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Consolidated Financial Results for the Three Months Ended January 31, 2025 (under Japanese GAAP)

March 31, 2025

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) Yada Motoshi
 Contact person (Title) Executive Officer, General Manager of Accounting and Finance (Name) Hanazaki Osamu 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 three months ended January 31, 2025 (from November 1, 2024 to January 31, 2025)

(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	%
Three months ended January 31, 2025	93,333	16.3	5,209	61.1	5,270	67.0	3,514	48.1
Three months ended January 31, 2024	80,279	73.6	3,233	—	3,155	—	2,373	—

Note: Comprehensive income Three months ended January 31, 2025 5,051 million yen (15.3%) Three months ended January 31, 2024 4,380 million yen (—%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended January 31, 2025	47.03	44.31
Three months ended January 31, 2024	31.77	29.90

(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 January 31, 2025	396,432	67,289	14.1	749.65
As of October 31, 2024	412,200	62,343	12.6	695.47

(Reference) Equity capital As of January 31, 2025 56,017 million yen As of October 31, 2024 51,968 million 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, 2024	—	0.00	—	0.00	0.00
Fiscal year ending October 31, 2025	—				
Fiscal year ending October 31, 2025 (Forecast)		10.00	—	10.00	20.00

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

3. Consolidated financial forecast for the fiscal year ending October 2025 (from November 1, 2024 to October 31, 2025)

(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
First six months of the fiscal year	183,000	13.7	6,100	10.3	6,100	4.4	4,100	12.4	54.87
Entire fiscal year	390,000	13.6	12,000	10.6	11,000	5.3	7,700	(11.7)	103.05

Note: Revisions to the financial forecast most recently announced: None

* Notes

(1) Significant changes in scope of consolidation (during the period): Yes

New - (Company name) -, Excluded 1 (Company name) VIAJES H.I.S. MADRID, S.A.

(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: Yes

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 January 31, 2025	79,860,936 shares	As of October 31, 2024	79,860,936 shares
② Number of treasury shares at the end of the period	As of January 31, 2025	5,136,668 shares	As of October 31, 2024	5,136,658 shares
③ Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	Three months ended January 31, 2025	74,724,275 shares	Three months ended January 31, 2024	74,712,001 shares

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

*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.

1. Overview of business results

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

During the first three months of the current consolidated fiscal year, there were expectations that the business environment would continue to gradually recover as the employment and income environment improved and various measures started to take effect although it is important to keep an eye on the impact of inflation, the trend in United States' policies, the situation in the Middle East, financial and capital market volatility, and other developments.

In the travel market, the number of foreign visitors to Japan reached 10.45 million in the first three months, 133.0% of the level of the same period of the previous fiscal year, on the back of continued strong inbound travel market that hit a record high in 2024. The overseas travel market is being impacted by economic factors, such as inflation at destinations, the weak yen, and fuel price hikes, as well as other factors, including international instability. As a result, the number of Japanese overseas travelers is recovering at a gradual pace and reached 3.27 million, 116.4% the level for the first three months of the previous fiscal year. (Source: Japan National Tourism Organization (JNTO))

Under these conditions, we worked to promote business with an eye toward being the preferred company of choice, full of enterprising spirit and bringing the world together under the banner of "Unleash your feeling KOKORO ODORU", the H.I.S. Group Purpose, in order to achieve sustainable growth for the whole group by expanding business, centered on travel.

Segment results are as follows. Also, the amount for each segment is the amount before inter-segment transactions elimination.

(Travel business)

In the travel business, the responsible organization used to be divided by business but was reorganized into one based on region, and HIS JAPAN was newly established to manage the travel business in Japan. This will transform the organization into a flexible one that assigns personnel and allocates resources to growth fields, such as the introduction of sales measures, not from an individual business perspective and that can pursue even greater organization-wide optimization.

In the overseas travel business, we worked to attract more customers through various travel plans, which range from ones that stress reasonable price to high value-added products, including special plans, at "Hatsuyume Fair 2025", H.I.S.'s largest sale. We launched sales of "AirZ", a new brand of airline tickets and hotels, which can be freely combined. In addition to providing versatile travel plans based on numerous options, we are working to differentiate ourselves through such services as 24-hour a day Japanese language service at overseas offices in 110 overseas cities in 57 countries. The end of the year offers a large number of consecutive days off, and this year, people had up to nine consecutive days off, which resulted in a firm number of year-end departures, driven by departures for Europe, a distant destination, as well as the closer destinations of East Asia and Southeast Asia.

