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## Consolidated Financial Results for the Nine Months Ended July 31, 2024 (under Japanese GAAP)

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

(Figures less than one million yen truncated)

1. Consolidated financial results for the nine months ended July 31, 2024 (from November 1, 2023 to July 31, 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	%
Nine months ended July 31, 2024	237,582	44.9	5,503	—	5,529	—	3,886	—
Nine months ended July 31, 2023	163,981	64.1	(4,201)	—	(3,950)	—	(5,634)	—

Note: Comprehensive income  
 Nine months ended July 31, 2024 9,250million yen (—)  
 Nine months ended July 31, 2023 (7,145)million yen (—)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended July 31, 2024	52.02	48.91
Nine months ended July 31, 2023	(76.19)	—

(2) Consolidated financial position

	Total assets	Total net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of July 31, 2024	457,891	67,141	12.5	767.50
As of October 31, 2023	441,346	58,149	11.1	653.40

(Reference) Equity capital As of July 31, 2024 57,350million 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: None

\* Notes

(1) Significant changes in scope of consolidation during the period: 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 July 31, 2024	79,860,936shares	As of October 31, 2023	79,860,936shares
As of July 31, 2024	5,136,658shares	As of October 31, 2023	5,148,865shares
Nine months ended July 31, 2024	74,719,392shares	Nine months ended July 31, 2023	73,957,944shares

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 )

\*Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

\*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) Summary of business results for the quarter under review " and "1.(3) Review of consolidated financial forecasts and other future forecast information."

## 1. Overview of business results

### (1) Summary of business results for the quarter under review

During the first nine months 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 through the first nine months of the current consolidated fiscal year reached 26.24 million, 106.2% of the 2019 level, with the monthly number of foreign visitors setting a new record for the second consecutive month in July. The number of Japanese overseas travelers has trended upward since measures to prevent Covid-19 from entering countries were ended. However the recovery has been gradual, and the number reached only 8.82 million, 60.8% 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)

The business results by segment are as follows.

Effective from the first quarter of the current fiscal year, the company 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). Accompanying this change, LAGUNA TEN BOSCH CO.,LTD was moved from "Theme Park business" to "Others." For comparison with the first nine months of the previous consolidated fiscal year, figures have been adjusted to reflect the change in segments. Please refer to "2. Quarterly consolidated financial statements and main notes (Notes to 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, travel to not only Korea, Taiwan, Europe, and Oceania but also to the West Coast of the United States, because of strong demand for seeing sports games, remained firm and drove business volume, despite continuing weak demand for travel to Hawaii and Micronesia for various reasons, including the weak yen, high price of goods overseas, and fuel price hikes. Our main initiatives included hosting "SUPER SUMMER SALE! 2024" from the middle of May through the end of July, and working to attract more customers during the summer travel season by providing discount coupons for July and August departures and offering special planned products that only HIS can. Furthermore, we moved our flagship store, which represents HIS, in June, creating Travel Wonderland Shinjuku, not only a venue to make reservations but also a brick-and-mortar hands-on store where it is possible to discover travel.

In the domestic travel business, there was a gradual recovery despite some signs of a fall-off from the previous year's "Nationwide Travel Support." Business volume was driven by travel to both Okinawa, where we offered charter flights to Miyakojima during Golden Week, and Hokkaido, where we provided limited-time free bus tours available when signing up for tours in Sapporo. Furthermore, during "SUPER SUMMER SALE! 2024," we offered a total of a 200 million yen in "ultra coupons" for all planned travel and hotel arrangements.

In the corporate business, there was not only an increase in large orders from corporate clients for company travel and research travel, but we also launched the Destination Create Project to create new destinations nationwide in Japan through a capital tie-up with Satoyume Co., Ltd., which produces regional revitalization projects, in order to further expand the regional support business. Furthermore, we worked to expand our services for corporations, which included collaborating with Knows Inc., a company that operates a consumer analysis information SaaS service, to launch Insight ASIA, a service that conducts attitude surveys in countries throughout Asia for corporate clients aiming to expand their sales channels overseas and corporate clients aiming to capture in-bound demand.

