

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Annual Securities Report

(Report based on Article 24, Paragraph 1 of the
Financial Instruments and Exchange Act of Japan)

(The 45th Fiscal Year)

From November 1, 2024 to October 31, 2025

H.I.S. Co., Ltd.

4-1-1 Toranomom, Minato-ku, Tokyo

(E04358)

Table of Contents

Page

Cover	
Part I Information on the Company	1
I. Overview of the Company	1
1. Key Financial Data and Trends	1
2. Corporate History	3
3. Description of Business	5
4. Information on Subsidiaries and Associates	7
5. Employees	11
II. Business Overview	14
1. Management Policy, Management Environment, and Issues to be Addressed, etc.	14
2. Views and Initiatives related to Sustainability	19
3. Business and Other Risks	27
4. Analysis of Financial Position, Business Results, and Cash Flows	28
5. Material Agreements, etc.	35
6. Research and Development Activities	35
III. Equipment and Facilities	36
1. Capital Expenditures	36
2. Principal Facilities	36
3. Plan for Additions and Disposals of Facilities	37
IV. Information on the Company	38
1. Information on the Company's Shares	38
(1) Total Number of Shares, etc.	38
(2) Information on Share Acquisition Rights, etc.	38
(3) Information on Moving Strike Convertible Bonds, etc.	40
(4) Changes in the Total Number of Issued Shares, Share Capital, etc.	41
(5) Composition of Issued Shares by Type of Shareholders	41
(6) Major Shareholders	42
(7) Information on Voting Rights	43
2. Information on Acquisition of Treasury Shares, etc.	43
3. Dividend Policy	44
4. Corporate Governance, etc.	45
(1) Overview of Corporate Governance	45
(2) Directors and Other Officers	52
(3) Status of Audits	62
(4) Executive Remuneration, etc.	67
(5) Information on Shareholdings	71
V. Financial Information	71
1. Consolidated Financial Statements, etc.	72
(1) Consolidated Financial Statements	72
(2) Others	122
2. Non-consolidated Financial Statements, etc.	123
(1) Non-consolidated Financial Statements	123
(2) Major Assets and Liabilities	137
(3) Others	137
VI. Stock-related Administration for the Company	138
VII. Reference Information on the Company	139
1. Information on the Parent Company, etc. of the Company	139
2. Other Reference Information	139
Part II Information on Guarantors, etc. for the Company	140

[Cover]

[Document Filed]	Annual Securities Report (“Yukashoken Hokokusho”)
[Article of Applicable Law Requiring Filing of This Document]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director-General, Kanto Local Finance Bureau
[Filing Date]	January 27, 2026
[Fiscal Year]	The 45th Fiscal Year (from November 1, 2024 to October 31, 2025)
[Company Name]	Kabushiki Kaisha Eichi Ai Esu
[Company Name in English]	H.I.S. Co., Ltd.
[Title and Name of Representative]	Yada Motoshi, President and Representative Director
[Location of Headquarters]	4-1-1 Toranomom, Minato-ku, Tokyo
[Phone No.]	+81-50-1746-4188
[Contact Person]	Hanazaki Osamu, Executive Officer, General Manager of Accounting and Finance Headquarters
[Contact Address]	4-1-1 Toranomom, Minato-ku, Tokyo (Kamiyacho Trust Tower)
[Phone No.]	+81-50-1746-4188
[Contact Person]	Hanazaki Osamu, Executive Officer, General Manager of Accounting and Finance Headquarters
[Place Where the Filed Document is Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data and Trends

(1) Consolidated financial data

Fiscal year		41st	42nd	43rd	44th	45th
Year end		October 2021	October 2022	October 2023	October 2024	October 2025
Net sales	(millions of yen)	118,564	142,732	252,205	343,334	373,106
Ordinary profit (loss)	(millions of yen)	(63,557)	(49,050)	1,646	10,451	11,381
Profit (loss) attributable to owners of parent	(millions of yen)	(54,356)	(11,500)	(2,628)	8,717	4,719
Comprehensive income	(millions of yen)	(52,643)	(4,333)	(134)	12,062	4,612
Net assets	(millions of yen)	57,656	48,238	49,741	62,343	67,205
Total assets	(millions of yen)	411,148	414,790	440,962	412,200	386,330
Net assets per share	(yen)	491.01	529.94	543.16	695.47	743.26
Earnings (loss) per share	(yen)	(814.38)	(156.60)	(35.49)	116.67	63.16
Diluted earnings per share	(yen)	—	—	—	109.79	62.99
Shareholders' equity ratio	(%)	8.4	9.4	9.2	12.6	14.4
Return on equity	(%)	—	—	—	18.8	8.8
Price-earnings ratio	(times)	—	—	—	15.0	20.7
Cash flows from operating activities	(millions of yen)	(28,397)	(14,966)	30,934	29,247	21,219
Cash flows from investing activities	(millions of yen)	(7,095)	53,572	(46,252)	45,606	(11,013)
Cash flows from financing activities	(millions of yen)	40,711	5,458	(11,785)	(55,158)	(36,457)
Cash and cash equivalents at end of period	(millions of yen)	88,079	136,939	110,836	132,217	106,364
Number of employees [Average number of temporary employees not included in the above]	(persons)	10,618 [1,832]	9,389 [1,460]	10,131 [1,685]	10,664 [1,708]	10,804 [1,906]

- (Notes) 1. The Company had introduced the E-Ship® trust-type employee stock ownership incentive plan, but discontinued it in May 2021. In the consolidated financial statements for the 41st fiscal year, the Company recorded the shares held by the H.I.S. Employee Stock Ownership Association Dedicated Trust (the “Trust”) as treasury shares. Accordingly, in calculating the amount of net assets per share, the “number of common stock held as treasury shares at fiscal year-end” is calculated by including the shares held by the Trust. In calculating earnings (loss) per share and diluted earnings per share, the “average number of outstanding shares of common stock during the period” is calculated by including shares held by the Trust in the treasury shares.
2. Although there were dilutive shares in the 41st, 42nd, and 43rd fiscal years, diluted earnings per share are not presented due to the recording of a loss per share.
3. In the 41st, 42nd, and 43rd fiscal years, return on equity and price-earnings ratio are not presented due to the recording of a loss attributable to owners of parent.
4. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, Accounting Standards Board of Japan), etc. has been applied from the beginning of the 42nd fiscal year, and the figures for the 42nd, 43rd, 44th, and 45th fiscal years reflect the application of the new accounting standard, etc.
5. The figures for the 41st, 42nd, and 43rd fiscal years are the amounts after retrospective adjustments resulting from the correction of errors. In addition, corrections were made to the financial statements for prior fiscal years, and Amended Annual Securities Reports were filed on March 31, 2025.

(2) Non-consolidated financial data

Fiscal year		41st	42nd	43rd	44th	45th
Year end		October 2021	October 2022	October 2023	October 2024	October 2025
Net sales	(millions of yen)	26,694	39,967	132,882	176,544	200,840
Ordinary profit (loss)	(millions of yen)	(20,439)	(17,912)	(286)	2,304	2,133
Profit (loss)	(millions of yen)	(33,724)	26,216	(431)	5,461	158
Share capital	(millions of yen)	21,048	100	100	100	100
Shares issued and outstanding	(shares)	75,969,236	79,860,936	79,860,936	79,860,936	79,860,936
Net assets	(millions of yen)	2,127	35,704	36,154	41,741	41,230
Total assets	(millions of yen)	262,462	300,714	319,920	280,680	254,978
Net assets per share	(yen)	28.11	477.40	481.70	554.83	547.76
Total dividends per share (interim dividend amount)	(yen)	— (—)	— (—)	— (—)	— (—)	20.00 (10.00)
Earnings (loss) per share	(yen)	(505.27)	356.99	(5.83)	73.09	2.12
Diluted earnings per share	(yen)	—	334.39	—	68.73	2.11
Shareholders' equity ratio	(%)	0.8	11.7	11.2	14.8	16.1
Return on equity	(%)	—	140.7	—	14.1	0.4
Price-earnings ratio	(times)	—	5.8	—	24.0	616.7
Dividend payout ratio	(%)	—	—	—	—	943.4
Number of employees [Average number of temporary employees not included in the above]	(persons)	4,078 [578]	3,822 [567]	3,984 [532]	4,141 [558]	4,447 [660]
Total shareholder return (Benchmark: TOPIX incl. dividends)	(%) (%)	182.7 (129.4)	147.0 (128.1)	121.2 (153.4)	125.1 (187.8)	94.9 (238.0)
Highest share price	(yen)	3,030	2,724	2,230	2,019	1,893
Lowest share price	(yen)	1,412	1,665	1,617	1,503	1,293

- (Notes) 1. The Company had introduced the E-Ship® trust-type employee stock ownership incentive plan, but discontinued it in May 2021. In the non-consolidated financial statements for the 41st fiscal year, the Company recorded the shares held by the H.I.S. Employee Stock Ownership Association Dedicated Trust (the “Trust”) as treasury shares. Accordingly, in calculating the amount of net assets per share, the “number of common stock held as treasury shares at fiscal year-end” is calculated by including the shares held by the Trust. In calculating earnings (loss) per share and diluted earnings per share, the “average number of outstanding shares of common stock during the period” is calculated by including shares held by the Trust in the treasury shares.
2. Although there were dilutive shares in the 41st and 43rd fiscal years, diluted earnings per share are not presented due to the recording of a loss per share.
3. In the 41st and 43rd fiscal years, return on equity, price-earnings ratio, and dividend payout ratio are not presented due to the recording of a net loss.
4. The dividend payout ratios for the 42nd and 44th fiscal years are not presented as the Company did not pay a dividend.
5. The highest and lowest share prices are those on the First Section of the Tokyo Stock Exchange until April 3, 2022, and those on the Prime Market of the Tokyo Stock Exchange from April 4, 2022 onward.
6. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, Accounting Standards Board of Japan), etc. has been applied from the beginning of the 42nd fiscal year, and the figures for the 42nd, 43rd, 44th, and 45th fiscal years reflect the application of the new accounting standard, etc.
7. Of the annual dividend per share of 20.00 yen for the fiscal year ended October 31, 2025, the year-end dividend of 10.00 yen will be proposed for approval at the Ordinary General Meeting of Shareholders to be held on January 28, 2026.
8. The figures for the 41st, 42nd, and 43rd fiscal years are the amounts after retrospective adjustments resulting from the correction of errors. In addition, corrections were made to the financial statements for prior fiscal years, and Amended Annual Securities Reports were filed on March 31, 2025.

2. Corporate History

Month/Year	Events
December 1980	Established International Tours Co., Ltd. (capital: 10 million yen) at 1-4-6 Nishishinjuku, Shinjuku-ku, Tokyo
April 1981	Obtained Retail Agency License (No. 3034) from Ministry of Transportation
May 1985	Established HIS (HONG KONG) COMPANY LIMITED Opened Hong Kong branch as first overseas location
June 1986	Obtained General Travel Agency License (No. 724) from Ministry of Transportation
April 1990	Changed Company name to H.I.S. Co., Ltd.
August 1990	Established Passaporte Co., Ltd. (currently QUALITA Co., Ltd.)
September 1990	Established NUMBER ONE TRAVEL SHIBUYA Co., Ltd. (currently outside the Group)
December 1990	Received approval as a certified International Air Transport Association (IATA) agent
May 1993	Opened Shinjuku Headquarters Branch (currently Travel Wonderland Shinjuku) as a flagship store at 5-33-8 Sendagaya, Shibuya-ku, Tokyo
March 1995	Shares registered with Japan Securities Dealers Association for over-the-counter sales
November 1996	Established Skymark Airlines Inc. (currently outside the Group)
March 2000	Made H.I.S. Kyoritsu Securities Co., Ltd. (currently HS Holdings Co., Ltd.) a subsidiary (currently outside the Group)
April 2000	Moved headquarters to 1-12-1 Dogenzaka, Shibuya-ku, Tokyo
May 2000	Made Towa Travel Service (currently Orion Tour Co., Ltd.) a subsidiary
November 2002	Made Cruise Planet Co. Ltd. a subsidiary
December 2002	Listed shares on the Second Section of the Tokyo Stock Exchange
April 2004	Moved headquarters to 6-8-1 Nishishinjuku, Shinjuku-ku, Tokyo
October 2004	Listed shares on the First Section of the Tokyo Stock Exchange
October 2005	Acquired equity stake in Kyushu Industrial Transportation Co., Ltd. (currently Kyushu Industrial Transportation Holdings Co., Ltd.)
December 2008	Opened the Company's first hotel in Japan, Watermark Hotel Sapporo (currently outside the Group)
January 2009	Made Ohshu Express Limited a subsidiary
April 2010	Made Huis Ten Bosch Co., Ltd. a subsidiary (currently outside the Group)
July 2011	Opened Watermark Hotel Nagasaki Huis Ten Bosch (currently outside the Group)
April 2012	Made GUAM REEF HOTEL, INC. a subsidiary
July 2012	Made Kyushu Industrial Transportation Holdings Co., Ltd. a subsidiary
December 2012	Established ASIA ATLANTIC AIRLINES CO., LTD. (currently outside the Group)
May 2014	Established LAGUNA TEN BOSCH CO., LTD.
May 2015	Opened Watermark Hotel & Spa Bali, Jimbaran on Bali Island, Indonesia
July 2015	Opened Henn na Hotel Huis Ten Bosch (currently outside the Group)
September 2016	Made 0763658 B.C. LTD. and THE CANADIAN COLLEGE OF ENGLISH LANGUAGE LTD. (commonly known as Canadian College & CCEL) subsidiaries
November 2016	Established H.I.S. Hotel Holdings Co., Ltd.
December 2016	Made Merit Holdings Inc. a subsidiary Made H.S. Insurance Co., Ltd. a subsidiary
March 2017	Established H.I.S. SUPER Power Co., Ltd. (currently outside the Group) Opened Henn na Hotel Maihama Tokyo Bay
May 2017	Established H.I.S. OKINAWA Co., Ltd. Made GROUP MIKI HOLDINGS LIMITED a subsidiary Made Green World Hotels Co., Ltd. a subsidiary
August 2017	Opened Henn na Hotel Laguna Ten Bosch
November 2017	Made JONVIEW CANADA INC. a subsidiary (merged into H.I.S. CANADA TRAVEL INC.)
December 2017	Opened Henn na Hotel Tokyo Nishikasai
January 2018	Opened Henn na Hotel Tokyo Ginza
April 2018	Opened Henn na Hotel Tokyo Hamamatsucho
July 2018	Opened Henn na Hotel Tokyo Asakusabashi Opened Henn na Hotel Tokyo Akasaka
October 2018	Opened Henn na Hotel Tokyo Haneda
January 2019	Opened Henn na Hotel Fukuoka Hakata Opened Henn na Hotel Osaka Shinsaibashi
March 2019	Opened Henn na Hotel Osaka Namba Made RED LABEL VACATIONS INC. a subsidiary (currently H.I.S. CANADA TRAVEL INC.)

Month/Year	Events
April 2019	Opened Henn na Hotel Kyoto Hachijoguchi-ekimae (currently Henn na Hotel Premier Kyoto Station Hachijo Exit Front)
September 2019	Opened Henn na Hotel Tokyo Asakusa Tawaramachi (currently Henn na Hotel Premier Tokyo Asakusa Tawaramachi) Opened large-scale commercial facility SAKURA MACHI Kumamoto in Sakuramachi, Kumamoto
October 2019	Opened Henn na Hotel Kansai Airport (currently Henn na Resort & Spa Kansai Airport)
December 2019	Opened Henn na Hotel Kanazawa Korinbo
June 2020	Moved headquarters to 4-1-1 Toranomom, Minato-ku, Tokyo
August 2020	Established H.I.S. Real Estate Co., Ltd.
October 2020	Opened Watermark Hotel Kyoto (currently Henn na Hotel Premier Kyoto Gojo Karasuma) Opened Henn na Hotel Nara (currently Henn na Hotel Premier Nara)
December 2020	Opened Henn na Hotel Komatsu-ekimae
March 2021	Succeeded operations of Resort Hotel Kume Island (currently Watermark Hotel Okinawa Kume Island)
June 2021	Established Green Ocean Co., Ltd. to operate a staffing business
July 2021	Opened Hotel VISON and Hatago VISON Opened Mantenno Tsujinoya, the first Japanese inn of the Japanese inn regeneration project
August 2021	Opened Henn na Hotel Seoul Myeongdong
September 2021	Opened Henn na Hotel Sendai Kokubuncho (currently Henn na Hotel Premier Sendai Kokubuncho)
October 2021	Opened Henn na Hotel New York
March 2022	Opened Hotel Inspira-S Tashkent
April 2022	As a result of the market reclassification of the Tokyo Stock Exchange, shares were transferred from the First Section to the Prime Market
May 2022	Transferred all shares of HTB ENERGY CO., LTD. to HBD, Inc.
August 2022	Opened Watermark Hotel & Resorts Okinawa Miyakojima (currently Watermark Hotel Okinawa Miyakojima)
September 2022	Transferred all shares of Huis Ten Bosch Co., Ltd. to PAG HTB Holdings Co., Ltd.
October 2022	Transferred all shares of H.I.S. SUPER Power Co., Ltd. to Kyushu Ohisama Power Generation Co., Ltd.
December 2022	Established HIS Group Purpose Opened Henn na Hotel Kagoshima Tenmonkan (currently Henn na Hotel Premier Kagoshima Tenmonkan) Opened Henn na Hotel Nagoya Fushimi-ekimae (currently Henn na Hotel Premier Nagoya Fushimi Ekimae)
March 2023	Made SCI Stenberg College International Inc. a subsidiary
July 2023	Made Kokurensa Inc. (currently HIS Design and Plus Co., Ltd.) a subsidiary
February 2024	Launched a new business format in the restaurant business with the opening of Seafood Buffet Iroha
June 2024	Relocated and renovated the flagship store Travel Wonderland Shinjuku
August 2024	Cross E Holdings Co., Ltd. was listed on the Fukuoka Stock Exchange Q-Board Acquired shares of DEVELOP Co., Ltd. (making it an equity-method associate)
November 2024	Opened the Cappadocia Marriott Hotel in Cappadocia, Turkey
January 2025	Sponsored the Expo 2025 Osaka, Kansai, Japan (© Expo 2025) as a PR Gold Partner
May 2025	Opened a specialty store focusing on Europe, the Middle East, and Africa at INOGATE OSAKA, a commercial complex directly connected to JR Osaka Station
August 2025	Opened a second Seafood Buffet Iroha restaurant in Tokyo Dome City

3. Description of Business

The HIS Group (H.I.S. Co., Ltd. and associated companies; hereinafter, the “HIS Group” or the “Group”) comprises H.I.S. Co., Ltd. (hereinafter, the “Company”), 153 subsidiaries, and 10 associates. The main businesses operated by the Group and the positioning of the Company and its associated companies in these businesses are as follows.

The four business groupings of Travel business, Hotel business, Kyushu Sanko Group, and Other outlined below are consistent with the reportable segments stated in “Part I Information on the Company, V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements.”

(1) Travel business

The HIS Group engages in the Travel business (both domestic and overseas) and other ancillary businesses.

[Associated companies]

HAWAII HIS CORPORATION	GROUP MIKI HOLDINGS LIMITED
H.I.S. INTERNATIONAL TOURS (NY) INC.	HIS INTERNATIONAL TOURS FRANCE SAS
H.I.S. GUAM, INC.	H.I.S. Deutschland Touristik GmbH
H.I.S. - MERIT TRAVEL INC.	HIS ULUSLARARASI TURIZM SEYAHAT ACENTASI LIMITED SIRKETI
H.I.S. - RED LABEL VACATIONS INC.	Orion Tour Co., Ltd.
H.I.S. KOREA CO., LTD.	QUALITA Co., Ltd.
H.I.S. Tours Co., Ltd.	Ohshu Express Limited
PT. HARUM INDAH SARI TOURS & TRAVEL	Japan Holiday Travel Co., Ltd.
HIS (HONG KONG) COMPANY LIMITED	Cruise Planet Co. Ltd.
H.I.S. TAIWAN COMPANY LIMITED	H.I.S. OKINAWA Co., Ltd.
H.I.S. INTERNATIONAL TRAVEL PTE LTD	
H.I.S. AUSTRALIA PTY. LTD.	
HIS - MIKI TRAVEL UK LIMITED	and 90 other companies

(2) Hotel business

The HIS Group engages in the Hotel business and other ancillary businesses in Japan, Taiwan, the United States, Turkey, and other countries.

[Associated companies]

H.I.S. Hotel Holdings Co., Ltd.	HIS DORAK TURIZM OTEL YATIRIMLARI VE DIS TICARET ANONIM SIRKETI
Aquaignis Taki Hotel Asset Co., Ltd.	
HHH.USA. INC.	
GUAM REEF HOTEL, INC.	
Green World Hotels Co., Ltd.	and 6 other companies

(3) Kyushu Sanko Group

The Kyushu Sanko Group, whose holding company is Kyushu Industrial Transportation Holdings Co., Ltd., operates businesses including automobile transport and real estate leasing, etc.

[Associated companies]

Kyushu Industrial Transportation Holdings Co., Ltd.	and 13 other companies
---	------------------------

(4) Other businesses

LAGUNA TEN BOSCH CO., LTD. owns and operates a theme park in Gamagori, Aichi Prefecture.

H.S. Insurance Co., Ltd. handles property and casualty insurance, mainly for overseas travel.

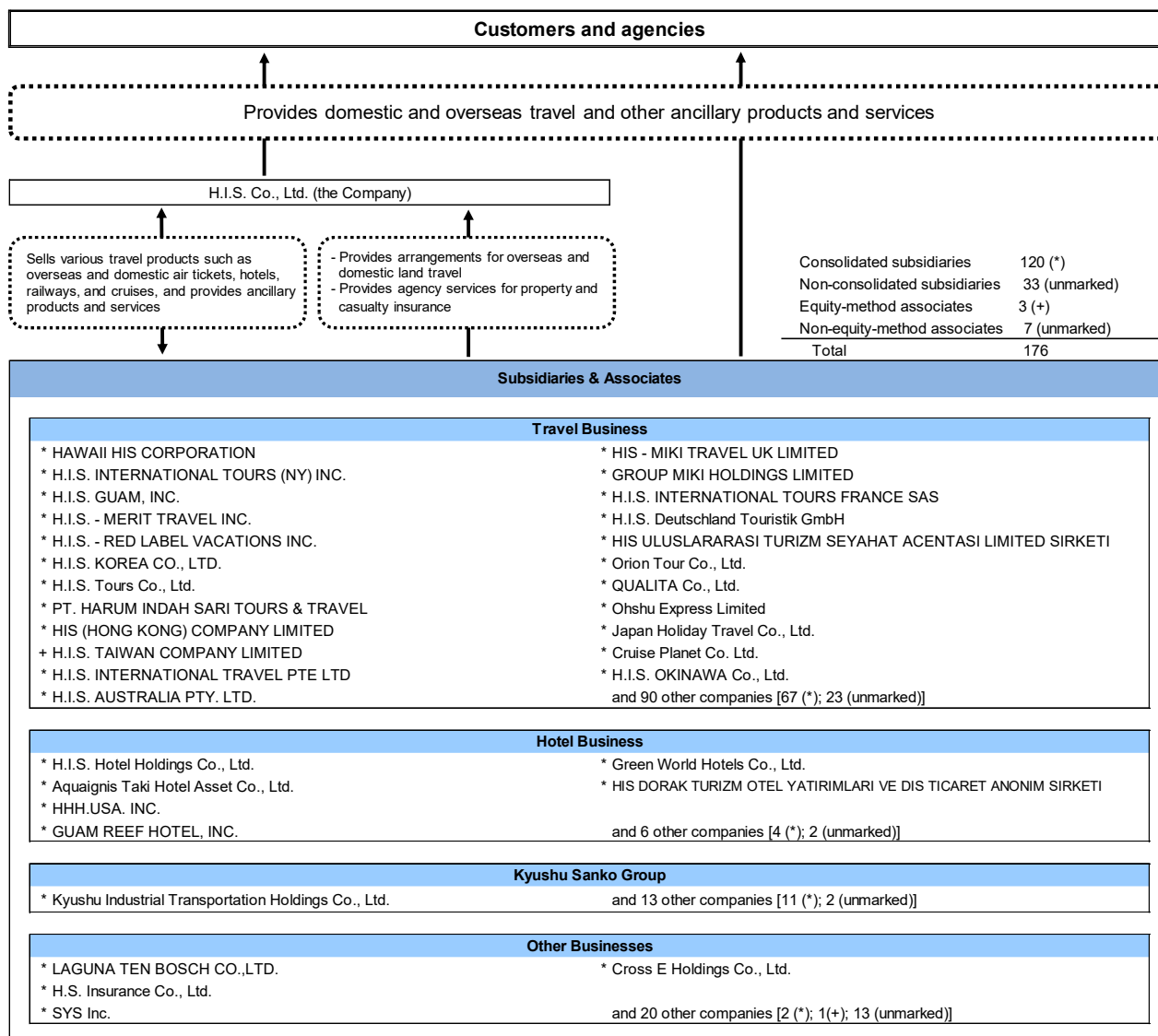
SYS Inc. develops and manages guest room reservation systems, and operates other ancillary businesses.

Cross E Holdings Co., Ltd. is a holding company, and its group companies engage in infrastructure businesses such as facility management, machinery installation, and maintenance.

[Associated companies]

LAGUNA TEN BOSCH CO., LTD.	Cross E Holdings Co., Ltd.
H.S. Insurance Co., Ltd.	
SYS Inc.	and 20 other companies

The following table illustrates the HIS Group's operating relationships.



4. Information on Subsidiaries and Associates

(1) Consolidated subsidiaries

Company name	Location	Capital	Main business	Ownership of voting rights (%)	Relationship
H.I.S. Americas Inc. (Note) 3 (Note) 6	Delaware, U.S.A.	847 thousand USD	Travel business	100.0	1) Concurrent director Two concurrent directors at said company
HAWAII HIS CORPORATION (Note) 2 (Note) 3	Honolulu, Hawaii, U.S.A.	100 thousand USD	Travel business	100.0 (100.0)	1) Concurrent director One concurrent director at said company 2) Business transaction Purchasing and sales of travel products, etc. between the companies 3) Capital assistance The Company guarantees liabilities (up to 64 million yen) against bank guarantees.
H.I.S. INTERNATIONAL TOURS (NY) INC. (Note) 2 (Note) 3	New York City, New York, U.S.A.	150 thousand USD	Travel business	100.0 (100.0)	1) Concurrent director One concurrent director at said company 2) Business transaction Purchasing and sales of travel products, etc. between the companies 3) Capital assistance The Company guarantees liabilities (up to 154 million yen) against bank guarantees.
H.I.S. GUAM, INC. (Note) 2 (Note) 3	Guam, Territory of U.S.A.	200 thousand USD	Travel business	100.0 (100.0)	1) Business transaction The Company purchases travel products, etc. from said company.
H.I.S. - MERIT TRAVEL INC. (Note) 2 (Note) 3	Vancouver, British Columbia, Canada	45,395 thousand CAD	Travel business	100.0 (100.0)	1) Concurrent director One concurrent director at said company
H.I.S. CANADA HOLDINGS INC. (Note) 3	Vancouver, British Columbia, Canada	247,804 thousand CAD	Travel business	100.0	1) Concurrent director One concurrent director at said company 2) Business transaction The Company sells travel products, etc. to said company.
H.I.S. - RED LABEL VACATIONS INC. (Note) 2 (Note) 3	Vancouver, British Columbia, Canada	191,900 thousand CAD	Travel business	100.0 (100.0)	1) Concurrent director One concurrent director at said company 2) Business transaction Purchasing and sales of travel products, etc. between the companies
H.I.S. KOREA CO., LTD. (Note) 3	Seoul, Republic of Korea	425,000 thousand KRW	Travel business	58.8	1) Business transaction The Company purchases travel products, etc. from said company.
H.I.S. Tours Co., Ltd. (Note) 3	Bangkok, Kingdom of Thailand	20,000 thousand THB	Travel business	82.8	1) Business transaction Purchasing and sales of travel products, etc. between the companies 2) Capital assistance The Company guarantees liabilities (up to 95 million yen) against bank guarantees.
PT. HARUM INDAH SARI TOURS & TRAVEL (Note) 3	Denpasar, Republic of Indonesia	761 thousand USD	Travel business	90.0	1) Business transaction Purchasing and sales of travel products, etc. between the companies
HIS (HONG KONG) COMPANY LIMITED (Note) 2 (Note) 3	Hong Kong Special Administrative Region, People's Republic of China	1,500 thousand HKD	Travel business	100.0 (100.0)	1) Business transaction The Company purchases travel products, etc. from said company.

Company name	Location	Capital	Main business	Ownership of voting rights (%)	Relationship
H.I.S. INTERNATIONAL MANAGEMENT PTE. LTD. (Note) 2 (Note) 3	Republic of Singapore	17,000 thousand USD	Travel business	100.0 (0.1)	1) Business transaction Purchasing and sales of travel products, etc. between the companies
H.I.S. INTERNATIONAL TRAVEL PTE LTD (Note) 2 (Note) 3	Republic of Singapore	400 thousand SGD	Travel business	100.0 (100.0)	1) Business transaction Purchasing and sales of travel products, etc. between the companies
H.I.S. AUSTRALIA PTY. LTD. (Note) 2	Gold Coast, Queensland, Australia	25 thousand AUD	Travel business	100.0 (100.0)	1) Business transaction Purchasing and sales of travel products, etc. between the companies
HIS - MIKI TRAVEL UK LIMITED (Note) 2 (Note) 3	London, England	210 thousand GBP	Travel business	100.0 (100.0)	1) Business transaction Purchasing and sales of travel products, etc. between the companies
GROUP MIKI HOLDINGS LIMITED (Note) 3	London, England	116 thousand EUR	Travel business	70.3	1) Concurrent director One concurrent director at said company 2) Business transaction Purchasing and sales of travel products, etc. between the companies 3) Capital assistance The Company provides 3,565 million yen in loans for working capital.
HIS INTERNATIONAL TOURS FRANCE SAS (Note) 2 (Note) 3	Paris, France	2,030 thousand EUR	Travel business	100.0 (100.0)	1) Business transaction Purchasing and sales of travel products, etc. between the companies 2) Capital assistance The Company guarantees liabilities (up to 48 million yen) against bank guarantees.
H.I.S. Deutschland Touristik GmbH (Note) 2	Frankfurt, Germany	25 thousand EUR	Travel business	100.0 (100.0)	1) Business transaction Purchasing and sales of travel products, etc. between the companies 2) Capital assistance The Company guarantees liabilities (up to 117 million yen) against bank guarantees.
HIS ULUSLARARASI TURIZM SEYAHAT ACENTASI LIMITED SIRKETI (Note) 3	Istanbul, Turkey	9,132 thousand TRY	Travel business	100.0	1) Concurrent director One concurrent director at said company 2) Business transaction Purchasing and sales of travel products, etc. between the companies 3) Capital assistance The Company guarantees liabilities (up to 1,273 million yen) against bank guarantees, provides payment guarantees (up to 308 million yen) for trade payables, and provides 570 million yen in loans for working capital.
Orion Tour Co., Ltd. (Note) 3	Chuo-ku, Tokyo	248 million yen	Travel business	100.0	1) Business transaction The Company purchases travel products, etc. from said company.
QUALITA Co., Ltd. (Note) 3	Minato-ku, Tokyo	51 million yen	Travel business	100.0	1) Concurrent director One concurrent director at said company 2) Business transaction Purchasing and sales of travel products, etc. between the companies 3) Capital assistance The Company provides payment guarantees (up to 10 million yen) for trade payables.

Company name	Location	Capital	Main business	Ownership of voting rights (%)	Relationship
Ohshu Express Limited (Note) 3	Minato-ku, Tokyo	100 million yen	Travel business	100.0	1) Business transaction Purchasing and sales of travel products, etc. between the companies
Japan Holiday Travel Co., Ltd. (Note) 3	Kita-ku, Osaka, Osaka Prefecture	30 million yen	Travel business	66.7	1) Concurrent director Two concurrent directors at said company 2) Business transaction Purchasing and sales of travel products, etc. between the companies 3) Capital assistance The Company guarantees liabilities (up to 1,850 million yen) against bank guarantees and provides 150 million yen in loans for working capital.
Cruise Planet Co. Ltd. (Note) 3	Chiyoda-ku, Tokyo	25 million yen	Travel business	100.0	1) Concurrent director One concurrent director at said company 2) Business transaction Purchasing and sales of travel products, etc. between the companies
H.I.S. OKINAWA Co., Ltd. (Note) 3	Naha, Okinawa Prefecture	60 million yen	Travel business	100.0	1) Concurrent director Two concurrent directors at said company 2) Business transaction Purchasing and sales of travel products, etc. between the companies 3) Capital assistance The Company provides payment guarantees (up to 10 million yen) for trade payables.
H.I.S. Hotel Holdings Co., Ltd. (Note) 3	Minato-ku, Tokyo	10 million yen	Hotel business	100.0	1) Concurrent director One concurrent director at said company 2) Business transaction Purchasing and sales of hotel products, etc. between the companies 3) Capital assistance The Company guarantees liabilities (up to 235 million yen) against bank guarantees and provides 69,666 million yen in loans for working capital and capital expenditure.
Aquagnis Taki Hotel Asset Co., Ltd. (Note) 2 (Note) 3 (Note) 5	Takicho, Taki, Mie Prefecture	100 million yen	Hotel business	50.0 (50.0)	—
HHH.USA. INC. (Note) 2 (Note) 3	New York City, New York, U.S.A.	10,000 thousand USD	Hotel business	100.0 (100.0)	—
GUAM REEF HOTEL, INC. (Note) 2	Guam, Territory of U.S.A.	10 thousand USD	Hotel business	100.0 (100.0)	1) Capital assistance The Company provides payment guarantees (up to 564 million yen) for repair expenses, etc. and also provides payment guarantees for a real estate lease agreement. The Company provides 616 million yen in loans for working capital and capital expenditure.
Green World Hotels Co., Ltd. (Note) 2 (Note) 3	Taipei, Taiwan	219 million TWD	Hotel business	51.0 (51.0)	1) Capital assistance The Company guarantees liabilities (up to 1,054 million yen) against bank guarantees.

Company name	Location	Capital	Main business	Ownership of voting rights (%)	Relationship
HIS DORAK TURIZM OTEL YATIRIMLARI VE DIS TICARET ANONIM SIRKETI (Note) 2 (Note) 3	Istanbul, Turkey	334,283 thousand TRY	Hotel business	51.0 (51.0)	1) Concurrent director One concurrent director at said company
Kyushu Industrial Transportation Holdings Co., Ltd. (Note) 3 (Note) 4	Chuo-ku, Kumamoto, Kumamoto Prefecture	1,065 million yen	Kyushu Sanko Group	91.6	1) Concurrent director One concurrent director at said company 2) Business transaction Purchasing and sales of travel products, etc. between the companies 3) Capital assistance The Company provides 2,115 million yen in loans for capital expenditure.
H.S. Insurance Co., Ltd. (Note) 3	Chuo-ku, Tokyo	1,612 million yen	Other businesses	100.0	1) Business transaction The Company is a sales representative for travel insurance, etc.
Cross E Holdings Co., Ltd. (Note) 3 (Note) 4	Sasebo, Nagasaki Prefecture	280 million yen	Other businesses	70.4	—
LAGUNA TEN BOSCH CO., LTD. (Note) 3	Gamagori, Aichi Prefecture	1,588 million yen	Other businesses	66.0	1) Concurrent director One concurrent director at said company 2) Business transaction The Company purchases travel products, etc. from said company.
SYS Inc. (Note) 3	Minato-ku, Tokyo	100 million yen	Other businesses	91.4	1) Concurrent director One concurrent director at said company 2) Business transaction The Company outsources development of accommodation reservation systems, etc. 3) Capital assistance The Company provides 1,800 million yen in loans for working capital.
And 84 other companies					

(Notes) 1. The “Main business” column indicates the segment names stated in “[Segment information]”.

2. Figures in parentheses in the “Ownership of voting rights” column represent percentage of voting rights held indirectly by the Company.

3. These companies fall under the category of specified subsidiaries.

Of the companies included in “And 84 other companies,” the companies that fall under the category of specified subsidiaries are as follows.

NEW H.I.S. Co.,Ltd., TOUR WAVE CO., LTD., Travel Marche Co., Ltd., O.T.B. Co., Ltd., H.I.S. CANADA TRAVEL INC., TRAVELBRANDS USA HOLDINGS, INC., SKYLINK VOYAGES INC., H.I.S. BRASIL TURISMO LTDA., H.I.S. GIRAS INTERNACIONALES MEXICO, S.A. DE C.V., H.I.S. (China) Holding Co., Limited, H.I.S. MANAGEMENT SERVICES SDN. BHD., H.I.S. TRAVEL (MALAYSIA) SDN. BHD., H.I.S. (MACAU) TRAVEL COMPANY LIMITED, H.I.S (Cambodia) Travel Co., Ltd., H.I.S. TRAVEL (INDIA) PRIVATE LIMITED, H.I.S SONGHAN VIETNAM TOURIST COMPANY LTD., H.I.S. (PHILIPPINES) TRAVEL CORP., H.I.S. GLOBAL BUSINESS, INC., H.I.S. (FIJI) Pte Limited, H.I.S. NEW ZEALAND LIMITED, Miki Tourist Co., Ltd., Miki Travel Limited, Miki Travel (Hong Kong) Limited, Miki Travel Consultancy (Shanghai) Limited, Miki Travel SDN. BHD., Miki Travel Agency SA, Miki Travel Agency Italia S.R.L., Miki Travel Agency S.A., Miki Solutions Limited, Miki Shared Service Centre SDN. BHD., MIKI TRAVEL (TAIWAN) LIMITED, MK Support Service B.V., Miki Travel Online Limited, SAS CEETIZ, H.I.S. International Tours .Ru, H.I.S TRAVEL EGYPT, H.I.S KENYA LIMITED, HIDE INTERNATIONAL SERVICE MAROC, H.I.S. Management Consulting DMCC, PT. HARUM INDAH SARI INDONESIA, Vison Hotel Management Co., Ltd., HHH.KOREA. INC., HHH CENTRALASIA FE LLC, Kyushu Sanko Bus Co., Ltd., Kyushu Sanko Tourism Co., Ltd., Kyushu Sanko Landmark Co., Ltd., Kumamoto Ferry Co., Ltd., Sanko Bus Co., Ltd., Kyushu Sanko Auto Service Co., Ltd., Kyushu Sanko Retail Co., Ltd., Kasse Japan Co., Ltd., Kyushu BM

Service Co., Ltd., Kyushu Sanko Planning Co., Ltd., HIS Design and Plus Co., Ltd., HUIS TEN BOSCH Technical center Co., Ltd., Nishinohon Engineering Co., Ltd., hapi-robo st, Inc., H.I.S.Mobile Inc.

4. These companies file an Annual Securities Report (Yukashoken Hokokusho).
5. The Company holds a stake of 50% or less in Aquaignis Taki Hotel Asset Co., Ltd. However, Aquaignis Taki Hotel Asset Co., Ltd. is effectively under the Company's control and regarded as a subsidiary.
6. H.I.S. Americas Inc. changed its corporate name from H.I.S. U.S.A. HOLDING, INC. on December 1, 2024.

(2) Equity-method associates

Company name	Location	Capital	Main business	Ownership of voting rights (%)	Relationship
H.I.S. TAIWAN COMPANY LIMITED	Taipei, Taiwan	42 million TWD	Travel business	50.0	1) Concurrent director Two concurrent directors at said company 2) Business transaction Purchasing and sales of travel products, etc. between the companies
Two other companies					

(Note) The "Main business" column indicates the segment names stated in "[Segment information]".

5. Employees

(1) Consolidated companies

As of October 31, 2025

Segment	Number of employees	
Travel business	7,915	[963]
Hotel business	760	[307]
Kyushu Sanko Group	1,438	[339]
Reportable segments total	10,113	[1,609]
Other	398	[283]
Corporate-wide (shared)	293	[14]
Total	10,804	[1,906]

(Notes) 1. The number of employees represents full-time employees only. An additional figure for the average number of temporary staff employed during the fiscal year is presented in square brackets.

2. The employees in "Corporate-wide (shared)" are those belonging to administrative departments and thus do not fall under any business segment.

(2) The filing company

As of October 31, 2025

Number of employees	Average age	Average length of service	Average annual salary (yen)
4,447 [660]	37.0 years old	12.5 years	5,492,354

Segment	Number of employees	
Travel business	4,115	[562]
Reportable segments total	4,115	[562]
Other	39	[84]
Corporate-wide (shared)	293	[14]
Total	4,447	[660]

(Notes) 1. The number of employees represents full-time employees only. An additional figure for the average number of temporary staff employed during the fiscal year is presented in square brackets.

2. Average annual salary includes bonuses and extra wages.
3. The employees in "Corporate-wide (shared)" are those belonging to administrative departments and thus do not fall under any business segment.

(3) Labor unions

There are no applicable matters to report.

(4) Ratio of female employees in management positions, ratio of male employees taking childcare leave, and wage differences between male and female employees

1) The filing company

Year ended October 31, 2025				
Ratio of female employees in management positions (%) (Note) 1	Ratio of male employees taking childcare leave (%) (Note) 2	Wage differences between male and female employees (%) (Notes) 1, 3, 4		
		All employees	Of which, regular employees	Of which, non-regular employees
19.3	87.8	68.5	72.1	50.4

(Notes) 1. Calculated in accordance with the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

2. Calculated as the “ratio of childcare leave, etc. taken” in Item 1 of Article 71-6 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991) pursuant to the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

3. The wage differences between male and female employees represent the ratio of the average annual wage for women to that for men, with the men’s average annual wage set to 100.

4. The HIS Group applies the same standards for wages based on job responsibilities, capabilities, and other qualifications, regardless of gender. The wage differences between regular male and female employees are considered to result from a slightly higher ratio of men in management positions, age composition, and longer average years of service, as well as a higher ratio of women utilizing short working hours. The wage differences between non-regular male and female employees are attributable to differences in employment types. A higher ratio of female employees work part-time, while a higher ratio of male employees are re-employed after retirement, with their compensation being determined based on pre-retirement responsibilities, qualifications, and other considerations, resulting in differences in wages.

2) Consolidated subsidiaries

Year ended October 31, 2025					
Company name	Ratio of female employees in management positions (%) (Notes) 1, 6	Ratio of male employees taking childcare leave (%) (Notes) 2, 7	Wage differences between male and female employees (%) (Notes) 1, 3, 4		
			All employees	Of which, regular employees	Of which, non-regular employees
H.I.S. Hotel Holdings Co., Ltd.	0.0	100.0	72.7	91.4	61.5
Kyushu Sanko Bus Co., Ltd.	11.1	100.0	53.8	75.8	35.7
Kyushu Sanko Tourism Co., Ltd.	26.3	33.3	77.9	78.1	50.5
Kyushu Sanko Retail Co., Ltd.	9.1	0.0	62.2	77.2	72.2
Kyushu Sanko Auto Service Co., Ltd.	0.0	28.6	84.3	79.9	89.2
Sanko Bus Co., Ltd.	22.2	0.0	78.9	83.7	54.9
LAGUNA TEN BOSCH CO., LTD.	0.0	100.0	77.3	76.1	84.3
Miki Tourist Co., Ltd.	21.6	0.0	78.3	80.5	76.5
O.T.B. Co., Ltd.	0.0	100.0	40.5	76.8	103.8
Cruise Planet Co. Ltd.	42.1	—	73.1	82.8	43.3

(Notes) 1. Calculated in accordance with the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

2. Calculated as the “ratio of childcare leave, etc. taken” in Item 1 of Article 71-6 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991) pursuant to the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

For subsidiaries with no applicable individuals or not subject to disclosure, “—” is shown in place of figures.

3. The wage differences between male and female employees represent the ratio of the average annual wage for women to that for men, with the men’s average annual wage set to 100.
4. Each company applies the same standards for wages based on job responsibilities, capabilities, and other qualifications, regardless of gender. The wage differences between regular male and female employees are considered to result from a slightly higher ratio of men in management positions, age composition, and longer average years of service, as well as a higher ratio of women utilizing short working hours. The wage differences between non-regular male and female employees are attributable to differences in employment types. A higher ratio of female employees work part-time, while a higher ratio of male employees are re-employed after retirement, with their compensation being determined based on pre-retirement responsibilities, qualifications, and other considerations, resulting in differences in wages.
5. The figures are as of the fiscal year-end date for each company.
6. With respect to the ratio of female employees in management positions, the ratio of female managers at H.I.S. Hotel Holdings Co., Ltd. is 0.0% due to the small number of eligible employees at the manager level; however, at the level equivalent to assistant managers (hotel managers), the ratio stands at 33.3%. At LAGUNA TEN BOSCH CO., LTD., the ratio of female managers is 0.0% due to the small number of eligible employees at the manager level; however, the ratio at the assistant manager level is 47.3%. In addition, at O.T.B. Co., Ltd., drivers account for 70.2% of employees and non-regular employees for 13.9%, while employees who constitute the primary pool for promotion to management positions represent 15.9% of the workforce. As the number of eligible employees at the manager level is small, the ratio of female managers is 0.0%; however, the ratio at the assistant manager level is 8.0%.
7. The ratio of male employees taking childcare leave is 0.0% at Kyushu Sanko Retail Co., Ltd. (three eligible employees), Sanko Bus Co., Ltd. (one eligible employee), and Miki Tourist Co., Ltd. (one eligible employee), as none of the eligible employees took childcare leave.

II. Business Overview

1. Management Policy, Management Environment, and Issues to be Addressed, etc.

(1) Management policy

In accordance with the HIS Group Philosophy, the HIS Group aims to achieve sustainable growth for the Group as a whole by operating a wide range of businesses centered on travel under the banner of the HIS Group Purpose—Unleash your feeling “KOKORO ODORU.” We aspire to be a company that contributes to global peace by facilitating a large number of encounters and connections, fostering the creation of rich and irreplaceable moments, and promoting mutual understanding among people.

For information on the HIS Group Philosophy, please visit the following website.

<https://www.his.co.jp/en/company/philosophy/>

(2) Medium- to long-term corporate management strategy and key performance indicators

As the HIS Group approaches its 50th anniversary in 2030, it has set forth a vision for achieving sustainable growth and purpose-driven management. Based on this vision, the Group has formulated specific management targets and policies in its medium-term management plan (FY2024–2026).

(i) Vision for the Group’s 50th anniversary (Vision 2030)

Vision 2030
Be the preferred company of choice, full of enterprising spirit and bringing the world together
Change & Create

The HIS Group has set forth Vision 2030, outlining what it aspires to achieve by 2030.

