



Presentation Materials for the Fiscal Year Ended October 2020 Financial Results

December 11, 2020
H.I.S. Co., Ltd.
TSE 1: 9603

1. Summary of Financial Results (Consolidated)

Summary of Consolidated Operating Results

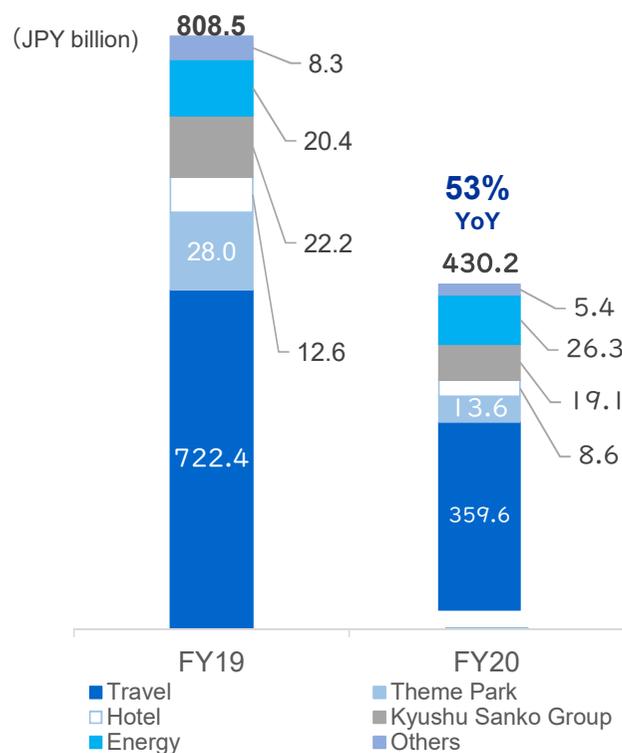
(JPY million)	FY19 Results	FY20 Forecasts※	FY20 Results	YoY	Increase/Decrease (YoY)	Major Reasons for Increase/Decrease
Net Sales	808,510	424,000	430,284	53.2%	▲378,226	Travel ▲362,832, Theme Park ▲14,401, Energy 5,931
Gross Profit	144,134		69,896	48.5%	▲74,238	
Operating Profit	17,540	▲36,700	▲31,129	-	▲48,670	Travel ▲34,881, Theme Park ▲8,469, Energy ▲811
EBITDA	27,263	▲23,100	▲17,888	-	▲45,152	
Non-Operating Income	3,527		3,067	86.9%	▲460	
Non-Operating Expenses	3,978		3,221	81.0%	▲757	
Ordinary Profit	17,089	▲36,000	▲31,283	-	▲48,373	
Extraordinary Income	4,140		11,055	267.0%	6,914	Subsidy Revenue 9,969
Extraordinary Losses	877		12,873	1467.6%	11,996	Loss due to Temporary Closure 5,296 Impairment Loss 5,320
Profit before Income Taxes	20,352		▲33,101	-	▲53,454	
Income Taxes	6,477		▲3,457	-	▲9,935	
Net Profit Attributable to Non-Controlling Interests	1,625		▲4,606	-	▲6,232	
Net Profit Attributable to Owners of Parent	12,249	▲31,800	▲25,037	-	▲37,287	

※Financial results were better than financial forecasts, which had incorporated the worst-case scenario.

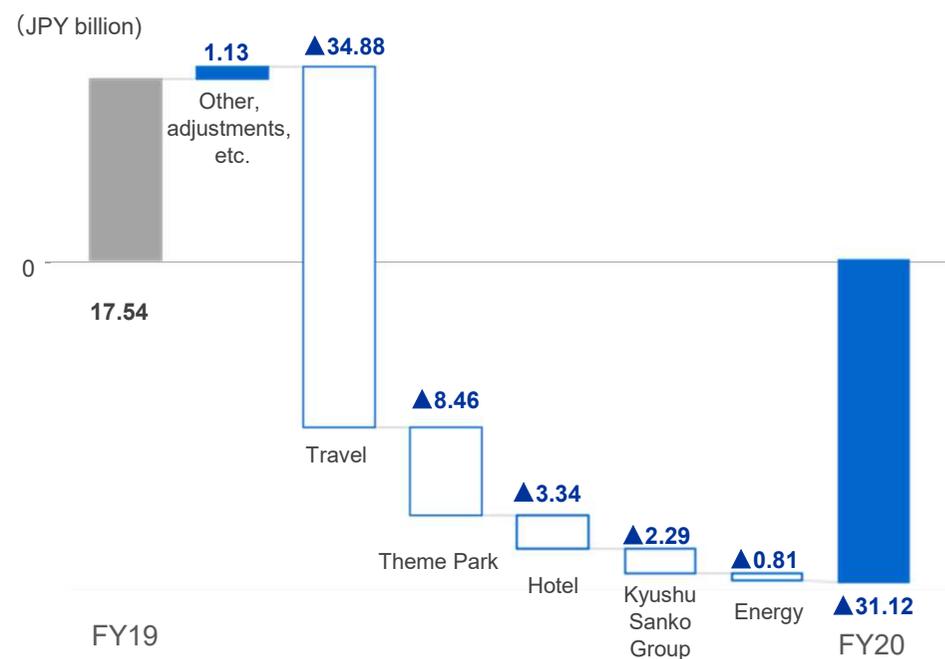
Net Sales & Operating Profit

- Sales declined significantly due to the continued decline in demands caused by the spread of the new coronavirus infection. (**53% YoY**)
- Operating loss was 31.1 billion yen** despite thorough cost reductions and other measures taken in the corona disaster. (a decrease of 48.6 billion yen)

Major Increase/Decrease in Net Sales



Major Increase/Decrease in Operating Profit

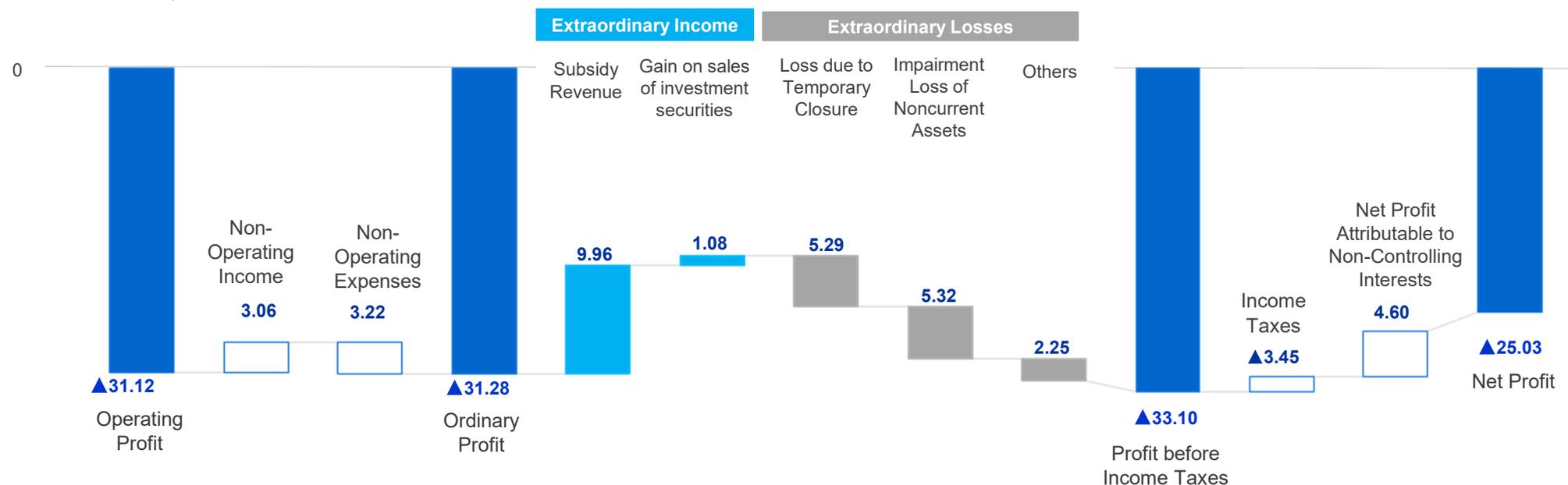


Ordinary Profit & Net Profit Attributable to Owners of Parent

- Ordinary loss was 31.2 billion yen due to a decrease in operating profit, although non-operating expenses were reduced due to a decrease in foreign exchange losses, etc. (a 48.3 billion yen YoY decrease)
- While 11.0 billion yen of extraordinary income was posted due to subsidy revenue, 12.8 billion yen of extraordinary loss was posted, resulting in a net loss of 25.0 billion yen (a 37.2 billion yen YoY decrease).

Major Items between Operating Profit and Net Profit

(JPY billion)



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

(JPY million)

	FY19	FY20	Increase/Decrease
Cash and deposits	219,175	95,234	▲123,941
Notes and accounts receivable – trade	45,653	15,829	▲29,823
Operating accounts receivable	4,287	345	▲3,941
Travel advance payments	52,102	7,253	▲44,848
Others	27,061	20,560	▲6,501
Total current assets	348,280	139,223	▲209,056
Property, plant and equipment	147,098	202,211	55,112
Intangible assets	19,271	16,595	▲2,675
Goodwill	7,305	5,227	▲2,078
Investments and other assets	55,275	50,919	▲4,356
Total non-current assets	228,951	274,954	46,002
Deferred assets	168	426	258
Total assets	577,399	414,604	▲162,795

	FY19	FY20	Increase/Decrease
Operating accounts payable	38,082	9,029	▲29,053
Travel advance received	92,760	14,021	▲78,738
Bonds and convertible bonds payable	55,090	45,072	▲10,017
Long-term loans payable	146,403	149,605	3,202
Others	121,151	98,453	▲22,698
Total liabilities	453,490	316,182	▲137,307
Capital stock	11,000	15,000	4,000
Capital surplus	3,392	7,450	4,058
Retained earnings	112,409	72,222	▲40,186
Treasury shares	▲28,309	▲15,204	13,104
Accumulated other comprehensive income	▲1,719	▲5,519	▲3,800
Non-controlling interests	27,135	24,294	▲2,841
Total net assets	123,909	98,421	▲25,487
Total liabilities and net assets	577,399	414,604	▲162,795

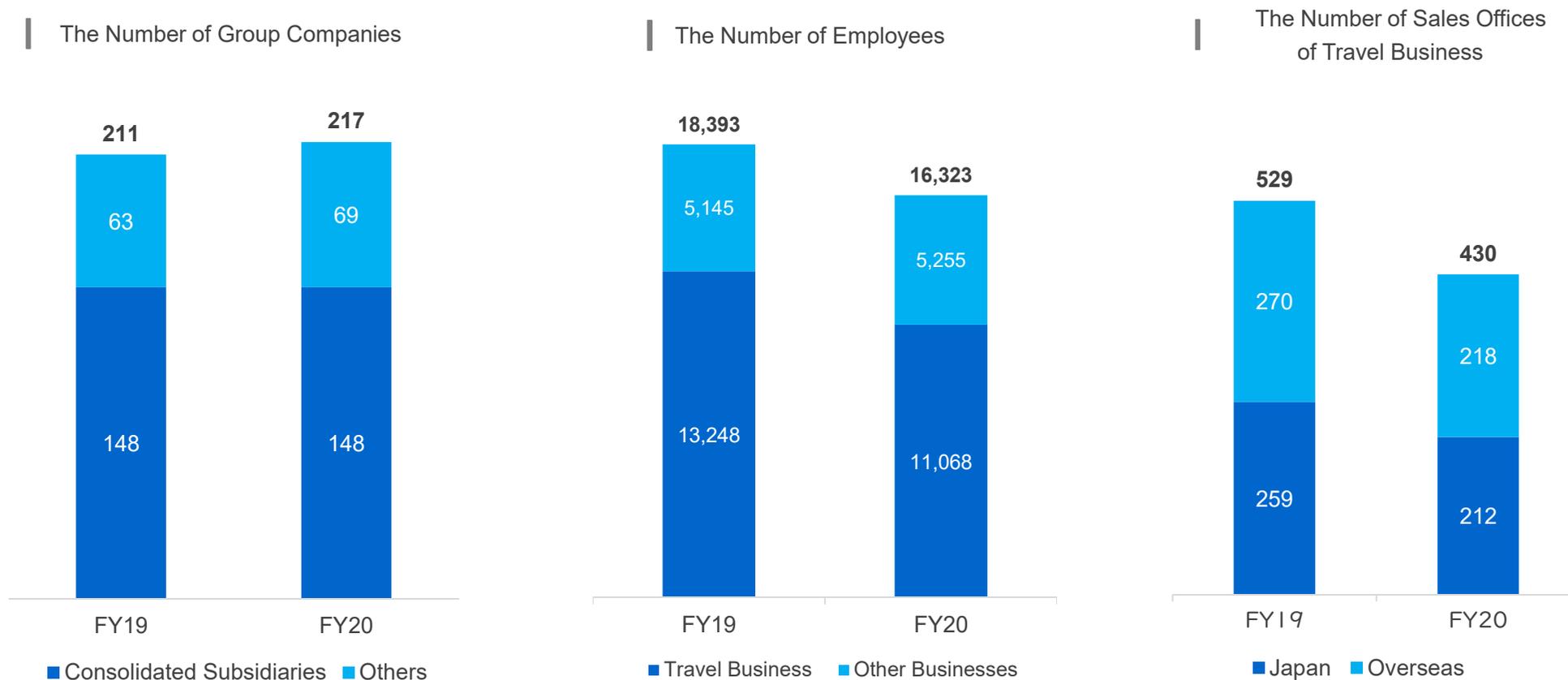
Summary of Financial Conditions

(JPY million)	FY19	FY20	Increase/Decrease	YoY
Total Assets	577,399	414,604	▲162,795	71.8%
① Net Assets	123,909	98,421	▲25,487	79.4%
Capital	96,773	73,948	▲22,825	76.4%
Capital Ratio (%)	16.8%	17.8%	1.0%	+1pt
Interest-Bearing Debts	245,946	233,027	▲12,918	94.8%
② Cash and Deposits	219,175	95,234	▲123,941	43.5%
Total Current Assets	348,280	139,223	▲209,056	40.0%

① Net assets decreased by 25.4 billion yen from the previous fiscal year to 98.4 billion yen. Net assets maintained at least 75% of the amount of the previous fiscal year, not violating the financial covenants.

② Cash and deposits decreased by 123.9 billion yen from the previous fiscal year to 95.2 billion yen. This was due mainly to a decrease of 78.7 billion yen in travel advance received and repayment of loans payable.

