

Summary of Q&A: Financial Results Briefing
Q1 Fiscal Year Ending October 31, 2026
Date & Time: Friday, March 13, 2026, 16:30 – 17:10 (JST)

Q1. Regarding the drivers of the increase in operating profit for the first quarter.

A1. Hotel Business: Operating profit grew to 1.7 billion yen (142% YoY), a significant increase of 0.52 billion yen. In Japan, we achieved a profit increase of over 0.2 billion yen by maintaining high occupancy and Average Daily Rates (ADR), capturing both robust domestic and inbound demand. Overseas, performance in Taiwan remained steady, and the newly opened hotel in Turkey (Cappadocia) turned profitable from the start of the period, contributing to the overall increase.

Travel Business: HIS JAPAN successfully captured strong year-end and New Year demand. High-margin European tours with high unit prices performed particularly well. Additionally, our European inbound business (land arrangement services) saw strong performance in conjunction with these trends.

Q2. Regarding profitability improvements and structural reforms in the overseas Travel Business.

A2. In the overseas Travel Business, our European inbound operations maintained strong performance by capturing peak summer demand from August to October. We will continue to strengthen our services for Japanese travelers while expanding our reach into non-Japanese global markets. Regarding structural reforms, we are aggressively transforming into a leaner organizational structure through cost suppression and the liquidation of unprofitable businesses, such as our Turkish subsidiary.

Q3. Regarding the impact of the decrease in inbound travelers from China.

A3. At present, the impact of the Chinese market remains limited. Transaction value from Chinese inbound travelers accounts for less than 10% of our total volume, and there is no significant impact on a standalone basis. In the Hotel Business, although the Average Daily Rate (ADR) temporarily declined during the Lunar New Year period in the second quarter, it recovered to typical levels in March, resulting in no major impact on overall business performance.

Q4. Regarding the impact of the situation in the Middle East.

A4. We anticipate that the impact of the prolonged situation in the Middle East will manifest from the second quarter onward. Regarding the booking status for Japan outbound travel, the transaction value for March and April departures was performing strongly at 114% YoY as of February 27, but it currently stands at 108% following the deterioration of the situation. Although the Middle East situation has exerted a 6-point downward pressure, it remains higher than the previous year.

Q5. Regarding the details of the "6-percentage-point decrease" mentioned in Q4.

A5. The "6-point decrease" includes tour cancellations and suspensions decided by the Company. However, we have not suspended all tours to the entire Middle East region. Many customers who booked hotels or flights individually are continuing their travels as long as flight operations are unaffected, so cancellations are limited to a portion of the total. We anticipate a certain impact on performance if tour suspensions continue beyond April.

Q6. Regarding the comparison between first-quarter operating profit and the initial plan.

A6. Operating profit for the first quarter significantly exceeded our initial plan, marking a strong start to the fiscal year. Primary factors include the strong performance of outbound travel to Europe from Japan and the positive contribution of our overseas subsidiary, Miki Group. Additionally, the profit increase in the domestic Hotel Business also contributed to the upside.

Q7. Regarding risk factors for a profit decrease in the Hotel Business during the second quarter.

A7. We have observed some cancellations in Turkey and Uzbekistan. While there are also some reservations from customers in the Middle East at other hotels, they represent a small percentage of total transaction volume. Therefore, we expect the impact on performance to remain minor.

Q8. Regarding outbound travel booking trends and countermeasures from March onward.

A8. If the situation in the Middle East remains prolonged, we believe the number of bookings will face downward pressure compared to the same period last year. Currently, bookings for May through October remain firm; however, recently, there have been days when the daily number of bookings has dropped by approximately 5 to 10 points. To counter Middle East-related cancellations, we are working to minimize opportunity loss by actively proposing alternative destinations, while simultaneously continuing to suppress SG&A expenses.

Q9. Regarding the impact of the Chinese market on the Kyushu Sanko Group.

A9. Taiwan and South Korea account for a significant share of the Kyushu Sanko Group's inbound market, and we have also seen an increasing trend in visitors from Europe and the United States recently. Consequently, the impact of fluctuations in the Chinese market is negligible at this point. Inbound demand remains a core pillar of profitability supporting our performance, and we will aim to achieve our annual plan by maintaining this favorable momentum throughout the fiscal year.

Q10. Regarding the current status of the "100-hotel" vision.

A10. Progress toward achieving our goal of 100 hotels is proceeding steadily. Recently, we opened two new facilities under management contracts: "Henna Hotel Osaka Namba Nipponbashi" and its "Annex." In addition to our opening plans in Naha, Okinawa, we are currently considering several new projects both in Japan and overseas, including Hiroshima and Seoul, South Korea. We aim to establish the 100-hotel structure as early as possible by continuing to add 3 to 5 new hotels annually through development or management contracts.