[Aspirations embodied in Vision 2030]

• A spirit of challenge—the principle that has guided the Group since its founding

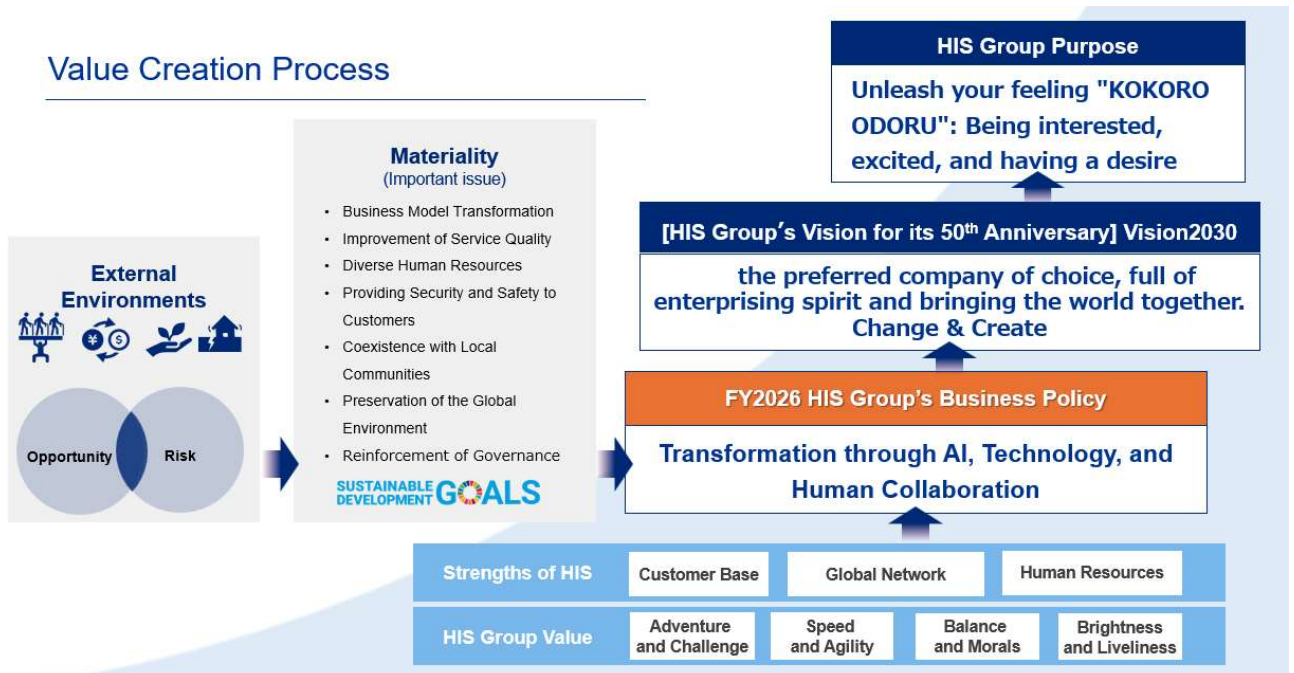
As the HIS Group continues to embrace challenges, it will encourage and support diverse challenges around the world. Through such efforts, it aims to grow alongside society and contribute to the creation of a better future.

• Bringing the world closer by harnessing the Group’s global network

As of the end of October 2025, the HIS Group operates 149 branches in Japan and 141 branches across 110 cities in 58 countries overseas. This extensive global network is a distinctive strength of the Group. Its business domain spans from the tightly connected world of local communities to the vast reaches of outer space.

• A company chosen time and again by customers, society, and HIS Group employees

To create unique value that only the HIS Group can offer, we place the needs of customers and society first, aiming to become a company that continues to be chosen across generations and borders. We also seek to build a better working environment as a company where employees can find fulfillment in their work.



(ii) Overview of HIS Group management policy and action plans for the fiscal year ending October 31, 2026

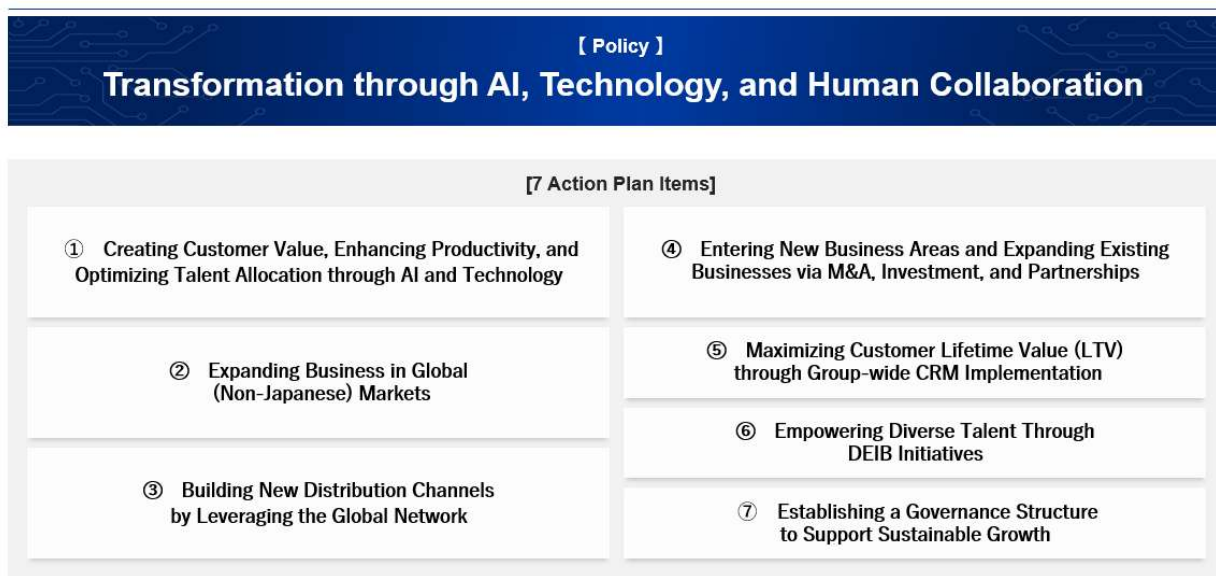
The fiscal year ending October 31, 2026 marks the final year of the current medium-term management plan. Meanwhile, the external environment is evolving at an unprecedented speed, influenced by factors such as “changes in the market” resulting from diversification in values, “an intensifying competitive environment” amid diversification in distribution channels, and “technological advancement” fueled by the AI adoption and digital transformation (DX). In order to respond swiftly and flexibly to these changes, the HIS Group has reviewed the final year of the current medium-term management plan and positioned the fiscal year ending October 31, 2026 as a lead-up period toward the strong start of its new medium-term management plan, adopting the management policy of “Transformation through AI, technology, and human collaboration.”

AI and technology are no longer merely tools but have become indispensable elements of business operations, and they are evolving at an extremely rapid pace. The Group recognizes the need to incorporate them into all its businesses. By combining these capabilities with its core competence, human resources, the Group believes it can create highly distinctive value and has therefore placed this concept at the center of its overall policy.

By utilizing technologies such as AI and DX and integrating them with human capital, the Group will achieve business expansion and the creation of new value.

Building on the action plans of the originally announced medium-term management plan, the action plans supporting the new policy consist of seven items that further specify the key initiatives while newly incorporating a perspective of sustainable growth.

HIS Group’s Business Policy and Action Plans for FY October 2026



1) Creating customer value, enhancing productivity, and optimizing talent allocation through AI and technology

Through the utilization of AI and technology, the HIS Group will deliver new experiential value unique to the Group to customers. Internally, we will improve productivity by advancing labor-saving initiatives and accelerating operations. We will optimally allocate human resources to creative and high-value-added tasks that cannot be replaced by AI, thereby driving further performance.

2) Expanding business in global (non-Japanese) markets

As a growth driver for the HIS Group, we will position the global (non-Japanese) market as a priority area. Drawing on the knowledge and skills cultivated through services for Japanese customers, the Group will strengthen its expansion to non-Japanese customer segments. Strategic planning is being led primarily by the Global Management Department, and the Group as a whole will provide support, including investment, in order to accelerate growth.

3) Building new distribution channels by leveraging the global network

In the Travel business, the expansion of new distribution channels, such as airlines’ direct sales and online travel agents (OTAs), is requiring a transformation of the traditional agency model. The HIS Group will leverage its global network to develop new distribution models alongside its existing distribution channels.

4) Entering new business areas and expanding existing businesses via M&A, investment, and partnerships

In entering new business areas and expanding existing businesses, the HIS Group will actively leverage M&A, investments, and partnerships. By incorporating external resources and achieving broad-based expansion, including into different industries, the Group will aim to capture growth opportunities in a short period and expand its business portfolio.

5) Maximizing customer lifetime value (LTV) through Group-wide CRM implementation

The fiscal year ending October 31, 2026 is positioned as the initial year of CRM system implementation, and the initiative will be rolled out across the entire HIS Group. The Group will aim to shift from a product-driven approach to a customer-driven approach and optimize service content and delivery timings based on customer and market data. By deepening information sharing, the Group will enhance customer satisfaction and loyalty and maximize customer lifetime value (LTV).

6) Empowering diverse talent through DEIB initiatives

To realize human capital management, the HIS Group will strengthen initiatives to promote diversity, equity, inclusion, and belonging (DEIB). The Group will promote the appointment of young employees, women, and non-Japanese personnel, thereby enhancing diversity in decision-making, while setting specific targets and advancing related initiatives. By promoting diverse working styles and expanding education programs, the Group will build an organization where diverse talent can fully demonstrate their capabilities in an environment with a high level of psychological safety.

7) Establishing a governance structure to support sustainable growth

To support the HIS Group's sustainable growth over the medium to long term, the Group will establish a governance framework centered on corporate governance, compliance, and risk management. Through sound management systems and business operations, the Group will enhance corporate value while strengthening mechanisms to protect stakeholder trust and interests.

(iii) Overview of financial policy for the fiscal year ending October 31, 2026

The HIS Group will focus on the following four initiatives:

- Strengthening capital: Expanding shareholders' equity through the accumulation of profits from core operations
- Reduction of interest-bearing debt: Improving financial soundness through the reduction of interest-bearing debt
- Strengthening the financial base: Restoring the shareholders' equity ratio through selective concentration of businesses
- Shareholder returns: Implementing stable and continuous profit distributions

(3) Management environment and issues to be addressed

The business environment going forward will require close monitoring of factors such as continued price increases and developments in U.S. trade policy. However, supported by improvements in employment and income conditions and the effects of various policy measures, signs of a recovery in personal consumption are emerging, and the economy is expected to remain on a moderate recovery path.

Amid such an environment, the key issues that the Group must address are outlined below.

1) Strengthening Group governance

As announced in the "Notice Regarding Investigation into Receipt of Employment Adjustment Subsidies at a Consolidated Subsidiary and Postponement of Financial Results Announcement for the Fiscal Year Ended October 31, 2024," dated November 25, 2024, the HIS Group established a Special Investigation Committee composed of external experts to ensure expertise and objectivity, and conducted an investigation to determine whether any issues existed regarding the receipt of employment adjustment subsidies and related matters within the Group.

The Company has given serious consideration to the investigation results and recommendations for recurrence prevention received from the Special Investigation Committee. To address the issues related to Group governance that were revealed on this occasion, the Company established the Subsidiary Governance Review Committee in April 2025 for a limited period and has since implemented improvements across the Group. After repeated discussions at the Committee regarding matters such as criteria for the appointment of officers within the Group, term standards, and evaluation systems, the rules formulated as a result have been incorporated into official regulations in order to prevent management entrenchment. In addition, by strengthening communication between the parent company's directors and the management departments responsible for subsidiary oversight and the subsidiaries themselves, and by promoting information sharing, the Group is working to ensure that issues can be addressed at an early stage. Going forward, the Group will continue to enhance Group governance over the long term. Even in a society undergoing diverse changes, it will promote business development that embodies the HIS Group Philosophy, which sets forth the values the Group aims to continuously provide to society, its Code of Conduct, and its founding spirit. Through these efforts, the Group will work to enhance corporate value.

2) Increasing financial soundness

The HIS Group recognizes that strengthening its shareholders' equity is an urgent priority, and will improve cash flow by enhancing profitability and reviewing investments. The Group recognizes that its return on equity (ROE) is currently elevated due to high financial leverage and will prioritize fundamental improvements in capital efficiency and the stabilization of its financial base, rather than focusing on superficial metrics. While securing adequate liquidity on hand in the near term, the Group will strengthen its financial structure through rigorous cost reductions, accumulate profits from core businesses, and reduce interest-bearing debt. As benchmarks for financial stability, it aims to achieve a shareholders' equity ratio of at least 20% at an early stage, while working to establish a sound financial foundation through the optimization of profitability indicators in accordance with business conditions.

3) Responding to change based on material issues

The HIS Group analyzes various external factors as “growth opportunities” and “business risks,” and has identified seven material issues (materiality) that must be addressed to ensure corporate sustainability. It has incorporated each material issue into the strategy of the medium-term management plan, set corresponding targets and KPIs, and is working toward their achievement.

- Business model transformation

The HIS Group recognizes that improving productivity and enhancing profitability in each business domain are immediate priorities. To address these challenges, the Group will promote digital transformation, aim to transition toward a more efficient business structure, and work to rebuild its business portfolio. In addition, amid the dramatic changes in society and business brought about by technological advancement, the Group will identify new possibilities without being constrained by existing concepts, continue to adapt to various forms of change, and work toward achieving sustainable growth.

- Service quality improvement

The HIS Group intends to create new experience-driven value and expand its service offerings by leveraging its global network and infrastructure to the fullest. Through these initiatives, the Group strives to deliver high-quality products and services. It will also make efforts to please and gain the support of customers throughout the world by working to improve the level of its services both in Japan and overseas.

- Diverse human resources

The HIS Group believes that its people are the source of its value creation. By fostering a workplace environment where each employee respects the individuality, character, and human rights of others, and where employees can work comfortably, the Group aims to empower employees to take on challenges in their own way, continue growing, and transform diversity into a strength. The Group will continue to promote diversity, equity, inclusion, and belonging (DEIB).

- Providing security and safety to customers

The HIS Group believes that safety management and quality control of the services it provides are critical to ensuring customer security and safety. In its core Travel business, the Group has developed the HIS Quality and Safety Control Guidelines and is working to ensure awareness among overseas HIS branches and business partners.

In addition, the Group regards both the information it holds, such as customer contact details, and the information systems—including the computers and networks—through which such information circulates, as important information assets. The Group recognizes that ensuring information security is a critical responsibility in protecting these information assets from all threats and maintaining appropriate safety management. To this end, it has established organizational and technical management frameworks to prevent unauthorized access, leakage, and other risks to information assets, and will continue to ensure the secure and appropriate management and operation of such assets.

- Co-existence with local communities








Operating in various regions both in Japan and overseas, the HIS Group believes it is important to maintain good communication with local communities and to show respect for local resources such as culture, historical heritage, the natural environment, as well as local ways of life. The Group will continue to work alongside local communities to help realize a sustainable society.

- Preservation of the global environment

The HIS Group recognizes that each of its businesses depends on the maintenance of a healthy global environment. To help maintain a healthy global environment, the Group will promote initiatives for environmental conservation, including the reduction of CO₂ emissions, energy conservation, waste reduction, promotion of recycling, and the elimination of inefficiencies.

- Reinforcement of governance

As stated in “(3) Management environment and issues to be addressed, 1) Strengthening Group governance.”

Materiality	Related Risks/Opportunities	Main Goals, KPIs	Contributing SDGs Targets
Business Model Transformation	a. Changes in economic and social conditions b. Changes in the market c. Response to technological innovation	<ul style="list-style-type: none"> Expansion and reinforcement of global markets New destination development Business efficiency and cost structure reform Promotion of new business KPI (Consolidated) FY2028 Net Sales: 420.0 billion yen	
Service Quality Improvement	a. Changes in economic and social conditions b. Changes in the market c. Response to technological innovation	<ul style="list-style-type: none"> Improvement of customer experience value through DX promotion Seamless sales channels (promotion of OMO) Expansion of high value-added products 	
Diverse Human Resources	b. Changes in the market f. Development and securing of human resources	<ul style="list-style-type: none"> DEIB Promotion Management leadership development Reform of work styles and culture KPI FY2028 Job Satisfaction Index 80%, (Non-consolidated) FY2028 Ratio of female directors and managers 20%	
Providing Security and Safety to Customers	d. Safety and quality control of services provided e. Interruption or degradation of service quality due to system or equipment failure, etc.	<ul style="list-style-type: none"> Development and update of various safety guidelines and manuals System security measures KPI (Non-Consolidated) Annual e-learning training participation rate: 100% for personal information / 100% for security	
Co-Existence with Local Communities	a. Changes in economic and social conditions g. Climate change, environmental regulations	<ul style="list-style-type: none"> Providing services that connect anyone to the world (universal tourism, online travel) Co-creation with local communities (collaboration with local governments, NGOs & NPOs) 	
Preservation of the Global Environment	g. Climate change, environmental regulations	<ul style="list-style-type: none"> Initiatives to reduce environmental burden in business operations Promotion of energy and resource conservation KPI (non-consolidated) CO2 Reduction Target Short-term (FY2028): 30% reduction in Scope 1 & 2 / Medium-term (FY2030): Net zero Scope 1 & 2 / Long-term (FY2050): Net zero Scope 1, 2 & 3 Resource Reduction Target Short-term (FY2028): 70% reduction in plastic and 70% reduction in paper (vs. FY2019)	
Reinforcement of Governance	h. Governance	<ul style="list-style-type: none"> Reinforcement of the effectiveness of the Board of Directors Reinforcement of risk compliance and sustainability response KPI (non-consolidated) conduct compliance training 8 times per year, 100% participation rate	

2. Views and Initiatives related to Sustainability

The HIS Group operates its businesses globally under its Purpose—Unleash your feeling “KOKORO ODORU”—which encourages encounters with uncharted worlds, connections with people, enriched times, “Waku-waku” (excitement), elation, and thoughts on peace.

The Group believes that two elements are essential for people around the world to experience this “unleashing of feeling.” The first is a society in which diversity is valued, human rights are respected, and people can live in peace, regardless of nationality, race, culture, or religion. The second is a healthy global environment that serves as a foundation not only for humans but for all living beings.

With the realization of its Purpose and contribution to the SDGs in mind, the Group has established Vision 2030, outlining what it aspires to achieve by 2030: Vision 2030—Be the preferred company of choice, full of enterprising spirit and bringing the world together: Change & Create. To achieve this vision, the Group believes that its role is to connect local communities, partner companies, and customers, to serve as a driver of transformation, and to provide value by reducing negative impacts on resources, the environment, and local communities while creating positive impacts. With an awareness of co-existence, co-living, and co-prosperity, the Group aims to contribute to the development of a sustainable society while also pursuing its own sustainable growth and enhancing corporate value over the medium to long term.

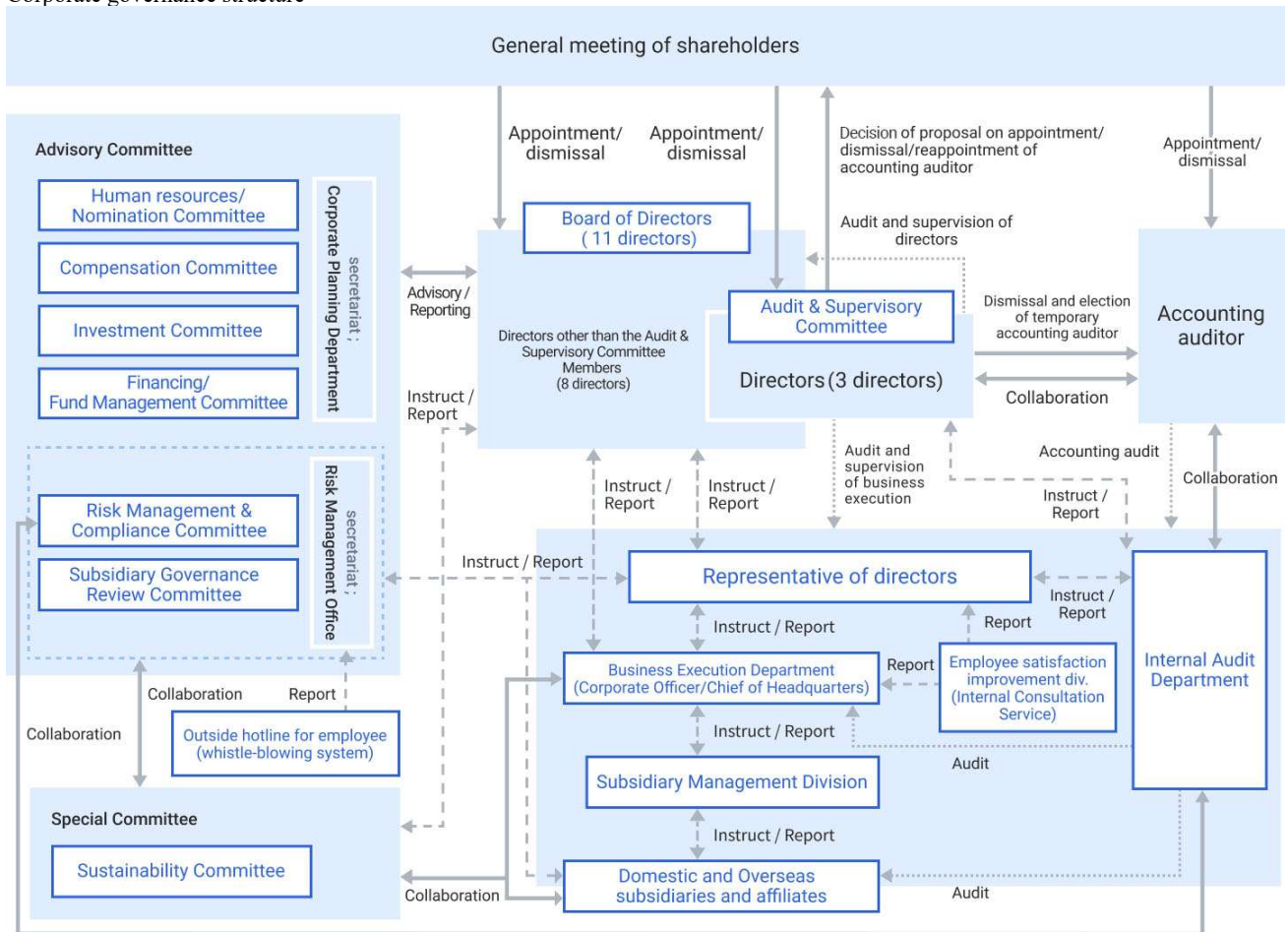
1. Governance

The HIS Group—in accordance with the HIS Group Philosophy, which sets forth the values the Group aims to continuously provide to society, its Code of Conduct, and its founding spirit—is working to establish and operate an internal control system while strengthening its sustainability promotion framework.

Under the leadership of the Sustainability Committee, chaired by the president and representative director and comprising directors and executive officers of the Company, the Group discusses important policies, indicators, targets, and initiatives in line with the Basic Policy on Sustainability, and conducts monitoring of progress and other related activities at least four times a year (four times in the fiscal year ended October 31, 2025). In addition, in risk management and the implementation of initiatives, the Group collaborates with the Risk Management & Compliance Committee, business execution departments, and domestic and overseas subsidiaries to enhance effectiveness. Important matters are submitted or reported by the Committee to the Board of Directors, which provides necessary instructions and advice as appropriate.

Furthermore, the Group has established several working groups under the Sustainability Committee, including the Sustainability Promotion Project, the DEIB Promotion Project, and the Human Rights DD Promotion Project, all comprising members from business execution departments. Sustainability Committees have also been established in the North, Central, and South American and Asia-Oceania regions, where regular activities are conducted to strengthen the promotion capabilities in each region. The Group also held a Sustainability Week in September 2025 to provide employees with opportunities to enhance awareness. Going forward, the Group will continue to promote awareness reform and implementation in its business operations, aiming to address social issues and enhance corporate value.

Corporate governance structure



2. Strategy

The HIS Group analyzes various external factors as “growth opportunities” and “business risks,” and has identified seven material issues (materiality) to address as a company. Among them, the Group has designated “preservation of the global environment,” “co-existence with local communities,” “diverse human resources,” and “reinforcement of governance” as key themes, positioning sustainability as a management priority.

In addition, as the Group primarily engages in businesses that connect people across various regions both in Japan and overseas, respect for human rights lies at the core of its approach to sustainability. The Group believes it is important for each officer and employee to respect human rights, and for the Group as a whole to conduct business activities while respecting the human rights of customers, business partners, local communities, and others across the supply chain. To clarify the Group’s approach to respect human rights and to fulfill its responsibility as a company to respect human rights, the Group has established the HIS Group Human Rights Policy in line with the United Nations Guiding Principles on Business and Human Rights. In accordance with this policy, the Group is working to ensure the policy is disseminated among its officers and employees and integrated into business activities. At the same time, the Group is encouraging business partners and other stakeholders to understand and support the policy, and, through dialogue and other forms of engagement with stakeholders, is striving to ensure appropriate responses and prevent recurrence of related issues.

For information on the HIS Group Human Rights Policy, please visit the following website.

https://www.his.co.jp/en/sustainability/social/human_rights/

(1) Climate change

The HIS Group conducts climate-related scenario analysis in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and has identified climate change-related risks and opportunities associated with its businesses, as well as their potential impacts and corresponding countermeasures. For items with high risk materiality and long-term impact, the Group, based on this analysis, recognizes the transition to a decarbonized society as an opportunity and is strengthening the promotion of sustainable tourism, the development of environmentally friendly products, and efforts supporting this transition.

As there have been no significant changes in the underlying assumptions, the Group continues to use the results of the analysis conducted in FY2023.

Type of risk	Risk and Opportunity Topics	Impact	Term	Measures
Physical risk	• Increase in the frequency of typhoons, heavy rains, heat waves, etc. and exacerbation of damage	Large	Short- to long-term	<ul style="list-style-type: none"> • Crisis management manual-based customer support • Enhancement of Tabimae support service (cancellation support) • Provision of safety and security leveraging global network (DX promotion) • Disaster prevention manuals for owned facilities and vehicles; enforcement of disaster prevention drills • Preparation of stockpiles and evacuation framework
	• Service provision suspension or delay associated with data center (DC) damage caused by natural disaster	Medium	Short- to mid-term	<ul style="list-style-type: none"> • Review of DC configuration • Migration of servers to cloud • Redundancy for key data
Transition risk	• Increase in business operating costs due to taxation rate hikes and restrictions on the operation of vehicles, etc. under the strengthening of regulations related to greenhouse gas (GHG) emissions	Small	Mid- to long-term	<ul style="list-style-type: none"> • Promotion of shift to FCVs, EVs, etc. for owned buses and vehicles • Investment in and adoption of environmentally considerate means of transportation • Assessment of suppliers' GHG emissions and study of sustainable procurement
	• Increase in business operating costs due to adoption of carbon pricing	Small	Long term	<ul style="list-style-type: none"> • Energy conservation and adoption of renewable energy • Promotion of shift to FCVs, EVs, etc. for owned buses and vehicles • Promotion of plastic product reduction and paperless operation
	• Cooling of consumer psychology due to service price increase associated with soaring fuel prices	Medium	Short- to long-term	<ul style="list-style-type: none"> • Promotion of microtourism • Boosting of demand for travel • Provision of new experiential value
	• Changes in customer behavior and preferences due to heightened concern over climate change	Large	Short- to long-term	<ul style="list-style-type: none"> • Promotion of plastic product reduction and paperless operation • Provision of environmental protection experiential program • Promotion of shift to FCVs, EVs, etc. for owned buses and vehicles • Provision of carbon neutral products • Provision of new experiential value • Adoption of environmentally considerate means of transportation • Active information disclosure
	• Decrease in services originating in environmental changes such as temperature rise and sea level rise, or originating in the enactment of associated new regulations, legislation, and ordinances	Medium	Mid- to long-term	<ul style="list-style-type: none"> • New product development, destination development • Product development aimed at protection of the natural environment (in cooperation with tourism bureaus and local government bodies) • Expansion of business other than the travel business
	• Decline in corporate value and decrease in investment targets and business partners if climate change initiatives are viewed as insufficient	Medium	Short- to long-term	<ul style="list-style-type: none"> • Active information disclosure • Investment in renewable energy

01 Dec 2023

(2) Human capital

1) Basic view on human capital

The HIS Group believes that its identity is rooted in its history of “taking on challenges” since its establishment, and that its human resources are the source of value creation.

At the time of its founding in 1980, when overseas travel was still expensive and group travel was the norm, the Company pioneered the individual travel market through low-cost airline tickets. This spirit of challenging convention has supported the Company’s growth.

With this “spirit of challenge” as its foundation, the Group is promoting the development of a foundation that enables each individual to take on challenges in their own way, find fulfillment in their work, and engage in work that is exciting and inspiring.

2) Strategy, indicators, and targets

1. Vision for human capital management

The realization of Vision 2030—Be the preferred company of choice, full of enterprising spirit and bringing the world together: Change & Create—which the Group aims to achieve by its 50th anniversary in 2030, hinges on the capabilities of its human resources.

The Company defines human capital management as delivering value that “unleashes your feeling ‘KOKORO ODORU’” to people around the world through the challenges undertaken and growth achieved by each employee, thereby realizing a company that continues to be chosen by customers and society.

2. Indicators and targets

Under the above policy, the HIS Group has established the following as important KPIs to measure progress in human capital management and aims to achieve them by the fiscal year ending October 31, 2026.

- Job satisfaction index: 80%
- Transformation index (man-hour productivity): 1.6 times the FY2023 level (non-consolidated basis)

3. Human capital strategy

As the HIS Group is in a period of transformation, and in order to achieve the medium-term management plan, it has positioned its employee experience as “Always be a challenger.”

The Group is promoting the development of a workplace environment in which employees can take on challenges with confidence and enjoyment and achieve growth, while advancing various human resources initiatives.



“Seeking challengers to shape the future”

○Recruitment in IT and digital fields

The Company is conducting both new graduate and mid-career recruitment in IT and digital fields, which support the core of the medium-term management plan.

For new graduate recruitment, two programs were offered as part of the summer five-day internship:

- Theme 1: Application development using generative AI (utilizing the PHP programming language)
- Theme 2: Development of a global security network

For new graduate recruitment for FY2027, the Company plans to recruit for positions related to application engineering, infrastructure and security, and CX, AI, and data utilization.

○New graduate recruitment: Establishment of the Regional Revitalization Project

The Company has recruited its first cohort for the Regional Revitalization Project, which aims to address challenges by leveraging the expertise accumulated as a travel company, as well as its domestic and international networks and regional resources.

After joining the Company, participants will be assigned to the Corporate Travel Sales Division, which serves as the core business base, for their first two years to develop the sales, planning, and execution capabilities required for regional revitalization.

From their third year onward, participants will be transferred to their preferred regions indicated during the recruitment process, where they will work on addressing challenges faced by local governments and companies and engage in various initiatives (such as MICE, education, and regional development) with the aim of becoming a driving force for regional revitalization. The initial assignment locations for the first cohort in their third year are planned to include four regions nationwide: Hokkaido, Tohoku/Niigata, Chugoku/Shikoku, and Kyushu.

“Fostering a spirit of challenge”

○Expansion of HIS Group Philosophy training

The HIS Group is implementing initiatives to deepen each employee’s understanding of and identification with the HIS Group Philosophy, which consists of the Purpose, values, Code of Conduct, and founding spirit, as well as the unique identity of the Group. To create opportunities for individuals to identify alignment between their own values and aspirations and the Company’s direction, the Group has expanded the scope of Philosophy training to include global locations and Group companies, thereby promoting its dissemination across the entire Group.

“Developing the ability to take on challenges”

[Human Resource Development Policy]

In the spirit of Vision 2030 to “be the preferred company of choice, full of enterprising spirit and bringing the world together: Change & Create,” we are working to foster personnel who each have their own great dreams and goals, are free thinkers not limited by conventional ideas, and take on new challenges without fear of failure.

○HIS Business Academia

As part of efforts to support sustainable corporate growth and enhance the capabilities of human resources, which are the source of value creation, the HIS Group is promoting the expansion of HIS Business Academia, its Company-wide training system. This system is linked to the personnel grading system, Band, and provides systematic support for capability development aligned with the expected roles required at each stage of growth. Specifically, by providing various training programs in a phased manner—including business skills training, management training at the time of role transitions, and compliance and risk management training—the Group promotes each employee’s autonomous career development. By supporting employees in translating their challenges into tangible outcomes, the Group aims to enhance overall organizational performance while fostering a sense of personal growth that leads to job satisfaction.

“An environment that supports employees in taking on challenges”

[Internal Environment Development Policy]

The HIS Group has established the principle of “securing a comfortable and safe workplace environment” in its Code of Conduct.

To enable each employee to continue taking on challenges with vitality and a positive spirit, the Group will promote the creation of workplaces that ensure not only physical safety but also psychological safety, aiming to enhance work engagement.

○Promotion of diversity, equity, inclusion, and belonging (DEIB)

At the Company, where women account for 65% of employees, the promotion of women’s participation and advancement is a key priority of the human capital strategy.

To accelerate women’s participation in decision-making roles, the Company has set targets for 2030 of a 30% ratio of female officers and a 30% ratio of female managers.

To achieve these targets, the Company is strengthening its initiatives through Company-wide promotion led by a nationwide project with the president and representative director as the owner, as well as bottom-up efforts to address issues through subcommittees in each region.

In addition, to create an environment in which diverse human resources can leverage their individuality and thrive, the Company is promoting various initiatives as follows:

- Holding the Sustainability Week and conducting unconscious bias training and LGBTQ+ basic training
- Promoting universal design (UD) initiatives originating from the active participation of employees with disabilities (UD staff system and introduction of UD leave for medical appointments)
- Applying marriage leave and congratulatory payments equivalent to those for legal marriage to common-law and same-sex partners

○Promotion of health management

Based on the recognition that employee health is the foundation of its business, the Company strives to improve its working environment through the use of various indicators, while promoting health management in collaboration with health insurance associations and occupational physicians.

- Publication of the Health Management Declaration
- Expansion of leave systems (accumulated paid leave system, special leave system for employees with long service, etc.)
- Promotion of paid leave utilization (long-term leave system, anniversary leave system, etc.)
- Strengthening of disease prevention and mental health care (improving participation rates in follow-up health checkups and stress checks, and establishing health consultation services for employees)

○Promotion of diverse working styles

The Company has introduced various systems to optimize working styles in accordance with the diverse nature of its operations.

- Flextime system
- Remote work and remote travel consultant system
- Side job system and leave system for accompanying family members on overseas assignments
- Shortened working hours for childcare and shortened hours/days system for re-employment after retirement
- Re-entry system for former employees

3. Risk management

The HIS Group has established the Risk Management & Compliance Committee to ensure the appropriateness of business operations through rigorous risk management and compliance. The Committee meets on a quarterly basis (seven times in the fiscal year ended October 31, 2025) and, based on reports from Group companies, collects, shares, and discusses information on business risks across the Group. The Risk Management Office, which serves as the secretariat of the Committee, has worked in collaboration with the Sustainability Committee to identify, analyze, and assess risks across the Group, including risks related to climate change, and identified priority risks. The Risk Management Office takes a central role in developing management

frameworks for risk response and promoting activities to prevent the materialization of risks. In addition, the Group works in coordination with the departments of the Corporate Governance Division and the risk and compliance officers appointed at each Group company to promote thorough compliance and enhance effectiveness across the Group.

Furthermore, matters that need to be reflected in Group-wide policies and strategies are submitted to the Board of Directors as appropriate.

4. Indicators and targets

(1) Climate change

The HIS Group has identified “preservation of the global environment” as one of its material issues and recognizes addressing climate change as a key management challenge. In May 2025, the Company (the filing company) established medium- to long-term CO₂ emissions reduction targets aimed at realizing a decarbonized society.

CO₂ emissions reduction targets

The Company (the filing company) has set the following reduction targets.

Short-term target (by the fiscal year ending October 31, 2026)	Reduce CO ₂ emissions (Scope 1 and 2) from the Company’s operations by 30% compared with the fiscal year ended October 31, 2024
Medium-term target (by the fiscal year ending October 31, 2030)	Achieve net zero CO ₂ emissions (Scope 1 and 2) from the Company’s own operations
Long-term target (by the fiscal year ending October 31, 2050)	Achieve net zero CO ₂ emissions (Scope 1, 2, and 3) across the Company’s entire supply chain

CO₂ emissions performance and initiatives

In the fiscal year ended October 31, 2025, the scope of disclosure of entities subject to calculation was expanded to include domestic consolidated subsidiaries and overseas consolidated subsidiaries, and emissions were calculated in accordance with the GHG Protocol. Going forward, the HIS Group will continue to support emissions reduction initiatives at each company while working to ascertain and reduce CO₂ emissions across the Group as a whole.

(Notes on calculation methods) For the calculation of CO₂ emissions (Scope 2), the latest emission factors by electric utility published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry are used. If the emission factors for the relevant fiscal year have not yet been published as of the fiscal year-end, calculations are performed using the previous year’s factors, and retrospective adjustments are made in the following year’s report using the finalized factors. Based on this approach, the results for FY2024 in this report have been revised using the finalized emission factors for FY2024.

- Filing company (Scope 1 and 2, Scope 3)

(t-CO₂)

Scope 1 and 2	Results for the year ended October 31, 2024 (base year)	Results for the year ended October 31, 2025	Reduction rate (vs. base year)
H.I.S. Co., Ltd.	1,710	1,422	16.8%

Scope 3	Results for the year ended October 31, 2025
H.I.S. Co., Ltd.	1,267,532

Initiatives for emissions reduction

At the Company, Scope 2 accounts for a substantial 99.5% of Scope 1 and 2 emissions due to electricity consumption at offices. To achieve the above targets, the Company is working to improve energy efficiency and has purchased non-fossil certificates representing the environmental value of electricity generated from renewable energy sources, converting 650,000 kWh of electricity to electricity from renewable sources and achieving a 16.8% reduction compared with the base year of FY2024.

For Scope 3, emissions were calculated across all applicable categories (Categories 1–7, 11, and 13) in the Company’s business activities. As a result, Scope 3 accounts for 99.9% of total emissions across Scope 1–3, of which 98.6% is attributable to Category 11 (use of sold products). Within Category 11, 73.2% is attributable to jet fuel used in domestic and international air travel.

To reduce Scope 3, Category 11 emissions, the Company is promoting reduction initiatives through measures such as collaboration with business partners, investment in new decarbonization services, and the provision of information and decarbonization plans to customers. In the fiscal year ended October 31, 2025, the Company began planning and selling package tours designed to reduce Scope 3 emissions in collaboration with customers by participating in a program that promotes the use of sustainable aviation fuel (SAF), under which a portion of sales is allocated to support SAF utilization. In addition, to reduce emissions associated with vehicle transportation, the Company is working with its overseas subsidiaries to promote the adoption of electric vehicles (EVs) and electric buses.

Furthermore, to reduce Scope 3, Category 1 (purchased goods and services) emissions, the Company is promoting initiatives

aimed at achieving, by the fiscal year ending October 31, 2026, a 70% reduction in plastic usage and a 70% reduction in copy paper usage (both compared with the fiscal year ended October 31, 2019). In the fiscal year ended October 31, 2025, the Company introduced plastic bags containing 25% biomass content for certain uses. In addition, the Company is using FSC®-certified copy paper that supports forest conservation and is promoting paperless operations.

(t)

	Results for the year ended October 31, 2019 (base year)	Results for the year ended October 31, 2025	Reduction rate (vs. year ended October 31, 2019)	Target reduction rate for the year ending October 31, 2026 (vs. year ended October 31, 2019)
Plastic usage	25.4	3.9	84.6%	70.0%
Copy paper usage	325.8	111.9	65.6%	70.0%

• Domestic Hotel business, Kyushu Sanko Group (Scope 1 and 2, Scope 3)

(t-CO₂)

Scope 1 and 2	Results for the year ended October 31, 2024	Results for the year ended October 31, 2025
Domestic Hotel business *1	8,476	8,438
12 Kyushu Sanko Group companies *2	*3 33,681	33,323

Scope 3	Results for the year ended October 31, 2025
Domestic Hotel business *1	100,832
12 Kyushu Sanko Group companies	32,826

*1. For Scope 1 and 2, the figures represent those of H.I.S. Hotel Holdings Co., Ltd. and Vison Hotel Management Co., Ltd. For Scope 3, the figures represent those of H.I.S. Hotel Holdings Co., Ltd.

*2. The figures for the 12 Kyushu Sanko Group companies represent those of Kyushu Industrial Transportation Holdings Co., Ltd., Kyushu Sanko Bus Co., Ltd., Kyushu Sanko Tourism Co., Ltd., Kyushu Sanko Landmark Co., Ltd., Kyushu Sanko Retail Co., Ltd., Sanko Bus Co., Ltd., Kumamoto Ferry Co., Ltd., Kyushu Sanko Auto Service Co., Ltd., Kasse Japan Co., Ltd., Kyushu Sanko Planning Co., Ltd., Kyushu BM Service Co., Ltd., and Taniguchi Auto Ltd.

*3. For Scope 1 and 2 of the Kyushu Sanko Group in the fiscal year ended October 31, 2024, the figures have been refined through a review of data at certain offices.

Initiatives for emissions reduction

In the domestic Hotel business, the Group is promoting the introduction of the POWER GUARD power loss reduction solution, with eight facilities having adopted the system in the fiscal year ended October 31, 2025, and a further two facilities planning to do so in the fiscal year ending October 31, 2026. This initiative has led to a reduction of approximately 10% in electricity consumption per hotel. Meanwhile, at the Kyushu Sanko Group, the bus business is promoting eco-driving by introducing start-stop systems to reduce engine idling and utilizing digital tachographs to encourage more efficient driving. In addition, Kyushu Sanko Landmark Co., Ltd. and Kyushu BM Service Co., Ltd. are working to reduce CO₂ emissions at SAKURA MACHI Kumamoto building by utilizing groundwater as a cooling medium in cooling tower facilities, thereby suppressing heat discharge.

• Other consolidated Group companies (Scope 1 and 2)

(t-CO₂)

Scope 1 and 2	Results for the year ended October 31, 2025
18 domestic consolidated subsidiaries *1	10,325
28 overseas consolidated subsidiaries *2	1,466

*1. 18 domestic subsidiaries excluding H.I.S. Hotel Holdings Co., Ltd. and the Kyushu Sanko Group. For Scope 2, Cross E Holdings Co., Ltd. and HUIS TEN BOSCH Technical center Co., Ltd. are excluded from the calculation scope as it is physically difficult to obtain data for each company due to shared occupancy. In addition, subsidiaries such as QUALITA Co., Ltd. that are located within the offices of the filing company are included in the filing company's Scope 2 emissions.

*2. HAWAII HIS CORPORATION, H.I.S. INTERNATIONAL TOURS (NY) INC., H.I.S. GUAM, INC., H.I.S. KOREA CO., LTD., H.I.S. Tours Co., Ltd., PT. HARUM INDAH SARI TOURS & TRAVEL, HIS (HONG KONG) COMPANY LIMITED, H.I.S. TAIWAN COMPANY LIMITED, H.I.S. INTERNATIONAL TRAVEL PTE LTD, H.I.S. AUSTRALIA PTY. LTD., and 18 other companies

For information on specific initiatives, please visit the following website.

<https://www.his.co.jp/en/sustainability/environment/>

(2) Human capital

In accordance with “2. Strategy” above, the HIS Group will implement human capital management and promote initiatives to achieve the following targets.

The numerical targets related to the active participation of women and support for work-life balance are published for Group companies that have established such targets pursuant to the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” and the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members.”

Ratio of female employees in management positions

	Results for the year ended October 31, 2025	Targets for the year ending October 31, 2026	Targets for the year ending October 31, 2030
H.I.S. Co., Ltd.	19.3%	20.0%	30.0%
H.I.S. Hotel Holdings Co., Ltd. *1	0.0%	10.0%	30.0%
Five Kyushu Sanko Group companies *2	12.9%	14.5%	15.7%
LAGUNA TEN BOSCH CO., LTD. *3	0.0%	10.0%	20.0%

*1. At H.I.S. Hotel Holdings Co., Ltd., the ratio of female managers is currently 0.0% due to the small number of eligible employees at the manager level. However, at the level equivalent to assistant managers (hotel managers), the ratio stands at 33.3%.

*2. The figures for the five Kyushu Sanko Group companies represent those of Kyushu Sanko Bus Co., Ltd., Kyushu Sanko Tourism Co., Ltd., Sanko Bus Co., Ltd., Kyushu Sanko Retail Co., Ltd., and Kyushu Sanko Auto Service Co., Ltd.

*3. At LAGUNA TEN BOSCH CO., LTD., the ratio of female managers is currently 0.0% due to the small number of eligible employees at the manager level. However, at the assistant manager level, the ratio stands at 47.3%.

Ratio of female officers

	Results for the year ended October 31, 2025	Targets for the year ending October 31, 2026	Targets for the year ending October 31, 2030
H.I.S. Co., Ltd.	18.2%	20.0%	30.0%
H.I.S. Hotel Holdings Co., Ltd.	7.7%	25.0%	40.0%
Five Kyushu Sanko Group companies*	7.7%	7.7%	15.4%

* The figures for the five Kyushu Sanko Group companies represent those of Kyushu Sanko Bus Co., Ltd., Kyushu Sanko Tourism Co., Ltd., Sanko Bus Co., Ltd., Kyushu Sanko Retail Co., Ltd., and Kyushu Sanko Auto Service Co., Ltd.

Ratio of male employees taking childcare leave

	Results for the year ended October 31, 2025	Targets for the year ending October 31, 2026	Targets for the year ending October 31, 2030
H.I.S. Co., Ltd.	87.8%	90.0%	100.0%
H.I.S. Hotel Holdings Co., Ltd.	100.0%	100.0%	100.0%
Five Kyushu Sanko Group companies *1	35.3%	40.0%	50.0%
LAGUNA TEN BOSCH CO., LTD.	*2 100.0%	50.0%	70.0%

*1 The figures for the five Kyushu Sanko Group companies represent those of Kyushu Sanko Bus Co., Ltd., Kyushu Sanko Tourism Co., Ltd., Sanko Bus Co., Ltd., Kyushu Sanko Retail Co., Ltd., and Kyushu Sanko Auto Service Co., Ltd.

*2 For the fiscal year ended October 31, 2025, the ratio was 100.0%, as only one male employee was eligible to take childcare leave. There has been no revision to the target value.

Engagement indicator

	Result for the year ended October 31, 2025	Target for the year ending October 31, 2026
Job satisfaction index*	66.7%	80.0%

* Percentage of employees who responded “the Company offers a rewarding work environment” in an employee satisfaction survey.

Other indicators (initiatives undertaken by the Company)

	Results for the year ended October 31, 2025	Targets for the year ending October 31, 2026
Average paid leave utilization rate	66.3%	75.0%
Health examination: secondary health check-up participation rate	45.0%	70.0%
Stress check-up participation rate	77.7%	80.0%

For information on specific initiatives, please visit the following website.

<https://www.his.co.jp/en/sustainability/social/deib/>

3. Business and Other Risks

Among matters related to the status of the HIS Group's business, financial condition, and other areas, management recognizes the following major risks that may have a significant impact on the financial condition, operating results, and cash flows of the consolidated companies, as well as on business continuity.

All matters relating to the future in the sections below are based on the views of the HIS Group as of October 31, 2025.

1) Changes in economic and social conditions

The HIS Group's businesses are subject to various influences, including political and economic trends, legal systems, and geopolitical factors in various countries. While the Group responds by making maximum use of its internal expertise and accumulated information, these factors may undergo significant changes for reasons beyond the Group's control, and such changes may have an impact on the Group's financial condition, operating results, and related aspects.

2) Market changes

The Travel business accounts for 82.9% of Group net sales, and 79.6% of net sales are concentrated in Japan. Consequently, changes in the environment surrounding the Travel business in Japan could affect the Group's financial condition, operating results, and related aspects. Furthermore, although the Group works to ensure sustainable competitiveness, its businesses face intense competition from other companies, prompted by such factors as business model changes of partner companies and market entries by companies from other industries. Future developments in the competitive landscape may therefore affect the Group's financial condition, operating results, and related aspects.

3) Safety management and quality control of provided services

The HIS Group has established the HIS Quality and Safety Control Guidelines to provide customers with safe, secure, and high-quality travel offerings, enabling them to enjoy their travels both in Japan and overseas. These guidelines are shared with overseas HIS branches and business partners in an effort to ensure thorough quality control and safety management. When handling vehicles, optional tours, and other offerings, the Group conducts on-site inspections as necessary and selects subcontractors following careful examination. However, if transportation providers or other subcontractors cause accidents, violate laws, or engage in other misconduct, the Group may be held responsible for their selection, risking loss of social credibility, potential claims for damages, or penalties under the Travel Agency Act, which could in turn affect its financial condition and operating results.

4) Service interruptions and quality deterioration due to factors such as system or equipment failures

The HIS Group utilizes computer systems and strives to ensure adequate security in their construction and operation. However, if major incidents such as system failures, information leaks, or data tampering occur due to network malfunctions, program defects, or computer virus infections, there is a risk that business operations may be significantly disrupted. In addition, depending on the scale of a system failure, services to customers may be interrupted or repair costs may increase, which could affect the Group's financial condition, operating results, and public trust. Furthermore, if the Group fails to keep pace with future technological innovations, it may experience a decline in competitiveness or a loss of business opportunities, which could in turn affect its financial condition and operating results.

