



Fiscal Year Ending October 2026 (FY2026)

# Supplementary Materials for the First Quarter Financial Results

H.I.S. Co., Ltd. (TSE Prime: 9603) | March 13, 2026

# Table of Contents

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**01 | Summary of the 1Q Financial Results for the Fiscal Year Ending October 2026**

**02 | Travel Market Overview**

**03 | Full-Year Forecasts**

**04 | Supplementary Materials**

# **Summary of the 1Q Financial Results for the Fiscal Year Ending October 2026**

# Consolidated Financial Results (Highlights)

- Net sales were **108.5% YoY at 101.2 billion yen** (up 7.9 billion yen YoY). **Net Sales increased for the fourth consecutive year, with all segments performing steadily**
- Operating profit was **102.2% YoY at 5.3 billion yen** (up 0.1 billion yen YoY). The hotel business drove the increase, resulting in **the second-highest operating profit ever recorded** in the first quarter
- Ordinary profit was **97.9% YoY at 5.1 billion yen** (down 0.1 billion yen YoY). Net profit for the quarter was **97.5% YoY at 3.4 billion yen** (down 80 million yen YoY)

(million yen)	FY25 1Q	FY26 1Q		
			YoY	Increase /Decrease
<b>Net Sales</b>	93,333	<b>101,239</b>	<b>108.5%</b>	<b>+7,905</b>
<b>Operating Profit</b>	5,209	<b>5,324</b>	<b>102.2%</b>	<b>+114</b>
<b>Ordinary Profit</b>	5,270	<b>5,161</b>	<b>97.9%</b>	<b>△108</b>
<b>Quarterly Net Profit</b>	3,514	<b>3,427</b>	<b>97.5%</b>	<b>△86</b>

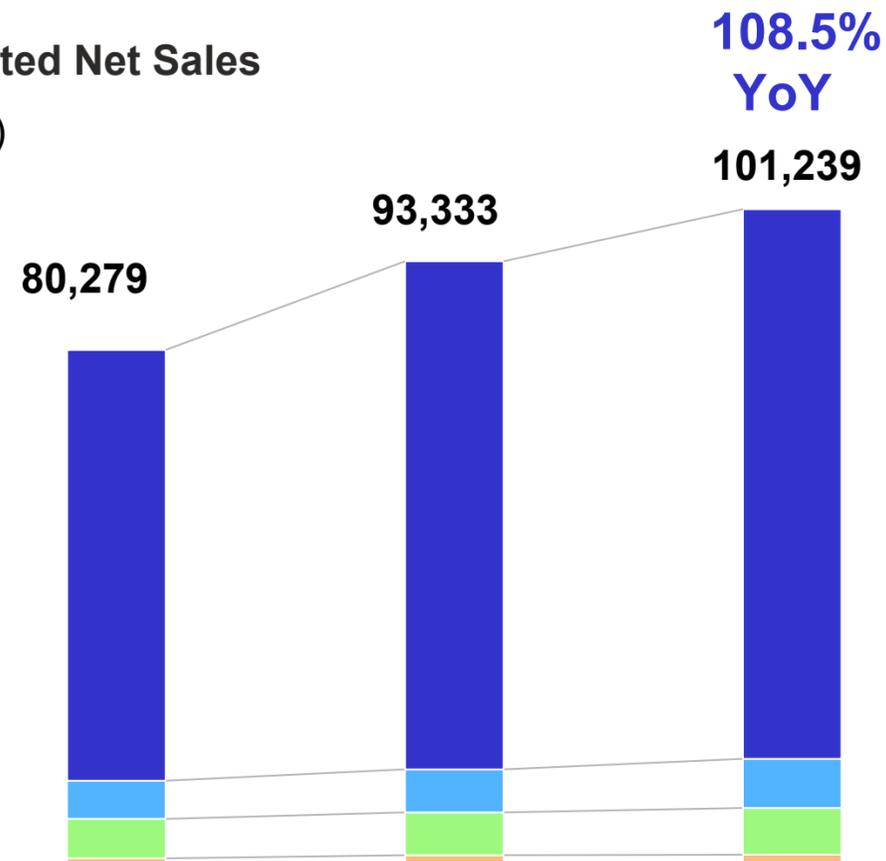
# Consolidated Financial Results Summary

(million yen)	FY25 1Q	FY26 1Q	YoY	Increase /Decrease	Major Changes
<b>Net Sales</b>	<b>93,333</b>	<b>101,239</b>	<b>108.5%</b>	<b>+7,905</b>	Travel +6,320, Hotel +942
Gross Profit	30,839	32,003	103.8%	+1,164	
SG&A Expenses	25,629	26,679	104.1%	+1,049	
<b>Operating Profit</b>	<b>5,209</b>	<b>5,324</b>	<b>102.2%</b>	<b>+114</b>	Travel $\Delta$ 413, Hotel +525
EBITDA	7,944	8,245	103.8%	+301	
Non-Operating Income	1,043	593	56.9%	$\Delta$ 449	
Non-Operating Expenses	982	755	76.9%	$\Delta$ 226	
<b>Ordinary Profit</b>	<b>5,270</b>	<b>5,161</b>	<b>97.9%</b>	<b><math>\Delta</math>108</b>	
Extraordinary Gain	100	199	199.8%	+99	
Extraordinary Loss	7	1	16.9%	$\Delta$ 6	
Income before Income taxes	5,362	5,360	100.0%	$\Delta$ 2	
Income Taxes	1,236	1,268	102.6%	+32	
Net Profit Attributable to Non-Controlling Shareholders	612	664	108.6%	+52	
<b>Net Profit Attributable to Parent Company Shareholders</b>	<b>3,514</b>	<b>3,427</b>	<b>97.5%</b>	<b><math>\Delta</math>86</b>	

# Consolidated Financial Results: Net Sales & Operating Profit by Business Segment (Highlights)

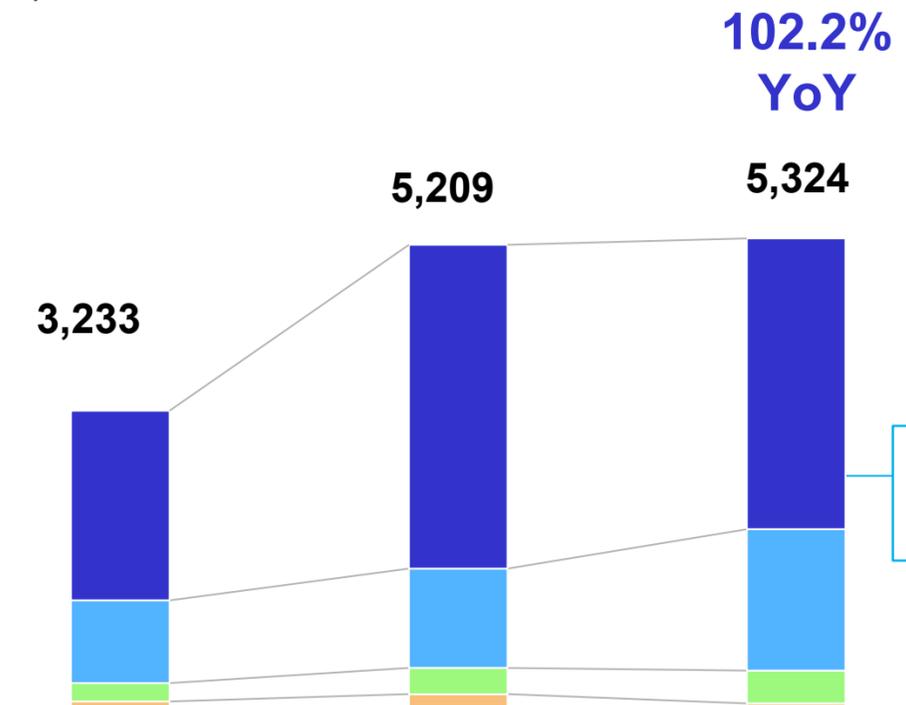
- **Net Sales:** Net sales increased across all segments; the travel business showed steady recovery and drove net sales growth
- **Operating Profit:** The hotel business contributed to profit increase, shifting to a revenue structure that offsets upfront investments in human capital in the travel business

■ Consolidated Net Sales  
(million yen)



	FY24 1Q	FY25 1Q	FY26 1Q
■ Travel Business	65,578	77,355	83,675
■ Hotel Business	5,811	6,532	7,475
■ Kyushu Sanko Group	6,002	6,539	7,128
■ Others	3,610	4,074	4,149
Adjustments & Eliminations	△ 723	△ 1167	△ 1189

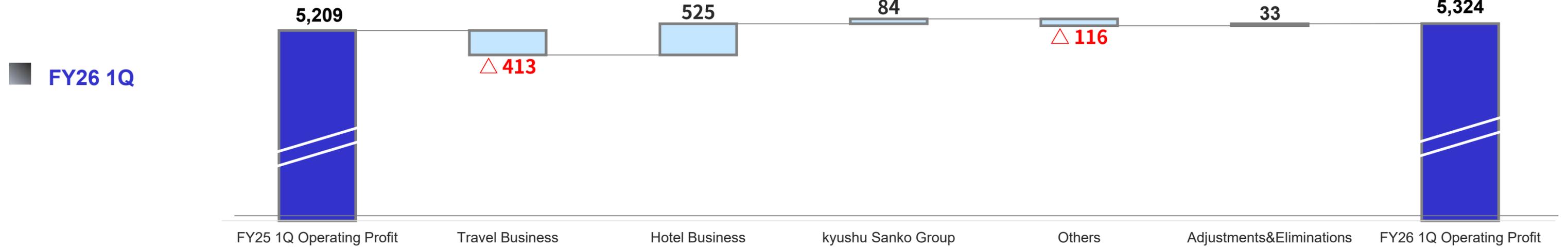
■ Consolidated Operating Profit  
(million yen)



