



Presentation Materials for the 1<sup>st</sup> Quarter of Fiscal  
Year Ending October 31, 2022 Financial Results  
(3 Months Ended January 31<sup>st</sup>, 2022)

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March 17, 2022  
H.I.S. Co., Ltd.  
TSE 1: 9603

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# I . Changes in Accounting Standards

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## Changes in Accounting Standards

- ① Introduction of the New Standards for Revenue Recognition . . . Revenue is recognized when control of the promised goods or services is transferred to the customer in the amount expected to be received in exchange for those goods or services.

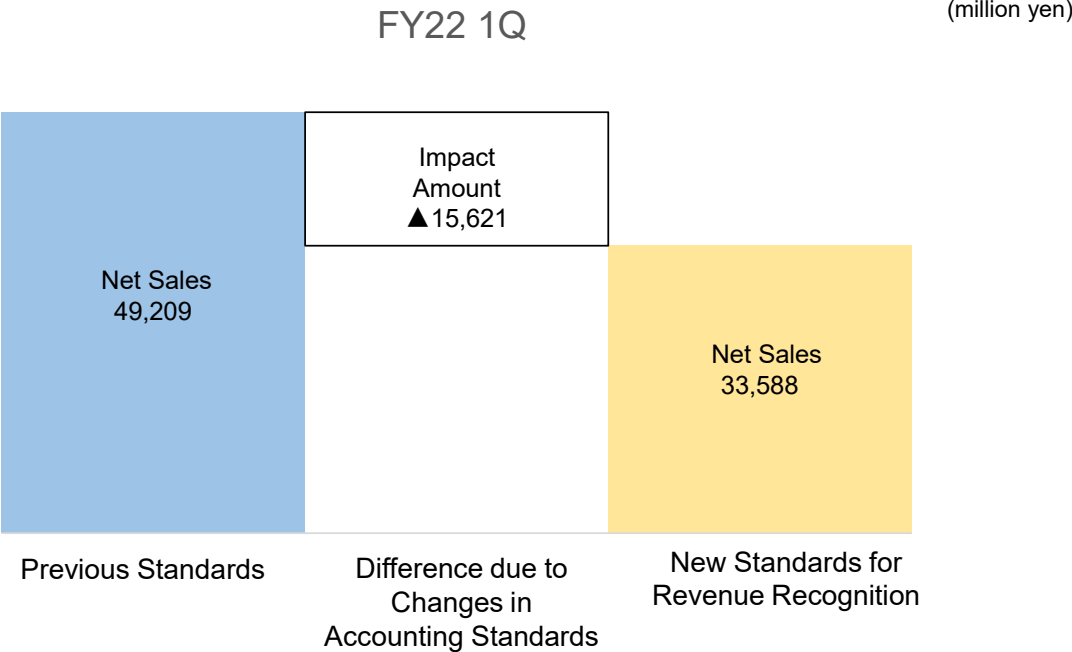
### ■ Major Changes

	① Amount of Net Sales Recognition		② Timing of Sales Recognition	
	Previous Standard	New Standard	Previous Standard	New Standard
Tours (Planned Travel)	Total Amount	「Transaction as a Principal」 = Total Amount (※1)	Departure Date	Progress Date (※2)
Airline Tickets (Arranged Travel)	Total Amount	「Transaction as an Agent」 = Net Amount	Departure Date	Arrangement Completion Date (※3)

- ※ 1 . Fuel surcharges, airport fees, etc. are excluded because they are collections for third parties.  
 ※ 2 . Revenue is recognized on a pro-rata basis over the travel period.  
 ※ 3 . Under the contract with the customer, "the time when the arrangement is completed = arrangement completion date" is the time when H.I.S. Group's service provision is completed.  
 ※ 4 . Incentives are treated as "arrangement sales" for arranged travel and as "purchase rebates" for planned travel.  
 ※ 5 . The basic concept with regard to transactions other than travel is also the same ( = to distinguish between "transaction as a principle" or "transaction as an agent". In principle, all transactions (other than travel) are within the scope of the new standards, but are not applicable from the standpoint of materiality.