5) Talent development and retention

In line with Vision 2030—Be the preferred company of choice, full of enterprising spirit and bringing the world together: Change & Create, the HIS Group is committed to developing human resources who have ambitious dreams and goals, think freely without being constrained by conventional ideas, and take on new challenges without fear of failure. The development and retention of outstanding talent are essential for corporate growth. If these efforts are hindered by factors such as labor market conditions and do not progress as planned, it may impede competition with other companies and business operations, and could potentially affect the Group's business performance, financial condition, and operating results.

6) Climate change and environmental regulations

In the business environment surrounding the HIS Group, there is a possibility that business operations may be affected by climate change and stricter environmental regulations. In particular, the occurrence of natural disasters may affect tourism and infrastructure, and the outbreak of infectious diseases, as well as events such as aviation accidents, terrorism, or war, could affect the Group's financial condition, operating results, and related aspects.

Climate change-related risks are described in detail in "Part I Information on the Company, II. Business Overview, 2. Views and Initiatives related to Sustainability, 2. Strategy, (1) Climate change."

7) Governance and compliance

The HIS Group has established guiding principles and a Code of Conduct that set out the actions employees are expected to take, and is working to foster widespread understanding of these standards among employees, thereby building a governance structure that contributes to the prevention of risks. In addition, the Group has established the Basic Policy on Internal Controls, the Basic Plan for Internal Controls, the Internal Controls Implementation Guidelines, and the Regulations on the Management of Affiliates, and strives to maintain and enhance its compliance function through the activities of the Risk Management & Compliance Committee. However, both in Japan and at overseas offices, the Group conducts its business activities under various

laws and regulations, rules, business practices, and social norms, and is required to comply with them. Under such circumstances, there is a possibility that situations may arise in which actions are deemed to constitute compliance violations due to factors such as the introduction of unexpected new regulations or changes in regulatory policies. If such violations occur, legal response costs and damage to brand image may affect the Group's financial condition and operating results.

8) Accounting and finance

(1) Exchange rate and crude oil price fluctuations

The HIS Group conducts business in foreign currencies, which results in income and expenses as well as assets and liabilities denominated in foreign currencies. The Group hedges risk through forward exchange contracts and other instruments to mitigate the impact of exchange rate fluctuations. However, sharp fluctuations in exchange rates could affect the Group's financial condition and operating results. Furthermore, the Group converts the financial statements of overseas consolidated subsidiaries into Japanese yen when preparing the consolidated financial statements, and changes in exchange rates could thus affect the Group's financial condition and operating results. In addition, the Group adds a fuel surcharge to overseas travel fares in its Travel business to reflect changes in crude oil prices, and a notable rise in this surcharge may dampen overall travel demand. Consequently, sharp changes in crude oil prices could affect the Group's financial condition and operating results.

(2) Fluctuations in the valuation of owned assets including securities

The HIS Group holds both listed and unlisted stocks, bonds, and other instruments. Hence, losses on the sale or valuation of assets could occur due to fluctuations in stock and bond markets in the case of securities with market value, and due to changes in the financial status of investee companies in the case of securities without market value. These losses could affect the Group's financial condition and operating results.

(3) Impairment of non-current assets

The HIS Group records property, plant and equipment, intangible assets, stocks, goodwill, and other items arising from investment activities or acquisitions in Japan or abroad as assets on its consolidated balance sheet, and depreciates or amortizes these assets over reasonable periods during which future synergies from business value and business integration are expected to manifest. However, if the Group determines that expected effects cannot be realized, it books impairment losses for the relevant assets, which could affect the Group's financial condition and operating results.

Recognizing the risks above, the HIS Group will work to mitigate them by implementing appropriate countermeasures. In addition, the Group will review risks associated with changes in social conditions and markets and respond as necessary.

4. Analysis of Financial Position, Business Results, and Cash Flows

The following is an overview, management perspective, analysis, and examination of the financial position, business results, and cash flows of the HIS Group in the consolidated fiscal year ended October 31, 2025.

(1) Business results

In the fiscal year under review, although the business environment required close monitoring of factors such as continued price increases and developments in U.S. trade policy, the economy remained on a moderate recovery path, supported by improvements in employment and income conditions and the effects of various policy measures, with signs of a recovery in personal consumption.

In the travel market, inbound demand acted as a key driver, and the number of inbound visitors to Japan reached a record high. In the fiscal year under review, the number of inbound visitors to Japan increased 19.4% year on year to 42.22 million, exceeding 40 million for the first time. In outbound travel, travel prices continued to rise due to factors such as higher prices at destinations, the continued depreciation of the yen, and persistently high fuel surcharges. Although a full recovery in demand is taking time, the number of Japanese outbound travelers increased 14.6% year on year to 14.46 million, indicating a gradual recovery. (Source: Japan National Tourism Organization [JNTO])

Under these circumstances, the HIS Group has worked to promote its businesses with the aim of achieving sustainable growth across the Group through the development of a wide range of businesses centered on travel. Under the banner of the HIS Group Purpose—Unleash your feeling “KOKORO ODORU,” it has strived to become “the preferred company of choice, full of enterprising spirit and bringing the world together.”

In the fiscal year under review, business performance was as follows.

(Millions of yen)

	Year ended October 31, 2024	Year ended October 31, 2025
Net sales	343,334	373,106
Gross profit	110,617	117,974
Operating profit	10,854	11,627
Profit before income taxes	8,526	7,067
Profit attributable to owners of parent	8,717	4,719

Net sales increased 29,772 million yen or 8.7% year on year to 373,106 million yen. All segments recorded increases in both sales and profit, with particularly strong growth in the Travel business and the Hotel business. Selling, general and

administrative expenses increased 6,583 million yen or 6.6% year on year to 106,346 million yen, mainly due to higher personnel expenses associated with improvements in employee compensation, as well as increases in advertising and commission expenses accompanying further demand acquisition in sales activities. Operating profit rose 773 million yen or 7.1% year on year to 11,627 million yen, driven by an increase in gross profit from higher net sales and the effects of cost control measures such as business consolidation. In addition, the Group recorded 649 million yen in extraordinary income, including gain on reversal of provision incurred from deposits received of subsidy, while also recording 4,963 million yen in extraordinary losses, including expenses associated with the downsizing of operations at HIS ULUSLARARASI TURIZM SEYAHAT ACENTASI LIMITED SIRKETI, a consolidated subsidiary. As a result, profit before income taxes totaled 7,067 million yen (down 17.1% year on year). Income taxes increased 2,390 million yen year on year, and profit attributable to non-controlling interests amounted to 1,048 million yen, resulting in profit attributable to owners of parent of 4,719 million yen (down 45.9% year on year).

The earnings by segment for the fiscal year under review are as follows. Figures for each segment reflect the amounts before offsetting and eliminating intersegment transactions.

(Travel business)	(Millions of yen)	
	Year ended October 31, 2024	Year ended October 31, 2025
Net sales	283,972	309,139
Operating profit	9,302	9,636
EBITDA	13,476	13,743

In overseas travel, to stimulate demand for overseas travel from Japan, which continues to recover gradually, and to differentiate its offerings, the HIS Group worked to boost sales by launching the Campaign to Support Obtaining a New Passport, hosting the HIS Big Thanks Festival to help customers rediscover the appeal of travel, and introducing the new AirZ brand, which allows customers to freely combine international air tickets and hotels. In addition, promotions such as the Hatsuyume Fair and SUPER SUMMER SALE! 2025, designed to stimulate demand during peak seasons and encourage early bookings, helped drive growth in sales of travel products to Europe and the Middle East, key markets supporting sales throughout the year, with particularly strong growth in Turkey and Egypt. For escorted tours, high-priced products sold well, with strong growth in tours using business class and premium economy class to destinations such as Switzerland and the Nordic countries. In Asia, sales of travel products to Taiwan and China remained strong, with China benefiting from the resumption of tourist visa issuance, helping to offset weaker sales of travel products to South Korea, which were affected by political conditions and reduced flight frequencies, particularly among low-cost carriers. During the summer peak season, sales of travel products to Hawaii and Micronesia showed a steady recovery, particularly among family travelers, amid lower fuel surcharges and movements in the yen exchange rate.

In the domestic travel business, as part of initiatives to strengthen post-arrival services in Okinawa, which drives sales, the Group implemented measures such as launching a new shuttle bus service from central Naha to Bibi Beach and introducing the new service, NEW All Inclusive, which allows customers to select meal plans according to their needs. In addition, a theme park opened in the Yanbaru Forest in northern Okinawa at the end of July, and tours incorporating admission tickets contributed to increased leisure demand. Furthermore, as a PR Gold Partner of Expo 2025 Osaka, Kansai, Japan (© Expo 2025), which opened in Yumeshima, Osaka in April, the Group worked to capture demand for both individual and group travel by offering products such as package tours using flights to the Kansai region and day-trip bus tours departing from Kansai.

In the inbound travel business, customer arrivals handled by the Group's overseas subsidiaries and B2B group travel operations were robust, with the number of customers from the North American market—a key driver of transaction volume—reaching an all-time high. In individual travel offerings, the Group developed high-value-added, experience-based bus tours unique to Japan, combining seasonal attractions and traditional hallmarks such as fireworks and festivals to offer immersive experiences of Japan's culture and appeal. These tours proved highly popular, supported by effective demand stimulation and enhanced customer acquisition through social media promotion and collaboration with overseas subsidiaries. In addition, to promote the regional dispersion of inbound demand, the Group implemented initiatives to develop tours using charter flights from Kota Kinabalu in Malaysia to Hiroshima and from Hanoi in Vietnam to Niigata.

In the corporate travel business, travel-related services such as incentive travel and training trips remained strong both domestically and internationally. In addition to planning and arranging various travel programs, the Group worked to enhance on-trip added-value services tailored to the purpose of each trip, thereby improving profitability. In the government and municipal business, the Group made additional investments in SATOYUME Co., Ltd. in the fiscal year under review through measures such as the subscription to a third-party allotment of shares. Together with SATOYUME Co., Ltd., the Group expanded agreements with local governments under projects to create new destinations across Japan, and launched regional revitalization initiatives with eight local governments in the fiscal year under review.

In the travel business outside Japan, the recovery in outbound travel demand from Japan led to solid performance in inbound travel operations at local subsidiaries, which drove results for the fiscal year under review. In particular, the recovery in outbound travel demand from Japan to Europe and increased arrivals from the global market were key factors supporting this strong performance. On the other hand, in Canada, a key base for the outbound business, performance declined compared with the previous fiscal year due to a combination of factors, including a decrease in sales following the termination of major corporate contracts, lower sales prices amid an economic slowdown, and a decline in demand for travel to the U.S. due to changes in the international situation. In addition, as part of new business initiatives, the Group's subsidiary in France opened a

concept shop in the Marais district of Paris featuring traditional Japanese crafts and specialty products, with the aim of stimulating inbound travel demand to Japan through the promotion of Japanese culture. The Group's subsidiary in Hawaii also began operating experience-based bus tours utilizing electric buses equipped with next-generation XR technology.

The number of Group sales offices stood at 149 in Japan and 141 overseas (110 cities across 58 countries) as of October 31, 2025.

(Hotel business)

(Millions of yen)

	Year ended October 31, 2024	Year ended October 31, 2025
Net sales	22,989	25,244
Operating profit	3,047	3,618
EBITDA	7,119	7,817

In the Hotel business, the domestic Hotel business contributed to increases in both sales and profit, as demand from inbound visitors to Japan strengthened further, leading to higher occupancy rates and average daily room rates compared with the previous fiscal year. The Group also commenced full-scale implementation of its multi-brand strategy, including the nationwide rollout of Henn na Hotel Premier, the highest-tier brand of Henn na Hotel, while strengthening yield management. In addition, Henn na Hotel attracted attention through collaborations with various companies and was certified by Guinness World Records™ as having the “most brand-themed room sponsorships in a hotel chain” (44 types of collaboration rooms as of Friday, September 19, 2025). Overseas, performance in the Hotel business varied by region. The hotels in Seoul and New York achieved record-high sales and profit, supported by stable inbound demand from global markets. In contrast, the hotel in Guam continued to experience sluggish leisure demand and recorded an operating loss. In Cappadocia, Turkey, where a new hotel opened in November 2024, although operating losses persisted in the first half, the business turned profitable in the second half, with performance showing a recovery trend.

(Kyushu Sanko Group)

(Millions of yen)

	Year ended October 31, 2024	Year ended October 31, 2025
Net sales	23,985	25,381
Operating profit	434	806
EBITDA	2,178	2,553

In the Kyushu Sanko Group, benefiting from the economic impact of Taiwan Semiconductor Manufacturing Company (TSMC) as well as continued increases in international visitors and domestic tourists, the highway bus, chartered bus, airline agency, and real estate businesses all performed steadily, resulting in increases in both sales and profit. In the core bus business, in response to rising transportation costs caused by recent price increases, the Group revised fares and reviewed its routes. In addition, initiatives such as collaborations with two anime titles and bus tours aimed at supporting the reconstruction of Kumamoto proved effective, resulting in a 7.0% year-on-year increase in sales. In the airline agency business, favorable factors such as the launch of new routes at Kumamoto Airport, along with increased commissions driven by additional flights from STARLUX Airlines, for which the Group provides ground handling services, contributed to growth in both sales and profit. Furthermore, in the real estate business, which operates the large-scale commercial complex SAKURA MACHI Kumamoto, various events underpinned stable earnings, with the number of visitors exceeding one million for 12 consecutive months and sales increasing 6.3% year on year.

(2) Cash flows

The amount of cash and cash equivalents (hereinafter, “funds”) at the end of the consolidated fiscal year ended October 31, 2025 was 106,364 million yen, a decrease of 25,853 million yen compared to the end of the previous fiscal year. Operating activities increased funds by 21,219 million yen, investing activities decreased funds by 11,013 million yen, and financing activities decreased funds by 36,457 million yen.

The details of each cash flow are as follows.

(Cash flows from operating activities)

Funds from operating activities increased 21,219 million yen in the fiscal year under review. This mainly reflected a decrease in funds due to income taxes paid (2,267 million yen), interest payments (2,057 million yen), and an increase in travel advance payments (1,944 million yen), offset by an increase in funds from the booking of profit before income taxes (7,067 million yen), depreciation (11,329 million yen), which is a non-cash item, an increase in travel advances received (6,490 million yen), and an increase in trade payables (3,248 million yen).

In the previous fiscal year, funds from operating activities increased 29,247 million yen. This mainly reflected a decrease in funds from interest payments (2,578 million yen) and an increase in travel advance payments (2,338 million yen), offset by an increase in funds from the booking of profit before income taxes (8,526 million yen), depreciation (11,017 million yen), which is a non-cash item, an increase in travel advances received (6,991 million yen), an increase in provision for bonuses (1,762 million yen), and an increase in trade payables (1,609 million yen).

As a result, in the fiscal year under review, cash flows from operating activities decreased 8,028 million yen compared to the previous fiscal year.

(Cash flows from investing activities)

Funds from investing activities decreased 11,013 million yen in the fiscal year under review. This mainly reflected an increase in funds from proceeds from withdrawal of time deposits (10,338 million yen) and proceeds from refund of guarantee deposits (1,093 million yen), offset by a decrease in funds from payments into time deposits (12,170 million yen), purchase of property, plant and equipment and intangible assets (7,154 million yen), and payments of guarantee deposits (1,824 million yen).

In the previous fiscal year, funds from investing activities increased 45,606 million yen. This mainly reflected a decrease in funds from payments into time deposits (16,689 million yen) and purchases of securities (10,155 million yen), offset by an increase in funds from proceeds from withdrawal of time deposits (57,956 million yen), proceeds from refund of guarantee deposits (12,839 million yen), and proceeds from redemption of securities (10,161 million yen).

As a result, in the fiscal year under review, cash flows from investing activities decreased 56,620 million yen compared to the previous fiscal year.

(Cash flows from financing activities)

Funds from financing activities decreased 36,457 million yen in the fiscal year under review. This mainly reflected an increase in funds from proceeds from long- and short-term borrowings (102,511 million yen), offset by a decrease in funds from repayments of long- and short-term borrowings (110,113 million yen) and the redemption of bonds (25,000 million yen).

In the previous fiscal year, funds from financing activities decreased 55,158 million yen. This mainly reflected an increase in funds from proceeds from long- and short-term borrowings (156,029 million yen), offset by a decrease in funds from repayments of long- and short-term borrowings (193,683 million yen) and the redemption of bonds (15,000 million yen).

As a result, in the fiscal year under review, cash flows from financing activities increased 18,701 million yen compared to the previous fiscal year.

(3) Production, orders received, and sales

1) Purchasing

Purchasing by segment during the fiscal year under review is shown below.

Segment	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025) (millions of yen)	Year-on-year change (%)
Travel business	214,085	+10.4%
Hotel business	9,318	+13.8%
Kyushu Sanko Group	22,496	+4.6%
Reportable segment total	245,900	+9.9%
Other	9,231	+2.0%
Total	255,131	+9.6%

(Notes) 1. Intersegment transactions have been eliminated.

2. The businesses of the HIS Group are not operated based on production; therefore, information on purchasing is provided instead of production data.

2) Orders received

Information on orders received has been omitted as the HIS Group's businesses are not operated based on orders received.

3) Sales

Sales by segment during the fiscal year under review are shown below.

Segment	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025) (millions of yen)	Year-on-year change (%)
Travel business	307,976	+8.9%
Hotel business	24,734	+9.8%
Kyushu Sanko Group	25,355	+5.8%
Reportable segment total	358,066	+8.8%
Other	15,039	+6.4%
Total	373,106	+8.7%

(Note) Intersegment transactions have been eliminated.

(4) Analysis of financial position, operating results, and cash flows

The analysis of financial position, operating results, and cash flows during the fiscal year under review is as follows. All matters relating to the future in the sections below are based on the current views of the Group as of October 31, 2025.

1) Analysis of financial position

(i) Current assets

The balance of current assets at the end of the fiscal year under review was 180,388 million yen, a decrease of 21,928 million yen from the end of the previous fiscal year.

This was mainly due to an increase in notes and accounts receivable - trade, and contract assets (up 2,168 million yen from the end of the previous fiscal year), offset by a decrease in cash and deposits (down 24,212 million yen).

(ii) Non-current assets

The balance of non-current assets at the end of the fiscal year under review was 205,893 million yen, a decrease of 3,932 million yen from the end of the previous fiscal year.

This was mainly due to an increase in shares of subsidiaries and associates (up 1,318 million yen from the end of the previous fiscal year), offset by a decrease in property, plant and equipment (down 4,401 million yen) and a decrease in intangible assets (down 1,480 million yen).

(iii) Current liabilities

The balance of current liabilities at the end of the fiscal year under review was 242,507 million yen, an increase of 14,331 million yen from the end of the previous fiscal year.

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 from the end of the previous fiscal year) and a decrease in deposits received of subsidy (down 7,053 million yen), offset by an increase in the current portion of long-term borrowings (up 37,934 million yen) and an increase in travel advances received (up 6,342 million yen).

(iv) Non-current liabilities

The balance of non-current liabilities at the end of the fiscal year under review was 76,618 million yen, a decrease of 45,063 million yen from the end of the previous fiscal year.

This was mainly due to a decrease in long-term borrowings (down 44,333 million yen from the end of the previous fiscal year).

(v) Net assets

The balance of net assets at the end of the fiscal year under review was 67,205 million yen, an increase of 4,861 million yen from the end of the previous fiscal year.

This was mainly due to an increase in retained earnings resulting from the booking of profit attributable to owners of parent (up 3,910 million yen from the end of the previous fiscal year) and other factors, as well as an increase in non-controlling interests (up 1,270 million yen).

2) Analysis of operating results

(i) Net sales

Net sales in the fiscal year under review were 373,106 million yen, an increase of 29,772 million yen (up 8.7%) from the previous fiscal year. By reportable segment, net sales were 309,139 million yen (up 8.9%) in the Travel business, 25,244 million yen (up 9.8%) in the Hotel business, and 25,381 million yen (up 5.8%) in the Kyushu Sanko Group.

Figures for each segment reflect the amounts before offsetting and eliminating intersegment transactions.

(ii) Operating expenses

Operating expenses in the fiscal year under review were 361,478 million yen, an increase of 28,999 million yen (up 8.7%) from the previous fiscal year.

Within operating expenses, cost of sales was 255,131 million yen, an increase of 22,415 million yen (up 9.6%) from the previous fiscal year.

Selling, general and administrative expenses were 106,346 million yen, an increase of 6,583 million yen (up 6.6%) from the previous fiscal year.

(iii) Operating profit

Operating profit in the fiscal year under review was 11,627 million yen, an increase of 773 million yen (up 7.1%) from the previous fiscal year.

(iv) Ordinary profit

Ordinary profit in the fiscal year under review was 11,381 million yen, an increase of 929 million yen (up 8.9%) from the previous fiscal year.

The principal non-operating income item was interest income (1,220 million yen), while non-operating expenses mainly consisted of interest expenses (2,025 million yen).

(v) Profit attributable to owners of parent

Profit before income taxes in the fiscal year under review was 7,067 million yen, a decrease of 1,458 million yen (down 17.1%) from the previous fiscal year, reflecting the recording of impairment losses of 2,772 million yen and a loss on liquidation of business of 1,752 million yen.

Total income taxes in the fiscal year under review amounted to 1,299 million yen (versus -1,090 million yen in the previous fiscal year), an increase of 2,390 million yen from the previous fiscal year.

As a result, profit attributable to owners of parent in the fiscal year under review was 4,719 million yen, a decrease of 3,997 million yen (down 45.9%) from the previous fiscal year.

3) Analysis of cash flows and capital resources and liquidity of funds

Analysis of cash flows is as stated in “Part I Information on the Company, II. Business Overview, 4. Analysis of Financial Position, Business Results, and Cash Flows, (2) Cash flows.”

The HIS Group mainly needs funding for working capital and capital expenditures. It secures funding for working capital through loans from financial institutions, and for capital expenditures through a combination of borrowings from financial institutions, the issuance of bonds, and capital increases.

4) Significant accounting estimates and underlying assumptions

The consolidated financial statements of the HIS Group are prepared in conformity with accounting standards that are generally accepted in Japan. In preparing the consolidated financial statements, the Group has used estimates that may affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates have been reasonably determined while taking into account historical performance and other factors. However, actual results may differ due to the uncertainties inherent in estimates.

Significant accounting estimates and underlying assumptions are described in “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, (Significant accounting estimates)”.

5. Material Agreements, etc.

(Passenger sales agency agreement)

The Company received approval to become a certified International Air Transport Association (IATA) passenger sales agent on December 31, 1990 (which remains in effect until revoked), and has entered into a passenger sales agency agreement.

(Note) About the International Air Transport Association (IATA)

Founded in 1945, this private institution is an affiliation mainly of airlines engaged in international flights. Headquarters are in Montreal, Canada, and Geneva, Switzerland. Determination of various measures associated with IATA certified agents and settlement of accounts is done in Geneva. The authority of IATA comprises determination of fares, conditions on transport, agency measures, and other flight-related rules as well as fare settlements. An approval as a certified IATA sales agent allows travel agents to issue international flight tickets in-house.

(Loan agreements with financial covenants)

Date of agreement	Counterparty	Balance at end of period (millions of yen)	Repayment date	Collateral
May 29, 2018	Trust banks, etc. (syndicate)	11,454	May 31, 2028	None
December 25, 2018	Trust banks, etc. (syndicate)	20,674	December 30, 2025	None

The financial covenants under the above agreements are as follows:

- 1) To maintain the amount of net assets in the consolidated balance sheet in reports, etc. as of the end of each consolidated fiscal year at not less than 75% of the amount of net assets in the consolidated balance sheet in reports, etc. as of the end of the immediately preceding consolidated fiscal year.
- 2) Not to record ordinary losses for two consecutive fiscal years in the consolidated statement of income in reports, etc. as of the end of each consolidated fiscal year.

6. Research and Development Activities

There are no applicable matters to report.

III. Equipment and Facilities

1. Capital Expenditures

In the Travel business, the HIS Group works to expand its sales network while saving labor and streamlining operations. The Group also makes investments to improve profitability. Furthermore, the Group prioritizes investments in the Hotel business and the Kyushu Sanko Group, which are expected to grow over the long term.

The breakdown of capital expenditures during the fiscal year under review (based on the amounts recorded as property, plant and equipment, guarantee deposits, hardware, and software) is shown below.

Segment	Capital expenditures (millions of yen)
Travel business	4,776
Hotel business	1,836
Kyushu Sanko Group	1,304
Reportable segment total	7,918
Other	1,180
Corporate-wide (shared)	976
Total	10,075

Amounts and purposes of major investments included in the above are as follows.

Travel business:	Relocation and renovation of branches and offices (1,544 million yen), development and improvement of travel reservation systems (3,232 million yen), etc.
Hotel business:	Increase in leased assets and related items associated with the renewal of lease contracts at Green World Hotels Co., Ltd. in Taiwan (928 million yen) and hotel facilities at H.I.S. Hotel Holdings Co., Ltd. (495 million yen), etc.
Kyushu Sanko Group:	Purchase of vehicles and related equipment (945 million yen), etc.
Other:	Investments in park facilities at LAGUNA TEN BOSCH CO., LTD. (608 million yen) and investments related to new businesses, including the restaurant business (242 million yen), etc.
Corporate-wide (shared):	Investments related to the planned relocation of the head office in 2026 (966 million yen), etc.

2. Principal Facilities

The Group's principal facilities are as follows.

(1) The filing company

Facility name (Location)	Segment	Facility type	Book value (millions of yen)							Number of employees (persons) Number of temporary employees (persons)	
			Buildings	Tools, furniture and fixtures	Land (thousand m ²)	Leased assets	Construction in progress	Guarantee deposits	Other		Total
Headquarters and offices (Minato-ku, Tokyo, etc.)	Travel business	Branch facilities; reservation systems	1,364	366	— (—)	—	—	1,706	4,033	7,471	4,115 (562)
Headquarters (Minato-ku, Tokyo)	Other	Branch facilities; real estate	790	47	469 (2)	—	7	18	20	1,353	39 (84)
Headquarters (Minato-ku, Tokyo)	Corporate- wide (shared)	Office facilities; software	7,743	16	24,445 (1)	307	2	966	1	33,483	293 (14)

(Notes) 1. Of the book value, "Other" comprises vehicles, structures, artworks, and software.

2. The number of temporary employees presented in parentheses refers to the annual average number of temporary workers and is not included in the number of employees.

3. Of leased facilities, leasing fees incurred during the fiscal year under review was 2,341 million yen.

(2) Domestic subsidiaries

Company name Facility name (Location)	Segment	Facility type	Book value (millions of yen)								Number of employees (persons) Number of temporary employees (persons)
			Buildings	Tools, furniture and fixtures	Land (thousand m ²)	Leased assets	Construction in progress	Guarantee deposits	Other	Total	
H.I.S. Hotel Holdings Co., Ltd. (Minato-ku, Tokyo, etc.)	Hotel business	Hotel facilities	24,130	224	20,006 (72)	—	—	919	55	45,336	222 (70)
Aquagnis Taki Hotel Asset Co., Ltd. (Takicho, Taki, Mie Prefecture)	Hotel business	Hotel facilities	5,577	55	— (—)	488	—	—	1	6,122	— (—)
Kyushu Sanko Bus Co., Ltd. (Nishi-ku, Kumamoto, Kumamoto Prefecture)	Kyushu Sanko Group	Business facilities, etc.	640	45	7,101 (122)	1,376	0	2	128	9,296	453 (71)
Kyushu Sanko Landmark Co., Ltd. (Chuo-ku, Kumamoto, Kumamoto Prefecture)	Kyushu Sanko Group	Business facilities, etc.	18,149	119	13,257 (17)	—	—	—	—	31,525	22 (4)

(Notes) 1. Of the book value, “Other” comprises vehicles and software.

2. The number of temporary employees presented in parentheses refers to the annual average number of temporary workers and is not included in the number of employees.

3. Of leased facilities, leasing fees incurred by domestic subsidiaries during the fiscal year under review was 2,217 million yen.

4. Facility names of domestic subsidiaries are consistent with company names.

(3) Overseas subsidiaries

Company name Facility name (Location)	Segment	Facility type	Book value (millions of yen)								Number of employees (persons) Number of temporary employees (persons)
			Buildings	Tools, furniture and fixtures	Land (thousand m ²)	Leased assets	Construction in progress	Guarantee deposits	Other	Total	
HHH.USA. INC. (New York City, New York, U.S.A.)	Hotel business	Hotel facilities	4,969	45	3,060 (0)	—	—	—	1	8,076	5 (24)
Green World Hotels Co., Ltd. (Taipei, Taiwan)	Hotel business	Hotel facilities	1,690	41	514 (0)	7,845	0	810	120	11,023	240 (22)

(Notes) 1. Of the book value, “Other” comprises machinery, equipment, and software.

2. The number of temporary employees presented in parentheses refers to the annual average number of temporary workers and is not included in the number of employees.

3. Of leased facilities, leasing fees incurred by overseas subsidiaries during the fiscal year under review was 1,801 million yen.

4. Facility names of overseas subsidiaries are consistent with company names.

3. Plan for Additions and Disposals of Facilities

There are no plans to newly establish or add major facilities as of October 31, 2025.

IV. Information on the Company

1. Information on the Company's Shares

(1) Total Number of Shares, etc.

1) Total Number of Shares

Class	Total number of shares authorized to be issued
Common stock	150,000,000
Total	150,000,000

2) Number of Shares Issued

Class	Number of shares issued as of end of fiscal year (October 31, 2025)	Number of shares issued as of filing date (January 27, 2026)	Stock exchange on which the Company is listed	Description
Common stock	79,860,936	79,860,936	Prime Market of the Tokyo Stock Exchange	Standard Company shares with no restricted rights; 100 shares constitute one unit.
Total	79,860,936	79,860,936	—	—

(Note) The “Number of shares issued as of filing date” column does not include shares issued through the exercise of share acquisition rights between January 1, 2026 and the filing date of this Annual Securities Report.

(2) Information on Share Acquisition Rights, etc.

1) Details of Stock Option Program

The share acquisition rights issued under Articles 236, 238, and 240 of the Companies Act for the purpose of granting stock options to directors and employees of the Company, as well as to directors and employees of its subsidiaries, are as follows.

Eighth series of share acquisition rights

Resolution date	January 26, 2024
Category and number of grantees	Company directors: 5 Company employees: 1,152 Subsidiary directors: 45 Subsidiary employees: 235
Number of share acquisition rights*	10,990
Class, content, and number of shares subject to share acquisition rights*	Common shares, 1,099,000 (Notes) 1, 2
Amount payable on the exercise of share acquisition rights*	1,941 (Note) 3
Exercise period of share acquisition rights*	From April 1, 2027 to March 31, 2028
Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of share acquisition rights*	Issue price: 2,496 yen Additional paid-in capital per share: 1,248 yen
Conditions for exercise of share acquisition rights*	(Note) 4
Matters regarding transfer of share acquisition rights*	The acquisition of share acquisition rights by transfer shall be subject to approval by the Company's Board of Directors.
Matters regarding grant of share acquisition rights accompanying corporate reorganization*	(Note) 5

* The information above is as of the end of the fiscal year under review (October 31, 2025). The information as of the end of the month preceding the filing date (December 31, 2025) has been omitted as it had not changed from the end of the fiscal year under review.

(Notes)

1. The number of shares to be granted upon exercise of each share acquisition right (hereinafter, the “Number of Shares to be Granted”) shall be 100 shares.

2. If, after the date of allotment of the share acquisition rights, the Company conducts a stock split (including a gratis allotment of shares of common stock; the same shall apply to references to stock splits hereinafter) or a stock consolidation with respect to its common stock, the Number of Shares to be Granted for any share acquisition rights not exercised at the time of such stock split or stock consolidation shall be adjusted in accordance with the following formula.

$$\text{Number of Shares to be Granted post-adjustment} = \frac{\text{Number of Shares to be Granted pre-adjustment}}{\text{Stock split or consolidation ratio}}$$

In addition, if unavoidable circumstances requiring adjustment of the Number of Shares to be Granted arise other than those described above, the Company may adjust the Number of Shares to be Granted as deemed necessary by a resolution of the Board of Directors.

Any fractions of less than one share resulting from the above adjustment shall be rounded down.

3. If the Company conducts a stock split or stock consolidation with respect to its common stock, the exercise price shall be adjusted in accordance with the following formula, and any fractions of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Stock split or consolidation ratio}}$$

If, with respect to its common stock, the Company issues new shares or disposes of treasury shares at a price below the market price (excluding cases involving the issuance of new shares or disposal of treasury shares upon exercise of share acquisition rights, or the transfer of treasury shares through share exchange), the exercise price shall be adjusted in accordance with the following formula, and any fractions of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of newly issued shares} \times \text{Amount payable per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

In the formula above, the “Number of shares already issued” shall mean the total number of issued shares of the Company less the number of treasury shares held by the Company. In the case of a disposal of treasury shares, the “Number of newly issued shares” shall be read as the “Number of disposed shares,” and the “Amount payable per share” shall be read as the “Disposal amount per share.”

In the event the Company conducts a merger, a company split, or otherwise engages in similar actions requiring adjustment of the exercise price, the exercise price shall be adjusted to the extent necessary and reasonable.

4. The conditions for exercising the share acquisition rights are as follows.
- (1) A person who has been allotted share acquisition rights (hereinafter, the “Rights Holder”) must be a director or employee of the Company or one of its subsidiaries at the time of exercising the rights. However, this restriction shall not apply in the case of resignations of directors after their terms have expired, resignations due to appointment as a director, mandatory retirement of employees, transfers based on a company order, or other justifiable reasons as approved by the Board of Directors.
 - (2) In the event of the death of a Rights Holder, the rights may not be exercised by the Rights Holder’s heir.
 - (3) Other conditions shall be as provided in the share acquisition rights allotment agreement concluded between the Company and the Rights Holder.
5. In the event the Company conducts a merger (limited to cases in which the Company is dissolved as a result of the merger), an absorption-type company split or an incorporation-type company split (in each case, limited to cases in which the Company is the splitting company), or a share exchange or share transfer (in each case, limited to cases in which the Company becomes a wholly owned subsidiary) (hereinafter all of which are collectively referred to as the “Reorganization”), then, with respect to the holders of share acquisition rights remaining immediately prior to the effective date of such Reorganization (meaning, in the case of an absorption-type merger, the date on which the merger becomes effective; in the case of a consolidation-type merger, the date of incorporation of the newly established merged company; in the case of an absorption-type company split, the date on which the split becomes effective; in the case of an incorporation-type company split, the date of incorporation of the newly established split company; in the case of a share exchange, the date on which the share exchange becomes effective; and in the case of a share transfer, the date of incorporation of the wholly owning parent company established through such share transfer; the same shall apply hereinafter), the share acquisition rights of the stock company listed in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (the “Reorganized Company”) shall be delivered to the holders of the remaining share acquisition rights (the “Remaining Share Acquisition Rights”) in each respective case. However, such delivery shall be made only if provisions for delivering the share acquisition rights of the Reorganized Company in accordance with the following items are stipulated in an absorption-type merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement, or a share transfer plan.
- (1) Number of share acquisition rights of the Reorganized Company to be delivered
The number of share acquisition rights of the Reorganized Company to be delivered shall be equal to the number of Remaining Share Acquisition Rights held by each Rights Holder.
 - (2) Class of shares of the Reorganized Company subject to the share acquisition rights
The shares subject to the share acquisition rights shall be common shares of the Reorganized Company.
 - (3) Number of shares of the Reorganized Company subject to the share acquisition rights
The number of shares of the Reorganized Company subject to the share acquisition rights shall be reasonably adjusted in consideration of the conditions and other relevant factors of the Reorganization. Any fractions of less than one share resulting from such adjustment shall be rounded down.
 - (4) Value of assets to be contributed upon exercise of share acquisition rights
The value of assets to be contributed upon exercise of the share acquisition rights shall be an amount reasonably adjusted in consideration of the conditions and other relevant factors of the Reorganization. Any fractions of less than one yen resulting from such adjustment shall be rounded up.
 - (5) Period during which the share acquisition rights may be exercised
The period during which the share acquisition rights may be exercised shall be from the later of (i) the commencement date of

the exercise period as specified in “Exercise period of share acquisition rights” above or (ii) the effective date of the Reorganization, until the expiration date of the exercise period as specified in “Exercise period of share acquisition rights” above.

- (6) Matters concerning increase in share capital and legal capital surplus upon issuance of shares through exercise of share acquisition rights

These shall be determined in accordance with the provisions of “Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of share acquisition rights” above.

- (7) Restrictions on acquisition of share acquisition rights by transfer

The acquisition of share acquisition rights by transfer shall be subject to approval by a resolution of the Board of Directors of the Reorganized Company.

- (8) Conditions for exercise of share acquisition rights

The conditions for exercise shall be determined in accordance with the provisions of “Conditions for exercise of share acquisition rights” above.

- (9) Acquisition clause of share acquisition rights

These shall be determined in accordance with the provisions of “Reasons and conditions for acquisition of share acquisition rights by the Company” below.

Reasons and conditions for acquisition of share acquisition rights by the Company

- If, prior to exercising the rights, a Rights Holder ceases to meet the conditions for exercise of rights as specified in “Conditions for exercise of share acquisition rights” above, the Company may acquire such share acquisition rights without compensation on a separately determined date as resolved by its Board of Directors.
- If any of the following proposals (i), (ii), or (iii) is approved at a General Meeting of Shareholders of the Company (or, if approval at a General Meeting of Shareholders is not required, is approved by the Company’s Board of Directors), the Company may acquire the share acquisition rights without compensation on a separately determined date as resolved by its Board of Directors.
 - (i) A proposal for approval of a merger agreement under which the Company is to be the dissolving company
 - (ii) A proposal for approval of a company split agreement or company split plan under which the Company is to be the splitting company
 - (iii) A proposal for approval of a share exchange agreement or share transfer plan under which the Company is to become a wholly owned subsidiary

2) Details of Rights Plans

There are no applicable matters to report.

3) Status of Other Share Acquisition Rights, etc.

There are no applicable matters to report.

(3) Information on Moving Strike Convertible Bonds, etc.

There are no applicable matters to report.

(4) Changes in the Total Number of Issued Shares, Share Capital, etc.

Date	Increase/ decrease in total number of issued shares (shares)	Balance of issued shares (shares)	Increase/decrease in share capital (millions of yen)	Balance of share capital (millions of yen)	Increase/ decrease in legal capital surplus (millions of yen)	Balance of legal capital surplus (millions of yen)
November 1, 2020– October 31, 2021 (Note) 1	7,200,300	75,969,236	6,048	21,048	6,048	13,709
November 22, 2021 (Note) 2	1,140,600	77,109,836	1,250	22,298	1,250	14,959
December 13, 2021 (Note) 3	1,210,700	78,320,536	1,250	23,548	1,250	16,209
December 28, 2021 (Note) 4	1,540,400	79,860,936	1,250	24,798	1,250	17,459
October 27, 2022 (Note) 5	—	79,860,936	(24,698)	100	(17,434)	25

(Notes) 1. Increase due to exercise of share acquisition rights

2. Increase due to a third-party allotment of new shares

Issue price: 2,192 yen

Additional paid-in capital: 1,096 yen

Allottee: Pacific Alliance Asia Opportunity Fund L.P.

3. Increase due to a third-party allotment of new shares

Issue price: 2,065 yen

Additional paid-in capital: 1,032.5 yen

Allottee: Pacific Alliance Asia Opportunity Fund L.P.

4. Increase due to a third-party allotment of new shares

Issue price: 1,623 yen

Additional paid-in capital: 811.5 yen

Allottee: Pacific Alliance Asia Opportunity Fund L.P.

5. In accordance with the resolution of the extraordinary General Meeting of Shareholders held on October 27, 2022, the amounts of share capital and legal capital surplus have been reduced for the purpose of enhancing the financial condition, and the resulting other capital surplus was 42,133 million yen, of which 13,363 million yen was appropriated to compensate for the deficit in retained earnings brought forward. As a result, share capital decreased by 24,698 million yen (capital reduction ratio of 99.6%) and the legal capital surplus decreased by 17,434 million yen (capital reduction ratio of 99.9%).

(5) Composition of Issued Shares by Type of Shareholders

As of October 31, 2025

Category	Status of shares (one unit of stock: 100 shares)								Number of shares less than one unit (shares)
	Government and municipality	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Non- individuals	Individuals			
Number of shareholders	—	14	38	302	186	823	62,402	63,765	—
Share ownership (units)	—	83,371	24,478	49,989	96,102	4,712	538,384	797,036	157,336
Ownership percentage of shares (%)	—	10.46	3.07	6.27	12.06	0.59	67.55	100.00	—

(Notes) 1. Of the 5,123,480 treasury shares, 51,234 units are included in the “Individuals and others” column, while 80 shares are included in the “Number of shares less than one unit” column.

2. Of the shares registered in the name of Japan Securities Depository Center, Incorporated, 18 units are included in the “Other corporations” column and 40 shares are included in the “Number of shares less than one unit” column.

(6) Major Shareholders

As of October 31, 2025

Name	Address	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (excluding treasury shares) (%)
Sawada Hideo	Shibuya-ku, Tokyo	17,958	24.03
The Master Trust Bank of Japan, Ltd.	1-8-1 Akasaka, Minato-ku, Tokyo	7,349	9.83
Hide Inter Ltd.	1-7-26 Shoto, Shibuya-ku, Tokyo	3,907	5.23
NORTHERN TRUST CO. (AVFC) RE WS WALES PENSION PARTNERSHIP (WALES PP) ASSET POOLING ACS UMBRELLA (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	50 BANK STREET CANARY WHARF LONDON E14 5NT, UK (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	2,227	2.98
State Street Bank and Trust Company (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101, U.S.A (2-15-1 Konan, Minato-ku, Tokyo)	2,219	2.97
H.I.S. Employee Stock Ownership Association	4-1-1 Toranomom, Minato-ku, Tokyo	1,063	1.42
JP MORGAN CHASE BANK (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department) (Standing proxy: JPMorgan Securities Japan Co., Ltd.) (Standing proxy: Citibank, N.A., Tokyo Branch)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (2-15-1 Konan, Minato-ku, Tokyo) (2-7-3 Marunouchi, Chiyoda-ku, Tokyo) (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	925	1.24
Custody Bank of Japan, Ltd.	1-8-12 Harumi, Chuo-ku, Tokyo	904	1.21
Sawada Mayumi	Shibuya-ku, Tokyo	900	1.21
State Street Bank West Client-Treaty (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1 Konan Minato-ku, Tokyo)	764	1.02
Total	—	38,220	51.14

(Note) Of the shares owned by the above trust banks, the number of shares pertaining to trust services is as follows.

The Master Trust Bank of Japan, Ltd.	7,349 thousand shares
Custody Bank of Japan, Ltd.	904 thousand shares

(7) Information on Voting Rights

1) Issued Shares

As of October 31, 2025

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury shares, etc.)	Common stock: 5,123,400	—	—
Shares with full voting rights (others)	Common stock: 74,580,200	745,802	—
Shares less than one unit	Common stock: 157,336	—	—
Total number of issued shares	79,860,936	—	—
Total number of voting rights held by all shareholders	—	745,802	—

(Note) “Shares with full voting rights (others)” and “Shares less than one unit” above include 1,800 shares and 40 shares, respectively, held under the name of Japan Securities Depository Center, Inc. (JASDEC). The number of voting rights includes 18 voting rights from shares with full voting rights of the forfeited shares held under the name of this same institution.

2) Treasury Shares

As of October 31, 2025

Shareholder	Shareholder address	Number of shares held under own name	Number of shares held under another name	Total number of shares held	Ownership percentage to the total number of issued shares (%)
H.I.S. Co., Ltd.	4-1-1 Toranomom, Minato-ku, Tokyo	5,123,400	—	5,123,400	6.42
Total	—	5,123,400	—	5,123,400	6.42

2. Information on Acquisition of Treasury Shares, etc.

[Class of shares] Acquisition of common stock under Article 155, Item 7 of the Companies Act

(1) Acquisition by Resolution at the General Meeting of Shareholders

There are no applicable matters to report.

(2) Acquisition by Resolution of the Board of Directors

There are no applicable matters to report.

(3) Acquisition Not Based on Resolutions at the General Meeting of Shareholders or of the Board of Directors

Classification	Number of shares	Total amount (millions of yen)
Treasury shares acquired during the year ended October 31, 2025	10	0
Treasury shares acquired during the period from November 1, 2025 to January 27, 2026	—	—

(Note) Fractional shares less than one trading unit acquired through purchases between January 1, 2026 and the filing date of this Annual Securities Report are not included in the number of treasury shares acquired during the period from November 1, 2025 to January 27, 2026.

(4) Status of the Disposition and Holding of Acquired Treasury Shares

Classification	Year ended October 31, 2025		November 1, 2025 to January 27, 2026	
	Number of shares (shares)	Total amount disposed (millions of yen)	Number of shares (shares)	Total amount disposed (millions of yen)
Acquired treasury shares for which subscribers were solicited	—	—	—	—
Acquired treasury shares that were disposed of	—	—	—	—
Acquired treasury shares transferred due to merger, share exchange, share delivery, or demerger	—	—	—	—
Others (disposal of treasury shares as restricted stock remuneration)	13,188	33	—	—
Total number of treasury shares held	5,123,480	—	5,123,480	—

(Note) Fractional shares less than one trading unit acquired through purchases and additional purchases between January 1, 2026 and the filing date of this Annual Securities Report are not included in the total number of treasury shares held during the period from November 1, 2025 to January 27, 2026.

3. Dividend Policy

The HIS Group recognizes the return of profits to shareholders as one of its important management policies. While striving to enhance corporate value, the Group aims to distribute profits in a stable and continuous manner based on financial performance, taking into account global conditions, trends in the travel industry, the strengthening of its corporate structure, and future business development. Although the Company has an interim dividend system, it has adopted a basic policy of providing dividends on an annual basis to ensure fair dividends in line with performance, as sales and profit tend to be comparatively higher in the second half of the fiscal year.

In the previous fiscal year, the Company did not pay a year-end dividend due to the impact of the investigation into employment adjustment subsidies. In the fiscal year under review, however, in light of first-half performance, the Company paid an interim dividend of 10 yen per share to enhance the dividend level and provide continuous and stable dividends in response to the ongoing support of shareholders. In addition, based on the above basic policy on profit distribution, the Company plans to propose a year-end dividend of 10 yen per share for the fiscal year under review at the Ordinary General Meeting of Shareholders to be held on January 28, 2026.

The Company's Articles of Incorporation stipulate that "matters set forth in each item of Article 459, Paragraph 1 of the Companies Act, including dividends of surplus, may be determined by a resolution of the Board of Directors unless otherwise provided by laws and regulations"; however, this does not preclude a resolution at the General Meeting of Shareholders.

The dividends of surplus for the fiscal year under review are as follows.

Resolution date	Total dividends (millions of yen)	Dividend per share (yen)
June 13, 2025 Resolution of the Board of Directors	747	10.00
January 28, 2026 Resolution at the Ordinary General Meeting of Shareholders (scheduled)	747	10.00

4. Corporate Governance, etc.

(1) Overview of Corporate Governance

Basic policy on corporate governance

The HIS Group upholds the HIS Group Purpose—Unleash your feeling “KOKORO ODORU”—and strives to build strong relationships with all stakeholders while aiming to remain a company that continues to be chosen by society. It recognizes that the effectiveness of corporate governance is essential for achieving sustainable growth and enhancing corporate value over the medium to long term. The Company aims to instill the intent and spirit of the HIS Group Value, which serves as its guiding principles, and the HIS Group Code of Conduct, which outlines behavioral standards to be observed in society. Based on various rules and regulations that must be followed by officers and employees of the HIS Group, the Company works to implement and strengthen corporate governance.