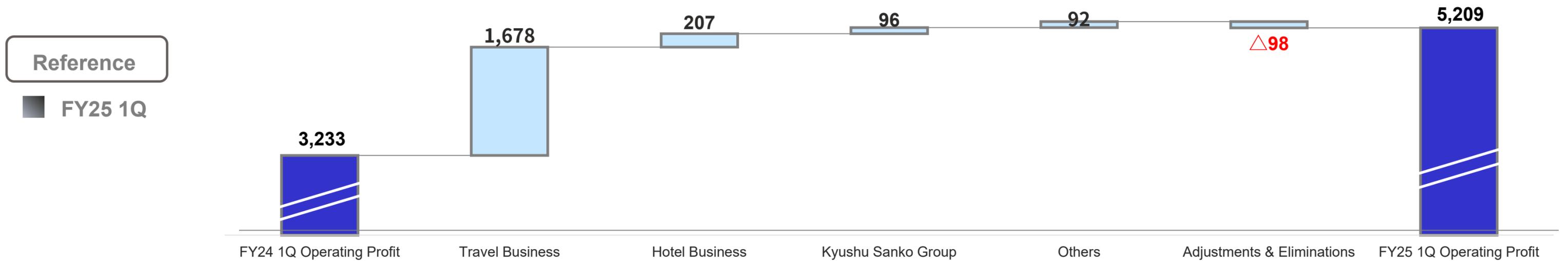
	FY24 1Q	FY25 1Q	FY26 1Q
■ Travel Business	2,373	4,051	3,638
■ Hotel Business	1,035	1,242	1,768
■ Kyushu Sanko Group	230	327	411
■ Others	119	212	95
Adjustments & Eliminations	△ 525	△ 623	△ 589

# Consolidated Financial Results: Breakdown of Operating Profit Increase/Decrease by Business Segment

(million yen)

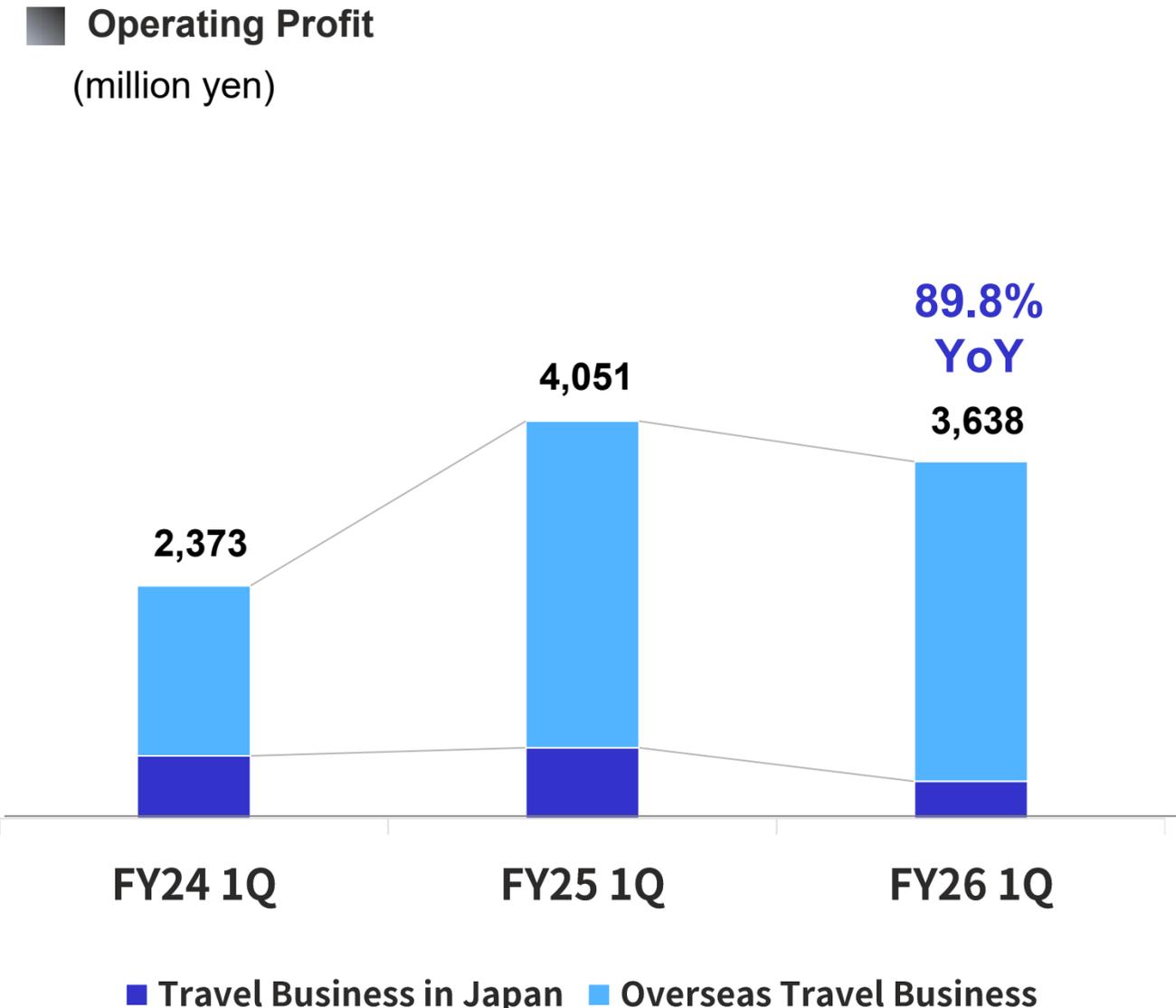
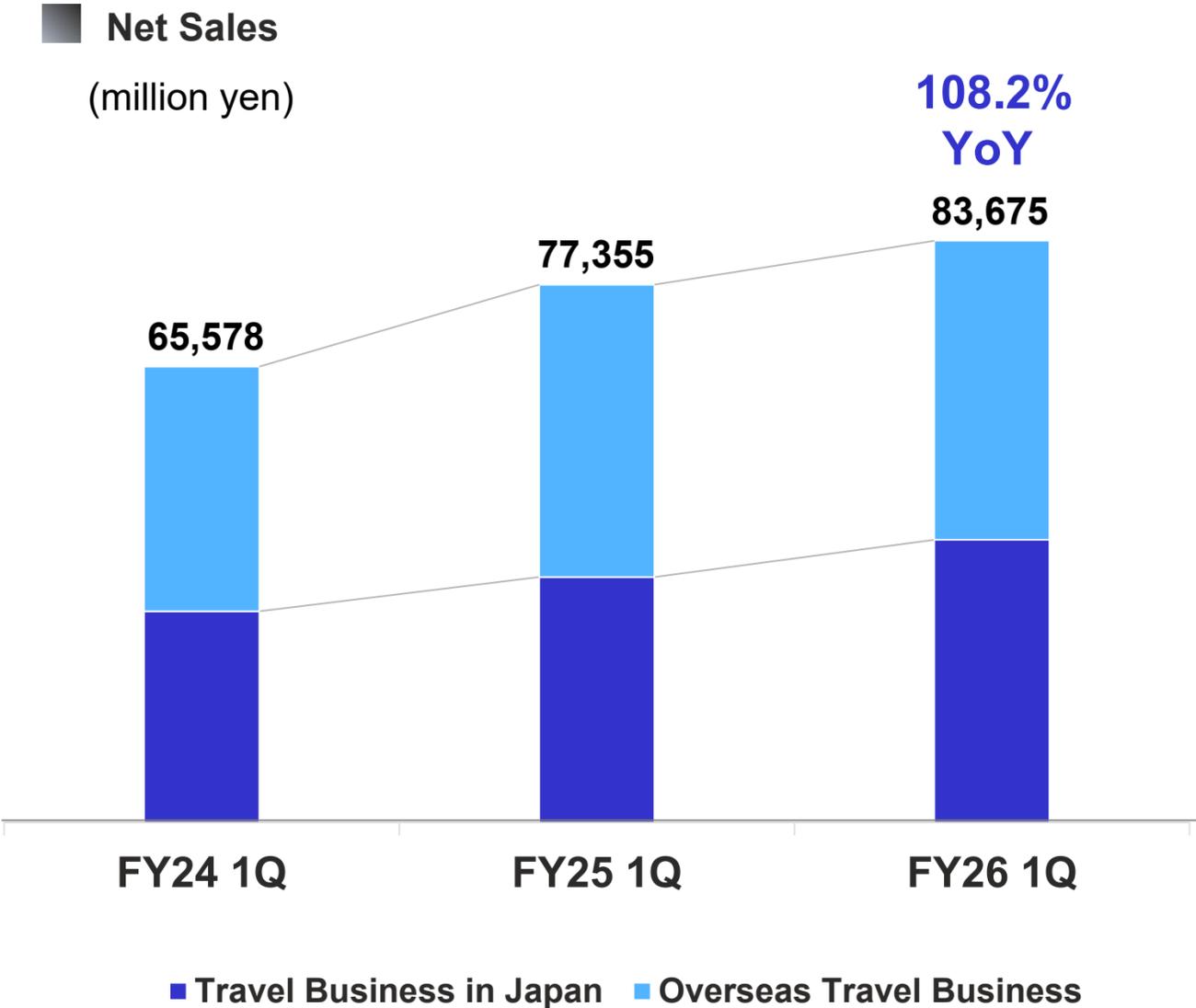