[Reference Data] Other Data as Compared to the End of the Previous Fiscal Year



1-2. Summary of Financial Results (by Business Segment)

Quarterly Operating Results by Business Segment

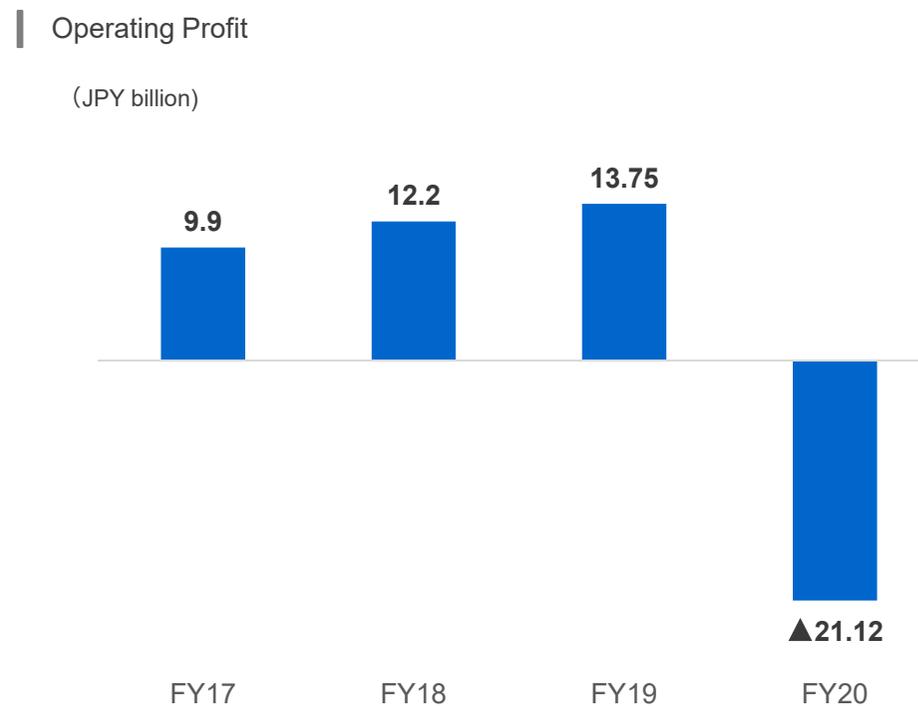
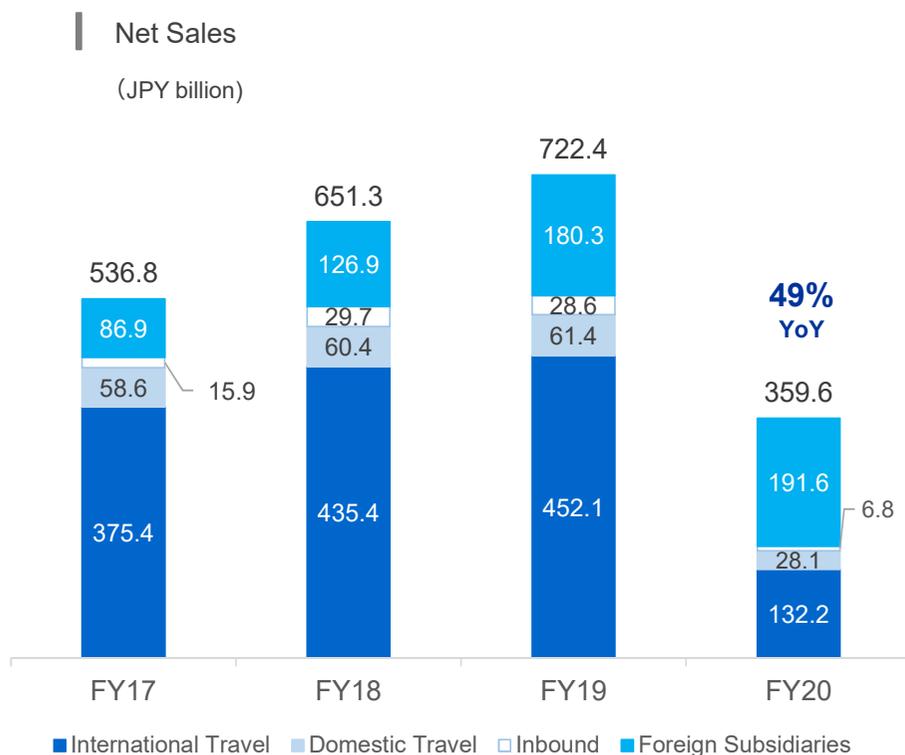
(JPY million)		FY19					FY20				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Travel	Net Sales	166,617	170,213	175,444	210,188	722,464	175,320	124,269	46,338	13,703	359,631
	YoY	114.3%	107.8%	116.1%	107.0%	110.9%	105.2%	73.0%	26.4%	6.5%	49.8%
	Operating Profit	4,071	2,130	1,948	5,604	13,754	2,370	▲4,046	▲10,283	▲9,167	▲21,127
	YoY	205.7%	94.9%	203.0%	79.7%	112.7%	58.2%	-	-	-	-
	EBITDA	4,996	3,048	3,094	6,841	17,980	3,658	▲2,739	▲9,028	▲7,934	▲16,044
	YoY	175.2%	93.4%	165.5%	86.0%	112.8%	73.2%	-	-	-	-
Theme Park	Net Sales	7,415	6,273	6,503	7,893	28,086	6,447	3,400	832	3,004	13,684
	YoY	96.9%	84.7%	97.7%	88.1%	91.5%	86.9%	54.2%	12.8%	38.1%	48.7%
	Operating Profit	1,771	909	1,037	1,358	5,075	644	▲1,150	▲1,587	▲1,300	▲3,393
	YoY	89.7%	50.0%	85.7%	58.8%	69.4%	36.4%	-	-	-	-
	EBITDA	2,289	1,435	1,561	1,889	7,175	1,166	▲737	▲1,207	▲685	▲1,464
	YoY	93.5%	62.2%	88.2%	66.3%	76.5%	50.9%	-	-	-	-
Hotel	Net Sales	3,087	3,117	3,222	3,248	12,676	3,811	2,658	994	1,221	8,685
	YoY	98.6%	100.3%	110.5%	112.7%	105.3%	123.4%	85.3%	30.8%	37.6%	68.5%
	Operating Profit	257	210	▲409	▲275	▲217	311	▲805	▲1,687	▲1,381	▲3,564
	YoY	65.2%	66.0%	-	-	-	121.0%	-	-	-	-
	EBITDA	520	523	151	▲136	1,059	731	512	▲912	▲628	▲296
	YoY	71.1%	80.0%	33.1%	-	50.0%	140.6%	97.9%	-	-	-

Quarterly Operating Results by Business Segment

(JPY million)		FY19					FY20				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Kyushu Sanko Group	Net Sales	5,882	5,273	5,247	5,827	22,230	6,934	5,460	3,037	3,745	19,177
	YoY	102.5%	103.3%	99.4%	105.6%	102.7%	117.9%	103.5%	57.9%	64.3%	86.3%
	Operating Profit	183	114	▲58	▲81	158	316	▲118	▲1,147	▲1,182	▲2,132
	YoY	78.0%	100.0%	-	-	39.7%	172.6%	-	-	-	-
	EBITDA	405	344	182	270	1,203	801	369	▲661	▲604	▲95
	YoY	89.0%	98.6%	80.7%	74.3%	86.2%	197.5%	107.2%	-	-	-
Energy	Net Sales	4,014	5,266	4,606	6,574	20,461	6,291	7,715	4,871	7,514	26,393
	YoY	176.1%	181.0%	167.4%	162.4%	170.7%	156.7%	146.5%	105.8%	114.3%	129.0%
	Operating Profit	118	244	131	479	974	268	665	▲744	▲25	163
	YoY	-	-	130.6%	-	-	225.9%	271.8%	-	-	16.8%
	EBITDA	135	264	151	499	1,050	289	687	▲722	0	255
	YoY	-	-	107.7%	-	-	214.2%	259.9%	-	0.1%	24.3%
Others	Net Sales	1,556	1,877	2,479	2,463	8,376	2,058	1,816	868	697	5,440
	YoY	-	-	-	-	-	132.3%	96.7%	35.0%	28.3%	64.9%
	Operating Profit	101	125	221	140	590	402	448	580	▲58	1,373
	YoY	-	-	-	-	-	395.6%	358.7%	261.8%	-	232.9%
	EBITDA	223	245	344	264	1,077	489	567	678	38	1,775
	YoY	-	-	-	-	-	218.9%	231.3%	197.0%	14.8%	164.7%

Travel Business

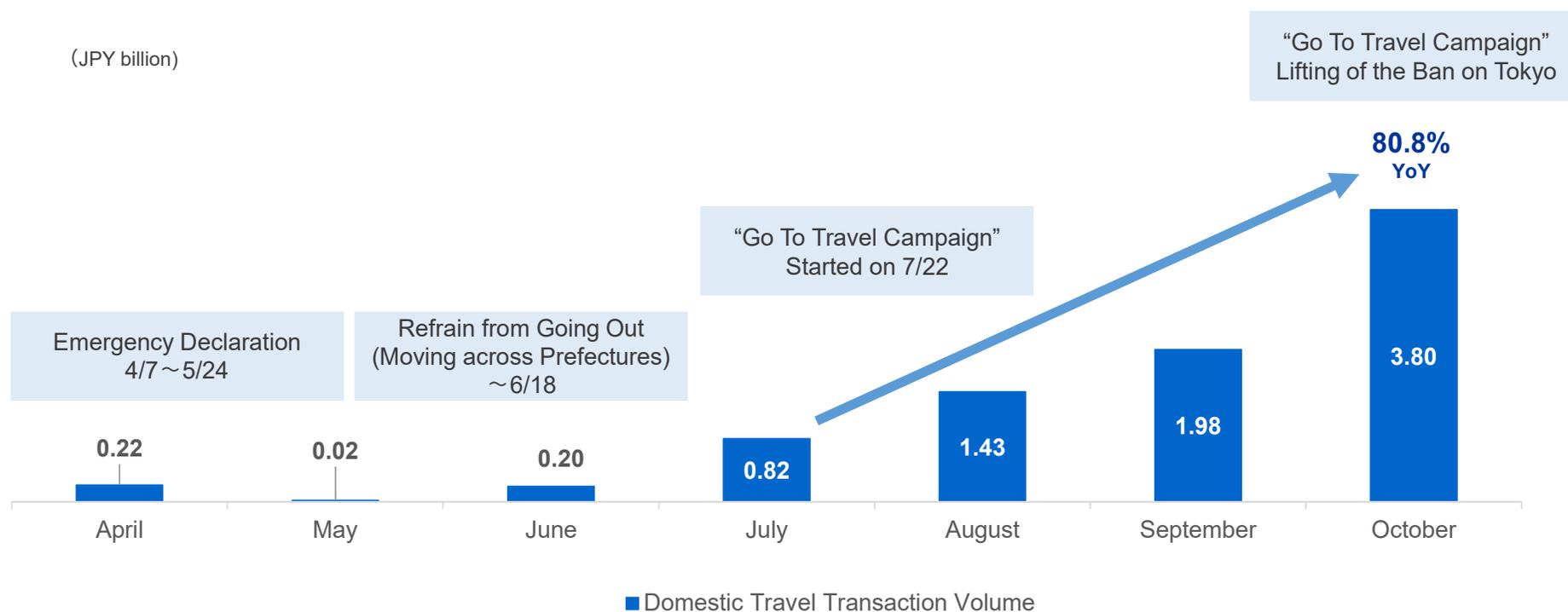
- Sales halved (**49% YoY**) due to the enormous impact of the global spread of the new coronavirus infection, with travel restrictions and other measures continuing in many countries.
- On the earnings front, despite cost-cutting and other measures, an **operating loss of 21.1 billion yen** was posted (a 34.8 billion yen decrease).



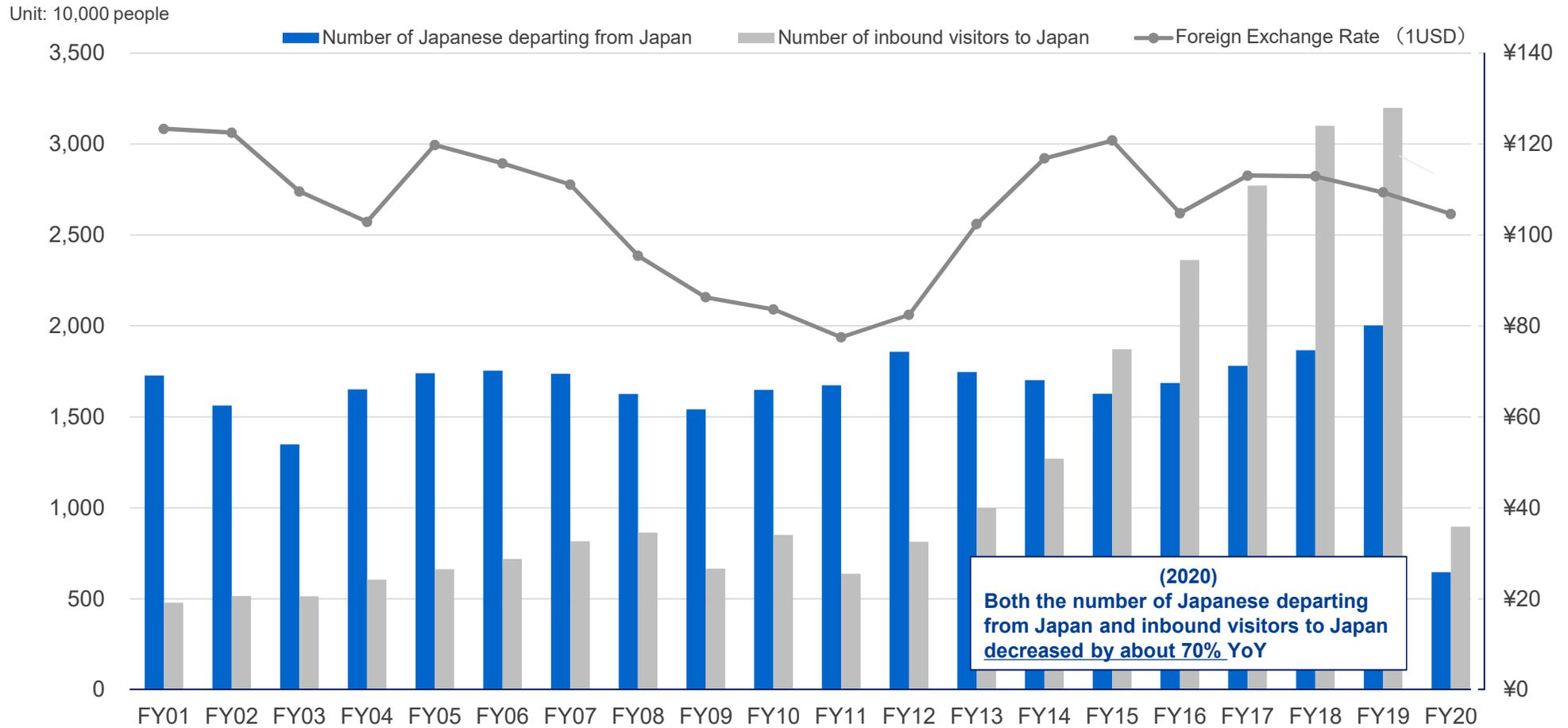
Travel Business / Domestic Travel

- Although demand cooled down even after the emergency declaration was lifted, it recovered significantly from a limited recovery to **80.8% YoY** in October after the start of the “Go To Travel campaign” .