1) Overview of corporate governance structure

The Company has adopted a corporate governance structure with an Audit & Supervisory Committee.

In addition, the Company has established the following advisory committees to the Board of Directors: the Human resources / Nomination Committee, Compensation Committee, Investment Committee, Financing / Fund Management Committee, Risk Management & Compliance Committee, and Subsidiary Governance Review Committee. The members of each body are as follows.

The Board of Directors comprises 11 directors, including four outside directors, and is chaired by CEO Yada Motoshi. Other members include Director Nakamori Tatsuya, Director Oda Masayuki, Director Yamanobe Atsushi, Director Gomi Mutsumi, Director Sawada Hidetaka, Outside Director Owada Junko, Outside Director Kagawa Shingo, Director and Audit & Supervisory Committee Member Sekita Sonoko, Outside Director and Audit & Supervisory Committee Member Nabeshima Atsushi, and Outside Director and Audit & Supervisory Committee Member Kaneko Hiroto. The Board of Directors makes decisions regarding matters provided by laws and regulations, basic operating policies, and important matters related to management, and oversees the execution of duties by its directors and executive officers. As a rule, it meets once a month.

As proposals (matters to be resolved) at the 45th Ordinary General Meeting of Shareholders to be held on January 28, 2026, the Company has submitted “Election of eight Directors (excluding Directors who are Audit & Supervisory Committee Members)” and “Election of three Directors who are Audit & Supervisory Committee Members.” If these proposals are approved as originally proposed, the Board will continue to consist of 11 directors, including four outside directors.

The Human resources / Nomination Committee comprises seven directors, including four outside directors, and is chaired by CEO Yada Motoshi. Other members include Director Nakamori Tatsuya, Director Sawada Hidetaka, Outside Director Owada Junko, Outside Director Kagawa Shingo, Outside Director and Audit & Supervisory Committee Member Nabeshima Atsushi, and Outside Director and Audit & Supervisory Committee Member Kaneko Hiroto. The Committee deliberates on matters such as the appointment and dismissal of directors and executive officers, and convenes as necessary.

As proposals (matters to be resolved) at the 45th Ordinary General Meeting of Shareholders to be held on January 28, 2026, the Company has submitted “Election of eight Directors (excluding Directors who are Audit & Supervisory Committee Members)” and “Election of three Directors who are Audit & Supervisory Committee Members.” If these proposals are approved as originally proposed, the Committee will continue to consist of seven members, including four outside directors.

The Compensation Committee comprises seven directors, including four outside directors, and is chaired by CEO Yada Motoshi. Other members include Director Nakamori Tatsuya, Director Sawada Hidetaka, Outside Director Owada Junko, Outside Director Kagawa Shingo, Outside Director and Audit & Supervisory Committee Member Nabeshima Atsushi, and Outside Director and Audit & Supervisory Committee Member Kaneko Hiroto. The Committee deliberates on matters such as the details of individual compensation for directors, executive officers, and presidents of subsidiaries and associates.

As proposals (matters to be resolved) at the 45th Ordinary General Meeting of Shareholders to be held on January 28, 2026, the Company has submitted “Election of eight Directors (excluding Directors who are Audit & Supervisory Committee Members)” and “Election of three Directors who are Audit & Supervisory Committee Members.” If these proposals are approved as originally proposed, the Committee will continue to consist of seven members, including four outside directors.

The Investment Committee comprises six directors, including three outside directors, and is chaired by CEO Yada Motoshi. Other members include Director Oda Masayuki, Director Yamanobe Atsushi, Outside Director Owada Junko, Outside Director and Audit & Supervisory Committee Member Nabeshima Atsushi, and Outside Director and Audit & Supervisory Committee Member Kaneko Hiroto. The Committee assists the Board of Directors in making decisions regarding investment projects.

As proposals (matters to be resolved) at the 45th Ordinary General Meeting of Shareholders to be held on January 28, 2026, the Company has submitted “Election of eight Directors (excluding Directors who are Audit & Supervisory Committee Members)” and “Election of three Directors who are Audit & Supervisory Committee Members.” If these proposals are approved as originally proposed, the Committee will continue to consist of six members, including three outside directors.

The Financing / Fund Management Committee comprises six directors, including two outside directors, and is chaired by CEO Yada Motoshi. Other members include Director Oda Masayuki, Director Gomi Mutsumi, Outside Director Kagawa Shingo, Outside Director and Audit & Supervisory Committee Member Kaneko Hiroto, and Director and Audit & Supervisory Committee Member Sekita Sonoko. The Committee assists the Board of Directors in making decisions regarding procurement and management of material funds.

As proposals (matters to be resolved) at the 45th Ordinary General Meeting of Shareholders to be held on January 28, 2026, the Company has submitted “Election of eight Directors (excluding Directors who are Audit & Supervisory Committee

Members)” and “Election of three Directors who are Audit & Supervisory Committee Members.” If these proposals are approved as originally proposed, the Committee will continue to consist of six members, including three outside directors.

The Risk Management & Compliance Committee comprises nine members, including one outside director, one executive officer, and one other member, and is chaired by CEO Yada Motoshi. Other members include Director Nakamori Tatsuya, Director Oda Masayuki, Director Gomi Mutsumi, Director Yamanobe Atsushi, Director Sawada Hidetaka, Outside Director and Audit & Supervisory Committee Member Nabeshima Atsushi, Executive Officer Akao Shohei, and one other member. The Committee assists the Board of Directors in making decisions regarding the promotion of compliance across the Group.

As proposals (matters to be resolved) at the 45th Ordinary General Meeting of Shareholders to be held on January 28, 2026, the Company has submitted “Election of eight Directors (excluding Directors who are Audit & Supervisory Committee Members)” and “Election of three Directors who are Audit & Supervisory Committee Members.” If these proposals are approved as originally proposed, the Committee will consist of nine members, including one outside director.

The Subsidiary Governance Review Committee comprises six directors, including one outside director, two executive officers, and one other member, and is chaired by Outside Director and Audit & Supervisory Committee Member Kaneko Hiroto. Other members include CEO Yada Motoshi, Director Nakamori Tatsuya, Director Oda Masayuki, Director Gomi Mutsumi, Director and Audit & Supervisory Committee Member Sekita Sonoko, Executive Officer Segawa Katsu, Executive Officer Akao Shohei, and one other member. The Committee assists the Board of Directors in making decisions regarding the review of subsidiary governance policies and management structures. As a temporary body, the Committee held its final meeting on November 28, 2025. Matters reviewed and improved by the Committee will be succeeded by the Risk Management & Compliance Committee, which will be responsible for confirming implementation, conducting further reviews, and other related matters.

2) Reason for adoption of corporate governance structure

In consideration of the scale and nature of the Company and HIS Group’s businesses, the Company had in place a governance structure of a company with corporate auditors and a Board of Corporate Auditors until the 35th fiscal year (ended October 31, 2015). The intent was to engage in fair, transparent, quick, and decisive decision-making regarding business management, and facilitate full accountability to the shareholders and other stakeholders.

Corporate auditors and the Board of Corporate Auditors, in addition to conducting legality audits, conducted validity audits to the extent permitted by laws and regulations, and offered advice and recommendations at the Board of Directors meetings with respect to the execution of operational and professional duties by directors. Factoring in such conditions, the Company reviewed the details pertaining to the Audit & Supervisory Committee structure created by the Law for Partial Amendment to the Companies Act (Act No. 90 of 2014, effective May 1, 2015) and determined that the latter structure was compatible with the actual circumstances of the Company and would help strengthen its corporate governance further, as the Company and Group pursued sustainable growth and enhancement of corporate value over the medium to long term.

Based on this decision, the transition to a company with an Audit & Supervisory Committee was proposed at the 35th Ordinary General Meeting of Shareholders held on January 27, 2016 and implemented by a resolution approved by the shareholders.

3) Other matters related to corporate governance

(I) Basic approach to and development status of the internal control system (including systems for ensuring the appropriateness of business operations within the corporate group consisting of the Company and its Group companies [subsidiaries and associates])

[Basic approach to the development of the internal control system]

As a company with an Audit & Supervisory Committee based on Article 399-13, Paragraph 2 of the Companies Act, the Company determines, as basic policies and via resolution of the Board of Directors, those items required for the Audit & Supervisory Committee to execute its duties. It also determines those items necessary for systemic improvements that ensure appropriateness of business operations within the corporate group consisting of the Company and its Group subsidiaries. Such items include:

1. System for ensuring that directors and employees conduct their duties in compliance with laws, regulations, and the Company’s Articles of Incorporation
2. Rules and system for managing risk of loss to the Company and its Group companies
3. System for ensuring that duties of directors are being conducted efficiently
4. System for ensuring preservation and management of information in relation to directors’ execution of duties
5. System for ensuring appropriateness of business operations within the corporate group consisting of the Company and its Group companies
6. System for ensuring reliability of financial reporting
7. Items required for the Audit & Supervisory Committee to execute its duties (system for ensuring that audits by the Audit & Supervisory Committee are conducted effectively, etc.)

[Development of the framework for the internal control system]

1. Recognizing that ethics and compliance form the foundation of corporate activities, the Company continues to promote awareness and ensure thorough understanding of the HIS Group Philosophy, including the HIS Group Code of Conduct, which sets out the standards of behavior that the Company and its Group companies are expected to uphold in society, as

well as its compliance guidelines, in order to establish and maintain an effective implementation framework. The Company has established mechanisms for the self-correction of compliance violations through an external whistleblowing hotline, the Sawayaka Hotline, and an internal consultation channel, the Opinion Box. In addition, based on the Three Lines Model, the Audit Department (the department responsible for internal audits), as an independent evaluation body, audits the effectiveness of the internal control system and reports the results and makes recommendations for improvement to the Board of Directors or the Audit & Supervisory Committee. Based on its fundamental policy to eliminate organized crime groups, the Company resolutely excludes and blocks relationships with such groups and organizations, and responds in an organized manner to unreasonable demands, organized violence, and criminal activities in cooperation with the police and other external specialized institutions. Furthermore, recognizing the importance of promoting sustainability, the Company has established a Sustainability Committee to strengthen its initiatives in this area.

2. The Risk Management & Compliance Committee identifies business risks across the Group and evaluates them along two axes—impact and likelihood of occurrence—with the aim of preventing and minimizing losses. In the event of a significant crisis, a task force is established to ensure a swift and coordinated response. Each Group company ensures the effectiveness of its risk management framework in accordance with internal regulations and responds to unforeseen events and crises as they arise. In addition, the Group will develop its business continuity planning (BCP) and business continuity management (BCM) frameworks.
3. The Company has established the HIS Group Philosophy to clarify the Group’s purpose and role, and carries out management decision-making and other activities in line with the medium-term management plan. At meetings of the Board of Directors, reports on the status of business execution are received from each director and executive officer, and reports on business performance are received from major Group companies. Based on these reports, the Board makes appropriate and swift decisions and ensures efficient execution of duties at all times in accordance with defined roles and authorities under internal regulations, including the Board of Directors Regulations, Regulations on Division of Duties, and Regulations on Authority and Responsibilities.
4. Important information, including reports to the Board of Directors, as well as documents recording the execution of duties by directors and employees, are appropriately prepared, managed, and retained by departments with the relevant authority and responsibility in accordance with internal regulations. In managing and retaining personal information and other important information, the Company always strives to maintain and enhance the effectiveness of its information security measures. In addition, unpublished material information is appropriately managed and disclosed in accordance with applicable laws and regulations and the timely disclosure rules of financial instruments exchanges.
5. While respecting the management autonomy and corporate culture of the Company and its Group companies, the Company has restructured its internal control system based on the Three Lines Model to enhance Group governance. By ensuring that the business execution departments (first line), administrative departments (second line), and internal audit department (third line) each fulfill their respective roles, the Company has established a framework that enables prompt responses to issues across the Group. In addition, to serve as a guide for daily actions and decision-making, the Company distributes the HIS Group Philosophy Handbook to employees of each Group company, promoting the sharing of fundamental principles of compliance and corporate ethics set forth therein and working to develop an internal control system that ensures the appropriateness of operations. Overseas, the Company takes into account differences in local laws, regulations, business practices, and other factors, and prioritizes compliance with them, while establishing systems aligned with these basic policies to the extent possible. For major Group companies, important matters requiring prior approval or subsequent reporting to the Company are defined, and efforts are made to ensure their thorough understanding and implementation.
6. To ensure the reliability of financial reporting, the Company has established and operates internal controls over financial reporting in accordance with the Financial Instruments and Exchange Act and other relevant laws and regulations.
7. The Company has established an Audit & Supervisory Committee Office to assist in the execution of duties by the Audit & Supervisory Committee, appoints appropriate personnel to support the execution of duties such as operational audits, and assigns them with the consent of the Committee. Depending on the matter, personnel from the Internal Audit Department, accounting departments, or legal affair departments are also assigned to assist in the execution of the Committee’s duties. The Audit & Supervisory Committee retains exclusive authority to direct, instruct, and supervise personnel assigned to the Audit & Supervisory Committee Office in the performance of their duties. In addition, the Committee’s opinions and intentions are fully respected and reflected in matters related to personnel, including performance evaluations, personnel transfers, and other human resource decisions.

In addition to the items above, the Company also reviews various procedures in accordance with actual business operations.

(II) Risk management system and status

Matters that may negatively impact business results, financial condition, stock price, and other aspects of the Company and the Group’s businesses are as stated in “Part I Information on the Company, II. Business Overview, 3. Business and Other Risks.”

Full-time executive directors working at the Group headquarters use opportunities, such as internal business meetings held several times a week, to identify risks that may occur, and strive to improve risk management based on the internal control framework.

(III) Summary of agreement (limited liability agreement) between the Company and its directors (excluding executive directors, etc.) or its accounting auditor, stipulated in Article 427, Paragraph 1 of the Companies Act

The two outside directors who are not members of the Audit & Supervisory Committee and all three directors who are members of the Audit & Supervisory Committee are non-executive directors. The Company has concluded agreements with these officers to limit their liability for damages as prescribed in Article 423, Paragraph 1 of the Companies Act pursuant to the provision in Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability under these agreements is the minimum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act.

(IV) Summary of directors and officers liability insurance policy concluded by directors and other officers as insured persons

The Company has entered into a directors and officers liability insurance policy as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The policy covers directors, Audit & Supervisory Committee members, and executive officers of the Company and its subsidiaries under the Companies Act as insured persons, and the insurance premiums are fully borne by the Company. The policy stipulates that the insurance company will cover damages that may be incurred by the insured persons from liabilities assumed in connection with the execution of their duties, or in the event they receive a claim that seeks to hold them liable. It will be renewed each year. The Company plans to renew the policy with the same content at the next renewal date.

(V) Number of directors

As stipulated in the Company's Articles of Incorporation, the number of directors shall not exceed 16, of which no more than four shall be directors serving as members of the Audit & Supervisory Committee.

(VI) Requirements for a resolution to appoint directors

As a company with an Audit & Supervisory Committee, directors who serve as members of the Audit & Supervisory Committee and other directors are elected separately at the General Meeting of Shareholders. According to the Company's Articles of Incorporation, for both categories of directors, "a resolution of election shall be attended by shareholders holding shares representing one-third or more of total number of voting rights of shareholders who may exercise voting rights, and shall be adopted by a majority of the voting rights," and in addition, "election shall not depend on cumulative voting."

(VII) Year-end dividend and interim dividend

a) Year-end dividend

To enable the Company to maintain flexible capital and dividend policies, the Company's Articles of Incorporation prescribe that "matters specified in the items of Article 459, Paragraph 1 of the Companies Act, including those related to the payment of dividends, may be decided by the Board of Directors unless otherwise stipulated by laws and regulations." However, this provision does not exclude resolutions at the General Meeting of Shareholders.

b) Interim dividend

Based on Article 454, Paragraph 5 of the Companies Act, the Company's Articles of Incorporation stipulate that "through a resolution by the Board of Directors, shareholders listed on the final shareholders registry and registered pledges as of April 30th each year are able to receive an interim dividend." The purpose of this provision is to enable the return of profits to shareholders flexibly in accordance with profit levels.

(VIII) Acquisition of treasury shares

Based on Article 165, Paragraph 2 of the Companies Act, the Company's Articles of Incorporation stipulate that "the Company may, by a resolution of the Board of Directors, acquire its own shares through market transactions or other means." The purpose of this provision is to allow for flexible implementation of capital policies in response to changes in the business environment. When making decisions regarding the acquisition of its own shares, the Board of Directors comprehensively evaluates earnings trends and other aspects of business performance, future performance projections, basic capital policies, etc. from the standpoint of continuously enhancing corporate value and ensuring appropriate shareholder returns.

(IX) Director and accounting auditor's partial exemption from liability for damages

In regard to liability for damages incurred by the Company due to the negligence of its directors (including former directors) or the accounting auditor (including former accounting auditors), based on Article 426, Paragraph 1 of the Companies Act, the Company's Articles of Incorporation stipulate that "subject to a resolution of the Board of Directors, exemption from liability is possible to the extent permitted by the laws and regulations." The purpose of this provision is to create an environment in which directors and the accounting auditor are able to make sufficient use of their capabilities and fulfill the roles expected of them.

(X) Special resolution at the General Meeting of Shareholders

In regard to the resolution requirement for special resolution at the General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act, the Company stipulates in its Articles of Incorporation that "a special resolution of the General Meeting of Shareholders shall be attended by shareholders holding shares representing one-third or more of the total number of voting rights of shareholders who may exercise voting rights, and shall be adopted by two-thirds or more of the voting rights." The purpose of this provision is to relax the requirements for a quorum for special resolutions of the General Meeting of Shareholders so that these meetings can be operated smoothly.

(XI) Activity of the Board of Directors, Human resources / Nomination Committee, and Compensation Committee

a. Activity of the Board of Directors

The Board of Directors selects, deliberates, and decides on resolution items based on statutory requirements, the Articles of Incorporation, and internal regulations, and confirms and reviews the establishment of internal controls. In the fiscal year under review, the activity of the Board of Directors was as follows.

	Title	Name	Attendance	Notes
Chair	CEO	Yada Motoshi	100% (14 meetings held, 14 attended)	
Member	Senior Managing Director	Nakamori Tatsuya	100% (14 meetings held, 14 attended)	
Member	Managing Director	Oda Masayuki	100% (14 meetings held, 14 attended)	
Member	Director	Yamanobe Atsushi	100% (14 meetings held, 14 attended)	
Member	Director	Gomi Mutsumi	100% (14 meetings held, 14 attended)	
Member	Director and Senior Executive Officer	Sawada Hidetaka	100% (14 meetings held, 14 attended)	
Member	Outside Director	Owada Junko	100% (14 meetings held, 14 attended)	
Member	Outside Director	Kagawa Shingo	100% (14 meetings held, 14 attended)	
Member	Outside Director and Member of the Audit & Supervisory Committee	Nabeshima Atsushi	100% (14 meetings held, 14 attended)	
Member	Outside Director and Member of the Audit & Supervisory Committee	Kaneko Hiroto	92.9% (14 meetings held, 13 attended)	
Member	Director and Full-time Member of the Audit & Supervisory Committee	Sekita Sonoko	100% (14 meetings held, 14 attended)	

(Note) In addition to the number of Board of Directors meetings held as shown above, there were six written resolutions deemed equivalent to those of Board of Directors meetings.

The specific matters discussed by the Board of Directors are as follows.

Category	Key matters
Business strategy, investment, and M&A (24%)	Review and promotion of the medium-term management plan; revisions to overseas business plans; recognition of impairment losses; investment and financing projects
Sustainability management (21%)	Governance framework; compliance; audits; revisions to regulations (including discussions regarding fraudulent and improper receipt of employment adjustment subsidies, etc.); HIS Group Human Rights Policy; HIS environmental targets
Regular business reports (22%)	Business reports by directors and executive officers; reports on the operating performance of subsidiaries and associates
Finance and performance (14%)	Approval of financial results; earnings forecasts; dividends
Personnel, organization, and compensation (12%)	Appointment of officers; organizational restructuring; compensation policies; share-based compensation; personnel changes
Shareholders' meeting, investor relations, and external disclosures (7%)	Matters related to the General Meeting of Shareholders; reports on investor relations activities; timely disclosures

* Percentages in parentheses indicate the proportion of total deliberation time of the Board of Directors in the 45th fiscal year allocated to each category. Written resolutions (six instances) are not included.

In the Board of Directors' effectiveness evaluation for the previous fiscal year, the following four priority issues to be addressed going forward were identified. The matters discussed for each issue are as follows.

[Enhancement of ongoing discussion and oversight by the Board of Directors regarding Group-wide risk management and governance frameworks]

The Board of Directors placed emphasis on strengthening risk management and governance frameworks. In particular, significant time was devoted to discussions regarding fraudulent and improper receipt of employment adjustment subsidies and related matters (reports on the status of investigations conducted by the Special Investigation Committee, identification of root causes, and the formulation of measures to prevent recurrence). The Company is also advancing initiatives to reinforce its corporate governance framework, including revisions to the Risk Management & Compliance Committee regulations and the temporary establishment of a Subsidiary Governance Review Committee.

[Formulation of policies and action plans to enhance the diversity and expertise of directors]

In light of the recent expansion of business domains, progress in digitalization, and increasing diversity in the human capital portfolio, discussions were held on revising the directors' skills matrix. However, the Company recognizes that

continued consideration is required to further enhance diversity and expertise to improve the effectiveness of the Board of Directors.

[Activation of discussions on Group-wide medium- to long-term strategies, including restructuring of the business portfolio]

To promote business restructuring and strengthen the business foundation, the Company made decisions on development investments in growth areas, including the Hotel business, as well as investments in venture companies and funds as part of its business strategy. At the same time, discussions were held on advancing business reorganizations aimed at optimizing management resources.

[Establishment of quantitative targets and enhancement of effectiveness for sustainability and other non-financial information]

The Company positions respect for human rights as a core management principle and, in December 2024, established the HIS Group Human Rights Policy. It is working to ensure awareness and understanding of the policy among all Group employees and to establish a foundation for human rights due diligence across the entire supply chain. In addition, in response to climate change, the Company has set medium- to long-term CO₂ emissions reduction targets and clarified its commitment to the realization of a sustainable society. Going forward, the Board of Directors will continue to conduct regular monitoring of progress to enhance effectiveness.

b. Activities of the advisory bodies to the Board of Directors (Human resources / Nomination Committee, Compensation Committee)

The Company has established the Human resources / Nomination Committee and the Compensation Committee as voluntary advisory bodies to the Board of Directors. From the perspective of strengthening the supervisory function of management, these committees are structured so that a majority of their members are outside directors to enhance transparency and objectivity. The Board of Directors resolves matters by giving the utmost respect to the recommendations of each committee.

	Human resources / Nomination Committee	Compensation Committee
Key roles	Deliberation, recommendations, and related activities regarding the appointment of candidates for directors, Audit & Supervisory Committee members, executive officers, and directors of subsidiaries, as well as related policies	Deliberation, recommendations, and related activities regarding compensation levels for directors, executive officers, and directors of subsidiaries, as well as evaluation and compensation-related systems
Composition	Three inside directors Four independent outside directors	Three inside directors Four independent outside directors

1) Activity of the Human resources / Nomination Committee

In the fiscal year under review, the activity of the Human resources / Nomination Committee was as follows.

	Title	Name	Attendance	Notes
Chair	CEO	Yada Motoshi	100% (6 meetings held, 6 attended)	
Member	Senior Managing Director	Nakamori Tatsuya	100% (6 meetings held, 6 attended)	
Member	Director and Senior Executive Officer	Sawada Hidetaka	100% (6 meetings held, 6 attended)	
Member	Outside Director	Owada Junko	100% (6 meetings held, 6 attended)	
Member	Outside Director	Kagawa Shingo	100% (6 meetings held, 6 attended)	
Member	Outside Director and Member of the Audit & Supervisory Committee	Nabeshima Atsushi	100% (6 meetings held, 6 attended)	
Member	Outside Director and Member of the Audit & Supervisory Committee	Kaneko Hiroto	100% (6 meetings held, 6 attended)	

The specific matters discussed by the Human resources / Nomination Committee are as follows.

Category	Key matters
Officer personnel matters	Appointment and reappointment of directors of the Company (including members of the Audit & Supervisory Committee); appointment of executive officers of the Company (reappointments and new candidates); officer personnel matters of subsidiaries
Duties and composition of directors	Directors' skills matrix; changes in directors' responsibilities; organizational structure and key personnel matters of the Company
Other	Appointment of members of advisory committees; establishment of new headquarters; personnel changes of general managers

2) Activity of the Compensation Committee

In the fiscal year under review, the activity of the Compensation Committee was as follows.

	Title	Name	Attendance	Notes
Chair	CEO	Yada Motoshi	100% (10 meetings held, 10 attended)	
Member	Senior Managing Director	Nakamori Tatsuya	100% (10 meetings held, 10 attended)	
Member	Director and Senior Executive Officer	Sawada Hidetaka	100% (10 meetings held, 10 attended)	
Member	Outside Director	Owada Junko	100% (10 meetings held, 10 attended)	
Member	Outside Director	Kagawa Shingo	100% (10 meetings held, 10 attended)	
Member	Outside Director and Member of the Audit & Supervisory Committee	Nabeshima Atsushi	100% (10 meetings held, 10 attended)	
Member	Outside Director and Member of the Audit & Supervisory Committee	Kaneko Hiroto	100% (10 meetings held, 10 attended)	

The specific matters discussed by the Compensation Committee are as follows.

Category	Key matters
Executive compensation policies and systems	Compensation policies for directors of the Company; restricted stock (RS) grants and restricted stock compensation
Compensation for directors and executive officers of the Company	Total bonus amounts and monthly compensation for full-time directors of the Company (including a member of the Audit & Supervisory Committee) and executive officers
Compensation for officers of subsidiaries	Guidelines for monthly compensation of presidents of subsidiaries
Other	Executive compensation related to the employment adjustment subsidy issue; disciplinary actions for officers of subsidiaries

(2) Directors and Other Officers

1) Status of directors and other officers

a) As of January 27, 2026 (the filing date of the Annual Securities Report), the status of officers is as follows.

Nine male and two female directors (female directors account for 18.2% of the total).

Title	Name	Date of birth	Career summary	Term of office	Share ownership (thousands)
President, Representative Director, and Chief Executive Officer (CEO); In charge of Corporate Planning and Human Resources	Yada Motoshi	July 25, 1961	<p>Aug. 1993 Joined the Company</p> <p>May. 2000 Manager of HQ President's Office</p> <p>Sep. 2001 Manager of HQ HR Department</p> <p>Nov. 2005 President and Representative Director of Kyushu Industrial Transportation Co., Ltd. (currently Kyushu Industrial Transportation Holdings Co., Ltd.)</p> <p>Jan. 2020 Director of the Company</p> <p>Apr. 2021 Director and Senior Executive Officer of the Company</p> <p>Apr. 2021 Director and Chairman of Kyushu Industrial Transportation Holdings Co., Ltd. (current)</p> <p>Mar. 2022 President and Chief Operating Officer (COO) of the Company</p> <p>Feb. 2023 President and Chief Executive Officer (CEO) of the Company</p> <p>Nov. 2024 President and CEO of the Company; In charge of Corporate Planning and Human Resources (current)</p>	(Note) 2	20
Director; In charge of Domestic Affiliates and Promotion of Tourism Industry	Nakamori Tatsuya	August 4, 1967	<p>Nov. 1986 Joined the Company</p> <p>Jan. 2010 Director of the Company; In charge of West Japan Area Sales</p> <p>Mar. 2014 Managing Director of the Company; In charge of Airline-related Purchasing/Arrangement and Online Travel Business</p> <p>Nov. 2016 Managing Director of the Company; President of HIS Japan</p> <p>Jan. 2018 Director and Senior Managing Executive Officer of the Company; President of HIS Japan</p> <p>Apr. 2022 Senior Managing Director of the Company; In charge of Inbound Business Strategy</p> <p>President and Representative Director of Japan Holiday Travel Co., Ltd. (current)</p> <p>Nov. 2024 Senior Managing Director of the Company; In charge of Domestic Affiliates and Promotion of Tourism Industry</p> <p>Nov. 2025 Director of the Company; In charge of Domestic Affiliates and Promotion of Tourism Industry (current)</p>	(Note) 2	37
Director; In charge of Global Business Strategy, Accounting, Finance, and M&A; President of HIS Global Destination Management Company	Oda Masayuki	January 1, 1966	<p>Jun. 1996 Joined the Company</p> <p>Mar. 2014 Executive Officer of the Company; General Manager of Kansai Area Sales Division</p> <p>Jan. 2016 Director of the Company; General Manager of Kansai Area Sales Division</p> <p>Nov. 2016 Director of the Company; Vice President of HIS Japan</p> <p>Feb. 2018 Director and Managing Executive Officer of the Company; In charge of Corporate Planning Division, Global Business Strategy Division, and Global System Development Division; General Manager of Affiliate Management Division</p> <p>Apr. 2022 Managing Director of the Company; In charge of Group Strategy, Affiliates, and M&A</p> <p>Nov. 2024 Managing Director of the Company; In charge of Global Business Strategy, Accounting, Finance, and M&A</p> <p>Nov. 2025 Director of the Company; In charge of Global Business Strategy, Accounting, Finance, and M&A; President of HIS Global Destination Management Company (current)</p>	(Note) 2	14
Director; President of HIS Japan	Yamanobe Atsushi	March 18, 1970	<p>Apr. 1993 Joined the Company</p> <p>Mar. 2014 Executive Officer of the Company; Manager of Kanto Sales Division; Manager of Kanto Web Business Division; Manager of Kanto Corporate Sales and Group Travel Division</p> <p>Jan. 2016 Director of the Company; In charge of East Japan Area Sales</p> <p>Nov. 2016 Director of the Company; Vice President of HIS Japan; General Manager of Kansai Area Sales Division</p> <p>Mar. 2018 Director and Senior Executive Officer of the Company; Vice President of HIS Japan; General Manager of Corporate Travel Sales Division</p> <p>Apr. 2022 Director and Senior Executive Officer of the Company; General Manager of Corporate Sales Division; In charge of New Business Strategy</p> <p>Oct. 2022 Director and Senior Executive Officer of the Company; General Manager of Corporate Sales Division</p> <p>Nov. 2024 Director of the Company; President of HIS Japan (current)</p>	(Note) 2	12

Title	Name	Date of birth	Career summary	Term of office	Share ownership (thousands)
Director; In charge of New Business Strategy, Risk and Compliance, Customer Satisfaction (CS), Employee Satisfaction (ES), and General Affairs	Gomi Mutsumi	June 6, 1968	Apr. 1992 Joined the Company Jan. 2016 Executive Officer of the Company; Head of Jakarta Central Branch Jan. 2018 Director and Senior Executive Officer of the Company; General Manager of Southeast Asia Central Sales Division Nov. 2018 Director and Senior Executive Officer of the Company; Chief Information Officer; In charge of Southeast and South Asia Oct. 2022 Director and Senior Executive Officer of the Company; In charge of New Business Strategy Nov. 2024 Director of the Company; In charge of New Business Strategy, Risk and Compliance, Customer Satisfaction (CS), Employee Satisfaction (ES), and General Affairs (current)	(Note) 2	11
Director, Senior Executive Officer; Vice President of HIS Japan; In charge of Information Systems and DX Promotion; Chief Information Security Officer; General Manager of Domestic Travel Sales Division; General Manager of Investment Strategy Division; General Manager of AI Innovation Division	Sawada Hidetaka	November 2, 1981	Apr. 2005 Joined Nikko Cordial Securities Inc. (currently SMBC Nikko Securities Inc.) Mar. 2012 Representative Director and President of Bestone.com Co., Ltd. Jul. 2016 Representative Director and President of Fivestar Cruise Co., Ltd. Jan. 2019 Representative Director of Ebisu Ryokan K.K. Jan. 2020 Director of the Company Apr. 2022 Director and Senior Executive Officer of the Company; In charge of Domestic Travel Business Strategy Representative Director and Chairman of Bestone.com Co., Ltd. Nov. 2024 Director and Senior Executive Officer of the Company; Vice President of HIS Japan; In charge of Information Systems and DX Promotion; Chief Information Security Officer; General Manager of Domestic Travel Sales Division; General Manager of Investment Strategy Division Oct. 2025 Director and Chairman of Bestone.com Co., Ltd. (current) Nov. 2025 Director and Senior Executive Officer of the Company; Vice President of HIS Japan; In charge of Information Systems and DX Promotion; Chief Information Security Officer; General Manager of Domestic Travel Sales Division; General Manager of Investment Strategy Division; General Manager of AI Innovation Division (current) Director of Ebisu Ryokan K.K. (current) Director of Fivestar Cruise Co., Ltd. (current) Dec. 2025 Director of H.I.S. Hotel Holdings Co., Ltd. (current)	(Note) 2	659
Outside Director (Note) 1	Owada Junko	August 31, 1965	Apr. 1989 Joined Nippon Telegraph and Telephone Corporation Aug. 2001 Joined Recruit Group Co., Ltd., HR Measurement Institute Apr. 2009 Executive Officer, Recruit Management Solutions Co., Ltd. Apr. 2013 Executive Officer, Recruit Career Co., Ltd. Jul. 2016 Fellow, Recruit Career Co., Ltd. Advisor, Tokyo Ichiban Foods Co., Ltd. (current) Apr. 2017 Professional Contract, HR, Hitachi, Ltd. (current) May. 2021 Outside Director, AEON MALL Co., Ltd. Jan. 2023 Outside Director of the Company (current) Jun. 2024 Outside Director, Daito Trust Construction Co., Ltd. (current)	(Note) 2	2
Outside Director (Note) 1	Kagawa Shingo	March 8, 1958	Apr. 1981 Joined Fujitsu Limited Apr. 2012 Executive Officer, General Manager of Network Service Business Division, and General Manager of Video Network Service Business Division, Fujitsu Limited Apr. 2015 Managing Executive Officer, Deputy General Manager of Integration Service Division, Fujitsu Limited Apr. 2016 Senior Managing Executive Officer/CTO, General Manager of Digital Services Division, Fujitsu Limited Apr. 2018 President and Representative Director, Fujitsu Research Institute May 2020 Outside Director, Furuno Electric Co., Ltd. (current) Oct. 2020 President and Representative Director, DigiIT Co., Ltd. (currently SS Technologies Co., Ltd.) Oct. 2021 Director and Chairman, SS Technologies Co., Ltd. May. 2022 Outside Director, MINISTOP Co., Ltd. (current) Jan. 2023 Outside Director of the Company (current)	(Note) 2	2

Title	Name	Date of birth	Career summary	Term of office	Share ownership (thousands)
Outside Director, Audit & Supervisory Committee Member (Note) 1	Nabeshima Atsushi	August 2, 1946	Jul. 1969 Joined Tokio Marine & Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.) Jul. 1995 Director, General Manager of Operation Department, Tokio Marine Medical Service Co., Ltd. Jul. 2001 Compliance Officer, Tokio Marine & Nichido Life Insurance Co., Ltd. Jun. 2003 Director, HABA Laboratories, Inc.; In charge of Product Development and Medical-related Business Jan. 2007 Director, HABA Laboratories, Inc.; In charge of General Affairs, Human Resources, and Accounting Dec. 2007 Representative Director and President, Shinshu Pharmaceutical, Inc. Jun. 2019 Executive Director, Showa Kaikan Jan. 2021 Outside Director and Audit & Supervisory Committee Member of the Company (current) Jun. 2021 Director General, Showa Kaikan (current)	(Note) 3	1
Outside Director, Audit & Supervisory Committee Member (Note) 1	Kaneko Hiroto	February 26, 1957	Apr. 1980 Joined Arthur Andersen Accounting Office (currently KPMG AZSA LLC) Mar. 1983 Registered as a certified public accountant Jun. 1988 Seconded to Arthur Andersen Germany Duesseldorf Office Jul. 2000 Representative Partner, Asahi Audit Corporation (currently KPMG AZSA LLC) Jun. 2005 Deputy General Manager, IFRS Division, KPMG AZSA LLC Jul. 2015 Managing Director, KPMG AZSA LLC Jul. 2021 Director, Hiroto Kaneko Certified Public Accountant Office (current) Jan. 2023 Outside Director of the Company Jun. 2023 Outside Director, Audit & Supervisory Committee Member of Nisshin Seifun Group Inc. (current) Outside Director, Audit and Supervisory Committee Member of PayPay Corporation (current) Jan. 2024 Outside Director and Audit & Supervisory Committee Member of the Company (current)	(Note) 3	1
Director, Full-time Audit & Supervisory Committee Member	Sekita Sonoko	July 23, 1965	Feb. 1988 Joined the Company May. 2000 Assistant Manager, Accounting Department, Kanto Area Sales Division Apr. 2008 Accounting Group Leader, HQ Accounting Division Dec. 2012 Seconded to H.I.S. MANAGEMENT SERVICES SDN.BHD. as Director and Manager of Accounting Jan. 2015 Full-time Corporate Auditor of the Company Jan. 2016 Director and Full-time Audit & Supervisory Committee Member of the Company (current)	(Note) 3	25
Total					784

- (Notes) 1. Directors Owada Junko and Kagawa Shingo, and Directors and Audit & Supervisory Committee Members Nabeshima Atsushi and Kaneko Hiroto are outside directors.
2. The term of office extends until the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within one year from the appointment at the Ordinary General Meeting of Shareholders held on January 29, 2025 (with appointment to take effect upon the conclusion of the adjourned meeting of the General Meeting of Shareholders).
3. The term of office extends until the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within two years from the conclusion of the Ordinary General Meeting of Shareholders held on January 25, 2024.
4. The Company has instituted an executive officer system with the aim of enhancing its business execution structure. Names and positions of executive officers as of January 27, 2026 (excluding executive officers who concurrently serve as directors) are as follows.

	Position	Name
Executive Officer	General Manager of Information Systems and DX Promotion Headquarters and CX Management Division; Deputy General Manager of AI Innovation Division	Takano Kiyoshi
Executive Officer	General Manager of Governance Management Division	Fukushima Ken
Executive Officer	Kyushu Industrial Transportation Holdings Co., Ltd.	Iwama Yuji
Executive Officer	President & CEO of H.I.S. CANADA HOLDINGS INC. Vice President of HIS Global Destination Management Company	Hatano Hideo
Executive Officer	President of Asia and Oceania Regional Company	Arita Kozo
Executive Officer	Director and Executive Officer of H.S. Insurance Co., Ltd. and General Manager of Finance & Accounting Dept.	Kataoka Yuka
Executive Officer	President of North, Central and South American, Hawaii, and Micronesia Regional Company	Oda Konosuke
Executive Officer	President & CEO of Miki Tourist Co., Ltd.	Hine Katsumi
Executive Officer	General Manager of Accounting and Finance Headquarters	Hanazaki Osamu
Executive Officer	Head of Corporate Planning Office and General Manager of Affiliate Management Division	Segawa Katsu
Executive Officer	General Manager of Central and South America Division, Mexico Subsidiary, and Global Sales Division	Kumamoto Tomohisa
Executive Officer	Director and CEO of GROUP MIKI HOLDINGS LIMITED and President of Europe, Middle East and Africa Regional Company	Fukui Shigeru
Executive Officer	Asia and Oceania Regional Company	Tsuda Norikazu
Executive Officer	General Manager of HR Division	Akao Shohei
Executive Officer	General Manager of Inbound Travel Sales Division	Hirasawa Atsushi

(b) As proposals (matters to be resolved) at the 45th Ordinary General Meeting of Shareholders to be held on January 28, 2026, the Company has submitted “Election of eight Directors (excluding Directors who are Audit & Supervisory Committee Members)” and “Election of three Directors who are Audit & Supervisory Committee Members.” If these proposals are approved and adopted, the composition of the Company’s officers is expected to be as follows.
 Nine male and two female directors (female directors account for 18.2% of the total).

Title	Name	Date of birth	Career summary	Term of office	Share ownership (thousands)
Representative Director and Chairman; In charge of Accounting, Finance, and Domestic Affiliates	Yada Motoshi	July 25, 1961	<p>Aug. 1993 Joined the Company</p> <p>May. 2000 Manager of HQ President’s Office</p> <p>Sep. 2001 Manager of HQ HR Department</p> <p>Nov. 2005 President and Representative Director of Kyushu Industrial Transportation Co., Ltd. (currently Kyushu Industrial Transportation Holdings Co., Ltd.)</p> <p>Jan. 2020 Director of the Company</p> <p>Apr. 2021 Director and Senior Executive Officer of the Company Director and Chairman of Kyushu Industrial Transportation Holdings Co., Ltd. (current)</p> <p>Mar. 2022 President and Chief Operating Officer (COO) of the Company</p> <p>Feb. 2023 President and Chief Executive Officer (CEO) of the Company</p> <p>Nov. 2024 President and CEO of the Company; In charge of Corporate Planning and Human Resources</p> <p>Jan. 2026 Representative Director and Chairman of the Company; In charge of Accounting, Finance, and Domestic Affiliates (current)</p>	(Note) 2	20
Representative Director and President; In charge of Corporate Planning, Human Resources, Information Systems, AI & DX Promotion, M&A, and Investments	Sawada Hidetaka	November 2, 1981	<p>Apr. 2005 Joined Nikko Cordial Securities Inc. (currently SMBC Nikko Securities Inc.)</p> <p>Mar. 2012 Representative Director and President of Bestone.com Co., Ltd.</p> <p>Jul. 2016 Representative Director and President of Fivestar Cruise Co., Ltd.</p> <p>Jan. 2019 Representative Director of Ebisu Ryokan K.K.</p> <p>Jan. 2020 Director of the Company</p> <p>Apr. 2022 Director and Senior Executive Officer of the Company; In charge of Domestic Travel Business Strategy Representative Director and Chairman of Bestone.com Co., Ltd.</p> <p>Nov. 2024 Director and Senior Executive Officer of the Company; Vice President of HIS Japan; In charge of Information Systems and DX Promotion; Chief Information Security Officer; General Manager of Domestic Travel Sales Division; General Manager of Investment Strategy Division</p> <p>Oct. 2025 Director and Chairman of Bestone.com Co., Ltd. (current)</p> <p>Nov. 2025 Director and Senior Executive Officer of the Company; Vice President of HIS Japan; In charge of Information Systems and DX Promotion; Chief Information Security Officer; General Manager of Domestic Travel Sales Division; General Manager of Investment Strategy Division; General Manager of AI Innovation Division Director of Ebisu Ryokan K.K. (current) Director of Fivestar Cruise Co., Ltd. (current)</p> <p>Dec. 2025 Director of H.I.S. Hotel Holdings Co., Ltd. (current)</p> <p>Jan. 2026 Representative Director and President of the Company; In charge of Corporate Planning, Human Resources, Information Systems, AI & DX Promotion, M&A, and Investments (current)</p>	(Note) 2	659
Director; President of HIS Japan	Yamanobe Atsushi	March 18, 1970	<p>Apr. 1993 Joined the Company</p> <p>Mar. 2014 Executive Officer of the Company; Manager of Kanto Sales Division; Manager of Kanto Web Business Division; Manager of Kanto Corporate Sales and Group Travel Division</p> <p>Jan. 2016 Director of the Company; In charge of East Japan Area Sales</p> <p>Nov. 2016 Director of the Company; Vice President of HIS Japan; General Manager of Kansai Area Sales Division</p> <p>Mar. 2018 Director and Senior Executive Officer of the Company; Vice President of HIS Japan; General Manager of Corporate Travel Sales Division</p> <p>Apr. 2022 Director and Senior Executive Officer of the Company; General Manager of Corporate Sales Division; In charge of New Business Strategy</p> <p>Oct. 2022 Director and Senior Executive Officer of the Company; General Manager of Corporate Sales Division</p> <p>Nov. 2024 Director of the Company; President of HIS Japan (current)</p>	(Note) 2	12

Title	Name	Date of birth	Career summary	Term of office	Share ownership (thousands)
Director; In charge of Governance, Customer Satisfaction (CS), Employee Satisfaction (ES), and New Business Strategy	Gomi Mutsumi	June 6, 1968	Apr. 1992 Joined the Company Jan. 2016 Executive Officer of the Company; Head of Jakarta Central Branch Jan. 2018 Director and Senior Executive Officer of the Company; General Manager of Southeast Asia Central Sales Division Nov. 2018 Director and Senior Executive Officer of the Company; Chief Information Officer; In charge of Southeast and South Asia Oct. 2022 Director and Senior Executive Officer of the Company; In charge of New Business Strategy Nov. 2024 Director of the Company; In charge of New Business Strategy, Risk and Compliance, Customer Satisfaction (CS), Employee Satisfaction (ES), and General Affairs Jan. 2026 Director of the Company; In charge of Governance, Customer Satisfaction (CS), Employee Satisfaction (ES), and New Business Strategy (current)	(Note) 2	11
Director; President of HIS Global Destination Management Company	Iwama Yuji	January 27, 1971	Apr. 1992 Joined the Company Apr. 2007 Assistant Manager of Kanto Sales Headquarters Aug. 2009 Representative Director and President of Ohshu Express Limited Nov. 2017 Executive Officer of the Company; General Manager of Chubu Sales Business Department Jan. 2019 Executive Officer of the Company; Representative Director and President of H.I.S. Hotel Holdings Co., Ltd. Apr. 2021 Executive Officer of the Company; Director and Vice President of Kyushu Industrial Transportation Holdings Co., Ltd.; Director of Kyushu Sanko Landmark Co., Ltd. Dec. 2021 Executive Officer of the Company; Director of Kyushu BM Service Co., Ltd. Dec. 2022 Executive Officer of the Company; Director of Kyushu Sanko Planning Co., Ltd.; Director of Kyushu Sanko Card Co., Ltd. Oct. 2023 Executive Officer of the Company; Director and President of Kyushu Industrial Transportation Holdings Co., Ltd. Dec. 2025 Executive Officer of the Company Jan. 2026 Director of the Company; President of HIS Global Destination Management Company (current)	(Note) 2	—
Director and Top Advisor of the Company; Representative Director, Chairman and President of H.I.S. Hotel Holdings Co., Ltd.	Sawada Hideo	February 4, 1951	Dec. 1980 Established the Company; Representative Director and President Mar. 2003 Director and Chairman of Agricultural Bank of Mongolia LLC (currently Khan Bank LLC) Jun. 2004 Director and Chairman of the Company Mar. 2010 President and CEO of Huis Ten Bosch Co., Ltd. Nov. 2016 Representative Director, Chairman, President and Chief Executive Officer (CEO) of the Company Chairman of Sawada Holdings Co., Ltd. (currently HS Holdings Co., Ltd.) Jan. 2019 Representative Director and Chairman of H.I.S. Hotel Holdings Co., Ltd. May 2019 Director and Chairman of Huis Ten Bosch Co., Ltd. Jan. 2021 Representative Director, Chairman and President of H.I.S. Hotel Holdings Co., Ltd. (current) Mar. 2022 Representative Director, Chairman and Group Chief Executive Officer (CEO) of the Company Jan. 2024 Top Advisor of the Company Jan. 2026 Director and Top Advisor of the Company (current)	(Note) 2	17,958
Outside Director (Note) 1	Owada Junko	August 31, 1965	Apr. 1989 Joined Nippon Telegraph and Telephone Corporation Aug. 2001 Joined Recruit Group Co., Ltd., HR Measurement Institute Apr. 2009 Executive Officer, Recruit Management Solutions Co., Ltd. Apr. 2013 Executive Officer, Recruit Career Co., Ltd. Jul. 2016 Fellow, Recruit Career Co., Ltd. Advisor, Tokyo Ichiban Foods Co., Ltd. (current) Apr. 2017 Professional Contract, HR, Hitachi, Ltd. (current) May. 2021 Outside Director, AEON MALL Co., Ltd. Jan. 2023 Outside Director of the Company (current) Jun. 2024 Outside Director, Daito Trust Construction Co., Ltd. (current)	(Note) 2	2

Title	Name	Date of birth	Career summary	Term of office	Share ownership (thousands)
Outside Director (Note) 1	Matsumoto Koichi	March 26, 1980	<p>Sep. 2003 Joined AGS Consulting Co., Ltd.</p> <p>Jan. 2006 Joined Shinko Securities Co., Ltd. (currently Mizuho Securities Co., Ltd.)</p> <p>Sep. 2012 CFO of Plus Alpha Consulting Co., Ltd.</p> <p>Oct. 2014 Joined SMBC Nikko Securities Inc.</p> <p>Aug. 2017 Established AMBIGRAM Co., Ltd.; Representative Director</p> <p>Sep. 2017 Outside Director of Lovable Marketing Group, inc. (current)</p> <p>Jun. 2018 Outside Director of Sawada Holdings Co., Ltd. (currently HS Holdings Co., Ltd.)</p> <p>Aug. 2018 Established APPIA Co., Ltd.; Representative Director (current)</p> <p>Dec. 2019 Outside Auditor of Cocktail Make Inc. (currently RICHKA Inc.) (current)</p> <p>Nov. 2020 Outside Audit & Supervisory Board Member of Future Link Network Co., Ltd.</p> <p>Dec. 2020 Outside Audit & Supervisory Board Member of AGEHA Inc.</p> <p>Jun. 2021 Outside Audit & Supervisory Board Member of GIMIC CO., LTD. (current)</p> <p>Dec. 2021 Outside Audit & Supervisory Board Member of myhm, inc. (current)</p> <p>Dec. 2022 Outside Director of KOL Technologies Co., Ltd. (currently ADVATEC Co., Ltd.) (current)</p> <p>Apr. 2023 Outside Director and Audit & Supervisory Committee Member of TOKYO BASE CO., LTD. (current)</p> <p>Jun. 2024 Outside Audit & Supervisory Board Member of BlueMeme Inc.</p> <p>Mar. 2025 Director of Showcase Inc. (current)</p> <p>Jun. 2025 Director and Vice President of AI FUSION CAPITAL GROUP CORP. (current)</p> <p>Jun. 2025 Director and Vice President of MIRAIDOOR Co., Ltd. (current)</p> <p>Jun. 2025 Outside Director of e'grand Co., Ltd. (current)</p> <p>Jan. 2026 Outside Director of the Company (current)</p>	(Note) 2	—
Director, Full-time Audit & Supervisory Committee Member	Sekita Sonoko	July 23, 1965	<p>Feb. 1988 Joined the Company</p> <p>May. 2000 Assistant Manager, Accounting Department, Kanto Area Sales Division</p> <p>Apr. 2008 Accounting Group Leader, HQ Accounting Division</p> <p>Dec. 2012 Seconded to H.I.S. MANAGEMENT SERVICES SDN.BHD. as Director and Manager of Accounting</p> <p>Jan. 2015 Full-time Corporate Auditor of the Company</p> <p>Jan. 2016 Director and Full-time Audit & Supervisory Committee Member of the Company (current)</p>	(Note) 3	25
Outside Director, Audit & Supervisory Committee Member (Note) 1	Kaneko Hiroto	February 26, 1957	<p>Apr. 1980 Joined Arthur Andersen Accounting Office (currently KPMG AZSA LLC)</p> <p>Mar. 1983 Registered as a certified public accountant</p> <p>Jun. 1988 Seconded to Arthur Andersen Germany Duesseldorf Office</p> <p>Jul. 2000 Representative Partner, Asahi Audit Corporation (currently KPMG AZSA LLC)</p> <p>Jun. 2005 Deputy General Manager, IFRS Division, KPMG AZSA LLC</p> <p>Jul. 2015 Managing Director, KPMG AZSA LLC</p> <p>Jul. 2021 Director, Hiroto Kaneko Certified Public Accountant Office (current)</p> <p>Jan. 2023 Outside Director of the Company</p> <p>Jun. 2023 Outside Director, Audit & Supervisory Committee Member of Nisshin Seifun Group Inc. (current)</p> <p>Outside Director, Audit and Supervisory Committee Member of PayPay Corporation (current)</p> <p>Jan. 2024 Outside Director and Audit & Supervisory Committee Member of the Company (current)</p>	(Note) 3	1

Title	Name	Date of birth	Career summary	Term of office	Share ownership (thousands)
Outside Director, Audit & Supervisory Committee Member (Note) 1	Kagawa Shingo	March 8, 1958	Apr. 1981 Joined Fujitsu Limited Apr. 2012 Executive Officer, General Manager of Network Service Business Division, and General Manager of Video Network Service Business Division, Fujitsu Limited Apr. 2015 Managing Executive Officer, Deputy General Manager of Integration Service Division, Fujitsu Limited Apr. 2016 Senior Managing Executive Officer/CTO, General Manager of Digital Services Division, Fujitsu Limited Apr. 2018 President and Representative Director, Fujitsu Research Institute May. 2020 Outside Director, Furuno Electric Co., Ltd. (current) Oct. 2020 President and Representative Director, DigiIT Co., Ltd. (currently SS Technologies Co., Ltd.) Oct. 2021 Director and Chairman, SS Technologies Co., Ltd. May 2022 Outside Director, MINISTOP Co., Ltd. (current) Jan. 2023 Outside Director of the Company Jan. 2026 Outside Director and Audit & Supervisory Committee Member of the Company (current)	(Note) 3	2
Total					18,690

(Notes) 1. Directors Owada Junko and Matsumoto Koichi, and Directors and Audit & Supervisory Committee Members Kaneko Hiroto and Kagawa Shingo are outside directors.