# Changes in Accounting Standards

## ① Introduction of the New Standards for Revenue Recognition (Continued from the Previous Page)



## ② Changes in Presentation Method of the Theme Park Business

Some of the expenses in relation to the operation of the Theme Park Business, previously presented as "Selling, General and Administrative Expenses," are now presented as "Cost of Sales". Figures for the previous fiscal year have also been retroactively adjusted.

## 2-1. Summary of Financial Results (Consolidated)

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## Consolidated Financial Results

	Previous Standards (Reference)			<New Standards>	(million yen)
	FY19 1Q (before COVID-19 Pandemic)	FY21 1Q (Same Period of the Previous Year)	FY22 1Q	FY22 1Q	
Net Sales	187,276	36,193	49,209	33,588	Travel 8,218, Energy 3,367, Hotel 464
Gross Profit	35,093	6,458	5,585	5,557	
Operating Profit	5,981	▲12,138	▲12,129	▲12,158	Travel 1,595, Energy ▲2,274, Hotel 485
EBITDA	8,154	▲9,053	▲8,945	▲8,974	Travel 1,430, Energy ▲2,143, Hotel 653
Non-Operating Income	697	842	569	569	Currency exchange gain 119, Interest income ▲125
Non-Operating Expenses	1,479	963	856	855	Interest expense 243, Currency exchange loss ▲216
Ordinary Profit	5,199	▲12,259	▲12,416	▲12,444	
Extraordinary Gain	-	4,347	4,833	4,833	Gain on sales of investment securities 457, Gain on sales of fixed assets 123, Subsidy income ▲95
Extraordinary Loss	-	791	628	628	Loss due to temporary closure ▲339, Impairment loss 176
Profit before Income Taxes	5,199	▲8,703	▲8,212	▲8,240	
Income Taxes	1,803	▲47	963	963	
Net Profit Attributable to Non-Controlling Shareholders	1,039	▲366	96	95	
Net Profit Attributable to Parent Company Shareholders	2,356	▲8,288	▲9,273	▲9,299	

## Net Sales & Operating Profit (Previous Standard Basis)

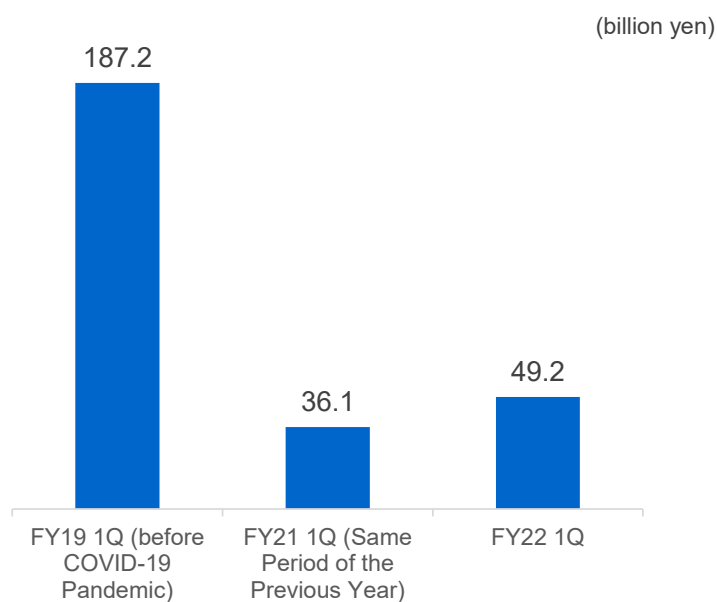
### Net sales were 49.2 billion yen (an increase of 13.0 billion yen YoY).

Net sales of the Travel Business increased by 8.2 billion yen YoY due to a recovery trend in demands overseas.