Domestic travel transaction volume



[Reference Data] Summary of Travel Industry Market



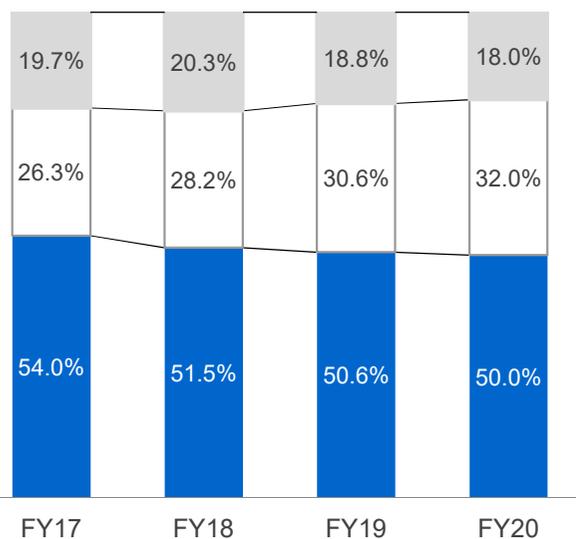
Source : JNTO, Period: November - October

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[Reference Data] Breakdown of International Travel Business

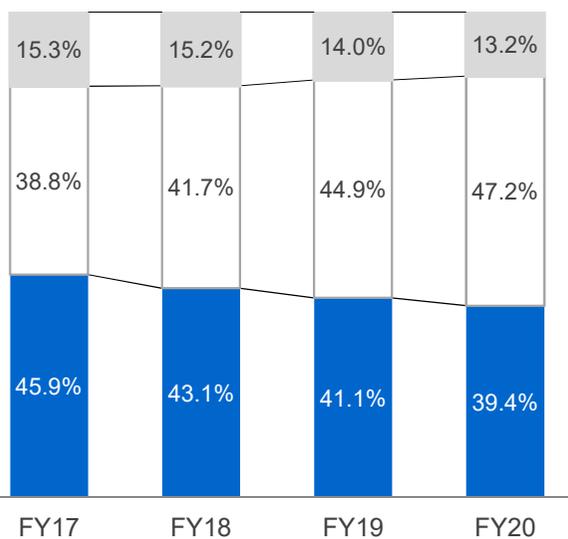
Sales of International Travel from Japan by Sales Channel

■ Sales Office □ Online ■ Corporate



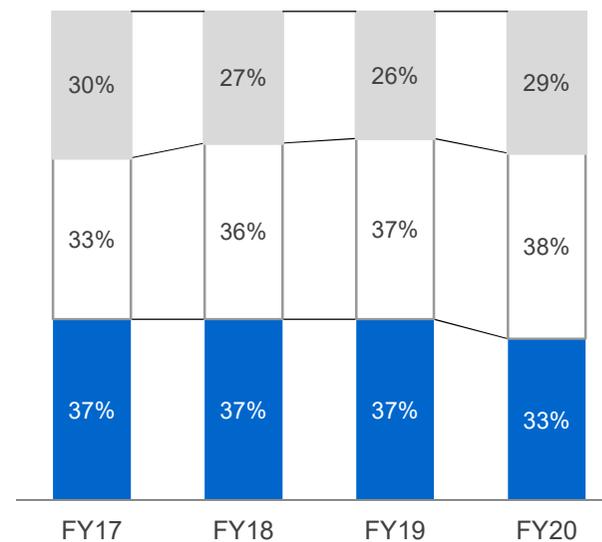
Number of Passengers of International Travel from Japan by Sales Channel

■ Sales Office □ Online ■ Corporate



Sales of International Travel from Japan by Destination

■ Hawaii/Micronesia
□ Europe/Americas/Australia
■ Asia



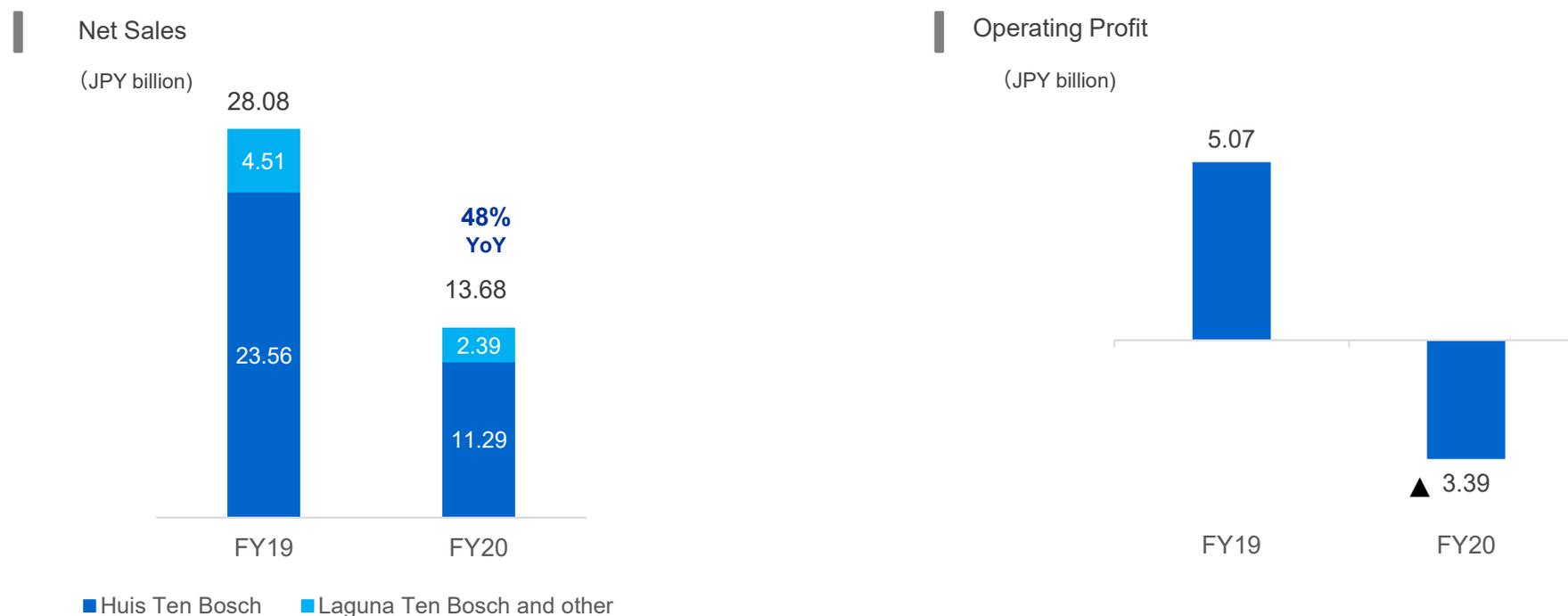
※Because of the impact of the cancellation of tours due to the spread of the new coronavirus, the breakdown changed in FY20.

Travel Business: Quarterly Operating Results by Sub-Segment

(JPY million)	FY19					FY20				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Travel Business Total Net Sales	166,617	170,213	175,444	210,188	722,464	175,320	124,269	46,338	13,703	359,631
YoY	114.3%	107.8%	116.1%	107.0%	110.9%	105.2%	73.0%	26.4%	6.5%	49.8%
International Travel from Japan / Transaction Amount	87,899	110,754	86,748	116,545	401,948	87,440	42,722	1,141	983	132,288
YoY	106.7%	114.5%	98.9%	97.0%	103.8%	99.5%	38.6%	1.3%	0.8%	32.9%
Fuel Surcharge (included in the transaction amount above)	6,030	8,005	4,308	6,957	25,302	4,837	2,477	16	17	7,348
Domestic Travel in Japan / Transaction Amount	11,941	17,576	13,693	18,044	61,255	11,668	8,163	1,059	7,233	28,124
YoY	101.4%	106.9%	99.3%	99.0%	101.7%	97.7%	46.4%	7.7%	40.1%	45.9%
Inbound Travel to Japan / Transaction Amount	7,116	8,075	8,375	6,430	29,997	5,849	753	50	190	6,844
YoY	119.5%	105.6%	88.7%	77.8%	96.0%	82.2%	9.3%	0.6%	3.1%	23.1%
Overseas Subsidiaries / Inbound Transaction Amount	56,070	35,339	41,186	50,748	183,343	55,039	38,157	16,729	823	110,748
YoY	127.1%	106.7%	107.3%	98.1%	109.6%	98.2%	107.9%	40.6%	1.6%	60.4%
Overseas Subsidiaries / Outbound Transaction Amount	19,719	20,213	40,124	40,242	120,298	41,865	50,606	19,648	▲199	111,920
YoY	104.3%	100.0%	188.8%	205.0%	150.4%	212.3%	250.3%	48.9%	-	93.0%
Eliminations of internal transactions, adjustments, etc.	▲16,128	▲21,744	▲14,682	▲21,821	▲74,377	▲26,541	▲16,132	7,714	4,673	▲30,293

Theme Park Business

- Net sales were 13.6 billion yen (**48% YoY**) due to a decrease in the number of visitors caused by the spread of the new coronavirus.
- Operating loss of 3.3 billion yen** (a decrease in profit of 8.4 billion yen) was posted despite aggressive efforts to reduce expenses by reviewing capital expenditures and personnel expenses.



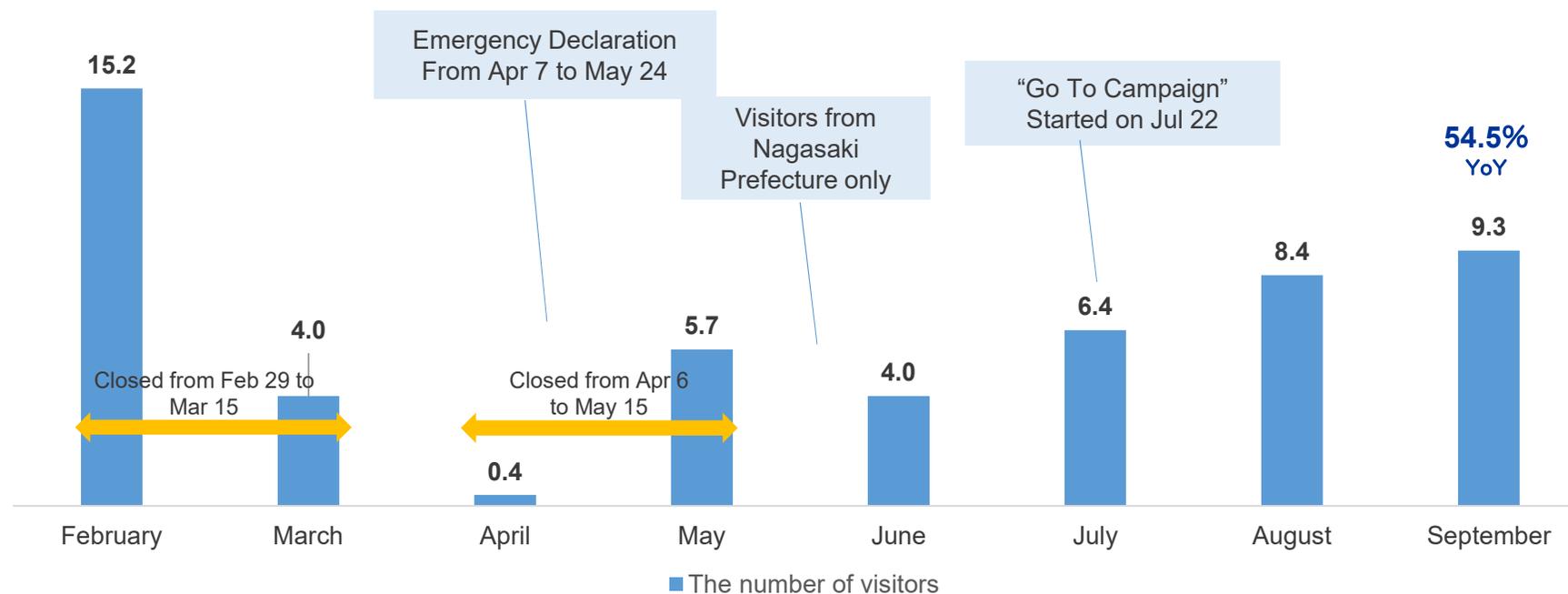
※ The name of the reporting segment that had been presented as "Huis Ten Bosch Group" has been changed to "Theme Park Business". This change is a change in the name of the segment only and has no impact on the segment information.

Theme Park Business / Huis Ten Bosch

- The park was **closed for 56 days** due to the impact of the new coronavirus. “Go To campaign” effect was seen gradually, and the number of visitors **recovered to 54.5% YoY** in September.
- In addition to the thorough implementation of measures to prevent infection and heat stroke in the park, various measures such as the strengthening of SNS and mail order business were successful, **resulting in an increase in satisfaction and intention to repeat.**

■ The number of visitors

(10,000 people)

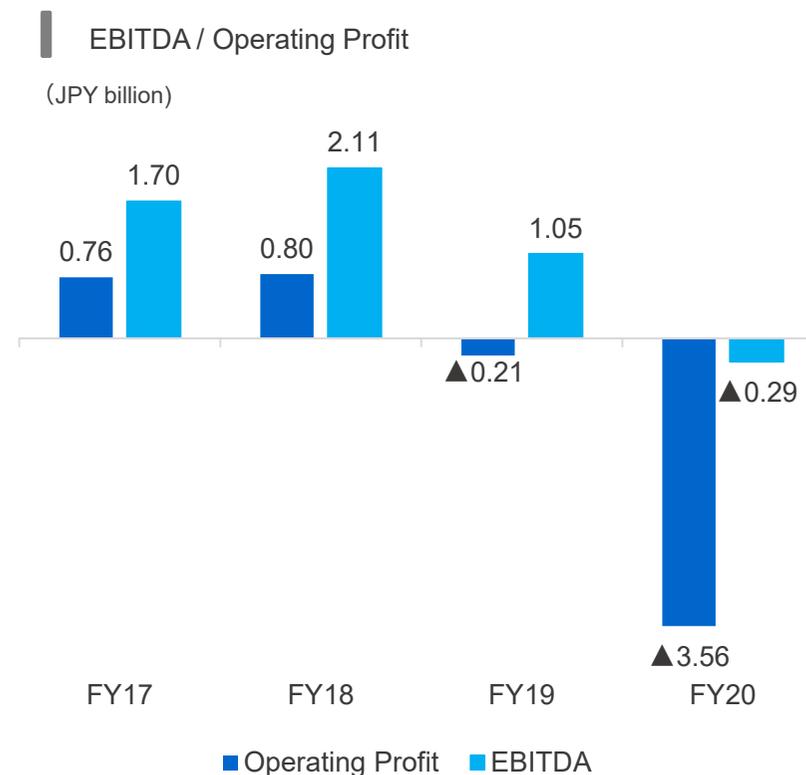
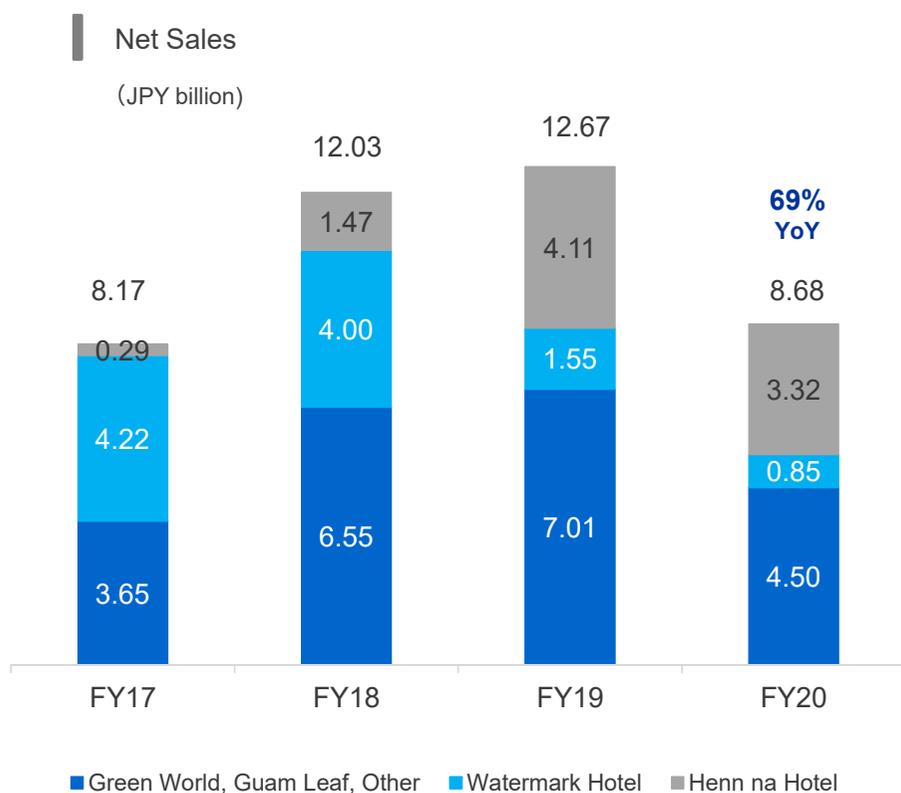


Huis Ten Bosch / Non-Consolidated Quarterly Operating Results

(JPY million)	FY19					FY20				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Transaction Amount (before consolidation adjustments)	7,079	5,968	6,133	6,406	25,586	6,116	3,168	714	2,260	12,258
YoY	96.1%	83.2%	96.7%	85.2%	90.1%	86.4%	53.0%	11.6%	35.2%	47.9%
Operating Profit	1,894	1,277	1,112	1,012	5,295	852	▲692	▲1,742	▲416	▲1,998
YoY	92.4%	61.9%	86.5%	56.9%	73.8%	45.0%	-	-	-	-
Number of Visitors (10,000)	70.8	59.6	60.4	63.7	254.7	68.8	35.2	10.2	24.2	138.6
YoY	97.2%	89.4%	97.0%	90.7%	93.6%	97.2%	59.0%	17.0%	37.9%	54.4%
Foreign Visitors (included in the number above, 10,000)	3.5	4.2	4.5	4.0	16.3	3.0	2.0	0.0	0.0	5.0
YoY	82.1%	89.3%	89.9%	93.3%	88.7%	86.7%	47.6%	-	-	30.7%
Number of Hotel Guests (10,000)	7.3	7.0	6.3	7.7	28.4	6.6	3.8	0.1	3.8	14.3
YoY	96.1%	85.3%	96.9%	97.5%	94.0%	90.7%	54.2%	1.5%	48.9%	50.6%
Unit Price (JPY, rounded down to the nearest hundred)	9,900	10,000	10,100	10,000	10,000	8,800	9,000	6,900	9,300	8,500
Increase/Decrease	-100	-770	±0	-600	-400	-1,100	-1,000	-3,200	-700	-1,500