2. The term of office extends until the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within one year from the conclusion of the Ordinary General Meeting of Shareholders held on January 28, 2026.

3. The term of office extends until the conclusion of the Ordinary General Meeting of Shareholders for the last business year ending within two years from the conclusion of the Ordinary General Meeting of Shareholders held on January 28, 2026.

4. President and Representative Director Sawada Hidetaka is the eldest son of Director and Top Advisor Sawada Hideo.

5. The Company has instituted an executive officer system with the aim of enhancing its business execution structure.

Names and positions of executive officers as of January 27, 2026 (excluding executive officers who concurrently serve as directors) are as follows.

Position	Name
Executive Officer General Manager of Information Systems and DX Promotion Headquarters and CX Management Division; Deputy General Manager of AI Innovation Division	Takano Kiyoshi
Executive Officer General Manager of Governance Management Division	Fukushima Ken
Executive Officer President & CEO of H.I.S. CANADA HOLDINGS INC. Vice President of HIS Global Destination Management Company	Hatano Hideo
Executive Officer President of Asia and Oceania Regional Company	Arita Kozo
Executive Officer Director and Executive Officer of H.S. Insurance Co., Ltd. and General Manager of Finance & Accounting Dept.	Kataoka Yuka
Executive Officer President of North, Central and South American, Hawaii, and Micronesia Regional Company	Oda Konosuke
Executive Officer President & CEO of Miki Tourist Co., Ltd.	Hine Katsumi
Executive Officer General Manager of Accounting and Finance Headquarters	Hanazaki Osamu
Executive Officer Head of Corporate Planning Office and General Manager of Affiliate Management Division	Segawa Katsu
Executive Officer General Manager of Central and South America Division, Mexico Subsidiary, and Global Sales Division	Kumamoto Tomohisa
Executive Officer Director and CEO of GROUP MIKI HOLDINGS LIMITED and President of Europe, Middle East and Africa Regional Company	Fukui Shigeru
Executive Officer Asia and Oceania Regional Company	Tsuda Norikazu
Executive Officer General Manager of HR Division	Akao Shohei
Executive Officer General Manager of Inbound Travel Sales Division	Hirasawa Atsushi

2) Basic thinking on the number and appointment status of outside directors; standards and policies regarding independence of outside directors

a) Basic thinking on the number and appointment status of outside directors

At present, the Company has four outside directors, two of whom have been appointed as members of the Audit & Supervisory Committee (directors serving as members of the Audit & Supervisory Committee). In addition, the Company has appointed two directors not serving as members of the Audit & Supervisory Committee.

Outside Director and Audit & Supervisory Committee Member Kaneko Hiroto has cultivated a global perspective at Arthur Andersen Accounting Office and gained extensive experience and a wealth of knowledge in auditing and accounting over many years working as a certified public accountant. In addition, through his experience participating in management as a member of corporate leadership, he has developed insight as a business executive. He has been reappointed as a director and member of the Audit & Supervisory Committee because he is expected to provide appropriate advice and recommendations to the Company from an independent and objective perspective, drawing on the aforementioned experience and expertise, and to

fulfill the responsibilities of the Audit & Supervisory Committee.

Outside Director and Audit & Supervisory Committee Member Kagawa Shingo has been consistently engaged in business promotion in the field of information and communication technology (ICT) since joining Fujitsu Limited and possesses extensive expertise in ICT and digital transformation (DX), having overseen technology strategy and DX strategy. In addition, he has participated in management as president and representative director of Fujitsu Research Institute and has extensive experience and insight as a business executive, as well as a track record of serving as an outside director at multiple companies. He has been newly appointed as a director and member of the Audit & Supervisory Committee because he is expected to provide appropriate advice and recommendations to the Company from an independent and objective perspective, drawing on the aforementioned experience and achievements, and to fulfill the responsibilities of the Audit & Supervisory Committee.

Outside Director Owada Junko has accumulated diverse experience during her tenure at Nippon Telegraph and Telephone Corporation where she worked in a variety of departments including the Corporate Planning Department of a branch office, the Public Relations Department of a branch office, the International Department at headquarters, and the Human Resources Department. At Recruit, she was involved in work related to HR solutions, including system development. She possesses deep expertise in areas such as human resource recruitment, training, and IT. In addition, she has extensive business experience and insight, having served as an advisor and outside director at listed companies. She has been reappointed as an outside director because her experience and achievements are expected to contribute to the decision-making of the Board of Directors of the Company, the expansion of the business domains and global development of the HIS Group, and the sustainable growth and enhancement of its corporate value.

Outside Director Matsumoto Koichi has extensive experience in investment banking, primarily at financial institutions, where he developed expertise in financial strategies including corporate finance, M&A, corporate investment, and IPOs. He subsequently founded APPIA Co., Ltd. and has been engaged in a wide range of consulting services covering overall corporate management. In addition, he has served as an outside officer at numerous companies and, through these experiences, gained extensive practical experience not only in financial and management strategies but also in corporate governance. He has been appointed as an outside director because he is expected to make a significant contribution to the sustainable growth of the Company's business and the enhancement of its corporate value.

All of the Company's current outside directors satisfy the independence requirement stipulated by the Tokyo Stock Exchange's (TSE) provision on independent directors. With the consent of these individuals, the Company designated them as independent directors and submitted an Independent Director Notification to the TSE.

b) Details on standards and policies regarding independence of outside directors

Based on the requirements for outside directors stipulated in the Companies Act and independence standards stipulated by the Tokyo Stock Exchange, the Company applies the following conditions (the amendment or elimination of which is based on a resolution of the Board of Directors) to determine whether a relevant outside director is independent. At present, the Company has four outside directors, all of whom satisfy these conditions:

- i) The individual is not at present, nor has never in the past been an executive director, corporate officer, executive officer, or employee (hereinafter, the "Business Executor") of the Company, its subsidiaries, or associates (the "Group")
- ii) The individual is not a major shareholder (a shareholder listed among the top ten shareholders on the latest shareholder registry or a shareholder with a ratio of 10% or more of the total voting rights) or a person who currently belongs to an organization that is a major shareholder
- iii) The individual is not a Business Executor of a company, of which the Group is a major shareholder (a shareholder listed among the top ten shareholders on the latest shareholder registry or a shareholder with a ratio of 10% or more of the total voting rights)
- iv) The individual is not a person belonging to a business partner engaged in transactions with the Group (totaling 2% of consolidated net sales of either party per year) in the three most recent fiscal years
- v) The individual is not a Business Executor of a financial institution that is a major lender to the Group (lender of an amount equivalent to 2% or more of the Company's consolidated total assets)
- vi) The individual is not a Business Executor of the Group's leading brokerage firm
- vii) The individual is not a consultant, accounting expert, or legal expert who has obtained cash or other asset gains of 10 million yen or more on average in a single fiscal year other than officer remuneration from the Company, nor an accounting auditor or contracted adviser of the Company (if a corporation, association or group, the person belonging to said organization) in the three most recent fiscal years
- viii) The individual is not a person currently belonging to a non-profit organization that has received from the Company a contribution amounting to 2% or more of its total income or ordinary profit in the three most recent fiscal years
- ix) If the individual has a history of belonging to an organization or business partner indicated in (ii) to (viii) above, he/she must be retired from said organization or business partner for three or more years
- x) The individual is not a spouse or a relative within the second degree of kinship of (ii) to (ix) above
- xi) In addition to the above, those with special circumstances preventing them from fulfilling their duties as outside directors with independence, including possible conflicts of interest with the Company, etc.

3) Status of cooperation between outside directors and departments responsible for internal audit

As members of the Board of Directors, the Company's two outside directors who are members of the Audit & Supervisory

Committee supervise the execution of duties by directors. As members of the Audit & Supervisory Committee, they exchange opinions and communicate with directors, departments responsible for internal audit, and departments responsible for internal control in accordance with audit policies, standards, and plans defined by the Committee itself. Furthermore, in addition to gathering information, they maintain mutual cooperation with the accounting auditor and engage in systematic auditing utilizing the internal control system.

4) Personal, capital, business, or other relationships of interest between outside directors and the Company

a) Relationship of interest between Kaneko Hiroto and the Company

There are no personal, capital, business, or other relationships of interest between Kaneko Hiroto and the Company.

The status of Kaneko Hiroto's shareholdings in the Company is shown in "1) Status of directors and other officers."

b) Relationship of interest between Kagawa Shingo and the Company

There are no personal, capital, business, or other relationships of interest between Kagawa Shingo and the Company.

The status of Kagawa Shingo's shareholdings in the Company is shown in "1) Status of directors and other officers."

c) Relationship of interest between Owada Junko and the Company

There are no personal, capital, business, or other relationships of interest between Owada Junko and the Company.

The status of Owada Junko's shareholdings in the Company is shown in "1) Status of directors and other officers."

d) Relationship of interest between Matsumoto Koichi and the Company

The Company outsources consulting services related to investment operations to APPIA Co., Ltd., where Matsumoto Koichi serves as representative director. However, as this arrangement fully satisfies the Company's independence criteria and represents only a small proportion of consolidated net sales, the Company has determined that it does not affect Matsumoto Koichi's independence.

The status of Matsumoto Koichi's shareholdings in the Company is shown in "1) Status of directors and other officers."

(3) Status of Audits

1) Audits by the Audit & Supervisory Committee

(I) Organization, personnel, and procedures of the Audit & Supervisory Committee

The Audit & Supervisory Committee of the Company consists of three members, including the two outside directors stated in “Basic thinking on the number and appointment status of outside directors” above. One member is appointed as a full-time member of the Audit & Supervisory Committee, and all members are designated as Appointed Audit & Supervisory Committee Members pursuant to Article 399-3, Paragraph 1 of the Companies Act. Full-time Audit & Supervisory Committee Member Sekita Sonoko has considerable knowledge of accounting, finance, and related matters, developed through many years of experience and achievements in the accounting departments of the Company and its overseas management companies.

As a proposal (matter to be resolved) at the 45th Ordinary General Meeting of Shareholders to be held on January 28, 2026, the Company has submitted “Election of three Directors who are Audit & Supervisory Committee Members.” If this proposal is approved as originally proposed, the Committee will continue to consist of three members, including two outside directors.

To ensure the system prescribed in Article 399-13, Paragraph 1, Item 1 (b) of the Companies Act, the Company has established an Audit & Supervisory Committee Office to assist in the execution of duties of the Audit & Supervisory Committee and has assigned dedicated staff. In addition, employees from the internal audit, accounting, legal affairs, and other related departments assist the Audit & Supervisory Committee in executing its duties as necessary. The Audit & Supervisory Committee maintains the exclusive authority to direct, command, and supervise the business duties of employees placed in the Audit & Supervisory Committee Office, and the Committee’s opinions and intentions are fully respected and appropriately reflected in personnel-related matters such as evaluation and transfer of such employees.

As described in “Basic approach to and development status of the internal control system (including systems for ensuring the appropriateness of business operations within the corporate group consisting of the Company and its Group companies [subsidiaries and associates])” above, audits by the Audit & Supervisory Committee are primarily organizational audits that utilize the internal control system.

Based on the audit plan, the full-time member of the Audit & Supervisory Committee obtains information through participation in important meetings, including those of Group subsidiaries and associates, and through interviews with directors, executive officers, division heads, and others. In addition to oral reports at regular meetings of the Audit & Supervisory Committee, this information is also promptly shared with all Audit & Supervisory Committee members via email reports or other methods as necessary, and appropriate responses are taken.

For on-site audits, the Audit & Supervisory Committee confirms in advance the selection of sites to be visited and the timing of such visits. Following each audit, written reports (audit working papers) are prepared and submitted. The audits are conducted with prior notice to the relevant companies and with their cooperation in securing the necessary schedules and other arrangements. After each audit, findings and identified issues are, as necessary, reported to the relevant companies, as well as to the responsible directors and related departments of the Company, and actions are requested. Information is also shared, as appropriate, with the Internal Audit Department and the accounting auditor during communications such as the three-way audit (as described in “Mutual coordination among internal audit, the Audit & Supervisory Committee’s audit, and the accounting audit, and their relationship with departments responsible for internal control” below), to ensure coordination.

When auditing important documents, the Committee conducts either full inspection or sample checks depending on the type of document, and takes prompt action when it identifies risks or deficiencies.

(II) Activity of the Audit & Supervisory Committee

[Status of meetings]

The Audit & Supervisory Committee is held in conjunction with meetings of the Board of Directors and is also convened as necessary.

During the fiscal year under review, the Committee met a total of 15 times, with each meeting lasting 45 minutes on average.

Name (full-time/outside classification)	Number of meetings	Attendance rate during term of office
Sekita Sonoko (Full-time)	15	100%
Nabeshima Atsushi (Outside)	15	100%
Kaneko Hiroto (Outside)	15	100%

[Specific topics discussed by the Audit & Supervisory Committee in the fiscal year under review]

- Formulation of annual audit plan and implementation of the PDCA cycle
- Agenda for meetings with the president and representative director
- Agenda for meetings with directors and outside directors who are not members of the Audit & Supervisory Committee
- Sharing of audit activity reports by the full-time member of the Audit & Supervisory Committee
- Confirmation of progress against the medium-term management plan
- Examination of items to evaluate the effectiveness of the Board of Directors, and evaluation of results
- Report on information-sharing meetings at the Group Company Audit & Board members meetings
- Evaluation of the effectiveness of the Audit & Supervisory Committee, and examination of issues to be addressed in the

next fiscal year

- Deliberations on key audit matters (KAMs) with the accounting auditor
- Determination of “policies and procedures for obtaining preliminary approval from the Audit & Supervisory Committee regarding the provision of non-assurance services by the accounting auditor, etc.” and “agreement regarding comprehensive operations subject to preliminary approval regarding non-assurance services by the accounting auditor, etc.,” and approval of individual matters outside the comprehensive scope
- Receipt of audit report and related materials from the accounting auditor
- Evaluation of the appropriateness of the accounting auditor, determination of reappointment, and consent to remuneration
- Assessment of year-end proposals related to personnel matters and remuneration
- Receipt and audit of financial statements, approval of the business report, and preparation and submission of the audit report
- Audit of the preparation for and implementation of the Ordinary General Meeting of Shareholders
- Status of progress in measures to prevent recurrence related to the improper receipt of employment adjustment subsidies
- Status of efforts to enhance Group governance

[Specific audit activities, etc.]

Activity type	Items/description	Main issues raised, etc.	Involvement of Audit & Supervisory Committee members	
			Full-time member	Outside directors
Participation in important meetings	Weekly meetings with full-time directors and executive officers	Reporting on progress by business; sharing of issues	Full involvement	Important reports
	Group company management meetings	Sharing of sales conditions and problem handling		Important reports
	Annual Group-wide meeting	Annual report; sharing of next-year plan and strategy		Attendance
Exchange of opinions with directors	Progress with annual plan Initiatives related to management challenges Execution of duties			Attendance
On-site audits of subsidiaries, associates, and business divisions, as well as interviews with senior management, executive officers, and business managers, etc.	On-site inspections Market environment and progress with annual and medium-term plans Initiatives related to management challenges Requests to the headquarters, etc.	Likelihood of achieving plans, analysis of causes for failure to meet targets and related improvement measures; decision-making processes for plan revisions; approaches to addressing one-off or systemic issues, etc.		As necessary
Group Company Audit & Board members meetings	Dissemination of various types of information by parent company Two-way exchanges of opinions Online liaison meetings	Response to and addressing of common issues; effective communication with individuals in charge of business execution		As necessary
Meetings with the Internal Audit Department	Examination of internal audit plans, and receipt of implementation report Progress with special investigations, receipt of findings, examinations of problems, etc.	Initiatives to improve audit effectiveness; support for business types that are expanding		As necessary
Meetings with the Internal Control Office	Report on progress with J-SOX compliance, report of annual plan and results, etc.	Status of responses to regulatory changes; review of scope of coverage		As necessary
Meetings with CS and ES Management Division of HIS headquarters	Confirmation of status of internal reporting and consultations, receipt of reports on improvement efforts, etc.	Relative and fundamental improvement initiatives to address issues learned from internal reports or consultation		As necessary
Meetings with the accounting auditor	Quarterly results review reports, key audit matter (KAM) deliberations Audit reports for annual financial results	Appropriateness of identified risks; responses to issues that have arisen; appropriateness of KAM disclosures, etc.	Regular attendance As appropriate and as necessary	

Viewing of important documents	Review of important minutes Review of approval documents and contracts through inspection to confirm approval details, implementation status, key contracts, and other matters Review of the status of migration of management systems	Evaluation whether atypical approval documents and decision processes are appropriate, and whether follow-up after execution is appropriate		Important reports
Year-end audit procedure	Interview with the Accounting Division regarding financial statements Examination of explanation of business reports by related divisions	Confirmation of degree of awareness of problems and abnormalities; evaluation of the appropriateness of measures to address issues; evaluation of whether disclosure method and language used are adequate or appropriate		Important reports
Risk Management & Compliance Committee	Review of discussions, deliberations, and reports at monthly Committee meetings (including awareness-raising activities, significant incidents, internal reporting, annual awareness surveys)	Confirmation of the appropriateness of progress in recurrence prevention measures related to the employment adjustment subsidy issue and in the coordination with the Subsidiary Governance Review Committee, as well as whether deficiencies or impediments have arisen in the operation items of the Committee under its existing framework	Observer	One outside director on the Committee
Subsidiary Governance Review Committee	Review of discussions, deliberations, and reports at monthly Committee meetings (including revisions to Group Management Regulations and the formulation of policies and rules such as officer terms of office)	Confirmation of whether basic policies and the establishment and revision of regulations to ensure the effective implementation of recurrence prevention measures related to the employment adjustment subsidy issue are being appropriately considered; confirmation of whether ongoing operations have been appropriately handed over to the Risk Management & Compliance Committee		An outside director serves as the Committee Chair

2) Internal audit

(I) Internal audit organization, personnel, procedures, and initiatives to ensure effectiveness

Internal audits are conducted by the Internal Audit Department, an independent body under the direct supervision of the president and representative director. The department consists of 12 members, including one certified internal auditor. Based on the Internal Audit Regulations, Internal Audit Implementation Standards, and the annual audit plan, the Department regularly conducts operational audits of each department within the Company as well as Group companies. It reports audit results and makes recommendations for improvement to the president and representative director, directors, and the Audit & Supervisory Committee on a quarterly basis, and has established a system to report immediately on important matters or urgent issues. In addition, through a framework that allows the head of the Internal Audit Department to directly and without restriction access the Board of Directors as necessary, the Company has built an effective internal control system in close coordination with the organizational audits conducted by the Audit & Supervisory Committee.

(II) Mutual coordination among internal audit, the Audit & Supervisory Committee's audit, and the accounting audit, and their relationship with departments responsible for internal control

To enhance audit effectiveness efficiently and effectively, mutual cooperation is promoted among internal audit, the Audit & Supervisory Committee's audit, and the accounting audit (so-called "three-way audits"). These three parties regularly exchange information and make adjustments as needed. In the fiscal year under review, representatives of the departments responsible for internal control also attended these meetings, further enhancing the efficiency and effectiveness of coordination. With respect to the status of control development and operation at the companies subject to evaluation, as assessed by departments responsible for internal control, the separate Internal Audit Department conducts an objective evaluation and also uses the results as important reference information for internal audits carried out under its own plans.

3) Accounting audit

(I) Name of accounting auditor

Deloitte Touche Tohmatsu LLC

(II) Continuous audit period

27 years

(III) Certified public accountants who conducted the accounting audit

Designated Limited Liability Partners and Engagement Partners: Numata Atsushi, Inoue Takuya

(IV) Composition of accounting audit assistants

10 certified public accountants, seven individuals who have passed the certified public accountant exam, and 32 other individuals

(V) Accounting auditor selection policy and underlying reasons

The Company has appointed Deloitte Touche Tohmatsu LLC as its accounting auditor because it believes the company possesses the competence, expertise, organizational framework, job credentials, and historical track record as an accounting auditor to perform effective audits, and because there are no issues in terms of independence with the company. If it judges that any of the items specified in Article 340, Paragraph 1 of the Companies Act are applicable to the accounting auditor, the Audit & Supervisory Committee will dismiss the accounting auditor. Also, in the event of other conditions that call into question the appropriateness of the currently appointed accounting auditor, including events that impair its qualification or independence, the Audit & Supervisory Committee will examine the dismissal or non-reappointment of the accounting auditor. If, based on such examination, the Audit & Supervisory Committee concludes it is appropriate to dismiss or not reappoint the accounting auditor, the Board of Directors will submit a proposal to dismiss or not reappoint the accounting auditor, as determined by the Audit & Supervisory Committee, to the General Meeting of Shareholders.

(VI) Evaluation of accounting auditor by the Audit & Supervisory Committee

The Audit & Supervisory Committee of the Company conducts annual evaluations of the accounting auditor using the following procedure.

- a. Collect information about audit practices of the accounting auditor in the applicable fiscal year through questionnaires with related internal divisions
- b. Review details and status of three-way audits by the Audit & Supervisory Committee, Internal Audit Department, and accounting auditor
- c. In addition to proactively determining the suitability of the accounting auditor based on the details and status of opinion exchanges and other communications conducted, as necessary, outside quarterly review meetings between Audit & Supervisory Committee members and the accounting auditor, the Company evaluates the overall appropriateness of the accounting auditor using a check sheet prepared with reference to relevant laws and regulations, based on quarterly review reports and year-end reporting matters received from the accounting auditor.

4) Fees paid to auditing certified public accountants, etc.

(I) Details of fees paid to auditing certified public accountants, etc.

(Millions of yen)

Category	Year ended October 31, 2024		Year ended October 31, 2025	
	Fees for audit and attestation services	Fees for non-audit services	Fees for audit and attestation services	Fees for non-audit services
Filing company	159	—	260	6
Consolidated subsidiaries	90	2	91	—
Total	250	2	351	6

(Consolidated fiscal year ended October 31, 2024)

The Company paid fees as remuneration for non-audit services related to the preparation of a comfort letter in connection with the initial public offering of a consolidated subsidiary.

(Consolidated fiscal year ended October 31, 2025)

The Company paid fees as remuneration for non-audit services such as advisory services related to compliance with the revised J-SOX requirements.

(II) Details of fees paid to organizations belonging to the same network as auditing certified public accountants (excluding (I) above)

(Millions of yen)

Category	Year ended October 31, 2024		Year ended October 31, 2025	
	Fees for audit and attestation services	Fees for non-audit services	Fees for audit and attestation services	Fees for non-audit services
Filing company	—	0	—	0
Consolidated subsidiaries	235	16	251	7
Total	235	17	251	8

(Consolidated fiscal year ended October 31, 2024)

Non-audit services rendered to the Company and its consolidated subsidiaries were tax-related advice and guidance.

(Consolidated fiscal year ended October 31, 2025)

Non-audit services rendered to the Company and its consolidated subsidiaries were tax-related advice and guidance.

(III) Details of other significant fees for audit and attestation services

(Consolidated fiscal year ended October 31, 2024)

There are no applicable matters to report.

(Consolidated fiscal year ended October 31, 2025)

There are no applicable matters to report.

(IV) Policy on determination of audit fees

Remuneration for certified public accountants and other related parties involved in auditing is appropriately determined by the Company based on the consent of the Audit & Supervisory Committee, and taking into consideration the details of the audit services and the number of days required.

(V) Reason the Audit & Supervisory Committee agreed to audit fees of the accounting auditor

The Audit & Supervisory Committee agreed to the audit fees for the consolidated fiscal year ended October 31, 2025 after verifying the appropriateness of the details of the audit plan (schedule, risk approach, etc.) and the compensation level based on the track record of the accounting auditor in the previous fiscal year, and with reference to the composition of the deployed accountants, research materials published by the Institute of Certified Public Accountants, and case studies involving other companies.

(4) Executive Remuneration, etc.

1) Policies for determining the details of executive remuneration, etc.

At its Board of Directors meeting held on August 29, 2025, the Company adopted a policy to determine remuneration, etc. for individual directors of the Company.

The determination policy for remuneration, etc. for individual directors is as follows.

(1) Method of determining the policy

With the aim of establishing an executive remuneration system that contributes to the interests of shareholders and the sustainable enhancement of corporate value, the Compensation Committee carefully deliberates on the basic policy, specific determination criteria, and remuneration structure.

The Compensation Committee is composed primarily of independent outside directors and formulates a draft of the policy while ensuring objectivity and transparency.

The policy deliberated by the Committee is subsequently submitted to the Board of Directors, which thoroughly examines the content of the submitted policy and makes the final decision.

The established policy is reviewed periodically as necessary, taking into account changes in the business environment and feedback from shareholders.

In addition, the Board of Directors confirms that, with respect to the remuneration for each director for the fiscal year under review, the method of determination and the determined remuneration amounts are consistent with the policy resolved by the Board, and that the recommendations of the Compensation Committee have been respected, and therefore has determined that such remuneration is in accordance with the policy.

(2) Details of the policy

To provide value that “unleashes your feeling ‘KOKORO ODORU’” to a wide range of stakeholders and to achieve sustainable growth as a corporate group that continues to be the preferred company of choice, the Company will maintain its current remuneration structure—comprising basic monthly remuneration, performance-linked remuneration, stock options, and restricted stock compensation—while revising the evaluation indicators and calculation methods for performance-linked remuneration for directors (excluding outside directors and Audit & Supervisory Committee members).

In conjunction with this revision, the Company will also partially revise its basic policy.

(I) Basic policy and changes thereto

Directors

Before revision (through the 44th fiscal year ended October 31, 2024)	After revision (from the 45th fiscal year ended October 31, 2025 onward)
To have in place a competitive remuneration system with high degree of fairness Remuneration system and levels that are based on work responsibilities and performance, regardless of nationality or gender, and contribute to the acquisition and retention of outstanding human resources	To have in place a competitive remuneration system with high degree of fairness <u>Remuneration structure</u> and levels that are based on work responsibilities and performance, regardless of nationality or gender, <u>that enable the acquisition and retention of outstanding human resources and support sustainable growth through the promotion of human capital management</u>
To have in place a remuneration system focused on improving corporate and shareholder value A remuneration system and structure that is closely correlated to earnings performance and focuses on the enhancement of corporate and shareholder value over the medium to long term	To have in place a remuneration system focused on improving corporate and shareholder value A remuneration system and structure that is closely correlated to earnings performance and focuses on the enhancement of corporate and shareholder value over the medium to long term

(II) Remuneration structure and changes thereto

The remuneration structure for the Company’s directors (excluding outside directors and Audit & Supervisory Committee members) consists of four categories: a. basic monthly remuneration, b. performance-linked remuneration, c. stock options, and d. restricted stock compensation. The types of remuneration and the objectives, overview, and changes for each type of remuneration are as follows.

a. Basic monthly remuneration

The Company determines amounts commensurate with directors’ roles and positions, and pays them as basic monthly remuneration.

b. Performance-linked remuneration and changes thereto

Based on the position of each director, the Company assigns a high degree of performance-linked remuneration to incentivize improvements in company performance for each fiscal year. In addition, by incorporating evaluation indicators that assess motivation and actions toward the promotion of human capital management, the Company aims to achieve sustainable growth and enhance the Group’s corporate value over the medium to long term.

Before revision (through the 44th fiscal year ended October 31, 2024)	
Performance indicator	Financial indicator: consolidated ordinary profit
Reference profit level	To calculate performance-linked remuneration, the Company uses the average of the three highest ordinary profit amounts recorded in the last 10 consolidated fiscal years as a reference value. As a rule, the Company pays an amount equivalent to 7% of the amount obtained by subtracting this reference value from the ordinary profit amount for the current fiscal year. However, based on earnings performance trends, the Company adjusts the above 7% by $\pm 1-2$ points. <ul style="list-style-type: none"> The actual amount to be paid is determined within a range of 0%–200% of the standard amount in accordance with the degree of achievement of performance targets for each fiscal year and other relevant factors. Paid as a lump sum after the end of each fiscal year.

After revision (from the 45th fiscal year ended October 31, 2025 onward)		
Performance indicators	Financial indicators: consolidated profit, dividend payout ratio Non-financial indicator: job satisfaction index	
Formula (calculation method)	Total performance-linked remuneration = [consolidated profit] \times ([coefficient for consolidated profit] + [coefficient for dividend payout ratio] + [job satisfaction coefficient]) Individual payment amount = [total performance-linked remuneration] \div ([total of position coefficients for full-time directors] \times [individual position coefficient]) In cases where significant extraordinary income or losses are recorded, such factors may be taken into account in the calculation.	
	Evaluation indicators	Rationale for selection of KPIs
	Consolidated profit	As it represents an important indicator that reflects the Group-wide sustainable earning power from the perspectives of consolidated financial performance and shareholder returns, and contributes to enhancing corporate value.
	Dividend payout ratio	To clearly position the balance between profit growth and shareholder returns as a management incentive and to strengthen motivation toward optimizing capital policy.
	Job satisfaction index	To promote investment in human capital, an intangible asset, and to achieve medium- to long-term corporate value creation without an excessive focus on short-term profit.
Scope of evaluation	Consolidated subsidiaries	

- The job satisfaction coefficient, a non-financial indicator, is based on the job satisfaction index derived from an employee satisfaction survey conducted in the relevant fiscal year.
- While remuneration amounts are calculated by applying specific coefficients to each indicator, these coefficients may be reviewed in the future to ensure that the remuneration system more accurately reflects actual conditions, taking into account the Company's medium- to long-term growth strategy, business scale expansion, changes in its earnings structure, and other factors.

The results for the 45th fiscal year (fiscal year ended October 31, 2025), which served as the basis for calculating performance-linked remuneration for the fiscal year under review, are as follows.

Evaluation indicators	Results
Consolidated profit	4,719 million yen
Dividend payout ratio	31.7%
Job satisfaction index	66.4%

c. Stock options

The Company has established a stock option program as a form of remuneration that aims to enhance corporate value over the medium to long term. The total amount is kept within the annual amount (within 100 million yen) approved at the 36th Ordinary General Meeting of Shareholders held on January 26, 2017.

d. Restricted stock compensation

The Company allots restricted stock to directors (excluding directors who are Audit & Supervisory Committee members, non-executive directors, part-time directors, and outside directors), and accordingly aims to motivate directors to work toward continuous improvement of corporate value, and further align their interests with those of its shareholders.

The total amount is kept within the annual amount (within 100 million yen) approved at the 37th Ordinary General Meeting of Shareholders held on January 25, 2018.

The standard amount is calculated as basic monthly remuneration \times multiple based on position at the Company.

(III) Remuneration levels

To ensure objectivity and transparency in the decision-making process, the remuneration policies and levels for directors and executive officers are determined by a resolution of the Board of Directors following a review by the Compensation Committee.

(IV) Remuneration composition

	Basic remuneration	Directors' bonuses	Stock-based compensation	
Remuneration type	Basic monthly remuneration	Performance-linked remuneration	Stock options	Restricted stock (RS) compensation
Performance-linked or not	Fixed	Performance-linked	Performance-linked	Not linked to performance
Time of payment	Monthly	Once a year	Upon completion of the medium-term management plan	Upon retirement of each officer
Share of remuneration	40%–48%	32%–40%	5%–9%	11%–15%

Ratios when performance targets are achieved at a standard level

(V) Other important matters

In the event of special factors (such as deterioration in global conditions, natural disasters, or sudden fluctuations in foreign exchange rates) or the occurrence of serious incidents or misconduct that may damage the Company's corporate value or brand value, the Compensation Committee will clearly document and deliberate on the relevant circumstances and the rationale for any discretionary judgment, and submit its recommendations to the Board of Directors. Based on such recommendations, the Board of Directors may exercise discretion, including reducing or withholding remuneration.

(3) Outside directors and Audit & Supervisory Committee members

In light of their role in supervising the management of the Company from an independent and objective standpoint, the remuneration for outside directors and Audit & Supervisory Committee members consists solely of basic monthly remuneration (fixed compensation).

2) Executive remuneration, etc.

(I) Total amount of remuneration paid by officer category, amount by type of remuneration, and number of eligible officers

Officer category	Total amount of remuneration (millions of yen)	Total amount by type of remuneration (millions of yen)					Number of eligible officers
		Fixed remuneration	Performance-linked remuneration	Stock option	Restricted stock compensation	Provision for bonuses	
Directors (excluding members of the Audit & Supervisory Committee) (excluding outside directors)	192	113	—	4	16	57	6
Directors (members of the Audit & Supervisory Committee) (excluding outside directors)	11	11	—	—	—	—	1
Outside directors	12	12	—	—	—	—	2
Outside directors (members of the Audit & Supervisory Committee)	12	12	—	—	—	—	2

- (Notes) 1. At the 35th Ordinary General Meeting of Shareholders held on January 27, 2016 (at which time the number of directors [excluding members of the Audit & Supervisory Committee] was 10), a resolution was approved to cap the amount of remuneration paid to directors (excluding members of the Audit & Supervisory Committee) at 500 million yen per year (includes executive bonuses, but excludes payments related to employee status). Separately from the above remuneration framework, at the 36th Ordinary General Meeting of Shareholders held on January 26, 2017 (at which time the number of directors [excluding members of the Audit & Supervisory Committee] was 10), a resolution was approved to grant stock options in the form of share acquisition rights to directors (excluding members of the Audit & Supervisory Committee) in an amount not exceeding 100 million yen per year, and to cap the number of share acquisition rights to be allotted within one year from the date of each Ordinary General Meeting of Shareholders at 700. In addition, at the 37th Ordinary General Meeting of Shareholders held on January 25, 2018 (at which time the number of directors [excluding members of the Audit & Supervisory Committee] was seven), a resolution was approved to cap both the monetary claims related to the granting of restricted stock to directors (excluding members of the Audit & Supervisory Committee) at 100 million yen per year, and the total number of common shares to be granted under such restricted stock compensation at 100,000 shares per year. Furthermore, at the 43rd Ordinary General Meeting of Shareholders held on January 25, 2024 (at which time the number of directors [excluding members of the Audit & Supervisory Committee] was eight), a resolution was approved regarding provisions for the acquisition of share acquisition rights as remuneration for directors (excluding members of the Audit & Supervisory Committee). The Audit & Supervisory Committee has determined that the details of the remuneration above and related matters are appropriate.
2. At the 35th Ordinary General Meeting of Shareholders held on January 27, 2016 (at which time the number of directors [members of the Audit & Supervisory Committee] was three), a resolution was approved to cap the amount of remuneration paid to directors (members of the Audit & Supervisory Committee) at 50 million yen per year.
3. The contents of the performance indicators and related matters, the calculation methods, and the reasons for selecting such indicators for bonus payments as performance-linked remuneration are as stated in “1) Policies for determining the details of executive remuneration, etc.” In addition, the bonus amount for the fiscal year under review is scheduled to be proposed for deliberation as an agenda item at the 45th Ordinary General Meeting of Shareholders to be held on January 28, 2026.
4. The stock options and restricted stock compensation, which are both non-monetary forms of remuneration, are as stated in “1) Policies for determining the details of executive remuneration, etc.”
5. Fixed remuneration includes contributions to defined contribution pension plans.

(II) Breakdown of total amount of consolidated remuneration by officer

Information about the total amount of consolidated remuneration by officer is not presented as there were no officers with a total amount of consolidated remuneration of 100 million yen or more.

(5) Information on Shareholdings

(I) Criteria for shareholding classification and rationale

The Company classifies its shareholdings into shares held solely for pure investment and shares held for purposes other than pure investment. The former are held mainly for the purpose of generating profit through fluctuations in the share price or through dividends, while the latter are positioned as strategic holdings.

(II) Investment securities held for purposes other than pure investment

There are no applicable matters to report.

(III) Investment securities held solely for pure investment

Classification	Year ended October 31, 2025		Year ended October 31, 2024	
	Number of stock names	Total amount recorded on balance sheet (millions of yen)	Number of stock names	Total amount recorded on balance sheet (millions of yen)
Unlisted stocks	31	766	27	981
Stocks other than the above	4	52	—	—

Classification	Year ended October 31, 2025 (millions of yen)		
	Total dividend income	Total gains (losses) on sale	Total gains (losses) on valuation
Unlisted stocks	2	—	286
Stocks other than the above	—	—	—

V. Financial Information

1. Basis of presentation for consolidated and non-consolidated financial statements

(1) The Company's consolidated financial statements are prepared in conformity with the "Regulations Concerning Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Regulation No. 28, 1976) (hereinafter, the "Regulations on Consolidated Financial Statements").

(2) The Company's non-consolidated financial statements are prepared in conformity with the "Regulations Concerning Terminology, Forms, and Preparation Methods of Non-consolidated Financial Statements (Ministry of Finance Regulation No. 59, 1963) (hereinafter, the "Regulations on Non-consolidated Financial Statements").

As a company designated for the submission of non-consolidated financial statements prepared in accordance with special provision, the Company prepares its non-consolidated financial statements pursuant to Article 127 of the Regulations on Non-consolidated Financial Statements.

2. Independent auditing of financial statements

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company arranged for the auditing firm Deloitte Touche Tohmatsu LLC to conduct independent audits of the consolidated and non-consolidated financial accounts of the Company for the fiscal year under review (November 1, 2024 to October 31, 2025).