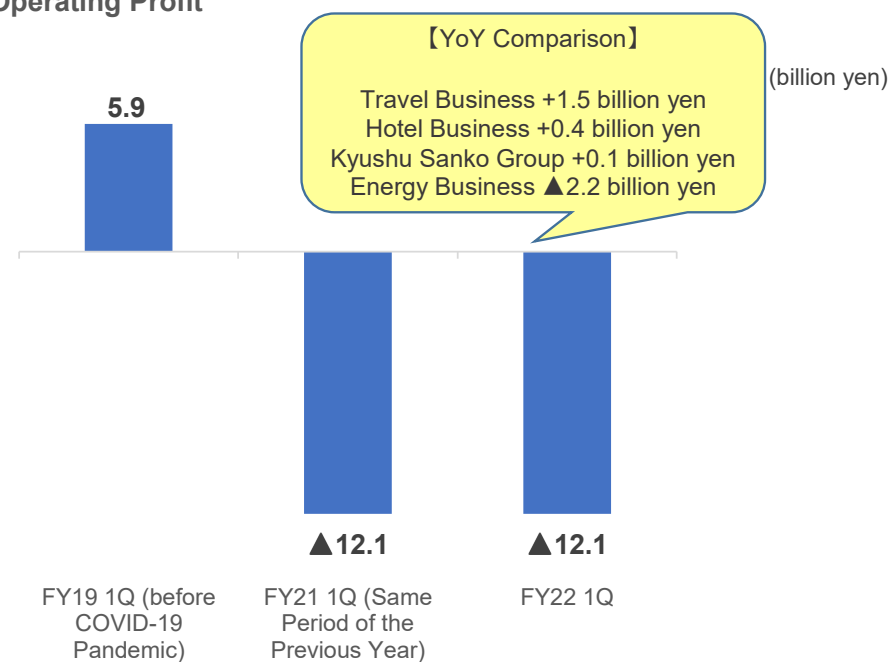
### Operating loss was 12.1 billion yen (an improvement of 8 million yen YoY).

Improvements were seen in most businesses except the Energy Business.

#### Net Sales



#### Operating Profit

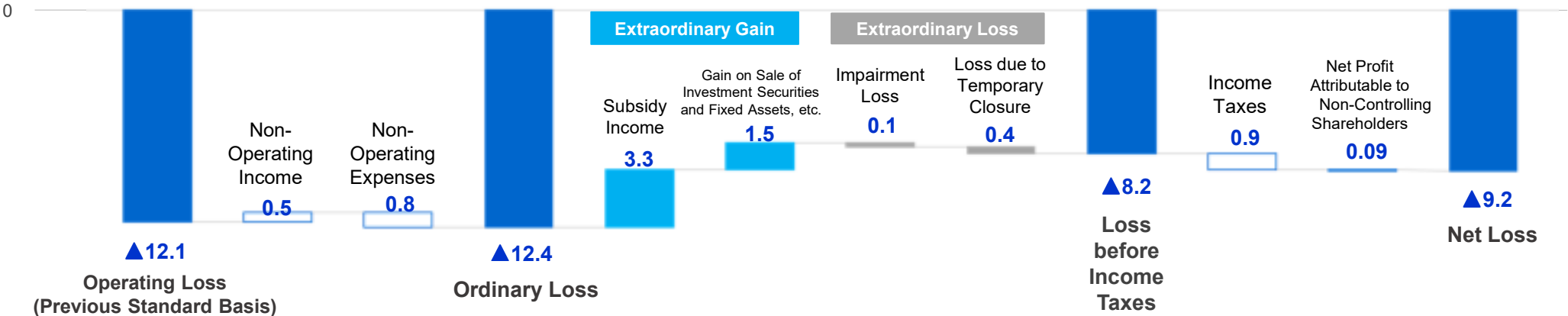




# Ordinary Profit & Net Profit Attributable to Parent Company Shareholders (Previous Standard Basis)

Major Factors between Operating Loss and Net Loss

(billion yen)



- Operating loss under the new standards is ▲12.1 (Difference between the new and the previous standards is 0.02)