(million yen)



# Travel Business

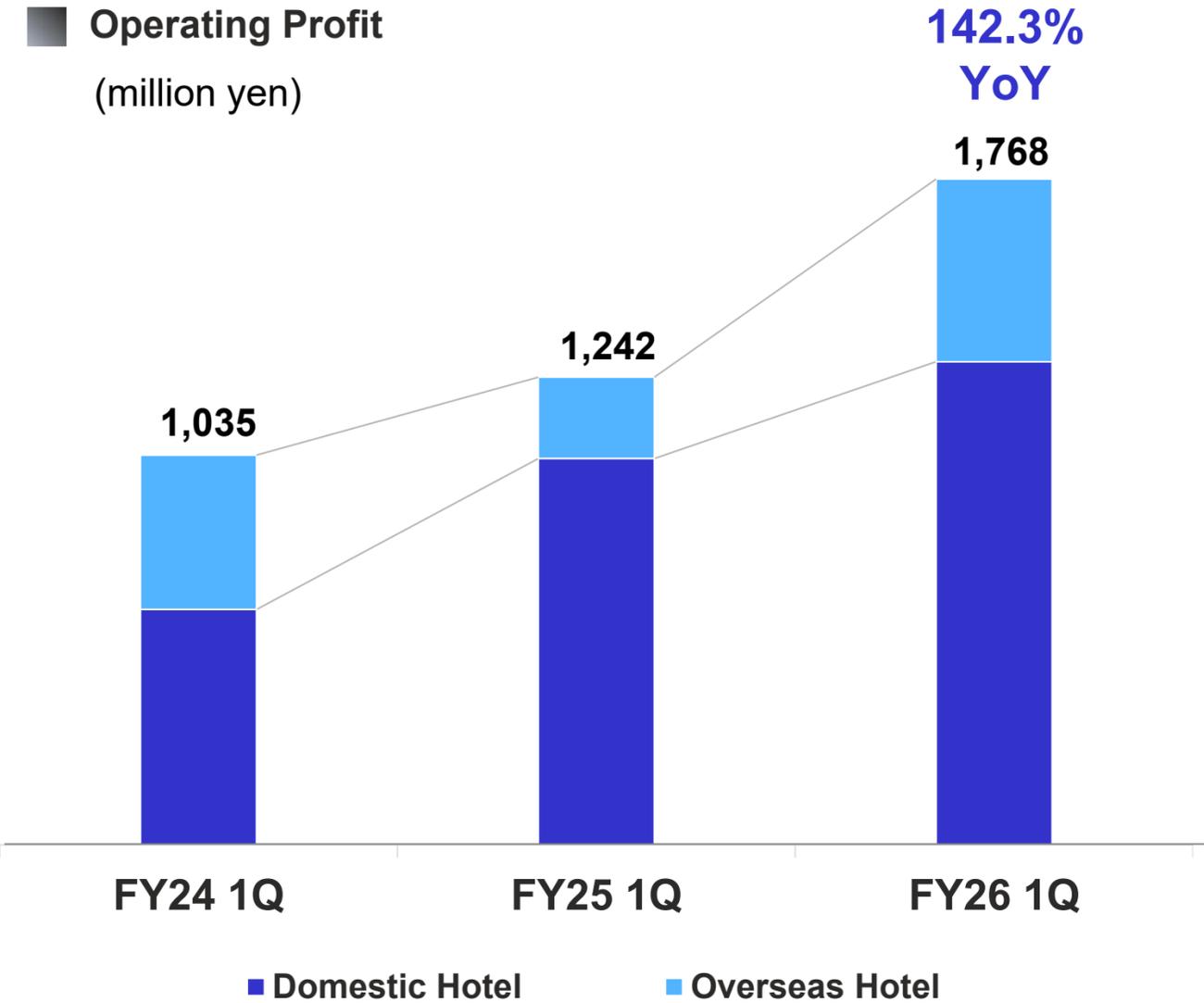
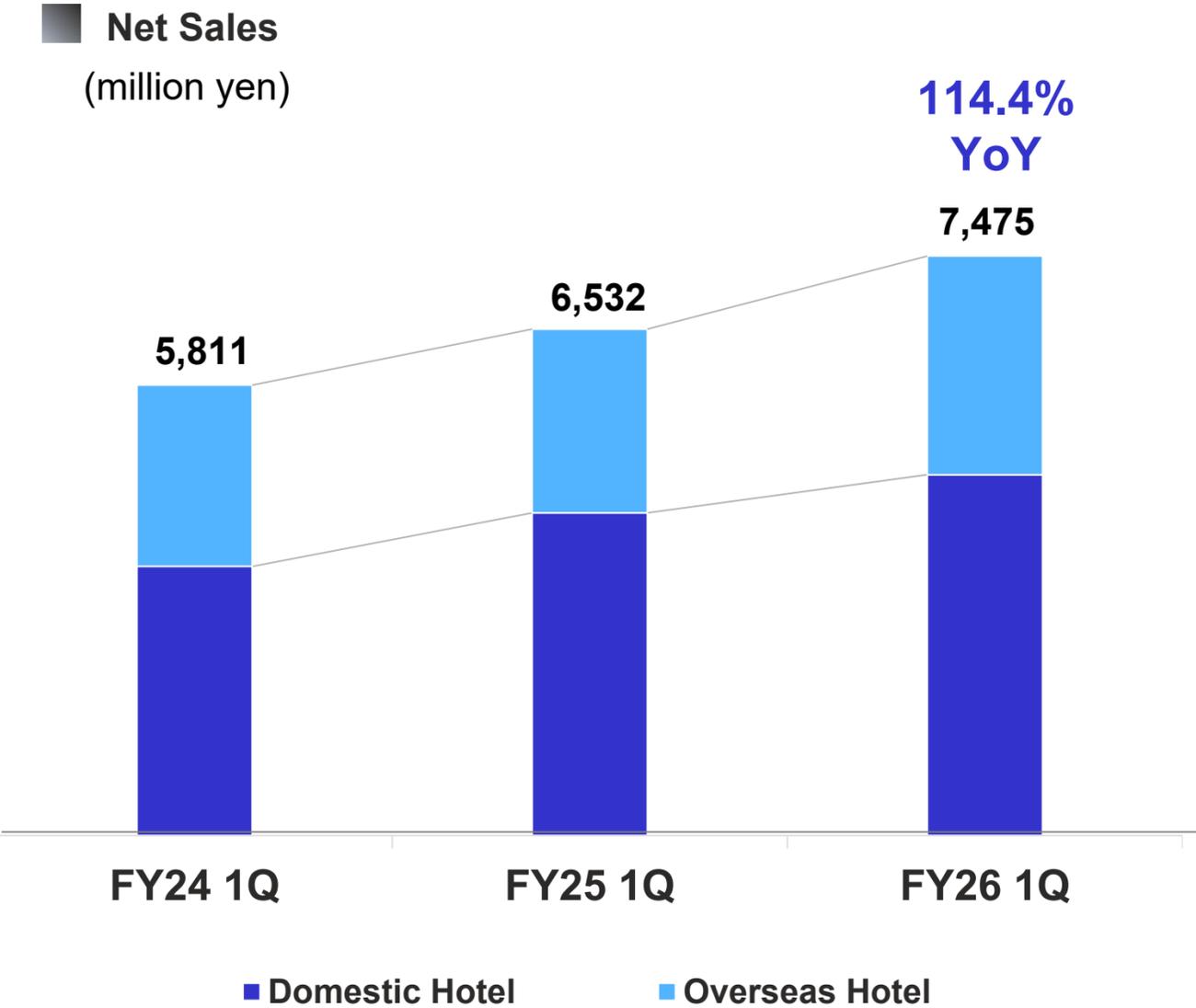
- Net sales remained solid, driven by the international travel business from Japan, which captured year-end and New Year demands and ranked #1 in December transaction volume among major travel agencies (44 companies). In the overseas travel business, the inbound business in Europe remained strong, offsetting the decline in the outbound business
- Operating profit was partially affected by exchange the rate fluctuations in Europe (euro-denominated) in addition to investments in human resources for future growth, but the strong performance of the European inbound business at overseas subsidiaries and the return to profitability of the Canadian subsidiary supported profits