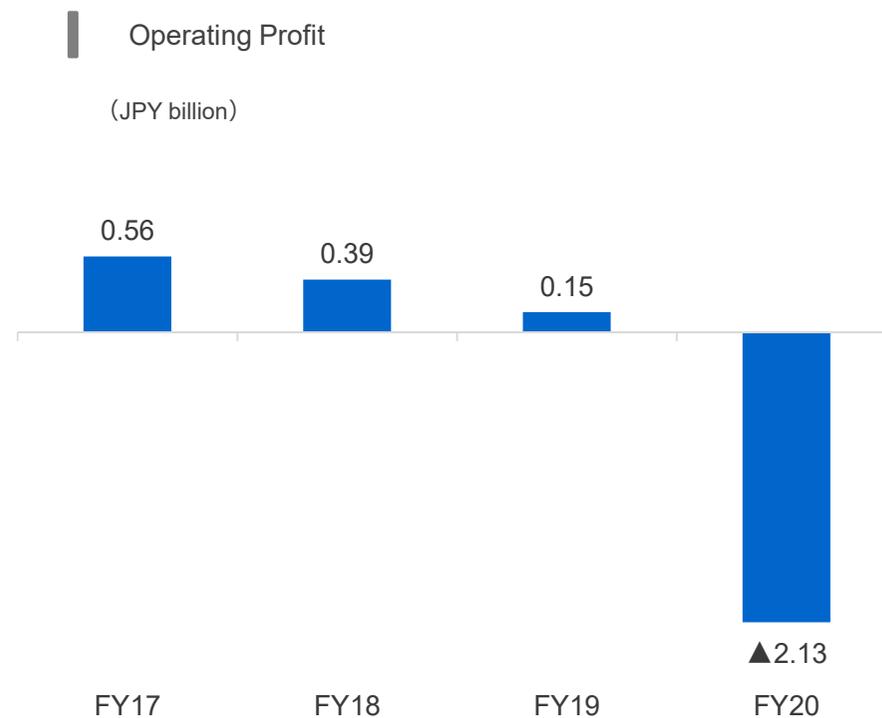
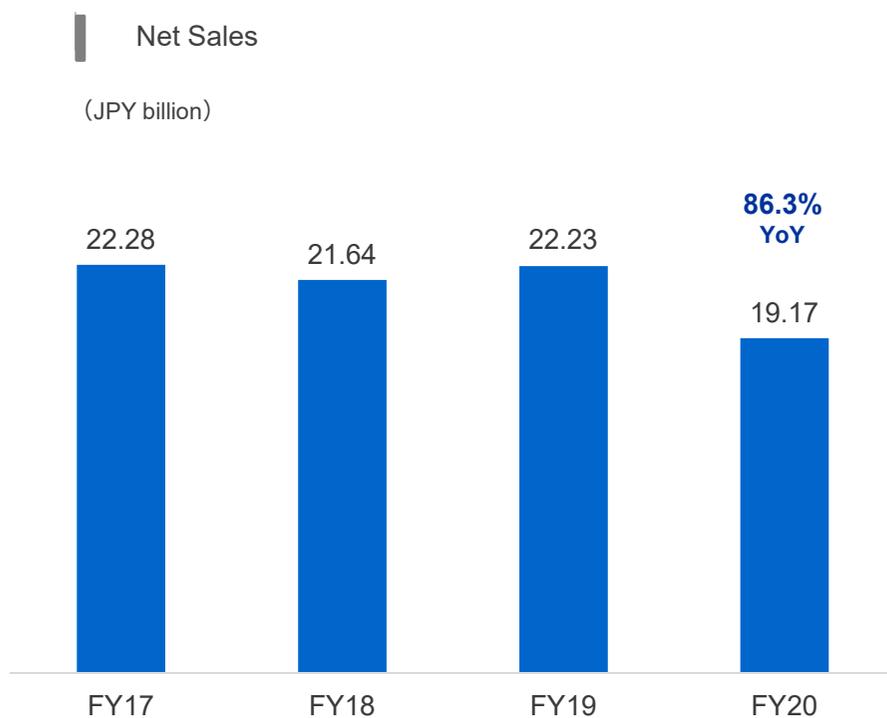
Hotel Business

- Sales were 8.6 billion yen (**69% YoY**) and **operating loss was 3.5 billion yen** (a decrease in profit of 3.3 billion yen) due to a significant decrease in the number of overnight guests affected by immigration restrictions and voluntary travel restraint in various countries.
- During the fiscal year under review, two new hotels, "Henn na Hotel Kansai Airport" and "Henn na Hotel Kanazawa Korinbo" were opened.



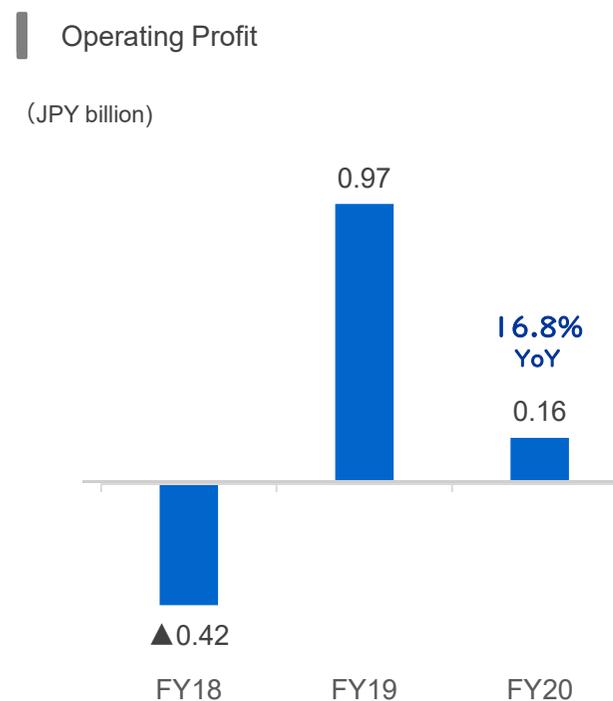
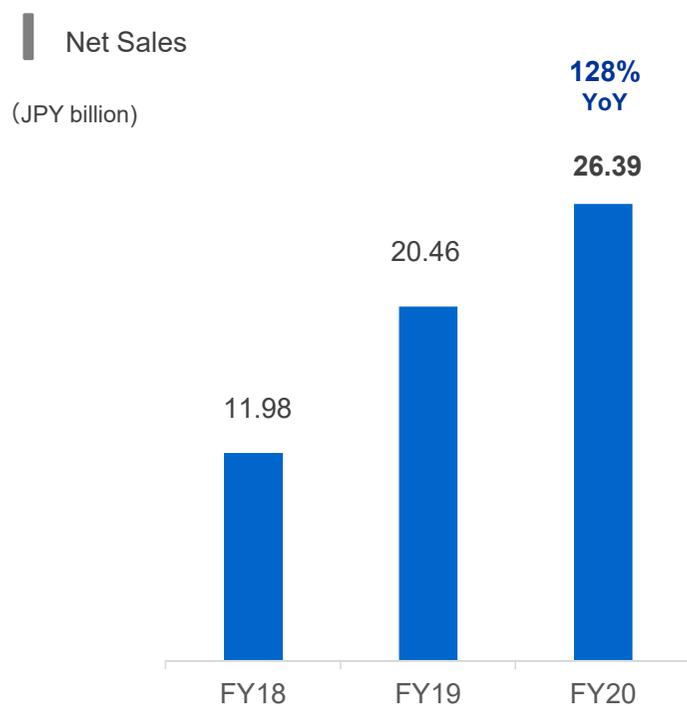
Kyushu Sanko Group

Despite the recovery trend, the impact of the spread of the new coronavirus infection continued, resulting in sales of 19.1 billion yen (**86.3% YoY**) and an **operating loss of 2.1 billion yen** (a decrease in profit of 2.2 billion yen).



Energy Business

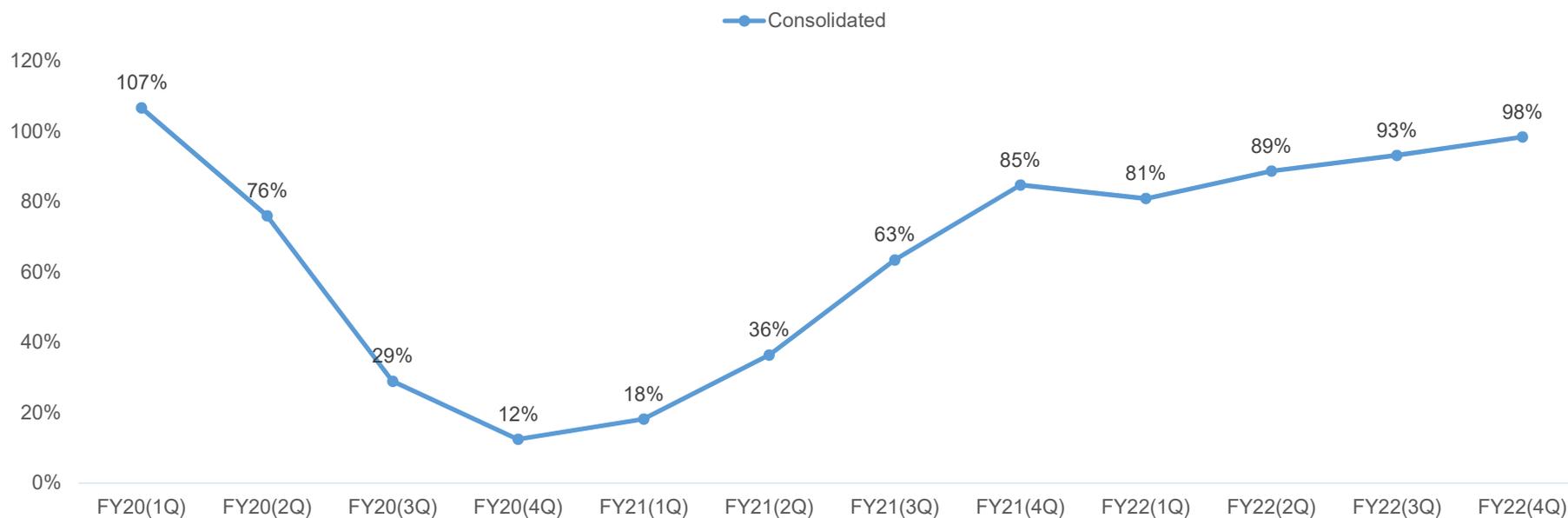
- Sales increased significantly to 26.3 billion yen (**128% YoY**) due to an increase in the number of contracts as a result of strengthened advertising activities including a substantial increase in promotions.
- Operating profit was 160 million yen (**16.8% YoY**) due to the unachieved plan in the 3Q and the opening cost of the power plant.



2. Management Policies in the Coming Years

Assumed Scenario for Business Recovery

- The “assumed scenario” is that H.I.S. Group's business performance will **recover to almost the level of 2019 by 2022**.
- It is assumed that Travel Business and Hotel Business, which are affected by restrictions on entry and exit in various countries, will start a gradual recovery from the beginning of 2021.
 - Other businesses, which are relatively less affected by the spread of the new coronavirus infection, are expected to recover quickly.



※ Comparison of sales assumptions on a quarterly basis, with 2019 sales set at 100

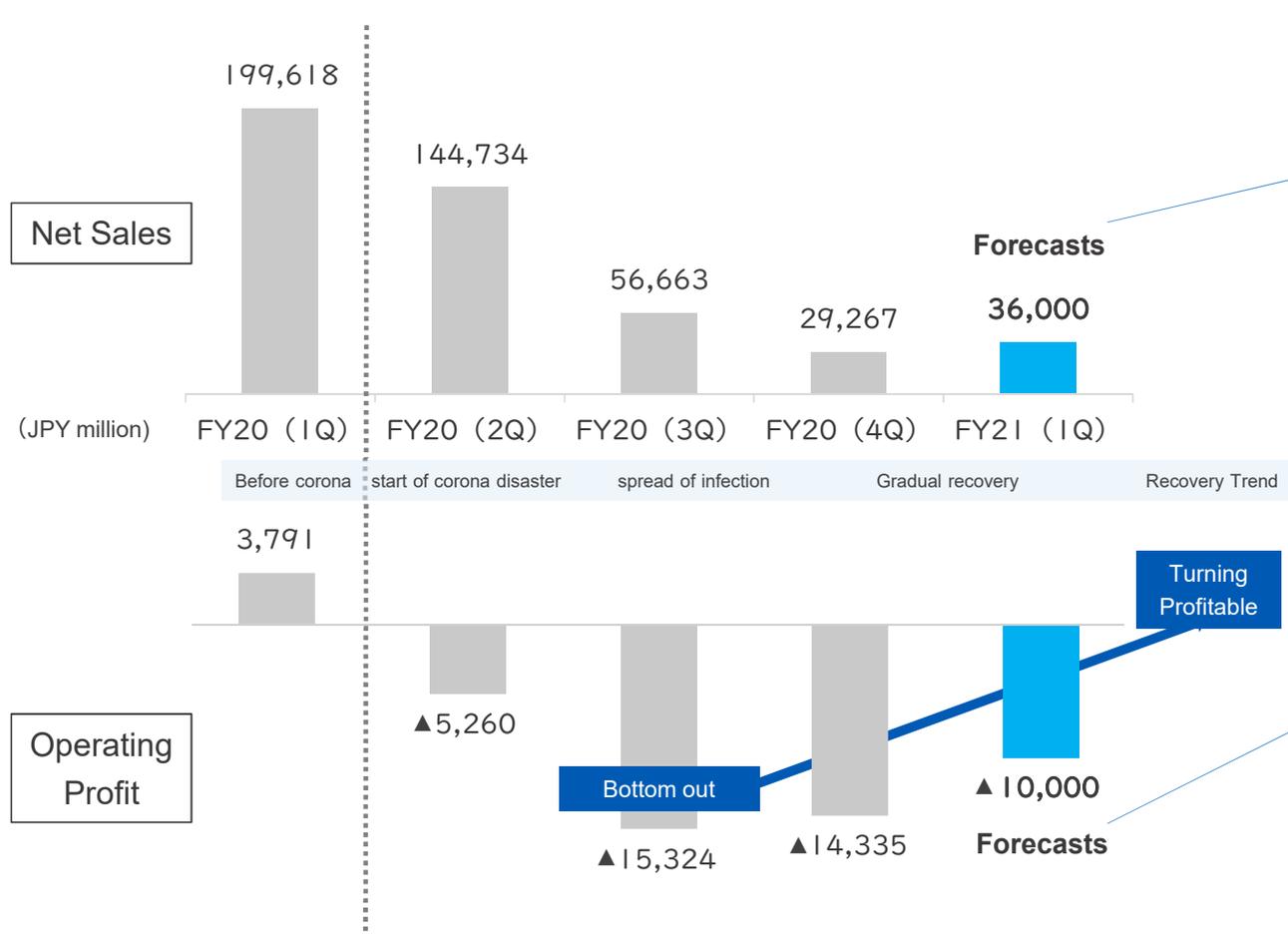
Consolidated Financial Forecasts

Since it is difficult to reasonably calculate the impact of the spread of the new coronavirus infection at this point, H.I.S. Group has decided to **leave the full-year financial forecasts undecided.**

→ However, **for the 1Q only, H.I.S. Group announces the following financial forecasts** based on judgments derived from information currently available.