## Consolidated Balance Sheet (as Compared to the End of the Previous Fiscal Year)

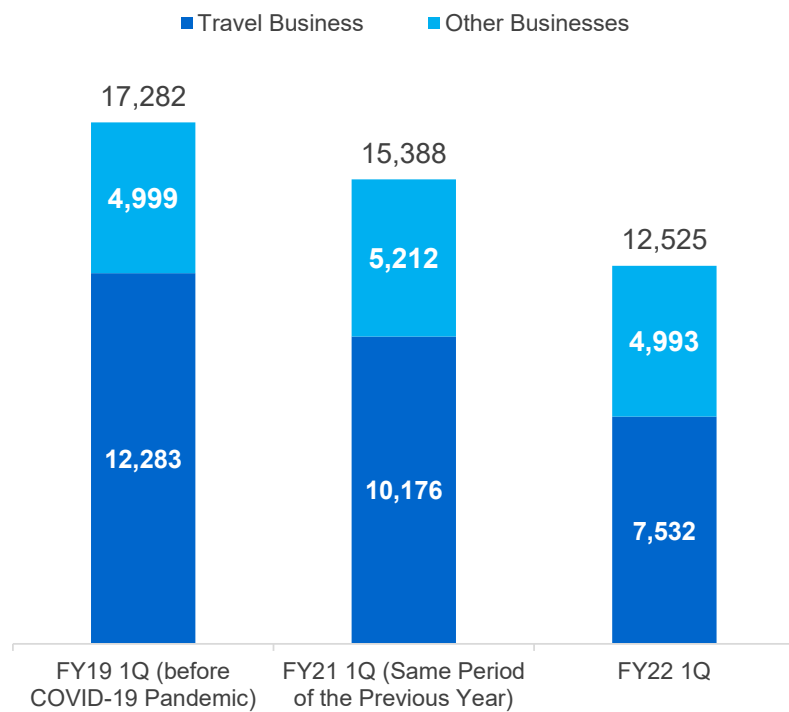
(million yen)

	FY21 4Q	FY22 1Q	Increase/Decrease
Cash and Deposits	101,411	108,457	7,045
Notes and Accounts Receivable	16,718	20,037	3,319
Operating Accounts Receivable	171	143	▲27
Pre-Travel Payments	8,927	4,736	▲4,190
Others	16,266	13,061	▲3,205
<b>Total Current Assets</b>	<b>143,495</b>	<b>146,436</b>	<b>2,940</b>
Property, Plant and Equipment	201,291	195,355	▲5,935
Intangible Fixed Assets	15,486	15,637	151
Goodwill	4,621	4,590	▲31
Investments and Other Assets	46,263	44,604	▲1,658
<b>Total Fixed Assets</b>	<b>267,662</b>	<b>260,188</b>	<b>▲7,473</b>
Deferred Assets	289	311	22
<b>Total Assets</b>	<b>411,447</b>	<b>406,936</b>	<b>▲4,511</b>

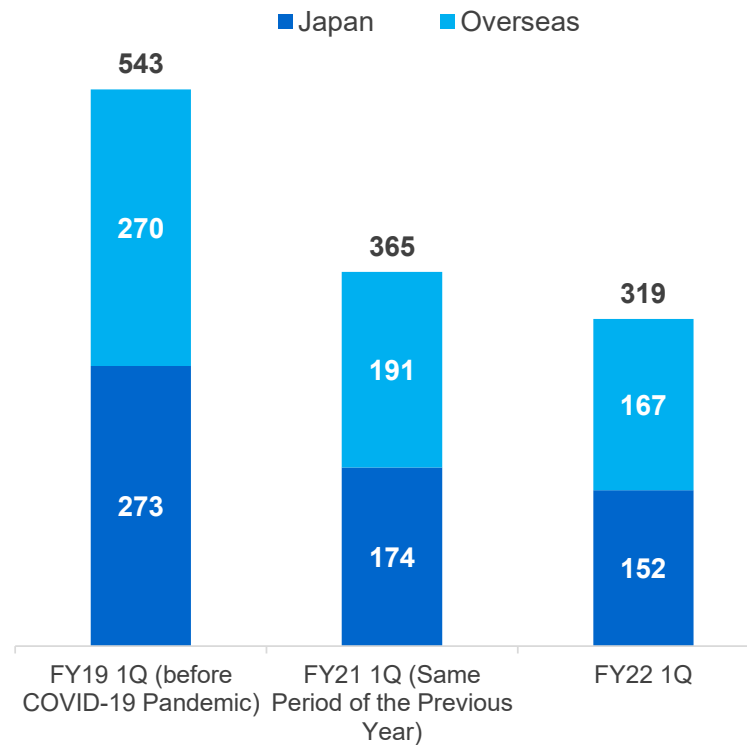
	FY21 4Q	FY22 1Q	Increase/Decrease
Operating Accounts Payable	12,978	11,582	▲1,396
Pre-Travel Payments Received	14,112	7,793	▲6,318
Bonds and Convertible Bonds Payable	45,054	45,050	▲4
Borrowings	217,441	218,041	599
Others	57,713	60,887	3,173
<b>Total Liabilities</b>	<b>347,301</b>	<b>343,354</b>	<b>▲3,947</b>
Capital	21,048	24,798	3,750
Capital Surplus	13,328	17,078	3,750
Earned Surplus	22,275	13,209	▲9,065
Treasury Shares	▲15,004	▲15,004	0
Cumulative Other Comprehensive Income	▲1,020	143	1,163
Non-Controlling Shareholder Equity	23,360	23,012	▲347
<b>Total Net Assets</b>	<b>64,145</b>	<b>63,581</b>	<b>▲563</b>
<b>Total Liabilities and Net Assets</b>	<b>411,447</b>	<b>406,936</b>	<b>▲4,511</b>