For the inbound travel business, we worked to reinforce our partnerships with local governments by concluding an in-bound tourism promotion agreement with Tottori Prefecture to promote in-bound travel. We also strove to generate demand and reinforce our ability to attract customers through various initiatives, including promoting single-day tours. The Group company Japan Holiday Travel Co., Ltd., exhibited at the tourism business B2B event ITB China held in Shanghai, China, toward the end of May in order to spread medical tourism and golf tourism to participants from more than 600 companies located in 80 countries. As for visitors, group tours from North America and Europe were firm, which drove business volume. In addition, our Mount Fuji bus tours were extremely popular among individual tourists.

Turning to the overseas travel business, inbound operations in countries throughout the world recorded strong business as a result of demand related to several types of events, including Carnival in Rio De Janeiro, language study in Australia, and Premium League soccer games and the London Marathon in England. Furthermore, in Canada, we captured European demand for leisure in spring, and the Miki Group continued to see strong demand for trips to Europe from Japan to such destinations as the Netherlands when tulips are in bloom. In addition, for outbound operations, business volume increased as a result of

greater demand for overseas travel in markets with local staff, which was especially true in Canada, where the number of reservations rose and business volume grew despite a trend toward strong demand for close, inexpensive destinations.

The number of sales branches of the Group is 145 in Japan and 146 in 110 cities in 58 countries overseas (as of the end of July, 2024).

As a result of the above, net sales through the first nine months of the current consolidated fiscal year were 194,435 million yen (150.9% of the figure for the same period of the previous year), operating profit was 4,679 million yen (operating loss of 4,118 million yen for the same period of the previous year), and EBITDA-based profit was 7,791 million yen (loss of 1,266 million yen for the same period of the previous year).

#### (Hotel business)

In the hotel business, business at both hotels in Japan, particularly the Henn na Hotel brand of hotels, and overseas hotels, including Green World Hotel in Taiwan and Henn na Hotel Seoul Myeongdong, were firm, which drove sales and profit.

In the hotel market, there was growing demand for domestic and overseas tourism in countries throughout the world. Under these conditions, for hotels in Japan, net sales increased as a result of strengthening revenue management and implementing various initiatives to differentiate our hotels, such as collaborations with airline companies, railway companies, and local companies. Furthermore, our continuing work to implement meticulous cost cuts, which we started during the Covid-19 pandemic and include reviewing amenities, made it possible to generate profit. As for overseas hotels, we ensured sales by maintaining a high unit price per guest room for Green World Hotel in Taiwan. Furthermore, we saw a strong jump in profits through cost reduction measures, including bringing cleaning in house, introducing multi-tasking for operations, and placing amenities in the lobby.

As a result of the above, net sales through the first nine months of the current consolidated fiscal year were 17,186 million yen (133.3% of the figure for the same period of the previous year), operating profit was 2,618 million yen (1,016.5% of the figure for the same period of the previous year), and EBITDA-based profit was 5,664 million yen (170.7% of the figure for the same period of the previous year).

#### (Kyushu Sanko Group)

The Kyushu Sanko Group recorded firm business, driven by its bus business, aviation agent business, and other businesses. In the bus business, both net sales and profit grew for various reasons. Net sales and gross profit rose for regular-route buses, highway buses, and charter buses as a result of an increase in the number of both inbound tourists and Japanese tourists despite greater expenses, such as agency fees and labor costs. In addition, expenses such as lease expenses fell. The aviation agent business also recorded an increase in net sales and profit as a result of newly posted overseas commissioned ground handling fee and increase in departure/arrival handling fee. The other business was also firm for several reasons, including dramatic growth for Kumamon Village, part of SAKURA MACHI Kumamoto, due to an increase in the number of tourists.

As a result of the above, net sales through the first nine months of the current consolidated fiscal year were 17,922 million yen (111.4% of the figure for the same period of the previous year), operating profit was 352 million yen (683.9% of the figure for the same period of the previous year), and EBITDA-based profit was 1,643 million yen (122.3% 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 nine months of the current consolidated fiscal year were as follows: net sales of 237,582 million yen (144.9% of the figure for the same period of the previous year), operating profit of 5,503 million yen (operating loss of 4,201 million for the same period last year), ordinary profit of 5,529 million yen (ordinary loss of 3,950 million yen for the same period of the previous year), and profit attributable to owners of parent of 3,886 million yen (loss attributable to owners of parent of 5,634 million yen for the same period of the previous year).

(2) Overview of financial position during the quarter

Total assets at the end of the third quarter of the current consolidated fiscal year increased 16,545 million yen from the end of the previous consolidated fiscal year to 457,891 million yen. This was mainly due to an increase in securities (up 9,999 million yen), increase in travel advance payments (up 6,782 million yen), and increase in notes and accounts receivable - trade, and contract assets (up 4,517 million yen) despite a decrease in cash and deposits (down 3,252 million yen) and decrease in accounts receivable - other (down 1,851 million yen).