(JPY million)	FY19	FY20	FY21	FY20 1Q	FY21 1Q Forecasts
Net Sales	808,510	430,284	「Undecided」	199,618	36,000
Operating Profit	17,540	▲31,129		3,791	▲10,000
EBITDA	27,263	▲17,888		6,719	▲6,530
Ordinary Profit	17,089	▲31,283		4,288	▲9,800
Net Profit Attributable to Owners of Parent	12,249	▲25,037		2,177	▲6,300
EPS	JPY213.63	▲JPY432.66		JPY37.93	▲JPY100.35
Dividend	JPY33	-		-	-

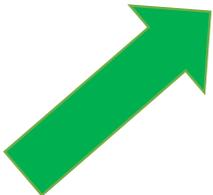
Consolidated Financial Forecasts (1Q) / Quarterly Comparison



- Sales for the 1Q of FY2021 are expected to decrease by 163.6 billion yen YoY due to comparison with the “before corona” 1Q of FY2020
- On the other hand, sales are expected to increase by 6.7 billion yen as compared to the previous quarter (the 4Q of FY2020) due to sales growth in domestic travel and recovery in businesses such as Huis Ten Bosch, which are less affected by the corona disaster.

- Operating profit for the 1Q of FY2021 is expected to decrease by 13.7 billion yen YoY due to comparison with the “before corona” 1Q of FY2020
- On the other hand, operating profit is expected to **improve by 4.3 billion yen** as compared to the previous quarter (the 4Q of FY2020) due to the effect of cost reduction and recovery in gross profit.

Business Portfolio



- New Business Projects**
- Food & Beverage
 - Life & Ending
 - Hotel & Inn (Ryokan) Revitalization
 - Temporary Staffing
 - Agriculture
 - Mail-Order Sales

New Business Initiatives

◎ Food & Beverage Projects

～ Manten no Hide Soba ～

Soba restaurants are developed with the goal of "spreading traditional Japanese soba to people around the world". The first step is to open restaurants with concepts that can meet a variety of needs in order to gain support from customers in Japan.

- Opening of Kawagoe Restaurant (the 1st restaurant) and Iidabashi restaurant (the 2nd restaurant)
- Planning to open in Kanda and Yotsuya, resulting in a total of four restaurants
- Planning to open 100 restaurants in the future, with international developments in mind as well



◎ Life & Ending Projects

With the theme of "Enjoying life until the end," all kinds of life & ending services are to be provided.

- Remote "grave visiting" support
- Grave cleaning service
- Scattering of ashes, marine burial
- "End of life" tour
- Custom-made trip for memories



Priority Issues to be Addressed

Countermeasures against Corona Disasters

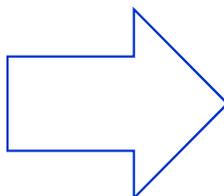
- The spread of infection is to be thoroughly prevented
- Management resources are to be reallocated
- Cost reduction measures are to be implemented

Financial Strategies

- Cash outflows are to be curbed
- Financial soundness is to be built by securing funds

Establishment of an Optimal Business Portfolio

- Earnings structure is to be Strengthened
- Challenges of new businesses are to be taken on (investment for the future)

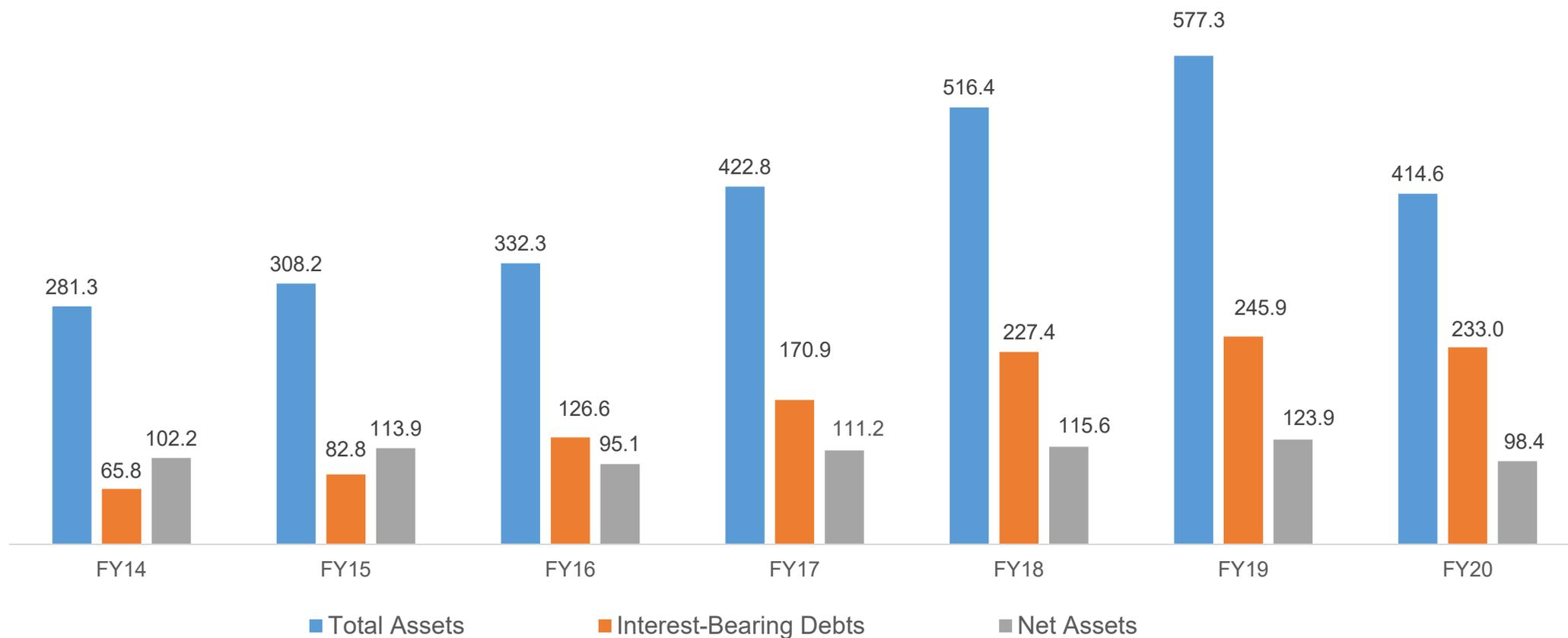


- H.I.S. Group aims to stabilize financial base and to return to profitability as soon as possible
- H.I.S. Group develops new earnings pillars and returns to a growth trajectory

3. Current Financial Policy

Total Assets, Interest-Bearing Debts, and Net Assets

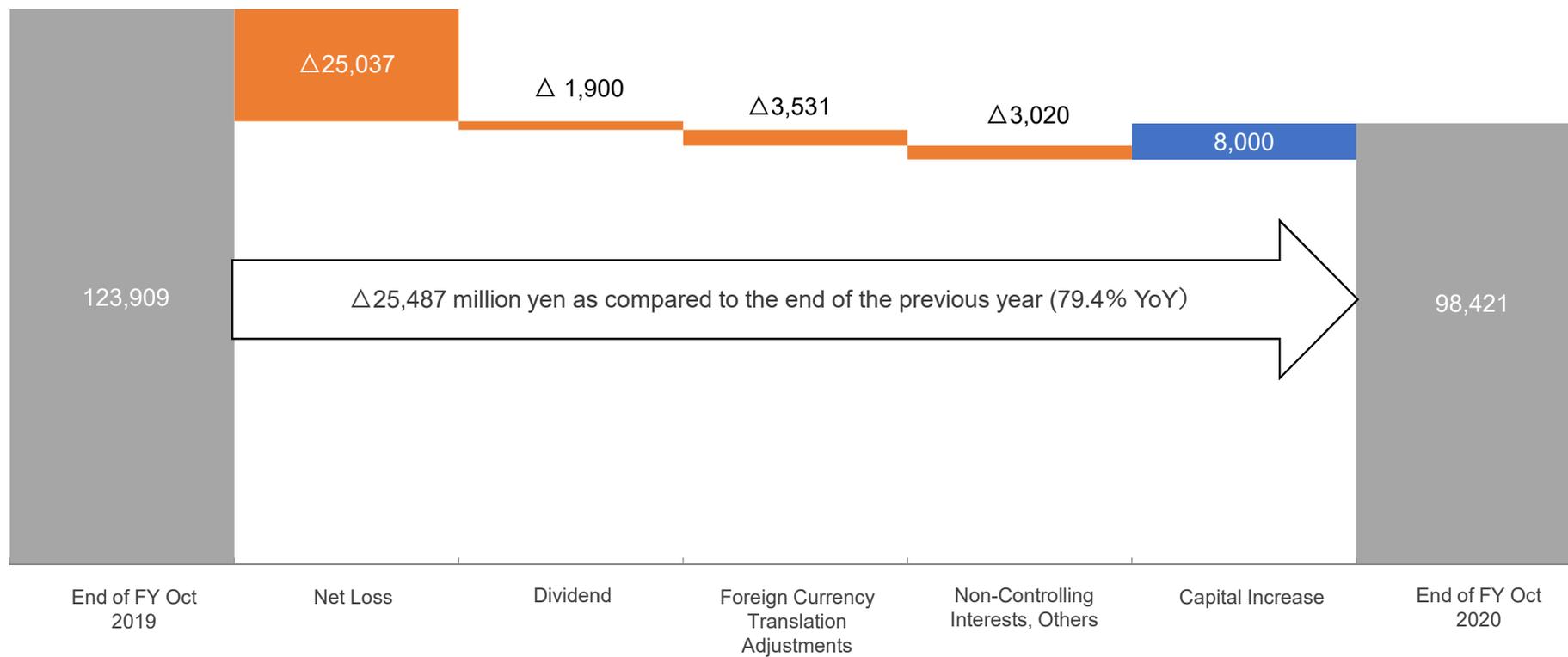
(JPY billion)



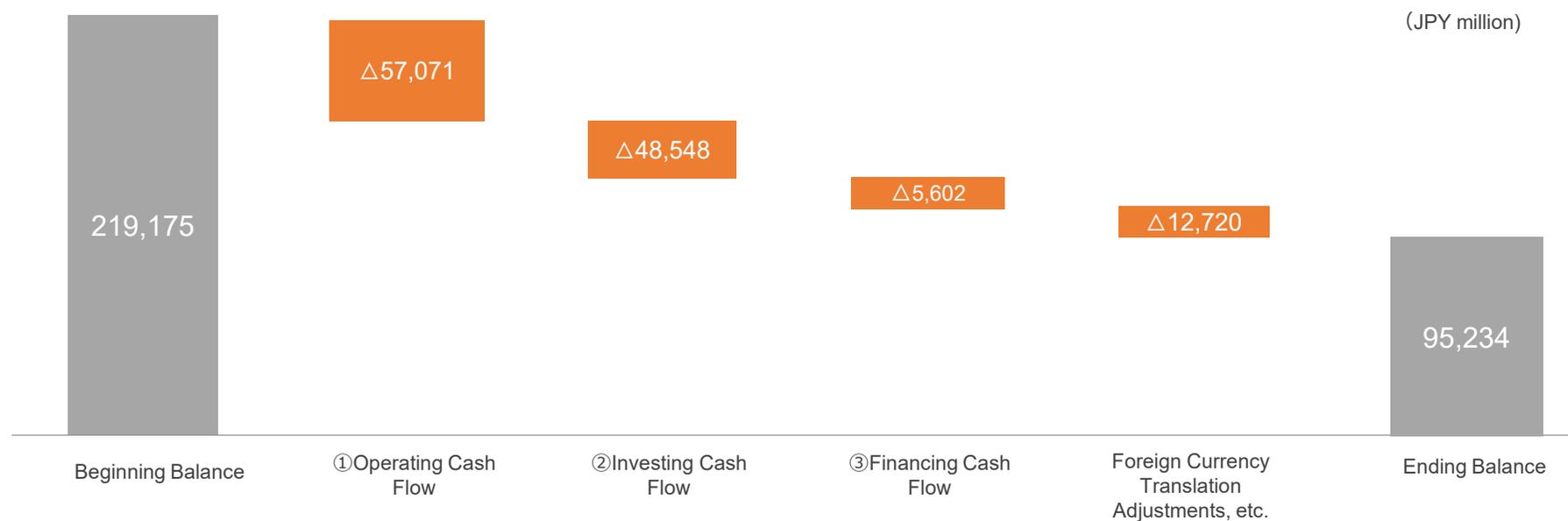
Net Assets as of the End of FY Oct 2020

Changes in net assets from the end of the previous fiscal year

(JPY million)



Cash and Deposits



Major Reasons for Increase/Decrease for FY Oct 2020

① Operating Cash Flow		② Investing Cash Flow		③ Financing Cash Flow	
Income before income taxes	△33,101	Acquisition of tangible and intangible fixed assets	△66,565	Proceeds from stock issuance	7,728
Depreciation, etc.	12,880	Proceeds from sales of investment securities	6,299	Repayment of loans	△11,650
Decrease in travel advance received	△77,912			Dividend payment	△1,900
Decrease in travel advance payments	44,113				

Financial Countermeasures

① Review of Investment Plans

② Securing of Liquidity on Hand

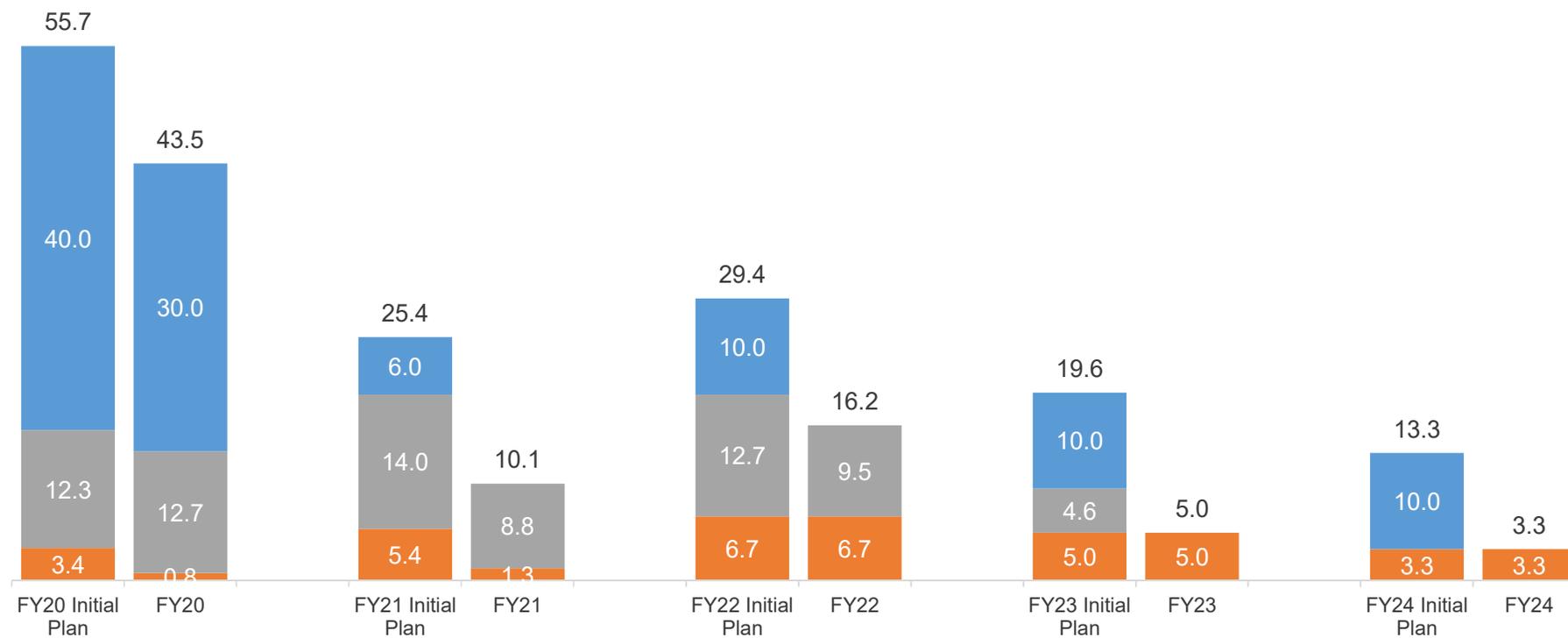
③ Cost Reductions

Review of Investment Plans (Review at the End of the 2Q FY2020)