## [Reference Data]

The Number of Group Employees



The Number of Sales Offices of the Travel Business



## 2-2. Summary of Financial Results (by Business Segment)

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## Operating Results by Business Segment

(million yen)

	Segment	Previous Standards (Reference)				<New Standards>	
		FY19 1Q (before COVID-19 Pandemic)	FY21 1Q (Same Period of the Previous Year)	FY22 1Q	YoY	Increase/Decrease (Previous Standard Basis)	FY22 1Q
Net Sales	Travel Business	166,617	15,737	23,956	152.2%	8,218	9,965
	Theme Park Business	7,415	6,500	6,935	106.7%	435	6,715
	Hotel Business	3,087	1,369	1,834	133.9%	464	1,834
	Kyushu Sanko Group	5,882	4,785	5,083	106.2%	298	4,732
	Energy Business	4,014	7,638	11,006	144.1%	3,367	9,946
	Other	1,556	762	891	116.9%	129	891
	Adjustments, Eliminations, etc.	▲1,297	▲600	▲497	-	103	▲497
Operating Profit	Travel Business	4,071	▲9,855	▲8,260	-	1,595	▲8,288
	Theme Park Business	1,771	1,143	1,097	95.9%	▲46	1,097
	Hotel Business	257	▲1,448	▲963	-	485	▲963
	Kyushu Sanko Group	183	▲497	▲301	-	196	▲301
	Energy Business	118	▲704	▲2,979	-	▲2,274	▲2,979
	Other	101	▲319	▲302	-	17	▲302
	Adjustments, Eliminations, etc.	▲522	▲456	▲420	-	35	▲420
EBITDA	Travel Business	4,996	▲8,753	▲7,322	-	1,430	▲7,351
	Theme Park Business	2,289	1,663	1,617	97.3%	▲45	1,617
	Hotel Business	520	▲679	▲25	-	653	▲25
	Kyushu Sanko Group	405	▲36	153	-	189	153
	Energy Business	135	▲676	▲2,820	-	▲2,143	▲2,820
	Other	223	▲221	▲219	-	1	▲219
	Adjustments, Eliminations, etc.	▲416	▲348	▲327	-	21	▲327