\* Before head office expense adjustments

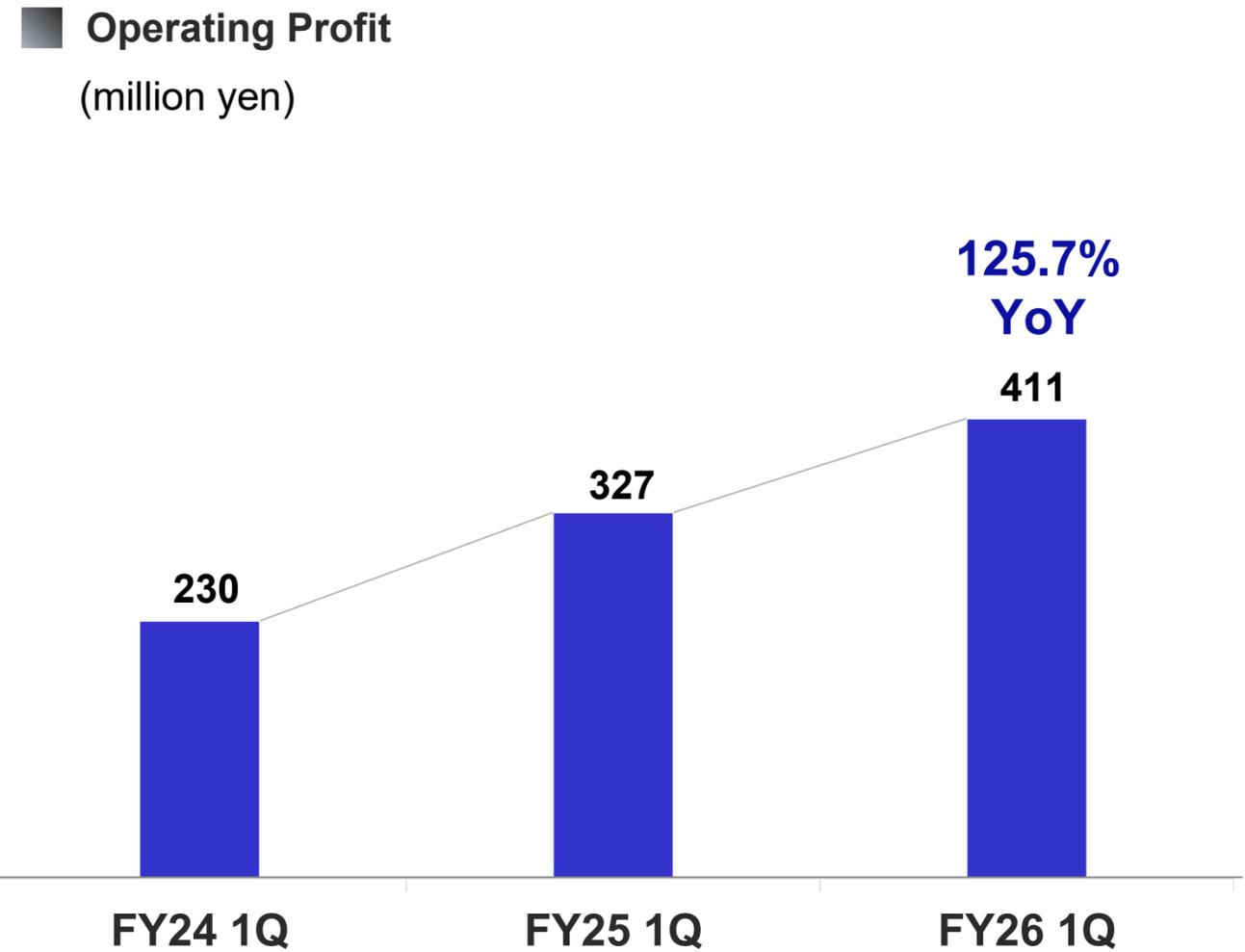
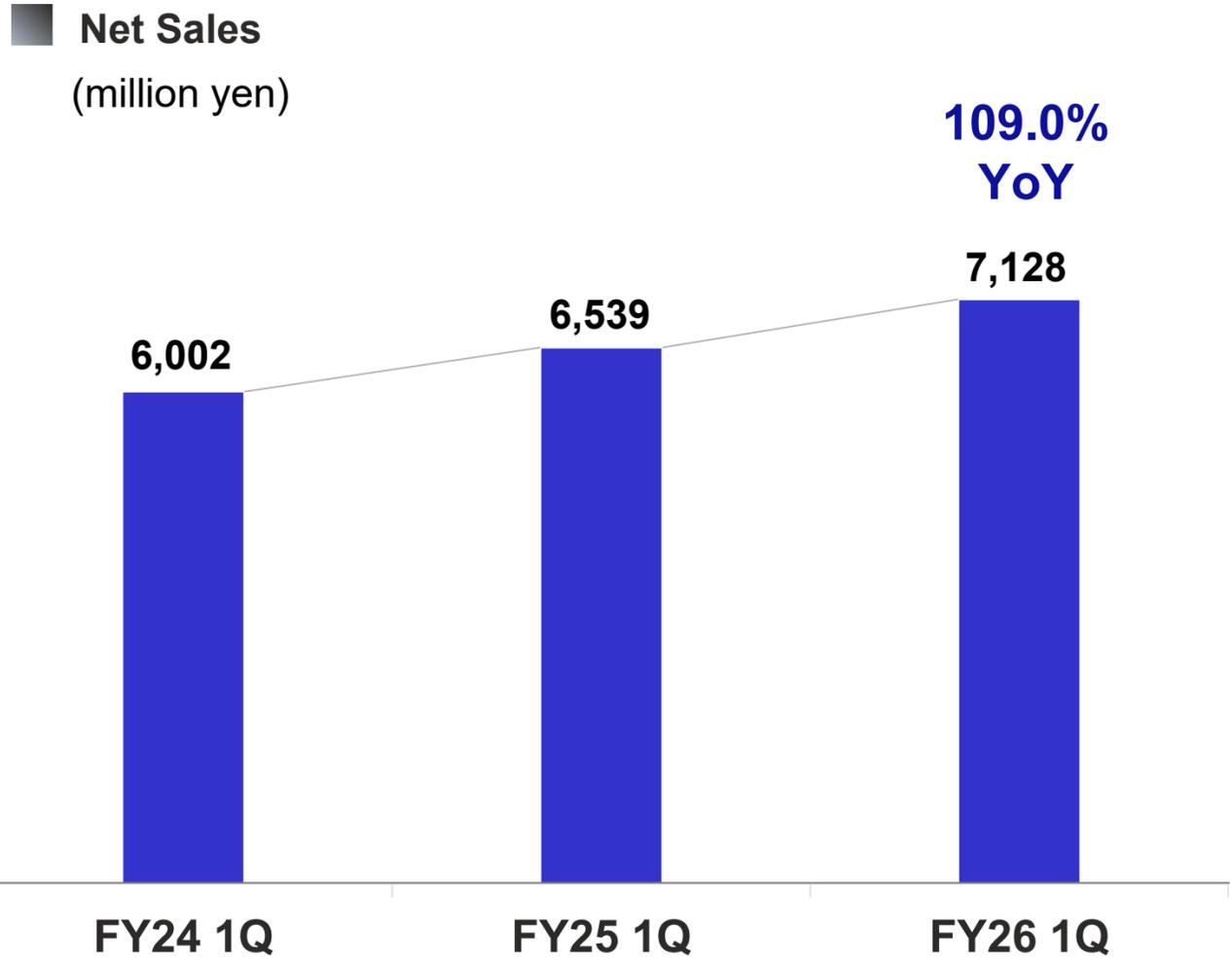
# Hotel Business

- The domestic hotel business drove sales growth by capturing strong inbound tourism demands as well as steady domestic travel demands
- In the overseas hotel business, operations in Taiwan, that operate 13 hotels, performed steadily due to global guest acquisition. In Turkey, where the hotel opened in November 2024, the business turned profitable from the start of the fiscal year and contributed to profit increase



# Kyushu Sanko Group

- In addition to the continued economic impact from the Taiwanese company (TSMC), **the business performed well by effectively capturing domestic and international tourism demands**
- In the bus business, increased inbound demands and the hosting of various events served as tailwinds, driving **net sales growth by 7.7% YoY. The stabilization of facility operations** through community-based initiatives and events, including the large-scale multi-purpose complex "Sakuramachi Kumamoto", **contributed to improved performance**



# Operating Results by Business Segment

(million yen)		FY25 1Q	FY26 1Q	YoY	Increase/Decrease
<b>Net Sales</b>	Travel Business	77,355	<b>83,675</b>	108.2%	+6,320
	Hotel Business	6,532	<b>7,475</b>	114.4%	+942
	Kyushu Sanko Group	6,539	<b>7,128</b>	109.0%	+589
	Others	4,074	<b>4,149</b>	101.9%	+75
	Adjustments, Eliminations, etc.	△1,167	△ <b>1,189</b>	-	△22
	<b>Total</b>	<b>93,333</b>	<b>101,239</b>	<b>108.5%</b>	<b>+7,905</b>
<b>Operating Profit</b>	Travel Business	4,051	<b>3,638</b>	89.8%	△413
	Hotel Business	1,242	<b>1,768</b>	142.3%	+525
	Kyushu Sanko Group	327	<b>411</b>	125.7%	+84
	Others	212	<b>95</b>	45.2%	△116
	Adjustments, Eliminations, etc.	△623	△ <b>589</b>	-	+33
	<b>Total</b>	<b>5,209</b>	<b>5,324</b>	<b>102.2%</b>	<b>+114</b>
<b>EBITDA</b>	Travel Business	5,081	<b>4,678</b>	92.1%	△402
	Hotel Business	2,203	<b>2,798</b>	127.0%	+595
	Kyushu Sanko Group	735	<b>844</b>	114.8%	+108
	Others	349	<b>238</b>	68.1%	△111
	Adjustments, Eliminations, etc.	△426	△ <b>314</b>	-	+111
	<b>Total</b>	<b>7,944</b>	<b>8,245</b>	<b>103.8%</b>	<b>+301</b>