In the domestic travel business, at the "Hatsuyume Fair 2025," we were successful in attracting customers for early summer travel because of last-minute departures, which was due to the positive response to the special "Hatsuyume Ultra Coupon." Okinawa was a driving force behind our ability to draw customers as we expanded our lineup of bus tours for the southern part of Okinawa's main island and Ishigaki Island, both popular tourist destinations, in order to reinforce our post-landing services. In Kyushu, we conducted the Nagasaki Campaign and offered numerous vacations plans, including tours of not only Nagasaki's "Battleship" Island (Hashima Island), which was used as a location for a TV drama, but also Huis Ten Bosch and Goto Islands, leading to an increase in per-purchase amounts.

As for the inbound travel business, visitors from Europe and the United States on group tours were firm, and sales of a series of experience-based tours, which offer a wide range of experiences, were robust. In collaboration with the Japan Arts Council, we also strove to communicate the appeal of Japan's traditional arts through the introduction of early-spring Kabuki viewing one-day bus tours for visitors to Japan, the first product for the business that makes use of the National Theatre of Japan. Furthermore, we promoted mutual exchanges with other countries by launching Vietnam Airlines charter flights from Hanoi, Vietnam, to Kagoshima through a partnership agreement with Kagoshima Prefecture and Vietnam Airlines to promote tourism.

Turning to the corporate business, company travel to overseas, inspection trips, and educational trips were firm, and we worked to reinforce our various travel planning and arrangement services and value-added

services during the trip as well improve profitability. Furthermore, as one of the various solutions we provide with partner companies, we opened BREAD, ESPRESSO, Kuwana Atelier in Kuwana City, Mie Prefecture. This is the first 47 Prefecture Local Bread and Espresso Project store, a series of stores being launched jointly with HitoBito Inc., a company involved in the bakery cafe Bread, Espresso. Furthermore, we endeavored to expand our non-travel business in several ways, such as concluding an exclusive licensing agreement for the Los Angeles area and opening BREAD, ESPRESSO & Redondo Beach through our United States subsidiary.

In the inbound travel business, part of the overseas travel business, the recovery in the Japanese market in Europe and the strong number of visitors from throughout the world drove growth in net sales. The Hawaii local subsidiary saw a firm recovery as a result of an increase in reservations for dinner cruises, marine sports, and other activities, mainly by large groups. Canada drove the overseas outbound business, but travel opportunities, which rose following the Covid-19 pandemic, have leveled off, and various other developments, including a decline in the per-purchase amount due to the economic slowdown, have had an impact. Even so, local subsidiaries in the various countries we operate posted firm business-related travel for local companies and local market leisure travel visitors.

Turning to new overseas businesses, the kaiseki haute culinary restaurant UKA, which is located in Los Angeles and operated by our United States subsidiary, won a single star in the 2024 California MICHELIN Guide a mere one year after opening as the quality of its tastes and creative design won high praise. Our France subsidiary opened a Japan concept shop that sells traditional craftworks from throughout Japan and outstanding unique local products in the Le Marais district in the center of Paris, and this contact with Japanese culture through specialty products from throughout Japan has spurred demand for travel to Japan.

The number of sales branches of the Group is 150 in Japan and 143 in 110 cities in 57 countries overseas. (as of January 31, 2025)

As a result of the above, net sales through the first three months of the current consolidated fiscal year were 77,355 million yen (118.0% of the figure for the same period of the previous year), operating profit was 4,051 million yen (170.7% of the figure for the same period of the previous year), and EBITDA-based profit was 5,081 million yen (147.1% of the figure for the same period of the previous year).

(Hotel business)

In the hotel business, net sales and profit were firm as occupancy rates and unit price per guest room rose year on year due to the steady recovery in the lodging market in countries throughout the world. For hotels in Japan, occupancy rates remained high, particularly for hotels located in popular tourist destinations such as Asakusa Tawaramachi, Maihama, and Kyoto, as a result of the increase in visitors to Japan during autumn as well as several other reasons, including differentiation through collaboration with other companies, rebranding of Henn na Hotel as a premium hotel, and renovations to all the buildings at Mantenno Tujinoya. Turning to overseas hotels, business for the Green World Hotels in Taiwan and the Henn na Hotel New York in New York, United States, remained firm due to the stable number of guests. Furthermore, we opened the Cappadocia Marriott Hotel, that the hotel is the 48th facility we operate, in Cappadocia, one of the leading tourism sites in Turkey, in November 2024 as a new business.

As a result of the above, net sales through the first three months of the current consolidated fiscal year were 6,532 million yen (112.4% of the figure for the same period of the previous year), operating profit was 1,242 million yen (120.0% of the figure for the same period of the previous year), and EBITDA-based profit was 2,203 million yen (107.9% of the figure for the same period of the previous year).