## Travel Business / Quarterly Operating Results by Sub-Segment

※Reference Material: Presented Based on the Previous Standards

	FY21					FY22					(million yen)
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	
<b>Travel Business: Total Net Sales</b>	15,737	10,613	6,772	9,904	43,028	<b>23,956</b>	-	-	-	-	
YoY	9.0%	8.5%	14.6%	72.3%	12.0%	<b>152.2%</b>	-	-	-	-	
International Travel from Japan / Transaction Amount	1,122	842	1,114	1,877	4,957	<b>2,119</b>	-	-	-	-	
YoY	1.3%	2.0%	97.6%	190.9%	3.7%	<b>188.8%</b>	-	-	-	-	
Fuel Surcharge (included in the transaction amount above)	21	18	32	81	153	<b>119</b>	-	-	-	-	
Domestic Travel in Japan / Transaction Amount	8,710	4,459	3,062	4,916	21,149	<b>8,686</b>	-	-	-	-	
YoY	74.7%	54.6%	289.1%	68.0%	75.2%	<b>99.7%</b>	-	-	-	-	
Inbound Travel to Japan / Transaction Amount	34	16	13	58	123	<b>28</b>	-	-	-	-	
YoY	0.6%	2.1%	27.0%	30.9%	1.8%	<b>82.3%</b>	-	-	-	-	
Overseas Subsidiaries / Inbound Transaction Amount	2,167	1,581	1,176	2,574	7,498	<b>4,451</b>	-	-	-	-	
YoY	3.9%	4.5%	6.4%	312.8%	6.8%	<b>205.3%</b>	-	-	-	-	
Overseas Subsidiaries / Outbound Transaction Amount	1,167	3,013	1,968	4,480	10,628	<b>10,843</b>	-	-	-	-	
YoY	2.8%	5.9%	10.0%	-	9.5%	<b>929.1%</b>	-	-	-	-	
Eliminations of Internal Transactions, Adjustments, etc.	2,535	704	▲561	▲4,001	▲1,327	<b>▲2,171</b>	-	-	-	-	

## Huis Ten Bosch / Non-Consolidated Quarterly Operating Results

※Reference Material: Presented Based on the Previous Standards

	FY21					FY22					(million yen)
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	
Transaction Amount (Before Consolidation Adjustments)	5,891	1,759	2,143	<b>2,446</b>	<b>12,239</b>	6,302	-	-	-	-	
YoY	96.3%	55.5%	300.0%	108.2%	99.9%	<b>107.0%</b>	-	-	-	-	
Operating Profit	1,236	▲1,454	▲1,290	▲1,293	▲2,801	1,106	-	-	-	-	
YoY	145.1%	-	-	-	-	<b>89.52%</b>	-	-	-	-	
Attendance (10,000)	60.9	19.0	21.5	26.2	127.7	<b>70.2</b>	-	-	-	-	
YoY	88.3%	53.9%	210.7%	108.2%	92.2%	<b>115.1%</b>	-	-	-	-	
Foreign Attendance (included in the number above, 10,000)	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>	-	-	-	-	
YoY	-	-	-	-	-	-	-	-	-	-	
Number of Hotel Guests (10,000)	8.9	1.6	1.8	3.3	15.7	<b>8.4</b>	-	-	-	-	
YoY	135.2%	42.1%	1056.9%	86.8%	109.8%	<b>94.4%</b>	-	-	-	-	
Unit Price (Yen, Rounded Down to the Nearest Hundred)	9,600	9,200	9,900	9,300	9,500	<b>8,900</b>	-	-	-	-	
Increase/Decrease	+800	+200	+3,000	±0	+1,000	<b>-700</b>	-	-	-	-	



## 3. Financial Policy

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## Financial Measures

(billion yen)