Investment Plans

(JPY billion)

System Hotel Real Estate



Securing of Liquidity on Hand

Breakdown of Asset Sales since Nov 2019

(JPY billion)

		Book Value	Sale Amount	Gain on Sale	
Real Estate	FY20	1.23	1.35	0.11	
	FY21	1.60	1.85	0.25	
Real Estate Total		2.83	3.20	0.36	
Investment Securities	Stock	0.53	1.04	0.51	
	Mutual Fund	3.93	4.33	0.40	
	Others	0.73	0.90	0.17	
	FY20 Sub-Total		5.20	6.29	1.08
	Mutual Fund	FY21	2.22	2.33	0.10
Investment Securities Total		7.43	8.62	1.19	
Total		10.26	11.82	1.56	

Securing Commitment Lines and Overdrafts

Commitment Lines 33.0 billion yen

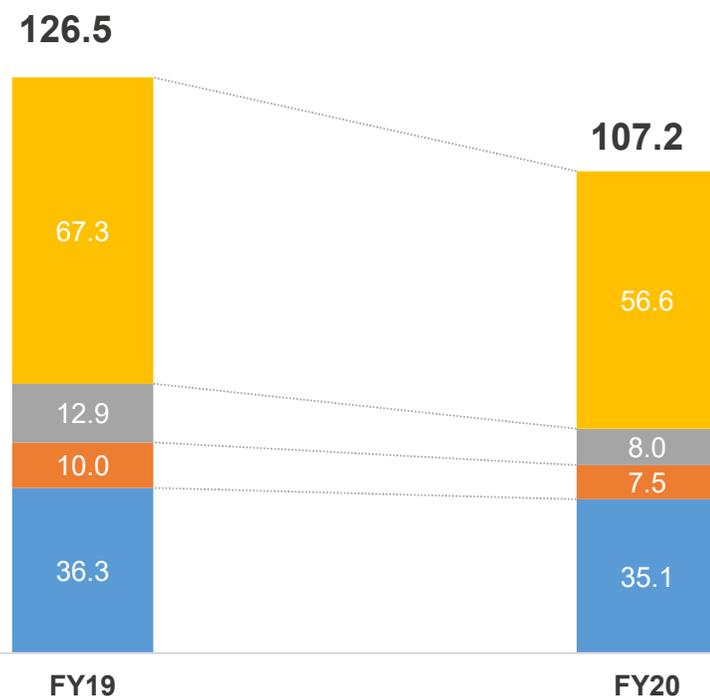
Overdrafts 3.0 billion yen

Cost Cutting Measures

Cost Structure Comparisons with the Previous Period

(JPY billion)

■ Labor ■ Advertising ■ Commission ■ Other



Ratio vs FY19 Sales (15.7%)

Ratio vs FY19 Sales (13.2%)

【Future Outlook】

Although labor costs and variable advertising costs are expected to increase as business performance recovers, H.I.S. Group will promote management based on a new cost structure.

Mid-Term Policy (Key Issues and Growth Strategies)

- ① Review of Business Portfolio → Cash Position Improvement
- ② Equity Capital Enhancement → Financial Stability Improvement

【Policies】

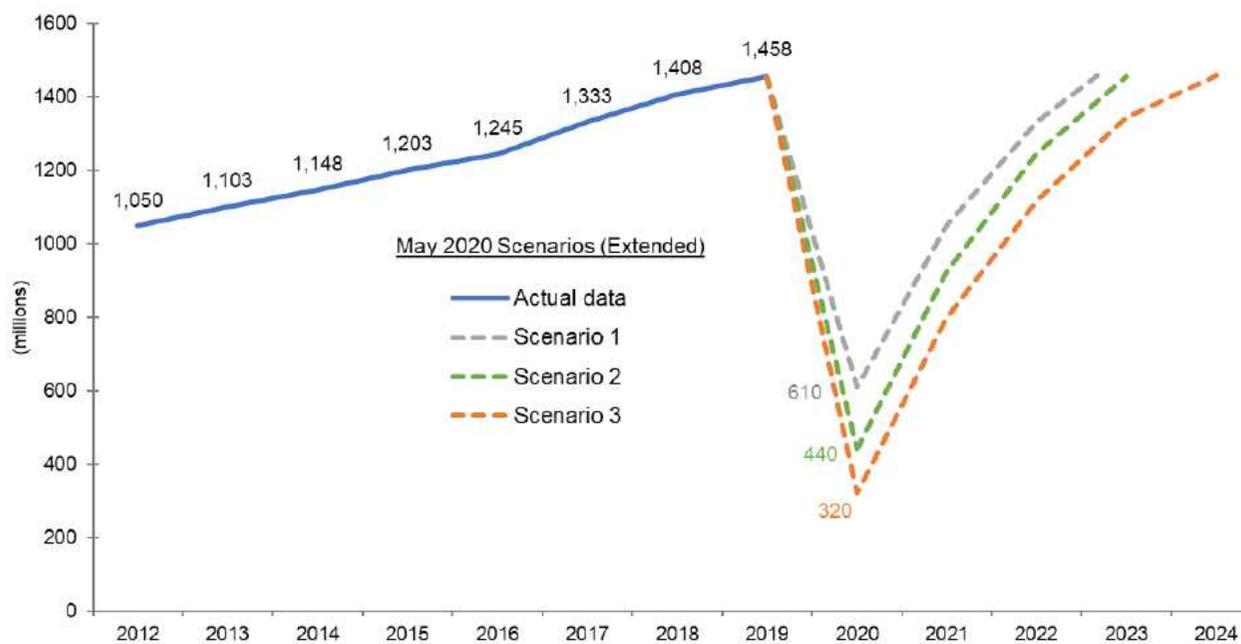
- (1) First, the capital adequacy ratio is to be addressed (net cash basis)
 - H.I.S. Group aims for a stable rate of over 20%
 - Equity capital is to be enhanced
 - Earnings power is to be secured
- (2) Free cash flow is to be improved
 - Capital expenditures are to be reviewed
 - Assets are to be liquidated

4. Initiatives in Each Business Segment

Travel Market Trends

Travel market recovery scenario: Travel demand will recover and grow again in the mid/long term

- The International Air Transport Association (IATA) announced that global air demand in 2021 is expected to be **half of what it was in 2019** before the new coronavirus spread
- As a countermeasure against the new coronavirus infection, **vaccination started in earnest**, with the United States announcing the timing of vaccine administration following the United Kingdom.



Source: UNWTO

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Outlook for the Travel Business

Although the impact of the spread of the new coronavirus infection is expected to continue, measures against corona disasters will be taken in each country, **aiming to recover to the level of 2019 by 2022.**

(JPY million)	FY20 1Q	FY21 1Q Forecasts	Increase/ Decrease
Net Sales	175,320	14,500	▲160,820
Operating Profit	2,370	▲9,400	▲11,770
EBITDA	3,658	▲8,140	▲11,798

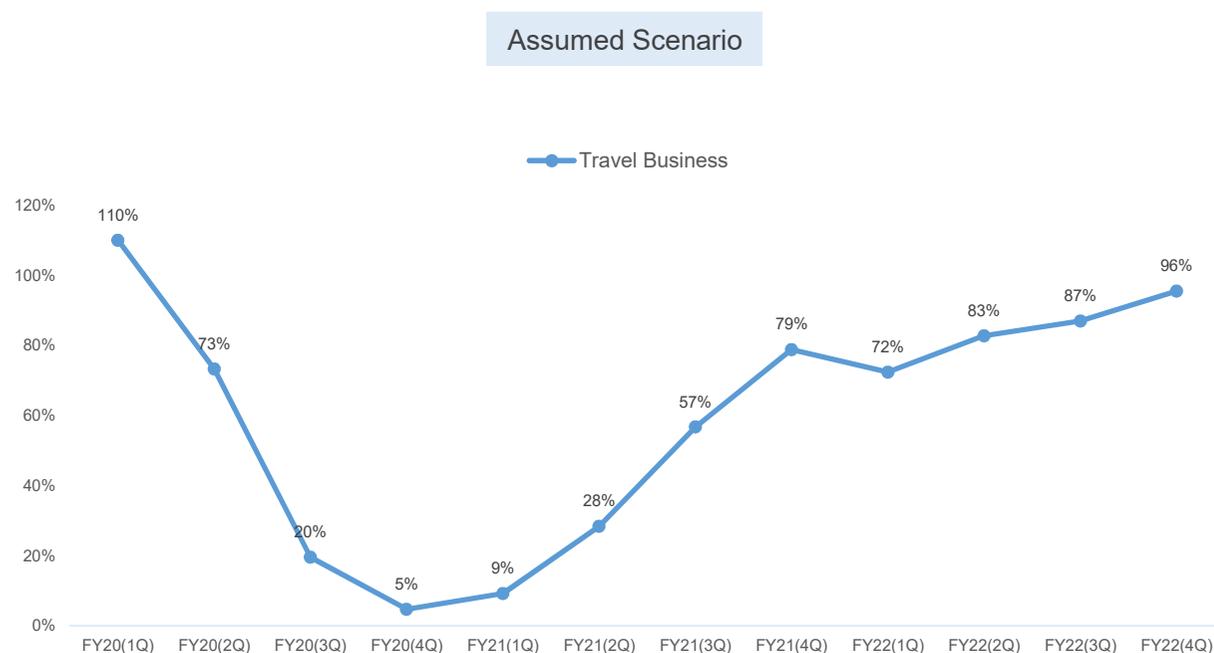
Current Status and Outlook

<Domestic Travel>

- After the declaration of the state of emergency, there was a significant temporary decrease in demand due to voluntary travel restraint.
- Since the start of “Go To campaign”, the market has been on a recovery trend and has now recovered above 2019 level, and **the number of reservations doubled after “Tokyo ban” was lifted.**
- There is a possibility of a reactionary decline due to the end of “Go To campaign” or the declaration of another state of emergency due to the spread of infection.

<International Travel>

- Although some restrictions are being lifted, it is assumed that demand will not recover to the level of 2019 until 2022 or later, subject to the immigration regulations of each country.
- **Over 1,000 reservations for Hawaii were received**, where PCR tests are required but **14-day quarantine restrictions have been lifted.**

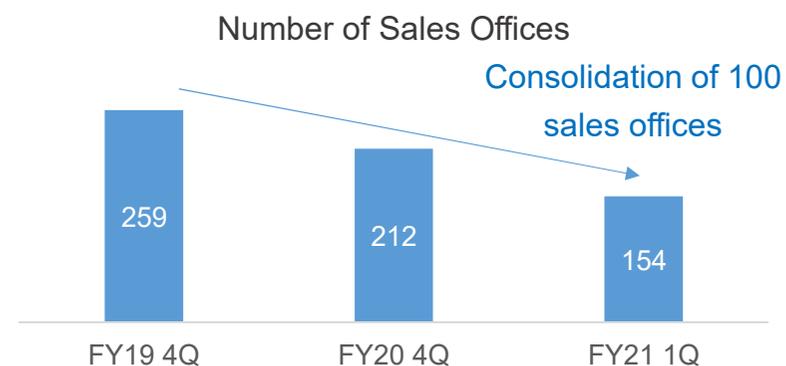


※ Sales assumptions are compared on a quarterly basis, with 2019 sales set at 100

Travel Business in Japan

Reform of cost structure by optimizing management resources, including review of sales channels, has been started

- Consolidation of sales offices: The main channels for attracting customers are being shifted from sales offices to online in a speedy manner
- Monthly expenses are being reduced from 5 billion yen to less than 3 billion yen through cost control
- Management resources related to international travel are being re-allocated to domestic travel.
- Allocation of employees to new businesses and growth areas: Employees are being transferred to other business segments, while recruitment plans are being reviewed
- Employment adjustment subsidies are being utilized (at present, until February 2021)
- If the infection continues to spread, temporary transfer of employees are to be considered to secure employment.



Personnel Plan for H.I.S. (non-consolidated)

	2020 (Actual)	2021 (Plan)	Total
Number of new employees	622	40	662
Number of employees who leave the group	360	650	1,010
Increase /Decrease	262	▲610	▲348

Travel Business in Japan

Customer convenience and service are to be improved through DX of customer service

© Digitalization through DX is to be promoted to further improve efficiency



Testing will start nationwide in January 2021.

Travel Business in Japan

“Domestic Travel” is to be thoroughly strengthened until demand for international travel recovers.

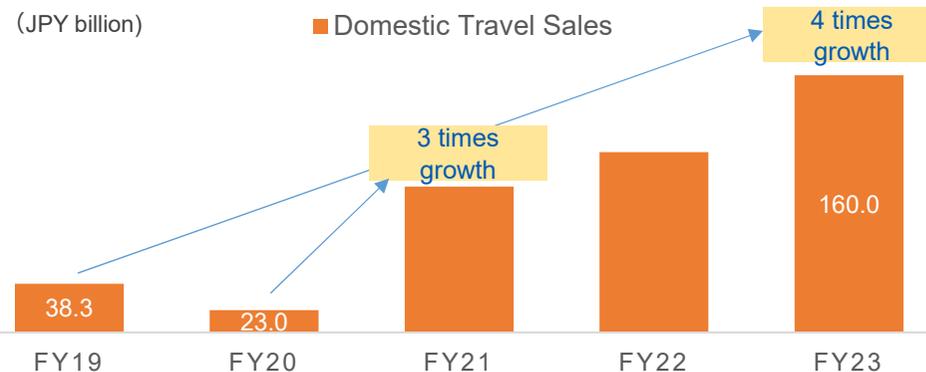
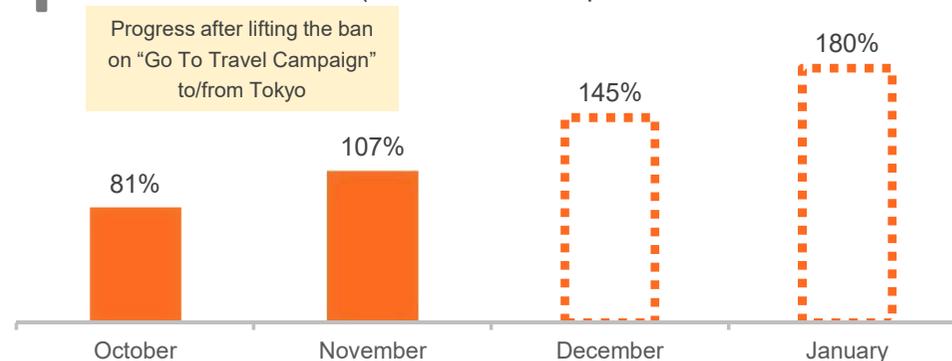
◎ Utilization of “Go To Travel Campaign”

- Demand is to be captured steadily to significantly increase transaction amount
- Possible extension to late June may provide expanded opportunities
After official announcement→ Major campaigns such as the New Year's Dream Fair are planned.
- Efforts to capture summer demand are to be strengthened

◎ Enhancement of Products

- Inventory of packaged products is to be enhanced by strengthening procurement
- Domestic dynamic packages and hotel sites are to be strengthened
- Charter business for peak period is to be prepared
- Bus and train tours are to be strengthened

Domestic travel orders (as of Dec. 9, compared to the same date/month last year)



Travel Business in Japan

Toward a recovery in international travel demand ~Preparing for a quick reversal~