(Kyushu Sanko Group)

The Kyushu Sanko Group recorded steady growth in net sales as the movement of people increased due to the larger number of visitors to Japan and various events. Although fixed costs, excluding lease fees and certain other costs, increased, operating profit rose on the back of strong net sales. At the commercial facility SAKURA MACHI Kumamoto, the Kumamoto Taiwan Festival 2024 was held in November 2024. A total of 100,000 people attended the event, which included sales of Taiwanese food and products as well as other offerings, such as sky lanterns and a lottery.

As a result of the above, net sales through the first three months of the current consolidated fiscal year were 6,539 million yen (108.9% of the figure for the same period of the previous year), operating profit was 327 million yen (141.9% of the figure for the same period of the previous year), and EBITDA-based profit was 735 million yen (110.4% 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 three months of the current consolidated fiscal year were as follows: net sales of 93,333 million yen (116.3% of the figure for the same period of the previous year), operating profit of 5,209 million yen (161.1% of the figure for the same period of the previous year), ordinary profit of 5,270 million yen (167.0% of the figure for the same period of the previous year), and profit attributable to owners of parent of 3,514 million yen (148.1% of the figure for the same period of the previous year).

(2) Review of financial position

Total assets at the end of the first three months of the current consolidated fiscal year decreased 15,768 million yen from the end of the previous consolidated fiscal year to 396,432 million yen. This was mainly due to a decrease in cash and deposits (down 26,324 million yen) despite an increase in notes and accounts receivable - trade, and contract assets (up 6,040 million yen) and increase in travel advance payments (up 2,962 million yen).

Total liabilities at the end of the first three months of the current consolidated fiscal year decreased 20,714 million yen from the end of the previous consolidated fiscal year to 329,142 million yen. This was mainly due to a decrease in the current portion of convertible-bond-type bonds with share acquisition rights (down 25,000 million yen) and decrease in current liabilities - other (down 1,767 million yen) despite an increase in travel advance received (up 7,905 million yen).

Net assets at the end of the first three months of the current consolidated fiscal year increased 4,945 million yen from the end of the previous consolidated fiscal year to 67,289 million yen. This was mainly due to an increase in retained earnings (up 3,452 million yen) primarily from the posting of profit attributable to owners of parent and increase in non-controlling interests (up 1,018 million yen).

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

There have been no revisions to the consolidated financial forecasts for the first six months ending and the fiscal year ending October 2025 announced in the Consolidated Financial Results released on March 31, 2025.

2. Quarterly consolidated financial statements and main notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of October 31, 2024	As of January 31, 2025
Assets		
Current assets		
Cash and deposits	138,145	111,821
Notes and accounts receivable - trade, and contract assets	25,413	31,453
Trade accounts receivable	670	332
Securities	22	71
Travel advance payments	10,942	13,905
Prepaid expenses	2,227	2,623
Short-term loans receivable	278	213
Short-term loans receivable from subsidiaries and associates	200	55
Accounts receivable - other	18,464	19,367
Other	7,726	7,881
Allowance for doubtful accounts	(1,774)	(1,773)
Total current assets	202,316	185,951
Non-current assets		
Property, plant and equipment		
Buildings, net	73,788	77,174
Tools, furniture and fixtures, net	2,413	2,597
Land	71,304	71,532
Leased assets, net	11,383	11,483
Construction in progress	3,718	304
Other, net	1,497	1,441
Total property, plant and equipment	164,104	164,534
Intangible assets		
Goodwill	1,956	1,893
Other	13,975	13,868
Total intangible assets	15,931	15,761
Investments and other assets		
Investment securities	3,302	3,306
Shares of subsidiaries and associates	2,516	3,272
Investments in capital of subsidiaries and associates	104	104
Long-term loans receivable from subsidiaries and associates	1,068	1,419
Retirement benefit asset	929	928
Deferred tax assets	9,449	9,296
Guarantee deposits	9,077	8,884
Other	4,140	3,717
Allowance for doubtful accounts	(799)	(804)
Total investments and other assets	29,789	30,126
Total non-current assets	209,825	210,422
Deferred assets	58	58
Total assets	412,200	396,432

(Millions of yen)