Total liabilities at the end of the third quarter of the current consolidated fiscal year increased 7,553 million yen from the end of the previous consolidated fiscal year to 390,750 million yen. This was mainly due to an increase in travel advance received (up 21,439 million yen) despite an decrease in current portion of bonds payable (down 15,000 million yen).

Net assets at the end of the third quarter of the current consolidated fiscal year increased 8,992 million yen from the end of the previous consolidated fiscal year to 67,141 million yen. This was mainly due to an increase in foreign currency translation adjustments (up 4,626 million yen) and increase in retained earnings (up 3,880 million yen) primarily from the posting of profit attributable to owners of parent. .

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

There have been no revisions to the consolidated financial forecasts for the fiscal year ending October 2024 announced in the Consolidated Financial Results released on June 14, 2024.

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

During the first nine months 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 the accounting conditions, that the management deemed could have a material impact on 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 July 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	157,571	154,319
Notes and accounts receivable - trade, and contract assets	24,814	29,331
Trade accounts receivable	656	324
Securities	23	10,022
Travel advance payments	8,418	15,201
Prepaid expenses	1,916	2,417
Short-term loans receivable	45	326
Short-term loans receivable from subsidiaries and associates	275	210
Accounts receivable - other	19,575	17,724
Other	5,929	7,470
Allowance for doubtful accounts	(1,701)	(1,787)
Total current assets	217,526	235,560
Non-current assets		
Property, plant and equipment		
Buildings, net	76,564	74,518
Tools, furniture and fixtures, net	2,193	2,354
Land	71,062	71,466
Leased assets, net	12,576	12,324
Construction in progress	3,718	4,369
Other, net	1,567	1,563
Total property, plant and equipment	167,682	166,596
Intangible assets		
Goodwill	2,092	2,110
Other	14,472	14,694
Total intangible assets	16,565	16,804
Investments and other assets		
Investment securities	3,379	3,942
Shares of subsidiaries and associates	2,780	1,873
Investments in capital of subsidiaries and associates	73	73
Long-term loans receivable	201	13
Long-term loans receivable from subsidiaries and associates	205	206
Retirement benefit asset	800	795
Deferred tax assets	7,602	7,420
Guarantee deposits	20,789	20,926
Other	4,132	4,177
Allowance for doubtful accounts	(487)	(567)
Total investments and other assets	39,479	38,861
Total non-current assets	223,727	222,263
Deferred assets	92	68
Total assets	441,346	457,891

(Millions of yen)

	As of October 31, 2023	As of July 31, 2024
<b>Liabilities</b>		
Current liabilities		
Trade accounts payable	10,122	13,212
Short-term borrowings	51,326	7,381
Current portion of bonds payable	15,000	—
Current portion of convertible-bond-type bonds with share acquisition rights	—	25,005
Current portion of long-term borrowings	32,128	70,473
Accounts payable - other	20,458	18,627
Accrued expenses	4,377	5,601
Income taxes payable	980	1,479
Accrued consumption taxes	1,629	873
Travel advance received	29,659	51,098
Lease obligations	3,111	2,924
Provision for bonuses	3,354	3,849
Provision for bonuses for directors (and other officers)	82	141
Other	30,402	34,215
Total current liabilities	202,632	234,883
Non-current liabilities		
Bonds payable	5,000	5,000
Convertible-bond-type bonds with share acquisition rights	25,018	—
Long-term borrowings	123,403	124,236
Deferred tax liabilities	4,719	4,323
Retirement benefit liability	6,223	6,303
Provision for retirement benefits for directors (and other officers)	433	449
Lease obligations	11,164	10,895
Other	4,601	4,658
Total non-current liabilities	180,563	155,866
Total liabilities	383,196	390,750
<b>Net assets</b>		
Shareholders' equity		
Share capital	100	100
Capital surplus	27,770	27,761
Retained earnings	23,755	27,636
Treasury shares	(13,046)	(13,015)
Total shareholders' equity	38,580	42,482
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	64	107
Deferred gains or losses on hedges	30	43
Foreign currency translation adjustment	9,998	14,624
Remeasurements of defined benefit plans	143	92
Total accumulated other comprehensive income	10,236	14,867
Share acquisition rights	165	238
Non-controlling interests	9,166	9,552
Total net assets	58,149	67,141
Total liabilities and net assets	441,346	457,891