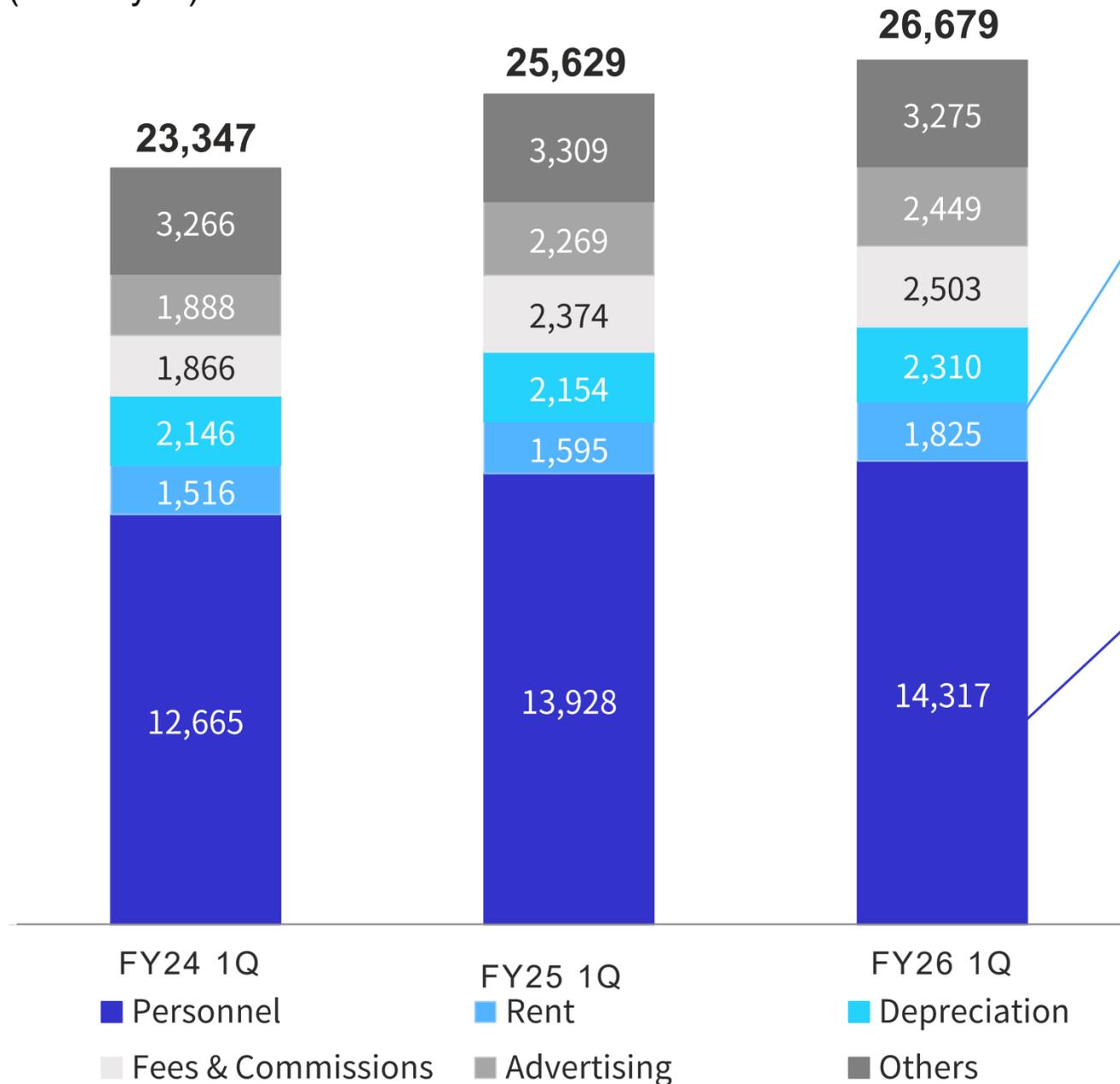
# Quarterly Operating Results by Business Segment

		FY25					FY26				
(million yen)		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
<b>Travel</b>	<b>Net Sales</b>	77,355	72,203	69,599	89,981	309,139	<b>83,675</b>				
	YoY	118.0%	109.8%	110.8%	100.2%	108.9%	<b>108.2%</b>				
	<b>Operating Profit</b>	4,051	1,556	△875	4,904	9,636	<b>3,638</b>				
	YoY	170.7%	66.5%	-	98.9%	103.6%	<b>89.8%</b>				
<b>Hotel</b>	<b>Net Sales</b>	6,532	5,872	6,429	6,409	25,244	<b>7,475</b>				
	YoY	112.4%	103.8%	112.5%	110.4%	109.8%	<b>114.4%</b>				
	<b>Operating Profit</b>	1,242	677	1,057	641	3,618	<b>1,768</b>				
	YoY	120.0%	92.0%	124.8%	149.5%	118.7%	<b>142.3%</b>				
<b>Kyushu Sanko Group</b>	<b>Net Sales</b>	6,539	6,124	6,237	6,480	25,381	<b>7,128</b>				
	YoY	108.9%	102.8%	104.6%	106.9%	105.8%	<b>109.0%</b>				
	<b>Operating Profit</b>	327	180	111	187	806	<b>411</b>				
	YoY	141.9%	289.6%	188.2%	226.5%	185.5%	<b>125.7%</b>				
<b>Others</b>	<b>Net Sales</b>	4,074	4,740	3,794	4,875	17,484	<b>4,149</b>				
	YoY	112.8%	118.2%	125.2%	93.7%	110.3%	<b>101.9%</b>				
	<b>Operating Profit</b>	212	7	△29	314	504	<b>95</b>				
	YoY	177.9%	-	-	103.5%	230.4%	<b>45.2%</b>				

# Trends in SG&A Expenses and the Number of Employees

■ In addition to increases in advertising expenses and commission fees due to higher business volume driven by travel demands, rent expenses increased due to costs associated with the relocation of the head office

■ SG&A Expenses  
(million yen)



**Rent: 114.4% (+230 million yen YoY)**

Rent for the new office was incurred in advance of the headquarter relocation in April

■ Trends in the Number of Travel Business Sales Offices

	FY24 1Q	FY25 1Q	FY26 1Q
Japan	134	150	148
Overseas	155	143	140
<b>Total</b>	<b>289</b>	<b>293</b>	<b>288</b>

**Personnel Expenses: 102.8% (+380 million yen) YoY**

**Base pay increases and growth in the number of employees**

Regular base salary increases and base pay increases were implemented in May for both 2024 and 2025

■ Trends in the Number of Consolidated Employees

	FY24 Q1	FY25 Q1	FY26 Q1
Travel Business	8,516	8,724	8,923
Other Businesses	3,412	3,716	4,025
<b>Total</b>	<b>11,928</b>	<b>12,440</b>	<b>12,948</b>

The number of consolidated employees was 12,948, 104% YoY, an increase of 508 employees

# Consolidated Balance Sheet

## (as Compared to the End of the Previous Fiscal Year)

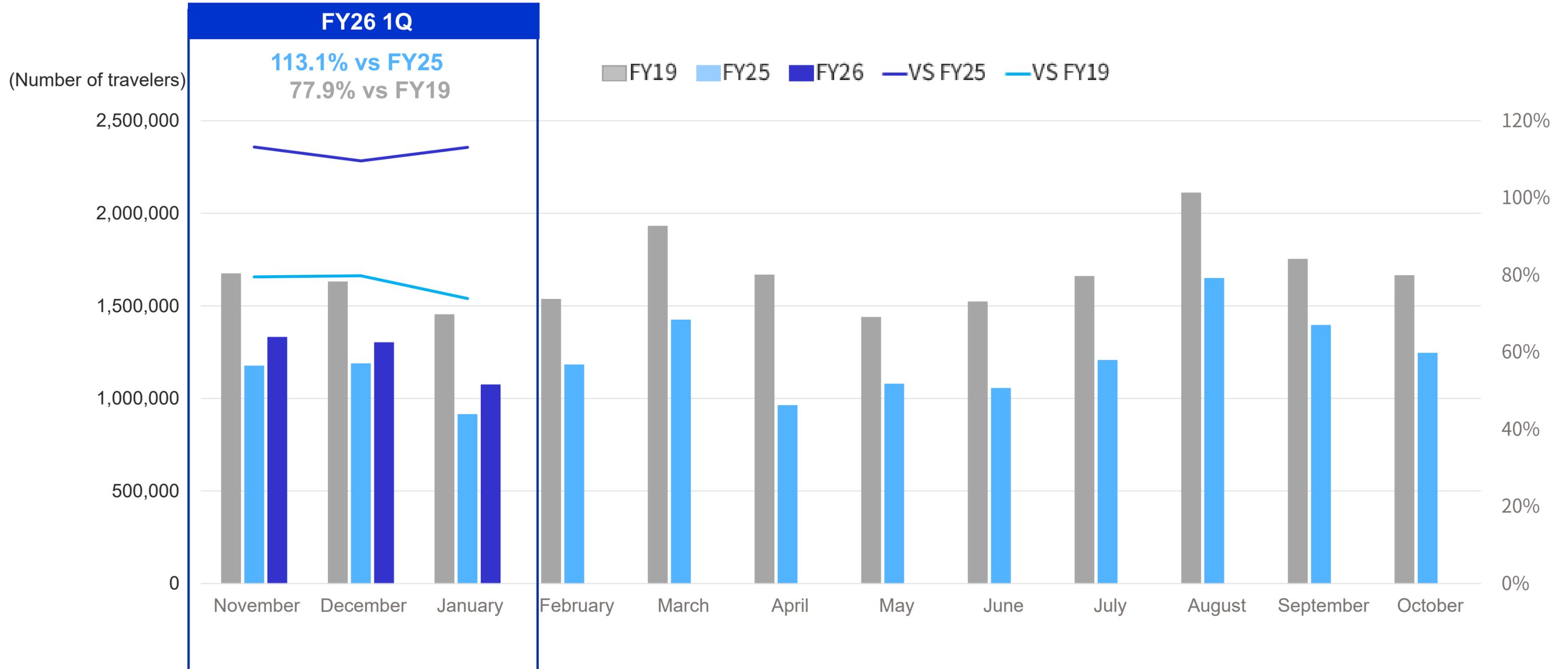
(million yen)	FY25	FY26 1Q	Increase/Decrease		FY25	1Q	Increase/Decrease
Cash and Deposits	113,932	109,554	△4,377	Operating Accounts Payable	15,683	17,044	1,361
Notes&Accounts Receivable and Contract Assets	27,581	35,711	8,130	Pre-Travel Payments Received	43,193	51,263	8,070
Operating Accounts Receivable	798	497	△301	Bonds and Convertible Bonds Payable	5,000	5,000	—
Pre-Travel Payments	12,610	14,610	1,999	Borrowings	161,541	160,606	△935
Others	25,464	25,433	△31	Others	93,707	88,642	△5,065
<b>Total Current Assets</b>	<b>180,388</b>	<b>185,807</b>	<b>5,419</b>	<b>Total Liabilities</b>	<b>319,125</b>	<b>322,556</b>	<b>3,431</b>
Property, Plant and Equipment	159,703	162,064	2,361	Capital	100	100	—
Intangible Fixed Assets	12,795	12,967	172	Capital Surplus	28,372	28,372	—
Goodwill	1,655	1,790	134	Earned Surplus	28,137	30,817	2,679
Investments and Other Assets	31,739	32,533	794	Treasury Shares	△12,981	△12,981	0
<b>Total Fixed Assets</b>	<b>205,893</b>	<b>209,356</b>	<b>3,462</b>	Cumulative Other Comprehensive Income	11,921	13,668	1,746
<b>Total Deferred Assets</b>	<b>49</b>	<b>54</b>	<b>5</b>	Stock Acquisition Rights	292	336	43
<b>Total Assets</b>	<b>386,330</b>	<b>395,218</b>	<b>8,887</b>	Non-Controlling Shareholder Equity	11,363	12,349	985
				<b>Total Net Assets</b>	<b>67,205</b>	<b>72,661</b>	<b>5,455</b>
				<b>Total Liabilities and Net Assets</b>	<b>386,330</b>	<b>395,218</b>	<b>8,887</b>