	As of October 31, 2024	As of January 31, 2025
Liabilities		
Current liabilities		
Trade accounts payable	12,441	14,799
Short-term borrowings	9,852	10,128
Current portion of convertible-bond-type bonds with share acquisition rights	25,000	—
Current portion of long-term borrowings	67,673	88,226
Accounts payable - other	23,681	22,126
Accrued expenses	5,424	5,432
Income taxes payable	1,181	1,262
Accrued consumption taxes	907	884
Travel advance received	36,851	44,756
Deposits received of subsidy	8,178	8,069
Lease liabilities	2,660	2,634
Provision for bonuses	5,161	3,586
Provision for bonuses for directors (and other officers)	198	119
Other	28,962	27,195
Total current liabilities	228,175	229,221
Non-current liabilities		
Bonds payable	5,000	5,000
Long-term borrowings	91,569	69,552
Deferred tax liabilities	3,988	3,994
Retirement benefit liability	6,080	6,160
Provision for retirement benefits for directors (and other officers)	466	479
Lease liabilities	10,109	10,244
Other	4,465	4,489
Total non-current liabilities	121,681	99,921
Total liabilities	349,857	329,142
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	27,645	27,602
Retained earnings	24,226	27,679
Treasury shares	(13,015)	(13,015)
Total shareholders' equity	38,957	42,366
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	9
Deferred gains or losses on hedges	72	18
Foreign currency translation adjustment	12,584	13,333
Remeasurements of defined benefit plans	345	290
Total accumulated other comprehensive income	13,011	13,651
Share acquisition rights	282	160
Non-controlling interests	10,093	11,111
Total net assets	62,343	67,289
Total liabilities and net assets	412,200	396,432

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

(Millions of yen)

	Three months ended January 31, 2024	Three months ended January 31, 2025
Net sales	80,279	93,333
Cost of sales	53,698	62,494
Gross profit	26,580	30,839
Selling, general and administrative expenses	23,347	25,629
Operating profit	3,233	5,209
Non-operating income		
Interest income	306	357
Foreign exchange gains	27	—
Other	271	685
Total non-operating income	604	1,043
Non-operating expenses		
Interest expenses	590	476
Foreign exchange losses	—	380
Other	91	125
Total non-operating expenses	682	982
Ordinary profit	3,155	5,270
Extraordinary income		
Gain on sale of non-current assets	312	—
Gain on sale of shares of subsidiaries and associates	—	100
Total extraordinary income	312	100
Extraordinary losses		
Impairment losses	4	7
Total extraordinary losses	4	7
Profit before income taxes	3,463	5,362
Income taxes	688	1,236
Profit	2,774	4,126
Profit attributable to non-controlling interests	401	612
Profit attributable to owners of parent	2,373	3,514

(Quarterly consolidated comprehensive income statement)

(Millions of yen)

	Three months ended January 31, 2024	Three months ended January 31, 2025
Profit	2,774	4,126
Other comprehensive income		
Valuation difference on available-for-sale securities	15	0
Deferred gains or losses on hedges	59	(54)
Foreign currency translation adjustment	1,545	1,024
Remeasurements of defined benefit plans, net of tax	(20)	(53)
Share of other comprehensive income of entities accounted for using equity method	5	7
Total other comprehensive income	1,605	925
Comprehensive income	4,380	5,051
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	4,147	4,217
Comprehensive income attributable to non-controlling interests	232	834

(Notes to Segment Information)

[Segment information]

I Three months ended January 31, 2024 (from November 1, 2023 to January 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	Adjustment s (Note 2)	Amount on consolidated financial statements (Note 3)
	Travel business	Hotel business	Kyushu Sanko Group	Total				
Net sales								
Sales to external customers	65,302	5,701	5,995	76,999	3,279	80,278	0	80,279
Intersegment sales/transfers	276	109	7	392	330	723	(723)	—
Total	65,578	5,811	6,002	77,392	3,610	81,002	(723)	80,279
Segment profit	2,373	1,035	230	3,639	119	3,758	(525)	3,233

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 -525 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	2,373	1,035	230	119	3,758
Depreciation and goodwill amortization	1,082	1,005	435	135	2,658
EBITDA(*)	3,455	2,041	666	254	6,417

(*) EBITDA reflects segment profit 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 Three months ended January 31, 2025 (from November 1, 2024 to January 31, 2025)

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

(Millions of yen)

	Reporting segment				Other (Note 1)	Total	Adjustment s (Note 2)	Amount on consolidated financial statements (Note 3)
	Travel business	Hotel business	Kyushu Sanko Group	Total				
Net sales								
Sales to external customers	77,054	6,398	6,533	89,986	3,347	93,333	0	93,333
Intersegment sales/transfers	300	134	5	440	727	1,167	(1,167)	—
Total	77,355	6,532	6,539	90,427	4,074	94,501	(1,167)	93,333
Segment profit	4,051	1,242	327	5,621	212	5,833	(623)	5,209

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 -623 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	4,051	1,242	327	212	5,833
Depreciation and goodwill amortization	1,030	960	408	137	2,536
EBITDA(*)	5,081	2,203	735	349	8,370

(*) EBITDA reflects segment profit 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