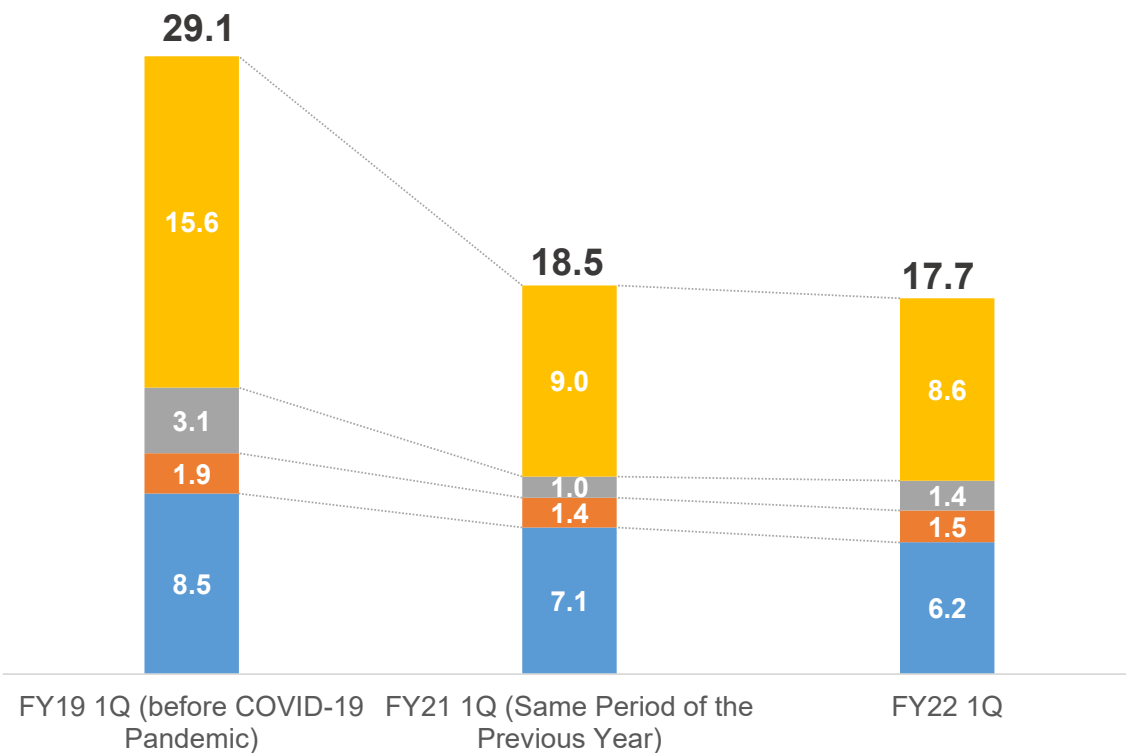
No.	Content	Details	Already implemented By 1Q of FY22	To be considered in the future
1	Cost Reductions	Review of SG&A expenses (including secondment of employees to companies outside of H.I.S. Group)	See next slide	Plans to respond flexibly as sales recover
2	Review of CAPEX Plan	CAPEX control, mainly systems, hotels, and real estate	-	8.1 → 7.8
3	Sale of Owned Real Estate Properties		Proceeds from sale 11.0 (7 properties already sold)	Book value 4.2 (4 properties left)
4	Issuance of New Shares	Issued in November and December, 2021	7.5	-
5	Stock Acquisition Rights	Exercise of those issued in October, 2020	11.9	(Unexercised portion) 2.5
		Exercise of those issued in November and December, 2021	-	(Unexercised portion) 13.8
6	Liquidation of the Head Office Building	Liquidation of the Head Office Building through sale-and-leaseback method	32.4 (Already implemented in September 2021)	-
7	Sale of Group Companies and Business Assets		-	To be considered as an option
8	Borrowing from Development Bank of Japan (DBJ), etc.		-	To be considered as an option

# Cost Reductions

## Cost Structures

■ Labor costs 
 ■ Advertising expenses 
 ■ Commission payment 
 ■ Others

(billion yen)



## 【Future Cost Reduction Measures】

- The total number of employees seconded to companies outside of H.I.S. Group is planned to be 1,500 from April 2022. (※ about 1,300 employees as of the end of October 2021)
- Utilization of employment adjustment subsidy → It has been decided that the subsidy will be extended until the end of June 2022
- Promotion of further consolidation and closure of sales offices

## Financial Covenants for the Syndicated Loans

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### Long-Term Borrowing: 34.5 Billion Yen

#### Financial Covenants

- ① The amount of net assets in the consolidated balance sheet of reports, etc. at the end of each consolidated fiscal year shall be maintained at 75% or more of the amount of net assets in the consolidated balance sheet of reports, etc. at the end of the immediately preceding consolidated fiscal year.
- ② No ordinary loss shall be recorded for two consecutive fiscal years in the consolidated income statement of reports, etc. at the end of each consolidated fiscal year.

At the end of the previous consolidated fiscal year, both of the above financial covenants ① and ② were violated, but we have been conducting continuous constructive discussions with the financial institutions participating in the syndicated loans, including the agent, and expect to receive their continuous support in the future.

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