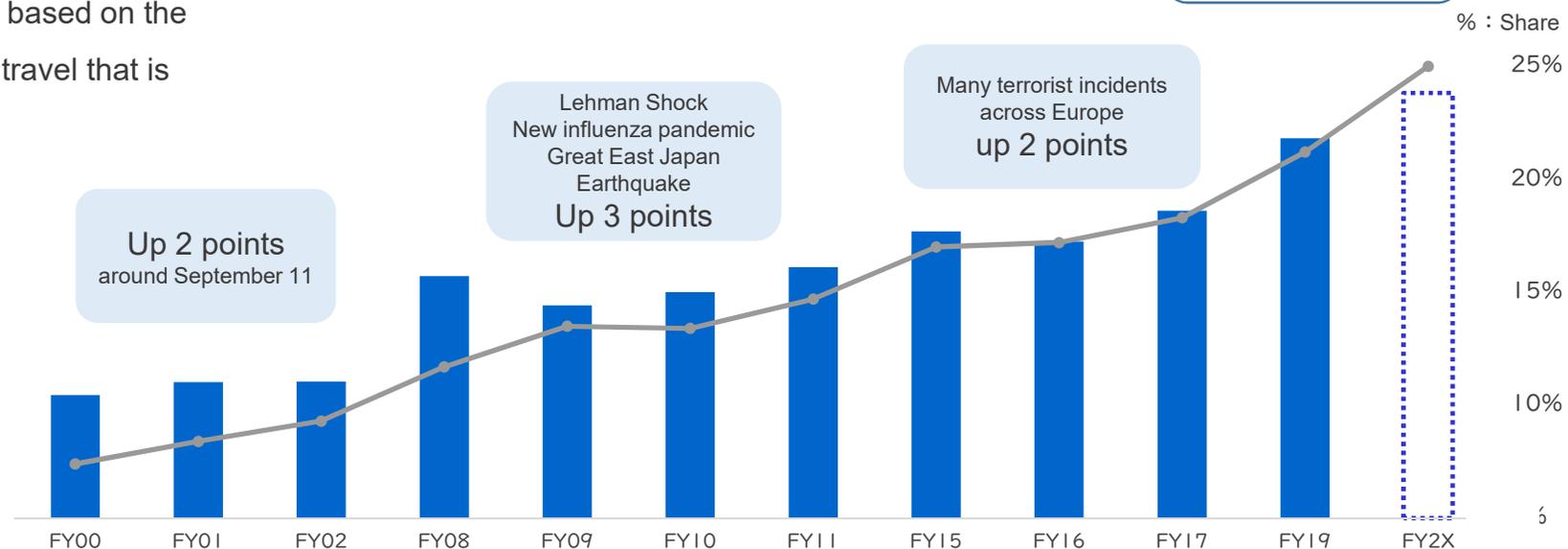
- Differentiation from competitors and anticipation are to be strengthened
- Future Travel 2021 Project Starts
Products are developed based on the theme of a new style of travel that is comfortable and safe

Growth trends in the past post-contingency period

International Travel Transaction Amount

H.I.S. Share

After-Corona:
Aiming to significantly increase market share



The greatest opportunity to expand market share through a quick turnaround

Source : Japan Tourism Agency Period : Nov - Oct

Travel Business in Japan

◎ Assumed recovery scenarios by destination

① Hawaii

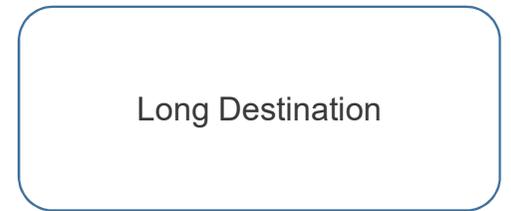
② Asia, such as Taiwan and Singapore

③ Guam

④ Europe, Middle East, Americas

Timing Early

Late



Composition ratio About 20%

About 35%

About 10%

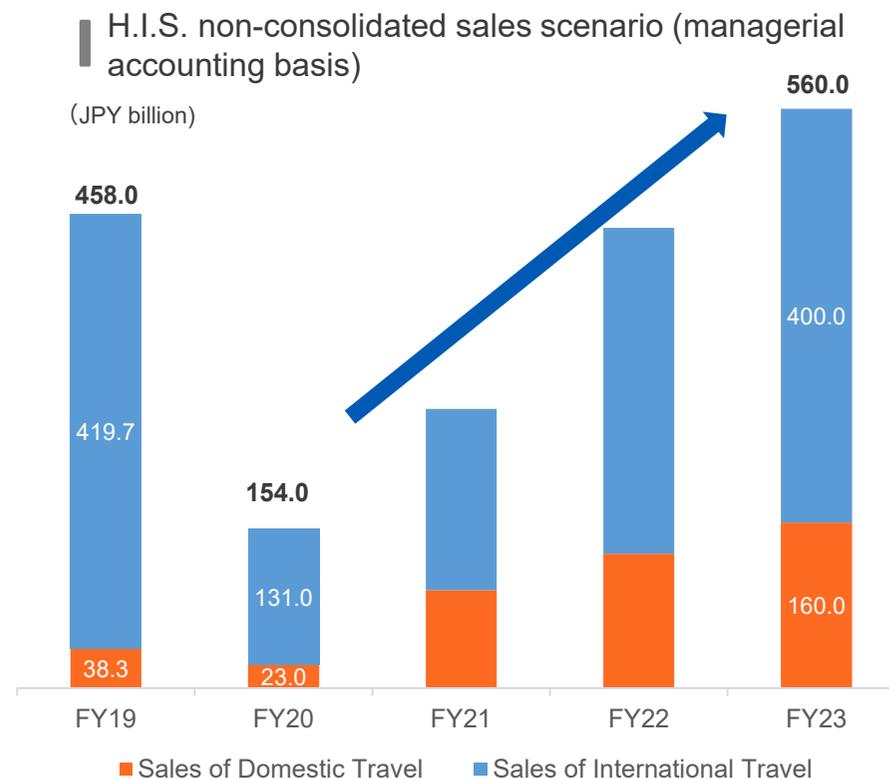
About 35%

Recovery in Hawaii & Guam + Asia covers 65% of the total

Travel Business in Japan

“After-corona” Developments

- Further market share in international travel is to be gained through overwhelmingly rapid developments
- Changes to a balanced profit structure are to be implemented through expansion and growth in domestic travel and recovery in international travel
- Inbound travel to Japan is to be strengthened to meet the national policy of 60 million foreign visitors to Japan
- Flexible M&A is to be made with an eye on the possibility of future consolidation in the industry



Travel Business Overseas

Countermeasures against Corona Disasters

- Cost reductions are to be further strengthened to achieve a management structure that can survive even under “NO business” conditions in FY2021

Review of SG&A reduction targets
From 30% to 50%

① Curbing labor costs
(Personnel adjustments via layoffs, etc.)

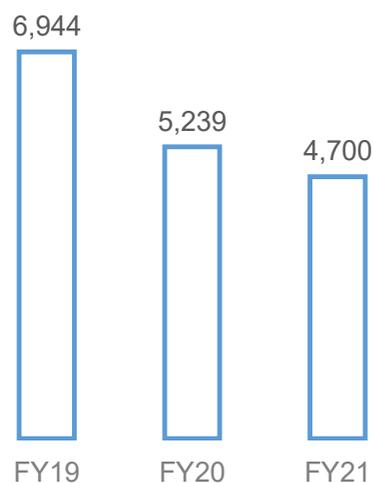
② Consolidation of sales offices
(Optimization of location development)

③ Business restructuring
(M&A subsidiaries)

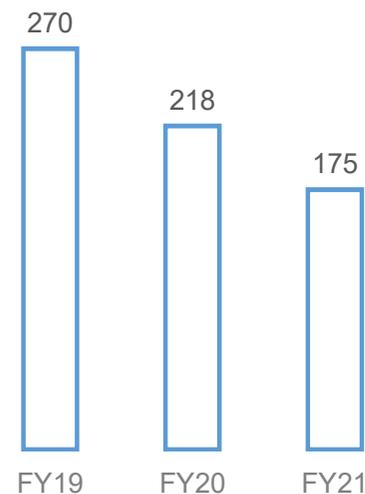
■ SG&A
Progress to 40% reduction at present



■ Number of employees



■ Number of sales offices



Business restructuring in
North America

「Merit Travel」

- All 20 retail outlets were closed.
- Resources are focused on loyalty division
- Business integration with Red Label Vacations is promoted

Travel Business Overseas

“After-corona” Developments

◎ Response to real travel and preparation for “re-start”

- Focus on domestic travel in each country

Turkey → Domestic travel and international travel where available are being arranged in local market (B to B) since June 2020

Vietnam → Domestic seat supply has returned to the pre-corona level, and domestic business trip arrangements and suburban tours for Japanese expatriates are being sold.

- Strengthening of online air ticket sales

With the launch in Bangladesh in September, domestic ticket sales surpassed 100 million yen in November.

Operations have been started in India, Malaysia and Turkey for “after corona”.



◎ Other Initiatives

- Support for local governments and Japanese companies expanding overseas

In cooperation with H.I.S. Japan, tea produced in Mie Prefecture is processed in Azerbaijan and exported to Germany and other European countries.

Thailand → Sales of Iris-Oyama products, operation of Gakken classes, etc. are conducted.

- Personnel Dispatch

Human resources are dispatched from Brazil, Bangladesh, etc. to Japan with the aim of alleviating the labor shortage in Japan (industries: accommodation, agriculture, etc.)

Strengthening Internet Business

Challenges of new businesses "Remote Travel and Travel Revolution" are taken on, aiming to secure a new source of revenues

◎ Online Experience Business ~Creating New Value in the Internet World~

・ Creating new demands

Travel

Skill Share

Live Commerce

→ Developments with three pillars

Coexistence with real travel (from online travel experience to real travel) is to be made a standard

Turning it into a brochure media provides a possibility of monetizing even before the trip

Approach to vulnerable travel groups (elderly, economic, etc.) is to be conducted

・ Establishing a dominant positioning

Number of products x Originality x Quality x New technology x Promotion

→ New experiences only available at H.I.S. Online (Travel/Skill Share/Live Commerce)

	As of Nov 2020	2021 Plans
Number of Products	750 courses	2,000 courses
Number of Participants	Over 30,000	300,000



Strengthening Internet Business

- Examples of well-accepted original products

Travel



Simultaneous broadcast in 5 cities around the world! Around the World Live Tour - Hawaii, India, Kenya, Turkey, & Las Vegas



World Heritage Kumano Kodo Guided by a Starry Sky Guide Online Star Observation

Skill Share



Indian Astrology & Palmistry Virtual Fortune-Telling
A fortune teller who has read 50,000 people in 25 years and is popular in Japan as well



Corporate Business: Well-accepted Webinar

【Japan-China Online Seminar】

Beijing Motor Show 2020 Live Broadcast

~Noteworthy new energy vehicles, automated driving, mobility, etc.~

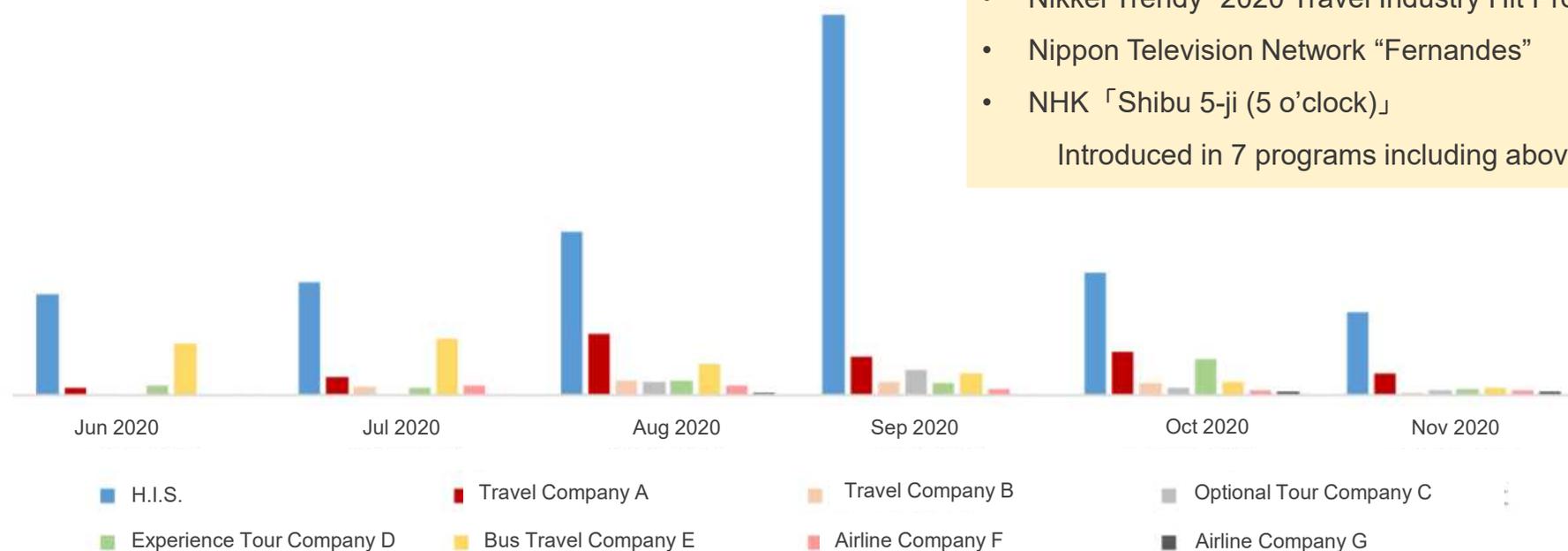
Live Commerce



Online seminar with cheese tasting by Ms. Eri Hisada, a cheese maturer

Strengthening Internet Business

- Positioning status (Comparison with competitors)



Search UB count "online/remote/virtual" x "tours/travel" x H.I.S. and travel company A-G

Strengthening Internet Business

Taking on a Challenge of New Business ~ EC Product Sales ~

◎ Opening of “From the WORLD”

“The best products” are introduced and sold from “the best spots” along with “the best stories” on the website.

The 1st: Start with “Bali”

The 2nd: To be released under the themes of “Turkey,” “Thailand,” and “Wines of the World.”

The 3rd: Development of original brand products such as “Mexico” Mayan embroidery

◎ U.S.A. Opening of “Umamikit”

Sales of Japanese meal kits have been launched as a new business to introduce Japanese food culture to U.S. residents.



from the WORLD

—よりすぐりを世界から—



Thailand
Hyacinth Bag



Japan's First Imported
"Good-for-Your Health
Wine" "The Wine Dr"



Mexico
Huarache leather strap
sandals



The 1st : Osechi cuisine

Strengthening Internet Business

◎ Renewal of “Global Travel Market”



Originally, a website to sell souvenirs to international travel customers

⇔ **Closed Market**

Instead of focusing on a specific target, the number of products will be increased such as in the food, beverage, alcohol, household goods, cosmetics, furniture, and interior design categories

→ **Renewal as an Open Market**

Enhanced from 2,800 products to 3,500 products



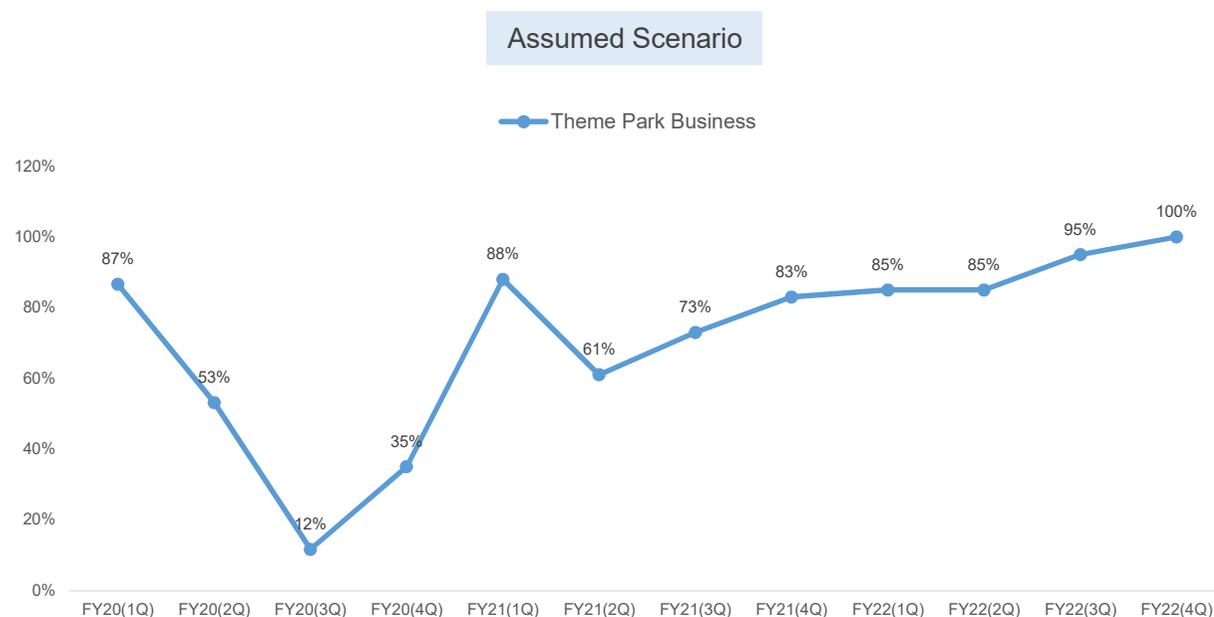
Theme Park Business

- H.I.S. Group complies with the "Guidelines for the Prevention of the Spread of New Coronavirus Infection" and continues to implement a thorough quarantine system so that the customers can enjoy their visit with peace of mind.
- Although there are still concerns about the recurrence of the spread of the infection in the future, H.I.S. Group is aiming for a significant recovery in its business performance by strengthening its ability to attract customers through "Go To Campaign" and other measures.