## **Travel Market Overview**

# [Travel Market Overview]

## Number of Japanese Outbound Travelers: 3-Year Comparison

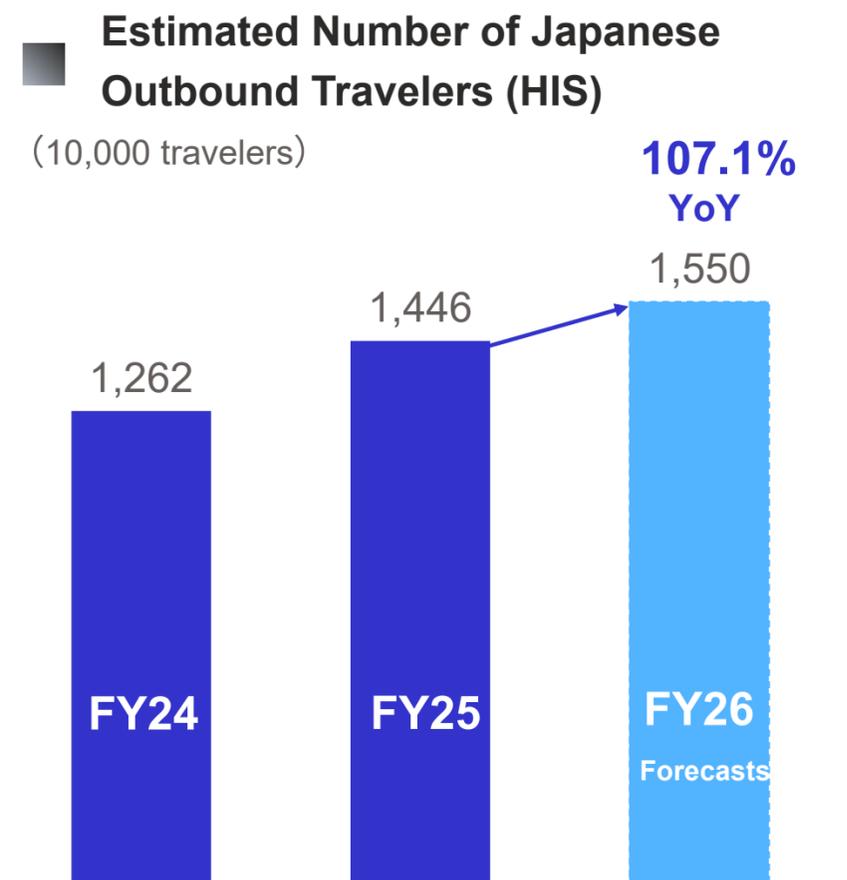
■ The number of Japanese outbound travelers in the 1Q was 3.7 million (113.1% YoY), marking a steady recovery even amid weak yen. Meanwhile, the number of inbound visitors to Japan was 10.73 million (102.6% YoY), setting a new record high for the 1Q



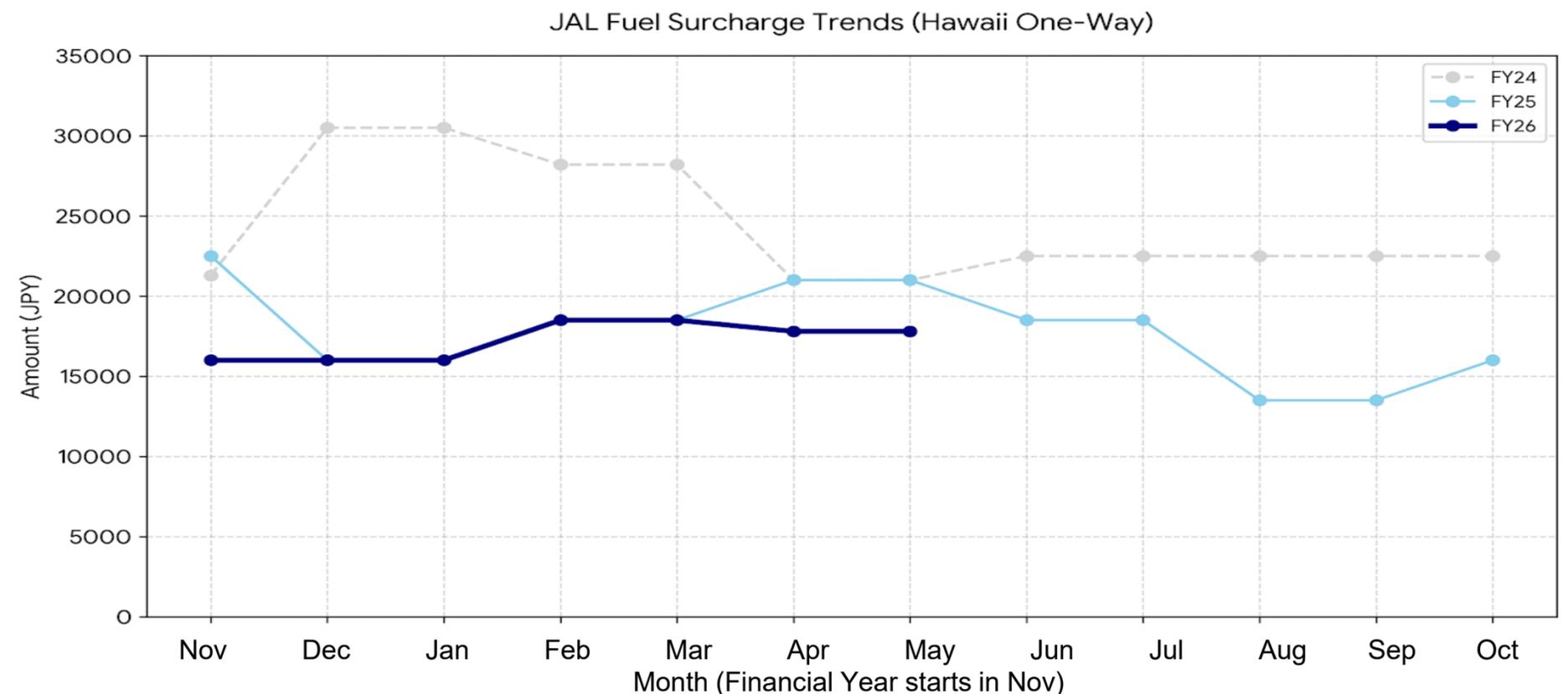
# [Travel Market Overview]

## Outlook for the Future Market Conditions and Key Factors to Monitor

- While the estimated number of Japanese outbound travelers for the current fiscal year is 15.5 million (107.1% YoY), **the 1Q saw 3.7 million travelers, marking a strong start at 113.1% YoY.** Although there were concerns about the impact of reduced flights due to deteriorating Japan-China relations, the market as a whole showed a steady recovery
- Fuel surcharges moved past the surge seen two years prior and remained at low levels seen in the previous year. In FY26 1Q, this contributed to the resilience of the international travel minds; **going forward, close attention must be paid to the impact of the situation in the Middle East**
- Against the backdrop of a reduction in passport application fees of up to 7,000 yen this summer (July) and the favorable calendar alignment for the extended holiday period in September (Silver Week), the external environment for increased customer traffic will be closely monitored, while capturing summer leisure demand will be a key focus for the 2H of the fiscal year



**Trends in Fuel Surcharges (Source: Japan Airlines, One-Way to Hawaii)**



## **Full-Year Forecasts**

# Full-Year Forecasts

## (No Changes to Financial Forecasts for both the 1H and the Full Year)

- Although both net sales and operating profit are off to a strong start, there are no changes to financial forecasts for both the 1H and the full year, taking geopolitical risks into account

