loss (gain) on sale of property, plant and equipment	—	(316)
Loss (gain) on sale of shares of subsidiaries and associates	—	(350)
Loss on valuation of other investments	950	—
Other loss (gain)	(667)	(620)
Decrease (increase) in trade receivables and contract assets	(5,230)	(1,795)
Decrease (increase) in travel advance payments	(1,609)	(1,939)
Decrease (increase) in other assets	1,551	2,299
Increase (decrease) in trade payables	3,762	721
Increase (decrease) in accrued consumption taxes	218	(889)
Increase (decrease) in accrued expenses	232	550
Increase (decrease) in travel advances received	10,643	6,931
Increase (decrease) in other liabilities	4,100	(3,866)
Subtotal	16,625	13,811
Interest and dividends received	422	582
Interest paid	(1,047)	(1,115)
Income taxes refund (paid)	(563)	(822)
Cash flows from operating activities	15,436	12,455
Cash flows from investing activities		
Payments into time deposits	(23,929)	(11,659)
Proceeds from withdrawal of time deposits	8,552	27,683
Purchase of securities	—	(10,155)
Proceeds from redemption of securities	—	151
Purchase of property, plant and equipment and intangible assets	(3,935)	(3,452)
Proceeds from sale of property, plant and equipment and intangible assets	83	1,933
Purchase of investment securities	(194)	(166)
Proceeds from sale of investment securities	81	60
Proceeds from redemption of investment securities	200	—
Purchase of shares of subsidiaries and associates	(63)	—
Proceeds from sale of shares of subsidiaries and associates	10	864
Loan advances	(63)	(114)
Proceeds from collection of loans receivable	120	156
Payments of guarantee deposits	(284)	(741)
Proceeds from refund of guarantee deposits	505	344
Other	(256)	(78)
Cash flows from investing activities	(19,173)	4,826

(Millions of yen)

Six months ended April 30, 2023 Six months ended April 30, 2024

Cash flows from financing activities		
Proceeds from short-term borrowings	81,699	48,174
Repayments of short-term borrowings	(58,603)	(82,155)
Proceeds from long-term borrowings	495	46,270
Repayments of long-term borrowings	(34,440)	(14,869)
Redemption of bonds	—	(15,000)
Dividends paid to non-controlling interests	(39)	(53)
Purchase of treasury shares	—	(0)
Repayments to non-controlling shareholders	(500)	(297)
Other	(1,205)	(1,491)
Cash flows from financing activities	(12,594)	(19,423)
Effect of exchange rate change on cash and cash equivalents	(930)	1,097
Net increase (decrease) in cash and cash equivalents	(17,261)	(1,043)
Cash and cash equivalents at beginning of period	136,939	110,836
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	181	53
Cash and cash equivalents at end of period	119,859	109,846

(Segment information)

[Segment information]

I Six months ended April 30, 2023 (from November 1, 2022 to April 30, 2023)

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

(Millions of yen)

	Reporting segment				Other (Note 1)	Total	Adjustments (Note 2)	Amount on consolidated financial statements (Note 3)
	Travel business	Hotel business	Kyushu Sanko Group	Total				
Net sales								
Sales to external customers	79,159	8,046	10,736	97,942	4,971	102,913	0	102,913
Intersegment sales/transfers	494	180	2	677	111	789	(789)	—
Total	79,654	8,226	10,739	98,620	5,082	103,702	(788)	102,913
Segment profit (loss)	(3,458)	50	107	(3,300)	(226)	(3,527)	168	(3,358)

Notes 1. The "Other" category is a business segment that is not included in any reporting segment. It includes segments as follows: Theme Park business, Non-life Insurance business and Real Estate business.

2. The segment profit (loss) adjustment of 168 million yen is company-wide expenses not allocated to any reporting segment. It mainly comprises expenses at parent company's headquarter administration that do not belong to a reporting segment.

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

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

(Millions of yen)

	Travel business	Hotel business	Kyushu Sanko Group	Other	Total
Segment profit (loss)	(3,458)	50	107	(226)	(3,527)
Depreciation and goodwill amortization	1,884	2,029	855	261	5,030
EBITDA(*)	(1,574)	2,079	963	34	1,503

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

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

(Significant impairment loss on non-current assets)

There is no significant impairment loss.

(Significant change in the amount of goodwill)

There were no significant changes.

(Significant gain on negative goodwill)

None

II Six months ended April 30, 2024 (from November 1, 2023 to April 30, 2024)

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

(Millions of yen)

	Reporting segment				Other (Note 1)	Total	Adjustments (Note 2)	Amount on consolidated financial statements (Note 3)
	Travel business	Hotel business	Kyushu Sanko Group	Total				
Net sales								
Sales to external customers	131,061	11,242	11,949	154,253	6,919	161,172	0	161,173
Intersegment sales/transfers	544	225	7	778	701	1,479	(1,479)	—
Total	131,606	11,468	11,957	155,032	7,620	162,652	(1,479)	161,173
Segment profit	4,968	1,771	293	7,033	81	7,115	(1,356)	5,759

Notes 1. The "Other" category is a business segment that is not included in any reporting segment. It includes segments as follows: Theme Park business, Non-life Insurance business and Real Estate business.

2. The segment profit adjustment of -1,356 million yen is company-wide expenses not allocated to any reporting segment. It mainly comprises expenses related to parent company's headquarter administration that do not belong to a reporting segment.

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

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

(Millions of yen)

	Travel business	Hotel business	Kyushu Sanko Group	Other	Total
Segment profit	4,968	1,771	293	81	7,115
Depreciation and goodwill amortization	2,106	2,012	877	302	5,297
EBITDA(*)	7,074	3,783	1,170	383	12,413

*EBITDA reflects segment profit plus depreciation and goodwill amortization.

2. Notes change of reporting segments

In order to concentrate on particular businesses through a review of its business portfolio and to appropriately manage business in a manner suited to actual corporate activities as it aims to improve capital efficiency, the Group has changed its segments from four segments (Travel business, Theme Park business, Hotel business, and Kyushu Sanko Group) to three segments (Travel business, Hotel business, and Kyushu Sanko Group) effective the first quarter of the current consolidated fiscal year. Accompanying this change, LAGUNA TEN BOSCH CO.,LTD was changed from "Theme Park business" to "Other." The segment information of the first half of the previous consolidated fiscal year is based on the segment information after the change.

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

(Significant impairment loss on non-current assets)

There is no significant impairment loss.

(Significant change in the amount of goodwill)

There were no significant changes.

(Significant gain on negative goodwill)

None

(Important subsequent events)

On February 11, 2024, some of the servers of the Group company Miki Travel Limited (London, U.K.) were damaged by ransomware. We have completed work to restore and protect the system and are continuing an investigation of the damage.

The impact of this matter on the Group's future business performance is currently under examination, and we will promptly announce any significant impact on our business performance that is anticipated.