3. Particular efforts to secure the appropriateness of the consolidated financial statements and other financial reports

The Company makes special efforts to ensure the appropriateness of its consolidated financial statements and other financial reports. Specifically, in order to accurately ascertain the content of the latest accounting standards and prepare appropriate consolidated financial statements, etc., it maintains membership in the Financial Accounting Standards Foundation and participates in educational opportunities provided by said Foundation, accounting firms, and other institutions, and subscribes to accounting journals. The Company also reviews its internal regulations and manuals as appropriate.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

1) Consolidated Balance Sheet

(Millions of yen)

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Assets		
Current assets		
Cash and deposits	*2 138,145	*2 113,932
Notes and accounts receivable - trade, and contract assets	*1 25,413	*1 27,581
Trade accounts receivable	670	798
Securities	22	0
Travel advance payments	10,942	12,610
Prepaid expenses	2,227	2,577
Short-term loans receivable	278	173
Short-term loans receivable from subsidiaries and associates	200	75
Accounts receivable - other	18,464	17,935
Other	7,726	6,420
Allowance for doubtful accounts	(1,774)	(1,717)
Total current assets	202,316	180,388
Non-current assets		
Property, plant and equipment		
Buildings	97,026	99,587
Accumulated depreciation	(23,238)	(26,389)
Buildings, net	*2,*9 73,788	*2,*9 73,197
Tools, furniture and fixtures	12,661	13,053
Accumulated depreciation	(10,247)	(10,589)
Tools, furniture and fixtures, net	*9 2,413	*9 2,464
Land	*2,*5 71,304	*2,*5 70,798
Leased assets	29,861	33,093
Accumulated depreciation	(18,478)	(21,834)
Leased assets, net	11,383	11,258
Construction in progress	3,718	82
Other	9,944	10,756
Accumulated depreciation	(8,447)	(8,855)
Other, net	*2,*9 1,497	*2,*9 1,901
Total property, plant and equipment	164,104	159,703
Intangible assets		
Goodwill	1,956	1,655
Other	*9 13,975	*9 12,795
Total intangible assets	15,931	14,451
Investments and other assets		
Investment securities	3,302	2,776
Shares of subsidiaries and associates	2,516	3,834
Investments in capital of subsidiaries and associates	104	71
Long-term loans receivable from subsidiaries and associates	1,068	541
Retirement benefit asset	929	1,209
Deferred tax assets	9,449	9,976
Guarantee deposits	9,077	9,818
Other	4,140	4,016
Allowance for doubtful accounts	(799)	(506)
Total investments and other assets	29,789	31,739
Total non-current assets	209,825	205,893
Deferred assets	58	49
Total assets	412,200	386,330

(Millions of yen)

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Liabilities		
Current liabilities		
Trade accounts payable	12,441	*2 15,683
Short-term borrowings	*2,*69,852	*2,*6 8,698
Current portion of convertible-bond-type bonds with share acquisition rights	25,000	—
Current portion of long-term borrowings	*2 67,673	*2,*7 105,607
Accounts payable - other	*2 23,681	*2 19,801
Accrued expenses	5,424	5,140
Income taxes payable	1,181	1,600
Accrued consumption taxes	907	1,287
Travel advances received	*1 36,851	*1 43,193
Deposits received of subsidy	*10 8,178	*10 1,125
Lease liabilities	2,660	2,740
Provision for bonuses	5,161	5,522
Provision for bonuses for directors (and other officers)	198	251
Provision for loss on business liquidation	—	232
Other	*1 28,962	*1 31,623
Total current liabilities	228,175	242,507
Non-current liabilities		
Bonds payable	*8 5,000	*8 5,000
Long-term borrowings	*2,*7 91,569	*2,*7 47,235
Deferred tax liabilities	*5 3,988	*5 3,576
Retirement benefit liability	6,080	6,026
Provision for retirement benefits for directors (and other officers)	466	504
Lease liabilities	10,109	9,791
Other	4,465	4,483
Total non-current liabilities	121,681	76,618
Total liabilities	349,857	319,125
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	27,645	28,372
Retained earnings	24,226	28,137
Treasury shares	(13,015)	(12,981)
Total shareholders' equity	38,957	43,627
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	(100)
Deferred gains or losses on hedges	72	91
Foreign currency translation adjustment	12,584	11,502
Remeasurements of defined benefit plans	345	428
Total accumulated other comprehensive income	13,011	11,921
Share acquisition rights	282	292
Non-controlling interests	10,093	11,363
Total net assets	62,343	67,205
Total liabilities and net assets	412,200	386,330

2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income

(Millions of yen)

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Net sales	*1 343,334	*1 373,106
Cost of sales	232,716	255,131
Gross profit	110,617	117,974
Selling, general and administrative expenses	*2 99,762	*2 106,346
Operating profit	10,854	11,627
Non-operating income		
Interest income	1,336	1,220
Dividend income	8	570
Foreign exchange gains	242	—
Subsidy income	789	1,046
Other	777	976
Total non-operating income	3,154	3,814
Non-operating expenses		
Interest expenses	2,472	2,025
Foreign exchange losses	—	328
Other	1,085	1,705
Total non-operating expenses	3,557	4,060
Ordinary profit	10,451	11,381
Extraordinary income		
Gain on sale of non-current assets	751	—
Gain on sale of shares of subsidiaries and associates	350	100
Gain on reversal of share acquisition rights	—	165
Gain on reversal of provision incurred from deposits received of subsidy	—	*3 384
Total extraordinary income	1,101	649
Extraordinary losses		
Loss on sale of non-current assets	21	—
Loss on valuation of investment securities	518	438
Loss on sale of shares of subsidiaries and associates	39	—
Loss on valuation of shares of subsidiaries and associates	1,396	—
Impairment losses	*4 558	*4 2,772
Provision of allowance for doubtful accounts	493	—
Loss on liquidation of business	—	*5 1,752
Total extraordinary losses	3,026	4,963
Profit before income taxes	8,526	7,067
Income taxes - current	1,668	2,258
Income taxes - deferred	(2,758)	(958)
Total income taxes	(1,090)	1,299
Profit	9,616	5,768
Profit attributable to non-controlling interests	899	1,048
Profit attributable to owners of parent	8,717	4,719

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Profit	9,616	5,768
Other comprehensive income		
Valuation difference on available-for-sale securities	(55)	(118)
Deferred gains or losses on hedges	40	18
Foreign currency translation adjustment	2,244	(1,168)
Remeasurements of defined benefit plans, net of tax	208	90
Share of other comprehensive income of entities accounted for using equity method	7	21
Total other comprehensive income	*2,446	*(1,155)
Comprehensive income	12,062	4,612
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,488	3,725
Comprehensive income attributable to non-controlling interests	574	887

3) Consolidated Statement of Changes in Equity

Consolidated fiscal year ended October 31, 2024 (November 1, 2023 to October 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	27,770	15,515	(13,046)	30,340
Changes during period					
Dividends of surplus					—
Profit attributable to owners of parent			8,717		8,717
Purchase of treasury shares		(0)		(0)	(0)
Disposal of treasury shares		(9)		31	22
Change in scope of consolidation			(6)		(6)
Increase by merger					—
Sale of shares of consolidated subsidiaries		(60)			(60)
Capital increase of consolidated subsidiaries		(55)			(55)
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes in items other than shareholders' equity					—
Total changes during period	—	(125)	8,711	31	8,617
Balance at end of period	100	27,645	24,226	(13,015)	38,957

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	64	30	10,001	143	10,239	165	8,995	49,741
Changes during period								
Dividends of surplus								—
Profit attributable to owners of parent								8,717
Purchase of treasury shares								(0)
Disposal of treasury shares								22
Change in scope of consolidation								(6)
Increase by merger								—
Sale of shares of consolidated subsidiaries								(60)
Capital increase of consolidated subsidiaries								(55)
Change in ownership interest of parent due to transactions with non-controlling interests								—
Net changes in items other than shareholders' equity	(55)	42	2,583	201	2,771	116	1,097	3,985
Total changes during period	(55)	42	2,583	201	2,771	116	1,097	12,602
Balance at end of period	8	72	12,584	345	13,011	282	10,093	62,343

Consolidated fiscal year ended October 31, 2025 (November 1, 2024 to October 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	27,645	24,226	(13,015)	38,957
Changes during period					
Dividends of surplus			(747)		(747)
Profit attributable to owners of parent			4,719		4,719
Purchase of treasury shares		(0)		(0)	(0)
Disposal of treasury shares		(11)		33	22
Change in scope of consolidation			(61)		(61)
Increase by merger		30			30
Sale of shares of consolidated subsidiaries		(25)			(25)
Capital increase of consolidated subsidiaries		822			822
Change in ownership interest of parent due to transactions with non-controlling interests		(89)			(89)
Net changes in items other than shareholders' equity					—
Total changes during period	—	726	3,910	33	4,670
Balance at end of period	100	28,372	28,137	(12,981)	43,627

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	8	72	12,584	345	13,011	282	10,093	62,343
Changes during period								
Dividends of surplus								(747)
Profit attributable to owners of parent								4,719
Purchase of treasury shares								(0)
Disposal of treasury shares								22
Change in scope of consolidation								(61)
Increase by merger								30
Sale of shares of consolidated subsidiaries								(25)
Capital increase of consolidated subsidiaries								822
Change in ownership interest of parent due to transactions with non-controlling interests								(89)
Net changes in items other than shareholders' equity	(108)	18	(1,082)	83	(1,089)	9	1,270	190
Total changes during period	(108)	18	(1,082)	83	(1,089)	9	1,270	4,861
Balance at end of period	(100)	91	11,502	428	11,921	292	11,363	67,205

4) Consolidated Statement of Cash Flows

(Millions of yen)

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Cash flows from operating activities		
Profit before income taxes	8,526	7,067
Depreciation	11,017	11,329
Impairment losses	558	2,772
Amortization of goodwill	349	261
Increase (decrease) in provision for bonuses	1,762	344
Increase (decrease) in provision for bonuses for directors (and other officers)	115	53
Increase (decrease) in provision for loss on business liquidation	—	232
Increase (decrease) in retirement benefit liability	(182)	(458)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(44)	39
Interest and dividend income	(1,345)	(1,791)
Foreign exchange losses (gains)	(468)	(184)
Interest expenses	2,472	2,025
Loss (gain) on sale of property, plant and equipment	(730)	—
Loss (gain) on valuation of investment securities	518	438
Loss (gain) on sale of shares of subsidiaries and associates	(310)	(100)
Loss on valuation of shares of subsidiaries and associates	1,396	—
Gain on reversal of share acquisition rights	—	(165)
Loss on liquidation of business	—	1,752
Other loss (gain)	385	(1,411)
Decrease (increase) in accounts receivable - trade, and contract assets	(115)	(2,315)
Decrease (increase) in travel advance payments	(2,338)	(1,944)
Decrease (increase) in other assets	(19)	3,116
Increase (decrease) in trade payables	1,609	3,248
Increase (decrease) in accrued consumption taxes	(709)	409
Increase (decrease) in accrued expenses	1,278	(186)
Increase (decrease) in travel advances received	6,991	6,490
Increase (decrease) in other liabilities	1,457	(7,250)
Subtotal	32,176	23,773
Interest and dividends received	1,330	1,770
Interest paid	(2,578)	(2,057)
Income taxes refund (paid)	(1,680)	(2,267)
Net cash provided by (used in) operating activities	29,247	21,219

(Millions of yen)

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Cash flows from investing activities		
Payments into time deposits	(16,689)	(12,170)
Proceeds from withdrawal of time deposits	57,956	10,338
Purchase of securities	(10,155)	(47)
Proceeds from sale of securities	—	70
Proceeds from redemption of securities	10,161	—
Purchase of property, plant and equipment and intangible assets	(8,196)	(7,154)
Proceeds from sale of property, plant and equipment and intangible assets	2,735	121
Purchase of investment securities	(578)	(323)
Proceeds from sale of investment securities	81	211
Proceeds from redemption of investment securities	10	—
Purchase of shares of subsidiaries and associates	(2,162)	(1,185)
Proceeds from sale of shares of subsidiaries and associates	864	100
Proceeds from divestments and collection of loans receivable	489	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(70)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	0	0
Loan advances	(1,070)	(226)
Proceeds from collection of loans receivable	276	148
Payments of guarantee deposits	(1,158)	(1,824)
Proceeds from refund of guarantee deposits	12,839	1,093
Other, net	202	(95)
Net cash provided by (used in) investing activities	45,606	(11,013)
Cash flows from financing activities		
Proceeds from short-term borrowings	85,767	38,812
Repayments of short-term borrowings	(128,269)	(40,035)
Proceeds from long-term borrowings	70,262	63,699
Repayments of long-term borrowings	(65,414)	(70,078)
Dividends paid	—	(747)
Redemption of bonds	(15,000)	(25,000)
Dividends paid to non-controlling interests	(56)	(282)
Purchase of treasury shares	(0)	(0)
Proceeds from share issuance to non-controlling shareholders	379	49
Repayments to non-controlling shareholders	(300)	(172)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	379	78
Other, net	(2,907)	(2,780)
Net cash provided by (used in) financing activities	(55,158)	(36,457)
Effect of exchange rate change on cash and cash equivalents	1,631	368
Net increase (decrease) in cash and cash equivalents	21,327	(25,883)
Cash and cash equivalents at beginning of period	110,836	132,217
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	53	29
Cash and cash equivalents at end of period	132,217	106,364

Notes to Consolidated Financial Statements

(Significant matters that serve as the basis for preparation of the consolidated financial statements)

1. Scope of consolidation

(1) Consolidated subsidiaries

The consolidated financial statements include the accounts of 120 subsidiaries of the Company. The names of principal subsidiaries are listed in “Part I Information on the Company, I. Overview of the Company, 3. Description of Business.”

Effective from the fiscal year under review, TOUR AMERICA, LLC has been included in the scope of consolidation through a share acquisition.

VIAJES H.I.S. MADRID, S.A., previously a consolidated subsidiary of the Company, has been excluded from the scope of consolidation as it was dissolved following an absorption-type merger in which Miki Travel Agency SA, also a consolidated subsidiary, was the surviving company.

H.I.S. EUROPE ITALY S.R.L., previously a consolidated subsidiary of the Company, has been excluded from the scope of consolidation as it was dissolved following an absorption-type merger in which Miki Travel Agency Italia S.R.L., also a consolidated subsidiary, was the surviving company.

DORAK HIS OTELCILIK VE TIC.A.S., previously a consolidated subsidiary of the Company, has been excluded from the scope of consolidation as it was dissolved following an absorption-type merger in which HIS DORAK TURIZM OTEL YATIRIMLARI VE DIS TICARET ANONIM SIRKETI, also a consolidated subsidiary, was the surviving company.

H.I.S. POLAND Sp. z o.o., VOX JAPAN Co., Ltd., and two other companies, previously consolidated subsidiaries of the Company, have been excluded from the scope of consolidation due to the completion of liquidation proceedings and other reasons.

NUMBER ONE TRAVEL SHIBUYA Co., Ltd., previously a consolidated subsidiary of the Company, has been excluded from the scope of consolidation due to the sale of its shares.

(2) Non-consolidated subsidiaries

The Company has 33 non-consolidated subsidiaries. The principal non-consolidated subsidiary is listed below.

- H.I.S. Travel Limited

(3) Reason for exclusion of non-consolidated subsidiaries from the scope of consolidation

The size of each non-consolidated subsidiary is small, and their total assets, net sales, profit or loss (amount corresponding to equity interest), and retained earnings (amount corresponding to equity interest), etc. do not have a material effect on the consolidated financial statements.

2. Application of equity method

(1) Non-consolidated subsidiaries and associates accounted for by the equity method

The Company applies the equity method to three associates. The names of the principal equity-method associates are listed in “Part I Information on the Company, I. Overview of the Company, 3. Description of Business.”

Effective from the fiscal year under review, SATOYUME Co., Ltd. has become an equity-method associate through a share acquisition.

(2) Non-consolidated subsidiaries and associates not accounted for by the equity method

The profit or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest), etc. of the 33 non-consolidated subsidiaries and the seven associates not accounted for by the equity method are of such a level that removing them from the scope of application of the equity method has only a negligible effect on the consolidated financial statements. Since they are not significant as a whole, they are excluded from the scope of application of the equity method. The principal subsidiary in this category is listed below.

[Subsidiary]

- H.I.S. Travel Limited

3. Fiscal years, etc. of consolidated subsidiaries

Overseas consolidated subsidiaries, in principle, have fiscal years ending on July 31.

Domestic consolidated subsidiary SYS Inc. has a fiscal year ending on August 31.

The following consolidated subsidiaries have fiscal years ending on September 30: (1) Overseas: Green World Hotels Co., Ltd., HIS DORAK TURIZM OTEL YATIRIMLARI VE DIS TICARET ANONIM SIRKETI; (2) Domestic: Orion Tour Co., Ltd., Travel Marche Co., Ltd., O.T.B. Co., Ltd., Japan Holiday Travel Co., Ltd., H.I.S. OKINAWA Co., Ltd., H.I.S. Hotel Holdings Co., Ltd., Aquaignis Taki Hotel Asset Co., Ltd., Vison Hotel Management Co., Ltd., Kyushu Industrial Transportation Holdings Co., Ltd., Kyushu Sanko Bus Co., Ltd., Kyushu Sanko Tourism Co., Ltd., Kyushu Sanko Landmark Co., Ltd., Kumamoto Ferry Co., Ltd., Sanko Bus Co., Ltd., Kyushu Sanko Auto Service Co., Ltd., Kyushu Sanko Retail Co., Ltd., Kasse Japan Co., Ltd., Kyushu BM Service Co., Ltd., Kyushu Sanko Planning Co., Ltd., Taniguchi Auto Ltd., H.S. Insurance Co., Ltd., Cross E Holdings Co., Ltd., HUIS TEN BOSCH Technical center Co., Ltd., Nishinohon Engineering Co., Ltd., LAGUNA TEN BOSCH CO., LTD., HIS Design and Plus Co., Ltd., hapi-robo st, Inc., H.I.S.Mobile Inc.

In preparing its consolidated financial statements, the Company uses the year-end financial statements of these subsidiaries. However, adjustments are made for any significant transactions taking place between the respective fiscal year-ends of the consolidated subsidiaries and the consolidated closing date.

4. Accounting policies

(1) Valuation standard and method for significant assets

1) Securities

Shares of subsidiaries and associates and investments in capital of subsidiaries and associates

Stated at cost using the moving average method.

Held-to-maturity securities

Stated at amortized cost.

Available-for-sale securities

Securities other than shares, etc. without a determinable market value

Stated at fair value (with any unrealized gains or losses reported directly as a component of net assets, and the cost of securities sold generally calculated by the moving average method).

Shares, etc. without a determinable market value

Generally stated at cost using the moving average method.

2) Derivatives

Stated at fair value.

(2) Depreciation and amortization method for significant assets

1) Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries mainly apply the straight-line method for buildings (excluding facilities attached to buildings) and facilities attached to buildings and structures acquired on or after April 1, 2016. For other property, plant and equipment, the declining balance method is applied. Overseas consolidated subsidiaries mainly apply the straight-line method.

The principal useful lives are as follows.

Buildings 2–65 years

Tools, furniture and fixtures 2–45 years

2) Intangible assets (excluding leased assets)

The straight-line method is applied.

In addition, software used in-house is depreciated over its useful life (five years) based on the straight-line method.

3) Leased assets

Leased assets are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual value.

(3) Accounting standards for significant provisions

1) Allowance for doubtful accounts

To prepare for losses from uncollectible receivables, estimates of irrecoverable amounts are recorded based on historical loan-loss ratios for general receivables, and on consideration of feasibly recoverable amounts in individual cases of suspected bad debt or other specific receivables.

2) Provision for bonuses

To provide for bonus payments to employees, a provision for bonuses is recorded based on estimated future payments.

3) Provision for bonuses for directors (and other officers)

To provide for bonus payments to directors (and other officers), a provision for bonuses is recorded based on estimated future payments.

4) Provision for retirement benefits for directors (and other officers)

To prepare for retirement benefit payments to directors (and other officers), a provision for retirement benefits for directors (and other officers) is recorded in the amount based on the retirement benefit obligation at each fiscal year-end in accordance with the Internal Rules on Retirement Benefits for Directors (and Other Officers).

5) Provision for loss on business liquidation

A provision is recorded for estimated future losses in connection with business liquidation.

(4) Accounting treatment method for retirement benefits

1) Method for period attribution of retirement benefit estimates

In calculating the projected benefit obligation, the benefit formula standard is used as the basis for attributing projected retirement benefits to the period up to the year under review.

2) Treatment method for actuarial gains (losses) and prior service cost

Actuarial gains (losses) are mainly amortized collectively in the consolidated fiscal year following the year in which they were accrued.

Prior service cost is amortized on a straight-line basis over a specified number of years within the average remaining service period of employees when the liability is incurred.

(5) Accounting standard for recognition of significant revenues and expenses

The details of the main performance obligations in key businesses related to revenue arising from contracts with customers of the Company and its consolidated subsidiaries, and the normal timing of satisfying such performance obligations (normal timing of recognizing revenue) are as follows.

1) Own package tour products

There is an obligation to arrange and manage trips so that customers can receive transportation, accommodation, and

other travel-related services provided by transportation and accommodation facilities, etc. in accordance with the itinerary set by the Company and its consolidated subsidiaries. Therefore, revenue is recognized over the duration of the trip.

2) Agency sales of arranged tours, etc.

There is an obligation to make arrangements by acting as an agent, intermediary, or facilitator on behalf of travelers so that they can receive transportation, accommodation, and other travel-related services provided by transportation and accommodation facilities, etc. Therefore, revenue is recognized based on the date of completion of such arrangements, and as an agent transaction, revenue is recognized as the net amount after deducting the amount payable to the suppliers from the amount received from customers.

(6) Standard for translation of foreign currency-denominated assets or liabilities into Japanese yen

Monetary claims and liabilities denominated in foreign currency are translated into yen at the spot exchange rate prevailing on the fiscal closing date, and the difference arising from such translation is recorded as profit or loss. The assets and liabilities of overseas subsidiaries are translated into yen at the spot exchange rate prevailing on the fiscal closing date, and their revenues and expenses are translated into yen at the average exchange rate during the fiscal year, with the differences arising from such translation included in the foreign currency translation adjustment account and non-controlling interests under consolidated net assets.

(7) Significant hedge accounting methods

1) Hedge accounting methods

The Company in principle accounts for hedging transactions on a deferred basis. It applies the designated hedge accounting treatment (*furiate shori*) to forward exchange contracts and other items that qualify for designated hedge accounting, and the exceptional accounting treatment (*tokurei shori*) to interest rate swaps and other items that qualify for exceptional accounting.

2) Hedging instruments and hedged items

a. Hedging instruments: Forward exchange contracts

Hedged items: Foreign currency-denominated accounts receivable, foreign currency-denominated trade accounts payable, foreign currency-denominated accounts receivable - other, foreign currency-denominated accounts payable - other

b. Hedging instruments: Interest rate swaps

Hedged items: Borrowings

3) Hedging policy

The Company hedges against foreign exchange fluctuation risk and interest rate fluctuation risk in accordance with its internal Financial Risk Management Regulations, etc.

4) Evaluation of hedge effectiveness

The effectiveness of hedging is assessed by comparing the cumulative total of the market fluctuations or the cash flow fluctuations for the hedged items with that of the market fluctuations or the cash flow fluctuations for the hedging instrument every six months, and analyzing the fluctuation amount, etc. for the two. However, the effectiveness of hedging is not evaluated for interest rate swaps subject to exceptional accounting treatment.

(8) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents consist of cash in hand, deposits drawable at any time, and any short-term investments that are readily convertible, are only exposed to negligible risk of change in value, and are redeemable in three months or less from each acquisition date.

(9) Other significant matters that serve as the basis for preparation of the consolidated financial statements

Goodwill amortization and amortization periods

Goodwill is amortized using the straight-line method over a reasonable number of years, not exceeding 20 years.

Accounting treatment of investments in capital of subsidiaries and associates

For investments in partnerships under the Civil Code, based on the partnership's recent financial position and profit or loss, the amount corresponding to the Group's ownership interest in the partnership's net assets is recorded on the consolidated balance sheet as investments in capital of subsidiaries and associates, and the amount corresponding to the Group's share of the partnership's profit or loss is recorded in the consolidated statement of income.

(Significant accounting estimates)

1. Recoverability of deferred tax assets

(1) Amounts recorded in consolidated financial statements

(Millions of yen)

	Year ended October 31, 2024	Year ended October 31, 2025
Deferred tax assets	9,449	9,976

(2) Other information related to estimates

i) Calculation method for the amount recorded in consolidated financial statements in the fiscal year under review

The HIS Group recognized deferred tax assets for tax loss carryforwards and deductible temporary differences to the extent that they were expected to reduce the amounts of future tax payments. In determining the likelihood of generating taxable income, the Group based its assessment on its medium-term management plan and reasonably estimated the timing and amount of future taxable income to calculate the recognized amount.

ii) Main assumptions used in calculation of the amount recorded in consolidated financial statements in the fiscal year under review

In assessing the recoverability of deferred tax assets as of October 31, 2025, the HIS Group estimated future taxable income based on its medium-term management plan and the future plans of each subsidiary and associate. As key assumptions, it incorporated the projected sales volumes of its products and services, as determined based on market trends, customer demand forecasts, and other factors.

iii) Impact on consolidated financial statements in the next fiscal year

If actual market conditions, the recovery in travel demand, or other factors worsen beyond the estimates of the management of the HIS Group going forward, this may result in a reversal of deferred tax assets and have an impact on the financial condition and management performance of the Group.

2. Impairment of non-current assets

(1) Amounts recorded in consolidated financial statements

(Millions of yen)

	Year ended October 31, 2024	Year ended October 31, 2025
Property, plant and equipment	164,104	159,703
Intangible assets	15,931	14,451
Of the above, property, plant and equipment related to the Hotel business	79,075	75,239
Of the above, intangible assets related to the Hotel business	1,064	298

(2) Other information related to estimates

i) Calculation method for the amount recorded in consolidated financial statements in the fiscal year under review

Based on the business segmentation, the HIS Group grouped assets by the smallest units that generate independent cash flow and for which income and expenditures can be continuously determined.

If indications of impairment of non-current assets were present, the Group determined the need to recognize impairment losses by comparing the total amount of undiscounted future cash flows generated from the relevant asset group against the book value. If, as a result of this determination, the Group deemed it necessary to recognize impairment losses because the total amount of undiscounted future cash flows was below the book value, the Group reduced the book value to the recoverable amount (either net realizable value or value in use, whichever was higher), and recorded the amount deducted from the book value as an impairment loss.

With respect to goodwill, if, as a result of a comparison between the amount obtained by adding the book value before the deduction of calculated impairment losses for each asset group excluding goodwill to the book value of the goodwill, and the total amount of undiscounted future cash flows arising from the larger unit of operation, the latter was found to be below the former, the Group recorded an impairment loss.

ii) Main assumptions used in calculation of the amount recorded in consolidated financial statements in the fiscal year under review

In determining whether there were indications of impairment of non-current assets as of October 31, 2025, the HIS Group estimated undiscounted future cash flows based on its medium-term management plan and the future plans of each subsidiary and associate, and incorporated as key assumptions the projected sales volumes of the Group's products and services, as determined based on market trends, customer demand forecasts, and other factors.

iii) Impact on consolidated financial statements in the next fiscal year

If actual market conditions, the recovery in travel demand, or other factors worsen beyond the estimates of the management of the HIS Group going forward, this may result in the booking of impairment losses and have an impact on the financial condition and management performance of the Group.

3. Valuation of investments in and loans issued to subsidiaries and associates

(1) Amounts recorded in consolidated financial statements

(Millions of yen)

	Year ended October 31, 2024	Year ended October 31, 2025
Shares of subsidiaries and associates	2,516	3,834
Investments in capital of subsidiaries and associates	104	71
Short-term loans receivable from subsidiaries and associates	200	75
Long-term loans receivable from subsidiaries and associates	1,068	541
Allowance for doubtful accounts related to the above	(547)	(188)

(2) Other information related to estimates

i) Calculation method for the amount recorded in consolidated financial statements in the fiscal year under review

For shares of subsidiaries and associates and investments in capital of subsidiaries and associates, if the actual value fell significantly below the book value, the HIS Group recorded impairment charges except when there was sufficient proof of recoverability based on its future plans. For loans receivable from subsidiaries and associates, the Group considered the recoverability of each loan and recorded allowances for doubtful accounts for estimated unrecoverable amounts. In addition, for investments in capital of subsidiaries and associates (investments in partnerships under the Civil Code), the amount was calculated in accordance with the financial reporting stipulated in the partnership agreement based on the most recently available financial statements, using a method that reflected the amount corresponding to the Group's ownership interest on a net basis.

ii) Main assumptions used in calculation of the amount recorded in consolidated financial statements in the fiscal year under review

In valuing investments in and loans issued to subsidiaries and associates as of October 31, 2025, the HIS Group assessed the recoverability of shares of subsidiaries and associates, investments in capital of subsidiaries and associates, and loans receivable from subsidiaries and associates based on the Group's medium-term management plan and the future plans of each subsidiary and associate, and incorporated as key assumptions the projected sales volumes of the Group's products and services, as determined based on market trends, customer demand forecasts, and other factors.

iii) Impact on consolidated financial statements in the next fiscal year

If actual market conditions, the recovery in travel demand, or other factors worsen beyond the estimates of the management of the subsidiaries and associates going forward, this may result in the booking of losses by the HIS Group in the form of impairment charges on its shares of subsidiaries and associates and investments in capital of such subsidiaries and associates, or allowances for doubtful accounts against loans issued to such subsidiaries and associates, and this may have an impact on the financial condition and management performance of the Group.

4. Valuation of goodwill and intangible assets related to the Travel business overseas

(Millions of yen)

	Year ended October 31, 2024	Year ended October 31, 2025
Goodwill	1,914	1,631
Intangible assets (other)	7,033	5,210

“Goodwill” and “intangible assets (other)” include goodwill and intangible assets recorded in connection with the acquisition of overseas subsidiaries affiliated with the Travel business segment. Intangible assets mainly comprise customer-related assets and trademark rights recorded based on transactional relationships with major customers of overseas subsidiaries.

In determining whether indications of impairment of intangible assets are present, the HIS Group has examined whether these assets have declined significantly in value since the time they were purchased based on the future plans of the overseas subsidiaries. Other information related to estimates for the valuation of such assets is the same as described in “2. Impairment of non-current assets.”

(Changes in accounting policies)

(Application of the “Accounting Standard for Current Income Taxes, etc.”)

The HIS Group has applied the “Accounting Standard for Current Income Taxes, etc.” (ASBJ Statement No. 27, October 28, 2022, Accounting Standards Board of Japan; hereinafter, the “2022 Revised Accounting Standard”), etc. from the beginning of the fiscal year under review.

With respect to the revisions concerning the classification of income taxes (taxation on other comprehensive income), the Group has applied the transitional treatment set forth in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso to Paragraph 65-2 (2) of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the “2022 Revised Implementation Guidance”). There is no impact on the consolidated financial statements resulting from this change in accounting policy.

In addition, with respect to the revisions related to the review of the treatment in the consolidated financial statements of gains and losses on the sale of shares of subsidiaries or associates arising from transactions between consolidated companies when such gains and losses are deferred for tax purposes, the Group has applied the 2022 Revised Implementation Guidance from the beginning of the fiscal year under review. This change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared after retrospective application. There is no impact on the consolidated financial statements for the previous fiscal year resulting from this change in accounting policy.

(Application of the “Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules”, etc.)

The HIS Group has applied the “Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules” (ASBJ Practical Solution No. 46, March 22, 2024, Accounting Standards Board of Japan), etc. from the beginning of the fiscal year under review.

There is no impact on the consolidated financial statements resulting from this change in accounting policy.

(Accounting standards not yet applied)

(Accounting Standard for Leases, etc.)

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024, Accounting Standards Board of Japan)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024, Accounting Standards Board of Japan), etc.

(1) Overview

As part of efforts by the ASBJ to align Japanese accounting standards with international standards, deliberations were held on the development of a lease accounting standard under which lessees recognize assets and liabilities for all leases, based on international accounting standards. As a basic policy, the lease accounting standards, etc. were issued based on a single lessee accounting model in line with IFRS 16; however, rather than adopting all of its provisions, only its key requirements were incorporated, with the aim of creating a simplified and practical standard that enables the application of IFRS 16 to non-consolidated financial statements without requiring significant adjustments.

With regard to the method of expense allocation under lessee accounting, as in IFRS 16, a single accounting model is applied in which, regardless of whether the lease is a finance lease or an operating lease, lessees recognize depreciation of the right-of-use asset and an interest-equivalent amount related to the lease liability for all leases.

(2) Scheduled date of application

To be applied from the start of the fiscal year ending October 31, 2028.

(3) Impact of applying the relevant accounting standards, etc.

The impact of applying the “Accounting Standard for Leases,” etc. on the consolidated financial statements is currently under evaluation.

(Changes in presentation)

(Consolidated statement of income)

“Dividend income,” which had been included in “Other” under “Non-operating income” in the previous fiscal year, is presented as an independent item from the fiscal year under review due to its increased monetary significance. “Dividend income” in the previous fiscal year amounted to 8 million yen (570 million yen in the fiscal year under review).

(Consolidated balance sheet)

*1. Balances of receivables, contract assets, and contract liabilities arising from contracts with customers

Receivables and contract assets arising from contracts with customers are mainly included in “Notes and accounts receivable - trade, and contract assets.” Contract liabilities are mainly included in “Travel advances received” and “Other” under current liabilities. The amounts of receivables, contract assets, and contract liabilities arising from contracts with customers are presented in “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, (Revenue recognition)”.

*2. Pledged assets

Assets pledged as collateral are shown below.

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Cash and deposits	954	360
Buildings	19,095	18,304
Land	20,621	20,311
Property, plant and equipment (other)	0	0

Secured liabilities are shown below.

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Trade accounts payable	—	2
Short-term borrowings	2,683	1,745
Current portion of long-term borrowings	739	1,069
Accounts payable - other	61	4
Long-term borrowings	19,366	18,191

In the consolidated fiscal year ended October 31, 2024, the Company pledged cash and deposits of 1,106 million yen as collateral for bank guarantees. In the consolidated fiscal year ended October 31, 2025, it pledged cash and deposits of 875 million yen as collateral for bank guarantees.

3. Guarantee obligations

(1) The Company guarantees bank loans, etc. for the following company up to the amount shown below.

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
FLY HUB TRAVEL PTE. LTD.	10,300 thousand SGD (1,195 million yen)	FLY HUB TRAVEL PTE. LTD. 9,500 thousand SGD (1,126 million yen)

(2) The Company guarantees business transaction payments for the following companies.

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
• Guarantee without specified amount		• Guarantee without specified amount
FLY HUB TRAVEL PTE. LTD.	Payment guarantee for trade payables	FLY HUB TRAVEL PTE. LTD. Payment guarantee for trade payables
HAWAII SQUARE LLC	Payment guarantee for referral fees, etc.	HAWAII SQUARE LLC Payment guarantee for referral fees, etc.

4. Material real estate lease agreement

GUAM REEF HOTEL, INC., a consolidated subsidiary of the Company, leases the land on which part of its hotel is located. Under this real estate lease agreement, the subsidiary is required to make additional capital expenditures of at least 50 million USD by December 31, 2029. The Company guarantees the payment and performance of obligations under the real estate lease agreement of GUAM REEF HOTEL, INC.

*5. In accordance with the Act on Revaluation of Land, the Company revalued land owned for business use on March 31, 2000 and included the corresponding amounts in the items shown below.

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Land	4,513	4,253
Deferred tax liabilities	1,678	1,628

*6. Committed credit line agreements

The Company has concluded committed credit line agreements with three banks to ensure efficient and stable procurement of working capital. The Company's consolidated subsidiaries (Kyushu Industrial Transportation Holdings Co., Ltd., Japan Holiday Travel Co., Ltd., H.I.S. - RED LABEL VACATIONS INC., Green World Hotels Co., Ltd., and HIS ULUSLARARASI TURIZM SEYAHAT ACENTASI LIMITED SIRKETI) have concluded overdraft agreements with 14 banks to ensure efficient procurement of working capital. The unused portions of these overdraft and committed credit line agreements are shown below.

	(Millions of yen)	
	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Maximum overdraft and committed credit line limits (total)	43,856	44,328
Outstanding borrowings	8,493	7,612
Unused balance	35,363	36,715

*7. Financial covenants

Syndicated loans

- 1) Must maintain the amount of net assets on the consolidated balance sheet reported on the final day of each fiscal year at 75% or more of the net asset value on the consolidated balance sheet reported on the final day of the previous fiscal year.
- 2) May not record ordinary losses on the consolidated statement of income reported on the final day of each fiscal year for two consecutive years.

The balance of the long-term borrowings subject to the financial covenants is shown below.

	(Millions of yen)	
	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Long-term borrowings (including current portion of long-term borrowings)	32,128	32,128

*8. Notable covenants attached to other obligations

Unsecured bonds

Ensure the following two scenarios do not apply.

- 1) For bonds other than unsecured bonds, forfeiture of the benefit of time, or inability to repay such bonds when they are due.
- 2) Inability to fulfill payment obligations when the benefit of time has been forfeited for loan obligations other than bonds, or inability to fulfill payment for guarantee obligations assumed for bonds other than the Company's bonds or for other loan obligations, should such need arise. However, this will not apply if the total liabilities do not exceed 500 million yen.

The balance of the applicable unsecured bonds is shown below.

	(Millions of yen)	
	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Bonds payable	5,000	5,000

*9. Reduction entries

The reduction entry amounts deducted from the acquisition cost of property, plant and equipment, etc. due to the acceptance of national subsidies, etc. and their corresponding breakdown are shown below.

	(Millions of yen)	
	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Buildings	155	155
Tools, furniture and fixtures	22	22
Property, plant and equipment (other)	609	785
Intangible assets (other)	15	130
Total	803	1,094

*10. Deposits received of subsidy

This represents the portion of employment adjustment subsidies and other grants received by the HIS Group that has been recorded as expected repayments and similar items.

(Consolidated statement of income)

*1. Revenue from contracts with customers

For net sales, revenue generated from contracts with customers and other revenue are not presented separately. Revenue from contracts with customers is presented in “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements (Revenue recognition)”.

*2. Selling, general and administrative expenses

Major cost items and their respective amounts included under selling, general and administrative expenses are shown below.

(Millions of yen)

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Payroll and allowances	36,916	38,769
Provision for bonuses	6,302	4,391
Provision for bonuses for directors (and other officers)	204	258
Retirement benefit expenses	693	491
Provision for retirement benefits for directors (and other officers)	68	47
Depreciation and amortization	8,765	9,077
Provision of allowance for doubtful accounts	337	164

*3 Gain on reversal of provision incurred from deposits received of subsidy

The gain mainly reflects the reversal of the difference between the amounts recorded as deposits received of subsidies—primarily for employment adjustment subsidies received by the Group and expected to be returned—and the finalized amount to be repaid.

*4. Impairment losses

I. Consolidated fiscal year ended October 31, 2024 (November 1, 2023 to October 31, 2024)

In the consolidated fiscal year ended October 31, 2024, the HIS Group mainly recorded impairment losses on the following assets.

Location	Usage	Item	Impairment losses (millions of yen)
H.I.S. - MERIT TRAVEL INC. (Vancouver, Canada)	Business assets	Intangible assets (other)	294
GROUP MIKI HOLDINGS LIMITED (London, England, other)	Business assets	Intangible assets (other), other assets	177

Based on the business segmentation, the HIS Group grouped assets by the smallest units that generate independent cash flow and for which income and expenditures can be continuously determined.

Consolidated subsidiary H.I.S. – MERIT TRAVEL INC. no longer expected to achieve the previously anticipated revenue levels, resulting in reduced potential for investment recovery. Accordingly, it reduced the book value of intangible assets to their recoverable amounts and recorded an impairment loss for these write-downs as an extraordinary loss. The recoverable amount was determined based on value in use. The discount rate used to measure the value in use was 18.0%.

Consolidated subsidiary GROUP MIKI HOLDINGS LIMITED no longer expected to achieve the previously anticipated revenue levels, resulting in reduced potential for investment recovery. Accordingly, it reduced the book value of intangible and other assets to their recoverable amounts and recorded an impairment loss for these write-downs as an extraordinary loss. As no future cash flows were expected, the recoverable amount was valued at zero.

II. Consolidated fiscal year ended October 31, 2025 (November 1, 2024 to October 31, 2025)

In the consolidated fiscal year ended October 31, 2025, the HIS Group mainly recorded impairment losses on the following assets.

Location	Usage	Item	Impairment losses (millions of yen)
H.I.S. Hotel Holdings Co., Ltd. (Tokyo, other)	Business assets	Buildings, other assets	1,297
GUAM REEF HOTEL, INC. (Guam, Territory of U.S.A.)	Business assets	Intangible assets (other), other assets	797
SYS Inc. (Tokyo)	Business assets	Intangible assets (other)	255
Kyushu Sanko Bus Co., Ltd., others (Kumamoto)	Business assets	Land, other assets	234
GROUP MIKI HOLDINGS LIMITED (London, England, other)	Business assets	Intangible assets (other), other assets	116
GROUP MIKI HOLDINGS LIMITED (London, England, other)	—	Goodwill	70

Based on the business segmentation, the HIS Group grouped assets by the smallest units that generate independent cash flow and for which income and expenditures can be continuously determined.

Consolidated subsidiary H.I.S. Hotel Holdings Co., Ltd. no longer expected to achieve the previously anticipated revenue levels, resulting in reduced potential for investment recovery. Accordingly, it reduced the book value of buildings and other non-current assets to their recoverable amounts and recorded an impairment loss for these write-downs as an extraordinary loss. The recoverable amounts were determined based on the value in use. The discount rate used to measure the value in use was 9.3%.

Consolidated subsidiary GUAM REEF HOTEL, INC. no longer expected to achieve the previously anticipated revenue levels, resulting in reduced potential for investment recovery. Accordingly, it reduced the book value of intangible and other assets to their recoverable amounts and recorded an impairment loss for these write-downs as an extraordinary loss. As no future cash flows were expected, the recoverable amount was valued at zero.

Consolidated subsidiary SYS Inc. no longer expected to achieve the previously anticipated revenue levels, resulting in reduced potential for investment recovery. Accordingly, it reduced the book value of intangible assets to their recoverable amounts and recorded an impairment loss for these write-downs as an extraordinary loss. As no future cash flows were expected, the recoverable amount was valued at zero.

Consolidated subsidiary Kyushu Sanko Group (primarily Kyushu Sanko Bus Co., Ltd.) no longer expected to achieve the previously anticipated revenue levels, resulting in reduced potential for investment recovery. Accordingly, it reduced the book value of land and other non-current assets to their recoverable amounts and recorded an impairment loss for these write-downs as an extraordinary loss. The recoverable amounts were determined based on net realizable value or value in use. As no future cash flows were expected, the recoverable amount based on value in use was valued at zero.

Consolidated subsidiary GROUP MIKI HOLDINGS LIMITED no longer expected to achieve the previously anticipated revenue levels, resulting in reduced potential for investment recovery. Accordingly, it reduced the book value of goodwill, intangible assets, and other assets to their recoverable amounts and recorded an impairment loss for these write-downs as an extraordinary loss. As no future cash flows were expected, the recoverable amount was valued at zero.

*5. Loss on liquidation of business

The loss on liquidation of business mainly reflects special retirement payments and related expenses arising from the downsizing of operations at HIS ULUSLARARASI TURIZM SEYAHAT ACENTASI LIMITED SIRKETI, a consolidated subsidiary of the Company, as well as expenses related to the waiver of receivables associated with the downsizing of operations at FLY HUB TRAVEL PTE. LTD., a non-consolidated subsidiary of the Company.

(Consolidated statement of comprehensive income)

* Reclassification adjustments, income taxes, and tax effects relating to other comprehensive income

(Millions of yen)

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Valuation difference on available-for-sale securities:		
Amount arising during the year	(595)	(113)
Reclassification adjustments	515	(9)
Before income taxes and tax effect adjustments	(79)	(123)
Income taxes and tax effect amount	24	4
Valuation difference on available-for-sale securities	(55)	(118)
Deferred gains or losses on hedges:		
Amount arising during the year	64	52
Reclassification adjustments	—	—
Before income taxes and tax effect adjustments	64	52
Income taxes and tax effect amount	(23)	(34)
Deferred gains or losses on hedges	40	18
Foreign currency translation adjustment:		
Amount arising during the year	2,205	(1,195)
Reclassification adjustments	39	27
Before income taxes and tax effect adjustments	2,244	(1,168)
Income taxes and tax effect amount	—	—
Foreign currency translation adjustment	2,244	(1,168)
Remeasurements of defined benefit plans:		
Amount arising during the year	423	492
Reclassification adjustments	(81)	(348)
Before income taxes and tax effect adjustments	342	143
Income taxes and tax effect amount	(133)	(53)
Remeasurements of defined benefit plans	208	90
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the fiscal year	7	21
Reclassification adjustments	—	—
Share of other comprehensive income of entities accounted for using equity method	7	21
Total other comprehensive income	2,446	(1,155)

(Consolidated statement of changes in equity)

Consolidated fiscal year ended October 31, 2024 (November 1, 2023 to October 31, 2024)

1. Type and number of issued shares and treasury shares

	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Issued shares				
Common stock	79,860,936	—	—	79,860,936
Total	79,860,936	—	—	79,860,936
Treasury shares				
Common stock (Notes) 1, 2	5,148,865	228	12,435	5,136,658
Total	5,148,865	228	12,435	5,136,658

(Notes) 1. The increase of 228 treasury shares (common stock) reflects an increase from the purchase of shares less than one unit.

2. The decrease of 12,435 treasury shares (common stock) reflects a decrease from the disposal of treasury shares as restricted stock compensation.

2. Share acquisition rights and treasury share acquisition rights

Classification	Breakdown of share acquisition rights	Class of shares subject to share acquisition rights	Number of shares subject to share acquisition rights				Balance at end of period (millions of yen)
			At beginning of period	Increase during period	Decrease during period	At end of period	
Filing company (parent company)	Fifth series of share acquisition rights	Common stock	1,721,400	—	—	1,721,400	56
	Sixth series of share acquisition rights	Common stock	1,828,000	—	—	1,828,000	54
	Seventh series of share acquisition rights	Common stock	2,325,200	—	—	2,325,200	55
	Share acquisition rights as stock options	Common stock	—	—	—	—	116
Total		—	5,874,600	—	—	5,874,600	282

3. Dividends

(1) Dividends paid

There are no applicable matters to report as the Company did not pay a dividend in the relevant period.

(2) Dividends whose record date falls in the consolidated fiscal year ended October 31, 2024 and whose effective date falls in the next consolidated fiscal year

There are no applicable matters to report as the Company did not pay a dividend in the relevant period.

Consolidated fiscal year ended October 31, 2025 (November 1, 2024 to October 31, 2025)

1. Type and number of issued shares and treasury shares

	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Issued shares				
Common stock	79,860,936	—	—	79,860,936
Total	79,860,936	—	—	79,860,936
Treasury shares				
Common stock (Notes) 1, 2	5,136,658	10	13,188	5,123,480
Total	5,136,658	10	13,188	5,123,480

(Notes) 1. The increase of 10 treasury shares (common stock) reflects an increase from the purchase of shares less than one unit.

2. The decrease of 13,188 treasury shares (common stock) reflects a decrease from the disposal of treasury shares as restricted stock compensation.

2. Share acquisition rights and treasury share acquisition rights

Classification	Breakdown of share acquisition rights	Class of shares subject to share acquisition rights	Number of shares subject to share acquisition rights				Balance at end of period (millions of yen)
			At beginning of period	Increase during period	Decrease during period	At end of period	
Filing company (parent company)	Fifth series of share acquisition rights (Note) 1	Common stock	1,721,400	—	1,721,400	—	—
	Sixth series of share acquisition rights (Note) 2	Common stock	1,828,000	—	1,828,000	—	—
	Seventh series of share acquisition rights (Note) 3	Common stock	2,325,200	—	2,325,200	—	—
	Share acquisition rights as stock options	Common stock	—	—	—	—	292
Total		—	5,874,600	—	5,874,600	—	292

(Notes) 1. The decrease in the fifth series of share acquisition rights during the fiscal year under review is attributable to the forfeiture of such rights.

2. The decrease in the sixth series of share acquisition rights during the fiscal year under review is attributable to the forfeiture of such rights.

3. The decrease in the seventh series of share acquisition rights during the fiscal year under review is attributable to the forfeiture of such rights.

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on June 13, 2025	Common stock	747	10.00	April 30, 2025	July 11, 2025

(2) Dividends whose record date falls in the consolidated fiscal year ended October 31, 2025 and whose effective date falls in the next consolidated fiscal year

The following is scheduled to be proposed at the Ordinary General Meeting of Shareholders to be held on January 28, 2026.

Resolution	Class of shares	Total dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on January 28, 2026	Common stock	747	Retained earnings	10.00	October 31, 2025	January 29, 2026

(Consolidated statement of cash flows)

*Reconciliation of year-end balance of cash and cash equivalents and items in the consolidated balance sheet

(Millions of yen)

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Cash and deposits account	138,145	113,932
Time deposits with maturities of more than three months	(5,927)	(7,568)
Cash and cash equivalents	132,217	106,364

(Lease transactions)

1. Finance leases

(Lessee)

Finance leases not involving transfer of ownership and leases of overseas subsidiaries subject to the IFRS 16 “Leases”

1) Details of leased assets

(a) Property, plant and equipment

Primarily equipment (machinery and equipment) supplied for business purposes

(b) Intangible assets

Software

(c) Right-of-use assets

These assets primarily represent leasing fees of real estate used in the Hotel business of overseas subsidiaries applying IFRS 16 “Leases.” In the consolidated balance sheet, they are recognized as “Leased assets” under “Property, plant and equipment,” with 8,357 million yen recorded as of October 31, 2024 and 8,296 million yen recorded as of October 31, 2025.

2) Depreciation method for leased assets

As stated in “(Significant matters that serve as the basis for preparation of the consolidated financial statements), 4. Accounting policies, (2) Depreciation and amortization method for significant assets.”

2. Operating leases

(Lessee)

Future lease payables related to non-cancelable operating leases

(Millions of yen)

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Due within one year	2,726	2,987
Due after one year	40,825	38,047
Total	43,552	41,034

(Lessor)

Future lease receivables related to non-cancelable operating leases

(Millions of yen)

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Due within one year	371	371
Due after one year	1,908	1,651
Total	2,280	2,022

(Financial instruments)

1. Conditions of financial instruments

(1) Policy for handling financial instruments

The HIS Group primarily uses short-term deposits for fund management. In addition, it uses loans from financial institutions, bonds payable, and convertible-bond-type bonds with share acquisition rights to procure funds. The Group's derivatives transactions include forward exchange contract transactions, etc. to mitigate the risks discussed below, and interest rate swap transactions to avoid fluctuation risk for interest rates on borrowings. There are no transactions entered into for speculative purposes.

(2) Type and risk of financial instruments

Notes and accounts receivable - trade, and contract assets (trade receivables) and other receivables are exposed to credit risk from customers.

Securities and investment securities mainly consist of available-for-sale securities (bonds and stocks), which are exposed to the risk of market price fluctuations and credit risk from issuers.

Guarantee deposits are mainly held in connection with lease agreements for stores, and are exposed to credit risk from depositaries.

Trade accounts payable, accounts payable - other, income taxes payable, etc. (trade payables), and accrued consumption taxes are in principle paid within three months.

Borrowings, bonds payable, convertible-bond-type bonds with share acquisition rights, and lease liabilities related to finance leases are mainly used to procure funding for working capital or capital expenditures. Borrowings with variable interest rates are exposed to risk from fluctuation in interest rates.

Monetary claims and liabilities denominated in foreign currencies are exposed to the risk of foreign exchange fluctuations, but such risk is in principle hedged using forward exchange contracts.

Derivatives transactions include forward exchange contracts, etc. aimed at mitigating the risk of foreign exchange fluctuations and transactions to avoid the risk of fluctuations in interest rates paid on loans. For details on hedging instruments, hedged items, hedging policy, and the method for evaluating hedging effectiveness concerning hedge accounting, please refer to the aforementioned "(Significant matters that serve as the basis for preparation of the consolidated financial statements), 4. Accounting policies, (7) Significant hedge accounting methods."

(3) Risk management for financial instruments

1) Management of credit risk (risk that customers or counterparties may default)

In accordance with credit management policies, the Company screens new customers and periodically reviews credit limits, and aims to mitigate risk by conducting management of settlement dates and balances for various customers. A similar management is conducted by consolidated subsidiaries; they also have in place a management structure where transactions and events of a certain degree of significance must be reported to or approved by the Company.

Credit risk for derivatives transactions is recognized as largely immaterial because these transactions are conducted only with financial institutions that have a high credit rating.

2) Management of market risk (risk of fluctuations in foreign exchange and interest rate)

For monetary claims and liabilities denominated in foreign currencies, the HIS Group in principle uses forward exchange contracts to hedge against foreign exchange risk for major currencies.

For securities and investment securities, the Group determines their fair value and the financial position of the issuers on a quarterly basis. It also reviews its holdings on a continuing basis, taking into account the market conditions and the relationship with customers and business partners.

The basic policy regarding derivatives transactions that take the form of forward exchange contract transactions, etc. is that such transactions must be approved by the Board of Directors, and the execution and management of such transactions are handled by the Accounting and Finance Headquarters. The transaction balance and gains and losses must be periodically reported to the Board of Directors.