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

(Millions of yen)

	Nine months ended July 31, 2023	Nine months ended July 31, 2024
Net sales	163,981	237,582
Cost of sales	109,225	159,315
Gross profit	54,755	78,267
Selling, general and administrative expenses	58,957	72,763
Operating profit (loss)	(4,201)	5,503
Non-operating income		
Interest income	517	924
Foreign exchange gains	358	280
Subsidy income	469	655
Other	994	414
Total non-operating income	2,339	2,275
Non-operating expenses		
Interest expenses	1,623	1,772
Other	465	475
Total non-operating expenses	2,089	2,248
Ordinary profit (loss)	(3,950)	5,529
Extraordinary income		
Gain on sale of non-current assets	2	739
Gain on sale of shares of subsidiaries and associates	—	350
Subsidy income	1,106	—
Total extraordinary income	1,109	1,089
Extraordinary losses		
Loss on sale of non-current assets	6	21
Impairment loss	—	389
Loss on sale of other investments	730	—
Loss on valuation of other investments	203	—
Total extraordinary losses	940	410
Profit (loss) before income taxes	(3,781)	6,208
Income taxes	1,497	1,633
Profit (loss)	(5,278)	4,575
Profit attributable to non-controlling interests	356	688
Profit (loss) attributable to owners of parent	(5,634)	3,886



(Quarterly consolidated comprehensive income statement)

(Millions of yen)

Nine months ended July 31, 2023    Nine months ended July 31, 2024

Profit (loss)	(5,278)	4,575
Other comprehensive income		
Valuation difference on available-for-sale securities	20	43
Deferred gains or losses on hedges	15	12
Foreign currency translation adjustment	(1,809)	4,655
Remeasurements of defined benefit plans	(82)	(52)
Share of other comprehensive income of entities accounted for using equity method	(10)	15
Total other comprehensive income	(1,866)	4,674
Comprehensive income	(7,145)	9,250
(breakdown)		
Comprehensive income attributable to owners of parent	(7,326)	8,518
Comprehensive income attributable to non-controlling interests	180	732

(Notes to Segment Information)

[Segment information]

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

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

(Millions of yen)

	Reporting segment				Other (Note 1)	Total	Adjustments (Note 2)	Amount on consolidated financial statements (Note 3)
	Travel business	Hotel business	Kyushu Sanko Group	Total				
Net sales								
Sales to external customers	128,005	12,598	16,070	156,674	7,306	163,981	0	163,981
Intersegment sales/transfers	815	296	11	1,123	175	1,298	(1,298)	—
Total	128,820	12,895	16,081	157,798	7,481	165,280	(1,298)	163,981
Segment profit (loss)	(4,118)	257	51	(3,809)	(265)	(4,074)	(126)	(4,201)

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 -126 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 (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)	(4,118)	257	51	(265)	(4,074)
Depreciation and goodwill amortization	2,851	3,060	1,292	399	7,603
EBITDA(*)	(1,266)	3,318	1,343	133	3,529

\*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 Nine months ended July 31, 2024 (from November 1, 2023 to July 31, 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	193,461	16,862	17,908	228,233	9,348	237,582	0	237,582
Intersegment sales/transfers	973	323	13	1,309	1,302	2,612	(2,612)	—
Total	194,435	17,186	17,922	229,543	10,651	240,194	(2,611)	237,582
Segment profit (loss)	4,679	2,618	352	7,650	(120)	7,529	(2,026)	5,503

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 -2,026 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 (loss) is adjusted with the operating profit in the quarterly consolidated income statement.

4. The business combination with SCI Stenberg College International Inc. was accounted for on a provisional basis in the first nine months of the previous consolidated fiscal year because the allocation of acquisition costs had not been completed, but the finalized accounting treatment for the first nine months of the previous consolidated fiscal year are reflected here as they were finalized at the end of the previous fiscal year.

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

(Millions of yen)

	Travel business	Hotel business	Kyushu Sanko Group	Other	Total
Segment profit (loss)	4,679	2,618	352	(120)	7,529
Depreciation and goodwill amortization	3,111	3,045	1,291	466	7,914
EBITDA(*)	7,791	5,664	1,643	345	15,444

\*EBITDA reflects segment profit (loss) 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 for the first nine months 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