(million yen)	FY26	YoY	FY26 1H	YoY
<b>Net Sales</b>	<b>420,000</b>	<b>112.6%</b>	<b>195,000</b>	<b>107.5%</b>
Travel Business	354,000	114.5%	163,000	109.0%
Hotel Business	28,300	112.1%	14,100	113.7%
Kyushu Sanko Group	26,200	103.2%	13,000	102.7%
Others	15,500	88.0%	7,000	79.4%
Adjustments, Eliminations, etc.	△4,000	-	△2,100	-
<b>Operating Profit</b>	<b>14,000</b>	<b>120.4%</b>	<b>6,900</b>	<b>102.7%</b>
Travel Business	11,000	114.2%	5,450	97.2%
Hotel Business	4,500	124.4%	2,300	119.8%
Kyushu Sanko Group	850	105.4%	580	114.1%
Others	550	109.0%	220	100.1%
Adjustments, Eliminations, etc.	△2,900	-	△1,650	-
<b>Ordinary Profit</b>	<b>14,000</b>	<b>123.0%</b>	<b>6,900</b>	<b>100.3%</b>
<b>Net Profit Attributable to Parent Company Shareholders</b>	<b>9,000</b>	<b>190.7%</b>	<b>4,500</b>	<b>118.5%</b>
<b>Dividend</b>	<b>25 yen</b>		<b>—</b>	

- **The authorities' investigation and the repayment by the consolidated subsidiaries in question have been completed, and the series of actions related to this matter have been concluded**
- **All investigations by the Labor Bureau have been concluded**
- **The consolidated subsidiaries that received the notification have completed the full repayment**
- **There is no impact on the consolidated financial performance for the current fiscal year**

# **Supplementary Materials**

# [Supplementary Materials] Definitions of Accounting Standards

Effective from the 1Q of the fiscal year ended October 31, 2022, “The Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and others are applied. In "arranged travel," where only travel products such as airline tickets and hotels are provided, the gross profit amount is recorded as sales on the date of completion of the arrangement

## ■ Major Changes in the Travel Business

	① Amount of Net Sales Recognition		② Timing of Net Sales Recognition	
	Previous Standard	New Standard	Previous Standard	New Standard
Tours (Planned Travel)	Total Amount	「Transaction as a Principal」 = Total Amount (※1)	Departure Date	Progress Date (※2)
Airline Tickets (Arranged Travel)	Total Amount	「Transaction as an Agent」 = Net Amount	Departure Date	Arrangement Completion Date (※3)

※1. Fuel surcharges, airport fees, etc. are excluded because they are collections for third parties

※2. Revenue is recognized on a pro-rata daily basis over the travel period

※3. Under the contract with the customers, “the time when the arrangement is completed = arrangement completion date” is the time when HIS Group’s service provision is completed

※4. Incentives are treated as “arrangement sales” for arranged travel and as “purchase rebates” for planned travel

※5. The basic concept with regard to transactions other than travel is also the same (= to distinguish between “transaction as a principal” or “transaction as an agent”). In principle, all transactions (other than travel) are within the scope of the new standards, but are not applicable from the standpoint of materiality

# [Supplementary Materials] Travel Business: Sub-Segment Status (Previous Accounting Standards, Reference Amount)

(million yen)	FY19 (Previous Standards)					FY25 (Previous Standards)					FY26 (Previous Standards)				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
International Travel from Japan / Transaction Amount	87,899	110,754	86,748	116,545	401,948	66,234	73,810	62,598	94,765	297,409	74,170				
YoY	106.9%	114.5%	98.9%	97.0%	103.8%	112.6%	106.3%	106.7%	106.9%	107.9%	112.0%				
Fuel Surcharge (included in the transaction amount above)	6,030	8,005	4,308	6,957	25,302	7,189	7,235	6,884	8,521	29,831	6,566				
Domestic Travel in Japan / Transaction Amount	11,941	18,154	13,693	18,044	61,833	11,988	15,707	13,559	18,817	60,073	12,015				
YoY	101.4%	106.9%	99.3%	99.0%	101.7%	115.7%	110.0%	108.0%	105.7%	109.2%	100.2%				
Inbound Travel to Japan / Transaction Amount	7,116	8,075	8,375	6,464	30,032	3,194	5,022	3,887	4,478	16,582	2,986				
YoY	119.5%	105.6%	88.7%	77.8%	96.0%	142.1%	147.5%	122.6%	116.6%	130.9%	93.5%				

\* Total transaction amount after offsetting internal transactions of HIS and its five group companies (Orion Tour, Qualita, Cruise Planet, Japan Holiday Travel, and HIS Okinawa)

	FY19 (Previous Standards)					FY25 (Reference Amount *)					FY26 (Reference Amount *)				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Overseas Subsidiaries / Inbound Transaction Amount	54,059	34,389	40,965	51,247	180,663	52,010	30,154	33,567	46,593	161,741	54,514				
YoY	122.7%	104.6%	107.0%	99.8%	108.9%	128.4%	121.7%	112.4%	114.1%	119.4%	106.0%				
Overseas Subsidiaries / Outbound Transaction Amount	17,860	18,761	38,857	39,868	115,347	39,268	41,386	37,824	29,718	147,945	32,297				
YoY	95.4%	93.0%	183.8%	203.5%	144.5%	87.7%	85.9%	76.9%	80.1%	82.6%	82.8%				

\* FY23 onward is a reference amount where the recognition standard of transaction amount is "the date of progress" for tour products (transaction as a principal) and "the date of completion of arrangements" for arranged tours (transaction as an agent)

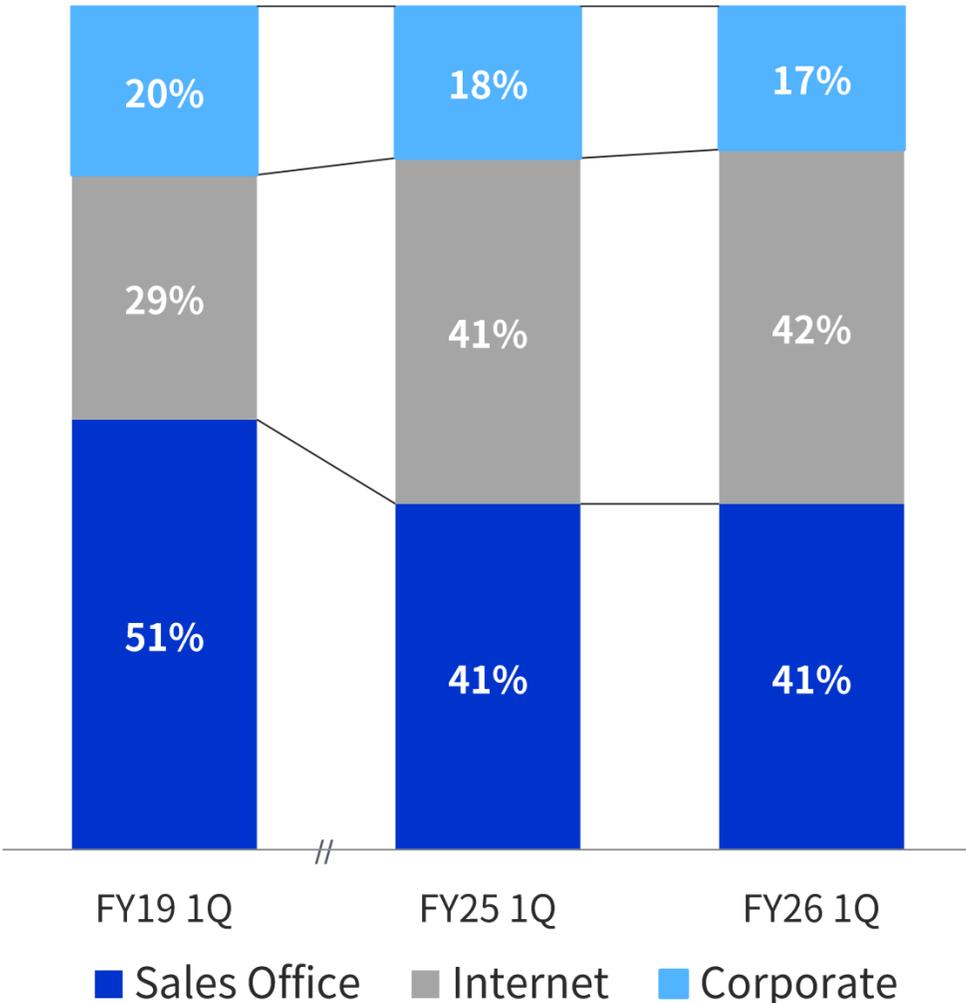
\* Because the travel business overseas closes its books on July 31, FY26 shows the transaction amount from August 2025 to July 2026 (reference amount), excluding the transaction amount of non-travel business such as CCEL (language school)

\* This is the transaction amount before offsetting internal transactions of 31 HIS overseas subsidiaries and 4 brands of overseas subsidiaries (MIKI Group, MERIT TRAVEL, JONVIEW CANADA, RED LABEL VACATIONS)