(JPY million)	FY20 1Q	FY21 1Q Forecasts	YoY Increase /Decrease
Net Sales	6,447	6,600	152
Operating Profit	644	1,430	785
EBITDA	1,166	2,050	884

Current Status and Outlook

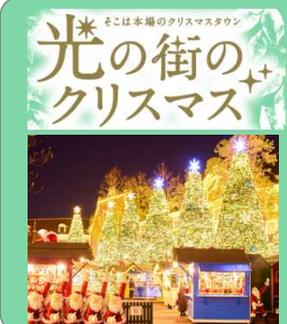
- After the declaration of the state of emergency, there was a large temporary drop in demand due to voluntary travel restraint, but after the lifting of the emergency declaration, demand has been on a steady recovery trend and has already recovered to the level of 2019.
- There is a possibility that it is necessary to restrict admission or to close the park due to the spread of the infection.



※ Comparison of sales assumptions on a quarterly basis, with 2019 sales set at 100

Theme Park Business

Strengthening “only one” seasonal linked events that take advantage of the strengths of Japan's largest theme park

Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
											

The entire city is also seasonal



Stage Show



Wrapped Bus



Umbrella Street of Aurora



Firework Show

Theme Park Business / Huis Ten Bosch

New Attractions

『Detective Ten Bosch and the Mysterious Kingdom』

A brand new mystery solving attraction that can be enjoyed within the world of a 19th century London detective story! This is a city-walking type mystery solving game that uses the entire Huis Ten Bosch, Japan's largest theme park.



Torrent Rafting ~The Great Adventure of Dinosaur Island~!

A boat ride through the rapids while avoiding the oncoming dinosaurs. The water and wind effects and dynamic movements make for a thrilling adventure.



A new area is born



Theme Park Business / Laguna Ten Bosch

New Athletic Park "Weird Forest" to Open in Lagunasia in Spring 2021



立体アドベンチャー ドキドキ砦

城を守る巨大な城壁型アスレチック

約 200 個のブロックから構成されたコースの中に
たくさんのアイテムを取り入れたアスレチックアトラクション。

※イラストはイメージです

立体迷路 ワクワク城

丘の上にそびえ立つ5階層の巨大迷路

約 300 個のブロックから構成されたコースを
上下左右、縦横無尽に動き回りながらゴールを目指す
複層型巨大迷路アトラクション

※イラストはイメージです

Furthermore, a featured event will be held in the spring of 2021

Hotel Business

- Investment plans were reviewed and re-prioritized in light of demand trends.
- H.I.S. Group aims to return to profitability on an EBITDA basis in the current fiscal year by strengthening group synergies and expanding B2B.

(JPY million)	FY20 1Q	FY21 1Q Forecasts	YoY Increase /Decrease
Net Sales	3,811	1,700	▲2,111
Operating Profit	311	▲1,200	▲1,511
EBITDA	731	▲440	▲1,171

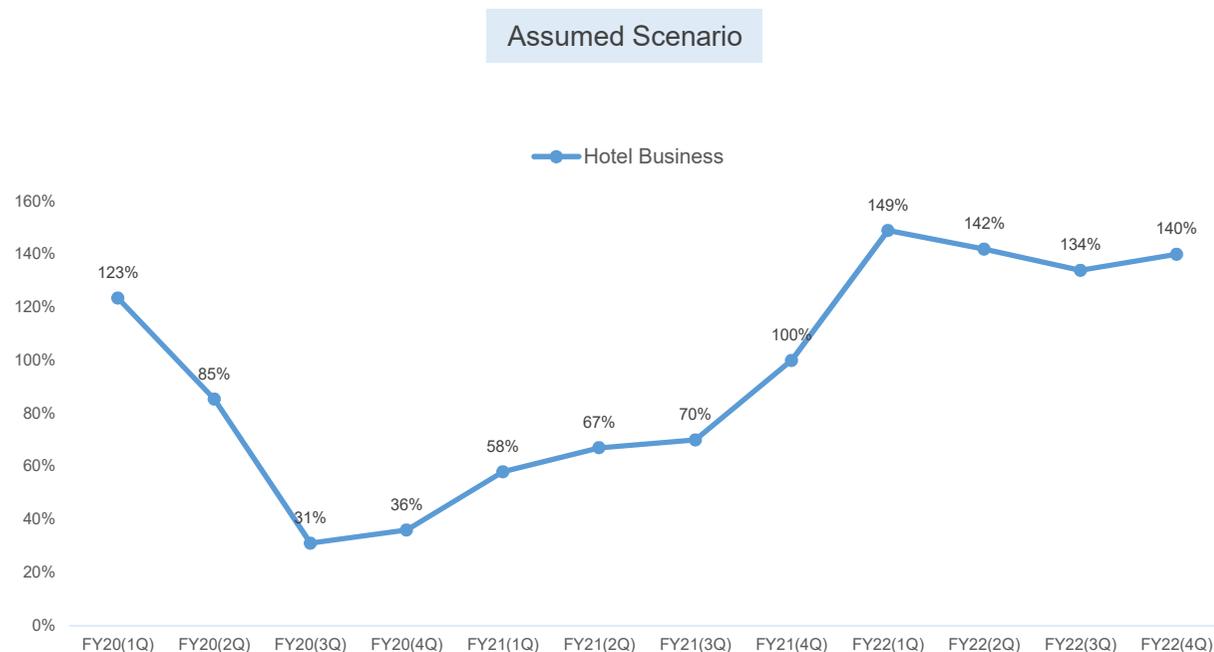
Current Status and Outlook

<Hotels Overseas>

Although some restrictions are being lifted, recovery to the 2019 level is assumed in 2022, depending on immigration regulations in each country.

<Hotels in Japan>

- After the declaration of the state of emergency, there was a large temporary drop in demand due to voluntary travel restraint, but after the lifting of the state of emergency, there has been a steady recovery, mainly in leisure demand.
- Hotels may be affected by a reactionary decline due to the end of the “Go To campaign” or the declaration of another state of emergency due to the spread of infection.
- There is a possibility of opportunity loss due to Olympic hosting policies.



※ Comparison of sales assumptions on a quarterly basis, with 2019 sales set at 100

Hotel Business

◎ Schedule of new hotel openings

Name of the Hotel	Location	Scheduled Opening
Henn na Hotel. Komatsu-Eki-Mae	Ishikawa Prefecture	December 2020
New York	U.S.A.	Summer 2021
Henn na Hotel, Seoul (Tentative)	South Korea	Summer 2021
VISON Hotel	Taki-cho, Mie Prefecture	Summer 2021
Cappadocia	Turkey	Fall 2021
Henn na Hotel, Sendai (Tentative)	Miyagi Prefecture	Fall 2021
Toshkent	Uzbekistan	End of 2021
Irabu Island	Okinawa Prefecture	Summer 2022
Kagoshima	Kagoshima Prefecture	2022 (plan)
Nagoya	Aichi Prefecture	2022 (plan)



「Henn na Hotel Komatsu-Eki-Mae」
(in front of Komatsu Station)
Opening on December 24

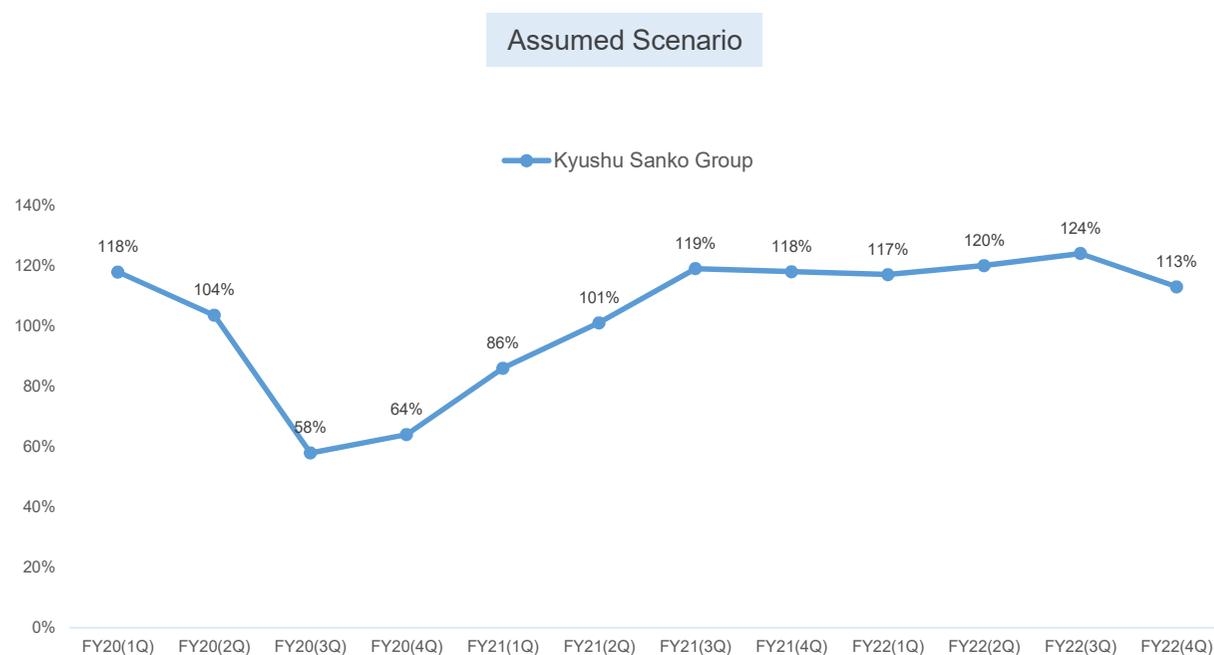
Kyushu Sanko Group

Kyushu Sanko Group aims to revitalize the area around the large commercial complex "Sakura Machi Kumamoto".

(JPY million)	FY20 1Q	FY21 1Q Forecasts	YoY Increase/ Decrease
Net Sales	6,934	5,000	▲1,934
Operating Profit	316	▲350	▲666
EBITDA	801	230	▲571

Current Status and Outlook

- After the declaration of the state of emergency, there was a large temporary drop in demand due to voluntary travel restraint, but after the lifting of the state of emergency, there has been a steady recovery, mainly in leisure demand.
- The number of bus passengers has recovered to 70% level as compared to the previous fiscal year.
- There is a possibility of a reactionary decline due to the end of the "Go To campaign" or the declaration of another state of emergency due to the spread of infection.



※ Comparison of sales assumptions on a quarterly basis, with 2019 sales set at 100

Energy Business

- Power retail business is expected to continue to grow substantially due to further increase in the number of contracts
- In the power generation business, the focus is on adjusting the operation of four power generators, taking into account factors such as foreign exchange and fuel price fluctuations.

(JPY million)	FY20 1Q	FY21 1Q Forecasts	YoY Increase /Decrease
Net Sales	6,291	7,600	1,308
Operating Profit	268	3	▲265
EBITDA	289	33	▲256

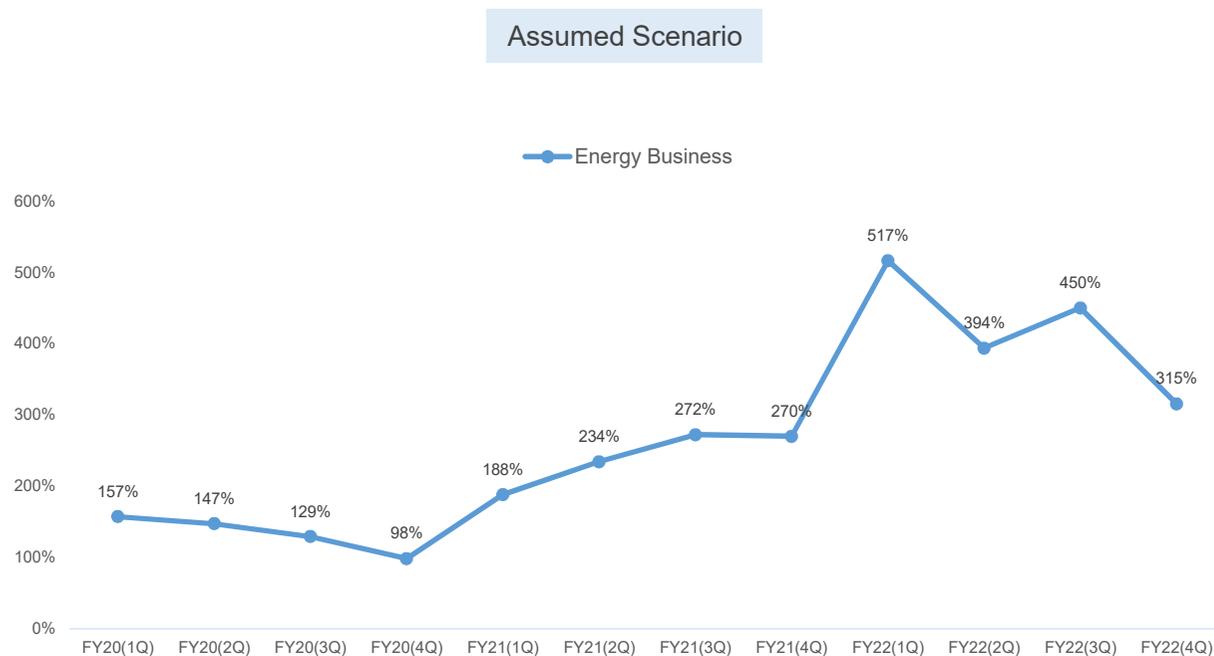
Current Status and Outlook

< Power Retail Business >

- After the declaration of the state of emergency, there was a temporary decrease in demand from large customers and a slowdown in sales activities, but the situation has already returned to levels as planned.
- There is a possibility of being affected by the declaration of another state of emergency due to the spread of infection.

< Power Generation Business >

- Although there were delays in the construction of the power plant due to the declaration of a state of emergency and other factors, commissioning began in November.
- Fuel prices may soar due to stagnation in economic activities, which could lead to stagnant production of fuel for power generation and depletion of inventories.



※ Comparison of sales assumptions on a quarterly basis, with 2019 sales set at 100

Energy Business

◎ Power Retail Business

- Collaboration with group companies is to be promoted
- Media such as commercials, web, etc. are to be proactively utilized
- The base of individual customers is to be expanded through various campaigns
- Sales agents are to be expanded and optimized.



◎ Power Generation Business

- Commissioning started in November
- Only RSPO's Segregated (SG) method of certified oil is used



HIS Kakuda Biomass Park

Disclaimer

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For inquiries regarding this material, please contact IR Office of H.I.S. Group