3) Liquidity risk associated with capital procurement (risk of inability to make payments on due date)

The HIS Group manages liquidity risk by preparing and updating a cash management plan as deemed appropriate and maintaining liquidity on hand in accordance with income and expenditure.

(4) Supplementary explanation of matters relating to fair value, etc. of financial instruments

The fair value calculation of financial instruments reflects variable factors, and is therefore subject to change depending on different assumptions used. In addition, the derivatives contract amounts in Notes to Consolidated Financial Statements (Derivatives transactions) are not necessarily indicative of the actual market risk associated with derivatives transactions.

2. Fair value, etc. of financial instruments

The carrying amounts of financial instruments on the consolidated balance sheet, fair values, and the differences between them are shown below.

Consolidated fiscal year ended October 31, 2024 (as of October 31, 2024)

(Millions of yen)

	Amounts recorded on consolidated balance sheet	Fair value	Difference
(1) Securities and investment securities (*2) (*3)	582	581	(0)
Held-to-maturity securities	120	119	(0)
Available-for-sale securities	462	462	—
(2) Long-term loans receivable from subsidiaries and associates (*4)	543	550	6
(3) Guarantee deposits	9,077	8,674	(403)
Assets total	10,204	9,806	(397)
(4) Bonds payable	5,000	4,966	(33)
(5) Convertible-bond-type bonds with share acquisition rights (including current portion)	25,000	24,992	(8)
(6) Long-term borrowings (including current portion)	159,242	158,556	(686)
(7) Lease liabilities (including current portion)	12,770	12,675	(95)
Liabilities total	202,014	201,190	(823)
Derivatives transactions (*5)	88	88	—

(*1) Cash and deposits, notes and accounts receivable - trade, and contract assets, trade accounts receivable, short-term loans receivable, short-term loans receivable from subsidiaries and associates, accounts receivable - other, trade accounts payable, short-term borrowings, accounts payable - other, income taxes payable, accrued consumption taxes, and deposits received of subsidiary are cash and settled or repaid over the short term, so this information has been omitted because their fair value approximates the book value.

(*2) Shares, etc. without a determinable market value are not included in “(1) Securities and investment securities.” The carrying amounts of these financial instruments on the consolidated balance sheet are shown below.

(Millions of yen)

Classification	Year ended October 31, 2024 (As of October 31, 2024)
Securities and investment securities (unlisted stocks, etc.)	2,742
Shares of subsidiaries and associates (unlisted stocks, etc.)	2,516
Investments in capital of subsidiaries and associates	73

(*3) Disclosures have been omitted for investments in partnerships under the Civil Code, which are presented in the consolidated balance sheet on a net basis in proportion to the Group’s ownership interest. The carrying amounts of these financial instruments on the consolidated balance sheet are shown below.

(Millions of yen)

Classification	Year ended October 31, 2024 (As of October 31, 2024)
Investments in capital of subsidiaries and associates	30

(*4) Allowances for doubtful accounts corresponding to long-term loans receivable from subsidiaries and associates are deducted.

(*5) Net receivables and payables accrued from derivatives transactions are presented on a net basis, and net payables are presented in parentheses.

Consolidated fiscal year ended October 31, 2025 (as of October 31, 2025)

(Millions of yen)

	Amounts recorded on consolidated balance sheet	Fair value	Difference
(1) Securities and investment securities (*2) (*3)	373	371	(1)
Held-to-maturity securities	140	138	(1)
Available-for-sale securities	233	233	—
(2) Long-term loans receivable from subsidiaries and associates (*4)	375	393	18
(3) Guarantee deposits	9,818	8,978	(840)
Assets total	10,568	9,744	(823)
(4) Bonds payable	5,000	4,962	(37)
(5) Long-term borrowings (including current portion)	152,843	151,407	(1,435)
(6) Lease liabilities (including current portion)	12,532	12,415	(116)
Liabilities total	170,375	168,785	(1,589)
Derivatives transactions (*5)	141	141	—

(*1) Cash and deposits, notes and accounts receivable - trade, and contract assets, trade accounts receivable, short-term loans receivable, short-term loans receivable from subsidiaries and associates, accounts receivable - other, trade accounts payable, short-term borrowings, accounts payable - other, income taxes payable, accrued consumption taxes, and deposits received of subsidy are cash and settled or repaid over the short term, so this information has been omitted because their fair value approximates the book value.

(*2) Shares, etc. without a determinable market value are not included in “(1) Securities and investment securities.” The carrying amounts of these financial instruments on the consolidated balance sheet are shown below.

(Millions of yen)

Classification	Year ended October 31, 2025 (As of October 31, 2025)
Securities and investment securities (unlisted stocks, etc.)	2,402
Shares of subsidiaries and associates (unlisted stocks, etc.)	3,834
Investments in capital of subsidiaries and associates	41

(*3) Disclosures have been omitted for investments in partnerships under the Civil Code, which are presented in the consolidated balance sheet on a net basis in proportion to the Group’s ownership interest. The carrying amounts of these financial instruments on the consolidated balance sheet are shown below.

(Millions of yen)

Classification	Year ended October 31, 2025 (As of October 31, 2025)
Investments in capital of subsidiaries and associates	30

(*4) Allowances for doubtful accounts corresponding to long-term loans receivable from subsidiaries and associates are deducted.

(*5) Net receivables and payables accrued from derivatives transactions are presented on a net basis, and net payables are presented in parentheses.

(Note) 1. Redemption schedule for monetary claims and securities with maturity after the consolidated closing date
Consolidated fiscal year ended October 31, 2024 (as of October 31, 2024)

(Millions of yen)

	1 year or less	1-5 years	5-10 years	Over 10 years
Cash and deposits	138,145	—	—	—
Notes and accounts receivable - trade, and contract assets	25,413	—	—	—
Trade accounts receivable	670	—	—	—
Securities and investment securities				
Held-to-maturity securities				
Bonds	—	110	10	—
Available-for-sale securities with maturities				
Bonds	—	50	—	—
Short-term loans receivable	278	—	—	—
Short-term loans receivable from subsidiaries and associates	200	—	—	—
Accounts receivable - other	18,464	—	—	—
Long-term loans receivable from subsidiaries and associates	—	1,030	37	—

Consolidated fiscal year ended October 31, 2025 (as of October 31, 2025)

(Millions of yen)

	1 year or less	1-5 years	5-10 years	Over 10 years
Cash and deposits	113,932	—	—	—
Notes and accounts receivable - trade, and contract assets	27,581	—	—	—
Trade accounts receivable	798	—	—	—
Securities and investment securities				
Held-to-maturity securities				
Bonds	—	110	30	—
Available-for-sale securities with maturities				
Bonds	—	78	—	—
Short-term loans receivable	173	—	—	—
Short-term loans receivable from subsidiaries and associates	75	—	—	—
Accounts receivable - other	17,935	—	—	—
Long-term loans receivable from subsidiaries and associates	—	510	30	—

(Note) 2. Repayment schedule for bonds payable, long-term borrowings, and lease liabilities after the consolidated closing date
Consolidated fiscal year ended October 31, 2024 (as of October 31, 2024)

(Millions of yen)

	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	9,852	—	—	—	—	—
Bonds payable	—	—	5,000	—	—	—
Convertible-bond-type bonds with share acquisition rights (including current portion)	25,000	—	—	—	—	—
Long-term borrowings (including current portion)	67,673	44,439	4,779	23,246	2,510	16,593
Lease liabilities (including current portion)	2,660	2,177	1,935	1,605	1,210	3,180
Total	105,186	46,617	11,715	24,851	3,721	19,773

Consolidated fiscal year ended October 31, 2025 (as of October 31, 2025)

(Millions of yen)

	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	8,698	—	—	—	—	—
Bonds payable	—	5,000	—	—	—	—
Long-term borrowings (including current portion)	105,607	4,806	23,288	2,564	1,567	15,007
Lease liabilities (including current portion)	2,740	2,507	2,037	1,451	952	2,843
Total	117,046	12,314	25,325	4,016	2,519	17,850

3. Matters related to the breakdown, etc. of fair values of financial instruments by level

Fair values of financial instruments are categorized into three levels as described below on the basis of the observability and the materiality of the valuation inputs used in fair value measurements.

Level 1: Fair values calculated using, among the observable inputs for the calculation of fair value, the quoted prices in active markets for the assets or liabilities subject to fair value calculation

Level 2: Fair values calculated using, among the observable inputs for the calculation of fair value, the inputs for fair value calculation other than Level 1 inputs

Level 3: Fair values calculated using unobservable inputs for the calculation of fair values

If multiple inputs are used that have a significant impact on the fair value calculation, the fair value is categorized under the level with the lowest priority in the fair value calculation among the levels to which each such input belongs.

(1) Financial instruments recorded at fair value on the consolidated balance sheet

Consolidated fiscal year ended October 31, 2024 (as of October 31, 2024)

Classification	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Stocks	52	—	—	52
Other	—	5	404	410
Derivatives transactions				
Currency-related transactions	—	88	—	88
Assets total	52	93	404	551

Consolidated fiscal year ended October 31, 2025 (as of October 31, 2025)

Classification	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Stocks	—	—	—	—
Other	—	34	199	233
Derivatives transactions				
Currency-related transactions	—	141	—	141
Assets total	—	175	199	375

(2) Financial instruments not recorded at fair value on the consolidated balance sheet
Consolidated fiscal year ended October 31, 2024 (as of October 31, 2024)

Classification	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Held-to-maturity securities				
Bonds	—	119	—	119
Long-term loans receivable from subsidiaries and associates	—	550	—	550
Guarantee deposits	—	8,674	—	8,674
Assets total	—	9,344	—	9,344
Bonds payable	—	4,966	—	4,966
Convertible-bond-type bonds with share acquisition rights (including current portion)	—	24,992	—	24,992
Long-term borrowings (including current portion)	—	158,556	—	158,556
Lease liabilities (including current portion)	—	12,675	—	12,675
Liabilities total	—	201,190	—	201,190

Consolidated fiscal year ended October 31, 2025 (as of October 31, 2025)

Classification	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Held-to-maturity securities				
Bonds	—	138	—	138
Long-term loans receivable from subsidiaries and associates	—	393	—	393
Guarantee deposits	—	8,978	—	8,978
Assets total	—	9,511	—	9,511
Bonds payable	—	4,962	—	4,962
Long-term borrowings (including current portion)	—	151,407	—	151,407
Lease liabilities (including current portion)	—	12,415	—	12,415
Liabilities total	—	168,785	—	168,785

(Note) 1. Valuation method used for the calculation of fair value, and information on inputs used to measure fair value

Securities and investment securities

Stocks and bonds are valued based on prices quoted by exchanges, financial institutions, and other third parties. Listed shares are traded in active markets, so their fair value is classified as Level 1. However, bonds and other assets held by the Company are deemed not to have quoted prices in active markets due to their low trading frequency, so their fair value is classified as Level 2. Share acquisition rights for other non-listed shares, etc. are valued using unobservable inputs, so their fair value is classified as Level 3.

Derivatives transactions

Derivatives transactions are valued based on prices, etc. quoted by counterparty financial institutions and other third parties, so their fair value is classified as Level 2.

Interest rate swaps subject to special treatment are treated together with the long-term borrowings they hedge, and their fair value is included in the fair value of the relevant long-term borrowings.

Long-term loans receivable from subsidiaries and associates

These items are valued based on their present value, which is calculated by discounting future cash flows at an interest rate equal to an appropriate index such as the yield of government bonds plus the credit spread, so their fair value is classified as Level 2.

Guarantee deposits

Guarantee deposits are valued based on their present value, which is calculated by discounting future cash flows at a risk-free rate based on a reasonably estimated redemption date, so their fair value is classified as Level 2.

Bonds payable

Bonds issued by the Company are valued based on their present value, which is calculated by discounting the total amount of principal and interest at an interest rate that would be expected if a similar new issuance were to be made, so their fair value is classified as Level 2.

Convertible-bond-type bonds with share acquisition rights (including current portion)

Convertible-bond-type bonds with share acquisition rights issued by the Company are valued based on their present value, which is calculated by discounting the total amount of principal and interest at an interest rate that would be expected if a similar new issuance were to be made, so their fair value is classified as Level 2.

Long-term borrowings (including current portion)

Long-term borrowings are valued based on their present value, which is calculated by discounting the total amount of principal and interest at an interest rate that would be expected for similar new borrowings, so their fair value is classified as Level 2.

Some long-term borrowings are subject to the special treatment of interest rate swaps. These borrowings are valued based on their present value, which is calculated by discounting the total amount of principal and interest treated together with the relevant interest rate swaps, at an interest rate that would be expected for similar new borrowings, so their fair value is classified as Level 2.

Lease liabilities (including current portion)

Lease liabilities are valued based on their present value, which is calculated by discounting the total amount of principal and interest at an interest rate that would be expected for similar lease transactions, so their fair value is classified as Level 2.

(Note) 2. Information on Level 3 financial assets and financial liabilities carried at fair value on the consolidated balance sheet Notes have been omitted as the items are not significant.

(Securities)

1. Held-to-maturity securities

Consolidated fiscal year ended October 31, 2024 (as of October 31, 2024)

(Millions of yen)

	Type	Amounts recorded on consolidated balance sheet	Fair value	Difference
Securities with fair value exceeding carrying amount	(1) Bonds	10	10	0
	(2) Other	—	—	—
	Subtotal	10	10	0
Securities with fair value not exceeding carrying amount	(1) Bonds	110	108	(1)
	(2) Other	—	—	—
	Subtotal	110	108	(1)
Total		120	119	(0)

Consolidated fiscal year ended October 31, 2025 (as of October 31, 2025)

(Millions of yen)

	Type	Amounts recorded on consolidated balance sheet	Fair value	Difference
Securities with fair value exceeding carrying amount	(1) Bonds	—	—	—
	(2) Other	—	—	—
	Subtotal	—	—	—
Securities with fair value not exceeding carrying amount	(1) Bonds	140	138	(1)
	(2) Other	—	—	—
	Subtotal	140	138	(1)
Total		140	138	(1)

2. Available-for-sale securities

Consolidated fiscal year ended October 31, 2024 (as of October 31, 2024)

(Millions of yen)

	Type	Amounts recorded on consolidated balance sheet	Acquisition cost	Difference
Securities with carrying amount exceeding acquisition cost	(1) Stocks	29	28	0
	(2) Bonds	2	2	0
	(3) Other	2	2	0
	Subtotal	34	33	1
Securities with carrying amount not exceeding acquisition cost	(1) Stocks	22	22	(0)
	(2) Bonds	50	50	—
	(3) Other	354	354	—
	Subtotal	427	427	(0)
Total		462	461	1

(Note) Unlisted stocks (carrying amount of 2,742 million yen on the consolidated balance sheet) are not included in “Available-for-sale securities” in the table above as they are classified as shares, etc. without a determinable market value.

Consolidated fiscal year ended October 31, 2025 (as of October 31, 2025)

(Millions of yen)

	Type	Amounts recorded on consolidated balance sheet	Acquisition cost	Difference
Securities with carrying amount exceeding acquisition cost	(1) Stocks	—	—	—
	(2) Bonds	2	2	0
	(3) Other	2	2	0
	Subtotal	5	4	0
Securities with carrying amount not exceeding acquisition cost	(1) Stocks	—	—	—
	(2) Bonds	78	79	(0)
	(3) Other	149	149	—
	Subtotal	228	229	(0)
Total		233	233	(0)

(Note) Unlisted stocks (carrying amount of 2,402 million yen on the consolidated balance sheet) are not included in “Available-for-sale securities” in the table above as they are classified as shares, etc. without a determinable market value.

3. Available-for-sale securities sold

Consolidated fiscal year ended October 31, 2024 (as of October 31, 2024)

(Millions of yen)

Type	Proceeds from sale	Gains on sale	Losses on sale
(1) Stocks	68	2	1
(2) Bonds	4	—	—
(3) Other	19	1	—
Total	92	4	1

Consolidated fiscal year ended October 31, 2025 (as of October 31, 2025)

(Millions of yen)

Type	Proceeds from sale	Gains on sale	Losses on sale
(1) Stocks	282	13	—
(2) Bonds	—	—	—
(3) Other	—	—	—
Total	282	13	—

4. Securities for which impairment losses were recognized

In the consolidated fiscal year ended October 31, 2024, an impairment loss of 518 million yen was recognized for securities.

In the consolidated fiscal year ended October 31, 2025, an impairment loss of 438 million yen was recognized for securities.

Impairment losses are recognized when the fair value of securities drops below 50% of the acquisition cost, except in cases where the fair value is expected to recover. For shares without a determinable market value, the recoverability of their value is assessed by taking into consideration the financial condition and other relevant factors of the issuing company. If recoverability is determined to be unlikely, an impairment loss is recognized by writing the shares down to their actual value.

(Derivatives transactions)

1. Derivatives transactions not subject to hedge accounting

Currency-related transactions

Consolidated fiscal year ended October 31, 2024 (as of October 31, 2024)

There are no applicable matters to report.

Consolidated fiscal year ended October 31, 2025 (as of October 31, 2025)

There are no applicable matters to report.

2. Derivatives transactions subject to hedge accounting

Currency-related transactions

Consolidated fiscal year ended October 31, 2024 (as of October 31, 2024)

(Millions of yen)

Hedge accounting method	Transaction type	Major hedged items	Contract amount, etc.	Contract amount, etc. over one year	Fair value
General method	Forward exchange contracts				
	Bought				
	USD	Trade accounts payable	1,765	—	66
	EUR		680	—	16
	GBP		6	0	0
	SGD		33	—	1
	AUD		84	—	2
	CHF		1	—	0
Sold					
EUR	Accounts receivable - trade	527	—	1	
Forward exchange contracts, etc. subject to designated hedge accounting (<i>furiate shori</i>)	Forward exchange contracts				
	Bought				
	USD	Trade accounts payable	830	—	(Note)
	EUR		653	—	
SGD	29		—		
Total			4,611	0	88

(Note) Forward exchange contracts, etc. subject to designated hedge accounting (*furiate shori*) are treated together with hedged trade accounts payable, and their fair values are therefore included in those of the relevant trade accounts payable.

Consolidated fiscal year ended October 31, 2025 (as of October 31, 2025)

(Millions of yen)

Hedge accounting method	Transaction type	Major hedged items	Contract amount, etc.	Contract amount, etc. over one year	Fair value
General method	Forward exchange contracts				
	Bought				
	USD	Trade accounts payable	3,025	—	102
	EUR		1,884	—	53
	GBP		10	—	0
	SGD		2	—	0
	Sold				
	EUR	Accounts receivable - trade	853	853	(15)
Forward exchange contracts, etc. subject to designated hedge accounting (<i>furiate shori</i>)	Forward exchange contracts				
	Bought				
	USD	Trade accounts payable	748	—	(Note)
EUR	688		—		
Total			7,213	853	141

(Note) Forward exchange contracts, etc. subject to designated hedge accounting (*furiate shori*) are treated together with hedged trade accounts payable, and their fair values are therefore included in those of the relevant trade accounts payable.

(Provision for employee retirement benefits)

1. Outline of adopted employee retirement benefit plans

The Company and some of its consolidated subsidiaries have adopted funded and unfunded defined benefit and defined contribution plans to cover retirement benefits for their employees.

Defined benefit corporate pension plans provide lump-sum retirement benefits or pension benefits based on salary and years of service.

Retirement lump-sum plans provide lump-sum retirement benefits based on salary and years of service.

The retirement lump-sum plans adopted by some consolidated subsidiaries calculate liabilities and expenses for retirement benefits using the simplified method.

2. Defined benefit plan

(1) Reconciliation of balance of retirement benefit obligation at beginning and end of the year

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Retirement benefit obligation at beginning of year	8,103	7,906
Service cost	779	730
Interest cost	63	76
Actuarial differences	(327)	(417)
Retirement benefits paid	(638)	(581)
Decline accompanying the transfer to defined contribution pension plans	(94)	(66)
Foreign currency translation adjustments	10	5
Increase due to new consolidation	8	—
Projected benefit obligation at end of year	7,906	7,652

(Note) Certain consolidated subsidiaries use the simplified method to calculate projected benefit obligation.

(2) Reconciliation of balance of pension assets at beginning and end of the year

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Pension assets at beginning of year	2,681	2,755
Expected return on plan assets	48	51
Actuarial differences	95	82
Amount of employer contribution	94	84
Retirement benefits paid	(164)	(131)
Pension assets at end of year	2,755	2,842

(3) Reconciliation of balance of retirement benefit obligation and pension assets at end of fiscal year and retirement benefit liability and asset recorded on the consolidated balance sheet

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Retirement benefit obligation for funded plans	1,942	1,781
Pension assets	(2,755)	(2,842)
	(813)	(1,061)
Retirement benefit obligation for unfunded plans	5,964	5,878
Net liability and asset recorded on consolidated balance sheet	5,150	4,816
Retirement benefit liability	6,080	6,026
Retirement benefit asset	(929)	(1,209)
Net liability and asset recorded on consolidated balance sheet	5,150	4,816

(4) Retirement benefit expenses and breakdown

(Millions of yen)

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Service costs	779	730
Interest costs	63	76
Expected return on plan assets	(48)	(51)
Amortization of actuarial differences	(94)	(346)
Amortization of prior service costs	2	1
Retirement benefit expenses related to defined-benefit plans	703	409

(Note) The retirement benefit expenses incurred by consolidated subsidiaries that adopt a simplified method of calculation are included under service costs.

(5) Adjustments related to retirement benefits

A breakdown of items (before income taxes and tax effects) recorded as adjustments related to retirement benefits is shown below.

(Millions of yen)

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Prior service costs	(2)	(1)
Actuarial differences	(339)	(142)
Total	(342)	(143)

(6) Cumulative adjustments related to retirement benefits

A breakdown of items (before income taxes and tax effects) recorded as cumulative adjustments related to retirement benefits is shown below.

(Millions of yen)

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Unrecognized prior service costs	1	—
Unrecognized actuarial differences	(543)	(686)
Total	(542)	(686)

(7) Items related to pension assets

1) Breakdown of principal pension assets

Main categories by percentage of total pension assets are shown below.

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Bonds	20%	22%
Stocks	32%	34%
Regular accounts	45%	42%
Other	3%	2%
Total	100%	100%

2) Method for setting long-term expected rate of return

When determining the long-term expected rate of return on pension assets, the Company considers the current and projected allocation of pension assets and the current and future long-term rates of return for the diverse assets that comprise its pension assets.

(8) Basis for calculating actuarial differences

Basis for calculating principal actuarial differences

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Discount rate	0.4%–1.5%	1.1%–2.2%
Long-term expected rate of return on plan assets	2.0%	2.0%

3. Defined contribution plan

The contributions to defined contribution plans by the Company and its consolidated subsidiaries were 194 million yen for the consolidated fiscal year ended October 31, 2024 and 221 million yen for the consolidated fiscal year ended October 31, 2025.

(Stock options)

1. Amount and account of expenses related to stock options

(Millions of yen)

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Selling, general and administrative expenses	116	175

2. Description, scale, and changes of stock options

(1) Description of stock options

	Fourth series of stock options	Consolidated subsidiary (Cross E Holdings Co., Ltd.)
Category and number of grantees	Company directors: 5 Company employees: 1,152 Subsidiary directors: 45 Subsidiary employees: 235	Directors of said company: 4 Employees of said company: 44 Directors and employees of said company's subsidiaries: 24
Number of stock options by stock type	Common stock: 1,099,000	Common stock: 129,400
Grant date	March 25, 2024	September 27, 2019
Conditions for vesting	(1) Persons granted an allotment of the share acquisition rights (hereinafter, the "Rights Holders") must be directors or employees of the Company or one of its subsidiaries at the time the share acquisition rights are exercised. However, this restriction shall not apply if so approved by the Board of Directors in any of the following cases or based on other justifiable reasons: resignations of directors after their terms have expired, resignations in conjunction with an appointment as a director, mandatory retirement for employees, and transfers prompted by an administrative order. (2) In the event of the death of a Rights Holder, the rights may not be exercised by the Rights Holder's heir. (3) Other conditions are as stipulated in the share acquisition rights allotment agreement concluded between the Company and the Rights Holder.	(1) Persons granted an allotment of the share acquisition rights (hereinafter, the "Rights Holders") must be directors, corporate auditors, employees, or advisors of the company or one of its subsidiaries at the time the share acquisition rights are exercised. However, this restriction shall not apply if so approved by the Board of Directors in any of the following cases or based on other justifiable reasons: resignations of directors and corporate auditors after their terms have expired, and mandatory retirement for employees. (2) Common shares of the company must be listed on a financial instruments exchange. (3) In the event of the death of a Rights Holder, the rights may not be exercised by the Rights Holder's heir.
Requisite service period	Not specified	Not specified
Exercisable period	From April 1, 2027 to March 31, 2028	From September 25, 2021 to September 24, 2029

(Notes) 1. The share acquisition rights of Cross E Holdings Co., Ltd. were originally issued by HUIS TEN BOSCH Technical center Co., Ltd. The obligations associated with these share acquisition rights were succeeded by Cross E Holdings Co., Ltd. on the date of its establishment (November 1, 2022) through a sole-share transfer conducted by HUIS TEN BOSCH Technical center Co., Ltd.

2. Cross E Holdings Co., Ltd., by a resolution of its Board of Directors on April 15, 2024, conducted a stock split at a ratio of two shares for each common share, effective May 1, 2024. The number of shares shown is on a post-split basis.

(2) Scale of stock options and related changes

Changes in the scale of stock options that existed in the year ended October 31, 2025 are shown below. The number of stock options is shown as the number of underlying shares.

1) Number of stock options

	Fourth series of stock options	Consolidated subsidiary (Cross E Holdings Co., Ltd.)
Non-vested (shares)		
As of October 31, 2024	1,084,700	—
Granted	—	—
Forfeited	38,700	—
Vested	—	—
Unvested	1,046,000	—
Vested (shares)		
As of October 31, 2024	—	120,400
Vested	—	—
Exercised	—	7,400
Forfeited	—	—
Unexercised	—	113,000

(Note) Cross E Holdings Co., Ltd., by a resolution of its Board of Directors on April 15, 2024, conducted a stock split at a ratio of two shares for each common share, effective May 1, 2024. The number of shares shown is on a post-split basis.

2) Price information

	Fourth series of stock options	Consolidated subsidiary (Cross E Holdings Co., Ltd.)
Exercise price (yen)	1,941	725
Average share price at time of exercise (yen)	—	1,120
Fair value per share at grant date (yen)	555	—

(Note) Cross E Holdings Co., Ltd., by a resolution of its Board of Directors on April 15, 2024, conducted a stock split at a ratio of two shares for each common share, effective May 1, 2024. The exercise price shown is on a post-split basis.

3. Method for estimating fair value of stock options

The filing company

The method used to estimate the fair value per unit of the fourth series of stock options granted during the fiscal year under review is as follows.

(1) Valuation method: Black-Scholes model

(2) Key inputs and estimation method

	Fourth series of stock options
Volatility of share price (Note 1)	38.52%
Expected remaining term (Note 2)	3.52 years
Expected dividend yield (Note 3)	0.000%
Risk-free interest rate (Note 4)	0.277%

(Notes) 1. Volatility is calculated based on the share price for the period that corresponds to the expected remaining term.

2. The expected remaining term is estimated based on the assumption that the options will be exercised at the midpoint of the exercise period.

3. The expected dividend yield is based on dividends paid in the consolidated fiscal year ended October 31, 2023.

4. The risk-free interest rate is the yield on government bonds with a maturity that corresponds to the expected remaining term.

Consolidated subsidiary (Cross E Holdings Co., Ltd.)

The fair value of the Cross E Holdings Co., Ltd. stock options is estimated as follows.

Because the company has been a private company as of the time the stock options were granted, the stock options are valued based on intrinsic rather than fair value.

The valuation method for the company's shares, which forms the basis for the calculation of the intrinsic value of the stock options, is the discounted cash flow (DCF) method.

4. Method for estimating the number of stock options vested

The filing company

Future forfeiture of stock options is not factored in because it is difficult to reasonably estimate the number of stock options that will be forfeited in the future.

Consolidated subsidiary (Cross E Holdings Co., Ltd.)

Since it is difficult to reasonably estimate the number of stock options that will be forfeited in the future, a method has been adopted in which only the number of actual forfeitures is reflected.

5. Total intrinsic value as of the end of the fiscal year under review and on the exercise dates of stock options exercised during the fiscal year under review, if calculated based on the intrinsic value per stock option unit

Consolidated subsidiary (Cross E Holdings Co., Ltd.)

(1) Total intrinsic value as of October 31, 2025	54,353 thousand yen
(2) Total intrinsic value at the exercise dates of stock options exercised during the fiscal year ended October 31, 2025	2,919 thousand yen

(Tax effect accounting)

1. Principal components of deferred tax assets and deferred tax liabilities

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
(Millions of yen)		
(Deferred tax assets)		
Tax loss carryforwards (Note)	15,202	14,500
Retirement benefit liability	1,780	1,903
Provision for retirement benefits for directors (and other officers)	115	131
Depreciation	717	744
Non-deductible asset retirement obligation expenses	495	670
Long-term accounts payable - other	25	31
Excess allowance for doubtful accounts	254	508
Provision for bonuses	1,023	1,347
Accrued enterprise taxes	39	47
Unsettled gift certificates	377	389
Accrued social insurance premiums	142	168
Impairment losses	49	644
Deposits received of subsidy	2,368	57
Other	1,794	2,087
Deferred tax assets subtotal	24,386	23,231
Valuation allowance pertaining to tax loss carryforwards (Note)	(10,452)	(7,631)
Valuation allowance pertaining to total future deductible temporary differences	(3,228)	(4,083)
Valuation allowance subtotal	(13,681)	(11,714)
Deferred tax assets total	10,705	11,516
(Deferred tax liabilities)		
Revaluation reserve for land	(1,678)	(1,628)
Unrealized losses on non-current assets	(2,305)	(2,248)
Other	(1,260)	(1,239)
Deferred tax liabilities total	(5,244)	(5,115)
Net deferred tax assets (liabilities)	5,460	6,400

(Note) Tax loss carryforwards and related deferred tax assets by carryforward period
Consolidated fiscal year ended October 31, 2024 (as of October 31, 2024)

	(Millions of yen)						
	1 year or less	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years	Total
Tax loss carryforwards (*1)	11	1	44	—	109	15,034	15,202
Valuation allowance	(11)	(1)	(44)	—	(104)	(10,290)	(10,452)
Deferred tax assets	—	—	—	—	5	4,744	(*2) 4,750

(*1) Tax loss carryforward figures are the amount multiplied by the effective statutory tax rate.

(*2) For the tax loss carryforward of 15,202 million yen (amount multiplied by effective statutory tax rate), deferred tax assets of 4,750 million yen were recorded. No valuation allowance was recognized for the portion of this tax loss carryforward that is determined to be recoverable on the basis of projected future taxable income.

Consolidated fiscal year ended October 31, 2025 (as of October 31, 2025)

(Millions of yen)

	1 year or less	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years	Total
Tax loss carryforwards (*1)	1	43	—	108	575	13,771	14,500
Valuation allowance	—	(40)	—	(103)	(346)	(7,140)	(7,631)
Deferred tax assets	1	2	—	5	229	6,630	(*2) 6,869

(*1) Tax loss carryforward figures are the amount multiplied by the effective statutory tax rate.

(*2) For the tax loss carryforward of 14,500 million yen (amount multiplied by effective statutory tax rate), deferred tax assets of 6,869 million yen were recorded. No valuation allowance was recognized for the portion of this tax loss carryforward that is determined to be recoverable on the basis of projected future taxable income.

2. Major components of significant differences arising between the effective statutory tax rate and effective income tax rate after application of tax-effect accounting

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Effective statutory tax rate	34.59%	34.59%
(Adjustments)		
Goodwill amortization	1.26%	1.28%
Non-deductible permanent items such as entertainment expenses	0.32%	0.11%
Tax rate differences with overseas consolidated subsidiaries	(6.94%)	11.10%
Increase (decrease) in deferred tax assets due to changes in tax rates	—%	(1.62%)
Increase (decrease) in valuation allowance	(41.63%)	(27.82%)
Other	(0.39%)	0.75%
Effective income tax rate after application of tax-effect accounting	(12.79%)	18.39%

3. Revision of deferred tax assets and deferred tax liabilities due to changes in income tax rates

Following the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) by the Diet on March 31, 2025, the “Special Defense Corporation Tax” will be introduced for consolidated fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in consolidated fiscal years beginning on or after November 1, 2026 have been calculated using a revised effective statutory tax rate of 35.43%, compared with the previous rate of 34.59%.

The impact of this change in tax rates on profit or loss for the fiscal year under review is negligible.

(Asset retirement obligations)

This information has been omitted as the overall value of asset retirement obligations is not significant.

(Rental and other properties)

The Company and some of its consolidated subsidiaries own rental office buildings, rental condominiums, and rental commercial facilities in Kumamoto Prefecture and other regions, from which they generate rental income. In the consolidated fiscal year ended October 31, 2024, revenue from rental properties amounted to 180 million yen (rental income was recorded under net sales on the consolidated statement of income, and primary rental expenses were recorded under selling, general and administrative expenses). In the consolidated fiscal year ended October 31, 2025, revenue from rental properties totaled 391 million yen (rental income was recorded under net sales on the consolidated statement of income, and primary rental expenses were recorded under selling, general and administrative expenses). The carrying amounts on the consolidated balance sheet, increase or decrease during the year, and fair value of the rental properties are shown below.

(Millions of yen)

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Amounts on consolidated balance sheet		
Balance at beginning of period	38,432	37,700
Increase (decrease) during period	(731)	(923)
Balance at end of period	37,700	36,776
Fair value at end of period	36,321	36,970

(Notes) 1. The carrying amount on the consolidated balance sheet is calculated by deducting the accumulated depreciation from the acquisition cost.

2. Fair value at the end of the fiscal year was estimated by the Company based on real estate appraisal standards (including those adjusted using relevant indexes, etc.).

(Revenue recognition)

1. Information regarding disaggregated revenue from contracts with customers

The HIS Group has three reportable segments: the Travel business, the Hotel business, and the Kyushu Sanko Group.

Revenue is disaggregated by region based on the location of the companies in the Group. The relationship between the disaggregated revenue and the revenue of each reportable segment (revenue from external customers) is shown below.

Consolidated fiscal year ended October 31, 2024 (November 1, 2023 to October 31, 2024)

(Millions of yen)

	Reportable segments				Other (Note)	Total
	Travel business	Hotel business	Kyushu Sanko Group	Reportable segment total		
Japan	215,161	12,338	20,295	247,795	10,639	258,434
Americas	24,509	3,022	—	27,532	—	27,532
Asia	16,461	5,665	—	22,127	—	22,127
Oceania	(596)	—	—	(596)	—	(596)
Europe, Middle East, Africa	27,160	475	—	27,636	—	27,636
Revenue from contracts with customers	282,696	21,503	20,295	324,495	10,639	335,135
Other revenue	—	1,022	3,676	4,699	3,499	8,199
Sales to external customers	282,696	22,526	23,972	329,195	14,138	343,334

(Note) “Other” refers to businesses not included in the reportable segments, such as the theme park business, non-life insurance business, and real estate business.

Consolidated fiscal year ended October 31, 2025 (November 1, 2024 to October 31, 2025)

(Millions of yen)

	Reportable segments				Other (Note)	Total
	Travel business	Hotel business	Kyushu Sanko Group	Reportable segment total		
Japan	241,921	14,095	21,536	277,553	11,273	288,826
Americas	19,127	2,842	—	21,969	—	21,969
Asia	20,692	5,758	—	26,450	—	26,450
Oceania	(684)	—	—	(684)	—	(684)
Europe, Middle East, Africa	26,919	1,270	—	28,189	—	28,189
Revenue from contracts with customers	307,976	23,966	21,536	353,478	11,273	364,752
Other revenue	—	767	3,819	4,587	3,766	8,354
Sales to external customers	307,976	24,734	25,355	358,066	15,039	373,106

(Note) "Other" refers to businesses not included in the reportable segments, such as the theme park business, non-life insurance business, and real estate business.

2. Basic information to understand revenue from contracts with customers

This information is presented in "(Significant matters that serve as the basis for preparation of the consolidated financial statements), 4. Accounting policies, (5) Accounting standard for recognition of significant revenues and expenses." In principle, the consideration for transactions is to be received before the performance obligation is satisfied. Even if the consideration is received after the performance obligation is satisfied, the contract normally does not include a significant financial component because the payment deadline arrives within a short period of time.

3. Information regarding the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers existing at the end of the fiscal year under review in the next consolidated fiscal year and beyond

(1) Balance of contract assets and liabilities, etc.

(Millions of yen)

	Year ended October 31, 2024	Year ended October 31, 2025
Receivables from contracts with customers (balance at beginning of period)	24,504	25,177
Receivables from contracts with customers (balance at end of period)	25,177	27,263
Contract assets (balance at beginning of period)	207	235
Contract assets (balance at end of period)	235	318
Contract liabilities (balance at beginning of period)	40,140	47,347
Contract liabilities (balance at end of period)	47,347	53,130

Contract assets mainly relate to the rights of consolidated subsidiaries to revenue recognized as performance obligations are satisfied, in cases where consideration for construction transactions is received after performance obligations have been satisfied. Contract assets are transferred to receivables generated from contracts with customers when the consolidated subsidiary's right to consideration becomes unconditional. Contract liabilities mainly consist of advances received for travel products, etc. planned and arranged by the Company itself, travel gift certificates, and advances received for tuition fees at language schools. Contract liabilities are drawn upon in accordance with revenue recognition.

Of the amount of revenue recognized during the consolidated fiscal year ended October 31, 2024, the amount included in the contract liability balance as of the beginning of the fiscal year was 34,814 million yen.

Of the amount of revenue recognized during the consolidated fiscal year ended October 31, 2025, the amount included in the contract liability balance as of the beginning of the fiscal year was 41,732 million yen.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations on October 31, 2024 was 5,270 million yen. The remaining performance obligations mainly relate to travel vouchers and other items used for package tours and similar products. Approximately 8.6% is expected to be recognized as revenue within one year after the end of the fiscal year, about 14.0% after two but within five years, and the remaining 77.4% after six years or later. The Company and its consolidated subsidiaries apply the practical expedient to notes on transaction prices allocated to remaining performance obligations, and contracts with an initially expected contract period of one year or less are not included in the notes.

The total transaction price allocated to the remaining performance obligations on October 31, 2025 was 4,907 million yen. The remaining performance obligations mainly relate to travel vouchers and other items used for package tours and similar products. Approximately 8.8% is expected to be recognized as revenue within one year after the end of the fiscal year, about

14.9% after two but within five years, and the remaining 76.3% after six years or later. The Company and its consolidated subsidiaries apply the practical expedient to notes on transaction prices allocated to remaining performance obligations, and contracts with an initially expected contract period of one year or less are not included in the notes.

(Segment information, etc.)

[Segment information]

1. Outline of reportable segments

The HIS Group's reportable segments are constituent units of the Group for which separate financial information is available and which are regularly evaluated by the chief decision-making authority for the purpose of determining the allocation of management resources and assessing performance. The Group is composed of three businesses—the Travel business, the Hotel business, and the Kyushu Sanko Group—and carries out business activities under comprehensive domestic and overseas strategies. Accordingly, the Group has designated the Travel business, the Hotel business, and the Kyushu Sanko Group as its reportable segments.

In the Travel business, the HIS Group arranges, plans, and sells overseas and domestic travel products, and also conducts ancillary operations. In the Hotel business, the Group operates hotels in Japan, Taiwan, the United States, and Indonesia, and is also involved in ancillary operations. The Kyushu Sanko Group—whose holding company is Kyushu Industrial Transportation Holdings Co., Ltd.—is a business segment of the HIS Group and is engaged in vehicle transportation, real estate leasing, and other related operations.

2. Calculation methods for net sales, profit (loss), assets, liabilities, and other items for each reportable segment

The accounting methods used for reportable segments are largely the same as those described under “(Significant matters that serve as the basis for preparation of the consolidated financial statements)”.

Segment profit figures represent operating profit.

Intersegment internal profits and transfers are based on market prices.

3. Information regarding net sales, profit (loss), assets, liabilities, and other items for each reportable segment
Consolidated fiscal year ended October 31, 2024 (November 1, 2023 to October 31, 2024)

(Millions of yen)

	Reportable segments				Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Travel business	Hotel business	Kyushu Sanko Group	Reportable segment total				
Net sales								
Sales to external customers	282,696	22,526	23,972	329,195	14,138	343,333	0	343,334
Intersegment sales/transfers	1,276	463	13	1,752	1,715	3,468	(3,468)	—
Total	283,972	22,989	23,985	330,948	15,853	346,801	(3,467)	343,334
Segment profit	9,302	3,047	434	12,785	219	13,004	(2,149)	10,854
Segment assets	171,674	94,500	55,747	321,923	16,973	338,897	73,303	412,200
Other items								
Depreciation	3,847	4,065	1,743	9,655	570	10,226	771	10,998
Amortization of goodwill	327	6	—	333	16	349	—	349
Investment in entities accounted for using equity method	235	—	—	235	2,100	2,336	—	2,336
Increase in property, plant and equipment and intangible assets	4,767	2,986	1,308	9,062	862	9,925	55	9,980

(Notes) 1. “Other” refers to businesses not included in the reportable segments, such as the theme park business, non-life insurance business, and real estate business.

2. The details of adjustments are as follows:

- (1) Adjustment on segment profit amounting to -2,149 million yen reflects corporate expenses not allocated to each reportable segment and refers to expenses at the parent company’s headquarters administrative departments, which are not attributable to reportable segments.
- (2) Adjustment on segment assets amounting to 73,303 million yen includes -1,104 million yen in elimination of intersegment transactions and 74,408 million yen in corporate assets not allocated to each reportable segment. Corporate assets refer to surplus fund management (cash and deposits, and securities) at the parent company, and assets of administrative departments.
- (3) Adjustment on depreciation amounting to 771 million yen is corporate depreciation not allocated to each reportable segment and refers to depreciation at the parent company’s headquarters administrative departments, which is not attributable to the reportable segments.
- (4) Adjustment on increase in property, plant and equipment and intangible assets amounting to 55 million yen is capital investment at the parent company, which is not attributable to the reportable segments.

3. Segment profit is adjusted with the operating profit in the consolidated financial statements.

4. EBITDA for each reportable segment is shown below.

(Millions of yen)

	Travel business	Hotel business	Kyushu Sanko Group	Other	Total
Segment profit	9,302	3,047	434	219	13,004
Depreciation and goodwill amortization	4,174	4,071	1,743	586	10,575
EBITDA (*)	13,476	7,119	2,178	805	23,580

(*) EBITDA reflects segment profit plus depreciation and goodwill amortization.

Consolidated fiscal year ended October 31, 2025 (November 1, 2024 to October 31, 2025)

(Millions of yen)

	Reportable segments				Other (Note) 1	Total	Adjustments (Note) 2	Amount recorded in consolidated financial statements (Note) 3
	Travel business	Hotel business	Kyushu Sanko Group	Reportable segment total				
Net sales								
Sales to external customers	307,976	24,734	25,355	358,066	15,039	373,106	0	373,106
Intersegment sales/transfers	1,163	509	25	1,698	2,445	4,143	(4,143)	—
Total	309,139	25,244	25,381	359,765	17,484	377,249	(4,143)	373,106
Segment profit	9,636	3,618	806	14,061	504	14,566	(2,938)	11,627
Segment assets	205,401	94,423	54,791	354,615	18,216	372,832	13,498	386,330
Other items								
Depreciation	3,863	4,197	1,746	9,808	603	10,411	910	11,321
Amortization of goodwill	243	1	—	244	16	261	—	261
Investment in entities accounted for using equity method	303	—	—	303	2,756	3,059	—	3,059
Increase in property, plant and equipment and intangible assets	4,697	1,791	1,648	8,137	1,188	9,326	10	9,336

(Notes) 1. “Other” refers to businesses not included in the reportable segments, such as the theme park business, non-life insurance business, and real estate business.

2. The details of adjustments are as follows:

- (1) Adjustment on segment profit amounting to -2,938 million yen reflects corporate expenses not allocated to each reportable segment and refers to expenses at the parent company’s headquarters administrative departments, which are not attributable to reportable segments.
- (2) Adjustment on segment assets amounting to 13,498 million yen includes -1,177 million yen in elimination of intersegment transactions and 14,676 million yen in corporate assets not allocated to each reportable segment. Corporate assets refer to surplus fund management (cash and deposits, and securities) at the parent company, and assets of administrative departments.
- (3) Adjustment on depreciation amounting to 910 million yen is corporate depreciation not allocated to each reportable segment and refers to depreciation at the parent company’s headquarters administrative departments, which is not attributable to the reportable segments.
- (4) Adjustment on increase in property, plant and equipment and intangible assets amounting to 10 million yen is capital investment at the parent company, which is not attributable to the reportable segments.

3. Segment profit is adjusted with the operating profit in the consolidated financial statements.

4. EBITDA for each reportable segment is shown below.

(Millions of yen)

	Travel business	Hotel business	Kyushu Sanko Group	Other	Total
Segment profit	9,636	3,618	806	504	14,566
Depreciation and goodwill amortization	4,106	4,199	1,746	619	10,672
EBITDA (*)	13,743	7,817	2,553	1,124	25,238

(*) EBITDA reflects segment profit plus depreciation and goodwill amortization.

[Related information]

Consolidated fiscal year ended October 31, 2024 (November 1, 2023 to October 31, 2024)

1. Information by product and service

This information has been omitted because similar information is disclosed in “[Segment information]”.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Americas	Asia	Oceania	Europe, Middle East, Africa	Total
266,547	27,532	22,214	(596)	27,636	343,334

(2) Property, plant and equipment

(Millions of yen)

Japan	Americas	Asia	Oceania	Europe, Middle East, Africa	Total
136,333	9,048	12,956	14	5,751	164,104

3. Information by major customer

This information has been omitted as there were no sales from a single external customer accounting for 10% or more of net sales on the consolidated statement of income.

Consolidated fiscal year ended October 31, 2025 (November 1, 2024 to October 31, 2025)

1. Information by product and service

This information has been omitted because similar information is disclosed in “[Segment information]”.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Americas	Asia	Oceania	Europe, Middle East, Africa	Total
297,089	21,969	26,541	(684)	28,189	373,106

(2) Property, plant and equipment

(Millions of yen)

Japan	Americas	Asia	Oceania	Europe, Middle East, Africa	Total
133,310	8,616	12,541	18	5,216	159,703

3. Information by major customer

This information has been omitted as there were no sales from a single external customer accounting for 10% or more of net sales on the consolidated statement of income.

[Information regarding impairment losses on non-current assets by reportable segment]
Consolidated fiscal year ended October 31, 2024 (November 1, 2023 to October 31, 2024)

(Millions of yen)

	Reportable segments				Other (Note)	Corporate and elimination	Total
	Travel business	Hotel business	Kyushu Sanko Group	Reportable segment total			
Impairment losses	472	0	23	496	62	—	558

(Note) "Other" refers to amounts associated with businesses such as the theme park business, non-life insurance business, and real estate business.

Consolidated fiscal year ended October 31, 2025 (November 1, 2024 to October 31, 2025)

(Millions of yen)

	Reportable segments				Other (Note)	Corporate and elimination	Total
	Travel business	Hotel business	Kyushu Sanko Group	Reportable segment total			
Impairment losses	187	2,095	234	2,516	255	—	2,772

(Note) "Other" refers to amounts associated with businesses such as the theme park business, non-life insurance business, and real estate business.

[Information regarding amortization of goodwill and unamortized balance by reportable segment]

Consolidated fiscal year ended October 31, 2024 (November 1, 2023 to October 31, 2024)

(Millions of yen)

	Reportable segments				Other (Note)	Corporate and elimination	Total
	Travel business	Hotel business	Kyushu Sanko Group	Reportable segment total			
Amortization for the year ended October 31, 2024	327	6	—	333	16	—	349
Unamortized balance as of October 31, 2024	1,914	1	—	1,916	39	—	1,956

(Note) "Other" refers to amounts associated with businesses such as the theme park business, non-life insurance business, and real estate business.