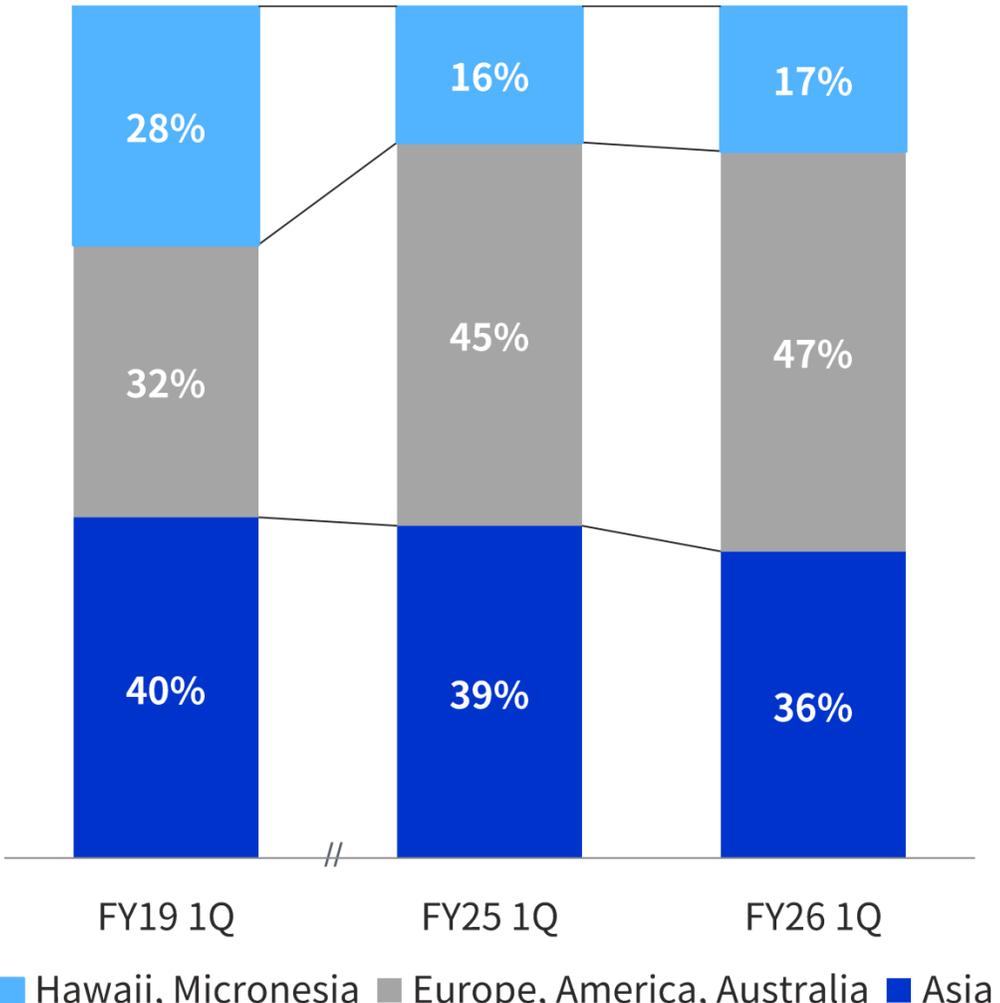
\* Adjusted transaction amount is stated following the integration of certain HIS European subsidiaries with MIKI Group

# [Supplementary Materials] International Travel Composition (Previous Accounting Standards)

■ By Channel

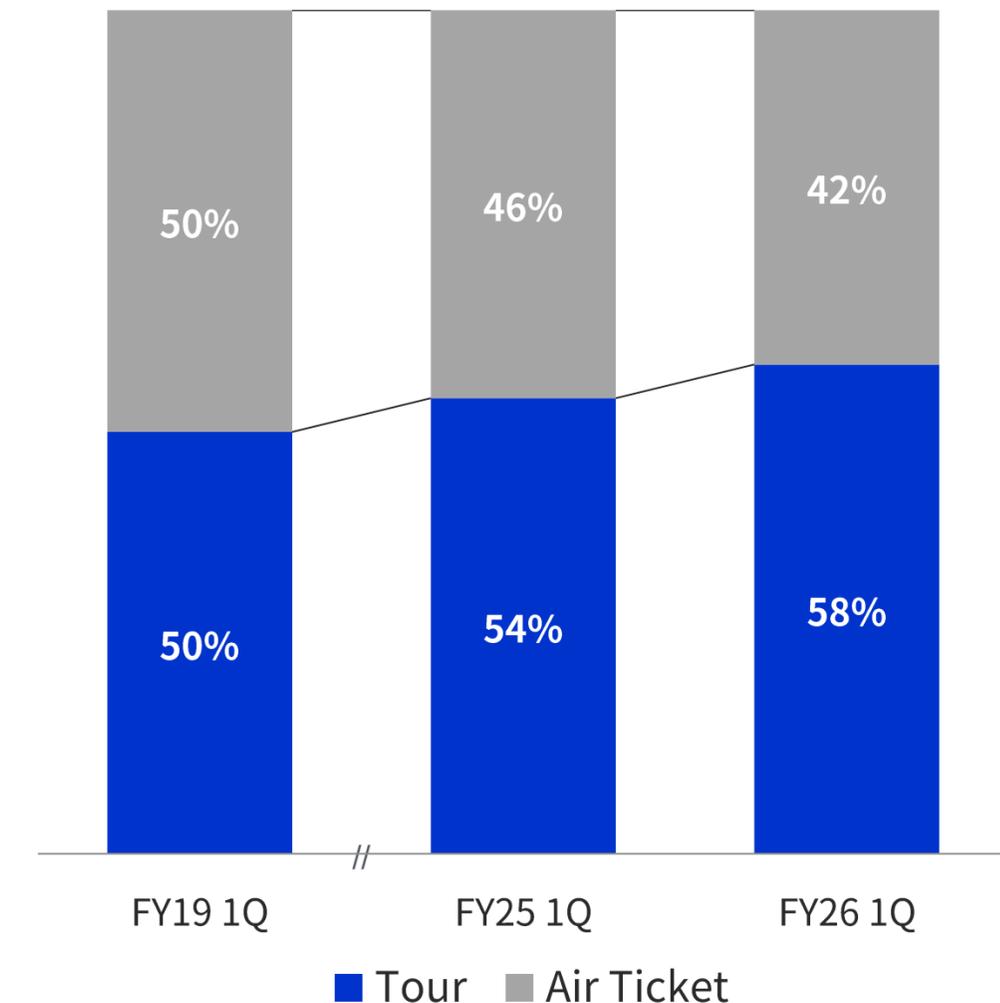


■ By Destination



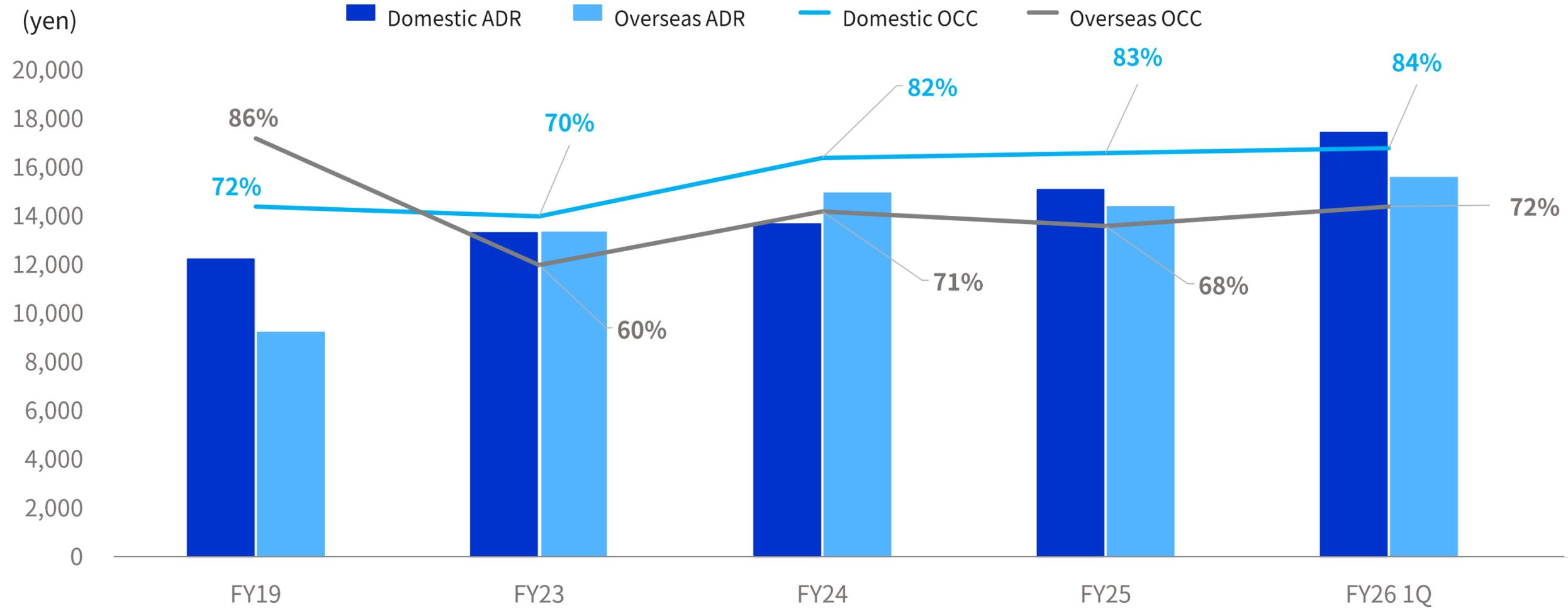
■ By Travel Product Type

\* Agent-organized type air + hotel included



# [Supplementary Materials]

## Hotel Business: Domestic and Overseas ADR and OCC Trends



Number of Hotels	Domestic	12	24	24	24	25
	Overseas	15	18	18	19 (*)	19
	Total	27	42	42	43	44
Number of Rooms	Domestic	1,479	2,844	2,844	2,844	2,929
	Overseas	1,870	2,202	2,202	2,501	2,501
	Total	3,349	5,046	5,046	5,341	5,341

## Disclaimer

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