Consolidated fiscal year ended October 31, 2025 (November 1, 2024 to October 31, 2025)

(Millions of yen)

	Reportable segments				Other (Note)	Corporate and elimination	Total
	Travel business	Hotel business	Kyushu Sanko Group	Reportable segment total			
Amortization for the year ended October 31, 2025	243	1	—	244	16	—	261
Unamortized balance as of October 31, 2025	1,631	—	—	1,631	23	—	1,655

(Note) "Other" refers to amounts associated with businesses such as the theme park business, non-life insurance business, and real estate business.

[Information regarding gain on bargain purchase by reportable segment]

Consolidated fiscal year ended October 31, 2024 (November 1, 2023 to October 31, 2024)

There were no significant gains on bargain purchase to report.

Consolidated fiscal year ended October 31, 2025 (November 1, 2024 to October 31, 2025)

There were no significant gains on bargain purchase to report.

(Related parties)

1. Transactions with related parties

(1) Transactions between the filing company and related parties

(a) Non-consolidated subsidiaries of the filing company

Consolidated fiscal year ended October 31, 2024 (November 1, 2023 to October 31, 2024)

There are no applicable matters to report.

Consolidated fiscal year ended October 31, 2025 (November 1, 2024 to October 31, 2025)

There are no applicable matters to report.

(b) Directors (and other officers) and major shareholders of the filing company, etc. (only in the case of individuals)

Consolidated fiscal year ended October 31, 2024 (November 1, 2023 to October 31, 2024)

There are no applicable matters to report.

Consolidated fiscal year ended October 31, 2025 (November 1, 2024 to October 31, 2025)

There are no applicable matters to report.

(2) Transactions between consolidated subsidiaries of the filing company and related parties

Directors (and other officers) and major shareholders of the filing company, etc. (only in the case of individuals)

Consolidated fiscal year ended October 31, 2024 (November 1, 2023 to October 31, 2024)

Category	Name	Location	Paid-in capital or investment (millions of yen)	Business description	Share of voting rights held (%)	Relationship with related parties	Nature of transactions	Transaction amount (millions of yen)	Item	Balance at end of period (millions of yen)
Entities in which directors (and other officers) of the Company or their relatives hold a majority of voting rights (including subsidiaries of such entities)	Kyoritsu Building Co., Ltd.	Shibuya-ku, Tokyo	10	Real estate rental management	—	Real estate leasing	Payment of rent (Notes 1, 2)	10	Guarantee deposits (Notes 1, 2)	6
									Prepaid expenses	0

Conditions of transactions and policy for determining such conditions, etc.

(Notes) 1. Transactions are governed by the same conditions as for unrelated parties.

2. A close relative of Sawada Hideo, the Company's Top Advisor, owns 100.0% of the voting rights in Kyoritsu Building, Co., Ltd.

Consolidated fiscal year ended October 31, 2025 (November 1, 2024 to October 31, 2025)

Category	Name	Location	Paid-in capital or investment (millions of yen)	Business description	Share of voting rights held (%)	Relationship with related parties	Nature of transactions	Transaction amount (millions of yen)	Item	Balance at end of period (millions of yen)
Entities in which directors (and other officers) of the Company or their relatives hold a majority of voting rights (including subsidiaries of such entities)	Kyoritsu Building Co., Ltd.	Shibuya-ku, Tokyo	10	Real estate rental management	—	Real estate leasing	Payment of rent (Notes 1, 2)	11	Guarantee deposits (Notes 1, 2)	6
									Prepaid expenses	1

Conditions of transactions and policy for determining such conditions, etc.

(Notes) 1. Transactions are governed by the same conditions as for unrelated parties.

2. A close relative of Sawada Hideo, the Company's Top Advisor, owns 100.0% of the voting rights in Kyoritsu Building, Co., Ltd.

2. Notes concerning the parent company and significant associates

(1) Information regarding the parent company

There are no applicable matters to report.

(2) Summary of financial information for significant associates

There are no applicable matters to report.

(Per share information)

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Net assets per share	695.47 yen	743.26 yen
Earnings per share	116.67 yen	63.16 yen
Diluted earnings per share	109.79 yen	62.99 yen

(Note) The basis for the calculation of earnings per share and diluted earnings per share is as follows.

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Earnings per share		
Profit attributable to owners of parent (millions of yen)	8,717	4,719
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent applicable to common shares (millions of yen)	8,717	4,719
Average number of shares outstanding during the fiscal year (thousand shares)	74,720	74,730
Diluted earnings per share		
Adjusted profit attributable to owners of parent (millions of yen)	(11)	(0)
Of which, interest income after deduction of tax equivalents (millions of yen)	(11)	(0)
Increase in number of common shares (thousand shares)	4,574	187
Of which, convertible bonds (thousand shares)	4,574	187
Overview of dilutive shares not included in the calculation of diluted earnings per share due to having no dilutive effect	<p>Fifth series of share acquisition rights, approved by resolution of the Board of Directors on November 2, 2021 Number of share acquisition rights: 17,214 (Equivalent to 1,721,400 shares of common stock)</p> <p>Sixth series of share acquisition rights, approved by resolution of the Board of Directors on November 22, 2021 Number of share acquisition rights: 18,280 (Equivalent to 1,828,000 shares of common stock)</p> <p>Seventh series of share acquisition rights, approved by resolution of the Board of Directors on December 13, 2021 Number of share acquisition rights: 23,252 (Equivalent to 2,325,200 shares of common stock)</p> <p>Eighth series of share acquisition rights, approved by resolution of the Board of Directors on January 26, 2024 Number of share acquisition rights: 10,990 (Equivalent to 1,099,000 shares of common stock)</p>	<p>Eighth series of share acquisition rights, approved by resolution of the Board of Directors on January 26, 2024 Number of share acquisition rights: 10,990 (Equivalent to 1,099,000 shares of common stock)</p>

(Important subsequent events)

There are no applicable matters to report.

5) Consolidated Supplementary Schedules

[Schedule of corporate bonds]

Company	Issue	Issue date	Balance at beginning of period (millions of yen)	Balance at end of period (millions of yen)	Interest rate (%)	Collateral	Maturity date
H.I.S. Co., Ltd.	Euro-yen denominated convertible-bond-type bonds with share acquisition rights due 2024 (Notes) 1, 2	November 16, 2017	25,000 (25,000)	—	—	None	November 15, 2024
H.I.S. Co., Ltd.	Fourth series of unsecured bonds	February 20, 2017	5,000	5,000	0.580	None	February 19, 2027
Total	—	—	30,000 (25,000)	5,000	—	—	—

(Notes) 1. Amounts in parentheses in the “Balance at beginning of period” column represents the current portion of bonds payable.

2. An overview of bonds with share acquisition rights is shown below.

Shares to be issued	Common stock
Issue price of share acquisition rights (yen)	No charge
Issue price of new shares (yen)	5,465.2
Total issue amount (millions of yen)	25,000
Total issue amount for shares issued upon exercise of share acquisition rights (millions of yen)	—
Percentage of share acquisition rights granted	100%
Exercise period of share acquisition rights	From November 30, 2017 to November 1, 2024

When receiving a request from a person who intends to exercise the share acquisition rights above, in place of a payment owed to such person at maturity of bonds attached to the share acquisition rights, it will be deemed that such person has paid in full the amount payable upon exercise of the rights. When share acquisition rights are exercised, it shall be deemed that such a request has been received.

3. Redemption amounts within five years of the consolidated closing date are shown below.

(Millions of yen)

1 year or less	1–2 years	2–3 years	3–4 years	4–5 years
—	5,000	—	—	—

[Schedule of borrowings, etc.]

Classification	Balance at beginning of period (millions of yen)	Balance at end of period (millions of yen)	Average interest rate (%)	Repayment term
Short-term borrowings	9,852	8,698	1.42	—
Current portion of long-term borrowings	67,673	105,607	0.90	—
Current portion of lease liabilities	2,660	2,740	—	—
Long-term borrowings (excluding current portion)	91,569	47,235	0.95	2026–2041
Lease liabilities (excluding current portion)	10,109	9,791	—	2026–2041
Other interest-bearing debt	—	—	—	—
Total	181,866	174,073	—	—

(Notes) 1. The average interest rate represents the weighted-average rate applicable to the balance of borrowings at the end of the fiscal year.

2. The average interest rate for lease liabilities is not presented, as lease liabilities recorded on the consolidated balance sheet are amounts prior to the deduction of the interest expense equivalent, which is included in total leasing fees.
3. Repayment amounts within five years of the consolidated closing date for long-term borrowings and lease liabilities (excluding current portions) are shown below.

(Millions of yen)

	1–2 years	2–3 years	3–4 years	4–5 years
Long-term borrowings	4,806	23,288	2,564	1,567
Lease liabilities	2,507	2,037	1,451	952

[Schedule of asset retirement obligations]

Asset retirement obligations at the beginning and end of the fiscal year under review are below 1% of the total liabilities and net assets at the beginning and end of the fiscal year under review. The information has therefore been omitted in accordance with the provisions in Article 92, Paragraph 2 of the Regulations on Consolidated Financial Statements.

(2) Others

Interim and annual information for the consolidated fiscal year ended October 31, 2025

	Six months ended April 30, 2025	Year ended October 31, 2025
Net sales (millions of yen)	181,313	373,106
Profit before income taxes (millions of yen)	6,593	7,067
Profit attributable to owners of parent (millions of yen)	3,798	4,719
Earnings per share (yen)	50.84	63.16

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

1) Non-consolidated Balance Sheet

(Millions of yen)

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Assets		
Current assets		
Cash and deposits	60,078	29,193
Accounts receivable - trade	11,163	13,721
Trade accounts receivable	392	596
Travel advance payments	6,678	9,077
Prepaid expenses	794	1,050
Accrued revenue	303	278
Short-term loans receivable	267	166
Short-term loans receivable from subsidiaries and associates	5,681	6,842
Accounts receivable - other	10,868	12,211
Other	3,296	2,442
Allowance for doubtful accounts	(542)	(2,031)
Total current assets	98,981	73,550
Non-current assets		
Property, plant and equipment		
Buildings	9,908	9,899
Vehicles	0	0
Tools, furniture and fixtures	428	430
Land	24,915	24,915
Construction in progress	21	9
Other	523	314
Total property, plant and equipment	35,797	35,569
Intangible assets		
Trademark right	48	46
Telephone subscription right	82	82
Software	1,962	2,692
Other	657	1,360
Total intangible assets	2,751	4,181
Investments and other assets		
Investment securities	1,084	819
Shares of subsidiaries and associates	54,979	56,229
Investments in capital of subsidiaries and associates	1,334	1,318
Long-term loans receivable	—	54
Long-term loans receivable from subsidiaries and associates	77,836	71,930
Long-term prepaid expenses	14	38
Deferred tax assets	6,069	6,284
Guarantee deposits	5,323	6,078
Distressed receivables	116	116
Other	16	1
Allowance for doubtful accounts	(3,632)	(1,199)
Total investments and other assets	143,142	141,672
Total non-current assets	181,691	181,424
Deferred assets		
Share issuance costs	0	—
Bond issuance costs	6	3
Total deferred assets	7	3
Total assets	280,680	254,978

(Millions of yen)

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Liabilities		
Current liabilities		
Trade accounts payable	7,326	8,901
Short-term borrowings from subsidiaries and associates	500	500
Current portion of convertible-bond-type bonds with share acquisition rights	25,000	—
Current portion of long-term borrowings	65,795	*4 103,354
Accounts payable - other	7,040	6,796
Accrued expenses	1,251	1,391
Income taxes payable	77	83
Accrued consumption taxes	—	291
Travel advances received	28,196	34,747
Insurance deposits	239	284
Deposits received of subsidy	6,256	—
Gift certificates	5,150	4,742
Provision for bonuses	2,238	2,276
Provision for bonuses for directors (and other officers)	—	57
Other	13,327	16,131
Total current liabilities	162,400	179,558
Non-current liabilities		
Bonds payable	*5 5,000	*5 5,000
Long-term borrowings	*4 67,372	*4 25,179
Provision for retirement benefits	3,940	3,739
Long-term guarantee deposits	9	9
Other	215	260
Total non-current liabilities	76,538	34,189
Total liabilities	238,938	213,747
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus		
Legal capital surplus	25	25
Other capital surplus	28,107	28,096
Total capital surpluses	28,132	28,121
Retained earnings		
Legal retained earnings	246	246
Other retained earnings		
General reserve	15,565	15,565
Retained earnings brought forward	10,367	9,779
Total retained earnings	26,179	25,590
Treasury shares	(13,015)	(12,981)
Total shareholders' equity	41,396	40,830
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10	0
Deferred gains or losses on hedges	51	107
Total valuation and translation adjustments	62	108
Share acquisition rights	282	292
Total net assets	41,741	41,230
Total liabilities and net assets	280,680	254,978

2) Non-consolidated Statement of Income

(Millions of yen)

	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Net sales		
Overseas travel sales	128,694	149,142
Domestic travel sales	40,707	43,303
Other	7,142	8,395
Total net sales	^{*2} 176,544	^{*2} 200,840
Cost of sales		
Cost of overseas travel sales	97,760	113,652
Cost of domestic travel sales	32,068	34,078
Other	2,151	3,075
Total cost of sales	^{*2} 131,980	^{*2} 150,807
Gross profit	44,563	50,033
Selling, general and administrative expenses	^{*1} 42,015	^{*1} 47,384
Operating profit	2,548	2,648
Non-operating income		
Interest income	571	557
Dividend income	825	299
Foreign exchange gains	103	—
Other	203	52
Total non-operating income	^{*2} 1,704	^{*2} 909
Non-operating expenses		
Interest expenses	1,721	1,090
Foreign exchange losses	—	64
Commission expenses	68	76
Bad debt expenses	21	—
Other	137	193
Total non-operating expenses	^{*2} 1,948	^{*2} 1,424
Ordinary profit	2,304	2,133
Extraordinary income		
Gain on reversal of share acquisition rights	—	165
Gain on sale of shares of subsidiaries and associates	479	176
Reversal of allowance for doubtful accounts	^{*3} 1,664	^{*3} 451
Total extraordinary income	2,143	792
Extraordinary losses		
Loss on valuation of investment securities	502	286
Loss on valuation of shares of subsidiaries and associates	135	^{*4} 2,171
Provision of allowance for doubtful accounts	499	—
Loss on sale of non-current assets	21	—
Bad debt expenses	—	^{*5} 442
Total extraordinary losses	1,159	2,900
Profit before income taxes	3,289	25
Income taxes - current	108	111
Income taxes - deferred	(2,280)	(244)
Total income taxes	(2,172)	(132)
Profit	5,461	158

3) Non-consolidated Statement of Changes in Equity

Fiscal year ended October 31, 2024 (November 1, 2023 to October 31, 2024)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surpluses		Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of period	100	25	28,117	28,142	246	15,565	4,906	20,717
Changes during period								
Dividends of surplus								
Profit							5,461	5,461
Purchase of treasury shares								
Disposal of treasury shares			(9)	(9)				
Net changes in items other than shareholders' equity								
Total changes during period	—	—	(9)	(9)	—	—	5,461	5,461
Balance at end of period	100	25	28,107	28,132	246	15,565	10,367	26,179

	Shareholders' equity		Valuation and translation adjustments			Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	(13,046)	35,913	75	—	75	165	36,154
Changes during period							
Dividends of surplus		—					—
Profit		5,461					5,461
Purchase of treasury shares	(0)	(0)					(0)
Disposal of treasury shares	31	22					22
Net changes in items other than shareholders' equity		—	(64)	51	(12)	116	103
Total changes during period	31	5,483	(64)	51	(12)	116	5,587
Balance at end of period	(13,015)	41,396	10	51	62	282	41,741

Fiscal year ended October 31, 2025 (November 1, 2024 to October 31, 2025)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surpluses		Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of period	100	25	28,107	28,132	246	15,565	10,367	26,179
Changes during period								
Dividends of surplus							(747)	(747)
Profit							158	158
Purchase of treasury shares								
Disposal of treasury shares			(11)	(11)				
Net changes in items other than shareholders' equity								
Total changes during period	—	—	(11)	(11)	—	—	(588)	(588)
Balance at end of period	100	25	28,096	28,121	246	15,565	9,779	25,590

	Shareholders' equity		Valuation and translation adjustments			Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of period	(13,015)	41,396	10	51	62	282	41,741
Changes during period							
Dividends of surplus		(747)					(747)
Profit		158					158
Purchase of treasury shares	(0)	(0)					(0)
Disposal of treasury shares	33	22					22
Net changes in items other than shareholders' equity		—	(10)	56	45	9	55
Total changes during period	33	(566)	(10)	56	45	9	(510)
Balance at end of period	(12,981)	40,830	0	107	108	292	41,230

Notes to Non-consolidated Financial Statements

(Significant accounting policies)

1. Valuation standard and method for securities
 - (1) Shares of subsidiaries and associates and investments in capital of subsidiaries and associates
Stated at cost using the moving average method.
 - (2) Available-for-sale securities
 - 1) Securities other than shares, etc. without a determinable market value
Stated at fair value (with any unrealized gains or losses reported directly as a component of net assets, and the cost of securities sold calculated by the moving average method).
 - 2) Shares, etc. without a determinable market value
Stated at cost using the moving average method.
2. Valuation standard and method for derivatives
Stated at fair value.
3. Depreciation method for non-current assets
 - (1) Property, plant and equipment (excluding leased assets)
The Company applies the straight-line method for buildings (excluding facilities attached to buildings) and facilities attached to buildings acquired on or after April 1, 2016. For other property, plant and equipment, the declining balance method is applied.
The principal useful lives are as follows.

Buildings	3–50 years
Tools, furniture and fixtures	3–20 years
 - (2) Intangible assets (excluding leased assets)
The straight-line method is applied.
In addition, software used in-house is depreciated over its useful life (five years) based on the straight-line method.
 - (3) Leased assets
Leased assets are depreciated using the straight-line method with estimated useful lives equal to lease terms, and zero residual value.
 - (4) Long-term prepaid expenses
The straight-line method is applied.
4. Accounting method for deferred assets
 - (1) Share issuance costs
Share issuance costs are amortized by the straight-line method over three years.
 - (2) Bond issuance costs
Bond issuance costs are amortized in equal amounts over the period through redemption.
5. Standard for translation of foreign currency-denominated assets or liabilities into Japanese yen
Monetary claims and liabilities denominated in foreign currency are translated into yen at the spot exchange rate prevailing on the fiscal closing date, and the difference arising from such translation is recorded as profit or loss.
6. Accounting standards for provisions
 - (1) Allowance for doubtful accounts
To prepare for losses from uncollectible receivables, estimates of irrecoverable amounts are recorded based on historical loan-loss ratios for general receivables, and on consideration of feasibly recoverable amounts in individual cases of suspected bad debt or other specific receivables.
 - (2) Provision for bonuses
To provide for bonus payments to employees, a provision for bonuses is recorded based on estimated future payments.
 - (3) Provision for bonuses for directors (and other officers)
To provide for bonus payments to directors (and other officers), a provision for bonuses is recorded based on estimated future payments.
 - (4) Provision for retirement benefits
To prepare for retirement benefit payments to employees, a provision for retirement benefits is recorded in the amount based on the retirement benefit obligation at the end of the fiscal year under review.
Actuarial gains or losses are treated as a lump-sum expense in the fiscal year following the year in which they arise.
7. Accounting standard for recognition of revenues and expenses
The details of the main performance obligations in key businesses related to revenue arising from contracts with customers of the Company, and the normal timing of satisfying such performance obligations (normal timing of recognizing revenue) are as follows.
 - 1) Own package tour products
There is an obligation to arrange and manage trips so that customers can receive transportation, accommodation, and other travel-related services provided by transportation and accommodation facilities, etc. in accordance with the itinerary set by the Company. Therefore, revenue is recognized over the duration of the trip.
 - 2) Agency sales of arranged tours, etc.
There is an obligation to make arrangements by acting as an agent, intermediary, or facilitator on behalf of travelers so

that they can receive transportation, accommodation, and other travel-related services provided by transportation and accommodation facilities, etc. Therefore, revenue is recognized based on the date of completion of such arrangements, and as an agent transaction, revenue is recognized as the net amount after deducting the amount payable to the suppliers from the amount received from customers.

8. Hedge accounting methods

(1) Hedge accounting methods

The Company in principle accounts for hedging transactions on a deferred basis. It applies the designated hedge accounting treatment (*furiate shori*) to forward exchange contracts and other items that qualify for designated hedge accounting, and the exceptional accounting treatment (*tokurei shori*) to interest rate swaps and other items that qualify for exceptional accounting.

(2) Hedging instruments and hedged items

a. Hedging instruments: Forward exchange contracts

Hedged items: Foreign currency-denominated trade accounts payable, foreign currency-denominated accounts payable - other

b. Hedging instruments: Interest rate swaps

Hedged items: Borrowings

(3) Hedging policy

The Company hedges against foreign exchange fluctuation risk and interest rate fluctuation risk in accordance with its internal Financial Risk Management Regulations.

(4) Evaluation of hedge effectiveness

The effectiveness of hedging is assessed by comparing the cumulative total of the market fluctuations or the cash flow fluctuations for the hedged items with that of the market fluctuations or the cash flow fluctuations for the hedging instrument every six months, and analyzing the fluctuation amount, etc. for the two. However, the effectiveness of hedging is not evaluated for interest rate swaps subject to exceptional accounting treatment.

9. Other significant matters for the preparation of non-consolidated financial statements

(1) Accounting method for retirement benefits

Unrecognized actuarial differences, unrecognized prior service cost, and unsettled differences arising from transitional obligations related to retirement benefits are accounted for using a different method than in the consolidated financial statements.

(2) Accounting treatment of investments in capital of subsidiaries and associates

For investments in partnerships under the Civil Code, based on the partnership's recent financial position and profit or loss, the amount corresponding to the Company's ownership interest in the partnership's net assets is recorded on the non-consolidated balance sheet as investments in capital of subsidiaries and associates, and the amount corresponding to the Company's share of the partnership's profit or loss is recorded in the non-consolidated statement of income.

(Significant accounting estimates)

1. Recoverability of deferred tax assets

(1) Amounts recorded in non-consolidated financial statements

(Millions of yen)

	Year ended October 31, 2024	Year ended October 31, 2025
Deferred tax assets	6,069	6,284

(2) Other information related to estimates

i) Calculation method for the amount recorded in non-consolidated financial statements in the fiscal year under review

The Company recognized deferred tax assets for tax loss carryforwards and deductible temporary differences to the extent that they were expected to reduce the amounts of future tax payments. In determining the likelihood of generating taxable income, the Company based its assessment on the HIS Group's medium-term management plan and reasonably estimated the timing and amount of future taxable income to calculate the recognized amount.

ii) Main assumptions used in calculation of the amount recorded in non-consolidated financial statements in the fiscal year under review

In assessing the recoverability of deferred tax assets as of October 31, 2025, the Company estimated future taxable income based on the Group's medium-term management plan and the future plans of each subsidiary and associate. As key assumptions, it incorporated the projected sales volumes of the Group's products and services, as determined based on market trends, customer demand forecasts, and other factors.

iii) Impact on non-consolidated financial statements in the next fiscal year

If actual market conditions and the recovery in travel demand worsen beyond the estimates of the management of the Company going forward, this may result in a reversal of deferred tax assets and have an impact on the financial condition and management performance of the Company.

2. Valuation of investments in and loans issued to subsidiaries and associates

(1) Amounts recorded in non-consolidated financial statements

(Millions of yen)

	Year ended October 31, 2024	Year ended October 31, 2025
Shares of subsidiaries and associates	54,979	56,229
Investments in capital of subsidiaries and associates	1,334	1,318
Short-term loans receivable from subsidiaries and associates	5,681	6,842
Long-term loans receivable from subsidiaries and associates	77,836	71,930
Allowance for doubtful accounts related to the above	(3,585)	(2,603)

(2) Other information related to estimates

i) Calculation method for the amount recorded in non-consolidated financial statements in the fiscal year under review

For shares of subsidiaries and associates and investments in capital of subsidiaries and associates, if the actual value fell significantly below the book value, the Company recorded impairment charges except when there was sufficient proof of recoverability based on its future plans. For loans receivable from subsidiaries and associates, the Company considered the recoverability of each loan and recorded allowances for doubtful accounts for estimated unrecoverable amounts. In addition, for investments in capital of subsidiaries and associates (investments in partnerships under the Civil Code), the amount was calculated in accordance with the financial reporting stipulated in the partnership agreement based on the most recently available financial statements, using a method that reflected the amount corresponding to the Company's ownership interest on a net basis.

ii) Main assumptions used in calculation of the amount recorded in non-consolidated financial statements in the fiscal year under review

In valuing investments in and loans issued to subsidiaries and associates as of October 31, 2025, the Company assessed the recoverability of shares of subsidiaries and associates, investments in capital of subsidiaries and associates, and loans receivable from subsidiaries and associates based on the HIS Group's medium-term management plan and the future plans of each subsidiary and associate, and incorporated as key assumptions the projected sales volumes of the Group's products and services, as determined based on market trends, customer demand forecasts, and other factors.

iii) Impact on non-consolidated financial statements in the next fiscal year

If actual market conditions and the recovery in travel demand worsen beyond the estimates of the management of the subsidiaries and associates going forward, this may result in the booking of losses by the Company in the form of impairment charges on its shares of subsidiaries and associates and investments in capital of such subsidiaries and associates, or allowances for doubtful accounts against loans issued to such subsidiaries and associates, and this may have an impact on the financial condition and management performance of the Company.

(Changes in accounting policies)

(Application of the "Accounting Standard for Current Income Taxes, etc.")

The Company has applied the "Accounting Standard for Current Income Taxes, etc." (ASBJ Statement No. 27, October 28, 2022, Accounting Standards Board of Japan; hereinafter, the "2022 Revised Accounting Standard"), etc. from the beginning of the fiscal year under review.

With respect to the revisions concerning the classification of income taxes, the Company has applied the transitional treatment set forth in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard. There is no impact on the non-consolidated financial statements resulting from this change in accounting policy.

(Application of the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules", etc.)

The Company has applied the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (ASBJ Practical Solution No. 46, March 22, 2024, Accounting Standards Board of Japan), etc. from the beginning of the fiscal year under review.

There is no impact on the non-consolidated financial statements resulting from this change in accounting policy.

(Non-consolidated balance sheet)

1. Contingent liabilities

(1) The Company guarantees bank loans, etc. for the following companies up to the amounts shown below.

	Year ended October 31, 2024 (As of October 31, 2024)		Year ended October 31, 2025 (As of October 31, 2025)
Japan Holiday Travel Co., Ltd.	1,850 million yen	Japan Holiday Travel Co., Ltd.	1,850 million yen
Green World Hotels Co., Ltd.	340,000 thousand TWD (1,635 million yen)	HIS ULUSLARARASI TURIZM SEYAHAT ACENTASI LIMITED SIRKETI	811,000 thousand yen 3,000 thousand USD (1,273 million yen)
FLY HUB TRAVEL PTE. LTD.	10,300 thousand SGD (1,195 million yen)	FLY HUB TRAVEL PTE. LTD.	9,500 thousand SGD (1,126 million yen)
HIS ULUSLARARASI TURIZM SEYAHAT ACENTASI LIMITED SIRKETI	691,000 thousand yen 3,000 thousand USD (1,151 million yen)	Green World Hotels Co., Ltd.	210,000 thousand TWD (1,054 million yen)
H.I.S. Hotel Holdings Co., Ltd.	235 million yen	H.I.S. Hotel Holdings Co., Ltd.	235 million yen
H.I.S. Tours Co., Ltd.	50,000 thousand THB (227 million yen)	H.I.S. INTERNATIONAL TOURS (NY) INC.	1,005 thousand USD (154 million yen)
H.I.S. INTERNATIONAL TOURS (NY) INC.	1,005 thousand USD (154 million yen)	H.I.S. Deutschland Touristik GmbH	656 thousand EUR (117 million yen)
Merit Travel Group Inc.	1,200 thousand CAD (132 million yen)	H.I.S. GLOBAL TRAVEL PTE. LTD.	100 million yen
H.I.S. - MERIT TRAVEL INC.	1,000 thousand CAD (110 million yen)	H.I.S. Tours Co., Ltd.	20,000 thousand THB (95 million yen)
H.I.S. INTERNATIONAL MANAGEMENT PTE. LTD.	100 million yen	HAWAII HIS CORPORATION	420 thousand USD (64 million yen)
H.I.S. Deutschland Touristik GmbH	396 thousand EUR (66 million yen)	HIS INTERNATIONAL TOURS FRANCE SAS	273 thousand EUR (48 million yen)
HAWAII HIS CORPORATION	420 thousand USD (64 million yen)	H.I.S. TRAVEL (MALAYSIA) SDN. BHD.	1,284 thousand MYR (47 million yen)
H I S TRAVEL & TOURISM L.L.C	250 thousand USD 100 thousand EUR (55 million yen)	H I S TRAVEL & TOURISM L.L.C	100 thousand EUR (17 million yen)
HIS INTERNATIONAL TOURS FRANCE SAS	273 thousand EUR (45 million yen)		
H.I.S. TRAVEL (MALAYSIA) SDN. BHD.	1,284 thousand MYR (45 million yen)		
Miki Tourist Co., Ltd.	121 thousand USD (18 million yen)		
H.I.S. Travel Nederland B.V.	55 thousand EUR (9 million yen)		

(2) The Company guarantees business transaction payments for the following companies.

Year ended October 31, 2024 (As of October 31, 2024)		Year ended October 31, 2025 (As of October 31, 2025)	
• Guarantee with specified amount		• Guarantee with specified amount	
QUALITA Co., Ltd.	10 million yen	QUALITA Co., Ltd.	10 million yen
HIS ULUSLARARASI TURIZM SEYAHAT ACENTASI LIMITED SIRKETI	2,000 thousand USD (307 million yen)	HIS ULUSLARARASI TURIZM SEYAHAT ACENTASI LIMITED SIRKETI	2,000 thousand USD (308 million yen)
H.I.S. OKINAWA Co., Ltd.	10 million yen	H.I.S. OKINAWA Co., Ltd.	10 million yen
GUAM REEF HOTEL, INC.	3,660 thousand USD (562 million yen)	GUAM REEF HOTEL, INC.	3,660 thousand USD (564 million yen)
• Guarantee without specified amount		• Guarantee without specified amount	
QUALITA Co., Ltd.	Payment guarantee for trade payables	QUALITA Co., Ltd.	Payment guarantee for trade payables
H.I.S. OKINAWA Co., Ltd.	Payment guarantee for trade payables	FLY HUB TRAVEL PTE. LTD.	Payment guarantee for trade payables
H.I.S. Management Consulting DMCC	Payment guarantee for trade payables	GUAM REEF HOTEL, INC.	Payment guarantee for a real estate lease agreement (*)
FLY HUB TRAVEL PTE. LTD.	Payment guarantee for trade payables	H.I.S. Hotel Holdings Co., Ltd.	Payment guarantee for business-use leasehold interest
H.I.S. OKINAWA Co., Ltd.	Payment guarantee for office rent, etc.	H.I.S. Hotel Holdings Co., Ltd.	Payment guarantees for lease agreements and service agreements
H.I.S. Hotel Holdings Co., Ltd.	Payment guarantee for business-use leasehold interest	HAWAII SQUARE LLC	Payment guarantee for referral fees, etc.
HAWAII SQUARE LLC	Payment guarantee for referral fees, etc.		
GUAM REEF HOTEL, INC.	Payment guarantee for a real estate lease agreement (*)		

(*) GUAM REEF HOTEL, INC., a consolidated subsidiary of the Company, leases the land on which part of its hotel is located. Under this real estate lease agreement, the subsidiary is required to make additional capital expenditures of at least 50 million USD by December 31, 2029. The Company guarantees the payment and performance of obligations under the real estate lease agreement of GUAM REEF HOTEL, INC.

2. Monetary claims and obligations to subsidiaries and associates (excluding those separately disclosed)

(Millions of yen)

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Short-term monetary claims	2,521	2,699
Long-term monetary claims	98	70
Short-term monetary obligations	5,635	7,225

3. Committed credit line agreements

The Company has concluded committed credit line agreements with three banks to ensure efficient and stable procurement of working capital. The unused portion of these committed credit line agreements is shown below.

(Millions of yen)

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Committed credit line limits (total)	33,000	33,000
Outstanding borrowings	—	—
Unused balance	33,000	33,000

*4. Financial covenants

Syndicated loans

- 1) Must maintain the amount of net assets on the consolidated balance sheet reported on the final day of each fiscal year at 75% or more of the net asset value on the consolidated balance sheet reported on the final day of the previous fiscal year.
- 2) May not record ordinary losses on the consolidated statement of income reported on the final day of each fiscal year for two consecutive years.

The balance of the long-term borrowings subject to the financial covenants is shown below.

(Millions of yen)

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Long-term borrowings (including current portion of long-term borrowings)	32,128	32,128

*5. Notable covenants attached to other obligations

Unsecured bonds

Ensure the following two scenarios do not apply.

- 1) For bonds other than unsecured bonds, forfeiture of the benefit of time, or inability to repay such bonds when they are due.
- 2) Inability to fulfill payment obligations when the benefit of time has been forfeited for loan obligations other than bonds, or inability to fulfill payment for guarantee obligations assumed for bonds other than the Company's bonds or for other loan obligations, should such need arise. However, this will not apply if the total liabilities do not exceed 500 million yen.

The balance of the applicable unsecured bonds is shown below.

(Millions of yen)

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Bonds payable	5,000	5,000

(Non-consolidated statement of income)

*1. Of total selling, general and administrative expenses, selling expenses accounted for approximately 83.0% and general and administrative expenses for approximately 17.0% in the fiscal year ended October 31, 2024, and 80.6% and 19.4%, respectively, in the fiscal year ended October 31, 2025. Major cost items and their respective amounts are shown below.

	(Millions of yen)	
	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Advertising expenses	4,985	5,976
Commission expenses	5,499	6,864
Salaries and bonuses	17,518	19,440
Provision for bonuses	2,130	2,182
Provision for bonuses for directors (and other officers)	—	57
Provision of allowance for doubtful accounts	29	(32)
Provision for accrued interest for travel funds	14	14
Depreciation and amortization	1,559	1,722

*2. Amount of transactions with subsidiaries and associates

	(Millions of yen)	
	Year ended October 31, 2024 (November 1, 2023 to October 31, 2024)	Year ended October 31, 2025 (November 1, 2024 to October 31, 2025)
Amount of operating transactions		
Net sales	7,712	11,462
Cost of sales	58,722	66,479
Transaction amount for non-operating transactions		
Non-operating income	1,350	838
Non-operating expenses	10	1

*3. Reversal of allowance for doubtful accounts

Fiscal year ended October 31, 2024 (November 1, 2023 to October 31, 2024)

The reversal mainly relates to loans receivable from H.I.S. Hotel Holdings Co., Ltd.

Fiscal year ended October 31, 2025 (November 1, 2024 to October 31, 2025)

The reversal mainly relates to loans receivable from H.I.S. Hotel Holdings Co., Ltd. The reversal of allowance for doubtful accounts and provision of allowance for doubtful accounts are offset, and are presented as reversal of allowance for doubtful accounts in the non-consolidated statement of income.

*4. Loss on valuation of shares of subsidiaries and associates

The loss on valuation mainly relates to shares of subsidiaries and associates, including HIS ULUSLARARASI TURIZM SEYAHAT ACENTASI LIMITED SIRKETI, a consolidated subsidiary of the Company.

*5. Bad debt expenses

The bad debt expenses reflect expenses related to the waiver of receivables associated with the downsizing of operations at FLY HUB TRAVEL PTE. LTD., a non-consolidated subsidiary of the Company.

(Securities)

Fiscal year ended October 31, 2024 (as of October 31, 2024)

(Millions of yen)

Classification	Amounts recorded on balance sheet	Fair value	Difference
Shares of subsidiaries	1,250	1,604	353
Shares of associates	—	—	—
Total	1,250	1,604	353

(Note) Balance sheet carrying amounts of shares, etc. without a determinable market value not included in the above

(Millions of yen)

Classification	Year ended October 31, 2024
Shares of subsidiaries	51,525
Shares of associates	2,202

Fiscal year ended October 31, 2025 (as of October 31, 2025)

(Millions of yen)

Classification	Amounts recorded on balance sheet	Fair value	Difference
Shares of subsidiaries	1,250	2,084	833
Shares of associates	—	—	—
Total	1,250	2,084	833

(Note) Balance sheet carrying amounts of shares, etc. without a determinable market value not included in the above

(Millions of yen)

Classification	Year ended October 31, 2025
Shares of subsidiaries	52,151
Shares of associates	2,826

(Tax effect accounting)

1. Principal components of deferred tax assets and deferred tax liabilities

	Year ended October 31, 2024 (As of October 31, 2024)	(Millions of yen) Year ended October 31, 2025 (As of October 31, 2025)
(Deferred tax assets)		
Tax loss carryforwards	1,850	3,616
Loss on valuation of shares of subsidiaries and associates	2,864	4,007
Excess allowance for doubtful accounts	1,278	1,117
Provision for retirement benefits	1,206	1,324
Provision for bonuses	685	807
Unsettled gift certificates	377	389
Loss on valuation of investment securities	545	714
Non-deductible asset retirement obligation expenses	111	128
Deposits received of subsidy	1,793	—
Long-term accounts payable - other	11	13
Other	379	649
Deferred tax assets subtotal	11,105	12,769
Valuation allowance pertaining to tax loss carryforwards	—	—
Valuation allowance pertaining to total future deductible temporary differences	(5,007)	(6,427)
Valuation allowance subtotal	(5,007)	(6,427)
Deferred tax assets total	6,097	6,342
(Deferred tax liabilities)		
Valuation difference on available-for-sale securities	(4)	—
Deferred gains or losses on hedges	(22)	(57)
Deferred tax liabilities total	(27)	(57)
Deferred tax assets, net	6,069	6,284

2. Major components of significant differences arising between the effective statutory tax rate and effective income tax rate after application of tax-effect accounting

	Year ended October 31, 2024 (As of October 31, 2024)	Year ended October 31, 2025 (As of October 31, 2025)
Effective statutory tax rate	34.59%	34.59%
(Adjustments)		
Non-deductible permanent items such as entertainment expenses	0.95%	829.35%
Non-taxable permanent items such as dividend income	(8.34%)	(399.01%)
Inhabitant tax on per capita basis	2.45%	326.66%
Increase (decrease) in valuation allowance	(93.71%)	2,143.30%
Increase (decrease) in deferred tax assets due to changes in tax rates	—%	(3,473.66%)
Impact of tax credits	0.08%	29.37%
Other	(2.06%)	(3.68%)
Effective income tax rate after application of tax-effect accounting	(66.04%)	(513.08%)

(Changes in presentation)

“Impact of tax credits,” which had been included in “Other” in the previous fiscal year, is presented as an independent item from the fiscal year under review due to its increased significance. To reflect this change in presentation, the notes to non-consolidated financial statements for the previous fiscal year have been reclassified.

As a result, -1.98%, which had been presented under “Other” in the previous fiscal year, has been reclassified as “Impact of tax credits” of 0.08% and “Other” of -2.06%.

3. Revision of deferred tax assets due to changes in income tax rates

Following the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) by the Diet on March 31, 2025, the “Special Defense Corporation Tax” will be introduced for fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets related to temporary differences expected to be reversed in fiscal years beginning on or after November 1, 2026 have been calculated using a revised effective statutory tax rate of 35.43%, compared with the previous rate of 34.59%.

As a result of this change, deferred tax assets (net of deferred tax liabilities) increased by 102 million yen, and income taxes - deferred decreased by 102 million yen in the fiscal year under review.

(Revenue recognition)

Notes regarding the basic information to understand revenue from contracts with customers have been omitted because the same information is presented in “Consolidated Financial Statements, Notes to Consolidated Financial Statements, (Revenue recognition)”.

(Important subsequent events)

There are no applicable matters to report.

4) Non-consolidated Supplementary Schedules

[Schedule for property, plant and equipment]

(Millions of yen)

Classification	Asset type	Balance at beginning of period	Increase during period	Decrease during period	Depreciation during period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	9,908	511	—	520	9,899	2,568
	Vehicles	0	0	0	0	0	1
	Tools, furniture and fixtures	428	167	0	165	430	1,734
	Land	24,915	—	—	—	24,915	—
	Construction in progress	21	9	21	—	9	—
	Other	523	—	—	208	314	492
	Total		35,797	689	22	894	35,569
Intangible assets	Trademark right	48	5	—	7	46	—
	Telephone subscription right	82	—	—	—	82	—
	Software	1,962	1,538	—	809	2,692	—
	Other	657	1,048	345	1	1,360	—
	Total		2,751	2,593	345	817	4,181

[Schedule for provisions]

(Millions of yen)

Classification	Balance at beginning of period	Increase during period	Decrease during period (due to intended usage)	Decrease during period (other)	Balance at end of period
Allowance for doubtful accounts (Note)	4,175	3,231	460	3,714	3,231
Provision for bonuses	2,238	2,276	2,238	—	2,276
Provision for bonuses for directors (and other officers)	—	57	—	—	57

(Note) The 3,714 million yen decrease in allowance for doubtful accounts under “Decrease during period (other)” is attributable to reversals.

(2) Major Assets and Liabilities

Notes have been omitted as the Company has prepared consolidated financial statements.

(3) Others

There are no applicable matters to report.

VI. Stock-related Administration for the Company

Fiscal year	From November 1 to October 31
Ordinary General Meeting of Shareholders	January
Record date	October 31
Record dates for dividend of surplus	April 30 October 31
Number of shares constituting one unit	100 shares
Purchase and sale of shares less than one unit	
Handling office	(Special account) Stock Transfer Agent Department, Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Transfer agent	(Special account) Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Forward office	_____
Purchasing and selling fees	None
Method of public notice	Public notice of the Company is given by electronic means. However, in the event accidents or other unavoidable reasons prevent public notice by electronic means, the notice can be made by publication in <i>The Nihon Keizai Shimbun</i> issued in Tokyo. URL for public notices: https://www.his.co.jp/
Special benefit for shareholders	Every year, at the end of April and October, the Company issues shareholder benefits to all shareholders who own at least 100 shares and are recorded in the Shareholder Registry, based on the following criteria. Shareholders owning 100 or more but fewer than 500 shares Two shareholder benefit coupons (corresponding to 2,000 yen) Shareholders owning 500 or more but fewer than 1,000 shares Four shareholder benefit coupons (corresponding to 4,000 yen) Shareholders owning 1,000 or more shares Six shareholder benefit coupons (corresponding to 6,000 yen) Shareholders owning 100 or more shares One discounted admission ticket for Laguna Ten Bosch (500-yen discount per person; tickets can be used by up to five people).

VII. Reference Information on the Company

1. Information on the Parent Company, etc. of the Company

The Company has no parent company.

2. Other Reference Information

The Company filed the following documents between the beginning of the fiscal year under review and the submittal of the Japanese version of this Annual Securities Report.

(1) Annual Securities Report and documents attached thereto, and Confirmation Letter thereof

For the 44th fiscal year (from November 1, 2023 to October 31, 2024)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

(2) Amended Annual Securities Report and Confirmation Letter thereof

For the 40th fiscal year (from November 1, 2019 to October 31, 2020)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

For the 41st fiscal year (from November 1, 2020 to October 31, 2021)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

For the 42nd fiscal year (from November 1, 2021 to October 31, 2022)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

For the 43rd fiscal year (from November 1, 2022 to October 31, 2023)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

For the 42nd fiscal year (from November 1, 2021 to October 31, 2022)

Submitted to the Director-General, Kanto Local Finance Bureau on December 9, 2025

For the 43rd fiscal year (from November 1, 2022 to October 31, 2023)

Submitted to the Director-General, Kanto Local Finance Bureau on December 9, 2025

For the 44th fiscal year (from November 1, 2023 to October 31, 2024)

Submitted to the Director-General, Kanto Local Finance Bureau on December 9, 2025

(3) Internal Control Report and documents attached thereto

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

(4) Amended Internal Control Report

For the 40th fiscal year (from November 1, 2019 to October 31, 2020)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

For the 41st fiscal year (from November 1, 2020 to October 31, 2021)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

For the 42nd fiscal year (from November 1, 2021 to October 31, 2022)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

For the 43rd fiscal year (from November 1, 2022 to October 31, 2023)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

(5) Semiannual Securities Report and Confirmation Letter thereof

For the first half of the 45th fiscal year (from November 1, 2024 to April 30, 2025)

Submitted to the Director-General, Kanto Local Finance Bureau on June 13, 2025

(6) Amended Quarterly Securities Report and Confirmation Letter thereof

For the second quarter of the 42nd fiscal year (from February 1, 2022 to April 30, 2022)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

For the third quarter of the 42nd fiscal year (from May 1, 2022 to July 31, 2022)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

For the first quarter of the 43rd fiscal year (from November 1, 2022 to January 31, 2023)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

For the second quarter of the 43rd fiscal year (from February 1, 2023 to April 30, 2023)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

For the third quarter of the 43rd fiscal year (from May 1, 2023 to July 31, 2023)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

For the first quarter of the 44th fiscal year (from November 1, 2023 to January 31, 2024)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

For the second quarter of the 44th fiscal year (from February 1, 2024 to April 30, 2024)

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025

(7) Extraordinary Report

Submitted to the Director-General, Kanto Local Finance Bureau on November 15, 2024

According to the provisions of Article 19, Paragraph 2, Item 3 (a change to a specified subsidiary company) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on December 20, 2024

According to the provisions of Article 19, Paragraph 2, Item 3 (a change to a specified subsidiary company) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on January 27, 2025
According to the provisions of Article 19, Paragraph 2, Items 12 and 19 (occurrence of an event that may have serious effects on the financial position, operating results and cash flow status) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on January 30, 2025
According to the provisions of Article 19, Paragraph 2, Item 9-2 (result of exercise of voting rights at a General Meeting of Shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on February 7, 2025
According to the provisions of Article 19, Paragraph 2, Item 3 (a change to a specified subsidiary company) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on March 3, 2025
According to the provisions of Article 19, Paragraph 2, Item 3 (a change to a specified subsidiary company) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on March 3, 2025
According to the provisions of Article 19, Paragraph 2, Item 3 (a change to a specified subsidiary company) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on March 4, 2025
According to the provisions of Article 19, Paragraph 2, Item 3 (a change to a specified subsidiary company) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025
According to the provisions of Article 19, Paragraph 2, Items 12 and 19 (occurrence of an event that may have serious effects on the financial position, operating results and cash flow status) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on March 31, 2025
According to the provisions of Article 19, Paragraph 2, Items 12 and 19 (occurrence of an event that may have serious effects on the financial position, operating results and cash flow status) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on April 30, 2025
According to the provisions of Article 19, Paragraph 2, Item 3 (a change to a specified subsidiary company) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on May 20, 2025
According to the provisions of Article 19, Paragraph 2, Item 3 (a change to a specified subsidiary company) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on May 23, 2025
According to the provisions of Article 19, Paragraph 2, Item 3 (a change to a specified subsidiary company) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on June 5, 2025
According to the provisions of Article 19, Paragraph 2, Item 3 (a change to a specified subsidiary company) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on September 12, 2025
According to the provisions of Article 19, Paragraph 2, Item 12 (occurrence of an event that may have serious effects on the financial position, operating results and cash flow status) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on October 22, 2025
According to the provisions of Article 19, Paragraph 2, Item 3 (a change to a specified subsidiary company) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on December 11, 2025
According to the provisions of Article 19, Paragraph 2, Item 3 (a change to a specified subsidiary company) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on December 12, 2025
According to the provisions of Article 19, Paragraph 2, Items 12 and 19 (occurrence of an event that may have serious effects on the financial position, operating results and cash flow status) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Submitted to the Director-General, Kanto Local Finance Bureau on January 6, 2026
According to the provisions of Article 19, Paragraph 2, Item 3 (a change to a specified subsidiary company) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

Part II Information on Guarantors, etc. for the Company

There are no applicable matters to report.